

FRAUD IN DIGITAL ADVERTISING



There are three parties involved with online advertising:

- Advertisers,
- Connection(ad exchanges),
- Publishers.

Advertiser are supposed to pay per legitimate ad clicks.

Ad fraud process is mostly in favour of the publishers, as they get to charge advertisers indirectly for the service they practically cannot/do not deliver.

What Is Advertisement Fraud?

An activity where impressions, clicks, actions or data events are falsely reported to criminally earn revenue, or for other purposes of deception or malice.

Forms Of Ad Fraud

1. Website:

1. Spam-sites 

2. Traffic 

1. Traditional bots (fake clicks, malware)

2. Adware and browser “hijacks”

3 .Spambots

2. Platform

3. data

Most Popular Tricks For Fraudsters:

- CPM: Impression ad fraud
 1. Hidden ad impressions
 2. Paid traffic fraud
 3. Ad re-targeting fraud
- CPC: The fraudsters build websites using popular and expensive search terms

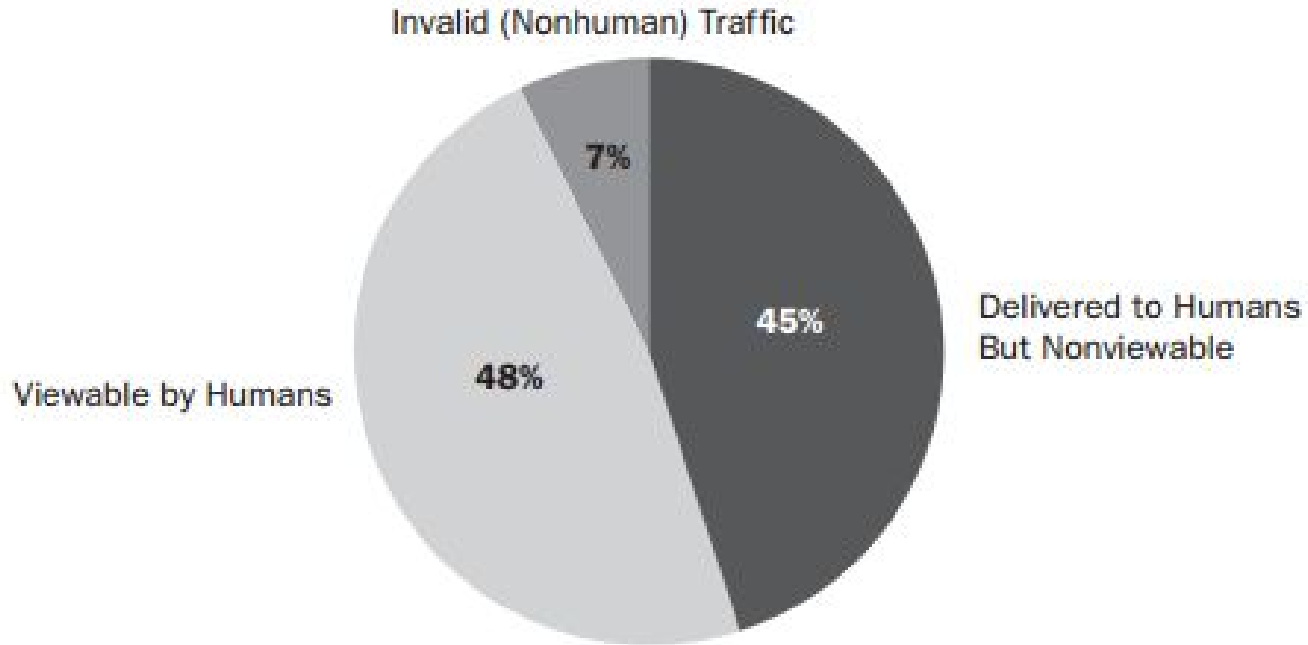
Ad Fraud Money Flow

1. Advertiser pays the agency
2. Agency pays the demand side platform
3. Demand side platform pays the exchange
4. Exchange pays the publisher (or a conduit ad network who then pays the publisher)

Harms Of Ad Fraud

1. Cost to marketing effectiveness
2. Cost to the business
3. Cost to the national economy

Percent of U.S. Digital Ad Impressions Viewable by Humans



Source: comScore Q4, 2015

Who is perpetrating ad fraud?

1. Black hat marketers
2. Certain illegitimate ad networks.
3. Common cybercriminals
4. Organised crime.



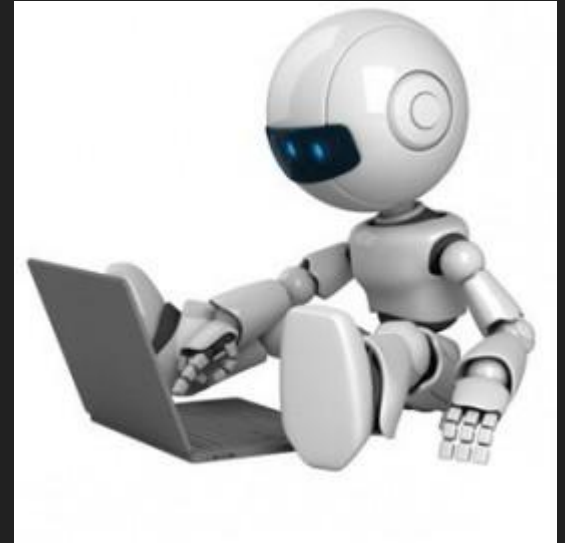
Black Hat Marketing

Black hat strategies use deception and manipulation to accomplish their objectives. Black hats promise immediate results, and often obtain them; however, such results can cost a business its reputation. Their tactics most commonly refer to Search Engine Optimization (SEO) techniques. Search engine optimization involves designing a website so that it can be easily found on search engines, achieving a high ranking on those search engines. However after a while google refuses to do business with the company.



Bots

- Automated entities capable of consuming any digital content(text,video,audio,image..)
- AKA Non-Human Traffic (NHT)



More on Bots...

- Botnet: a group of infected computers that generate automated web events.
- Bot Fraud: Ad fraud specifically perpetrated by bots
- Bot Impression
- Bot Traffic

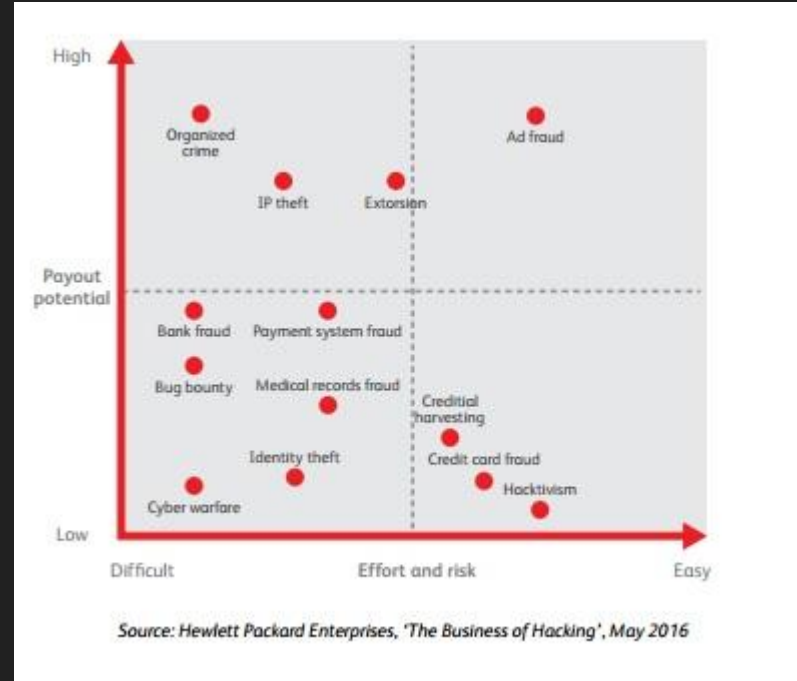
The Cost of Ad Fraud

Online advertising fraud now costs advertisers \$8.2 billion per year, as of 2016:

- \$4.2 billion is lost due to “non-human traffic”
- \$1.1 billion is lost due to “malvertising-related activities”
- \$2.4 billion is lost due to “infringed content”

Future

- Existing research identifies that ad fraud includes 30% of the marketing Budget
- 30% of the \$150 billion market in 2016 is \$45 billion
- Over the next 9 years \$140 billion is expected to be wasted

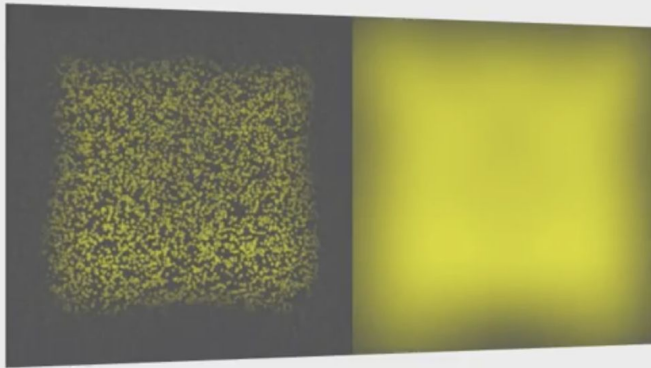


How to detect fraud and prevent it



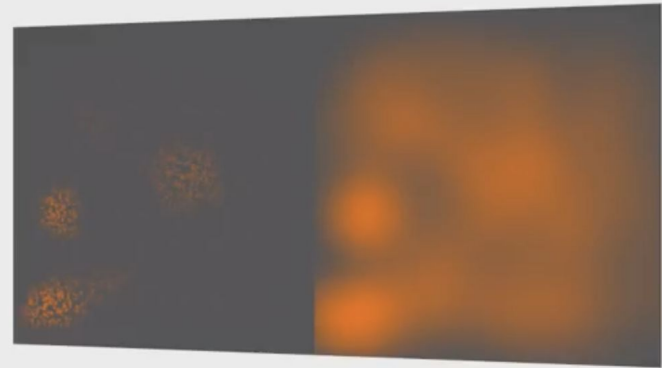
How to detect fraud

Traffic Patterns



BOTNET

Click coordinates & mouse traces

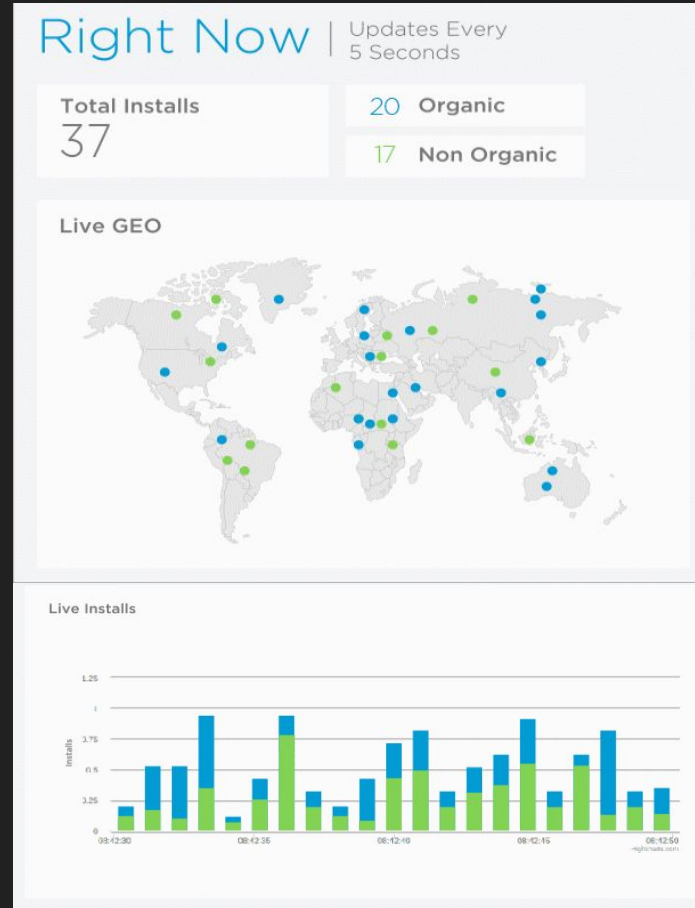


HUMAN

Click coordinates & mouse traces

Use third-party monitoring

Monitor all traffic in real time with a consistent tool. Comparability is essential. Selective monitoring, such as once a month, once a quarter, or only on certain channels, encourages evasive manoeuvres by bot suppliers. Third-party monitoring can validate or disprove assumptions about the quality of a publisher or ad tech company's traffic. Also use monitoring and bot detection to reveal the bots in retargeting campaigns and audience metrics.



How to prevent fraud

By advertisers:

- Stop doing CPI and CPM campaigns
- Report your metrics in human terms
- Block countries with high rates of bot traffic
- Install ad-fraud (Forensiq, SimilarWeb, Spider.io, etc.)

- Report your metrics in human terms

If you are paying \$0.0050 per impression, so the \$100,000 that you pay for 20 million impressions will actually result in only 1.6 million human impressions (based on the eight percent viewability rate). So, you are actually paying \$0.0625 per human impression — and that's a 1,150 percent difference! Human-based metrics are the numbers to use when considering whether digital advertising is worthwhile.



- Block countries with high rates of bot traffic



A growing number of ad tech companies are developing tools to detect and prevent ad fraud



Some other possible solutions

“We want to find out where the fraud is coming from and how they are getting paid and a cut of the money.

We need an army of white hat hackers to reduce the buying power of the dark side.”

-WhiteOps CEO Michael Tiffany-



Be aware and involved

Advertisers and publishers must be aware of digital advertising fraud and take an active and vocal position in addressing the problem. Fraud hurts everyone in the digital communications supply chain, so we must all play an active role in effecting positive change.

Apply day-parting

Bot fraud represents a higher proportion of traffic between midnight and 7am. Buyers can reduce bots by concentrating advertising during audience waking hours.

Update blacklists frequently and narrowly

Be careful how you block. For blacklists to be effective, they must be updated at least daily, be very specific (micro blacklisting), and accompany other defences.

Consider reducing buys for older browsers

There are more bots claiming to be Internet Explorer 6 (IE6 2001 original release date) or IE7 (2007 original release date) than there are real humans still using those browsers. Reduce older browser impressions in buys.

Continuously monitor sourced traffic

Always monitor sourced traffic. Know your sources and maintain transparency about traffic sourcing. Eliminate sources of traffic that are shown to have high bot percentages. Monitor all vendors, all the time.

Question 1

Which IS NOT one of the consequences of ad fraud?

- A) Decreased return on buyers investment
- B) Damage the relationship of media sellers and buyers
- C) Missed opportunity for advertisements to have an impact
- D) Higher profit than other marketing strategies for advertisers

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Question 2

Which one is not true about bots?

- A.They connect to each other and communicate via networks.
- B.Traffic manipulated by non-human.
- C.They cannot move the mouse or click the keyboards.
- D.They can only consume audio/videos.

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Question 3

During which period of time are bots most active?

- A. 12am-7am
- B. 7am-12pm
- C. 12am-7pm
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