

Advertising: Get what you pay for



Fraudsters have a long history of manipulating media. The digital era gives them baffling new tools of deceit.

DIGITAL MARKETING is like the kid on the block who is growing by leaps and bounds every time you see him. According to a new report by eMarketer, digital advertising now accounts for almost one-third of total advertising dollars spent in Canada. In 2014, mobile display advertising reached \$447 million in this country. The simple fact is, the internet is cost-effective, especially if you have a limited marketing budget.

"The ability to reach customers has multiplied many-fold through this wonderful area," says Bob Liodice, president and c.e.o. of the New York City-based Association of National Advertisers (ANA).

"The digital platform has actually allowed small companies to do more marketing. If you go back 10 or 15 years, a small company would have had a very difficult time spreading the word," he says.

Those were the days when print, radio and television in your local market were your only options. "But now, they (advertisers) have the ability to expand their reach to a broader, and perhaps more targeted, audience," says Liodice.

BUT THERE'S A DARK SIDE of the bright digital-advertising rainbow: there's a very good chance you're not getting the return on investment you think you are.

In late summer 2014, the ANA and White Ops conducted a two-month study of internet video and display advertising. It looked at 181 campaigns by 36 ANA-member companies. During the study, 5.5 million impressions on three million websites were measured. The results jolted marketers, advertising agencies and

publishers awake. The study revealed that this year, advertisers globally will lose \$6.3 billion to internet advertising fraud.

"We've just been sitting around, getting robbed...it's dollars going to people that have criminal intent, and that's funding other criminal activities," Liodice says.

Here's how it happens: these cyber-criminals create bots, software scripts that are hacked into networks of computers. A botnet control unit can make the computers do anything — from robbing a bank online, to clicking on banner ads on websites. When that happens, advertisers have to pay for an ad impression — also known as a click-through — that was never made by a real person.

Says Liodice, "This is a total ecosystem issue. If independent flooring retailers leverage digital advertising as a platform for reaching their consumers, they should be as equally alarmed [as big companies], because they are not necessarily reaching as many customers as they thought."

The ANA study found 11 percent of all display ad impressions were made by bots. With video ad impressions it was even higher — 23 percent. In one video ad campaign, the bot rate was 98 percent — of about 4,000 video impressions purchased from a premium publishing site, fewer than 100 were made by real people.

Liodice acknowledges digital advertising fraud has pretty much been going on since internet banner display started catching on with marketers about a decade or so ago. But it's only now that advertisers, agencies and publishers have awakened and smelled the coffee. "It just flew under the radar for a very long time," says Liodice.

According to Liodice, digital advertising fraud "started at a relatively low level by some very savvy, sophisticated, technical

fraudsters" operating from overseas, beyond the reach of North American law enforcement and below the radar of marketers here. "I honestly think the ecosystem didn't pay enough attention at first, and it proliferated. And it's finally gotten to the point where it did catch our attention, and we're now rallying around that to ensure it disappears," Liodice says.

Last September, the ANA, the American Association of Advertising Agencies and the Interactive Advertising Bureau (IAB) launched the Trustworthy Accountability Group (TAG). It's the first cross-industry initiative to combat internet advertising fraud and make advertisers, agencies and publishers alike, more accountable in the entire supply chain. The TAG is represented by major corporations such as Mondelez International, Omnicom, JCPenney and Motorola. In March, Facebook, Google and AOL also joined TAG.

The group's aim is to create better standards, and develop blacklists and certification requirements that will build that trusted supply chain and help mitigate fraud.

"We're certainly in our infancy, and we can certainly do better," says Liodice. "We think that if we do all these things in the system together, in two to three years, we can be in a better place — provided we can stay a step ahead of, instead of being three steps behind, the fraudsters out there."

In Canada, TD is making its own stand. The bank worked with a media agency to develop a policy for fighting bot ad traffic. It has two elements:

A supplier scorecard. Every online publisher has to meet minimum standards for average viewability rates, bot traffic and domain transparency, or they're not included in TD digital media plans. TD is also forcing publishers to use an accredited digital ad measurement provider to report on campaigns.

A shift to engagement-based measurement and away from click-through rates, which are how most advertisers measure the success of their digital ad campaigns. TD will now measure the success of its campaigns based on how many consumers do things such as complete applications and engage with online tools on the TD website. For fraudsters, these kinds of activities are harder to fake than click-throughs are.

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THERE ARE THINGS YOU CAN DO to help protect your digital marketing investment, notes Liodice. For one, don't run a digital campaign at night, or on weekends. According to the ANA study, bot activity is highest at night, and it spikes to 800 bots per hour at 3 p.m. eastern time on Saturdays.

One of the most proactive things you can do, says Liodice, is make sure your computer systems are more secure. "Toughen

up the wall so you can minimize the chances of anybody getting in," he says. "I think the amount that we all invest in security needs to be advanced. Right now that level is abysmally low across the board."

The IAB suggests some general guidelines for digital marketing. They include:

- Educating yourself about bot traffic fraud, and how it can hurt your business
- Adopt policies and strategies for mitigating fraud
- Source your advertising only from trusted business partners
- Have clear objectives for your campaigns

THE BUREAU HAS ALSO DEVELOPED best practices:

Set goals — have a list of specific campaign objectives and document them. And don't let the lowest price for a campaign be your determining factor.

Manage relationships — make sure sellers can back up their return-on-investment claims. As well, keep tabs on your seller at all times throughout your campaign, to make sure your objectives are being met.

Measure your campaign — make sure real people are engaging with your ads. Things such as the number of purchases, subscriptions and verifiable brand survey results are good measurements. Remember that ad views, clicks and click-through rates are easy for bots to fake.

Address traffic fraud — look for vendors and technology that are specialized in detecting advertising fraud.

SAYS LIODICE, "SMALL COMPANIES don't necessarily have the staff and agencies to keep them abreast of all these things, and that's why it's important for organizations such as us to be able to help out the entire industry."

While digital advertising is the biggest chunk of advertising in North America today, print has not gone away — you may run ads in your local newspaper, or regional or even

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national magazines like this one.

On the print side, it's almost impossible to tell whether you're being defrauded — and by how much — until you become a victim. Nobody in the industry has looked at print advertising fraud. Neither the ANA nor Magazines Canada are aware of any recent studies. However, it does exist.

In 2013, a newspaper contractor in Elk Grove, Calif., was charged with 22 counts of grand theft and defrauding Caltrans, the state transportation agency, of \$1.9 million. A state investigation found the contractor charged Caltrans for ads that never ran in local newspapers as promised in a contract. He used the bilked \$1.9 million to pay off a mortgage, buy toys and comics, and take exotic vacations, according to California officials.

You need to be aware of circulation fraud. This happens when publishers nefariously scheme to inflate their circulation numbers — fewer copies of publications may be reaching your ad's targeted audience, than you think.

A DECADE AGO, *Newsday*, the *Dallas Morning News* and the *Chicago Sun-Times* were all embroiled in circulation scandals. The Chicago-based Tribune Co., acknowledged circulation levels at two of its publications were artificially inflated — as much as 20 percent for *Newsday*, and a whopping 50 percent for *Hoy*. Criminal charges were laid against three people.

Even the *Wall Street Journal* is not beyond circulation fraud. In 2011, the British newspaper the *Guardian*, discovered the *Journal* had misled readers and advertisers about its real circulation numbers. The newspaper got caught by the *Guardian* secretly buying thousands of copies of its own papers on the cheap, and funneling money through European companies to do it. The scandal led to the resignation of one of Rupert Murdoch's most senior European executives at News Corporation, which owns the *Wall Street Journal*.

WHETHER YOU'RE SPENDING your advertising dollars on print or digital campaigns, in the end, it all comes back to you. Says Liodice, "Marketers have the ultimate responsibility to ensure their ads are going through secure channels and to ensure that they're getting fair value for their investment." 

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