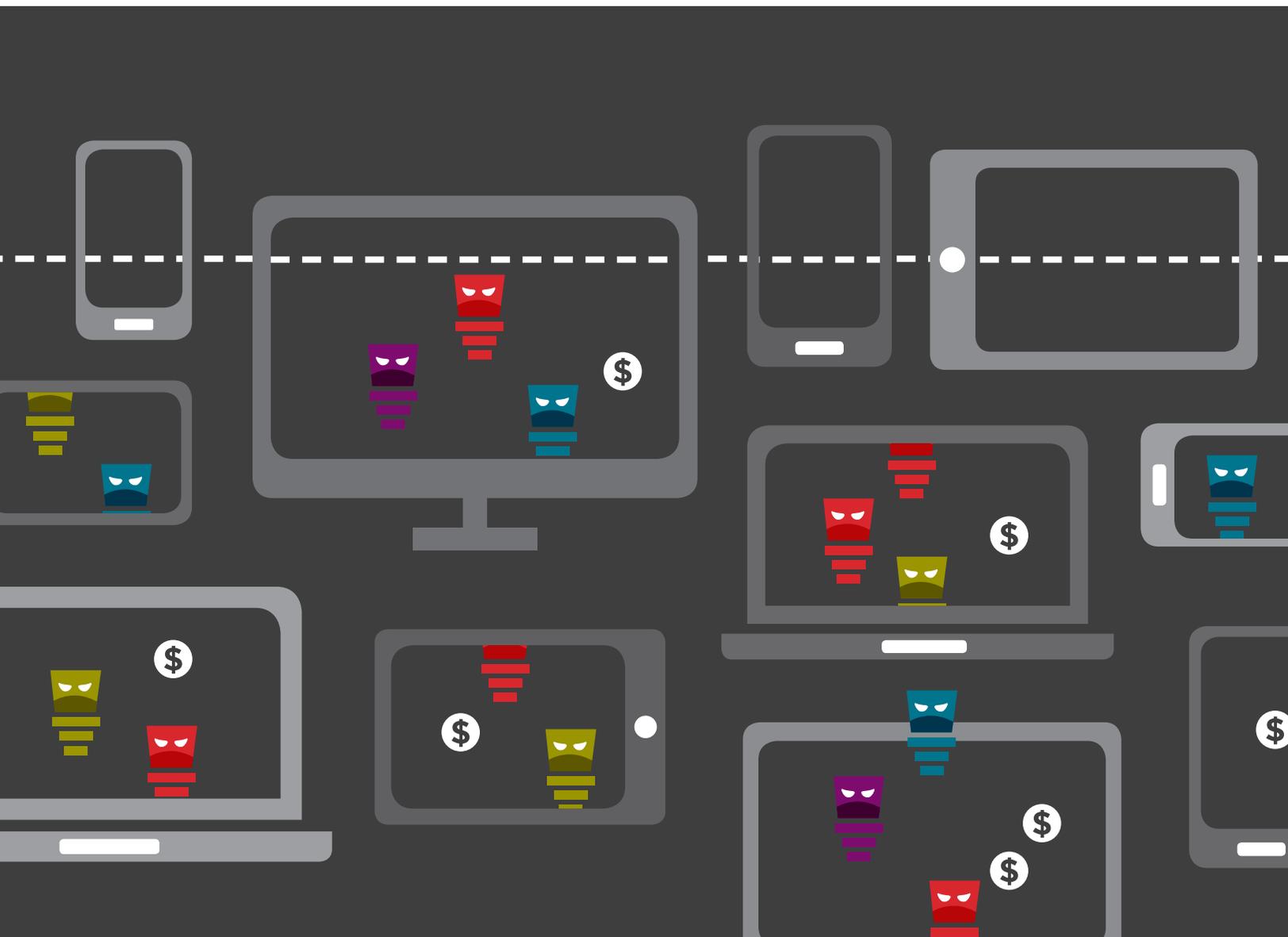




Driving
Marketing
Success

The Bottom Line On **BOT FRAUD**

A Canadian Study Into Invalid Traffic



ABOUT



Driving
Marketing
Success

The Association of Canadian Advertisers (ACA) is a national, not-for-profit association exclusively dedicated to representing the interests of client companies that market and advertise their products and services in Canada. Its members, over 200 companies and divisions, represent a wide range of industry sectors, including manufacturing, retailing, packaged goods, financial services and communications. They are the top marketers in Canada with collective annual sales of more than \$300 billion.



Sentrant
Digital Advertising Integrity

At Sentrant we utilize in-house developed security intelligence to protect online marketers' budget and their ad campaigns against fraudsters by detecting, reporting, and mitigating non-human users and fraudulent websites in real-time. Sentrant's unique approach and perspective to the problem sets it apart from other players where data analytic approaches are used

to guess fraudulent activities. Sentrant identifies fraudulent views and clicks with minimal false positives and with a higher degree of confidence to ensure advertising campaigns are seen and interacted with by their intended audience.



*Alliance for
Audited Media*

TRANSACT WITH TRUST

The Alliance for Audited Media is the recognized leader in cross-media verification with unparalleled expertise across all brand platforms including web, mobile, email and print. More than 4,000 publishers, advertisers, agencies and technology vendors depend on our data-driven insights, technology certification audits and information services to transact with trust. Our leadership consists of top performers across each discipline, including directors of ad agencies, vice presidents of major national brands and publishers of leading newspapers and magazines. Together, they are committed to setting universal benchmarks for media transparency and excellence that elevate the entire industry.





EXECUTIVE SUMMARY

Invalid traffic is a significant global problem. Not only are marketers' budgets vulnerable to criminals who exploit the digital media supply chain, their digital marketing metrics can also be compromised.

Invalid traffic is generated by showing ads to machines instead of people. Some machines, known as bots, are beneficial to the operation of the Internet, while others exist to steal money from marketers. Even in cases where there is no malicious or negligent intent, the fact remains marketers are paying for impressions that have no value because they were viewed by bots, not people.

Prior studies have estimated the cost of invalid traffic to marketers worldwide, with the White Ops 2014 and 2015 studies pegging it at USD \$7.2 billion while the World Federation of Advertisers' 2016 study estimated it at around USD \$50 billion. However, no benchmark Canadian data exists.

With this pilot study, ACA sought to identify the breadth and depth of invalid traffic through ad fraud amongst participants' campaigns. The study ran between February and December 2016.

Specifically, the study:

- Monitored online advertising campaigns of participants in real time to detect and determine the percentage of fraud throughout the time period
- Identified the level of fraud across advertising channels (premium publishers, ad networks)
- Determined fraud levels based upon device platform (desktop vs. mobile) and format
- Identified outlying results and uncovered what produces anomalies
- Provided suggestions on actions to take that mitigate ad fraud

Ancillary to fraud detection, the study reported on viewability of the ads and calculating an effective CPM multiplier for gross impressions compared with human and viewable impressions.



EXECUTIVE SUMMARY

Major Findings

Every marketer was affected by invalid traffic

Every marketer in the study (7) was affected by invalid traffic in their campaigns (33). Across all publishers, platforms and formats, the amount of invalid traffic measured by Sentrant was found to be 6.4% of the total number of impressions. Invalid traffic ranged from a low of 4.5% to a high of 21.0% across participants.

Canadian news sites have less fraudulent traffic but are not immune

It is clear that buying named Canadian news domains resulted in dramatically less invalid traffic than other sources. While the study average was 6.4% invalid traffic, many Canadian news sites were in the range of 1.2-2.0%.

The largest sources of invalid traffic are off-screen browsers and non-human data centre traffic

These two forms of invalid traffic accounted for more than half of all invalid traffic.

44.8% of impressions were viewable and valid

In the study sample, less than half of all impressions were viewable and valid. The remainder was either invalid (6.4%), human but unviewable (31.3%) or human but unmeasurable for viewability (17.5%).

Refer to Section 1 to read the methodology of the study.





EXECUTIVE SUMMARY

Battling Bots – Marketer’s Checklist

Ad fraud enriches criminals, creating a liability whereby the marketer could be questioned about whether it is employing best efforts to reduce the flow of money out of the legitimate economy.

In order to minimize fraud it is in the marketer’s best interest to:

- Institute a comprehensive digital media buying policy with their agency, including media quality benchmarks and payment policies
- Employ sophisticated invalid traffic detection and verification technology
- Develop an inclusion list (white list) of publishers
- Use vendors that support domain transparency and have cost-recovery policies when invalid traffic thresholds are breached
- Clarify if media partners, platform partners, trading desks and/or agencies are undertaking “principal” positions or acting as agents
- Ensure contracts with agencies, technologies and publishers require suppliers to act in their best interest
- Use a process audit to ensure suppliers are compliant with your contracts