# TAG EUROPEAN FRAUD BENCHMARK STUDY

## JANUARY 2019

A report conducted by The 614 Group,
commissioned by Trustworthy Accountability Group

# Executive Summary

The digital advertising industry has long acknowledged that the fight against fraud requires a concerted effort, with all market participants working together to ensure traffic quality and brand safety. In this vein, the industry came together in 2014 to form the Trustworthy Accountability Group (TAG), a cross-industry self-regulatory program to fight ad fraud and other criminal issues in the digital supply chain. TAG's Certified Against Fraud Program focuses on combating fraudulent invalid traffic (IVT) across the digital advertising industry, and provides companies with a means to publicly communicate their commitment to combating this type of criminal activity.

TAG's mission is to eliminate fraudulent traffic, combat malware, prevent Internet piracy, and promote greater transparency in digital advertising. In 2016, the organization launched the Certified Against Fraud, a program for companies to fight fraud in digital advertising. In this study, the key question we seek to answer is: What is the current state of the fight against advertising fraud in Europe?

In 2018, The 614 Group conducted quantitative and qualitative research that measured the impact of TAG Certification in reducing ad fraud, resulting in the first European fraud benchmark study. The research, conducted in the five largest markets in Europe (UK, France, Germany, Italy and The Netherlands) focused on discovering whether rates of general invalid traffic (GIVT) and sophisticated invalid (SIVT) were lower in TAG-Certified Channels

(i.e. channels in which multiple entities involved in the transaction – such as the media agency, buy-side platform, sell-side platform and/or publisher – had achieved the TAG-Certified Against Fraud Seal) in comparison to the industry average.

We found the following within TAG-Certified Channels:

- **0.53% overall fraud rate vs. the 8.99% industry average**

- **This represents a 94.1% in TAG Certified distribution channels vs. the broader industry average**

This report is the first of its kind in Europe in that it establishes a traffic quality benchmark for TAG-Certified Channels. The purpose of the benchmark is to measure Invalid Traffic (IVT) levels in TAG-Certified Channels going forward. Our goal is to repeat this test annually to assess ongoing improvements as more players adopt the TAG requirements. This is similar to a report conducted in the U.S. in 2017, with a follow up in 2018.

# Study Parameters:

| | EUROPE |
|---|---|
| Type of fraud measured | SIVT/GIVT |
| Number of impressions studied | ~4 billion |
| Inventory types examined | Desktop Display   Mobile Web-Display<br>Desktop Video   Mobile Web-Video |
| Countries | UK<br>France<br>Germany<br>Italy<br>The Netherlands |
| Number of participating agencies | 3 |
| Number of TAG-Certified sources | 27 |
| Overall fraud rate | 0.53% |
| % Reduction of fraud in TAG-Certified Channels vs. non-optimized channels | 94.1% |

# Study Background and Objectives

A special thanks to Scott Cunningham, founder of Cunningham.Tech Consulting, Advisor to TAG, and Founder of the IAB Tech Lab for his contributions to the research.

The digital advertising industry has long acknowledged that the fight against fraud requires a concerted effort, with all market participants working together to ensure traffic quality and brand safety. In this vein, the industry came together in 2014 to form TAG, a cross-industry self-regulatory program to fight ad fraud and other criminal issues in the digital supply chain. TAG's Certified Against Fraud Program focuses on combating fraudulent IVT across the digital advertising industry, and provides companies with a means to communicate publicly their commitment to combating this type of criminal activity.

Initiatives such as TAG are growing in importance, given the vast sums of revenue that flow into the digital ecosystem. It is estimated that advertising fraud accounts for between 8% and 30% of global digital ad spend annually. Juniper Research estimates that fraudulent activity could cost the global market up to $44 billion by 2022.[1]

In 2018, The 614 Group conducted quantitative and qualitative research to measure the impact of TAG Certification in reducing fraud in actual campaigns in five European countries.

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[1] https://jicwebs.org/giant-step-forward-in-the-fight-against-online-ad-fraud/

## TAG-Certified Channel

### TAG-CERTIFIED AGENCY

**+**

### TAG-CERTIFIED BUY SIDE PLATFORM

**+**

### TAG-CERTIFIED SELL SIDE PLATFORM

**=**

### 94.1% REDUCTION IN IVT*

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\* Compared to general industry fraud rates.

A TAG-Certified Channel is a media transaction where the agency, a demand-side platform, and a supply-side platform are all Certified Against Fraud by TAG and where available, the TAG-Certified Channel includes a TAG-Certified Against Fraud publisher.

# TAG Testing Methodology

## Quantitative Analysis

This European study is similar to research previously commissioned by TAG and conducted by The 614 Group in the US market, in that it reviewed campaigns from the region's largest media agencies, examined a high volume of impressions across a broad set of inventory types, and included SIVT and GIVT. We analyzed 100% of the impressions of the campaigns to which we were given access to by the agencies who share data with The 614 Group analyst team.

There are two types of invalid traffic: general invalid traffic (GIVT), and sophisticated invalid traffic (SIVT). These are described by the Media Rating Council (MRC) in the following ways:

- **General Invalid Traffic (GIVT) includes** traffic identified through routine and list-based means of filtration—such as bots, spiders, other crawlers; non-browser user agent headers; and pre-fetch or browser pre-rendered traffic.

- **Sophisticated Invalid Traffic (SIVT) includes** traffic identified through advanced analytics, multipoint corroboration, human intervention—such as hijacked devices, ad tags, or creative; adware; malware; misappropriated content.

**In calculating fraud rates, we combined both GIVT and SIVT in order to achieve a comprehensive result.**

We assessed the levels of IVT present in display campaigns executed by participating media agencies. These campaigns ran from January 1, 2018 through November 30, 2018.

# Study Parameters:

| Regions Covered | Inventory Type | Types of Fraud Examined | Volume of Impressions Examined | Study Duration | Data Examined |
|---|---|---|---|---|---|
| UK<br>France<br>Germany<br>Italy<br>The Netherlands | Desktop Display<br>Desktop Video<br>Mobile Web<br>(Mobile In-App Excluded) | SIVT<br>GIVT | 4.0 Billion<br>(including traffic from the world's largest media companies) | January – December, 2018 | 100% of data to which we have been given access from actual campaigns executed by the world's largest agency holding companies: WPP's GroupM, Publicis Media and Omnicom Media Group |

In conducting the study, The 614 Group relied on measurement of inventory characteristics data conducted by measurement vendors including DoubleVerify and Integral Ad Science. These two anti-fraud measurement vendors are both TAG Certified Against Fraud and hold accreditations from the Media Rating Council (MRC) that include IVT measurement – both GIVT and SIVT.

In order to create a comparison of TAG-Certified Channels versus the industry standard, the study used Integral Ad Science global insights report and Impact (Forensiq) European fraud rates that were supplied to the research team. Fraud rates were based on display media for desktop and mobile web. We then compiled an average of these numbers in order to compare it to the rate of fraud that we measured in TAG-Certified Channels. We make no claim as to the validity of the third-party tests since we have not seen the sources or the methodologies used for assessing fraud rates (e.g. percentage of traffic measured, types of fraud measured, etc.). Therefore, our comparison should be considered solely directional.

## Qualitative Analysis

The qualitative portion of our research involved extensive interviews with senior level executives, from WPP's Group M, Publicis Groupe, and Omnicom Media Group, in order to provide context to the data and to understand **how the industry responds to fraud once it is discovered.**

This portion of the study was iterative; when new insights were uncovered in an interview, The 614 Group returned to the other interviewee to gain his perspective in that newly identified area.

The questions focused on:

- **impressions of the TAG Certification methodology,**

- **the need for metrics like these in today's marketplace,**

- **current best practices for fraud including how often they check for it and interact with measurement companies and partners,**

- **actions taken once fraud is discovered,**

- **understanding the remediation process, and**

- **uncovering additional issues and missing pieces in the fight against fraud.**

# Results

**With just 0.53% fraud in European traffic, TAG-Certified Channels have far less fraud than Non-Certified Channels.**

The amount of fraud (both SIVT and GIVT) found in TAG-Certified Channels across multiple inventory types is 0.53%[2]. The overall blended rate we will use for comparison is 8.99%, which represents that TAG partners have 94.1% cleaner traffic than partners who work outside of this certification.

Here are the deeper insights we have discovered.

## BY DEVICE BY MEDIA TYPE:

| Desktop and all others (Non In-App) | Impressions | SIVT | GIVT | Fraud | SIVT Rate | GIVT Rate | IVT Rate |
|---|---|---|---|---|---|---|---|
| Display | 3,433,847,198 | 19,172,998 | 653,354 | 19,835,705 | 0.56% | 0.02% | 0.58% |
| Video | 572,546,162 | 1,333,017 | 33,740 | 1,357,404 | 0.23% | 0.01% | 0.24% |
| Total | 4,006,393,360 | 20,506,015 | 687,094 | 21,193,109 | 0.51% | 0.02% | 0.53% |

In-App data provided by Tag-Certified Agencies was not included in the overall fraud rate for the study comparison, but is shown as a standalone data point in this year's study. In-App rates will be included in future roll up rates as more verification sources are added in subsequent studies.

| In-App | Impressions | SIVT | GIVT | Fraud | SIVT Rate | GIVT Rate | IVT Rate |
|---|---|---|---|---|---|---|---|
| Total | 3,195,996,966 | 5,432,336 | 87,071 | 5,519,397 | 0.17% | 0.00% | 0.17% |

## BY AD UNIT TYPE:

| % of Total | Ad Unit Type | Monitored Imps | Fraud - GIVT/SIVT Imps | Fraud - GIVT/SIVT Rate | SIVT | GIVT | SIVT Rate | GIVT Rate |
|---|---|---|---|---|---|---|---|---|
| 62.80% | Display | 4,523,229,526 | 23,751,615 | 0.53% | 23,040,012 | 711,602 | 0.51% | 0.02% |
| 37.20% | Video | 2,679,160,800 | 2,960,901 | 0.11% | 2,898,339 | 62,563 | 0.11% | 0.00% |

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[2] TAG certification requires all entities to measure 100% of their traffic, i.e. all monetizable transactions. This analysis encompassed all relevant campaign traffic.

**The Process of Remediation: Taking Action When Fraud is Identified**

Although 0.53% fraud is low and manageable, **advertisers reasonably don't want to pay for any amount of fraud.** This raises the question: what steps do agencies take when they discover the presence of fraud – however small – in their campaigns?

Once the presence of SIVT or GIVT is discovered, each agency holding company immediately seeks remediation. There is no standard for doing so; each agency we interviewed follows a process unique to them. In general, all fraud is remediated and clients pay only for valid traffic.

In speaking with representatives of the agencies mentioned above regarding the process they follow when learning about the presence of fraud, we learned that agencies go to great lengths prior to and throughout the flight of a campaign to ensure that the numbers discussed at its conclusion represent valid traffic only. For instance, they work with verification and blocking providers throughout the campaign and escalate results to publishers as soon as fraud is discovered in order to resolve issues in real time.

Agencies take remediative action in the face of fraud by:

- ensuring that the publisher has a verification partner in place,

- sharing verification data with publishers at the campaign level so they can be proactive in blocking fraudulent traffic,

- providing the publisher with a list of keywords they intend to block so the publisher can better estimate inventory availability, and the campaign pacing can be accurately monitored, and

- actively monitoring ad placements and inventory sources that deliver the fraud and block them in real time when running programmatic campaigns, and monitoring campaign pacing. If a campaign is under-delivering, they work with the publisher to understand why.

# Key Insights Derived From Interviews

**Buyers want a unified standard, However regional differences in best practices exist.**

The digital advertising industry hasn't yet implemented comprehensive anti-fraud measures uniformly across Europe, though some individual European markets have responded to the threat of ad fraud by recommending specific best practices. Those markets include the UK, France, Germany, and Italy.

Because of the fragmented response to ad fraud, global buyers find it difficult to apply global tactics across Europe. As a result, buyers are forced to adjust their media acquisition strategy market by market, which adds a significant amount of work to their campaign management activities. As Bethan Crockett, Senior Director of Brand Safety & Digital Risk, GroupM EMEA explains, "From our perspective, we look at available practices in each country, and whether they're industry- wide, regional, or local and exactly what they cover. A lot of these anti-fraud practices technically, and ideally, should be applied globally and, where applicable, there shouldn't be an any regional differences whatsoever."

**TAG Certification can help tie national approaches together to create a global standard, and drive efficiency for buyers.**

In September 2018, TAG published its 'Global Standards for Local Markets' White Paper outlining:

> • **the need for a consistent and scalable approach - via a cross-industry global standards framework – to tackle some of the key brand safety challenges in digital advertising;**
>
> • **how many existing industry programmes – such as those in the UK, France and the USA – are being leveraged to solve these global challenges; and**
>
> • **opportunities to better reflect the culture, language and needs of the local market as the digital advertising industry increases its focus on deploying a 'Global Standards for Local Markets' approach.**

There is a strong desire for a single set of standards for fighting fraud that can be applied across all markets. Widespread adoption of TAG Certification will ensure that certification and standards are aligned globally, creating greater efficiencies for European buyers. "Our goal is to ensure we have rigorous and consistent standards and practices in place for fighting fraud. Our Publicis Media Verified teams evaluate all parties within the digital ecosystem that address ad fraud – adtech, platforms and inventory suppliers, and we partner with industry bodies that accredit methodologies and support the call for more transparency", explained Martha Harrison-Edge, Head of Digital Standards and Partnerships, RoW, at Publicis Media.

Saiful Ahmed, EMEA Associate Director of Ad Technology, Omnicom Media Group, confirmed that perspective, "Our clients and partners are looking for ad fraud benchmark from a trusted and neutral source. This enables our agency to choose the right solution coupled with a rigorous procedure to measure and optimise with context."

**Awareness of ad fraud is high in larger markets, and those markets will lead the way towards achieving a consistent and scalable approach.**

Ad fraud is a global problem that affects every market in Europe equally, regardless of size. That said, it is the larger markets that have both the awareness and the resources to demand a global standard and a global approach to tackle fraud. As Bethan Crockett, Senior Director of Brand Safety & Digital Risk, GroupM EMEA explains, "There are countries within EMEA that are more advanced in their digital advertising infrastructure and adoption of anti-fraud best practices. I see the advocacy for a global response coming from partners in these mature marketplaces".

# Conclusion

**TAG Certification has a proven track record of reducing fraud. Looking at traffic across all campaigns, we found just 0.53% in a combined measurement of SIVT/GIVT of European ad traffic that flowed through TAG-Certified Channels. That's 94.1% lower than a comparative unfiltered number in European markets.**

TAG measurement requires 100% measurement by every party in a channel, which means the 0.53% fraud rate is the most comprehensive in the industry. It also means that by measuring and filtering 100% of traffic, partners have the opportunity to engage in much more robust and granular conversations regarding discrepancies and how best to resolve them. This, in turn, indicates that the industry is more aware of when, where and how fraud is occurring, and they're taking steps to curb it.

This metric should serve as a guidepost against which to measure the success of continued industry efforts to fight fraud. As rates of TAG Certification increase across Europe, future updates to this metric will help companies, clients, and market participants generally to keep score in the fight against fraud, and provide an important discussion point to consider when determining the success of their own efforts.

# Requirements for TAG Certification

TAG launched its Certified Against Fraud Program in 2016 to combat invalid traffic in the digital advertising supply chain. Companies that are shown to abide by the Certified Against Fraud Guidelines receive the Certified Against Fraud Seal and use the seal to publicly communicate their commitment to combating fraud.

| Requirement | Scope | Direct Buyer | Direct Seller | Intermediary | Anti-Fraud & Measurement Services |
|---|---|---|---|---|---|
| Complete TAG Registration & be a TAG Member in Good Standing | Administrative | ✔ | ✔ | ✔ | ✔ |
| Have a designated TAG Compliance Officer | Administrative | ✔ | ✔ | ✔ | ✔ |
| Attend a Certified Agaist Fraud Traning annually | Administrative | ✔ | ✔ | ✔ | ✔ |
| Comply with GIVT Detection & Filtration Requirements of MRC IVT Guidelines | Anti-Fraud | ✔ | ✔ | ✔ | ✔ |
| Employ Domain Threat Filtering | Anti-Fraud | ✔ | ✔ | ✔ | ✔ |
| Employ Data Center IP Threat Filtering | Anti-Fraud | ✔ | ✔ | ✔ | ✔ |
| Implement Publisher Sourcing Disclosures | Transparency | | ✔ | | |
| Implement Payment ID System | Transparency | | | ✔ | |
| Implement Ads.txt | Transparency | | ✔ | | |

More information about the specific requirements and application process for the TAG Certified Against Fraud Seal can be found on the TAG website at TAGtoday.net.