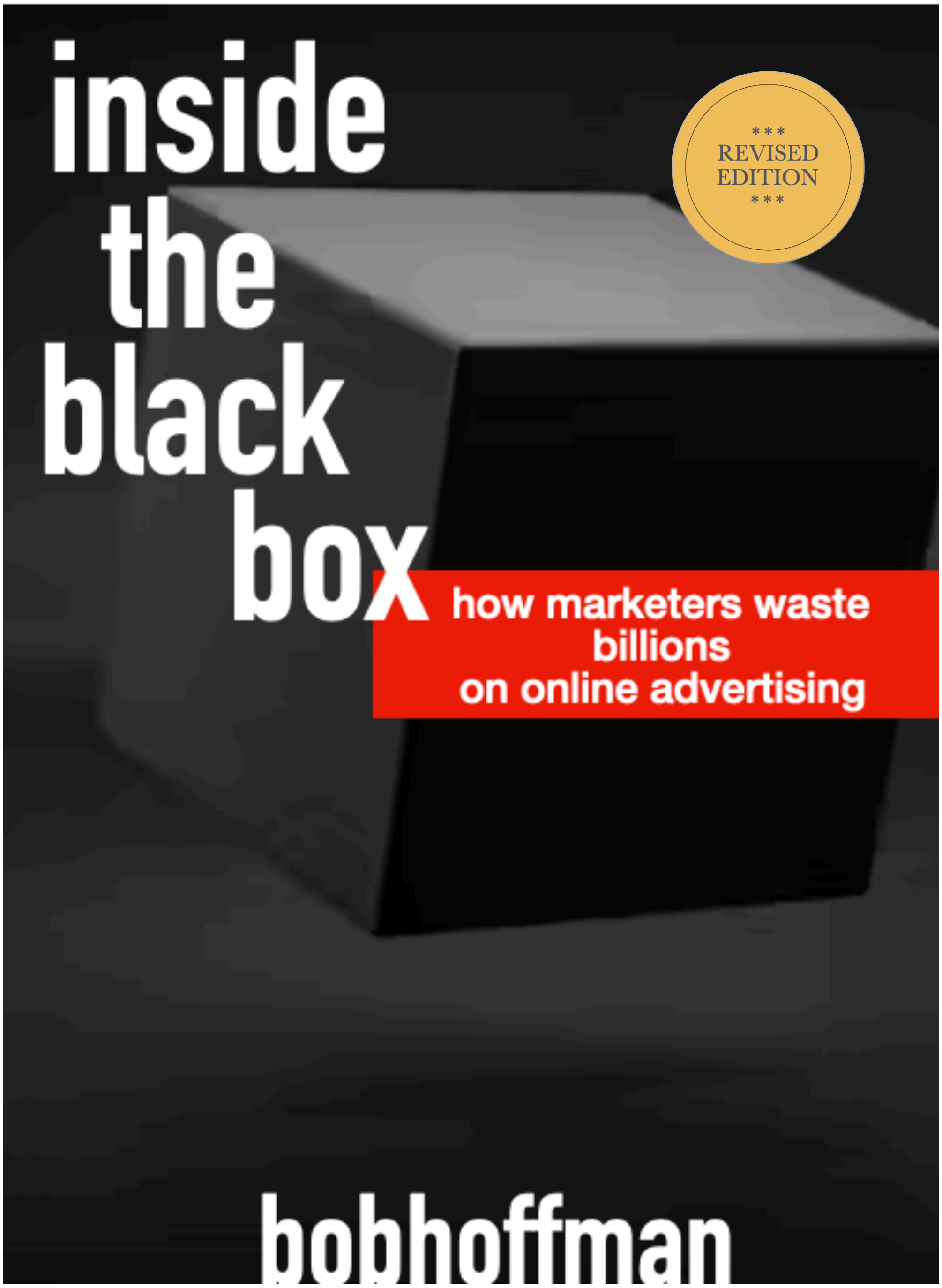
inside the black box
*** REVISED EDITION ***
how marketers waste billions on online advertising
bobhoffman

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How marketers waste billions on online advertising.

-Revised Edition-

BOB HOFFMAN

INSIDE THE BLACK BOX (Revised edition) by Bob Hoffman

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"ONE OF OUR TRULY GREAT MARKETING ICONOCLASTS" – *Mark Ritson*

"BOB HOFFMAN...IS POSSIBLY GOING TO BE SEEN AS THE MOST INFLUENTIAL PERSON OF THE DECADE WHEN IT COMES TO MEDIA"
– *Tom Denford, CEO, ID Comms*

For Lucy, Johnny. Emmett, Henry, and Mira

It's easier to fool people than to convince them that they have been fooled.

Mark Twain

"Ever bought a fake picture, Toby? The more you pay for it, the less likely you are to doubt its authenticity."

George Smiley

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Introduction

In 2025, marketers will spend over $700 billion on online advertising. A substantial proportion of this - perhaps in the hundreds of billions - will be completely wasted. Not for the usual reason - their advertising stinks - but for another, darker reason. They have been cheated, lied to, and robbed.

It has been clear for about a decade that a great deal of online advertising is crooked. It is a black box. Money goes in and nobody quite knows what comes out.

Between ad fraud, made for advertising sites (MFAs), hidden middleman fees, crooked publishers, unreliable data, dubious reports, viewability issues, click fraud, false attribution, consumer inattention, and the utter lack of transparency, advertisers are being fucked blind.

I have been writing about waste, criminality, and delusions in online advertising for a long time. This book contains articles I've written over the years, plus new pieces. I hope it will be valuable for people in business who want to avoid being taken to the cleaners by a crooked system designed to screw them.

Author's Notes

Tremendous credit is due to the researchers and reporters who have uncovered the dreadful facts about online advertising that are presented in this book. All the knowledge reported here is the result of their work. I'm merely a stenographer.

It is appalling that of the hundreds of facts about fraud, negligence, and incompetence you will find referenced in this book, not a single one was brought to light by an ad agency. I'll let you draw your own conclusions.

In various pieces you may find different numbers and quantities quoted. This is because amounts change over time. For example, in one piece you may find the amount of ad fraud estimated at $80 billion, and in another, $100 billion. This is because fraud has grown over time and these pieces have been written at different times.

Utopia

There was a time, not that long ago, when many people believed in a kind of digital utopia. My favorite quote from that period belongs to Arianna Huffington. She said, *"Thanks to YouTube -- and blogging and instant fact-checking and viral emails -- it is getting harder and harder to get away with repeating brazen lies without paying a price…"*

If only.

Among the fantasies that swirled around us at the time was an idea among marketing people that online advertising would provide us with almost perfect information about the efficacy of our endeavors. We would know exactly who we were reaching, what it cost us, and how the ad performed. This fantasy still lives among some in marketing.

Sadly, the real world has intruded on our fantasy world. In fact, there has never been a time when there has been more confusion, corruption, and misinformation about advertising. There has never been a time when advertisers chased rainbows, believed charlatans, and were taken to the cleaners by con men as they are now. And most of it is centered on online advertising - the very thing that was going to set us free.

Advertisers will spend over $750 billion on online advertising this year. A substantial proportion of this, probably over one-hundred billion, will be completely wasted. Not for the usual reason - their advertising stinks - but for another, darker reason. They have been cheated, lied to, and robbed. It has been clear for about a decade that a great deal of online advertising is crooked. It is a black box. Money goes in and nobody knows what comes out.

By next year (2026) about 90% of online advertising will bought "programmatically" i.e., by computers. In a majority of cases, the buyers don't know…

…what they are buying

…who they are buying from

…what they are getting

…what they are paying

They think they know, but they don’t.

Between ad fraud, made for advertising sites (MFAs), hidden middleman fees, unreliable data, unreliable reports, incompetent verification vendors, viewability issues, click fraud, false attribution, crooked games by website publishers, consumer inattention, perverse incentives, and the utter lack of transparency, advertisers are being fucked blind.

Nonetheless, marketers keep pouring in more and more money. There are only two possible explanations for this. Either marketing people are too ignorant to know what’s going on, too irresponsible to care, or too deeply wedded to the online advertising fantasy to turn back. They are afraid to call time-out and expose the truth to their overlords. In a great many cases, the truth would be fatal.

This book will explore…

… how advertisers are being cheated

… why many advertisers don’t know they’re being cheated

… why marketers who know they’re being cheated are afraid to acknowledge it

… how advertising industry “leaders” have failed in their responsibilities

… how perverse incentives compel marketers to keep the con alive

... what you can do to protect yourself

Disneyland For Crooks

Just to get our blood pumping, let's look at a few key facts about online advertising. Then we'll come back in later chapters and get into some depth on these facts.

I have tried to gather these facts from the most reliable sources available.

- According to a study by the Incorporated Society of British Advertisers (ISBA) and consultants PwC, half of programmatic ad money is being siphoned off by adtech middlemen before it pays for a single ad.
- A report by the ANA (Association of National Advertisers) in 2023 claimed that 25% of programmatic ad dollars are wasted. Projecting this over the total spend on programmatic advertising worldwide would mean that over $130 billion is wasted. Let me emphasize that by "wasted" the ANA doesn't mean that it is poorly conceived or executed. It means that the advertiser is being screwed out of 25% of what he thinks he has bought. As we progress, you will see why I believe this estimate is actually very low.
- According to Juniper Research, ad fraud *alone* cost advertisers $84 billion in 2023. They reported that 22% of all digital advertising spend was stolen by fraud. The ANA study mentioned above *did not include ad fraud in its calculation*.
- Juniper predicted that in 2024 ad fraud reached $100 billion.
- The ANA says that about 15% of programmatic ad dollars are eaten up by MFAs (useless 'made for advertising' websites.) Again, I suspect the actual number is higher. Other reports have it at over 20%.

- Ads from an average programmatic campaign by a "sophisticated" advertiser will appear on over 40,000 websites. This makes accurately monitoring an online campaign impossible. Nobody can do forensic analysis on 40,000 websites. And, as we'll see, it makes the programmatic ecosystem Disneyland for crooks.
- According to the ISBA report alluded to above, 80% of the websites that programmatically purchased ads run on are "non-premium" websites. "Non-premium" is a nice British gentlemanly way of saying "crap."
- Websites are built so that, on average, only about 75% of ad slots that are for sale are within the viewable area. This means that at least 25% of the time advertisers are bidding on ad slots that will turn out to be invisible. That's $130 billion worth of invisible.
- Integral Ad Science (IAS) says that in total between 30 and 50% of display ads are "non-viewable." "Non-viewable" means the ad loads outside the screen's viewable area; or the ad doesn't render in time for a viewer to see it; or multiple ads are stacked on one another; or one of several other factors.
- According to the above-mentioned study by the ANA, only 36¢ out of every online ad dollar gets from an SSP (sell side platform) to a consumer.
- According to Lumen Research, only 9% of online ads get even one second of consumer attention.
- Reports that agencies receive from suppliers, and reports marketers receive from agencies about the reach, cost, and efficacy of their campaigns are highly unreliable (more about this later.)
- The Association of National Advertisers says that the programmatic media buying ecosystem is "riddled with material issues including thin transparency, fractured accountability, and mind-numbing complexity." According to the CEO of the ANA, *"We believe this lack of transparency is costing advertisers billions of dollars in waste."*

Two things are apparent from these facts. First, we must be double-counting some of the bad stuff. Even programmatic advertising can't be more than 100% waste. Second, whatever the true extent of waste is, it is staggering (for more on this, see *The Programmatic Poop Funnel*.)

Let's sum up with a quote from the director-general of the ISBA, *"The market is damn near impenetrable."*

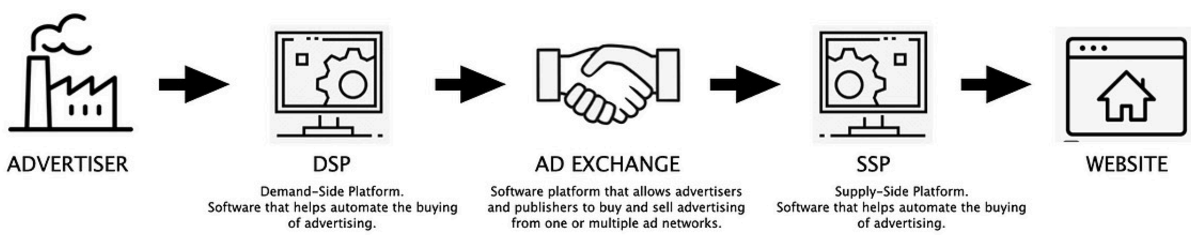
Understanding The Black Box

In order to comprehend the black box of programmatic advertising we need to have at least a rudimentary picture of how it works.

There are essentially two ways to buy online advertising - directly and programmatically.

When you buy directly, you go to a website owner (publisher) and make a deal with them. When you buy programmatically you go to an ad exchange, hand over some money and some guidelines, and the exchange places your ad budget into an automated auction system. This, in theory, finds the best sites for your campaign at the best prices.

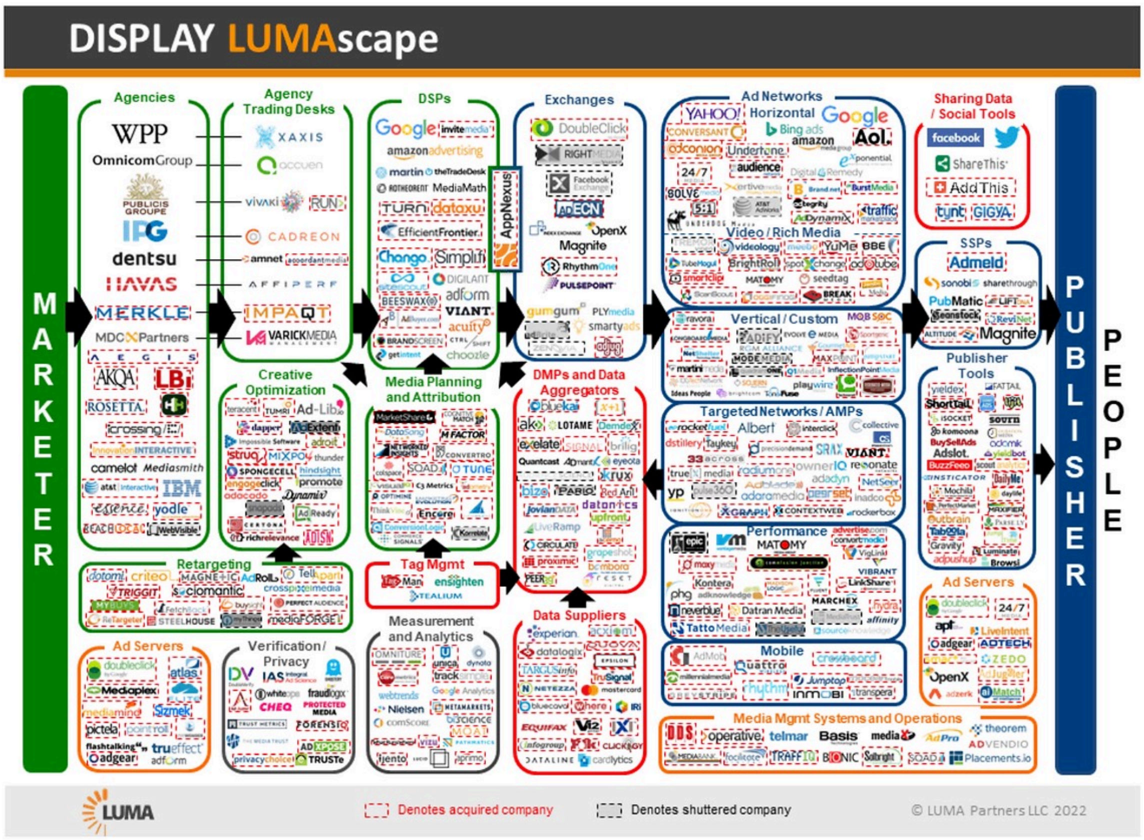
In the simplest possible terms, programmatic buying looks like this:



As we will soon see, in actuality the system is about a thousand times more complex than this diagram indicates.

Currently it is estimated that between 70 and 90% of online advertising in the U.S. is transacted programmatically. There are also hybrid versions of online buying - which feature elements of both direct and programmatic buying. For the sake of keeping an impossibly complex system comprehensible, let's just agree that hybrid versions exist but let’s not get into detailed descriptions of them.

The online advertising ecosystem is, in reality, impossibly complex. I am reproducing something here called a LUMAscape, named after LUMA Partners, the company that invented it. You don’t have to fully comprehend it to get an idea of the insanely tortuous route a display ad may take from the time it leaves your desk to the time it appears on a website. As stated earlier, the system is so complex, it is essentially incomprehensible.



I believe it was British media expert Irwin Gottlieb who said, *“In complexity there is margin.”* In other words, at each step of the process, someone is taking a piece of your ad dollar.

When a system is complex, there may be good actors who actually add value. But there is also plenty of room for bad actors. Complexity is a crook’s friend. Bad actors have more opportunity to insert themselves into the process, and therefore more opportunity to act fraudulently. There is also room for unproductive actors to extract money while contributing little or nothing.

Complex systems also make it much more difficult for buyers to know where their money is going, who it is going to, what they are getting for it, or at what point it is disappearing.

Underlying the programmatic ad ecosystem is a process called real-time bidding (RTB.) RTB allows many advertisers to simultaneously bid on the same ad slot on a website as soon as a person arrives there. A computer driven online auction takes place in nanoseconds. The highest bid wins the auction, and their ad is placed in the slot and, at least in theory, delivered to the person.

As an aside, RTB is unusually dangerous to privacy and to society. According to the Irish Council for Civil Liberties (ICCL) in 2022 RTB tracked and broadcast peoples' online behavior and location 294 billion times a day in the U.S. and 197 billion times a day in Europe — 'broadcast' is the term used when an RTB entity transmits information. The average person in the U.S. had their online activity and location broadcast to thousands of companies 747 times every day. In Europe, RTB transmitted an average person's data 376 times a day. These "broadcasts" go to thousands of organizations around the world, including Russia and China, and there is no control on how this information is used once it is sent.

Your Disappearing Money

The ignominy of online advertising reached some kind of wretched crescendo in 2021 as a report emerged detailing how advertisers are being screwed by the adtech industry.

The ISBA (the U.K. equivalent of the ANA) released a report on a study, conducted over a two-year period by consultants PwC, that laid out the absurd wastefulness of the adtech industry. The study was conducted to establish what component of an ad budget spent on programmatic online advertising actually results in *advertising.*

Fifteen major advertisers, including Disney, Unilever and Nestlé participated in the study as well as eight agencies, five DSPs, six SSPs, and twelve publishers. Also participating in the project were adtech companies Google DV360 and Ad Manager, Amazon Advertising, and the Rubicon Project. The PwC leader of the study said, *"It's important to realise that this study represents the most premium parts ... the highest profile advertisers, publishers, agencies and adtech."* Here are some highlights:

- Half of programmatic ad money is being siphoned off by the adtech industry before it reaches publishers.
- According to the *Financial Times,* of the 50% of the budget that was siphoned off, about 1/3 of the dollars, *"were completely untraceable."* In some cases the untraceable costs were as high as 83%. This means the money just evaporated into the adtech black box without a trace.

- Only 12% of the ad dollars were *completely transparent and traceable.* An astounding 88% of dollars could not be traced from end to end.

Remember, this study only reported on the highest quality tip of the iceberg - *the most premium end* of the programmatic marketplace. Imagine what the numbers must be like in the rest of the adtech cesspool where most advertisers swim their laps.

With the release of this study all the usual clowns and apologists for the online ad industry seemed to suddenly disappear down to their basements to busily dream up logic-torturing excuses.

One exception was the always reliable IAB. Listen to this from an IAB spokesperson, *"... it is not a dark art and we shouldn't lose sight of the crucial role programmatic plays in supporting our ad-funded, open web."* This is bullshit. As usual from these people, it is nonsense. The good things we get from the web are supported by *advertising,* not creepy adtech, not programmatic horseshit, not dodgy middlemen.

And here's the even worse news. Just because 50% of your ad budget is reaching publishers doesn't mean you're getting 50% of value from your ad investment. Let's not forget the fraud in the programmatic ecosystem. Once half your money escapes from the adtech jungle and gets to a publisher, it is still exposed to creepy "publishers" and fraudsters who hang around the programmatic playground.

As fraud expert Dr. Augustine Fou says, *" ... the 50% that makes it through to publishers could still be subject to fraud if that publisher is buying traffic and doing other shitty things like refreshing the page every 10 seconds, refreshing the ad slot every 2 seconds, stacking 10 ads on top of each other, loading 1,000 hidden ads in the background. The advertiser is still exposed to the potential of 100% fraud if that publisher is a fake site using fake traffic, and selling their inventory through the adtech plumbing."*

In other words, the programmatic advertising ecosystem exposes advertisers to double jeopardy. First is the 50% of your investment you surrender to middlemen, then there are the other flavors of online jeopardy — fraud, MFAs, viewability issues, etc. Later on we'll see how much *real* advertising a programmatic ad dollar actually buys.

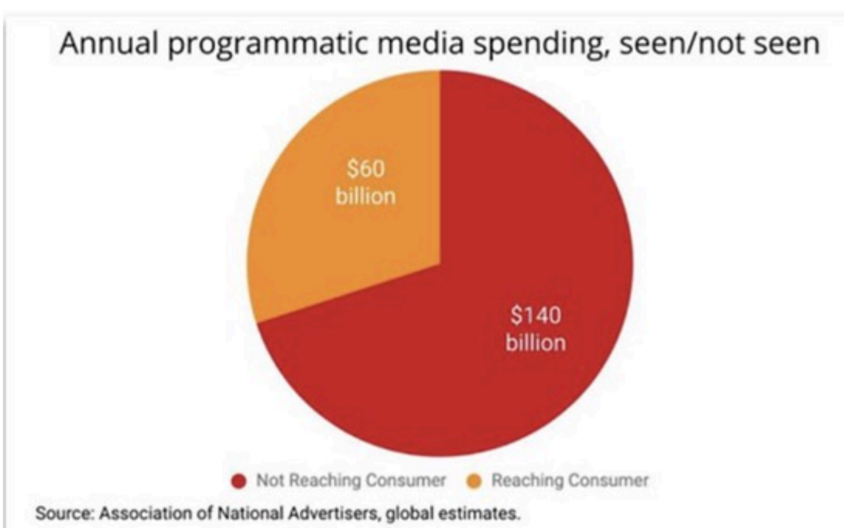
The adtech industry, and its supplicants in the agency business, will claim that adtech earns its money by "adding value"—by helping you find the most effective tactics for investing your advertising dollars. As we'll see, this is nonsense. Adtech - as practiced in the programmatic ad ecosystem - not only does not add value, in a great many cases it degrades value.

What effect has the ISBA report on programmatic advertising had on the ad industry? Just like with ad fraud and privacy abuse, the ad industry is far too invested in the status quo to do anything about the black hole of programmatic.

Honey, Did You See My $140 Billion?

According to the ANA and PwC, 70% of advertising dollars spent on online programmatic advertising never touch a human being.

Of $200 billion in annual programmatic ad spend in the US in 2020, $140 billion disappeared in"ad fees, fraud, non-viewable impressions, non-brand-safe placements, and unknown allocations" (by ‘unknown allocations’ you can substitute ‘shit that no one can figure out.’)



Source: MediaPost

As a consequence, in 2021 the ANA announced they were commissioning an "in-depth study of the programmatic media-buying ecosystem." ANA CEO Bob Liodice said the adtech dreck-o-system is *"riddled with material issues, including a lack of transparency, fractured accountability, and mind-numbing complexity."*

The previous year I had written, *"The ANA and/or the 4As should immediately institute and fund an independent commission to investigate the adtech industry -- the fraud, the social consequences, and the secrecy."*

For years the the ANA has been talking out of both sides of its mouth -- whining about the sleaze of the adtech industry but tripping in its underwear with cockamamie, contradictory reports. The implementation of this study was too little too late.

By the time the ANA report was issued in 2023, the ISBA in the UK had already made headlines revealing the wasteful nature of the programmatic ad industry. The report, which took the ANA two years to release, was a non-event. All it did was verify what everyone with half a lobe already knew -- advertisers are being screwed blind by adtech ferrets.

One of the only interesting aspects of the ANA study was how the adtech industry stonewalled the ANA. According to Digiday,*"'Vested interests' from some of the industry's most powerful players have frustrated the project's earliest ambitions."*

Google, the illegal moonopoly that essentially owns large swathes of the industry, was particularly uncooperative. According to AdExchanger, there was *"a woeful gap in terms of vendor participants. The ANA needs vendors onboard for the report to really work. There were 67 advertisers interested in participating...but only the 21 had legal rights to secure necessary log-level data from their vendors. Sometimes, the advertiser doesn't own the data (despite being generated by the ad budgets) or it isn't contractually available."*

This is just a complicated way of saying that just about everyone in the programmatic supply chain is playing keep-away -- working hard to keep the system as opaque as possible.

The ANA's EVP Bill Duggan had this to say,*"Everyone says they are supporters of transparency, until they're the ones asked to be transparent."*

What Is Ad Fraud?

Ad fraud is a type of crime in which thieves use computer technology to steal money from businesses. The businesses think they are buying advertising, but they are actually buying nothing.

Ad fraud is found mainly in online advertising (display ads and online video ads) but in recent years has become a growing problem in web-delivered TV (also known as Connected TV or CTV) advertising. A study by DoubleVerify reported that in 2021, fraud schemes in CTV surged by 70%.

The reason ad fraud has become pervasive is twofold. First, to a large degree advertisers no longer buy advertising directly from the people who run the advertising. And second, the system by which they buy advertising is largely incomprehensible.

One of the key attributes of online advertising that makes it uniquely susceptible to fraud is, in the words of the CEO of the Association of National Advertisers, its *"mind-numbing complexity."* In fact, it is so complex it is indecipherable to almost everyone who participates in the system.

When we are talking about ad fraud we are not generally talking about fraud that is perpetrated on the public. We are talking about fraud that is going on within the advertising industry. In other words, an advertiser—let's say Coca-Cola—is paying $100 to buy advertising but is only getting $50 worth of advertising because $50 is being scraped by middlemen, fraudsters, and others as the ad moves through many hands on its way from Coke to a website. As we will see, it is likely that most programmatic advertisers get far less than 50¢ in value from $1 spent.

I am not going to attempt to explain all the different types of fraud that exist because you have to be a computer scientist or software engineer to understand the terminology and activities that sit under the hood of online advertising to understand how some fraud types work. But here are brief descriptions of a few of the more understandable ones:

Domain Spoofing: Fraudsters attract ad dollars by creating websites that look identical to high-quality websites.

Cookie Stuffing: No, it's not the white cream in an Oreo. Crooks drop cookies all over the place. When someone who's had a cookie dropped on them goes to an affiliate website, the cookie dropper gets paid, for nothing.

Click Injection: Fraudsters trick you into installing malware on your computer. The malware goes all over the web clicking on things. Every time it clicks somewhere, someone gets paid.

Pixel Stuffing: It's not a tiny Thanksgiving side dish. A crook builds invisible one pixel "ads," spreads hundreds of them (or more) on a web page. Each pixel is paid for by an advertiser as if it's a real ad.

Ad Stacking: Just like pixel stuffing, except the fraudster stacks ads one on top of another. They can't be seen, but the advertiser still pays.

Ad Injection: A fraudster substitutes his own ad for your ad but you pay anyway.

Click Farms: Criminals program hundreds or thousands of computers to do nothing but click on ads 24 hours a day for unscrupulous web publishers. Sometimes click farms use real people to sit and click all day, every day.

Click Hijacking: Fraudsters use malware to redirect clicks in an endless loop.

The way fraudsters take advantage of the vulnerability of the system is primarily by creating fake websites, fake audiences, and fake clicks. Criminals use software strings, called bots, to produce fake audiences and fake clicks. In 2020 web security company Barracuda Networks reported there was more traffic on the web from malignant bots than there was from human beings.

One important fact to understand is that bots can be created out of thin air. This means that fake audiences and fake clicks can be created out of nothing by someone sitting at a keyboard.

Exploiting the programmatic advertising system is remarkably simple. You can become a successful ad fraudster with almost no technical know-how. And if you have technical know-how, the sky's the limit. According to Hewlett Packard Enterprises, ad fraud has both the highest potential for profitability and the lowest barrier to entry. This is a very bad combination.

In May of 2020 a reporter for CNBC set out to see how easy it is to become a card-carrying ad fraudster and attract paid advertising to a fully plagiarized website. With no particular tech skills she was able to scrape content from websites, plug the plagiarized content into an off-the-shelf website she found, get approved by ad networks, and attract legitimate advertisers like Kohl's, Wayfair, and Overstock. If someone with no technical training can become a functioning fraudster in a couple of days, imagine what the sophisticated tech monsters are doing.

Of course there are companies that sell "security" against ad fraud by claiming to be able to identify fraudulent activity. The problem is, these protections are marginally useful. The bad guys always seem to be three steps ahead of the good guys. One researcher who wanted to test the efficacy of fraud detection software directed 100% fake traffic (he knew it was fake because he created it himself) to a website he created himself. Then he hired one of the leading fraud detection companies to give him a report on his traffic. They reported that 83% of the traffic was legitimate.

Later on you will read how billions of ad bids went awry without fraud detection companies noticing a thing, and how fraud detection companies are being investigated by U.S. government bodies for false claims of effectiveness.

How Large Is Ad Fraud?

Ad fraud is one of the largest frauds in history. Nobody knows the exact size of ad fraud but several reputable studies peg it at over $80 to $100 billion. Here are some interesting stats on ad fraud.

- According to Advertising Age magazine and Spider Labs, *" ... an estimated 20% of (online) ad budgets globally (are) being snatched by fraudsters."* If that number is right, in 2024 well over $100 billion was lost to online ad fraud.
- Juniper Research estimated 2023 ad fraud at $84 billion.
- The Association of National Advertisers (ANA) in the U.S. has variously estimated 2022 ad fraud at $81 billion and $120 billion.
- The World Federation of Advertisers says that in 2025 advertising fraud may become the second largest source of criminal income on the planet, after drug trafficking.
- Professor Roberto Cavazos, economist at the University of Baltimore who has studied business fraud for over 30 years says, *" ...the level of ad fraud is now staggering. The digital advertising sector has ...higher fraud rates than multi-trillion-dollar sectors."*
- Cheq, a fraud detection company, says that online ad fraud has overtaken credit card fraud despite the fact that the credit card business is ten times the size of online advertising.
- Kevin Frisch, the former head of performance marketing and consumer relations management at Uber says that one type of ad fraud called attribution fraud was

headed toward eating $100 million of Uber's $150 million online ad budget: *"We turned off 2/3 of our spend ... and basically saw no change ... "*

- Dr. Augustin Fou, an expert in online ad fraud with a PhD from MIT, who taught digital and integrated marketing at Rutgers University and N.Y.U., and was Senior VP, digital strategy lead at McCann/MRM Worldwide, calculated that just one detected instance of fraud called Fireball could generate 30 billion fraudulent ad impressions a minute. He said, *" ... fraud on such a massive scale is beyond belief."*

As mentioned previously, the ANA and consultancy PwC reported that back in 2020 of $200 billion in annual advertising spending on programmatic advertising in the U.S., only $60 billion ever reached a human being—70% evaporated. No one knows how much of the missing $140 billion was the result of fraud.

Why Is Ad Fraud Thriving?

By now you are probably asking yourself, "If we know ad fraud is massive, and we know how it's done, why is it thriving?" It's a damn good question!

The Risk Factor

The first reason is probably the easiest to understand. With ad fraud, there is almost no risk. Prosecution for ad fraud is essentially non-existent. In fact, in many jurisdictions its status as a crime is not even clear.

A great deal of ad fraud, like so much web activity, is transnational. While the malefactors may be on one continent, the victims may be on another. The laws in one country may be quite different from another. The cultural concerns about fraud may be intense in one country and nowhere to be found in another. Does the government of North Korea really worry about fraudsters in its jurisdiction who are extracting money from clueless American corporations? It is quite likely that hostile governments themselves who are sponsoring some of the fraud.

Even within jurisdictions there is skepticism. Is it really a government's responsibility to babysit the foolish and irresponsible advertising investments of corporations? Many would say no. If corporations and trade organizations aren't even willing to acknowledge the problem and take vigorous action to protect and defend their own dollars, why should governments?

Perverse Incentives

All along the money chain, the incentives to acknowledge and attack ad fraud are missing. You would think that advertisers, who are the primary victims, would be heavily incentivized to do something about it. They are not.

The chief marketing officers of most corporations, who are responsible for marketing expenditures, have been promoting the benefits of online advertising to their stakeholders (CEOs, CFOs, Boards) for years. It is not in their best interest to look like fools who have been taken to the cleaners and have wasted millions (in some cases tens and hundreds of millions) on fantasies.

Here's a note I received from a very smart former ad executive I've known for years who is now working on the marketing side:

"Now that I'm ... on the client side, I've noticed something: It's in nobody's interest for digital ad numbers to be true as long as they're good. Whether that's 'reach', 'engagement' or whatever other idiotic measure they use.

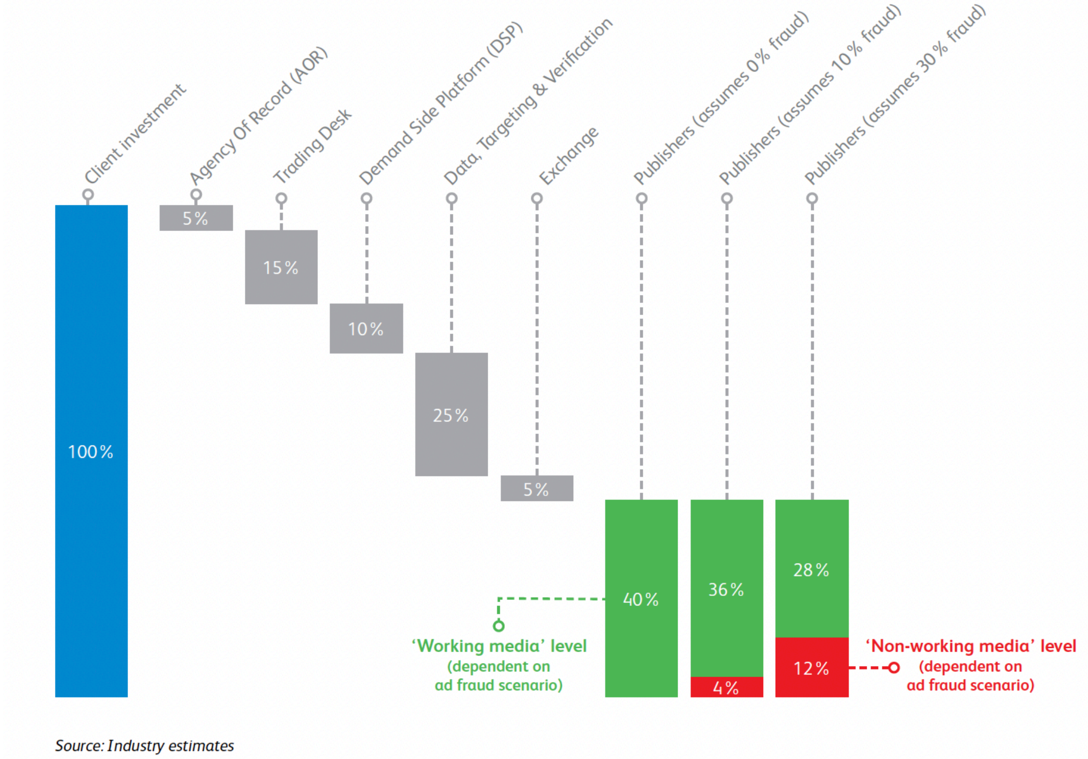
"The client wants to see numbers go up every month, regardless of their value or truth. Same for the media planner and buyer. Ditto for the account team and the creative guys. No one will question the efficacy of the numbers because they love showing the CEO (who understands nothing about marketing) that we gained ***x*** *number of followers, reached an additional* ***y*** *people, and* ***z*** *more people saw our 'content.'*

Everybody is in on the con. None of the involved parties want anyone to examine the numbers as long as they're good. No one. It's pathetic."

Ad agency holding companies have invested heavily in adtech businesses. One would not be overly cynical to wonder if their enthusiasm for online advertising was driven in part by self-interest. According to Statista, over 64% of agency revenue comes from digital advertising.

There are also perverse incentives in ad agency and adtech compensation models. Many agencies are paid on volume, not quality. The more advertising they buy the more money they make. For the most part, they make the same commissions and fees whether they are buying fake audiences or real audiences; fake websites or real websites.

The illustration below, from the World Federation of Advertisers, charts how money flows through the programmatic advertising system. For the most part, agencies receive the same compensation regardless of how much fraudulent advertising they are inadvertently buying. They make their commissions *before* the fraud.



It's not that the agencies are complicit with the fraudsters, it's just that they have little to no financial incentive to do very much to protect their clients' interests. Instead, they hire inadequate fraud detection companies to cover their asses, and like CMOs, tell their stakeholders that it is *the other guys* who are getting screwed, not them.

Fraudsters have tremendous incentive to be aggressive. They can make enormous amounts of money. What incentives do agencies have to play defense? Are they going to make more money? No, it may even cost them money. A typical programmatic ad buy will include thousands of websites. It's much easier to employ questionable fraud detection vendors who certify great results than to forensically analyze the code behind ad activity on tens of thousands of websites and know the truth.

Information Asymmetry

Throughout the programmatic money chain sellers have information that buyers don't have. What most advertisers don't understand is that the reports they get on traffic and clicks are often unreliable. These reports contend that visitors are real but they are not. As the World Federation of Advertisers says, *" ... reporting validates a visitor to be authentic, but it is actually fraudulent."*

Advertisers have no choice but to rely on these questionable reports because the alternative is unworkable. And yet, believing one of the reports you get from a verification vendor is like believing your 16-year-old's explanation of how the car door got scratched.

Information asymmetry always leads to problems. People and organizations think they know things that they don't really know. Meanwhile people who have better information are in a position to take advantage of their information superiority.

Everything the adtech industry has ever told us about privacy and security has, in the fullness of time, been shown to be horseshit. The truth is, they are incompetent, irresponsible, and dangerous.

On May 24, 2017, the Association of National Advertisers and its cyber-security consultants at White Ops announced that based on a study they had conducted, online ad fraud would drop 10% in 2017. The CEO of the ANA said, *"Marketers worldwide are successfully adopting strategies and tactics to fight digital ad fraud ... "*

Just one week later, Check Point, a software technology company, announced a previously undetected fraud operation called "Fireball". Check Point reported that Fireball had infected 250 million computers and 20% of corporate networks worldwide. Forbes said, *" ... [it] might be the biggest Android ad fraud ever."*

There are very few in the marketing and advertising world who understand the intricacies of programmatic systems. There are even fewer who can go under the hood of a programmatic media buy and analyze activities to understand what is real and what is not. There are even fewer who have the time, energy, or inclination to analyze the code on the tens of thousands of websites where a programmatically distributed ad campaign will wind up.

A famous case involves Chase bank. They were advertising on 400,000 sites every month. Imagine having to analyze the audience and click activities on 400,000 sites to understand what is really going on. On a hunch, they reduced the number of monthly sites to 5,000 (a reduction of almost 99%) and saw *no difference in performance*. An astounding number of the sites they were buying programmatically were worthless.

The bad guys are constantly looking for ways to attack whatever defenses the good guys can put up. The good guys are always playing defense. To understand this better, let's take a brief detour and talk about basketball and hockey. Basketball is a game with rules that greatly favor offense. If you're playing defense and you breathe too hard on your opponent you're called for a foul. Consequently, basketball is a game with a lot of offense. You usually have to score over 100 points to win.

Hockey is the opposite. In hockey, the defensive player has some very substantial advantages. You can pretty much maim or kill your opponent and not be penalized, as long as you don't do it with a machete. The result is that four goals are often enough to win a game. Ad fraud is like basketball. All the advantage is to the offense—that is, the fraudsters. The criminals have the information, the good guys are searching for it.

The gullibility of advertisers is beyond explanation. I guess they must think there is someone somewhere who's looking after their interests. There isn't.

- Their agencies aren't protecting them. As long as clients keep pressing them for lower and lower media costs the agencies will continue to use programmatic methods for buying cheaper and crappier media. Unlike traditional media where lower costs-per-thousand (CPMs) usually indicate efficient buying, in digital media lower CPMs often indicate you are wasting money buying bots and MFA websites.
- Their CMOs aren't protecting them. And worse, they've been ramming digital fantasies down their throats for years.
- The 4A's (*American Association of Advertising Agencies*) isn't protecting them. The 4A's has become a lapdog for the big six advertising holding companies, and the big six are feasting at the online ad buffet.
- The IAB (Interactive Advertising Bureau) is a cruel joke.
- The ANA (*Association of National Advertisers*) should be renamed Waffle House.

So who's going to protect dazed and confused brands from themselves? Online advertising spending constitutes about 2/3 of all ad spending. No one wants to disturb that golden goose. Meanwhile advertisers, seduced by the unrelenting hype about the miracle of online advertising, can't get enough of the stuff. One can only wonder how strongly ad fraud remediation would be pursued if the beneficiaries were being punished instead of rewarded.

Also everyone thinks it's the other guy that's getting screwed. You see, *'we have systems in place that protect us... blah blah blah... it's the other guys that are getting the shaft.'* Everyone thinks it's the other guy.

Finally, adtech creates a lot of wealth for a lot of people. Nobody wants to mess with that.

If I'm a CMO, and I'm buying fraudulent crap cheap but it generates metrics that make me look good…

…and everyone has been convinced it's *'the other guys'* who are getting screwed

…and the trade associations say, '*nothing to see here'*

…and my adtech vendors are paying me to speak at their sales conferences and training sessions

…and the only people making any noise about this are those annoying jerks and blogweasels who no one pays attention to anyway

…I think I'll just leave well enough alone.

Oh, but there's just one more thing…

Enormous Demand for Garbage

One important factor in the continuing growth of a wasteful, corrupt system is that it is beneficial to a great many people who should be policing it. It turns out there is an enormous demand for garbage. Garbage makes marketers look good. Lemme explain.

The personal interest of a marketer is not necessarily in alignment with the interests of the brand he or she is representing. Within the marketing industry, and within corporations, there are perverse incentives at work.

As we know, CMO is a very insecure job. Reports claim that the average life of a CMO is somewhere in the neighborhood of 24 months. According to Harvard Business Review, *"Eighty percent of CEOs say they don't trust or are unimpressed by their CMOs."* This is not good.

A marketer's self-interest is in appearing to be efficient - reaching large numbers of "the right" people, and reaching them inexpensively. A brand's interest is in selling stuff.

Theoretically, these two goals would be aligned. But they are not necessarily so.

The metrics that are used to measure the success of online advertising - CPMs, clicks, etc - are terrible proxies for actual sales results. Attribution models for connecting ad metrics with actual sales or brand lift are notoriously untrustworthy.

Obviously, wasting millions of ad dollars by buying useless advertising is a terrible thing for a brand or a business. But it's not necessarily so terrible for the personal interest of a marketer. To understand why, let's first agree on a couple of unpleasant realities:

1) A marketer's first priority is to keep his/her job.

2) Trying to tease out the effect of advertising on brand health from all the other business variables (price; product quality; sales force competence; operations; design; distribution; customer service; competitor activity; economic conditions; etc.) is a never-ending brain destroyer.

This is why there is such great demand for garbage. Remember garbage may stink, but it's very cheap. The metrics generated by garbage sites, garbage buys, and garbage reports provide marketers with fabulous nonsense that they can wave in front of their overlords...

"Look how many people we reached!"

"Look how many clicks we got!"

"Look how low our CPMs are!”

But don’t look too close, because it’s all baloney.

The Fraud Factory

As everyone in advertising and marketing knows (but no one in authority is willing to stand up and say out loud) the programmatic advertising ecosystem is largely a fraud factory.

But there was one company that set out to change all that.

In 2022, Kubient, an adtech company, published *"How to create a world free of fraud."* Then in 2024, Kubient declared that it was *'committed to solving the growing problem of ad fraud.'* Bravo!

Kubient's CEO asserted that Kubient had AI that was *"identifying and preventing approximately 300% more digital ad fraud."* Kubient raised more than $33 million from investors in its first and second rounds.

But Kubient had a problem. It was planning on an IPO but was not showing a whole lot of sales growth. So they entered into an agreement with another company: We'll bill you for a lot of money, and you bill us for about the same amount of money and no real money will actually change hands, but we'll both be able to show nice sales increases.

Recently Kubient's CEO was sentenced to a year and a day in prison.

For fraud.

Bots 95, Humans 5

In 2018 a new messaging app called IRL was launched. In 2021 they announced that in the previous 15-month period they had grown 400%.

IRL also announced that they had received $200 million in funding, and had achieved ‘unicorn’ status with a $1.17 billion valuation.

In 2022 the SEC started lookiing into IRL.

In 2025, TechCrunch reported that an investigation by IRL’s board of directors had discovered that 95% of the app’s 20 million users were fake.

In an all-time great PR pronouncement, a spokesperson for IRL said, “*Based on these findings, a majority of shareholders concluded that the company's going forward prospects are unsustainable.”*

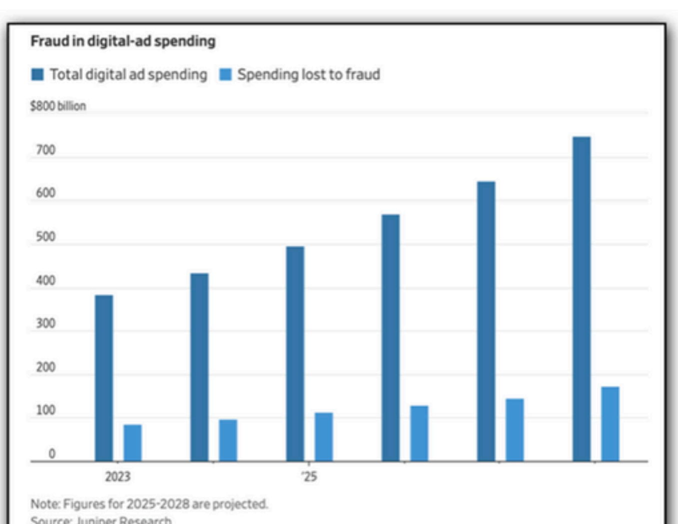
Don’t ya hate quitters?

Nobody Learns Anything

For over a decade, annoying dickheads like me have been writing, screaming, and holding our breath about how marketers are being screwed by the adtech con artists. It hasn't done an ounce of good.

Recently The Wall Street Journal had a major piece entitled *'Efforts to Weed Out Fake Users for Online Advertisers Fall Short.'* The piece is focused on something I've written about a lot - how the reports marketers get about their online campaigns are completely unreliable. But let's start at the beginning.

First let's take a look at the scope of fraud in online advertising. The Journal published this chart, from Juniper Research, which estimates online ad fraud in 2025 at over $100 billion.



You would think losing over $100 billion in one year to fraud would cause some kind of angst in the ad community. Not a bit. We have normalized stupidity and incompetence to such an extent that all you hear are crickets. Next, the Journal reported on a new study by *Adalytics* that indicates the following:

- "The top three companies that advertisers pay to detect and filter out bots—DoubleVerify, Integral Ad Science and Human Security—regularly miss nonhuman traffic."
- "The report...found tens of millions of instances over seven years in which ads for brands including Hershey's, Tyson Foods, T-Mobile, Diageo, the U.S. Postal Service and the Journal were served to bots across thousands of websites."
- *"This occurred even in cases when bots identified themselves as such"* Let me emphasize this. Some bots are harmless, identify themselves as such, and just perform non-detrimental tasks. Even when non-malign bots identified themselves as bots the so-called 'fraud detection' companies couldn't find them. "*It's like, can you tell the difference between a person and a person-shaped sock puppet that is holding up a sign saying, 'I am a sock puppet'?' said Laura Edelson, a computer science professor at Northeastern University and former Justice Department technologist."*
- "DoubleVerify missed 21% of the documented bot visits and allowed ads to be served to them, according to (one) publisher's analysis...In some cases, DoubleVerify's software identified a bot but still let a brand buy an ad for that audience, the analysis showed." That's worth emphasizing - they found bots but still treated them as human and the advertiser got charged. How's that for competence?
- *"Fighting fraud by bad actors—which don't flag themselves as bots—is even harder."* If these clowns can't identify a bot that turns itself in and announces 'I'm a fucking bot', how in the world are you supposed to believe it can find bad bots that are trying to hide?

Here's the bottom line.

You have media people buying advertising from the programmatic fraud factory. They have no idea what they're buying, who they are buying from, what they are paying, or what they are getting.

Then to justify their incompetence they hire these validation clowns who can't find their ass with two hands and a flashlight, and provide them with horseshit reports that 'certify' their work.

Then they take their bullshit reports to their bosses and say, "*Look how smart I am*."

It has been reported that Senator Mark Warner of Virginia is asking the FTC and DOJ to investigate these clowns.

According to the Check My Ads Institute, who have been cooperating with Warner in his scrutiny of online advertising, there is "alarming evidence that adtech companies are misleading government entities and taxpayers, charities, and other businesses about their ability to detect and prevent fraudulent ad placements."

Public entities that have been screwed by the "real time bot detection" horseshit of the so-called fraud detection companies include the U.S. Army, U.S. Navy, U.S. Department of Health and Human Services (HHS), the U.S. Census Bureau (Census), the Department of Homeland Security (DHS), the Center for Disease Control and Prevention (CDC), and the United States Postal Service (USPS).

In a letter to the the head of the FTC, Warner wrote, "Research indicates that certain ad verification companies are making apparently false and misleading claims about the capability of their products…" Gosh, who'd a thunk it?

So Wrong For So Long

Now it's time to examine the difference between the nonsense we've been fed about online advertising by 'industry leaders' and the reality, as told to us by actual human people.

We'll start with a little walk down memory lane and have a look at some quotes from the clowns who play 'advertising expert' in our industry. Then we'll compare their babbling with the viewpoints of the consumers they claim to know so much about.

1. Sundar Pichai (CEO, Google)
   "The more digital and personalized advertising becomes, the more it becomes a part of the experience. Consumers will like online ads because they are tailored to their needs and preferences."
2. Bob Liodice (CEO, Association of National Advertisers - ANA)
   "Consumers are increasingly seeking relevant and personalized content, and online advertising allows for that. It's no longer about broadcasting messages to the masses but engaging individuals in meaningful ways. Consumers will ultimately prefer online advertising because it speaks to their needs and interests."
3. Mark Zuckerberg (CEO, Facebook)
   "The future of advertising is going to be about delivering the right message to the right person at the right time. If we get it right, consumers will love it because it's more personalized and helpful."
4. Sheryl Sandberg (Former COO, Facebook)
   "Online advertising has the power to be less intrusive and more relevant to

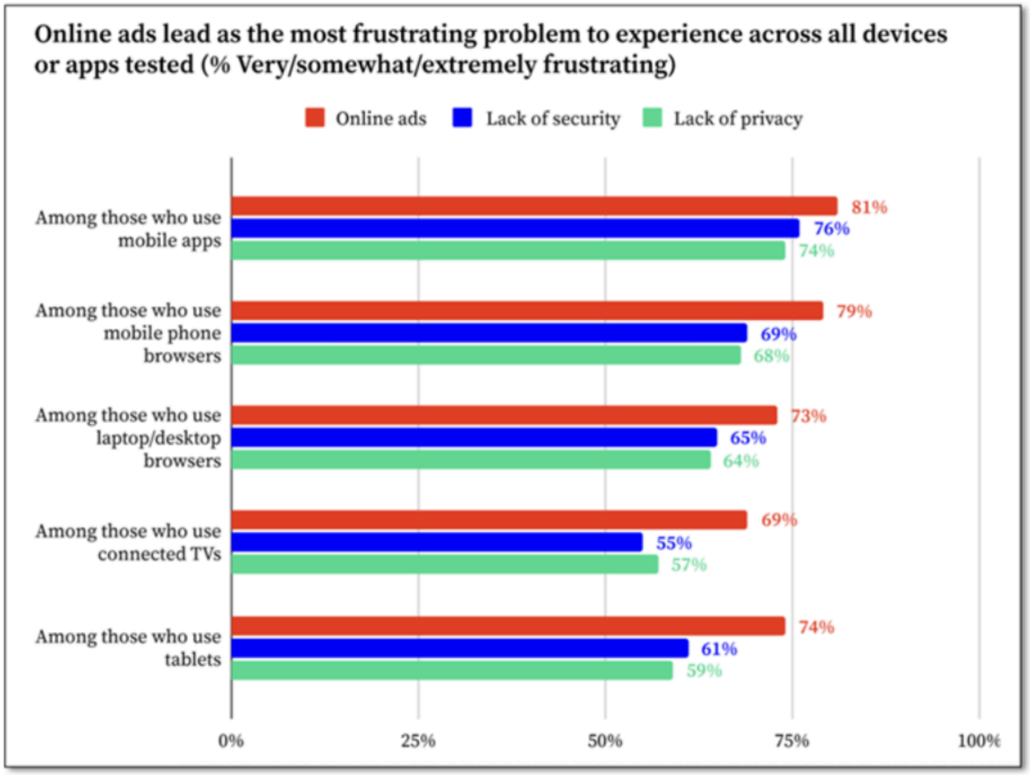
consumers than traditional advertising. As it becomes smarter, people will prefer it because it aligns more closely with their interests."

5. Larry Page (Co-Founder, Google)
"If we continue to optimize it, consumers won't just tolerate it—they'll prefer it because it will give them access to things they care about."
6. Marla Kaplowitz (Former CEO, 4A's)
"Consumers will come to prefer this type of advertising because it feels more like a conversation than an interruption."
7. Doug Garland (Former VP, Digital Media at NBCUniversal)
"Once online ads become more tailored, the feedback from consumers will be overwhelmingly positive."
8. Jack Dorsey (Co-Founder, Twitter)
"What we're seeing is that the future of online advertising is about delivering not just ads but content that engages users. When ads feel like they belong on the platform and align with user interests, consumers respond positively."
9. Scott McDonald (President & CEO, The Advertising Research Foundation - ARF) *"The evolution of digital advertising means consumers will no longer have to endure irrelevant ads. They will prefer ads that are more personalized and aligned with their needs, and the data we're collecting confirms this shift."*
10. John Montgomery (Executive Vice President, Global Media, GroupM)
"Consumers want ads that are tailored to their interests, and digital advertising allows for that kind of personalization. As more consumers interact with digital media, the expectation for more relevant, contextual ads will only grow, making online advertising the preferred medium."

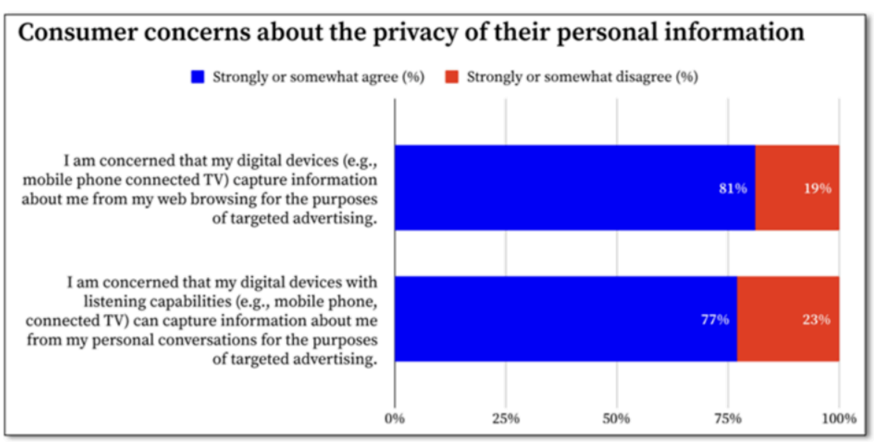
Now, let's return to planet Earth and see what the actual living inhabitants have to say. Recently The Harris Poll did a study commissioned by ad filtering company *Eyeo/o* involving 2,000 consumers to see what they had to say about online advertising.

Our industry 'leaders' might be surprised to learn that not only was consumer feedback on online advertising not 'overwhelmingly positive', it was exquisitely negative. According to Harris, online ads led as the <u>most frustrating</u> problem with the entire internet experience. Across all segments the leading answer to the question about the most frustrating aspect of using the web was the same: Advertising.

And not only is it the biggest online frustration, every segment considers online advertising more of a problem than *security*, and more of a problem than *privacy*.



As for the horseshit about consumers wanting ads that 'understand' them and are 'personalized' to their interest, four out of five of people surveyed said that the collection of data for the purpose of ad targeting was a negative, not a positive.



So, to recap the bullshit...

...Consumers 'will prefer this type of advertising' because 'they will no longer have to endure irrelevant ads.' 'The feedback from consumers will be overwhelmingly positive' because 'it's more personalized and helpful' and the ads will be 'engaging individuals in meaningful ways' that are 'tailored to their needs and preferences.'

Yeah, right. In a galaxy far, far away.

Let's Play Pretend

Let's pretend for a minute that marketers know what they're doing.

And let's also pretend that 'precision targeting' in media is a really good idea.

And let's also pretend that the marketers who are spending their company's money on 'precision targeted' programmatic advertising are awesome.

Let's see what these geniuses are getting for the extra money (sometimes 2 to 3 times the cost of 'non-precision' targeting) they're paying for all this 'precision.'

Adlook, a digital media company, recently did a study. They took specific target segments from popular data providers, and asked people within those segments about themselves. Then they compared what the data said about these people to what the people reported about themselves.

Here's a summary of the highlights:

- 47% of the people who the data said were women, were men
- 50% of the people who the data said were men, were women
- 67% of the people that the data said were parents said they had no children
- 52% of the people who were supposed to be 18-34 said they were over 35
- 60% of the people who were supposed to be over 45 said they were under 45
- 76% of the people who the data said were married said they weren't

If my dog Roscoe flipped a coin he would be way more accurate than this 'precision data' horseshit. In the understatement of the year, Adlook said, *"This suggests that socio-demographics targeting may not provide added value."* No shit?

What Does The Above Study Prove?

Who the hell knows? On the surface it is incredibly damning (and to me, pretty damn funny.) Probably it is correct and the targeting data we pay for is worse than useless.

But maybe the study isn't reliable. After all, it was done online. And if there's one thing we know about data gathered online it is that it is very wise to assume it's complete horseshit. In other words, the data harvested from this study may be nonsense, just like the data it reported on.

Nonetheless here are some non-data-driven points to consider about media targeting:

- You are not as smart as you think you are. You think you know where your customers are going to come from, but you don't. Customers very often come from unexpected places.
- The whole idea of precision targeting is highly suspect. The most useful effect of advertising is to reach as many people as you can afford to reach. The concept of "precision targeted advertising" is a contrivance dreamed up by the online advertising industry to make cheap, tiny-reach, no-impact advertising sound providential.
- Precision targeting is anything but. Most of the data you are paying extravagantly for is alarmingly unreliable. And the reports you are getting are substantially baloney.

What Are They Hiding?

Adtech International essentially owns the advertising industry. Media agencies have become little more than the sales department for Facebook, TikTok, Google, YouTube and the rest of the adtech rat pack.

Since the agencies are doing the selling, they're entitled to a cut of the vig, right? That's where "principal buying" comes in. "Principal buying" is the racket in which agencies buy bulk media for 1 and resell it to their clients for 2.

The grift goes like this: 'We can buy media at bulk rates and resell it to you, Ms. CMO, at a cost below what you would have to pay if we bought it directly for you.'

Like all cons, it sounds great. Except for one little thing. The agencies will not reveal what they actually pay for the stuff. This raises a very simple question about ethical business: Why would people hide things if they have nothing to hide?

If I were a cynical bastard, I'd think that maybe there's a little wink-wink, nudge-nudge going on between the agencies and the platforms. Who's really buyin' and who's really sellin'?

Confidential conversations with some agency media buyers alerted me to the fact that there are times when they are given 'target' spending amounts by their bosses on certain platforms. In other words, their bosses are telling them, *"We bought this shit, now get rid of it."*

'Principal media buying' is fancy talk for sidestepping another principle of ethical business: You don't work both sides of the street. This is in direct conflict with the traditional nature of agency relationships. The agent is supposed to be a *representative* of the client, *buying* for the client on the most favorable terms, not buying for the client on terms that ultimately favor the agent. But there are so many con games, frauds, and misdirections that have been normalized in the online media world, we have lost our capacity for outrage.

Let's end with a quote via Digiday from a client surveyed by the ANA, *“I don’t know if my agency is recommending principal media because it’s the best media for me, or the best media for them.”*

Dude, I’ll give you three guesses.

Billions Of Mistakes. No One Noticed.

Among the frustrations of digital advertising, I think it's fair to say that near the top is not knowing who and what to believe. While online advertising technology was supposed to provide us with near perfect data on who we were reaching, where we were reaching them, and what it was costing, twenty-five years later we find that the extent of uncertainty about what is happening with our advertising money online is staggering.

Between viewability issues, ad fraud, the "adtech tax," "banner blindness," agency and middleman fees and commissions, and MFA sites, the extent to which a programmatic ad dollar buys actual advertising is highly uncertain.

Ironically, non-digital (or, if you prefer, off-line) advertising is often able to provide more certainty about what we are paying, who we are paying it to, and what we are buying. If you buy an ad in *The New York Times* you can open a copy of The Times and see your ad there. If you buy a spot on Monday Night Football, you can watch the game and see your ad. But if you do a programmatic ad buy online it is virtually impossible to ascertain what you have bought or where it has run. How are you going to track your buy across 40,000 websites?

There is no way for a media analyst to possibly get "under the hood" of 40,000 different websites to determine what actually happened. Understanding the technological intricacies needed to do forensic analyses of computer-based advertising buying and selling is not a job for amateurs. In order to understand what is going on you probably need to read and interpret code, and be either a computer scientist or a software engineer.

And even then many platforms will not provide log-level data, where the truth about your ad buy sometimes resides.

Consequently there is no way for any company's management - no matter how sophisticated they think they are - to have first-hand knowledge of what is actually going on with all their digital ad spending. Instead, they must rely on reports they get from the systems used to sell the ads (often SSPs), the systems used to buy the ads (often DSPs), the people at agencies who gather the information and consolidate it, fraud and security detection suppliers, and the people in the marketing departments who evaluate and vet the reporting.

In other words, because of the arcane nature of the online advertising ecosystem, there is a chain of reporting that is the only way for businesses to get information on how their online advertising budgets are actually being spent.

The exasperating part of this is that there is also no way for the recipients of the reports to verify the accuracy of the reports themselves. So not only are the actions of the programmatic advertising system opaque, the reports that presumably validate the actions are also opaque.

But sometimes, just by chance, lightening strikes and it becomes clear to everyone what is actually going on. Such a thing happened recently. An "accidental" research project occurred which unambiguously demonstrated how little we can trust the competence of the "experts" who report to us and are charged with informing and protecting us from the opaque activities of the programmatic ad system.

In the clearest possible terms, we non-computer scientists, non-software engineers, and non-adtech experts got an explicit look at the inner workings of the people we rely on to inform us and protect us in this mysterious world. And it was alarming.

A few years ago two researchers named Krzysztof Franaszek and Braedon Vickers, working at a company called *Adalytics,* stumbled upon an error. They discovered that Gannett Publishing had unintentionally been publishing online ads in the wrong places. This chance discovery has lead to a uniquely revealing and disturbing set of revelations.

Gannett owns the USA Today website. It also owns hundreds of small community news sites. For nine months Gannett had been conducting billions of ad auctions for space on the USA Today site, but had accidentally been sending bids and bid-winning ads to the other websites it owns. In other words, for nine months advertisers like Sears, Nike, Adidas, Ford, State Farm, Starbucks, Kia and Marriott had been paying for, and thinking, their ads ran on the USA Today site, but actually they may have run on the websites of the Ruidoso News, a biweekly newspaper in New Mexico, or the Lebanon Daily News in Lebanon, PA.

The question is this: How can billions of ad bids gone to the wrong places without...

...a single brand noticing that their ads weren't where they were supposed to be?

...a single agency knowing what they were buying?

...a single fraud detection company, or media verification firm unearthing the fact that all these ads went to the wrong places?

According to *The Wall Street Journal*, at least fifteen different adtech companies that were part of the chain of buying, selling, and verification for Gannett had enough information to see what was going on. Not a single one of these companies discovered or reported it. As far as can be told, not a single company even understood what they were looking at.

Companies who had the information at hand were some of the biggest in the adtech field -- including Integral Ad Science, Double Verify, and Oracle's MOAT. Of particular interest is Integral Ad Science. Not only do these "scientists" specialize in reporting fraud, according to the Journal..."Gannett pays Integral Ad Science for insights on its traffic and metrics related to its advertising... Data gathered by the researchers and reviewed by the Journal showed that Integral Ad Science received information revealing the Gannett discrepancy thousands of times. Integral Ad Science didn't inform Gannett of the phenomenon... and didn't inform its advertiser clients, according to media buyers."

Several adtech companies that represent sellers on Gannett's websites including Pubmatic, TripleLift, and Criteo had enough information to know what was going on. Several companies that represent buyers on Gannett's sites, including Google's Display & Video 360, Publicis' Conversant, The Trade Desk, and Media Math also should have known. According to the Journal, *"Each of them had enough information to raise concerns about the publisher's auctions…"*

Billions of ad bids from reputable companies went to the wrong places and all along the adtech chain of responsibility companies that had the information necessary to see what was going on didn't; not a single brand noticed that their ads were not where they were supposed to be; not a single media buyer noticed that their ads were misplaced. And for nine months we can only assume that these "sophisticated" and "agile" advertisers were receiving fictitious reports about the nature of their programmatic buy.

If these leading adtech companies don't have the competence to discover billions of honest mistakes from a company who is *not* trying to deceive them, what level of confidence can we have in their ability to identify the work of fraudsters who *are* trying to deceive them? I think we know the answer.

Every once in a while serendipity strikes and shows us in unambiguous terms exactly what is going on. You could not design a clearer, more honest test of the competence and credibility of the programmatic advertising ecosystem.

We now have alarming and incontrovertible evidence - due to an accident - that we cannot trust the adtech ecosystem, and most vividly, we cannot trust the information we get from the people we pay to protect us from the uncertainties of the programmatic ad system.

I am willing to accept Gannett's explanation that none of this was intentionally fraudulent and it was all a tech screw-up. But to my mind this is *worse than fraud*. It is not so much a black mark on Gannett as it is on the entire online adtech industry. How can billions of ad bids have gone to the wrong places without...

- *a single brand* noticing that their ads weren't where they were supposed to be?

- *a single agency* knowing what the hell they were buying?

- *a single fraud detection* company, or media verification firm unearth the fact that...billions of ad bids went to the wrong places?

You truly cannot make this up

This debacle wasn't just for discount dentists and miracle vitamin supplements. Major brands like Sears, Nike, Adidas, Ford, State Farm, Starbucks, Kia, Marriott, Capital One, American Red Cross, and Spotify were involved.

There had to be thousands and thousands of advertisers who thought they were buying one thing but were getting stuck with another. And not a single genius brand manager had a clue. Not a single agency media director had a clue. Not a single ad verification "guarantor" had a clue.

Online advertisers just take wads of money, throw it up in the air, and believe any horseshit they are fed about where it lands.

As the great Dr. Augustine Fou said, "..it appears that no one ...in the entire programmatic supply chain detected the 'error...'

- None of the ad exchanges and DSPs caught this.
- None of the fraud detection tech companies caught this.
- None of the TAG "certified against fraud" companies caught this.
- None of the ad tech companies with MRC accreditation caught this.

"If Gannett didn't correct this 'error,' and the researchers didn't document...the issue, how long would this have continued?"

Bad guys do this all the time with the intent of fooling the system. If good guys do it accidentally with no intent to fool, but *still* can't be detected by the clowns who are supposed to be guarding the jewels, what chance do they have against the bad guys?

Fou adds..."*Gannett's mess-up exposes the elephant in the room...but the question is WHICH elephant was it? That no one is looking? That fraud detection tech doesn't work? That fraud detection worked but everyone ignored it anyway? This went on for 9 months and across billions of bid requests. which fu*king elephant was it?*"

In a dainty bit of understatement, Adweek had this to say, "Evidence that Gannett had been misleading advertisers for months calls into question existing prevention efforts." No it doesn't. It calls into question the entire shit show that is programmatic advertising.

It is a clown show of monumental proportions. Nobody has any idea what the f*** is going on. It is the blackest of black boxes. Anyone who is paying for fraud protection or ad verification and believes the what they're getting from their suppliers is a fool. Anyone who reads the metrics and reports they get from their agency and thinks they are reliable is a fool. Anyone who listens to their marketing peoples' assurances is a fool.

The stars of this clown show are incompetent slick-willies who con the rubes in the marketing industry out of tens of billions of dollars annually.

"Don't worry, sweetie. It's the other guys who are getting screwed. You're protected. See…here's our report."

Online Advertising Hits Rock Bottom

What if I told you that advertising for major brands like Sony, Pepsi, and the NFL were appearing on websites that monetize images of child sexual abuse?

What if I told you that Google, Amazon, and other digital ad networks were earning money by placing ads on these sites?

What if I told you that organizations like Integral Ad Science, DoubleVerify, MRC and TAG that supposedly protect brands from this garbage were useless in discovering this?

Last week the BBC, Adweek, Ad Age and several other media outlets reported on a peer-reviewed 150+ page investigation by Dr. Krzysztof Franaszek, head of Adalytics, that detailed the disgusting details of this story. And demonstrated the unconscionable greed and incompetence of the online advertising ecosystem.

Additionally, according to the BBC, *"Adalytics documented ads for more than 70 large organisations and Fortune 500 companies running alongside hardcore adult pornography, including MasterCard, Nestlé, Starbucks, Unilever and even the US Government."*

This report is shocking, but not surprising. It should come as no surprise to anyone who is half awake what an ugly, wasteful pile of shit online advertising has become.

The Canadian Centre for Child Protection (C3P) says it found at least 35 images on one site in question that meet its classification of child sexual abuse material (CSAM.) There may have been as many as 600 such images on that one site but legal definitions are vague (e.g., AI generated images may not be illegal. Think about that.) If this isn't sickening enough, one of the children in the abusive images was confirmed to be a known missing child.

According to Ad Age, Jacques Marcoux, director of research and analytics for C3P said that many of the thousands of websites distributing CSAM would likely not exist without the support of advertisers.

The websites involved in this case (which I am not mentioning because I don't want anything to do with getting them more traffic) have been identified several times since 2021 by the National Center for Missing and Exploited Children (NCMEC). You have to ask yourself how multi-billion dollar corporation like Google, Amazon and the rest of the online sleaze merchants don't bother to check NCMEC before they buy ads or certify websites as “brand safe?”

According to Adweek,"The website... garners over 40 million page views per month...includes both explicit adult content as well as illegal Child Sexual Abuse Material. Researchers were unable to determine ownership of the sites.

Senators investigate

As a result of this report, two US Senators, Marsha Blackburn (R-TN) and Richard Blumenthal (D-CT) with the help of industry watchdog Check My Ads, have begun a probe of four huge tech companies, Google, Amazon, and 'safety" and verification firms Integral Ad Science and DoubleVerify, as well as two industry "standards" bodies, Media Ratings Council (MRC) and Trustworthy Accountability Group (TAG.)

(For those who are not adv/mktg nerds:

- Among other things, Amazon and Google place advertising on websites on behalf of marketers.
- Integral Ad Science and DoubleVerify are companies that are paid by advertising buyers, like Amazon, Google and many others, to verify the safety of websites they buy.
- MRC and TAG are industry bodies that supposedly monitor these tools so that advertisers can trust them.)

In a letter to Google's CEO, Sundar Pichai, the Senators wrote, “"Where digital advertiser networks like Google place advertisements on websites that are known to host such activity, they have, in effect, created a funding stream that perpetuates criminal operations and irreparable harm to our children."

About verification and standards

The verification and standards companies are the ways that brands too lazy to bother knowing what the hell they're buying maintain their deniability. When it turns out their advertising has shown up on child sexual abuse sites, porn sites, nazi sites, and terrorist sites they go all shocked and vaporous and blame their 'brand safety' suppliers.

About DoubleVerify and Integral Ad Science

Ad Age spoke to seven advertisers and agency executives who said their files showed DoubleVerify or Integral Ad Science had classified all of their placements on the disgusting sites in question as being “100% brand safe.”

Adweek checked with several ad networks who had bought on these websites. The buyers claimed "the brand safety checks they had paid for failed." No shit?

About MRC and TAG

From Adweek, "Eight ad experts—a mix of brand marketers, agency media buyers, and watchdog leaders—told ADWEEK they felt there was little visibility into accreditation practices, poor oversight of certified companies, and lax compliance enforcement....Four media buyers, speaking on condition of anonymity to preserve industry relationships, questioned the value of the MRC’s and TAG’s brand safety certifications..."I’m not clear on what value either provides at all at this point. They both do these audits with a veil of secrecy,” said one buyer.

Adweek also reported, "Six sources were more critical of TAG than the MRC. They questioned TAG’s opaque auditing practices, lower standards for certification, and willingness to allow self-reporting."

The Black Box

Franaszek said, *"advertisers...probably had no idea that they were funding this..."*

For years I have been saying that online advertisers...

- have no idea what they are buying
- no idea what they are paying
- no idea who they are buying from
- no idea what they are getting

Much of the system is a black box specifically designed to be impenetrable so that advertisers are kept in the dark about what they're actually buying. Google and Amazon both refuse to give advertisers log level information on where their ads run. While brands generally could access domain-level reports, the page URL-level reporting gap would have prevented most brands from having the opportunity to detect this. As Check My Ads

COO, Arielle Garcia puts it, "That isn't a mistake, it's intentionally opaque. The ad tech industry weaponizes complexity."
The documentation on the opacity of online advertising is so extensive and so readily available that any marketer who claims not to know what is going on is either a liar or an imbecile.

The Excuses

According to Ad Age, the letter sent by the senators to TAG said, "Despite TAG's 'Brand Safety Certified' guidelines ...at least nine companies certified under those guidelines placed ads on (the website.)" Of all the stomach-turning excuses, this one from Mike Zaneis, CEO of TAG takes the cake. Instead of an apology or an explanation he is quoted as saying, "This report gets probably a C- as far as methodology and conclusions, but it gets an A+ for publicity stunt."

A publicity stunt? How a person can describe the exposure of companies profiting off the exploitation of images of child sexual abuse as a "publicity stunt" has to be among the most callous and nauseating comments I've ever heard.

And what do Google and Amazon have to say in their defense? They sent their PR clownholes out with the usual horseshit about "strict policies" and "zero tolerance." Yeah, they all have 'zero tolerance' once they've been caught.

Just One More Thing

In the reports quoted above, several people have gone 'on the record' to discuss the revolting practices of the adtech industry. These people include Dr. Franazcek; Jacques Marcoux, director of research and analytics for C3P; Arielle Garcia, COO of Check My Ads; and Senators Blackburn and Blumenthal.

But of the 25 advertising insiders Ad Age and Adweek anonymously quoted in the stories above not a single one was willing to go on the record.

How cowardly and sullied has our industry become when serious, important stories like this have to come from industry outsiders, and our 'brave' advertising brethren have to hide behind anonymous statements because they're afraid to speak the truth out loud?

The Google/YouTube Scandal

Google has a program called Google Video Partners. In this program Google places a marketer's advertising on videos running on third party sites (in other words, not on the primary YouTube site) and guarantees quality placements on quality sites.

Google charges advertisers a premium price for advertising on its Google Video Partners network. While an advertiser might pay $5 per 1,000 completed views on a low quality video network, advertisers can pay 20 times that - $100 per 1,000 completed views - on the Google Video Partners network.

There's just one problem. Google Video Partners is a scam. According to a report in *The Wall Street Journal*, research conducted by *Adalytics* covering billions of ad placements by over 1,000 brands between 2020 and 2023, showed that 80% of the time Google violated its own standards for Google Video Partners in placing ads on the network.

The 100+ page report on the scandal, written by Adalytics head Dr. Krzysztof Franaszek, was first reported in the *Wall Street Journal* in the US, and the *Financial Times* in the UK. Dr. Franaszek has written several brilliant reports exposing the corruption and incompetence in the adtech and media buying industries. He was the researcher who discovered the Gannett/USA Today screw-up.

In 2021 he reported on Google serving ads on Russia-linked websites after the sites were placed on the US sanctions list. The startling thing about Franaszek's work is that it is being done by an advertising outsider. He is by training a bio-medical researcher with a PhD in computational biology from Cambridge.

The question his findings raise is why it takes one person, like Franaszek or like the reporters who cover the ad industry, to uncover the corruption, fraud, and incompetence in our industry while our "leaders" who are supposed to protect advertisers from corruption, and our holding company heads who have thousands of employees and billions in resources, seem to know nothing.

I think the answer is clear. The advertising industry has become a wholly owned subsidiary of *Adtech International.* The adtech industry has subverted the integrity of the ad industry with years of fraud, corruption and incompetence. But no one dares challenge them.

We know the corrupting influence that adtech has had - we know it has cost our clients tens of billions; we know it has sullied our reputation; we know the detrimental effect it has had on our children and our political discourse - but we're afraid to say it out loud.

The advertising industry is responsible for stewarding hundreds of billions of our clients' dollars on digital advertising. The Google/YouTube scandal has once again demonstrated that we have no idea what we're doing.

Media directors and media buyers who are supposed to be experts in analyzing the quality of media opportunities are apparently just animatrons who don't know what they are buying, who they are buying it from, where it is running, or what value it has. They take it on trust that the goods they are being sold by the adtech people are real. There is compelling evidence that the largest media buyers in the world have no idea what they're actually buying. They have become nothing more than dense tools to feed cash into the programmatic slot machine.

As in all cases where adtech crooks have been uncovered, the uproar over the Google Video Partners racket will soon die down. The agencies will issue their lame excuses about how "we have systems in place..."; marketing officers will issue pathetic "demands" for their money back; the people who are supposed to represent and protect advertisers - the ANA, the 4As - will continue to hide under their desks.

As always, in a few weeks the whole performance art of outrage will evaporate. By the following year all the feckless weaklings who are demanding to see the manager today will be back at Cannes sipping rosé on the Google yacht.

Forbes' MFA Con Job

In online advertising *nothing* is what it appears to be.

Adalytics made headlines once again with a report showing how *Forbes* online magazine had been screwing advertisers for years.

Advertisers thought for years that ad campaigns they were buying from Forbes were running on Forbes website. Silly them.

Instead many ad campaigns were running on a bullshit look-alike MFA (made for advertising) website Forbes had created. But the advertisers were paying Forbes regular ad prices.

Why would Forbes do this? According to The Drum, "While a reader on Forbes's primary domain usually encounters between 3 to 10 ads throughout an article, viewers of www3.forbes.com (the MFA site- BH) might see over 200 ads during a single page view."

You don't have to be an MBA to figure out that putting 200 ads on a page yields a lot more cash than 3. And you don't have to be a CMO to figure out that a page with 200 ads and no audience is a world class waste of money.

The advertisers conned by Forbes were not clueless idiots from Cheap Charlie's Discount Plumbing Supplies, these were clueless idiots from Microsoft, Disney, Ford, Johnson & Johnson, Mercedes Benz, Oracle, Fidelity, Marriott, Ford, United Airlines, Omnicom, Publicis, Havas, IPG, Dentsu, and GroupM. Along with hundreds of other, ya know, "sophisticated" and "agile" marketers.

According to the Wall Street Journal, "The finding shines a light on the opacity of the digital-ad market, where brands frequently have to play whack-a-mole to keep their ad budgets from being wasted."

The WS Journal also reported that, "All six major ad-agency holding companies— WPP, Omnicom, Publicis, Interpublic Havas and Dentsu -- bought ads that ran on that site. Those brands and ad-holding companies either declined to comment or didn’t respond to requests for comment." Lots of integrity there.

Programmatic Poop Funnel

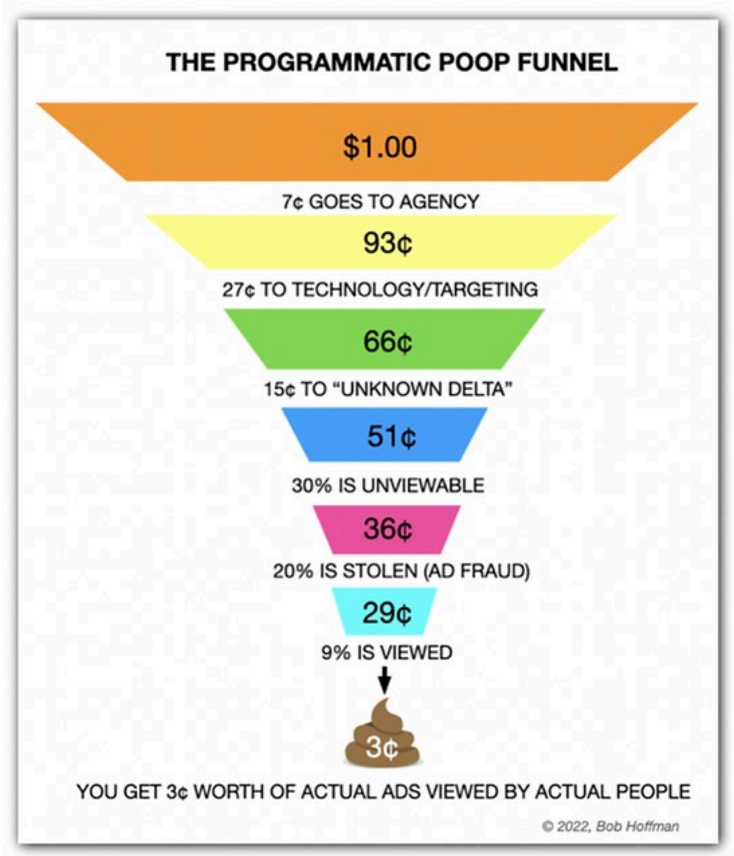
In 2022 I created something I called the Programmatic Poop Funnel.

Using the ad industry's most reliable sources, I attempted to demonstrate how $1 spent on programmatic advertising resulted in about 3¢ worth of actual ads viewed by actual people.

I traced a dollar spent for programmatically-bought display advertising on its exciting journey from your pocket to the bank accounts of middlemen, con men, crooks, and the Bermuda Triangle.

In the years since I created the funnel, I'm sure some of the numbers have changed. But I'm equally sure that those that changed for the better are at least balanced by those that have changed for the worse. I'm pretty sure the total effect is pretty much the same and you're probably getting equal "value" for your ad buck.

Today, over $700 billion dollars is spent on online advertising. Over 80% of it is bought programmatically. It turns out it has been wonderfully efficient for the lads and lassies in the adtech industry. Not so efficient for losers like you and me. Let's see how it's working…



`.

1. You start with a dollar to spend
2. Your agency gets a 7¢ fee
3. Technology and targeting fees take another 27¢ (DSPs, SSPs, and WTFs)
4. 15¢ mysteriously disappears into the "unknown delta." No one knows where the "unknown delta" is. My guess? North Korea or Boca Raton.
5. 30% of the ads you buy won't be viewable
6. About 20% of the stuff you buy will be fraudulent
7. Only 9% of the display ads that actually run will be viewed by a real person for even a second. Bastards.
8. Blogweasel math notwithstanding, it looks like your dollar bought you 3¢ of real display ads viewed by real human people.

As I'm sure you know, no one in the comical online "metrics" business can agree on anything. I have taken the numbers in the above illustration from the most reliable sources I could find:

- The first four items come from the ISBA (Incorporated Society of British Advertisers) and PwC's, Programmatic Supply Chain Transparency Study
- Item 5 comes from Integral Ad Science
- Item 6 comes from AdAge and Spider Lab's report, *"Combating Ad Fraud in the Age of COVID-19"*
- Item 7 comes from Lumen Research

It's important to note that the ISBA study alluded to above only reported on the *highest quality tip of the iceberg* -- the most premium end of the programmatic marketplace. In other words, the 20% of buys that are presumed to be the most skillful. Even at that premium end, only 12% of the ad dollars were completely transparent and traceable. An astounding 88% of dollars could not be traced from end to end. Imagine what the numbers must be like in the non-premium end.

The "unknown delta" represented about 1/3 of the fees that programmatic buyers pay. This money just evaporated. No one can figure out where it went. Not even a blogweasel.

I have used 30% as the factor for non-viewable ads. Some research reports it as high as 50%.

I have used 20% as the fraud number at the publisher end of the funnel. Even if fraud at this end is only 10%, the math still comes out at about 3% viewable ads by real people.

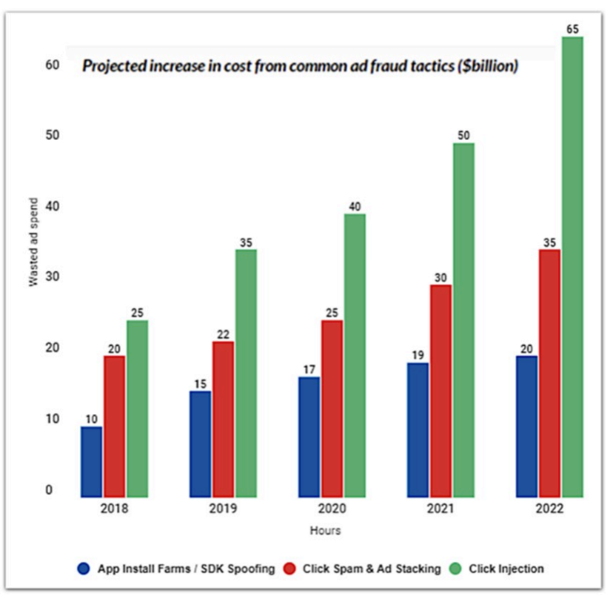
How many people actually view a display ad? The IAB defines a "view" as 50% of an ad's pixels seen for one second. Huh? Even by this absurd standard only 9% of online ads are “viewed.”

World's Clumsiest Cover-Up

In one of the most ludicrous, incompetent, cover-up capers in history, the Association of National Advertisers (ANA) has been guilty of giving their constituents false information about ad fraud for years.

You might ask why the ANA would want to mislead their members? We'll get to that in a minute, but first let's have a look at what they've been up to.

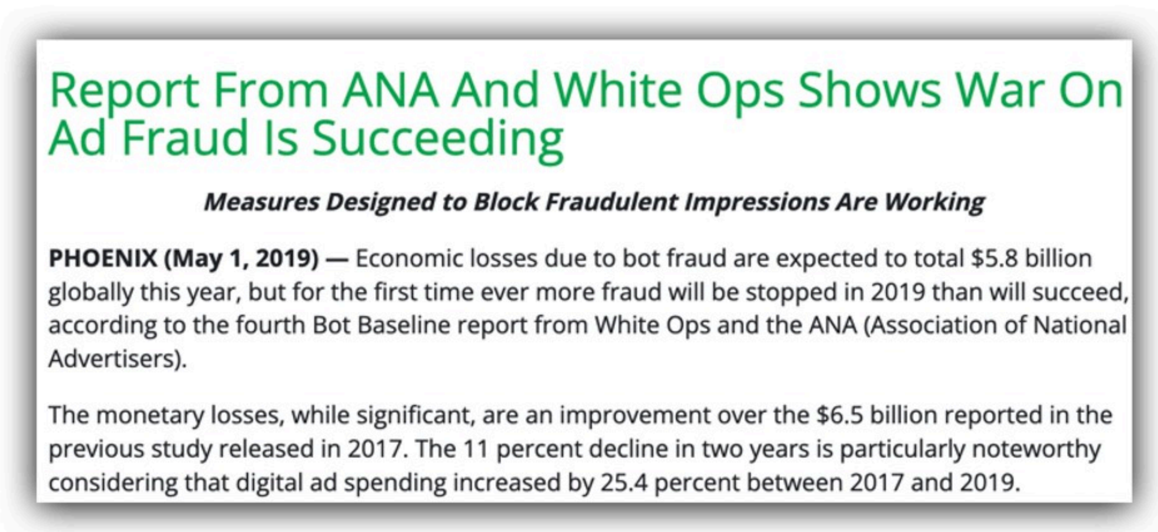
In May of 2022, the ANA sent out a newsletter written by their *Director of Research and Innovation* which reported that in 2022 ad fraud was going to cost advertisers $120 billion. Here is a chart reproduced directly from that report.



It shows that in 2022 ad fraud would cost advertisers…

- $20 billion from app install farms and SDK spoofing
- $35 billion from click spam and ad stacking
- $65 billion from click injection
- For a total of $120 billion

All of those estimates were exquisitely out of line with previous statements the ANA had made about ad fraud. In 2019 they said that the, *"... war on ad fraud is succeeding,"* and that ad fraud would amount to $5.8 billion in 2019. Here I've reproduced a press release trumpeting that estimate.



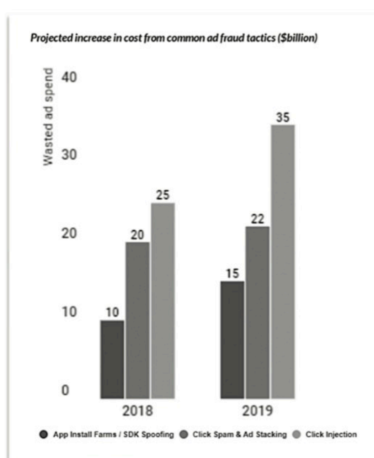
Report From ANA And White Ops Shows War On Ad Fraud Is Succeeding

Measures Designed to Block Fraudulent Impressions Are Working

PHOENIX (May 1, 2019) — Economic losses due to bot fraud are expected to total $5.8 billion globally this year, but for the first time ever more fraud will be stopped in 2019 than will succeed, according to the fourth Bot Baseline report from White Ops and the ANA (Association of National Advertisers).

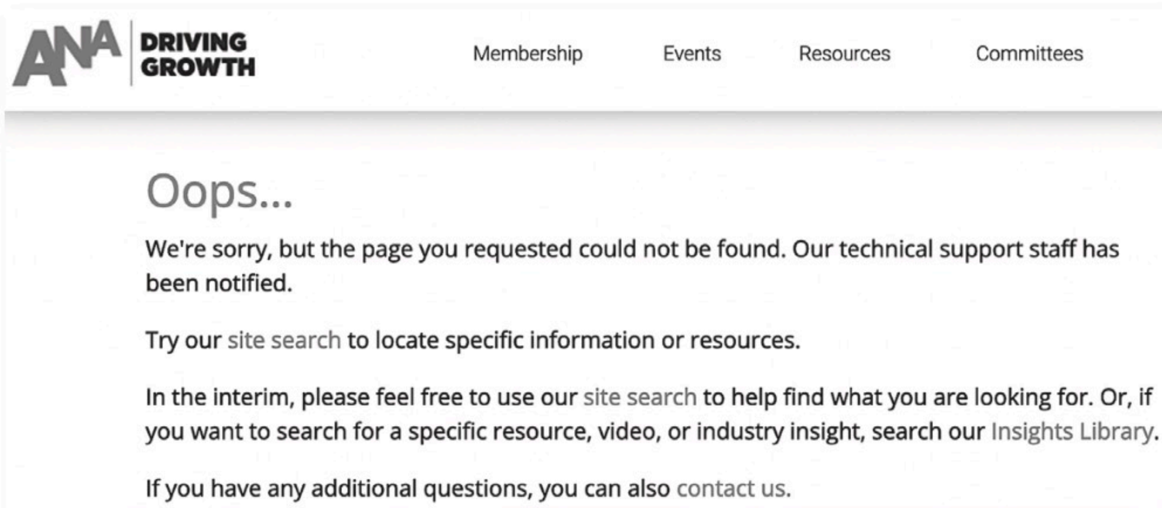
The monetary losses, while significant, are an improvement over the $6.5 billion reported in the previous study released in 2017. The 11 percent decline in two years is particularly noteworthy considering that digital ad spending increased by 25.4 percent between 2017 and 2019.

Astoundingly, the 2022 newsletter estimated that fraud in 2019 had *actually* amounted to $72 billion, not the $5.8 billion reported in the press release above. Here's a chart reproduced from the 2022 newsletter...



Let's return to 2022 for a minute. Put yourself in the shoes of the ANA. Your Director of Research and Innovation has just issued a newsletter to your constituents that contradicted everything you've told them about ad fraud. What do you do?

Right! You "disappear" the report. The next day the newsletter evaporated from the web. When you tried to access it, you got this message:



This notification claimed that the page "could not be found" and that the ANA's technical staff "had been notified." It was a lie. The truth is they took down the newsletter because it was an embarrassment and emblematic of the incompetence and duplicity that have characterized the ANA's cover-up of ad fraud. The report was buried and even today there is nowhere it can be found. But sneaky little bastard that I am, I was able to locate a copy of it and reproduce it. You can find it on page 61.

It's amazing how this document "could not be found" by the people who published it, but could be found by a dumbass blogweasel.

The ANA is the primary trade group responsible for looking after the interests of the country's largest advertisers—Coke, Nike, GM, Budweiser, P&G, McDonald's, and just about every other substantial brand you can think of. But instead of doing their job, they have spent years tap-dancing and double-talking their way around what is costing companies tens of billions of dollars every year. Instead of being honest with their constituents, the ANA is tripping in its underwear pretending ad fraud is under control.

Sadly, there is no International Registry of Fraud where criminals report their stolen gains. But as the representative association of most of the world's largest advertisers, the ANA needs to get its story straight. They have a responsibility to be honest with their constituents, with the business community, and with the public.

Sometimes it's hard to comprehend the meaning of large numbers. Here's some context. If the ANA's *Director of Research and Innovation* was correct, and ad fraud is stealing $120 billion a year from advertisers, ad fraud is as big a business as Coca-Cola, Nike, and McDonald's *combined.*

On the next page you will find the document that "could not be found" by the ANA.

Ad Fraud in 2022

May 26, 2022

By Josch Chodakowsky

Ad fraud is predicted to cost marketers $81 billion dollars in 2022, and as malicious software and bot programming gets more and more sophisticated, this number only stands to rise. Digital advertising is no longer even close to optional, thus marketers must proactively make sure they understand how ad fraud is evolving – and be prepared to combat it.

Two major ways to fight ad fraud include utilizing fraud detection software and staying on top of data analytics. In a world where bots apparently make up 52 percent of internet traffic, according to The Atlantic, it can be overwhelming for marketers to address click fraud.

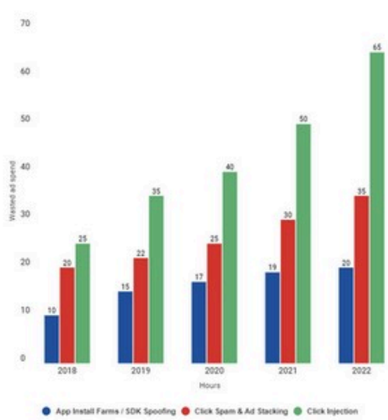
To help prevent this, HubSpot recommended leveraging targeting, as it will "lessen your chances of encountering click fraud. Being more specific about the geographic locations your ads target and avoid can also provide an added layer of protection from click fraud."

Check out the resources below to learn more on combatting ad fraud.

Ad Fraud Statistics. Business of Apps, May 2022.
Like any sphere of economy in which large sums of money are moved, the world of online advertising is an attractive one to fraudsters. Indeed, the impersonal nature of the transactions, a complex and often-opaque supply chain, and a reliance on easily-fiddled metrics mean that ad fraud is one of the biggest challenges facing advertisers, publishers, and ad-tech enterprises alike today.

To make things even worse, mobile ad fraud brings new level of sophistication on the fraudsters' side to avoid countermeasures and continue to drain advertisers' budget with fraudulent mobile traffic. One of the most difficult challenges around mobile ad fraud is that no one really knows exactly how big a problem is – so ignore it at your peril, or at least the cost of a significant chunk of your advertising budget.

What is ad fraud and mobile fraud as the latest permutation of the problem? In what contexts does it primarily occur? What is the cost of digital ad fraud to businesses estimated to be? Business of Apps answers these questions and offers more ad fraud statistics. An example:



Ad Fraud Evolution: What to Expect? ADEX, April 2022.
Technological development has two sides: along with useful innovations, malicious software also arises. As such, with increased cybersecurity and advanced tools, we also receive high-tech bots that are harder to deal with. Which are the key principles of ad fraud development? What kind of logic stands behind it and what to expect in the near future? ADEX has been tracking the ad fraud evolution for years, and shares some insights here.

Bots today	Bots yesterday
Mimic human behavior successfully	Behaved non-naturally, were easy to differentiate from human users
Are mostly located on real user devices	Were concentrated in data-centers
Have or capture user IDs and device IDs	Didn't have their own cookies
Perform complicated actions	Were primitive
Are coordinated by entire teams of tech-savvy cybercriminals and large communities	Were coordinated by standalone less sophisticated individuals or small groups
Have significant budgets for development and operations	Had small financial capacities

World Wide Hackathon

In 2020, it was revealed that Russia had hacked 250 U.S. Government agencies. These hacks went undetected by our most sophisticated cybersecurity defenses including the military's Cyber Command, the National Security Agency, and the Department of Homeland Security. This alarming development must lead us to reevaluate everything we think we know about ad fraud.

The revelations about undetected hacking of government agencies must lead us to rethink the likelihood of discovering ad fraud. Let's remember, the objective of fraud is to go undetected. Only the bad fraudsters are found. The good ones stay hidden. Let's start with some indisputable facts:

- The online advertising marketplace trades over $600 billion annually
- State sponsored hackers have been shown to have the ability to penetrate some of the most "secure" systems in the world, undetected.
- Every person, business, or government agency that has ever been hacked had received the usual assurances that their money or data or personal information was safe and secure - until it turned out it wasn't.
- Criminal actors have discovered a multitude of ways to extract money from the adtech ecosystem.
- Gaming the programmatic advertising ecosystem has been shown to be alarmingly simple.

- There is no international governing authority and, consequently, there are no cross-border regulations or penalties for committing online ad fraud.

Now some assertions on my part:

- It is folly to believe that hackers who can penetrate systems protected by the U.S. military's Cyber Command, the National Security Agency, and the Department of Homeland Security without detection cannot penetrate adtech systems.

- There are governments in the world with both very sophisticated technology operations, and economies that would massively benefit from the addition of billions of dollars.

Now some logic:

- If the Cyber Command, the NSA, and the Department of Homeland Security can be fooled, I don't think it's a stretch to assume that fraud detection software can also be fooled. Consequently, if state-sponsored hackers are fiddling the adtech ecosystem, it's likely that no one is detecting it.

- It would be amazing if state-sponsored cyber criminals didn't view the adtech marketplace as ridiculously easy pickings and even more delicious since there are no consequences for being caught.

Some conclusions:

- If state-sponsored penetration of adtech systems exists, the fraud detection companies should be considered seriously overmatched. And, of course, the bold assertions of trade organizations, agencies or marketers are no more reliable than those of the fraud detection companies they employ.

-While we know that criminals and criminal organizations are active in stealing money from the adtech systems, we don't know if governments are. In light of recent revelations, however, it seems highly likely that state- sponsored cyber operations would be powerfully attracted to the hundreds of billions of dollars the adtech ecosystem is unwittingly dangling in front of them. If so, ad fraud is probably a lot harder to detect and a lot larger than anyone thinks it is.

Perfecting Incompetence

There are really two different frightening stories to be told about programmatic advertising.

The first story is about lying, cheating, and fraud.

The second story is equally compelling. It is about the astounding incompetence that is everywhere to be found in the digital advertising ecosystem.

Sadly, we have no idea how many scam artists are stealing from advertisers every day of the year by way of the unbelievably screwed up programmatic advertising system. All we know is that every time a conscientious researcher does a deep dive, they come up covered in sleaze.

There's one thing we know for sure. The people who are supposed to know what's going on and are supposed to be protecting advertisers from this corrupt system are clueless.

If we had set out to create a system so bewildering and opaque that it would guarantee marketers would be relentlessly cheated, we could not have done a better job. And if we had set out to police that system with incompetent personnel…well, you know the rest.

Conspiracy Of Silence

For several years, the advertising industry has been engaged in a conspiracy to deceive its clients and the public about online advertising.

It is not the kind of conspiracy you get when bad people get together to plot a crime. It is the kind of conspiracy you get when frightened people individually decide it is safer to keep their mouths shut than tell the truth.

For years we have been flooded with scandals and revelations about corruption, fraud, and lies in the online advertising ecosystem. In no particular order, here is just a partial list:

- The 50% of programmatic ad dollars that are being siphoned off by adtech middlemen
- Tens of billions of dollars in online ad fraud
- Absurd and unreliable 'metrics'
- Advertising dollars winding up on terrorist, nazi, and pornography sites
- Advertisers unknowingly supporting pedophile rings
- Billion dollar fraud in influencer followers
- Traffic fraud
- Criminal federal investigation of data sharing
- The United Kingdom's Information Commissioner's Office stating that adtech is "illegal" and "out of control"

- Association of National Advertisers claim that corruption and kickbacks were "pervasive" in the advertising industry
- Massive fraud in social media followers.
- Click farms going 24-hours a day
- Numerous scandals involving online publishers, search engines, and browsers spying on people without their knowledge or consent
- Sharing of "secure" personal information among web entities
- FBI and Justice Department investigations of media practices
- Google and others secretly sharing personal data with advertisers

The terribly damning part is that there are only two possibilities: Either agencies are remarkably stupid and don't know what is going on, or they know and are keeping their mouths shut. It's hard to decide which is worse. I believe they have been engaged in an unspoken conspiracy.

Not a single one of the scandals involving online media has been brought to light by an advertising or media agency. *Not one*. Let's put this another way — not one of the scandals about online media were exposed by the people whose only job is to scrutinize media.

Agencies, particularly media agencies, are as close to the online media industry as you can get. They are analyzing online media 24 hours a day. They are responsible for seeing to it that hundreds of billions of online advertising dollars are spent properly every year. They work very closely with media. They have the facts at their fingertips. They are assessing online media opportunities on behalf of their clients every day.

How can it be that reporters and researchers, who are *not* trained in media, have not nearly the resources to scrutinize media, and have no expertise in analyzing media, are able to sniff out scandal after scandal while the 'experts' are not able to do so? It is not possible. It doesn't even pass the giggle test.

As one very highly regarded media analyst commented to me recently: *"Agency bigwigs are notoriously paranoid and fearful. There's a strong code of silence."*

If it were left to the leaders of the ad industry, we would know nothing about any of the appalling stories presented in this book. By being ignorant of, or concealing, knowledge of deceit and dishonesty in online media, the ad industry has failed at one of their most consequential responsibilities – being trustworthy stewards of their clients' money. Instead, they have been responsible for wasting billions of client dollars. Why?

- Because they’re afraid to admit they’ve been played for fools by online media
- Because they get fees or commissions on most of the wasted billions
- Because they're too busy, or too stupid, to care about what's happening to their clients' money

One can only wonder what additional sleaze the media ‘experts’ might know of and are keeping quiet about.

The ad industry has allowed itself to crawl into bed with the people who sell them online garbage and the rest of the devious adtech practitioners. It makes us look like fools. Every week there are alarming reports of fraud, corruption, privacy abuse, and security failures in online media and we just shrug their shoulders and duck for cover.

The ad industry, controlled by misguided and incompetent leadership at trade associations and holding companies, had better get its act together. By being lapdogs to the corrupt and dangerous online media we are quickly squandering what's left of our credibility. We are on the wrong side of history and will continue to stay there until the silent conspiracy to protect online media ends.

Protect Yourself

Here are a few very simple things to do if you are determined to buy online advertising.

- Buy *directly* from quality publishers or quality publisher networks.
- Stay away from open ad networks and programmatic buying.
- Do not trust any reports you get from your agency. It's not that the agencies are corrupt, it's just that they get their data mostly from their suppliers, who are unreliable.
- Do not rely on reports from the major fraud detection or ad verification suppliers. They have been shown to be unreliable.
- Do not rely on "seals of approval" or badges from organizations that supposedly vet websites for legitimacy.
- Question *everything* about a proposed media buy. The most important question to ask is: "How do you know this?"
- If you spend substantially on online advertising, work with a trusted consultant. I am not in the habit of making recommendations on suppliers, but if you've read this book you know who I trust and who I don't.

A Decade Of Delusion

The ten years we have just experienced were expected to be some of the most fruitful and productive in the history of advertising.

We had amazing new tools and stunning new media that we never had before. The whole thing was head-spinning and certain to engender all kinds of remarkable opportunities for advertisers.

Our ability to reach consumers one-to-one with web-based platforms was sure to make advertising more personal, more relevant, and more timely.

Brands' abilities to listen to consumer conversations through social media and react quickly couldn’t help but connect us more closely with our customers.

Consumers themselves would be one of our biggest assets by engendering conversations about our brands and helping us understand and define what our brands should represent.

Further, the web would have a democratizing effect on society and particularly in the business sphere where new brands could flourish without spending lavishly on marketing. And yet, the past decade has been the most disappointing and disheartening period that I’ve experienced in my long advertising career.

It is widely believed inside and outside the ad industry that on the whole the state of advertising has gotten worse, not better. Consumer research shows that regard for our industry is at a new low. They consider advertising the worst aspect of their online experience.They find it more troublesome than security or privacy.

Marketers are disillusioned. They don’t trust us. Their trade organization, the ANA, has officially stated that they believe corruption in our industry is “pervasive.”

Regulators and governments have been after us with a passion. They want to know what we are doing with data and whether we are acting illegally in collecting, trading and selling personal private information about consumers.

By steadfastly defending the abusive and creepy surveillance practices of our adtech ecosystem, the "leaders" of our industry are clearly on the wrong side of history.

As for consumers, one study showed that of all forms of advertising, the eight types rated the lowest by consumers were *all forms of online advertising*. Ad blocking apps are reportedly present on somewhere between one and two *billion* devices.

As for the democratizing effect, it has been just the opposite. The web has produced advertising and marketing monopolists (Google, Facebook, Amazon, etc) that would never be tolerated on dry land. Our industry has been right in the middle of scandals that have undermined our confidence in free and fair elections.

To say that the last decade has not lived up to expectations is like saying the Titanic was a boating mishap.

Our industry is in trouble. We have allowed ourselves to be bamboozled by the suspect assertions of articulate people -- and more than a few clowns -- masquerading as experts. We have lost any healthy degree of skepticism. It has cost us dearly.

Our industry needs to take a good hard look at our assumptions and where those assumptions have led us. It's time for the pretending to end.

About The Author

Bob is the author of seven Amazon number one selling books about advertising. He has been the chief executive of two independent ad agencies and the U.S. operation of an international agency.

In 2021 he was invited to speak to members of the British Parliament. In 2023 he was invited to Brussels to speak at the European Parliament.

Bob's blog and newsletter, *The Ad Contrarian*, was named one of the world's most influential marketing and advertising blogs by Business Insider.

His commentary has appeared in the BBC World Service, The Wall Street Journal, The New York Times, MSNBC, The Financial Times, The Australian, New Zealand Public Broadcasting, Fox News, Sky News, Forbes, Canadian Public Broadcasting, and many other news outlets throughout the world.

He has served on the boards of the Advertising and Marketing International Network, the Foundation for Osteoporosis Research and Education, and the PGA Foundation of Northern California. He spent one year as Special Assistant to the Executive Director of the California Academy of Sciences.

Bob lives in Oakland, California.