

How big of a problem are made-for-advertising websites, and what can advertisers do about them?

Article



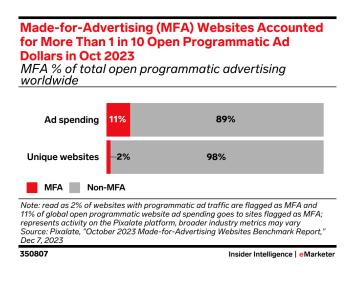




Made-for-advertising (MFA) websites, which run <u>programmatic</u> ads but lack quality content or engagement, account for just 2% of unique websites, but are drawing in as much as 11% of total open programmatic ad spend worldwide, according to October 2023 data from Pixalate.

How big is the MFA problem? The share of media dollars being spent on MFA dropped from 15% in September 2022 and January 2023 to 4% between January 2024 and May 2024, according to the Association of National Advertisers (ANA).

- These improvements could be attributed to red flags raised surrounding MFA in the past year such as <u>Google offering more transparency</u> for ad buyers, <u>Yahoo promising not to run ads on</u> <u>MFA</u> sites, and <u>Integral Ad Science</u> launching a tool to help advertisers avoid MFAs.
- But with \$389.49 billion going to total <u>US media ad spend</u> this year and \$156.82 billion of that going to programmatic digital display advertising, per our forecast, MFAs still present a multibillion-dollar issue.



MFA compounds with other forms of waste and uncertainty regarding ad placement.

- Ad tech: Nearly 3 in 10 (29%) ad dollars went toward demand-side platform and supply-side platform fees, according to a December 2023 ANA report.
- Misinformation: 2 in 3 advertisers bought ads on sites containing misinformation between 2019 and 2021 without realizing it, according to a new study from Stanford and Carnegie Mellon.



 High ad-load websites: Many websites that aren't MFAs still have high ad loads that are unattractive to advertisers, as the volume of display ads may detract from the quality of their impressions.

Exacerbating the issue of ad waste are generative AI, lower ad budgets, and lack of transparency in ad buys.

- Generative AI enables bad actors to create low-quality websites. These sites are getting easier to maintain and filling the market with poor inventory, as noted in our <u>Programmatic Ad</u> <u>Spending Forecast H1 2024</u> report.
- Advertisers who are focused on inexpensive impressions buy MFA ads for their "cheap reach," Krzysztof Franaszek, founder and CEO of Adalytics, told AdExchanger.
- Advertisers buying inventory through programmatic ad exchanges or off-site placements from <u>retail media</u> networks don't have full insight into or control over where ads are placed.

MFAs and ad waste also have consequences for the 'good' publishers. "A lot of the conversation around MFA sites has focused on advertisers and their concerns about waste," said our analyst Max Willens. "But the bigger issue is where that money isn't going. Even the highest-quality web publishers are having a hard time right now, and so every dollar that goes to an MFA site takes money away from publishers that inform, entertain and connect our society."

What should advertisers do to avoid MFAs and ad waste in general?

- Remember that cheap inventory isn't always good inventory, and spending less on ad placements now can cost more in the long run.
- Avoid focusing too heavily on short-term KPIs like click-through rates and impressions.
 Instead make sure you are accounting for more complex KPIs like brand lift and lifetime value.
- Demand transparency from <u>ad tech</u> companies and publishers on where ads are placed and how they perform.
- Work with <u>retail media networks</u> that partner with high-quality publishers in order to ensure quality off-site ad placements.

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