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How Big Is CTV Ad Fraud?

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One thorny problem with connected TV (CTV) advertising is that the growing number of ad dollars spent on CTV has attracted fraudsters. How big is this problem? It depends who you ask.

Between January and April 2020, ad fraud detection company DoubleVerify detected a 161% YoY increase in fraudulent CTV ad impressions. Last year, Pixalate, another firm that monitors ad fraud, estimated that 22% of programmatic OTT and CTV ad impressions were served as invalid traffic. Vendors in this area have unveiled numerous CTV fraud schemes that they claim were worth millions of dollars.

Some sources interviewed for our CTV advertising report viewed such ad fraud studies with skepticism.

"With some of these companies, those stats are skewed toward what makes the problem sound bigger than it probably is in actuality," said Andre Swanston, CEO and co-founder of data management platform (DMP) Tru Optik. "They're definitely skewing toward the open exchange stuff. ... A lot of those stats are misleading and exaggerated."

Jesse Math, OTT lead at ad agency Tinuiti, added: "A lot of the [CTV ad fraud] percentages that are out there are self-serving marketing percentages."

In a post titled "Fearmongering in CTV Advertising," Comscore stated that it detected a CTV post-bid invalid traffic rate that was slightly

higher than 1 percent. The article advised ad buyers to "separate marketing talking points from fact" when analyzing CTV ad fraud.

Other sources believed CTV ad fraud was common. "There is a lot of manufactured inventory," said Dave Morgan, CEO of advanced TV company Simulmedia. "CTV is showing a really high fraud rate."

Charles Cantu, CEO of ad tech company Reset Digital, said the biggest issue with CTV advertising is that "people have been hoodwinked for so long thinking they can get cheaper CPMs," which leads advertisers to end up wasting money on fraudulent inventory.

Ad fraud rates are highest on open marketplaces, but fraud can happen within PMPs too, according to John Ross, associate director of CTV products at DoubleVerify. "Anyone can kind of setup a PMP," Ross said. "It doesn't necessarily require a real-life relationship between two companies."

According to Ross, it isn't unusual for so-called premium CTV publishers to use extension networks. Sometimes, most of the ads publishers sell don't run on their owned and operated properties. Instead, the ads run across a network of lower-quality apps. Audience extensions, which have been common for web publishers seeking to boost their display ad sales and perceived traffic numbers, haven't died out. When extension networks' contributions to ad campaigns are clearly spelled out and made transparent, they can be potentially useful to advertisers who want more inventory than the publisher they're working with has to offer. However, audience networks also can lead to mislabeled inventory, and when the inventory isn't sold transparently, they can contribute to fraud.

To learn more about growing trends within connected TV (CTV) advertising, eMarketer PRO subscribers can read our recent report: