

Does OTT Have an Ad Fraud Problem?

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As advertisers funnel more dollars toward over-the-top (OTT) video, they may want to keep ad fraud concerns in the back of their mind.

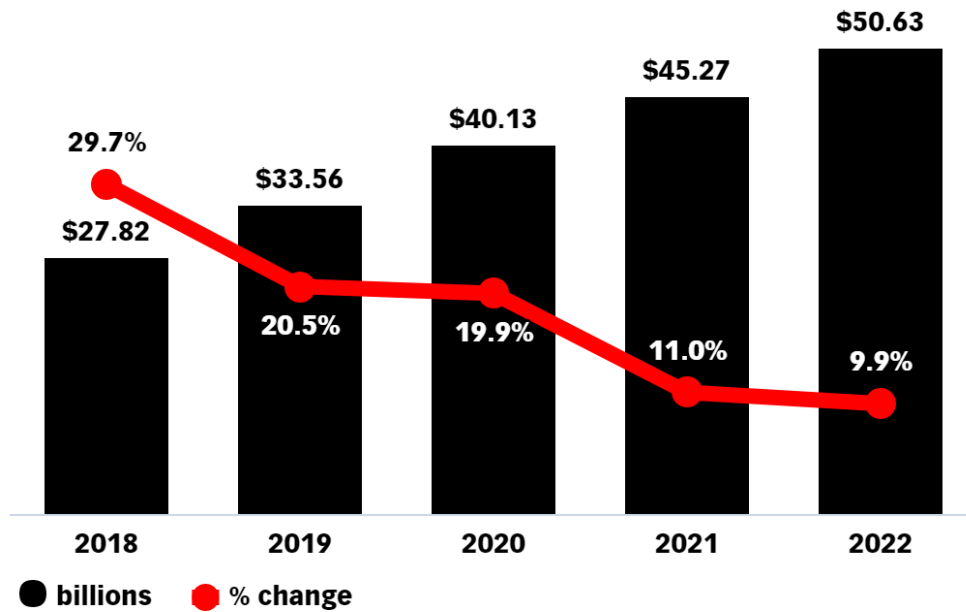
The ad businesses of OTT platforms like Roku and Hulu continue to grow. Magna estimates that US ad spend on OTT grew 40% to \$2 billion in 2018. And Tru Optik states that about three in five advertisers will increase their OTT spend this year.

The increase in OTT ad spend is reflective of the overall growth in digital video. We forecast that US digital video ad spend will grow 20.5% in 2019 to \$33.56 billion.

While OTT inventory demand is very strong, the supply of impressions is limited.

Video Ad Spending

US, 2018-2022



Source: eMarketer, September 2018

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This has created an opportunity for fraudsters to trick advertisers into buying inventory that does not really exist, according to Roy Rosenfield, vice president of product management at DoubleVerify.

When advertisers become desperate for more inventory than what legitimately exists, fraudsters stand to benefit.

“New, niche inventory formats or types, like native audio, OTT or connected TV, usually give rise to new supply sources that generally pique the interest of not only advertisers but also fraudsters,” said Nicholas Seo, platforms lead of innovation at MightyHive.

In a Q3 2018 study, [Pixalate found](#) that 19% of worldwide OTT impressions were invalid, due to a combination of fraud and ad serving and measurement errors caused by technical malfunctions.

“Roku has its own store. Amazon has its own store. Xbox has its own store. A lot of the media companies have their own store,” said Amy

King, vice president product marketing at Picalate. "There is no standardization. There's no universal directory of what all of those apps should be called. So if you decide to make up fake apps and call them something very similar, it makes it very difficult to tell if that's invalid or fraudulent."

Companies may fear that acknowledging the existence of fraud in their platforms could make them vulnerable, but King believes that transparency is the best way to reduce fraud.

She said that everyone "needs to be very open about the best ways to weed it out, the solutions that work most effectively and the most common fraud types to watch out for."

eMarketer PRO subscribers can check out the full Ad Fraud 2019: Current State and Solutions report.

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