

How Blockchain Can Stop Digital Ad Fraud

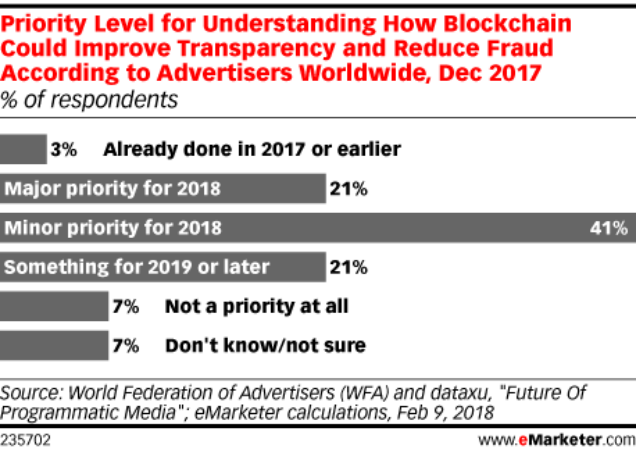
Article

There are few topics as buzzy as blockchain—its potential for transforming business has attracted promoters in every vertical, who are convinced the technology will be able to revolutionize their industry.

Digital marketers' interest has been piqued by blockchain's potential to put a serious dent in ad fraud—which will cost brands \$19 billion worldwide this year, according to Juniper Research.

It's still early days for blockchain as a technology, but advertisers are aware of it even if they aren't yet sure how it will be deployed in their industry.

The **World Federation of Advertisers (WFA)** and **dataxu** found in December 2017 that while only 3% of advertisers had already made it a point to understand how blockchain could help reduce fraud, more than one-fifth planned to make it a major priority this year. Another two in five said it was a smaller priority.



In its simplest form, blockchain is a list of records—a ledger—that's open and distributed. As new records (blocks) are added to the list (chain), they're verified cryptographically across the network maintaining the blockchain. It's designed to be inherently secure, and to allow for transparent consensus without putting any central party in charge.

A fully transparent and trustworthy ledger would mean that, for the first time, brands could see where all their digital media dollars end up, and be sure that if they thought they had purchased ads from a given publisher, it really happened.

A blockchain-based solution to digital advertising fraud could include not just a record of the transaction, but the transaction itself, so brands and media buyers would always have a clear record of payment to parties they intended to transact with. This doesn't just help with fraud, either. Using blockchain in this way will help brands optimize their overall digital ad supply chains and spend more efficiently via programmatic channels.

Of course, for any of it to work, all of the parties involved must participate, using the blockchain to track their transactions. Getting so many players on board is difficult, but there's reason to be optimistic considering the rapid adoption of the Interactive Advertising

Bureau (IAB)'s ads.txt effort, which helps advertisers avoid buying from unauthorized sources of inventory.

With so much money at stake when it comes to digital ad fraud, many in the industry are eager to adopt blockchain technology as a useful tool in efforts to address it.