

How ad waste and fraud came into focus in 2023

Article

The news: Adalytics became a household name in the ad industry in 2023 thanks to a series of reports alleging misconduct from Google.

- The industry activist group—a project run by former doctor **Krzysztof Franaszek**—gained mainstream notoriety in June when it released a report alleging that **80% of Google video ads were misplaced** on sites that did not meet the company's standards.
- The report sent a shockwave of anger throughout the ad industry, forcing Google to quietly refund some customers and leading to calls for greater transparency.

- Adalytics released two other major reports throughout the year: One alleged that Google had [placed trackers on children's content](#) that allowed them to be monitored across the internet, while the other alleged that Google sometimes [placed ads on pornographic](#) or otherwise controversial websites.

The bigger picture: Google has repeatedly denied the claims, and follow-up reports from industry groups like the **Media Rating Council** found that Adalytics overstated its claims. But this week, Ad Age [reported](#) that Google is turning off ad serving to some potentially perilous sites and is considering additional steps to improve brand safety.

- Overstated or not, the Adalytics reports and industry reactions reveal two things: Advertisers are not thrilled about a forced reliance on Google, and there's a high degree of nervousness about low-quality ad placements.

Google's market power: Google owns some of the largest ad exchanges in the industry, is the dominant internet search power, owns the largest video platform in **YouTube**, and controls 28.1% (\$171.46 billion) of the global digital advertising market, [per our forecast](#).

- That degree of control leaves advertisers with little choice but to use Google's services. Advertisers who create [video action campaigns](#) on Google are opted into [Google Video Partners](#)—the program Adalytics claimed was misplacing advertisements—by default.
- Rather than placing ads only on YouTube, GVP would place ads on “high-quality publisher websites and mobile apps.” Adalytics alleged that those websites frequently didn't meet Google's standards.

Made for advertising: Beyond Google, the Adalytics report coincided with another serious concern for digital advertisers—the prominence of so-called “made for advertising” websites.

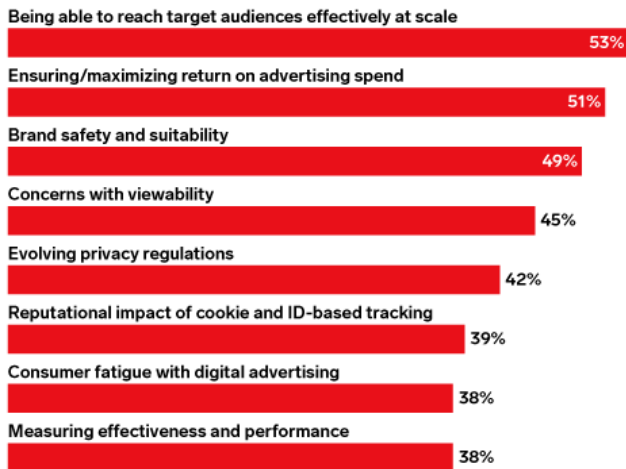
- “Made for advertising” (MFA) sites are low-quality websites that use SEO or social media to farm clicks and generate a high number of impressions. They are made for advertisements—not for humans—so they offer little to no value or hide answers beneath heaps of ads.
- A report from the **Association of National Advertisers** in June claimed that advertisers waste [15% of the \\$88 billion](#) spent on programmatic advertising on MFA websites, alerting the industry to a crisis of wasted spending and low-quality ad slots.
- The concern about MFA sites coincided with complaints about ad exchanges charging [too-high fees](#). Companies like [Integral Ad Science](#) and [Yahoo](#) are competing to find solutions to

the MFA problem, and reports about low-quality placements on programmatic exchanges continued throughout the year.

Our take: Even Google recognizes the threat that a loss of faith in its systems represents, hence its decisions to refund some clients and consider changing ad practices. With AI making it easier and easier to create (and detect) low-quality ad placements, advertisers will need to be especially hawkish about where their money is being spent to avoid one of the many potential channels for waste.

Leading Concerns for Their Company's Digital Ad Strategies According to Executives Worldwide, Jan 2023

% of respondents



Source: IDC, "The New Era of Advertising Beyond Cookies and Identifiers" sponsored by Ogury, May 10, 2023

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