

Brand safety

Leading brands still exposed.

Executive summary

In early 2017, research and reporting by *The Times* of London turned ad misplacement and brand safety into mainstream, global news. It showed how ads appearing on sites containing violent, extremist, and sexual content can seriously damage brand equity.

A year on from the scandal, Ebiquity's Germany office partnered with online ad fraud and brand safety specialists, zulu5, to study the extent to which ad misplacement is still prevalent in the DACH market – Germany, Austria, and Switzerland.

Our study looked at more than four million critical domains and found that, during the first half of 2018, three in four of the top 100 DACH advertisers ran campaigns with ads that appeared in non-safe environments. This includes YouTube.

We identified roughly 250,000 cases of ad misplacement in non-brand-safe environments and/or ad fraud, with ads appearing next to inappropriate content, liable to damage brand equity and reputation or cause commercial damage to the advertiser.

Although some progress has been made, by YouTube and others, to minimise the appearance of ads alongside some non-safe content, there is still plenty of work to be done in other environments.

Context and background to the study

In February 2017, *The Times* of London published a series of articles which showed that ads from high-profile and respected brands were routinely appearing in unsafe environments. These included sites covering and promoting terrorism, extremism, violence, paedophilia, pornography, and fake news. The newspaper reported that leading brands were, therefore, inadvertently supporting and funding these causes and damaging their brands as a result. The automated systems underpinning digital advertising were not functioning as intended, notably on YouTube.

These revelations were not news to those working in the industry, and ad misplacement had been known to be widespread for many years. What the articles did, however – with front page leads, double-page features, and op ed columns in a major, agenda-setting newspaper with global reach and resonance – was take a technical issue mainstream. Ad misplacement was suddenly important for politicians and talk-show hosts. Major brands and brand owners including Unilever and Adidas, demanded action. Many suspended digital ad campaigns, some of them indefinitely. P&G and the big-spending UK Government both pulled YouTube advertising for several months, for example.

Integral Ad Sciences (IAS) estimates¹ that around between 6-8% of all digital video and display ads appear in non-brand-safe environments like those reported by *The Times*. This equates to more than €5bn in lost value for brands globally in 2018 alone, with brands losing additional value from reputation damage on top of this². What's more, the U.S. Association of National Advertisers (ANA) and whiteops³ calculate that between €7.9bn and €18bn of ad spend is currently lost to ad fraud and bots, which the World Federation of Advertisers (WFA) predicts will rise to €57bn by 2025⁴. Ad misplacement and ad fraud are big business. They are clearly serious issues which – if left unaddressed – threaten the long-term health and well-being of the global digital advertising market.

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Ad misplacement in non-brand safe environments negatively impacts consumer perceptions of brands across critical brand metrics.

Ad misplacement in non-brand safe environments negatively impacts consumer perceptions of brands, across critical brand metrics. For instance, new research shows that when branded ads appear next to unsafe or undesirable content, consumer perceptions of brand quality fall by 7%⁵. The same report found that consumers often believe that brands place ads in non-safe environments intentionally, cynically⁶. This makes them nearly three times less willing to associate themselves with the brand. So, brand safety is about more than just wasted marketing budgets. The resulting consumer mistrust goes to the core of brand value and drives revenue down.

¹ "Global Media Quality Reports: H1 2018 Media Quality Reports", Integral Ad Science

² Statista, Digital Advertising Spend Worldwide

³ "BOT Baseline 2016-17: Fraud in Digital Advertising", ANA & whiteops

⁴ *The Drum*, 6 June 2016

⁵ The Brand Safety Effect, CHEQ, IPG Media Lab and Magna

⁶ Consumers often view non-safe ads as intentional, WARC News, 29.10.18

What we did and how we did it

A year after the scandal made global news, Ebiq's media practice set out to study brand safety in the DACH market today. We set out to study whether the internet in general – and YouTube in particular – had become safer environments for brand advertising. So, we partnered with zulu5, specialists in online ad fraud and brand safety, to assess the incidence of ads appearing in non-brand-safe and/or fraudulent environments during the first six months of 2018.

Zulu5 chose to focus on Germany because recent research⁷ from Integral Ad Science shows that brands in this market are at greatest risk of non-safe brand misplacement compared with all other major European markets (vs France, Italy, the Nordics, Spain and the UK). Germany is also at greater risk than the global average for ads on desktop display (10.4% of brands at risk vs 6.0% global average), desktop video (14.7% vs 7.6%), and mobile display (14.7% vs 6.7%).

Zulu5's study focused on ads from brands in Germany, Austria, and Switzerland (the DACH cluster of European countries), but the websites and YouTube pages they analysed were global and unrestricted. Taking an "outside in" approach (see box, below), zulu5 spiders visited a prescribed, known universe of four million non-brand-safe websites and YouTube pages. Whenever the spiders on a spot check found a brand from one of the leading 100 DACH advertisers on a non-brand-safe site – and whenever they found that ads had been placed fraudulently on a site – they recorded and captured which ads had appeared where, including the delivery path to the site.

⁷ H1 2018 Media Quality Report, IAS - Integral Ad Science

"Outside in" vs "inside out"

There are two ways to analyse what ads are served on which websites. The **"inside out"** approach involves dropping cookies on web pages and tracking ads using ad verification software. This approach follows ads as they are placed on pages and collects all available data about the contexts in which the ads appear. The challenge with this approach is that walled garden sites – including YouTube and Facebook – actively prevent cookies from gathering data in this way.

The other approach is known as **"outside in"**. With this approach, web spiders crawl the internet and scrape websites to audit them and to record which ads appear on which sites and through what supply partners. This is a naturalistic approach that mimics the behaviour of humans browsing the internet. It can also observe and count ads appearing on YouTube, behind the walled garden. This is the approach zulu5 used in this study.

What we found

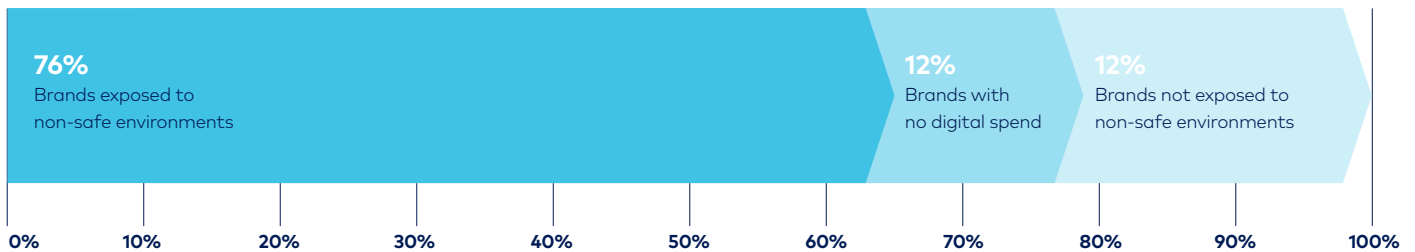
During the first half of 2018, we found that **ads from three quarters of the top 100 advertisers in the DACH region (76%) had run in non-brand safe environments and/or had been placed on those sites fraudulently, as shown in Figure 1.** This includes ads appearing alongside videos on non-brand-safe YouTube pages (see the next section "Focus on YouTube").

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76% of the top 100 advertisers in the DACH region run ads in non-brand safe environments.

Figure 1.

Share of top 100 DACH brands with ads appearing in non-brand safe environments



The study identified roughly **250,000 incidents where DACH brands appeared in either non-brand safe environments or served to those environments fraudulently, as shown in Figure 2.**

Figure 2.

Example of brand ad appearing in non-brand safe environment



Trijicon ACOG What's the Big Deal?
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👍 5698 🗣️ 229 ➦ TEILEN 🌐 ...

The ad appearing in this YouTube video shows a message from a charity next to a violent image. The message in the ad says "Health for mother and child".

Interestingly, **the incidence of ads appearing in non-brand safe environments and ad fraud are strongly connected**. Our "outside in", spider crawling methodology showed us that this is because much of the non-safe traffic is generated by the widespread use by platforms and publishers of traffic brokers to compensate for under-delivery in digital media plans (e.g. through cost per click buying models). A large proportion of traffic brokerage sites are known to be non-brand safe and therefore contribute to the phenomenon disproportionately.

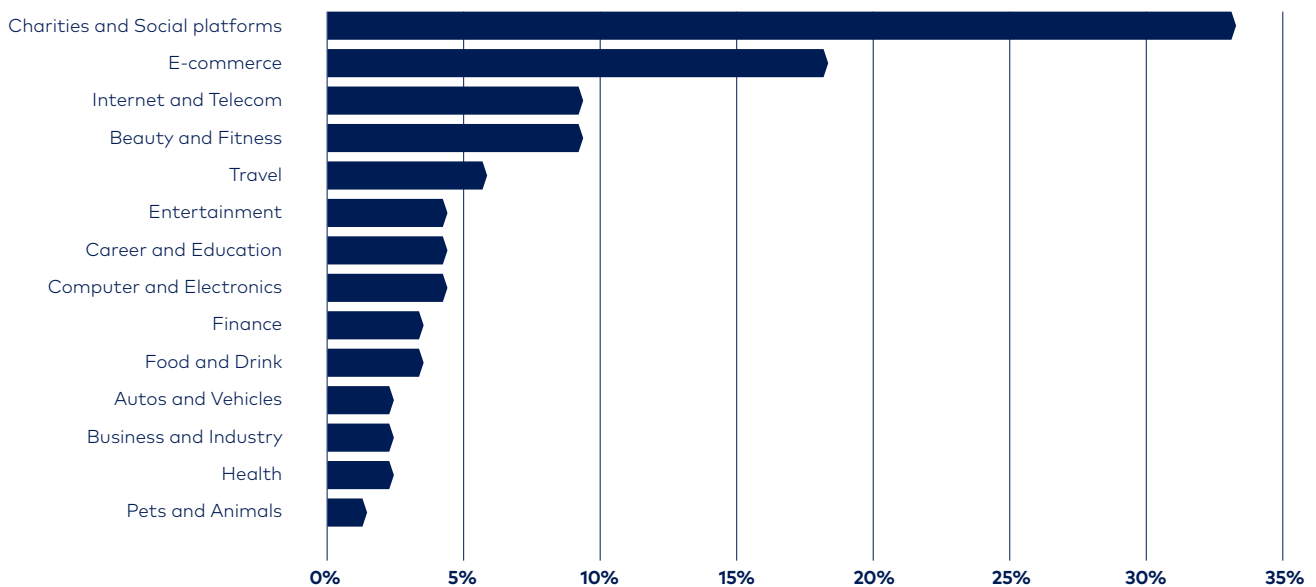
Our analysis showed that **not all brand and product categories are equally at risk**. The study found that those categories most at risk of ads appearing in non-safe environments were:

1. **Charities and social platforms (33%)**
2. **E-commerce (18%)**
3. **Internet and telecom providers (9%)**

The likelihood of brand ads, by sector, appearing in non-safe environments is **shown in Figure 3**, below. It is important to note that this chart does not represent potential damage to brand equity. Brand unsafe advertising for a pharmaceutical brand, for example, could have a potentially bigger impact on brand equity than unsafe advertising of an e-commerce platform, even though the former is less likely to happen than the latter.

Figure 3.

Share of cases where different sector ads appeared alongside unsafe content



Note on Figure 3:

the likelihood has been reweighted to normalise for volume of ads, because different categories invest different amounts in online advertising.

Focus on YouTube

After the ad misplacement scandal, YouTube announced that it had tightened its automated ad serving algorithms throughout the last year to improve brand safety. This included: (i) imposing stricter controls on the kinds of videos allowed to generate ad revenue; (ii) introducing a new review process for premium content; and, (iii) offering increased transparency and simpler controls around where brand ads can appear.

At the beginning of 2018, industry commentators said that this was not enough⁸. What's more, a recent *Ad Age* review carried the headline "Google still isn't where brands want it on verification, but it takes (and gets) credit for trying"⁹ for its work with the Media Ratings Council.

Our study found that ads from leading brands from the DACH region still routinely appeared in non-brand safe environments on YouTube

in the first half of 2018, despite these new controls. **Figure 4** shows the types of YouTube pages and channels where the ads appeared.

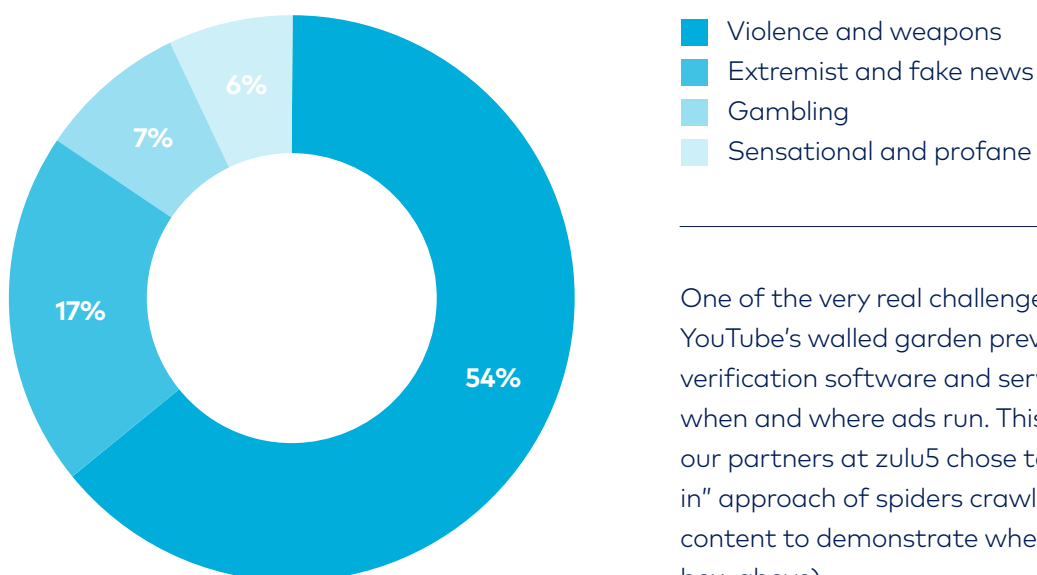
A clear positive finding from the analysis was that zulu5 found few examples of leading DACH brands appearing alongside either paedophile or sexually explicit content on YouTube. This suggests that YouTube has tightened controls on ads appearing alongside such content. However, it is clear that either brands have not put full controls in place, or that YouTube does not yet have sufficient controls available to ensure that ads for leading brands do not appear in other types of non-brand safe environments.

⁸ "Google's tighter ad rules for YouTube 'don't go far enough'", *Marketing Week*, 17.01.18

⁹ *Ad Age*, 26.09.18

Figure 4.

Types of YouTube pages where DACH brands appear



One of the very real challenges for brands is that YouTube's walled garden prevents "inside out" ad verification software and services from tracking when and where ads run. This is one reason why our partners at zulu5 chose to use the "outside in" approach of spiders crawling non-brand safe content to demonstrate where ads had run (see box, above).

Recommendations for advertisers

- › Because of the negative consequences on brand equity and ROI from ads appearing in non-safe environments and placed fraudulently, brands should take ad misplacement seriously and review their current exposure.
- › Institute regular audits and inspections to drive brand safety, minimise the incidence of ad fraud, and protect your brand equity.
- › Only pay for ads that actually run on sites where you want them to appear, and consider introducing contractual penalty clauses if your ads run in proscribed environments.
- › Be explicit in briefing your media agencies and ad tech partners about the contexts in which you want your ads to appear and those you want to avoid.
- › Keep vigilant and ask your agency and ad tech partners to give you detailed reports of where and when your ads are running.
- › Be aware of hidden brand safety issues, including how programmatic media buying auctions can be hijacked and trades rerouted from legitimate to non-brand-safe environments.
- › Ensure that your website blacklists (where your ads can't run) and whitelists (where they should run) are reviewed and updated regularly. The steady stream of new content means these lists need to be revised often.

Contributors

Christian Zimmer

Managing Director
Ebiquity Media

Christian leads Ebiquity's media practice in Germany, which helps clients to achieve greater transparency of their media spend and performance. Prior to joining, Christian spent 24 years working within media agencies including GroupM, Omnicom Media Group, and Dentsu Aegis. There he managed, built, and grew the agencies' digital client business. He also developed new products, such as programmatic, on a global scale. Additionally, Christian spent two years building Germany's newest cross-media sales house from scratch. Christian holds a degree in marketing communication from BAW Munich.

Andreas Gysler

CEO & Co-Founder
zulu5

The logo for zulu5, featuring the word "zulu" in a bold, black, sans-serif font, followed by the number "5" in a larger, bold, orange-red font.

Andreas Gysler is Managing Director and Co-Founder of zulu5, a company specialised in fighting digital ad fraud and ensuring brand safety. Zulu5 decided to tackle these important issues in new ways, using a crawler-based approach that provides complete transparency along the ad delivery ecosystem.

After completing his studies in business administration at the University of St. Gallen and obtaining his MBA at Nanyang Tech University in Singapore, Andreas began his career in 2007 with Hewlett-Packard in Switzerland. There he held several key account management positions for major international clients in the software and enterprise services divisions. He founded zulu5 with three partners in 2014.

We are a leading independent marketing and media consultancy

**Our focus is on helping brands make better
informed marketing investment decisions**

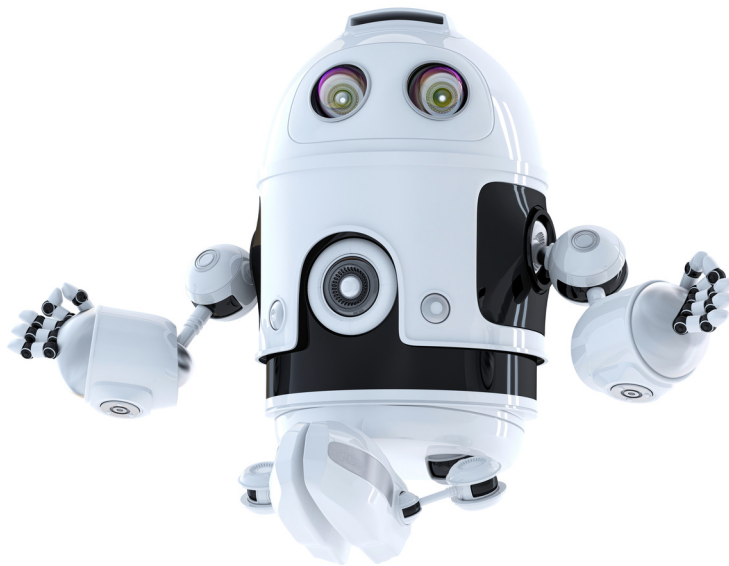
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