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# The Alleged \$7.5 Billion Fraud in Online Advertising

Posted by [Derek A. Lackey, Editor](#) / June 08, 2018

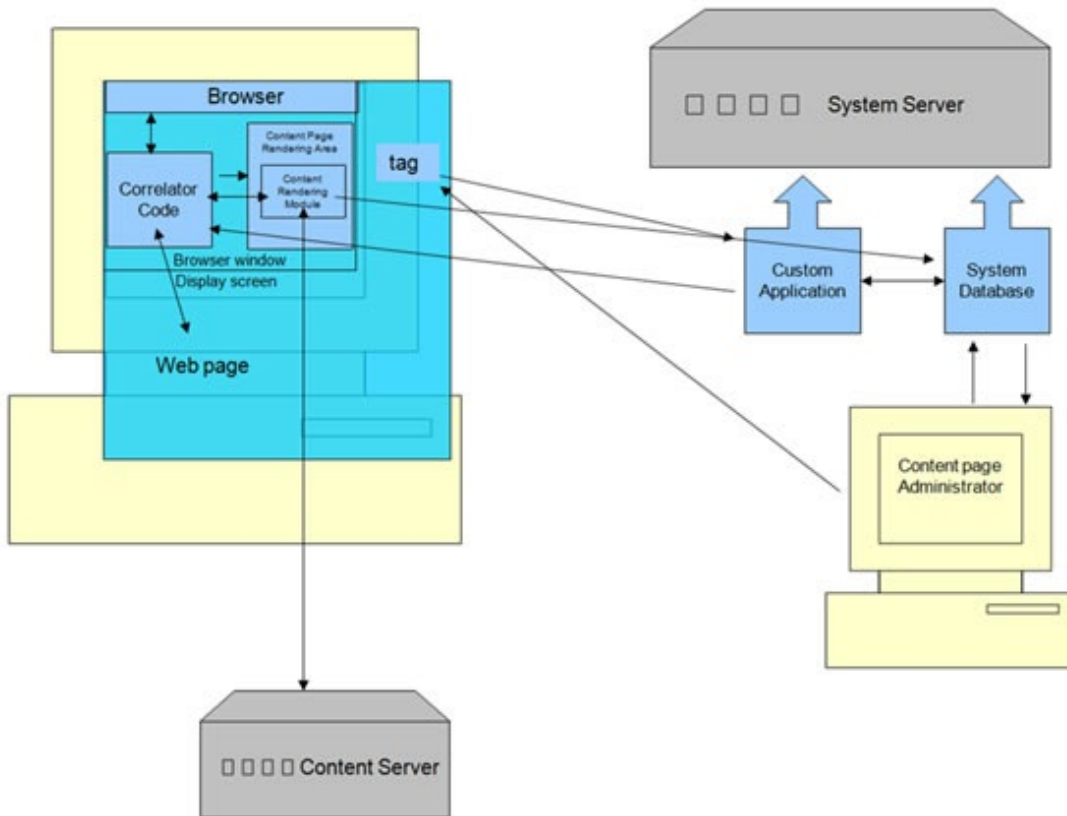
"This is the biggest advertising story of the decade, and it's being buried."

So wrote Ad Contrarian Bob Hoffman, the retired CEO and chairman of Hoffman/Lewis Advertising, in June 2013 on a \$7.5 billion scandal that has been developing under the digital radar in the advertising world for the past few years. The three main allegations, according to those who are making them:



These charges have not seen much discussion within the online marketing community. But the allegations have the potential to affect everyone involved in online advertising: agencies, in-house departments, agency and in-house digital marketers, online publishers, media buyers, and ad networks. An entire industry: billions of dollars and thousands of jobs are at stake. And it all starts with a single impression.

## The impression that you make

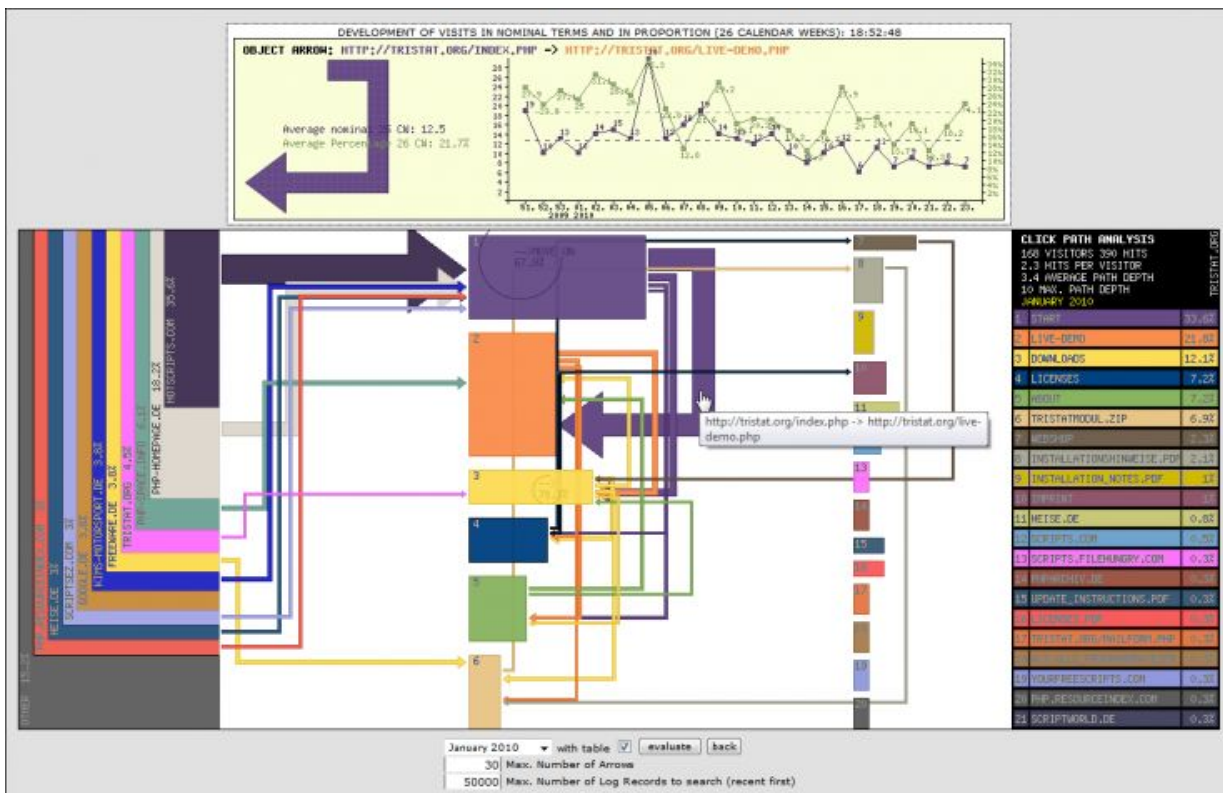


Online advertising is based on an "impression" without the impression, then an advertisement cannot be viewed or clicked or provoke any other engagement. The Internet Advertising Bureau, which was founded in 1996 and "recommends standards and practices and fields critical research on interactive advertising," defines "impression" in this manner:

*a measurement of responses from an ad delivery system to an ad request from the user's browser*

In another words, an "impression" occurs whenever one machine (an ad network) answers a request from another machine (a browser). (For reference, you can see my definition and example of a "request" in a prior Moz essay on log analytics and technical SEO.) Just in case it's not obvious: Human beings and human eyeballs have nothing to do with it. If your advertising data states that a display ad campaign had 500,000 impressions, then that means that the ad network served a browser 500,000 times and nothing more. Digital marketers may tell their bosses and clients that "impression" is jargon for one person seeing an advertisement one time, but that statement is not accurate.

## **The impression that you don't make**



Just

because a server answers a browser request for an advertisement does not mean that the person using the browser will see it. According to Reid Tatoris at MediaPost, there are three things that get in the way:  
Tatoris crunches all the numbers:

Essentially: If you have an online display ad budget of \$100,000, then only \$8,000 of that ad spend has the chance to put advertisements in front of human eyeballs. (And that's not even taking into account the poor clickthrough rates of display ads when people do see them.)

If you are paying \$0.10 per impression, then the \$10,000 that you will pay for 100,000 impressions will result in only 8,000 human views meaning that the effective CPI will actually be \$1.25.

## How bot traffic affects online ads

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