Submission by the Internet Advertising Bureau UK: Summary

- Digital advertising is the business model for making content widely available online to UK citizens for little or no cost, and has been a key driver of innovation and creativity, supporting media pluralism at an unprecedented scale.

- There is a question about the extent to which fake news is funded or motivated by advertising revenue. In this context, fake news represents a challenge to the digital advertising industry.

- The automated way in which some online advertising is bought, which involves a complex supply chain, means an ad could potentially be placed on any number of sites. As it is not possible to manually vet the content of each webpage, there is a risk of 'ad misplacement': ads appearing on sites that are inappropriate to a brand.

- Advertisers and their suppliers have acted collectively to take steps to give buyers control over the sites where their ads are placed. The [Display Trading Standards Group (DTSG)](#) is a self-regulatory initiative that provides the tools to enable buyers to actively manage campaigns and minimise the risk of ad misplacement.

- Standards and self-regulation developed by the mainstream ad industry could help to address the issue of fake news, by enabling buyers to take steps to ensure that their ad spend does not inadvertently flow to fake news services that have been identified as such by an independent authority.

- Policy-makers would need to explore other avenues to address sites which continue to secure ad revenue via other means.

- To allow buyers to make informed decisions about purchasing advertising space on news sites, there would need to be a robust and independent process for identifying fake news services. This would need to be objective, and able to distinguish between disinformation (that is intentionally false or inaccurate), misinformation (that is unintentionally false), satire and opinion.

- Learnings can be drawn from the approach taken to address the issue of advertising revenue flowing to sites infringing copyright, a key aspect of which is having an independent and authoritative third party responsible for identifying such sites.

- If robust and reliable methods are developed to identify non-fake and fake news, responsible advertisers can make and give effect to ethical decisions about where their advertising is bought and delivered through existing tools and mechanisms such as the DTSG. Advertising outside the mainstream ad ecosystem would, however, need a different solution.

- Similar mechanisms to the DTSG exist in other countries, including the U.S., which could potentially facilitate a coordinated approach to this global issue.

House of Commons Select Committee on Culture, Media and Sport:
'Fake news' inquiry

Submission by the Internet Advertising Bureau UK – March 2017

1. The Internet Advertising Bureau (IAB) is the industry body for digital advertising in the UK. It represents over 1200 businesses engaged in all forms of online and mobile advertising, including media owners and advertising technology businesses.

2. The IAB is actively engaged in working towards the optimal policy and regulatory environment for the digital advertising market to continue to thrive. We also seek to promote good practice to ensure a responsible medium. Further information is available at www.iabuk.net.

3. The IAB's submission addresses the question in the inquiry's terms of reference that relates to digital advertising. It provides an overview of how digital advertising works and the existing mechanisms available to advertisers to manage where their ads appear online. Information about 'fake news' sites could potentially be fed into these processes to enable brands to choose whether to place their ads on those sites.

> **Have changes in the selling and placing of advertising encouraged the growth of fake news, for example by making it profitable to use fake news to attract more hits to websites, and thus more income from advertisers?**

About digital advertising in the UK

4. Digital advertising is the business model for making (non-publicly funded) content widely available online to UK citizens, for little or no cost. It funds much of the content and many of the services online: from search, webmail, social networking and price comparison sites, to productivity suites, blogs, video/photo sharing and the majority of news, information and video/entertainment sites. Digital advertising – driven by consumer demand for content and services as well as quicker internet speeds – is the fastest-growing marketing medium in the UK, outstripping all other advertising sectors. In 2015, £8.6bn was spent on online and mobile advertising in the UK, a like-for-like increase of over 16% on 2014.[1]

5. Digital advertising has been a key driver of innovation and creativity, supporting media pluralism at an unprecedented scale. Honest, critical and questioning journalism is a fundamental requirement of our society and it is critical that people have access to information from diverse and trusted sources.

6. As with any advertising medium, digital advertising space is valued and traded on the basis of a number of factors, one of which is audience reach. This takes into

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[1] https://iabuk.net/research/library/2015-full-year-digital-adspend-factsheet

account whether the characteristics of the audience meet the criteria set by the advertiser, as well as audience size. Sites that amass large audiences and high levels of 'engagement' (e.g. time spent, as well as likes and shares of their content) can earn money from advertising revenues. Some sites that produce or host fake news will be making money this way, whether or not that is their primary motivation. In this context, fake news represents a challenge to the digital advertising industry.

How advertising gets to a particular website

7. Advertisers can buy mainstream display advertising (e.g. the 'banner' ads you might see on a website or in an app, or the video ads that play before or during video-on-demand) in a number of ways. In recent years, advertisers have increasingly made use of 'programmatic advertising' in an effort to improve the effectiveness and efficiency of their campaigns.

8. Programmatic advertising automates the buying and selling of digital advertising placements. In 2015, 60% of total UK display advertising was traded programmatically.[2] Advertisers (buyers) can use programmatic advertising to place ads in an automated way with publishers (sellers) they have a direct relationship with (44% of display advertising was sold this way in 2015). However, advertisers can also use technology to target audiences rather than buying space on a specific website, in order to increase the scale of their campaigns. During this process, known as real-time bidding (RTB), advertisers 'bid' in real time to show their ads to audiences who meet their target criteria (16% of display advertising was sold this way in 2015).

9. RTB allows advertisers to reach audiences on any number of publisher sites openly through an auction even if they may not have a direct relationship with the publisher, therefore broadening the reach of their campaigns. This auction is triggered when a user visits a site and takes place in milliseconds. The seller signals to prospective buyers that an opportunity to show an ad has become available and describes what that opportunity is, based on data such as demographic information and/or inferred categories of user interests, e.g. female between 25-34 interested in cars. Advertisers then decide whether they want to bid for the chance to show their ad, based on this information. In practice this means that individuals visiting the same website or viewing the same piece of online content may be shown different ads, according to which advertisers' criteria they meet and which advertiser 'wins' the bid.

10. Buying advertising this way can involve a complex supply chain connecting the buyer and the seller via advertising technology businesses which facilitate programmatic advertising.[3] For example, third party platforms can aggregate supply or demand in a market place to enhance efficiency. While this is an efficient way to deliver advertising, the audience-led approach of RTB means that an advertiser's ad could appear on any site that sells advertising space through RTB. With the volumes of online advertising space available it is not possible to manually vet the content of each webpage. These factors can lead to the risk of ad misplacement: ads

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[2] https://iabuk.net/research/library/2015-full-year-digital-adspend-factsheet
[3] https://iabuk.net/video/the-evolution-of-online-display-advertising

appearing on sites that are inappropriate to a brand, or for a particular campaign, that could tarnish the brand's – or the wider industry's – reputation.

11. To address this risk, brand advertisers and their suppliers have acted collectively to take steps to give buyers control over the sites where their ads are placed, through brand safety initiatives such as the [Display Trading Standards Group (DTSG)](http://www.iabuk.net/disciplines/display-trading/policy)[4].

12. The DTSG is a self-regulatory initiative that provides the framework to enable buyers, through tools provided by their technology providers, to actively manage the placement of ads and minimise the risk of ad misplacement against brand-inappropriate content, giving them transparency and control (see Appendix 1 for more details). It is for brands to determine what constitutes an inappropriate or undesirable environment for their advertising and, in partnership with their agencies, to agree where they wish their ads to appear, or not to appear.

13. This scheme involves an unprecedented collaboration between buyers (primarily advertisers and agencies) and technology providers (including ad networks, exchanges and agency trading desks). The DTSG initiative is overseen and governed by the [Joint Industry Committee for Web Standards (JICWEBS)](#) whose Board members include (trade bodies) the IAB, ISBA (representing advertisers), the IPA (representing agencies) and the AOP (representing publishers).

How brands can avoid advertising on 'fake news' sites

14. One element of the debate about fake news, that the Committee has identified, is the extent to which it is funded or motivated by advertising revenue and what steps can be taken by buyers to ensure that their ad spend does not inadvertently flow to fake news services that have been identified as such by an independent authority.

15. There are two key considerations with this approach: firstly, how are fake news services identified, and by whom? Secondly, given the nature of the online advertising ecosystem, how and to what extent can standards and self-regulation developed by the mainstream ad industry help, and what avenues can policy-makers explore against sites which continue to secure ad revenue via other means?

16. A similar challenge exists in relation to concerns about ad revenue flowing to sites hosting copyright-infringing content. In response, the City of London Police Intellectual Property Crime Unit (PIPCU), working with rights-holders and the advertising industry, developed a framework to identify sites whose primary purpose is the infringement of copyright and compile them in to the so-called 'Infringing Website List' (IWL). The list is made available to buyers to inform their buying decisions and can serve as a 'blacklist' which is compatible with tools developed by technology providers as part of the DTSG framework.

17. The IWL serves two purposes. First, it minimises the risk of advertisers' branding appearing on pirate sites, which can damage a brand's reputation and lend the sites unwarranted credibility. Second, it can be used by buyers to halt the flow of ad

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[4] http://www.iabuk.net/disciplines/display-trading/policy

revenue to structurally infringing websites that have been deemed unlawful, which both helps buyers avoid funding illegal activity, and acts as a disruptive tactic in terms of law enforcement. Importantly, the IWL is an authoritative source of information for the advertising industry because a trusted independent third party – PIPCU – determines, through a robust process, which sites are added to the list on the basis of evidence provided to them by rights-holders and a legal assessment of alleged infringing behaviour.

18. To allow buyers to make informed decisions about purchasing advertising space on news sites, there would need to be – as with the IWL – a robust and independent process for identifying fake news services. For brands and their advertising technology partners to have confidence in such an approach, it is important that any third-party methods of identifying 'fake' news are objective and are able to distinguish between disinformation (that is intentionally false or inaccurate), misinformation (that is unintentionally false), satire and opinion.

19. As other stakeholders have already indicated, this would be a sensitive process, involving complex assessments of individual news services and there are obvious implications for free expression and the sustainable funding (via advertising) of digital news services. The IAB, with its diverse membership (comprising advertisers, agencies, technology providers and publishers) stands ready to contribute to and inform these discussions. Advertising outside the mainstream ad ecosystem would, however, need a different solution.

20. In conclusion, mechanisms like DTSG exist to address a range of ad misplacement problems and could assist in tackling the issue of 'fake news', where advertising revenue flows from the mainstream ad ecosystem. Similar mechanisms to the DTSG exist in other countries, including the U.S., which could potentially facilitate a coordinated approach to this global issue.

Factsheet: Minimising the risk of advertising misplacement

Q. Is there an issue with advertising misplacement in digital?

A. Digital advertising helps to fund much of the content and many of the services and applications that we all enjoy and use, making them widely available at little or no cost. However, there have been cases where digital display advertising has appeared on sites and next to content that an advertiser may consider inappropriate, and that could jeopardise its brand. In some instances, the sites involved have come under media and political scrutiny, particularly if they are involved in activity that undermines the business model of legitimate content producers. The IAB seeks to address this issue, working closely with its ad partners across the UK trading environment.

Q. How does the ad industry seek to address the problem of advertising misplacement in today's market?

A. The IAB is committed to tackling advertising misplacement through an industry body called the Digital Trading Standards Group (DTSG). The DTSG was set up in 2012 as cross-industry initiative to develop guidelines aimed at:

- reducing the risk of misplacement of digital display advertising
- upholding brand safety
- protecting the integrity of digital advertising

The DTSG has published good practice for all business models involved in buying, selling and facilitating digital display advertising. The initiative is overseen and governed by the Joint Industry Committee for Web Standards (JICWEBS) whose Board members include the IAB, ISBA, the IPA and the AOP.

In signing up to the DTSG's Good Practice Principles, businesses are committing to minimise the risk of advertising misplacement and therefore injecting greater transparency into the market for advertisers when purchasing digital display advertising. In doing so, these committed businesses are differentiating themselves in the market, showing buyers and sellers what tools are in place as well as standardising agreements and policies to achieve the goal.

Q. What are the Good Practice Principles?

A. The DTSG Good Practice Principles outline six commitments for those involved in buying, selling or facilitating digital display advertising[5] that aim to significantly **reduce the risk of display advertising misplacement**. For example: the Principles commit a buyer and seller to agreeing where they intend the advertising to appear, or not appear, and by what means this will be managed. This can be through an independently-verified Content Verification (CV) tool[6] and/or Appropriate/Inappropriate Schedules**.** Under the principles, buyers and sellers should ensure that their contractual agreements cover the substantive points regarding the methods for minimising ad misplacement.

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[5] Defined as the display of visual files including images, Flash and video provided by Buyers to Sellers on a digital media property.
[6] Four CV tool providers have been independently certified by the UK industry-owned auditor ABC to JICWEBS standards (as at February 2017).

Internet Advertising Bureau UK

Q. Is there a verification process for businesses that sign up to the Principles?

A. The DTSG Principles commit each signatory business to have their advertising misplacement minimisation policies verified by a JICWEBS-approved independent third party. Businesses that JICWEBS agrees are compliant, after reviewing the verification provider's report, will receive a seal to show to the market that they are meeting the agreed standard.

Q. How is the DTSG structured? Who sits on it?

A. As the DTSG makes decisions that affect the way that digital display advertising is traded, it is important that the entire market is reflected in its composition. Good practice needs the buy-in of the 'buy' side as well as the 'sell' side. At present the DTSG is comprised of representatives from advertisers, agencies, agency trading desks, demand side platforms, advertising exchanges, sales houses, advertising networks, supply side platforms and publishers.

Q. Can any business commit to the Good Practice Principles?

A. The Principles cover commitments for all businesses involved in the buying, selling or facilitating of digital display advertising. You can see which companies are currently DTSG-certified here. To find out more about the DTSG and how to sign up, contact the IAB team: steve@iabuk.net or dee@iabuk.net, or contact JICWEBS directly: info@jicwebs.org.

Q. I'm an advertiser. What can I do?

A. We recommend that when buying media, brands work with partners that offer choice and control, like the signatories of the DTSG do, to reduce the risk of their ad being seen alongside inappropriate content. Brands should agree with their advertising partners where they do and don't want their ads to appear, and sellers should be able to explain what measures and controls they have in place to manage this.

Q. The market will continually change. Won't the DTSG become out of date?

A. The DTSG intends to evolve its membership (and therefore the Principles) in line with technology and evolving market practices. The DTSG Principles have been purposely written in a technology-neutral way and with this flexibility in mind. It is also important that the Principles allow for innovation within the digital ad trading market. To reflect the evolution of the market, the IAB sits on the DTSG, and monitors developments through its own Display Trading Council.

Q. Is the DTSG just an UK initiative?

A. Yes, although many of the committed businesses operate at scale and will therefore apply the good practice at a global level and in line with other similar initiatives, such as in the US. The DTSG Principles apply to business with UK presence targeting UK audiences/users.

IAB UK, February 2017