

Marketing Fraud Benchmarking Report

EXECUTIVE SUMMARY

Two-thirds of marketers experienced some kind of marketing fraud in the last year.

→ Today's marketers are asked to be both creative and analytical in proportions never before required. Back in the day, you had your ad men and you had your bean counters, but marketers can't specialize in quite that way anymore, certainly not performance marketers. There's an expectation that marketers will produce brilliant, off-the-wall campaigns that outperform earlier work in every meaningful way.

That pressure creates a difficult, razor's edge situation for marketers. To meet ever-escalating demands, they work with partners to drive traffic, lead-generation targets, and other key performance indicators. The digital marketing industry reached a third of a trillion (with a t) dollars in expenditures in 2019 [according to eMarketer](#), and the ongoing COVID-19 crisis will likely push that number even higher as consumers remain in the safety

of their work-from-home circumstances.

But new tactics and a dramatic rise in spending are frequently accompanied by a rise in fraud. There's simply too much money trading hands for cybercriminals to disregard entirely. Marketing fraud comes in numerous flavors, some of which are better understood by today's marketers, and some of which continue to fly comparatively unnoticed under the radars of even the most senior marketing leaders.

Marketing fraud is a bigger problem than marketers realize, and it impacts companies of all sizes and maturities to the tune of millions of dollars a year for many organizations. A recent survey of 129 performance marketing leaders—sponsored by HUMAN and conducted by Renegade Marketing—uncovered what marketers are seeing and doing today, as well as where

the gaps in protection lie. The positive is that the challenge is surmountable, promising significantly higher conversion rates and better business results.

The Marketer's Challenge

→ Digital marketers work tirelessly to make the best possible decisions using the data they have in hand based on the decisions they made before. It's a feedback loop that relies on accurate data and accurate insights into the customer's journey to inform future spending decisions.

Dirty data, therefore, has a pretty dramatic domino effect. If the data on which decisions are made is inaccurate, the decisions themselves may be faulty. And the performance of those campaigns impacts future campaigns, and so on. Marketers love to test new partners and tactics, and without

the confidence that the KPIs that result are true, it's impossible to optimize for future campaigns.

What's more, it's generally up to small teams to manage those processes. There are only so many hours in the day to create these campaigns and measure their effectiveness before the next cycle begins; marketers don't have the luxury of doubting their data before making the next decision.

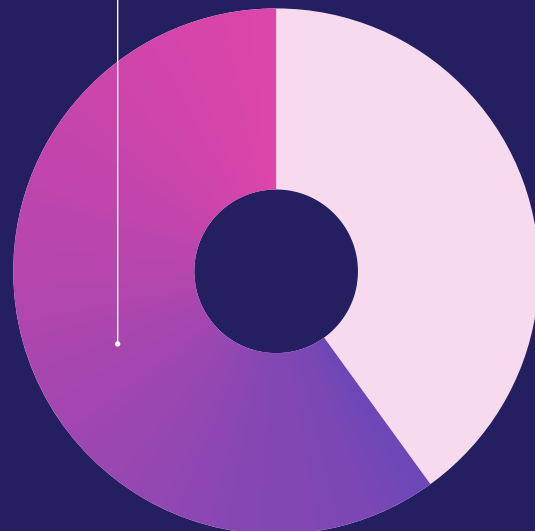
Where Does Fraud Come Into It?

→ All marketers are currently experiencing the impacts of marketing fraud on their websites: dramatic traffic spikes unconnected to new content or events, steep increases in traffic associated with marketing campaigns, time-on-site metrics that vary widely based on traffic source, lower than expected conversion rates, and complaints from the sales team

43% of marketers who see suspicious behavior on their websites could not estimate how much of the traffic to their website was sophisticated bots



60% of respondents described themselves as being worse than average at handling the problem of marketing fraud.



about inbound or web-based leads. As many as 40% of marketers are seeing suspicious behavior on their websites and campaigns. A solid 43% could not estimate how much of the traffic to their website was sophisticated bots, as opposed to the humans they intended to reach.

More than a fifth of marketers surveyed—22%—believe their first-party database is 25% (or more) populated by fake and fraudulent contacts. All of those fake or fraudulent contacts living in the database can have significant downstream impacts. Money is wasted trying to retarget and convert contacts that either don't actually exist or never truly engaged with the brand in the first place.

And what's more, there's a regulatory compliance element that comes into play: the easiest source of "working" email addresses for a fraudster is a data breach. This may result in a slew of real, working email addresses added to the first-

**75% of
respondents
were concerned
about new
privacy
regulations
(GDPR, CCPA).**

**But less than
half regularly
cleaned their
first-party
database of
fake/fraudulent
contacts.**

party database, but without having opted into the subsequent nurture campaigns that attempted to push these contacts down the funnel.

A third of marketers surveyed experienced media buy fraud in the past 12 months, and the percentage grows even higher when the marketing budget exceeds \$5 million a year. But a full two-thirds of marketers experienced some kind of marketing fraud in the last year. Media buy fraud, lead-gen fraud, retargeting fraud, and incentive program abuse all ranked among the top challenges for today's performance marketing leaders.

Additionally, the problem compounds over time if left unchecked. Less than half of respondents regularly scrub their databases for junk or fraudulent contacts, all the while adding more and more names to their lists through lookalike audiences, retargeting, and other tactics.

Perhaps the greatest cause for concern, though, is the lack of ownership of the problem: less than half of marketers talk with their cybersecurity teams when campaigns are producing unexpected or problematic results, and there was no consensus over which department should own the response. With no consistent ownership of how to ameliorate marketing fraud, fraudsters' efforts (which are growing ever more sophisticated and difficult to identify by the day) will only get more successful.

Solving the Challenge

→ It's not a doom-and-gloom situation, though. That lack of consensus presents an opportunity for marketing leaders: take control of the question and you'll have a dramatic impact on all of your marketing campaigns and metrics. Dirty data results

in poorly-informed decisions, so taking concrete, preventative steps to ensure the data reflected in your performance metrics is clean will enhance conversion rates, prevent data privacy compliance issues, result in better-informed campaign/budget allocations, and perhaps most notably, drive better business results.

HUMAN Marketing Integrity is the only marketing fraud solution capable of preventing fraudulent contacts from entering the database in the first place, optimizing your marketing spend and enabling better business decisions that lead to higher conversion rates and better business results. Marketers can trust the humanity and integrity of the leads driven by their marketing campaigns, freeing them to test and evaluate new ideas while stopping fraud.

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About Renegade LLC

Quite possibly the savviest B2B marketing agency in NYC, Renegade has been helping CMOs cut through since 1996. Wielding the wisdom gleaned from over 400 CMO interviews, Renegade is unique in its ability to simplify brand stories and translate these into goal-busting campaigns. To learn more, visit renegade.com.

About HUMAN

HUMAN ensures digital engagement with real humans. Our Human Verification Platform collectively protects enterprises from sophisticated bot attacks and fraud - faster and more accurately than any solution - because of our superior detection technology, global visibility, and threat intelligence. We verify the humanity of more than 10 trillion interactions per week for some of the largest companies and internet platforms. HUMAN recently secured a strategic growth investment from Goldman Sachs Merchant Banking Division, in partnership with ClearSky Security and NightDragon. Join our mission to protect digital engagement and your digital business better with HUMAN. To learn more, visit www.humansecurity.com.