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Fake News, Real Consequences

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Introduction

In the mid-1700s false news regarding King George II's health was published in order to destabilize society around the Jacobite Rebellion in Great Britain. In the 1800s false news about the existence of life on the moon (published in the US) and Jack the Ripper (published in GB) was published for profitable gain. And more recently, news pieces regarding the Pope or other celebrity endorsements of Donald Trump in the US Presidential election have emerged to try and influence voter decisions.

If one Googles "examples of fake news" one is immediately transported to a list of sites listing a multitude of fake news examples. Fake news is not a new phenomenon, but there is something *different* about the spread and ease of delivering fake news in today's connected society. Fake news is distinguished from entertainment news in such publications as The Onion in its intent to mislead for some gain whether financial, political, etc. Intent is at the root of the problems around fake news and the potentially resulting loss of trust that may ensue when it is clear that the information was not accurate. Fake news as well as the fact that today's digital landscape enables instantaneous and widespread coverage, have become frequent topics in public discourse across the globe. These developments have bolstered our rationale for doing the research in this paper - because fake news has become a social issue with damaging effects on the social, political, economic, and media sectors globally.

In July 2017, the Westminster Media Forum in the UK sponsored a half-day conference focused on Fake News and its implications for public trust and policy. Presentations from news media such as The Guardian, the New York Times and RT were complimented by others from Facebook and auditing and public policy organizations all seeking to establish a definition of fake news, the drivers of this very relevant phenomenon and the impact of fake news on consumers. Two significant themes emerged from the presentations that were delivered at this conference:

- (1) The rise of social media and its connection to the facilitation of fake news.
- (2) The implications and connection of fake news to advertising – how/why our current reality potentially encourages fake news with one goal being to generate advertising oriented clicks.

Both of these themes are of interest to us in this paper. The first theme speaks directly to consumers' shifting media behaviors and (potential) method(s) for information/news gathering. The second theme focuses on the impact of fake news on advertising and is ultimately of interest to us in the media industry as, historically, media has played a key role in the development of connections between brands and consumers. It is therefore important for us to understand the potential impact of fake news on the work that we do.

According to the Shorenstein Center's report, *Combatting Fake News: An Agenda for Research and Action*:

[t]he features that make social media engaging, including the ease of sharing and rewiring social connections, facilitate their manipulation by highly active and partisan individuals that become powerful sources of misinformation.

The central objective of this paper is not an in-depth discussion of fake news but rather a multi-dimensional exploration of the potential impact of fake news on our industry with an eye to brand safety. This paper includes representatives from a major US publisher (Meredith Corporation), a global advertising agency (Omnicom Media Group), an analytics and advertising measurement firm (Moat acquired by Oracle in 2017) and a global market research company (GfK). We will strive to answer (or at least begin to answer) the following questions:

- What are consumer perceptions of fake news? How do they potentially impact their feelings toward brands and advertising?
- How has the rise in fake news affected consumers' news-gathering habits or consumption? How do consumers think fake news should be monitored/flagged/removed?
- What are the relevant questions and priorities for industry practitioners today? What do advertisers need to help them make more informed decisions today?
- What tools exist to help us understand where we are speaking to our consumers through our advertising? Can we make better decisions about ad placement and ad investment using these industry tools?

It is clear that advertisers such as P&G and J.P. Morgan Chase have already begun to take matters into their own hands understanding the potential long term, negative implications that their association, even if unintentional, with information that intends to mislead the consumers with which they strive to connect may have on them. In addition, in March 2017, a number of big brands, including PepsiCo Inc., Wal-Mart Stores Inc., L'Oréal SA and AT&T pulled their ads from YouTube and the Google Display Network, after revelations that ads ran alongside objectionable content, including videos promoting anti-Semitism and terrorism. For publishers, this is a potential opportunity to explore whether the premium content that they produce and the more trusted connections they develop with their readers, viewers, etc. elevates the experiences they offer for connecting with consumers vis à vis other advertising contexts.

CONSUMER IMPACT

To understand the impact fake news has on brands and consumer's media behaviors, we conducted a national online survey in June 2017 (among 557 adults 18+, sample weighted to the US Census). There were some surprising results, and upon deeper analysis we derived interesting insights with direct implications for our industry efforts in combatting, or minimizing, negative effects on consumers' perceptions of brands. We delved into the following topics:

- What is the definition of fake news?
- What communications channels have the greatest impact on fake news?
- How should the industry deal with this topic?
- How have consumers changed their behavior as it relates to news media?
 - Are millennials more in tune with fake news? Or are all generations aware of this term and have they changed their news gathering behavior accordingly?

Fake news is a well-known term, with 86% of our respondents claiming to be familiar with the term and defining it as "news with misleading headlines", and "stories that purposely spread misinformation". During the most recent U.S. election cycle, we were focused on the political nature of 'fake news', but consumers also see this in the financial sector as well.

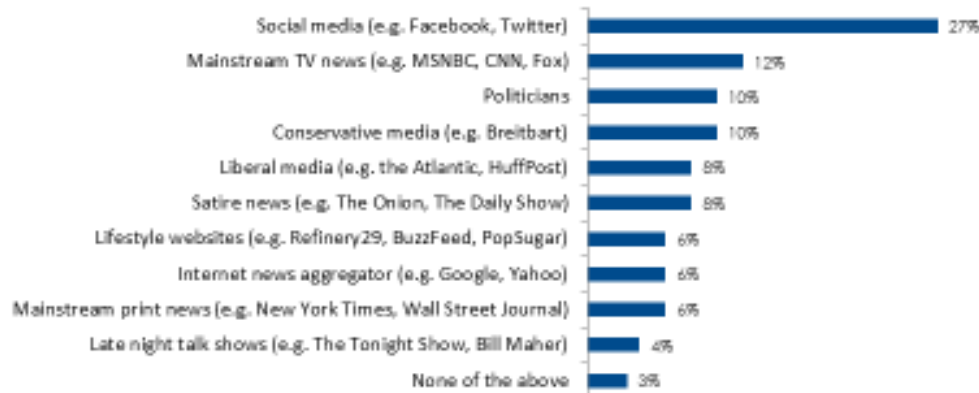
As we discussed earlier, the rise of social media has catapulted 'fake news' into the mainstream vernacular. This was verified by our research, which identified social media as being *most* responsible for the spread of fake news, with mainstream TV news reported as a distant second. It's interesting to note that only 6% of respondent's blame mainstream print news of spreading fake news.

Social media is believed to be most responsible for the spread of “fake news”



5. In your opinion, which of the following is most responsible for spreading “fake news”? Please select one response.
 Question Type: Single Choice | Total Respondents: 557

• Few consumers (6%) blame mainstream print news for the spread of “fake news”

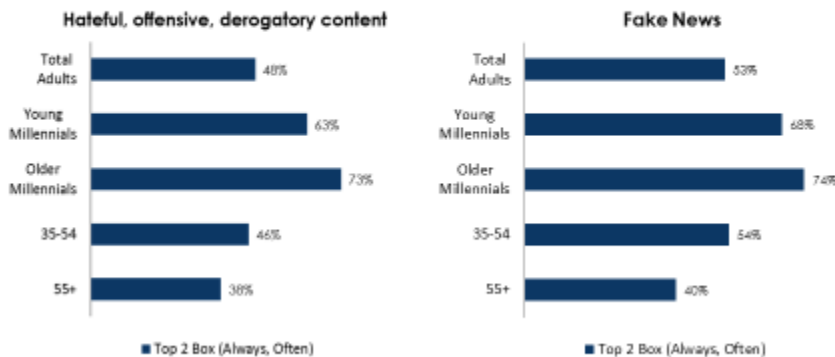


As suspected, most consumers’ news habits have changed in the last six months, especially millennials, who compared to other generations, find it harder to trust mainstream news media and are more likely to now get their news from more than one source. They are also wary of getting their news from social media. Boomers and older cohorts (age 55+), compared to their younger counterparts, are less likely to have changed their news reading habits in the last six months.

Although trust in news media is an issue for many consumers, fifty percent of older millennials (25-34) are significantly more likely to think the news they encounter in their everyday life is very trustworthy as compared to younger Millennials, of which only 25% agreed with that statement.

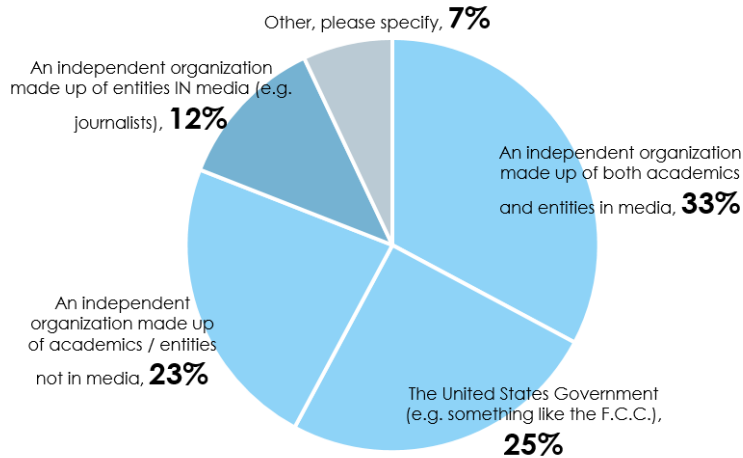
Without outside monitoring, brands risk appearing adjacent to undesirable content, and nearly half of consumers report seeing ads in that environment. Millennials are even more likely to notice these types of ads than their older cohorts.

How often, if ever, do you see any advertising around hateful, offensive and/or derogatory content or fake news?



When asked what to do to combat fake news, the vast majority of consumers call for an organization to monitor against fake news (77%) while a small group (7%) put that responsibility in the public's hands. Of those who think we do need an organization to monitor fake news, 1/3 call for an independent, non-governmental organization to step in.

14. Which organization do you feel would do the best job in verifying whether news is fake? Please select one response.
 Question Type: Single Choice | Total Respondents: 557



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Brands risk being tarnished by placing ads adjacent to fake news or within fake news sites

It can be detrimental to a brand if its ads show up on fake news sites or adjacent to offensive content. More than 50% of respondents claimed to see advertisements around fake news and nearly that amount (48%) said they recalled seeing ads around hateful, offensive and/or derogatory content, which negatively affects brand health. The vast majority of respondents (80%) agree they would not recommend that brand to others, 76% say they would not consider purchasing that brand and 74% say they would have a negative impression of that brand. Not only is brand health negatively affected, but half (52%) of consumers also believe those brands are endorsing that undesirable content when their ads appear adjacent.

Although digital advertising has revolutionized how and when advertisers interact with consumers, it has also brought with it negative implications that advertisers must keep in mind when reaching consumers. Brands must ensure a safe environment for reaching their consumers, doing all they can to measure and protect the brands' safety. Many advertisers, publishers, industry bodies and agencies have developed tools to ensure brand safe environments are available and measurement criteria are adhered to in order to maintain a positive image in the minds of consumers.

INDUSTRY IMPACT

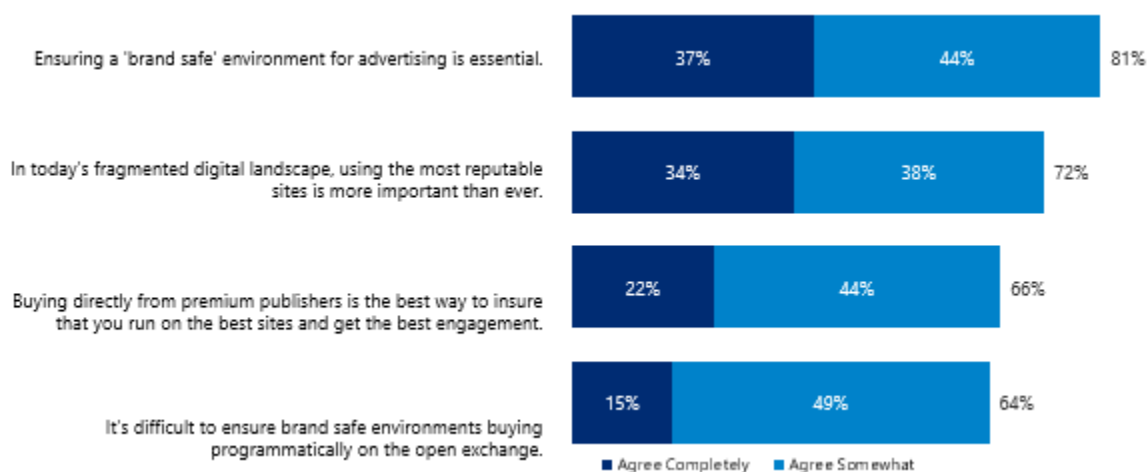
Over three-quarters of media decision-makers representing the top 200 advertisers in the US say that when selecting online partners for their advertising efforts it is very important to advertise on sites that are trustworthy, credible and of the highest quality (Meredith online survey among 308 media decision makers in the US, March 2017).

With reports of fake news on the rise, the value of brand safe environments is increasingly a determining factor in media selection. The clear majority (92%) of the media decision-makers we surveyed say it is more important to find credible, brand-safe environments. More than half (57%) believe that advertising on a premium content site delivers more believable, better received and more effective advertising. Marketers have even stronger opinions with two out of three (67%) saying that premium content sites are more believable. This explains why more than three-quarters (77%) state that credible, brand-safe environments are worth paying a premium for. The average premium is 9%, but nearly one out of five would pay a higher premium; and some would pay more than a 25% premium.

Concern about the quality of content has changed the habits of many advertisers. The majority claim that when they buy programmatically through an ad network they "scour the list of participating sites to make sure they are reputable". And they are

paying more attention to their site selection than they were just six months ago (Meredith survey fielded in March 2017). Three quarters (72%) agree that in today's fragmented environment, using the most reputable sites is more important than ever.

There is reason for marketers' concern. In its latest forecast, eMarketer estimates nearly 4 out of 5 US digital display dollars will transact programmatically in 2017, totaling \$32.56 billion. By the end of the forecast period (2019) that share will rise to 84%, leaving little doubt that buyers and sellers are continuing to invest in automated ad buying. Programmatic video has also taken off, with 69% of US digital video ad spend expected to be transacted through programmatic channels in 2017, a substantial increase from only 39% in 2015. There is, however, a desire for increased control regarding where and with whom they advertise which is moving them more toward private set-ups. In fact, according to eMarketer, the share of programmatic purchases made via open exchanges is declining, while the share transacted via programmatic direct is growing.



Gaining control over massive digital budgets is driving advertisers to think differently... and more cautiously.

A classic example is JPMorgan Chase, who culled down their list of pre-approved sites from 400,000 to 5,000. As reported in the New York Times (3/29/17), "the change illustrates the new skepticism with which major marketers are approaching online ad platforms and the automated technology which places their ads on millions of websites. In recent years, advertisers have increasingly shunned buying ads on individual sites in favor of cheaply targeting groups of people across the web based on their browsing habits—enabling, say, a Gerber ad to show up on a local mother's blog, or a purse in an online shopping cart to follow a person around the internet for weeks. But as the risks around the far reaches of the web have been cast into stark relief, some advertisers are questioning the value of showing up on hundreds of thousands of unknown sites, and wondering whether millions of appearances actually translate into more sales." As a result, JPMorgan is planning, for example, to restrict its ads to a "human-checked" list of YouTube channels.

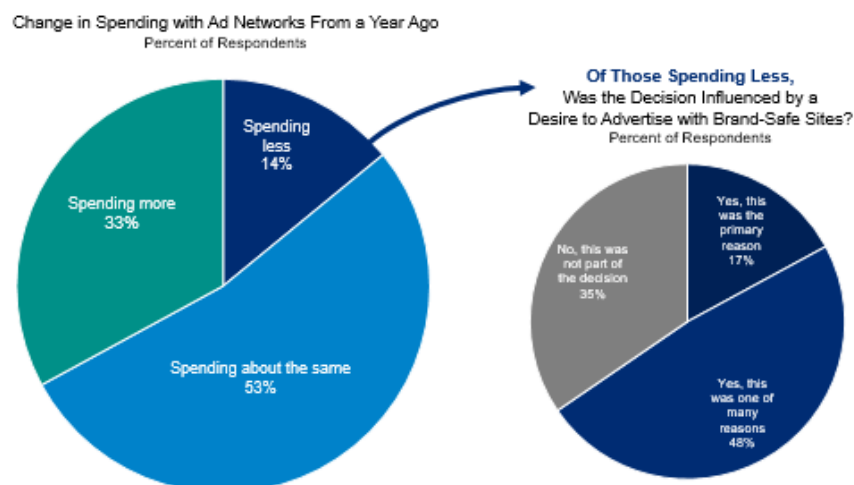
JPMorgan started considering preapproving sites, a strategy known as whitelisting, this month after The New York Times showed it an ad for Chase's private client services on a site called Hillary 4 Prison. It was under a headline claiming that the actor Elijah Wood had revealed "the horrifying truth about the Satanic liberal perverts who run Hollywood." JPMorgan and other marketers are recognizing the negative impact that fake news can have on their brand equity.

And fake news is easy to develop and even easier to spread. Take the example of Cameron Harris. It all started with this headline: "BREAKING: 'Tens of thousands of fraudulent Clinton votes found in Ohio warehouse'" on his ersatz-news website, ChristianTimesNewspaper.com (a domain he purchased for \$5). According to a January 18, 2017 New York Times article, Mr. Harris, a 23-year old recent college graduate, "I had a theory when I sat down to write it. Given the severe distrust of the media among Trump supporters, anything that parroted Trumps talking points people would click. Trump was saying 'rigged election, rigged election'. People were predisposed to believe Hillary Clinton could not win except by cheating." He was right. The story flew around the internet, eventually being shared with six million people, according to CrowdTangle. This attention turned into advertising revenue and, according the New York Times article, he turned his \$5 investment into more than \$100,000 in profit.

No wonder the majority of advertisers are more focused on spending their money on "brand safe" environments compared to last year. When trust in quality content is compromised, advertisers act. According to an April 2017 Brightroll survey, 43% of programmatic decision makers won't change their spend, similar to JPMorgan Chase, but will blacklist fake news publishers. And 55% will put more pressure on programmatic tech partners to proactively screen for fake news.

Spending on ad networks – according to 33% of media decision makers (May 2017 AP Omnibus) - has increased in the past year, 53% say there has been no change and 14% are making the decision to spend less on ad networks. This decision to spend less can be attributed to the desire to advertise in “brand safe” environments.

Ad Networks vs. Brand-Safe Sites



INDUSTRY TOOLS

While advertisers and consumers are experiencing fake news and its by-products, there is a concerted effort by industry organizations to address this issue by raising awareness in a transparent way about problematic sites. The Internet Advertising Bureau (IAB) has released the final version of the Quality Assurance Guidelines 2.0 compliance program, which provides brand safety assurances to advertisers that their ads will not appear next to inappropriate content, including pirated intellectual property. This new version responds to the industry’s increased reliance on automated processes and programmatic buying, which has put at risk trust in the quality of a transaction, from start to finish, from agreement to deliverable. Although two thirds of media decision makers are either somewhat or very familiar with the IAB’s brand safe environment guidelines, when asked to rate the current measures advertisers gave them just a C+. This explains why only one in ten have made it a high priority, despite the increased focus on advertising in brand safe environments compared to one year ago.

There is no single tool that advertisers are rallying behind to measure brand safety, but the growth in this area is an indication of the demand. According to a study of media decision makers (Meredith online survey among 316 media decision makers in the US, June 2017), 20% rely on “internal monitoring/management”. Other tools such as Integral Ad Science, DoubleVerify, Google Analytics and Moat are also considered effective.

As agencies work to ensure a safe environment for their clients’ marketing communication, Annalect Consulting works with OmnicomMediaGroup brands to recommend and enable the best technology for the brand and agency team’s needs. They work with the various industry tools as a way to mitigate against fake news and larger brand safety concerns on their digital media campaigns. Below are some of the questions advertisers and agencies discuss when ensuring brand safe environments:

Questions for an advertiser and agency around fake news and brand safety:

1. Does your current exclusion list (blacklist) include all of the growing number of fake news or non-brand safe sites you don’t want media to run against?
2. What are the types of content you are not comfortable running media next to, even if the site is on your media plan or inclusion list (whitelist)?
3. What technology am I using to mitigate risks from a pre-bid and post-bid perspective?
4. Are there publisher, channel or media format limitations preventing real-time blocking when fake news or non-brand safe content is detected?

Industry giants, Facebook and Google, are also challenged by advertisers. According to a New York Times article (7/9/17), they “don’t want to be seen as undermining real journalism.... Executives at both companies...said it was in their interests to have

ample, reliable news content.” Campbell Brown, Facebook’s head of news partnerships claims, “We’re committed to helping quality journalism thrive on Facebook. We’re making progress through our work with news publishers and have more work to do.” Google has made similar efforts through its News Lab by making changes to the algorithm to show quality news more prominently in search results. “We want publishers to succeed as they transition to digital,” Google said in a statement, calling the effort “a priority”. But is it working? According to Mike Klingensmith, chairman of the News Media Alliance, “they’re talking to us, but there hasn’t been a lot of action yet.”

Today advertisers must choose quality over quantity, and Forrester (“What advertisers must do now to counter the “fake news” phenomenon” by Carl Doty, Susan Bidel and Melissa Parrish) looked into what marketers must do to protect their ad spend and brand reputations.

Here are four key takeaways from Forrester’s research:

1. **Don’t confuse satire or opinion with fabrication.** Understand the difference between what is blatantly fabricated with ill intent vs. satirical (e.g. [The Onion](#)) or opinion-based publications. The risk to your brand differs across this spectrum and so must your mitigation tactics.
2. **Automation is not your enemy.** Marketers continue to embrace programmatic media buying because it is a cost-effective way to buy ad space. But relying too heavily on third parties to manage those buys adds brand risk associated with ad-fraud and fake news.
3. **Publishers are your partners.** Relationships between advertisers and publishers have taken a backseat to data and technology partnerships since programmatic advertising has come in vogue. But marketers can help ensure they are buying quality, controllable digital inventory by building stronger publisher partnerships.
4. **Brand-appropriate context is priority #1.** Marketers must start paying more attention to where their ads appear. The only meaningful way to protect your brand from issues like fake news and ad-fraud is to get more involved in programmatic decision-making.

In the end, marketers must make sense of the fake news frenzy and take appropriate action to protect their brands and optimize their ad spend.

New Frameworks for Fake News Detection and Avoidance

As fake news on the web proliferates even while the term itself becomes politicized, and as the operations of extremist organizations like terrorist and supremacist groups evolve to include generating ad revenue from social media platforms, advertisers feel urgency from the public to take action.

The concern is for good reason; research from both the CMO Council and OmnicomMediaGroup suggests that consumers would rethink purchasing or even boycott a brand if it appeared next to content that offends or concerns them. This potential change in consumer brand perception is why platforms like Facebook are giving more control to marketers, and why advertisers such as Lyft have announced they will be cautious about their digital presence. Brand safety is important — but advertisers shouldn’t feel a need to take drastic measures that sacrifice massive reach online. To effectively protect the brands they represent, marketers must understand the brand safety challenge before them. Understanding modern brand safety includes learning what brand safety really is, beyond eye-grabbing headlines, and focusing on cultural trends that complicate brand safety today. It also means learning why the issue requires cross-industry collaboration, from marketers and publishers to social platforms, technology providers, and academic experts.

Technology (machine learning techniques, for instance) exists that can quickly scan surface web pages that are similar to ones that have already been classified as fake news content. But to identify wholly new pieces of fake news, the industry needs to work with objective experts who are trained fact-checkers.

Most recently, Moat spearheaded the Open Brand Safety (OBS) framework, a collaborative approach to this problem that includes representatives from academia and the modern digital media industry. The goal of OBS is to cut off funding to fake news and extremist content. That begins with an unbiased professional lens to review online content for extremism and fake news, working with organizations like Storyful, a service that identifies videos online that are likely to become viral and verifies their legitimacy, and the City University of New York’s Graduate School of Journalism, which is actively working on identifying fake news sites.

Through cross-industry partnerships, OBS will be able to identify domains, URLs, and content online as fake news or extremist in nature, and share that list for collaborators to access, use, and contribute. It can form the foundation for managed blacklists and whitelists, so that brands can use a trusted source to avoid fake news and terrorist content and present themselves as intended. While blacklists are the initial focus, Moat and the OBS partnership is supportive of whitelists when combined with frameworks that allow for scale.

Moat will be developing two additional traffic diagnostic metrics to help clients put OBS to use on their campaigns. **Potentially False Information Rate** shows an advertiser how many of their ad impressions are on sites OBS had identified as harmful, and **Domain Unavailable Rate** helps them understand how transparent the partners they buy with are.

Q: What is the Potentially False Information metric?

Potentially False Information Rate is a new metric available within the Traffic Diagnostics group of metrics in the Moat dashboard. It measures the portion of all impressions that appeared on any domain that the OBS coalition has determined is potentially false. This metric will be made available to all brand and platform clients with standard Moat JavaScript integrations.

Q: What is the Domain Unavailable Rate metric?

The Domain Unavailable Rate metric measures the portion of all impressions in which Moat was unable to determine the domain of the page loaded by the browser. This happens in some cases when the ad unit is nested in several layers of cross-domain iframes, which can prevent JavaScript tags from obtaining the domain of the parent window.

This metric is a complement to the Potentially False Information metric because it indicates the effective ceiling for Potentially False Information Rate. In other words, if the Domain Unavailable Rate is 30%, the Potentially False Information Rate metric will almost certainly be 70% or lower.

Note that, in this example, the true number of impressions occurring on domains with false information could be higher than 70%, but we are simply unable to detect the domain for 30% of all impressions. It is not necessarily safe to assume that Domain Unavailable impressions have the same distribution of false information as impressions where the domain was available: unethical publishers of sites containing false information may want to obscure their site to brand marketers by nesting ad units inside of cross-domain iframes.

Marketers whose Moat dashboards indicate abnormally high Domain Unavailable Rates may want to reach out to their demand and supply partners to inquire about why so many impressions are taking place in environments where the domain is obscured.

SUMMARY OF FINDINGS

This paper has explored the phenomenon of fake news through three main facets – consumers, the advertising industry and tech vendors. Our research and discussions have brought us to the following key findings:

- While fake news is not new, its ease, scale and speed have been facilitated by the introduction and proliferation of social media.
- This new era of fake news has strong and potentially negative implications for brands and the relationship between consumers and brands.
- Delving deeper we have discovered, perhaps not surprisingly, that life stage – Millennials vs. older age cohorts – plays a role in the experience of fake news.
- A large proportion of the consumers we surveyed indicated that there is a reverse halo effect on brands when they view ads in the context of fake news.
- Most of the advertisers that were surveyed for this paper indicated the growing importance of credible context for their ads.
- And more than three quarters of these surveyed advertisers indicated their willingness to pay a premium for credible, brand safe environments.
- Connecting the findings from our surveys with consumers and advertisers, it is clear that there is a need for tools isolating non-credible sites and guiding advertiser decisions especially in an ever changing digital landscape.
- Many of the consumers that we surveyed indicated the need for monitoring to combat fake news. And in fact, industry tools and metrics are already being developed to guide advertisers in their decision-making.

These findings have led us to compile a list of future explorations that may provide additional clarity for planning and decision-making.

- Given today's social media landscape that facilitates quicker and wider sharing of information it is important to understand this context more effectively. How can social media be better controlled and to what extent should it be?
- **What do consumers want?** Consumers want to look to a non-biased authority for guidelines on what to trust/how to consume information. They are expecting some thought out stamp of approval.
- **How can programmatic buying be better improved to maximize effective, credibility and safe placement?** Are exclusion lists and white lists enough?

- **Adtech will play an even greater role in** enabling a better, safer buying environment. It will be important to test, refine and potentially certify the tools to improve the information provided to the marketplace.
- It is even more important today to understand the **role of premium sites** in the advertising ecosystem. Is there a measurable impact of consumer trust and context on the connection with brands?

While fake news is the core subject of this paper, from our research we have found that fake news touches on many of the key issues or concerns our industry is facing today. The technology revolution we are experiencing – which has led to the proliferation of mobile phones, social media, programmatic buying, and disruptions in the media landscape – has resulted in a disconnect in communication between brands and consumers. It is imperative that as an industry, we work together – publishers, agencies, and advertisers – to maintain the standards consumers are demanding of us.