

The click trick: how advertisers end up on extremist websites

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The well-oiled PR machine for Mercedes-Benz had been gearing up for the launch of the E-Class, one of its most important models. A glitzy premiere at the Detroit motor show a year earlier was followed by carefully placed reviews in the motoring press and advertisements in the best magazines and newspapers.

What Mercedes did not expect was to see its newest model advertised next to the world's most notorious terrorist group — but that is exactly what happened when *The Times* clicked on a YouTube video called *Beautiful Nashed*. A few seconds into the video, which featured a prominent picture of the Isis flag and a song praising jihad, an advert for the E-Class saloon popped up.

The brand's three-pointed star also appears on other extremist videos, including on BNPTV, the official YouTube channel of the British far-right party. Although it may be scant consolation, Mercedes is only one of hundreds of western brands whose adverts appear on extremist or inflammatory content. Jaguar, a key rival, also has commercials next to extremist videos.

After being informed by *The Times*, a Mercedes spokesman said the company had asked its media agencies to "review and if necessary update" the blacklists of website terms it uses to prevent adverts appearing in inappropriate places.

The findings raise serious questions about whether digital advertising is damaging reputable brands, many of which had no idea their commercials were on hate sites. In particular, brands are starting to question the value of controversial and highly complex tools used by advertising agencies to buy space online, insiders said.

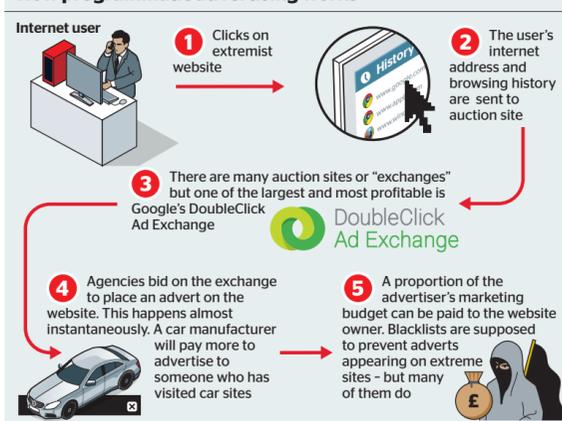
The tools are designed to target potential customers on whatever website they visit; meaning that if someone clicked on the Mercedes website in February, an advert for the carmaker might be shown to the same person looking at a hate site in April.

"One of the problems with programmatic advertising is that ads don't know where they appear," David Carroll, associate professor of media design at The New School, said. "That makes it extremely easy and lucrative for extremely hyper-partisan and fringe media to succeed widely."

The promise of such specific targeting has led to brands pouring money into digital advertising. The segment has doubled in value from \$100 billion in 2012 to nearly \$200 billion in 2016.

Digital commercials do offer brands unprecedented opportunities to target customers, but many insiders worry that big agencies are exploiting the complexity of programmatic advertising to extract huge profits from clients. The agencies rely on the fact that their

How programmatic advertising works



customers often either do not understand, or have access to, the complex web of underlying deals and trades behind each programmatic transaction, these sources said.

"Most media agencies do not disclose the margins they make from different media channels," Hicham Felter, a spokesman for ISBA, a trade body representing Britain's biggest advertisers, said.

Advertising contracts often forbid clients from gaining "audit rights", allowing them to see exactly how much its agency has made from a particular deal. ISBA and its US equivalent have now introduced stronger contracts that they hope will allow brands to clamp down on sharp practices.

In June a US investigation into advertising practices confirmed suspicions in the industry that some agencies were pushing clients into digital advertising for their self-interest. In-house-owned "trading desks" that buy and sell online advertising have provided large agencies with opportunities to apply huge mark-ups of which clients would not be aware, insiders said.

Even worse, the quality of the media purchased through programmatic advertising was lower than that purchased through more traditional methods, the report found. Clients paid up if adverts appeared on fake or obscure websites and even in cases where they were never viewed.

One source told the ANA: "If a client says, 'We'll pay \$50 million in digital inventory,' but we secure it for \$30 million, they don't know."

Media buying is dominated by six big companies: Havas, IPG, Dentsu, Omnicom, Publicis and WPP, all of which are increasingly reliant on digital revenues.

Some analysts believe that the valuations of these holding companies could be hit if clients clamp down on

"hidden" income and demand full audit rights. After the US investigation in June, one reputable analyst downgraded his assessment of the six companies, recommending that his investors sell the stock.

Last month a number of the big agencies were contacted by the US Department of Justice in connection with a separate investigation into whether large agencies manipulated the bidding process to favour their in-house teams. They said that they were co-operating with the investigation.

Dentsu recently paid back €2 million to digital clients it had overcharged. Facebook has admitted that it artificially inflated the average time it told advertisers that users watched videos on its platform for two years.

"Billions of pounds are flowing into online," a senior executive at a British TV network said. "The money is piling in because it's much more difficult for clients to trace how much is being bought and by whom. The effect is that newspapers aren't able to fund journalism properly and fake news and click-bait is boosted."

All brands who commented said that they were concerned about their presence on these sites and were taking action.

When asked for comment, the big six advertising agencies that responded emphasised their commitment to their clients' brands and denied any allegations of wrongdoing or conflicts of interest. Group M, the part of the huge WPP agency handling media buying, said that customers were offered a choice between fully auditable costs or price guarantees but without full audit rights. It explained that programmatic advertising helped clients to achieve "communications objectives".

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Hate page pop-ups

1. YouTube video: Beautiful Song (Isis)	Ads: Mercedes, Jaguar, Netflix.
2. Website: www.britainfirst.org	Ads: Waitrose, V&A Museum, Liverpool University
3. YouTube:	Ads: Churchill Retirement.

Agencies accused of putting profits before biggest clients

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load. Many agencies have their own programmatic divisions, which often apply mark-ups to digital commercials without the brands' knowledge.

One Combat 18 video on YouTube, showing an armed man standing in front of a burning wastika, hosts an advert for Marie Curie, the hospice charity. An authorised Nissan dealer's adverts appear on the official YouTube pages of far-right parties including the BNP and the English Defence League, while Sony is promoted on an anti-semitic video entitled: "The cunning of the Jews". Argos, the retailer, is one of a number of brands advertised on sexual-

ly explicit YouTube videos. The V&A and Waitrose advertise on the website of Britain First, the far-right party. Commercials for HSBC, Eurotunnel and JD Sports appear on "alt-right" and Islamist websites, including one promoting a "Holocaust Amnesia Day".

Adverts for John Lewis, Dropbox and Disney are embedded in sunnah-online.com. The website hosts lectures by Abu Ameenah Bilal Philips, a preacher banned from Britain who has argued that a husband cannot be charged with rape, and Esa al-Hindi, a terrorist sentenced to life imprisonment.

Lloyds Bank is advertised on erasmuslim.com, a site banned last month by

the Indonesian government for allegedly promoting hate speech.

Last night MPs called on Google to explain why hundreds of extremists were making money from advertising on YouTube. Users that intend to make money from advertising must be approved by Google, which is supposed to ensure that videos do not breach the site's terms and conditions.

"This is deeply disturbing," Chuka Umunna, a member of the home affairs select committee, said. "There is no doubt the social media companies could be doing far more to prevent the spread of extremist content."

Programmatic advertising enables

agencies to track potential customers around the web and serve them adverts on whichever website they are browsing. Some agencies have been accused of making huge undeclared profits as a result.

"Programmatic advertising is a big concern for us and the whole advertising industry," Hicham Felter, a spokesman for ISBA, the trade body representing Britain's biggest advertisers, said. "There is a greater risk of ads appearing in violent, pornographic, extremist and other 'unsafe' brand environments because of the volume and speed at which programmatic trading is carried out." He added: "The

suspicion is that the surge in programmatic trading is being fuelled by the profit media agencies can make rather than because it delivers better results for their clients."

A Google spokeswoman said that it had a "zero-tolerance policy for content that incites violence or hatred". Advertisers could choose not to appear against content they considered inappropriate, she said. The six top advertising agencies each denied any wrongdoing, conflict of interest or sharp practice and said that their relationships with clients were transparent.

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Pornography and abuse pull in cash

Alexi Mostrous

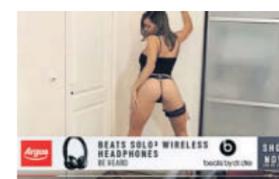
The Argos advert appeared just as "Jessica" began to gyrate against a wall wearing only her underwear. The British retailer's innocent headphone promotion inadvertently ran next to sexually explicit content on YouTube, Google's video platform.

It was one of a number of ads from reputable brands that have popped up

next to online pornography. Hublot, the luxury watch company, and Harwood's, a registered Jaguar dealership, have advertisements next to a video called *Hardly Licking Lesbian Clip*. The video was posted by a user called "viral thread", whose other main contribution to YouTube has been a succession of "blackhead squeezing" videos, many of which also run ads for reputable brands.

Porn is not permitted on YouTube but hundreds of explicit videos exist on the site. Many carry advertising, suggesting that their creators have persuaded Google to grant them access to its advertising platform.

The brands advertised next to such content are largely unaware of their presence there. They are placed via "ad exchanges" which match up advertisers to sites with screen space to rent. The



Argos was among the brands that appeared on explicit YouTube videos

programmes can track users around the web, serving them with "relevant" adverts on whichever site they happen to be browsing.

This technology has had undesirable results in the past. Two years ago a newspaper investigation found that adverts for British brands were appear-

Google faces questions over videos on YouTube

Alexi Mostrous

Google was under pressure last night to explain why it had allowed supporters of extremist content to run advertising on its YouTube site. The internet search giant was criticised last year by MPs who warned that it and other social media networks were "failing to tackle extremism". Yet despite investing heavily in software designed to weed out extremist content, hundreds of such videos remain available on YouTube at the click of a button.

Most controversially, a proportion of these videos are enabled to run advertising. Dozens of YouTube videos promoting Combat 18, a violent pro-Nazi group, Isis or hate speech from al-Qaeda preachers, all run pop-up ads from reputable brands such as Marie Curie, the hospice charity, and Mercedes-Benz. The adverts play either during or just before the videos and generally pay out between \$5-\$8 (£4-£6.40) per 1,000 clicks or views, depending on the particular advertiser. Advertising revenue is split 55 per cent to 45 per cent in the poster's favour, raising the prospect that marketing spending from western brands is finding its way into the pockets of extremists.

While anyone can post a video on YouTube using only an email address, earning revenue is more difficult and requires specific approval. The process, which involves signing up to Google's AdSense network, can take from a few days to a few weeks. Despite these safeguards, supporters of extremism appear to have been approved.

In some cases, adverts on extremist videos do not pay their creators but go instead to the copyright holder of any music played on it. In one Combat 18 video, which attracted adverts from Argos and Marie Curie, payment went to the owner of the song *Race Land*, which was played over the video. The song was written by a group called Final War, and begins with the lyrics: "I dream of a nation, so white proud and free."

Marie Curie said the charity was "absolutely not" aware of the ads and was investigating. Argos said it would take immediate action.

Chuka Umunna, a member of the home affairs select committee, said there was "no doubt" that media companies could do more to prevent the spread of extremist content. In August the committee said that networks such as Facebook, Twitter and YouTube were the "vehicle of choice" in spreading propaganda and urged them to adopt a "greater sense of responsibility."

Zahed Amanullah, an online extremism expert at the Institute for Strategic Dialogue, said that social media sites could become "overwhelmed" with the volume of extremist accounts but added: "The tech is getting better. There's a very sincere effort being made to remove content on these platforms."

When Google was shown the extremist videos running ads on YouTube, it took some of them down and said it would review the rest. It said: "When it comes to content on YouTube, we remove flagged videos that break our rules and have a zero-tolerance policy for content that incites violence or hatred."