trafficguard

The Line Nobody Audits

One in eight paid media dollars **can't pay back**. Here's what it costs your EBITDA, and why nobody has told you.

25-minute read

A 25-minute read on what is, for most large advertisers, a seven-figure question.

By the end, you will know three things:

1
Roughly what invalid traffic costs your business in profit, and how much in sales it would take to earn back (Exhibit 1).

2
Why none of the reports you receive today shows it, and why the people closest to the spend have little reason to raise it.

3
How to find your exact number in 14 days, at no cost, without changing a single campaign.

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01

Executive summary

US$20

of new sales to replace every US$1 of wasted media, at a 5% net margin

US$3.25M

a year: about two months of its annual profit.

11%

the same budget wins about 11% more new customers, at a CAC about 10% lower

One in eight paid media dollars can't pay back. Every one of them comes straight off EBITDA, and at a 5% net margin it takes US$20 of new sales to earn it back.

For a US$400M business spending US$25M a year on Google and Meta, that is US$3.25M a year: about two months of its annual profit.

In higher-margin businesses, such as fintech and travel, the sharper number is acquisition cost. Put that waste back to work on genuine prospects and the same budget wins about 11% more new customers, at a CAC about 10% lower (Section 6). Travel, at 19% waste, gains more.

You have probably never seen that number for your own business. Not because anyone is hiding it, but because nobody in your business is paid to find it. Paid media is the only material cost line where the supplier sets the price, delivers the goods, grades its own quality and writes the report.

Your auditors confirm the invoice was paid. Nobody confirms the clicks were worth buying. And the team that runs the spend is measured on numbers that get worse the moment anyone fixes it.

The gap is not a rounding error. Across more than 10,000 advertisers on Google Ads and Meta, TrafficGuard's detection data shows that between 10 and 15% of paid traffic cannot pay back in most sectors, and 13% on average. It runs from 8% in e-commerce to 19% in travel. The rates come from TrafficGuard's detection data across more than 10,000 advertisers. You do not have to take our number on trust: a free audit measures yours.

The fix is not a smaller budget. It is the same budget buying more real customers, which is how the profit comes back.

Where the money leaks first depends on the industry. In fintech and travel it is usually brand bidding; in e-commerce and health, expensive keywords. Section 5 sets out the order for each.

Three findings should inform the next budget review.

1

Paid media deserves the same scrutiny as other material operating costs

Cost of goods, freight and payroll all come with an independent check. Paid media usually does not: the platform sets the price, delivers the clicks, filters the invalid ones and reports the results. The platforms' controls are extensive, but platform-attributed revenue does not establish whether advertising generated incremental profit.

2

The cost extends beyond the wasted click

Invalid traffic and fake conversions consume budget without creating revenue and can degrade the data that automated bidding learns from. Ad spend on customers who would have bought anyway inflates reported returns without adding equivalent value. Thin margins magnify all of it, which is why recovering this waste is the cheapest margin a CFO can buy.

3

Recovering value requires a change in measurement, not only in media

The most profitable corrections, such as moving loyal customers off paid brand search and capping repeat clicks, reduce the paid conversions that marketing teams are measured on. Marketers are optimising to the targets they were given. A question from finance, backed by the CEO, is what makes room for a better scorecard. It has to come from finance, because for the people closest to the spend, raising it carries personal risk (Section 3).

WHAT WE ARE NOT SAYING

We are not arguing for cutting media, and we are not saying the platforms are failing: Google and Meta remove large volumes of invalid traffic before advertisers pay for it. What gets through is the sophisticated kind, built to pass their checks, plus real people who click far more than they will ever buy. A share of every budget still goes to traffic that cannot pay back, and fixing it does not need a smaller budget (Section 6).

The implication for finance is to treat paid media as a controllable input to EBITDA, with the same discipline as freight, rent or cost of goods, rather than solely as a marketing optimisation exercise. The first step is small: commission a free, independent audit of traffic quality before the next budget review, sponsored by finance and read out to you and your CMO together. Section 7 has the questions to open that conversation.

EXHIBIT 1

Find your number: what paid media waste costs at your spend, in your industry

Annual Google and Meta spend	E-commerce (8.3% waste)	Fintech (12.9% waste)	Travel (19.0% waste)
US$10M	**US$0.8M** US$17M of sales	**US$1.3M** US$26M of sales	**US$1.9M** US$38M of sales
US$25M	**US$2.1M** US$42M of sales	**US$3.2M** US$64M of sales	**US$4.8M** US$95M of sales
US$50M	**US$4.2M** US$83M of sales	**US$6.5M** US$129M of sales	**US$9.5M** US$190M of sales
US$100M	**US$8.3M** US$166M of sales	**US$12.9M** US$258M of sales	**US$19.0M** US$380M of sales

Profit lost each year → higher

Each cell shows the profit lost each year, then the extra sales needed to earn it back at a 5% net margin. At a 3% margin, multiply the sales figure by 1.7; at 10%, halve it; at 20%, divide it by four. Health and other industries: use the all-sector average of 13%, close to the fintech column.

Source: TrafficGuard detection data, Google Ads and Meta (Exhibit 6). Assumes the wasted spend produced no incremental sales; Section 6 separates identified waste from what can be recovered. Figures rounded.

The number to take into the budget review: **your cell in Exhibit 1**

02

Wasted media is lost profit, and thin margins magnify it

IN THIS SECTION

- ROAS measures revenue, not margin
- The thinner the margin, the more each wasted dollar costs

Wasted media is profit the business has already lost. Media is an operating cost, so every dollar spent on traffic that cannot convert reduces EBITDA and EBIT by the same amount. The lower the margin, the more sales it takes to earn that dollar back.

Sales needed to replace waste = wasted media ÷ net margin

Call it the replacement ratio. At a 5% margin it is 20 to 1; at 3%, it is 33 to 1. It turns a marketing efficiency metric into a P&L number a board will recognise.

20 to 1
At a 5% margin it is 20 to 1; at 3%, it is 33 to 1.

ROAS measures revenue, not margin

Marketing performance is mostly reported as return on ad spend (ROAS): attributed revenue divided by media cost. ROAS ignores gross margin, fulfilment cost and whether the customer would have bought anyway. The break-even ROAS is one divided by the margin. At a 30% gross margin it is 3.3x, so a campaign reporting a ROAS of 3x loses US$0.10 on every US$1 of media, yet appears in many marketing reports as a positive return.

The thinner the margin, the more each wasted dollar costs

An illustrative online retailer shows the leverage. Its gross margin is about 30% and its EBITDA margin just over 3%. Even at a conservative 5% waste rate, below the 8.3% retail average, US$50M of Google and Meta spend would lose about US$2.5M a year, worth the same as the EBITDA on about US$75M of sales. At a margin that thin, recovering media equal to 1% of revenue would lift EBITDA by around 30% (Exhibit 2).

EXHIBIT 2

An online retailer on a 3% EBITDA margin needs about US$30 of sales to replace every US$1 of wasted media

Where US$100 of sales goes

Illustrative online retailer, margins rounded

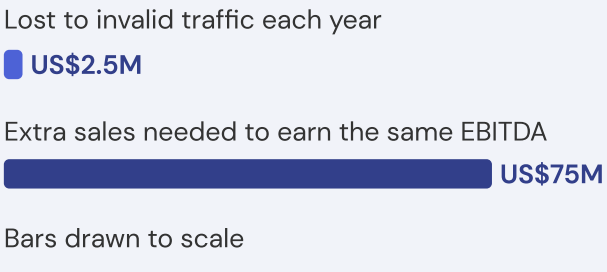


BREAK-EVEN ROAS: 3.3x

At a ~30% gross margin, every US$1 of media must return about US$3.30 of revenue just to pay back the click.

What invalid traffic is really worth

A conservative 5% of US$50M a year of Google and Meta spend



US$1 OF WASTED MEDIA = THE EBITDA ON ~US$30 OF SALES

At a margin of about 3%, each lost dollar takes around thirty dollars of new sales to earn back.

EXHIBIT 3

The lower the profit margin, the more sales each wasted dollar costs

Company	Gross margin	Break-even ROAS	ROAS Profit margin	US$1 of wasted media equals the profit on
Global top-three sportswear brand	Just over 50% (gross)	About 1.9x	Net margin around 5 to 6%	About US$18 of sales
Online retailer (illustrative)	About 30% (gross)	3.3x	EBITDA margin just over 3%	About US$30 of sales
National discount department store chain	n/a	n/a	Pre-tax margin under 10%	About US$11 of sales

Margins from each company's latest published results, rounded to preserve anonymity. Break-even ROAS = 1 / gross margin; using contribution margin (after fulfilment, payment and returns costs) gives a stricter guardrail.

Low-priced products sharpen the problem. On an item priced at about US$4.55, the discount chain earns about US$0.43 at its pretax margin, less than the US$0.59 it pays for one paid click on a search for its brand name plus a product category. Finance and marketing should therefore agree ROAS guardrails by category, based on contribution margin. A single company-wide target lets low-margin categories absorb budget that looks efficient but loses money.

03

Paid media is a material cost with little independent verification

IN THIS SECTION

- Marketing spend now exceeds reported profit at large online retailers
- Paid media is a payment rail, and it needs security like any other
- The people closest to the spend have the least reason to look
- Paid media is the one major cost line without an independent check
- The platforms catch the obvious. What gets through is built to get through
- Give the team a safe place to step up

Marketing spend now exceeds reported profit at large online retailers

Marketing budgets at large companies average 7.8% of revenue in 2026 (Gartner CMO Spend Survey, 401 CMOs and marketing leaders). At large online retailers, the share ranges from 6.5 to 11.4% of revenue at the three companies in Exhibit 4. All three, which sell across the US, Europe and Australia, spent more on marketing in their latest financial year than the adjusted EBITDA they reported.

EXHIBIT 4

At three listed online retailers, marketing spend exceeds adjusted EBITDA

Company	Main markets	Advertising / marketing spend	% of revenue	Profit margin	Spend / profit
Wayfair	US, Canada, UK	US$1,425M (advertising)	11.4%	6.0% (adjusted EBITDA)	1.9x
ASOS	UK, Europe, US, Australia	US$221M (marketing)	6.8%	5.3% (adjusted EBITDA)	1.3x
Chewy	US, Canada	US$825M (advertising and marketing)	6.5%	5.7% (adjusted EBITDA)	1.1x

Sources: Wayfair and Chewy Form 10-K filings and results for fiscal 2025 (Chewy's year ended 1 February 2026); ASOS final results for the 52 weeks to 31 August 2025, converted at £1 = US$1.32.

When a cost line is larger than EBITDA, small changes in its efficiency have a large effect on profit. A 10% efficiency gain in marketing spend would add 11 to 19% to adjusted EBITDA across these three companies. We make no claim about the quality of any named company's traffic; the point is the arithmetic.

Paid media is the one major cost line without an independent check

Cost of goods is matched against purchase orders, freight invoices are checked against contracted rates, and payroll is reconciled and audited. Paid media works differently. The ad platform sets the price through its auction, delivers the clicks, detects and removes the invalid traffic it finds, and reports the results. External audit confirms that the invoice was paid, not that the clicks were worth buying. The supplier sets the price, delivers the goods and grades its own quality. The platforms invest heavily in detection and credit advertisers for invalid clicks they identify, but a supplier's own quality report is not an independent check, however good the supplier is.

Marketers feel the gap too. Only 21% of senior marketers in the US and Canada completely agree that their CFO is aligned with them on marketing budgets and metrics, and only 22% strongly agree that they have the measurement insight to justify marketing's value to the CFO (Perion and Advertiser Perceptions, 167 marketers, September 2025).

21%

of senior marketers in the US and Canada completely agree that their CFO is aligned with them on marketing budgets and metrics

Paid media is a payment rail, and it needs security like any other

Every paid click is a transaction, priced in an auction, authorised by a bidding algorithm and charged without a person approving it. A US$25M budget at an average cost per click of US$2.50 is ten million transactions a year. Businesses secure card payments, email and endpoints because high-volume automated flows attract attack, and the media budget carries the same exposure.

More than half of all web traffic is now automated (Imperva, 2026). That figure covers the internet as a whole, not paid media, but paid media evidence points the same way: during the 2026 FIFA World Cup, TrafficGuard measured an invalid traffic rate of about 22% on sportsbook sites, as the largest operators lifted daily search spend by up to 126%. The periods when the most money is being spent can be the most exposed.

The platforms catch the obvious. What gets through is built to get through

Google and Meta do a good job of removing general invalid traffic: known data-centre traffic, declared crawlers and the obvious bots that routine checks can identify. The industry calls this general invalid traffic (GIVT), and most of it is filtered or credited before it reaches an invoice.

What reaches the invoice is sophisticated invalid traffic (SIVT): bots built to pass standard checks, running on real residential connections and real devices, rotating identities so that every click looks like a first click (Section 4). Catching it takes user-level identity, timing and behaviour, not an IP list.

Invalid traffic is not only non-human. A real person who clicks the same high-cost ad ten times while comparing prices, with no intent to buy, passes every bot check because they are not a bot. Each of those clicks is charged, erodes margin and inflates CAC. A platform has no reason to treat a paid click from a real person as invalid. The advertiser does.

The platforms' own detection is the first layer of protection. An independent second layer does a different job. It sees traffic across every platform the business buys from, at the level of the individual user, and applies the business's own definition of value. A platform cannot know that a user clicking a brand ad is an existing customer, or that a lead never answered the sales team's call. The business can.

The people closest to the spend have the least reason to look

Everyone is doing their job. That is the problem.

Paid media teams are usually measured on paid conversions, ROAS and volume, and agencies are often paid a percentage of the spend they manage. 84% of CMOs view return on investment as their primary metric (NIQ, 2026 CMO Outlook), but platform ROAS does not show whether the advertising created a sale that would not have happened anyway. Each measure is reasonable on its own terms, and each rewards more paid activity.

Look at it from the chair of a performance marketing director or digital marketing manager. An independent audit of traffic quality carries three personal risks for them, and almost no personal upside:

- **It can make their numbers look worse.** Removing invalid and navigational clicks lowers reported paid conversions and can lower platform ROAS, the numbers their bonus and next budget are set on, even while the business wins more real customers.
- **It moves credit to other channels.** A loyal customer capped off the paid brand ad still buys, but the sale now lands in organic, direct or email. Profit goes up; the paid team's attributed revenue goes down.
- **It invites a question about the past.** If the audit finds 10% waste, the first question in the room is how long it has been happening, and whose budget it was.

Against that, the upside is a lower CAC that their scorecard may not even credit. The rational choice is to leave the line unaudited. Not out of bad faith: on today's scorecard, not looking is the safe career move.

The most profitable corrections make those measures look worse (Exhibit 5). On today's scorecard the right decision looks like underperformance, so a team acting alone has little reason to make it. The trade needs sanction from the CFO and CEO, and a question from finance is usually where that starts.

EXHIBIT 5

The right decisions look worse on today's marketing scorecard and better on the P&L

Action	Effect on current marketing KPIs	Effect on the P&L
Route returning customers away from paid brand ads	Paid conversions down; brand ROAS may fall	Spend freed; orders broadly unchanged; contribution up
Cap repeat clicks per user on high-cost terms	Clicks and traffic down; volume targets missed	Spend freed; revenue largely unchanged
Exclude fake leads and junk sign-ups from bidding data	Reported conversions down; CPA up	Sales and promotion costs down; future CAC lower
Redirect freed spend to new-customer campaigns	Brand ROAS and blended CPA may look worse	Same budget; more genuine new customers

Give the team a safe place to step up

The answer is not to go around the marketing team. It is to give them a safe place to look at their own work through a P&L lens. Most performance marketers know their platform numbers flatter them. Few are ever asked to measure their work in profit, and fewer are protected when they do. Only 22% of senior marketers say they have the measurement insight to justify marketing's value to the CFO. An audit sponsored by finance gives them that insight.

Internal KPIs are set by the C-suite, so only the C-suite can change them. When a KPI rewards behaviour that costs the business money, the problem is the KPI, not the person meeting it. If the bottom line benefits and a marketing metric falls, the CFO and CMO should change the metric, and say so, before asking the team to act. In practice that means four commitments, made before the audit starts:

- **A baseline, not a verdict.** The waste is structural. No platform or agency report is built to show it, so a team that has not seen it has not failed. Nobody is asked to explain the past.
- **A scorecard that matches the P&L.** Measure paid media on blended CAC, new customers and contribution after media, not on platform ROAS and paid conversions alone.
- **Credit for the whole result.** A sale that moves from a paid click to organic or direct is margin the team created. Count it and reward it.
- **The budget stays with the team.** If removing waste means losing budget, nobody will remove it. Let the team put what it recovers back to work on new customers.

Set up this way, the audit becomes the marketing team's win. A performance director who finds a tenth of the budget doing no work and puts it back to work on genuine customers has a story to tell the board, not a problem to hide. That is the conversation most marketing leaders want to have with finance, and rarely get to.

04

Three sources of waste undermine paid media returns, and part of the cost compounds

IN THIS SECTION

- Rates run from 8% to 19%, and even the lowest is material
- A small share of users consumes a large share of budget
- Poor-quality conversion data can raise future acquisition cost

In finance terms, the waste falls into three categories that behave differently. Two are invalid traffic: automated clicks from bots, which are media cost with no revenue, and non-genuine conversions, such as fake leads and junk sign-ups that never become paying customers. Invalid traffic also includes real people who click excessively: users who trigger the same expensive ads again and again without buying. They are human, so platform filters let them through, but every click erodes margin and inflates CAC. The third is not invalid. Non-incremental traffic comes from real people, often existing customers, who would have bought without the paid click; the spend is genuine but economically unnecessary.

TrafficGuard's rates count all three, and Exhibit A1 in the appendix shows where each appears in the P&L. The distinction matters for recovery: bots and fake conversions can largely be blocked and excessive clickers capped, while non-incremental spend has to be managed, because some brand clicks are worth keeping.

Automated traffic is built to pass standard checks. In one TrafficGuard client account, a single bot generated 695 clicks in 36 minutes, each with a new user identity, from just 17 device and browser fingerprints on three IP addresses. It took 22% of the account's clicks for the day. Frequency capping alone would have missed it, because every click looked like a first click.

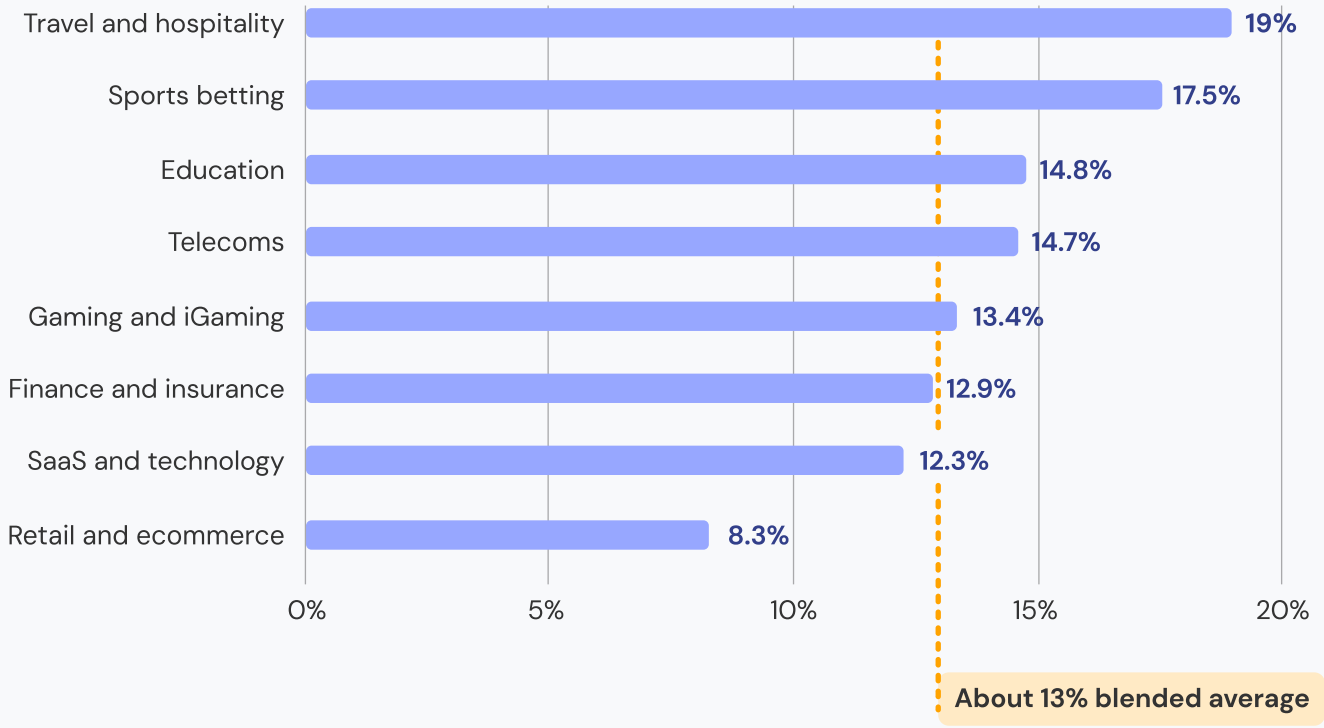
695

a single bot generated 695 clicks in 36 minutes, each with a new user identity

Rates run from 8% to 19%, and even the lowest is material

EXHIBIT 6

Invalid and non-incremental traffic rate by industry, Google Ads and Meta



Source: TrafficGuard detection data, Google Ads and Meta; share of paid clicks judged invalid or non-incremental.

Even well-run retail accounts lose meaningful sums. A 14-day independent audit of a global top-three sportswear brand, an account with ROAS guardrails on brand and benchmarks on generic search, covered US$2.1M of Google search spend across 22 markets. It found:

- **4.2% of spend (US$87,800)** was invalid or non-incremental, or about US$2.3M a year.
- **66%** of that waste was non-incremental, mostly existing customers using brand search as a front door; **24%** was bots; **10%** was non-genuine engagement.

At this brand's net margin of about 5.6%, the US$2.3M lost each year is worth the same as the net profit on about US$41M of sales. The waste was spread across markets and campaign types, which is why no single market team had seen it in its own reports. That is what an unaudited line looks like.

A small share of users consumes a large share of budget

In TrafficGuard's data, 2 to 3% of users can consume up to 20% of spend. They include users who click repeatedly on high-cost terms without buying, returning customers who use paid ads as a bookmark, and automated sessions built to look like either. At a UK streaming service, four people generated 244 paid brand clicks in one month, using the ad as a shortcut to a service they already paid for. Google Ads showed 244 clicks; TrafficGuard showed four people. In comparable UK accounts, capping paid clicks for repeat users like these cut the cost of each user by 29 to 56%.

2 to 3%
of users can consume up to 20% of spend.

Concentration makes control cheap: limiting spend on a small group of users recovers a large share of the budget without changing what everyone else sees. The academic evidence points the same way. In a controlled experiment at eBay, 99.5% of brand search traffic came back through organic search when brand ads were switched off, and standard attribution suggested non-brand search returned more than 1,400% where the controlled test measured minus 63% (Blake, Nosko and Tadelis, 2015). Brand search is not always wasted: where competitors bid on a brand's name, pausing brand ads can lose traffic to them (Coviello, Gneezy and Goette, 2017). The answer is to measure at user level rather than switch brand search off.

Poor-quality conversion data can raise future acquisition cost

The cost does not always end with the wasted click. Automated bidding systems such as Smart Bidding, Performance Max and Advantage+ learn from the conversion data they are fed. Where invalid or non-genuine events enter that data, the effect can carry into future bidding (Exhibit 7). How much depends on the campaign objective, the optimisation event, attribution settings and the filtering already in place, so this is a risk to measure rather than a certainty. It is a quality-of-inputs problem, not a platform failure.

EXHIBIT 7

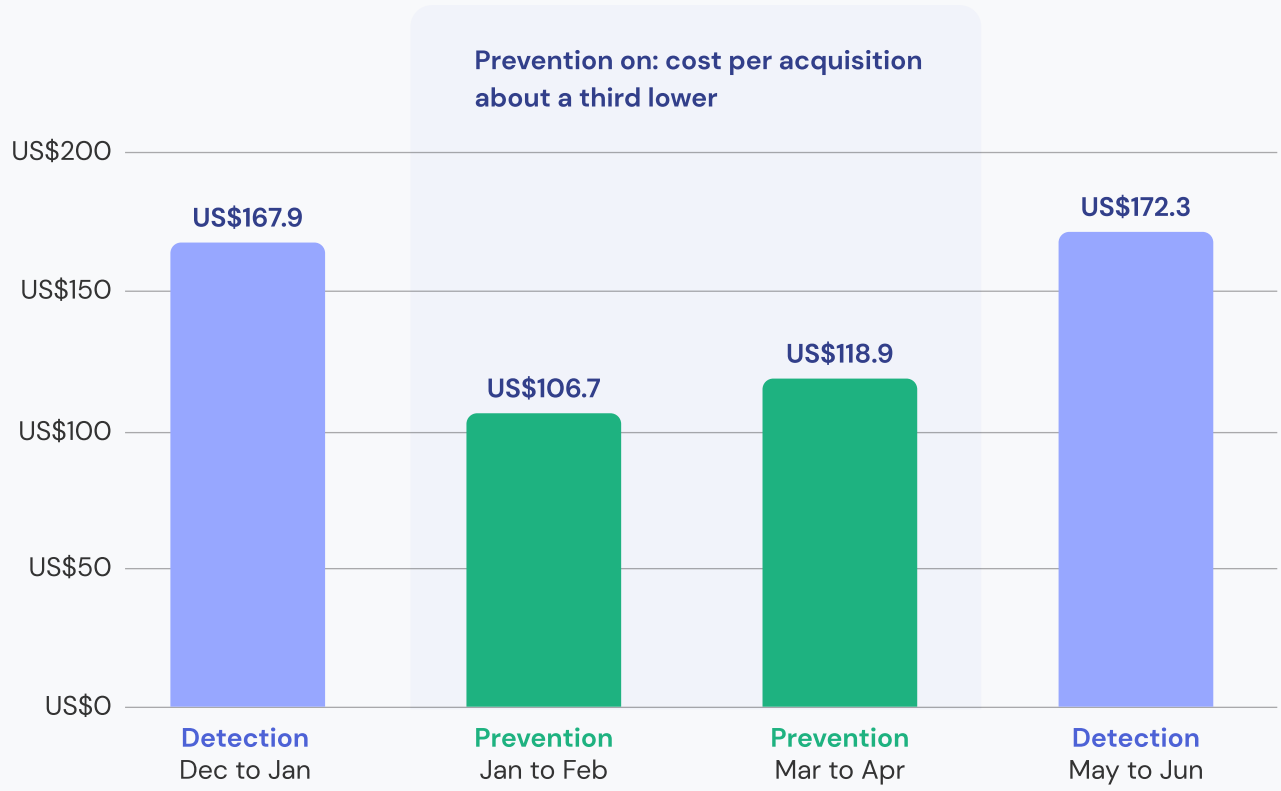
How poor-quality signals can feed through to acquisition cost

Stage	What can happen
1. Invalid or non-genuine activity	Bots, fake leads and junk sign-ups generate clicks and conversion events that will never produce revenue.
2. Polluted optimisation signals	Where those events are counted as conversions, they enter the data the bidding system learns from.
3. Bidding inefficiency	Budget can shift towards audiences and placements that look productive but produce few genuine customers.
4. Financial consequence	Higher acquisition cost and lower incremental contribution in later periods, on top of the original wasted spend.

One European brand's experience is consistent with this. Across four periods between December 2024 and June 2025, it switched prevention on and off while keeping brand spend at about US$43,000 to US$47,000 a period. With prevention on, brand cost per acquisition fell by about a third and conversion rate held at 1.06 to 1.10%. With prevention off, conversion rate fell to 0.69% and cost per acquisition returned to its earlier level. On non-brand campaigns, conversion rate rose 30.6% and cost per acquisition fell 35.1% in the 31 days after prevention started, while spend fell 22.3%. This is one account compared across sequential periods rather than a controlled test, so seasonality and other changes may account for part of the difference.

EXHIBIT 8

Brand cost per acquisition fell while prevention was on and rose when it was switched off



Brand campaigns, all markets. Cost per acquisition by period; brand spend held at about US$43K to US$47K in every period.

The number to take into the budget review: in this account, brand cost per acquisition fell by about a third while invalid traffic was kept out of the bidding data.

05

Where the money leaks first depends on your industry

The three sources of waste in Section 4 reach the P&L through three leaks. Which one costs most depends on how customers find the business and come back to it, so the order differs by industry, and so does the place to start. The leaks are defined so they do not overlap: a returning customer who clicks a brand ad counts once, under brand bidding.

- **Brand bidding: navigational traffic.** Paying for clicks from people already searching for the business by name: customers logging in or reordering, and prospects who would have arrived anyway. Competitors, resellers and bots on the brand term push the price up.
- **Expensive keywords.** High-cost generic terms, where bots, scrapers and repeat researchers do the most damage because every click is priced at the top of the auction.
- **Returning users: re-acquisition.** Existing customers re-served and re-charged everywhere other than brand search: retargeting, Performance Max, Advantage+ and generic ads they click on their way back. They are billed as fresh acquisition.

Where the money leaks first, by industry

Industry	Where it leaks, in order	Why the first leak costs most	The question to ask your CMO
Fintech 12.9% waste	**1. Brand bidding** **2.** Expensive keywords **3.** Returning users	Customers click the brand ad to log in, trade or pay.	How much of our brand spend goes on existing customers logging in?
E-commerce 8.3% waste	**1. Expensive keywords** **2.** Returning users **3.** Brand bidding	Price scrapers and bots click the costliest Shopping and generic terms, on the thinnest margins.	What do bot and repeat clicks on our 20 most expensive terms cost us?
Travel 19.0% waste	**1. Brand bidding** **2.** Expensive keywords **3.** Returning users	Bookers search the brand, and resellers bid on it.	What share of our brand clicks come from people who have already booked?
Health 13% (all-sector average)	**1. Expensive keywords** **2.** Returning users **3.** Brand bidding	Treatment and appointment terms are costly and attract fake form fills.	How many of our paid leads and bookings never turn into a patient?

Fintech: brand first. Customers search the brand to log in, trade or pay, and many click the paid ad to get there, so a large share of brand spend buys visits from people who are already customers. Product terms such as loans, cards and trading accounts are among the most expensive clicks in paid search, which makes bots on them costly. Fintech also carries a cost most sectors do not: fake sign-ups and applications that fail verification still count as conversions, and teach the bidding systems to find more of them. One global finance platform recovered US$219,000 of returning-user spend and US$11,000 of bot spend in a single month (Section 6).

E-commerce: expensive keywords first. Retail has the lowest waste rate but the thinnest margins, so each wasted dollar takes the most sales to replace (Section 2). The first leak is high-cost generic and Shopping terms, where competitor price scrapers and bots click the ads a retailer most needs. At about US$3.50 a click and a 30% margin, 1,000 bot clicks on one generic term cost the profit on more than US$11,000 of sales. Next come existing customers re-acquired through retargeting, Shopping and Advantage+ as they come back to reorder. For household-name retailers the order can flip: in the sportswear audit in Section 4, two-thirds of the waste was existing customers using brand search as a front door.

Travel: brand first. Travel has the highest waste rate in TrafficGuard's data, at 19%. Travellers search the airline, hotel or operator by name to book or manage a trip, while resellers and metasearch sites bid on the same names. Destination and route terms come next: they are expensive and heavily scraped by fare and rate bots. In one account, seven clicks on "rome hotels" arrived from seven US states within 88 milliseconds, all from a single bot. The third leak is past travellers re-served through retargeting and Advantage+ while they plan the next trip, and re-acquired at full price.

Health: expensive keywords first. Condition, treatment and appointment terms are costly, and they attract fake form fills and junk bookings as well as bots; every fake lead also costs staff time to chase. Patients who return to rebook, renew a prescription or check results are re-served and re-charged through retargeting and generic ads, which is the second leak. Brand bidding, from patients searching the provider by name, is usually the smallest of the three. In a two-week audit of a telehealth advertiser, returning users were reacquired through high-cost generic terms almost nine times as often as through brand (207 clicks against 24), and one user clicked "medical certificate online" six times in 23 minutes. The audit put the annualised waste at about US$236,000. Health is not yet a separate category in TrafficGuard's data, so the table uses the all-sector average.

The number to take into the budget review: what your industry's first leak cost you last quarter. That is where the assessment should start.

06

The financial opportunity depends on how much waste is avoidable and how the money is used

IN THIS SECTION

- The budget stays the same. The waste is reallocated in real time
- What the opportunity is worth at different levels of spend

Identified waste is not the same as financial benefit, and three measures need to be kept apart (Exhibit 9). Identified waste is spend associated with invalid or non-incremental activity. Avoidable spend is the part that can realistically be prevented, refunded or reduced. Realised benefit is what is verified after intervention, net of the cost of controls and of any incremental sales that turn out to have been lost. Removing US$1M of waste adds US$1M to EBITDA only if none of it was producing incremental demand and the money is not reinvested.

EXHIBIT 9

From identified waste to realised benefit: an illustrative business spending US$25M a year

Measure	Basis	Illustrative value
Annual paid media spend	Google and Meta	US$25.0M
Identified waste	About 13%, the all-sector average	US$3.25M
Avoidable spend	75% of identified waste (illustrative assumption)	US$2.44M
Waste that remains	Found too late, kept deliberately, or refunds declined	US$0.81M
Realised benefit	Avoidable spend less the cost of controls and any incremental sales lost; confirmed after intervention	Up to US$2.44M

The 75% is an illustrative assumption, not a benchmark. It sits below results TrafficGuard has observed in individual accounts: in one account, prevention cut bots' share of media cost from 2.37% to 0.44%, about 80% lower, and shadow campaigns have cut the cost of each returning-customer click by about 90%. It allows for waste found too late to prevent, brand clicks a business chooses to keep where competitors bid on its name, and refund claims the platforms decline. At a 50% recovery rate, the values in Exhibit 10 fall by a third.

The budget stays the same. The waste is reallocated in real time

US$250K
That saved R$1.3M, about US$250,000, in three weeks

This is media efficiency, not cost cutting. The marketing team sets the budget; prevention changes what it buys. Invalid users and wasteful clicks are excluded before the bid, so the platforms spend the same money on the next eligible auction, a genuine prospect, and the bidding systems learn from cleaner data. The result is lower CAC on the same spend. It starts with two corrections, both of which make today's marketing measures look worse before the business results improve:

- **Moving brand-loyal customers to cheaper routes.** Returning customers who search the brand name and click a paid ad can be reached through a low-cost "shadow" campaign, organic search, direct visits, email or the app. Paid conversions fall, total orders barely change, and the spend is freed.
- **Capping repeat clicks.** Limiting how many times the same user can trigger a charge on expensive generic terms frees far more spend than it costs in revenue.

On the Brazilian brand account of a global brand that advertises in 12 markets, a shadow campaign served 321,793 returning-user clicks over three weeks at R$0.45 a click (about US$0.09), against R$4.50 (about US$0.87) on the main brand campaign. That saved R$1.3M, about US$250,000, in three weeks, or more than US$4M a year before counting savings on bots. Where savings like these were reinvested, a Latin American brand reported 73% lower cost per conversion on brand and an Australian brand 31% more first-time customers. A global finance platform recovered US$219,000 of returning-user spend and US$11,000 of bot spend in one month and redirected it to acquisition, the equivalent of about 10,000 incremental conversions a month.

SIDEBAR

Same budget, less waste, lower CAC

An illustrative business spends US$1.5M a quarter on Google and Meta and wins 6,000 new customers, a CAC of US$250. At the all-sector rate, 13% of that budget, about US$195,000, goes to invalid and non-incremental traffic. With prevention on, the marketing team keeps the same budget. Invalid users and repeat clickers are excluded before the bid, and the platforms spend that money on genuine prospects instead. At a 75% recovery rate, waste falls to about 3% of the budget.

Measure	Before	With prevention, same budget
Quarterly paid media budget	US$1.50M	US$1.50M
Spent on invalid and non-incremental traffic	US$195,000 (13%)	US$49,000 (3%)
Media reaching genuine prospects	US$1.31M	US$1.45M (+11%)
New customers acquired	6,000	About 6,670 (+11%)
CAC	US$250	About US$225 (-10%)

The budget did not change. What it bought did: about 670 more new customers in the quarter, or roughly 2,700 a year, at a CAC 10% lower. The money is not taken out of the budget; it is put back to work in the same auctions, in real time. The illustration assumes genuine media keeps acquiring customers at its existing rate and excludes any gain from bidding systems learning on cleaner data (Section 4).

The number to take into the budget review: CAC on the same budget. Agree with marketing in advance that reported paid conversions may dip as returning customers move to cheaper routes, while new customers rise and CAC falls.

What the opportunity is worth at different levels of spend

Annual paid media spend × waste rate × recovery rate gives the avoidable spend each year. Exhibit 10 applies the 75% assumption at three waste rates.

EXHIBIT 10

Avoidable spend each year at a 75% recovery rate

Annual paid media spend	Retail (about 8%)	All-sector average (about 13%)	High-exposure sectors (about 19%)
US$10M	US$0.6M	US$0.98M	US$1.43M
US$25M	US$1.5M	US$2.44M	US$3.56M
US$50M	US$3.0M	US$4.88M	US$7.13M
Extra budget reaching genuine customers	+7%	+11%	+18%

At the same budget, these figures are reallocated to genuine prospects; the bottom row shows how much more of the budget then does useful work. The return depends on the margin of the new customers won, and excludes the second-order effect of cleaner bidding data. A business that chooses to bank the saving instead adds these figures to EBITDA, before the cost of controls.

07

Finance and marketing need a shared view, and the first step is a conversation

IN THIS SECTION

- Establish your exposure before the next budget review

A CFO does not need to understand the technology or run a programme to act on this. They just need to decide it is worth looking into. The questions below are the hand-off to your CMO and head of performance marketing.

SIDEBAR

Questions to ask your CMO and head of performance marketing

These questions are meant to open a discussion, not to audit the team. A CMO measured on paid conversions has reason to welcome a CFO prepared to change the scorecard.

1. What share of our paid spend goes to brand terms, and how many of those clicks come from existing customers?
2. Who, other than the ad platforms, checks the quality of the traffic we pay for?
3. What is our break-even ROAS by category, based on contribution margin?
4. How does our invalid traffic rate change during peak trading periods, and on newer formats such as Performance Max and AI Max?
5. Are fake leads or junk sign-ups being counted as conversions in the data our bidding tools learn from?
6. If we freed up part of the budget, where would you reinvest it to win more new customers?
7. What support would you need from me to make changes that reduce reported conversions but increase profit?
8. If an audit finds waste, how should we measure you so that fixing it counts as a win?

Establish your exposure before the next budget review

The financial opportunity depends on how much waste sits in your own spend, what kind it is and how much of it can be avoided. An independent assessment shows where it occurs, what it is worth and where action is justified.

Every other material cost has a second pair of eyes. Paid media should too. Not to cut it, but to know what it buys. Wasted media is profit already lost; the only question is whether anyone is counting.

You may dispute our 13%. The audit settles it on your own spend, for free. It runs for 14 days across Google and Meta, takes ten minutes to set up and changes nothing while it runs. You get your waste rate by channel and campaign, the users behind it and what it is costing you in CAC, presented to you and your CMO together. If it finds nothing worth fixing, you keep the report and we will say so. There is no cheaper way to check a material cost line.

Book a **30-minute call** for you and your CMO. We set up the audit with your performance team, and the readout comes to both of you. Setup takes 10 minutes, and nothing changes during the audit.

Book a 30-minute call

A

Appendix: methodology

Methodology

Waste ranges, industry rates and user-concentration figures come from TrafficGuard detection data across Google Ads and Meta. The waste rate counts all three categories in Exhibit A1 as a share of paid media. The 13% figure is the average across industries; retail has the lowest rate of any sector, at 8.3%. The rates are measured on paid clicks; this paper applies them to spend as an approximation.

The 75% recovery rate in Section 6 is an illustrative assumption, not a measured benchmark. Account examples are from TrafficGuard client data, anonymised; references are available on request. The global sportswear audit covers 14 days of Google search spend across 22 markets, annualised. Company financial figures are from public filings and are rounded where a company is anonymised. All amounts are in US dollars; figures reported in other currencies are converted at 2025 average exchange rates (€1 = US$1.13, £1 = US$1.32, A$1 = US$0.65). Brazilian real figures use the conversion in the source account review (about R$5.2 to US$1). Exhibits 1, 9 and 10 are modelled scenarios, and the sidebars are illustrations that use round numbers to show the mechanics.

EXHIBIT A1

The three types of paid media waste and where they appear in the P&L”

Type	What it is	Where it shows in the P&L
Automated traffic (bots), invalid	Clicks and visits generated by software, click farms or compromised devices.	Media cost with no revenue. Can also distort the conversion data that automated bidding learns from, raising future acquisition cost (Section 4).
Non-genuine conversions, invalid	Fake leads, junk sign-ups, disposable email accounts and incentivised installs that never become paying customers.	Media cost plus downstream cost: sales time spent on dead leads, promotion and bonus abuse, and a customer database that overstates the pipeline.
Non-incremental traffic, genuine but unnecessary	Real people whose purchase would have happened without the paid click, such as existing customers clicking a brand ad to reach the site, or the same user clicking expensive generic ads many times while researching.	Media cost for revenue the business would have earned anyway. Inflates reported ROAS, so it is rarely questioned.

ABOUT TRAFFICGUARD

TrafficGuard is an independent invalid traffic detection and prevention platform for paid media, built in Australia and listed on the Australian Securities Exchange (ASX: AV1). It checks more than 200 signals on every click across Google, Meta and other paid channels, and prevents invalid and non-incremental traffic at the level of the individual user before it is charged. It works alongside the platforms' own detection as an independent second layer. For enterprise customers, TrafficGuard also supports recovery of refunds for eligible invalid activity.

trafficguard

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