

The Real Reason Google May Fail

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3-3 minutes



Recently I've been reading a lot of ink (er, liquid crystal?) on how Google is failing because the search results are becoming decreasingly useful and filled with spam. This particular post by [Marco Arment](#), founder of Instapaper, caused a firestorm of [comments](#) on HN.

But I don't think that bad search results will be the ultimate demise of Google. Sure, they're bad compared to sites like LinkedIn, Wikipedia and the many niche sites focused on a particular topic. But I don't see Google users switching en masse thereby depriving Google of its "clicks" needed to drive revenue...at least not without Google throwing oodles of money at the problem in an attempt to stem the flow.

There's something far more sinister that is much more likely to be the downfall of Google and it's called "click fraud." I [wrote about this](#) a couple of years ago after a company called ClickForensics put out a press release saying that 17% of CPC ads were click fraud. Last fall, ClickForensics put out their [most recent report](#) saying click fraud is now up to 22%! Applied to the [\\$54 billion](#) global online advertising market, that means there is something like \$12 billion in click fraud! That is the equivalent of a Bernie Madoff sized fraud **every year**.

Click fraud comes in many forms from the plain vanilla (setting up a website with Google AdSense and then clicking on your own site ads) to the elegant, yet complex, like this scheme [described in Forbes](#). Google claims they are adequately policing what they call "invalid clicks," but do we really think they are putting their very best on this? Remember that Google (and all the other CPC ad driven sites) get 50% of the ill gotten gains.

So, what is the real reason Google is going to fail? At some point there is going to be an event such as congressional hearings or perhaps a [Wikileaks](#) dump that will reveal the true click fraud numbers. These revelations will do two things: force Google to clamp down thereby eliminating 25% of their revenue and scare the hundreds of thousands of advertisers who use Google into reducing their spend. Google will see revenue stop growing and possibly even fall and fall sharply. There will be massive layoffs in

successive rounds. The top technical talent at the company will leave in disgust for greener pastures at Facebook, LinkedIn and elsewhere. Management will be replaced and all of those free products/services Google offers will be “sunsetting.”

If you don't think that could happen to an industry giant like Google, remember what [happened to AOL](#).