

This Scandal Could Topple Facebook Forever

Retrieved Thursday 14th of September 2017 07:47:39 PM

The online advertising market is shaken by a scandal: traffics are distorted by robots.

If you surf the Internet, you probably experience the workings of advertising on this media.

When you do a search, commercial links first appear to you. Traders buy their visibility by paying keywords. If you go to a specific site, advertisements appear to you. If we go simultaneously to the same place, you will not see the same advertisers as me thanks to the magic of the *Cookies* stored by your browser.

All this beautiful mechanics soliciting our wallet pays. A myriad of providers, large and small, surfing on this wave. Advertisers on their part have been seduced by assurances of return on investment.

4 trades 1.4 MILLION EUROS!

Follow the demonstration [by clicking here](#)- you will be amazed!

These advertisers do not really know the number of eyes that dragged on the magazine page or the 4 × 3 poster they had purchased at great expense. On the other hand, a geek guarantees them click rates, traffic, etc. Well, that's what they thought up to now.

For a scandal over Internet advertising and its consequences are likely to be very important in the sector of technology stocks swollen after a decade of monetary creation.

Amazon (AMZN) is trading at a price / earnings ratio of 248; Nvidia (NVDA) is trading at a price / earnings ratio of 49; Facebook (FB) is trading at a price / earnings ratio of 37; Alphabet (GOOGL) is trading at a price / earnings ratio of 34.

In other words, it will take more than 30 years of profits, as things stand, to make your "investment" Facebook or Alphabet profitable. Buying amounts to speculating on a tripling or a quadrupling of current profits.[Editor's note: Fortunately, technological values ??do not involve only high-level actions. A new sector is exploding in the *biotech*. [Discover it here.](#)]

My colleague, Graham Summers, [already worried about the phenomenon in July](#)

Many of these companies make a significant share of their turnover with online advertising. For example, customers pay Facebook in exchange for an online advertising space, paid space based on Internet traffic.

This is a fast growing market.

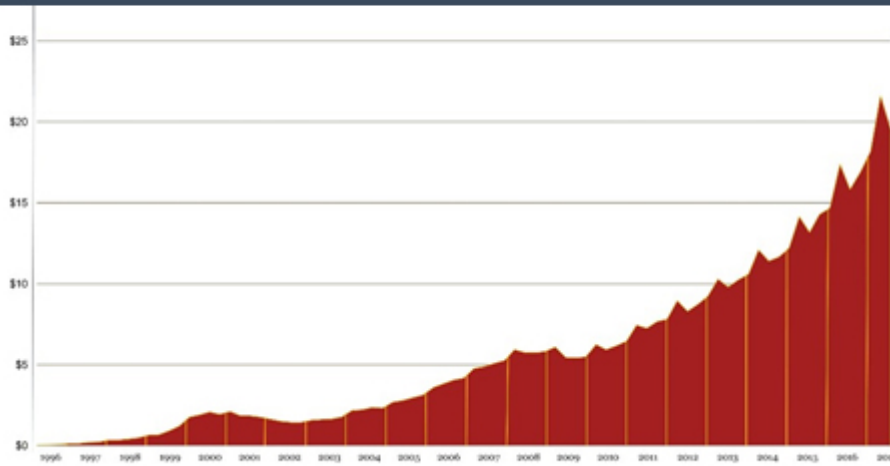
Croissance des chiffres d'affaires trimestriel de la publicité en ligne 1996-2017 (Mds\$)

LCA



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Bogus traffic made by robots

However, it now appears that robots, not humans, are at the origin of this internet traffic. Therefore, what Facebook and others charge to their customers in exchange for advertising space is based on deception.

Unilever's marketing director, whose budget for online advertising is \$ 8.4 billion, said 60 percent of the traffic was robots.

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by Larissa Faw , June 21, 2017



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By September 2016, it had been learned that Facebook was overestimating the length of viewing of advertising videos by at least 60% to 80%.

"According to informed sources, major advertisers and marketers are unhappy with Facebook Inc. because they have learned that for two years this Internet giant has overestimated the average viewing time of video ads on its platform . [...] Initial counting methods probably overestimated the viewing time of videos by 60 to 80 percent, according to a letter that Publicis Media sent to its customers at the end of August, and The Wall Street Journal has analyzed. "Dow Jones News, Facebook Overestimated Key Video Metric For Two Years

Obviously, advertisers do not remain inert.

On July 27, Procter & Gamble Chief Operating Officer David Taylor announced *Wall Street Journal* cut the budgets of certain online ads and see no difference.

Then the Zerohedge site indicated that Google would pay advertisers in some proven cases of artificial traffic.

Finally, on September 7, there was a conference organized by Goldman Sachs on the theme of world retail. The president of Restoration Hardware, Gary Friedman, made this tasty secret:

"We found that 98% of our turnover came from 22 words. Wait ... we buy 3,200 words and 98% of the figure comes from 22 words. What are these 22 words? They said, well, it's 'Restoration Hardware' and the 21 incorrect spellings, okay? "

Let's recap, dear reader ...

- Many technological values ??are currently being traded in hallucinating profit-making ratios.
- Most of the profits are based on very sustained growth in online advertising revenues.
- The prices of these advertisements depend on the traffic.
- This traffic is due to robots who are unable to buy.
- Advertisers with big budgets reduce the canopy and find that they do not worse.

Suspense unsustainable: who will have the top, the robots of *trading* or the bogus traffic robots?



Subsidiary question: What profit-to-profit ratios will we see this time before the final collapse (knowing that something divided by zero tends to infinity)?