

There has been a slight upturn in the debate over clickfraud.

The generic response seems to be that its "self correcting". The logic goes that if advertisers using CPC services arent getting the return on investment they expected or need, they will bid lower for the clicks to reflect the reduced success rate.

Sounds right. Except its wrong. It doesnt work that way for a material percentage of advertisers impacted by clickfraud.

First of all not all clicks are purchased to lead to directly to transactions. There can be any number of reasons to purchase a search keyword or contextual link. Do a google search for Corvette. GMs Official Corvette site comes up as a sponsored link opportunity. Click Fraud or not, think GM wants that positioning to go to promote a competitive product ?

Then there is the competitive positioning issue. When i do the same search, Google responds with sponsored links for multiple Chevy Dealers who use the exact same interface to acquire pricing requests and are all based in and around the Dallas area. How long will it take for those Corvette dealers to figure out whether the reduced sell through rate by quotes generated via Google are caused by Corvette vs the competition issues, competitive pricing between local dealers, or clickfraud ?

In fact, its reasonable to presume that the "hotter" the sales of a product, the more vulnerable to click fraud the keywords related to that product are. If Corvettes are flying off the shelf, those pricing inquiries are worth more and more because as long as inventory isnt constrained, the dealers are getting a ton of bids and are happily selling a ton of cars. They may bid up the price for Corvette related keywords knowing their product is hot as could be and they want to acquire as much market share for that product as is possible.

Smart clickfraudsters know this as well. They also know that a hot product makes for increased clicks, which in turn creates a greater buffer to hide behind which fraudulent clicks could be hidden.

Then there is the market for branding and saturation advertising. Think Disney is going to care or analyze for clickfraud when they buy every possibly related keyword to market the new Pirates of the Caribbean movie ?

Then there is the bad guys side of the good guys. The sites that just want clicks no matter who the pageview or video viewed comes from.

if a site is selling advertising and needs to hit a critical mass of traffic to their site just to be able to sell advertising, they arent going to care how they get it. As long as the CPC is reasonable versus their traffic needs. clickfraud actually does them a favor. They buy cheap keywords in huge quantities. At a nickel a click, if they are selling CPM based advertising, its obvious what they have to sell their advertising for to get their moneys worth.

And doesnt Google now sell CPM based advertising ? So is it possible a click through from a Google ad to a site selling CPM based advertising from Google could be clickfraud that pays Google twice.

Remember this. The worst bad guys are the smartest bad guys. They use the strength of the CPC system against the advertisers , where they are least susceptible to be discovered. clickfraud is real. its not going away. Its making CPC sellers a lot of money. How much, i dont know.

What i do know is that its not a self correcting problem