

Facebook click fraud revealed \$600,000 small business nightmare

GIH: Click fraud is nothing new, but Facebook seems to be taking it to an entirely new level, [according to this account](#) of a small business operator who paid hundreds of thousands of dollars for fake profile likes, with no accounting of where his money went. Now being a public company, this cannot be written off as another internet scam. Supposedly, Facebook (FB) has a business model that can compete with any Fortune 500 company. This account shows cracks in that model (if you can call it a model), and also is alarming for anyone considering using the Facebook ad system.

Submitted by Mike Krieger of [Liberty Blitzkrieg blog](#) [4],

It continues to amaze me how people are completely ignoring what appears to be an **incredible amount of shadiness inherent in Facebook's business model**. Whether or not this is intentional click fraud, it is clear that advertisers are not getting what they think they are getting. They won't be fooled forever, and once they wake up to the money being wasted on fake "likes" and "clicks," I'm curious to see what happens to their revenue.

The following article from *SF Gate* is a perfect followup to my post from a couple weeks ago: [How Much of Facebook's Ad Revenue is From Click Fraud?](#) [5]

Perhaps the most shocking passage from the entire article is the following:

Naturally, Brar began disputing his bill with Facebook. He

wanted his clicks audited by a third party, to see how many were genuine. Then he discovered that Facebook's terms of service forbid third-party verification of its clicks. That's something all advertisers should be aware of before they spend a penny on Facebook.

Facebook is different from the rest of the online ad industry, which follows a standard of allowing click audits by third parties like the IAB, the Media Ratings Council or Ernst & Young.

Um, ok then...

Now more from the *SF Gate*:

Raaj Kapur Brar runs a small but successful empire of online fashion magazines from his base just outside Toronto. Some of his titles are huge online brands, such as [Fashion & Style Magazine](#) [6], which has 1.6 million Facebook fans.

That's more fans than Elle magazine has.

Recently, however, Brar has fallen out of love with Facebook. He discovered that his Facebook fanbase was becoming polluted with thousands of fake likes from bogus accounts. He can no longer tell the difference between his real fans and the fake ones. Many appear fake because the users have so few friends, are based in developing countries, or have generic profile pictures.

At one point, he had a budget of more than \$600,000 for Facebook ad campaigns, he tells us. Now he believes those ads were a waste of time.

Facebook declined multiple requests for comment on this story.

Brar's take is a cautionary one because [Facebook has 25 million small businesses](#) [7] using its platform for one marketing purpose or another. Many of them are not sophisticated advertisers – they are simply plugging a credit

card number into the system and hoping for the best. This is what can happen if you don't pay careful attention to contract language, or the live, real-time results your campaigns on Facebook are having.

Here's how Brar believes it went down: He became interested in advertising on Facebook in 2012, and he took it seriously. He went to Facebook's local Toronto office where he was trained to use the advertising interface. They set up the campaign, and ran a small "beta" test. Then, in late October Brar pulled the trigger on a massive push through Facebook's Ads Manager. He used Bitly and Google Analytics to measure the number of clicks his campaign was generating.

The results were disastrous, Brar says.

Facebook's analytics said the campaign sent him five times the number of clicks he was seeing arrive on his sites, which Brar was monitoring with Bitly, Google Analytics, and his own web site's WordPress dashboard. There was a reasonable discrepancy between the Bitly and Google numbers, Brar says, but not the five-fold margin between Google's and Facebook's click counts.

At one point, data from Facebook indicated his ads had delivered 606,000 clicks, but the site itself registered only 160,000 incoming clicks from Facebook, according to data supplied by Brar. (160,000 clicks is a not insignificant return. After all, these are not clicks on a mere Facebook page, these are users who clicked through to an off-Facebook site.)

"I don't know what to say, right? This is a huge loss. This ran for four days, then we just stopped the campaign," Brar says.

Then, things got worse. Even though Fetopolis wasn't advertising, the likes and new followers kept on piling up. Normally, an advertiser would be pleased at such a result, but every time Brar checked a sample of the new fans he found

people with dubious names; a picture of a flower as a profile shot; and fewer than 10 friends – classic signs of a fake profile.

Naturally, Brar began disputing his bill with Facebook. He wanted his clicks audited by a third party, to see how many were genuine. Then he discovered that [Facebook's terms of service forbid third-party verification of its clicks](#) [8]. That's something all advertisers should be aware of before they spend a penny on Facebook: Facebook has operated this way for a long time, and has a [page for advertisers explaining in more depth why third-party click reporting may not match Facebook's click counts](#) [9]. Essentially, Facebook suggests, if clicks are not measured in exactly the same way over the same time intervals then there will always be discrepancies.

Facebook is different from the rest of the online ad industry, which follows a standard of [allowing click audits by third parties](#) [10] like the IAB, the Media Ratings Council or Ernst & Young.

This will all be exposed by the market sooner or later. I'm just shocked it is taking so long for people to put two and two together.

Full article [here](#) [11].