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Click Fraud and How to Deter It

By Hollis Thomases

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Pay per click (PPC) advertising continues to gain popularity in the online marketing world as an effective and inexpensive way to drive targeted visitors to web sites. Research firm eMarketer reported that between 2002 and 2003 the paid search listing market grew 175 percent. Major trusted search properties such as Google, Overture, FindWhat.com, and Kanoodle, all offer PPC campaigns in which you pay only when someone clicks through your banner ad or link. But PPC also has an enemy—click fraud—and understanding what it is and what to do about it should also be a key part of your PPC campaign.

What is Click Fraud?

Click fraud is when someone or something generates illegitimate hits on your banner or text advertisement causing you to pay for worthless clicks. AS PPC campaigns have grown in popularity and keyword prices and bidding have become more competitive, click fraud is on the rise.

Online marketers are becoming increasingly worried about the prospect of click fraud. According to CNET News, some marketing executives estimate that "up to 20 percent of fees in certain advertising categories continue to be based on nonexistent consumers in today's search industry."

This estimate is certainly unsettling for advertisers who, recently, have been paying hefty amounts bidding on desirable search terms. Financial analysts report that in the year 2004 advertisers are paying an average of 45 cents per click. Compare this to 40 cents in 2003 and 30 cents in 2002; the bidding wars continue to rise.

Who's Doing it and Why?

Click fraud perpetrators are most often motivated by trying to increase revenues from affiliate networks or attempting to damage competitors' revenues by forcing them to pay for worthless clicks. The Google AdSense program, in which affiliates receive payment for clicks whether they are real or not, has caused great concern for Google and has intensified its focus on click fraud.

Click Fraud and How to Deter It

Those engaged in click fraud use a variety of techniques to generate false clicks. Low cost international workers from all over the world are hired to locate and click on ads. The Times of India provided investigative reporting on payment for manual click fraud happening in India. Unethical companies may pay their own employees to click on competitor ads. Last but not least, click fraud can be generated by online robots programmed to click on advertiser or affiliate ads. Some companies go to great lengths creating intricate software that allows for this to happen.

How Can You Deter It?

Many advertisers know about the possibility of click fraud but generally haven't done much in the past to prevent it. Some feel that if they complain to any of the search conglomerates, it could ruin their free listings. Others feel like the problem is beyond them.

"It is a bigger problem, but folks just don't want to take the time to track it down because it's a complex problem," stated John Squire, of web analytics firm Coremetrics, to CNET. "Given that some of the largest marketers manage up to 1 million keywords in a campaign the data can be difficult to crunch."

Companies who do understand and report click fraud to search engine properties have had success receiving refunds for fraudulent clicks. For those advertisers who want to address the possibility of click fraud in PPC campaigns, good options do exist. At the most basic level, advertisers can use general auditing; many have been known to compile lists of sites that generate high numbers of clicks but not sales. This will indeed put up a red flag.

On the other hand, because click fraud is advancing at such frequency, click fraud detection companies and software have been popping up all over the country. Let's take a look at some of the options:

ClickDetective – ClickDetective allows you to track return visitors to your site and alerts you if there is evidence that your site may be under attack. Its reports show you every click in real time rather than a summary hours later.

Who'sClickingWho.com – This fraud detector tracks all PPC search engines, detects multiple IP's, and even pops up a "ClickMinder" after a potential abuser clicks repeatedly over five times.

BogusClick – BogusClick can help advertisers determine competitor IP addresses, originating PPC search engines and/or partner sites involved, as well as keywords used.

Clicklab – Clicklab employs a score-based click fraud detection system that applies a series of tests to each visitor session and assigns scores. Calculations are made to indicate bad/good sessions to show an advertiser the quality of traffic.

Click fraud is a big problem in

search engine marketing

that's only going to get bigger in the future. It is

wise for any online advertiser to implement some auditing system. Why continue to waste precious campaign money?!

Hollis Thomases is the President of Web Ad.vantage, Inc., an online marketing firm specializing in search engine optimization, paid search engine marketing, and online media buying. The Web Ad.vantage Inc. site was named by Forbes magazine one of its "Best of B2B Sites" for media and advertising. An award-winning entrepreneur, Hollis Thomases has been honored by CNN and is also a contributing writer to ClickZ.

Tips For Combating Click Fraud

By Gabriel Adams

Click fraud is one of the biggest issues in the pay per click industry right now. It's easy to understand why, too - click fraud costs advertisers money, but gives no return. It cuts deep into profit margins, and in some cases, may be the difference between making money and losing money.

Click fraud is, at its simplest, clicks on ads that are not generated by a real person interested in making a purchase. Click fraud can come from many different sources:

Click bots, which are robots designed to click on ads, are one source. Click bots are often run by an affiliate of the PPC search engine.

Competitors may click on your ads to try to drive your cost up.

Click schemes are programs people join to click on ads for each other. Usually these people are affiliates of the PPC search engines.

Combating click fraud can be tough. One of the easiest ways to combat click fraud is to not advertise on search engines who deliver lower quality traffic. This factor is easily determined with conversion rates. If one search engine's traffic converts at 2 percent, and traffic from the second search engine converts at 1 percent, you know the traffic from the second search engine is half the quality. Click fraud is likely one of the factors involved.

In addition to such basic tracking mechanisms, you can use more advanced tracking mechanisms to try to catch click fraud. For example, you could use a script that you would gather data on visitors from PPC search engines (data might include IP address, number of times they clicked on the ad, and time they spent on the site) and use that data to pick out suspicious visitors. You can then submit the data to the search engine and request a refund on the traffic.

Click fraud is probably the biggest problem in the PPC industry, and you can work to save yourself some money by combating click fraud.

Bespoke click fraud detection and protection software from Evolution Internet Ltd:

<http://www.evolution-internet.com/147/prevent-click-fraud.aspx>



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