

Facebook inflated its advertising audiences: lawsuit

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Facebook derives the overwhelming majority of its revenue from the sale of targeted advertising

Facebook inflated estimates about how many people would see targeted

ads, but ignored the problem in order to generate more revenue, according to civil suit documents unveiled Thursday.

The social networking giant has been facing a class action lawsuit since 2018. The plaintiffs claim that the platform's managers knew that its so-called "Potential Reach" measure was misleading, but did not seek to rectify the situation so as not to lose [revenue](#).

The California company derives the overwhelming majority of its revenue from the sale of targeted advertising. Prices vary according to many criteria, including the number of users likely to see the campaign.

"Facebook knew for years its Potential Reach was inflated and misleading," lawyers in the suit contended in the filing.

The suit argued that Facebook made a deliberate decision not to remove duplicate or fake accounts from Potential Reach [tool](#) metrics.

And the [legal documents](#) cited a Potential Reach product manager who wrote in an internal email: "it's revenue we should have never made given the fact it's based on wrong data."

"These documents are being cherry-picked to fit the plaintiff's narrative," Facebook spokesman Joe Osborne said in response to an AFP inquiry.

Osborne maintained that ad campaigning planning tool Potential Reach is "an estimate and we make clear how it's calculated."

The internet giant contended that the Potential Reach feature is merely a "free tool" advertisers had the option of looking at and did not affect delivery of ads, according to court documents.

The Potential Reach tool lets advertisers put in budget and other criteria into a [software program](#) and be given an estimate of how many people they could reach on the Facebook platform.

"Facebook did not merely 'drag its feet' in providing inaccurate and misleading Potential Reach. Rather, Facebook knew for years its Potential Reach was misleading, and concealed that fact to preserve its own bottom line," plaintiffs' attorneys argued in a February 10 filing.

Facebook modified the Potential Reach tool in 2019.

Lawyers representing plaintiffs in the case called on a [federal court](#) in San Francisco to reject a request by Facebook that the two-year-old litigation be dismissed.

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