

DISPLAY AD CLICKERS ARE NOT YOUR CUSTOMERS

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Using a search engine to find information, answer a question or reach a website to buy something has become as second nature for most of us as using the remote control to surf TV channels. Search advertising borrows from the inherent utility of the search engine – consumers are presented with links that match their query and are designed to quickly direct them to specific products and services. The proven efficiency and effectiveness of this approach has fueled a boom in search advertising, which is predicted to grow to a \$50 billion-a-year business in 2013.¹

Online *display* advertising, however, is a different story. People go to websites for information, entertainment and engagement with other people, not to click on ads that send them elsewhere. Only 16 percent of people click on display ads in a given month indicating that most visitors to a typical advertiser's site get there some way other than clicking on display ads.²

So how valuable is click measurement as a means of assessing display ad effectiveness?

Not very. In fact, this paper will show how click-based display campaigns can run completely counter to your interests as an advertiser. Optimizing your campaign for clicks – instead of optimizing for conversions – is pursuing the wrong objective. For display advertising, clicks aren't just suboptimal – they're *anti-optimal*. And they're likely to produce significantly poorer results.

Clicks: Great for Search, Distracting for Display

The path from clicking a search ad to a conversion – buying a product, downloading a brochure, locating a store – is well understood and widely accepted today. Consumers who use a search engine expect to click and will do so if the link holds the promise of providing what they're looking for. Media buyers can easily assess the potential of various search terms to drive consumers to the page where they will make a purchase, and bid on them accordingly.

Because a search ad relates to an intent expressed by the person doing the search, click-through rate serves as a good proxy for conversion, and cost per click (CPC) is a reliable guide for buying search ads. The CPC pricing model neatly aligns the interests of the advertising ecosystem's participants: Consumers get relevant results; advertisers pay only for advertising performance because interested consumers have self-selected; and search engine operators satisfy consumers and maximize yield.

As effective as search advertising is, a singular focus on this approach can lead to missed opportunities. Why? Less than 4 percent of consumers' online time, less than three minutes in an hour, is spent on search.³ The other 96 percent is spent doing things like reading email, browsing content, watching videos and engaging in social networks.

That 4 percent is invaluable to advertisers, of course. Search accounts for about half of the spending on online advertising in the United States and the United Kingdom, and in some other markets this number is even higher.

But how much value do advertisers derive from the portion of their spend that goes to display? The display experience is quite different from the search experience for consumers, and the influence of a display ad is more nuanced than that of a search ad. In search, optimizing clicks is essentially optimizing for conversions because they're so closely aligned. With display ads, if you optimize for clicks, you get . . . more clicks. However, as we'll discuss, these clickers are often not your converters.

Why Clicks Miss the Target for Display

Search behavior is linked to an explicit and immediate need. There is a clear reason for searching, with a clear result in mind. As soon as we find something relevant, we click to get to that information, whether it's a paid search ad or an organic link. In contrast, when we are consuming most other types of online content we have arrived at our destination. There's typically no intent to leave at the earliest opportunity, regardless of whether that is via a display ad or an organic link.

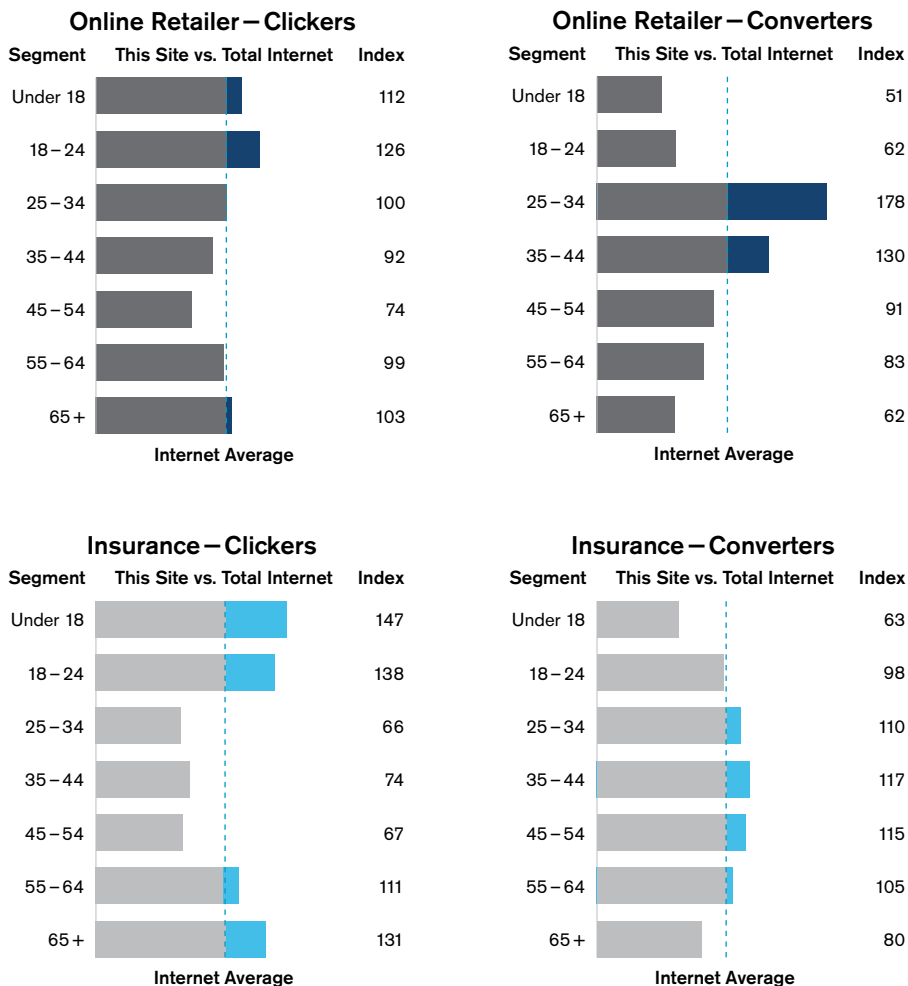


Figure 1. Looking horizontally we see that clicker profiles look different from those of actual converters for both campaigns. Looking vertically we see that clicker profiles are similar regardless of the category. Source: Quantcast Internal Data *Index* compares each metric to the US Internet average (100 = average)

Clicker profiles are consistent, but different from those of actual customers.

We don't expect to click on an ad.

This notion is reinforced by the fact that consumers are clicking less all the time. Research has shown a decline in the number of heavy clickers from 6 percent to just 4 percent of Internet users over a two-year period.⁴

If consumers aren't expected to click, why is the click so widely used as a metric for display ads? Many online advertisers grew up on the click. Their business perhaps didn't even exist before the advent of search engine advertising. Their metrics and tools are oriented around clicks.

But display clickers aren't buyers. We know this because the clicker audience profile is remarkably consistent, regardless of the campaign. To illustrate the point, Figure 1 contrasts the profiles of clickers and converters in two disparate product categories—an online retailer and an insurance company. In both categories, clickers skew toward older and younger Web users. The clickers are much more similar to one another than they are to *converters*, the people who ultimately make purchases in their respective product categories.

Marketing is Not a Straight Line

The low click-to-conversion correlation doesn't mean that display ads are ineffective. They're a big business, predicted in some quarters to grow to \$200 billion a year by the end of the decade.⁵

While click-to-conversion marketing has its defenders, display is most appropriately seen as a touch point that stimulates consumer interest along the path to eventual conversion and purchase. Figure 2 compares a company's conversions (sales) attained directly through clicks with those that came sometime after consumers saw the ad (view conversions). There were an astounding 100 times more view conversions for the campaign, with more than 23,000 view conversions and nearly 300 click conversions. Rather than clicking and immediately buying, ad viewers waited, only going to the website sometime later to make a purchase.

This pattern is common for paid search ads as well. Analysts have noted that, on average, it takes 3.5 days for a customer to convert after an initial click on a paid search link.⁶ Marketing is definitely not a straight line.

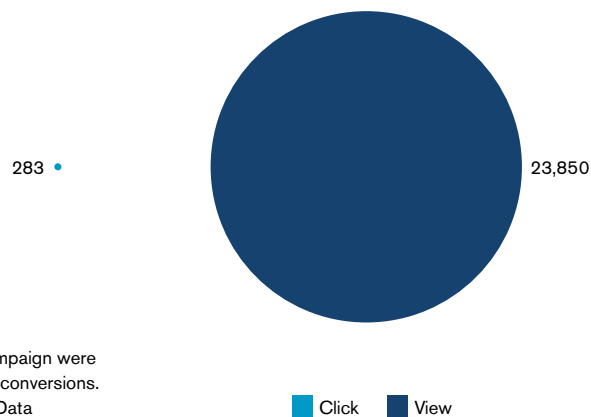


Figure 2.

View conversions for the campaign were 100 times greater than click conversions.

Source: Quantcast Internal Data

What does this mean? If you optimize a campaign for click conversions, you're optimizing to influence the 300 people who clicked through. If you optimize a campaign for all conversions, you're optimizing for the 23,000 people—the viewers and the clickers combined—who eventually get to the website and make a purchase.

How to Optimize for Conversions

If, like most advertisers, your objective is conversions rather than clicks, you can optimize your display campaign to capture them. Here are four steps to get you started:

1. *Understand* the characteristics of your click-based and view-based audiences.
As we've seen, clickers may not be your buyers.
2. *Measure* view-based conversion volume as well as click-based conversion volume.
Buyers are likely to take another look, and perhaps another and another, before deciding to purchase.
3. *Judge* your campaign by the conversion rate rather than the click-through rate.
Or better yet, use effective cost per action (eCPA) to measure the effectiveness of your entire advertising investment no matter how you've chosen to buy it.
4. Develop and apply a multi-touch attribution approach. This involves building a model to better account for the impact of all of the ads that touched your customers along their path to purchase and can help you overcome the shortcomings of click-based and last-touch attribution (attributing all credit to the last ad seen).

Connect With the People Who Really Are Your Customers

Optimizing for clicks is a proven and effective approach for search advertising. But relying on display clicks to drive conversions is often a dead end. As we've illustrated, the consumers most likely to click on display ads are often vastly different from your best customers. Therefore, if you're optimizing your campaign for clicks, there's a good chance you're actually anti-optimizing for sales. Instead, optimize toward your ultimate objective – the campaign conversion rate – rather than toward the click-through rate and focus on developing the necessary systems and skills to understand the true impact of your ad investments throughout your customer's path to purchase.

Sources

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