



Don't Be Ruled by the Click

By Franni Segal

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You can't measure display with a yardstick or clicks

10-year-olds think they know everything about everything. In a family discussion, my son spoke up and claimed he could easily do my job because “it’s just about teaching people that you can’t measure online advertising with a ruler.”

This description got me thinking about the click “ruler” that many advertisers try to force on display campaigns. That almighty click, which was invented to drive a profitable business model on search over 20 years ago for search engine marketing, is typically not a good metric for measuring display static or video ads.





Clicks are the basis of search

Search resonates with consumers because it is an easy way to find information, answer a question, or reach a website to make a purchase. This search audience is actively seeking links for their next browsing destination, expecting to click when they find what they are looking for.

Understanding this consumer mindset, marketers can easily assess the value 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 (CTR) serves as a good proxy for conversion, and cost per click (CPC) is a reliable guide for buying search ads.

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Searching for clicks in display

It's easy to want to take these same metrics and apply them to display, but why are clicks the wrong measurement for assessing display ad effectiveness?

The answer comes back to the customer mindset while viewing the ad. In display ads, especially programmatic ones, the pure goal is to be placed where the consumer is. However, that doesn't mean that when a consumer is reading an article in *Forbes* magazine, they will stop and click-through to an automatic placement or that those clicks are intentional.

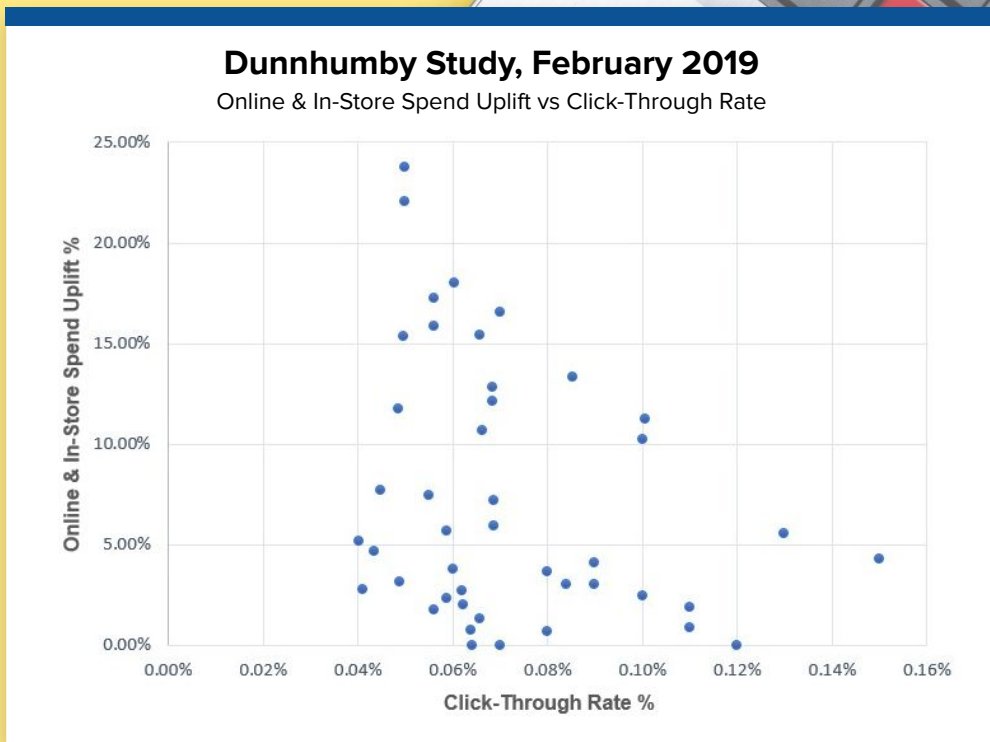
A 2021 eMarketer study found that 55% of US adults said they were “not at all likely [to] click through on a digital ad relevant to [their] interests.” That doesn't mean the ad didn't have an impact; the consumer was just engaged with the content they were viewing and not ready to click away at that moment.

Source: eMarketer, March 2021

No correlation between clicks and conversions

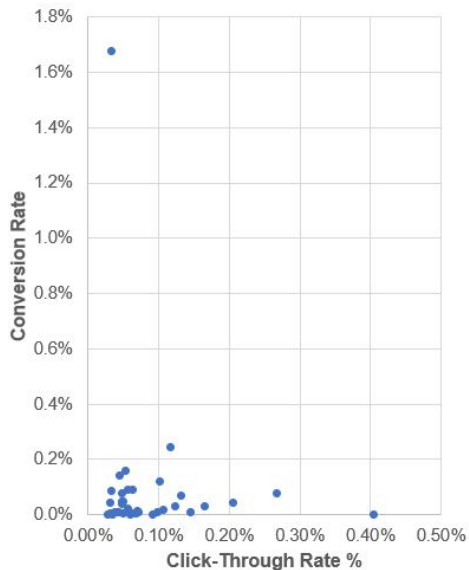
This is where the simplicity of the ruler comes back in and gut checks can help drive the outcomes we want. If we stand back and evaluate, we know the clicker audience isn't that valuable: When was the last time you clicked on an ad?

A 2019 Dunnhumby study visualized what was suspected—that there is no correlation between clicks and conversions; when customer spend and CTR were charted, it created this randomized scatter plot.



Quantcast, Jan-Jun 2021

ROAS Campaign Conversion Rate vs Click-Through Rate



Clicks may even run counter to conversions

Looking at Quantcast campaigns from 2021, we see even less correlation between CTR and conversion. In fact, the correlation for our return on ad spend (ROAS) campaigns was -0.12% , meaning it's an inverse relationship: as clicks go up, conversion likelihood decreases. When we look at our campaigns' scatter plot, similar to the 2017 and 2019 Dunnhumby studies, there is no clear pattern. This is further supported by Google display ad performance benchmarks: CTR on display ads dropped to 0.47% for Q1-2020, down significantly from $0.64\text{--}0.80\%$ in 2019.

What we do notice is that dots are much closer to 0% CTR in 2021 than they were during the earlier studies, indicating that CTR rates are declining at a significant rate. Quantcast campaigns goaled on reach and CTA have a correlation of -0.01 and -0.02 , respectively. What this tells us is that consumers are clicking less overall, making it a less reliable metric to predict campaign success.

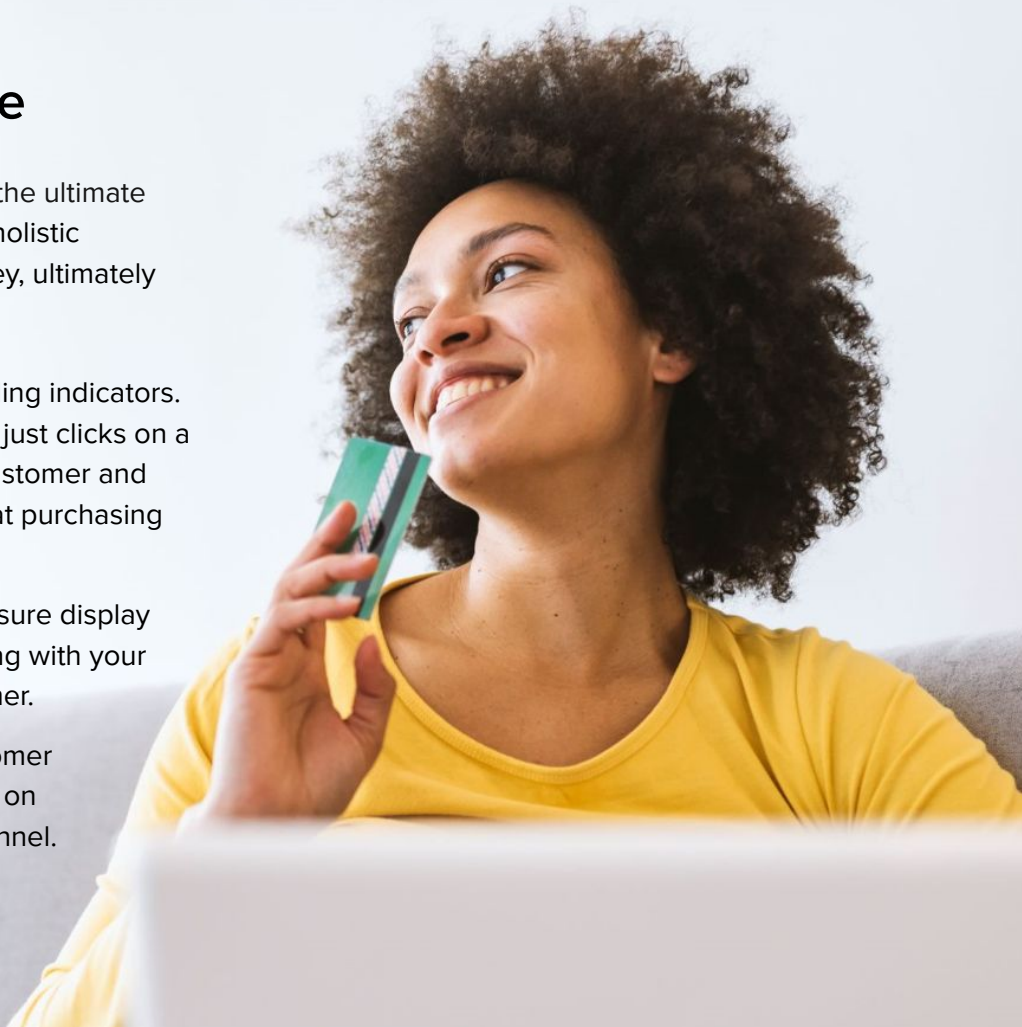
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Aligning with the path to purchase

There are better metrics than optimizing against clicks. Since the ultimate goal is sales, we need to think about the path to purchase. A holistic approach allows you to think about the entire customer journey, ultimately providing you with the keys to conversion.

- **Audience.** Focus on prospects, which will have other leading indicators. Building a model based on key pages on your site versus just clicks on a display ad will provide you with a better picture of your customer and allow for more complex customer segmentation within that purchasing audience.
- **Engagement.** A de-emphasis on clicks allows you to measure display ads to outcomes you care about. Are these users engaging with your site more deeply? An engaged user is a long-term customer.
- **Growth.** It all comes back to an increasing and loyal customer base, and clicks are a misstep on this path. Focusing only on quick, low funnel action means you aren't feeding your funnel.

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Start at the top of the funnel

While most of us are familiar with the marketing funnel, it is important to understand how our ad dollars drive potential customers through the funnel. Although the ultimate goal is purchase, we cannot forget that bringing these new customers into the funnel is a critical growth strategy.

It all starts with awareness. When customers are first introduced to a brand, it is important to excite them, breaking through the noise. The focus should be on education, remembering that consumers are not looking to make an immediate purchase.

But knowing is not buying, so consideration is also key.

This includes differentiating your brand from the competitive set and driving positive brand association.



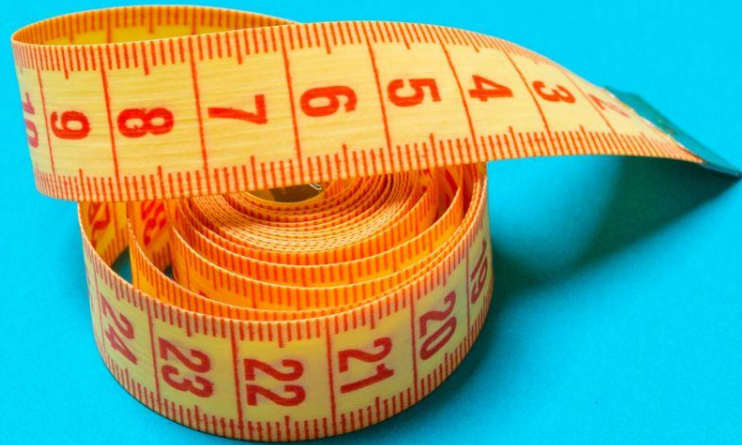
Driving customers, not clicks

But if we are still talking about clicks, then we need to talk about conversions. The last phase of the customer journey is the most measurable in digital advertising, so it gets the lion's share of marketing budgets. But while it is important to be present with media at this stage of the journey, it is also important to remember that without the prior phases, a consumer will likely not arrive at this stage.

By focusing only on clicks and conversions, we are incentivizing aggressive retargeting and other methods of gaming credit, potentially reaching customers that would have converted anyway.

If you want to look across the funnel and the entire path to conversion, it is important to look at attribution strategies that place value not only on conversion, but also on early touchpoints.





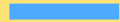
Quantifying the customer

While as marketers we can't just get out a ruler, a holistic approach still needs quantifiable metrics. If clicks aren't a valuable metric in display, how do we truly measure success?

The answer is a view-through methodology. Looking at view-through rate (VTR), we can see how brand exposures drive site visitation both immediately and in the future, whereas measuring off of click-through rate (CTR) only focuses on an immediate click, even if the click was accidental.

View-through allows for more efficient prospecting of net new customers who are influenced by display placements and driven to visit the site through search or directly. While it is important to measure clicks, it's also important to measure the entire consumer journey inclusive of views, which includes first touch through last touch and all the influential touches on the journey.

Be a part of your customer's journey



Let us help you set up the right success metrics for effective advertising.

Get in touch with us today at:

<https://www.quantcast.com/contact-us/>



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