

Have Click Rates Finally Stopped Declining?

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Stabilizing, but there's more to performance

One of online marketers' simplest metrics to keep track of, the clickthrough rate, has been in decline for years. As many recognize the importance of other measures in determining the success of online campaigns in attempts to capture the branding as well as the direct-response effects of advertisements, fewer and fewer web users were clicking on fewer and fewer ads.

Based on longitudinal data from digital ad solutions provider MediaMind, however, that decline appears to have stopped.

The company's analysis of data from July 2006 through July 2010 shows that annual average click rates have plateaued, at 0.9%.

According to "Standard Banners" Non-Standard Results, it was the success of online display ads that caused the drop in clicks to begin with. As users saw more and more ads across the internet, many continued clicking, but not fast enough to keep up with the expanding inventory. Clickthrough rates fell steadily until reaching an equilibrium.

"The new findings are an encouraging sign for advertisers," said Gal Trifon, CEO and co-founder at MediaMind, in a statement. "Although CTR is only a partial measure of online success, the leveling of CTR shows that online advertising has reached a level of maturity and that advertisers have become more sophisticated in luring users' interest."

The study also provides further evidence to back up brand marketers who want to measure more than just clicks to determine the effects of their campaigns. Just 20.4% of conversions came after clicking on a banner ad.

Instead, the vast majority happened among web users who had seen the ad but not clicked on it, and who converted at a later date.

The report advises advertisers to look to sophisticated ads, such as ones with automatic creative optimization, pay attention to placements and take advantage of retargeting for successful display campaigns.

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