

Targeting Boosts Low Facebook Click Rates

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How much do low average clickthroughs matter for marketers?

eMarketer estimates marketers around the world will spend \$6 billion advertising on social networks this year, and the return on that investment will be a bigger question than ever.

Many ad performance metrics have long been low on social networking sites, suggesting internet users simply do not want to click on ads while they're socializing with friends and family. But how useful are measures of average performance to real-world marketers when so many variables can affect ad performance?

According to a widely reported Webtrends study, Facebook ad performance metrics are dismally low—and getting worse. Between 2009 and 2010, worldwide clickthrough rates dropped while costs per click and per thousand increased.

What that means is that Facebook users are clicking less, and costing marketers more money to put ads in front of them.

Clickthrough rates for ads targeted to the US were lower than for other countries: Webtrends reported US-targeted ads were clicked on just 0.065% of the time, compared to 0.087% for ads targeted to other countries. Both rates are higher than the overall average, which includes ads not targeted by geography.

A Chitika study compared clicks on Facebook to those on Google and found the social network's rates were significantly lower. The ad network reported clickthrough rates of 0.08% on Facebook for January 2011, substantially higher than those reported by Webtrends for the US.

That difference points to one significant problem when discussing clickthrough rates and similar performance metrics for ads on any site: The idea of an "average" clickthrough rate might be meaningless. Marketers crave this type of statistic, but the confounding variables are numerous.

For example, different advertisers can have vastly different click rates and costs per click. The Webtrends study found that ads for tabloids and blogs had an average click rate of 0.165%, the highest of any industry, vs. 0.011% for healthcare ads—the worst-performing industry.

But even within a single industry, not all brands are created equal. Within the travel category, which had an average click rate of 0.086%, the performance of ads for name-brand airlines would be averaged against those for lesser-known travel search affiliates.

In addition, the different advertisers would likely have different objectives and different measures for success in their campaigns.

"The airline would most likely want to generate new Facebook 'likes'; the travel search affiliate would want to refer people to buy travel from a third-party site," said eMarketer principal analyst Debra Aho Williamson.

"There's no way an average clickthrough rate for the travel industry would be meaningful to all players in that industry."

Just as not all advertisers are created equal, neither are all ads. Facebook's self-serve ad targeting platform provides marketers with a wide variety of options for narrowing down the audience for their campaigns and targeting them appropriately.

And according to data from BLiNQ Media, targeting can provide a dramatic increase in ad effectiveness. Clickthrough rates for campaigns run through the company's platform were 7.5 times higher for ads targeted with demographic characteristics or interest information gleaned from profiles than for ads that were not targeted.

"Ads that have social features, such as the names or pictures of friends that like a brand, can also perform well," Williamson said. "Marketers can add this kind of targeting on top of other targeting tactics on Facebook."

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