

Can Optimizing Towards CTR Damage Brand Metrics?

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The demise of our old friend, the Click-Through-Rate, as the leading metric for display advertising has been well documented. The industry generally agrees that the CTR has little to do with such factors as brand lift and brand favorability. The CTR is not dead, but it is dying. And yet, old habits die hard -- marketers and agencies continue to rely on the metric even as brands move quickly toward buying audience segments instead of website real estate.

After all, what could be the harm in optimizing audience profiles for maximum clicks? Perhaps plenty, according to recent research showing that *planning and measuring a campaign based on CTR can actually reduce a brand campaign's effectiveness in driving offline sales.*

Leveraging offline purchase behavior, micro-geo targeting and demographic information, seven audience profiles were built and tested against clicker profiles on a purchase intent campaign for a Tier1 brand. The campaign included running display ads with a link to a coupon downloading site across a large scale of premium publishers -- in all, 85 million impressions were served to 10 million users during a two-month period in Q3 2011.

The study showed that some audience strategies are extremely successful resulting in more than 800% lift in coupon downloaders -- and on average each audience strategy applied created 300% lift in coupon downloaders (see table 1). While there was wide variance in coupon downloads amongst the various audience strategies, there was almost no variance in CTR -- and most importantly, a very low relationship (correlation) between people who clicked on the banner and people that downloaded the coupons (see figure 1). **As a result, optimizing the audience strategy according to clicks would have resulted in a reduction of coupon downloads**, as well as a reduction of overall sales lift. These results are consistent with other studies, and suggest that optimization strategies should focus on audiences instead of CTRs.

Coupons, of course, can only indicate purchase intent, so are there other measurements that can replace the dying CTR? For cyber-centric brands like Orbitz, the monitoring of online sales can suffice to measure a campaign's impact. But for brands whose lion share of activity remains offline, we need to find a way to correlate online campaigns with resulting offline sales. The most accurate way would be a direct correlation of online campaign research and offline retail sales results. But correlation with actions that indicate purchase intent -- such as the previously cited coupon example -- are also effective, as is correlation with offline sales proxies such as measurements of brand recall,

likelihood to buy, and brand favorability. Any of these methods is dramatically more relevant than CTR, and it is why we suggest and have partners that perform brand studies and in-store sales tracked to campaigns (such as Symphony IRI studies) for our clients.

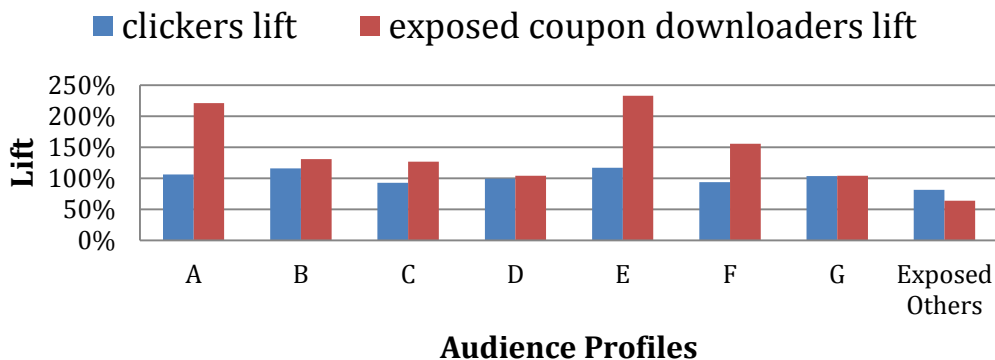
So with this data we support the movement of putting CTR to rest: Rest in peace, old friend.

Table 1

Audience strategies	% of audience from general population	% coupon downloaders from general population	Lift
A	2%	19%	832%
B	1%	5%	448%
C	0%	1%	521%
D	12%	38%	315%
E	0%	4%	836%
F	0%	2%	564%
G	12%	34%	290%
All audience	19%	42%	301%

Figure 1

Clickers verses Exposed Coupon Downloaders



* Lift : % of action generated by profile/ % of profile in general population (i.e. 100% is no lift)