



# BulletinHealthcare

## The truth about click-through rates and the future of digital ad effectiveness measures

### Summary:

In the world of digital ad metrics, norms are hard to come by and the click-through is overrated. The truth is the secret to ad effectiveness is simple enough - make sure you have clear advertising goals and tailor your evaluation methods to those goals.

This Position Paper discusses these issues and exposes thought leader sentiment. As to the future of digital ad effectiveness measures, a key industry partnership *Making Measurement Make Sense* (3Ms) - which includes the **Interactive Advertising Bureau** [IAB], the **Association of National Advertisers** [ANA] and the **American Association of Advertising Agencies** [4As] is determined to make digital brand measurement an easier and more standardized task. Its first priority? To create a “viewable impressions” standard that counts real exposures online.

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## The truth about click-through rates and the future of digital ad effectiveness measures

In a recent white paper/blog, **HubSpot** suggests that you are also more likely to complete NAVY SEAL training than click a banner and that only 8% of internet users account for 85% of clicks on display ads (source: ComScore). Interesting! And those are only the first two of *“10 Shocking but True Display Ad Stats”* from the inbound marketer.

So what’s the deal with display advertising in general – and the continued importance of click-through anyway? This particular blog resulted in a virtual torrent of “share worthy” comments – many of them insightful:

“...Clicks are a poor proxy for assessing ROI. From a pure brand awareness play, online targeting is hard to beat and relatively inexpensive. Dollars will flow into banners as long as marketers value demand creation for their products...

“So— when was the last time anyone clicked on a TV ad or a magazine? When was the last time you clicked on “Word of Mouth”? Does that mean they had no effect? Judging campaign performance on clicks is so 2005...

“A good banner ad is like a highway billboard. It’s a touchpoint that creates awareness. It reminds. It informs. It generates interest. That’s what good copywriting and visual design do for banner advertising...

“People pay attention to what captures their interest – at that moment, e.g. in newsletters, it’s the content. A digital display banner works if it is relevant NOW and is creative enough to disengage their attention even for a few seconds.

“Relying on one-size-fits-all measures such as CTRs to understand digital ad performance is like relying on website visits to measure the impact of a print ad that includes a web address.

### Who’s Measuring What – and Why?

A **PriceWaterhouseCoopers** report, *“Measuring the Effectiveness of Online Advertising,”* states that for display ad campaigns, the click-through rate remains the most widely used indicator, but is not without limitations. In addition to the fact that so few people click on ads, this rate gives no indication of the impact of a campaign on a brand’s image or on the consumer’s subsequent browsing or purchasing behavior.

The report further suggests that on the surface, click-through rate and pageview appear to offer a unified measure of digital branding success that applies to display, search, online and mobile campaigns. But relying on pageview or impression counts as a proxy for brand awareness and clickthrough for interest or purchase intent is “problematic”.

Marketing research guru Joel Rubinson, on his blog “JR on Marketing Research,” goes a step further. “We are measuring the wrong thing when it comes to digital display advertising. We place our energies on measuring the click when digital advertising is, in fact, ADVERTISING!” In research done with ComScore, the total effect of digital advertising (view through plus click-through) is about 10 times greater than can be accounted for by the click alone! In this study, more than 90% of the lift in home page visitation came from the branding effect of display advertising, while only 10% came from the click-through. In this example, the digital analytics infrastructure is not even geared to report on the pathway by which 90% of digital advertising effect occurs!

Michelle Eule, VP of digital ad solutions for **Dynamic Logic**, said in a 2012 interview with **eMarketer** that display advertising’s primary effect is branding, and marketers need to have a measure that accurately reflects that objective. Interestingly, measurement provider Vizu’s CMO Jeff Smith said he has seen that a reliance on CTR actually correlates negatively with brand lift. Now that’s news!

As we shall soon discuss, ad “viewability” is emerging as a key metric and an article by Gavin O’Malley of **OnlineMediaDaily** titled *“Viewability’ Better than Clicks to Measure Online Ads”* adds this to the debate. Continuing to

lose face among marketers, new research shows that clicks are far from the best way to measure online conversions. In their study, clicks had the lowest correlation with conversion (0.01) – far under-performing all other metrics analyzed in the study. Rather, new findings from comScore and Pretarget – both of which market ad targeting services – show a stronger correlation between ad “viewability” and “hover time.”

As many marketers and industry thought leaders reassess “click-through”, many are advocating for the adoption of the view through – which looks to measure not just whether an ad impression was served but whether it was actually viewed by a website visitor or a newsletter subscriber. Ad verification solution provider DoubleVerify found that fully 47% of online website display ads were delivered below-the-fold for campaigns running in 2012, and data from comScore showed 31% of US display ad impressions are never actually seen by consumers.

And another note, let’s not forget that one of the most basic – and essential – measures of digital branding impact is the traditional brand health survey, used to calculate brand lift. Four in five North American brand marketers used brand lift to measure online branding, according to a **DIGIDAY/Vizu** survey. Brand health surveys include a standard set of questions aimed at measuring brand lift in regard to ad recall, brand awareness, message association, etc.

### The Light at the End of the Tunnel

So what does the future look like for establishing meaningful ad effectiveness measures? A key industry partnership, Making Measurement Make Sense (3Ms), originated to make digital brand measurement an easier and more standardized task. Its members include leading industry organizations **Interactive Advertising Bureau (IAB)**, **the Association of National Advertisers (ANA)** and the **American Association of Advertising Agencies (4As)**.

The group currently seeks to address some of the following areas of digital measurement:

1. Create a “viewable impressions” standard that counts real exposures online
2. Move online advertising to a “viewable impression” metric to measure ads more efficiently
3. Determine “metrics that matter” for brand marketers to allow brand marketers to evaluate online’s contribution to brand building.
4. Create uniform measurement metrics that can be integrated across digital and traditional media.

IAB President Bob Liodice is urging marketers to get ready for standardized viewability metrics by the end of the year. Liodice said embracing the soon-to-be released viewability metrics will benefit the ad industry and provide more standardized norms moving forward.

### But in the meantime, folks...

The fact is the secret to all digital ad effectiveness is twofold:

1. Make sure you have clear advertising goals
2. Tailor your evaluation methods to those goals.

There is a place for CTRs on your digital dashboard – but only when you are trying to accomplish certain goals and only when used as one of a few key, relevant measures. According to **eMarketer’s** signature web article, “*Quantifying Digital Ad Effectiveness*,” there is no foolproof set of metrics for best quantifying digital branding effect, but the savviest marketers understand that the best recipe for success calls for both traditional brand lift measures and targeted, digital-specific engagement metrics. By combining both, marketers can substantiate their campaign effectiveness within digital and the larger branding context.

As an example, let’s take a look at key goals for Pharma marketers. Each of the four company and/or brand marketing objectives below suggests differing goals, tactics and resulting performance metrics:

- ❑ Create awareness/branding
- ❑ Elicit trial (as one of multiple touch points)
- ❑ Build therapeutic thought leadership
- ❑ Ensure engagement/add value (click-through to KOL videos, podcasts, symposia and “Value Beyond the Pill” programs (education/adherence/co-pay, etc.)

	Reach/Frequency	Display	Engagement	Conversion	ROI	Post-tests
Awareness/ Branding	X	X	X			X
Elicit Trial	X			X	X	
Thought Leadership	X		X			X
Value-add Engagement	X	X	X	X		

**Display** can include # of impressions, # of “visible” ads, # of ads viewed, and/or exposure time

**Engagement** can include open rates, viewability, dwell (web), page views (web view), and/or viewing time (video)\*

**Conversion** clickthrough and/or conversion rates

**Post-tests** – impact on: awareness, ad recall, brand image, Rxing intent etc.

As you can see from the graph above, different brand objectives call for very different success metrics. Furthermore, individual success metrics have shades of grey that should be considered. As “engagement” becomes more important, for example, the brand objectives coupled with the digital tactic and platform utilized will ultimately determine if open rate, viewability, or video click-through is optimal. For some campaigns, all three will play a role.

### Where you advertise effects what you can measure and how you move the needle

Let us not forget that where you advertise digitally will help to determine what you can measure and how you can optimize those measures. For example, **Forbes** conducted an “Ad Effectiveness Survey” a couple of years ago that revealed that e-mail/e-newsletter marketing was a very close second to SEO for generating conversions. A conversion occurs when an ad-responder takes the action you want (clicking a digital asset, downloading information, asking for samples etc.).

Consider these “where you advertise” issues: while a web property can provide metrics that an eNewsletter cannot (dwell, page views, video view times etc.), websites can tend to suffer from banner blindness and decreased viewability “below the fold”. For marketing purposes, websites do provide pervasive reach, are “open” 24 hours a day, are easily updated, and provide a range of available analytics to gauge performance. The good ones in healthcare have a good reputation and contain a range of content “on demand”.

Specialty eNewsletters (e.g. BulletinHealthcare’s association-specific eNewsBriefings) are a horse of a slightly different color and provide some very intriguing advantages that tend to optimize ad effectiveness – i.e. engagement, viewability, and lack of ad clutter. The benefits to the reader (and thusly to the advertiser) include receiving extremely targeted content that is summarized, is received daily via email on a regular timetable, is mobile optimized for easy viewing, and has the ability to link to website content to reveal highly desired digital content.

The lesson here? Even though there is no absolute benchmark or silver bullet to measure digital ad effectiveness, the right groups of people are currently coalescing to come up with measurement standards that make sense. And in the meantime, smart marketing and measurement is entirely within the realm of reason if you follow the two rules of digital ad effectiveness – clearly establish your advertising goals and make sure you tailor your evaluation methods to those goals.