What are Click Through Rates and Why Do They Matter?

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Click through rates, or CTRs, are an important measurement when it comes to search engine optimisation. They matter because they give a good indication of how relevant and valuable your content and adverts are seen to be by users searching for certain terms; more importantly, they represent the percentage of search users who end up at your site. The click through rate is the number of times your web page is selected by a search user, expressed as a proportion of the number of impressions (i.e. views) of your web page's search entry. Click through rate = clicks/impressions. In other words, if your web page is displayed in the search results 5000 times but clicked on 5 times, your CTR will be 5/5000 (or 1/1000, or 0.1%).

In the keyword selection process of a search marketing campaign, knowing the relevant CTRs can help you to determine the potential value of getting ranked for a certain key term. For example, knowing that a competitor has a click through rate of 50% for a given search term means that internet users searching that term found his or her web page highly relevant. Your business is also likely to be relevant to that term, so there could be much to gain from targeting it and poaching a portion of the concomitant traffic from your competitor. Of course, the level of competition for a key term should be factored into the equation - although there may be an excellent click through rate for web sites selling car insurance associated with the search phrase "buy car insurance", the odds are that competition for ranking is fierce.

CTRs are even more important when it comes to pay-per-click advertising campaigns. If you are planning to launch a PPC advertising campaign, you should know roughly how many users who search the key terms associated with your advert end up following similar links - this will help you to determine how worthwhile the PPC campaign is. If you predict that the CTR of an advert you place will be high, this can help you prepare for the costs of that pay-per-click campaign.

Within the marketing funnel, CTRs can measure the success with which potential customers are taken from awareness of a site (or advert etc.) to consideration. However important this achievement is, it is not the end of the process - taking the prospect from consideration to a purchasing decision is equally important. In fact, the worst possible outcome of a PPC advertising campaign is that a high volume of traffic makes it as far as the consideration stage (thus clicking on the advert and costing the business money) but a very low percentage actually makes a purchase. This is why ensuring a high conversion rate through on-page design and optimisation is crucial before engaging in a PPC ad campaign.

Click through rates are clearly important in any digital marketing campaign, but research and analysis cannot end there. Conversion rates are just as important (if not more so), so remember to focus on this too.

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