

Actuan Brief

WHAT THE HECK IS A CTR AND WHERE DO I FIND A SEO?:
Online Marketing Buzzwords that Marketers Need to Know
to Stay on Top in an Interactive World

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“How do you stay on top of everything?” It’s a frequent question among colleagues within the interactive marketing industry. It often seems that new words are introduced to the interactive lexicon on a daily basis and concepts about which practitioners must appear knowledgeable – hourly. Thankfully, there are terms that are more critical than others. Understanding these terms will put even the neophyte interactive marketer on the road to being an online marketing expert. Below, we present some of these terms and provide context so that you have a better idea of how each term impacts you as a marketer.

Conversion rate

Most online marketing is done to drive people to do some action. When prospects follow through and perform those actions, they are considered to have converted. The conversion rate represents the percentage of people who have performed the action relative to those who were exposed to the advertising. For example, Acme Metrics, a software company, may decide that they want to run an online banner ad that drives people to a site where they can download a whitepaper. Downloading the whitepaper is considered the conversion action. People who simply click on the banner ad, but do not download the whitepaper have not converted. Those who click the banner ad, visit the web site and then download the whitepaper have converted. The conversion rate, in this case, would be calculated by dividing the number who converted by the total number of people who visited the web site and multiplying by 100.

Click-Thru-Rate (CTR)

Marketers use the CTR as a metric for gauging the ability of an ad to generate interest and get people to learn more about the featured product or brand. The click thru rate is calculated by dividing the number of people who click on a banner or search engine ad by the ads’ number of impressions and multiplying by 100. Typically, the CTR is used to measure banner ads and search engine ads.

Cost Per Thousand (CPM)

The term CPM refers to the cost per thousand impressions for a display ad. Most web sites that are supported by advertising charge advertisers based on CPM rates. These rates can vary greatly depending on the number of visitors to a web site and how well a site targets its audience. For example, Yahoo! may charge higher CPMs than MSN for the same ad on their respective home pages because Yahoo! has a greater number of unique visitors. However, a site like iVillage is likely to have higher CPMs than a more popular site like Weather.com because iVillage’s audience is very targeted and highly sought after by advertisers.

Cost Per Click (CPC)

The CPC is the metric used in search engine marketing (SEM) to indicate the price an advertiser pays each time a search engine user clicks on a sponsored search ad. CPCs typically vary from \$0.10 to more than \$20 depending on the demand for individual search keywords associated with an ad. For example, at the time of this writing, the word ‘shrubs’ costs \$0.59 per click on Google. Alternately, the term ‘cheaper car insurance’ costs the advertiser, on average, \$38.67 each someone clicks on an associated ad.

E-mail

We all know what e-mail is. What you may not know is that in the CAN-SPAM Act, the 2003 federal law that governs e-mail marketing, the government identified two types of e-mail. Commercial e-mail is generally considered any e-mail that has been sent solely for marketing purposes. Your company’s newsletter and the e-mail you get with coupons to your favorite bookstore are all considered commercial e-mails subject to the CAN-SPAM guidelines. Transactional e-mails are messages that are usually automatically generated when the user does some action (e.g. registers for your site, makes a purchase on your site, signs up for an e-mail newsletter, etc.). Transactional messages are not subject to CAN-SPAM guidelines. Marketers are allowed to place commercial messages (e.g., cross-sell, up-sell, etc.) in transactional e-mail as long as the e-mail was generated for transactional purposes.

Hits / Visitors / Time on Site

These are among the most commonly used metrics to measure web site usage. A hit is counted each time a user requests an individual web page, its associated images and related web files. If there are 100 images on a single web page, that user is considered to have hit the web site 101 (100 images + 1 web page file) times. Because a single user can generate numerous hits, the 'visitor' is a very important metric. Each individual person who loads a web site is considered a visitor. Each visit is regarded as either a unique visit, if the person seems to be different from anyone who has visited the site before, or a repeat visitor if the person appears to have been to the site before. These days, even more important than the 'visitor' is the time a user spends on a site – or the time on site. By monitoring users' interactions with the web site, Internet professionals are able to accurately determine how much time someone spends on the site in a single session or even across multiple sessions. Higher time-on-site numbers mean that the site is more engaging, that more pages are usually viewed and that higher CPMs can be charged.

Keywords

The terms that people type into search engines for their queries are referred to as keywords. Marketers who advertise on search engines anticipate the keywords that their potential customers will use and they arrange to have their ads shown when those terms are used. Keywords can also be words that are specified in web pages to increase the likelihood that some search engines will rank the pages higher when its users execute queries relevant to those keywords.

Metrics

Measurement is one of the most frequently overlooked aspects of interactive marketing. Most campaigns should be undertaken with some quantitative objectives in mind and well-defined ideas about how to measure success. 'Hits/visitors/time-on-site' mentioned earlier are among the most common metrics for online measurement, as are the click-thru-rate (CTR) and conversion rate. However, the most important metrics are those that allow you to tie online marketing performance to actual revenue. Naturally, this can be relatively easy when e-commerce is supported on your site. However, doing so offline will require creative marketing programs (e.g., frequent shopper programs, individual coupons, etc.) and heavy duty analytics that assess performance of your programs based on data sources that you provide. Vendors like Omniture, Webtrends, Unica and even the ubiquitous Google offer web analytics software that allow you track users' behavior both in pseudo real-time and over time.

Podcast

Audio files that users can listen to online or download to their MP3 players, podcasts have proven to be to valuable assets to marketers. Podcasts are usually created as part of a series with a common theme. A financial services firm could create a weekly podcast providing a summary of the past week's events. Similarly, a B2B firm might feature executives from the company or even celebrities who might interest their target audience. It is important to note that podcasts are not likely to show results after only one or two episodes. Success with podcasts requires a significant time investment, but when done well can pay long-term dividends.

Pre-roll ad

Ads that appear prior to the start of the video consumers intended to view are called pre-roll ads. There are also mid-roll ads that appear during video playback and post-roll ads that appear once the feature has finished showing. There is some evidence in the press that 30-second ads provide more brand lift than 15-second ads. However, marketers must be careful not to antagonize users by placing 30-second ads before short (30s to 3 min) clips of moderate interest to users.

Rich media ads

Prior to the advent of rich media ads, most online banner ads were created as graphics in the GIF and JPEG formats. Those ads were limited in functionality and required users to click through to web sites to actually engage the advertising brand. Rich media ads, by contrast, offer users the ability to interact with the brand within the confines of the ad. Additionally, where standard banner ads are generally restricted to Interactive Advertising Bureau (IAB) formats, rich media ads can be found in numerous formats – including those that appear like IAB ads, but change into non-standard sizes to allow more space for user interaction.

Search Engine Marketing (SEM)

Search Engine Marketing (SEM) is the name ascribed to the ever growing discipline of online marketing that uses search engines like Google, Yahoo! and MSN, the three most popular, for placing ads. SEM, when done well, has proven to be very effective at raising awareness of products and increasing sales.

Search Engine Optimization (SEO)

Search Engine Optimization (SEO) is often confused with SEM, but really serves a different purpose. SEO is used to increase a site's placement in search engine rankings when a user performs a query for a relevant term. Some of the methods used to increase search rankings seem simplistic – ensuring that you use expected keywords in site content and labeling graphics. However, effective SEO can be quite complicated and should be done with the help of an expert.

Social networking

As demonstrated by the success of sites like MySpace.com, Facebook.com and LinkedIn.com, Internet users have taken to the idea of making “friends” online. Sites that enable people to build networks and communities in this way are referred to as social networking sites. Customer discussion groups that appear on company/product sites are another version of social networking. The goal of both versions is to facilitate communication between people who have similar interests.

User Experience

Information architecture, human factors integration and other similar term are really \$100 word synonyms for the user experience – the way that people who use a product interact with it and use it. There may not be a more important concept on the Internet. User experience deals with everything from how easily people are able to find the information they want to how the colors on a page appeal to its users – all of which is likely to have a tremendous impact on the success of a site. Savvy marketers subject their most important sites to usability testing to increase the likelihood of user acceptance. Usability testing involves recording individuals' actions as they perform specific tasks on a web site – under the guidance of a moderator. Once all tests have been completed, the moderator (or a proxy) is responsible for creating a presentation that guides the site's publisher on how to update the site to improve the user experience.

Video

Just as the moving picture ended up becoming the “killer app” of offline marketing and communications, the same is happening online. Marketers are finding that online commercials, filmed product demonstrations and even customer provided videos, a form of user generated content (UGC), engage consumers and lead to tremendous brand lift. Remember that when doing video, smaller resolutions have proven less effective than larger ones. Additionally, ease-of-use is paramount. Requiring users to download a non-standard application to view your video will not endear them to your brand. Using Flash, for most users, ensures that the video just works. Also, as with all marketing, be sure to target your audience so that the right video shows up for the right users at the right time.

Web 2.0

This term may be one of the most over-used terms in the Internet ether. However, until the next over-hyped buzz word comes along, it is here to stay. Web 2.0 generally refers to the idea of creating web properties that are focused on social interaction amongst its users and better organization of content. For example, where a news site like cnn.com only allows users to read its articles, usatoday.com offers Web 2.0 features such as allows users to comment on articles and join a community of other readers. Additionally, sites like Flickr support users associating their uploaded photos with labels that allow others to easily find them. Among the concepts most often associated with Web 2.0 are blogs, wikis, social networking, meta tags, user generated content (UGC) and rich Internet applications (full-featured applications hosted entirely online).

Marketers interested in learning more about these terms and developing interactive strategies that take advantage of them are invited to contact **ACTUAN'S** CEO, Talib Morgan. He can be reached by e-mail at talib.morgan@actuan.com or by telephone at 973-494-0930.

About ACTUAN

ACTUAN is a digital media consultancy that specializes in helping corporations align marketing and digital technology to engage consumers – what we call MarketnologySM. Our team has helped numerous Fortune 1000 companies develop and deploy programs that lead to more valuable customer relationships. We use a proven process to help clients create strategies that closely align with their long-term business strategies. From using the Internet to raise brand awareness and improve lead generation to Web 2.0 product development and e-business applications, **ACTUAN** can be relied upon to deliver results that benefit your business and your customers.

You can learn more about Actuan by visiting our web site at www.actuan.com