Chapter 25. Media Site: Lines in the Sand

Click-Through Rates

(Click-through rates also apply to UGC sites)

A well-placed, relevant ad will get clicked more, but no matter what, ads are a numbers game: even the best ads seldom get as much as 5% click-through rates.

A May 2012 study by CPC Strategy listed the top 10 comparative shopping sites, along with their click-through rates where applicable (Bing and TheFind don't charge for clicks).[122] See Table 25-1.

Table 25-1. Top 10 comparative shopping sites

Comparison shopping engine	Conversion rate	Cost-per-click rate
Google	2.78%	Too early to know[a]
Nextag	2.06%	$0.43
Pronto	1.97%	$0.45
PriceGrabber	1.75%	$0.27
Shopping.com	1.71%	$0.34
Amazon Product Ads	1.60%	$0.35
Become	1.57%	$0.45
Shopzilla	1.43%	$0.35
Bing	1.35%	N/A
TheFind	0.71%	N/A

[a] *http://mashable.com/2012/09/11/google-shopping-to-switch-to-paid-model-in-october/*

Global search marketing agency Covario reported in 2010 that the average click-through rate for paid search, worldwide, was 2% (see Table 25-2).

Table 25-2. Average click-through rate for paid search

Bing	2.8%
Google	2.5%
Yahoo!	1.4%
Yandex	1.3%

Affiliate marketer Titus Hoskins says that 5–10% of the visitors he sends to Amazon ultimately buy something, and that this is significantly higher than revenues from competing affiliate platforms.[123] Amazon and other general-purpose retailers also reward affiliate partners more handsomely than some more narrowly focused companies, because an affiliate referrer gets a percentage of the entire shopping cart. So if an author sends a visitor to Amazon to buy a book, and that buyer also purchases groceries, the author gets a percentage of the buyer's grocery purchase as well. This encourages affiliate advertisers to give Amazon's ads more prominence, since they're more lucrative.

Derek Szeto feels that because Amazon's conversion rates are high, affiliates are more likely to drive traffic to towards it sites. Amazon balances the richness of its affiliate program with a relatively short cookie lifetime—so an affiliate makes money from an Amazon buyer only if that person buys something within 24 hours of clicking the affiliate link.

Recall that blank ads showed a click-through rate of 0.08% in the Advertising Research Foundation's tests, so if you're seeing a click-through rate below that, you're definitely doing something wrong.

Bottom Line

Your ads will get 0.5 to 2% click-through rate for most kinds of on-page advertising. Below 0.08%, you're doing something horribly wrong.

Sessions-to-Clicks Ratio

Sessions-to-Clicks Ratio

(Sessions-to-clicks ratio also applies to UGC, e-commerce, and two-sided marketplaces)

Expect 4–6% of the clicks that come from search engines or ads to never show up on your site. You can improve this by tweaking the performance and uptime of your website, but doing so requires constant vigilance and tuning that may come at the expense of adding new features or running experiments. Until you’ve found product/market fit, you probably shouldn’t spend a lot of time trying to improve this metric.

Bottom Line

You’ll lose around 5% of clicks before the visitor ever gets to your site. Deal with it. If you’re sticky enough, the visitor will try again.

Referrers

Media sites rely on referrers from other sites to drive traffic. But not all referrers are created equal. Chartbeat ran some analysis for us comparing a group of sites broadly categorized as tech-and politics-based, versus social referrers including Facebook and Twitter.[124] An average pickup from any of the sites analyzed resulted in a peak of 70 concurrent users, and in a two-week period users from the referrer spent a total of 9,510 minutes engaged.

Traffic from social referrers was much less engaged. Facebook referrals resulted in an average peak of 51 concurrent users, and 2,670 minutes of engaged time. Twitter referrals resulted in an average peak of 28 concurrent users, and 917 total minutes of engaged time. Chartbeat’s Joshua Schwartz says, “the lower total engaged time numbers for social sites, versus those for standard referrers, speaks to the fleeting nature of social pickups; while a referrer pickup may result in a sustained flow of traffic across days, social spikes are more likely to be short-lived.”

Bottom Line

Learn where your most beneficial traffic comes from, and what topics it’s after, and spend time cultivating a following around those sources and topics. When you run experiments, segment them by platform: Facebook fans want a different kind of content from Twitter followers.

Engaged Time

Measuring visits or page views tells you how much traffic you had—but it doesn't tell you how much time your visitors spent actually looking at your content (also known as *time on page*). Browsers can capture this data, using a script on the page to report back as long as the visitor is engaged.

We asked Chartbeat to segment its measurement of this "engaged time" metric by the type of site. Sure enough, there's a significant difference between media, e-commerce, and SaaS sites that reflects each site's different usage patterns. Chartbeat's research, aggregated from customers who've agreed to have their data analyzed anonymously, is shown in Figure 25-1.

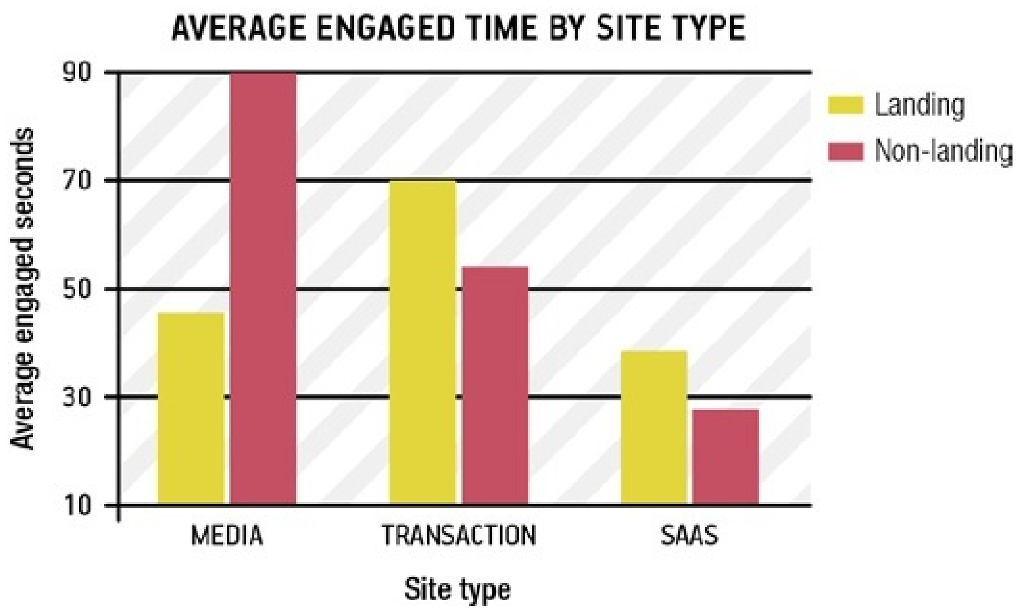

Figure 25-1. You're supposed to stick around for media; SaaS wants you to move on fast

Chartbeat found that the average engaged time on a media site's landing page is only 47 seconds, but the engaged time on a non-landing page is 90 seconds. These numbers are considerably different from the averages previously discussed (61 seconds for landing pages and 76 seconds for non-landing pages).

In particular, SaaS sites have a low time on page, which is as it should be if the purpose of the site is to make users complete a task and be productive.

Joshua says, “The more analysis we do, the more we’re seeing that engaged time is especially crucial for media sites. While getting lots of eyeballs is important, if the traffic immediately bounces, it doesn’t do much good. So engaged time as a metric is essentially measuring the quality of a media site’s content.”

Bottom Line

Media sites should aim for 90 seconds or more of engaged time on their content pages. Don’t expect (or aim for) a high engaged time on landing pages, though; you want people to find the content they want quickly and dig in further.

What Onsite Engagement Can Tell You About Goals and Behaviors

On average, people spend about a minute on a page when they’re engaged with it. This varies widely by type of site, but also by pages within a site. So how can you use this information?

- **Look at the outliers.** “If a page has a large number of visitors and a low engaged time, think about why people are leaving quickly. Did they come expecting something else? Is the layout working? Or is it simply a page that isn’t designed to keep users for long?” asks Joshua.

- **Show off your good stuff.** If a page has a high engaged time but few visitors, consider promoting it to a wider audience.

- **Ensure that the purpose of the page matches the engagement.** “If you’re an e-commerce site, you might want your landing page to have little engagement time,” says Joshua. “But if you’re producing editorial content, you should aim for high engaged time on article pages.”

Sharing with Others

(Sharing with others also applies to UGC sites)

Sharing is the word-of-mouth form of virality. A March 2012 Adage article by Buzzfeed's Jon Steinberg and StumbleUpon's Jack Krawczyk looked at how much popular stories had been shared.[125] As with many other metrics, there was a strong power law. The vast majority of stories were shared with a small group, and only a tiny fraction was shared widely. On Facebook, the top 50 shared stories in the last five years had received hundreds of thousands—even millions—of views.

But despite these outliers, the median ratio of views to shares is just nine. That means that, typically, for every time a story is shared only nine people visited it. In other words, most sharing is intimate, among close-knit groups of peers. On Twitter, the median was 5 to 1; on reddit, which promotes popular links on its home page, it was 36 to 1.

StumbleUpon looked at 5.5 million sharing actions in a 45-day period. It concluded that users shared "intimately" (to another StumbleUpon user, or via email) twice as often as they broadcasted a message to a wider audience using the site.

Bottom Line

With a few notable exceptions, Steinberg and Krawczyk conclude that sharing happens from a groundswell of small interactions among colleagues and friends, rather than through massive actions between one person and an army of minions.

JFL Gags Cracks Up YouTube

Since 1983, comedians from around the world have been descending on Montreal every summer for the Just For Laughs festival. Today, it's the world's largest international comedy festival.

In 2000, Just For Laughs Gags, a silent "hidden camera prank" show, began airing on television. You've probably seen these brief sketches; their short format and lack of spoken words makes them great for airplanes and other public places, as well as for global markets.

We talked with Carlos Pacheco, Digital Director at Just For Laughs, about his job monetizing Gags TV, the show's YouTube channel.

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The Decline of Existing Channels

"Until recently, the Gags TV series was primarily funded (and profitable) in the old-fashioned TV way," Carlos explains. "With every new season, the TV and digital rights would be sold to local and international TV networks, which has kept the series going since its start 12 years ago." But recently, producers saw a decline in licensing prices—basically, TV networks were no longer willing to pay the prices they had in the past.

The show has had a YouTube channel since 2007, but it didn't have much content and wasn't being regularly maintained. The original plan was to create a dedicated website, relying heavily on Adobe Flash, that featured Just For Laughs content including stand-up and Gags. "Once that fell through, the team at Gags decided to concentrate on YouTube," says Carlos. "Even though the channel had been a YouTube partner since 2009, it was only in early 2011 that the producers started to notice some revenue coming from the few videos that were there." With the hypothesis that more videos would lead to more revenue, the team uploaded over 2,000 prank clips to the site.

Since its creation, Gags was formatted for television, which meant a half-hour show (with commercial breaks) featuring 12 to 14 pranks. On YouTube, the half-hour constraints were gone. In many ways, the short format of a single prank was more suited to the Web than television. "The mass upload wasn't done very strategically," says Carlos, "but out of the 2,000 videos, a few got noticed and went viral, helping the channel grow, and ad revenue became significant in early 2012."

Getting the Ad Balance Right

On YouTube, content owners can run ads in several ways. They can create overlays atop the video with clickable links, and they can screen ads before, during, or after the content. The content provider can also decide whether ads can be skipped or not. The right ad strategy is critical; more impressions and more ads means more revenue (measured in *cost per engagement*, or CPE—the revenue earned from an ad impression), but those ads can turn viewers away.

Initially the only metrics the team looked at were daily views and revenue. Now they're getting much more sophisticated, looking at metrics such as time watched per video, traffic sources, playback locations, demographics, annotations, and audience retention. A key goal is to analyze where people drop off from watching, which helps guide Carlos on the right formats for videos.

“For example, a few months ago we started producing web exclusive ‘best of Gags’ videos,” says Carlos. “The first videos featured a 10-to 15-second intro animation, but looking at the audience retention we saw a 30% drop-off within the first 15 seconds. After that, we modified the initial uploads and all future uploads to remove the intros, which gave our audience the content they really wanted as soon as they pressed play.”

Early on, Gags used only overlay ads on its content. Later, the team added a kind of skippable YouTube ad called TrueView pre-roll advertising, which increased overall CPE but didn’t slow down growth. “We didn’t want to start with anything other than TrueView, since our content is short. We knew our fans weren’t interested in sitting through a minute-long pre-roll ad just to watch a one-to two-minute prank video,” says Carlos. The team has also experimented with YouTube TV channels like Revision3, with good results.

In early 2012, YouTube announced that longer-form content would be prioritized in recommendations it made to viewers. Since the Gags team had seen other content producers uploading full TV episodes onto the site, they thought this would be a good way to experiment with uncut episodes that had forced pre-roll, mid-roll, and post-roll ads.

The results showed that even though the long form worked, shorter clips were still better:

- In the first 24 hours after a long-form video was uploaded, the number of views was nearly the same as those of a two-minute video clip, averaging 30,000–40,000 views.

- Ad revenue per long-form video was five times higher than that from a two-minute clip. That might seem like a good thing, but a long-form video has around 12 individual clips, so it’s actually less lucrative.

- Long-form video episodes have a longer tail of viewing—they keep a higher average number of daily views for a longer period than the short clips.

- Audience retention is very different. Because the long-form episodes have introductions and are longer, there’s a 40% audience drop-off halfway into an episode, versus a 15% drop-off halfway into a single short video.

Merchandising on the Channel

Until now, there has been no attempt to sell products via the channel. The Gags team gets requests to buy video, and even the music that accompanies each video. “This is a huge wasted opportunity for us, considering we generate over 4 million impressions a day,” says Carlos. “We have 4 to 5 million people walking into our store every day, but there’s nothing to buy. I’ve made it my personal mission to change this using YouTube-approved retailers (which allow us to link out from annotations) for our merchandise, as well as by partnering with digital distributors.”

To Take Down or Not?

Gags owns all the rights to the content it uploads. With its viral, broadly appealing content, copying and repurposing material happens a lot, but the team doesn’t do any Digital Millennium Copyright Act (DMCA) takedowns. Part of this is simply getting the word out to new markets. “Most of the time, fan-made compilations and uploads to a personal YouTube account go viral in the uploader’s specific market,” says Carlos. “This has helped us expand our brand and audience to markets we never even thought of.”

But there’s another, more lucrative, reason for not having these videos taken down. “Every time a fan ‘repurposes’ our content on his or her personal YouTube channel, we see it in our content management system, and we’re given a choice: either take it down, release our claim, or reinstate our claim and monetize the uploaded content,” says Pacheco. “In almost every case, we reinstate the content and monetize these user-generated videos.”

Since deciding to focus on YouTube, the channel has grown dramatically, “In the last year, on average, there are 100,000 user-generated Gags videos that generate 40–50% of our total monthly views,” says Carlos. “I’ve seen two-hour mash-up videos of our content that have generated millions of views, which is something we would never have thought of doing.”

Although fan-made videos bring in less revenue per engagement than Gags’ original content, the sheer volume of views represents a significant amount of total ad revenue. Carlos says, “I also pay attention to how fans are compiling these videos to see if we can learn from and mimic their success, since we often see UGC videos generate more views than ours."

A Fundamentally New Opportunity

Carlos points out that Gags' growth on YouTube has happened completely independently from any marketing web support from the Just For Laughs festival or social media channels. Before February 2012, Gags had no official Facebook page, Twitter account, or web presence. "Of course, a key success factor that helped Gags grow is the fact that it's been on the air for over 10 years in over 100 countries. But until recently, our online presence was almost nonexistent," says Carlos.

Originally producers thought that uploading their full catalog to the Web would cannibalize TV sales. That didn't happen. Television sales actually *improved* as a result of Gags being discovered by new, untapped markets, and other online content providers are regularly reaching out to Gags with new monetization opportunities.

"The success of the YouTube channel over the last 12 months has turned things around for Gags," says Carlos. "Producers are no longer at the mercy of television or cable networks. On top of that, with funding opportunities like YouTube original channels, there's space for creators like us to build brand new online properties, which is something we're seriously looking at."

The nature of the Gags content, being mostly silent, helps it transcend borders, cultures, and languages. Carlos feels this has helped the brand expand dramatically: "Although our main channel will hit a billion views within the next few months, behind the scenes our total channel and UGC views are already past 2.1 billion."

Summary

- Just For Laughs Gags produces short, popular comedy reels well suited for the Web.
- Gags' YouTube channel brings in revenue from both its own content and content created by end users.
- Short-form video, without long pre-roll introductions, has proven more lucrative than longer content.

Analytics Lessons Learned

Sometimes it's better to build atop someone else's platform than to build something from scratch, and sometimes user-generated content can be a lucrative revenue model for media sites, particularly when you learn from what users are doing and emulate it yourself. The key is to measure engagement and optimize your content for the medium.

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[122] *http://www.internetretailer.com/2012/05/03/why-google-converts-best-among-comparison-shopping-sites*

[123] *http://www.sitepronews.com/2011/12/30/what-amazon-shows-us-about-achieving-higher-conversion-rates/*

[124] These sites included TechCrunch.com, Wired.com, HotAir.com, Drudge.com, RealClearPolitics.com, TheDailyBeast.com, HuffingtonPost.com, Engadget.com, TheNextWeb.com, AllThingsD.com, PandoDaily.com, Verge.com, VentureBeat.com, Gawker.com, Jezebel.com, Mashable.com, Cracked.com, and Buzzfeed.com.

[125] Buzzfeed president Jon Steinberg and StumbleUpon's Jack Krawczyk looked at sharing behavior across social platforms; see *http://adage.com/article/digitalnext/content-shared-close-friends-influencers/233147/*.