

iCrossing update: Google CTR x3 higher than Yahoo!

Fri, Oct 3, 2008 | Posted by [Gregory Lyons](#)

So you want to maximise your [paid search](#) click-through rate (CTR), while paying as little as possible. But, is it better to bid a lot to ensure a top position, or is it more efficient to pay less to get a middle of the range position? Also, what sort of returns can you expect from a top or middle of the range position?

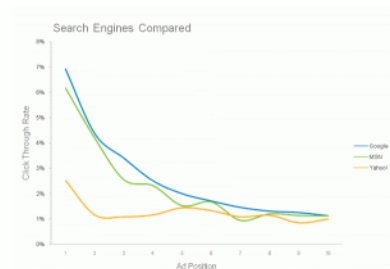
To answer these questions we need to begin with understanding the average CTR of each position in the paid-search listings and the average cost-per-click (CPC) for that position.



At iCrossing we sought to better understand the [paid search](#) market and conducted analysis on the CTR and average CPC for each of the major three UK search engines ([Google](#), MSN and Yahoo!). We collated hundreds of thousands of paid search results from past campaigns, spanning dozens of clients and going back many years. Our aim was to determine typical click through rates, so we removed:

- all branded keywords as these are liable to have a greater CTR for the brand themselves and lower for competitors, and;
- low volume keywords where only a few ads may show.

The results were both insightful and surprising.



The results for [Google](#) and MSN showed an exponential curve with rapidly declining CTR, which begins to plateau after the first handful of positions. Google and MSN have comparable CTRs with Yahoo! having the lowest CTR of the three (more than half for the top spots), but aligning with Google and MSN at around position 6. There also seems to be an intriguing secondary peak for clicks around position 5; which for Yahoo is top of the right-hand side bar.

Why does Yahoo have such a low CTR compared to the other engines, especially when you consider the amount of real estate given over to paid ads in Yahoo? We would suggest that Yahoo's methodology for discounting clicks from bots is not as rigorous as the other engines; as also evidenced by the vastly

inflated figures the [Yahoo Search Term tool](#) used to output.

So how does this relate to your bidding strategy? Well, if you know the CTR and you know the estimated traffic by search term, you can calculate the amount of traffic each position will deliver and base your bidding strategy around this information.

Position	CTR	Est. Search Volume for Keyword	Est. Traffic to Site
1	6.6%	10,000	660
2	3.2%	10,000	320
3	2.8%	10,000	280
4	2.2%	10,000	220
5	1.9%	10,000	190

In the next post we'll look at the average CPC by position and how that information combined with the information presented above can be to create a highly optimised PPC campaign.