Search Conversion Rates by Daypart

By Esco Strong

Paid search is one of the most competitive and tightly-managed digital marketplaces that exists today. Yet in this world where daily micro-management of tens of thousands of keywords has become the norm, one of the simplest and most powerful strategies is often overlooked or underutilized. As we previously observed in a study for display media[1], online conversion rates differ greatly by time-of-day, and choosing to advertise at certain hours over others can greatly improve performance and reduce cost-per-acquisition and waste. Sponsored search is an ideal channel for advertisers to take advantage of fluctuating conversion rates throughout the day. In this research, we present aggregated industry conversion rates by hour for sponsored search listings, along with a more detailed look at some of the web's top industry categories.

> *Sponsored search conversion rates can fluctuate as much as 45% throughout the day.*

Our research aggregated data across twenty advertisers and included over 56.8 million sponsored search clicks and 2.1 million conversions recorded over a two-month period. The term "converting clicks" refers to paid search clicks that were credited for a subsequent sales confirmation, registration, or lead. All times identified in the data refer to Eastern Time (UTC/GMT -5). Finally, conversion rates have been indexed, and the data has been averaged among all advertisers so each has an equal share in the results.
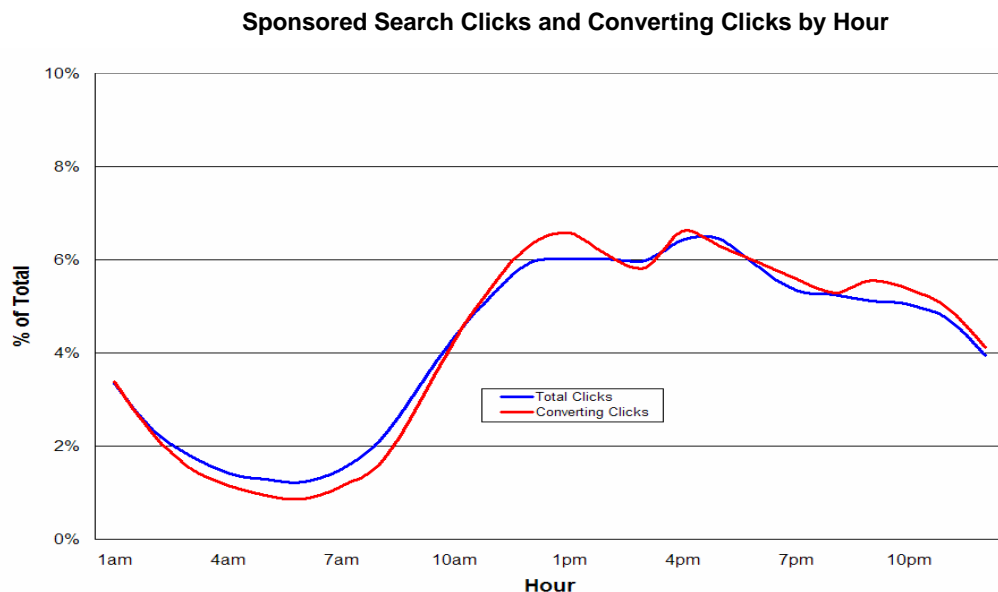
Sponsored Search Clicks and Converting Clicks by Hour

Figure 1: Figure 1 shows how sponsored search clicks and converting clicks are distributed throughout the day.

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[1] Online Media Conversion Rates by Daypart: http://www.atlassolutions.com/institute_marketinginsights.aspx

atlas.

As Figure 1 demonstrates, the majority of sponsored search clicks occur during the day and into the early evening, with a pronounced drop in volumes during the entire morning. Converting clicks follow a similarly-shaped curve, but with even higher peaks at midday and evening and a lower dip during the early morning. The areas where the two lines differ from one another – particularly in the early morning and around noon – are points of focus, as they indicate where conversion rates rise and fall from the average. These findings are very much in line with our daypart analysis for display media; they show that lower volumes are being delivered during the early mornings, and that the few clicks that do occur at those hours generally do not deliver their share of conversions.

We get a clearer picture of how conversion rates vary throughout the day when we combine the two curves above by dividing converting clicks by total clicks at each hour. Note that the red line across the center represents the average conversion rate for the entire day, while each point in the graph represents that hour's conversion rate relative to the average.
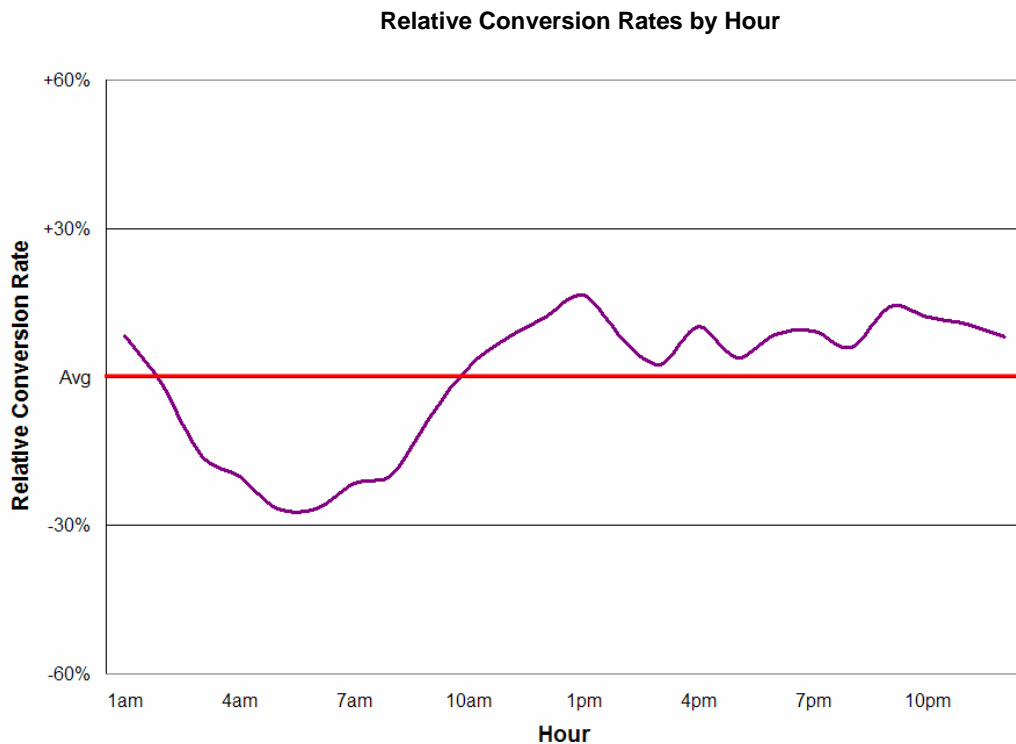
Relative Conversion Rates by Hour

Figure 2: Sponsored search clicks at midday show the day's highest conversion rates, far ahead of those occurring in the morning.

Figure 2 indicates that most of the workday shows conversion rates above average, reaching a peak of 15% above average at 1 pm, with increased efficiency continuing into the late evening. In contrast, the hours of 2 am through 9 am all perform significantly below average, with 5 to 6 am showing the most depressed conversion rates at nearly 30% below average.

Variance by Vertical

Surveying these results by vertical highlights the differences that marketers may see in their own consumer behavior across dayparts. Each vertical shown in Figure 3 consists of five advertisers' data:

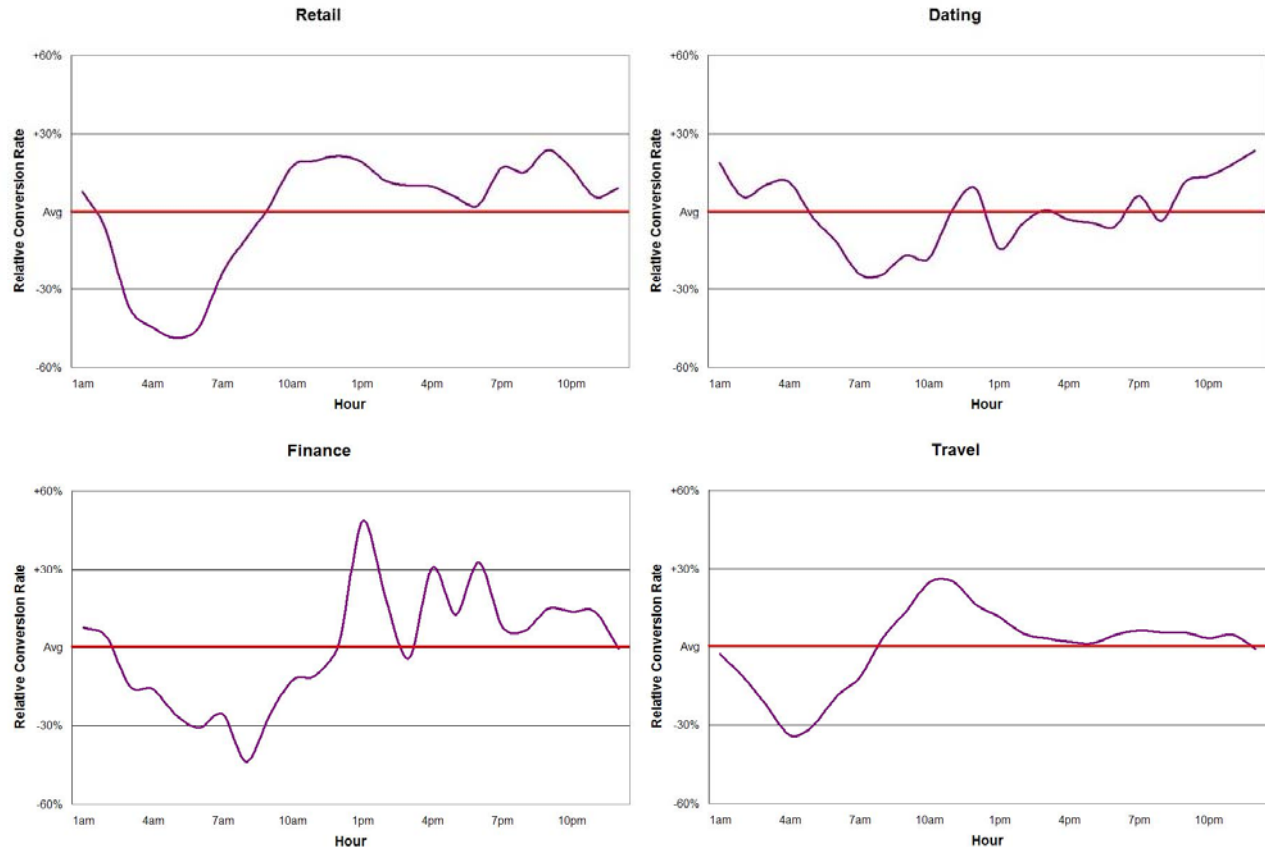**Relative Conversion Rates by Hour and Vertical**

Figure 3: Individual industries show varying shapes and amplitudes when compared to the overall results and one another.

Although there are some common trends across industries (e.g. depressed conversion rates in the early morning hours), each of the four graphs in Figure 3 illustrates an important difference from the aggregate:

- **Retail:** A steep drop-off occurs during the early morning, as low as 50% below average. As we saw with the display daypart study, consumers are most ready to buy when clicking links during their lunch hours or the early evening after dinner or before going to bed. Retailers should be particularly vigilant in adjusting down their bids in the early morning to compensate for the especially poor conversion rates.

- **Dating:** Steady conversion rates throughout the day, but the highest peaks occur late at night, not at lunchtime. Notably, this vertical shows above average conversion rates from 9 pm through 4 am – hours that have not performed well in other cases. These are common hours for online dating and also reflect times when users are most likely to be surfing from home, where they will be most comfortable participating in an activity as personal as online dating.

- **Finance:** Clearly performs best between 1 and 7 pm; rates fall below average at midnight and continue that way until noon.

- **Travel:** Surprisingly, the evening isn't a very effective time for travel but midday performs quite well. Bid management at the lunch hour is critical to effectively marketing sponsored search listings for the travel industry.

What This Means for Advertisers

Sponsored search marketers can realize performance gains by managing their keyword bids by daypart. By reducing their bids at poorly performing hours and reallocating those funds to hours with better conversion rates, advertisers can expect to see greater conversion volumes and better returns on advertising spend. You should be willing to bid higher to gain volumes at these hours, but generally if the cost is 30% or more than what you would normally bid, the cost will outweigh the benefit and result in a net loss in performance.

Daypart performance can vary greatly by advertiser and vertical. Additionally, the trends shown here may vary by day-of-week and could show different patterns for weekends versus weekdays. Any marketer making a significant investment in sponsored search should analyze the daypart behavior of their campaigns to best take advantage of this strategic optimization opportunity. By leveraging bid management tools that enable custom bidding rules throughout the day, these insights become actionable and represent some of the lowest hanging fruit in a highly competitive market.

About the Atlas Institute

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