

Instagram's direct-response ads haven't totally clicked with advertisers

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Instagram's direct response efforts have had to endure perception problems, last-click limitations and the shadow of its parent company, Facebook.

Instagram's direct-response **advertising** business was [born a year ago](#) with a silver spoon in its mouth. Its parent company, **Facebook**, had spent years developing ad formats, honing targeting capabilities and building measurement systems and attracting marketers that didn't want people to only see their ads but to act on them, to click on them and install an app, visit a product site, buy something. Conceivably **Instagram** could have inherited that business and its customers and called it a day, like a restaurateur's heir opening a cafe next door. But it's not that easy, and in **Instagram**'s case, it hasn't been.

Instagram's ad business has not yet totally clicked with direct-response advertisers, based on interviews with several agency execs.

There are natural growing pains, like convincing marketers who are very comfortable spending their money on **Google**'s search ads and **Facebook**'s ads to try something new. Then there are the perception problems spurred by the look-heavy, link-light app catering to **brand** advertisers since [debuting its first ads in October 2013](#). And the need to bridge the mobile gap for an advertiser segment still accustomed to a desktop world. And finally the looming shadow of **Facebook**'s dominant direct-response business.

"**Facebook** is outperforming **Instagram** to such a degree that it would be difficult to rationalize — if you had \$1, you'd put that dollar in **Facebook**," said Jeanne Bright, VP and group director for paid **social** at DigitasLBi.

Not only do **Facebook**'s direct-response ads generate 10 times more clicks to **brands**' sites than **Instagram**'s, but each click on **Facebook** costs one-fifth of the price on **Instagram**, according to Bright.

"In our experience the appetite is still for **Facebook**," said Gila Wilensky, search and biddable director at GroupM-owned media agency Essence. "There's still a ton of opportunity on **Facebook** direct for DR campaigns, and we haven't really even fully exhausted that

inventory. So our clients are typically focused on maximizing **Facebook** [owned-and-operated inventory], and interested in testing into **Instagram** for DR but less focused on really investing in **Instagram** as a standalone property.”

It’s way too early to count **Instagram** out. Advertisers certainly aren’t. Nanigans, an automated ad-buying firm that services primarily direct-response advertisers, has seen the share of its clients that have bought **Instagram**’s direct-response ads increase from 31% in October 2015 to 54% in April 2016. But most direct-response advertisers still appear to be probing **Instagram** to learn if it can prove itself. In one way — which may echo **Facebook**’s history — it has.

“The best edge for **Instagram** right now is mobile app downloads. That’s where we’ve seen the best success, really the only success,” said Wilensky.

“We’re pleased with the performance we’re driving,” said **Instagram**’s global head of business and **brand** development James Quarles. “We’ve measured a series of direct-response campaigns. About 70% of them were able to generate statistically significant lift for online conversions and mobile app installs.”

But Quarles acknowledged that **Instagram** still has work to do. For example, **Instagram** still grapples with its image as being an artsy app that’s best suited for creative **brand** campaigns, a **brand advertising** bastion a la billboards and television — neither of which are popular among direct-response advertisers.

“This perception that **Instagram** is only a place for latte art and yoga mats and sunsets is dated,” said Quarles. Yet it plays a role in why direct-response advertisers are dipping a toe in the water and not yet diving in.

Instagram “can definitely play in the direct-response space. It can definitely drive performance-based goals. And it does have a role to play across that journey. However it’s sweet spot today is definitely in the awareness and engagement phases,” said Mediavest | Spark senior VP and **digital** director Jason Dailey. He added that **Instagram**’s slideshow-like carousel ads that can attract someone’s attention then build their interest over a few photos or videos to the point of clicking on a link perform “relatively higher” than **Instagram**’s single-photo or -video formats that contain a link.

“What we know as DR best practices — like [an ad] has to include the product, needs a clear call to action, needs to be salesy — I don’t think that is necessarily the right creative message for **Instagram**,” said Bright. “So I think clients are still testing what is the right thing and creative experience that can go into **Instagram** and drive that sale.”

So is **Instagram**. When **Instagram** first unveiled its direct-response formats last year, it appended a button on the right side of the screen underneath the ad that people could click on to download or open an app or visit a website. But it came to realize that the right side wasn’t the right place.

“We’ve done some eye-tracking studies where all the navigation in **Instagram** the app is more

towards the left side. That's where the like is; it's where the account name is," said Quarles.

So in June 2016, a year after **Instagram** had announced its direct-response ad formats, **Instagram** [redesigned the call-to-action button](#) to be a horizontal bar that appeared over the bottom of the ad, where people would be more likely to notice it and perhaps click on it. "That's provided great performance improvements," said Quarles.

The change appears to have gotten some advertisers over the perception hurdle that people won't click on an **Instagram** ad because they're not conditioned to click on an organic post. Clicking on a link to leave **Instagram**'s feed "is not necessarily native to how people are using **Instagram**. Having said that, we have seen for at least one client that the results have been solid enough, that there are enough clicks coming through," said one agency executive who asked to remain anonymous.

Clicks are cool, but business results are better. And it's difficult for direct-response marketers to attribute business results, like product sales or account registrations, to **Instagram** in the way they're accustomed to doing so.

"For DR we definitely still live in a last-click world," said Wilensky. In a last-click world, when someone clicks on an ad to visit a **brand**'s site and wind up buying something during that session, the **brand** credits wherever that ad ran for the sale and not wherever else someone may have previously seen an ad that would have also contributed to the sale.

This isn't an **Instagram** problem so much as mobile one. It's one that even **Facebook** faces. "Although the majority of **Facebook** activity is mobile, there's enough desktop activity to balance the direct-response stuff that works better in that environment. You don't really have that on **Instagram**," said an agency exec.

If it weren't for the last-click albatross, **Instagram**'s direct-response business would probably be doing a lot better. Last November **Instagram** conducted a survey of its users that found [60% learn about products and services on Instagram and 75% do something after seeing a post](#). But that something may not be immediate and may not be through **Instagram**.

Instagram and **Facebook** have tried to address that. **Instagram** has worked with direct-response advertisers and their agencies to come up with approaches that take into account its mobile audience, like mobile-optimized landing pages and wider conversion windows that account for the fact that mobile audiences may not be as immediate to act.

And advertisers can include a piece of code on their sites that connect visitors to their **Facebook** accounts in order to recognize if someone checking out a pair of shoes on a **brand**'s desktop site had seen an ad for them in **Instagram**'s app. But not all advertisers have chosen to include that code on their sites. "There have been some scaling challenges because of that," said an agency exec.

Advertisers "recognize that last-click attribution isn't the perfect way to do it, but they possibly haven't either fully implemented or developed or chosen what the right model is going to be for

them.... I would agree that that definitely plays a role in how **brands** evaluate [**Instagram**] and think about it," said Dailey.

All of the agency execs interviewed for this article agreed that the continued reliance on last-click attribution is as dated as latte art apparently is on **Instagram**. But that's the reality they live in, and the one **Instagram** faces.

"Education is a huge component of this," said Quarles.

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