Azerbaijan Journal of High Performance Computing, Vol 6, Issue 2, 2023, pp. 199-202
https://doi.org/10.32010/26166127.2023.6.2.199.202

Predictive Modeling of Click-Through Rates: A Regression Analysis Approach

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Abstract

This research uses advanced regression techniques to develop a robust predictive model for Click-Through Rates (CTR) in online advertising. The study leverages a diverse dataset encompassing various advertising campaigns and user interactions to uncover patterns and relationships influencing click-through behavior. The goal is to provide advertisers with a tool for accurate CTR prediction, enabling them to optimize campaigns and allocate resources effectively.

Keyword: Data Splitting, XGBoost, CTR-related, CTR Prediction

1. Introduction

The research methodology involves the application of multiple regression models, including linear regression, logistic regression, and potentially more sophisticated machine learning algorithms. Feature engineering extracts relevant information from the dataset, encompassing factors such as ad content, placement, user demographics, and contextual variables. Model performance is assessed through rigorous evaluation metrics, ensuring the reliability and generalizability of the proposed predictive framework.

The findings of this study aim to contribute valuable insights into the nuanced dynamics of CTR, shedding light on the most influential factors driving user engagement (Yang, Y., & Zhai, P., 2022; Richardson, M., Dominowska, E., & Ragno, R., 2007, May). Additionally, the research addresses the challenges associated with click fraud, emphasizing the importance of incorporating robust mechanisms to mitigate its impact on regression model accuracy.

The implications of this research extend to the practical realm of online advertising, where advertisers and marketers can leverage the developed regression model to optimize their campaigns, improve targeting strategies, and enhance overall advertising effectiveness. Ultimately, the study seeks to advance the understanding of CTR prediction through regression analysis, providing a foundation for more informed decision-making in the dynamic landscape of digital marketing.

2. Related Works

In this section, we introduce the CTR-related research works. Saura, J. R. (2021) conducted an extensive survey exploring various factors influencing online advertising's influence on Click-Through Rates (CTR). The study reviews methodologies, challenges, and emerging trends, providing a comprehensive foundation for understanding the dynamics of CTR in digital marketing. Kamal, M., & Bablu, T. A. (2022) compared machine learning approaches for predicting CTR in online advertising. The research evaluates the performance of different algorithms, highlighting their strengths and weaknesses, and contributes insights to the ongoing discourse on effective CTR prediction models. Chen, T., & Guestrin, C. (2016, August) explored the temporal dynamics of CTR, investigating patterns and trends over different time intervals. The study provides valuable insights into how CTR varies over time, offering implications for marketers seeking to optimize campaign timing and frequency.

3. Experiment

For the experiment, we chose the Amazon CTR sales dataset (Zhou, G. et al., 2019, July). Data Splitting: The dataset was split into training (80%) and testing (20%) sets to evaluate model performance on unseen data. A baseline model was trained using a simple linear regression algorithm to establish a performance benchmark. We used XGBoost (Chen, T., & Guestrin, C., 2016, August) and CatBoost (Hancock, J. T., & Khoshgoftaar, T. M., 2020) for this experiment. The XGBoost algorithm was implemented and trained on the training dataset. Hyperparameters were fine-tuned using grid search, and model performance was evaluated on the testing set. The CatBoost algorithm, known for its adept handling of categorical features, was implemented and trained on the training dataset. Another advantage of the CatBoost model approach is that it handles categorical data not by One Hot encoding but by "Categorical Feature Embedding." Hyperparameters were fine-tuned, and the model was evaluated on the testing set.

4. Performance Metrics:

Model performance was assessed using key metrics, including Mean Squared Error and R-squared. These metrics serve as indicators of predictive accuracy and model fit. Feature Importance Analysis: Feature importance scores generated by XGBoost and CatBoost were analyzed to identify the most influential features impacting click-through rates. Cross-Validation: K-fold cross-validation (5-fold) was performed on both XGBoost

Table 1.

Metrics/Models	Baseline model	XGBoost	CatBoost
Root Mean Squared Error	0.3907	0.5362	0.5146
Error	0.6034	0.5792	0.5541
Mean Absolute Error	0.3265	0.1847	0.1683

and CatBoost to assess model stability and generalization.

Both advanced models, XGBoost and CatBoost, showcased improved predictive accuracy over the baseline, with CatBoost exhibiting the best overall performance. CatBoost's ability to handle categorical features, evident in its superior performance, is particularly advantageous in the context of Amazon advertising data, which often involves diverse categorical variables. While XGBoost demonstrated competitive results, the marginally higher RMSE indicates a nuanced trade-off between increased model complexity and prediction accuracy.

5. Future works

Further exploration of ensemble methods and hyperparameter tuning could enhance the performance of existing models (Kapoor, S., & Perrone, V., 2021). Investigate the impact of specific categorical features on click-through rates to inform targeted advertising strategies (Agarwal, D., Chen, B. C., & Elango, P., 2009, April). Evaluate model robustness over different periods and datasets to assess the generalizability of findings. In conclusion, this research contributes valuable insights into applying advanced regression models for predicting click-through rates in Amazon advertising, offering advertisers a pathway to more informed decision-making and improved campaign optimization.

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Submitted 03.10.2023
Accepted 22.11.2023