Travel vertical study 2014 / 2015 in review

DNA Asia

Landscape, key trends and recommendations
Travel vertical

Trending
USD vs AUD
Asia / Domestic focus

Vertical landscape
Vertical overview
Travel landscape overview
Branding
Events and seasonality that drive the travel vertical

Focus areas
Focus
- Device
- OTA/Hotels
- Cruises

Snapshots
- Flights
- Travel agencies
A negative fluctuation in the dollar has a definite impact on online travel searches. In December 2014 the dollar fell by 3 cents leading to a drop of 6.97% in searches. This happened again in February 2015 when the dollar dropped again by 3 cents leading to a 4.48% drop.
Australian dollar influence on travel

**Domestic**
- 18% YoY jump in domestic travel destination quires

**International**
- Change in international travel destination trends from 2014 to 2015 (where the Australian Dollar holds strong)

### Asia
- South East Asia
  - Thailand and Bali
  - Cambodia/ Malaysia/ Laos/ Myanmar
  - Japan: AU $ leading Yen

### Europe
- Greece, Italy, Spain
  - Australian Dollar slightly increasing strength against Euro

### America
- South taking over North
  - Mexico – highest traffic

Where are the greatest travel growth opportunities?

Asian Markets are set to drive growth in travel for 2015.

Top 5 fastest growing destinations visited by Australians in 2015: China, Malaysia, Indonesia, Fiji & Singapore

Malaysia +21% YoY
Singapore +12.9% YoY
China +12.7% YoY
India +10.8% YoY
Hong Kong +9.1% YoY

Trending conversations in travel

Four key areas of interest that consumers travel to experience:

- Coastal and aquatic experiences
- Consumer events
- Food and wine
- Nature

What do travellers seek from these experiences?

- Value for Money
  - Keywords: Best, Cheap, Discount, Deals
- Newer / Unheard Destinations
  - Keywords related to destinations
- Multi Activity & Multi Generation
  - Keywords: Family holidays, Cycling trips
- Alternative Routes
  - Keywords with ‘to’ & ‘from’
- High Technology on High Seas
  - Keywords: Cruise with internet

What drives travel decisions

**Driven by the heart**

**Gallipoli:**
Turkey is set to be one of the most in-demand destinations leading up to ANZAC Day.

**Game of Thrones:**
Due to the popularity of the show fans are flocking to key shooting locations – Spain, Malta, Croatia & Morocco.

**Frozen:**
Fan's of the film, eager to see the scenery & the fiords that inspired the film – so many travelled to Norway in 2014.

**Driven by the brain**

**Value Hunters:**
Like to holiday in parts of Asia: Vietnam, Thailand, Sri Lanka & Japan.

**Reasons for travelling to Asian locations?**
Favourable exchange rate, safety, cleanliness & attractive fares from low-cost carriers.

**Alternative Route Travellers:**
Looking beyond traditional routes, e.g. Frankfurt for Eastern Europe & Hawaii as a gateway to Chicago & New York.
### Travel – other key seasonal events 2015

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
</table>
| April  | • BMW Sydney Carnival (Horse Racing)  
• ANZAC DAY                                  |
| May    | • A-League Final Series  
• NRL State of Origin Game 1                |
| June   | • Queen’s Birthday Long Weekend  
• Super Rugby Final Series  
• NRL State of Origin Game 2                |
| July   | • NRL State of Origin Game 3  
• Super Rugby Grand Final                    |
| August | • Bledisloe Cup (Wallabies vs. All Blacks)                                                |

#### Summer Travel Season:
- June to August 2015

#### Early Birds
- June to August 2015

#### September
- Father’s Day  
- AFL Final Series  
- AFL Grand Final  
- Rugby Union World Cup 2015

#### October
- Rugby Union World Cup 2015  
- Labour Day Long Weekend (SYD ONLY)  
- Halloween

#### November
- Melbourne Cup Carnival  
- Rememberance Day

#### December
- Christmas & Boxing Day Long Weekend

#### January
- New Year’s Day  
- Australia Open (Tennis)

#### February
- Super Rugby Season Begins

#### Last Minute
- September to November 2015

#### Late Holiday Takers
- Jan to Feb 2016

Source: Bing Internal Data
Vertical landscape
Travel macro study – visitor arrival highlights

6.8 million
Short term visitor arrivals for the year ending September 2014.
An increase of 8.2%

+7% growth
International expenditure for 12 months ending June 2014. Reaching a record $30.1 billion.

+8.2% growth
Inbound arrivals to Australia. This represents a strong growth number in the 12 months to Sept 2014.

+10% growth
In the visiting friends & relatives segment.

Overseas visitors visiting friends and family.

This growth was driven by:

UK Visitors  +8% YoY
US Visitors  +22% YoY
India        +49% YoY
Malaysia     +18% YoY

Travel vertical revenue is up 34% QoQ (Q3 2014/ Q3 2015).

The biggest growth verticals in 2014/2015 were:
- Lodging: 82%
- Travel agents: 55%
- Air supplier: 26%

Big bets For 2015:
- Cruises category growth
- Air supplier acquisition & growth
- Domestic/ APAC

In the AU marketplace for Bing Ads – the travel vertical made up 25% of revenue and 16% of clicks for 2014.

Source: Internal Bing Data
Top brands in travel (AU/NZ)

Brand is king!

Approx. 80% of all travel clicks on Bing in AU/NZ are generated by brand terms!

Source: Bing Internal Data

A recent study by Hitwise found that 34% of the US population consider themselves to be loyal to one brand!

Source: Experian Hitwise.

Top 3 brands by unique audience 2014

TRIP ADVISOR

QANTAS

Priceline.com

1st

2nd

3rd

Data provided by Nielsen Australia, Experian Hitwise: Building Brand Loyalty Report & Bing Internal Data
What is impacting domestic Australian tourism

**Sports and event 23.4% boost**

**Past in FY-15**
- AFC Asian Cup
  - January
- ICC Cricket World Cup
  - (Feb-Mar)

**Coming up**
- Netball World Cup August
- Melbourne Cup and Races
- Open Tennis
- Sydney to Hobart Yacht Race

**Gourmet and theatre 13.36% boost**

**Wine safaris and food festivals**
- Hunter Valley
  - down through Canberra, King Valley, Yarra Valley

**Theatre event boosting Melbourne and Sydney travel economy**
- Lion King - Mel
- Dirty Dancing - Mel/Syd
- Vivid Sydney 2015

**Soft adventure & aquatic travel**

~ 33.5% of overall travel sub vertical performance

**Others to focus**

- Golf
- Fishing
- Luxury resort experience

Source: Bing Internal Data
A high CTR doesn’t always translate to immediate conversions. Customers looking to make travel plans tend to go through a research phase, a decision phase & a purchase stage.

Ensuring ad copy is provided for all stages of the customer buying behaviour cycle is highly recommended to increase CTR and conversions.

Adding DKI ads and A/B testing regularly is best practice for achieving strong results.
Focus: devices
Devices – Australia travel overview

Australian’s are leading the way for tablets in leisure travel.

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flights</td>
<td>36%</td>
<td>29%</td>
</tr>
<tr>
<td>Hotels</td>
<td>39%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Key mobile trends:

- Mobile travel shoppers are more likely to click on ad headlines with the words “deals”, “cheap” & “last minute”.
- Having a fully optimised mobile site can double your chance of conversions.

Devices study Bing Ads Australia

Conversions desktop vs mobile devices
For the travel vertical mobile conversions only make up 1% of overall travel vertical on Bing ads.

Q3 2014 vs Q3 2015 conversions
The top 3 travel categories for growth QoQ:
OTA aggregator 567%
Lodging 27%
Traditional travel agency 229%

Q3 2014 vs Q3 2015 clicks
Click volume on mobile grew quarter on quarter by 295%.

Bing devices overview
There were three main categories on Bing that had the strongest number of mobile conversions throughout 2014.

• Travel agency 48%
• Lodging/hotels 30%
• OTA 18%

Source: Bing Ads Internal Data
Focus: hotels, lodging & OTAs
Malaysia is predicted to be the fastest growing Asian Market, with triple digit growth predicted for Taiwan, South Korea & China.

The most popular cities for Asian traveler’s to visit in Australia were Sydney, Melbourne & Perth.

Hotel rooms rates in Australia grew just 1% in 2014 (YoY) despite high demand across key markets while Asian room rates fell for the second year running.

According to Expedia, Japanese travellers were the most organised booking on average 39 days in advance, followed by Singaporean travellers.

Indonesian travellers spent on average $20 more per night than Australian travellers in 2014 ($202 vs $180).

Mobile bookings continue to rise with one third coming in on a Friday or Saturday, and around half of all mobile demand took place within 14 days from the date of stay.

Hotels, lodging and OTA category top brands Australia 2014 by unique audience and year over year growth

1st: BOOKING.COM
2nd: WOTIF.COM
3rd: AGODA

Top hotel & OTA brands by unique audience

YoY growth of brands by unique audience 2013/2014

Source: Nielsen Data
Bing hotels and lodging by clicks and conversions

Clicks seasonality
Click volume for both lodging and the OTA categories began to spike in June. Clicks for lodging peaked in October while searches for OTA aggregator reached their height in November. Renewed instance began again in January.
Conversion seasonality

Lodging conversions reached their peak in January 2014, while the OTA category received the most conversions in August 2014. The lodging sub-vertical had its second highest conversion level in October 2014. The fall of the Australian dollar has affected international hotel & flight bookings but there is a growing opportunity in the domestic travel market in 2015.

Source: Nielsen Data
# Snapshot: hotel CPC comparison*

<table>
<thead>
<tr>
<th>Keyword</th>
<th>Bing</th>
<th>Google</th>
<th>Value comparison Bing is cheaper by $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels Last Minute</td>
<td>$1.60</td>
<td>$2.26</td>
<td>$0.66</td>
</tr>
<tr>
<td>Hotel Booking</td>
<td>$0.61</td>
<td>$5.97</td>
<td>$5.36</td>
</tr>
<tr>
<td>Compare Hotel Prices</td>
<td>$1.59</td>
<td>$3.19</td>
<td>$1.60</td>
</tr>
<tr>
<td>Cheap International Hotels</td>
<td>$1.75</td>
<td>$2.19</td>
<td>$0.44</td>
</tr>
<tr>
<td>Sydney Hotels</td>
<td>$2.17</td>
<td>$6.52</td>
<td>$4.35</td>
</tr>
<tr>
<td>Last Minute Hotel Deals</td>
<td>$0.81</td>
<td>$1.10</td>
<td>$0.29</td>
</tr>
</tbody>
</table>

* Position 1 Bidding for Head Terms using Bing Ads Intelligence and Google Keyword Planner Tool – March 2015
Focus: cruises
Cruises macro study – visitor arrival highlights

Carnival Cruises is set to treat passengers to big-name musical acts in 2015.

Other lines follow suit and roll out entertainment that delivers WOW factor.

Cruise customers have the highest reliance on search engines out of all the travel categories (29%) followed by social networks & portal front pages.

There has been a lack of good internet at sea. Royal Caribbean is leading the way – Quantum of the Seas, starts operating with unprecedented bandwidth, which means guests can be online with all of their devices.

The next Bing trend: Specialty restaurants have emerged as the next “big thing” in modern cruising and in 2015 the concept is set to be even more impressive.

Cruises – top brands Australia 2014 by unique audience and year over year growth

Growth on selected holidays
Percentage change in visits from the week preceding holidays

<table>
<thead>
<tr>
<th></th>
<th>Australia Day</th>
<th>Labour Day (VIC/TAS)</th>
<th>Easter</th>
<th>ANZAC</th>
<th>Queen's Birthday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies</td>
<td>1.9%</td>
<td>-1.6%</td>
<td>0.0%</td>
<td>-2.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Commercial airlines</td>
<td>0.7%</td>
<td>-2.4%</td>
<td>6.7%</td>
<td>-7.1%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Cruises</td>
<td>6.0%</td>
<td>9.6%</td>
<td>-1.0%</td>
<td>1.4%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Destinations and accommodation</td>
<td>-0.9%</td>
<td>4.0%</td>
<td>5.5%</td>
<td>1.2%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

Source: Experian Hitwise: State of the Australian Online Travel Agency
Cruises – top brands Australia 2014 by unique audience and year over year growth

Top cruise supplier brands by unique audience 2014

1st: PRINCESS CRUISES
2nd: P&O CRUISES
3rd: ROYAL CARIBBEAN

YoY growth of brands by unique audience 2013/2014

1st: PRINCESS CRUISES
2nd: ROYAL CARIBBEAN
3rd: CARNIVAL CRUISES/SPRIT OF TASMANIA

Source: Nielsen Data
Bing cruises by clicks and conversions

There were a high level of clicks in regards to cruise related ads in early 2014 (Jan –Feb). 2015 hasn’t been as strong QoQ but given the strong performance for cruises over the Queen’s Birthday weekend we expect to see strong activity for this subcategory in/around June 2015.

Clicks seasonality

Source: Bing Internal Data based on accounts with campaign analytics enabled.
There is a significant spike in conversions during the period of May, which would be consistent with customers booking cruises for the June period, as there is also a significant drop in cruise related conversions at this time. There is a 2nd spike in July, with consistent interest in the category until November.
## Snapshot: ROI performance / CPC comparison*

<table>
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<tr>
<th>Keyword</th>
<th>CPC (Bing)</th>
<th>CPC (Google)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cruises Cheap</td>
<td>$1.64</td>
<td>$3.92</td>
<td></td>
<td>$2.28</td>
</tr>
<tr>
<td>Last Minute Cruise</td>
<td>$1.21</td>
<td>$3.20</td>
<td></td>
<td>$1.99</td>
</tr>
<tr>
<td>Cruise Deals</td>
<td>$2.54</td>
<td>$3.89</td>
<td></td>
<td>$1.35</td>
</tr>
<tr>
<td>Cruise</td>
<td>$1.68</td>
<td>$3.64</td>
<td></td>
<td>$1.96</td>
</tr>
<tr>
<td>Mediterranean Cruises</td>
<td>$1.24</td>
<td>$3.48</td>
<td></td>
<td>$2.24</td>
</tr>
<tr>
<td>Cheap Cruise Deals</td>
<td>$1.77</td>
<td>$3.18</td>
<td></td>
<td>$1.41</td>
</tr>
</tbody>
</table>

* Position 1 Bidding for Head Terms using Bing Ads Intelligence and Google Keyword Planner Tool – March 2015
Hotels, lodging & OTA category – top brands Australia 2014 by unique audience and year over year growth

Top airline brands by unique audience 2014

1st: QANTAS
2nd: VIRGIN AIRLINES AUSTRALIA
3rd: JETSTAR

YoY growth of brands by unique audience 2013/2014

1st: SKYSCANNER
2nd: AIR ASIA
3rd: TIGER AIR
4th: EMIRATES/QANTAS

Source: Nielsen Data
Bing flights by clicks and conversions

Clicks seasonality
Seasonal click volume for the flights category is quite seasonal. There are high peaks in traffic in January & August 2014. In 2015 February accumulated the highest click volume to date.

Source: Bing Internal Data based on accounts with campaign analytics enabled.
Bing flights by clicks and conversions

In terms of conversions, data indicates that online customers made a majority of their purchases from **August to Mid-October 2014**. There has been a heightened number of conversions in February 2015 compared to the number of clicks for this same period.

Conversion seasonality

Source: Bing Internal Data based on accounts with campaign analytics enabled.
### Snapshot: ROI performance / CPC comparison*

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</thead>
<tbody>
<tr>
<td>Flights</td>
<td>$0.83</td>
<td>$1.81</td>
<td>$0.98</td>
</tr>
<tr>
<td>Cheap Flights Australia</td>
<td>$1.45</td>
<td>$3.48</td>
<td>$2.03</td>
</tr>
<tr>
<td>Singapore Airlines</td>
<td>$0.36</td>
<td>$0.57</td>
<td>$0.21</td>
</tr>
<tr>
<td>Cheap International Flights</td>
<td>$0.81</td>
<td>$1.75</td>
<td>$0.94</td>
</tr>
<tr>
<td>Last Minute Flights</td>
<td>$0.34</td>
<td>$1.61</td>
<td>$1.27</td>
</tr>
<tr>
<td>Best Flights</td>
<td>$0.53</td>
<td>$2.20</td>
<td>$1.67</td>
</tr>
</tbody>
</table>

* Position 1 Bidding for Head Terms using Bing Ads Intelligence and Google Keyword Planner Tool – March 2015
Snapshot: traditional travel agency
Australian travel agents overview

The traditional travel agency

In the year to June 2014, 4,715,000 Australians had taken an overseas holiday in the last 12 months

Conventional travel agent: 47%

Online-only agency: 16%

Compared to other categories, the travel agency sub-vertical has quite a consistent stream of traffic (clicks) throughout 2014 and has gained momentum in January and February 2015.

* Source: Bing Internal Data based on accounts with campaign analytics enabled.
Bing travel agency by clicks and conversions

Conversion seasonality
Conversion data suggests that there is a high click to conversion ratio in the travel agent category and that bookings/conversions are occurring frequently and quite consistently throughout the year. However, the summer travel booking period and the first 2 months of each year (2014/2015) fared best for the sub-vertical as a whole.

* Source: Bing Internal Data based on accounts with campaign analytics enabled.
### Snapshot: ROI performance / CPC comparison*

<table>
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<tr>
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<th>CPC Google</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cheap Holiday</td>
<td>$1.02</td>
<td>$1.62</td>
<td>$0.60</td>
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<tr>
<td>Holiday Packages</td>
<td>$1.36</td>
<td>$1.45</td>
<td>$0.09</td>
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<tr>
<td>Cheap Holiday Deals</td>
<td>$0.77</td>
<td>$1.72</td>
<td>$0.95</td>
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<tr>
<td>Travel Deals</td>
<td>$0.95</td>
<td>$1.91</td>
<td>$0.96</td>
</tr>
<tr>
<td>Romantic Getaways</td>
<td>$0.69</td>
<td>$3.20</td>
<td>$2.51</td>
</tr>
<tr>
<td>Travel Agency</td>
<td>$0.47</td>
<td>$2.53</td>
<td>$2.06</td>
</tr>
</tbody>
</table>

* Position 1 Bidding for Head Terms using Bing Ads Intelligence and Google Keyword Planner Tool – March 2015
Thank you