Travel vertical study 2014 / 2015 in review

DNA Asia

Landscape, key trends and recommendations

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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

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Trending

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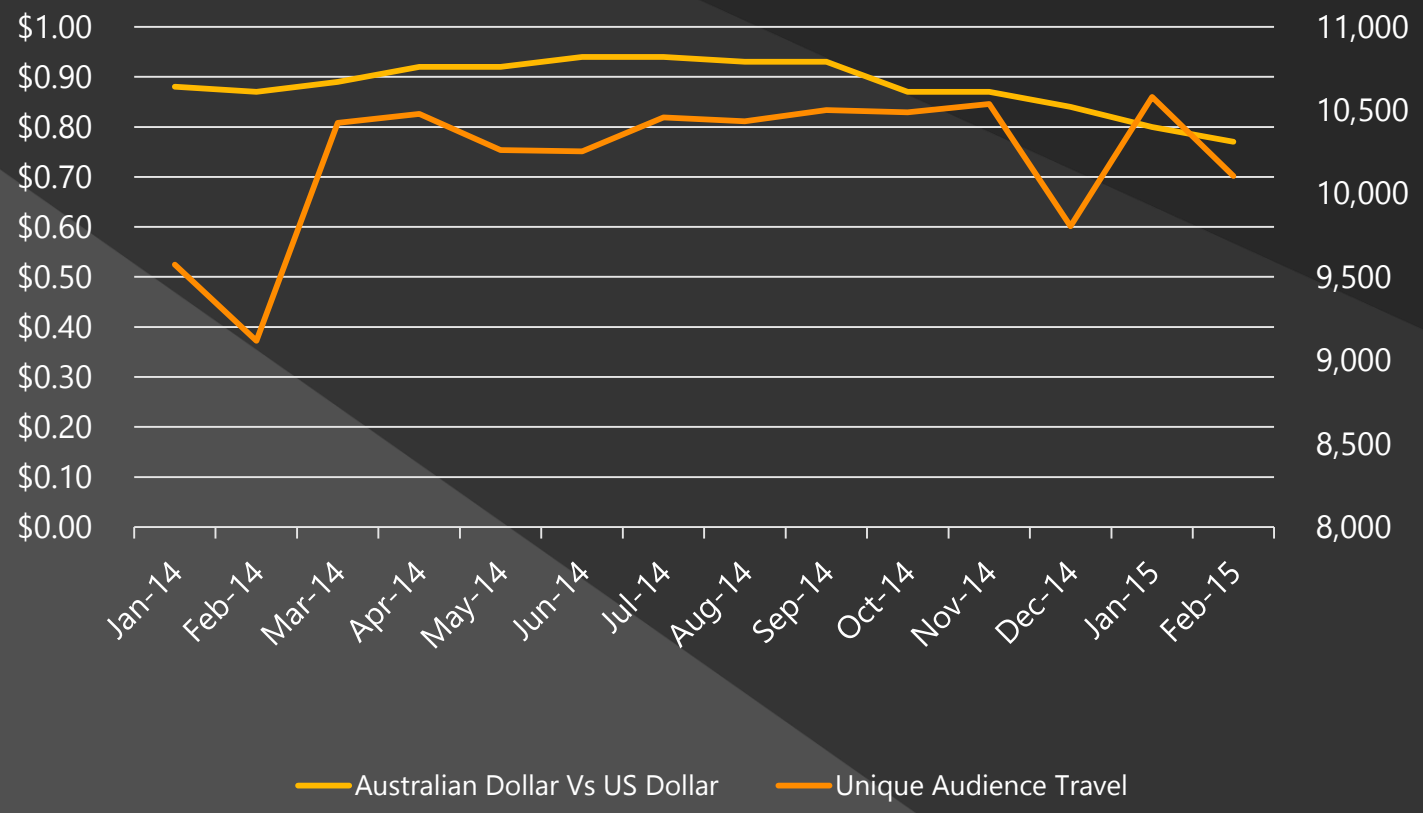
Travel – AUD vs USD and travel trends



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.

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Source: Data provided by Nielsen Australia & www.xe.com

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

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Source: http://www.news.com.au/travel/travel-advice/countries-that-still-offer-aussies-cheap-holidays/story-fn6yjihw-1227270845177 & Bing Internal Data

Where are the greatest travel growth opportunities?

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

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

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

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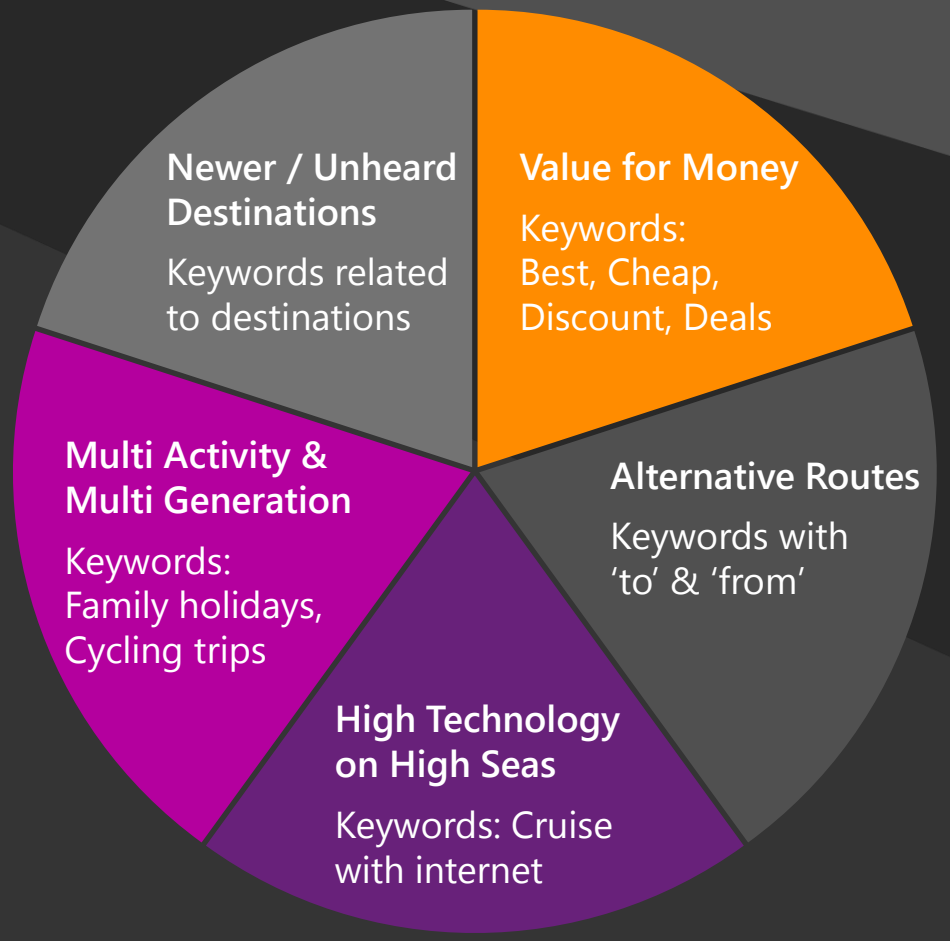
Source: http://www.tourism.australia.com/statistics/forecasts.aspx
http://www.tra.gov.au/documents/ivs/International_Visitors_in_Australia_September_2014_Results_of_The_International_Visitors_Survey.html#State

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?



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Source: http://www.tourism.australia.com/statistics/consumer-demand-research.aspx
http://www.traveller.com.au/how-well-be-travelling-15-hottest-tourism-trends-for-2015-11l366

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.

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Travel – other key seasonal events 2015

Month

Event

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:

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

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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**

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Latest visitor arrivals data from the Australian Bureau of Statistics (ABS). Source: http://www.tourism.australia.com/statistics/arrivals.aspx

Bing travel vertical snapshot

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**

16% **of clicks for 2014**

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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

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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

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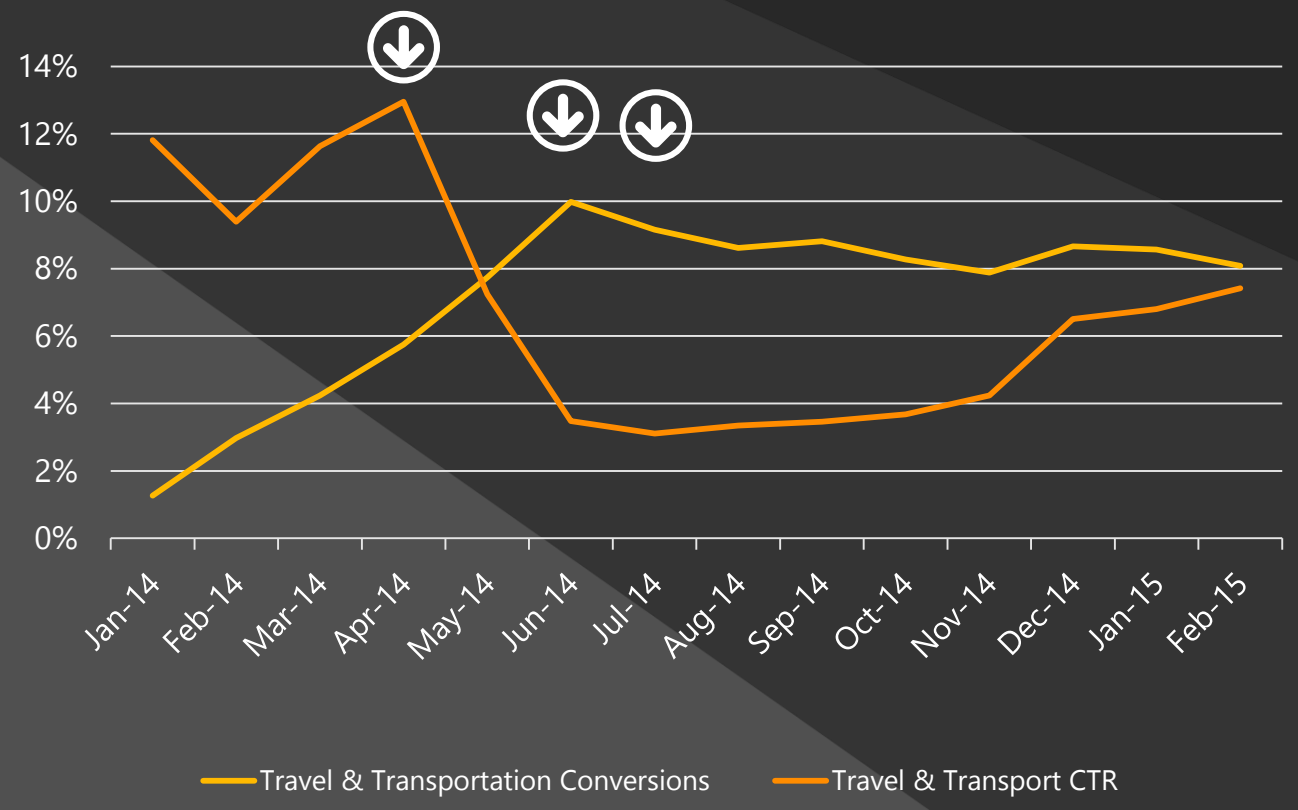
Source: Bing Internal Data

Travel Bing Ads Australia – conversion vs CTR



Conversion vs CTR

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.

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Source: Bing Ads Internal Data – taken from a sample set of accounts with Campaign Analytics enabled.

Focus: devices

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Devices – Australia travel overview

Booking growth YoY:
Mobile 20% vs desktop 2%

Smart phones + tablets =
21% of online bookings for AU online travel

Asia Pacific leads the way for mobile bookings in travel:
20% of all travel bookings

The most common devices used for travel bookings:
Laptop 59% & desktop 39%

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

	Australia	vs	Global
Flights	**36%**		**29%**
Hotels	**39%**		**30%**

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**.

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Sources: http://www.campaignbrief.com/2014/10/new-criteo-report-reveals-incr.htm & http://press.expedia.com.au/travel-trends/plugged-travel-takes-185, http://www.littlehotelier.com/is-your-small-hotel-booking-engine-ready-mobile-bookings/& https://blog.kissmetrics.com/what-converting-websites-do/

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	Lodging	Traditional travel agency
567%	**27%**	**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%**

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Source: Bing Ads Internal Data

Focus: hotels, lodging & OTAs

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Hotel macro highlights – Australia/Asia

Expedia reported an **80% jump in travel demand from Asia** for hotel bookings in Australia for the 3rd quarter of 2014 (YoY).

Malaysia is predicted to be the fastest growing Asian Market, with triple digit growth predicted for Taiwan, South Korea & China.

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.**

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).

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Sources: http://www.pebbledesign.com/insights/online-hotel-distribution-trends-for-2014 ; http://www.travelweekly.com.au/article/ota-fills-australian-hotels-asian-travellers-to-t/; http://www.traveltrends.biz/ttn555-slow-growth-for-australian-hotel-rates-in-2014/

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

Top hotel & OTA brands by unique audience

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

YoY growth of brands by unique audience 2013/2014

BOOKING.COM	HOTELS.COM	HOTELCLUB/CHECK-IN
1st	2nd	

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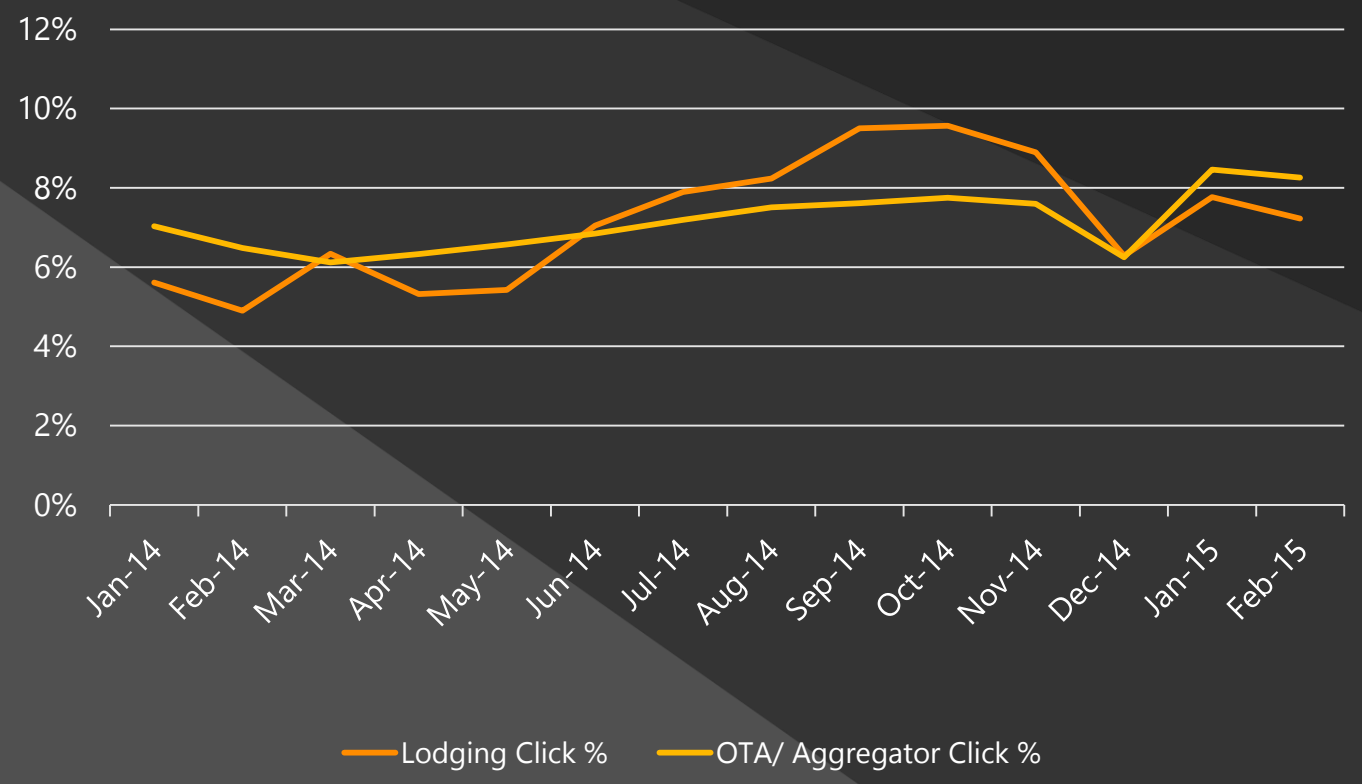
Source: Nielsen Data

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.

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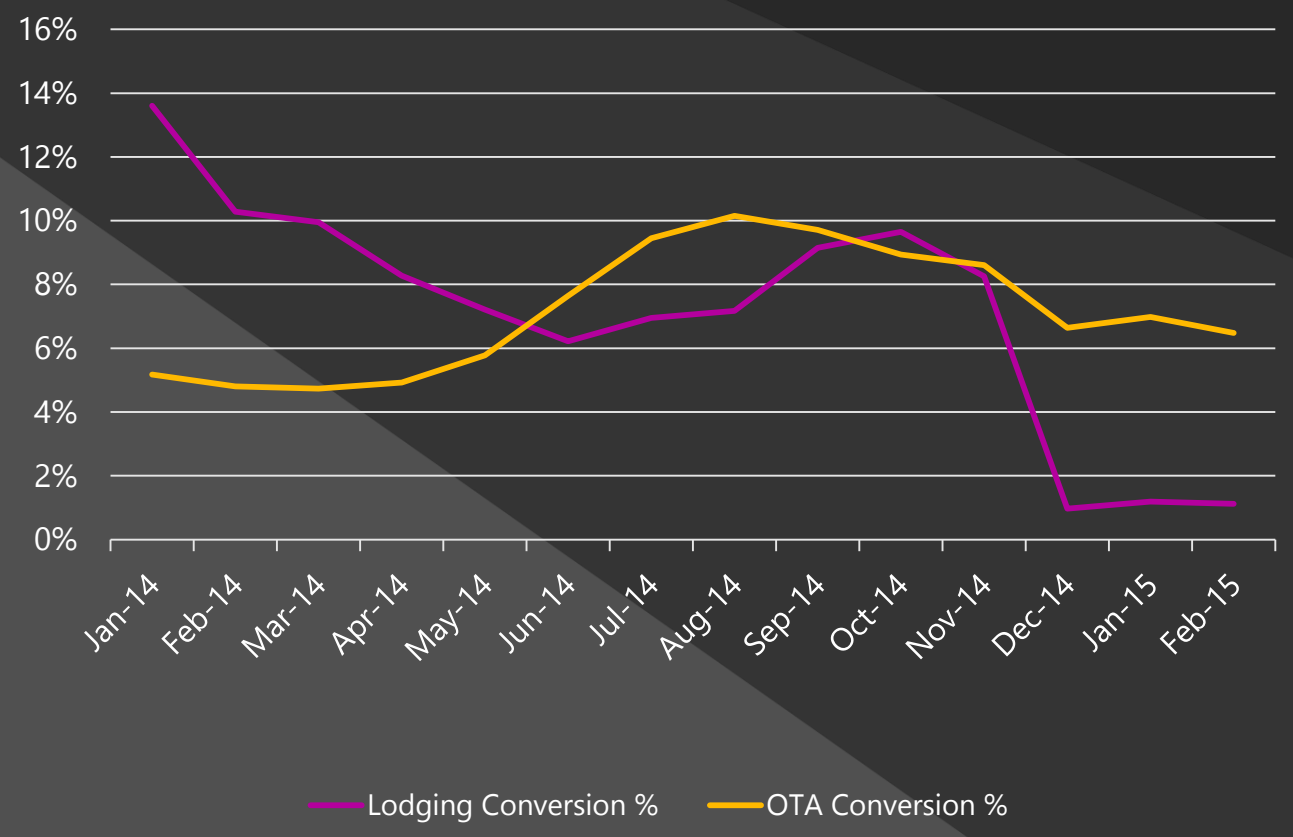
Source: Nielsen Data

Bing hotels and lodging by clicks and conversions



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 it's **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.

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Source: Nielsen Data

Snapshot: hotel CPC comparison*

Keyword	CPC	CPC	Value comparison Bing is cheaper by $
Hotels Last Minute	$1.60	$2.26	$0.66
Hotel Booking	$0.61	$5.97	$5.36
Compare Hotel Prices	$1.59	$3.19	$1.60
Cheap International Hotels	$1.75	$2.19	$0.44
Sydney Hotels	$2.17	$6.52	$4.35
Last Minute Hotel Deals	$0.81	$1.10	$0.29

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

Focus: cruises

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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.

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Source: http://news.cruise1st.com.au/news/industry-news/lifting-the-lid-on-2015s-key-cruise-trends/ Experian Hitwise: State of the Australian Online Travel

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

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

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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

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

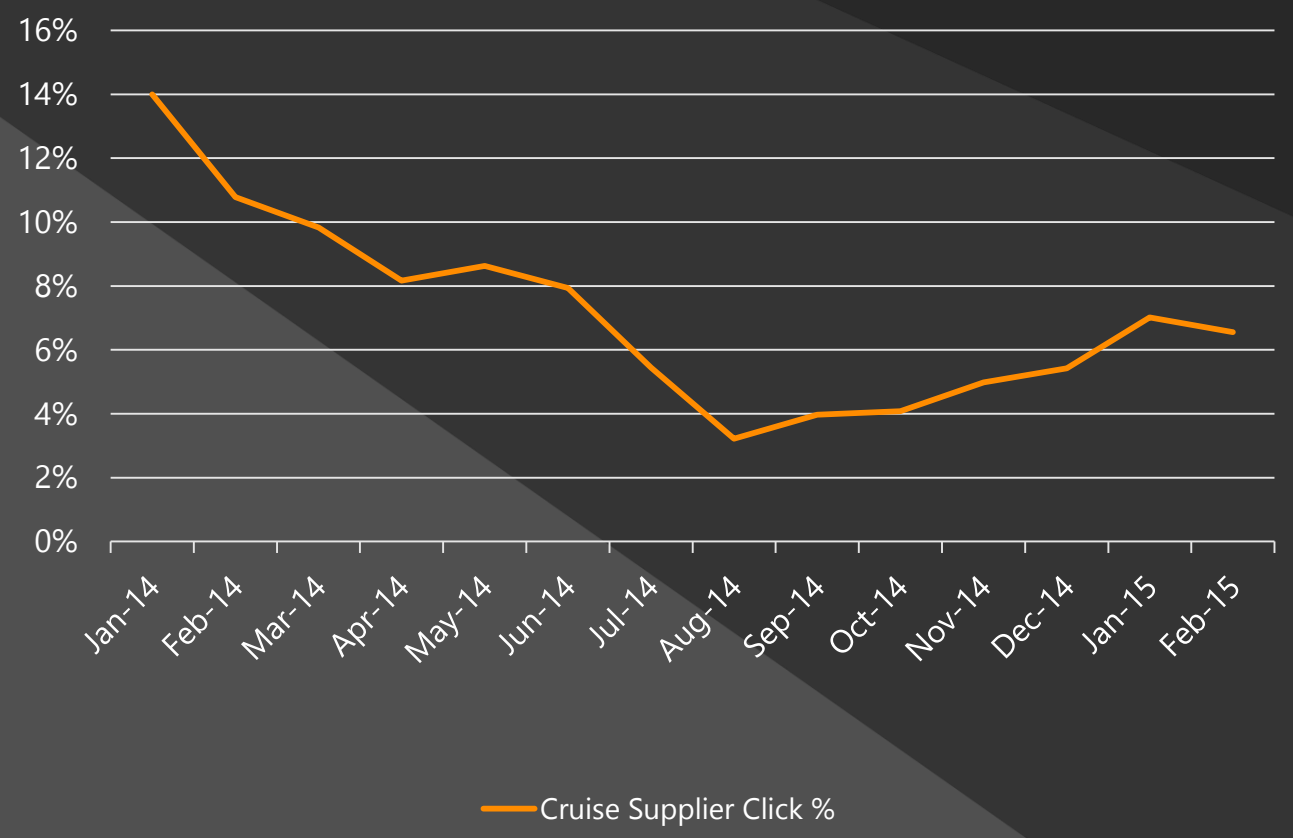
YoY growth of brands by unique audience 2013/2014

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

bing

Source: Nielsen Data

Bing cruises by clicks and conversions



Clicks seasonality
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.

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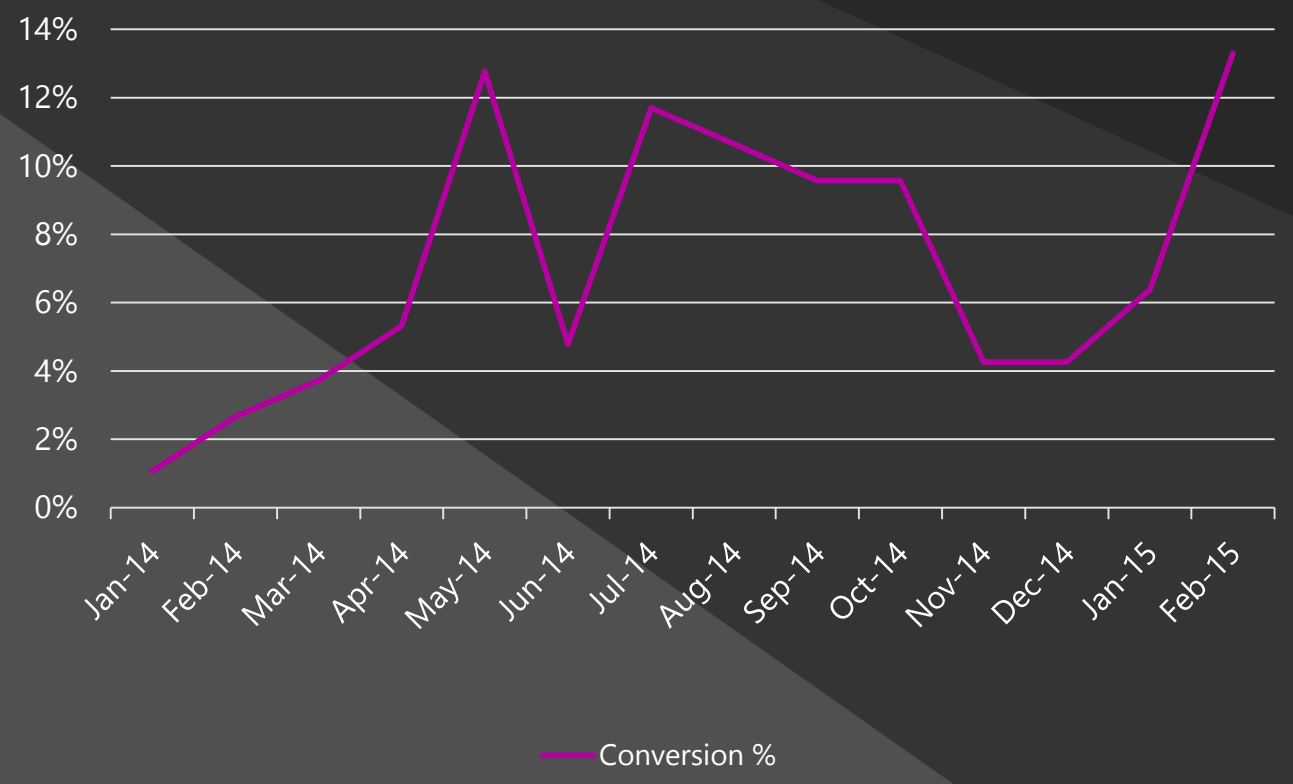
Source: Bing Internal Data based on accounts with campaign analytics enabled.

Bing cruises by clicks and conversions



Conversion seasonality
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.

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Source: Bing Internal Data based on accounts with campaign analytics enabled.

Snapshot: ROI performance / CPC comparison*

Keyword	CPC	CPC	Value comparison Bing is cheaper by $
Cruises Cheap	$1.64	$3.92	$2.28
Last Minute Cruise	$1.21	$3.20	$1.99
Cruise Deals	$2.54	$3.89	$1.35
Cruise	$1.68	$3.64	$1.96
Mediterranean Cruises	$1.24	$3.48	$2.24
Cheap Cruise Deals	$1.77	$3.18	$1.41

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

Snapshot: flights

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

Top airline brands by unique audience 2014

QANTAS	VIRGIN AIRLINES AUSTRALIA	JETSTAR
1st	2nd	3rd

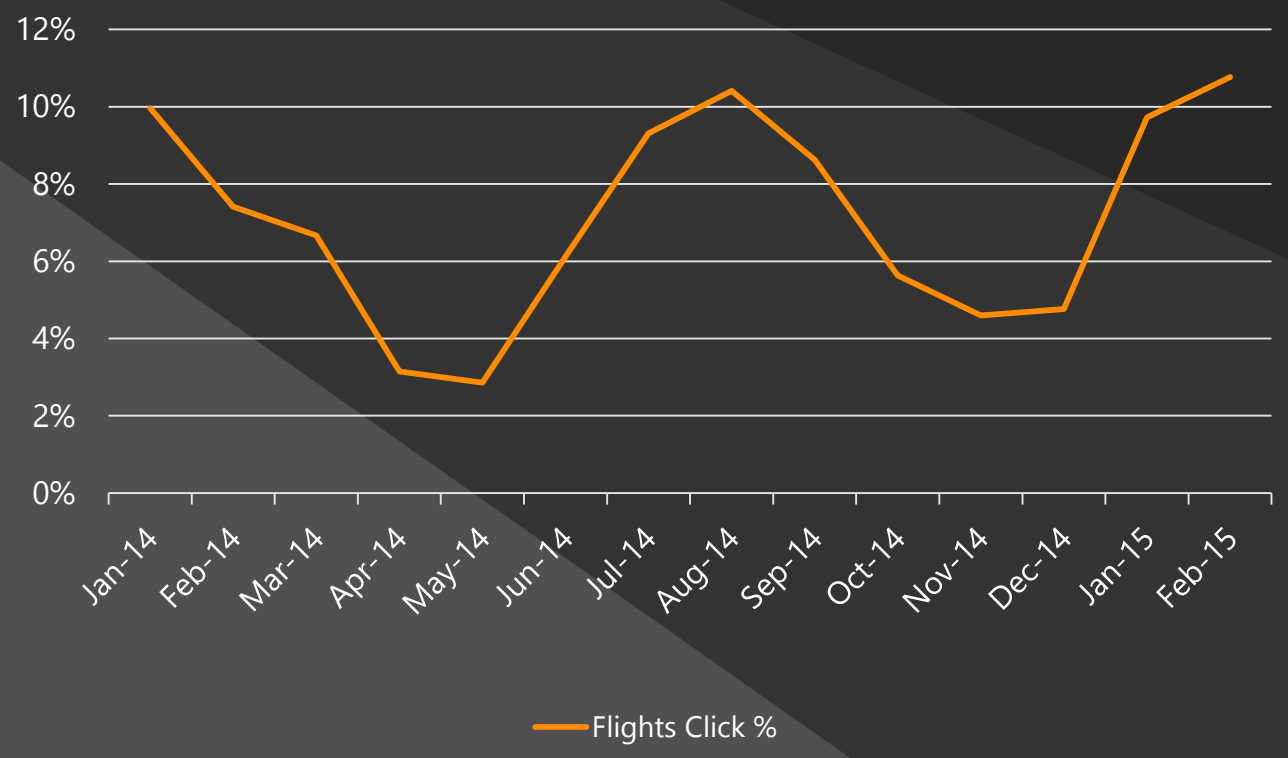
YoY growth of brands by unique audience 2013/2014

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

bing

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.

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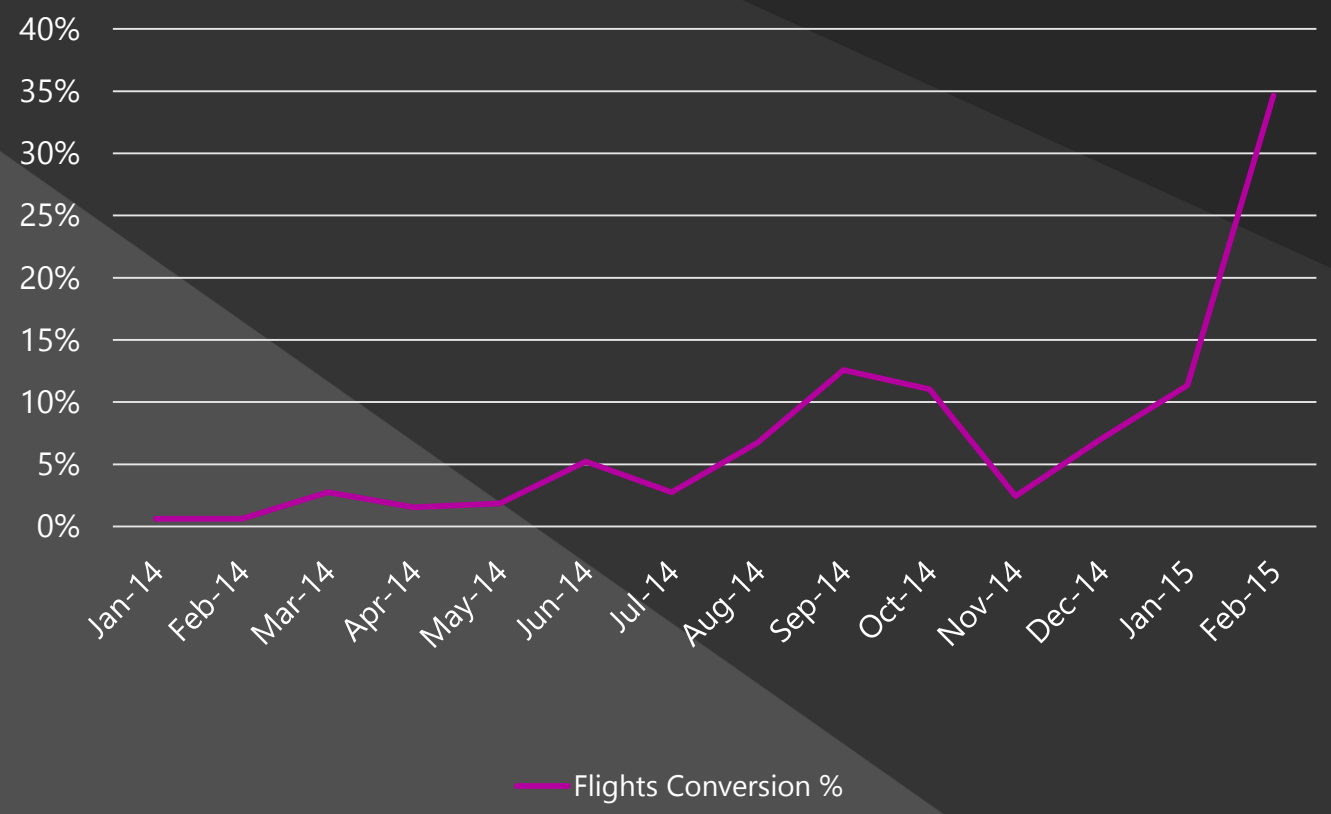
Source: Bing Internal Data based on accounts with campaign analytics enabled.

Bing flights by clicks and conversions



Conversion seasonality
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.

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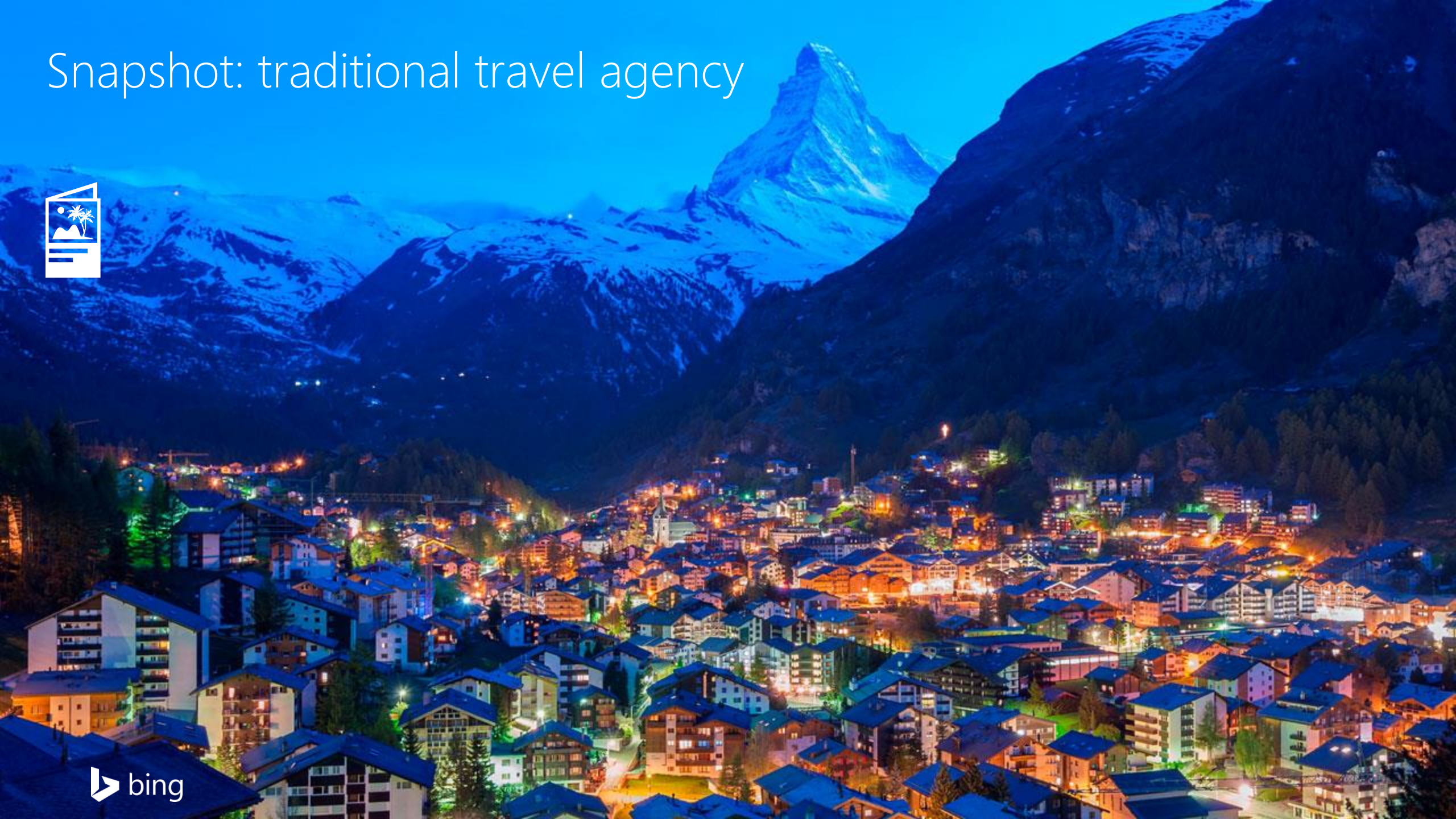
Source: Bing Internal Data based on accounts with campaign analytics enabled.

Snapshot: ROI performance / CPC comparison*

Keyword	CPC	CPC	Value comparison Bing is cheaper by $
Flights	$0.83	$1.81	$0.98
Cheap Flights Australia	$1.45	$3.48	$2.03
Singapore Airlines	$0.36	$0.57	$0.21
Cheap International Flights	$0.81	$1.75	$0.94
Last Minute Flights	$0.34	$1.61	$1.27
Best Flights	$0.53	$2.20	$1.67

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

Snapshot: traditional travel agency



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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%

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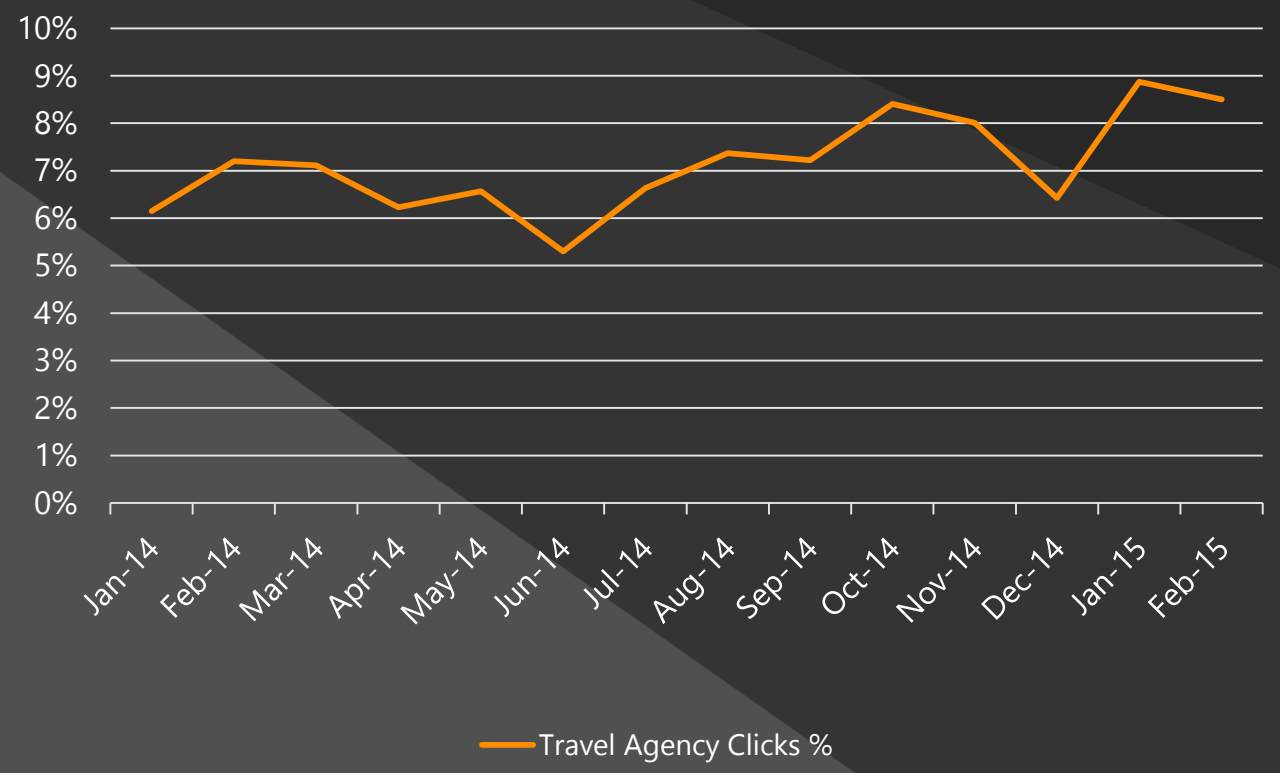
Source: http://www.roymorgan.com/findings/5760-overseas-travel-booking-methods-australia-june-2014-201408270515

Bing travel agency by clicks and conversions



Clicks seasonality
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.

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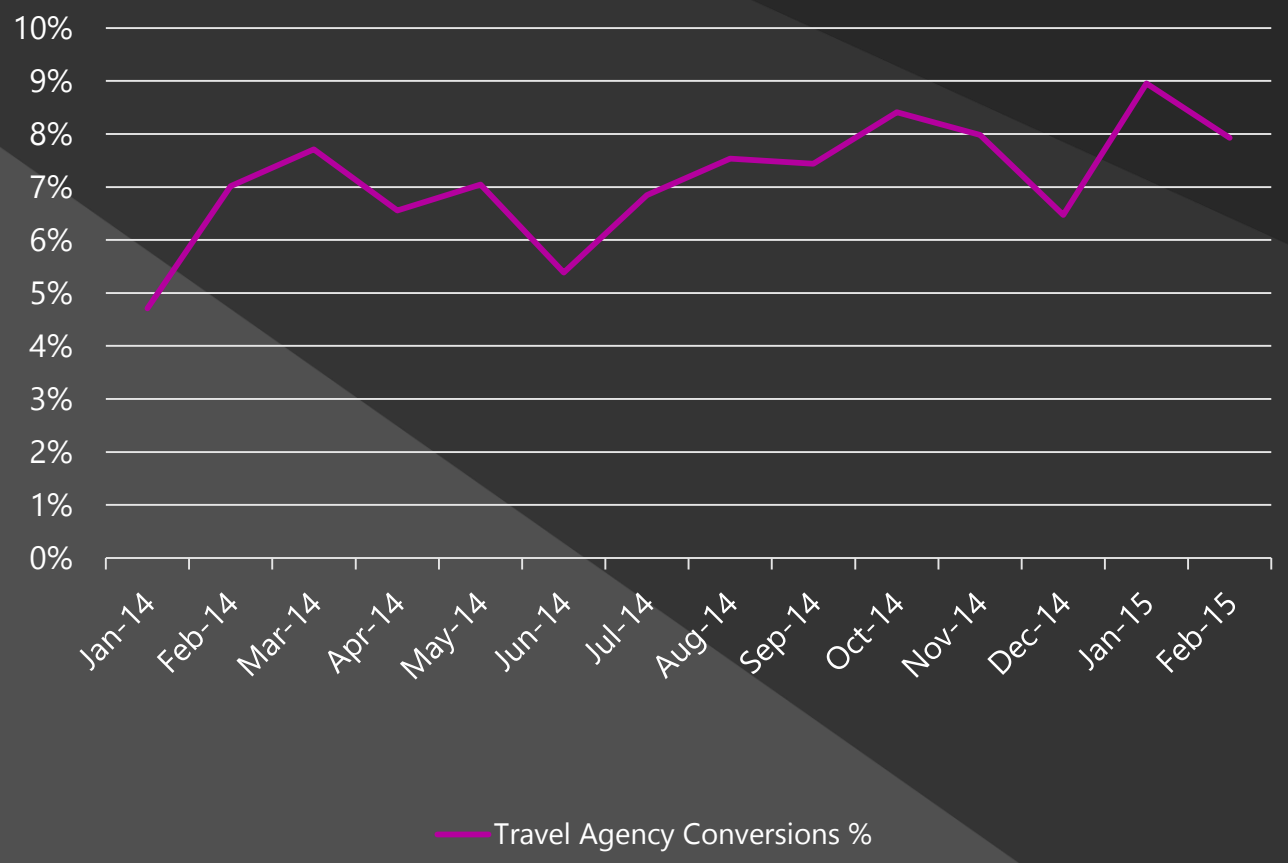
* Source: Bing Internal Data based on accounts with campaign analytics enabled.

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) faired best for the sub-vertical as a whole.

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* Source: Bing Internal Data based on accounts with campaign analytics enabled.

Snapshot: ROI performance / CPC comparison*

Keyword	CPC	CPC	Value comparison Bing is cheaper by $
Cheap Holiday	$1.02	$1.62	$0.60
Holiday Packages	$1.36	$1.45	$0.09
Cheap Holiday Deals	$0.77	$1.72	$0.95
Travel Deals	$0.95	$1.91	$0.96
Romantic Getaways	$0.69	$3.20	$2.51
Travel Agency	$0.47	$2.53	$2.06

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

Thank you

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