Microsoft Advertising Insights

Domestic Travel in an age of recovery
Australians and their attitude towards Australia's outlook and travel has been steadily improving over the recent months.

Travel on the Microsoft Search Network is showing positive signs of recovery with high intent for domestic travel, mainly intrastate with steady growth in interstate.

International advertisers are taking advantage of demand with local Australian brands missing out on people looking to travel.

There are many Microsoft Advertising features that you can leverage to assist in re-engaging with your customers in the current evolving market and the upcoming summer holiday season.
Sentiment is improving strongly for Australians across many areas

Consumer Confidence Index (CCI)
Consumer confidence indicates positive/negative sentiment towards future economic situation (<100 is negative, >100 is positive)

Travel intention (0-6 months) and booking intention (next month) within Australia

“I feel it is safe to travel within Australia”

Source: Tourism Australia, Travel Sentiment Tracker, 07-11 October 2020. Link
Many Australians are showing their readiness to travel, by either dreaming of or actively planning their next holiday.

37% Of Australians see travel restrictions as the top barrier for domestic travel.

34% Of Australians are already thinking/dreaming about their next holiday.

21% Of Australians are researching/active planning for their next holiday.

Source: Tourism Australia, Travel Sentiment Tracker, 07-11 October 2020. [Link]
Our users are ready for a break and are already planning for the next holiday...
Advertisers are currently missing out on Australian consumer demand

Key observations

1. A quick recovery in Travel searches seen in April indicate our users’ desire to travel. Our current weekly October volume is on average 37% higher vs. the week starting April 25.

2. Clicks, on the other hand, have been steadily recovering in volume. October volume is 209% higher vs. April 25 week, however, is still only 35% of pre-COVID-19 levels.

Recommendation

Australian travel advertisers should consider increasing advertising campaigns to take advantage of consumer’s intent.
Accommodations is the most searched category within the Travel sector amidst lockdown easing and borders reopening.

Accommodations searches
By week start date

Accommodations clicks
By week start date

Data Source: Microsoft internal data | Travel – Accommodation | Jan – Oct 2020 | Searches and Clicks | All Devices | O&O Core
Cost per clicks (CPCs) for Accommodations remain low, enabling advertisers to reach customers more cost effectively.

Accommodation CPCs
by week starting date

-39% lower vs. start of year

Data Source: Microsoft internal data | Travel – Accommodation | Jan – Oct 2020 | CPC | All Devices | O&O Core
Click-through rates (CTRs) for Accommodations have risen +50% over the last 3 months, indicating high user engagement.

Data Source: Microsoft internal data | Travel – Accommodation | Jan – Oct 2020 | CTR | All Devices | O&O Core
All states have seen an increase in clicks other than Victoria due to the impact of the state’s lockdown restrictions.
While travelling intrastate remains the biggest traffic driver, clicks for interstate travel are rising steadily.

Query intent type % of total clicks by month

<table>
<thead>
<tr>
<th>Month</th>
<th>Intrastate</th>
<th>Interstate</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>76%</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>August</td>
<td>76%</td>
<td>18%</td>
<td>6%</td>
</tr>
<tr>
<td>September</td>
<td>75%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>October</td>
<td>73%</td>
<td>20%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Intrastate = Travel within the current state
Interstate = Travel from current state to another state

Data Source: Microsoft internal data | Travel – Accommodation | Jul – Oct 2020 | Click data | All Devices | O&O Core
For both intrastate and interstate, NSW and QLD are the lead click drivers.

**Intrastate % of total clicks split by state**

- ACT: 1%
- NSW: 34%
- NT: 0%
- QLD: 29%
- SA: 6%
- TAS: 2%
- VIC: 14%
- WA: 13%

**Interstate % of total clicks split by state**

- ACT: 6%
- NSW: 30%
- NT: 4%
- QLD: 29%
- SA: 7%
- TAS: 4%
- VIC: 11%
- WA: 9%

Data Source: Microsoft internal data | Travel – Accommodation | Jul – Oct 2020 | Click data | All Devices | O&O Core

Intrastate = Travel within the current state
Interstate = Travel from current state to another state
Top 20 overall intrastate and interstate destinations*

Top 20 intrastate destinations clicked:
- Sydney - NSW
- Perth - WA
- Brisbane - QLD
- Gold Coast - QLD
- Adelaide - SA
- Byron Bay - NSW
- Cairns - QLD
- Sunshine Coast - QLD
- Port Macquarie - NSW
- Rottnest Island - WA
- Airlie Beach - QLD
- Melbourne - VIC
- Coffs Harbour - NSW
- Hunter Valley - NSW
- Hamilton Island - QLD
- Port Stephens - NSW
- Nelson Bay - NSW
- Noosa - QLD
- Yamba - NSW
- Hervey Bay - QLD

Top 20 interstate destinations clicked:
- Canberra - ACT
- Gold Coast - QLD
- Adelaide - SA
- Sydney - NSW
- Brisbane - QLD
- Byron Bay - NSW
- Darwin - NT
- Tasmania - TAS
- Yamba - NSW
- Port Douglas - QLD
- Cairns - QLD
- Hamilton Island - QLD
- Perth - WA
- Lord Howe Island - NSW
- Kangaroo Island - SA
- Agnes Falls - VIC
- Noosa - QLD
- Bathurst - NSW
- Stradbroke Island - QLD
- Melbourne - VIC

* In October
Data Source: Microsoft internal data | Travel – Accommodation | October 2020 | Click data | All Devices | O&O Core
CLICK SHARE TRENDS

International advertisers targeting Australia have grown their click share in the Accommodations category

Inbound click share and click share year-over-year (YoY) by month

International advertisers have grown 26-30% click share YoY since June

Don’t miss out on the upcoming summer peak seasonality! Leverage your local expertise to win back customers.

Data Source: Microsoft internal data | Travel – Accommodation | Jan – Oct 2020 | Click share | All Devices | O&O Core
International advertisers have increased focus towards Responsive Search Ads to stay atop our emerging travel market.

CLICK SHARE TRENDS

Inbound advertisers ad type % of total clicks

- Extended Text
- Hotel
- Responsive Search Ads
- Text

CLICK SHARE TRENDS

Inbound vs. local % click share by ad type in October

- Text
  - Inbound: 83%
  - Local: 17%
- RSA
  - Inbound: 69%
  - Local: 31%
- Hotel
  - Inbound: 100%
- EXTAA
  - Inbound: 83%
  - Local: 17%

Data Source: Microsoft internal data | Travel – Accommodation | Apr – Oct 2020 | Click share | All Devices | O&O Core
The user search journey
## Methodology and Sample Size

### Query path analysis:

1. Trace back the search journey from the users’ conversions on Microsoft Search Network. A **journey** is defined by the searches performed by a user before reaching a conversion.

2. Conversion data is based on Universal Event Tracking setup, and contains both paid and organic data.

### Sample size

- **Time range:** Journeys that began and ended within July 1st – Oct 30th, 2020
- **Number of searchers:** 23,000~
- **Number of search queries captured:** 295,000~

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### USER JOURNEY INSIGHTS

Data Source: Microsoft internal data | Query Path Analysis output | Travel Accommodation | Jul – Oct 2020 | Conversion and Search data | All Devices | Paid & Organic
The user search journey for Accommodations is long and complex

Leverage Remarketing Audiences to stay top of mind for undecided users planning their next trip

An average user journey takes:

12 searches in 29 days
Users who consider more than one brand convert 4 out of 5 times on a different brand

Remarketing audiences is crucial to increase chances of retaining mind share

Number of distinct brands
Split by % of all branded journeys

<table>
<thead>
<tr>
<th>Number of distinct brands in journey</th>
<th>% of all branded journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td>5+</td>
<td>4%</td>
</tr>
<tr>
<td>4</td>
<td>4%</td>
</tr>
<tr>
<td>3</td>
<td>9%</td>
</tr>
<tr>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>1</td>
<td>62%</td>
</tr>
</tbody>
</table>

86% of search journeys with at least two distinct brands convert on brands different to the initial brand

Data Source: Microsoft internal data | Query Path Analysis output | Travel – Accommodation | Jul – Oct 2020 | Conversion and Search data | All Devices | Paid & Organic
Leverage **audience marketing solutions** to reach consumers with strong purchase intent.
Consumers rely heavily on generic queries throughout the whole journey. Ensure visibility on generic keywords in the research and consideration phase.

**Customers purchase funnel brand/generic split**

**First:**
- 18% Brand
- 82% Generic

**Middle:**
- 16% Brand
- 84% Generic

**Last:**
- 24% Brand
- 76% Generic

**Data Source:** Microsoft internal data | Query Path Analysis output | Travel – Accommodation | Jul – Oct 2020 | Conversion and Search data | All Devices | Paid & Organic
There are 1,000+ different domestic locations searched within this period, with new locations monthly as consumer search patterns shift. Leverage Dynamic Search Ads as a “catch all” strategy to capture newly emerging queries.
Just under half of user journeys by searchers are short. 45% of conversions occur within 1-5 searches, meaning it’s important to be in the auction in the early stages of the purchase funnel.
Decisions are being made faster, with same day* conversions rising. Same day conversions have increased +88% in October vs. July, signalling an increasing trend of last minute bookings.

*Same day refers to journeys converting within 24 hours of their first search.

Data Source: Microsoft internal data | Query Path Analysis output | Travel – Accommodation | Jul – Oct 2020 | Conversion and Search data | All Devices | Paid & Organic
1. Reactivate campaigns to re-engage with your customers: As restrictions begin to ease with the approach of the summer holiday season, running campaigns on lower CPCs – yet above first page bids threshold – is a low-risk, cost effective strategy.

2. Local vs. international advertisers: Australian brands should capture consumer demand as currently they may be losing out to international brands taking advantage of lower auction competitiveness.

3. Ensure visibility on generic keywords: A majority of consumers rely on generic searches throughout their whole journey, through the start (82% of total), middle (84%) and end (76%).

4. Use Dynamic Search Ads and Responsive Search Ads to capture emerging queries: Set up DSAs and RSAs as a “catch all” strategy to capture newly emerging queries as consumer search patterns are constantly changing.

5. Implement remarketing for recent visitors: Create remarketing lists with more recent frequencies (e.g. 1, 3, 7, 14, 30 days) to target consumers that recently started to investigate holidays and trips.

6. Fight for presence in the auction: User journeys are getting shorter and converting within less searches.
To get actionable data, insights and best practices to help make decisions and grow your business, visit aka.ms/MicrosoftAdvertisingInsights