Microsoft

Microsoft Advertising Insights

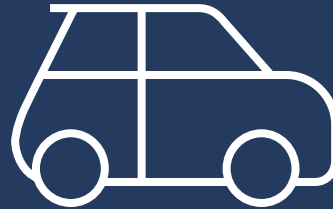# Domestic Travel in an age of recovery

Microsoft Advertising. Intelligent connections.

Summary of findings

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
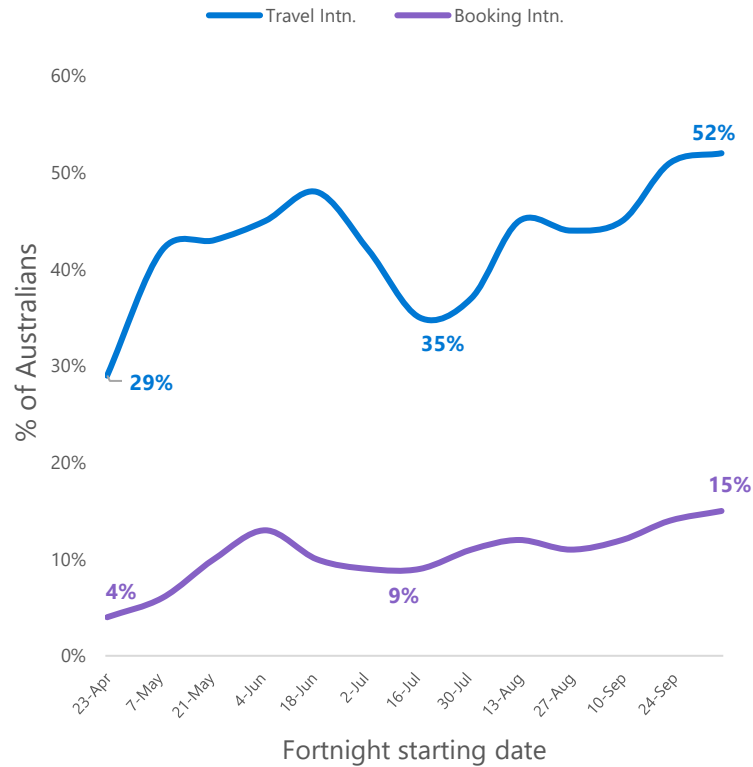
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Sentiment is improving strongly for Australians across many areas

## Consumer Confidence Index (CCI)
Consumer confidence indicates positive/negative sentiment towards future economic situation (<100 is negative, >100 is positive)
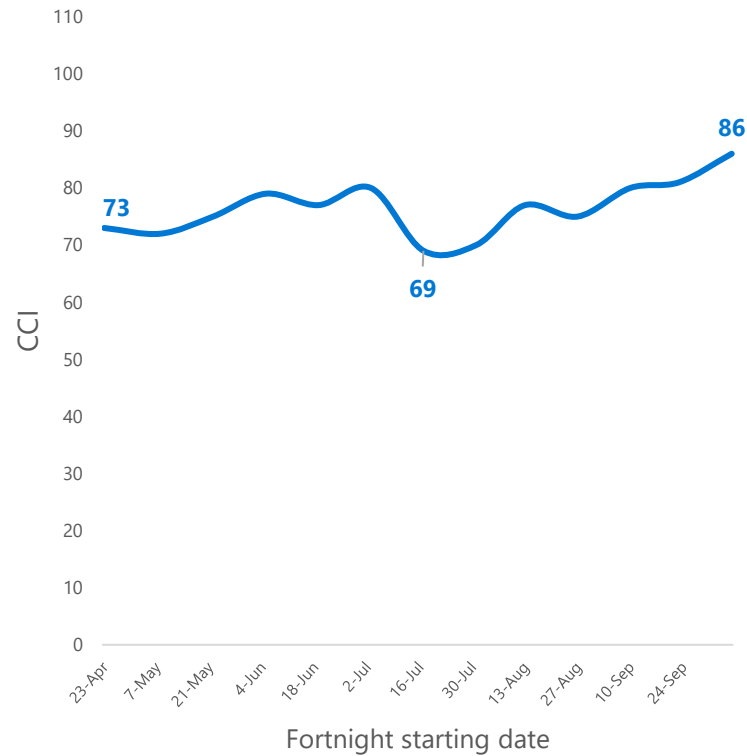
Travel intention (0-6 months) and booking intention (next month) within Australia

"I feel it is safe to travel within Australia"

Source: Tourism Australia, *Travel Sentiment Tracker, 07-11 October 2020*. Link

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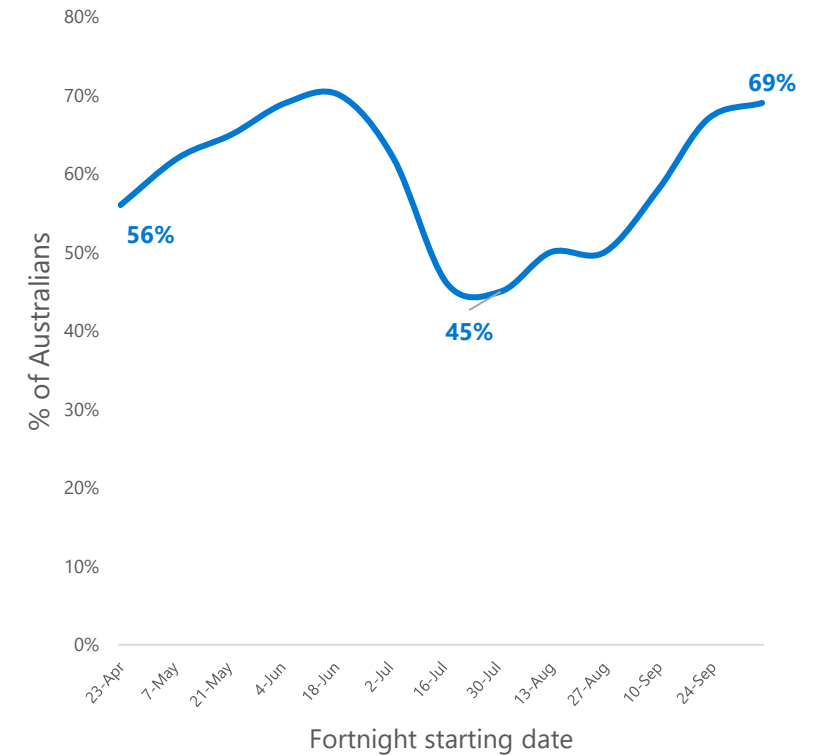
Many Australians are showing their readiness to travel, by either dreaming of or actively planning their next holiday

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

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1. eMarketer, 'Frictionless Commerce 2020'

Our users are ready for a break and are already planning for the next holiday...

Advertisers are currently missing out on Australian consumer demand

Travel searches and clicks
By week start date

—— Clicks   —— Searches

Searches (indexed)

Jan-04 Feb-01 Feb-29 Mar-28 Apr-25 May-23 Jun-20 Jul-18 Aug-15 Sep-12 Oct-10

Data Source: Microsoft internal data | Travel – Accommodation | Jan – Oct 2020 | CTR | All Devices | O&O Core
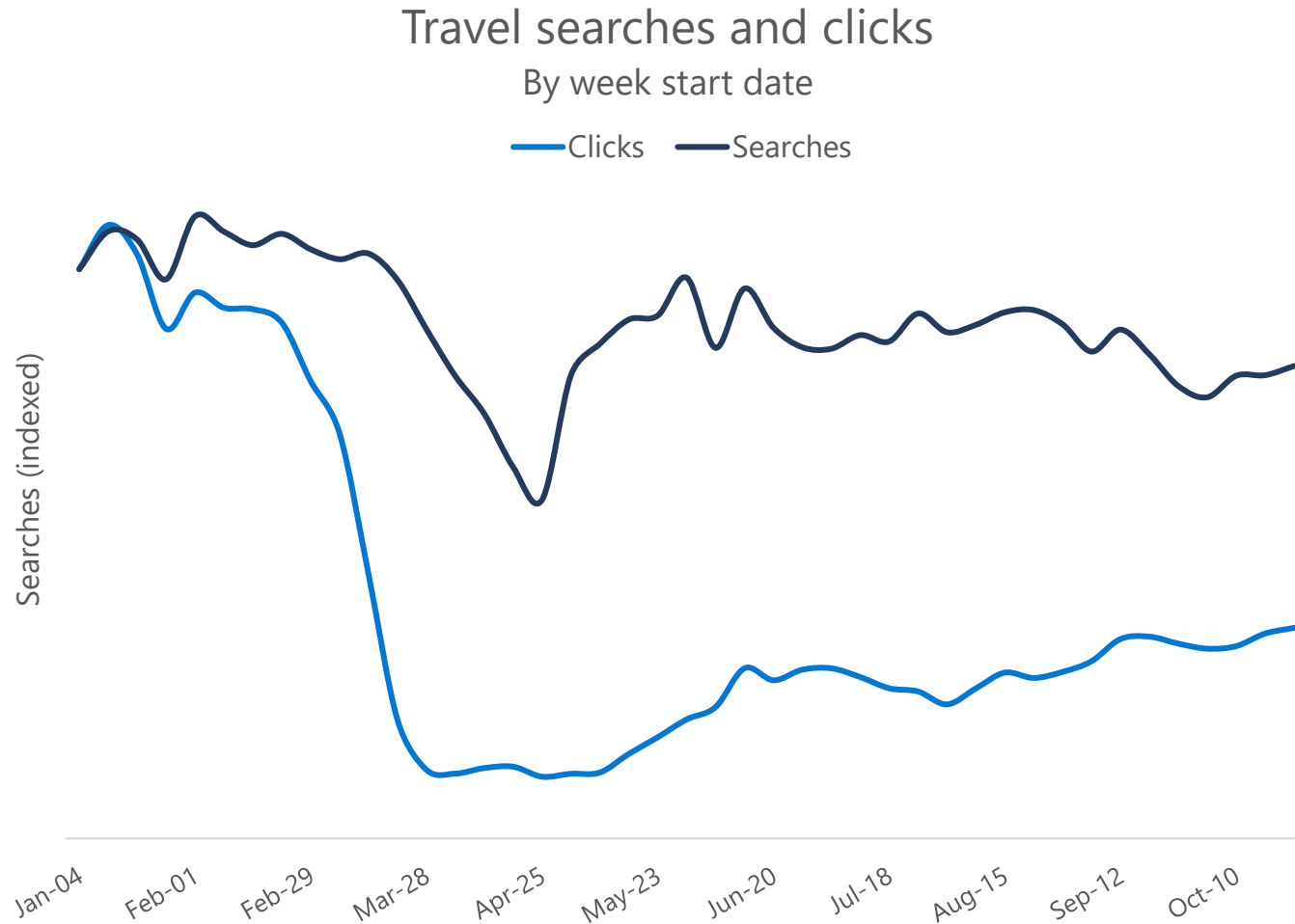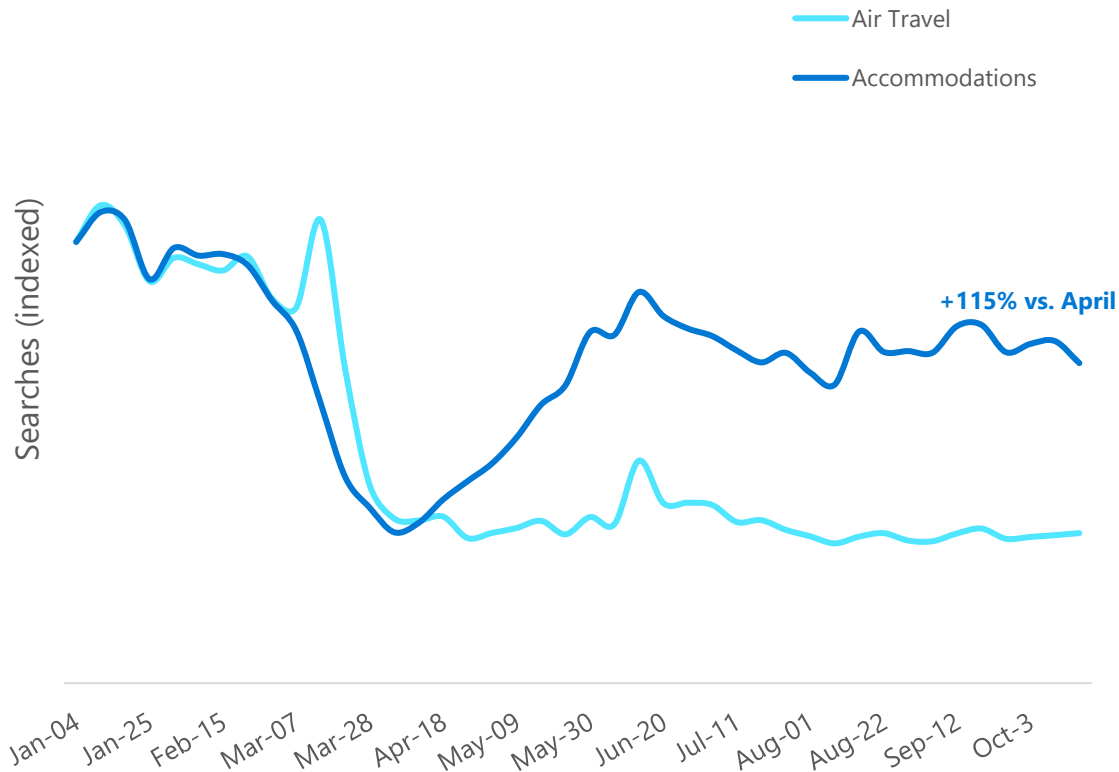
Key observations

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.
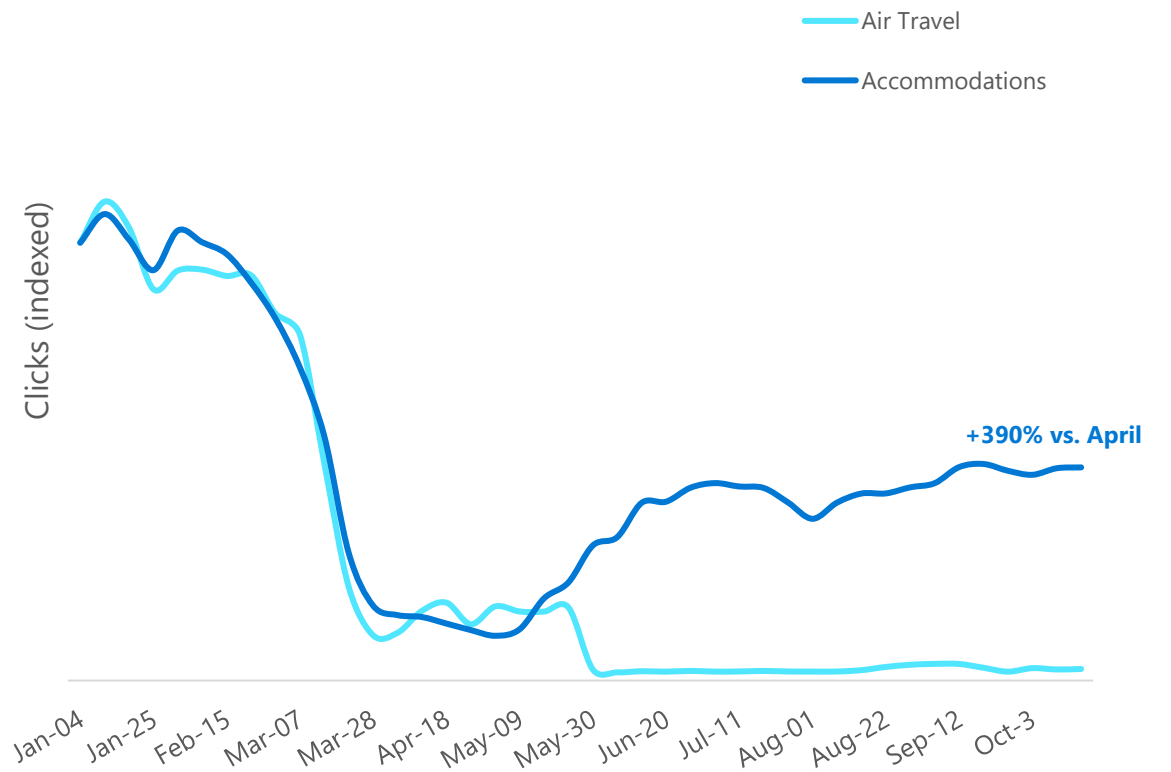
Recommendation

Australian travel advertisers should consider increasing advertising campaigns to take advantage of consumer's intent

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Accommodations is the most searched category within the Travel sector amidst lockdown easing and borders reopening

Accommodations searches
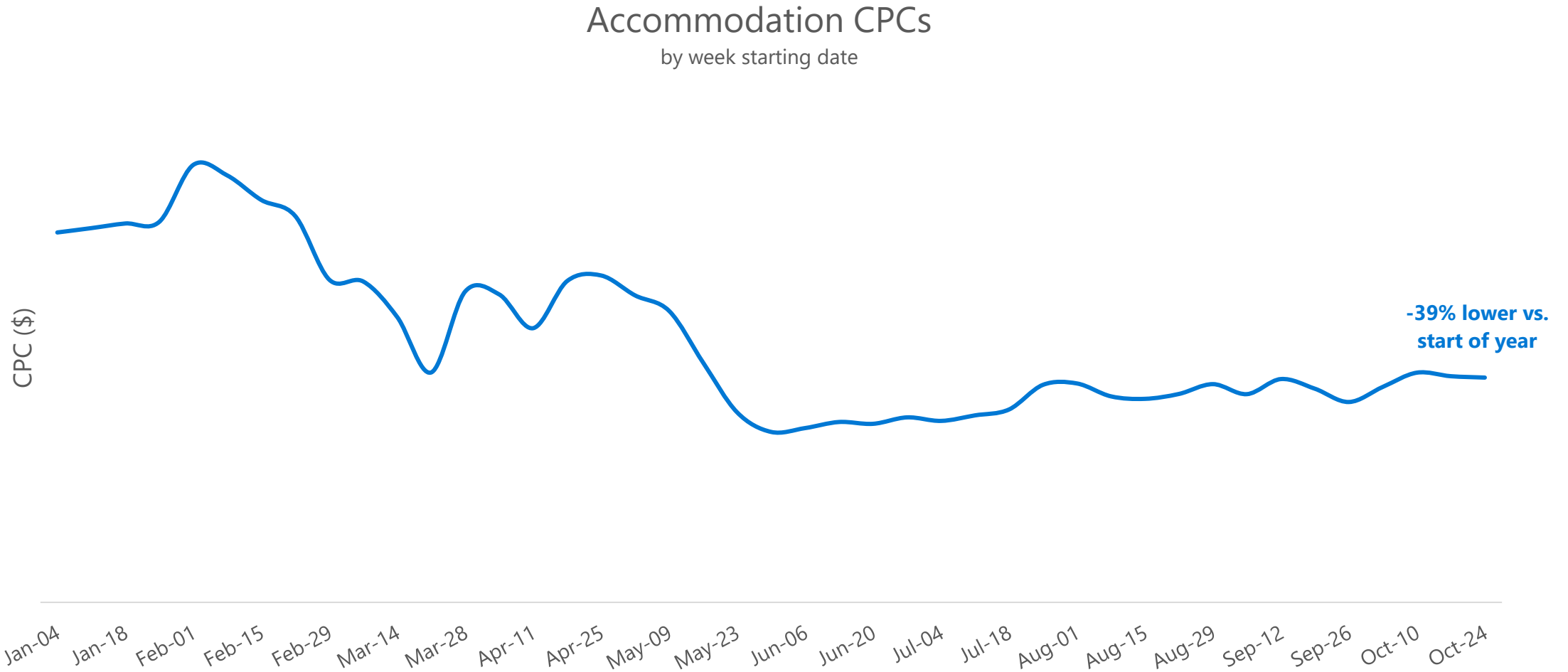### By week start date

+115% vs. April

Accommodations clicks
By week start date

+390% vs. April

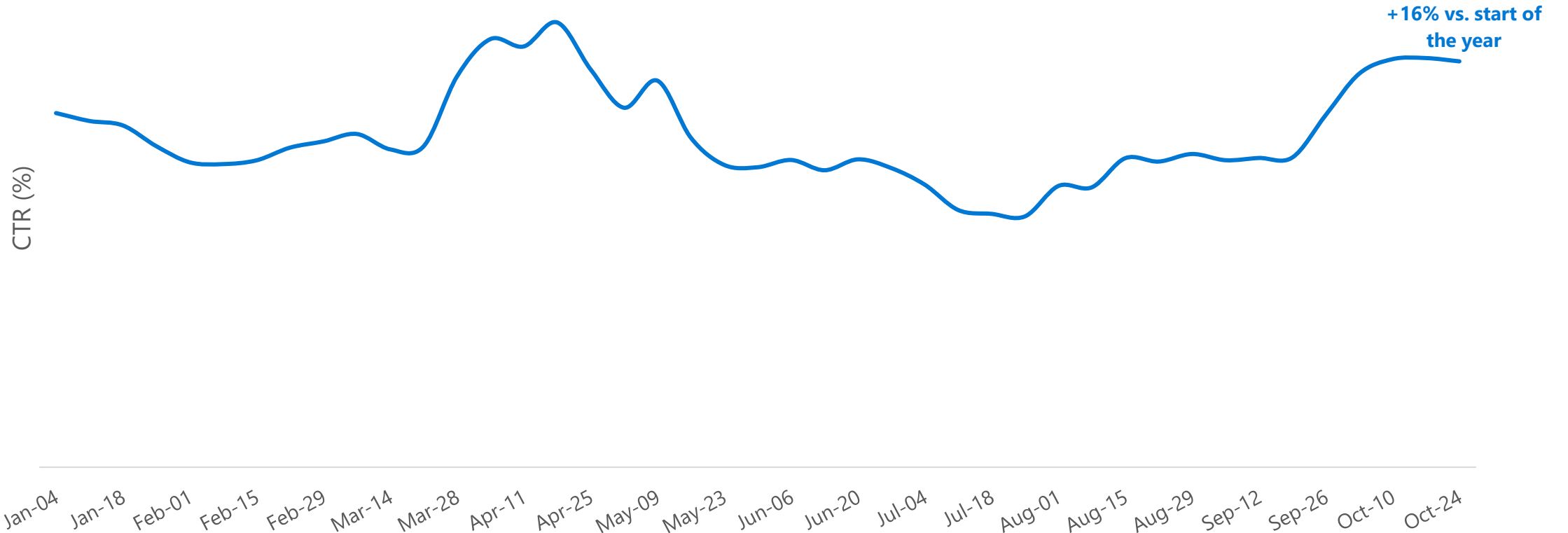Data Source: Microsoft internal data | Travel – Accommodation | Jan – Oct 2020 | Searches and Clicks | All Devices | O&O Core

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Cost per clicks (CPCs) for Accommodations remain low, enabling advertisers to reach customers more cost effectively

Accommodation CPCs
by week starting date

CPC ($)

-39% lower vs. start of year

Jan-04 Jan-18 Feb-01 Feb-15 Feb-29 Mar-14 Mar-28 Apr-11 Apr-25 May-09 May-23 Jun-06 Jun-20 Jul-04 Jul-18 Aug-01 Aug-15 Aug-29 Sep-12 Sep-26 Oct-10 Oct-24

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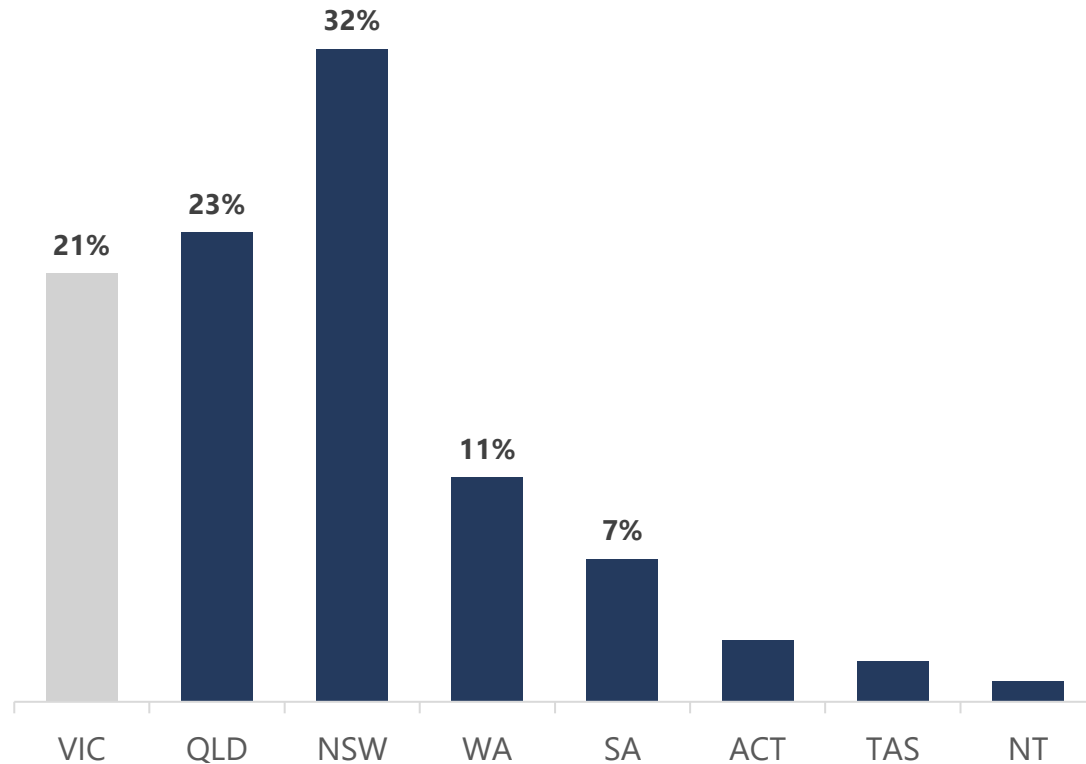
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Click-through rates (CTRs) for Accommodations have risen +50% over the last 3 months, indicating high user engagement

Accommodations CTR
by week starting date

+16% vs. start of the year

CTR (%)

Jan-04 Jan-18 Feb-01 Feb-15 Feb-29 Mar-14 Mar-28 Apr-11 Apr-25 May-09 May-23 Jun-06 Jun-20 Jul-04 Jul-18 Aug-01 Aug-15 Aug-29 Sep-12 Sep-26 Oct-10 Oct-24
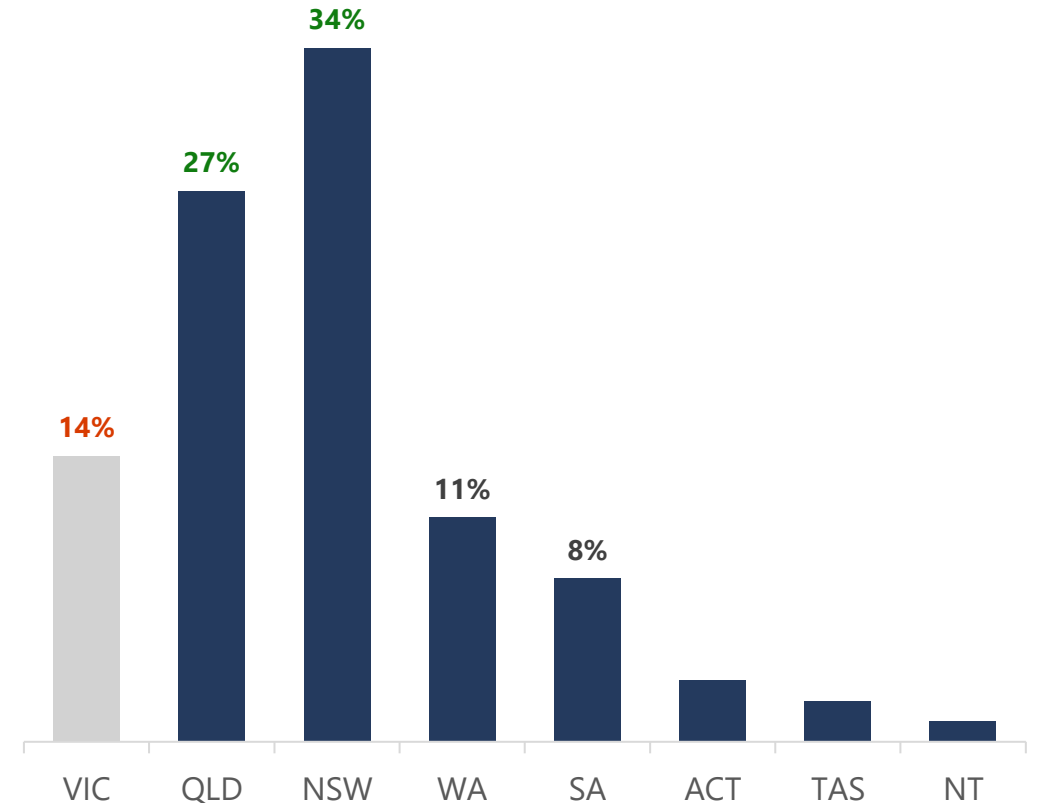
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All states have seen an increase in clicks other than Victoria due to the impact of the state's lockdown restrictions
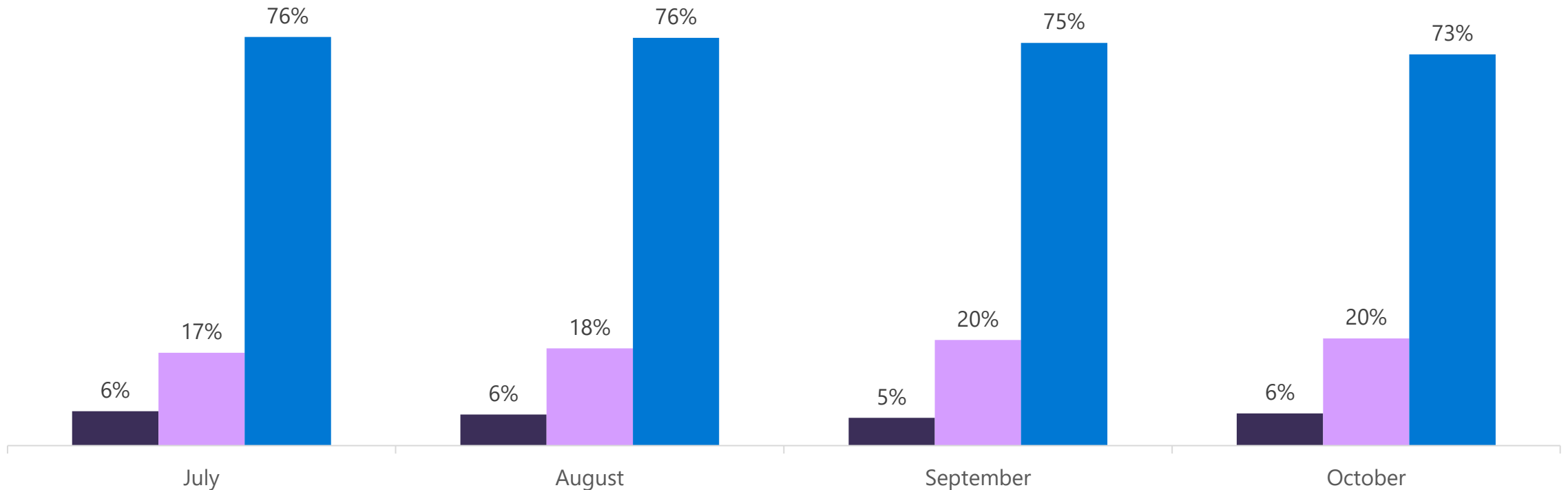
April state % of total clicks

October state % of total clicks

Data Source: Microsoft internal data | Credit Cards | Apr – Oct 2020 | Click share | All Devices | O&O Core

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While travelling intrastate remains the biggest traffic driver, clicks for interstate travel are rising steadily
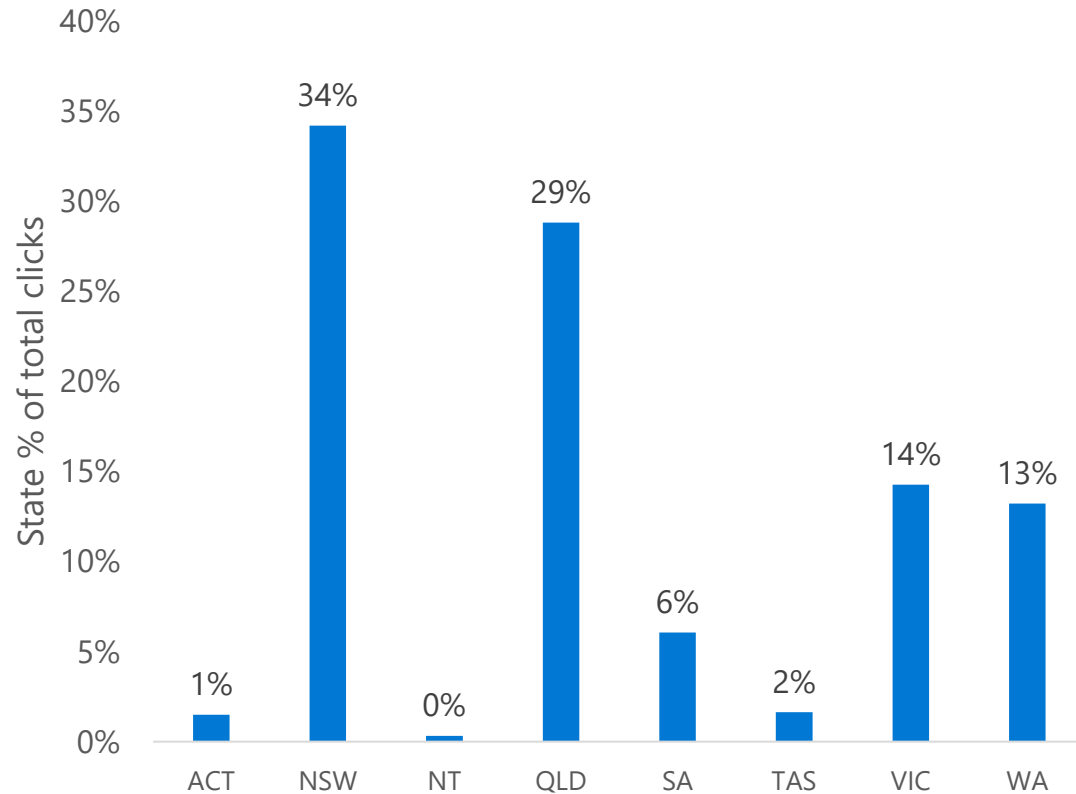
Query intent type % of total clicks
by month

■ International ■ Interstate ■ Intrastate

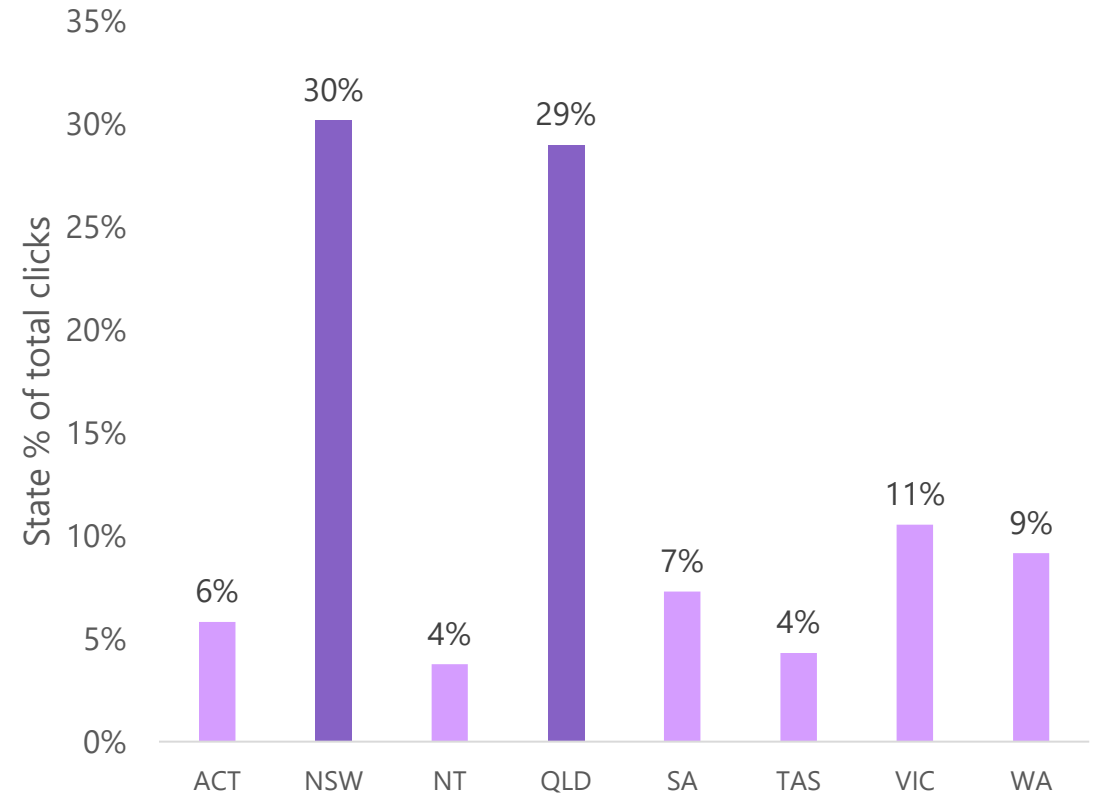|	July	August	September	October
International	6%	6%	5%	6%
Interstate	17%	18%	20%	20%
Intrastate	76%	76%	75%	73%

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

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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
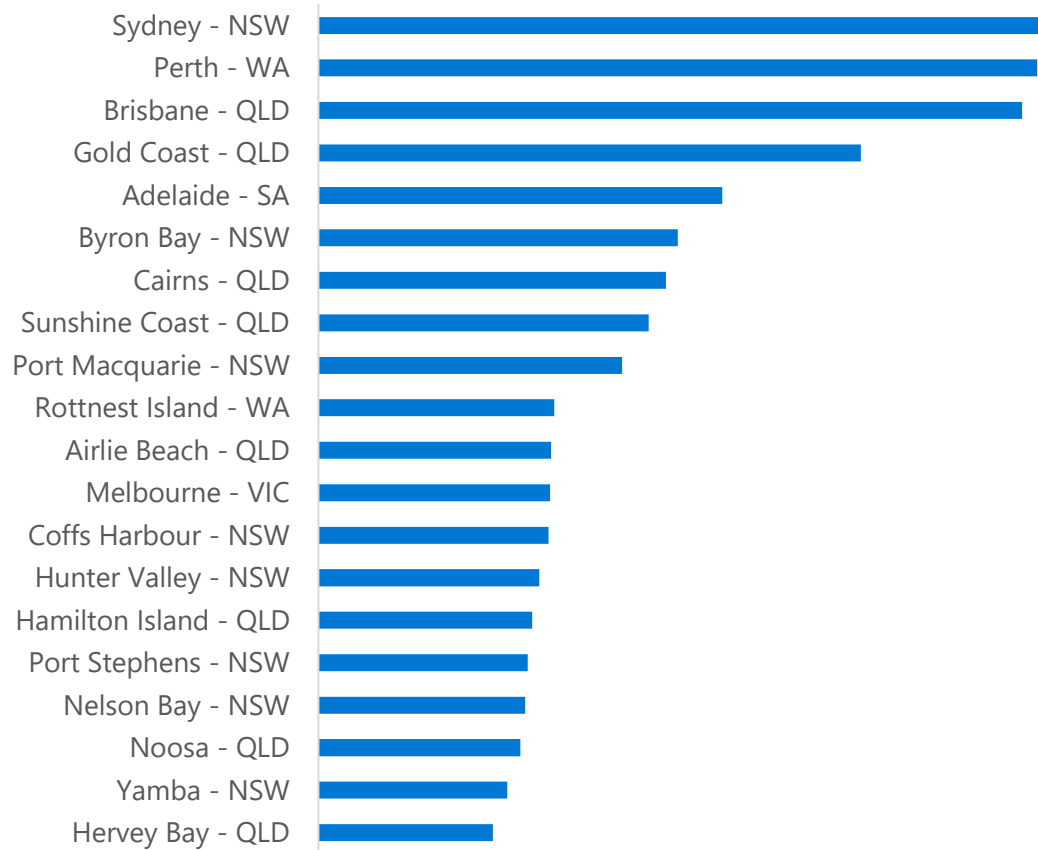
Top 20 interstate destinations clicked

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
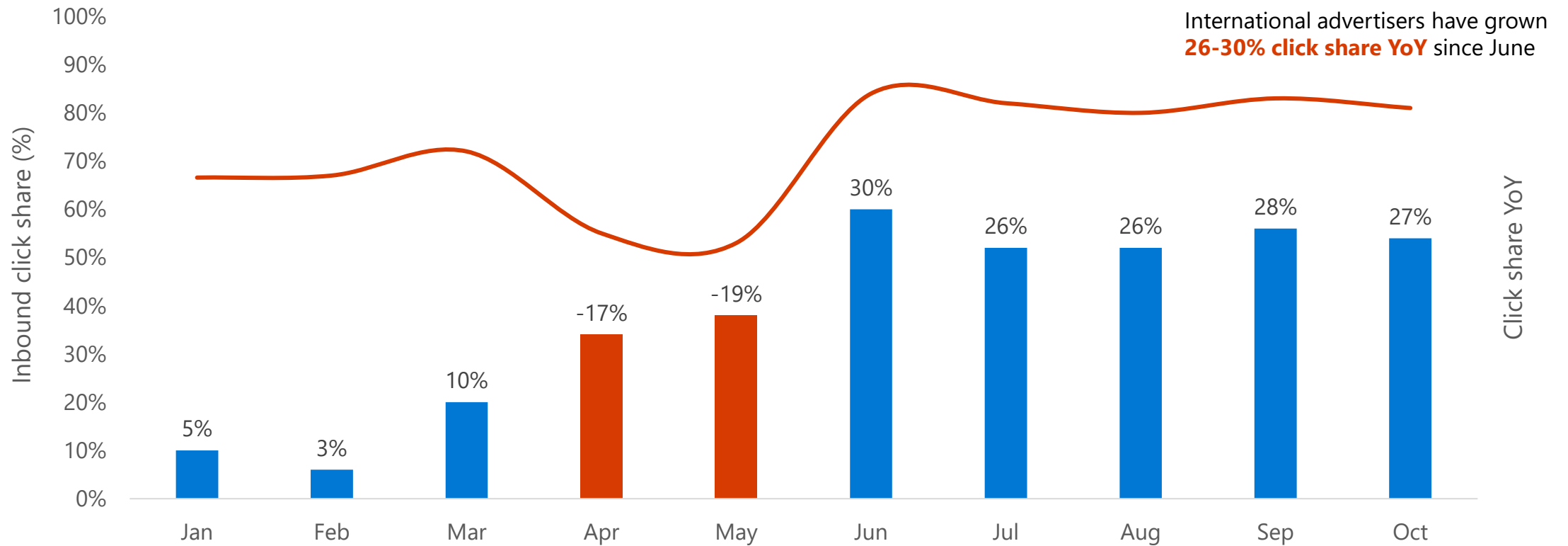Kangaroo Island - SA
Agnes Falls - VIC
Noosa - QLD
Bathurst - NSW
Stradbroke Island - QLD
Melbourne - VIC
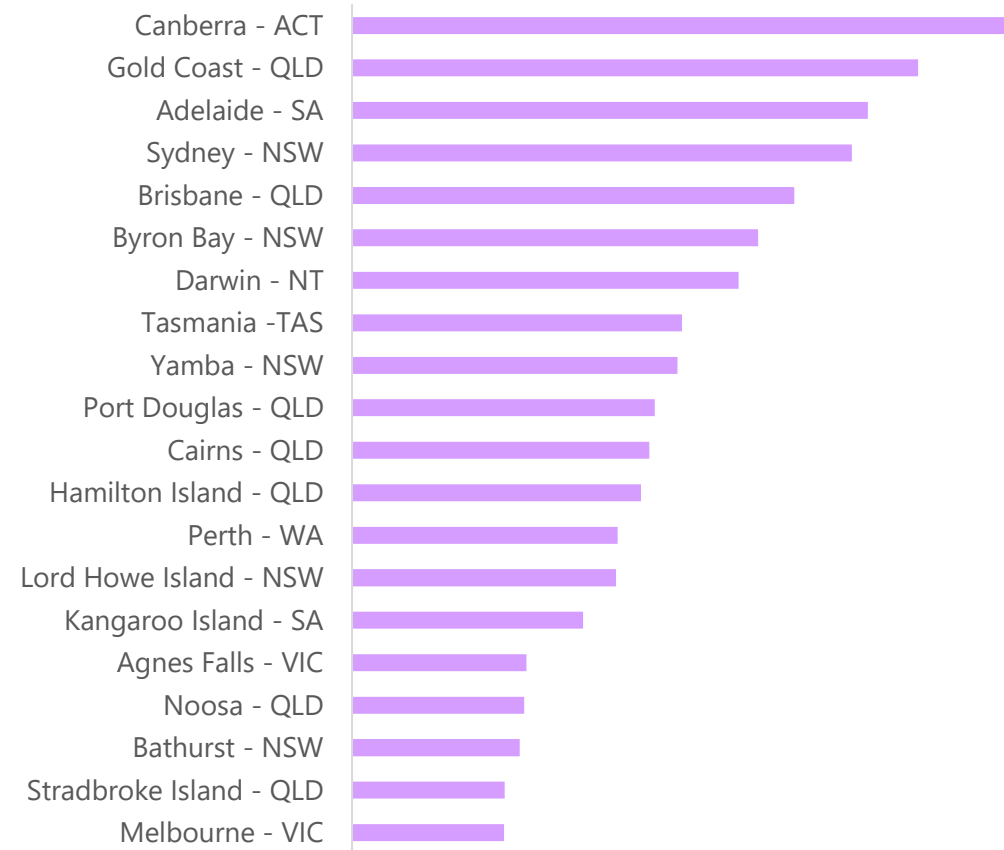
* In October
Data Source: Microsoft internal data | Travel – Accommodation | October 2020 | Click data | All Devices | O&O Core

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International advertisers have increased focus towards Responsive Search Ads to stay atop our emerging travel market

Inbound advertisers ad type % of total clicks

■ Extended Text   ■ Hotel   ■ Responsive Search Ads   ■ Text

93%
85%
11%
3%

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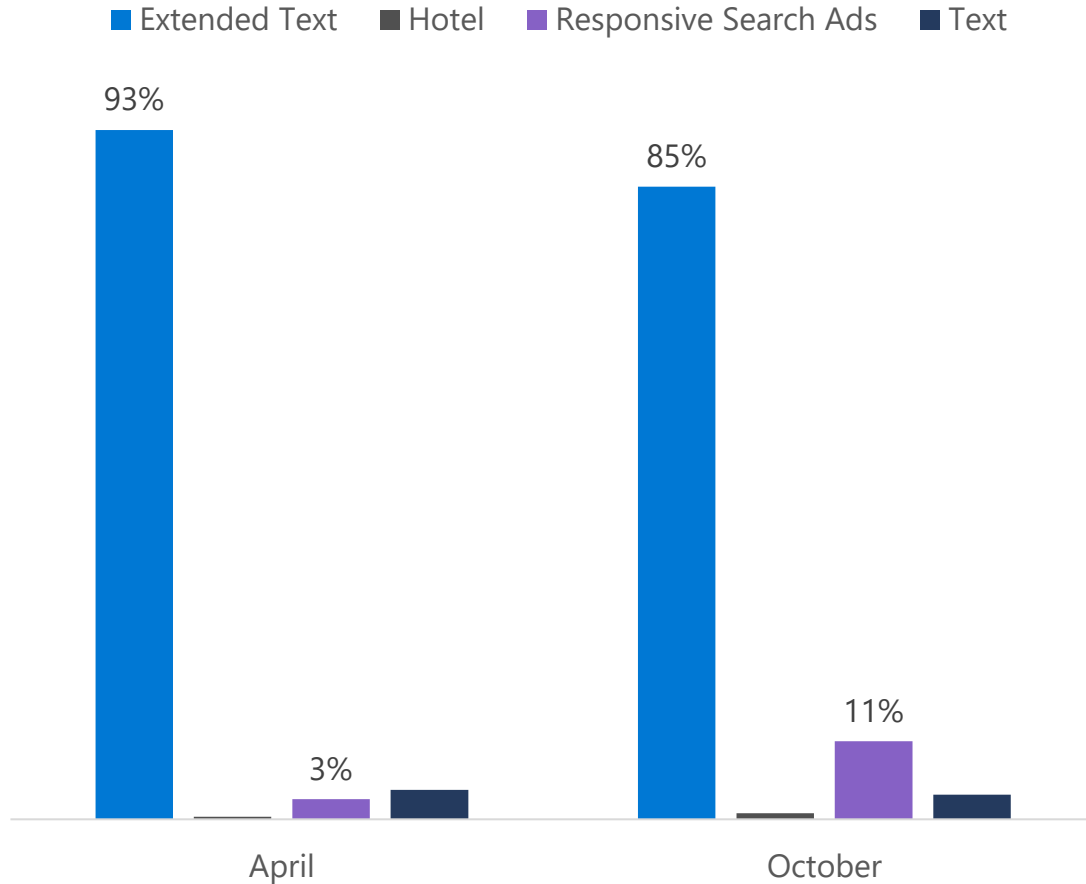
Inbound vs. local % click share
by ad type in October

	Inbound	Local
Text	83%	17%
RSA	69%	31%
Hotel	100%	
EXTA	83%	17%

■ Inbound   ■ Local

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

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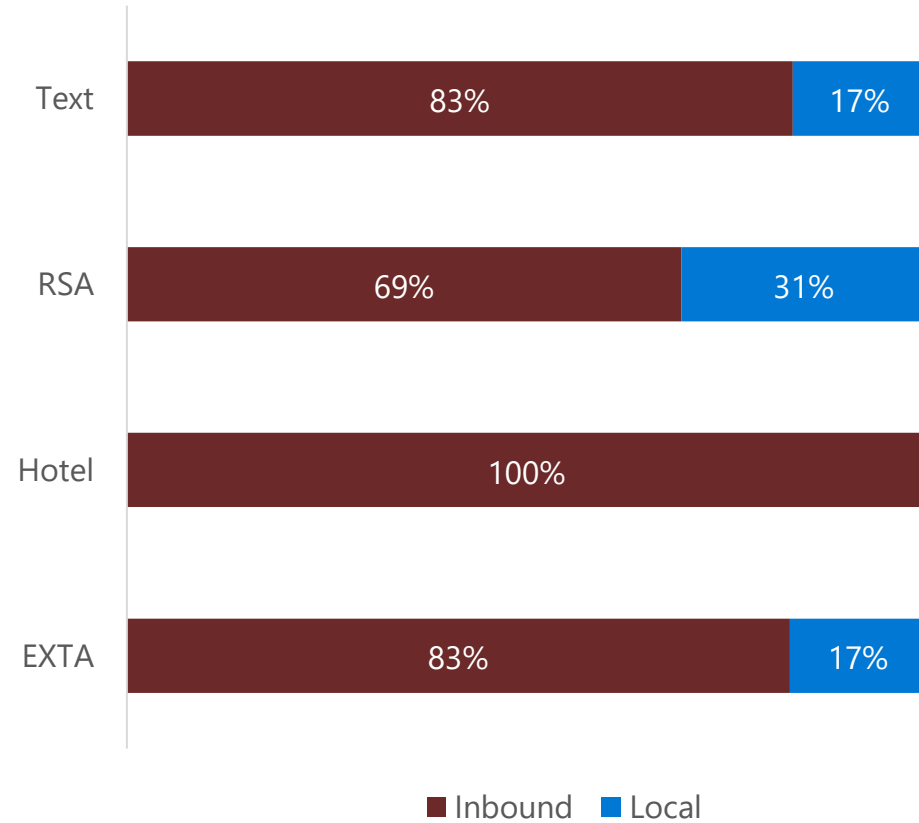
The user
search journey

Introducing methodology and sample size

Methodology	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	**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~

First search   Middle stage   Conversions

Research   Decision

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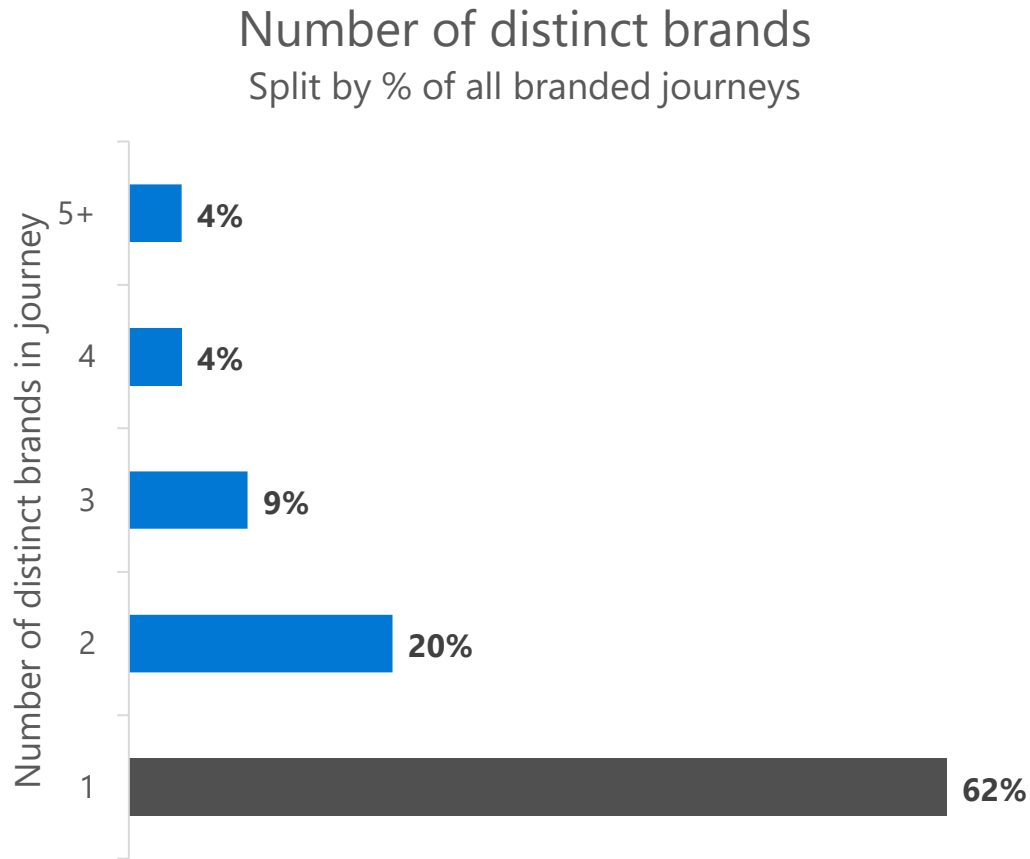# The user search journey for Accommodations is long and complex

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

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Users who consider more than one brand convert 4 out of 5 times on a different brand

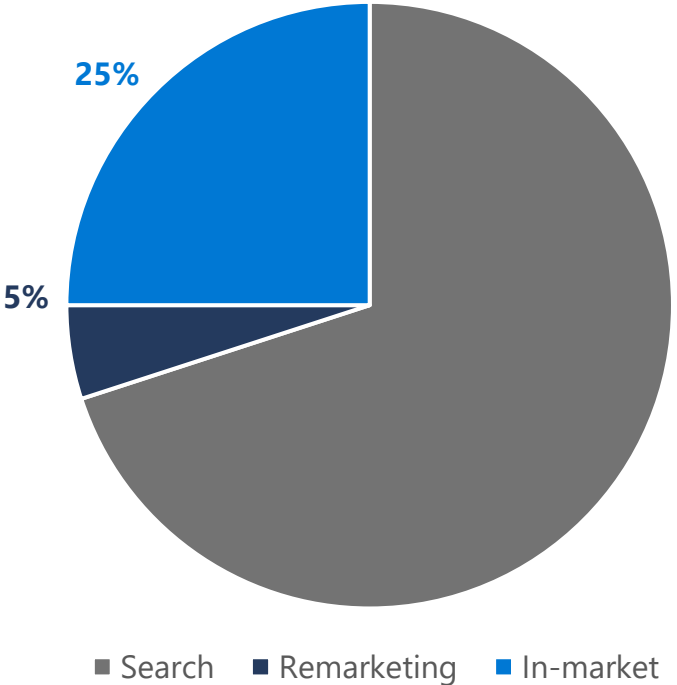## Remarketing audiences is crucial to increase chances of retaining mind share

Number of distinct brands
Split by % of all branded journeys

5+ — 4%
4 — 4%
3 — 9%
2 — 20%
1 — 62%

Number of distinct brands in journey

86%

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

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Leverage audience marketing solutions to reach consumers with strong purchase intent
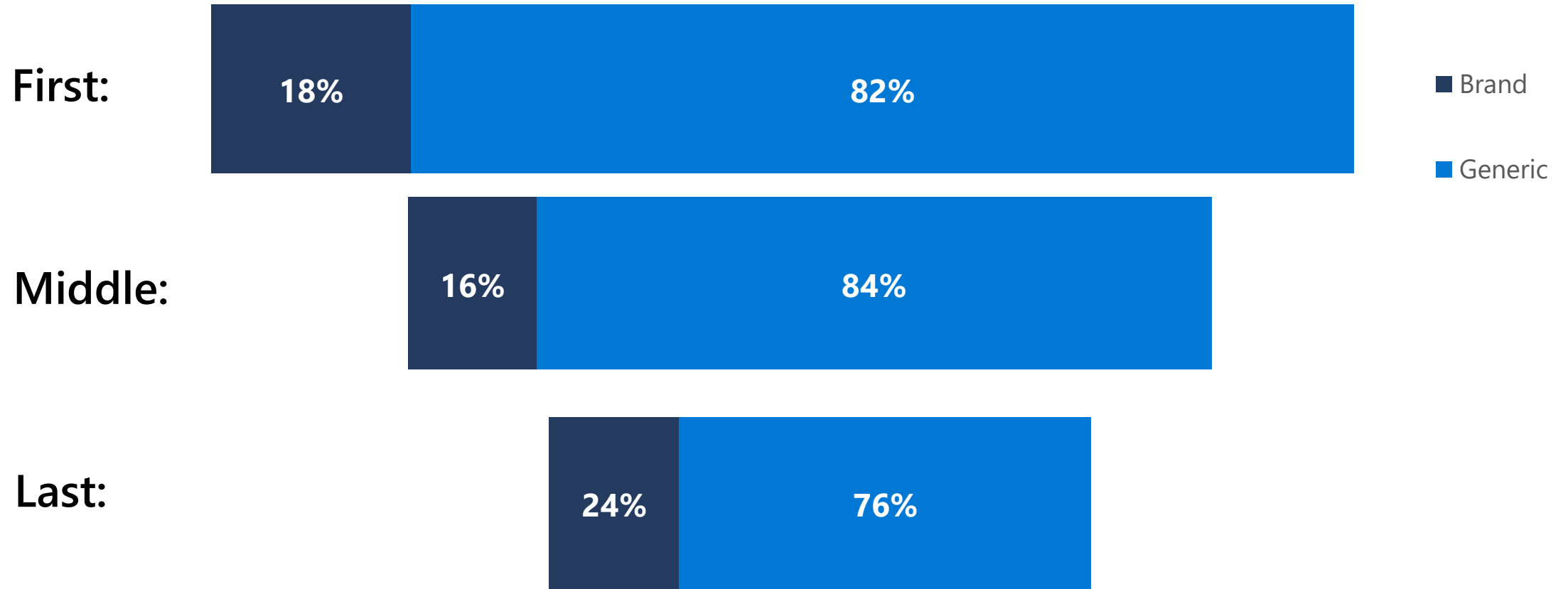
July – October conversions
by Audience Type

25%

5%

- ■ Search
- ■ Remarketing
- ■ In-market

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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% | 82%

Middle: | 16% | 84%

Last: | 24% | 76%

■ Brand

■ Generic

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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

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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

Length of journey by searches
Split by % of all journeys

% of all journeys (y-axis)

Length of journey by searches (x-axis): 1-2, 2-5, 6-10, 11-15, 16-20, 21-25, 26-30, 30+

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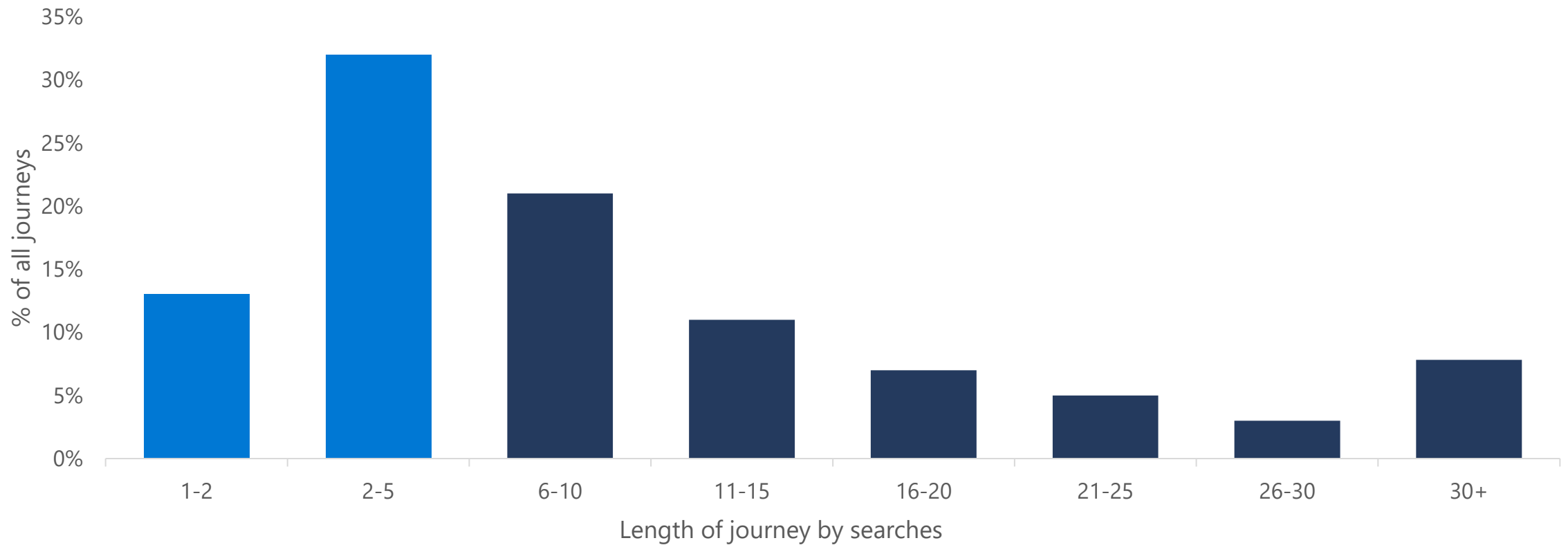
Decisions are being made faster, with same day* conversions rising

Same day conversions have increased +88% in October vs. July, signalling an increasing trend of last minute bookings

Number of users converting within a day
By month

Number of 1 day conversion users

July | August | September | October
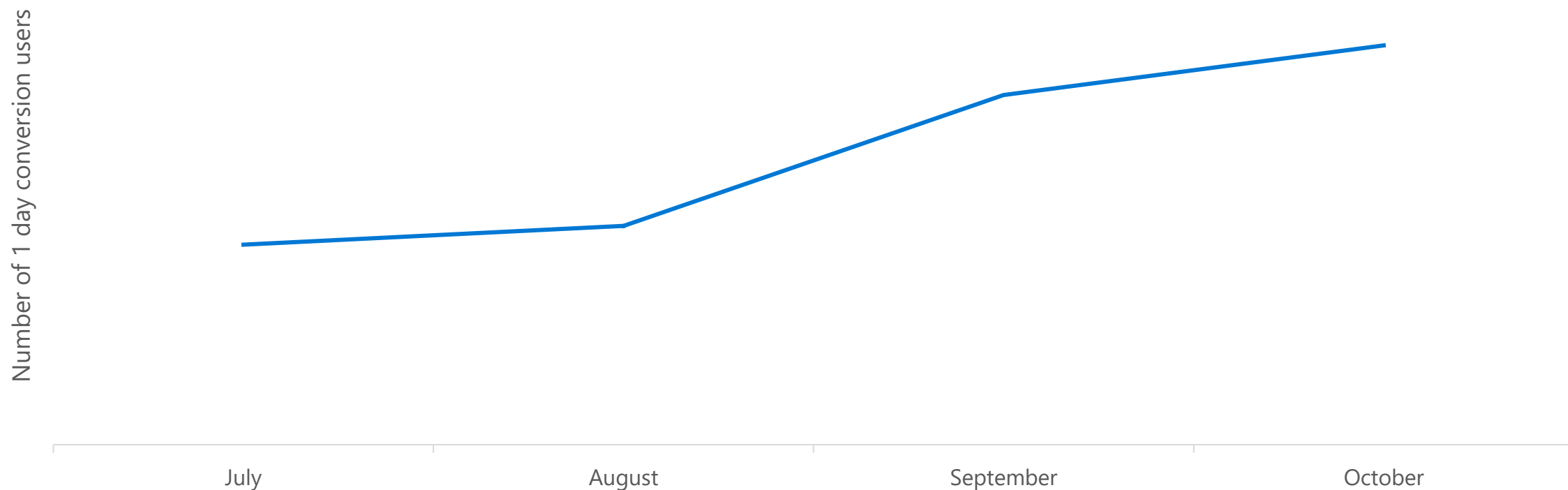
*Same day refers to journeys converting within 24 hours of their first search.
Data Source: Microsoft internal data | Query Path Analysis output | Travel – Accommodation | Jul – Oct 2020 | Conversion and Search data | All Devices | Paid & Organic

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Key Takeaways and Actions

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

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