

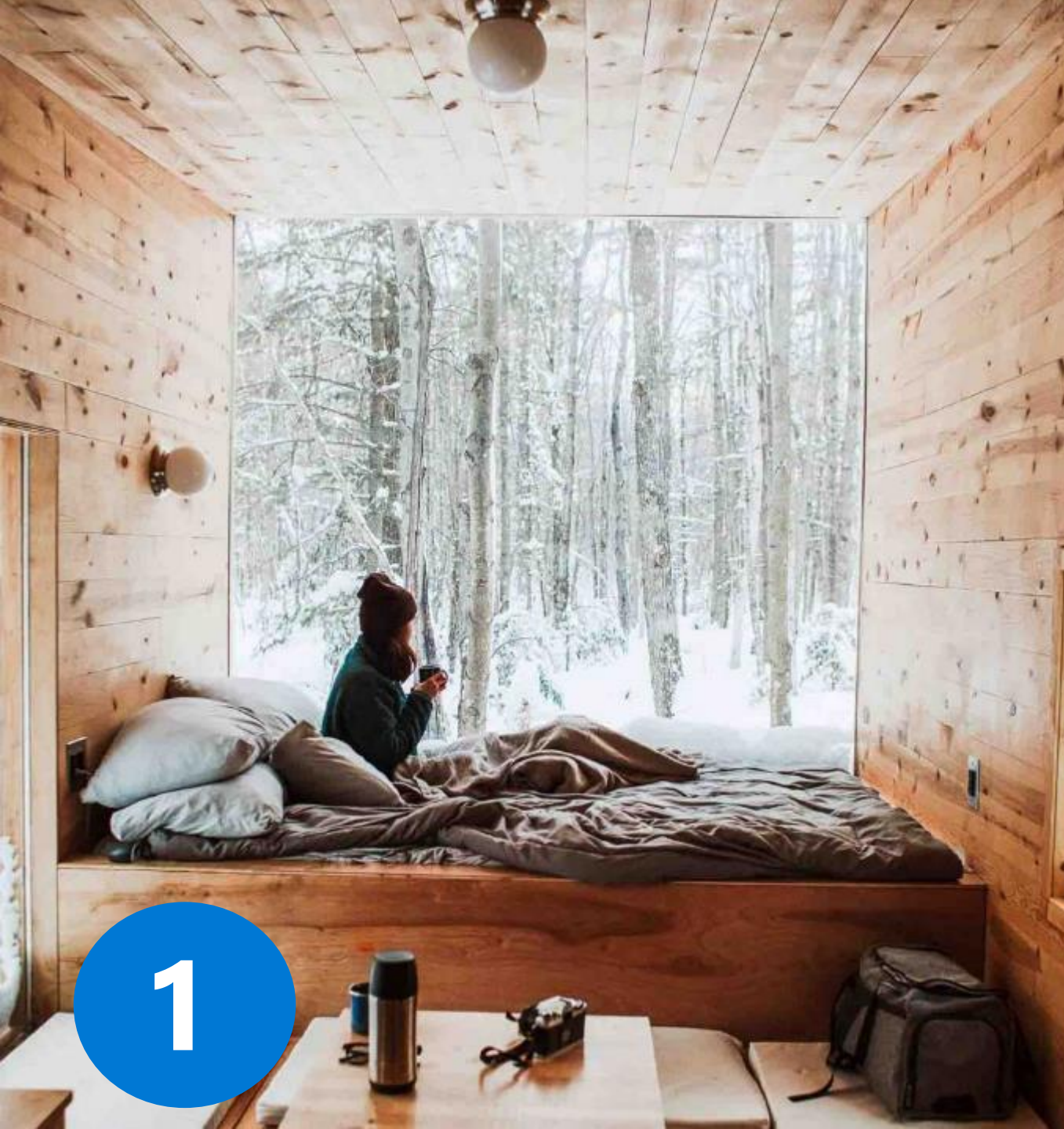


Microsoft Advertising Insights
**The rise of
sustainable travel
in Europe**

Agenda

1. Off-setting the environmental impact of the Travel industry
2. How COVID-19 is raising travellers' awareness over sustainability
3. The latest from Microsoft Advertising





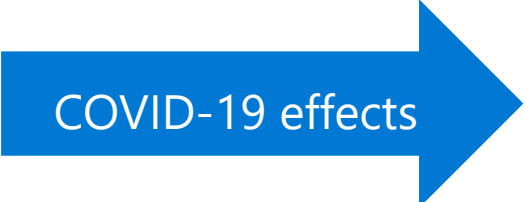
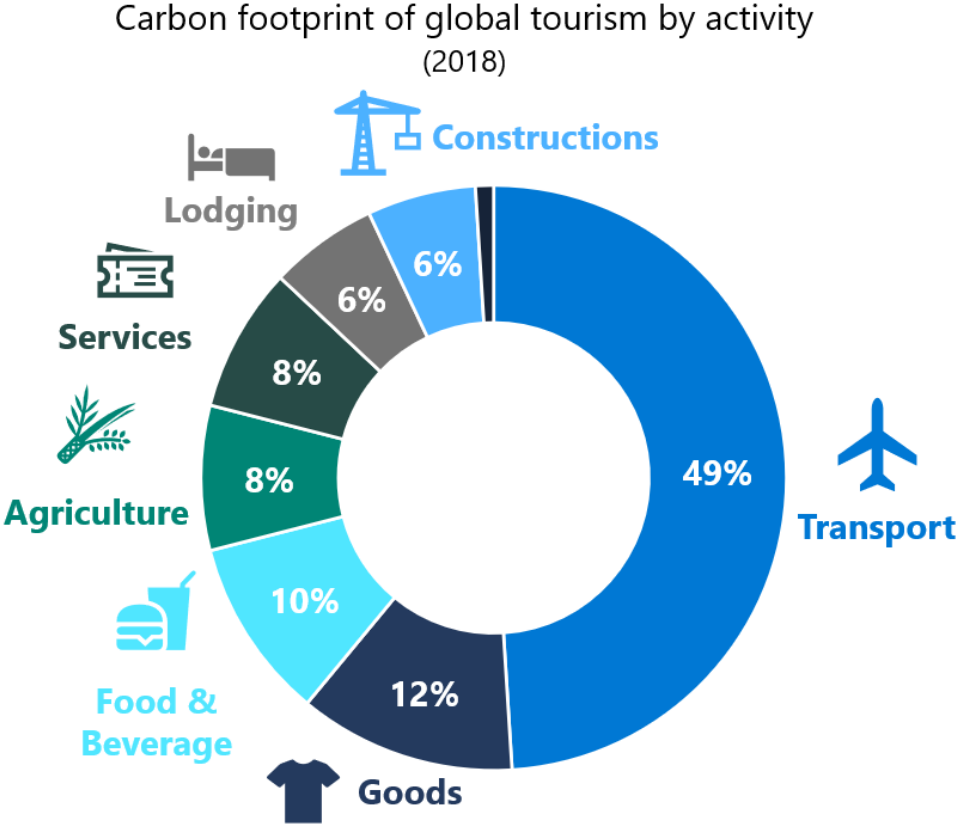
Off-setting the environmental impact of the Travel industry

*"Like the re-imagining of health care, infrastructure, and workplaces to accommodate this pandemic... so too can the travel and tourism infrastructure use this crisis to **build back with climate change, sustainability and social responsibility in mind.**"*

Karen Rubin
Travel Features Syndicate

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Tourism previously accounted for 8% of the world's carbon emissions, but has been on the decline due to restrictions in Travel from COVID-19



Percentage decrease in carbon emissions year over year (YoY) 2019 - 2020

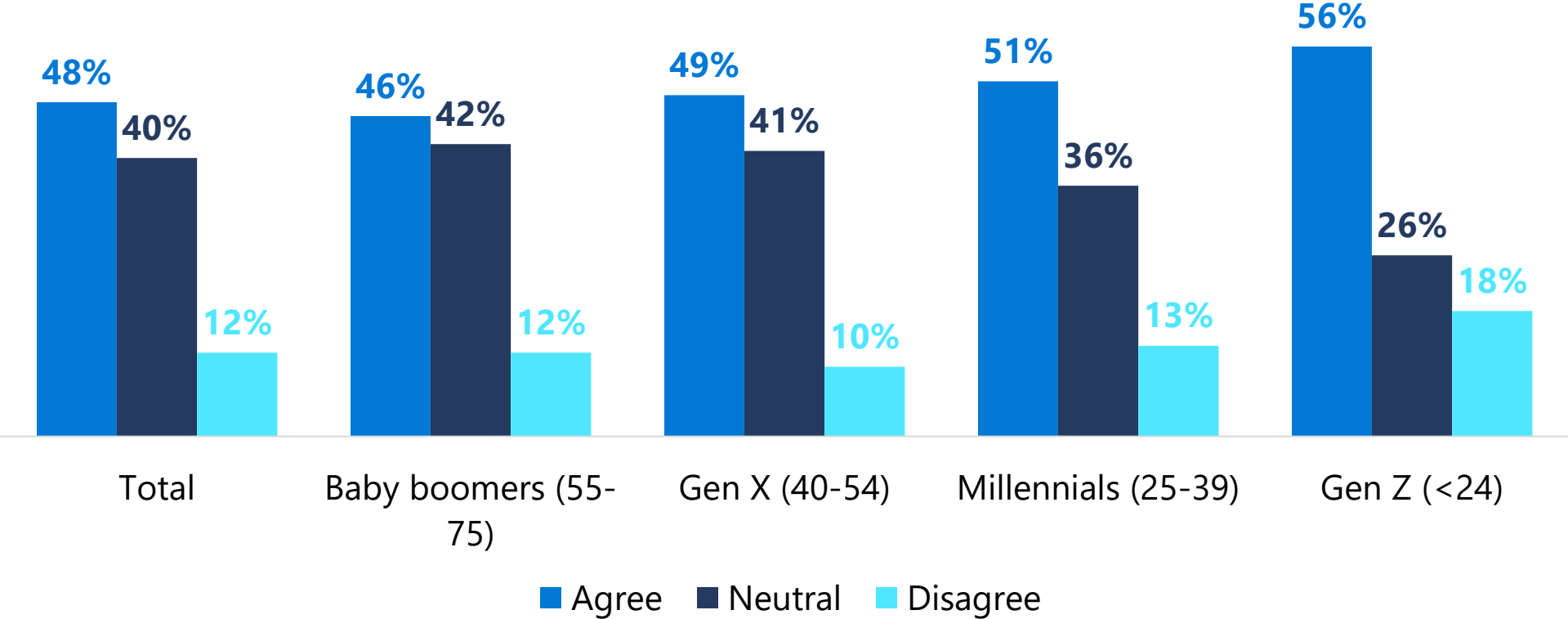
- Ground Transport (-18.6% YoY)
- Residential (-2.2% YoY)
- Domestic aviation (-35.8% YoY)
- International aviation (-52.4% YoY)

Source: Nature, Near-real-time monitoring of global CO2 emissions reveals the effects of the COVID-19 pandemic", Dec 2020

Source: Nature Climate Change, "The carbon footprint of global tourism", 2018

People are looking for opportunities to travel in a sustainable way, especially Gen Z

Worldwide travelers opinions on whether environmentally friendly travel option is important – by generation (Jan 2020)



Source: STR, Feb 2020 survey on respondents from UK, US, France, Norway, Italy, Mexico, Spain, Australia, Argentina



Consumers are becoming more particular about wanting to travel sustainably

Only **15%** of consumers say carbon off-setting is NOT a useful initiative

Approximately **50%** of consumers believe cruise lines, hotels, airlines, and other tourism companies are making progress but “could be doing more” to make their business more sustainable

37% of people are willing to pay more to stay in a hotel that is environmentally-friendly



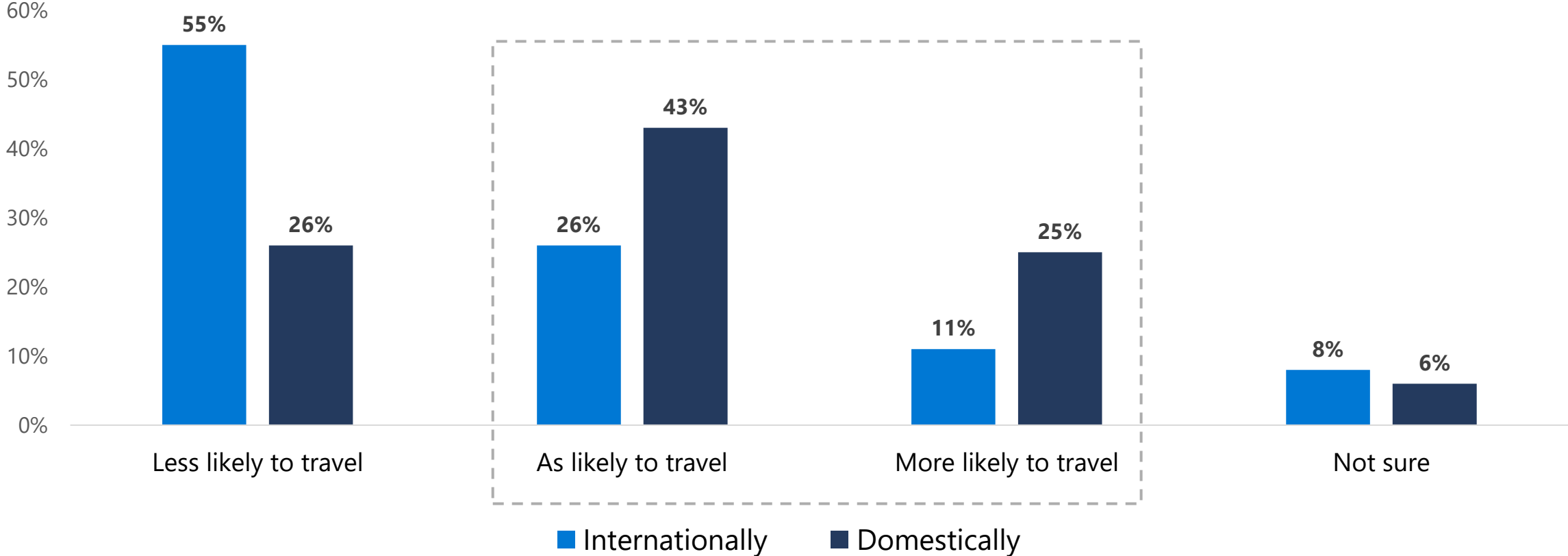
How COVID-19 is raising travellers' awareness over sustainability

*"Sustainable travel has been on the rise for years now. Not only is a global pandemic unlikely to change that—it could even make **traveling sustainably seem more important than ever.**"*

Shannon McMahon
Editor - SmarterTravel.com

Within the next two years, we should see domestic travel pick-up speed

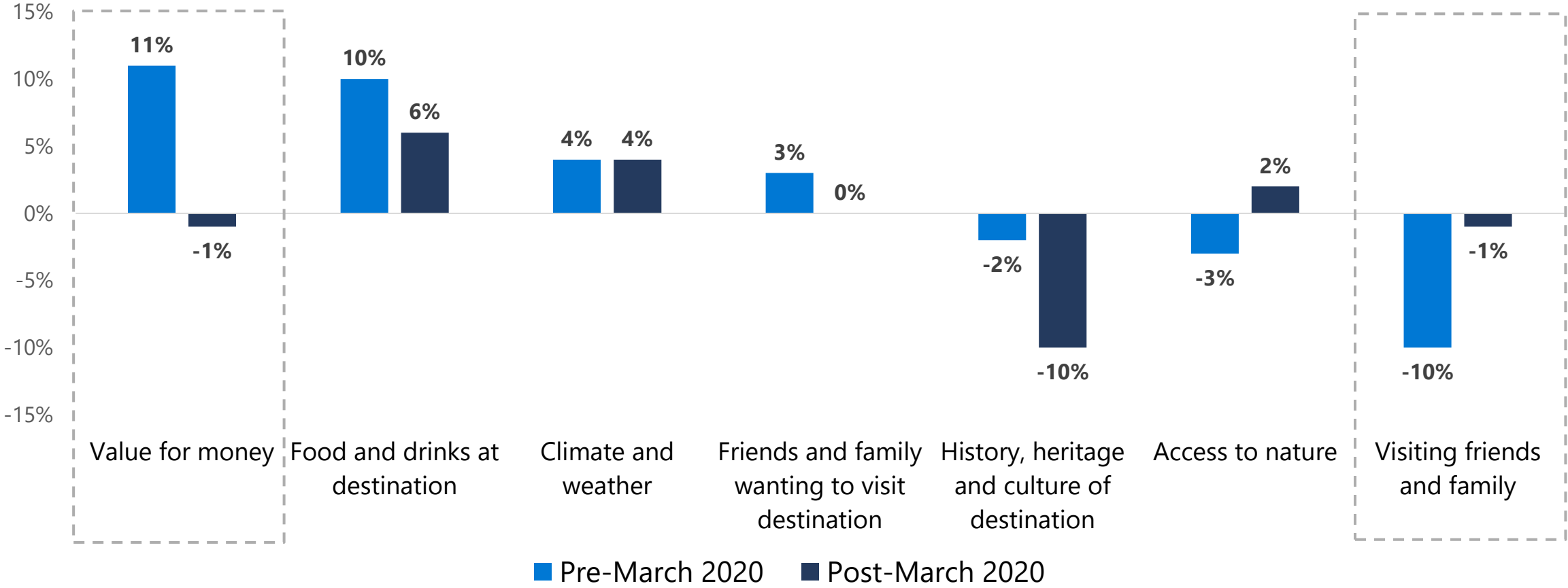
In the next two years, compared to my normal travel habits, I am...
(Survey taken in Oct 2020)



Source: STR, "Tourism After Lockdown: Taking the Pulse of Travel", October 2020

COVID-19 has shifted priorities around consumers' travel needs

Propensity to travel and key holiday motivators (Pre vs. Post March 2020)

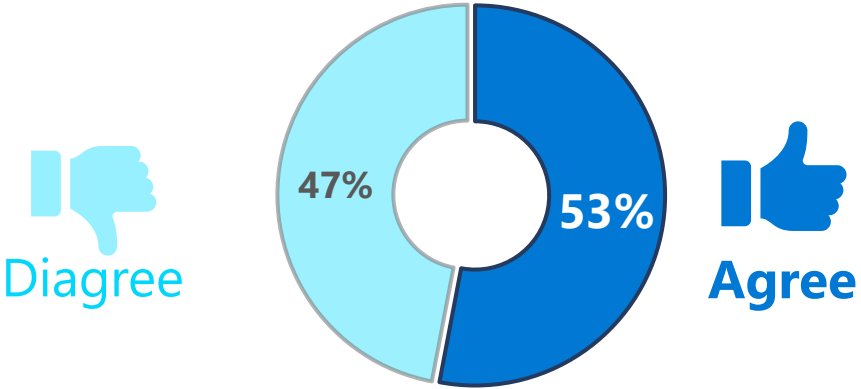


Source: STR, "Early effects of COVID-19 on travelers and their motivations", June 2020

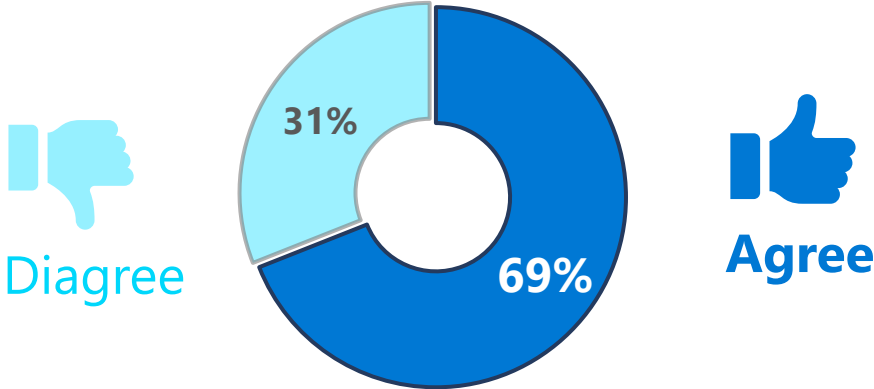


The majority of global travellers see positive impact of sustainable travel and expect the industry to adapt

% of global travellers that want to travel more sustainably in the future

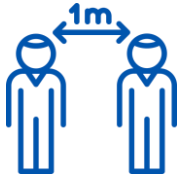


% of global travellers expecting the travel industry to offer more sustainable travel options

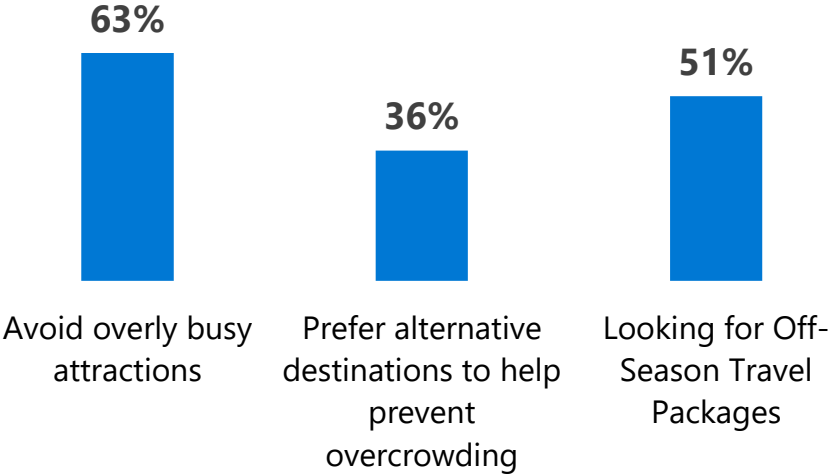


Source: Source: Booking.com, "[Impact awakening: the rise of responsible travel](#)", published research, July 2020

What will travellers consider when choosing their next sustainable holiday?



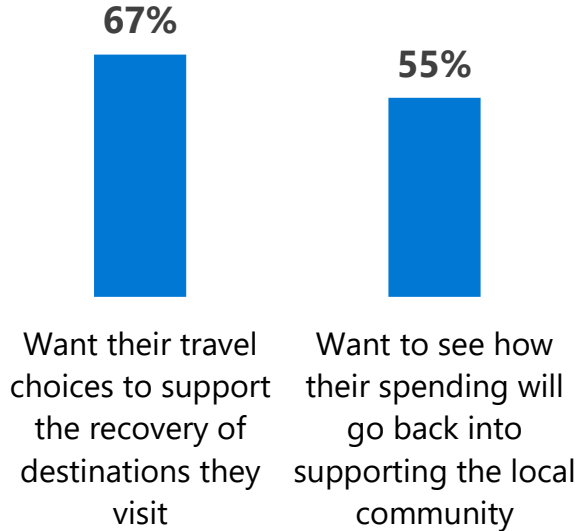
1. Social Distancing



2. Environment



3. Supporting Locals



Source: Source: Booking.com, "[Impact awakening: the rise of responsible travel](#)", published research, July 2020

Zero-waste travel: tips from the experts

What actions can travellers take to travel sustainably?

Planning & Booking

- Visiting destinations committed to reducing waste
- Choosing an airline that is committed to low-waste goals
- Resisting upgrading to business, which leaves a larger carbon footprint
- Booking tours with companies committed to minimising their impact

Packing for the Trip

- Packing their own headphones, eye-mask and blanket for flights to minimise in-flight waste
- Keeping a zero-waste kit in their hand luggage for easy access
- Eliminating the need for batteries
- Replacing their synthetic travel wardrobe with natural fiber

Reducing waste in transit

- Reducing luggage's weight to minimize carbon footprint
- Bringing a listening device or e-reader loaded with podcasts and e-books instead of purchasing magazines and books at the airport
- Preferring trains and busses to taxis and car rentals

Reducing waste at destination

- Visiting farmers markets and bulk stores
- Requesting upfront that their food, drinks or other purchases aren't served with single-use plastic items
- Being mindful of their water usage



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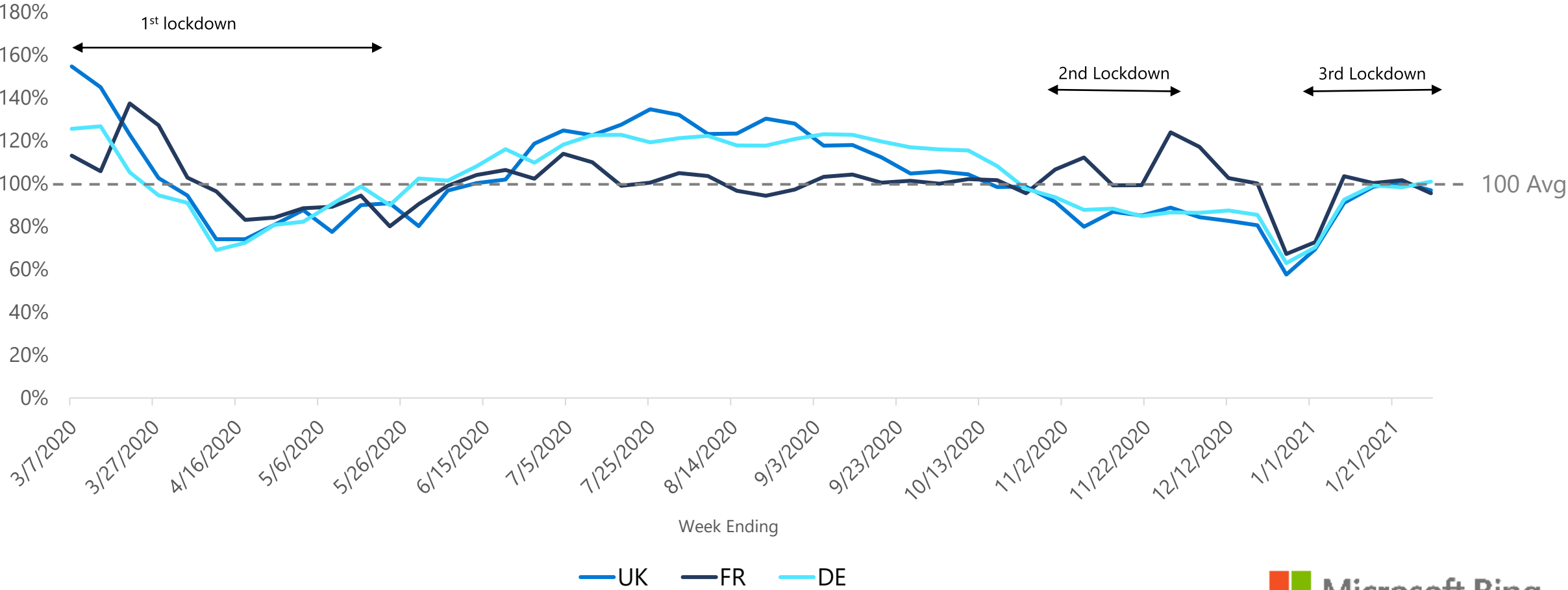
The latest from Microsoft Advertising: travel trends

*"Data shows that as economies have reopened and adapted following travel restrictions and lockdown measures to minimize the spread of the virus, consumers too have reemerged and reengaged with the tourism industry. Evidence suggests that tourism businesses have adapted well to **maintain appeal and build confidence and trust.**"*

STR
Tourism After Lockdown

Travel search volume is not declining as much as expected

Weekly indexed travel search volume
(1st March - 30th Jan 2021)



Source: Microsoft Advertising Network O&O Internal Data, Jan 2019 - Nov 2020



UK Top Travel Destinations YoY



Top 10 Travel Destinations – Jan 2020

| |
|-------------|
| Scotland |
| London |
| New York |
| Wales |
| Florida |
| Spain |
| Manchester |
| Glasgow |
| Southampton |
| Cornwall |

Top 10 Travel Destinations – Jan 2021

| |
|----------|
| Scotland |
| Wales |
| Cornwall |
| London |
| New York |
| Devon |
| England |
| Florida |
| Dubai |
| Spain |



France Top Travel Destinations YoY

Top 10 Travel Destinations – Jan 2020

| |
|-----------|
| Paris |
| France |
| Lyon |
| Marseille |
| Corse |
| Bordeaux |
| Nantes |
| Toulouse |
| Portugal |
| New York |

Top 10 Travel Destinations – Jan 2021

| |
|------------|
| Paris |
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| Toulouse |



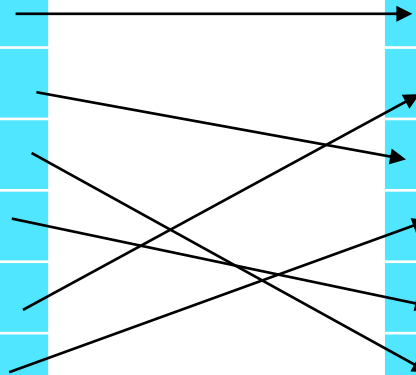
Germany Top Travel Destinations YoY

Top 10 Travel Destinations – Jan 2020

| |
|--------------------|
| Berlin |
| Hamburg |
| Mallorca |
| Frankfurt |
| Deutschland |
| Kroatien |
| Wien |
| Dresden |
| Paris |
| Leipzig |

Top 10 Travel Destinations – Jan 2021

| |
|--------------------|
| Berlin |
| Deutschland |
| Hamburg |
| Kroatien |
| Frankfurt |
| Mallorca |
| Dubai |
| Italien |
| Usedom |
| Gardasee |



Key Takeaways

- **Sustainable travel is gaining more popularity since COVID-19** and the world's carbon emission outputs from the tourism industry have steadily declined as a result of lockdowns
- Most global travelers see the **positive impact of sustainable travel** and expect the industry to adapt, with younger generations leading the discussion
- COVID-19 has greatly impacted how people are **prioritizing their travel needs and intentions** – we predict consumers will start paying more attention to social distancing, the environment, and supporting local communities they are traveling to
- **Domestic travel** is expected to increase over the next two years as international travel should remain stagnant

Recommendations with Microsoft Advertising

- **Use Dynamic Search Ads to capture emerging travel queries:** set up Dynamic Search Ads as a 'catch all' strategy to capture newly emerging queries as consumer search patterns might change
- **Modify messaging:** check if your ads are addressing time sensitive search interest, leverage **Responsive Search Ads** to adjust to changing consumer preferences
- **Utilize automated bidding strategies:** automated bidding helps you to stay on top of the dynamic marketplace, use **Enhanced CPC** when minimal threshold conversion volume for **conversion-based strategies** is not met
- **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

To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights



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