



Microsoft Advertising Insights

Safe traveling trends within Germany

Agenda

Microsoft



Actual trends

The preference for vacation rentals

Microsoft



Vacation rentals

In search of a safe place

Microsoft



Search patterns

How our users search for vacation rentals

Microsoft



The competitive landscape

Microsoft



Summary

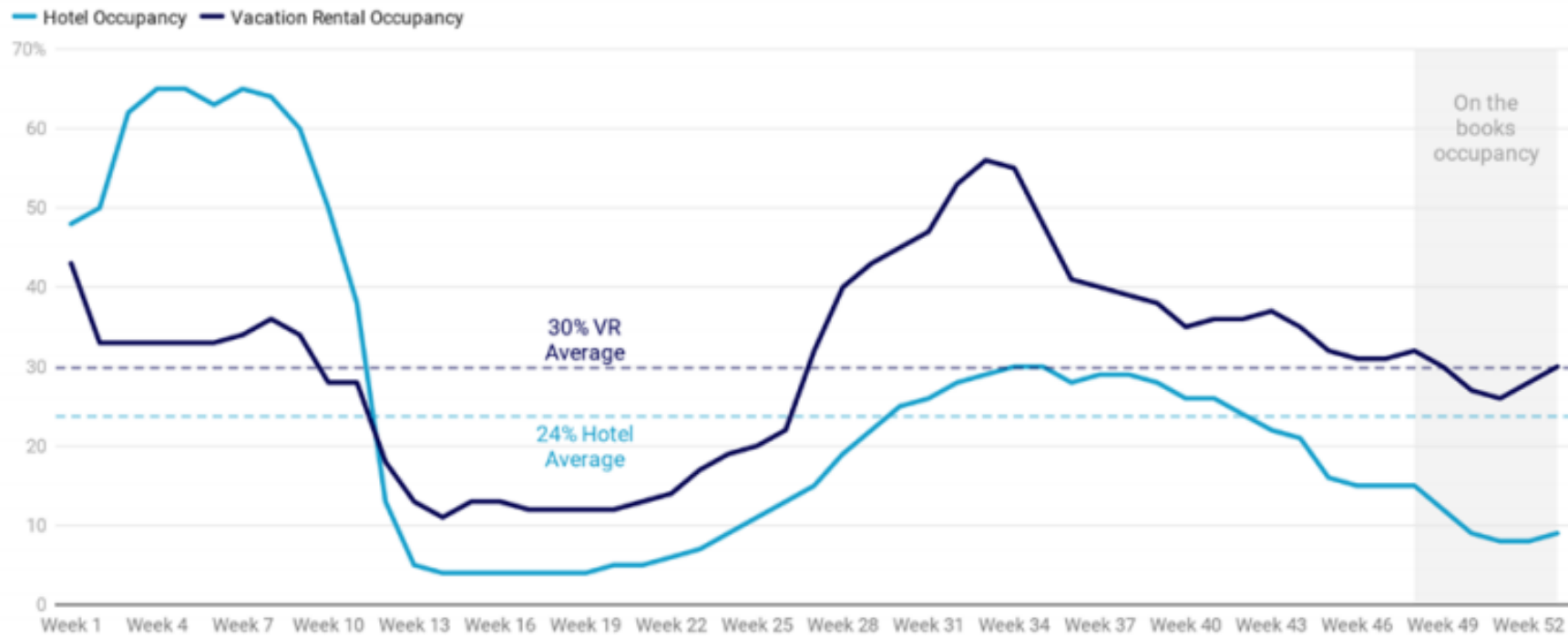


Actual trends

The preference for vacation rentals

A shift to safe accommodations across Europe

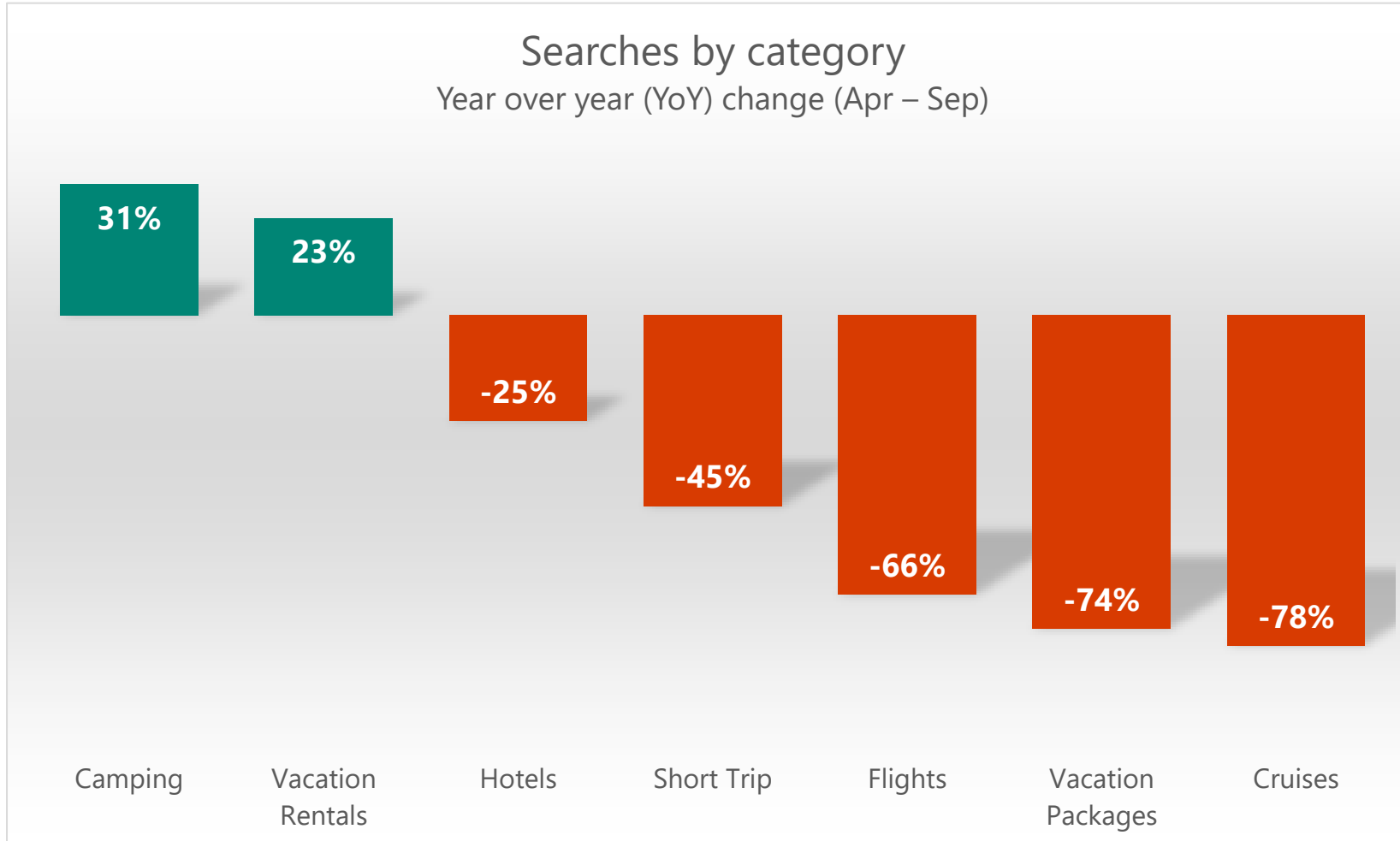
2020 Occupancy in European Vacation Rentals & Hotels



Occupancy from week 49 is current on the books occupancy

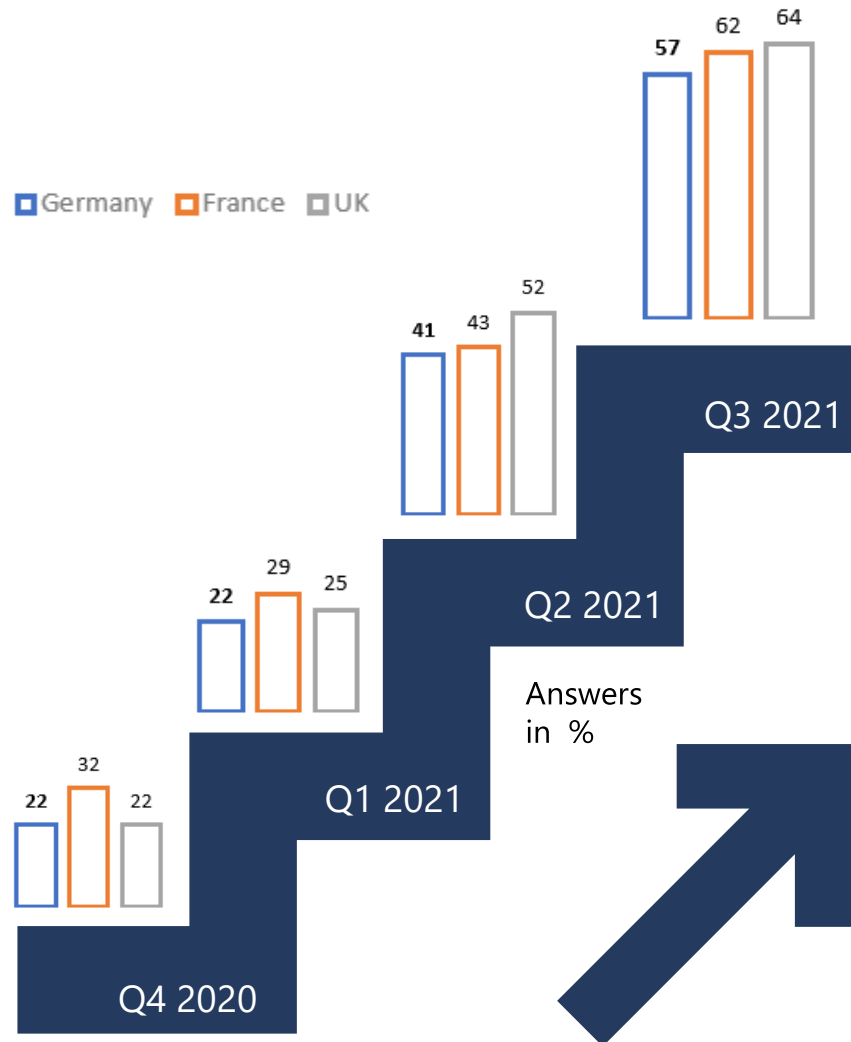
- With the global pandemic transforming life as we know it, travel demand has also shifted.
- Individuals facing ongoing restrictions for activities have fundamentally changed their travel behavior.
- Short-term rentals have benefited as non-serviced accommodation reduces concerns regarding social distancing.

Camping & vacation rentals have become popular during COVID-19



- The trend towards safer locations is confirmed by Microsoft Advertising.
- Vacation rentals and camping were the only travel categories with growing search volume during the peak travel season last year.
- Crowded spaces such as hotels, resorts or cruise ships lost popularity.

Optimism rules: most travelers will feel comfortable traveling in Q3 again



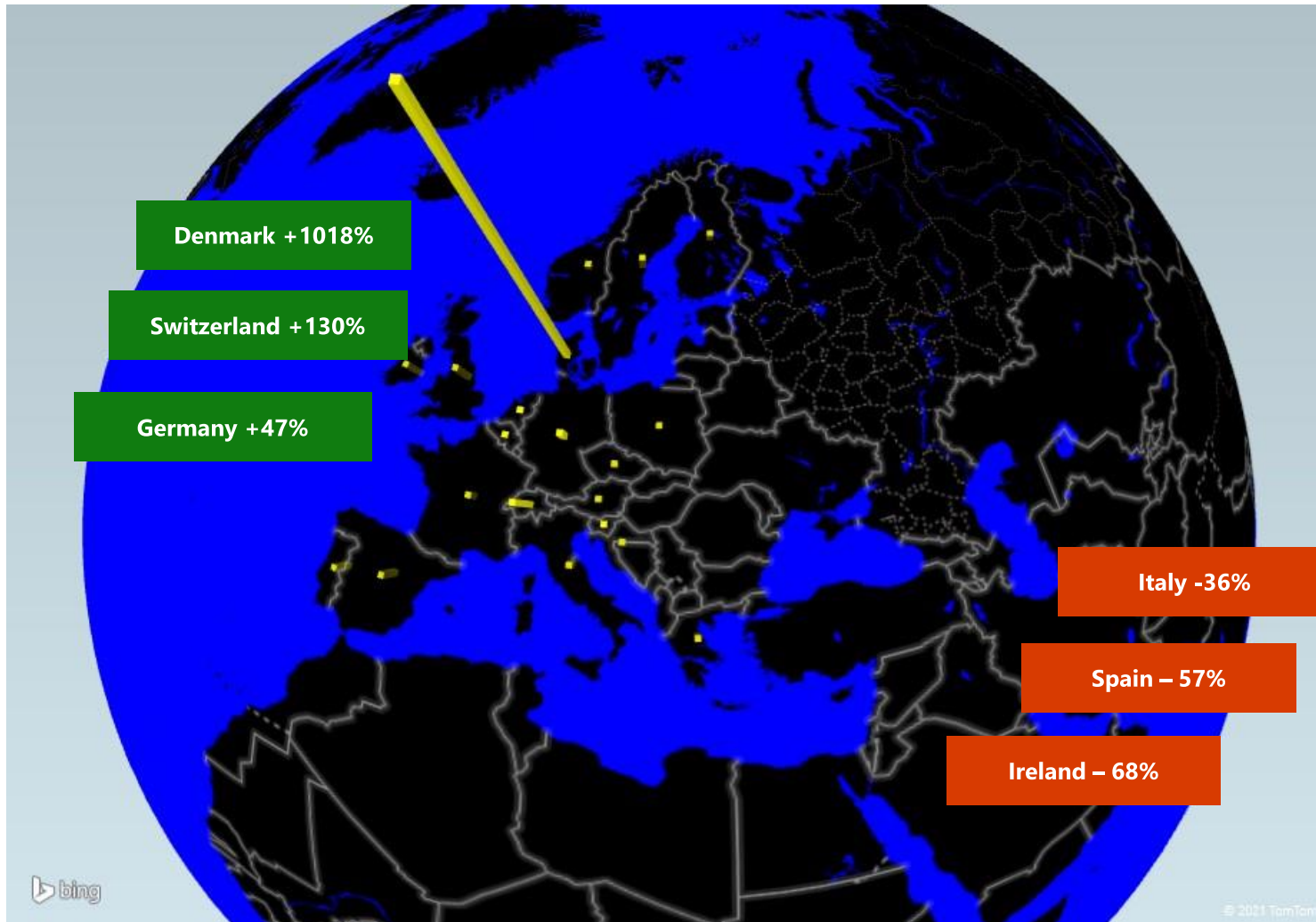
- 57% of Germans believe that in summer of 2021 they will feel comfortable to travel again.
- Germans are slightly less willing to travel than French and British people, where 62-64% of respondents said they will feel comfortable traveling again in Q3.



Vacation rentals

In search of a safe place

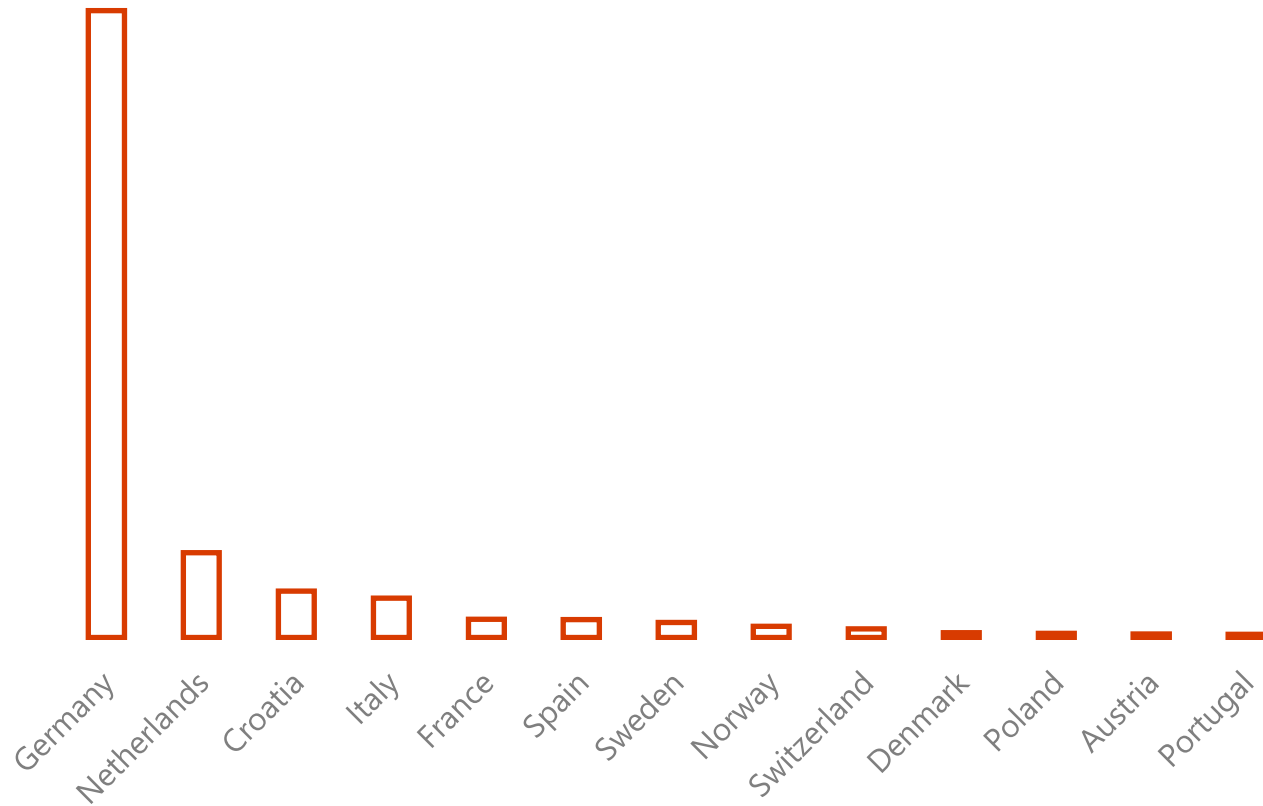
People go where infections are low



- Only two neighboring countries showed significant growth rates in searches for vacation rentals.
- Denmark was the frontrunner with an increase of more than 1000% followed by Switzerland at 130%.

But they don't venture too far, they want domestic travel

Searches by country

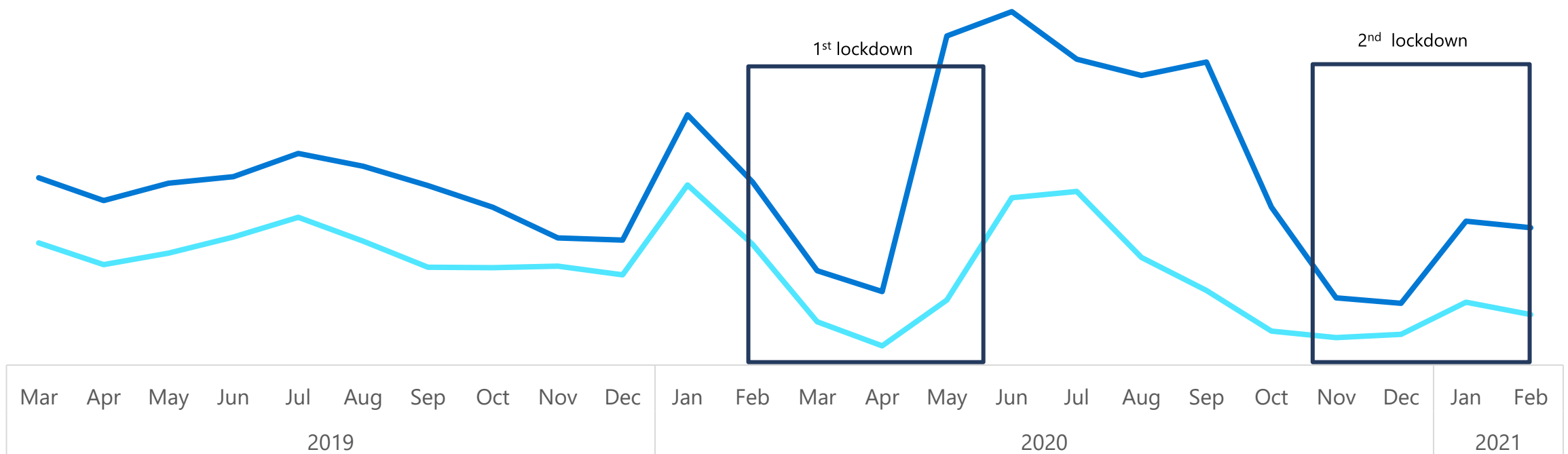


In 2020, **70%** of all searches for **vacation rentals** were for destinations within **Germany**.

Domestic searches are more popular than international searches, with the gap growing in between lockdowns

Vacation rental searches

— Domestic — European Countries

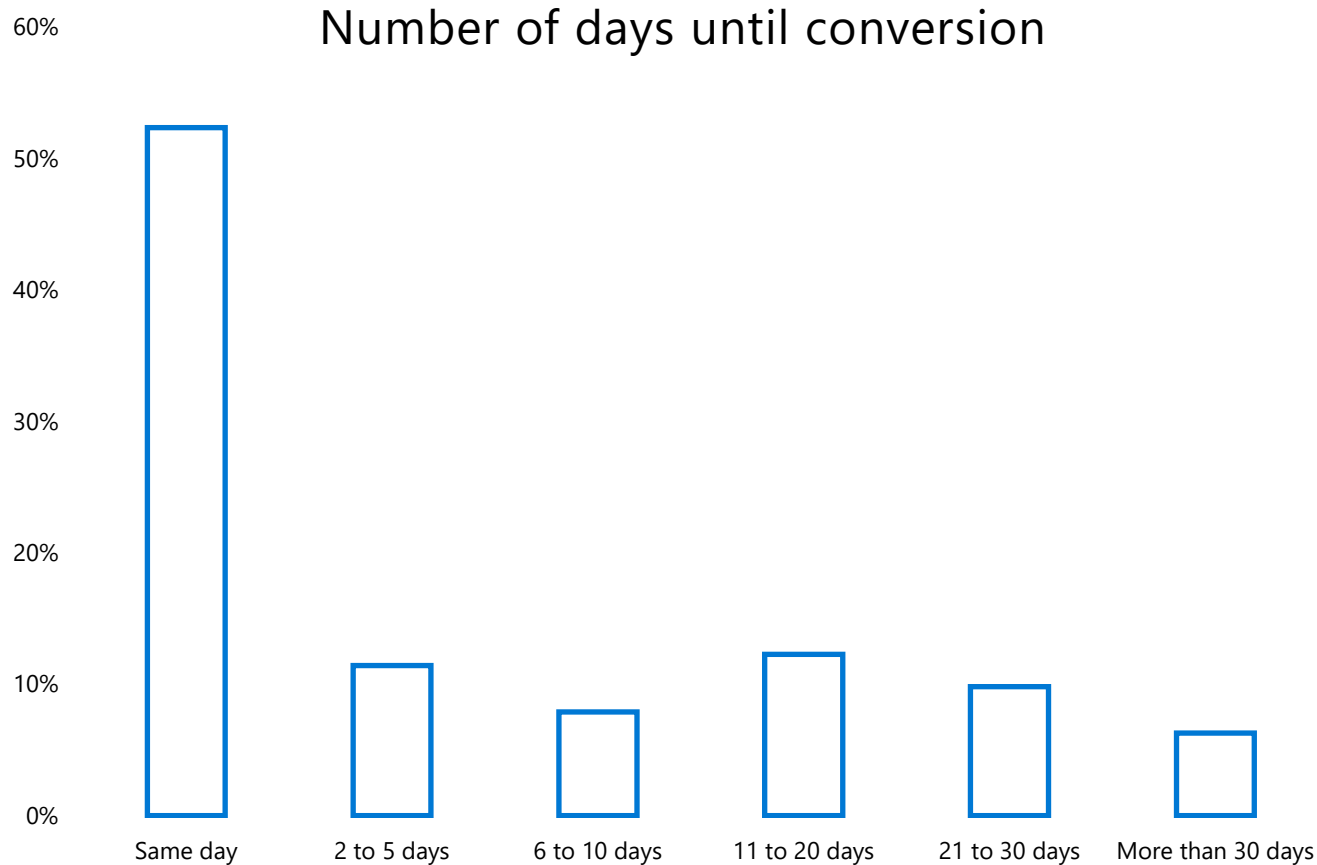




Search patterns

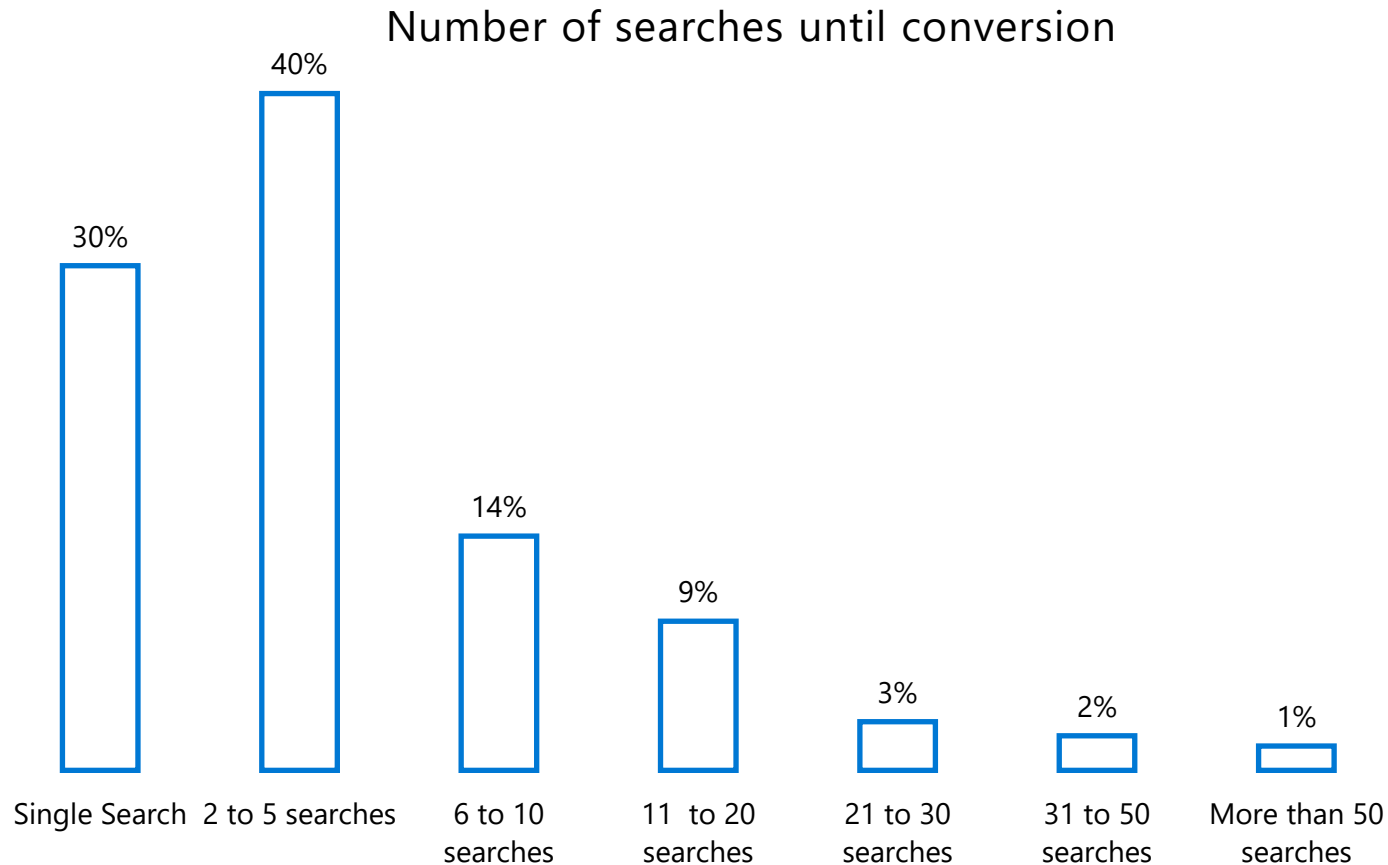
How our users search for vacation rentals

Most users convert quickly after they search...



- When searching for a vacation rental, more than half of all users come to a decision within one day.
- Almost one third of users need more than 10 days.

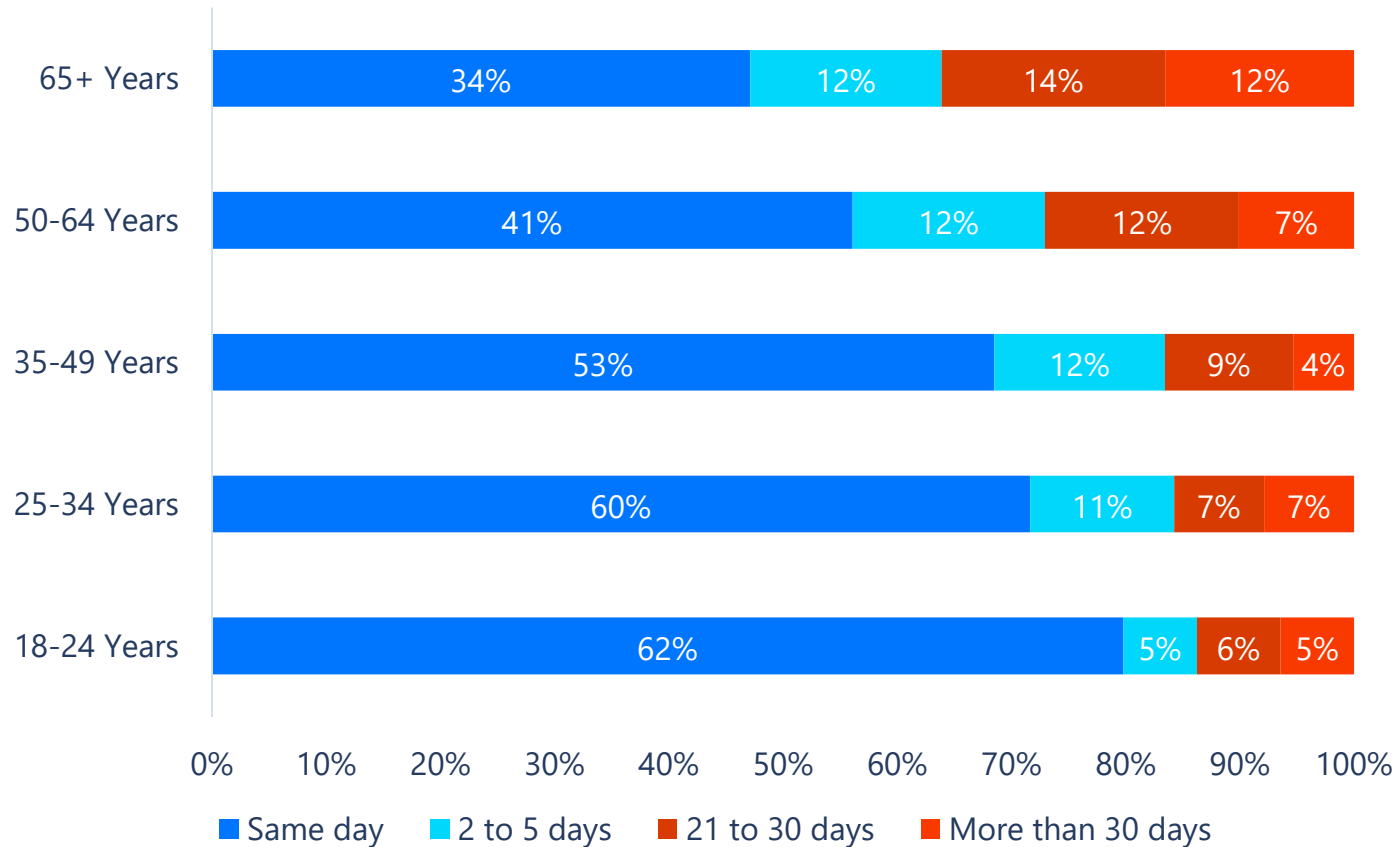
70% of people convert within 5 searches



- 30% of searchers know what they want: one search, one click, one conversion. Done!
- Another 40% come to a decision within 2 – 5 searches.

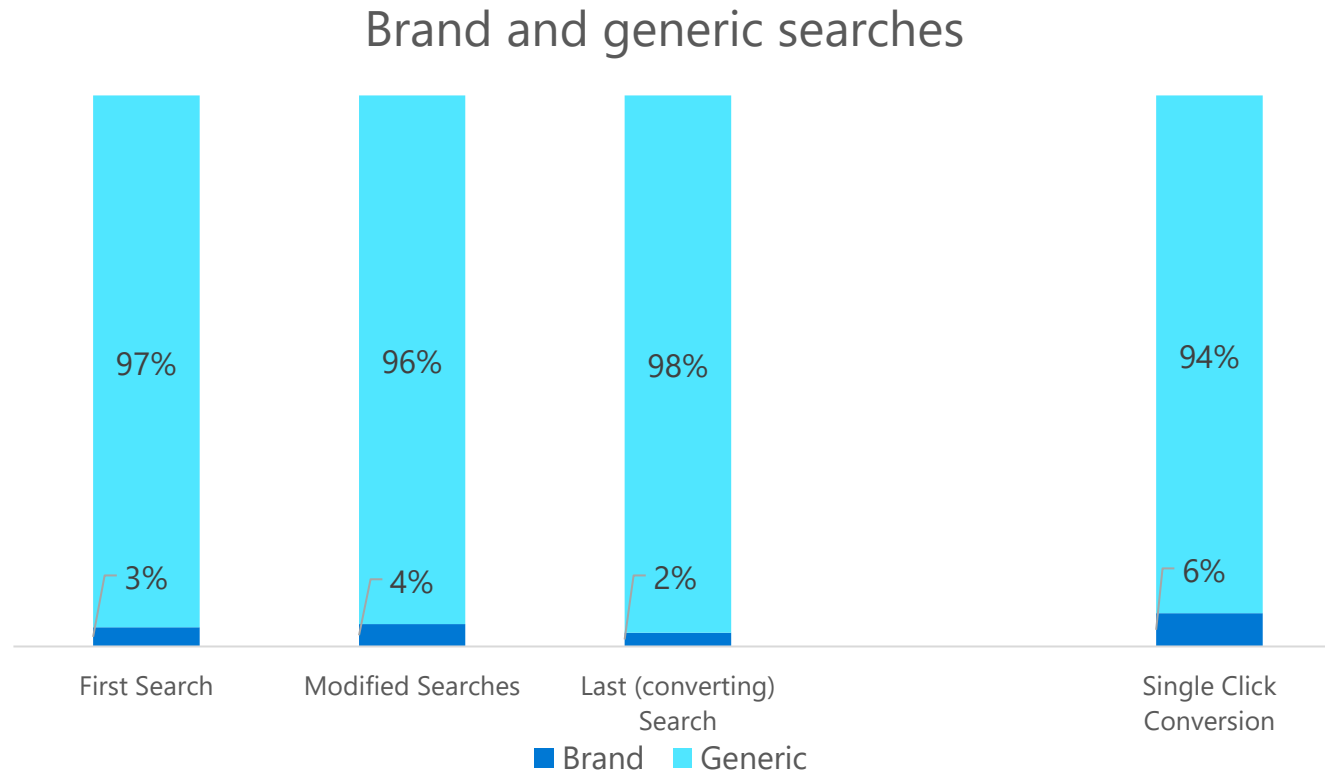
Younger travelers decide quickly

Booking cycles by age group



- The length of a search path towards conversion is influenced by age.
- The younger the audience, the more likely they are to convert in the same day.
- Within the elder generation of 65+, only 34% complete their search paths the same day.
- **Targeting options** help advertisers to adjust to different search behaviors.

Generic queries outweigh brand queries with vacation rentals



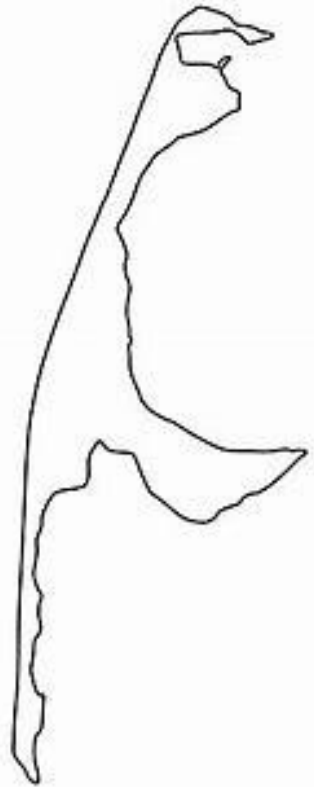
- Searches for vacation rentals are rarely combined with brand names.
- Only 2% of converting queries contained a brand.
- Even one-click conversions, which are often brand-driven in most verticals, are 94% generic.

If brand is not a major factor, how are decisions made?



Searches for the right vacation rental are dominated by destinations!

Most searchers already know where to go



60%

of people who started their search with a Sylt destination* also ended with a Sylt destination

(* either Sylt itself or a specific location on the island – for example Hörnum, List, Kampen, Westerland etc.)

- Most travelers looking for vacation rentals have a clear idea where they want to go.
- While they modify their searches throughout, 60% stuck to the destination they had originally chosen.

When switching to other destinations, most stay loyal to their original theme



22%

who started their search
with a Sylt destination
picked another near
coastal place

- 10% opted for another domestic North Sea destination.
- Another 10% decided to switch to the German Baltic sea.
- 2% opted for neighboring coastal countries including Denmark and Netherlands.

Search patterns are similar with mountains

45%

who started their search with an Allgäu destination* also ended with an Allgäu destination.

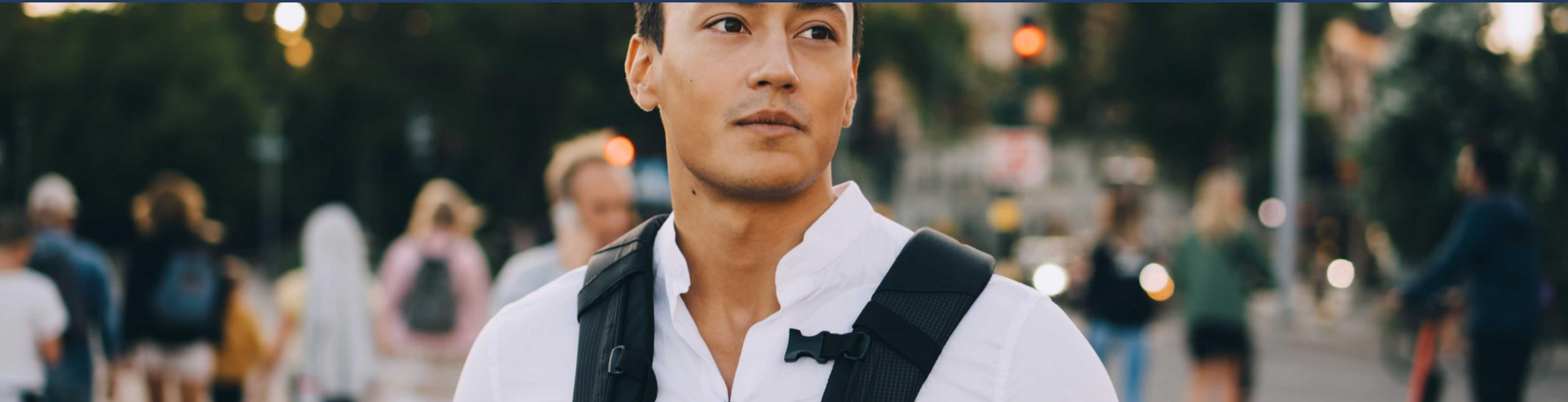
20%

decided on another similar Alpine region

- To verify that the 'Sylt' trend was not unique, we looked at the 'Allgäu' region as well and saw similar results.
- 45% stayed loyal to the original 'Allgäu' region, and 20% switched to an Alpine region close by

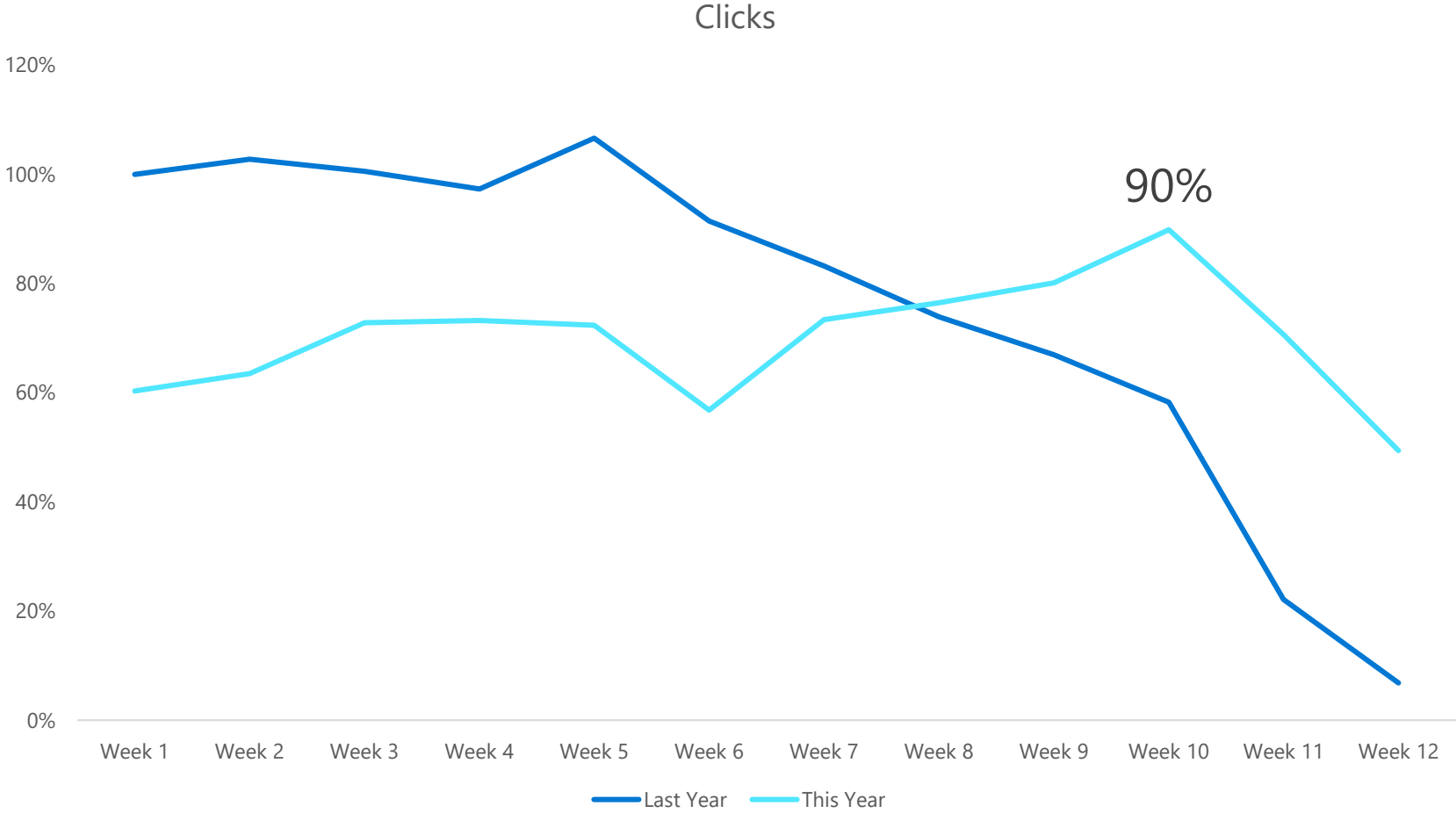
Source: Microsoft Advertising internal data: Vacation rental conversion analysis (base ~33,000 conversion paths); Jan 16 – Feb 28, 2021

(* either Allgäu itself or a specific location in the region – for example Füssen, Oberstdorf, Bad Hindelang etc.)



The competitive landscape

Clicks for vacation rentals are returning

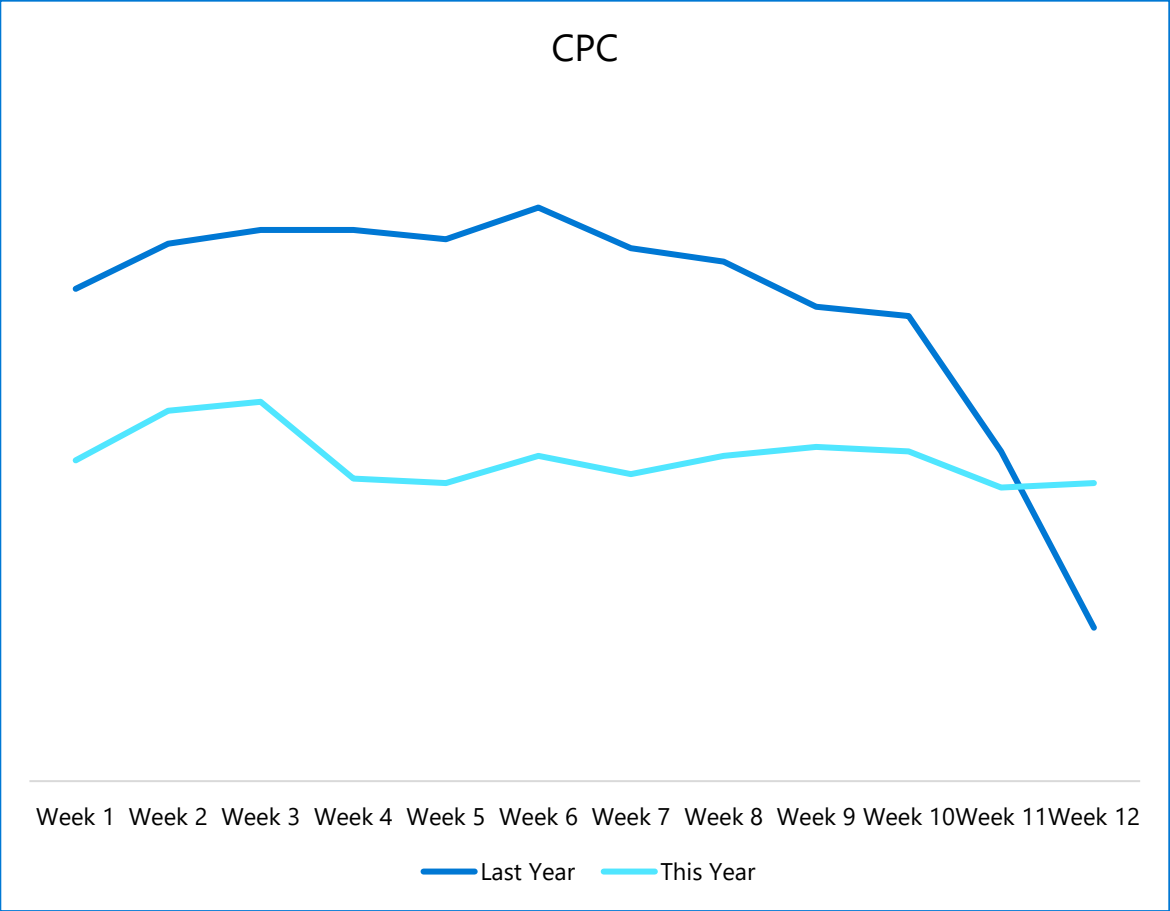
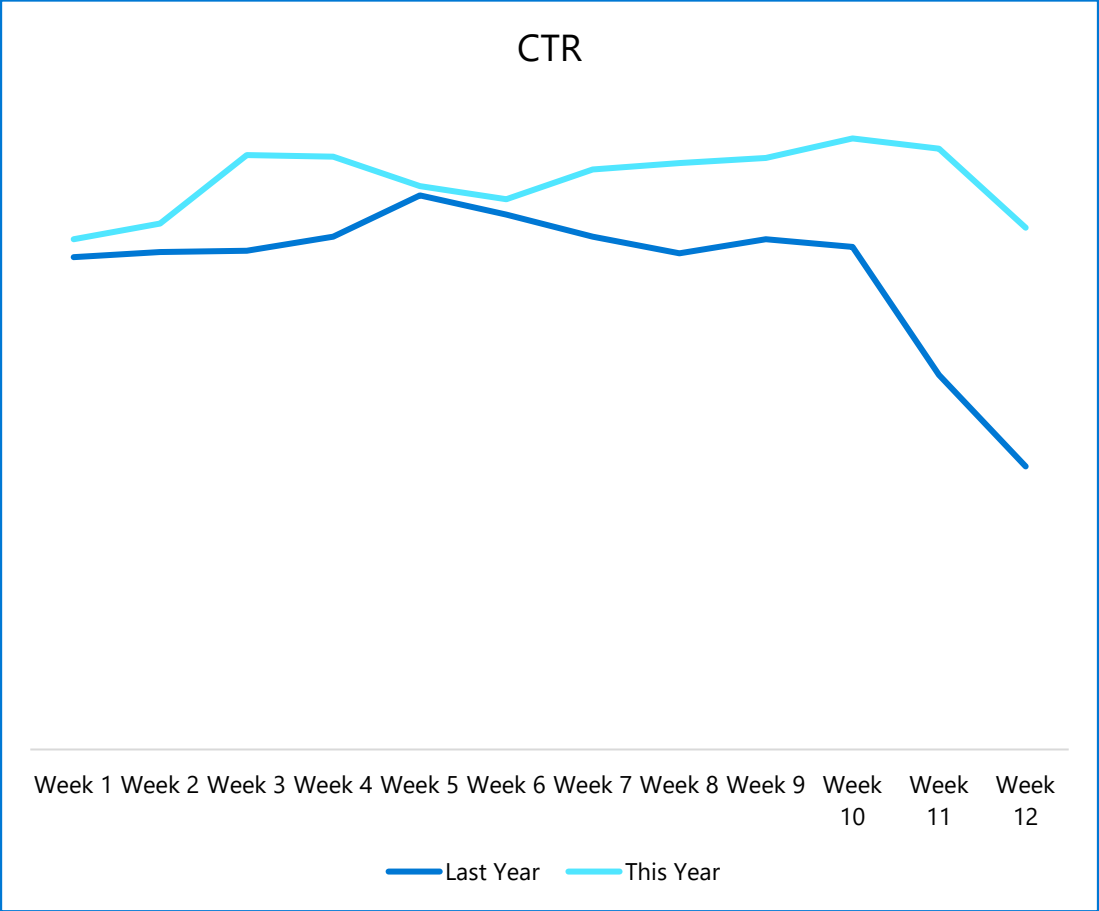


- Based on 13,000 top generic keywords for vacation rentals, we see slow recovery.
- The first week of 2020 (before COVID-19 was announced) is considered our baseline and all following weeks on this chart are indexed against it.
- In week 10 of 2021, click volume had recovered to 90%.

Source: Microsoft Advertising internal data: Keyword analysis (based on 13,000 top generic keywords; Jan – Mar 2021).



Improved click through rates (CTRs) at lower cost per clicks (CPCs)

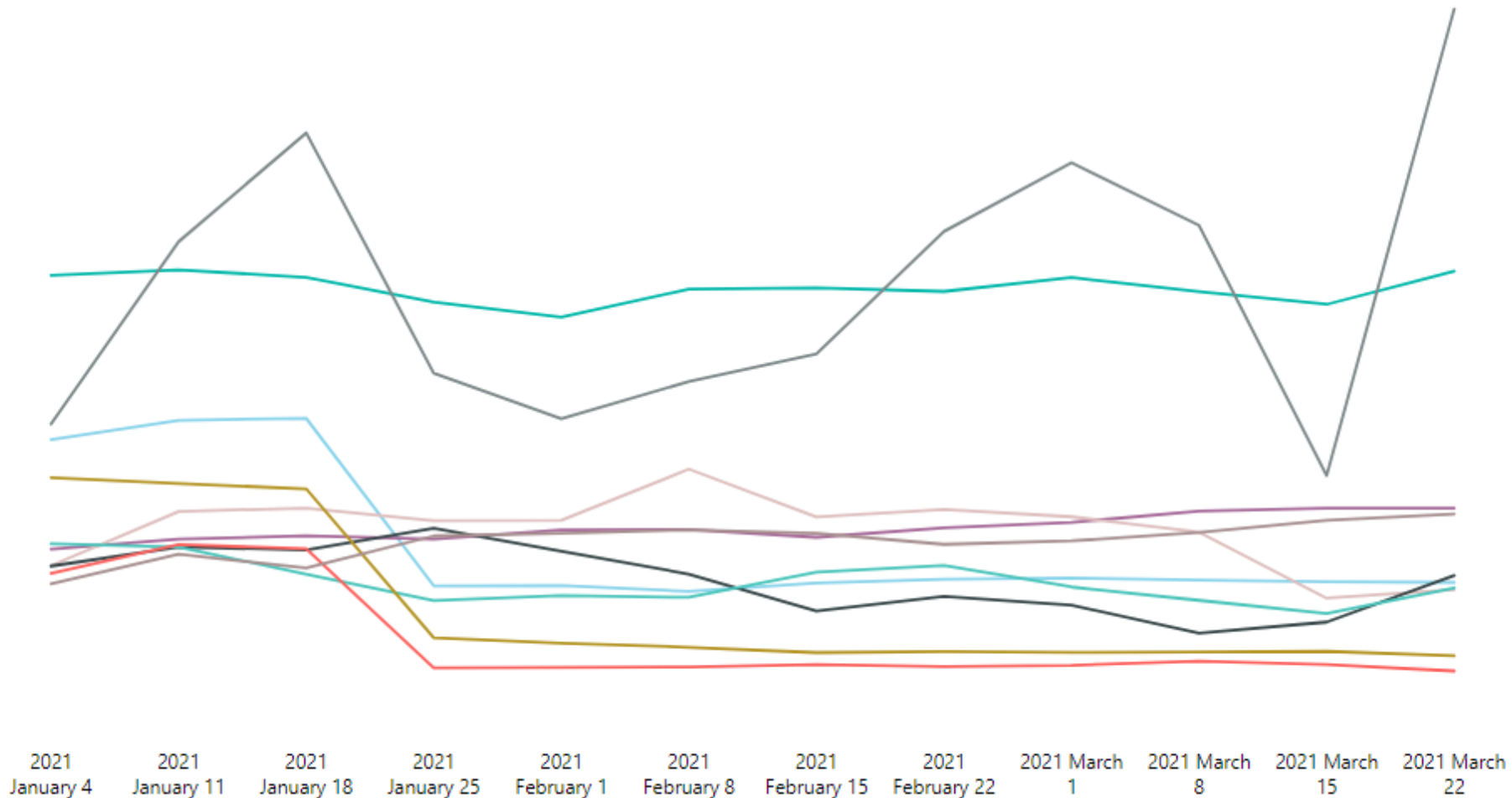


Source: Microsoft Advertising internal data: Keyword analysis (based on 13,000 generic keywords; Jan – Mar 2021).



Very few advertisers are experimenting with bidding

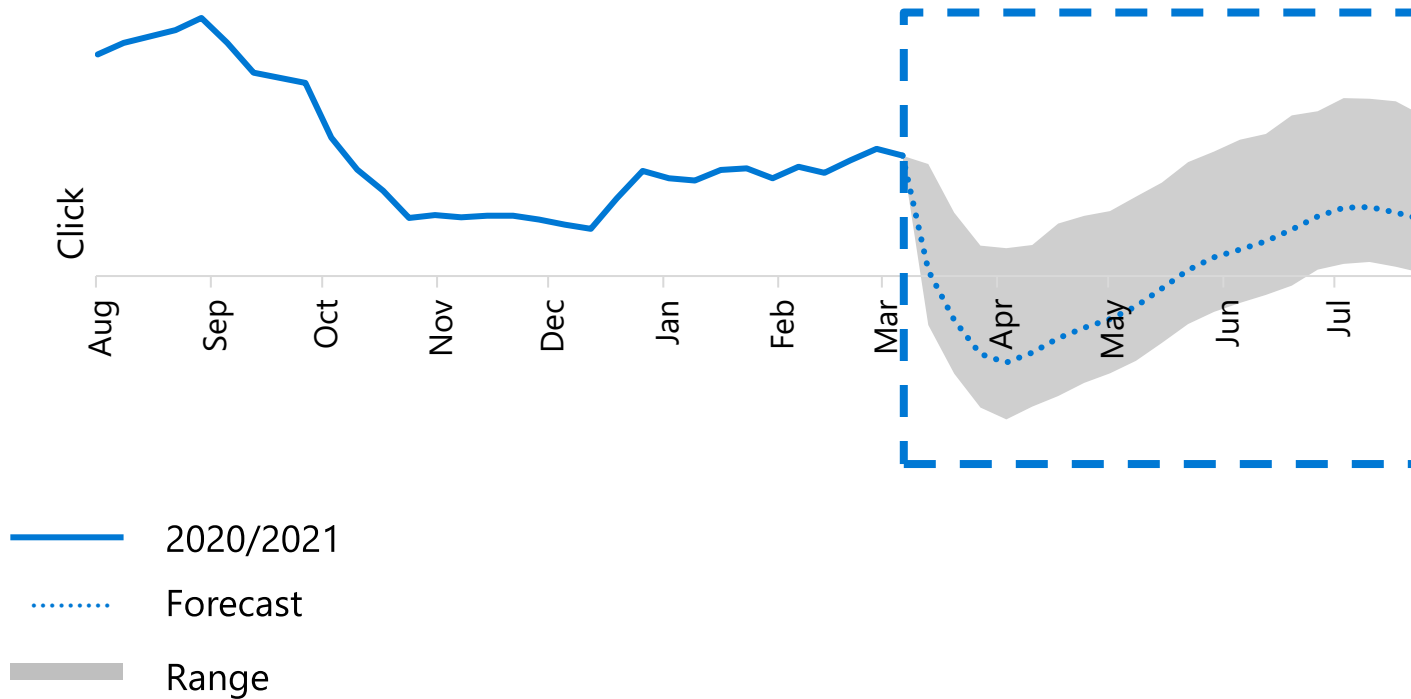
Weekly CPC (Top 10 Advertisers)



- Only one advertiser had movement in cost per click, all others remained mostly static.
- Adjusting to a changed competitive landscape is a key element to remaining successful.

The road to recovery

Accommodations



- Looking forward, our forecasting model predicts a slow recovery in clicks for Accommodations (including both hotels and vacation rentals).
- If progress on vaccinations is made quickly, the forecast may change to a more optimistic outlook.



Summary

Key findings

- People are eager to travel again but will prefer 'safe' accommodations such as vacation rentals.
- Desired destinations are shifting from urban to rural places, especially as cultural events continue being canceled.
- Most travelers are looking domestically.
- Travelers searching for vacation rentals have a clear idea where to go, they rarely change the destination theme.
- The changes in travel behavior also changed the competitive landscape on our platform.

Actions

- **Shift budget** to safe and domestic destinations, expect high demand in the coming months as more people get vaccinated.
- **Use responsive search ads** to adjust to changing traveler preferences.
- **Implement dynamic search ads** to cover highly specific destination searches.
- **Try custom and in-market audiences** to reach travelers with clear location preferences.
- **Invest in generic keywords** (Ferienhaus, Ferienwohnung) as they attract undecided travelers to your website.

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

