Travel marketplace landscape

Market: UK
January 2020 – July 2020

Microsoft Advertising. Intelligent connections.
Since lockdown, business search campaign priorities have changed, which changed the face of our marketplace. We decided to investigate the following assumptions:

**Hypotheses:**

#1: Search investment had an impact on advertiser performance in the marketplace during lockdown and its easing

#2: Certain bidding strategies allowed advertisers to react better in this new fast changing search landscape

#3: There was a significant shift in click share among travel categories during lockdown and its easing

**Key findings**

**Hypothesis #1 = True**

**Search investment drove positive campaign performance in travel overall.**

Large advertisers gained click share during lockdown due to high search investment and were able to largely maintain their click share gains during lockdown easing as well

**Hypothesis #2 = True**

**Enhanced cost-per click (CPC) adoption grew notably during lockdown easing.**

In July, Enhanced CPC accounted for 46% of clicks in the travel vertical and outperformed pre-corona levels of adoption.

**Hypothesis #3 = True**

**Hotels and vacation rentals accelerated click share whilst air travel saw a sharp decline** during lockdown and its easing

**Actions**

**Use automated bidding strategies**

Market CPCs have decreased significantly since lockdown, presenting high return on investment (ROI) opportunities. **Enhanced CPC** has proven to be a popular adoption and lets you keep on top of market fluctuations without the time investment.

**Use Dynamic Search Ads to keep on top of emerging queries**

As volatility continues with travel corridors, keep on top of emerging travel preferences and queries utilising Dynamic Search Ads

**Modify messaging with Responsive Search Ads**

Check if your ads are addressing current situation, leverage Responsive Search Ads to adjust to changing consumer preferences
Both advertiser activity and consumer searches slowed down during lockdown. Both advertiser activity and consumer searches have steadily increased from mid-June.

Weekly searches vs. active ads group

- Blue line: Number of active ad group indexed
- Red line: Searches indexed
Lower competition also pushed down average pricing in the auction

66% of the reduction in CPC led by *exact match*

<table>
<thead>
<tr>
<th>Match type</th>
<th>Contribution in CPC reduction</th>
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<tbody>
<tr>
<td>Exact</td>
<td>66%</td>
</tr>
<tr>
<td>Close variant</td>
<td>16%</td>
</tr>
<tr>
<td>Close variant</td>
<td>10%</td>
</tr>
<tr>
<td>Broad</td>
<td>5%</td>
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</table>

Microsoft Advertising Internal Data, Travel, UK, All devices, Jan 2020 – Jul 2020, indexed with avg. cpc during the whole timeline
Hotels and vacation rentals have grown notably throughout July and were outperforming pre-COVID-19 click levels by the end of July.

Key insights:

- Since lockdown, hotels and vacation rentals have been capturing clicks left behind the notable decline in flights. As air travel is still subjected to limitations, categories associated with 'staycations' such as hotels and vacation rentals are displaying a combined jump of +20% (comparing week 06-Jan vs 27-Jul).
Those who **invested more in search** saw significant **uplift in click share** during lockdown

- Businesses moved fully online due to lockdown. Therefore, advertisers with **high search investment** saw a huge **uplift in click share** during the whole month of April.

- Advertisers with **lower search investment** are now slowly increasing their click share again potentially due to **increased search investments following borders reopening since mid June.**

### Click share by search investment

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*%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of Jun 2020, Bing+Google*
Enhanced CPC has grown substantially amidst lockdown easing and accounts for over 46% of clicks in the travel vertical in July.
Click on a chapter tile to enter that chapter
Vacation Packages

Deep-dive
Those who **invested more in search** saw significant **uplift in click share** during lockdown and its easing.

- Advertisers with **high search investment** saw a huge **uplift in click share** from late March.
- **Medium and high search investment advertisers** have more than doubled their click share in July as compared to pre-COVID-19 levels in January.

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Cost has sharply decreased, leaving noticeable opportunities to increase ROI

Key insights:

- CPC plummeted since the end of March and it has been normalizing to an affordable level ever since. As a result, advertisers have ample opportunities to boost profitability and take advantage of a low competition.
Enhanced CPC has grown steadily amidst lockdown easing and accounts for over 10% of clicks for vacation packages in July.
Microsoft Advertising family of goal-based bid strategies

**Enhanced CPC**
Modifies your bids for better efficiency

**Maximize Clicks**
Helps you get as many clicks as possible

**Maximize Conversions**
Helps you get as many conversions as possible

**Target CPA**
Sets your bids to achieve your target cost per acquisition (CPA)

**Target ROAS**
Sets your bids to achieve your target return on ad spend (ROAS)
Flights

Deep-dive
Those who **invested more in search** saw significant **uplift in click share** during lockdown

- Businesses moved fully online due to the lockdown. Therefore, advertisers with **high search investment** saw a huge **uplift in click share** during lockdown.
- **Medium search investment advertisers** have seen click share more than double in July compared to pre-COVID-19 levels in January.

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*%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of Jun 2020, Bing+Google
Cost dropped at the beginning of lockdown and have largely remained stable amidst lockdown easing as well

![Weekly CPC index chart]

Key insights:

- CPC plummeted since the end of March and it has been normalizing to an affordable level ever since. As a result, advertisers have ample opportunities to boost profitability and take advantages of low competition.
Enhanced CPC and Target CPA are popular bidding strategies and account for over 65% of clicks for flights in July.
Microsoft Advertising family of goal-based bid strategies

<table>
<thead>
<tr>
<th>Strategy</th>
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Hotels

Deep-dive
Those who **invested more in search** saw significant **uplift in click share** during lockdown and its easing.

- Businesses moved fully online due to lockdown. Therefore, advertisers with **high search investment** saw a notable **uplift in click share**.
- High SEM investment advertisers saw a 10-20% increase in click share in July compared to pre-covid levels in January.

### Click share by search investment

![Click share by search investment chart](chart)

### Table: % of monthly website traffic from paid search*

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*%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of June 2020, Bing+Google
CPC is still low compared to January, enabling advertisers to reach consumers cost effectively

Key insights:

- CPC plummeted since March and it has been normalizing to an affordable level ever since, despite a recent increase. As a result, advertisers have **ample opportunities to boost profitability and take advantages of a fast-growing category among consumers.**
Enhanced CPC are a popular bidding strategy and account for over 70% of clicks for hotels in July.
Microsoft Advertising family of goal-based bid strategies

- **Enhanced CPC**: Modifies your bids for better efficiency
- **Maximize Clicks**: Helps you get as many clicks as possible
- **Maximize Conversions**: Helps you get as many conversions as possible
- **Target CPA**: Sets your bids to achieve your target cost per acquisition (CPA)
- **Target ROAS**: Sets your bids to achieve your target return on ad spend (ROAS)
Vacation Rentals

Deep-dive
Those who **invested more in search** saw steep **uplift in click share** during lockdown and its easing.

- Advertisers with **high search investment** saw an outstanding **uplift in click share during** lockdown, dominating the marketplace.
- Lockdown easing has evened the marketplace more amongst high, mid and small SEM investment advertisers. **However high and mid SEM investment advertisers have seen click share double in July compared to January.**

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*%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of June 2020, Bing+Google.
Lockdown easing has seen CPC increase, however, it still remains low compared to January, leaving noticeable opportunities to increase ROI.

Key insights:

- After a sharp drop around March, CPC experienced an upward trend. However, cost have been fluctuating recently, leaving ample space to boost profitability and take advantages of a fast-growing category among consumers.
Enhanced CPC have been growing since lockdown easing and accounts for over 29% of clicks for vacation rentals in July

Monthly clicks

<table>
<thead>
<tr>
<th></th>
<th>Enhanced CPC</th>
<th>Manual CPC</th>
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<tbody>
<tr>
<td>Jan</td>
<td>41.8%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Feb</td>
<td>52.4%</td>
<td>43.8%</td>
</tr>
<tr>
<td>Mar</td>
<td>50.3%</td>
<td>47.2%</td>
</tr>
<tr>
<td>Apr</td>
<td>8.7%</td>
<td>91.3%</td>
</tr>
<tr>
<td>May</td>
<td>8.7%</td>
<td>91.3%</td>
</tr>
<tr>
<td>Jun</td>
<td>19.8%</td>
<td>80.3%</td>
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<tr>
<td>Jul</td>
<td>29.4%</td>
<td>70.4%</td>
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Microsoft Advertising family of goal-based bid strategies

**Enhanced CPC**
Modifies your bids for better efficiency

**Maximize Clicks**
Helps you get as many clicks as possible

**Maximize Conversions**
Helps you get as many conversions as possible

**Target CPA**
Sets your bids to achieve your target cost per acquisition (CPA)

**Target ROAS**
Sets your bids to achieve your target return on ad spend (ROAS)
Trains

Deep-dive
Train advertisers invested more on other channels and as such there remains large **opportunities** to **seize click share**

- Despite the growing importance of an online business model, advertisers are still maintaining a low-online search advertising profile

- As a results, players eager to **center their strategy around the SEM channel** might benefit immediately and could dominate the market

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*%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of June 2020, Bing+Google
Costs dropped during lockdown but are increasing following mobility restrictions lifting

Key insights:

- **Cost has sharply decreased since January.** Following mobility restrictions lifting domestically (late May) and internationally (late June), CPC has risen alongside advertiser activity.

%Traffic coming from direct domain based on SimilarWeb data as of June 2020, Bing + Google
Indexed with avg CPC during the whole timeline
Manual CPC remains very dominant for trains, this is at odds with the overall travel vertical where less than 50% of clicks come from Manual CPC.
Microsoft Advertising family of goal-based bid strategies

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Cruises

Deep-dive
Those who **invested more in search** saw **uplift in click share** during lockdown and its easing

- Advertisers with **high search investment** saw an **uplift in click share** during the whole month of April and beyond
- Medium search investment advertisers have seen click share more than double in July compared to pre-COVID-19 levels in January

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*%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of June 2020, Bing+Google
CPC is still low compared to January, enabling advertisers to reach consumers cost effectively

Key insights:

- **Cost has sharply decreased since January.** Continued restrictions surrounding cruises have kept advertiser activity milder than usual as we enter the summer peak. However, **there remains an opportunity for advertisers to promote 2021 and 2022 packages now at affordable CPCs.**
Enhanced CPC and Target CPA are popular bidding strategies and account for over 60% of clicks for cruises in July.
Microsoft Advertising family of goal-based bid strategies

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Car Hire

Deep-dive
Medium SEM investment advertisers saw noticeable click share gains during lockdown

- Advertisers with medium search investment saw a huge uplift in click share during lockdown benefitting from a less competitive marketplace

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*%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of June 2020, Bing+Google
CPC dropped during lockdown but has increased following mobility restrictions lifting

Key insights:

- **Cost has sharply decreased since January.** Following mobility restrictions lifting domestically (late May) and internationally (late June), CPC has risen alongside advertiser activity.
Enhanced CPC has grown notably during lockdown and it’s easing and accounts for over 37% of clicks for car hire in July.
Microsoft Advertising family of goal-based bid strategies

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Camping

Deep-dive
Those who **invested more in search** saw significant **uplift in click share** during lockdown.

- Advertisers with **high search investment** saw a huge **uplift in click share** during the whole month of April and beyond.

- Whilst click share has lowered following lockdown easing, **High SEM investment advertisers continue to dominate the marketplace**.

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**%Traffic coming from paid traffic out of % visit coming from searches, based on SimilarWeb data as of June 2020, Bing+Google*
CPC has been unstable throughout the year but appears to normalizing to an affordable level

Key insights:
- CPC actually saw a notable lift during lockdown in April which has since declined. As international travel restrictions have lifted in July, CPC's for camping which is traditionally associated with domestic vacations, has fallen. This provides an opportunity for advertisers to reach consumers cost effectively.
Manual CPC remains very dominant for camping, this is at odds with the overall travel vertical where less than 50% of clicks come from Manual CPC.
Microsoft Advertising family of goal-based bid strategies

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Strategies and recommendations

Learn immediate and recovery-phase strategies, and how to approach new opportunities and optimize account health in the Digital Advertiser's Guide to COVID-19