

Understanding Online Travel Marketing Trends: Opportunities and Challenges

The bigmouthmedia's Online Travel Report 2010 published last November summarizes the findings of the company's survey. The survey was sent out to the company's database of travel clients, as well as to Tnooz – a third party website specialising in providing news and insights to the wider travel industry. In total 39 bigmouthmedia clients and 109 from the Tnooz database responded to the survey. Answers that had been completed by non-travel companies have been filtered out, in order to focus the findings relevant to the travel market.

Summary



The economic climate put travel companies under pressure in 2009, and the industry is predicting slow recovery in 2010. The market place challenges caused by the economic climate are still perceived to be the key obstacles, and the key market opportunity is expected to be continued growth of online travel sales, meaning the web has never been more important to the travel industry. An average 50% of total marketing budgets were allocated to the online channel in 2009 by the companies taking part in our survey. This figure is set to grow to 57% in 2010, and it's official that online spend will receive the lion's share of budgets. Paid search was allocated 33% of budgets in 2009, but the growth of the channel is becoming more stagnant as travel companies are shifting budgets to social media and search engine

optimisation. Online growth will require competitive digital strategies, which provide opportunities for growth but also pose key challenges – these include social media, cross-channel synergy and innovations. Other key challenges listed by the companies surveyed included consolidated measurements and reporting, and implementation of multivariate testing.

Marketing Budget Allocation & Online Advertising Spend

A key objective with the travel survey was to understand how large shares of travel companies' budgets are allocated to online spend, and how this differs between different sub-verticals. We found that:

The total online marketing share of budgets has increased steadily in the last few years, from 39% in 2008 to 50% in 2009 and 57% in 2010. Villa and holiday rental sites have the largest share of online marketing budgets at 90%, followed by 85% for both OTA and Comparison and meta search engines. Ferry and train companies have the lowest share of marketing budgets allocated to online spend, with 25% and 30% respectively. In 2009, Paid search received the highest portion of online budgets with an average 33%, followed by SEO 18% and Display 17%. In 2010, the majority of respondents will increase spend on Social Media & Online PR and Search Engine Optimisation (SEO).

Travel Market Opportunities & Challenges

The survey conducted was designed to understand how travel companies perceived the key travel market opportunities and challenges in 2010. We found that:

Continued growth of online travel sales was identified as the key travel market opportunity. Key market challenges were intensified by the poor economic climate and decreased business and leisure demand. Brand perception, increased competition and pressure to lower prices also scored highly.

Online Marketing Opportunities & Challenges



The internet is gaining the bulk of the marketing budget from the companies surveyed, meaning that having the right strategies in place is more important than ever. We wanted to find out what the key online challenges and opportunities are perceived to be in 2010, and our study showed that:

Engaging in social media was listed as the key challenge, and the second highest opportunity was incorporating social media strategy. Leveraging synergy between channels was perceived as the key online opportunity and the second highest scoring challenge. Other key challenges listed were consolidated measurements and reporting, and implementation of multivariate testing. Improved customer experience/usability and improved ROI were also perceived to be top listing opportunities.

Innovations

With 3 out of 5 Europeans now participating in social media regularly, social media provides key opportunities for the year ahead. Analysing the activities undertaken in 2009 against those planned for the year ahead, it is clear that the majority of travel companies surveyed are incorporating social media innovations as part of their strategy. The key findings are:

The number of companies taking part in social media in 2010 will be twice as many as those undertaking those activities in 2009. Setting up a Twitter and Facebook page is the top social media priority planned, followed by blogger outreach. Affiliate marketing was also listed as one of the activities companies will be adding to their marketing mix. Multivariate testing had a high growth – only a handful of companies stated it was an activity they undertook in 2009, but 30 companies are planning to implement it in 2010.

PPC API feeds also had a high growth, being the eight highest scoring new activity planned for 2010.

Campaign Management – Agency vs. In-house



The final question of the survey looked at what the channels travel companies had either outsourced to an agency or were managing in house. The key findings are:

Display and Search Engine Optimisation were the two channels managed primarily by agencies. Paid search was the third online channel with the highest share of agency management. Email marketing and Social Media were the two channels primarily managed in-house.

Recommendations – How to get the Digital Edge in 2010

The key online marketing opportunity stated by the companies taking part was leverage synergy between channels. A key to maximising results across all channels is to incorporate a holistic approach to marketing activity, both on and offline. Customers have changed the way they research and book travel online. Consequently, travel companies increasingly interact with users in different channels, and strategies should be holistic with a view of optimising each stage of interaction with the consumer.

By aligning and integrating SEO, PPC, Affiliates, Display and Social Media strategies instead of viewing each as separate entities, results can be maximised. In order to understand the true relationship between channels and how to maximise their potential, it is advisable to run tests to determine how traffic and revenue are impacted by having keywords in different positions. For example, using a handful of high volume keywords with high natural ranking, we can analyse if moving the PPC position would

save money that can be reinvested elsewhere. Based on the findings, we can determine if a top-tier keyword might benefit from full PPC support or a low-tier keyword have its PPC spending cut.

Use of SEO and PPC should both determine, and change across, the various stages of campaigns – and also work differently for different brands. Integrated search requires testing, technology and resources. However, the rewards are significant and campaigns will work in synergy with investment decisions made with far more intelligence.

Create a comprehensive Social Media strategy with clear objectives

It is clear from survey results that social media is going to be a key focus for travel companies online marketing, and it's not hard to see why with 3 out of 5 Europeans now participating in social media regularly.

The social media sphere is complex and the opportunities therein are also coupled with challenges to get it right. It is vital that travel companies starting to engage in online PR and social media have a comprehensive strategy in place with clear objectives and ownership. The key to successful social media campaigns are reporting to ensure your campaign reaching the KPIs and measurements you set out to achieve. Make sure your social media strategies are aligned with your other channels and evaluate your campaign in terms of SEO benefits, as a successful campaign will have a positive effect your search rankings.

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