

# TRAVEL SPOTLIGHT

CJ Affiliate by Conversant

March 2014

Travel Benchmarks Report

# INTRODUCTION

The online booking of an airline ticket or hotel room is often the first purchase a person will make as they venture into online shopping.

As an early adopter of the World Wide Web as a marketing channel, the travel industry has a (relatively) long history of connecting with online shoppers—in 2013, 63% of all US leisure travel was booked online.<sup>1</sup> The online booking of an airline ticket or hotel room is often the first purchase a person will make as they venture into online shopping and thus, the growth of online travel sales are viewed as a bellwether for ecommerce potential in emerging markets.<sup>2</sup> In established travel markets like the US, Western Europe and Asia, overall travel sales reflect consumer and business confidence since travel expenditures are often the first to be cut when budgets are tight. In short, the growth of travel sales are of keen interest to many beyond the travel industry.

Within the CJ Affiliate Network, travel category advertisers also closely monitor growth and are seeking benchmarks which reflect how they approach the business, specifically as either an online travel agency or a supplier that sells directly to travelers. This new report presents the key performance metrics that travel advertisers use to measure the success and efficiency of their affiliate programs (e.g. number of bookings, average booking value and rate of consumption) broken out by the most popular lines of business—airline tickets, hotel bookings and car rentals.

The **CJ Affiliate Travel Benchmarks** report is compiled from CJ Network sales activity for January - December 2013 and compared to the same time period in 2012. This analysis includes sales for CJ travel advertisers operating primarily in the US.

<sup>1</sup> eMarketer, "US Digital Travel Sales", May 2013

<sup>2</sup> eMarketer, "Digital Travel Sales Mature Worldwide", Feb. 2014

# METHODOLOGY

## METRICS:

**Clicks:** the consumer traffic that is sent to an advertiser's website by their publishers

**Bookings:** the average number of bookings an advertiser realized for each action

**Average Booking Value (ABV):** the average dollar amount spent per customer booking

**Rate of Consumption (ROC):** The ratio of bookings which convert to completed bookings as a result of consumers fulfilling the action, such as making a hotel stay or car rental

To create the **CJ Affiliate Travel Benchmarks** report we focused on measuring the growth of the primary actions that travel advertisers track in the CJ Network—airline ticket sales, car rentals and hotel room bookings. This report looked at all network advertisers who reported sales of these actions in 2012 and 2013. The performance was aggregated for four key metrics and then averaged to achieve a category average for each quarter of the calendar year. To address outliers in the category, we used trimmed averages which exclude the top and bottom 2.5 percentile.

The benchmarks are separated into two advertiser types:

**OTA (Online Travel Agency):** an advertiser with a website that brokers the purchase of airline tickets, hotel rooms, car rentals and other travel-related services.

**Direct Supplier:** an advertiser with a website selling either airline tickets, hotel rooms or car rentals directly to travelers.

To account for the wide span of performance we see from advertisers across the category, we've provided separate benchmarks for the category at large and the category's highest performers.

**Category Leaders:** these numbers reflect performance for the category's top performers in terms of publisher commissions **by action type**. For example, the category leaders for OTA hotel actions reflects the performance of the OTA advertisers generating the most publisher commissions for hotel actions. Thus, the category leaders in hotels are not necessarily the same category leaders in the airline ticket or car rental actions.

**Category:** these numbers are trimmed averages of aggregate performance data for all advertisers in the category, including both category leaders and non-leaders.

# KEY FINDINGS

**Hotels bookings experienced greatest YoY growth.** Both OTA and direct supplier programs saw growth of hotel bookings in the double-digits last year. OTA advertisers overall averaged 27% growth and direct supplier advertisers averaged 39% growth.

**AOVs are growing.** With the exception of car rentals, bookings are growing in average order value. The average order value growth for hotel rooms booked through OTAs was 7%, which was greater than direct suppliers' average 3% growth. Growth in AOV for air actions was likely driven by air industry fare increases.

**OTAs drive the majority of air bookings.** Overall air bookings in OTA programs declined 2% YoY, yet OTAs last year still drove 76% of all air bookings in the network. By share of overall actions, air bookings are OTA's largest line of business.

**Travelers go direct for their car rentals.** Direct suppliers of car rentals accounted for 92% of the network's car rental bookings. The number of bookings in the network grew 22% on average YoY, plus direct suppliers realized a 2% gain in share.

# KEY STRATEGIES

For travel marketers, the opportunities and ways in which they engage with travel buyers are multiplying and expanding onto new devices

The internet is the top travel planning resource for most travelers, with 80% of leisure and business travelers using online resources to plan and research a trip.<sup>3</sup> US leisure travel sales via digital channels (desktop, mobile, tablet) alone totaled \$126 billion last year.<sup>4</sup> Nowadays, nearly every stage of a travel purchase, from inspiration to purchase, has a heavy digital footprint involving searching, mapping, reading reviews, watching videos and booking.

For travel marketers, the opportunities and ways in which they can potentially engage with travel buyers is something of an embarrassment of riches. These opportunities continue to multiply as travelers use their smartphones and tablets more and more to interact with travel booking sites—increasingly, even after travel has commenced. This has sparked the need for a new set of technologies and innovations that travel advertisers must develop to engender customer satisfaction, trust and loyalty. Within the affiliate sphere, advertisers have three key opportunities to edge out their competition in the year ahead:

**Mobile engagement, at every stage.** Due to the maturity of the US digital travel market, mobile engagement is especially critical to travel advertisers. Mobile travel sales are forecast to grow at a CAGR of 20% between 2012 and 2017 versus 6% CAGR for overall digital travel sales in the same time period.<sup>5</sup> In 2014, 16% of US digital travel sales will be completed on a mobile device.<sup>6</sup> Happily, mobile bookings are already a bright spot for many travel advertisers—Internet Retailer estimates that travel’s top players saw mobile sales grow 70% YoY.<sup>7</sup> **Within the affiliate channel, marketers have an opportunity to test new ways to reach travelers before and beyond the booking with informative and helpful content, and especially on smartphones.** Smartphones are a traveler’s best tool and a smooth smartphone experience that assists travelers at every step will go a long way toward building brand interactions that distinguishes advertisers in a highly competitive market.

**Create a data strategy like you mean it.** Looking into 2014 and beyond, it is clear that advertising success will be tied to how well advertisers use data to create marketing messages that speak to a consumer’s individual tastes and interests.<sup>8</sup> Increased spending on data and analytics is the top priority for 61% of marketers surveyed about their 2014 budgets and priorities, reflecting a belief that tailored messages yield better response rates, increased sales and stronger brand perception.<sup>9</sup> **As the CJ Network develops affiliate solutions able to deliver targeted offers, this year is an important one for travel advertisers to double down on an affiliate data strategy that can support this development.** It is likely that the future will not be kind to advertisers who lag behind in using transactional and other customer data to create relevant marketing messages.

<sup>3</sup> Ipsos/Google, “The 2013 Traveler”, Nov. 2013 <sup>5,6</sup> eMarketer, “Digital Travel Sales Mature Worldwide”, Feb. 2014 <sup>8</sup> Conversant, 2014

<sup>4</sup> eMarketer, “US Digital Travel Sales”, May 2013 <sup>7</sup> Internet Retailer 2014 Mobile 500

<sup>9</sup> ExactTarget, “2014 State of Marketing”, Jan. 2014

## KEY STRATEGIES CONT'D

It's important that business unit managers are incentivized to encourage cooperation that is then reflected in their global affiliate program strategies.

**Align for global growth.** While planning global expansion efforts, travel advertisers need to anticipate a pitfall that could impact their affiliate success—namely, an organizational structure that creates friction between business units. To fully tap the CJ network's global reach, marketers must examine if they are aligned in a way that accounts for the fact that the publishers' reach extends beyond geopolitical borders. For example, how will your organization manage the attribution of a sale that begins in one region's program but completes in another region's program? It's important that business unit managers are incentivized to encourage cooperation that is then reflected in their global affiliate program strategies. A holistic view of affiliate efforts versus a rigid focus on which business unit "earned" the sale is the best approach and smart marketers will build their global efforts with this in mind.

# TRAVEL CATEGORY CLICKS

## CATEGORY (OTA)

	2012	2013	
	Clicks	Clicks	YoY Diff
Q1	471,600	469,000	-1%
Q2	416,200	467,700	12%
Q3	390,900	455,200	16%
Q4	365,900	357,500	-2%

## CATEGORY LEADERS (OTA)

	2012	2013	
	Clicks	Clicks	YoY Diff
Q1	3,131,900	3,111,400	-1%
Q2	2,738,900	3,086,800	13%
Q3	2,739,000	2,790,900	2%
Q4	2,255,900	2,398,300	6%

## CATEGORY (DIRECT SUPPLIER)

	2012	2013	
	Clicks	Clicks	YoY Diff
Q1	249,200	250,400	0%
Q2	258,600	272,000	5%
Q3	269,600	347,200	29%
Q4	225,300	313,200	39%

## CATEGORY LEADERS (DIRECT SUPPLIER)

	2012	2013	
	Clicks	Clicks	YoY Diff
Q1	1,167,921	995,400	-15%
Q2	1,159,109	1,030,900	-11%
Q3	1,041,759	1,075,300	3%
Q4	981,700	905,100	-8%

# OTA HOTELS

## CATEGORY

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	3,050	4,110	35%
Q2	3,800	4,340	14%
Q3	3,780	4,740	26%
Q4	3,670	3,820	4%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$252	\$278	11%
Q2	\$254	\$272	7%
Q3	\$257	\$260	1%
Q4	\$239	\$262	10%

	2012	2013	
	ROC	ROC	YoY Diff
Q1	66%	69%	5%
Q2	69%	71%	2%
Q3	77%	70%	-10%
Q4	74%	68%	-7%

## CATEGORY LEADERS

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	13,780	18,600	35%
Q2	17,540	20,880	19%
Q3	17,560	23,300	33%
Q4	15,330	18,620	21%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$270	\$277	3%
Q2	\$272	\$271	0%
Q3	\$263	\$265	1%
Q4	\$250	\$266	6%

	2012	2013	
	ROC	ROC	YoY Diff
Q1	73%	74%	1%
Q2	76%	75%	-2%
Q3	81%	74%	-9%
Q4	80%	73%	-9%



## OTA AIR

## CATEGORY

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	7,310	5,360	-27%
Q2	6,430	5,430	-16%
Q3	6,120	5,320	-13%
Q4	5,690	6,010	5%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$496	\$594	20%
Q2	\$570	\$621	9%
Q3	\$561	\$607	8%
Q4	\$587	\$629	7%

## CATEGORY LEADERS

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	20,870	17,520	-16%
Q2	20,500	16,190	-21%
Q3	18,370	15,830	-14%
Q4	16,710	18,250	9%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$557	\$587	5%
Q2	\$579	\$611	5%
Q3	\$555	\$614	11%
Q4	\$581	\$633	9%

## OTA CAR

## CATEGORY

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	1,200	1,110	-7%
Q2	1,340	1,150	-15%
Q3	1,220	1,290	6%
Q4	1,130	1,190	5%

## CATEGORY LEADERS

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	3,730	2,910	-22%
Q2	3,960	2,850	-28%
Q3	3,370	2,860	-15%
Q4	3,040	3,140	3%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$185	\$153	-17%
Q2	\$147	\$149	1%
Q3	\$157	\$159	1%
Q4	\$156	\$152	-2%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$187	\$152	-19%
Q2	\$147	\$148	1%
Q3	\$142	\$158	12%
Q4	\$155	\$152	-2%

# DIRECT SUPPLIER HOTELS

## CATEGORY

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	3,530	5,280	50%
Q2	3,780	6,210	64%
Q3	4,440	6,010	35%
Q4	5,020	5,250	5%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$258	\$261	1%
Q2	\$252	\$253	0%
Q3	\$241	\$248	3%
Q4	\$224	\$240	7%

	2012	2013	
	ROC	ROC	YoY Diff
Q1	64%	63%	-3%
Q2	69%	62%	-10%
Q3	68%	62%	-9%
Q4	65%	53%	-17%

## CATEGORY LEADERS

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	14,130	13,890	-2%
Q2	14,820	13,240	-11%
Q3	13,720	12,280	-10%
Q4	12,690	11,820	-7%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$306	\$307	0%
Q2	\$301	\$305	2%
Q3	\$289	\$302	5%
Q4	\$261	\$283	8%

	2012	2013	
	ROC	ROC	YoY Diff
Q1	67%	68%	1%
Q2	75%	69%	-8%
Q3	71%	65%	-8%
Q4	68%	58%	-15%

# DIRECT SUPPLIER AIR

## CATEGORY

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	1,650	1,990	21%
Q2	1,660	2,120	28%
Q3	1,870	1,730	-7%
Q4	1,840	1,320	-28%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$388	\$454	17%
Q2	\$400	\$495	24%
Q3	\$373	\$491	32%
Q4	\$431	\$559	30%

## CATEGORY LEADERS

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	2,810	2,820	1%
Q2	2,710	2,720	0%
Q3	2,830	2,130	-25%
Q4	2,800	1,770	-37%

	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$353	\$454	28%
Q2	\$365	\$508	39%
Q3	\$342	\$515	50%
Q4	\$385	\$554	44%

# DIRECT SUPPLIER CAR

## CATEGORY

	2012	2013	
	Bookings	Bookings	YoY Diff
Q1	8,750	10,150	16%
Q2	10,760	12,200	13%
Q3	10,930	13,280	22%
Q4	8,860	12,050	36%

**Note:**

*A Category Leader benchmark could not be calculated due to the number of advertisers reporting car actions.*

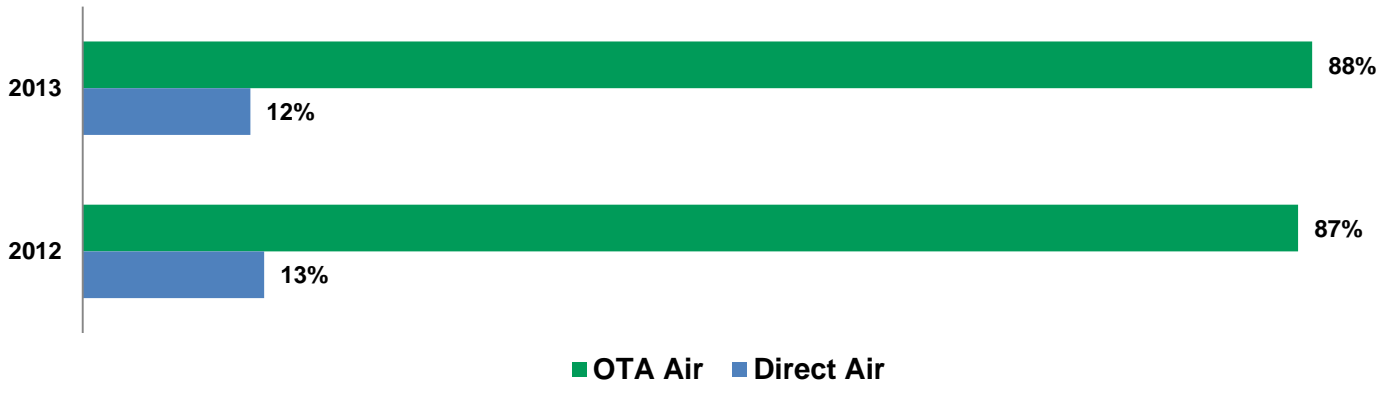
	2012	2013	
	ABV	ABV	YoY Diff
Q1	\$161	\$168	4%
Q2	\$167	\$167	0%
Q3	\$191	\$197	3%
Q4	\$168	\$146	-13%

	2012	2013	
	ROC	ROC	YoY Diff
Q1	45%	40%	-12%
Q2	50%	41%	-17%
Q3	52%	42%	-19%
Q4	49%	45%	-9%

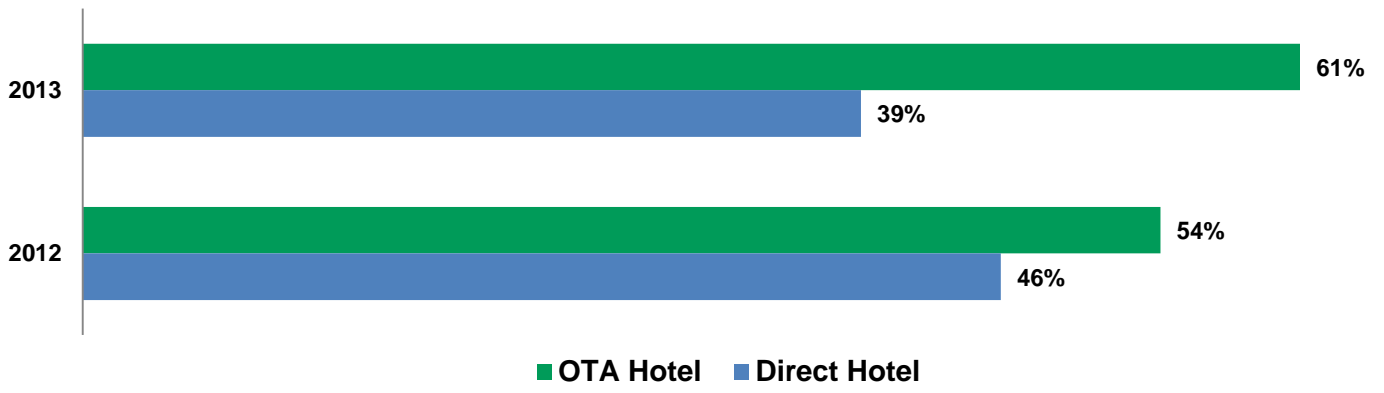
# CATEGORY LEADERS

## SHARE OF BOOKINGS (AIR & HOTEL)

Air Bookings



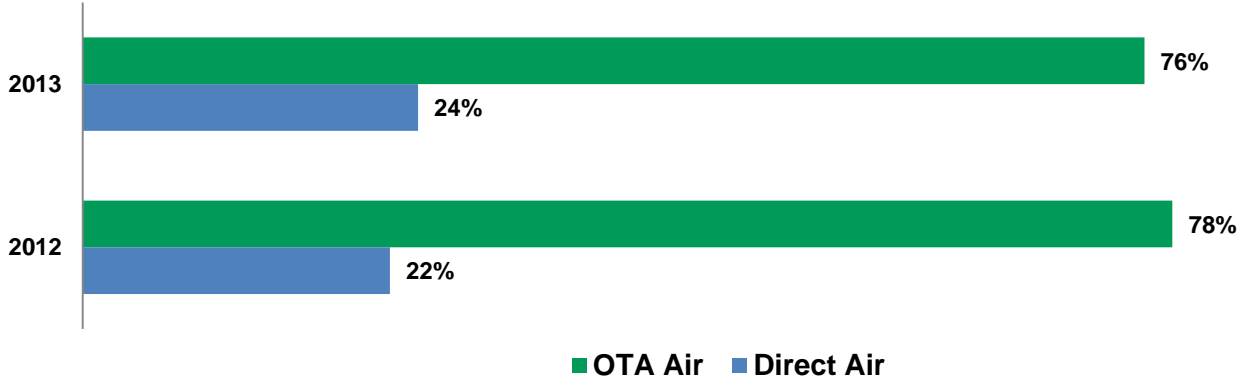
Hotel Bookings



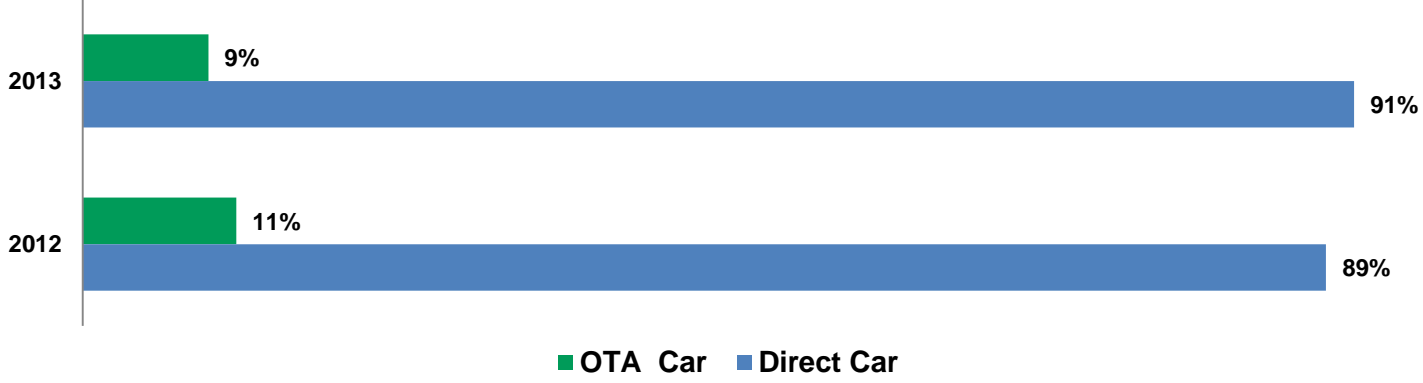
# CATEGORY

## SHARE OF BOOKINGS (AIR, HOTEL & CAR)

### Air Bookings



### Car Bookings



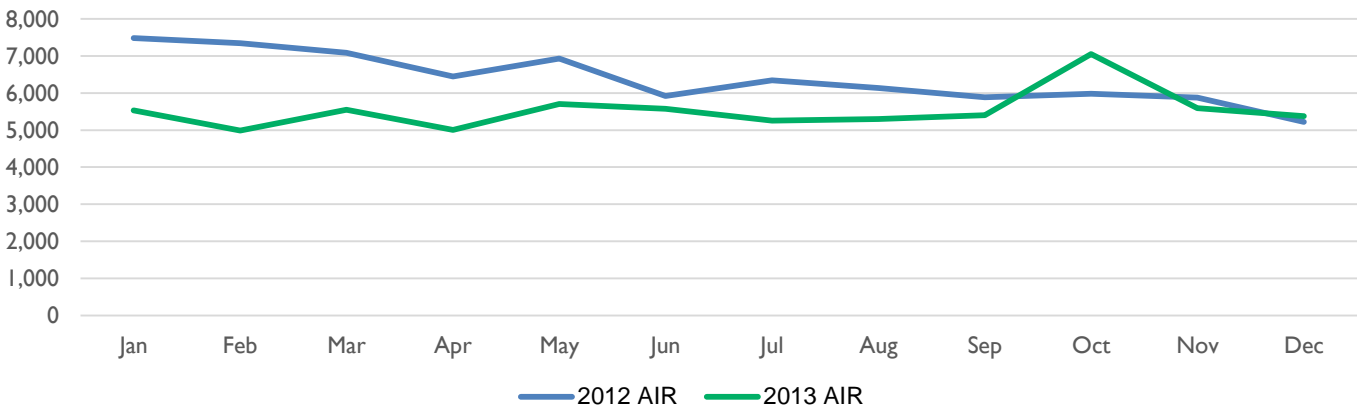
### Hotel Bookings



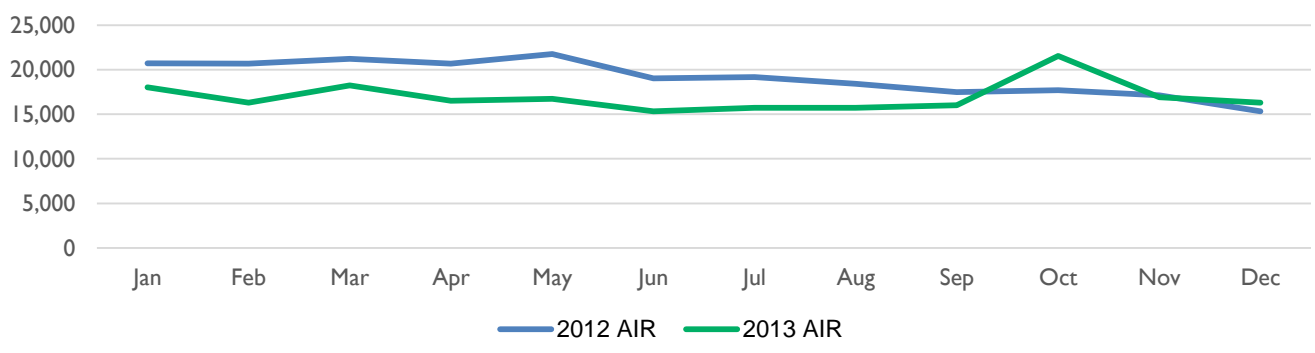
# OTA

## AIR BOOKINGS MONTHLY TRENDS

AIR  
Monthly Bookings (Category)



AIR  
Monthly Bookings (Leaders)

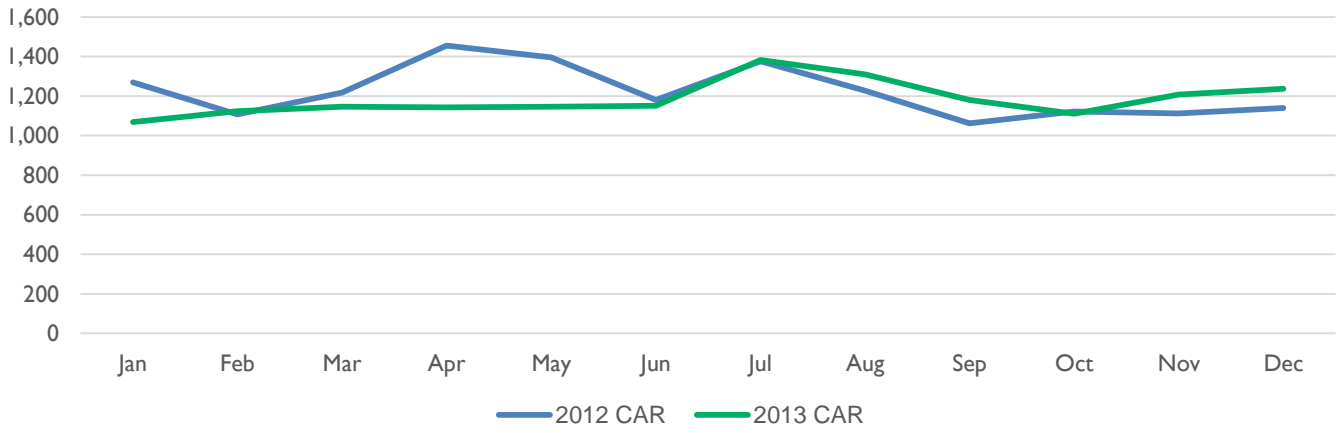




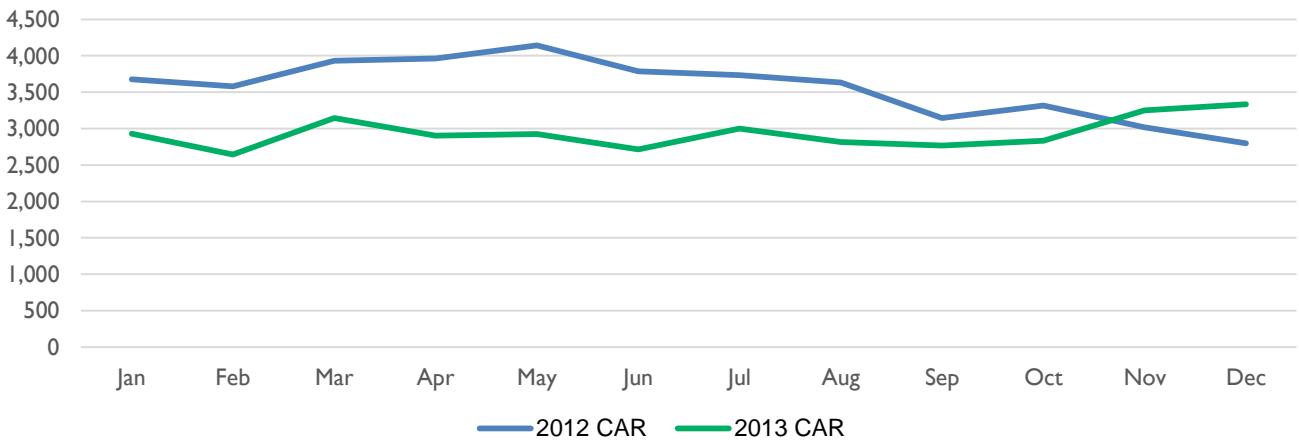
# OTA

## CAR BOOKINGS MONTHLY TRENDS

### CAR Monthly Bookings (Category)



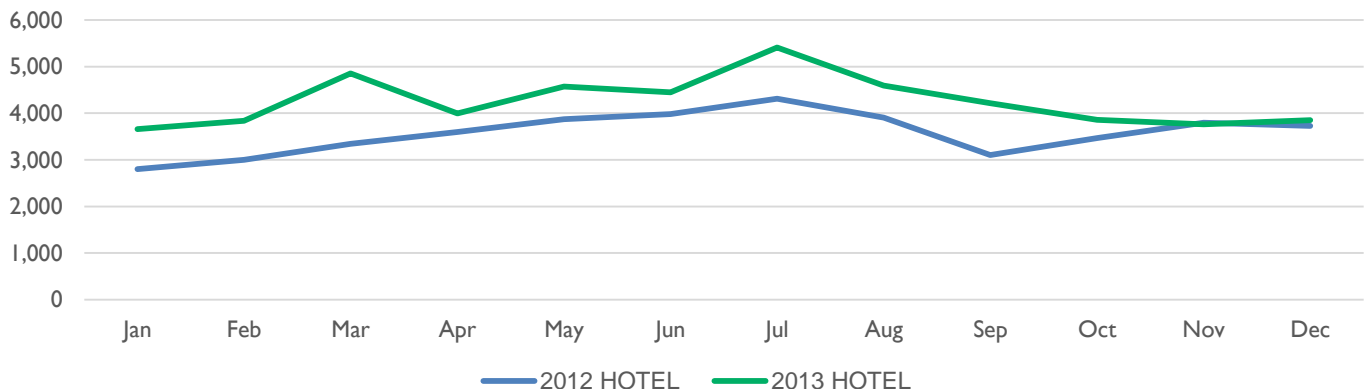
### CAR Monthly Bookings (Leaders)



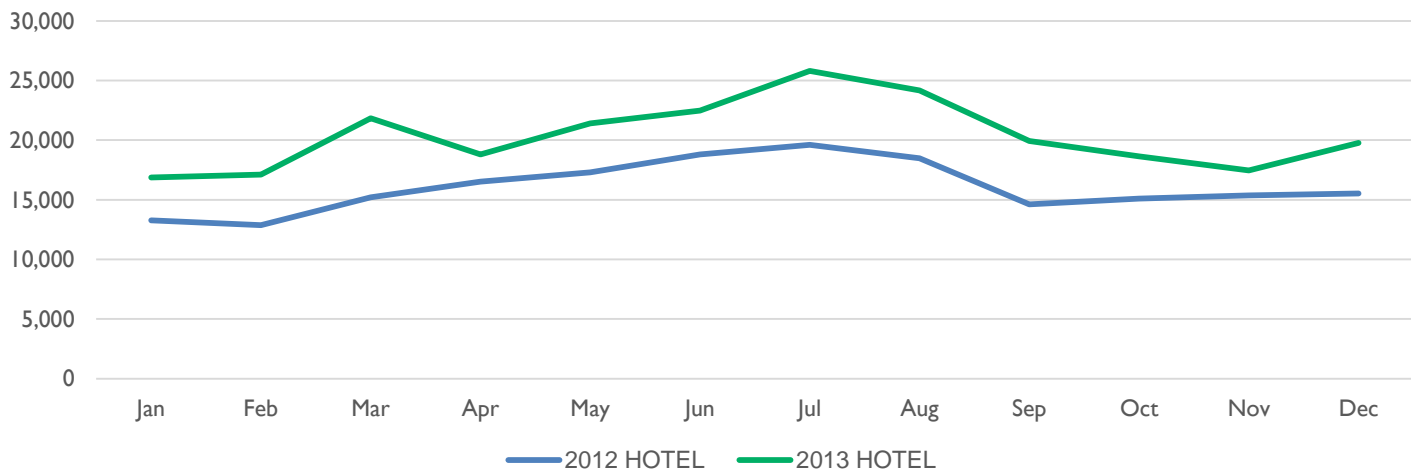
# OTA

## HOTEL BOOKINGS MONTHLY TRENDS

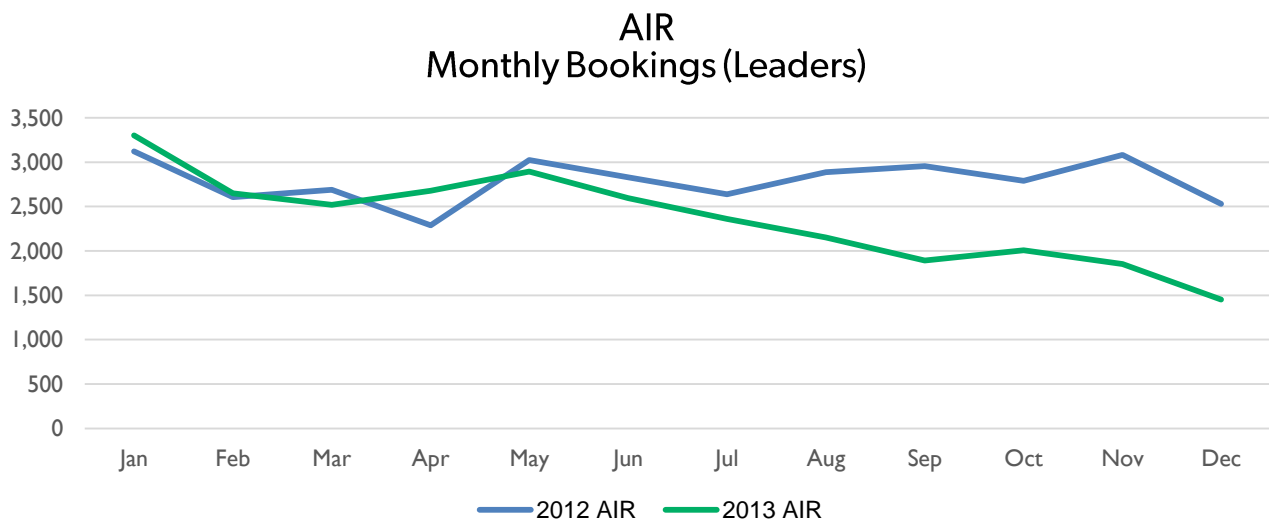
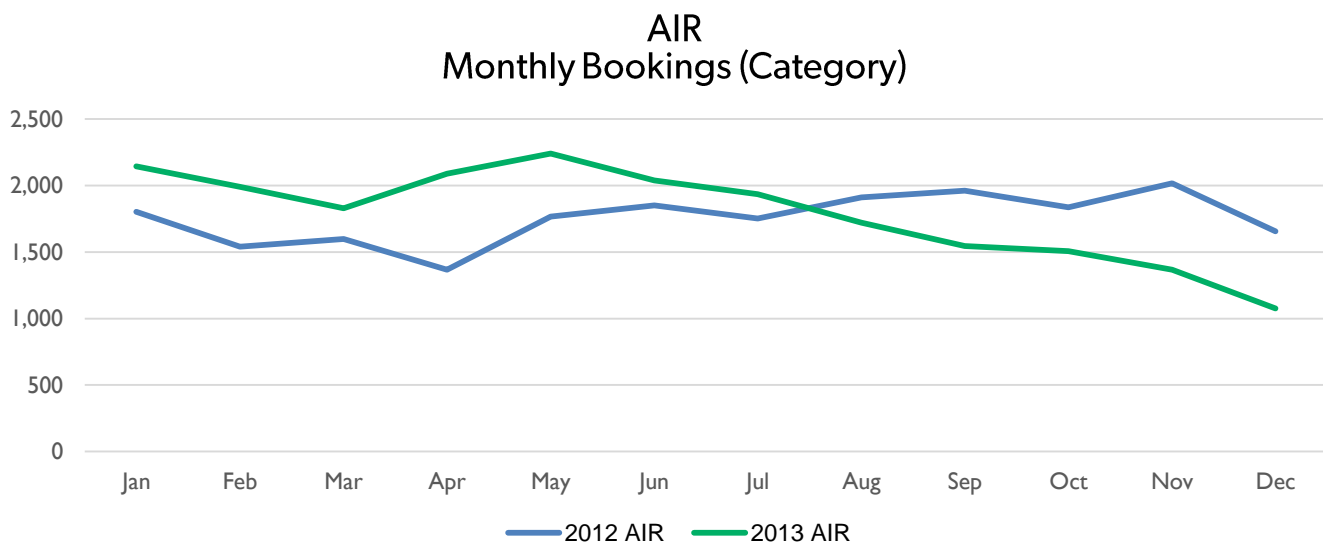
### HOTEL Monthly Bookings (Category)



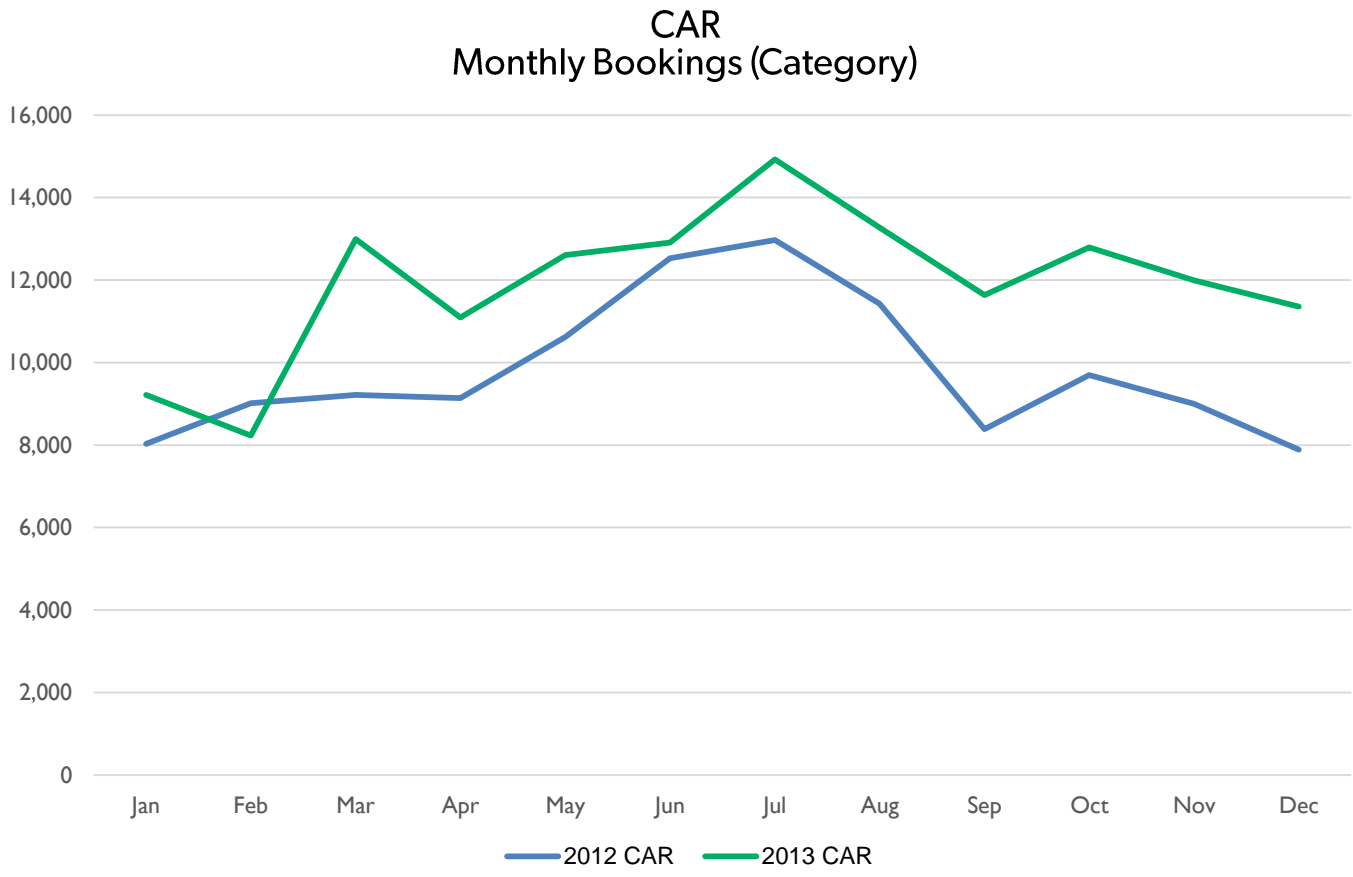
### HOTEL Monthly Bookings (Leaders)



# DIRECT SUPPLIER AIR BOOKINGS MONTHLY TREND

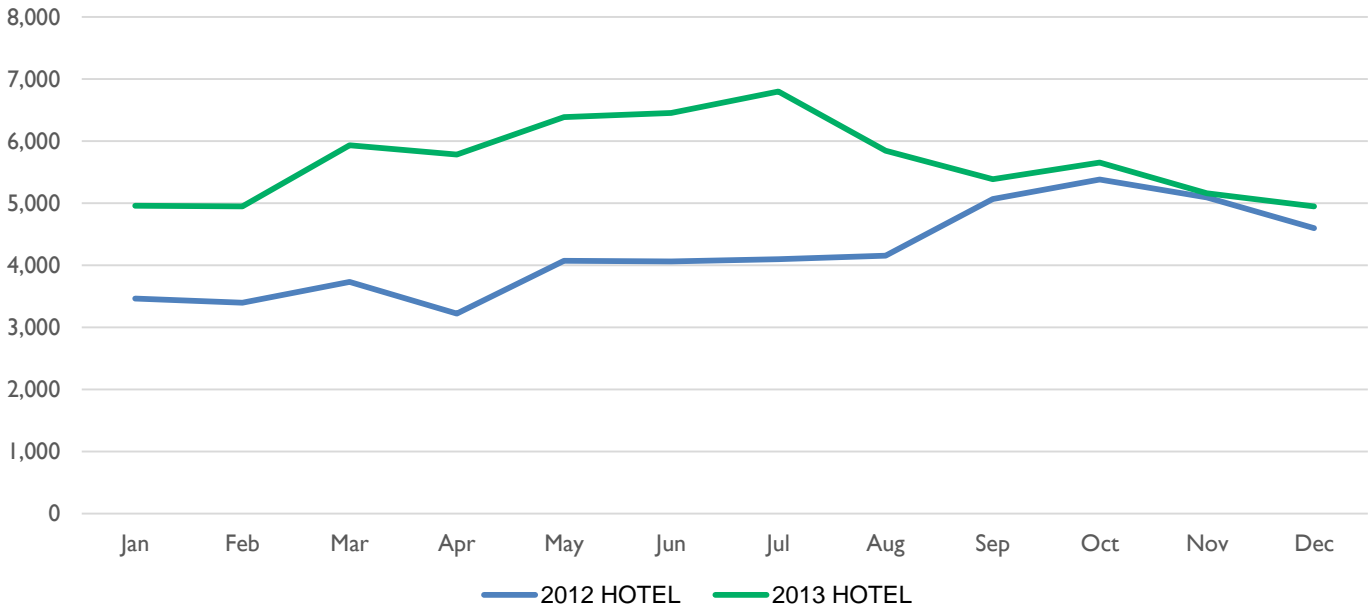


# DIRECT SUPPLIER CAR BOOKINGS MONTHLY TREND



# DIRECT SUPPLIER HOTEL BOOKINGS MONTHLY TREND

### HOTEL Monthly Bookings (Category)



### HOTEL Monthly Bookings (Leaders)

