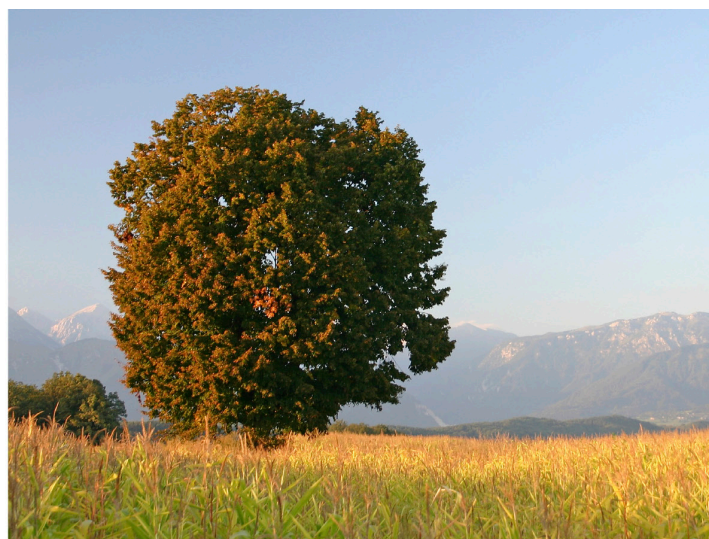


Understanding Seasonality in Travel

Maximising digital strategy in multi-channel marketing



November 2012



What to expect from this whitepaper

This paper highlights the key trends in the travel industry online and outlines how to take advantage of these trends across all digital channels in search, social, email, display and mobile.

The purpose of most digital marketing activity is to increase visits to your company website. At an overly simplistic level, more eyeballs on your site means more opportunities to sell your products. Between July 2011 and July 2012 UK Internet users on average made 19 million visits to over 17,000 travel websites every single day. With so much competition in the industry, increasing market share against the rest of the travel industry is a tough challenge, but the rewards are worth it.

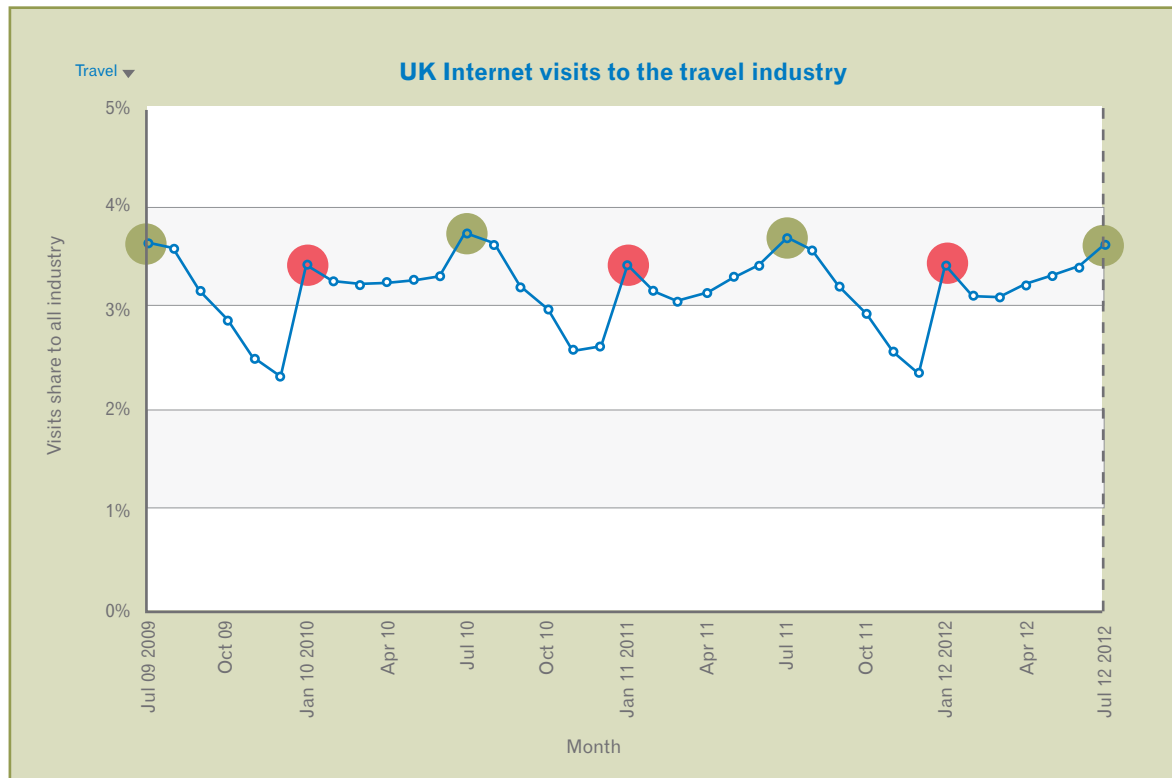
Combining Experian Hitwise visits data for July 2012 with average order value (AOV) data from the IMRG Capgemini e-Retail Sales Index August 2012 the ROI of increasing UK market share in the travel industry by 0.1% is £1.3 million a month in additional revenue. With so many digital disciplines available, there are many ways of achieving increased web traffic and hence improving market share against your competitors. Our experience is that the best results are achieved by combining the strengths of multi-channel marketing across both online and offline channels. The object of this paper is to show how to capitalise on seasonal trends within various digital channels to help achieve that increased 0.1% market share and beyond.

Unless specifically stated otherwise, all figures in this report are taken from Experian Marketing Services data using Experian Hitwise, Experian CheetahMail and Experian Alchemy Social platforms and is accurate as of July 2012.

Improving market share of visits by just 0.1% in the travel industry would generate an additional £1.3 million in revenue every month.

Travel seasonality

Travel is one of the most mature online markets in the UK. Unlike emerging industries, which are still growing and have yet to settle into regular consistent patterns, travel is now an online veteran and adheres to repeatable seasonal trends. You can see from the graph below that visits to the travel industry have two regular peaks each year January (highlighted in the pink circles) and July (green circles).



Source: Experian Hitwise monthly data July 2009 - 2012

The predictable nature of this online behaviour is important as it allows you to forecast what is going to happen in future months and plan your digital strategy accordingly. True multi-channel marketing is all about using the right blend of channels to get the right messages in front of the right people at the right times. Understanding when consumers are looking to purchase key products and the messages that are going to resonate with them is one of the smartest ways of gaining traction in this market and ultimately improving sales.

True multi-channel marketing is all about using the right blend of channels to get the right messages in front of the right people at the right times.

Understanding search trends











The travel industry is heavily reliant on search as a source of traffic, with 44% of all visits to travel websites in July 2012 coming from a search engine. As such understanding how people search should have a heavy influence on guiding your digital strategy. Search is not only the way we navigate around the Internet, it is also a great tool for monitoring consumer intent.

Although travel as an industry adheres to quite strict seasonal patterns the underlying trends behind those seasonal peaks are in constant flux. For example, the popularity of holiday destinations change over time as fashions come and go or economic factors exert their influence over travellers' purchasing power. Being able to adapt your marketing messages to reflect the most popular destinations is a great way to maintain relevance with your customers.

In the summer of 2012, a combination of challenging economic pressures and key sporting events kept British holidaymakers firmly on their sofas and meant that Internet visits to the travel industry were down by 5.2% year-on-year. In total the UK made 37 million fewer visits to travel websites in July 2012 than in July 2011.

What was fascinating during that period was that searches for flights to medium and long-haul destinations remained flat or declined, but searches for flights to Eurozone destinations increased. This highlighted a number of opportunities for the travel agencies that were able to promote special Eurozone offers.

Between May and July Spanish destinations accounted for over 21% of all UK flight searches with Malaga being the most sought after destination. You can see from the top 10 most searched for flight destinations listed below that although New York remained the most popular destination overall, seven of the top 10 were Eurozone destinations, of which five were Spanish resorts.

Movement	Rank	Destination	Country	Market share of flight searches in the UK, May 2012 - Jul 2012	Rank May 2011 - Jul 2011
↔	1	New York		3.88%	1
↑	2	Malaga		3.30%	3
↓	3	Tenerife		3.10%	2
↑	4	Alicante		1.92%	5
↑	5	Barcelona		1.68%	8
↑	6	Majorca		1.63%	15
↑	7	Paris		1.49%	9
↓	8	Amsterdam		1.43%	6
↑	9	Dubai		1.41%	16
↓	10	Orlando		1.41%	4

Source: Experian Hitwise data May 2011 - July 2012

The family-friendly resorts in Spain and guaranteed good weather have made them even more popular than they were last year. Paris and Amsterdam have also kept their places in the top 10 which suggests people might be looking for shorter holidays close to home or weekend breaks.

Travel, perhaps more so than other industries is subject to very fast emerging search trends. A natural disaster, somewhat counter-intuitively, tends to cause an influx in searches for flights to the disaster hit destination rather than a massive drop in interest in travel. For companies able to react swiftly to these unexpected trends again there is a huge opportunity to capitalise on more web visits and therefore sales. The Tohoku earthquake in March 2011 for example caused a 70% increase in UK Internet searches for travel to Japan in just one week. This was an unexpected event which suddenly had a huge influence on how people were searching for flights to Japanese destinations.

Travel is also incredibly reliant on the weather both at home and at the intended travel destinations. A lack of snow across Europe's top ski resorts in December 2011 meant that searches for ski holidays were down 46% year-on-year for the opening week of December.



French ski resort 03/12/2011



Same resort one week later...

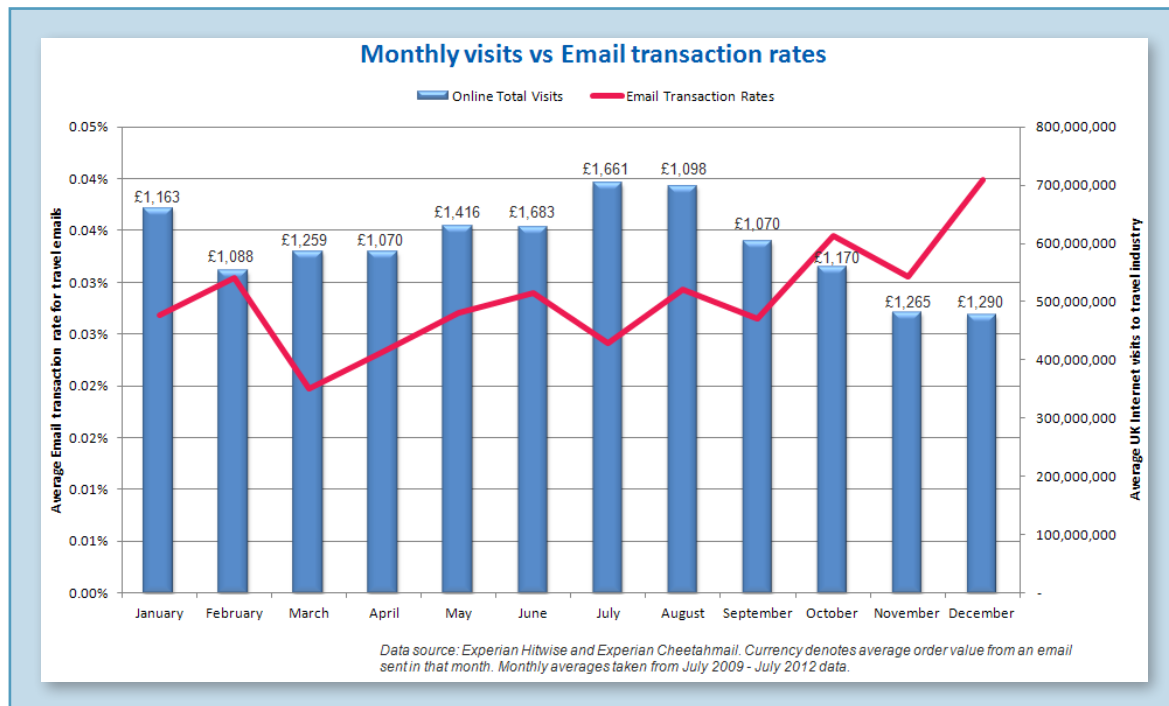
One week later, after a massive flurry of snow, ski searches doubled in a week and ended up being 12% ahead of where they were in December 2010. In this case, a terrible ski season was very swiftly averted with a fortuitous fall of snow and as such holiday bookings went from poor to exceptional in the space of a week as people had the confidence to ski in Europe again.

What this shows is that search is a hugely influential channel within travel and that understanding how consumers search across long and short term trends can be crucial for acquiring additional traffic and in turn more customers. Jumping on the fast moving search trends ahead of the competition can bring some very quick rewards, whilst understanding the wider trends will allow you to plan effectively for future campaigns and make your whole digital operations more focused and efficient.

Combining email with search

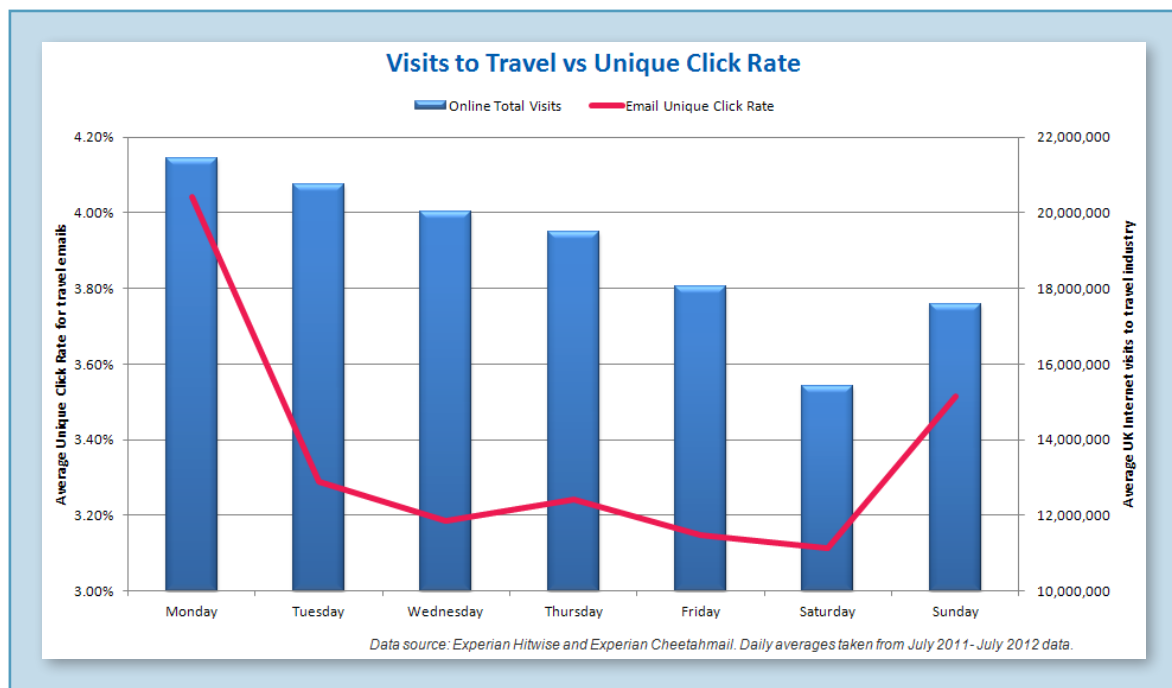
Email is a growing source of traffic within the travel industry and although not as prominent as search it provides a very different role as a digital channel. Email presents excellent opportunities to nurture existing customers, to cross-sell other travel products, and to build brand loyalty. One of the keys to unlocking the potential of email marketing in travel is to understand that the seasonality of email works differently to other digital channels.

Let's look at the seasonality of visits to the travel industry compared to the seasonality of travel email transaction rates as an example.



The blue bars above show the two clear peaks in visits to the travel industry in January and the summer months of July and August. If we look at the red line however, email transaction rates are much higher in the months immediately preceding the seasonal peaks in visits. Consumers are more likely to transact through email in December and June than January and July. Not only are transaction rates higher before the seasonal peaks in visits, people also spend more in these earlier months. The average order value for June was £22 higher than in July, and AOV in December was £127 higher than in January. What this shows is that emails are good for targeting early shoppers but less effective at peak travel times when customers are likely to be using search for last minute travel deals.

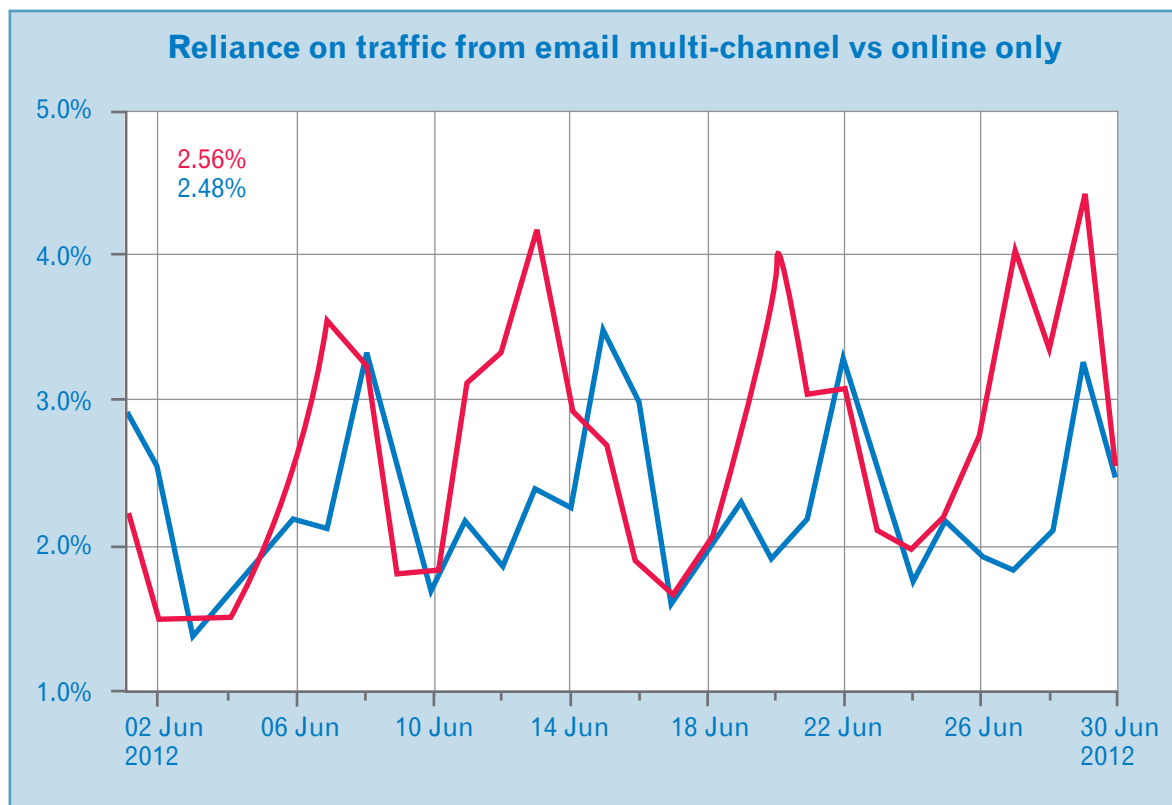
So, if you are to target early shoppers, when is the best day to email them? Further analysis of daily visits to the travel industry and unique email click through rates shows that Mondays are by far the biggest days not only for people to click through from an email but also to make a visit to a travel website.



Sunday meanwhile is one of the worst days of the week for visits to travel sites but has the second biggest unique click rate (3.5%) for email. This makes Sunday the ideal day to send an email when activity is quieter and there is less competition for people's attention.

Understanding when your competitors are sending out their emails allows you to plan your strategy accordingly, either to push your message on the same day to directly compete against rival companies or to jump ahead of the competition with an email sent out before their weekly dispatch. Interestingly, when we looked at when travel agencies receive the most amount of traffic from email online it appears that none of the major travel brands are currently exploiting this gap in the market for sending emails on Sundays and Mondays.

Split into two broad groups of multi-channel travel agencies (i.e. those agencies with a presence on the high street and online) and online-only travel agencies (conducts business exclusively online) the multi-channel agencies tend to rely on Friday email shots, whereas online-only agencies have big spikes from email traffic on Wednesdays.



Daily upstream % from 'Computers and Internet - Email Services', based on UK usage

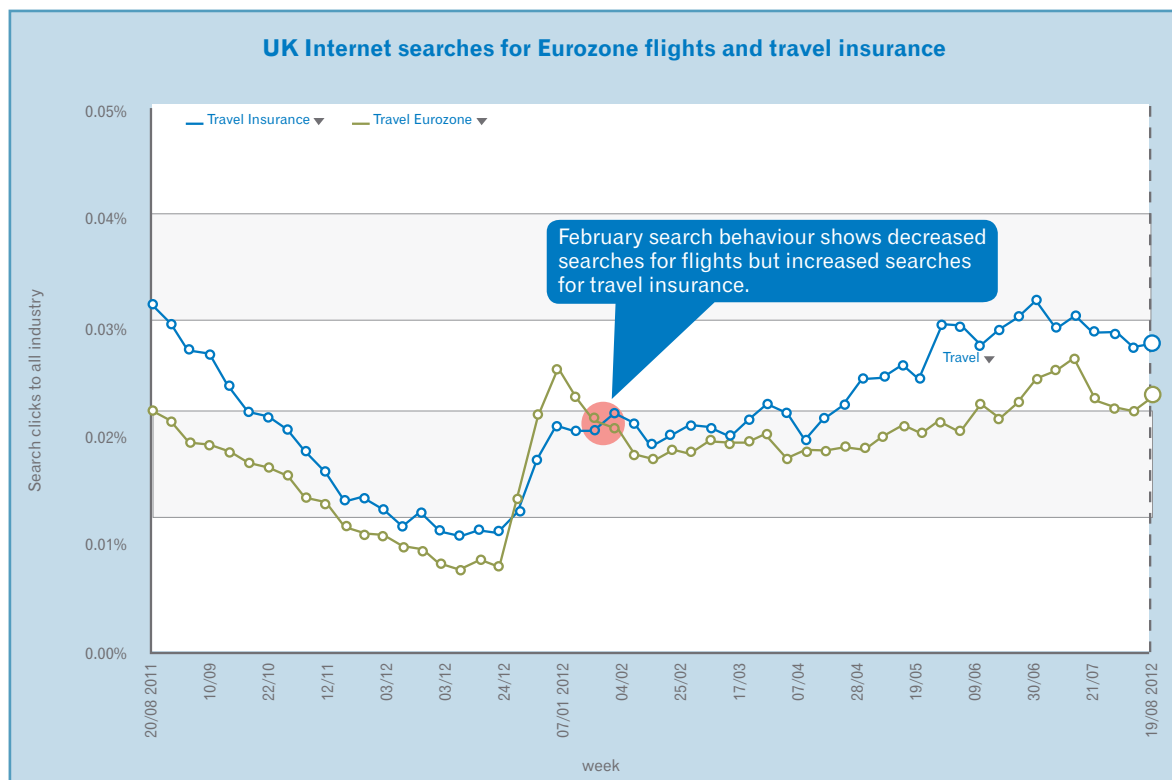
Created: 20/08/2012. © Copyright 1998-2012 Hitwise Pty. Ltd

Source: Experian Hitwise UK

The chart above shows that Sundays were consistently the lowest performing day for email for both multi-channel and online-only travel agencies, highlighting a gap in the market ready to be exploited. Clearly strong email marketing is not just about sending emails at the right time but also about making sure that email content is as relevant as possible. Using analytics data you can understand how to optimise subject lines to resonate with your customers, which companies would be good to partner with and advertise within your emails, or which special offers to create based on fast moving destinations of that week.

Seasonality can also show you when to make cross-sell promotions. Monthly analysis of travel emails sent over the last three years showed that customers are 7% more likely to open a travel email in February than the average month and are also more likely to make a purchase. However the average order value of travel emails sent in February is £1,088, significantly lower than the monthly average.

Looking at the seasonality of search for Eurozone destinations and travel insurance, you can see from the chart below there is a clear opportunity at the beginning of February (highlighted in pink) when people are less interested in buying flights (the green line is declining) but more interested in buying travel insurance (the blue line is inclining). This would make an ideal opportunity to cross-sell travel insurance when clients have already booked their holiday but are now ready to book their insurance before their trip.



Source: Experian Hitwise weekly data August 2011-2012

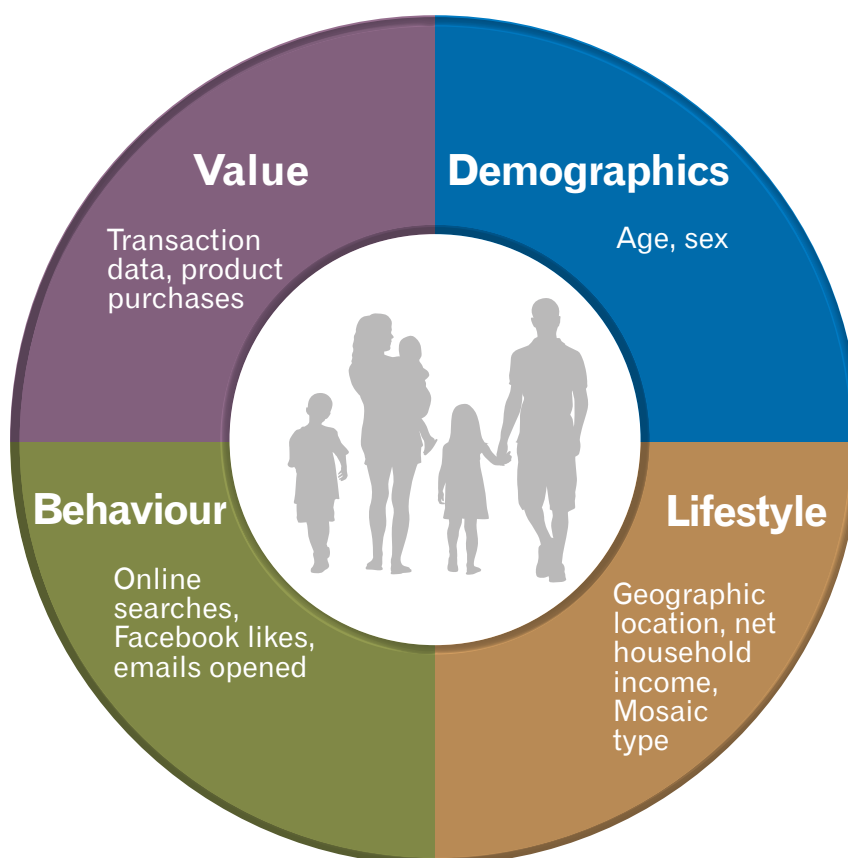
This also ties in with the lower AOV data for February. People may not be looking to buy an expensive holiday but are looking for cheaper optional extras in travel insurance, car hire etc. Here search data highlights the seasonality of when to make a cross-sell promotion, but email is a great delivery platform from which to sell to existing customers and extract more value from them.

Monthly analysis of travel emails sent over the last three years showed that customers are 7% more likely to open a travel email in February than the average month and are also more likely to make a purchase.

Customer segmentation

Understanding the seasonality of search and email can only take you so far in helping to uncover opportunities online. Increasingly, the demands being placed on marketers are not simply to attract more traffic to your website but also to attract the right kind of traffic. Accurate segmentation is vital to achieving this goal. An increase in your market share online is important but attracting the right kind of customers to your website means they are more likely to convert and this is where your ROI really starts to improve.











In simple terms, segmentation provides common themes and threads to a mass of individuals. Segmentation allows you to be more relevant by understanding the core characteristics and behaviours of your customers and then delivering marketing messages which are likely to resonate with them. Increased relevance is going to lead to higher conversion rates which ultimately will lead to more sales. As customers become more savvy, more fickle and more demanding, understanding exactly who your audience is and how you can speak to them as a marketer has never been more important.



There are no limits to the ways in which you can segment your customers, it is all a matter of how niche you want each segment to be. Broadly speaking though there are four key types of data that can be used to segment your customers: Demographics, Lifestyle, Behaviour and Value.

- **Demographics** - these are the characteristics of a person which the individual generally has no control over, including their age and sex.
- **Lifestyle** - these are the characteristics an individual can influence. These include geographic location, net household income, the number of holidays they take a year and so on.
- **Behaviour** - identifies customer intentions through their observed behaviours. This could be a propensity to search for a particular product, how often they check their email or the brands they 'like' on Facebook.
- **Value** - looks at the worth of a customer. This often uses previous transactional data to understand products purchased, lifetime value, how frequently the customer purchases and ultimately how profitable they are to your business.

At Experian Marketing Services we have the ability to define an audience by virtually any characteristic be it demographic, lifestyle, behaviour or value. Using our data you have the capabilities to monitor a bespoke audience dynamically over time, and watch how seasonal variations and major events affect your customers. Some example audiences are included below but these are by no means exhaustive. The beauty about the capabilities of this data set is that there are almost limitless permutations of audiences that can be defined.

	People travelling to New York	New retirees looking for cruises	
	Frequent flyers	Stag and hen dos	
	People who compare hotel prices	People living near Manchester Airport	
	Luxury travellers	London commuters	
	Holidaying families	Regular skiers	

By means of example, we have created two bespoke audiences of family travellers and luxury travellers.

Defining the audience

Each audience in this case has been defined using online behavioural data, in this case Internet visits and search behaviour. We defined our group of “family travellers” as people who searched for family holidays online (of which there were over 14,000 unique search term variations) or made a visit to a family travel website such as Disneyland Paris, Budget Family Breaks or Tots Too. Our “luxury travellers” group were similarly defined as people who searched for luxury holidays online (of which there were over 5,000 unique search term variations) or made a visit to a luxury travel site such as Secret Escapes, Hayes and Jarvis or Kuoni Travel.

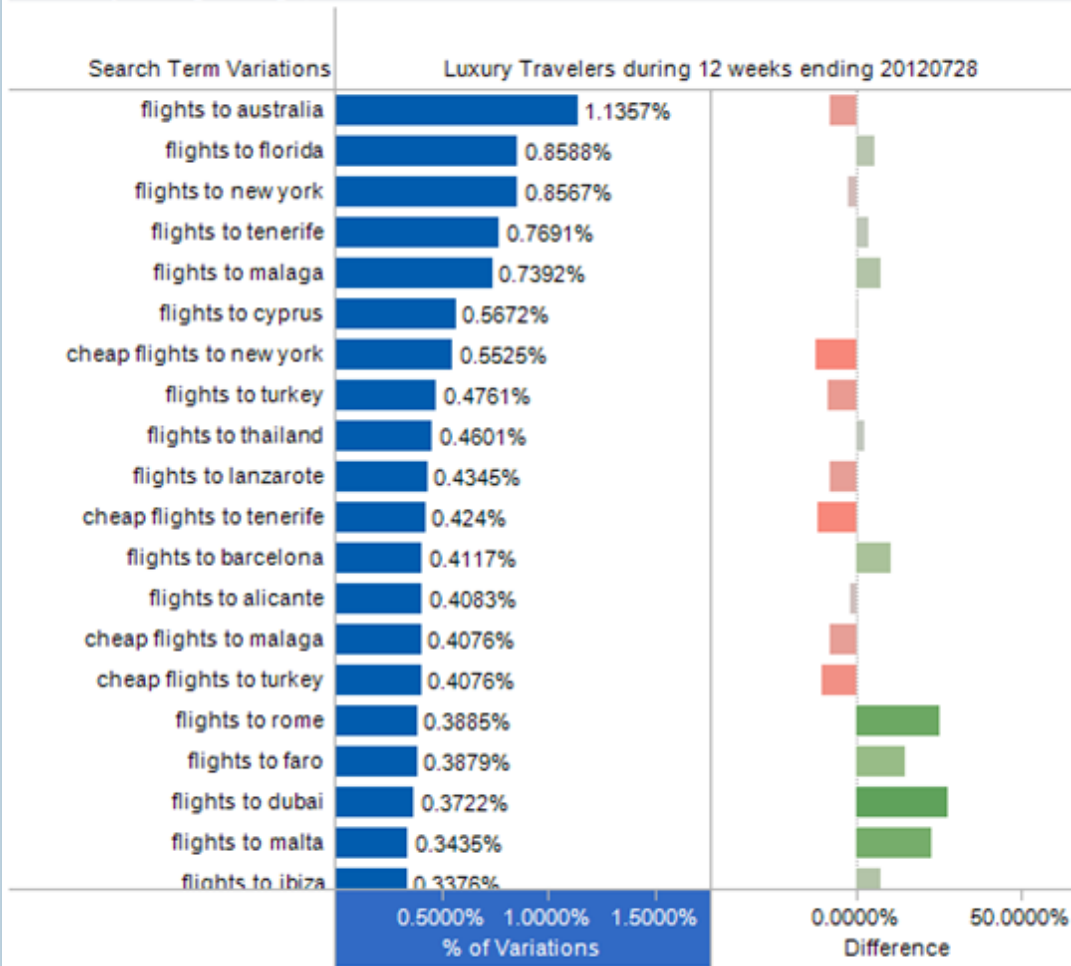
Insight into family and luxury travellers

Once defined, it is then possible to isolate key behavioural traits about each audience. Let’s start with the destinations they are most interested in. The table below shows the most popular search term variations of ‘flights to’ terms made by luxury travellers compared to the online population as a whole. The blue bar indicates the percentage of all ‘flights to’ searches made by luxury travellers for each individual search term (i.e. ‘flights to australia’ accounted for 1.1357% of all ‘flights to searches’ made by this audience) and the second bar indicates whether luxury travellers are more or less likely to search for this term compared to the online population (red indicating less likely, green indicating more likely).

Luxury travellers prefer short city breaks whereas family travellers are more likely to visit Mickey Mouse in Orlando.

Clicks from Variations of Terms **flights to** by **Luxury Travelers**

12 Weekly Rolling Average, 28/07/2012 & None



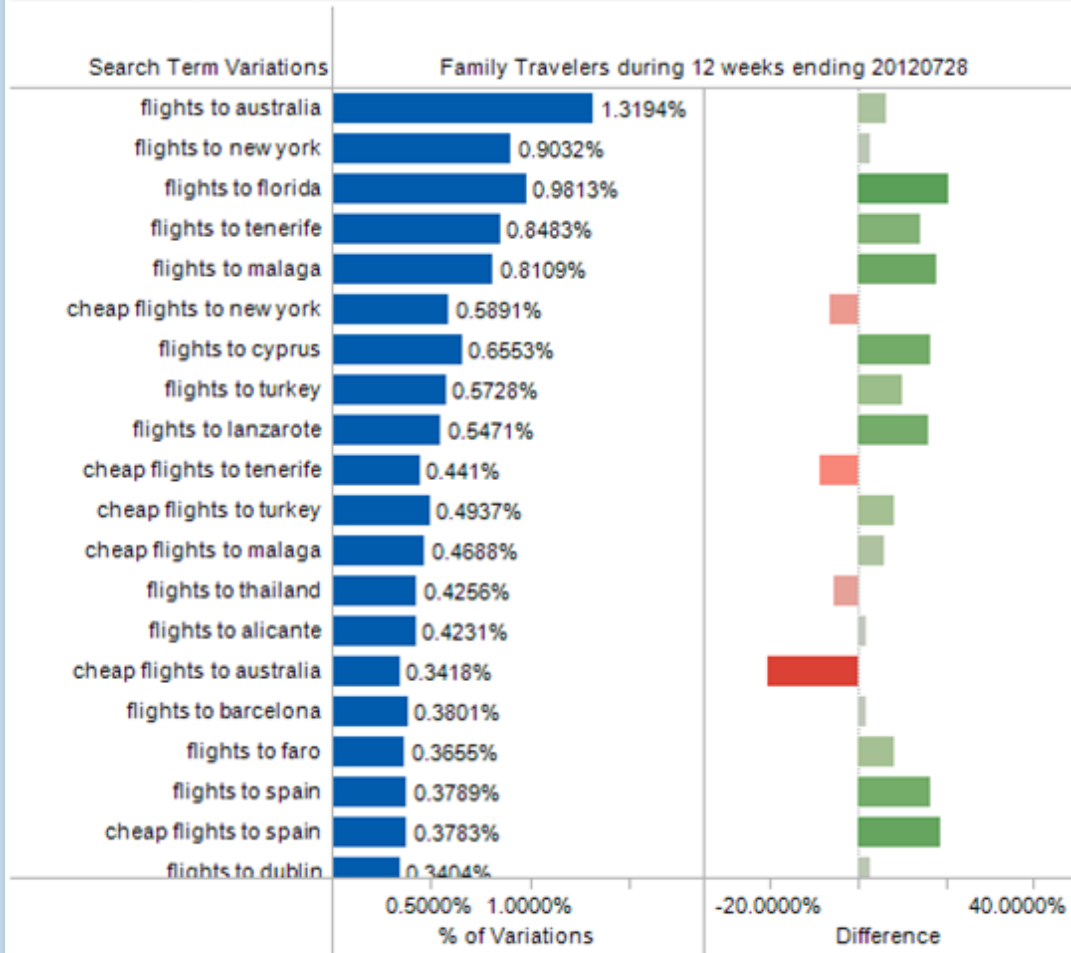
Source: Experian Hitwise data for 12 weeks ending 28 July 2012

One of the conclusions that can immediately be drawn for luxury travellers is that they are much less likely than the average Internet user to use the term 'cheap' in their flight searches, as they under-index on terms such as 'cheap flights to new york', 'cheap flights to tenerife' and 'cheap flights to malaga'. What luxury travellers are particularly interested in are flights to European city break destinations such as Rome and Barcelona as well as flights to exclusive resorts like Dubai.

By comparison family travellers are mainly interested in Spanish resorts, particularly Malaga and Tenerife. With the attraction of Disney World in Orlando, it is perhaps no surprise that family travellers are 20% more likely than the average consumer to search for 'flights to florida'.

Clicks from Variations of Terms **flights to** by Family Travelers

12 Weekly Rolling Average, 28/07/2012 & None

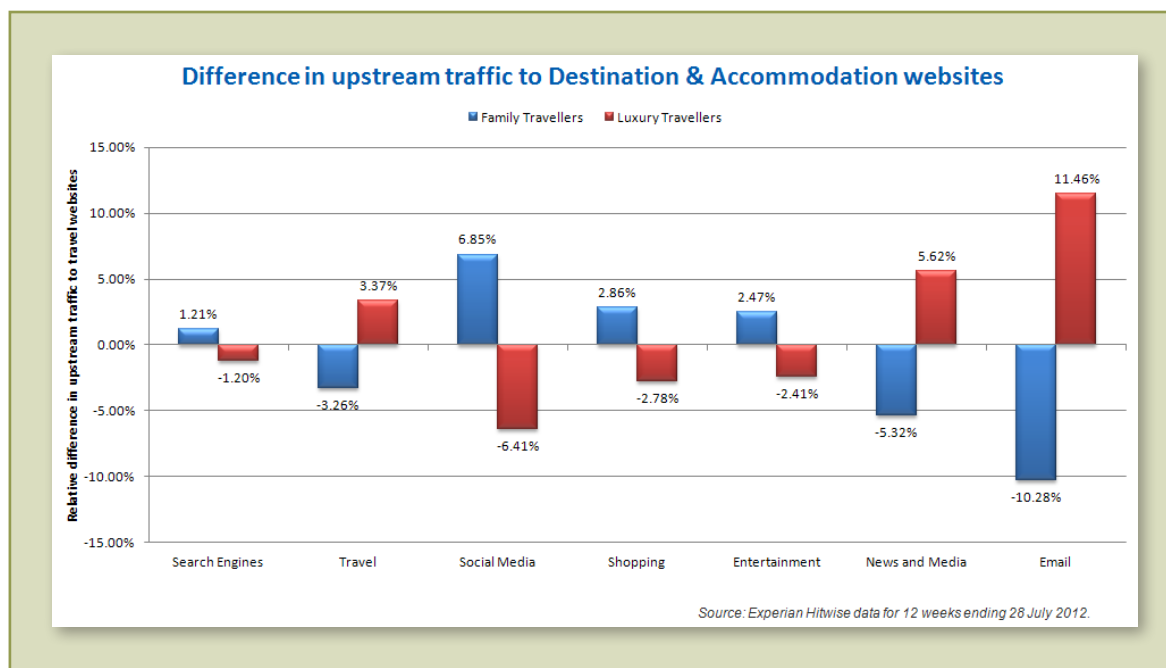


Source: Experian Hitwise data for 12 weeks ending 28 July 2012

By isolating the key search terms made by a niche audience not only can you build a picture of the destinations they are most interested in but can also jump on the specific key words and phrases they use to search for flights, holidays, hotels and other travel products.

Which channels work best for audience targeting?

Having understood the destinations that each niche audience is interested in, how will you go about targeting these audiences online? Using Experian Hitwise clickstream data you can start to see which channel is delivering traffic to Destination and Accommodation websites. In this case we've compared family travellers against luxury travellers for the key upstream channels driving traffic to travel sites.

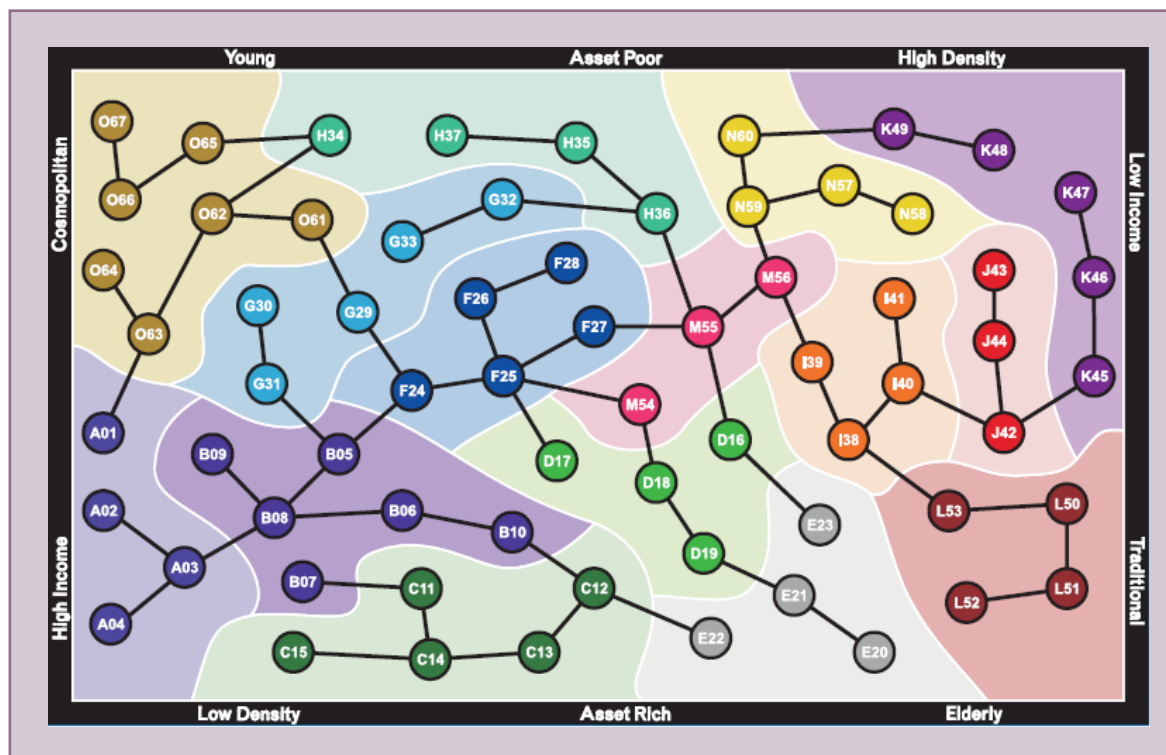


From this chart you can see that family travellers are nearly 7% more likely than luxury travellers to come to a travel site via social media, whereas luxury travellers are 12% more likely than family travellers to click through from an email. So, if you want to target family travellers, a multi-channel approach across search, social and entertainment would be the best choice. Luxury travellers on the other hand are more likely to respond to News and Media campaigns and email marketing. Importantly, luxury travellers are also more likely to click through from another travel website indicating they are more likely to research and shop around before making their travel purchase, which makes sense given that their holidays are likely to be of a higher value than family travellers.

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Understanding audiences with Experian Mosaic

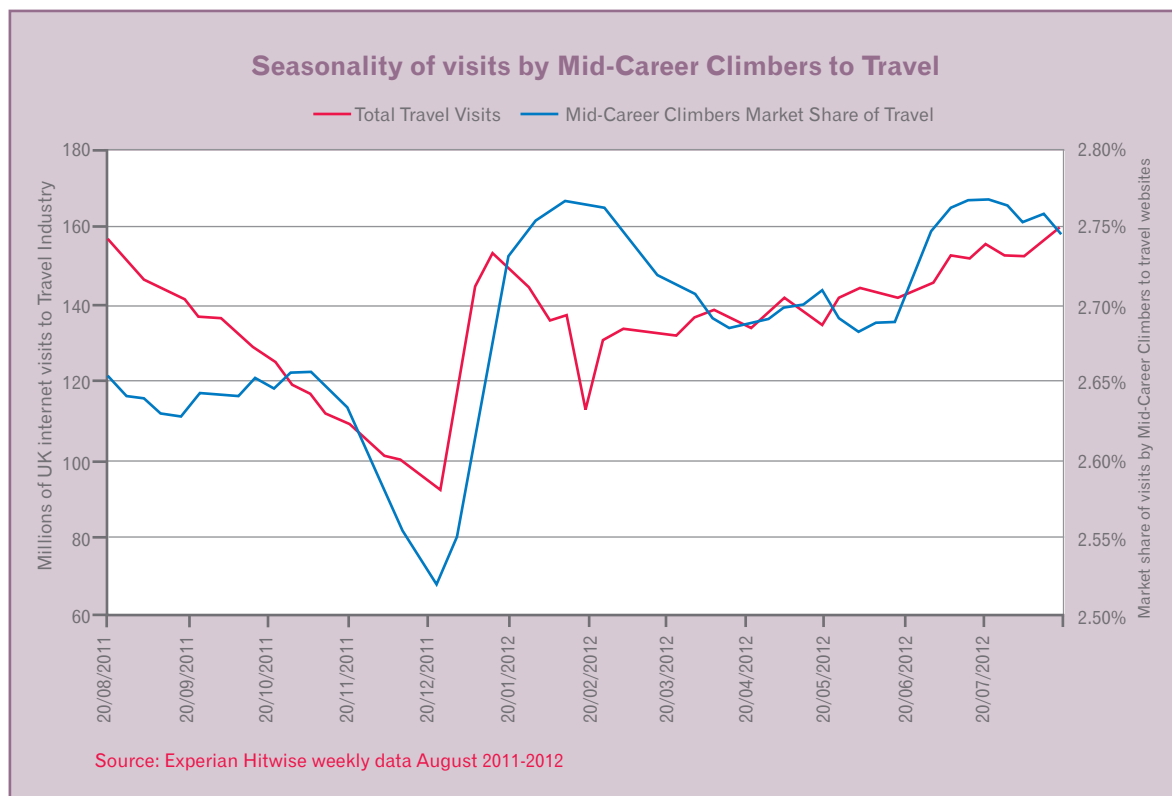
The next level of audience profiling is to use Experian Mosaic, a world leading classification and demographics tool. Mosaic splits the UK population into 15 key core groups and within those groups 67 individual types. Drawing on a wealth of Experian Marketing Services data, Mosaic allows you to benchmark each archetype on one of over 500 data points, from net household income, to the car they drive to political affiliation.



The above chart shows some of the relationships between the groups and how they fit into the broad demographic structure of the UK. For example, in the bottom left is Alpha Territory, one of the highest earning, most traditional and cosmopolitan Mosaic groups but also one of Britain's elite minority groups. New Homemakers on the other hand, are one of the bigger groups of young urbanites who are currently quite asset poor, but are working their way towards the more affluent Careers and Kids group. Mosaic is a great way to tie together online and offline marketing, and provides the 'common currency' for understanding audiences across all multi-channel marketing campaigns.

Analysing the Mosaic groups which make up our luxury travellers group, Professional Rewards emerges as a key segment that represents this audience. 11% of luxury travellers fall into the Professional Rewards group, and compared to the population as a whole, Professional Rewards are 17% more likely to be luxury travellers than the average UK citizen. Within the Professional Rewards group, Mid-Career Climbers stand out as a key luxury traveller type. Mid-Career Climbers are described as "families enjoying the fruits of career success in pleasant detached houses". These people are typically in their 40s and 50s, read The Times and The Telegraph and take three or more holidays a year.

Bringing things back to seasonality, we can see when Mid-Career Climbers account for the greatest proportion of visits to the travel industry.



In the graph above you can see that as visits to the travel industry start to drop off in February, Mid-Career Climbers are at their most active compared to the rest of the online population. Mid-Career Climbers also start to visit travel sites earlier in the summer season around mid-June, suggesting they are organised travellers who like to do their research thoroughly before booking a holiday.

Using segmentation in this way allows you to not only bring additional traffic to your website, contributing to that all important increased market share, but crucially allows you to target the right sort of people that you want to sell to, who are much more likely to convert and increase your ROI.

Mid-Career Climbers are at their most active compared to the rest of the online population. Mid-Career Climbers also start to visit travel sites earlier in the summer season around mid-June, suggesting they are organised travellers who like to do their research thoroughly before booking a holiday.

Conclusion

Travel is a very seasonal industry which follows regular patterns. By and large, this makes travel an industry which is fairly easy to predict and therefore forecast for future events. Capitalising on these seasonal trends and importantly being able to differentiate your digital campaigns from the competition is key to improving your market share online.

Search is the biggest source of traffic to the travel industry, and as such understanding what people are searching for and the terms they are using to get to travel websites is critical to any online marketing department. Having the fluidity to react quickly to fast emerging trends and jump on the search terms that trend from week to week also allows you to make small variations to your digital strategy which can reap large rewards.

Integrating your digital channels in search, social and email will bring greater returns to your overall strategy. For example, we have shown in this report that email displays different seasonal patterns to other channels but when correctly harnessed you can combine search and email data to optimise your subject header lines, pick the right time to send your emails and identify cross-selling opportunities.

Increasingly, the key to success in today's competitive environment is to understand granular differences in customer behaviour and tailor marketing strategy accordingly. Just getting more traffic to your website is no longer enough, now it needs to be the right kind of traffic. Segmentation of audiences both online and offline helps to identify these granular differences and allows you to target niche groups with specific tailored messaging which is more likely to resonate and appeal to this audience.

Increasingly, the key to success in today's competitive environment is to understand granular differences in customer behaviour and tailor marketing strategy accordingly."

Appendix

To find out more about segmentation and how Experian Marketing Services can help you, please contact us using the details below.

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Experian Marketing Services delivers best-in-breed customer data and insight, digital marketing technologies and data management services into multiple regions around the globe. By helping marketers more effectively target and engage their best customers with meaningful communications across both traditional and digital media, Experian Marketing Services enables organisations to encourage brand advocacy while creating measurable return on marketing investment.

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For more information, visit <http://www.experianplc.com>.

Terms Used in this Report

Experian Hitwise provides clients with various metrics for analysing competitive activity. The definitions of metrics used by Experian are:

User Visit: A series of one or more page requests by a visitor without 30 consecutive minutes of inactivity.

Market Share: The percentage of all visits or page requests to a particular online market sector that is received by the individual website.

Clickstream: Provides an indication of the upstream and downstream traffic to and from a website. Upstream sites are those sites visited immediately prior to visiting the current site. Downstream sites are those visited immediately after leaving the current site.

Fast Moving Search Terms: Search terms which are sending traffic to a category that experienced the largest relative increase in market share of searches between two periods of time.

Mosaic UK: Mosaic UK is a socio-cultural classification of the UK population that has been developed by Experian to describe and group the population on the basis of the proven principle that individuals with similar interests, lifestyles, profiles and behaviour cluster closely together. Mosaic UK™ classifies all UK households and neighbourhoods into 15 Mosaic Groups and 67 Mosaic Types. The classification specifies both a Mosaic Group and Type for each of the 1.7 million postcodes in the UK. The type assigned is the one that most closely describes the characteristics of those households and the individuals living there.

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