

Sell every seat on the plane

Airline campaigns' ROI can be boosted by optimising the online media choice, the ad's frequency, sequence and the use of rich media

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In the face of falling demand and the resulting over-capacity, airlines are scrambling for revenue wherever they can. At the same time, easily available online fares and schedules, and aggressive promotions, are commoditising the airline industry.

The easiest way for airlines to boost profitability is to sell every last seat, since the incremental cost per seat is only a coke and peanuts (for the airlines that offer this). Dynamic online ads that can promote special air fares can make a difference. However, with all the competition and the resulting information overflow, airlines need to create an online ad strategy that will get them noticed above all the clutter.

Based on research from over 1.8 billion impressions on online ad servers, MediaMind discovered best practice that can dramatically increase return on airline ad spend, including which sites are premier destinations for airline ads, the impact of using rich media and

the optimal number of sequences of banner ads to generate the most conversions.

Our research revealed that: homepage, travel, news and finance sites are the most productive; four exposures per user for standard banner ads achieves the highest click-through rate (CTR); and using rich media more than doubles the direct response effectiveness of airline campaigns, both in terms of CTR and in conversion rate.

While the business of operating an airline has remained more or less the same in the past decade, the business of selling airline tickets and filling up the seats has changed dramatically. With pricing, destinations, schedules, amenities and remaining seats now available online, passengers are browsing extensively until they find the best value, rather than relying on a travel agency.

In a survey by Ad-ology Research, 34% of US internet users indicated that they have used the internet to research airfares. According to the survey, this is the most popular travel-related research done online.

A PhoCusWright study indicates that 2007 was the first year in which online spending on travel in the US exceeded offline spending. As Figure 1 shows, Forrester Research projects that spending on online marketing in the Travel vertical will more than double in the next five years.

Furthermore, Forrester expects the growth will accelerate from year to year. Based on this projection, Travel is expected to be the third largest vertical in terms of online marketing spending by 2014, outspent only by Retail and Wholesale Trade and Financial Services. At MediaMind, the airline industry is the largest segment in the Travel vertical, accounting for 28% of impressions.

Results for airline ads varied significantly based on their placement. Throughout this analysis, MediaMind uses conversion rate to analyse the performance of campaigns. Conversion rate measures the total number of conversions from the advertiser's website, divided by the number of impressions served. Conversions are not necessarily a monetary transaction, but signify an action the advertiser would like users to take, such as downloading brochures or submitting forms, as well as completing the purchase of an airline ticket.

Conversion rate can be further divided into two types of conversions. The first type is post-click conversion rate, which measures the conversions following a click on the ad divided by total served impressions. The second is post-impression conversion rate, which measures conversions after viewing the ad without a click, divided by total impressions. The sum of both is the conversion rate.

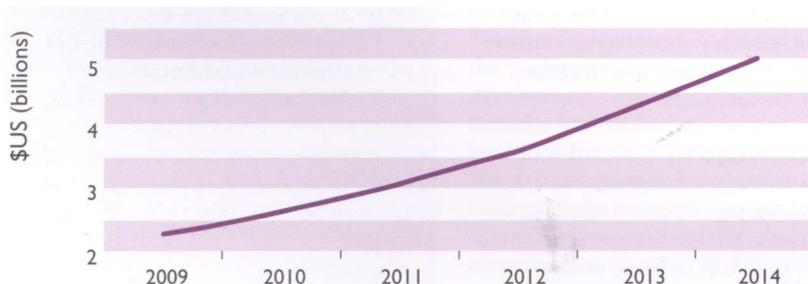
CONVERSION PERFORMANCE

Websites that yielded the highest conversion rates were lifestyle, home page, instant messaging, weather and travel sites. Homepages and news placements are located in the upper right quartile of Figure 2, and are high on both post-click conversions and post-impression conversions. Finance has a post-click conversion rate similar to the travel environment, but a higher post-impression conversion rate. The travel environment does produce a high conversion rate when combining the effects of post-click and post-impression conversion, but the post-click conversion rate component is lower than average.

Travel placements tend to draw a very high proportion of travel and airline-related advertisements. Thus, the number of travel and airline-related ads per page increases, and the relevant share-of-voice for each advertiser

FIGURE 1

US online marketing spending (projection) -Travel



Note: includes online display advertising search, email, social media and mobile marketing
Sources: Forrester Research, *Interactive Advertising Forecasts, October 2009*, Cited from eMarketer

decreases. A best practice here would be to use synced ads - two or more ads on the same page with a synchronised creative that elevates the marketing message above the clutter. Synced ads have a dwell rate (amount of time visitor engages with ad) of 9.33%, compared with 6.05% for other rich media - an increase of 54%. Data also shows that most people browse several sites to research air fares without clicking on the online ad. For every conversion generated after a click, 6.7 conversions are generated after viewing an impression only, without clicking through.

Home page and news sites are a prime location for people who are researching air fares and who are also clicking through for more information or to purchase (Figure 2).

Serving ads in a particular sequence to the same user can help usher users through the purchase funnel. This is accomplished by delivering messages as a story to the user, or by swapping out different promotions. For example: "If you do not want to go to San Francisco, then how about Miami?" MediaMind analysed the data to uncover the optimal number of exposures per user for standard banner ads.

To analyse the optimal frequency of standard banners, we calculated the average CTR for every consecutive exposure for airline ads up to the point where the CTR from one additional exposure is higher than, or equal to, the average CTR. As shown in Figure 3, four exposures is the optimal frequency for campaigns with standard banners.

Although four is the average optimal frequency, 61% of users receive only one exposure, and 82% receive three exposures or less. This analysis shows that airline advertising campaigns are only scratching the surface of their conversion potential.

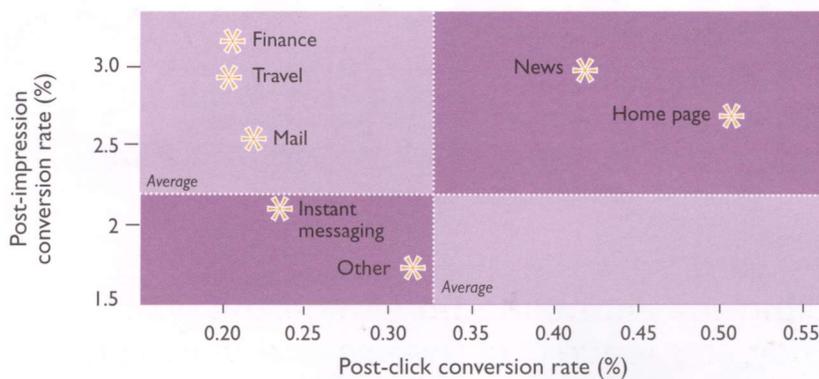
Emirates Airlines had success promoting its business fares by providing multiple exposures per visitor. By building a shell template with editable areas enabled by smart versioning, the creative agency was able to create an ad that promoted dozens of destinations repeatedly. The resulting ad with a ticker tape of fares achieved a CTR of almost double the standard banner benchmark of 0.07% in the travel vertical and resulted in 276 booked flights.

Rich media is significantly more effective than standard banners, doubling traffic and conversions. The CTR is 2.7 times higher for rich media compared with standard banners, and conversion rate for rich media is double that of standard banners.

Rich media outperforms standard banners

FIGURE 2

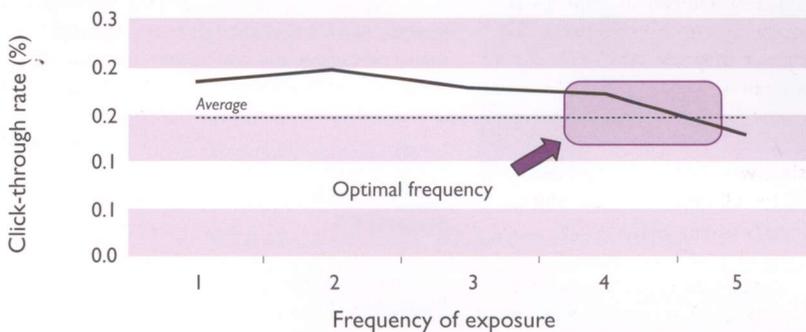
Conversion rate by placement –airlines



Source: MediaMind. Data: Q4 2008 to Q3 2009, worldwide

FIGURE 3

Airline click-through rate by frequency – standard banners



Source: MediaMind. Data: Q4 2008 to Q3 2009, worldwide

by alluring users' eyes from the publishers' content to the ad. Furthermore, by enabling users to interact with the marketing message, rich media also increases recall. Rich creative also has the ability to feed data dynamically and increase relevancy. When all these effects are combined, the result is a significant increase in clicks and conversions compared to standard banners.

An example of rich media in action is the Non-Stop Fernando site for Emirates Airlines. In November 2007, Emirates launched a new route from Dubai to São Paulo - the first time any carrier had flown direct from the Middle East to South America. To help visitors feel the impact, a character, Fernando, was created who spoke non-stop about São Paulo and Brazil for 14 hours, 40 minutes - no cuts, no cheats, no edits. The Non-Stop Fernando site for Emirates was a memorable ad that had impressive results and won the Lean Mean Fighting Machine agency both the Gold and the Interactive Ad Agency of the Year awards at the Cannes International Advertising Festival in 2008.

SUMMARY

The economics and underlying industry factors of airlines make them an excellent fit for online advertising. Airlines are responding quickly and are expected to double their spending on online marketing from \$2.5bn to over \$5.0bn in five years.

Best practice gives online display advertising an indispensable strategic advantage for airlines. Display advertising, with optimal placements, repeated exposures and using rich media, is a flexible tool to generate instant demand maximum occupancy. With the economics of airlines, occupying just one empty seat in a flight that is about to take off contributes directly to the bottom line. With this in mind, online display advertising can take airline ROI to new heights.