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PhocusWire White Paper
May 2019



INCREMENTALITY REPORTING FROM
EXPEDIA GROUP MEDIA SOLUTIONS

MEASURING TRUE IMPACT IN DIGITAL TRAVEL ADVERTISING

In partnership with

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media solutions

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Measuring True Impact in Digital Travel Advertising: Incrementality Reporting from Expedia Group Media Solutions

A PhocusWire Report sponsored by Expedia Group Media Solutions

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Published in 2019 by PhocusWire. We are a brand of Phocuswright,
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Key Trends in Digital Advertising in the Travel Industry

As consumers increasingly research, shop and book travel on multiple digital platforms, travel marketers have amped up their digital advertising budgets, their focus on measuring the true impact of their ad spend and identifying what is working, and what is not.

The measurement trend is not specific to travel marketing; optimization and conversion are now key aspects of digital marketing campaigns across most industries. A recent Econsultancy [research study](#) of internet marketers from different industries found that 59% of respondents identified conversion rate optimization (CRO) as “crucial to their overall digital marketing strategy.” [Additional research](#) by Econsultancy identified the importance of customer data, and greater levels of urgency in harnessing that data for commercial gain, as the dominant theme for internet marketers in 2019.

These broader digital marketing trends are also shaping advertising and marketing campaigns in the travel industry, where both shopping for and booking travel continue to move online.

According to a 2018 [Phocuswright report of U.S. travelers](#), 66% typically shop for travel on a computer and 44% use a smartphone, a significant jump up from the 28% of travelers who shopped for travel on their smartphones the previous year. About a quarter of U.S. travelers typically use a tablet for travel shopping. A [consumer insight report from Google](#) found that 94% of leisure travelers switch between devices as they plan a trip.

Travel booking is also moving online. A majority of leisure travelers surveyed (58%) in the Phocuswright study only or usually book travel online, including 42% who only book travel online.

Travel marketers have responded to these trends by more closely aligning their budgets to consumer travel behavior and shifting a greater share of total advertising dollars online. In 2018, online advertising accounted for 71% of total travel advertiser budget on average, up from 66% in 2016, according to [Phocuswright research on key trends in travel advertising](#) in the U.S. and Europe. The report projected that in 2020, online advertising will comprise 73% of total ad spend in those markets.

The Central Question: Are Our Ads Working?

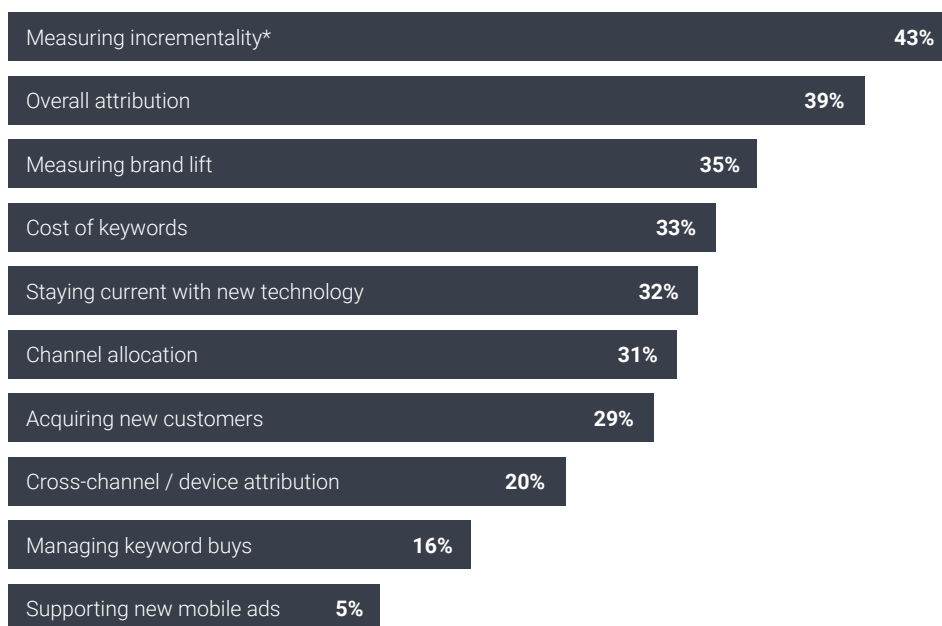
As digital advertising budgets have followed the consumer migration to shopping and booking travel online and across multiple devices, there is increased pressure on travel media and marketing planners to demonstrate that their digital campaigns are producing tangible results.

According to survey findings and comprehensive interviews with travel brand leaders for the Phocuswright report on travel advertising trends, many travel brands consider it a major challenge to employ attribution models that truly reflect the performance of multichannel strategies, including models that measure brand lift and incrementality.

The report found that a majority of travel advertisers (58%) still employ simplistic models such as last-click attribution to assign credit for bookings. The report concluded that, “this [last-click] attribution model has been used for many years but requires an update as the mix of resources and devices used by travelers in the funnel is even more complex than when attribution models were first developed.”

There is an awareness in the travel industry of the shortcomings of current attribution models; the Phocuswright report identified measuring incrementality, attribution and brand lift as the top three challenges travel brands face in managing their online advertising.

Top Online Advertising Challenges



Question: What are your biggest challenges when it comes to managing your online advertising? Please select up to three.

*Incrementality is new transactions that would not have happened without that marketing activity or ad spend.

Base: Travel advertisers (N=100).

Source: Travel Advertising in U.S. and Europe: Industry Sizing and Trends

The Positive Impact of Incrementality Reporting

“Campaign effectiveness, measurement and reporting varies broadly throughout the industry, and this continues to create challenges in how marketers prove value and ROI. That is why incrementality is so interesting to travel marketers, as a way to help demonstrate if a campaign is truly making a positive impact on the business.”

Monya Mandich, VP Marketing, Expedia Group Media Solutions (excerpted from [The Travel Vertical](#))

For more information, download Expedia Group Media Solutions’ guide, [How to Use Data and Reporting at Each Stage of Your Campaign](#)

Conversion Lift in the e-Commerce Era

“The idea of looking at conversion lift has been around as long as marketing has been around,” said Christine Walker Scarce, Director of Product Marketing for Expedia Group Media Solutions. “It may have gone by different names over time as the role of data and metrics has evolved and become more sophisticated, but this is really what we - as marketers - are in the business of doing. Fundamentally, the role of a marketer is to bring in more qualified leads or customers to your storefront or website and help convert those people into buying something.”

E-commerce brought with it the ability to measure conversion lift accurately. “As online media has come to the forefront, and is how a lot of people are getting their information today,[...] that ability to track and to measure has evolved,” Walker Scarce said. “Now it’s very possible to say, customers came to my website because they saw a specific ad in a specific place, and either they made a purchase or they didn’t.”

E-commerce also opened the floodgates to data generation and collection, which has proven to be a mixed blessing for marketers.

“We are being bombarded with more information than ever before, and more sources for that information, and we’re consuming content in ways we would never have thought possible even 10 years ago,” Walker Scarce said. “For marketers, while it is a great thing to have more and more places to amplify your message and get your brand in front of people, it also means that tracking all of that is more complex.”

As early as 2004, new tracking tools were introduced that enabled internet marketers to experiment with website design and content variations to determine which layouts, copy, offers and images performed best, according to Rich Page in his book [“Website Optimization: An Hour a Day”](#). This form of optimization accelerated in 2007, with the introduction of the free Google Website Optimizer. Google has continually enhanced its capabilities to measure conversion lift alongside the introduction of new data

collection methodologies and new technologies, including artificial intelligence.

Facebook [launched conversion lift](#) measurement in January 2015 with the stated goal of helping advertisers track conversions instead of clicks. Availability of the feature was [expanded in 2016](#), and in 2018 Facebook added a test and learn tool called [Facebook Incrementality](#) designed to identify optimal campaign strategies across Facebook, Instagram and Audience Network, the platform’s off-Facebook, in-app advertising network.

Twitter introduced [conversion lift reports](#) in October 2015 to help the site’s advertisers understand the impact of their Twitter Ads campaigns. In 2016, [three updates were added](#) to optimize ad campaigns on the social site with updated reporting capability that enabled daily tracking of conversions.



Tracking Conversion in the Travel Industry

Travel industry marketers have also turned to conversion lift reporting to demonstrate tangible results, mirroring overall adoption of the practice by online marketers in general.

“As it relates to e-commerce, tracking the number of people who are exposed to your brand and who actually make a purchase from your brand - conversion - is a pretty core way travel businesses measure the success of their business. The level of rigor or granularity they get to depends on their experience and resources,” said Walker Scarce.

“Some people, companies and areas in the travel industry have very sophisticated marketing programs, and robust data and analytics support, and they are very carefully tracking all of that information. There are others - as an example, maybe a very small bed-and-breakfast in a small town - that simply don't have the resources or the capacity to do that work in the same way, so may not do as much of it or have as much exposure to thinking about their marketing in that way.”

She noted that while some parts of the travel industry still rely very heavily on more traditional marketing channels, “That's shifting now. In the last 15 years, the pendulum has moved more to digital as people are now consuming more and more of their information digitally, which means that travel advertisers and marketers want to be in front of those places,” she said. “As that has happened and the travel industry has shifted more and more to digital marketing, it has become more important to understand the impact of that marketing on the bottom line.”

“With the digital age, e-commerce has enabled us to track everything but we didn't necessarily know the ‘so what’,” said Wendy Olson Killion, Vice President of Business Development for Expedia Group Media Solutions. “The future of marketing is really around outcome-oriented key performance indicators (KPIs), not vanity KPIs, not KPIs that validate what I already know. We need to know what results are being driven. That's the measurement that's important now. That's what incrementality is.”



Overview of Incrementality Reporting from Expedia Group Media Solutions

Expedia Group Media Solutions introduced its incrementality reporting capability in December 2018 following two years of development. Underpinned by a rigorous and proven methodology, incrementality reporting is accurate and reliable, and empowers partners to demonstrate true campaign impact and make future marketing decisions with confidence.

“Incrementality reporting is an enhancement of Expedia Group’s platform capabilities that fits within our existing portfolio of reports,” said Olson Killion. “It unlocks the power of our platform and the intelligence we have around our shoppers to understand their travel journey and the actions they take along that journey, including their bookings.”

“The exciting thing about incrementality is that we can take a look, in detail, at what is working and what is not,” she added. “We can see how the actual dollars spent on marketing tie back to actual sales.”

Expedia Group Media Solutions’ incrementality reporting capability is currently available to select hotel, airline and DMO advertising partners, with further rollouts in the works.

“Incrementality is the most recent of the data and reporting capabilities we’ve introduced, so we are scaling it for our advertisers and our partners regardless of the industry segment they are in or the scale of their ad campaign,” said Walker Scarce.

In interviews with PhocusWire, Olson Killion and Walker Scarce covered the basics of Expedia Group Media Solutions’ incrementality reporting capability:

How is incrementality reporting different from other KPIs?

Olson Killion: Incrementality reporting is based on outcome-oriented KPIs as opposed to engagement KPIs like click-through rates, impressions and time on site. We produce those as well because we want our customers to get the information that’s most impactful to them. With those KPIs we can look at how many people bought a product during an advertising campaign, but directly tying that back to someone who actioned the advertisement wasn’t available. Incrementality reporting takes things to a new level because our advertising partners can actually see those outcome-oriented KPIs being driven by their marketing dollars.

So incrementality reporting draws a direct connection between marketing spend and actual sales?

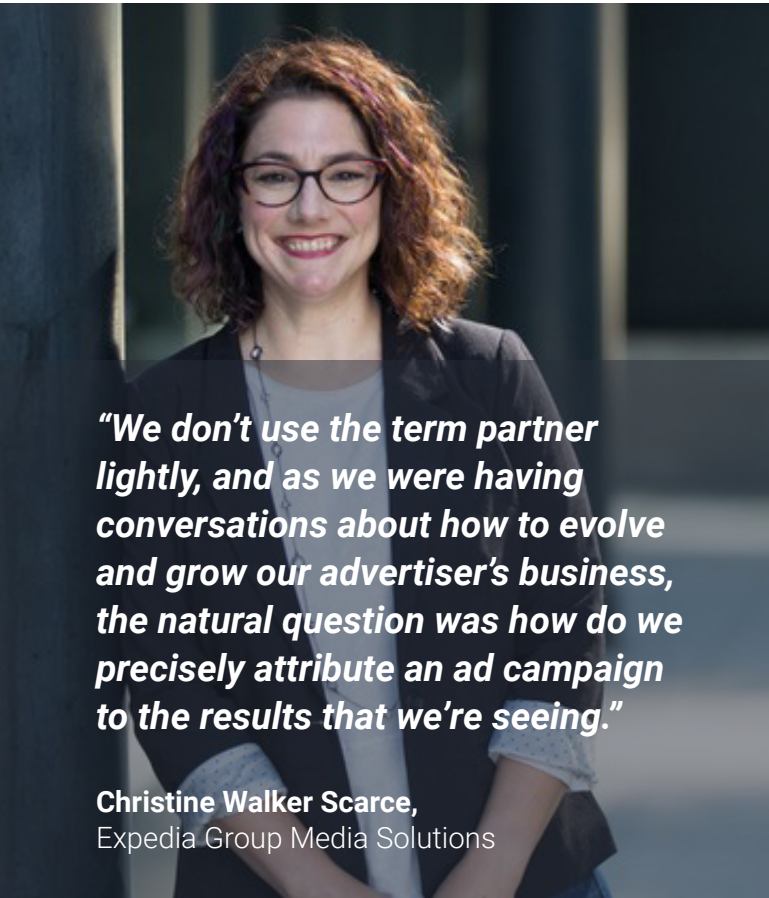
Olson Killion: Yes, and that is really exciting because marketing is a hard thing to validate. We are a very data-centric company, and incrementality reporting showcases and proves the value of marketing. Then you can understand profitability, the impact of that, and the real return on your investment - not just the return on ad spend, but the return on investment. You know what you are spending, you know what you are getting back, and you know if that makes commercial sense for your business.

What makes this the right time for Expedia Media Group Solutions to introduce incrementality reporting?

Walker Scarce: We talk to our advertising partners constantly, and the idea of being able to more precisely measure the additional impact of a campaign came up in those conversations. Once this was a conversation we were having frequently, with all segments of our travel industry partners and in all areas of the globe that we work in, we realized it was time to find a way to do that for our advertising partners and it went to the top of our priority list.

Is incrementality reporting available to all of your advertisers?

Walker Scarce: Today it's available to select destination, hotel and airline partners, and we are expanding that to other segments so we can provide it more broadly to a larger set of our advertisers. We have a test and learn culture and we are always looking to push the boundaries of digital media and share those ideas and learnings with our marketing partners. This is an example of one of the ways we do that.



"We don't use the term partner lightly, and as we were having conversations about how to evolve and grow our advertiser's business, the natural question was how do we precisely attribute an ad campaign to the results that we're seeing."

Christine Walker Scarce,
Expedia Group Media Solutions

Expedia Group is both an e-commerce and a digital media platform. How does that tie in to your incrementality reporting capability?

Walker Scarce: The combination of being an e-commerce company and a publisher gives us a really unique perspective and a view of the full consumer journey from beginning to end, from the second a traveler starts dreaming and researching all the way through to when they have made their purchase. We are able to combine that with the scale of a global traveler audience across the Expedia Group brands to uncover trends and offer a really precise level of targeting and reporting that not a lot of other platforms are able to do. We are able to harness the power of literally the billions of data points that we are generating every day and provide the insights from those data points back to our advertisers.

What is an example of how using data can benefit advertisers?

Walker Scarce: It's an easy thing for an advertiser to come to us and say, 'I need to reach a 40-something woman who lives in Seattle, teaches yoga, has curly hair, and wears glasses.' We can help you do that because we have the scale to be able to target at that level of granularity and make sure our partners are finding exactly the right traveler they want to reach at exactly the right time. Then, as their campaign progresses, we can help them understand the impact of the campaign and whether or not that targeting has worked. We work with that partner throughout the campaign to optimize and adjust that campaign when and if necessary to achieve the goals and objectives they set. Incrementality reporting is one more level, and one more way we are able to do that.

How does data fit into the different stages of a marketing campaign?

Olson Killion: When planning a campaign, we look at all sorts of different data points. These can include past conversion reporting on what worked and what didn't work. We can also look at data points so we understand how travelers are shopping for a destination, airline or

hotel, how far out they are booking, what other products or destinations they are considering, the competitive set, what is appealing to them, and how long they are likely to stay. Then we can build imagery and targeting and really efficient marketing plans around that.

What comes after building the marketing plan?

Olson Killion: We don't just build it and forget it. We build it, execute it, then continue to optimize it so we can take a look and see if it is doing what we expected. We can do A-B testing of different creatives and understand what is driving more conversion and engagement, then we optimize for that. Then at the end of the campaign we can see that overarching impact and return on ad spend for that campaign.

Does an ask for incrementality reporting need to be incorporated in the planning stage, or can it be accessed later?

Walker Scarce: Every successful partnership starts with a common goal in mind, and we work closely with our partners to ensure we are aligned with their objectives, are able to develop a strategy that maps to these goals and relevant reporting for those goals. Ideally, incrementality reporting is part of the campaign planning and objectives discussion, but for most campaigns, we do have the flexibility to implement incrementality reporting later, if necessary.

What is needed to ensure the effectiveness of incrementality reporting in a campaign with Expedia Group Media Solutions?

Walker Scarce: For incrementality reporting to work, the campaign needs to have enough volume of impressions to reach statistical significance. When determining if a campaign is well suited for incrementality reporting, there are several criteria we consider and closely review with our advertising partners during campaign strategy development, such as campaign goals, audience targeting based on our proprietary first-party data, and sufficient impressions delivery.



Wendy Olson Killion,
Vice President of Business Development
for Expedia Group Media Solutions

What's the bottom line on what incrementality reporting can do for a travel marketer?

Olson Killion: It all comes back to wasted dollars in marketing. We continue to see a squeeze on budgets. People have limited time and limited treasure, and there is more pressure now to show value and understand the true impact of marketing dollars because everything is measurable. That's where concepts like viewability and conversion reporting came from, and now, ultimately, incrementality reporting. Do we have real people looking at the ads, real people engaging with the message and the brand, and real people taking the next action that we want them to take? Incrementality reporting is so important to make sure every dollar is efficient and the results are real.

Incrementality Reporting with Expedia Group Media Solutions: How It Works

Key Characteristics of Best-In-Class Incrementality Reporting



Proven and rigorous methodology: Developed over the course of two years, the methodology that underpins Expedia Group Media Solutions' Incrementality Reporting is proven and rigorous.



First-party data: Incrementality Reporting is possible because of Expedia Group's unique position as both an e-commerce and digital media platform. This positioning gives Expedia Group Media Solutions powerful and actionable first-party data that provides visibility into the full traveler shopping journey.



Campaign lifecycle optimization: Expedia Group Media Solutions' digital media experts support partners' marketing programs with discussions about the right types of reporting - including incrementality - based on the goals during pre-campaign planning, through mid-campaign optimization, to end of campaign evaluation and future planning.



Considerations: Sufficient impression volume, frequency of advertising, and positioning in search results is needed to ensure optimal results from incrementality reporting.

Incrementality Reporting Step by Step: Steps 1 and 2

STEP 1: Plan a Campaign



Advertising partner consults with Expedia Group Media Solutions and the two parties explore Expedia Group's first party data and discuss traveler patterns and potential opportunities.



Opportunities are identified (feeder markets, seasonal booking patterns, etc.) and a strategy is developed based on the advertiser's goals.



Based on the campaign elements, the opportunity to conduct incrementality reporting is identified - with the goal of measuring the true value of the marketing spend.



Media Solutions crafts ads and builds audience targeting to drive bookings, and implements the campaign.

STEP 2: Form a Control Group and an Exposed Group



Media Solutions creates a targeting profile based on ad placements and first-party targeting.



The Control Group includes visitor types who qualify to be served the ads but will not be served the ads.



Media Solutions identifies website visitor types who match with the advertising partner's targeting profile and segments them into two groups.



The Exposed Group includes visitor types who qualify to be served the ads and who are served the ads.

Incrementality Reporting Step by Step: Step 3

STEP 3: Mid-Campaign Reporting and Evaluation for Optimization



Mid-campaign reporting enables an Expedia Group Media Solutions advertising partner to determine if they are meeting KPIs and provides an opportunity to optimize the campaign.



The frequency and depth of mid-campaign reporting will depend on the campaign's complexity.



Potential metrics include gross bookings to date, return on ad spend (ROAS) and click through rate (CTR) performance.



Based on reporting insights, the advertising partner can modify targeting strategy by incorporating additional audience profiles or refine the existing audience profile to align more closely with targeting goals.

Incrementality Reporting Step by Step: Steps 4 and 5

STEP 4: Compare Conversion Outcomes of the Two Groups



During the run of a campaign incorporating incrementality reporting, Expedia Group Media Solutions captures and then compares the conversion rates of people who were in the Exposed Group versus those who were in the Control Group.



The central question is what percentage of people in the Exposed Group ended up booking versus the percentage of people from the Control Group who booked with the advertising partner.

STEP 5. Calculate incremental lift



Expedia Group Media Solutions calculates the incremental impact of an advertising partner's campaign by comparing the conversion rates of the Exposed Group and the Control Group.



Because the only difference between these two groups is that one saw their ads and the other did not, it is possible to more accurately report the conversion impact of the advertising partner's campaign.



A statistically significant positive difference between conversion in the two groups - the "lift" - signifies that the ads drove incremental bookings that would not have occurred if the campaign had not existed.

Incrementality Reporting in Action: Aruba Tourism Authority



1. Goal

Aruba Tourism Authority worked with Expedia Group Media Solutions to drive destination awareness, attract more visitors to Aruba from the U.S., and understand the real impact of their marketing.

2. Opportunity

Promote Aruba's attractive year-round climate; specifically, that the island has an average year-round temperatures of 82 degrees tempered by trade winds and the most sunny days in the Caribbean.

3. Strategy

Develop and conduct an awareness-focused campaign with Expedia Group Media Solutions including display media, a site takeover, and Incrementality Reporting. The campaign ran across Expedia.com as well as on Orbitz, Travelocity and Hotels.com, and concluded at the end of 2018.

4. Result

Media Solutions' Incrementality Reporting demonstrated that Aruba's campaign delivered a lift in conversion rate of more than 6x, clearly demonstrating the positive impact of the marketing spend.

"This relationship [with Expedia Group Media Solutions] has afforded us the opportunity to drive very positive results each year with a consistent, high ROAS creating increased demand, brand awareness and - most importantly - growth in destination revenues."

Edward Malone, Area Director,
North America, Aruba Tourism Authority

Incrementality Reporting in Action: Destination Cleveland

1. Goal

Destination Cleveland worked with Expedia Group Media Solutions on a campaign to generate leads and drive demand and bookings for hotels, airlines, car rental companies, restaurants, and other tourism-related industries in the Cleveland area. They also wanted to be able to clearly see the true impact of their marketing campaign.

2. Opportunity

Run a targeted display campaign which includes Trip Discovery, a marketing tool that generates leads through a mobile-friendly experience. Bring in qualified leads and track the impact of the campaign using incrementality reporting.

3. Strategy

Media Solutions targeted travel shoppers who had previously searched for Cleveland as well as travel shoppers in Cleveland's feeder markets. Those travel shoppers saw display ads which drove them into the Trip Discovery experience. The campaign ran on multiple Expedia Group websites in the U.S. including Expedia.com, Travelocity.com and Hotels.com.

4. Result

The campaign had a lead generation rate of more than 25%, providing a list of highly qualified leads to Destination Cleveland. Destination Cleveland's Incrementality Report demonstrated a 50% lift in conversions as a direct result of running the campaign. The total return on ad spend for the campaign was more than 75:1

"Incrementality Reporting from Expedia Group Media Solutions is the closest thing to a silver bullet. Understanding the TRUE impact of our media gives us confidence that our marketing works and is making a real difference."

Colette Jones, VP Marketing,
Destination Cleveland





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About Expedia Group Media Solutions

Expedia Group[™] Media Solutions is the global digital advertising organization of Expedia Group. We connect brands with hundreds of millions of travel consumers across our global network of leading travel e-commerce brands. We have more than 200 branded sites in 75 countries and 35 languages, with a total of 144 million monthly unique visitors worldwide.* With our first-class digital media experts, we provide marketing partners with proprietary data, strategic insights, precise targeting, dynamic advertising solutions and robust reporting to engage and convert our audience of travelers worldwide.

*Expedia Group Global Data
– comScore, July 2018

www.advertising.expedia.com