Nuts and Bolts of Metasearch

Anurita Kapoor, Four Seasons

- In 2015, organic traffic to hotels website accounted for **62%.** In 2017, it has reduced to **42%**

- In 2015 metasearch daily visits increased by **26%** and continues to grow

- **Booking.com** partners with **Tripadvisor** to participate in Instant Book

- **Ctrip** acquires **Skyscanner**, **Kayak** acquires **Momondo** group and **Trivago** executing an initial public offering

- **Triptease Pricecheck** and **TravelTripper BRG** functionality launched to grow direct bookings

WHO WINS ?
… Consumers and Metasearch

Slim margins and complex technology have turned travel metasearch into a contact sport. Identifying the winners and losers in this space takes a keen understanding of the economics and mechanics that power these businesses
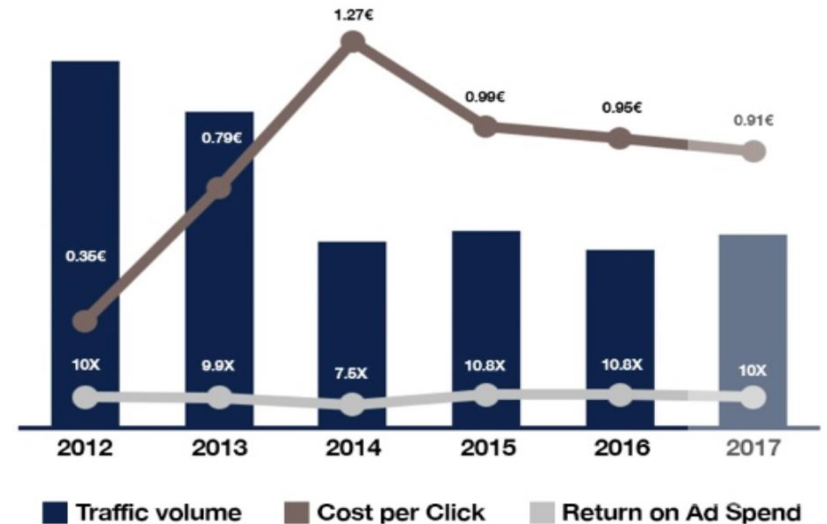
— *Luke Bujarski*
(Founding Director, Skift Research)

Key Players in Meta World

- **Highly qualified Traffic & Good conversion Rate**
- **Bidding system has improved but still opaque**
- **Priority given to highest bidder and as advertiser you would not know how much the bid is**

TripAdvisor Metasearch Performance
Traffic volume, cost per click, return on ad spend

Data on click volume compared to the cost per click and return on ad spend are from FASTBOOKING's clients that have opted for paid online campaigns. All data is averaged per month except for 2017 data which is not representative of the complete year.

www.fastbooking.com   FASTBOOKING

TIP
Set a goal to be in the top 3 spots. First spot raises costs and lowers ROAS

Key Players in Meta World

- **Business model matured in 2016; highest qualified traffic of all providers**
- **Integration into search, maps and other products, it could be the leading Meta provider**
- **Transparent bid management system with extremely granular possibilities**
- **Complex to manage without a dedicated person**

Google Hotel Ads

Google Hotel Ads Performance
Traffic volume, cost per click, return on ad spend

	2012	2013	2014	2015	2016	2017
Cost per Click	0.34€	0.98€	1.35€	0.95€	1.01€	0.97€
Return on Ad Spend	15X	6.5X	6.7X	7X	9.6X	10.1X

Traffic volume | **Cost per Click** | **Return on Ad Spend**

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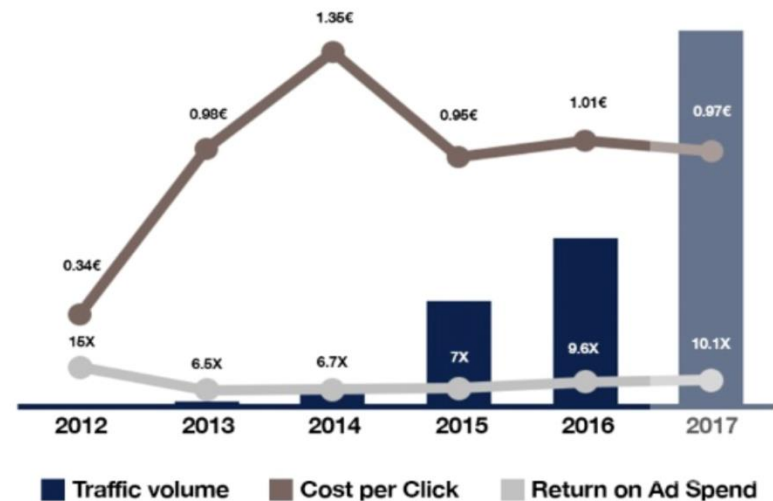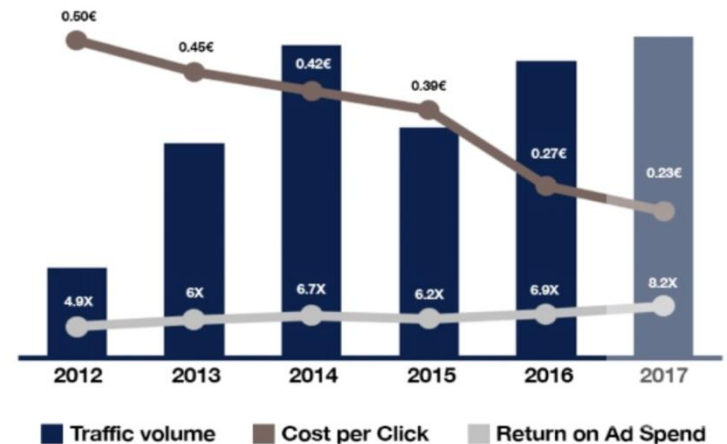
www.fastbooking.com   **FAST**BOOKING

TIP

Constant monitoring and management of campaigns. CPC model more suited to luxury hotels.

hsmai

- **Main click volume producers; yet not highest ROAS**

- **Steady growth of the platform with acquisition by Expedia in 2013 and investment into Brand visibility**

- **Spike in traffic with launch of each TV campaign**

- **Requires careful bidding as no built-in capping**

trivago®

Trivago Metasearch Performance
Traffic volume, cost per click, return on ad spend

	2012	2013	2014	2015	2016	2017
Cost per Click	0.50€	0.45€	0.42€	0.39€	0.27€	0.23€
Return on Ad Spend	4.9X	6X	6.7X	6.2X	6.9X	8.2X

■ Traffic volume ■ Cost per Click ■ Return on Ad Spend

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TIP

Ranking model prioritizes rates. Hotels choosing to have lower rate on the website could get more clicks

Key Players in Meta World

- **Strong ROI for Asia Pacific, Australia and New Zealand**

- **Stable click volume**

- **Allows cost per acquisition with little control over visibility**

Hotels Combined

HotelsCombined Performance
Traffic volume, cost per click, return on ad spend
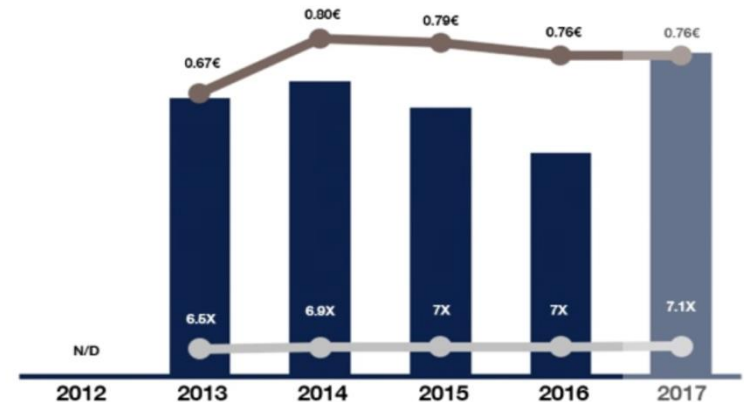
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TIP
Great addition if Australia and New Zealand are feeder markets

Bid Management

- Manual bidding available via user interface; suitable for Independent hotels as is not scalable

- Automated bidding tools with sophisticated algorithms available. Examples – DerbySoft, Koddi and Jackrabbit

- Digital Marketing agencies provide manual or automated bidding approach. Examples – Net Affinity, HeBS, WIHP

- Channel Managers do not offer bidding functionality, but often contract with providers

- 'Provide-Hotel' typical arrangement include flat-fee or commission per booking with set-up costs

Not one size fits all

Rise of Mobile

- **Smaller screen size limits the amount of information that can be conveyed in one time**

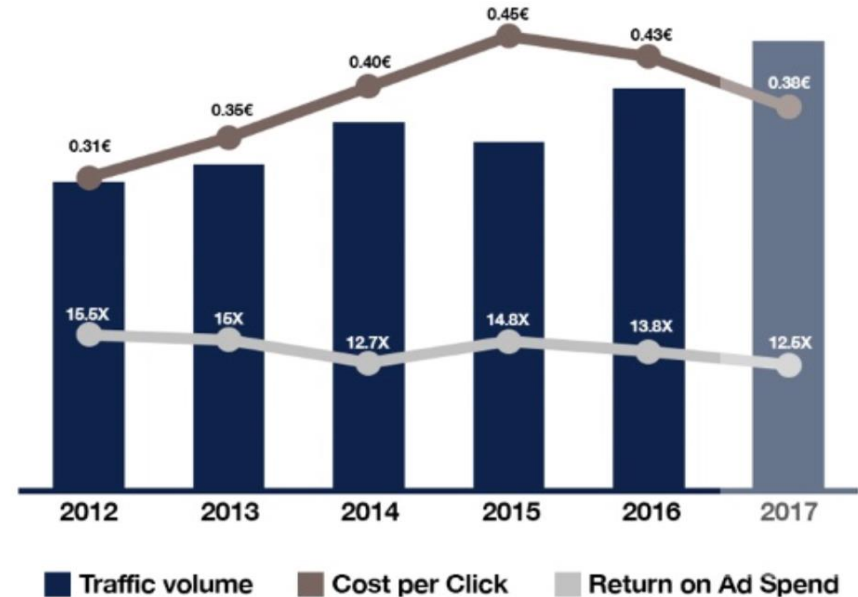- **Instant or facilitated bookings on mobile identified as way to reduce friction**
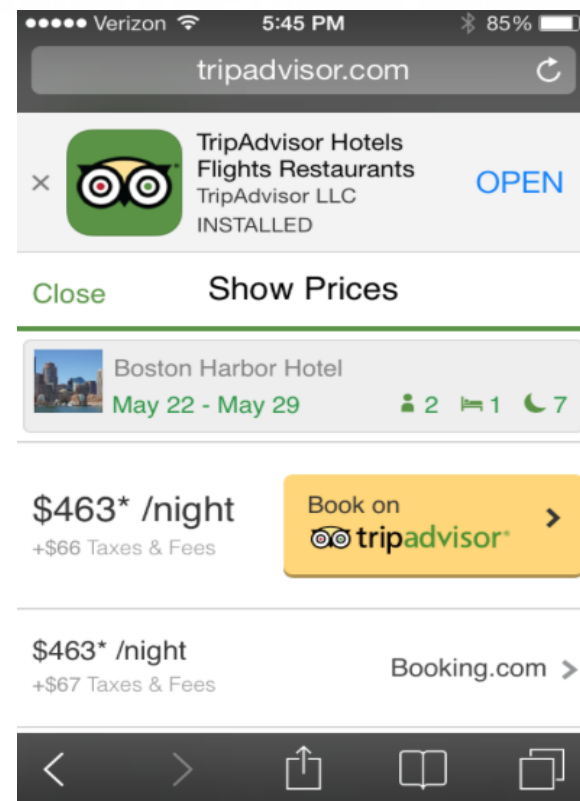
Monetization of mobile traffic on smartphone still trails that of desktops

Google AdWords

- **Not a Metaserach; still vital from comparison standpoint between costs and ROI**
- **Google Adwords have consistently produced the highest ROAS**
- **Apply 80-20 rule to split 'Brand' and 'Generic' keywords**

Google AdWords Performance
Traffic volume, cost per click, return on ad spend

Cost per Click: 0.31€ (2012), 0.35€ (2013), 0.40€ (2014), 0.45€ (2015), 0.43€ (2016), 0.38€ (2017)

Return on Ad Spend: 15.5X (2012), 16X (2013), 12.7X (2014), 14.8X (2015), 13.8X (2016), 12.5X (2017)

| Traffic volume | Cost per Click | Return on Ad Spend |

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Use PPC ROI to benchmark Metasearch ROAS

Key Takeaways

- Select different digital players most suitable to your business

- Create internal teams for campaign management

- Independent hotels, would be wise to use a professional/agency

- Do not set-it and forget-it. It requires optimization

- Role of high-quality content, good visibility and rationalized pricing cannot be ignored to drive direct bookings

What Next ?

- Increased competition with Homestays websites partnering with Meta

- Post-mobile virtual assistant stage

- More Consolidations – Baidu, Tencent, Alibaba posses strong engineering capabilities and deep pockets

- Apple, Andriod creating their own end-to-end travel apps