



The Optimal Media Mix for Expedia to Drive More Shoppers to its Website

Evaluation of how offline and online media drive shoppers on
Expedia.co.uk

Google/Expedia/Marketshare Partners
UK, April 2010

Agenda

1 Overview, Project Objective, and Model

2 Results

3 Summary

Digital: Overview, Project Objective, & Model

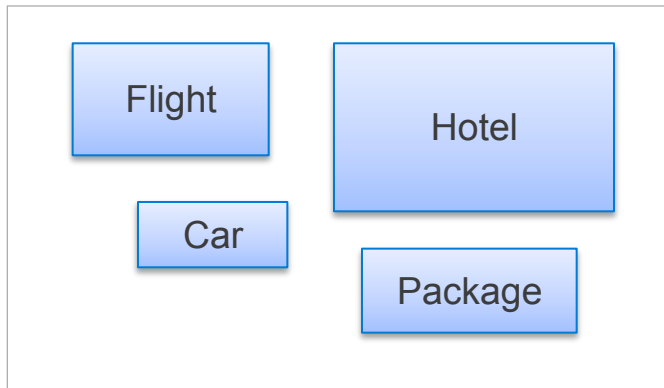


Overview

Leading UK online travel agent

Average > 1.5 Million Visitors to the website every week

Four main Lines of Business (LOB)



Note: Size of box represents the size of shopper volume by line of business

The screenshot shows the Expedia.co.uk homepage. At the top is the navigation menu with links for HOME, DEALS, FLIGHTS, HOTELS, CARS, FLIGHT + HOTEL, PACKAGE HOLIDAYS, ACTIVITIES, INSURANCE, and BUSINESS TRAVEL. Below the navigation is a welcome message and a sign-in prompt. A yellow banner indicates that prices are shown for travel departing from London (South East). The main content area is divided into three columns. The left column features a 'My Expedia' section and a 'Create your trip' form with options for Flight only, Hotel only, Car only, Packages, and Flight + Hotel + Car. The middle column is titled 'Explore your options' and lists various deals such as a £100 voucher, Middle East deals, New York Specials, Easter breaks, Last minute deals, Ski holidays, City breaks, and Cheap deals. The right column is titled 'Be inspired' and features sections for Great Las Vegas Deals, Travel calendar, Hot hotel deals, and Fairmont Hotels & Resorts.

Expedia has sophisticated attribution methods that primarily focus on the direct impact of marketing and distribution channels

Project Objective

Advertising effectiveness models for Expedia.co.uk

Key Project Objective
MSP was asked to build econometric models quantifying the drivers & synergies of Expedia's advertising resources in driving 'Shoppers' and online brand search.

Why model Shoppers?

The shopper metric was selected as it represents a pure measure of how marketing is driving consumers with intent to purchase



What is a Shopper?

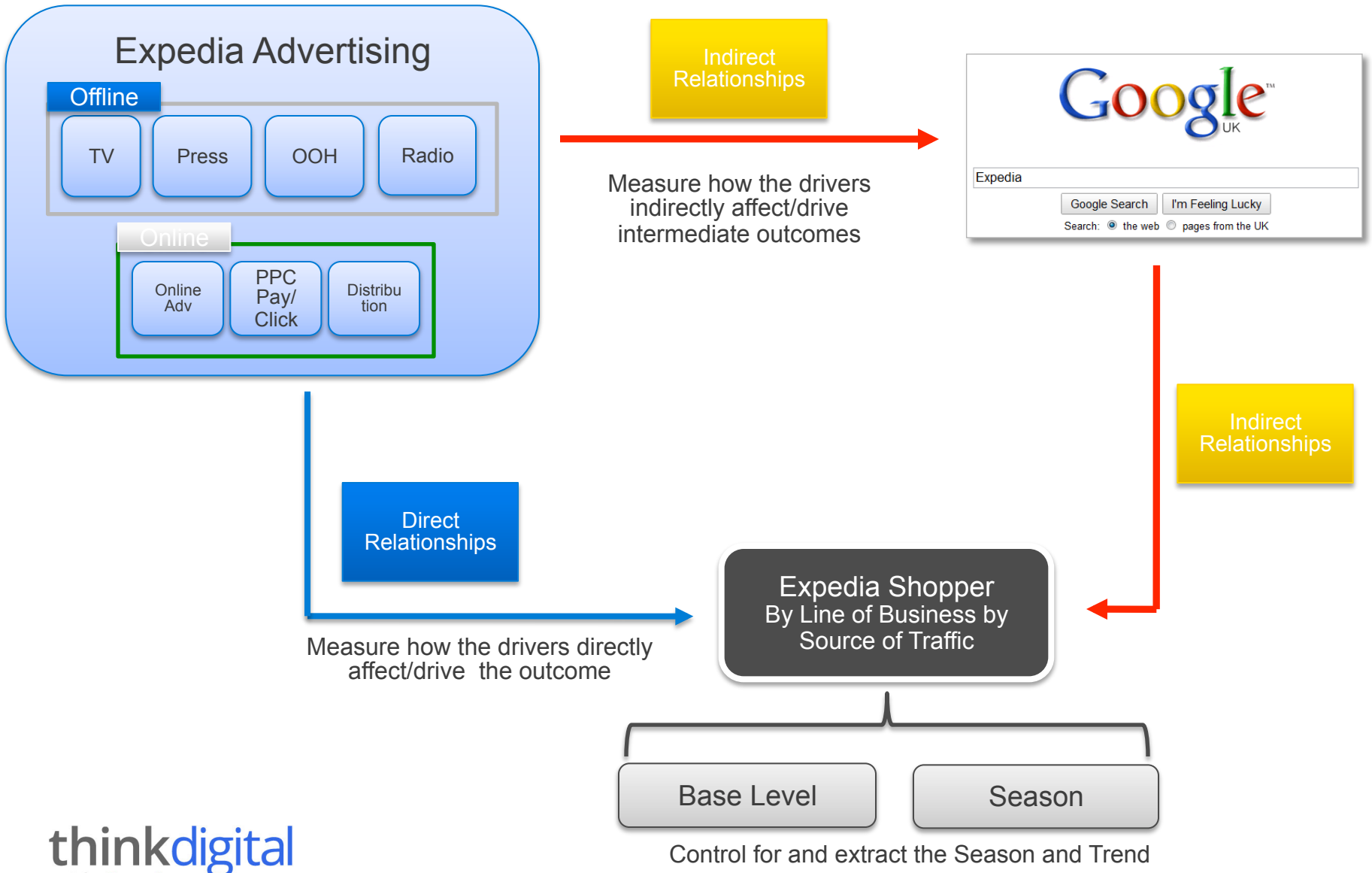
A shopper is a somebody who specifies travel criteria on the Expedia home page and then selects **search**

Shopper Visual

Total Shoppers across all lines of business (Jul 07 – Nov 09)



Model Structure: Direct and Indirect Paths to 'Shoppers'

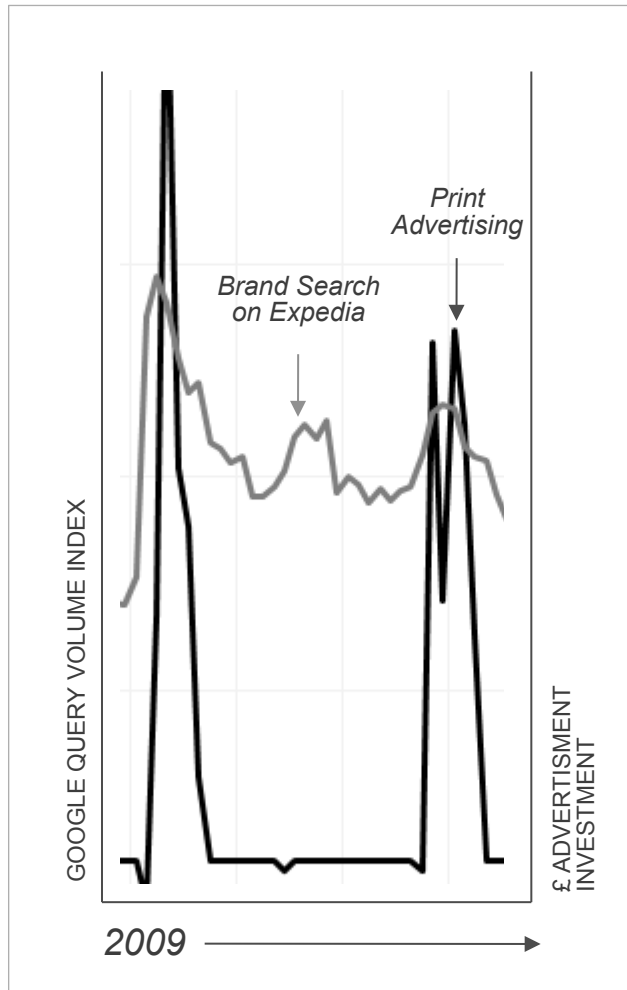


Digital: Results

Google

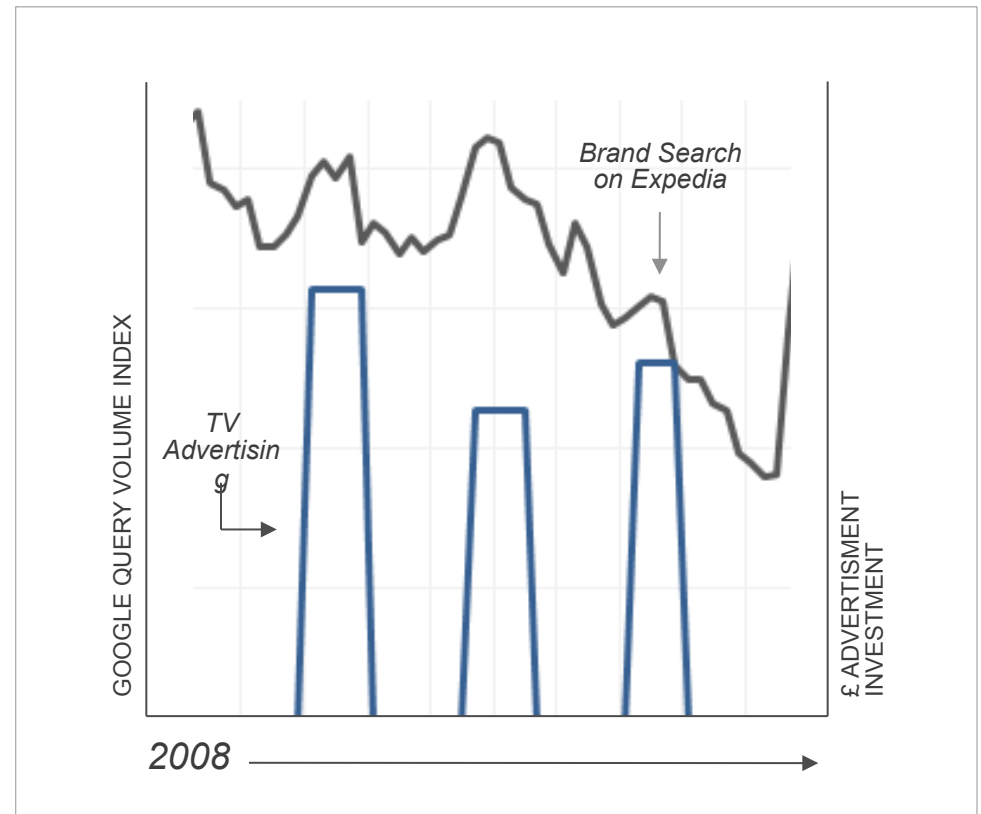
Evident correlation between media channels and brand search

Print Advertising Driving Online Search



Source: Expedia & Google UK

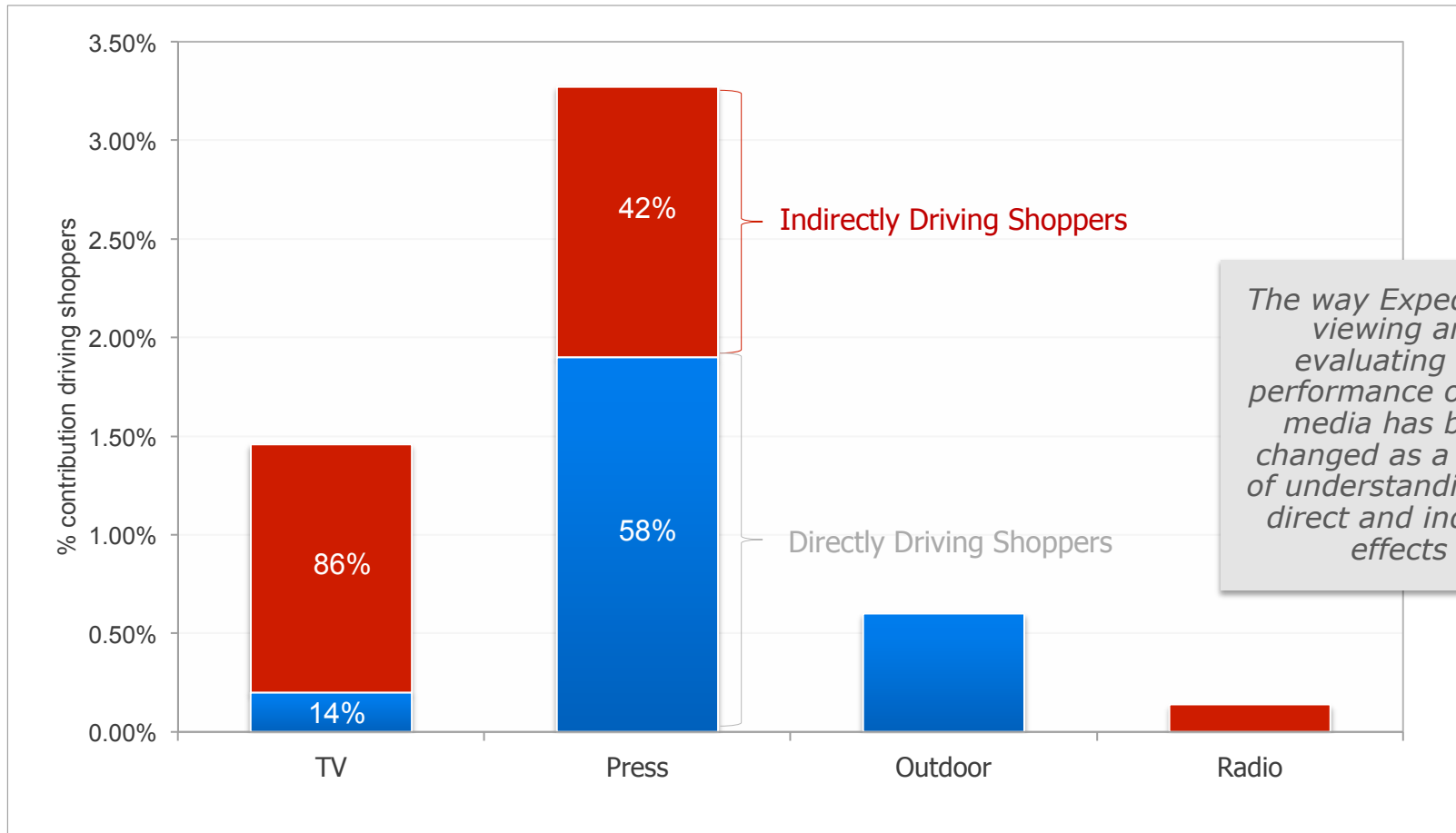
Television 'Burst' Advertising and the impact on Online Search



Source: Expedia & Google UK

After modeling, the results are surprising....

The combined Direct and Indirect media effects and contribution to driving shoppers (Credit Where Credit Is Due)



The way Expedia are viewing and evaluating the performance of their media has been changed as a result of understanding the direct and indirect effects

Moving from thinking about the past to thinking about the future

PAST



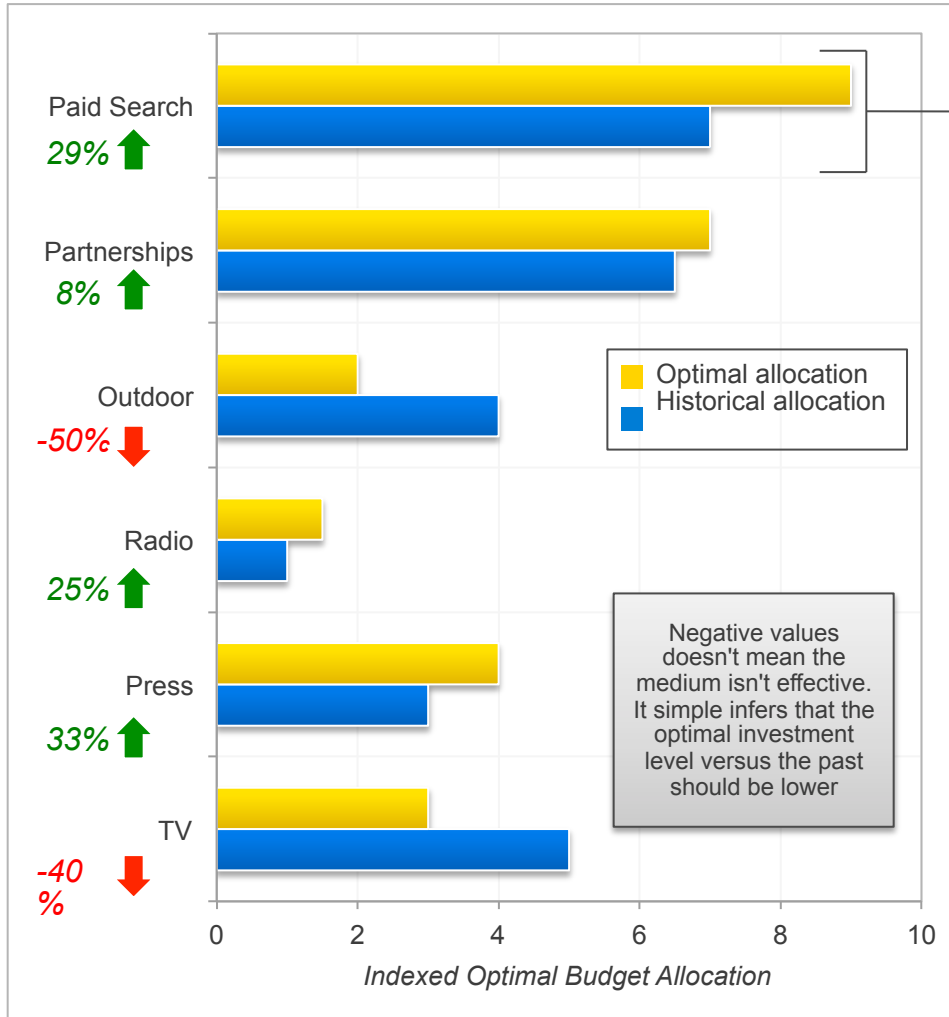
FUTURE

Despite uncovering indirect effectiveness of Expedia's media, this doesn't mean the recommendation is to invest more in those mediums as a result.

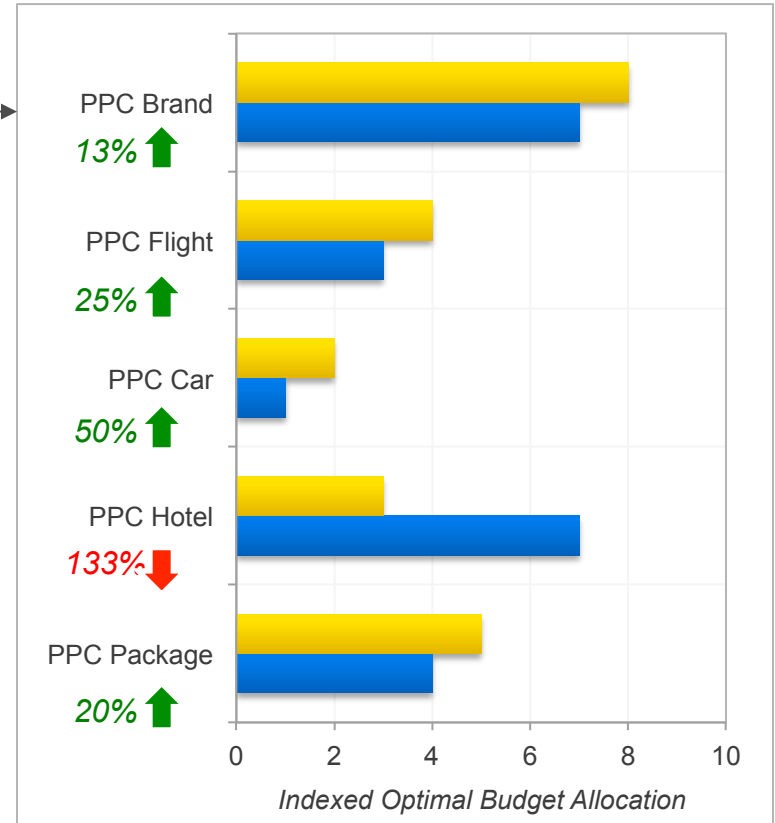
For future investment decisions, measuring these indirect paths simply allows the right level of investment to be allocated to each medium to deliver back optimal return

Modeling enables optimal budget setting by media channel

Historical allocation vs. **Optimal Allocation** (Same Budget)



Historical allocation vs. **Optimal Allocation**

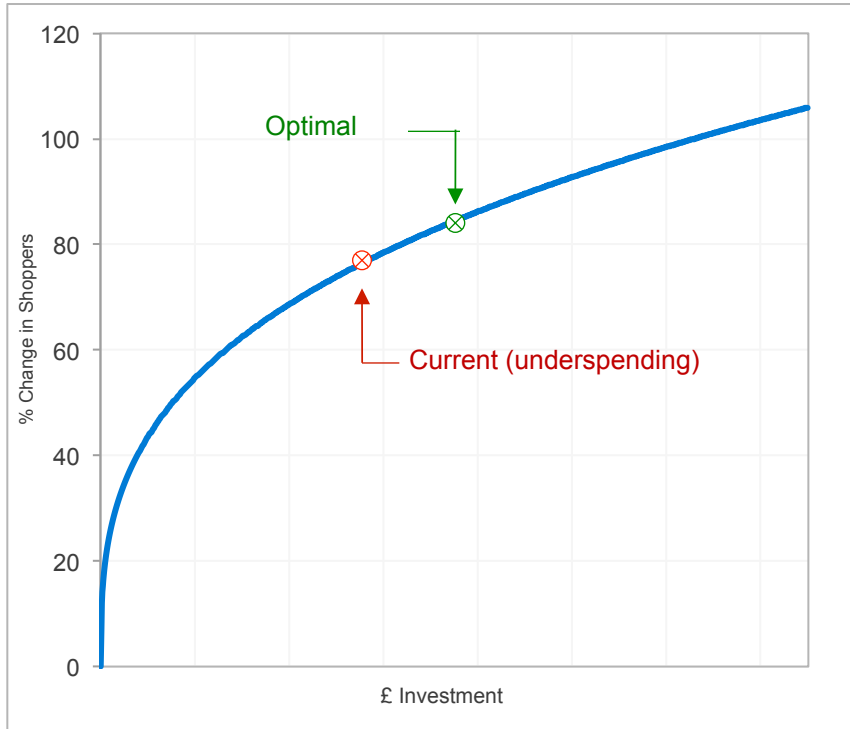


➔ **8% increase in shoppers for same budget**

Shopper response to PPC Marketing

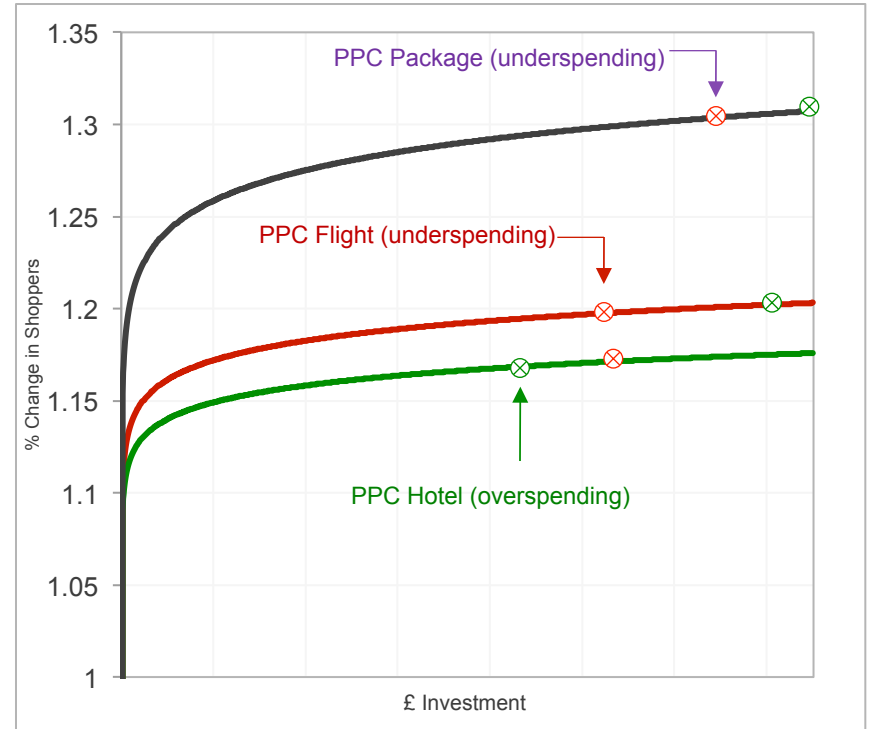
The response curve illustrates how 'shoppers' respond to increases in PPC investment. The optimal point on the curve is where marginal response across each medium is equal.

Expedia Branded Clicks Response Curve



Investment period Jan 2008 – Oct 2009

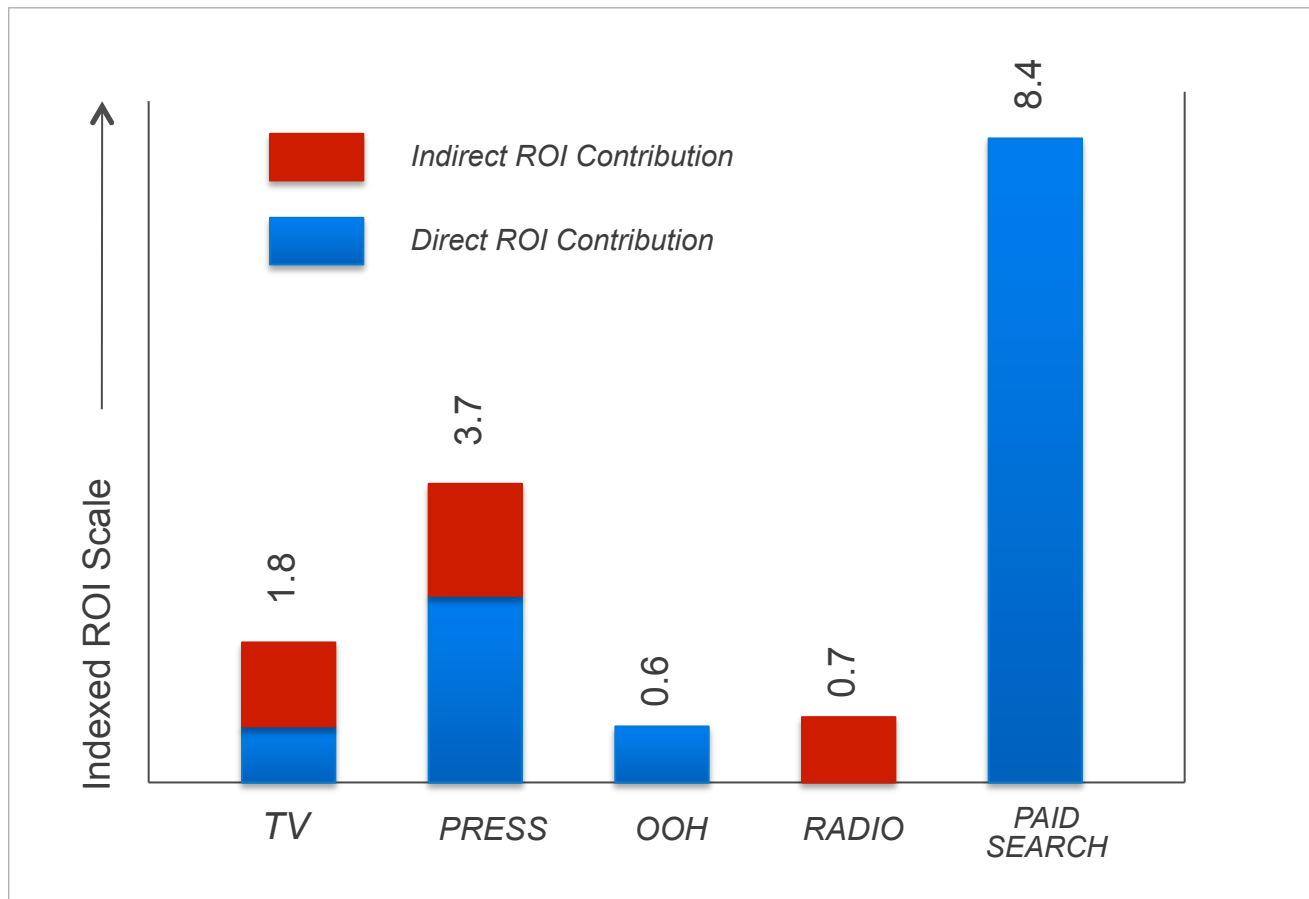
Generic Clicks by Line of Business



Investment period Jan 2008 – Oct 2009

Important Note:
Maximums on paid search been applied to constrain the optimization - Hitting inventory constraints by LOB

Quantify the payback from marketing



ROI is derived in three steps:

- 1) Sum the additional shoppers
- 2) Multiply the additional shoppers by their value to Expedia
- 3) Take the total additional value and divide by cost

Digital: Summary

Google

Summary

- 1** Modelling direct and indirect paths to purchase helps uncover additional effectiveness of offline media – especially for TV in this case

- 2** Reallocating the same budget to the optimal mix could drive an extra 8% shoppers for Expedia

- 3** Branded PPC search is very effective in driving incremental shoppers for Expedia over and above organic search

- 4** The models confirm that AdWords is even more effective than last click attribution schemes typically measure

- 5** Expedia is using these models to reallocate their marketing investments to extract maximum value for money