

The Future of Travel Advertising: The 2020 State of the Industry Report

Trends and Best Practices
in Travel Advertising



Last year, the number of international tourists rose to 1.4 billion people, with even more traveling domestically.¹ As brands engage and connect with these travelers, inspiring them from dream to destination, there are both challenges and opportunities.

Travel marketers know that testing new ad channels, along with continued investment in the formats that perform, will help them stand out in a crowded marketplace and increase their return on investment. They approach each coming year with a strategic game plan, determining which channels to invest in, how they should allocate their budget, and where to effectively engage travelers to build brand awareness and drive bookings.

To gain insight into travel marketers' approach to their digital marketing, Sojern surveyed more than 1,100 global travel marketers to share key challenges they face, how they overcome them, and their digital strategies for the coming year. This report also highlights the impact of emerging trends and technologies on the future of travel advertising.

Travel marketers can use these findings to benchmark themselves against their competitive set, leverage learnings from other brands across the industry, allocate budget more effectively, and stay ahead of evolving trends.

In Sojern's 2020 State of the Industry Report, you will discover:

- Which digital marketing channels are influencing travelers along the path to purchase
- How ad spend is allocated across channels by vertical, region, and size of advertiser
- How data and real-time intent signals impact travel marketer strategies
- Emerging technologies that could enhance the way travel marketers connect with their audience
- The complexities of using data for ad targeting and the trend of bringing programmatic in-house



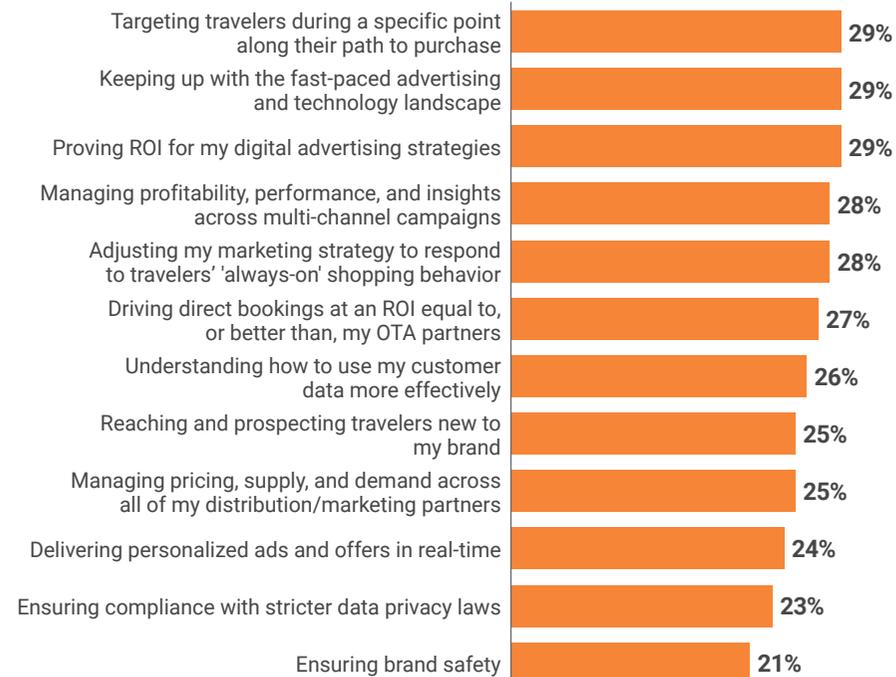
The 2020 State of the Industry Report

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Chapter 1

The Biggest Challenges in Travel Advertising

Top Global Marketing Challenges



How would you describe each of these travel marketing challenges? (Very challenging) Source: Sojern, 2020

As consumption of media continuously evolves—be it engaging with interactive videos, augmented reality experiences, or asking a smart speaker for destination recommendations—marketers are presented with new challenges as they evaluate technologies that deliver on a true multi-channel advertising strategy. Balancing innovation with optimizing tried-and-true marketing methods can be overwhelming for agencies and brands alike, but critical to their success when capturing the attention of the traveler audience.

Our survey results reflect this as well, with a three-way tie for the top global marketing challenge for travel marketers: *29% find targeting travelers during a specific point along their path to purchase, keeping up with the fast-paced advertising and technology landscape, and proving ROI for my digital advertising strategies* to be their biggest challenges.

And 28% of the respondents showed their concern for *managing profitability, performance, and insights across multi-channel campaigns and adjusting my marketing strategy to respond to travelers always-on shopping behavior.*

The narrow variance between challenges for travel marketers is the direct result of the diversification of marketing channels driven by changing traveler shopping and booking behavior. Travelers are constantly connected, and marketers must be experts in all ad formats and channels to reach them where they are.

We saw a similar pattern in our regional breakdown, with two variances. North American (NA) marketers were the only ones to consider *driving direct bookings at an ROI that matched or surpassed their OTA partners* among their top five, while 45% of marketers in the Middle East (ME) pointed to *delivering personalized ads and offers in real-time* as a challenge.

With more than 65% of marketers utilizing personalization in their email campaigns, “mapping the customer experience and use of personalized content are the most effective tactics for optimizing marketing automation.”²



Everyone understands that direct booking is important because it lowers costs of distribution and we own the customer from the start. But deep down if you ask me why it's important, I want to make sure that if one day when the distribution playing field is controlled by a few big players, I'm not the first big hit.

Maverick Mak
Managing Director, Marketing & Distribution APAC



In today's digital travel space it's important to analyze the audience, and speak to travelers in an appropriate way at an appropriate time throughout the journey. And using the right device is paramount. Another key way to digitally market any kind of product or service, is to understand which channel or platform we would need to use to optimize the investments in order to achieve the expected ROAS. Being up to date on new technologies and understanding the added value of each channel to minimize the overlapping across the conversion funnel is for sure another key asset.

Diego Miranda
Corporate Marketing Director

Chapter 2

Budget Planning and Ad Spend in Global Travel Marketing

28% of global travel marketers feel that *managing profitability, performance, and insights across multi-channel campaigns* is challenging. Travel marketers want to ensure that every dollar invested maximizes their ROI.



Think of digital marketing like investing, wherein travel marketers need to diversify with a multi-channel approach and not rely too heavily on any one channel. Travelers aren't using only one channel—they're shopping for travel on multiple devices and websites, researching on social media, and so on. That's why marketers must deliver seamless, consistent messages across multiple channels if they hope to drive bookings. This also allows for generating improved insight into customer preferences, better targeting parameters for campaigns, and ongoing dialogue with customers as they move from planning to purchase.

Kurt Weinsheimer
Chief Solutions Officer

Our research looks at the ad spend between different marketing channels such as digital, print, and television. We then dig into how global marketers distribute their marketing dollars along digital channels such as social media, paid search, and Connected TV (CTV).

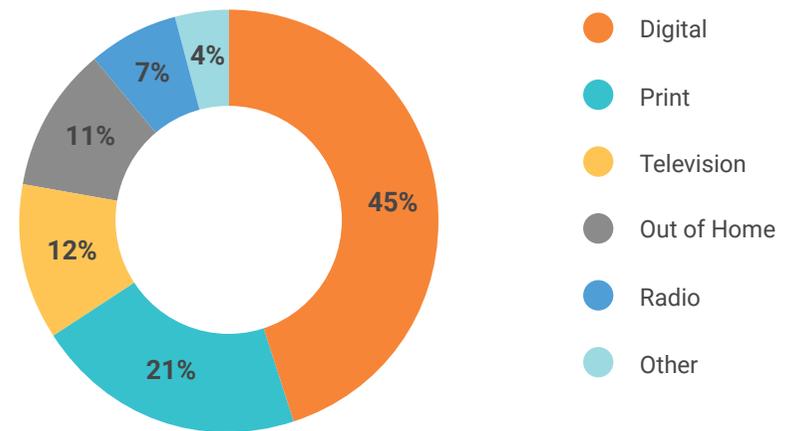
Digital advertising is the highest spend category, with 45% of the budget going towards it. With 21% going to print media, the rest of the budget is divided between TV, radio, out of home, and other marketing channels.

DISCOVERY
HOSPITALITY

To maximize our ad spend, we start with affinity analytics to segment our in-market audiences. We use that information to plot customer journeys, and identify the digital touchpoints necessary as well as whether we need to adjust the marketing budget in order to reach them.

Blessy Townes
Vice President & Head of Digital

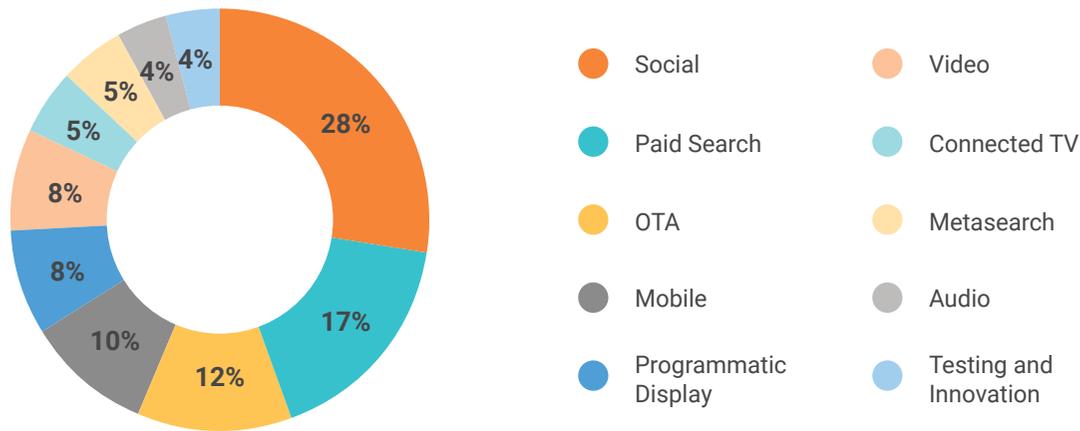
2019 Global Ad Spend



Approximately what percentage of your or your travel client's ad spend was allocated across the following media in 2019? Source: Sojern, 2020

Decoding Digital Ad Spend

2019 Digital Ad Spend, By Digital Channel



Approximately what percentage of your digital or your travel client's digital ad spend was allocated across the following types of advertising in 2019? Source: Sojern, 2020

It is evident that social media is a driving force for travel marketers, spending 28% of their budget on Facebook, Instagram, Snapchat, WeChat, and more. The remaining budget is allocated to paid search at 17%, Online Travel Agencies (OTAs) at 12%, and mobile advertising at 10%. However, marketers are reserving 4% for testing and innovating on new channels that may arise throughout the year.



Consumers across most segments are on the internet now more than ever. The digital space has brought us multiple channels but with budgets finite coupled with the increasing demands of turning a profitable return, it is imperative that you have a clear vision of your targets and goals. It's an exciting challenge indeed as it forces you to foresee what's trending and better discern where your audience is.

Nick Lim
 Managing Director, Asia

Top Channels Global Marketers Intend to Increase Spend for 2020



*New channels and ad formats

How do you anticipate your or your travel client's digital ad spend will be allocated in 2020 across the following types of advertising? (Plan on spending more) Source: Sojern, 2020

For 2020, social media remains a clear favorite, with close to 40% of travel marketers planning to spend more. In 2019 alone, five new social media platforms were introduced.³ Given the constantly changing landscape of social media, marketers must invest more to be where their audiences are, and social media provides them with the flexibility and engagement to do so.

Also noteworthy, although marketers assigned only 4% of their budget to testing and innovation last year, they recognize the need to invest more heavily, with 21% planning to do so in 2020.

A Breakdown of 2019 Ad Spend by Segment

A closer look at these numbers brings light to some differences across regions, verticals, and size of advertisers segmented by ad spend.

Overall Ad Spend

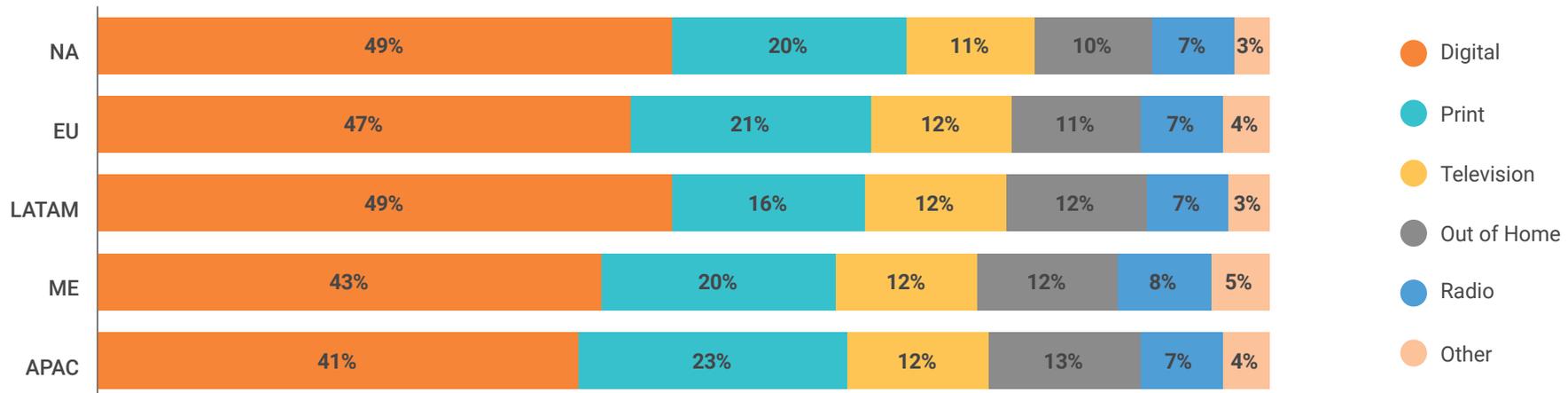
Travel marketers are establishing a strong digital presence to meet the demands of this digitally-inclined era.

There were very few variances when we examined ad spend by region, vertical, or size of budget.

However, two observations worth noting are:

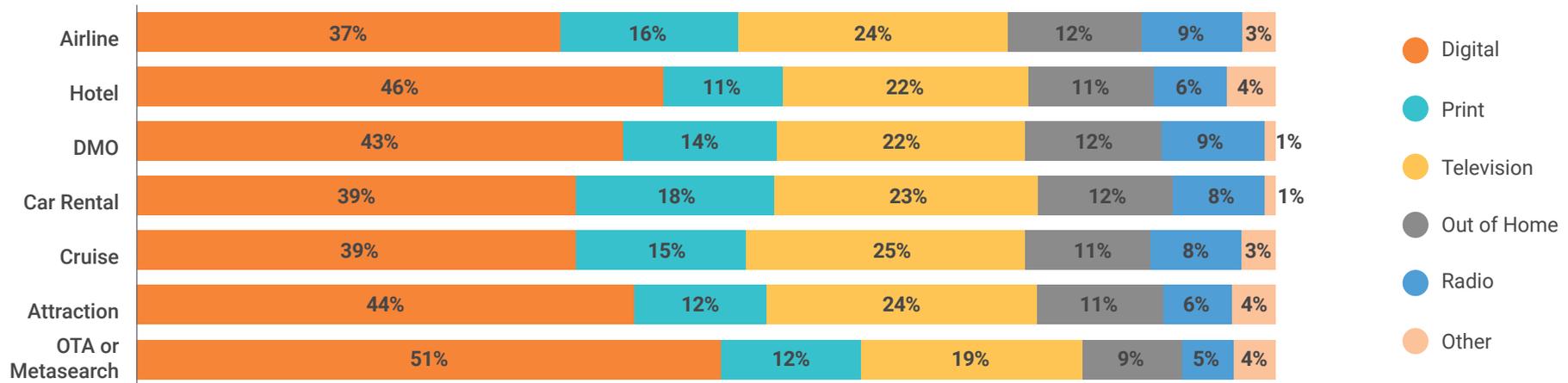
- Asia Pacific (APAC) and ME are spending 6-8% less on digital channels while spending a slightly higher percentile on print compared to the other regions
- Comparing ad spend by size of the advertising budget, we see that small advertisers spend almost 4-7% more on digital than the others

2019 Ad Spend, By Region



Approximately what percentage of your or your travel client's ad spend was allocated across the following media in 2019? Source: Sojern, 2020

2019 Ad Spend, By Vertical



Approximately what percentage of your or your travel client's ad spend was allocated across the following media in 2019? Source: Sojern, 2020

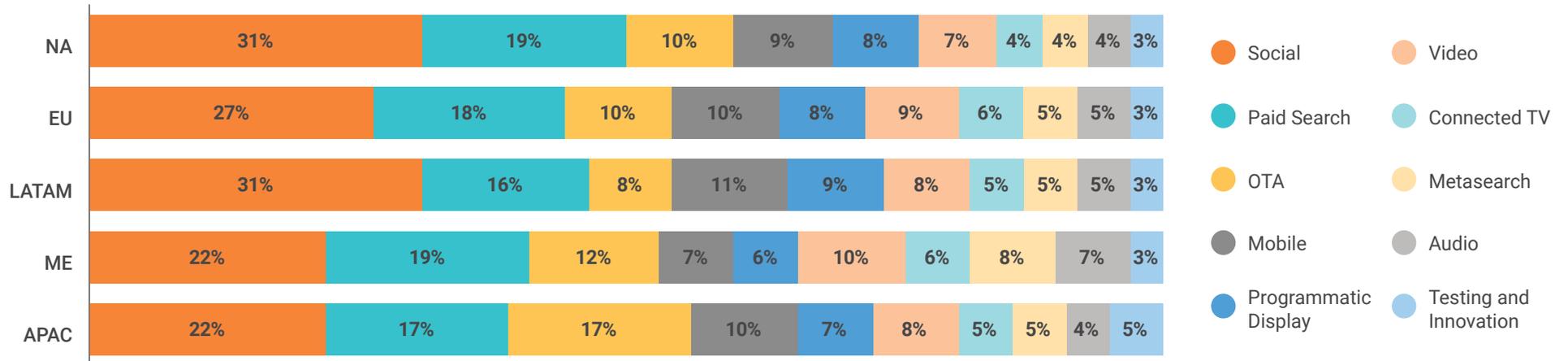
2019 Ad Spend, By Size of Advertising Budget



Approximately what percentage of your or your travel client's ad spend was allocated across the following media in 2019? Source: Sojern, 2020

Digital Channel Ad Spend

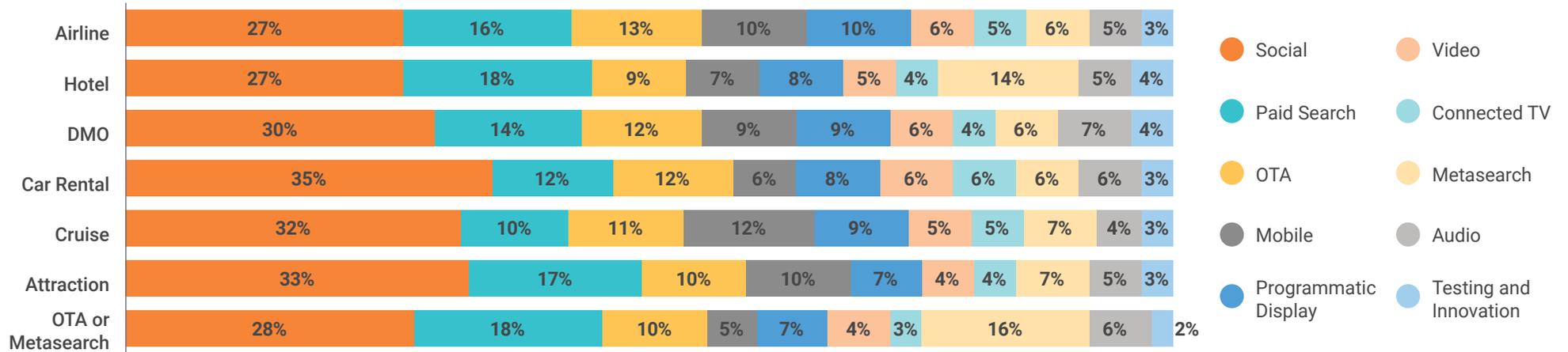
2019 Digital Ad Spend, By Region



Approximately what percentage of your digital or your travel client's digital ad spend was allocated across the following types of advertising in 2019? Source: Sojern, 2020

The data reveals that APAC invests 7% more on OTAs than the other regions. Within APAC, OTAs are often the preferred method of searching for travel.

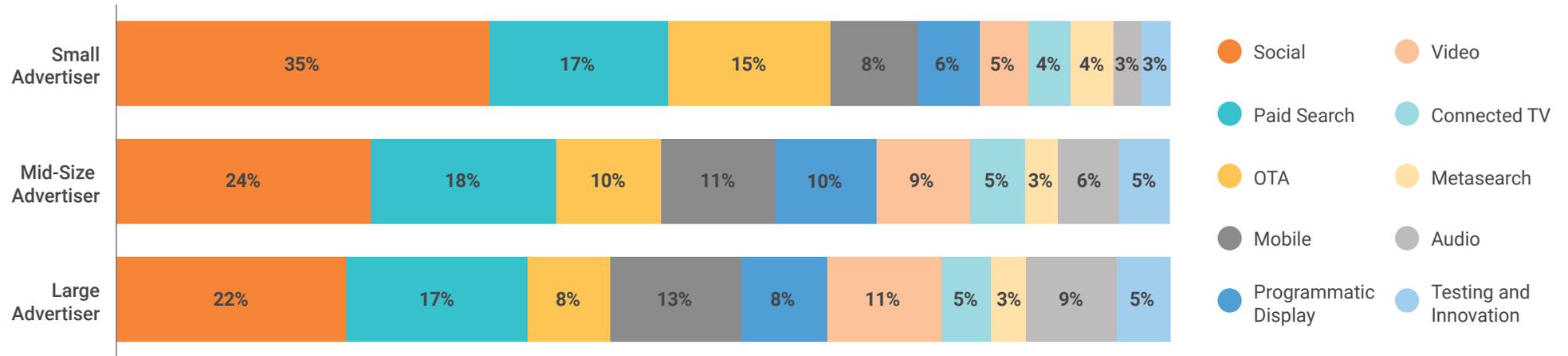
2019 Digital Ad Spend, By Vertical



Approximately what percentage of your digital or your travel client's digital ad spend was allocated across the following types of advertising in 2019? Source: Sojern, 2020

Car rental companies are spending more on social media platforms (35%) than any other vertical in the travel space.

2019 Ad Spend, By Size of Advertising Budget



Approximately what percentage of your digital or your travel client's digital ad spend was allocated across the following types of advertising in 2019? Source: Sojern, 2020

When we compare digital ad spend by size of advertising budget, small advertisers are spending nearly two times more on OTAs.

2020 Percentage Who Plan on Increasing Digital Ad Spend

	Social	Paid Search	Mobile	Video	Testing & Innovation	Connected TV	Meta-search	Programmatic Display	OTA	Audio
NA	43%	33%	28%	26%	20%	17%	15%	15%	15%	14%
EU	40%	34%	28%	26%	24%	16%	19%	19%	18%	18%
LATAM	56%	42%	40%	31%	34%	22%	30%	26%	30%	22%
ME	58%	47%	37%	47%	47%	29%	42%	29%	37%	42%
APAC	39%	37%	34%	26%	20%	20%	19%	16%	20%	17%
Airline	45%	32%	31%	28%	23%	21%	14%	24%	11%	18%
Hotel	38%	30%	30%	22%	20%	17%	16%	14%	17%	16%
DMO	39%	46%	33%	25%	26%	14%	26%	22%	14%	19%
Car Rental	43%	31%	32%	23%	23%	20%	15%	24%	11%	19%
Cruise	43%	27%	28%	25%	25%	18%	10%	21%	12%	16%
Attraction	47%	26%	28%	22%	20%	16%	9%	15%	14%	13%
OTA or Metasearch	53%	43%	34%	36%	26%	17%	31%	24%	29%	21%
Small Advertiser	31%	21%	25%	15%	13%	8%	12%	10%	15%	11%
Mid-Size Advertiser	44%	39%	34%	30%	26%	21%	20%	18%	18%	20%
Large Advertiser	45%	36%	33%	30%	25%	28%	19%	23%	15%	19%

Regardless of how you segment the data, 2020 budget allocation shows social, paid search, and mobile as top priorities for travel marketers. They also plan to invest more in video, testing and innovation, and CTV.

A few areas of interest:

- The ME plans to spend two times more on audio advertising than other regions
- Video makes the top 3 for OTAs or Metasearch, with 36% increasing their investment
- DMOs were the only vertical who plan to invest more in paid search than social, at 46%

How do you anticipate your or your travel client's digital ad spend will be allocated in 2020 across the following types of advertising? (Plan on Spending More)

Source: Sojern, 2020

Chapter 3

The Importance of Data and Always-On Campaigns



Travel marketers believe that the primary goal of data activation is to *understand where I'm winning or losing customers across the path to purchase*. 50% of travel marketers state that data activation gives them the *ability to target travelers based on intent and/or where they are in the path to purchase*.



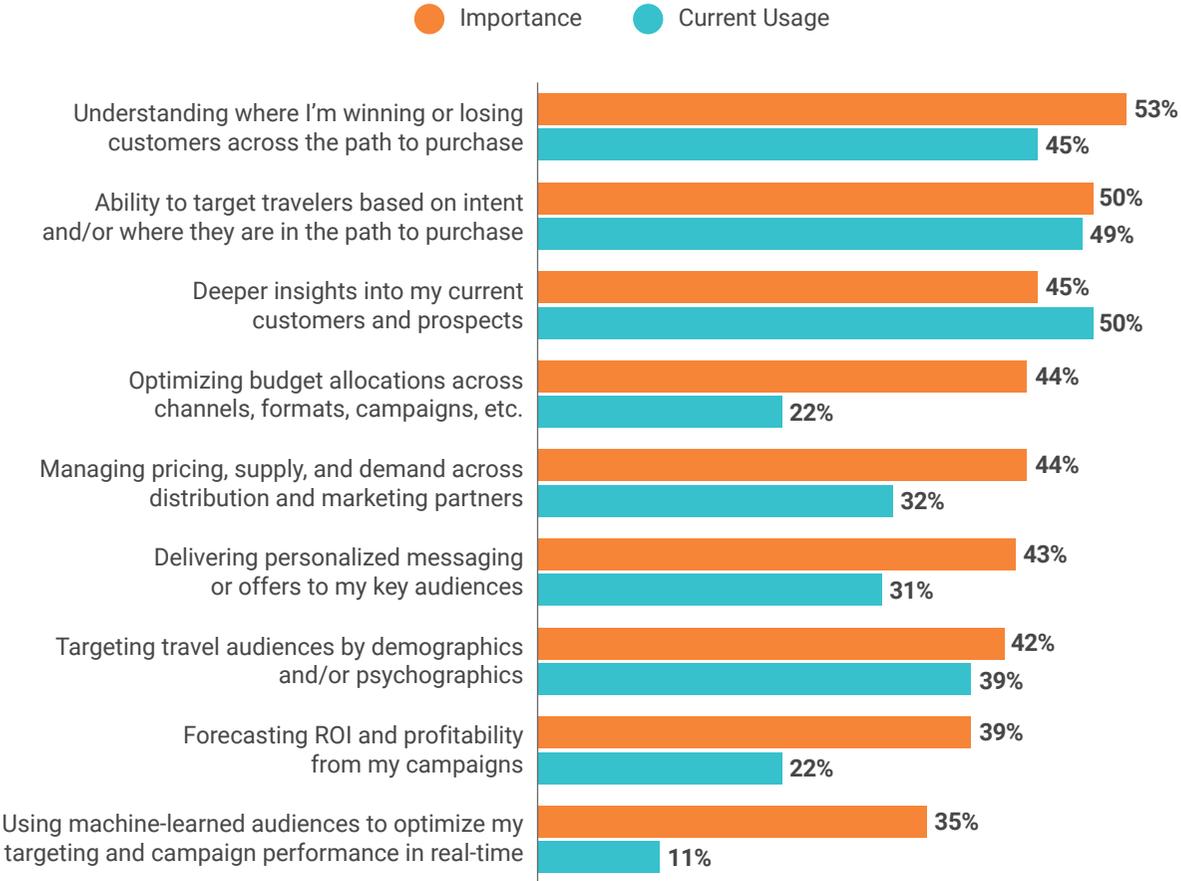
MMGY GLOBAL

There is so much more data available today than ever before and our client's expectations of the speed in which we analyze, optimize, and apply this data have increased exponentially. We have to ensure that we are not only keeping pace with these expectations but are staying one step ahead of them.

Jessica Schultz

Senior Vice President of Media Strategy

The Importance and Use of Data and Data Activations



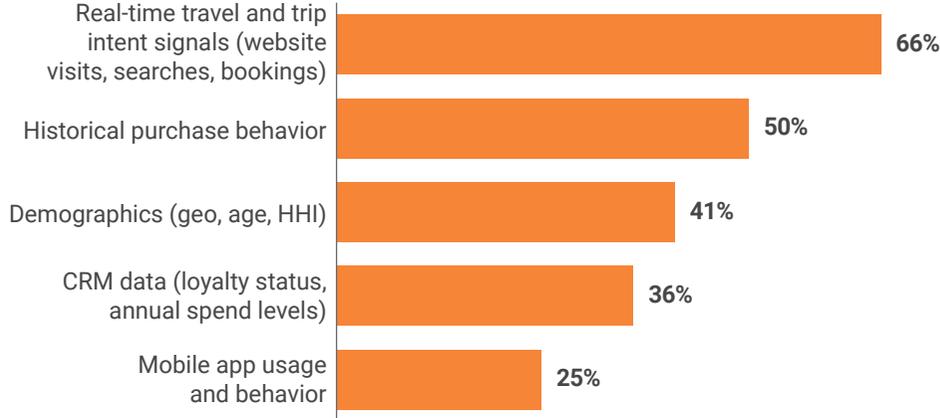
It's interesting to examine what types of data or data activations marketers deem most important. However, looking at where the biggest gaps lie between data usage and what marketers find important may be more revealing. For example, 44% would like to activate data to *optimize budget allocations across channels, formats, campaigns*, but only 22% are currently doing so. 35% stated *using machine-learned audiences to optimize my targeting and campaign performance in real-time* was important, but only 11% have the ability. Machine learning technology will only continue to improve and become more accessible to travel marketers—allowing for better optimization across channels, formats, and campaigns.

How important are the following types of data or data activations when executing your digital marketing strategy? (Very Important) Source: Sojern, 2020
 Today, I rely on data or data activations to do the following Source: Sojern, 2020

According to Skift, “a strong personalization strategy should rely on a mix of first-party data (the information a company can gather from its own websites, social media activity, and mobile apps) and third-party data from outside sources such as Facebook news feeds and search behavior.”⁴

We wanted to dig deeper and understand how marketers define personalization and which of these data inputs they’re using to create more personalized ads and offers. More than 65% of travel marketers use *real-time travel and trip-intent signals* via search history, bookings, and web surfing to create personalized ads. This increases the effectiveness of their travel marketing campaigns, because they no longer rely on assumptions when they create messaging.

Defining Personalization



The following examples most closely align with my or my travel client’s definition of personalization
Source: Sojern, 2020

From the Experts



Today we live in a world that is part online and part offline. In the hotel industry we should be able to use the online to anticipate and to understand our customer's needs. And in the offline world the level of personalization should be implemented and delivered.

Social media can be one of the best CRM systems you have, because you can capture very specific needs. All of the online personalization and requests goes to our operations teams, so we can anticipate a client's needs. The delivery may happen in the offline world, but only by using online data intelligence.

Santiago Garcia Solimei
Global Director of Social Media



We try to instill that the personalized experience doesn't have to be hyper-personalized. It doesn't have to mean over-segmenting campaigns, and making sure that their name shows up in the ad. People don't want ads to be invasive anymore. Now it's more about recognizing that personalization needs to include every touch point.

Brittany Richter
Senior Vice President,
Head of Products & Services



Hotels today are expected to deliver relevant content, product, and service information. There's alignment between the perspective or perception of personalization from the advertiser and the customers, because they both want to be aligned on messaging, how the messages are delivered, and maintaining relevancy. It's a basic requirement in digital marketing.

Blessy Townes
Vice President & Head of Digital

The Importance of an Always-On Marketing Approach

Travel is one of the most complex online purchases, and travelers can fit into multiple audience segments at any given time depending on where they sit along the path to purchase. One traveler could book a business trip to Munich, search for a staycation during a long weekend, and then book a family road trip, all within the same week.

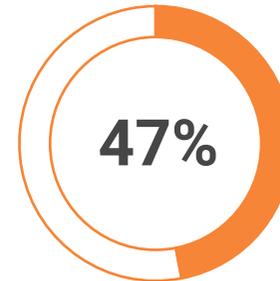
Today’s travel marketers must have a strategy capable of using digital signals and technology to anticipate which trip motivation reigns in the moment. There has been a fundamental shift in the way that travelers plan trips—with demand for travel occurring 24 hours a day, 365 days a year.

Marketers need to reflect the reality of this always-on, always-searching traveler—finding new ways to activate the data available to present the most relevant offer at the right time.

An always-on approach puts data at the heart of the media strategy. It takes a continuous, proactive approach, allowing marketers to use [real-time travel intent signals](#) to engage online travelers and dynamically segment audiences. It’s not about aggressive targeting or even greater ad spend; it’s about learning and responding to the changing way consumers research and book travel, and reaching them when it’s right for them.

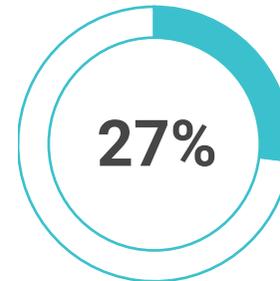
47% of travel marketers *maintain a continuous digital presence*, in order to capture the always searching and booking traveler.

How Travel Marketers Plan Campaigns



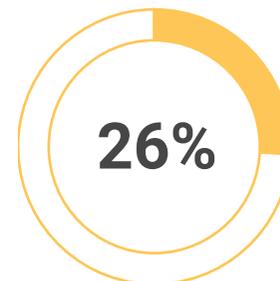
Always-On and Always-On and Seasonal/Promotion

“I maintain a continuous digital presence, so my brand is ready to deliver the right message at the right moment” and “I maintain a continuous digital presence and will pair additional campaigns based on seasonality or promotion”



Special Promotion

“I only run campaigns if I have a promotion, offer, or special event”



Seasonally or Quarterly

“I only run campaigns on a seasonal or quarterly basis”

How do you typically plan campaigns? Source: Sojern, 2020



An always-on approach is recommended for any brand or tourism board that wants to maintain a constant conversation with their potential audiences across the year. This strategy increases and maintains the recall rates of the brand through the targeted audiences keeping it top-of-mind, and delivers a higher ROI on a medium-long term basis.

George Kalliamvakos

Digital Media Manager, Department of Culture and Tourism, Abu Dhabi

Benefits of an Always-On Marketing Strategy

- 43%** I can continuously test, learn, and more accurately optimize my digital marketing
- 39%** I won't miss a moment when a traveler starts planning and researching their next trip
- 39%** I get to see an ongoing view of performance, month over month, year over year
- 35%** I can better build customer loyalty over time
- 30%** I have uninterrupted visibility into the traveler path to purchase, to serve more relevant ads
- 27%** I achieve stronger ongoing brand awareness and word of mouth
- 24%** I can minimize time when my campaigns are dark between IOs or contracts
- 16%** I can be more agile and better optimize how I spend my budget

Which of these do you consider the biggest benefits of an always-on marketing strategy? Source: Sojern, 2020

Many travel marketers use the test and learn strategy to build effective long-term campaigns. This approach helps monitor the frequent changes in customer behavior and respond to trends more efficiently.

Marketers who are dependent only on seasonal spikes and promotional campaigns miss out on the chance to attract travelers throughout the rest of the year. At Sojern we've found that the best strategy for our clients is one that uses the technology and data available to pair an always-on approach with seasonal, burst, or special promotions.

Chapter 4

What's Next for Travel Marketers?



To say the travel industry is evolving would be a gross understatement. Travel is one of the fastest growing and fastest changing industries, and there's a ton of potential for travel marketers to tap into that growth to meet their business goals. By leveraging emerging technology like interactive video, machine-learned and automated audience development, and chatbots, there's no end to what marketers can do.

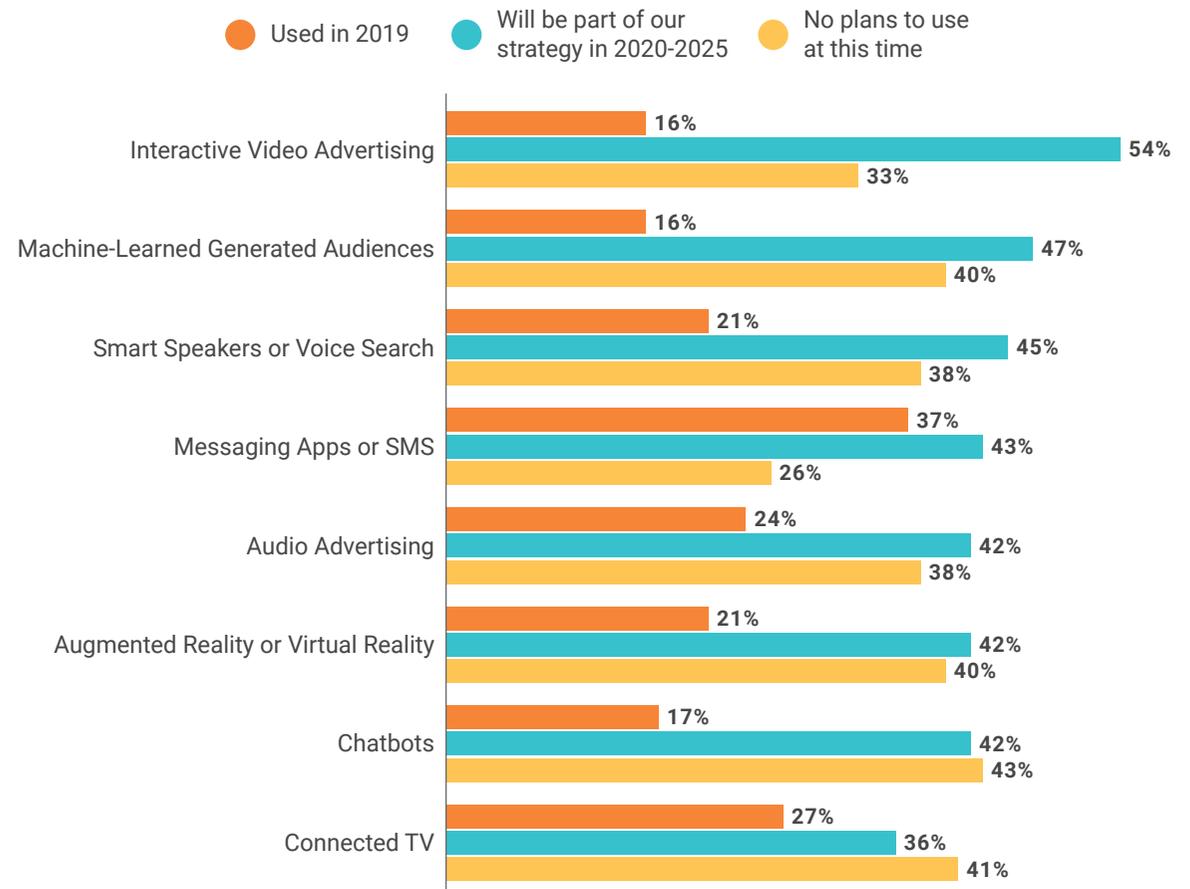
Noreen Henry
Chief Revenue Officer

Travel Marketers' Current and Intended Use of Emerging Tech

We asked travel marketers to choose emerging technologies they are keeping an eye on: those they are using, plan to use, and which channels may be losing steam.

When shifting investment from 2019 to the future, there are three standouts: the rise of interactive video, machine learning, and chatbots. As a part of CTV, the interest in interactive video has rapidly grown above the channel itself. It's likely because this trend can be incorporated into social media marketing too, and furthers engagement and brand recall.

Furthermore, it was interesting to see the strategy change with chatbots, as the technology can still be polarizing—some consumers love the ease and immediate interaction, not having to worry about calling during working hours. Others have difficult experiences because the technology still isn't there to solve complex problems or understand cultural sensitivities and nuances. Nevertheless, the rise of chatbots means customers could manage up to 85% of their interactions with a company without ever even speaking to a human.⁵



Which of the following technologies are you using or plan to utilize in you marketing efforts? Source: Sojern, 2020

Future Trends in Travel Advertising

With 21% of travel marketers setting aside more ad budget for testing and innovation, many are keeping an eye on emerging channels and technology advances to see where they should invest next.

Interactive video, machine-learned generated audiences, and chatbots were the top three investments for travel marketers in the next five years. However, when asked what technologies or channels have the potential to disrupt the way in which we market to travel audiences today, respondents gave a different picture.

AR and VR, messaging apps, and smart speakers came in at the top three. AR and VR have the potential to disrupt the travel industry and beyond, but the technology itself has a way to go before it is cost effective for consumers to begin adopting in their homes and everyday lives. However, marketers are already experimenting with messaging and smart speakers, and in the near future travelers will begin to search and book their trips by asking Siri to price compare flights, or messaging a hotel bot through WhatsApp to recommend a nearby restaurant.



The future success of travel advertising will come down to segmenting audiences, testing innovative technologies, and employing the ones that have worked for control audiences. This allows you to see what benefits the technologies offer, and from a tourism board's perspective, who is more likely to visit as a result, versus who isn't. You must start small and test everything.

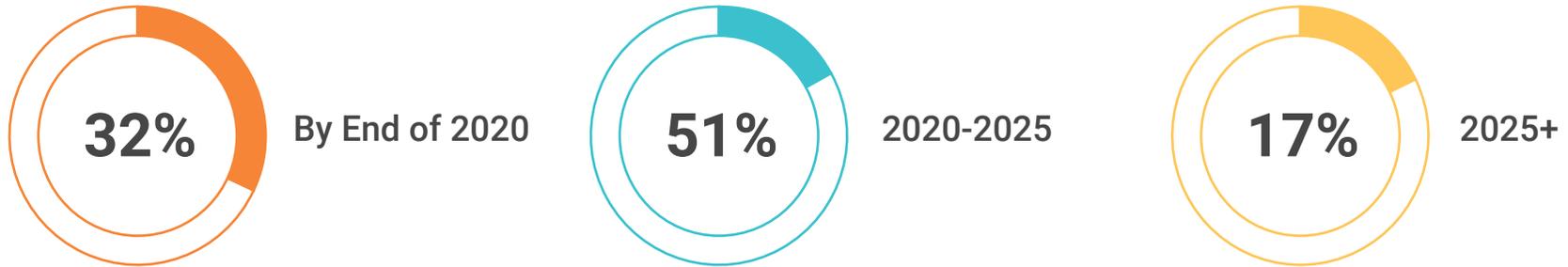
Arna Conroy
Head of Marketing Communications, UK & Europe

What Will Disrupt Travel Marketing?

- 51%** Augmented Reality or Virtual Reality
- 43%** Messaging Apps or SMS
- 39%** Smart Speakers or Voice Search
- 38%** Connected TV
- 38%** Interactive Video Advertising
- 33%** Machine-Learned Generated Audiences
- 32%** Chatbots
- 27%** Audio Advertising

Which of the following do you think have the biggest potential to disrupt travel advertising over the next five years? Source: Sojern, 2020

Amazon as a Valid Travel Advertising Solution



When do you anticipate using Amazon as a valid travel advertising solution? Source: Sojern, 2020

In 2015, Amazon entered the travel industry by opening an online reservation agency, but was only live for a few months. Since then, Amazon has made its first steps in the APAC travel industry in 2019 with the appearance of flight booking on its India website, but no hints as to when this feature will open up to the rest of the world.⁶

Amazon could very well be branching out to the travel industry soon. Almost 51% of travel marketers see this happening within the next five years, while 32% of travel marketers think that the online ecommerce platform will join the scene this year.

Marketers can expect Amazon's arrival to shake things up for OTAs, no doubt pulling advertising budget away from them.

The Changing Landscape of TV and Video

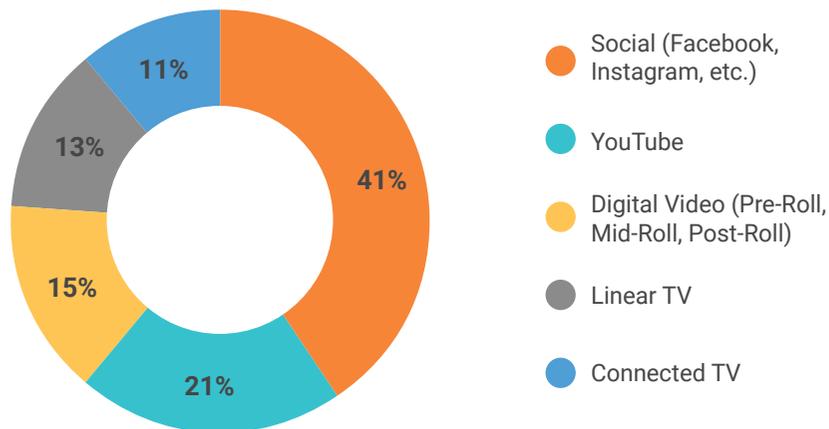
Streaming video apps on phones, televisions, and computers has significantly changed consumers' television viewing habits. They now watch much less linear television from broadcast or cable and instead stream their favorite shows across a variety of devices. eMarketer estimates that 39% of the world will be digital video viewers by 2023 (that's more than 3 billion people consuming digital TV).⁷

Travel marketers are responding by splitting their video advertising budget across these platforms, with social videos receiving the largest portion at 40%. YouTube

comes in at 20%, and the remaining budget is somewhat equally distributed amongst digital video, linear video, and CTV.

Video-on-demand services will be the ones to watch in the coming years, as the variety and quantity of over-the-top (OTT) options rise along with adoption of Smart TVs. Media inventory will only continue to grow, making targeting and engagement through OTT channels easier and cheaper—connecting with travelers as they watch what they like, when they like, and how they like.

Digital Video Ad Spend



As you're allocating your or your client's video advertising budget for 2020, how do you anticipate splitting your spend across the following Source: Sojern, 2020



In the past there was a very hard line between traditional and digital marketing, and TV versus digital. But those lines are now blurred with OTT and our big data partners who can measure the impact. So I think finding ways that you can blur the lines across those silos and really provide strong tracking is important.

Liz Mabe
Digital Marketing Director

CTV Marketing Strategy



How does Connected TV advertising fit into your overall marketing strategy? Source: Sojern, 2020

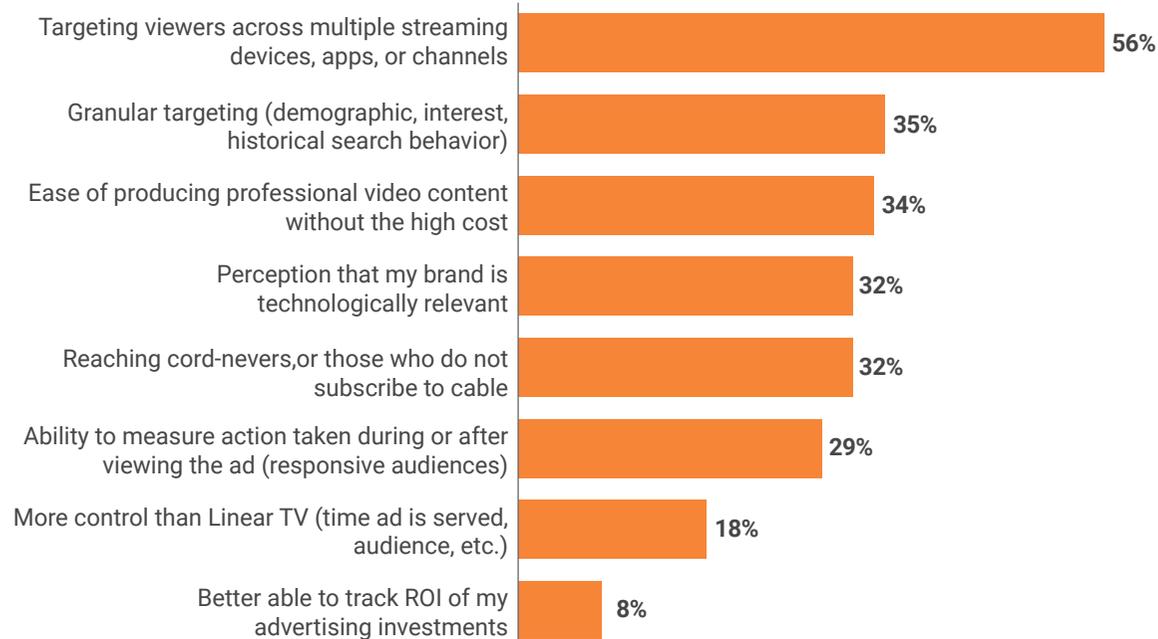
As audience preferences have shifted to the desire to watch what they want and when they want, the world of streaming services and apps grows increasingly crowded. However, there remains such a hunger for new content that Disney+ crashed on its first day.⁸

Following this trend, CTV viewership increased faster than previously predicted, and the travel industry wasn't the only one caught by surprise. US CTV viewers jumped by 5.1 million in the month of July 2019 alone.⁹ It's not only smart TV sales driving this accelerated usage, but the quick adoption of streaming devices like Roku and Amazon Fire Stick.

In our 2019 survey results, a mere 18% of travel marketers said they would advertise on CTV in 2020 and beyond. But adoption rates by consumers soared for this channel rapidly in 2019, and travel marketers responded. This year 36% revealed that they plan to advertise on CTV in the next five years.

CTV's audience concentration and the trend of high travel spend is a [powerful combination](#) for marketers, and is perfect for those who want the scale of linear TV with the precision targeting associated with programmatic advertising.

Shifting Advertising Budget to Connected TV



Which of these motivated you to shift advertising budget to Connected TV? Source: Sojern, 2020

Targeting viewers across multiple streaming devices, apps, or channels (56%) is the primary motivation for travel marketers to shift ad budget to CTV. Other drivers were *granular targeting* (35%) and *ease of producing professional video content without the high cost* (34%). A third of travel marketers (38%) plan on investing in this marketing channel in 2020.



MMGY GLOBAL

Consumers adapt a lot more quickly than we as an industry tend to shift our paid media mix over time. For example, you should be running advanced TV in 2020 based on where consumers spend their time. When you look at the number of people cutting the cord, and the adaptation of OTT devices, it only makes sense. That thinking around the correlation of consumer adoption of new media as it applies to paid spending is a drum I've been beating this year. In other words, consumer behavior should align with how you change your mix of media YoY and how you adapt your message to reach your target audience in a relevant way.

Jessica Schultz

Senior Vice President of Media Strategy

Bringing Programmatic Advertising In-House

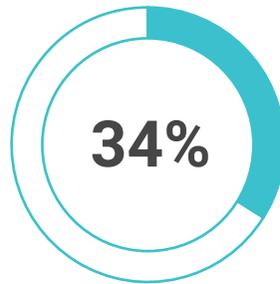
The pros and cons of programmatic advertising are not new to travel marketers, but the recent shift to bring programmatic in-house has disrupted old practices. While many see the benefit of having more control over their own data, the overhead cost of this strategy can be daunting.

We asked our large advertiser respondents (those with an annual budget of \$1 million or more) about the benefits and challenges they face when bringing programmatic in-house.

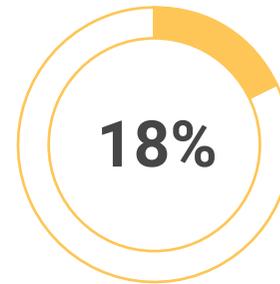
Bringing Programmatic In-House



Planning to
build in-house
capabilities



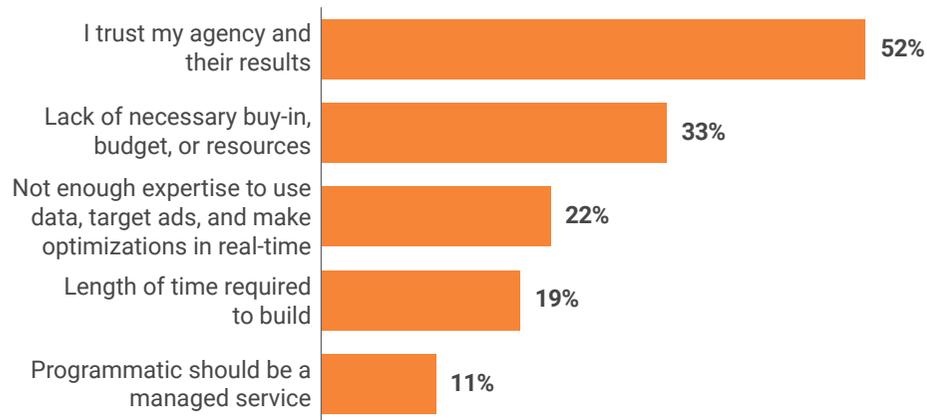
Already have
in-house
capabilities



Not interested
in building in-house
capabilities

Are you building in-house programmatic capabilities? Source: Sojern, 2020

Not Bringing Programmatic In-House

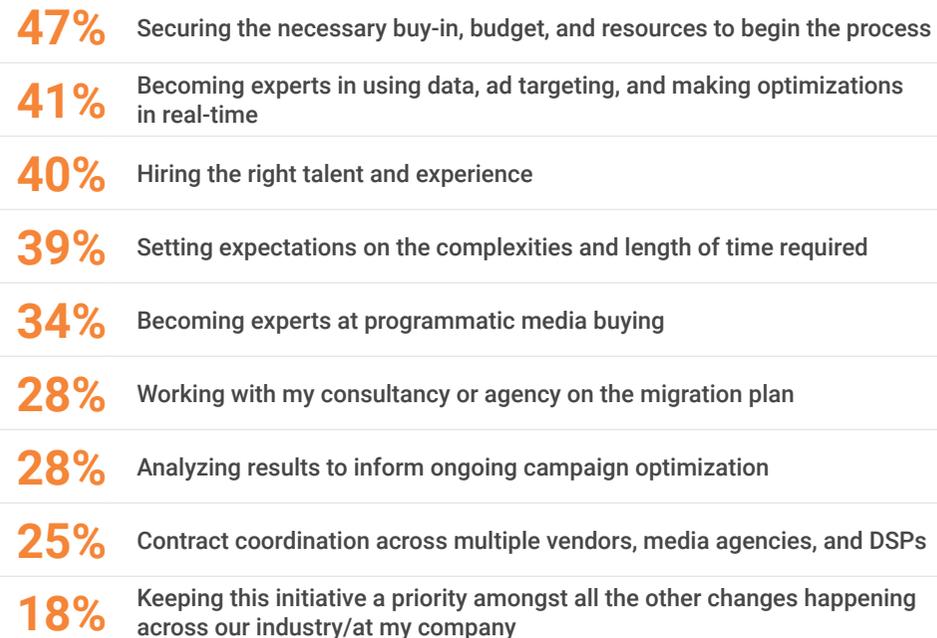


Why are you or your company not interested in building in-house programmatic capabilities? Source: Sojern, 2020

Of those respondents who were not interested in building their own in-house programmatic capabilities, 52% stated that they *trust the campaign results from their agencies*. However, it is worth noting that even with large annual advertising budgets, 33% said they still lack the *necessary buy-in, budget, or resources*.

There were similar concerns from large advertisers who did bring programmatic in-house. Overall, budget constraints, inability to handle programmatic data, and lack of experience are challenges for many.

Biggest Challenges When Bringing Programmatic In-House



What are the biggest challenges you face with bringing programmatic in-house? Source: Sojern, 2020

Motivation to Bring Programmatic In-House



Which of these motivated you to bring programmatic in-house? Source: Sojern, 2020

Despite the budget concerns and lack of expertise, travel marketers want more control over their data. In-house programmatic means they are the only ones with access to their audience behaviors, and it can be cheaper and quicker to develop marketing campaigns based on campaign results when your experts are within the building. But, marketers must have the time, talent, and patience required in order to reap the benefits. A hybrid approach may be the answer to ease into a fully in-house model.

According to IAB's Programmatic In-Housing report, "the quintessential in-house set up, where an ad tech stack sits within the brand organization along with media strategy, ad operations, optimization and stewardship is the minority. Instead, in-housing is more likely to take on a hybrid structure whereby select programmatic functions are handled internally and/or shared with partners."¹⁰

Programmatic In-House Challenges, Agency

- 15% Guiding clients without insights gained through managing campaigns within my DSP
- 15% Identifying new revenue streams as business model shifts from traditional agency to consultancy
- 12% Assisting our clients on the migration plan
- 12% Keeping our in-house talent (not losing them to clients)
- 12% Influencing performance and ROI without managing campaigns directly within my DSP
- 12% Loss of revenue as business model shifts from traditional agency to consultancy

On the other side, we asked agencies who handle annual budgets of \$1 million or more for their clients the challenges and opportunities they experienced when brands built their own programmatic teams.

15% found it difficult to *guide clients without insights gained through managing campaigns within their DSP*. Understandably, agencies are challenged to help their clients when given results from an external source and must provide guidance without the data to back their recommendations.

This concern was tied with *identifying new revenue streams* as in-house programmatic systems mean less work for agencies, and they must shift to more of a consultant role.

What is the biggest challenge you face when your client brings programmatic capabilities in-house? Source: Sojern, 2020



Executive Summary

Almost half (45%) of marketing dollars are spent on digital ads. Out of which, 28% is spent on social media channels and the remaining budget is distributed between paid search (17%), OTAs (12%), mobile advertising (10%), and other marketing channels. Moreover, small and medium advertisers spend more on digital compared to other companies, while large advertisers are keen on investing in the latest marketing trends such as CTV. This spread of spend highlights the increasingly competitive digital advertising space. Travel marketers must *keep up with the fast-paced advertising and technology landscape* to stay relevant, which a third (29%) of travel marketers cite as one of their biggest challenges.

A similar number find it difficult to *target travelers during a specific point along their path to purchase and proving ROI for their digital advertising strategies*. By being dynamic, diverse, and data-driven, travel marketers can navigate through the densely fragmented ecosystem of travel advertising. Marketers are embracing this, planning to allocate even more to a multi-channel marketing strategy while experimenting with new ways to reach travelers. The top five areas marketers plan to increase their spend are: social (39%), paid search (32%), mobile (30%), video (24%), and testing and innovation (21%).

An Always-On Approach is Smart Marketing

One of the ways in which marketers are testing and learning is within an always-on approach. Almost half (47%) of travel marketers *maintain a continuous digital presence, in order to capture the always searching and booking traveler*. Travelers conduct research throughout the year, use more than one device to do so, and are often planning multiple trips at once. Smart marketers are using data from an always-on approach to discern where they are in their path to purchase.

The top benefit of an always-on marketing strategy is the ability to *continuously test, learn, and more accurately optimize their digital marketing* (43%). It is fundamental to developing a data-driven approach, because marketers *won't miss a moment* (39%) and can see an *ongoing view of performance* (39%). This steady stream of campaign learnings helps marketers establish better performance baselines, and intelligently segment a portion of always-on budget to test assumptions.

CTV Connects Marketers with Travelers

Where consumers go, advertisers go. And today, consumers are cutting the cord on linear TV—making CTV one of the largest opportunities for advertisers to reach new audiences and enhance the effectiveness of their video ad campaigns. While travel marketers are only allocating 5% of their ad spend to CTV this year, 36% plan to invest more on CTV in the next five years.

The motivation to shift budget to CTV is largely influenced because marketers can *target viewers across multiple streaming devices, apps, or channels* (56%). As more devices are adopted, they offer the opportunity to interact and inspire travelers through their path to purchase, showing video on the platforms they prefer (Roku, Amazon Fire Stick, Apple TV, etc.). And, as media inventory increases, the channel becomes more cost effective and accessible to even the smallest marketing budgets.

To Bring Programmatic In-House or Not?

With growing privacy concerns and new regulations, 48% of large advertisers (those with an annual budget of \$1 million or more) are looking to bring programmatic in-house and 34% already have in-house capabilities. This is a direct result of marketers *wanting more control over their data* (51%), *improved ROI* (46%), and *the ability to react to campaign insights faster* (44%). However, securing the necessary buy-in and budget, becoming experts in the data, and hiring the right talent all remain a challenge.

To address this shift in business models—and alleviate some of the challenges travel marketers experience when bringing programmatic in-house—many ad tech partners are exploring hybrid solutions for travel marketers and their agencies.

The key will be to test and innovate, having the patience to try various solutions—with or without an agency—to gain both the desired transparency and control, while also not investing an entire annual budget without a definitive outcome.

Endnotes

- 1 World Tourism Organization (UNWTO), 2018
- 2 Hubspot, 2019
- 3 Hubspot, 2019
- 4 Skift, 2019
- 5 Gartner, 2019
- 6 Phocuswire, 2019
- 7 eMarketer, 2019
- 8 Business Insider, 2019
- 9 eMarketer, 2019
- 10 IAB, 2019

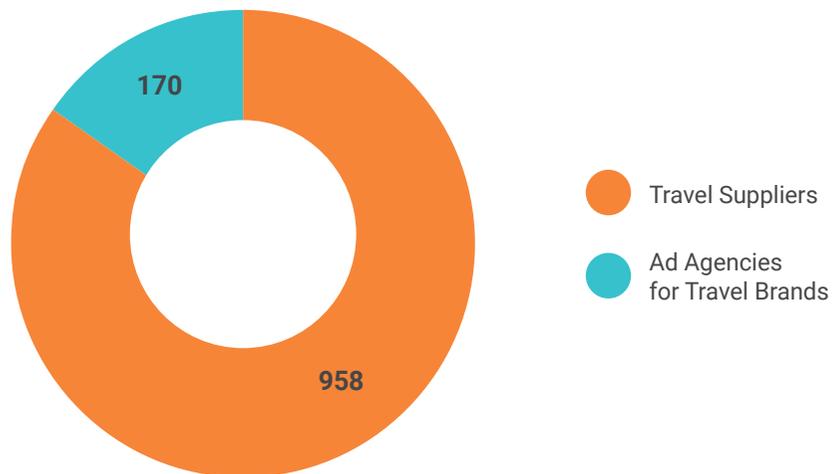


Methodology

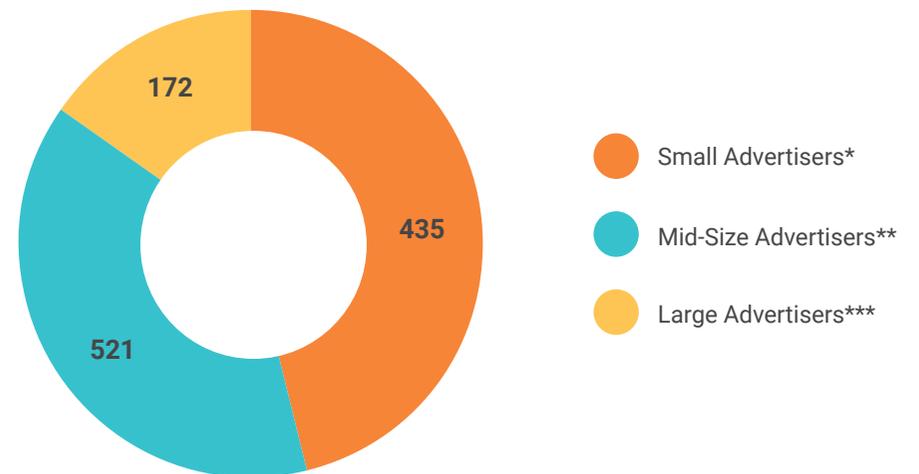
Sojern's State of the Travel Industry survey was fielded online in October 2019. More than 1,100 global travel marketers completed the survey. Respondents were sourced from Sojern's database of travel marketers and agencies as well as a third party sample. They were sent an email invitation to participate in the survey and were screened to ensure they were advertising decision makers

for travel brands. The survey research was fielded and hosted by Dynata and covered travel marketers budget allocation, advertising planning and allocation, use of data to make marketing decisions, ad strategy effectiveness, attribution, and return on ad spend, as well as current and future trends. In addition, Sojern conducted one on one interviews with select travel advertisers across sectors and regions.

Survey Respondent Profile



Annual Advertising Spending

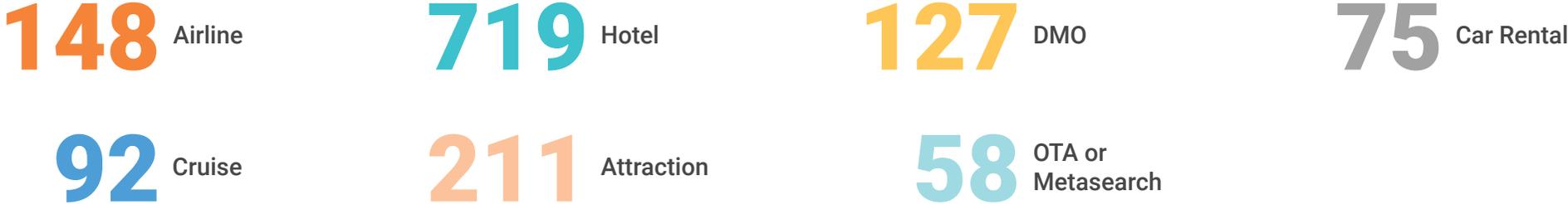


* Small Advertisers = Annual advertising budget of less than \$50k

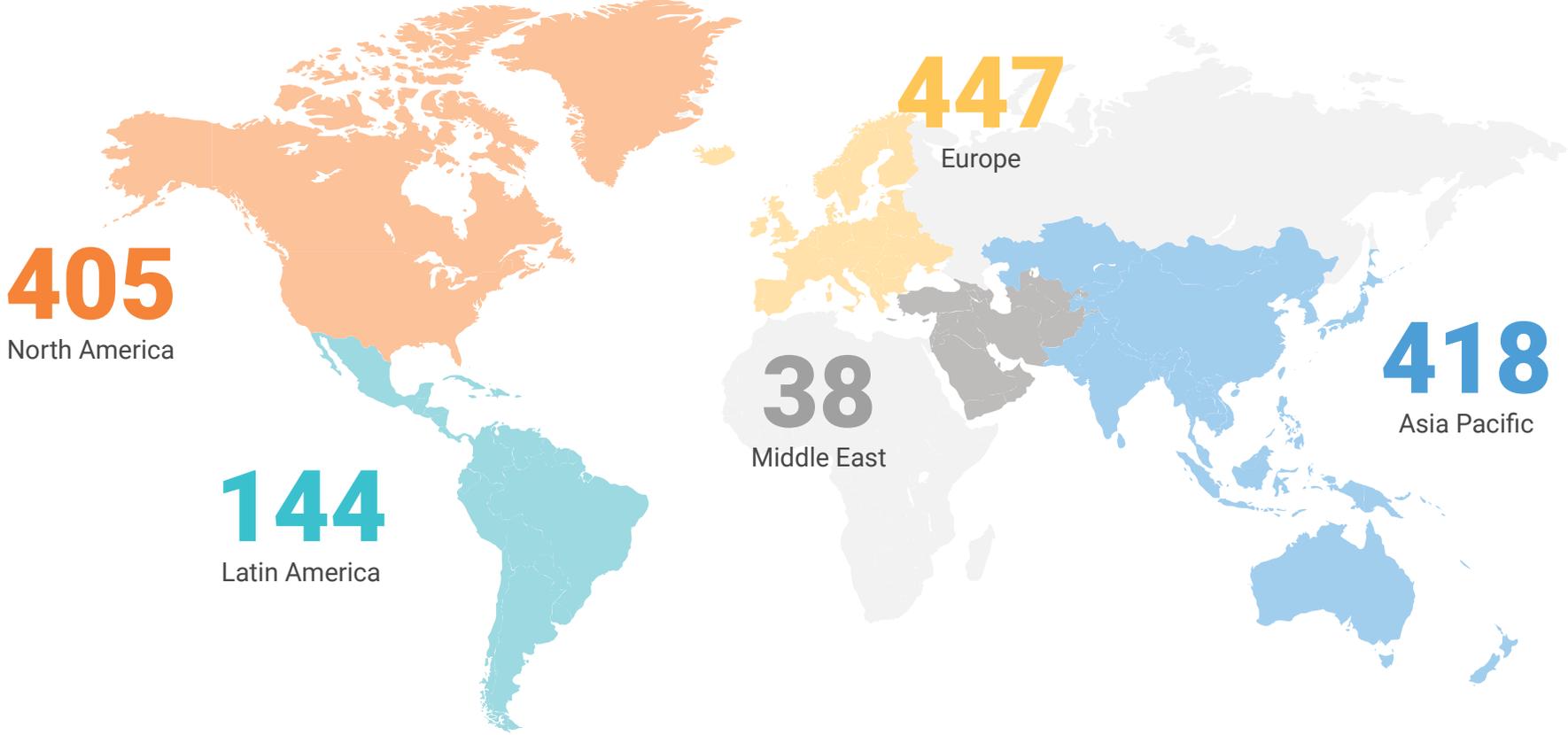
** Mid-Size Advertisers = Annual advertising budget between \$50k to \$1M

*** Large Advertisers = Annual advertising budget of more than \$1M

Travel Vertical



Regions of Advertising Responsibility



About Sojern

Sojern's digital marketing solutions for travel are built on more than a decade of expertise analyzing the complete traveler path to purchase. The company drives travelers from dream to destination by activating multi-channel branding and performance solutions on the Sojern Traveler Platform for more than 10,000 customers around the world.

Recognized as a Deloitte Technology Fast 500 company six years in a row, Sojern is headquartered in San Francisco, with 600 employees based in Berlin, Dubai, Dublin, Hong Kong, Istanbul, London, Mexico City, New York, Omaha, Paris, São Paulo, Singapore, and Sydney.

Digital marketing solutions for the travel industry

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