

# Kenshoo Portfolio Optimizer™ Delivers 50% ROI Lift for Online Travel Company

## CHALLENGE

The online travel industry operates with fluctuating inventory, slim margins and considerable competition. These factors create an extremely complex marketplace and companies with an analytical approach and finely tuned strategy come out on top. One of the top travel companies in the world was looking to maximize effectiveness with its search campaigns by incorporating a sophisticated set of bidding rules and improve performance through a portfolio-based bidding approach.

In order to maintain its ROI goal for search campaigns, the company needed to consider margins for each purchase. Actual revenue varied with each transaction, introducing a level of complexity not easily managed with a rules-based bid strategy. Additionally, the travel company had goals around page position for its most lucrative brand terms. The company was competing with a number of other aggressive brands in the space, making it difficult to consistently maintain top position. To be successful, the bid strategy would need to account for custom margins and position, in addition to competition and budget.

## SOLUTION

Kenshoo™ worked with the company to develop a bidding strategy that integrated the position, ROI and custom margin requirements for its campaigns. The bidding algorithm to be used needed to be very responsive and flexible in order to the most intelligent decisions with the given

criteria. Kenshoo recommended its portfolio-based approach, known as Kenshoo Portfolio Optimizer™ (KPO), which considers the opportunity cost of each keyword – the marginal ROI – and takes holistic action across the portfolio to maximize results.

The outcome was an advanced algorithm that built hundreds of thousands of statistical models incorporating margins per product and calculated revenue instantly at the time of booking. Kenshoo also captured additional information about the sale to aid in further analysis including the actual booking value, name of the supplier, and destination.

The travel company also added the ability to layer on parameters to satisfy the position goals within a set ROI target. This flexibility allowed for a more aggressive approach during promotional times and because the custom margins were incorporated, the company had a clear understanding of how each keyword contributed to the bottom line.

## RESULTS

**With the new bid strategy and models in place, the travel company enjoyed a 50% increase in ROI.** The dramatic boost to ROI enabled formerly struggling programs to achieve profitability. Additionally, the company was able to increase brand presence and ensure its most valuable brand terms were in favorable positions. Compelling copy paired with a maintained position enabled the travel company to boost clicks and conversions for branded terms.



Note: Volume metrics have been normalized to a factor of 1 based on the initial data point. For example, 1.50 means that volume is 50% greater than volume in initial point measured.