



‘Doing The Basics, Brilliantly’



Executive Summary

The UK hotel industry has become more competitive than ever before. With increased competition, increasing CPCs and the UK suffering from an “Olympic hangover” (*PwC, 2013), standing out from the crowd, gaining a competitive advantage and continuing to drive growth has become increasingly difficult, amplifying the importance of creating a successful PPC strategy in order to outsmart the competition as well as continuing to increase performance by making ‘key marginal gains’.

Upon winning the Travelodge account in November, the Starcom Mediavest PPC team were tasked with drastically improving Travelodge’s PPC results. This meant ensuring that three main objectives were met; Year on Year Revenue growth, Improved Cost of Sale Efficiency and 100% Brand Share of Voice. Targets were set on a monthly basis in order to gauge the success of the strategy and allow for intelligent and fluid campaign management throughout the year.

In order to achieve these objectives, the SMG team identified an underlying strategy made up of four core tactics. This consisted of:

1. Implementing a complete account restructure with the support of Kenshoo’s excellent client service and support team.
2. Intelligent allocation of budgets by utilising Kenshoo’s custom reporting templates and Dashboard features.
3. Increased targeting efficiency through Kenshoo’s unrivalled management functions and custom widgets.
4. Increasing visibility of both brand and generic terms within the Search landscape through Kenshoo’s powerful bid management tools.

By following the 4 tactics above, the team were looking to benefit from ‘key marginal gains’ by ‘doing the basics brilliantly’ with the full support and collaboration of the Kenshoo team.

The results of this new PPC strategy were extremely impressive, beating all three key targets that were set by the client.

Despite brand impressions decreasing by 13%, we were able to drive 18% more revenue year on year. Room bookings increased 46% year on year which meant that despite a reduced average order value, we were able to drastically improve revenue. Revenue increased 7% above planned revenue with bookings up 36% against plans.

Investment was increased year on year, however we were able to generate the increase in revenue with a 1% decrease in Cost of Sale – A key marginal gain and increase in efficiency.

We were also able to achieve 100% Share Voice for Brand terms, an increase from 88% to 100% year on year which was a core target.

These excellent results have helped to really kick-start growth in the channel, creating a very successful foundation for performance and future activity. We are now in a strong position to push on in to the future and begin to utilise other exciting Kenshoo products such as Dynamic Ad Parameters, Attribution Modelling and in-depth portfolio optimisation. With the help of Kenshoo we are sure that we can continue to bring further success to our client and look forward to a long and prosperous partnership.

Please see our supporting written entry and video entry, emailed to infinities@Kenshoo.com for a more detailed and visual representation of our results.

*<http://www.pwc.co.uk/hospitality-leisure/uk-hotels-forecast/forecast-for-london-and-the-regions.jhtml>

Campaign Background

According to a report published by *PwC, 2013 was predicted to be a particularly difficult year for the UK hotel industry, due to lower room occupancy rates as the London “Olympic Games hangover” kicked in. Adding to this, increased investment in search from comparison websites and other hotel brands has led to inflated CPCs. An example of this is how brand CPCs increased by 200% Year on Year due to amplified competitor bidding.

Further to this, because of the ever increasing competitive landscape, as well as no investment in TV and other ‘Above The line’ activity, Travelodge brand searches were down by 11% Year on Year. This meant that using the previous strategy of generating revenue solely through brand keywords was no longer viable. More choice for the consumer and aggressive pricing also meant that there was a decline in the average order value (-22%) and conversion rate (-35%) across all regional areas.

Due to these factors, standing out from the crowd and continuing to drive sales with a positive margin was more difficult than ever before, increasing the importance that a new strategy of Marginal gains would bring to the Travelodge business.

In November 2012, this led Travelodge to partner with Starcom Mediavest to turn around the fortunes of the Brand through a strategy of ‘Key Marginal Gains’ and it was Kenshoo that SMG chose to partner with to achieve these goals.

* <http://www.pwc.co.uk/hospitality-leisure/uk-hotels-forecast/forecast-for-london-and-the-regions.ihtml>

Campaign Objectives

The key objectives set by Travelodge were:

1. To drive additional year on year Revenue from PPC by making ‘key marginal gains’.
2. Improve efficiency by driving a continuously low Cost of Sale.
3. Increase share of voice on search engines for the Brand hotel portfolio from 88% to 100%.

Revenue and Cost of Sale targets were set monthly whilst the share of voice target was 100% for the whole year.

Strategy

In order to achieve the objectives set by Travelodge, a number of key aspects were identified to underpin a unique search strategy. This new strategy was to 'Do the Basics Brilliantly' and benefit from 'key marginal gains', driving incremental revenue whilst reducing the Cost of Sale.

The points below illustrate in more detail, the tactics utilised to carry out this newly defined strategy:

Partnership with Kenshoo & Full Account Restructure

As with many underperforming paid search accounts, the structure left by the previous agency was riddled with underlying problems, hence, in November 2012 Travelodge acquired Starcom Mediavest as their Digital agency for the UK. In order to achieve Travelodge's objectives, SMG's initial task was to choose the best bid management partner that could assist with the huge scale of the task at hand.

It was clear from the start that the best choice for Travelodge would be Kenshoo. Not only could Kenshoo support the size of the account but we had also received excellent reviews from others using Kenshoo about the client support, training and bid management that Kenshoo could provide.

Making the decision to partner with Kenshoo proved to be the perfect choice as through collaboration, support and transparency, Kenshoo exceeded our high expectations in every way.

Our account restructure meant building extremely granular campaigns for each of the 500+ hotels, as well as specific campaigns for generic terms in each of the surrounding areas where hotels are located. This structure would allow for laser targeted ad copy increasing relevancy to the users search queries. Overall, the number of campaigns across four accounts increased from 85 to 621, with the number of keywords increasing from 22,000 to 1.7 million. The sheer size and scale of this meant that even the smallest of tasks such as downloading an account in to the Editor suite, daily optimisations and compiling weekly reports would have been near impossible if it were not for the hard work and support between Kenshoo and our team.

Many hours were spent collaborating together to come up with a solution to our account problems. Through this we were allocated our own Kenshoo Server to deal with the size of the account, a unique URL builder to assist with our account tracking, Custom reporting templates that could cope with the amount of data the account holds and full Kenshoo training to help us utilise all of the appropriate Kenshoo features available to us. This was a great example of how we as an agency utilised Kenshoo's excellent support team to help achieve our objectives and laid down the foundations for our optimisation goals.

Intelligent Budget Allocation

The refreshed Account structure allowed for a completely new way to allocate budgets, in a far more flexible, responsive and ultimately efficient way. Through the in-depth analysis of historical data, budget was reallocated to those hotels that received higher conversion rates as well as higher than average order values. Furthermore, we were also able to prioritise budget to drive an increase in bookings for priority flagship hotels, as well as those hotels that were newly opened. Budgets could be redistributed from hotels which had low room availability to those that had more rooms available. This tactic subsequently increased overall efficiency by spending budget on campaigns only when there were rooms available.

Again, the ability for Kenshoo to handle the size of the account was a great asset and allowed such granularity and fluidity of budget, making our management nimble and highly responsive. We were able to pull customised reports daily and monitor demand and Cost of Sale across an account that many of Kenshoo's competitors could not handle.

Increase Targeting Efficiency and Relevancy

Traditionally, Travelodge customers book rooms for short periods of time. This is because the hotels are often used by a market that are attending specific events or passing through a particular area. In order to drive incremental revenue, we developed a strategy to target specific attractions, transport hubs and events, with highly relevant Ad Groups, Ad Copy and Keywords.

A long-tailed keyword strategy was implemented for each of the groups, which led to a decline in CPCs and an increase in cost efficient bookings. For each of these groups, highly tailored copy was built in order to increase relevancy. In order to enhance the user journey and provide users with a list of hotels near to their proposed location, SiteLinks were created which were ordered based on the distance from the original location. This helped to increase bookings, even if the original hotel had no room availability. We also used distances to major attractions and events within our Ad Copy to increase the relevancy of our targeting. This tactic ultimately led to an increase in incremental room bookings in many areas that are known to be particularly competitive for top volume generic terms, generating sales where previously they would be lost. We also adopted a strategy of blending PPC and SEO. This meant changing the format of our ads so that the headline and description line 1 were merged, differentiating us from our competitors and making our target market more likely to click on a link that looked less like a paid ad.

The success of this strategy would not have been possible were it not for the ability to analyse and manage data through the custom reporting and widgets that we created in the Kenshoo platform and the speed and reliability of the Kenshoo data. Through these we were able to pull in depth analysis and carry out testing strategies on which messages work the best for each individual Hotel and then make the appropriate optimisation decisions.

Increase Visibility and Share of Voice

To achieve 100% SOV and account efficiency, it was paramount to our strategy to increase our visibility for Brand searches. To do this we utilised Kenshoo's custom reporting, widgets and Impression share features, as well as our newly improved account structure, highly relevant ad copy and the introduction of SiteLinks to drive 100% SOV across all brand location and brand generic searches.

Kenshoo's features allowed us to monitor this in high granularity on a daily basis and have full control over our account. This in turn helped to meet the KPI of protecting the brand from aggregators and other competitors in the market and make 'key marginal gains' due to increased coverage.

Results

Through our new strategy and partnership with Kenshoo, we were able to record some fantastic results:

Objective 1. To drive additional year on year Revenue from PPC by making 'key marginal gains'

Our objective of maximising revenue through driving incremental bookings was met, with revenue exceeding the previous year's results by 18%. This increase in revenue was recorded despite brand search queries falling by 11% year on year, a result of the difficult market conditions and "Olympics Hangover".

Adding to the growth in revenue, room bookings increased on the previous year by 46%. This proved to be extremely important in achieving the goal of driving revenue growth due to the decline in the average order value that was experienced throughout the year.

When comparing these numbers with the objectives set by the client, revenue was 7% higher than planned, with the number of bookings 36% higher than planned. This illustrates how successful the strategy was in achieving the objectives.

Between the last week of December and the end of January (a key sales period for Travelodge), the number of bookings increased by 53% Year on Year. Further to this, despite the average order value being 30% lower than the previous year, combined revenue increased by 12%.

Objective 2. Improve efficiency by driving a continuously low Cost of Sale

Despite increasing investment in order to maximise bookings, we succeeded in driving revenue more efficiently, with cost of sale 1% lower than targeted. For March (which was a particularly strong month), we achieved a cost of sale 4% lower than targeted.

Objective 3. Increase share of voice on search engines for the Brand hotel portfolio from 88% to 100%

This objective was met with all brand keywords receiving 100% share of voice, increasing from 88% the previous year. This was a major factor in making 'key marginal gains' and helping us achieve our other objectives.

These figures truly illustrate the impact and success of our new strategy and how, by using Kenshoo's bid management tools, we were able to achieve fantastic results in a very quick turnaround period.

Kenshoo Testimonial and The Future of Travelodge

The Travelodge account offered a very exciting prospect for Starcom Mediavest. In a highly competitive market, we knew that there was much that we as an agency could offer to improve Travelodges PPC results. However, we as a team were aware that this could only be achieved with the right bid management partnership. Kenshoo have been invaluable for us, excelling themselves further than we could have ever hoped for.

Since day one, Kenshoo have been highly responsive, proactive and always willing to help. They have developed new servers, fully trained our team to be able to fully utilise Kenshoo's features, built custom reporting templates and URL builders, introduced us to new bid management tools and offered invaluable client servicing. As a result of this, we have been able to smash our targets through our strategy of 'key market gains' in what has been a tough year for the Hotel industry in the UK.

Through very close teamwork, Starcom Mediavest and Kenshoo have built solid PPC foundations for the Travelodge account. Because of this, we are now in a strong position to push on in to the future and begin to utilise and invest in other exciting Kenshoo products such as Dynamic Ad Parameters, Attribution Modelling and In-depth portfolio bidding. With the help of Kenshoo we are sure that we can continue to bring further to success to all parties involved.

Client Testimonial

"The Starcom MediaVest search team have ensured that Travelodge stands out from the competition in the crowded search market space. The structural changes to the account as well as an even stronger focus on optimisation, innovation and driving efficiency, has significantly improved our YoY results. These changes are going a long way in helping to achieve Travelodge's commercial goals in a very difficult market"

Brad Poole, Digital Marketing Manager