



The Travel Industry's Guide to Mobile Advertising

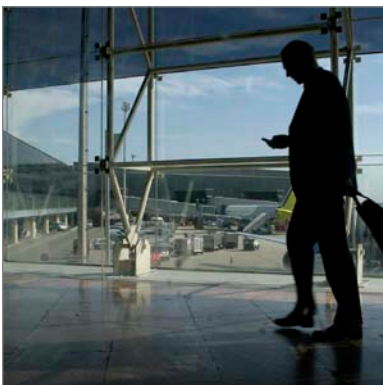


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Executive Summary

Travel companies can leverage a properly crafted and executed mobile advertising strategy to:

- Increase travel bookings and sales
- Simplify travel planning and reservations
- Drive brand loyalty and engagement
- Enhance multichannel campaign efforts
- Improve customer service
- Acquire and retain customers
- Simulate word-of-mouth and social media engagements

Mobile is making it more convenient for both business and leisure travelers to find places nearby to visit, receive last minute travel alerts, make travel arrangements and use their mobile browsers to enhance their travel experiences.

This mobile advertising white paper assists travel companies in getting started in mobile advertising. Please read on to obtain expert advice on how travel companies can create, deploy and measure compelling mobile advertising campaigns.

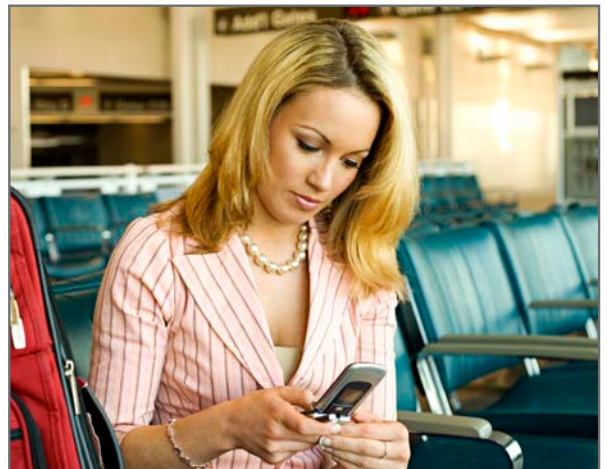
An Introduction to Mobile Advertising for Travel

Mobile advertising is the practice of placing a marketing message, promotion or sponsorship call-to-action within various media properties that make up the mobile channel, including mobile web, search, applications, text messaging (SMS), multimedia messaging (MMS), email, voice, Bluetooth and content.

A Forrester study found that **54 percent** of online business travelers and **48 percent** of online leisure travelers who have Web-enabled mobile devices have used the channel to look up travel-related information such as a flight's on-time status, driving directions, or hotel room information.

The most common methods of mobile advertising are:

- **Display** – the inclusion of static, animated and rich media banners within mobile web sites, multimedia messages, video feeds and applications
- **Search** – the placing of a travel company's sponsored search listing in the mobile web or application at the point of consumer-expressed need
- **Messaging** – the inclusion of text ad within an SMS, MMS, email or Bluetooth message
- **Voice** – the inclusion of audio ads within automated voice services



This white paper looks at the use of mobile in the travel industry through four categories – transportation, hospitality, tourism/entertainment and online travel agencies – and shows how each benefit from the use of mobile advertising to drive sales and customer loyalty.

Transportation

The transportation category – e.g. cruises, buses, trains, airlines, car rental companies and taxi services – uses mobile advertising to:

- Simplify reservation and booking processes
- Drive interest for selected travel destinations
- Improve customer service
- Drive consumers to check schedules and fares on mobile destinations (e.g. mobile sites and applications)
- Increase brand awareness and recognition



In addition, transportation companies are using mobile display, search and messaging alert advertising to sell and promote their perishable inventory. These ads expose consumers to great deals on transportation services that will soon be missed, thus driving up sales that otherwise would be lost.

In addition, transportation companies are using mobile devices to improve customer satisfaction through loyalty programs. For example, Delta Airlines is one of a handful of airlines that offer passengers the option to check-in via their mobile phone or to use digital boarding passes displayed on their mobile device to board the plane.

A Forrester study found that **24 percent** of business travelers and **18 percent** of leisure travelers looked up a flight's on-time status using their mobile device.

Additionally, **31 percent** of business travelers and **29 percent** of leisure travelers looked up driving directions on their mobile phone.

Targeting these consumers with deals for future travel or things to do while they are away is a great way to delight consumers and increase sales.

Hospitality

The hospitality category, which consists of hotels, resorts and inns, uses mobile advertising to:

- Drive sales of products, services and events on property locations by keeping guests within their venue for more than just lodging
- Encourage people to book reservations via mobile web and apps
- Keep guests updated on special events and concerts
- Drive consumers to participate in loyalty programs and to redeem their points



“ In this digital age it's important we respond to the new needs of customers and now we can offer them the convenience to select and book a hotel, access and change bookings and view hotel images and information whilst away from their PC. ”

- Geraldine Calpin, Hilton Hotels
(Mobile Marketer August, 2009)

Travelers are using their Web-enabled handsets to interact with the hospitality industry. According to a Forrester study, **18 percent** of business travelers and **15 percent** of leisure travelers researched hotel availability on their mobile devices in the past year.

In addition, mobile advertising is being used the hospitality industry to build permission-based databases. These databases are used to deliver special deals and coupons to consumers resulting in higher repeat and referral sales. Many of these mobile campaigns include promotional Web landing pages that are mobile commerce-enabled, allowing for a transaction right on the spot. They are also using mobile advertising and mobile-enabled multi-channel promotions that encourage their guests to stay on property and to frequent related establishments and events.

Tourism/Entertainment

The tourism/entertainment category, which includes restaurants, amusement parks, museums and sight-seeing tours, uses mobile advertising to:

- Enhance the travel experience of consumers by driving them to relevant mobile destinations
- Drive sales of goods, services, dinners and tickets at entertainment venues
- Distribute brochures, menus, maps and information that will ultimately bring consumers to them
- Enhance brand awareness and loyalty

The tourism/entertainment category is finding success with mobile advertising to drive consumers to their locations with special mobile coupon offers and deals.

According to Forrester, **21 percent** of business travelers and **18 percent** of leisure travelers looked up dining/restaurant information on their mobile phone within the past year.

Restaurants, casinos and amusement parks are using mobile advertising to stay on top of consumers' minds while they are on vacation. These entertainment venues are using mobile advertising to invite consumers to opt-in for future communications from them so that they may promote and share complimentary offerings to visitors during their travel experience.

Online Travel Agencies

Online travel agencies such as Orbitz, Expedia, Trip Advisor, Priceline, Hotwire, SideStep, Travelocity and Kayak, use mobile advertising to:

- Drive sales of vacations packages, flights and car rentals
- Drive traffic to mobile destinations such as mobile web sites and applications
- Promote specific destinations and drive visits through coupons and special deals
- Increase brand awareness and engagement

Online travel agencies are leveraging mobile advertising to drive consumers to their mobile destinations, as this is where the sales process begins.

According to Forrester, **20 percent** of business travelers and **16 percent** of leisure travelers looked up flight schedules using their mobile devices in the past year. The opportunity to target these travel-minded consumers with advertising is immense.

“ Mobile has proved to be an excellent way of reaching passengers on their departure day. Passengers who redeemed our mobile offer spent, on average, over 50 percent more than a typical Tax and Duty Free store customer. ”

- Simon Preece, Bristol Airport
(Mobile Marketer, Jan. 9, 2009)

Display and search advertising creative with special deals and offers are proving to be most effective, helping online travel agencies acquire and retain customers.

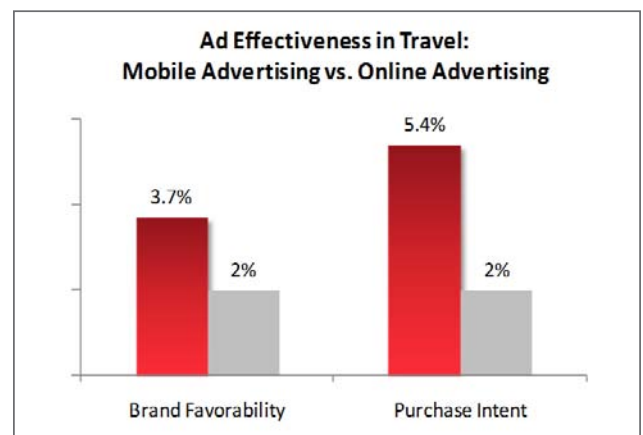
The Mobile Opportunity for Travel

Targeted mobile display, search and text ads are helping travel companies such as Continental Airlines, MGM Grand, Walt Disney World, and Expedia build brand awareness and turn purchase intent into sales with their target audience.

The average mobile marketing campaign budget will **triple** by 2011, according to the IAB Mobile Buyer's Guide. Moreover, according to eMarketer, mobile advertising spending is expected to reach **\$1.56 billion** in 2013, up from \$416 million in 2009, with the spending being equally distributed across messaging, display and search mobile advertising.

In fact, travel companies regularly see higher response rates from mobile advertising compared to the average traditional media marketing programs, which include online, print and direct mail.

Digital marketing research firm InsightExpress found that mobile ad campaign norms were **four-and-a-half to five times** more effective than online norms against measures of unaided awareness, aided awareness, ad awareness, message association, brand favorability and purchase intent. Additionally, for the travel category, InsightExpress' findings indicate mobile media outperforms online media in purchase intent (**170 percent** increase) and in brand favorability (**85 percent** increase).¹



Source: InsightExpress Mobile InsightNorms, February 2010

1. The study used norms developed in online ad testing as a benchmark to draw conclusions around the performance of advertising on mobile devices. InsightExpress compared the two using InsightNorms, the company's normative database containing over one thousand online ad effectiveness campaigns and over one hundred mobile ad effectiveness campaigns. Mobile InsightNorms are based on InsightExpress' flagship mobile brand effectiveness solution, Mobile AdInsights, which employs a test/control design to measure the brand impact of mobile advertising campaigns.

Mobile is both media (to promote advertising messages) and a channel to sell and transact. Consumers are using their mobile devices to stay connected using various media services:

With **65 percent** of all mobile Internet users making airline, hotel or car rental purchases in the past six months, it is clear that there is an important intersection of mobile and travel.

Mobile web – Consumers are using the mobile sites of travel companies to plan their trips and enhance their travel experience.

Travel companies such as airlines, car rental companies, tour services and travel agencies should consider having mobile commerce-enabled sites as an additional revenue stream.

For example, STA Travel, a global travel specialist for students and young people, used mobile advertising on the mobile web to promote flights to its key global destinations. The ads drove consumers to STA Travel's mobile site.

In addition, **20 percent** of mobile consumers are using the mobile Internet regularly and if they have a smartphone – for example, a phone running Microsoft Windows Mobile, BlackBerry, iPhone and Android – this number increases to more than **85 percent**.

According to Nielsen Mobile, more than half—**55 percent**—of all consumers who bought a mobile phone within the second half of 2009 bought a smartphone or broadband-capable device.

Search – Consumers are using their mobile devices for local search with increased frequency. When consumers search for information, travel companies need to ensure they are present at the time of the consumer's expressed need; that is, at the top of the search results.

According to uLocate, the number of local searches that the company has seen per user in the past year has increased **300 percent**.

Applications –There are numerous application stores with hundreds of thousands of applications generating billions of application downloads.

HotelsByMe, for example, launched iPhone and Android applications that use the mobile device's geolocation services to help travelers find nearby hotels. The applications sort the list by distance from the user's current location and plot the hotel location on an integrated map.

Users can also access more than 44,000 hotel properties worldwide, search by city or landmark and also view photos of the hotel. Coupons can be included within applications, driving consumers to redeem special offers.

Text messaging – Short message service (SMS), is an effective channel for the travel industry. Consumers exchanged more than **4.1 billion text messages** per day, according to the CTIA's 2009 semiannual wireless industry survey. Moreover, according to Nielsen Mobile, the average consumer sends 585 messages versus using less than 200 voice minutes.

Given this pervasive use of text messaging, it is no surprise that more than 15,000 consumers are signed up to receive a text alert from the world's most famous groundhog, Punxsutawney Phil, in a campaign to promote Pennsylvania tourism. Consumers increasingly are opting-in to receive SMS communications from travel companies.

Voice - Nearly **35 percent** of U.S. consumers have shut off or no longer use their landline phone as their primary phone, according to the Center for Disease Control.

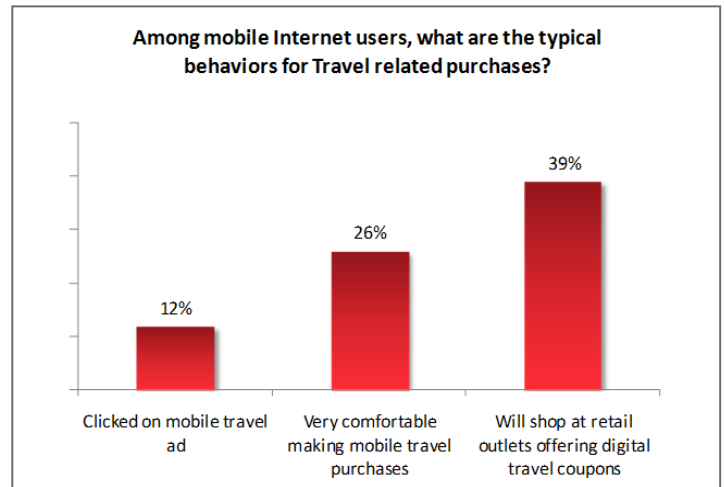
Travel companies such as Orbitz and Expedia are using click-to-call functionality on their mobile sites and within mobile advertising to connect consumers with their call centers. Consumers often buy vacation packages or get customer service via travel company call centers. For many consumers, the mobile phone has become their primary phone.

Mobile Advertising Insights for Travel

According to research sponsored by Microsoft, mobile Internet users are actively engaged in travel-related activities. In the travel context, mobile consumers are increasingly using mobile media to enhance their travel planning and vacation experience.

According to ROI Research's "The Future of Mobile" Study, November, 2009, mobile Internet:

- **Make travel arrangements** – **27 percent** of consumers use the mobile web once a week or more to make travel arrangements.
- **Book travel reservations** – **17 percent** of smartphone users have booked travel reservations in the past year.
- **Click on travel mobile ads** – **12 percent** of consumers surveyed by Microsoft have clicked on a travel ad on their mobile phone. Additionally, 9 percent have made a travel purchase (online or offline) as a result of seeing an ad on their mobile phone.
- **Compare transportation, hotel and tourism prices** – **46 percent** of smartphone users use their handset to compare prices. Three percent use their mobile phone to compare prices while shopping for travel related purchases. Additionally, 44 percent store information on their phones for later viewing.
- **Collect and store coupons and engage in related incentives** – **17 percent** of smartphone users use handsets to search for coupons. Additionally, four in 10 are more likely to shop at travel outlets offering digital travel coupons/deals.
- **Buy goods and services** – A quarterly study by Compete found that **37 percent** of smartphone owners have purchased something non-mobile with their handset in the past six months. Additionally, feature-rich devices (smartphones) continue to drive travel-related purchases to mobile. Smartphone growth is up 63 percent year-over-year (comScore, August, 2009).



Source: ROI Research "The Future of Mobile" Study, November 2009

Mobile Display for Customer Retention and Acquisition

Many leading travel companies – Hilton Hotels, Hyatt Hotels, Disney, Delta Airlines – are consistently making use of mobile advertising for branding, customer acquisition and customer retention or a combination of them.

With proper use of mobile advertising, travel companies such as MGM Grand are building qualified databases of respondents to mobile ad campaigns. This opt-in list is extremely valuable, since the churn rate with mobile phone numbers is minimal compared with email or postal addresses.

Location is key consideration in the travel industry. For example, if Nancy and Joe are visiting Las Vegas on vacation and viewing the mobile web, a hotel chain can serve them a mobile ad with an offer for \$50-off of Cirque du Soleil tickets. There is a good chance they are going in and redeeming the offer. Targeting, of course, is the key to success in mobile advertising. Travel companies can target by location, customer mobile behavior, handset and wireless carrier, age, gender household income and time of day.

The key to getting mobile advertising right for travel companies means targeting through a combination of relevant factors, including location, pertinent time, receptivity, and a rewarding experience through a financial benefit.

Mobile Search to Drive Downloads and Revenue

Travel brands and service providers are also using mobile search to drive consumers to mobile sites and to download their applications.

Ongoing mobile search campaigns are helping these companies ensure that they are easily discovered in application stores and through the mobile web. For travel companies (such as airlines and hotels) with a mobile commerce site, this has become a proven approach to drive additional revenue.



Mobile search is important as it enables key travel trends. According to ROI Research, four in 10 mobile Internet users

In 2009, one in four Americans used a mobile device to access the Internet every month. That is roughly **77 million** people looking to discover new things, stay connected and keep informed while on the go.

conducted mobile searches at least once per day. Additionally, mobile search is actively used in the purchase process – nearly 40 percent of mobile Internet users indicated they were willing to shop at travel outlets offering digital travel coupons/deals.

Travelers searching with a location-based mobile phone are most likely looking for something nearby or seeking to buy something. Travel service providers and brands would be wise to revamp their mobile search efforts to make sure that consumers who are traveling can find and buy from them on mobile.

Mobile web search engine optimization follows many of the same technical rules as that of Web Search Engine Optimization. Importance is placed on page structure, use of headers, keywords and titles, along with various types of browser support.

Mobile advertising puts your brand in the hands of your audience and enables immediate and engaging interaction that leads to measurable results.

Multi-screen Approach for Multiple Touch Points

Travel companies are using mobile display, text and search advertising simultaneously with other marketing (print, online, direct mail, gaming and out-of-home) to acquire new customers, diversify their user base and drive incremental revenue.

A multichannel approach involving mobile can deliver compelling results. For example, Continental Airlines achieved strong results from a multi-channel campaign it ran targeting Hispanics, a demographic that tends to be heavy users of wireless devices (Mobile Marketer, October 29, 2009). In this case, mobile ads were five-to-ten times more effective than the online component of the campaign.



Continental reached out to consumers on television, online banners and search, out-of-home, radio and mobile – both SMS and the mobile web.

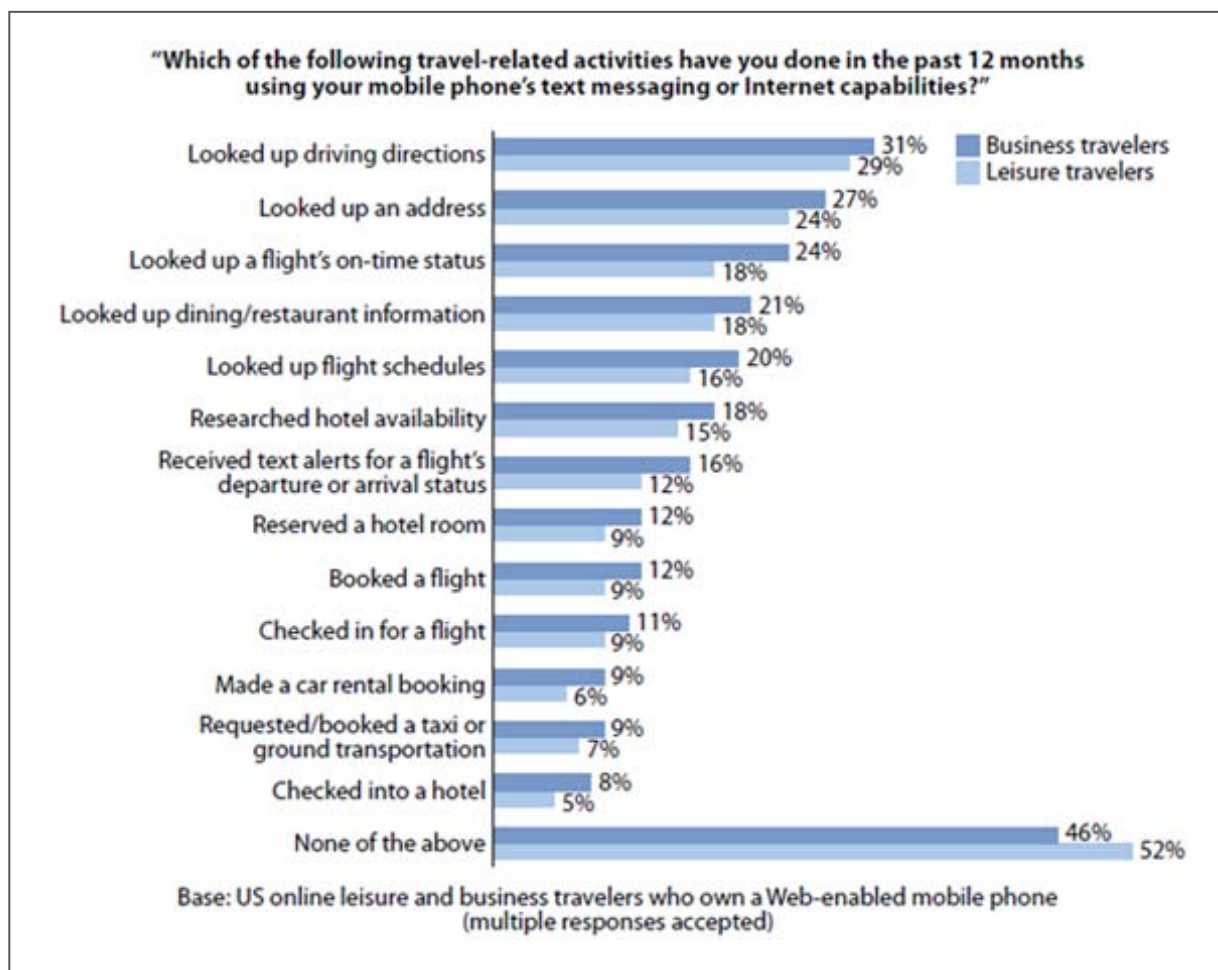
For the mobile web aspect of the campaign, consumers who clicked mobile banners ads were directed to a mobile site which achieved an average of 1.4 page views per visitor. For the SMS mobile aspect of the campaign, TV, radio and out-of-home ads urged Hispanic consumers to text one of two keywords - VOLVER or VIAJAR - to the short code 88188 to participate.

Out of the total audience that entered the mobile-site, driven to it by SMS media, 7.51 percent provided their name, email address and phone number to enter the contest. Voting components and SMS forwarding created a viral effect, in effect giving Continental Airlines more bang for its buck.



Consumers are using their mobile devices for a wide-range of travel-related activities as reported by Forrester Research, Inc., July 2009 in the figure below:

Figure 1 Travelers with Web-enabled Phones are Most Likely to Seek Information Via Mobile



Source: "Travel eBusiness Must Champion Mobile Booking Benefits," Forrester Research, Inc., July, 2009.

Success Stories

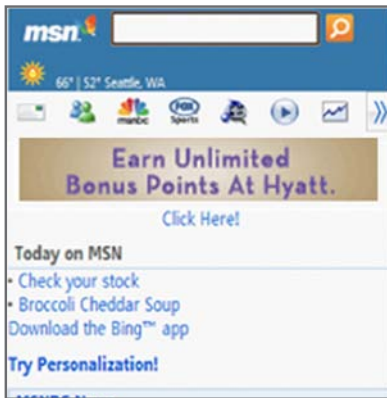


Hyatt Enables Mobile Bookings

Hyatt Corp. launched a mobile advertising campaign that leverages Microsoft's mobile advertising relationship with Verizon Wireless. The mobile advertising display campaign is designed to drive people to register for the Hyatt Gold Passport frequent guest rewards program and encourage people to visit Hyatt's new, fully functional mobile site using their mobile phone.

Hyatt Hotels & Resorts launched its Hyatt Mobile web-site for travelers on-the-go, anywhere in the world.

The mobile site lets guests locate and book a hotel, access reservations and check in or out through any Web-enabled mobile device. The multi-brand functionality is available to guests from around the world who are traveling to any Hyatt location.



Display banner ad on MSN



Display banner ad on Verizon Wireless



Catering to travelers on-the-go

“Microsoft Mobile Advertising provides us with a compelling and scalable solution that can drive awareness, and encourages people to interact with our mobile web site as another channel to register for our rewards program and reserve a room. The powerful combination of Microsoft's popular destination sites like MSN and Verizon Wireless' Mobile web service not only offers exceptional reach to our target audience, but provides us with an efficient solution to work with both a large publisher and service provider through one simple platform.”

- Amy Curtis-McIntyre, Senior Vice President of Brand Communications for Global Hyatt Corp.

The new mobile site is available at <http://hyatt2go.com>. However, the URL is not required to access the site since guests who visit <http://www.hyatt.com> from a mobile device will automatically be directed to the new site.

The Hyatt Mobile site also provides additional special features for Hyatt Gold Passport members and includes a way for guests to join Hyatt Gold Passport, view account details and reservations, and receive Gold Passport exclusive offers.

The mobile site gives guests full access to information on all Hyatt hotel and resort locations worldwide. Currently, the Hyatt Mobile site allows guests to access information on the Park Hyatt, Andaz, Grand Hyatt and Hyatt Regency brand hotels.

Hyatt guests who visit the mobile site may take advantage of the following features:

- Find and book a hotel by location
- Access Hyatt special offers
- Obtain reservations with corporate or group rates
- View and change a reservation
- Web check in and checkout
- Access Hyatt's Yatt'it travel tips by country
- Maps and directions to the property from the nearest airport



Continental Airlines Targets Smartphone Audience with Airfare Promotion

Continental Airlines rolled out a mobile advertising campaign to generate brand awareness, interest regarding a reduced fare promotion and drive traffic to Continental Airlines' mobile site.

Continental's mobile display campaign targeted the mobile Internet savvy smartphone audience between the ages of 25 to 54, with household income levels \$100K+, and had traveled for business within the last three months.

To reach its desired audience, Continental ran mobile display banners across premium content including MSNBC, NBA, NBC Sports and NBC Local Integrated Media, which is geotargeted New York City mobile users.

In addition, InsightExpress conducted a brand awareness study for Continental to measure user perception and awareness of Continental brand in mobile, and measure user purchase intent on the mobile Internet.

The mobile campaign was successful at driving increases across all brand metrics while engaging business travelers and consumers with household incomes of \$100K+. Purchase intent increased by **22.3 percent** and mobile airline ticket purchase intent went up by **22.2 percent**.



Display banner screenshot

Mobile Advertising Best Practices for the Travel Industry

There are numerous best practices that travel industry players should consider when embracing mobile advertising:

1. **Use location and related data to be relevant.** Remember, your message is relevant when the consumer is traveling, and often is no longer relevant once the consumer is back at home. Location also serves a convenience factor. If a customer is nearby, it is more convenient for her to redeem your offer.
2. **Consider the person's situation to tailor and target your message.** Is she shopping, sightseeing or dining? Is the weather hot or cold, raining or sunny? Is the trip for business or pleasure? Tailor mobile advertising messages based on these and related situational data points. Targeted and relevant messages will increase the response rate of any campaign.
3. **Make the purchase and booking process easy on the mobile device.** The less clicks the better. There is nothing worse than losing a customer because she gets annoyed due to an overly complex purchase process.
4. **Use specials and promotions.** Specials and promotions within mobile search and banner advertising can be used to sell perishable inventory such as show tickets, flights, hotel rooms and vacation packages for specific dates.
5. **Use a multichannel mobile approach.** Use various mobile channels to get the word out on deals and package offers (e.g. mobile coupons, alerts, etc.).
6. **Make use of customer loyalty.** Use your mobile advertising to encourage consumers to join and manage their customer loyalty programs.
7. **Leverage on-device media.** Build a permission-based mobile database so that you can send consumers offers for airfare, entertainment and related offers. Always include an opt-in option on the landing page or in the ad creative. Consumers who are willing and eager to hear from you are a prized possession, so compile a database of interested consumers. Double opt-ins in mobile is very important and should be in place before the start of an acquisition campaign.
8. **Collaborate with mobile partners.** Choose appropriate mobile partners that can help you leverage the power of the various mobile media and mobile advertising practices. Ask for references from successful campaigns. Find a vendor that aligns with your needs.
9. **Adopt the Mobile Marketing Association's guidelines.** The Mobile Marketing Association (<http://www.mmaglobal.com>) is an industry-leading global trade association focused on helping marketers and travel companies effectively engage consumers with mobile marketing and advertising practices. The MMA's guidelines help marketers and travel companies support the rights and privacy of consumers, stay compliant with industry best practices and regulations, and get the most out of the practice of mobile advertising.
10. **Keep your program calls-to-action clear and simple.** Remember that simplicity works. Consumers should not have to think about your ad's key message. The call-to-action should be clear and easily understood.
11. **Think past the click.** Once consumers respond to your advertisement, what next? Will they receive a message, be taken to a mobile site, or invited to download an application? Consider the complete 360-degree experience and make sure the total experience is consistent and on point with campaign objectives and message.
12. **Track, measure and analyze.** Mobile advertising is extremely measurable. Be sure to continuously track, measure and analyze the results of a program and make adjustments as necessary throughout the life of your mobile advertising campaign. Do this and you will see improved results.

Partnering with Microsoft for Mobile Advertising Success

Leading travel companies ready to leverage mobile advertising can turn to Microsoft Advertising for mobile display, search and rich media advertising solutions to drive brand loyalty, increase travel bookings and sales and enhance multichannel campaign efforts. In addition, mobile app developers focused on mobile commerce can turn to Microsoft Mobile Media Network to extend the reach of their applications or drive downloads.

Microsoft Advertising's mobile offering includes:

Mobile Solutions That Go Beyond Advertising

- Made-to-order post-click elements incorporate mobile web, apps, downloads, video, rich media, SMS and more
- Mobile advertising campaigns tailored for travel companies' needs including sweepstakes, interactive voice, click-to-call, click-to-buy and related promotional elements, data capture, apps and consumer polls and surveys
- Campaign measurement and analytics to help travel companies monitor campaign performance and adjust their program and budget as needed for optimal results

Microsoft® Advertising connects brands to nearly half (**54 percent**) of the US wireless web audience with integrated experiences across mobile, PC and gaming (Nielsen NetView, 2009).

Reach nearly **50 percent** of all US iPhone users with Microsoft Mobile Advertising (comScore, 2010).

Microsoft Mobile Media Network

- U.S. Audience reach: Microsoft Mobile Media Network reaches **36 million** unique users or **54 percent** of the U.S. wireless web audience (Nielsen, Nov09)
- U.S. Premium mobile properties: Bing™, MSN® Mobile, Windows Live Messenger, Windows Live Hotmail, MSNBC, CNBC, FOX Sports and Wonderwall

U.S. Carrier inventory (on-deck): Verizon Wireless



Microsoft Offices: New York, USA; Paris, France; London, UK; Madrid, Spain

Engage with a Qualified Mobile Audience

- Only Microsoft Advertising draws insights from user behaviors across mobile, PC and gaming
- Reach your target in over 100 high value segments, from "Hotel Seekers" to "Business Travelers"

Mobile Advertising at the Point of Decision

- Engage and influence millions of consumers making real time purchase decisions on-the-go with Bing for mobile
- Easily extend your online search campaign to Bing for mobile without having to invest in mobile specific resources
- Bing for mobile is available on any phone with an Internet connection as a free downloadable app and is the default search box on most phones on the Verizon Wireless network

Microsoft Advertising is committed to innovation as evidenced by its sustained release of new ad formats and placements (e.g. location-based services, mobile commerce and rich media) to provide value to consumers and the travel industry in partnership with leading travel companies who embrace mobile advertising.

Microsoft Advertising helps travel companies create a compelling and enjoyable experience that customers want to be a part of.

For more information and to get started with Microsoft Advertising, please email mobads@microsoft.com.