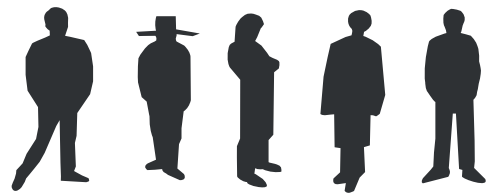


metapeople

Effective Online-Marketing



Case I / 2009



Performance-Marketing for Airlines

**Characteristics, experiences and lessons
from metapeople**

The online market is particularly important for airlines, as well as highly competitive. Especially low-cost carriers, OTAs and price comparison portals advertise aggressively within the search engines and therefore increased competitive pressure on the airlines. Effective performance marketing makes the difference and is the key to success!

In the course of a travel booking process, about 77% of users take advantage of the Google search engine. Based on the click paths it can be seen that Google is in addition to the OTAs in the centre of the search process. Airlines should show presence on Google, so that the user seeking for a flight becomes aware of the airline and their offers as early as possible.

Booking Process

Only 4% of the conversions are made after the first search. From the first query to booking the user requires an average of 25 days, during which he requests about 12 searches on Google and visits 9 provider sites. More than half of the conversions result from generic search terms (e.g. "flight+destination"). Such generic items play an important role, especially at the beginning of the search process. The relevance of the airline brand grows especially towards the end of the search.

Frequent Errors

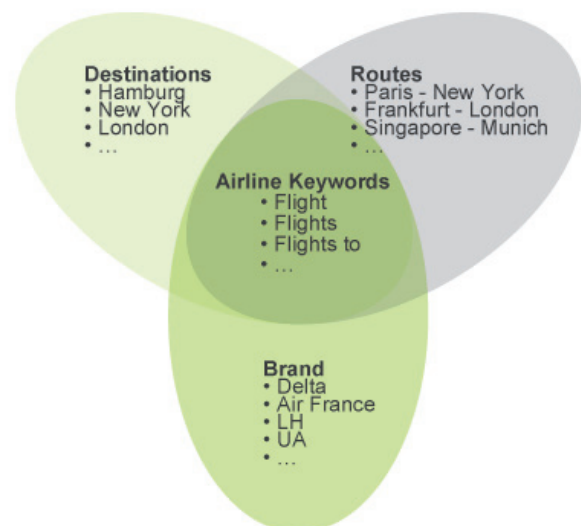
Often, the airlines make it unnecessarily difficult for themselves through a decentralized control of local markets. Similarly, the online engagement of airlines is usually characterized by little consistency in the visibility as in the approach and the budget. The consequences are too high costs per PAX in the various online marketing channels. But it doesn't have to be this way!

Increase Performance & Efficiency

With the right approach, the effectiveness of existing campaigns can be increased. The goal should be, with increasing performance range, to reduce the CPO and CPP in all countries on a global target.

In a first step, a screening of current measures should be undertaken.

A further aim should be the centralisation of handling. At the same time global goals and rules should be agreed with the airline. What are the targeted CPO and CPC? How important is brand protection and – last but not least – which keywords should lead the user to the airline?



Strategy & Approach

On this basis, an appropriate performance strategy will be developed, which fruitfully combines SEM, SEO, affiliate and banner marketing campaigns. Thereby specials and offline campaigns are used purposefully and implemented trouble-free, thanks to technical innovations, like the automated availability-API. Generally, the strategy to optimize the campaigns should aim on sustainability. Distinguishing would be, for example, if attention is paid to the relationship between ad text and landing page plus bearing in mind the guidelines of the Google Quality Factor when optimizing. The keyword range is expanded country-specific taking into account the ROI considerations. Thereby a ROI-tracking with detailed information to PAX, destinations and booking classes should be integrated.

Airline-Keyword Strategy

To develop a successful keyword strategy for airlines, certain know-how on the airline market is essential. Potential keywords can be determined from the intersection of the four keyword ranges, brand, destinations, routes and airline keywords. Depending on the number of used generic airline keywords (e.g. 100) occurs for example in the case of 194 destinations, a potential of approximately 4,000,000 keywords.

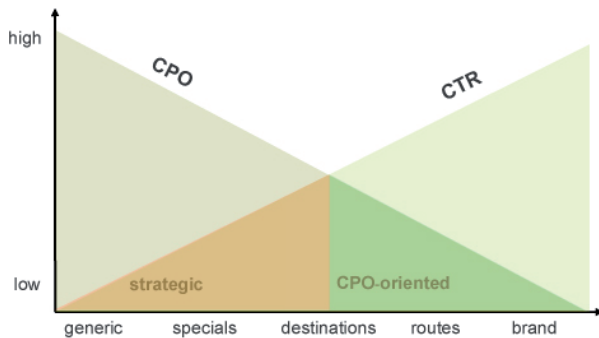
Keyword-Impact

Experience shows that the potential keywords should be for logical reasons divided into brand, generic, destinations and routes. These clusters can be differentially distributed and evaluated. As shown, a sensitization of the customer takes place during the online booking process. During this process, each keyword cluster (generic, route, O&D, brand) has a decisive impact on the flight booking. Only a part of the keyword potential is useful for a CPO modulation. The rest can mostly be regarded as strategic terms, which are helpful in the sensitization process in order to create further scalability. In general it can be said that the CPO of a keyword in the airline segment increases, the more generic the advertised term is. Conversely the CTR of a keyword rises in the airline segment, the more specific the advertised term is.



Learnings: Keyword

It is therefore possible to use millions of keywords. The difficulty lies rather in identifying relevant keywords and a meaningful bundling of keyword clusters. In the airline sector, each keyword can be assigned to four groups. These traffic groups are organized to specific search engine optimization perspectives. The CPO of a generic term is always the highest, because the user in the process of sensitization is still in its infancy. The consideration of the keyword history helps to identify particularly important keywords and to push them accordingly. The CTR of a brand or O&D keyword is always at the highest, since then the user is already in the decision phase. Modulation exactly on this keyword impact is possible. With a more transparent measure of the sensitizing keywords as of the impact of these terms on a reservation it can be scaled better and controlled more effectively. Thus higher transparency and optimal scalability of the overall campaign success is enabled.



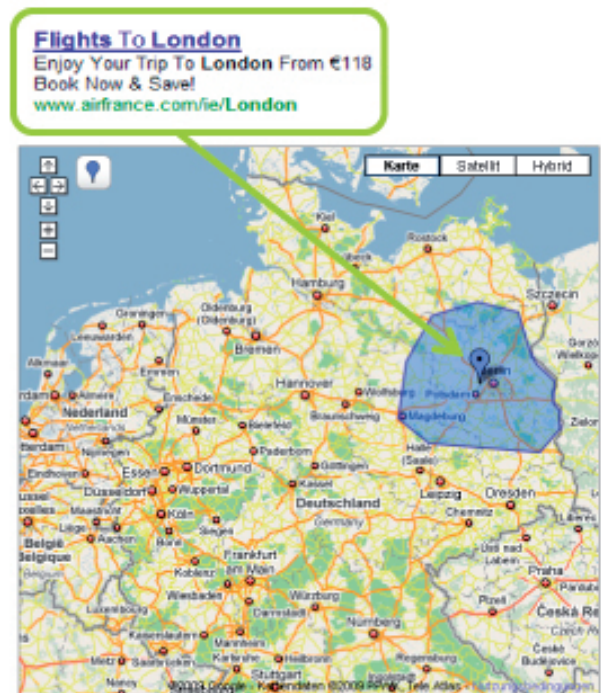
Communication Strategy

Experience teaches: price-oriented ad texts, which refer, for example, to specials, should exclusively be advertised analogue to availability. Otherwise, the thematic focus in the ad text should be on quality and service.

Another well-working strategy is shape-targeting. This technique performs particularly well in areas in the vicinity of airports. By this means, target groups can be addressed specifically in terms of routes and fares.

And this is what geo targeting can look like: The user is located in the Berlin area and is looking for "flights london". Then he receives an ad with route and direct linking to the landing page.

In principle, this can work everywhere. Even rural areas identified in this way can get the services of the airports in the immediate vicinity. Similarly, airline hubs can be especially pushed in making a change at the hub palatable to the user through price bids. This helps to promote weaker as well as new routes or specials particularly to make full use of capacity, and thus ultimately increase efficiency.



Seasonalization

The more the main target group of an airline is located in the private sector, the more important it is for the airline to take holiday seasons into account. The amplified solicit of holiday destinations and special promotions will then play a special role. Is the emphasis, however, on business flights, it is possible that the demand is weaker on the weekends and during summertime. With regard to the communication strategy, tourists can be reached more effectively through the price. Therefore, especially price-based ads should be published in the holiday season. Business customers are in turn better to attract through ads on destinations and a successful brand loyalty.

Learnings: Communication

It makes sense to handle the various communication priorities accordingly in different ad texts, in order to collect the user at all points of the travel booking process. Therefore the basic rules of ad creation, the brand, the type of speech, the USP and the search terms must be respected. Since the CTR and CR in the various communication approaches are very different, there is the need for constant testing of new ideas in new and existing campaigns. Moreover one can say: prize “clicking” is good –

“converting” USP is better! Therefore, targeting opportunities may offer a surplus value if they are used prudently. Experience teaches: the more pointed the target group (e.g.: airport perimeter) and the more specific the ad text suits this group, the higher the performance of the ad. Therefore, also in this regard constant tests of the landing pages must be carried out to find the perfect landing page for each topic.

Budget Strategy

Whether a budget strategy is appropriate or does not depend primarily on the targeting of the campaign. However in principle, a division of the budget in a CPO-bound pot and one independent of CPO, makes sense. A pure CPO orientation primarily commercializes price-based offers and thus in particular cheap tickets. From experience, however intercontinental flights have to be advertised over extended periods of time. To improve the performance of such tickets of higher turnover, increased bookings of strategic keywords which have a higher order value,

| The Largest Airlines | | Competition & Presence on the Internet Do competitors take advantage of such solutions? | | | | |
|--|---------|--|-----|-----|-----------|-----------|
| market competitors (passangers in million / 2008) | | turnover 2008 / in billion € | SEA | SEO | Affiliate | Banner-Ad |
| Southwest Airlines | (101,9) | 7,37 | YES | NO* | YES | YES |
| American Airlines | (92,8) | 12,2 | YES | NO* | NO | YES |
| Delta Airlines | (71,8) | 13,1 | YES | NO* | YES | YES |
| United Airlines | (63,1) | 3,1 | NO | NO* | YES | NO |
| China Southern Airlines | (57,9) | 5,4 | YES | NO* | NO | NO |
| Ryanair | (57,6) | 2,7 | NO | NO | NO | NO |
| US Airways | (54,8) | 8,1 | YES | NO* | NO | NO |
| Lufthansa | (54,7) | 16,9 | YES | YES | YES | YES |
| Air France | (50,4) | 19,2 | YES | NO* | YES | YES |
| Northwest Airlines | (49,7) | 2,5 | NO | NO* | NO | NO |

Source: IATA, World Air Transport Statistics (WATS) and metapeople internal statistics: updated November 2009
* Airline is with this measure, at least not active in the German market

are needed. But also to push special promotions, weak runs or new routes, there should be a budget pot that is detached of CPO. Ideally, after the successfully strategic advertising the strengthened routes can be

moved out of the CPO-independent to a CPO-based budgeting.

But also brand-bidding, mobile, content, banner and placement campaigns as well as general optimization testings should usually be financed independently of the CPO because they have a very important but even a more indirect impact on bookings. Therefore, it makes sense to provide at least 30% of the budget for such CPO-independent actions. Basically, the CPO-detached budget should be the larger one, the lower the classification of the airline's brand recognition or rather the more branding needs to be operated.

Conclusion: Airlines & metapeople

In the future Airlines will have to prevail in an even more competitive online market against competitors. The airline branch is becoming more open to new media and is using more performance-marketing activities to gain a decisive competitive advantage. Therefore the guideline should be: keep pace and preferably go ahead! metapeople knows how airlines can gain a decisive advantage in the online market. As we have gained extensive experience in the airline sector in over 40 markets and 25 languages. Benefit from our experience and expertise in performance marketing for airlines.

Contact & Information

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