bd4travel

Intelligent retargeting in travel
Don't waste time + budget remarketing to the wrong users

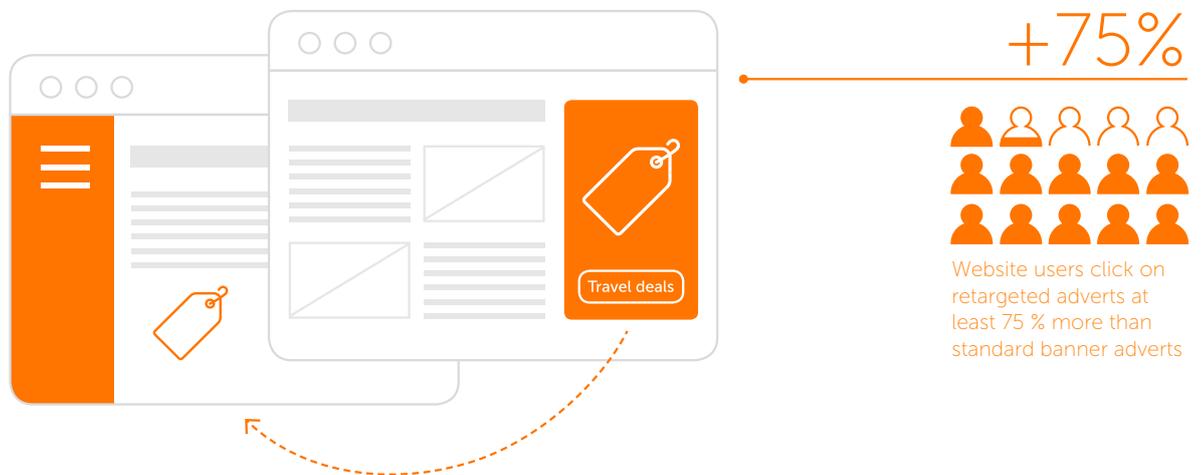# Intelligent retargeting in travel
Don't waste time + budget remarketing to the wrong users

Retargeting – also known as remarketing – has been a marketing buzzword for a number of years. Yet innovation in this field has been slow, and frustrations with sloppy retargeting methods is prevalent among both marketers and prospective customers.

Using real-time profiling of live user sessions, bd4travel has developed an intelligent retargeting method. Here are our insights into the state of play in the traditional world of retargeting, and how you can create high value audience segments in retargeting campaigns.
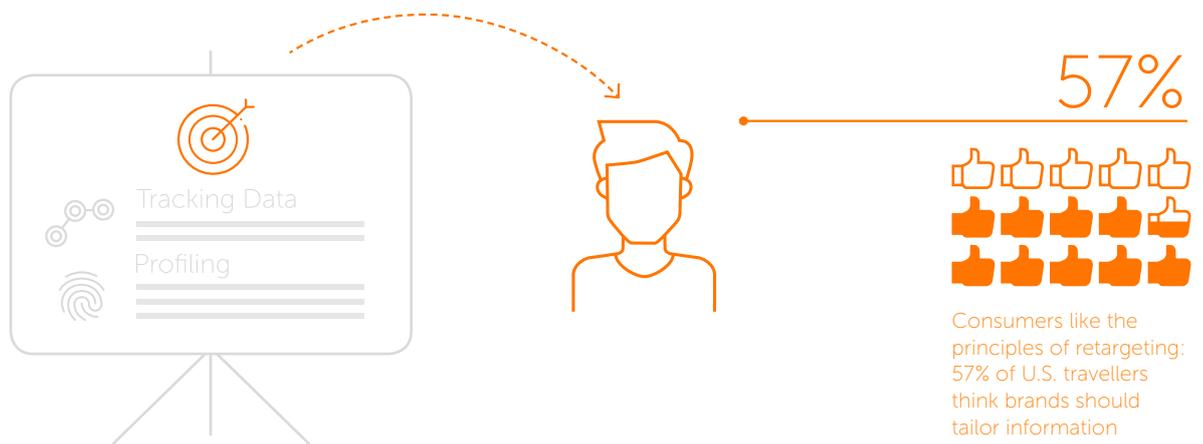
Current trends in retargeting

Retargeting is a way of showing adverts to users who have already had some contact with a brand, usually by visiting the website. It's designed for users who don't convert straight away and provides a method of advertising to them in the hope they will come back and buy.

02

+75%

Website users click on retargeted adverts at least 75 % more than standard banner adverts

The statistics in favour of retargeting are compelling. Many sources estimate retargeted adverts are at least 75% more likely to be clicked than traditional banner adverts. Retargeting also has a notable knock-on effect in other areas, with comScore stating retargeting leads to a 1,046% increase in brand search.

Confidence in retargeting is so high that AdRoll's last State of Performance Marketing report found that 100% of marketers are using retargeting and 90% of marketers are currently planning to maintain or increase their retargeting spend.

In the world of travel – particularly online travel agencies (OTAs) – retargeting is becoming more important than ever before to convert and engage customers. This ranges from the websites of tourist boards incorporating personalised retargeting strategies, such as Canada's newly launched HelloBC.com (Business Insider), to the Choice Hotels marketing strategy that involves retargeting to customers with helpful related travel content (Eye for Travel).

57%

Consumers like the principles of retargeting: 57% of U.S. travellers think brands should tailor information

'The future of travel' report by Google even found that consumers are on board with the principles of retargeting, as 57% of U.S. travellers think that brands should tailor their information based on personal preferences or past behaviours.

AccorHotels is even taking the retargeting trend a step further by actively inviting guests to complete biometric tests, using webcams and heart rate data to help define what kind of travellers they are (Skift). The hotel chain intends to use the general patterns discovered from this process to more effectively retarget users.

03

What's wrong with most retargeting strategies?

While we are starting to see some innovation in retargeting strategies, this method of marketing still has a poor reputation. This is primarily because most of us at some point have been followed around the web with a retargeting advert of something we happened to look at on a website. However, we were never really interested in buying that particular product. Or worse still, we have already bought the product and are frustrated that the brand in question didn't catch on to this fact!

》 Marketers themselves have complained for years about being poorly or even obnoxiously retargeted, and yet it keeps happening.«

- Ginny Marvin, Marketing Land

Having a bad reputation in terms of its implementation doesn't detract from the fact retargeting is incredibly important, especially to major OTAs. In an article on The Drum, the journey of one website user planning a holiday is described. Notably, the user had more than 850 digital travel touchpoints for their trip planning over three months. This involved looking at maps, events, activities and restaurants in the destination, as well as airfares, accommodation and car rental. Just 10% of the travel planning process involved looking at OTAs. This demonstrates just how complex the process of travel booking is to customers, where multiple factors and criteria influence them.

》 Unlike simply purchasing a kitchen appliance, going on a trip isn't as simple as buying [thing] and enjoying [thing].«

- The Drum

<1%

Less than 1% of users of online travel agencies (OTAs) convert on their first visit.
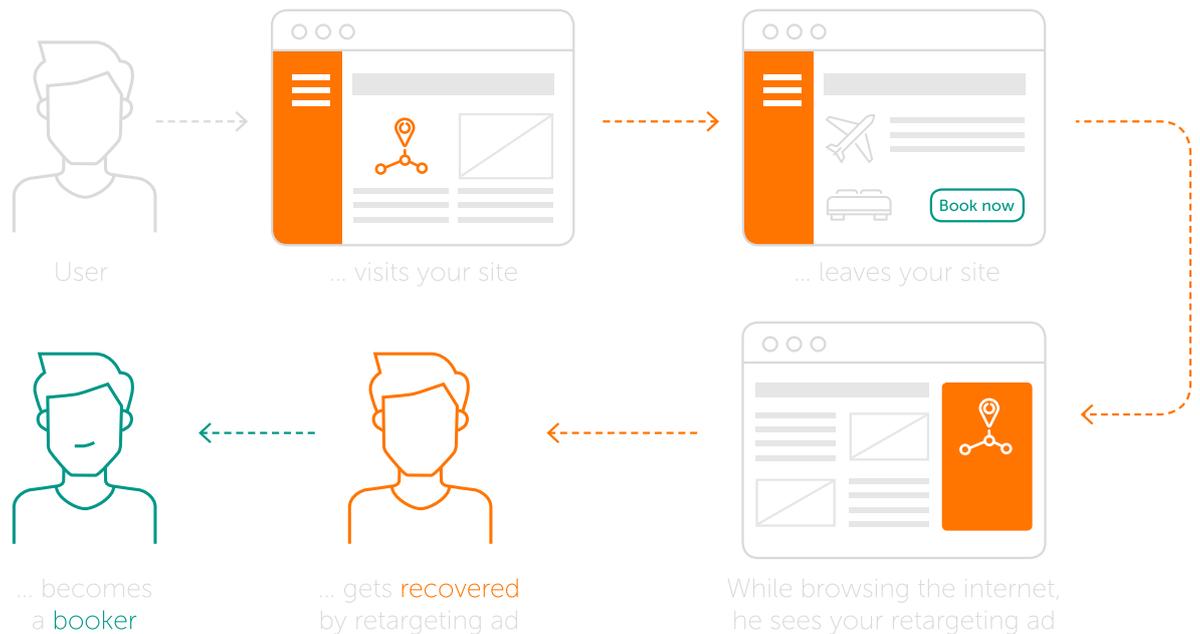
In fact, fewer than 1% of users convert on their first visit to an OTA. Such odds demand a compelling approach in response, in order to keep an OTA brand at the forefront of potential customers' minds. Given the fact the average leisure traveller also takes more than six weeks to make a final purchase, OTAs need all the help they can get to ensure customers come back to them to make a purchase.

The major flaw of most retargeting strategies is that they assume the 99% of website traffic that has not yet converted should be targeted. Anyone who regularly uses the internet knows this is not appropriate. Often, we're just browsing. Other times, a product or brand simply wasn't the right fit for us. Spending budgets on targeting these types of customers is hugely wasteful, and can also have a detrimental effect on a brand's reputation.

Retargeting the right customers

We all know what happens when we remarket to the wrong unconverted users – we simply don't get the return on investment we strive for. But imagine a world where retargeting to the right customers is possible.

And it is possible.

User ... visits your site ... leaves your site

... becomes a booker ... gets recovered by retargeting ad While browsing the internet, he sees your retargeting ad

Every marketer wants to be able to target a segment of users who were engaged with their website and found something relevant. These are users who just couldn't make the decision to book during their last session on a website. Yet they're motivated and display certain characteristics that demonstrate they could be an important or lucrative future customer.

As important as being able to segment these users is knowing what content to present them through retargeting to encourage them to click on a banner.

We've been working on doing just this at bd4travel with a number of OTAs. We use AI-driven user profiling on live website users – which conforms to the recent GDPR changes – to add personalisation and an altogether more intelligent approach to retargeting.

How does intelligent retargeting work?

The premise of retargeting in an intelligent way is to focus advertising spend on users who are already familiar and positive about a brand, having recently
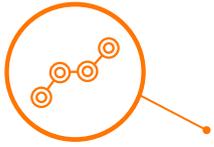
demonstrated a specific interest. Traditional retargeting alone cannot adequately identify such users. We use insights derived from predictive user profiles to create a much more intelligent approach to retargeting.

Tracking data

Our first step towards understanding individual users on a live and continuous basis while they're using a website is to take note of the user's interactions with the website. Our technology allows us to log all user interactions with the specific travel site in full detail. The tracking system stores all events that a user triggers and corresponding content, as well as product and price data returned by the website. This captures a complete picture of each user's interaction.

Profiling

Our profiling system is driven by artificial intelligence (AI), meaning it continually evaluates the tracking events for each user. A continuous result of this evaluation is that the system can make personal predictions about an individual user's interests and their intentions – all in real-time. Profiles can include any characteristic of a user, but some of the characteristics our clients find most useful include the user's propensity of making a booking within 30 to 60 days and the estimated value of the sale. These particular criteria tell us which users to target with retargeting adverts to obtain the highest return on advertising spend.

Dynamic audience lists

In traditional retargeting, a user is either on or off a remarketing list. Usually this is based on some predetermined thresholds, e.g. visiting the booking form two times. The flaw with this traditional approach is that users may be showing high potential through other characteristics, but specific rules must be triggered in order for a user to make it onto a retargeting list. So traditional retargeting not only targets low-priority users, it can also miss significant opportunities.

In contrast, bd4travel profiling is conducted in real-time using the latest interactions and the user's full past history.

Multiple models are used to determine a user's suitability and these models train themselves to improve in accuracy over time. A significant amount of human effort is eliminated by using machine-learning to optimise the list criteria. Manually, this would involve creating multiple rules and continually updating them to detect the desired user behaviours.

Using the predicted user profile characteristics, their propensity to book and estimated wallet size, we rank all users on the site. For each ranked profile characteristic, we divide users into groups and generate continuously refreshed lists. Users are assigned and moved between lists based on their behaviour over time. Segmenting in this intuitive way has the added bonus of being able to tailor the content of adverts to more specifically meet user needs.

06

External AI used in Google AdWords retargeting audiences

The final piece of the puzzle in our intelligent retargeting approach is our unique method to transferring audiences to Google AdWords. The process enables us to dynamically place users on the lists of the most relevant retargeting system.

The current interface for Google AdWords audiences only permits the customer to use Google's own 'Smartlists' or to create rule-based audiences. This limits the customer's potential to segment their user base in innovative ways.

However, bd4travel's innovation enables third party machine-learning to generate audiences within AdWords. bd4travel prediction models can be used independently and in collaboration with off-the-shelf Google AdWords models.

Through our intelligent remarketing approach, an OTA client achieved a 2.5x higher conversion rate and a 4x higher conversion rate for users who were not on previous retargeting lists

Success stories from intelligent retargeting

07

Our intelligent retargeting work with a major OTA has experienced some compelling results.

Targeting high-spend users

Through our technique, we identified a group of users who were deemed as being most likely to convert, who we called our 'conversion propensity high' group. This group went on to experience a conversion rate that was two and a half times higher than experienced by the OTA on average. Furthermore, the conversion rate was more than four times higher than the conversion rate for non-audience traffic (users who were not on any retargeting lists).

The return on investment for this same 'conversion propensity high' group is more than double that of users retargeted in a traditional way, and four times higher than non-audience traffic.

Targeting the group with the highest expected spend may seem like a risky strategy, with the possibility of ending up with a low return on investment. Our work with this OTA couldn't dispel this myth more categorically.

Despite an overall higher cost to target these high value users – which was expected due to competition in bidding for this user segment – the average booking value was significantly higher than other segments. In this instance, each booking from these higher value users was at least £130 higher than average. As a result, the return on advertising spend was 26% higher than average for the OTA and one and a half times higher than for non-audience traffic.

We also found that targeting users with the highest expected spend resulted in a higher click rate on the adverts themselves compared to other segments.

Dramatically lowering advertising costs for users unlikely to convert

Through our intelligent remarketing work with this OTA, we were also able to identify a group of users who were unlikely to convert – by far the largest segment. Identifying this group allowed us to change the balance of where marketing budget was spent.

By drastically reducing the bid value for this user group that was unlikely to convert, this low priority group was much less likely to see retargeting adverts. When they did see an advert, the cost of showing them the advert was significantly lower. As a result, the return on advertising spend was further improved, while still achieving a 50% better result than non-audience traffic. Our data indicates that the same number of bookings were achieved using this approach, but with a significantly decreased advertising spend.
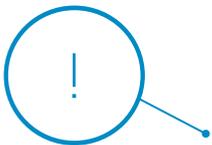
bd4travel's intelligent retargeting uses AI and data in a smart way to present the best solutions for both OTAs and prospective customers. Our approach significantly improves return on advertising spend for OTAs operating in a challenging sector. At the same time, travel customers navigating the complexities involved in booking a trip have a positive experience that is tailored to their needs. Making a little more effort to retarget in a more intelligent way really is a win-win situation for all.

bd4travel

Artificial Intelligence for Travel Distribution

Book your personal demo!

Discover how an anonymous user can be treated as an individual with personalised offers, in your own demo of bd4travel's artificial integlligence software.

Sign up to our Newsletter!

Don't miss the latest updates: Sign up and get our news and personalisation insights sent right to your inbox: www.bd4travel.com/newsletter

Dive into even more insights!

More Resources on AI-based Personalisation in Travel: To find out more about AI-based personalisation in travel, visit www.bd4travel.com/resources and dive into our other white paper, case studies and infographics.

bd4travel