Travel Flash Report.

Online travel's never looked so mobile.

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Introduction.

Criteo, the performance advertising technology company, continuously tracks trends in the traffic on over 1,000 travel websites globally. In the first half of 2014, we have analyzed 300 million bookings and over $150 billion in booking value. Our data includes travel suppliers and online travel agencies across all travel categories. This gives us insight into travelers' use of mobile devices, and both the share and value of bookings generated from each device for airlines, hotels, car rentals, online travel agencies, apartments, cruises, and rail operators.

This report highlights Criteo's key findings from the online travel industry in the first half of 2014 and aims to help digital marketers understand how they can use performance advertising to reach travelers more effectively.

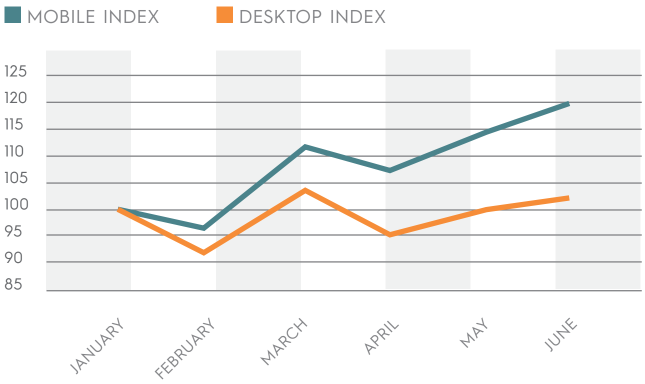
Highlights.

- **Mobile bookings are growing faster than desktop.**
  In the first six months of 2014 mobile bookings were up 20%.
- **Average booking values on mobile are now equal to, or higher than, desktop.**
  The average booking value for air was 21% higher on mobile devices than on desktops and 13% higher for car rentals. Combined with increased bookings, this means higher revenue for mobile.
- **Seasonal trends and regional variations influence opportunity.**
  The World Cup drove increases in Latin America whilst US travel grew 20% in first six months of 2014.
- **But seasons only tell part of the story...**
  OTAs (online travel agencies) got most of the first half growth in bookings.

Source: Criteo H1 2014

#1 Mobile means more.

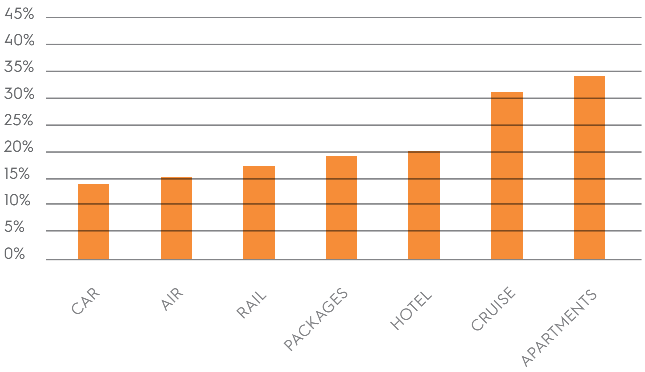
Seasonal growth of mobile bookings worldwide in H1 2014



MOBILE BOOKINGS ARE GROWING FASTER THAN DESKTOP.

Tablets and smartphones accounted for most of the growth of the online travel industry, worldwide, across all categories and markets in H1. Overall, there was a 20% increase in bookings from mobile devices, compared to just 2% growth in desktop bookings.

Share of mobile bookings worldwide, by category, June 2014

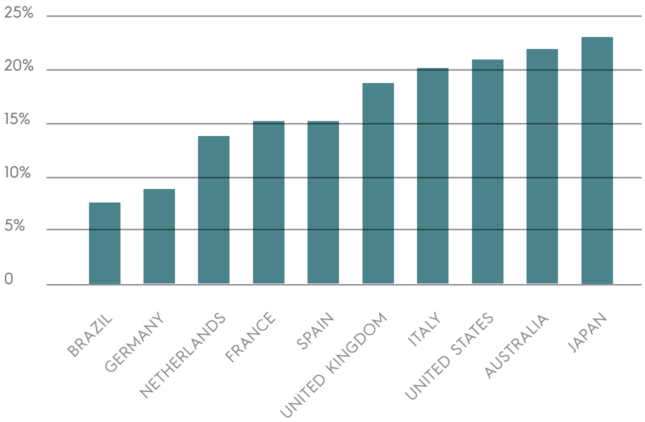


SOME CATEGORIES HAVE AN EVEN BIGGER SHARE.

The share of bookings from mobile devices varies by category, from 13% (car rental advertisers) to 34% (for apartments). 21% of hotel bookings are made on a smartphone or tablet.

And this doesn't include in-app sales, which add up to a significant share of incremental bookings made on mobile devices – about 12% of mobile conversions in June.

Share of mobile bookings, by country, H1 2014



MOBILE BOOKING PATTERNS ALSO VARY FROM COUNTRY TO COUNTRY.

The percentage of bookings completed on a mobile device varies by country. For example, Japanese travelers are three times more likely to book via mobile than German travellers.

IMPLICATION

A mobile strategy is imperative. Online booking is growing, and mobile is both driving that growth and increasing its share. Your advertising investments need to reflect your potential customers' changing behavior.

Source: Criteo H1 2014

#2 More value from mobile.

THE OVERALL VALUE OF MOBILE TO TRAVEL ADVERTISERS IS HIGHER THAN BEFORE.

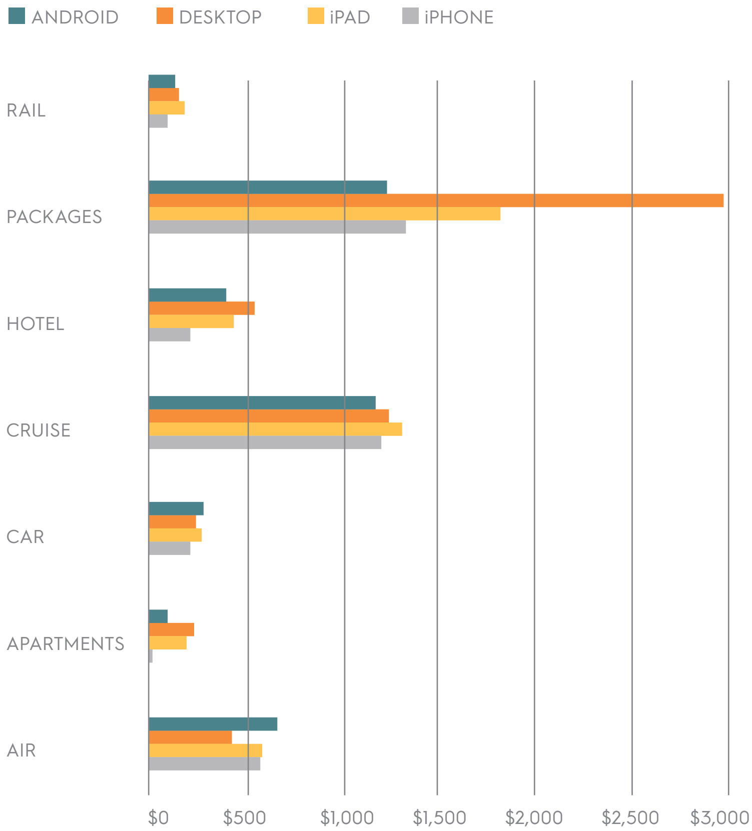
Not only have the share and the number of bookings increased, but also the value is often on par with desktop, or even higher in some categories, leading to higher revenue.

DIFFERENT DEVICES, DIFFERENT CATEGORIES.

The value of bookings by device varies across categories: There's an average of $600 more spent on packages booked on the iPad compared to those booked via Android. Larger-screen devices (tablets and desktops) are used more often for complex purchases like packages, which can require multi-tab browsing.

The value of Android bookings on flights, however, outpaces that of all other mobile devices.

Average booking value by device and category, USD, H1 2014, worldwide



Hotels.com, a leading online accommodation booking website, is one company noticing a change in booking behavior. The number of bookings with mobile devices is increasing, which underlines the growing importance of smartphones and tablets.

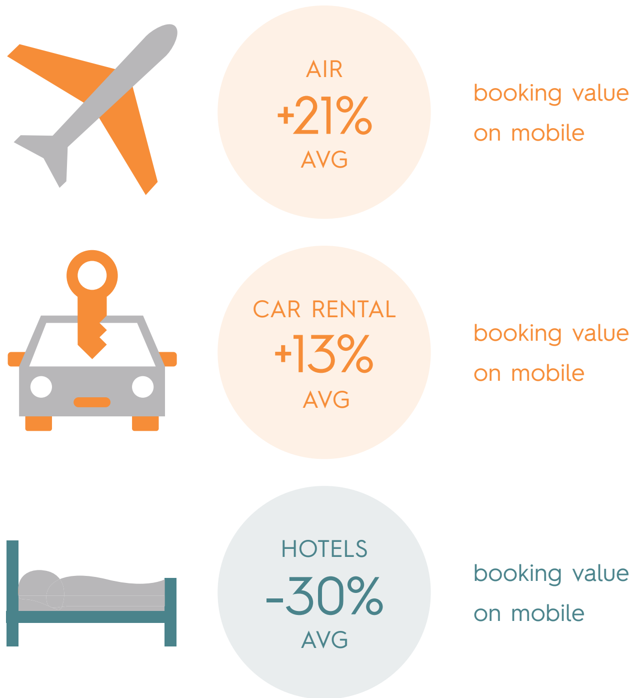
Source: Criteo H1 2014

THE IMPORTANCE OF LAST-MINUTE BOOKINGS.

While smartphone and tablet use correlates to a more affluent demographic sector, the value of last-minute bookings and their price patterns also have a significant influence on average booking values in different travel categories.

The average booking value for air was 21% higher on mobile devices than desktop, and 13% higher for car rentals. This is largely influenced by the fact that last-minute flights are on average of a higher value.

The value of hotel bookings, however, was 30% lower on mobiles. This is mostly because a large share of mobile bookings are made on the same day* and, unlike weeklong vacation bookings (or flights), last-minute hotel stays tend to be shorter and of lower value.



Air booking value on mobile devices, US, H1 2014 (USD)

>$1000 TOTAL $500-$1,000 TOTAL $300-$500 TOTAL
$200-$300 TOTAL   <$200 TOTAL

THE MAJORITY OF US MOBILE AIR BOOKINGS ARE HIGH VALUE.

In the US, almost two-thirds (62%) of mobile air bookings are over $500 in value, with 90% worth more than $300.

IMPLICATION

To reach new mobile consumers, you need to adjust your strategies, based on how, when, and where travelers make their bookings. Mobile devices are used for bookings across all price points and categories - from complex packages to last-minute travel.

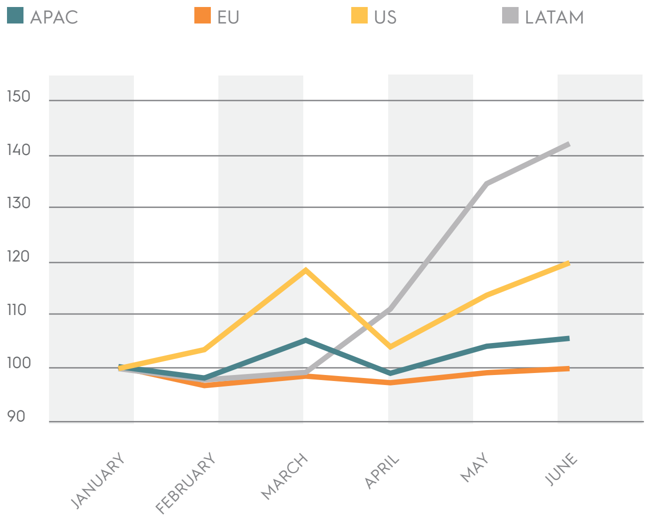
The rise in last-minute bookings suggests that travelers are increasingly relying on mobiles, in situations where it's already too late for advertisers to reach them on the desktop. Better technology allows you to personalize offers with a high degree of accuracy, leading to greater last-minute conversions.

But both desktop and mobile can reach new customers, and advertisers can be reassured that they are of equal value.

*as reported by several OTAs.

#3 Change with the seasons.

Regional variations of bookings in H1 2014 (index)

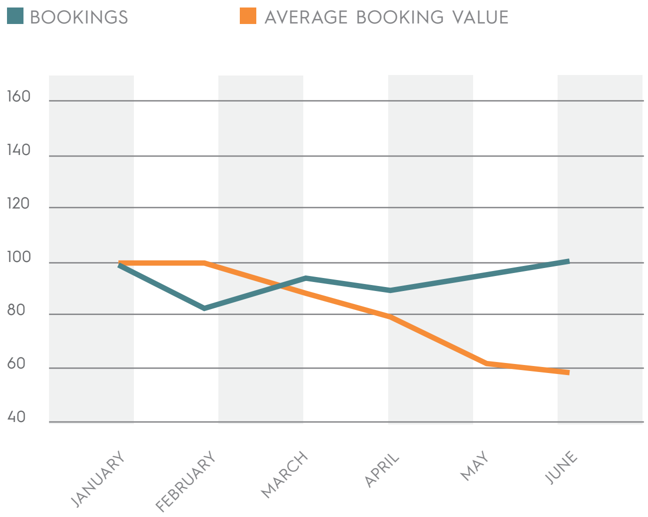


SEASONAL TRENDS AND REGIONAL VARIATIONS PRESENT NEW OPPORTUNITIES.

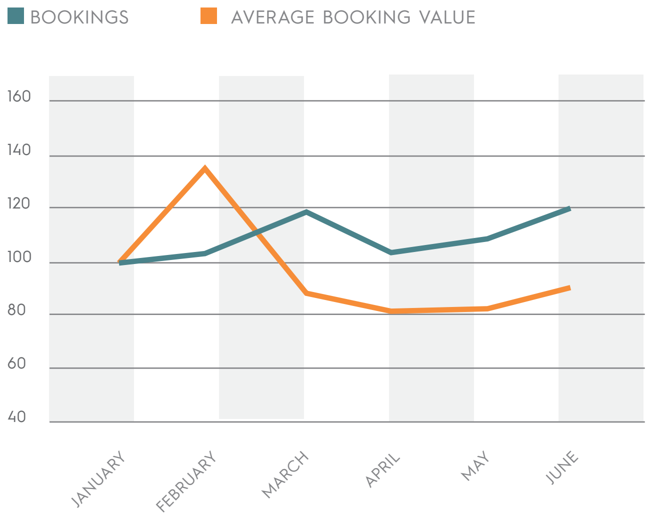
The importance of seasonal peaks naturally varies across regions. For example, travel bookings in Europe and APAC were stable across the first half of 2014, whereas in the US, while there was a peak in March with moderate growth in May and June, travel bookings increased by almost 20%.

With a 42% increase, Latin America (LATAM) had the most significant seasonal growth in online bookings for travel advertisers. This coincided with the 2014 FIFA World Cup in Brazil.

EU bookings and average booking value, H1 2014 (index)



US bookings and average booking value, H1 2014 (index)



The breakdown between volume and value tells a more interesting story. In the US, there's a peak in the number of travel bookings, but a fall in the average value of those bookings, at the end of March. This is probably due to a combination of both spring break and early bookings for the summer season.

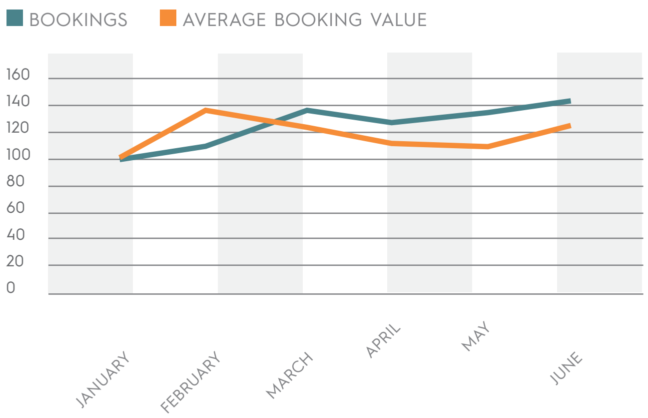
In Europe, however, travel bookings reflect the summer season, with more actual bookings but an ongoing seasonal drop in average value starting in February.

IMPLICATION

As a marketer, you need marketing strategies that allow for changing the costs of acquisition in real time, so you can respond to variations in booking patterns and booking values. Seasonal variations and events are a big opportunity, but only if you're able to target potential buyers according to their online behavior.

#4 Where do you stand in the value chain?

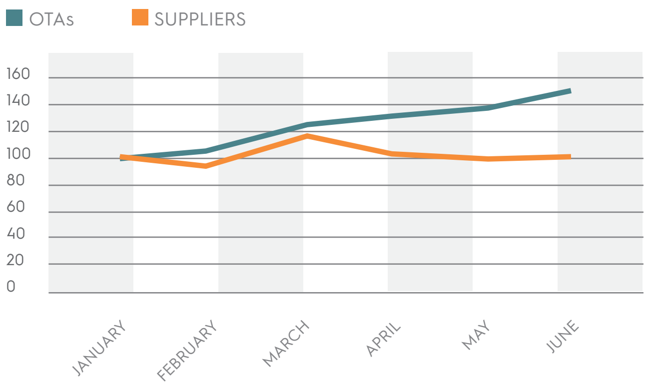
Average hotel bookings and booking value, US, H1 2014 (index)



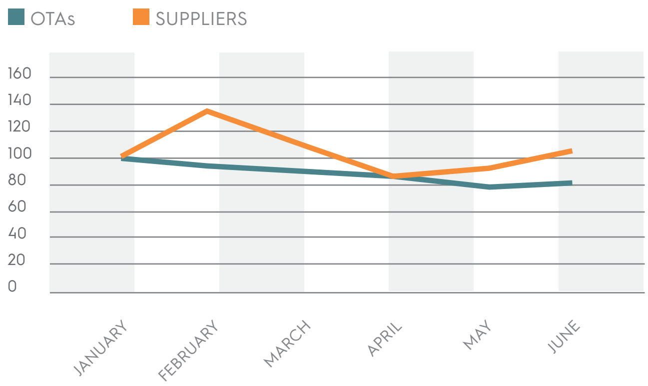
AMONG HOTEL ADVERTISERS, OTAs GET MOST OF THE SEASONALITY GROWTH IN BOOKING, BUT SUPPLIERS GET THE GROWTH IN VALUE.

Sometimes, the overall trend hides differences that you need to be aware of. Looking at all hotel advertisers in the US, there is overall growth in both bookings and value, with a peak in early spring before the spring break vacation and the summer season.

Hotel bookings, OTAs and suppliers, EU and US (index)



Hotel booking values, OTAs and suppliers, EU and US (index)



Most of the time, Online Travel Agencies and travel suppliers provide the same final product. But the market trend is not the same.

OTAs' bookings climb by 50% throughout the season in Europe and the US. But the value of those bookings falls by 19%. For hotel suppliers, however, the booking numbers remain stable throughout H1 2014, with peaks in value in February and June.

IMPLICATION

Within this highly competitive market, advertising strategies and acquisition costs should be based on specific intelligence rather than trends from the entire industry. So it's more important than ever to create a different strategy to connect directly to travelers and customers, using the right offering at the right moment.

Key takeaways.

- You can now rely on mobile devices to reach new customers and travelers. The entire online experience - from ads to shopping carts - needs to be mobile-optimized, to encourage conversions on all devices.
- Your channel spend between desktop and mobile ads must be fluid, with decisions made in real time to take advantage of the opportunities as they happen.
- Mobile advertising now provides increasing conversion opportunities for high-value travel products, from packages to last-minute flights.
- Seasonal, regional, and category variations are such that you need to continuously adapt your marketing strategies, based on your customers' behavior.

Conclusion.

Smartphones and tablets may make the marketer's job (slightly) more complex, but they also provide new ways to reach consumers that simply weren't available before.

As customers spend more time on mobile devices, and move seamlessly across all their devices, advertisers need to develop marketing strategies that prioritize mobile while taking into account seasonal and regional variations. The winners in the future will be the brands that adapt best to this new customer paradigm and take bold steps forward.

Methodology.

The data in this study only includes advertisers that were continuously live on Criteo throughout the first half of 2014.

Comparators were not taken into account. Instead, the study focuses on travel suppliers and online travel agencies.

All average booking values are consolidated into US Dollars.

The numbers of bookings are those measured directly on advertisers' websites and do not reflect the activity of Criteo.

Other relevant research papers.

MOBILE FLASH REPORT: INCREMENTAL MARKETING OPPORTUNITIES FOR ADVERTISERS

It's no surprise that consumers have been spending more time than ever on mobile devices, and less time on PCs. What's really interesting, though, is the extent to which these consumers' shopping and purchasing decisions have been impacted by this move from PC to mobile. And this spells opportunity for today's savvy advertisers.

IMPROVING THE LIFETIME VALUE OF YOUR APP USERS - THREE EFFECTIVE TIPS FROM THE TRAVEL INDUSTRY

The travel industry has been quicker than any other to take up the opportunities of smartphone and tablet apps. Working with our travel partners, we've learned some important lessons about increasing engagement and maximizing value - lessons that can benefit marketers in other industries.

MARKETING ATTRIBUTION COMES OF AGE

Advertising has become as much science as art. Exciting new marketing attribution models and methods have emerged, allowing advertisers to become ever more sophisticated in their approach to measuring their return on investment.

Based on real-life insights from marketers, this report separates fact from fiction and delivers an unprecedented depth of insights into the present and future of marketing attribution.

PERFORMANCE DISPLAY ADS TURN VIEWERS INTO CLICKERS

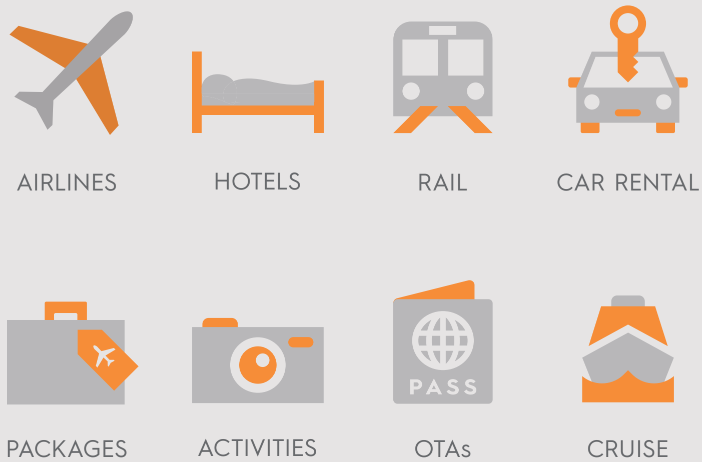
Thanks to impressive conversion rates and an online ROI that is comparable to that of search, performance display advertising is chipping away at a nagging - and inaccurate - perception: that banner ads don't work online.

This white paper discusses how performance display advertising improves the overall media spend of advertisers, and also how it provides a large share of exclusive clickers.

How Criteo helps travel advertisers.

- Booking intent optimization engine
- Premium inventory on top-tier publishers
- Flexible, self-generating, real-time ads
- Personalized recommendations
- Booking window and travel cycle management
- Cross-sell campaigns
- Yield- and value-based targeting
- Strong privacy compliance
- Global reach of 924 million monthly unique users*
- Mobile reach on web and apps, iOS and Android
- Zero overhead costs (yeah, zero).

Covering:



BRAND
CONTROL

Premium inventory
Flexible design
Brand sync banners

DATA-DRIVEN ROI

Booking intent optimizer
Travel cycle management
Yield and value targeting

VOLUME
& SCALE

Massive user reach
Global scalability
Mobile web and apps

LEGAL
COMPLIANCE

Privacy program
Policy making
Opt-out features

*comScore MMX, March 2014. Number of unique users exposed to one or more Criteo banners. Age: 15+.

About Criteo.

Criteo delivers personalized performance advertising at an extensive scale. Measuring return on post-click sales, Criteo makes ROI transparent and easy to measure. Criteo has over 1,000 employees in 17 offices across the Americas, Europe and Asia-Pacific, serving over 6,000 advertisers worldwide with direct relationships with over 7,000 publishers.

For more information, please visit **www.criteo.com**