

AdWords search investment drives 20% uplift in online sales and 6% revenue increase in Thomson Holidays shops



About TUI UK & Ireland

- UK and Ireland's largest tour operator
- Key brands include Thomson, First Choice, Thomson Airways and Thomson Cruises
- 681 travel shops in the UK England, Scotland, Wales and Northern Ireland
- www.thomson.co.uk
- www.firstchoice.co.uk
- www.tuitravelplc.com

Goal

- Measure the impact of online marketing investment on in-store sales

Approach

- Established control and test regions
- Created mirrored non-brand search campaigns in AdWords
- Allocated five times more search investment in test region than control region

Results

- Incremental search investment in test region drove 20% uplift in direct online sales and 6% total revenue increase in Thomson Holidays shops
- By attributing value of retail sales to the search campaign, total cost per passenger decreased 48%
- For every ten people who purchased online, another eight purchased in-store

As the UK's largest tour operator, TUI UK & Ireland's key brands include Thomson, First Choice, Thomson Airways and Thomson Cruises. The holiday company operates to over 88 destinations in 30 countries and takes over 5.5m British and Irish customers away on holiday each year. With 681 travel shops throughout the UK England, Scotland, Wales and Northern Ireland, Thomson Holidays has a significant high street presence and a sophisticated integrated marketing strategy that includes investment in both online and offline media.

Measuring the impact of online marketing investment on in-store sales is a serious challenge in today's multi-channel environment. TUI UK & Ireland addressed this head-on by partnering with the Business Science team at MediaCom, Adobe and Google to design an experiment that would allow the company to measure the impact of increased search investment on Thomson Holidays' retail sales.

A smart test design to deepen understanding

Before initiating the experiment, MediaCom researched geographic locations throughout the UK to propose an impartial control and test region. Factors taken into account were sociodemographic composition, online behaviour, the retail presence of Thomson Holidays, and other considerations like proximity to a major airport serviced by Thomson Airways. After selecting the control and test regions, MediaCom reviewed previous sales data for these regions to check for any irregular patterns. Sales patterns proved remarkably similar, providing validation for the test design.

To run the experiment, MediaCom used Adobe Media Optimizer for Search to create mirrored non-brand desktop search campaigns in Google AdWords, one for the control region and one for the test region. Ad copy – which did not contain a call to action encouraging store visits – was identical for both test and control regions to ensure that it was not a variable in influencing the results. (Had call to action text of this type been included, the retail uplift would ultimately have been even stronger.) Over a six-week period, Adobe Media Optimizer for Search ran the campaigns with the test region receiving five times the investment of the control region.

MediaCom then collaborated with the TUI UK & Ireland retail trading team to compile sales data for each region. The experiment ran for five weeks. However, as a holiday is a very considered product for the consumer, the data examination period extended beyond this in order to account for delayed conversions.

Proof of a surprisingly powerful ROPO effect

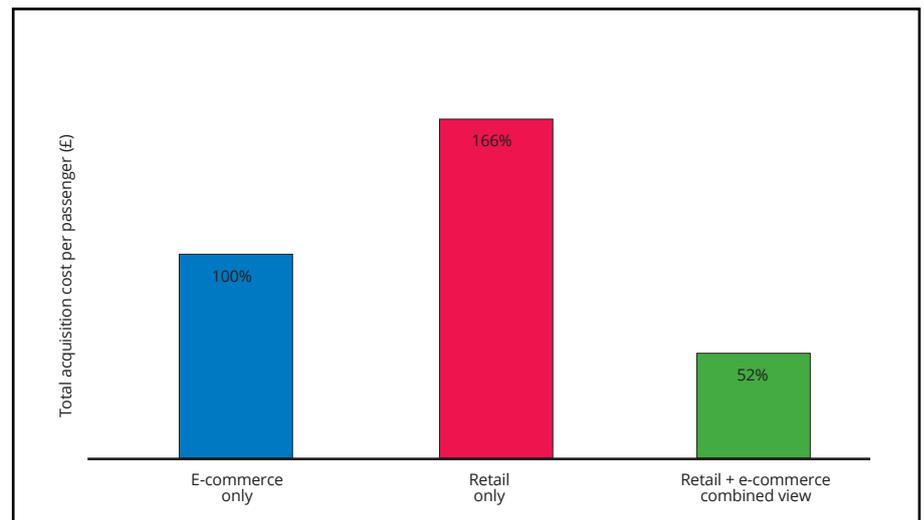
While the team at TUI UK & Ireland had anticipated results would show that the company's online marketing activity had a causal effect in generating consumer interest and footfall into stores, the experiment's outcomes produced a degree of surprise, with the extent of the demonstrated "research online, purchase offline" (ROPO) effect outstripping TUI's expectations.

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— Justin Daich, Online Marketing Manager, TUI UK & Ireland

The activity led to two principal findings about the impact of the incremental search investment. First, analysis showed that the incremental search investment drove a 20% uplift on direct online sales in the test region. Secondly, the total revenue generated by Thomson travel shops in the test region increased by 6%. MediaCom used this incremental figure and the total advertising investment to recalculate the true total cost per passenger (CPP) for Thomson Holidays.

With the value of retail sales attributed to the campaign, the total cost per passenger decreased by 48%. Previously, only online bookings would have been captured in attribution reports, but this new approach to analysing search investment showed that for every ten people who purchased online, another eight purchased in-store.



The total acquisition cost per passenger when both retail and e-commerce activity were factored into the calculation was 48% less than when e-commerce alone was considered, and a third of when only retail activity was considered. The research captured clearly the full picture, showing the causal relationship – as opposed to merely a correlation – between increased search investment and retail sales. (Source: MediaCom Business Science Econometrics results)

Invest digitally, reap benefits in-store

Having measured the impact of online campaigns in driving footfall and retail bookings, TUI UK & Ireland plans to use its digital advertising channels to maximise bookings both online and in-store. "This is just the beginning for us," says Online Marketing Manager Justin Daich. "We know customers rely massively on search for travel research. We want to understand even more about how we can reach customers effectively and what the true impact is of our digital campaigns across all sales channels. It allows us to plan all of our media much more efficiently when we have the full picture."

The experiment's results are also contributing TUI UK & Ireland's consideration of tactical opportunities. "Beyond being able to justify increased search investment, there may be instances when a particular region's retail sales are below target," explains Chris Fensome, Search Engine Marketing Manager. "Because we now have the data that shows that search is strongly linked to retail success, we can use search as a tool for supporting retail. And with Google Enhanced Campaigns, it's easy to modify bids for a particular geographical region. Additionally, because searches from mobile devices have also been shown to index highly with local intent, TUI UK & Ireland is in the process of designing follow-up experiments to measure how mobile can be used to drive retail sales as well."