

GET SET FOR TRAVEL IN 2022

Now is the time to advertise on TV



Overview



As travel opens up within Australia and around the world, the tourism industry has a chance to capitalise on pent-up demand and a return to the healthy revenue levels enjoyed before Covid.

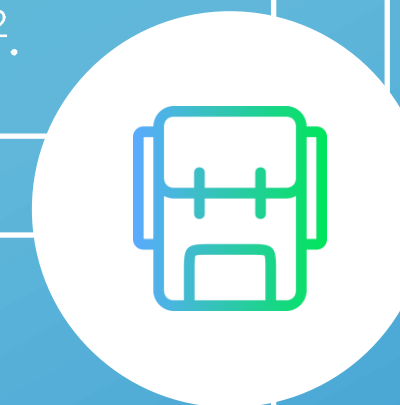
While the domestic market has already embarked on the road to recovery, there have been false starts and the landscape looks very different to the pre-Covid days.

- Travel brands halved ad spend in the year to June 2021^{*1}.
- Travellers' consideration of brands spiked downward across the industry^{*2}.



Potential travellers have never been more undecided about where to go and which brands to consider for their next trip^{*2}.

This represents an unprecedented opportunity for travel brands to emerge from Covid with a market share significantly better – or worse – than before the pandemic.



Lack of advertising is a top contributor to traveller indecision. Effective investment in advertising will unlock future revenue as the economy and domestic tourism spring back to life.

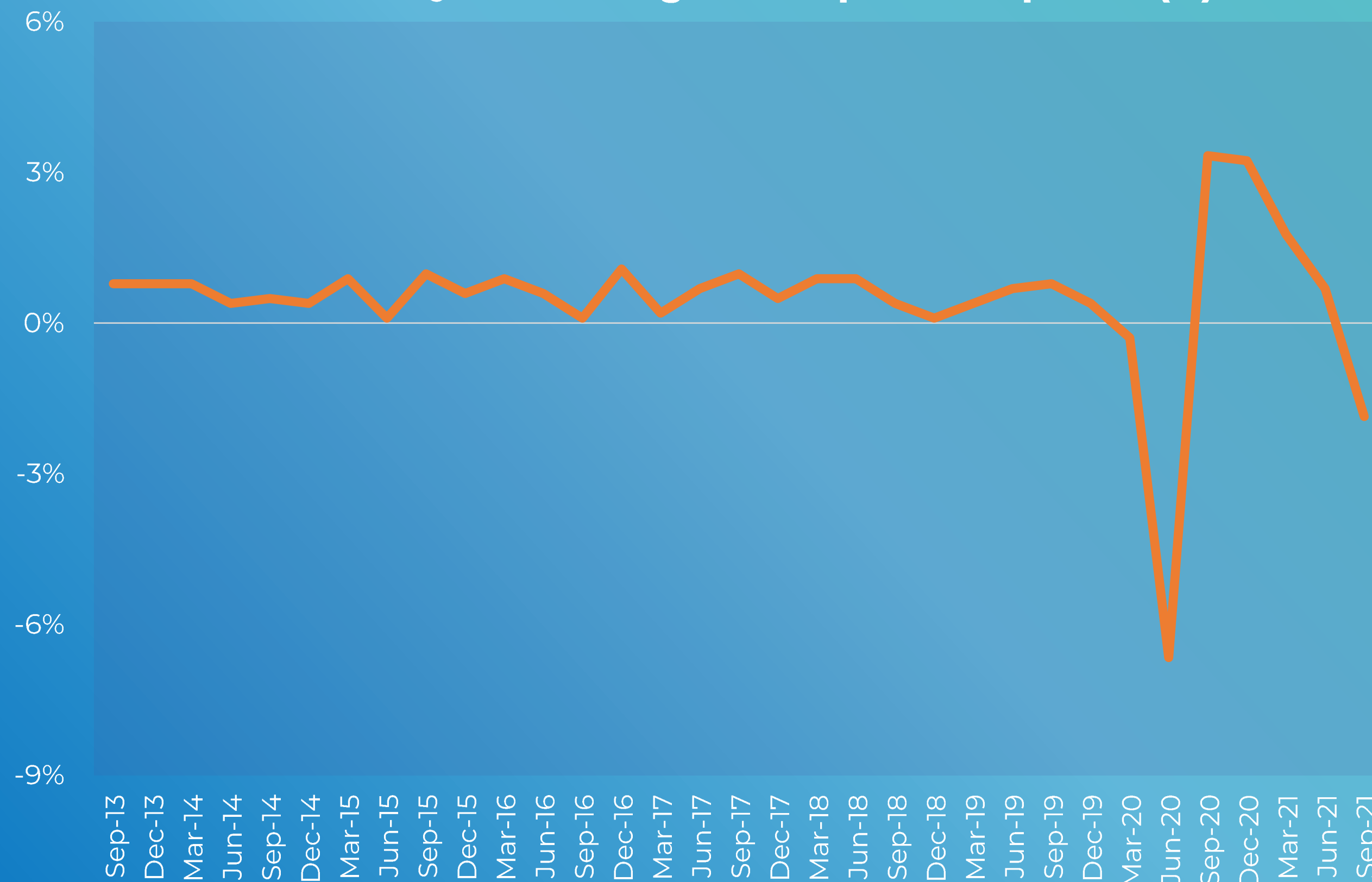


Now is the time to re-engage customers.

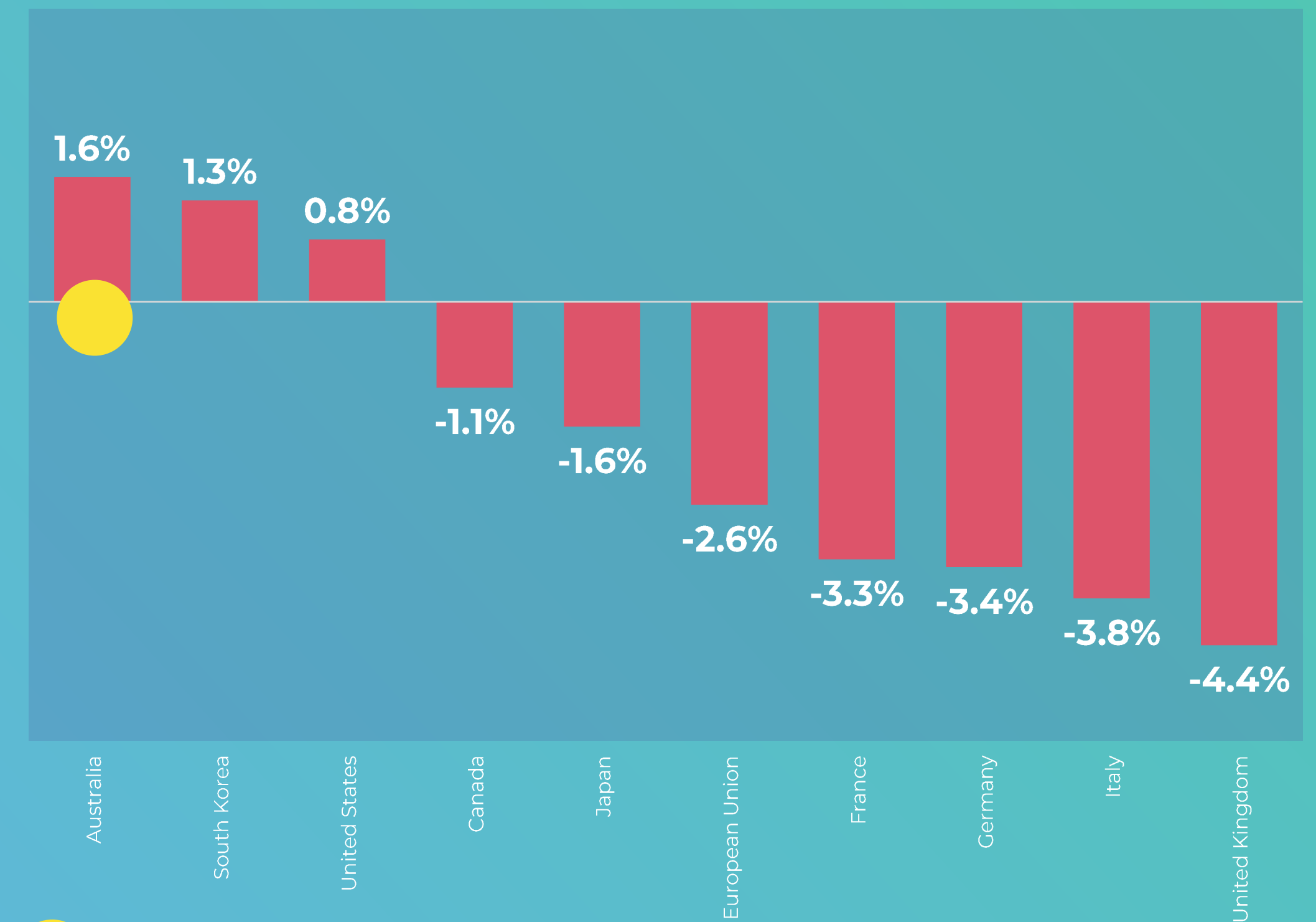


History shows that a record rebound is coming

Australia : Quarter GDP growth v previous quarter (%)



Apr/Jun 2021 quarter GDP growth v Oct/Dec 2019 (%)



Apr/Jun2021 was +1.6%. Jul/Sep2021 shows a -0.2% drop against Oct/Dec2019 with both NSW and Victoria in lockdown during the latest quarter

But, as with the rest of the world, Australia's \$120b+ tourism industry took a gap year

\$59BN

WORTH OF TOURISM
SPEND WAS LOST IN THE
YEAR TO JUNE 2021^{*1}

\$88B

EQUIVALENT LOST APRIL
2020 TO SEPTEMBER 2021



DOMESTIC
+ INTERNATIONAL
TOURIST \$



VISITORS TO
AUSTRALIA \$^{*2}



DOMESTIC
OVERNIGHT STAYS \$^{*3}

Spend Year to Jun19
(ie pre covid)

Spend Year
to Jun21

\$122b	\$63b -49%
\$44.6b	\$1.3b -97%
\$77b	\$61b -21%

Source:

^{*1} Compared to the year to June 2019 (Based on ^{*2} and ^{*3} below)

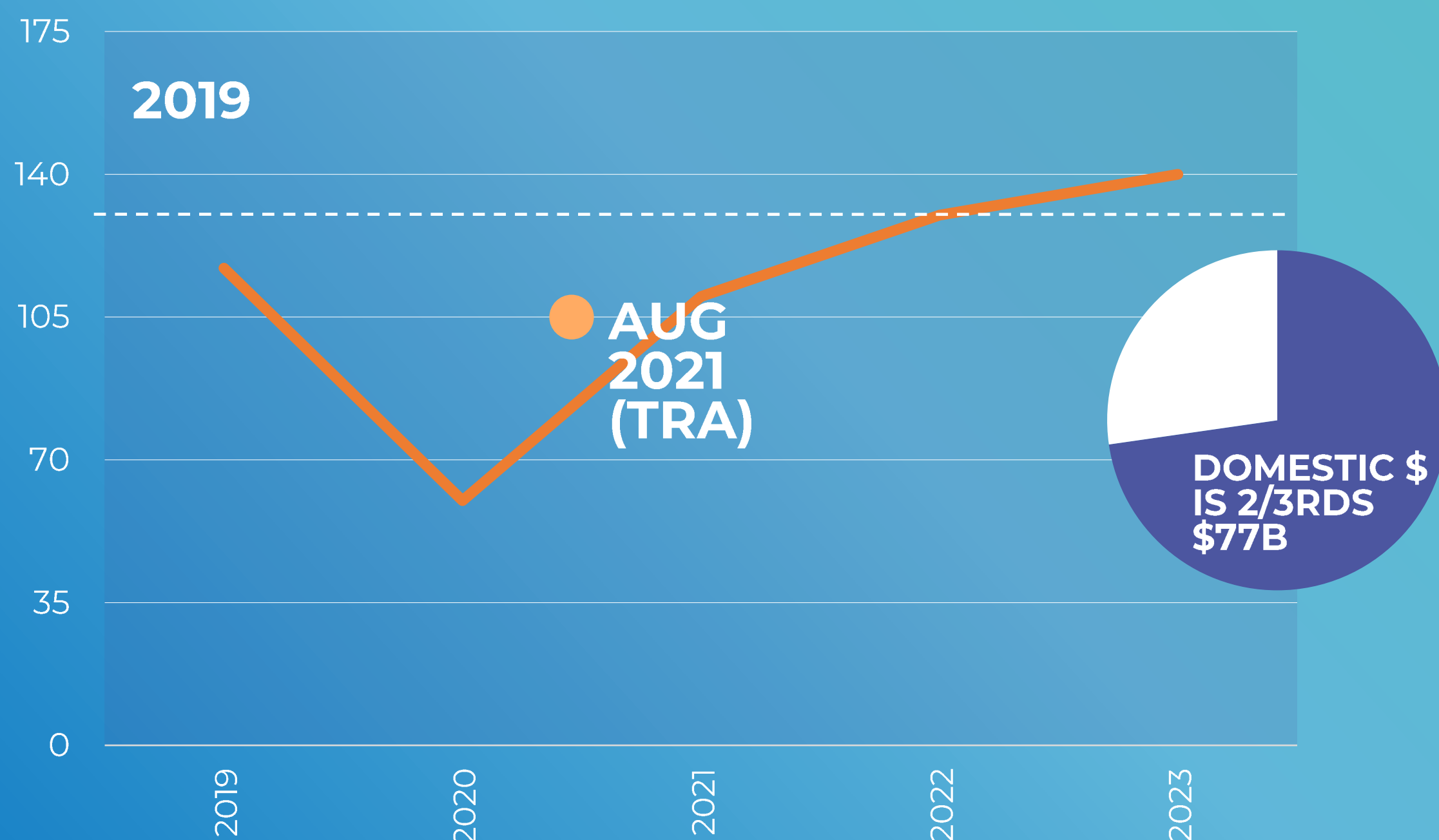
^{*2} Tourism Research Australia (International visitors)

^{*3} Domestic overnight trips Tourism Research Australia NVS_Yr to Jun 2021 v Year to Jun 2019



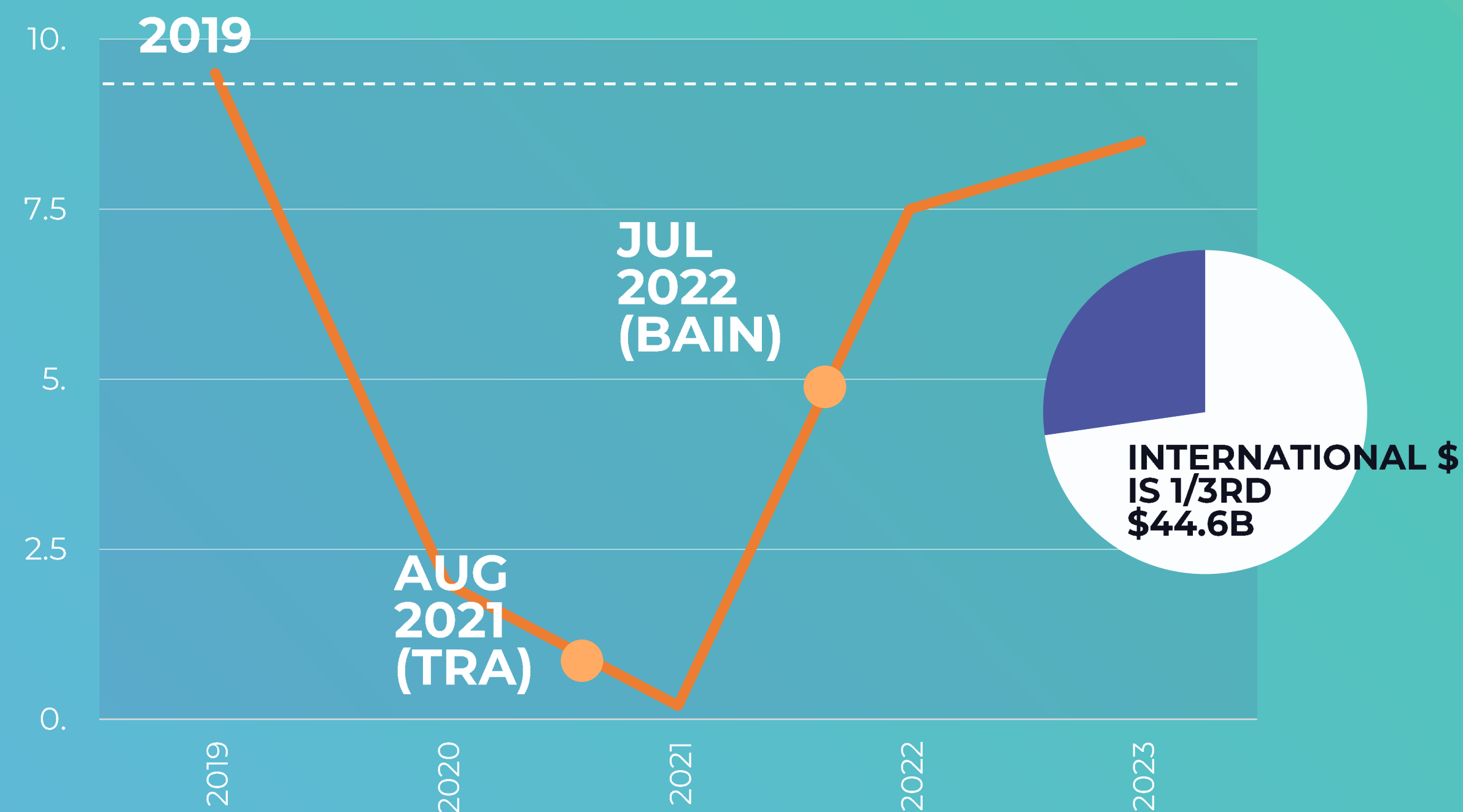
The domestic market is already in recovery with international to recover in 2024

Forecast recovery: Domestic overnight trips (m)



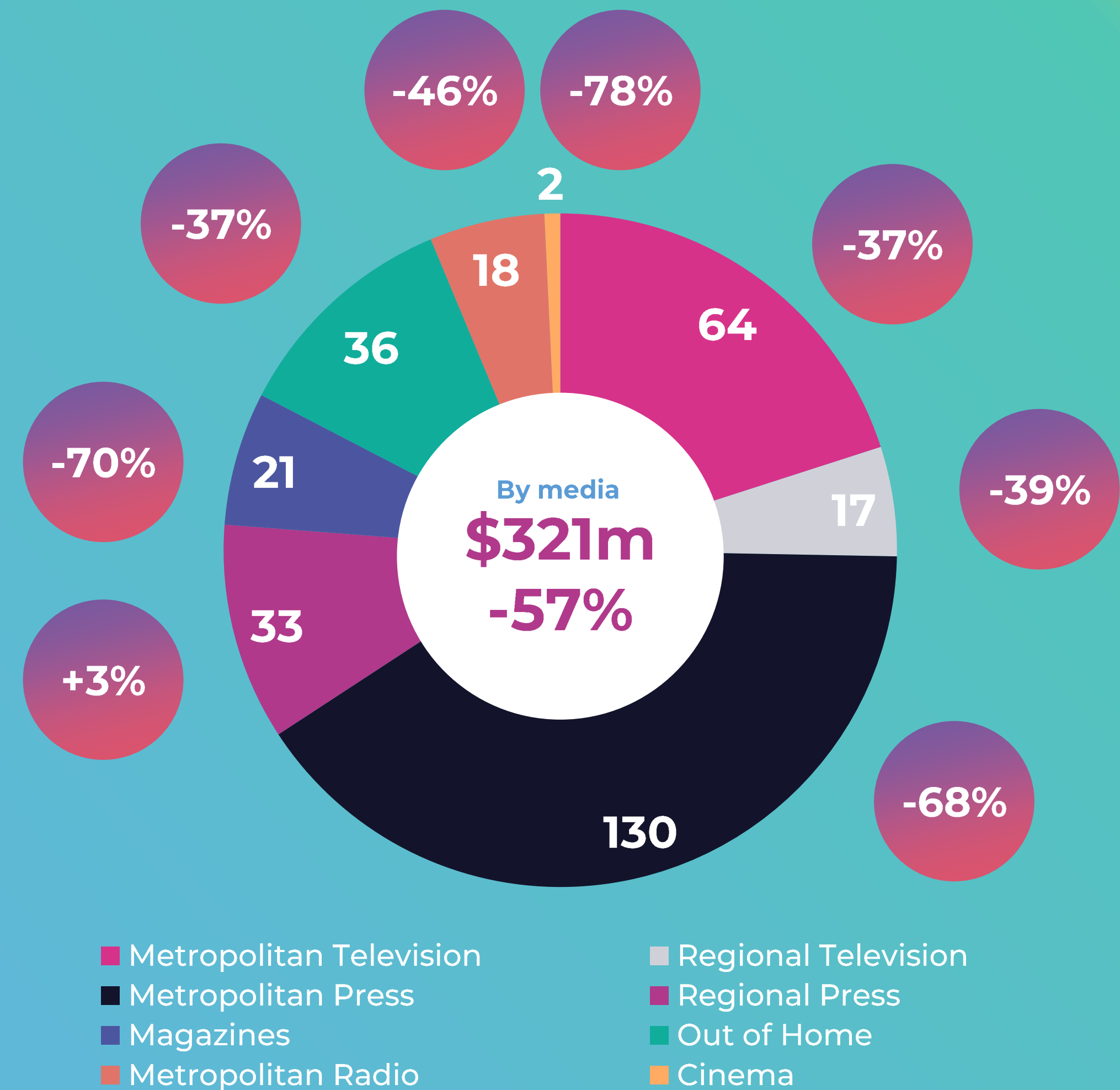
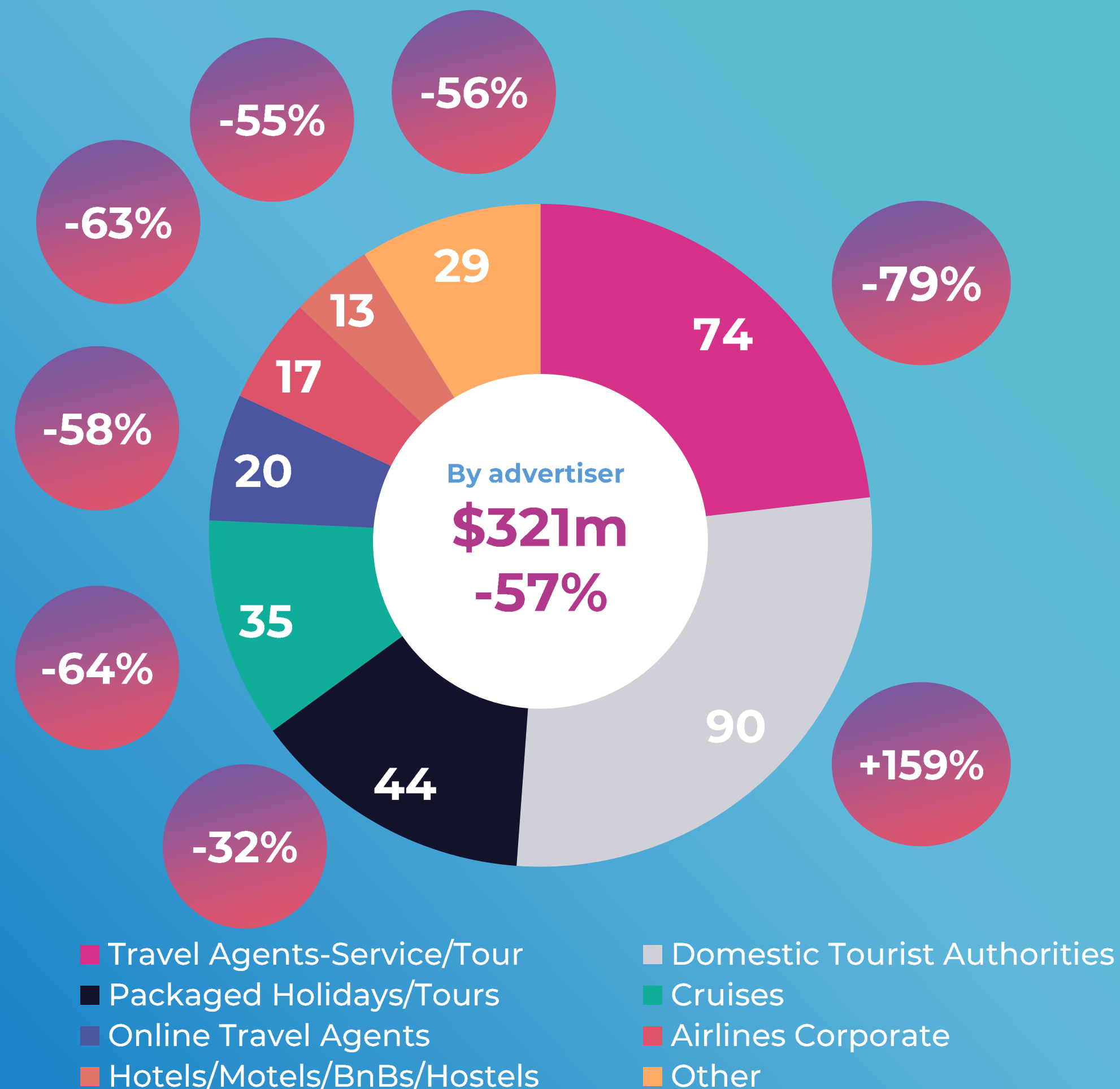
The recovery in domestic overnight trips is in-line with Deloitte's "mild" scenario forecast. 2019 levels look like being reached in 2022.

International visitors (m)



The recovery in international trips is in-line with Deloitte's "severe" scenario forecast. There will be spend to win, but this market remains challenged with uncertainties around the world. Deloitte (Mar 21) and Bain (Nov 21) see this segment returning to 2019 levels in 2024 or beyond.

Ad spend was cut more than \$419m



Brand consideration has significantly declined as a result of reduced ad spend

For travel agents, tour operators, airlines and destinations: FEWER people have seen advertising and FEWER potential travellers are considering ANY brands

Change in brand advertising awareness and consideration versus pre-Covid

-25%

LESS consideration of ANY named brand (non-business trip)

-64%

LESS consideration of ANY named airline (domestic business trip)

-71%

LESS know where their next short trip will be

-25%

LESS know where their next long trip will be

Decrease in "Seen or heard advertising recently"



Percentage changes are respondents Jul 21 to Sep 21 v Jan 20 to Mar 20 (pre-Covid restrictions)

Decrease in "Consider for next holiday"

Now is the time to re-invest in advertising



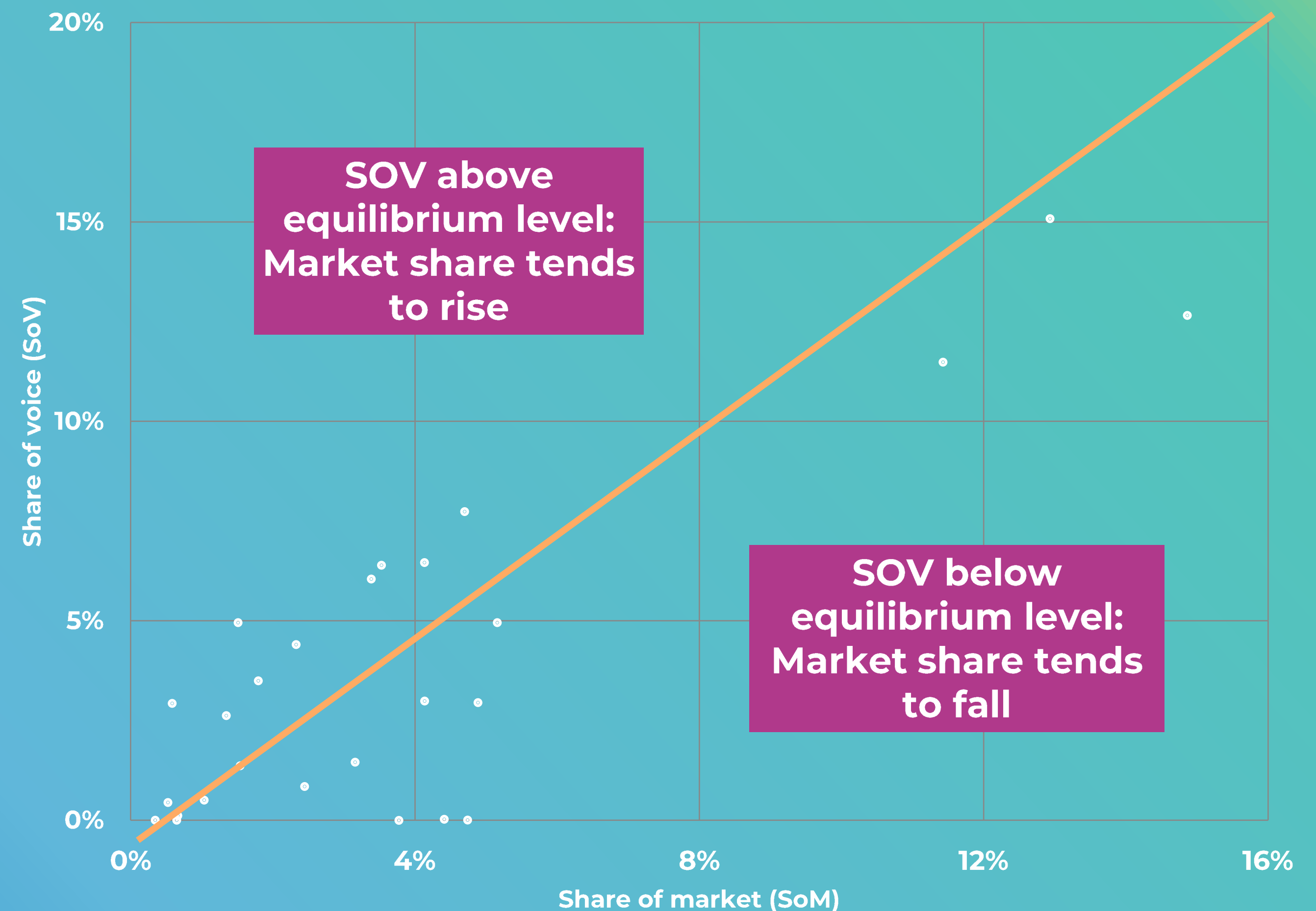
With pent-up demand, the ongoing recovery and travellers who remain undecided about where to go and who to travel with, there's never been a better time to advertise.

While tourism ad spend remains low, every \$ a brand invests in advertising now will gain significantly greater share of voice than previously achievable. And with larger share of voice comes greater long-term brand growth and more successful activation campaigns.

Big brands need to return to healthy levels of advertising to rebuild brand profile and consideration ahead of the recovery.

Smaller brands have an opportunity to steal the march.

Predominantly, growth brands are those with SoV > SoM (Binet and Field)



Brand campaigns provide long-term gains while activation campaigns deliver results for up to 6 months

With stronger returns than any other category might expect, a travel brand's investment in advertising can now strengthen the brand to...



Meet pent-up demand with activation campaigns

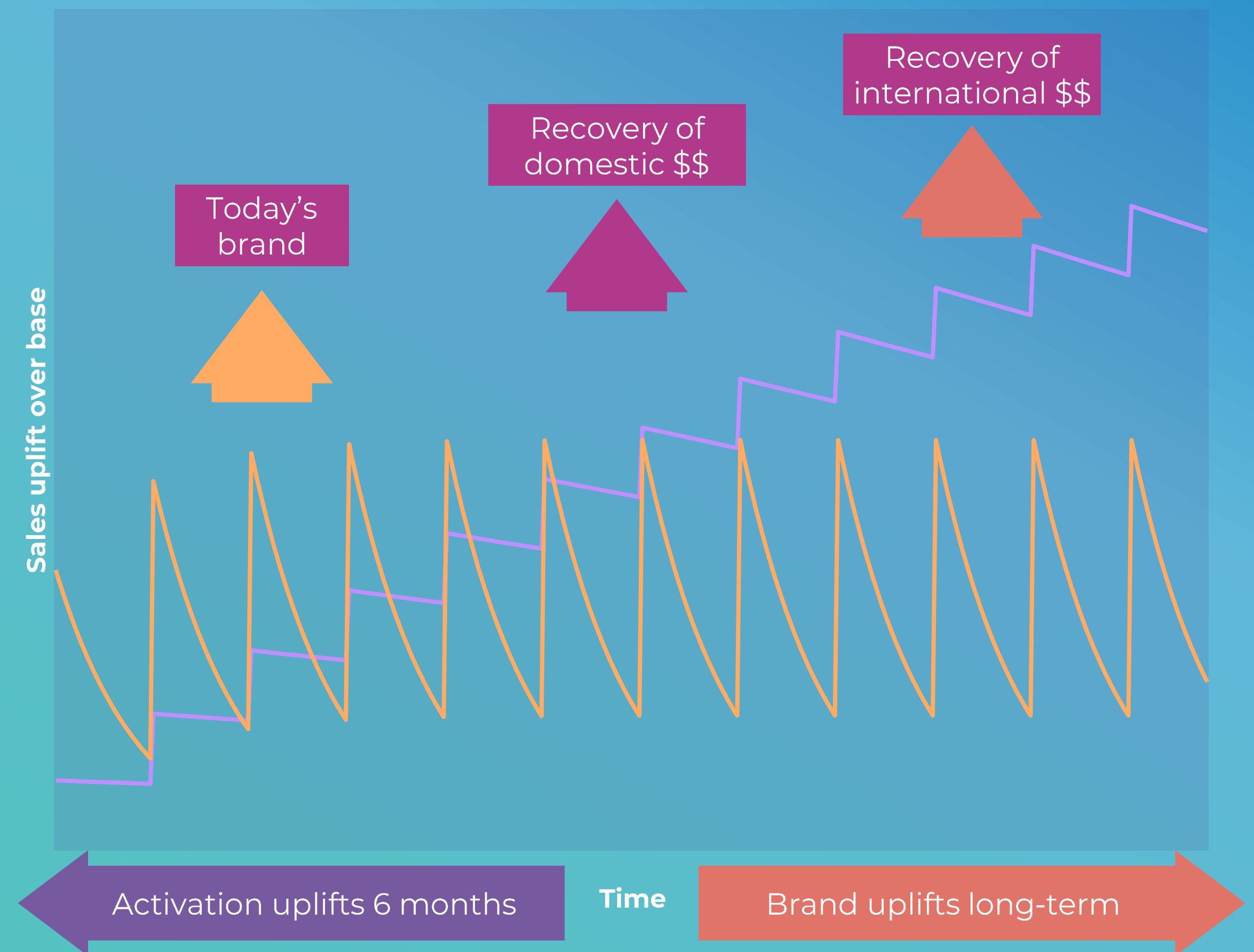


Grow the brand to win more domestic tourism revenues



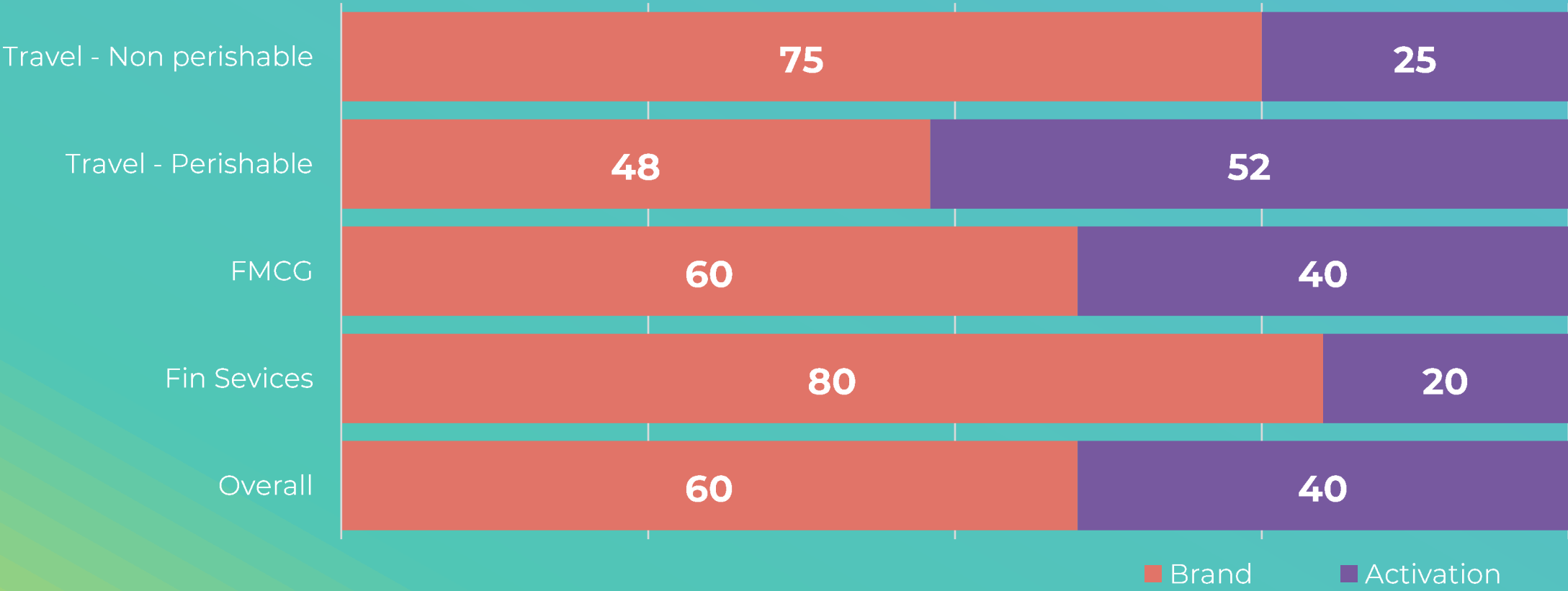
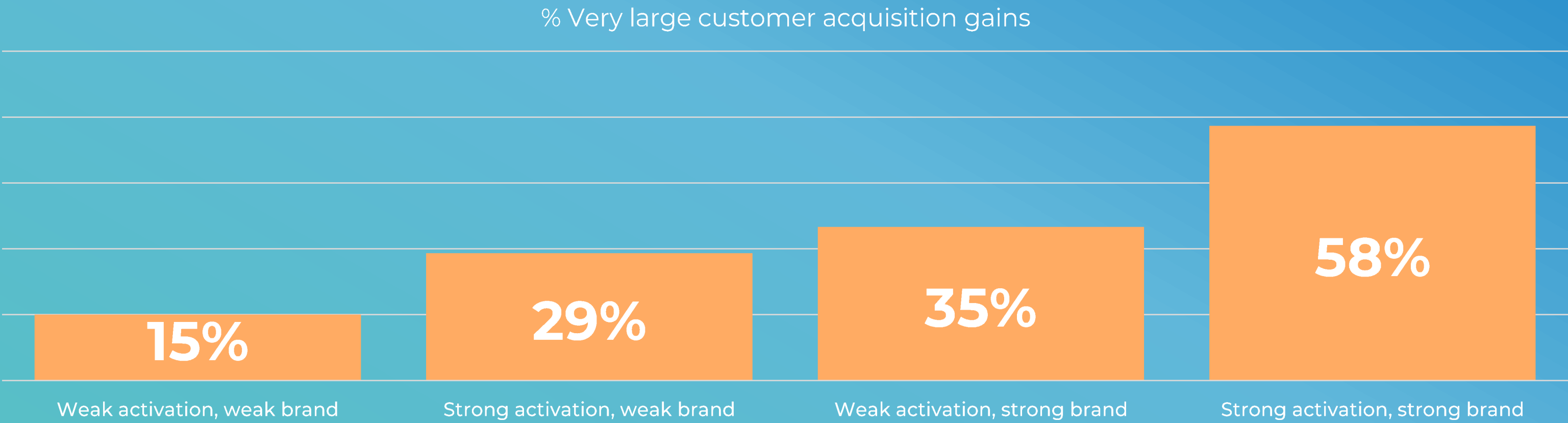
Continue to grow the brand to win international tourism revenues

Illustration of long-term brand campaigns delivering brand growth (Binet and Field)



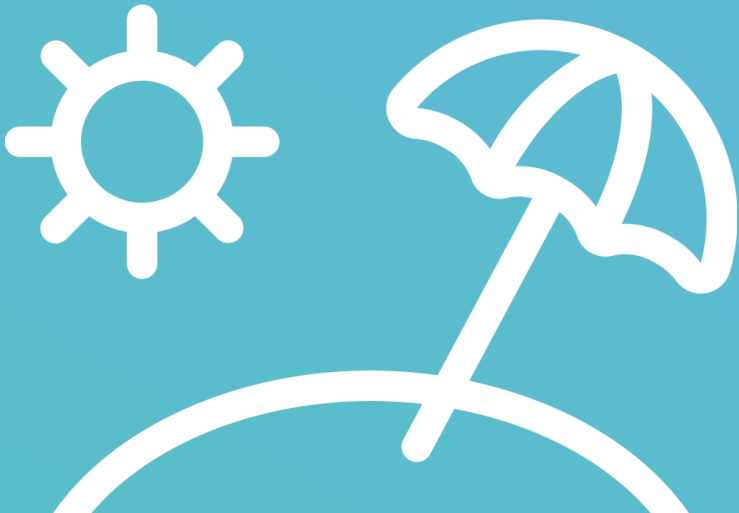
Advertising will rebuild travel brands and bring improved activation outcomes

For brands such as travel (non-perishable products and services), Binet and Field recommend a high 75:25 mix in favour of brand campaigns. This skew is especially necessary given the current low awareness of travel brands.



Binet & Field found that the strongest activation results were for brands that also had strong brand campaigns.

For travel brands, where activation is often easier, campaigns need to be supported with strong ongoing brand activity to guard against commoditization.

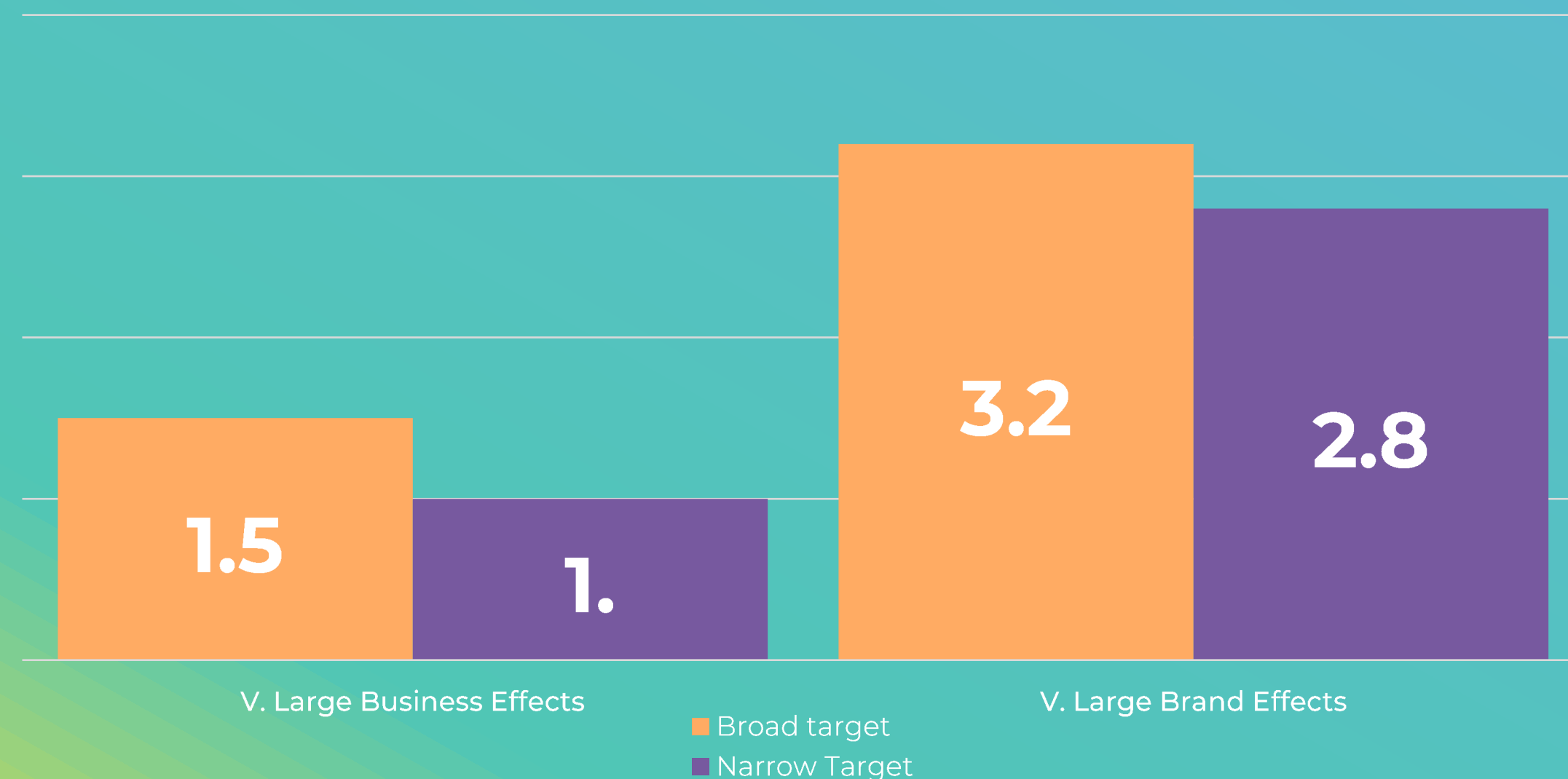


Brands grow when video advertising is used to reach all potential travellers



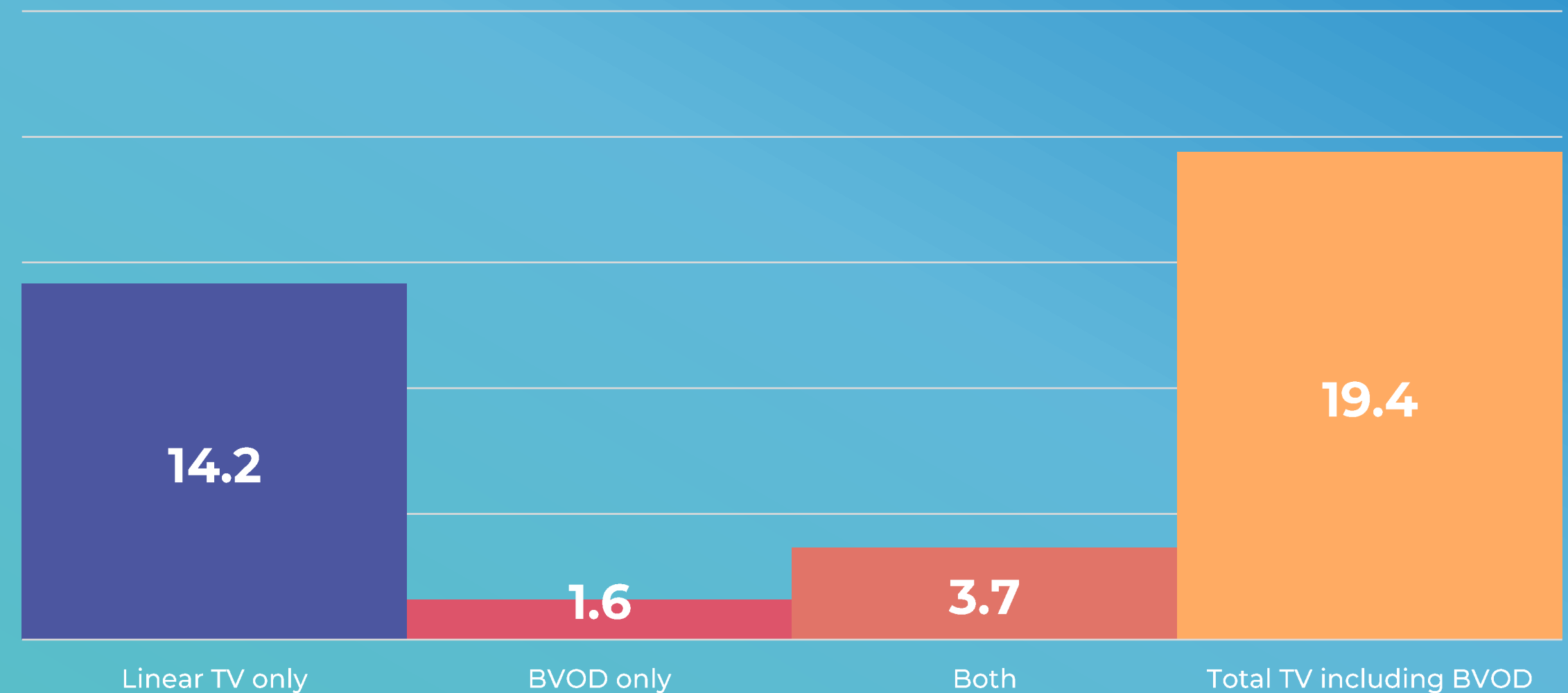
Binet & Field demonstrate that the most important determinant of a successful campaign is penetration or reaching new potential customers. To re-establish and grow mental availability, travel brands need to continuously reach all potential category buyers^{*1}

Average # of very large effects per campaign^{*1}



TV/BVOD weekly reach to all Australians (m)^{*2}

Week 47



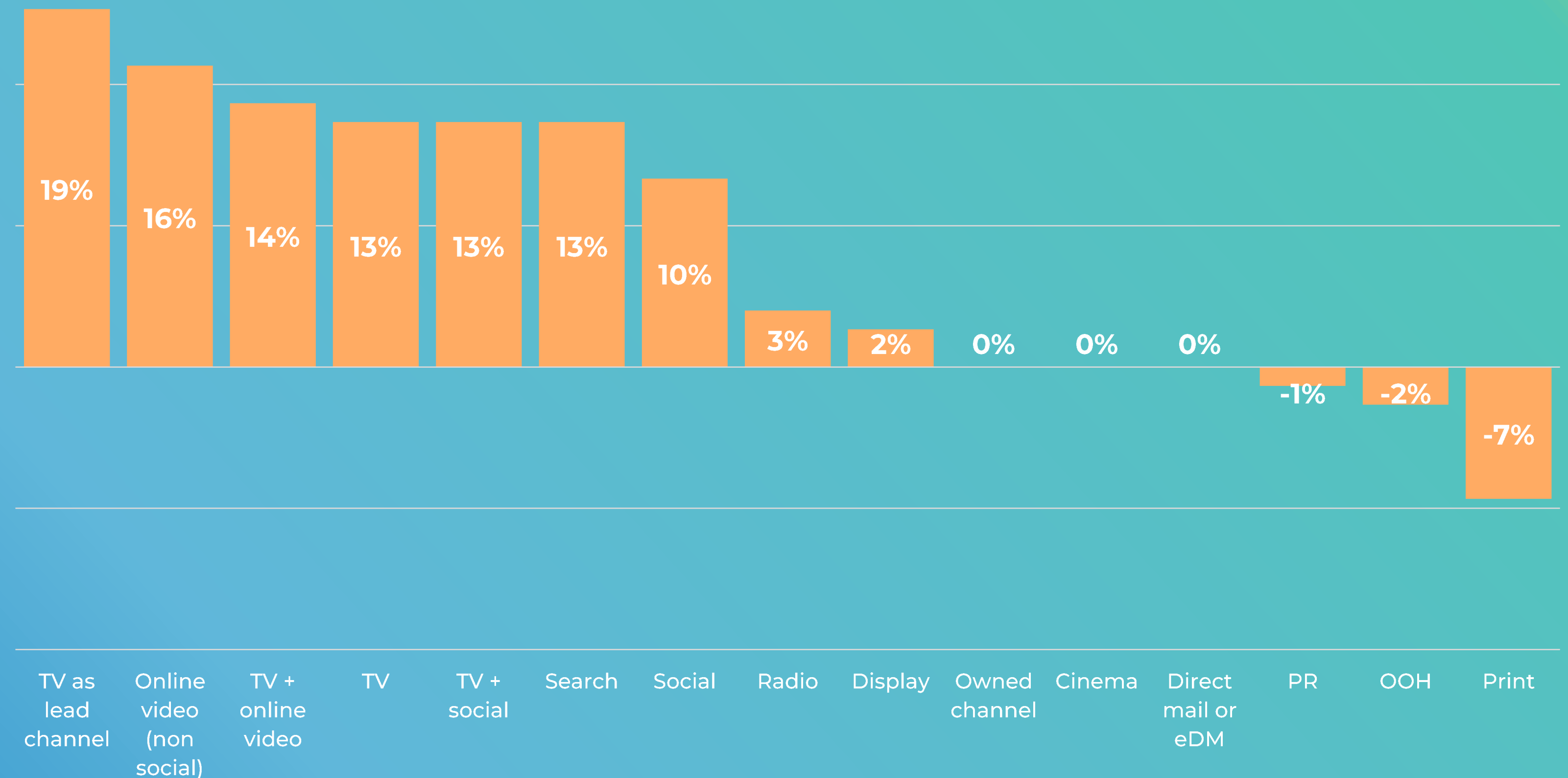
- TV/BVOD engages 75% of Australians every week and it's growing
- TV is increasingly being consumed online, both live and on-demand
- BVOD is Australia's fastest growing media with more than 5m people accessing it every week

^{*1} Business effects include short term sales growth, long term market share growth, new customer acquisition & brand profit growth. Brand effects include mental availability, distinctive brand assets & product knowledge.
^{*2} VOZ Televisionary Measurement ; Virtualoz.com.au ; Total Consolidated 7 : Total TV (All Broadcast Networks + Affiliates), National, Total People, Sunday to Saturday 02:00-02:00 Week: 46 07/11/2021 - 13/11/2021



TV is the perfect lead platform for travel marketing

Difference in channel usage between campaigns with high and lower effectiveness



- Highly effective campaigns use 19% more TV than campaigns with lower effectiveness
- The presence of TV in the mix makes other campaign channels more effective

TV's proven ability to drive search is ideally suited to travel's online path-to-purchase

Brands that are exclusively online confidently invest in TV advertising

E-commerce brands advertising on TV	Spent on TV year to June 2021*2	% of TV spend in total media mix ²
Amazon	\$31m	64%
Google Australia	\$15m	58%
Youi	\$15m	97%
Menulog	\$15m	79%
eBay	\$11m	60%
Catch Group	\$10m	82%
Compare The Market	\$9m	65%

For online-only brands, in a 3-year period, TV drove 39% more branded search than the next best broadcast media channel*1

Online (only) travel brands also invest in TV to drive both brand and site traffic

SPEND YEAR TO JUN19*2 (PRE COVID)

SPEND YEAR TO JUN21*2

trivago

\$15.6m

airbnb

\$6.5m



\$7.1m

stayzTM

\$4.7m

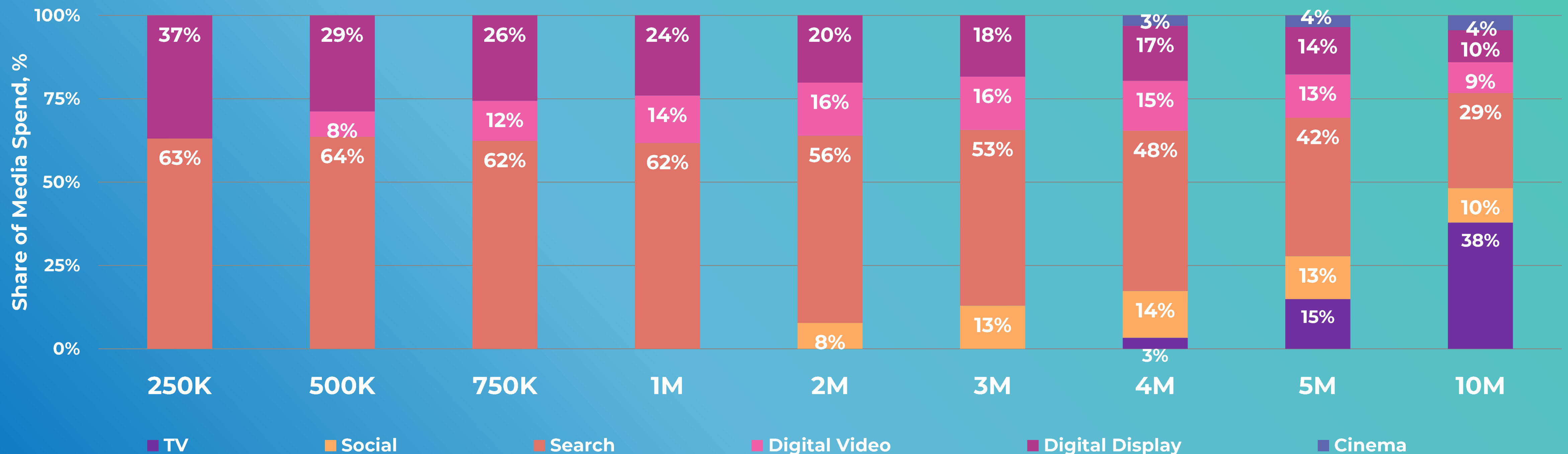
*1 <https://thinktv.com.au/deep-dive/clickety-boom-why-digital-brands-love-tv-advertising/>

*2 Nielsen Ad Intel Year ending June 2021. *3 Total Ad Ex represents standard display and video ads on observed display sites. E.g. No Facebook, no search, no classified style



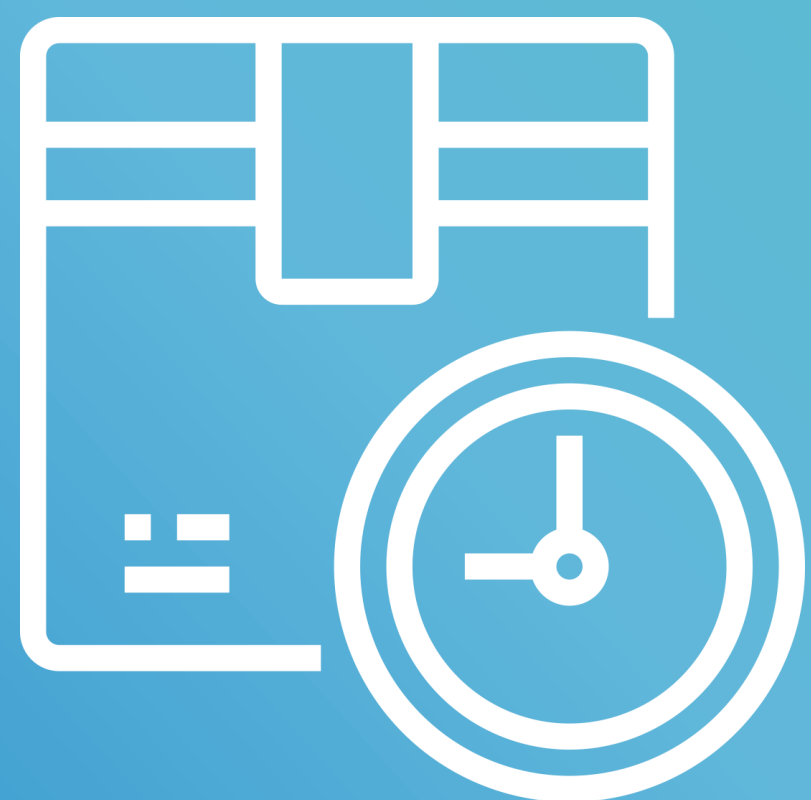
Travel brands are under-invested in TV

- To deliver growth, the optimal spend on TV advertising is 38% for brands with an ad budget of \$10m or more^{*1}
- In the year ending March 2020, travel and accommodation brands spent \$130m on TV. Given individual brands' overall ad expenditure, the optimal mix would have been over \$180m^{*2}



^{*1} Beyond ROI. Optimising the media mix for maximum business growth. ThinkTV, 2021.
For the travel category, optimised media mix based on AUD5M budget; Brand size set to 50m; Switching behaviour = High; % online sale = 50%-75%; Category competitiveness = High; Target audience = Mass market; Profit margin = 5%; Minimize risk = True; Budget size is variable as displayed

^{*2} Nielsen Ad Intel Year ending March 2020. Total Ad Ex represents standard display and video ads on observed display sites. Eg No Facebook, no search, no classified style



Get set for travel in 2022

**The time to advertise
is now and the place to
advertise is Total TV**

- 1** With low consideration levels, advertising has a big and immediate role to play for travel brands
- 2** Re-establishing share of voice is the first step to re-establishing brand consideration
- 3** Travel brands should typically spend 75% on brand campaigns and 25% on activation campaigns in current conditions^{*1}
- 4** TV & BVOD deliver unbeatable reach and scale; this is the critical factor in delivering a successful campaign
- 5** TV can help to maximise search activity
- 6** With proof that TV improves the effectiveness of multi-media campaigns, TV & BVOD are a key part of the optimal media mix for advertisers spending \$4m+

^{*1} 75% brand campaign spent :25% activation campaign spend relates to non-perishable travel and accommodation brands. Perishable travel brands have a recommended ratio of 48:52 (Binet and Field)

