

HOTEL BRANDS, OTAS AND PAID SEARCH: HOW DO THESE RELATIONSHIPS UNFOLD ON THE SERP?

Study Summary

This research study evaluates the paid search activities of Online Travel Agencies (OTAs) and hotel brands to determine how their marketing relationships play out in the channel of pay-per-click (PPC) advertising. Specifically, the study is based on PPC advertisements triggered by hotels' branded keywords. Branded keywords include the brand's trademark somewhere in their set of search terms (e.g. "Chicago Hilton") and are often the highest-converting keywords for a brand.

Hotels' branded keywords were monitored using BrandVerity's paid search monitoring software service, enabling the ads to be collected and sorted at scale. Over 100,000 ads were ultimately analyzed, and some of the most relevant findings were that:

- On average, each Google Search Engine Results Page (SERP) included almost two OTA ads (1.82 per SERP). Bing and AOL had considerably more, with 4.77 and 5.27 OTA ads per SERP, respectively. Google Mobile had only 0.49 OTA ads per SERP.
- OTA ads outnumbered hotel brands' ads on Google, Bing and AOL—but not on Google Mobile. Unlike the widely varying OTA ads per SERP, the brands' own ads appeared at a relatively consistent rate across search engines. This figure hovered around 1 brand ad per SERP, with 0.99 on Google, 1.05 on Bing, 1.03 on AOL, and 0.88 on Google Mobile.
- 87.5% of OTA ads on Bing included the trademark of the brand that was searched. That compares to 61.1% on Google, 53.3% on Google Mobile, and 67.5% on AOL.
- Brands did not appear in the #1 ad position on 23.6% of SERPs on Google Mobile, 15.9% of SERPs on Google, 17.4% of SERPs on Bing, and 24.9% of SERPs on AOL.
- When brands did not appear in the #1 position, OTAs dominated the #1 ad spot, controlling it well over 50% of the time on each search engine.

Overall, the data from this study indicates that OTAs bid on hotels' branded keywords rather extensively. For example, on a given SERP the brand's ad(s) will typically be situated among multiple OTA ads. OTAs will also occupy the #1 ad position on a significant percentage of SERPs.

In certain situations, brand bidding OTAs can be useful to the brand—ensuring that a potential customer doesn't book with a competitor. In others, it may be harmful—reducing the brand's traffic and direct bookings. Determining how to properly balance this is beyond the scope of this study; that equation is left to be worked out by hotel brands and their OTAs. However, the data from this study should help inform hotel brands in particular as they adapt their PPC strategies and optimize their relationships with OTAs.

Introduction: What's the Extent of OTA Brand Bidding?

OTA ads appearing on hotels' branded keywords can have a variety of outcomes. Those outcomes can vary rather significantly, depending on the situation. The basic possibilities include:

Scenario A: An OTA Generating a Booking for the Hotel Brand

In this scenario, an OTA ad would route the customer to a page where the customer then books the hotel chain they searched for in the city they specified. For example, the keyword "San Francisco Marriott" would lead to a page where the customer books the Marriott location of their choice in San Francisco. The advantage for the hotel brand here is that this ultimately helps them fill a room. But on the other hand, this may not be the most efficient sale for the brand. Although the customer was specifically searching for their brand name, the hotel would still have to pay out a full 15-25% commission¹ to the OTA.

Scenario B: A Direct Booking for the Hotel Brand, with OTA Ads Blocking Out Competitor Ads on the SERP

Beyond the factors of ad position and ad copy, the context created by other content on the SERP can have a strong impact on where the user clicks. For example, if a competing hotel brand were to advertise on one of these branded keywords with an enticing offer, that might motivate the searcher to reconsider their original choice. OTA ads may be a useful line of defense in this scenario, preventing competitor ads from appearing on the SERP, and ensuring that the brand captures these bookings. Of course, it's impossible to perfectly control where the users' clicks go. So not all of the traffic or bookings will go directly to the hotel brand. Some will end up going to OTAs' sites (as we discussed in Scenario A above).

Scenario C: An OTA Generating a Booking for a Competitor

Not all OTA ads lead to landing pages that are brand-specific. Sometimes, even when triggered by branded keywords, they are completely brand-independent (for example, "200 Miami Beach FL Hotels"). While these landing pages don't necessarily prevent the user from booking a room for the hotel brand they originally searched, they certainly seem to make that outcome less likely.

It's also worth noting a couple of other effects that OTA brand bidding can have. One direct result is an increase in PPC costs for the brand. With added competition on its branded keywords, the cost of ad clicks will also increase. Another, less immediate impact, comes after a booking occurs. When the OTA generates the booking, the hotel often misses the opportunity to start building a relationship with the customer. This could be a disadvantage in the long run, preventing the hotel brand from establishing customer loyalty.

Clearly, the disadvantages and advantages of OTA brand bidding will vary from brand to brand. Commission rates, PPC budgets, the effectiveness of brands' sites at producing conversions, and the frequency of branded searches are all factors here. It is up to the individual hotel brands and OTAs to determine how to best work together and provide value for each other within their unique circumstances.

But how common is OTA brand bidding? Up until now, the evidence of this practice has been purely anecdotal—without any numbers to indicate just how widespread or significant it really is. Lacking those pivotal data points, it has been difficult for hotel brands to evaluate it and decide on a course of action.

¹ Source: <http://www.hotelnewsnow.com/Article/7469/Distribution-experts-dissect-study-findings>

This study aims to change that. Examining an extensive set of data across a broad variety of hotel chains and locations, this report sheds light on how hotels' branded keywords are being targeted in paid search. We hope that information in this study will provide valuable insights to hotel marketers as they manage their OTA relationships and paid search efforts.

Methodology: Gathering a Comprehensive Set of Data

Framework

To develop a more complete picture of this industry, the study was designed to include both a wide variety and high volume of data points. 143,940 total paid search advertisements were collected through BrandVerity's paid search monitoring system. Ads that appeared on the bottom of the Search Engine Results Page (SERP) were then filtered out of this data set², leaving 104,777 ads to be analyzed and serve as the subject of this study.

Those ads came from branded searches targeting the properties of 12 different hotel brands in 10 different US cities. The 12 hotel chains were selected to represent a range of brands, from budget to high-end luxury. Furthermore, high-profile brands were chosen to ensure that each hotel chain would have at least one property within 15 miles of each of the 10 cities. These cities are 10 of the most popular destinations in the US according to Smith Travel Research's Top 25 Markets report, and include locations across the United States from the East Coast to the West Coast and Midwest.

Keywords Used and Searches Performed

Based on these two factors (hotel brand and city), a keyword set was then developed by combining each hotel brand with each city name. For example, the hotel brand Hilton and the city of New York would combine to make the keyword "New York Hilton" (which receives 201,000 searches per month on Google alone)³.

Hotel Brands	Cities	Sample Keywords
Best Western	Atlanta	San Diego Westin
Days Inn	Chicago	San Diego Hyatt
Four Seasons	Houston	Orlando Ramada
Hampton Inn	Los Angeles	Orlando Hampton Inn
Hilton	Miami	Orlando Four Seasons
Holiday Inn	New York	Houston Wyndham
Hyatt	Orlando	Houston Holiday Inn
Marriott	Philadelphia	Houston Sheraton
Ramada	San Diego	Philadelphia Marriott
Sheraton	San Francisco	Philadelphia Days Inn
Westin		+110 More
Wyndham		

² This was done to prevent over-reporting of certain ads. Bottom ads are often duplicates of ads that appear higher on the SERP, so including them would have compromised the data. Additionally, considering that these ads appear in less prominent positions on the SERP, excluding them allows this study to focus primarily on areas of the SERP that are the most likely to receive clicks.

³ Retrieved from the Google AdWords Keyword Tool on July 26, 2013. Based on broad match.

With 12 hotel brands being represented in 10 cities, this setup resulted in a total of 120 keywords to be searched. To provide a comprehensive data set, these keywords were searched six times per day across four search engines: Google, Google Mobile, Bing and AOL. Searches were then performed over the week-long period during the 2013 summer travel season.

Categorizing the Ads Found

Once this data was collected, each ad was then tagged as being placed by one of the following: A) the brand itself, B) an OTA, C) a competitor, or D) by some other advertiser. For example, if the keyword “Chicago Sheraton” were searched and the advertisement were to land on the domain sheraton.com or starwoodhotels.com, it would be counted as the brand’s own ad. However, if the advertisement landed on expedia.com, it would be tagged as an OTA ad. Similarly, an ad leading to hilton.com—but triggered by the same “Chicago Sheraton” search—would count as a competitor’s ad.

[200 Miami Beach FL Hotels - Half-Price Hotels - booking.com](https://www.booking.com/Miami-Beach-Hotels)
www.booking.com/Miami-Beach-Hotels
booking.com is rated ★★★★★ (2,545 reviews)
Book your Hotel in Miami Beach FL

Sample OTA Ad (Keyword: Miami Best Western)

[Best Western Miami FL](https://www.ask.com/Best+Western+Miami+FL)
www.ask.com/Best+Western+Miami+FL
Over 100 Million Visitors. Discover and Explore on Ask.com!

Sample “Other” Ad (Keyword: Miami Best Western)

[Best Western Miami - BestWestern.com](https://www.bestwestern.com/)
www.bestwestern.com/
Book Online And Get Up To 20% Off And 1000 Rewards Points. Book Now!

Sample Brand Ad (Keyword: Miami Best Western)

[Beachfront Hotel in Miami - Miami Beach Hotel w/ Suites Located](https://www.crystalbeachsuites.com/)
www.crystalbeachsuites.com/
Right On The Beach. Check Rates!

Sample Competitor Ad (Keyword: Miami Best Western)

OTA ads were determined by matching the advertiser’s domain against a list of over 50 known OTAs. All OTA ads were also subdivided by whether or not they used any basic variation of the brand’s trademark in their ad copy. For example, if the keyword “Philadelphia Four Seasons” were searched and the OTA hotelsavings.com were to advertise with the copy “Four Seasons Philadelphia - FourSeasons.HotelSavings.com,” the ad would count as using the trademark. As would any ads using obvious variations of “Four Seasons,” such as “FourSeasons,” “Four-Seasons,” or “4 Seasons.”

[200 Miami Beach FL Hotels - Half-Price Hotels - booking.com](https://www.booking.com/Miami-Beach-Hotels)
www.booking.com/Miami-Beach-Hotels
booking.com is rated ★★★★★ (2,545 reviews)
Book your Hotel in Miami Beach FL

Sample OTA Ad without Trademark (Keyword: Miami Best Western)

[Best Western Miami - 4100 W Flagler Street](https://www.bwpremier.reservationcounter.com/)
[bwpremier.reservationcounter.com/](https://www.bwpremier.reservationcounter.com/)
Miami, FL, 33134. 800-992-2694.

Sample OTA Trademark Usage (Keyword: Miami Best Western)

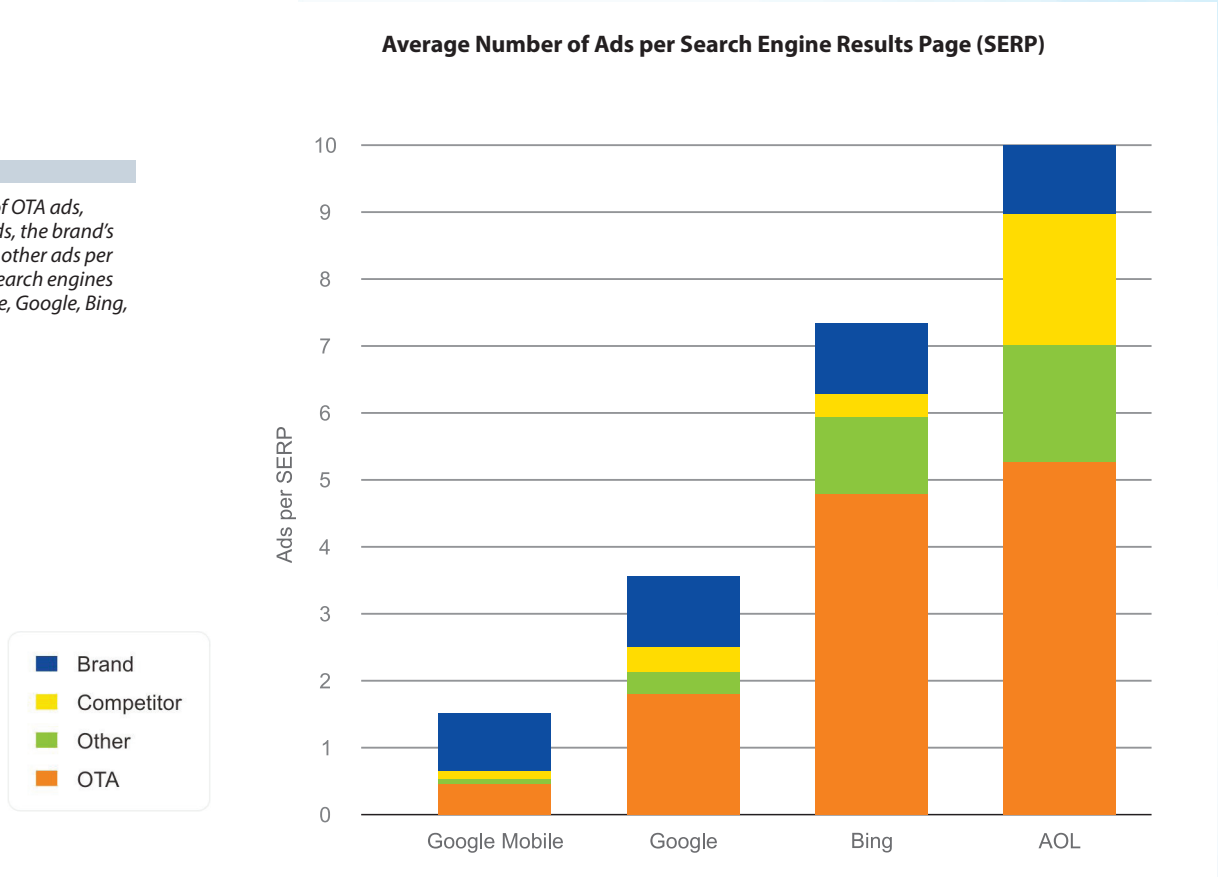
Findings & Analysis

A Different Advertising Landscape on Each Search Engine

One of the clearest initial impressions from the data is the stark contrast between the SERPs from different search engines. For instance, searches on AOL tend to fill the vast majority of ad slots, averaging nearly 10 ads per SERP⁴. Alternatively, Google Mobile averages fewer than two ads per SERP—with the brand's own ads accounting for over half of those.

Figure A.

The number of OTA ads, competitor ads, the brand's own ads, and other ads per SERP on the search engines Google Mobile, Google, Bing, and AOL.



The average number of brand ads per SERP also seems to be relatively consistent across the engines. In other words, even when there are far more advertisements on the SERP from other advertisers (as we see on Bing and AOL), the count of the brand's own ads stays around 1. This makes intuitive sense, since a brand will generally be advertising from a limited set of domains (usually just a single one), and search engines allow each domain to be used only once per SERP in advertising. However, this could certainly become an issue for brands, since their share of the SERP is significantly reduced when more ads appear—making their ad less likely to be clicked. Furthermore, the majority of non-brand ads are placed by OTAs, so most of the ad clicks that the brand doesn't get will go to those OTAs. For a hotel brand focused on maximizing its direct bookings, this would be a cause for concern.

Trademark Usage on Bing

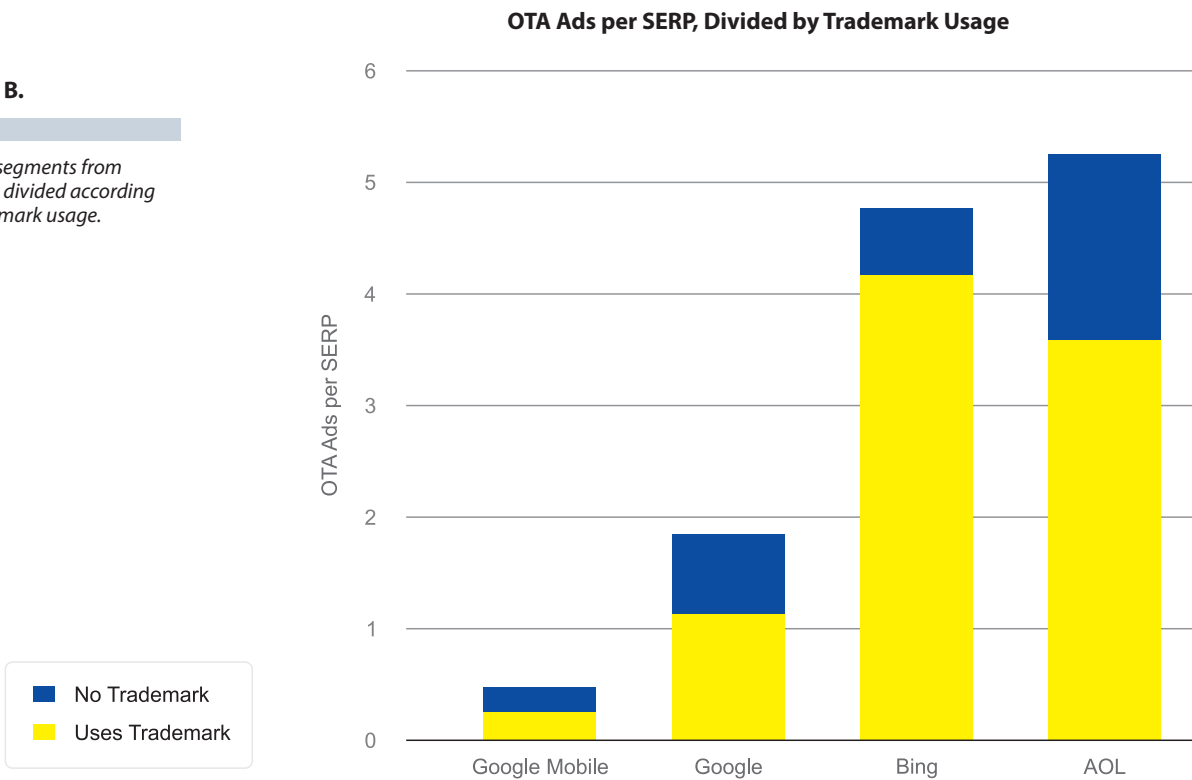
Bing had the highest percentage of its ads come from OTAs, with OTAs accounting for almost two-thirds of all Bing ads. But perhaps even more significantly, trademark usage

⁴ Since bottom ads have been removed, there are fewer possible ad positions. The maximum in this case is 12 per SERP.

by OTAs was also more frequent on Bing. Compared to other engines, Bing saw a dramatic difference in OTAs' use of brands' trademarks.

Figure B.

OTA ad segments from Figure A divided according to trademark usage.



On Bing, 87.5% of OTA ads included the brand's trademark in their ad copy, as opposed to 67.5% on AOL, 61.1% on Google, and just 53.3% on Google Mobile. One effect this may have is to make these OTA ads more attractive to searchers. By including the trademark, these ads provide better matches to users' search queries—and are even bolded whenever they appear in the ad⁵.

[Hyatt Orlando Airport](#)

[HyattOrlando.ReservationCounter.com](#)

Save on the **Hyatt Orlando** Airport ! Book Online and Save 70%

For example, in this sample ad the branded search term "Hyatt Orlando" shows up in bold in three places: within the ad's headline, supporting description, and even the display URL. The location "Orlando" is also bolded in this case. These elements certainly draw attention to the ad, which generally translates into a higher clickthrough rate.

Trademark usage may also be a strong indicator of what inventory the OTA will promote on its landing page. If a user searches for "Atlanta Westin" and an OTA ad appears featuring the trademark "Westin", it seems likely that the OTA ad will lead to a landing page where the user can book a Westin room. For example, the sample ad above targets not only a specific brand, but also a specific property of that brand for the user to book ("Hyatt Orlando Airport").

⁵ This happens when a term in a search result matches a term from the user's keyword.

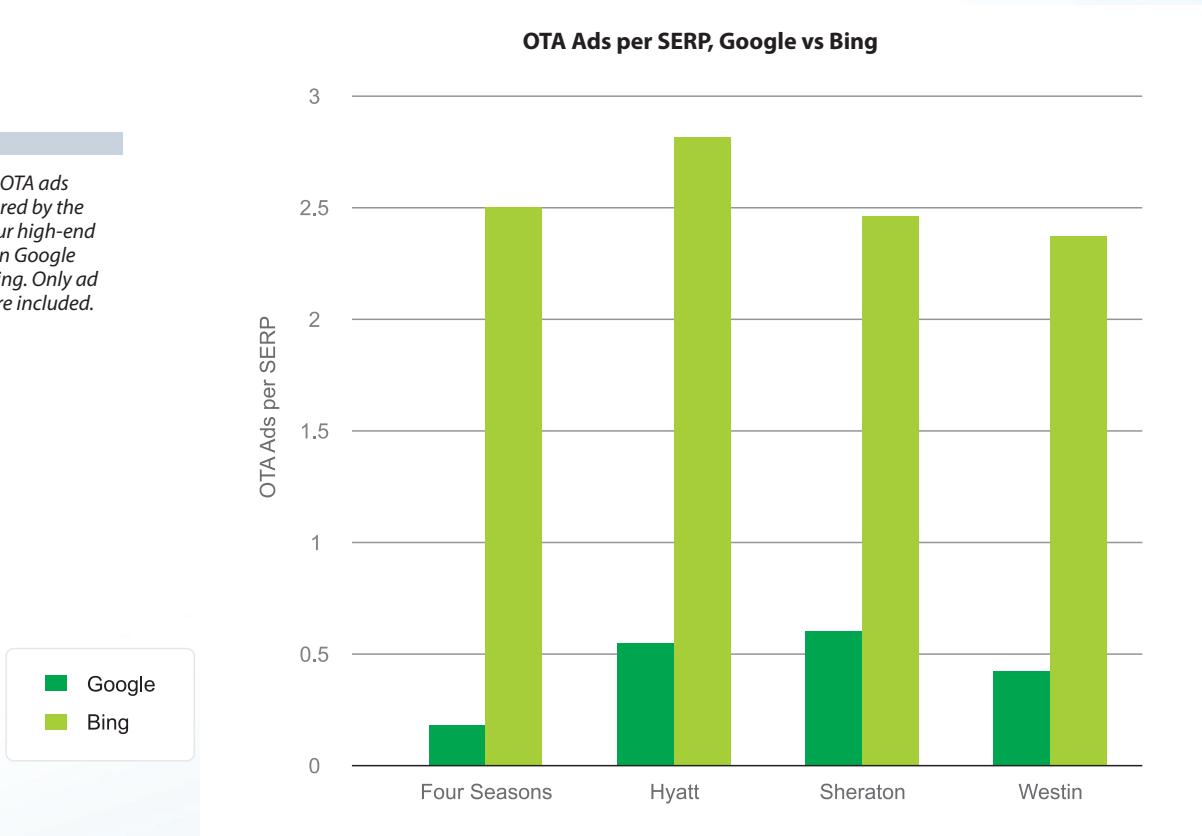
Alternatively, an OTA ad that doesn't include the brand's trademark (e.g. with the ad copy "125 Hotels in Orlando") probably reduces that brand's chances of being booked. The landing page would likely include a variety of choices (as the ad title suggests), introducing options that the user may select instead. In other cases, OTA ads can specifically promote a brand's competitors. These ads include a trademark—but not the trademark of the brand that was actually searched⁶. For example, the keyword "Atlanta Westin" might return an OTA ad with the headline "Four Seasons Atlanta." This type of ad would be even less likely to facilitate a booking for the searched brand.

For Certain Brands, A Dramatic Difference Between Google and Bing

While both the percentage of OTA ads and frequency of trademark usage were notable on Bing, a different trend emerged on Google. Beyond the fact that OTA ads per SERP were noticeably lower overall on Google, they also seemed to be considerably lower within a specific segment of higher-end hotel chains⁷. Four high-end hotel brands stood out in particular: Four Seasons, Hyatt, Sheraton and Westin. Comparing the OTA ads that appeared for these brands' keywords on Google versus on Bing, an interesting trend emerged.

Figure C.

The number of OTA ads per SERP triggered by the keywords of four high-end hotel brands, on Google compared to Bing. Only ad positions 1-4 are included.



To help prevent Bing's higher number of total ads per SERP from skewing this comparison, only the ads appearing in positions 1-4 were included from each engine. With an average of 3.45 total ads per SERP on Google, this step made the data more reasonable to compare. It may not result in a perfect 1:1 ratio of ads per SERP on Google to ads per SERP on Bing⁸,

⁶ These ads would be counted as "No Trademark."

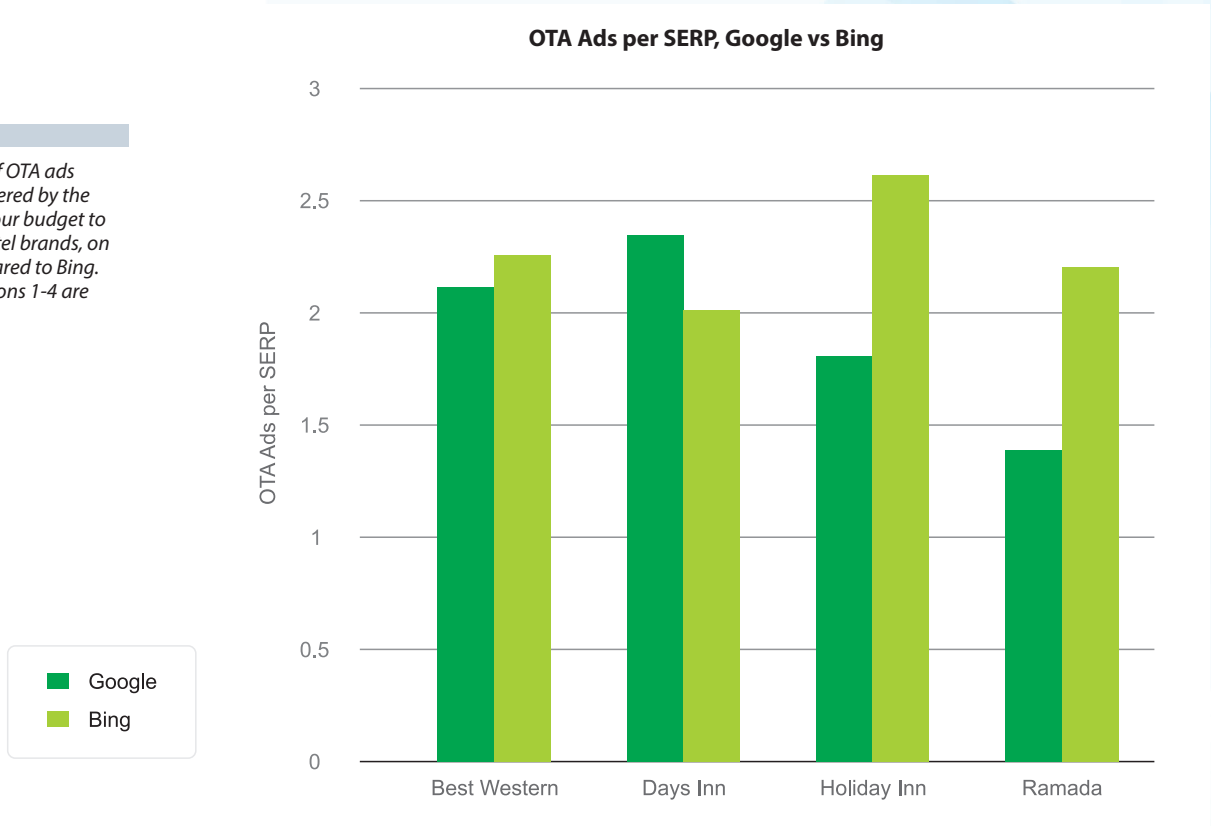
⁷ "High-end" meaning the chain has an average AAA Diamond Rating of 3.75 or greater.

⁸ Since Google's average number of ads per SERP is 3.45 and the data includes all ads through position #4, Google will still have fewer total ads per SERP than Bing.

but it puts the two engines on a close enough baseline to spot anomalies. And that's exactly what jumps out in this data. Most remarkably, Four Seasons' keywords returned over 10 times more OTA ads on Bing as opposed to Google. Even Sheraton, with the least dramatic difference in this group, had a Bing to Google ratio of more than 4:1. These disparities are a sharp contrast to those of some other brands in the study, as seen in Figure D.

Figure D.

The number of OTA ads per SERP triggered by the keywords of four budget to mid-range hotel brands, on Google compared to Bing. Only ad positions 1-4 are included.



For non-luxury brands, the story is quite different. There is far less disparity between Google and Bing—which can easily be seen by how much closer the tops of the paired columns are in Figure D. One chain, Days Inn, actually has a higher number of OTA ads per SERP on Google than on Bing. Even Ramada, with the greatest difference among these four, still comes in with a Bing to Google ratio of 1.5 to 1. That's considerably lower than Sheraton's 4:1—and not even close to Four Seasons' ratio of more than 10:1.

What's Causing This?

So what's happening differently on Google for Four Seasons, Hyatt, Sheraton, and Westin compared to these other brands? And why doesn't that translate to Bing? A number of things could be happening here:

- A) Different OTAs might be choosing to advertise on Google versus on Bing (or on some brands versus others),
- B) Competitor or other ads could be displacing OTA ads on Google,
- C) OTAs may not be bidding enough to rank near the top of the SERP on Google for these branded keywords,
- D) Google's Quality Score could be preventing OTA ads from showing up on Google, OR
- E) These particular hotel chains are taking action to stop or prevent OTAs from bidding on their branded keywords on Google.

Option A is unlikely, as there was strong overlap between the advertisers who showed up on the different search engines (Google and Bing) and across different brands. For example, most of the OTAs who placed ads for Four Seasons on Bing were also found advertising for Best Western on Google and Best Western on Bing. Furthermore, there was a 61.5% overlap⁹ between the advertisers who frequently appeared on keywords of the four high-end brands (from Figure C) on Bing and the advertisers who frequently appeared on keywords of the four other brands (from Figure D) on Google.

As for Option B, the relative share of Competitor and Other ads on Google is actually lower in ad positions 1-4. Across all ad positions, 19.6% of ads on Google were placed by competitors or “other” advertisers. But within positions 1-4, only 13.3% of Google ads fit into these categories. This trend held true for high-end brands as well, meaning that there would be minimal displacement of OTA ads. Therefore, some other factor must be keeping OTA ads out of these positions.

Could OTAs not be bidding enough to rank? Considering that an OTA would generally stand to earn a higher commission per booking from high-end brands over other brands, Option C seems particularly implausible. Additionally, after checking the estimated CPC for each keyword, there seems to be no dramatic difference in cost for high-end brands’ keywords compared to other brands’ keywords¹⁰. In fact, the hotel brands with the highest average cost-per-click across all 10 cities were Ramada, Best Western and Days Inn. This cost-benefit equation doesn’t seem to be a strong factor here.

Quality Score or Intervention by Hotel Brands?

Moving past the unlikely scenarios of Options A-C, that leaves Options D and E to be examined. Although Option D cannot be directly determined by measuring quality scores (since this information is unavailable to anyone but the advertisers), it can be evaluated by looking at the ads that appear on AOL.

Why AOL? As a partner in the Google Search Network, AOL’s ads generally come from AdWords. Within the AdWords interface, advertisers can optionally include search partners like AOL as part of their campaign. Advertisers cannot choose to only run their ads on the Google Search Network—their campaigns must also run on Google itself¹¹. So, any ads that appear on AOL would generally be part of the bidding auction for Google as well. This relationship makes it possible to approximate the impact of Google’s quality score. When specific ads appear on AOL, but not on Google, quality score is the likely cause¹². The overlap between OTA ads on AOL and OTA ads on Google (specifically, the percentage of unique OTA ads appearing on AOL that also appeared on Google) was then used to evaluate the impact of quality score.

Interestingly, this percentage was considerably lower for high-end brands than for other brands. Only 6.3% of unique OTA ads that appeared for high-end brands’ keywords on AOL also appeared for those keywords on Google. For the brands in Figure D, this percentage was 25.7%¹³. Such a disparity would strongly suggest that quality score has a significant impact here. With so little crossover between AOL and Google when OTAs target high-end brands, there must be some mechanism preventing these OTA ads from being eligible to appear on Google.

⁹ Advertisers were only eligible for this overlap if they had at least 100 advertisements appear on each search engine for each subset of brands.

¹⁰ Determined using the Google AdWords Keyword Planner. While estimated CPCs are not perfectly precise, these values provided no indication that such costs could become a barrier.

¹¹ It is possible to target AOL more specifically through a white-labeled version of AdWords. However, because of AOL’s relatively low market share and the difficulty of integrating bid management software with this system, this study assumes that it is not the typical case.

Source: <http://searchenginewatch.com/article/2200746/How-To-Control-Google’s-Largest-Search-Partner-AOL-Search>

¹² This is, of course, assuming the analysis above regarding bid amounts holds true.

¹³ For reference, this percentage was 37.7% for the brands’ own ads across all brands’ keywords. Considering that the relative number of ads per SERP on AOL was much higher than on Google, it seems reasonable that this crossover would be well below 100%.

Consumer Preference for Direct Bookings

This finding also makes some interesting implications about how searchers behave on Google. Google's quality score is an approximation of how relevant an ad is to the user (based on click-through rate, landing page relevancy, and other factors). From the comparison above, we can infer that Google's algorithm returns a lower relevancy for OTA ads targeting high-end brands than for OTA ads targeting other brands. This feedback suggests that when Google users search for high-end brands, they receive a lower quality experience from OTA ads than normal. Extrapolated further, this may indicate a preference for booking directly with high-end brands rather than booking such properties through an OTA.

The Case for Enforcement

But does this finding entirely preclude Option E? Not necessarily. If quality score were the only factor here, one would expect to see similar numbers of OTA ads on Bing and AOL for each brand's keywords¹⁴. Since quality score seems to have little effect on AOL and Bing (based on the total number of ads that appear on each SERP), a significant disparity here would probably be due to some other factor.

Four Seasons and Westin, two of the high-end brands in Figure C, exhibited this disparity. Four Seasons keywords returned 1.63 OTA ads per SERP on AOL, as opposed to 2.51 on Bing. Westin had even more of a stark contrast, with 1.18 OTA ads per SERP on AOL—versus 2.47 OTA ads per SERP on Bing. Considering that ads appearing on AOL are generally linked to AdWords, this could certainly be explained by some form of enforcement by brands. If an OTA were to remove an ad from Google at the brand's request, that ad would also be removed from AOL.

The data for Hilton, another top-tier hotel brand, reveals some additional insight here. Hilton is quite close in average star rating to the high-end brands of Figure C. But unlike how the brands in Figure C experienced a stark contrast between Google and Bing, Hilton returned 0.99 OTA ads per SERP on Google compared to 1.22 on Bing (in positions 1-4). Why was this disparity so small? Probably because Hilton experienced the fewest OTA ads on Bing by a wide margin. The closest other brand was Days Inn at 2.01 OTA ads per SERP on Bing, which was still nearly twice as many as Hilton. Furthermore, if one looks at all ad positions on Bing, this gap increases. Only 1.69 OTA ads appeared on the average Hilton SERP. The next lowest, Marriott, had more than double that figure. This certainly suggests that Hilton is doing something unique on Bing compared to other brands—quite possibly related to enforcement.

Finally, it's also possible that these two factors (quality score and brand enforcement) may in fact work together to prevent OTA ads from showing up on certain SERPs. It is difficult to determine for certain based on the available information. However, such an explanation might account for why Four Seasons receives significantly fewer OTA ads than the other high-end brands in Figure C.

Potential Paid Search Gaps: Outrank and Lack of Coverage

Even if brands welcome OTA ads on the SERP as a means of blocking out competitors, that attitude may not hold when it comes to the #1 ad position. Considering that the #1 ad is generally the most likely to be clicked (a 2012 study by Compete.com¹⁵ revealed that 59% of paid clicks go to the #1 listing in the top section of the SERP), it would make sense for brands to be particularly protective of this position for their branded keywords.

¹⁴ In positions 1-4, and assuming minimal displacement from Competitor and Other ads (as observed on Google earlier in the study).

¹⁵ Source: <http://searchenginewatch.com/article/2215868/53-of-Organic-Search-Clicks-Go-to-First-Link-Study>

By driving brand traffic to its own site, the hotel brand gains the opportunity to capture direct bookings, take full ownership of the immediate customer experience, and continue to develop a relationship with the customer over the long term. Occupying the #1 ad position thus gives the brand its best chance to earn the click and maximize the value it receives from the search. So, given its significance, how well are hotel brands controlling the #1 ad position when their branded keywords are searched?

Brands can miss out on that #1 position in two basic ways: A) by not having any ad of their own appear on the SERP, or B) when they do appear on the SERP, having their own ad(s) outranked by a competing ad. After identifying the SERPs where the brand did not hold the #1 position, these SERPs were then subdivided into two categories based on factors A and B above.

Factor A provided the basis for a “Lack of Coverage” metric—it was determined that the brand had not “covered” the SERP if: (i) the SERP included one or more ads, and (ii) the SERP did not include any ad from the brand. Factor B led to an “outrank” metric—defined as when (i) the brand had at least one ad appear on the SERP, and (ii) an advertiser other than the brand controlled the #1 ad position.

Significant Openings on Each Engine

Once each SERP had been analyzed, it could then be determined how frequently the hotel brands **A**) did not occupy the #1 ad position, **B**) were outranked, and **C**) lacked SERP coverage. This was accomplished by dividing the number of SERPs that met these criteria by the total number of SERPs found on each search engine. Since the Outrank and Lack of Coverage metrics are mutually exclusive, they provide a complete subset of all SERPs where the brand did not occupy the #1 position. (This is why the values in columns 3 and 4 in Figure E can be added together to get the values in column 2).

Figure E.

The frequency with which an advertiser other than the brand makes it to the #1 position on the SERP, divided according to outrank, lack of coverage, and search engine. A SERP with a “Lack of Coverage” is defined as a SERP where the brand did not have any ad appear. An “Outranked” SERP is defined as a SERP where the brand did place an ad, but its highest-ranked ad did not reach the #1 position.

	Brand Not #1 % of SERPs Where the Brand Did Not Occupy the #1 Ad Position	Lack of Coverage (% of SERPs Where the Brand Did Not Have Any Ad Appear)	Outrank (% of SERPs Where the Brand Had an Ad Appear, But It Was Outranked)
AOL	24.9%	14.3%	10.6%
Bing	17.4%	9.5%	7.9%
Google	15.9%	9.9%	6.0%
Google Mobile	23.6%	18.0%	5.6%

As one might expect, Google exhibited the lowest combined rate of being outranked or failing to appear on the SERP. This is consistent with the observation of fewer non-brand ads appearing on Google compared to other engines. After all, it makes sense that a brand would be outranked less often when fewer competing ads appear on the SERP.

But despite brands’ success at holding the #1 position on Google, Google Mobile is a very different story. Brands’ own ads did not even appear on 18% of Google Mobile SERPs, nearly twice the rate on Google¹⁶. This points to a potential gap somewhere in brands’ paid search campaigns. For example, of the 133 Four Seasons SERPs on Google Mobile that returned ads, none of them included an ad that landed on a Four Seasons domain, meaning that Four Seasons lacked coverage 100% of the time.¹⁷

¹⁶ Google’s 2013 introduction of Enhanced Campaigns may ultimately serve to minimize these differences. However, some follow-up tests after the global upgrade to Enhanced Campaigns showed little change from the previous benchmarks.

¹⁷ Mobile traffic tends to have a lower conversion rate, so it’s possible that this was an intentional decision by Four Seasons. However, the presence of OTA ads in place of Four Seasons ads suggests that OTAs are having at least some success in generating bookings from this traffic.

Bing and AOL also come in with over 20% of SERPs either outranked or lacking coverage (which makes sense given the priority that Google receives from PPC teams). But even Google has a relatively high rate as well, tallying 15.9%. That’s close to 1 in every 6 SERPs. Considering the volume of searches on Google compared to other engines, it could certainly be a significant missed opportunity for brands.

Brands Preventing Outrank by Advertising with Multiple Domains

The search engines generally have measures in place that prevent advertisers from “double serving” their ads. On each SERP, only one ad is allowed per domain. For example, only one ad for “New York Hilton” could lead to the Hilton.com domain. However, Hilton could also elect to run ads that landed on the domain HiltonDeals.com. By doing so, their ads could appear twice on the SERP, thereby helping decrease their likelihood of being outranked.

Two brands used this exact tactic rather effectively. They each used a consistent secondary domain to advertise from, and appeared on many SERPs with both of their domains. This made them the least likely to have their top ads outranked by OTAs. In fact, neither of the two brands was outranked on any Google or Bing SERPs.

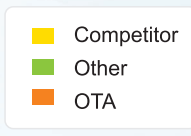
Other hotel brands would occasionally take a similar approach, having individual hotel properties advertise from their own domain in addition to the brand’s primary domain. It’s likely that this presented some gains for these brands as well, but these were less noticeable (likely because these brands did not employ the tactic at the same scale).

Who’s #1 When the Brand Isn’t?

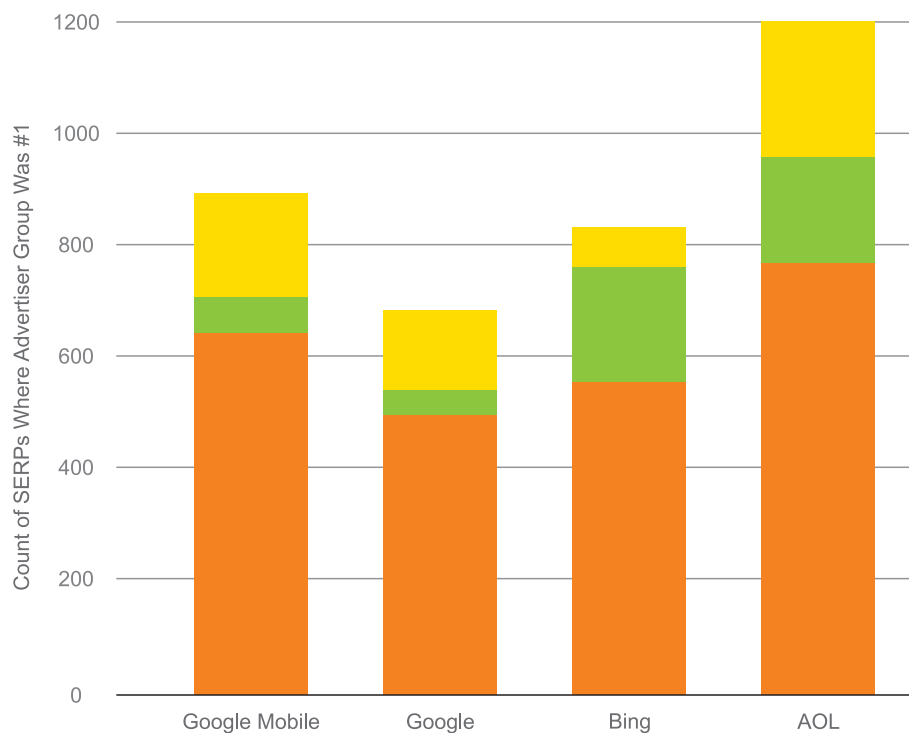
So, knowing the SERPs where the brand’s ad was not #1, a new question arose: who appeared in the #1 position instead? Were competitors taking advantage of the opportunity to pull bookings away for the brand? Were OTAs stepping in and picking up the slack? There’s also the possibility of Other category ads taking over and driving traffic for purposes other than bookings.

Figure F.

The ads that appear in the #1 position when the brand is outranked or has no ad appearing on the SERP, divided by advertiser type and search engine.



Advertisers Appearing in #1 Position When the Brand Does Not



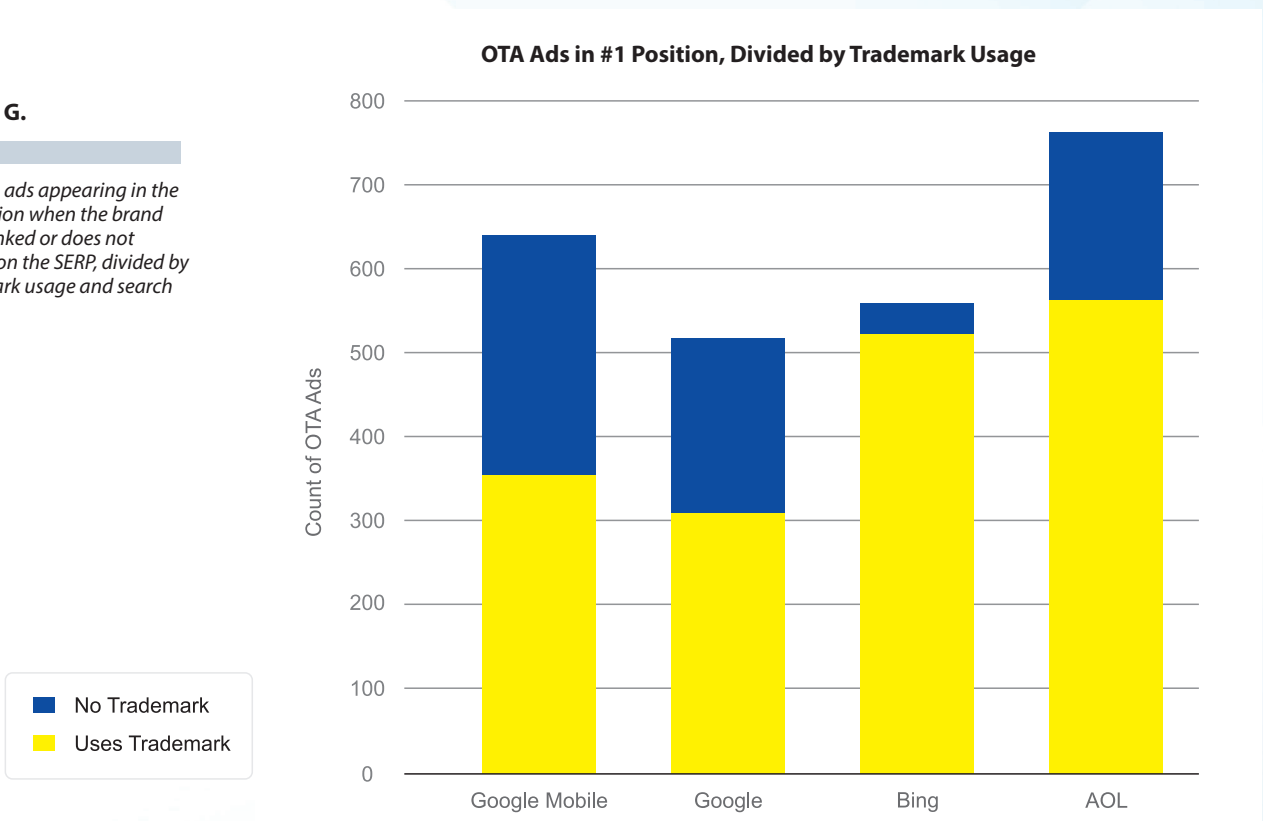
Across the board, OTAs take up the majority of these non-brand #1 ad spots. Even on AOL, the engine with the lowest percentage of its non-brand #1 position ads being placed by OTAs, 64% (767 out of a total of 1197) were still OTA ads. Furthermore, since the designation of an OTA ad is based on a list of known websites, the share of OTA may be even higher. If any OTAs outside of that list are advertising here, these “unknown” OTAs’ ads would then be categorized as “Other”¹⁸. Ultimately, this means that the overall share of OTA ads here is probably even a bit higher than reported.

Trademark Usage Even More Pronounced on Bing

Seeing that the majority of non-brand #1 ads come from OTAs, how often are those OTA ads also using the brand’s trademark? The combination of trademark usage and appearing in the #1 position would make OTAs’ ads very likely to receive the user’s click. So, to develop an understanding of how often this occurs, these #1-ranked OTA ads were further subdivided according to trademark usage.

Figure G.

The OTA ads appearing in the #1 position when the brand is outranked or does not appear on the SERP, divided by trademark usage and search engine.



One thing that immediately jumps out is the high percentage of trademark usage on Bing compared to the other engines. On Bing, 94% of these OTA ads use the brand’s trademark somewhere in their ad copy. Interestingly, this is an even more pronounced version of the Bing trademark trend noted earlier in this study.

So, why is this the case? It’s hard to be certain. Quality score may have an impact here, since an ad featuring the brand’s trademark in its copy may be a more relevant result when a user searches for a branded keyword. This bump in quality score could provide a ranking boost to ads that include the brand’s trademark, making them more likely to appear in the #1 position. However, considering that the exaggeration of trademark usage only seems to affect Bing, quality score may not fully explain what’s going on here.

¹⁸ For example, this effect seems to be particularly pronounced in the Bing column, which has the largest segment of “Other” ads.

Overall, How Often Do OTAs Rank #1 and Use the Brand's Trademark?

OTAs probably have their highest likelihood of receiving paid clicks when their ads meet both of the criteria above (appearing in the #1 position and using the brand's trademark), so it might be more informative to see how likely this is to happen on a given search. By calculating the percentage of SERPs that meet these conditions out of the total SERPs found, this data can be better contextualized.

Figure H.

The frequencies with which OTAs appear in the #1 position on each engine. These SERPs are also subdivided according to trademark usage (columns 3 and 4 are subsets of column 2).

	OTA Is #1 (% of Total SERPs Where an OTA Is in the #1 Position)	OTA Is #1, Uses Trademark (% of Total SERPs Where the #1 Ad Is an OTA Using the Brand's Trademark)	OTA Is #1, No Trademark (% of Total SERPs Where the #1 Ad Is an OTA Not Using the Brand's Trademark)
AOL	16.0%	11.7%	4.3%
Bing	11.6%	10.9%	0.7%
Google	11.6%	7.0%	4.6%
Google Mobile	17.1%	9.0%	8.1%

In particular, it's interesting to see that on Bing nearly 1 in every 9 SERPs has an OTA ad in the #1 position and using the brand's trademark. On Google and Google Mobile, OTAs also have a significant share of the #1 position—coming in above 10% on each. Most of the time, there isn't even a brand ad present on the SERP. So clicking on the OTA ad is an attractive option, regardless of whether the trademark is used or not. If all paid clicks went to the #1 position, OTAs would receive 1 in every 9 paid clicks for these branded keywords on Google. And on Google Mobile, that figure would rise to 1 in every 6. That represents a significant amount of traffic¹⁹.

Towards an Improved Hotel-OTA Relationship in Paid Search

As discussed earlier in this study, hotel brands will have varying responses to OTA brand bidding. Some brands may see OTA ads as a valuable insurance policy on the SERP, providing a place for the searcher to book with their hotel regardless of where they click. Conversely, some brands may view OTAs' ads as threats to direct bookings. Others will probably have more of a mixed perspective, seeing both the advantages and disadvantages of OTA ads appearing on the SERP.

Regardless of what these perspectives may be, OTA brand bidding is clearly a significant part of the PPC landscape. OTA ads are nearly always a prominent feature in the search results, with multiple appearing on the average SERP. These OTA ads bring up a number of important considerations, including: outrank, preservation of brand integrity, promotion of competitors, and even inflation of cost-per-click. In light of these issues and the extent of brand bidding observed in this study, it's likely that the paid search relationships between hotel brands and their OTAs merit some additional attention and a more coordinated effort from both parties.

¹⁹ Of course, not all clicks will go to paid over organic results. But paid links are very likely to be clicked on when a user has strong purchase intent. According to some [recent research by Wordstream](#), paid links garner 64.6% of clicks from Google searches that exhibit high commercial intent. In other words, nearly two thirds of all clicks for those searches went to ads rather than organic listings.

Source: <http://www.wordstream.com/blog/ws/2012/07/17/google-advertising>

OTA Agreements and PPC

If a brand's current OTA agreements include terms that govern paid search, it may prove useful to monitor OTA compliance with these stipulations. Beyond running a few searches for their brand name(s) on Google, hotel brands should also consider examining some of the less obvious areas of PPC: mobile SERPs, "brand plus" keywords (e.g. "Chicago Marriott"), and Bing. By exploring these, a brand can uncover some valuable findings that it might have otherwise missed.

As for brands without specific policies embedded in their agreements, this may be a good time to gather information on how their branded keywords are being targeted in paid search. Specifically, the brand can develop an understanding of its share of voice on each engine, how well it ranks on the average SERP, and what set of keywords it may want to protect. With this knowledge, the brand will have additional insight to inform its PPC efforts—and even to assist in renegotiating its OTA contracts down the road.

Paid Search Monitoring

To track OTAs and other advertisers, brands may consider using an automated paid search monitoring system such as BrandVerity's PoachMark. A system of this kind would provide visibility into other parties' paid search activities, enabling the brand to maximize the value it receives from its PPC and OTA channels. Furthermore, this information can serve to increase the transparency between hotel brands and OTAs, ultimately leading to more symbiotic partnerships on both sides.

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