

Hotels.com® The Obvious Choice™

JAY CHIAT SUBMISSION | JULY 24, 2015

STATING THE OBVIOUS

You shouldn't need to take a vacation from planning a vacation. Seems obvious, right? But talking to Americans using online travel agents (OTAs), we found out that's exactly how they felt. With so many OTAs promising low prices and great deals, booking travel had become an anxiety-inducing marathon of site hopping. Fear of booking with the wrong site or missing out on a better deal was ruining many peoples' trips before they'd even begun.

The dudes at Hotels.com would not abide. They set out on a campaign to show the American traveler that there is one place they can go to find the right hotel at the right price; a place where guest reviews are genuine and not "made up" by people who've never stayed there. A place where they'd earn free nights when they booked, so even when the price was the same on all sites, they'd still be benefitting by booking there. A website and app so easy to find and use that no matter where they're going, it's always the right place to start.

Finally, there'd be an Obvious Choice for everyone looking to book a hotel online. And obviously, that place is Hotels.com.



SINKING IN A SEA OF SAMENESS

Since helping to pioneer the OTA industry nearly 2 decades ago, lots of new players have emerged and continue to crowd the category. With sites like Booking.com and the Hotel Tonight App offering much of the same inventory and promotions, and meta-sites like Kayak and Trivago making the parity of prices clear for consumers, Hotels.com was losing share in an increasingly commoditized market.



As of Q1 2013, Hotels.com's unaided brand awareness had fallen to an all-time low of 19%.¹

"IT IS TOUGHER FOR SOME OF OUR BRANDS TO GET THE KIND OF SHARE OF VOICE THAT WE'VE HAD IN THE PAST," MR. KHOSROWSHAHI, CEO OF EXPEDIA INC.

¹ MILLWARD BROWN. HOTELS.COM BRAND TRACKING. Q1 2013.

<u>THE WALL STREET JOURNAL</u>

U.S. EDITION - Thursday, July 25, 2013 As of 9-32 FM ED

Home World U.S. Business Tech Markets Market Data Your Money

The deepest discount offered by Expedia Inc. EXPE +0.64% right now is on its stock.

The online travel agent booked a 32% drop in profit and slower order growth in the second quarter, rattling investors who had sent its shares to an all-time high in February after a four year streak of rapid growth.

Executives also blamed the results on strong competition from rival websites vying for U.S. travelers' business.

gher for some of our brands to get the kind of share or voice that we've had et." Mr. Khosrowshahi said on a conference call with analysts.

> profit sank to \$71.5 million from \$105.2 million a year is upgrades. Overall bookings rose 13%, well

LOW CUSTOMER SATISFACTION

	77/100	76/100
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With no clear differentiation among competitors, consumers were trying them all, but not really liking any of them.

Despite all the great deals being offered, the category was judged less satisfying than banks and even the US Postal Service.²

LET'S BE A LIGHTHOUSE!

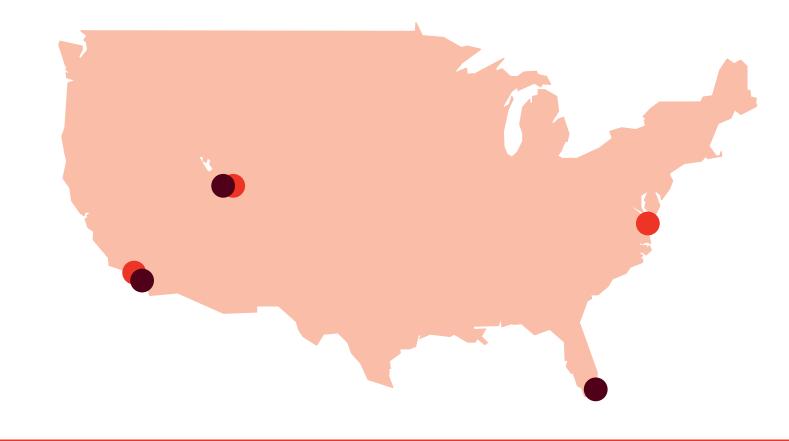
Hotels.com needed to stand out in that sea of sameness. But they didn't simply need to increase their awareness, they needed to establish cultural relevance. They had to push beyond price and promotions, and connect with consumers in a way that no other player in the category had.

VISITING THE TRAVELERS

To reposition the brand and create a campaign that would achieve cultural relevance for Hotels.com, we embarked on a journey ourselves. A journey that would open our minds, and enable us to better understand the travel needs and online booking woes of the average US consumer.

Through travel forums and in-home visits held coast to coast, we quickly learned that rather than being an exciting first step in the trip itself, booking online was, in fact, the source of anxiety for many.

Travel Forums: Los Angeles, Denver, & Miami. In-Home Interviews: Los Angeles, Denver, & Washington, D.C.





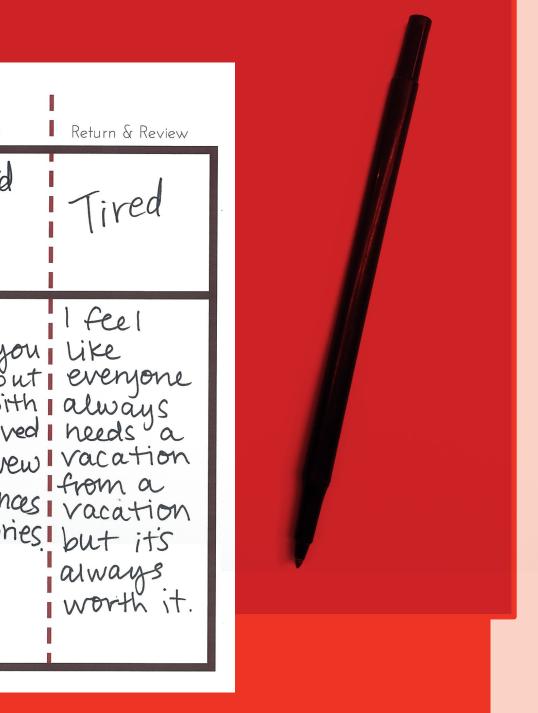


THE JOURNEY TO YOUR JOURNEY

Please write the different emotion or emotions you feel at each stage.

	Trip Trigger	Investigation Pre-Booking	Decision Time Booking	Post Purchase Activities Investigation?	Take Trip
EMOTIONS	Excited Adventurous	Frustrated Angry used Confusious	stressed excited		Relaxed Eager
EXPLANATION	trip why are you going?	Too much information fo take in Am I making the right decision? Getting the best deal?	This makes the trip real SO while I'm nervous about getting the best deal it also means I'm one step	Love thinking about all the things we can do or booking nothing at all & deciding when we get there where to go & what to see.	All the things you love about being with your love ones. Ne experience \$ memori

SOURCE: CONSUMER TRAVEL FORUMS, JANUARY 2014



VACATION TIME IS FLEETING

On average, most hard-working Americans get just ten days of paid time off, plus the usual ten national holidays everyone gets. That's not a lot of free time to play with, kick back and relax.

And while OTAs offer discounts on flights, hotel rooms and packages on an almost daily basis, in doing so, it prompted the folks we spoke with to feel a heightened sense of anxiety. The fear of missing out on a great deal prevailed, as they felt compelled to make price comparisons slavishly.



I'M A HUMAN BEING, NOT A CONFIRMATION NUMBER.

And as if to add insult to injury, we also earned what lay behind US consumers' growing dissatisfaction with the OTA category.

Despite the highly competitive OTA marketplace that had emerged, it was felt that none of the brands were acting in the best interests of consumers.

In pushing price and promotional offers so hard, the folks we met felt OTA brands were missing the personal touch.

OTAs were acting like clearing houses for flights and hotel rooms. Not travel experts with customers' interests at heart. As one of the people we spoke with said:

"THEY HAVE NO CREDIBILITY WHATSOEVER."

"THEY HAVE NO VESTED INTEREST **BECAUSE THEY ARE THE BROKERAGE** HOUSES FOR THOUSANDS OF HOTELS."

"ONLINE TRAVEL AGENCIES ARE SOULLESS SEARCH ENGINES THAT **OPERATE ON PRICE AND PROMOTION."**

A PAINFUL FIRST STEP

Put simply, booking travel online for consumers was counterintuitive. It wasn't a pleasurable first step that contributed to the overall joy of traveling or taking a trip. Instead, it was frustrating and anxiety-inducing.

And for your average hard working, vacation-starved American, this situation was a crying shame. But it was a situation we felt presented an opportunity for Hotels.com. The opportunity to stand out in a sea of sameness by becoming the antidote to booking anxiety.

A JOURNEY INWARD

Coming back from our travels, we looked into the Hotels.com business, reaching far and wide to unearth what made them special and how they might possess the antidote to booking anxiety.

We talked to key leaders of the business and quickly established that from management to product development teams, from UX to call centers, everyone at Hotels.com had an amazing gift for thinking about how to continually improve the customer experience.

Not just to get them the best deals on hotel rooms, but to provide an experience that would prompt them to return again and again.

We found that Hotels.com worked tirelessly each day to treat US consumers like people, not confirmation numbers.

BUT HOW?

MAKE THE OBVIOUS, OBVIOUS

Hotels.com had lost sight of the fact that they weren't just a travel website, but a category pioneer that was still pioneering.

They represented a beacon of hope in the OTA category, acting as the consumer's true travel ally through the things they'd done. Remarkable things. Things they had come to take for granted:

- Giving away free nights to make booking rewarding for people.
- Making it easy to contact them by phone, by not hiding their #800 toll-free number.
- Providing genuine guest reviews to make booking more trustworthy and reliable for people.

These initiatives and services showed that Hotels.com was different and did stand out in the sea of sameness. As true guest centricity, it represented the antidote to booking anxiety.

But it was perhaps the simplest thing that Hotels.com had ever done that showed it was the consumer's travel ally.

It adopted a name at its origins that made total sense in a digital age: not a cute gimmick or obscure play on words. It was simple and straightforward, easy to understand, and impossible to forget. It couldn't be more obvious: Hotels.com.

It represented what was best about the brand and formed the inspiration for 'The Obvious Choice' campaign.

IT'S ALL IN THE NAME

Inspired by the name, which encapsulated the guest-centric nature of the brand, we arrived at the campaign idea 'The Obvious Choice.'

'The Obvious Choice' is a presumptive positioning that says to the world that we are sure we've got this OTA thing right, in a way that's fun and shows we don't take ourselves too seriously.

In doing so, we wanted to show that Hotels.com was coming to the rescue of vacation-starved consumers, acting as the antidote to their travel booking anxieties. Hotels.com was, in fact, their travel ally.

And who better to come to the rescue than our very own man in a uniform, Captain Obvious.™



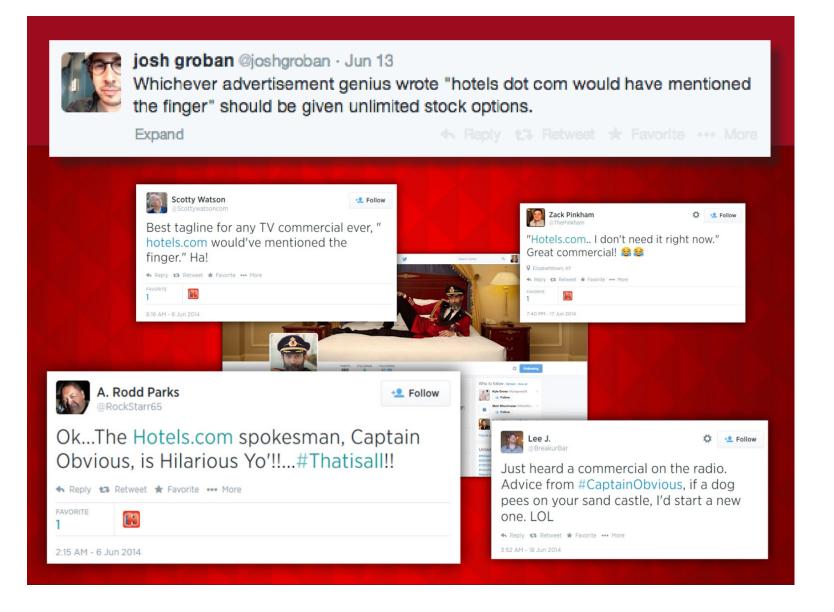
IT'S ALL IN THE NAME

Inspired by the common turn of phrase that is a mainstay of US popular culture, he's the brand's biggest fan, explaining to the world what makes Hotels.com 'The Obvious Choice.' And since the launch of the campaign in February 2014, and Captain Obvious' introduction to the world, his impact has been immense.

Captain Obvious proved the ideal vehicle by which to manifest the brand's cultural relevance. Through the messages he delivered and the execution of ideas across multiple channels, Captain Obvious has captured the public's imagination and contributed to repositioning the Hotels.com brand as America's travel ally, representing the antidote to booking anxiety.



CULTURAL BREAKTHROUGH



The impact of 'The Obvious Choice' campaign was quick and effective, capturing the imagination of US consumers throughout 2014.

In terms of social conversation:

Between January and December 2014, mentions of Hotels.com (including @CaptainObvious) on Twitter increased almost x6:

- January 2014; 4,299 mentions

The creation of the @CaptainObvious character has given people a reason to talk to Hotels.com. In April 2014 (his debut), there were 32 mentions of @CaptainObvious; in December 2014, there were 3,973 mentions.

December 2014; 26,595 mentions

CULTURAL RELEVANCE

Hotels.com was named 2014 Brand of the Year for the Online Travel Services category, knocking Expedia off the top spot. A remarkable achievement, as it wasn't featured in the previous year's top 3 brands.³

HOTELS.COM EARNS FIRST BRAND OF THE YEAR NOD

Online Travel Services have become an easy way for consumers to plan and shop for an upcoming trip. They make it simple to compare rates and amenities for a variety of hotels, rental cars, and airfares. Hotels.com leads the category this year with strong scores for Quality and Consideration.

"Hotels.com has tried to set itself apart from the competition with advertising - like their 'Captain Obvious' campaign - and their rewards program," says Joan Sinopoli, Vice President of Brand Solutions for Harris Poll. Notably, Hotels.com is the only Online Travel Service brand to show significant year to year change in Brand Equity.



³FIELDWORK UNDERTAKEN BETWEEN JANUARY 8 AND FEBRUARY 2, 2015.

BRAND HEALTH STRENGTHENED

In conjunction with achieving cultural breakthrough, the Hotels.com's brand health strengthened. Since launching in February 2014, Hotels.com saw increases in aided brand awareness, brand consideration and its past 3-month usage, from September 2014 to January 2015.⁴



a/b - Significant difference at 95% confidence level

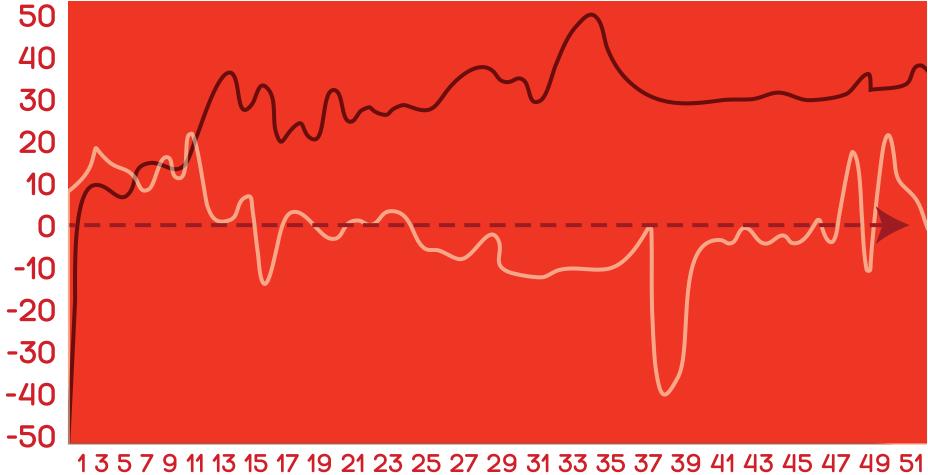
AMAZING BUSINESS RESULTS, **OBVIOUSLY**.

Most significantly, 'The Obvious Choice' campaign delivered strong business results for Hotels.com.

By the end of 2014, Hotels.com witnessed:

- Over 25% YOY overall traffic growth •
- Approximately 30% increase in YOY new visitor traffic
- Over 20% rise in YOY repeat visitor traffic •

THANK YOU, CAPTAIN OBVIOUS.



YOY Traffic Growth 2014 vs 2013

YOY 2014 YOY 2013