

Air New Zealand achieved ROI of 160x with Google AdWords.



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Scott Giles
Online Performance Specialist



AIR NEW ZEALAND

ABOUT GOOGLE ADWORDS

Google AdWords is currently used by thousands of businesses worldwide to gain new customers in a cost-effective way. AdWords use keywords to precisely target ad delivery to web users seeking information about a particular product or service. The program is based on cost-per-click (CPC) pricing, so advertisers only pay when an ad is clicked on. Advertisers can take advantage of an extremely broad distribution network, and choose the level of support and spending appropriate for their business.

For more information on launching your own campaign or getting expert help, visit <http://adwords.google.com>.

Business

Air New Zealand is New Zealand's flagship carrier, serving passengers traveling throughout Australasia and the South Pacific, as well as to Europe, North America and Asia. Air New Zealand is based at Auckland International Airport and employs more than 10,000 people. As the country's national airline, Air New Zealand is a recognisable and successful brand.

Approach

Facing increased costs due to rising fuel prices and increased security measures, airlines today must operate under margins tighter than ever, and Air New Zealand is no exception. The company offers customers a range of ways to book – online, via the phone or through travel partners, however the lowest cost of sale is achieved by customers who serve themselves online, without the need for live customer service involvement.

“Given the growth of the online savvy market, we looked at ways of increasing the traffic purchasing flights on our website,” says Air New Zealand Online Performance Specialist Scott Giles.

In search of new, cost-effective ways to reach travelers, Air New Zealand began experimenting with online marketing options such as banner and display advertising. Giles also began looking into search-based advertising as a way to increase qualified traffic to the Air New Zealand website.

“In 2004, we decided to try Google AdWords to take advantage of the extensive reach of Google search,” says Giles.

Air New Zealand set up several trial AdWords campaigns focused on flights to Sydney, Brisbane and within New Zealand. To gauge the success of these campaigns, Giles and his team set up unique ad content promoting flights on Air New Zealand to each advertised destination.

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Results

Giles remarks that the AdWords campaigns were easy to set up.

“We loved the flexibility of creating AdWords campaigns ourselves, not to mention the power of making changes at a moment's notice,” he says.

The immediate result of the trial campaigns was phenomenal with revenues of \$160 for every \$1 spent. This was gauged each time a consumer clicked on an AdWords ad and booked a flight on Air New Zealand within 30 days.

“Our ROI from AdWords was significantly higher than all other forms of on-and off-line advertising,” says Giles.

In addition to delivering a superior ROI, Giles reports that Google AdWords has had a positive impact on brand awareness for the airline.

“Google search reaches more than 70 percent of all Internet users ‘down under,’ which makes it the most efficient way to reach the largest volume of Internet users in Australia and New Zealand,” notes Giles.

Google search has now become the largest driver of all traffic to the Air New Zealand website, accounting for more than 30 percent of its referring traffic.

“There is no other vehicle that gives us the same level of ROI or traffic volumes,” says Giles. “Since our initial test campaigns, Google search has grown to become an integral part of the marketing mix.

Air New Zealand has since expanded its AdWords campaigns to focus on specific seasonal promotions such as flights to Fiji. The company has also experimented successfully with advertising various price points timed to take advantage of travel seasonality.

Air New Zealand has also integrated its TV, print and search advertising campaigns to maximize results. For example, when a TV campaign launches, Giles ensures that a complementary AdWords campaign is running simultaneously. Information tracked using Google Trends points to a commensurate spike in online traffic during offline ad campaigns.

“We started with small steps two years ago. We’ve been so pleased with the results from AdWords that we have expanded to multiple campaigns and markets. From a cost and overall effectiveness standpoint, AdWords has become a pivotal part of our marketing mix.”

