Skyscanner Hotels Core Auction Logic – Partner Facing

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Hotels Core Auction

Skyscanner's core meta auction allows partners the ability to bid to acquire clicks from Skyscanner users on all 3 of our platforms (mobile web, app, and desktop). All hotel searches by Skyscanner users contain hotel results, and every time a hotel is visible to a customer, an auction is run to determine what partner prices are then shown to that user, and in which order.

Supported Business Models

Skyscanner has historically supported both flat (per market and device) CPC (cost per click) and CPA (cost per action) business models, and as of July 1, 2024 will begin supporting dynamic CPC bidding. Skyscanner aims to continue to support both legacy business models as well as the new CPC bidding model on a per-market basis. Partners wishing to use the new CPC bidding model can do so in some or all markets, or continue their current flat CPC or CPA models in those markets they've not selected for CPC bidding.

When CPC bidding is activated for that market (across all platforms in that market), partners can indicate their bids for that itinerary. In any market where partners retain their CPA or flat CPC model, their bids will be derived from that legacy model, paying that CPA for any conversions or that flat CPC for any clicks received, regardless of what others are bidding. Prominence for each particular offer will be weighted against competing partners bids and a number of other factors. CPC bidding allows partners to assign more appropriate values to each redirect vs legacy business models.

CPC Bidding Submission of Bids

As outlined in the document *Auction Operations Guide*, partners submit their bids via two files, submitted at most once per day. Both the 'Bid File' and the 'Multiplier File' enable partners to structure bids based on market, device, hotel ID, length of stay, guest number, and days in advance. Once successfully submitted and processed, the Skyscanner auction team ensures those bids are entered into their respective auctions alongside other partners and their position ranked in accordance with the auction model.

Auction Ranking Logic

Skyscanner auction logic weighs partner's availability (via our Availability APIs), partner bids, and other factors to determine prominence on Skyscanner's platforms. More prominent positions tend to receive more clicks. Moreover, partners must provide Skyscanner with access to hotel availability and pricing data via APIs in order to be considered for any given auction, regardless of the presence of a bid.

Generalized Second Price Auction

Skyscanner runs a Generalized Second Price Auction type for most placements in hotels core meta. In such an auction, the amount that a partner pays depends on the **next highest bid** plus £0.01. The lowest bidder will pay the CHM (campaign hotel minimum, described below) plus £0.01. There are occasions where partners may pay more than the next highest bid plus £0.01 (though not exceeding the partner's bid), as follows:

When a price is promoted above its bid-based original rank (where, bid-based original rank is the position that the bid by itself would place it) because of our 'Cheapest offer' or other systems that weigh factors beyond a bid, the partner is charged the original bid amount.

The following example illustrates, in an auction with 4 players how a Generalized Second Price Auction would rank 4 partners, with a Campaign Hotel Minimum (CHM) of £0.60 for that itinerary.

Partner	CPC Bid	Paid CPC
1	£3.50	£2.76
2	£2.75	£2.26
3	£2.25	£1.11
4	£1.10	£0.61

In the event that a partner in the auction is on a legacy CPC agreement, their CPC bid and Paid CPC will both default to their legacy agreement value. In the case of a CPA agreement, we will calculate the effective CPC (eCPC) for that auction and this will serve as that partner's bid for reference in the auction only.

Global Minimum Bid (GMB)

Partners cannot bid below £0.05 for any auction on Skyscanner. When bids are submitted in the bid file at less than £0.05, partners will receive a warning email summarizing that these bids will be ignored. Any combination of bids and multipliers that leaves a bid valued at less than £0.05 for any

itinerary will be disregarded and reported back to partners, as noted in the document *Skyscanner Auction Reports Overview.*

Campaign Hotel Minimum (CHM)

For all itineraries, Skyscanner maintains a Campaign Hotel Minimum (CHM), which sets the lower bound for that itinerary. The CHM is computed based on a number of factors for every auction, including user location, traffic type, length of stay, and other factors Any combination of bids and multipliers that leaves a bid valued at less than the CHM for any itinerary will be disregarded and reported back to partners via a daily report (see the document *Skyscanner Auction Reports Overview* for more details).

'Cheapest Offer' Logic

In addition to our Generalized Second Price Auction logic, we may from time to time have a 'cheapest offer' where we promote those partner prices whose price accuracy is above our threshold (outlined in more detail in the document *Price Accuracy and Landing Page Policy*). The winner of our 'cheapest offer' auction may occupy a position on our dayview (search results) and details (hotel details) pages. When applicable, the 'cheapest placement' logic will not be present in every auction but depends on certain dynamics. Whenever a sort is ordered by cheapest price, be it in the cheapest placement auction or elsewhere, partners pay their bid instead of a CPC set by our normal auction dynamics.

In order for partners to (automatically) compete for this 'cheapest placement', there are several qualifying criteria: 1) partner must have a price accuracy tolerance above our minimum threshold, 2) the partner must be within an acceptable range (2%) of the cheapest offer to qualify for this auction, 3) the partner's bid must be above the CHM for that itinerary. Once those three qualifying criteria are passed, that partner may be promoted to the 'cheapest placement' should their bid and other factors not justify higher placement.