

Online Travel Update: Booking Holdings, Expedia Group and Tripadvisor report rising travel demand and discuss core strategies to capture travel rebound in first quarter's earnings releases

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This week's Update features a number of stories and perspectives on last week's earnings releases from Booking Holdings, Expedia Group and Tripadvisor. Enjoy.

Key Takeaways: Booking Holdings' First Quarter Earnings Report

For those of you interested, we've included transcripts from last week's earnings calls for both Booking Holdings and Expedia Group. For those of you who don't pour through financials (myself included), I find the earnings calls very informative. My key takeaways from last week's Booking Holdings' call are below:

- For years, analysts have speculated that Booking Holdings was first and foremost a European distributor, but now we have some actual numbers to prove it. According to Booking Holdings' CFO, David Goulden, slightly more than 50 percent of Booking's pre-COVID business came from Europe. As for other regions, Asia has historically accounted for approximately 20 percent of Booking's pre-COVID business (no single country accounting for more than low single digits), and the rest of the world (including North America) has accounted for the remaining 30 percent (pre-COVID).
- Booking continues to make strides in the North America, particularly in the United States, which was Bookings' strongest performing major country in the first quarter, with room night growth in Q1 2021 exceeding growth in Q1 2019. Both Priceline and Booking.com reported strong first quarters in the United States.
- Booking remains focused on its core strategies by growing the Booking.com brand in the United States, and continuing to expand adoption of its payment platform and building out the "Connected Trip."

- Booking points to its current Booking.com's "Back to Travel" campaign, which launched in April and features a \$50.00 post-stay travel credit for U.S. travelers booking through the Booking.com app. This initiative sets an example for possible future promotions that could help grow Booking.com's business in the United States and possibly other markets. Other efforts include the continued growth of Booking.com's vacation rental inventory. As for the payment platform, CEO, Glenn Fogel reported continued growth (just over 20 percent of bookings) of the integrated platform via increased adoption by Booking.com's U.S. supplier partners. In 2020, the payment platform operated close to breakeven, but through other monetization opportunities, Fogel expects the platform to lead ultimately to incremental EBITDA growth. Finally, Booking's continued focus on growing its non-accommodation products, particularly flights this past quarter, will be critical in establishing Booking's "Connected Trip" vision - and capturing potential travelers further "up funnel".

- **Key Takeaways: Expedia Group's First Quarter Earnings Report**

(*"Expedia Group Bets on Brand Marketing as It Prepares for Travel Rebound," May 7, 2021 via Phocus Wire; "Expedia Group CEO Says He's 'Rooting for Revenge Travel' as Revenue Sinks 44 percent in Q1," May 6, 2021 via GeekWire; "Expedia Will Sell Egencia Corporate Travel Unit to American Express Global Business Travel," May 4, 2021 via GeekWire)*)

- My key takeaways from this past week's Expedia call are below:
 - Highlights from the recently announced sale of Expedia's corporate travel platform, Egencia, to Amex GBT include (i) Expedia eventually owning approximately 14 percent of the combined businesses post-closing - which Expedia assumes will be worth \$700 million and (ii) the deal comprising a long-term supply agreement between Expedia Partner Services (EPS) and Amex GBT, which according to Expedia CEO, Peter Kern, underscores EPS' continuing efforts to position itself as a B2B business platform and allow Expedia to focus on its core B2C and B2B businesses.
 - Over the past quarter, Expedia has shifted its perspective on marketing - moving from an initial bias against large marketing commitments early in the quarter to now making major investments in an attempt to get out ahead of the anticipated wave of travel demand. Expedia, Orbitz and Vrbo are the initial beneficiaries of this new marketing commitment.
 - In an effort to grow its existing loyalty program base, Expedia plans on "opening a window" and making it easier and better for loyalty program members. According to Kern, Expedia was leaving customers on the side line because of "how [Expedia] made them sign up, what they had to go through, etc." It will be interesting to see what changes Expedia will make in this regard and whether those changes will comport with the "closed group" discounting requirements often found in many OTA agreements.

Tripadvisor Highlights

(*"Tripadvisor reports rising demand in Q1, progress on Plus subscription product," May 7, 2021 via Phocus Wire')*

Not surprisingly, Tripadvisor's quarterly earnings report had a heavy focus on its subscription program, Tripadvisor Plus. On last week's earnings' calls, Tripadvisor CEO, Steve Kaufer, shared with listeners that the platform is now seeking credit card partners to help grow the program. Other program details shared by

CEO Kaufer include:

- Initial interest in the program being the strongest among independent hoteliers
- Tripadvisor having "conversations with every single chain" (although the response has been mixed among major suppliers)
- Concerns expressed by major suppliers include where and how the discounted member rates are displayed (possibly undercutting suppliers' direct channel efforts)
- Tripadvisor moving away from sourcing inventory for the program primarily through aggregators (something we've written about in the past) to direct connections with suppliers
- Tripadvisor potentially retaining some of the discounts offered by suppliers for itself as opposed to passing the full discount on to its subscribers (although it doesn't do so today). What effect the subscription program might have on Tripadvisor's other businesses, like its cost-per-click (CPC) lead generation business, remains to be seen, though Kaufer believes that the potential revenue benefits of the subscription program will exceed any loss for the referral/lead generation business.

Other News:

SiteMinder Expands Hotel Metasearch, Payment Offerings

May 5, 2021 via *Hotel Management News* – General

Hotel commerce platform SiteMinder has added to its metasearch and hotel payments programs to give hotels more choice to manage and protect their revenue in unpredictable travel markets.

Booking Holdings Sees a Surge in Flight Bookings as It Plays Catch-Up With Expedia

May 6, 2021 via *Skift Travel News* (subscription may be required)

During the first three months of the year, with Europe as its weakest region, and countries such as India still battling existential COVID-19 crises, Booking Holdings' airline tickets sales jumped 49 percent.

Expedia 'Leaning Into' Wooing Hosts From Rivals, CEO Says

May 7, 2021 via *Bloomberg* – Top Stories

Expedia Group CEO Peter Kern discusses plans to attract new hosts to its rental platform, the timeline for the return of leisure and business travel, and outlook for Europe's vacation season on "Bloomberg Markets."

Sherpa Raises \$8.5M to Meet Demand for Its Travel Rules Platform

April 30, 2021 via *Phocus Wire*

Toronto-based travel technology startup Sherpa – one of PhocusWire's Hot 25 Startups for 2019 – has raised \$8.5 million as demand for its travel rules platform intensifies.

Trivago Sees Referral Revenue Jump More than 60 Percent in March

May 4, 2021 via *Travel Weekly US* – Top Stories

Global hotel and accommodation search platform Trivago credits vaccination efforts in markets such as

the United States and Israel with spurring a jump in travel activity that gave the site a 60 percent increase in referral revenue - its primary source of revenue - in March compared to February.

Vaccine Passport Proposals Put Airport Security App Clear Into Center of Debate

May 3, 2021 via Skift Travel News (subscription may be required)

More than 60 U.S. stadiums and other venues are deploying an app from Clear to verify people's COVID-19 status, placing the New York company known for its airport security fast lanes at the forefront of a national debate over "vaccine passports."

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