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Online Travel Update: Booking Holdings releases fourth quarter and 2020 financial results, plus a few takeaways; and Expedia and other newcomers eye wholesale distribution opportunities

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This week's Update takes a close look at Booking Holdings' recent fourth quarter and year-end earnings release. Enjoy.

Booking Holdings' Financial Results

("Booking Holdings focuses on payment platform, connected trip and U.S. growth as 2020 revenue drops 55%," February 24, 2021 via Phocus Wire)

("Booking Holdings, Inc.'s (BKNG) CEO Glenn Fogel onQ4 2020 Results – Earnings Call Transcript," February 24, 2021 via Seeking Alpha)

("Booking Holdings Reports Financial Results for 4th Quarter and Full-Year 2020," February 24, 2021 via Booking Holdings)

Booking Holdings (including brands such as Booking.com, Priceline, Agoda, Kayak, RentalCars.com and Open Table) released its fourth quarter and full-year 2020 financial results last week.

Highlights from the release include the following:

- Gross bookings dropped 63 percent in 2020 to $35.4 billion
- Total revenues dropped 55 percent in 2020 to $6.8 billion
- Room nights booked dropped 58 percent in 2020
- Adjusted EBITDA dropped 85 percent in 2020, though even with this drastic drop, Booking Holdings remained profitable on an adjusted EBITDA basis in 2020 ($880 million)
- Marketing expenses in 2020 dropped sharply to $2.2 billion (down from $5 billion in 2019)

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- Company staff were cut by approximately 23 percent, resulting in approximately $330 million in personal expense savings (no additional cuts are currently anticipated)

For those considering a contract renewal with one of the Booking Holdings' many brands this year, here are a few things to keep in mind:

- **Facilitated Payments.** Booking Holdings' strategic goals for 2021 include expanding Booking.com's beleaguered payment platform. According to CEO, Glenn Fogel, 22 percent of Booking.com's gross bookings were processed on the payment platform in 2020 (up from 2019's total of 15 percent). How Booking intends to accelerate adoption of the platform in 2021 remains unclear, but one thing is certain, those supplier partners that have thus far avoided implementing the payment platform will face increasing pressure to participate.
- **Packages.** Booking's vision of the "Connected Trip" remains a strategic goal in 2021 and will include a renewed focus on developing a "robust" flight product. Look for packages to take on increased importance as Booking continues its "Connected Trip" efforts.
- **Short-Term Rentals.** Booking's third and final strategic goal for 2021 is growing its U.S. market share. As part of this effort, Booking hopes to increase its competitiveness in the U.S. market through a variety of efforts including improving its payment platform, increasing consumer awareness through marketing and advertising and growing its short-term rental inventory. Look for Booking to become increasingly aggressive in its efforts to secure additional short-term rental inventory, particularly those managed by reputable property management companies.

Copies of the earnings report and earnings call transcript are linked.

Expedia and Others Eye Wholesale Opportunities
("Expedia, Others Poised for Hotel Market Share Battle Over Wholesale Sales," February 22, 2021 via Skift Travel News) (subscription may be required)
("Expedia Cruises develops new suite of tools to support cruise partners during recovery," February 24, 2021 via Travel Daily News)
By now, most are familiar with Expedia's landmark deal with Marriott in 2019 to distribute its wholesale (B2B) inventory. Since 2019, Expedia has purportedly inked other wholesale distribution deals with its supplier partners. While a large distributor like Expedia might first appear to have a huge head start on other lesser known players in tackling the $50 billion wholesale segment, several well-funded smaller players are looking at ways to automate the segment as the next big opportunity. Whether these newcomers' efforts prove successful will depend on a number of factors, including their willingness to extend credit (like their legacy wholesale competitors) to their travel agency partners. The other wildcard: Will Booking.com seek to leverage its technology and existing supplier relationships to offer similar wholesale assistance? Expect more updates soon.

Other news:

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Investment in Digital Channels a Priority for Airlines and Online Travel Agenciess

February 22, 2021 via Phocus Wire

The COVID-19 pandemic has accelerated consumers' usage of online tools and platforms, and travel brands are making plans to address that transformation. In a survey conducted by Sweden-based payment technology company Trustly, 42 percent of leaders from Europe-based online travel agencies and 35 percent from both low-cost and full-service airlines say "improving digital channels for customer service" is the top strategy they intend to use to improve their relationship with travelers post-COVID-19.

Airbnb Outlines 2021 Vision After Weathering $4.6 Billion Pandemic Year Loss

February 26, 2021 via Skift Travel News (subscription may be required)

Listening to Airbnb's first earnings call as a public company, versus that of Booking Holdings a day earlier, was a study in strategy contrasts. Airbnb CEO Brian Chesky said experiences and hotels would be important for Airbnb in 2021, but he seemed to downplay the importance of expanding its fledgling hotel business.

Posted in Online Travel Update

Tagged as travel, Travel and Technology

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