



# OTA Sector Review

Topline Industry Overview and Analysis

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### Legend

	Expedia
	Booking.com
	Google.com/Flights
	TripAdvisor
	Skyscanner

## Topline OTA Sector Review

### Tabular Summary

Rank <sup>1</sup>	Parent	Brand	Annual Revenue (US\$)	Interest (Quantified) <sup>2</sup>	Employees	Average Consumer Profile		Total Bookings p.a.	HQ Country
						Age Bracket	Income Bracket p.a.		
1 (28%)	Google	Google.com/Flights	21 Billion <sup>3</sup>	24	61000	18 – 32 yrs	unknown	unknown	USA
2 (24%)	Priceline	Booking.com	7.2 Billion	70	1500	45-54 yrs	US\$ 150+	565,750,000	Netherlands
3 (17%)	Expedia Inc.	Expedia	10 Billion <sup>4</sup>	33	22,000	25-54 yrs	US\$75K+	53,000,000	USA
4 (11%)	Liberty TripAdvisor Holdings, Inc.	TripAdvisor	1.5 Billion	54	3300	35-54 yrs	US\$ 75k	5,460,000,000 <sup>5</sup>	USA
5 (9%)	Ctrip.com	Skyscanner	300 Million	43	674	18-35; 50+ yrs	Unknown	720,000,000 <sup>6</sup>	UK
6 (1.48%)	Priceline	Momondo	121 Million	8	483				UK
7 (1.07%)	Priceline	Kayak	55 Million	6	185				USA
8 (0.84%)	CheapOAir.com	CheapOAir.com	330,000	5	1				Canada
9 (0.38%)	Expedia Inc.	Hotwire	37 Million	2	175				USA
10 (0.01%)	Concur Technologies Inc./SAP SE	Hipmunk	12 Million	0	55				USA

Table 1: Top 10 OTA Index

**Common Thematic Interests:** Environment/Sustainability, Refugees/Migrants Relief, Education

**Common Giving Avenues:** Employees Volunteerism, Matched Campaigns

<sup>1</sup> [Cross map of brand value/market saturation, user experience and annual revenue indicators;](#)

<sup>2</sup> Using impressions data from Google Trends

<sup>3</sup> Revenue figures of the overall Google group;

<sup>4</sup> Revenue figures of the overall Expedia group;

<sup>5</sup> Owing to OTA business model, calculations are based on no. of annual unique visitors and not bookings;

<sup>6</sup> Annual calculations based on no. of annual unique visitors as at end of 2015 and not bookings;

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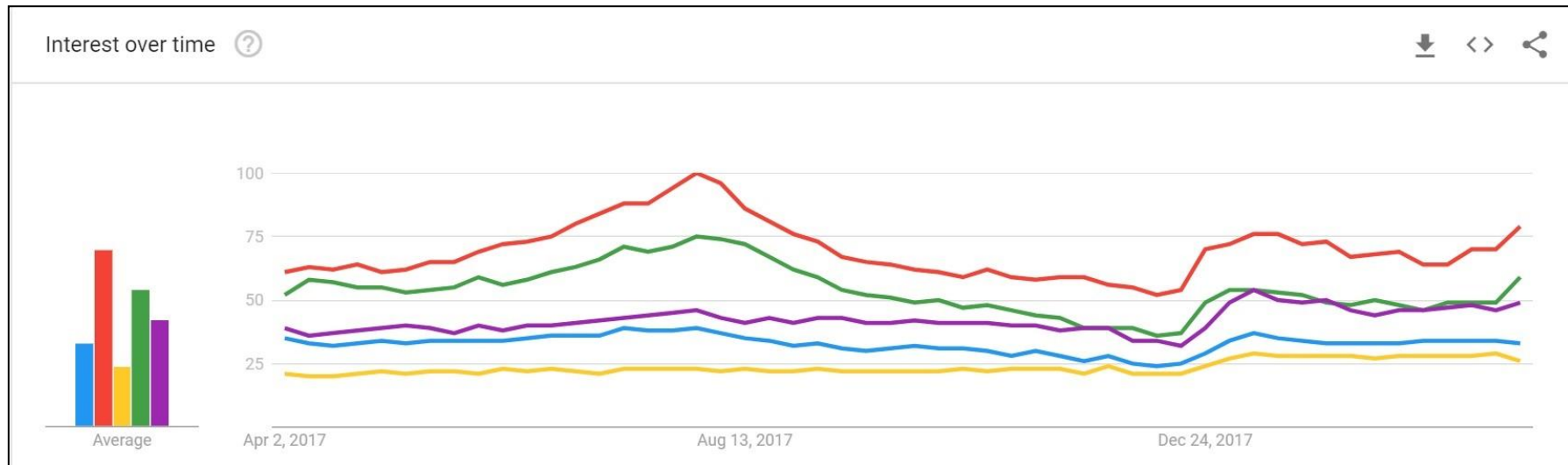
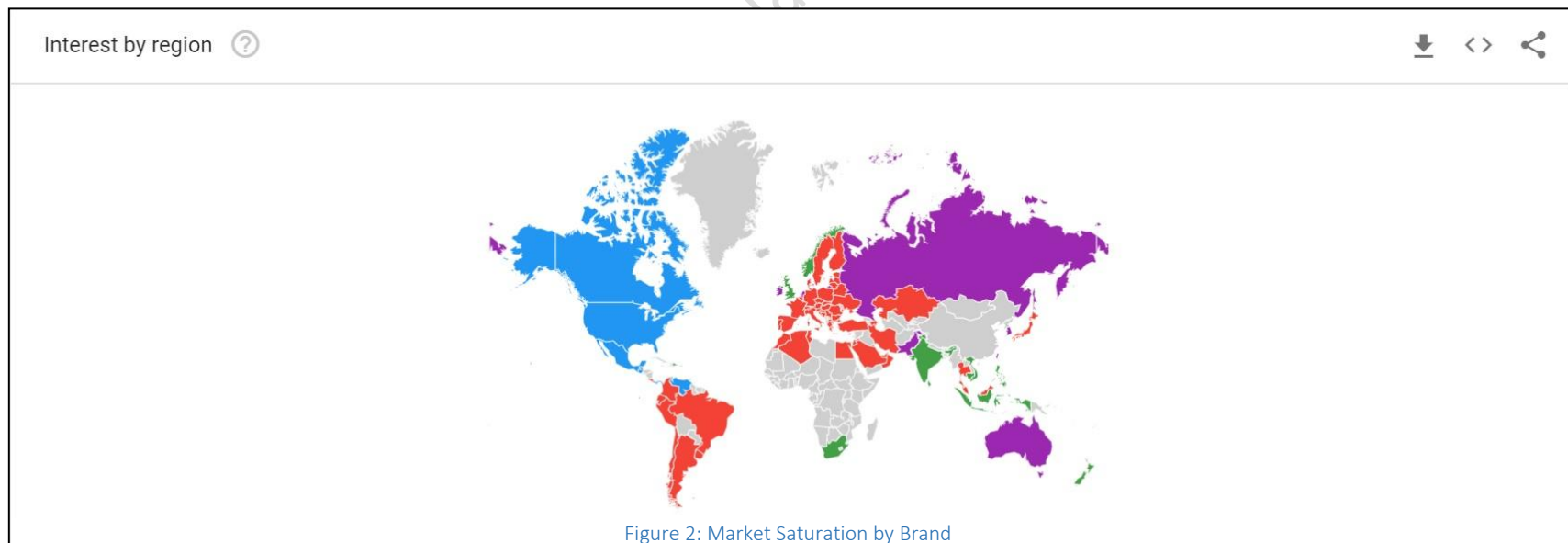


Figure 1: Brand Value Comparative Review



### INTRODUCTION TO OTAs & BUSINESS MODELS

The travel and tourism industry makes up between 2-7% of the world's overall economy on average. It is therefore not surprising to see the many innovative, technological advances being made in the sector. With the advent of travel fare aggregators and metasearch engines,<sup>7</sup> travel bookings have become the single largest component of e-commerce, with approximately seventy million consumers researching travel plans online in July 2006 alone.

### The Travel & Tourism Economy (2017)

Which Countries are Most Dependent on the Travel Industry?

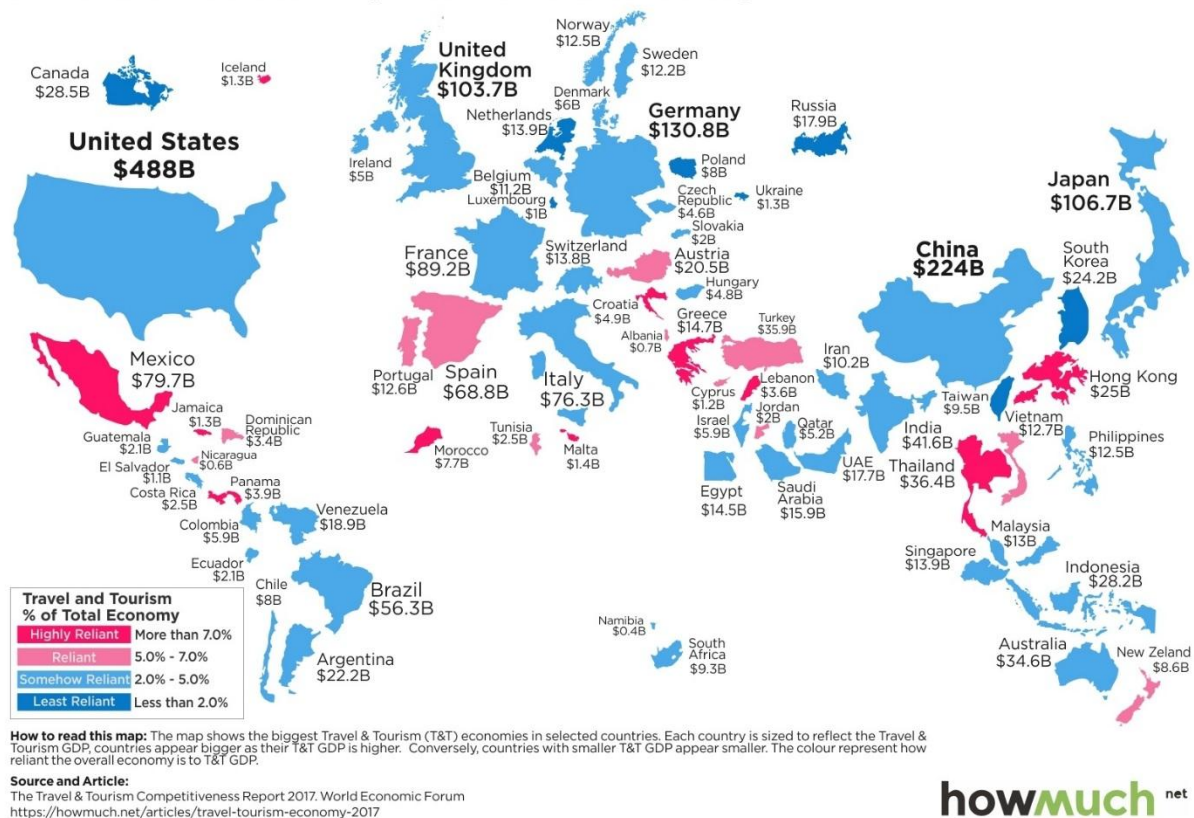


Figure 3: Travel & Tourism Economy

There are many types of online websites/businesses on the worldwide web dedicated to travel, including those focused on travel reviews, trip fares, or a combination of both. Travel websites can be easily divided into three main types i.e. Online Travel Agencies (OTAs), Travelogues and Service Providers.

**Online Travel Agencies:** An online travel agency (OTA) specializes in offering planning sources and booking capabilities.

**Travelogues:** Many travel websites are online travelogues or travel journals, usually created by individual travellers and hosted by companies that generally provide their information to consumers for free. These companies generate revenue through advertising or by providing

<sup>7</sup> According to Forrester Research;

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services to other businesses. This medium produces a wide variety of styles, often incorporating graphics, photography, maps, and other unique content.

**Service Owners and Providers:** Individual airlines, hotels, bed and breakfasts, cruise lines, automobile rental companies, and other travel-related service owners and providers often maintain their own web sites providing retail sales. Many with complex offerings include some sort of search engine technology to look for bookings within a certain timeframe, service class, geographic location, or price range.

Most leading online travel agencies also now offer advanced travelogue related services. For the purpose of the exercise, this study remains focussed on OTAs and related business models.

There are three predominant business models used by Online Travel Agencies (OTAs), the **Advertising**, the **Agency** and the **Merchant** business model. Each of these models has its merits and demerits, however it is important to note that all these business models can well be used by other, non-travel industry platform businesses, and can be applied to comparison/metasearch/demand aggregation online businesses in general.

Each of the subject models are explained in more detail within respective OTA sections that employ them.



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### Google.com/Flights

Rank	Parent	Brand	Annual Revenue (US\$)	Employees	Total Bookings p.a.	HQ Country
1	Google	Google.com/Flights	21,000,000,000	61000	unknown	USA

#### POSITIONING

For many consumers Google Flights has already replaced search-aggregation sites like Kayak or Skyscanner and individual travel websites like Orbitz and Priceline as the first (and often only) stop for flight searches. GoogleFlight's clean, ad-free interface, lightning-fast searches, and user-friendly notifications about cheaper flight options at nearby airports or on other dates continue to change expectations for flight search engines – and advanced features like calendar search, price tracking, and the Explore map (which lets you see prices for a variety of destinations from a single city) are also super useful.

In 2017, the group had an annual turnover of US 21 billion and employed over 61000 people globally.

#### BUSINESS MODEL

Google Flights is an online flight booking search service which facilitates the purchase of airline tickets through third party suppliers. In April 2011, Google purchased the \$700 million ITA Software which allowed the corporate giant to launch Google.com/Flights. Google.com/Flights uses algorithms gained from its ITA purchase to facilitate consumers in planning and booking their flights through third party suppliers. Since using the ITA acquisition to launch Google Flights, the company has continued expanding into increasingly varied sections of the travel space.

#### Consumer Value Proposition

Flights Google is also great for transparency, providing information about on-time performance and carry-on baggage fees – making Google Flight a more reliable and accessible source of information than some airlines' own websites. The platform is extremely convenient to use as redirects consumers directly to the airline's check-out page with a single click – or allows direct bookings through Google with saved identity and payment details. Google.com/Flights is available in 50 countries mainly across the Americas, Europe and Asia region.

#### REVENUE GENERATION

The exact consumer facing revenue generation schemes for Google.com/Flights are not completely known however a quick look at their homepage confirms no direct advertising. Further the platform allows bookings without any booking fee, so a commission based model is also unlikely. There is however increasing discussion in the industry that Google Flights is a bi-product of the actual service being sold. Google builds and runs the pricing models that airlines use to generate their pricing data. Their algorithms (ITA software) constantly crunch data for the entire industry and therefore determine in real time what airlines should be charging as airfare. It is understood that it is this service that is payable by Google.com/Flights' main clients i.e. airlines and not the by-product booking service offered to consumers.

#### PAYMENT TERMS

*Contingent to individual airlines payment terms.*



# Topline OTA Sector Review

## TARGET CONSUMER PROFILE

Demographic	Google.com/Flights
Percentage 18-32 Years of Age	21%

## SUSTAINABILITY/CSR CRITERIA

As a subsidiary of Google, the CSR or sustainability policies of Google.com/Flights are heavily influenced by those of its parent conglomerate. Google's focused charitable wing i.e. Google.org fosters its Global Giving through 5 sub philanthropic/charitable streams, mainly to accelerate and scale the work of innovators around the world who are using technology to combat humanity's biggest challenges.

### 1) Google Impact Challenge: Disabilities

The issue-focused Google Impact Challenge is a timebound open call for bold ideas addressing a single cause, aimed at jumpstarting change. Through grants, Googlers, Google products and public engagement, Google.org gets behind big thinkers around the world dedicated to using technology to combat humanity's biggest challenges. The first focus of the impact challenge aims to expand opportunity and independence for people with disabilities.

### 2) Global Impact Awards

Global Impact Awards support organizations using technology and innovative approaches to tackle some of the toughest human challenges.

### 3) Seed Funding

Seed funding helps organizations pilot early-stage ideas that have the potential to be transformative.

### 4) Google for Nonprofits

Google for nonprofits works to offer highly competitive or free tools such as Google AdWords, Google Apps, Google Earth and Google Maps to nonprofit groups to help them find new donors, work more efficiently, and encourage their supporters to take action.

### 5) One Today

Through its "One Today" Android mobile app, google.org helps to match people to nonprofit causes that inspire them, offering a fun and easy way to donate \$1 to a different cause every day.

Google.org's recent projects include:

#### I. Fighting the Zika Virus

The recent Zika virus outbreak caused concern around the world and last month, the World Health Organization (WHO) declared a Public Health Emergency. But unlike many other global pandemics, the spread of Zika was harder to identify, map and contain. To help respond to the crisis, Google.org made a \$1 million grant to UNICEF, made updates to their products that make information on Zika more accessible and helped analyze data that can be used to map and anticipate the virus.

#### II. Supporting Racial Justice Innovators

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In 2015, Googlers around the world expressed their solidarity for victims of racially-motivated violence in the US. Spurred on by this movement and the work of the Black Googler Network, Google.org announced a \$5 million initial new investment to support leaders working for racial justice in the criminal and educational systems. Since then, Google.org has awarded over \$5M to eight projects, including partnerships with leaders like #BlackLivesMatter co-founder Patrisse Cullors, My Brother's Keeper innovator Chris Chatmon, and widely acclaimed public interest lawyer Bryan Stevenson. This work builds on previous support Google.org has made to organizations working for racial equality via the local giving and Impact Challenges, such as the Hidden Genius Project, Beyond 12, the Reset Foundation, Essie Justice Group and the Center for Employment Opportunities.

### III. Supporting the Refugee and Migrant crisis

In the fall of 2015, Google encouraged its users to donate to a public matching campaign to support humanitarian relief efforts by XXXXX, IRC, Save the Children and Doctors without Borders. In just over 48h, the public donated €5M which Google.org matched. Since then, Google has helped the International Rescue Committee build an online information hub for refugees, Mercy Corps develop Translation Cards to allow field workers to communicate across languages more easily, Google employees have worked alongside NetHope to install low-cost WiFi in refugee camps, and supported refugee education through Kiron and Libraries without Borders. Building off a small pilot in Germany, Google continues to work with NetHope on Project Reconnect, an initiative to equip NGOs with Chromebooks to facilitate access to educational resources for refugees in Germany. Collectively, these efforts will help more than a million refugees with connectivity, access to vital information online as well as facilitate access to learning and education.

### IV. Fighting Ebola

Google donated \$10 million to support nonprofits such as InSTEDD, International Rescue Committee, Medecins Sans Frontieres, NetHope, Partners in Health, Save the Children, and U.S. Fund for UNICEF to rally to fight Ebola. Through Google's critical funding support, these organizations working in very difficult circumstances to help contain the Ebola outbreak. Through a matching campaign, Googlers donated \$2.5 million for Ebola response, which was matched 1:2 with an additional \$5 million. The co-founder of Google, Larry Page also donated \$15 million through his family foundation to Google's fight against Ebola.

### V. Giving through Glass

Glass is another initiative of Google.org which encourages small scale nonprofits to submit proposals for a trip to Google for training, a \$25,000 grant and access to developers to make their projects a reality. The latest CFP managed to encourage inspiring proposals from 1,300 nonprofits for how they would use Glass to amplify their impact. Google and its team of advisors selected five organizations including 3000 Miles to a Cure, Classroom Champions, Mark Morris Dance Group, The Hearing and Speech Agency and Women's Audio Mission. Received proposals ranged from connecting kids to Paralympic mentors to creating Glass-based visual and music cues to enhancing the quality of life for people with Parkinson's.

### VI. Improving Computer Science Education

Advancing the study of computer science and increasing the number of students - particularly women and underserved minorities – remains vital to Google's core mission. Since 2010, Google.org has invested more than \$40 million to expand after school coding programs, provide teacher training, offer tech resources and facilitate global access to computer science education for next generation of tech leaders. In the U.S. alone, only 18% of computer science graduates are women, and few girls (<1% of high school girls) are interested in pursuing computer science as a college major. To combat

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this trend, Google.org launched “Made with Code”, an initiative designed to inspire millions of girls to experience the power of code. Google’s Computer Science Grantees include Code.org, DonorsChoose.org, Codecademy and Khan Academy, Girls Who Code, National Center for Women & Information Technology, Technovation, WeTech.

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## Topline OTA Sector Review

### Booking.com

Rank	Parent	Brand	Annual Revenue (US\$)	Employees	Total Bookings p.a.	HQ Country
2	Priceline	Booking.com	11,210,000,000	1500	565,750,000	Netherlands

#### POSITIONING

Booking.com is a travel fare aggregator website and travel metasearch engine for lodging reservations head quartered in Amsterdam, Netherlands. Established in 1996, Booking.com has grown from a small Dutch start-up to one of the largest travel e-commerce companies in the world. Part of Booking Holdings Inc. (NASDAQ: BKNG), Booking.com now employs more than 1,500 employees in 198 offices in 70 countries worldwide. In 2017, the company had an annual turnover of Eur 9.1 billion or US\$ 11.2 billion.

With a mission to empower people to experience the world, Booking.com invests in digital technology that helps take the friction out of travel. Booking.com connects travellers with the world's largest selection of incredible places to stay, including everything from apartments, vacation homes and family-run B&Bs to 5-star luxury resorts, tree houses and even igloos. The Booking.com website and mobile apps are available in over 40 languages, offer 1,717,726 properties, and cover 129,554 destinations in 228 countries and territories worldwide.

The company ranks as 165 on [Brand Finance's](#) global index of the most valuable brands of 2018. In 2015 Booking.com reportedly spent US \$2.7 billion in performance advertising on Google and other search engines as well as travel sites like TripAdvisor and other digital advertising. An additional \$273m was also expended on brand advertising, for e.g. TV.

Booking.com is an effective sales website providing a great user experience and stimulating users reactions combined with a deep infrastructure linking to the vast array of hotel distribution systems. Every year Booking.com/Priceline spend upwards of \$100m to further enhance their technology.

#### BUSINESS MODEL

Booking.com is wholly owned by the Priceline Group, which has a market cap of around \$99b (as at early August 2017) and annual revenues of ~\$11b, some 10x larger than Tripadvisor. The majority of Priceline's revenues come from Booking.com using the agency business model.

##### Agency Business Model

The agency model uses the same revenue model as conventional travel agencies i.e. commissions. Booking.com has contracts with the hotels that it lists and will take a commission on each booking through its site between 10%-30%. The commission depends on the size of the hotel and how well it wants to rank on the Bookings.com pages.

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Booking.com will display hotels taking into account the best interest of the users, the hotels it has contracts with and itself. In Booking.com hotels pay for ranking higher with a higher commission. As mentioned above, these are much higher costs than CPC-ads. The difference to CPC ads is that the hotels pay only for successful bookings not for driving traffic to their page. *CPC ads and related methodology are explained in detail within the TripAdvisor section below.*

The agency model has the benefit of not owning an inventory (hotel rooms) and thus not having cash tied as well as not carrying the unsold inventory risk. This business model qualifies as a true platform business model as the platform (Booking.com) does not own the inventory (being hotel rooms or apartments). They are a travel marketplace that offers the participating hotels better sales opportunities than any other marketplace online.

### Consumer Value Proposition

Booking.com has contracts in place with the hotels that it lists. One of the clauses, called rate parity, is that the hotels can't offer the same (type of) room at a cheaper rate on the hotel's web pages. And if they do so they have to match it on Booking.com. Without such a rule, users could choose a hotel on Booking.com but then complete the booking on the hotel's pages.

Booking.com has over 1.7 million places to stay in their database and a large amount of filtering options that make it easier for the user to find what they are after. A vast amount of pictures and useful reviews created by other users, make for convincing and persuasive content. Further the star rating and reviews generated by other users reduce the risk of being disappointed.

### REVENUE GENERATION

Booking.com service is free of charge for their consumers because they do not charge them for their service or add any additional (reservation) fees to the rate. Suppliers however pay between 10-30% of the rate of the product/service being sold as commission to Booking.com after the end user has consumed the service or product of the Supplier or after the guest has stayed at (and paid) the accommodation.

A breakdown of Booking.com's revenues as per employed business models is as follows:

- *Agency business model:*  $\text{US\$7.98b} / \text{\$10.7b} = 74\%$
- *Merchant business model:*  $\text{US\$2b} / \text{\$10.7b} = 19\%$
- *Advertising and other revenues* = 6.6%.

### PAYMENT TERMS

If applicable and available, certain Suppliers offer the opportunity for reservations to be paid wholly or partly and as required under the payment policy of the accommodation, to the Supplier during the reservation process by means of secure online payment all to the extent offered and supported by the consumer's bank. For certain products and services, Booking.com facilitates through third party payment processors the payment of the relevant product or service i.e. the payment facilitation service for and on behalf of the Supplier.

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Booking.com however never acts nor operates as the merchant of record. Payment is safely processed from the consumer's credit/debit card or bank account to the bank account of the accommodation provider through a third party payment processor such as through a payment gateway system etc. Any payment facilitated by Booking.com for and on behalf of, and transferred to the Supplier will in each case constitute a part of the payment of the booking price paid by the consumer of the relevant product or service in final settlement of such (partial) due and payable price and consumers cannot reclaim such paid monies.

For certain (non-refundable) rates or special offers, Suppliers may require that payment is made upfront by wire transfer (if available) or by credit card, and therefore consumers' credit card may be pre-authorised or charged (sometimes without any option for refund) upon making the reservation.

By making a reservation with a Supplier, consumers accept and agree to the relevant cancellation and no-show policy of that Supplier, and to any additional (delivery) terms and conditions of the Supplier that may apply to their visit or stay (including the fine print of the Supplier made available on the Platform and the relevant house rules of the Supplier), including for services rendered and/or products offered by the accommodation provider (the delivery terms and conditions of an accommodation provider can be obtained with the relevant accommodation provider).

The general cancellation and no-show policy of each Supplier is made available on the Platform on the Supplier information pages, during the reservation procedure and in the confirmation email or ticket (if applicable). Certain rates or special offers are not eligible for cancellation or change. Applicable city/tourist tax may still be charged by the Supplier in the event of a no-show or charged cancellation.

Cancellation and prepayment policies may vary according to room type. Late payment, wrong bank, debit or credit card details, invalid credit/debit cards or insufficient funds are at the sole risk of the consumers, and therefore they are usually not entitled to any refund of any (non-refundable) prepaid amount unless the Supplier agrees or allows otherwise under its (pre)payment and cancellation policy.

### TARGET CONSUMER PROFILE

#### Age

<18	18-24	25-34	35-44	45-54	55-64	>65
8%	10%	16%	20%	21%	16%	9%

#### Income

US\$ 0-50k	US\$ 50 - 100k	US\$ 100-150k	US\$ 150+
11%	22%	30%	37%

#### Ethnicity

Caucasian	African American	Asian	Hispanic	Other
72%	9%	7%	11%	1%

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### SUSTAINABILITY/CSR CRITERIA

Booking.com strives to make a positive, lasting impression on the global tourism industry. In doing so, their mission is to help travellers explore and experience more than 100,000 unique destinations all over the world and they seek to contribute to the ongoing health of these same destinations so that future generations can continue to enjoy them for years to come. They work on destination improvement in 3 key areas:

**The Environment** -- Works to protect natural wonders and conserve indigenous wildlife;

**Cultural Heritage**-- Strives to preserve and promote cultural heritage and unique sites that make destinations special;

**Inclusive Growth** -- Promotes inclusive growth in tourism that supports and develops local economies and communities;

With more than 180 offices around the world, Booking.com partners with local organisations and start-ups to make a positive impact globally. In doing so, they run two main programmes:

**Volunteer Programme:** Booking.com skills and expertise lie in tourism so this is where they believe they can make the most impact. To achieve this, every year, their employees volunteer their time and expertise to partner with local organisations on projects that help improve destinations worldwide. Through volunteering, their employees have donated 76,000+ hours of service, completed over 900 projects and reached in excess of 170 destinations worldwide. A report on the impact of Booking.com's employees' voluntary work can be found [here](#).

**Booking.com Booster Programme:** Booking Booster is a new initiative to identify and support start-ups dedicated to sustainable tourism through a 3-week accelerator programme, culminating with an opportunity to pitch for grants of up to €500,000.

The first year of the Booking Booster concluded in June 2017. In its first year 10 start-ups were selected to spend 3 weeks at Booking.com headquarters in Amsterdam. Two representatives per start-up had the opportunity to learn about scaling their business, growing and measuring their social impact, organisational growth, marketing, enhancing their value proposition, investing, financial practices and more.

Start-ups that were invited to participate in the programme demonstrated that they are ready to scale their businesses and to have a positive impact on multiple destinations. At the end of the 3-week programme in Amsterdam, they had the opportunity to pitch their scaling plan to Booking.com and request a grant of up to €500k to execute their plan. Booking.com experts are currently mentoring the 10 start-ups in executing their scaling plan. Mentorship is available for 6 to 9 months and started during the 3-week Booster Programme in Amsterdam.



## Topline OTA Sector Review

### Expedia

Rank	Parent	Brand	Annual Revenue (US\$)	Employees	Total Bookings p.a.	HQ Country
3	Expedia Inc.	Expedia	10,100,000,000	22,000	53,000,000 <sup>8</sup>	USA

#### POSITIONING

Expedia is one of the world's leading full-service online travel brands helping travellers easily plan and book travel from the widest selection of vacation packages, flights, hotels, rental cars, rail, cruises, activities, attractions, and services. Expedia was founded in 1996 by Microsoft and was spun off in 1999. It is head quartered in USA. Expedia manages localized sites in 33 countries and an award-winning mobile app.

Owing to its global operations/presence, affiliate network and other overlapping brands of the parent group, individual revenue figures from the Expedia brand alone are extremely difficult to unpick and/or analyse. In 2017, the parent group i.e. Expedia Inc. however reported an annual turnover of US\$ 10 billion and US\$88.4 billion in gross bookings.

The group employs over 22,000 people in over 30 countries. Further the group on the whole manages over 200 travel booking sites in 75 countries, of which 33 are owned by the Expedia brand. The exact number of properties/services managed by the Expedia brand is undisclosed, whilst Expedia Inc. reportedly manages over 590,000 properties, over 550 airlines and dozens of rent-a-car fleets and cruise lines.

In 2017, the group reportedly employed over 22000 employees, had an annual turnover of US\$10.1 billion and a market value of US\$16 billion. The brand ranked as 317 on Fortune 1000 and 367 on 2017 Brand Finance global index, however did not make it to the 2018 index.

Like Booking.com, Expedia invests heavily into their technology, e.g. \$686m in 2014 alone. The group's marketing expenses are also comparable to those of Priceline, at \$2.8b in 2015.



<sup>8</sup> The exact figures are undisclosed, however given that Expedia constitutes roughly 17% (manages 33 sites of the group's 200+ total) of the group's overall business, it is safe to assume that roughly 53 million rooms (17% x 312 million) bookings are made exclusively through the Expedia brand;

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### BUSINESS MODEL

Like Booking.com, Expedia also uses both the merchant and the agency models, however contrary to the former, Expedia generates the majority of its revenues through the merchant model.

#### Merchant Business Model

In this business model, the platform buys hotel rooms and then resells them to travellers. The merchant gets the rooms cheaper by buying the rooms very early as well as in bulk. Often, the merchant bundles them with airfares, rental cars and/or other things.

Cash flow timings are different to the agency model. In the merchant model, the business has to pay out the cash upfront. Nominally, they sit on the risk of not being able to sell all their inventory. However, with their increasing power Expedia have managed to negotiate that they can hand back the room to the hotel 24 hours prior if they cannot sell it. This has tilted the deal much in favour of Expedia however this clause does not apply to all of Expedia's inventory or on all room/hotels.

When it started, the Merchant model was cash flow advantageous. The OTA collected the payment from the customer at the time of the booking which may be well in advance of the actual travel. More recently, travellers can pay after their stay. The merchant model also allows individual hotel bookings. But the package deals are more attractive to those who don't want to research flights, accommodation and other things separately. On Expedia, consumers are more likely to buy an entire vacation rather than individual pieces. Initially, the merchant business model was considered superior but over the years Booking.com owner Priceline has demonstrated faster growth.

In a strict definition, the merchant business model is not necessarily a platform model as the business buys the inventory, but nevertheless an important one in the industry.

**Case Study:** Expedia wants to offer seven-night, all-inclusive vacations for two in Jamaica. The travel company contacts a hotel in Jamaica and asks to buy a block of 100 rooms at \$50 a piece instead of their Best Available Rate (BAR) of \$90. Expedia then contacts airlines and makes 200 seat reservations to Jamaica for \$600 (with little or no discount). The package is offered to guests at a cost of \$1,700 for two people. People booking on Expedia are happy; they have saved \$130 off the list price just by booking with Expedia. Expedia shareholders are happy because they have only paid \$1,550 for a package that they have sold to 100 couples for \$1,700.

#### Consumer Value Proposition

Expedia is a full-service online travel brand. Travellers are more likely to use the OTA for booking entire holiday packages including Hotels, Flights/Cruise, Car Rentals etc, as opposed to individual services or products.

Expedia offers Cheap(est) prices, vast Amount of choice, reduced risk due to the verified ratings & reviews, outstanding Customer service (over 55m calls per year), mobile access through designated

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app and Useful travel content to travellers booking through the OTA. The brand also offers enhanced incremental revenue, flexibility and control, global reach, reduced risks no booking, no commission Driving traffic to the hotel's website ("billboard effect") as some of its core value propositions to travel service providers mostly hotels.

### REVENUE GENERATION

The merchant model is generally more profitable for OTAs, as it garners higher commission, but the agency model has the ability to drive huge volumes, as it is much easier for larger as well as smaller hotels. Additionally Expedia runs a program called the Expedia Affiliate Program, which allows affiliates to earn part of the commission for business bought. In this way the company manages a system in which everyone benefits.

A breakdown of Expedia's revenue by business model is also given below:

- *Merchant business model: \$4.2b / \$6.7b = 63%*
- *Agency business model: \$1.9b / \$6.7b = 28%*
- *Advertising and other revenues: \$0.57b / \$6.7b = 8%*

### Hotels

At 70% of gross revenue, hotel bookings form the most crucial division of Expedia's portfolio of services. It's the fastest growing and the most profitable division, as it has margins of above 20% as compared to others in the single digits. The contribution of hotel service revenue has grown from 63% of total revenue in 2005 to 70% as of mid-2015. This has been possible due to Expedia's aggressive acquisition of properties to add to its portfolio.

However, with the rising discomfort in hotel chains about sharing revenues with OTAs and the increasing competition between OTA companies, these margins could face downward spike in the future.

### Car Rental, Cruise and Other Services

Car rental, cruise, and destination services have not seen any change in the past decade and account for about 13% of Expedia's total revenue. Of late, the company has been expanding further into these services, and it now has dozens of car rental agencies under its banner. Although the segment is expected to expand, the car rental sector in general faces tough competition from other online service providers such as Uber, Careem etc.

### Airline Bookings

Although airline bookings make up about half of Expedia's gross bookings, the revenue generated is only about 8% due to very low ticket prices. The segment is highly competitive and mostly suffers from overcapacity, which leads to lower occupancy rates. The revenue contribution of the product line also fell from 22% a decade ago to 8% in 2015.

### Advertising

This is one of the newest and fastest-growing revenue contributors for the company. The revenues generated from advertising and media have grown from 2% in 2005 to about 9% at the end of the second quarter of 2015, primarily due to the acquisition of Trivago. Trivago is one of the leading meta-search engines for hotel bookings in Europe, with over 600,000 hotels and 140 booking sites across 30 countries. As the global economy improves, the

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advertising expenditures of travel-related companies will increase, and Expedia can expect to see growth in this area.

### PAYMENT TERMS

Expedia processes payments in the United States, if managed independently. In case of travel suppliers', payments are processed in the country in which the travel supplier is based.

Expedia or the travel supplier may have to verify: (i) the validity of the payment card (through a charge of a nominal value that is either refunded within a few days or deducted from the final payment due to the travel supplier) and, (ii) the availability of funds on the payment card (to be confirmed by the bank issuing the your credit card).

### TARGET CONSUMER PROFILE

Demographic	Expedia
Percentage of Women/Men	57/43%
Percentage 25-54 Years of Age	59%
Percentage with HHI \$75K+	54%

### SUSTAINABILITY/CSR CRITERIA

Expedia, Inc. believes their success is fueled by a shared belief that every individual can make an impact, bringing their talents together to accomplish amazing things. Whether it's serving communities around the world as part of our Global Day of Caring, giving in-kind consulting advice to help a charitable organization thrive, or providing grants to philanthropic initiatives worldwide, Expedia Inc believes in people helping people to make a difference. Their commitment to giving back in their communities is a direct reflection of the interests and passions of their more than 20,000 employees worldwide.

#### Expedia Giving Philosophy

Expedia's corporate social responsibility efforts are aligned with 8 of the 17 United Nations Sustainable Development Goals i.e. 4, 5, 6, 8, 10, 11, 13 and 16 —initiatives that are focused on **protecting the planet**, providing **quality education**, **advancing equality**, and **enabling a more tolerant, just, and peaceful world**.

They work with their global partner, Mercy Corps, to make an immediate impact on these big issues. In more than 40 countries around the world, Mercy Corps puts bold solutions into action – helping people triumph over adversity and build stronger communities from within. Their current philanthropic footprint includes **Education and Environment programs in North America**, **Empowerment of Women and Girls' Education in Latin America**, **Refugees and Trafficking in Europe, Middle East and Africa** and **Water and Sanitation in Asia Pacific**.

Then Expedia's regional teams focus on causes that resonate more locally, often relating to a critical need. Currently, they are focusing on the following areas across the world:

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### Corporate Charitable Partners

As a global company Expedia is committed to supporting the life-changing work of organizations around the world like St. Jude Children's Research Hospital and Free the Children through direct grants, in-kind donations, and giving campaigns.

### Matching Gift Program

Employee donations to eligible non-profit organizations are matched 1:1 up to \$4,000 USD each year. In addition, employees that volunteer their time can have \$15 USD per hour donated to a non-profit organization (up to \$1,000 USD of their matching gifts benefit).

### Employee Volunteerism

Expedia employees are passionate volunteers, giving their time and talents to organizations that reflect their interests, as well as community needs. In addition, their annual Global Day of Caring event held in September provides an opportunity for employees worldwide to put work aside for a day, gathering with colleagues to make a tangible impact for local charities.

### Community Grants

Throughout the year, Expedia provides special financial grants to a variety of charitable organizations to help deliver programs in the communities where they have employees.

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## TripAdvisor

Rank	Parent	Brand	Annual Revenue (US\$)	Employees	Total Impressions p.a.	HQ Country
4	Liberty TripAdvisor Holdings, Inc.	TripAdvisor	1,500,000,000	3300	5,460,000,000 <sup>9</sup>	USA

### POSITIONING

TripAdvisor, headquartered in Massachusetts, USA is the largest travel site in the world. It enables travellers to unleash the full potential of every trip. With over 600 million reviews and opinions covering the world's largest selection of travel listings worldwide – covering approximately 7.5 million accommodations, airlines, attractions, and restaurants -- TripAdvisor provides travellers with the wisdom of the crowds to help them decide where to stay, how to fly, what to do and where to eat. TripAdvisor also compares prices from more than 200 hotel booking sites so travellers can find the lowest price on the hotel that's right for them. TripAdvisor-branded sites are available in 49 markets, and are home to the world's largest travel community of 455 million average monthly unique visitors, all looking to get the most out of every trip. TripAdvisor: Know better. Book better. Go better.

The subsidiaries and affiliates of TripAdvisor, Inc. (NASDAQ:TRIP) own and operate a portfolio of websites under 20 other travel media brands including [www.airfarewatchdog.com](http://www.airfarewatchdog.com), [www.bookingbuddy.com](http://www.bookingbuddy.com), [www.citymaps.com](http://www.citymaps.com), [www.cruisecritic.com](http://www.cruisecritic.com), [www.familyvacationcritic.com](http://www.familyvacationcritic.com), [www.flipkey.com](http://www.flipkey.com), [www.thefork.com](http://www.thefork.com) (including [www.lafourchette.com](http://www.lafourchette.com), [www.eltenedor.com](http://www.eltenedor.com), [www.iens.nl](http://www.iens.nl) and [www.dimmi.com.au](http://www.dimmi.com.au)), [www.gateguru.com](http://www.gateguru.com), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.holidaywatchdog.com](http://www.holidaywatchdog.com), [www.housetrip.com](http://www.housetrip.com), [www.jetsetter.com](http://www.jetsetter.com), [www.niumba.com](http://www.niumba.com), [www.onetime.com](http://www.onetime.com), [www.oyster.com](http://www.oyster.com), [www.seatguru.com](http://www.seatguru.com), [www.smartertravel.com](http://www.smartertravel.com), [www.tingo.com](http://www.tingo.com), [www.vacationhomerentals.com](http://www.vacationhomerentals.com) and [www.viator.com](http://www.viator.com).

The global source strives to fine-tune search results to provide information that is free of bias and in a mobile format for smartphone use. TripAdvisor also matches hotels with flights and packages. The company partners with top online travel businesses, such as Hotwire, Hotels.com, and American Airlines, and offers some 45 localized versions including in Austria, Australia, Belgium, Brazil, Canada, China, Denmark, France, Germany, Greece, India, Indonesia, Ireland, Italy, Japan, Mexico, Netherlands, Norway, Poland, Portugal, Russia, Serbia, Singapore, Spain, Sweden, Thailand, Turkey, the U.K., and the U.S. . The company was spun off from Expedia in 2011.

In 2017, TripAdvisor generated an annual turnover of US\$ 1.5 billion, a market value of US\$ 5.5 billion and employed over 3300 employees. TripAdvisor (TRIP) has contracts in place with most of the leading global hotel chains for this purpose, such as Accor, Best Western, Hyatt, Marriott, Hilton, Wyndham and others. But also their competitors Expedia and Priceline

<sup>9</sup> Owing to OTA business model, annual calculations are based on no. of monthly annual unique visitors and not bookings;

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(Booking.com) have entered such agreements. TRIP has now over 500k directly-bookable hotels in their inventory.

### BUSINESS MODEL

The most common reason people use TripAdvisor is for decision making and planning their vacations. An important part of this includes finding the right hotel which is generally the most expensive item of a vacation.

#### Advertising Business Model

Unlike Booking.com or Expedia, the bulk of TripAdvisor revenues are generated through Advertising. TripAdvisor platforms connect users wishing to plan and book the best travel experiences with providers of travel accommodations and travel services worldwide. It manages its business in two reportable segments, Hotel and Non-Hotel.

The majority of TripAdvisor's revenues are generated from its Hotel segment, which accounted for 80%, 85%, and 91% of the Company's consolidated revenue in 2016, 2015 and 2014 respectively. A significant percentage of TRIP users are not hotel shoppers and visit TripAdvisor sites without navigating to pages that contain a listing of hotels in a particular city or a specific hotel's page. These users contribute to TRIP's Non-Hotel segment revenue, which accounted for 20%, 15%, and 9% of our consolidated revenue for 2016, 2015 and 2014, respectively.

#### Consumer Value Proposition

TripAdvisor ranks the link to their own "transaction revenue" lower than those for other OTA's, in order to provide the best price to their customers and to fulfil their contracts to list the combination of lowest price, highest auction bid and quality score at the top. TRIP's reviews section can also be deemed the company's value proposition to consumers, which made the company what it is today. Unlike the merchant model, the advertising model is also largely beneficial for consumers as doesn't come with any extra costs for them.

### REVENUE GENERATION

A composition of Tripadvisor's revenues as per the [Hotel Segment](#) of its business model is given below, with each of these schemes explained thereunder:

- *Click-based advertising (CPC) & transaction revenues: \$750m / \$1.2b = 63%*
- *Display-based advertising (CPM) & subscription: \$282m / \$1.2b = 23.7%*
- *Other/Hotel revenues: \$158m / \$1.2b = 13.3%*

#### Click-Based/CPC Advertising & Transaction Revenues

The largest source of Hotel segment revenue is generated from click-based advertising on TripAdvisor-branded websites, which is primarily comprised of contextually-relevant booking links to partners' sites. TRIP's click-based advertising partners are predominantly online travel agencies, or OTAs, and direct suppliers in the hotel product category. Clickbased advertising is generally priced on a cost-per-click, or "CPC", basis, with payments from advertisers determined by the number of users who click on a link multiplied by the price that partner is willing to pay for that click, or hotel shopper lead. CPC rates are determined in a dynamic,



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competitive auction process that enables our partners to use our proprietary, automated bidding system to submit CPC bids to have their hotel rates and availability listed on our site.

*Transaction Revenues* are generated through direct bookings on the TripAdvisor pages/app. This type of revenue is more valuable for TripAdvisor as it gives them a 12%-15% commission on the booking price which far exceeds click-based revenue, but occurs less frequently. This will be typically in the few hundred dollar region, thus probably 10x-100x higher than a single CPC revenue.

### Display & Subscription based Advertising

These are banner ads displayed on the webpage. The pricing model is a cost-per-impression or more commonly called cost-per-mille (CPM), the cost per 1,000 impressions. Advertising partners can promote their brands in a contextually-relevant manner through a variety of display-based advertising placements on our websites. TRIP's display-based advertising clients are predominately direct suppliers of hotels, airlines and cruises, as well as destination marketing organizations. They also accept display advertising from OTAs and attractions, as well as advertisers from non-travel categories. Follow ads that follow users based on cookie data has given these form of ads a better use case than unsolicited, random displays.

*Subscription-based advertising* is a contract for a period of time. For small Bed & Breakfasts this comes at a few hundred dollars per year. It is typically offered to small boutique hotels, B&Bs and other specialty lodging properties. This advertising product is sold for a flat fee and enables subscribers to list, for a contracted period of time, a website URL, email address and phone number on our TripAdvisor-branded websites, as well as to post special offers for travellers.

### Other/Hotels Revenue Models

Our other hotel revenue primarily includes revenue from non-TripAdvisor branded websites, such as smartertravel.com, independenttraveler.com, and bookingbuddy.com, which includes click-based advertising revenue, display-based advertising revenue, hotel room reservations sold through these websites, and advertising revenue from making cruise reservations available for price comparison and booking.

TRIP's core identity is the vast number of reviews (600 million+) the OTA can offer its consumers. Although this section doesn't generate a lot of short-term economic benefits, the benefits here might be long-term since it is largely responsible for contributing and sustaining TRIP's very high ranking on Google's organic search results (i.e. free traffic).

TRIP's *Non-Hotel segment* related revenues are composed from the following schemes:

### Attractions

TRIP provides information and services for users to research and book activities and attractions in popular travel destinations through their dedicated attractions business, Viator. It generates revenue by charging the operators a commission for each transaction facilitated through their online reservation systems. In addition to its consumer-direct business, Viator also powers activity and attractions booking capabilities to its affiliate partners, including some of the world's top airlines, hotel chains and online and offline travel agencies. Viator's

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bookable inventory is available on [www.viator.com](http://www.viator.com) as well as on TripAdvisor-branded websites and mobile applications.

### Restaurants

Through TRIP's restaurant reservations business "The Fork" it provides information and services for users to research and book restaurants. The Fork is an online restaurant booking platform operating on a number of sites (including [www.lafourchette.com](http://www.lafourchette.com), [www.eltenedor.com](http://www.eltenedor.com), [www.iens.nl](http://www.iens.nl), [www.besttables.com](http://www.besttables.com), [www.dimmi.com.au](http://www.dimmi.com.au), and [www.en.couverts.nl](http://www.en.couverts.nl)), with a network of restaurant partners primarily across Europe and Australia. The Fork generates revenue by charging restaurant partners a fee for each restaurant guest, or seated diner, that is facilitated through TRIP's online reservation systems. The Fork also provides flexible online booking and a premium data and analytics tool, for which the restaurant owner pays a subscription fee. The Fork's bookable inventory is also available on TripAdvisor-branded websites and mobile applications.

### Vacation Rentals

TRIP provides information and services for users to research and book vacation and short-term rental properties, including full home rentals, condominiums, villas, beach rentals, cabins and cottages. The vacation rentals business generates revenue by offering individual property owners and property managers, the ability to list their properties on TRIP websites and mobile applications through a free-to-list, commission-based option, and to a lesser extent, an annual subscription-based fee structure. These properties are listed on a number of platforms, including [www.flipkey.com](http://www.flipkey.com), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.housetrip.com](http://www.housetrip.com), [www.niumba.com](http://www.niumba.com), and [www.vacationhomerentals.com](http://www.vacationhomerentals.com), as well as on the TripAdvisor-branded websites.

## PAYMENT TERMS

Since the bulk of TripAdvisor's revenues are generated from advertising, payment terms for suppliers or advertisers are detailed under the Revenue Generation section above. Further as TripAdvisor is not a booking agent or tour operator, it does not charge any service fees to users of their site. TripAdvisor partners (airlines, travel providers, and booking agents) who list airfare, tours, and travel packages on TripAdvisor are required to include all fees and surcharges in their listed prices, such as Security Fee, international departure and arrival taxes and fees, federal excise tax, and other service, handling and miscellaneous fees and surcharges. When booking with one of TripAdvisor's partners, consumers are encouraged to check their sites for a full disclosure of all applicable fees. Airfares are generally quoted per person in USD unless otherwise noted.

For consumers' convenience, TripAdvisor LLC calculates an average price for each hotel, which is based on the rates of available rooms obtained from their booking partners. For tours and attractions, the price displayed is usually the lowest available per person adult price. For any travel packages or deals listed, TripAdvisor LLC does not guarantee any specific rates or prices. In addition, average hotel prices are updated nightly and displayed in consumers preferred currency using estimated/prevalent conversion rates. TripAdvisor LLC makes no guarantees for availability of prices advertised on their site. Listed prices may require a stay of a particular length or have blackout dates, qualifications or restrictions.

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### TARGET CONSUMER PROFILE<sup>10</sup>

Demographic	Expedia
Percentage of Women/Men	<b>54/46%</b>
Percentage 35-54 Years of Age	<b>41%</b>
Percentage with HHI \$75K+	<b>34.5%</b>

### SUSTAINABILITY/CSR CRITERIA

Like most OTAs', TRIP CSR programme is extremely diverse. The company's charitable arm i.e. The TripAdvisor Charitable Foundation has donated more than \$25 million to charitable organisations across the world addressing key humanitarian and societal issues since 2010. The mission of the Foundation is to inspire and enable TripAdvisor employees to volunteer their time and skills for causes they care about and to help strengthen human lives and communities around the world through a variety of grant programs.

The foundation supports programs designed to relieve the suffering of people around the world through education, health, human services, and international affairs. Special emphasis is directed toward critical human needs, disaster aid, and crisis relief. In 2015 the foundation made a total of 16 grants with a cumulative value of US\$7,329,713, with the highest donation being \$5,224,719 and the lowest contribution amounting to \$5,000.

Some of the foundation programmes include:

#### Employee Volunteer Grant Program

Awards \$20,000 to \$50,000 grants to charities with which employees volunteer. These grants go above and beyond the traditional donation "gift matching" as they inspire and reward employees and charities for high level commitment.

#### Global Volunteer Week/Month

Each year TRIP offices dedicate a day within a one week or month period, during which employees are expected to participate in voluntary activities. In 2016 1000 employees participated in the annual event, whilst the annual event in 2017 was held in June.

#### Refugee Support

In 2015, TRIP began its partnerships with MercyCorps and IRC in support of the refugee cause. It launched a dedicated email and ad campaign and donated over US\$1.4 million of to the refugee support programs of its partners. The subject funds were composed of both traveller and employee donations, which the organisation matched 1:1 and 2:1 respectively. TripAdvisor employees were also allowed 5 days of work to volunteer for the subject cause.

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<sup>10</sup> Based on US and UK figures from 2014

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Through 2016 to 2018, the organisation is committing to donating an additional US\$5 million through its foundation in support of the global refugee crisis. Respective support will however be concentrated in the following main areas:

1. Meeting urgent humanitarian needs;
2. Access to critical information via technology;
3. Provision of essential education and empowerment opportunities for refugee youth;
4. Support and strengthen resettlement opportunities in US and/or other host communities;



### Disaster Giving

TripAdvisor also provides international funding in case of global disasters mainly in areas of its operations. Some examples of its past disaster relief include, support for Central Italy Earthquake in 2016, Support for Boston Marathon in 2013, Support for Japanese Earthquake and Tsunami in 2011, Support for Nepal Earthquake and Cyclone Pam in Vanuatu in 2015.

### Green Leaders

The TripAdvisor GreenLeaders Program showcases a variety of eco-friendly hotels and B&Bs, from budget to luxury – and they're all committed to green practices like recycling, local and organic food, and electric car charging stations. All GreenLeader hotels and B&Bs must apply to the TripAdvisor GreenLeaders Program. If accepted, GreenLeaders achieve one of TRIP's four statuses: Bronze, Silver, Gold, and Platinum. The higher the status, the greater the impact of a property's green practices.

TRIP's GreenLeaders Program was created in partnership with UNEP, Energystar.gov and US Green Building Council.

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### Skyscanner

Rank	Parent	Brand	Annual Revenue (US\$)	Employees	Total Impressions p.a.	HQ Country
5	Ctrip.com	Skyscanner	300,270,000	674	720,000,000	UK

#### POSITIONING

Skyscanner is a multi-award winning travel metasearch engine based in Edinburgh, Scotland. The website is owned by Ctrip since November 2016, the largest travel company in China. The site is available in over 30 languages and is used by 60 million people per month. The news section of the website includes regular news from the travel and flight industry and travel tips for customers.

The company was formed in 2004 by three information technology professionals, after one of them was frustrated by the difficulties of finding cheap flights to ski resorts. Skyscanner was first developed and released in 2002. In 2003, the first employee was hired to assist with site development. The Edinburgh office was opened in 2004. In 2011, Skyscanner acquired the door-to-door travel site Zoombu for an undisclosed amount. Skyscanner opened an office in Singapore in September 2011, which is headquarters for its Asia-Pacific operations.

In 2012, a Beijing office was added, as Skyscanner began a partnership with Baidu, China's largest search engine. By 2013, the company employed over 180 people. In February 2013, Skyscanner announced plans to open a US base in Miami. In October 2013, Sequoia Capital announced it had purchased an interest in Skyscanner that valued the company at \$800 million. In June 2014, Skyscanner acquired Youbibi, a travel search engine company based in Shenzhen, China.

In August 2014, a market research study found that, in comparison to other travel websites, Skyscanner tended to have more users aged 16–34. The same study found that 64% of those who have used Skyscanner trust the platform. In October 2014, Skyscanner acquired the Budapest-based mobile app developer Distinction. In January 2016, Skyscanner announced that it had raised \$192 million based on a \$1.6 billion valuation for the company. By February 2015, the company employed 600 people, double the employment of 18 months earlier.

In November 2016, Ctrip, the largest travel firm in China, bought Skyscanner for \$1.75 billion. In 2017, Ctrip bought the Trip.com domain and launched its new service Trip.com. The original platform was rebranded as Trip by Skyscanner and has since become a subsidiary of Skyscanner.

Skyscanner has won various awards including a Queen's Award for Enterprise, Travolution Brand of the Year 2011 and Best Flight Comparison 2010 from Travolution. The site has been well received by the UK media; in an "Online Cheap Flight Finding Experiment" run by The Guardian newspaper, Skyscanner was praised for finding the lowest flight fares and for

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"beating much bigger operators such as Expedia and Travelocity". The site was also listed in The Independent newspaper's articles – "The Ten Best: Travel Sites" and "101 Really Useful Websites", published in 2007. The Daily Telegraph named Skyscanner as one of the nine best travel websites in 2009.

As at the end of 2016, the business reportedly generated GBP 214 million or US\$ 300 million in annual revenue, had a net worth of GBP 35 million and employed around 674 people globally.

### BUSINESS MODEL

Skyscanner operates by showing its users all flight, hotel or car rental options available to them from their global partners and online travel re-sellers. They can then compare all the options and select the best choice and price for their trip, going on to book with their chosen brand. This allows Skyscanner's partners to own distribution of prices, the rate they charge as well as booking and customer data. Skyscanner is not an online travel agent, so unlike TripAdvisor they don't favour one brand over another. Skyscanner users are simply directed by market forces and product differentiation.

Skyscanner makes money through a combination of commissions ([agency model](#)) and advertising ([advertising model](#)).

### Consumer Value Proposition

Skyscanner is built on the principles of product quality and a customer retention, meaning that 60% of their traffic goes directly to them. Skyscanner's remains a free and impartial service within the travel industry. This enables it to move quickly, make own decisions, and prioritise consumers as well as suppliers interests - including maximised exposure and revenue.

Skyscanner is committed to being at the fore-front of new trends in travel search and technology. From being the first travel metasearch that built bots into Facebook and Skype, to becoming the first flight search engine that adopted IATA's NDC standard, staying ahead of the curve means Skyscanner can connect its brand to new audiences and expose travel services in contemporary environments, such as their direct booking platform.

Skyscanner's unique analytics tools offer users a deeper understanding of the competitiveness in the marketplace, subsequently boosting customer support performance and helping businesses/suppliers enhance their customer offerings.

### REVENUE GENERATION

Skyscanner uses the agency and advertising business models to generate its revenues. Both these models are based on commissions that come from suppliers i.e. travel agents, airlines etc when a successful completed booking is made on their site or using a clickthrough (CPC) basis.

It remains unbiased in provision of its services and doesn't charge travellers or consumers any fees or commission.

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### PAYMENT TERMS

As a travel search engine, Skyscanner is a tool to help consumers find perfect flights. Once consumers have found their flights and hit the green 'select' button, they are transferred to the airline or travel agents website to complete their bookings. This means that payments are made with the airlines or OTAs and, not with Skyscanner. For this reason, all changes, cancellations or refunds are also processed by the travel provider (airline or travel agent) agent that the booking was completed with.

As a travel search engine, Skyscanner doesn't take the booking or payment itself. Instead, it passes it through to the chosen airline or travel agent where the booking is completed directly. Skyscanner therefore doesn't have access or visibility to any of booking information.

Changes, cancellations and refunds vary depending on the type of ticket(s) booked, which travel provider(s) are best placed to advise.

### TARGET CONSUMER PROFILE

Demographic	Skyscanner
Percentage 18-35 Years of Age	TBD
Percentage 50+ Years of Age	TBD

### SUSTAINABILITY/CSR CRITERIA

Skyscanner's CSR programme remains extremely varied and agile. In the past, the company typically selected a charity partner of the year and would fundraise for that charity across the year. Additionally, every member of staff was given a day of leave to work for a charity of their choice — leaving it up to staff to organise their voluntary day.

That worked well in part, with their last charity partnership even winning an award. Yet while an internal survey showed that 95% of staff wanted to give back to good causes through work, in 2015 just 11% used their annual charity day. This meant that the organisation's substantial charity budget remained unspent.

To overcome the challenge, the One Day scheme was initiated.

#### One Day

One Day is a day in which the company's staff around the world could put down tools, come together and take the day off work and commit to making a difference at the same time.

One Day is now in its second year. In brief, each of our offices created a number of centrally organised activities that staff in that office could sign up for. Everyone is usually encouraged to organise their own activities too, either for themselves or for a wider team of people. Activities ranged from skills-sharing with local charities to building playground equipment to clearing walkways along rivers of litter or working on city farms.



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Each employee was given a personal budget of £100, which would go towards buying equipment for their activity (such as spades and trees for those working on a nature project). Any money left over from that £100 would be put to the charity they volunteered for. Those who didn't want to take part in an activity but still wanted to contribute in some way were able to salary-sacrifice that day and take it as holiday. This was entirely voluntary. If employees didn't want to participate, they didn't have to, but they were encouraged to do so.

2017 saw some minor tweaks being made to the timing and process of the initiative, however the feedback remained largely positive. Skyscanner staff across the world have participated in a vast array of activities including helping a woman and her 400 rescue dogs in China to building bird boxes in Spain. In this manner, Skyscanner global teams were able to contribute thousands of hours of good work to charities across the world including

Going forward, Skyscanner intends to roll out a more structured CSR and charities programme in 2018, however due to the success of their "One Day" initiative, it is most likely to be continued.

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