

Booking.com Research Summary

Company Overview

Booking.com is owned by Priceline.com (a US based Nasdaq listed company) however it operates as a separate business unit within this ownership structure. Priceline recorded turnover of \$39.17 billion dollars in 2013 ranking it second only to Expedia who recorded turnover of \$39.4 billion.¹

Booking.com has its European headquarters in Amsterdam while the content and marketing team are based in Cambridge, UK.

Booking.com has a team of Dedicated Account Managers based in Ireland (Dublin).

Their market penetration of the accommodation sector in Ireland is strong with over 2,240 properties listed on their site. These properties range from the smaller B/B property, hostels, budget hotels and luxury hotels.

When a property is loaded on Booking.com their property is also loaded and bookable on over 5,000 affiliate sites that have direct rate and availability connectivity.

Their business focus is solely on the accommodation sector and to date they have no interest in listing attractions or events as product on their site.

Of note Booking.com are the accommodation partners of such sites as RDS Dublin, Ryanair and Irish Ferries.

Research Highlights

Cost of sale and Commission Levels

Booking.com charge a minimum 15 % commission fee for all participating properties with one exception where they provide a booking button plug – in (directing all bookings to Booking.com) for Bed and Breakfast owners and the commission rate applied to this is 0%.

Properties have access to an extranet where they can increase commission payable to Booking.com, in turn increase their ranking on the site and so drive enhanced revenues.

¹ Phocus wright April 2014 – Online travel agencies Full Year 2013, Global Gains as Meta, Mobile and IPO'S set the stage for an intense 2014

A preferred partner's programme is also available where a property commits to giving an allocation of rooms to booking.com and to pay an enhanced commission rate of 18 %. Sign up to this preferred programme ensures greater ranking and visibility on the booking.com website.

Property extranets

All properties have access to an extranet tool where content and imagery for their property can be loaded and where key statistics reports can be generated.

Sample of statistics and metrics available to a property include:

- 1) Historical rate analysis and rate forecasting
- 2) Competitor analysis- properties can define their own competitive set if they so wish
- 3) Customer analysis including conversion ratios on "Lookers to Bookers" and customer feedback
- 4) Revenue analysis including by bookings the number of room nights, ADR, the booking window, revenue per stay and revenue per room as well as cancellation trends

A new facility has been launched which shows analysis of real time rates for last 2 weeks and forecast for next 2 weeks for a property's competitive set and wider competitor set.

Business Growth

Year to date (2014) Booking.com has experienced 40% growth in bookings for Ireland properties.

Mobile Bookings

Mobile bookings continue to increase for this channel and by the end of 2014 booking.com anticipate that a mobile device will generate over 40 % of their bookings.

Source Market Split

The Irish Domestic Market is a key source market. Internationally the strongest performing markets are GB, US, Australia and Spain.

Key Insights and Learning's

- The reach of this channel is international, and so provides access for Independent properties in particular to markets that otherwise they may not be able to attract.
- Optimisation of mobile sites by hotels for their own websites are key as given the booking device trends across all channels, a level playing field on mobile devices is necessary.