

BOOKING VS. EXPEDIA, THE FIGHT OF TWO E-TOURISM PLATFORMS



Booking and Expedia dominate the field of global tourism on the Internet. Their domain is online booking of flights, hotels, apartments, cars etc. via different e-tourism platforms.

Booking Holdings owns Booking.com. It has 23,000 employees, earns nearly \$12.7 billion in sales and had a net income of \$2.3 billion in 2017.

The challenger is Expedia with 22,000 employees, nearly \$10 billion in sales and a net income of \$378 million in 2017. According to a recent survey from Hotrec, **Booking Holdings is the leader in online booking of hotel rooms in Europe with a 60% market share in 2016, followed by Expedia Group with 20%.**

Both e-tourism platforms have an impressive galaxy of brands. With nearly 200 travel booking sites in nearly 75 countries, Expedia Group works in almost all fields. Either as an online travel agency (Expedia), hotel comparison (Trivago), hotel reservation website (Hotels.com) or business travel (Egencia, Traveldo).

The same goes for Booking Holdings, which is represented as a booking site Booking.com or as a search engine Kayak as well as an online travel agency Priceline. If we focus on the last quarters, Booking Holdings wins the round of profits. In the second quarter of 2018, the group registered a net income of nearly \$1 billion, compared to 1 million for Expedia Group.

This difference in profitability can be explained in particular by significantly different economic models. At Booking Holdings, agency revenue is dominant, with nearly \$9.7 billion out of a total of 12.7 billion in 2017.

That is to say Booking Holdings is defined mainly as a third platform that connects customers and tourism professionals as a pure marketplace. This highly profitable model requires above all marketing and technological investments. At Expedia Group, merchant revenues are in the majority, with nearly \$5.4 billion out of a total of \$10 billion last year. Thus said, Expedia Group works mainly in terms of resale, like a distributor.

The main asset of Booking Holdings remains Booking.com. Its hotel reservation platform concentrates the majority of its revenues and has a strong hitting power.

“We have 29 million rooms available around the world, spread across 140,000 destinations and 230 countries, and Booking.com allows nearly 1.5 million reservations per day in 43 languages,” says

Vanessa Heydorff, Executive Director of Booking.com in France, Spain and Portugal.

According to reports, Booking.com made more than 2 million hotel partners in 2017. In comparison, Expedia Group claims “only” 590,000. Moreover, when we compare the number of nights reserved, the victory comes back to Booking Holdings, which achieved double numbers in 2017 than Expedia Group.

However, Expedia Group has a secret weapon: packaging. The Expedia Travel Agency combines its hotel offerings with those of its 550 partner airlines, 25,000 travel-related activities and cruise companies.

“We can provide a complete trip for online customers, from flights to hotel rooms to car reservations, and we can go further than securing a dry booking,” says Jean-Philippe Monod, vice president of Expedia Group.

In June 2018, the Expedia brand launched its advantage add-on service, which saves up to 42% on the price of a hotel booked alone and offline, provided you book a flight, a car or another package at the same time.

The commissions charged as an agency are between 10 and 20 percent on average. Booking and Expedia are often accused by tourism professionals to cut their margins. “Some hoteliers complain, but they just have to calculate how much it would cost them to do it all by themselves. Visibility on the Internet is not free. We innovate efficiently to enable them to generate transactions and we buy a lot of advertising from Google,” Jean Philippe Monod replied.

Similarly, Booking Holdings is investing heavily in Google’s and Facebook’s targeted advertising. Its web marketing budget reached \$3.4 billion in 2016.

Finally, these two e-tourism platforms are constantly investing in the AI and personalization of offers, the heart of their business. **Expedia Group has announced an investment of nearly 1.3 billion euros in 2018 in these areas.**

They are also forming strategic alliances. In June 2018, Booking.com invested \$500 million in Didi Chuxing, the Chinese Uber, to interconnect their respective platforms. The company also invested \$450 million in the Chinese marketplace dedicated to Meituan-Dianping services (a diversified online platform, in the hotel, catering, entertainment, with group purchasing service) in October 2017.

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