

Net Value

Marketing Travel On The Internet

Interview: Booking.com

This interview with Darren Huston, head of Booking.com, was carried out by Philip Wolf, head of PhoCusWright. Parts are paraphrased.

Wolf: How did you become involved in Bookings.com?

Huston. I had a dream that I wanted to develop something that was a good business prospect. I thought that my wife would never leave Vancouver, but she agreed to go with me to Japan with Microsoft. Before I went to business school I studied econometrics. I worked in airlines. Going to Booking.com looked like going into a candy store. I look at see what people are doing, such as rich Russians going to the Maldives.

Are you leveraging that data?

The problem is that there is a lot of data, but a lot of people don't know how to use it, to get end-users to get something out of it. We use data to serve the customer. We don't shout about the data we have; we just use it.

What are your priorities?

We need to focus on customer service, customer care. We need to get that right. Then maybe we will do something else when we need to drive the next wave of growth.

Next?

We want to expand. We have opened in Brazil, Indonesia (Bali), Turkey (Antalya). The offices are primarily to get hotels signed up.

Lots of things to think about it. Our market share is in single-digits, so there is a long way to go. We don't spend a lot of time on competition; our biggest competitor is us. We don't have a longterm plan. I may have something in my head, but the longest we look ahead is the next quarter.

For growth we look at everything - businesses where people want to make a difference.

China is a lot of difficulties, such as where Chinese and foreigners can stay.

If we are to be a global company, so we need to work out how to be working in that market.

What operational links do you have to Priceline?

In the US, Priceline is our inventory. But we have relationships with other companies. We are not competitors; our busi-



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ness is mainly international, Priceline's is mainly domestic.

Priceline has been moving from opaque to straight retail. A lot of their retail business comes from booking.com. A lot of people come to us instead of following their corporate business plan.

Do you have other comments?

-We need to treat our hotels as partners.

-Our website's 'Flash Sale' is to show that we also have great deals. On some we have sold 1000 nights in a few hours.

-More people, mainly young people, are travelling now and are arriving in a place without a hotel booking. Not everybody plans their trips ahead.

-We have not got to bookings on Facebook. It is like they are a coffeeshop and we are the store. And the challenge is how to get the Facebook people into the store.

Russia online

Okotogo, Russia's leading OTA, has been working with Trip Advisor for 10 months. Some observations on the Russia market following a presentation by its head, Marina Kolesnik:

-There are 51mn internet users in Russia. It has overtaken Germany to become Europe's largest.

-Jan and May are big travel periods, and summer is spread over July and August, not just August.

-Outbound travel total is 36mn, of which only 10mn are to places that require visas. Spend is US\$24bn - low when the world average spend should make that closer to US\$36bn. This is an indication that either much of the 36mn is low-spend land-crossing traffic, or the data is faulty.

-Of the country's 10,000 hotels, only 10% are available online.

-There is still an "offline mentality". Only 10% of travel business is online.

-There were 12 online-company bank-

ruptcies in 2011, and so that also affects credibility of the online market.

-Visas are an important factor. Given as example is that in 2008 Israel dropped visa requirements, and in 2009 travel Russia-Israel doubled. *However, numbers are small, and a percentage doubling is not always hard.*

-About Okotogo: Has 2200 hotels in Russia 140,000 worldwide in its database. Funded by Mangrove Capital, Ventech Capital and angel investors (including Javier Perez-Tenessa of Odigeo, Fabrice Grinda of OLX, and Jose Marin of IG Expansion).

Bites

• More findings from **Skyscanner**:

-Good weather in the UK (*although it bills itself as 'Europe's leading travel search site', Skyscanner terms this 'domestic'*) reported a 72% increase in flight searches to and from regional airports across the UK.

-A 42% increase in flight searches to 'sunny' destinations in (the rest of) Europe. Spain, the most popular, up 50%, Italy up 50%, France up 96%.

• **PhoCusWright's** OTAI (Online Travel Agency Index), which measures stock prices of OTAs, was up 13% in February. That compares with 6% growth for the Nasdaq stock market index, and 5% growth for the S&P index.

PCW says its most OTAI growth came from Priceline, whose stock price increased 20% in February.

• Research & Markets, a company, says online travel agency bookings grew 20% in **Europe** in 2011. As usual, no source is given; usually, R&M takes data from others.

• **Aida Cruises**, a Germany-based cruise company but actually part of US-based Carnival cruise group, gets 100,000 visitors daily to its site, surprisingly (and puzzlingly) high. It is the equivalent of half Germany's population over one year.

• India's **Jet Airways** says it has 500,000 'fans' on Facebook, on which it launched in January 2010.

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