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TRIP - TripAdvisor Inc at Morgan Stanley Technology, Media & Telecom Conference

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CORPORATE PARTICIPANTS

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Thomas Cauthorn White *Macquarie Research - Former Analyst*

PRESENTATION

Unidentified Analyst

Good morning, everyone. Welcome to day 2 of our TMT conference here at Morgan Stanley. We are pleased to have Ernst from TripAdvisor, the CFO of TripAdvisor here joining us.

Before we get started, I have to read the important disclosures.

So all important disclosures, including my personal holdings disclosures and Morgan Stanley disclosures, all appear in the handout available in the registration area and on the Morgan Stanley public website.

Some of the statements that Mr. Teunissen makes may be considered forward-looking statements include a number of risks and uncertainties that could cause actual results to differ materially. Any forward-looking statements that Mr. Teunissen makes are based on assumptions as of today, and TripAdvisor undertakes no obligation to update them. Please refer to TripAdvisor's Form 10-K for a discussion of the risk factors that may affect actual results.

Thank you so much for joining us today, Ernst. You've -- yes, it's been an eventful couple years. You joined TripAdvisor in November 2015. Before you were at TripAdvisor, you were an EVP and CFO at Cimpress. And before that, you were in investment banking at Morgan Stanley. So it's kind of a homecoming of sorts.

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

It is a homecoming.

Unidentified Company Representative

It's your third Morgan Stanley TMT conference. Third time we've had you here. So thank you so much for that.

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Thank you for having me.

Unidentified Analyst

TripAdvisor, there's been a lot of changes over the course of that time, and change to the platform, change to the product, changes to the overall user experience. I guess I want to start out somewhat high level and kind of around some of those changes. So as you step back over the last couple years, talk to us about, how your core business has evolved and changed? How has the core user experience changed? And what do you see as being the biggest changes to come in the next couple years to really drive more of the agent of modernization?



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Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Sure, and good morning, everyone. The path that we're on, our starting point is we have this phenomenal global brand really. We have, depending on the month, more than 450 million unique users on our sites globally. The U.S. is a big market. It's about half our revenue. But we're in almost every market in the world. And we have built up this very loyal user base that originally used us for reviews, for looking for things to do and originally used us mostly for hotel reviews. And we have really expanded over time -- that's been our journey -- expanded the product set that we are able to offer to these users, from Research tools all the way to booking tools, price comparison tools, booking tools, and then expanded really from hotel to include restaurants, attractions, vacation rentals. And we've done a product expansion through M&A -- we've made some acquisitions along the way -- and also organically. And so that's been our journey. And we look at our opportunity ahead of us and we say we have this huge customer base, we've started to monetize that base better, but we still have a long way to go if we look at how much more we can offer these users and, therefore, how we can drive traffic and revenue as a business. So that's the path that we have been on and will continue to be on that's happening.

Unidentified Analyst

That's the long-term kind of big-picture view now. And you know, the last time, as Wall Street was a lot more shorter-term focused, call it, sometimes 90 days, sometimes 12 months to a couple years, but I want to talk a little bit about kind of the cadence of this year you talked a little bit on the last conference call. So as we think about Trip's monetization and traffic acquisition strategy continue to evolve throughout the course of 2018, what are the main puts and takes that investors should think about? And maybe talk about the cadence of the business throughout the course of the year.

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. And so the -- I'll talk about the cadence of the business. We think about our business into 2 main segments. So you have the Hotel segment and you have a Non-Hotel segment. I'll talk about both of them, how it fits together. So our Hotel business, we are positioning for future growth. We've had some growth challenges over the last 2 years, but we are happily making some targeted investments to get that business to return to its profitable growth. And the most important things that we have been focused on is some investments around marketing and product that help our users understand better the quality of our price comparison products. And we are moving the user perception from TripAdvisor's a great place to go to, to research a hotel to TripAdvisor's a great place to go to actually find a great deal on a hotel, which is not what our brand has been associated with historically, putting all of investment in that, putting our product investment in that, put investment in brand marketing. We spent \$75 million on a TV campaign last year, and we're expanding that [capacity] into that (inaudible). And then we are managing revenue versus profitability for the Hotel segment in particular. We've seen our EBITDA in the Hotel business come down, and we've said we want to mitigate that decline as we transition the positioning of the Hotel business into next year. And so we're taking out some of the online marketing spend that we've done, the online marketing spend that was marginal, that was not profitable for us. We're taking that out and thereby really decreasing the incremental EBITDA loss that we expect from that business. It takes away some of the growth, but it's near-term growth. We keep investing in the long-term growth potential. So transition year, making sure that we mitigate the EBITDA impact by taking out some marketing and really focus on the growth thereafter, setting us up for the growth thereafter. On Non-Hotel business has been firing on all cylinders. Impressive growth -- continued impressive growth. We expect continued impressive growth. We've seen a very nice margin expansion in 2017. And we continue to invest in that business because we believe our Non-Hotel businesses' Attractions, Restaurants and rentals. We believe, particularly in our Attractions and Restaurants business, we have a huge market ahead of us. And so we keep investing there. As a whole company, we have publicly said we're expecting our EBITDA in 2018 to be approximately the same as in 2017, and that is a reflection of this trade-off in revenue growth and profit preservation on the Hotel side in particular.

Unidentified Analyst

Nice, and a lot to drill into there. Let me start on the marketing side. Let's start with the performance piece because you mentioned how you are looking to spend less on some of the less profitable or unprofitable performance marketing and you'll investment more in brand. I guess if we look



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at the performance marketing, the question is, what are the ROI targets that you're really looking at? Or how should we think about the ROI in performance marketing. And why is now the time to kind of -- to pull back more on performance instead of pushing for faster growth?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. And so you look at that portfolio of online marketing that we have, we have invested a lot in search marketing, we invest increasingly in social media, retargeting on social media. And as with any portfolio, there are parts that have been more profitable and less profitable for us. We have over time really increased our ability to look through the click that we generate to the downstream conversion with our partners and now have a much better view of which channels or which combinations of geography and keywords create the most value for our partners downstream. And so that has allowed us to put finer point on where do we want to invest our marketing dollars and where do we want to pull back. And so that's what we're doing in in this upcoming year. We started that actually in Q4. You saw in Q4 the profit impact, we've been through with that, and we will continue to do those in 2018. So it's a shifting of the portfolio to the more attractive components of it and taking out some of the unprofitable.

Unidentified Analyst

Okay. And then on the branded side there, you mentioned \$75 million in TV advertising last year. You guided to \$100 million the \$130 million for 2018. Talk about sort of the process of how you determined the right amount of spend on branded advertising. There's a lot of debate now still within travel around branded spend versus performance spend. You're not alone in evaluating this. So how did you arrive at the amount of spend on branded advertising, how are you measuring the ROI there? If you kind of step back over the next 2 or 3 years, how should we think about the mix between performance and branded advertising?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. And so the way we think about that is, performance-based marketing, a great way to get short-term revenue growth, but the users that you bring in are not as sticky as the users that come in through our beach house. You've got the domain direct channels or the app or SEO. And so it's very transactional in nature. We look at TV very differently. So our brand marketing is really targeted towards communicating to new users but mostly actually to the existing users that are on our site already, loving us for the reviews that we have, communicating to that user base about the great functionality we have to find the best deal on our site. And so if you look at our TV campaign right now that we have on the U.S., there's many markets in the world, you'll see it's a very, very simple message talking about TripAdvisor and the great hotel price comparison that we can do for you as a user. And so that is the message we want to bring home. That's a message that is much more effectively delivered with TV than it is with any online more transactional advertising. So we're rebalancing our marketing portfolio towards more branded and less online with that sort of long-term strategic goal in mind. And then so how we look at TV? So measuring ROI is more difficult on TV, but we triangulate there. We have different ways of arriving at what we think the ROI is. It is a longer-term payback than buying a user on Google, for instance. They're conscious of that. We have metrics to measure progress. We've seen nice progress. We didn't get as much revenue back as we invested in our TV marketing campaign in 2017. Over multiple years, we expect this to first break even and then be profitable for us because we're targeting better repeat behavior and better engagement with our price tools from our users. And we're really starting to see that. We're measuring, of course, how much branded traffic do we get in because of our TV campaign. What is actually the conversion characteristics of traffic that we get in to TV through other means. Those are all very positive. So not profitable yet, but we think we'll get there.

Unidentified Analyst

Early first signs of growth from the branded marketing campaign?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes, absolutely.



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Unidentified Analyst

As we -- so you're talking about the online travel space. That seems like there's always some debate on the advertising relationships with the OTAs and the high-standard ecosystem. Some of the other OTAs are also trying to focus more on branded advertising to drive more direct traffic, et cetera. So I guess as you think about kind of potentially competing for share of voice and brand positioning against some of those OTAs who have larger customers, how do you factor that into your guidance and what you think about the outyear and giving yourself a margin of safety that you don't have certain adverse effects on the auction market or spend of your OTA partners who are also advertising on TV against you?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes, and everyone will have slightly different objectives from their TV campaign. So we don't see our TV campaign as much in competition with other TV campaigns because our TV campaign is not really targeted at getting more users. It's a by-product. We do get more users on our site because of TV. But our TV campaign is really directed at user perception change of users that we already have. We do a lot of research on our own user base, and we find time after time the very loyal user of TripAdvisor just don't know that we have that great price comparison product or just have never seen us that way. And that is the communication we're trying to effect rather than vie for shopper market share with some other players.

Unidentified Analyst

Okay. A couple questions on the Non-Hotel business. You mentioned them before when you were kind of breaking apart 2018. On the Attractions side, maybe in that business, it sort of caught some investors by surprise at how well it's been able to grow. I think it's about 10% of the business at this point. Maybe talk to us about the market opportunity on the Attractions side. What's your real competitive advantage? And what should we think about as being the biggest areas of investment to really drive that business in the next couple years?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

The Attractions business is a very fragmented but large market. It's over \$100 billion in size. It's fragmented both in terms of the number of suppliers there is and the number of providers that there are. We're a relatively early mover into that market space. We did an acquisition 2 years ago of a company called Viator. It has been focused on the Attractions space, getting a lot of bookable supply and then making it available. We purchased that company 2 years ago with the specific objective of growing into Attraction, growing the Viator brand but then particularly take that bookable supply or the grow the bookable supply and expose that to the TripAdvisor users. We've always had a lot of users on our site look at things to do, but they were just not bookable. And so what we're doing today is we're expanding that bookable set of products that are available to the users that we already have and is a huge component of the growth that we've seen in that business, next to Viator itself. The market is large. It's early. We see a lot of green space ahead of us. Yes, other players are coming into it as well, but we have an early advantage, and we have such a great asset in the TripAdvisor user who's already actually using us, when on a trip to think about things to do and look at the app. And so continued supply growth, continuing to make it available to TripAdvisor user, we believe, is a recipe for our continued growth in that space, and we feel very excited about that.

Unidentified Analyst

Similar question on the Restaurant business. The -- between GrubHub and Yelp, there just is a lot of investment, a lot of push going into restaurants in general, and the same is true in Europe. You talked a lot of different companies. I mean, yourselves, you're also pushing in the Restaurant business, have done a very good job over the last couple of years. So maybe a similar question. We asked about attraction you're putting on restaurants now. So what's the main competitive advantage you think you have on the Restaurants side? And how should we think about the most important investments you have to make to drive that business to compete against all the new players in the space?



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Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

The restaurant business is, again, a very large marketplace. The competitive dynamics are different. And so for us, there are 2 components to the Restaurants business. One, there is a transactional per-seat business, which we run through a company called TheFork, LaFourchette, which is another acquisition we made 3 years ago. That is a local business with local strong players. We are very strong in certain European countries with that brand and are market leaders there. Very nice business, continues to grow. The dynamics are, make sure you've got more and more restaurants on more and more users, match it up, and that's the recipe for strong growth. More and more people are booking restaurants online. So that's been going very well for us. And there's an additional component to this, which is on the TripAdvisor site, so not on the LaFourchette-branded side, on the TripAdvisor site, we have over 4 million restaurants that are present there, that people have been able to look at. And we are increasingly starting to offer our marketing services to these restaurants on our sites, so they can take advantage of the data that we provide or influence how their restaurant is being displayed in terms of photos or other things and also ad products to these restaurants because they have historically not really capitalized on infinite space. So that's a new area of revenue growth that you see on the Restaurant business, again leveraging the large footprint that we already have. So both Attractions and Restaurants, fast growing, expected to continue to fast-grow into 2018 and well beyond.

Unidentified Analyst

Back on the Hotel side, 2018 is somewhat of a noisy year from a comp perspective. You have the lowered CPCs, the performance marketing mix, as far as any adjustments you're making, et cetera. But if we kind of move beyond 2018, to a more normalized comp set in 2019 and beyond, just focusing on the Hotel business, maybe talk about the puts and takes and the some of the most important factors for your Hotel revenue to kind of grow more akin to overall travel advertising, double-digit teens range over the long term, the most important factor in doing that.

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Well, the most important driver of that is getting, as I said before, more of that large audience that we already have on our hotel pages to engage with the more downstream booking of a hotel on our page. And so if you look at the 150 million, depending on the month, unique hotel shoppers that we have, on any given day, only a minority have actually engaged with that downstream product if you research on hotels. And so our ability to convert more of those people that are looking on our sites, to actually engage with the price comparison product and book through our partners, that is actually driving our monetization of those shoppers, and that's the path for us to get to profitable growth. So that's the big lever that we're focused on. Along the way, there's opportunity to get more shoppers, more shoppers in as well into that funnel, so getting better conversion than that funnel is the big opportunity. And so if you look at our investments that we're making on the product side and on the brand marketing, that's where we're trying to effect the change. Now largely because we are pulling back on marketing in 2018, we said that we expect our revenue in Hotel to be lower in 2018 than it was in 2017. I don't want to start getting specific about 2019 now, but as we look at the long term, we believe we can get the Hotel business to go back to attractive and profitable growth.

Unidentified Analyst

And how do you see that translating into profitability? Now it seems like 2018 is sort of stabilizing your overall EBITDA. Do you still see a path for mid to high 20s range on the EBITDA margins? And maybe help us decompose the profit between the Hotel and the Non-Hotel business.

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. And so for our entire business, we expect to be able to get to higher margins than we have today, and we see a significant opportunity for that. In Hotel, we see an opportunity to get that flywheel going with higher monetization per shopper, as I said, which will lead to revenue but also profitable revenue over time. In the Non-Hotel business, we've seen an attractive stepping up in margins in 2017, but we think there is more margin potential there as well. And so we look at that collection of businesses, and we think roughly, 3 or 4, 5 years from now, roughly they'll have a similar profitability profile. And so the mid to high 20s is the first goal to get to but it may not be the end goal for us to go to.



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Unidentified Analyst

Okay. We are going to open up to audience Q&A first. So if you have a question, feel free to raise your hand and the mic runners are around running.

I have a couple more.

You mentioned earlier the ability to sort of better understand downstream, kind of what happens on like click attribution and kind of the way that's spent on advertising. Is your relationship changing with your large OTA partners? Are you getting more visibility downstream now? Or is it the sort of the business evolving?

Ernst J. Teunissen - TripAdvisor, Inc. - Senior VP, CFO & Treasurer

Yes, we have over time. We have better insight actually in that downstream conversion. We've also invested more between our own channels, in attribution between channels. And so we have refined over time our ability to look at profitability of channels, first, with the order effect, which is just the clicks that we generate, and the second order effect that we create. So we had increased the number of partners that provide us with information like that.

Unidentified Analyst

Any questions in the back?

Unidentified Analyst

Just a 2-part question related to Airbnb. First, there was a report in Bloomberg that Airbnb was in talks with you guys about buying the Flipkey business. So I guess generally, are there any assets that you think are ripe for pruning from your portfolio? Or do you think you have the right assets now? And second, just generally, competition with Airbnb. They're really focused on the experiences piece of the business right now, which seems similar to what you're talking about with Attractions, Restaurants, et cetera. So how you think about that competition.

Ernst J. Teunissen - TripAdvisor, Inc. - Senior VP, CFO & Treasurer

So we look at the portfolio of assets that we have, and we think it's very important to offer a breadth of products to our users. That is the value proposition that, as TripAdvisor, we are honing into. And so being able to offer planning all the way to booking, but then being able to offer that through multiple verticals to our users, hotel, flights, rentals, attractions, restaurants, et cetera, and more is a huge part of our value proposition. So that's important to us, and we'll continue to invest in that. How that plays out over time, in particular what assets we buy or what partnerships we make and whether we choose to partner, whether we choose to buy or whether we choose to grow organically is sort of a secondary component of that. The overall strategy is to provide that to our user base, and we'll continue to do that.

So your second component -- question about Airbnb?

Unidentified Analyst

Is competition on the Airbnb experiences against what you're doing on Attractions.

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Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. It's an attractive area. And so, therefore, we're not the only ones who are focused on it. You'll see that our competitors are also focused on the attractions space as well, everybody with a unique approach to it and slightly different approach to it. And we don't believe that we're the only player in the attractions market. And we'll be competitive, but we believe we have the opportunity to lead at that.

Unidentified Analyst

In the back. Okay.

Unidentified Analyst

The attempt to get transactions on the Hotel side of the business is something TripAdvisor has been trying to do for a number of years. And I understand how getting the advertising on TV is certainly a much better way to tell the story than trying to get that conversion. But can you talk about -- there's clearly a good value in the review piece and the franchise value. TripAdvisor, everywhere you go, you see it internationally. Can you talk about 2 things? One is the amount of time if the TV effort is not working. Is the direction to put more into it to make sure it works or to pull back from that? And then the second would be, how do you view other ways to monetize that x amount that you have?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. Yes, before going to reviews, I just want to underline what we said about the reach that we have and the strength of the review base. So we keep growing that volume and the quality of the review base. We have about 600 million reviews at the moment across all our products. And if you travel in the U.S. or if you travel in Europe, the number of restaurants and hotels that have signage with the words of TripAdvisor is enormous. So we have that national franchise. So I want to underline what you said there. On the TV side, and our approach there leads to a question you were asking, Brian, about how to you think about investment in that area. We started in June of 2017 with a campaign. It's showing good signs. We're increasing the investment in 2018 to \$100 to \$130 million. But we're monitoring it very well to see how is that performance evolving for us and the profitability evolving for us, to the point that you were making. That's the reason why we're growing that investment gradually and keep monitoring it. That's the reason why we're not accelerating it much beyond to what we are showing. So we're taking a sort of measured approach to TV, continue to watch it and see how it performs. If it performs really well and we get to profitability sooner than we thought, we can put more dollars to that.

Unidentified Analyst

So Jay Hoag joined the board about a month ago. Can you share with us a little bit about how did that happen? I mean, he joined the board. He bought stock. I mean, what kind of value he's adding to the company?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Well, Jay is a great addition to our board. He's obviously very experienced broadly in Internet investment but particularly in the travel space as well. He has worked in the past with our Chairman and other board members and other companies. And so he's a known entity in that sense. And we have gotten to know him as a management team and were really impressed with the level of expertise and judgment he can bring to bear. So he's a good addition to our board and feel very happy to have him onboard.

Unidentified Analyst

Tom?



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Thomas Cauthorn White - *Macquarie Research - Former Analyst*

Yes, are you increasing any of your brand advertising dollars on to other platforms beyond TV and social media and kind of diversifying further from your traditional TV or Google advertising platform?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes, on the online side, we have, over time, diversified away from Google by investing in social media. Platforms like Facebook and others, these channels can be particularly effective for retargeting users that have already been on our site, for instance. So we've broadened our portfolio quite a bit. We have various other sort off-line marketing investments. We talked before about the investment we're making in signage with the restaurants and hotels. Last year, we had a much, much smaller TV campaign for our LaFourchette brand in Europe. And so we have also some other off-line marketing investments that we make. The Hotel TV investment that we made last year and making this year is by far the largest.

Unidentified Analyst

Let me ask you. So as time as gone on, have you been able to gather more signals and more data about people when they come on the platform so you can prove personalization? Where are you in kind of that journey and making it a more curated experience to drive higher conversion?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

It's a very good question. So one thing we've recently done is actually establish a formal part of our organization, which we now call Core Experiences, to really start looking at how the user experience and the data we have on users really across all of these different verticals. It's an area in which we had underinvested. So how do you manage a user throughout its journey? And when do you decide to expose it to which product but also how do you monetize better with media product users that are really still upfunnel and they're still looking up where they even want to go where we have underinvested. And so making sure that we had a more -- we have a better sort of integrated experience for our users as they move across these different verticals, have better data on what marketing tool then works best and which stages they're looking at different parts of our site is a huge focus with that new organization, and we think we can tap into underutilized data assets as well as just the more integrated user experience and media products for them. It's an important -- increasingly important component for what we're trying to do. We have so far sort of underutilized the linkages between different parts of our business, and that's a huge, huge opportunity.

Unidentified Analyst

Okay. Maybe can you address just the overall health of the OTA market from a structural standpoint? Cause I think some of the slowdown at your partners over the last year credit concerns around your saturation or competition. And secondly, can you address Google specifically from a competitive standpoint and the travel market broadly? They seem to be adding more functionality to Google sites and hotels.

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. Yes, we see the so the online travel market as a very healthy market. If you look at just fundamental growth that we see in all these parts of the market, the hotel and room night growth, in the restaurant sector, the growth has moved to online, interaction online, it is very healthy. And so we believe that is a very good starting point for all of us in this industry. With respect to Google, yes, Google has expanded its footprint as well over time. It's very strong as a source of traffic for all the OTAs, for us as it continues to develop its own products within that. And so it's an important component of this. But as we look at that overall market, we see this as very healthy and definitely a source of profitable growth for all of us in this industry.



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Unidentified Analyst

We'll ask one more in case we're having more from the audience. But, I mean, the idea of revenue diversification, over the course of the year, there's always been a thought of trying to get the traditional branded hotels to invest more in TripAdvisor advertising. How have those efforts gone? And what do you think are the 1 or 2 key factors you have to overcome to really get -- Marriott, Starwood, Hyatt, Hilton, et cetera -- to really invest more in the platform?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. Look, the power actually of our position is the fact that we can approach a monetization of a user from so many different directions. So the Hotel Metasearch is a really important component of our revenue, but that's not our only way of monetizing a user. And if you look at the Hotel specifically, we have a large reach to hotels. We've traditionally have had a sales force going to these hotels and offering them subscription products. So the -- on TripAdvisor, they can buy a subscription, which is a bar on the Hotel page with additional information on the Hotel. And we are currently expanding that with advertising products for our hotels as well. So one of the products that we've introduced recently with hotels is an ability to have a sponsored link the top of the sort of the hotels that we share. Only for the really well-reviewed the hotels, of course, but that's an additional -- a new and exciting revenue stream that we're tapping into today. So it's another way of actually helping hotels who are not really that competitive on Google, competing for search terms with OTAs, giving them another tool, advertising tool, on a great platform like TripAdvisor and an additional revenue stream for us. So that's an important area. We're doing the same thing, as I've talked about before, on the Restaurant side, too. And so that's another area of diversification that we have and new products that we can offer -- media products that we can offer to restaurants and thereby diversifying our restaurant revenues. And of course, next to that, we are diversifying our revenues with Non-Hotel as well. So we think that's actually a very attractive component of the position that we have, is that we are able to approach that monetization of a large user base from different angles and different positions, and we'll continue to exploit that, including -- what I said, this new core experience effort that we make on finding newer products and more cross-sell and integrated experience as well. So a big focus for us.

Unidentified Analyst

All right. One more around the back?

Unidentified Analyst

Just on top of that question, how are you being impacted or are you being impacted? How you respond to the Hotel industry increasingly driving business to direct and driving traffic, offering benefits, amenities, discounts to their loyal users? Are you being impacted by that? How are you responding in regards to working with them?

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes, it's true. Hotels have -- and hotel chains in particular have their own efforts to drive more traffic directly to their sites. Having said that, online marketing on channels like TripAdvisor and OTAs is still very important for them and is a very large part of their marketing effort. We don't think that has fundamentally changed over the last few years. And so no significant change for us in our business.

Unidentified Analyst

All right. That's that, Ernst. Thank you so much.

Ernst J. Teunissen - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Thank you (inaudible).

FEBRUARY 27, 2018 / 4:00PM, TRIP - TripAdvisor Inc at Morgan Stanley Technology, Media & Telecom Conference

Unidentified Analyst

Thank you, everyone. Thanks.

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