



## **TripAdvisor, Inc. Q4 2016 Prepared Remarks**

*(All comparisons are against the same period of the prior year, unless otherwise noted)*

2016 was an important transition year for our business and we made great progress towards our North Star: creating the best user experience in travel. We have made significant investments in our product experience, we have seen improvements in our revenue growth trends, and we continue to focus on creating a consumer mindset that TripAdvisor is the best place to compare prices and book.

TripAdvisor remains the category leader in planning and researching the best places to travel, worldwide. Network effects at the top-of-the-funnel remain strong. Our user-generated content grew nearly 50% in 2016 and is fast approaching 500 million reviews and opinions. Community grew 14% in 2016, and reached nearly 390 million monthly unique users per month during the peak summer travel season. With nearly half of our monthly unique users visiting TripAdvisor on the phone, we remain well positioned as travel planning and booking moves towards those smaller screens.

However, while ComScore studies suggest TripAdvisor influences roughly 40-50% of global online hotel reservations, we believe we get credit only for a tiny fraction of those transactions. This creates what we estimate is a multi-billion dollar opportunity if we can successfully bring more shoppers back to our site when they are ready to book and get credit for the transactions that we have influenced.

Adding hotel instant booking over the past couple of years completes the differentiated, next-generation hotel shopping vision we described a year ago. It enables a stickier, more comprehensive user value proposition – well beyond what we have achieved as the world's largest and most well-known travel-planning site. It also positions us to increase our market share of high value shoppers – the ones that are most likely to book – which we believe will enhance long-term revenue growth and profitability.

The instant booking rollout induced significant revenue headwinds in 2016, muting revenue growth and significantly impacting profitability. Consolidated revenues, GAAP net income and adjusted EBITDA were down year-on-year by 1%, 39%, and 24%, respectively. While such volatility was largely expected, we saw a dampened back-half recovery and we were perhaps too optimistic about how quickly our product changes would raise awareness of TripAdvisor as a great place to book. All the while, our competition has not been standing still and we continue to be significantly outspent on marketing. This competitive dynamic has been compounded as revenue per hotel shopper headwinds from instant booking slowed 2016 Hotel segment direct marketing expenses to single-digit growth year-on-year.

However, we are encouraged by recent trends. Click-based and transaction revenue growth improved in the fourth quarter and again in January compared to the fourth quarter, particularly in our U.S. market where we have completely lapped our instant booking rollout. We have been

re-investing our monetization improvements into performance-based marketing channels to enhance revenue growth and will continue to do so in 2017.

As we lap the instant booking rollout in other markets during the first half of 2017 and as we further streamline the hotel shopping experience to focus on helping users find the best price, we are also evaluating a multi-year brand marketing investment, including a return to TV advertising. At a high-level, we believe a brand marketing investment would enable us to reach a broad audience and could help to accelerate the user perception shift to TripAdvisor as a place to price compare and book. Size, scope, timing, and ROI of such investment are currently under consideration. We will provide our updated thoughts on this investment in due course.

While our significant ongoing investments have reduced near-term profitability, we believe they position us for both long-term revenue and profit growth. Over time, as users engage with TripAdvisor to price compare and to book, thereby plugging the leak, we believe hotel shopper monetization and marketing efficiency can improve. This, combined with margin improvement in our Non-Hotel businesses, will enable us to return to profit growth over the longer-term.

#### ***Q4 Hotel Segment Update***

Our Hotel segment was 80% of total revenue in both the fourth quarter and for 2016. Users can seamlessly book hundreds of thousands of hotels, getting the best price from whichever partner has the lowest room rate, all while using their stored credit card. Our comprehensive hotel shopping experience is unique in the marketplace, and we view it as particularly strategic as consumer behavior moves towards a mobile-first, app-first world.

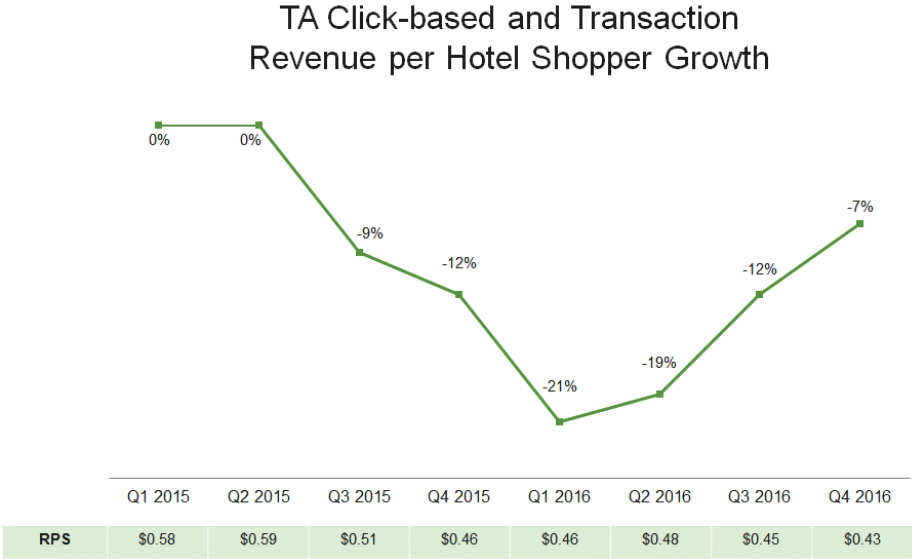
In the fourth quarter, we reached more than 560,000 instantly bookable hotels on our platform. Also, we were pleased to have recently announced global instant booking partnerships with Expedia and Hilton. On the product side, we introduced a new hotel sorting algorithm and a cleaner price-shopping display, kicking off an ongoing initiative focused on streamlining our hotel shopping experience.

We have seen nice early results helping users find the best deal before they book. We carry these insights into 2017 and we are rapidly iterating on a comprehensive hotel shopping experience refresh on all devices, making sure shoppers can find the best prices every time. Of course, instant booking remains our strategic preference since we expect it will generate greater long-term monetization value, while our core product focus remains on delivering the best user experience, whether that is powered by metasearch or instant booking.

In 2016, we also expanded our suite of products and tools that help hotelier and OTA partners advertise more effectively on our site. Earlier in the year, we enabled partners to retarget their visitors when they are on our hotel pages. In the fourth quarter, we launched our new Bid Management Platform, a product that is already helping many of our partners increase the efficiency of their campaigns. Early adopters have achieved nice share gains as a result. Including instant booking, these new products underscore our ongoing commitment to helping partners achieve even more value from our platform.

Turning to our Hotel segment financial performance, fourth quarter revenue results improved sequentially to negative 3% year-over-year driven by improving click-based and transaction revenue growth rates and partially offset by some softness in display and subscription revenue. Currency was approximately a one percent headwind in the period.

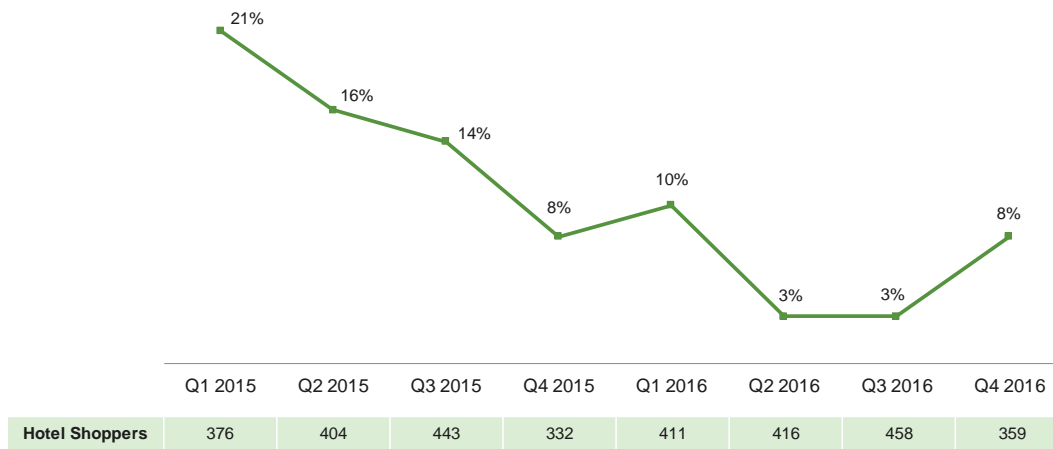
Our instant booking launch dampened our core click-based and transaction revenue growth in 2016, but we believe we have started to turn a corner. Click-based and transaction revenue growth improved significantly in the fourth quarter, up 10 percentage points sequentially, to flat growth year-over-year. Revenue per hotel shopper growth improved by five percentage points sequentially to negative 7% year-over-year. The graph below illustrates an improving revenue per hotel shopper trend following the significant instant booking dilution during the first half of 2016.



We are encouraged by this trend, particularly in the U.S., which, in late August, was our first country to anniversary the instant booking rollout. This trend led to revenue growth improvements in Q3 and Q4. In the fourth quarter, U.S. click-based and transaction revenue delivered double-digit growth year-on-year. We are investing in performance-based marketing behind these improving monetization trends to further enhance growth. In January, worldwide click-based and transaction revenue growth rates improved to high single-digits, driven by strong double-digit year-over-year growth in the U.S. We are in the midst of lapping the instant booking rollout in international markets, and we expect revenue growth rates in those regions to benefit, though similar to Q4, it will not translate into profit growth in Q1.

In total, improving monetization trends as well as performance-based marketing investments drove total average monthly unique hotel shopper growth, which accelerated to 8%, as shown in the graphic below.

## Average Monthly Unique Hotel Shoppers Growth



In addition, phone remains a fast-growing and key strategic platform, as fourth quarter hotel shoppers grew 22% year-on-year. Monetization on phone improved relative to desktop in 2016, and this still represents a large long-term opportunity.

Our fourth quarter results illustrate that we have a lot more work to do to improve Hotel monetization but we are pleased with our progress.

### *Q4 Non-Hotel Segment Update*

While we progress along our Hotel initiatives, our Non-Hotel offerings – Attractions, Restaurants and Vacation Rentals – further expand our addressable market, enabling users to find and book more experiences on more trips. This segment constituted 20% of our total revenue in both the fourth quarter and for full-year 2016. Similar to our Hotel philosophy, we are investing in building bookable supply, bringing more functionality to mobile and delivering a more comprehensive experience, thereby helping more users in more moments on more trips.

Outside of Hotels, Attractions remains our largest long-term growth opportunity and we believe we are in a great position to win. In 2016, we grew the number of supplier partners by nearly 90% and grew bookable products by nearly 80% to 56,000. During the fourth quarter, we continued to deepen our Viator and TripAdvisor integration and improved our marketing efficiency. We have integrated Viator attractions content onto our TripAdvisor product pages, we completed our attractions instant booking launch across all TripAdvisor platforms, and we improved the overall shopping experience for attractions. Given our massive attractions audience on TripAdvisor, a key focus for 2017 will be on conversion, by matching travelers to businesses, and turning lookers into bookers as quickly and efficiently as possible.

We are investing behind similar demand and supply advantages to scale our Restaurants business. In 2016, we grew bookable restaurant supply by more than 20% to 40,000 across 12 countries and we launched mobile push notifications this year, which continues to drive awareness, repeat usage and bookings. In the fourth quarter, we launched our new Restaurant

Solutions product that provides restauranteurs with more powerful marketing tools. In 2017, we are focused on further expanding bookable inventory, redesigning the mobile experience and helping more restauranteurs get even more value from our platform.

In Vacation Rentals, our focus on providing users more high-quality supply has improved the user experience and driven very healthy conversion gains in 2016. Property listings grew by nearly 10% to 835,000 at the end of the fourth quarter, driven by our free-to-list model. Four out of every five of these properties are now online bookable, making it easier for the user to seamlessly find and book a rental.

Turning to Non-Hotel segment financial performance, fourth quarter revenue growth was 31% while currency was approximately a 6% headwind during the period. Full-year revenue growth of 27% was generally in line with last year's outlook, which outlined strong second-half growth due to the highly seasonal revenue patterns in these businesses. Owing to its highly seasonal revenue pattern, Non-Hotel segment adjusted EBITDA margins were negative 13% in the fourth quarter. Looking at the full year, negative 10% adjusted EBITDA margins underscore the strategic growth investments we are making to grow supply, increase user conversion, expand our platform, and grow market share.

#### ***Q4 Consolidated Financials***

Our fourth quarter consolidated total revenue growth improved to 2% year-over-year in reported currency, and 4% in constant currency. This revenue growth improved from our third quarter results, driven by improvements in our core click-based and transaction business.

Fourth quarter consolidated GAAP net income declined by 67% year-over-year. Total adjusted EBITDA declined by 33% in reported and 32% in constant currency, driven by increased marketing investments in Hotels, seasonality in our Attractions business, as well by a one-time non-cash item in fourth quarter 2015 to settle our pledge obligation with The TripAdvisor Charitable Foundation. The latter negatively impacted net income by \$59 million (\$36 million after-tax) in Q4 2015 and positively impacted Q4 2015 adjusted EBITDA by \$6 million.

Our 2016 GAAP effective tax rate was approximately 21%, primarily due to earnings in jurisdictions outside the United States as well as certain discrete items. We note that our 2017 GAAP effective tax rate is likely to increase, potentially well into the 30's, primarily driven by stock-based compensation tax accounting at a lower share price, changes in valuation allowances and debt interest deductions in some foreign jurisdictions. We believe our non-GAAP tax rate, which is not subject to share price volatility, will be less impacted than our GAAP tax rate.

Cash provided by operating activities in the fourth quarter was \$46 million, or 15% of revenue, down from \$78 million in fourth quarter of 2015. Capital expenditures for the quarter were \$16 million, or 5% of revenue, flat from the fourth quarter of 2015. As a result, fourth quarter free cash flow was \$30 million compared to \$62 million in the fourth quarter of 2015.

Our liquidity position remains strong. Cash, cash equivalents and short-term and long-term marketable securities were \$746 million at the end of the quarter. Throughout 2016, we allocated

\$105 million to share repurchases at an average purchase price of approximately \$52 per share. In the fourth quarter, we reached the \$250 million limit of our initial share repurchase program. We recently received approval from our Board of Directors for another \$250 million of share repurchase capacity.

### ***2017 and longer term financial outlook***

We operate a business in an attractive marketplace and we focus our efforts on long-term growth objectives. We regularly see opportunities throughout a given year to invest for growth, whether through organic or inorganic means. While investing for growth is well within our control, we also encounter factors that fall well outside of our control, such as movements in the competitive landscape and in our metasearch auction, and macro-economic events that affect the travel industry, among other things. As such, our overall visibility into financial performance can be limited. With that as a backdrop, we offer investors the following thoughts about our financial outlook:

Coming out of 2016, we believe we are turning a corner. We are investing behind improving monetization trends to enhance revenue growth amidst a competitive travel landscape, prioritizing revenue growth as opposed to profit growth this year. As a result, we are targeting double-digit consolidated revenue growth in 2017, driven by a return to double-digit click-based and transaction revenue growth, while absolute adjusted EBITDA could be flat to down year-on-year.

Leveraging indirect investments we have made in the past, we expect people costs to grow slower than revenue growth this year, while direct marketing costs grow in excess of revenue growth. We note that our consolidated revenue growth and adjusted EBITDA growth will be more back-half weighted than 2016 due to our increasingly seasonal business and as we make progress along our various growth initiatives.

These insights into our 2017 financial outlook do not include the aforementioned potential for a strategic multi-year brand marketing investment, including TV advertising. Any such brand investment would likely further enhance revenue growth and would likely negatively impact near-term adjusted EBITDA as well as our 2017 outlook outlined above. We will provide our updated thoughts in due course.

Looking out over the longer term, as travelers increasingly associate the TripAdvisor brand with price shopping and booking, and not just reviews, we believe we can drive improved profitability, as well as revenue growth. This will happen as we bring users back to TripAdvisor when they are ready to book, plugging the monetization leak and increasing revenue per hotel shopper. If successful, we believe this will enable us to meaningfully improve our marketing efficiency, drive sustained double-digit revenue growth and surpass the absolute adjusted EBITDA levels we achieved in 2014 and 2015. We believe we will make progress against this objective in 2017, though the full benefits and profit growth will more likely accrue over the longer-term.

\* \* \*

TripAdvisor's fourth quarter and full year 2016 earnings press release is available on the Investor Relations section of the TripAdvisor website at <http://ir.tripadvisor.com/>. The earnings release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on February 15, 2017, which is available on the Investor Relations section of our website and the SEC's website at [www.sec.gov](http://www.sec.gov).

#### Forward-Looking Statements:

These prepared remarks contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The following words, when used, are intended to identify forward-looking statements: "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "project," "result," "should," "will," and similar expressions which do not relate solely to historical matters. We caution investors that any forward-looking statements in these prepared remarks, or which management may make orally or in writing from time to time, are based on management's beliefs and on assumptions made by, and information currently available to, management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements are more fully described in Part I. Item 1A. "Risk Factors" of our Annual Report on Form 10-K. Moreover, we operate in a rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the U.S. Securities and Exchange Commission, or the SEC, and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements.

#### Use of Non-GAAP Financial Measures:

These prepared remarks include references to non-GAAP measures, such as adjusted EBITDA (including forecasted adjusted EBITDA), free cash flow, and constant currency measurements, such as, non-GAAP revenue before effects of foreign exchange, and adjusted EBITDA before effects of foreign exchange, which are considered non-GAAP financial measures as they are not

prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures are not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

We urge you to review our earnings press release as it contains important information about our financial results, including tabular reconciliations to the most directly comparable GAAP financial measure, definitions, limitations and other related information about these non-GAAP financial measures. The earning press release is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/>. It is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on February 15, 2017, which is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/> and the SEC’s website at [www.sec.gov](http://www.sec.gov).



THOMSON REUTERS STRETEVENTS

# EDITED TRANSCRIPT

TRIP - Q4 2016 TripAdvisor Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 16, 2017 / 1:30PM GMT



## CORPORATE PARTICIPANTS

**Will Lyons** *TripAdvisor, Inc. - VP of IR*

**Steve Kaufer** *TripAdvisor, Inc. - President & CEO*

**Ernst Teunissen** *TripAdvisor, Inc. - CFO*

## CONFERENCE CALL PARTICIPANTS

**Mark Mahaney** *RBC Capital Markets - Analyst*

**Mike Olson** *Piper Jaffray - Analyst*

**Scott Devitt** *Stifel Nicolaus - Analyst*

**Perry Gold** *MoffettNathanson - Analyst*

**Naved Khan** *Cantor Fitzgerald - Analyst*

**Justin Patterson** *Raymond James - Analyst*

**Mark May** *Citigroup - Analyst*

**Chris Merwin** *Barclays Capital - Analyst*

**Paul Bieber** *Credit Suisse - Analyst*

**Kevin Kopelman** *Cowen and Company - Analyst*

**Brad Erickson** *Pacific Crest Securities - Analyst*

**Tom White** *Macquarie Research - Analyst*

**Peter Stabler** *Wells Fargo Securities - Analyst*

**Jed Kelly** *Oppenheimer & Company - Analyst*

**James Lee** *CLSA Limited - Analyst*

**Dan Wasiolek** *Morningstar - Analyst*

**Stan Velikov** *Jefferies LLC - Analyst*

## PRESENTATION

### Operator

Good day, ladies and gentlemen, and welcome to the TripAdvisor's fourth-quarter 2016 conference call. (Operator Instructions). As a reminder, this conference is being recorded. I would like to turn the conference over to Will Lyons, Vice President of Investor Relations. Please begin.

---

**Will Lyons** - *TripAdvisor, Inc. - VP of IR*

Thanks, Latoya. Good morning, everyone, and welcome to our fourth-quarter earnings conference call. Joining me today are Steve Kaufer, our CEO, and Ernst Teunissen, our CFO. Last night after market close we distributed and filed our Q4 earnings release as well as made available our prepared remarks on our Investor Relations website located at IR. TripAdvisor.com.

In the release you will find reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures discussed on this call. Also, our IR website contains a supplemental financial information document which includes certain non-GAAP financial measures discussed on this call as well as other performance metrics.



Instead of reading prepared remarks on this call Steve will provide a couple of thoughts about the quarter and our recent progress, as will Ernst, and then we will jump into Q&A.

Before we begin I would like to remind you that this call may contain forward-looking estimates and statements that represent the Company's view as of today, February 16, 2016 (sic - 2017). TripAdvisor disclaims any obligation to update these statements to reflect future events or circumstances. Please refer to our earnings release and our filings with the SEC for information concerning factors that could cause actual results to differ materially from those expressed or implied by such statements. And with that I will pass the call over to Steve.

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Thank you, Will, in good morning, everyone. Thank you for joining the call. Hopefully you have had a chance to review our prepared remarks that we published last night after market close. I will summarize by saying 2016 was an important year for TripAdvisor. We continued on our journey towards our North Star: building the best end-to-end user experience in travel.

While our accelerated instant booking launch garnered most of the headlines during the year, it was but one of many ongoing initiatives that positions our business for long-term growth. At \$1.3 trillion in global spend, the travel opportunity is large and growing and remains intensely competitive. We have a lot of work to do to capture our fair share, but we believe we are now very well positioned. As we move into 2017 we see faster revenue growth ahead.

We are considering certain marketing investments to accelerate the use of perception shift of TripAdvisor as not only the best review site, but also the best place to compare prices and book. Ernst?

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

Thanks, Steve, and good morning, everyone. As expected, 2016 was a challenging year financially with consolidated revenues, GAAP net income and adjusted EBITDA down 1%, 39% and 24% respectively. Coming out of this transition year we are encouraged by recent trends, particularly in our US market where we have completely lapped our instant booking rollout. We will lap the majority of the international rollout this quarter and will continue to invest behind improving [monetization] trends to enhance revenue growth.

Amidst the competitive travel landscape we are prioritizing revenue growth as opposed to profit growth this year. We believe this journey will pay off financially, but, as I have mentioned before, it will take time. We are moving fast, we are learning and improving and we believe that we are on the path to maximize long-term shareholder value and long-term growth. Wit that we will open the call for questions.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions). Mark Mahaney, RBC Capital Markets.

---

**Mark Mahaney** - *RBC Capital Markets - Analyst*

Could you provide your updated thoughts on the monetization gap between desktop and mobile that TripAdvisor is seeing now? Thank you.



**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Yes, we have seen significant growth in shoppers in the fourth quarter. We saw 22% growth in shoppers. But we saw revenue grow less fast in the fourth quarter. And if we look at the overall year, revenue per shopper for the phone was relatively flat year on year. That was better in the first of the year.

And, as we discussed on our third-quarter call, we made some changes to the app which we believe position us better for the long-term, particularly being more instant booking centric than it was before, which gave us some monetization hit. That overall improved, so these trends overall improved the mobile gap year on year versus desktop. But there is still work to do on improving the revenue per shopper on mobile which we are continuing to target in 2017.

---

**Mark Mahaney** - *RBC Capital Markets - Analyst*

Thank you.

---

**Operator**

Mike Olson, Piper Jaffray.

---

**Mike Olson** - *Piper Jaffray - Analyst*

What can you say about instant book conversion versus meta and the difference domestically versus internationally? And then secondly, can you talk about where instant book commission rates stand relative to being fixed rates versus transitioning into an auction-based system? Thanks.

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Sure. So again, it is a little hard to evaluate instant book conversions in isolation because it really portends the change in user experience where someone is coming through the flow and they may not convert the first time, but it engages them enough to come back to the site. And then someone does in fact go down the instant book path, they do in fact come back more frequently to TripAdvisor, if they hadn't booked the first time around than the second time.

When we look at instant book conversion, because we now have better pricing in the store, because we have done our optimizations, we have seen kind of the raw numbers increase about 20% year on year for our US desktop. So we are pleased with that; we still have a ways to go though. When we look at the second part of your question with respect to -- sorry, the second part of the question was --?

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

Fixed versus variable.

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Yes, fixed versus variable and auction, sorry about that. We already have the system in place whereby our partners can sort of bid a different commission level for their properties. And that is one of the factors that is taken into account when we decide who wins the instant booking offering.

So, yes, we already take into account the commission offered to us by way of an auction, but I wouldn't suggest that that is a big monetization opportunity for us going forward. It is auction-based, it will help. But the bigger piece is really going to be the consumer content coming to the site.



**Mike Olson** - *Piper Jaffray - Analyst*

All right, thank you.

---

**Operator**

Scott Devitt, Stifel.

---

**Scott Devitt** - *Stifel Nicolaus - Analyst*

I have two. First, on that brand marketing in 2017, can you just talk about the factors in terms of determining whether you will embark on that campaign or not? And then secondly, Expedia mentioned on their call they wouldn't be fully participating in direct book I think through 2017 and 2018.

Can you talk about the level of inventory that you have in the system now in terms of how complete you have for availability without their full participation? And then also what the factors are for Expedia becoming a full participant? Thank you.

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Sure, let me take the second part of the question first. When we think of Expedia as an instant book client we think of a number of different pieces, it is Expedia and Hotels.com and Wotif and Hotwire and Travelocity and Orbitz and all the different brands, that is one component. Then there is how much inventory do we get from each of the brands and then there is how active can they be in our auction in each market.

So the most important thing to us, and I think the most important thing to Expedia -- well, I will just speak for us. The most important thing to us is to actually have all of the best pricing from all of the Expedia brands. And we are -- we have that in the US now and we are well on our way to getting that in the rest of the world.

Most of the brands are online now, I don't think all of them are, but we are getting the biggest bang for the buck from our perspective in terms of the pricing -- when they have excellent pricing we are able to show it in our store.

I think part of the confusion is the limitations that we have in terms of rolling out Expedia and enabling them as an OTA partner to compete in each and every auction around the globe. And some of that, as has been alluded to before, it is just a question of timing.

We think the biggest impact that Expedia instant book for us is already evident in the markets that it is rolled out in and it will continue to roll out in other markets over the course of the year. So we are very pleased and, of course, Expedia is looking forward to being able to participate in more auctions over time and drive more bookings from us as a platform. So two thumbs up on that one.

When it comes to the brand marketing, we are excited by what we have seen in terms of improvements once we lapped IB in fourth quarter and into January. When we look at all the different pieces of the puzzle we want to make sure that the product is solid not just in instant book pricing but also in the entire flow. We want to make sure that our message is resonating with consumers and we will be evaluating the scope and timing.

So to be clear, we are in evaluation mode so that tells you we are serious about it. But we won't be spending in Q1 and we will give you an update as we move forward with that decision process.

---

**Scott Devitt** - *Stifel Nicolaus - Analyst*

Thanks, Steve.

**Operator**

Perry Gold, MoffettNathanson.

---

**Perry Gold** - *MoffettNathanson - Analyst*

While sequential improvement in the growth Trip's click based add revenue line was actually fairly robust this quarter, can you help us better understand why some of the other revenue lines like display and subscription and non-hotel revenue were a bit softer sequentially? Were these all traffic-related issues or were there some other underlying factors here? Thanks so much.

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

Yes, Perry, this is Ernst. You are correct to highlight those lines and they were relatively soft in the fourth quarter compared to the full-year trends. And also compared to our anticipation going forward in 2017. The drivers were a little different; on our subscription and display business there was some seasonality. Sometimes especially in our display business the end of the year is lumpy and we saw some softness in that that we don't necessarily project going forward.

Our Other hotel revenue is mostly driven by our smarter travel brands and here also we saw some softness that was mostly traffic related for them. Other revenue as a category was up for us for the full year. It was meaningfully down of course in the fourth quarter and, again, that is not a trend that we expect to continue into the following year.

---

**Perry Gold** - *MoffettNathanson - Analyst*

Great, thanks, Ernst.

---

**Operator**

Naved Khan, Cantor Fitzgerald.

---

**Naved Khan** - *Cantor Fitzgerald - Analyst*

I had a question on competition and margins. So some of the other players in the space like a Trivago are going pretty fast and they're also spending a ton of money on TV advertising. And obviously they have pretty low margins. So the question is really if you go out and start a brand advertising campaign how do you see margins evolving longer term? Do you think they could be as low as where your competitors are? And any comments on Priceline's acquisition of Momondo?

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Sure, so when we look at the opportunity on TV and, as you know, we have been on TV in years past, we do have to, [note], tip our hat to the fact that other players in the industry have been on TV in many years and it has been working for them. We have a phenomenal amount of unaided and aided brand awareness in most parts of the world. And so our challenge with TV is a little bit different and some might say -- some might say easier. Some might say harder of course.

It is the challenge of delivering a different message as people love us for reviews, if I were to overly generalize, and teaching them with the brand campaign that we are the best spot for price comparison and booking. And not necessarily completing the transaction on TripAdvisor with instant

book. But what I really mean is with the campaign to educate folks that we are the site that they should come back to or come to when they are ready to make a transaction.

And if they click off our meta-auction to one of our great partners, amen. If they follow through and book and instant booking that works just as well. And in general we like to think of ourselves as reasonably indifferent in the two with instant booking providing a probably more strategic advantage to us on the phone.

So I think to the question of impact on margins, it is clearly an opportunity for us to invest because if we can shift the perception of all of the folks that are already coming to TripAdvisor, let alone drive some new traffic, our revenue per shopper and the rest of our core metrics can potentially rise fueling a lot of the additional growth in spend. So we don't see a reason why margins would end up at current Trivago levels, that would be silly for a Company of our size. But we do see it being a reasonable opportunity for us.

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

And to add to that, as we said in our prepared remarks also, that if we -- and again, we are still in evaluation mode, but if we were to decide to pursue this brand investment it would likely negatively impact near-term adjusted EBITDA. But we would make that investment really with an eye on the long-term.

And we have made some commentary about where we see our profitability profile go over time. And we think that TV advertising could help -- very importantly help move that user perception and increase the monetization that we can get from our hotel shoppers, increase that revenue per shopper over time and thereby improve our economics.

So, as we think about our long-term economics, and we look at it in absolute EBITDA terms, we believe that our current strategy, and potentially enhanced by brand marketing, will allow us to grow profitability over the longer term.

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

And to your second question on the Priceline acquisition of Momondo, personally I thought it was probably a pretty good move for them. Consolidation continues in the space, I think it gives Kayak a nice -- a growth footprint outside of the US, which just makes them more of a global player and that will help fuel downstream demand.

In terms of our flights business, I don't -- I would be surprised if there ended up being a meaningful impact one way or the other.

---

**Naved Khan** - *Cantor Fitzgerald - Analyst*

Thank you.

---

**Operator**

Justin Patterson, Raymond James.

---

**Justin Patterson** - *Raymond James - Analyst*

In terms of just the overall funnel here, we keep seeing the OTA is doing a lot more around things to do, Airbnb has its Guidebooks, Google has its trips product in the market. How do you envision that really affecting traffic? Is that something that TripAdvisor can start monetizing -- or pushing out to its users a little bit better to help shopper growth organically? Or I guess is there something that Google and the others can do that potentially hurts your traffic a little bit more? Thanks.



**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Sure, Justin. So when we look at the attraction space and the things that Expedia is doing and Google is doing, we kind of view it as wonderful validation that the online community is ready for more booking before they actually arrive at a destination. Or if they are using our app, booking while they are in market. So we have, to the best of our ability to count, the biggest and best supply for attractions.

And so, while there is many different ways to research, we have a heck of a lot of traffic and we have the best booking capabilities in most parts of the world. So as users learn how to explore and book online those transactions are more likely than not going to flow through us even if they happen to start on a Google.

Expedia is able to help someone who they already have going to a location, to a very popular location, find something to book. But we really have -- I would argue, we have the long tail and plenty of top of funnel traffic to really thrive in that category.

---

**Justin Patterson** - *Raymond James - Analyst*

Got it, thanks.

---

**Operator**

Mark May, Citi.

---

**Mark May** - *Citigroup - Analyst*

I wanted to revisit the EBITDA outlook and the potential advertising campaign. It appears as though your EBITDA outlook may already include a step-up in advertising spend this year, although that is obviously difficult to ascertain. But to what extent are you already modeling in kind of a step-up in advertising already and an increase in your ad expense ratio in your guide? Thanks.

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

Yes, thanks, Mark. This is Ernst. We are -- in our current plan we are modeling a significant step-up in paid marketing. It is in the performance-based category, so very similar to what we have been spending in -- throughout 2016 and it is online marketing.

We are carving out specifically a considered longer-term TV or other brand marketing campaign because we think the profile of that is somewhat different. And the profile is different in the sense of the objectives that we have with it, which is much more around positioning us as a brand and moving user perception as well as creating new traffic. And it will have, in all likelihood, a slightly different financial profile with a longer-term payback period than performance-based marketing.

---

**Mark May** - *Citigroup - Analyst*

Sure, that makes sense.

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

That is why we differentiate between the two. So the forward-looking statement that we have given about our EBITDA for 2017, flat to down year on year, incorporates the significant step-up of performance-[based] marketing; it does not incorporate the brand investment under consideration. And that will be separate and then additional, as we pointed out in our prepared remarks.

---





---

**Mark May** - Citigroup - Analyst

And just to frame -- help us kind of frame the thinking around the potential brand spend, historically when you have done this what was sort of your annualized marketing budget for brand in TV? Thanks.

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

Historically we -- if I go back all the way to 2013, it was about 30; 2014 was about 30; 2015 was roughly 50. Those were not consistent campaigns throughout the year; they were also not consistent globally. But that was the reference point. And we are evaluating where we are going to go from here.

---

**Mark May** - Citigroup - Analyst

And in terms of 2016, roughly how much you spent on brand in TV?

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

In 2016 we were not on TV.

---

**Mark May** - Citigroup - Analyst

Okay. Thanks a lot

---

**Operator**

Chris Merwin, Barclays.

---

**Chris Merwin** - Barclays Capital - Analyst

I just had a couple. So could you talk a bit about how conversion has been trending for instant book? I think you -- obviously you mentioned spending more on performance-based advertising in the US. So I am just curious how well you are converting that traffic and how much more improvement you need to see there to get margins moving up again.

And then the second question is on the branded marketing campaign. I know a few years ago you tried this and you didn't get the desired results at the time, although obviously it was much earlier days for instant book then. So, can you just talk a bit about what you are hoping to do differently this time around? Or is it just a function of the product being much further along in its development so the TV buy should be more effective? Thanks.

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

In terms of conversion on instant booking, we referenced it as a response to an earlier question. We have seen very good instant booking monetization improvement, conversion rate improvement over the last year. We called out our US instant book conversion rate which improved 20% year on year and we continue to make improvements there.

So we feel we are on the right path. The increased marketing expenditure has not undermined that trend. So we have seen good trends -- good trends there. In terms of the comparison with previous campaigns, do want to take that, Steve?



**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Sure. So I think we are probably aiming for something a little bit different now where previous TV campaigns were focused on an actual booking event on TripAdvisor. We are really at this point with our online campaigns, as well as anything that we would consider off-line, focusing on the price comparison and letting TripAdvisor be the site that you are always coming back to when you are ready to book.

I think we made the point in innumerable times, we have so much traffic, hotel shopping traffic that is already up funnel, that is already discovering us through [indirect] or through any of our channels, and love us for reviews. So our opportunity to get those individuals to come back let alone grow the market remains a phenomenal needle mover for us and that would certainly be a focus of any off-line campaign should we [find one].

---

**Mark May** - *Citigroup - Analyst*

Okay, thanks.

---

**Operator**

Paul Bieber, Credit Suisse.

---

**Paul Bieber** - *Credit Suisse - Analyst*

Steve, I was hoping you could provide a little bit of color about what the big product priorities are for instant book in 2017? And which one of the product priorities really has an opportunity to drive monetization?

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Sure, but I will rephrase the question, because from my thinking it is not really an instant book product priority, it is a hotel shopping experience priority. And that spans all devices. We really want to make it as smooth as possible, as easy as possible to find the best price because we have a phenomenal price comparison engine that is pulling prices from 200 plus sites all around the Web.

We have great relationships with hotel chains, with all of the major travel agencies in basically every market around the globe. So how can we do a better job demonstrating to our travelers that we have done the hard work for you, we found the best price, we are putting it in front of you?

And when the TripAdvisor booking option happens to have the best price, and if you have already stored your credit card with TripAdvisor, super, instant book makes for a very easy and smooth transaction. But it is fine if you go down the route of clicking off to a phenomenal partner like Expedia or Priceline. We still collect a referral fee, our monetization still improves.

And so long as we can attract more top of funnel shoppers, turn those shoppers into higher intent bookers because we have helped them decide that this is the right hotel for them, which is the content we have plus the great price comparison, then we have done our job in the funnel, qualified somebody and sent them downstream.

So, I think over the past six months you have seen meaningful improvements in sort of the price transparency on the site. I think you will continue to see over the next several quarters more of that plus a -- let's just say a smoother shopping experience to delight our travelers.

---

**Paul Bieber** - *Credit Suisse - Analyst*

Okay, thank you.



**Operator**

Douglas Anmuth, JPMorgan.

---

**Unidentified Participant**

This is Dave in for Doug, thank you for taking my question. First one, since you now have two (inaudible) on the instant booking platform, along with most of the large chains, could you talk about the IB participation dynamic among the suppliers? I think you mentioned auction, but it you could provide more color on how you determine who provides the booking that would be helpful.

Then on performance marketing, I assume that signals that IB is competitive versus other booking sites in those channels. So if you could provide more color on where you are using those -- using the performance marketing channels and if that is globally. And if not, then when can we expect to see that being used globally? Thank you.

---

**Steve Kaufer - TripAdvisor, Inc. - President & CEO**

Sure. So the second part of the question, what performance channels are we using. We pretty much use them all. I think we are very strong in almost every global market in any sort of performance marketing channels. If you know of one that you don't see us in let me know; it is an oversight, not a strategic decision. Obviously the big ones are search engines and social networks and if that platform has scale then we are using it.

In terms of how we decide who is providing the instant booking, again, I caution you on the -- that may be -- that is a very important and valid question that our partners want to know because they are eager to gain share in our instant booking marketplace with the commission deltas or that selection isn't critical in our overall monetization.

So when we look at growing now throughout 2017 and beyond we look at the overall picture of how we translate a top of funnel hotel shopper into that clicker, whether they click on instant book or meta. And so, it is more significant for us, for instance, to figure out how to drive higher qualified leads by providing better content about hotels, better photos, etc., downstream to our OTA partners or the chain partners than see if we can eke out a few more basis points of commission via an auction.

So [I'd be] -- to more specifically answer the question about the instant book auction, primary factor is which of our partners offers us the best price to book the room because we know our travelers care most about the price. And so, it is usually a -- who has the lowest price is going to win the auction.

When you have a supplier brand plus an OTA brand offering the same price for a particular property, we have a calculation that attempts to understand the likely conversion rate between the branded player and the OTA times the commission rate and that gets us an effective CPC. It is more nuanced than that, but for the sake of this call that is the general game plan.

---

**Unidentified Participant**

Understand, thank you.

---

**Operator**

Kevin Kopelman, Cowen and Company.

---

**Kevin Kopelman** - *Cowen and Company - Analyst*

Can you give us a sense of how big instant book revenue is compared to meta-search revenue on the flagship site? And then just the relative growth rates there of IB versus meta, as we think about that double-digit growth rate for 2017. Thanks.

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

Instant booking is a minority of our total auction revenues. So meta is still by far the larger revenue stream. We don't break out the exact percentages, it is a meaningful percentage that is in IB but it is a clear minority. And as we go forward and project next year we don't break out any growth between meta and IB but reasonable to believe that we expect progress in all.

---

**Kevin Kopelman** - *Cowen and Company - Analyst*

Thanks, Ernst.

---

**Operator**

Brad Erickson, Pacific Crest.

---

**Brad Erickson** - *Pacific Crest Securities - Analyst*

Can you just talk about your platform in place -- that you have in place from a test and learn perspective? I mean you are going up against obviously some pretty big competitors here in booking who have arguably state of the art capabilities when it comes to improving conversion through test and learn. Where is your platform at competitively? And then how much does this forward EBITDA commentary reflect potentially higher spending around platform improvements? Thanks.

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Sure. We have been doing the AB testing, test and learn, all devices, all markets for a long, long time -- testing the conversion as well as search engine optimization, landing pages, purchase funnels, the works. We know that really quite well. And so, our -- I haven't seen the inside of other players, but we are -- I don't want to sound boastful, but I think we are probably pretty close to best-in-class in that category.

When we look at the ability to test it all comes down to the benefits of scale. And at our close to 400 million unique users a month, we just have an awful lot of traffic coming through the site and so that enables us to run tons and tons of tests.

The increased -- or as we go forward, to answer the question of do we need to invest more EBITDA into improving the platform, the answer is, no. We are quite comfortable with the platform and the marketing expense that we look at is really related to the ability to buy more performance-based traffic because the site is monetizing better each quarter.

---

**Brad Erickson** - *Pacific Crest Securities - Analyst*

Got it, thanks.

---

**Operator**

Tom White, Macquarie.

---



**Tom White** - *Macquarie Research - Analyst*

As we think about lapping the bulk of the international rollout of IB should we expect to sort of see a similar re-acceleration in the click based and transaction revenue growth that you guys are seeing in the US? I think you said it was double-digits there in its first full quarter post the lap of the US. Are there structural reasons why the international re-acceleration might be different?

And then just on pricing in the meta auction, can you give us a sense of what is happening with pricing, CPC pricing in meta generally and your outlook there? Thanks.

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

Yes, we have seen -- after lapping in the US, which was in August, we have seen very good growth in the US. And we have -- we have said we have seen double-digit growth, we have recently seen growth over 20% in the US market.

Now we are this quarter going to lap everywhere else. And we do expect that to mean that we can improve the growth rates relative to 2016. We want to be careful though in just extrapolating what we saw in the US to every other market outside of the US, every market is different. Our US is our strongest market. And the lapping will show different results in different markets.

So although we believe it will mean improvement, we want to be sort of conservative in our outlook of if it is going to be close to the US or not. The US will in all likelihood throughout the year lead all these other markets in terms of revenue growth.

In terms of CPCs, we don't give any particular guidance on where we see CPCs go. CPCs are volatile throughout the year; it is the output of an auction not an input of our pricing decision and therefore fluctuates over time. It all comes together in revenue per shopper for us, which is a metric that we look at much more closely. But we don't give specific guidance to either CPC or revenue per shopper.

We have a number of initiatives in place to drive a better user experience, improve our conversion rates. That, when successful, should help us get better CPCs and better revenue per shopper. But we don't give any particular guidance to it.

---

**Tom White** - *Macquarie Research - Analyst*

Okay, thank you.

---

**Operator**

Peter Stabler, Wells Fargo Securities.

---

**Peter Stabler** - *Wells Fargo Securities - Analyst*

Two if I may. Thank you. First of all, could you give us a little color around the new hotel sort algorithm that you mentioned in your letter? And then secondly, on the revenue per hotel sharper trend that you have put in the letter as well, has it turned positive in the US? Thanks so much.

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

I will take the first question. On the new hotel sort, you will see currently -- and we played around with this for many years -- the notion that a raw ratings list is not necessarily what consumers want. Several years ago we had a just for you personalized list where we are trying to give you, you the customer, a better view into which hotels are going to be right for you in a particular city.



We have rolled out in some of our markets on some of the platforms a new hotel sort that really takes price into account so that we are less likely to be showing you by default, to take an extreme case, \$1,000 a night hotels at the top of a city when the vast, vast majority of our audience could never be interested in that.

So again the sort is aimed at improving the hotel shopping experience in the subcategory of helping you the traveler find the best hotel at the best price. We remain true to our unbiased -- we want to only be giving you great hotels, recommending to you great hotels, but we have to make sure that they are affordable to the person that is doing the shopping.

---

**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

And indeed revenue per shopper growth in the fourth quarter was positive in the US. It was still improving but still negative year on year globally. But it was positive in the US.

---

**Peter Stabler** - *Wells Fargo Securities - Analyst*

Thanks, Ernst.

---

**Operator**

Jed Kelly, Oppenheimer.

---

**Jed Kelly** - *Oppenheimer & Company - Analyst*

If you choose to execute a brand campaign would you plan to advertise around any of your non-hotel products, or would the vast majority be dedicated to the hotel shopper experience?

---

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

This is Steve, thanks for the question. It is a good one. We have such a breadth of audience, such breadth of product, we can offer so much in the full trip. But we clearly view our challenge over the next year or two to focus in on the TripAdvisor as a great place to compare prices and book.

So you might see another one of our businesses do some independent TV campaigns. If you are in Italy you might see a TV ad for TheFork, our restaurant app. So I am not saying it would be the only one, but when we talk about materiality and when we talk about considering a brand campaign, it's certainly just going to be around the core hotel shopping experience.

---

**Jed Kelly** - *Oppenheimer & Company - Analyst*

Thank you.

---

**Operator**

James Lee, CLSA.



**James Lee** - CLSA Limited - Analyst

Can you help us understand how should we think about the monetization closing the gap between IB and meta in international markets? In the US I think you closed the gap in four quarters. So how should we think about the international market, especially if we take into context that the region is a lot more fragmented?

And second question on IB is, I am just curious why you are able to close the gap on PC but not on mobile specifically. Why wouldn't mobile be more difficult in terms of closing the gap? Because I thought the original intention of creating IB was you want to close the loop on mobile on meta specifically. Thanks.

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

I think the first important point to point out is we are not necessarily looking at IB monetization versus meta. What we are looking for is getting our total conversion on the site up and getting our total monetization for our shoppers up. And what that means in practice is that we have an IB product, we have a meta product.

We will -- dependent on the particular search of the shopper, we will see price as an important driver of it. Do we have the best price in IB? It is part likely that we put IB in front. Do we have the best price in meta? More likely that we put the meta option in front. So we will privilege IB versus meta dependent on a number of factors. So it is not necessarily just a side-by-side and one compares such and one compares the other. And so we are much more focused on the overall.

Having said that, as we said, we have improved IB over time, especially in the US -- likely to keep improving it outside, not necessarily at the same pace. And we will see that the same on the phone. But it is not our primary focus. Our primary focus is making sure the overall shopper experience creates the most bookings at the best possible price for us.

---

**James Lee** - CLSA Limited - Analyst

Thank you. And can you just elaborate international timing or international in terms of reaching the parity or monetization between IP and meta versus the US market? Help us understand the timing a little bit. Thanks.

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

US clearly ahead. We rolled out earlier, lapped earlier, we are lapping in Europe this quarter. We will have more to say when we see more of those results, but we expect to continue to -- outside of the US to lag US performance.

---

**James Lee** - CLSA Limited - Analyst

Great, thanks.

---

**Operator**

Dan Wasiolek, Morningstar.

---



**Dan Wasiolek** - Morningstar - Analyst

Just on the non-hotel side, I know you called out FX as a headwind in 2016. But just trying to gauge the growth rate of this segment in 2017 and kind of noting on a two-year stacked trend how it has slowed some in the last six months of 2016. Just wondering if there is I guess anything else besides FX that maybe was a headwind, model transition, etc., at the end of 2016 to help me model -- or help us model for 2017. Thank you.

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

So our non-hotel growth was solid in the fourth quarter, 31% year on year. Our full-year growth in non-hotel was very solid too. So we are very pleased with the progress we are continuing to make on revenue growth as well as on the underlying availability of product. And we don't give specific guidance for our non-hotel segment growth rate. But we are pleased where things are and we expect growth -- solid growth from the non-hotel segment going forward.

---

**Dan Wasiolek** - Morningstar - Analyst

Okay, thanks. And just quickly one more if I could. Sales and marketing expense, as we look into 2018, maybe it is a little bit early, but do you think that the levels of sales and marketing as a percent of revenue in 2018 would be above 2016 levels? Thank you.

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

2017?

---

**Dan Wasiolek** - Morningstar - Analyst

For 2018, if the sales and marketing expense as a percent of revenue in that year would be above the levels that we saw in 2016, just kind of taking a little bit of a forward look out. Maybe it is a little bit early. But just wondering if any thoughts on the lift here in sales and marketing, whether or not that is going to be sustained to some degree beyond the investment you are taking in 2017.

---

**Ernst Teunissen** - TripAdvisor, Inc. - CFO

I think it is a bit too early to talk about 2018, we are early 2017.

---

**Dan Wasiolek** - Morningstar - Analyst

Very good, thank you.

---

**Operator**

Brian Fitzgerald, Jefferies.

---

**Stan Velikov** - Jefferies LLC - Analyst

Good morning, this is Stan Velikov for Brian, thanks for taking my question. Outside of the impact of instant booking rollout, were there any other important factors that impacted growth across international geographies?

---





**Ernst Teunissen** - *TripAdvisor, Inc. - CFO*

The instant booking rollout was important. We have also called out that we are operating in a competitive environment and our competition has not been standing still. As a result of the instant booking rollout and the revenue per shopper pressure we saw as a result of that, we have not been able to grow our performance-based marketing line as much as some other players in the industry have. And so we have continued to operate in that environment, which has contributed to our 2016 performance.

**Stan Velikov** - *Jefferies LLC - Analyst*

Okay, great. Thank you.

**Operator**

Thank you, there are no further questions in the queue. I will turn the call back over to Steve Kaufer for closing remarks.

**Steve Kaufer** - *TripAdvisor, Inc. - President & CEO*

Okay, well thanks, everyone, for joining the call. I really want to thank our employees around the globe for their hard work in 2016. We made a lot of good progress and have put ourselves in a great position. We thank our investors for their continued support and we look forward to updating everyone on our progress next quarter. Thanks.

**Operator**

Thank you. Ladies and gentlemen, this concludes today's conference. You may now disconnect. Good day.

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2017, Thomson Reuters. All Rights Reserved.