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EXPE - Expedia Inc at Phocuswright Conference

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CORPORATE PARTICIPANTS

Mark D. Okerstrom *Expedia, Inc. - CEO, President & Director*

CONFERENCE CALL PARTICIPANTS

Mark Stephen F. Mahaney *RBC Capital Markets, LLC, Research Division - MD and Analyst*

Douglas Quinby *PhoCusWright Inc. - SVP of Research*

Stuart MacDonald

PRESENTATION

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

This lawyer by training and Harvard Business School graduate has worked his way up over more than 10 years to become the second Canadian to lead this company. Ladies and gentlemen, please welcome President and CEO of Expedia, Mark Okerstrom. Welcome, Mark. Welcome.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Thank you. Hello, travel industry. I'm Mark.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

You recognize that music?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I do, yes.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Sound familiar?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Nice. I want dance music. I like that.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

So we're a research company, and so I've been doing some research.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Okay.



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Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

And I understand that you're a big fan of pop music.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I do like a little bit of pop music from time to time.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

And there's a particular song by Lady Gaga that you've developed some special moves to.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

There's some moves, yes.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

So who would like to see a demonstration by Mark Okerstrom? I believe it's called the worm.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I have been known to do that, yes.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

I could get the music going now.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Let's wait till the stock price is 3x where it is right now, and then maybe I'll earn the right to do one.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Okay. So that's going to be in 3 years, 10 years?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I feel like I'm in another investor conference.

QUESTIONS AND ANSWERS

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

So you've just become CEO. You have your first earnings call.



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Yes.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Didn't quite go the way you had hoped, I would imagine. Like what did you dislike? What did you dislike? Like what do you -- what's your...

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Well, listen. What a new CEO usually does is just blames the old guy.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

I was prepared to let you do that.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I'm not going to do it.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Who was that again? I can't remember.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

So definitely, I'm not going to do that. Listen. I think the earnings call went as we expected. There were a number of short-term factors that impacted us. There was -- on the horizon, we saw expectations out of line with what we plan to do. And quite frankly, we've had plans in place, even when Dara was here, to actually step on the gas on a number of certain areas, and we announced that to the world. So listen. I think that we always hope that the stock goes up and up and up. But as we know working in a dynamic industry, that's not always the case. And we've had steps down over time, but over the long term, it's always been up and to the right, and the plan for the future is that it will be up and to the right.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Well, so can you walk us through a bit from your perspective of what -- well, how should we look at what's been going on over the past couple of days? I mean, over -- what we've seen is, what, 3, 4 companies now combined, shedding about \$20 billion in market cap. So we spoke to Glenn Fogel last night, and he was pretty strong in his conviction, look, this is not structural. This is just the market. So tell us what's going on.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I completely agree with him.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

What a shocker.



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I think he's a very smart man. We certainly don't see anything structural changing. I think that...

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Well, what do you think the market sees? Why is the market reacting that way?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Well, I think, listen, when 4 companies come out and take down market expectations, they see disappointment. And I think the question is how have those expectations been set. I think that in our case, I think we could have done probably a better job, setting better expectations early, but there's nothing structural. I think they see companies that didn't deliver what they were expecting, and I think that's reflected in the stock price. And over the long term, I think they will find that this was a blip.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Well, we've had some discussions, too, over the last couple of days about some of the possible drivers or issues that are going on. So one, obviously, kind of pressure in the funnel for kind of hotel and what's going on there, is demand slowing a bit, is organic room night growth slowing. I mean, for years, the 2 companies have had some pretty amazing growth. Is that slowing down? Are we starting to kind of hit...

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Well, I mean, all I can do is point to our numbers, right? First half of this year, our room nights grew 17%. In Q3, normalized for about 100 basis points of storm impact, they grew 17%. So we haven't seen it. I'll tell you right now that the lodging industry isn't growing at 17%. We continue to grow at rates significantly faster. And if I just look at the next question of, well, where is this growth going to come from, listen, we've got 500,000 instantly bookable properties on Expedia, Inc. sites right now. And you just compare that to our larger competitor, who's been at this game of adding properties and marketing them globally for much longer than we have, and you see a ton of runway ahead of us. So again, I don't think there's anything structural. I think that room night growth, at least for us, looks solid.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

So what about on the hotel side that we heard from the analysts, the Wall Street analysts this morning? A lot of concern about some of the success that the big hotel brands have had with their loyalty initiatives. They're seeing some shift of consumers moving from OTAs to brands. We've also -- I mean, we've been hearing from Dara for years about there's been downward pressure on commissions. So you kind of combine that along with some of the other pressures, like what Google is doing at the top of the funnel. You can create a narrative, which doesn't look super rosy for the likes of Expedia and Booking and...

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Well, I think it's easy to try to piece together a bunch of interconnected things and come up with a narrative.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Well, that's kind of my job.



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

And I think that sounds like a great narrative. Well done. You're great at your job.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Can we -- can someone tweet that, please? Just -- okay.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Endorsement. Listen. I think as it relates to the hotel chains, hey, listen, it doesn't surprise me they're trying to drive direct business. So are we. What we see in our channel is despite the fact that they've been doing that, our conversion rates have not changed. Our growth rates look very solid. What we have seen, though, is that when hotels do not provide competitive rates, their competitors come into the marketplace on our channel and provide very competitive rates. And ultimately, they choose those hotels over the uncompetitive hotels, and those hotels drift down in the sort order. So we've actually seen a shift in our marketplace from chain hotels that are pursuing this activity to independents or the chains that aren't. So is there a share shift happening in our channel? Yes, and maybe they're getting that volume direct, and I hope that it's working for them from an economic standpoint. And if it is, great for them, great for us. You brought up margins. I mean, just to be clear, what we have done with margins as it relates to the global chains is we've essentially restructured things so that -- we used to be in a world where we were a premium price for all. And instead, we've gone to lower structural margins that are aimed at better tailoring our compensation to when these big chain hotels need us and then also giving them the ability to, either through their individual hotels or through their central revenue management teams and distribution teams, the ability to actually bid up with our accelerator program, to get more volume when they need it off of these low structural bases or use our TravelAds product, which is a sponsored listings product. And we feel like our work is done in terms of getting the base level compensation competitive. I mean, we're cheaper than GDS, can you believe that, in many of these cases, and yet the platform's incredibly flexible. And really, now we're in a dialogue of how can we help our chain partners make the best use of our channel because, again, the real competition here is not us versus the chains. It's them versus each other and the rest of the hotels, and we're simply a platform, and we want to broaden the dialogue.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

So if you are so much cheaper than the GDS, why does it look like they're trying to give you guys such a hard time?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Well, I think, listen, these are big brands that are run by great executives who have big ownership groups, who are saying, "I don't like that line item on my statement that's called OTA fees." And it keeps growing faster, even though we've restructured our margins because we're growing faster. And so their job is ultimately to drive more direct business, and that's exactly what they're doing. That's what their owners are doing. And like I said, I hope that it's working out well for them from an economic standpoint. It's working out fine for us. If it works out well for them, maybe we hit a new equilibrium, and then life is good. I will say, though, we've got a number of chains who are being, I would say, a lot more forward-thinking in thinking about us as a platform. We've got a number of chains who -- some of which we've disclosed, some of which we're still in discussions with, who are actually using us as a platform to acquire new customers. Red Lion's a great example, where you're able to get discounted rates if you sign up for the Red Lion loyalty program on Expedia, and we 4x-ed their loyalty sign-ups. Like it works, and I think that -- I'm hoping that's the direction it goes.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Do you expect more chains to sign on and do more of that? Like where do you see the future of that program?



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I would expect so. I mean, the results have been incredibly encouraging.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

And if I do that, if I'm customer and I end up signing up to the loyalty program, thanks to Expedia, why would I go back to Expedia in the future and make that booking? I'll just go right to Red Lion.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Do you stay at a Red Lion everywhere you go all the time?

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

I confess it's been a while. I do.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

People stay at different places. For people who go to the Red Lion all the time, they're already members of the rewards program. They're not on Expedia. Less than 0.5% of hotel shoppers on Hotels.com are searching for the largest chain by name. Like our customers are brand agnostic. And the more international we go and the more we drive demand inbound into some of these chains, I think that's only going to get smaller and smaller.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Really interesting comment from -- I think it was Rachael Rothman of Susquehanna this morning, a lodging analyst there. She really saw a very clear advantage with the hotels just because once the booking is made, you kind of lose the guest. The guest is on property, and there's things that they can do that you can't, whether it's around services, amenities, check-in and so forth. And her view was that as these hotels get better at it, that they're going to have an advantage in retaining and getting these customers coming back and back. My sense is, overall, hotels haven't been very good at it so far, but clearly, that's something that they're very focused on. Does that put you guys at a disadvantage? Or how are you thinking about kind of getting Expedia more, I guess, into the trip, right, beyond the booking?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Well, I think there's a number of things that we've been working on. One is we've certainly been experimenting with keyless entry. I think it will be very interesting, actually, to see with Amazon Key -- and we spoke with a number of hotel partners who were looking at that technology. It's really a horizontal provider to the whole industry. Certainly, we know the Amazon team very well, and they're just down the road. I think that creates opportunities. We've got a great business in ALICE that recently acquired another company called GoConcierge, which is really helping hotel partners with hotel workflow, in many cases. And the dream for this again is that we're real partners for hotels, where -- we have millions and millions of Expedia customers, hundreds of millions of app downloads. Our customer shows up in a hotel. They ordered a towel. It's in the back-office system. Now we can feedback to hotels, here's how your staff is actually doing in responsiveness. Now we're helping them. And so there's a couple of things that tangibly, we're doing right now. But listen, at the end of the day, I hope that all of our hotel partners give our customers an amazing experience when they show up on the property because what I'll tell you right now is when the day that hotel X does not give our customer free WiFi and hotel Y does, our customer's going to pick hotel Y. So the best way for hotels to create loyalty is to give our customers, new customers,



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incremental customers an amazing experience. So next time they're on our platform, they pick their hotel, not the next one. And that's where the dialogue needs to go.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Okay. I want to switch gears a little bit. So you are new in the job.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Yes, I am.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

There's a -- you're following in some pretty big footsteps, right?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Huge, yes.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

So I guess, one could say -- or the question really is, how are you -- I've actually been trying to phrase this in a way that -- so how are you going to make your own mark? I apologize.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Nice pun, yes. Yes. Well, listen.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

I've been working on that for a while, by the way, so...

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Yes. I think first of all, Dara was an amazing leader and was an amazing mentor to me. And I and, I think, the whole Expedia team and the whole ecosystem owe that man a great debt of gratitude for what he built for all of us, which is just -- which really is remarkable. When I think about the founder of Expedia, Inc. as it exists today, it's -- (inaudible) and he pulled this business together. I was fortunate, though, over the course of the last 11 years, and more specifically, in the last 6, to really help him take it from a business, in the first 5 years, just figuring out how the hell do we get all these businesses to work together to, the last 6 years, being, okay, we got this. Let's actually get all of the pieces we need to turn this business into the global platform for travel, like sending every customer anywhere by any means, stay in any place. I mean, that's where we're going. And we had this joint vision for where it could go. And my job is to ultimately, over the next 5 years, deliver on that ambition and deliver on that mission. And the thing that -- listen, the thing that is not as well known is this isn't just about me taking over for Dara. We've got an incredible executive team who is fired up to take this to the next level.



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Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

But what's different about you? And what's going to be different? What is the Mark Okerstrom legacy going to be about at Expedia? Where are you focused on?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Well, I am profoundly focused on what I would just call hard-core operations. I mean, there are -- this is an incredibly complex business.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Well, does that mean kind of a deemphasis of the M&A strategy that's driven so much of your growth over the past decade?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I think by nature of focus and opportunity, potentially. But remember, I ran the M&A team, so it's still -- it's in my blood. I can't stop myself if we see something that is strategically and financially sensible. But when I look at where the value-creation opportunity is for this business, for our shareholders, for this whole industry, it's in taking these businesses that, over the last, really, 6 years, we put together and really transformed, re-platformed technology platforms, restructured hotel margins, launched agency hotel, like go down the list, remarkable what we've done and taking it and actually just operating it to the next level, setting clear priorities, figuring out things that we're not going to do, focusing on building #1 leading market positions in a number of markets around the world, getting that done, moving on to the next one. Operational rigor is where we need to be to actually realize on the full value of this thing, and that's what I want my legacy to be.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

So you had an interesting comment in the earnings call about kind of one of your visions for the future of Expedia. I think the phrase was putting the A back in OTA, with an emphasis on customer service. And so I thought that was kind of interesting, especially because I remembered Travelocity. I think it was about 12 or 13 years ago. And the CEO, Michelle Peluso, at the time bet the farm on customer service, and it didn't work out. I think the market wasn't ready. So what's changed?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

The world has changed dramatically. And when I talk about customer service, I'm not necessarily talking about humans. The last 20 years of online travel has been about taking that green screen and turning around, putting it in the hands of consumers, so they can research, and importantly, they can book. But travel agents also had this also very important thing, supporting function. When things went wrong -- and you guys will know. Things go wrong in the travel industry all the time. Weather happens. Wrong room, didn't like the hotel. Travel agents would help you sort out that problem, and that's, I think, the next phase in where we're going. Now versus 12 years ago, by god, we've automated like so much of the stuff. It's probably over 90% of the reasons why people would make phone calls. It's all now been automated. Chains cancel. You name it. Questions all getting answered in an automated fashion. We're in the early days, but we've got chat bots with LINE and with Facebook Messenger that are automating a lot of service.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

But how far off is that? I mean, I've used a lot of these services and tried it, including Expedia. I mean, it's not been mind-blowing.



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

It's in infancy. It's in infancy so far. But for anyone who wants John Kim's presentation this morning, I mean, his cycles of innovation are speeding up. And when change happens, it can happen exponentially. So I think it's just a matter of time. Listen, we just need to be in the dialogue. We need to be working with everyone in this space, including not only chat bots but voice, et cetera. But there's other simple things we can do now, too, because we've automated most of these things, but we still take 55 million phone calls a year. We're actually in a position now where, if we really know our customer well, if we really know it's you and you spent \$100,000 with Expedia last year, it was all on hotel, I'm actually in a position where I could maybe afford to spend like time on the phone with you, even though you just booked a flight to Missouri, and actually solve your problem because I know it's you, because I know my customer. And I think this is where we're going to go. I'll give you another great example. So if you're (inaudible) customer right now and you've got a connecting flight and your inbound flight is delayed and you miss the next leg overnight, by the time you land, there's going to be a notification that says, "We're holding a position for you on the flight out in the morning, and we booked you into this hotel. Click here to confirm or talk to an agent." It's another example. That's putting the A back in OTA, and I think we're just very much in the early stages.

Unidentified Participant

Douglas, we have a question.

Stuart MacDonald

It's Stuart MacDonald from Points. So we talk a lot about hotel. There's a lot of money in hotel. There's a lot of money in packages. But air is the milk at the back of the store. What's the future of air? And what sort of investments and direction is Expedia making in that sort of critical driver that you can attach to?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Yes. I think it's great question. I mean, I think we have been fortunate in that we have actually continued to invest in air, particularly over the last 5 or 6 years. If you took the Expedia.com site in 2002, when, Stuart, I think you were still there, and you compared it to the Expedia website in 2007 for air, they look remarkably similar. Well, now they look dramatically different. We've been working on search speed. We've been working on finding ways to bundle different legs from carriers together to create itineraries that actually can't be created by the supplier alone. And so I think we've been investing in the user experience. But we're still very much at the early stages because where things are going to go is that instead of us requiring you to designate yourself as an air shopper right out of the gate and put you down this path with your blinders on, often with a tab, where we're going is to a spot where you can start wherever you want. You can add a flight. You can add a hotel later, and you can bundle these things together. And it's going to start to look a lot more like a shopping cart. And in that case, things get really exciting. I mean, we have airlines and hotel partners that are giving our customers incredible deals when we match these things together. So I think where air goes is much more in the area of bundling, where we can really add value. I also think that there is a great opportunity for us just given the platform that we've built, this 2-sided platform, where we can engage airlines with activity not dissimilar from what we do with the big hotel partners, where we can start really targeting customers on a one-to-one basis for special deals, get rid of some of these excess inventory, help them with upgrades, all of these things where -- we've actually got the tech platform to really start to do things. And I think we're -- again, I think the next 5 years are going to be incredibly interesting.

Unidentified Participant

Doug, there's another question from the floor.



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Mark Stephen F. Mahaney - RBC Capital Markets, LLC, Research Division - MD and Analyst

Mark, Mark Mahaney. I got a crazy idea for you. Are you ready?

Mark D. Okerstrom - Expedia, Inc. - CEO, President & Director

Bring it.

Mark Stephen F. Mahaney - RBC Capital Markets, LLC, Research Division - MD and Analyst

Airbnb, there's some news about how they were looking to vertically integrate maybe and become -- own a hotel or at least brand a hotel. What about doing something like that for Expedia and like -- either it's a white label solution or a little bit of vertical integration and creating a little bit more of something that's unique about the Expedia brand and in accommodation?

Mark D. Okerstrom - Expedia, Inc. - CEO, President & Director

Yes. I mean, it's an interesting concept. I think I would generally steer away from that type of activity, at least for Expedia. I mean, we really view ourselves as a platform, and we want to be neutral in the sense that we don't want to be in a position where there's an Expedia hotel that we actually want to be something that we're preferencing or biasing. And by the way, I think we'd be terrible at operating a hotel. We know nothing about that. But what we are trying to do is create opportunities for hotels, groups of hotels, to actually distinguish themselves as being different, being approved, part of a program. So we've got a VIP Plus program right now, where select hotels who want to step up and provide great deals for our rewards members, providing amenity, provide free upgrade can actually step into that program, and the reception has been incredible. So we're interested in providing similar-type experiences but not from us operating the hotel.

Douglas Quinby - PhoCusWright Inc. - SVP of Research

What about other segments? Or maybe it's geographies. If you think about kind of long-term kind of priorities for growth, do you think about it in terms of vertical sectors or geos that you want to kind of deeply into?

Mark D. Okerstrom - Expedia, Inc. - CEO, President & Director

I think the geo opportunity is absolutely massive. If I look at our presence around the world, again, if you think about the 3 phases of Expedia, one was get all these things, figure out how they go together. That ended 2009. 2010 through 2017, re-platform the stuff, modernize it, get it in the spot where you've got the car built and you can drive it. The next phase is about driving it. And I think that over the course of the last 6 years, we've done a great job essentially just expanding our presence, planting new flags, getting hotels where all of our U.S. travelers want to go. But we haven't yet been in a position where we've been able to focus and say, "You know what? I want to be #1 in Malaysia. I want to be #1 in Korea." And to do that, you need to go acquire all the properties alternative to accommodations. I got to have all the payment types. I got to have the airlines. We haven't done that because we've been focused on other things. But on a go-forward basis, that's exactly what we're doing. So I'm really excited about the geo opportunity, and that's going to be a big focus for us. And then fast follower, particularly for Brand Expedia, is yes, bringing all these products in, we think, is a huge opportunity in activities, for example.

Douglas Quinby - PhoCusWright Inc. - SVP of Research

I've heard someone talk about that. I can't remember who, but I know -- yes. So I want to wrap up with just a game.



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Okay.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

We call this either/or, right? So for example...

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I'm slightly frightened.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

No, it's harmless, harmless. So for example, I could say chocolate or vanilla, and you would say...

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Vanilla.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Vanilla.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Yes.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Is that a Canadian thing or...

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I don't know. For some reason, I just order vanilla ice -- a scoop of vanilla ice cream every time for dessert. It's one less decision I've got to make.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Okay. Are you ready?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Yes. We aren't done?



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Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

And then we're done. You may leave. Trump or Trudeau?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Trudeau.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Justin Bieber or Justin Timberlake?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Timberlake.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Bieber is the Canadian, right?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I know, but I would forsake him. I do like Despacito, though. I must admit.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Android or iPhone?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

iPhone.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Siri or Alexa?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

This is a -- I have to say Siri, but I think Alexa's cool. And I got a Google Home Mini, too, which is pretty sweet.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Okay. Voice or chat?



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Voice.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Instagram or Snapchat?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Instagram.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Google or Facebook?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Facebook. I want them to be successful.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

I'm not reading anything into that. Alibaba or Amazon?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Amazon.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

China or India?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

China.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Trip or trivago?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

trivago.



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Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Homes or hotels?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Hotels.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Marriott or Hilton?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

I can't pick a favorite.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Loyalty or points?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Loyalty.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

10% or 18%?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

15%.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Optimism or wishful thinking?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Optimism.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Airbnb or Booking?



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Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Airbnb.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Uber or Lyft?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Uber, no-brainer.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

CFO or CEO?

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

CEO.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Ladies and gentlemen, the CEO, Expedia, Mark Okerstrom.

Mark D. Okerstrom - *Expedia, Inc. - CEO, President & Director*

Thank you.

Douglas Quinby - *PhoCusWright Inc. - SVP of Research*

Expedia, Priceline, trivago and Trip, \$20 billion market cap slip. Market's up, well, mostly down. What the fair harbor is going on? Is online travel slowing down? Hotel direct, Google threat, met or retreat, Steve Hafner's new retreat. Paul English buys Twitter. Wouldn't that be a treat? The camera is my new UI, voice, messaging, chat, AI and machine learning, machine learning, machine learning. I don't want a new device. I'd rather have an upgraded life. Blockchain, Bitcoin, digital assistant, hype cycles or innovation. Travel craves reinvention. (inaudible), [splitty, messy, beachy, beasley], how peachy. I just don't believe Joe Cutler is lazy. Start-up stories, investment themes, congrats to all the winners and to 3peat redeem. Focus wire launches, the conference closes, but not for long, have no fear. In Gurgaon, Amsterdam and L.A., we will see you next year. Thank you, Mark. That wasn't too bad. It wasn't too painful.



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