

THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

EVENT DATE/TIME: MAY 15, 2018 / 1:20PM GMT



MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

## CORPORATE PARTICIPANTS

**Stephen Kaufer** *TripAdvisor, Inc. - CEO, President & Director*

## CONFERENCE CALL PARTICIPANTS

**Douglas Till Anmuth** *JP Morgan Chase & Co, Research Division - MD*

## PRESENTATION

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

All right. We're going to go ahead and get started. My name is Doug Anmuth. I cover the Internet sector at JP Morgan. It's our pleasure to have with us Steve Kaufer, CEO of TripAdvisor.

So TripAdvisor is the largest travel website in the world with 455 million unique monthly visitors. It features more than 630 million reviews and opinions, covering more than 7.5 million accommodations, restaurants and attractions and operating in 49 markets worldwide.

So Steve cofounded Trip in 2000 with the mission to help travelers around the world plan and have the perfect trip. He now leads the company, which includes 24 other travel brands. Prior to cofounding Trip, Steve was the President of CDS, an independent software vendor. And prior to that, cofounder and VP of Engineering at CenterLine Software.

So welcome, Steve.

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Thank you.

## QUESTIONS AND ANSWERS

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

So let's start big picture. Travel is big, no doubt. A number that people quote quite often is the Phocuswright number of \$1.6 trillion. There's some recent Oxford Economics numbers that suggest even up to \$5 trillion.

Can you just talk about where you think Trip is kind of positioned along that journey for a consumer and how you're doing in terms of capturing the economics that are comparable to your influence in the space?

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Sure. It's an absolute true statement. Everyone knows that travel is a phenomenally large industry and so much of it is already on the Internet, at least in the hotel and airspace. We can talk about experiences later, which is still coming online.

But TripAdvisor really has a fantastic position, we believe, because it spans so many of the different aspects of planning a trip and having a trip, from an airfare search to a lodging search to a what am I going to do when I get there and have a great time? Where am I going to eat? How am I going to shop? And let me now share that experience with friends and family after the trip and then cycle it all back to do it again. And this works equally well for that magical 2-week trip to a special place as well as the 3-night stay to visit grandma.



## MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

So you've got Trip positioned at the top end of the funnel. Where should I go? What do my friends say? What are all the recommendations that this incredible number of reviews has to offer? Down to the price comparison. Hey, I want to make sure I get a good deal. I want to find the right hotel for me. I want to have a fantastic experience when I get there. And then, if you are the type that likes to share, the capability to share on the way out.

So again, pretty full spectrum. And when we look across the ecosystem, there aren't too many other players that can offer that type of utility to the traveler.

---

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Okay. Great. So you've made some big changes over the last several years, so positioning has kind of shifted a little bit. Improved the user experience, really changed the user perception around best price. Can you talk about how that's progressing and what else do you think you need to do there along those lines?

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Sure. So TripAdvisor had the amazing fortune of growing up in a time when user-generated content was relatively new. We built up a phenomenal engine around generating reviews, people's opinions on where to go, where to stay, what to do on a trip, on vacation. And we've always been able to help people actually book a property, book an attraction, but a lot of people didn't kind of realize that.

And so a few years back, we went down a path to improve our hotel comparison shopping engine. That's the one that helps -- that searches a couple hundred sites and really helps find the best price for any particular property.

Last year, we started on TV, announcing that, sharing it to the world. The product wasn't new, but the positioning of the company around helping you find the best hotel at the best price was something that a lot of people didn't realize.

And so we're pleased to be talking about how we've continued that TV campaign into this year. It's working. We're seeing the results. More people have come in to the site because, we believe, of those TV commercials. And when folks are hitting the site saying that they came to us because of TV, they are doing the behaviors that we like. They're actually shopping more. They're clicking more to our clients. They're reserving more hotel rooms.

At the end of the day, in our hotel shopping experience, that's what we care about the most, how many heads are we putting in beds. And with the positioning of the company a bit from a review site to the all-purpose travel site that's great at finding you hotel deals, hotel price comparison, best prices, that helps that whole economic piece of the equation.

---

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Okay. Great. And how does your new organizational structure play into the longer-term strategy of the business?

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Great question. So we did the -- we announced internally a reorg at the beginning of the year. And we're pretty excited about it internally. And I think it's meaningful when you look at how we play out TripAdvisor over the next 5 years.

So we reorganized into specific business units. We have a hotel shopping business unit, attractions, flights, restaurants. And then, there's this other business unit called core experience. And core experience is kind of the new piece of the equation and it's our effort to kind of put muscle behind our position in the overall ecosystem. This business unit is half dedicated to building that common infrastructure so that a consumer see TripAdvisor



## MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

no matter whether you're searching for a hotel or a flight, a restaurant, an experience as one site, one app, great commonality, consistent sharing information between the business units to help understand where you are as a consumer over the course of the product. And half of that team is dedicated to the transformational aspect of making sure when you come to TripAdvisor, the brand site or app, you get to see so much more than just the individual capabilities around each of the shopping experiences.

So when you compare this organization to some other companies, you'll see that core experience business unit is really the secret sauce and that's the thing that will be taking our 450 million new views or 600 million-plus reviews. The fact that we have so much traffic across all aspects of the travel and how we are essentially leveraging those pieces to the next generation travel platform, not specific to the hotel chain, not specific to restaurants, but to make sure you're coming back to TripAdvisor because we really offer something that nobody else does, how is it that team leveraging that going forward.

---

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. Great. Let's dig into your Hotel business a little bit more. So you had auction stability that kind of started in 4Q, extended through the first quarter. You've kind of talked about it as extending into 2Q as well. What do you attribute this to? And then, can you talk about some of the ways that you're working on improving auction economics?

---

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

Sure. We've been working hard, as we have been for the past year, on making sure the quality of the leads that we send downstream to our clients are high, that it's not just a click, it's a click that is going to purchase a hotel room. It's going to purchase an experience, so whatever it is that the lead is for.

So specifically, the hotels we're monitoring, we're looking very closely at that downstream traffic and doing what we can on our site and from our traffic sources to help build up the quality of that traffic. We're client-friendly. So we allow folks who click off from our site to monetize as best our clients can. And so I think we've done a good job earning the lead dollars that our clients are spending with us.

---

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. So you noted last week basically on the call that you'd see back half click-based revenue trends, that you expect it to improve. Can you talk about some of the key drivers of that expectation? Obviously, the comps get somewhat easier, but also just in terms of product wins and other things.

---

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

Right. So we're very good at kind of releasing a regular cadence of revenue optimizations, conversion improvements as well as kind of meaningful site experience benefits. And those tend to compound over the course of the year. In the back half of this year, in particular, we're comping over some changes from our client bidding behavior, which hurt us in Q3 and Q4 last year, which we get the benefit of this year. So that's kind of -- the beginning there is obviously off to a strong start, but there's still that headwind off of that bidding change. And then, in the back half, we don't have that headwind anymore.

---

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. So you've been optimizing hotel marketing investments over the past year. Let's talk about the ongoing work you're doing there on the performance marketing side. You mentioned the focus on the quality of leads and traffic. I guess, can you just talk about how this is impacting kind of trajectory on the Hotel business, but then also the near-term profitability that you see more recently and going forward?



## MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Yes. So as everyone knows, we've been shifting a bunch of our spend from the performance marketing to the more longer-term-oriented TV advertising. As we've been pulling back from the performance marketing, we're -- obviously doing the smartest way possible, we're pulling back on the least efficient pieces of that channel. So it does have an impact on shopper growth. It does have an impact on some of that Hotel revenue, but we're pulling back on our least profitable spend in that channel and we're applying some of that over to the -- to growing our TV spend on the other side. TV spend isn't the immediate shopper growth, but it's building that longer-term lifetime value. People will appreciate TripAdvisor for not only the reviews, but the terrific prices that you can find on the site. And that combination is, in fact, yielding a much better bottom line because we've pulled back more than we've spent elsewhere. And we believe, because of the surveys that we've done, we're building up the type of image, the type of reputation, the type of brand awareness around TripAdvisor as a place to shop, not just read reviews, which is helping all of our other channels to some degree.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

And when you think about that higher-quality traffic, how do you think about, I guess, the degree to which it's driven by better targeting in performance channels versus the improved user experience?

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

I'd say you're going to have probably 3 meaningful components to that, pretty hard for us to measure, but great question. So the TV is out there in all of our major markets and it's talking about using TripAdvisor for a different bit of functionality, not reading reviews, but comparing prices, finding the price, finding the lowest price. And we know that, that's driving some of the behavior on our site to appreciate that new component for people who are already on TripAdvisor.

Point 2, you've got additional kind of using the downstream conversion information to better target and retarget up funnels so that we're buying people who are -- on traffic acquisition, buying people who are more likely to actually make the reservation. That's a great aspect in terms of improving the quality of downstream leads, improving the efficiency of our top-end marketing. And I already forgot the third of those 3, so...

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Okay. How should we think about the cadence of hotel shopper and revenue per hotel shopper growth just as we go through the rest of '18?

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Yes. So hotel shoppers have been taking a bit of a hit because, as I say, of the pullback of performance marketing, which drives quantity of hotel shoppers, but we're being smart about it. And so we feel like the total number of hotel shoppers may be dropping a bit, but we're losing -- or we're dropping -- we're leaving behind some lower quality hotel shoppers, so it's not impacting the business quite as much.

Revenue per shopper, you see, is continuing to make gains. And we're basically -- well, level set, we continue to see, over time, improvement on desktop revenue per shopper because of our monetization capabilities. We continue to see improvement in our mobile revenue per hotel shopper. So we're making improvements in both of these platforms, but the mix shift of people flowing from desktop down to the phone, where we make less on average, has caused our revenue shopper to decline. But as we look forward, we think, yes, we're already kind of turned the corner in terms of that revenue per shopper decline as we move forward. We also have the benefit of the comps in the second half of the year where the revenue piece of that revenue per shopper took a bit of a hit and so we'll lap over that.



## MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. Let's drill down on the mobile dynamics a little bit more, just given, obviously, the important secular shift here. So your mobile growth has been strong for a while and I think, most recently, we've seen 20%-plus growth in mobile hotel shoppers and revenue per hotel shopper. And the gap has closed in terms of monetization, so mobile is about 40% of desktop monetization at this point. How do you think about when mobile hits more of an inflection point and potentially even becomes a tailwind to the business?

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

Yes. So that -- it's a great question and we think about it. It's pretty hard for us to predict, but when you sum up that 20% shopper growth and the 20% revenue growth, you saw a 50% revenue growth on the phone. And if that continues, if we're able to continue at that pace, yes, it's going to cross over on the desktop.

The bigger picture though and the way I look at it is a little bit less on the individual Hotel segment and a bit more on the -- and it's the whole experience of using TripAdvisor because, remember, we have that big and growing experiences business, which plays into what happens on the phone, both pre-trip, how do I want to plan out that experience, and post-trip. So even if we're making a bit less money on the phone on that hotel shopper, I'm now able to hold on to that hotel shopper and say, hey, I now know that you're going to Paris on these dates, what would you like to do there? And that leads into our experiences bucket, which is, again, undergoing a nice mobile shift as well as the world is using their phones more. And we're in a fantastic position to capitalize on it, both desktop and mobile.

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

And how far along do you think you are on optimizing that mobile product experience? I know it never change -- it never ends, it's an ongoing process. But just as you think about moving people kind of more into experiences and benefiting in other ways, what other work is there to do on that front?

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

Well, I don't know that there's a lot mobile-specific, but if you look inside our product dev organization now, you'd say everything -- you'd see everything start on the phone. And so as we build out more and more capabilities to help users throughout the trip, as we tie the journey together, as we offer more sharing capabilities, as we improve our hotel sort, all the very practical things and all the cool new features coming out, yes, those appear on the phone first, if not at the same time as desktop. So in that sense, all of our development is on improving that mobile experience.

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. So let's move on to talk about experiences. So in the past, you've talked about this as your next billion-dollar revenue opportunity. I guess, first, does that view still hold? And how has that evolved over the last couple of years?

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

I might be up to a couple billion now, but yes, we're still very excited about the category.

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. So what are some of the ways that you can help drive and accelerate kind of the pace of growth and really get that perception from users that you're the place to go for experiences because it definitely seems like across the travel space, there's others that are becoming increasingly focused there as well?



## MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

### **Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Yes. There is a number of players jumping into the experiences game. I'd say we have the clear faraway lead in the category already. If you look at the demand on TripAdvisor, the number of the 100-plus million attraction shoppers every month, they're planning the trip, they're in destination, they're looking for a great thing to do and they're already coming to TripAdvisor for that. They already know TripAdvisor is a great source of that information. And we've been doing that for a long time.

They haven't known that you could book a lot of the things because we only purchased Viator a few years ago and, in turn, we've published now more than 100,000 products available for sale. That's a great number. It's kind of bigger than anyone else maybe, but it's still a small percentage of all the things that you could want to do in destination where you need a ticket, you want a tour, you want to pay for you to have an awesome experience.

Our opportunity in this marketplace is really to leverage that incredible footprint of demand that TripAdvisor already has and help users find what they're looking for, the part that they want to swirl around and so we always have the free items, but the things that users should book in advance or when they're ready, when they're waking up that morning in destination and they want to make sure they can get that ticket or get that tour, that's where the mobile phone comes in. They go to TripAdvisor, where else would they go and are able to book it.

So our demand, especially on the trip point-of-sale, our global presence, the supply that we have that we're still growing at incredible pace, the investments we're making in the acquisition of Bokun, for instance, to bring more supply online globally -- again, we bring more supply online through Bokun. Everyone can have it. It's not unique to TripAdvisor. But because we already have such a huge demand footprint, we think it will benefit TripAdvisor more than anyone. And it works for us on both sides of the equation.

So great growth. I'm a believer, we're a believer that this is another piece of the travel market that is clearly migrating online from our activities and others. It has a long way to go and addresses a very real demand that consumers, just like they book their hotels online, will be booking more and more of their attractions online over the coming years.

### **Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Just on Bokun, can you give us just a little bit more color about how that came about, kind of how the process evolved in terms of the acquisition? And then, also as your sales force, are you kind of set up the right way to really grow that supply now to meet the demand, that top of the funnel that you have?

### **Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Work in progress, but that's clearly our objective. We bought a great company, small, with some terrific software to help attraction to our providers, bring their inventory online. Relatively limited in current geographic scope, but with the TripAdvisor demand footprint, with the TripAdvisor expertise and scaling global business, we look to take that technology, the process, which they've done a extremely good job at, and blow it out globally.

How do we go from a few hundred to a few thousand to tens of thousands of more clients and more inventory online all around the globe? That doesn't happen overnight. It's not a quarter or 2. It's pretty long-range, long-term goal to bring more of this supply online. Our opinion is that the more supply that we can bring online through our own efforts in Bokun through connections with every other player out there who has similar software, this is not -- Trip doesn't have an exclusive relationship to Bokun, we connect with as many different SaaS providers as we can to bring the inventory online for sale on Viator or Viator international points-of-sale and, most importantly, for all of the reach that TripAdvisor has.

I think it's a -- no secrets in any of that strategy. It's very kind of clear what we're aiming for, clear we're measuring in terms of bookable supply that we want to bring to our -- the current demand footprint that we have.

## MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. If there are questions in the room, feel free to raise your hand and we'll get a mic over to you. I have one just on the iPad here from the audience. So in 5 years' time, could you see Non-Hotel EBITDA exceeding Hotel EBITDA? And is that something you would welcome?

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

Yes. I'd love it, of course. I've been turned to the Hotel team and say, "Hey, guys, you got to catch up with the other team over there." So I look at our portfolio of businesses, all focused around helping that traveler and say we have an incredible opportunity in the Hotel category. I mean, the -- from my perspective, that particular part of the shopping experience has huge potential. We've got a ton of traffic. People come to TripAdvisor for very specific reasons. And as we extend those reasons to include finding the best price, we have a wonderful opportunity to grow the revenue and grow the profit for that business.

At the same time, I look at how attractions is so clearly in its infancy in terms of online and how many people in this room have booked their attraction in advance and how many have booked when they got to the destination versus talked to the person at the hotel concierge desk or walked up to the attraction or otherwise risk not being able to get into the thing they want. And, of course, why wouldn't you book it all online?

So when you find those business opportunities where it's, of course, except for a few mechanics like connecting net supply and demand, that's a great place for TripAdvisor to step in. So if you size attractions compared to hotels, overall size might be half, but we're the leader in that category. So what -- and the margin should kind of look the same as hotels from an OTA perspective. So, therefore, I'm extremely bullish on that attraction space.

And then, restaurants, we've got 4-plus million, 5 million restaurants on the site all looking to put more diners at tables. What a great opportunity to be a media site to advertise on TripAdvisor, bend that demand curve toward their establishment. And we've started down that route several years ago. We have a reservation business in Europe. We have a media business globally. And again, I kind of challenge that team. Are you the third billion-dollar business that we have?

So laying it all out, I see tremendous growth opportunities in each of those businesses. And they're wonderfully synergistic. It's still owing to that individual traveler who is already spending money doing all of those things today. So it's a question of how can I do that on Trip?

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

And just to clarify, I think that you said that experiences' and hotels' longer-term margins, you think, can be similar over time?

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

I look at the margins for the online travel agencies for hotels and you can call it in the 15% to 20% range in terms of a commission product. And I say why would that be any different over the long term for attractions? And just like hotels, there's some that are going to be very low margin and maybe some higher. Same for attractions in tours and tickets. There's some that's going to low, others perhaps higher. But for the value of the distribution channel, that seems to be where things land in the travel category and the markets look similar. So yes, I mean, roughly the same.

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. So it's really kind of more of a take rate.





MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Yes, almost.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Okay. Questions from the audience? Can we grab a mic? All right.

**Unidentified Analyst**

Question about attractions. The question really is about how do you change human behavior

(technical difficulty)

It's common, I think, for a family maybe to arrange a one-week vacation. They can get their hotels and airplane all set ahead of time. And typically with attractions, they will book when they're on-site at the destination maybe the night before. To have them actually do bookings for a museum, a restaurant, other things, a month or 2 before they actually go on vacation like they're doing hotels and planes is uncommon. The question is how do you change human behavior so that it's done ahead of time and you have a better chance of getting that booking?

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Sure. A great question and to be clear, none of that changes overnight, but let's remember some of the assets that TripAdvisor has to play with. I have you, even if I don't know who you are, I have you cooked on your computer looking at a hotel for this particular date range in that destination. And now, you see an ad floating around the Internet or later on TripAdvisor or, if you remember, through our CRM programs talking about the benefit -- make sure you get this awesome 3-day excursion from wherever you are, make sure you get this limited time available tour of the Vatican if you're going there. So I've got the great product and I know when you're going and, in general, I know how to reach you, so, hey, why would you book in advance? Scarcity, price, I can do both of those.

**Unidentified Analyst**

Okay. I wondered if you could expand a little bit on the acquisition of inventory on the attraction side. It's about as fragmented as a world as you can imagine. And are there technology solutions for that which would allow you to scale in that very fragmented -- and have to become the virtual concierge? Maybe just describe how you're approaching that.

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Yes. So our -- turning back the clock quite a bit sort of 4 years ago when we had bought Viator as an aggregator of attractions, attraction inventory, tour inventory, they had a curated model where they picked a couple per city or they pick the most popular things. We bought the company, opened it up to a marketplace. So immediately, anyone could say, "Hey, I would like some distribution on Viator." And then, the question is simply the mechanics of how we know that they have a seat on the bus or a spot on that tour.

And so we currently integrate technically, technical integration for availability with as many software providers as we can find who have -- who sell their services, their software to the attraction and tour providers. And we have dozens or hundreds, I don't even know the number, but we've been doing that for a long time. Another one comes along, great. Integrate and now all of their customers are available online if that customer wants to be distributed on TripAdvisor and Viator.



## MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

And then, we went ahead and bought Bokun, which is one of those technology providers, one of many in the field, who offers connectivity for that individual attraction or experience owner to distribute their inventory through TripAdvisor or through any other site. That's great. Why? Because that is a very fragmented segment of the attraction industry and that fragmentation hurts TripAdvisor's ability to fulfill the demand that we already have on the site. So therefore, what can TripAdvisor do to accelerate the adoption of this online solution and buying Bokun and helping a lot of attractions get on that platform or some other platform. We care a little bit now, but not a whole lot. We just want to be able to sell the inventory. And yes, that's the plumbing that has to be done and we'll -- I'll be talking about it for the next 3 years I promise you because, globally, there's so many attraction providers that are still paper and pencil, if you will. And they want to be online. It's complicated. We're trying to make it simpler.

---

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

So when we put all of these together, I just want to ask you about kind of the longer-term financial outlook. So what gives you the confidence that you can return to double-digit revenue growth over time? And how should we think about timing for that?

---

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

Sure. We absolutely believe we can. As I talked about earlier, I look at it kind of in each of the different verticals and almost all of them have meaningful double-digit growth potential ahead of them. Clearly, in the hotels, there's so much opportunity still out there. We're improving our monetization consistently. We're investing in our television advertising to make each shopper more valuable to us and bring us those branded shoppers. So I think we can be on a nice path to that. For attractions, we're already there. For restaurants, we're already there. And so those are smaller businesses than the hotels. And when you sum it together, if the hotels continues to get back more of its mojo and you have these other 2 businesses flying as strong as they are now, that's a pretty straightforward map to get to double-digit.

---

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

And then, just on the profit side, should we think about your longer-term objective as more about improving margins or more about improving really growing profit dollars?

---

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

I look at kind of overall top line growth, how impactful are we in the marketplace and then overall profit growth. I don't -- we wouldn't look at the business only because it could improve our margins. We look at a business, a new business that we might want to acquire and say, "Hey, is it helping our travelers? And is it adding more dollars to our bottom line?"

---

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

Okay. And what about your thoughts just on the capital allocation strategy? You've done some buybacks, some M&A tuck-ins. What are your latest thoughts on capital allocation?

---

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

So we do choose to keep some capital available for additional acquisitions. Obviously, we have a long history of doing the smaller tuck-in acquisitions, but in the restaurants and attraction space, we did some that were large for us. And I absolutely want to keep the ability to continue to do that going forward. So we'll likely be keeping plenty of cash in reserve to do that.



MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Okay. All right. So we'd wrap up with a quick word association. All right?

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

All right.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

So 10 words and you just say the first thing that comes to mind. Hotel segment.

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

I love it.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

TV spend.

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Working.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Booking holdings.

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Wonderful client.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Experiences.

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Huge growth.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Trivago.



MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Quality product, struggling.

---

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Revenue per hotel shopper.

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

On the way up.

---

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Mobile.

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Improved product and our future.

---

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Expedia.

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Another quality client.

---

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Greg Maffei.

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

My boss, my best friend.

---

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

Last one, profitable growth.

---

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

We're enjoying it.

---



MAY 15, 2018 / 1:20PM, TRIP - TripAdvisor Inc at JPMorgan Global Technology, Media and Communications Conference

**Douglas Till Anmuth** - JP Morgan Chase & Co, Research Division - MD

All right. Good. Thank you, Stephen.

**Stephen Kaufer** - TripAdvisor, Inc. - CEO, President & Director

Thank you.

**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.

©2018, Thomson Reuters. All Rights Reserved.