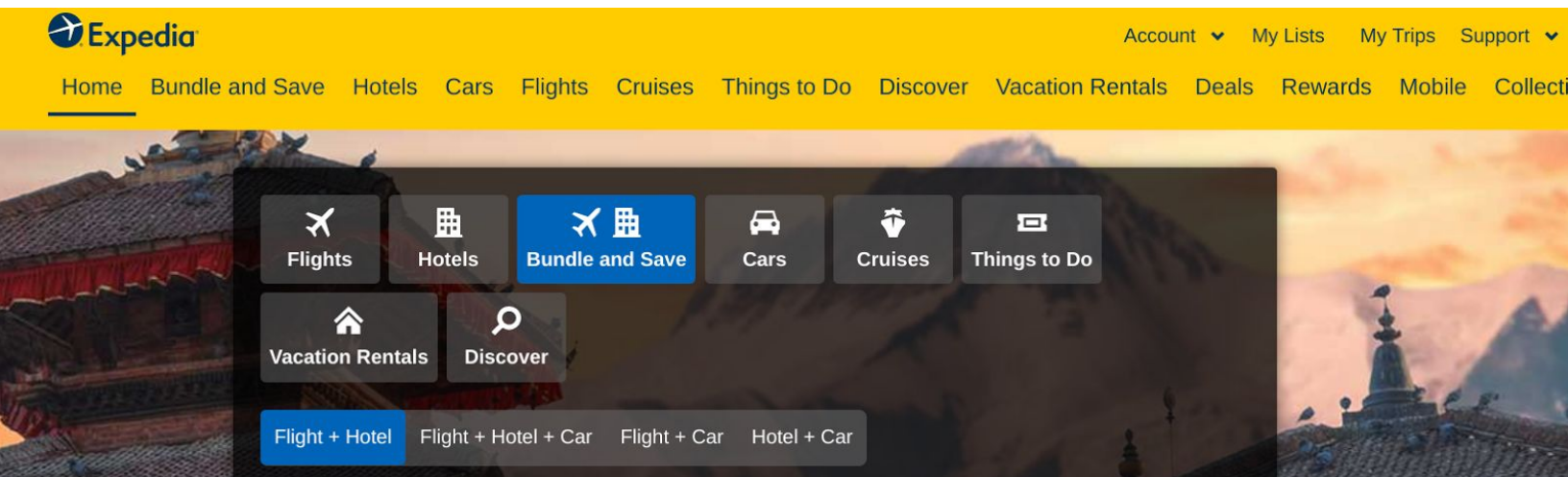


Expedia Business Model Canvas



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Develop Innovation Ideas You can be Proud of

Business Model Canvas Expedia

In 1996, Microsoft founded what later became Expedia and spun it off in 1999. It shows that even Bill Gates couldn't imagine that Expedia would become a \$22b market cap giant in less than 20 years. And it demonstrates the power of the [platform business model](#). Once you have a winning concept, you can scale it up massively in short amount of time.

Over the last few weeks, I have explained how [Online Travel Agencies \(OTAs\)](#) have applied this business model onto the \$1.3 trillion travel industry. There are many different niches within this industry that platform businesses have captured. But none is as visible as [Booking.com](#) that I have shown the business model canvas for in my last article. They are the single biggest company in the travel industry.

You might think that Expedia is very similar. But actually, they are considerably different to Booking.com. And both are fascinating companies. Learn the about Expedia's big picture and all the important details now and fuel up on important innovation knowledge.

The Business Model Canvas

The Business Model Canvas consists of the 9 categories you see below. Broadly speaking, the left-hand side is the supply side from the business' perspective and the right-hand side is the customer side.

The Business Model Canvas

Designed for: _____ Designed by: _____ Date: _____ Version: _____

Key Partners What are our key partners? Who are our key suppliers? Which key resources do we acquire from partners? Which key activities do partners perform? * Partner roles and activities * Distribution channels and activities * Channels of distribution, intermediaries and activities	Key Activities What key activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Business Activities? * Production * Logistics * Distribution * Sales * Service * Support	Value Propositions What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which Customer Needs are we addressing? * Performance * Reliability * Design * Customization * Price * Risk * Convenience * Compatibility * Interoperability	Customer Relationships What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which channels will we use to reach them? How are they integrated with the rest of our business model? How costly are they? * Personalized * Self-Service * Automated * Community * Co-Creation	Customer Segments For whom are we creating value? Who are our most important customers? * Mass * Niche * Segment * Market * Demographic
Key Resources What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Business Model? * Human * Financial * Intellectual * Physical * Social	Channels Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which area will we start? Which areas are most cost-efficient? How are we integrating them with customer support? * Direct * Indirect * Partners * Intermediaries * Resellers * Retailers * Wholesalers * Distributors * Agents * Brokers * Franchises * Retailers * Wholesalers * Distributors * Agents * Brokers * Franchises	Cost Structure What are the most important costs incurred in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive? * Fixed * Variable * Semi-Variable * Variable * Fixed * Variable * Semi-Variable * Variable * Fixed * Variable * Semi-Variable * Variable * Fixed * Variable * Semi-Variable * Variable	Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Customer Segment contribute to overall revenues? * Mass * Niche * Segment * Market * Demographic * Mass * Niche * Segment * Market * Demographic	

DESIGNED BY: Business Model Foundry AG
The makers of Business Model Generation and Strategizer

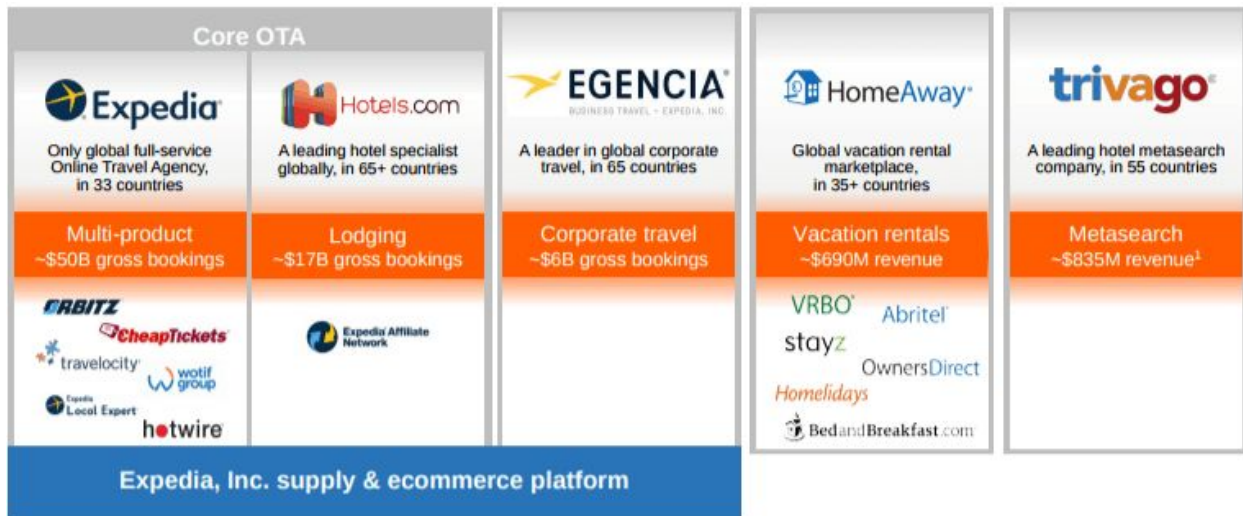
strategyzer.com

The [Business Model Canvas](#) as devised by Alex Osterwalder.

Download the business model canvas as excel file: [Business-model-canvas \[xlsx\]](#)

Expedia owns many travel online platforms and related businesses operating a number of different business models. Let's start with a brief overview of some of their most important businesses/brands:

- **Expedia.com:** Online Travel Agency selling accommodations as well as packages, of hotels, flights, rental cars, activities, travel insurances, etc
- **Hotels.com:** An OTA focusing on accommodations
- **Orbitz.com, Wotif.com:** Large OTAs acquired by Expedia with a strong local brand
- **Trivago.com:** a travel meta-search engine majority-owned by Expedia
- **Egencia:** a full-service corporate travel company
- **HomeAway:** a home accommodation travel platform (similar to Airbnb)
- **And many other:** Expedia operates around 200 travel websites in about 75 countries



Expedia-brand-portfolio [source: [Expedia investor presentation, Feb 2017](#)]

Whenever there are overlaps with my Booking.com article, I have opted not to repeat myself in this article. I recommend also check out the Booking.com article if you haven't read it yet (once you are finished with this one).

Value Proposition

Platform businesses have [two or more customers](#) that they need to provide value to. In the case of OTAs, these are the travellers (as the demand-side) and the travel service providers, hotels, etc (as the supply-side). Here is in Expedia's own words the value proposition to both sides and the indirect network effects that bringing both sides together in a value-adding way provides. Within the demand and supply-side you can then further distinguish into various categories.



Expedia points out the value they provide to (1) travellers: unmatched breadth & choice of products (2) travel service providers: unrivalled global distribution opportunities (3) both: best in class customer & partner experience [source: [Expedia investor presentation, Feb 2017](#)]

Value proposition to travellers

1. Cheap(est) prices
2. Amount of choice
3. Reduction of risk due to the verified ratings & reviews
4. Customer service (over 55m calls per year)
5. Useful app
6. Useful travel content

Value proposition to travel service providers (most importantly hotels)

1. Incremental revenue: fill otherwise empty-staying rooms
2. Ability to react: Hotels can ramp their supply to Expedia up and down *
3. Global reach: helps hotels to reach global markets
4. Risk reduction**: no booking, no commission
5. Drive additional traffic to the hotel's website ("billboard effect")

Note, that Expedia also has an affiliate program whereby brick-and-mortar travel agencies can access Expedia's inventory and tools. This is the third side of their platform business model and I am elaborating briefly on this below.

* at least under the agency business model

** Note that, unlike Booking.com, Expedia buys as a wholesaler with long lead times but – depending on the contract – can return unsold rooms back to the

hotels very close to the date (often 24 hours). This is transferring risk back to the owner.

Key partners

- 1. Travel services providers:**
 - Hotels owners: 350k
 - Other accommodation providers: >1m (esp HomeAway)
 - Airlines (around 500)
 - Rental car (150 car rental companies)
 - Activities providers
 - and more
- 2. Offline travel agency affiliates** earn commission (through their [Travel Agency Affiliate Program](#))
 - 3%-5% for Packages (flight+hotel, Flight+hotel+car rental) depending on length of stay
 - 0% Flight only
 - 6% Car Hires
 - 9% Activities and Attractions
 - 3%-11% Hotels depending on category
- 3. Corporate travel managers:** Expedia has a more ambitious approach to corporate travel management than Booking.com. They have their own [business travel management portal Egencia](#) that [leverages off their supply-side partners](#)
- 4. Technology partners:** Expedia has 5,500 in-house IT/tech staff. Partnerships still play a big role to develop new features and keep abreast of the major hotel chains and other travel platforms in removing friction from the travel planning, booking and experiencing process. See below for some of Expedia's partnering/interface innovations

-
5. **Meta search engines:** Meta search engines are becoming increasingly important. Expedia holds majority ownership on one of the biggest ones, Trivago.com. [Expedia collaborates with TripAdvisor](#) and Google Hotel Ads who are two of the other big travel meta search engines
 6. **Other:** such as tourism bodies, e.g. VisitBritain (#OMGB' campaign), and many more
 7. **Lobbyists:** lobbyists play a big role in the tug-of-war (more under customer relationships)

Supply-side scale effects

One of the most important characteristics of network business models is that they provide more value as they grow (non-network business models can achieve lower unit costs, thus prices, as they grow but do not provide more value per se). As platform businesses grow they can leverage traditional scale effects (both on the supply as well as the demand side).

One of the most important outcomes of large supply-side scale are higher conversion rates (due to – among other things – a larger amount of choice). Higher conversion rates in return allow Expedia to bid higher on general search engines on the paid ads slots. They can in particular rank higher than hotels. This leads to higher click-through rates (CTR). All up, it improves Expedia's return on investment on their advertisement spending and this is , as you will see in their cost structure, their single biggest cost element.

The virtuous cycle closes with all of the above – i.e. higher conversion rates – making Expedia more attractive to other supply-side actors (from the same and complementary categories).

Scale advantages in supply



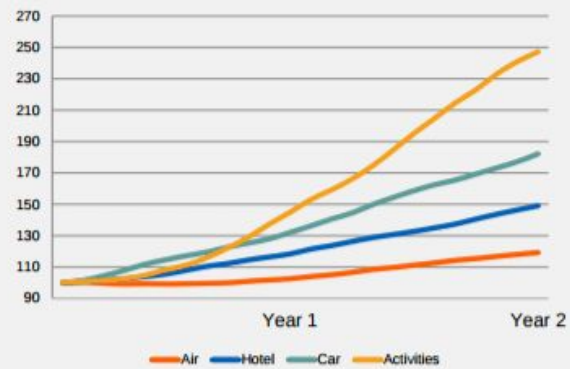
In most cases, travellers decide on their destination first and look for accommodation next. With increasing coverage at destinations, Expedia achieves better conversions, a well-known effect of [platform businesses \(called critical mass\)](#) that I have described in more detail before [source: [Expedia investor presentation, Feb 2017](#)]

Building scale advantage across spectrum of travel products



Product	Market opportunity	2016 growth ²	Expedia platform
Air	\$620B	+32%	<input checked="" type="checkbox"/>
Hotel	\$385B	+21%	<input checked="" type="checkbox"/>
Car	\$45B	+30%	<input checked="" type="checkbox"/>
Activities ¹	\$85B	+35%	<input checked="" type="checkbox"/>
Cruise	\$20B	+7%	<input checked="" type="checkbox"/>
Rail	\$130B	N/A	<input checked="" type="checkbox"/>

Indexed unit volume on replatforming³



True multiproduct platform

Expedia’s preference is to sell product packages. As they have more participant in each category they increase their ability to create complete packages dynamically [source: [Expedia investor presentation, Feb 2017](#)]

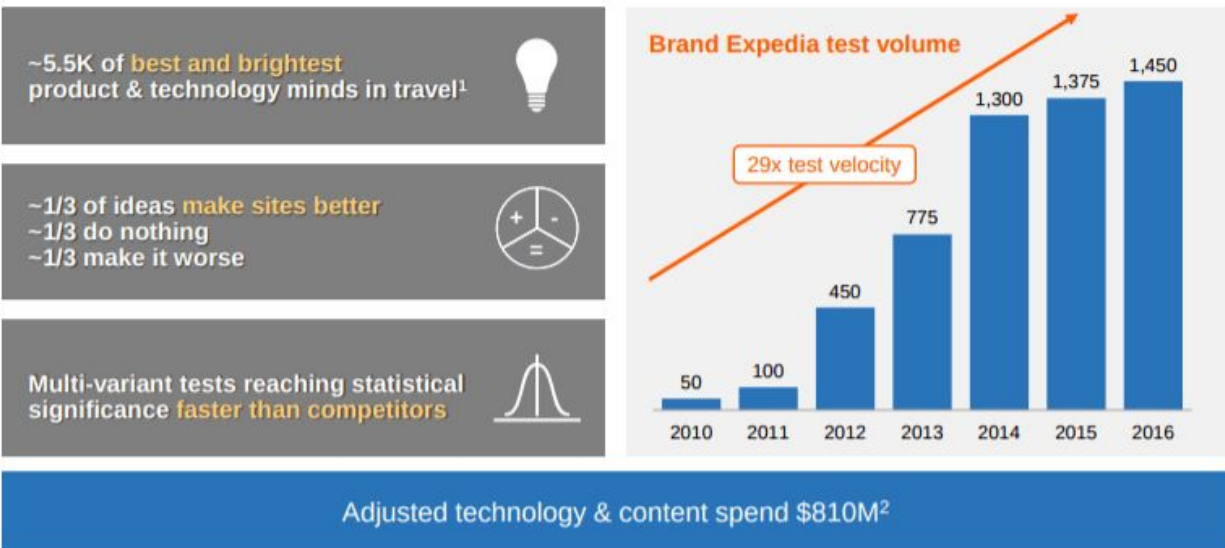
Key activities

The biggest difference between traditional business model and the platform business model are [indirect network effects](#). Key activities have to aim to enhance these.

1. **Enhance positive indirect network effects** and customer experience by increasing:
 - the number of bookable accommodations at an increasing amount of locations
 - the types of bookable properties (variety)
 - useful content, such as user reviews, pictures, etc
 - and by enhancing customer experience
2. Increase the value of the platform through **technological innovation** (few recent examples):
 - [Expedia skill for Amazon's Alexa](#)
 - [Expedia bot on Skype](#)
 - [Expedia bot for Facebook Messenger](#)
 - [Expedia Artificial Intelligence natural language processing](#)
3. **Observe industry landscape** for new entrants and adjacent industries for new/potentially disruptive approaches (e.g. meta search engines)
4. **Observe** the moves of the known **direct competitors**
5. **Stimulate demand** through promotions/notifications to subscribers
6. Provide great **customer support**
7. **Improve the websites and the app** based on the captured data and evolving technology, trends and feedback

-
8. **Improve conversion rates**
 9. **Accompany the micro moments** on the traveller's customer journey
 10. **Search engine visibility:** Maintain top rankings on paid advertising channels and improve on organic search rankings
 11. **Observe** the moves of **hotel chains** who want to increase direct bookings
 12. **Grow loyalty programs** to counter the hotel chains' loyalty programs and to obtain valuable customer data
 13. **Develop new travel-related services** to grow partner and customer base
 14. **Observe regulatory landscape** and moves of lodging lobbying groups

Scale advantages in **innovation**



Scale allows to conduct over 1000 experiments at any given time at statistical significance [source: [Expedia investor presentation, Feb 2017](#)]

Key resources

The master resource of platform businesses are its [network effects](#). All key resources contribute to them.

1. **Number of hotels** and other accommodation partners available for booking
2. **Number of locations** covered
3. **The various subsidiaries & brands** which contribute to scale effects but operate independently of (and partly in competition to) each other
4. **Engaging content:** high-quality, professional photos, good hotel descriptions incl all amenities&facilities
5. **Fresh user-generated content:** reviews, ratings
6. The **captured user data** and proprietary algorithms
7. **User experience (UX)** of the website and app
8. **The global network** of Expedia-owned platforms
9. **Skilled [technology staff](#)** (>5500 technology staff)
10. The **loyalty program** and its members (more under customer relationships)
11. **Affiliate** program members (more under key partners)
12. Trained **customer services staff**
13. The **website and app infrastructure** and all the interfaces to the various hotel/flight/rental car/etc distribution systems (GDS)
14. **Intellectual property, brands, registered trademarks, trade secrets, domains, etc**

Customer Segments

I have provided a detailed overview of a traditional macro customer segments last time. Today, let's look at something more exciting.

Customer micro segmentation

Data driven approaches allow micro segmentation. Here is an excerpt from an [interview with Expedia's head of brand marketing](#), Vic Walia that gives us some inspiring real-life examples:

“Expedia is sitting on a treasure trove of data, with 7 billion flights searched via the site last year and 40 million unique visitors per month globally.

“The users coming here are telling us a lot of information,” Walia said.

“They're telling us who they are, where they live, where they want to go, whether or not they have kids, what activities they like to do when they go to visit different cities – we get all this information from them. “

“What we do at Expedia is we have **appended our entire database with the segmentation flags. And we've build microsegments**, so we can go out into the world, finding cookies that match these segments and deliver the right customised ad to the right people.”

....

As an example, Walia explained Expedia knows **people in Los Angeles like to book vacations to Las Vegas, San Diego and Palm Springs**. The company then does an **incrementality test**, where a customised 'test ad' is

placed in front of potential customers, and then a **control test**'is run with no direct ad from Expedia.

“When we showed people in LA that we have Vegas on sale, we saw a **10 per cent lift in transactions**, versus people who saw no ad from Expedia,” he claimed. “We **then decided to optimise the test** and learn method and take it one step further, **changing the creative, the image, the price, the location and a few other variables.**”

“As a result, we saw a **2.4 per cent uplift in bookings** from those who saw the test ad mentioning the actual destination, compared to those who saw the control ad,” Walia said. “Again, it was about being relevant and personal.”

As another example, Expedia found by showing two versions of an ad, one with the price clearly stated and one without, it saw a bookings lift of 7.4 per cent from customers that saw the ad with the price.”

These kind of tests only work at scale. They inform where to put your advertising dollars and achieve better conversion rates playing an important part in the virtuous cycle that I have mentioned above.

Scale advantages in demand generation



Optimization

Maximize GP_t

Subject to $\frac{Spend_t}{GP_t} \leq \text{Target Efficiency}_t$

$$GP_t = \sum_{i=1}^N \text{clicks}_{it} \times CVR_{it} \times \left(\frac{GP}{TXN}\right)_{it}$$

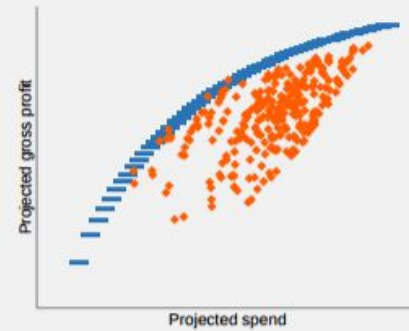
$$Spend_t = \sum_{i=1}^N \text{clicks}_{it} \times CPC_{it}$$

$$MC_t = GP_t - Spend_t$$

$$CVR_{it} = \mathcal{P}(\text{Txn}_{it} | \text{Click}_{it})$$

Total clicks_t = $\sum_{i=1}^N \text{clicks}_{it}$, where $\text{clicks}_{it} \sim f_n(\text{rank}_{it}) \sim f_n(\text{CPC}_{it})$, $i \in [1, N]$ for total N hotels

Efficiency frontier



Hundreds of billions of predictive calculations performed annually to inform marketing decisions driving direct selling & marketing spend of ~\$3.5B¹

Through testing Expedia determines which marketing decisions will generate demand with the highest profits [source: [Expedia investor presentation, Feb 2017](#)]

Customer Relationships


I have elaborated on the relationships between hotels and online travel agencies in depth. It is that of a [love-hate relationship](#). This is particularly true for the major hotel chains.


Hotels promote their loyalty programs heavily. They try to use this to achieve higher levels of direct bookings avoiding to pay commissions to the OTAs. Loyalty benefits, such as free amenities (e.g. room WiFi) are often only available through the loyalty programs.

Loyalty programs

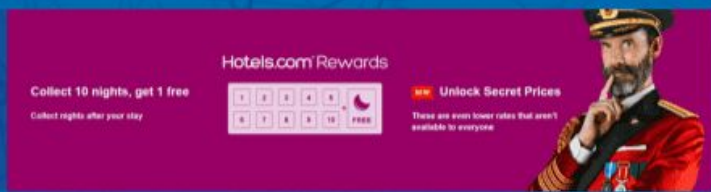
But Expedia is running its own loyalty programs which are some of the biggest programs themselves. Their subsidiaries Hotels.com and Orbitz have very popular loyalty programs in their own right.


Expedia loyalty programs drive repeat & create competitive differentiation



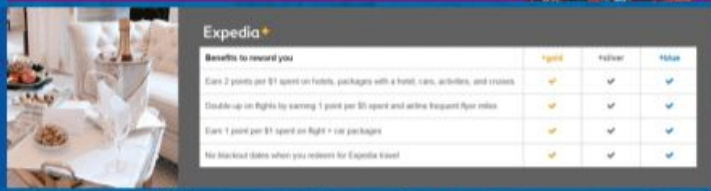


- 27M+ members
- Available in 65+ countries







- 21M+ members
- Available in 32 countries



Benefits to reward you	Flight	Hotel	Auto
Earn 2 points per \$1 spent on hotels, packages with a hotel, cars, activities, and cruises	✓	✓	✓
Double-up on flights by earning 1 point per \$1 spent and active frequent flyer miles	✓	✓	✓
Earn 1 point per \$1 spent on flight + car packages	✓	✓	✓
No blackout dates when you redeem for Expedia travel	✓	✓	✓



- 7M+ members
- Members booked 90%+ more hotels than non-members



Expedia, Hotels.com and Orbitz have massive loyalty programs with over \$1b worth of redemptions since inception [source: [Expedia investor presentation, Feb 2017](#)]

What I have said about Booking.com’s relationships with hotels and travellers holds also true for Expedia. Beyond this, let’s have a look at what [Expedia are recommending on the topic of loyalty](#) through their Expedia Affiliate Network:

The three staples of loyalty programs:

- Currency (i.e. points)
- Exclusive offers
- Non-monetary perks

Additional opportunities:

- Expedia credit cards
- Be there along the [customer's micro moments](#) “tailoring your content strategy to provide the right content in the right format at the right moment can help you become a customer’s go-to brand”
- Content marketing: keep targeted and relevant
- Email campaigns
- Understand your Customer’s Lifetime Value (CLV) through segmentation and tailor your marketing efforts
- Reward and influence purchasing behaviour
- Loyalty apps with useful features, e.g. mobile check-in, chat bots,
- Interact through messaging apps (e.g. Facebook Messenger)
- Create/use digital wallet services
- Redefine value by generation, e.g. baby boomers vs millennials
- Consider gamification
- Personalisation – use data for loyalty purposes, e.g. keeping track of travel preferences
- Generally, loyalty programs are useful for repeat, cross-, upsells (e.g. Orbitz members booked >90% more hotels than non-members)

And it doesn’t end there. [Expedia and Red Lion Hotel are trialling a collaboration on their loyalty proposition.](#) Red Lion gives Expedia access to their loyalty deals and in return Expedia shares more information with Red Lion (most notably the customer’s email address). Expedia are [looking into expanding this](#) with other hotels.

Channels

Expedia's **sales channels** to their customers:

- The Expedia webpages
- Webpages of its subsidiaries – around 200 different domains/sites (Orbitz, Wotif, Egncia, Hotels.com, etc)
- The mobile-optimised webpages
- The Expedia app
- Sales through TripAdvisor (Cost-per-acquisition model, CPA)

Ad channels:

- General search engines, Google, Bing:
 - paid advertising, CPC
 - organic search ranking through useful content
- other OTAs
 - TripAdvisor (Cost-per-click model, CPC)
- Meta search engines:
 - Trivago.com
 - Google Hotel Ads
- traditional brand advertising channels, like TV, radio, magazines, etc
- other

Communication, content and other channels:

- iTunes **App Store**, Google Play Store, etc for their app

-
- **eMails** for direct communication with their customers
 - Other search engines and webpages
 - [Expedia YouTube](#) channel
 - YouTube advertising
 - other display and retargeting ads
 - Social media sites, [Facebook](#), [Instagram](#), etc
 - [Blog](#) with interesting articles & useful content
 - Travel destinations ([example Australia](#))
 - And lots more

Cost Structure

The best source for Expedia's cost structure is their latest [annual report \(pdf\)](#) (FY16). Let's start with the operational expenses (annual report, page 49-). You will see a familiar picture. As is the case for Booking.com, performance advertising is by far the largest expense.

Operating expenses

1. **Selling and marketing \$4,367m = 49.8% of revenue**
 - Direct costs **\$3,530m**
 - traffic generation costs from search engines and internet portals
 - television, radio and print spending
 - private label and affiliate program commissions
 - public relations and other costs
 - Indirect costs **\$837m**
 - personnel and related overhead and stock-based compensation costs
2. **Costs of revenue \$1.6b = 18.2% of revenue**
 - Customer operations **\$727m**
 - Credit card processing **\$508m**
 - Data center and other **\$362m**
3. **Technology and content \$1,235m = 14.1% of revenue**
 - Personnel and overhead **\$627m**
 - Depreciation and amortisation of technology assets **\$362**

-
- Other **\$246m**

4. **General and administrative \$ 678 = 7.7% of revenue**

Capitalised costs

Lets now have a quick look at some of their capitalised costs and relevant assets from the balance sheet. Page F-25 shows **capitalised software development costs of \$1.6b** which is significantly higher than Priceline.

Their balance sheet too looks quite different on the technology related assets. Priceline has much higher asset values in property & equipment, similar in intangible assets and significantly higher in goodwill (probably related to HomeAway, Egencia and their other acquisitions). Here are the valuations:

- **Property & equipment:** \$1.4b
- **Intangible assets:** \$2.4b
- **Goodwill:** \$7.9b

(For investors, this comes with the obvious risks of goodwill impairment – not unknown in the tech industry when acquisition bets don't pay off. Priceline is also much stronger on the long term investments, i.e. predominantly government bonds, you can see this also reflected in their [price/book, ROE, ROA metrics](#). Here the same stats for [Expedia](#).)

Investments in mobile drive growth & engagement



Expedia's investment software development focus on leading-edge technology [source: [Expedia investor presentation, Feb 2017](#)]

Expedia Acquisitions

And while we are on the topic of acquisitions, let's have a look at Expedia's recent acquisition history (only the largest recent acquisitions listed). It is a very valid way of growing (and of course to maintain dominance in the market).

Date	Company	Business	Value (USD)
March 12, 2013	trivago GmbH	Hotel Metasearch Engine	\$564,000,000
July 6, 2014	Wotif	Travel Agency	\$657,000,000
January 23, 2015	Travelocity	Travel Agency	
September 17, 2015	Orbitz	Travel Agency	\$1,600,000,000
November 4, 2015	HomeAway	Holiday Rental Service	\$3,900,000,000

[Source: [Wikipedia](#), Dec 2017]

Revenues

The Online Travel Agency business is characterised by a few [predominant business models](#) and then some other ones:

1. [Agency business model](#)
2. [Merchant business model](#)
3. [Advertising business model](#)
4. **Subscription** business model
5. Other (e.g. travel insurance fees, marketing services)

Expedia's revenue (annual report FY16, page 49) by business model:

- **Merchant:** \$4.85b / \$8.8b = **55%**
- **Agency:** \$2.4b / \$8.8b = **27%**
- **Advertising:** \$0.8b / \$8.8b = **9%**
- HomeAway (**subscription**): \$0.69b / \$8.8b = **8%**

Over the years, Expedia's percentage of revenues from the merchant model has decreased (though the absolute number has grown). Here is where some of these revenues come from:

- Reservation of accommodation, rental cars, etc generate commissions that fall under the
 - merchant or
 - agency business model
- Their meta search engine Trivago earns advertising revenues on a cost per click pricing model

-
- HomeAway earns subscription-based revenues on vacation rental listings
 - Travel insurance fees
 - Revenues generated by Expedia Media Solutions and other subsidiaries

Here is how Expedia reports in verticals their revenue (annual report 2016 pages 42 and following). Annual revenues from:

- Hotels: 61%
- Air: 9%
- HomeAway: 9%
- Media: 9%
- Other: 12%

Expedia's merchant business model is characterised by (see their annual report, pg 6-8):

- Purchasing hotel rooms early at wholesale prices (discounts)
- Normally, customers pay at the time of booking to Expedia who pay the hotel after the customer has stayed there which makes this a cash flow positive transaction
- But under the Expedia Traveler Preference (ETP) program eligible customers can opt to pay at the hotel after the stay (Hotel Collect)
- Depending on the contract, Expedia can return unbooked rooms back to the hotel at an agreed deadline prior to the day

-
- Expedia packages dynamically based on the travellers requests leading to lower package price than the individual components added up
 - Expedia offer third-party pre-assembled packages through their international points of sales (POS)
 - Package products are mainly marketed using the merchant model

Business Model Canvas Expedia

And here is finally the summary Business Model Canvas for Expedia.

Business Model Canvas **Expedia**

<p>Key partners</p> <ul style="list-style-type: none"> - Hotels - Property owners - Airlines - Rental car companies - Activities providers - Travel agents / affiliates - Corporate travel managers - Technology partners - Meta search engines - Lobbyists - Other 	<p>Key activities</p> <ul style="list-style-type: none"> - Manage network effects - Customer experience - Customer support - Grow the platform - Observe external factors - Enhance technology - Guide customer journey 	<p>Value proposition</p> <p>For travellers:</p> <ul style="list-style-type: none"> - Cheapest prices - Amount of choice - Reduction of risk - Customer service - Useful app - Useful travel content <p>For hotels:</p> <ul style="list-style-type: none"> - Incremental revenue - Ability to react - Global reach - Risk reduction - Additional web traffic - Market intelligence 	<p>Customer relationships</p> <p>Hotels:</p> <ul style="list-style-type: none"> - Commissions - Ease of joining - No booking, no pay <p>Travellers:</p> <ul style="list-style-type: none"> - Customer service - Accuracy 	<p>Customer segments</p> <p>Hotels:</p> <ul style="list-style-type: none"> - Property types - Room types - Star & user ratings - Amenities, facilities - Proximity - Type of hotel - Locations - Type of infrastructure <p>Travellers:</p> <ul style="list-style-type: none"> - Travel motivation - Demographics - Booking details - Employment - Spending behaviours - micro segments
<p>Cost structure (FY 16)</p> <p>Operational</p> <ul style="list-style-type: none"> - Performance advertising: \$3.5b - Cost of revenue: \$1.6b - Tech & content: \$1.25b 		<p>- capitalised costs: \$1.6b</p> <p>Balance sheet:</p> <ul style="list-style-type: none"> - Property & equipment: \$1.4b - Intangible assets: \$2.4b - Goodwill: \$7.9b 	<p>Revenues (FY 16)</p> <ul style="list-style-type: none"> - Merchant business model: \$4.85b / \$8.8b = 55% - Agency business model: \$2.4b / \$8.8b = 27% - Advertising and other revenues: \$0.8b / \$8.8b = 9% - HomeAway (subscription): \$0.69b / \$8.8b = 8% 	

More on: www.innovationtactics.com/business-model-canvas/

Expedia business model canvas

Download here as PowerPoint file: [BusinessModelCanvasExpedia \[pptx\]](#)
 and/or as pdf: [BusinessModelCanvasExpedia \[pdf\]](#).

Valuable links

I have more in-depth articles in this series of travel platform businesses:

1. [Business models compared: Booking.com, Expedia, TripAdvisor](#)
2. [Customer journey comparison: TripAdvisor, Booking.com, Expedia, Google](#)
3. [Micro moments: how Booking.com, Expedia, Airbnb, TripAdvisor, Google guide the customer journey](#)
4. [Business model canvas Booking.com](#)
5. [Business model canvas TripAdvisor](#)
6. [Business model canvas Airbnb](#)

What does this mean for you?

It was not anyone from the travel industry who came up with the idea of TripAdvisor, Expedia, Airbnb or Booking.com. It was passionate innovators and entrepreneurs. But it could have also come out from a bunch of engaged intrapreneurs from within the industry. This only means anyone from within or outside of an industry can come up with great ideas.

You can either use some of the ideas in this article as individual innovation tactics or even a platform business model. The knowledge you have gained in this article gives you the opportunity to develop innovation ideas that you can be proud of!

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