

TripAdvisor Business Model Canvas

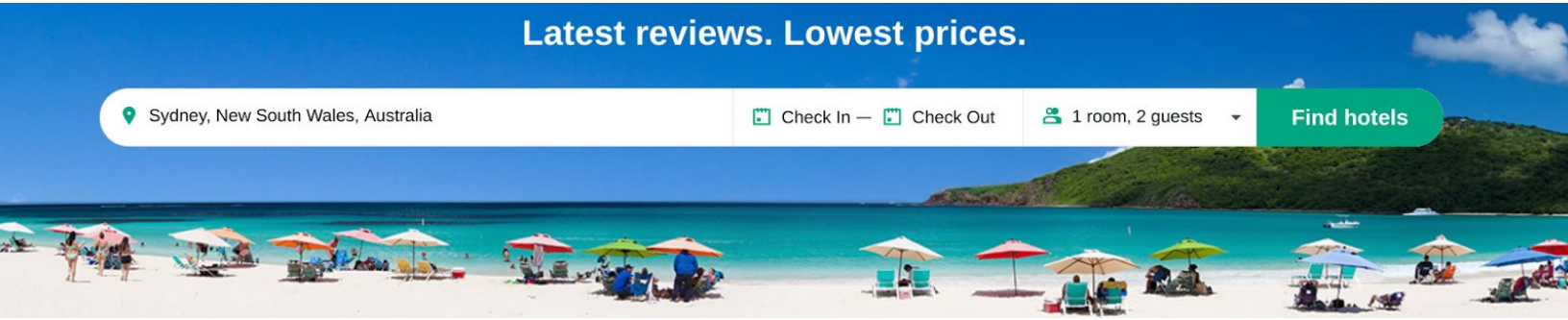
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TripAdvisor Business Model Canvas

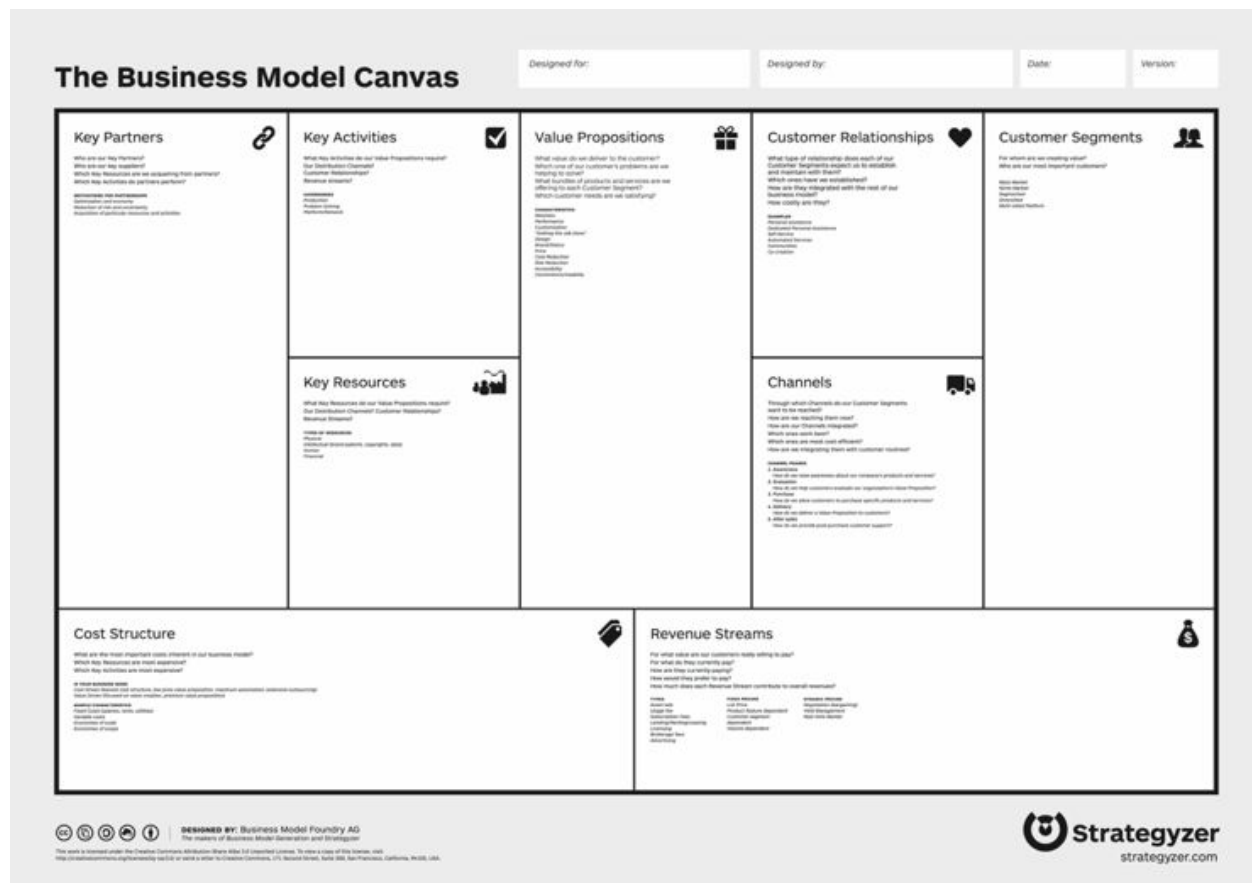
TripAdvisor is a fascinating [platform business](#). It has started as a user-generated travel review website and over time developed into adjacent areas. It has seen a phenomenal growth in users and reviews and has conquered its place in the travel industry. In recent years, they have also become a [travel meta search engine](#) as well as an [Online Travel Agency \(OTA\)](#).

It has given travellers a voice and a channel to exchange experiences. Doing so, it has become an important player in the \$1.3 trillion travel industry that is highly fragmented and had its biggest players in the established players from the hotel and airline industries as well as offline travel agencies.

Most people don't understand the differences between [Booking.com](#), [Expedia](#) or TripAdvisor. While they all are demand aggregating platforms, there are significant differences that you as an innovator should be aware of.

The Business Model Canvas

I am describing TripAdvisor's business model in the Business Model Canvas which 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/demand side.



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

You can download the business model canvas as excel file:

[Business-model-canvas \[xlsx\]](#)

TripAdvisor Overview

TripAdvisor own and operate a [portfolio of 20 travel](#) and related platforms.

Some key focus areas are:

- Travel, travel reviews, flash sale sites and by vertical (e.g. cruise review&sales site)
- Restaurant review and booking sites
- Attractions

While TripAdvisor is considerably smaller by market capitalisation than Expedia and Booking.com's parent Priceline, it has more traffic and reviews:

- With over 570 million reviews
- 7.3 million accommodations, airlines, attractions, and restaurants
- A travel community of 455 million monthly users

TripAdvisor spans wide functionality. It is a

- user-generated review page,
- a meta search engine and
- a direct booking page (i.e. online travel agency, OTA)

Building a Differentiated End-to-End User Experience



Research & Plan

- ✓ User reviews and opinions have continued to reinforce TripAdvisor as the best place to research and plan a trip



Price Compare

- ✓ Since 2013 metasearch rollout, users can compare hotel prices without leaving the TripAdvisor experience



Book

- ✓ 2015-2016: we rolled out hotel instant booking as well as grew bookable Attractions, Restaurants, and Vacation Rentals



On the Trip

- ✓ Continue to invest in our top-ranked mobile app to help find and book in-destination activities – every user's best travel companion

Customer end-to-end user experience from planning to in-location

[source: [Investor preso, Q1 '17](#)]

Value Proposition

TripAdvisor describes their [value proposition to travellers](#) as “help them decide where to stay, how to fly, what to do and where to eat” and to [save money](#) by comparing “prices from 200+ booking sites”. And their value proposition to hotels, B&Bs, attractions and restaurants as [getting listed](#) “on the top travel sites,” “reach millions” and to “deliver your message at just the right time.”

Strong Value Proposition for Users and Partners Alike



TripAdvisor shows their value proposition to the travellers (=users) and the travel service providers (=partners), i.e. hotels, restaurants,

attractions, rentals [source: TripAdvisor, [Q1 '17 results, pdf](#)] Platform businesses have [two or more sides/customers](#) that they need to provide value to. For TripAdvisor, these are the travellers and the travel service providers, i.e. hotels, vacation rentals, attractions, restaurants. Users/travellers form the demand-side. Travel service providers, hotels, etc are the supply-side.

Value proposition to travellers

1. Plan the best possible travel, hotels, flights, cruises
2. “Find the [lowest price](#) on the right hotel for you” → price comparison across many travel sites
3. “Over 500 million [candid](#) traveller reviews” → minimise risks
4. In-location planning & booking, e.g. restaurants, attractions
5. The mobile app as a travel companion
6. Travel app & webpages with great user experience
7. Over 7m reviewed/bookable places
8. Travel guides, e.g. [London here](#)
9. Participation in a travel community

Value proposition to hotels, restaurants, attractions

1. Opportunity to increase revenues
2. [Getting bookings](#) through (good) reviews
3. [Global reach](#): helps hotels to reach global markets
4. Using TripAdvisor as an [advertising channel](#)
5. Using TripAdvisor as another [direct bookings channel](#) (i.e. sales channel)
6. Drive additional traffic to their own website

-
7. [Getting reviewed](#) and learning from feedback
 8. Ability to [respond to reviews](#) and [improve the impression](#)
 9. Ability to [list special deals](#), etc on their TripAdvisor hotel pages
(paid feature)
 10. Using TripAdvisor as a reputation management channel
 11. Getting [insights](#)

TripAdvisor also has an affiliate program whereby brick-and-mortar (and online) travel agencies can access TripAdvisor's inventory and tools. This is a third side of their platform business model and I am elaborating briefly on this below.

Key partners

TripAdvisor's key partners are those that enable their different [business models](#). For their advertising business model, all hotels and OTAs that take up the cost per click advertising are crucial. For their agency business model, hotels and OTAs that pay for direct bookings. For their restaurant business, subscription partners and food delivery platforms are important. And of course, general search engines are crucial to feed organic traffic.

Key partners

1. **Content creators:** Users that write reviews and upload pictures are essential to TripAdvisor's success. For Expedia and Booking.com, reviews are important too, but for TripAdvisor, they are at the core of their value proposition.
2. **The supply side: travel services providers ([Q3 2017, pdf](#)):**
 - Hotels: 1.1m
 - Attractions: 875,000
 - Restaurants: 4.4m
 - Vacation rentals: 870,000
 - Total: 7.2m listings
3. **Online Travel Agencies (OTAs):**
 - While competitors on the one side, **Expedia** and **Booking.com** are the biggest advertisers on TripAdvisor
4. **Hotels** that have signed up to the **instant booking feature**:

-
- Many of the major hotel chains have done so, here InterContinental® Hotels Group a [recent example](#)
 - The other Online Travel Agencies are also collaborating on this feature
 - These partners are important for TripAdvisor's Agency business model
5. **Travel agency affiliates** earn commission (through their [TripAdvisor Travel Affiliate Program](#))
- Access to all 500+ million reviews and >500,000 city and hotel pages.
 - [50% Commission](#) on any revenue generated on TripAdvisor's advertising revenues (cost per click, CPC) or agency revenues (cost per acquisition, CPA)
6. **Food delivery platforms**, TripAdvisor lists restaurants and features booking through the food delivery platforms and gets the details of these platforms added to their platforms, these are often many thousands new listings in one hit, partnerships include e.g.
- [Takeaway.com](#)
 - [Deliveroo](#) – (example of some random restaurant in here in Sydney, note the "[order online](#)" button)
7. **General search engines**: Google and Bing are crucial to delivering the organic (free) traffic that is more important to TripAdvisor's advertising business model than for Expedia and Booking.com. Sudden changes to their search algorithms or entering the [travel meta search engine](#) space (Google Hotel Ads) poses a significant risk to TripAdvisor.

Other partners

1. **Technology partners:** Like most platforms, TripAdvisor has its own technology staff and they are a key resource. They have a number of external technology partners, such as [connectivity partners](#). TripAdvisor relies on acquiring complementary businesses or investing in promising start-ups in the [early funding rounds](#) (example for testing the waters in the business travel market).
2. **Lawyers:** While TripAdvisor had its own legal challenges (see below), they have been much less reliant on lobbyists or lawyers than most of the other platform businesses that I have previously described. Therefore, I am not listing lobbyists or lawyers as key partners, unlike in the case of Uber, Airbnb, Expedia/Booking.com.
3. **Various other:** for example [tourism bodies](#), [media outlets](#), [airports](#), etc

Key activities

TripAdvisor's key activities, like that of all platform businesses, is to enhance the platforms [indirect network effects](#). Some of the most important levers are: (1) adding more [valuable content & inventory](#) (2) [enhancing customer experience](#) (3) [enhancing the value proposition](#).

Driving Powerful Network Effects



Network effects are at the centre of TripAdvisor's business model [source: [Investor preso, Q4'14, pdf](#)]. There are direct network effects between content creators and other users but also powerful indirect network effects between users and hotels

1. Enhance positive indirect network effects by increasing:

1. Fresh, candid reviews (check out what [Yelp does to encourage reviews](#) – though their content creation model is different in that they have elite reviewers)
2. The number of bookable accommodations at an increasing amount of locations
3. The types of bookable properties (variety)

2. Enhance customer experience & value of the platform through **technological innovation** (few recent examples):

1. A key strategic priority is to further improve the mobile app, esp in the content and in-location functionality as to [be there in the micro moments](#) when the user looks for travel content
2. Another important frontier is to get more insights out of the reviews, e.g. for the [creation of tags](#) using artificial intelligence (AI) algorithms so the user can filter for location by amenities or other criteria
3. User-provided photos are a major asset but there are good and quite ordinary photos uploaded. AI can help [display the right user-captured photos](#), e.g. the photo of a delicious meal instead of the restaurant's bathroom
4. Use AI to spot fake reviews

3. Value-adding complementary value propositions:

1. Develop, partner with or acquire platforms that have network effect enhancing value propositions Here some examples that TripAdvisor has acquired and continues to develop:

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- Restaurants: [thefork](#)
 - Attractions: [Viator](#)
 - In-location exploration: [Citymaps.com](#)
 - Vacation rentals (see below)
2. When done right, these can bolster the depth of the relationship with the user, increase loyalty and customer lifetime value and thus the value of the network for the other side (i.e. hotels, restaurants, attractions)
 4. **Enhance the value proposition**, via niche specialisation or a different positioning
 1. [Cruises](#) (niche)
 2. Travel [the hottest destinations](#) (positioning: the “vogue of travel”)
 5. **Generate demand** through [personalised promotions/notifications](#) to subscribers
 6. **Improve the websites and the app** based on the captured data and evolving technology, trends and feedback
 7. **Optimise conversion rates** through experimentation
 8. **Search engine visibility:** Maintain top rankings on organic search rankings and get a good return on paid ads
 9. **Observe industry landscape** for new entrants as well as adjacent industries
 10. **Observe** the moves of the known **direct competitors**

Key resources

A key function of key resources and assets in the platform business model is to underpin the [indirect network effects](#) that are at the heart of this business model. For TripAdvisor, these are reviews (content) and their inventory (the stock of hotels, restaurants attractions reviewed & bookable). The other key resources (and assets), such as the webpages and the mobile app are there to provide customer experience which is all about [reducing friction](#).

TripAdvisor's Content & Community Growing as the World's Largest Travel Site



Active users, rich content and differentiated inventory are among TripAdvisor's key assets [source: [Investor preso, Q1 '17, pdf](#)]

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1. A huge stock of **recent, candid reviews** (>570m total reviews as at Jan 2018)
 2. The **webpages** and the **mobile apps** (now more important than the pages)
 3. **Number of hotels, restaurants, etc** covered
 4. **Number of locations** covered
 5. **Engaging content:** high-quality, professional photos, good hotel descriptions incl all amenities&facilities
 6. The **captured user data** and proprietary (artificial intelligence) algorithms
 7. **User experience (UX)** of the website and app
 8. **Skilled [staff](#)**
 9. **Technology** platform & infrastructure
 - [Technology architecture](#)
 - Their [tech stack](#)
 10. **The global network** of TripAdvisor-owned platforms
 11. **The various subsidiaries & brands**
 12. **Intellectual property, brands, registered trademarks, trade secrets, domains, etc**

Customer Segments

TripAdvisor segments both sides of the platform, being hotels, restaurants, attractions as well as the travellers. Hotels, restaurants, attractions can be segmented in ways that relate to frequent search types, by location, start/user rating, amenities, etc. Travellers will be segments across the traditional dimensions, such as geo-demographic. Additionally, TripAdvisor perform micro-segmentation depending on the question they are trying to answer.

In my previous articles, I have covered the different aspects of customer segmentation that would be relevant for Online Travel Agencies and similar businesses before. Here a quick summary with direct links to the respective section in those articles:

- TripAdvisor can segment their supply-side, i.e. hotels, restaurants, attraction, B&Bs much [like Yelp](#) by location, property type, rating, price category, vertical and so on in a way that aligns with the filters that the user can apply when detailing their search on the web pages or app.
- They can segment their demand-side (travellers, users) similar to what I have [described for Booking.com](#) in the traditional macro segments, such as demographic, geographic, geo-demographic, behavioural and more
- They can segment in a more [transaction-centric](#) way

-
- And, most excitingly, they can [micro segment as described in my Expedia article](#) with the purpose of very targeted demand generation at scale

Advertisement targeting

Segmentation can be used for targeting TripAdvisor's business customer's advertisement to achieve higher rates of conversion, examples:

- The most obvious form of targeting is [destination targeting](#)
- People's searches for activities provide great data for behavioural targeting (example here for visitors of the [SXSW, Austin](#))
- [Dynamic targeting](#)

Customer Relationships

Being trusted is the most important element of TripAdvisor's customer relationships. Without trust, the entire value proposition would crumble. This is particularly true for the relationship to the users/travellers. There is a trend for review pages to be trusted more as the survey below shows.

	2014	2015	2016	2017
Yes, always	-	8%	18%	19%
Yes, if I believe the reviews are authentic	22%	31%	27%	25%
Yes, for some types of businesses, no for others	34%	22%	19%	20%
Yes, if there are multiple customer reviews to read	26%	19%	20%	20%
No, I am often skeptical about online reviews	-	-	12%	13%
No, I don't trust reviews at all	17%	20%	4%	3%

“Do you trust online customer reviews as much as personal recommendations?” [source: [Statistica](#), 1031 respondents, US, Oct 2017] One of the most important elements is to make sure that reviews are authentic and useful. Here a few notes on this topic:

- [Here a list of cases](#) where TripAdvisor had issues with fraudulent reviews and other controversies
- Some public relations on how TripAdvisor [moderates reviews](#) (checks & balances)
- For the customers:
 - [Guidelines](#) for traveller reviews
- For the supply-side:

-
- [TripAdvisor Incentives Policy](#): Some dos and donts for hotel managers
 - Tips on [collecting reviews](#) the right way
 - [ReviewExpress tool](#) and a [guide](#) to it and a number of [other articles](#)
 - I have elaborated on the relationships between hotels and online travel agencies in depth. It is that of a [love-hate relationship](#).

TripAdvisor User Flywheel Continues to Hum & Increase Engagement



Trust and value-add/memorability propel the customer loyalty flywheel
[source: [Investor preso, Q1 '17](#)]

Channels

Expedia's **sales channels** to travellers:

- The TripAdvisor webpages (desktop or tablet)
- The mobile-optimised webpages
- The TripAdvisor app
- The various TripAdvisor-owned webpages, 20 sites in 48 markets and 28 languages
- Through their sales teams to other businesses (B2B), i.e. hotels, online travel agencies, restaurants, etc (see [revenue models](#) below)

Ad channels:

- General search engines, Google, Bing:
 - organic search ranking through useful content
 - paid advertising, CPC
- Traditional brand advertising channels, like TV, radio, magazines, etc
- By having their brand assets displayed by hotels
- Other

Communication, content and other channels:

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

-
- **eMails** for direct communication with their customers ([here an example for a mail sequence](#))
 - Other search engines and webpages
 - [TripAdvisor YouTube](#) channel
 - [TripAdvisor B2B](#) channel
 - YouTube advertising
 - Other display and retargeting ads
 - Social media sites, [Facebook](#), [Instagram](#), etc
 - [Blog](#) with inspiring articles & useful content
 - [Travel guides](#)
 - And lots more

Cost Structure

[TripAdvisor's annual report](#) (FY16) shows their largest operational expense (page 43-) are sales and marketing consuming 51% (or \$756m) of their revenue. Technology and content comes second at 16% of revenues (or \$243m). This is a similar pattern to [Expedia's](#) and [Booking.com's cost structures](#) show the same pattern with marketing and sales as the biggest operational expense.

Operating expenses

1. Selling and marketing **\$756m = 51.1% of revenue**

- Direct costs **\$554m**

- online ads: traffic generation costs from search engines, social media and other online
- offline ads: television, radio, print and PR
- affiliate program commissions
- public relations and other costs

- Indirect costs **\$202m**

- salaries, commissions, benefits and other overhead and stock-based compensation costs for sales, sales support, customer support and marketing employees

2. Technology and content **\$243m = 16.3% of revenue**

- Salaries for staff designing, developing website/app and content: **\$213m**

-
3. General and administrative \$ 143 = 9.7% of revenue
 4. Costs of revenue \$71m = 4.8% of revenue
 - Credit card, transaction and other fees \$51m
 5. Other
 - Depreciation: \$69m = 4.7%
 - of which \$12m are for amortisation of capitalised software/website development costs
 - Amortisation of intangible assets: \$32m = 2.2%

As an innovator, it is important for you to know that the majority of the ongoing costs are in selling and marketing (i.e. customer acquisition cost, CAC). This is quite a typical pattern for many platforms and start-ups. When you are developing or presenting your innovation idea to anyone you need to be fully aware of this.

Capitalised costs

On page 60 of their [annual report](#), you can read which costs are being capitalised. There are no surprises there:

- Development of websites (development phase but not maintenance phase unless substantial upgrades)
- Such costs are amortised on a straight-line amortisation over the estimated useful life (generally three years)

-
- **Capitalised cost in FY16 were \$86m** excluding amortisation for software and website development

Let's look at their **balance sheet** (annual report, page 73) in relation to technology and intangible assets:

- **Property & equipment: \$260m** (includes **total capitalised software/website development of \$153m** of which \$111m is depreciated already)
- **Intangible assets: \$167m** (gross carrying amounts, e.g.: trade names & trademarks = \$56m; customer lists = \$84m; subscriber relationships = \$33m)
- **Goodwill: \$736m** (32.8% of their total assets*)

(*a pretty high number that comes with the typical [risks of impairments](#) also reflected in their [low return on asset](#) figures)

TripAdvisor acquisitions

And while we are on the topic of acquisitions, let's have a look at a few examples of TripAdvisor's acquisitions. It is a very important way of growing:

1. In the earlier days of their acquisition history 2007-2010 the focus has been on travel advise and travel media sites. But some of those sites are now closed or redirect to other. An example for one of the popular ones is SmarterTravel.com that was acquired in 2007

-
2. From about 2008, they started acquiring **vacation rental platforms**
 3. From about 2014, they acquired a number of **restaurant review and booking platforms**
 4. Around the same time (2014), they acquired Viator to enter the **attractions** business

Here is a list of [TripAdvisor's acquisitions](#). A slide in their investor pack shows the three areas TripAdvisor has been focusing their acquisition resources (i.e.dollars) on.

Investing in Other Large, Global Opportunities

Attractions



- 500K attraction listings across the globe
- Viator is the global leader in bookable tours and attractions, with 600K user reviews, photos, and videos
- Viator enables users to book online or in-destination activities via the Viator Tours and Activities app



Restaurants



- 2.4M restaurant listings across the globe
- TheFork is the leader in online restaurant reservations, with 20K restaurants in France, Spain, Switzerland, Belgium, Italy and the Netherlands
- TheFork delivers seated diners to restaurants



Vacation Rentals



- Large, highly-fragmented and inefficient market
- Subscription or Transaction-based listings gives flexibility for owners; 650K property listings and growing
- Leverage TRIP's massive global audience researching accommodations
- Ecommerce-enabled properties with online payment options



In the last few years, TripAdvisor has been focusing their acquisition resources on the three pillars attractions, restaurants and vacation rentals [source: TripAdvisor [investor presentation, Q4 '14, pdf](#)]

Revenue model(s)

The online travel businesses are characterised by three dominant revenue models (1) agency model, (2) merchant model and (3) advertising model. The other revenue sources have only a minor contribution to the total revenues. TripAdvisor generates most of its revenues through the advertising model.

Check out the links below to directly jump to the description of the respective business/revenue model:

1. [Agency business model \(CPA\)](#)
2. [Merchant business model](#)
3. [Advertising business model \(CPC and CPM\)](#)
4. **Subscription** business model
5. Other

[Tripadvisor's annual report 2016](#) (page 39) shows the composition of their revenues:

1. **Click-based advertising (CPC) & transaction revenues:** \$750m / \$1.2b = **63%**
2. **Display-based advertising (CPM) & subscription:** \$282m / \$1.2b = **23.7%**
3. **Other hotel revenues:** \$158m / \$1.2b = **13.3%**

As you can see, they have decided to slice and dice their revenues in a way that makes it difficult for us to make a direct link to the respective revenue



model. This is not uncommon in financial reports, especially when companies introduce a new business model into the mix of existing business models. TripAdvisor has added direct bookings as a new revenue stream (starting about 3 years ago) and does not disclose how successful this decision was. (Though as it stands it is appearing not to have been an overly successful move which you can see reflected in the share price.)

Diversified Business Model with Multiple Monetization Streams

Hotel:

<p>Click-based and Transaction</p> <p>Highly qualified hotel shopper leads through metasearch auction and bookings driven by Instant Booking</p>  <p>Hotels.com \$304* Hotels.com \$304* 0 more offers +</p>	<p>Display and Subscription</p> <p>Nearly 390M average monthly unique visitors* across 49 localized points of sale</p> 	<p>Other Hotel</p> <p>Click-based and Display-based advertising revenue sold through non-TripAdvisor branded websites</p> <p>SMARTERTRAVEL A TripAdvisor Company</p> <p>Independent Traveler.com</p> <p>bookingbuddy</p>
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Non-Hotel:

<p>Attractions</p> <p>Users can research and book 790K activities and attractions in popular travel destinations</p> 	<p>Restaurants</p> <p>Users can research and book over 4.3M restaurants through our restaurant reservation business, the Fork</p> 	<p>Vacation Rentals</p> <p>Users can research and book 820K vacation and short-term rental properties</p> 
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The various revenue streams [source: [Investor preso, Q1 '17](#)] So, let's make a link between the revenues as shown in the annual report and the predominant travel platform business model types:

1. Advertising business model:

- Click-based advertising (CPC) through the links from the hotel pages to the hotel website's booking page
- Display-based advertising (CPM) via banner ads
- Ads in the various other TripAdvisor websites

2. Transaction revenues:

- Direct booking of hotels through the TripAdvisor hotel pages
- Restaurants reservations through to the restaurant websites (thefork.com)
- Attraction bookings through Viator.com
- Cruise bookings

3. Subscriptions:

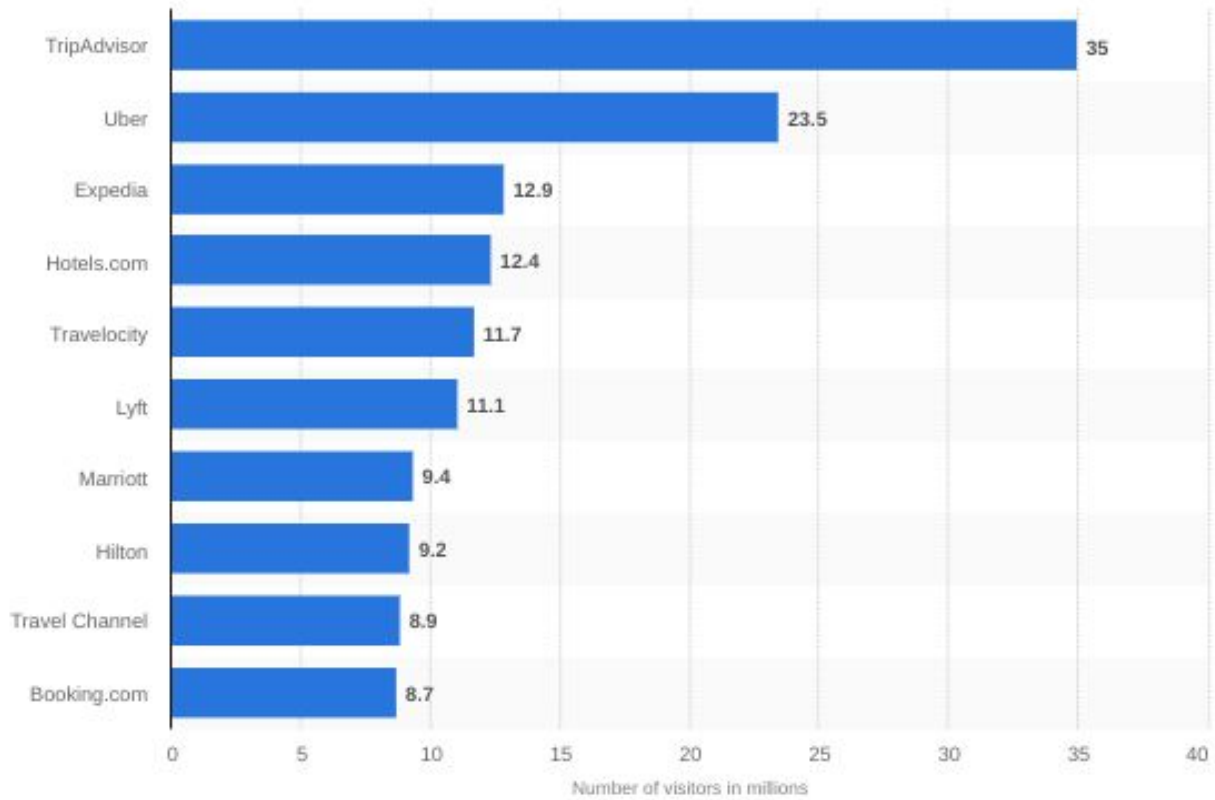
- For hotels/businesses to be able to have more control over their business' page in TripAdvisor (see above, e.g. make special offers)
- Analytic and data services for business owners
- Vacation rentals are generally subscription-based. In case of the free-to-list model, transaction revenues are incurred per booking (which falls into 2)

As mentioned, these do not link directly to the way TripAdvisor reports but I believe categorising this way is more helpful for you as an innovator. You can get details on their business models in the annual report pages 2-5.

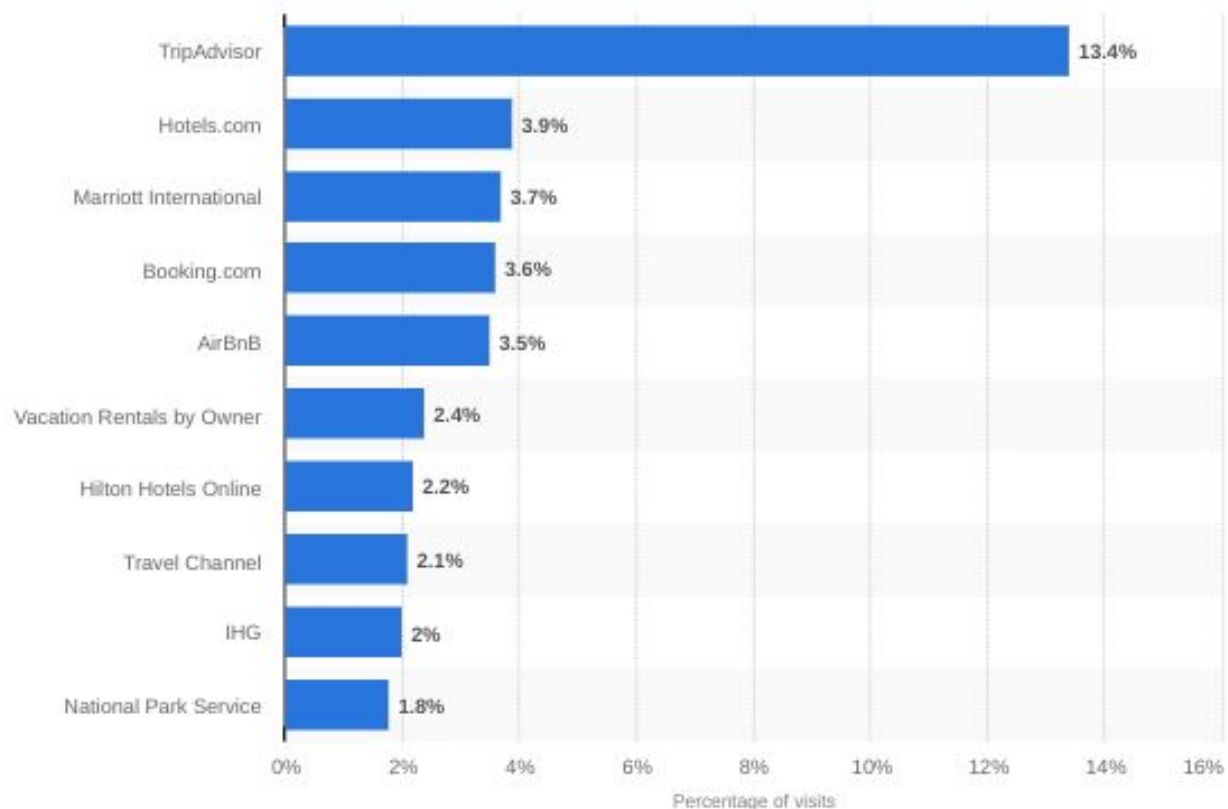
TripAdvisor's Business Model

Financially, TripAdvisor's business model is characterised by the various [revenue models](#) and their respective [cost structures](#). But more holistically, their business model relies on providing trustworthy information to travellers for decision making and planning of their vacation (and the most expensive item, hotels). Equally, for hotels, it offers the opportunity to get booked.

Underpinning this value proposition are trust, choice and economic value add. TripAdvisor must work hard to continuously ensure this as described in the [key activities](#) and [customer relationship](#) sections. Here is one statistic that shows the tangible returns of the trust.



Most popular travel properties in the United States as of April 2017, by monthly users (in millions) – note: includes App traffic [Source: [Statistica](#)]



Leading travel destination and accommodation websites in the United States in November 2016, based on market share of visits [source:

[Statistica](#)] Now, these are just a few snapshots but they indicate that TripAdvisor is very popular despite much smaller marketing/advertising budgets. E.g. Expedia and Booking.com spend about \$3b per year – 5-6 times of TripAdvisor’s budget. This does demonstrate that adding value to the users has tangible returns, i.e. significantly lower unit advertising cost.

This is crucial for their business model as they also make less **unit revenue per site/app visitor**:

- The advertising model where the majority of TripAdvisor’s revenues come from makes generally about \$0.5 – \$2 per click

-
- Booking.com's majority of revenues come from sales commissions. Say for a 5-day stay (assume \$200 per night hotel room) booked through their pages, they make approx $20\% \times 5 \text{ days} \times \$200 = \$200$ (make it 2-day weekend stay and its still \$80)
 - CPC is higher in volume but it is probably 100x lower in revenues per those transactions

However, on the cost side, things are not so different. If TripAdvisor decides to bid for a Google search term, such as "hotel in xxx" they compete directly with Expedia and Booking.com to rank up the top. Now, it is not the highest bid that necessarily wins. The quality score plays also a role. But Expedia's and Booking.com's quality scores are also up there. So, essentially, **while on average TripAdvisor earns much less revenue per click they would have to pay the same cost per click to acquire that traffic.** They simply have to get more organic and direct traffic. This is also one of the reasons why TripAdvisor more recently has embarked on offline marketing, such as TV.

I have explained some of the opportunities in depth the dynamics of the [traveller's customer journey](#) and the [traveller's micro moments](#).

Competition

TripAdvisor's business model is heavily dependent on direct and organic search traffic. Their attempts to get a larger share of direct hotel bookings that they embarked on 3-4 years seem to have not been successful as can be

seen in the share price slumping back all the way to where it started just after their IPO.

On the organic side, they are facing competition from Google who have entered the travel meta search space. On the cost per acquisition side – as mentioned – they are the junior player that is dominated by the cashed-up players Expedia and Booking.com. And worse, they all have their meta search engines (Trivago and Kayak) that encroach on the price comparison proposition – but not yet there in terms of valuable content).

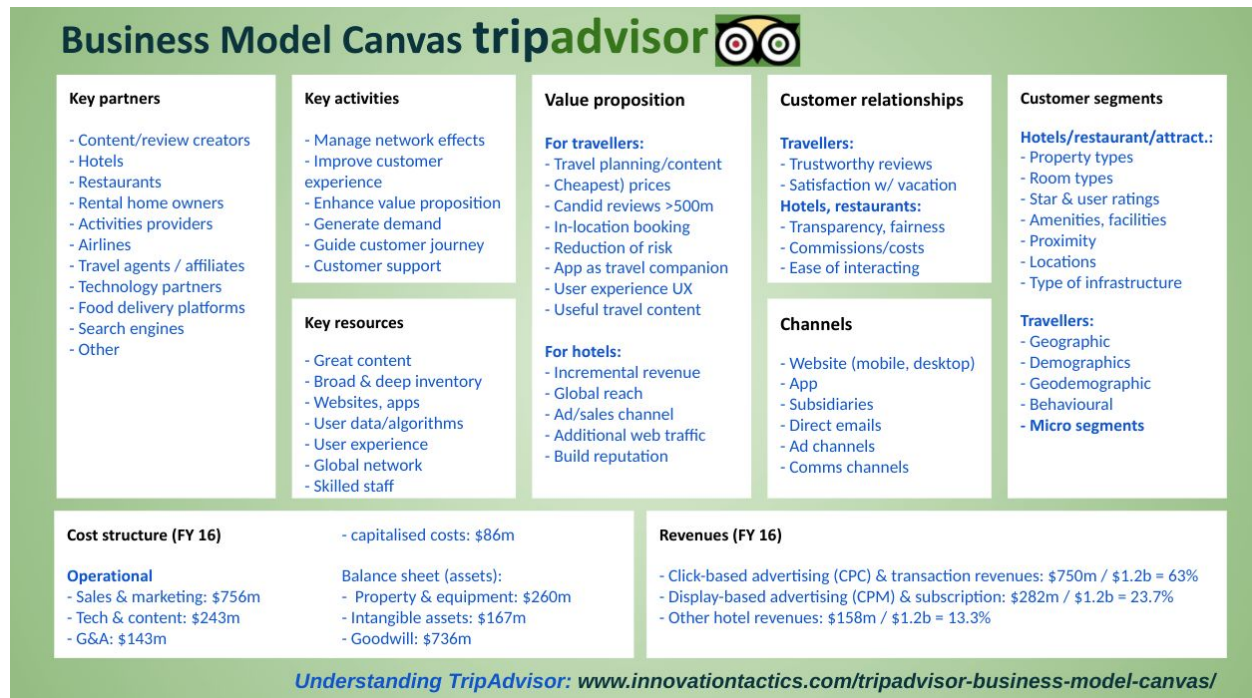
Prof Michael Porter (Mr Strategy) would probably say that TripAdvisor has attempted to straddle, i.e trying to have two strategies at the same time (which he states often fails). Being a trust-based review site and travel meta search engine may be two strategies that align well.

But they have also entered the OTA space through their direct bookings. It will be not easy to bridge a trust-based value proposition with what really is a hard-sell business (and the OTA business is really that). Add to that the fact, that the OTA space was already well inhabited by the two much bigger participants. And finally, these two players happen to be the biggest revenue sources for TripAdvisor's CPC-business.

On the other hand, all the in-location value propositions, such as restaurants and attractions seem to be nice complementary propositions that can enhance the customer relationships. TripAdvisor is a great platform that ultimately can carve out a unique positioning giving them the success that they deserve.

TripAdvisor Business Model Canvas

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



TripAdvisor Business Model Canvas

Download here as PDF file: [TripAdvisor Business Model Canvas \[pdf\]](#) and/or as PowerPoint: [TripAdvisor Business Model Canvas \[pptx\]](#).

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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