

Booking.com, a Dutch Company at Heart

By Renée van den Elsen

Booking.com is the world leader in booking accommodations online. Over 1,200,000 room nights are reserved on Booking.com each day. With 15 customer service centers around the world employing 6000+ customer service representatives, working in 42 different languages, you know this company takes its customers seriously. In the Tech world, they are surely an e-commerce role model. After hearing John Traas, Regional Director South Asia Pacific as panellist speaker at the first NTCCxTech event, we really wanted to interview Booking.com for our Commerce magazine. Area Manager, Thailand Chatsuda Lertpiriyakamol was kind enough to join the interview to share insights for the Thai market.

START OF BOOKING.COM

In 1996, Geert-Jan Bruinsma, a student of the University of Twente, realized that it is actually quite difficult to book a hotel, especially in places that you don't know. Lack of information made it impossible to make a well-informed decision when booking a hotel. Back then, 'the Internet' just emerged and Bruinsma seized his opportunity. He started a very simple website with an equally simple concept: people showed interest by e-mail and he called the hotel to check availability. After 5 years, Bruinsma expanded to Spain and the UK. Then, Booking.nl became Booking.com. In 2005 Booking.com was acquired by United States-based Priceline. But, with a Dutch CEO, three Dutch board members, headquarters located in Amsterdam and all (website) development taking place in the Netherlands, its heart is still very Dutch.

BUSINESS MODEL

Although the simplicity of the website back then is incomparable to the extensiveness of Booking.com today, the concept has always remained the same. A customer-centric platform where venue suppliers pay a small commission fee to Booking.com only after the guests have stayed at their accommodation. Booking.com was actually the first hotel provider to work with a commission-based model. Previously, the Merchant model was more common among travel agencies. In the Merchant model the Online Travel Agency (OTA) buys nights from a hotel at low-cost rates and then tries to resell it to the consumers for a higher price.

Merchant model-based companies are mostly interested in enlarging the disparity between the buying and selling

of the room as much as possible to increase their profit margin. Where commission based models, like Booking.com, are merely interested to give consumers the best price and service, to keep customers coming back.

With over 1,200,000 room reservations each day and a million plus properties available to book, the model seems to work quite well for Booking.com.

Booking.com's success is also due to their online marketing strategy. "The majority of our marketing is online, which enables us to measure the outcome of our marketing investments exactly. We are a data driven company", John says. "We know the return of investment (ROI) of every click we buy. In that sense, our ROI goals determine our marketing budget, not the other way around," he continues. Booking.com is heavily engaged in Search Engine Marketing. "We have consistently been one of Google's top customers" John says. "Properties choose to list on Booking.com because we can generate significant incremental business for them. Partnering with us is arguably the most cost-effective way for accommodation partners to grow their business and their brand globally. We invest heavily in optimizing our website and mobile apps to meet customers' ever-changing needs, so properties can rely on our expertise as a highly efficient digital marketing channel. Booking.com helps property owners to connect with the largest possible audience of international consumers and benefit from the reach of Booking.com's global marketing efforts through search engines like Google, Bing and Yahoo! Managers can make changes to their property details, control their own advertising and listings at their discretion, as well as receiving real customer feedback."



John Traas



Chatsuda Lertpiriyakamol

The Booking.com logo, featuring the word "Booking" in white and ".com" in blue, set against a dark blue background.



COMPANY CULTURE

Chatsuda, having worked in other tourism companies in Thailand before, enjoys the flat hierarchy she experiences at Booking.com: “Even though John is my superior I can give him feedback. The management style is totally different from what I was used to, there is no finger pointing,” she says. “We try to have a lot of bottom-up ideas”, John adds. “The mission and vision of Booking is very clear and in that sense top-down, but the teams are very free and have their own responsibility in how to achieve those goals. My experience is that this is the only way to get fresh new ideas and to get a company and its employees realizing their full potential”, John concludes. Booking.com’s company culture is also marked by the shared value of being humble. “Celebrate our successes, but don’t let them get to your head. We always aim to remain friendly and approachable people”, Chatsuda confirms. With over 142 different nationalities working at Booking, it is understandable that Booking.com requires an open environment where people feel included and welcome. “Moreover,” John adds, “we encourage employees to grow within the company. We always look inside first when looking for any management positions. Some of my close colleagues started in customer service seven years ago and now became regional manager.”

DOING BUSINESS IN THAILAND

When confronted with the question of the advantages of doing business in Thailand, both highlighted the service-orientated mind set present in the Thai society, “which matches perfectly with companies operating in the service industry, such as Booking.com”, John states. Chatsuda emphasized the fact that Thai customers are getting more and more comfortable with making online purchases, which she describes as “a great

development for every e-commerce company and the online ecosystem as a whole.”

Where currently Booking.com is far stronger in the international market, its - also Priceline owned - competitor Agoda might still be stronger in some domestic markets. John explains that this difference in customer segment is mostly due to different focus points. Agoda is more price aggressive, while Booking focuses more on service and offers more choices to consumers. This combination of healthy competition between Agoda and Booking and the consumer becoming more online savvy makes for a very positive outlook of the possibilities in Thailand. The only thing that could cloud this sunny outlook is the issue of bureaucracy in Thailand: “The rules and regulations for hotels change almost annually, which makes long term planning for hotels rather difficult. For us we want to keep our focus on offering as much choices as possible to our customers”, both explain.

FUTURE

“We genuinely like to make travelling easier, which is what we have done over the last 10 to 15 years. But now we want to see whether we can make the actual stay easier for the customer. Think about transportation to the hotel, where to eat, what to do, which attractions to visit and which not.” John says enthusiastically. Developments like these will normally start in Europe and if successful will be rolled out across the globe. “Globally scalable and locally adapted, if you will”, John adds. “We are obviously still in the exploration phase, but we really see Thailand as a great place to test and learn for parts of Southeast Asia. Booking.com’s future holds enhancing and facilitating the travel experience of customers far beyond booking. And I’m excited to be a part of that” he concludes.