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Effects of Strategic Management Practices on Business Performance of Online Travel Agents: *Case of Expedia Inc.*

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ABSTRACT*: The purpose of the study was to portray the importance of proper and timely implementation of strategies by organisations towards achieving the same. This was served by studying the case of Expedia Inc. The study operated on analysing case of the Vision-Mission statements of the organisation and critically analysing two corporate level strategies which were implemented. The Vision and the Mission statements of the organisations were obtained and thus analysed to see whether the company was on the road to achieve the two, if not already evident. For the critical analysis of strategies undertaken by Expedia Inc., the Joint-Venture with Air Asia and the Divestment from eLong has been taken into consideration. It is further outlined how the strategies were successful and helped Expedia Inc. reach closer to the goal set in the Vision-Mission statements. Thus the report explains and proves that strategic management in any organization is of utmost importance and how internal capability factors play a vital role for any organisation.*

KEYWORDS –*Strategy, Management, Divestment, Expedia Inc., Joint Venture, Vision-Mission.*

I. INTRODUCTION

Strategic Management is the process of formulation, analysing, implementation and controlling of plans of action with objective of achieving a higher level of operational and functional or efficiency by the organisation. It is all about identification and description of the strategies that managers can carry out so as to achieve better performance and a competitive advantage for the organisation.Strategic Management in an organization ensures that goals are set, primary issues are outlined, time and resources are pivoted, functioning is consolidated, internal environment is set towards achieving the objectives, consequences and results are concurred upon, and the organization remains flexible towards any external changes.Apart from faster and effective decision making, pursuing opportunities and directing work, strategic management assists with cutting back costs, employee motivation and gratification, counteracting threats or better, converting them into opportunities, predicting probable market trends and improving overall performance. In this process of strategic management, the corporate level strategies are the one that are formulated by the top-level management of an organisation having a holistic impact on the organisation. Financial performance, mergers and acquisitions, human resource management and the allocation of resources are considered a part of corporate level strategy.

For this paper, the organisation chosen for the analysis of the corporate level strategy is the Online Travel Agent giant (OTA) *"Expedia Inc."*.

II. BACKGROUND

Expedia Inc. was founded as a division of Microsoft in October 1996, and then it was spun off in 1999 and was later purchased by Ticket Master in 2001. Ticket Master changed its name to USA Networks in 2001 and then InterActiveCorp (IAC) in 2003. IAC then spun off its travel group of businesses under the Expedia Inc. name in August 2005, that included Expedia, Expedia Corporate Travel (now Egnicia), Classic Vacations, eLong, Hotels.com and Hotwire.com. The company made travel products and services available on a standalone portal by various lodging properties, airlines, car rental companies, destination service providers, cruise lines and other travel product and service companies. The company also offered travel and non-travel advertisers access to a potential source of incremental traffic and transactions through its media and advertising offerings on its transaction-based Websites.

Brands in Expedia's portfolio are as under:

- Trivago: This segment sends referrals to online travel companies and travel service providers from its hotel metasearch websites in approximately 60 countries.
- Egencia: This brand is a corporate travel management company that provides managed travel services to corporate customers across the world.
- HomeAway: This is an online market-place for the vacation rental industry, which also includes the VRBO (VacationRentals.com and BedandBreakfast.com) brands.
- Venere: This brand caters to Europe online hotel reservations.
- CarRentals: This segment serves as the car rental booking portal on web.

III. PROBLEM STATEMENT

It has been established so far that Expedia Inc. is an organisation which has expanded not only fundamentally but also constitutionally. Successfully taking operations across borders and spreading through the globe on a huge scale has helped the OTA giant reach the peak in the industry. Being in the tourism industry and also being able to function in multiple nationalities proves to be a huge asset for an OTA and boosts the profits of the company manifolds. But achieving such feats for any organisation across industries is a task only a few achieve. To inculcate such level of industry dominance, an organisation needs to get numerous activities done right and in a manner which results in high yielding effectiveness. Also, the importance of the right decisions and appropriate implementation of the same depends entirely upon the adequate strategic management. This shows that understanding the organisations and their strategic management becomes an inevitable process to achieve high growth and success. Thus, this paper aims at studying the organization Expedia Inc. to understand the compelling and impressive progress and the current state of market leader. For this purpose the ultimate goals of the company will be analysed and how it's driving the organisation forward along with two of its corporate level strategies to understand the impact of those strategies on the organisation.

IV. OBJECTIVES OF THE STUDY

The following are the objectives of this study:

i) To study the vision and the mission statements of Expedia and thus analysing the approach undertaken to achieve the same.

ii) To critically analyse the Joint Venture (Expansion) Strategy of Expedia Inc. with Air Asia and its results.

iii) To critically analyse the Divestment (Retrenchment) Strategy of Expedia from eLong and subsequently its result on Expedia's performance.

V. METHODOLOGY

For this study, qualitative research is used by making use of secondary data available. Qualitative Research is the non-numerical exploratory research method that is used to obtain a comprehensive understanding of the underlying premise of the problem under scrutiny. This helps generate insights and explanations related to the topic of research and proves to be a conceptual base for any potential quantitative research.

Secondary Data is the type of data that is not taken up through a first-hand source, but from an existing source. The information for this study has been taken from data available on the internet and the company's public information.

Additionally Case Study Methodology is used for undertaking the research to study the strategic management process of Expedia Inc. and analysing the effectiveness and the efficiency of the same. Case study method is a qualitative research approach so as to describe the problem or the situation at hand, followed by the in depth inquiry, investigation, and reasoning of the case. This is done with an aim for deriving and studying the many aspects that the case consists and forming a conceptual base.

VI. VISION-MISSION ANALYSIS

Vision and Mission of an organisation are the two major elements that drive an organisation's business towards the future in a sustainable and effective manner. **Vision** describes what the organisation aims at being in the future; the position it desires to achieve and the changes it wants to attain. On the other hand, the **Mission** of an organisation explains the business process in manner in which the said objectives are supposed to be approached. As these describe majorly the entire organisation, the importance of these statements for any organisation is inexorable for the existence and growth of the organisation. They drive the organisation to the sustainable and successful future position.

Thus to begin with the in depth analysis of Expedia Inc., it is necessary for us to examine the Vision-Mission statements and the steps taken by the organisation to attain the same: -

a. Vision Statement and Analysis:
The company sets its vision in the following statement as: -

- *To own and power the best travel brands in the world.*
- *To be independent, innovative and fast.*
- *Primary growth drivers will be technology and product innovation, customer loyalty, global expansion and channel penetration.*
- *Want to be the best supply position in the world.*

Thus it is seen that the vision statement of the Online Travel Agent revolves around owning various powerful brands under its own banner so as to have a global expansion, involve the customers into loyalty by the way of offering innovative prospects and providing the best supply chain possible in the industry.
The following points are considered to analyse the company's actions to pursue this: -

i) Owning, Powering the best travel brands and Global Expansion:
- On December 21, 2012 Expedia bought a majority stake in travel metasearch engine Trivago in a combined cash and stock deal worth $630 million.
- On July 6, 2014 Expedia Inc. agreed to buy Wotif.com Holdings Ltd., an online travel company that covers Asia-Pacific region. Wotif's brands include wotif.com, lastminute.com.au and travel.com.au.
- In January 2015, Expedia acquired Travelocity from Sabre Corp for $280 million. Expedia previously partnered with Travelocity to provide the technology platform for Travelocity's and Canada points of sale.
- In February 2015, Expedia agreed to acquire Orbitz for $1.2 billion in cash. In September 2015 Expedia got approval from US antitrust officials to acquire Orbitz.
- In 2015, Expedia also bought HomeAway for $3.9 billion.

Thus, it is evident that Expedia has been building a portfolio of best travel brands under the banner of its own. These acquisitions and mergers with various brands across geographies helps Expedia Inc. to fulfill the vision of being a global entity.

ii) Customer loyalty programs:
A marketing agency *Invesp*shows in its research that an effective customer loyalty program leads to fivefold increase in profit per customer. Expedia Inc. has a customer loyalty program that involves and initiates the customers to subscribe to Expedia and the brands under it. The customer loyalty plan is as follows: -
- There are three levels of status: blue, silver, and gold. Each tier is relatively easy to attain: to qualify for silver, the members needs to spend $5,000 annually on Expedia.com or book seven qualifying room nights; for gold, it is $10,000 or 15 room nights.
- By attaining silver or gold status, members earn extra points for each purchase (10% bonus points for silver; 30% for gold) and receive bonus amenities at participating hotels (dubbed VIP Access properties)—for gold members, hotel upgrades are offered when available.

Thus emphasizing the impact that customers are accolade with by being associated with Expedia Inc.

iii) Innovation: Innovation is the process of creating something new and unique having a profitable prospect to give returns. This innovation for any organization gives the organization a competitive advantage as well as an edge over the other players in the industry. Similarly, for Expedia, being an internet based OTA, innovation becomes even more relevant. For achieving this, Expedia has implemented cross-screen planning, using digital, programmatic with TV as a way to really engage with the audience. If a trip is booked, but if the price goes down following the booking was made, Expedia can programmatically reach the member and credit their account with the difference. Expedia is also listed on Forbes as 'the world's most innovative companies.'

iv) Best Supply Chain: Expedia's product proposition is the 'world's largest online travel company'. Expedia's campaign in 2014, '*what's your hotel type*' aims at positioning Expedia as the one stop shop for every and any kind of traveller, that too in the budgets they are looking for. With a hotel inventory of more than 2,60,000 hotels worldwide, Expedia takes its positioning of offering the best deals in hotels forward and promises to address the varied travel needs of all consumers.

b. Mission Statement and Analysis

The company's mission is; *"to revolutionize travel through the power of technology."*

The company's backing for attending to the premise of the mission statement is evident from our following analysis: -

i) Expedia has approximately 150 sites that operate in 70 countries around the world, with 50 million visitors a month and 200 mobile app downloads a minute.

ii) New website launches: Expedia launched Expedia Labs, a website showcasing travel technology that will enable developers to test their concepts and receive feedback from users. Expedia Labs features technologies that were built internally at Expedia. Its Innovation Hub features Sabre technology prototypes that users can learn about and test, then provide feedback.

iii) Travel Think Tank: Expedia hosted the first Travel Think Tank at its San Francisco offices. Developer teams presented mobile concepts to a panel of experts, including Expedia CEO Dara Khosrowshahi. It is a direct reflection of how the company will continue to create new opportunities online.

iv) The National Organization on Disability estimates that disabled travellers spend more than $13 billion a year on travel-related services. That includes more than $4 billion a year spend on hotels and $3 billion on air travel.
Partnership with the national federation of the blind: It is an important step in making sure the Expedia sites are readily accessible and intuitive for blind travellers. It will help Expedia develop the compatibility of these sites with state-of-the-art screen readers and display technology to offer a best-in-class experience.

v) New Blogs: HomeWay, the newest member of the Expedia Inc. family of companies has launched a HomeAway tech blog. They've kicked it off with some interesting posting, statistical analysis of payment gateway response times and a great exploration of eCommerce for developers new to the space.

vi) New systems to provide search results and bookings for cruise vacations: Expedia teamed with ProKarma to launch a new system for providing search results and bookings for cruise vacations. Using data from Google Analytics and user behaviour tracking information, ProKarma created a model of expected customer behaviour through the new site, complete with expected abandonment rates and peak-usage spikes.

vii) Expedia Travel App: Expedia app on an iOS or Android tablet, is a lot different from the desktop experience and mobile phone app. It is designed to allow customers to enter NLP travel requests.

- Hotel Smart Finder on Mobile Web: With this feature travellers can look for hotels using specific hotel names, hotel locations and neighbourhood, hotel amenities such as Wi-Fi and restaurants, or simply for specific outcomes such as family friendly.
- Expedia's Real Time Feedback and Sell Tonight: Real Time Feedback's target audience are mobile-savvy travellers. The product is designed on the basis of feedback from hoteliers who wished to gain more support from Expedia in securing positive hotel

reviews. The real time interface sends an email or notification via mobile application to a guest, shortly after the guest checks into an Expedia.com-booked hotel.

Therefore Expedia Inc. has set their vision and mission statements as high achieving ones aim and at attaining highly significant position in the market. Also the analysis of these statements makes it evident that the organisations didn't just formulate superior objectives in the form of their vision and mission but also are integrating their operations with the same. This makes the base of the report for the further critical analysis of a sample of strategies that the organisation has implemented.

VII. CRITICAL ANALYSIS OF STRATEGIES

a. Strategy 1: Joint Venture with Air Asia: - Air Asia Expedia (AAE):

Background

On March 29, 2011 Expedia Inc. announced a joint venture agreement with AirAsia to establish an online travel agency with three main brands namely, AirAsiaGo, GoRooms and Expedia. This strategy aimed at offering a complete range of great value flights, hotels, and holiday packages covering Asia Pacific region (Japan, India, Southeast Asia and other East Asian markets). This dwells upon AirAsia's unique local marketing expertise, along with Expedia's world leading technology, and both companies' quality travel products in the region and beyond. With AirAsia's flights in areas in these regions and Expedia's over 140,000 hotel inventory, this would create a unique set of packages for Asian customers at incredibly low rates on these sites. For proper implementation of the venture, they worked with Anaplan. Anaplan is a cloud-based, in-memory modelling and planning platform for finance, sales, and operations. Its applications enable business users across organizations to intuitively and dynamically test and operationalize their plans, manage complex multi-dimensional models, collaborate across functions and regions, and share insights and content via the built-in community. This connected 22 points of sales and 14 channels for AirAsia Expedia across Asia and improved the accuracy in budgeting and planning.

The rationale behind this venture is also due to the potential to grow online travel consumption in the Asia Pacific region from a mere 20%. Hence, in the 2 years following the implementation of Anaplan, online bookings in the Asia Pacific region has grown 3 times faster than in any other region, and the growth has been over 50% each year, and so this venture made complete sense.

Preceding the JV, the company had also conducted a proprietary consumer survey to understand the need gaps in servicing the South East Asian travel market and defining the unique opportunities therein. The study identified distinct travel segments within the region, the first time traveller, the family traveller, the SME/ business traveller and the frequent traveller. Some of its findings were that Southeast Asia was the most sought after destination (75 %of the travellers), as well as more than half of the people considered the Expedia AirAsia flights to Southeast Asia are cheapest they could be.

These findings clearly suggested that the partnership with one of Asia's leading LCCs (Low Cost Carrier) was a big win for Expedia. It provided the much-needed impetus the OTA (Online Travel Agency) had been seeking to expand within the region. Securing exclusive online third-party distribution rights with AirAsia – especially for markets where the LCC is growing abundantly – gave Expedia a strong hand indeed, and certainly put other OTAs on the defensive.

Analysis of the Strategy

The Joint Venture between Air Asia and Expedia, first partnership of its kind globally between an online travel company and a low cost carrier, led to largely favourable returns.

In 2012, AirAsiaExpedia saw great results from its advertisements and marketing campaigns. Expedia Singapore saw a 48% increase in the number of fans on its Facebook page and a 26% increase in sales revenue from its online site at Expedia.com. Despite macroeconomic issues and political tensions between Japan and China as well as Japan and Korea impacting travel demand, the company literally soared. Its expansion into Thailand was marked by the unveiling of an AirAsia aircraft in full Expedia livery, creating a first for the company as the only OTA with its own plane. Malaysia Expedia was also established, offering the full suite of services including air tickets, hotels and custom-made travel packages. The JV also managed to increase the number of its online sales transactions to 1.3 million from 0.8 million, increasing revenue of each point of sales by double or triple digits. Online transactions for flights grew significantly by 123% while that for hotels improved by 64%. Accordingly, the company achieved a healthy gross profit margin of 71% in 2012. The team's innovative marketing and customer service also grabbed various awards that year. For instance it landed the position of "Number One in Customer Loyalty in the Brand Keys Customer Loyalty Engagement Index."

The years 2013 and 2014 portrayed even higher success for the joint venture. In early 2013, AirAsiaExpedia solved their data integration problem by investing in an IT solution (Anaplan). AirAsia Expedia's single-market related risks were reduced due to the geographic diversity and its global presence. And so the company could tackle macro environment challenges, like weakening of Japan's Yen. Overall, in the year it recorded 46% growth in total transactions – from 1.3 million in 2012 to 1.9 million which, in turn, led to a more than 30% increase in revenue. Most significantly, keen focus on key operational expenses resulted in the company recording its first year of profit. The company also had localized its services cater to each local market's lifestyle and idiosyncrasies. It also promoted itself as a 'One Stop Shop' for all travel needs, another key differentiator from its mono-line international competitors due to its vast inventory size – of more than 435,000 hotels and 400 airlines. The company then, bolstered its business with an award-winning mobile and tablet app. In September 2014, this app was further enhanced with features like Federated Search, making it the first global OTA to offer hotel and flight results from a single search; and collections, comprising inspiring content to explore travel destinations. That year, AirAsia Expedia experienced a 48% increase in transactions serving more than 1.5 million customers. Revenue grew by double digits while profit relative to 2013 surged by triple digits, exceeding the team's targets.

In 2015 AirAsia Expedia launched its full product service in Taiwan in June, providing Taiwanese customers full air content on the Expedia Taiwan site, as well as the benefits of its bundled packages.
AirAsia Expedia also rolled out its loyalty programme, Expedia+ on all its branded sites. Membership for rewards was free; and members did not just earn points from making bookings on Expedia's site but also stood to benefit from a number of special privileges. Also, Expedia had taken an additional 25 percent stake in its joint venture with AirAsia for a cash consideration of US$86.3 million and as of 2016 held a 75 percent control. This allowed Expedia to be more aggressive in the region.

Thus, due to the various benefits it could be summarized that the partnership in 2011 was a great decision.

b. Strategy 2: Divestment in eLong
The next strategy taken is the Retrenchment Strategy by the way of divestment in the stake of eLong.

Background
eLong Inc., a mobile and online accommodations reservations platform in China offers consumers a network of more than 400,000 properties worldwide. The eLong technology and services enabled travellers to book hotels, guesthouses, apartments and other accommodations, as well as air and train tickets; through its mobile and tablet applications (m.eLong.com) and websites (www.eLong.com).

Expedia Inc. on 22nd May 2015 announced the sale of its majority stake of 62.40% in eLong Inc. for $671 million to a group of buyers including Ctrip.com International Ltd., Keystone Lodging Holdings Ltd., PlatenoGroup Ltd. and Luxuriant Holdings Ltd. In this strategy Ctrip acquired the majority equity stake of 37.6% in eLong for a total purchase price of approximately $400 million.
Expedia had invested some $40 million in eLong in November 2011 that increased its stake from 55% at that time. The deal was seen as further evidence of Expedia's desire to gain a stronger foothold on the Chinese market. But rival travel group Priceline strengthened its position in China by investing $500 million in Ctrip.
Also, later in 2015, Expedia's losses had widened as eLong website was spending more on hiring employees. Expedia's profit had fallen by 31% in the first-quarter, due to such expenditures. According to the annual report, 2015 (ending 31st December, 2015), Expedia had hired 18,210 full time and part time employees, out of which 4,560 employees were hired for eLong where the spending were US$565.24 million.

The major reason behind divesting from eLong was that Expedia had realized that there was no point in penetrating the Chinese market at that point of time. This was because China's online booking sector was in its relative infancy. Though the country's annual online bookings had surged 61% between 2013 and 2015, to $29 billion, they accounted for just 23% of all China bookings that year, compared with a 43% penetration rate in the U.S. That low market share forced competitors to narrow the commissions on travel bookings to gain penetration in the rapidly growing but increasingly crowded online arena.
Since the market share of eLong in China in 2015 was just roughly around 9% as compared to its competitor Ctrip whose market share was 54% in 2015, due to such reduction in commissions, their losses had widened to $43.3 million.

Analysis of the strategy
A good business should have attractive economic moats in order to sustain its competitive advantage over the long run. A company with a long term competitive advantage enjoys both price premium and cost efficiency. Ctrip had a strong economic moat, both on price premium (network effect) and cost efficiency (low incremental cost of platform business). However, compared to Ctrip, eLong lacked these key characteristics to be a viable online travel platform. Following are a few points of analysis:

- Network effect

In the online travel agent space, the user network is extremely important given that the value of the platform is strongly dependent on the number of consumers using it. Ctrip has built a sustainable competitive advantage with its one-stop travel shop (air-tickets, hotels and vacation packages) platform strategy and vast user generated content (UGC). On the other hand, eLong's strategy has been focused primarily on hotel booking in the early years. This strategy once helped eLong become one of the market leaders in the space. However, Chinese internet users are shifting towards more comprehensive travel platforms (Ctrip and Qunar), because they can access services which fit their travel needs. In addition, eLong's hotel inventory faces heavy pressure from Ctrip. Ctrip increased its hotel coupon offerings to attract more user traffic. With more user traffic, Ctrip platform becomes a preferred partner for hotels. Ctrip exploits this bargaining power, which shifts and forces hotel chains to enter exclusive agreement with Ctrip.

- Losing the mobile battle:

Mobile penetration is a very important metric in this online travel "tug of war". Users are spending more time on mobile and being able to engage in travel booking while out of office/home. eLong is lagging on this parameter versus its competitor significantly, with only a little over 1 million MAU (Media Access Unit), even behind the upcoming non-public OTA site LY (Chinese online platform).

- Scalable platforms and operating leverage:

In theory, as a platform business, eLong should enjoy the benefit of both economies of scale and scalable products/services. eLong has a "visual inventory" because of its business nature, therefore it has no physical plant, which gives eLong a relatively light capital structure. As it brings on more suppliers or increase volume, it may get more discounts from supplier, therefore enhancing its return on incremental capital.
But, we do not see any kind of operating leverage from the company. In fact, operating margin have moved in the opposite way.
This margin decline has been due to the platform model cost efficiency failure: Losing pricing control to industry leaders lead to higher marketing expenses & losing traffic and inventory to industry leaders made it difficult to achieve operating margin.
Hence, due to the above mentioned points, it only looked viable for Expedia to come out of eLong. In 2015, the difference between the company's results with and without including eLong was enough to show the negative effect that eLong had on Expedia's profits. Expedia (inclusive of eLong) saw an increase in revenue from US$1495 million to US$1663 million, which was an increase of roughly about 11%. But at the same time the operating income of Expedia (inclusive of eLong), we see that there is a 30% decline in operating income from US$129.20 million in 2014 to US$90.10 million in 2015. So, this clearly proves our point given in the background of this strategy that Expedia had hired about 4560 employees for eLong, which had increased its personnel costs from US$472.15 million in 2014 to US$565.24 million in 2015.

Thus, it could be comprehended that divestment in eLong was essential for Expedia's growth.

VIII. CONCLUSION

Thus, studying the case above it can be concluded that the company's strategic management has been effective and has shown highly positive results. The analysis also signifies the impact of these strategies and their success in Expedia Inc. becoming one of the market leaders in the OTA industry. Thus, this proves the fact that for an organisation to become a huge player in the industry and enhance the scale of operations, an effective strategic management mechanism is a necessary requirement. The efficient the strategic management of an organisation is, the more success it will attain subsequently. But along with the whole process of drafting strategies, implementing them, and managing the outcomes of it, there is a basic requirement for the organisation to know about the internal and external positives as well as negatives. It implies that the strategies that any organisation undertakes is based upon these factors, so as to attain maximum level of benefit derived from the strategy formulated. Thus, the weaknesses, and opportunities that for Expedia Inc. that have been brought into light that has helped the organisation through its successful strategic management process are as follows:

i) Strengths:

- Strong portfolio of travel brands:

Expedia Inc. has an extensive travel portfolio which most of the world's leading online travel brands, each of which perform a different functions, whether it's just research or planning and booking travel or reading and writing travel reviews or choosing the window seat on the airplane. The various brands include:

  - Expedia: One of the world's leading full service online travel brands.
  - Hotels.com: One of the world's leading accommodation booking websites.
  - Orbitz Worldwide: A leading global online travel portfolio.
  - Expedia Affiliate Network (EAN): Powering travel bookings for thousands of active affiliates.
  - Trivago: A leading online hotel search company.
  - HomeAway: An online marketplace for vacation rentals.
  - Egencia: A global full-service travel management company.
  - Travelocity: One of the world's leading full service online travel brands.
  - Hotwire: A leading discount travel site offering opaque travel deals.
  - Wotif Group: A portfolio of leading online travel brands in Australia and New Zealand.
  - Classic Vacations: A top luxury travel specialist.
  - CarRentals.com: Offering a huge selection of cars, locations, and rental agencies.
  - Expedia Local Expert: A leading provider of activities and destination experiences.
  - Venere: The online hotel reservation specialist in Europe.
  - Expedia CruiseShipCenters: One of North America's leading retail cruise vacation experts.

- Global Presence

Expedia's global presence can be measured by:

  - 200+ Travel booking sites in over 75 countries.
  - 150+ mobile websites in 70 up countries and 35 languages.
  - 43% International Revenue.
  - 18,000 plus employees in more than 30 countries.

- Strong Domestic Market:

After spending almost $ 6 billion in acquisitions in 2015, Expedia has gained 1% in the US online travel market, it also reports a gain of 1% in the total travel market, online and offline, bringing its share to 10 percent of the

$388 billion online and offline travel market in the U.S. Expedia's domestic gross bookings in 2015 increased by $7.8 billion to $37.4 billion, which would be about a 2 percentage point gain, all things being equal.

- Technology:

Expedia is best known for bringing pioneering technology to the vast travel market. Other than the services which it provides like the searching for anything on the homepage, the Expedia tablet and mobile app, the hotel smart finder on mobile web and Expedia bot for Facebook messenger, Expedia also gives developers a chance to get their designs out there on a website called Expedia Labs, and depending on the reviews of the users, these features are added to the actual website. Another aspect of technology which Expedia is already working on is virtual reality, it has already started a project in St. Judes hospital where they let sick children experience travelling in a specially built screening room with 360 degree cameras and interactive live streaming.

ii) Weaknesses:

The internal negative points that pose a weakness to the organisation are listed below:

- Number of listings:

The number of listings on the website is in direct proportion as to how often people will visit the website. In the fourth quarter of 2015, Booking.com had more than 850,000 hotel and accommodations listed on its site. By comparison, Expedia has only 269,000 hotel and accommodations.

- Undifferentiated services:

Most of the services provided by Expedia are also provided by the other competitors are, Priceline its biggest competitor had more of a share globally compared to Expedia.

Plus each country has their own local competitors which the locals would tend to trust more if they have been there for long.

- Business Model:

One considerable advantage Priceline has over Expedia is that the company does most of its business via the agency business model, acting as an intermediary between buyers and sellers as opposed to buying inventory and then reselling it to customers. This approach allows Priceline to produce amazing profitability. The company retains nearly 35% of revenue as operating profit.

Expedia, on the other hand, is more exposed to inventory risk, so profit margins are more volatile and significantly smaller, in the neighbourhood of 17% of sales during the third quarter.

iii) **Opportunities:**

The following points can be considered as the potential opportunities that the OTA giant must capitalize on:

- Virtual Reality

Virtual Reality, by the use of the 'VirtualReality gear', is a growing trend technology and will soon be accessible universally. With Google coming up with "Daydream", the universality of the new technology in the coming years becomes evident. Expedia is currently partnered with "100-DC immersive marketing agency" and "360 Fusion" for the provision of services of the 360 degree virtual tour. This current technology provides a photograph of the premises like the bedrooms, gardens, tourist points, etc. and is gives a 360 degree view to the customer so as to help him/her to virtually have a look at the destinations. But the new technology will provide not just a virtual look, but a virtual experience of the destination. By way of this VR technology, the customers can beforehand get a taste of the experience of visiting the hotel or the destination. This will encourage several customers to convert the 'virtuality' to reality. Thus, Expedia has an opportunity to capitalize on the new Technology and differentiate itself from the competition.

- Tie ups with Marriot and Red Lion Hotel Chains

Recent news have developed of Expedia getting into a deal with hotel chains like the Marriot and Red Lion. Lately in previous quarters, there had been serious allegations by the big hotel chains like the Marriot and Hilton, on the OTA players to against the high commissions they charge for booking hotels through their platform (which goes as high as 15%). As a response, these hotels began their own direct booking platforms which is of a rate lower than the OTAs. As on 6th September 2016, the deal between Marriot hotels and Expedia has been sealed where Expedia will be providing technological support to 'Vacations by Marriot' on their own platform. Also along with this deal, back in August 2016, Red Lion Hotels partnered with Expedia to allow customers to sign up for Red Lion's loyalty program and also access the member-only rates for the hotel rooms. The new deals and partnerships portray an opportunity to Expedia as it will increase the customer base as well as the traffic on the websites. A behemoth number of hotel rooms from the big hotel chains of around 1.1 million will be on the OTA giant's list. This will give an edge to Expedia over the competitors and also other hotel chains may follow Marriot's suit and pair up with Expedia, furthering adding to the revenue generation of the OTA.

- Aging Population

As per the latest demographic data, the median ages of developed economies have a growing median age. USA has a median age of 38, UK of 40, Canada at 42, and Germany of 47. This makes it evident that the average population of the world is on the older side. Apart from having adverse effects on the global economy, this fact has a lot more benefits for the OTA business. The US Travel Association came up with the survey showing that the majority of the travel is made for leisure purpose. And also in 'Groups Today' article, it is found out that the generation X and the baby boomers (above 40 years of age) contribute to more than one third of the travellers. Bucket list, vacations, relative visits, etc. all purposes are served in that particular age.

And with the increasing median ages around the world, the OTA's have a good chance of capitalizing on this opportunity and with the customer base as well as the technology, Expedia has a big opportunity.

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