What are our defined HA success metrics for end-users and partners and how do we balance making decisions between those when they conflict?

- Our goal is to build a great consumer experience for end users and a strong source of leads for partners.
    - User side we look at engagement with content and out bound clicks
    - Partner side we look at clicks and conversion, aiming to produce lots of volume
- We think this is inherently well aligned with Expedia's goals.
    - First order effect is obviously it's a substantial source of traffic.
    - Majority of bookings still happen offline, or to the supplier. We're helping organize those and put them in a form OTAs can service.
    - Opening access to new queries. Nav queries, for example, lots of traffic there. Without hotel ads, OTAs get very little of this.
    - Maintain a competitive, multi-party ecosystem. Booking.com is getting bigger and bigger, risk of Amazonification. Google's participation and role as a traffic source helps keep this a competitive space. (Should discuss whether this a powerful argument or would backfire with Expedia)
    - Creating a complex system that is good for a competitive player like Expedia with lots of content, high conversion rates, good technology etc.
- What are the ways they could conflict?
    - Cost: Obviously for monetization, there are some tradeoffs. We use an auction, so prices are set in a competitive way, as much as possible.
    - Organic vs. Ads: We aim to maintain a healthy mix and not sacrifice nature as an organic product. We look carefully at the output of the whole page. Creating new organic opportunities e.g. 3P reviews/photos. Also more paid traffic is not a bad thing for them since they can get a larger share. We have internal checks and balances here: our organic products need to be bonafide organic.
    - Competition at top of funnel: It's a competitive space with or without us, we are one of several players. And they can get access to our traffic. Better we get a slice and Expedia gets a slice of that, than it all goes to booking.com
    - Low LTV traffic: TBH we are not sophisticated in understanding this yet. We are aiming to deliver a better user experience, which may lower LTV. We should collaborate to understand examples. We think this concern is balanced by maintaining/growing this source of traffic for Expedia even if it does create a healthy challenge for them to up their game to continue to win loyal customers.

Expedia feels that there is great imbalance in the commercial value they receive in return for the large amount of itinerary data they are required to provide us to participate on HA. Would we consider providing them some type of incentive(s) (e.g. credits, payment, etc.) for providing the data they feel is not providing commercial value in return?

- Look at like this: Hotel Search and Ads provides value to partners in the form of leads. Needs content to work for users. Partners who get the leads need to provide that content (in proportion to the value they get.)

Comment [1]: REDACTED]google.com REDACTED]google.com we think referencing "Amazonification" would likely backfire w/ Expedia as I could see them reversing that and saying it is us they are worried about turning into an "Amazon"

Comment [2]: Is Google really more present as a force and potential competitor than Booking.com? I would think the latter is clearly #1 top of mind for them.

Comment [3]: I know it's too late for this but we should start better tracking and sharing out organic clicks from 3P, photos, website links (i know that's supplier), call buttons, etc. This will at least help us understand what we are delivering and potentially better counteract.

Comment [4]: Is there certain data they are holding back that we could figure out incentives around providing? See my comment re: loyalty, lookers and booker on Expedia, rooms left on expedia, etc.

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- We are showing on SRP and have very stringent latency requirements. Many unique queries. Never know what users are going to search for so need to be prepared. It may appear as waste but it's really just the sparseness and variability of the query space.
- Conceptually there is a credit here which is that Expedia gets credit to be able to buy traffic based on filling their share of the cache. We are looking to formalize that in a way we can better explain to partners and share specific data on the match between data and traffic.
- In other words, they should look at it less granularly: they are delivering set of data, they are getting access to a set of traffic. If they decrease the aggregate data a lot, we can't give them the same access to the set of traffic.
- That all said, there are substantial opportunities to improve efficiency we should work with them on.

What are our long-term goals regarding bringing HA to gAds parity features and any timelines we can share (see prep doc for their parity priorities linked below).
- We can talk through feature by feature and will incorporate their feedback in prioritizing.
- Overall, the goals here are different than gAds and we don't expect them to ever be exactly the same though.
- Again comes back to: we need to deliver a good user product in order to have leads for partners to have access to. If it becomes a swiss cheese of coverage that doesn't work.
- Similar to the data cost, they should think of things more in aggregate. They are paying a certain amount and they are getting a certain amount of value. Lots of opportunity to optimize for ROI but there are some limits. True of SEM in general. You're never guaranteed any particular click will convert. It's a game of averages.
- Our principle is we aim to provide flexibility for partners while limiting the "swiss cheese effect"

For 2&3, the suggested way to look at it is:
- Expedia gets aggregate value from Hotel Search and Ads.
- They also have some costs -- technical and ad spend.
- We should work with them to optimize, so they get the most value for the least cost.
- We'll need to work together within constraints. Partners can't get the value if the product doesn't deliver and it can't deliver if there's a swiss cheese of coverage presented to users.
- But there's lots of opportunity to improve efficiency and we'd really like to go deep with them on that.

> **Comment [5]:** We should continue to consider how we can pull certain pieces of content in as differentiators and let them call it out better in the ad space or help with things like loyalty sign-up. Examples include what if we pulled in number the data around how many people viewing certain properties on Expedia, how many recently booked, how many rooms left (I know we don't love this one).