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## Tough Questions / Discussion Points: PSSR 2019 Prep

*[Questions:* REDACTED
*Responses:* REDACTED

**[Mobile]** How does your 2020 Strategy address the challenges with mobile monetization?
*See Finance analysis regarding Mobile vs Desktop*

**[Mobile]** Are we losing relevance by not having an app?
*Refer to GMM growth as an app strategy; focus on the strategy to grow upper funnel user relevance*

- *Shifting focus and resources to accelerate an in-app hotel search and booking experience within Google Maps. We will grow upper funnel user relevance by tailoring GMM experiences for specific customer user journeys (ie. active roadtrippers looking for a hotel while in destination, enhanced base map experience for users in travel state)*
- *GMM is already well positioned to accelerate our app strategy because:*
  - *it's the #1 travel app in the world, with a massive installed base, growing DAUs, and strong brand recognition globally*
  - *strong hotel search intent on hotel-adjacent GMM queries*
  - *it has rich real time data (dynamic world, traffic, busyness)*

**[APAC]** The fast deceleration in travel query growth in APAC reflects the vulnerability of relying on search as an entry point in a market where social platforms like YouTube and Superapps are the more common user behavior. What is our plan to effectively reach APAC users and take advantage of high regional growth?

- *The 2020 strategy includes a growth plan for driving more international revenue.*
- *GMM is a core part of NBU efforts (see previous answer above)*
- *We are also making all hotels bookable on Google, build Hotels in-app functionality (GMM, GPay, or other app TBD), and make NBU-specific optimizations across all Hotel Search platforms (e.g., locally relevant forms of payment, pay-at-hotel use case, etc.)*
- *Our NBU efforts in India are focused on enabling users to book rail tickets (primary form of intercity travel) via GPay app. The team is planning to expand beyond rail to include bus and flights in India. Beyond India, the team is exploring expanding bus product offering beyond India to other NBU markets*

**Comment [1]:** Confidential Confidential
Many NBU users still there -- still very worth investing in their search experience.

**[Partners - OTA]** What is the worst case scenario of Confidential and/or Confidential pullback? (Or how much could either realistically pull back - and how far away are we from that point?)

- *Both partners are publicly committed to growing direct traffic and brand loyalty, but they continue to generate a huge share of revenue from Google Ads* Confidential.
- *Although it's impossible to predict their future moves with precision, looking at at* Confidential *historical ad spend (link), we see they're pulling back in all performance channels - not just Google. This is therefore a broad-based strategic effort, not them "punishing" or reacting to Google for our efforts in Travel vertical search.*
- *Therefore, we expect them to continue to try to grow direct traffic over time, but in the near term, they would be very challenged to make drastic cuts and find a replacement source for the substantial lost revenue.*

EXHIBIT
PSX00299

**[Partners - Suppliers]** Can the Hotelier product gain scale fast enough to fulfill our need to diversify our supply base? Do we need to look at acquiring a tech distribution player?
*We have GBO asks to help address the scale question and are looking at all available options, recognizing the sales/distribution resource required to scale*

**[Partners - Diversity]** The strategy seems to focus on the top global aggregators and then the torso & tail suppliers, but regional aggregators account for a not-insignificant portion of revenue Confidential Confidential and potentially additional growth in NBU and other markets. Do we have a specific plan to grow those partnerships?

- *The full xfn team (Sales, BD & PM/Eng) works with all partners to try to improve their competitiveness and performance in travel ads. For example, in Hotel Ads, we've invested heavily in aggregators like* Confidential *in order to make them successful on the platform (e.g.* Confidential *just launched on HA,* Confidential *spend is up* Confidential *YoY, respectively)*
- *Things like fenced rates, audience bidding, BOG, and content deals (e.g. 3P reviews) can all help smaller aggregators compete.*
- *That said, the reality is that* Confidential *enjoy scale benefits that make it challenging for smaller aggregators to compete effectively. For example,* Confidential *conversion rate on HA vs. torso OTAs and* Confidential Confidential *(as described above), we believe suppliers offer the best path to long-term diversification (due to user preference to book direct, a single layer of intermediary cost, etc.) and that's why that will be our* <u>*primary*</u> *(but not only) strategic focus*

**[Metrics]** What is current the incrementality of Vertical Search vs Text Ads (Hotels, Flights, emerging areas), and how do we anticipate that changing based on new monetization plans?

- *HA incrementality is* Confidential
- *We expect emerging vertical efforts such as Activities and Packages to have roughly similar incrementality to text ads*

**Comment [2]:** This wouldn't be true for activities if it's a commercial unit.

**[Metrics]** What metrics show the impact of Unified Travel overall? Has there been a positive impact on Partners?
*Unified Travel is an initiative which provides one place for travelers to discover and act on travel options. While receiving many positive mentions in press, we have seen generally neutral metrics on x-product usage and new users.*

**[Metrics]** One of the focus areas of/validation for the strategy is to grow commercial queries - but is the strategy of unified travel / the overall focus on simplifying the journey at odds with driving more queries?
*Our strategy is focusing on growing users and engagement, and is not optimizing for query growth. By providing a best-in-class user experience, Google will retain relevance with travellers, who will continue to come to Google for their end-to-end travel planning. As a result, Google can continue to provide and grow the highly qualified traffic sent to our partners*

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**[Stability]** How are we driving increased commercial opportunities for Travel across Google?
*We are growing the Hotels vertical revenue opportunity by building new ad formats and leveraging existing feeds and content to power campaigns and formats across Google. For partnerships beyond Google Ads, refer the question to the GBO Leads about how they are prioritizing Travel*