

ONLINE TRAVEL INDUSTRY

Important disclosures can be found in Appendix

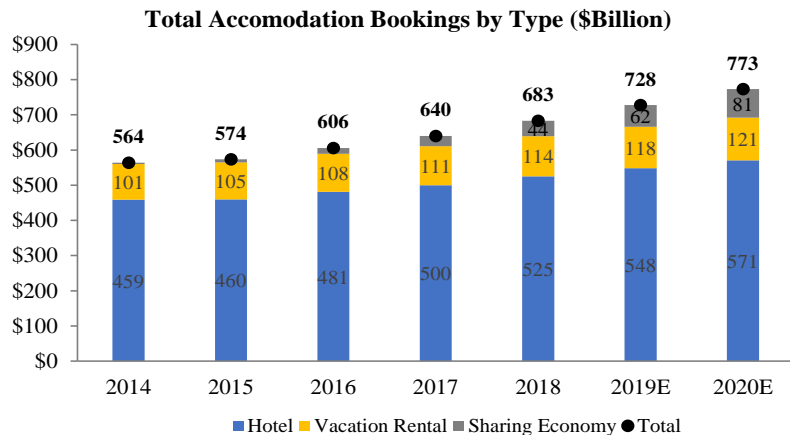
BREAKING DOWN THE GLOBAL ACCOMMODATIONS AND VACATION RENTAL MARKET (CLEVELAND RESEARCH)

Key Points:

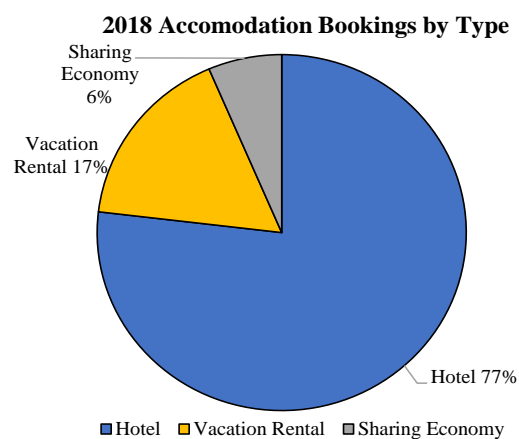
- Traditional hotel bookings account for \$525B and likely grows 7% annually; faster in Asia, more moderate in N. Am and Europe
 - We estimate Expedia Group has 7% of global hotel room nights with 16% of US room nights and 4% of International
 - We estimate Booking Holdings has 14% of global hotel room nights with 6% of US room nights and 17% of International (largely Eur)
- We estimate the ~\$150B non-hotel accommodations grows low-teens annually; the large OTAs combine to account for 40-45% of the market with Airbnb the largest near \$30B, Booking Holdings at ~\$18B, and Expedia Group with \$11.5B (online)

1) A closer look at global accommodations

Global accommodations of ~\$675B (~40% of global travel industry) represents the largest, fastest growing, and most profitable portion of online travel. As a result, many of the key players in the travel market are focused on accommodations as it is the key driver of profits in the space. Phocuswright takes an approach to slicing up global accommodations into three segments including a.) traditional hotel accommodations with annual bookings near ~\$525B and alternative accommodations consisting of b.) vacation rental/secondary residence rentals of \$105B and c.) the sharing economy/primary residence rental \$45B. The lines between these segments are growing increasingly blurry as it is often hard to delineate between what constitutes a vacation rental vs. sharing economy. With that in mind, we include some estimated data below related to how these various buckets have grown over time:



Source: Investor Presentations. CRC Estimates



Source: CRC Estimates, Investor Presentations

1.) Traditional hotel stays accounts for ~75% of accommodation bookings and grows 4-5% annually. In the U.S., the hotel market skews towards brands which make of ~65% of bookings whereas internationally independent hotels make up the majority.

2.) “Vacation rental” is more often defined as the traditional rental of ski/beach residence which has been around for some time now, grows modestly each year, and is increasingly booked online. Length of stay is typically a week. Vrbo has historically been the market leader in this category with likely the highest amount of traditional “vacation rental” and professionally managed inventory, while Booking.com is looking to add more of this inventory, particularly in the U.S., going forward.

3.) Within the sharing economy, primary residence rentals are most often associated with Airbnb, and can include single room rentals or the entire home/apartment rentals. Primary residence rentals tend to skew both more urban and shorter term stays than traditional vacation rental. There has been debate over the years to whether this segment contributes as an incremental source of demand to the travel industry vs. cannibalizing existing hotel demand that may have been booked through an OTA. We believe the former is most likely the case, while the lines continue to blur on the inventory listed across travel distribution sites. We break out a brief comparison



of the accommodations types in the table below.

~\$650B Global Accommodations Market Breakout			
	Hotel	Vacation Rental	Primary Residence
Size & Growth	\$498B	\$114B	\$44B
Est. \$ Growth CAGR 18-20E	4-5%	3-4%	30-40%
Description	~Moderate growth ~Owner rents 100%	~Modest growth ~Owner primarily rents	~Rapid growth ~Owner uses as residence
Key Players			
Commission			
Owner Pays	15-20%	3-15%	3%
Consumer Pays	0%	0-8%	6-12%

Source: CRC Estimates, Phocuswright

The lines between the three major accommodation types continue to blur and competitors move both ways across the spectrum expanding organically and through acquisition.

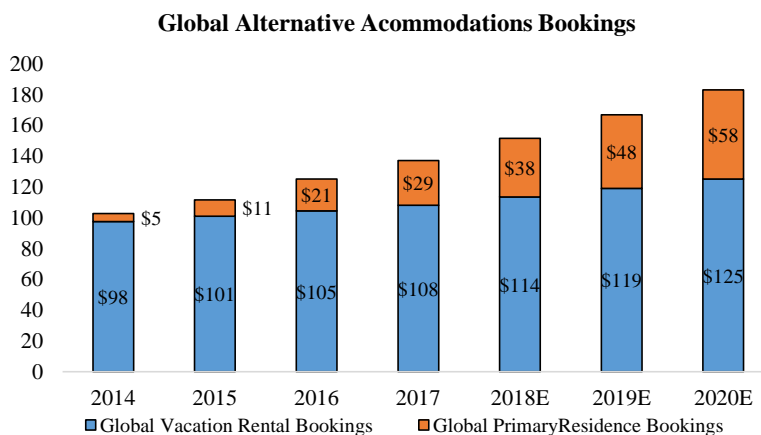
- For hotel brands (i.e. Marriott, Hilton) the playbook is a.) build loyalty/own the customer, b.) gain share of wallet, and c.) provide a variety of brands/products in the same system to meet the consumers' variety of lodging needs.** In addition to seeing the broad trend of growing demand for soft brands, more boutique in nature (i.e. Autograph Collection by Marriott) vs. the traditional branded hotel (Marriott Resort), the hotel brands have begun to dip their toe in alternative accommodations. Marriott has recently been growing supply of home sharing product, which began as a trial called Tribute Portfolio in some major markets in Europe (Paris, Rome, and Lisbon), but now includes over 2,000 properties globally known as Marriott Home & Villas, where guests can stay to both earn and redeem loyalty points. Marriott views this product as complimentary to its existing footprint of properties providing a different type of stay (often longer in duration for a family) at a level consistent with its brand standards. From our conversations with both hotel and rental industry participants, it sounds like Marriott is remaining disciplined with adding appropriate inventory that meets Marriott's brand standards vs. looking to meaningfully ramp supply on the platform. Marriott also needs to walk a fine line of not adding "too much" alternative accommodation supply that cannibalizes traditional hotel stays, frustrating owners/franchisees in the process. Both Marriott and Hilton have done a good job in pushing loyalty and direct business to reduce customer acquisition costs and improve profitability for their hotel owners.
- For OTA's (i.e. Expedia, Booking) the playbook is a.) build out supply of product/scale globally, b.) acquire the right traffic at the right price to balance growth and returns, c.) drive conversion, and d.) create a frictionless booking process which drives repeat business back to the platform.** OTA's have been expanding from traditional flight and hotel bookings to run after growth in the relatively faster growing alternative accommodations and experiences/tours. Within alternative accommodations, Expedia's late 2015 acquisition of HomeAway (now branded Vrbo includes VRBO, HomeAway.com, VacationRentals.com) gave Expedia significant scale in alternative accommodations. The deal has presented some challenges along the way of transitioning the business from an offline subscription model to an online pay per booking model, but has seen significant bookings growth nonetheless. OTA's also have to consider comingling alternative accommodation product with traditional hotel product. Presently, Booking.com is leading the charge on instantly bookable comingled supply, and more recently Expedia has begun to integrate Vrbo/HomeAway listings into the core Expedia.com product.
- Airbnb began in alternative accommodations but is moving towards a traditional distribution platform.** Airbnb has emerged over the last few years as the dominant player in alternative accommodations, specifically within the sharing economy/primary residence. This growth has been amidst a backdrop of favorable economic growth and a healthy lodging demand cycle. Going forward, the potential impact of Airbnb on hotel demand in general and OTA's specifically remains in question. Growth in the adoption of home sharing coupled with a softening in the broader economy and lodging demand could amplify the impact of Airbnb on hotels/OTA's as a.) more inventory could arise as consumers look to generate additional income, b.) ADR could come under pressure in both on traditional hotel and alternative accommodations. Airbnb recently acquired HotelTonight in March of 2019,



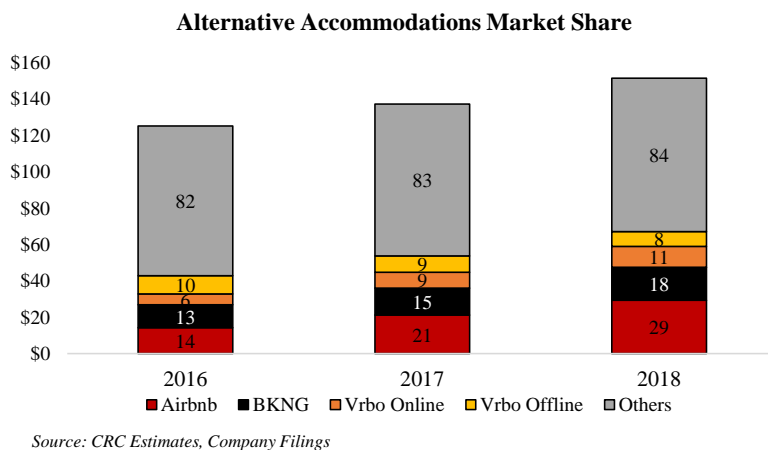
which provided it a platform for booking hotels in addition to the traditional home sharing product. It is unclear if Airbnb will move towards a comingling of hotel/non-hotel product on their site as booking.com and expedia.com have. Currently on Airbnb's website you can book a "boutique hotel" but under a separate tab/platform. Airbnb likely continues to go down the path of monetizing eyeballs (the company sees significant web traffic) meeting a wide variety of travel needs (rolled out experiences/tours recently) to a large, growing, relatively loyal base of travelers. Airbnb sees both the highest % direct traffic and the largest absolute volume of direct, which is something all travel players (OTA's and travel suppliers alike) are running towards.

2) Looking closer at Alternative Accommodations

Within accommodations, we estimate non-hotel or alternative accommodations accounts for ~\$150B of bookings which we split into a.) the more established vacation rental industry of \$115B, which often consists of ski/beach residences in traditional vacation markets and b.) the more recently evolving, faster growing sharing economy/primary residence rental industry of \$40B, which skews toward urban markets. **We expect the global accommodations market to grow ~7% annually and the alternative accommodations market to grow low-teens.** While the line between the two non-hotel accommodation buckets continues to blur, we break it out to illustrate the growth differentials between the two:



As shown above, vacation rental represents a ~\$115B market, which has been around for some time and grows 3-4% annually. The industry is highly fragmented and often managed through vacation rental property management companies. Property managers have seen growth in the number of options for listing properties online in recent years, which sounds to have led to some share shift from established players to newer entrants. More supply is showing up online and becoming instantly bookable across the industry. Below we break out alternative accommodations bookings by the large OTAs:



We estimate the large OTAs in the space (Airbnb, Booking.com, and Vrbo) combine to account for 40-45% of the ~\$150B non-hotel accommodations market. According to industry data, Airbnb has gained share and expanded rapidly, now accounting for almost 20% of the non-hotel accommodations market up, from near 1% a handful of years ago. Booking.com has also gained significant share in the last handful of years, going to a low-double digit % share, up from closer to 5% a handful of years ago. Vrbo has seen relatively



stable share near ~13%. While the OTA's have gained share, the industry still remains quite fragmented. Below we describe in further detail the differences between each large OTA in terms of bookings, supply, and commission structure. We break this out briefly in the chart table below:

Alternative Accommodations Key Players			
	Booking.com	Vrbo/HomeAway Expedia.com	Airbnb
Est. Bookings	\$18B	\$19B	\$35B
Online Bookings	\$18B	\$11B	
Offline Bookings	\$0B	\$8B	
Properties	1.9M	1.9M	
Yr/Yr Growth	40%	25%	
Instantly Bookable	1.9M	1.2M	
% of total	100%	63%	
Reported Listings	5.8M	1.9M (470k + on Expedia)	6M
Yr/Yr Growth	13%	25%	
Property Owner Fee	15% +	5-8%	3-5%
Consumer Booking Fee	0%	6%	~9%

Source: CRC Estimates, Company Filings

Vrbo – \$20B in alternative accommodation bookings:

Expedia Group acquired the vacation rental platform HomeAway in December 2015. Since then, Expedia Group has taken steps to change the business model through a.) transitioning the business from a subscription listings based model to an online transactional model, b.) increasing online bookable supply to provide a simpler booking experience and improve conversion, and c.) integrating HomeAway inventory into core Expedia websites. Management noted the next leg of growth is expected to be driven by property acquisition and expanding into urban/international markets (which sounds to be in very early stages). In May 2019, Expedia Group re-branded the segment from “HomeAway” to “Vrbo” and plans to invest more in the Vrbo brand globally. Below we include a timeline of key changes since the acquisition:

Timeline of Key Changes within Vrbo/Home Away	
Date	Description
Dec-15	AWAY bought by EXPE, brought in new mgt.
Dec-16	Introduced traveler guest fee
Mid 2017	Communication restrictions between suppliers and guests – HomeAway stopped sharing customer data with property managers/owners if an inquiry was made on a property through HomeAway/VRBO.
Dec-17	HomeAway announced what industry participants describe the offline “match back” on subscription listings. Essentially, if property managers received a booking which HomeAway deemed “originated” on one of its sites, then HomeAway had the right to automatically charge a 10% commission.
Jan-18	HomeAway communicated a letter to property managers addressing the prior communication. Management communicated to property managers that it would be an “honor system.” HomeAway also raised subscription costs by 25% to \$499 annually per listing.
Apr-18	New HomeAway Terms of Service refutes the prior communication, saying HomeAway has the discretion to audit bookings and take 10% on bookings which “originated” on one of its sites
Apr-19	HomeAway segment re-branded to Vrbo

Source: Company Filings, CRC Research

Transition from subscription listing to online transaction model. Prior to the Expedia Group acquisition, HomeAway historically generated revenue from subscription listings. Property managers paid an annual subscription fee per listing and used HomeAway as more of an advertising site to receive leads and process bookings on their own site. Management estimates this model equated to a 3-



4% take rate on total gross bookings through 2015. Post-acquisition, Expedia Group has improved monetization by a.) driving more listings to be online bookable on the HomeAway platform to increase conversion, b.) raising subscription listing fees and moving property managers to more of a commission model, and c.) implementing a traveler service fee. We estimate take rates just above ~10% in 2018.

Expedia estimates HomeAway had ~\$15B in gross bookings in 2015, which were almost entirely offline. We estimate offline gross bookings declined to \$10B in 2016 and \$8B in 2018. We expect offline to continue to decline moving forward. Today, with the exception of subscription listing fees, HomeAway does not generate revenue on offline bookings and has been focused on transitioning this book of business online. HomeAway reports gross bookings and room nights for online “on-platform” transactions, which have grown from ~\$6B in 2016 to ~\$11.5B in 2018. Investment in performance marketing channels sounds to be leading to some headwinds to bookings growth driven by tougher compares. On the 1Q19 call, management noted the company is “getting to some harder yards associated with getting that offline business online.”

In May 2019, Expedia Group rebranded the “HomeAway” segment to “Vrbo,” which continues to include HomeAway.com, Vrbo.com, and multiple international regional websites. When asked on rationale, management noted the Vrbo.com brand was its strongest brand in the vacation rental segment, accounting for the majority of domestic business and growing double digits in 1Q19. The company indicated HomeAway and other regional brands will remain intact for the time being, with an expectation to “look at ways to incent customers to the Vrbo brand” going forward. Expedia Group plans to focus marketing efforts on growing the Vrbo brand globally in 2019.

Vrbo gross bookings have shown meaningful deceleration in the last 3 quarters. Gross bookings grew 5% in 1Q (vs. 2018 up 31% and 2017 up 46%). The deceleration was largely attributed to a.) search engine optimization headwinds from consolidating brands, and b.) tougher comps in performance marketing channels. Expedia’s vacation rental brands (particularly internationally) have traditionally been quite dependent on SEO, which sounds to be creating pressure as the company consolidates brands and invests behind the Vrbo brand globally. Management expects slower growth trends for “a number of quarters” until the back part of the year. We expect modest bookings growth to continue for Vrbo over the next couple years.

Take rates vary on a quarterly basis due to length of the booking window (quarter in which the booking is made aka “gross bookings” often different from quarter in which the stay occurs aka “revenue”), which points us to analyze take rates and profit growth on an annual basis to better understand the business. On the ADR side, Vrbo appears to have the highest ADR relative to peers (we estimate \$300 vs. Booking.com at ~\$100 and Airbnb at ~\$150). Our research coupled with comparing Vrbo’s inventory to peers supports this, pointing to higher number of whole home, “resort,” and professionally managed inventory relative to peers. We break out our model assumptions for Vrbo in the table below:

Vrbo Model Assumptions											
	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Revenue	\$690	\$185	\$224	\$305	\$193	\$907	\$234	\$297	\$410	\$230	\$1,171
Yr/Yr Growth						31%	26%	33%	34%	19%	29%
Take Rate	12%	7%	11%	15%	10%	10%	6%	11%	16%	10%	10%
Bookings (\$M)	\$5,980	\$2,697	\$2,123	\$2,013	\$1,913	\$8,746	\$3,947	\$2,814	\$2,496	\$2,192	\$11,449
Yr/Yr Growth						46%	46%	33%	24%	15%	31%
US	\$5,316					\$7,658					\$9,553
Intl.	\$664					\$1,088					\$1,896
Other U.S. offline	\$10,020					\$9,054					\$8,151
Total Bookings	\$16,000					\$17,800					\$19,600
Room nights (million)											
US	20					26					32
Intl.	3					4					6
Total	22.5					30					38
Implied ADR	\$266					\$295					\$299

Source: CRC Estimates, Company Filings

Our research leans negatively on Vrbo, pointing to frustration among the property manager community over the past couple years with near term headwinds expected to continue. We have not heard of much progress in the near term.



Booking.com – \$18B in Alternative Accommodation Gross Bookings:

Booking.com has grown its alternative accommodations business over the years through organic growth. The platform differs from peers in that all inventory is instantly bookable and only takes a commission from the owner (similar to the hotel model) vs. adding any fees to the traveler. We believe both of these factors lead to a more enjoyable customer experience vs. Vrbo or Airbnb, and our research suggests they also support better conversion rates. The strategic focus for Booking.com over the next couple years looks to be a combination of a.) adding more individually owned properties and b.) increasing brand awareness, particularly in the U.S.

Our work is supportive of management commentary that Booking.com’s alternative accommodations take rates look similar to its hotel business (we estimate ~15%). Booking.com only takes a commission from the owner, which is higher than commissions for both Airbnb (~3%) and HomeAway (~8%). Our research suggests this may have been a potential headwind to-date for supply growth in domestic traditional vacation rental markets, although feedback has been positive on Booking.com’s approach to partners and the property manager community, leading us to lean positive on potential growth in the market.

Booking Holdings’ alternative accommodations margins appear structurally lower than the hotel business, with management pointing to progress in closing the gap. The company noted lower margins are primarily due to higher customer service costs, with the biggest differences between the two segments being a.) higher number of customer service touchpoints from both properties (single home owners less familiar w/onboarding) and customers (more confusing than traditional hotel stay) and b.) difference in terms of payment cost recovery (more wire transfers vs. credit cards). Booking Holdings sounds to be investing in tools to more effectively automate and reduce these costs, which we have not heard much feedback on in our research.

Alternative accommodations were noted to be ~20% (~\$2.8B) of Booking Holdings revenue and higher % of room nights in 2018. The company also indicated alternative accommodations room nights are growing faster than the overall business. Management noted ~40% of Booking.com “active customers” booked an alternative accommodations property at some point in the prior year. We estimate alternative accommodations added ~5pts to room night growth annually over the last handful of years. Going forward, we expect a slightly smaller contribution of 3-4pts annually. We break out our model assumptions for Booking.com’s alternative accommodations business in the table below:

Booking.com Alternative Accommodation Model Assumptions											
	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Revenue	1,900	400	575	850	450	2,275	500	700	1,050	550	2,800
Yr/Yr Growth						20%	25%	22%	24%	22%	23%
Take Rate	15%	12%	16%	18%	15%	15%	12%	16%	18%	15%	15%
Bookings (\$M)	12,667	3,333	3,710	4,722	3,000	14,765	4,167	4,516	5,833	3,667	18,183
US	719					1,046					1,667
Eur	10,181					11,506					13,546
Other	1,767					2,213					2,970
Total Intl	11,948					13,719					16,516
Room nights (million)											
US	6					10					16
Eur	85					110					130
Other	15					21					28
Total Intl.	100					131					158
Total	106					141					174.5
Yr/Yr Growth						33%					24%
Implied ADR	\$120					\$105					\$104
Hotel Room Nights	557	174	170	177	152	673	197	191	201	171	760
% AA	19%	20%	21%	21%	22%	21%	22%	23%	23%	24%	23%
AA room nights	106	35	36	37	33	141	43	44	46	41	174

Source: CRC Estimates, Company Filings

Feedback on Booking.com alternative accommodations points to a focus on partner relationships, particularly in the U.S. Our work suggests Booking.com has been more active in discussions at the PM level to improve performance as a distribution channel. We still do not hear much traction for Booking.com in “traditional” domestic resort market (small % of bookings relative to other OTAs) with most pointing to the commission structure as the driver, while the story sounds to favor Booking.com in domestic urban markets and Europe. We are also hearing of market share gains for Booking.com in European markets.



Airbnb – \$35B in Alternative Accommodation Gross Bookings:

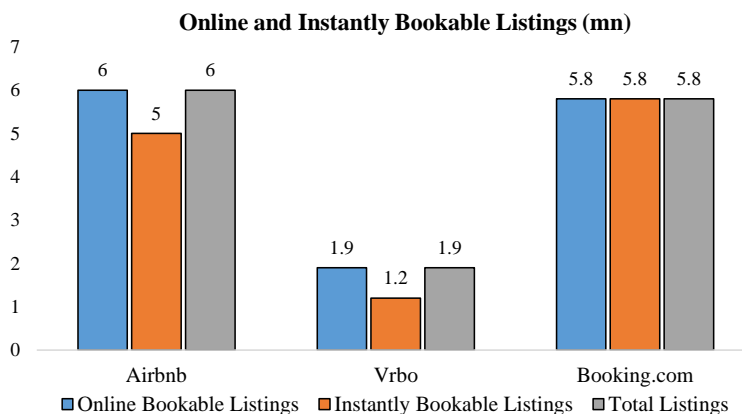
Airbnb has primarily been focused on the primary residence/sharing economy market. Airbnb has likely been expanding to include more “traditional” vacation rental inventory (via professional property managers) and into the hotel market (via boutique hotels and the acquisition of online travel agency HotelTonight in March 2019). Recent industry data suggests Airbnb expects revenue of ~\$4.6B in 2019, up 25% yr/yr. This compares to our estimate of \$3.5B in 2018, up ~40% yr/yr. Our research points to a ~12% take rate on gross bookings for Airbnb, and we estimate Airbnb gross bookings of ~\$30B in 2018. We break out our model assumptions for Airbnb’s alternative accommodations business in the table below:

Airbnb Model Assumptions											
	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Revenue	\$1,700	\$500	\$650	\$750	\$650	\$2,550	\$675	\$900	\$1,050	\$900	\$3,525
Yr/Yr Growth						50%	35%	38%	40%	38%	38%
Take Rate	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Bookings (\$M)	\$14,167	\$4,167	\$5,417	\$6,250	\$5,417	\$21,250	\$5,625	\$7,500	\$8,750	\$7,500	\$29,375
US	\$7,083					\$8,615					\$11,016
Eur	\$4,250					\$7,179					\$11,016
Other	\$2,833					\$5,456					\$7,344
Room nights (million)											
US/Eur	80					110					150
US	50					60					75
Eur	30					50					75
Other	20					38					50
Total	100					148					200
Implied ADR	\$142					\$144					\$147

Source: CRC Estimates, Company Filings

Looking Closer at Supply of Alternative

Alternative accommodations inventory is highly fragmented, and the major players in the category have put emphasis on supply growth in recent years. While Booking Holdings has grown the category organically through Booking.com, Expedia Group acquired HomeAway (now known as Vrbo) in late 2015, and has spent the past couple years transitioning the business from a subscription listing model to an online booking model. Looking ahead, the strategic focus for Expedia Group looks to be integrating Vrbo inventory into its core Expedia.com platform with an expectation for the pace of integration to accelerate in 2019. Booking Holdings appears focused on adding more breadth in single home inventory and increasing brand awareness for its product offering in the U.S. We break it out below to illustrate the differences between platforms:



Source: Company Filings, CRC Estimates

- Booking.com has 1.9M instantly bookable alternative accommodation properties (up 40% yr/yr), which compares to 47% growth in 2018 and 53% in 2017. **Booking.com’s 1.9M alternative accommodation properties equates to 5.8M listings** (up 13% yr/yr, which compares to low 20s% growth in 2018). In early 2018, Booking.com re-classified property listings into a.) hotels, motels, and resorts and b.) homes, apartments, and other unique places to stay (aka “alternative accommodations”). Management indicated the new classification is more consistent with that used by other industry participants, allowing for a more direct comparison of traditional and alternative inventory vs. peers. The company noted “has been a strategic move to clear up confusion



around its business and to defend its position as a top player in the space.”

- **Vrbo has over 1.9M online bookable listings** (up ~24% yr/yr in 2018). Of the 1.9M online bookable listings, 1.2M were noted to be instantly bookable. The company has put an emphasis on making properties instantly bookable as management remains optimistic this will help increase conversion rates over time. Instantly bookable listings also support the company's effort to integrate Vrbo listings into the Core OTA (Expedia.com, Hotels.com) platform. As of 1Q19, management noted 460,000 instantly bookable Vrbo listings were integrated into the Core OTA platform.
- **Airbnb claims over 6M listings**, of which we believe less than half are instantly bookable. Industry data leads us to believe that Airbnb's listings grew nearly 40% in 2018, which appears to be a deceleration from prior years. While Airbnb has historically had the highest concentration in major cities, recent industry data suggests the company has grown faster outside of these markets in the past few years. Our research is supportive of this as we believe there has been more adoption of Airbnb by professional vacation rental property managers in the past couple years.

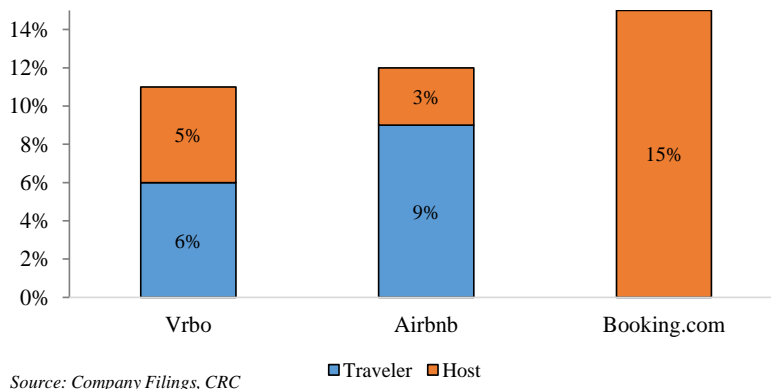
Comparing financial models and commission structures

The financial models for each company are different. We estimate Booking.com's take rate at ~15%, with Airbnb at ~12% and Vrbo closer to 10-11%. Expedia Group management previously noted that Vrbo (HomeAway at the time) had 3-4% revenue take rates prior to its acquisition in late 2015. Since then, Vrbo has improved monetization by making more listings online bookable and adding traveler fees, which sounds to have led to some frustration among industry participants as the company moved take rates up to double-digits.

- **Booking.com takes commission suppliers only and charges no additional fees to consumers. We estimate Booking.com's take rate at ~15%** (similar to its hotel take rate), and our research suggests this can move higher based on cancellation policies and desired placement/ranking on the website. The company believes it provides a better consumer experience vs. peers through a combination of a.) search results which integrate both hotel and alternative accommodations inventory, b.) entirely instantly bookable inventory, and c.) lack of additional fees. While we believe Booking.com has price parity contracts with partners, our research suggests the commission structure leads many property managers/owners to list higher prices on Booking.com relative to their own website. This sounds to be a headwind to growth for Booking.com in traditional vacation rental markets in North America, which we believe the company is making efforts to improve.
- **Vrbo operates on either a subscription or a pay-per-booking basis for suppliers and charges the consumer a traveler fee. We estimate Vrbo's take rate at 10-11%.** On all online bookings, Vrbo charges the consumer a service fee, which our research suggests ranges from 6% upwards. For subscription listings, property managers pay \$499 annually per listing and are not charged a commission on bookings. Subscription revenue was down ~20% in 2018 (following down 30% in 2017). On pay-per-booking listings, Vrbo takes a ~5% commission from the owner and charges the consumer a service fee. Transaction revenue was up ~55% in 2018 (following up 115% in 2017) which management noted to be driven by benefit from traveler service fee.
- **Airbnb both takes a commission from the supplier and charges the consumer a traveler fee. We estimate Airbnb's take rate at ~12%.** On the supplier side, Airbnb takes a 3-5% commission per booking. Our research suggests the average is ~3%, while it ranges as high as 5% for stricter cancellation policies. On the traveler side, Airbnb notes its service fee ranges from 0-20% based on a variety of factors (length of stay, price, etc.). Our research suggests this fee is highly variable and shakes out around ~9% on average. Over the last ~6 months, our research suggests Airbnb has been rolling out a 14% supplier commission only model (similar to Booking.com). This model appears mandatory for new hosts who add inventory in June 2019 or later in Asia/EMEA markets. For existing hosts, property managers, and all North American listings, the commission only model currently appears to be voluntary, while our work suggests Airbnb has been quite aggressive in pushing adoption of the model.



Take Rate Breakdown for Online Alternative Accommodations Bookings



Appendix

Disclosures: We, Vince Ciepiel, Henry Gerlach and Matt Varabkanich, certify that the views expressed in the research report(s) accurately reflect our personal views about the subject security(s). Further, we certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report(s). The analysts responsible for the preparation of this report have no ownership stake in this company. Cleveland Research Company provides no investment banking services of any type on this or any company. Proprietary research and information contained herein which forms the basis for findings or opinions expressed by Cleveland Research Company may be used by Cleveland Research for other purposes in the course of compensated consulting and other services rendered to third parties. The information transmitted is intended only for the person or entity to which it is addressed. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer. Member FINRA/SIPC