

Priceline case study

Business



The subsidiaries of the Company include Loosestrife.

Com LLC and Traveled LLC. In May 2010, the Company acquired Trivialities LTD. Service Offerings-International The Company offer retail, price-disclosed hotel service globally, primarily through the Booking. Com and Goad brands. It works with over 78, 000 chain-owned and independently owned hotels in 84 countries offering hotel reservations on various Websites and in 32 languages.

Hotels participate in Booking. Com, which operates under an agency model, and Goad, which operates primarily under a merchant del, by filing rates in the extranet.

Service Offerings-United States Through the Name Your Own Price hotel room reservation service, customers could make reservations at hotel properties in the cities and metropolitan areas in the United States and Europe. Hotels participate by filing private discounted rates with related rules in a global distribution system database. The specific rates generally are not available to the general public or to consolidators and other discount distributors who sell to the public; however, hotel participants may make similar rates available to consolidators or other discount providers under other arrangements.

The Company also operates a price-disclosed hotel service in the United States, which enables the customers to select the hotel they want to book and the price of the reservation is disclosed prior to booking.

The Name Your Own Price rental car service is available in all the United States airport markets. Consumers can access the Website and select where and when they want to rent a car, what kind of car they want to rent and the price they want to pay per-day. Excluding taxes, fees and surcharges. The Company also offer a price-disclosed rental car service on [www. Recline. Com](http://www.Recline.Com), which enables the customers in the United States to choose between price-disclosed or Name Your Own Price rental cars.

Customers can select the exact car they want to book and the price of the reservation is disclosed prior to purchase. As of December 31, 2009, the Company operated a total of 10 domestic airlines and 20 international airlines participating in the Name Your Own Price airline ticket service. The Name Your Own Price airline ticket service operates in a manner similar to the Name Your Own Price hotel room reservation service.

The Company also offer the customers In the united States the ability to purchase retail airline tickets at disclosed prices and with disclosed itineraries. The airline sets the retail price per Day ten consumer Airline merchant AT record Tort ten transaction . Nines airline tickets do not have the restrictions associated with the Name Your Own Price service.

The vacation package service allows consumers in the United States to purchase packages consisting of airfare, hotel and rental car components.

Consumers can select the exact hotel or resort that they want to reserve, and then select either a retail airline ticket or an opaque airline ticket for the air component of their package. Vacation packages are sold at disclosed prices, although consumers cannot determine the exact price of the

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individual components on the Website. The Company offer customers in the United States the opportunity to purchase destination services such as parking, event tickets, ground transfers, tours and other services available at their travel destinations.

The service is offered to consumers as part of the process of booking an air, hotel, rental car and vacation reservation.

The Company also offer price-disclosed cruise trips through World Travel Holdings, Inc. (WITH). The cruise service allows consumers in the United States to search for and compare cruise pricing and availability information from 20 cruise lines, and to purchase cruises online or through a call center by selecting from the published offerings and prices.

The Company offer air, hotel and vacation package customers in the United States an optional travel insurance package, which provides coverage for, among other things, trip cancellation, trip interruption, medical expenses, emergency evacuation, and loss of baggage, property and travel documents. It also offers the rental car customer in the United States the opportunity to purchase collision damage waiver insurance. The travel insurance is arranged for by Barleycorn, a division of Affinity Insurance Services, Inc.

is underwritten by Sturbridge Casualty Insurance Company, an AEGEAN Company. The Company competes with Expedia, Orbit Worldwide, Sabre, Veneer, TU Travel, Slivers, streptococcus, Speakers, hotel. E, Hotel Reservation Service, Strip, Reawaken, WTFO, Google, Yahoo! , Being, AOL, Monobasic. Com, Fracases. Com, Kayak.

Com, Sidestep. Com, Trapdoors, Travelers, Spaceflights. Com, Galileo, Travelers and Amadeus. Case Study: Principle By James Maguire November 27, 2002 Although many e-commerce businesses were hurt by the events of 9/11, discount airfare site Principle took a double blow.

In the first few months after the terrorist attacks, air travel was viewed as favorably as a trip to the dentist. But even as air travel has rebounded, says Principle spokesperson Brian Eek, the company's business continues to be affected by the prolonged practice of airlines to discount their own retail tickets.

" " Consequently, the difference between an online retail ticket and a Principle ticket is not as great as it once was," he says. This makes it tough for Prickliness " name your own price" model, a groundbreaking development in e-commerce. Nippers enter tenet sealer travel dates, standalone, Ana ten price they're willing to pay. Their bid is accepted only after they've committed to it with a credit card. Purchases cannot be cancelled. With a ticket bought through Principle, o might have to fly at 5 a.

M. And enjoy a 3-hour layover in Dubuque, and you won't get to choose your carrier. However – and here's the Principle advantage – fares are usually far below retail. If you've got some flexibility, offers Principle, we can save you a bundle. The business model benefits not just consumers, says Eek.

It's also " a very potent way for airlines to fill seats without harming their retail fare structure.

” But now that airlines are discounting, “ It has an effect on the trade-offs that certain people are willing to make for a Principle ticket,” he says.

Furthermore, he adds, “ As soon as there’s a trend of airline prices to go up, [an airline] jumps in and undercuts. ” Not that travelers have stopped loving cheap seats. In the third quarter of 2002, Principle received 1. 2 million bids, and sold 645, 000 tickets.

However, in the third quarter of 2001, the site received 1. Million bids, and sold 1. 2 million tickets. (In the fourth quarter of 2001, after 9/1 1, ticket sales fell to 840, 000). The Online Travel Market Principle has positioned itself as the cheapest outlet among the four online airfare channels. The most expensive outlet (until recently, that is) has been the airlines themselves, whose sites offer a mix of retail and discounted fares.

Less expensive are sites like Expedite and Traceability, essentially online travel agents, which help shoppers by displaying prices across many airlines. They also offer some discounted fares.

Below them in price is what’s referred to as “ gray marketers,” sites that buy in bulk to offer discounts. Like the Expedite-style sites, these sites publish fares. At the cheapest level, the “ opaque providers,” are Principle and its chief competitor, Hotelier.

These sites won’t publish full flight information until after a consumer has committed a credit card. Hotelier publishes prices but won’t reveal what flight you’re on; Principle doesn’t publish prices. Forrester analyst Henry Harvested notes that Principle is far ahead of Hotelier in the battle for online airfare dollars – at this point.

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Principle is #8 among top travel sites; Hotelier is #24, according to recent Forrester research that measures both site traffic and total dollars spent. But Hotelier is still new, Harvested points out, having launched in late 2000, and has not been aggressively marketed. And he says that Hotelier may enjoy a competitive advantage because it's partially owned by the airlines themselves.

Because Hotelier publishes its fares, "It takes the guess work out of the process," Harvested says, but adds that there may be better rates available on Principle.

The competition between these two sites is "fiercely contested" says Harvested, who expects the competition to extend over the next couple years. "It's going to be fun to watch it play out." Changing Rankings "Principle has a very strong reach," says Harvested, citing recent research that says 6 percent of all online travel shoppers visited the site to explore travel options. But this same research demonstrates Prickliness struggle in the face of airline discounting.

Prickliness current rank of #8 represents a steep fall from last year's #2 rank.

In contrast, many of the airline sites – fueled by discounted fares – saw increases. American, Southwest and Delta are each ranked higher. United Airlines cracked the Top 10 for the first time. "The prices out there are almost absurdly low in ten retail market," Harvested says. Consequently, "ten Dental AT a Principle or a Hotelier is diminished.

A Shifting Model Principle creates revenue using the spread between the price at which airlines sell discounted tickets and consumers buy them.

Unseen by shoppers at the site, Principle monitors changing airline pricing and availability on a minute-by-minute basis. “ We have tickets at multiple price points, depending on the restrictions on the ticket,” Eek says. “ When you put in an offer, we try to match you up with the ticket that’s closest to what you put in. ” The advantage of Prickliness e-commerce model is that the site owns no inventory, it merely facilitates transactions.

The site purchases each ticket only after a consumer has paid for it with a credit card. Principle is expanding its model using Loosestrife. Mom, a retail site it acquired this spring. With Loosestrife, Principle competes with Expedite and other sites that sell retail tickets, though at this point shoppers can only view these fares at the Loosestrife site. But in what Eek refers to as “ selective integration,” Principle plans on displaying Loosestrife offers at the Principle site by early next year. If a Principle shopper makes a bid that’s not successful, Principle will offer them fares from Loosestrife.

The plan is to keep customers from going away empty-handed, Eek says. If we can offer you the same price as the other guy, why not buy the retail ticket from us? ” Harvest’s says the acquisition of Loosestrife is a strong move, which could allow Principle to address all a travelers needs, increasing the company’s income by expanding its market niche beyond deep discount. He also sees great value in Prickliness recent alliance withEbay, in which Principle uses the popular auction site as an additional “ name your own

price” sales outlet. Hotels and Cars While Principle was originally founded as an airfare discounter, at this point it sells more hotel rooms.

The site sold more than a million rooms per quarter for the last two quarters, Eek says.

“ The trade-offs for hotel rooms are so much less than with airline tickets,” Eek says, explaining that shoppers – still naming their own price – can chose dates, location, and number of stars; everything but brand of hotel. He claims hotels rooms can be discounted 50 percent or more. The site offers the same amount of choice in rental cars; travelers chose everything but brand of vehicle. Eek lams car rental discounts range around 20 percent.

Flying in the Future Harvested suspects that market conditions will improve markedly for Principle.

“ We’ll continue to see fewer planes flying, and the average number of seats per departure will be smaller next year, so there will be fewer cheap seats out there,” he says. Consequently, Harvested says, “ Airline pricing will creep back up, at which point Prickliness value to the consumer becomes higher. ”
Officers and directors Ralph M. Banana Chairman of the Board Age: 67 Bio & Compensation – Reuters President, Chief Executive Officer, Director