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TRVG.OQ - Q1 2017 trivago NV Earnings Call

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PRESENTATION

Operator

Ladies and gentlemen, good day and welcome to the trivago first-quarter report 2017 conference call. Today's conference is being recorded. At this time I would like to turn the conference over to Matthias Tillman, Head of Investor Relations. Please go ahead, sir.

Matthias Tillmann - *trivago N.V. - Head of IR*

Thank you. Good afternoon, everybody. Welcome to trivago N.V.'s financial results conference call for the first quarter ended March 31, 2017. I am pleased to be joined on the call today by Rolf Schromgens, trivago's CEO and Managing Director, and Axel Hefer, our CFO and Managing Director.

The following discussion including responses to your questions reflects management's views as of today, May 15, 2017 only. We do not undertake any obligation to update or revise this information.

As always, some of the statements made on today's call are forward-looking, typically preceded by words such as: we expect, we believe, we anticipate or similar statements. Please refer to today's press release and the Company's filings with the SEC for information about factors which could cause our actual results to differ materially from these forward-looking statements.

You will find reconciliations of non-GAAP measures to the most comparable GAAP measures discussed today in our release which is posted on the Company's IR website at ir.trivago.com. I encourage you to periodically visit our Investor Relations site for important content, including today's press release.

Finally, unless otherwise stated, all comparisons on this call will be against our results for the comparable period of 2016. With that, let me turn the call over to Rolf.



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Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

Yes, welcome, everybody. So many thanks for joining our second quarterly earnings call. Yes, we are very happy to announce the results of what we think was a very strong quarter. So they first quarter 2017 actually exceeded our expectations in both growth of revenue and growth of profitability.

With plus 68% we have grown our revenue nearly in the same pace that we have grown last quarter. Actually we accelerated our growth ratio from the same quarter last year and we have grown our revenue from EUR159.4 million to EUR267.6 million.

In the same time we have grown our EBITDA from EUR7.7 million to EUR19.3 million and this 151% growth ratio is based on basically three factors: First, the continued improvement of our baseline of loyal customers; second the payback of our higher investment in the last quarter 2016; and third, the slight improvement of commercialization.

But it was not only financially a strong start into the year. We are also very pleased with our first month as a public Company. We see that more and more people realize what we are up for and really want to be part of it. So if you just look at the first quarter alone, we had more than 15,000 applications for people who wanted to work with us from around the world.

As we discussed last time, we want to -- every quarter we want to pick a special topic. And we already referred to recent changes in our marketplace algorithm during the Q4 2016 earnings call and we talked about the high commercialization on our platform. So, some of you guys asked for some more details on this topic, which we are happy to provide you today.

So in the past we have constantly optimized our marketplace by introducing new dimensions that helped to, on one hand, increase the flexibility and, on the other hand, the efficiency for advertisers and at the same time improved our user experience. So for example, we started with the CPA model in 2016 basically because we wanted to on-board the advertisers easily. But we were convinced from the very beginning that advertisers should have an incentive to learn and improve their product, so we switched to the CPC model in 2008.

We constantly improved the CPC pricing resulting into a free marketplace and hotel level bidding beginning of 2015 and, with the relevant assessment of the booking funnel right now, we introduced -- or at end of 2016 we introduced another dimension to that.

If we go back in the history of trivago, it's important to say that we always felt responsible for the end-to-end user value creation. So we have never really seen trivago as a pure traffic channel, not caring where the user at the end ends up and where -- after he leaves trivago. The experience on the side of the advertiser is part of the trivago user journey and therefore also part of our service.

For many years our solution to secure this was rather simple, so we defined pretty clearly what kind of landing pages we expect from the advertisers. And an advertiser who did not want or could not comply with our expectation was not allowed to participate in the marketplace. This came with several problems.

On one hand advertisers were not able to join the auction if they were not changing the landing pages. On the other side, existing advertisers did not really have the chance to test the landing experience and find a better solution. Sometimes advertisers were even finding ways around our specifications and they created inefficiencies in the marketplace and inferior overall user value.

With the new dynamic relevance assessment of the booking funnel, we give advertisers the flexibility to adapt their landing pages, but at the same time the relevance factor becomes a variable in their optimization. So with this actually we became pretty agnostic of how booking funnels would look like, but we still secure the maximum overall user value on trivago. We really believe that this is a natural extension of the free marketplace, allowing each individual advertiser to optimize but making the overall value creation of guiding principle.

So to sum up, the advantage for the user among others is to get a really optimized experience throughout the booking process and across the advertisers. The advantages for the advertisers are an easy access to the platform and more flexibility in optimization.



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Throughout the Company it's always our goal is to create self learning systems. And we think if this is fully rolled out at the end it will be another good example of this. And looking at the early indicators, we have seen already some improvements in revenue per qualified referral.

This effect is very comparable though to the volatility that we have seen after the introduction of the hotel level bidding in 2015. But we are optimistic that we will see positive long-term sustainable effects still looking at the current revenue per qualified referral business just an early indicator.

So thanks a lot for following me through that special topic. I know it's not always easy through that. I'm happy to answer more of your questions later on, but for now I would hand over to Axel for some more details on the financials.

Axel Hefer - *trivago N.V. - CFO & Managing Director*

Thanks, Rolf. (technical difficulty).

Operator

Pardon the interruption. This is the operator. Mr. Hefer, we can't hear you at the moment.

Axel Hefer - *trivago N.V. - CFO & Managing Director*

Okay, I'm sorry. Okay, let me try again. So total revenues in the first quarter reached EUR267.6 million at an adjusted EBITDA of EUR19.3 million. As a result our net income in the first quarter 2017 reached EUR7.7 million compared to a loss of EUR0.1 million in the first quarter of 2016.

The return on advertisement spend increased from 120% in the first quarter 2016 to 121% in the first quarter of 2017. And the adjusted EBITDA as percentage of total revenue went up from 4.8% in the first quarter 2016 to 7.2% in the first quarter of this year.

If we now look at the development of the KPIs on a Company level, the qualified referrals grew by 60% across all regions. The revenue per qualified referral increased by 4% impacted by the higher commercialization, as Rolf elaborated on, and as a result ROAS went up as well, 120% to 121%.

If we now turn to developed Europe, revenue per qualified referral increased by 6%. The ROAS increased by 3 percentage points, 136% to 139%. And we partially reinvested the improved commercialization into higher growth which resulted in a 35% growth of qualified referrals, Q1 2017 over Q1 2016.

In Americas, growth of qualified referrals of 65% year over year; 7% revenue per qualified referral improvement, again driven by better commercialization; and the ROAS improved from 116% to 118% quarter one 2017 to quarter one 2016.

In our rest of the world segment, the year-on-year growth of qualified referrals was at 115% driven by very strong growth across the region, in particular by the scaling of Japan, India and Russia. The revenue per qualified referral improved by 6% Q1 2017 to Q1 2016. And the profitability of the segment improved by 8 percentage points, so 96% over -- to 88% in 2016 driven by the revenue per qualified referral and the brand-after effect through the scaling of the business.

Let me now turn to our guidance for 2017. First comment that I would like to make on revenue per qualified referrals: we expect that the positive effect that we saw in Q4 and Q3 -- sorry Q4 and Q1 will be partially mitigated in 2017. As a consequence, we expect the revenues for the overall year to grow around 50%, the adjusted EBITDA as percentage of total revenue to slightly increase.

In terms of seasonality, we expect the share of the revenue that is coming from the first and second quarter to be slightly higher compared to 2016 and the share of the revenue coming from the third and fourth quarter to be slightly lower than in 2016.



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In terms of adjusted EBITDA, we see that the first quarter will have a higher share of the total -- we expect the first quarter to have a higher share of the total adjusted EBITDA of the year -- a significantly higher share and the fourth quarter to have a slightly lower share again compared to 2016. And so now we are opening up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Brian Nowak, Morgan Stanley.

Brian Nowak - Morgan Stanley - Analyst

Thanks for taking my questions, I have two. Axel you mentioned the benefits of the commercialization to be partially mitigated throughout 2017. Could you just talk about why it's going to be mitigated and are there any other puts and takes that we should think about in the course of the year on revenue per qualified referral as you go over the course of the quarters?

And then the second one just to go over the commercialization. Are you seeing user conversion improving and can you talk to what's driving the improvements in conversion? Thanks?

Axel Hefer - trivago N.V. - CFO & Managing Director

So, on the mitigation, so we overall assumed -- we overall assumed flat revenue per qualified referral on a regional level when we did our budget for this year. And so, the positive effect that we have now seen in Q4 and Q1 on a regional level, as Rolf said, this is partially driven by higher volatility by the initial introduction. And we expect that positive effect to be partially mitigated.

So in a way the quarter over previous year quarter increase to come down. And then in addition, obviously we will see a mix effect between the different segments because rest of the world is growing faster than, for example, developed Europe and that has an additional impact. On the conversion, we don't see a significant change in conversion on the platform and -- so we don't see a significant change in conversion on the platform.

Rolf Schromgens - trivago N.V. - CEO & Managing Director

Maybe I can just add a little bit of color to that. So the effect that we currently see in conversions was not expected, so because we have this volatility. So right now, rather than the first step in the introduction of this change within the marketplace, you would always assume a change rather in take rate. And this change will hopefully then in the long run turn into a change in booking conversion because you optimize the booking conversion of the whole marketplace. So that is what we expect.

Brian Nowak - Morgan Stanley - Analyst

Okay, thanks.

Operator

Lloyd Walmsley, Deutsche Bank.



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Lloyd Walmsley - *Deutsche Bank - Analyst*

Thanks a lot. I had a couple on this new dynamic booking funnel relevance assessment. I'm trying to get my head around it exactly. So are advertisers using more data from trivago to optimize their landing pages on their own website? What exactly are they doing? Is there like a two-way data exchange -- you give more data to help them optimize; they give more data obviously back to you in order to assess that conversion? Just wondering if you can elaborate a little bit more on exactly how this works.

And then some of your bigger partners are pretty secretive about their data. So curious, how broadly are you seeing this adopted in particular among the larger players? And if I can, you just mentioned conversions and you don't think it's going up, but it sounds like that's the whole idea behind the relevance assessment. So maybe you can just explain -- maybe there is a time lag. Any color you can give on why this might be not driving conversion would be really helpful.

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

Yes, so we see that we have even more exchange with our partners and more data exchange with our partners. That was also one of the reasons because, of course in the moment where we don't share or the partners don't share with us this data we basically have to come with more basic hypothesis around it and have to find indicators to basically assess the value creation on the advertiser side.

So in the moment where they deliver us more information it's also for us easier to really get a better idea of like what is the total value creation. And that's a high incentive for our advertisers to share even more data with us and, on the other side, we sharing more data with them regarding the total value creation.

So they see that when they do something on their website which might even positively improve their booking conversion but negatively improve the conversion or negatively affect the conversion of the whole marketplace, we feed them this data back.

This is still in a very early stage. It's a quite complex thing so it's not very easy. So we are currently in the early stages of this. And the system is currently still to a part rather rule-based or hypothesis-based and we use data basically to continuously learn and improve it. But ultimately we are very confident that we will be able to create a self learning system basically that is self learning to optimize the overall value for the user. That's the goal, optimize overall value for the user so that everybody basically has -- the cake gets larger so everybody, we have more to share.

So we see a quite high rate of adoption. That said, we are positive about the long-term effect of this, otherwise we would of course not do it. And we are always trying to make the marketplace more liquid, create more dimension, take inefficiencies out of the marketplace. And we think that it's another thing to take inefficiencies out of the marketplace. If you take inefficiency out of the marketplace the overall commercialization should go up. That's the goal.

Still this will be of course a development over time. It involves not only us but it involves also all of our advertisers; some of them are faster, some of them might be slower with their adoptions. So it will again be a process over the next quarters and next years and we are not yet fully sure when we will see the full effect of this. But it will rather be a long-term thing.

So I think while we should not -- so we should not look at the data right now and say okay, the effect we see right now, that's already fully the effect. And this effect will get stronger and stronger over time. So right now we have some volatility in there in these numbers, but we are very positive about the long-term positive effects of it of course.

Axel Hefer - *trivago N.V. - CFO & Managing Director*

Let me just add one point to make sure that we don't have any confusion there. When I said we don't see a change in conversion, that is basically -- it was a comment for the first quarter and the fourth quarter. In the long-term obviously we expect an improvement in conversion through the optimization of our advertisers.



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Lloyd Walmsley - *Deutsche Bank - Analyst*

Okay, thank you.

Operator

Douglas Anmuth, JPMorgan.

Douglas Anmuth - *JPMorgan - Analyst*

Thanks for taking the questions. I wanted to ask you about your advertising spend. You stepped up TV spending more in the fourth quarter and it looks like you also spent at least ahead of what we were thinking in 1Q. Can you just talk about your TV strategy in particular as you are heading into the busiest travel period?

And then second, was hoping you could just comment on whether you seeing any pickup in activity from hotel suppliers themselves in terms of advertising and if you could talk about your efforts on that side. Thanks.

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

From our side, so first of all we can see that our strategy to invest more into the fourth quarter that this was paying out. And that is -- also you can see the brand aftereffect also on the profitability of the first quarter. So we had higher investments into TV in the fourth quarter, we see some of the results today.

And we generally also in the last quarter we said we want to invest more in those quarters where we had a rather low seasonality in the last year and we want to balance out the spend seasonality a little bit more. And that's also what you can expect from us this year, that we will balance it a little bit out better. So we will probably not spend as much -- relatively as much in the third quarter, end of the second quarter and the third quarter than we spent last year.

We don't see right now that the competition is picking up. We have been able also to invest more, I think that's what you are referring to and that's more in the first quarter. And that was also of course driven by our learnings that we still have seen -- in several markets still have seen that we can invest more, that we can be more aggressive, that the marginal benefit from investing into brand is also paying back in the short-term and that was motivating us to also rather spend a little bit more.

Douglas Anmuth - *JPMorgan - Analyst*

Any comment on the hotel suppliers themselves?

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

We don't see -- so I don't -- actually I don't have this data right now here, but I would not know that there is any significant change in the competition from our suppliers.

Douglas Anmuth - *JPMorgan - Analyst*

Okay, thank you.



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Operator

Mark May, Citi.

Mark May - Citigroup - Analyst

Thank you. Just on the topic of your efforts to continually innovate your bidding platform, any changes that you plan on introducing over the next foreseeable future, say over the next year? For instance mobile only bidding? And if so, what impact do you see those sorts of things having on RPQR?

And then second question, in the quarter or over the last three to six months have you seen any interesting new advertisers join the platform or notable changes in spend by some of your top advertisers in the quarter? And along those lines maybe if you could update us on the mix of Priceline and Expedia that would be helpful. Thank you.

Rolf Schromgens - trivago N.V. - CEO & Managing Director

So let me just like, as the first part was the dimensions on the marketplace, how they will develop over time. So we think that you really have to be careful with introduction of new dimensions to the marketplace. There's always -- it's always causing kind of disruptions, so the advertisers have to adapt, they have to learn.

There's different speed of learning for advertisers so even if you see adoption rate are quite higher adoption rate in the beginning, basically it takes you also a while until you go through the long tail of advertisers. And so, we have realized that over time and so we want to be careful with introducing new things continuously.

So, we also don't want to stretch basically their acceptance of those new dimensions. That's why for right now we don't expect a new dimension -- we don't expect to add a new dimension. Also we don't see currently such a pressure to introduce mobile, the mobile versus desktop dimension into the marketplace because we see that we went through the mobile like the conversion to mobile very far already.

So the majority is now -- of the leads are generated on mobile devices and that also the development that you have seen last year continues. So there is a constant transition towards mobile and we don't see that there is a lot to come right now.

So we see that the current system works; there is also always some negatives with introducing the mobile dimension because you would have an inconsistent user experience. We are very careful about user experience.

And so right now there is no intention but there might be situations, and also when the advertisers are more experienced also about the spill effect of their advertisement on trivago that we then also integrate mobile as an additional dimension. Because of course there is always in efficiency and we want to avoid inefficiency in the long run.

So that was the first question. I think the second question was are there any new advertisers? And yes, we have for example seen Agoda coming back in their core markets. I think that was something that about a year now. So it's a staged process that they went back in I think in the Q4 last year, but not in their core markets. Now they are I think back globally across all markets. So that's definitely a new strong advertiser for our platform that also increases the competition on trivago. Does that answer your question?

Mark May - Citigroup - Analyst

Yes, perfect. Thank you.



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Operator

Kevin Kopelman, Cowen.

Kevin Kopelman - *Cowen and Company - Analyst*

Hi, thanks a lot. I just had a couple of questions on intra-quarter trends. First, can you tell us what kind of response you've seen from the new spokesperson in the US market? And then secondly, as we think about the quarter, is Easter something that you see in the business as being a relevant factor? Thanks.

Axel Hefer - *trivago N.V. - CFO & Managing Director*

So, on the new spokesperson in the US, I think it's a bit early to say. But the concept of having two different persons active in the same market is something that we've tested with success before. So that is the reason why we are now rolling it out and that's why we believe that it is a good concept and that it will be successful.

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

Maybe let me add to that shortly. So, I think what's important to understand is really like the concept of this spot of this platform is not really bound to a person and that's what you see also worldwide. So for example, I know that Tim became a quite famous in the US, but this concept is not focusing on one person.

And what we see and I think that's something that we can share is -- and that's what we see throughout the world, basically the star of this is not the person, is not the spokesperson. The star of the spot is basically the concept and the way we are approaching advertising. And I think that's something we can see in the results.

And we want to be more flexible in the future. We want to be more targeted so our idea is to create fully targeted spots. And the more we want to go into targeting, the more it's important for us that we also have the flexibility in the spokesperson, because a different spokesperson also can address different target groups. And that's very important. We want to really micro-target and be micro-targeting in our advertising.

Kevin Kopelman - *Cowen and Company - Analyst*

Great, thanks. And then just on Easter, can you just walk us through how Easter affects the business? Thanks.

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

We don't see the strong effect. So I think this thinking is rather from the OTA side often coming in because the OTAs always have the problem between the booking of a hotel room and when it's on their balance sheet; so basically when they invest into the booking and when it's coming back. So we don't have that. So for us basically the revenue is directly coming in, so I don't see such strong impacts for us right now.

Kevin Kopelman - *Cowen and Company - Analyst*

Thank you.



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Operator

(Operator Instructions). Heath Terry, Goldman Sachs.

Heath Terry - Goldman Sachs - Analyst

Great, thank you very much. Just wondering if you could -- to dig a little bit deeper on the hotel direct part of the business. Could you give us a sense at what rate that part of your revenue streams are growing, whether or not you have had any success in building relationships that are allowing you to show more of these direct booking rates in your rate tables?

And then also to the extent that you are seeing any change in the rate of adoption or progress in the rate of adoption for your backend hotel management systems for the independents that you work with?

Axel Hefer - trivago N.V. - CFO & Managing Director

Sure. The way we are approaching the individual hotels is that we have a three step process. The first step is to provide a free to use tool, which is our Hotel Manager, where we increased the number of hotels using the tool to 280,000 end of Q1.

The second step is then to convert the hotels to use a more advanced version, Hotel Manager Pro, which offers more data and functionality and is a paid version where we increased the number of subscribers to 30,000.

And then the third step is for the individual hotels to actively participate in the bidding.

As of today the bidding component is small, but we see it as a strategic investment into the platform and we believe that more and more hotels will actively participate going forward. But as of today it is not a significant part of the bids on the platform.

Rolf Schromgens - trivago N.V. - CEO & Managing Director

So looking at the revenue stream, I think it's important to say that you can always -- if you are looking at the subscription revenue, you can only see part of the effect because subscription revenue is basically just -- basically what the additional fee that the hotel pays for having a Hotel Manager Pro account.

So what you do not see is the increased competition that we generate through the hotel bidding directly. And that is another effect which you don't see which is basically included into our referral revenue so you can only see one part of this.

Still the revenue that we've seen -- the subscription revenue that we've seen, this is basically a way to fund our organization directly going to hoteliers. That is not intended to be like a significant revenue stream, so our focus is clearly on the search. We want to build the best search product and that's why we are doing that. So we just do this to build the best search product. We don't want to use this as like a big additional revenue stream.

Heath Terry - Goldman Sachs - Analyst

Okay. And is there a sense that you could give us where you are seeing, I guess if it all, participation or cooperation on direct booking efforts from the larger chains as well as Marriott, Hilton, etc., push direct booking?



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Axel Hefer - *trivago N.V. - CFO & Managing Director*

We don't disclose that number.

Heath Terry - *Goldman Sachs - Analyst*

Okay and I'm not necessarily looking for the number, but just in terms of whether or not you are actually able to show those rates or are participating in any efforts that the hotels have to promote that part of their business?

Axel Hefer - *trivago N.V. - CFO & Managing Director*

Could you repeat that, please? I'm not sure I understood your question.

Heath Terry - *Goldman Sachs - Analyst*

Sure. Just the direct booking efforts that you're seeing from the chains, are you able to show the rates -- or more able than you have been in the past to show those rates to trivago customers and promote those within your rate tables?

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

We see constantly more chains adapting and showing their rate. And let's say they were always showing the rates, so that's not the problem. The question is how competitive have they been with their rates. And what we see is definitely that they become more and more competitive.

So, one thing that we do there and where we want to also motivate -- what we also want to motivate the big chains to do is to use our express booking tool to improve their booking funnel to be more competitive. And there we have seen some very, very good results where the first chains go on to express booking and are able to significantly improve their booking conversion and significantly use that to up spend on trivago.

Heath Terry - *Goldman Sachs - Analyst*

Great, thank you.

Operator

Shyam Patil, Susquehanna.

Shyam Patil - *Susquehanna - Analyst*

Hi, thank you. I had a couple of questions. There has been some data out there that suggests that there's a gap in the conversion rate between trivago and some of the leading e-commerce, leading travel sites. Just curious if you agree with that and what you see as the key drivers to close that gap over time?

And then second question, can you just talk about the competitive landscape? There has been some consolidation over the past several months. Just curious what kind of impact you guys are seeing, whether it's on advertising rates or in the business generally? Thank you.



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Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

So, first of all I would have to ask which kind of conversion you are referring to. So what kind of conversion, what kind of delta are you speaking about because that's something I was not aware of?

Shyam Patil - *Susquehanna - Analyst*

Just traffic on your site, click traffic converting into actual bookings for your partners.

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

So, I actually do not know where we are standing compared to our -- about us and other websites. But I also don't believe that this is a number that you can really compare. And that's also the reason why we came up, for example, with the revenue per qualified referral. Because it's always a question like how many click outs do you have per user. So I think it's a quite weak indicator. So I would not know how to interpret that data.

And so, for me I don't see -- we don't see like that there is a big gap and that we have to close this gap. So, we try constantly to improve our booking conversion of course. We have many initiatives in trivago to rather keep people longer on trivago, increase the value depth of trivago, have people longer stay on trivago then go later to an advertiser.

So this ratio basically, this conversion ratio will change over time. It does not always ultimately mean that in the same amount or the same ratio the revenue goes up at the same time. So I think it's quite tricky to compare. I would not be able to compare us to the others.

Axel Hefer - *trivago N.V. - CFO & Managing Director*

Just to add to that, in a way I think you always need to look at the data set of these studies and we don't have, for obvious reasons, full visibility on the booking conversion of our advertisers and our competitors. What we do know though is that part of our business is basically derived from our own activities on other platforms. So for example, our search engine marketing and that we are able to compete on these platforms against other players in the industry while being profitable.

So in a way through the improved conversion that we add in through our website, we can pass on referrals to advertisers rather than going directly and competing with us on performance marketing channels. So that in a way gives us comfort that we are competitive in the marketplace, but we don't have full transparency on everybody's booking conversion.

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

I think the second question was about competition or consolidation. So actually we have not seen that much of consolidation right now -- that would be really significant for us. And that is also not leading to different rates for us.

So basically I think you have to differentiate. So first of all, I mean there's direct competition and there we see maybe some consolidation, but they were not really significant for us. If you are thinking about Momondo or Skyscanner where the vast majority of the traffic is light or other products but not hotel. So that is probably not impacting us.

And on the other side, basically we always have to -- when we buy media, for example when we buy TV media, I think we are competing against everyone. We are competing also against Procter & Gamble. It is not that we compete even against other travel players. So I think that it's not the direct competition. I don't see the rates being influenced by this. And we can also not see it on our direct channels.



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Shyam Patil - *Susquehanna - Analyst*

Great, thank you.

Operator

Ladies and gentlemen, if there is no further question I would like to turn the call back to our host for any additional or closing remarks.

Matthias Tillmann - *trivago N.V. - Head of IR*

Yes, thanks, everybody, for joining us on the call today. Rolf, do you have any final thoughts?

Rolf Schromgens - *trivago N.V. - CEO & Managing Director*

First of all, thanks again for joining the call. We are very pleased with our first [quarter] as a public Company. So of course we were quite curious of how being a public Company might have an influence on the organization. But judging from the first few months it's quite impressive actually how we have shown again and how the organization has shown again how fast it is learning, how fast it is adapting and by still maintaining its strong value.

So we are really proud that we have built -- or we seem to have built an organization which is so welcoming to change. And we really hope that this will hold on in the future. We are now very excited to go into the new season 2017 and -- yes. So thanks a lot for your participation. See you in a couple of months.

Operator

Ladies and gentlemen, that will conclude today's conference call. Thank you very much for your participation. You may now disconnect.

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