

**HD      Game **Site** Gree Looks to **Hotel** Bookings for Growth****BY**      By Mayumi Negishi**WC**      578 words**PD**      22 July 2014**ET**      22:03**SN**      Dow Jones Institutional News**SC**      DJDN**LA**      English**CY**      Copyright © 2014, Dow Jones & Company, Inc.**LP**

TOKYO--Japanese mobile-game developer Gree Inc. is hoping a foray into the **hotel**-booking business can help restore profits hit by declining sales of products linked to its games.

Gree's entry into **hotel**-reservation apps is part of a larger fight for a share of Japan's Yen15 trillion (\$148 billion) domestic travel market, which is benefiting from a revival in the nation's economy. In the Japanese market, online-services **company** Rakuten Inc.'s travel **site** and Recruit Holdings Co.'s Jalan **site** currently control about 60% of **hotel** bookings made via online travel agents, according to market research **firm** PhoCusWright Japan.

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Earlier this month, Gree invested \$4.5 million in **Hong Kong**-based HotelQuickly, a mobile app that offers last-minute **hotel** rooms at discounted prices. Gree hopes HotelQuickly will help operations of its own booking app, Tonight, launched in Japan last month.

Representatives of Rakuten and Recruit declined to comment on Gree's move but said they have long offered last-minute booking discounts.

Other websites seeking growth in Japan include Germany-based **Hotel** Reservation Service and Australia's HotelsCombined, both of which recently introduced Japanese-language sites. The Japanese-language **site** of Expedia Inc., the global market leader, has offered last-minute booking services for several years.

Despite the heavy competition, Gree says it still sees opportunity. Its executives say some rival smartphone apps are still clunky or, in the case of foreign sites, don't necessarily allow the kind of specifications to which Japanese travelers are accustomed.

"We have until the end of this year" to become the go-to **site** for last-minute **hotel** bookings, said Gree Vice President Eiji Araki.

Currently, 90% of Gree's profits come from games. But the **company**'s net profit is projected to have dipped 11% in the year through June compared with the same period a year earlier and profit is down almost 60% from two years earlier. That is because customers are spending less on in-game **purchases** of items to help players advance, and Gree was late to switch its focus to smartphone apps from games for an earlier generation of mobile phones.

The **company**'s stock price is less than half of its peak, and some analysts say it looks like it is grasping for new ideas without a clear strategy. Among the **company**'s recent ventures are a website for users who want to resell their purses, a \$50 million fund for Asian Internet companies and a beauty-pageant app that lets participants root for an actual woman to become the app's "No. 1 Princess."

Mr. Araki said the diversity of business ideas showed Gree was returning to its roots as a provider of a variety of Internet services. After releasing what it touts as the world's first mobile social game, "Fishing Star" in 2007, Gree focused on that business and became known as a game **company**.

The eighth floor of the building in which Gree is housed has become an incubation center with teams of three to five people working on projects they hope will become the **company**'s next growth pillar.

"Many people originally joined Gree to be part of a startup," Mr. Araki said. "There's real excitement now."

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