

## **China-US Consumer Behavior Expedia Analysis**

We are focusing on China for two reasons: the rapid growth of Chinese tourism and Expedia's current global market share. China is currently the second largest travel market in the world, but will overtake the United States by 2027 at an annual 9% rate per year. Expedia has 6% of global market share with 5% in Asia compared to 20% in United States and Canada (Goldman Sachs 2015) (Securities and Exchange Commission 2015). Since Expedia's sale of eLong, a Chinese online-tourism site in 2015, the time period of this dataset, its market share has shrunk. We use a comparative analysis of the US and China to identify key differences in the successful US market to apply them in China, a market that continues to expand and cannot be ignored in the next ten years.

We saw that Expedia has been focusing its efforts on mobile, but when we compared the click to book ratio, we found that mobile and desktop had virtually the same ratios. This suggests that consumer preferences for mobile and desktop have not changed as drastically as previously thought in both countries, given this data set. Less people use mobile for purchasing their travel arrangements. This is on par with recent studies that show consumers simply do not trust their mobile devices as much as desktop when it comes to privacy and security (Chin et al). Additionally, times of purchases are similar on mobile and desktop. The American consumer is more likely to browse and book during the day. However, the Chinese consumer is more likely to browse and book during early morning and night times -- the opposite of the American consumer. Given this data set, we suggest adjusting advertising volume and prices to target those time periods.

While looking at the types of goods that Chinese and American consumers prefer, we find variation in preferences for international and national travel, the weight of brand names, and the use of bundles. The Chinese consumer tends to use Expedia more for international travel (86.7%), while the American consumer tends to favor using Expedia for national travel (71.9%). We see preferences that lean towards brand-name hotels for both countries. However, the emphasis on brand-name hotels while traveling internationally is greater in China with 60.9% choosing brand name compared to only 49.6% in the US. This holds significant results when we look at the bundle purchases in both countries. 19.7% of US consumer choose packaged deals in both national and international purchases compared to just 2% in China. We believe if Expedia emphasizes brand-names in bundles, then it would see an increase in revenue from the Chinese market. Not only does Expedia make the most profit from hotel deals by taking at least a 25% commission off of each deal, but bundling also increases Expedia's commission, while appealing more to the consumer. Expedia should use the data above about time preferences to continue to push for name-brand bundles during the peak times. We believe increasing the number of bundles in China is key to increasing market share in a post-eLong time for Expedia.