Booking.com Case – Mod 1
August 27th, 2024

Booking.com has built its entire company structure around emphasized experimentation since the early years of its conception. Since then, Booking.com has seen immense success compared to its competitors in the online travel industry by using varying experimentation that comes from the ideation of all its employees. By doing this, Booking.com is able to constantly test the tiniest changes in order to conclude what details attract users and more importantly, gets consumers to click the "book now" button. Booking.com's experimental operations are centered around A/B testing. On any given day, Booking.com is continuously conducting thousands of A/B tests all simultaneously that have varying factors such as minor items like changing the color of the "booking" button or larger items like adding new features to the website. From these tests, Booking.com is able to make data-driven decisions based on the empirical data collected. Conducting thousands of tests daily seems impossible, but Booking.com is able to test this many because every employee, regardless of their position in the company, can propose and run an experiment. Management at Booking.com sees all tests, no matter whether it was a success or a failure, as an opportunity to learn and grow. Through all the testing Booking.com performs, the company is able to be more vigorous with its website evolution since testing reports consistently come back daily, displaying what can move forward and what can be thrown out. This all goes back to the number one goal of Booking.com, which is to make decisions that are customer-centric.

There are several benefits to pursuing Booking.com's experimentation approach. For one, by performing thousands of tests, Booking.com can ensure an optimized user experience. By constantly improving the website based on consumer preferences, Booking.com should see increased customer satisfaction and loyalty. Again, by introducing countless tests, Booking.com is able to make informed decisions and eliminate any potential bias as well as rid of any potential poor decisions based on intuition. Along with this, by testing small changes daily, Booking.com reduces the risk of any large-scale mistakes that would result in harming the company. The last benefit is that this approach creates a culture based on innovation. Because everyone is working to improve the company site, Booking.com has gained some competitive advantage in the online travel industry.

The key concept behind Booking.com's consistent experimentation practices is best explained by Adrienne Enggist, the Director of Product Messaging, who states "The idea was the more lines in the water, the more fish you can catch" (Beyersdorfer, pg. 3). As someone who has gone on an eight-person fishing trip, this saying is accurate. However, there are several risks involved with this strategy. First, with every employee consistently testing every day, Booking.com is only met with short-term focus. By limiting the company to only focusing on immediate results, Booking.com risks restricting itself from more long-term innovations. Another risk Booking.com faces is that its users could get confused and frustrated with the constant changes to the site, ultimately leading to a negative user experience. The last potential risk is that there may be an over-reliance on data. While data helps companies understand what users are looking for, conducting thousands of tests could limit Booking.com's creativity as well as interfere with grand suggestions that could be successful but cannot be as easily tested or tracked using metrics.

When considering the proposition by Frisby, I recommend that Gillian Trans approve the experiment but only if there are a few stipulations in place. The experiment should first be conducted on a small, randomized segment that represents the user base to minimize any potential negative effects on conversion rates. The segment should include people of different demographics to confidently conclude whether the design receives positive responses from certain demographics or not. From here, there will need to be more metrics than just conversion rates in place. Other metrics that could prove useful include engagement and bounce rates as well as collecting surveys. If this experiment begins to see positive results, the next step should be to start a phased rollout by

introducing the new design to larger and larger groups while still monitoring the defined metrics and deciding if they are successful enough to move on. After multiple successful rollouts can then the Blue Screen design be official. However, until then, it needs to be expressed to employees that it is still an experiment and to continue conducting their own.

The first experiment I would conduct would be a drastic change to the website design but would be more personable to the user experience. This includes implementing a rotation of scenic backgrounds of the city in which the user is looking to travel. For example, for Paris, the background would be the Eiffel Tower, the Louvre, the Seine, and other tourist attractions. When officially booking, users will receive a Booking.com postcard (complimentary digital format with the choice of a physical postcard at an additional cost) with one of the designs to document their travels. The postcard will be chosen at random, and for frequent travelers, serve as a collector's item. In doing this, the hope is to generate word-of-mouth advertising through social media.

Hypothesis: Create a personalized user experience by changing the website background to reflect the desired city.

Control Group: The user will see the standard booking page with no scenic background.

Treatment Group: The user will see a rotation of scenic landscapes of the desired city in the background of the website.

Dependent Variable: Conversion rate (the percentage of users who book after seeing the landscape)

Independent Variable: User segment (users traveling to see attractions vs users traveling for other reasons)

Other Variables: Other important metrics include user feedback and average booking time (time spent on the site before booking)

Proposed Actions: If the results are positive, Booking.com can perform a slow rollout by only changing the background for select major cities worldwide. If success continues, they can implement more and more cities until most cities are included in the redesign. As success grows, encourage users to share their digital postcards on social media using #Booking.com.

The second experiment I would conduct is whether implementing the ability to make fine dining reservations would increase the likelihood of booking more than only hotel and travel options.

Hypothesis: Introducing the ability for users to reserve fine dining experiences along with their hotel and travel.

Control Group: The user will see a standard booking page with no opportunity to make restaurant reservations.

Treatment Group: The user will be able to click on the "Dining Experiences" tab and scroll through trendy and catching dining experiences including aesthetic pictures, its history, and attached menus.

Dependent Variable: User engagement and conversion rates.

Independent Variable: User segment (users looking to get a taste for the culture vs users looking to just travel)

Other Variables: Other useful metrics include whether or not the retention rate increases as well as user feedback.

Proposed Actions: Similar to the first experiment, if results are proving successful, Booking.com can do another phased rollout by introducing the dining experience tab and booking experience to major cities. As continued positive feedback is received, more and more cities can be added. This feature should only be limited to cities that have fine dining experiences. This is not suitable for small towns that offer average dining experiences.