My name is Marcel, and I'm a director and founder of Tripco.
And I'm here with Jonathan, also a director and founder of the company.

Tripco is a travel technology company based in Cape Town. We build and own online travel platforms and brands.

- TravelGround.com and LekkeSlaap.co.za are accommodation brands and they comprise the majority of our revenues,
- We've also launched LekkeVlieg, a flight comparison website. This is a fairly new avenue for us, and a space where we still have a lot to learn
- Recently, we've also begun to partner with other companies to run travel brands on their behalves, built on our technology.

… For the rest of this conversation, I'll be discussing the online accommodation booking industry, because that is the vast majority of what we do.

I'm going to spend my time going through our story of building an accommodation platform that targets South African's booking local accommodation, mostly for self-drive holidays. I hope to use our story to illustrate how the industry functions.

I'll start with an overview of the online accommodation market, and the product we built to compete in this market.

Then I'll go through how we launched and built up our platform, including our ongoing relationship with establishments in South Africa.

Lastly, I'll touch on the importance and implications of brand, especially as it relates to the limitations for a local company to attract foreign guests.

Online accommodation is one of the more mature online industries. Many of our competitors, both local and international, where launched during the 1990s. It is a much contested space globally, and South Africa is no exception.

Many of the largest international platforms, are also big players in the South African market, such as booking.com, Expedia and Airbnb.
But there are also a large number of local players of various sizes, occupying various niches (ourselves included).

When we first launched in 2009, we were entering a space where even some of our South African competition had already been operating for 10 years.

Since day 1, our mission has been consistent. We aim to be the easiest way to find and book accommodation in South Africa.

Once a consumer is on one of our websites, they can search or browse our 25,000 establishments to find the perfect destination to suit their needs.

This journey will often start on our homepage, where a user can search for their holiday region of choice.

Once a user searches for a region, we show them all the establishments in a region, showing 10 results per page.
Users can then sort and filter to find the establishments that suit their needs best.

They click through to an establishment they like and see more details about that establishment, including pricing and availability.
And from here they can easily book and pay online.
Throughout the customer journey we offer personalized customer service, including fantastic post-purchase support.

- We launched our first brand, TravelGround.com in 2009 with 300 establishments on the system, and while the look and feel of our platform at *that* time was from a different era, the basic functionality wasn't vastly different from what I've just shown you.
- And we managed to custom build this platform ourselves, without any outside funding.
- At launch, our business model was much the same at it is now:
  - To help guests book accommodation online, in exchange for a commission earned from the establishment.
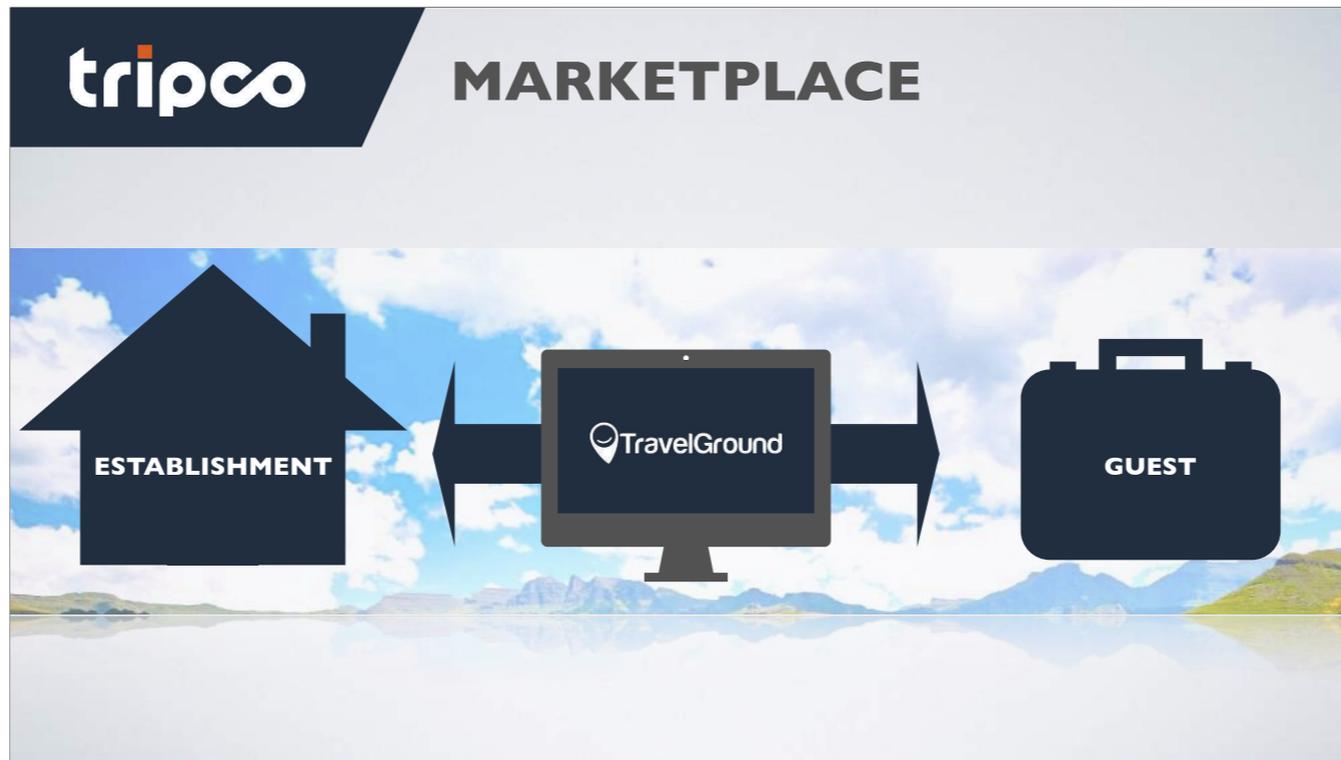
- As a new entrant with a marketplace offering, you might expect to be faced with a Catch22:
    - you can't attract establishments without having guests interested,
    - but you can't attract guests without first getting establishments…
- But the truth is that, because of the commission-model used by most of the industry, establishments are incentivized to join multiple platforms with little downside.
- In 2009, despite not yet being open for bookings, signing up establishments to our new platform wasn't particularly difficult, which is evidenced by the fact that we already had 300 establishment partners before launch.
- It is easy to explain to a new establishment, that a commission-model means that they only pay if the platform brings them new bookings. This means that establishments have no risk to join *any* new platform.
- For any platform that follows the industry norm of only charging a commission, the real challenge for a new entrant is the same one faced by any customer-facing business:
    - How do you get **customers** to buy what you have on offer?

- Like the majority of online businesses, we get our customers from many sources. These include search engines, social media, newsletters, direct, etc, and over time the mix and relative importance of these channel can change.
- But we found that Google Search was a particularly important channel in the early days of our business.
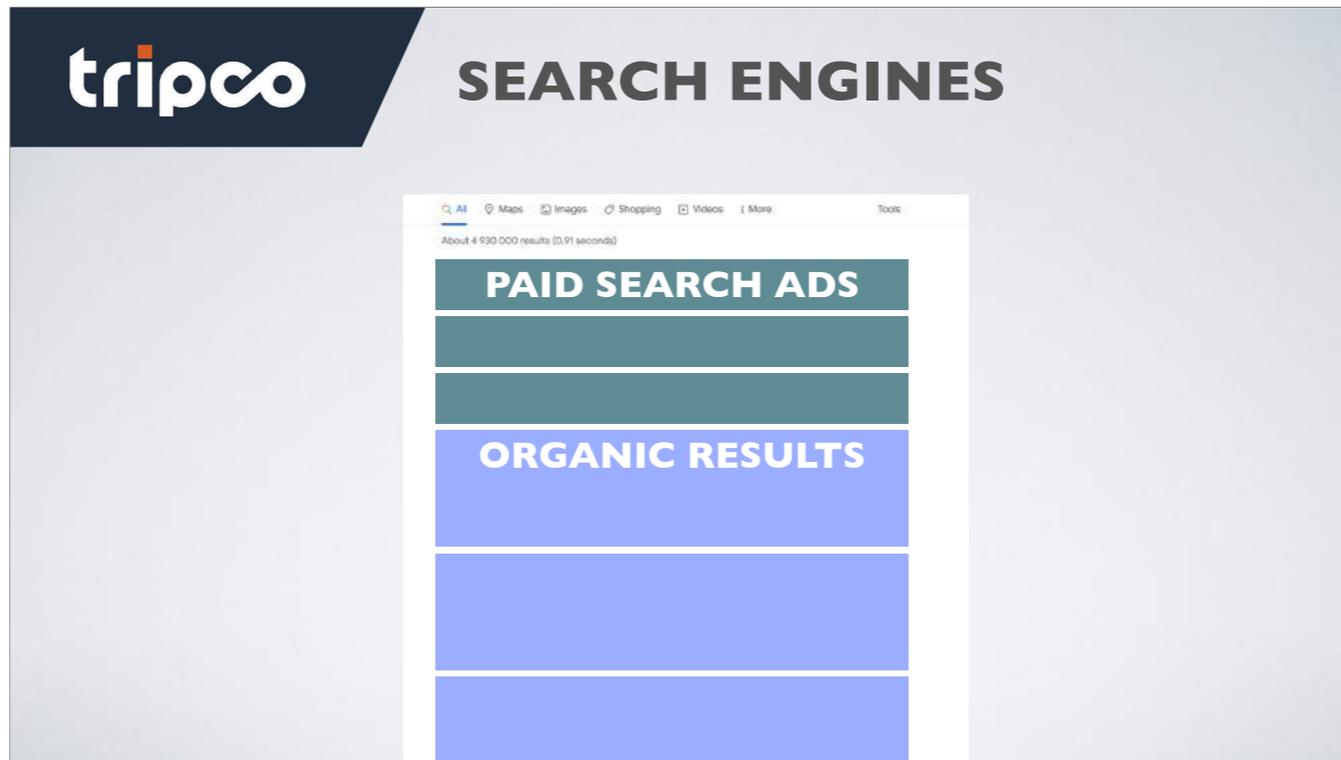
- [find better picture?]
- Google offers both free and paid channels to reach users searching on their platform.
    - Free Google seach links are called "organic" results. These are not paid for, but do take a long time to gain access to.
    - We found that, especially in the early days, we couldn't compete for organic rankings on Google because organic rankings aren't based on economic factors, but rather based on a number of factors that are hard to predict and may not be tied to your quality as an e-commerce service offering, such as
        - A website's content
        - Incoming links from other websites which take years to build up
        - The age of your website

- Paid Google Search spots, are found the top of each Google Search page. These are typically 1 to 4 spots at the top of each page, and advertisers compete for positions in what is essentially an auction.
    - Google does take the advertiser's page quality and relevance into account in modifying the auction. But how much each advertiser is willing to pay per click is the primary determinant of their search ranking here.
    - For searches where a user is expressing purchasing intent, the business that can pay the most is likely to be the one that is most relevant to the user.

- As a result, we focused on Google Search Ads as our primary route to market. In that environment you can immediately gain visibility for a price determined by the market, and if your product offering is good enough then you can convert those clicks into paying customers.

LONG-TAIL SEARCH

Cape Town hotel

Durban accommodation

Sandton hotel

Knysna accommodation

Margate guest house

Ramsgate self-catering stay

Backpackers in Kenilworth

Available click volume

- In the beginning, we targeted search terms known by the industry as "long-tail niches". These are searches which each provide only a small volume of clicks, but where, as a results of the low interest, clicks are more affordable.
- Targeting each long tail niche, allowed us to build up our offering for each new niche one at a time, slowly but surely expanding the reach and offering of our platform.
- The concept of the "long tail" of search is that, while the most competitive queries attract the largest volume and command the highest cost per click,
- the smaller, less competitive queries, all add up to still be very significant in aggregate.
- We used these niches as our entry point, but as we built up better supply and improved our systems, we could afford to appear for more and more competitive search terms.
- This strategy would still provide an entry point for any new OTA today, because you don't need to find undiscovered or unaddressed niches, but rather small niches where you can add more value than the incumbents can justify. And if the new entrant can realize any of that value, then they should be able to outbid the competition.

- We found that constantly improving our website, our supply of establishments, and customer service, allowed us to convert more bookings per click and thereby afford to reach more customers, in more niches.
- Reaching additional customers also gave us the income to grow our team. Growing our team allowed us to improve our customer service, improve the quality of our website and grow our accommodation supply, and so on.
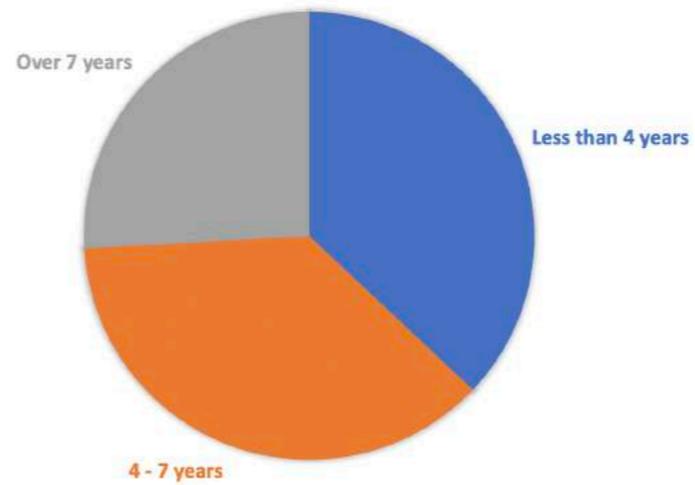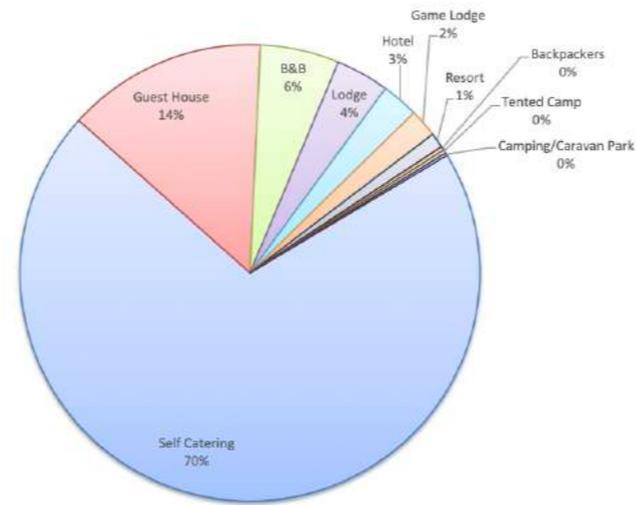
OUR ESTABLISHMENTS

- Dedicated establishments' department

- Ranking boost for new establishments

- Information kept fresh

- As a result, in addition to our customer service bookings team, we employ a team dedicated to building and maintaining relationships with local establishments.
- Our team will advise them on how to create the best, most honest, listing possible, and once they are active on the site, we start them off with a ranking boost to ensure they get noticed on the platform.
- We want to ensure a new establishments starts to get bookings, because this creates mutual benefit for us and them.
- In exchange for a commission on every booking, we find them new customers who might not have found them otherwise, or who wouldn't have had the confidence to book at their small establishment without the trust created by our brand.
- From there, we want to keep their information fresh and updated so that we can keep getting them bookings so that they remain on the platform for the long term.
- Speaking of our establishments, I've got a couple of charts to give you a better understanding of their types and distribution.

- This chart shows that new and old establishments alike can compete effectively on our platform. The first page of results, in other words the top 10 establishments that a customer sees for any particular region, includes both our newest and oldest listings, and everything in between.
- This enables us to constantly find new establishments to compete for guests, while also recognizing those establishments who deliver great service year after year.

- We also see that most of our bookings are at small, informal establishments, probably because the credibility that our brand trust lends to an establishment is even more important when booking at a small, less well known, establishment.
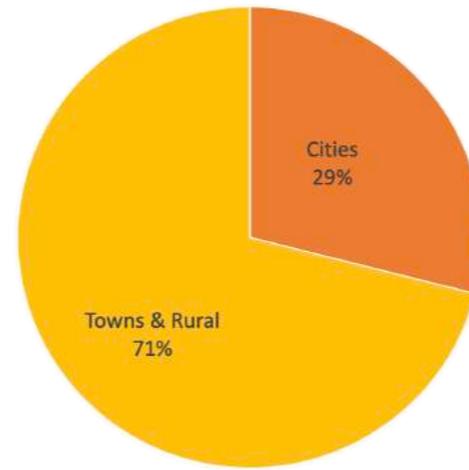
- And because we target the local self-drive holiday maker, we also find that we get many bookings outside of the urban hubs.

- In 2013 Tripco launched a niche Afrikaans brand: "LekkeSlaap".
- It was decided that LekkeSlaap would be a focus on brand-building as opposed to just capturing clicks via Google.
- Our brand building was executed primarily through offline channels, such as a radio campaign, newspaper spots, and later, television marketing and billboards too. This was in addition to continuing to make use of Google Search Ads.
- This brand-building must have paid off, because LekkeSlaap is now the larger of our two main brands.

- With LekkeSlaap, we found that putting our brand, brand-trust and reputation at the centre of everything we do created a multiplying effect.
- We continued to improve our website, our supply of establishments, and customer service, because without these elements we wouldn't be able to deliver on our brand promise and build brand trust,
- But with the added element of strong branding and marketing, we found it easier for the value we deliver (to both accommodation owners and guests) to be correctly attributed to our platform.

- In the beginning, we considered LekkeSlaap to be our Afrikaans site and TravelGround to be our English site (both of which targeted the domestic self-drive holiday maker), but over time we found that more and more English speakers also wanted access to LekkeSlaap because the brand-trust was even more important than language.
- LekkeSlaap now supports both Afrikaans and English, and English speakers are it's fastest growing segment.

- That realization that Brand was at the centre of everything we do, also defines our market size.
- We can build up a reputation with the South African domestic traveller. They travel South Africa at least once or twice a year, and their friends do the same, so they can build trust in our brands.
- It is, however, impossible in any practical sense for us to build up a reputation with an inbound traveller that will probably visit South Africa just once or twice in their lifetime. And for that trip, they are likely to use a brand they already trust, probably a brand that has a presence in their home countries or in other countries that they have visited before, one used by them or their friends.
- This makes it difficult for local brands, such as ours, to sell to international guests. South African brands will never be able to access this inbound segment of the market to the same extent that the global platforms can. To be clear, I don't see this as **unfair**, but it is a difficult hurdle nonetheless.

BUILT FOR SOUTH AFRICANS

TravelGround   lekkeslaap   lekkevlieg

- But because of this limitation to our total addressable market, we are incentivized to specialize in ways that the international platforms can't justify.
- The Tripco brands have phone lines that are available 365 days a year until midnight, and when you call you get straight though to a human being, not a machine. We know that South African's expect this human touch and because we value our reputation above all else, we want to be there when we're needed.
- With this focus on South Africa, we have collected over 450,000 reviews left by previous guests that booked via a Tripco brand.
- Most importantly, we partner with over 25,000 establishments in South Africa and Namibia, and without buy-in from these establishment partners, our platform would be irrelevant.

- In summary, today we consider and brand-trust and reputation to be our greatest assets. Building this reputation requires amazing technology, large supply and great customer service but when coupled with a long term outlook, it also creates a natural incentive to deliver value to all stakeholders.
- In the competitive domestic space, we believe we are naturally incentivized to provide the best platform and service for our guests, as well as the establishments that partner with us.
- but while these elements are required for success as a platform, they are all elements that are within the reach of any company that pursues them, which is why we have so much competition in the space.
- But, as with any industry, brands themselves take a long time to gain a space in the mind of the consumer… which creates a natural barrier between local platforms and international guests.