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EDITED TRANSCRIPT

TRVG.OQ - Trivago NV at Deutsche Bank Virtual Technology Conference

EVENT DATE/TIME: SEPTEMBER 14, 2020 / 12:45PM GMT

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PRESENTATION

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

The next session of the Deutsche Bank Technology Conference. I'm Lloyd Walmsley, the Internet Analyst here at DB. We're excited to start the next session with Matthias Tillmann, the CFO of trivago. Matthias -- sad, we can't do this in-person as we have previous years, but glad to have you joining our virtual conference. Thanks for being here.

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, absolutely. Thank you, Lloyd.

QUESTIONS AND ANSWERS

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

So maybe we can start with an update on travel trends you've been seeing. Any signs the recovery continues to improve in August? Or has this kind of spike in cases in certain regions slowed down the recovery? You guys had talked about Europe and rest of world recovering a bit faster than the Americas in July. Kind of -- any changes regionally? What are we seeing right now?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, absolutely. I mean, Europe recovered nicely in July as the seasonal summer peak kicked in. Seasonality wasn't much different compared to what we usually see during this time of the year. But there were some shifts in demand that we have talked about before, like people looking more for local destinations and a shift towards alternative accommodations. Beginning of August, volumes peaked, which is also in line with the historical seasonality. Having said that, overall volumes are still down significantly year-over-year, as we called out during our 2Q earnings call.

On the other hand, in the U.S., absolute traffic volumes plateaued for us in July. While in LATAM, we did not see any meaningful recovery. In August, week-over-week volumes were holding up against the normal seasonal pattern in the U.S., and we also saw some signs of recovery in LATAM in the second half of the month. So clearly, positive what we saw there. In general, I mean, as you said, new cases continue to have an impact on travel behavior. For example, when cases started to go up in Spain in August, and Germany issued a travel warning for this country, including the Balearic Islands. We did not only observe a decrease in volumes in our point of sale in Spain, but also in Germany. So in essence, demand continues to be heavily affected by the overall situation, for sure.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Yes. Okay. And have cancellation rates kind of compared to new booking levels started to -- have you seen any stabilization there as we come out of this?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. The first thing I need to mention is that we do not have full visibility on that. So obviously, we saw advertisers bidding down across the board, which was also related to higher cancellation rates. And since the end of April, we have seen higher engagement from our advertisers again, which could also be an indication that cancellation rates were coming down and are closer to historical levels. And looking at the part of our traffic, where we do have visibility, there's a clear indication that cancellation rates peaked in April. This is also consistent with the feedback we are receiving from our partners. What I would also mention is that the overall travel behavior has changed now. So the time to travel window has decreased. And usually, the cancellation rate for those trips is lower than, let's say, when someone is looking for a trip couple of months out. So if you take the U.S. as an example, in July, the average time to travel was less than 30 days, whereas normally it is higher than that, at least for the traffic we see on our platform.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And on RPQR, you all had called out last earnings period, it was down more than 50% in July. How is this recovering? Should we think about the recovery rate varying by region?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. We called that out in our last earnings call, so the more than 50%, that's correct, and there's not much I can add here. I mean, since end of July year-on-year rates rather stabilized, and this holds true for all regions. But I would also be careful when looking at this metric, let me remind you that RPQR, our revenue per qualified referral is the product of the booking conversion, the average booking value and our monetization. And given the shift in demand, for example, higher share of domestic destinations and alternative accommodations, there are some mix effects in there. But the biggest driver, for sure, is our monetization, which is still down significantly, year-over-year. The uncertainty on future cancellation rates plays a role here, in particular, for searches with longer time to travel windows. And secondly, some advertisers are only now returning to the auction, activating their campaigns again. So it will take a bit more time until the auction is back to pre-COVID levels.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

So how do you kind of describe your visibility into the holiday travel season at this point? You mentioned that the booking windows are still quite narrow. Is there anything in the search queries you're seeing that would give you any increase in visibility towards holiday travel?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. I think there are 3 clear trends we saw in July and August this year. First of all, clearly, higher demand for local travel destinations. And I mean, many, many companies in our space talked about that. And intuitively, that makes sense. People feel more comfortable traveling domestically or locally. That's clearly one thing we saw as well. Then secondly, as you mentioned, shorter time to travel windows, which also makes sense. I mean, if your trip got canceled because the flight was not taking off or whatever it was, and you are looking for something short-term to get away. That is clearly something that we saw.

And then thirdly, and we have also talked about it before, as have many others, a shift towards alternative accommodation. So those are for me the clear -- 3 clear trends we have seen this summer. In addition, there was a lot of demand for city trips and, obviously, international travel as well. And those are trends we expect to continue to see for the remainder of the year as well. And clearly, there's lower demand for business trips, which usually pick up after the summer vacation period. So this would be now.

And there, let's see -- but from talking to different companies, many companies are still not back in a fully office setup. And I would expect that to happen first before companies seriously think about all kind of city trips. And then, I mean, the fact that we are now talking virtually and having this conference virtually also shows that in many parts of the world, trade fairs are not happening, conferences are not happening. And obviously, a lot of the business travel share is related to that as well. So let's see, it's early in September, but I would expect that to be much lower, at least for the remainder of this year.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Yes. Okay. If I had a crystal ball and said that travel would recover to 2019 levels by the end of '21, say, when do you think digital advertising in the sector would recover? Do you think it's concurrently? Is it on a big lag? Are there any structural changes that you see in travel advertising? What would your perspective be on that?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. I think for digital advertising, I would say, it's instant. So the dollars usually follow the pocket of demand. So when volumes pick up in paid channels, then surely advertisers are happy to pay for that traffic, in particular, if it's high-quality traffic, I mean, that's the 1 precondition. I think it's different for traditional offline brand marketing channels. Because there you need to require an upfront investment that doesn't pay off immediately. And for that, I would expect many companies want to wait and get more comfortable that the situation has stabilized. As if you start investing too early and then things worsen again, you do not benefit from the branding effect at all. So there's a clear difference. But yes, for digital advertising, I don't think there's a big lag or there will be a big lag.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And I guess if you guys said you started to dip back in the marketing channels, starting in June, mostly performance but also some bits of TV in markets like Germany. Are you guys continuing to scale that spend up?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, that's correct. We tested in most European countries. And indeed, we're happy with the response we got. Obviously, overall, on a much lower level than what we historically did. But the relative response was good.

Now that we are going into off-season again and knowing that business and city trips will lag behind. We will be a lot more mindful with our TV spend. We might opportunistically invest or run certain tests, but you should not expect us being constantly on air everywhere. And also keep in mind that historically, we have always decreased our brand marketing spend in the fourth quarter significantly regardless, yes? So that is not a quarter where we usually spend a lot of money on TV advertisement. So that's where we are right now.

Obviously, it will be interesting to see how things shake out towards the end of the fourth quarter because that will also determine how we start the new year. And there, usually, after Christmas, we start going in and increase our spend again. We will certainly use the learnings from more creative that we got right now, that will be helpful, and the team is working right now on fine-tuning that and taking the learnings in. With regard to the media spend, I think, there, we will take our time and assess the situation in a couple of weeks from now.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And you called out, I guess, alternative accommodations, exceeding 20% of referrals. How does the RPQR in that side compare to the core lodging business? And I guess structurally, is there more or less competition for that traffic?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, that's a good question, especially given that we see a shift towards alternative accommodations. But it really depends, and it is difficult to make a general statement here. By definition, part of that inventory is unique. And obviously, on that part of the inventory, there is less competition, especially if it happens to be located in a destination with very little alternatives. So like the -- a small skiing village in the alps, there, you might not even have a big hotel. You might have a few apartments only, and then your options are very limited. So obviously, there, the competition is more.

Do I want that apartment in that village? Or is there another nice place to stay in the village next to it? So it's different levels and dimension of competition there. But also, I mean even if there might be less competition, the overall basket value could be higher for this type of inventory, which then, again, has an offsetting effect on RPQR. So as I said, I mean, competition or the monetization is one part that influences RPQR, but another is the average booking value, which tend to be higher for that type of inventory. So again, it's very difficult to make a general comment here, but those are the puts and takes I would mention.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

And I guess sticking on this product alternative accommodations, you've seen a big pickup in the percent of referrals here, largely a function of the time period we're in. Do you feel like the product is where it needs to be? Is it still something you're investing a lot in, in terms of getting the product right or getting supply on board? Or do you feel like it's now fully baked, and it's just a question of getting your customers aware that you offer it and using it more? How do we think about that?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. No, I don't think we are at the end of our product development. I mean, we mentioned it before. So far, our focus has been on onboarding the inventory, getting advertisers onboard and filling it up. If you look at our product right now, just anecdotal evidence, go to our website, and you see it's still mostly about hotels, yes? So you can see it in our tech line, you can see it in our search bar. You can see it in the filters. So it's not that you go to our website and you think, wow, this is the best place to search for vacation rentals. And that is also not our intention, yes? So when we went into that opportunity, we said, first of all, we want to have it in one search. So we integrated it. There's not a separate product for that.

But you see that in one search along hotels -- hotel items and it's more offering you an alternative when it could make sense, yes? And again, as I said, I think on the inventory side, we have come a long way. I believe right now, we have over 3.8 million units on our platform. And we said it before. Now it's more the time to build additional features and help users to navigate through that, but it won't be an aggressive push, but it's more gradual and incremental, and we also learn how the users react to it, yes? And this could be different by travel type and by use case, yes? Let's say, someone comes to our website through the search term hotel in New York, then for sure, our list would show more hotels. But then that user engages with our platform and clicks maybe on an apartment that we show in the mix, then we would dynamically update our search results and show you more of the apartments.

This is kind of how we think about it. And then we -- going forward, we will build additional features. Another example is the carousel that we are testing right now. So there, we are trying to cluster similar apartments in one. Again, for the user to make it more convenient and easier to determine whether that's something he or she is interested in and should explore further or not. And then you don't need to see 20 different apartments for that. But you see 1. And if you engage with it, then that's good. We show you more, if not, then we show you something different.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

So we're getting a relevant question from the audience right now, which is what share of referrals did alternative accommodations make up pre-COVID?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, that is indeed a relevant question. So we never disclosed it. So in Q2, it's the first time we disclosed it, and we said for the first time it exceeded 20%. But let me give you some history. So before 2017, we didn't have any of the inventory on our platform. So there the share was close to 0, except for a few items here and there. And then end of 2017, we only started to consciously invest into that category. And then it took some time to build it up and now 3 years later, the share, obviously, it also benefited from the COVID situation as we saw a shift in demand towards that category, but it was above 20% for the first time. So between then and today, I mean, obviously, it hasn't been a straight line. But yes, it's -- that's roughly how to think about it. So we got literally from 0 or close to 0, end of '17 to now over 20% in the second quarter.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

So has the local product moved out of beta? Can you tell us a bit about the product and how receptions by users and how it may be impacting monetization?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Sure. I mean, it's still early stages. And for sure, too early to talk about how it's impacting any of our key metrics. And at this point, we're also not putting any marketing dollars behind it. But it is available in the app and on the website as a separate tab. So the key idea is to present you with options and great deals for local travel destinations. So it is more about inspiring the user rather than comparing your options when you already know where you want to go.

And the way we want to do this -- to do it is by using technology, not having u read tons of reviews. So there are different use cases for this. It could be about destinations itself, for example, like nature with beautiful hiking path, beach locations, mountains, et cetera. It could also be about an event that is happening. Obviously, which is not as relevant right now, but selectively, it will be more relevant again going forward. And all it could also be just about the accommodation, like a nice bar hotel, an accommodation that is perfect for families, et cetera. So as a next step. So it's live and globally, and we do see some traffic on it. And as the next step, we will work on improving the search results and also then adding destination content, which is quite relevant for that product. And make it also relevant, even if you don't want to travel or can't travel right now. And the focus here is not on conversion but interaction so that we increase the frequency of our product.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

So if we think back to kind of the time of the IPO, you all were definitely not interested in kind of reviews generally or having people spend time on the website beyond your core price comparison and conversion functionality. Has that attitude changed a little bit since the IPO in terms of just having people spend more time on the site? Moving perhaps a little bit more top of funnel, how do you philosophically think about that?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, I think a very, very fair and relevant question. And I think the one thing that hasn't changed is that -- is our philosophy, and that is to provide tech solutions for our users, yes? And that's why I also said before, we don't try to build now an inspirational product where you get a lot of content, read a lot of content, et cetera. We believe that technology can do that for you. So obviously, we need the data. We need the information, and selectively also have to give it to you so that you can decide for yourself and you get an idea. But then we want to use technology to help you find out what's good and relevant for you. And there, the use cases we are working on right now, like the local travel product, for sure, they are a bit high up in the funnel and more for users that don't know exactly where to go and what to do and are not ready to convert, that is something that at the time of the IPO was too far away for us, and we are moving in that direction. But again, doing that very mindful and using technology to build products that have you achieve that.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

I've got another question coming in from the audience. Just to try to clarify some of the comments from earlier when you said things kind of peaked in July in the U.S. and then followed typical August seasonality. Can you elaborate a little bit on what that means, perhaps relative to comments on the EU?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. Absolutely. Well, first of all, so the comment on peak in July in the summer peak, there was -- there I referred to Europe, not to the U.S. So usually, when we look at travel demand on our platform, historically, we see that the summer peak or the summer seasonality starts kicking in, in around June, and then it builds up. And then usually, end of July, beginning of August is, when we see the peak in travel demand on our website. And then it slowly starts to decrease again until end of August, and then kind of the peak season is over for us. That's typically how we see it in Europe and similar in Americas and the U.S. and I said, that this year, we saw the same pattern in Europe. So demand increased towards the end of July and then peaked around end of July, beginning of August and then we started to see a decrease.

But yes, that's also what you would expect. So there was, in a way, no shift in seasonality. Obviously, if you look at the year-over-year, that all happened on a lower base, yes? So in general, traffic was down quite significantly year-over-year. But the overall pattern is quite similar. And if you look back at my comments from the second quarter earnings call, I gave some numbers on how July went. So this gives you a bit of an idea how then August went in comparison to that. So now specifically on the U.S. or on Americas segment, there my comment was that we didn't see the same peak in July in the U.S., but in July, the U.S. in terms of travel demand plateaued.

And on the other hand, we didn't see the seasonal decrease in August then, but it stayed roughly on that level. So it was more stable. And that just against the normal seasonality, it was obviously then more positive than what we anticipated. And then I also made a comment on LATAM. So there, we didn't see any recovery in June, July. And that now in the second half of August has started to show some signs of recovery, which then also added to a bit more positive picture, if you just look at the seasonal pattern in that segment.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Yes. Okay. That's helpful clarification. So Europe is largely as expected. The U.S. is maybe -- it never saw a strong peak in July, but the flip side is August is holding up without the typical dip and LATAM is starting to show signs of recovery. So that all sounds like things are modestly encouraging, I guess, to paraphrase?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. That's a fair summary.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Yes. Yes. I guess in terms of the ad auction update, is the 2Q revenue share across partners the right way to think about 3Q? Or has it started to normalize towards historic levels as advertisers who may be paused, live back up on the platform?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, Lloyd, as you know, we do not comment on individual advertisers and only disclose the split of the 2 large groups once per quarter. So I would need you to be a bit patient and wait for an update when we report 3Q; however, maybe a couple of comments here. So first of all, 2Q was not a normal quarter. In a sense that many advertisers pulled out of the auction temporarily and some even deactivated their campaigns altogether. Then overall, the revenue basis was very low. So smaller shifts in budgets had a relatively large impact on the revenue share.

And lastly, with the spike in cancellation rates, there was high uncertainty about the actual value of the traffic and advertisers show different risk appetite, which also contributed to the shift in revenue share. So obviously, those are just high-level comments and give you some idea of what was behind the dynamic there, and it doesn't really help you now for the 3Q. But again, there, we will give an update when we report the numbers for the quarter.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

So it seems like you all have a pretty big opportunity in travel media with display inventory. So can you talk about how broadly you're going to deploy that versus, say, a KAYAK in terms of portions of the site to roll out display advertising on?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Absolutely, yes? So you know that historically, we were very strict with no advertisement on our platform. And yes, going back to the time of IPO, we also discussed that. And we believed and still believe that having a very clean interface with no distractions, overall increases the conversion on our site; however, we do acknowledge that there's large opportunity in media. And that's something we haven't tapped into yet. And there are different user groups, for some of which it might make sense to show ads. And so we started very conservatively, only showing ads to groups where we believe the booking intention is still low and trying to source ads might help.

And so let me give you an example. Let's say, we acquired a user through a performance channel with the intention to travel to Scotland. That is a very broad intent. So showing that user an advertisement from the DMO VisitScotland might be very helpful for that user to find more content that we don't have on our website, on our platform. So that's our starting point, yes? So we will very selectively show those ads to certain user types. So I think compared to what other travel websites are doing, I would argue that we start out very conservatively and roll it out carefully. And then we will see, again. We don't want to distract users from the booking conversion and don't want to push them into something they don't need. But we're doing it step by step. And if you compare us right now to other players in the industry, obviously, we are still more conservative and might stay that way, but we will only scale up if we see, it makes absolutely sense for -- not only for us but also for the users and for the user experience.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

And how are you planning to fill the display inventory? Are you going to plug into an ad network or source your own advertisers?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, that's a good question. We have started by plug-in into an ad network as this speed up things on our end. The long-term goal, however, is to source our own inventory, and only fall back to an ad network to plug coverage gaps. And there, we have made progress already and have our first set of directly sold inventory live. But it will take time to ramp up and scale sales on this.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

So recognizing it is a new revenue stream, any sense for how monetization is running on this kind of inventory today and maybe versus where it was a year ago in terms of just your ability to monetize this traffic? Is it -- I guess, in other words, as you add this revenue stream, is the overall environment under similar pricing pressure as your -- as the core ad business, recognizing you didn't have this stream a year ago?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. I don't think we are in the best position to answer that question. It is a very relevant question, but probably other players who have the history and have been operating with those kind of products for longer are in a better position to answer. And also given that we have been very selective so far, makes it a bit hard to tell for me. But the one, and it's more anecdotal, but the one example I want to give is, right now, we have certain DMOs advertising on our platform.

And if I look, for example, here in Germany, we are located in Düsseldorf. And for the past couple of weeks, we have seen very large campaigns by the DMO VisitBerlin. So they, right now, they are struggling like the big cities, and they have marketing dollars available. So for them, it is probably right now a good time to be more aggressive. And convince people that it's still safe and worth going to visit a city like Berlin. So I don't think it's that one sided. And it really depends and for certain advertisers, it could make sense even to be more aggressive. But that's just a high-level comment and from what I'm seeing. But again, overall, how pricing compares to last year, for example, I think that's something we will figure out over the next couple of weeks.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

And I guess, how meaningful could this become in your revenue mix looking out a few years, do you think?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. When we looked at this end of last year, we believe that this could add a double-digit figure to our bottom line. And this is also the relevant metric to look at for us as you could easily increase your top line at the expense of booking conversion, which would not make any sense. So it has to be incremental. And again, we believe it can be decent, and it's worth reinvestment we are doing here, but we need to wait for things to normalize again to figure out what the real potential is.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And when you say double-digit to the bottom line, that's double-digit in terms of like absolute EBITDA dollars or like percent of EBITDA?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. Absolute EBITDA dollars in millions, yes.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Yes. Got it. Okay. And where are you all on the net CPA model rollout? And do you think this is an offering that can expand the number of advertisers you work with or more just better retain existing advertisers?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. In general, we believe that we should offer a lower risk participation method for our advertisers in our marketplace, and the CPA model is a good solution for that. So it is not new for us. We have offered it before to a selected set of advertisers. But now we are rolling out the solution and scale it up. So especially now with lower volumes and fewer data, in particular, for smaller advertiser, the normal CPC auction makes it very difficult to bid efficiently. And we believe that the CPA model will help our advertisers to acquire customers in a more efficient way. So it is not so much about onboarding new advertisers. We are confident that we have all relevant players on our platform. But it is about bidding efficiency by taking over some of the risk that we can manage better in a portfolio approach than a single advertiser might.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

And do you all -- when you -- do you get access to more data, I would imagine, as part of those deals that helps you refine the product and operate to drive lower cancellation?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. I mean, by definition, we need to have the end-to-end visibility. Otherwise, we can't do the invoicing and all of that. So for partners that historically haven't shared with us that kind of data, when they want to move to that model, they would have to share the data with us. That's correct.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And do you think this is like mostly a short-term function of higher cancellation rates around the pandemic or something that's likely to endure post the pandemic?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes, a very good question and a bit too early to tell for us. But for us, it's also more important to implement the general CPA model at scale, yes? And by general, I mean, starting with a gross CPA. So for certain advertisers, the gross CPA model does make sense also post the pandemic. And then going from gross to net is just another step and how we and our advertisers think about that in a more stable environment is something we will figure out together. But it certainly gives us more flexibility. Yes.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

And how does the shift to a revenue share model change the overall commercialization or effective take rate you're seeing? Is it inherently put pressure on that? Or is it just a shift to model that doesn't directly necessarily impact commercialization?

Matthias Tillmann - *trivago N.V. - MD & CFO*

Yes. In general, I would not expect big changes, to be honest. I mean, in an ideal world, advertisers are a bit already at their target CPA levels. It just takes out volatility for them, yes? So -- and we can manage the volatility risk more efficiently as we have the portfolio effect. So if some advertisers are a bit below their potential to compensate for the volatility, then we can unlock that potential, which would be a net benefit for both the advertiser and us.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Great. Well, I think we're about out of time. But Matthias, thank you for being here. And hopefully, you'll join us in-person next year's conference.

Matthias Tillmann - *trivago N.V. - MD & CFO*

Absolutely, yes, that will be amazing. And thanks for having me Lloyd. And yes, enjoy the rest of the conference. Thank you.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

All right. Thank you. This is the end of this session. See you guys soon.