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TRVG.OQ - Q4 2021 Trivago NV Earnings Call

EVENT DATE/TIME: FEBRUARY 09, 2022 / 1:15PM GMT

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PRESENTATION

Operator

Good day, ladies and gentlemen. Thank you for standing by, and welcome to the trivago Fourth Quarter Earnings Call 2021. (Operator Instructions) I must advise you that the call is being recorded today, Wednesday, the 9th of February 2022.

We are pleased to be joined on the call today by Axel Hefer, trivago's CEO and Managing Director; and Matthias Tillmann, trivago's CFO and Managing Director.

The following discussion, including responses to your questions, reflects management's view as of today, Wednesday, February 9, 2022, only. trivago does not undertake any obligation to update or revise this information. As always, some of the statements made on today's call are forward-looking, typically preceded by words such as we expect, we believe, we anticipate or similar statements.

Please refer to the fourth quarter 2021 operating and financial review and the company's other filings with the SEC for the information about factors, which could cause trivago's actual results to differ materially from these forward-looking statements. You will find reconciliations of non-GAAP measures to the most comparable GAAP measures discussed today in trivago's operating and financial review, which is posted on the company's IR website at ir.trivago.com. You are encouraged to periodically visit trivago's Investor Relations site for important content. Finally, unless otherwise stated, all comparisons on this call will be against results for the comparable period of 2020.

With that, let me turn the call over to Axel Hefer.

Axel Hefer - *trivago N.V. - MD, CEO & Management Board Member*

Thank you, everyone, for joining us today for our Q4 2021 earnings call. I hope everyone managed to take a break and get some rest leading into new year.

2021 is now behind us, and we believe the worst is, too. Finally, more and more countries have lifted restrictions, and there seems to be growing consensus that we've reached the new normal with a highly contagious virus that, thanks to a combination of vaccinations, precautions and treatment, can be brought under control.

The last 2 years have been very tough for the travel industry and for our employees. Despite dealing with a lot of change and uncertainty, I'm very proud of how well they have managed the situation. How they have kept their confidence and commitment to serve our travelers as they return. We are looking forward to what we think will be a strong spring and summer travel season. City trips will come back and should provide us with some tailwind during summer and the second half of the year.

Labor shortages will be a key challenge for the hospitality industry during the recovery. And as industry players are reacting with different strategies, we will see a combination of supply shortages, lower service levels and higher prices with the latter becoming the dominant strategy over time. In that dynamic, we believe that Meta will play a key role in the recovery. We think there will be a strong emphasis from consumers on finding accommodation that fits their needs and budgets without overpaying for services they will no longer receive.

We have used 2021 to prepare for the recovery this year with significant progress across the business, ranging from our cloud migration, rollout of CPA invoicing, the launch of our first new B2B products and various marketing and product tests. For us, this year is all about focusing on our core value proposition and supporting our users when they reexperience travel when they rediscover the value of price comparison.

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Great. Thank you, Axel, and good morning, everyone, also from me. We are very pleased with our fourth quarter financial results.

Our net income increased significantly from EUR 5.5 million in the third quarter to EUR 15.2 million in the fourth quarter. The increase reflects our strong operating results. In addition, we took advantage of a COVID-19 subsidy program in relation to losses incurred in the fourth quarter of 2020 and the first half in 2021 and received a payment of EUR 12 million from the German government.

Our operating income and our adjusted EBITDA, both of which are not affected by the subsidy payment, increased sequentially as well, exceeding our own expectations. Although we saw a larger seasonal decline in travel demand in November and December than in pre-pandemic years, it was less pronounced than in 2020 when most European countries had implemented full lockdowns, something that did not repeat this year. Amid the uncertainty due to the spread of the new COVID-19 variant, Omicron, we cut back on our planned marketing activities, which, together with our continued cost discipline, resulted in an improvement in our profit margin.

In the fourth quarter, we achieved an adjusted EBITDA margin of 22%, the highest margin since we have become a public company in 2016. Globally, qualified referrals and referral revenue increased 54% and 184% year-over-year, respectively.

Many countries introduced new travel restrictions during the quarter, and travel demand started to slow down in November with the spread of Omicron. However, we did not observe full lockdowns or travel bans to the same extent as last year, which had a positive impact on our year-over-year growth numbers. This is particularly true for our segment Developed Europe. While referral revenue in that segment almost halved in December compared to October, the year-over-year increase for the whole quarter was the highest among our segments as a result of the comp effect with referral revenue up over 300%.

In Americas, the performance throughout the quarter was more stable as we experienced the normal seasonal drop in November and December in the U.S., which was partly offset by the seasonal increase in Latin America. Our segment Rest of World continued to lag in the recovery and did not significantly improve sequentially in the fourth quarter.

As we usually do in the fourth quarter, we cut back our marketing investments in all regions as we approach the low season in many of our core markets. This led to the sequential increase in our ROAS from 139% in the third quarter to 199% in the fourth quarter. For the full year, we were able to keep our marketing efficiency relatively stable at 156% ROAS while growing our revenue 47% year-over-year.

Other revenue increased to EUR 5.4 million in the fourth quarter or by 86% year-over-year, partly driven by a reclassification from referral revenue to other revenue during the fourth quarter.

In addition, revenue from new B2B products contributed to the increase. As we wrote in our shareholders letter, we are very early in the process of rolling out B2B products, and it does not represent a significant part of our total revenue today. But we believe this is an exciting opportunity for us to leverage our data and tech infrastructure.

Excluding advertising expenses, our operational expenses increased by 11.1% compared to the fourth quarter in 2020. The increase was mostly driven by higher professional fees and by items that scale with the traffic on our platforms like cloud-related costs or digital sales taxes.

In addition, commission fees related to our new white-label B2B products are included in selling and marketing. We did not incur such fees in the fourth quarter of 2020. Going forward, commission fees will depend on our ability to scale certain B2B products. This cost item will, therefore, scale with revenue that we report under other revenue.

We further improved our cash position as cash and cash equivalents increased from EUR 194.8 million at the beginning of the quarter to EUR 256.7 million at year-end, an increase of EUR 62 million. The increase reflects our strong profitability in the quarter as well as a decrease in our accounts receivable balance due to the seasonal decline in revenue.

Looking at trends on our platform in January, we did observe the usual seasonal uptick in qualified referrals at the beginning of the year, but the increase was less pronounced compared to pre-pandemic years. Travel overall continues to be impacted by the COVID situation, and in particular, intercontinental travel is still significantly below pre-pandemic levels. But there are signs that the situation overall is improving.

In our core European markets, we saw a shift of click share from destinations like Dubai, which was very popular in January 2021, back to big cities like London, Berlin or Paris. Very recently, a few countries like Denmark or Norway lifted almost all restrictions. The U.K. has lifted most restrictions as well. As of February 11, travelers that are vaccinated do not need a negative test anymore when entering the U.K., for example.

Overall, we saw an improvement in qualified referral and referral revenue year-over-year growth rates in our segment Developed Europe in January. Qualified referrals grew by over 200% in January, while referral revenue increased by over 400% year-on-year. Let me remind you that the high growth rates in that segment are also a result of the low base in January 2021 when most countries in Europe had full lockdowns in place.

In Americas, our qualified referral year-over-year growth rate was stable compared to the fourth quarter at around 30%. Our revenue per qualified referral growth decelerated from above 100% in the fourth quarter to below 100% in January. As a result, our referral revenue grew around 150% year-over-year in January. And as mentioned before, our segment rest of world continues to lag in the recovery. Qualified referral and referral revenue year-over-year growth rates were around 15% and 30% in January, respectively.

That brings me to our outlook for the first quarter. We expect that the positive trend in our year-over-year growth rate in January compared to December will continue through the quarter as we are getting more and more signs that countries are gradually lifting restrictions again. Given the uncertainty due to the spread of Omicron, we were cautious with our marketing investments in Europe in January, but we are becoming now more optimistic and expect to increase our investments in the near term.

As discussed over the last couple of quarters, we significantly reduced our operating expenses at the beginning of the pandemic in 2020. Restructuring costs in 2020 that did not repeat in 2021, lower average headcount and lower office expenses were the main drivers for the further decrease in our operating expenses in 2021 compared to 2020. We expect that our total operating expenses in 2022 will be above 2021 due to higher personnel costs and cost items that scale with revenue, but below 2020 levels. As a result, we expect our operating expenses to remain significantly below pre-pandemic levels.

And with that, let's open the line for questions. Operator, we are now ready to take the first question, please.

QUESTIONS AND ANSWERS

Operator

The first question comes from the line of Naved Khan from Truist Securities.

Naved Ahmad Khan - *Truist Securities, Inc., Research Division - Analyst*

Yes. Maybe just a couple of questions. So in your commentary, you guys talked about increasing brand awareness and brand-related spending. If I had to think about and telling as a percentage of your revenue versus where it used to be before the pandemic, how should I think about that? Or maybe just give us a sense of where ROAS can be versus where it was before the pandemic.

And then in terms of just the full year, how should we think about EBITDA? Are you thinking you'll be able to maintain the margins? Or because of the increased advertising, maybe not necessarily. How should we think about that?

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Sure. Yes. Thanks, Naved. So on brand marketing and ROAS for the year, maybe if I take a step back, coming out of the peak season last summer, we reduced our brand marketing spend in the fourth quarter as we have always done historically with a lower share of brand spend. With the spread of the new COVID variant, Omicron, we reduced our spend even more in anticipation of lower travel demand towards the end of the year. That was one driver of the high profitability.

In Europe, we remain cautious at the start of the year as a number of cases are still high, and we did not see the same seasonal uptick in travel demand as in pre-pandemic years. And in general, our approach this year will not change. We will remain flexible and take market-by-market decisions based on the respective COVID situation.

Last year in summer, we saw some good opportunities in some of our core markets to invest. We have learned that when travel demand starts to come back, it can make sense to have a broader marketing mix, in particular, on the brand side. And what I mean by that is that in the market recovery phase before you use the mass medium for a communication like TV, you might want to scale up with channels that have better targeting capabilities. And of course, as we ramp up our marketing spend, our ROAS will come down compared to the fourth quarter. We are optimistic that Europe will recover sooner this year than last year and plan to invest into the recovery.

Now, obviously, what that means in terms of spend as a percentage of revenue, it's hard to predict that, at this point, again, our philosophy has not changed. We are looking for long-term profitable growth. One thing I would mention as well is that, this year, we won't benefit to the same extent from prior year spendings like we did in the past. So it will take multiple years to build up our brand baseline again, and that's the approach we are taking. And when we see that it makes sense to invest, we will. But again, it will take time.

And then on your second question regarding full year EBITDA for the year. I mean, I cannot give you a specific target or range for 2022. But related to what I just said, it depends on how we scale up, how fast we scale up, what opportunities we see, how much we want to invest.

There are 2 other things I would call out. Let's assume the market were to recover to 2019 levels, which we don't think will be the case for the full year, but let's assume that's the case, then our recovery will depend on how certain segments are recovering. We talked about city trips in the past. The relative recovery of hotels is also important. So that will play a role in how fast our direct traffic baseline is coming back as well and will also determine how we set investment levels. And if you take that all together, that will then drive our gross margin profile for the rest of this year.

Operator

The next question comes from the line of Brian Fitzgerald from Wells Fargo.

Brian Nicholas Fitzgerald - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

I want to know if you can talk a little bit about how advertisers are using the CPA ad format. Have they been adjusting their approach how they use that? Have they been kind of altering it as we've had kind of ins and outs of unwaxing and waning of COVID and Omicron? Are they approaching the use of the format any differently? And maybe as it feels like we're getting to the exit of Omicron, are you seeing any indications that they're using CPA differently?

Axel Hefer - *trivago N.V. - MD, CEO & Management Board Member*

Sure. It's very different, to be honest. There is no consistent trend. I mean, generally speaking, a lot of our advertisers move to the CPA model to reduce their risk and uncertainty overall, but also to deal with lower data or lower volumes. And as a consequence, data scarcity for their own bidding algorithms. And what we've seen, we've basically seen everything. Some advertisers are then selectively, and that is possible running CPC campaigns and parallel to CPA campaigns, where they can obviously push their own volumes much more targeted and much more quickly than our algorithm would do that so they can overinvest or under-invest at their own choice, which is more difficult with the CPA algorithm. Some have stayed completely on CPA.

So it really depends on the specific situation of the specific advertiser in the specific market. And given that the markets are all over the place right now still with very different situations and dynamics, there is really no clear answer to your question. But the advertisers do have full flexibility, and that's a big benefit that we see with the rollout of the CPA model.

Brian Nicholas Fitzgerald - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Got it. And then one quick follow-up. It sounded like you have some permanent OpEx leverage. Even as we open up, you talked about '22 OpEx still going to be significantly below 2020 levels. Are you taking a different approach to returning to the office? Did you just find some kind of permanent synergies with the specific OpEx lines that are leading you to believe, A, as we emerge from this and we get back up to the same uptempo, we've got permanent synergies that we found. Are you returning to the office less days a week? Have you consolidated office footprint, that type of thing?

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Yes, sure. So with regards to the last part of your question, how we're returning to the office, to the campus. It's still an open question. I mean we try different things now. We moved to a hybrid setup last year, but then it was affected by the COVID situation. We had quite a few people talent back during summer in the office and then had to switch back to a remote first, which we are still doing today. But overall, what we did in 2020 was looking at the structure. I mean we talked about the restructuring, and we reduced our headcount. And related to that, we also decreased our office space. So we have done that. So that's one factor. Personnel costs related to the headcount reduction is another one.

In 2020, we incurred some restructuring costs that we don't have now anymore, obviously, and that is leading to the decrease as well. And I think those are the bigger items. And we believe with the cost base that we're expecting for this year that this is sustainable for the foreseeable future, and we don't plan to ramp up that.

Operator

The next question comes from the line of Shyam Patil from SIG.

Jared Michael Pomerantz - *Susquehanna Financial Group, LLLP, Research Division - Research Analyst*

This is Jared on for Shyam. One for you on booking windows. Just do you mind unpacking the booking windows that you saw there. Were there any markets that maybe remain a little bit more normalized despite increased COVID uncertainty? And then just what are you expecting for booking windows as we roll through the year?

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Yes, sure. Thanks. So in our data, we see that overall booking windows are still shorter compared to pre-pandemic, reflecting the medium to long-term uncertainty in my view. In the fourth quarter in Europe, the window shortened significantly from October to December. Now in January, it has normalized again going back to October levels.

In general, I believe there's a good indication that people are still cautious and do not plan a long time in advance. And similar to last year, there's likely huge pent-up demand. In Europe, we saw that unleashing in mid-April to July. This year, I think it could be more balanced as, currently, we see that volumes are not dropping as much as in Q1 last year. And we expect a broader recovery in spring already. Does that answer your question?

Jared Michael Pomerantz - *Susquehanna Financial Group, LLLP, Research Division - Research Analyst*

Yes.

Operator

The next question comes from the line of Lloyd Walmsley from UBS.

Chris Kuntarich - *UBS Securities, LLC, Research Division - Research Analyst*

This is Chris on for Lloyd. Maybe two, if I can. In the shareholder letter, you talked about leaning back into brand marketing to take some market share. Can you just unpack that comment and address taking share? Was this comment directed at taking share from other Meta channels? Or is this more directed to taking (inaudible) traffic back that was going direct or directly to the OTAs?

And then second question here. It looks like American referral volumes recovered more than RPQR. Is it fair to say that the U.S. market showed a much stronger demand dynamics? Or was there something else at play that we need to be thinking about here?

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Yes. Sure. Let me start with your first question first, so how are we thinking about brand marketing and gaining share. I think there are 2 points in the shareholder letter as well. One is on innovation. We absolutely believe in the value proposition of Meta. I noted that Meta underindexed in the recovery so far, and there are various reasons for that or potential reasons for that. I think, one key driver we talked about a lot is the underperformance of city trips, which we believe will come back, and that would be a tailwind for us. And if that happens, we want to invest into that in marketing to make sure to cast our share.

Now if you look at the product side, we think there's headroom for innovation for improving our core product and delivering even more value to our users. We are investing into that. And by doing that, we think we can gain market share from our competitors. And then maybe related to that, we all know that there is right now more regulatory scrutiny. The DMA is coming likely this year, which might put some pressure on some of our biggest competitors and might slow them down, and we think that's a benefit for us. And if we deliver on our product road map, then we can reset and gain market share.

And then on the second part of your question, Americas. The higher increase and qualified referrals versus RPQR. That was your question, right?

Chris Kuntarich - *UBS Securities, LLC, Research Division - Research Analyst*

Yes.

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Yes. In general, I think with regard to RPQR, there is more volatility, to be honest. And again, RPQR has many drivers. So you have the booking value, you have conversion and you have the monetization. And what we have seen in Americas, in particular, was a mix effect in the RPQR as well. So U.S. and Canada had a higher share in the fourth quarter 2021 compared to 2020. And in those countries, in North America, RPQR is higher than in South America. So there was a positive mix effect in there that was helping RPQR.

On the qualified referral side, it's similar. You have lower value qualified referral, but then the number of qualified referral is higher. So I think it's hard to make a general comment. I wouldn't call anything out why there should be very different dynamics. Just saying that RPQR can be a bit more volatile due to these factors.

Chris Kuntarich - *UBS Securities, LLC, Research Division - Research Analyst*

Got it. And maybe just one quick follow-up on January. I think you've given year-over-year growth rates for January in Americas and Developed Europe. Just curious if you could contextualize those as a percentage of 2019 levels for referral revenue that is.

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Yes. I didn't give 2019 level, that is true. And that's for a reason because I mean, how we look at it right now is at the year-over-year because, in particular for Europe, I think it's a better comparison for us, an indication of what's going on given that the number of COVID cases is still high. You still have travel restrictions in place, which has a direct impact on our marketing activities. So what we are doing right now is more comparable to last year than to 2019.

And obviously, I mean, I gave you the year-over-year growth rates. You don't have the January numbers. But if you make some assumptions, you get a sense of where we stand in terms of 2019. But in general, I think it's a better comparison to see how we are doing compared to last year than looking at 2019.

Operator

The next question comes from the line of James Lee from Mizuho Securities.

James Lee - *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Internet Sector Analyst*

great. First one is on Meta-as-a-Service business. I think, Axel, you talked about labor shortage could potentially benefit the Meta business. Can you parse out the reason maybe a little bit more? Any indication that will give you the confidence here? And also, can we get a sense who are you targeting as customers and which geography are you seeing the most opportunity?

And also second question is more housekeeping. Matthias, you went pretty fast on January for Americas. Do you mind go through those trends again and also your 1Q outlook?

Axel Hefer - *trivago N.V. - MD, CEO & Management Board Member*

Okay. So on the labor shortage, I mean, that is, to me, the big theme that we will see in the months to come and probably even in the quarters to come well into next year. So through the lockdowns, a lot of the employees in the travel and hospitality industry have actually moved into other sectors, plus there has been a bit less mobility in between countries. So there is a very significant shortage in many, many services in the overall travel ecosystem. And to restaff your business will be a key competitive advantage of companies, but also of countries, to be honest. But it will take some time. So we will have to plan with labor shortages pretty much across the whole travel ecosystem for this year.

So what does that mean? I mean we have seen some different strategies on reacting to that shortage already with our partners on the accommodation side. Some are consolidating their offerings. So basically, reopening fewer hotels. And they tend to open the more expensive hotels and basically concentrate their employees and the bigger and more expensive properties. Some are just reducing service levels, which is something -- I mean, I've seen quite a bit, which is de facto also a price increase. And then some are increasing prices, increased salaries and try to actually staff up, which, from our perspective, will be the ultimate solution to the problem. Salaries have to go up in the industry to basically reduce the overall shortage.

And so with this variety of different strategies by different groups in different destinations as well, because labor market tends to be very local, we do believe that the value proposition of really comparison and navigating through all the different offers is actually greater than in a more steady environment.

For Meta-as-a-Service, I mean, it's not that different. I mean it's like for metasearch overall, being it on our website or on our partners' website, it is actually the same thing. The value of comparing is greater than there has been before.

So how do we want to grow Meta-as-a-Service? I mean there are basically 2 different groups of potential partners. The first one is a quite limited group of search engines that are also offering Meta price comparisons. There are not that many search engines globally, and they tend to be quite big. So that's really an individual negotiation of a partnership.

The other one is actually exactly the opposite. So there are hundreds and thousands of small travel companies that actually do benefit from some price comparison element integrated into their core offering, which is a much more scalable business, it's much more spread out.

So those are the 2 categories that we do see as an opportunity, again, with a very different value proposition towards the partner, a different level of customization and also different go-to-market. And geographically, both are quite spread out. So not concentrated on any continent in particular.

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Great. Yes. And then on January trends, again, sorry for being a bit fast there. So let me repeat what I said before. So for Americas, specifically if you look at the qualified referral year-over-year growth rate in Q4, that was 30%. And I said in January, it was stable around 30% as well. So in terms of year-over-year growth rate, similar in January as for the fourth quarter.

For RPQR, revenue per qualified referral, we reported a 114% increase year-over-year in the fourth quarter. And there, I said that decelerated a little bit. So it's a bit lower in January, close to 100%, but not above as in the fourth quarter. And then if you take that together, our referral revenue in that segment grew around 150% year-over-year in January. I hope that was clearer now.

And then in terms of outlook, so what I said is that we expect the positive trend in the year-over-year growth rates in January compared to December will continue. So what's important to note, obviously, is that the numbers we reported for Q4 averages for the whole quarter, but we did see, as I mentioned, a deceleration in growth from October to November and then December. So if you now just compare January to December, we did see that growth rates accelerated again. Obviously, you can't see that because we are not reporting December year-over-year growth rate. But January was better in terms of year-over-year growth rate than December.

And again, I think the positive trend there, we expect that to continue in particular, given that we are seeing signs that more and more markets and countries are lifting restrictions and opening up. So sentiment seems to shift a little bit. And with that, we are optimistic that travel will come back and sooner than we saw last year, where it took until mid-April when we saw a decent increase in volumes in Europe, for example.

Operator

The next question comes from the line of Doug Anmuth from JPMorgan.

Dae K. Lee - *JPMorgan Chase & Co, Research Division - Analyst*

Great. This is Dae Lee on for Doug. I have two. First one, in your letter, you talked about there being plenty of space for innovation in price comparison for accommodations. Could you elaborate on this a little bit more and tell us where you're seeing opportunity to innovate.

And then in terms of the accommodation mix, as you see demand recover, are you seeing some of those demand shift back to hotels? Or do you anticipate that the accommodation remaining strong in demand as you look out to summer travel?

Axel Hefer - *trivago N.V. - MD, CEO & Management Board Member*

Yes. So on your first question, where is actually room to innovate. To be honest, everywhere. So we are quite excited about the opportunity across the whole system. And the way to think about it is not so much, oh, there is one killer feature missing, it is more an optimization across every single step.

So when you think about it, we basically connect to the broader set of advertisers in the industry. So that connectivity has room to be optimized. The way we are fetching prices, the way we are catching prices, the way we are selecting the prices, we are getting the way, we are processing the price, et cetera. So if you really go through the whole step, there, we see potential pretty much at every single step also in the interface towards the users, and there are quite a few ideas that we are having. But it is more spread out across the whole system and the different steps in the system rather than, okay, there is this one feature that will make all of the difference. So a lot of incremental improvements that really add up. That's the way to think about it.

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Yes. And then on your second question, Alternative accommodation versus hotels. I mean you know that we do not disclose our share every quarter. In 2020, we called out that the global share of alternative accommodation on our platform was at some point above 20%. With travel recovering in summer last year, we saw that the share was coming down a bit again. And right now, it is still above 2019 levels but below 2020 levels for us. So I think AA has a meaningful share in our traffic mix. But short term, I would see the bigger upside for us in hotels. In particular, when city trips are catching up and people are more comfortable in traveling outside the peak holiday season, I would expect that hotels outperform AA on our platform.

Operator

(Operator Instructions) The next question comes from the line of Kevin Kopelman from Cowen.

Kevin Campbell Kopelman - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

I had a follow-up on your commentary on January trends. We know that the dynamics have been changing quite a bit over the past couple of weeks as you referenced to some degree anyway. Can you talk about what you're seeing over the past pretty short term, like 1 to 2 weeks? Are you seeing kind of more of a gradual improvement or you see a step-change improvement as Omicron cases have been falling in the U.S. and some of these travel restrictions are being lifted in Europe as well?

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

Yes. Thanks, Kevin. So first of all, yes, it's more gradual. But then obviously, it's a bit different by country as well. So let me give you an example in Europe. I mentioned that Denmark and Norway announced the lift of restrictions. And there, we have seen a clear increase in traffic since then. So that was different to other countries. Also in the U.K. last week, traffic volumes were highest since the third quarter last year. That is also different to other countries, where we have seen less of easing restrictions.

I mean the situation in Germany, for example, we are still dealing with a situation where schools are closing every now and then. There is some friction, and that obviously leads to uncertainty. And I believe less activity overall. But on a higher level, if I look across our regions, then we do see a gradual improvement week by week since the start of January, but not like a step-change we have seen in April, for example, last year.

Kevin Campbell Kopelman - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Okay. And that includes America or the U.S. for the last comment?

Matthias Tillmann - *trivago N.V. - MD, CFO & Management Board member*

That includes the U.S. and Americas, yes.

Operator

Thank you. Dear speakers there are no further questions at this time.

Axel Hefer - *trivago N.V. - MD, CEO & Management Board Member*

Okay. Yes. So many thanks for taking the time to participate in today's earnings call, and we appreciate your continued interest. We're looking forward to 2022 and the opportunities ahead of us. We believe Meta will be more important than ever, important to our partners to fill their hotel rooms and important to travelers navigating an increasingly complex world searching for the best prices. Many thanks for your time. Stay safe and see you in Q2.

Operator

That does conclude our conference for today. Thank you for participating. You may all disconnect. Have a nice day.

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