



# Business Research – External Auditor on Booking.com

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## I. INTRODUCTION

If you have traveled in your life, I am sure you have used or at least heard about Booking.com. In this report we are going to analyze this world-renowned company.

According to the Booking website, the company started as a small company in 1996 in Amsterdam, Netherlands.

Founded by Geert-Jan Bruinsma it grew over the years to become a leader in the book accommodations industry. Its main activities are helping travelers worldwide to book accommodations this includes hotels, apartments and travel related services like flights or car rentals when you arrive in a new location. In other words, every services you can think of when you want to travel easily.

In 2005 Booking was purchased by Booking Holdings an American online travel company for 133 million dollars. And later merged with ActiveHotels.com, European company. It is now the largest and most well-known branch of the group.

As of today, the company operates all over the world with 150,000 destinations and 31 million accommodations according to their website. The company employs over 24,000 people with offices in every major city. This testify of their strategy to focus on a global expansion to beat their competitors like Expedia or Trip.com.

In addition, they are focusing on technological innovation to ease the customers experience on the platform, while diversifying their services making sure to reach as much

person as possible. These strategies have enabled booking to benefit from economies of scale, brand recognition and to be more resilient to the fluctuations of market making it the leader it is today.

We will study each aspect of Booking.com strategy more in details in the next part.

## II. VISION AND MISSION

As stated on their website Booking's mission is to make it easier for everyone the world. They want to create through their platform a world where travel is easy and accessible to everyone regardless of who they are and where they come from.

This isn't just a good slogan but the motto behind every decision to be the leader of online travel agency while focusing on accessibility and convenience. So far, they have been consistent with this concept that's how they got to where they are today the leader of the market with a market capitalization of 163.2 billion dollars as of November 2025.

They work daily to achieve their goals, and it shows through their strategy and communication. Booking aims to use technology and artificial intelligence to remove barriers in travel. This reflects a broader vision of shaping the future of online travel agencies through innovation and a strong global network of partners to offer any kind of services. Customers should be able to find everything they need in one place going from accommodation to booking local activities.

In addition to this, Booking's vision is offering the widest and most diverse range of travel options. As seen in the introduction the platforms offer millions of choices to make sure travelers can find what best fits their needs.

Also, the company emphasis on transparency and trust through their verified reviews and 24/7 customer support worldwide. To create a real connection between the company and the travelers.

At last, with the rise of concerns over climate change in the last few years, Booking make sure to put in place travel sustainable initiatives to encourage responsible tourism and reduce its environmental impact to ensure traveling will remain possible for future generations.

Overall, Booking's vision can be understood as building a more connected and inclusive world through smart technology, diverse travel choices, and a commitment to sustainability.

### III. EXTERNAL AUDIT

#### A. PESTEL ANALYSIS:

As a multinational firm Booking operates in environment in constant changes and influenced by a wide range of external factors. Thus, it is interesting to do a PESTEL analysis to better understand the challenges and opportunities Booking is facing.

##### - Political:

Traveling includes some requirements to enter a country. Many countries are facilitating the visa process and investing in tourism infrastructure to take advantage of this industry. This is an opportunity for Booking to expand into new markets or previously restricted markets. Supportive government also means more listings for the platform supporting their goal to offer the widest range possible of accommodations. However, political instability, wars, travel bans and the policy changes can strongly change and reduce the international flow of travelers. In the last few years, it was the case for the Middle East and Russia that created a lower demand for these areas. In addition, Europe is facing a

rise of protest against mass tourism as stated in the New York Times article, this impact negatively the demand for some destination.

##### - Economic:

The rise of incomes and the growth of the global middle class especially in Africa and Asia have increased the demand for travel. Obviously, this is a big opportunity for Booking, more people seeking affordable and easy travel services means more profit for them.

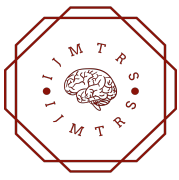
Nonetheless, in other areas like Europe or North America economic downturns and inflations can reduce travel spending. Indeed, studies have shown that traveling is one of the first expenses cut during time of recession since it is not vital. Booking has to find strategies to face the fluctuations of the global economy.

##### - Social:

Booking must adapt their strategy for customers from all over the world with different cultures and ways to travel. That's why the travelers seek personalized experience to fit their expectations, this is a opportunity for Booking since they have an impressive listing of accommodations. Despite that concerns are rising because changing of traveling habits (this will be more developed in the environmental part), overtourism and an aging population in develop countries. This population may prefer the offline travel agencies or booking directly in a hotel instead of a platform they find harder to navigate.

##### - Technology:

As an online company, Booking is deeply impacted by the technological factors, and it can represent for them big opportunities. Indeed, the advances in artificial intelligence, prediction of demand, mobile technology and virtual reality allow the company to follow their goal of offering and improving the traveler experience on their platform. The Booking's Connected Trip strategy we will see later in the report is possible thanks to these innovations. Yet, these technological innovations can also represent a threat for them since it also eases the entrance on the market for other



competitors like Google and increase the cybersecurity risks for the customer's data.

- Environmental:

In 2025, it is not possible to travel without having an impact on the environment. It is a subject that has become very important for the travelers, increasing the demand for eco-conscious travel and more sustainable accommodations.

This can represent an opportunity for Booking to position itself as a pioneer in the "sustainable travel" industry.

However, climate change and natural disasters increase the environmental regulations such as the carbon taxes on flight and emission rules. This is a threat for the industry since it's making traveling more expensive.

- Legal:

Just like the political factors the legal ones differ on the country Booking operates in. As a global company they must adapt to different regulations worldwide such as policies about consumer protection, data privacy, fair competition and online marketplace. In 2022 Booking was prohibited by the German federal supreme court from using "narrow parity clauses" that restricted hotels from offering cheaper prices on their own website. This highlight growing regulatory pressure.

## B. PORTER'S FIVE FORCES:

### 1. Threat of New Entrants – Moderate to Low

To enter the global online travel industry, it requires big significant technological investment, large marketing budgets and the ability to attract partners worldwide, which is not given to everyone. Booking benefits from a strong brand recognition, economies of scale due to the size of the company as well as powerful network. These create very high entry barriers for potential new competitors. However, there is still a possibility for companies that focused on small niche segments and last-minute deals to enter the market and take some shares from Booking.

Booking can reduce this threat by strengthening their relationships with their network, create new loyalty

programs and deal to maintain their customer attention.

### 2. Bargaining Power of Suppliers – Moderate

Booking relies heavily on accommodation providers, airlines and transportations services as they are at the core of its business. These suppliers have a lot of alternatives to share their services, other platforms like Airbnb, Trip.com or even their own website. This gives suppliers moderate bargaining power, especially the large hotel chains that can negotiate big commission rates.

To retain suppliers and reduce their switching incentives, Booking.com can provide added value through marketing support, data analytics and improved visibility on the platform. Offering technology solutions, such as channel management tools, would also help strengthen long-term partnerships.

### 3. Bargaining Power of Buyers – High

Customers have a wide range of options when they want to book travel, and it costs nothing to switch platform. It allows them to compare the prices easily between the competitors like Google Travel, Kayak etc. This means the customers have a strong bargaining power. In this industry the price sensitivity is very high, and the users prioritize convenience, reviews and deals available.

Booking can address this pressure through personalization, recommendations suggested by AI, loyalty incentives to encourage customers to book on their platform. Enhancing the "Connected Trip" experience (one platform with every service) would create a seamless journey that increases customer loyalty and reduces the switch to competitor platforms.

### 4. Threat of Substitutes – Moderate

There are a lot of substitutes available in this industry including direct booking through hotel websites, offline agencies and other platforms like Airbnb also very popular. Many hotels now focus on promoting their direct booking to

avoid the commission rates; to do so they offer extra benefits such as free breakfast etc.

Booking.com can reduce substitution risks by emphasizing its platform advantages such as verified reviews, ease of comparison, broad inventory, customer support, and a user-friendly mobile app. Offering exclusive deals can also convince customers to remain within the platform ecosystem.

**5. Competitive Rivalry – High**

The online travel industry is very competitive; with major international companies we have mentioned several times before Google travel, Airbnb, Skyscanner etc. The rivals compete intensely on pricing, marketing, technology available and in general the customer experience they each offer.

Booking should continue differentiating itself through technological innovation, AI-driven user experience, and seamless global operations. Expanding sustainable travel initiatives and strengthening alternative accommodation can also help the company stay ahead in key growth segments.

**EFE and CPM Integration**

According to the external factor evaluation (EFE) matrix (made with AI because doesn't exist online), booking benefits from strong opportunities such as global travel growth, rising demand for new accommodations, and technological innovation. However, threats like intense competition, regulatory challenges, and economic fluctuations require some strategic adaptation. The competitive profile matrix (CPM) shows that Booking scores particularly high in technology, brand reputation, global reach, and user experience. However, its competitors remain close in areas like pricing and marketing, showing the need for innovation to maintain their competitive advantage.

**EXTERNAL FACTOR EVALUATION (EFE) MATRIX – BOOKING.COM**

External Factors	Weight	Rating	Weighted Score
Growth of global tourism (new middle class in Asia & Africa)	0.12	4	0.48
Rising demand for unique accommodations	0.10	4	0.40
Technological innovation (AI, mobile, VR)	0.10	4	0.40
Eco-conscious travel & sustainability demand	0.08	3	0.24
Relaxed visa rules in many countries	0.06	3	0.18
Political instability & conflicts	0.10	2	0.20
Economic recessions & inflation	0.12	2	0.24
Strong competition (Google Travel, Airbnb, Expedia)	0.12	2	0.20
Legal regulations (privacy, competition law)	0.10	2	0.20
Overtourism protests & social pushback	0.10	2	0.20

**COMPETITIVE PROFILE MATRIX (CPM)**

CRITICAL SUCCESS FACTORS	WEIGHT	BOOKING	AIRBNB	EXPEDIA
BRAND REPUTATION	0.15	4 (60)	4 (60)	3 (40)
PLATFORM USER EXPERIENCE	0.10	4 (40)	3 (30)	3 (30)
GLOBAL MARKET PRESENCE	0.10	4 (40)	3 (30)	3 (30)
VARIETY OF OFFERINGS	0.10	4 (40)	3 (40)	3 (30)
TECHNOLOGICAL INNOVATION	0.10	4 (40)	3 (40)	3 (30)
CUSTOMER TRUST & SAFETY	0.10	4 (40)	3 (30)	3 (30)
MARKETING STRENGTH	0.10	4 (40)	3 (20)	3 (24)
SUPPLIER RELATIONSHIPS	0.10	3 (40)	3 (20)	3 (24)
COST EFFICIENCY	0.08	4.23	3.82	3.60

**IV. INTERNAL AUDIT**

**A. Valuable Resources**

Booking over the years managed to get a lot of resources tangible and intangible to support its global leadership.

Tangible resources include its large-scale digital platform, a network of offices all over the world, and a workforce of more than 24,000 employees. As well as strong financial capabilities that allow them to do research and development for innovation.

In addition, Booking has intangible resources with even greater strategic value, such as a brand known globally, strong relationships with accommodation and travel partners, and advanced technology in AI. To finish with the resources we can mention, its organizational culture that encourages innovation, while its massive customer and partner database provides insights that enhance competitiveness.

## B. Strengths and Weaknesses

Booking benefits from its global presence, serving customers in over 220 countries and territories according to them and supporting more than 40 languages. This significantly strengthens its accessibility and market penetration. Its strong brand reputation, combined with its powerful network, enables it to attract millions of customers and accommodation partners. Making it a leader in the industry. The company operates an asset-light business model, which means they don't own the properties but facilitate the communication between suppliers and consumers. This allows them to benefit from high margins. Booking also benefits from its wide range of offerings going from hotels, flights, car rentals to attractions all that to make sure to have multiple revenue streams while staying financially stable.

Unfortunately Booking also has several weaknesses. Starting with the fact that it depends heavily on suppliers, and it has a limited control over accommodation quality or pricing. All of this can affect the customer experience. As we have seen in the PESTEL the company is also highly exposed to economic and geopolitical fluctuations that impacts the travel demand. Moreover, competition is intense that gives them no chances for mistakes. Because with low to no switching costs, customers can easily use rival platforms. Additionally, cybersecurity and data privacy risks pose challenges, especially given the amount of personal and financial information handled.

To overcome these weaknesses, Booking should continue to find new alternative accommodations to make sure they best answer the customer's demand. At the same time maintaining strong partnerships with the suppliers will help them ensure the customers experience is qualitative and that they have no bad surprises. It should also focus on sustainability and being more transparent in contracts. That will help Booking avoid legal issues and protect its reputation. Finally, staying flexible in its operations and

managing costs carefully will help the company stay strong even during economic downturns.

An internal factor evaluation (IFE) matrix made with AI suggests that Booking weighted strengths significantly outweigh its weaknesses, resulting in a strong internal score of approximately 3.0.

### INTERNAL FACTOR EVALUATION (IFE) MATRIX

KEY INTERNAL FACTORS	WEIGHT	RATING	SCORE	SCORE
BRAND REPUTATION	0.15	4.0	0.60	0.60
PLATFORM USER EXPERIENCE	0.10	4.0	0.40	0.40
GLOBAL MARKET PRESENCE	0.12	3.0	0.36	0.36
VARIETY OF OFFERINGS	0.10	3.0	0.30	0.30
TECHNOLOGICAL INNOVATION	0.10	3.0	0.30	0.30
CUSTOMER TRUST & SAFETY	0.10	3.0	0.30	0.30
MARKETING STRENGTH	0.12	4.0	0.30	0.48
SUPPLIER RELATIONSHIPS	0.11	4.0	0.30	0.33
TOTAL				3.07

## V. STRATEGIES

Booking continues to pursue aggressive long-term goals rooted in growth, sustainability, and customer loyalty. Its objectives include expanding booking's inventory. Increase its profitability through efficiency. And at last but not least building a seamless "Connected Trip" ecosystem on their platform that ties together all phases of the travel journey.

An especially important commitment with the new environmental challenges is sustainability: Booking Holdings has set a **net-zero emissions goal by 2040**, with targets validated in 2024 by the Science-Based Targets initiative.

To achieve these goals, Booking employs a multi-layered strategy:

- **Corporate Strategy:** The company continues to grow via acquisitions and brand expansion, including Agoda, KAYAK, and other Booking Holdings brands, in order to reach new markets.
- **Technology Strategy:** Booking differentiates through advanced technology a broad service

offering, and its global footprint. Its “Connected Trip” vision benefits from AI.

- **Operational Strategy:** The firm chose to not have any asset or just a few, which helps keep costs low, and invest savings efficiently. It is also optimizing its digital platform to support better user experiences and more cost-efficient operations.
- **Growth Strategy:** Booking is expanding geographically, increasing its inventory in alternative accommodations, and cross-selling services, encouraging users to book not just stays but also flights etc. Also known as the Connected Trip strategy.
- **Sustainability Strategy:** Through its “Travel Sustainable” program, booking highlights eco-certified properties and encourages sustainable stays.

## VI. CONCLUSION

To conclude, over the years Booking has grown from a small Dutch start-up to a leader in the online travel industry. Its vision and mission guide their strategies to focus on technology, customer experience, and global presence. The pestel analysis showed opportunities in global travel growth, digital innovation, and sustainability, along with threats from regulation, competition, and economic fluctuations. In addition, have many resources a strong brand image, its scale, and its technology. All these key elements assure it stays competitive on the market. At last, its long-term strategies, including the Connected Trip ecosystem and sustainability initiatives, position Booking.com for continued growth and leadership in the travel industry.

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