Priceline.com, Inc.: EXCELLENT STRATEGIC MANAGEMENT SHOWCASED Do you prefer Priceline or Expedia to find low travel prices? Headquartered in Norwalk, Connecticut, Priceline.com Inc. is the leading online travel company where buyers “name their own price” for airline tickets, hotel rooms, rental cars, cruises, and vacation packages. Founded in 1997 with a patented business model, Priceline.com operates through the Booking.com, Priceline.com, Travel Jigsaw, and Agoda brand names. Priceline.com uses excellent strategic management to dominate the online travel business. For example, the company generates annual sales of more than $4 billion and has an EPS of more than $30. Priceline’s common stock (PCLN) had the best five-year (2007–2011) performance of all companies in the S&P 500: a total return of 972 percent. Many analysts have a $750.00/share price target for Priceline stock. In the last 12 months, PCLN’s return on assets was 23.08 percent, compared to its competitors Expedia (EXPE)’s 4.19 percent and Orbitz World Wide (OWW)’s 2.60. PCLN’s return on equity was 48.41 percent, much higher than EXPE’s 13.44 percent and Orbitz World Wide OWW’s negative 21.25. PCLN’s profit margin for the last 12 months was 25.58 percent, compared to EXPE’s 10.42 percent and OWW’s negative 4.83. With more than 5,000 employees, Priceline’s customers can choose set-price options. For airline tickets and hotel reservations, Priceline.com generates sales on the margin, keeping the difference between the price paid by the individual and what Priceline.com paid for the ticket or hotel room. Priceline’s recent success has been especially driven by international travel, particularly to emerging market destinations. About 65 percent of Priceline.com hotel room bookings are expected to be non-European going forward, up from 42 percent the prior year. Priceline provides price-disclosed hotel and rental car reservation services on a worldwide basis with approximately 185,000 hotels and accommodations in 160 countries. The company’s rental car services operate through its Name Your Own Price demand-collection system, as well as vacation packages consisting of airfare, hotel, and rental car components; cruise trips; and destination services, including parking, event tickets, ground transfers, and tours in the USA. Priceline provides an optional travel insurance package that covers trip cancellation, trip interruption, medical expenses, and emergency evacuation, as well as for loss of baggage, property, and travel documents for air, hotel, and vacation package customers; and collision damage waiver insurance for rental car customers in the USA. Priceline’s major competitor, Expedia, was founded in 1996, a year before Priceline. Priceline has four times the volume of revenues of Expedia, but the two firms aggressively compete every day for customers worldwide.