

Expedia Group - How Broad Should One Key Be?

Internal ID: S&F-STR-245

Topic: Customer Strategy, Corporate Strategy, Pricing Strategy

Industry: Hotels, Resorts & Cruise Lines

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Decision date and information cutoff: 10 February 2023

Decision scope: Rollout breadth and sequence for Expedia Group's disclosed One Key plan

Case convention: This is an author-created decision exercise. The decision and alternatives are hypothetical; company disclosures and customer-program facts are historical. No private management deliberations are represented.

The decision

Imagine you are advising Expedia Group's consumer-business leadership on 10 February 2023. The company has said it plans to launch One Key in 2023, bringing together loyalty programs across its travel brands. The 2022 Form 10-K describes a shift toward longer-term direct customer relationships, while also acknowledging that loyalty programs, discounts, and couponing can reduce revenue per room night and profitability in some cases. [S1]

Your assignment is to recommend the rollout breadth and sequence for One Key. Should Expedia proceed with a broad launch across its core brands and travel products, migrate customers in stages while retaining brand-level differences, or build a shared membership structure with differentiated brand rules? Explain the evidence you would need before selecting launch scope. This is a hypothetical decision exercise, not a claim that Expedia leaders were considering these exact choices.

A portfolio with different customer propositions

Expedia Group's consumer portfolio includes Expedia, Hotels.com, and Vrbo as its three core brands. Expedia offers a broad travel marketplace, Hotels.com focuses on lodging, and Vrbo specializes in alternative accommodations. The company also operates other consumer brands. Expedia said it manages much of its marketing holistically across the portfolio and uses a shared platform operating model to simplify operations and improve scale. [S1]

The loyalty programs already in place did not work identically. In its 2022 Form 10-K, Expedia described Hotels.com Rewards as providing one free night after ten nights at eligible properties; Expedia Rewards as earning points on eligible hotel, flight, package, and activity bookings; and Orbitz Rewards as earning Orbucks redeemable on future bookings. In May 2022, the company announced that One Key would bring together four existing programs and would allow earn and redemption across Expedia Group brands and travel products. The public information available today does not spell out all programs included or how members' balances and terms would transfer. [S1, S2]

Expedia's strategic rationale was to build more direct, lasting relationships rather than relying mainly on performance marketing to acquire transactions. The company stated that loyalty

members and app users typically have higher repeat rates, gross profits, and bookings than nonmembers and non-app users. Those are company-reported correlations; they do not establish that membership caused higher bookings or profit. [S1]

Loyalty is also a competitive and supplier question

Expedia competes with other online travel agencies, hotel and airline direct channels, search and metasearch services, apps, and other travel providers. The company says hotel suppliers may offer members loyalty benefits, complimentary services, or better prices when they book direct. [S1]

Booking.com's May 2022 description of Genius illustrates one rival approach: a free, tiered program with progressively larger discounts, and benefits such as breakfast, room upgrades, or priority customer support for eligible members and properties. This describes Booking.com's offer; it does not show whether the offer changes customer behavior or what it costs to provide. [S3]

Expedia also reported that broader loyalty activity, discounting, and couponing had contributed to lower revenue per room night and profitability in some situations. A larger or more flexible program could help Expedia retain or deepen customer relationships, but the value depends on whether rewards create incremental group bookings or mainly subsidize trips customers would already book. It may also affect the economics of suppliers and the differences among Expedia's own brands. [S1]

Exhibit 1. Public loyalty context at the cutoff

Program or plan	Publicly described proposition	What remains unknown
Hotels.com Rewards	One free night after ten nights at eligible properties	Conversion of existing progress or nights; future accrual/redemption rules
Expedia Rewards	Points on eligible hotel, flight, package, and activity bookings	One Key conversion rules, reward values, restrictions, and product eligibility
Orbitz Rewards	Earn Orbucks and redeem them on future eligible bookings	Whether and how the program would migrate into One Key
One Key, announced plan	Expedia said the program would unify four existing programs and enable earn and redemption across brands and travel products	Which four programs; launch sequence; member migration; point/currency rules; brand-level terms; cost and expected incremental bookings

Sources: Expedia Group FY2022 Form 10-K and 4 May 2022 strategy announcement. The public descriptions are not a full program rulebook. The Form 10-K provides examples of existing programs; the May announcement refers to four programs but does not identify all four by name. [S1, S2]

Exhibit 2. Expedia Group's 2022 operating backdrop

Measure	FY2022 reported	Interpretation
Booked room nights	312.0 million; +26% year over year	Booking activity across Expedia Group's business
Gross bookings	\$95.049 billion; +31%	Total retail transaction value booked, including taxes, fees and other charges, reduced for cancellations/refunds
Revenue	\$11.667 billion; +36%	Expedia Group's recognized company revenue, not gross bookings
GAAP net income	\$352 million	Company-wide result; not One Key economics

Source: Expedia Group's 2022 Form 10-K and 9 February 2023 results release. The company attributed growth to broad travel recovery and other business factors; the figures do not isolate loyalty or One Key. [S1, S4]

Gross bookings are not revenue, and revenue is not gross profit. Gross profit reflects revenue less the costs associated with providing the service. The public figures do not show gross profit or customer lifetime value caused by membership. Expedia's statement that members typically show higher gross profits is descriptive and may reflect pre-existing differences in travel frequency or customer type. [S1]

What academic research can-and cannot-tell you

Liu (2007) followed two years of purchases from an anonymous convenience-store loyalty program. The study analyzed 42,788 transactions from 1,000 customers who joined in the program's first year and made at least two purchases. The author's hierarchical models found that light and moderate buyers increased purchase frequency and transaction size over time, while already-heavy buyers claimed more rewards but did not increase their purchasing behavior. The article also checked attrition and compared aggregate member and nonmember trends. Its setting is one convenience-store chain, not travel; there was no randomized launch and individual nonmember histories were unavailable. [S5]

Silva and Gonçalves (2016) surveyed 2,988 customers of one travel agency, dividing respondents into online and store-based customers. They used fuzzy-set analysis to identify combinations of trust, perceived quality, perceived value, and satisfaction associated with stated loyalty intentions. For online customers, several combinations predicted high loyalty, such as trust with value, trust with quality, or satisfaction with both value and quality. The study measured intentions rather than actual repeat bookings, and it did not test a loyalty program or Expedia. [S6]

Together, the studies suggest two questions for Expedia: whether the program can broaden relationships with lower-engagement customers, and whether rewards sit within a trusted, valuable, high-quality experience. Neither study estimates One Key's effect on bookings, customer migration among Expedia brands, revenue, gross profit, or deferred rewards.

Hypothetical rollout choices

The following alternatives are created for this exercise; they are not disclosed Expedia plans.

1. **Broad integration.** Launch One Key across the core consumer brands and major travel products in a coordinated rollout. A consistent program could make cross-brand rewards easy to understand and give Expedia a larger customer relationship to manage. It would require moving customers across different legacy programs without public evidence on conversion rules or incremental economics.
2. **Stage the migration.** Begin with selected brands, markets, or customer cohorts, then extend the program as Expedia learns about use, migration, service needs, and redemption. This allows staged learning but may prolong differences among brands and delay cross-brand benefits.
3. **Share membership, preserve differentiated rules.** Create a common account or membership layer while retaining selected brand-specific earning or redemption features. This could preserve familiar propositions while enabling portfolio recognition, but may retain program complexity and make the shared offer harder to explain.

What Expedia has not disclosed

At the cutoff, public sources do not specify One Key's final earning or redemption rates, the treatment of accumulated legacy rewards, which programs would be included, the migration schedule, member conversion assumptions, cost by product or brand, cross-brand customer overlap, or expected incremental bookings and profit. The company's filings explain that deferred reward accounting depends on estimated reward value and redemption/breakage. Historical member behavior may not predict a new program if terms change. [S1, S2]

Discussion questions

- Which rollout alternative best balances customer simplicity, brand differentiation, scale, and implementation risk?
- How would you distinguish incremental Expedia Group bookings from customers merely shifting among Expedia, Hotels.com, and Vrbo?
- What would you measure for member value and repeat behavior beyond enrollment or reward claims?
- How should Expedia account for supplier economics and deferred reward obligations when terms are not yet public?
- What evidence would change your recommendation, and what is the strongest argument against it?

Sources and conventions

- **[S1]** Expedia Group, Inc., FY2022 Form 10-K, filed 10 February 2023. [SEC filing](#): Part I, Item 1, brand portfolio, strategy and loyalty descriptions (printed pp.2-4); “Competition” (pp.5-6); Part II, Item 7, strategy and hotel revenue/room-night discussion (approx. pp.29-36); Financial Statement Note 2, “Deferred Loyalty Rewards”; auditor Critical Audit Matter, “Loyalty Programs” (F-2).
- **[S2]** Expedia Group, “Expedia Group Unveils New Strategy to Serve Travelers, Partners, and the Industry,” 4 May 2022. [Investor relations release](#): One Key paragraph.
- **[S3]** Booking.com, “Booking.com Adds a Third-Level of Benefits to Its Loyalty Program,” 11 May 2022. [Official release](#).
- **[S4]** Expedia Group, “Expedia Group Reports Fourth Quarter and Full Year 2022 Results,” 9 February 2023. [Investor relations release](#): FY2022 operating metrics tables.
- **[S5]** Liu, Y. (2007). “The Long-Term Impact of Loyalty Programs on Consumer Purchase Behavior and Loyalty.” *Journal of Marketing*, 71(4), 19-35. [Complete published article](#). DOI: [10.1509/jmkg.71.4.019](#).
- **[S6]** Silva, G. M., & Gonçalves, H. M. (2016). “Causal recipes for customer loyalty to travel agencies: Differences between online and offline customers.” *Journal of Business Research*, 69(11), 5512-5518. [Complete author manuscript](#). DOI: [10.1016/j.jbusres.2016.04.163](#).

All student-facing evidence is limited to information available on 10 February 2023. Company assertions are attributed; no One Key conversion rule, economics, target, or member response is assumed.