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EXPE.OQ - Q4 2025 Expedia Group Inc Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Hello, everyone. Thank you for joining us, and welcome to the Expedia Group Q4 2025 financial results webcast. (Operator Instructions)

For opening remarks, I will now hand the call over to Rob Bevegni, VP of Investor Relations. Please go ahead.

Rob Bevegni - *Expedia Group Inc - Vice President of Investor Relations*

Good afternoon, and welcome to Expedia Group's fourth quarter 2025 earnings call. I'm pleased to be joined on today's call by our CEO, Ariane Gorin; and our CFO, Scott Schenkel.

As a reminder, our commentary today will include references to certain non-GAAP measures. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included in our earnings release. Unless otherwise stated, all growth rates are on a year over year basis and any references to expenses exclude stock-based compensation. We will also be making forward-looking statements during the call, which are predictions, projections and other statements about future events. These statements are based on current expectations and assumptions, which are subject to risks and uncertainties that are difficult to predict.

Actual results could materially differ due to factors discussed during this call and in our most recent Forms 10-K, 10-Q and other filings with the SEC. Except as required by law, we do not undertake any responsibilities to update these forward-looking statements. This call is being webcast on the Investor Relations section of our website at ir.expediagroup.com. A replay will be archived on our site. A slide deck containing financial highlights has also been posted on our IR website.

For today's call, Ariane will begin with a review of our fourth quarter results and an update on our progress against our strategic priorities. Then Scott will provide additional details on our fourth quarter financial performance and guidance. After our prepared remarks, we will turn the call over to our operator to begin the Q&A portion of the call.

And with that, let me turn the call over to Ariane.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Thank you, Rob, and thank you all for joining us today. [We had a strong 2025. - Inaudible] We accelerated both bookings and revenue growth and expanded margins by over 2 points. We returned Vrbo and Hotels.com to growth while sustaining the performance of Brand Expedia, B2B and advertising. Looking ahead, we're well positioned to build on our momentum as we execute our strategy and capitalize on the opportunities created by AI.

In the fourth quarter, we exceeded our expectations, growing bookings and revenue by 11% and expanding our margins by 4 points. Booked room nights were up 9%, including high single digits in the US and low double digits in EMEA and the rest of the world. Consumer spending remained healthy with longer booking windows and lengths of stay relative to 2024.

Our B2B and advertising businesses had stellar quarters. We grew B2B bookings by 24% and advertising revenue by 19%. Our Consumer Brands bookings were up 5% overall and double digits outside the US. We grew loyalty members by mid-single digits with faster member growth in our Silver tiers and above. And for the second consecutive quarter, all three core brands delivered year over year bookings growth, reflecting sharper brand positioning, product improvements and ever better execution.

Turning to our three strategic priorities. I'll begin with our first, delivering more value to travelers. On product, our sites and apps are 30% faster than they were a year ago. We've upgraded our checkout path and added new payment options, giving travelers more flexibility and making booking even easier. We're using AI to deliver more personalized experiences across all our brands.

On Brand Expedia, for example, our refined recommendation models drove our best fourth quarter attach rates ever. This is a strong signal as travelers who buy multiple products spend more and return more often. We also know how important it is to give travelers confidence throughout their journey, including when plans change. Our ability to meet this need is an important competitive advantage. Last quarter, we expanded VrboCare, strengthening Vrbo's differentiation and giving travelers peace of mind when booking their trips.

Across our brands, we enhanced our help center and servicing capabilities so travelers can effortlessly modify their bookings or get support if things go wrong. This resulted in record traveler self-service levels. And for more complex issues that require a live agent, our advanced agent tools are contributing to materially reduced wait times even during peak call periods. All of that translates into more satisfied travelers. On supply, we continue to broaden our inventory to give travelers more choice and better value.

In the fourth quarter, we grew our lodging property count by more than 10% compared to 2024. We're sourcing more promotional rates and partner-funded promotions were over 30% of bookings in Q4, up more than 10 points from the third quarter.

Nearly 70% more properties participated in our Black Friday sale than ever before. These trends demonstrate the strength of our flywheel as deeper partner participation increases traveler value and drives incremental demand back to our partners. Turning to our second priority, investing where we see the greatest opportunities for growth. B2B had another fantastic quarter with double-digit growth across all regions. We gained share with existing partners and benefited from increased marketing activity from some of our largest partners.

We added new partners and had more active travel agents than any prior fourth quarter. We continue to invest in new lines of business, extending capabilities from our consumer business into B2B. Last quarter, we launched a Cancel for Any Reason assurance product. And in December, we announced our intent to acquire Tiqets to broaden the activities we offer to our partners and their travelers. B2B is a great business, and we'll continue to invest to drive future growth.

On advertising, we reaccelerated revenue growth and finished the year with a record number of active partners. We continue to expand placements of new ad formats. And after launching video ads in our search results in early 2025, last quarter, we introduced video ads on Expedia's homepage. We're a high-return channel for our partners. And as we inject AI into both our ads and our ad targeting tools, our ads are becoming more relevant and performant.

Finally, as gen AI changes how travelers do trip discovery, it opens up new growth opportunities for us. We're working with all the major platforms to capture traveler demand, ensuring our brands show up prominently in gen AI searches and function effectively with agentic browsers. We're experimenting aggressively.

And while volume is still small, every additional integration gives us data and learnings about how to better surface our brands and how consumer behaviors are evolving. These learnings, coupled with insights from our own brands are in turn informing the development of AI experiences in our own products. And that's important because while third-party AI experiences are a new way to attract travelers and turn them into loyal members, our biggest long-term opportunity remains direct engagement.

Today, two-third of our bookings come from travelers who begin their planning journey directly with our brands, and those direct bookings are growing faster than bookings from indirect channels. We're confident that our work to make our products even more personalized and intuitive, along with our work on supply, customer service and loyalty will deepen our competitive advantage.

Moving to the third pillar of our strategy, driving operating efficiencies and margin expansion. We expanded margins by nearly 4 points in the quarter, thanks to our continued operational discipline and volume leverage. I'm particularly pleased with the work we've done to get marketing leverage in our consumer brands.

We've improved our targeting and measurement capabilities, reduced our least efficient spend and reallocated dollars to where we see the highest incremental returns. We also continue to optimize our organizational structure for speed and effectiveness, ensuring we have the right skills and velocity to execute on our strategy.

At the same time, we're deploying AI internally to give our teams superpowers and make our offerings to travelers and partners even more competitive. This is already delivering tangible benefits. Our product and tech teams are using AI to design and build products, improving quality while shortening cycle time.

Our supply teams are leveraging AI to speed up inventory onboarding teams, and our service team is using AI to resolve traveler issues faster and more effectively. As we grow our business and increase our use of AI, we're keeping a close eye on costs, and we've been able to optimize our cloud spend through technology improvements and a more disciplined cloud operating model.

In closing, I want to thank our teams for their hard work and our partners for their continued trust in us. We enter 2026, our 30th year as a company, well positioned to extend our momentum. Looking ahead, we're confident in our strategy and our ability to execute to drive long-term value for all stakeholders.

With that, I'll turn it over to Scott.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

Thank you, Ariane, and good afternoon, everyone. I'm pleased to share our fourth quarter 2025 performance, which exceeded the high end of our guidance range with bookings and revenue up 11% and EBITDA margin expansion of nearly 4 points. As Ariane mentioned, our outperformance was driven by sustained market strength through year-end and disciplined execution across the company. We grew share in the US for both hotel and Vrbo and held lodging share globally.

We also saw continued strength from B2B, which was a meaningful driver to our overall performance in the quarter. Our booked room nights were up 9%, driven by continued strength in the US and sequential acceleration in EMEA, where B2C once again saw its fastest growth in

nearly three years. Growth in rest of world slowed as geopolitical issues in Asia weighed on growth in multiple quarters. Gross bookings and revenue grew 11% to \$27 billion and \$3.5 billion, respectively. The impact from foreign exchange was roughly in line with expectations, adding slightly over 1 point to bookings growth and about 2 points to revenue.

Moving to our segment performance. B2C gross bookings of \$18.3 billion grew 5%, driven by sustained momentum both domestically and internationally. B2C revenue of \$2.2 billion grew 4%. Consistent with last quarter, bookings growth exceeded revenue growth primarily due to book-to-stay timing as the majority of our revenues are recorded at the time of stay. B2C EBITDA margins were 31.5%, up approximately 6 points from last year, driven by significant marketing leverage.

Margins were further supported by disciplined overhead management as well as continued growth in our high-margin advertising revenues. B2B gross bookings grew 24% to \$8.7 billion, with continued double-digit growth across all regions. Rapid API was again the largest contributor to growth and benefited from increased marketing activities with some of our largest partners. B2B revenue grew 24% to \$1.3 billion, while EBITDA -- B2B EBITDA margins were 24%, down approximately 1 point. As we have stated previously, we will continue to prioritize investments to support future growth, which may modestly weigh on near-term margins.

Moving to our cost structure, where we again leverage meaningfully across all our categories. Cost of revenue was \$342 million, up 3%, but leveraging 1 point as a percentage of revenue, driven by continued efficiencies in payments and customer service. Total direct sales and marketing expenses were \$1.7 billion, up 10%. We saw significant leverage in our B2C business with direct sales and marketing down 5%, leveraging 0.5 point as a percentage of B2C gross bookings. This was offset by growth in B2B expense, which reflects partner commissions and is recognized at the time of stay.

Overhead expenses were \$640 million, roughly flat versus last year while leveraging over 2 points on revenue. As a reminder, last year, we implemented a series of cost reductions, which had a meaningful impact on the margin in the back half of the year and expect those actions to favorably impact the first half of '26. Additionally, we've already taken action in January with our product and technology organizations to simplify and become more efficient. While we'll be using much of the savings to strategically rehire in key areas like AI and machine learning, these type of actions will favor margins as well.

Turning to profitability. We delivered fourth quarter adjusted EBITDA of \$848 million with a margin of 24%. The nearly 4 points of adjusted EBITDA margin expansion was driven by revenue growth, expense leverage and cost out, particularly within B2C direct sales and marketing. Adjusted EPS of \$3.78 grew 58%, outpacing EBITDA growth due to share repurchases and a lower tax rate. Moving to our cash position.

We ended the quarter with \$5.7 billion of unrestricted cash and short-term investments, and we remain committed to maintaining debt levels consistent with our investment-grade rating. Free cash flow for the year was \$3.1 billion and reflects the strength of our operating model and disciplined execution of our strategic priorities.

In Q4, we utilized \$255 million to repurchase 1.1 million shares of our common stock. And since 2022, we have repurchased over 45 million shares, reducing our share count by 22% net of dilution. We remain committed to returning capital to shareholders. We intend to continue opportunistic share repurchases at a pace similar to recent years and today are raising our quarterly dividend by 20% to \$0.48 a share.

Turning to our outlook. Our guidance reflects strong bookings momentum as we enter Q1 while remaining appropriately cautious given ongoing macro uncertainty. For the first quarter, we expect gross bookings growth to be between 10% to 12% with revenue of 11% to 13%. At current exchange rates, this assumes foreign exchange tailwinds of approximately 3 points to bookings and 4 points to revenue and implies stability in growth at the upper end of the range.

For EBITDA, we expect EBITDA margins to be up 3 to 4 points. As a reminder, the first quarter is our lowest EBITDA quarter, so the benefits of our prior cost actions will have an outsized impact in Q1 relative to other quarters. For the full year, we expect gross bookings growth to be between 6% and 8% and revenue of 6% to 9%, including 1 and 2 points of FX tailwind, respectively.

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Similar to our Q1 guidance, the upper end of our range implies stability in growth on an FX-neutral basis, while the lower end of the range reflects a more cautious view given the dynamic macro environment. We experienced variability in bookings during 2025, and our '26 outlook assumes a more seasonal cadence similar to what we saw in 2024.

Regarding EBITDA margins, as we noted last quarter, we expect a more moderate pace of expansion in 2025 as we lap the benefits from our 2025 headcount reductions and marketing optimization. With this in mind, we do expect full year margins to expand by 100 to 125 basis points as we maintain cost discipline while selectively reinvesting in growth initiatives.

In closing, I'm proud of the progress the team delivered in 2025, driving faster site performance, a leaner cost structure and more efficient marketing, all of which strengthen our confidence in the outlook shared today. With clear momentum across our strategic priorities, we are well positioned for long-term profitable growth and remain confident in our ability to execute and create shareholder value in 2026 and beyond.

With that, we will now open the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Mark Mahaney, Evercore ISI.

Mark Mahaney - Evercore Inc - Equity Analyst

I wanted to ask two questions, please. One, Ariane, could you just talk about the product or the features that you would want to try to roll out or are rolling out in order to really enhance the travel planning process on Expedia. It's always known as a booking site. But what can you do to kind of capture more people up the funnel and just kind of keep them there?

And then secondly, Scott, a lot of leverage being shown in B2C marketing. Just talk about how much more leverage there is there going forward? Or are there other sources of leverage that are just as big as what you've been able to get out of that so far?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Mark, I would start my answer saying it isn't just what we're doing in the product. It starts with marketing. And we're doing a lot of work to make sure we know travelers, we're targeting them. We're personalizing our marketing to them. So that when they're doing discovery, whether it's in social channels or anywhere else, and when they're seeing our brands, they see messages that resonate with them.

And then when they land on our brands, we're giving them relevant context so that they then convert. So again, it starts with the marketing, knowing our travelers, having messages that resonate with them, so we are top of mind. Then in the product, obviously, we do a very good job when people land in converting them. But there are things that we can do, whether it's agents that can help look at if you have a certain budget, then how do we give you ideas. If you want to search by destination, if you want to search by themes, I think there's a lot of exciting things that can come both in the existing flows, but also in natural language flows.

Right now, we've got an agent, sort of the AI agent in Hotels.com. What works the best is actually the point solutions like AI filters or property Q&A. And what the team is working on, and we'll have more to share later this year is how we can use natural language and sort of AI to

allow people to go from the trip planning all the way into the booking. But again, I just reemphasize, it's not just when they land with us. It's also how are our brands known and what's the work we're doing in marketing.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

Mark, to your question on the marketing, maybe a few thoughts and then some context. We've leveraged about 50 basis points as a percentage of GBV in B2C. And we've done that through strong marketing discipline, by improving efficiency by holding the teams accountable and having a strong point of view about return levels, incrementality, detailed analytical insights and then reallocation. And I think we've done some really nice work to cut costs sharply accurately and then I think redeploy where we see upside between channels. And the improved targeting and measurement capabilities, I think, have allowed us to be more dynamic in terms of how we manage our direct B2C sales and marketing.

And I think the reduced spend on lower-performing channels and reallocating has really helped kind of cut costs, take some leverage and then also reinvest for growth in other channels. So it feels very good. And as we look forward to the rest of towards '26, I think you can expect more of the same.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

And just to add to that, I would say at the highest level, we're taking a more disciplined and data-driven approach to our marketing, and it's even more grounded in customer insights. Scott and I challenged the team to improve the returns, and they've done a great job. We've significantly stepped up the measurement capabilities we have, our testing velocity and our understanding of incrementality, and that sits behind a lot of what Scott described. Also, the work that we've done to sharpen our brand value propositions with stronger creative makes our spend more effective. So last year was a big year for relaunching Hotels.com with the Bellboy, and we were able to move awareness and consideration numbers.

For Brand Expedia, just last week with the Super Bowl, we launched the new campaign, which is, The One Place You Go to Go Places. It was actually the most watched ad on YouTube with over 200 million viewers. So that -- as the creative is good, that also helps our efficiency. And finally, the product and tech improvements that I talked about in my prepared remarks, the fact that our sites are faster, that they're converting better, that also makes our marketing dollars go further because when we bring traffic into our brands, they're converting better.

Operator

Eric Sheridan, Goldman Sachs.

Eric Sheridan - Goldman Sachs Group Inc - Analyst

Part of the answer to Mark's question, how would you characterize the current competitive positioning of your consumer-facing brands? And how much of them have been realigned for where you want them to be in the marketplace today? Or to the degree some level of work still needs to be done to sort of have them operating on a more normalized level from a growth standpoint as we go deeper into 2026?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Yeah. I feel very good about where we are in the positioning of each of the three brands. And that's been a lot of work over the last 12 to 18 months. So positioning Expedia as the one-stop shop where you go to find everything, positioning Hotels.com as the hotel pure play with a great loyalty value proposition. And Save Your Way, which we launched at the end of last year was a key part of that.

For Vrbo, positioning it as the trusted pure-play vacation rental marketplace. Last year, when we finally launched our promotion suite, that allowed us to basically expand our supply. In November, when we expanded VrboCare, it gave travelers more trust. So I would say sort of the positioning, I feel good about. We've done a lot of work that are just the basics of the marketplace around supply, around faster speed, all of those things are great.

And now there's really just a lot of growth potential. There's growth as our marketing becomes more effective. There's international growth. As I shared in my prepared remarks, room nights were growing faster outside of the US than in the US. So there's always work to be done. But I feel like especially relative to a year ago, we're in a good place for those brands and a healthy place to be able to grow.

Operator

Jed Kelly, Oppenheimer & Co.

Jed Kelly - Oppenheimer & Co Inc - Analyst

I guess, Ariane, I mean, since you've been here or taken over, you've really done a nice job making the business a pretty consistent on EBITDA compounder and you consistent -- to generate consistent margin growth. And I don't want to get -- take you too far out, but can you just give us a vision on where you potentially see that like the margin trajectory of this business could go over the medium term?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Thank you, Jed. Look, all I -- what I will tell you is there is more to come. And obviously, you can see in our full year guide that we see more margin expansion. And it's not only us executing more effectively, it's our marketing executing more effectively. It's us being able to deliver more from the teams that we have. And of course, the beauty of this business is as we grow, as we get more scale, I think the margins will come.

So I would just say my confidence in the growth comes from the fact that we've got a lot of potential on B2C, like I just talked about. B2B, there's always more opportunity to get more partners. We're making investments in new lines of business, which, again, gives us -- it positions us even better to be the one-stop shop for our partners. There's more supply. We grew the number of lodging properties in the fourth quarter by 10% -- and there's still a lot to go.

There are some geographies where we don't have the coverage that we would like. We can get more promotions. Obviously, last year, we added Southwest, we added Ryanair. So that gives me a lot of confidence in growth. And then the ads business, we -- I see a lot of potential, especially in using AI to make those ads even more effective. So again, I see growth on the horizon. I'm excited about the opportunities and AI just gives me even more confidence.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

Yeah. I think just a couple of quick points. I think the dynamic that we're looking at is a really strong quarter for outlook for Q1 as well. So an extra 3 to 4 points on margin rate expansion for Q1. But for the rest of the year, as I pointed out in my prepared remarks, it'll be somewhat muted in the context of versus a 3% to 4% number. Just as we've taken a number of actions, and I'm going to come back to that, but a number of actions last year, not only on headcount, but also on marketing costs, on cloud costs. And those have kind of had a compounding effect over the course of the year and are hitting Q1 strongly.

But I think the way Ariane operates is she challenges everyone on the team to get more for less. And so there's a constant drumbeat in the business of how do we think about operating smarter, how do we do it with less money and how do we do it in a way that then favors growth

as we think about reinvesting some of those funds as well as dropping some of that through to the bottom line. And so as we look out over the course of '26 for certain, and I don't anticipate that culture to change as well.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Yeah. And just to add, I talk a lot about being brilliant at the basics and also about making every dollar count. And it's important that we all look, whether it's in our cloud spend, whether it's in our marketing spend, whether it's just where we're allocating our time, are we doing it where we can have the highest returns and make the most impact.

Operator

Conor Cunningham, Melius Research.

Conor Cunningham - Melius Research LLC - Equity Analyst

Just a helpful comment on the 10% supply growth that you gave for the fourth quarter. Curious on how that's actually trended into 1Q. I mean, obviously, there's a lot of debate around hotels going more direct with large language models and so on. And then maybe if you could just parse out branded hotel growth versus ones that aren't. I think that would be a helpful data point.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Sorry, can you repeat -- I missed the first part of the question. You said 10% hotel growth, and I missed the end of it. Can you repeat, please?

Conor Cunningham - Melius Research LLC - Equity Analyst

Just -- yes, sorry. So just on -- you talked about 10% supply growth. I'm curious on how that's progressed into 2026. Obviously, there's this debate around hotels going more direct with large language models and so on. So just curious on that versus -- and if you could parse it out a little bit between branded hotels versus ones that aren't, that would be helpful.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Okay. Thank you. Look, we continue to add more properties. We've added airlines last year. There is -- even if we have a very good assortment, especially as we're growing internationally, there will be opportunity to do more. And in fact, some of the work we did on AI has sped up the time it takes to onboard properties. It's 70% faster than it was before. So I expect we will continue adding supply. We will continue adding rate plans.

And as for the talk about large language models and what that can do, what we're seeing is our business continues to grow. We're doing work, obviously, with the large language models and with -- whether it's ChatGPT or Google and the like to make sure our brands are showing up well there. We're doing work in answer engine optimization in native integrations, work with agentic browsers. And all of the work that we do there benefits our suppliers because we're doing the complicated work to help them drive demand to them through our business. Obviously, in the same way that they could always get business directly through Google and the like, that will continue to be the case.

But as long as we do the job of making sure that our brands have very strong value propositions that travelers know them, they trust the value they're going to get coming to us. The same thing in our B2B business that we're adding value to the B2B partners, I think the pie will expand.

Operator

Kevin Kopelman, TD Cowen.

Jacob Seed - Cowen and Company LLC - Analyst

This is Jacob on for Kevin. I have two questions. Is Expedia seeing any changes on traffic from Google as they continue to roll out more advanced AI features within travel? And then on B2B direct sales and marketing costs, up 27% year over year. Can you talk about key drivers and how you see that playing out this year?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Sure. I'll take the first one and then hand it to Scott. Look, we're not seeing material changes right now. We are experimenting aggressively. We're working closely with Google and others as they're adapting their interfaces. We're making sure that our brands show up well, as I said, through many ways, whether it's answer engine optimization, native integrations, agentic browsers.

I actually think that AI search opens up even more possibilities to reach more travelers. And as there's more context in those searches, there's an opportunity for us to better target and then as we bring those travelers into our ecosystem to better convert. So I think it's an exciting time right now. Again, it's a fast-moving time. We're clear-eyed about where we all are.

But our strategy is to be in early to partner deeply to get learnings from these early integrations and to find opportunities because one thing we've always been good at is figuring out how to surface our brands and third-party experiences and then convert travelers that come to us, and we will continue doing that.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

And for B2B marketing, it really is more aligned with the revenue number, so 24% versus anything else because the dynamic is we booked that with the time of stay. And it's more a commission model than it is a rev share model than it is a marketing spend. So it's pretty straightforward.

Operator

Ken Gawrelske, Wells Fargo.

Ken Gawrelske - Wells Fargo Securities LLC - Equity Analyst

I want to stick on the B2B side. Could you talk about any kind of concentration or any specific drivers that has driven -- that continues to drive the robust growth you see there? And as you look throughout '26, any factors we should be thinking about on the top line? And then maybe staying on B2B, you touched upon the margins and perhaps some temporary investment pressure on margins. Could you talk a little bit about the kind of the key factors driving that potential pressure early this year? And then maybe the longer-term outlook is -- should we think about these -- the '25 B2B margins as kind of the right place to think about the long-term outlook for the B2B business on the margin side?

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

Yeah. Ken, let me work from the bottom up there. First off, on margins, and we talked about this last quarter as well. As we're redeploying a portion of the savings that we're delivering in other parts of the company, we're investing in B2B initiatives that will weigh in the short term -- on our near term, we'll be weighing on our margins there. But we'll continue to do those investments because that's one of the vectors that we see a strong growth opportunity for the company, and I'll let Ariane jump in on that in a second.

That's factored into our Q1 and our 2026 guide. And so without getting into guiding by business unit or talking about specific numbers, we've had, what, 18 quarters now of strong double-digit growth in B2B. So I think it's relative -- been relatively consistent and strong double-digit growth. And as we invest in the new products and new lines of business, we feel like we can make that continue going forward.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

And I'd just add, we took actions to win wallet share with existing partners. The B2B business benefited from the supply work that I was referring to earlier. The fact that we had more partners participating in Black Friday, we had an increase in the number of properties, all of that flows through into B2B, plus some of our large partners made particular investments in marketing in the fourth quarter, which we then benefited from. Our travel agency platform, which we call TAAP, performed very well. We expanded the loyalty program. We grew the number of agents that were active in the fourth quarter. On our template, which a number of partners use. We've improved the configurability.

I mentioned we launched our first assurance offering. So it's really -- the team is innovating across the product and technology. We're adding supply. We're deepening our partner relationships. And that's been a formula that's worked for us. Now as I always tell the team, it's a competitive industry. We're going to win some deals. We're going to lose some deals. The important thing is that we keep on adding partners. We keep on innovating. I think the work that we're doing in the new lines of business is going to be very exciting for the years to come. And we really believe in this business.

Operator

Deepak Mathivanan, Cantor Fitzgerald.

Deepak Mathivanan - Cantor Fitzgerald LP - Research Analyst

So Ariane, can you talk a little bit more about the product development efforts on the AI experiences side? Are you approaching it -- generally using the current LLM architecture and your cloud partners? Or do you think you need to fundamentally build new AI capabilities specific to travel, maybe with Expedia data in a unique way? And then if I can ask one for Scott. How should we think about the tech and infrastructure investments that's required to build and support some of the AI experiences? Is the platform currently already well positioned to trade on AI capabilities? Or do you anticipate potentially making some investments on this front?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Sure. So in the product, I think of AI in a couple of ways. One is just in the existing flows, how do we use AI to make a better traveler experience. So that is personalization. It's better recommendations. It's better ranking models. It's more personalized content. So if someone has -- always goes to properties that have spas, how do I make sure that, that is what -- that we're highlighting on properties. So that's one sort of real area of, I think, potential product improvement in performance. The other is everything related to natural language engagement with the product, which I talked about earlier.

How do you introduce natural language, how do you make it both sort of typing and also spoken. And I would say it's earlier days on that, but that's also sort of a vector that we're going down. I'll give you an example, though, of why I believe both things need to live side by side.

If you think about something like servicing, you can go into our app and you can go through the native flow and make changes, cancel, change your room type in a few clicks. You can also do that in the servicing agent.

And we want to make sure that we give people the choice of which of those makes the most sense to them. In terms of the question about sort of the architecture and the technology, I would start by saying it is grounded in our data. So a lot of the work we've done in the last couple of years has been about making sure that we have clean data, we've got customer data, destination data and the like. And our tech teams are looking at the architecture. They're learning.

They're obviously staying on the front foot on how things are evolving. And in fact, some of the partnerships that we're doing, whether it's around agentic browsers and the like, really does keep us on the forefront, and that's true both for our consumer business and for our B2B business.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

You want to talk briefly about the platform and kind of how you see that, and then I'll pick up on the numbers.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Sure. I mean, look, the platform, I mean anybody who tells you their platform is done is not truthful. At the same time, I don't foresee some kind of big platform transformation like we had in the company a few years ago at all. I think it's about understanding where the technology is evolving, understanding where are the pieces that we need to shift, where are the new architectures we need to look at. But I would say it's not on one end of the spectrum or the very other end of the spectrum.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

Yeah. I think that's well said. I think the dynamic is it's not a majority of our spend, but it's a continual spend to make sure that our platform is contemporary and continues to evolve. I think the other thing I'd point to how we're thinking about it, and I think in the spirit of your question, as we think about reshaping the product and technology teams, what we're trying to do is look at how do we operate smarter, how do we operate in a way that's more efficient and effective, and simplify the organization and our decision-making and speed.

And at the same time, bring new talent in around AI and machine learning that can develop -- help develop our products in ways that Ariane just talked about. So while there will be some net benefits to that, I think, in the margin rate, overall, I think that's a cut cost to invest and grow strategically.

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

And I said in my prepared remarks that even though we're using AI more and we're growing the business, we've optimized our cloud spend and some of our technology spend. And going back to the whole theme of discipline and making every dollar matter, you can just count on the fact that the way we are looking at the technology work, it's how do we make sure we have the platform that we need, and we're doing it with sort of the cost also in our mind.

Operator

Naved Khan, B. Riley Securities.

Naved Khan - B. Riley Securities Holdings Inc - Equity Analyst

Ariane, I have one question on alternative lodging. So you've had alternative lodging on Brand Expedia for some time. And I'm curious if you can provide any color on what the uptake is for -- what the mix looks like for alternative lodging versus hotels, today versus maybe a couple of years ago or just last year. Is that growing? Or are you still trying to get more adoption there? And then for Scott, maybe can you just maybe talk a little bit about CapEx for 2026? And how should we be thinking about that?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Sure. It's definitely growing. It's -- to me, it's not where it's not at its maximum potential, and that's why I believe that there's a real opportunity there. But we made great progress in 2025 on selling vacation rentals on Brand Expedia. We changed the UX. So if you go on to lodging, you now see sort of there's all lodging and then hotels and vacation rental. We brought on inventory. We made sure the servicing experience was great. So there was a lot of work that we did to drive more vacation rentals on Brand Expedia to support our one-stop shop value proposition, and there is still upside there.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

On CapEx, it will be roughly in line with '25. I wouldn't -- I don't anticipate a material change one way or the other.

Operator

Lee Horowitz, Deutsche Bank.

Lee Horowitz - Deutsche Bank AG - Research Analyst

I guess, one, as you think about your 2026 outlook, can you comment at all if it assumes your B2C business accelerates relative to the 5% you delivered this year? And how you're thinking about the challenges you may face in terms of delivering acceleration while simultaneously bringing down the intensity of your ad spend? And then maybe just on AI, topic of the day, topic of the week. I guess how are you thinking about the potential urgency to invest more aggressively into loyalty in your B2C business as some of these general purpose chatbots take on more of the customer relationship and the travel funnel?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

I'll take the first -- I'll take the last part of the question, and then Scott can take the first. Look, we always feel a sense of urgency to make sure that we're delivering more value and more trust to our travelers. And travel is a high stakes purchase or it can be. It's complex. It's high stakes.

It's not like a T-shirt where if you choose the wrong one, you can send it back -- is if there's something that happens in your trip, you never get your time back. And that's why we're investing a lot in making sure that not only we have a great selection and price and assortment, and the ability to add trip elements after you bought one, but also building trust. We've got proprietary verified reviews, and we know that 70% of travelers check reviews before they make a booking.

So the fact that when they make their booking with us and they do their shopping, they're going to have that trusted information is really important or the fact that if something goes wrong in the trip, they're going to be able to either deal with it in our app or call us is important. I'll just add that during the winter storms and government shutdown, we were able to answer our calls on average between 1 to 3 minutes, which is the best in the industry, we believe.

And travelers want to know that we've got their back. So of course, continuing to enhance the loyalty program is one piece of our offer, but there's a lot of different parts that we believe make travelers want to continue a deep relationship with us.

Scott Schenkel - Expedia Group Inc - Chief Financial Officer

Yeah. Maybe to try and be helpful. I'm not going to get into by BU guide for '26, but maybe just some thoughts around guidance overall. First off, for Q1. We exited Q4 with strong clear momentum. I think we're all encouraged by our strong start to the year. And we expect our first quarter bookings growth of 10% to 12%. That, of course, includes 3 points from an FX tailwind, but we expect to be able to deliver that. I wouldn't expect a material difference in growth rates amongst the BUs, but obviously, it does vacillate up and down a bit even in '25.

For '26, at the high end, our full year guide of 8% reflects stable, healthy growth on a constant currency basis at the high end again. As we -- we'll update you each quarter as we go along. But again, I wouldn't expect a material shift in an overall growth rate between business units, if you look at the last couple of years average -- last year's average, I should say.

Operator

Trevor Young, Barclays.

Trevor Young - Barclays Services Corp - Analyst

You spoke to supply growth earlier in your comments. Was that largely a B2B dynamic outside of the US? Or are you seeing some of that in B2C domestically? We've had a few major hotel supply partners speaking to pushing more inventory to the OTAs in 3Q and 4Q and being sharper on pricing and so forth. And so we were just wondering if that was a tailwind for your US room night growth contributing to that coming in at high single digits again. And then my second question is on the Tiqets acquisition, it appears to be more positioned on the B2B side. Is there an opportunity to leverage that on the B2C side as well to push into experiences more broadly across your customer base?

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

Sure. So on the first question, the supply, it works on both parts of the business, B2C and B2B. So when I talked about 10% growth in number of properties and then also the promotions, that flows through to both. And that's just the way the platform works, and that's the way our business model works. And it's a value that we deliver to our supply partners is they have one connection and they can get access to all of the demand.

In terms of Tiqets, yes, I did talk about it as part of our B2B business because it's going to be run by the person who's leading B2B. And we think it's a great value proposition to be able to extend what we're offering in B2B. But obviously, it is going to -- their expertise is going to have an impact in B2C. So while we're -- we'll keep our B2C product, when you bring in some expertise like that, it can only help us do even better.

Operator

The Q&A is now over. I will now turn the call back to CEO, Ariane Gorin, for closing remarks.

FEBRUARY 12, 2026 / 9:30PM, EXPE.OQ - Q4 2025 Expedia Group Inc Earnings Call

Ariane Gorin - Expedia Group Inc - Chief Executive Officer

So I just want to thank you all for joining our call today. We closed 2025 strong. And as we enter '26, we remain focused on executing our strategy to deliver value for all of our stakeholders. So thank you all.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

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