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We disrupted the travel industry

Social Travel – creating and dealing with disruption

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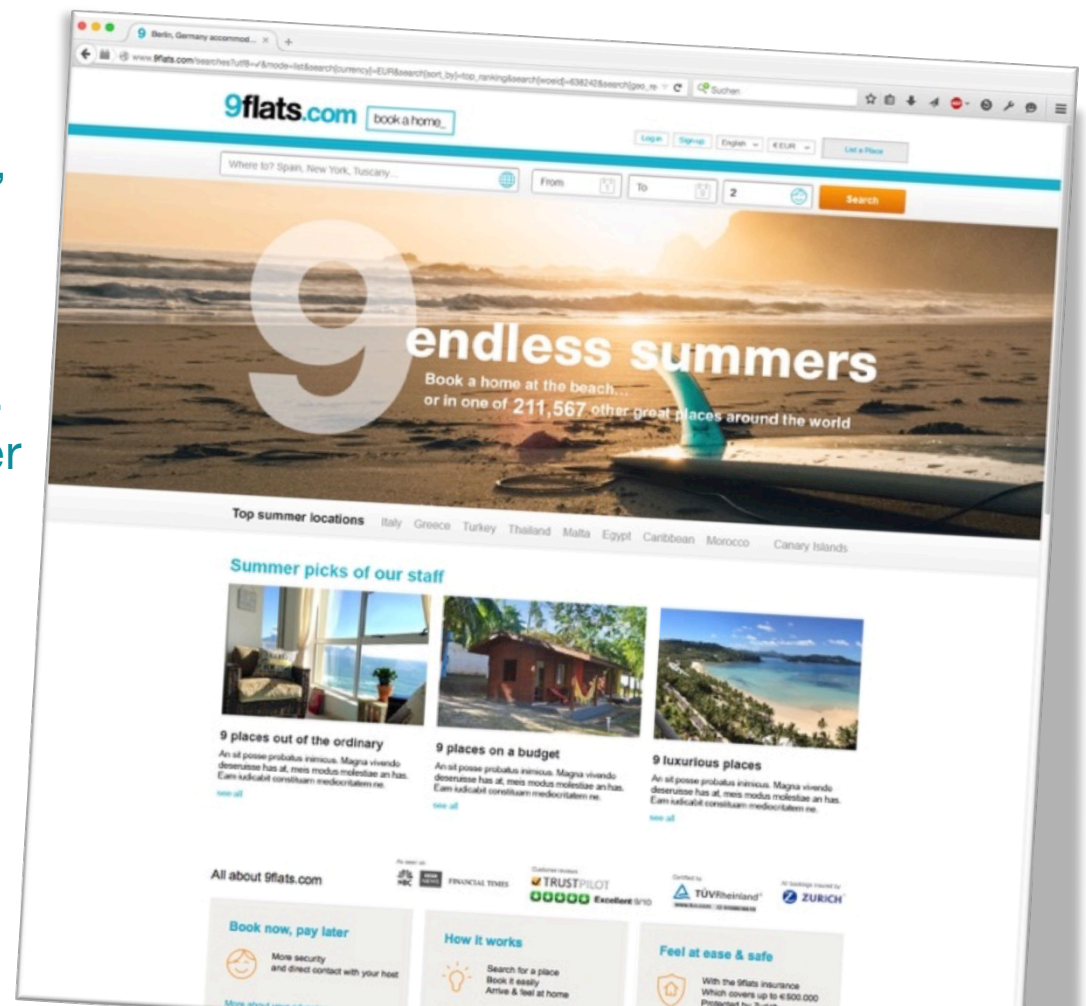
About 9flats

9flats was started in 2010 as the first European player in the peer-2-peer rental market. Today 9flats is one of the mayor players in the hottest multi-billion dollar industry – Share Economy.

9flats is offering professionally managed apartments, guesthouses, villas and private rooms in over 100 countries.

9flats has a strong consumer focus. Consequently we pioneered traveller benefits - were the first to offer:

- child discounts
- insurance of 500.000 EUR
- instant booking
- payment bitcoin & bank transfer
- Payment on Arrival (Book now, save, pay when you arrive)





The 9flats Product Mission

Make peer-to-peer room rental as
joyful as holidays with your friends,
as **trustworthy** as your bank,
as **profitable** as a great eBay deal,
and as **easy** as using an iPhone!

This is how we saw the early market in 2011

Excerpt from an investor presentation

9flats ' Competitive Environment

- New category players:
 - 9flats.com has head on start in Europe with very senior team, sourcing and marketing factory in place
 - Airbnb US focused, no strong presence in Europe
 - Wimdu, 9flats copy cat
 - Lots of little guys will not be able to get market access and funding
- Existing players are focused on vacation rentals with listing model, not on par with new social network approach and “ebay for travel” business model
 - Homeaway group
 - Interhome
 - others

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In summer 2011 the landscape changed

After only three months of operations all of our plans were void.

Airbnb secured 112m US\$

Local players emerged in every market (e.g. housetrip – France, UK, roomorama - Asia)

Suddenly the market was crowded.

Google Adwords costs increased by 50% in Q2/2011 and 35% in Q3

BUT we got a sense that this market could be bigger than we thought.

In fact it turned out to become the biggest disruption of the travel market since introduction of private Airlines in the 80s.



Disruption demands change

learn & adapt

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Learn & Adapt: tactics

Key success factor of 9flats is to quickly assess the landscape and change tactics to more promising actions. These are constantly measured and controlled. We do not stick to plans to satisfy egos.

As a result of the changed landscape we went away from Online Marketing.

We tested our first billboards and TV Ads in summer of 2011. In 2012 we launched TV-Campaigns and billboards in DACH.

The results were amazing and helped strengthen our brand.

In 2013 our brand recognition in DACH was three times higher than airbnb. In 2014 we still have a brand recognition of 10% in the US.

Learn & Adapt: strategy

Change happens – even for core elements of our business model.

Social Travel was widely perceived as a cool thing that students do to crash on a sofa in another city.

9flats focused early on the average traveller: 30+ often with kids.

Therefore we sourced more entire places to rent (as opposed to shared spaces) and introduced elemental changes to our system (kid discounts, no need for social connection, instant booking option).

Today we are doing 60% of our business with professional hosts offering more than 5 apartments.

Only 4% of all bookings are for shared places.



Sharing is for Rockstars only*

* not true aka. the airbnb lie about Social Travel

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@kraftklub

↑ Social Travel is not a Trend – It just started



Current Market Studies

DER SPIEGEL

48% of Germans are considering to book with 9flats or airbnb in 2015

nielsen

68% of Global Survey Respondents willing to Share or Rent

30% bookings from a **\$20bn** City Market



99%
Retention Rate



19% of US travellers have booked "Shared accommodation"

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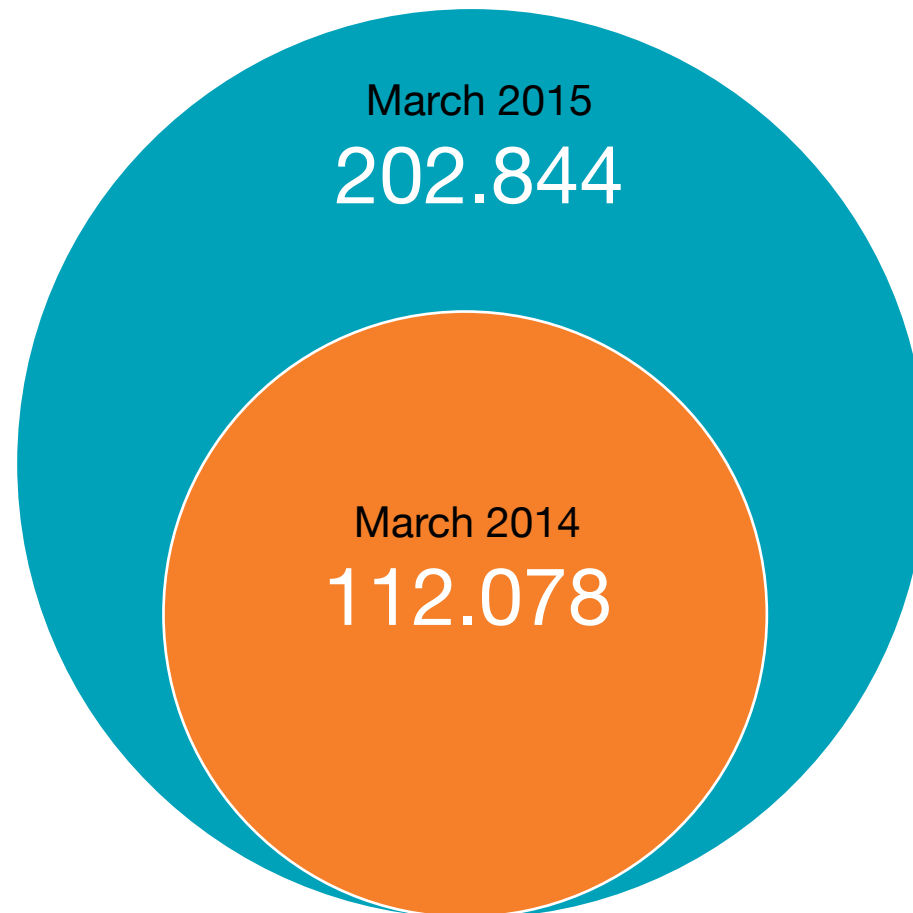
It's all good man!

Status May 2015

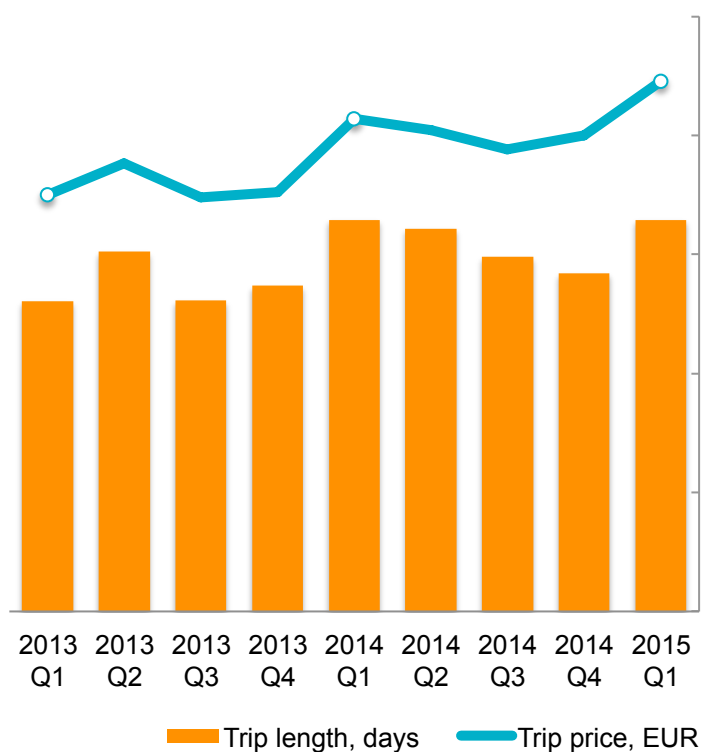
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Steady Rise in Listed Accommodations

In the beginning we acquired listings by telesales. In 2012 we stopped this. Today we receive one listing for every 10 bookings made.



Continuous increase in trip price & length



6,0

5,5

5,0

Days

4,5

4,0

3,5

3,0

AVERAGE
+10%

Trip Price Increase by Country

Netherlands +26%

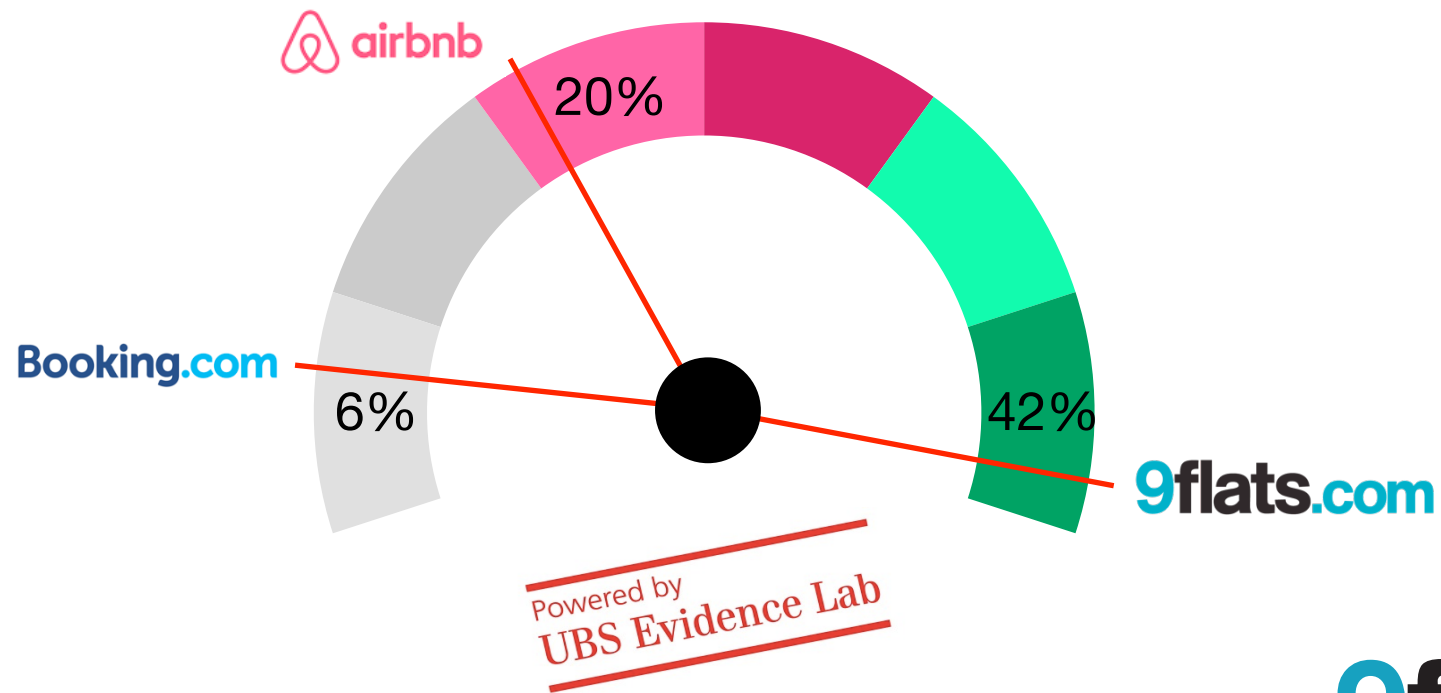
Portugal +25%

Hungary +23%

Spain +23%

Highest customer satisfaction in the market

In UBS rating respondents were asked: “How likely would you recommend the site to a friend, relative or colleague?”



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There is still enough space

contact roman.bach@9flats for details

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