

Priceline books \$2.6 bn OpenTable deal

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People eat at the terrace of an Italian restaurant in Miami Beach, Florida on October 11, 2011

Online travel giant Priceline said Friday it would buy the restaurant reservation service OpenTable for \$2.6 billion in cash.

"OpenTable is a great match for The Priceline Group. They provide us with a natural extension into restaurant marketing services and a wonderful and highly-valued booking experience for our global customers," said Priceline Group's president and chief executive Darren

Huston.

Priceline, which began as a service in which travelers bid for hotels and other travel options, has grown into a major brand with the hotel service Booking.com, aggregator Kayak and other websites.

OpenTable, which operates in the United States, Britain, Canada, Germany, Japan and Mexico, says it handles some 15 million reservations per month via online bookings across more than 31,000 restaurants.

The service allows users to see which restaurants are available, to view menus and customer reviews, and to book a reservation.

The deal, approved by both boards, calls for Priceline to pay \$103 per share. OpenTable went public in 2009, raising some \$60 million.

After the closing expected in the third quarter, OpenTable will continue to be headquartered in San Francisco, and will operate as an independent business led by its current management team, according to a statement from the two companies.

The news comes one month after US online ratings giant TripAdvisor announced it was acquiring France's LaFourchette, an online restaurant booking site with a network of more than 12,000 restaurants in Europe.

Analysts said the deal appears to be a good fit and could allow Priceline and OpenTable to expand globally.

"Importantly, OpenTable has a dominant position in the US but has faced challenges with its international operations, and we think Priceline can help accelerate OpenTable's adoption and progress internationally," said Justin Post of Bank of America-Merrill Lynch

Mark Mahaney at RBC Capital Markets said in a note to clients that the deal is "likely part of Priceline's move into offering a much broader range of local ecommerce services to what is a very attractive customer set (travelers)."

Mahaney said the move from hotel reservations to "total travel reservations" including dining and other activities is a natural extension for Priceline and added that "in this sense, we believe this deal is a no-brainer."

The research firm eMarketer said the deal for OpenTable "creates more potential revenue streams from search listings," which could take some market share from Google.

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