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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to Trip.com Group 2022 Q4 Earnings Conference Call. (Operator Instructions) I would now like to hand the call over to your first speaker today, Ms. Michelle Qi, Senior IR Director. Thank you. Please go ahead.

Michelle Qi - ***Trip.com Group Limited - Senior IR Director***

Thank you. Good morning, and welcome to Trip.com Group's Fourth Quarter of 2022 Earnings Conference Call. Joining me today on the call are Mr. James Liang, Executive Chairman of the Board; Ms. Jane Sun, Chief Executive Officer; and Ms. Cindy Wang, Chief Financial Officer. During this call, we will discuss our future outlook and performance, which are forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, our results may be materially different than these ones expressed today. A number of potential risks and uncertainties are outlined in Trip.com Group's public filings with the Securities and Exchange Commission. Trip.com Group does not undertake any obligation to update any forward-looking statements, except as required under applicable law. James, Jane and Cindy will share our strategy and business updates, operating highlights and financial performance for the fourth quarter of 2022, as well as the outlook for the first quarter of 2023. After the prepared remarks, we will have a Q&A session. With that, I will turn the call over to James. James, please.

Jianzhang Liang - ***Trip.com Group Limited - Co-Founder & Executive Chairman***

Thank you, Michelle. Thank you everyone for joining us on the call today. 2022 marks an end to the three-year topsy-turvy ride of COVID-19 pandemic. Trip.com Group has once again successfully overcome the difficulties and turned crisis into opportunity, just like what we did 20 years ago with SARS. In the fourth quarter, while the China domestic travel market was still overshadowed by pandemic resurgence in the fourth quarter, we're delighted to see steady improvements in overseas markets. Overall hotel bookings on our global platforms have outperformed the pre-pandemic level for 4 consecutive quarters. On a constant currency basis, overall air-ticketing revenue from our global platforms in Q4 has also fully recovered to the pre-pandemic level.

Demand for China's outbound travel surged in Q4. Searches for outbound flights departing from Mainland China hit a 3-year peak following the downgrade of COVID-19 to a Class B infectious disease and China's reopening in December. Such encouraging data reveals increasing consumer confidence in travel industry globally again. Since the announcement of China's reopening, we have seen strong travel demand across our various business lines. Our domestic hotel bookings and air bookings have already surpassed the 2019 level. Outbound travel bookings have recovered to more than 40% of pre-pandemic level despite capacity limitation. While airlines not running international flights at pre-pandemic levels could be a short-term bottleneck, we believe China's outbound travel will start to pick up in Q2 when flight capacity gradually recovers. Europe and the U.S. have already been making good progress towards post-pandemic recovery of global travel. This year, with China fully reopens and the whole Asia-Pacific region catching up rapidly, 2023 is projected to be an exciting year of recovery and growth. The future is bright. We are well-prepared and remain committed to helping travelers explore even the furthest corners of the planet so to bring the world closer together. With that, I will turn the call over to Jane for operational highlights.

Jane Sun *- Trip.com Group Limited - CEO & Director*

Thank you, James. Good morning, everyone. As a quick overview, in Q4 despite the outbreak of the pandemic, our total net revenue grew by 7% year-over-year. We saw steady improvements in our overseas businesses, which have outgrown the pre-pandemic level. For the full year of 2022, our total net revenue remained stable year-over-year. Our adjusted EBITDA stayed positive for the past 3 years despite pandemic challenges, thanks to our team's efforts and our effective cost control and efficiency improvements. Now I would like to share what we have seen in each region.

First, in the China market. For China market, the fourth quarter of 2022 was the darkness before dawn. While domestic travel performance was soft in October and November due to viral resurgence and strict pandemic controlling measures, the announcement of dropping quarantine requirements and the reopening of country's border in December was the key turning point in China's travel recovery. Overall [speaking in Q4](added by company after the call), despite China's domestic travel market being largely impacted by pandemic, we continue to adapt our strategy to outperform the market. Our same-city staycation hotel bookings in this quarter grew by 10% above 2019 pre-COVID level and was 40% higher than the pre-pandemic level for the full year of 2022. Our domestic air-ticket booking was also recovering faster than the market. Quarter-to-date, we are glad to see that the long-haul travel bookings have strongly recovered and have already surpassed 2019 pre-COVID level and the short-haul travel growth remained robust and has nearly doubled its 2019 pre-COVID level. With both long-haul and short-haul travel demands coming back, we anticipate our domestic business to remain on the strong growth trajectory for the rest of 2023.

Second, outbound. China outbound travel, the demand has seen robust [recovery](added by company after the call), especially after the announcement of the border opening in December. In Q4, outbound air ticket bookings on Trip.com Group platform increased by over 200% year-over-year, and outbound hotel bookings increased by 140% year-over-year. Demand for outbound travel continued to surge in the first 2 months of 2023 with outbound travel bookings increased by more than 300% compared to the same period in 2022. Back in 2019, Mainland China was the largest outbound travel market in the world with Chinese travelers taking more than 150 million trips overseas. We are pleased to see them gaining confidence in traveling and are eager to explore the world again after 3 years. Right now, the bottleneck lies in outbound flight capacity, which is currently only at 15% to 20% of pre-COVID level and is largely limiting the overall recovery pace of China's outbound travel. We anticipate that the aviation industry will set in motion plans to restore flight capacity and that outbound travel will pick up the pace in the coming quarters.

Third, global markets. On the international front, the Europe and American markets continue to show steady improvements, while the opening up of the Asian regions further accelerated the recovery in APAC market. For flight performance, the overall air ticket bookings on our global platforms have achieved over 80% year-over-year growth. Air ticket bookings in EMEA and American markets continued to show strong growth. The APAC region was also picking up the pace and growing at over 300% year-over-year. On a consistent currency basis, overall air ticket revenue from the global platforms have already fully recovered to the pre-pandemic level. For hotel business, overall hotel bookings on our global platform hit a record high and was above pre-COVID level for 4 consecutive quarters, with domestic hotel bookings in non-China market increased by 140% versus 2019.

Now I would like to give strategic highlights on the following items. First, accommodation. Over the past 3 years, we have built a strong use case in China on short haul and continue to [maintain](corrected by company after the call) our advantage in long-haul travel.In order to serve the evolving needs for our customers and create values for our partners, We continue to press ahead with improvements in product coverage, innovation, inspiration and the recommendation in the past quarter. Within the hotel market, we have seen hotels evolve into destination in themselves, with travelers emphasizing the quality of their accommodation. Package deals cover 70% more properties than 2021 and more than 7,000 high-end properties joining hands with us to help our customers to get the best value for money. Over 240,000 hotels also joined our TripPlus program to gain access and provide extra benefits on high-quality loyal customers. In Q4, over 50% of our TripPlus reservations come from high-end hotels. In the low-tier city, we continued to leverage our gateway products to acquire new customers as we continued to strengthen our dynamic pricing strategy. Co-branded membership program also helped expand our reach to over 30 million joint members, which is 6x the number in 2019 pre-COVID level.

Second, global business. We remain confident in our China customers' desire to venture overseas, especially with COVID fading away and the world embracing normalcy. We stayed focused on tightening connections with our international partners and strengthening engagement with our Chinese customers. As one of the very few companies invested heavily in global supplier relationships even during the pandemic period, we are well positioned to capture the strong pent-up demand for outbound trouble. In addition to the resumption of China outbound travel, yet another great opportunity lies in the acceleration of travel recovery in APAC region, stronger propensity to travel in the region provides a good opportunity for us to capture more bookings. While we conclude our year with a strong growth in international hotel and air ticket business, our overseas activity business has also delivered great performance with GMV increased by over 130% year-over-year. We will continue to source for unique offerings and localize our campaigns to gain [tractions to](corrected by company after the call) local demands, while improving our competitiveness and the service capability to win over the local [mindshare](corrected by company after the call).

Third, content platform. Following the reboot of the global travel activities, demand for inspirational destination continue to increase. We are seeing customers coming to our platform not only to book air tickets or hotel room but also to get inspired for their next trip. In the fourth quarter, our content generation pipeline and the users engagement capabilities continued to improve. The number of KOLs increased by 47% year-over-year in 2022. User-generated content also increased by 33% compared to the previous year. Average number of the contents viewed per user also continued to increase. In line with our commitment to innovation, we have also launched our experimental AI chatbot, TripGen on our Trip.com platform. TripGen is a generative AI chatbot integrated with our OpenAI API and is designed to provide travelers with live assistance and provide the most relevant and authentic travel recommendations to our customers.

Fourth, corporate responsibility. While strengthening our capabilities to inspire and serve customers to explore the world, we remain committed to pushing forward with our corporate responsibility. First, common prosperity. Regarding our rural revitalization initiatives, our plan is to roll out 10 high-quality country retreats to empower 100 rural destinations and nurture 10,000 rural tourism talents within 5 years. Over the past year, 13 new Trip.com country retreat were built, making a total of 21 country retreats currently in operation. Right now, 80% of the staff come from the local and their average income was increased by around RMB 7,000 per year. We are delighted to be able to empower the locals and help pursue the common prosperity.

Second, on sustainability. We announced our long-term green tourism goals, which include launching over 10,000 low-carbon travel products, promoting sustainable carbon and engage 100 million travelers in carbon, low-carbon practices, [promoting sustainable travel and 175 engaging 100 million travelers in low-carbon practices](added by company after the call),and aiming to further reduce carbon emissions across its operation. To meet increased demand for sustainable travel options, our Trip.com brand launched its carbon offsetting option for travelers to address their flight emissions by supporting a portfolio of trusted high-impact climate projects in line with the UN Sustainability Development Goals. In October, Trip.com Group has officially joined the Global Sustainable Tourism Council, GSTC, as a member to promote sustainable tourism standard in the travel and tourism sector.

Finally, during the quarter, Trip.com was named Contact Center of the Year 2022 at the international Customer Relationship Excellence Awards and a "Champion for Good" in Singapore, demonstrating the recognition of our brand for its service excellence and a focus on [engaging with] local commitment(added by company after the call). In conclusion, we are encouraged by our results and the recent strong recovery in the market. I would like to thank our team for their dedicated efforts in maintaining quality services during the past 3 years. As we look into the future, Trip.com Group looks forward to working more closely with our global partners across the global markets to shape our products and services around the customer needs and pursue for value. Working together, we will be able to deliver memorable trips for travelers wherever they choose to explore and visit in 2023 and beyond. With that, I would now turn the call to Cindy.

Cindy Xiaofan Wang *- Trip.com Group Limited - CFO & Executive VP*

Thanks, Jane. Good morning, everyone. For the fourth quarter of 2022, Trip.com Group reported a net revenue of RMB 5 billion, representing a 7% increase from the same period last year and a 27% decrease from the previous quarter, primarily due to viral resurgence and strip pandemic control in the China domestic market during the first 2 months of the quarter. For the full year of 2022, net revenue was RMB 20 billion, which remained stable year-over-year, mainly driven by recovery in the overseas market and partially offset by a soft performance in the China domestic market.

Accomodation reservation revenue for the fourth quarter of 2022 was RMB 1.7 billion, representing a 12% decrease year-over-year and a 42% decrease quarter-over-quarter, recovering to 57% of the 2019 level. For the full year of 2022, accommodation reservation revenue was RMB 7.4 billion, representing a 9% decrease from 2021. In the fourth quarter, the China domestic market was largely impacted by the viral resurgence as strict pandemic control, limiting the hotel business performance. On the other hand, hotel booking on our international platforms remain robust and above the pre-COVID level. Transportation ticketing revenue for the fourth quarter of 2022 was RMB 2.2 billion, representing a 45% increase year-over-year and a 16% decrease quarter-over-quarter, recovering to 64% of the 2019 level. For the full year of 2022, transportation ticketing revenue was RMB 8.3 billion, representing a 20% increase from 2021. The domestic transportation recovery momentum was disrupted by the resurgence of COVID cases for the fourth quarter, while our international air saw the sequential improvement compared to the previous quarter, mainly driven by the steady improvement in the Europe and U.S. markets and a robust recovery in the Asia Pacific market.

Packaged tour revenue for the fourth quarter of 2022 was RMB 164 million representing a 7% decrease year-over-year and a 58% decrease quarter-over-quarter, recovering to 21% of the 2019 level. For the full year of 2022, packaged tour revenue was RMB 797 million, representing a 28% decrease from 2021. Corporate travel revenue for the fourth quarter of 2022 was RMB 277 million, representing a 25% decrease year-over-year and a 25% decrease quarter-over-quarter, recovering to 74% of the 2019 level. For the full year of 2022, corporate travel revenue was RMB 1.1 billion, representing a 20% decrease from 2021. Air ticketing bookings on our corporate travel platform was impacted by the pandemic control measures and the limited flight capacity, while accommodation booking continued to gain momentum despite pandemic challenges and was double the 2019 level.

Excluding share-based compensation charges, our total adjusted operating expenses were 15% lower than the previous quarter and was a saving of 33% compared with the same period in 2019. For the full year of 2022, total adjusted operating expenses were 34% lower than the 2019 level. This reflects our effective cost control and efficient operating management across business lines. Adjusted product development expenses for the fourth quarter decreased by 16% from the previous quarter and was a saving of 20% compared with the same period in 2019. Adjusted G&A expenses for the fourth quarter remained flattish compared to the previous quarter and to the same period in 2019. For the full year of 2022, adjusted product development expenses and adjusted G&A expenses were 20% and 11% lower than the 2019 level, respectively, as we continued to run lean and maintain a stable headcount.

Adjusted sales and marketing expenses for the fourth quarter decreased by 21% from the previous quarter and 55% compared with the same period of 2019.For the full year of 2022, adjusted sales and marketing expenses were 55% lower than the 2019 level as we continue to stick with our stringent cost control protocol. Adjusted EBITDA was RMB 286 million for the fourth quarter compared with RMB 54 million in the same period last year and RMB 1.4 billion in the previous quarter. Adjusted EBITDA margin was 6% for the fourth quarter compared with 1% in the same period last year and 21% in the previous quarter. Diluted earnings per ordinary share and per ADS were RMB 3.12 or USD 0.45 for the fourth quarter of 2022 and RMB 2.14 or USD 0.31 for the full year of 2022. Excluding share-based compensation charges and fair value changes of equity securities investments and exchangeable senior notes. Non-GAAP diluted earnings per ordinary share and per ADS were RMB 0.76 or USD 0.11 for the fourth quarter and RMB 1.97 or USD 0.29 for the full year of 2022. As of December 31, 2022, the balance of cash and cash equivalents, restricted cash, short-term investment, held-to-maturity time deposits and financial products was RMB 60 billion or USD 8.6 billion.

Now turning to the first quarter of 2023. We would like to share some colors of our businesses. Since the lifting of COVID related travel restrictions, China domestic travel market has seen very strong release of pent-up demand in the first 2 months of 2023, with industry level air passenger volume recovered to around 80% of 2019 level and hotel RevPAR fully recovered in recent weeks. The international flight capacity also recovered to 15% to 20% of the pre-pandemic level and continues to moving up. Quarter-to-date, we are glad to deliver strong results across our business lines. First, for our domestic hotel and air bookings have already surpassed the 2019 level. Second, our outbound travel bookings have grown by more than 300% compared to the same period last year. And our hotel and air ticketing bookings on our global platforms continued to grow by triple digit year-over-year. To conclude, the lifting of pandemic-related restrictions and the reopening of country borders have been an important driver to the recovery of global travel and our businesses. We acknowledge the uncertainty regarding potential looming new waves of COVID that may disrupt the recovery trend. However, we are confident in travelers' strong desire for travel and our ability to handle challenges. We will keep the operation lean and continue to enhance efficiency and invest to seize opportunities in the coming future. With that, operator, please open the line for questions.

QUESTION AND ANSWER

Operator

(Operator Instructions) First question, we have the line from Brian Gong from Citi. Please ask your question.

Brian Gong *- Citigroup Inc., Research Division - Assistant VP & Equity Research Analyst*

Good morning James, Jie, Cindy and Michelle, thanks for taking my question. So management mentioned we have seen decent recovery for the investment in our business. So I just wonder, can management share a bit more color and details on the performance for our domestic outbound and international platforms respectively in recent weeks. Thank you.

Jane Sun *- Trip.com Group Limited - CEO & Director*

Yes. Thank you, Brian. Our performance for domestic outbound and also international are very strong. For the domestic business, we have already seen hotel and air tickets surpassed pre-COVID level. For outbound business, we have seen 300% quarter-to-date growth compared to last year. Although the air ticket capacity has not fully recovered yet. Thirdly, on the platform for global platform, we have seen 3 digits growth in the regions. So we are confident that we can work hard to capitalize the opportunity in 2023. Thank you.

Operator

Next question is from the line of Alex Poon from Morgan Stanley.

Alex Poon *- Morgan Stanley, Research Division - Equity Analyst*

Thank you. Congratulations management on extremely strong results and year-to-date performance. My question is related to our expectation for rest of the year 2023. Will total revenue fully recovers to the pre-COVID level sometime this year?

Cindy Xiaofan Wang *- Trip.com Group Limited - CFO & Executive VP*

Thank you, Alex. Despite very limited visibility due to comparatively short booking windows compared with pre-COVID period. We expect that the recovery momentum of the China domestic travel will remain robust. And that of the outbound travel will continuously to improve with increasing cross-border flight capacity in a healthy macro environment. With regard to our international brands, they are all on the right track to gain market share in respective markets, and we expect to maintain the growth momentum in this year. So in summary, we were working very hard to make sure that we are going to continuously to gaining market share, both for the China market, including China domestic and China outbound as well as for the international market, which will help us -- help our revenue, hopefully, to go almost back to the normalized level.

Operator

Our next question comes from Jiong Shao from Barclays.

Jiong Shao *- Barclays Bank PLC, Research Division - Analyst*

Thank you very much for taking my question and congrats on the very strong results and outlook. My question is around margins. You have sort of optimized your cost structure during the pandemic. Now the demand is recovering, your top line is growing very fast, but you also need to balance keeps the kind of cost efficiency while investing enough to capture the growth. So I was wondering how you balance that. And remember, around pre-COVID, your OP margin was around 20%. And sort of how we should think about getting to that level or even exceeding that level by end of the year. I think your longer-term guidance on the margin is around 20% to 30%, if I'm not mistaken.

Cindy Xiaofan Wang *- Trip.com Group Limited - CFO & Executive VP*

Yes. We actually are very glad to see the efficiency improvement across brands and business segments through the past 3 years. For example, the improvement of our back-end operating system allow us to maintain extensive coverage and active product innovations with smaller size of product sourcing team and also our content strategy has contributed to higher user engagement and conversion rate, which also help us to improve the marketing efficiencies. Yes, in the long run, of course, we don't take, for example, margin as a target, but as a natural result of a healthy, more healthy business growth and disciplined cost control. And we believe the majority of our business segments are currently operating at better margin comparing to pre-COVID level on an apple-to-apple basis, and we will benefit from better scalability and synergies between our brands. And we are very confident to achieve a healthy, as we guided before, 20% to 30% level healthy margin, while driving very sustainable business growth in the future. However, in the very short term, the net in outbound business recovery and increase the mix from international OTA business will also, to some extent, negatively impact the group branded margins. But even for this year, our team will work very hard trying to have a very healthy and fast growth and at the same time, to maintain a healthy margin. For the questions for the next question.

Operator

Next, we have the line of Alex Yao from JPMorgan.

Alex C. Yao *- JPMorgan Chase & Co, Research Division - Head of Asia Internet and New Media Research*

Congrats on strong demand recovery. I think it's reasonable to assume that you guys will go through a period of very strong pent-up demand recovery. But how do you guys think about the growth strategy and the growth rate target post the pent-up demand period, for example, what's your growth strategy and growth targets for 2024 and 2025? Accordingly, how do you plan to allocate the resource during the pent-up demand period versus the normalized growth period?

Cindy Xiaofan Wang - ***Trip.com Group Limited - CFO & Executive VP***

Thank you, Alex. In the past (inaudible) all the players in the travel industry, but it also make Trip.com Group growth a stronger company. In terms of growth drivers for the China domestic market, firstly, we will continuously to expand our customer base, especially in the lower-tier cities, which have a large growth potential from rapid urbanization. And meanwhile, we will focus on higher user engagement and stickiness which will translate into higher user spending and frequencies. For example, we drove higher cross-selling ratios from transportation to accommodation and other services and extended the user case to cover more short-haul travel scenario. In addition, our comprehensive content platform does not only provide users with inspiration and planning, but also opens the door to travel advertisement opportunities, which is estimated to be over RMB 90 billion in 2019.

Second, and most importantly is the outbound travel. Trip.com Group is one of the few companies that were able to maintain its engagement with both Chinese customers and international travel suppliers in the past 3 years. Therefore, we are very well positioned to continuously to benefit from the strong pent-up demand for the outbound travel. For example, in the recent months, although the industry level, for example, the air capacity is still at around recover to 15% to 20% level. But our outbound travel business has significantly outpaced the industry growth to going back to over 40% compared with the pre-pandemic.

Third, for the international brands and international markets, we have made significant progress in unifying our back-end operating systems, standardizing the international front-end product aligns services with our domestic standard. All these initiatives will help us to drive long-term synergy among our international brands. And we are also very delighted to see the promotion of inbound travel being inspired in China's 45-year plan. With our high-quality one-stop travel platform and user bases, we are confident to make great contributions to the country's inbound tourism once it starts to gain momentum. So in summary, with these 3 drivers, we think even in the long run, we can maintain and continue to have a very healthy growth rate at double digits, at least double-digit growth rate in the next couple of years.

Operator

Next up, we have the line from James Lee from Mizuho Group.

James Lee - ***Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Internet Sector Analyst***

Given the bottleneck on the flight capacity you guys laid out for outbound travel, how should we think about the shape of that recovery curve? And what are the top destinations you're currently seeing in your search results?

Jane Sun - ***Trip.com Group Limited - CEO & Director***

Thanks, James. We have been in discussion with the airlines. They are doing their best to revamp the capacity. Based on our discussion right now, the capacity is about 15% to 20%. And hopefully, by the end of June, we'll see about 50% recovery, by the end of the year, we'll see pretty much its recovery to 80% to 90% of the capacity. And our team will be able to outpace the market, as Cindy said. Right now, although the outbound capacity is only at 15% to 20%, but our volume already recovered to 40% of pre-coated level. So we are continuously working closely with our global partners to make sure we serve our Abound customers with a strong product and service

Operator

One movement for the next question. We have the line from Thomas Chong from Jefferies.

Thomas Chong - ***Jefferies LLC, Research Division - Equity Analyst***

I have a question regarding the accommodation segment. Can management comment about the accommodation pricing trend in the domestic market in Q1 and 2023. Are we seeing a similar situation like U.S. and Europe market?

Jane Sun - ***Trip.com Group Limited - CEO & Director***

Thank you, Thomas. For the domestic travel, average price may go slightly up when demand fully recovers to and surpass the pre-COVID level, which may also be offset by potentially higher mix from the lower end and lower-tier cities. We don't -- therefore, we don't expect a huge surge in price in China because, firstly, the hotel and air supplies are still quite stable comparing to pre-COVID levels. And overall coal price index in China is still at low level. But for the outbound travel business, the average -- yes, the average air price is significantly higher due to flight capacity constraints. And we believe the price will decrease as the will decrease as supplier increases. And the average hotel price for our outbound travelers However, it's still lower than the pre-COVID level due to the imbalance recovery status among destinations. Of course, as you mentioned, for the Western European U.S. markets, the ADR increased quite significantly. While for most of the Trip.com Group's target customer, they are in the Asia Pacific area, where the ADRs are still depressed compared with the pre-COVID level. Thank you. Thank you for the questions.

Operator

Next up, we have the line from Simon Cheung from Goldman Sachs.

K. Y. Cheung *- Goldman Sachs Group, Inc., Research Division - MD*

I got a quick question, just again related to your comment about competitions, hearing that you're actually penetrating into rural area and you have strategy going overseas. And perhaps can you help to quantify with all those comments with some numbers? And when you look -- thinking about the profit margin or the profitability of the respective business, i.e., the rural domestic business alongside with the outbound international business. How are we -- how are they different and also the trend compared to historically?

Jane Sun *- Trip.com Group Limited - CEO & Director*

Yes. The margins, if you look at our margin level in, for example, the most profitable segment, for sure, is the outbound travel business. And the second one is our domestic businesses. And for the international part, for example, our Skyscanner business or the other well-established international brands, they also have very healthy margins. But for the Trip.com business, it's still in the investing period and still have some losses, but we -- our team will work very hard to drive the efficiencies of our growth strategy for the Trip.com business. In terms of the lower-tier cities or lower end of the market, yes, during the pandemic, we've been very successful in gaining a lot of market share in the lower end of the business. Their total revenue contribution has comparatively increased. However, for the margin profile of our domestic business, we I think still the mid- to high end of the business or mid- to high end of the customer base contribute most of our margins. And even after the -- yes, especially during the pandemic, we've been very -- working very hard to increase the efficiencies across all the business lines. I think after the pandemic, we have the confidence to continuously to maintain this efficiencies also including the China domestic business. So we don't think the margin will be impacted because of the revenue mix between the mid to low end to the high end because not only from the mid- to low end of the business, we are gaining market share. We also further strengthening our market share in the mid- to high end of the hotel business. That is very critical to our overall margin profile in the future.

Operator

We have another question from the line of Wei Xiong of UBS.

Wei Xiong *- UBS Investment Bank, Research Division - Research Analyst*

I want to follow up on competition from a different angle as well as your content strategy. So given the backdrop of very encouraging travel market recovery this year, I'm just wondering if we see any changes in the competitive dynamics from short video platforms? Or do we anticipate potentially more competition in the travel market from new entrants? And also related to that, could the management update on the progress of our content strategy just to defend our market position there.

Jane Sun *- Trip.com Group Limited - CEO & Director*

Yes, it's quite natural because I think travel industry is one of the most attractive industries in the world. That's why we always can see a lot of players or potential players that are trying to enter into this space. However, yes, we are very -- as always, we are very confident in the bright future of this industry. But at the same time, we have seen the contact platform is pretty much focused on the location-based service and presale products, of which the overlap with our core business at this moment is quite limited. And of course, we -- as always, we will closely monitor the market situation and we'll keep the investors updated. But most importantly, we still think we will remain very focused on developing our core capabilities such as our strong product innovation and service and fulfillment capabilities so that we will make sure that we provide always the most reliable services and frictionless customer experience to the customer. Yes, we are very fortunate to be in this promising industry. And as always, we will make sure we do the best in the core competence in this industry because we are the experts.

Operator

One moment for the next question. Next up, we have the line from Joyce Ju from Bank of America.

Lixin Ju *- BofA Securities, Research Division - VP in Equity Research & Research Analyst*

Good morning management. My question is regarding the international business. Could you actually help elaborate more about your strategy for Trip.com? When do you expect the business to be profitable? Trip.com is going to take share from which global competitors, what are your key competitive advantage to gain share?

Cindy Xiaofan Wang *- Trip.com Group Limited - CFO & Executive VP*

Yes. Trip.com is gaining a lot of momentum. The strength for us is a couple. First of all, we provide one-stop shopping platform. So when you log on Trip.com, consumers will be able to find everything they need when they travel abroad. Secondly, the user's experience on APP is very smooth. That is also many years of experience starting from Asia market. Thirdly, we also focus a lot on customer service. We offer 24 hours languages and timely response to our customers. And very lastly, I think utilizing our strength from outbound, we will also be able to negotiate very good deals for our customers all over the world. So these are our strategy. It's an integrated game plan starting from Asia to the rest of the world.

Operator

Next, we have the line from Tian Hou from TH Capital.

Tianxiao Hou *- TH Data Capital - Founder, CEO & Senior Analyst*

Yes. I have a question related to the native AI. So we're expecting to see that the (inaudible) already launched a new AI chatbot based on the technology of ChatGPT. So can you share us some information about current status of your AI chatbot and also the potential applications of such tools to your business? What's the potential?

Cindy Xiaofan Wang *- Trip.com Group Limited - CFO & Executive VP*

Our new AI TripGen is at very early exploratory stage. It mainly have 3 functions. First of all, it enables our customers to find more relevant information faster and more efficient. Secondly, we are able to link their search results to our existing products more efficiently. And thirdly, it will also enable our service team to provide better services. We are working very hard try to improve our efficiency by utilizing the new technology as always. But it's still at the early stage.

Operator

Thank you. Thank you for the questions. That concludes the Q&A session today. I would now like to hand the call back to Michelle Qi for closing remarks.

Michelle Qi *- Trip.com Group Limited - Senior IR Director*

Thank you. Thanks, everyone, for joining us today. You can find the transcript and webcast for today's call on investors.trip.com. We look forward to speaking with you on our first quarter of 2023 earnings call. Thank you, and have a good day. Thank you very much.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

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