The following except is taken from (downloaded on 28th February 2017) <http://www.recode.net/2017/2/27/14752834/german-hotel-search-company-trivago-ceo-rolf-schromgens-diversity-innovation-startup>

On this episode of Recode Decode, hosted by Kara Swisher, [Trivago CEO Rolf Schrömgens talked about the innovation community in Europe](http://www.recode.net/2017/2/15/14606172/countries-that-fear-immigrants-are-killing-innovation), the importance of diversity and the evolution of the hotel industry.

You can read some of the highlights from the interview at that link, or listen to it in the audio player above. Below, we’ve posted a lightly edited complete transcript of their conversation. If you like this, be sure to subscribe to **Recode Decode** on [iTunes](https://itunes.apple.com/us/podcast/re-code-decode/id1011668648?mt=21), [Google Play Music](https://play.google.com/music/listen?u=0#/ps/I6dhsmawwlxfbztmkoslnyrqtee), [TuneIn](http://tunein.com/radio/Recode-Decode-hosted-by-Kara-Swisher-p795646/) and [Stitcher](http://www.stitcher.com/podcast/art19/recode-decode).

**Kara Swisher: Today in the red chair is Rolf Schrömgens, the CEO of Trivago, which he co-founded in 2006. Trivago is based in Dusseldorf, Germany, and was the first hotel search engine in the country. Today it operates in dozens of countries and went public on the Nasdaq late last year. Rolf, welcome to the show.**

**Rolf Schrömgens**: Thanks a lot. It’s a pleasure to be here

**Anyway, I’m glad to have you because we don’t get many European entrepreneurs and I don’t know why. We ignore them completely and it’s our fault.**

No, maybe there are not so many, so ...

**There’s not so many, I was not trying to insult you, but it is harder to find them across the globe. There’s a lot of American entrepreneurs and a lot of people from China and Israel, but ... But we’re gonna talk about that issue in a little bit. I want to talk about what the scene in Europe is like. Now, you guys went public last year, just late last year, so recently.**

Mm-hmm.

**Talk a little bit about the background of the company and how it was started, and your entrepreneurial journey.**

Yeah. Trivago is a hotel search.

**Yeah.**

So we’re trying to find you your ideal hotel and ...

**We’ve seen the ads.** [**We love the ads late night in the U.S. of A.**](https://www.youtube.com/watch?v=YRmLcUIqCHI)

Yeah. Good. Good. So you’re one of the few who love the ads. That’s good.

**Yeah. No, we hate them, but we remember them. We remember them.**

You remember them, so they’re working.

**Mm-hmm, yeah, exactly.**

So unfortunately these ads are working and that’s why we show you more of them.

**Okay, good.**

So at the end, you know, it’s all about the algorithms and learning. And at the end, when people react to them and can remember the name, then, at the end you have to air more.

**Yeah, all right.**

So we started the business in 2005, around 2005. My first company, I did it the old-school business-student way. So basically raising lots of money very early, burning lots of cash, losing lots of money. And after a year, being left with a very small part of the company. And basically ...

**What was it about? What did you do?**

Ciao.com, it was basically a consumer website. We were also doing price comparison and reviews, so we were the first [there].

**Similar area.**

Yeah. First review portal, basically, in Germany. But for consumer products. So not sure if you remember this, Epinions?

**Yes. Of course. Yes.**

And that was basically the Epinions of Europe. And that was in the 2000s. ’99, 2000s. And when we started Trivago a few years later, actually we were not so sure in which direction we would move the business model, but we were super sure that we would not want to do this again. So when we started Trivago it was rather about bootstrapping and not taking up so much money so early in the process.

And so what do you do if you don’t have money, but you need to develop an application? You have to learn coding yourself and that’s what we did. So we learned coding and created an early version of Trivago and for the first two years or so basically we did that. We just coded everything ourselves.

**And so what was the concept behind the idea? Why travel search? Because there’s Kayak in this country, there’s Google, obviously, there’s lots of ways.**

Yeah. I think for us it’s more an evolutionary process. So we had a very romantic idea when we started so we wanted to kind of have a commercialized Wikipedia for travel. So that was our very initial idea. Was not so much about search.

**Meaning what?**

Basically we really loved the idea of Wikipedia, but we thought we could basically commercialize it and give the money to the writers, and just provide the infrastructure of it. And that was the idea basically. And then it worked okay so we could make a living so that was okay for us to just earn enough to make a living for the first one, two years.

And then people started to look at the performance of banner advertising and they came to us and said, “Guys, you know, we gave you 5,000 bucks last month, but there was not any booking coming to our site.”

And we told them, “Okay guys, actually it’s not our fault. You’re basically showing super-untargeted advertising on a site, so how should they ever work? How should somebody convert on your side?”

Contrary, when we show an article about the Eiffel Tower, you cannot just put next to it basically your advertisings of hotels close to the Eiffel Tower. We’re going to the Expedias and the Bookings of this world and they were all saying, “No, you are not able to do that. We don’t have an API that could provide you, we don’t even have access to the database ourselves.” So stuff like this, right?

And we said, “If you can’t do that, we can.” And we bought the program, basically bots imitating user behavior going to the website, grabbing the data from there, and showing the ads next to our articles. And what you do then ... You do that for the first advertising, for the second, for the third, and now you’re seeing all your site is messed up. Why? Because they all have the same hotels.

**Right.**

So you look at the site and say, “They all have the same hotel and different prices and it doesn’t make sense so much to show it like this.” So then we started creating a database and putting all these different apps, basically, attaching it to each other. So we show the hotel only once and all the prices underneath. So that was a super evolutionary process. It’s not like we came with a brilliant idea ...

**Then you’re on travel search, right?**

Yeah. Doing the travel search. No, no. So for a long time, because we were so attached to this community idea, for even two more years or so, we didn’t even realize that more and more people were not even using us anymore for reading the articles. They were just looking at the ads.

So the ads became more and more space until 2008 we really decided what we wanted to be and I think that was a major step change in the development of Trivago. So basically for the first two years, 2006, 2007, we still got some funding. It wasn’t much, we got like 1.4 million in external capital funding.

And then in 2008 we really said, “Okay, now we have to …” Money was running out basically. And we were saying, “Okay, now we don’t want to go into finding grants and so on again. We want to be profitable. So we have to nail down what we want to be and what we not want to be.”

**Right.**

And in that time we really took the decision to say, “Actually we just want to care for hotels. So we don’t want to do flights, we don’t want to do package deals, we don’t want to do anything else, just hotels. We only want to be a search, at the end it’s about technology and creating a search. So we don’t want to be a community and we don’t want to be in OTAs — online travel agents — so we don’t want to sell stuff, we don’t want to be a shop.” Right?

**So leads.**

We just want to create a search. A perfect search experience. And the third important decision that we took was we want to be independent from Google. Because at that time 90 percent of our traffic was coming from Google. It wasn’t actual search traffic that we were seeing. “Okay, if we go on like this, this will not be a sustainable model.” Right?

So we said, “We have to take a decision, we have to become independent from Google. We have to get people directly to our site.” And that was basically the really important decision for us.

**Because they run the show then.**

Because ... So if you just get traffic from others, they basically get paid at the end. So you basically only get paid for the value created in between. But the most important thing is getting people’s attention, getting people to you directly. And we were foreseeing Google will probably — natural search — will be disappearing over time and we are foreseeing that.

And then we said, “Okay, the only chance is we have to build up a brand so people have to come to us directly. We have to tell them about our service.” And that was a very important decision: To go into brand marketing.

**Right.**

And from that point on we basically always took the money we made through natural search traffic and directly put it back into the business, and basically, did more and more brand advertising. And so, basically, we converted the site, where 90 percent of the traffic was more or less coming from natural search traffic, to a site where three out of four bookings are basically coming from brand traffic today.

**So they just would type in Trivago?**

Yeah the type in Trivago start the search.

**So when you’re getting into a search business, you obviously have Google sitting there. And they have a very aggressive travel search thing. How do you differentiate yourself as an entrepreneur? I talk to a lot of entrepreneurs and some have to go up against Facebook some have to go up against Google.**

Google is always a competitor, right? And it is for a very long time. So I think the good thing is that in 2008 we were already foreseeing that and saying, “Okay, it can’t go on like this. We have to build a brand ourself.”

And the question is always how you look at it. What’s aggressive? Actually, I think we are aggressive. Because we take and share from Google every day. In the old times, people were always going to Google when they were looking for a hotel. And more and more of these people come to Trivago. And also when you’re looking at Google, looking at Hotel Finder, for example, they started in 2010. And actually when they started, I remember that very well. Because one of our managing directors today, he was an intern at that time. And he stood up in a company update that we do every year, and he stood up and said, “Guys, why are we here? Google is starting Hotel Finder. We’ll have no chance.”

And that was 2010, and it’s now six years and I still think that the product is not bad ...

**Is that the reason? That they just don’t have focus?**

See, I think the problem is if an organization becomes larger and more complex, a very interesting mechanism happens within these organizations. And I don’t believe there can be one company who explains to the world at the end. It’s just not possible because into actions become more complex, people cannot talk to each other anymore, so it’s just a complexity. It’s not because there are not very smart people there. It’s just a complexity growth exponentially.

And that’s why I don’t believe in this idea of one company doing it all. And I think that is something they might realize, actually. They might realize over time that today you expect from a search more than getting website results back. So the expectations toward a search or towards a person in the system, or whatever, they’re so much higher today.

**Right.**

To really go deep into that ...

**Whatever the topic happens to be ... right.**

... in every single vertical, and every single vertical is so super hard. And I think maybe it would be better for companies like this, for Facebook, for example, doing it, maybe it would be better to create a platform. Or maybe what I think how the future would look like is rather a platform of vertical searches rather than one search does everything for you.

**Right, right. That they would do that. That they would have a platform for vertical searches.**

What is the ultimate thing that you would do? Right? So if you realize you can’t do it yourself, you’re just not able to go into all these verticals and do it yourself, then you basically use the access you have and create a platform. And, of course, Facebook it’s way easier to do that, because they don’t have the legacy, right? They don’t ever try to explain the work. So they can create with Messenger, they can create a platform. For Google, of course, it’s way harder. But I think that’s the problematic thing of a large company and being in a field for such a long time.

So what I always think is knowledge within the company, or intelligence within the company, crystallizes. So basically the company becoming larger and larger, and more and more of the knowledge crystallizes. So it’s not dynamic anymore. It’s not challenged anymore within the company. And it’s super, super hard, and I’ve seen this with Trivago every day, it’s super, super hard when an organization becomes larger, to keep it still liquid. To keep it still reactive.

**Reactive, yeah.**

Reactive. So, basically, liquid intelligence. Basically constantly challenging itself and constantly learning. And, I think, if there’s one thing about Trivago that is really different, it’s not our advertising campaign, or whatever. So what’s different about Trivago is we are a learning company. Super-fast learning and very liquid company.

**So you shifted, once, you shifted from a Wikipedia version of yourself, which is a content site. That’s essentially what you have is a content site. That had some ads for looking on it, and now you’re a travel search site, essentially.**

Hotel search.

**Hotel search. How do you then begin to iterate? You talk about being a liquid company so now you’re doing that. You went public on this premise, the idea that you need hotel search. And you’re global now, you now compete against ... Who would be your biggest competitors at this point? Besides Google?**

I don’t know. I would say Google.

**Hotels.com.**

Google is definitely the largest competitor so I don’t see another competitor there really in our space. I think nobody really tries to be a competitor of ours.

**Why is that?**

Why is that? So the space is, basically, on one hand you have the shops — and I speak about Hotels.com, it’s basically a shop, right? So they have a limited amount of availability of hotels on their website and they’re selling room nights. Like Expedia, like Hotels.com, like Booking.com, and so on and so on. They only have access to a very limited set of inventory, yeah? So that is a cool value proposition because you own the customer. They want to own the customer, that’s great. We don’t own the customer.

On the other side, you’re losing out, because if you’re a search, you’re always losing out and showing an inferior search result. Structurally inferior. Why that is? Because you can only show parts of the hotels. Parts of the inventory. You never have the full overview. So you never have all the inventory.

And we are very agnostic and very independent in a way that we want to show everything. So we want to build just a marketplace and everybody should come in and everybody should show their rates on Trivago and we are agnostic where the user goes at the end. So we show him the cheapest price, but if he wants to go somewhere else, that’s fine too.

So if they have a strong brand that people always will want to book with that brand, that’s good, right? They just should see that there’s a price difference and they should take a decision. So we just want to have transparency. That is a very clear statement: We never want to be a shop. We never want to sell people something. That is also engraved in the culture of the company, for the empowerment.

**So you’re a mini Google, essentially. So you’re trying, in a lot of ways, you don’t care where they go once they use your service.**

Actually we don’t look so much outside, so we never wanted to be like somebody. We don’t want to be like Google, or like somebody else. We always tried to find our own solutions to problems.

**Okay. When we get back we’re going to check where not just the hotel, but the travel industry is going. There have been a lot of changes and things like Airbnb, and Kayak, and all the others, and I’d like to get some sense of where you think this is going, going forward. And how people get their information about travel because it is shifting pretty dramatically with mobile and social and other ways.**

[ad]

**I’m here today with Rolf Shrömgens, he’s the CEO of Trivago, which is a hotel search engine. We’re talking about the issues around search. But I think we’re gonna talk about the larger issues around travel, and where it’s going. It’s shifted really dramatically over the past couple years with the ascendance of Airbnb and all kinds of apps, and mapping, and things like that. Can you talk a little bit about the larger picture of where it’s going? Is it gonna have lots of these different services or apps, and we’re gonna use them, or is there something else brewing**?

I think it’s interesting to think about, but I don’t see that much of a dramatic shift. I think that to the outside, the shift looks more dramatic because, basically, Airbnb got lots of attention, right? But if you’re looking at it really more rationally, then you see that Airbnb is still making up a very, very small percentage of the hotel market.

And that doesn’t mean that it’s not a very interesting direction where we will move to. It’s just, the shift is probably less dramatic than it might seem from the outside. And I think, at the end, I think it’s a very artificial kind of separation of saying, “This is a hotel, and this is an apartment house, and this is a private apartment, and so on and so on.”

So I don’t see the difference ... I don’t believe in a world in the future where we will have categories like, “This is a hotel, and this is whatever.” So that’s one thing. I don’t believe in a world that has categories. And building a continuum of basically substitutable services. So the need is, “I want to stay the night, or several nights, in a place.” So that’s what you want to do. That’s a need. Whatever solves that problem is fine. It could be Airbnb, it could be HomeAway, or it could be Booking.com, or whatever. And I think that’s the approach that we’re taking. So whatever we sent you that’s fine, right? So we want to solve that problem. We want to solve the problem getting into the ideal place for you.

**Right. You have just hotels in your search right now, not Airbnb.**

Yeah, we don’t have Airbnb right now in, but we have private apartments in more and more. And the thing is, that’s a very classical thing. So we have lots of traffic, but at the end, the shelf space, basically, all aside, is still limited. So it’s really hard to ... If you want to have a Hilton hotel, and you have, I don’t know, 1,000 rooms in a Hilton hotel, and put it next to an Airbnb apartment, it’s quite tricky, actually, in terms of commercialization. So basically what helps us here is ... What we don’t believe in is things like tapped resources or ...

**What’s this mean?**

This means tapped, basically, you can choose either to go to hotels and then you can choose to go to a private apartment.

**I see. Yeah.**

So, basically, why should people do that, right? They can go to Airbnb directly and so on. That’s not the solution for the problem. The solution for the problem is that if I find out that you would book a private apartment and that would be a great option for you, you should see that. And you should see that directly in the result. If you’re only booking a private apartment, basically that should be the only result.

What helps us here is personalization. So getting more and more data, learning more and more about our users. And using that data to show more and more personalized search results. So that in your case when you are probable to, basically to, in the end, book a private apartment, you should see private apartments. But other people who are not interested, they should not see it.

**How are people going to book in the future? How do they look at travel? Because first we used to go to travel agents and rely on them solely. Or you couldn’t book with airlines, then airlines had websites, and I book directly with them most of the time. And then you have these "multi-services" like Expedia. Now Expedia was one of your big owners, correct, before you went public?**

Mm-hmm.

**And then you have these Airbnbs and these search services, and it feels fragmented all over the place in terms of how it works.**

Yeah. Of course. And you don’t want to deal with that. You need a search. You need a search aggregating all that information that you see there because it’s just too much information. And right now it’s a cumbersome process.

Going to one website and looking at some reviews. Reading reviews. At the end you get only the very small part of the possible hotels — you’re getting access to, you’re getting information from. So you’re going to London. There are 3000 hotels in London, and you never get access to 3000 hotels. You get access maybe to like five where you get an opinion about and then picking one. When you’re thinking about a perfect world of information in the future, can we really imagine something like that? That this happens? That you really read through thousands of reviews to find a hotel?

**Right. So how does that change?**

It must change to a service that really understands what you exactly want and show you exactly the hotel, which is your ideal hotel in London, and there’s no doubt about that. Because there is only one. There’s only one hotel in London ...

**How do you get to that? How do you get to that concept?**

First of all, on one hand, you have to profile users. So you have to understand really what they want. I have to understand what you want and what are your preferences. And you can do that directly, indirectly, I can use your location, I can use your history, I can use your interaction with a website or whatever. So I can get quite an understand of what you want. Of course, I don’t know everything about you, but every bit of information helps me to improve search results for you. Every bit of information is good.

And on the other side, we profile hotels. So we trying to get a really, really good understanding of how does a hotel score on the criteria that is important for you.

**Right. Once you’ve gotten that.**

So for you, the criteria “clean” is important. Or that you have a high probability that the criteria “clean” is important.

**Well, for whom is “clean” not important ... Don’t you think?**

It’s different. No, no, no. I think it’s a difference of how important it is for you. We clearly see that. There’s a difference of how important it is for different people. And if we find out that it’s more important for you, we would not show you hotels, even though they are amazing, right? We would not show you a hotel which is not perfectly clean. We would not show that at the top.

**Right.**

Right? And I think that is currently not happening, but that’s a problem to solve. Because, in our understanding, that’s where the value creation happens. It’s not so much about the booking process and so on, because that is not the technological challenge. The challenge is really finding out what you want and profiling the hotels and matching that together.

**How are hotels feeling about all this assault on their businesses? They’re obviously fighting Airbnbs and other private rental apartments. Airbnb is the biggest bogey man for them.**

I think everybody who provides an accommodation, I don’t speak about hotels or Airbnb, or whatever. Because what I see is I look at Airbnb rather like eBay, eBay for accommodations. And what happened to eBay? When I started putting stuff on eBay, everybody put stuff on eBay, right? So it’s very unprofessional. A very unprofessional marketplace. Everybody put their stuff on. There was not a real professional service. And everybody thought, “That’ll be the future.”

At the end you’ve seen, no, professionalization is important. So today I don’t know what’s the percentage of eBay, but basically, eBay revenue is done by professional sellers. What I would say is 90 percent, probably. And I think that you will see the same thing happening with Airbnb and it’s starting already.

So you’ll get more and more professional service, because generally it makes sense that you don’t just do one thing but if you set up an apartment, you do it for 20 apartments and so on. And that’s why I believe, what I said before, there will not be a separation. So these business models will basically grow into each other.

**That’s an interesting concept, that the professional hoteliers will be on Airbnb. The ones who have 20 apartments or 15 apartments, whatever.**

I think it’s an artificial separation that will not hold to be true. It cannot hold to be true. So you will see content on Airbnb become more and more professional because otherwise it doesn’t make sense. It’s just not efficient to run single apartments. On the other side, you’re seeing the classical hotels going more and more into the direction that they become more and more like a private apartment. Like in the U.S., you don’t see that so often because you have these huge, huge hotel chains.

So in Europe you don’t have them so much. So in Europe you have more like ... You see hotel chain startups popping up. And these hotel chain startups, basically, the hotel’s look and feel is way more like an Airbnb apartment. You have your own place, you have a cool working space, so on and so on. So it’s melting together. So I think that’s what people see in the future.

**Why is there so much regulatory opposition in Europe? Everywhere across the world there’s regulatory opposition to this.**

To Airbnb generally? I think ....

**To the concept.**

I think it’s a bit unfair when they’re not taxed the same way. What I believe, if you have a market, people should compete in the market on the same level. And if hotels cannot compete because they are taxed and the others are not taxed, then there’s a problem. The moment where everybody is taxed the same way, I’m fine. So I think that is something I can understand, beside that, I think it will overcome itself. Because it’s just not good for the consumer in the end if you’re able to not be sustainable.

You basically asked, and I think it’s a good question, “How do hotels think about it?” And I think for them, it should be quite an interesting opportunity. I think we’re delivering them a very, very unique opportunity. Why is that? Because hotels, single hotels, they had a quite hard time in really getting people to their own website for a very long time. Why is that? Because when they were competing on Google, they were directly competing with the large OTAs. So what they have there, they have a structural disadvantage because they were just one hotel, so they don’t have this whole inventory, so they can’t cross-sell. And that is a structural difference. So even if they were to have the perfect technology, would have the perfect hotel, they’re basically not able to compete on Google.

**Or distinguish themselves, yeah.**

So on Trivago we deliver them, first of all, we deliver them the chance to just compete on their property.

**Right.**

Right? So because we show their own website, we’re showing that all together with all the OTA websites, so they just can compete on their own property. So that’s the first thing.

And then the other thing is that most of them, they are not so tech savvy. So the booking file doesn’t really work and so on, so we try to help them, actually. To empower them with technology to have a very competitive booking file. Because what we see is, the moment where a hotel has basically the same technology in place and competes on one property, they’re usually superior, so people want to book at their hotel.

**I see. Interesting.**

Hotels just don’t have a marketplace where they can really get to the customer directly.

**And then last in this section, what do you think about adding experiences and stuff? Do you see you all doing that too on your site?**

No. No, no, no, no.

**What do you think of that? That a lot of hotels are doing it, that Airbnb is doing it?**

Yeah, I’m just a strong believer in focus. So I think there can definitely can be a value, but we think we have to solve the problem. And our problem is, or the challenge that we want to solve is, getting everybody into their perfect place. And when we have solved that then we might do something else. But I don’t see us solving that in the next years.

**I see. Interesting. All right, we’re here with Rolf Shrömgens, the CEO of Trivago. It’s a German-based company and it’s a hotel search engine. And when we get back we’ll talk about where European entrepreneurship is, or not.**

[ad]

**We’re here with Rolf Schrömgens, the CEO of Trivago, which he co-founded in 2006. Trivago is based in Dusseldorf, Germany, and was the first hotel search engine in the country.**

**I don’t have, what I was saying earlier, a lot of European entrepreneurs in, and I don’t know why that is. Maybe I’m just a small-minded American, which is entirely possible, but talk a little bit about the scene in Europe. Because there haven’t been really big breakout companies. Spotify, I guess, would be a global worldwide company. Can you talk about the scene there? Is it because the countries are split up? Or what?**

I think there’s different reasons, and when you’re looking at Europe they are all so very different countries and also, different mentalities. Looking at Germany, which I can probably evaluate best is, first of all I don’t think Germans don’t have a very entrepreneurial mindset. So I think Germans are generally quite risk averse. And that is not a good thing when you want to start a company, being super risk averse. I think they have a competency in execution and they have a competency in engineering. They’re not making use of a lot of that competency. Because generally they are quite good in going deep into the machine room and tweaking little details and so on and so on. Germans have an engineering mindset and somehow we were not able to transfer that to the digital world.

**Right.**

Still it’s there. So that’s the advantage and I think execution is working quite well. And all of this is coming together, so I think the mindset right now, it’s shifting a little bit more. So we see now, in the last three-four years, we see more and more entrepreneurs. Berlin became, more or less, the startup capital of Europe. And there is a very lively scene right now popping up. I think the business models are ... you know, we don’t have this enormous amount of capital in the market. Still not.

**Not enough venture capital.**

Not enough.

**And not enough U.S. ones going there. The ones with the big bucks.**

Yes. It’s just a way smaller scene. It’s happening right now, but there was not this huge amount of money. So you see, companies are grown quite differently. And then, I think you have this very strong influence of Rocket Internet. You probably know Rocket Internet, which was ...

**Yes. Oh I know the Samwer brothers.**

Yeah, [the Samwer brothers](http://www.wired.co.uk/article/inside-the-clone-factory).

**Copiers.**

Yes. The copiers. And it’s not a very positive kind of energy, I would say. Still, there are really great and amazing companies coming out of that, but not because of that. Zalando, for example, is a German company which is, today, really doing great.

**Explain that. I’ve never heard of it.**

[Zalando? They are basically a fashion shop](https://www.zalando.de/). They are, I think, the largest European fashion shop ever. Evaluation of like €8 billion, or something like that. So I think they are one of the few very successful startups. And they were very well in execution, but on the other side they were also not so much attached to this copy Samwer culture they were basically born out of. But I think now more and more people realized that this just executing and not caring really for people in the business, but rather just for another short-term success, that this is probably not the way to go. And I think with that understanding more and more interesting companies pop up. And I see more and more of them. And I hope that we can get some effort also from the German government and to really support that mentality.

**Mm-hmm. Do they?**

I think it’s a really really lengthy process.

**Because?**

I think politicians, in Germany at least, they don’t have this mindset. They don’t see how fast the world is changing and if they want to be a part of the world of the future they have to move way faster than they’re used to.

**How do you get ... Is that the same across Europe? Because now you’re sort of rent asunder, right, with Brexit. So will that change it, or shift it? Was there a Pan-European mentality? Or not at all?**

No. There is a Pan-European mentality. And generally having the EU in that market is, for us, extremely helpful. Extremely helpful. Without the EU we probably could not exist as a company.

**Because?**

You have the euro, you have the same currency, but even more important is you can hire people from all over Europe and they can work for you. And you can tap into all these pools of different cultures. And when you’re looking at Trivago 80-90 percent of people started Trivago, they are coming from Germany. So we’re getting people from all over Europe but also all over the world. And lot of people from inside Europe. And Trivago is the way we are right now because we have all these different cultures in one place, and we have all this different mentalities. And I really believe that the problem gets solved better the more perspective you get on the problem.

**Yeah. Diversity, it’s called. Yeah.**

Yeah diversity, but it’s often it’s kind of past words often used. But yes, if you get more perspective on the same problem, whatever that perspective is, is good. And that’s why I think generally having that opportunity to get these different perspectives in, that’s a great thing.

**So does this Brexit ruin that? How do you look at that as an entrepreneur, and trying to foster innovation across an area of the world?**

Yeah. I hope not. I hope not. I mean, I think it’s ruining it a little bit for U.K. I really think this destroys a lot of underlying networks and I think people don’t see that so much. But they think it’s just a legislation, but there are lots of underlying works that are getting destroyed. And there is already kind of a trend where you see people moving over from London to Berlin, to Paris, and so on. So people moving, getting out, moving back. The worst thing would be if this kind of idea, this very nationalistic idea, would swap over to the rest of Europe. And I think that is the most important challenge. If there’s one important thing, also for Germany or America, is basically keeping the rest together. And not letting nationalistic tendencies swapping over to the rest of the world.

**Do you see that? Because I think it does squelch innovation if everybody’s working individually.**

Yes, of course! In the long run they can never be the ultimate solution. So this is a dark age we’re going through right now. Hopefully it doesn’t take so long. But it happened very often in history and in the end people become more globalized ...

**The Dark Ages is followed by the Renaissance.**

Right. Right. So you always see people standing up, and you cannot limit people’s mobility down. People will work wherever they are most efficient in the future. But they want to go? They will go. And there’s no chance to block that down. And whoever tries, can do that for a very limited time, but not in the long run. Anyway, we should be sensitive that this is happening and we should not let it happen just because it’s anyway ending someday. I see that, yes.

There is a Le Pen in France, there is Édouard in Turkey. So there are these tendencies. And even in Germany we have the AFD, which is a kind of right-wing party. And yes we have a very democratic ... That’s a good thing about Germany, we have a growing democratic culture, and when we have this sensitivity towards right wing and all kind of dictatorship and that’s the good thing. And that’s why we have a quite stable system. Even if a right-wing party gets 10-15 percent that will not destroy the system because there are enough democratic parties in there.

**But as an entrepreneur, what do you need then from your government? You need more risk? What would you like? Not just in Germany but across Europe, the EU.**

I think we do not have a really great immigration policy. Getting people ...

**We’ve got a worse one, but go ahead ... Right now, we win.**

Yeah but still I think at the end it’s about ... I see countries will compete like companies do today. They will compete for the best talent.

**That’s interesting.**

That’s why you have to change your mindset, and don’t have to see, “Oh, people from the outside, they want to take something away from you.” No, they are bringing something. And you’re saying yes you have a problem right now. Generally it’s a great culture.

**Right.**

And what we see at Trivago is, 90 percent of people coming from outside and we have this kind of melting pot of culture, you kind of have that in the U.S. And I think that reason ...

**We’re trying to ruin it.**

Yes, but the reason why the U.S. is so successful and so entrepreneurial and so on, it’s because there’s so many immigrants in here. And you have that melting pot. And you have that diversity. And that’s why it’s so successful. You basically got the most brave DNA pool from all over the world going in one country. And that’s what we’re trying at Trivago. Basically getting the most brave people over to Trivago.

That is how a country should act. Getting the smartest people, getting the most entrepreneurial people, getting them into your country. And that’s what I say. If the government doesn’t understand that, we have a big problem. Because what we see with companies will happen with countries, too. So small, liquid countries, fast-moving, learning countries, they will be super competitive and they will just disrupt the large countries.

**Absolutely. Yeah. That’s really interesting to think about.**

Also look at Estonia, for example, amazing what’s going on in Estonia. And I see this already, it’s a small country of I don’t know how many million people living there, probably not even a million. You hear so often about their financial system and so on and so on. Two weeks ago I was in Lisbon. I was talking to the new Ministry of Economics in Portugal. And he’s a former startup guy and he got website to Lisbon. Great thing for Lisbon. And there’s a huge startup culture now starting in Lisbon right now. And just because the politics are reacting and they’re really aggressive, and they see that. These small countries don’t have anything to lose.

**By being that way.**

Because Portugal has tourism and not so much more.

**Some nice meat and cheeses.**

But they have not so much to lose there. And they’ve seen that and said, “But no, technology, everybody can get technology. And we have the best talents.” They have the nice beaches where people can work. And they have a nice culture, so people love to be in Lisbon, so why not create a hub there for startups? And that’s what I see. So if the large countries are not moving they get ...

**In Europe.**

In Europe, worldwide. If they’re not moving, they will get disrupted as any large country.

**Where do you think, right now, the most innovative country in Europe is? Using Estonia, and now Portugal is moving ...**

Portugal is probably, I would say, they are quite innovative. I do not know enough about Eastern European countries but there might be also some of them who invested a lot into broadband penetration and so on and so on.

**It should be Germany, correct? I mean, one would imagine.**

Yeah, it should be Germany. The problem that you have in Germany, you have this high dependency from the large companies. So people love to look at the tradition of engineering companies.

**Right, Mercedes ...**

Mercedes, BMW and so on and so on. They love to look at these companies and I think they overweight these companies. Because, at the end, I’m a strong believer in that all of these established companies will be disrupted anyway. So at the end it’s about creating a vital startup ecosystem. That’s the only thing how you could tell someone.

**With money, with immigration ...**

With money, with immigration, so on. So that’s a way how you can survive as a society. Because these larger companies, they cannot change because they are basically ... They crystallized all their knowledge, it’s not moving anymore, they’re not liquid at all, so they cannot move, they have too much legacy ... But we love them. German politicians, they love to go to BMW, they love to go to Siemens, and so on. And to meet these important guys. But at the end, you need both.

**It’s not the future.**

In the U.S., yes, you have these large companies, but fortunately ...

**The ones that are celebrated are the small ones.**

But it’s right, that, because ... For a long time people thought about it like internet is a channel which you sell something there. Then they realized, “Oh no, it’s digitalization.” And digitalization disrupts.

I think at the end it’s the culture of learning that disrupts. And this disrupts every single vertical, every single company will be disrupted by the culture of learning. And then we will be going back to basically a liquid system.

So the culture of learning is just enabled by saying, “Okay, we have data now. And because we have data we can basically challenge ourselves and we can learn faster.” And that’s what we see in every industry. The more data you put into an industry, the faster it learns.

**Right.**

And that’s what we see all over the place. Just data is not enough. And that’s what I’m always promoting. Data is not enough, because you need a culture that allows you to use the data. It has to be a culture which is very rationally using data to take decisions.

**I see.**

And that’s the most important thing. And that’s often missing. You have data and you have all the systems in place, and so on. But then if you have the culture that really does not promote ...

**So when you talk about that culture, I have two final questions. One is I always ask entrepreneurs what a learning lesson they have for entrepreneurs is. For other entrepreneurs. A mistake they made or something they did very well. But before we get to that, when you’re talking about this idea of a learning culture and an open culture, what are Europeans looking at the U.S. for right now? Possible trade wars all of a sudden that open trade. We’re pulling out of all these trade agreements, the immigration ban.**

**What are you all thinking when you see the U.S. doing this? Is it just, “Oh my god, they’re killing themselves?” How do you look at it? If you could tell me briefly how Europeans are looking at what’s occurring here.**

The question is always, “Do I speak for all Europeans?”

**No. What do you think?**

So what I think ... Yes, yes. I think it’s a great opportunity for Europe generally and also for us as a European company to attract talent right now. And we want to attract talent. We want to attract talent from the U.S., and from Europe, and Asia, and so on. And I think sometimes it’s a feeling, it’s nuances. It’s not always like there is a reason. Of course you can still immigrate from China, but maybe it feels different now. So maybe this little difference makes you look at another option. Makes Germany look more attractive.

**Right.**

So I think that has ... Just the idea of it, just the emotions that are connected, without any rule, law, whatever, just the emotion connected with it that might cause a difference. And might lead people to different decisions.

**Right. Which will ruin this fantastic flywheel they have here going on in Silicon Valley. Or have for a long time.**

I don’t know how large the danger really is, but there is a clear tendency. And the question is, “How sustainable is this?” But yeah, there is a tendency.

**We’ll see. Last question. So give me one lesson you’ve learned as an entrepreneur. Which one thing that you think is critical to being an entrepreneur. If it’s different in Europe or not, or if it’s a global kind of idea.**

Destroy, in your company, everything that is related to ego. I think ego is killing a lot. Your company’s status, in the end, is basically nurturing the ego. So everything that is related to status ... If you feel people want to institutionalize power, kick them out. Because power should not be institutionalized within a company. Power should flow wherever. Basically, the right decision is taken where the most information is. And I think that is something. And all the systems I know, which are not working, are suffering from status and ego. And I think that is the most important thing.

**That is an excellent thing to end on. We’re here with Rolf Schrömgens, the CEO of Trivago. Thank you so much for coming.**