

HYATT: HOTEL CHAIN LEAVING GIANT OTA'S?



One of the world's largest hotel chains is fighting its online booking platforms (OTA). Hyatt is threatening Expedia and its partner portals that its hotels will leave the booking websites.

Hyatt has been negotiating with the online travel agency Expedia for months to gain more reasonable and competitive commissions as well as improved flexibility on the OTA portals. Apparently, there has been no agreement.

The US hotel chain is now considering turning its back on the online platform and its partners such as Hotels.com, Travelocity, Orbitz etc.

Many hotel chains as well as independent hotel properties have been fighting with the OTA's rates and commissions for years - to no avail. As a result, hotels often leave the OTA portals or use them as one of the marketing channels (see **best practices for [increasing direct booking](#)**).

Last week, Hyatt announced its intention to terminate the "Corporate Lodging" agreement with Expedia if an agreement is not reached by July 31. The hotels would not appear on Expedia portals anymore. Insiders speculate that this announcement was made for tactical reasons to increase the pressure on the OTAs.

In the letter to the member hotels, Hyatt justified the move as a "powerful step to reduce the distribution costs by shifting bookings at lower cost and more flexible channels". The hotel chain is confident that direct bookings and a sensible customer connection will increase profitability and reduce costs. The brand also quoted the newly launched own loyalty platform World of Hyatt, which was launched in March 2017. It offers a stronger guest community with improved special promotions.

The Chicago-based hotel company presented its houses with a detailed sales and marketing plan. **This includes initiatives to strengthen direct bookings, investments in digital marketing, incentives for more cost-effective book alternatives such as travel agencies and travel management companies.**

Hyatt also counted the risks of the action to the members. Expedia is financially a giant compared to Hyatt. The booking platform could override the hotel company for keyword search on meta pages and direct clicks on their pages. Hyatt has already taken steps against this tactic. On the other hand, Expedia could fall into an avalanche in case of a defeat, if other large hotel companies would want to negotiate similar agreements.

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