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## Hotels Ally on Booking Site

By ALEXANDRA BERZON

The companies behind several major hotel brands said they are joining forces to start a new room-booking website in an attempt to fend off growing competition from third parties like [Priceline.com](http://Priceline.com).

The new site, Roomkey.com, is a search engine that sends customers directly to the websites of its six owners, including many of the biggest hotel brands: [Choice Hotels International](http://ChoiceHotelsInternational.com), Hilton Worldwide, [Hyatt Hotels Corp.](http://HyattHotels.com), [Intercontinental Hotels Group PLC](http://IntercontinentalHotelsGroup.com), [Marriott International Inc.](http://MarriottInternational.com) and [Wyndham Worldwide Corp.](http://WyndhamWorldwide.com)'s Wyndham Hotel Group.

The companies all invested money in the venture, though the amount wasn't disclosed in Wednesday's announcement.

The site plans to recruit other hotel companies to participate. It is expected to announce on Thursday that Best Western International Inc., which isn't among the new online venture's owners, has signed up to offer rooms through the site, according to a person with knowledge of the situation.

The venture grew out of discussions two years ago among executives from Marriott, Intercontinental and Hyatt, said Shafiq Khan, who leads online commerce for Marriott. Mr. Khan said the executives were looking for ways hotel companies could prevent third parties from capturing increasing revenues from online bookings.



Bloomberg News  
Major hotel chains are forming a booking website. Above, a porter at an InterContinental Hotel in London.

Such intermediaries usually retain 15% to 30% of the cost of rooms booked on their websites—money the hotel brands figure is coming out of their pockets. In addition, if the third-party sites control relationships with customers, it can limit the brands' ability to cultivate customer loyalty.

Around 31% of all hotel rooms were booked online last year, up from 29% in 2009, according to PhoCusWright, a company that tracks travel bookings. Third-party travel sites accounted for 45% of all hotel rooms booked online in 2011, or about \$15.2 billion of bookings, according to PhoCusWright. That was up from \$12 billion in 2009.

The third-party sites, known as online travel agencies, or OTAs, are "growing dramatically," said Douglas Quinby, an analyst for PhoCusWright. "This is the big hotel chains throwing down the gauntlet to the online travel agencies and trying to muscle in on a little bit of that online hotel market that the OTAs have been so effective in capturing."

The new RoomKey venture is intended to address some of those issues by sending customers directly to the hotel companies' sites to book. It will also charge hotel companies a smaller portion of room rates than most third-party sites, RoomKey Chief Executive John Davis said in an interview.

The hotel companies previously tried forming a Web presence together with Travelweb.com, which was owned in part by hotel chains and a company called Pegasus Solutions Inc. It was eventually sold to Priceline.com.

Mr. Davis, RoomKey's CEO, is a former chief executive of Pegasus. He said that while that venture was successful, he sees this as something of a do-over for hotel companies, which as fierce rivals don't always make for the most collegial business partners.

"These guys are all competitors with each other and think they're smarter than the guy sitting next to them," Mr. Davis said. "So once a month I have to get them all in a room and have them take off their six different jerseys and put on the same jersey. That's really the challenge."

Rooms from most of the major U.S. hotel brands will be offered on the site, but notably absent for now are the brands owned by [Starwood Hotels & Resorts Worldwide](#) Inc., including Sheraton, Westin and W.

The company made the decision not to participate after studying the venture for six months, a Starwood spokeswoman said in an emailed statement. "Looking ahead, we will assess the potential benefits of this new distribution channel for our hotels," she said.

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