



Mysterious Low Rates Online and Wholesaler Redistribution – A Remedy to an Illness

Rhett Hirko, Vice President, Distribution & Revenue Management

Symptoms

Do you recognize this situation?

One day a hotelier is browsing a familiar metasearch when they find their hotel selling at a rate that is far below what is normally offered.

Hotel	Rating	Reviews	Current Price	Source
Hotel Beach Suites	★★★★☆	Excellent (8.3, 963 reviews)	\$175	Easying.com
Quality Hotel Beach Resort	★★★★☆	Good (6.8, 592 reviews)	\$119	Booking.com

RAMADA
Book Direct With Ramada and Save
Receive Our Best Rate Guarantee

There is parity with directly connected sites, but a site with whom the hotel has no connectivity has these lower prices.

How did they get the price?

Diagnosis

Sadly, this is an industry wide problem – largely a contracting one. Here is what happens.

A hotel contracts to sell wholesale rates to a partner (let's call them XYZ Agency). Often, that partner then resells that to another party, who could in turn resell it. Eventually one site (ABC.com) sells it to a customer. Unless the hotel has a contract with ABC.com, a cease and desist letter rarely works because there is no legal standing between the two parties. ABC.com have legally received the inventory from XYZ agency. The only way to control this is for a hotel to have an agreement with XYZ Agency that says they are not allowed to have the hotel's availability redistributed, or if so, that they can only be done as a package and not room only. This then allows the hotel to go directly to XYZ and tell them not to distribute like they are to ABC.com per their contract.

In the above example, the Hotel Beach Suites may have signed an agreement with XYZ, who in turn sold the room to Easying.com. Easying.com sells that room only on their website and feeds that availability to the Meta.

Remedy

Our suggestion is for the hotel to make a booking (on ABC.com in the above example) and have proof, then go to the initial source (XYZ Agency) via the hotel sales team and ask them to cease such distribution. This can be successful – it also reinforces the relationship via the traditional channel that it is valued.

It is also suggested to revisit the agreement with the wholesaler to include language not allowing them to distribute it to another party to then be sold as room only. Of course, a hotel can always terminate an agreement full stop – but probably should be done once alternate channels are found to replace expected lost business.

Further contractual wording can be added to outline the resolution if the aforementioned scenario occurs; a sample for such wording to add to your contract is below:

Rooms may only be offered by Distributor to those Distribution Partners approved by [hotel] and identified in the attached Exhibit B (as amended in writing from time to time by mutual agreement of the Parties). [Hotel] may, in its sole discretion, elect to exclude any or all Rooms from being offered by one or more Authorized Distribution Partners as in Exhibit B if (a) the Authorized Distribution Partner(s) has a practice of offering Rooms in violation of the terms and conditions of this Agreement; or (b) the Authorized Distribution Partner(s) engages in practices that [Hotel] determines may expose [Hotel] to liability or a loss of good will or reputation. Upon receipt of any such request from [Hotel], Distributor shall promptly remove or cause to be removed the excluded Rooms as well as all other references to [Hotel]. Failure to remove or cause to be removed the excluded Rooms shall constitute a material breach of this Agreement.