

August 6, 2015

The Honorable Loretta Lynch
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

The Honorable William J. Baer
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Attorney General Lynch and Assistant Attorney General Baer,

As representatives of the small and independent hotel business serving multitudes of consumers around the country we are writing to urge you to block Expedia's proposed merger of Orbitz,

Expedia and Orbitz are competing online travel agencies which we rely on to distribute our room inventory to consumers. Currently there are only three major online travel agencies— Expedia (which owns Travelocity, Hotels.com, Hotwire and Trivago), Orbitz (which owns CheapTickets), and Priceline (which owns Kayak and Booking.com). However, if this merger is allowed to go forward, then the competition between Expedia and Orbitz will be lost and 95% of all online travel agency bookings will be made through one of two companies, Expedia or Priceline.

This could jeopardize many of our small businesses, who already have difficulty reaching consumers directly. By limiting our choice of booking agents, we could face higher commissions and likelier higher costs. For some of us, that could mean we simply must close our doors.

Not to mention how this will impact consumers, majorities of who are unaware of the consolidation that already exists among these online travel agencies. A new survey reveals that 82 percent of consumers who book hotel rooms online do not know how many affiliate brands are owned by either Expedia or Orbitz. Upon learning about the proposed acquisition, those who worried about it feared higher prices, loss of competition and a diminished quality of service.

This drastic consolidation will have serious and negative consequences for our businesses. The Expedia/Priceline duopoly creates substantial market power to raise commission rates on hotels. Industry statistics show that the average hotel commission rate on Expedia is 11% higher than it is on Orbitz. Should this acquisition be allowed to occur, hotels will at a minimum lose the benefits of those lower Orbitz commission rates. Going from three to two competitors, Expedia's control of 75% of the market will plainly leave Orbitz in a position to dictate commission rates and potentially raise rates.

Small, independently owned, and economy hotels are particularly subject to the anticompetitive effects of this merger. In many markets, small businesses and independent hotels rely on online travel agencies to fill 30-40 percent of their rooms, with some as high as 60-70 percent. Yet, smaller businesses with fewer than 30 properties face the most serious consequences because they often times pay in excess of 25 percent more in

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online travel agency commissions. They must do business with these OTAs but will have virtually no leverage to resist any commission rate increase imposed by Expedia.

These serious anticompetitive effects will substantially harm our country's small businesses, vital to the economy of communities across the country. For these reasons, we urge you to block the proposed Expedia-Orbitz merger.

Thank you for your attention to this matter.

Sincerely,

Alaska Hotel and Lodging Association
Arizona Lodging and Tourism Association
Colorado Hotel and Lodging Association
Connecticut Lodging Association
Hawaii Lodging and Tourism Association
Illinois Hotel and Lodging Association
Indiana Restaurant and Lodging Association
Maine Innkeepers Association
Maryland Hotel and Lodging Association
Massachusetts Lodging Association
Michigan Lodging and Tourism Association
New York State Hospitality and Tourism Association
Ohio Hotel and Lodging Association
Oklahoma Hotel and Lodging Association
Nebraska Hotel and Motel Association
Pennsylvania Restaurant and Lodging Association
Professional Association of Innkeepers International
Rhode Island Hospitality Association
Southern Innkeepers Association
Tennessee Hospitality and Tourism Association
Texas Hotel and Lodging Association
Virginia Hospitality and Travel Association
West Virginia Hospitality and Travel Association
Wisconsin Hotel and Lodging Association
www.Bnbfinder.com
<http://www.selectregistry.com/>

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Avenue Inn B&B, LA
Bear Springs Camps, ME
Bingham Hall B&B, MN
Black Point Inn, ME
Brewster House B&B, ME
Cathedral Hill B&B, MN
Cochise Stronghold, a Canyon Nature Retreat
Columbus Hospitality Management
Elysian Guest House, LA
Farnam Guest House, CT
Franklin Street Inn, WI
Franklin Street Inn, ME
Gainey Suites Hotel, AZ
Grand Harbor Inn, ME
Grand Victorian B&B, LA
Hampton Inn, ME
Harraseeket Inn, ME
Hawthorne Inn, ME
Henrietta House B&B, CT
Hotel Hershey, PA
Inn at Fairfield Beach, CT
Inn at Ocean's Edge, ME

InnDependent Boutique Collection
Inns at Blackberry Common, ME
InnVite Hospitality
Little English Guesthouse B&B, FL
Lord Camden Inn, ME
Madden's on Gull Lake, MN
Maple Hill Farm Inn, ME
Migis Hotel Group, ME
Migis Lodge, ME
Nehemiah Brainerd House B&B, CT
Outrigger Hotels and Resorts, HI
PineCrest B&B Inn, ME
Pleasant View B&B, WI
Ponderosa Hotel Management Services, LLC
Royal Street Courtyard B&B, LA
Sebasco Harbor Resort, ME
Sterling Ridge Log Cabins, VT
Terranea Resort, CA
The Broadmoor Hotel, CO
The ForZa Group
The Inn at Stockbridge, MA
The Stanton House Inn, CT
The Stockade B&B, LA
Tidewater Inn, CT
Token Creek Eco-Inn, WI
Truman Gillet House B&B, CT
Unique Lodging of Ohio