

Choice Hotels is committed to managing your total cost of ownership by maintaining a competitive fee structure and driving down distribution and customer acquisition costs across our system.

Maintaining a competitive fee structure

Over the course of your property’s integration with Choice Hotels, you have gained new functionalities and been able to benefit from some of the programs that make our franchising platform so valuable. We communicated that as new functionalities became available, fees would be changing – some would rise, some would fall, and some would be eliminated altogether.

We are providing this summary of the most material fee changes to help you better understand our fee structure and interpret our Choice invoices:

Fee changes	Annual impact
Retired fees	
<ul style="list-style-type: none"> WEA – WebExtra Atlas – This fee has been retired. You can use ChoiceNOW to update property page information on ChoiceHotels.com at no cost. 	\$1,300 Savings
<ul style="list-style-type: none"> Salesforce licenses – This fee has been retired. Under Choice, you will no longer have to pay for Salesforce licenses, saving you \$330 per year. 	\$330 Savings
<ul style="list-style-type: none"> Info Security Program Support fee – This fee has been retired. You will no longer have to pay \$250 per year for Radisson’s Information Security program and no longer have to submit annual PCI compliance attestations. 	\$250 Savings
Fee changes	
<ul style="list-style-type: none"> ChoiceU – Access to Choice’s learning management program is more expensive than the program provided by Radisson (\$375 / each quarter). We invested heavily in making our learning management system effective for everyone – from owners to staff – and we hope you and your teams have seen its value. 	\$1,350 Additional
<ul style="list-style-type: none"> Annual Convention – Radisson Annual Convention fee was \$1,995 per person. The 2024 Choice Convention fee is under review and is projected to deliver savings for Radisson hotel attendees. 	Savings
Net new fees	
<ul style="list-style-type: none"> CrowdStrike – One of your legal and regulatory responsibilities as a merchant is to protect customer financial and personal data. CrowdStrike Security Services provides our franchisees with software-based cyber security that helps protect their computers and guest data at a cost of \$60 per month. We leveraged our scale and negotiated directly with CrowdStrike to secure competitive pricing for all of our franchisees. 	\$720 Additional
<ul style="list-style-type: none"> ECM Commitment to Green – As a part of the Choice network, your property will be able to leverage the Energy Collection & Measurement (ECM) Utilities Savings Dashboard powered by Schneider Electric. The program costs \$18 per month and can help benchmark your energy and water use as well as identify cost savings opportunities. ECM will be rolled out to all Radisson properties in April of 2024. 	\$216 Additional
Fee changes that will vary from property-to-property	
<ul style="list-style-type: none"> PMS fees – Fees to support our proprietary property management system, choiceADVANTAGE, range from \$4-\$9 per room, per month (depending on the number of rooms in your property). Fees for choiceADVANTAGE are, on average, less than the monthly fees properties used to pay for Opera. 	<i>Varies property-to-property, dependent on room count</i>
<ul style="list-style-type: none"> Call Forwarding (*Optional) – Properties that used Radisson’s ResAdvantage and the Redirected Call Program (RCP) were enrolled into Choice’s Call Forwarding program. The Call Forwarding program is an optional program that costs 3.5% of booked GRR, with no additional annual fees. The Call Forwarding program operates 24/7, 365 days a year, and helps deliver more room revenue to our franchisees. 	<i>Varies property-to-property, dependent on call volumes</i>

Driving distribution and customer acquisition costs down

We work to drive low-cost business to your properties every day through our digital platforms (ChoiceHotels.com and the Choice Hotels app) and by engaging our 60M+ Choice Privileges loyalty members. Additionally, we leverage our scale as a global enterprise to lower 3rd party distribution costs.

Distribution-related fee changes will vary from property to property depending on a variety of factors – most importantly how much business was generated through that channel in a particular month. Here are the most important changes to your distribution fee structure:

Loyalty fees – Choice Privileges

Rewards program fee

5%
Room
revenue

Choice assesses a fee of 5% of the room revenue for qualifying stays from Choice Privileges members, which is consistent with the fee Radisson Hotels Americas assessed for its loyalty program.

Reward night redemptions and waivers

Here's how reward night redemptions and waivers have changed:



- **Reward Night (SRD) Redemption / Reimbursement Model** – Choice Privileges uses a different calculation than Radisson Rewards Americas to reimburse properties for reward nights which is aligned with your property's average daily rate (ADR). For additional detail, check out the Choice Privileges page on ChoiceCentral.com.



- **Points Plus Cash Reimbursement Model** – Points Plus Cash room nights will be reimbursed identically to normal Reward Nights, aligned with your property's ADR.



- **On-Property Enrollments** – Choice does not waive the 5% Rewards Program Fee assessed for all qualifying stays from Choice privileges members if the member enrolled on-property.

3rd Party Distribution Partners

\$7.70 per
reservation

- **Global Distribution System (GDS)** – As part of the Choice system, your property is now available on more booking channels through the GDS. To cover the expenses of our partners including Sabre, Amadeus, and Travelport, GDS fees are \$7.70 per reservation.

2.7%
Room
Revenue

- **Pay for Performance Consortia Program** – Choice's Pay for Performance Consortia Program costs 2.7% of the room revenue generated, which will be less, on average, than the fees charged under Radisson's structure.

10%
Room
Revenue

- **Choice Hotels Enhanced Reservation Program (CHERP)** – Choice invests to move ChoiceHotels.com to the top of the search results through a variety of paid digital marketing tactics to make direct bookings the first option for guests. Reservations booked as a direct result of these digital marketing tactics are charged a fee of 10%, which is consistent with what Radisson charged for its equivalent program (known as DPP).

- **OTA (Online Travel Agency) Commission Rates** – We're actively working to reduce the commission rates you pay to OTAs. We communicated in October that we reached a multi-year Expedia agreement, lowering the commission rates for Country Inn & Suites and Park Inn-branded properties by 1%. Besides Expedia, we are in the process of securing contracts with other distributors and will communicate updates to you as soon as they are finalized.

Case Study

A Country Inn & Suites property with \$2M in GRR that generates \$500k of revenue from Expedia could realize

\$5,000
Savings



annually with the lower Expedia commission rate with Choice.



Contractual Charges (Marketing, Reservation, System, and Franchise Fees)

Radisson Hotels Americas Invoice

Item Type	Item Description	Amount
Marketing Fees	MM/YYYY - Rm Sales \$\$.\$\$ @ #.##%	\$\$.\$\$
Reservation Fees	MM/YYYY - Rm Sales \$\$.\$\$ @ #.##%	\$\$.\$\$
System Fees	MM/YYYY - Rm Sales \$\$.\$\$ @ #.##%	\$\$.\$\$
Royalty Fees	MM/YYYY - Rm Sales \$\$.\$\$ @ #.##%	\$\$.\$\$

**Rates are contract-dependent*

Choice Hotels Invoice

CONTRACTUAL CHARGES (MM/DD - MM/DD)	BASE	RATE	AMOUNT	TAX	TOTAL
MARKETING FEE					
Marketing Assessment	\$\$.\$\$	#.##%	\$\$.\$\$	\$.\$\$	\$\$.\$\$
TOTAL MARKETING FEE			\$\$.\$\$	\$.\$\$	\$\$.\$\$
RESERVATION FEE					
Reservation System Assessment	\$\$.\$\$	#.##%	\$\$.\$\$	\$.\$\$	\$\$.\$\$
TOTAL RESERVATION FEE			\$\$.\$\$	\$.\$\$	\$\$.\$\$
System FEE					
System Fee	\$\$.\$\$	#.##%	\$\$.\$\$	\$.\$\$	\$\$.\$\$
TOTAL SYSTEM FEE			\$\$.\$\$	\$.\$\$	\$\$.\$\$
Franchise FEE					
Franchise Fee	\$\$.\$\$	#.##%	\$\$.\$\$	\$.\$\$	\$\$.\$\$
TOTAL FRANCHISE FEE			\$\$.\$\$	\$.\$\$	\$\$.\$\$
TOTAL CONTRACTUAL CHARGES			\$\$.\$\$	\$.\$\$	\$\$.\$\$

3rd Party Distribution and GDS fees

Radisson Hotels Americas Invoice

Item Type	Item Description	Amount
Third Party Reservation Fees	MM/YYYY - Third Party Rez ## @ \$\$.\$\$ (US Dollars) (CRS Third Party Invoice OnLine Charge Summary report)	

**Radisson combined GDS and 3rd Party Reservation fees within one line item*

Choice Hotels Invoice

STAY-BASED (MM/YY - MM/YY)	BASE	RATE	AMOUNT	TAX	TOTAL
DISTRIBUTION					
3rd Party Distribution			\$\$.\$\$	0.00	\$\$.\$\$
GDS			\$\$.\$\$	0.00	\$\$.\$\$
TOTAL DISTRIBUTION			\$\$.\$\$	0.00	\$\$.\$\$

**3rd Party Distribution fees are separated from GDS fees*

Breaking out Travel Agent Commissions

Radisson Hotels Americas Invoice

Item Type	Item Description	Amount
Travel Agent Commissions	MM/YYYY - CentTA Comm Amt Paid UNITED STATES \$\$.\$\$ Hotel code and name Detail report published on NTT (TACS). Departures MM/DD/YYYY - MM/DD/YYYY	
Pay for Performance	CONSORT Hotel code and name Detail report published on NTT (TACS), Mon YYYY Departures MM/YYYY-rm nights ## @ \$.\$\$\$USD +trsc fee ## @ .\$\$ = \$.\$\$\$USD	

**Radisson included travel agency commissions, Expedia, CHERP, and other eMarketing fees within Travel Agent Commissions*

Choice Hotels Invoice

STAY-BASED (MM/YY - MM/YY)	BASE	RATE	AMOUNT	TAX	TOTAL
MARKETING					
Affiliate eMarketing Program			\$\$.\$\$	0.00	\$\$.\$\$
CHERP			\$\$.\$\$	0.00	\$\$.\$\$
Corporate (Split) Commission			\$\$.\$\$	0.00	\$\$.\$\$
General Sales Agent (GSA) Commission			\$\$.\$\$	0.00	\$\$.\$\$
TMC & Consortia Pay For Performance Program (PFP)			\$\$.\$\$	0.00	\$\$.\$\$
TOTAL MARKETING			\$\$.\$\$	0.00	\$\$.\$\$

**Choice separates travel agent commissions, giving franchisees more visibility into their fee structure*

Note: The Franchise Agreement controls all fees paid by franchisees.