

Hyatt Hotels Corp
Form 10-K
February 15, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 001-34521

HYATT HOTELS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware 20-1480589
(State or Other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification No.)

150 North Riverside Plaza 60606
8th Floor, Chicago, Illinois
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (312) 750-1234

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Edgar Filing: Hyatt Hotels Corp - Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At June 30, 2017, the aggregate market value of the registrant's Class A common stock, \$0.01 par value, held by non-affiliates of the registrant was approximately \$2,156.9 million (based upon the closing sale price of the Class A common stock on June 30, 2017 on The New York Stock Exchange). The market value of the registrant's Class B common stock is not included in the above value as there is no active market for such stock.

At January 31, 2018, there were 48,102,805 shares of the registrant's Class A common stock, \$0.01 par value, outstanding and 70,618,737 shares of the registrant's Class B common stock, \$0.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference portions of the registrant's Proxy Statement for its 2018 Annual Meeting of Stockholders to be held on May 16, 2018.

Table of Contents

HYATT HOTELS CORPORATION
 TABLE OF CONTENTS
 FISCAL YEAR ENDED DECEMBER 31, 2017

PART I

	<u>Disclosure Regarding Forward-Looking Statements</u>	<u>1</u>
Item 1.	<u>Business</u>	<u>4</u>
Item 1A.	<u>Risk Factors</u>	<u>23</u>
Item 1B.	<u>Unresolved Staff Comments</u>	<u>47</u>
Item 2.	<u>Properties</u>	<u>48</u>
Item 3.	<u>Legal Proceedings</u>	<u>53</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>53</u>
	<u>Executive Officers of the Registrant</u>	<u>54</u>

PART II

Item 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</u>	<u>57</u>
Item 6.	<u>Selected Financial Data</u>	<u>60</u>
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>62</u>
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>95</u>
Item 8.	<u>Financial Statements and Supplementary Data</u>	<u>96</u>
Item 9.	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	<u>96</u>
Item 9A.	<u>Controls and Procedures</u>	<u>97</u>
Item 9B.	<u>Other Information</u>	<u>97</u>

PART III

Item 10.	<u>Directors, Executive Officers, and Corporate Governance</u>	<u>98</u>
Item 11.	<u>Executive Compensation</u>	<u>98</u>
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>98</u>
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>99</u>
Item 14.	<u>Principal Accountant Fees and Services</u>	<u>100</u>

PART IV

Item 15.	<u>Exhibits and Financial Statement Schedule</u>	<u>101</u>
Item 16.	<u>Form 10-K Summary</u>	<u>101</u>
	<u>Signatures</u>	<u>102</u>

Table of Contents

Disclosure Regarding Forward-Looking Statements

This annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements about the Company's plans, strategies, financial performance, the amount by which the Company intends to reduce its real estate asset base and the anticipated timeframe for such asset dispositions, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "will," "would," and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to:

- the factors discussed in this annual report set forth under the sections titled "Risk Factors" in Part I, Item 1A, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7;
- general economic uncertainty in key global markets and a worsening of global economic conditions or low levels of economic growth;
- the rate and the pace of economic recovery following economic downturns;
- levels of spending in business and leisure segments as well as consumer confidence;
- declines in occupancy and average daily rate ("ADR");
- limited visibility with respect to future bookings;
- loss of key personnel;
- hostilities, or fear of hostilities, including future terrorist attacks, that affect travel;
- travel-related accidents;
- natural or man-made disasters such as earthquakes, tsunamis, tornadoes, hurricanes, floods, wildfires, oil spills, nuclear incidents, and global outbreaks of pandemics or contagious diseases or fear of such outbreaks;
- our ability to successfully achieve certain levels of operating profits at hotels that have performance guarantees in favor of our third-party owners;
- the impact of hotel renovations and redevelopments;
- risks associated with our capital allocation plans and common stock repurchase program and other forms of shareholder capital return, including the risk that our common stock repurchase program could increase volatility and fail to enhance shareholder value;
- our intention to pay a quarterly cash dividend and the amounts thereof, if any;
- the seasonal and cyclical nature of the real estate and hospitality businesses;
- changes in distribution arrangements, such as through internet travel intermediaries;
- changes in the tastes and preferences of our customers;
- relationships with colleagues and labor unions and changes in labor laws;
- the financial condition of, and our relationships with, third-party property owners, franchisees, and hospitality venture partners;
- the possible inability of third-party owners, franchisees, or development partners to access capital necessary to fund current operations or implement our plans for growth;
- risks associated with potential acquisitions and dispositions and the introduction of new brand concepts;
- the timing of acquisitions and dispositions;
- failure to successfully complete proposed transactions (including the failure to satisfy closing conditions or obtain required approvals);
- our ability to successfully execute on our strategy to reduce our real estate asset base within targeted timeframes and at expected values;
- declines in the value of our real estate assets;

Edgar Filing: Hyatt Hotels Corp - Form 10-K

• unforeseen terminations of our management or franchise agreements;

- changes in federal, state, local, or foreign tax law;

• the impact of changes in the tax code as a result of recent U.S. federal income tax reform and uncertainty as to how some of those changes may be applied;

1

Table of Contents

- increases in interest rates and operating costs;
- foreign exchange rate fluctuations or currency restructurings;
- lack of acceptance of new brands or innovation;
- general volatility of the capital markets and our ability to access such markets;
- changes in the competitive environment in our industry, including as a result of industry consolidation, and the markets where we operate;
- our ability to successfully grow the World of Hyatt loyalty program and the level of acceptance of the program by our guests;
- cyber incidents and information technology failures;
- outcomes of legal or administrative proceedings; and
- violations of regulations or laws related to our franchising business.

These factors are not necessarily all of the important factors that could cause our actual results, performance, or achievements to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could harm our business, financial condition, results of operations, or cash flows. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions, or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Table of Contents

Terms Used in this Annual Report

Unless otherwise specified or the context otherwise requires, references in this annual report to "we," "our," "us," "Hyatt," and the "Company" refer to Hyatt Hotels Corporation and its consolidated subsidiaries.

As used in this annual report, the term "Pritzker family business interests" means (1) various lineal descendants of Nicholas J. Pritzker (deceased) and spouses and adopted children of such descendants; (2) various trusts for the benefit of the individuals described in clause (1) and trustees thereof; and (3) various entities owned and/or controlled, directly and/or indirectly, by the individuals and trusts described in (1) and (2).

As used in this annual report, the term "properties" refers to hotels and other properties, including branded spas and fitness studios, and residential and vacation ownership units that we develop, own, operate, manage, franchise, or to which we provide services or license our trademarks. "Hyatt portfolio of properties" or "portfolio of properties" refers to hotels and other properties that we develop, own, operate, manage, franchise, license, or provide services to, including under our Park Hyatt, Miraval, Grand Hyatt, Hyatt Regency, Hyatt, Andaz, Hyatt Centric, The Unbound Collection by Hyatt, Hyatt Place, Hyatt House, Hyatt Ziva, Hyatt Zilara, and exhale brands. "Residential ownership units" refers to residential units that we manage, own, or to which we provide services or license our trademarks (such as serviced apartments and Hyatt-branded residential units) that are typically part of a mixed-use project and located adjacent to a full service hotel that is a member of the Hyatt portfolio of properties. "Vacation ownership units" refer to the fractional and timeshare vacation ownership properties with respect to which we license our trademarks and that are part of the Hyatt Residence Club. "Hospitality ventures" refers to entities in which we own less than a 100% equity interest.

As used in this annual report, the term "colleagues" refers to the more than 115,000 individuals working at our corporate and regional offices and our managed, franchised, and owned properties in 58 countries around the world. We directly employ approximately 45,000 of these colleagues. The remaining colleagues are employed by third-party owners and franchisees of our properties.

Hyatt®, Park Hyatt®, Miraval®, Grand Hyatt®, Hyatt Regency®, Andaz®, Hyatt Centric®, The Unbound Collection by Hyatt®, Hyatt Place®, Hyatt House®, Hyatt Ziva™, Hyatt Zilara™, exhale®, Hyatt Residence Club®, Hyatt Residences®, World of Hyatt®, Hyatt Resorts™ and related trademarks, logos, trade names and service marks appearing in this annual report are the property of Hyatt Corporation or another wholly owned subsidiary of Hyatt Hotels Corporation. All other trademarks, trade names, or service marks appearing in this annual report are the property of their respective owners.

Table of Contents

Part I

Item 1. Business.

Our History

Hyatt was founded by Jay Pritzker in 1957 when he purchased the Hyatt House motel adjacent to the Los Angeles International Airport. In 2004, substantially all of the hospitality assets owned by Pritzker family business interests, including Hyatt Corporation and Hyatt International Corporation, were consolidated under a single entity whose name was subsequently changed to Global Hyatt Corporation. On June 30, 2009, Global Hyatt Corporation changed its name to Hyatt Hotels Corporation. We completed our initial public offering of our Class A common stock on November 10, 2009.

Overview

Hyatt Hotels Corporation is a global hospitality company with widely recognized, industry leading brands and a tradition of innovation developed over our sixty-year history. We develop, own, operate, manage, franchise, license, or provide services to a portfolio of properties, consisting of full service hotels, select service hotels, resorts, and other properties, including branded spas and fitness studios, timeshare, fractional, and other forms of residential and vacation properties. At December 31, 2017, our worldwide hotel portfolio consisted of 719 hotels (182,913 rooms). See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview" for a categorized breakdown of our portfolio.

Our full service hotels and resorts operate under seven established brands: Park Hyatt, Grand Hyatt, Hyatt Regency, Hyatt, Andaz, Hyatt Centric, and The Unbound Collection by Hyatt. In 2017, we acquired Miraval Group ("Miraval") and Exhale Enterprises, Inc. ("exhale"), forming a distinct wellness category within our portfolio of brands. Our two select service brands are Hyatt Place and Hyatt House. Our all inclusive resort brands are Hyatt Ziva and Hyatt Zilara. We also manage, provide services to, or license our trademarks with respect to residential ownership units that are often adjacent to a Hyatt-branded full service hotel. We consult with third parties in the design and development of such mixed-use projects. We license to Interval Leisure Group ("ILG") our trademarks with respect to vacation ownership units, which are part of the Hyatt Residence Club.

Substantially all of our hotel general managers are trained professionals in the hospitality industry with extensive hospitality experience in their local markets and host countries. The general managers of our managed properties are empowered to operate their properties on an independent basis using their market knowledge, management experience, and understanding of our brands. Our colleagues and hotel general managers are supported by our regional management teams located in cities around the world and our executive management team, headquartered in Chicago. We primarily derive our revenues from hotel operations, management and franchise fees, and other revenues from managed and franchised properties. For the years ended December 31, 2017 and December 31, 2016, revenues totaled \$4.7 billion and \$4.4 billion, respectively, net income attributable to Hyatt Hotels Corporation totaled \$249 million and \$204 million, respectively, and Adjusted EBITDA totaled \$816 million and \$785 million, respectively. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics Evaluated by Management—Adjusted Earnings Before Interest Expense, Taxes, Depreciation, and Amortization ("Adjusted EBITDA") and EBITDA" for our definition of Adjusted EBITDA, why we present it, and for a reconciliation of our net income attributable to Hyatt Hotels Corporation to consolidated Adjusted EBITDA for the periods presented.

Our Purpose, Vision, Mission, and Values

Our Purpose

To care for people so they can be their best.

Our Vision

A world of understanding and care.

Our Mission

To deliver distinctive experiences for our guests.

Table of Contents

Our Values

Respect, integrity, humility, empathy, creativity, and fun are our shared core values.

Our purpose, vision, mission, and values are brought to life by our colleagues, whom we refer to as the Hyatt family. We believe our colleagues embody our purpose of caring for people, including each other, our guests, and ultimately our owners. This commitment to genuine service and care is what differentiates us and drives guest preference. The management teams at each of our managed properties lead by example, and we provide them with the appropriate autonomy to make operational decisions in the best interest of the hotel and brand. We believe the managers of our franchised properties are experienced operators with high standards who have demonstrated commitment to our values and our approach to caring for guests to enhance guest satisfaction. High levels of guest satisfaction lead to increased guest preference for our brands, which we believe results in a strengthened revenue base over the long term. We also believe engaged colleagues will enhance efficient operation of our properties, resulting in improved financial results for our owners. Sustained adherence to these principles is a basis for our brand reputation and is one of the principal factors behind the decisions of our diverse group of owners and developers to invest in the Hyatt portfolio of properties around the world. We work with existing and prospective owners and developers to increase our presence around the world, which we expect will lead to guest satisfaction, brand preference, and new channels for professional growth for our colleagues.

Our Competitive Strengths

We have significant competitive strengths that support our mission to deliver distinctive experiences for our guests and our goal of being the most preferred brand for our colleagues, guests, owners, operators, community members, and shareholders.

World Class Brands. We believe our widely recognized, industry-leading brands provide us with a competitive advantage in attracting and driving preference. We have consistently received top rankings, awards, and accolades for service and guest experience from independent publications and surveys, including Condé Nast Traveler, Travel and Leisure, Forbes, AAA, and J.D. Power. Our brand recognition and strength are key to our ability to drive preference.

Global Platform with Compelling Growth Potential. Our existing global presence is widely distributed, and our hotels operate in some of the most populous urban centers around the globe. We believe our existing hotels provide us with a strong platform from which to selectively pursue new growth opportunities in markets where our brands are under-represented. Our dedicated global development executives in offices around the world apply their experience, judgment, and knowledge to ensure the Hyatt portfolio of properties enhances preference for our brands. An important aspect of our compelling growth potential is our strong brand presence in higher growth markets such as Greater China, India, and the Middle East. The combination of our existing locations and brands, experienced development team, established third-party relationships, and significant access to capital provides us with a strong foundation for future growth and long-term value creation.

Deep Culture and Experienced Management Teams. Hyatt has a strong culture rooted in values that have supported our past success and form the foundation for our future. The members of the Hyatt family are united by shared values, a single purpose, and a common goal. Our colleagues at Hyatt properties are led by an experienced group of general managers. For example, the general managers at our full service managed hotels have an average tenure of more than 20 years. Regional management teams located around the world support our hotel general managers by providing resources, mentorship and coaching, owner support, and other assistance. Senior operating management has an average of approximately 30 years of experience in the industry. Our seasoned executive management team sets overall policies for our Company, supports our regional teams and our colleagues around the world, provides strategic direction, and leads our global growth initiatives.

Strong Capital Base and Disciplined Financial Approach. Our approach is to maintain appropriate levels of financial leverage through industry cycles and economic downturns. At December 31, 2017, we had cash and cash equivalents and short-term investments of \$552 million and available borrowing capacity of \$1.5 billion. We believe that as a result of our balance sheet strength, we are uniquely positioned to take advantage of strategic opportunities to develop or acquire properties and brands or invest in new lines of business. We adhere to a formal investment process in evaluating such opportunities with input from various groups within our global organization.

Edgar Filing: Hyatt Hotels Corp - Form 10-K

Diverse Exposure to Hotel Management, Franchising, Ownership, and Development. We believe our experience as a multi-brand manager, franchisor, owner, and developer of hotels makes us one of the best positioned hospitality companies in the world. Our mix of managed, franchised, and owned properties provides a

5

Table of Contents

broad and diverse base of revenues, profits, and cash flows and gives us flexibility to evaluate growth opportunities across our lines of business.

High-Quality Owned Hotels that are Located in Desirable Markets and are a Source of Capital for New Growth Investments. At December 31, 2017, our portfolio of properties consisted of luxury and upper-upscale full service hotels and resorts, upscale select service hotels, all inclusive and wellness resorts, and other properties including branded spas and fitness studios, residential properties, and vacation ownership properties in key markets around the world. The portfolio totaled 34 owned properties and 27 managed or franchised properties that are owned or leased by unconsolidated hospitality ventures. Our owned full service hotels are located primarily in key markets, including major business centers and leisure destinations with strong growth potential, such as Chicago, London, Mexico City, New York, Paris, San Francisco, Miami, Seoul, and Zurich. Our unconsolidated hospitality ventures include 50% ownership interests in properties in Mumbai and São Paulo. A number of our owned hotels and unconsolidated hospitality venture properties are unique assets with high brand recognition and a strong position in their local markets. We believe our owned assets provide us the opportunity to support growth through the disposition of selected assets to fund expansions of our core business as well as the opportunity to unlock additional shareholder value through targeted dispositions that allow for incremental return of capital to shareholders or additional strategic investments that provide new avenues for growth.

Our Business Strategy

Our strategy to drive long-term sustainable growth and create value for customers, colleagues, and shareholders is focused on the following three areas:

• **Maximize Our Core Business:** We will continue to grow and run our core business to the best of our ability in order to be best-in-class while generating profits to fuel our growth.

• **Integrate New Growth Platforms:** We are identifying new opportunities and areas to invest in that our guests care about and that provide additional paths for growth (including wellness and alternative accommodations).

• **Optimize Capital Deployment:** We are taking a comprehensive and disciplined approach to our deployment of capital, including selling a portion of our owned properties, which we believe will allow us to fuel the growth of our core business, invest in new platforms, and return capital to our shareholders.

We implement our strategy through a focus on four strategic priorities:

Cultivate the Best People and Evolve the Culture

Cultivating the best people and evolving the culture focuses on attracting, developing, rewarding, and retaining individuals who distinguish Hyatt from our competitors and provide a unique experience to our guests. We recognize our people and our culture are our greatest assets and the core of our strategy. Our goal is to develop a strong pipeline of diverse and talented colleagues and to provide them with opportunities to fulfill their personal potential and development while helping to make Hyatt successful.

Our brands are defined, in large part, by the commitment to genuine service and care that our colleagues deliver to our guests. We believe that while a great product is necessary for success, a service model that promotes genuine care for our guests and focuses on their particular needs is the key to a sustainable long-term advantage. Therefore, we strive to involve our colleagues in deciding how we care for our guests and identifying what we can do to improve guest satisfaction. We rely on our hotel general managers to lead by example and foster colleague engagement. In addition, we are focused on providing colleagues with the tools and technology needed to perform their jobs more effectively and efficiently to allow for further engagement with guests. We believe colleague engagement results in higher levels of customer satisfaction and improves the performance of our properties. To assist in this process, we aim to ensure talented management teams are in place worldwide and to reward those teams that achieve higher levels of colleague engagement, guest satisfaction, and hotel financial performance.

Our reputation is a reflection of how we conduct ourselves and our business in the communities in which we live and work. One of our principal tools to enhance Hyatt's reputation is Hyatt Thrive, our global corporate responsibility program. Through Hyatt Thrive initiatives, we volunteer in our communities, support organizations that work in our communities, and work to reduce our waste and carbon footprint to make the communities in which we operate places where we want to live, where guests want to visit, and where our owners want to invest.

Table of Contents

Build and Deliver Brand-Led Experiences

In support of our goal to become the most preferred hospitality brand and to foster quality growth, we have focused on creating a meaningful portfolio of brands that deliver unique experiences for the high-end traveler. Our objective is to differentiate our brands both from one another and from our competitors. Each of our brands provides a distinct experience for different traveler mindsets, while all of our hotels strive to deliver genuine care. We have developed a personality and identity for each brand that results in a distinct look and reflects experiences and attributes unique to that particular brand.

Successful innovation has been a hallmark of Hyatt since its founding, with a commitment to impactful architectural design of hotels in both the large-scale convention and smaller leisure markets. We continuously probe deeper and uncover new opportunities for enhancing the guest experience in each of our brands. We have a long track record of creative approaches to food and beverage at our hotels throughout the world, and we have created profitable and sought-after venues that create and enhance demand for our hotel properties.

We develop loyalty by fostering personal relationships and creating emotional connections that inspire brand preference. We believe true loyalty is built by deep interpersonal connections, authenticity, care, and trust. In 2017, we launched World of Hyatt to continue celebrating members, build community, and engage with high-end travelers. The World of Hyatt loyalty program is designed to attract new guests and to demonstrate loyalty to our existing guests. In addition, the Hyatt Credit Card, a co-branded Visa credit card between Hyatt and Chase Bank USA, N.A., continues to show strong growth in card member acquisitions and member engagement.

Operate with Excellence

A key component of our strategy is to maximize revenues and manage costs at our managed hotel properties. We strive to optimize revenues by focusing on revenue management and establishing and increasing guest loyalty to our brands. We work to expand Hyatt's share of room revenue by continuously striving to provide genuine guest service and delivering value to our guests. Our existing customer base is diverse with different needs and preferences. We aim to provide differentiated service and product offerings targeted at each customer segment within each of our brands, including meeting planners and convention guests, leisure guests, and business travelers, in order to satisfy our customers' specific needs.

We manage costs by setting performance goals for our hotel management teams, optimizing distribution channels, and granting our general managers operational autonomy. We support these cost management efforts by providing our general managers with tools and analytics from our regional and corporate offices and by compensating our hotel management teams based on property performance. In addition to managing hotel level costs, we strive to keep corporate costs aligned with growth through efficient resource allocation, which we expect will generate savings supporting our ability to fund additional growth and further invest in our brands.

Grow With Intent

We are focused on creating long-term shareholder value, and on where and how we invest to expand our presence in key locations. We believe the scale of our presence around the world is small relative to the recognition of our brands and our excellent reputation for service and, therefore, we have a unique opportunity to grow.

o Increase Market Presence. We focus our expansion efforts on under-penetrated markets where we already have an established presence and on locations where our guests are traveling but where we do not have a presence. We intend to expand our presence by increasing the number of hotels in the Hyatt portfolio, primarily by entering into new management and franchise agreements. We believe our intense focus on each customer group that we serve and our understanding of how we can serve them in new locations will result in quality growth. Over the past few years, we have made significant progress in expanding our presence through development of new hotels and conversion of existing hotels. Additionally, we are focused on continued growth of our development pipeline. We have expanded our pipeline by an average of 12% per year since the time of our IPO in 2009. Since 2009, we have also entered 188 new markets and 17 new countries. Expansion in dynamic markets like Greater China and India is central to our growth strategy as representation in key cities and resort destinations provides us with the opportunity to drive preference for our brands as we serve a broader base of guests in these high growth and under-penetrated markets. At December 31, 2017, there were over 140 hotels open or under development in Greater China in markets such as

Edgar Filing: Hyatt Hotels Corp - Form 10-K

Beijing, Hong Kong, Shanghai, and Shenzhen. In India, there were over 50 hotels open or under development at December 31, 2017. In addition to Greater China and India, we have also announced further

7

Table of Contents

expansion plans into diverse international markets including Canada, Germany, Indonesia, Japan, Pakistan, Saudi Arabia, and Thailand.

Expand Select Service Presence. We continue to expand the Hyatt Place and Hyatt House brands, which we believe will support our overall growth and enhance the performance of all of our brands. We intend to grow our select service presence through third-party construction of new franchised properties, conversion and renovation of existing non-Hyatt properties, and in limited cases, participation in the development of new managed properties. We believe that the opportunity for properties that provide a select offering of services at a lower price point than full service hotels is particularly compelling in certain markets, including Greater China, India, and the Middle East, where there is a large and growing middle class along with a meaningful number of local business travelers. At December 31, 2017, we had 38 Hyatt Place hotels operating outside of the United States in 17 countries, throughout Asia, Europe, Africa, and Latin America. In addition to these hotels, we have announced new management agreements for select service properties currently under development in Canada, Greater China, India, Saudi Arabia, and Thailand.

Increase Focus on Franchising. We continue to increase our franchised hotel presence, primarily in the United States. By increasing our focus on franchising, we believe that we will gain access to capital from developers and property owners that specifically target franchise business opportunities. We have an internal team dedicated to supporting our franchise owners and to driving the expansion of our franchised hotel presence. We plan to expand existing relationships and develop new relationships with franchisees who demonstrate an ability to provide excellent customer service and maintain our brand standards. In support of our strategy, over the past several years, we sold a number of individual full service hotels and portfolios of select service hotels subject to long-term franchise agreements with the purchasers.

Utilize our Capital and Asset Base for Targeted Growth. The combination of our significant liquidity and strong capital position coupled with our high quality asset base provides a unique platform to support our growth strategy. We take a comprehensive approach to our efforts to dispose of or recycle certain hotel real estate assets and to manage capital deployment in furtherance of our expansion plans. Capital deployment will continue with an objective to maximize long-term shareholder value and we will assess and balance liquidity, value, and strategic importance in each instance. We will continue to commit capital to fund the renovation of certain assets and to maintain some level of hotel ownership over time in our owned portfolio. We recently committed to supplement our asset recycling strategy with a targeted reduction in our owned real estate portfolio that is expected to generate approximately \$1.5 billion in gross cash proceeds by the end of 2020. The proceeds will be used to unlock shareholder value, provide funds for future growth investments, return capital to shareholders, and accelerate the evolution of our earnings profile to be less capital intensive. These anticipated dispositions will be in addition to the execution of our asset recycling strategy—selling certain hotels, maintaining presence in markets by entering into new management or franchise agreements, and re-investing sale proceeds into new hotels and other growth opportunities, including investments in hospitality ventures. During the fourth quarter of 2017, we realized gross proceeds of approximately \$305 million on the sale of two hotel properties that are part of this announced \$1.5 billion sell-down. This asset recycling strategy has allowed us to grow and build our brands while improving the quality of our owned portfolio over time.

Pursue Strategic Acquisitions and Alliances. We expect to continue to evaluate potential acquisitions of other brands or hospitality management or franchising companies as a part of our efforts to expand our presence. These acquisitions may include hotel real estate. We expect to focus on acquisitions that complement our ability to serve our existing customer base and enhance customer preference by providing a greater selection of locations, properties, and services. Furthermore, we may pursue these opportunities in alliance with existing or prospective owners of managed or franchised properties to strengthen our brand presence.

Extend the Hyatt Brand Beyond Traditional Hotel Stays. By integrating Miraval and exhale into the Hyatt portfolio, we continue our commitment to a holistic health and wellness strategy as an extension of our purpose. Miraval and exhale provide an opportunity to build a greater depth of expertise in wellness and mindfulness that can be extended to our hotel business. In 2017, we also made a strategic minority

Edgar Filing: Hyatt Hotels Corp - Form 10-K

investment in Oasis Luxury Rentals, Inc., a private accommodations company that offers high-end short-term rentals. Extending the Hyatt brand beyond traditional hotel stays is an important part of our growth strategy and reflects our commitment to finding new ways to understand and care for our guests, particularly the high-end traveler.

Table of Contents

Description of Our Brands

Brand Segment	Customer Base	December 31, 2017 Rooms (1)				Primary Selected Competitors	Key Locations
		% of Our Managed and Franchised Properties (1)	Americas Region	ASPAC Region	EAME/SW Asia Region		
Full Service/Luxury	Individual business and leisure travelers; small meetings	4%	1,622	3,342	2,630	Four Seasons, Ritz-Carlton, Peninsula, St. Regis, Mandarin Oriental	Bangkok, Buenos Aires, Chicago, Dubai, New York, Paris, Shanghai, Sydney, Washington D.C.
Wellness	Individual leisure travelers	<1%	399	—	—	Cal-a-vie, Canyon Ranch, Golden Door	Tucson
Full Service/Luxury	Individual business and leisure travelers; large and small meetings, social events	14%	11,259	12,585	3,493	Mandarin Oriental, Shangri-La, InterContinental, Fairmont	Beijing, Berlin, Dubai, Hong Kong, Nassau, New York, Rio de Janeiro, Tokyo
Full Service/Upper-Upscale	Conventions, business and leisure travelers; large and small meetings, social events; associations	43%	55,554	13,357	12,084	Marriott, Sheraton, Hilton, Renaissance, Westin	Boston, Delhi, London, Los Angeles, Mexico City, Orlando, San Francisco
Full Service/Upper-Upscale	Business and leisure travelers; small meetings	2%	1,681	363	1,321	Marriott, Hilton, InterContinental, Westin, independent and boutique hotels	Abu Dhabi, New York, Seattle
Full Service/Luxury	Individual business and leisure	2%	2,196	812	790	W, Mondrian, The Standard	Amsterdam, London, Los Angeles,

Edgar Filing: Hyatt Hotels Corp - Form 10-K

	travelers; small meetings						Maui, New York, Shanghai, Singapore, Tokyo Chicago, Long Beach, Madrid, Miami, Montevideo, New York, Park City
Full Service/ Upper-Upscale	Business and leisure travelers; small meetings	2%	3,346	—	307	Canopy, Kimpton, Renaissance, Joie de Vivre, independent and boutique hotels	
Full Service/ Upper-Upscale	Individual business and leisure travelers; small meetings	1%	1,132	—	177	Autograph Collection, Luxury Collection, Curio, Tribute Portfolio	Austin, Carmelo, Miami Beach, Paris, Phoenix
Select Service/ Upscale	Individual business and leisure travelers; small meetings	22%	38,014	2,091	2,325	Courtyard by Marriott, Hilton Garden Inn	Atlanta, Chicago, Dallas, Dubai, Houston, London, Miami, Phoenix, Santiago

Table of Contents

Brand Segment	Customer Base	December 31, 2017 Rooms (1)				Primary Selected Competitors	Key Locations
		% of Our Managed and Franchised Properties (1)	Americas Region	ASPAC Region	EAME/SW Asia Region		
Select Service/ Upscale	Extended stay guests; individual business and leisure travelers; families; small meetings/trainings	7%	11,730	442	260	Residence Inn by Marriott, Homewood Suites	Austin, Boston, Dallas, Mexico City, Miami, San Francisco Cancun, Puerto Vallarta, Rose Hall, San Jose del Cabo
All Inclusive	Leisure travelers; families; small meetings	1%	1,860	—	—	Beaches, Club Med, Sandals	Cancun, Rose Hall
All Inclusive	Leisure travelers; adult-only; small meetings	<1%	541	—	—	Beaches, Club Med, Sandals	Aspen, Beaver Creek, Beijing, Carmel, Danang, Dubai, Key West, Maui, Park City Atlanta, Boston, Chicago, Dallas, Los Angeles, Miami, New York
Vacation Ownership/ Branded Residential	Owners of vacation units, repeat Hyatt business and leisure guests	—	—	—	—	Hilton Vacation Club, Marriott Vacation Club, Starwood Vacation Ownership	
Wellness	Wellness-minded individuals	—	—	—	—	Bliss, Pure Barre, Soul Cycle, Yoga Works	

(1) Figures do not include vacation ownership, residential, or branded spas and fitness studios.

Park Hyatt

Park Hyatt hotels provide discerning, affluent business and leisure guests with elegant and luxurious accommodations. Guests of Park Hyatt hotels receive gracious service and enjoy rare and intimate experiences in a thoughtfully designed contemporary environment. Located in many of the world's premier destinations, each Park Hyatt hotel is custom designed to combine sophistication with distinctive regional character. Park Hyatt hotels feature well-appointed guestrooms, meeting and special event spaces for smaller groups, critically acclaimed food, wine and art programs, and signature restaurants featuring award-winning chefs.

Miraval

Miraval is a global leader in wellness resorts and spas. Miraval Arizona Resort & Spa in Tucson pioneered the destination wellness spa resort category with its comprehensive program of activities, experiences, and personal treatments. Miraval and its commitment to helping guests live life in balance joins exhale as the cornerstone of a

distinct new wellness category within our portfolio of brands. This reflects our focus on serving the high-end traveler by finding new ways to understand and care for them beyond the traditional hotel stay.

Grand Hyatt

Grand Hyatt hotels are distinctive hotels in major gateway cities and resort destinations. With presence around the world and critical mass in Asia, Grand Hyatt hotels provide sophisticated business and leisure travelers with elegant accommodations, extraordinary restaurants, bars, spas and fitness centers, as well as comprehensive business and meeting facilities. Signature elements of Grand Hyatt hotels include dramatic architecture, state of the art technology, and facilities for an array of business or social gatherings of all sizes.

Table of Contents

Hyatt Regency

Hyatt Regency hotels offer a full range of services, amenities, and facilities tailored to serve the needs of meeting planners, business travelers, and leisure guests. Hyatt Regency convention hotels feature meeting and conference facilities of all sizes designed to provide a productive, connected environment. Hyatt Regency hotels in resort locations cater to couples seeking a getaway, families enjoying a vacation together, and corporate groups seeking an atmosphere in which to conduct business and meetings.

Hyatt

Hyatt hotels are smaller-sized properties conveniently located in diverse business and leisure areas. Regardless of the reason for a guest's stay, our Hyatt hotels provide guests with a home base as they discover and explore our neighborhoods. Hyatt hotels accommodate business and leisure travelers, as well as smaller scale business meetings and social gatherings.

Andaz

Each Andaz hotel brings the local destination to life for its guests. Andaz hotels are designed to reflect their surroundings and feature a unique and innovative service model that creates a barrier-free and non-traditional environment. Guests will experience personalized and unscripted service where they can become inspired by the spirit of the local community. Signature elements include Andaz Lounges, which are open, communal settings replacing the traditional lobby, Andaz Studios, which are creative and inspiring spaces for small meetings and gatherings, and Andaz Hosts, who are local experts that can assist guests with everything from check-in to recommending the best and most authentic spot in town for dinner.

Hyatt Centric

Hyatt Centric hotels are full service lifestyle hotels located in prime destinations that are created for millennial-minded guests who view their hotel as more than a place to stay. Hyatt Centric hotels are centrally located. This means guests can be "in the middle of the action" and "in the know" so both leisure and business travelers can easily explore the destination and get a feel for the local flavor. A staff of knowledgeable colleagues is on hand to aid guests in their discovery of their surroundings.

The Unbound Collection by Hyatt

The Unbound Collection by Hyatt brand is designed to provide a portfolio of new and existing upper-upscale and luxury properties ranging from historic urban gems to contemporary new build hotels, boutique properties, and resorts. Each hotel operates under a unique trade name and offers story-worthy and authentic experiences for our guests. The philosophy behind The Unbound Collection by Hyatt is to attract owners and developers who want their properties to maintain a distinct character and brand name, but gain the power of Hyatt's robust operational and marketing resources, award winning customer loyalty program, and trusted brand name and reputation.

Hyatt Place

Hyatt Place hotels offer a modern, comfortable and seamless experience, combining style and innovation to create a casual simple hotel environment for today's multi-tasking traveler. Modern spacious guestrooms feature a Cozy Corner sofa sleeper, the Hyatt Grand Bed™, and 42" HDTV. Hyatt Place hotels also offer the 24/7 Gallery Menu and the Coffee to Cocktails Bar, which features specialty coffees, premium beer, wine, and spirits. Typically located in urban, airport, and suburban areas, Hyatt Place hotels cater to business travelers, as well as leisure guests and families. Hyatt Place hotels are also well suited to serve small meetings and events.

Hyatt House

Hyatt House hotels are designed to welcome guests as extended stay residents and offer services, amenities, communal spaces, and a casual, comfortable environment that reminds guests of home. Apartment-style Kitchen Suites with fully equipped kitchens, comfortable living rooms and spacious bedrooms provide guests with the spaces that fit their needs. Guests can enjoy the complimentary hot breakfast, the Morning Spread, and the H BAR with a Sip+Savor Menu and full bar. Typically located in urban, airport, and suburban areas, Hyatt House hotels cater to extended stay business travelers, as well as leisure travelers and families. Hyatt House hotels are also well suited to serve small meetings and events.

Hyatt Ziva

Edgar Filing: Hyatt Hotels Corp - Form 10-K

Hyatt Ziva all inclusive resorts are designed for vacationing guests of all ages and offer a variety of on-site activities and opportunities to explore the unique destinations in which the properties are located. Hyatt Ziva resorts feature a wide array of

11

Table of Contents

food and beverage outlets with an emphasis on authentic cuisine and are able to cater to social or business groups with varied and well-appointed meeting facilities.

Hyatt Zilara

Hyatt Zilara adult-only all inclusive resorts are located in sought after, unique resort destinations. They offer a wide array of food and beverage services with a focus on authentic and often locally-sourced ingredients. The resorts offer many social activities and live entertainment, as well as a variety of meeting spaces. The resorts are designed so couples or small groups can enjoy intimate, sophisticated surroundings.

exhale

Exhale, a leading wellness brand, offers a unique business model that addresses both mind and body through spa+fitness. Dedicated to transformation, mindfulness and healing, exhale locations in the United States and the Caribbean offer dozens of proprietary boutique fitness class programs and award-winning healing and spa therapies.

Hyatt Residence Club

Hyatt Residence Club provides members with vacation ownership opportunities in regionally inspired and designed residential-style properties with the quality of the Hyatt brand. Members pre-purchase time at a Hyatt Residence Club property and have the flexibility of usage, exchange, and rental. Hyatt Residence Club members can choose to occupy their vacation home, exchange time among 16 Hyatt Residence Club locations, trade their time for World of Hyatt bonus points, or travel within the Hyatt system. Alternatively, members can exchange their intervals for stays at other properties participating within Interval International's program, which has over 3,000 resorts in its exchange network worldwide.

Residential Ownership Units

Residential ownership units refer to residential units that we manage, or to which we provide services or license our trademarks, such as serviced apartments and Hyatt-branded residential units. Many locations are near or adjacent to full service hotels that are members of the Hyatt portfolio of properties, while others are in unique leisure locations. Studio units feature kitchenettes, while one, two and three bedroom units contain fully equipped kitchens, dining areas, and living rooms. Residents in some locations are able to utilize various nearby Hyatt hotel services.

Our Commitment to Corporate Responsibility

Hyatt Thrive is an integral part of our business and we recognize that when our people, communities, and planet thrive, so does our business. Hyatt Thrive is focused on environmental stewardship, strengthening our community impact through volunteerism, philanthropy, and disaster relief, and ensuring responsible business practices govern our operations. By setting goals, measuring progress, and harnessing the power of our colleagues around the world, we strive to make a tangible impact within and beyond the walls of our hotels.

Business Segment, Revenues and Geographical Information

We manage our business within four reportable segments as described below:

Owned and leased hotels, which consists of our owned and leased full service and select service hotels and, for purposes of segment Adjusted EBITDA, our pro rata share of the Adjusted EBITDA of our unconsolidated hospitality ventures, based on our ownership percentage of each venture;

Americas management and franchising ("Americas"), which consists of our management and franchising of properties located in the United States, Latin America, Canada, and the Caribbean;

ASPAC management and franchising ("ASPAC"), which consists of our management and franchising of properties located in Southeast Asia, as well as Greater China, Australia, South Korea, Japan, and Micronesia; and

EAME/SW Asia management and franchising ("EAME/SW Asia"), which consists of our management and franchising of properties located in Europe, Africa, the Middle East, India, Central Asia, and Nepal.

Within corporate and other, we include the results of Miraval and exhale, Hyatt Residence Club license fees, results from our co-branded credit card, and unallocated corporate expenses. The results of our owned Miraval resorts are reported in owned and leased hotels revenues and owned and leased hotels expenses on our consolidated statements of income. For information regarding our four reportable business segments, revenues, and geographical information, see Part IV, Item 15, "Exhibits and Financial Statement Schedule—Note 18 to our Consolidated Financial Statements."

Table of Contents

Management Agreements

We manage hotels, branded spas, fitness studios, and residential properties worldwide pursuant to management agreements.

Fees

Our management agreements typically provide for a two-tiered fee structure that compensates us both for the volume of business we generate for the property as well as for the profitability of hotel operations. In these two-tier fee structures, our base compensation is a base fee that is usually an agreed upon percentage of gross revenues from hotel operations. In addition, we are incentivized to improve hotel profitability through an incentive fee that is typically calculated as a percentage of a hotel profitability measure, such as gross operating profit, adjusted profit, or the amount by which gross operating profit or adjusted profit exceeds a specified threshold. Outside of the United States, our fees are often more dependent on hotel profitability measures either through a single management fee structure where the entire fee is based on a profitability measure, or because our two-tier fee structure is more heavily weighted toward the incentive fee than the base fee.

Terms and Renewals

The approximate average remaining term of our management agreements with third-party owners and unconsolidated hospitality ventures for full service hotels and select service hotels (other than those currently under development) is as follows:

	Assuming no renewal options are exercised by either party:	Including exercise of extension options that are in Hyatt's sole discretion:
Full service management agreements:		
Americas	13 years	21 years
EAME/SW Asia	16 years	20 years
ASPAC	13 years	14 years
Select service management agreements:		
Americas	13 years	29 years
EAME/SW Asia	21 years	34 years
ASPAC	18 years	26 years

Some of our management agreements grant early termination rights to hotel owners upon the occurrence of a stated event, such as the sale of the hotel or our failure to meet a specified performance test (any such event a "termination event"). In the case of a termination event, some of our management agreements grant hotel owners the right to terminate the management agreement and convert the hotel to a Hyatt franchise. Generally, termination rights under performance tests are based upon the property's individual performance or its performance when compared to a specified set of competitive hotels branded by other hotel operators or both. These termination rights are usually triggered if we do not meet the performance tests over multiple years. We generally have the option to cure performance failures by paying an amount equal to the shortfall, but in some cases our cure rights may be limited, and the result of our failure to meet a performance test may be the termination of our management agreement.

Many of our management agreements are subordinated to mortgages or other secured indebtedness of the owners. In the United States, most lenders have agreed to recognize our right to continue to manage the hotels under the terms set forth in the management agreements if the lenders take possession of the hotel property through foreclosure or similar means.

Franchise Agreements

Our franchise agreements grant our franchisees the limited right to use our name, marks and system in the operation of franchised Hyatt Regency, Hyatt, Hyatt Centric, Hyatt Place, Hyatt House, Hyatt Ziva and Hyatt Zilara properties, and franchised properties operated under distinct tradenames and affiliated with "The Unbound Collection by Hyatt". We do not participate in the management of our franchised hotels; however, franchisees are required to operate franchised

hotels consistent with our brand standards. We approve the plans for, and the location of, franchised hotels and review the operation of these hotels to ensure our standards are maintained.

Table of Contents

Fees

In general, our franchisees pay us an initial application fee and ongoing royalty fees, the amount of which depends on whether the franchised property is a select service hotel or full service hotel. We franchise full service hotels under the Hyatt Regency, Hyatt Centric and Hyatt brands, all inclusive resorts under the Hyatt Ziva and Hyatt Zilara brands, and full service hotels under distinct tradenames and affiliated with "The Unbound Collection by Hyatt". We franchise select service hotels under the Hyatt Place and Hyatt House brands. Application fees are typically \$75,000 for our Hyatt Place and our Hyatt House hotels and the greater of \$100,000 or \$300 per guest room for our full service hotels and all inclusive resorts. Select service franchisees pay continuing franchise fees calculated as a percentage of gross room revenues, which typically are 3% in the first year of operations, 4% in the second year, and 5% through the remainder of the term. Our Hyatt Regency and Hyatt franchisees typically pay us franchise fees calculated as 6% of gross room revenues and 3% of gross food and beverage revenues. Our Hyatt Centric and The Unbound Collection by Hyatt franchisees typically pay us franchise fees calculated as 5% of gross room revenues. In some circumstances, we have negotiated other fee arrangements. Our all inclusive franchisees typically pay us franchise fees calculated as either 2.75% or 3.25% of gross revenues.

In addition to our franchise fees, we charge full service hotel and all inclusive resort franchisees for certain services arranged and provided by us. These activities include centralized reservation functions, certain sales functions, technology, national advertising, marketing and promotional services, as well as various revenue management services. We charge select service franchisees for marketing, central reservations, and technology services.

Terms and Renewals

The standard term of our franchise agreements is typically 20 years, with one 10 year renewal option exercisable by the franchisee, assuming the franchisee has complied with franchise agreement requirements and standards. Certain of our franchise agreements have renewal options at Hyatt's option, generally triggered if the franchisee has failed to exercise its renewal option. We have the right to terminate franchise agreements upon specified events of default, including non-payment of fees and non-compliance with brand standards. In the event of early termination for any reason, our franchise agreements set forth liquidated damages our franchisees must pay to us upon termination. The bankruptcy of a franchisee or lender foreclosure could result in the termination of the franchise agreement. The average remaining base term of our franchise agreements for our select service and full service hotels (other than those currently under development) is approximately 17 years, assuming no renewal options are exercised by either party. Including exercise of extension options in Hyatt's discretion, the average remaining term of our franchise agreements for our select service hotels and full service hotels (other than those currently under development) is approximately 19 years.

Sales, Marketing and Reservations

Sales

We deploy a global sales team as well as regional sales teams in our Americas, ASPAC, and EAME/SW Asia regions. The global team is responsible for our largest and most significant accounts doing business in all three regions. The regional teams are responsible for large accounts that typically do business within one region but at multiple hotels within the region. The global and regional sales teams coordinate efforts with the hotel sales teams. The in-house sales colleagues are focused on local and regional business opportunities, as well as securing the business generated from our key global and regional accounts.

Our corporate sales organizations are focused on growing market share with key accounts, identifying new business opportunities, and maximizing our local customer base. Our key accounts consist of: major corporations; national, state, and regional associations; specialty market accounts (social, government, military, educational, religious, and fraternal); travel agency and luxury organizations; and a broad and diverse group of individual consumers. Our global and regional sales teams target multiple brands to key customer accounts within these groups. No one customer is material to our business. Our global and regional teams consist of over 200 colleagues at global and regional sales offices around the world, who are focused on group business, business and leisure traveler accounts, and travel agencies.

Sales colleagues at our regional offices and at many of our full service hotels use our proprietary sales tool to manage the group rooms forecast, maintain an inventory of definite and tentative group rooms booked each day, streamline the process of checking guest room availability and rate quotes, and determine meeting room availability.

We seek to maximize revenues in each hotel we operate through a team of revenue management professionals and also provide revenue management services to franchisees upon request. Our revenue management leaders use a proprietary technology tool to help set appropriate pricing in each hotel. The goal of revenue management is to secure the right customers, on the right date, at the right price. Business opportunities are reviewed and agreed upon by the hotel's management team.

Table of Contents

Marketing

We are focused on the high-end traveler, positioning our brands at the top of each segment in which we operate. Our marketing strategy is designed to drive loyalty and community, while meeting the specific business needs of hotel operations. Building and differentiating each of our brands is critical to increasing Hyatt's brand preference. We are focused on targeting the distinct guest segments that each of our brands serves and supporting the needs of the hotels by thorough analysis and application of data and analytics. The World of Hyatt loyalty program and Hyatt.com are also key components of building loyalty and driving revenue. The loyalty program focuses on driving guest satisfaction, recognition, and differential services for our most loyal guests. Hyatt.com is our primary online distribution channel providing customers with an efficient source of information about our hotels and an effective booking experience. With a combined focus on increasing brand awareness, building a community of loyalists and enhancing digital engagement, our marketing is aimed at Hyatt becoming the most preferred hospitality brand.

Reservations

We have a central reservation system that provides a comprehensive view of inventory, while allowin