

Lodging Conference: US Hoteliers Wait Out 'Economy in Transition'

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PHOENIX — The U.S. hotel industry sits between a summer travel boom and a few more months of pandemic-driven unknown, but hoteliers are firmly focused on spring of 2022 as a more settled time with fewer variables to derail recovery.

Hotel executives speaking during the opening day of the Lodging Conference continued to emphasize the labor shortage as the industry's No. 1 challenge, but also have moved past the labor shock and are finding efficient solutions, all in the name of flexibility.

“Hotels may not go back to 100% of the staffing levels they used to have; it may end up closer to 75% to 80% of that,” said Gilda Perez-Alvarado, global CEO of JLL Hotels & Hospitality.

Executives also aren't shying away from talking about compensation as a major driver of employee recruitment and retention.

“Compensation is what has helped us [recruit] the most,” G6 Hospitality CEO Rob Palleschi said. “It's all about housekeepers and laundry workers, and an extra dollar for them is consequential.”

Economist **Bernard Baumohl**, chief global economist of **The Economic Outlook Group**, called the U.S. economy “an economy in transition,” but encouraged hoteliers to hang in there a little while longer.

“If we simply look past this winter and fall, just beyond the next five to six months, we're going to be having a much more normal economic cycle for much of 2022 and into 2023. We see far more positive forces acting on the economy than negative forces when we look at the second half of next year.”

With vaccination rates continuing to inch up, and talk of international borders opening, hoteliers here are optimistic that barring any additional virus waves or governmental catastrophes, they'll be able to operate their hotels with adequate staffing to manage new inbound travel.

“We have to push through this. We have to get our employees safe and keep our guests safe,” Aimbridge Hospitality President and CEO Mike Deitemeyer said about the importance of vaccines. “Vaccines are the quickest and easiest answer to pushing through this.”

“For those who doubt, let’s remind them to never underestimate the strength of a woman,” Perez-Alvarado said in her acceptance remarks.

Quotes of The Day

“There is no doubt the pandemic has fundamentally changed the economic and business landscape. One of the real painful lessons we learned is the fragility of the supply chain in the U.S. We’re so damn dependent on semiconductor chips from Southeast Asia. There’s a realization that something fundamental needs to change. There’s a real assessment going on with respect to the supply chain, and a lot of companies are looking at new technologies.”

— **Bernard Baumohl**, chief global economist, The Economic Outlook Group, on the ongoing supply chain issues all U.S. industries face.

"You can't get technology to clean the hairs off the bathroom sink. You need a person to do that."

— Tyler Morse, chairman and CEO of MCR, on the need for human employees in hotels.

Data Point of The Day

One out of every 12 assistant general managers in North America left the industry in May and June, according to data from Hotel Effectiveness.

“This is rough,” Hotel Effectiveness Chief Revenue Officer Del Ross said. “These people were back to doing the jobs they thought they had left behind. They looked above them at the GM job they thought they wanted and saw that person doing the same thing.”

Business travel is seemingly back in Phoenix, Arizona, with nearly 2,000 attendees at the 2021 Lodging Conference at the JW Marriott Phoenix Desert Ridge Resort & Spa. And while uncertainty remains around the overall recovery across the industry, economists are hopeful.

Rachael Rothman, head of hotels research and data analytics at CBRE Hotels Research, said it will be an “incremental recovery.” Things will never be the same as 2019, but that doesn’t mean conditions won’t still be good, she said. There’s more and more optimism around the outlook of gross-domestic-product growth.

In terms of business travel recovery, **Bernard Baumohl**, chief global economist at The Economic Outlook Group, said the belief now, based on surveys, is that 30% or 40% of employees in the U.S. could be working remotely permanently. But he notes that business travel isn’t dead.

“I can tell you, with absolute confidence, do not underestimate the resilience of business travel to come back. There just is no alternative to have these kinds of interpersonal relationships, these meetings, these conferences,” he said. “I do not expect that were going to see significant loss of business travel.”

The human element of this pandemic is playing a role in every conversation now more than ever before, whether that’s hoteliers talking about managing burnout on their teams, CEOs talking honestly about raising wages, or economists and analysts commenting on the way shifts in human behavior are having lasting effects on how people are traveling, working and living.

Speaking of people, the hotel industry is looking forward to international inbound borders opening to the United States, not just for the travel demand, but to fill hotel jobs.

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