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FINANCE · HOTELS

The hotel industry's comeback from the dead is being threatened by filthy rooms, angry guests and a fed-up workers' union

BY IRINA IVANOVA



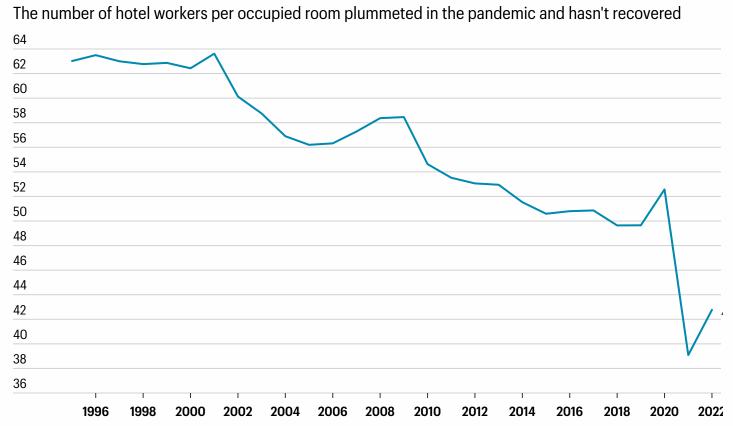


In the three years since America's leisure industry was nearly killed off by the pandemic, it has come roaring back: Hotels are fully booked, room prices in some regions are nearly double what they were pre-pandemic, and industry profits recently hit a record high.

What hasn't come back, many travelers and workers grouse, is the service. Many hotels dramatically reduced housekeeping during the pandemic—initially as a health measure. But with the public health emergency officially over, and hotel occupancy surging back to its prepandemic levels, housekeeping is still lagging in many places. Indeed, the frequency of hotel housekeeping has turned into a major flashpoint between hotels and the staff they employ—not to mention guests.

Now, many travelers tell *Fortune* that hotels argue housekeeping is "flexible" or "available on request." Cheaper chains default to cleaning every two or three days, instead of every day. A practice that started as a health measure has become a significant money-saver for hotels, which are also having trouble hiring enough cleaning staff to match pre-pandemic levels.

# Fully occupied, barely staffed



SOURCE: BUREAU OF LABOR STATISTICS; UNITE HERE

Hotel staffing (relative to occupancy) has fallen to a 30-year low since the pandemic, and it still hasn't recovered, according to an analysis of federal data by Unite Here, a union that represents many hospitality workers.

Last month, some 60,000 members of the Culinary Workers Union in Nevada, which represents housekeepers, bartenders and servers, voted overwhelmingly to authorize a strike —with pay and staffing being major points of contention between the union and employers. Union members picketed hotels owned by MGM Resorts and Caesars Entertainment on the Las Vegas Strip last week, although no strike has yet been called.

For Xochitl Mendez, a housekeeper who has worked at an MGM hotel for the past 14 years, cleanliness is a safety issue.

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"The rooms aren't cleaned every day, and every day we see guests who are super, super annoyed. They're angry and they insult us," Mendez, 55, told *Fortune*. "Sometimes we don't want to go into the rooms because the guests are so mad."

Once, she said, an angry guest yelled at her and threw magazines when she entered the room, shouting, "Why hasn't this room been cleaned when I'm paying so much money?"

# Same price, less effort

To be sure, cleaning-optional stays didn't start with the pandemic—over the last decade, hotels began pitching guests the choice to skip a towel refresh or a cleaning in exchange for perks, usually a beverage or points. But the pandemic supercharged that trend. Hotels that scaled back room cleaning "found that, more often than not, most customers didn't miss it, and additionally, with lack of labor and labor prices going up, hotel owners are perfectly fine with not having to pay up for housekeeping," C. Patrick Scholes, managing director of leisure and lodging equity research at Truist Securities.

"I think the customer is the loser here — room rates are fully back and more, but you're getting less service," he said.

Pre-pandemic, hotels needed about 40% occupancy in order to break even on costs, but with cleaning being cut back, that figure has shifted closer to 30%, Scholes said. That's one reason he believes daily housekeeping, at least for midrange and lower hotels, is a thing of the past. "If it hasn't happened by now, it's not going to happen."

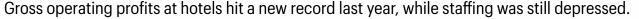
Even at the low end of worker pay, hotels can see substantial savings from reducing housekeeping. According to a rough calculation by Richard Clark, a Bernstein analyst, a 100-room property that pays workers \$10 an hour can save \$110,000 in labor costs annually by cleaning rooms every third day. (In many high-cost cities like New York or Las Vegas, hotel housekeepers earn substantially more than that, especially if they are represented by a union.)

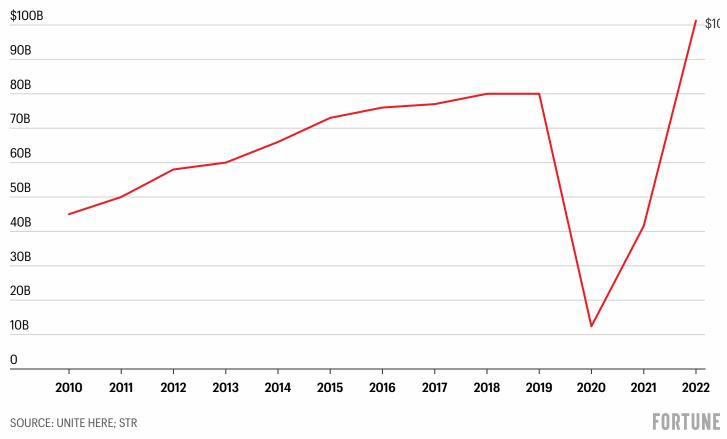
Hotels say that they adjust cleaning schedules to what guests want. Hyatt's policy is that "Housekeeping options vary by hotel, but guests can share their housekeeping preferences upon arrival and hotels will work to honor their requests." Marriott, which offers a full clean for top-tier properties and an every-other-day cleaning elsewhere, instructs guests on how to opt in or out of cleaning. Hilton tells guests that "most properties have implemented a flexible housekeeping policy with daily services available upon request."

A Hilton spokesperson told *Fortune* that daily housekeeping was expanding to more properties in the fall, when "guests will enjoy automatic daily housekeeping at all of Hilton's Luxury, Full Service, Lifestyle and Embassy Suites by Hilton hotels worldwide." Marriott said that "In the U.S. and Canada, how often housekeeping service is provided varies by hotel

segment and guests may personalize their housekeeping preferences during the booking process." Hyatt did not reply to requests for comment on cleaning frequency.

# Through the roof





# Requests fall on deaf ears

For travelers who like their bed made and towels replaced daily, figuring out how to get their request across can be a maddening exercise in code-breaking.

Abhishek Singh, who travels often for his job as a tech analyst, recalls the first time he learned that housekeeping was now optional, in spring 2022 while attending a Seattle conference. He returned to his room at 9:30 p.m. after 12 hours on his feet, and found the bed unmade and "towels strewn around." He called the front desk to learn the hotel, a Marriott, didn't offer daily housekeeping, and when he tried to request housekeeping the following morning, he was given a flat-out no. In other hotels, he's requested daily housekeeping at 10 a.m. only to be told that he should have made the request by 9 a.m. to be accommodated. (The Marriott spokesperson declined to comment to *Fortune* on this specific incident.)

Singh told *Fortune* he's so tired of tussling with hotel management he's developed a hack, where, instead of booking one room for several nights, he'll book two rooms for one night each, and will check out in the daytime to attend his conference.

"I travel with just one carry-on; in the morning I just check out and then I check in," he said. Once, he came clean to the front desk, and offered to stay in the same room if they agreed to clean it that day, counter to its normal policy. (He says they agreed.)

But Singh is still frustrated at what he feels is deceptive behavior by hotels that charge him \$200 to \$500 a night. "My logic is, I'm paying the same room rate a night as a person who is staying only for one night. That person gets a room that is neat and clean—why am I not getting it?" Singh told *Fortune*. "It's not like they are giving me a bulk discount for staying for five nights," he said.

He also grates at hotels that describe reduced cleaning as ecologically friendly, calling it "virtue signaling."

Hotel workers are also pushing back against the advertised environmental benefits. When two or three guests stay in a room and it's cleaned only on checkout, that means more time, more cleaning products, and a harder job, said Lucy Biswas, a housekeeper at the Washington Hilton in the U.S. capital. In the depths of the pandemic, the hotel sometimes staffed as few as six housekeepers to clean a fully-occupied building, rather than the 40 who would work on a typical day pre-pandemic, according to Biswas' union, Unite Here Local 25.

"When they leave for a room for three days, the trash in the rooms smells, the trash is all over the floor," Biswas said. "When a family comes in, there's plenty of sawdust, syrup on top of the desk, or dust, or crumbs... sometimes, we don't even finish the rooms because they're so filthy."

In Washington, D.C., housekeeping has become a political issue—the city council last year passed a temporary law requiring daily cleaning; hotel workers are hoping the law will be made permanent. Las Vegas had passed a similar law during the pandemic but reversed the requirement earlier this year.

Most industry watchers believe that hotels will go back to daily housekeeping—once they have to. "At some point consumers will stop being willing to pay as much as they are doing for hotels where they are no longer getting housekeeping," said Sean O'Neill, hotel editor for the travel website Skift.

For some travelers, that day can't come soon enough.

"Doing my own cleaning—I'd assume that would be the case for an Airbnb," said Singh, the tech analyst. "But with a hotel there are certain assumptions, that you're paying for more than the four walls and bathroom. What is that extra that I'm paying more for?" Subscribe to the CFO Daily newsletter to keep up with the trends, issues, and executives shaping corporate finance. Sign up for free.

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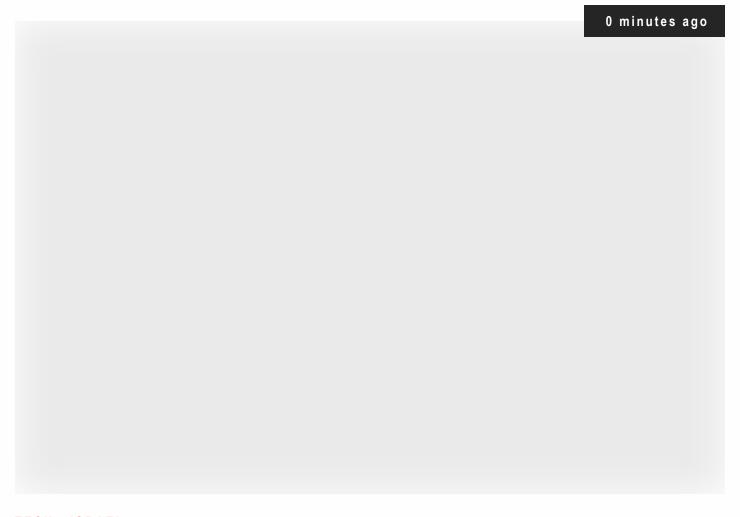
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