

TRAVEL AND HOSPITALITY

Ritz-Carlton owner Marriott International to extend furloughs, start eliminating positions

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St. Regis Venice on the Grand Canal. Image credit: St. Regis Venice

By LUXURY DAILY NEWS SERVICE

Marriott International, owner of hotel brands such as the Ritz-Carlton, St. Regis and the Luxury Collection, will extend its furloughs and reduced workweek schedules through Oct. 2 as the hospitality giant grapples with the fallout of the COVID-19 coronavirus pandemic.

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The Bethesda, MD-based company is also rolling out a voluntary transition program for on-property and above-property employees in the United States who may choose to leave the company. Similar voluntary redundancy programs are being considered for other Marriott operations worldwide.

"Given the company's expectation that prior levels of business will not return until beyond 2021, the company anticipates a significant number of above-property position eliminations later this year," Marriott said in a statement.

"The company is not able at this time to predict how many associates will be affected by these separations or any resulting charges or cost savings."

On the mat

Marriott took early steps to cut costs as the global COVID-19 lockdowns shut hotels and resorts. The company, the world's third-largest hospitality group, started furloughing employees in early April.

Marriott has informed its employees that it will be some time before lodging demand and RevPAR levels recover to pre-COVID-19 shutdown levels.

RevPAR, or revenue per available room, is a metric used in the hospitality business to measure hotel performance. The measurement is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate.

Marriott last month announced it had raised \$920 million in cash by amending its existing cobranded credit card agreements with financial services firms JPMorgan Chase & Co. and American Express ([see story](#)).

The firm will use the additional liquidity to firm up its balance sheet as the group's hotels are shuttered in most markets worldwide, including North America and Europe, although most of its China hotels are up and running.

In April, Marriott introduced a global cleanliness council to promote higher standards of cleanliness as the COVID-19 coronavirus outbreak ravages the travel and tourism business.

The Marriott Global Cleanliness Council focuses on developing enhanced global hospitality cleanliness standards, norms and behavior designed to minimize risk and boost safety for guests and Marriott associates ([see story](#)).

Such measures, however, may not be enough as travel is paralyzed globally with bans and quarantines, as well as fears of the COVID-19 coronavirus' spread.

"The COVID-19 pandemic is having a more severe and sustained financial impact on Marriott's business than 9/11 and the 2008 financial crisis, combined," Marriott said.

"From the first warning signs of this unprecedented event, the company took a number of steps to adapt and strengthen its business including reducing costs significantly and improving its liquidity."

Introducing Marriott's Commitment to Clean. Our new initiative provides cleaner, safer spaces for guests & associates, so you can travel with confidence. Watch our video to learn more.

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