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Extended stay America: HR successes amidst the COVID-19 pandemic

Teaching Note

Boston University School of Hospitality Administration

Extended Stay America: HR Success During Early Months of COVID-19 Pandemic

Leora Lanz, ISHC, Suzanne Bagnera, PhD and Maura Feltault, CHIA wrote this teaching note as an aid to instructors in the classroom with the use of the case Extended Stay America: HR Success During the early months of the COVID-19 Pandemic, No. XXXXXXX. This teaching note should not be used in any way that would prejudice the future use of the case.

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SYNOPSIS

Starting in the early months of 2020, the COVID-19 pandemic devastated the world and caused an enormous ripple effect through the lives of many individuals, companies and industries as a whole. The travel and tourism industry was hit especially hard as countless businesses halted all employee travel, states and counties issued travel bans, and millions of people around the world sheltered in place to help limit the spread of the deadly virus.

For the majority of hotel companies this crisis brought hotel closures and company-wide furloughs at the property level and at corporate headquarters. However, one company managed to proceed relatively unscathed, particularly as it pertained to human resource retention and engagement. Extended Stay America (ESA), the leading brand in the mid-priced extended stay segment,[1] has managed to keep all 634 of its hotel locations across the country open even during the most difficult early stages of the 2020 pandemic. Additionally, ESA did not lay off or furlough any employee at the property level or at the corporate headquarters. This success is a result of the company's business model and the initiatives and the HR programs implemented. This case study will detail how Extended Stay America remained

[1] Extended Stay America, "About Extended Stay," *Extended Stay America,* accessed August 30, 2020, https://www.aboutstay.com/investor-relations

proactive and successful during a time period when so many hotels were struggling to remain open, and when so many hotel brands were unable to keep associates employed.

LEARNING OBJECTIVES

• Recognize the importance of teamwork, leadership and flexibility in crisis management;
• Understand the impact that meaningful human resources initiatives can have on an organization and its people/talent;
• Comprehend the importance of listening to society, reflecting on local communities, and manifesting creative measures to keep employees engaged and connected.

POSITION IN COURSE

This case can be used in courses both in a business and hospitality program. Specifically, the courses/modules focused in human resources, lodging operations, strategic management at both the graduate and undergraduate levels.

RELEVANT READINGS

Julie Fugitt-Schultz, "The Resiliency of Extended Stay Amid COVID-19," *Hotel Executive,* August 23, 2020, accessed August 30, 2020, https://www.hotelexecutive.com/business_review/6667/the-resiliency-of-extended-stay-amid-covid-19

Gregg Wallis, "ESA Reports Some Positives for Q2," *Hotel Business,* August 11, 2020, accessed August 30, 2020, https://www.hotelbusiness.com/esa-reports-some-positives-for-q2/?utm_source=newsletter&utm_medium=email&oly_enc_id=0806E7471278D5U

Dana Miller, "ESA CEO: Performance in Crisis Shows Value Proposition," *Hotel News Now,* August 12, 2020, Accessed August 30, 2020, https://www.hotelnewsnow.com/Articles/303910/ESA-CEO-Performance-in-crisis-shows-value-proposition

ASSIGNMENT QUESTIONS

1. Regardless of current financial situations or challenges, how important is it for companies to prioritize the well-being / wellness of their employees? In times of crisis?
2. If you were an employee of Extended Stay America either on property or in the Hotel Support Center, how would your attitude toward work and your desire to perform change as a result of the measures taken? Would they change at all? Why or why not?

3. Do you think other major hotel companies could have witnessed similar success in at least some of their brands? For example, could Marriott or Hilton have pivoted to a similar approach with their extended stay brands and gained similar HR success?
4. How important is a company's response to current cultural and social issues - to its employees? In your opinion, has the level of importance changed over time?
5. What does the future for Extended Stay America look like? How will its stake in the overall hotel business change as the world adjusts to post-pandemic life? Will other hotel companies have to adapt to follow suit with Extended Stay America or will more traditional hotel trends soon return?

TEACHING PLAN

This case can be taught during one standard class session (60 to 90 minutes) as long as the students have read the case and suggested additional readings prior to the start of class. It is also recommended that the students answer the assignment questions on their own prior to class.

Discussion Point Time (Minutes)

Introduction - 5, Assignment Question 1 – 10-15, Assignment Question 2 - 10-15, Assignment Question 3 - 10-15, Assignment Question 4 - 10-15, Assignment Question 5 - 10-15, Conclusion - 5.

ANALYSIS

Assignment Question 1:

Answer:

It is a good investment to prioritize the well-being of employees regardless of current events or setbacks. When employees feel taken care of, they are more likely to be engaged and motivated at work and are more likely to remain committed to the organization when times are tough. As an industry example, companies such as Marriott have, as one of their core values, placed people first. Marriott's official position on this principle is straightforward: "take care of associates and they will take care of the customers."[2] They know if their employees are well cared for, they will be better focused on their tasks and initiatives. How employees feel at work and how they feel about their employers play a key role in how *Fortune* determines their "Great Place to Work" list each year. Fortune's methodology cites that, "eighty-five percent of the evaluation is based on what employees report about their experiences of trust and reaching their full human potential as part of their organization, no matter who they are or what they do."[3] Qualified applicants have choices when it comes to where they apply and eventually work. Companies that have a reputation as a great place to work can better market themselves to applicants and invest in talent that will help them move forward as an organization.

[2] Marriott, "Core Values & Heritage," *Marriott,* accessed September 8, 2020, https://www.marriott.com/culture-and-values/core-values.mi

[3] Great Place to Work, "Our Methodology For: Fortune 100 Best Companies to Work For 2020," *Fortune,* accessed September 11, 2020, https://www.greatplacetowork.com/best-workplaces/100-best/2020

Analysis:

The LinkedIn Global Talent Trends of 2020 lists as its first trend (that impacts the way employers can attract and retain talent) "the employee experience." The report, based on data collected from surveys from over 7,000 talent professionals in 35 countries, found that 96% of human resources and hiring professionals said that employee experience was becoming more and more important.[4] Kathie Paterson, the Chief Human Resources Officer of Ally Financial, told *Forbes* that the COVID-19 health pandemic has "shown how critical it is to embrace our humanity, be understanding and caring - and that holds true for companies too." Paterson also emphasized that companies should make sure the "human is prioritized in Human Resources."[5] Additionally in the 2020 HR Sentiment Survey conducted by *Forbes,* 50% of respondents ranked Employee Experience first when listing their top initiatives for 2020.[6]

Teaching Tips:

Undergraduate: With this question the discussion in class can revolve around the various forms of assistance that would be most preferred by employees in times of hardship for the company as well as normal times – financial assistance, emotional support, physical/tangible activities and more. Have students think about their own families and home situations and draw from those life experiences to answer the question.

Graduate: Ask students to draw on their own work experiences, both good and bad, as well as just what they would value or appreciate and thus what they would like to see from an employer. If students have had the opportunity to lead a team or be the supervisor in an organization ask them what they have done or implemented to ensure that employees' needs are anticipated and met.

Assignment Question 2:

Answer:

As of early September 2020, six months into the COVID-19 health pandemic, roughly 29 million Americans were receiving state unemployment benefits.[7] However, Extended Stay America employees were fortunate to continue working by a company which placed employees first. From small gestures

[4] LinkedIn, "Global Talent Trends 2020," *LinkedIn,* accessed September 8, 2020, https://business.linkedin.com/talent-solutions/recruiting-tips/global-talent-trends-2020

[5] Alan Kohll, "How One Company is Taking Care of Employees During COVID-19," *Forbes,* April 6, 2020, accessed September 8, 2020, https://www.forbes.com/sites/alankohll/2020/04/06/how-one-company-is-taking-care-of-employees-during-covid-19/#3d85eda1488d

[6] Jeanne Meister, "Employee Experience Is More Important Than Ever During the COVID-19 Pandemic," *Forbes*, June 8, 2020, accessed September 12, 2020, https://www.forbes.com/sites/jeannemeister/2020/06/08/employee-experience-is-more-important-than-ever-during-the-covid-19-pandemic/#28f62aeb34bc

[7] Christopher Rugaber, "US unemployment rate falls to 8.4% even as hiring slows," *The Associated Press,* September 3, 2020, accessed September 8, 2020, https://apnews.com/3b986be61c960c484a274837c5791909

such as sending each employee at the Hotel Support Center a DoorDash coupon for a free lunch. To a more creative offering allowing employees to select from a variety of office furniture packages available at Staples so they could improve and optimize their work-from-home set-up. To the most recent implementation of the STAY Counted initiative which helped both guests and employees across the country register to vote before the 2020 general election. Each of these creative offerings provided by Extended Stay America allowed their employees to have pride in the company they work for. It would be natural for employees to feel an extra sense of pride in their organization and thus also experience an increased desire to perform, which in turn helps the local communities.

Analysis:

The August Employment Report from the Bureau of Labor Statistics reported that the unemployment percent dropped to 8.4%, which is down from the April high of 14.7%. However, it is still much higher than the 3.5% reported in February 2020 and nearly 240,000 of the jobs added in August are only temporary positions given to individuals working on the 2020 census.[8] The unemployment rate in some major metropolitan cities around the country was in even worse shape. For example, in New York City the state unemployment rate reached 20.4% in June, which was nearly twice the national rate for the same time period.[9] As the pandemic continued to be a major concern for everyday Americans across the country, the ability to work remotely became increasingly more common as employers tried to provide their associates with the flexibility to navigate the crisis. According to Bloomberg, 40% of jobs can now be done remotely, compared to just seven percent in 2010.[10] Extended Stay America is cognizant of this trend and seeks to capitalize on individuals who are hoping to relocate to suburban areas by offering a 60% discount for individuals who are staying at their locations as temporary housing.[11] This proves that Extended Stay America is aware of current trends in their markets and capitalizes on them to ensure

[8] Megan Cassella, "U.S. unemployment rate fell to 8.4 percent in August," *Politico,* September 4, 2020, accessed September 8, 2020, https://www.politico.com/news/2020/09/04/august-unemployment-numbers-jobs-report-408825#:~:text=The%20white%20unemployment%20rate%20for,percent%20from%20its%20April%20level.

[9] Greg Iacurci, "A Second Great Depression? Unemployment Crisis Hits Big Cities Hard," *CNBC,* July 21, 2020, accessed September 14, 2020, https://www.cnbc.com/2020/07/21/some-big-cities-are-hitting-great-depression-unemployment-levels.html

[10] Richard Florida, "The Force that Will Reshape American Cities," *Blooomberg CityLab,* July 2, 2020, accessed September 14, 2020, https://www.bloomberg.com/news/features/2020-07-02/how-coronavirus-will-reshape-u-s-cities

[11] Extended Stay America, "Temporary Housing," *Extended Stay America,* accessed September 14, 2020, https://www.extendedstayamerica.com/about/temporary-housing.html?mid=ps-google&_vsrefdom=mca&mchxkw=c:84864495,k:temporary%20housing,m:p,p:,d:c,ai:10630695855,ad:427365813576,s:g&channel=paid-search&partner=google&campaign=g_acq_portal_housing_expand&adgroup=homepage&ppckw=temporary%20housing&adtype=regular&kpid=go_cmp-84864495_adg-10630695855_ad-427365813576_aud-950616236853:kwd-11390671_dev-c_ext-_sig-Cj0KCQjwqfz6BRD8ARIsAIXQCf06xYaauTxkERY0Lhafl1HpfQIh4cf03Zql1UuifG0RmSZxFQZbijwaAprHEALw_wcB&userguid=7979d067-e7b9-4168-b265-8a5edaace5b5&gclid=Cj0KCQjwqfz6BRD8ARIsAIXQCf06xYaauTxkERY0Lhafl1HpfQIh4cf03Zql1UuifG0RmSZxFQZbijwaAprHEALw_wcB

success for their properties; this by extension also takes care of employees by keeping them employed during a time when so many are not able to work.

Teaching Tips:

Undergraduate: With this question, focus on encouraging the students to think about how they would feel and act during this crisis in particular, as if they were the employee in question. It is important to emphasize just how rare it is for a hotel company to be able to keep all employees on the payroll during financially challenging times. Once students understand how significant a measure this is, they will be in a better position to discuss.

Graduate: Students can also be encouraged to conduct additional research on other company furloughs, lay-offs and hotel closures during this time as a point of comparison – perhaps Marriott[12], Hilton[13], Hyatt.[14] Hotel News Now also provides a very detailed summary of the effect of the crisis on the overall industry in this[15] article.

Assignment Question 3:

Answer:

While in comparison, Extended Stay America did considerably outperform its competitors, it is possible that the disparity in the success of these brands rests in the scale of size with which Marriott and Hilton are dealing. When the pandemic first emerged in the U.S., Hilton and Marriott had already been facing this crisis in their Asian properties. With the impact that it had had internationally, it is possible that these companies already understood the financial ramifications and knew that they could not pivot operationally as nimbly or swiftly as ESA. Could a company the scale of Marriott or Hilton also offer corporate employees a certain amount of money to purchase home office furniture and equipment?

Analysis:

To make an estimation on whether or not a company would have been able to achieve the same

[12] https://www.businesstravelnews.com/Global-Covid/Marriott-Puts-Thousands-on-Furlough-Plans-to-Close-Hotels/36037

[13] https://www.businesstravelnews.com/Lodging/Hilton-Lays-Off-22-Percent-of-Global-Corporate-Staff-Extends-Furloughs-Pay-Cuts

[14] https://www.bloomberg.com/news/articles/2020-03-24/hyatt-to-furlough-u-s-corporate-employees-with-hotels-shuttered

[15] https://www.hotelnewsnow.com/Articles/301339/Hotels-swing-from-one-labor-extreme-to-the-next

success as Extended Stay America, one would need to have access to the company's financial data. While this information is not readily available to the average consumer, the information found in a public company's quarterly earnings reports can provide a good starting point. For example, Marriott's second quarter earnings report indicated that Residence Inn, one of their extended stay brands, outperformed other brands by a considerable margin. Residence Inn reported a 40% occupancy rate, while the Courtyard and Ritz Carlton brands reported 18% and nine percent occupancy respectively during the same time period.[16]

Additionally, according to Hilton's second quarter performance results, their extended stay brands also were the star performers for the company. During the second quarter both Homewood Suites and Home2 Suites reported an approximately 40% average occupancy rate, which was higher than any other Hilton brand by more than ten percentage points.[17] As a reminder, Extended Stay America's average occupancy for the same time period was nearly 70% proving that the extended stay market, regardless of brand, is the property classification most prepared to be successful during the COVID-19 pandemic.[18]

Teaching Tips:

Undergraduate: It is important to note that with this question the students should be discouraged from speaking negatively about Marriott, Hilton or any other hospitality company and their efforts. All lodging leaders held the humble and daunting responsibility of protecting their companies financially with the goal of bringing employees back as soon as possible. The Vice President of Corporate Communications at Hilton, Nigel Glennie, told *USA Today* that while the company has furloughed thousands of its employees that they "plan to welcome these team members back when travel resumes."[19] This question is intended to ignite discussion and hypothesize the possibilities. It is important to guide the discussion and encourage the students to think creatively as it pertains to HR, but recognizing the financial implications, the union restrictions, the occupancy and travel challenges, the sanitation practices, and the entirety of the challenge. With regards to union restrictions, properties that are under a Collective Bargaining Agreement (CBA) with a local union, have to follow certain protocols and procedures that non-union properties do not have. For example, with bringing employees back from furlough, lay off or normal work redactions as a result of slow business demand, union properties have to consider the seniority of the associates in each

[16] Seema Mody, "As iconic hotel brands languish, these are the coronavirus lodging sector winners," *CNBC,* August 13, 2020, accessed September 8, 2020, https://www.cnbc.com/2020/08/13/as-iconic-hotels-languish-these-are-the-lodging-sector-winners.html

[17] Hilton, "Hilton Reports Second Quarter Results," *Hilton,* August 6, 2020, accessed September 8, 2020, https://ir.hilton.com/~/media/Files/H/Hilton-Worldwide-IR-V3/quarterly-results/2020/q2-2020-earnings-release.pdf

[18] Extended Stay America, "Extended Stay America Announces Second Quarter 2020 Results," *Extended Stay America,* August 10, 2020, accessed September 8, 2020, https://www.aboutstay.com/news-releases/news-release-details/extended-stay-america-announces-second-quarter-2020-results

[19] Josh Rivera, "Furloughed Hilton workers offered access to other jobs during coronavirus pandemic," *USA Today,* March 23, 2020, accessed September 8, 2020, https://www.usatoday.com/story/money/2020/03/23/hilton-employees-furloughs-coronavirus-covid-19-jobs/2893323001/

department and their current skill set as well as ensure that they are in compliance with the CBA for how much advance notice they give these individuals regarding their change in status. Since the case study and the suggested additional reading detail the financial situations of both Hilton and Marriott, it is crucial that the students do not make assumptions. Rather, they must consider the variety and significance of the challenges.

Graduate: The students can be encouraged to conduct more research if they wish to learn about how certain companies handled this difficult HR situation, but the main focus of this discussion should always come back to Extended Stay America in particular.

Assignment Question 4:

Answer:

Going forward, it will be even more important for companies to respond and deliver public relations statements regarding contemporary issues of social justice, and to put actions behind words – the way Extended Stay America implemented the STAY Counted initiative. Qualified employees have the ability to choose where they want to work in similar ways that successful employers can choose whom to hire. As a result, it is important for companies to market themselves appropriately and remain competitive. The need for companies to be more involved and aware of social causes has increased over time and will most likely continue to increase as citizenry pushes companies to be better social stewards and responsible members of their local and global communities. According to a survey conducted by the nonprofit Net Impact, 58% of respondents said that they would take a 15% pay cut "to work for an organization with values like my own." Additionally, employees are 16% more productive and morale is 55% higher at a company that prioritized corporate social responsibility.[20]

Analysis:

A company's response to current events and cultural issues is incredibly important, particularly in the 21st century and in the United States of 2020 with various issues of social justice top of mind. According to a 2015 Harvard Business Review study, people value emotional engagement over customer satisfaction. This emotional engagement can be strengthened by establishing a strong brand voice, interacting with customers and forming relationships. This study also found that engaged and fully connected customers were 52% more valuable than those who were simply satisfied with a company. This value is measured across multiple metrics, but most notably the study references purchases and frequency of use increasing

[20] FAAC International, "How corporate social responsibility improves company culture," *USA Today,* December 18, 2019, accessed September 14, 2020, https://www.usatoday.com/story/sponsor-story/faac-international/2019/12/18/how-corporate-social-responsibility-improves-company-culture/2675096001/

as a customer becomes more valuable.[21] [22] Additionally, a company's brand voice is increasingly more important as the oldest of the Gen Z demographic are graduating college and entering the workforce in 2020. For Gen Z, "silence is complacency," according to New York and San Francisco based branding agency, BBMG[23]. "Our [BBMG's] research revealed that Gen Z wants brands to harness the power of their voice and influence to stand up and speak out."[24] As of early 2019, Millennials and Gen Z currently account for over a third of the workplace and in the next decade that number will increase to 58%, making the younger generations the most dominant.[25] Additionally, according to a study from Kantar Consulting, 61% of individuals belonging to these demographics show a preference to brands who stand for something. With this, 50% of individuals in the Gen Z bracket have said that knowing a brand is socially conscious influences their purchasing decisions, reiterating the importance of a strong brand voice and the need for companies to respond to current social and cultural issues.[26] Before social media, companies were not expected to publicly make a statement regarding their opinions on issues that the public was dealing with at the moment. However, as the world becomes more connected, individuals become more interested in knowing where companies stand on issues as they decide where to spend their salaries.

Teaching Tips:

Undergraduate: For this question, challenge the students to think about how "company voice" has manifested over the years, particularly via the increased utilization of social media. Companies are expected to have Instagram sites, Facebook pages, Twitter accounts and perhaps blogs sharing opinions and thought leadership. The students may not remember a time before brands were encouraged to have a voice, but it will be important to educate them on how social media has led companies to take stands and have a voice on societal issues. This evolution of connecting brands to social issues has grown exponentially in recent years.

Graduate: Have students discover additional examples that highlight this concept. For example, in 2018 when Nike released an advertisement featuring Colin Kaepernick and the slogan "Believe in something,

[21] Annisha, "The Importance of a Brand Voice and How to Set One," *Looka,* March 10, 2020, accessed September 8, 2020, https://looka.com/blog/brand-voice/

[22] Scott Magids, Alan Zorfas, and Daniel Leemon, "The New Science of Customer Emotion," *Harvard Business Review,* November 2015, accessed September 8, 2020, https://hbr.org/2015/11/the-new-science-of-customer-emotions

[23] BBMG is a brand and social innovation consultancy that works with leaders who won't wait on things that can't wait. Together, we build Regenerative Brands. https://www.linkedin.com/company/bbmg/

[24] BBMG, "The Gen Z Reckoning: Brand Relevance, Respect and the Rise of a New Generation" *BBMG,* accessed September 8, 2020, https://genzreckoning.com/

[25] Karen Gilchrist, "How millennials and Gen Z are reshaping the future of the workforce," *CNBC,* March 5, 2019, accessed September 8, 2020, https://www.cnbc.com/2019/03/05/how-millennials-and-gen-z-are-reshaping-the-future-of-the-workforce.html#:~:text=Millennials%20and%20Gen%20Z%20currently,them%20in%20managerial%20positions%2C%20too.

[26] Megy Karydes, "Millennials Want Companies to Take a Stand. Here's How to Do it Without Losing Customers," *Inc,* May 15, 2018, accessed September 8, 2020, https://www.inc.com/megy-karydes/why-your-business-should-take-a-stand-or-sit-down.html

even if it means sacrificing everything" it was considered controversial. However, just days after the ad was released Nike's sales increased by 31%.[27] While this decision may have alienated some individuals who did not agree with Kaepernick using his status as an elite athlete to highlight the issue of police brutality, those who did agree supported the cause by supporting Nike in their decision to speak out in support of Kaepernick.

Assignment Question 5:

Answer:

Today we find ourselves in a pandemic world, and we look toward a post-COVID era. Extended Stay America remains in a strong position as the uncertain future continues ahead; has already developed a customer base and made connections with clients such as consulting agencies, health care providers or construction teams who have been sending employees to Extended Stay America hotels.[28] It is predicted that the extended stay business will continue to grow as the pandemic stretches on as companies such as Choice Hotels are focusing more on this segment as a result of their strong performance during the coronavirus.[29] It is likely that the company will increase its presence around the country with more hotels in more cities across the United States; the ESA brand website lists a dozen hotels that either just opened or are due to open in 2020. There are an additional 69 hotels in their pipeline according to Extended Stay America CEO Bruce Haase.[30] [31] It would be wise for more companies to use Extended Stay America as a model for creative HR and employee engagement best practices, specifically during this period of COVID and in a time of social unrest and provocation in the United States. They have proven that their model is successful in this environment, which is something that other hotel companies should be emulating.

Analysis:

The success of the extended stay market is not limited just to Extended Stay America properties. Choice Hotels' extended stay portfolio, led by WoodSpring Suites, achieved a 68% average occupancy in March

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[27] Martin Pengelly, "Nike sales surge 31% in days after Colin Kaepernick ad unveiled, analyst says," *The Guardian,* September 8, 2018, accessed September 8, 2020, https://www.theguardian.com/sport/2018/sep/08/colin-kaepernick-nike-ad-sales-up

[28] Kevin Henry, interview by Maura Feltault via Zoom, August 14, 2020

[29] Cameron Sperance, "Choice Hotels Expects Brand Conversions and Extended Stay to Fuel Post-Pandemic Growth," *Skift,* May 11, 2020, accessed September 18, 2020, https://skift.com/2020/05/11/choice-hotels-expects-brand-conversions-and-extended-stay-to-fuel-post-pandemic-growth/

[30] Extended Stay America, "New Hotels," *Extended Stay America,* accessed August 20, 2020, https://www.extendedstayamerica.com/new-hotels

[31] Cameron Sperance, "Extended Stay America Outperforms Other Hotels by Doubling Down on Longer Stays," *Skift,* August 11, 2020, accessed August 17, 2020, https://skift.com/2020/08/11/extended-stay-america-outperforms-other-hotels-by-doubling-down-on-longer-stays/

and a 60% average occupancy in April while the national average was only 40% and 25% respectively during the same time periods. Additionally, similarly to Extended Stay America, virtually all of Choice Hotels' extended stay properties remained open in April, which included some of the worst weeks of the pandemic.[32] According to Choice Hotels Senior Vice President of Franchise Development, Ron Burgett, "this growing market presents tremendous potential and opportunity for developers and lenders, as the extended stay segment currently accounts for 20% of demand in the industry, but existing supply only makes up 9% of the domestic hotel landscape."[33] Choice Hotels has opened 17 extended stay hotels in 2020 and has an additional 300 more in the pipeline showing that even during a time of economic uncertainty, an investment in the extended stay segment remains a sound investment.

Rachel J. Roginsky, ISHC, Principal at Pinnacle Advisory Group[34], agrees saying that "Extended-stay hotels are expected to continue to perform better as the hotel industry slowly recovers from the global pandemic." She explained that this success was as a result from a number of factors, "Extended stay hotels don't cater to group/convention demand, which has suffered the most from the pandemic, they are more attractive to the leisure segment, which has been the primary demand generator during recent months, extended-stay hotels have not had to discount room rates as much, and the larger rooms/suites that they offer are viewed more favorably by travelers during this time."[35] Finally, John Connors who is an Asset Manager with the RMR Group[36] based in Newton, Massachusetts also points to the extended stay market as the clear front runners right now. "In the current environment, extended stay hotels have been the most resilient operating model due to their configuration and target guest," said Connors. "As the overall US hotel industry recovery is projected to take multiple years, extended stay hotels will remain one of the stronger operating models for the foreseeable future. In a post recovery world, the extended stay model will continue to be an attractive investment due to the low fixed cost operating model and efficiencies found through longer length of stays."[37]

Teaching Tips:

Undergraduate: Students should be encouraged to think large-scale and to envision what the world of hospitality, lodging, travel, will look like going forward. Additionally, it would be interesting for the students to discuss the fate of luxury hotels or convention hotels and not just extended stay products. Encourage students to try and consider the evolving nature of luxury, and to determine solutions or conditions that could accelerate the pace of recovery for that market segment.

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[32] Choice Hotels, "Choice Hotels' Extended Stay Portfolio Shows Continued Resilience," *Choice Hotels,* June 18, 2020, accessed September 14, 2020, http://media.choicehotels.com/2020-06-18-Choice-Hotels-Extended-Stay-Portfolio-Shows-Continued-Resilience

[33] Choice Hotels, "Choice Hotels' Extended Stay Portfolio Shows Continued Resilience," *Choice Hotels,* June 18, 2020, accessed September 14, 2020, http://media.choicehotels.com/2020-06-18-Choice-Hotels-Extended-Stay-Portfolio-Shows-Continued-Resilience

[34] https://pinnacle-advisory.com/

[35] Rachel J. Roginsky, ISHC, email message to Leora Lanz, October 5, 2020.

[36] https://www.rmrgroup.com/about-us/default.aspx

[37] John Connors, email message to Maura Feltault, October 6, 2020.

Graduate: Have students think about this question with a real estate investment approach. Discussion can revolve around whether Real Estate Investment Trusts (REITs) find the extended stay segment an effective investment. Encourage students to research REITs that may or may not have invested in extended stay brands in 2020 and research the reasoning behind the actions. For example, Starwood Property Trust, Blackstone Mortgage Trust or Annaly Capital Management.

WHAT HAPPENED

Extended Stay America (ESA) remained in full operation during the third quarter of 2020 as the prospect of a second wave of COVID-19 loomed with the approach of the fall flu season. However, as the third quarter neared completion, several hospitality companies announced future layoffs for thousands of employees who were previously furloughed.[38] For example, MGM Resorts is expected to lay off 18,000 previously-furloughed employees and most major airline companies such as United, American Airlines and Delta will be forced to lay off thousands more employees once the federal aid from the CARES Act expires in October.[39] However, ESA remains consistent and has not extended further furloughs, layoffs or hotel closures. As a result, ESA is also able to focus efforts on social and cultural causes in addition to the operation. The STAY Counted initiative has been rolled out to 561 of ESA's 634 locations across the country and will assist guests and employees until the general election in November 2020.[40] [41] This initiative, which was implemented in response to the recent surge in participation in the Black Lives Matter movement is designed to encourage individuals all over the country to use their voice and their vote to enact change and regain a sense of control during a year when so much seems out of our control.

[38] Taylor Borden, Allana Akhtar, and Joey Hadden, "The coronavirus outbreak has triggered unprecedented mass layoffs and furloughs. Here are the major companies that have announced they are downsizing their workforces," *Business Insider,* last updated September 2, 2020, accessed September 4, 2020, https://www.businessinsider.com/coronavirus-layoffs-furloughs-hospitality-service-travel-unemployment-2020

[39] Taylor Borden, Allana Akhtar, and Joey Hadden, "The coronavirus outbreak has triggered unprecedented mass layoffs and furloughs. Here are the major companies that have announced they are downsizing their workforces," *Business Insider,* last updated September 2, 2020, accessed September 4, 2020, https://www.businessinsider.com/coronavirus-layoffs-furloughs-hospitality-service-travel-unemployment-2020

[40] Chadner Navarro, "Extended Stay America Will Help Register Guests to Vote at Its Hotels," August 10, 2020, accessed September 4, 2020, https://www.cntraveler.com/story/extended-stay-america-will-register-guests-to-vote-at-all-its-hotels

[41] Extended Stay America, "About Extended Stay," *Extended Stay America,* accessed September 8, 2020, https://www.aboutstay.com/