



April 28, 2021

Intercontinental Hotels Group
Elie Maalouf – CEO, Americas
3 Ravinia Drive, Suite 100
Atlanta, GA 30346

Re: Guest Love Score License Default Actions

Dear Elie,

We write to you with the utmost concern regarding recent letters being sent by IHG to our fellow hoteliers stating that they are in breach of their license agreements due to Guest Love scores not meeting their respective brand thresholds. It shocks the conscience that despite last year being a black swan event, the likes of which few have ever experienced, that hotel owners are now being targeted for no fault of their own.

At the height of the pandemic, every major hotel franchisor introduced some form and semblance of relief for their franchisee partners, including IHG. Whether it was fixed fee reductions or relaxed brand standards, these measures while generally limited in scope did provide assistance to hard pressed owners. Our goal is not to debate relief measures, because in the dire straits that we found ourselves in, most of us took what we could get from our brand partners. Many owners were not happy and hoped for more.

More financial relief would have certainly been welcomed. However, the void we as owners have felt across the board, has been the dearth of *compassion* shown towards us. We are in the people business, and ultimately, a partnership that all too often feels one-sided. We are your partners in good times, but when times get tough, whether it is tied to broader macroeconomic concerns or a once in a century event such as the Covid-19 pandemic, we are left to fend for ourselves.

Displaying compassion and understanding does not only equate to dollars and cents. That brings us to Guest Love. We are not downplaying the importance of guest sentiment and feedback. As hoteliers, we unequivocally agree that maintaining and/or exceeding thresholds breeds guest loyalty and ensures service excellence. There is no question that guest safety and property cleanliness are of paramount importance, more so now than ever. However, the guest demographic has changed *dramatically* over the past year, starting in March 2020. Our loyal corporate, group, and leisure clientele completely ceased travel. The demographic changed to new local and transient guests, who constantly blamed us for the suspended amenities, reduced or terminated complimentary breakfast offerings, and the lack of daily housekeeping. Many of these guests stayed at their neighborhood hotels for the first time, and unfortunately did not adhere to basic guidelines such as our non-smoking policies.

As you can imagine, this took a severe toll on our Guest Love scores, system wide. Hotels that consistently performed at “Reputable” or higher thresholds found themselves operating at the “At Risk” or “Unsatisfactory” levels. The new guest demographic combined with reduced survey volume because of our



lower occupancies, created the perfect storm for less than satisfactory Guest Love performance. For many owners, despite putting their best foot forward and working alongside their employees on-site, it has been extremely difficult to dig out of the Guest Love hole that we find ourselves in today. Some of us are noticing that our usual clientele along with IHG Rewards members are starting to return. Scores are definitely starting to trend in a positive direction, but there is no plausible way that owners will be able to return to acceptable trailing-twelve-month figures by the end of summer. It is just not a realistic expectation.

We sincerely feel that this is an opportunity for IHG to show solidarity with their franchisees. Owners also have a responsibility to work together with you to raise their scores, and we are not shying away from our end of the bargain. But this monumental task should not be done with threats of license termination, or severe financial penalties. **How is it an ethical or morally righteous practice to threaten owners with license termination, while dangling a sword over their livelihoods and the sanctity of their investments, just as industry recovery efforts are underway?**

We are asking you to just step back and think for a moment, about the new normal we are returning to, plagued by major labor and human resource struggles. Owners who could lean on their teams for operational support are now finding themselves cleaning guestrooms. The situation on the ground is becoming untenable. You and your team have the luxury of working from home. Your franchisee partners unfortunately do not and are finding themselves working 12-14+ hour days at their respective hotels.

What we are seeking is an immediate, temporary suspension of Guest Love score license default actions by IHG for the duration of the 2021 calendar year, and into the 2022 calendar year. Further relief actions should be considered, especially if the labor shortage issue continues to impact your franchisees, as we anticipate it will, well into this year. We strongly feel that this must occur immediately, so owners can focus on bringing their hotels back to appropriate operating levels and embark on the road to recovery.

Sincerely,

Reform Lodging – IHG Hotels Brand Focus Group

CC: Keith Barr, Chief Executive Officer
Jay Caiafa, Chief Operating Officer, Americas
Jenny Tidwell, Vice President – Franchise Licensing & Compliance
John Muehlbauer, Chief Executive Officer – IHG Owners Association
Wayne West III, Chair – IHG Owners Association
Norman Leslie, Chair-Elect & AMER Member at Large – IHG Owners Association

Encl: IHG Hotels Petition and Signatures