



**Marriott International, Inc.
Sanford Bernstein Pan European
Strategic Decisions Conference Transcript¹
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Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: Good afternoon to those calling in from Europe. Good morning to anyone that's joining us from the U.S., and good morning to Leeny Oberg, the CFO of Marriott. We're delighted to be joining us -- with us this afternoon. I'm Richard Clarke, the global hotels analyst at Bernstein, and we'll be launching into a Q&A with Leeny very shortly.

Just a small amount of housekeeping. If you've got any questions you'd like to include into the session, I've got plenty of questions on my own but very happy to include any questions from anyone outside of it. Please use the Pigeonhole app on the -- which should be on your screen as you look at it. And I'd also encourage you to do the Procensus survey, which should also there should be a link to, which will be on the screen as well. So please submit questions. There's also opportunity to vote for questions. So, if there are any on there that you particularly want pushed up the list, then that will happen.

So Leeny, thanks very much. Thanks for joining. Good morning to you.

I think maybe we'll jump straight in with how we're looking at the recovery today and what we can talk about with that. And I thought maybe it might be useful to sort of break this down by market and maybe start in the U.S. And I think when we look at the industry data that we get, it seemed to trace a pretty strong recovery up to Labor Day, and it stepped back in the last couple of weeks since then. Is this the trend that you recognize? Are you still seeing some positive trends? And I guess the question on everyone's lips is, as we come out of the summer, are you beginning to see sort of the business travel begin to tick back up again and take the place of leisure travel?

Leeny Oberg - Marriott International, Inc.: Sure. So, thank you, and good morning. I hope everyone is well and safe. It's great to be here today and talk about our business. And while this has been kind of nothing like we've ever seen before, we are pleased with the slow but steady progress that we're making around the world in terms of the return of lodging demand.

Over the last few weeks, you clearly did see the benefit of really strong leisure demand in the U.S. at our hotels. And kind of since April, we've seen a steady march of occupancy from the really low levels to what we saw in the month of August of 39 percent occupancy in the U.S., and you clearly saw that, over Labor Day weekend, it spiked even higher. We saw Saturday

¹ Not a verbatim transcript; extraneous material omitted and edited for clarity and misstatements.

night - in the U.S., we saw occupancy at 60 percent on the Saturday night of Labor Day weekend.

As we have talked about before, the shift between leisure and business is not quite as big as you might think. It's not anything like a 70:30 sort of ratio that then switches from summer to fall. So while you've seen Smith Travel's numbers reflect -- over the past couple of weeks, reflect kind of more of a plateauing of the demand as compared to the steady march forward in occupancy, I think, again, it still has been steady. And so, you still compare to where we were at the -- in July and the beginning of August, and it continues to strengthen. And while you've clearly got folks who are not on the road necessarily quite as much for leisure because kids being back to school, et cetera, we have seen business transient pick up from months before -- from the months of the second quarter. And the other thing I'll point out is it's still clear that business transient is still moving, kind of starting from a much lower level than where leisure is at the moment, but it still has improved meaningfully from the months of April and May.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: And I guess the other question is the other sector is the group travel. And I think sometimes, when I'm out there talking about yourself, people associate group travel, which is what we're doing now, conference travel. And there's a lot more that fits into group travel like weddings and birthdays and things like that. Where are we with terms of group travel at the moment? Are we still at the trough? Or have we begun to see any sort of signs of life within that?

Leeny Oberg - Marriott International, Inc.: Yes. Group is still -- as we've described, it's still down meaningfully, particularly the larger groups. When you think about small groups of small football clubs traveling or kind of the lacrosse teams in the U.S. doing their travels to a tournament on the weekend, we are seeing more of that than we were back in April and May, but that's small groups, and that is kind of nowhere near what makes up the bulk of our group business of our large corporate and association meetings in our larger hotels. That business is still extremely low. And there, what you're really seeing is that groups are not wanting to cancel until they really have to because of concerns about safety and lack of air travel to some markets. So there, you're continuing to see last-minute cancellations kind of waiting till they absolutely have to.

And so, the cancellations now really carry on into Q1 of 2021 and even some in Q2. But for Q3 in 2021 and beyond, what we, happily, are not seeing is that the large group customers canceling out into the out-years. So, I think that speaks well for ultimately the desire to have these groups. But again, it's got to all be around the comfort with the containment of the virus.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: So, let's move on to China. China, I presume, is your market where you're seeing the closest to normality. How close are we to normality in China? And how -- do you think that acts as an encouraging sign for the rest of the world that it is possible to return to normality?

Leeny Oberg - Marriott International, Inc.: Yes. China has been clearly the shining star in terms of the most robust return of all three segments, both leisure, business transient and group. Now it's still the case that group is recovering more slowly than leisure. But when you look at the overall business and you see that occupancy levels in China reached 65 percent in the month of August, we're getting much closer to normal levels -- kind of similar levels of demand across the country, and, we expect, growing from there.

One of the things that's interesting is that when you think about China, typically, 80 percent of their room nights are from folks within China. Right now, because you were seeing Chinese travelers increasing their travel outside of China, those travelers are now spending their nights inside of China, overwhelmingly, and that has actually been helpful to demand there. And so, when I think of 2021, I think that's probably the most likely sizable market for us that could return to RevPAR levels approaching 2019 levels the first.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: And so if we think back to probably what I think is probably one of the most common questions that we get asked on the sector is, is there going to be some kind of permanent impairment to travel, the group travel, to business travel? Does China, in your mind, returning back to normality, provide a leading indicator that, in fact, travel does ultimately recover? Or is China a special case when it comes to that?

Leeny Oberg - Marriott International, Inc.: No. I do think it absolutely represents the resilience of demand in our business. One of the things that I think is important to recognize is the trends in global travel leading up to the pandemic. I think there's kind of a quick desire to focus on the short term, the near term and the, "wow, this is incredible," which it has been extraordinarily challenging. But if you look at the trends in global travel, leading up to the pandemic, it was frankly nothing but positive for our industry. You saw increasing numbers around the world of customers traveling internationally. So, whether it was from China to the U.S., whether it was from Mexico to Europe, whether it was from the U.S. to Vietnam, you were seeing really an explosion and ease of travel to traveling internationally and also great comfort in traveling domestically.

So there, I think the growth in those trips bodes really well for us in the long term. And the reality that I think one of the kind of truths that's come out of the pandemic is that people really miss it. They miss going out and meeting new people. They miss going out and having new experiences, seeing new cultures, et cetera. So, I think that actually argues for the reality that all business types will rebound. Whether they all rebound to exactly the same level and exactly the same makeup, we will see. Could there be more business trips that are a mix of business and leisure? I think you probably could, but that's actually not bad for our business.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: In my spare time, I like to read old annual reports, and I read your 2001 10-K the other day. I noticed in there that there was some commentary around how after September 11, there was a very effective shift toward leisure demand but also some very positive points around how loyalty members traveled actually more and became a bigger slice of it. Are those two trends repeating? Are you once again marketing

yourself more as a leisure organization, maybe trying to remix away? And how's the loyalty paying out? Is that being helpful in this scenario?

Leeny Oberg - Marriott International, Inc.: So, two things, and the answer is yes and yes. So first of all, on the leisure side, that's the strongest segment of demand right now. So needless to say, we are making sure that we try to get well more than our fair share of that demand and making sure that we are efficient in trying to drive that demand. So whether it is through Bonvoy Escapes, which is a great way to help customers see particular opportunities near them, whether it's geotargeting, where we can show where there are hotels that have availability within a driving range, all of those opportunities can help us make sure that of the leisure demand that is out there that we're getting more than our fair share.

We've also got an absolutely tremendous portfolio of resort hotels. And when you think about kind of what we have to offer through Marriott Bonvoy, we've got almost double the number of resorts, rooms as compared to our closest large brand competitor. Those are great opportunities to be able to give our customers lots of choices as they consider the leisure experiences they want. I think everybody through this pandemic, while their business travel may not be quite the same, the desire to have a change of scenery is very strong, and making sure that we get a lot of that demand is where we're focusing our marketing strategies.

And then when you think about Bonvoy, I think this is where the entire platform for Bonvoy and the ability that it gives us to drive a deeper relationship with our customer is so critical in a time like this. Because when you think, Richard, about how you want to make sure that you know you're going to have a very clean experience, exactly what the hotel is doing to manage that, how you can do everything through your phone to be able to limit the kind of direct person-to-person contact that you need to have, all of that is enabled by Bonvoy. And in addition to that, you've got things like HVMI, Homes & Villas by Marriott, which gives our Bonvoy members another opportunity to be able to choose their experience and use their points. There, again, that ecosystem, we think, does drive meaningfully more business our way than, for example, through the OTAs.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: Maybe now just moving on to the non-U.S., non-Chinese market. You've been on record in the past, talking about how the U.S. market is very domestically focused. You've commented today that China benefits from -- is benefiting from a domestic increase in demand. What about the rest of the world? Your hotels in the rest of the world, are they more dependent on cross-border travel? Are they more urban-focused rather than rural? And maybe where does that put you in the recovery in the other markets?

Leeny Oberg - Marriott International, Inc.: Sure. So, you're right, very, very global portfolio that we have. And let's take the 75 percent of the rooms that have overwhelmingly domestic customers and put them aside. So, you've got the U.S. at 3/4. And of the -- between the U.S. and China, you've got 3/4 of our rooms that are overwhelmingly driven by domestic travelers. The remaining 25 percent is -- has a much higher percentage of guests coming from outside the borders, and I use Caribbean, Latin America as the one that is the most the other way, which is

roughly 60 percent of the visitors come from outside Caribbean, Latin America to our hotels. So, it's no surprise. That's where we've got the largest proportion of our hotels still closed is in Caribbean, Latin America and Europe and Asia Pacific outside of Greater China. But really with -- for example, in Caribbean, Latin America, we've still got 1/4 of our hotels closed. For the overall -- when you look at the U.S., it's under 4 percent closed. So, you can see the disparity there and the dependence on the -- both, I would say, cross-border travel and then, to some extent, in some markets, the long-haul travel. And that is both a function of what's going on with the airlines but also government regulations. I think there are many places in Europe where, frankly, U.S. citizens are still not allowed to travel in Europe or certainly not easily. And that all then impacts the amount of demand that they have coming into their markets.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: So maybe just taking a couple of questions from the audience here. If business is shifting significantly towards leisure, does -- how does that affect your fundamentals? Is that lower ADR? Is that lower margin for you in terms of business?

Leeny Oberg - Marriott International, Inc.: Yes. So, I mean it's a good question, and let's think about kind of broadly speaking, overall, globally, about 50 percent -- and I'm talking 2019, so a classic year. About 50 percent of our nights would be business transient. About another 20 percent would be group, of which that is -- it's a split. But I would say the larger groups, the larger portion of that is business, and then leisure is 30 percent. So that kind of says overwhelmingly, broadly speaking, we are roughly 2/3 business-related nights and then 1/3 leisure. But when you think about the revenues, while they are slightly more weighted on the business side, it's only slightly. So, I would say a couple of percent when you look at that as compared to just the nights.

And then the other thing is that group often comes along with food and beverage. And so on that side, you've got extra profit for the hotels that comes there as compared to when you or I might go for one night of business travel, where you actually might not use the hotel's food and beverage outlets at all.

So classically, the leisure rates or the leisure transient traveler are going to have a heavier weighting towards discounting. And from that perspective, you could see that there is a little bit tougher side on the profitability side, and you want group to come back to add that F&B. But I'll also say that we have done incredible work to actually lower the breakeven profitability of our hotels by anywhere from 300 basis points roughly in North America to 500 basis points at quite a large number of our international hotels. And in that regard, I think we are well positioned to manage through to the extent there's a little bit of shift in the revenues.

The other thing I'll say is that when we've gone back and looked at kind of classic business months of work versus holiday, so June and July versus September and October, the shift between those nights is not as great as you might think, only a few percentage points globally. And so, in that regard, while you could see that continue to shift, the current shift we have is obviously bigger than that. But in a normal year, it's only a couple of points. And while that may

-- that shift may continue for a while; I think it is not a fundamental change to the industry that is bad in any way.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: Great. And you mentioned there, nicely segueing into the next topic, on sort of your owner health. Obviously, you say you've done some good work to lower their breakeven occupancy. What is the state of your -- of the owner's health at the moment? How much concern do you -- that you might see any meaningful number of exits from the portfolio?

Leeny Oberg - Marriott International, Inc.: Well, as you know, this is, in many respects, a function of how long this lasts. We are obviously pleased to see demand returning. We are hopeful that it will continue to build. And overwhelmingly, our hotels have been able to manage through it. We've been able to lower costs. We've been able to manage payment plans with owners and franchisees in a way that kind of go beyond just the normal 30-day cycle, which is kind of typically what they have done in the past. And while the payment plans we've worked on are still quite short term, they have been helpful to the owners. And many, many of the charges that we have going to the properties are based on revenues in any event. So they're going to naturally fluctuate. When I think about kind of where our receivables are compared to back in February and March, remember, I'm charging out far, far less than what we used to charge out to the hotels because their revenues are down.

So, in that respect, obviously, we've tried to do everything we can to kind of make it easier for them to manage the cash tightness as well as lower the cost for them. And generally, they've been able to get through it, to access capital, if they've needed to, or to have enough resources on hand to keep paying their bills.

One of the -- I think the linchpins under this is our owners want to preserve the value of their assets. And overwhelmingly, I think, over time, kind of both lenders and owners will represent that holding on to the strongest brands is one of the best ways to preserve the value of the asset. And making sure that they're paying their bills is key to having the name over the door.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: So maybe that leads nicely into the non-Marriott hotels or the independent sector. One of your competitors was at a conference this week, suggesting that maybe as many as 20 percent of independent hotels could be in financial peril. Is that a number you recognize? And therefore, does this lead to an exciting conversion opportunity? And are you sort of seeing an increase in the number of conversions coming into your network as the independent sector begins to suffer more than the branded sector?

Leeny Oberg - Marriott International, Inc.: So there are a couple of historic tendencies that would lead you to this thesis, and one is that typically, in tougher times in economic cycles or in demand, is that the strong brands tend to drive higher RevPAR premiums. It's a bit of -- well, those hotels are now available. That's where I really preferred to stay, so now I can stay there. And in that regard, I think having a stronger pull on the revenue line is a real strength of ours and something that has, in the past, led to more conversions. We are quite bullish on our

conversion opportunities, and we are seeing a higher level of conversations on that front as a result of the pandemic. It's too soon to say exactly what -- where that puts us in terms of percentage of conversions. I think year-to-date, through the first two quarters, 16 percent of the rooms that we added to the system this year were conversions. We've seen it range in past cycles anywhere from kind of 15 percent to, I think in a few quarters, 25 percent. So again, we are excited about the opportunity.

I think the other thing that is particularly exciting from my standpoint is now, in this particular time, we've got a portfolio of soft brands that's a wider range than what we had during the Great Recession. And there, being able to offer Tribute, Luxury Collection, Autograph, all of those, in addition to our main brand -- our more kind of standard brands, is a fantastic range of opportunities that then gives an independent owner the ability to have his or her cake and eat it, too. So, you get to be part of Bonvoy and our efficient costs to the hotel, as well as the revenue driving, but also keep the uniqueness of that owner's product.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: And maybe coming on from that to the overall unit growth picture, the last industry data point from August suggested that at an industry level, both signings and new openings are up year-on-year. And I guess maybe it's just nice to parallel. Do you recognize that? Are you kind of -- where do you think we can come out in terms of net unit growth? And one of the questions we've got from the audience has been after the global financial crisis in '08, '09, we really did see unit growth fall off for a number of years, down to -- at an industry level, near 0. Is this situation different? Can we be a bit more bullish on the outlook for unit growth this time?

Leeny Oberg - Marriott International, Inc.: Well, it's a fair question and one that I think depends overwhelmingly on two things. Number one is, first of all, obviously, controlling this pandemic and getting back as soon as possible to what we would all consider life as normal. And that then leads you to the second one, which is about macroeconomic health. At the end of the day, you've got to have a healthy economy to drive business travel, to drive business meetings, drive investment, drive consumer spend, ties into unemployment, et cetera. So I do think kind of the impact of this pandemic on overall economic health of various countries will have an impact on how quickly some of these -- some of the hotels -- new hotel projects come aboard and get built and opened. So, we'll need to see where that -- how that -- how this resolves.

I think generally, though, when we look at the fact that we've got about 46 percent of our pipeline is already under construction, and generally, while we've seen a few projects that were going to enter construction kind of sit on the sidelines, we still are seeing similar proportions of the overall pipeline actually being built and moving through, which I think, kind of in the near term, gives us comfort that we will continue to see good strong additions to the portfolio.

To your earlier question, exactly how many hotels could fall out because they just can't get through this financially, again, I think, to some extent, depends on how long the pandemic lasts. But again, we do -- we're comfortable we can get back up to closer to where we started this

year in terms of the 5 percent or 5.5 percent. But at this point, I can't really predict whether is that 2021, 2022 or 2023 because of, again, my first point about how long we're really in the current rut that we're in.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: Do you ultimately expect, though, that the story of the market share shift towards brands and the majority of new hotels opening under large branded platforms, that story is very much intact?

Leeny Oberg - Marriott International, Inc.: Yes. Absolutely. I mean I really do think, both on the costs side, the revenue side and holding on to those customers. I mean what we offer now through Bonvoy has really gone beyond, way beyond what used to be just the ability to earn a free night. I mean now, it is so much more in terms of being able to transact business the way you want to on your smartphone. It's about all your preferences for how you do travel. It is Marriott Moments, where we're helping you find other things to do on your trip. It's around Eat Around Town, where you can earn points or eating at a local restaurant, which is a program we have here in the U.S., which, frankly, is not related to your hotel stay. It's if you go out with your family on a Saturday night, you can earn points.

So again, I think the continued growing power of the ecosystem of Marriott Bonvoy is, to your point, one of the things that strengthens the brand equation for the long term.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: So how is the brand portfolio? I mean you've got 30 brands. Is there room for more? Would you ever add any more? And maybe just a sub-question to that because we've seen -- obviously, you've been one of the few kind of large hotel companies that's really gone into the vacation rental space. That seems to be doing better at the moment. So, is there room to accelerate the positions in the vacation rental space? What are the ambitions there?

Leeny Oberg - Marriott International, Inc.: So, let me first start with the brands. We're very happy with our 30 brands. We think there's basically opportunity for all of them to grow around the world. It's not to say, however, that we would never consider another tuck-in. I think you've seen us do it before, whether it was with AC Hotels or Protea, that we have found that it's a great opportunity to add something to our system that gives our customers another choice and then to grow it globally. So, I think we will continue to look at opportunities like that to the extent they're there. But I'll also say it's not like we feel that we're missing anything in particular. There's not a segment that we feel, or a geography that we feel, particularly lacking.

So there, we always want to be doing more for our customer. So, you think about we really launched into a more formal approach on the all-inclusive business. And there, it is because something we felt like our customers really wanted more opportunities within the Bonvoy ecosystem to be able to have an all-inclusive experience. And so, we've been using our existing brands to develop that. And actually, the Elegant Hotels acquisition in Barbados last year was a great way to help us jumpstart that business.

So, I think you'll continue to see us try to add experiences that we feel like are important to our customers, and I think HVMI is a perfect example. And while the home rental business, for us, is financially really not at all impactful on our financials, either on an investment or a profit, we do think it's actually quite impactful when you think of a Bonvoy member and their desire to consider that as an alternative for their travel experiences. We've actually -- it won't surprise you. We've seen the business through HVMI increased dramatically over the last few months. When you put the combination of the opportunity through Bonvoy to earn or burn points but also with the comfort of knowing that Marriott is working very hard and -- on the cleanliness side, to make sure that, that's going to be a safe and comfortable experience for you. So, from an HVMI perspective, we think it will continue to grow. But, again, really more as a way to offer as many opportunities for our Bonvoy members to have their travel experiences necessarily than in any way, shape or form taking the place of our hotel brands because we actually think that there is great desire for the existing hotel brand portfolio in all those nights, but that HVMI has been a nice add.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: I'm just going to take one question from the audience here. And it's could you discuss how you differentiate yourself from your peers. They mentioned IHG, Hilton, Accor with similar business models. And I guess maybe that question can be taken both from an owner's and the guest's point of view. Why choose Marriott, I suppose, from either point of view?

Leeny Oberg - Marriott International, Inc.: So of course, on the -- from an owner perspective, it is, at the end of the day, driving great returns on their assets. So, it is about being able to demonstrate to owners that if you choose one of our brands that we're going to provide you with the best return on your investment. And that, of course, is then a function of being able to drive the top line and the bottom line the best in the business. And so, on the owner side, we are constantly demonstrating what our brands do, what value they deliver, what our cost equation delivers to the bottom line for them. And also, how easy is it to do business with us. And how well -- and this pandemic is a great example -- how well have we adapted to trying to make sure to help them through that.

On the customer side, it clearly is about value, right? It's about providing the greatest value, whether it is through a luxury experience so that people feel like what they are getting for what they're paying is really good as well as towards the lower-tier brands, which is exactly what are you expecting when you go to a Fairfield and what are you paying for it? And then you overlay on top of all of that, the Bonvoy value component. And that is what we do think is critical to making sure that we're getting a larger share of revenues than anybody else and the best quality revenue share.

And when I think about how we distinguish ourselves from our other very worthy, large portfolio brand companies, I think there are a couple of things. I think, first of all, clearly, on the leisure side, we've got the highest percentage of luxury -- of resort rooms. We've got the highest percentage of luxury rooms, as well. And so, when you put that together, travelers are aspirational. They want to have the opportunity to do their travel but then have the unique,

exciting kind of once-in-a-lifetime places to go all around the world. And so by working within the Bonvoy ecosystem, we believe that we offer the best opportunities for customers to be able to play anywhere in the world, for any kind of experience they want, but then also give the widest range of opportunities on the luxury and resort side.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: So, you mentioned the Elegant Resort acquisition obviously is one you did last year. I mean we've also had rumors in the last few months that haven't come to fruition of another major merger in the hotel space. How important is it that the hotel industry does consolidate? And do you expect there to be more M&A activity?

And maybe as a sort of sub-question to that -- the Elegant Resort deal you did, obviously that was the -- rarely for you, is an asset-heavy business. Is that the kind of deal that you're in the market for now where you're happy to take on more asset-heavy businesses and maybe look to restructure them? Or was that more of a sort of idiosyncratic position?

Leeny Oberg - Marriott International, Inc.: No. We have traditionally, here or there, acquired real estate for strategic purposes, but we have not traditionally done large real estate purchases that involve a portfolio of brands, for example. And while Elegant Hotels was an example of getting a brand with a real -- with a bunch of real estate, it really was quite small. So when you think about it, it was not quite 700 rooms and, relatively speaking, a smaller ticket price.

So I would not expect to see that we are looking at large real estate acquisitions. We obviously are in a time of constrained EBITDA, and we have an asset-light model that we are very fond of and we think drives great returns for our owners, for our customers, for our associates and for our shareholders, and we won't deviate from that model. But here and there, we have found it very helpful to buy a hotel, demonstrate, both to the owners and to the customer, what kind of a brand halo hotel can do. So whether it is the Marriott hotel in Charlotte City Center or a Ritz-Carlton in another part of the world, being able to take that and really fix it up and demonstrate that it works economically to the owner but tremendously for the customer as well, has been really great value for us.

So again, I would think, certainly, with what's going on in the near term with the kind of constraints that we've got right now, you would not expect to see us looking at meaningful real estate acquisitions.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: And what about further consolidation on the asset-light side? I mean do you think there's room, there will be opportunities on that side?

Leeny Oberg - Marriott International, Inc.: Well, I think it's a world of buyers and sellers, right? And I think there's probably, obviously -- it's not necessarily a tremendous environment right now for sellers. I think -- could there be, at some point, some small brands who feel like that's the choice for them to have to go down that path? But I think in many respects, the lodging

industry isn't attracting necessarily the highest prices at the moment given the lack of demand and the uncertainty about when this will be over. So, I don't know that kind of large M&A deals will be as popular on the selling side. And then you've also got the financing concern about whether banks are interested at this point in supporting that.

So, I think in that regard -- never say never, but I don't think it's a must-do on the large company side. I do, as I said before, I think for a smaller brand, it could be possible that it's something that they decide it's a better value for them to do that, and time will tell.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: So, I just want to make sure I get to some of these questions from the audience before we run out of time. How difficult will it be for hotels to recruit and retain employees post COVID? And how can Marriott help owners in this respect?

Leeny Oberg - Marriott International, Inc.: Right. Well, so first of all, we've obviously -- this has been a tremendously difficult and painful time for the industry, and it's been extremely challenging for our associates. And from that standpoint, we're very sorry because it obviously is to no fault of their own. I do think owners have recognized that there is the very hopeful and real possibility that this does not last forever, so there's been a lot of efforts to try to hold on as much as possible and try to manage through this, kind of not letting go of any more people than they have to. And obviously, in some countries, there's more government support than others for retaining associates. And so, it does depend on the specific market.

But I do think that -- I go back to the trends that I talked about at the beginning, which is, in the long run, I think the travel business, the hospitality business, it's still very dynamic. It's still very exciting. It's got all kinds of opportunities for folks to grow in positions all around the world. And I think at the end of the day, that will win out.

And there's also, frankly, from a digital experience and marketing side, there are tremendous things going on in the hospitality industry. And there, too, I feel like there'll be great opportunities for people with Marriott and with the industry.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: And just a question on forward bookings. How are you seeing the forward bookings? How much visibility do you have? The question suggests -- the industry data suggests that it deteriorated a bit in terms -- since June. So, is that a trend that you recognize?

Leeny Oberg - Marriott International, Inc.: Well, obviously, first of all, the place that you typically have the greatest visibility is in group, and group is the weakest segment by far. So that's kind of out the window because even when you look at Q1 2021, there's still a bunch of group bookings, but we all know that they could get canceled depending on what goes on. So, I think probably from that component, you probably have the least visibility, although it's certainly comforting that there aren't cancellations in the out-years. That's -- I think that's a good sign.

So yes, the booking window is extraordinarily short. We've had far more walk-ins than we've had over the past few years. The hotels, if you remember, we've had kind of max occupancy over the last couple of years, reaching occupancy levels that the industry has really not seen before. And so, people had to make sure they had a room before they actually showed up. That's much less the case now, although except at a few resorts. And in that regard, the booking window is extremely short. I think you start to see it look a bit more normal in China, where, as I said before, there's a better balance of business across the segments. But yes, the booking window, it's really seven days and less.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: And OTAs, maybe just one final question. OTAs have been pushing the view that this shift towards leisure demand is beneficial for them. Have you had to rely at all more -- are you leaning more into the OTAs? Or have you seen your direct distribution ratio sort of hold up through the pandemic?

Leeny Oberg - Marriott International, Inc.: So, a couple of things. I think certainly, as leisure is the strongest segment of the business, that there's no doubt that the OTAs play a role in that and benefit from that. So, I think that's true. But I'll also say that when we look at the kind of current business climate in the last few months, we've seen increases in share for both our direct channel and OTAs. This fits with the leisure. But the direct channels have grown faster, have -- they have seen more of the share shift than the OTAs. They've both seen share shift, but we have seen our direct channels get more of it than they have.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: Great. Well, look, I think probably we're coming up against the time now. So Leeny, thanks so much for your time today. Any final words before we sign off?

Leeny Oberg - Marriott International, Inc.: No. I thank everybody very much for your continued support of Marriott. We didn't talk any about liquidity, and that, I think, is a reflection that we are very comfortable and that others are, too. But I just want to reiterate again that we're very pleased with the company's current liquidity position and our ability to move forward and get through this with strength.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: Great. Well, hopefully, we'll do this again next year in person, either in New York or in London. But thanks very much, and thanks to all those for joining, and I hope you enjoy what's left at the conference. Thanks very much.

Leeny Oberg - Marriott International, Inc.: Good to talk to you, Richard. Take care.

Richard J. Clarke - Sanford C. Bernstein & Co., LLC.: You, too.

--End--

Note on forward-looking statements: All statements in this document are made as of September 24, 2020. We undertake no obligation to publicly update or revise these statements, whether as a result of new information, future events or otherwise. This document contains "forward-looking statements" within the meaning of federal securities laws, including statements related to the expected effects on our business of the COVID-19 pandemic and efforts to contain it (COVID-19); future performance of the company's hotels; RevPAR, occupancy and demand estimates and trends; our development pipeline and room openings; our liquidity expectations; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous evolving risks and uncertainties that we may not be able to accurately predict or assess, including those we identify below and other risk factors that we identify in our Securities and Exchange Commission filings, including our most recent Quarterly Report on Form 10-Q. Risks that could affect forward-looking statements in this document include the duration and scope of COVID-19, including whether, where and to what extent resurgences of the virus occur; its short and longer-term impact on the demand for travel, transient and group business, and levels of consumer confidence; actions governments, businesses and individuals have taken or may take in response to the pandemic, including limiting or banning travel and/or in-person gatherings or imposing occupancy or other restrictions on lodging or other facilities; the impact of the pandemic and actions taken in response to the pandemic on global and regional economies, travel, and economic activity, including the duration and magnitude of COVID-19's impact on unemployment rates and consumer discretionary spending; the ability of our owners and franchisees to successfully navigate the impacts of COVID-19; the pace of recovery when the pandemic subsides or effective treatments or vaccines become available; general economic uncertainty in key global markets and a worsening of global economic conditions or low levels of economic growth; the effects of steps we and our property owners and franchisees take to reduce operating costs and/or enhance certain health and cleanliness protocols at our hotels; the impacts of our employee furloughs and reduced work week schedules, our voluntary transition program and other restructuring activities; competitive conditions in the lodging industry; relationships with clients and property owners; the availability of capital to finance hotel growth and refurbishment; the extent to which we experience adverse effects from data security incidents; and changes in tax laws in countries in which we operate. Any of these factors could cause actual results to differ materially from the expectations we express or imply in this document.