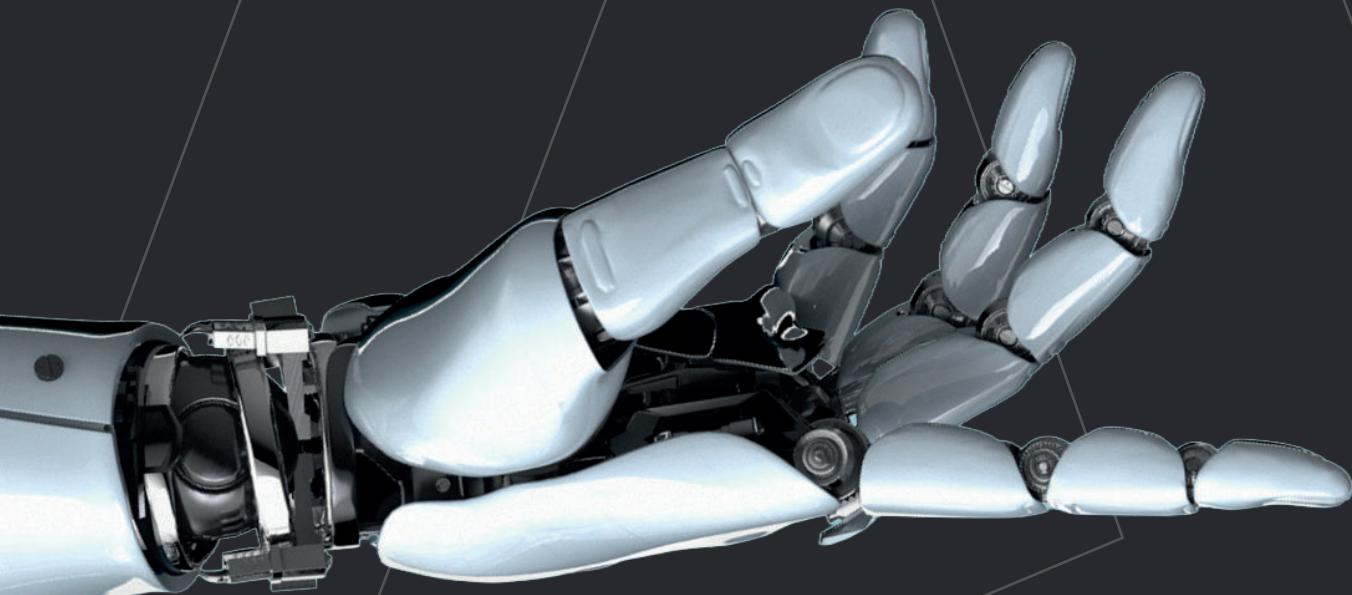


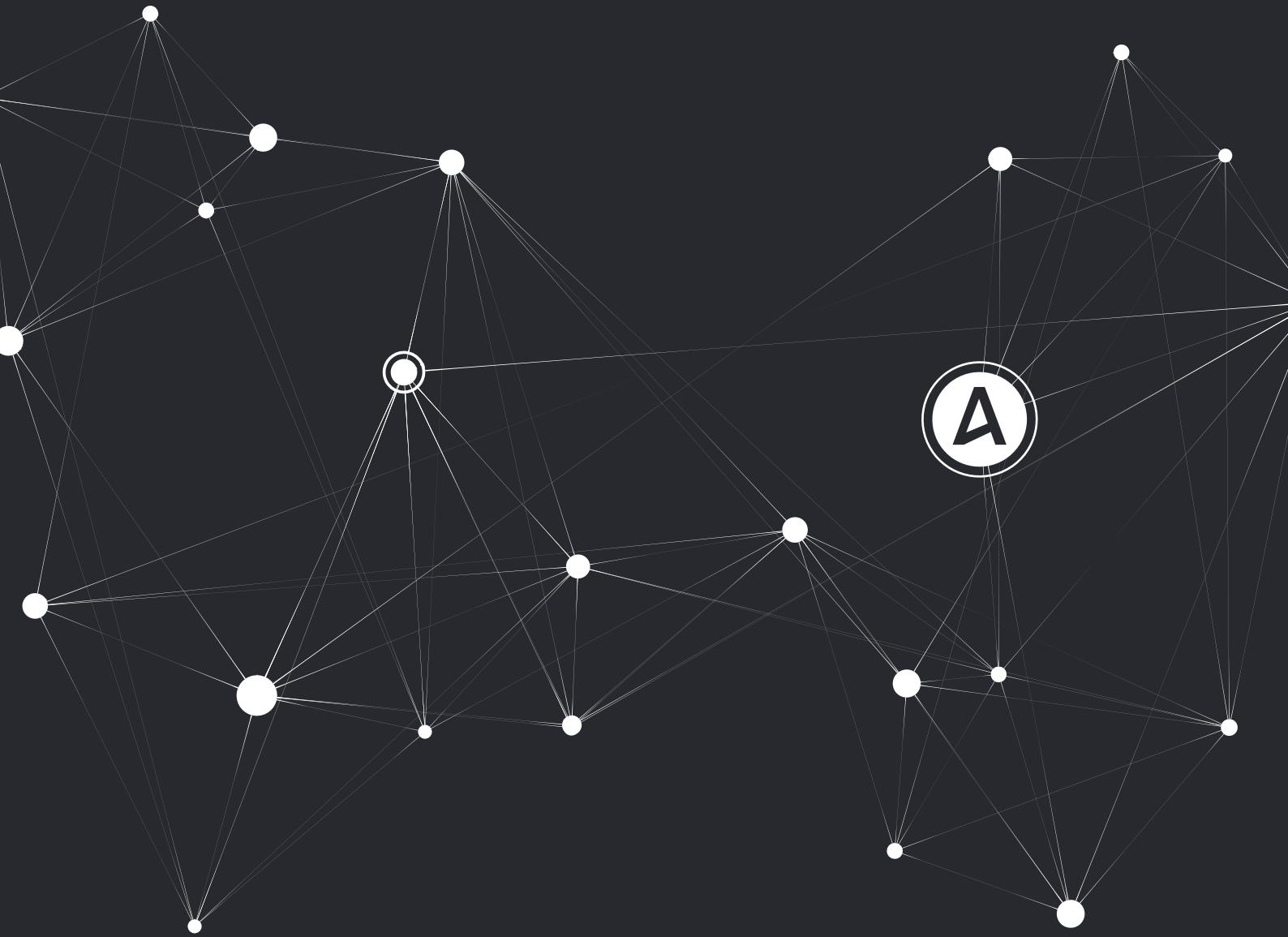
The State of *Hospitality Report*

2025 - 2026



SPARK

INNOVATION SPHERE
BY LES ROCHEs



The state of hospitality report (2025-2026)

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Introduction

The year 2025 represents a pivotal turning point for the hospitality sector, marking a clear shift from post-pandemic recovery into a phase of structurally driven, long-term transformation, supported by solid mid-single-digit annual growth expectations and a global market size moving beyond USD 5 trillion (The Business Research Company, 2025).

Built on market data indicating an expected hospitality market expansion at roughly 5.5–6.5% annually through the second half of the decade (World Economic Forum, 2025), 2025 can be viewed as the moment when cyclical rebound gives way to durable, trend-based growth. Rather than a single event shock, the sector's trajectory is now shaped by **three intertwined, non-linear evolutionary streams**, each addressing a fundamental business constraint: scaling growth with capital-light and asset-heavy ownership structures, reducing distribution and acquisition costs, and systematically tackling labor inefficiencies through technology and new operating models. This is disruption at work.

This report consolidates evidence from key moves and transactions completed in 2025, crystallizing signals that had been emerging in earlier years but have now become unmistakable in market data, investment flows, and operating performance. These developments provide a robust basis for anticipating 2026, as the initiatives executed in 2025, particularly the platforms acquired, partnerships signed, and technologies deployed at scale, should be interpreted as strategic bets on near-term, accelerated adoption rather than small-scale experiments. Finally, the report covers the topic of the need for a reskilled workforce who will be able to flourish in this new environment.

From a business perspective, the decisions highlighted in this report indicate where capital and leadership attention are converging, defining the next wave of “must-have” capabilities in the industry’s operating stack. Innovative moves for 2024, such as AI-enabled revenue management, fully cloud-based property systems, and automation across guest touchpoints, are rapidly converging into baseline infrastructure, and are on track to become standard, non-optional by 2026. What was seen as an early move in 2024 is becoming a mandatory competitive configuration by 2026.

Three distinct evolutionary streams

Our work identifies three distinct strategy types characterizing the sector and that, we believe, can be used to anticipate and read the industry evolution.

A The mainstreaming of disruptive business models:

The conclusive move by major hotel groups to acquire and integrate previously disruptive models.

This signals the end of the traditional full-service asset-heavy model and the ascendancy of the high-margin, asset-light portfolio.

B The intelligence-driven distribution overhaul (AI / data):

The shift from traveler searching to AI delegating and orienting choices. This is driven by generalist AI agents and specialized planners that demand AI-native Application Programming Interfaces (API) connectivity and a superior loyalty proposition, directly threatening the cost structure of OTAs.

C The operational labor reset (robotics):

The industrial-scale adoption of automation technologies to address chronic labor shortages.

Robotics (delivery, cleaning) is moving from a gimmick to a standardized infrastructure investment, enabling cost efficiencies and creating the context for the emergence of more new disruptive models.

Synthesis for 2026

While these streams are analyzed separately, the ultimate competitive advantage for 2026 will lie in their convergence. The most successful model will be **asset-light (stream A)**, capable of delivering hyper-personalized service informed by **AI and data (stream B)**, and executed with **robotics and automation (stream C)** to maintain industry-leading margins. This integrated strategy defines the new standard for operational excellence and profitable growth.

The next wave of industry success will not be defined by incremental improvements, but by the strategic integration of these three powerful, independently evolving trends. Executive focus must now shift from managing technology to mastering the convergence of these strategic pillars.



The future of hospitality: Three converging strategies for 2026

1. Strategy: Asset evolution (disruptive business models becoming mainstream)

The fundamental challenge of high ownership costs is driving an irreversible shift in the ideal hospitality business structure. The strategic move by major brands in 2025 to acquire and scale proven next-generation concepts marks the formal acceptance of **asset-light portfolio options** as the desired model for market expansion and value creation. This strategy prioritizes brand power, clear value proposition, and operational efficiency over excessive, underutilized physical assets.

Table 1 below illustrates how the acquisitions confirmed the validity of these disruptive business models.

Business model	Brand	Strategy type	Source
Lean luxury	Ruby Hotels / IHG	Dematerialization strategy & revenue assets: Ruby achieves superior margins by rigorously dematerializing high-cost services (e.g., removing the front desk) and transforming the lobby into a monetized, high-volume F&B social hub. IHG acquires this cost-efficient micro-space model for urban centers.	IHG Investor Relations: Ruby Hotels Acquisition Announcement, February 2025 (IHG Hotels & Resorts, 2025)
Tech-efficiency (design & scalability)	CitizenM / Marriott	The modular, centralized engine: CitizenM proved a modular design with centralized off-site technology, allowing for rapid, consistent, and asset-light global scaling. Marriott acquires this efficient operating model to accelerate its select-service lifestyle growth.	Marriott International Corporate Newsroom: Strategic Investment in CitizenM, April/July 2025 (Marriott International, 2025)
Lifestyle & vibe curation (non-room revenue)	The Standard / Hyatt	F&B as the core asset & creative talent: The Standard is valued for creating high-energy restaurants, nightlife, and unique programming that drives outsized non-room revenue. Hyatt acquired the asset-light brand and creative leadership to solidify its luxury lifestyle portfolio.	Hyatt Newsroom: Acquisition of The Standard Management Assets, October 2024 (Hyatt, 2024)
Niche market access (experiential loyalty)	Graduate Hotels / Hilton	The community anchor: Graduate successfully built a portfolio based on hyper-local design and community connection in the resilient university segment. Hilton acquired the brand for \$210 million to immediately strengthen its lifestyle portfolio and gain access to a dedicated market segment.	Hilton Corporate Announcements: Acquisition of Graduate Hotels, March 2024 (Hilton, 2024)

Table 1. Examples of disruptive business models becoming mainstream

2. Strategy: Intelligence-first distribution (The overhaul)

The emergence of sophisticated AI agents as the primary interface for booking travel is forcing hospitality leaders to completely rethink their distribution model. Consumers are now demanding and **delegating** the travel decision to an algorithm. Platforms like Vibeslist and Mindtrip are providing guests with distinctive proposals, while OTAs like Expedia and Kayak are rethinking services to travelers following a real-time logic. In particular, the **Model Context Protocol (MCP)** is emerging as a critical open standard for AI integration, standardizing how AI agents access external tools and data sources via direct API connectivity. This technical shift is running in parallel with the travel industry's ongoing adoption of the **New Distribution Capability (NDC)** standard, with specific new integrations leveraging MCP for AI-powered travel services.

The strategic response for industry players is to ensure the **AI be algorithmically incentivized** to recommend the direct channel offer over the commoditized OTA rate. This requires clarity of intent, mastery of data fidelity and API access. Table 2 below details the evolutionary moves and the related infrastructure shift.

Disruption focus	Brand	Strategy	Source link / evidence
The new gateway (generalist LLMs)	Google Gemini / ChatGPT (OpenAI)	Delegated trip planning & booking	Google / OpenAI Developer documentation & industry reports, Q3 2025 citing integration of "agentic capabilities" for travel planning (Alphabet Inc., 2025; Open AI, 2025)
The new intermediary (Specialized AI)	Mindtrip, Layla AI, Destinations AI	Hyper-personalized choice orientation	Skift / Hospitality tech magazine analysis, 2025 reporting on specialized AI planners disrupting traditional booking funnels (Skift, 2025)
Hotel defense (data fidelity)	Marriott International / Langham Hospitality	Predictive hospitality	Marriott technology briefings / Langham Corporate strategy documents, 2025 detailing investment in Unified Data Platforms (CDPs) for proactive personalization ("Langham Hospitality Launches AI Tool Kit for Guests and Staff," 2025; Shives, 2025; Skinner & Zheng, 2025)
Industry threat	Turkish Airlines / Apaleo	AI-native bypassing of OTAs	Industry news & analyst briefings on Model Context Protocol (MCP) and NDC Adoption, 2025 detailing the technical shift to direct API connectivity (Turkish-Airlines - Turkish Technology, 2025)

Table 2. Examples of the overhaul strategy



3. Strategy: Automated operations (The labor reset)

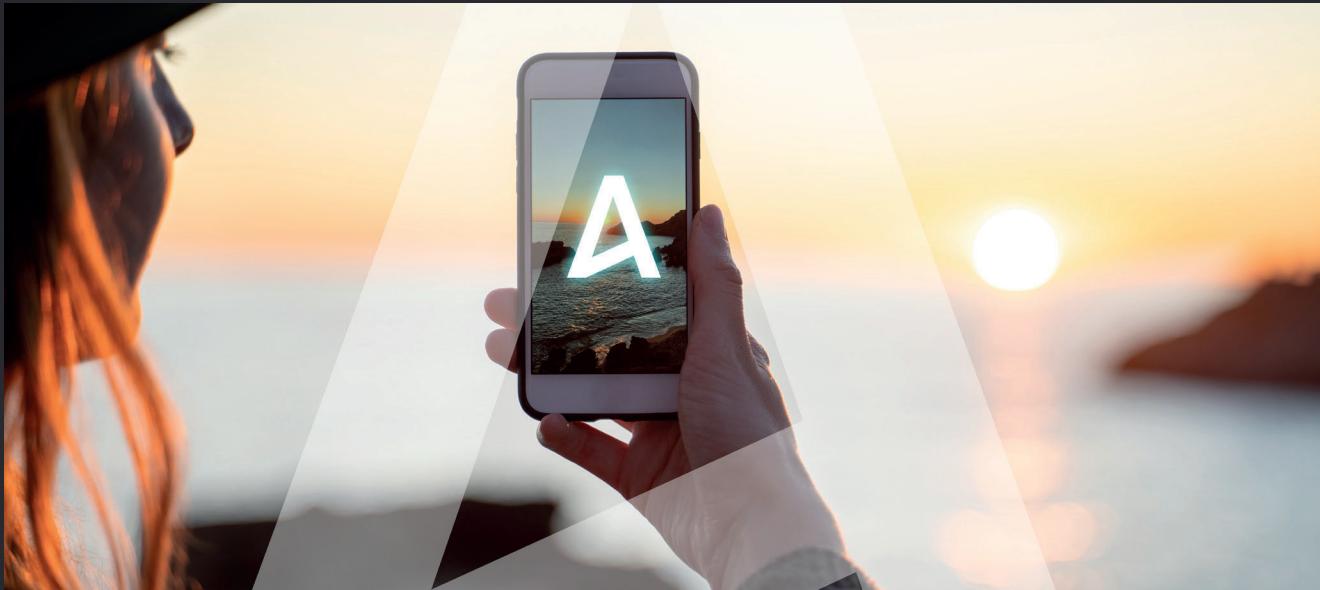
Operational sustainability requires solving the chronic issues of labor cost, turnover, and service inconsistency. The 2025 landscape shows the movement of robotics and automation from pilot programs to **standardized, scalable infrastructure investment**.

The hospitality robotics market is a high-growth sector, with a recent **Market Research Future (MRF) projection anticipating a more than 71% CAGR through 2034** being around \$40 billion in 2025 and expected an impressive growth towards \$195 by 2035 (Deloitte UK, 2025). Another market analysis by Mordor Intelligence (2025b) specifically aligns with the figures cited in the request, forecasting the market to reach a **valuation of \$1.84 billion by 2030, at a compound annual growth rate of approximately 24.72%** (rounded to 25% in the prompt) from 2025 to 2030. Hospitality players are creating a leaner, more resilient workforce by focusing human labor on high-touch, empathetic service, while automating repetitive, high-frequency tasks.

Table 3 below details the industrial-scale applications of robotics and automation:

Disruption / application focus	Brand	Strategy key robotic / automation role	Source link / evidence
Logistics & delivery bots	Savioke Relay / LG CLOi	Autonomous transport of items (food, towels) from staff to guest room.	RobotLAB / LG Enterprise Deployment Reports, 2025 confirming standardized, large-scale integration of delivery robots across major U.S. hotel brands (Dincer, 2025)
Cleaning & back-of-house	PUDU Robotics (SH1 / CC1 Pro)	Autonomous cleaning and disinfecting of large public areas.	Robotics Industry Market Analysis and PUDU Corporate Filings, Q3 2025 confirming industrial maturity and large production scale for hotel cleaning robots (Pudu Robotics, 2025)
Front-of-house & concierge	Global hospitality robotics market	Multilingual check-in, wayfinding, and basic Q&A.	Market Research Future: Hospitality Robotics Market Forecast, 2025 citing 25% CAGR and \$1.84B valuation by 2030, validating core investment (Mordor Intelligence, 2025a)
Hospitality management system	Mews	Automating process	Mews website detailing its focus (Mews, n.d.)
B2B infrastructure	Pudu Robotics & Burroughs Partnership	Ecosystems for maintenance, deployment, and scalability.	Business Wire / Tech News: Pudu / Burroughs Service Partnership Announcement, Early 2025 detailing strategic alliance to provide maintenance and scale deployment in North America (Pudu Robotics, 2025)

Table 3. The labor reset strategy



Convergence and strategy capital

The future of the industry is not about adopting a single technology, rather, it entails the **strategic convergence** of all three identified streams. An **asset-light** portfolio (Stream A) cannot maximize its profitability without **automated operations** (Stream C), and neither can it sustain market share without an **intelligence-first distribution strategy** (Stream B). Being able to identify and integrate these three flows requires a new mindset which at Les Roches, we call **strategy capital**.

Strategy capital allows firms to focus on the creation of future-focused value creation options and to attain the necessary flexibility to deal with disruption and uncertainty. Ensuring strategy capital requires leaders to operate at every organizational level by combining three key moves:

1. Investment in unified data architecture:

Moving from siloed PMS / CRM systems to a single, real-time guest profile that can simultaneously feed the AI distribution channel (Stream B) and personalize the on-site guest experience (Stream C).

2. Agile portfolio management:

The discipline to rapidly shed or convert underperforming asset-heavy properties while aggressively scaling the high-margin, asset-light brands (Stream A).

3. Automated operations:

Leveraging automation in routine and tiring tasks (Stream C) which have little to no added value to enable operational staff to transfer to high-empathy, high-value guest relationship roles (complementing Stream B personalization).

At Les Roches, we are committed to building **strategy capital** by embedding technology management and leadership in disruption into our undergraduate and graduate curricula. We take this mission seriously, equipping students with the analytical skills needed to turn market volatility into a long-term competitive advantage.

Moreover, we have created the **SPARK Innovation Sphere** that serves as a specialized ecosystem platform to enable real-world innovation and growth during disruptive times. By merging academic rigor with this experiential hub, we ensure our graduates lead with agility in an increasingly complex global landscape allowing Les Roches to act as a premier engine for developing the resilient, tech-savvy leaders the hospitality industry demands.

Talent reskilling as the execution layer of convergence

While asset evolution, intelligence-first distribution, and automated operations define the future of hospitality, their convergence depends on a fourth dimension: talent capability. Technology and portfolio strategies alone cannot deliver integrated performance; reskilled human capital is the execution layer that makes convergence real.

As the industry shifts from recovery to structural growth, reskilling emerges as the decisive variable. Without it, AI, automation, and asset-light models risk fragmentation and service erosion. With it, these investments compound into durable advantage.

Historically, labor has been hospitality's bottleneck - marked by turnover and mismatched skills (Germanier & Darioly, 2025), and cost volatility. By 2025, automation absorbs repetitive tasks, AI manages pricing and personalization, and asset-light models reduce complexity. Human labour is not eliminated but redefined: talent now interprets, personalizes, empathizes, and curates meaning.

Each strategic flow introduces new capability requirements:

- **Asset-light portfolios (Stream A):**
Talent must steward brands, ensure experience consistency, and adapt locally across distributed ecosystems.
- **Intelligence-first distribution (Stream B):**
Teams must work alongside AI, safeguard data integrity, and translate outputs into trust-building decisions.
- **Automated operations (Stream C):**
Human oversight ensures exceptions are managed and freed capacity redirected into high-touch guest engagement.

This is not incremental upskilling but a structural shift in skill architecture. High-value hospitality talent now requires:

- **Experience orchestration** – managing guest journeys holistically.
- **Data-informed judgment** – interpreting AI with contextual and ethical intelligence.
- **Advanced emotional intelligence** – delivering empathy and authenticity in tech-mediated environments.
- **System fluency** – confidently engaging AI, robotics, and digital platforms as daily partners.

Instead of the traditional training models which cannot deliver these capabilities, continuous, embedded reskilling frameworks are essential. Beyond performance upside, reskilling mitigates risks: without it, organizations face disengagement, resistance, inconsistent service, and brand erosion. With it, they gain retention, mobility, faster tech adoption, stronger employer branding, and resilience.

Reskilling must therefore be treated as a core element of strategy capital. Leaders must invest in it as rigorously as technology or portfolio strategy, embed learning into operations, measure success through capability uplift, and hold themselves accountable for talent evolution.

As hospitality systems grow smarter and more automated, the human dimension becomes more, not less, valuable. Automation standardizes efficiency, AI optimizes choice, but human talent creates trust, emotional memory, and meaning. The defining advantage of 2026 will be the ability to deploy reskilled talent precisely where technology reaches its limits.

Reskilling is not an adjunct to the three strategic flows; it is the enabling layer that translates convergence into sustained growth, brand differentiation, and long-term value creation as shown by Figure 1 below.

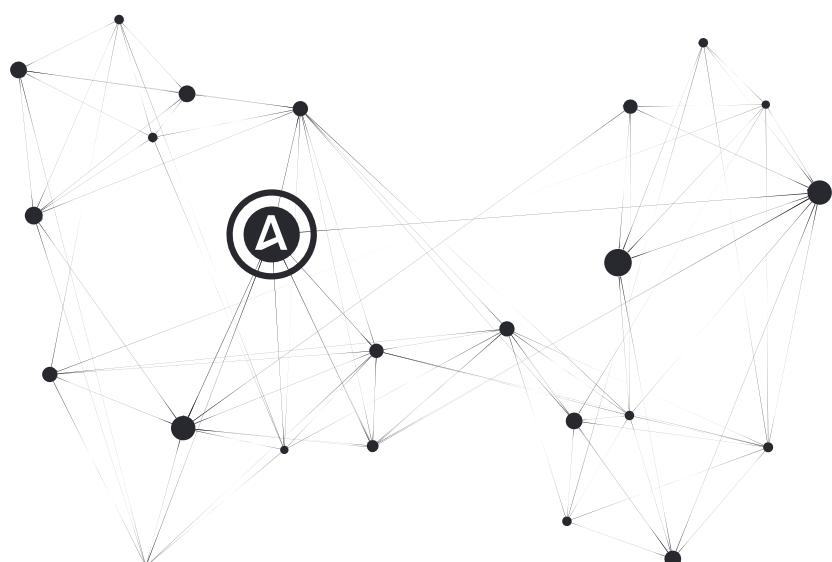
Fig. 1 Strategy capital enabled by reskilled talent



Conclusion

The winners of 2026 will be those who recognize that the new competitive edge lies not only in the convergence of asset-light portfolios, intelligence-first distribution, and automated operations, but also in the deliberate reskilling of talent as the execution layer of this model. By allocating strategy capital to both technology and human capability, leaders

will build the integrated, AI-native, and asset-light hotel of the future. For 2026 and beyond, success will shift from siloed optimization to systemic value creation, with integrated performance, powered by reskilled human talent, becoming the true measure of market leadership.



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