2025

Hospitality Outlook

→ Key Trends and Expert Predictions

Presented by **MEWS**

by **Wouter Geerts**
Director of Market Research and Intelligence at Mews

Contents

The state of hospitality in 2024

In early 2024, The Wall Street Journal ran a story about the optimism on Wall Street for the year to come, with the expectation being that 2024 would see a normalized and strong economy. But, as we know, for our industry there's no such thing as normal. The war in Ukraine continues, the conflict between Israel and Hamas has spread, the political climate around the world remains uncertain, and extreme weather events have wreaked havoc.

Through all that, though, the hospitality industry did return to a "normal" 3% to 4% growth in RevPAR according to STR and CBRE data, with occupancy rates nearly back to pre-pandemic levels and pricing power somewhat flattening. Looking ahead to 2025, the prediction is that conditions will remain consistent.

With this tempered optimism comes the ability for hoteliers to begin to plan for the long-term.

We talked to leading industry experts to get their take on the trends you can expect to see in 2025, how to best prepare your business, and what's on their wishlist for the coming year.

Seth's Wish for 2025

Make travel exciting again

> Today, the world is so much more connected, so much more accessible. What's really happening is people are getting a little bored. That's of course not entirely true, but people have been to a lot of places, and a lot of these places are increasingly homogeneous. They feel the same. More and more, it's the experience that differentiates how people choose what they want to book.

Seth Borko
Head of Research at Skift

Akhil's Wish for 2025

Stop worrying about short-term changes and focus on long-term growth

> If you put a 40-year trend line through any indicator of travel demand — flight kilometers, passenger room nights — it's compounded at 6-8% growth. And that's volume, and then you can add pricing on top if you want. Instead, I find at least in the last five years people have significantly over-weighted first the pandemic, then pricing inflation, then asking if we are at the end of revenge travel or not? And people spend a lot of time on these topics which are not the most important drivers of long-term value. There's almost never been a down cycle over a three-year period. As an industry we need to do better at communicating that secular narrative.

Akhil Chainwala
Venture Investor at Kinnevik and Mews Board Member

Our 4 Big Bets for 2025

AI will make captured data actionable

AI will transform unstructured data into actionable information.

01

We believe that in 2025, technology – and especially the proliferation of AI – will bring the dream of truly seamless and personalized travel closer.

For years hoteliers have collected significant amounts of data about their guests, but it has been challenging to leverage it to improve experiences.

One of the greatest powers of AI is its ability to deal with big data and this capability has risen exponentially with the expansion of generative AI.

Among the key challenges today is the amount of data hotels have. Properties tend to use multiple systems, each with its own data. On top of that, each hotel is reliant on data from other sources like distribution channels. AI gives hoteliers the ability to bring that data together and make sense of it, so it can be used effectively.

This, of course, assumes that hoteliers have the data. Systems like Mews can already consume data, make sense of it, and feed it back to employees at key moments to transform experiences, but that's only if the data is being collected by the hotelier.
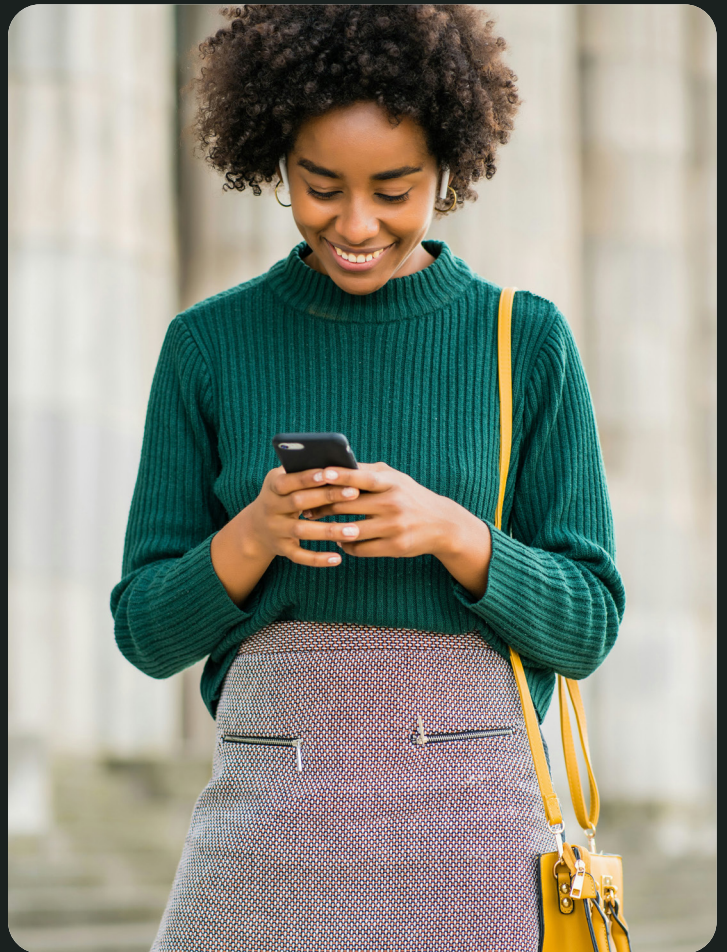
Klaus's Wish for 2025

Help hotel companies see the true value of technology

" While there's always room for innovation to move faster and technology adoption to grow, it's exciting to see the potential ahead for the industry. Many companies are beginning to explore how technology can create a competitive advantage, enhance business operations, and drive both top and bottom-line results. It's an incredible time to embrace these opportunities and lead the way in transforming the hospitality landscape.

Klaus Kohlmayr
Chief Evangelist & Development

James's Wish for 2025

Free-flowing data

" What interests us is the ability for platforms to be able to accelerate the movement of data between them. Many platforms now have the APIs, some data and the endpoints, but what's critical is having depth and volume of data - and, as importantly, the ability for that to start moving freely between platforms. It's that movement that will really enable hotels to use and manage their data. I think that that's a really strong focus, certainly within our world and hopefully across the rest of the industry too.

James Bishop
VP Ecosystem and Strategic Partnerships
at SiteMinder

The impact of AI for data analysis is largest in the travel industry

Potential incremental value from AI over other analytics techniques

Source: McKinsey and Company
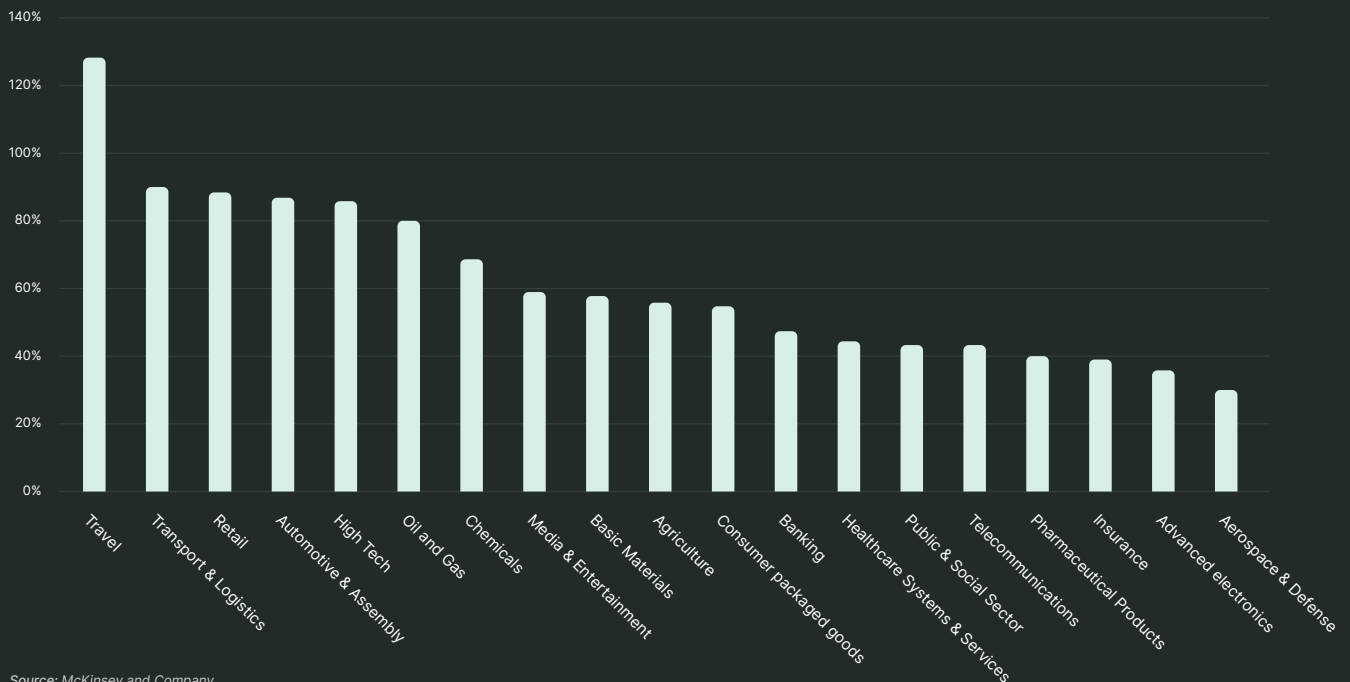
AI will make captured data actionable

Already Mews Smart Tips is an AI-powered summary of guests' past and upcoming reservations, guest and housekeeping notes, that provide front desk agents instant insights for personalized experiences. Integrations like GuestRevu can also capture online guest reviews, feeding them back to the guest profile, and making them visible the next time a guest books.

This is, however, just the start. Imagine a day when all the different systems involved in a traveler's journey are connected, and all that data can be available to use.

- You could know that a guest's flight has been delayed, ensure their room is held for them, and even walk them through relevant amenities like room service at check-in.

- You could track a guest's taxi, greet them outside, and make sure their room is ready when they walk in the door.

- You could know the spending styles of guests and offer tailored upsell packages with appealing price tags.

- And what if you knew a guest's food preferences or allergies? You could offer them a meal in the hotel restaurant that's tailored to their food styles.

Suzanne's Wish for 2025

Integrations, integrations, integrations

" I'm continuously looking for integrations that take the lift off the front desk clerks while offering a more personalized customer journey for our guests. Revenue and profitability are important, but if we don't have a proper integration and it's cumbersome for the guest, and it takes five more steps for the hotel to get that upsell, then we've missed the mark.

Suzanne Dau
Director Technology Management at BWH Hotels

Staff productivity will rise

After years of productivity stagnation, hoteliers will see productivity rise through the adoption of modern technology.

02

Between manual processes and high turnover, hiring continues to plague the hotel industry. More than 60% of European hoteliers see staffing as a top challenge to their business, according to a survey by Booking.com. In the US, the AHLA has seen similar problems.

According to the McKinsey Global Institute, AI could have one of the largest impacts on the travel and hospitality industry, but, to date, the industry has one of the lowest uptakes of AI technologies as per Accenture Research. It probably won't surprise you that this is where AI can offer solutions.

Dorothy Creamer of IDC explains the main challenge today: "The goal for any form of automation is to drive efficiency, however, to truly tap its full potential employees must understand the goals and benefits. For employees to embrace the technology they must feel empowered by utilizing automation that removes the cognitive load from front desk staff and management, so that they can provide a more heads-up experience for any guest that walks onto a property."

Dimitris Manikis of Wyndham Hotels & Resorts sees the same challenge: "The real holy grail is using technology in your favor and not as a blocker, because things that we don't understand become a blocker, things that we don't explain bring fear." He continued: "Why do you think young people do not join our industry? Because we talk about replacing jobs with AI, […] rather than talk about the great things technology can do for me as a young person."

It's time to think how technology can improve the jobs performed by hotel staff today. The industry struggles with employer branding and explaining the beauty of hospitality. Utilizing technology in the right way allows employees a level of creative freedom that will enhance their performance and satisfaction.

70% of respondents struggle with hiring, mostly in guest-facing roles.

For which departments do you find it hardest to fill roles?
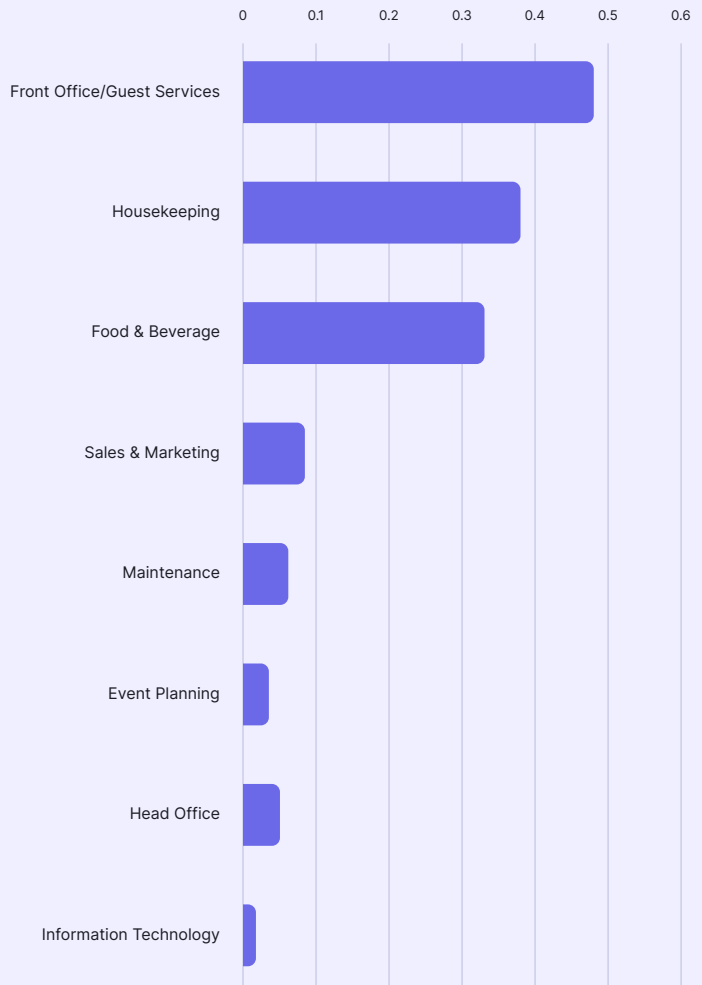
Source: Mews Hotelier survey 2024, n = 117

Dorothy's Wish for 2025

Find the AI sweet spot

Dorothy Creamer
Senior Research Manager at IDC

"I would love the understanding that while AI is not an enemy, nor should it be a blanket solution for everything that ails the industry. I hope that there will be greater understanding and leveraging of the nuances inherent in AI, so that it can be utilized as an effective automation and augmentation tool that uplevels employee and guest experiences. This recognition will help to remove fear of AI replacing humans, because the human element of checks and balances in any AI solution will be where organizations will find differentiation in the age of AI.

Productivity has completely stalled in the hospitality industry over the past decade

EU labor productivity per hour worked (pp change 2014–2023)

Source: Eurostat, 2024

Increased productivity and personalization today

Hotel Oderberger in Berlin uses a chatbot from the integration DialogShift to answer guest questions. The bot gets about 4,000 questions per month and can answer 97% automatically. This technology saves time for staff to focus on connecting with guests and answering the few questions that require a person.

Richard Valtr, founder of Mews, considers this type of automation critical to hotel operations today.

"Guests will, and should, expect more from hotels. The key impact of AI is that it lowers the cost of intelligence, enabling guests to make more specific and frequent requests. Previously, out of 200 guests arriving at a hotel on a Friday, perhaps only three might approach the reception with personalized requests, like specific pillows or other preferences. Tomorrow, when everyone has their own virtual agent, that number could rise to 150. This level of demand is far beyond what individual staff members

or receptionists will be able to handle on their own, but it will bring huge upsides to hotel profitability," he said.

The value of AI to boost productivity will soon go far beyond the front desk:

- AI agents will be able to provide guest information in a more structured and actionable manner.

- Chatbots and AI will be able to answer easy questions in call centers to free up personnel to focus on the difficult ones.

- General managers and heads of department will be able to look for patterns and query data in their own words to inform business decisions.

- Event and sales managers can process and automate requests for custom packages and offer price quotes on the spot.

Kari Anna's Wish for 2025

Be smarter about adopting technology to ensure the end user sees the value

" Hoteliers and tech developers must prioritize their frontline staff when building and implementing technology. Incremental improvements, focusing on a few key enhancements, are far more effective than overwhelming staff with complex, all-encompassing systems. The real challenge isn't the technology itself, but the human capacity to adapt. We often create unnecessary complexity by chasing cutting-edge technology, leading to information overload and daily frustration. Instead of striving for technological supremacy, we should focus on depth and user-friendliness to ensure technology truly enhances, rather than hinders, productivity.

Kari Anna Fiskvik
SVP of Technology at Strawberry Group

Alessandro's Wish for 2025

Get rid of computers

" What we're really looking for is how technology can allow us to automate routine tasks so we can leverage our general managers more effectively. If our GM never needed to go on a computer, they could spend that time making meaningful connections with our guests. We don't want technology to limit their ability to do that.

Alessandro Bottero
Director of Strategic Projects at Life House

Hotels will move away from reliance on big OTAs

Significant change in hotel distribution is expected, which should break the monopoly of the large OTAs.

↘

03

As legislators crack down on the monopolistic positions of Google, Booking.com and Expedia, new technology and channels will further change how travelers search and book hotels.

While 2025 may not see a seismic shift, we expect the distribution landscape to evolve.

Google will get more competition from AI, with search no longer about offering all possible answers, but increasingly about offering the best option. ChatGPT and Perplexity are currently best positioned to respond.

Hoteliers need to make sure their websites have the information for AI to find and use to represent the property correctly in response to questions by travelers. OTAs heavily depend on Google ads, spending up to a third of their revenue on marketing. However, Google's shift to promoting direct hotel bookings, as well as growing competition from

giants like Trip.com, retailers, and banks are pressuring the OTA model. The OTA Hopper has successfully pivoted from B2C to B2B, offering inventory (sourced from OTAs like Expedia) and services like insurance to third parties, notably banks.

Banks are also becoming distribution channels by offering special rates to card users. In the future, we could see hotels working with banks to offer discounted rates in return for rich customer data that is more valuable than what they're getting from OTA bookings today. This could also decrease the need for any intermediary in the booking process.

Finally, direct bookings continue to be a focus for hoteliers, and according to Skift Research, hoteliers want direct to be more than 50% of their distribution mix by 2030. The changing distribution landscape and democratization of marketing and AdTech mean that direct bookings will continue to be a hot topic in 2025.
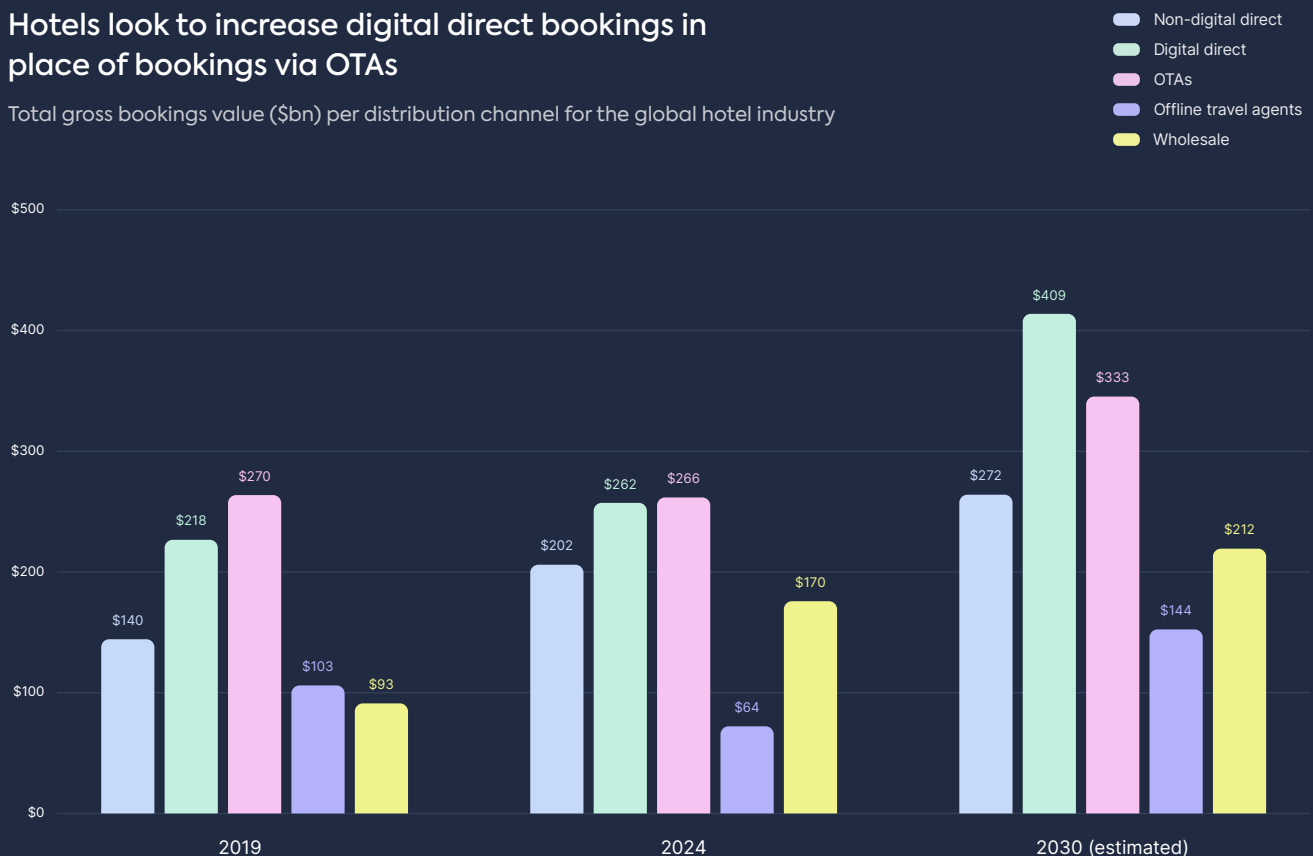

Richard's Wish for 2025

Look to emulate best-in-class for everything

The law of expectations is that people go from 0 to 100 super quickly. They go like: "I've experienced something here, therefore everything should happen to this extent, and if it doesn't, I'm going to be pi**ed off. Once somebody has solved a problem or friction somewhere once, people get annoyed that you're not solving it to the same quality and degree everywhere else.

Richard Valtr
Founder at Mews

Hotels look to increase digital direct bookings in place of bookings via OTAs

Total gross bookings value ($bn) per distribution channel for the global hotel industry

Legend:
- Non-digital direct
- Digital direct
- OTAs
- Offline travel agents
- Wholesale

2019: Non-digital direct $140, Digital direct $218, OTAs $270, Offline travel agents $103, Wholesale $93

2024: Non-digital direct $202, Digital direct $262, OTAs $266, Offline travel agents $64, Wholesale $170

2030 (estimated): Non-digital direct $272, Digital direct $409, OTAs $333, Offline travel agents $144, Wholesale $212

Source: Skift Research Hotel Distribution Outlook 2024

Banks are well positioned to displace travel players as prime loyalty programs

Million loyalty members by program

Program	Members
Marriot Bonvoy	250
Hilton Honors	250
Expedia One Key	168
Chase	149
Delta Skymiles	120
American Airlines Advantage	115
United Airlines Mileage Plus	110
Capital One	106
IHG One Rewards	100
Wyndham Rewards	95

Source: Forbes and company reporting
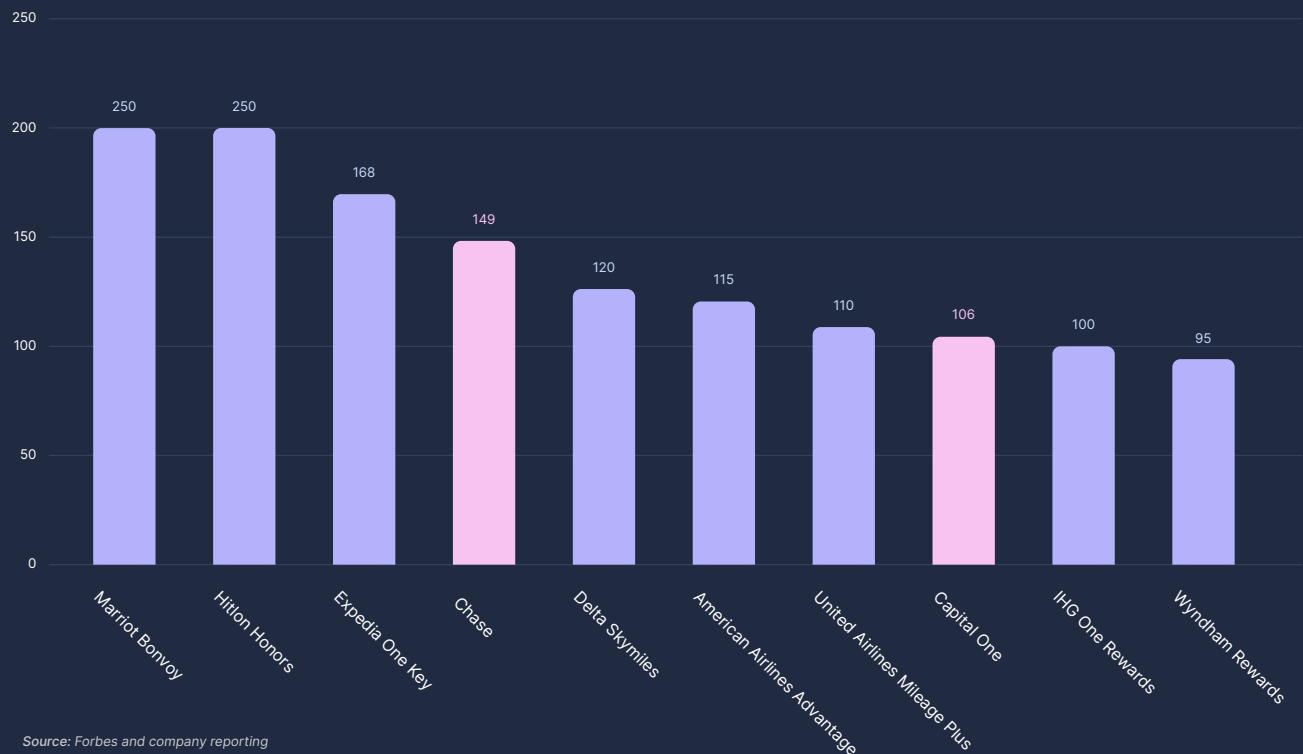
Booking engine basics

While distribution is always in flux, there are certain things every hotelier can control and the hotel website and booking engine should be an important part of any distribution strategy. Today, many hotels still struggle to convert potential customers, but there are some basic steps that are explained by Mews CEO Matthijs Welle in this video series that will boost conversion, including:

- Make sure the Book button stands out and is always visible, even when visitors scroll down your website.

- Your booking engine should always be integrated on your website, so the visitor does not leave your website.

- Turn on IP tracking to ensure you provide a customized experience based on your visitor's location.

- Test your booking engine for different scenarios and identify points of friction that will reduce conversion.

- Consider offering special rates including when visitors login through social media platforms like Facebook.

- Where relevant, consider using a special booking engine for non-room services that can be booked separately and for specific time slots.

- Most important, keep it simple. Visitors should be able to book a room in a few clicks.

James' Wish for 2025

Take distribution and payments more seriously

" The ownership [of payments in hotels] is often in the wrong place, it's often with finance. It would be better to sit with product management as it's a piece of technology we need to stay on top of. Payments are a growth driver that if you do it right, you'll be getting more bookings and so you can put your prices up, you will be driving more direct bookings, and your OTA commissions will come down. Potentially you'll be reducing many hours spent on this, including guest time at the front desk. Having it higher on the strategic agenda, not underestimating that it could be driving 10 to 20% more revenue across a hotel group."

James Lemon
Global Industry Lead Hospitality, Travel and Leisure at Stripe

Alexander's Wish for 2025

Use data-driven tools to increase direct bookings

" Integrating pricing insights with tools that enhance direct booking channels or improve targeting through meta-search platforms is an exciting direction we're exploring, as well as making sure to optimize channels based on NetRevPAR (considering commissions in the optimization). We envision a future where hotels can reduce reliance on third-party OTAs and only use them when needed, by leveraging data-driven tools to optimize their channel mix and maximize profitability from direct bookings.

Alexander Edstrom
CEO at Atomize, a Mews company

Johannes' Wish for 2025

Adopt to AI search quickly, before the OTAs get there

" Think about digital marketing and what AI is doing there. When we look at media usage of especially younger generations right now, it's so motion picture driven. AI will flush so much more into that than those regular ads we have been seeing lately, and it will somehow be embedded in the travel search and discovery. I hope this time that the hospitality industry is faster than the OTAs in adapting to that.
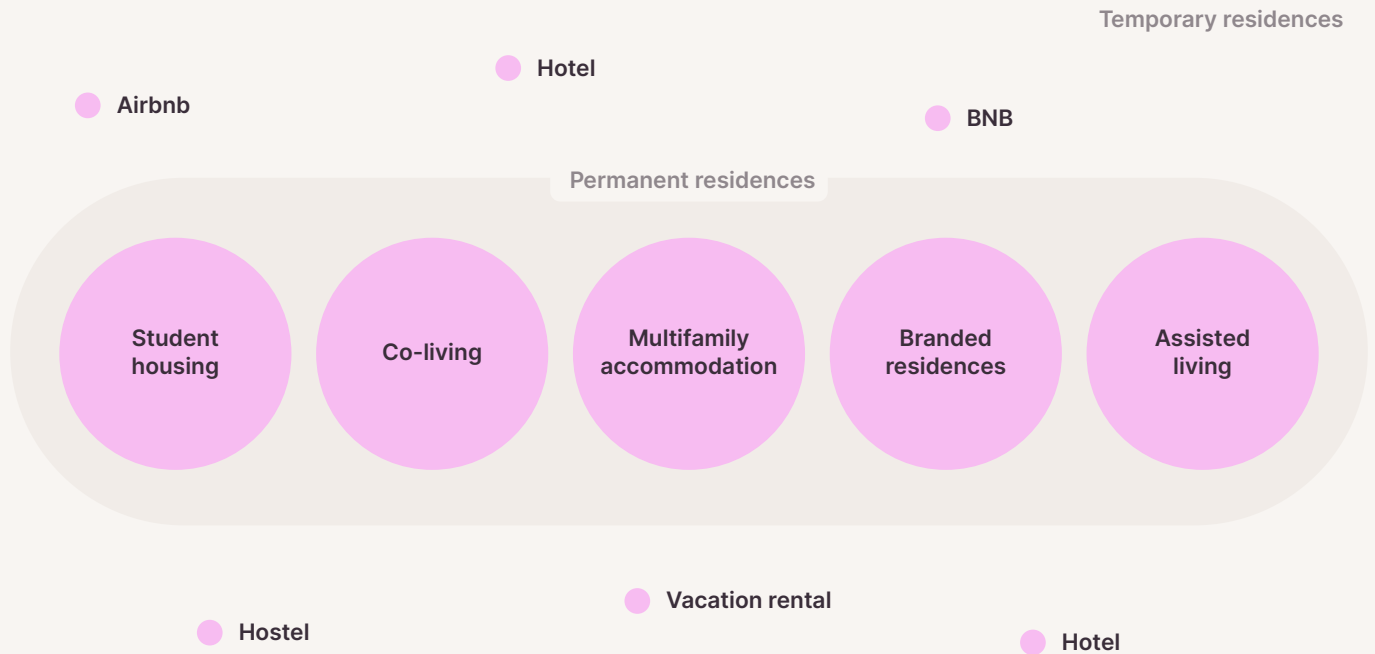
Johannes Rohde
CEO at MOA Berlin

Hotels will diversify their portfolios with new types of accommodations

Hotels are diversifying their offerings, focusing more on non–hotel accommodations.

04

Guests spend only a fraction of their lives in hotels

Temporary residences

• Hotel

• Airbnb

• BNB

Permanent residences

(Student housing) (Co-living) (Multifamily accommodation) (Branded residences) (Assisted living)

• Vacation rental

• Hostel

• Hotel

Hotel chains are moving into new segments to expand their portfolios. Hilton acquiring Graduate Hotels filled a gap in their boutique portfolio to target Millennials and Gen Zs. Hyatt filled a leisure gap with its acquisition of Apple Leisure, and Wyndham followed Marriott into the serviced apartment space with Wyndham Residences.

But as partnerships and potential acquisition targets within hospitality dry up, hotel brands are looking to other real estate sectors. Today, 8% of Marriott's luxury portfolio is from its branded residences. Margaritaville and Disney (with Cotino) are moving into senior living. Throughout 2025 we expect to see more hotel brands moving into these types of real estate offerings.

While the hotel industry offers pockets of growth, the idea of "hospitality" can be applied well beyond it, to other real estate sectors. The concept of serviced living, where hotel-like services are applied to more permanent forms of residences will grow in 2025. Hotel companies are best placed to benefit from this trend.

Marco's Wish for 2025

Understand how valuable hospitality skills are

" If I open the internships at my university for the whole market, not only hotels, I will get 5 to 6 companies every week that want to work with my students. Professional services and banks, for example, are seeing modern technologies taking over tasks, but they still want to have the interaction with customers. We're famous for that, from day one you learn that interaction. We call this hostmanship, make other people feel welcome.

Marco ten Hoor
Director Hotel Management School
Leeuwarden at NHL Stenden

Pioneer in hospitality diversification

The Social Hub is a pioneer in blurring the lines between permanent residences and transient hotel spaces. The company has 18 properties across Europe, with another 3 set to open in early 2025. TSH caters to students, long-stay guests, and transient travelers, offering the ability to book a room for one night or an entire term. Facilities include coworking spaces, kitchens, meeting rooms, restaurants, bars, gyms, and laundry rooms. All of this allows them to diversify their revenue streams – and, since they're all managed in the same Mews PMS, it's seamless and optimized.

Speaking about the importance of non-room revenue, Nigel Maule, Director of Business Technology at TSH, commented: "I refer to the Social Hub as the Neil Armstrong of hospitality, because while other hotel chains are thinking about diversifying their business, we have jumped into this over a decade ago."

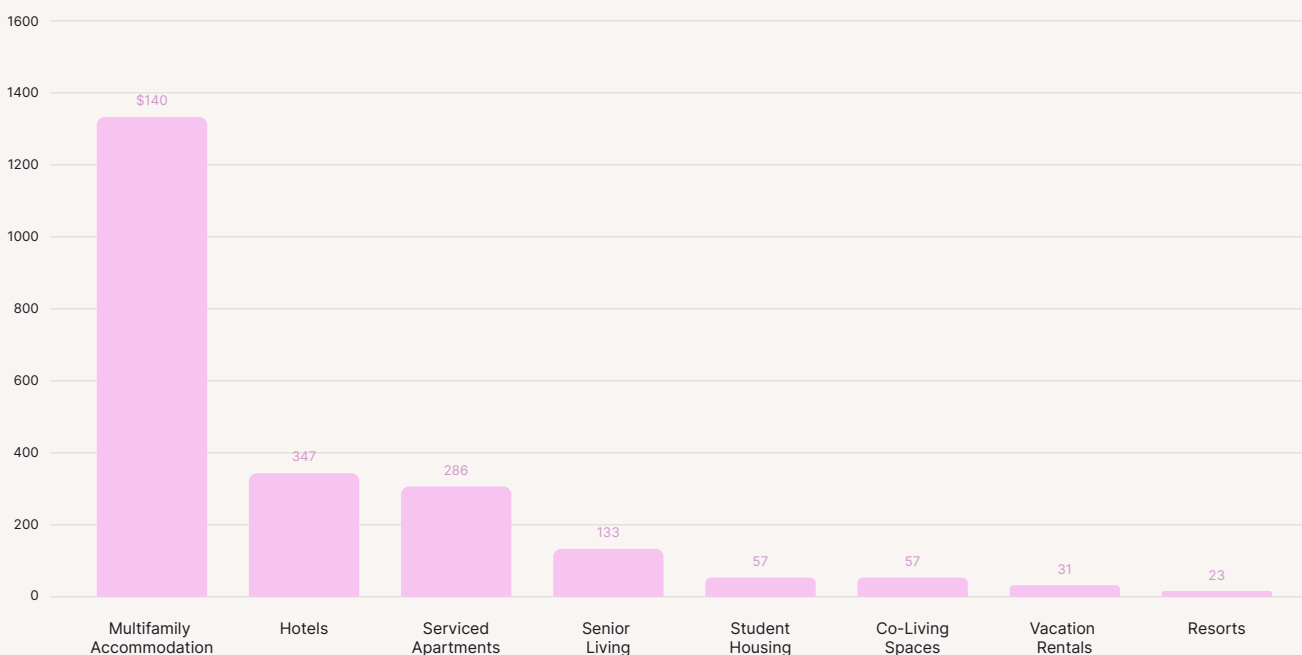According to HotStats, non-room revenue accounts for about a quarter of total revenue for the average hotel, but it has become an increasing focus. As Alexander Edstrom, CEO of Mews-acquired revenue management system Atomize explains: "As the industry becomes more data-driven, there's a growing demand for solutions that provide granular insights and actionable recommendations to maximize total revenue." Atomize provides this ability through dynamic, cross-departmental pricing decisions in real time.

Furthermore, innovations including Mews Spaces and Mews Multi-Property are allowing hoteliers like TSH to rent out any type of building, room, product or service for any length of time. The fully integrated Mews POS further links any restaurant or bar terminal to the PMS for a much more seamless experience for guests and employees.

Through these technological advancements, spaces in hotels will become more profitable. Just as staff will become more productive (see our Big Bet #2), so will every square inch or meter in the hotel become more important to operators' bottom line.

Major opportunities for hospitality companies outside of hotels

Total global addressable market size (2021, € billion)

	Value
Multifamily Accommodation	$140
Hotels	347
Serviced Apartments	286
Senior Living	133
Student Housing	57
Co-Living Spaces	57
Vacation Rentals	31
Resorts	23

Source: Spring Partners custom research for Mews, data aggregated for US, Europe and Australia

Nigel's Wish for 2025

An industry that's more open to unconventional ideas

> We [The Social Hub] are not conventional, and that can present significant challenges. There is no single off-the-shelf solution for us. No one has done this before, so there's no guidebook or expert to turn to for help. When you're pioneering, you're venturing into uncharted waters, and that can be frustrating — the trial-and-error process, the need to convince stakeholders, and the inevitable lack of buy-in for some ideas. But it's also what makes the journey extraordinary. When you finally succeed, when the pieces come together and you achieve what once seemed impossible, the sense of accomplishment is unparalleled. That's the magic of creating something truly unique.

Nigel Maule
Director of Business Technology at The Social Hub

Dimitris' Wish for 2025

Everyone from governments to the new workforce will see the value of the hospitality business

> I'm frustrated by the lack of progress. I'm frustrated by the fact that the younger generation is indeed leaving us. I'm frustrated because governments seem to miss the fact that the hospitality industry is one of the biggest contributors in GDP and it's about bringing cultures together.

Dimitris Manikis
President EMEA at Wyndham Hotels & Resorts

2025 checklist

Hotels are diversifying their offerings, focusing more
on non-hotel accommodations.

01 AI will make captured data actionable

Have you started experimenting with AI tools like ChatGPT to understand the
potential impact on your business? ○

Is your hotel using the available AI tools that are on the market today to improve
the way you use data? ○

Does your tech stack allow you to get the most out of the data that's in there? ○

02 Staff productivity will rise

Is your staff spending too much time on tasks that are not adding much
value to the business or their job progression? ○

Could technology and AI take away the pressures of repetitive, but mundane
tasks, freeing up staff for more customer interaction and engagement? ○

Do you offer your guests a diversified set of channels to interact with your
staff and hotel information? ○

03 Hotels move away from reliance on the big OTAs

Are you over reliant on a single booking channel? What's your plan to diversify more? ○

Is your direct booking strategy ready for today's traveler expectations? ○

Do you understand how AI will use your hotel's online data in search results,
and have you ensured all data is available for the AI to use? ○

04 Hotels will diversify their portfolios with new types of accommodations

Have you considered whether your services and team can be applied to other
sectors to expand your footprint? ○

Can you achieve more touchpoints with your guests by diversifying your
offerings beyond hotel stays? ○

Can you fill gaps in your occupancy by catering to other types of travelers? ○

Can you achieve more touchpoints with your guests by diversifying your
offerings beyond hotel stays? ○

Acknowledgments

We spoke with 15 industry experts from varied backgrounds, including hoteliers, industry analysts, consultants, and tech vendors. We would like to thank them for their insights provided:

Akhil Chainwala, Venture Investor at Kinnevik

Alessandro Bottero, Director of Strategic Projects at Life House

Alexander Edstrom, CEO at Atomize, a Mews company

Dimitris Manikis, President EMEA at Wyndham Hotels & Resorts

Dorothy Creamer, Senior Research Manager at IDC

James Bishop, VP Ecosystem and Strategic Partnerships at SiteMinder

James Lemon, Global Industry Lead Hospitality, Travel and Leisure at Stripe

Johannes Rohde, CEO at MOA Berlin

Kari Anna Fiskvik, SVP of Technology at Strawberry Group

Klaus Kohlmayr, Chief Evangelist & Development Officer at IDeaS

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In his role as Director of Market Research and Intelligence, Dr. Wouter Geerts leads Mews' team responsible for market research, competitive intelligence, and thought leadership. Wouter is a regular speaker and moderator at conferences and industry events, speaking about travel and hospitality trends. Wouter completed a PhD on sustainability in the hospitality industry at the University of London. He further holds a Bachelor in International Hospitality Management and has worked in different roles in and with the hotel industry. He previously headed up the research team at travel media company Skift and worked as a hospitality consultant at Euromonitor International. Wouter sits on the industry advisory board for Stenden Hotel School Leeuwarden, the Netherlands.

Presented by MEWS