

Trends shaping our industry

Continuing to evolve and adapt

The tourism industry continues to demonstrate strong fundamentals. Travel remains a top priority for many, maintaining its status as a leading category for discretionary spending. There are several impactful trends with the potential to reshape the hospitality landscape.

Loyalty programmes are becoming increasingly competitive, hotel formats are continuing to evolve driven by demand for types of blended travel, and personalised experiences enabled by technology and data are becoming essential. We see these trends leading to the prioritisation of customer-centric strategies, and investment in products that align with evolving traveller expectations.

Flexibility of loyalty programmes

The lodging loyalty landscape is becoming increasingly competitive as guest expectations continue to evolve, becoming more immediate, personalised, and experience-based. To fulfil guest expectations, loyalty programmes are having to become increasingly flexible, utilising data-driven insights on customer preferences.

A McKinsey study found that hotel guests utilise more than two competing loyalty programmes a year, which is more than airline and cruise travellers.

With younger generations more likely to transact with multiple programmes, and competition strengthening amongst global peers, it will be necessary to further expand reward personalisation. Increasing the breadth of offerings for members to select from, whilst utilising advanced analytics to tailor messaging, will give members control over their desired benefits, helping support a diverse portfolio of brands.

The strength of loyalty programmes is supported by customer experiences during their stay.

Frontline teams are vital in delivering the core product that loyalty programmes are built around. Initiatives to develop the ability of teams to deliver exceptional experiences, such as the IHG Climb gamification platform, which led to 1.5–2.5x increase in loyalty delivery for highly engaged hotels and will continue to be a priority of industry leaders looking to develop robust brand and programme preferences.

Our responses include:

- Offering members the ability to personalise benefits via Milestone Rewards by selecting what they value most (including Food & Beverage Rewards and bonus points).
- Expanding Reward Night flexibility, including discounts for new hotels, ability to use points on both non-standard room types and Confirmable Suite Upgrades, plus exclusive Reward Night discount access for Platinum and Diamond members.
- Introducing free points transfer for our Diamond Elite and Business Rewards members, allowing our most active members to share their rewards with friends, family or colleagues.
- Forming exclusive partnerships providing our members culturally relevant, personalised experiences, including events such as the US Open Tennis Championships and Six Nations rugby.



Space for everyone

The lodging industry is rapidly transforming, with evolving formats that cater to diverse traveller needs and preferences. Industry leaders are complementing traditional hotel models with innovative alternatives that emphasise flexibility, authenticity, and unique experiences.



As Gen Z starts to enter the middle class, the requirement for variation will become even more essential.

Demand continues to grow for shared spaces, and increasingly lifestyle offerings that provide guests the opportunity to connect with the location and fellow travellers. By meeting these needs through carefully designed bars, lounge areas and restaurants, hotels of all chain scales will be able to facilitate guest desires to work flexibly, immerse themselves in experiences and connect locally.

The industry is embracing the desire for spaces dedicated to wellness and fitness. From rooftop yoga studios and immersive spa retreats to interactive gaming lounges and AI-enhanced gyms, properties are incorporating elements that encourage guests to relax, recharge and play.

At the top-end, luxury brands are investing heavily in branded residential offerings, with projects increasing by more than 180% over the last decade.

The segment is becoming increasingly competitive due to the presence of major lodging companies alongside uber-luxury retail brands.

Our responses include:

- Expanding our portfolio of branded residences across our Luxury & Lifestyle brands, with signings in 2024 including the Regent Residences Dubai at Marasi Marina and Six Senses Telluride in Colorado.
- Introducing Holiday Inn Express Generation 5 and Holiday Inn H5 public spaces to match the desire for local connections with the requirements of the modern traveller, facilitating social connection and co-working.
- Continuing growth of new brands designed to accommodate developing guest needs. Brands launched since 2019 have grown 62% in 2024.

Rapidly evolving technology

The technology landscape is rapidly changing, driven by advancements in automation and artificial intelligence (AI). Today's consumers have heightened expectations, seeking control, convenience, and speed across every industry they interact with.

To adapt to these expectations, hotels are embracing modern, cloud-based systems that simplify operations and alleviate pressure on front-desk staff. Hotel owners seek technology to automate tasks and streamline their operations, while guests increasingly seek technology that gives them more control.

Hotel companies are modernising their core platforms, with a shift towards cloud-based systems to optimise operations, pricing, reservations, and customer relationship management.

The digital stay experience is an increasingly important guest expectation, with mobile check-ins, digital room keys, kiosks, and automated check-outs growing in popularity and becoming mainstream. This renewed focus on self-service not only leads to guest control but also hotel operational efficiencies.

Additionally, the integration of AI offers more personalised guest experiences, with chatbots that provide instant support and tailored recommendations, while predictive analytics enhance pricing, staffing, and inventory management for hotel operators. However, these innovations also introduce significant data protection challenges, requiring robust infrastructure to safeguard sensitive information and systems.

Our responses include:

- We are undergoing a multi-year modernisation of our core systems, introducing new property management solutions that transform hotel operations and payment processes to address global and regional needs.
- Creating a dedicated task force focused on digital stay experience, with the goal of empowering guests with greater flexibility and control.
- We are developing new capabilities, including a cutting-edge customer relationship management system, and investing in self-service options to elevate guest satisfaction.
- Our commitment to cybersecurity remains steadfast, focusing on the protection of our systems against existing and potential threats.
- Utilising AI to upgrade system intelligence and enable our hotel and corporate colleagues to work more efficiently.

