

THE STATE OF DISTRIBUTION

2026



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Foreword

When we launched the first State of Distribution report in 2024, we set out to fix a persistent blind spot. Hotel commercial leaders had no comprehensive, global benchmark for how traveler behavior, technology, distribution complexity, and organizational priorities were changing.

The 2025 edition widened that lens, recognizing that distribution doesn't operate in isolation. Marketing, Revenue Management, and Distribution increasingly share responsibility for acquiring demand, optimizing channel performance, and improving profitability. That report found an industry investing in technology and talent, yet still held back by fragmented systems, manual reporting, and persistent challenges like rate parity, attribution, and data integration.

The 2026 edition shows that evolution has entered a new phase.

This benchmark, based on more than 270 responses from 141 cities across 53 countries and representing more than 58,000 hotel properties, provides a current view of the industry while allowing us to compare selected measures across the 2024, 2025, and 2026 editions.

Although each edition reflects an independent respondent sample, these comparable measures reveal how industry priorities and operating practices are evolving. The picture is not one of linear progress: technology adoption has expanded, budgets have grown, and teams have evolved, yet operational complexity and intermediary dependence remain deeply embedded.

The findings suggest the next competitive frontier will be defined less by who owns the data and more by what helps people use it. Hotel technology is moving from systems of record to systems of work and solutions that connect information, automate workflows, support responsible decisions, and help commercial teams act together.

Hotel commercial teams are getting more connected. Marketing, Revenue Management, and Distribution are collaborating more closely, aligning on channel strategy, and reviewing performance more often. Technology investment remains strong too, but organizational alignment is improving faster than technological alignment.

Hotels have built the systems to capture reservations, distribute inventory, manage rates, and support direct bookings. What most haven't built yet is a unified operating environment; one that helps teams understand demand, coordinate decisions, and act with speed.

Data is still fragmented across vendors and functions, and manual reporting exhausts resources that should be applied elsewhere. Distribution teams are still juggling rate parity, changing APIs, disparate data sources, and multiple demand partners. Marketing is contending with attribution gaps and zero-click discovery, while revenue managers increasingly pick up reporting and data integration on top of pricing and forecasting.

AI adds another layer to this shift.

More than half the hotels in this study are already using generative AI, or procuring it. For most, the effect so far is incremental, not transformative. Meaningful reductions in manual work remain limited, and concerns about accuracy, privacy, compliance, explainability, and governance are still holding back greater autonomy.

Meanwhile, traveler behavior is changing faster than hotel strategy can keep up.

AI-influenced search is already shaping traveler discovery and contributing to reservations, even as most hotels report little or no corresponding change to their channel strategy. Internally, however, AI's impact remains incremental rather than transformative: meaningful reductions in manual work are still limited, and most hotels have yet to embed AI into connected, governed workflows. New discovery patterns are emerging faster than the industry can measure, attribute, or respond to them.

Some long-standing tensions also remain unresolved.

Hotels acknowledge their dependence on OTAs, but OTA share still exceeds hotel-owned digital channels. The industry has built the infrastructure for direct bookings, but technology alone hasn't created a sustainable direct-booking advantage. The next challenge isn't running a booking engine or adding another marketing platform; it's understanding what influences the traveler before the booking, and acquiring and keeping that traveler effectively.

Thank you to the hotel leaders, commercial professionals, technology experts, consultants, and industry partners who gave their time and perspective to this research. Your openness makes this benchmark possible, and it strengthens our shared understanding of the opportunities and challenges ahead.

We hope this report sparks informed discussion, sharper investment decisions, and closer collaboration across hotel commercial functions.

Lisa Murphy

President,
HEDNA

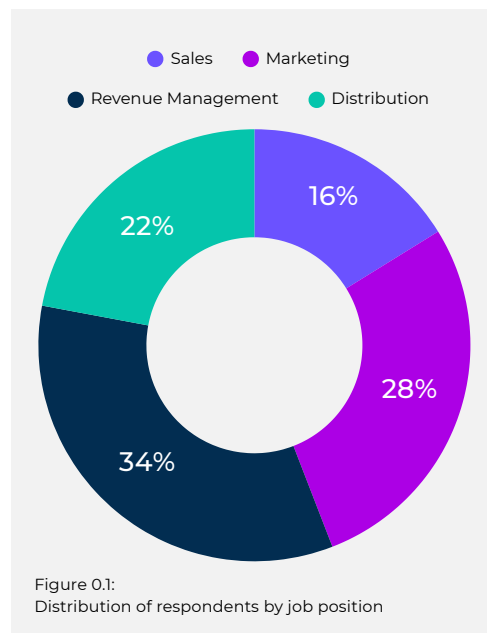
Objectives and Methods

Survey Scope and Respondent Profile

This 2026 State of Distribution research examines how hotel commercial teams respond to shifts in traveler search behavior, distribution strategy, technology investment priorities, artificial intelligence, regulatory frameworks, and organizational models for the period December 1, 2024 to November 30, 2025. By evaluating data across these operational domains, the study highlights how commercial teams adapt their workflows to emerging digital ecosystems and shifting consumer expectations.

The 2026 survey incorporates perspectives from more than 270 hotel professionals across 141 cities in 53 countries, representing a collective footprint of more than 58,000 hotel properties.

Respondents represented four core commercial disciplines:



This third iteration of the research retains core themes to support longitudinal comparisons: demand generation, channel mix, organizational change, technology priorities, data, reporting, automation, and talent acquisition. The 2026 version explores commercial strategy innovations deeply, focusing on artificial intelligence, data privacy, and oversight. The survey combined general questions with function-specific questions to capture distinct responsibilities across commercial operations.

Function-based insights were derived from primary areas of accountability:

- Marketing leaders shared insights on demand acquisition, attribution models, traveler intent, and digital reputation.
- Sales contributors provided a view into cross-functional collaboration and enterprise-wide technology priorities.
- Distribution specialists focused on channel performance, rate parity, and managed business travel complexity.
- Revenue management professionals addressed data integration, pricing strategy, forecasting, and the evolving regulatory landscape.

What's new in 2026?

The 2026 edition marks a deliberate methodological evolution, transitioning from a traditional longitudinal survey to an advanced analytical framework designed to evaluate complex commercial and technological dynamics. Rather than simply tracking year-over-year metrics, the research introduces granular cuts across functional disciplines and organizational scale to examine how hotels navigate an increasingly intricate operational environment.

This forward-looking approach places strategic focus on high-consequence emerging domains, most notably artificial intelligence governance, automated workflows, and cross-functional commercial alignment. By probing into the intersection of technology, data privacy, and organizational ownership, the 2026 study establishes a new benchmark for evaluating how hotel commercial teams adapt to nonlinear traveler discovery, zero-click search, and AI-mediated guest interactions.

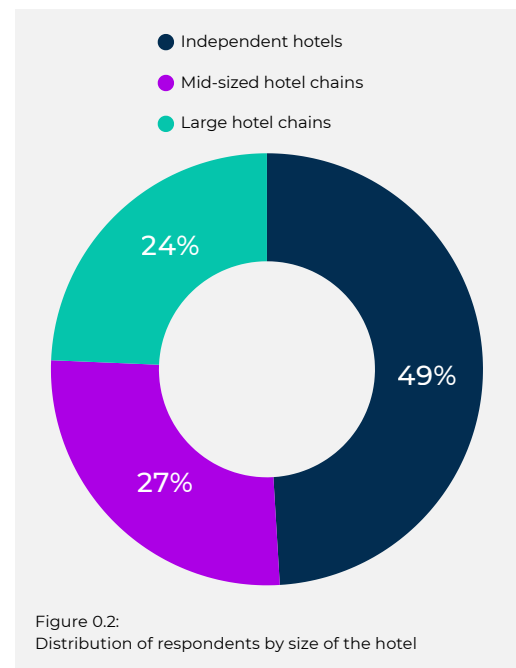
Analytical Approach

Responses were analyzed both in aggregate and across two primary dimensions: commercial function and hotel-company size. Functional comparisons distinguish the perspectives of marketing, sales, distribution, and revenue management teams, allowing the analysis to identify both shared commercial challenges and differences associated with specific responsibilities.

Large hotel chains:
More than 100 properties, with a presence in several countries.

Mid-sized hotel chains:
Less than 100 properties, with a presence in a few countries.

Independent hotels:
Fewer than 7 properties concentrated in a single country.



Comparisons across these groups assess whether technology adoption, commercial practices, organizational priorities, and operational challenges vary with organizational scale.

Not all respondents answered every question because survey paths included function-specific and conditional questions. Accordingly, sample sizes vary across analyses. Percentages are calculated using valid responses for each question, resulting in minor variations from 100% because of rounding. Rankings represent the relative priorities reported by respondents. Where results are reported by function or company size, percentages represent the valid responses within the relevant subgroup rather than the full sample.

Comparing the 2024, 2025, and 2026 Editions

While this research tracks the evolution of commercial operations over time, each edition represents an independent industry benchmark rather than a fixed longitudinal panel. The scope has deliberately evolved from 2024 insights into core distribution approaches and challenges across hotel companies of different sizes, to more granular comparisons across functional cuts on an expansive global sample, to the 2026 edition, which explores complex themes like AI governance and cross-functional alignment.

Year-over-year or two-year comparisons are made only where question wording, constructs, and response measures are sufficiently comparable. Where new or more granular measures were introduced in 2026, findings are treated as new benchmarks rather than direct continuations of earlier measures. This approach preserves comparability and methodological rigor while allowing the research to capture emerging issues shaping hotel commercial operations.

Vanja Bogicevic

Clinical Associate Professor and Director of HI Hub Exchange,
NYU School of Professional Studies, Jonathan M. Tisch Center of Hospitality

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Chapter 1

Where and how are guests booking?



Kurt Weinsheimer

President & General Manager (Sojern — Properties)
RateGain

"As AI and zero-click experiences reshape discovery, marketers need to evolve both measurement and channel strategy, strengthening AI-durable channels like social, email, and text while exploring new opportunities across AI-powered surfaces. Connecting those interactions with booking data and traveler intent signals creates a more complete view of what shapes demand long before a reservation is made."

Key takeaways for 2026

- Direct digital channels are expanding, yet OTA reliance remains deeply embedded. While digital bookings rose from 22% in 2024 to 27% in 2026, the share of OTA reservations held steady at approximately one-third.
- Final booking sources record the transaction but fail to illuminate the complete traveler journey. Signals from metasearch, AI recommendations, reviews, and search engines influence discovery, but most hotels lack the attribution frameworks to measure this collective impact.
- Unmanaged business travel persists as a critical commercial blind spot. Only 22% of distribution professionals can identify these bookings across all channels, hindering the ability to track corporate demand or convert transient travelers into managed accounts.

Chapter 1

Where and how are guests booking?

Hotel distribution has evolved considerably since the inaugural State of Distribution report, yet a central challenge remains: understanding the demand behind a booking. Hotels have expanded direct-booking infrastructure and commercial technology, while OTAs continue to account for approximately one-third of reservations.

Meanwhile, the booking journey may span generative AI, metasearch rate comparison, hotel websites, reviews, and OTAs, making attribution more difficult. Hotels can detect where a transaction occurs, but often cannot understand what influenced it.

This chapter examines changes in booking mix since 2024, differences by hotel size, persistent OTA dependence, evolving digital discovery, and the challenge of identifying unmanaged business travel.

The Booking-Channel Mix: 2024 Versus 2026

While the booking mix changed between 2024 and 2026, OTA dependence continued. In 2024, OTAs accounted for 35% of reported reservations. Direct digital channels, including hotel websites and digital marketing, represented 22%. Offline bookings (walk-ins and groups) contributed 17%, direct voice accounted for 16%, and GDS represented 10%.

In 2026, OTAs account for 34% of reservations—almost unchanged from the 2024 benchmark. Offline bookings increase, direct plunge to 25%, and GDS accounts for 8%. Direct digital accounts for 27%, comprising hotel websites and apps (18%), direct metasearch (5%), and AI-influenced search (4%), reflecting an increasingly diverse digital booking landscape.

Booking-Channel Mix: 2024 Versus 2026

While this research tracks the evolution of commercial operations over time, each edition represents an independent industry benchmark rather than a fixed longitudinal panel. The scope has deliberately evolved from 2024 insights into core distribution approaches and challenges across hotel companies of different sizes, to more granular comparisons across functional cuts on an expansive global sample, to the 2026 edition, which explores complex themes like AI governance and cross-functional alignment.

Year-over-year or two-year comparisons are made only where question wording, constructs, and response measures are sufficiently comparable. Where new or more granular measures were introduced in 2026, findings are treated as new benchmarks rather than direct continuations of earlier measures. This approach preserves comparability and methodological rigor while allowing the research to capture emerging issues shaping hotel commercial operations.

Channel	2024	2026	Change
OTAs	35%	34%	-1 percentage point
Direct digital	22%	27%*	+5 percentage points
Direct voice	16%	6%	-10 percentage points
GDS	10%	8%	-2 percentage points
Offline, walk-ins, & groups	17%	25%	+8 percentage points

Table 1.1: Booking-channel mix: 2024 vs 2026

* For comparability, the 2026 direct-digital figure combines hotel website or mobile app bookings, direct metasearch bookings, and AI-influenced search bookings. The two editions represent independent respondent samples. The findings should therefore be interpreted as movement across industry benchmarks rather than changes within a fixed panel of hotels.

Three findings emerge from this comparison.

OTA share remains virtually unchanged at approximately one-third of reservations despite continued investment in direct-booking capabilities. Specifically, the share of direct voice likely spilled over into direct digital, rather than a comparable reduction in OTA share. Meanwhile, offline and group-related bookings increased from 17% to 25%.

Despite hotels strengthening and diversifying direct digital channels, these gains have not materially reduced intermediary dependence. OTAs continue to provide reach, visibility, and conversion at a scale that hotels have yet to replicate through direct channels.

OTA Dependence Is Acknowledged, Not Resolved

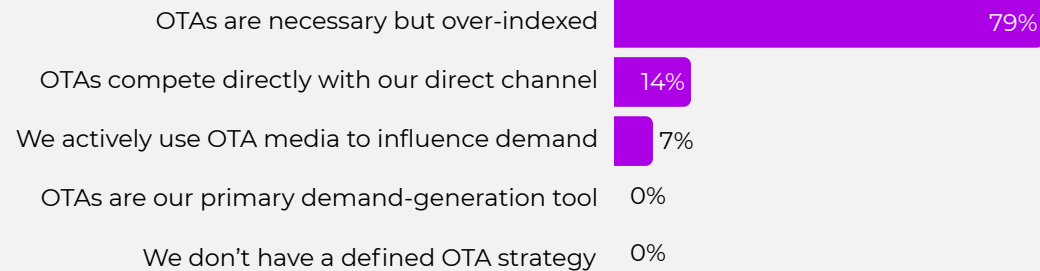


Figure 1.1: Approach of hotels to OTAs today

Hotels understand the trade-offs associated with OTA demand.

Among the distribution respondents surveyed in 2026, 79% describe OTAs as necessary but believe their organizations are over-indexed on them. A further 14% say OTAs compete directly with their hotel-owned channels, while only 7% actively use OTA media to influence demand. None of the distribution respondents represented in this question said that their organization lacked a defined OTA strategy or viewed OTAs as its primary demand-generation tool.

The industry's OTA challenge is no longer awareness, but finding a practical alternative that preserves demand while improving economics and customer ownership. OTAs provide hotels with several commercially valuable capabilities:

- Access to travelers whom the hotel may not reach through its own marketing
- Visibility in domestic and international markets
- Strong search, comparison, and conversion experiences
- Established consumer trust
- Multilingual and multicurrency capabilities
- Demand during need periods
- Marketing reach that is difficult for smaller hotel organizations to replicate

These advantages come with familiar trade-offs: commissions, reduced customer ownership, and limited access to traveler data. Balancing these trade-offs requires hotels to maintain a disciplined distribution strategy, ensuring OTA channels are leveraged for incremental reach without sacrificing direct guest relationships.

Hotels have invested heavily in direct-commerce infrastructure, and the technology required to capture and convert direct bookings is now nearly universal. Yet infrastructure alone does not generate demand or reveal what influenced a traveler before booking.

A booking engine can convert a traveler who has already chosen to visit the hotel website. It cannot independently explain why that traveler considered the property, which platforms shaped the decision, or whether the booking would have occurred without paid media, metasearch, an OTA listing, a review platform, email, or another touchpoint.

Hotels can efficiently process direct reservations but remain less capable of identifying the platforms, interactions, and signals that produced them.

The direct-booking challenge is therefore moving upstream: competitive advantage will come not simply from owning the transaction, but from understanding and influencing the traveler before the booking takes place.

Direct Digital Is Expanding Beyond the Hotel Website

Diving deeper into direct digital channels, hotel websites and mobile apps remain the largest direct-digital source, accounting for 18% of reservations. Direct metasearch contributes another 5%, while AI-influenced search accounts for 4%. Together, these channels represent 27% of reservations, solidifying direct digital as an interconnected ecosystem of discovery, comparison, influence, and conversion.

A traveler may encounter the hotel through:

- A generative AI response
- A traditional search result
- A map or local-search listing
- Metasearch
- An OTA
- Social media
- Paid advertising
- Email or CRM communication
- A review platform
- The hotel website or mobile app

The final booking source captures only the end of that journey. AI-driven discovery and zero-click search create a growing attribution problem for hotels. Travelers may encounter AI recommendations, rates, reviews, metasearch, and other content before booking through an entirely different channel, leaving earlier influences unrecognized. Hotels may therefore continue generating reservations while losing visibility into how travelers discover and evaluate properties. Reliance on last-click attribution can overcredit the transaction channel while undervaluing platforms and content that generated demand earlier. The challenge is to move beyond measuring where bookings occur toward understanding the full set of influences across the traveler's discovery and decision journey.

AI-Influenced Search Is Already Producing Reservations

AI-influenced search already accounts for 4% of reported reservations—a relatively small share compared with OTAs, offline demand, or hotel websites, but commercially significant. Travelers are using AI platforms to research destinations, develop itineraries, compare areas, shortlist hotels, and evaluate travel options. However, hotel channel strategies have yet to catch up.

Most hotels report limited impact on current strategy, with large global chains reporting a moderate or significant impact. Traveler behavior is changing faster than the measurement frameworks, content strategies, and commercial processes needed to respond.

This creates several immediate questions for hotel leaders:

- How accurately do AI platforms describe the hotel?
- Which sources are used to produce those descriptions?
- Are property information, amenities, policies, images, and location data consistent across the digital ecosystem?
- Can the hotel identify reservations influenced by AI-generated recommendations?
- How should AI discovery be incorporated into attribution and channel planning?
- What content makes a hotel more visible and useful within AI-generated responses?

The answers will not come from simply treating AI as another booking channel. AI is also an influence layer that can sit above search, metasearch, OTAs, and hotel-owned channels. Its commercial impact may therefore be greater than the final 4% booking contribution suggests.

1. Large hotel chains report the most diversified booking mix

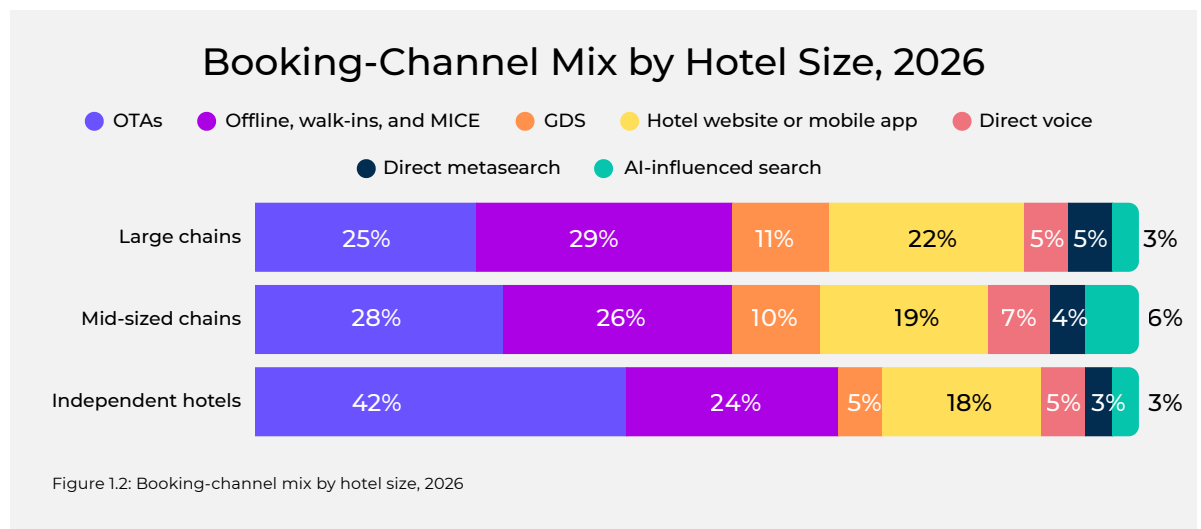
Offline channel represents 29% of reservations, OTAs 26%, hotel websites and apps 22%, GDS 11%, direct voice 5%, metasearch 5%, and AI-influenced search 3%. Strong brand awareness, loyalty programs, corporate relationships, and digital infrastructure support direct bookings while maintaining access to multiple indirect channels. This diversification reduces dependence on any single intermediary but creates greater complexity in integration, attribution, governance, and channel coordination. Their scale enables sophisticated commercial strategies, while simultaneously increasing the challenge of managing a fragmented distribution ecosystem.

2. Mid-sized chains report a relatively balanced channel mix

OTAs account for 28% of reservations, offline demand 26%, hotel websites and apps 19%, GDS 10%, direct voice 7%, AI-influenced search 6%, and metasearch 4%. Their 6% share from AI-influenced search is the highest among the three hotel-size categories. Mid-sized chains may benefit from being large enough to invest in specialized technology while remaining agile enough to test emerging platforms without the integration complexity of larger organizations. Their challenge is converting this agility into sustained direct demand while preserving the reach of OTAs and other indirect channels.

3. Independent hotels report the highest OTA dependence

OTAs account for 42% of reservations, compared with 28% for mid-sized and 26% for large chains. Offline demand represents 24%, hotel websites and apps 18%, direct voice and GDS 5% each, and metasearch and AI-influenced search 3% each. Limited brand recognition, loyalty ecosystems, marketing resources, and specialized capabilities increase reliance on third-party distribution for reach and conversion. The findings do not suggest that independent hotels should withdraw from OTAs. The opportunity is to use OTAs strategically for customer acquisition while strengthening data, guest experience, and retention capabilities that can convert first-time OTA guests into direct repeat customers.



Managed and Unmanaged Business Travel

Unmanaged business travel creates another visibility gap because bookings may occur through OTAs, hotel websites, GDS, or other channels without consistent corporate identifiers. Hotels can see the reservation as transient but may not recognize its business purpose, small and medium-sized enterprise (SME) affiliation, or recurring travel pattern.

Among distribution respondents, only 22% can clearly distinguish managed from unmanaged business bookings across all channels, while 44% can do so only for some channels and 33% have limited visibility and rely on partial estimates. This gap can cause valuable business demand to be classified as transient, limiting hotels' ability to identify and develop corporate relationships.

The leading distribution challenges are concentrated around three issues:

- 44% cite inconsistent or missing identifiers, including corporate IDs and rate codes.
- 44% say indirect channels, including OTAs and wholesalers, obscure source data.
- 44% identify limited reporting or analytics tools capable of automatically flagging unmanaged business travel.

A further 33% report difficulty identifying and reaching SME travelers, 22% cite internal process or data-governance gaps, and 11% identify weak integration among PMS, GDS, and CRM systems.

Revenue-management respondents report a different picture:

- 70% can clearly distinguish managed from unmanaged bookings across all channels.
- 33% report having no reliable way to distinguish between the two.
- 22% can distinguish them only for some channels, indicating uneven capabilities across organizations and portfolios.

Commercial functions often operate from different views of the same booking journey, with revenue management, distribution, and marketing each seeing distinct signals but rarely the complete picture. Revenue management may infer business demand through rate behavior, account production, stay patterns, or forecasting systems. Distribution may see channel and source data without consistent traveler or corporate identifiers. Marketing may see campaign and audience signals but lack access to the booking classifications used elsewhere.

Furthermore, 47% of revenue-management respondents do not find unmanaged booking identification a major challenge. Among those who report difficulties, 35% cite indirect channels obscuring source data, 30% identify weak integration among PMS, GDS, and CRM systems, and 17% cite limited analytics tools or internal data-governance gaps.

Unmanaged business travel is not simply a channel and an isolated problem of one commercial function, but a classification, integration, and ownership challenge. Hotels need shared definitions, identifiers, and reporting across commercial functions to recognize patterns, influence future demand, develop corporate relationships, and convert recurring unmanaged travelers into identifiable accounts.

Chapter 2

What technologies do hotels use?



Leigh Silkunas

CEO
1AX Consulting

“Consolidating and reconciling data across sources has always been a challenge. It's frustrating to see teams collaborating better than ever, yet unable to measure their results against a single source of truth. With 1 in 3 hotels still on fully manual reporting, the opportunity for automation is enormous.”

Key takeaways for 2026

- The transactional core of the hotel stack is now nearly universal. Universal adoption of PMS, booking engines, and revenue systems provides the infrastructure to manage inventory and rates, yet fails to explain underlying demand patterns.
- Demand intelligence represents the industry's missing layer. Adoption drops sharply for customer data platforms and advanced analytics, leaving hotels better equipped to process reservations than to understand the signals that produced them.
- Technological maturity introduces distinct challenges based on organizational scale. Independent hotels struggle with intelligence gaps, mid-sized chains face integration hurdles during growth, and large chains must simplify fragmented, complex environments.

Chapter 2

What technologies do hotels use?

Hotel technology has undergone significant expansion since the inaugural State of Distribution benchmark. By 2026, the majority of hotels have secured the foundational systems needed to manage operations, distribute inventory, process reservations, and optimize yield.

However, technological maturity remains unevenly distributed.

The architecture of the hotel stack varies markedly by organizational scale. Global chains demonstrate the most comprehensive adoption of sophisticated commercial, data, and automated solutions. Mid-sized chains pair a robust operational core with greater agility, while independent properties focus their investments on the essential tools required to maintain presence and drive sales.

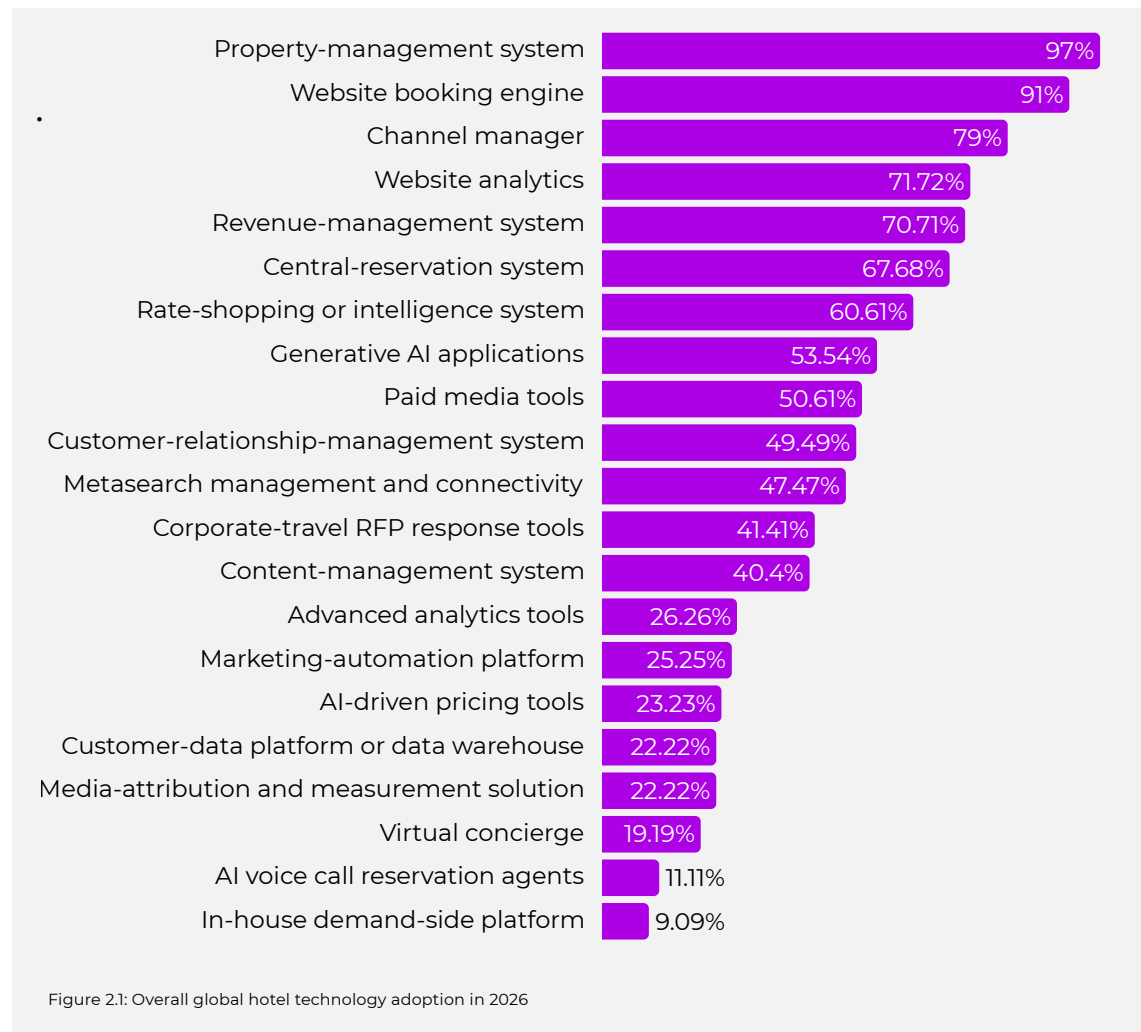
Despite these differences, a consistent pattern is visible: the industry is far better at capturing transactions than interpreting and anticipating the traveler behaviors that generate demand. The priority is shifting from acquiring technology to integrating it into a unified commercial environment that connects data, automates work, and enables coordinated action.

The Hotel Technology Stack in 2026

In 2026, property-management systems lead adoption at 96.97%, followed closely by website booking engines at 90.91%. Channel managers are utilized by 78.79%, while website analytics and revenue-management systems are used by 71.72% and 70.71%, respectively. Central-reservation systems are employed by 67.68% of respondents.

These solutions form the operational heart of distribution, managing inventory, recording stays, and enabling direct conversion. However, adoption rates fall sharply for solutions that generate customer intelligence, measure cross-channel attribution, or automate activation.

While foundational systems are universal, advanced analytics and marketing-automation tools are utilized by only about one-quarter of respondents. Generative AI remains the notable exception; its rapid ascent reflects the accessibility of general-purpose tools, though these are often not yet integrated into governed workflows.



Three Years of Technology Adoption

To ensure a consistent longitudinal comparison, the following analysis ranks the 12 categories tracked across all three studies, excluding newer additions such as generative AI or data warehouses. This stability highlights persistent operational priorities across the industry over time.

Specifically:

- Near-universal adoption of PMS, CRS, and RMS reinforces the continued dominance of operational and revenue-management technology.
- 90%+ use booking engines, confirming that hotels have broadly mastered the infrastructure needed to capture direct transactions.
- 22% use data warehouses or attribution solutions, revealing a substantial gap in cross-channel measurement and demand intelligence.
- CRM and advanced analytics remain among the least adopted technologies despite growing emphasis on customer understanding and personalization.

Hotels have built sophisticated technology stacks for processing transactions, managing inventory, and optimizing rates, but capabilities for understanding what generates demand remain less developed. The technology gap is shifting from capture and conversion to understanding and anticipation.

Selected Technology Adoption: Three-Year Ranking

Technology	2024 rank	2025 rank	2026 rank
Property-management system	1	2	1
Website booking engine	2	7	2
Channel manager	3	6	3
Central-reservation system	4	3	5
Revenue-management system	5	1	4
Customer-relationship-management system	6	5	7
Rate-shopping or intelligence system	7	4	6
Metasearch management and connectivity	8	11	8
Advanced analytics tools	9	12	10
Content-management system	10	9	9
Marketing-automation platform	11	8	11
Virtual concierge	12	10	12

Table 2.1: Selected technology adoption: Three-year ranking

Rank 1 signifies the highest adoption within the common set of 12 categories. These findings indicate relative market position across independent respondent pools.

How Technology Adoption Differs by Hotel Size

1. Large Hotel Chains: Deep Adoption, Greater Complexity

Global chains report universal adoption of PMS and RMS technology, and lead in advanced analytics and data infrastructure. However, scale introduces a heavy "integration tax." The challenge for these organizations is no longer acquiring technology, but coordinating it across multiple brands and regions to ensure a single, trusted view of performance.

2. Mid-Sized Chains: Technology Depth with Agility

Mid-sized chains occupy a balanced position, pairing robust operational stacks with greater organizational flexibility. Their adoption of customer-data platforms (43%) is notable, providing a foundation for growth. Their opportunity lies in integrating these systems early to avoid the siloing issues that plague larger groups.

3. Independent Hotels: Foundation vs. Intelligence Gap

Independent properties demonstrate very strong adoption of essential transactional tools, matching or exceeding industry benchmarks. However, they face a significant intelligence gap, with minimal investment in CRM or attribution. Without these tools, they remain highly dependent on intermediaries for demand generation.

How Technology Adoption Differs by Hotel Size

Hotel type	Strength	Primary gap	Priority
Independent Hotels	Robust core transactional stack	Intelligence and CRM	Focused data activation
Mid-sized Chains	Strong balance of scale and agility	Uneven measurement tools	Early system integration
Large Chains	Sophisticated, multi-layered stack	Integration and governance	Simplification and unified action

Table 2.2: Hotel technology adoption by hotel size

Chapter 3

How are hotels making technology investment decisions?



Anisha Yadav

Founder
TRevPar Insights

Distribution is the least automated function in reporting; half of these teams still work manually, even as it manages the most fragmented set of partners and the fastest-moving APIs. More tooling won't close that gap on its own; it usually just buys more things to stitch together. The unlock isn't spent; it's a data layer built to reconcile in the first place

Key takeaways for 2026

- Technology budgets are accelerating rapidly. Sixty-two percent of respondents report funding increases in 2026, a significant rise from 38% in 2025, with global chains leading this investment surge.
- Strategic optimization now takes precedence over stack expansion. Organizations are prioritizing the efficiency of existing systems and vendor consolidation before adding new tools to their technology footprint.
- Productivity has become the dominant driver of procurement decisions. Team efficiency outranks ROI and scalability, signaling a transition from acquiring systems of record toward building connected systems of work.

Chapter 3

How are hotels making technology investment decisions?

Investment in hotel technology is picking up speed. However, this surge in capital expenditure does not indicate a reckless broadening of the existing stack. Instead, organizations are channeling funds into refining the output of current systems, bridging gaps between isolated platforms, and consolidating vendors to enhance the productivity of commercial teams. While acquiring new solutions remains a factor, it is no longer the primary remedy for every operational bottleneck.

The strategic focus is shifting from acquisition toward optimization.

Technology Budgets: 2025 Versus 2026

Comparing the 2025 and 2026 data sets reveals a sharp rise in the pace of technology spending. In 2025, 38% of participants saw budget increases, while 43% reported stable funding and 19% noted a decline. By 2026, the landscape has changed dramatically: 62% now report budget growth, up by 24 percentage points over a year period. 32% remain unchanged, and only 6% indicate a decrease.

This movement signals a clear departure from fiscal caution toward active investment. Crucially, this extra funding is not being used to simply buy more platforms: the primary focus is on consolidation, integration, and operational efficiency rather than stack expansion.

Budget direction	2025	2026	Change
Increased	38%	62%	+24 percentage points
Unchanged	43%	32%	-11 percentage points
Decreased	19%	6%	-13 percentage points

Table 3.1: Change in hotel technology budgets

Note: The 2025 and 2026 editions represent independent respondent samples. These benchmarks should be viewed as directional indicators of industry-wide movement rather than changes within a fixed panel.

Budget Movement Differs by Hotel Size

While investment is climbing across the board, the most aggressive budget growth is concentrated within the global hotel chains, where the proportion reporting budget increases leapt from roughly 24% in 2025 to 73% in 2026. For mid-sized chains, the shift was also meaningful, rising from nearly 22% to 62%.

Hotel Type	2025 Increased	2026 Increased
Independent Hotels	41%	62%
Mid-sized Hotel Chains	22%	62%
Large Hotel Chains	24%	73%

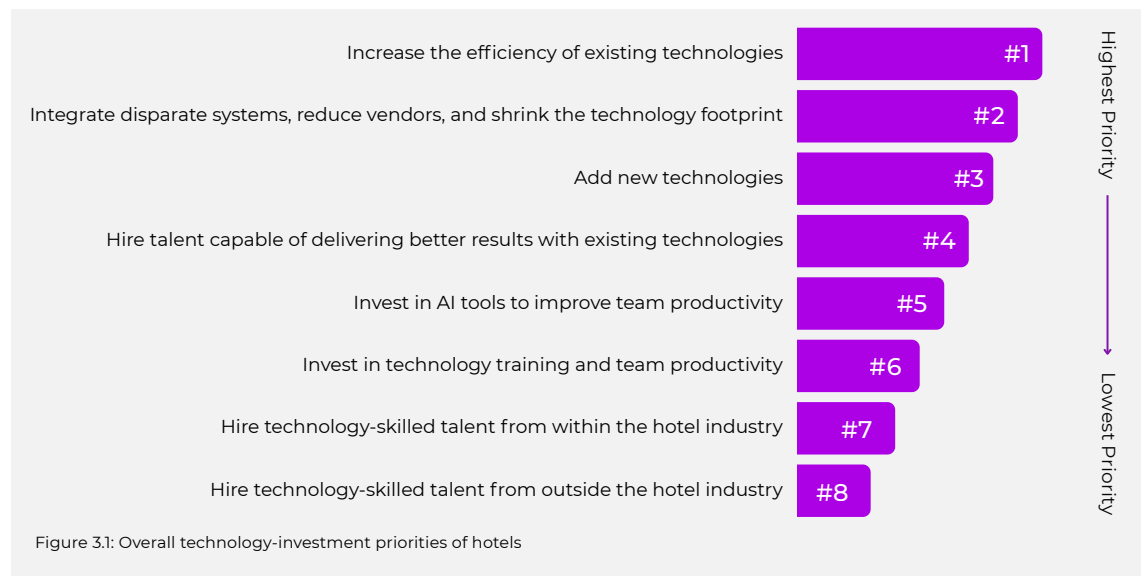
Table 3.2 Technology budgets by hotel size, 2025 vs 2026

Independent hotels maintained a stronger baseline in 2025 but have followed the same upward trajectory.

Although the direction of travel is uniform, the underlying motivations vary by scale:

- Independent properties invest to augment small teams and secure foundational capabilities.
- Mid-sized chains focus on preventing stack fragmentation as they grow.
- Large chains leverage capital to automate repetitive tasks and deploy AI across complex global portfolios.

Why Optimization Is Taking Priority Over Expansion



The industry's priorities are clear: refine utilization before increasing complexity. Years of adding point solutions have created environments where disparate systems handle specific functions—one for pricing, another for distribution, and a third for guest data—often leading to data silos and manual reconciliation.

The emerging logic is one of discipline: optimize the current stack, eliminate redundant work, and bridge technical divides before considering additional procurement. The objective is to create the operational conditions necessary for innovation to deliver real value.

Technology Priorities by Hotel Size

Although optimization is a universal theme, property scale influences the specific ordering of investment priorities.

1. Large Chains: Optimize, Integrate, and Scale AI

Global chains focus on refining current systems while leveraging their scale to invest in AI productivity tools—a priority that ranks higher here than in any other category. With vast portfolios and significant specialist resources, large chains see AI as a path to automating repetitive work across regions, provided the underlying systems are properly integrated.

2. Mid-Sized Chains: Integration Is the Leading Priority

Mid-sized chains are unique in ranking technology integration and footprint reduction as their primary goal. This reflects the specific challenge of their growth phase: they have acquired enough tools for fragmentation to become a burden, yet remain agile enough to address these silos before legacy complexity becomes entrenched.

3. Independent Hotels: Improve the Existing Stack First

For independent properties, refining the efficiency of current systems is the top priority. This is followed by the selective addition of new technology and system integration.

Operating with leaner teams, these hotels require that every existing tool delivers maximum utility. However, their higher ranking for new technology reflects the intelligence gaps identified in earlier research; many still need to secure foundational capabilities in CRM, analytics, and automation to reduce intermediary dependence.

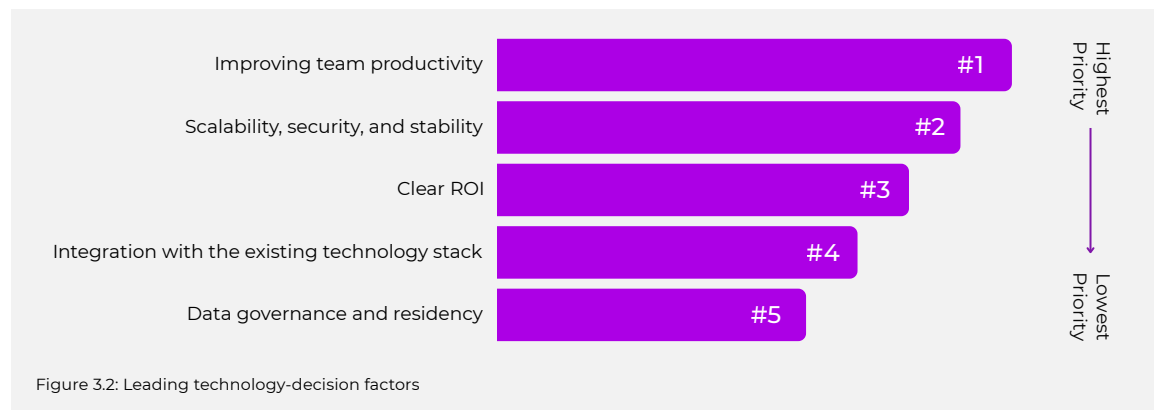
Consolidating Vendors and Integrating Systems

While vendor consolidation is a strategic goal, reducing contract counts is only a partial solution. True coherence requires shared identifiers, common metric definitions, and the removal of manual data handoffs between commercial functions.

Fewer vendors do not automatically create an integrated model; a poorly implemented single-platform strategy can be more rigid than a well-connected multivendor environment. The focus must be on lowering unnecessary complexity and ensuring that technology turns disparately stored data into unified commercial action.

Productivity Becomes the Leading Decision Factor

Across the board, improving team productivity is the dominant driver of technology decisions. As commercial teams manage more data sources and fragmented journeys, technology is expected to shorten decision cycles and eliminate repetitive collection tasks.



Decision Factors Differ by Hotel Size

Risk and value assessment varies by organizational scale. Large chains prioritize measurable ROI and enterprise stability to protect expansive portfolios. Mid-sized chains emphasize cloud-based flexibility to support rapid scaling, while independent properties look for ease of use and immediate support to augment their multifunctional teams.

From Systems of Record to Systems of Work

The market is transitioning away from technology that merely stores data (i.e., systems of record) toward systems of work that orchestrate action. Future value will be found in solutions that not only record transactions but also prioritize exceptions, recommend corrective measures, and facilitate seamless functional collaboration.

Chapter 4

Why does reporting remain so manual?



Anisha Yadav

Founder
TRevPar Insights

“Hotels didn't fail to automate reporting; they automated the wrong layer. We put dashboards on top of workflows that are still stitched together manually, so the report looks automated while the work behind it isn't. AI's real payoff isn't a prettier report; it's finally closing the gap between pulling the data and acting on it.”

Key takeaways for 2026

- Reports are becoming automated, but the reporting process remains manual. Preset dashboards are common, yet nearly a third of teams still manually reconcile and distribute data, reflecting a failure of end-to-end workflow automation.
- Distribution represents a persistent reporting blind spot. Half of distribution specialists operate with fully manual workflows, with 42% dedicating at least five days monthly to staging channel data and insights.
- Scale does not inherently guarantee reporting efficiency. Large chains manage the deepest technology stacks but face the heaviest reconciliation burdens, while mid-sized chains achieve the most effective use of preset automation.

Chapter 4

Why does reporting remain so manual?

Manual reporting stands as one of the most enduring inefficiencies within hotel operations. While properties have integrated more platforms and accumulated vast datasets, commercial teams find themselves caught in a cycle of frequent performance reviews. Despite these tools, professionals still dedicate considerable labor to the extraction, reconciliation, and validation of data before meaningful analysis can even commence.

Hotels do not lack data; they continue to struggle with fragmentation across disparate systems using conflicting identifiers, definitions, and refresh cycles. While individual reports are increasingly automated, disconnected data still creates competing views of commercial performance across functions, limiting hotels' ability to automate reporting, assign ownership, and translate insights into coordinated action.

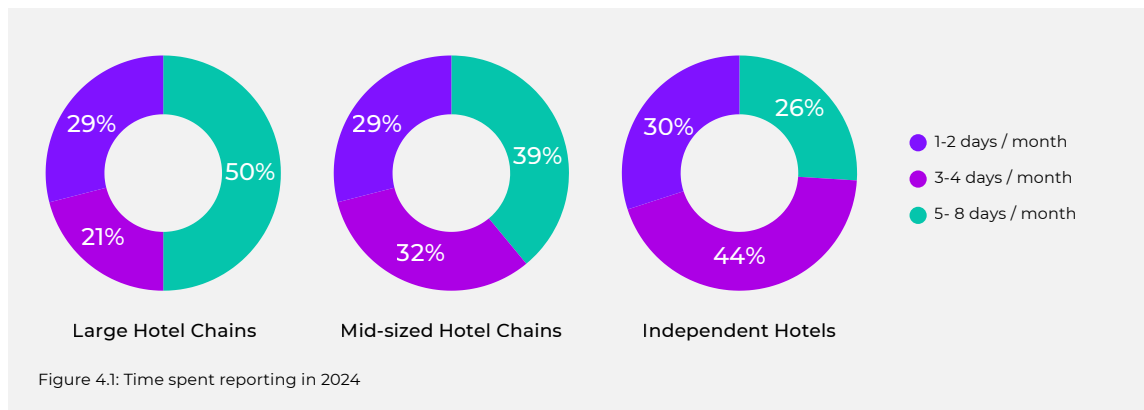
Three Years of Reporting Inefficiency

Because the 2024, 2025, and 2026 benchmarks utilize different measurement frameworks, these findings should be viewed as distinct phases of ongoing operational challenges rather than a uniform trend.

The 2024 study focused on the total time invested, while the 2025 edition explored frequency and the first signs of automation. The current 2026 study offers a granular view by distinguishing among preset reports, automated systems, and manual workflows, specifically within distribution and revenue management. Collectively, these editions illustrate an industry that is adding layers of automation without successfully reducing the overall operational burden.

2024: Reporting Required Several Days Each Month

The initial 2024 benchmark highlighted a significant time investment across all organizational scales. Half of the large chains surveyed spent between six and eight days every month on reporting tasks. Another 21% required three to four days, while 29% managed with one to two days. Mid-sized chains faced similar pressures, with 39% dedicating six to eight days and 32% spending three to four days per month. Independent properties also reported a notable burden; 26% spent six to eight days, and 44% invested three to four days monthly.



Indeed, large chains maintained the most extensive technology stacks yet half of them reported the heaviest time constraints. Their complex portfolios created more data origins, diverse reporting demands, and intensive reconciliation requirements.

Technological depth did not translate into inherent reporting efficiency, demonstrating that reporting friction is not exclusive to properties with less advanced technology.

2025: Automation Arrived in Small Steps

The 2025 data revealed that 80% of hotels still devoted roughly 2 workdays each week to data compilation. Fewer than 20% had secured a dedicated solution for reporting.

Nonetheless, incremental automation was emerging:

- 53.2% utilized preset, automated reports.
- 28.2% employed automated systems.
- 15.12% had procured an automated reporting platform.

Automation reduced some reporting tasks but did not eliminate manual work. Staff still merged data, resolved inconsistencies, and manually formatted insights for presentation, while many BI tools remained centered on revenue management. As a result, marketing and distribution teams continued assembling insights across platforms, leaving automation uneven across commercial functions.

2026: Reports Are More Automated Than Reporting

The 2026 research unveils the distinction between automating a single report and automating the broader workflow.

Aggregated results show:

- 44.44% utilize preset and automated reports.
- 21.21% report using automated systems.
- 31.31% remain entirely manual.

Nearly a third of the industry still produces reports through entirely manual means.

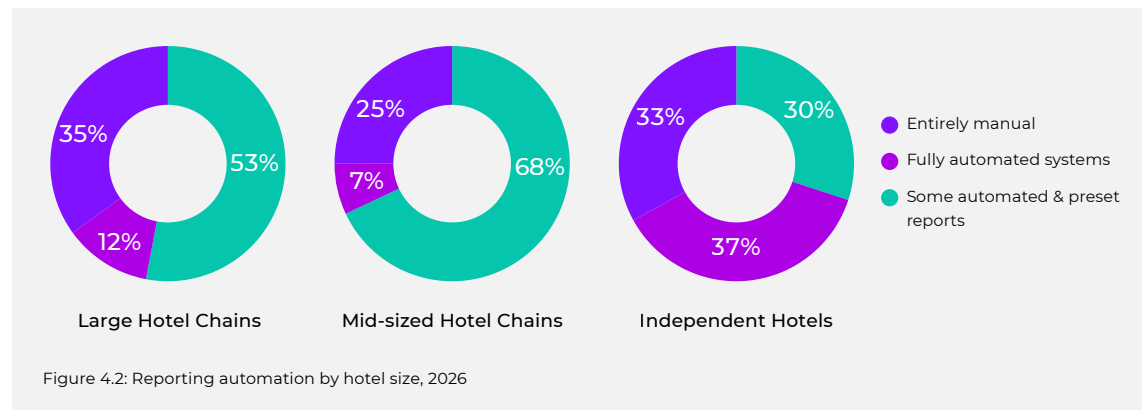
The majority exist in a middle ground, benefiting from scheduled reports but still relying on professionals to unify, interpret, and disseminate findings.

Only a small minority report a fully system-automated workflow.

Progress has been made beyond universal manual creation, yet partial automation remains the standard operating environment.

Reporting Automation by Hotel Size

The 2026 findings illustrate distinct reporting hurdles for independent hotels, mid-sized chains, and large chains.



1. Large Hotel Chains

Despite having the most sophisticated technology, these chains face a heavy integration tax, where enterprise-level consolidation often remains manual despite platform-level automation.

2. Mid-sized Hotel Chains

This segment reports the highest adoption of preset automation, reinforcing the idea that mid-sized chains occupy an agility "sweet spot." However, because system-wide automation remains low, most progress is confined to specific reports rather than entire workflows.

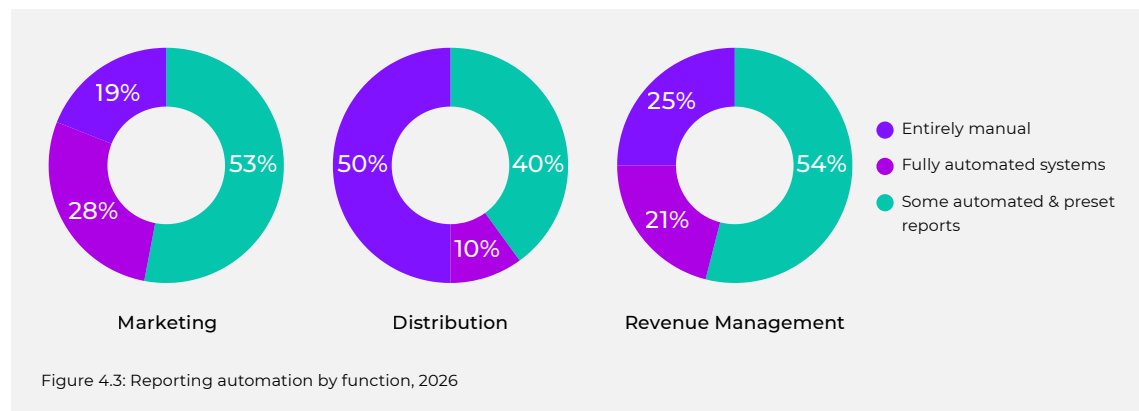
3. Independent Hotels

Independent hotels present a bifurcated reporting environment. Some have leveraged contained tech environments to achieve meaningful automation. Others, constrained by a lack of specialized resources or integrated tools, remain caught in labor-intensive manual processes.

Scale does not guarantee efficiency. Independent hotels require accessible tools, mid-sized chains need workflow connectivity, and large chains must unify definitions across portfolios.

Reporting Automation by Commercial Function

Automation maturity varies significantly among marketing, distribution, and revenue management departments.



Marketing leads with 28% automated system usage, as campaign platforms often provide built-in dashboards. However, connecting this data to net revenue remains a challenge. Revenue management shows the highest preset reporting at 54%. Distribution is the laggard; 50% report entirely manual processes, and only 10% utilize automated systems.

Why Distribution Remains the Least Automated

Distribution functions within a highly fragmented ecosystem, managing diverse partners from OTAs and GDS platforms to wholesalers and metasearch engines. Each source presents unique fields and refresh frequencies, requiring constant maintenance.

Moreover, distribution reporting is tied to operational troubleshooting. A dashboard might flag a variance, but it rarely identifies the underlying cause, be it a parity gap or an API failure, or the necessary corrective action. For this function, meaningful automation must transcend scheduling to include data reconciliation and exception handling.

Channel Reporting and Review Frequency

Manual burdens are compounded by the high frequency of data usage.

In 2026, executive review cycles are aggressive; 85% of respondents report that leaders review distribution analytics several times each week, if not daily.



Revenue-Management Reporting and Review Frequency

While revenue management utilizes more mature platforms, the analytical demand remains high. Over 80% spend at least three days monthly on analysis, with 44% investing five or more days.

Executive reviews for revenue management occur less frequently than for distribution but require equivalent preparation time. The goal is to eliminate manual staging so professionals can focus on interpreting demand.

Why More Technology Has Not Solved Reporting

1. Systems Were Designed for Functional Tasks

Most platforms prioritize task execution, such as managing reservations or pricing, over cross-functional visibility, leading to a fragmented commercial picture.

2. Hotels Lack Shared Definitions

Inconsistent classifications for concepts like direct revenue or business travel mean automation only accelerates the production of conflicting reports.

3. Automation Stops Before Interpretation and Action

A scheduled report is a start, but it rarely detects anomalies, recommends resolutions, or tracks subsequent actions. This represents a failure of workflow automation.

From Collecting Data to Acting on It

The true objective is to bridge the gap between commercial signals and tactical responses. A connected workflow must reconcile data, explain drivers, and route issues to accountable owners.

Phase 1:
Standardization

Phase 2:
Integration

Phase 3:
Automation

Phase 4:
Interpretation

Phase 5:
Action

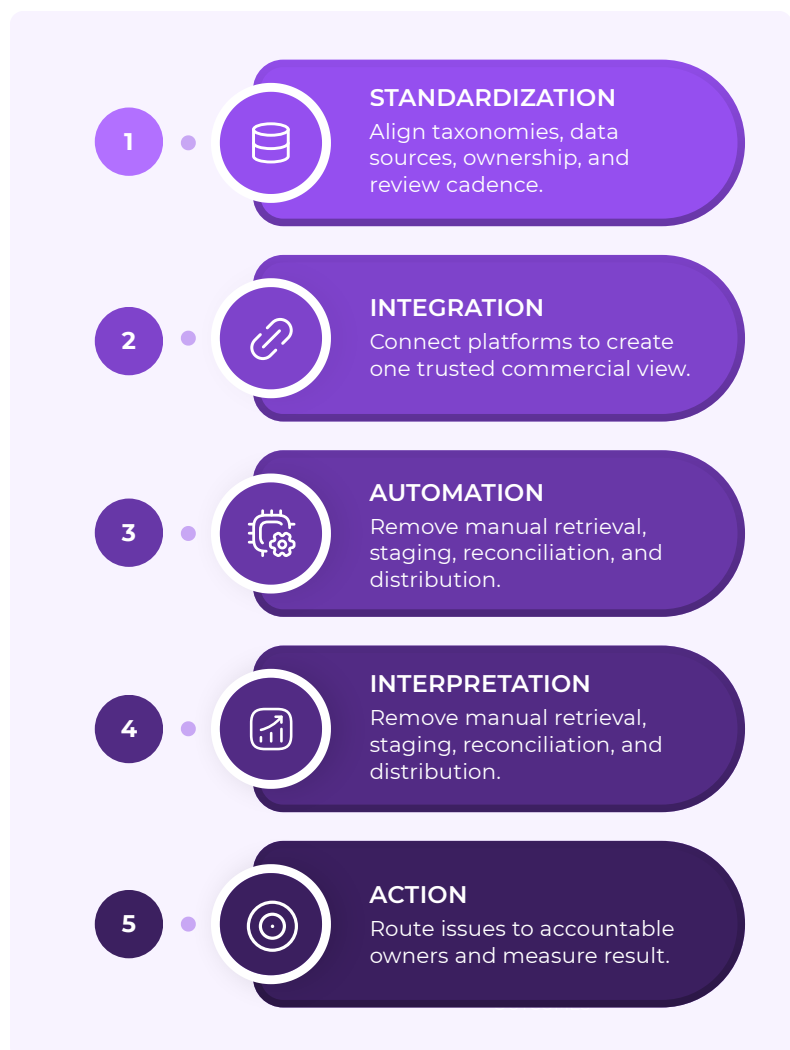


Figure 4.6: From collecting data to acting on it

Chapter 5

How is AI changing hotel operations?



Vanja Bogicevic

Clinical Associate Professor
New York University

Hotels have moved from experimenting with AI to routinely using mainstream AI tools, but adoption remains broader than it is deep. Mainstream AI tools somewhat improve individual productivity, yet they lack the governance structures. The next frontier is trust: moving from AI that assists commercial teams to AI that can reliably act on their behalf and serve teams across the organization.

Key takeaways for 2026

- Generative AI has entered the technological mainstream. Over half of the hotels in this study are currently using or procuring AI applications, with the highest engagement levels found among large global chains.
- Efficiency gains from AI remain incremental rather than transformative. Fewer than 10% of respondents report labor reductions exceeding 30%, as most use cases focus on content, communication, and decision support.
- Trust and governance define the ceiling for AI adoption. Accuracy concerns remain the primary barrier to expanded use, and only 24% of organizations have established fully governed AI policies and oversight.

Chapter 5

How is AI changing hotel operations?

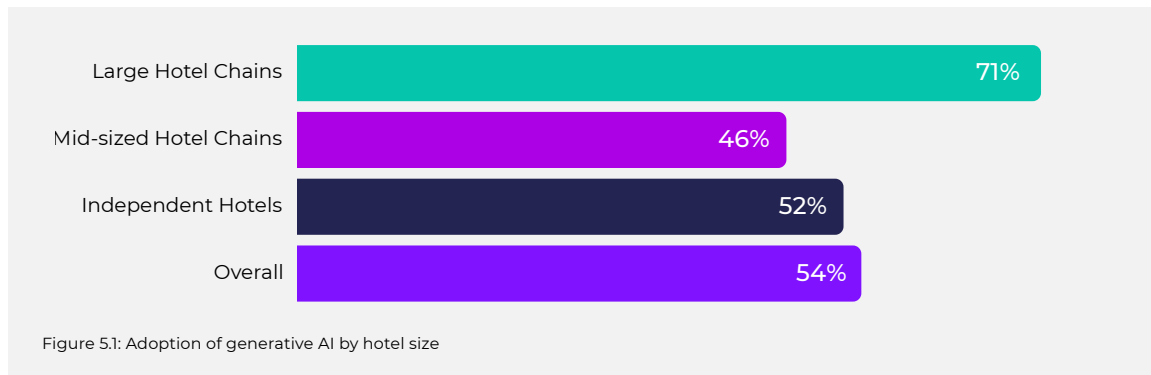
Artificial intelligence has rapidly transitioned from a subject of industry speculation to a tangible operational reality. In 2024, hoteliers primarily explored the potential of generative AI for search, service delivery, and commercial decision-making. By 2025, these tools had begun to penetrate the hotel technology stack, despite generative AI ranking among the least-adopted technologies at that time. The 2026 findings reveal a dramatic shift, with 53.54% of hotels now reporting that they are either actively using or procuring generative AI applications.

This rapid acceleration, however, should not be conflated with a full-scale structural transformation. While AI is becoming almost universal, its operational impact remains highly uneven. The majority of hotels utilize AI to augment employee performance, accelerate specific tasks, and streamline access to information. Far fewer organizations have successfully redesigned complete workflows or reached a level of maturity where they entrust AI with high-consequence commercial decisions.

The current research therefore illustrates two simultaneous realities: AI adoption is entering the mainstream, but meaningful, end-to-end automation remains concentrated within a narrow subset of use cases.

Generative AI Adoption Becomes Mainstream

Generative AI has crossed a critical threshold, moving beyond isolated pilot programs led by innovation teams. Hotels are now leveraging applications like ChatGPT, Gemini, and Claude for diverse functions including content creation, research, summarization, complex analysis, employee training, guest communication, and decision support.

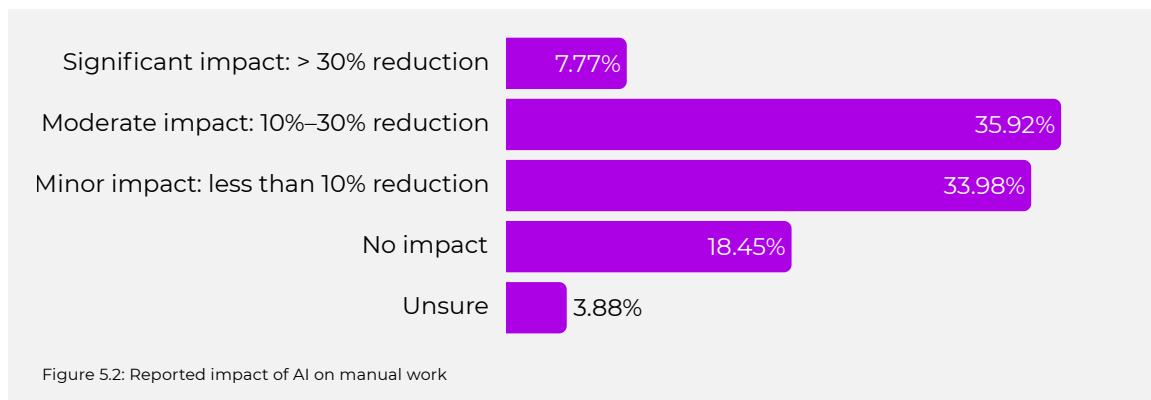


- **Large hotel chains** demonstrate the highest adoption rates, supported by extensive technology portfolios, specialized teams, and capacity for scalability across markets and functions.
- **Independent hotels** occupy a middle ground, benefiting from low-cost, accessible AI tools that enable experimentation without complex procurement cycles or infrastructure, making generative AI a powerful and accessible productivity lever.
- **Mid-sized hotel chains** report lower adoption on an aggregate basis, but may be integrating AI more selectively and deeply into specific commercial processes, particularly where it reduces manual work.

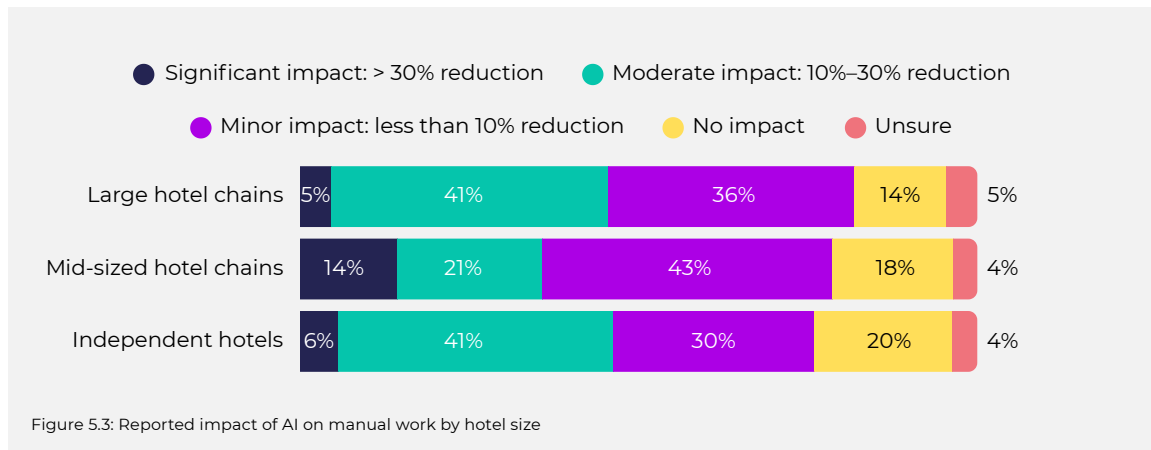
Across all segments, the three-year trajectory is clear: AI has evolved from an emerging system in 2024 to a mainstream operational component in 2026, firmly establishing its place within the hotel technology ecosystem.

AI's Impact on Manual Work

Despite rapid adoption, the resulting reduction in manual work has been comparatively modest.



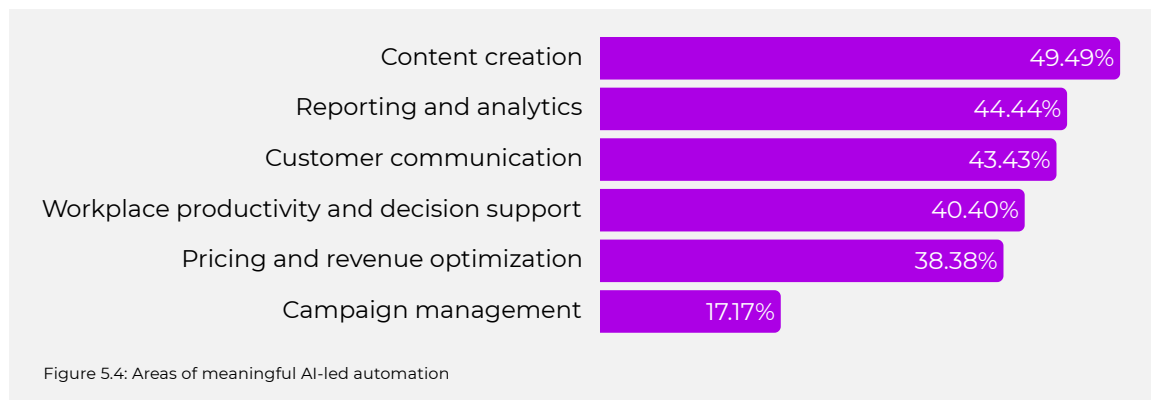
These findings suggest that AI is delivering incremental efficiency rather than fundamental structural labor savings. While employees may draft campaigns or analyze reports more quickly, the surrounding operational workflows remain largely unchanged. Data must still be manually collected, outputs verified, and actions executed within disparate systems.



This pattern varies by hotel scale. Mid-sized chains are most likely to report significant labor reductions: 14.29% note a decrease of more than 30%, compared with 5.56% for independent hotels and 4.55% for large chains. This reinforces their position as a commercially agile organization, large enough to establish repeatable processes, while remaining flexible to redesign workflows without the complexity of global enterprises.

Where Meaningful AI-Led Automation Is Occurring

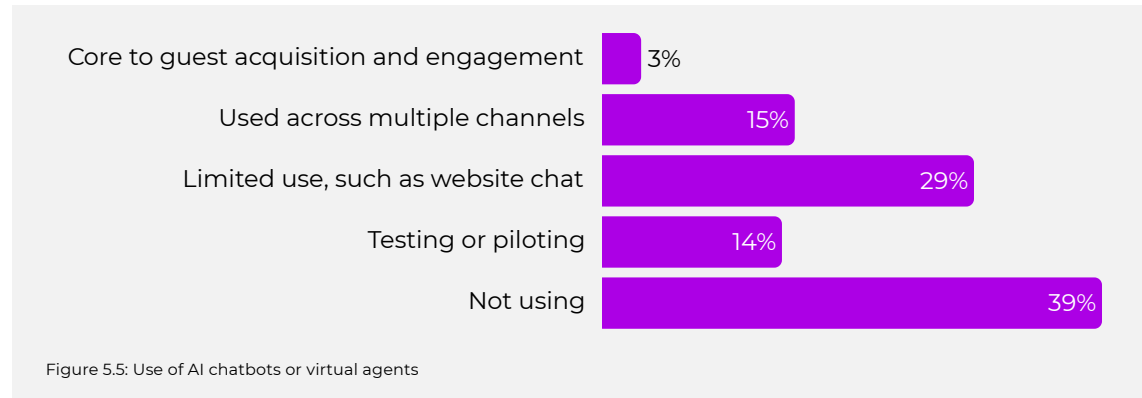
Automation is most prevalent in areas with clearly defined parameters.



Such human-executed AI remains primarily an assistive tool, with the next phase requiring integrated workflows that connect AI to trusted data and systems to enable reliable autonomous execution.

Guest-Facing AI and Virtual Agents

Guest-facing AI adoption is less mature than internal usage. While large chains lead in multichannel deployment to manage round-the-clock volume, independent hotels frequently prioritize human touchpoints. For virtual agents to be effective, they must be integrated with core booking and service systems, ensuring accuracy and clear escalation paths to human staff.



AI-Influenced Travel Search and Channel Strategy

AI is beginning to redefine traveler discovery, as conversational tools synthesize options and itineraries without the need for traditional search result navigation. While AI-influenced search accounts for approximately 4% of reservations, its strategic impact is broader. Hotels must ensure their content—from room attributes to structured pricing data—is understandable to both people and machines to maintain visibility in this AI-mediated ecosystem.

Trust Is Setting the Ceiling on AI Adoption

The primary barrier to expanded AI use is trust, identified as the leading challenge by 56.57% of respondents. Accuracy, data privacy, and a lack of internal expertise continue to restrain the industry. Large chains are particularly cautious, with 76.47% citing accuracy as a major hurdle. Consequently, hotels remain more comfortable using AI as an advisory tool rather than allowing it to act independently on high-stakes financial or reputational decisions.

Governance and Human Oversight

While AI governance is emerging, only 24.14% of organizations report fully governed use with clear policies. Mid-sized chains appear furthest ahead in establishing oversight, whereas large chains often contend with the difficulty of applying consistent controls across expansive portfolios. Responsible governance must define clear boundaries between low-risk assistance and high-value decisions that necessitate direct human control.

From AI Adoption to AI-Enabled Operations

The industry is moving into a harder, second phase of AI maturity. This stage requires hotels to redesign internal workflows, improve foundational data quality, and define accountability. Success will be determined not by using AI everywhere, but by embedding it into repeatable, high-volume activities where data is dependable and strong human judgment remains the final safeguard.

Chapter 6

How are commercial teams and skills changing?



Nicolas Graf

Founder and Executive Director
HI Hub, New York University

“Hotels are expanding commercial teams while investing in automation, suggesting that technology is being used to amplify talent rather than contain costs. Combining technology and human expertise seems to drive top-line revenue growth.”

Key takeaways for 2026

- Automation is redefining the composition of work faster than it is reducing headcount. Four in five hotels report stable or growing teams, suggesting technology is helping staff absorb complexity rather than replacing roles.
- Hiring priorities are shifting toward distribution and revenue management. Over 60% of these departments report growth, while marketing headcount has stabilized as AI augments content and campaign workflows.
- Foundational commercial capabilities still outweigh narrow AI expertise. Multitasking, technology fluency, and analytical skills remain the most valued traits as roles evolve toward system orchestration and exception management.

Chapter 6

How are commercial teams and skills changing?

Hotel commercial teams are not contracting simply because of automation. Across the three editions of the State of Distribution, overall team growth has remained remarkably resilient. What is shifting more decisively is where hotels add people, which departments contract, and what employees are expected to achieve.

The emerging commercial organization is becoming more connected and multidisciplinary. Distribution, marketing, and revenue management increasingly share responsibility for channels, demand, data, and technology. Employees are expected to operate hotel systems, interpret performance, coordinate across functions, and act on insights—often while continuing to navigate substantial manual workloads.

The 2026 findings suggest that automation is changing the composition of work faster than it is reducing the need for people. Hotels still require talent, but they increasingly need employees who can manage complexity rather than perform a single, narrowly defined task.

Three Years of Hotel Team-Size Movement

Across the 2024, 2025, and 2026 editions, the proportion of hotels reporting team growth has remained broadly stable. In 2026, about 41% of respondents said their teams increased in size, compared with 43% in 2025. Despite growing investment in automation, hotel commercial employment has therefore continued to expand.

The aggregate picture, however, conceals considerable change within each hotel category.

Team-Size Change by Hotel Category

Hotel category	2024 increased	2025 increased	2026 increased
Large hotel chains	40.00%	26.00%	40.00%
Mid-sized chains	56.10%	39.00%	48.15%
Independent hotels	51.85%	48.00%	37.50%
Overall	—	43.00%	41.05%

Table 6.1: Team-size change by hotel category: 2024 vs 2025 vs 2026

The results do not indicate a uniform transition to smaller teams, but rather a continued reallocation of people and responsibilities. Hotels are adding staff where they need greater commercial coverage, technology administration, analysis, content, and coordination, while contraction is more frequent where roles overlap, processes are centralized, or scale makes consolidation possible.

In 2026, 22.11% of hotels reduced team size, while 36.84% reported no change. Nearly four in five hotels either expanded or maintained existing staffing levels. This is notable given the parallel growth in technology adoption, automated reporting, and widespread access to generative AI. Rather than simply replacing commercial labor, automation appears to be helping hotels absorb greater complexity and increase output without proportionally expanding every type of role.

Team Growth and Contraction by Hotel Size

Independent Hotels: Small Teams Carrying Broader Responsibilities

In 2026, among independent hotels, 37.50% report an increase in team size, 45.83% no change, and 16.67% a decrease. Most are therefore maintaining or moderately expanding their teams. This is a slowdown from 2024 and 2025, when about half of independent hotels reported team growth. Rising costs, limited budgets, and greater access to affordable technology may be encouraging independents to keep staffing levels steady.

However, an unchanged headcount does not mean unchanged workloads. Independent-hotel employees frequently cover several commercial functions. The same person may manage OTA relationships, website content, digital campaigns, group inquiries, revenue analysis, and reporting. As channel and technology complexity grows, these small teams must develop broader capabilities rather than deeper specialization. Automation can extend the capacity of small teams, but independents often lack the integrations, standardized data, and specialist support required to automate entire workflows.

Technology may help an employee complete a task more quickly without removing the responsibility from the role.

Mid-Sized Chains: Strongest Combination of Growth and Stability

Mid-sized chains show the strongest workforce change in 2026: 48.15% report an increase in team size, 37.04% no change, and only 14.81% report a decrease. This continues a broader three-year pattern. After reporting the highest team growth in 2024 (56.10%), mid-sized chains saw a more mixed result in 2025 and expanded in 2026.

At this scale, specialist commercial roles become economically viable, allowing chains to employ dedicated revenue managers, distribution, analytics, marketing, and technology professionals while remaining relatively agile.

Mid-sized chains also reported the greatest significant reduction in manual work from AI and the highest share of fully governed AI use. This suggests that team growth and automation reinforce each other: hotels are adding capability while using technology to improve each role's productivity, rather than simply adding employees to perform the same task.

Large Chains: Expansion and Consolidation at the Same Time

Large chain hotels present the most polarized workforce pattern. In 2026, 40% report team growth and 45% a decrease, while only 15% report no change.

This does not necessarily mean broad-based contraction. Large chains may be reducing headcount in some locations or functions while expanding specialist capabilities elsewhere. Regional and centralized teams can absorb duplicated responsibilities, while technology administration may shift from individual properties to corporate centers of excellence.

At the same time, large chains require specialists in data engineering, integration, cybersecurity, digital acquisition, loyalty, personalization, AI governance, and commercial analytics. The result is a workforce undergoing structural reconfiguration: fewer duplicated or execution-focused roles in some areas, alongside greater investment in specialized and enterprise-wide roles.

This follows the 2025 pattern, when most large chains reported stable or declining team sizes. The higher share reporting growth in 2026 may therefore reflect selective hiring after earlier consolidation rather than a return to broad-based headcount expansion.

Commercial Function Team Trends

The movement within commercial functions is even more pronounced. Between 2025 and 2026, the direction of growth shifted away from marketing toward distribution and revenue management.

Change in Team Size by Commercial Function, 2026

Function	Increased	Unchanged	Decreased
Revenue management	62.50%	29.17%	8.33%
Distribution	60.00%	13.33%	26.67%
Marketing	25.81%	51.61%	22.58%
Overall	45.71%	35.71%	18.57%

Table 6.2: Team-size change by hotel commercial function, 2026

Distribution: From Contraction to Renewed Expansion

Distribution shows the most striking reversal. In 2025, 42.77% of distribution teams reported a decrease in size. The report described resources shifting into other commercial functions as connectivity and channel-management processes became more automated.

In 2026, the pattern reversed, with 60% reporting distribution team growth. The rebound suggests that distribution complexity remains high. Teams continue to manage rate parity, content, availability, channel reporting, new demand partners, changing APIs, wholesalers, OTAs, connectivity vendors, and fragmented data sources.

While automation may have reduced some execution tasks, it has not removed the need to manage the expanding distribution ecosystem. In addition, automation creates new demands for configuration maintenance, exceptions management, data reconciliation, and vendor oversight. Distribution is therefore evolving from a channel-loading function into a broader discipline encompassing connectivity, data quality, partner management, performance analysis, and commercial governance.

Marketing: From Expansion to Stability

Marketing presents the opposite pattern. In 2025, marketing and sales recorded the strongest functional growth, with 47.15% of teams expanding. In 2026, only 25.81% report marketing team growth, while 51.61% report no change.

This stabilization may reflect marketing's rapid adoption of generative AI. Content development, translation, campaign ideation, email creation, social-media production, and basic performance analysis can increasingly be completed with AI assistance, allowing hotels to increase output without headcount growth.

Marketing activities are also becoming more distributed across functions. Distribution teams contribute to channel strategy, revenue teams influence audience selection and offer design, and centralized brand teams support creative and campaigns. As a result, marketing activities may expand even when the formal marketing teams are not.

Revenue Management: Growth Despite Automation

Revenue management records the highest team growth in 2026, at 62.50%. This represents a clear change from the 2025 “hold and hone” pattern, when only 36.54% of revenue-management teams reported growth and 41.35% remained unchanged.

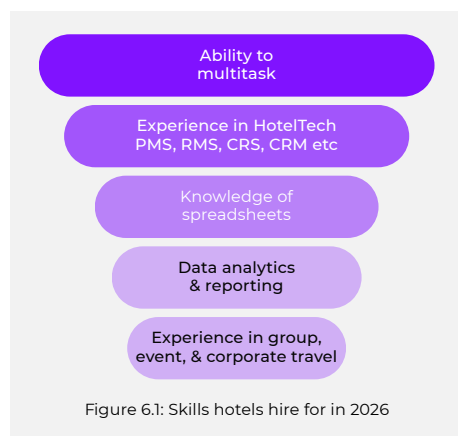
This growth reflects the expanding scope of the revenue-management functions. Revenue managers increasingly go beyond pricing and forecasting to data consolidation, report production, channel performance evaluation, budgeting support, market conditions monitoring, commercial planning, and explaining system recommendations.

The 2026 findings also show that AI has had the least impact on revenue-management workloads. One-third of respondents report no reduction in manual effort from AI, while 41.67% report a reduction of less than 10%; only 4.17% report a reduction greater than 30%.

A combination of reasons explains continued teams’ growth: revenue managers are expected to deliver more sophisticated, forward-looking decisions, yet much of their time is still spent on data extraction, reconciliation, reporting, and analysis. Technology has not yet eliminated the data preparation required for revenue decisions.

The Skills Hotels Value When Hiring

Despite the focus on AI, multitasking is the most valued hiring skill across hotels of every size in 2026. This reflects the reality of commercial teams, where employees increasingly work across systems, channels, properties, and functions. Hotels need people who can move between analysis and execution, respond to exceptions, collaborate with other departments, and balance competing priorities.



The continued importance of spreadsheet skills highlights persistent reporting and integration gaps. Despite more sophisticated platforms, employees still rely on spreadsheets to reconcile data, create custom reports, and connect outputs from systems that do not communicate effectively.

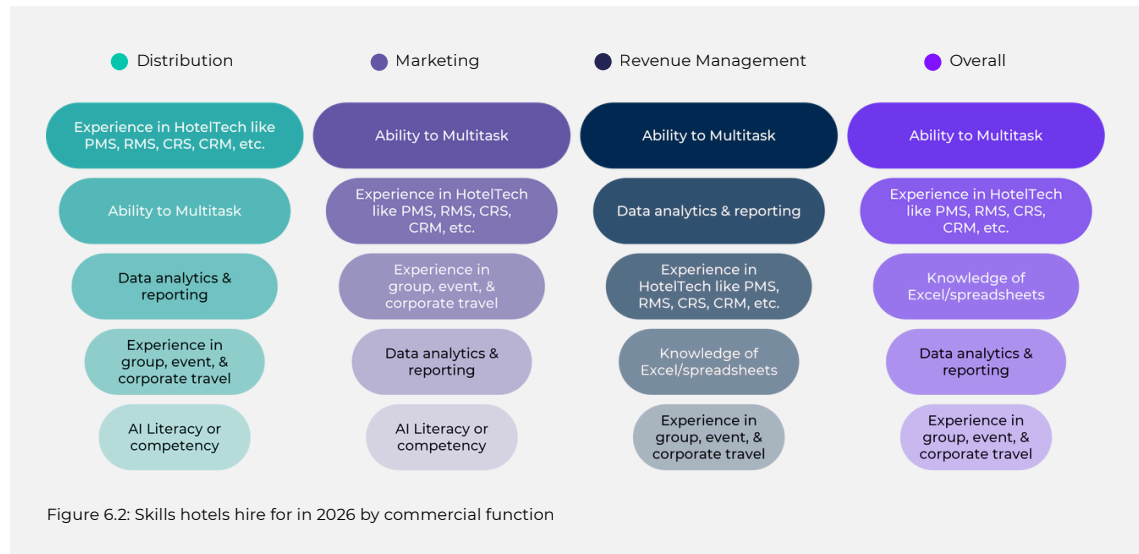
Experience with hotel technology is ranked highly because commercial value depends on using systems effectively. Hotels need employees who understand how data flows between the PMS, CRS, RMS, CRM, channel manager, booking engine, and distribution partners. Platform fluency is becoming a core commercial capability.

Data analytics and reporting are also important as systems generate more information. Hotels need people who can distinguish useful signals from operational metrics, interpret changes, communicate findings, and recommend actions.

AI literacy appears among the top five skills for some hotel types, but it has not displaced established capabilities mentioned above. Effective AI use still depends on understanding the data, systems, and commercial context behind the output.

Skills Differ by Commercial Function

The skill ranking reflects how each commercial function is evolving.



Distribution

For distribution teams, hotel technology experience ranks first, followed by multitasking. Data analytics and reporting, knowledge of group and corporate travel, and AI literacy also rank highly. This mix of skills reflects the shift from manual channel maintenance toward technology orchestration. Distribution professionals must understand connectivity, diagnose discrepancies, manage commercial partners, and translate channel data into decisions.

Marketing

Marketing teams rank multitasking first, followed by experience with hotel technology. Experience in group, event, and corporate travel, data analytics and reporting, and AI literacy complete the leading group of required skills.

The presence of hotel technology experience demonstrates the growing integration of digital marketing with the booking and customer-data environment. Marketers must understand how campaigns connect to booking engines, CRM platforms, rate availability, audience data, and attribution systems.

AI literacy is particularly relevant for content and campaign workflows. However, marketers still need to apply brand judgment, understand traveler intent, evaluate performance, and ensure that AI-generated material is accurate and differentiated.

Revenue Management

Revenue-management hiring prioritizes multitasking, followed by data analytics and reporting, hotel technology experience, spreadsheet expertise, and knowledge of group, event, and corporate travel. These requirements show how far the revenue management role has expanded beyond pricing. Revenue managers are expected to combine analytical, technical, and commercial responsibilities, interpreting system recommendations while understanding the operational conditions that may not be fully represented in the data.

Why Automation Is Changing Roles Rather Than Eliminating Them

The 2026 findings do not support a simple narrative in which technology replaces hotel commercial teams. Overall team growth remains positive, distribution and revenue-management teams are expanding, and hotels continue to value employees who can use technology effectively. Automation is changing tasks rather than complete roles.

AI can draft content, summarize a report, identify an anomaly, or recommend a response. Reporting tools can generate preset dashboards. Channel managers can distribute inventory and rates. Revenue systems can produce pricing recommendations. Yet employees still need to validate data, manage exceptions, connect information across platforms, interpret commercial implications, and decide what action to take.

Automation also raises expectations. Faster reporting can increase reporting frequency; easier content creation can expand the number of channels, markets, and campaigns; and more sophisticated pricing recommendations require greater oversight and governance.

Roles are therefore shifting:

- From task execution to exception management
- From data collection to interpretation and action
- From operating individual systems to orchestrating connected workflows

These shifts require a combination of traditional hotel expertise, technology fluency, analytical skills, and commercial judgment. AI literacy will become increasingly important, but it will complement rather than replace these foundational capabilities.

The key organizational challenge is to convert productivity gains into higher-value work. If employees continue to spend saved time reconciling another report or transferring data between systems, automation will increase output without substantially improving decision quality. Hotels must redesign responsibilities, workflows, and performance measures alongside their technology investments.

Chapter 7

What are commercial teams struggling with?



Klaus Kohlmayr

Chief Evangelist & Head of Strategy
IDeaS Revenue Solutions

“AI-enabled workflows are replacing revenue management dashboards and are becoming a great enabler of efficiency and productivity. Still, the time from getting data to decisions that should take minutes, often takes hours.”

Key takeaways for 2026

- Distribution specialists are managing an expanding web of operational exceptions. Rate parity, API changes, and partner fragmentation still require substantial manual intervention and data reconciliation.
- Marketing is losing visibility into traveler discovery. Zero-click search and opaque intent signals, combined with a reliance on last-click attribution, make connecting marketing activities to net revenue increasingly difficult.
- Revenue management is evolving into the hotel's central integration function. Nearly a third of revenue managers spend more than eight days a month on data preparation as the role expands beyond pricing into commercial analytics.

Chapter 7

What are commercial teams struggling with?

Hotel commercial departments are moving toward closer collaboration, but they still lack a unified perspective on traveler demand. Distribution specialists are grappling with a growing web of partners and platforms, marketing teams navigate increasingly nonlinear and fragmented discovery journeys, and revenue-management teams are expected to convert massive data volumes into rapid, actionable decisions. Across these functions, the same operational challenges persist: disconnected technology, inconsistent data identifiers, labor-intensive manual reporting, and significant attribution gaps. These issues create more than inefficiency—they produce a fragmented view of the traveler, with different teams sometimes reaching conflicting conclusions about the same customer, booking, or commercial opportunity.

Distribution

Distribution functions occupy the complex space where inventory, rates, content, and partnerships converge. While core transactions are largely automated, teams still face a substantial operational burden of tracking rate parity, managing inventory exceptions, auditing channel content, and assessing a widening landscape of potential demand partners.

Rate Parity and ARI Management

Maintaining rate parity remains a major operational challenge and a leading candidate for automation in 2026. Respondents also identify the need to synchronize rate types and property descriptions across both direct and indirect channels, improve direct demand, and maintain real-time inventory accuracy.

These tasks are deeply intertwined; a single parity violation may stem from diverse sources, such as tax mapping, currency fluctuations, or delayed wholesaler updates, often requiring manual investigation across multiple platforms. ARI (availability, rates, and inventory) consistency is a particular concern: 66.67% of respondents cite it as a channel-health issue, while 77.78% report significant delays when integrating new channels into existing technology stacks.

This highlights the gap between basic connectivity and a truly dependable distribution model. Even technically integrated systems can produce mapping errors and discrepancies that require human intervention. Rate-parity management has consequently become an exception-management process, requiring systems that can identify discrepancies at their source and route them to the appropriate commercial or technical owner.

Vendor and Demand-Partner Fragmentation

The most significant distribution challenge in 2026 is managing a fragmented environment of vendors and data sources that fail to produce cohesive insights. This issue ranks higher than concerns over technical API changes, limited analytical talent, or the difficulty of observing traveler intent. The ecosystem continues to diversify, encompassing everything from OTAs and bed banks to GDS platforms, corporate-booking tools, and emerging AI discovery engines, each with different identifiers, performance metrics, and reporting standards.

The primary hurdles reported by distribution teams include:

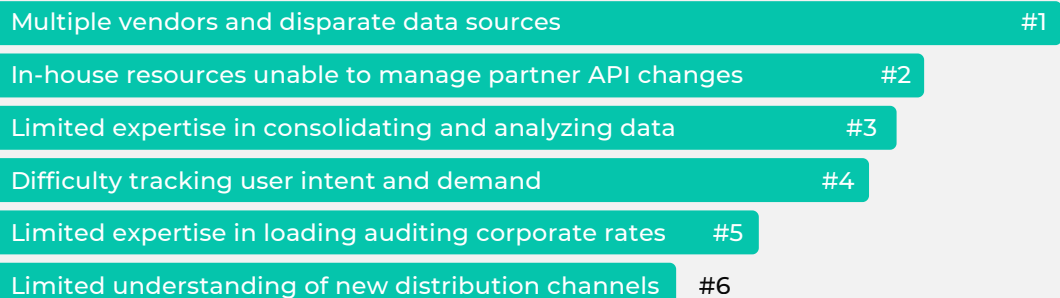
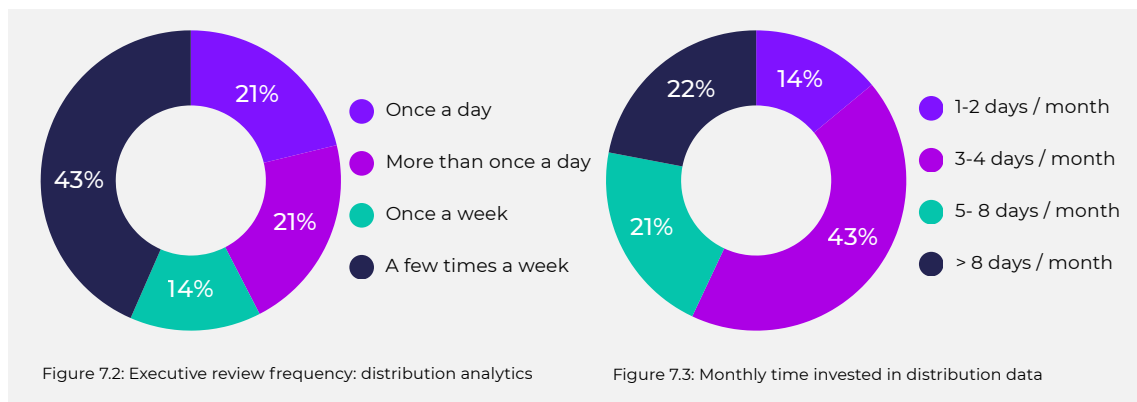


Figure 7.1: Key distribution challenges

The core problem is not a lack of data, but the difficulty of reconciling it into a coherent commercial view. Teams struggle to determine whether bookings are truly incremental or simply displace direct demand at a higher cost. Adding more automation layers can increase this complexity. Progress therefore depends not only on consolidating vendors but also on creating integrated workflows with consistent definitions and transparent data.

Channel Reporting and Review Frequency

Distribution metrics receive intense executive scrutiny, yet producing the necessary insights remains labor-intensive. About 43% of respondents review distribution analytics several times a week, while 42% review them daily or more frequently; only 14% operate on a weekly review cycle.



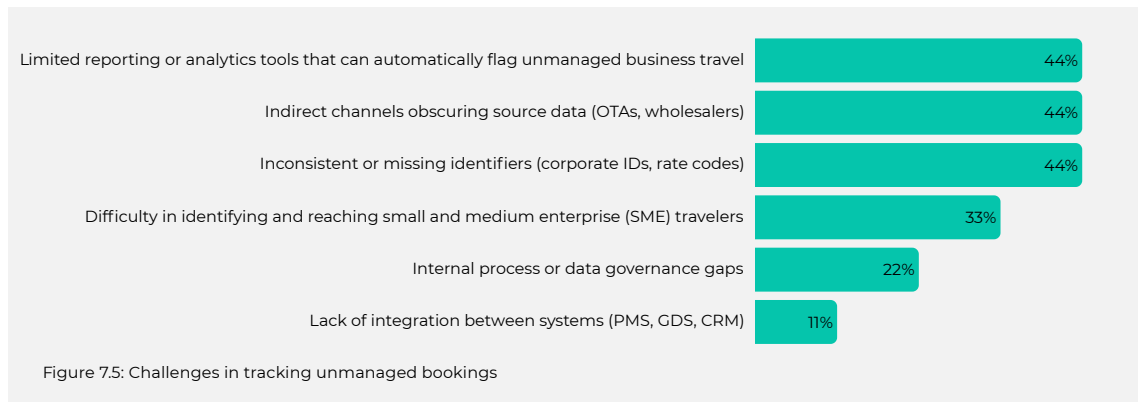
Market volatility drives this focus, but the high review frequency places a heavy burden on teams. About 43% of respondents spend three to four days each month on channel data, while 42% invest five or more days.

For many hotels, distribution analysis consumes at least one week per month. Much of this time is spent manually staging and reconciling data rather than interpreting it strategically. True value lies in workflows that automate these processes and convert raw data into timely, coordinated action.

Tracking Unmanaged Business Travel

Unmanaged business travel remains a major visibility gap. Only 22.22% of distribution respondents can clearly distinguish these bookings across all channels. About 44% can do so for only certain channels, while 33% rely on partial estimates.





The leading obstacles, each cited by 44.44%, include:

- Missing or inconsistent identifiers like corporate codes.
- Demand sources being obscured by indirect channels.
- Reporting tools that cannot automatically flag business demand.

Furthermore, 33.33% report challenges in reaching SME travelers, while internal governance gaps further limit visibility. Bookings made via personal credentials often leave the commercial intent of a stay unrecorded. This limits hotels' ability to accurately measure corporate demand and develop effective SME strategies. Resolution requires a shift toward integrated data models and common identifiers that can isolate business patterns while maintaining compliance.

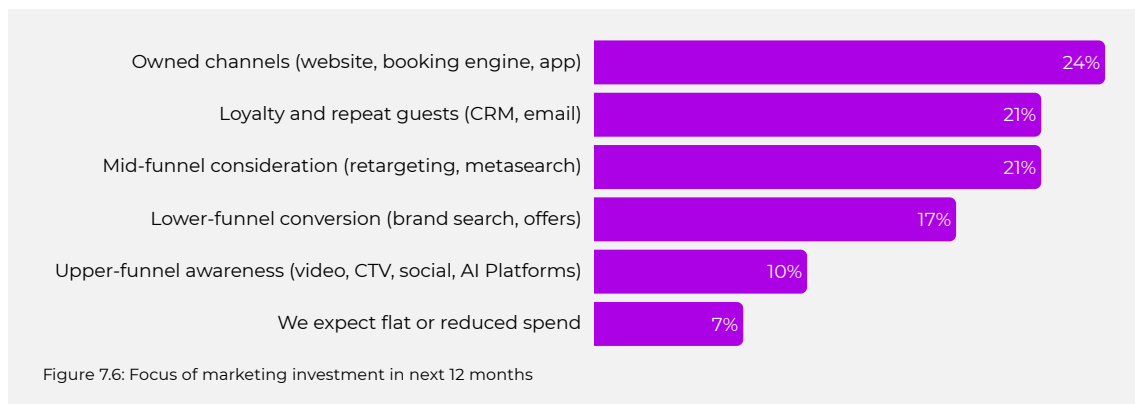
Marketing

Marketing teams face a related challenge: reaching travelers earlier in an increasingly fragmented and opaque journey. Privacy restrictions and zero-click search make it harder to observe and influence travelers before they reach hotel-owned channels.

OTA Importance and Hotel-Owned Channel Investment

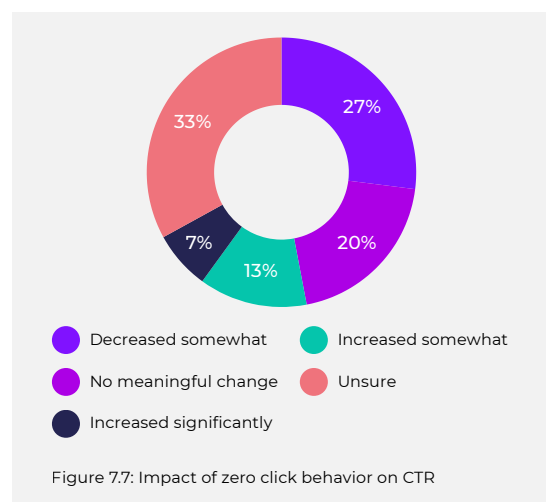
Online travel agencies (OTAs) remain the dominant force in driving reservations, outperforming search, email, and metasearch. Nearly 79% of respondents view OTAs as a necessary but over-indexed part of their channel mix. This dependence can limit customer ownership and increase acquisition costs, prompting hotels to invest more in owned channels.

Website and app optimization is the top priority for 24.14%, followed by loyalty initiatives and repeat-guest engagement. The focus is on building a counterweight to intermediaries through superior conversion and first-party data. Success, however, is not guaranteed by infrastructure alone; it requires a deep understanding of traveler behavior and a frictionless booking experience.



Zero-Click Search and Declining Visibility

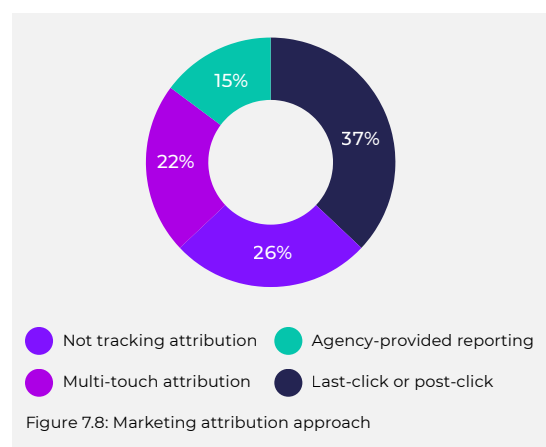
Traveler discovery is increasingly shifting to search where answers appear directly within search or map interfaces. About 27% of marketing respondents report that zero-click behavior has reduced traffic to their hotel-owned channels, while 20% see no change, one-third remain unsure of the impact. This uncertainty highlights a significant visibility gap. Without a clear baseline, it is difficult to separate the effects of zero-click search from broader market trends. Marketing teams must therefore look beyond simple traffic metrics and develop frameworks that measure influence across the entire journey.



Marketing Attribution and ROI Measurement

Attribution models remain heavily skewed toward last-click measurement. This reliance on final interactions often obscures the value of mid- and upper-funnel content.

More than 62% identify valuing awareness relative to conversion as a major ROI challenge. Fragile cross-device tracking and poor system integration further complicate the picture. If a hotel cannot move beyond last-click thinking, it risks chronically underinvesting in the channels that initially generate demand.



Identifying High-Intent Travelers

Hotels also struggle to identify high-intent travelers within their data. Search patterns and website activity are the most common signals, yet one-third of respondents admit they have no reliable method for identifying these guests. Only 6.67% use third-party intent data.

This gap highlights the difficulty of activating the data that is captured. While behavioral signals exist, they are often siloed across platforms. As third-party data becomes less accessible, the ability to connect first-party signals will be critical for effective demand generation.

Email, Digital Campaigns, and Online Reviews

Email remains an important channel, though its direct-booking contribution varies. While some see it as a primary driver of repeat business, 40% describe its impact as low. Its true value often lies in pre-arrival engagement and high-touch retention rather than immediate volume.

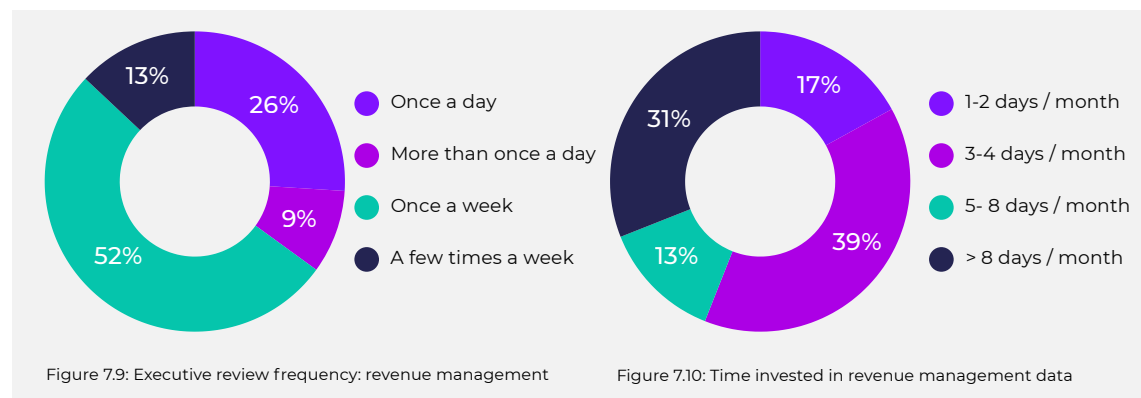
Managing digital campaigns also consumes significant resources. Half of marketing respondents spend over 10 hours monthly on campaign tasks, with internal approval cycles and strategic planning identified as the main causes of delay.

Review management remains similarly manual. While hotels recognize the importance of feedback, many struggle with inconsistent response processes. AI can assist in drafting and categorization, but human judgment remains essential for high-stakes service recovery.

Revenue Management

Revenue management is evolving beyond pricing into a broader analytical integration function. Teams are moving beyond pricing to handle reporting, channel evaluation, and data consolidation, even as manual labor remains high.

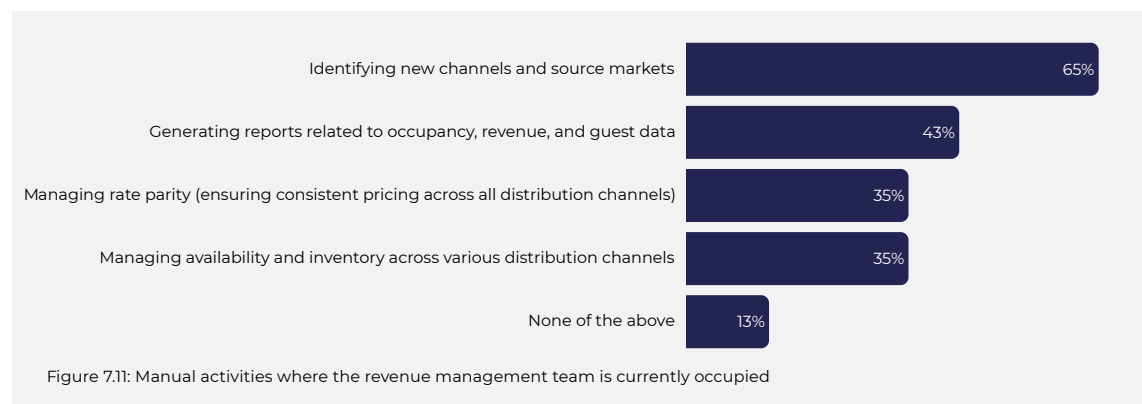
Reporting, Analysis, and Data Integration



Revenue analytics are reviewed less frequently than distribution data, with over 52% reviewing them weekly. However, generating these insights takes substantial time. Nearly one-third of respondents spend over eight days monthly on data staging and analysis. This represents a significant time investment in data plumbing rather than strategic decision-making, as teams must manually combine inputs from disparate operational and market intelligence sources.

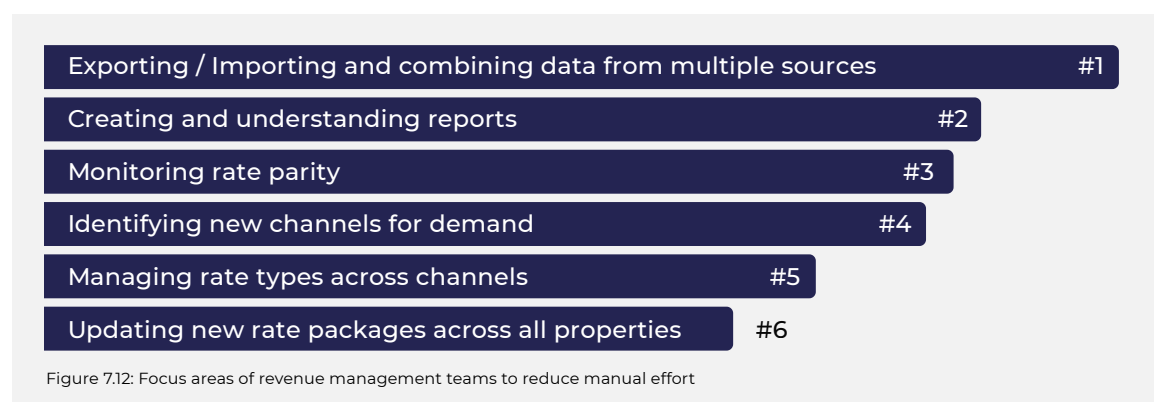
Manual Activities Beyond Pricing and Forecasting

Revenue professionals are increasingly involved in tasks outside their core remit. Over 65% manually identify new channels, while 43% handle broader commercial reporting. This overlap with distribution and business development explains why these teams keep expanding. Automation has not yet removed the need for manual maintenance, forcing revenue managers to carry a larger share of the hotel's analytical load.



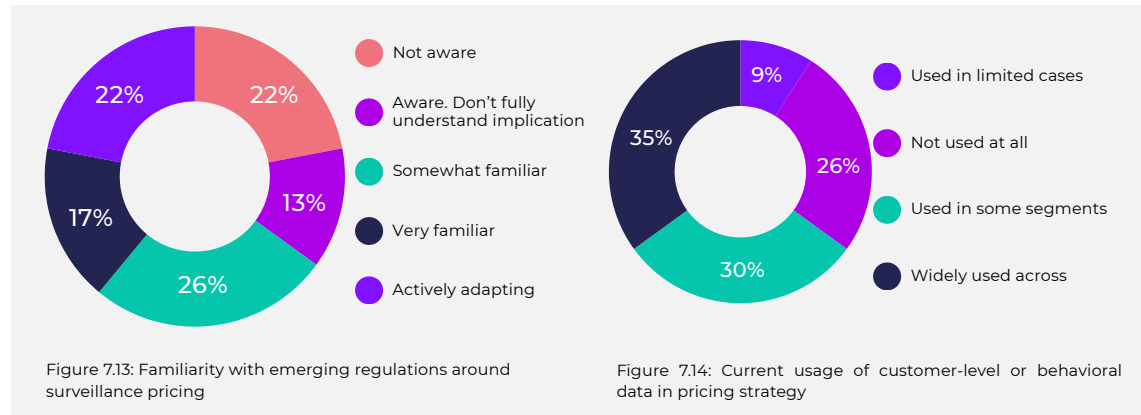
Priorities for Reducing Manual Effort

Hotels are not seeking to replace pricing judgment, but to eliminate the manual labor that prevents teams from applying it. A connected workflow that handles data assembly and prioritizes exceptions would allow managers to focus on high-value commercial outcomes.



Behavioral Data in Pricing Decisions

Behavioral signals, such as search patterns and loyalty status, already influence pricing for 35% of respondents. Used responsibly, these data points can improve forecast accuracy and offer relevance. However, this introduces significant governance risks. Only 22% of hotels are actively adapting to emerging surveillance-pricing regulations. As these rules mature, organizations will need clear policies to ensure that AI-driven personalization remains fair and compliant.



One Commercial Problem, Seen Through Three Functions

Commercial functions are encountering different symptoms of the same structural divide. Distribution sees the channel production but lacks traveler intent data. Marketing observes discovery but struggles with revenue connectivity. Revenue management sees the financial outcome but spends extensive time building the view required to explain it. This divergence is most visible in business travel tracking. While 70% of revenue respondents report clear visibility into business travel, only 22% of distribution specialists agree. This suggests that teams are making decisions based on conflicting versions of reality.

Chapter 8

How does the operating model differ by size?



Erica Penley-Claycomb

Founder & Lead Consultant
EPiC Specialists, LLC

The data confirms what we've seen in the field: hotels don't get to alignment by accident; they get there by rhythm. Teams that meet weekly or bi-weekly across sales, distribution, revenue management, and marketing consistently outperform those that don't — because reviewing channel performance together, on a set cadence, is what turns 'we're generally on the same page' into real, measurable alignment on strategy.

Key takeaways for 2026

- Independent properties face a widening efficiency gap. While their lean structures offer agility, limited system integration and automated intelligence make sustaining growth increasingly labor-intensive.
- Mid-sized chains currently occupy a commercial agility "sweet spot." They pair specialist talent and cross-functional alignment with mature AI governance, avoiding the legacy integration tax of global scale.
- Large chains contend with the complexity of their extensive technology stacks. Fragmented systems and inconsistent governance continue to slow coordinated action across global portfolios despite deep technical capabilities.

Chapter 8

How does the operating model differ by size?

Organizational scale impacts more than just financial allocations and staffing. It shapes how commercial efforts coordinate, how quickly strategic choices move, how deeply systems connect, and how easily enterprise-wide governance applies.

Independent properties typically function with consolidated tech stacks and broad, multidisciplinary roles. Mid-sized chains combine emerging specialist expertise with agile decision-making, while large global chains have the most comprehensive technological environments and data access, but also face greater integration, governance, and structural complexity.

The 2026 research indicates that while scale builds capability, it does not guarantee operational fluidity. Smaller operators face resource constraints, while larger entities are often constrained by the sheer weight of the infrastructure they have built.

Three Different Commercial Operating Models

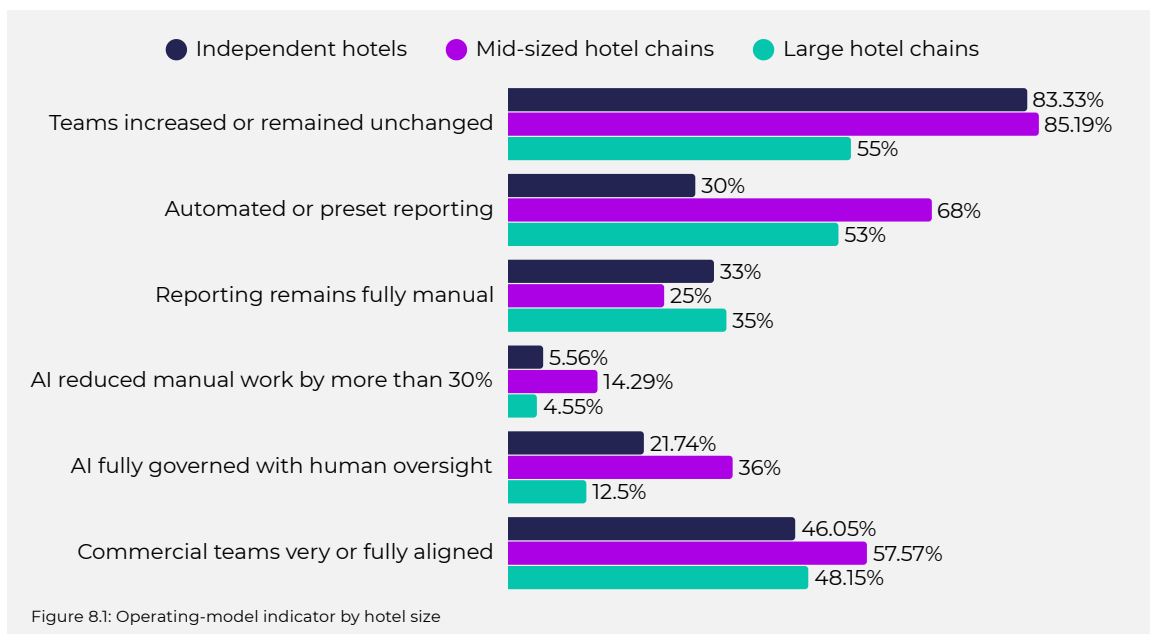
The distinctions among three hotel segments are defined across five primary areas:

Dimension	Independent hotels	Mid-sized chains	Large chains
Team structure	Small, multifunctional teams	Growing specialist teams	Centralized and specialized, but frequently siloed
Technology model	Core systems with selective advanced tools	Expanding and consolidating stack	Deepest technology stack and greatest vendor complexity
Decision-making	Fast and locally informed	Coordinated and comparatively agile	Structured, governed, and often slower
Service model	Personal and human-led	Hybrid human and technology model	Standardized and increasingly automated
Principal risk	Emerging efficiency gap	Complexity increasing with growth	Integration and governance burden

Table 8.1: Operating models by hotel size

No framework is inherently more effective. Each balances a unique mix of strengths and liabilities. The commercial imperative is to maintain the benefits of size while mitigating the operational friction that scale inevitably introduces.

Technology Depth, Reporting Automation, and AI Maturity



Maturity depends on the synergy between technology, people, and governance. The data show that a sophisticated technology stack does not automatically reduce manual work or improve alignment. Mid-sized chains currently achieve the strongest combination of staffing stability, reporting automation, AI impact, governance, and cross-functional alignment.

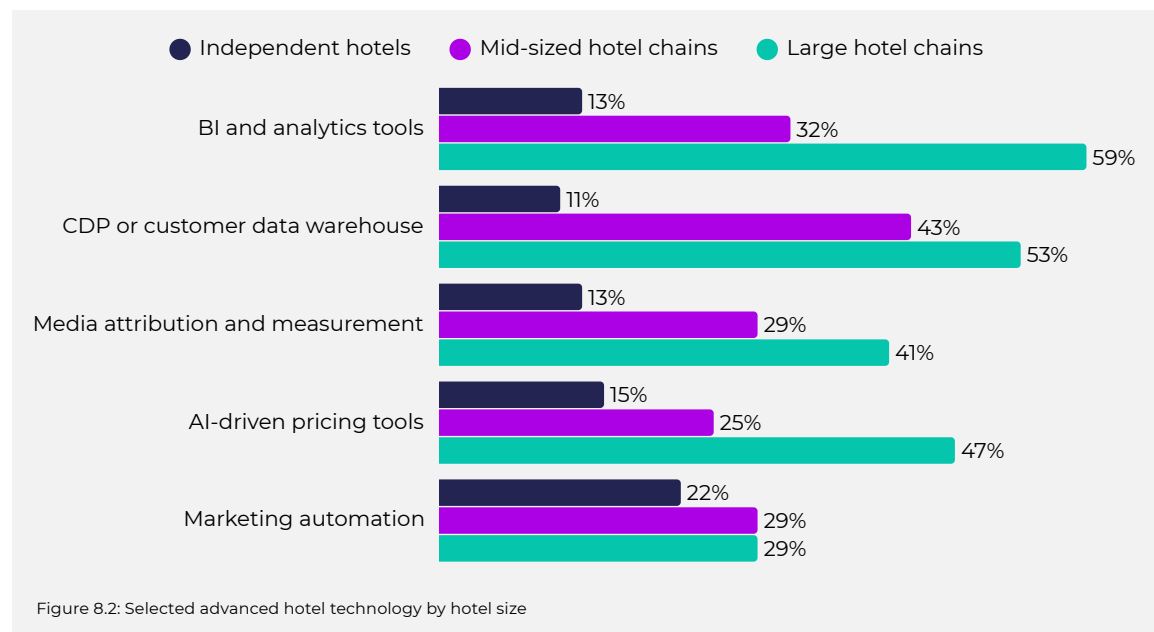
Independent Hotels and the Emerging Efficiency Gap

Commercial functions are encountering different symptoms of the same structural divide. Distribution sees the channel production but lacks traveler intent data. Marketing observes discovery but struggles with revenue connectivity. Revenue management sees the financial outcome but spends extensive time building the view required to explain it. This divergence is most visible in business travel tracking. While 70% of revenue respondents report clear visibility into business travel, only 22% of distribution specialists agree. This suggests that teams are making decisions based on conflicting versions of reality.

Strong Core Systems, Limited Advanced Capabilities

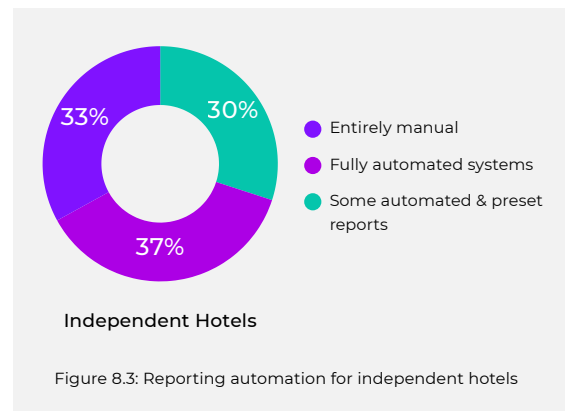
Independent hotels show strong adoption of core transactional systems: 98.15% use a PMS, 92.59% a booking engine, and 87.04% a channel manager. Website analytics (70.37%) and RMS (59.26%) are also widely used. However, adoption drops for tools designed to identify demand patterns, automate decisions, or unify guest information.

As a result, independent hotels are generally better equipped to manage transactions than to interpret the demand behind them. They can capture and fulfill a reservation, but often have less visibility into which marketing activities generated it, which travelers show strong purchase intent, or which guest profiles warrant targeted engagement.



Reporting Remains Resource-Intensive

Reporting also remains highly manual. One-third of independents rely entirely on manual reporting, while another 30% utilize preset outputs. Only 33% employ automated systems. This creates a greater burden for lean teams. Larger chains can distribute reporting tasks among specialists, but independent hotels often assign them to the same people who manage revenue, OTA partners, marketing, and guest engagement.



Human Service as an Advantage; and a Cost

Nearly half (48.15%) of independent hotels do not use AI chatbots, reflecting their continued emphasis on human touch in service. Direct interaction conveys the local hospitality and flexibility that standardized bots often lack. However, this reliance on human service can become difficult to sustain when staff are occupied with administrative work. Manual data entry and routine inquiries consume time that could otherwise be spent delivering the personalized service that differentiates independent properties. The goal is not to automate the guest experience, but to automate the distractions that compromise it.

The Emerging Efficiency Gap

Large competitors use automation to lower costs and accelerate responses, potentially leaving independent hotels behind. This gap is self-perpetuating: it leaves less time for the implementation and training needed to introduce technologies that could reduce those workloads. Closing the gap requires a targeted technology strategy focusing on high-impact integrations like CRM activation and automated reporting. Outsourced expertise can provide the necessary scale without building internal corporate departments.

Mid-Sized Chains as the Commercial “Sweet Spot”

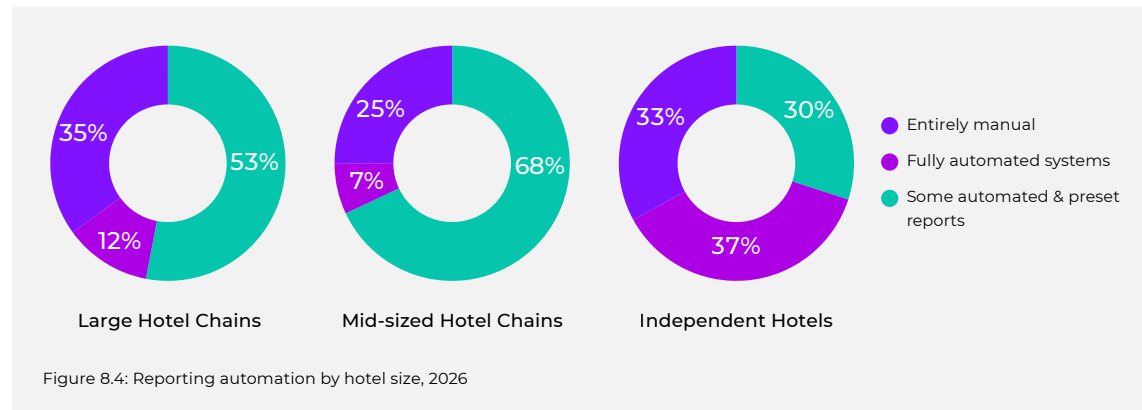
Mid-sized chains represent the most balanced model in 2026. They have enough scale to support specialized talent and automation while remaining agile enough to avoid the legacy silos that hinder global brands.

Teams Are Growing Without Becoming Excessively Layered

With 48.15% reporting team growth, these chains can afford dedicated commercial roles. Crucially, 57.57% report high cross-functional alignment—surpassing both large chains and independents. Their scale allows process standardization without sacrificing execution speed.

The Most Practical Reporting Model

Mid-sized chains also show the lowest reliance on manual reporting (25%), with 68% utilizing preset automation. This pragmatic maturity offers consistency and speed without requiring an exhaustive enterprise-wide data architecture.



Selective AI Adoption, Stronger Operational Impact

Mid-sized chains are most effective at translating AI into labor savings, with 14.29% reporting work reductions over 30% (fig. 5.3). They lead in AI governance (36%), emphasizing controlled operational improvement over widespread tool usage.

The Sweet Spot Is Not Permanent

As these chains grow, maintaining this advantage will require early investment in standardized data, governance, and workflows. The opportunity lies in scaling the model without sacrificing the agility and alignment that currently define it.

Large Chains and the Cost of Integration Complexity

Large chains have the deepest technology capabilities, with 100% adoption of both PMS and RMS and the highest levels of advanced AI and analytics. Yet greater technology depth also creates greater integration and governance complexity. Each additional platform requires its own governance and integration. Across hundreds of properties, brands, and jurisdictions, this can produce a fragmented technology environment rather than a unified stack.

Sophisticated Stacks Still Require Manual Reporting

Alarming, 35% of large chains still report manually. High data volumes and complex systems can create additional reconciliation work, suggesting future gains will depend more on simplifying flows and standardizing definitions than on adding tools.

AI Access Is High, but Trust Limits Autonomy

Large chains lead in AI adoption (70.59%), yet work reduction remains modest due to trust constraints. Accuracy is the main barrier, cited by 76.47%, while only 12.50% report fully governed AI with human oversight. The gap suggests that access to AI does not automatically translate into trusted autonomous use.

Headcount Is Being Reconfigured

Large chains show the most polarized workforce pattern, with 45% reporting team decreases alongside 40% growth. This points to consolidation of operational roles while hiring specialists, as organizations seek to balance centralized scale with local market nuance.

The Trade-Off Between Human Service, Agility, and Scale

Each segment has distinct strengths. Independents offer proximity and adaptability; mid-sized chains combine agility with specialization; and large chains benefit from scale and technology depth. However, these benefits come with risks—expensive human service, lost agility through fragmentation, and rigidity from governance. The common objective is to allocate work appropriately: technology should handle routine processing, while teams focus on strategy and high-value exceptions.

Priorities by Hotel Operating Model



Chapter 9

The emergence of operational governance



Kurien Jacob

Partner
Highgate Technology Ventures (HTV)

“Every hotel company now owns or uses AI. Almost none are changed by it. The real transformation happens when the AI participates in the workflow itself: continuously observing the business, reasoning about what changed, deciding what requires attention, taking permitted actions, measuring the outcome, and learning from it. It’s more than simply an AI assistant layered on top of hotel data. This is when you can have measurable and sustaining ROI from transformative AI solutions.”

Key takeaways for 2026

- Governance is becoming embedded in everyday commercial operations. Privacy mandates, pricing transparency, and AI oversight now serve as critical filters for technology procurement and marketing measurement.
- Behavioral pricing use is advancing faster than regulatory awareness. While 74% of hotels utilize behavioral data, one-third remain unaware of emerging surveillance-pricing rules or their commercial implications.
- Responsible automation requires more than just technical accuracy. With fewer than 30% of hoteliers confident in AI reasoning, success depends on establishing clear accountability and explainable decision rationale..

Chapter 9

The emergence of operational governance

Historically, hoteliers relegated regulatory compliance to specialized legal departments, isolated from the core commercial engine. Today, maintaining this separation is untenable.

Evolving privacy requirements now shape how marketing teams identify and engage potential travelers, while data consent frameworks determine the industry's ability to unify guest records. Furthermore, pricing transparency requirements influence how rates are presented, and AI oversight protocols set the boundaries for automated commercial decision-making and human intervention.

Governance is therefore becoming embedded into the hotel operating model. It now serves as a critical filter for technology procurement, workflow engineering, and every dimension of the digital guest relationship.

The 2026 findings reveal a gap between the operational necessity of compliance and how it is perceived strategically. Although privacy, pricing, and AI requirements increasingly constrain commercial activities, most commercial leaders still view regulatory requirements as neutral rather than a strategic factor shaping how their functions operate.

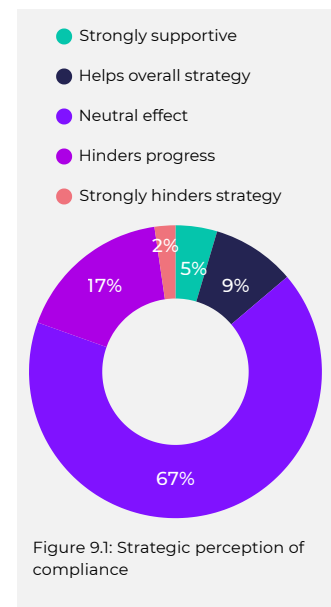
Compliance Friction Viewed as Strategically Neutral

Two-thirds of benchmark participants characterize compliance as having a neutral impact on their overarching commercial strategy. Another 17% perceive it as an operational hurdle, while almost 14% view robust governance as a strategic advantage. This neutrality stems from internal organizational design.

When legal, security, and privacy responsibilities sit outside commercial teams, employees view governance as a separate requirement, and not a component of commercial strategy. However, compliance requirements shape personalization, data exchange, pricing, and other core workflows.

Effective governance can remain invisible when it operates smoothly. Tasks such as capturing consent or reviewing vendor contracts occur without interrupting primary commercial performance metrics. Friction typically surfaces mainly when a campaign is blocked, a dataset is deemed non-compliant, or a vendor fails compliance review.

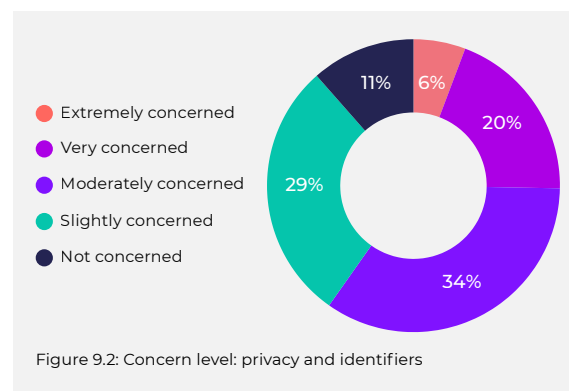
Hotels can move from reactive compliance to proactive governance by incorporating requirements into new workflow design. Addressing privacy, security, and regulatory constraints early reduces rework and enables scaling digital capabilities.



The Impact of Evolving Privacy and Cookie Mandates

The erosion of third-party identifiers and the tightening of privacy laws are fundamentally altering how hotels reach travelers and evaluate media efficiency.

The relatively moderate concern may partly reflect continued reliance on last-click attribution models and limited use of sophisticated user-level tracking. Hotels with less dependence on individual identifiers may perceive less immediate disruption.



However, declining visibility into traveler behavior remains a structural challenge as discovery increasingly occurs within closed ecosystems and zero-click environments. This makes first-party data more strategically important. The priority should be capturing the essential data required for specific service or commercial objectives, ensuring that its application aligns with guest expectations. A resilient first-party data model involves:

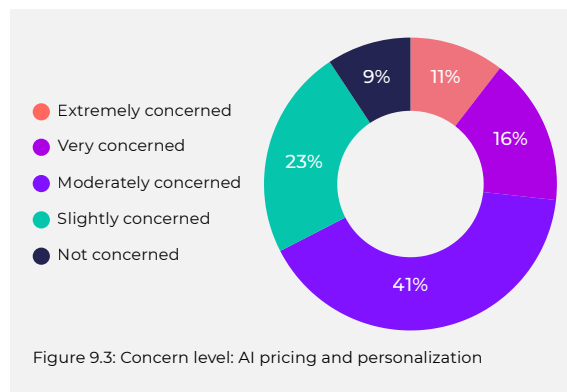
- Providing a meaningful value exchange for information sharing
- Standardizing identifiers across CRM and booking systems
- Implementing consistent consent and preference management
- Establishing clear data retention and disposal policies
- Managing access permissions for both internal teams and vendors
- Developing measurement strategies that don't rely on cross-site tracking
- Ensuring responsive processes for data access and deletion requests

Hotels should also diversify measurement techniques through incrementality testing and market-level analysis; generating actionable insights without individual interaction records.

Personalization Risks in AI-Driven Pricing

AI expands hotels' ability to optimize rates and target audiences, but it also increases the scale of potential bias or non-compliant actions. Commercial leaders are already acknowledging these risks.

The concern reflects the difficulty of governing AI-powered systems that can reproduce historical biases or generate recommendations that employees cannot easily explain.



Furthermore, pricing automation must maintain consumer protection standards, ensuring that dynamic offers remain transparent and consistent with regulatory disclosures.

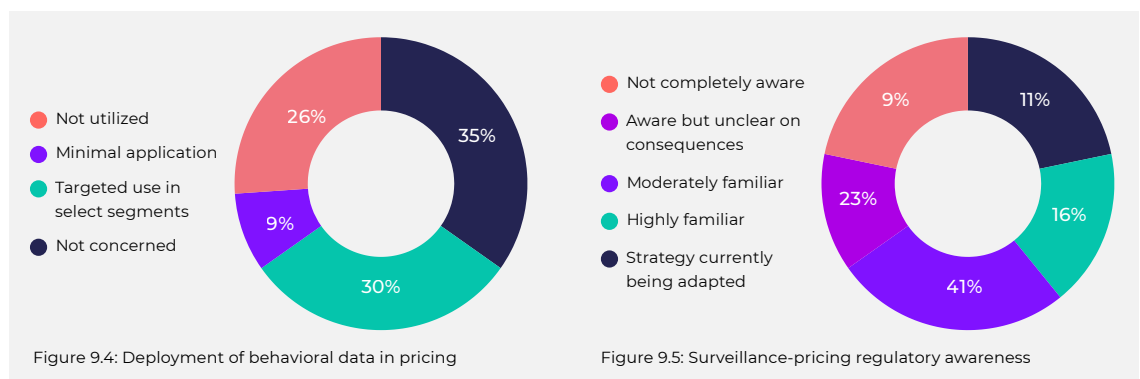
Hotels therefore need to distinguish between relevant personalization and opaque signals used to predict an individual's willingness to pay. The latter risks producing perceptions of unfairness, even within legal parameters.

Hotels should assess their AI commercial frameworks through four primary lenses:

- Ensuring data appropriateness for the defined objective
- Confirming the explainability of system recommendations
- Monitoring for potentially discriminatory or unfair results
- Maintaining direct human authority for intervention

Behavioral Pricing and Regulatory Awareness

Behavioral data is already part of mainstream pricing practice. Behavioral signals can support legitimate objectives such as forecasting, segmentation, and loyalty recognition. However, regulatory awareness has not kept pace with practical adoption. More than one-third of respondents are either unaware of emerging surveillance-pricing rules or do not understand their implications.



Only about 22% are actively revising their strategies in response to regulation. This creates a potential exposure gap: hotels remain accountable for automated commercial outcomes even when automated decisions rely on third-party technologies or models.

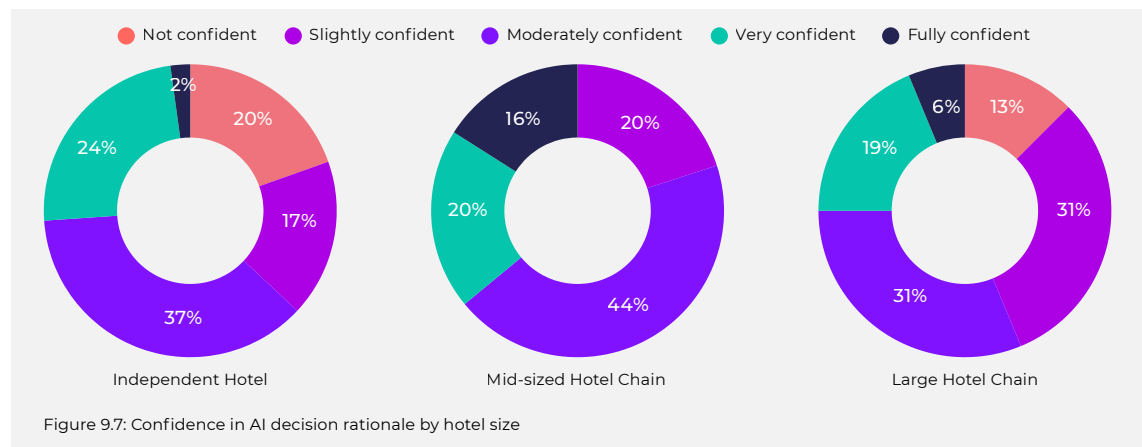
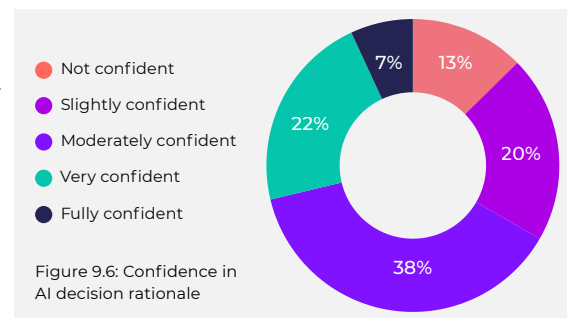
Effective commercial governance therefore requires distinguishing among:

- Market-level prices derived from aggregate demand
- Segment-specific offers based on group characteristics
- Experiences personalized via first-party behavioral signals
- Automated price determinations linked to individual predictions
- Restricted variables that should never influence commercial outcomes

As commercial decisions become more individualized, the need for transparency, accountability, and human review increases.

Trust in Automated AI Reasoning

Confidence in the reasoning behind AI-driven commercial decisions remains limited. Less than 30% of hoteliers report being very or fully confident in why automated systems recommend specific rate changes or audience selections. The largest group, almost 38%, is moderately confident, while one-third report slight or no confidence in automated rationale.



Confidence also varies by hotel scale. Mid-sized chains report the strongest confidence levels, while independent properties exhibit the highest skepticism. This may reflect differences in technology maturity, but it also highlights a fundamental requirement: AI recommendations must be understandable in commercially relevant terms. Also, accuracy alone is insufficient when employees cannot understand or challenge an automated recommendation with meaningful commercial consequences.

Explainability should be operationalized, ensuring employees understand:

- Primary data inputs and factors of influence
- System confidence levels and applied constraints
- Projected financial or guest impact
- Necessary conditions for manual overrides
- Deviations from previous system recommendations
- Underlying assumptions within the recommendation
- Avenues for informed human review

Ensuring Transparency in Cloud and AI Stacks

Cloud-based AI increases the need for visibility into data flows, residency, and vendor practices. Guest information frequently traverses multiple platforms—from CRS to loyalty and marketing environments—each presenting unique governance requirements.

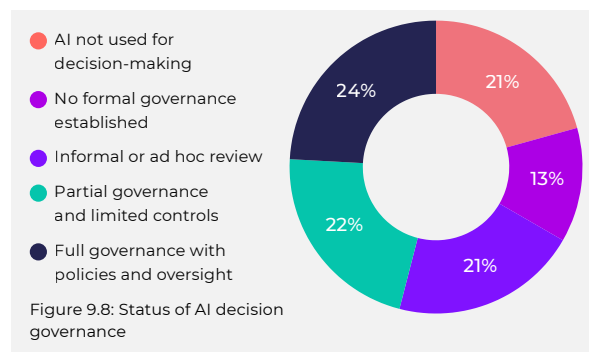
Before implementing or expanding an AI-enabled system, hotels should:

- Identify all personal and commercial data categories involved
- Determine exact storage and processing locations
- Establish which subcontractors maintain system access
- Clarify if hotel data supports shared model training
- Verify encryption and multi-tenant data separation
- Define specific data retention windows
- Ensure full retrieval, correction, and deletion capabilities
- Establish clear incident and failure notification protocols
- Determine data handling after contract termination
- Ensure recommendations are accompanied by understandable reasoning

Transparency should extend to travelers as well. AI interactions should be appropriately disclosed, and personalized experiences should remain understandable enough to preserve trust. The objective is not to expose proprietary algorithms, but to establish sufficient visibility into a system's purpose, inputs, limitations, and decision logic to support meaningful oversight.

AI Utilization Precedes Formal Governance

AI adoption is outpacing formal governance. Less than one in four hotels currently report fully governed AI utilization with established policies. Another 22% have partial controls, while one-third rely on informal oversight or have yet to formalize AI decision-making boundaries. A substantial segment of the industry is therefore operating AI-driven commercial workflows without a comprehensive governance framework.



Mid-sized chains lead in governance maturity, while large chains struggle to apply uniform standards across expansive portfolios. This highlights the operational complexity of managing diverse brands and regions.

The Architecture of Accountable AI Governance

Effective governance should enable innovation, not obstruct it. Hotels need frameworks that speed up low-consequence activities while imposing rigorous controls on high-stakes commercial outcomes.

1. Establish a Comprehensive Inventory of AI Activity

Hotels must identify all current AI applications, including those embedded within existing platforms. Organizations cannot govern activity they haven't documented.

2. Categorize Applications by Potential Risk

Differentiate between low-risk tasks like document summarization and high-risk commercial activities such as individual-level pricing or autonomous inventory adjustments. Controls should match the potential impact.

3. Codify Guidelines for Data Usage

Provide explicit direction on entering personally identifiable or commercially sensitive information into AI systems. Distinguish between public tools and protected enterprise environments.

4. Assign Clear Human Accountability

Every consequential automated decision must have a designated human owner. Accountability remains with the professional, never the algorithm or the vendor.

5. Integrated Workflow Oversight

Embed human review into the operational design. Define specific limits for automation and track all manual overrides to improve system performance over time.

6. Rigorous Pre- and Post-Deployment Testing

Continually evaluate systems for accuracy, security, and fairness. Pay specific attention to whether automated pricing inadvertently creates biased outcomes.

7. Continuous External Partner Monitoring

Vendor governance must be ongoing. Regularly review data handling, model updates, and contractual responsibilities to maintain regulatory alignment.

8. Cross-Functional Commercial Training

Move AI literacy beyond specialized technical teams. Revenue, marketing, and distribution professionals must understand role-specific risks and override protocols.

9. Documented Reasoning and Evidence Trails

Retain detailed records of high-consequence AI decisions. This audit trail supports internal learning and regulatory compliance.

10. Iterative Governance Review Cycles

AI oversight is an evolving practice. Establish a recurring review process involving commercial, legal, and operational leadership to adapt to new regulations.

Developing Governance as a Strategic Advantage

Well-constructed governance protocols can accelerate commercial velocity. Clear boundaries allow hotels to experiment faster, reduce procurement uncertainty, and scale successful applications with greater confidence.

Strong oversight protects the guest relationship, as travelers are more likely to engage with automation when it is transparent and secure.

The ultimate goal is not to eliminate risk, but to make it visible and ensure that technological expansion does not outpace organizational accountability.

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