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SUMMARY

1 POINT OF VIEW

HOSPITALITY: FROM ROOMS TO RELATIONSHIPS

Jérémie Israël
Partner, Accuracy

For centuries, hospitality has reflected the way people move, work, trade, rest, meet and belong.

The post-pandemic rebound has confirmed both the sector's resilience and its limits. Travel & Tourism achieved a **record contribution of $11.6 trillion to global GDP in 2025** and supported 366 million jobs worldwide.[1] Yet momentum is **already slipping** as geopolitical tensions, rising transport costs and broader economic uncertainty weigh on confidence. The United States alone is projected to lose $12.5 billion in international visitor spending in 2025 – a 6.6% decline – illustrating how quickly structural demand can be disrupted by political context. **The sector is resilient;** it is not immune.

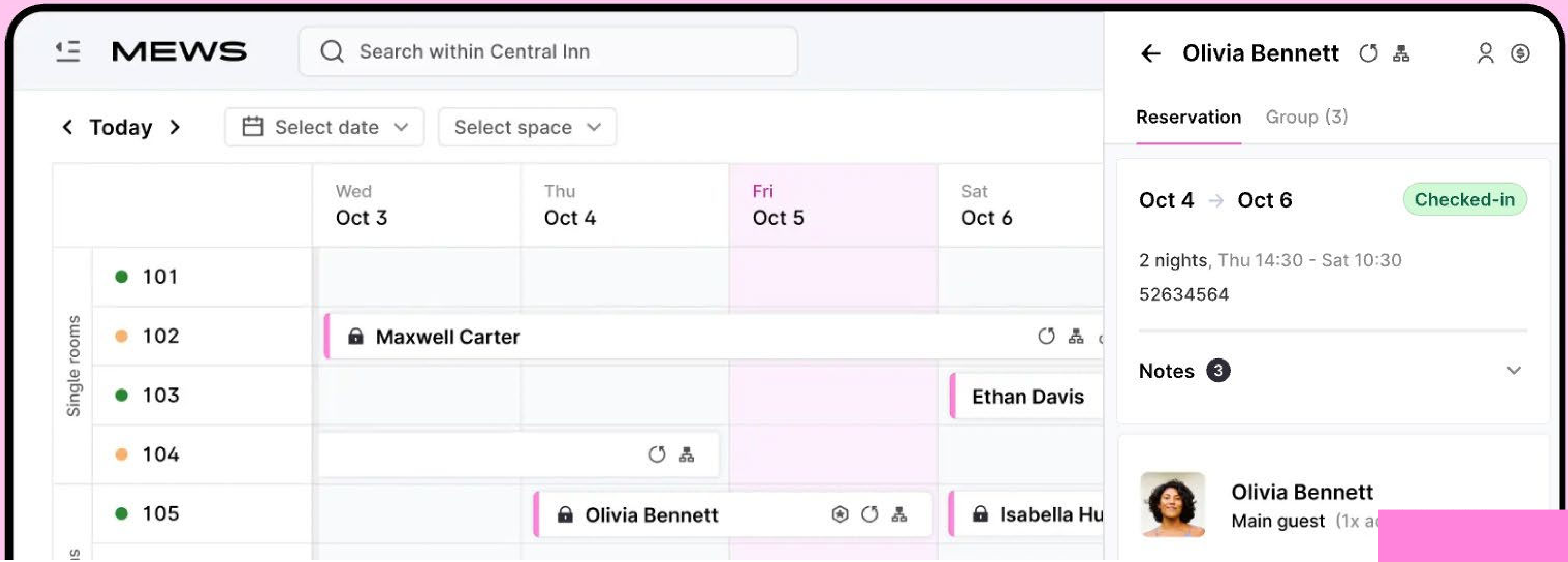
Several structural shifts are reshaping the hospitality sector. **The first shift is digital:** whilst visibility (brought notably by OTAs[2]) is still important for distribution, interpretation has become paramount. As AI assistants compare options, optimise price and convenience, and complete personalised transactions, the key question becomes **whether a hotel is correctly understood, trusted and recommended by algorithms.**

The second shift is financial: hospitality is increasingly inseparable from real estate. Hotels must be creators of asset value, services and recurring revenue for developers and owners.

The third shift concerns use. The boundaries between leisure travel, business travel and residential living are blurring, and guests increasingly expect spaces where they can sleep, work, meet, eat, exercise, socialise and sometimes even live.

These changes raise fundamental questions for hospitality leaders. Who owns the customer relationship in an AI-mediated world? Where is margin captured? How can hotel brands translate emotional desirability into measurable real estate value? **This edition explores hospitality at this point of convergence.** The winners will combine technology and service, real estate and operations into a coherent model, one that protects the guest relationship, increases asset productivity and preserves the essence of hospitality: **the capacity to create trust, comfort and emotion.**

[1] Source: World Travel and Tourism Council (WTTC)
[2] OTA = Online travel agencies



MEWS

START-UP STORIES

MEWS

RETHINKING HOTEL DISTRIBUTION THROUGH ARTIFICIAL INTELLIGENCE

Romain Proglio
Partner, Accuracy

Founded in Prague in 2012, Mews has, in just a few years, become **one of the most influential companies in hospitality technology.** Its latest funding round, completed in 2026, valued the company at approximately **US$2.5 billion.**

Today, more than 15 000 hotels across 85 countries rely on its platform, which has evolved far beyond a traditional property management system to become **a comprehensive operating system for hotels.**

> MEWS DISTINCTIVE STRENGTH LIES IN ITS ABILITY TO INTEGRATE THE ENTIRE COMMERCIAL VALUE CHAIN.

Mews distinctive strength lies in its ability to integrate the entire commercial value chain. Reservations, online distribution, inventory management, payments, dynamic pricing, and guest engagement are all unified within a single platform. Increasingly, these processes are powered by artificial intelligence: **algorithms adjust room rates in line with demand, synchronize inventory** across distribution channels in real time, and automate a growing share of guest interactions.

For hoteliers, the benefits are tangible.

Administrative workloads are significantly reduced, errors become less frequent, and revenue optimisation is now within reach for properties that previously lacked the technological capabilities of large hotel groups.

This democratisation of advanced hospitality technology is arguably one of the key drivers behind Mews rapid growth.

However, **this automation is gradually transforming the relationship between hotels and their guests.** When a booking proceeds normally, the customer journey becomes faster and smoother. But in the event of a cancellation, a pricing discrepancy, or a specific request, the experience can quickly deteriorate. Guests often find themselves navigating online forms, conversational AI assistants, and automated responses before eventually reaching, sometimes with difficulty, a representative able to resolve their issue. What represents a productivity gain for the hotel can therefore translate into a cost in terms of guest satisfaction and long-term loyalty.

This transformation extends well beyond hotel operations themselves. The new conversational AI assistants are set to become a distribution channel in its own right.

In the near future, a growing share of hotel bookings could be completed without guests ever visiting a hotel's website: An AI assistant would identify suitable properties, compare offers, potentially negotiate services, and finalise the reservation on the guest's behalf. In this model, the platform that owns the customer relationship captures an increasing share of the value, while the hotel risks losing direct access to its guests.

Mews' growth reflects a broader transformation taking place across the service economy, where automation is increasingly becoming a key source of competitive advantage. Their long-term success will however depend on their ability to remain focused on the guest experience. In an industry where trust, responsiveness, and quality of service remain key competitive differentiators, technology creates value when it simplifies interactions, but far less when it becomes a barrier between a business and its customers.

3 INDUSTRY INSIGHT
WHO WILL CAPTURE THE NEXT CYCLE OF HOSPITALITY VALUE?

Jérémie Israël
Partner, Accuracy

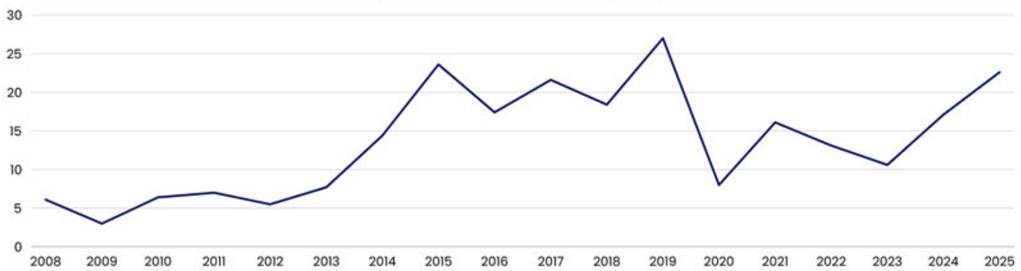
The hospitality industry is undergoing a transformation that goes far beyond a typical market cycle. Behind the rebound in travel demand and renewed investor interest lies a fundamental shift in how value is created across the sector.

Digital platforms are reshaping the customer journey, AI is starting to influence booking decisions, and hotel brands are expanding beyond accommodation into broader lifestyle ecosystems. In this new environment, success depends less on occupancy and room rates alone, and increasingly on data, customer ownership, asset value creation and the ability to generate revenues beyond the room itself.

A RESILIENT SECTOR, BUT A DIFFERENT COMPETITIVE EQUATION

Hospitality has emerged from the pandemic with stronger evidence of structural demand. Travel has become a priority category of spend for many consumers, and international tourism has continued to expand despite inflation, geopolitical disruption and air capacity constraints. In 2025, Travel & Tourism contributed a record $11.6 trillion to global GDP, representing 9.8% of the global economy, and supported 366 million jobs worldwide. In the first quarter of 2026, international tourist arrivals reached 307 million, up 2% year on year, although UN Tourism now points to a more cautious outlook due to the Middle East conflict, transport costs and broader economic uncertainty.[1]

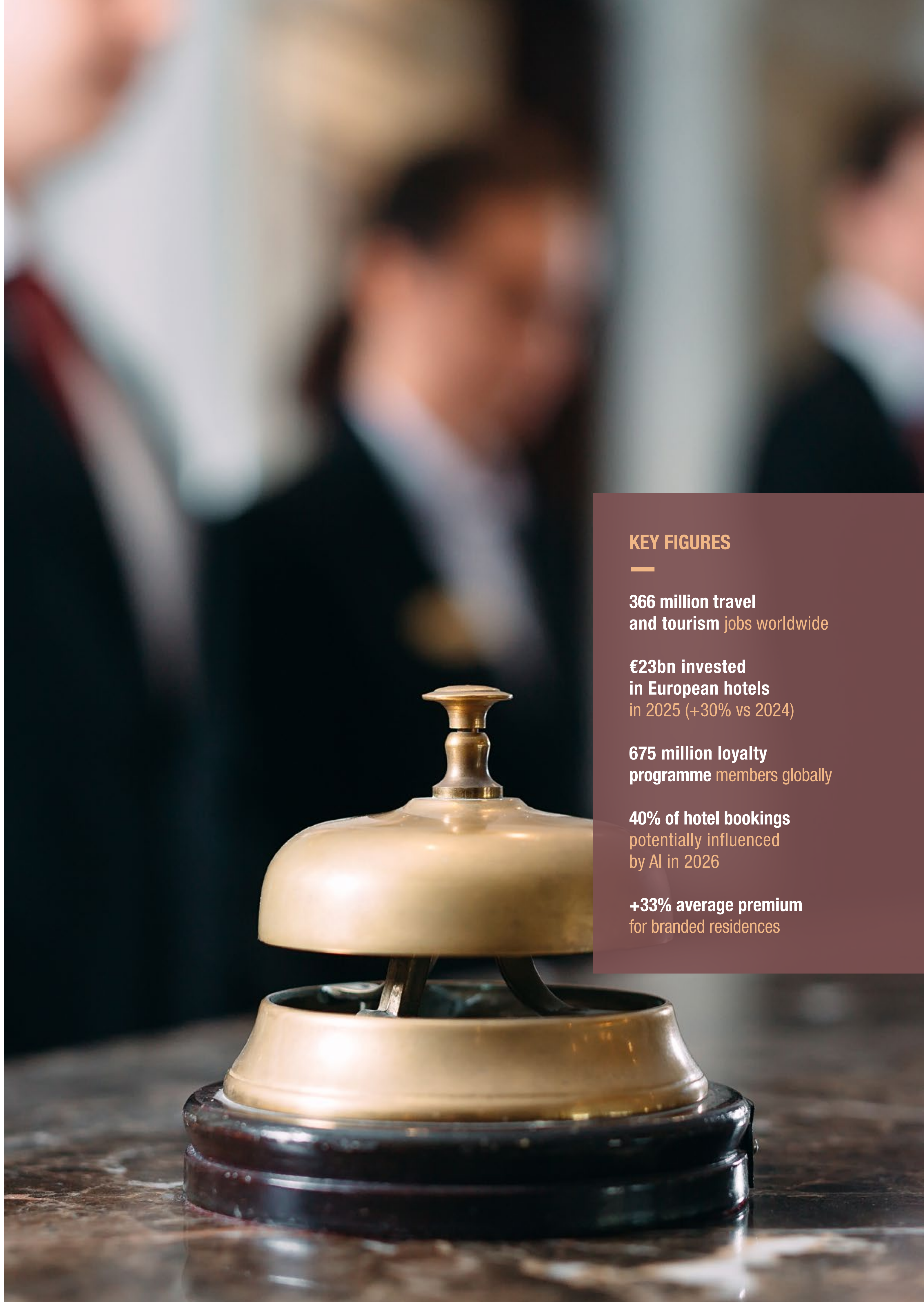
EUROPEAN HOTEL INVESTMENT VOLUME (EUR BN)



Source: HVS

Investment appetite is also returning. Hotel investment almost reached an all-time high in 2025, with €23bn invested in Europe (+30% compared to 2024). Stronger debt markets, high levels of available capital and renewed confidence in the sector should support further transaction growth in 2026.

[1] World Travel & Tourism Council, https://wttc.org/news/travel-tourism-sees-best-year-ever%2C-outpacing-the-global-economy-in-2025



KEY FIGURES

366 million travel and tourism jobs worldwide

€23bn invested in European hotels in 2025 (+30% vs 2024)

675 million loyalty programme members globally

40% of hotel bookings potentially influenced by AI in 2026

+33% average premium for branded residences

However, these favourable fundamentals do not remove the pressure on business models. Operating performance is more uneven, some large leading operators have faced difficulties, labour remains tight in many markets, construction and refurbishment costs are high, and distribution economics are changing quickly. The hotel asset may be more attractive to investors, but the operator's ability to capture value is becoming more dependent on data, brand strength, channel strategy, high-end locations and the ability to monetise space beyond the traditional room. The next cycle will therefore be defined by a broader equation: **net revenue after acquisition costs, total revenue per guest, more service (even in the economy segment), operating efficiency, brand-driven pricing power and asset flexibility**, in addition to the traditional occupancy and average daily rate metrics.

MIXED TRENDS ACROSS SEGMENTS AND GEOGRAPHIES: BOOMING LUXURY, DIFFICULT TIMES FOR ECONOMY & MIDSCALE

One structural dynamic deserves particular attention: the growing performance divergence between market segments and what it means for profitability. The bifurcation is visible on both sides of the Atlantic, but it takes different forms and is driven by partially distinct forces.

REVPAR EVOLUTION - 2025 VS 2024

Source: STR, US Hotel Review, August 2025, CoStar Group, 2025.

Demand remains strong, but growth is no longer evenly distributed: it is increasingly concentrated in segments that retain pricing power.

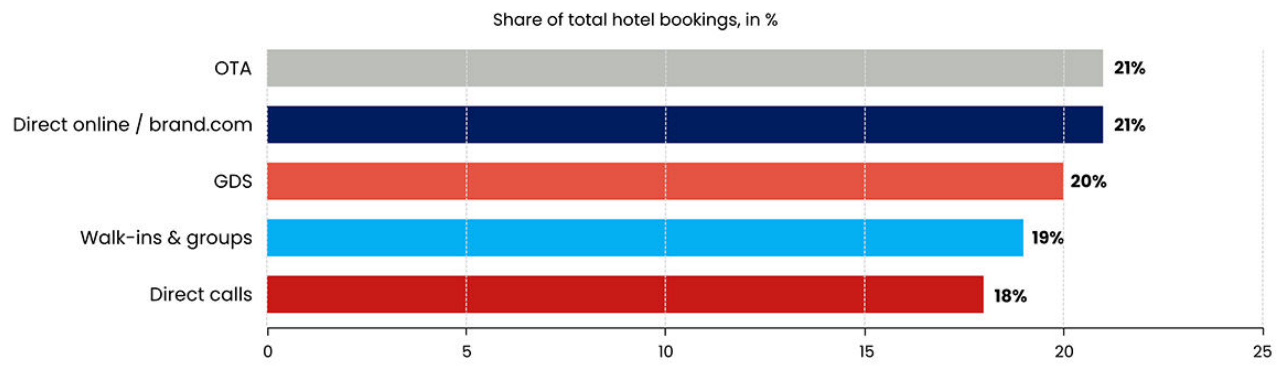
However, a critical nuance must be introduced here: **luxury does not automatically mean high margin.** This is perhaps the most counterintuitive dimension of hospitality economics, and one that is often misread in conversations about segment positioning. The paradox of luxury hospitality is that its competitive advantage – the depth and consistency of service – is also its primary cost driver. Full-service and luxury hotels run GOP margins of 25–35% of total revenue, which is structurally lower than limited-service or select-service hotels, which achieve GOP margins of 35 to 50%.

The reason is structural, linked to more staff per occupied room, more complex F&B operations, costly amenities and guest experiences. ADR growth is running below the rate of inflation, which means that even segments with pricing power are not fully insulating themselves from cost erosion.

In 2024, EBITDA[2] per available room across the industry grew by approximately 2.5%, against overall revenue growth of nearly 7.2%. This gap between revenue and profit growth is the expression of a structural cost base rising faster than operators can reprice. The phenomenon has hit Europe hard, with some hotel operators such as Revo, one of the largest German and Austrian operators, going bankrupt in early 2026.

DISTRIBUTION: FROM OTA DEPENDENCY TO AI-MEDIATED DISCOVERY

HOTEL BOOKING CHANNELS REMAIN FRAGMENTED



Sources: HEDNA / NYU / RateGain, State of Distribution 2025, via PhocusWire; NYU SPS / BCG, 2026; IDC forecast cited by BCG. Percentages may not sum to 100% due to rounding.

[2] Earnings before interest, taxes, depreciation and amortization

The battle is no longer only direct booking vs. OTA booking; AI shifts the market from search-and-scroll to ask-and-book.

For the last twenty years, the hospitality value chain has been shaped by digital platforms. Online travel agencies gave hotels access to global demand, particularly independent hotels and smaller groups. In return, they captured a meaningful share of booking economics and controlled a large proportion of the customer interface.

Up to 40% of hotel bookings could already be passing through AI-mediated environments in 2026, with the decision funnel significantly compressed and guests often committing to a property after a single AI response, without visiting a brand website or reading further reviews.

The generational dimension reinforces the structural nature of this shift: AI travel planning tools are already used by 26% of Gen Z and Millennial travellers, compared to just 8% among Gen X and Boomers. Demand-side receptivity is also strong: nearly 74% of travellers say they are open to hotels using AI for personalised recommendations, pricing variations or tailored offers, suggesting that resistance to AI-mediated hospitality is lower than is often assumed.

AI ADDS A NEW DISCOVERY LAYER[3]

37% of travellers already use AI LLMs embedded in online travel sites.

15-30% typical OTA commission range.

Strategic issue: who controls intent, data and the next decision?

This has several implications.

First, hotels will need content that can be interpreted reliably by AI systems.

Second, hotels will need to optimise not just price, but the full offer architecture. This shift is already measurable with gains driven not only by pricing, but also by smarter segmentation, promotional timing and cross-department coordination.

Third, the direct relationship with the guest will become more strategic. CBRE estimates that hotel loyalty programme members accounted for 52.8% of occupied rooms in 2024, with total membership exceeding 675 million people, highlighting the growing strategic value of first-party guest relationships.

Finally, channel profitability must be measured more rigorously. The relevant metric is not gross ADR, but net contribution after commissions, marketing costs, payment costs, cancellation risk, loyalty cost and expected repeat value.

In short, the battle is no longer one of direct booking versus OTA booking: it is now about **who controls the guest's intent, data and next decision.**

COULD AI TRIGGER A RECONNECTION BETWEEN ASSET-LIGHT AND ASSET-HEAVY MODELS?

The hotel industry has spent the last two decades moving towards asset-light models.

They remain highly attractive from a capital efficiency perspective. However, AI-driven distribution may expose one of its structural weaknesses.

In a world where hotel discovery is increasingly mediated by OTAs, large language models and AI agents, brands will need clean, structured and constantly updated property-level data; highly personalised booking engines; richer content; reliable service delivery; and distinctive experiences that can be understood and recommended by algorithms.

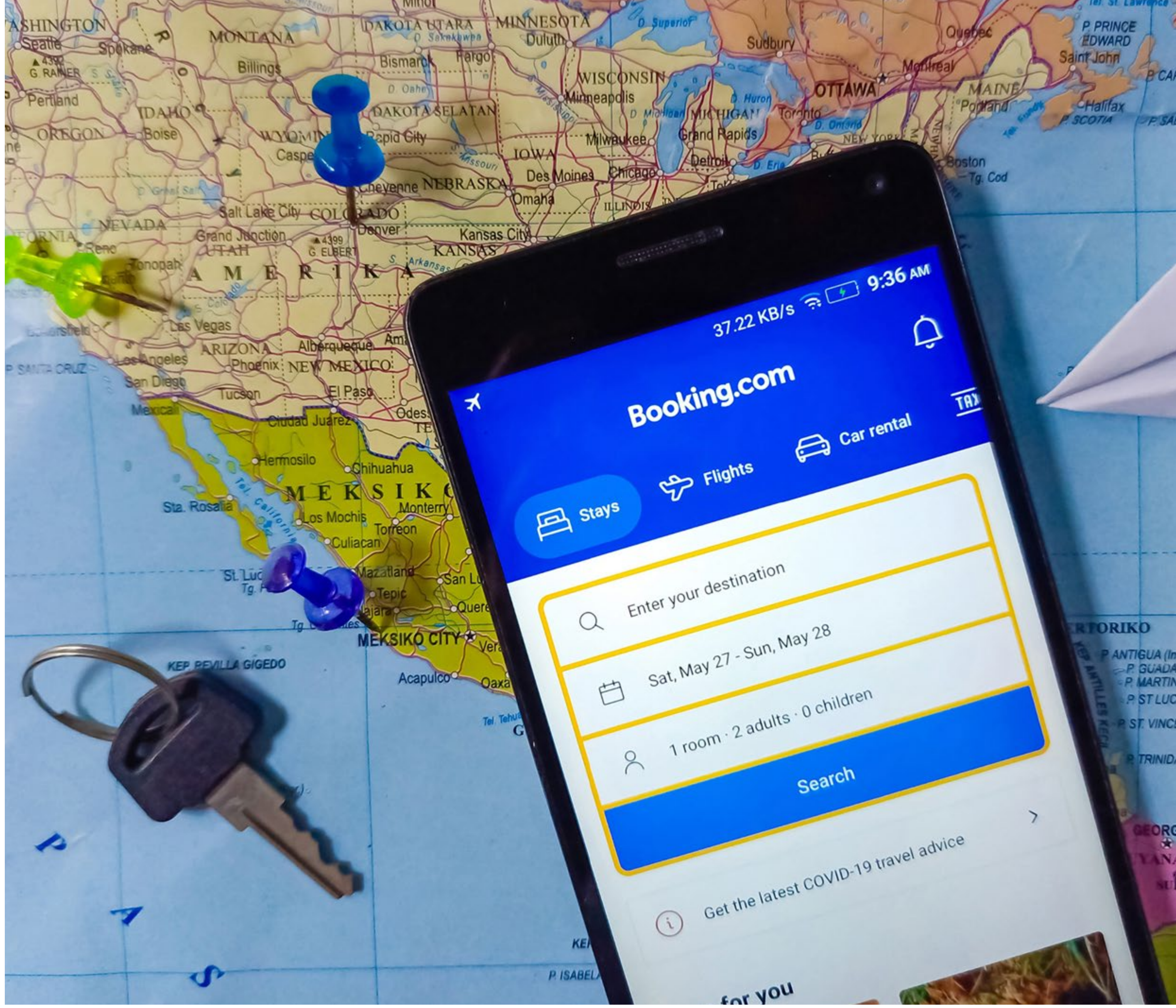
The data, physical spaces, service attributes and experiential proof points often sit at property level. Conversely, asset-heavy owners and operators often lack the technological scale, CRM capabilities and distribution power of the major brands.

The likely outcome is not a broad return to asset-heavy balance sheets, but a deeper operational reconnection between the two models.

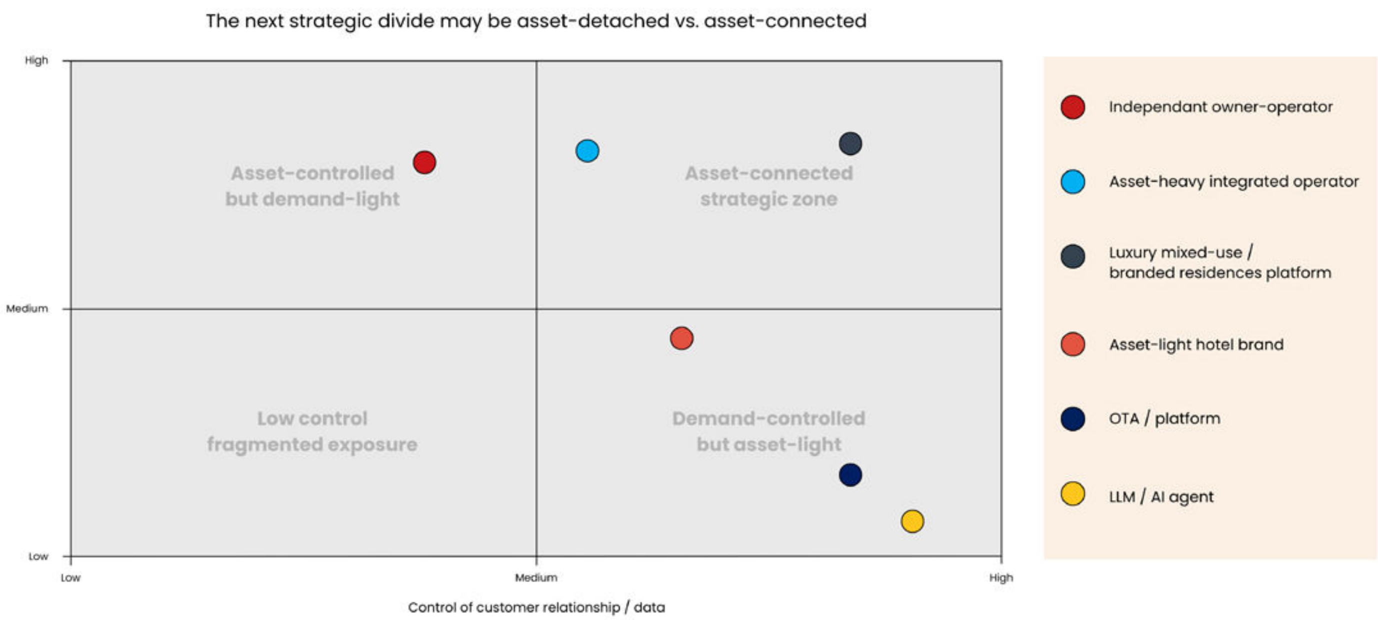
In this sense, AI may not reverse the asset-light model, but it could make a purely detached version of asset-light hospitality harder to sustain.

Some early signals are already visible. In 2025, Hyatt reduced its guest services and support headcount by approximately 30%, reflecting changing guest inquiry patterns.

[3] Boston Consulting Group (BCG) et NYU School of Professional Studies, AI-First Hotels: Faster to Build, Leaner to Operate, and Richer in Customer Experience, mars 2026.



AI WIDENS THE GAP BETWEEN DEMAND CONTROL AND ASSET CONTROL



Illustrative strategic mapping. Source: Accuracy analysis.

LUXURY HOSPITALITY AND REAL ESTATE: THE RISE OF BRANDED LIVING

The second major transformation is the convergence of hospitality and real estate. Luxury hotels have always influenced property values, but the relationship has become more systematic. A hospitality brand can now serve as the anchor of a broader mixed-use development: hotel, branded residences, serviced apartments, private club, wellness centre, retail, restaurants, events and destination programming.

The growth of branded residences illustrates this shift.

Examples can now be found across regions and market segments, from Four Seasons Private Residences in North America to Orient Express Residences, launched by the French luxury hospitality brand, and Aman Residences, which pioneered the concept in Asia and continues to expand globally.

The logic is clear. For developers, a hospitality brand can support pricing, accelerate sales, differentiate a project and reassure buyers regarding service standards. For hotel operators, branded residences create additional fee streams, strengthen loyalty and extend the brand beyond transient stays.

For investors, mixed-use hospitality can diversify cash flows and reduce reliance on a single operating model. For buyers, the proposition represents access to services, security, status, amenities and a curated way of life, in addition to the property itself.

The financial case for developers is equally compelling. **Savills' Global Brand Premium Study[4] confirms that branded residences command an average price premium of 33% over comparable unbranded properties** globally, rising to 39% in resort locations and holding at 30% in both established and emerging cities.

For a developer, attaching a recognised hospitality brand to a residential scheme effectively creates a structural repricing of the asset.

This convergence is changing the way value is created and assessed. Instead of looking solely at hotel EBITDA and cap rates, the economics of a hotel-led project may include residential sales proceeds, brand licence fees, management fees, club memberships, food and beverage revenues, wellness revenues, rental pool income, property management fees and long-term asset appreciation.

It also introduces execution risk.

A hospitality brand must be strong enough to justify a real estate premium but disciplined enough to avoid diluting itself. Service promises made at the point of sale must be delivered for years. Governance between hotel guests, residents, developers, operators and homeowners' associations can become complex. In some projects, the most profitable element may be the residences; in others, the hotel remains essential to drive destination appeal and sustain the brand halo.

The model is not infallible, however, and the sector already carries cautionary examples. Some resort operators have struggled to manage the interface between transient hotel guests and permanent residents, whose expectations, rhythms and governance rights are fundamentally different. Some branded apartment schemes have failed to sustain the service promises made at the point of sale, creating reputational damage that flows back to the parent hospitality brand.

The lesson is simple: **convergence is easy to design and difficult to operate.**

When the most profitable element of a project is the residential component, there is a structural temptation to underfund the hotel operations that create the brand halo justifying the premium in the first place.

Protecting that halo, over years and market cycles, is the central discipline of branded hospitality real estate.

The key issue is therefore choosing **which operating and financial structures will capture the value without compromising service quality, brand integrity or long-term asset performance.**

$23.6BN

ESTIMATED SIZE OF THE BRANDED RESIDENCE MARKET IN 2034

[4] Savills, Branded Residences: 2024/2025 Global Report

HYBRID TRAVEL: HOTELS AS PLACES TO LIVE, WORK AND BELONG

The third transformation concerns the use of space. The boundaries between business and leisure, short stay and long stay, hotel and residential, and work and lifestyle have become increasingly permeable.

Hybrid work is changing travel behaviour. Business trips are extending into leisure stays, while leisure travel increasingly incorporates working days. Demand is also shifting towards longer stays and more residential amenities.

Savills' 2026 European Serviced Apartment Report highlights growing demand for serviced apartments offering kitchens, laundry facilities and reliable connectivity, a trend reinforced by stricter regulation on informal short-term rentals in parts of Europe.

For hospitality players, this creates opportunities but also requires a different asset and operating mindset.

Hotel lobbies evolve into workspaces, social clubs, retail interfaces and food and beverage destinations.

Meeting rooms, wellness facilities and underused areas are being repurposed to maximise utilisation throughout the day, while some properties are repositioning towards extended stay, serviced apartments or mixed-use formats.

This evolution also challenges traditional performance metrics. RevPAR remains relevant, but it is no longer sufficient. Operators and investors are therefore looking elsewhere, increasingly focusing on total revenue per available room, revenue per square metre, ancillary spend per guest, membership revenue, space utilisation by daypart and customer lifetime value.

The success of hybrid formats therefore depends on a delicate balance: increasing revenue per square metre through additional services while using automation selectively to protect margins and preserve high-value guest interactions.

The recovery and transformation of MICE (meetings, incentives, conferences and events) further reinforces this shift, becoming a key driver of hotel space reconfiguration.

For hotels, this supports the case for more flexible meeting rooms, offsite formats, private dining, hybrid event infrastructure and experience-led corporate gatherings. MICE therefore represents another reason why hotel assets need to monetise space throughout the day, not only through overnight stays.

CONCLUSION: HOSPITALITY AS AN OPERATING SYSTEM

Technology, platforms and real estate are reconfiguring the hospitality industry. The hotel of the future will still depend on location, service, design, operational excellence and human attention. But these traditional strengths will need to be combined with new capabilities: data control, AI discoverability, direct customer ownership, mixed-use real estate structuring, flexible asset programming and disciplined revenue management. In the previous cycle, scale and distribution were decisive; in the next one, the winners will be those who can **turn hospitality into an operating system, a platform that connects guests, places, services, data and capital.**

That shift will not make hospitality less human. On the contrary, it may make the human element more valuable. As booking, pricing and routine operations become increasingly automated, differentiation will come from what cannot be automated easily: trust, taste, emotion, community and the quality of the welcome.

In a world where the first recommendation may come from an algorithm, the last memory will still come from a human. The question for hospitality leaders is not how to compete with AI, but **how to build businesses where the human element becomes the margin.** That is, ultimately, what the best hospitality has always done: turn the quality of presence into the source of value.

4 CULTURAL CORNER

THE NEW ECONOMICS OF SANCTUARY?

Sophie Chassat
Partner, Accuracy

What if the hotel has become one of the most revealing institutions of our time? Once merely a place of transit, it is increasingly evolving into a temporary sanctuary for individuals seeking respite. Digital detox stays, immersive wellness experiences, meditation retreats, programmes dedicated to sleep or longevity, they all point to the same shift. **Hotels have moved on from simply selling rooms to selling a state of mind.**

The hospitality sector has, in this sense, become one of the leading players in an emerging economy of comfort and reassurance. This is no marginal development. According to the Global Wellness Institute, wellness tourism is now worth almost **$1 trillion** worldwide and continues to expand rapidly.[1] Meanwhile, Hilton's Trends Report 2025 found that two travellers in five now choose a hotel based on its perceived ability to improve their quality of sleep.

At first glance, this evolution seems entirely natural in a world shaped by hyperconnectivity, ever-intensifying lifestyles and growing psychological fatigue. What many travellers increasingly seek is not so much the journey itself as the opportunity to suspend, for a few days, the demands of everyday life. The German sociologist Hartmut Rosa analyses this condition through the concept of 'social acceleration'.[2] Our societies generate ever greater speed without giving us the feeling that we have any more time. If anything, the prevailing sensation is one of constant saturation.

In this context, the promise of hospitality has shifted to encompass the restoration of a certain openness and attentiveness to the world. The ultimate luxury is no longer abundance: it is attention.

Alongside airports and shopping centres, the anthropologist Marc Augé famously described international hotels as among the great 'non-places' of modernity.[3] They are standardised environments through which people merely pass, forming no lasting connection. Contemporary hospitality now appears to be pursuing the exact opposite ambition. **No longer content to be a place of transit, it seeks to become a place of personal anchorage – a space for reconnecting with oneself, with others, or with a particular landscape and culture.** It is as though travel is no longer about discovering somewhere else, but about recovering something that has been lost. A sense of belonging. A feeling of being at home.

This transformation also raises broader questions about the way we live, the way we work and our relationship with time. But if hotels now prosper by selling calm, sleep and attention, perhaps the most important question should be this: why have these become goods so scarce that we are willing to purchase them, if only for a night or two?

[1] Wellness Tourism Market (2026–2035), Grand View Research
[2] Hartmut Rosa, *Social acceleration: A new theory of modernity*, Columbia University Press, 2013
[3] Marc Augé, *Non-places. Introduction to an anthropology of supermodernity*, Verso Books, 1995

5 ACADEMIC INSIGHT

REGENERATIVE HOSPITALITY: TACKLING OUR WORLD'S GRAND CHALLENGES THROUGH LOCAL IMPACT

Alessandro Inversini
Full Professor and Associate Dean Research & Thought Leadership,
EHL Hospitality Business School

Sustainability has profoundly transformed the hospitality industry. A growing movement is yet pushing hotels and resorts to move toward something more ambitious: **actively restoring and regenerating the natural environments on which they depend, while celebrating and supporting the communities that live, work and interact with the hotel.**

In fact, the hospitality industry was built on a simple promise — to welcome, to host, to create experiences that feel, even briefly, like being somewhere you belong.

But behind that promise, a contradiction has been growing. Hotels and resorts depend entirely on the health of the places they occupy: **they depend on clean water, stable climates, thriving local economies and living cultures.** And yet the dominant model of hospitality development has extracted far more from these systems than it has returned.[1]

Sustainability offered a response but – in general terms- fostered a net-zero culture (i.e. a balance between the negative externalities a business generates and the positive offsetting actions it takes to compensate for them); by contrast the growing movement of regeneration is concerned with net-positive impact on the interconnected natural and social ecosystems around the business: rather than seeking a zero-sum outcome, regenerative properties ask whether a business's presence in a place generates more value than it consumes at natural and social level. **Not balance, but surplus.** The ecosystems are healthier, the community is stronger, the culture is more vibrant because the business actively contributes to the enhancement, restoration and even regeneration of the place and its people.[1]

In a nutshell, regenerative hospitality addresses the converging crisis we are living in a direct way. It represents **a shift from a net-zero mindset, to a net-positive approach,** where businesses actively restore and strengthen the interconnected ecosystems around and within them. Hospitality organization that embraces regeneration develop what we call **"Place Intelligence"**: a business's capacity to genuinely understand and contribute to the natural and social ecosystems it operates within.

Hotels that take these questions seriously stop being self-contained in worlds and become embedded in where they are. They celebrate local nature and local culture as a core value.

This stems in what we call **"People Intelligence"**: the relational ecosystem that connects a hospitality business to its guests and community. In regenerative hospitality, Place Intelligence shapes this ecosystem, enabling authentic and potentially transformative experiences rooted in local nature, culture and community. Designed by hosts, for guests.[2]

Through my work with hotels aspiring to become regenerative, I have witnessed a profound mindset shift. Organisations begin restoring local ecosystems by planting indigenous trees, protecting native species, supporting community entrepreneurship and creating hospitality-related employment and training opportunities for local residents.

In doing so, employees increasingly recognise that they are part of a living ecosystem and can actively contribute to its vitality.

This in turn creates more authentic experiences for guests, who are invited to participate in and contribute to the regenerative journey.

Regeneration is not a new form of sustainability: it is a paradigm shift for the hospitality industry; it is context-specific by nature and is rooted in the specific conditions of each place, not in a universal set of interventions. The question is not whether you have the budget for a rewilding program. It is whether you understand the place you are part of well enough to know what contribution you can make.

Regenerative hospitality is no longer limited to a handful of pioneering properties such as Playa Viva in Mexico or Rock House in Jamaica, which were designed from the outset around regenerative principles. It reflects a broader shift in how hospitality businesses define value creation. **Rather than measuring success solely through operational or financial performance, regenerative organisations assess their ability to strengthen the natural and social systems on which their business depends.** This approach requires a deep understanding of local realities and a commitment to generating positive outcomes for communities, ecosystems and guests alike.[3]

Therefore, regenerative hospitality is not a trend. It is a response to structural pressures that are not going away. It is ultimately a business orientation and the shift it requires is real — longer time horizons, accountability to stakeholders who don't appear on a conventional balance sheet, genuine humility about what a business can control. But the opportunity is correspondingly large: for hospitality to be not just a provider of beds, breakfast and eventually experiences, but an active force for the renewal of ecosystems, communities and, ultimately, guests themselves.[3]

[1] Inversini, A., & Gryczka Kirsch, N. (2025x§). *Regenerative hospitality is here to stay.* Hospitality Net. https://www.hospitalitynet.org/opinion/4126828/regenerative-hospitality-is-here-to-stay [hospitalitynet.org]

[2] Inversini, A., Sone, R., Schegg, R., & Keller, A. (2025). *Regenerative Hospitality Canva - A Playbook to Navigate Regenerative Transformation for Hospitality Businesses* (Edition 1.1.(2025). Zenodo. https://doi.org/10.5281/zenodo.17021323

[3] Inversini, A. (2026). *Regenerative Hospitality: Strategies to Become a Transformative Hospitality Leader.* Edward Elgar Publishing.

6 ECONOMIC POINT OF VIEW
GEOECONOMICS AND GEOPOLITICS OF TOURISM

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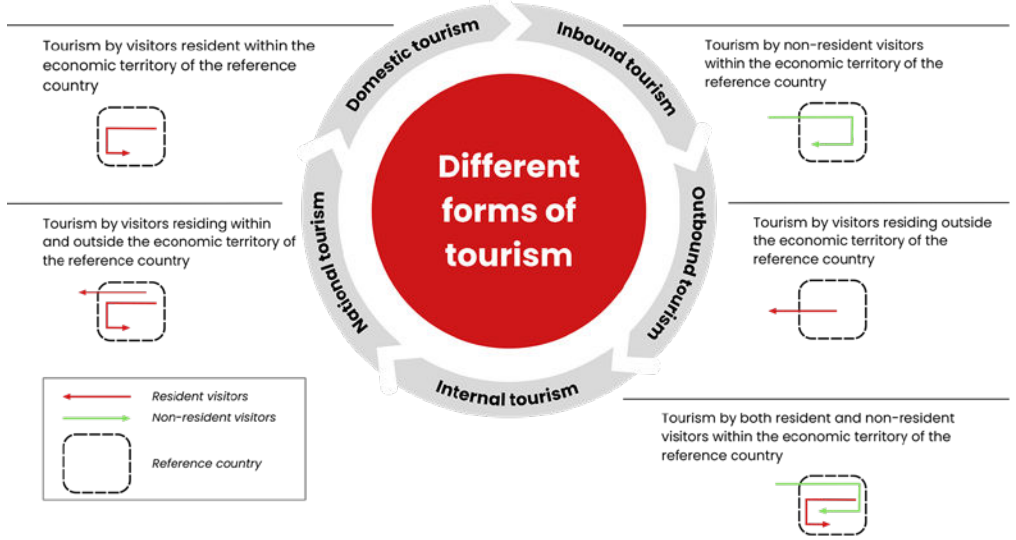
Accuracy

Tourism and optimism tend to go hand in hand, and the summer season lends itself naturally to both – at least in the Northern Hemisphere! **But how is the sector coping with the geoeconomic and geopolitical upheavals reshaping today's world?** And, while adaptation is clearly necessary, can it be achieved easily?

Before addressing these questions, **it is worth establishing the framework: what exactly is tourism, and how significant is it?** According to the United Nations, tourism encompasses any trip away from one's usual place of residence lasting at least one night and no more than one year, regardless of purpose: business, leisure, health, and so forth. **What distinguishes tourism from leisure activities is its timeframe.** Leisure takes place within daily life, over the course of a day or an evening. The origins of the word itself reveal an anthropological dimension that remains relevant today. Tourism derives from the old French word tour and entered English usage in the early nineteenth century. The term evokes a circular journey – **travel is not intended to last forever; it ultimately brings the traveller back to the point of departure.**

To take this reflection a step further, consider one of the modern myths of travel: **the American road trip**. Contrary to appearances, it is not primarily associated with crossing borders but with discovering one's own country. It highlights a fundamental characteristic of tourism: it can be either domestic or international. In both cases, the journey reflects a desire to break with routine and broaden one's horizons. That aspiration runs through the entire culture of travel, from the novels of Jules Verne to Jack Kerouac's *On the Road*. More than simply an economic activity, tourism fulfils an ancient promise: the call of elsewhere. It is precisely this promise that explains tourism's remarkable expansion over recent decades.

To grasp the scale of tourism's development, it is useful to begin with a framework that categorises its various forms. There are five in total: three 'primary' categories – domestic tourism, inbound tourism (from abroad into a given country) and outbound tourism (from a given country to destinations abroad) – and two combined categories – internal tourism (domestic plus inbound) and national tourism (domestic plus outbound). Total tourism can be defined as the sum of internal, inbound and outbound tourism.



Let us turn to the numbers, focusing first on four countries that play a major role in the sector: relative to population size, total tourism activity represents around 5.7 times the population in Spain, 4.6 times in France, and roughly 2.5 times in both Thailand and the United States. Tourism is predominantly domestic in the American and Asian cases, while inbound tourism carries much greater weight in the two European economies. Outbound tourism, meanwhile, appears closely linked to residents' purchasing power.

THE DIFFERENT COMPONENTS OF TOURISM: RESPECTIVE WEIGHT IN A REPRESENATIVE SAMPLE OF FOUR COUNTRIES

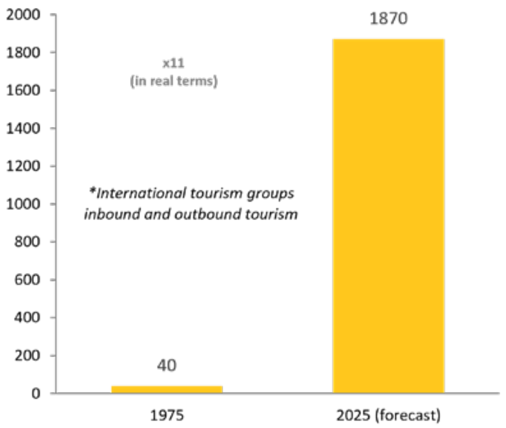
Figures for 2019 in millions of trips (and as a percentage of total tourism)	Domestic tourism (1)	Inbound tourism (2)	Outbound tourism (3)	Internal tourism (4 = 1 + 2)	National tourism (5 = 1 + 3)	Total tourism (6 = 1 + 2 + 3)	Population (ratio of total tourism to population)
France	186 (61%)	91 (30%)	30 (9%)	277	216	307	67 (x4.6 %)
Spain	166 (62%)	84 (31%)	20 (7%)	250	186	270	47 (x5.7 %)
Thailand	132 (73%)	40 (22%)	10 (5%)	172	142	182	72 (x2.5 %%)
United States	690 (79%)	79 (9%)	100 (12%)	769	790	869	330 (x2.6 %)

Sources: UN Tourism, World Bank

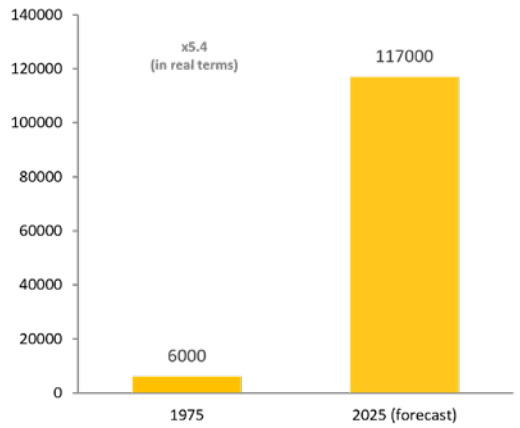
Moving beyond taxonomy and country examples, **it is worth stepping back to consider the global landscape. A useful starting point is the distinction between international and domestic tourism:** residents of a given country travel either abroad or within their own borders. **International tourism is relatively straightforward to measure,** thanks to United Nations data. Its expansion over the past fifty years has been nothing short of spectacular. Global receipts from international tourism have increased elevenfold, compared with world GDP growth of 440% over the same period – a multiplication factor of 5.4. Visitor numbers have risen sevenfold, while the global population has merely doubled. As we have already seen, however, this boom has been far from uniform. Some countries are considerably more exposed to tourism than others.

Assessing domestic tourism and its evolution over time is considerably more difficult.

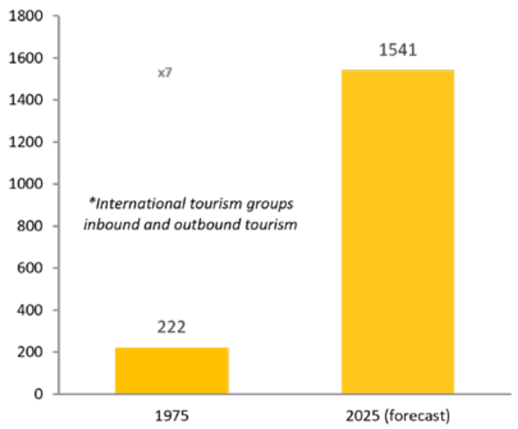
REVENUE FROM INTERNATIONAL TOURISM* (IN BILLIONS OF $)



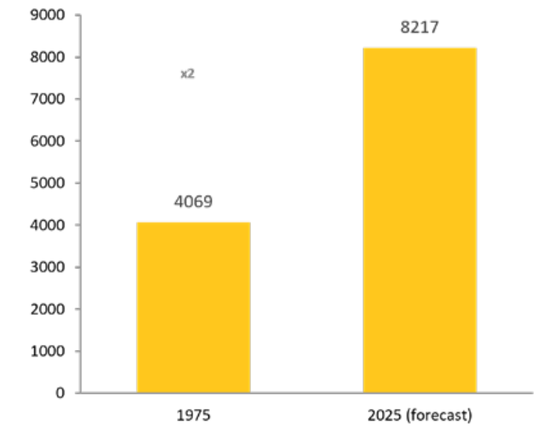
GLOBAL GDP (IN BILLIONS OF $)



INTERNATIONAL TOURIST ARRIVALS* (IN MILLIONS)



GLOBAL POPULATION (IN MILLIONS)



Sources: Accuracy, UN Tourism

Worldwide statistics are often incomplete. One figure is nevertheless well established: in 2018 there were around 9 billion domestic tourist trips, compared with 1.5 billion international tourists. While international tourism expanded sevenfold between 1975 and today, domestic tourism likely grew by a factor of only 3 to 3.5. Both trends share common drivers: population growth, rising GDP per capita and urbanisation. Yet international tourism has benefited from additional forces, including falling air travel costs, more open borders during a prolonged period of relative global stability, the emergence of the internet and online booking platforms, and the expansion of the middle class across emerging economies.

With the scene now set, attention turns to centre stage: how are global disruptions affecting tourism? A useful geoeconomic and geopolitical framework can be built around four dimensions.

First, tourism is a significant contributor to economic activity. Globally, it accounts for around 3% of GDP directly and roughly three times that level once indirect effects are included, although national differences are substantial. In Thailand, tourism represented nearly 7.5% of GDP at the end of the 2010s before collapsing to just 0.8% in 2021 in the wake of Covid-19. Its recovery has proved far from straightforward. In Spain, the sector typically contributes between 6% and 7% of GDP. In France, the figure exceeds 3.5%, while in the United States it stands at around 3%. Beyond growth, tourism supports employment, investment and consumption, often significantly in regions best suited to the industry. For countries that have embraced international tourism, it also provides a welcome boost to external accounts, as tourism revenues are recorded as exports of services.
Second, tourism is a source of international influence. When visitors enjoy a positive experience, the resulting goodwill strengthens a country's soft power, the intangible assets that underpin international influence, including language, culture, values and, ultimately, diplomacy.
Third, when combining these economic and cultural dimensions, **tourism becomes a strategic tool that governments can deploy in the pursuit of international competitiveness.**
Fourth, tourism comes with significant vulnerabilities. The sector is acutely sensitive to crises, whether pandemics such as Covid-19, geopolitical tensions as currently seen in the Middle East or developments in financial markets. Exchange rates, in particular, are a critical determinant of tourism performance.

Against this backdrop, how should we characterise the geoeconomic model of our four representative countries?

The United States is the world's largest tourism market, with direct tourism GDP estimated at nearly $900 billion in 2025.[1] Around 90% of activity is domestic. The sector is both dominant and stable, while the tourism balance is broadly in equilibrium. This strength is reinforced by the country's considerable soft power, reflected in foreign visitors' enthusiasm for its national parks, theme parks such as Disney, and iconic destinations including New York, Las Vegas and Los Angeles. In fact, **tourism primarily serves as a showcase for America's economic strength through domestic tourism and its international appeal through inbound tourism. France attracts more foreign visitors than any other country in the world. Yet the sector's relative weight in the economy is not so high as to create systemic risk should tourism activity weaken.** Nevertheless, tourism plays a vital role in France's cultural reach and is a major contributor to its external balance. The tourism surplus accounts for roughly one-third of the surplus generated by the services sector as a whole and therefore helps offset, at least in part, the country's trade deficit in goods. **Tourism is a cornerstone of French soft power, through the country's heritage, culture and lifestyle offerings.** Even so, it remains dependent on the international economic and geopolitical environment. **In Spain, tourism is an economic giant.** Its contribution to GDP can exceed 15% once indirect effects are included, while tourism earnings play a decisive role in generating the country's current-account surplus. However, **the country's specialisation in mass tourism leaves it highly exposed to economic downturns and geopolitical tensions. Thailand faces a similar challenge.** Its external accounts are particularly vulnerable when tourism underperforms, making it more difficult to compensate for weaknesses elsewhere in the economy.

As these examples illustrate, **tourism sits at the intersection of three key dimensions: economic weight, soft power and external balance.** Spain and Thailand represent classic 'tourism-exporter' models. For such systems to function effectively, the world must remain open and the global economy operate under broadly normal conditions. France is less dependent, but tourism remains crucial both to the country's attractiveness and to the health of its current account. The United States, by contrast, benefits from such powerful economic, cultural and political leadership that it enjoys the luxury of a relatively comfortable form of tourism neutrality. The same cannot be said of the other countries in our sample. Tourism will almost certainly remain a powerful engine of growth and influence. **The question is no longer whether it will continue to expand, but how it will adapt to an increasingly fragmented world.**

[1] Source: Tourism Economics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