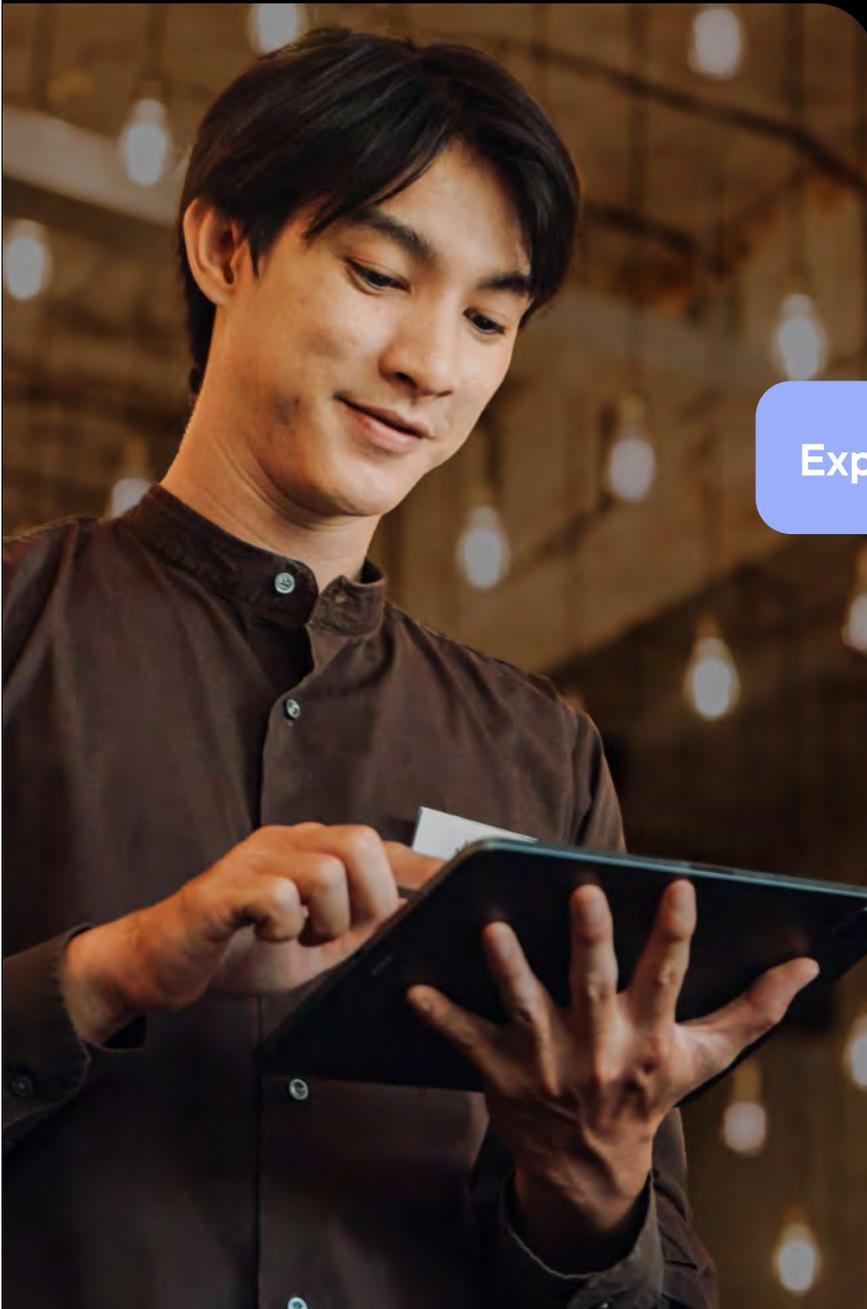




REPORT

THE HOSPITALITY PROFITABILITY BENCHMARK

Industry trends, operational challenges,
and future outlook.



Explore



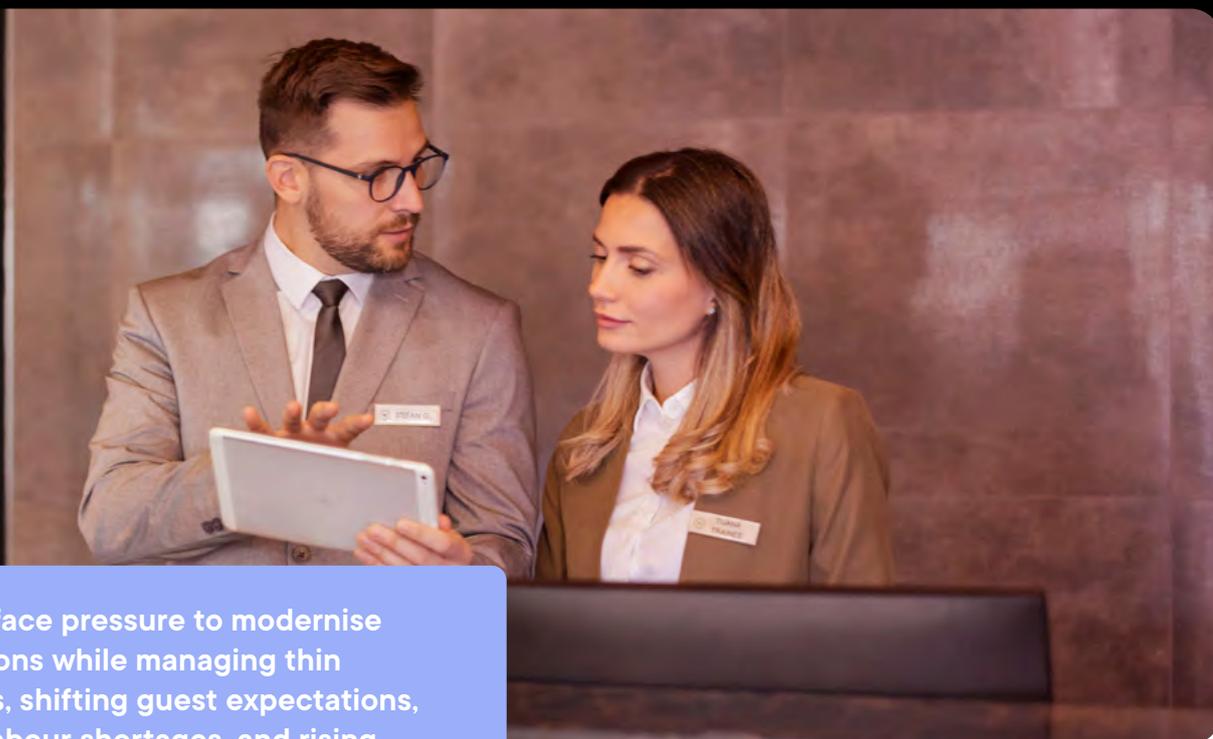
Master the
strategies
that drive
results

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Executive summary



Hotels face pressure to modernise operations while managing thin margins, shifting guest expectations, acute labour shortages, and rising cybersecurity threats. At the centre of this sits the Property Management System (PMS), the operational core that either enables or constrains everything else a hotel tries to accomplish.

Manual handling turns this core into a vulnerability. Staff match folios to terminal batches by hand, introducing human error at scale, misplaced transactions, overlooked chargebacks and expired preauths, unmatched reversals, reconciliation gaps, plus onboarding delays from multi-vendor silos. Guest data gets printed for shift handovers or emailed insecurely, shared more widely than GDPR and PCI allow.

Each step amplifies cybersecurity exposure, from physical documents left in break rooms to digital fragments scattered across inboxes, breaching GDPR and PCI while inviting fraud that costs millions in breaches and fines.

The central thesis of this report is straightforward: PMS is the operational core, and natively integrated payments significantly reduce these risks. When payment systems remain disconnected, hotels absorb hidden costs through reconciliation time, chargeback vulnerability, and fragmented guest data. When payments integrate natively with PMS, those costs convert to capacity, margin, and a secure guest experience.

Key market indicators



RevPAR (Revenue Per Available Room)

€85.85 (+2.58% YoY)

Recovery continues, but capturing margin from demand is now critical.



Global Hotel Occupancy

72% (+8 pts vs 2019)

Pandemic lows have passed, but geopolitical risks weigh on US corporate travel, while leisure and urban demand drive efficiency.



Labour gap (Hotels reporting shortages)

64.9%

Staffing shortages create strain that fragmented tech cannot relieve.



Cloud PMS adoption share

64.9% [KB1.1][GP1.2][MF2.1]

Cloud dominates at 12.6% CAGR – operators demand flexibility, not silos.

These figures tell a story of an industry in transition.

RevPAR has reached €85.85, up 2.58% year-over-year, which suggests continued recovery. At the same time, labour gaps affect 64.9% of properties, creating operational strain that technology must address.

Hoteliers are now choosing Cloud PMS software over On-prem with 64.9% of deployments growing at 12.6% CAGR, as operators seek flexibility and reduced IT burden. The question has shifted from whether to modernise to how to do so without creating new fragmentation.

This report addresses these trends through the lens of integrated payments, examining where margin leaks occur and how PMS-native payment solutions close those gaps. The sections that follow provide industry context, map the PMS vendor market, document guest pain points with evidence, and chart a path forward.

01



Industry trends

Market snapshot

Hotel Bookings

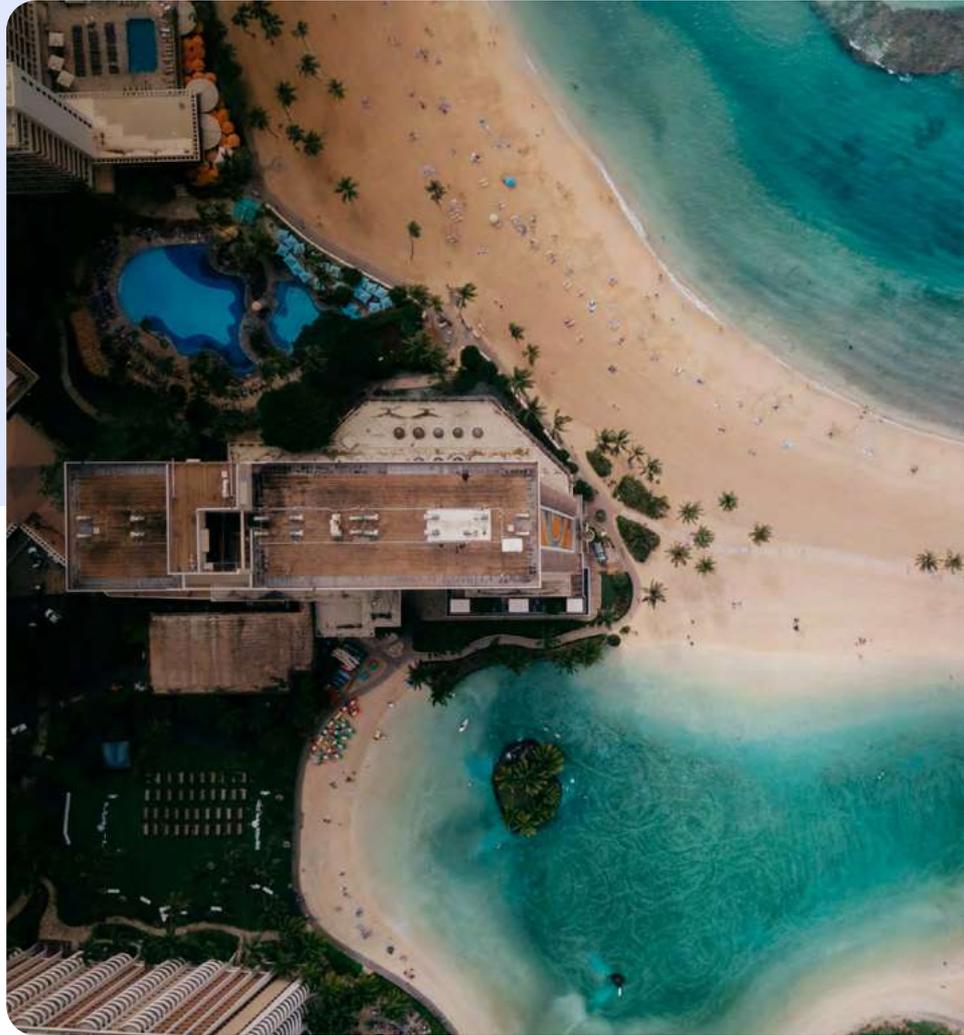


€437bn

Hotel Occupancy



72%



Global hotel bookings reached €437 billion in 2024 and are projected to grow to €1.09 trillion by 2030, reflecting a 13.1% compound annual growth rate. Global occupancy sits at 72%, up eight percentage points versus 2019 . The Americas and Europe show the strongest uplift, while Asia-Pacific (Japan, Korea, Vietnam) surges via intra-regional demand. The recovery from pandemic-lows is complete. What matters now is capturing margin from returning demand.

Cloud deployment dominates with 64.7% share, growing at 12.6% CAGR, while revenue management modules represent the fastest-growing functionality segment at 14.4% CAGR. This growth reflects operators demanding AI-driven pricing and flexibility over legacy silos. Small and medium enterprises captured 57.4% of market share in 2024, increasingly viewing Cloud PMS as a strategic necessity rather than a discretionary upgrade.

Cloud Deployment Share



64.7%

Small/Medium enterprise share



57.4%

Operational pressures

Labour shortages compound operational pressures, as properties devote increasing time to manual payment reconciliation, training staff across fragmented systems, and mitigating security gaps from siloed data flows.

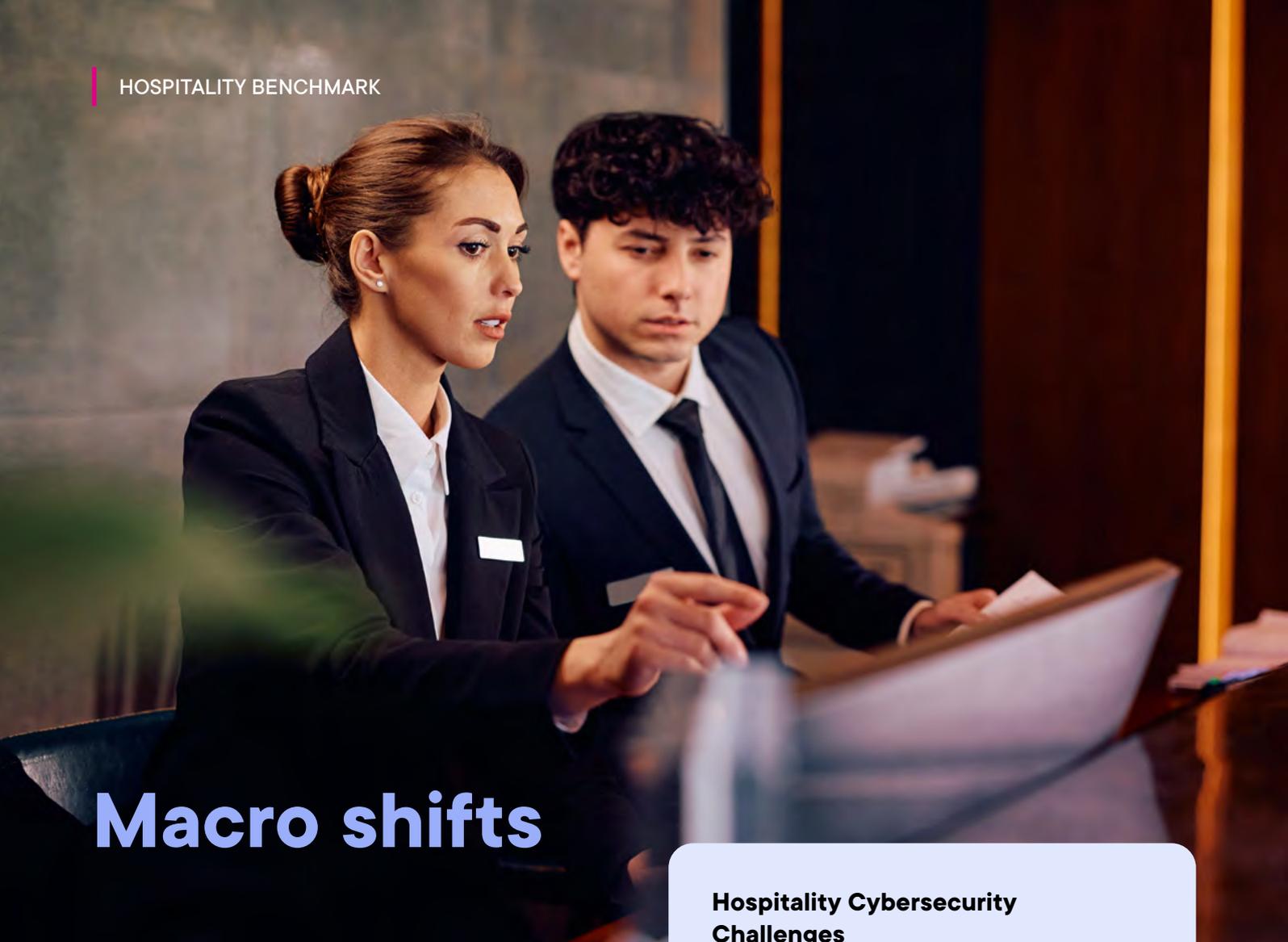


Front-desk teams and finance staff spend hours daily matching folios to bank settlements, chasing discrepancies from disconnected PMS and payment gateways, and handling chargeback disputes, tasks that multiply with every new vendor or bolted-on tool, while exposing properties to breach risks through inconsistent access controls. Onboarding new hires becomes a protracted ordeal when they must learn multiple interfaces rather than a single, intuitive platform, diverting experienced managers from revenue-driving activities.



According to HOTREC analysis, European hospitality operates ~10% below required staffing levels as of early 2026, down slightly from pandemic peaks. Annual turnover runs between 25–35%, well above sector averages. With vacancy rates of 3.5–4.2% in Western Europe and half of managers citing burnout risks, there is simply no margin for inefficient processes. The World Travel and Tourism Council projects a global workforce shortfall of 43 million jobs by 2035.

These labour dynamics amplify every inefficiency: high turnover resets the training clock on complex workflows, while understaffed teams absorb reconciliation burdens that should be automated. Properties with siloed systems face a compounding penalty; lost productivity today, plus the ongoing cost of retraining tomorrow, making unified PMS-payments integration not just desirable, but essential.



Macro shifts

Cybersecurity risk has escalated sharply. HBX Group analysis shows European hospitality breaches averaging €3.82 million, with 89% of affected properties hit multiple times yearly; POS and payment systems top risks, mirroring guest Wi-Fi vulnerabilities. With operators anticipating rising attacks, security now drives technology decisions.

Guest sustainability expectations add further pressure, with properties emphasising environmental practices seeing 23% higher conversion rates. Major events create demand spikes that test operational capacity, the 2026 Winter Olympics in Milan-Cortina will deliver unprecedented volume to Italian properties. Tax Free solutions, which increase average transaction value by 4.6%, position integrated payments as a revenue driver for properties serving international travellers during these peak periods.

Hospitality Cybersecurity Challenges



Contactless Technology:

While convenient, it can open new cyber-attack vectors.



Open Networks:

High guest turnover often leaves networks exposed.



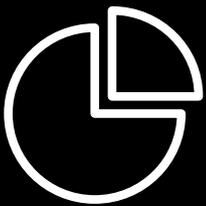
Seasonal Staff:

Frequent turnover leads to inconsistent cybersecurity training.



Fragmented IT Systems:

Multiple property management systems across regions increase vulnerability.



Margin squeeze

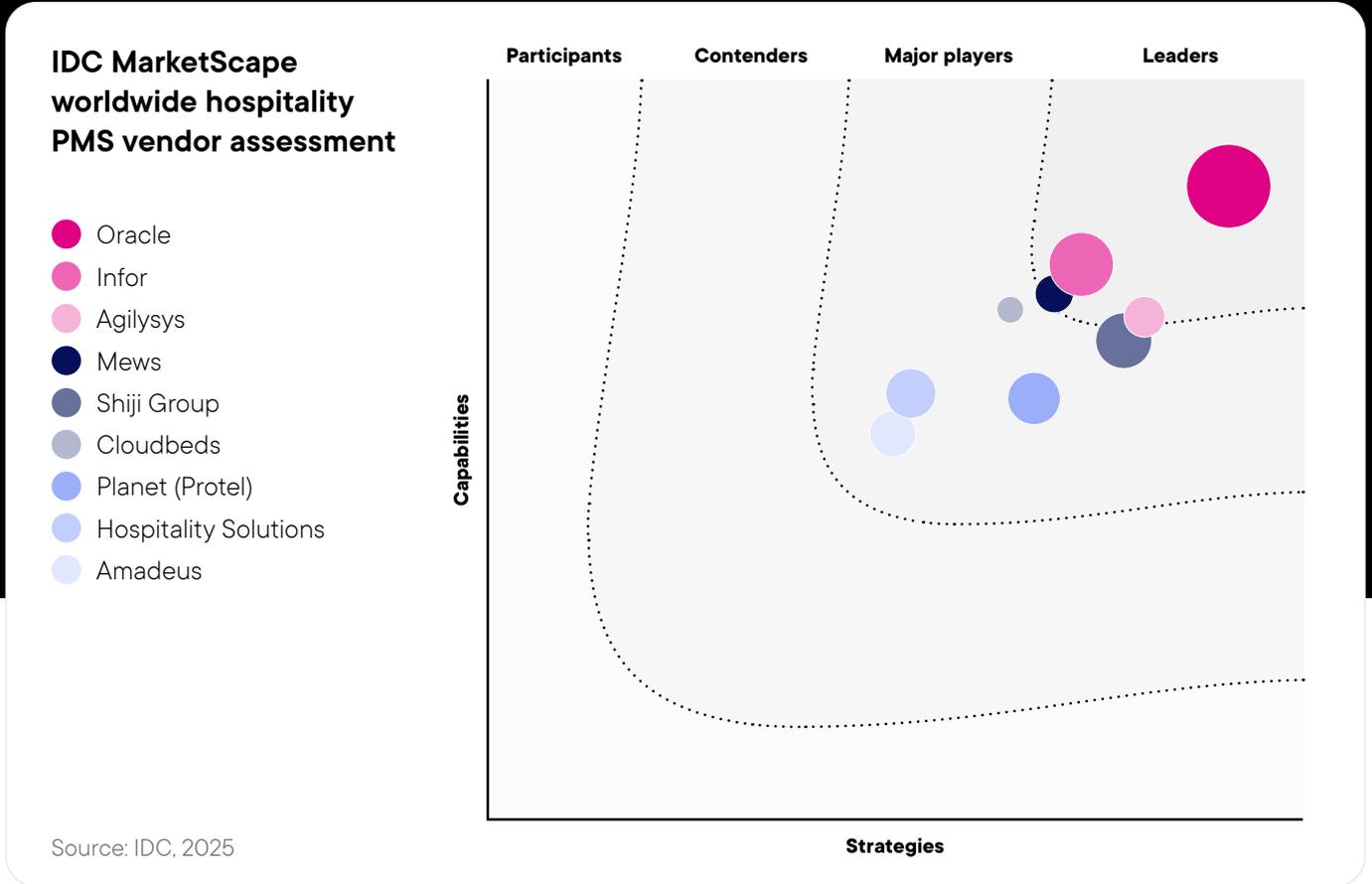
OTA dominance continues to squeeze margins. Online travel agencies hold approximately 55% of online booking market share, with commissions rising from 10% historically to 15-30% in 2025. Mobile bookings now represent 60% of travel reservations, a channel where OTAs have invested heavily. Expedia alone spent EUR 1.38 billion on advertising in Q1 2024. For hotels, every percentage point of commission on EUR 2 million in payment volume represents EUR 20,000 annually, which explains why commissions rank as the second-largest expense after labour for many properties.

PMS market



02

How the IDC defines leaders



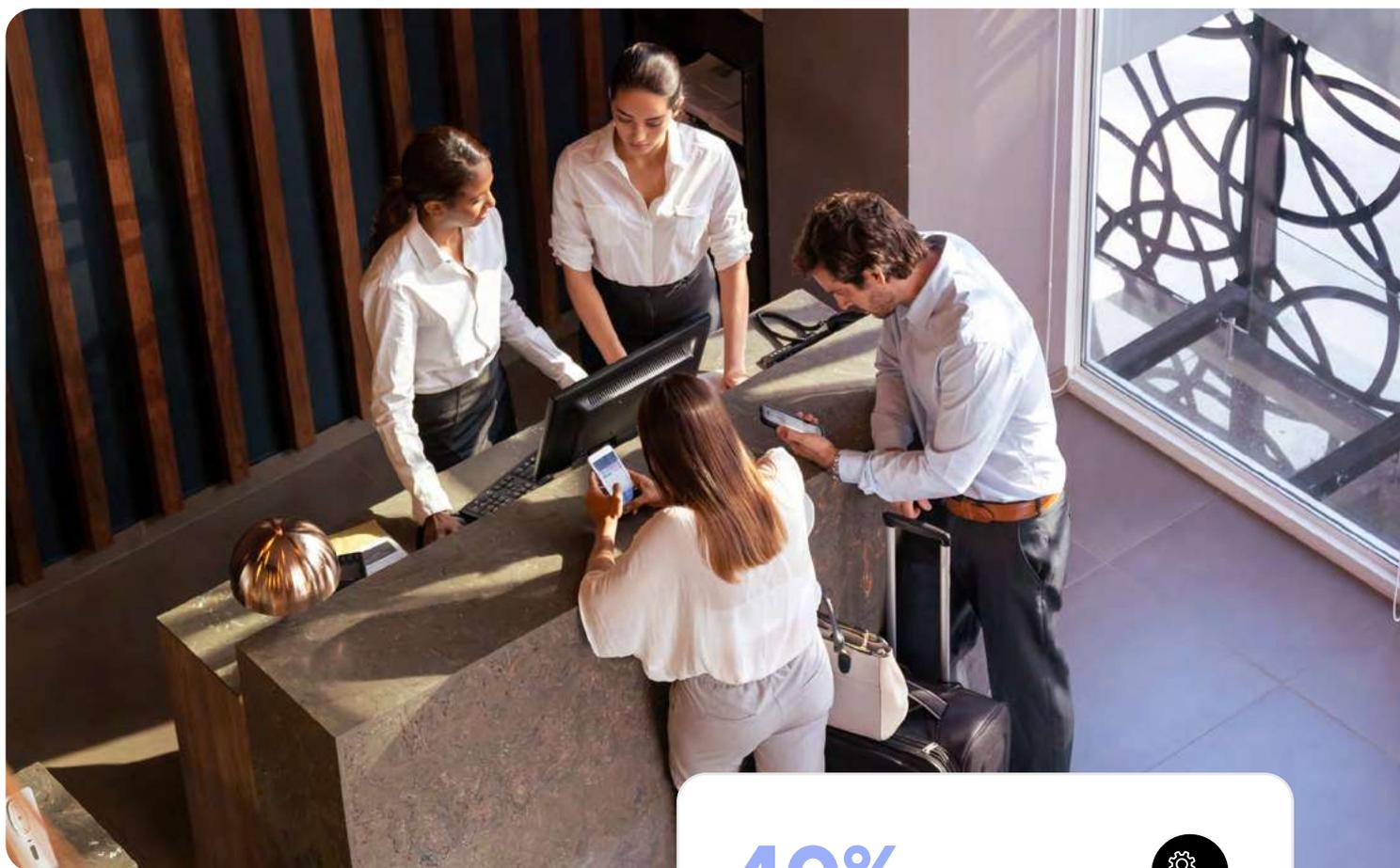
The IDC MarketScape 2025 Worldwide Hospitality Property Management Systems Vendor Assessment evaluates providers across two dimensions: capabilities and strategies.

Leaders occupy the top-right quadrant, demonstrating both strong current functionality and forward-looking roadmaps. The assessment examined nine vendors representing the majority of market share, though the IDC notes that the market remains complex and highly fragmented with local and region-specific solutions.

Several characteristics distinguish leaders. They focus on hybrid operations and systems that help hoteliers diversify portfolios. They prioritise mobile-first experiences for guests and employees alike. They embed AI and automation into core workflows rather than tacking it on as an afterthought.

IDC’s current weighting undervalues the operational benefit of PMS-native payments, the biggest efficiency gains in real hotel environments are realised precisely where integration removes reconciliation effort and multi-system training, an area where Planet (Protel) has measurable advantage. Most importantly, leaders address integration and interoperability as an ongoing demand, recognising that hotels need systems connecting with existing technologies without friction.

Core demands: Efficiency and integration



40%



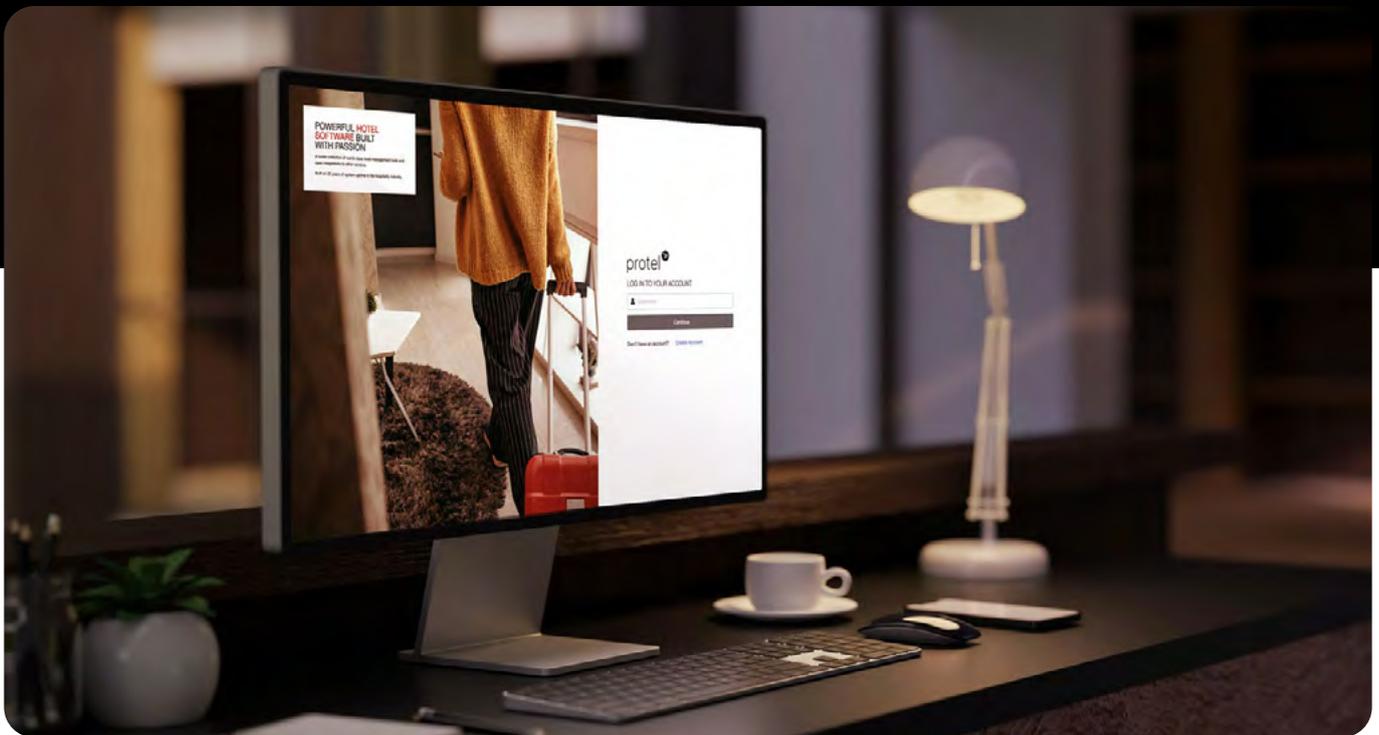
of hoteliers are prioritising digital transformation to drive efficiency gains.

Hoteliers seek efficiency gains, with 40% targeting digital change as a primary goal. The IDC advises buyers to discuss with PMS partners how the platform can use unified guest profiles across properties. Security is table stakes but cannot be assumed; buyers should examine how vendors address GDPR compliance and data protection. Flexibility matters too, with the IDC recommending buyers ask for examples of rapid property deployment and configuration updates.

The push against silos emerges repeatedly. As hoteliers seek modular, composable platforms, vendors must demonstrate strong strategies to avoid data fragmentation as ecosystems expand. The modern PMS is no longer a standalone system. It has become a platform connecting reservations, guest profiles, housekeeping, revenue management, and increasingly, payments.

The PMS advantage and the payments gap

Leading PMSs deliver extensive functionality, from thousands of APIs to global scalability and emerging AI capabilities. These platforms excel in enhancing property operations and guest management. However, payments often remain a secondary consideration, handled through third-party integrations rather than embedded as a core feature.



This disconnect presents a clear opportunity for improvement. Integrated payments bring financial processes into the operational centre, replacing manual reconciliation with real-time automation, eliminating repeated card entry through unified guest tokens, and removing onboarding delays from fragmented multi-party certification, MID approvals, terminal config mismatches, OTA mapping checks, and PSP gateway test failures.

Native payments standardise deployment and unlock new revenue streams with added services such as Pay in Your Currency (giving guests the choice to pay in their own currency) processing.

The PMS lays the operational foundation; native payments unleash its full potential.

Operational challenges

03



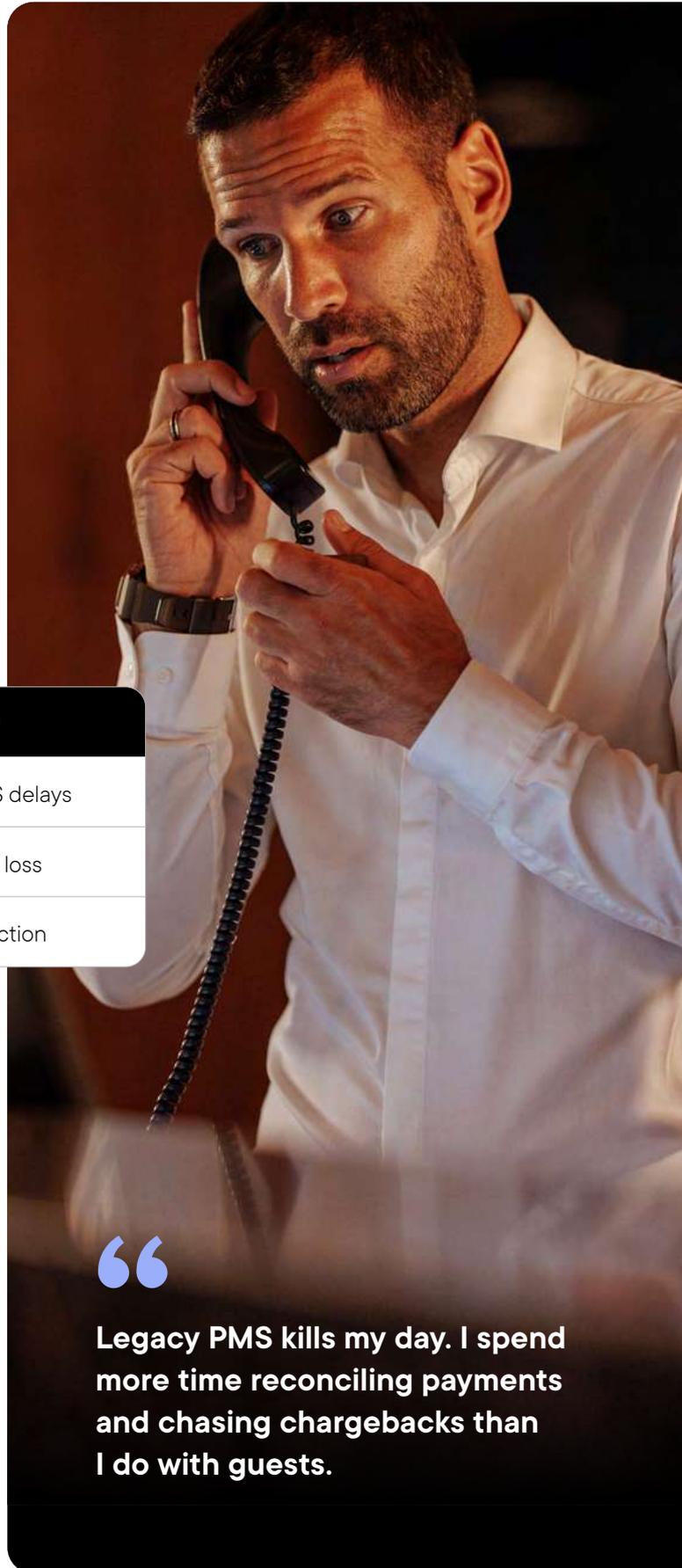
Ranked frustrations

Research from the IDC and Planet’s European hospitality operator analysis reveals consistent pain points across market segments. Integration gaps top the list: hoteliers want better connections between PMS and other systems, citing OTA synchronisation delays, POS disconnection, and “no single point of ownership” across PMS-PSP-POS as primary frustrations, escalations multiply as neither system accepts accountability, burdening hotel staff with downtime.

Pain Point	Consideration	Impact
Integrations	Top priority	OTA/POS delays
Uptime/Support	Switch driver	Revenue loss
Real-time data	High priority	Guest friction

Uptime and support quality drive many to consider switching providers, with revenue loss from system downtime a recurring concern. Every additional portal or card-entry step adds queue time at check-in/out; support logs show frequent front-desk escalations where failed payments force manual retries, causing guest dissatisfaction. Real-time data access also matters, with operators identifying guest friction from delayed information as a priority to solve.

One hotel general manager put it bluntly: “Legacy PMS kills my day. I spend more time reconciling payments and chasing chargebacks than I do with guests.” This sentiment is not unique. Across interviews with European operators, the pattern repeats: systems that should save time instead consume it.



“

Legacy PMS kills my day. I spend more time reconciling payments and chasing chargebacks than I do with guests.



The labour amplifier

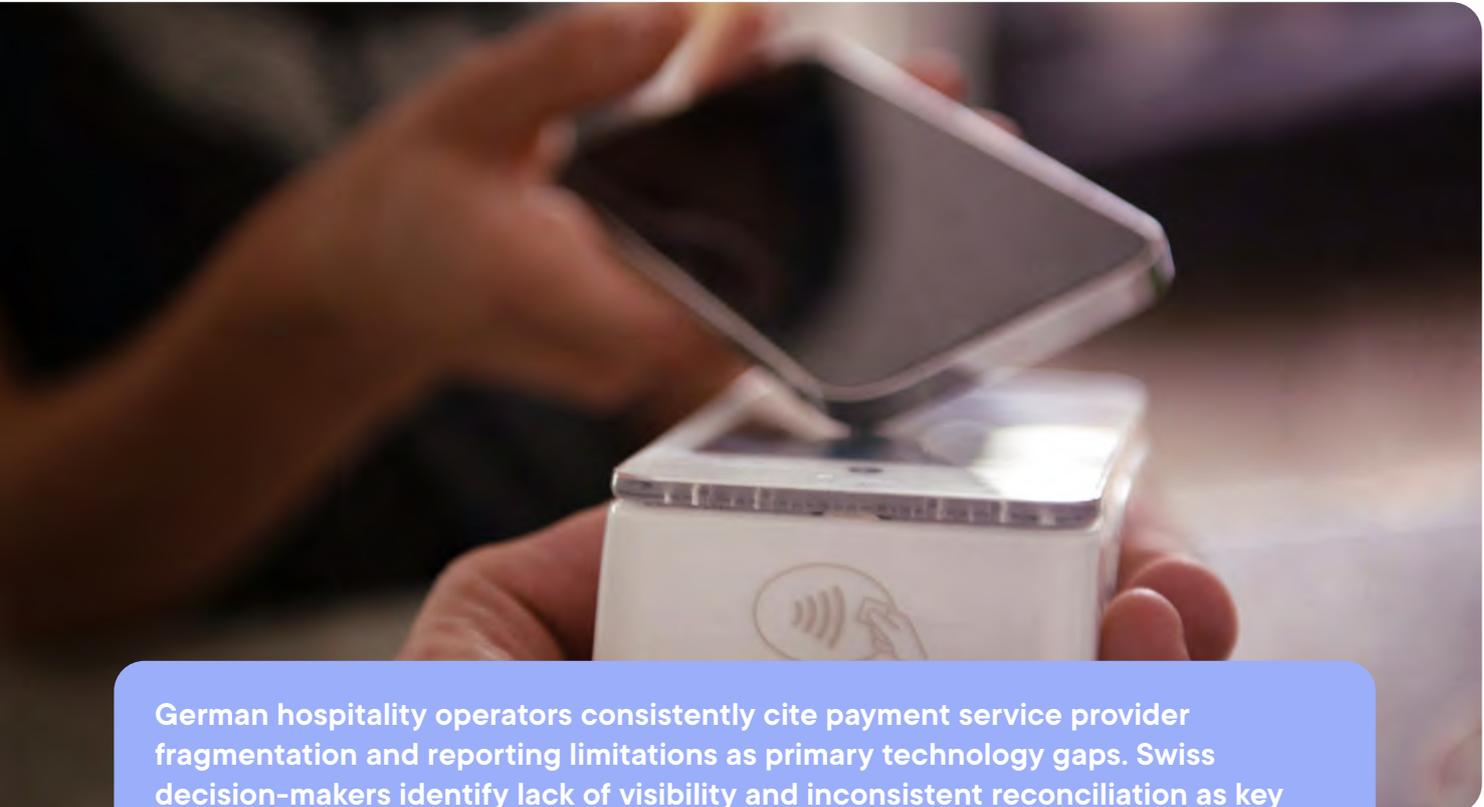
Labour shortages do more than create staffing gaps. They amplify every operational inefficiency.

When turnover runs 70–80% annually, training costs compound quickly—hotels report that onboarding new hires on multiple separate payment and reconciliation systems ranks among their highest time sinks, with multi-portal flows increasing cognitive load and extending time-to-competence. Systems requiring extensive onboarding become liabilities. Manual processes that experienced staff once absorbed now fall to staff still learning basic operations.



Digital assistants integrated with PMS will be key to helping staff train quickly and upskill on the job. The implication is clear: technology must reduce cognitive load, not add to it. Payment systems that require staff to move between multiple portals, manually reconcile transactions, or handle card data directly work against this imperative. Integrated solutions that automate these tasks give understaffed properties capacity they cannot achieve otherwise.

The payments blind spot



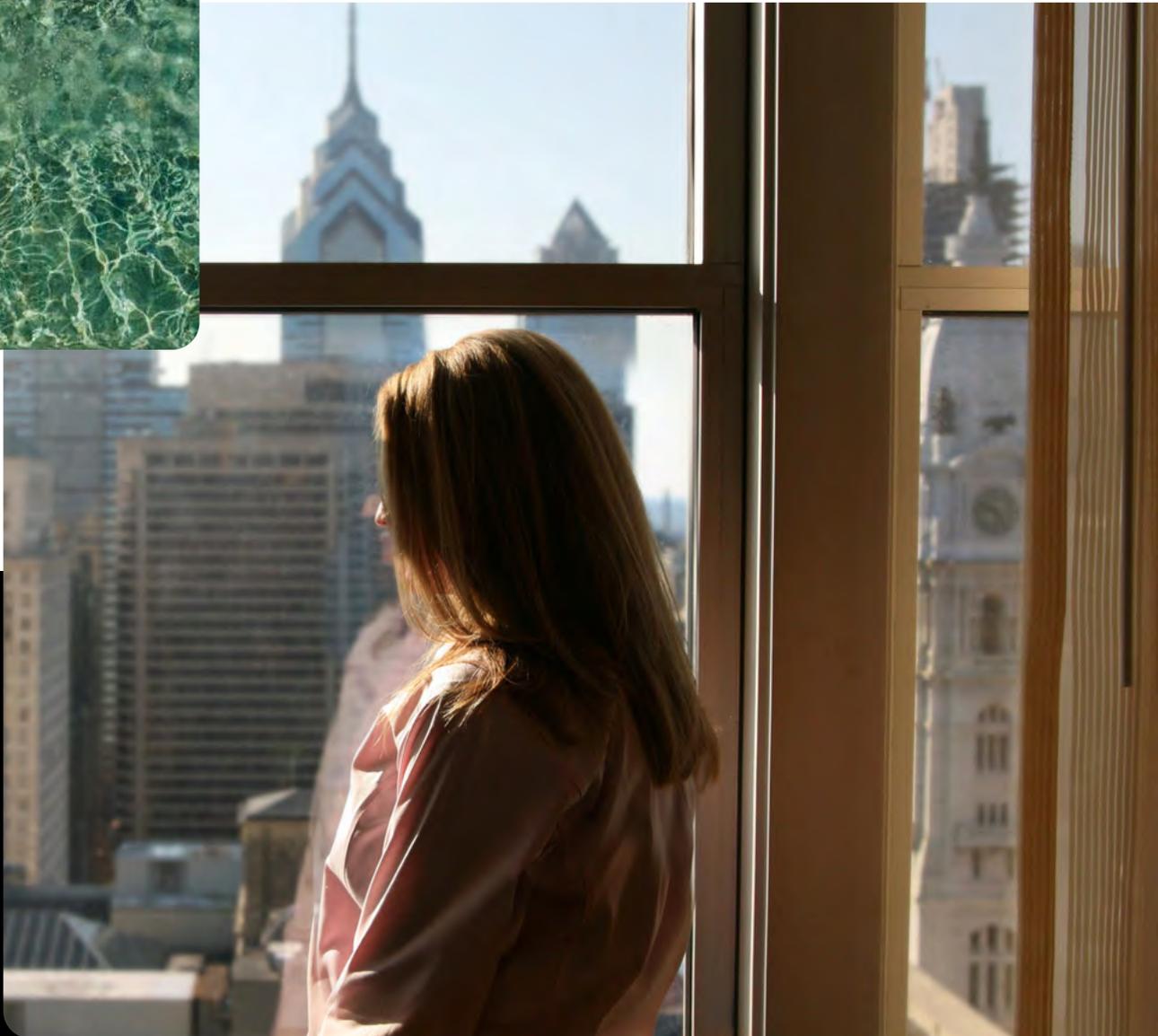
German hospitality operators consistently cite payment service provider fragmentation and reporting limitations as primary technology gaps. Swiss decision-makers identify lack of visibility and inconsistent reconciliation as key issues. Large UK operators report that legacy environments create hesitation around switching providers, even when they recognise the need for change. Mid-sized Irish and UK operators struggle with manual processes and inconsistent onboarding across properties.

The common thread is payments operating outside the PMS ecosystem. Without Tokenization, staff handle sensitive card data, increasing PCI scope and breach risk. Without integrated reconciliation, finance teams spend hours matching folios to settlements. Without unified guest tokens, customers enter card details multiple times across booking, check-in, restaurant, and spa. Each interaction becomes a friction point and a potential moment where guests abandon the process.

Legacy systems lack the architecture for modern payment flows. The most common payment support escalations involve preauthorisation releases not posting correctly, no-show charges failing, folio splits not mapping to PSP evidence, and incomplete chargeback documentation, issues native PMS-payments resolve systematically. Pre-authorization management, automated no-show charging, split folios, and multi-currency settlement all require native integration that bolted-on solutions cannot deliver. Hotels absorb these limitations as operational cost, often without recognising how much margin they are surrendering.

Benchmarking by segment

04





Chain scale performance

Luxury hotels command the highest ADR (Average Daily Rate), breaking the €250 mark in peak months, with RevPAR between €175 and €375. These properties benefit from high-income travellers prioritising quality and experience.



Upper-midscale chains have proven the most consistently profitable, achieving GOP margins of 44.8% compared to 40.1% for upscale and just under 40% for luxury. The segment benefits from strong brand recognition, free breakfast offerings, no resort fees, and a flexible guest base that trades both up and down depending on economic conditions.

Midscale and economy properties face rate pressure as group and long-stay demand remains soft. RevPAR for midscale chains fell 0.1% between 2018 and 2023, compared with 2.6% growth in the previous five years. Economy segments have seen significant contraction, with room counts down 10.8% over five years as non-performing properties close or convert to other uses.

Urban, resort, and independent performance



Urban hotels are outperforming other locations, with RevPAR growth forecast at 2.8% for 2025, the strongest of any location type. Major urban markets achieve 84% occupancy, with city centres recording 7.1% RevPAR growth in the first half of 2025. Primary markets experienced 2.7% RevPAR growth in 2024 versus just 0.9% for secondary markets.

Resort and leisure destinations saw strong post-pandemic recovery but are now normalising. Many markets continue to see steady RevPAR growth between 5% and 7%, though some leisure markets that boomed in 2024 face tougher year-over-year comparisons. The rebalancing between leisure and urban destinations appears complete, with both segments now growing at similar rates.

Segment	Performance	GOP Margin
Luxury	RevPAR €175- €375	~40%
Upper Midscale	Best CAGR 2.2-2.3%	44.8%
Midscale	RevPAR -0.1% (2018-23)	39.5%
Urban	RevPAR +2.8% forecast	Outperforming
Resort/Leisure	RevPAR +5-7%	Normalising
Independents	52.1% market share	11.8% CAGR



05

The 90 day margin recovery playbook

Playbook



The following playbook provides actionable steps that hospitality leaders can implement within 90 days to begin recovering margin lost to fragmented systems and manual processes.

Days 1-30: **Audit current state**

● Begin with a payment reconciliation audit. Calculate hours spent weekly matching folios to settlements. Document chargeback rates and the staff time consumed by dispute management. Identify transactions requiring manual intervention and why.

Days 31-60: **Evaluate integration options**

● Assess your current technology stack against the two flawed approaches: fragmented best-of-breed solutions that create operational silos, or closed ecosystems that trap operators with inflexible, expensive solutions. Identify which gaps are costing the most in staff time and guest friction.

Prioritise PMS providers with native payments. Discuss with PMS partners how unified guest profiles can work across properties. Examine how payment providers address Tokenization, PCI compliance, and real-time reconciliation. Request deployment timelines and configuration examples.

Days 61-90: **Implement and measure**

● Begin implementation with native PMS-payments integration. Target single guest tokens from booking to checkout, automatic folio reconciliation, and integrated chargeback evidence. Establish baseline metrics before go-live.

Set up ongoing measurement: track reconciliation time weekly, drop in payment-related tickets, shortened onboarding steps across new-property deployments, monitor direct booking percentage monthly, and review chargeback rates quarterly. Compare against your Day 1-30 audit to quantify margin recovery. Properties following this approach report measurable gains within the first quarter.

06



Future outlook and roadmap

The 2026-2030 Horizon

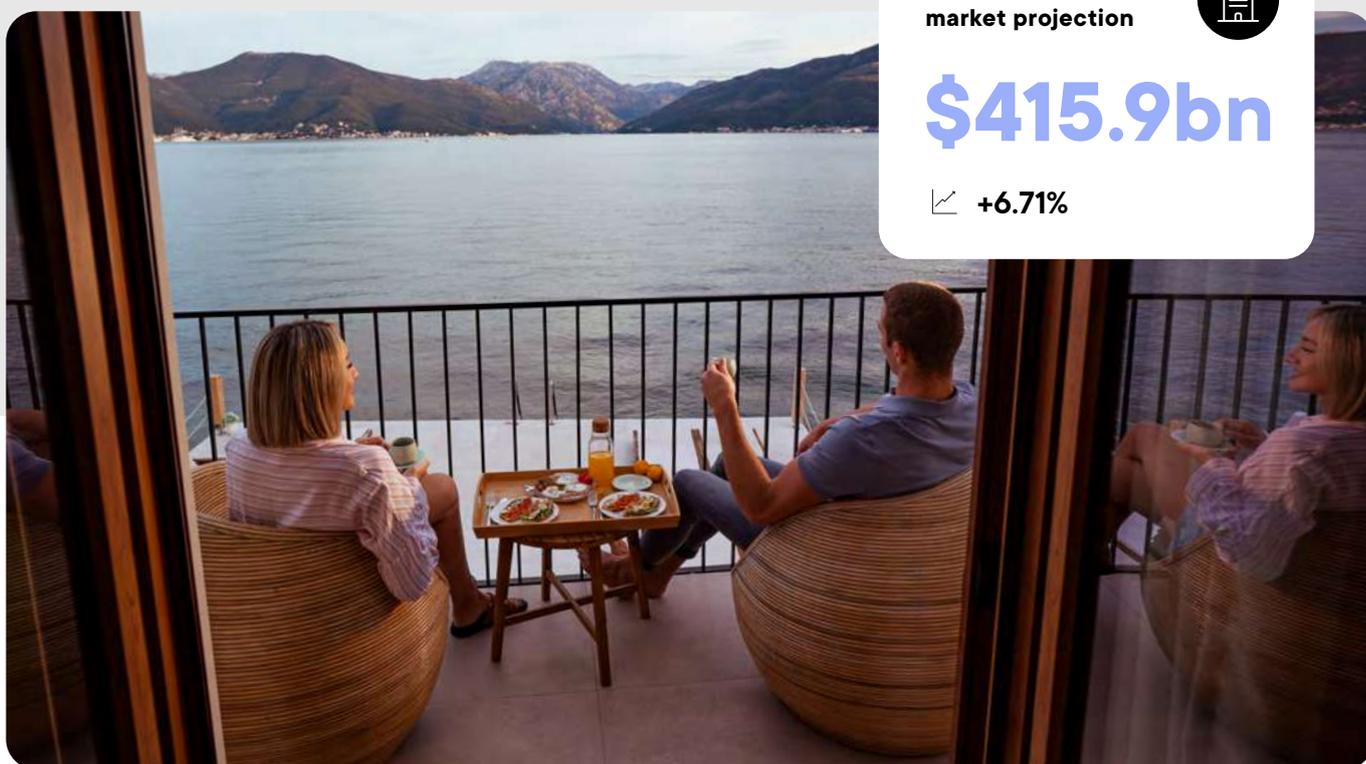
The global hospitality market is projected to reach US\$415.97bn in revenue by 2026, growing at a 6.71% CAGR through 2030 driven by tourism recovery, more openings, and higher spending per guest rather than just hotel counts. AI automation will shift from pilot projects to operational expectation. The IDC notes that vendors are building AI capabilities internally and through partners to automate complex processes requiring specialised hospitality knowledge. Demand forecasting, dynamic pricing, automated guest communications, and predictive maintenance will move from differentiators to baseline functionality.

2026 hospitality
market projection



\$415.9bn

↗ +6.71%



Hybrid stays will test traditional booking models. Hotels exploring flexible stay arrangements, combining work and leisure or mixing room types within a single reservation, need a PMS prepared to support multiple booking models. PMS providers are increasingly focused on systems that help hoteliers diversify portfolios and tap new revenue streams.

Guest expectations will continue accelerating. With 94% expecting mobile check-in, 78% receptive to AI assistance, and Gen Z comprising 50% of near-future travellers, the definition of acceptable guest experience is shifting fast. Properties unable to offer smooth digital journeys will lose bookings to those that can. Social commerce adds another layer of complexity; TikTok launched in-app hotel booking in August 2025, and Expedia introduced Trip Matching to turn Instagram Reels into bookable itineraries. Distribution is fragmenting, and operators with flexible technology stacks will adapt more readily.

Planet as a PMS and payments partner

Guests now expect a frictionless journey from booking to payment, with seamless recognition across every touchpoint. Hotels deliver this through property management and payments converging into a single, connected ecosystem. Rather than separate systems joined by middleware, the next evolution brings payments into the PMS operational core. This progression completes, not replaces, existing solutions with natively unified financial capabilities.

The integrated PMS and payments model delivers measurable operational, financial, and compliance benefits. End-to-end guest Tokenization simplifies the payment journey from booking to checkout. Automated reconciliation replaces time-intensive manual processes, freeing staff capacity for higher-value activity. Real-time financial data and integrated chargeback management strengthen revenue protection and accuracy. Meanwhile, capabilities such as Pay in Your Currency and Tax Free (VAT refunds) functionality expand opportunities for international and ancillary revenue growth.

Security and compliance also advance in this unified model. Built-in Tokenization and encryption minimise PCI scope, while centralised reporting supports more robust oversight and audit readiness. Collectively, these efficiencies translate into meaningful financial outcomes: reduced payment friction, greater revenue assurance, and improved staff productivity. For properties operating in a margin-sensitive environment, this integrated approach offers a foundation for sustainable growth and long-term resilience.



Vision Case:



PMS + Payments via Planet can drive up to a ~20% efficiency lift, driven by removed reconciliation burden, streamlined payment processes, and automated workflows that free staff to focus on guests instead of systems.

Conclusion and next steps

The trends identified in this report signal a decisive shift in hospitality technology. Market expansion continues, but operational efficiency has become the new competitive frontier. Rising labour costs, evolving guest expectations, and growing regulatory complexity all highlight the need for systems designed to scale intelligently and securely.

A PMS with native payments represents the natural evolution of this ecosystem. By embedding payment capabilities directly within the PMS, properties gain a unified operational and financial platform, enabling data consistency, real-time insights, and a frictionless guest experience. This alignment supports faster decision-making, reduces administrative overhead, and strengthens the property's ability to adapt to changing market conditions.

The move toward native payments within PMS platforms is not just a technological upgrade; it is a structural advancement in how hospitality businesses operate and grow. Properties that lead this transition will be best positioned to capture efficiency, elevate the guest journey, and build the financial resilience required for the next phase of industry growth.

Sources



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About Planet

We are a global leader in seamless payment solutions for hotels, retailers, payment handlers, and acquirers. Among our offerings is a flexible, scalable payment gateway that integrates Dynamic Currency Conversion (DCC), creating a more seamless payment experience for end customers and reducing operational admin for merchants.

With operations in 120+ markets, we partner with over 100 banks and serve 800,000+ merchants globally, facilitating seamless payments for both in-person and online transactions. Our global focus and extensive experience across international markets make us the ideal payments partner for businesses seeking to expand and grow.



Partner with Planet

Our payment solutions enable merchants to deliver secure, seamless, customer-focused payment experiences. By helping your merchants grow and succeed, we strengthen your institution's value proposition, drive mutual growth, and facilitate lasting relationships strong enough to endure the ever-evolving challenges of modern commerce.

Learn more about partnering with Planet and contact our team of experts: