

Hospitality's Generational Reset

How changing guest expectations
are reshaping hospitality costs,
margins and operating models





Hospitality is being reshaped. Younger generations are discovering brands differently, valuing different experiences, and bringing new expectations around flexibility, authenticity, sustainability and digital convenience.

For organisations, this is about far more than brand positioning. This generational reset is beginning to affect service models, cost structures and profitability across the hospitality sector.

Travel & Tourism contributed **\$11.7 trillion** to the global economy last year, accounting for **10.3% of global GDP**, with **371 million** jobs supported worldwide.

At the same time, the sector remains under pressure from supply chain disruption, labour availability, inflation and geopolitical instability. Hospitality leaders are facing a double challenge: stay relevant to changing demand and protect performance in a more volatile operating environment.

Adapting to new guest expectations requires a sharper understanding of what truly matters, what it costs to deliver, and how to redesign the model without weakening margin. That is where ERA Group can help: connecting guest expectations to the commercial realities behind procurement, operations, labour and supplier performance.

Global

Travel & Tourism was estimated to contribute **\$11.7tn** to the global economy in 2025, accounting for **10.3%** of global GDP, with **371 million** jobs supported worldwide.

Guest discovery

Nearly a quarter of travellers reported using generative **AI tools for trip planning** in late 2025, and more than half of Gen Z respondents use **short-form social video** (like Tik Tok) for travel research.

Sustainability

84% of global travellers say sustainable travel is important to them, and **93%** want to make more sustainable travel choices.

Europe

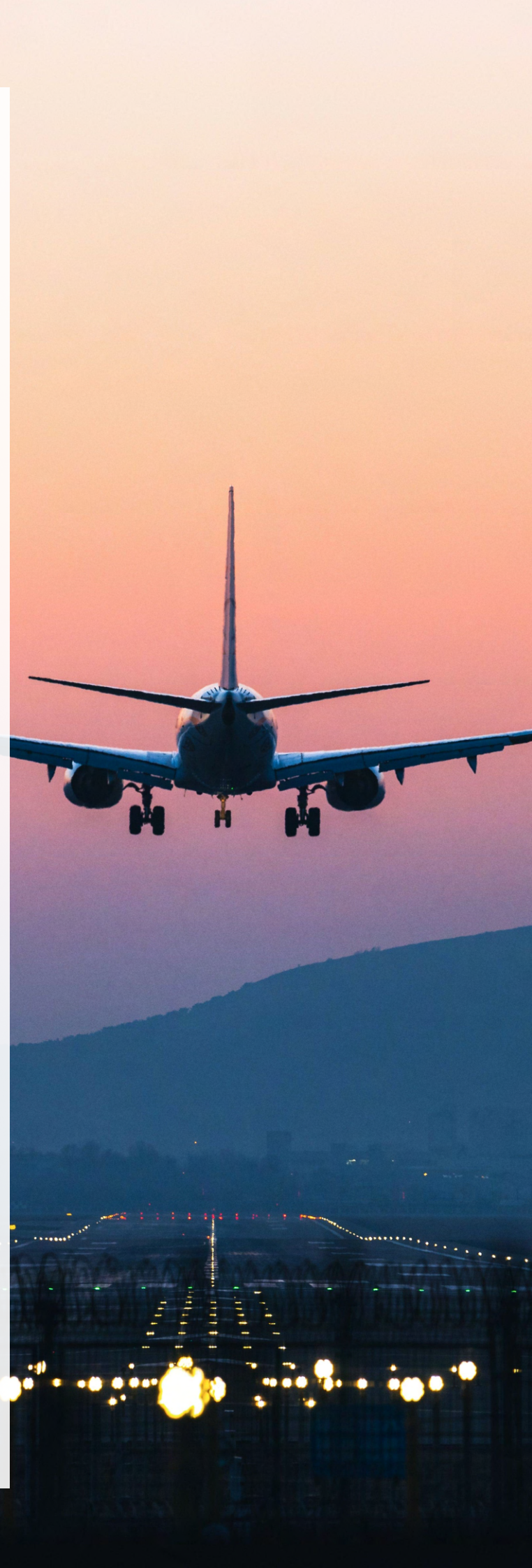
Europe recorded **793 million** international tourists in 2025, up **4%** on 2024 and **6%** above 2019.

United States

In the US, **65%** of surveyed hotels reported staffing shortages in 2025.

UK

UK Hospitality says the sector still faces **132,000** vacancies, **48%** above pre-pandemic levels.



Changing Expectations

Authenticity, immersive local culture and welcoming, memorable experiences are some of the top priorities of the younger generation. Millennials and Gen Z are often less interested in traditional markers of quality on their own. They want more than a room, a meal or a transaction.

They want ease, identity, flexibility and a stronger sense of connection to a place. Personalised touches, intuitive service and spaces that support both leisure and work are becoming more important across a wide range of hospitality formats.

For hospitality organisations, this creates a more complex challenge. Meeting these expectations can require changes to staffing, procurement, technology, communications and the overall service model.

In other words, the guest proposition and the operating model can no longer be treated as separate things. If the experience changes, the economics behind it change too. ERA Group helps organisations understand where those changes create value, where they create friction, and where cost can be better aligned to what guests now expect.



AI-Led Discovery

Gone are the days when the guest journey began with a brochure or a traditional booking search. Travel decisions are increasingly shaped by short-form video, creator-led content and AI-assisted planning.

Deloitte's 2026 travel outlook found that nearly a quarter of travellers reported using generative AI tools for trip planning in late 2025, roughly three times as many as in 2022. The same research found that more than half of Gen Z respondents use short-form social video for travel research, compared with 34% of millennials and 14% of Gen X and boomers combined.

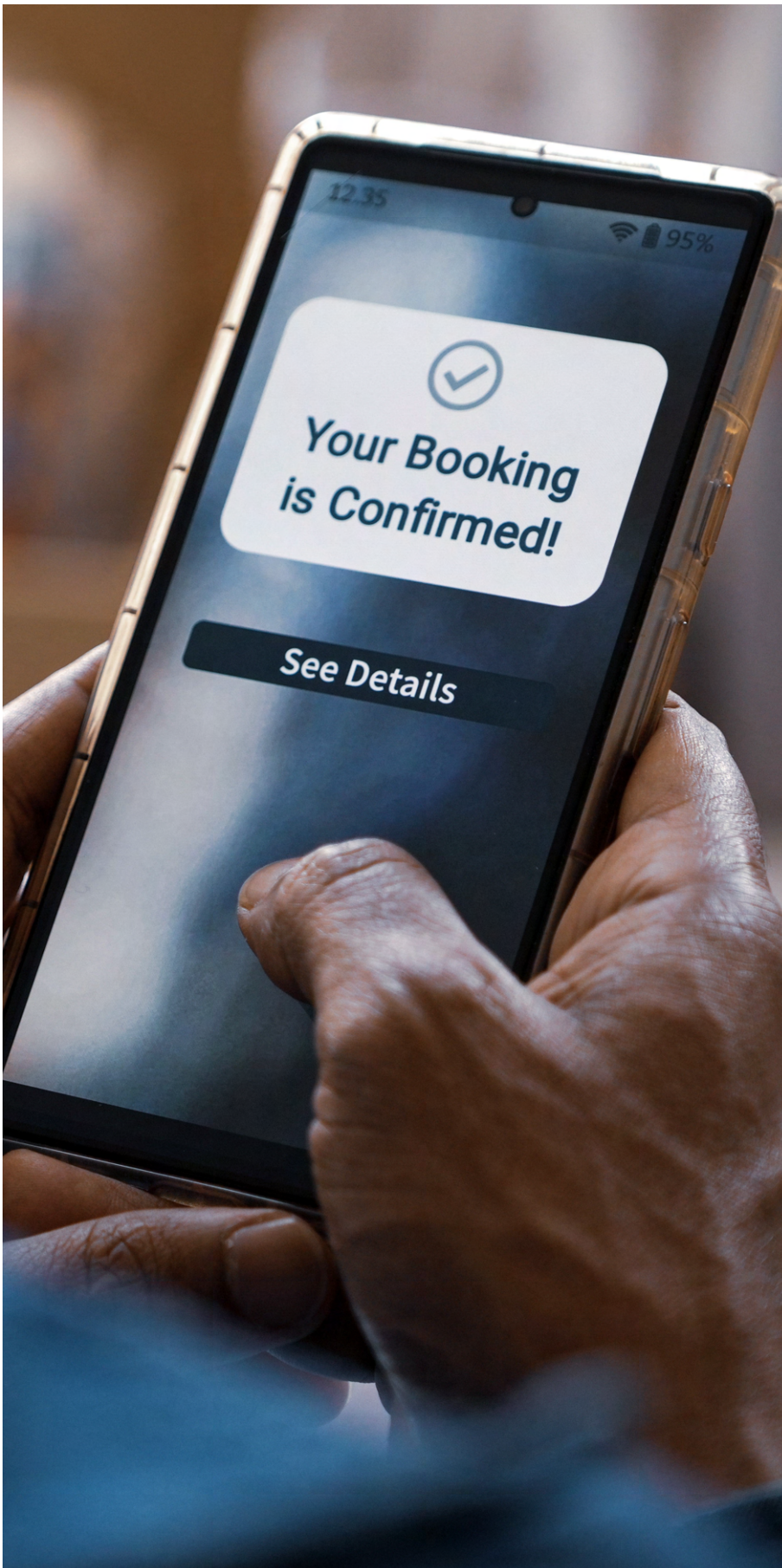
Hospitality organisations are now competing in a discovery environment that is faster, more visual and more algorithm driven. Visibility is no longer just about search rankings and booking platforms. It is about being discoverable, understandable and compelling in the places where attention is forming.



If the guest proposition is not surfacing in the right places, customer acquisition becomes less efficient. If the digital promise does not match the on-site experience, trust falls and conversion suffers.

Online content needs to be optimised for Answer and Generative engine optimisation to make it easier for AI platforms (ChatGPT, Gemini, Claude) or voice assistants (Siri, Alexa) to pull information into their generated responses.

For hospitality leaders, discovery is no longer just a marketing issue. It is a revenue issue, a brand issue and, increasingly, a cost issue too. ERA Group can help businesses think more commercially about that chain, from acquisition efficiency to operational delivery.



The Cost of Flexibility

Flexibility has become part of the proposition. Guests increasingly expect hospitality to fit around their lives, not the other way round.

That may mean faster response times, simpler booking journeys, mobile-first communication, more adaptable spaces, or service models that support blended travel, remote work and changing schedules. What once felt like a premium extra now feels closer to the baseline.

But flexibility is not free. It can create pressure in labour planning, forecasting, occupancy management, digital systems and service consistency. Left unmanaged, it introduces hidden complexity that slowly erodes margin.

The challenge is not whether to offer flexibility. It is how to design it intelligently. ERA Group can help hospitality operators understand which forms of flexibility genuinely improve conversion, loyalty and value, and which simply add cost without enough return.

The Guest Experience

The generational reset is not only changing what guests expect. It is also changing what organisations need from their people.

Hospitality teams are being asked to deliver service that feels more personal, responsive and intuitive, often while operating under sustained workforce pressure. Across major markets, that pressure remains visible. In the US, 65% of surveyed hotels reported staffing shortages in 2025, while UKHospitality says the UK sector still faces **132,000 vacancies, 48% above pre-pandemic levels.**

That matters because the guest experience is shaped by the people model behind it. If teams are overstretched, poorly supported or working within outdated structures, service quality becomes harder to sustain.

ERA Group can help organisations review the operating model around labour, suppliers, process and support services, helping reduce friction around the workforce, protect service standards and create a stronger commercial foundation for growth.



Resilience in the Face of Volatility

Hospitality is still operating in a more volatile environment. Cost pressure has not disappeared. Operational disruption has not disappeared. Nor has the challenge of protecting consistency when the wider environment remains unpredictable.

Guests may not always see the source of those pressures, but they feel the consequences quickly when service slips, communication breaks down or value for money comes into question.

That is why resilience can no longer be treated as a back-office concern. It now sits much closer to the guest experience. Leaders need a clearer view of supplier exposure, operational

dependencies, workforce pressure and the parts of the model most vulnerable to disruption.

ERA Group can help businesses build that visibility. With the right insight, resilience becomes less about reacting after the fact and more about making better commercial decisions in advance. In hospitality, margin protection and operational resilience increasingly go hand in hand.

What Now?

The generational reset in hospitality does not call for a cosmetic response. It calls for a more joined-up one.

Leaders need to ask harder questions. Are we visible where younger guests discover brands? Are we investing in the parts of the experience they genuinely value? Where are costs rising without improving relevance, loyalty or conversion? Which parts of the model need redesign rather than another layer of technology or process?

This is where ERA Group's perspective matters. The aim is not to strip back the experience. It is to help hospitality businesses understand where cost supports growth, where complexity is diluting performance, and where smarter decisions can improve both relevance and margin.

For hospitality organisations across North America, Europe and the UK, the challenge is clear - adapt to changing expectations without losing control of the economics behind the experience.



Final Thoughts

A new generation of guests is changing more than the hospitality experience. It is changing the commercial model behind it.

The opportunity for hospitality leaders is not simply to keep up. It is to build a model that feels more relevant to guests, more manageable for teams and more resilient commercially.

That is where ERA Group can help most.





BB Hospitality's generational reset is not just changing what guests want. It is changing the economics of how operators deliver it. Expectations around discovery, flexibility, sustainability and experience are all rising at the same time, and that has real consequences for cost and margin. The brands that will succeed will be the ones that can respond in a way that feels relevant to guests, while still staying commercially disciplined behind the scenes. 99

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