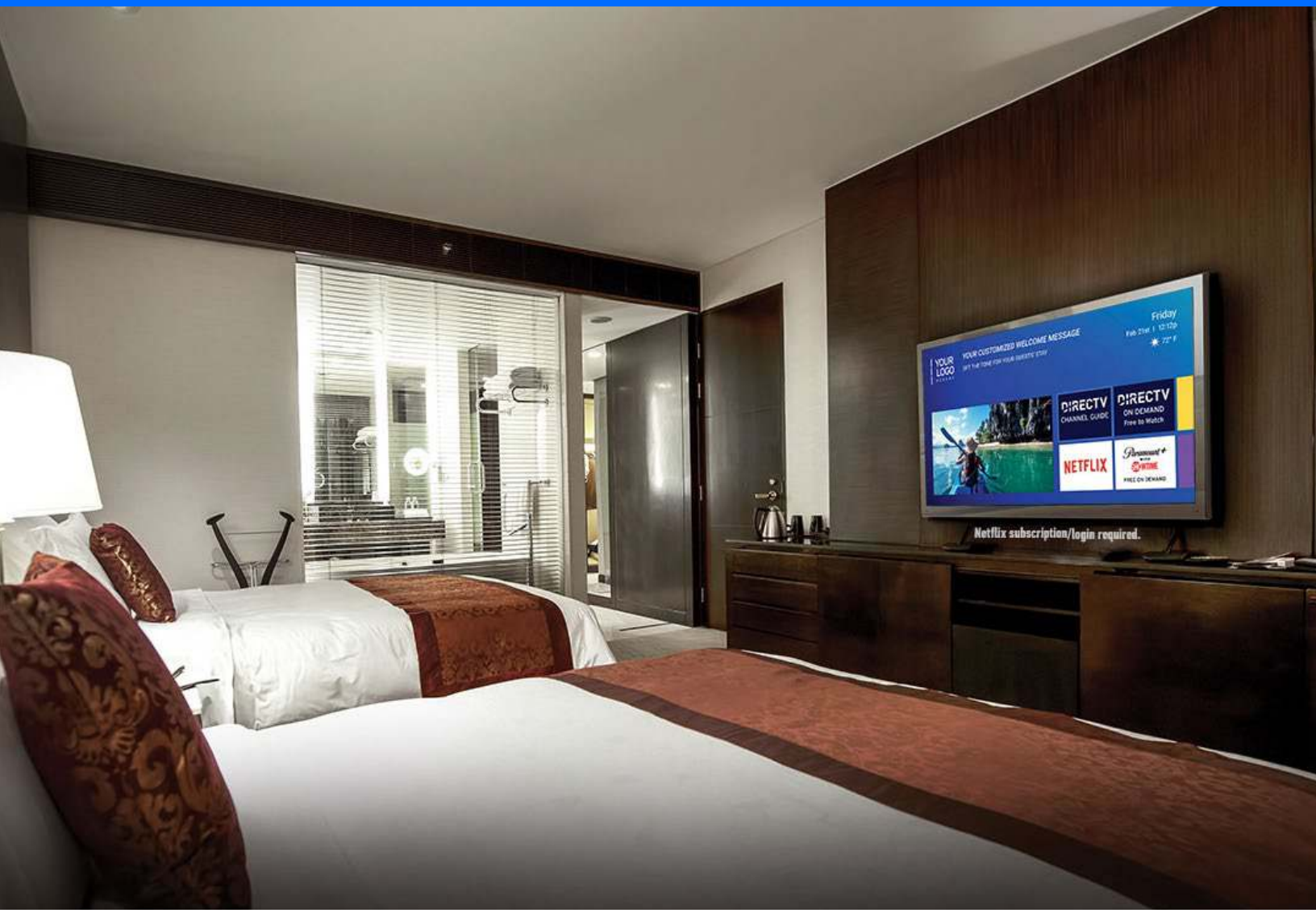
WHITE PAPER

The Road to 2026: Overcoming Today's Hotel Challenges to Secure Tomorrow's Success



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Introduction

Approaching 2026, the hotel industry is more complex than ever before, bringing with it distinct challenges that can impede growth and success. Although navigating this landscape can be tricky, the path forward lies in reframing challenges as opportunities, aligning with guest priorities, empowering staff, and harnessing innovation to strengthen loyalty and profitability.

This White Paper, sponsored by DIRECTV HOSPITALITY, identified five key challenges for the hotel industry heading into 2026 and solutions for thriving next year and beyond.

- A lack of seamless technology directly affects competitiveness, efficiency and guest satisfaction. Success requires foundational systems like reliable Wi-Fi and cloud-ready platforms, artificial intelligence (AI) and automation for personalization and operational gains, and shifting the mindset of technology from cost to revenue-driver.
- As margins tighten, the hotels that succeed will be those that balance disciplined cost management with smart investments enhancing the guest journey. Cost pressures are unavoidable, but those who transform them into opportunities will not just survive 2026 but distinguish themselves as leaders in the hospitality space.
- Meeting shifting guest behaviors and generational preferences requires both vision and investment. Success will come to those who collect data responsibly, act on it strategically, and use it to deliver experiences that feel personal, effortless and memorable.
- Staffing shortages, rising wage pressures, and changing workforce expectations are not going away. Adopting modern technologies to reduce friction, investing in training and career development, and fostering a supportive, flexible culture that enhances retention, service quality, and profitability will provide a path forward.



Heading into 2026, facing technology challenges is paramount as it can improve efficiency, personalize service, and align with digital habits that are reshaping travel. The risk of non-action is equally stark – falling behind erodes competitiveness, frustrates guests, and undermines ROI.

- Entering the new year, hotels will be balancing sustainability, cost control, and guest expectations. Success requires auditing environmental impact, leveraging smart technologies to reduce resource use, implementing visible eco-initiatives that resonate with travelers, and engaging staff.

Bridging The Hotel Technology Gap

Seamless technology is essential for delivering the kind of guest experiences that drive loyalty, yet hotels continue to grapple with how to prioritize, fund and integrate innovation. Heading into 2026, facing technology challenges is paramount as it can improve efficiency, personalize service, and align with digital habits that are reshaping travel. The risk of non-action is equally stark – falling behind erodes competitiveness, frustrates guests, and undermines ROI.

One of the industry's most pressing challenges has been allocating investment in systems that might be intangible to guests. "Hospitality has always struggled with, and continues to do so, with appropriately spending money on items within technology, including security, versus things the guest can see and touch," remarked Mike Dickersbach, Chief Information & Digital Officer, Highgate. "This is understandable to some degree. If you have an aging



asset with negative bedding reviews, you'll buy new beds instead of upgrading cabling. The issues are similar across all segments, but break down a bit differently. Luxury assets may afford to invest in technology whereby economy properties may apply a band-aid until it completely falls off." That mindset, however, no longer aligns with guest expectations. Poor Wi-Fi, outdated TVs, or unreliable digital keys may seem secondary but can translate directly into negative reviews and lost business.

Embracing technology as a revenue-driver, not a cost, is critical to steer investment. "Reframing that old way of thinking and switching the narrative to leverage and monetize technological investments to help drive occupancy or capture market share can help hoteliers realize ROI," explained Kimberly Twiggs, Vice President of Market Development, DIRECTV HOSPITALITY.

Foundational systems remain the first step. A reliable network infrastructure, cloud-ready PMS, and interoperable application programming interfaces (APIs) are not luxuries – they are the baseline for personalization and operational efficiency. "Not having the right foundational technology in place and not maximizing existing system capabilities are ongoing challenges across all hotel sizes," said Twiggs. "Choosing a vendor who can customize solutions and work with existing infrastructure is a must in today's competitive landscape."

AI is adding urgency to these decisions. "As we look to 2026, hoteliers face the challenge of embracing AI while preserving their human touch," commented Laura Calin, Senior Vice President, Oracle Hospitality. "AI automation can streamline everything from staffing to self-check-in, but the magic lies in balancing efficiency with personalized service."

Calin emphasized that **AI cannot be bolted on as an afterthought**. "Seamlessly integrated AI empowers hoteliers to deliver measurable guest value while minimizing siloed systems and privacy risks. Cloud-based, API-driven platforms that connect PMS, CRM, POS, and booking engines enable scalability,



A reliable network infrastructure, cloud-ready PMS, and interoperable application programming interfaces (APIs) are not luxuries – they are the baseline for personalization and operational efficiency.

agility and rapid innovation." Practical use cases include intelligent recommendations, smart room controls, virtual concierges, and workforce automation, all designed to blend efficiency with personalization.

But the most critical foundation remains connectivity. Robust Wi-Fi underpins nearly every guest- and staff-facing system, from mobile check-in, digital keys, and in-room entertainment to online payments and CRM analytics. "Connectivity is at the foundation of meeting guest needs, whether for entertainment, work or personal reasons," affirmed Twiggs. "Recent research shows 73%^ of guests have experienced weak Wi-Fi in a guest room, with 85% saying it's frustrating. For in-room entertainment, app-based and on-demand content rely on strong broadband. If that doesn't operate seamlessly, it significantly impacts the guest experience."

The gap between guest expectations and hotel capabilities is especially clear in entertainment. **In-room streaming access has risen to the second most in-demand feature, just behind fast, reliable Wi-Fi†.** "This marks a significant shift from past preferences when live TV, local news, and sports consistently topped the list of guest priorities," noted Twiggs. "While those traditional features remain important, the convenience and familiarity of streaming – combined with the expectation of a 'just like home' experience – has elevated in-room streaming access to a critical driver of guest satisfaction and loyalty."

Technology investment decisions, however, continue to face barriers. "Working in a company that values innovation is always the first hurdle," said Dickersbach. "Then it's



buy-in from stakeholders and internal skill limitations. Skepticism runs wild for those who don't want to be bothered with new things."

Even when systems are in place, many hotels fail to maximize them, often due to lack of training. For example, Twiggs pointed to DIRECTV HOSPITALITY's Advanced Entertainment Platform (AEP), which allows hotels to share property information, restaurant menus, and even details on local events and attractions tickets (to be purchased by scanning a QR code) through AEP's EventSeeker and CitySeeker apps. The system extends beyond entertainment, supporting contactless services and enhancing the guest journey, if staff are trained to use it.

ROI uncertainty is another sticking point to adopting advanced technology. "Many struggle to quantify the immediate benefits of new technology," Calin acknowledged. "AI can help by providing real-time, data-driven insights to measure performance and inform future investments. Gradual adoption, such as pilot projects or virtual assistants that can scale, can ease this transition as comfort grows."

Security is also non-negotiable. "Not properly spending on security can lead to very bad results," said Dickersbach. "Not investing in basics like Wi-Fi, TVs or mobile keys degrades the guest experience and adds up in negative reviews." He added that hotels must monitor refresh cycles. "What's in today is old tomorrow. Access points, TVs and computers all have end-of-life cycles. In security and PCI compliance, certain items simply cannot be EOL and remain in production."

Looking ahead to 2026, Calin sees seamless omnichannel experiences as the differentiator. "Guests seek smooth, consistent interactions across various platforms such as booking websites, apps, kiosks, voice assistants, and in-room devices. This approach minimizes lost bookings, unlocks upselling opportunities, and strengthens customer loyalty. To future-proof their tech stack, hotels can adopt cloud-based solutions, prioritize open APIs and integrations, focus on a cohesive data strategy, and layer in AI and automation for agility and resilience."

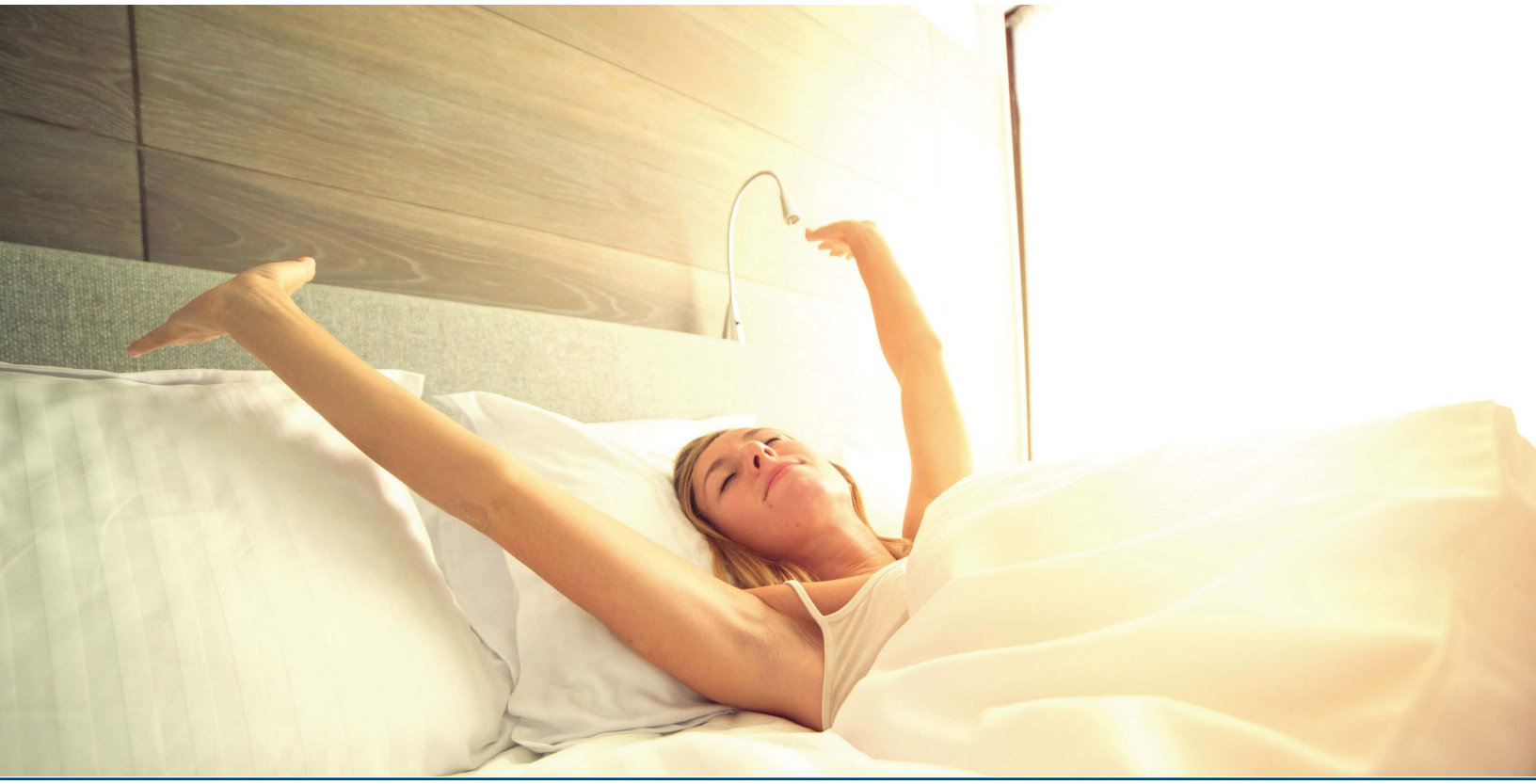


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Balancing Rising Costs With Smart Investment

Escalating expenses are tightening profit margins and increasing pricing pressures, directly impacting both operations and the guest experience as the industry approaches 2026. At the same time, justifying new financial investments has become more difficult as ROI remains top-of-mind for owners and operators. Spending is inevitable, but spending wisely – on initiatives that deliver measurable returns and strengthen long-term competitiveness – is essential. Hotels that take proactive steps to manage costs today will be in a stronger financial position tomorrow.

In the short-term, practical measures can ease some of the burden. Conducting a cost audit helps uncover savings opportunities on utilities, procurement and vendor contracts. Engaging suppliers to negotiate more cost-effective options can free up cash flow, while diversifying revenue streams through food and beverage innovation, wellness services, co-working spaces, or local partnerships can offset rising expenses. Longer-term, strategic investments – such as modernizing in-room entertainment systems, upgrading to energy-efficient equipment, or implementing AI-driven revenue management – create efficiencies that reduce operational costs while opening new avenues for revenue growth. These steps also ensure that pricing strategies can remain agile in the face of economic volatility or geopolitical disruption.



Technology-driven efficiency can reduce escalating costs. Calin believes **that the biggest ROI increasingly relies on hoteliers leveraging AI analytics to guide investments, measure outcomes, and continually refine their strategies**. "AI-based spend analytics tools can help identify savings opportunities, renegotiate contracts, and detect billing anomalies in supplier invoices for long-term cost control."

Technology remains a major driver of successful hospitality operations, but it rarely comes cheap, which explains why the industry has shifted from a capital expenditure model to subscription-based pricing. "Technology vendors want the annual recurring revenue, but it has added significant costs to hotels and changed what bucket the money comes from," said Dickersbach. "In the past, a major technology refresh occurred every 4-5 years, but now it's just baked in and never ends. Depending on what technology is in use, a hotel could have multiple vendors all charging something per key per month, which adds up very quickly."

According to Twiggs, ROI in hospitality is no longer measured solely in direct revenue but also in guest retention, satisfaction and reputation. "DIRECTV HOSPITALITY solutions support ROI by enhancing key touchpoints of the guest journey, especially the in-room experience, which strongly influences repeat stays and positive reviews. Our partners also benefit from flexible financial models and bundled content packages, making the investment easier to justify. With our scalable approach, hoteliers can start small and grow as needs evolve, ensuring their tech investments align with both budget realities and long-term guest trends."

Where hotels see the biggest ROI is in guest touchpoints that foster loyalty and drive incremental revenue. Capturing and acting on guest preferences at booking or check-in can directly increase per-guest spending. "For example, if a guest requests a gluten-free meal and options aren't available, that's a missed revenue opportunity," Twiggs noted. "Delivering consistently in areas guests value most fosters loyalty and encourages return visits. For DIRECTV HOSPITALITY, it's



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not just about TV – it's about delivering personalization, convenience and comfort. Our entertainment platform turns what was once a cost center into a loyalty driver."

Rising costs in labor, utilities, and insurance will continue to force tough choices for hotel operators in 2026. For many, the solution lies in scalable technologies that reduce overhead while enhancing the guest experience. "From a DIRECTV HOSPITALITY lens, we intend to continue relieving some of that strain by offering low-maintenance in-room entertainment solutions that don't require heavy staffing resources to operate," said Twiggs. "Our platforms are designed for easy installation, remote updates, and minimal onsite management, helping properties control costs while still delivering a modern guest amenity that drives satisfaction and loyalty."

Redefining Hospitality Through Data & Hyper-Personalization

In the new year, one of the industry's most pressing challenges is keeping pace with evolving guest behaviors and generational preferences. **Traditional models of service and design, while still important, are no longer sufficient to meet the expectations of today's travelers. Increasingly, guests demand experiences that are tailored, seamless, and reflective of their personal preferences.** The solution lies in responsibly leveraging data to deliver hyper-personalization across the guest journey.

"It's imperative for hoteliers to prepare now – and for the long-term – if they want to remain relevant and competitive," remarked Twiggs. "The ability to anticipate and deliver personalized experiences is what will deepen guest loyalty and drive profitability in the years ahead."



Personalization can be created across many touchpoints of the guest experience, but it requires robust and responsible data collection. A PMS provides the foundation, capturing details such as bed type preference, dietary needs, late check-out requests, or communication style (text versus phone). With each subsequent stay, these profiles become richer, enabling hotels to not only remember but anticipate guest needs. **Thorough data collection does more than enhance satisfaction – it directly supports stronger ROI and repeat business.**

Contactless technologies further expand the opportunity to gather meaningful insights. “The ability to collect information about a guest through their digital transactions and contactless experiences is a seamless and nondisruptive way for hoteliers to figure out what personalized experiences to deliver,” Twiggs explained. “At the very least, more options can be offered through the reservation confirmation e-mail, the loyalty program app, or at check-in, allowing the guest to do his or her own customizing.”

According to Calin, “AI is fundamentally reshaping hotel distribution by enabling personalized booking experiences, helping to optimize revenue management, and quickly adapting to market changes and guest needs. With AI-powered analytics, hotels can now understand guest preferences at a deeper level, driving targeted marketing campaigns, tailored offers, and personalized interactions across various touchpoints.”

With data at the core, hoteliers must also recognize how shifting behaviors and generational trends will shape expectations heading into 2026. Independent research from HUB Entertainment† revealed that aside from cleanliness, comfort and quiet, “TV content and features” now rank among the most valued in-room amenities – above coffee makers, food quality, or workspace availability. “In an era with increased competition for travel dollars, it’s important that hoteliers offer a robust and varied in-room guest entertainment offering,” shared Twiggs. “We’re



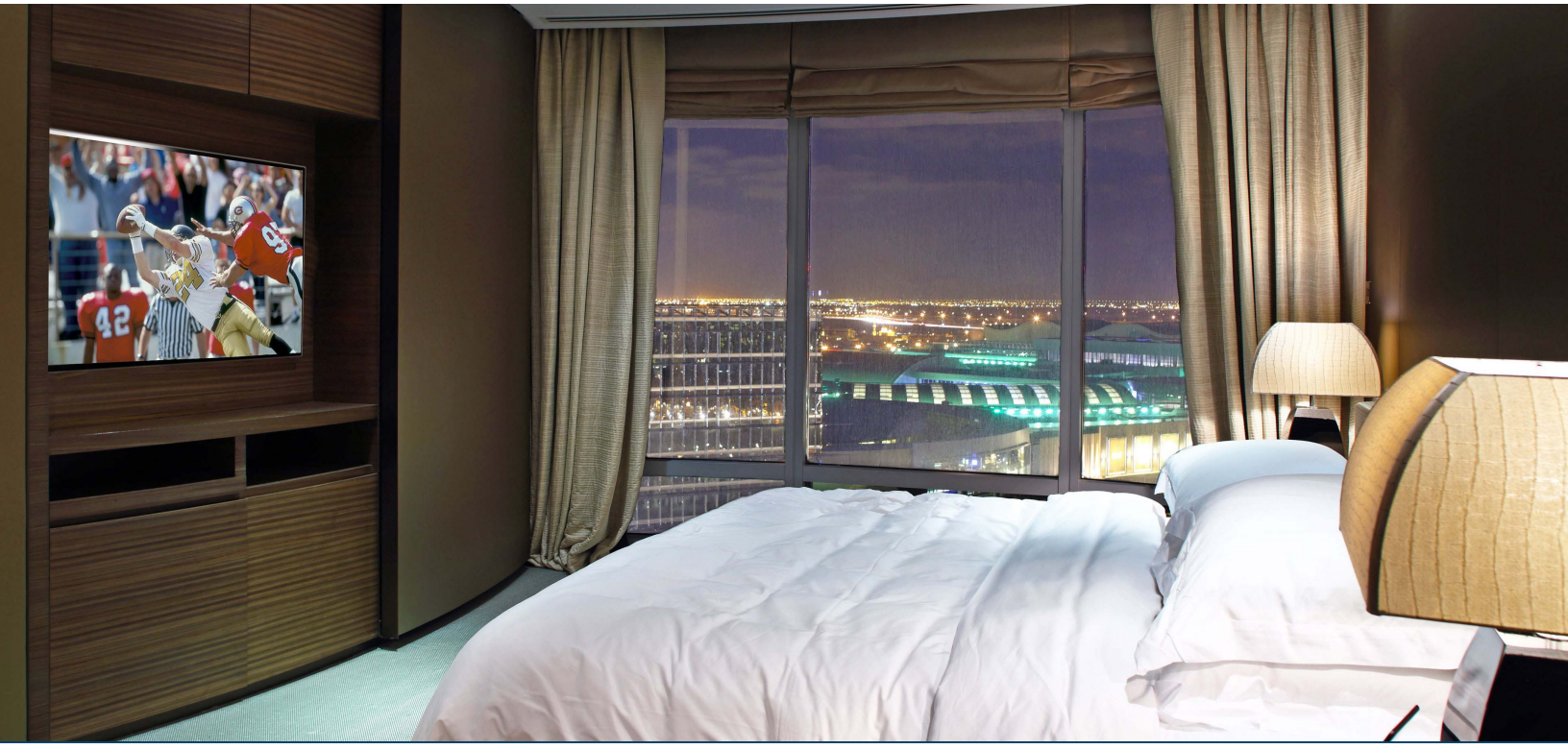
Where hotels see the biggest ROI is in guest touchpoints that foster loyalty and drive incremental revenue. Capturing and acting on guest preferences at booking or check-in can directly increase per-guest spending.

seeing that the in-room entertainment experience has a significant influence on repeat visits, and it is even more likely to influence the behavior of guests aged 21-49.[†] DIRECTV HOSPITALITY's AEP, for example, responds to this demand with curated, on-demand content that adapts to guest preferences."

This generational emphasis underscores a larger truth – **younger travelers expect high levels of personalization, convenience, and digital control. They view hotels not simply as places to stay but as technology-enabled environments that should mirror their digital lifestyles.**

Calin believes Gen Z and Millennials are reshaping the hotel experience, guided by influencers and content creators more than traditional marketing and advertising. "These generations prefer booking through convenient platforms, with social media emerging as an increasingly popular choice. They expect seamless, personalized experiences over standard loyalty rewards, and will quickly switch brands if disappointed. This is making AI-driven personalization a major differentiator for hotels aiming to earn their loyalty in 2026. For this audience, recognition and unique experiences far outweigh traditional points forcing the industry to adapt or risk being left behind."

Calin noted that by **2026, hotel guest experiences will be defined generational shifts favoring seamless, mobile-first interactions and AI-powered hyper-personalization.** "Millennial and Gen Z travelers will expect frictionless digital experiences, instant communication, and contactless options at every turn. When digital interactions feel clunky or don't work as expected, they grow frustrated and lose patience." She continued,



"Priorities like sustainability, wellness, and inclusivity will shape both bookings and brand loyalty. Loyalty programs will shift from points to unique, experience-based rewards, and personalized perks while the rise of bleisure travel will fuel demand for flexible work and leisure spaces. Ultimately, hotels that factor in responsible data use, privacy, and digital innovation will be best equipped to meet the expectations of tomorrow's guests."

Adapting hotel investments to align with these trends is crucial. Technology should not only enable customization but relieve operational strain. "For DIRECTV HOSPITALITY, that means enabling curated, on-demand entertainment and seamless integrations with guest apps – all while relieving pressure on teams by automating non-essential tasks and allowing staff to focus on high-value, personal interactions – which is exactly what younger travelers crave," said Twiggs.

Looking ahead, Twiggs emphasized that **personalization and control will define the guest experience.** "Travelers will expect frictionless, tech-enabled environments where everything from room controls to entertainment can be customized from their own devices. In-room entertainment will be a cornerstone of this personalization. Whether it's voice-controlled TV, curated streaming apps, or content recommendations based on previous stays, the future will need to be tailored and intuitive – without overwhelming staff or systems."



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Navigating Workforce Challenges With Tech & Culture

Staffing shortages, rising wage expectations, and evolving employee priorities are converging to create a workforce landscape unlike any before. The result is strain on operating efficiency, service quality, and guest satisfaction – fundamentals that define a hotel's success. While daunting, hoteliers who prepare now can build strategies to withstand and adapt to the turbulence ahead.

“Labor has always been the heartbeat of hospitality, but the mounting pressure in 2026 is going to be different,” explained Andrew Arthurs, President & COO of Actabl. “Hotels are running leaner than ever, and this puts strain on the people we do have. In our business, when you’re short-staffed, the impact is immediate. Guests feel it, service suffers, and the associate experience takes a hit.”

At the core of today’s labor crisis is a shifting set of workforce expectations. Arthurs noted that employees across generations are looking for meaningful work, flexibility, and modern tools that make their jobs easier. “Younger associates often expect the same intuitive technology at work that they use in their personal lives. Seasoned associates value stability and recognition. The through-line is that nobody wants friction in their day-to-day job. If your PMS or maintenance system is clunky, or if a process adds steps without adding value, it’s harder to retain talent.”

Beyond being used to improve efficiency, technology has emerged as equally important for employee satisfaction and loyalty. Tools that automate tasks such as scheduling, room assignments, or reporting free associates to focus on the human side of hospitality. Pairing automation with training and career development also reduces turnover, giving hotels a more stable workforce to build on.

Calin also believes in the power of advanced technology to help navigate labor challenges through 2026. “Investing in AI-driven booking and revenue management systems, implementing automated check-in and -out procedures, and deploying chatbots for routine inquiries frees up staff to concentrate on more valuable tasks and to enhance guest experiences.”



Preparing for the future requires both short-term fixes and long-term investments. “Short-term, operators need to remove friction from daily tasks,” said Arthurs. “That can mean automating scheduling, using data to deploy labor more intelligently, and making sure training is fast and effective. Long-term, investing in people is key. Develop property champions who can lead technology adoption and give them career paths. It’s a team sport; when you have associates who feel empowered and equipped, you’re better able to weather staffing shortages.”

Beyond process improvements, culture is a defining factor. Arthurs urged hotels to give the associate experience the same strategic attention as the guest experience. “We obsess over guest-facing touchpoints, but the people delivering that experience are often using outdated tools or carrying unnecessary administrative burdens. Improving the work experience for associates isn’t just good for them – it’s good for retention, service levels, and profitability.”

That cultural shift includes re-evaluating management practices and offering more flexible arrangements, such as job-sharing or four-day work weeks. Referral incentives, retention bonuses, and leadership pathways also reinforce loyalty. More importantly, culture is built in the day-to-day. “Associates want to feel supported, have their voices heard, and see opportunities to grow,” Arthurs shared. “That means managers need to be present, technology needs to work, and training needs to be practical. When associates see that their employer invests in their tools, skills, and career trajectory, it sends a clear message – we value you as much as we value our guests.”



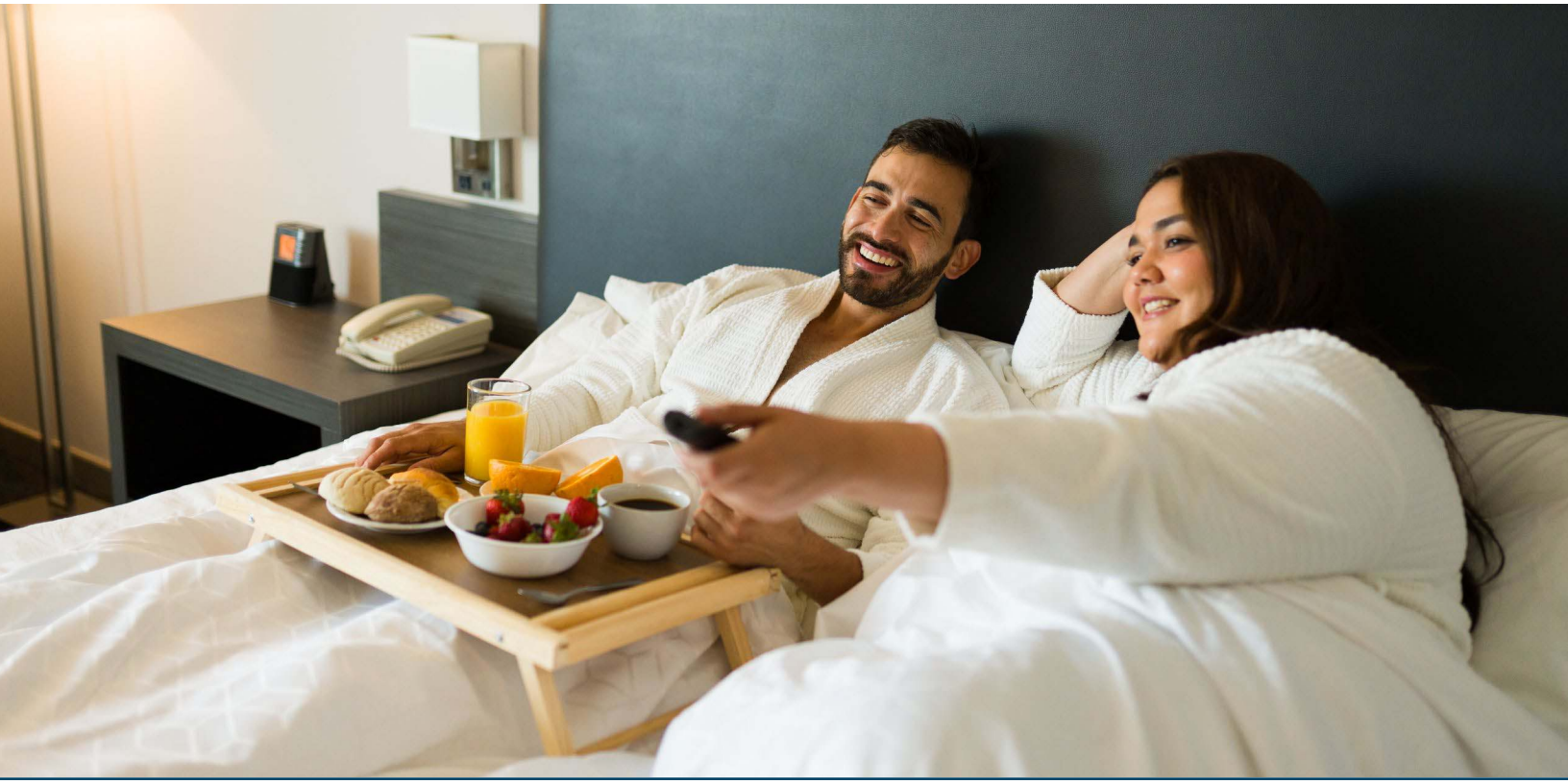
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Labor challenges aren't going away, but with smart technology adoption and cultural commitment, hotels can turn this pain point into a competitive advantage. "Cash registers don't ring at the corporate office," remarked Arthurs. "Success in 2026 will come from focusing on the tools, training and support that help associates deliver great guest experiences every shift. Keep property teams at the center of your decisions, and make every investment – whether in people, process or technology – serve that goal."

Managing Sustainability, Costs & Guest Demands

One of the most pressing challenges facing hotel operators in the coming year is the balancing act between sustainability, cost management, and guest expectations. Travelers are increasingly eco-conscious, with many factoring a property's green credentials into their booking decisions. At the same time, regulatory requirements around environmental impact are tightening worldwide. **Yet, while going greener can enhance reputation and compliance, it often comes with upfront costs and operational complexities. For hoteliers, the question becomes how to embrace sustainability in ways that are authentic, measurable and cost-effective.**

An immediate step hotels can take is undertaking an audit of their carbon footprint and setting baseline goals. This provides clarity on where the largest environmental impacts lie, whether in energy use, water consumption, or waste management, and helps properties



identify where investments can deliver the greatest returns. Establishing a baseline also allows hotels to track progress over time, turning sustainability into a measurable strategy rather than a vague aspiration.

Technology plays a critical role in making green initiatives both effective and financially sustainable. AI-powered tools and smart room technologies are increasingly being used to manage environmental conditions more intelligently. Systems that automatically adjust temperature, lighting, and water usage based on occupancy not only conserve resources but reduce operational costs. For instance, a guest room that powers down when unoccupied can deliver significant energy savings without diminishing comfort. These "behind-the-scenes" efficiencies are invisible to the guest but highly impactful for the property's bottom line.

Equally important are visible and guest-facing initiatives. **Hotels are finding success by setting clear, tangible goals that resonate with travelers, such as eliminating single-use plastics, adding more recycling stations, or sourcing food and beverages locally. These actions not only reduce environmental impact but align with guest expectations around authenticity and community engagement.** Crucially, promoting these efforts transparently builds trust with eco-conscious guests.

Staff engagement is another critical component. Training associates to understand and communicate the property's green initiatives ensures that the message is reinforced at every guest touchpoint. When employees can confidently discuss recycling policies, water-saving efforts, or local sourcing, it elevates the credibility of the program and creates opportunities for deeper guest connection.

Ultimately, the hotels that succeed in navigating this challenge will be those that see sustainability not just as a compliance box to check but as a core value woven into operations and guest experience. By combining smart technology adoption with visible, transparent practices, hotels can demonstrate that going green is both possible and profitable – protecting the planet while strengthening reputation, deepening guest loyalty, and building resilience for the future. ■

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^HUB Entertainment "Guest Media Research" Survey conducted April 2024 with 1,200 U.S. consumers 21+ who stayed five or more nights in hotels within the past 12 months.† HUB Entertainment "Guest Media Research" Survey conducted May 2025 with 1,500 U.S. consumers 21+ who stayed five or more nights in hotels within the past 12 months.

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