



# Luxury Hotel Market Outlook 2023 - 2026

A report by Communications Specialist Ltd  
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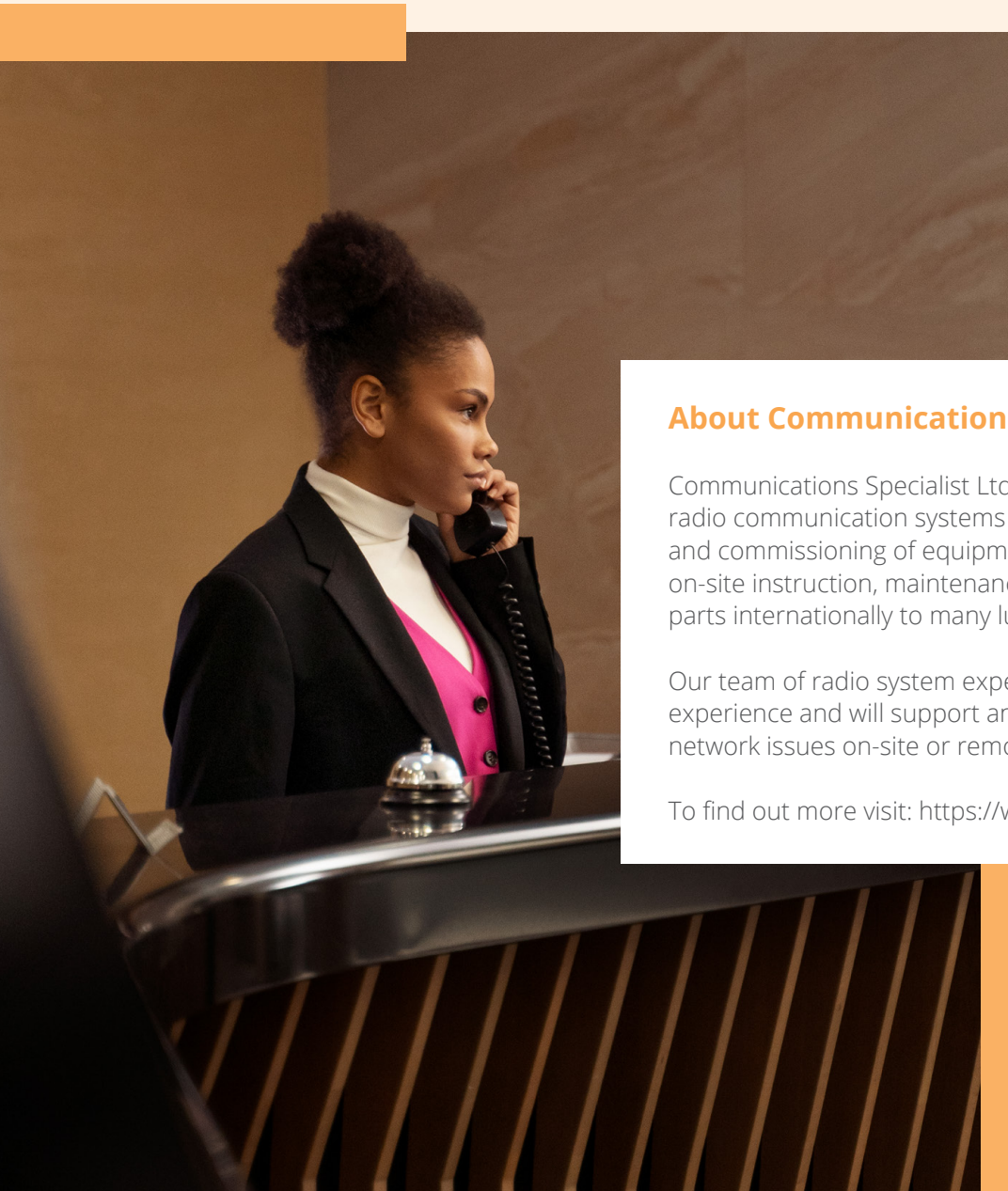
Communications Specialist Ltd

## Introduction

With tough economic conditions there were fears of a global recession in 2023, but the luxury hotel market has held up well and defied expectations. Looking to the future, the remainder of 2023 and beyond holds lots of reasons to be optimistic, with opportunities for growth despite some challenges to overcome along the way.

To understand more about what the next few years hold for the luxury hotel market, Communications Specialist Ltd conducted independent research through market research company Pure Profile to interview 50 senior executives at luxury, high-end hotel chains with annual revenue of \$4 billion based in Asia, Africa, Europe, the US and South America. The study focused on the views and outlook of senior executives and their attitudes towards growth as well as the challenges and opportunities in the next three years.

Their answers provide some fascinating insights into the market. The study also takes a closer look at the extent to which hotels are embracing new technologies and communications techniques to not only cut costs and become more efficient, but also improve customer service, their overall experience and proposition.



### About Communications Specialist Ltd

Communications Specialist Ltd provides sales support on radio communication systems as well as training, fitting and commissioning of equipment, systems amalgamation, on-site instruction, maintenance and the provision of spare parts internationally to many luxury hotels around the world.

Our team of radio system experts have more than 35 years' experience and will support and help resolve complex network issues on-site or remotely.

To find out more visit: <https://www.comms-spec.com/>

# Overall Growth Expected In 2023

The study reveals a positive outlook for the luxury hotel market for the rest of 2023. Some 86% of senior executives of large luxury hotel chains expect revenue to increase this year when compared to 2022.

Nearly one in 12 (8%) of those interviewed anticipate revenue growth of up to 10% on last year for the organisations they work for, and half predict growth of between 10% and 30%. A further 12% anticipate growth of between 30% and 50%, and some 16% expect revenue to be at least 50% higher.

When comparing expected revenue streams for this year to 2019, 92% anticipate some form of revenue growth.

Expected revenue growth in 2023 when compared to 2022	Percentage of senior luxury hotel executives interviewed who anticipate this level of increase in revenue this year for the hotel chain they work for when compared to 2022
Up to 10%	8%
Between 10% and 30%	50%
Between 30% and 50%	12%
Between 50% and 75%	10%
Between 75% and 100%	6%
It will be about the same	8%
Less	6%

### Top five reasons for expected growth:

1. Higher occupancy rates
2. Growing population of mass-affluent and high-net-worth individuals
3. People looking to spend more on holidays after Covid-19 lockdowns
4. Improved experience at luxury hotels
5. Guest experience becoming more personalised

A key reason for the level of optimism amongst senior luxury hotel executives is that 90% expect occupancy rates at the hotels they work for to be higher this year than in 2022 – 18% predict they will be ‘significantly higher’. For the high-end, luxury hotel market as a whole, the corresponding figures are 78% and 20% respectively.

When asked for other reasons for optimism around revenue growth, 70% of those interviewed cited the growing population of mass-affluent and high net worth individuals, and 57% said it was because people are generally looking to spend more on their holidays following the Covid-19 lockdowns. Some 39% said it is because the luxury hotel market experience has improved and become even more sophisticated, and 33% said it was due to the guest experience becoming more personalised.

# Outlook For Hotel Technology Use 2023 – 2026

## Spending on technology and communications systems set to rise

Senior executives of large luxury hotel chains expect the high-end, luxury hotel sector to dramatically increase its expenditure on technology and communication systems over the next three years.

Between now and 2026, more than half (54%) of those interviewed expect the sector's spending in this area to increase by between 20% and 50%, and 16% anticipate it will be higher than this.

Expected increase in expenditure on technology and communications systems in the high-end, luxury hotel sector between now and 2026	Percentage of senior luxury hotel executives interviewed who anticipate this level of increase in expenditure
Up to 10%	2%
Between 10% and 20%	28%
Between 20% and 50%	54%
Between 50% and 75%	8%
Between 75% and 100%	8%

When it comes to how much the luxury hotel sector will spend on security over the next three years, the executives interviewed expect similar levels of increased expenditure. Six out of ten (60%) predict expenditure to increase by over 30% between now and 2026.

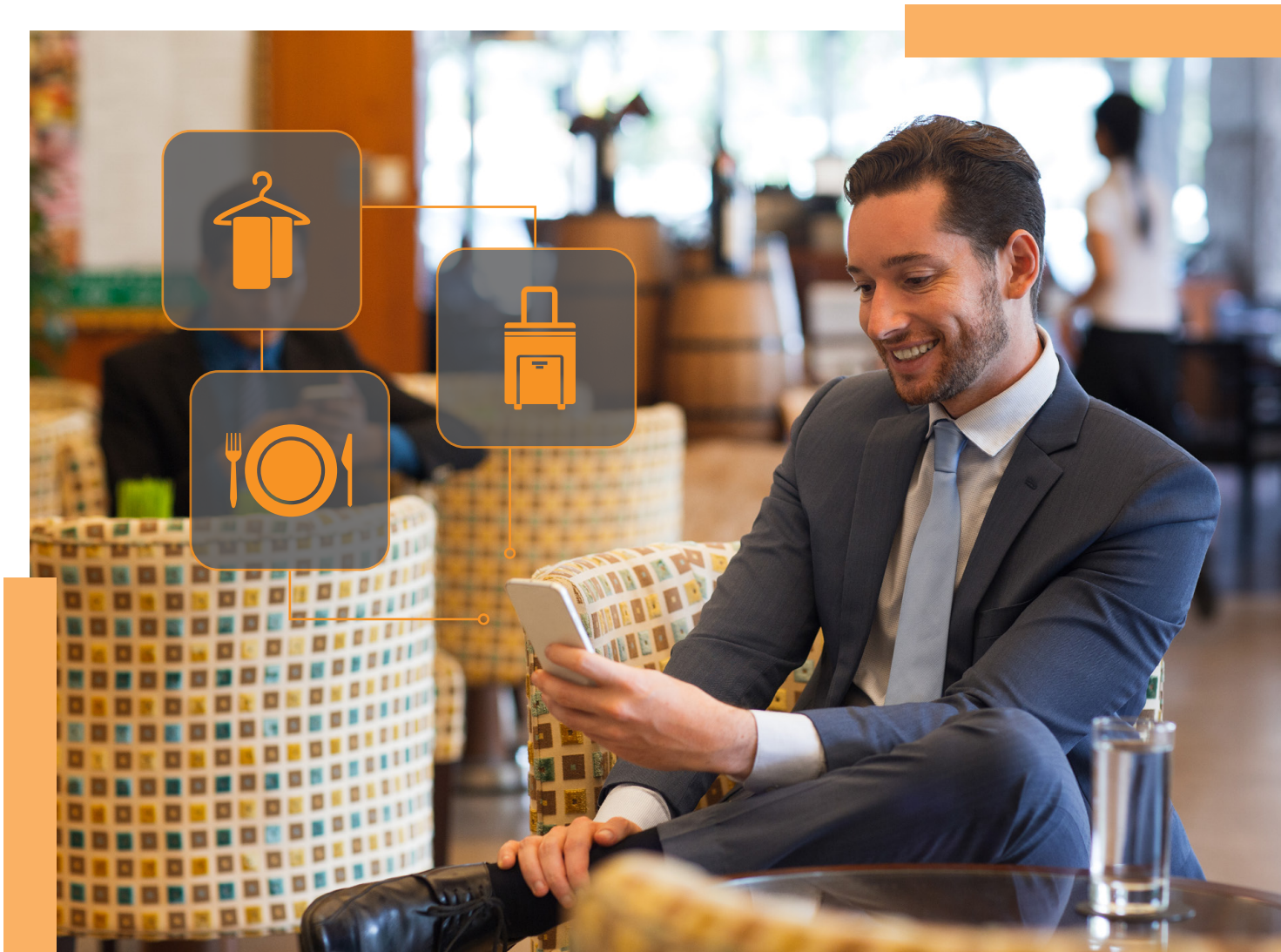
Expected increase in expenditure on security in the high-end, luxury hotel sector between now and 2026	Percentage of senior luxury hotel executives interviewed who anticipate this level of increase in expenditure
Up to 10%	2%
Between 10% and 20%	16%
Between 20% and 50%	66%
Between 50% and 75%	4%
Between 75% and 100%	12%

A key reason for a planned increased spend on communications systems and security is that only 20% of senior luxury hotel executives interviewed rate the sector's operational efficiency levels as 'excellent', with 70% describing them as 'good' and 10% as 'average'. By spending more in these areas, 32% expect operational efficiency levels to improve dramatically over the next three years and 56% expect a slight improvement.

## Technology set to reduce costs and improve customer experience

Senior executives at high-end, luxury hotels expect the sector to make more use of technology to help reduce costs and improve the overall customer experience.

Over the next five years, some 94% of those interviewed expect hotels to make more use of virtual tours to develop a digital environment for people to picture themselves in – 32% anticipate a dramatic increase in their use. When it comes to the sector's use of QR codes, 30% of those interviewed expect a dramatic increase in the hotel sector's use of them, and 68% anticipate a slight rise.



Around 86% anticipate an increase in the hotel sector's use of apps available to guests to access more services (22% anticipate a dramatic increase), and 88% expect hotels to make more use of self-checkout and technology for ordering room service and paying at the dining table or bar (34% anticipate a dramatic increase in their use by the hotel sector).

When it comes to artificial intelligence chatbot ChatGPT's impact on the hotel sector, 16% believe it will have a very positive impact on improving the overall experience of guests, and 74% believe it will have a slightly positive impact. Just 2% think it will have a negative impact.

# Challenges And Oppourtunities

Despite the optimism and predictions of future growth, there are still a number of challenges facing the sector including rising costs and concerns about staffing - as well as opportunities to capitalise on, with an increased focus on sustainability.

## Rising costs

Although revenues are expected to rise, all of the respondents interviewed say overall costs for the high-end, luxury hotel market will be higher in 2023 than last year. One in four (24%) expect them to be at least 30% more. Hotels will need to manage this rise in costs carefully and plan ahead to ensure that they are well-prepared to meet these increases, which will have a significant impact on their budgets.

Expected rise in costs this year for the high-end, luxury hotel market when compared to 2022	Percentage of senior luxury hotel executives interviewed who anticipate this level of increase in costs
Up to 10%	2%
Between 10% and 20%	24%
Between 20% and 30%	50%
Between 30% and 40%	8%
Between 40% and 50%	14%
Over 50%	2%



## Staff retention and recruitment

As well as rising costs, nearly half (46%) of senior executives are worried about staff retention and hiring new people in their sector. A further 44% said they are quite concerned, while just 10% said they are not concerned at all.

Providing better facilities and accommodation to staff is seen as the most important issue to focus on in order to address the staffing issue, followed by increasing salaries, raising the budget for training staff and helping them to develop, and then investing more in technology to make jobs easier. The sector must have the right skills and motivation in their work force in order to capitalise on the expected future growth.

## Increased focus on sustainability

Almost all (94%) of senior executives at high-end, luxury hotels expect the sector to increase its focus on sustainability over the next three years – some 22% believe there will be a dramatic increase.

As part of this, 46% expect there will be a dramatic increase in the sector's focus on working with local suppliers, and a further 44% say there will be a slight increase.

Some 84% are predicting growth in the luxury hotel sector's use of renewable energy, and 86% an increased focus in the sector on removing disposable plastics from their operations between now and 2026.

This increased focus on sustainability will be an opportunity for many. Some 28% of senior luxury hotel executives interviewed say having strong sustainability credentials is now extremely important to secure bookings, while a further 68% say it is quite important.

## Conclusion

Our research shows that the luxury hotel market is very optimistic about growth this year. Senior executives expect occupancy rates to be higher than in 2022, and there are several factors such as a growing population of mass affluent and high-net-worth individuals supporting long-term growth in the sector.

Our findings also suggest that there is still a 'bounce-back' from the pandemic with many people wanting to spend more on their holidays this year to make up for the lack of vacation time during the recent Covid-19 lockdowns.

However, despite this optimism, there are still challenges ahead. Costs are predicted to rise this year and without the right level of motivated, skilled staff, the sector is at risk of not fulfilling its potential growth.

The market also needs to focus on sustainability. Discerning customers increasingly want to know the ESG credentials of the hotels they are staying in. Our research shows that many in the sector are investing heavily in this area, and it presents an opportunity, as one key attribute to a hotel's success is to have a strong focus on sustainability.

Another key area for investment is technology, to ensure hotels can provide even higher levels of efficiency and customer service. Technology and communications systems are at the heart of any hotel's operations, and they play an increasingly important role in advising on implementing the right hospitality radio functionalities, ensuring that systems and operations run smoothly, and guests continue to receive the best possible service. They are also key to ensuring the highest possible standards of security.

Our research shows that many hotels are embracing the latest technology to enhance their proposition, and ensure customers have the best possible experience with them. It has the potential to further customise customer experiences, speed up service levels and reduce costs.



**Communications Specialist Ltd**

Unit R, Loddon Business Centre,  
Roentgen Road, Basingstoke, RG24 8NG

**t. +44(0) 333 000 7888**

**e. [enquiries@comms-spec.com](mailto:enquiries@comms-spec.com)**

