



CORPORATE TRANSFORMATION SERVICES

The Current State of the Hospitality Industry: Marketing and Consumer Trends

In our previous article, we explored the challenges related to **financial management**, **employment** and **franchising** in the hospitality industry.¹ Now, in Part 2 we shift our focus to two additional critical areas — **marketing** and **consumer trends**. These factors are shaping the future of the industry and require strategic attention to ensure sustained success.

Marketing Challenges and Opportunities

1. Resource Constraints

One of the biggest challenges facing hotels today is the lack of adequate marketing resources. In fact, 53 percent of hotel owners we surveyed² expressed concerns about insufficient budgets to meet their marketing needs. As one respondent put it, while marketing is essential, “It’s always last on my list.” This attitude reflects not only limited resources but also the complexities of executing effective marketing strategies. According to our survey, 29 percent of respondents cited “creating and sustaining a distinctive identity while staying competitive with local hotels,” and 28 percent identified “developing effective marketing strategies” as top challenges. Limited resources are making it difficult for hotel owners to develop effective marketing strategies, meet their marketing needs, or stand out in a crowded marketplace.

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2. The Power of Social Media

Despite these constraints, social media has emerged as a highly effective marketing tool. Platforms like Instagram and Facebook provide an affordable and direct channel for hotels to engage with prospective guests. In a recent ICSC research study, 85 percent of Gen Z respondents say social media influences their purchasing decisions³ and 71 percent of travelers rely on social media for trip inspirations.⁴ Among hotel owners surveyed, 76 percent ranked social media as their most effective marketing channel, followed by online travel agencies (OTAs) at 60 percent and paid search at 56 percent. Despite social media’s demonstrated power, hoteliers struggle to leverage the channel for tangible impact.

3. Leveraging Data to Monitor Consumer Trends

Understanding shifting consumer preferences is essential for staying competitive in today’s dynamic market. By analyzing data on guest behavior and online activities, hotel owners can gain actionable intelligence to refine marketing strategies and improve guest experiences. Real-time monitoring of guest activities online — such as search habits, reviews and engagement on digital platforms — can offer actionable intelligence to refine marketing strategies and improve guest experiences. Despite these opportunities, only 44 percent of hotel owners reported having a dedicated marketing team capable of responding dynamically to these insights. This gap highlights a missed opportunity for many hotels to align their strategies more closely with evolving guest expectations.

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Consumer Trends and Their Impact

The hospitality industry is facing a dynamic shift in consumer behavior. While it is crucial for hotel owners to keep up with what is trending, the more important task is to identify trends that provide a meaningful return on investment.

1. Rising Guest Expectations

Guests today demand higher standards of service and amenities. Nearly 30 percent of hotel owners that we surveyed identified increasing guest expectations as a top challenge. Hotels must continually improve the guest experience — whether through technology, service quality or amenities — to remain competitive. Offering enhanced service packages or more personalized experiences can make a significant difference.

2. Heightened Price Sensitivity

At the same time, price sensitivity is increasing among consumers. With the rise of platforms like Airbnb and VRBO, 74 percent of guests now report finding better pricing outside of traditional hotels, and 53 percent feel pressure to be more frugal when booking accommodations. In the third quarter of 2024, U.S. hotels experienced a 0.2 percent decline in revenue per available room (RevPAR), primarily due to a 0.8 percent drop in occupancy and modest average daily rate (ADR) growth of 0.6 percent.⁵ This trend may reflect consumers' heightened price sensitivity and the competitive pressure from alternative lodging options. Hotels must balance competitive pricing with maintaining service levels that meet rising guest expectations to capitalize on this anticipated growth.

3. Popularity of Alternative Accommodations

The growth of vacation rentals and unique lodging options continues to challenge traditional hotels. While there has been some backlash against the fees and inconsistent service in these alternative accommodations, they remain a popular choice. This trend is unlikely to fade, and hotels must innovate to differentiate themselves by offering unique experiences that alternative accommodations may not provide. Additionally, guests are increasingly looking for more home-like features during their stay. About 43 percent of guests expressed a preference for accommodations with kitchens and other home amenities.² Hotels that can offer these kinds of features may attract guests who would otherwise turn to vacation rentals.

4. The Importance of Guest Feedback and Online Reviews

Online reviews continue to play a significant role in consumer decision-making. Both positive and negative feedback can have a significant impact on occupancy rates. However, only 25 percent of hotel owners we surveyed are actively responding to guest reviews. Implementing changes based on guest feedback can result in tangible improvements.

How Alvarez & Marsal (A&M) Can Help

A&M offers a range of solutions designed to help hotels navigate their marketing and consumer challenges:

- **Strategic Marketing Solutions:** A&M provides expertise in digital marketing, social media strategy and data analytics, helping hotels optimize their marketing efforts to achieve greater impact despite resource constraints.
- **Consumer Insights:** Leveraging A&M's consumer research capabilities, hotels can better understand guest preferences and adapt their offerings accordingly.
- **Operational Efficiency:** A&M assists in optimizing hotel operations, reducing costs and improving service quality, which can directly enhance the guest experience and address the challenges of rising expectations.

Call to Action: Proactively Addressing Market Complexities

To thrive in today's highly competitive environment, hotels must adopt a proactive approach. By taking a proactive approach and leveraging expert guidance, hotel owners can apply strategic solutions that tackle immediate marketing challenges and also lay a foundation for long-term success.

Conclusion: Adaptability Is Key to Sustained Growth

The hospitality industry faces ongoing challenges in marketing and meeting evolving consumer demands. Those hotels that embrace adaptability, leverage data-driven insights, and invest in guest satisfaction will be well-positioned to succeed in a rapidly changing market. By addressing these issues head-on, the hospitality industry can continue to evolve, offering compelling guest experiences while maintaining profitability.

1. "Navigating the Future of the Hospitality Industry: Overcoming Challenges for Sustainable Growth," Alvarez and Marsal, January 28, 2025.
2. The A&M study surveyed 308 hotel owners, managers and employees and dove deep into challenges in the hotel business. The survey was conducted in May and June of 2024.
3. Tatiana Walk-Morris, "Retail Deep Dive: ICSC: 85% of Gen Z says social media impacts purchase decisions," <https://www.retaildive.com/news/generation-z-social-media-influence-shopping-behavior-purchases-tiktok-instagram/652576/>.
4. The Power of Reviews for Tour & Attraction Operators - Infographic, Ramsha Zafar, "The Importance of Customer Feedback in Travel Industry," December 10, 2023, Involve.me blog, <https://www.involve.me/blog/the-importance-of-customer-feedback-in-travel-industry>.
5. Chris Kaluda, "U.S. Hotel Commentary – September 2024," Smith Travel Research (STR), [https://str.com/data-insights-blog/us-hotel-commentary-september-2024#:~:text=Top%2DLine%20Metrics%20\(September%202024%20vs.%20September%202023\):,Revenue%20per%20available%20room%20\(RevPAR\):%20US\\$105.04%20\(%2D1.3%\)](https://str.com/data-insights-blog/us-hotel-commentary-september-2024#:~:text=Top%2DLine%20Metrics%20(September%202024%20vs.%20September%202023):,Revenue%20per%20available%20room%20(RevPAR):%20US$105.04%20(%2D1.3%)).

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