

# I HOTEL >>>> INNOVATION BAROMETER



**SPARK**

INNOVATION SPHERE  
BY LES ROCHES



2024 INTERNATIONAL SCOPE





DERBY HOTELS  
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# INTRODUCTION

The ability to **innovate effectively** is no longer a luxury but a necessity.

This insight was created by collecting valuable input from industry representatives.

The **perspectives reflected in the Barometer** include a broad spectrum of the industry, capturing the challenges, strategies, and opportunities that shape innovation in various types of hotels at an international level.

**Innovation** is a necessity for hotels to foresee future trends, customer and employee needs, and technologies in order to adapt and transform organizations.



# OBJECTIVES OF THE STUDY >>>>

1.

Identify and discuss innovation dimensions to inspire a change of mindset around the concept of innovation in the hospitality sector. >>>

2.

Investigate strategic innovation opportunities to guide hoteliers in refining their strategies and serve as a resource for academics and practitioners exploring innovation in the hotel sector. >>>

3.

Develop a framework for cross-industry partnerships to create a structure for partnerships with other industries. >>>

# COMPANY PROFILES >>>>

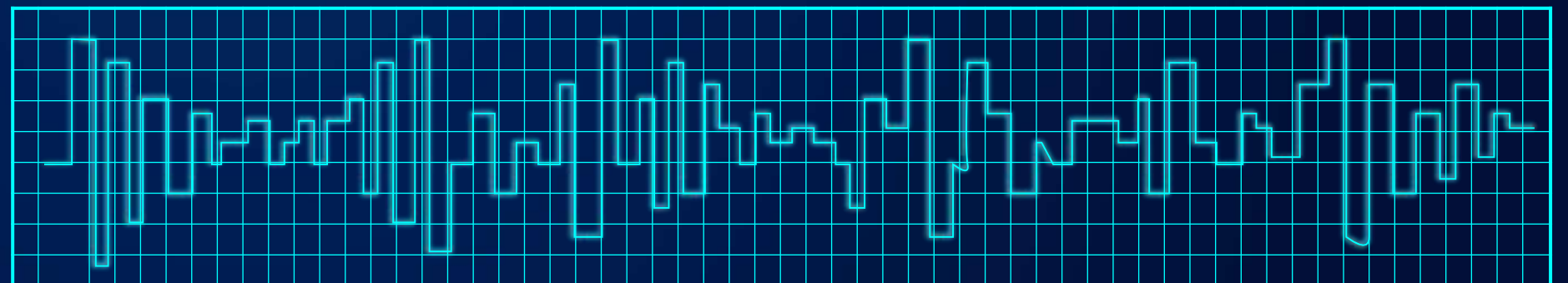
Innovation in hotels is not only driven by technology and digitalization.

**The barometer examines how innovation is adopted in the hotel industry**, not only focusing on technology integration and digitalization across operations.

There is a **correlation between the growth of the organization and the evolution of their innovation strategy**, with larger brands often having more resources and formal structures to support innovation initiatives.

There is an area of improvement, particularly in advancing innovation leadership at the top management level.

**A management model** has been developed in limited cases to integrate innovation into business strategies.



# SUMMARY OF FINDINGS >>>>

Other levers that hotels don't take into consideration in their innovation plans are technology, structure and processes, an innovation ecosystem, innovation culture, competitive intelligence, and communication.

There is an 86% correlation between strategic innovation and changes in hotel brand size, indicating that as brands grow, their approach to innovation evolves, often with more resources and structures.

Areas for improvement include fostering innovation leadership at the top management level.

There is a need to address human resources and operational challenges by investing in training programs and empowering staff to contribute to a culture of continuous innovation.

The importance of creating an innovation ecosystem through partnerships with startups, research institutions, and educational organizations. These collaborations help identify synergies, access research, and co-create new solutions, enhancing innovation and keeping up with technological advances.

# METODOLOGY OF OVERVIEW >>>>

The sample included **12 different international hotel chains**, each with an average portfolio of over 100 properties, **23 hotel chains with hotels only in Spain**, and **5 independent hotels**, offering a comparative view of innovation between large brands and standalone establishments.



The methodology provides an understanding of how innovation is managed and executed across branded and independent hotels, revealing differences in their strategies.

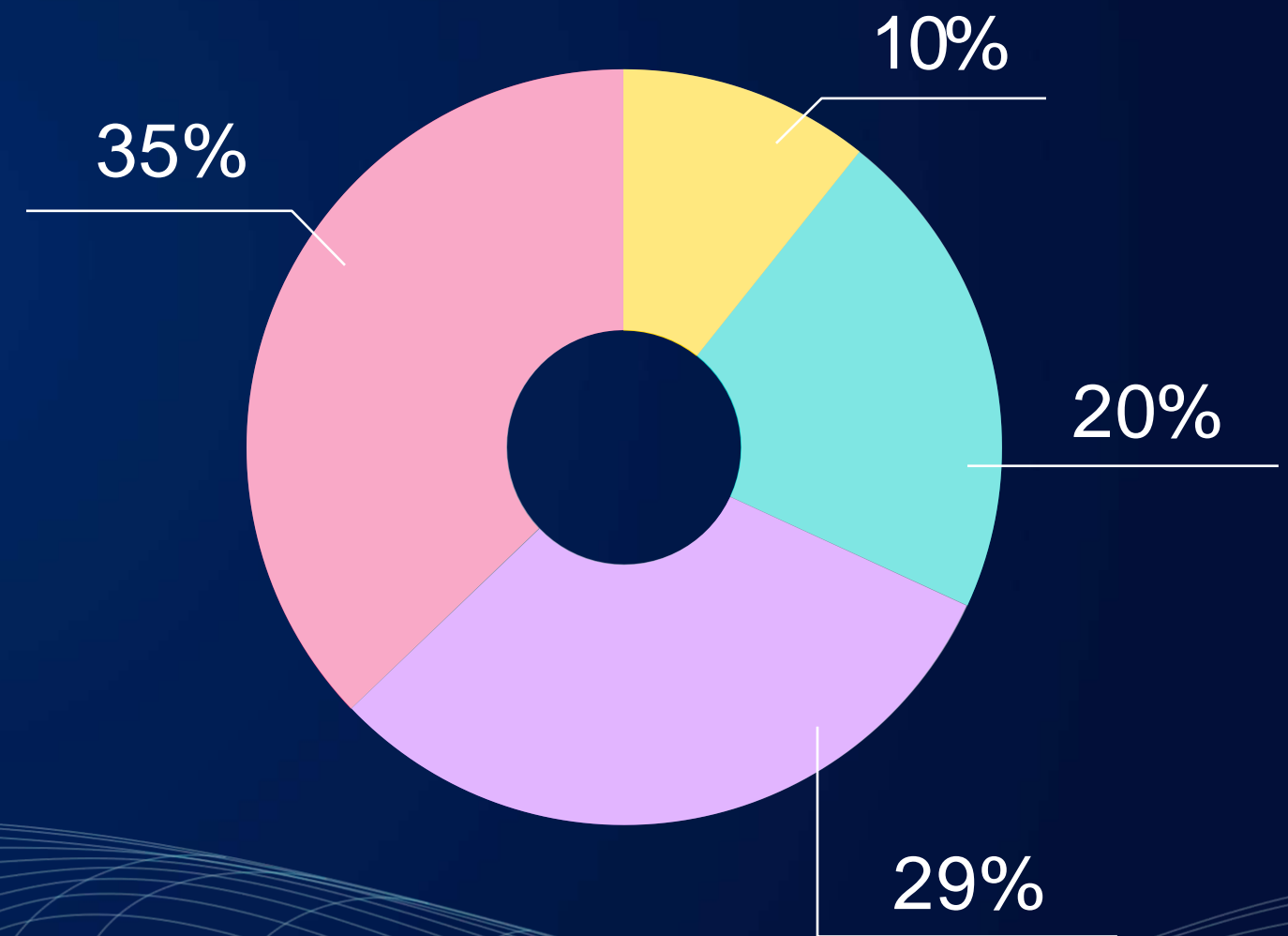
# COMPANY PROFILES >>>>

Only **10%** of respondents were **designated innovation directors**.

A **significant portion of innovation responsibilities** also lies with **department managers**, especially in **sales and marketing, training and HR, and IT**.

- Innovation Directors
- Chief Information Officer
- Chief Executive Officer | General Manager | Own...
- Innovation | Technology Departamental Manag...

## Study Respondents

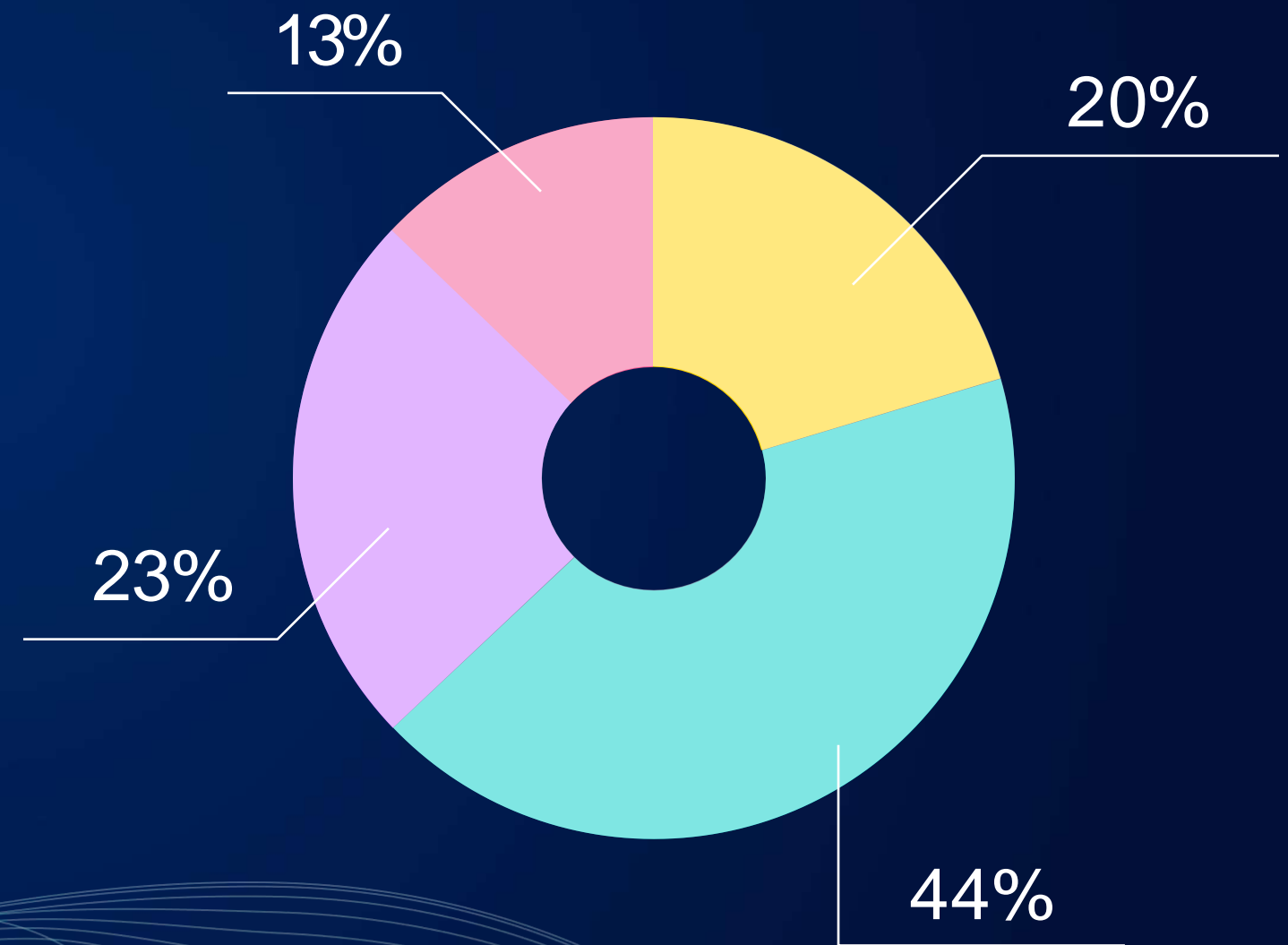


# COMPANY PROFILES >>>>

With **65% from small and medium-sized brands**, the respondents were primarily top-level executives (CEOs, CIOs, Transformation and Innovation Directors).

- 1-5 hotels
- 6-50 hotels
- 51-200 hotels
- Over 201 hotels

## Hotel Distribution By Size



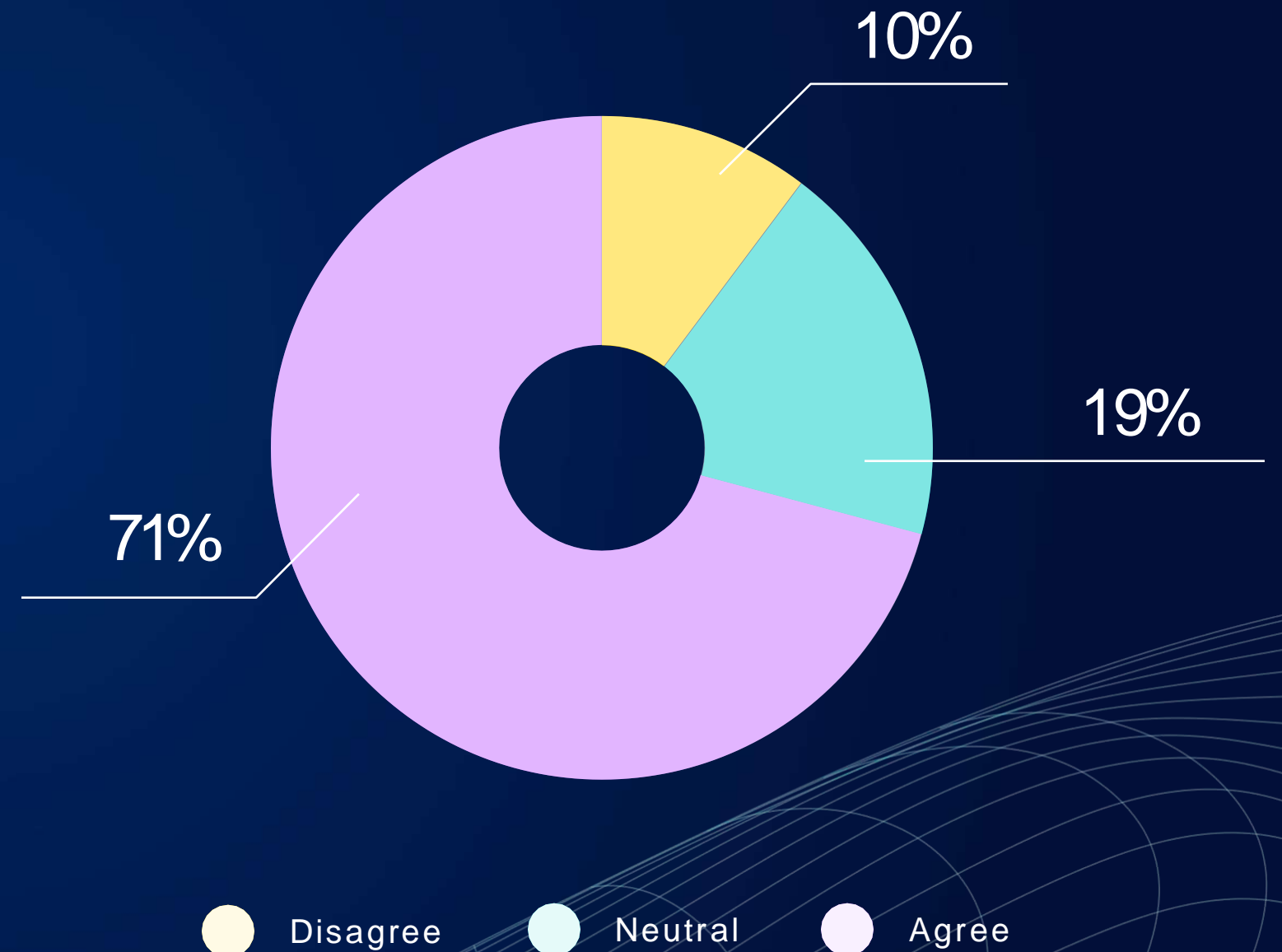
# INNOVATION STRATEGY



Medium-sized hotel brands had the highest level of innovation strategy implementation. These brands effectively **balance flexibility and resources**, allowing for the **quick adoption of new technologies** and service enhancements aligned with strategic goals.

Medium-sized brands scored the highest for implementing innovation strategies.

## Innovation Strategy



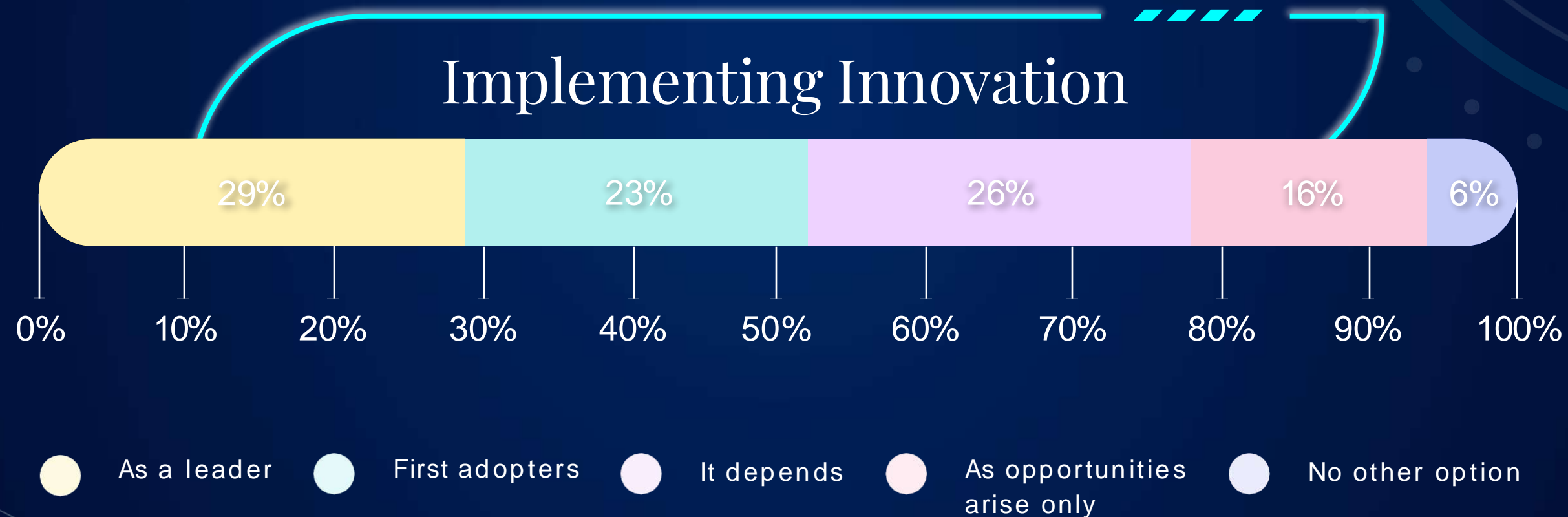
# INNOVATION STRATEGY >>>>

**Larger hotels were more successful in product/service innovation**, scoring up to 2.66 compared to 1.28 in smaller chains. **For operational innovations, small and medium brands had similar implementations**, averaging 0.85, while larger brands excelled with a score of 1.66, showing effective optimization of operations.

**Management practice innovation was identified as having the most potential for growth.** Although 70% of participants had implemented some form of innovation in this area, only 12% deemed it satisfactory or high-level, highlighting **a gap between intention and execution.**

# LEADERSHIP AND IMPLEMENTATION OF INNOVATION >>>>

Over half of the respondents stated that their companies proactively implement innovation, aiming to position themselves as market leaders or early adopters within the hotel industry.



# MARKET DRIVEN INNOVATION >>>>

**The market**, with an average score of 3.93, is **the main driver of innovation for hoteliers**, highlighting how hotels closely track **market trends, consumer demands, and competitor actions** to shape their innovation strategies.

Most hotels recognize market demand as a key driver for innovation efforts.

# CHALLENGES TO INNOVATION

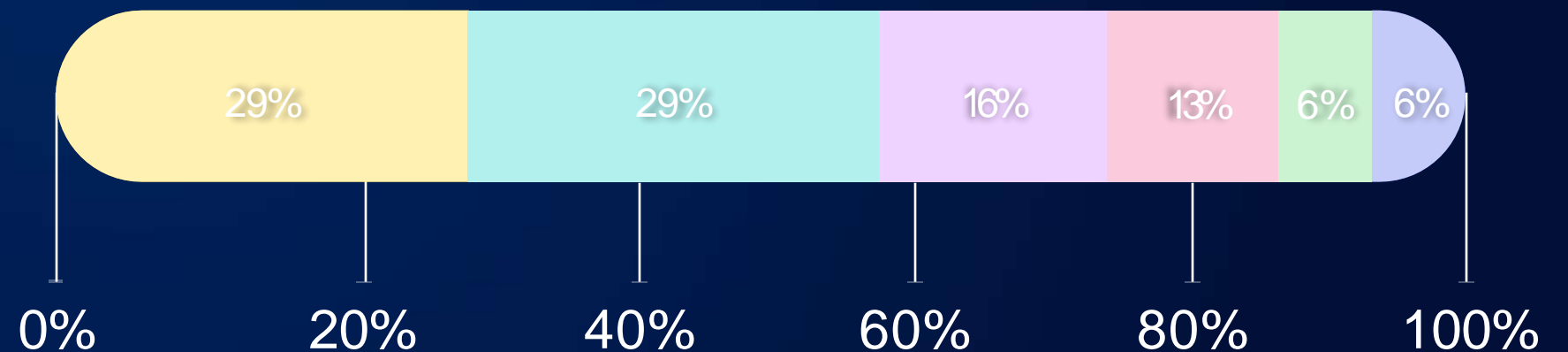


The analysis of human and operational challenges across hotel chains of various sizes reveals that **smaller and medium-sized chains face significantly greater struggles compared to larger chains.**

- HR
- Operational
- Technology
- Financial
- Lack of vision/strategy
- Timeline

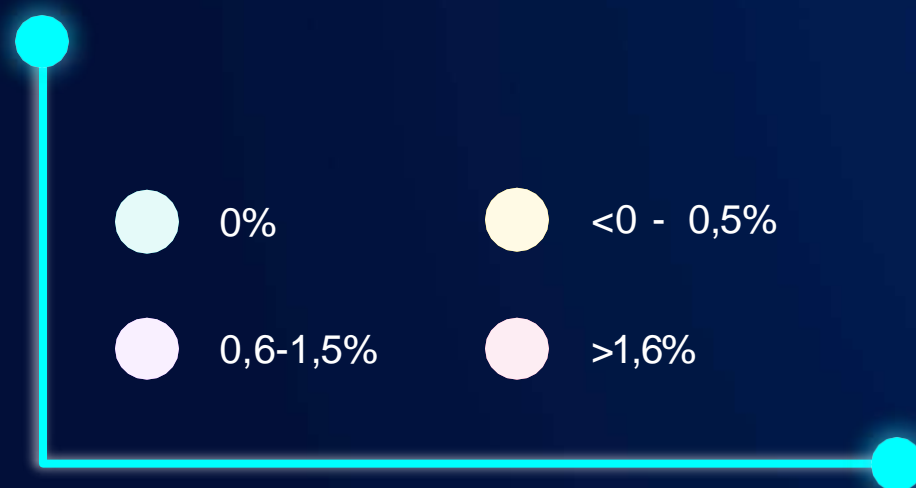
Main perceived challenges include a lack of incentives and dedicated innovation leadership

## Most Common Challenges

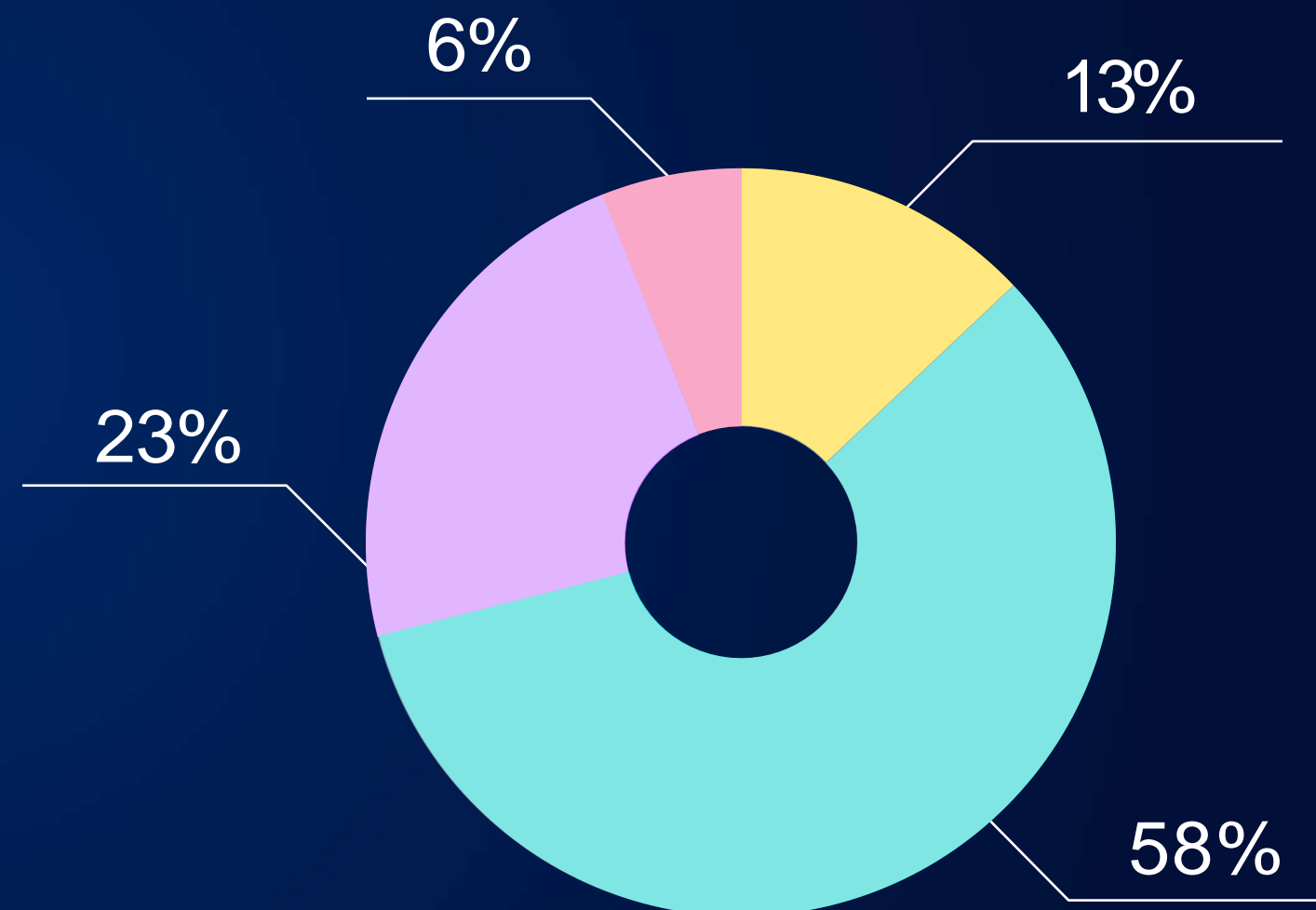


# BUDGET ALLOCATION FOR INNOVATION >>>>

Nearly **60%** of respondents indicated that their **brand does not allocate a specific budget** for innovation at all. Notably, none of the largest hotel chains have a dedicated innovation budget.



## Budget Dedicated to Innovation



# TRAINING AND >>>> DEVELOPMENT IN INNOVATION

The survey revealed a **significant gap in innovation training within the hotel industry**, with 44% of participants stating their companies do not offer 'structured training' for innovation.

**Only 25% of managers reported that their hotel companies provide specific innovation training**, highlighting the limited reach of current efforts.

**The lowest levels of training were found in small hotel brands** (those with fewer than five properties), often constrained by limited budgets and resources.

Medium-sized hotel brands have a **key opportunity to enhance their innovation capabilities through targeted training initiatives**.



# PARTNERSHIPS AND ECOSYSTEM BUILDING >>>>

It is repeatedly highlighted **the importance of partnerships with startups and educational institutions** and how this collaboration can enhance the forward-thinking of any organization.

**A key opportunity identified is collaborating with industry representatives** to co-create innovative solutions and explore technological advancements.

**Medium-sized hotels** (scoring 3.57/5) and **large chains** (scoring 3) **face more challenges in implementing collaborative initiatives** due to the need to balance scaling operations with maintaining focus on innovation. **Large chains**, in particular, **encounter complexities like slow decision-making and bureaucratic hurdles**, leading to innovation threats and less effective collaborations.

# PARTNERSHIPS AND ECOSYSTEM BUILDING



A significant **65% of respondents experienced difficulties building an innovation ecosystem with external organizations** like startups and research institutions, often due to differing cultures, unclear collaboration frameworks, and logistical barriers.

**Smaller and medium-sized brands show greater openness to external knowledge**, adapting quickly and easily engaging with startups. The largest hotel chains score below the average in collaborating with startups (under 3.0 out of 5), hindered by bureaucratic complexities, slower decision-making, and risk aversion.

# RESEARCH >>>> AND INSIGHTS

**Small and medium-sized hotel brands**, with averages of 3.42 out of 5 and 3.23 out of 5, **are especially active in internal research. Small hotels benefit from their ability to experiment on a smaller scale and quickly refine strategies**, often targeting niche markets, unique guest experiences, or specialized offerings. For **medium-sized hotels**, internal research supports **identifying best practices, optimizing operations, and strategic market expansion, leveraging data and insights to gain a competitive advantage.**

Investing more in internal research would enable large hotels to better respond to market shifts, anticipate trends, and position themselves as innovation leaders within the industry.

# RESEARCH AND INSIGHTS



In contrast, **large international hotel chains, despite their extensive resources,** scored a slightly lower average of 3.00 out of 5, indicating **untapped potential in internal research. These brands have access to vast data and expertise but face challenges in coordinating efforts across regions and departments, as well as slower decision-making processes due to their scale.**

# CONCLUSION AND NEXT STEPS >>>>

**It is essential that hotel companies define innovation strategies to have a roadmap to structure their organization to implement the strategy, methodology and processes that must be applied to be more efficient in innovation projects, and intelligence processes.**

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**Larger brands are more likely to adopt structured approaches to innovation, supported by their resources and technology access.**

**A critical area for development is the establishment of innovation leadership at the top management level. Effective leadership is crucial for a unified approach to innovation.**

**To address human resource and operational challenges, the study stresses the importance of training programs focusing on innovative practices. Equipping employees with the right skills fosters a culture where new ideas and continuous improvements are encouraged.**

**Innovation is mostly driven by technology and strategic market alignment, but it still needs leadership, training and partnerships to evolve.**

# CONCLUSION AND NEXT STEPS



The study emphasizes forming partnerships with external organizations like startups, research institutions, and educational bodies. **These collaborations help hotels access new technologies, co-create solutions, and identify synergies, enhancing their innovation capabilities** beyond internal possibilities and staying ahead of trends.

# CONCLUSION AND NEXT STEPS >>>>

**Present context of global uncertainty and transformation of the hotel tourism sector, innovation is presented as a key strategic variable** to be able to respond to the challenges of the hotel sector, which is called to be increasingly sustainable, more efficient, more competitive and offer new experiences to the customer and the employee. **The hotel sector must increase the prominence of innovation as a framework for action, turning it into a key promoting element for business transformation**, making use of technology and digitalization as pillars that support the implementation of innovation.

**This study's relevance is underscored by the feedback from industry professionals:** 87% requested the report, 48% expressed interest in follow-up discussions, and 65% sought a comparison of their company's results with the final report.

# THE TEAM BEHIND THE STUDY

## Les Roches

**Les Roches mission is to deliver transformative education** that **combines** high quality, **research-led academic learning with real-world hospitality industry exposure.**

**Spark** is building a global sphere to **foster hospitality innovation**, including preincubation and incubation services for startups which are bringing disruptive thinking to our industry and inspiration to our students.

Les Roches has participated in this study providing the research methodology.

## ILUNION Hotels

**ILUNION Hotels** is the hotel division of the ONCE Social Group, **a unique model in the world that seeks to promote sustainable, innovative, responsible, inclusive and accessible tourism.**

ILUNION Hotels has participated in the creation of this barometer by providing its vision, the concept of innovation with purpose, the innovation methodology to define the conceptualization of the interview and the report, as well as its sector knowledge and network of contacts.

THANK YOU



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# PARTNERSHIPS AND ECOSYSTEM BUILDING



**WILLING TO PARTICIPATE IN THE NEXT EDITION** to learn how innovation is enhancing hotel transformation and to compare your company's results?

Send an email to [spark@lesroches.es](mailto:spark@lesroches.es)

# SUMMARY >>>>

- **Innovation in hotels is mainly driven by technology and digitalization.**
- There is an **86% correlation between strategic innovation and changes in hotel brand size**, indicating that as brands grow, their approach to innovation evolves, often with more resources and structures.
- **Only 10% of respondents were designated innovation directors.**
- A significant portion of **innovation responsibilities also lies with department managers**, especially in sales and marketing, training and HR, and IT.
- **Medium-sized brands scored highest for implementing innovation strategies.**
- **Management practice innovation was identified as having the most potential for growth.** Although 70% of participants had implemented some form of innovation in this area, only 12% deemed it satisfactory or high-level, highlighting a gap between intention and execution.

# SUMMARY >>>>

- Over **half of the respondents stated that their companies proactively implement innovation, aiming to position themselves as market leaders** or early adopters within the hotel industry.
- **Only 25% of managers reported that their hotel companies provide specific innovation training**, highlighting the limited reach of current efforts.
- A **significant 65% of respondents experienced difficulties building an innovation ecosystem with external organizations** like startups and research institutions.
- **To address human resource and operational challenges**, the study stresses **the importance of training programs focusing on innovative practices**.
- Most hotels recognize **market demand as a driver for innovation efforts**.
- **The main perceived challenges include a lack of incentives and dedicated innovation leadership.**

# CONCLUSIONS >>>>

- **The methodology provides an understanding of how innovation is managed and executed across branded and independent hotels**, revealing differences in strategies.
- The ability to **innovate effectively is no longer a luxury but a necessity**.
- **Innovation is essential** for hotels to foresee future trends, customer and employee needs, and technologies, **to adapt and transform organizations**.
- There is a need to address human resources and operational challenges by investing in training programs and empowering staff to contribute to a culture of continuous innovation.
- In the present context of global uncertainty and transformation of the hotel tourism sector, **innovation is presented as a key strategic variable to respond to the challenges of the hotel sector**.
- **The hotel sector must increase the prominence of innovation as a framework for action, turning it into a key element for business transformation, making use of technology and digitalization as pillars that support the implementation of innovation.**

# CONCLUSIONS >>>>

- **The relevance of this study is underlined by the response from industry professionals:** 87% requested the report, 48% expressed interest in follow-up conversations and 65% requested a comparison of their company's results with the final report.
- **The importance of creating an innovation ecosystem through partnerships** with start-ups, research institutions and educational organisations cannot be overemphasised.
- **These collaborations help identify synergies, access research and co-create new solutions, enhancing innovation** and keeping up with technological advances.
- **Medium-sized hotel brands have a key opportunity to enhance their innovation capabilities through targeted training initiatives. A key opportunity identified is collaboration with industry representatives to co-create innovative solutions** and explore technological developments.
- **Investing more in internal research would allow large hotels to better respond to market changes,** anticipate trends and position themselves as innovation leaders within the industry.

# CONCLUSIONS >>>>

- **Innovation is mostly driven by technology and strategic market alignment, but it still needs leadership, training, and partnerships to evolve.**
- **Larger brands are more likely to adopt structured approaches to innovation, supported by their resources and technology access.**
- **A critical area for development is the establishment of innovation leadership at the top management level.** Effective leadership is crucial for a unified approach to innovation.
- **Collaborations help hotels access new technologies, co-create solutions, and identify synergies, enhancing their innovation capabilities beyond internal possibilities and staying ahead of trends.**
- **Areas for improvement: foster innovation leadership at the top management level.**