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AI Advantage: Reimagining Hospitality's Commercial Future

Artificial intelligence

Brian Hicks

*President and CEO, Hospitality Sales & Marketing Association International
(HSMAI)*



Brian Hicks, President and CEO at Hospitality Sales & Marketing Association International (HSMAI), outlines how AI is rapidly moving from experimentation to real impact across hospitality's commercial functions, driving measurable gains in revenue, conversion, and efficiency in revenue management, marketing, sales, and distribution. Drawing on HSMAI research and case studies, he argues that AI fluency has become a core leadership skill and urges hotel executives to adopt AI-first frameworks, upskill their teams, and update KPIs so AI becomes a sustained engine for growth.

AI is reshaping every corner of commercial strategy, and hospitality is now moving from curiosity to real execution. Our Rising Leader Council sees it clearly - more than half cite AI as the single biggest opportunity for 2026. The difference this year is that we finally have meaningful data, practical use cases, and measurable outcomes to learn from.

Drawing on new research from the [HSMAI Foundation](#) and insights from the [Milestone + HSMAI ebook](#), this article explores how AI is already transforming sales, marketing, revenue, and distribution - and what leaders should be prioritizing as we head into 2026.

THE GUEST JOURNEY REIMAGINED

Research by Milestone, outlined in [How AI is Changing the Hospitality Customer Journey](#), predicts that by the end of 2026, 50% of all search traffic will flow through AI-powered engines such as ChatGPT, Google AI Overviews, Perplexity, and Copilot. This shift shortens the discovery process into conversational interactions, skipping traditional search altogether, highlighting the need to prioritize GEO (Generative Engine Optimization) as it quickly replaces SEO.

AI agents can act as digital concierges across the lifecycle, answering property questions, streamlining reservations, and managing loyalty offers. Hotels that embed structured data and conversational content into their digital platforms can gain an edge in AI-driven discovery.

AI'S IMPACT ACROSS COMMERCIAL DISCIPLINES

Hotels leveraging AI-driven RMS report 20–30% revenue improvements and RevPAR gains of up to 10%, alongside cost reductions of up to 15%. AI automates millions of pricing decisions annually, freeing revenue leaders to focus on strategic interpretation and owner-facing advisory roles.

Marketing has great potential to be reshaped by AI. Hyper-personalized campaigns deliver 10–30% higher ROI, while AI-driven content generation accelerates production speed by 50–70%. GEO ensures visibility in AI-powered search results. An outdoor hospitality brand deployed AI-powered website agents to automate guest inquiries and upsell packages. The outcome was a 56% increase in conversion rates and \$574K in cost savings within one year.

In sales, AI amplifies, rather than replaces, human talent. Predictive analytics, lead scoring, and proposal generation allow sales professionals to focus on consultative selling and relationship building.

AI-enabled coaching platforms are transforming leadership development, improving coaching consistency by 50% and reducing leader preparation time by 75%.

In one example highlighted in [The State of Hotel Commercial Talent Report](#), AI-driven sales training helped a hospitality client save \$1M annually by replacing traditional role-play training with virtual AI-driven simulations.

And in distribution, AI-driven schemas and merchandising influence visibility and profitability across OTAs, GDSs, and emerging generative search platforms. Hotels using AI-driven merchandising strategies on OTAs reported 15–25% higher conversion rates and improved contribution margins by dynamically adjusting content and pricing based on real-time demand signals. These results are challenging distribution leaders to master AI to manage contribution margins and optimize channel economics.

LEADING THROUGH TRANSFORMATION

Across commercial functions, AI brings both technological disruption and a leadership mandate. To thrive in 2026, executives must support adoption with organizational alignment, talent development, and thoughtful change management. Priorities include:

1. Adopt AI-First Frameworks – Consolidate fragmented tech stacks into unified platforms that integrate content automation, data analytics, and AI-driven decision engines across sales, marketing, revenue, and distribution.
2. Upskill Teams – AI and automation will reshape at least 25% of hospitality roles. Continuous learning, cross-functional agility, financial literacy, and consultative selling skills are essential.
3. Embed Ethical Governance – Minimize risks such as algorithmic bias and data privacy concerns with proactive safeguards. Psychological safety and transparency must be cultural anchors during digital transformation.
4. Measure What Matters – Traditional metrics like click-through rates are becoming obsolete. AI-era KPIs — including GEO visibility, sentiment analysis, and conversion impact — must connect back to RevPAR, TRevPAR, and flow-through.

Our research underscores a clear reality: AI fluency is now a core leadership competency. The commercial leaders who understand how pricing, personalization, and distribution are being reshaped will be the ones who future-proof their organizations. The next five years will set the trajectory for the next fifty, and the decisions we make today will determine whether we lead this transformation - or react to it.

As we enter 2026, I encourage you to view AI not as a test to endure but as an engine for innovation, differentiation, and growth. Our industry has always excelled at adapting, evolving, and finding opportunities in change. With the right vision and investment, AI will strengthen, not replace, the human experience that defines hospitality. The future is here, and it's ours to shape.

