



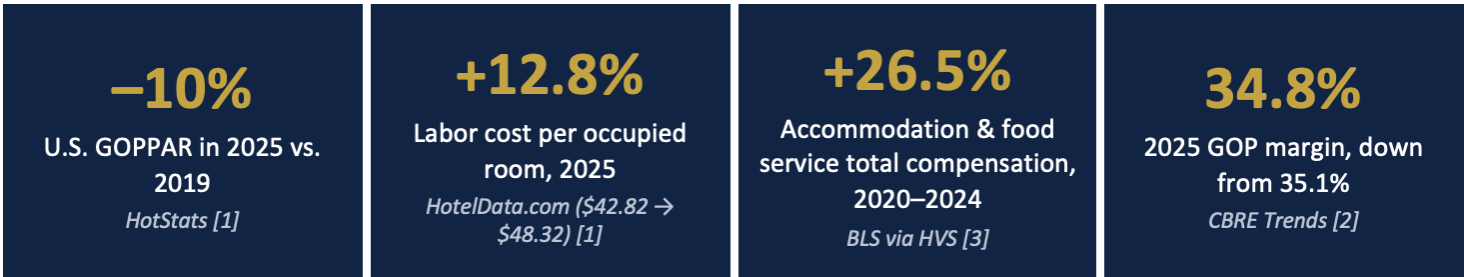
The Margin Equation

Why Hotel GOP Margins Have Compressed Since the Post-Pandemic Peak and Why the Guest Room Screen, Done Right, Is One of the Few Assets That Can Help Win Them Back

SECTION 01 — THE PROFITABILITY PARADOX

Every owner I speak with this budget season is asking a version of the same question: **how did we grow revenue and still lose margin?** It is not a perception problem. U.S. hotel revenue fully recovered from the pandemic, yet according to HotStats, U.S. GOPPAR in 2025 was still about **10% below 2019**.¹ Hotel wages now sit **15.3% above 2019** while operating revenue is up only **12.8%** over the same span.¹ When the cost base grows faster than the top line, the margin is the shock absorber.

CBRE's latest Trends in the Hotel Industry survey of 2,216 U.S. hotels puts it plainly: total operating revenue rose just **2.6%** in 2025, matching inflation and roughly half the 90-year average, while operated and undistributed expenses rose **3.0%**. The sample's GOP margin slipped from **35.1% to 34.8%**, and EBITDA margin from 23.3% to 22.8%.²



Revenue recovered years ago. Profit has not. In this cycle, the hotels that win will not be the ones that grow fastest — they will be the ones that convert best.



SECTION 02 — THE MARGIN TIMELINE, 2021 - 2027

A precise note before the numbers, because owners deserve precision. Margins did not fall in a straight line from 2021. They rebounded sharply from the 2021 trough to a 2022 peak as rate outran a still-recovering cost base and then began a multi-year compression as labor, overhead and fees caught up. The table traces that arc. Datasets differ in sample and method, so read the direction within each source rather than comparing levels across sources.

Period	GOP margin	Source & sample	What it tells us
Jan–Jul 2021	30.3%	HotStats, U.S. ⁴	Recovery trough; rates and volume still depressed
Jan–Jul 2022	39.3%	HotStats, U.S. ⁴	Peak. +9.0 pts as ADR surged ahead of costs
Jan–Jul 2023	38.1%	HotStats, U.S. ⁴	Compression begins (–1.2 pts) despite revenue growth
2024	35.1%	CBRE Trends, U.S. ²	HotStats: U.S. the only major region to lose margin (–1.1 pts) ⁵
2025	34.8%	CBRE Trends, 2,216 U.S. hotels ²	Expenses (+3.0%) outpace revenue (+2.6%)
Q4 2025	36.0%	HotelData.com, ~5,000 hotels ⁸	–3.3 pts in one quarter as wages per occupied room jumped 21.1%
H1 2026	44.9%	HotelData.com, ~5,000 hotels ⁹	+3.6 pts on an 8.9% RevPAR surge — demand-led, luxury-led
2027 forecast	GOPPAR +1%	STR (CoStar) ¹	Against ~3.4% inflation: a real-terms decline

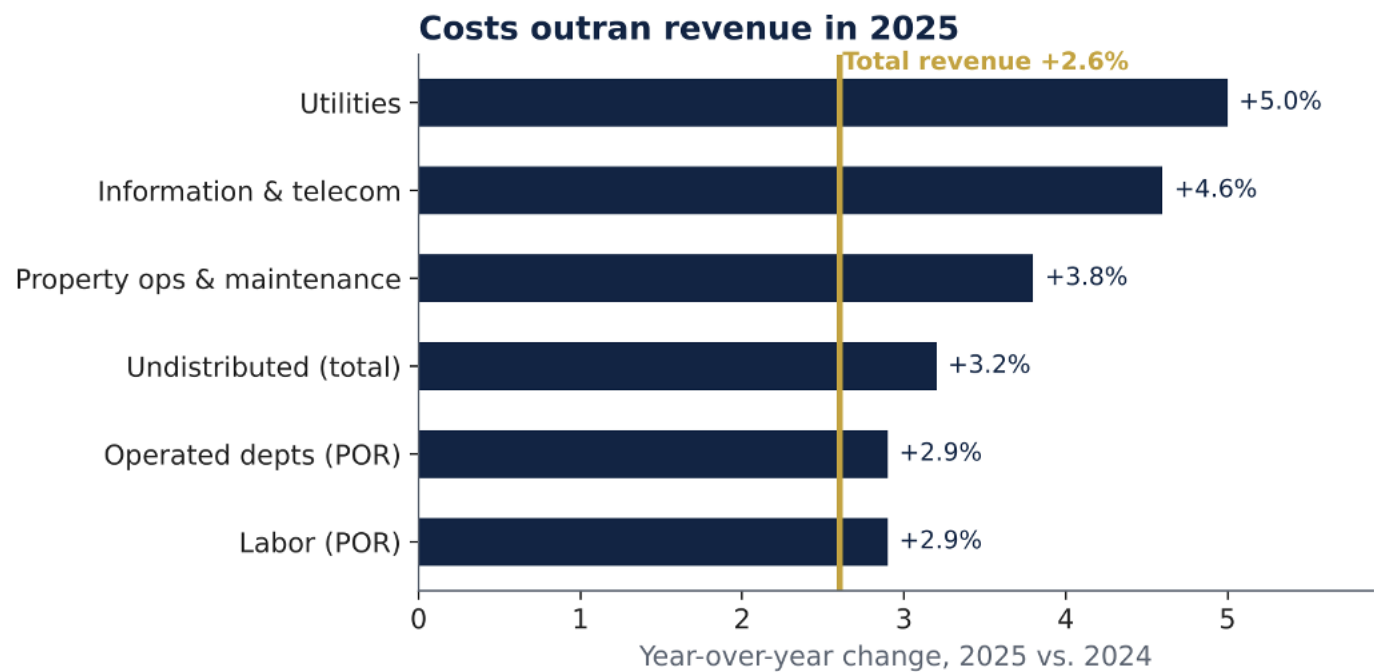
A note on 2026: don't mistake a good half for a fixed problem

First-half 2026 margins improved meaningfully — HotelData.com reports Q2 ADR up 8.0% and GOP margin up 3.3 points.⁹ That is welcome. But it is a **revenue-cycle** result, concentrated in luxury and upper upscale, while economy hotels posted the only RevPAR decline. Meanwhile STR data show A&G expense up **7.8%** year-to-date among comparable hotels, and STR forecasts 2027 GOPPAR growth of only about **1%**.¹

The lesson: when rate does the work, margins look healthy. When rate normalizes — and every forecaster expects it to — the structurally higher cost base is still there. HVS put it bluntly: rate will not carry the 2026 budget; efficiency will.³



SECTION 02 — FIVE FORCES COMPRESSING GOP



Source: CBRE Trends in the Hotel Industry (2,216 U.S. hotels), via LODGING, May 2026

Force	Evidence	Why it sticks
1. The labor reset	CoStar: labor cost per available room +11.2% in 2024 vs. TRevPAR +7.2% (GOPPAR +3.2%). ⁶ HotelData.com: labor CPOR +12.8% in 2025. ¹	HVS calls it structural: staffing was restored post-pandemic without redesigning service delivery, and schedules follow SOPs rather than demand. ³
2. ADR stopped covering the gap	CBRE 2025: rooms revenue +1.1%, ADR +1.2%, occupancy +0.1%. ² CoStar: 2025 was the first full-year U.S. occupancy and RevPAR decline since 2020. ⁷	Guests are more price-sensitive. ADR no longer functions as the profitability buffer it did in 2022–2023. ³
3. Undistributed creep	CBRE 2025: undistributed +3.2%, IT & telecom +4.6%, maintenance +3.8%, utilities +5.0%. ²	Mostly fixed costs. When they grow faster than revenue, margin takes the full hit.

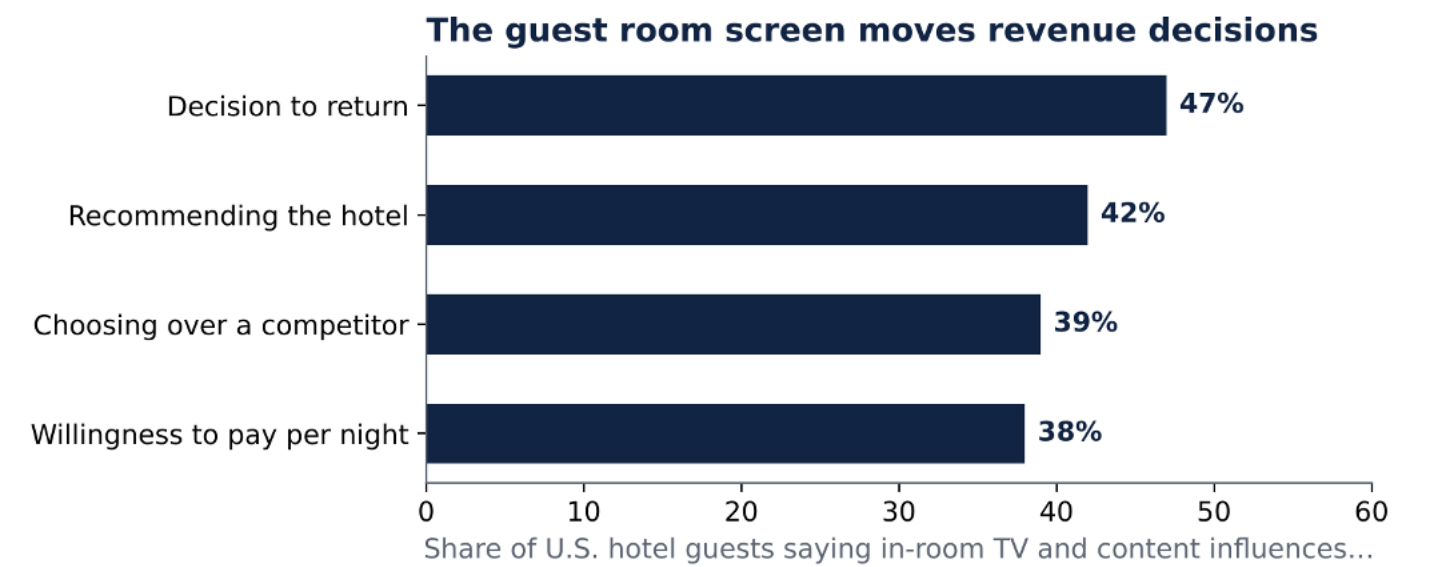


Force	Evidence	Why it sticks
4. Revenue-based fees	Brand franchise, marketing, loyalty and reservation fees total roughly 11–12% of gross; OTAs take 15–30% per booking. ¹⁴ CBRE: loyalty charges were the fastest-rising franchise line in 2024. ¹	Every fee is paid off the top line before a single expense. The owner is paid last. ¹
5. Technology that adds cost, not capacity	CBRE expects IT costs to keep rising in 2026 with AI and automation investment. ²	HVS warns: if labor models stay unchanged, new technology simply adds expense instead of freeing staff for higher-value work. ³

Force five is the one this issue is about. Technology is not automatically a margin lever. **It becomes one only when it removes work, captures revenue, or shifts cost** — and the guest room television is the single largest, most-used screen most hotels already own and under-use.

SECTION 04 — THE MOST-USED SCREEN YOU OWN

The newest guest research is unambiguous about the television's place in the stay. In a March 2026 survey of 2,000 U.S. travelers who spend five or more nights a year in hotels (HUB Entertainment Research, commissioned by DIRECTV HOSPITALITY), **93%** expect a TV in the room and **61%** use it every time they are in the room.¹⁰ No app, kiosk or QR code comes close to that daily reach.



Source: HUB Entertainment Research 'Tech, TV and Travel', March 2026, n=2,000 (commissioned by DIRECTV HOSPITALITY)

Just as important, the share of guests saying in-room TV and content has a **high** influence on these decisions rose on all four measures from 2025 to 2026. And expectations are splitting by age: guests under 50 are **more than three times** as likely as guests over 50 to rank casting from their own device among their top priorities (13% vs. 4%)¹⁰, while older guests prioritize live TV, local news and sports. A platform has to serve both.

Signal	Data point	Source
Satisfaction is rising and so is the bar	Overall guest satisfaction up 13 points to 665 (1,000-pt scale); value for price paid +18 pts	J.D. Power 2026 North America Hotel Guest Satisfaction Index (44,787 guests) ¹¹
Guests want their own content	34% want access to paid streaming services, the #1 entertainment priority	HUB Entertainment Research, 2026 ¹⁰
Casting beats in-app logins	Earlier guest research found 82% would rather cast than enter credentials on a hotel TV	Hotel Internet Services survey via Hotel Management ¹²
Discovery is moving to AI	34% of travelers now use AI tools to plan trips (43% under 50)	HUB Entertainment Research, 2026 ¹⁰

The television is no longer the amenity guests tolerate. It is the one touchpoint present in every room, every stay, which makes it the most efficient place to anticipate needs, remove friction and create value.



SECTION 05 — THE FOUR GOP LEVERS OF IN-ROOM ENTERTAINMENT

A modern guest engagement platform such as **WorldVue HUB®**, extended to the guest's phone by **Compass by WorldVue™**, touches the P&L through four distinct levers. Each one maps to a line an asset manager already tracks.¹⁶

Lever	How it works	HUB capability	P&L line affected	KPI to track
1. Guest satisfaction	Familiar, at-home entertainment removes a common in-room frustration and supports review scores and rate integrity	Built-in Google Cast; credential-free streaming; live TV, FAST, international and regional sports via WorldVue LIVE™; brand-approved IPTV	Rooms revenue (ADR integrity), review-driven conversion	Casting sessions per occupied room; TV-related complaints; review sentiment
2. Guest loyalty & direct	Recognizes the guest by name and status and promotes direct rebooking and loyalty enrollment in-stay	PMS & loyalty integration (name, room, checkout time, loyalty status, account review)	Distribution cost (OTA commissions), repeat stays	Direct share; repeat-guest rate; enrollments per 100 stays
3. Operating efficiency	Answers routine questions and handles routine transactions without a phone call or a front-desk visit	Express checkout on TV; service shortcuts; property messaging; credential clearing at checkout with no staff work; cloud, on-prem or hybrid with on-site backup	Rooms & A&G labor, front desk/PBX minutes	Calls per occupied room; checkout via TV %; minutes saved
4. Digitization & ancillary revenue	Turns the screen into a timed, targeted merchandising and messaging channel; replaces printed collateral	Targeted promotions (dining, spa, upgrades, events); group branding; WorldVue Media™ ad inventory and reporting; Compass mobile extension	F&B, spa, other operated departments, misc. income	Ancillary \$ per occupied room; offer conversion; media revenue

The ancillary lever matters more than ever. With rooms revenue nearly flat, CBRE found that other operated departments grew **7.8%** and miscellaneous income **10.9%** in 2025² — hotels are already earning their growth outside the room rate. The guest room screen is the most direct path to the guest when they are deciding where to eat, whether to book the spa, or whether to extend.



The loyalty lever compounds. Public brand data compiled by CBRE show total loyalty membership across the five largest U.S. brands passed **675 million** in 2024.¹³ Every in-stay touchpoint that reinforces a member's recognition — a name on the welcome screen, a status-appropriate offer, an easy path to rebook direct — protects the lowest-cost booking a hotel can get.

SECTION 06 — DONE RIGHT VS. DONE WRONG

Here is where the HVS warning becomes practical. The same television budget can add a cost line or retire several. The difference is entirely in design and integration.

Dimension	Done wrong: TV as a cost center	Done right: TV as a GOP platform
Purpose	A channel lineup on a screen	A guest engagement and service channel that happens to deliver great entertainment
Personal content	Guests type passwords into hotel TVs, or bring HDMI cables	Secure casting; sessions and credentials cleared automatically at checkout
Integration	Stand-alone; knows nothing about the guest	PMS and loyalty integrated: name, room, checkout time, status
Service	Every question becomes a phone call	Common requests and checkout handled on the screen or phone
Revenue	None, or pay-per-view nobody buys	Timed offers for outlets, upgrades and events; media inventory monetization
Content upkeep	Printed compendiums and stale welcome screens	Centrally managed content refreshed by property, group or event
Measurement	Uptime, at best	Engagement, conversion and service-deflection data feeding an operational intelligence layer such as Atlas by WorldVue
Labor model	Unchanged, so tech is pure added cost	Staffing and SOPs re-baselined to the requests the screen now absorbs

Technology does not improve GOP when it is installed. It improves GOP when the operating model changes around it.



SECTION 07 — THE MATH: AN ILLUSTRATIVE 200-ROOM GOP MODEL

To make the case concrete, here is a transparent model for a 200-room property at 2025 U.S. averages. **Every assumption is shown so your finance team can replace it with your own numbers.** The model is illustrative, not a guarantee, and it is calculated **before** platform cost so you can compare the result directly against any per-room quote.

Baseline property

Input	Value	Basis
Rooms	200	Illustrative
Occupancy	62.3%	CoStar, U.S. 2025 ⁷
ADR	\$160.54	CoStar, U.S. 2025 ⁷
Occupied room nights	45,479	$200 \times 365 \times 62.3\%$
Rooms revenue	\$7.30M	Room nights $\times$ ADR
Total operating revenue	\$9.73M	Assumes rooms = 75% of total
GOP margin / GOP	34.8% / \$3.39M	CBRE Trends, U.S. 2025 ²

Lever assumptions

Lever	Conservative	Base	Stretch	Notes
ADR integrity (per occupied night)	+\$0.50	+\$1.00	+\$2.00	38% of guests say in-room TV influences willingness to pay; ¹⁰ +\$1 is ~0.6% of ADR. Net of 12% revenue-based brand fees.
Room nights shifted OTA to direct	1%	2%	3%	Cost differential of ~13% of ADR (~18% OTA vs. ~5% direct cost).
In-stay ancillary (per occupied night)	+\$0.75	+\$1.50	+\$2.50	Dining, spa, upgrades, late checkout, media revenue; 45% flow-through.
Service requests deflected	20%	35%	50%	0.5 requests per occupied night; 4 minutes each; \$28/hr loaded wage. Vendor case studies report 50–70% call reductions. ¹⁵



Result: annual GOP impact before platform cost

	Conservative	Base	Stretch
ADR integrity	\$20,011	\$40,022	\$80,043
OTA to direct shift	\$9,492	\$18,983	\$28,475
Ancillary contribution	\$15,349	\$30,698	\$51,164
Labor minutes recaptured	\$8,489 (303 hrs)	\$14,856 (531 hrs)	\$21,224 (758 hrs)
Total incremental GOP	\$53,341	\$104,559	\$180,905
Per room, per month	\$22.23	\$43.57	\$75.38
GOP margin	34.8% → 35.1%	34.8% → 35.5%	34.8% → 35.9%

How to read this

The per-room, per-month figure is your break-even line. If a platform's all-in monthly cost per room — content, hardware amortization, support — is below that number, the investment is GOP-accretive in that scenario. The base case adds roughly two-thirds of a margin point — more than double the entire 0.3-point decline CBRE measured from 2024 to 2025.²

Labor is the smallest lever on paper and the most important in practice. Recaptured hours only reach GOP when schedules and SOPs are re-baselined. Without that step, the labor line in this model is zero — which is exactly HVS's warning about technology that adds cost.³

What is deliberately excluded: occupancy share gains, review-score effects on conversion, reduced printing, avoided truck rolls from remote management, and programming savings from consolidating content onto IPTV. Each can be material; none is assumed here.



SECTION 08 — THE 10-QUESTION GOP DIAGNOSTIC

Answer these with data, not impressions. Any "we don't know" is itself the finding.

- 1) What share of guests use the in-room TV each stay, and for what, live TV, casting, hotel information?
- 2) Can a guest cast their own content in under 30 seconds without entering a password and are sessions cleared automatically at checkout?
- 3) Does the TV greet the guest by name, and does it know their loyalty status and checkout time?
- 4) How many front desk or operator calls per occupied room do you receive, and what percentage are routine information requests?
- 5) Can guests review their folio and check out from the TV or their phone?
- 6) What is your ancillary revenue per occupied room night, and how much of it is promoted in-stay on a screen?
- 7) When was the welcome screen or digital compendium content last updated and who owns it?
- 8) Is your entertainment platform's engagement data reported anywhere your operations or revenue team can see it?
- 9) Has any staffing schedule changed because of a guest-facing technology you deployed in the last three years?
- 10) What is the all-in monthly cost per room of your current TV and content stack and what does it return?



SECTION 09 — THE 90-DAY GOP ACTIVATION PLAN

Phase	Actions	Owner	Output
Days 1–30: Baseline	Pull 90 days of call volume by type, checkout channel mix, direct vs. OTA share, ancillary \$ per occupied room Audit TV uptime, casting experience and content freshness Price the current TV and content stack per room per month	GM, Finance, IT	A baseline scorecard and your break-even per-room number
Days 31–60: Configure	Connect PMS and loyalty data; enable name greeting and checkout on TV Build a 90-day offer calendar for outlets, spa, upgrades and late checkout Refresh welcome, group and event content; retire printed collateral	Revenue, F&B, Marketing	A personalized, merchandised screen in every room
Days 61–90: Measure & re-baseline	Compare call volume, checkout mix, offer conversion and direct share to baseline Re-baseline front desk/PBX staffing to the requests now handled on screen Report results in the owner package	GM, Asset Manager	Documented GOP impact and the labor model change that locks it in

SECTION 10 — FOUR PRINCIPLES, ONE SCREEN

Principle	What it looks like on the guest room screen
Anticipate needs	The screen knows the guest's name, checkout time and status, and surfaces the right offer at the right moment — the Invisible Concierge at work.
Remove friction	Casting without passwords; checkout without a line; answers without a phone call.
Enable connection	Staff freed from routine requests spend their time on the conversations that build loyalty.
Create value	Every interaction is measurable — in direct share, ancillary spend, recaptured hours and, ultimately, GOP.



CLOSING — THE HERITAGE PERSPECTIVE

WorldVue has been in guest rooms since 1975. Over five decades we have watched the television go from a novelty, to a utility, to an afterthought and now, quietly, back to being the most valuable screen in the building. Today we support more than 8,000 properties across 200+ brands,¹⁶ and the pattern is consistent: the properties that treat entertainment as infrastructure and integrate it into how they serve guests are the ones that turn it into margin.

Margins in this cycle will not be rescued by rate. They will be protected by hotels that convert better that let technology absorb the routine so their people can deliver the remarkable. That has always been our view of technology's role: **an amplifier of human hospitality, never a replacement for it.**

SEE YOUR GUEST EXPERIENCE IN MOTION

Request a WorldVue HUB® and Compass by WorldVue™ demo, and bring your baseline scorecard. We'll help you calculate your break-even per-room number before you commit a dollar.

worldvue.com/contact



REFERENCES

Numbered superscripts in the text correspond to the references below. Figures were taken from each source as published; where a source summarizes another firm's data (for example, CBRE or HotStats data reported in trade press), both are named.

- [1] Dean, S. (2026, September 15). Not Done Weekly — The margin crunch in hotels continues. Hospitality Net. Draws on STR, HotStats, HotelData.com and CBRE data.
<https://www.hospitalitynet.org/opinion/4134371/not-done-weekly-the-margin-crunch-in-hotels-continues>
- [2] Crozier, T. (2026, May 26). Profitability under pressure: How 2025 U.S. hotel performance reshapes valuation underwriting. LODGING. Summarizes CBRE Trends® in the Hotel Industry (2,216 U.S. hotels).
<https://lodgingmagazine.com/profitability-under-pressure-how-2025-u-s-hotel-performance-reshapes-valuation-underwriting/>
- [3] Lee, M. R. (2025, December 19). Hotel profitability in transition: Cost pressures and budgeting priorities for 2026. HVS. Includes U.S. Bureau of Labor Statistics compensation data.
<https://www.hvs.com/article/10345-hotel-profitability-in-transition--cost-pressures-and-budgeting-priorities-for-2026>
- [4] Resco, L. (2023). Budget check: HotStats' Americas report on 2022 and 2023 hotel profit trends. Hotels Magazine.
<https://hotelsmag.com/news/budget-check-hotstats-americas-report-on-2022-and-2023-hotel-profit-trends>
- [5] HotStats. (2025). Moving beyond RevPAR to maximize profitability (Profit Matters 2024). Hotel Online.
<https://www.hotel-online.com/news/moving-beyond-revpar-to-maximize-profitability/>
- [6] CoStar. (2025, February 14). U.S. hotel profits grew in 2024 but were limited by inflation and labor costs [Press release]. Hotel Online.
<https://www.hotel-online.com/news/u-s-hotel-profits-grew-in-2024-but-were-limited-by-inflation-and-labor-costs>
- [7] CoStar. (2026, January 20). U.S. hotels report first full-year occupancy, RevPAR declines since 2020 [Press release].
<https://www.costar.com/zh-cn/chn/products/str-benchmark/resources/jpn/press-releases/us-hotels-report-first-full-year-occupancy-revpar-declines-2020>
- [8] HotelData.com. (2026, February 19). Q4 2025 hotel profitability performance report. Reported in Asian Hospitality, "Report: Hotel performance slows, divide grows."
<https://www.asianhospitality.com/report-hotel-performance-slows-divide-grows/>
- [9] McCay Tams, S. (2026, August 20). H1 2026: Stronger profit results but a more divided hotel market. HotelData.com. <https://hoteldata.com/reports/h1-2026-profit-report/>
- [10] DIRECTV HOSPITALITY. (2026, June 3). What hotel guests want in 2026. DIRECTV Insider. Survey by HUB Entertainment Research, March 2026, n = 2,000 U.S. travelers.
<https://www.directv.com/insider/directv-for-business/what-hotel-guests-want/>
- [11] J.D. Power. (2026, July 14). 2026 North America Hotel Guest Satisfaction Index Study [Press release].
<https://www.jdpower.com/business/press-releases/2026-north-america-hotel-guest-satisfaction-study/>
- [12] Dobrosielski, C. (n.d.). Casting shapes room entertainment strategy. Hotel Management. Cites Hotel Internet Services guest survey.
<https://www.hotelmanagement.net/room-entertainment/casting-shapes-room-entertainment-strategy>



REFERENCES (CONT.)

- [13] CBRE. (2025, April 10). Hotel loyalty programs continue to prove their value: Key findings from 675 million members. <https://www.cbre.com/insights/articles/hotel-loyalty-programs-continue-to-prove-their-value-key-findings-from-675-million-members>
- [14] Alister, E. (2025, March 17). Striking a balance. Hotelier Magazine, January/February 2025. <https://digital-issue.hoteliermagazine.com/articles/striking-a-balance>
- [15] INTELITY. (n.d.). How The Ranch at Laguna Beach reduced guest phone calls by ~70% [Vendor case study]. <https://integrity.com/success/reduced-guest-phone-calls-ranch-laguna/>
- [16] WorldVue Connect. (2026). WorldVue HUB® + Compass by WorldVue™: Guest engagement platforms [Product information]. <https://www.worldvue.com/hub/>
- [17] WorldVue Connect. (2025, October 9). Hotel Innovation Insights Issue #7: The 2026 capital budget challenge. <https://www.worldvue.com/hotel-innovation-insights/hotel-innovation-insights-issue-7-the-2026-capital-budget-challenge/>

METHODOLOGY NOTES

GOP margins are reported by several firms using different samples (CBRE: 2,216 U.S. hotels; HotelData.com: ~5,000 U.S. hotels on Actabl's ProfitSword; HotStats and STR/CoStar: their own panels). Levels are not directly comparable across sources; trends within a source are. The Section 7 model is illustrative: rooms revenue is assumed to be 75% of total revenue, brand fees 12% of incremental rooms revenue, ancillary flow-through 45%, service requests 0.5 per occupied room night at 4 minutes each, and loaded wage \$28/hour. Results exclude platform cost by design so readers can compare against their own quotes. Vendor case-study figures are cited as reported and were not independently verified.

