



EHL INSIGHTS WHITEPAPER

Hospitality Outlook 2026 – China

THE NEW RULES OF EXPERIENCE-LED GROWTH

Table of Contents

CHAPTER 1	3
A Changing Hospitality Landscape	

CHAPTER 2	5
The Key Shifts of 2026: What's Changing for Hospitality Leaders in China	

CHAPTER 3	11
How Hospitality Leaders Can Get Ahead	

CHAPTER 4	13
What Matters Most as China's Hospitality Market Evolves	

Learn more about EHL	15
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Media contacts	17
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A CHANGING HOSPITALITY LANDSCAPE

The rules of hospitality in China are changing.

Travel demand is shifting away from traditional sightseeing trips toward experiences that feel personal, immersive, and rooted in local culture. Destination alone is no longer enough—travelers are now seeking hotels that provide emotional connection, cultural relevance, and a true sense of restoration.

Much of this demand is emerging outside top-tier cities, where domestic travelers are driving growth in Tier 2 and 3 markets. Midscale and upper-midscale hotels in these cities are rapidly expanding to meet evolving traveler expectations, making them a key engine of China's hospitality growth.

Beyond where travelers stay, the ways they discover and evaluate hotels are also changing. Travelers increasingly discover hotels through social platforms instead of traditional booking channels. In 2026, hotels that can turn this visibility into bookings through strong content and experience-focused programming will gain a clear advantage.

Underlying these changes is a new phase of digital transformation. In China, mobile-first trip planning and smart-room automation have become commonplace, streamlining operations and enhancing the guest experience. Yet as technology becomes more capable, exceptional human service remains a critical differentiator rather than a casualty of automation. Together, these forces reinforce China's position as a global reference point for AI-enabled, experience-led hospitality at scale.

In this market snapshot, we examine the consumer, investment, and technology trends driving China's hospitality evolution, and what they mean for operators, brands, and investors in 2026 and beyond.

THE TRAVELERS DRIVING CHINA'S HOSPITALITY DEMAND

The urban recovery seeker

Who they are: Busy professionals in Tier 1 cities

What they want: Stress relief, high-quality sleep, efficiency

Decision drivers: Speed, reliability, frictionless tech

How to impress: Commit to operational excellence

The domestic micro-vacationer

Who they are: Middle-class domestic travelers taking 1–3 day trips in Tier 2 and 3 cities

What they want: An emotional reset, cultural connection

Decision drivers: Experience design, atmosphere, wellness

How to impress: Be a destination, not just an accommodation

The experiential explorer

Who they are: Younger travelers discovering hotels via Douyin and livestreams

What they want: Unique, shareable experiences

Decision drivers: Enticing content, peer validation

How to impress: Treat content as a core commercial capability

The wellness-motivated guest

Who they are: Multi-generational wellness-focused travelers

What they want: Recovery, prevention, balance

Decision drivers: Credibility, integrated wellness offerings

How to impress: Ensure wellness offerings are operational, not cosmetic

EHL insight: Demand is no longer defined by income alone, but by how effectively hotels deliver recovery, meaning, and emotional value at scale.

The background features a dark blue field with a complex geometric pattern of thin, light blue lines forming overlapping circles. Small dots are placed at the intersections of these lines, creating a star-like or constellation-like effect. The text is centered and layered over this pattern.

THE KEY SHIFTS OF 2026: WHAT'S CHANGING FOR HOSPITALITY LEADERS IN CHINA

The Key Shifts
of 2026: What's
Changing for
Hospitality
Leaders in China

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In fast-evolving markets like China, leaders often mistake changes in travel behaviour or slowing growth for decline. More often, these shifts reflect market maturation. The real risk is reacting tactically to short-term signals instead of investing in the capabilities needed for long-term relevance.

”

MIDSCALE GROWTH FUELS FIERCE COMPETITION AND EXPOSES COMMODITIZATION RISK

Domestic upper-midscale and midscale brands are surging, reshaping the competitive landscape and signaling polarization across price segments rather than a retreat from luxury.



Dr. Yong Chen
Associate Professor at EHL,
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behavioral economics
and Chinese inbound and
outbound tourism

In 2024, [82% of all new hotel contracts](#) were midscale or upper-midscale, with much of the growth concentrated in Tier 2 and 3 cities, where domestic leisure demand is strongest. Atour's [revenue jumped 55.3% that year](#), and the group doubled its footprint to 1,824 hotels by 2025. Meanwhile, [Ji Hotel added 386 properties](#) in just the first half of 2025, intensifying competition between Tier 1 cities and fast-growing lower-tier destinations.

EHL insight

Scale alone no longer protects performance in China's midscale segment. In an increasingly competitive market, hotels must now differentiate through exceptional experience quality, service consistency, and emotional relevance—or face mounting rate pressure.

INBOUND AND OUTBOUND TOURISM ARE REGAINING MOMENTUM

China's travel sector is rebounding as expanded visa-free policies and restored flight capacity release pent-up demand, with Tier 1 gateway cities benefiting first from inbound recovery—particularly in corporate, premium leisure, and international travel flows.

In 2024, inbound arrivals reached 131.9 million, approaching pre-pandemic levels of 145 million visitors in 2019. Outbound travel has also recovered strongly, climbing to 145.9 million trips, signaling renewed confidence among Chinese travelers and a return to global mobility.

Top outbound destinations for Chinese travelers, Summer 2025

According to booking data from Trip.com



JAPAN



SOUTH KOREA



MALAYSIA

Top inbound destinations within Greater China and nearby regional markets, 2024

The State Council, The People's Republic of China



HONG KONG SAR



MACAO SAR

Top lower-tier destinations for international tourists, May Day 2025

The State Council, The People's Republic of China



CHENGDU



XIAMEN



NANJING



CHONGQING



HAIKOU

“

Recovery dynamics differ greatly by city tier. While Tier 1 cities regain international and corporate demand, Tier 2 and Tier 3 markets remain driven by domestic leisure, short-stay travel, and experience-led itineraries, requiring fundamentally different operating and pricing strategies.

”

AI-ENABLED HOSPITALITY IS ACCELERATING, BUT LEADERSHIP CAPABILITY LAGS

China's mobile-first culture and deepening integration of smart hotel technologies don't just mirror global trends—they often set the pace for AI-enabled hospitality globally. Chinese consumers increasingly expect to manage their entire journey digitally, from booking and payment to navigation and in-room controls. In response, hotels are rolling out voice-enabled smart rooms, mobile guest platforms, and immersive tools like virtual reality room previews to meet rising expectations.

Beyond giving customers more personalization and control, these [digital-first updates](#) also deliver operational value for hotel operators. Automating routine tasks improves labor efficiency, reduces errors, and ensures consistent service while raising guest expectations to levels that traditional staffing alone can't always meet.

EHL insight

As AI and automation take on more routine tasks, the quality of human service is becoming a key differentiator. For hotel operators, this makes leadership, staff training, and a service-oriented culture more important than ever. Operators should also move beyond piecemeal adoption and pursue full integration, embedding AI strategically across the organization to maximize its benefits.

THE “IMMERSIVE EXPERIENCE ECONOMY” IS RESHAPING TRAVEL BEHAVIOR

Chinese travelers—particularly younger generations—are increasingly planning trips to Tier 2 and 3 destinations, where the hotel itself is the primary draw. Instead of traditional sightseeing itineraries, they're seeking culturally rooted, immersive stays designed for rest, reconnection, and experience. Short, 1–3 day “micro-vacations” have surged as travelers look to unwind without long-distance travel.



At the same time, [41% of travelers](#) now actively seek niche destinations to avoid crowds—a behavior known as “reverse tourism.” This trend is most visible in Tier 3 cities and regional or county-level destinations, with travelers typically coming from Tier 1 cities in search of quieter, more immersive stays.

This shift is fueling a new form of culturally rooted hospitality: one built not around heritage displays, but around socially shareable local identity. In China, culture is increasingly experienced through food, landscapes, rituals, and lifestyles that translate well on short-video platforms. Hotels that succeed are not those that “show culture,” but those that let guests step into a local way of life that can be filmed, shared, and socially validated.

Brands like SONGTSAM exemplify this shift by embedding Tibetan, Yunnanese, and Himalayan living traditions into the guest journey—not as décor, but as participatory, narrative-driven experiences that turn stays into content and content into demand.

“

Experiences now drive travel decisions, making content a commercial capability. Competitive advantage is shifting from creativity to disciplined execution, and brands that systematize content operations instead of relying on ad-hoc campaigns will capture attention and bookings. Chinese consumers—especially in Tier 1 cities—are increasingly sophisticated, design-literate, and digitally demanding. Winning in China is no longer just about localization: brands must operate at the frontier of hospitality excellence while remaining culturally and digitally native. Integrating experience design, content operations, and service delivery into a single, high-performance system is essential.

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DRIVING BOOKINGS WITH DUAL-PLATFORM CONTENT



Many hotels are now adopting a dual-platform content strategy: combining short-video and livestream traffic on Douyin (TikTok China) with trust-based discovery and peer validation on Xiaohongshu (Red Note), where travelers actively research and compare hotels before booking.

This approach enables faster experimentation, tighter feedback loops, and the rapid scaling of experience-led concepts across Tier 2 and Tier 3 markets.

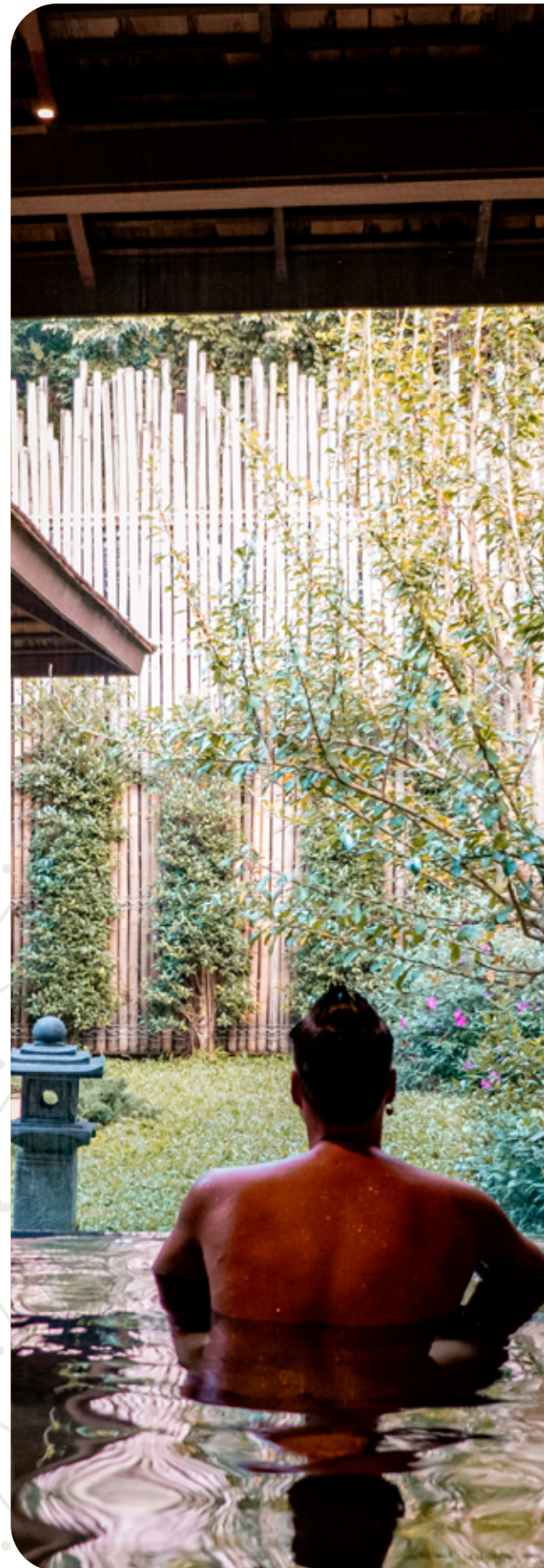
The results speak for themselves: content about “unique lifestyle hotels” on Douyin has reached 35 billion annual views, contributing to a 118% year-over-year increase in boutique lifestyle hotel bookings. [\[GMW\]](#)

REGENERATIVE AND WELLNESS- FOCUSED HOSPITALITY IS BECOMING A REVENUE ENGINE

Wellness has evolved from a supporting amenity into a core revenue driver for hotels. Demand for hot springs, therapeutic stays, and recovery-focused travel continues to climb. This trend is partly fueled by an aging population, but the desire for both mental and physical well-being during travel spans generations.

[Developers are responding](#) with wellness-focused and “integrated medical care” concepts that merge hospitality, healthcare, and lifestyle. For example, the Ovation Seven-Sanctuary Hotel generates [over 50% of its total revenue](#) from wellness-related services, highlighting the sector’s growing economic impact.

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*Hotels that integrate
wellness into their design
and programming
have the opportunity to
unlock higher spend and
greater loyalty.*
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HOW HOSPITALITY LEADERS CAN GET AHEAD

DESIGN STAYS AROUND EXPERIENCES, BY CITY TIER

As experiences increasingly shape travel decisions, hotel leaders must design stays around how guests want to feel—not just where they sleep.

In Tier 2 and Tier 3 markets, differentiation comes from deeply local, culturally rooted experiences. Integrating regional storytelling, wellness rituals, micro-vacation programming, or nature-based escapes into the core stay helps domestic travelers find meaning close to home and builds loyalty in fast-growing, competitive markets.

In Tier 1 cities, the challenge is different. These markets are mature and efficiency-driven, with guests prioritizing speed, reliability, and convenience. Here, design should focus on frictionless stays—smart check-in, seamless mobility, flexible dining, and tech-enabled personalization—layered with high-impact experiential moments that elevate the stay without slowing it down.

The takeaway: in emerging markets, experience is about place and identity. In major metros, it's about effortless living with thoughtful moments of delight.

ACCELERATE DIGITAL-FIRST, AI-ENABLED OPERATIONS

Chinese travelers expect seamless, digital-first experiences. Hotels that deploy AI strategically can boost labor productivity, deliver personalized experiences at scale, and streamline operations—but only when technology is matched with leadership capability and service design discipline.

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The future of service excellence is not about choosing between technology and human touch, but about orchestrating both. The real risk is investing in AI without redesigning how people deliver the moments that create meaning.

”

USE HUMAN-CENTRIC LEADERSHIP TO STAND OUT

Digitization may be accelerating, but meaningful human interaction remains irreplaceable. Travelers increasingly view hotels as spaces for stress relief, rest, and rejuvenation—making empathy and personalized service more important than ever. As automation takes over routine tasks, leaders can refocus teams on anticipating guest needs, deepening connections, and creating emotionally resonant experiences.



Guanlu Feng
Country Head and Director
of EHL Group China

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WHAT MATTERS MOST AS CHINA'S HOSPITALITY MARKET EVOLVES

Interpret signals before reacting

As China's hospitality market enters a new phase of growth, changes in travel behavior and growth rates are frequently misinterpreted as signs of decline. Leaders who react impulsively to short-term indicators risk weakening long-term relevance instead of investing in the capabilities that foster sustained performance as markets stabilize.

Design for city-tier realities, not brand uniformity

Tier 1 markets reward efficiency and seamless execution, while Tier 2 and 3 destinations increasingly demand cultural relevance and distinct local attributes. Uniform, internationalized formats tend to fall short when they fail to reflect local context.

Convert behavioral insights into operating practices

While social platforms influence trust and decision-making, mere visibility is insufficient for gaining a competitive edge. Operators that transform behavioral insights into consistent experience design outperform those that chase short-lived content trends.

Integrate AI into service design, not just operations

Automation improves efficiency but also elevates consumer expectations. Value is created when technology is embedded into how people deliver service, rather than simply added onto existing frameworks without redesign.

Reinvest in leadership and service culture as scale stabilizes

Prioritize tools that support staff productivity and service consistency, rather than standalone automation

**Equip your teams with the
capabilities needed to
compete in China's evolving
hospitality landscape.**

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EHL at a glance

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start-ups, scale-ups supported



5
research institutes



1
Michelin-star restaurant,
Le Berceau des Sens

About EHL:

EHL – originally founded as École hôtelière de Lausanne in 1893 – is a hospitality and business education group, recognized as the global leader in hospitality management. The institution brings together a vibrant community of 4,000 students from over 120 nationalities across three campuses in Switzerland and Singapore. At EHL, we educate hearts, hands, and minds – shaping confident, versatile, and resilient leaders for careers in hospitality and other experience-driven industries.

Learn more about EHL
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