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Unlike other members of hospitality industry, such as airlines or restaurant chains, which may develop their businesses in much the same way as a manufacturing company, the hotel industry faces some peculiar difficulties due to its peculiar management and ownership structure. Airlines, cruise lines, restaurant chains have highly centralized management operations in which strategic decisions are made. Major hotel chains cannot do it because they often even do not own all the properties that they manage, such as restaurants, retail stores, fitness centers, and nightclubs. This creates additional complexity in strategic planning. Besides, owners of hotels often' show surprisingly little interest or knowledge of their own properties. Hotels throughout the world have commonly been acquired for the sake of tax benefits, or even as an ego-fulfilling device, particularly in the case of upscale showcase properties. The hotel business is characterized by a high degree of risk, which primarily is the result of two factors: the cyclical nature of demand and the high degree of capital investment. A greater proportion of profit comes from the manipulation of real estate rather than from the sale of rooms. The great increase in value of the Hilton and Sheraton companies has not come from operating profit but from buying, selling, tax advantage, and in appreciation of value of the hotels with time. The name of the game is financial management and the game is complex.

The hotel industry has never been a leading industry; rather, it generally reacts to circumstances. Frequently, it is caught by outside forces and swept along. In the mid-1970s the US experienced 12 percent inflation and a shortage of good hotel inventory. This meant that there was too much money (demand) chasing too few rooms (supply). The insurance and pension funds industry, which at the time was cash rich, began to invest heavily in new hotels. Many of these were massive, mixed-use commercial projects consisting of hotels, office blocks, and shopping malls. In some cities, these complexes were not built for the right reasons: America's inner cities were in decline. However, because hotels are a catalyst for other businesses, every city mayor offered significant benefits to major hotel investments, including tax breaks. And hospitality industry began to recover from recession.