



Market Report

A Snapshot of your Market Sector

Hotel and Bed & Breakfast

This pack has been designed to provide information on setting up a business in the Hotel and Bed & Breakfast industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in May 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Hotel and Bed & Breakfast market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Following a poor 2016, the number of hotel/motel/guesthouse stays is estimated to **increase by 4% to 63 million in 2017**. The number of nights is estimated to increase by **3.7% to 170.7 million** in the same period. **Independent hotels make up approximately 51% of the rooms** in the UK market. Meanwhile, around 45% are corporate branded supply, while 4% are consortia. On average, **independents have around 10 rooms per hotel**, compared to 113 for corporate chains and 53 for consortia (Mintel, *Hotels*, November 2017).
- ◆ UK domestic short breaks showed little change, reaching **36.7 million trips in 2016**, recording volume and value growth of 0.5% and 2.5% respectively. Some **59% of UK adults have taken at least one short break in the past 12 months**. Seaside and city breaks are almost equally popular, taken by 30% and 29% of adults respectively, (Mintel, *Short and City Breaks – UK*, July 2017)
- ◆ The Hotels industry has performed well over the past five years and revenue is estimated to **grow by 1.6% in the current year**. IBISWorld expects industry revenue to rise at a compound annual rate of **3% over the five years through 2017-18 to reach £19 billion**. Websites like Airbnb are anticipated to pose an increasing threat to industry operators over the next five years as the sharing economy gains traction. (IBISWorld, *Hotels in the UK*, November 2017)
- ◆ The emergent staycation trend helped to safeguard operators from wider economic difficulties during the aftermath of the downturn. Industry revenue is expected to expand at a compound annual rate of 5.3% over the five years through **2017-18 to reach £2.4 billion**. This includes **growth of 4.5%** in the current year. (IBISWorld, *Holiday Accommodation in the UK*, November 2017)
- ◆ The latest Scottish Accommodation Occupancy Survey finds that hotels had the highest occupancy rates – in 2016, **Hotels** had the highest occupancy rates with 54% bed occupancy and 71% room occupancy. **Guest House and B&Bs** had a 42% room occupancy rate and a 36% bed occupancy rate (Visit Scotland, *Scottish Accommodation Occupancy Survey 2016*) (tinyurl.com/lbh8vcb)
- ◆ The national organisation for this industry is the [British Hospitality Association](#). Other industry bodies include the [Hospitality Industry Trust](#), [BandBAssociation](#), [Visit Scotland](#), [Visit Britain](#) and the [Scottish Tourism Alliance](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Hotels (November 2017)** 57% of under-35s have stayed in a hotel chain, compared to just 35% of over-55s. For independent hotels, the difference is less pronounced across generations; penetration ranges from 20-23% for all age groups, except the 25-34s, 29% of whom have stayed in an independent property. 57% of guests say that independent hotels have more character than chain hotels. For targeting purposes, women aged 45-64 are most likely to feel this way (69%) about independents.
- ◆ **Mintel – Short and City Breaks – UK (July 2017)** The domestic short break segment is predominantly independently booked, and 77% of UK trips are self-drive: the biggest booking channel is directly with accommodation providers. 27% of all short breaks are booked less than a week in advance.
- ◆ **IBISWorld – Hotels in the UK (November 2017)** Over the past decade, the number of trips made for business purposes has declined at a steep and steady rate, despite improving economic conditions over much of the period. According to Eurostat, between 2007 and 2015, the number of business trips made by EU nationals dropped by 40% (6.3% on average per year), from 206 million in 2007 to 123 million in 2015. This is largely due to the adoption of communications and conference technology that allows businesses to communicate face to face over large distances. As a result, it has become increasingly unnecessary for individuals to take overnight business trips.
- ◆ **IBISWorld – Holiday Accommodation in the UK (November 2017)** Domestic guests are expected to account for 82.7% of custom in the holiday accommodation market in 2017-18, while international visitors are expected to account for 17.3%. Again, Scotland accounts for **16.2%** of industry establishments, far outweighing its 8.3% share of UK population.

There are also a number of online resources you may find helpful:

- ◆ **Pricewaterhouse Cooper, UK Hotels Forecast 2017 and 2018** (tinyurl.com/n65zfcx) PWC expects room supply to grow by 5.8% in London and 2.4% in the rest of the UK. Regional development hotspots include Edinburgh, Glasgow, Belfast and Manchester.
- ◆ **Tourism Trend 2018, Visit Scotland, November 2017** (tinyurl.com/ya7yy3hs) Some perspectives on opportunities and drivers for tourism related business in Scotland, touching on themes including “Practical Uncertainty”, “Living Laboratory”, “Capacity Tourism” and “Brand Story”
- ◆ **Binder Dijke Otte (BDO) Leisure and Hospitality, Hotel Britain Report 2017, May 2017** (tinyurl.com/y7hggeuy) Overall, 2016 was a positive year for regional UK destinations, with only 10 out of 41 locations reported in this edition of Hotel Britain experiencing negative rooms yield growth. However, the rates of growth were not quite impressive as experienced in the previous year, when 16 destinations posted double digit growth, as opposed to this year when only three did.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](#) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

Last updated: May 2018

Updated by: Carla Bennett

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