



Market Report

A Snapshot of your Market Sector

Hotel and Bed & Breakfast

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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 **July 2023**. 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:

- ◆ The return of international tourists and domestic appetite for staycations boosted recovery in the industry in 2022-23. However, the cost-of-living crisis is limiting revenue growth. The UK's rate of inflation peaked in October 2022, with the Consumer Price Index (CPI) increasing by 11.1% over the year, a 41-year high. Despite a forecasted **fall in industry revenue of 3.6% to £19.1 billion** over the period up to and through **2022-23**, hotels revenue is forecast to grow overall at a compound annual rate of 5.2% over the five years through **2027-28 to £24.6 billion**. (IBISWorld, *Hotels in the UK*, March 2023).
- ◆ Mintel forecasts that the **volume** of guests staying in UK hotels will reach **56.2 million in 2023**, which is 87% of the 2019 level. The **value** of the market is expected to reach **£17.9 billion in 2023**, which is 96% of its pre-COVID-19 level. In **2027, the market is forecast to have grown to 64.5 million trips and £21.7 billion** in expenditure. (Mintel, *Hotels UK*, December 2022).
- ◆ Budget Hotels revenue is expected to **expand at a compound annual rate of 5.4% to £12.5 billion** over the five years through **2027-28**, with average profit margin expected to reach 21.6%. Branded budget chains will continue to expand their presence aggressively, at the expense of independent hotels, as they benefit from economies of scale and brand awareness. (IBISWorld, *Budget Hotels in the UK*, March 2023).
- ◆ **78% of UK adults took a holiday in the 12 months to October 2022**, up from 68% one year earlier, but 4 percentage points lower compared to before the pandemic, when 82% of UK adults took a holiday in the year to November 2019. This was mainly due to a slower recovery in the number of over-55s returning to the market. (Mintel, *Holiday Review UK*, January 2023).
- ◆ In 2021, there were **19 617 holiday, hotel, camping and other short stay accommodation businesses** operating in the UK. (Statista, *Annual Business Survey*, 2021).
- ◆ The UK holiday rental property market rebounded strongly in 2021, with the volume of stays estimated to have **increased by 79% to 8.1 million, with expenditure of £2.9 billion**. The number of UK holiday rental property stays is forecast to grow by 7% to just short of 9 million, and the associated value of expenditure projected to **rise by 10% to around £3.5 billion over the 2022-27** forecast period. (Mintel, *Holiday rental Property UK*, July 2022).
- ◆ The national organisation for this industry is the [UKHospitality](#). Other industry bodies include the [Hospitality Industry Trust Scotland](#), [Bed and Breakfast Association](#), [The Corporate site for 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, UK (December 2022).** 44% of UK adults stayed in a hotel chain in the UK in the year to September 2022, which is broadly comparable to the level seen prior to the pandemic. Meanwhile, 21% of UK adults stayed in an independent hotel, down from 23% in the year to September 2019. One of the likely contributing factors is the financial strength and resources of hotel chains, which have made them more able to cope with the pressures resulting from the pandemic and cost-of-living crisis.
- ◆ **IBISWorld – Hotels in the UK (March 2023).** In December 2022, VisitBritain forecasted inbound visits to recover to 29.7 million and spending to reach £25.9 billion in 2022, representing 73% and 91% respectively of the levels recorded in 2019. Scotland's share of hotels is nearly double its share of the UK population, with 15.4% of industry establishments to an 8% share of population, thanks largely to its world-renowned golf courses and game shooting resorts. Major tourist cities Glasgow and Edinburgh further drive tourism to Scotland.
- ◆ **Mintel – Holiday Review, UK (January 2023).** In October 2022, VisitScotland announced that 92 travel companies successfully applied for the £325K Electric Vehicle Charge Point Tourism Recovery Fund. This will see 194 electric vehicle charging points installed close to popular tourist routes across Scotland, with successful applicants receiving up to 75% of the installation cost. The fund opened in May 2022 on a first-come-first-served basis. Businesses in locations with a limited number of charge points were encouraged to apply for the fund. The investment will help decarbonise transport and contribute to Scotland's target of achieving net zero emissions by 2045.

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

- ◆ **Visit Britain** – (tinyurl.com/bde2rz5p) regional and annual tourism data can viewed and downloaded here, as well as latest trends in the **April 2023 Report** (tinyurl.com/53nwn57a).
- ◆ **Visit Scotland Accommodation Occupancy Survey – Hotels April 2023** (tinyurl.com/4df3crbh). This downloadable report reviews accommodation performance throughout Scotland, highlighting trends across various sectors and categories in the industry.
- ◆ **UK Hospitality Future - Shock Issue 10** (tinyurl.com/55wu4fw3). This downloadable report provides key statistics on the recent UK Hospitality performance, the industry outlook and consumer trends.
- ◆ **Hotel Owner** (hotelowner.co.uk) is an online publication for the hotel industry providing news, market intelligence, case studies, opinions, and product information.

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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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 Accountant](#)" 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](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

Last updated: July 2023

Updated by: Eleanor

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