



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 **September 2021**. 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:

- ◆ Around **26%** of adults stayed in a holiday rental property during the three years ending **May 2021**. **18%** of travellers holidayed in a rental house, whilst **10%** stayed in a rental apartment, and **3%** rented a room within a property. The staycation year of **2021** will have long term benefits for domestic rentals as consumers discover parts of the UK or try out Holiday Rental Properties for the first time. (Mintel, *Holiday Rental Property UK 2021*).
- ◆ Around **65%** of adults stayed in a UK hotel in the last three years. **53%** have stayed in a chain hotel and **32%** have stayed in an independent hotel. Budget hotels are the most popular choice for all age groups. **54%** of over 65 age group have stayed in a mid-market hotel. **14%** of 16-24 year olds stayed in a boutique or five star establishment on their last visit, compared with **9%** of over 35 year age group. (Mintel, *Hotels - UK*, December 2020).
- ◆ IBISWorld expects industry revenue to increase at a compound annual rate of **26.9%** over the five years through **2025-26** to **£19 billion**. The weaker pound could encourage more British people to holiday within the United Kingdom, opting for a staycation rather than an overseas holiday, a trend exacerbated by the coronavirus pandemic. (IBISWorld, *Hotels in the UK*, March 2021).
- ◆ Visit Scotland, published a Survey on the Research and Insights page, *Monitoring the Effects of COVID-19 on the Scottish Tourism Industry (20-30 March 2020)* (tinyurl.com/y65ctxxk). According to this report, **2243** respondents to self-selecting online survey between 20-30 March 2020 said that **99%** of them have experienced cancellations/ decline in bookings / fewer visitors. Also, Visit Scotland has a regularly updated [Coronavirus \(COVID-19\) Support and Information page](#) with FAQ and the latest local guidance.
- ◆ The national organisation for this industry is the [UKHospitality](#). Other industry bodies include the [Hospitality Industry Trust Scotland](#), [Bed & Breakfast Association](#), [Visit Scotland](#), [Visit Britain](#) and the [Scottish Tourism Alliance](#).

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 – Domestic Tourism: Inc Impact of COVID-19 (December 2020).** The value of the domestic holiday market is expected to fully recover in 2022. Holiday rental properties are expected to recover fastest, while hotels will see a slower recovery. Holiday rental properties will benefit from their affordability and associated self-catering aspect, which enables travellers to avoid contact with other unfamiliar people.
- ◆ **Mintel – Package vs Independent Holidays: Inc Impact of COVID-19 – UK (May 2021).** 54% of travellers plan to take their main holiday in the UK in the 12 months following March 2021, which is higher than levels seen pre COVID-19 when 41% of travellers took their main holiday in the UK. 67% of travellers who plan to take their main holiday in the UK in 2021 are likely to book this holiday independently. 21% plan to book as a package.
- ◆ **IBISWorld – Holiday Accommodation in the UK (March 2021).** Domestic guests are expected to account for 98.7% of the holiday accommodation industry revenue in the UK. Britons are expected to book staycations in remote places in a bid to replace their previously planned holidays that were cancelled. The largest distribution of holiday accommodation in Scotland is concentrated in the Highlands. Scotland has a relatively large number of districts when compared with other regions.
- ◆ **IBISWorld – Hotels in the UK (March 2021)** The industry is forecast to return to growth over the next five years, supported by an economic recovery from the COVID-19 pandemic. Staycations are likely to support industry demand in the short term amid damaged finances and fears that other countries may be behind on vaccinations.

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

- ◆ **Visit Scotland, Insights Department: Trends 2020** (tinyurl.com/utjevcb2). The 2020 Trends Paper looks ahead to the mega drivers that will influence tourist behaviour for the next ten years.
- ◆ **UK Hospitality.org, Future Shock, Issue Seven – Road to Recovery** (tinyurl.com/y3m84cg7) discusses the impact of the pandemic, the consumer behaviours, trends to follow from around the globe, and many more useful statistics. It is available for download.

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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 websites, 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.

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