



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 2024**. 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:

- ◆ Despite a strong tourism rebound, adverse economic conditions recently have constrained growth. Industry **revenue is expected to contract** at a compound annual rate of **1.2% over the five years through 2024-25 to £24.3 billion, including an estimated 0.2% growth in 2024-25**. Hotels' revenue is forecast to expand at a compound annual rate of 2.3% over the five years through 2029-30 to £27.3 billion. Growing tourism numbers and improving confidence and disposable incomes will drive revenue growth. (IBISWorld, *Hotels in the UK*, August 2024).
- ◆ Industry **revenue is expected to contract** at a compound annual rate of **2.4% to £11.6 billion over the five years through 2024-25**, despite an estimated growth of 8.3% in 2024-25 due to the significant impact of COVID-19 on hoteliers' revenue in 2020-21. Budget hotels recorded sturdy demand until 2019 as tourism levels were solid and many consumers sought better value for money. (IBISWorld, *Budget Hotels in the UK*, August 2024).
- ◆ **50% of UK adults stayed in a hotel** in the UK in the year to September **2023, down from 55% in the previous year**. One of the contributing factors is that fewer Brits took domestic trips, partly driven by the greater confidence in travelling abroad and the higher cost of living. (Mintel, *Hotels UK*, December 2023).
- ◆ The volume of domestic holidays is estimated to have **fallen by 5% in 2023 to 41 million trips, down from 43 million in 2022**. Following a sharp fall in trips during Q1 2023, volumes recovered to just ahead of 2022 levels in Q2 2023. Mintel's consumer data suggests that the Q2 revival continued during the summer months, but total annual trips are still likely to be down. (Mintel, *Holiday Review UK*, February 2024).
- ◆ The cost-of-living crisis is having contradictory impacts on domestic tourism. Many consumers are reducing their frequency of travel and holiday spend or choosing cheaper accommodation. At the same time, **29% of UK holidaymakers are 'overseas switchers', opting for a budget staycation instead of going abroad**. The domestic market has a growing appeal to higher spending consumers. Premium holiday cottages, wellness, luxury breaks and special event celebrations are areas of big future potential. (Mintel, *Domestic Tourism UK*, December 2023).
- ◆ 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 2023).** Guests looking to stay in luxury hotels in Britain in the coming year are most likely to plan to spend more on their stay than last year, at 34%. Nevertheless, a significant proportion of mid-market hotel guests and budget/economy hotel guests also expect to spend more (27% and 26% respectively).
- ◆ **IBISWorld – Budget Hotels in the UK (August 2024).** Scotland boasts a significantly larger proportion of budget hotels compared to its share of the UK population, at almost twice the share. Edinburgh and Glasgow, Scotland's biggest cities, attract vast numbers of tourists each year for cultural and sporting events. Scotland also has renowned golf courses and game-shooting resorts, luring many tourists to the region. Edinburgh also hosts world-renowned festivals, like the Fringe Festival every August, which celebrates arts and culture.
- ◆ **Statista – Hotel industry in the United Kingdom.** This report presents a range of statistics and facts about the hotel industry in the United Kingdom. It includes an industry overview and information on key performance indicators, key players, hotel prices, and consumers.

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

- ◆ [VisitBritain.org](https://www.visitbritain.org) have downloadable reports and data on the latest consumer and industry data and insights on domestic and inbound tourism in the UK, Britain and England.
- ◆ [VisitScotland.org](https://www.visitScotland.org) have produced [Hotels in Scotland April 2024 Report](#) which reviews accommodation performance throughout Scotland, highlighting trends across various sectors and categories in the industry.
- ◆ [Future Shock – UK Hospitality Report](#) The 13th edition of Future Shock focusses on EDI within hospitality, highlights consumer sentiment towards the topic and brings to life the work happening across the sector. See also [Facts and stats - UKHospitality](#)
- ◆ [HotelOwner.co.uk](https://www.hotelowner.co.uk) is an online publication for the hotel industry providing news, market intelligence, case studies, opinions, and product information.
- ◆ [PWC UK - Hotels Forecast 2023](#) is a downloadable report on the hotel outlook for 2023-2024
- ◆ [Colliers - UK Hotels Market Index 2024](#) is a downloadable market tracking index that analyses ten key performance indicators of 35 cities in the UK and consolidates these into a single ranking.

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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.

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