



# 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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **July 2020**. 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:

- ◆ Staying in the UK has proven to be an attractive alternative to overseas business trips and holidays among UK adults amid Brexit uncertainties in 2019. Meanwhile, visits from the US are soaring as the low value of the Pound and the strong Dollar make it a golden time to visit the UK. However, more people in the EU are avoiding the UK due to uncertainties around Brexit's impact on travel arrangements. As a result, the volume of hotel stays is expected to **increase** by just **0.3%** in 2019. (Mintel, *Hotels in the UK*, December 2019).
- ◆ Demand for staycations will grow at a modest pace in the period 2020-24 with **volume growing** by **0-2%** and **value growing** by **1-2%** per annum. Overseas destinations look better set over the longer term as, once uncertainty subsides, the attraction of holidaying abroad is likely to return to its previous level. One way that British destinations and companies can protect the domestic market is to tap into the 'going green' movement by promoting domestic holidays as a more sustainable travel option for UK holidaymakers. (Mintel, *Domestic Tourism in the UK*, October 2019).
- ◆ IBISWorld expects industry revenue to decline at a compound annual rate of **3%** over the five years through **2020-21** to **£16.6 billion**, including a 20.7% drop in the current year. This is because the industry is anticipated to be one of the most affected by the COVID-19 (coronavirus) pandemic. Earlier in the period, international tourism campaigns and the popularity of British-made films and TV dramas encouraged international tourists to visit the United Kingdom, supporting industry revenue over the three years through 2018-19. (IBISWorld, *Hotels in the UK*, June 2020).
- ◆ The latest Scottish Accommodation Occupancy Survey finds that hotel % room occupancy increased slightly by **0.70%** when comparing 2019 with 2018. In 2019, Hotel room occupancy reached a **peak** in August at **86%**, compared with a peak of **88%** at the same time in 2018. (Visit Scotland, *Scottish Accommodation Occupancy Survey 2019*, [tinyurl.com](http://tinyurl.com)).
- ◆ 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](#).



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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](mailto:info@bgateway.com).

- ◆ **Mintel – *Hotels in the UK (December 2019)***. 46% of UK hotel guests booked their most recent hotel stay in the UK directly with the hotel whilst 49% choose to book via a third-party channel (the remainder either used other booking methods or couldn't remember). Whilst the split between direct and third-party bookings is almost even, the picture changes when looking solely at bookings made online; 41% of online bookings were made directly with the hotel whilst 59% were booked via third-party channels.
- ◆ **IBISWorld – *Holiday Accommodation in the UK (June 2020)***. Industry revenue is expected to contract at a compound annual rate of 9.3% over the five years through 2020-21, including a **fall of 37%** in the current year, to £1.4 billion. This contraction can be largely attributed to the outbreak of COVID-19 (coronavirus), which eliminated demand for holiday accommodation at the tail-end of 2019-20.
- ◆ **Mintel – *Short and City Breaks in the UK (July 2019)***. Domestic break volumes fell by **-2.5%** in 2018, having established a record high the previous year. Mintel's consumer data for the 12 months ending May 2019 shows a further increase in domestic short break taking, which suggests that the market may have picked up again in the first five months of 2019. The 'mini-staycation' has proved to be one of the great travel success stories of the past decade. The number of 1-3 night UK trips has **risen** from 31.1 million in 2008 to **37.5 million** in 2018, an increase of 6.4 million breaks (21%).

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

- ◆ **Visit Scotland, Insights Department: *Trends 2020*** ([tinyurl.com](http://tinyurl.com)). The 2020 Trends Paper looks ahead to the mega drivers that will influence tourist behaviour for the next ten years. It also reviews the period from 2010 and how behaviours have changed. For this year the annual trends explore the main theme underlying consumer decisions: sustainability.
- ◆ **Visit Britain, *Britain's visitor economy facts*** ([tinyurl.com](http://tinyurl.com)). Inbound tourism will continue to be the fastest growing tourism sector – with spend by international visitors forecast to grow by over 6% a year in comparison with domestic spending by UK residents at just over 3%. The value of inbound tourism is forecast to grow from over £21bn in 2013 to £57bn by 2025, with the UK seeing an international tourism balance of payments surplus in 2023, almost forty years since the UK last reported a surplus.
- ◆ **Binder Dijke Otte (BDO) Leisure and Hospitality, *Hotel Britain Lite 2020 Report*** ([tinyurl.com](http://tinyurl.com)). UK hotels experience their tenth consecutive year of growth, with occupancy levels reaching a record high of 79.9%. Rooms yield also had an increase of £3.64 to £106.03 on average in the UK and equated to a strong 3.6% rise.

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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](mailto: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](mailto: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](#) 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 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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**Last updated: July 2020**

**Updated by: Liesel**

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