

Hotels - UK - November 2010

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What is this report about?

This report examines hotel use in the UK, considering business, leisure and VFR (visiting friends and relatives) purposes. It considers both full-service and budget hotels, looking at the impact of recession, the state of the market in 2010 and the prospects for the future. It examines who the key customers are, what they look for in a hotel and how operators can increase custom and maximise revenue. The report also considers consumer trends, what the strengths and weaknesses of the market are, and the performance of the regions of the UK.

What have we found out?

- More than one in two consumers report having stayed in a hotel for holiday/leisure purposes in the 12 months to September 2010. This represents a significant rise from 2008 and has been driven by an increase in short breaks – the recession meaning that consumers were more likely to opt for trips in the UK but, on-average, spent less on their holidays.
- In total, hotel market revenue fell 7% in 2009 as occupancy, average room rate and RevPAR (revenue per available room) all fell. 2010 however has seen a return to revenue growth, in part driven by expansion. An estimated 10,000-plus rooms have been added year on year.
- Approximately one in eight people used a hotel for business in the 12 months to September 2010, the same proportion that reported doing so in 2008 – reflecting 2009's fall in domestic business travel and this year's subsequent return to growth.
- London has outperformed the regions of the UK in 2010, recording year on year increases in occupancy and RevPAR for seven of the first eight months of the year.
- Since 2008, attitudes have shifted away from believing that “a hotel is just a base from which to explore nearby attractions” towards “a hotel and its facilities are part of the holiday experience”. Gender is the clearest demographic differential here; men are more likely than women to believe the former and women are more likely than men to believe the latter.
- Of all the UK adults who stayed in a British hotel in 2009, over 30% used a budget option at some point across the 12-month period. This represents almost 15% growth from 2008, with the recession-driven ‘flight to value’ by domestic holidaymakers and trading down by corporate customers increasingly benefiting the sector.

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