

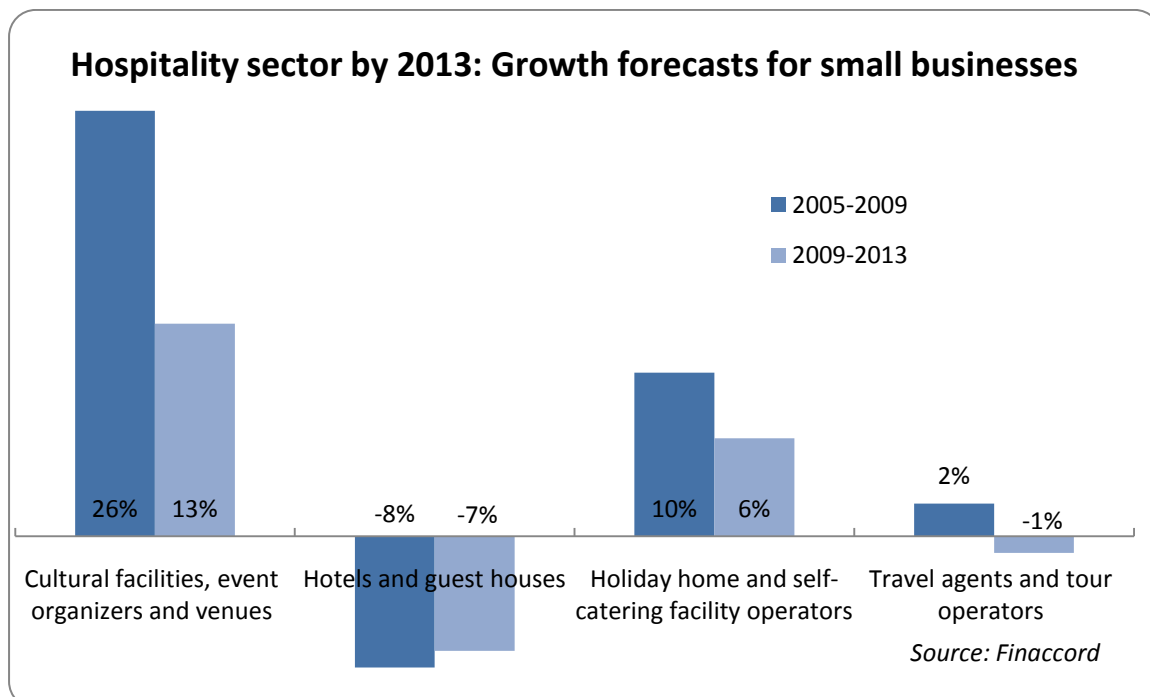
## Hospitality sector: a view to 2013

Event organisers and venues to thrive but times toughen for travel agents and tour operators

**London 4<sup>th</sup> February 2010:** Finaccord, a market research consultancy specialising in the financial services sector, has recently produced five year forecasts for the small business community. The research entitled *An Anatomy of Small Businesses in the UK: Figures and Forecasts to 2013* reveals that event organisers and venues will be one of the fastest growing SME segments over the next five years in the UK.

[http://www.finaccord.com/finaccord/uk/report\\_anatomy\\_small\\_businesses\\_uk.htm](http://www.finaccord.com/finaccord/uk/report_anatomy_small_businesses_uk.htm)

The research reveals mixed fortunes in the UK hospitality sector with self-catering outperforming B&Bs, guest houses and small hotels.



Holiday home and self-catering facility operators which have done well despite the recession will experience a significant slowdown in their growth rate from 2010. Travel agents and tour operators have been hit hard by the financial crisis and the number of enterprises in this segment may not recover before 2012.

### **Cultural centres, event organisers and venues have the brightest future**

This segment has risen rapidly in recent years and is forecast to grow by 13% - or nearly 55,000 venues – by 2013. This broad segment includes a wide range of venues, from art galleries to historic buildings through to banqueting rooms, so it's more difficult to identify a single factor accounting for this forecast growth. The increasing number of venues making themselves available for conferences and events has definitely stimulated the sector. Changing the law in England and Wales to allow civil weddings to take place outside Registry Offices since 1995 has also been a driver.

### **Many small hotels, guest houses and B&Bs will be assigned to history**

The number of hotels in the UK declined by 8% between 2005 and 2009 and Finaccord predicts it will fall by a further 7% by 2013. However these results hide profound differences between traditional B&Bs with a turnover below £1m that are falling out of favour and bigger hotels and guest houses with a turnover between £1 and £5m that are attracting more foreign and domestic tourists.

Consequently Finaccord believes the number of hotels and guest houses with a turnover between £1 and £5m will grow by 19% in the next five years. The prospects for UK hotels look brighter from 2010 onwards as the recession ends, in particular if Sterling remains weak over the next three to four years, encouraging not only foreign tourists to come to the UK but also British residents to holiday at home.

In comparison the number of hotels with a turnover below £1m is predicted to continue to fall. The increasing popularity of budget hotel chains and self-catering holiday homes will accelerate the decline of the traditional B&B sector.

### **Holiday home and self-catering facility operators: the end of the golden age**

After a strong growth of 10% over the past five years, the segment covering private individuals letting out holiday homes and camp sites / holiday parks is predicted to

increase by 6% by 2013 and to reach nearly 50,000 enterprises. This growth has been faster for purpose-built holiday homes and for the 'buy to let' market extending into holiday properties prior to the housing crisis in 2008.

The anticipated slowdown comes not from the tougher economic conditions in 2009 but from a new tax treatment of furnished holiday lettings in the UK taking effect from April 2010 onwards. This change is likely to increase the tax burden for companies belonging to this sector and to reduce the strong growth seen in this market since 2005.

### **Travel agents and tour operators: market recovery will take time**

This segment should decline by 1% by 2013 but the research distinguishes between businesses with a turnover below £100K that saw 4% growth over the past five years, and companies with a turnover between £100K and £5m where numbers fell. The internet has affected travel agents and tour operators very differently depending on their size. The impact has been negative for larger travel agents and tour operators as consumers are much more likely to book travel online, cutting out the traditional travel agent. The story is different for small, specialist travel agencies that have benefited from new opportunities.

David Parry, Consultant at Finaccord says "The hospitality economy has been growing strongly in recent decades, and the recession isn't going to stop that. However there are winners and losers within this, from the rise of the 'do it yourself' leisure: more and more people prefer to organise a wedding the way they want it instead of using a Registry Offices, to holiday in self-catering homes rather than stay in B&Bs, and to make their own travel bookings rather than use a tour operator. The future lies with individual leisure, unless traditional hospitality companies can adapt to these trends – so full marks to Butlins for introducing weddings at its resorts in 2006."

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**About the research**

The findings from this press release are taken from Finaccord's new research study '*An anatomy of small businesses in the UK: figures and forecasts to 2013.*' The company's projections are based on primary and secondary research carried out during the third quarter of 2009. Data from the Office of National Statistics, Experian and Sector Skills Councils have been combined with telephone interviews with professional and trade associations and modelling to produce both backcast and forecast information for the number of small enterprises with annual revenues of up to £5 million in 105 distinct business segments. Growth rates are stated as the absolute forecast rate of growth or decline in the number of small businesses between 2009 and 2013.

**About Finaccord**

Finaccord is a market research, publishing and consulting company specialising in financial services. It provides its clients with insight into and information about major issues in financial services in the UK, Europe and further afield, with a particular focus on marketing and distribution topics such as affinity marketing, bancassurance and strategic alliances. It has also developed unique expertise in analysis of dynamics in the small business sector in the UK.