TOURISM SOUTH EAST

SEEDA SOUTH EAST ENGLAND DEVELOPMENT AGENCY

Working for England's World Class Region

Bed and Breakfast Accommodation: Where Now, Where Next and How?

A summary of a bed and breakfast sector study in South East England Summer 2004

The Rationale for the B&B Study

B&Bs represent one of the largest sectors of the tourism industry in the South East, with potential for growth. Yet relatively little is know about trends, issues affecting supply and demand and the barriers to provision. In collaboration with Local Authority partners and SEEDA, TSE commissioned Roger Seed Professional Services to undertake the largest study of the B&B sector of its kind. The context for this study has been concerns about:

* The high attrition rate (churn) of B&B businesses.
* Persistent shortages of B&B accommodation in some areas.
* Differing degrees of support for the B&B sector at a local level.
* Missed opportunities to take advantage of the potential of this sector.

Recognising the excellence and best practice achieved by many B&B establishments and supporting organisations, the study has been constructed to identify, analyse and promote such initiatives more widely. At the same time, it was recognised that a review was necessary to identify the key issues and concerns that face a unique sector where the majority of operators are running a business 'within their home'.

Profile of B&B Accommodation in the South East

B&B continues to represent a major component of serviced accommodation in the South East, not only servicing the leisure visitor but also the increasing demand from business travellers. B&B also makes a substantial contribution to the regional economy with an estimated £280m in visitor expenditure attributable to guests staying in B&Bs in the South East.

Research indicates that there are some 3,000 B&B businesses across the region, accounting for over half of all serviced accommodation establishments in the South East.

Two thirds of B&Bs surveyed have been operational for less than 10 years and over half have established their business to generate additional or alternative income streams.

Approximately three quarters of surveyed B&Bs offer 3 rooms or less, and the majority of establishments have a highly seasonal occupancy profile with an express desire to extend occupancy during the shoulder and winter months. On average, just over 5 bookings per week are turned away in the summer and around 1.5 in the winter.

Tariffs typically range between £20 and £50 for a single room, and £40 to £100 for twin, double and family rooms. In exceptional cases these rates are exceeded where demand and quality of provision allow.

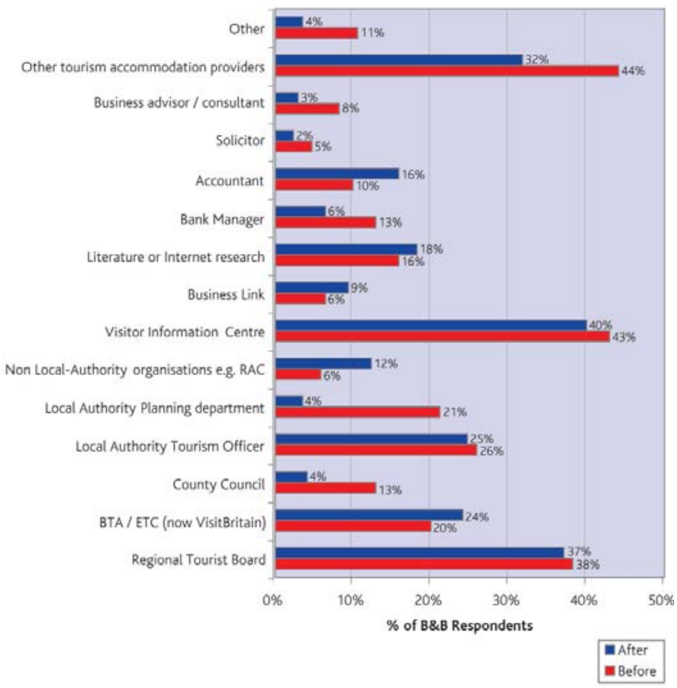
Typical average annual room occupancy rates range from 40% to 60% with exceptional businesses nearly fully booked year round. Occupancy rates are on the whole lower than the hotel sector, but this is partly a reflection of many B&B proprietors' desire to run a seasonal rather than year round business.

B&B operators look to their Visitor Information Centres (VICs) and Local Authority as well as TSE and other tourism accommodation providers for help and support, both before and after setting up. Organised networks of B&B providers are becoming increasingly popular mechanisms for support and development activities once established.
The majority of B&Bs rely heavily on VICs and word of mouth to promote their business.

The Internet is becoming an increasingly important mechanism for promotion and booking, with many B&Bs creating their own websites in the absence of a recognised, effective industry standard solutions.

TSE promotion initiatives, as well as formal and informal industry networks play a big role, as do Local Authority brochures, websites and visitor guides.

Figure 1: Sources of information and advice used by B&B owners before and after setting up.



Barriers to Development of the Sector

Helping to facilitate and develop the B&B sector requires a thorough understanding of the real and perceived barriers to development.

B&Bs perceive lack of winter demand and insufficient physical space as the biggest barriers to development of their business.

The threshold for fire regulations is also a perceived constraint on further expansion. Those working in Local Authorities supporting the sector see regulatory issues as the greatest hurdle for future business development.

Figure 2: Barriers to development of B&B (in descending order of perceived relevance).

Perceived by B&B Operator	Perceived by Local Authority Staff Working in Tourism
1. Lack of winter demand	1. Disability regulations
2. Lack of physical space	2. Other statutory regulations
3. Improbability of getting planning permission to expand	3. Investment costs too high
4. Fire regulations	4. Lack of owner/operator time.
5. Disability regulations	5. Lack of winter demand

The Competitive Position of B&B Accommodation

B&B's strength is the ability to offer a good value, warm, welcoming and homely product with a great deal of character and individuality.

B&B establishments face increasing competition from the budget hotel sector and from other hotel sectors that are employing aggressive price discounting to maximise occupancy levels. This is especially apparent in the business traveller market where, in many instances, B&Bs are competing with well-recognised hotel brands that are perceived to offer a convenient and well recognised level of quality, value and service.

The National Quality Assurance Scheme (Diamonds) provides guests with a guaranteed level of accommodation, and the adoption of the scheme by B&Bs is increasing as Local Authorities shift more towards grading being a prerequisite for inclusion in their tourism promotion literature and VIC marketing activities.

Aspirations of the Sector

For many, B&B provides an alternative or additional income perhaps in the years after children have left home, when there is room in the property to start up such activity. This represents a significant proportion of the market supply and results in a "life-stage" driven turnover of operators.

Two thirds of B&Bs agree that there is scope to develop the sector. 69% of B&B owners want to improve their occupancy rates, with only around one quarter of establishments exceeding their target occupancy levels. Nearly half wish to improve the quality of their product.

Figure 3: B&B operators' aspirations to improve performance.

	Yes	No
Occupancy rate	69%	27%
Number of rooms	16%	79%
Quality	47%	48%

N.B: Remaining %s represents no replies.

Figure 4: B&B achievement of target room occupancy level.

Comfortably exceeding target	12%
Slightly exceeding target	14%
Just about meeting target	31%
Slightly below target	23%
Well below target	20%

Tailoring Support to the B&B sector

Much is already being done to identify and support the specific needs of the B&B sector. Examples include the development of B&B networks and seminars run specifically for B&Bs. However, the extent of B&B specific support varies within the region and many B&Bs have expressed frustration that a significant proportion of national, regional and local tourism initiatives are focused on larger businesses, appearing to overlook their sector and specific needs.

Most B&B proprietors are operating a comparatively low turnover business within their home, employing few, if any staff and are generally heavily dependent on the Regional Tourist Board, Local Authority, VICs and word of mouth for marketing. This makes them very different from hotels and other forms of tourism accommodation. The content, timing, pricing and marketing of campaigns sometimes fail to take into consideration these size, organisational structure, and profitability issues.

There is no 'typical' B&B owner and no typical customer profile - this has a major bearing on the range and extent of support and development required, and underpins the need for a good working knowledge of the local situation. B&Bs tend to prefer short, sharp workshop type learning activities with opportunities to network.

The Need for Networks

There is an overwhelming need to maintain and improve communications and information flow towards and within the B&B sector, and a requirement to address the sense of isolation that some B&Bs have of their position in the tourism industry.

B&B businesses benefit greatly from sharing experiences and knowledge with other operators, as well as enjoying social interaction with like-minded people. There is also a need to empower B&B operators, and this can be achieved most effectively by encouraging them to come together, explore, economies of scale, share good practice and a more collaborative approach to promotion, booking referrals, lobbying and business development. At the same time, Local Authority tourism budgets are coming under increasing pressure so there is a need to find more efficient mechanisms for reaching and supporting B&Bs.

Many areas have now established extremely successful B&B groups and networks, often facilitated by their Local Authority, but gaps still remain. Some Local Authorities have created networks in partnership with other adjoining districts to great effect.

These networks bring many benefits including:

* An effective and efficient mechanism for developing sustainable, long term support structures/environments.
* Mechanisms for delivering continuous improvement into the industry.
* Communication channels between Local Authorities and the B&B sector.
* Opportunities to develop market opportunities on a more collective basis.
* The means to foster a greater understanding of each others needs, wants and operating environments.
* Enabling mechanisms for social activities and events that bring greater cohesion to the B&B sector.
* Opportunities for the Local Authority to take a more strategic role with greater impact.
* Efficient approaches and delivery mechanisms for other supporting and training organisations.

Ten Point Action Plan for the Sector

The study has resulted in a series of priorities that have been grouped under 10 specific action headings to help take the industry forward:

1. Fostering networked local relationships.
2. Providing a welcoming, accessible support environment.
3. Reconnecting the B&B support chain through partnerships.
4. Ensuring consistent high standards whilst retaining individuality and diversity.
5. Increasing the effectiveness and efficiency of promotion.
6. Improving the adoption and efficient use of computers and the Internet.
7. Improving the efficiency of B&B operations (with particular focus on improving shoulder and winter occupancy rates).
8. Ensuring the industry has the skills required for the future.
9. Championing B&Bs major contribution to tourism and the wider economy (lobbying the decision makers).
10. Enthusing potential new entrants and retaining existing operators.

Making the Action Plan Happen

The Action Plan forms the basis of a toolkit guide for Local Authorities wishing to support the sector. Many of the initiatives proposed are supported by case study material, reflecting what is already taking place in some Local Authority areas, and are included in the toolkit to encourage wider use across the region.

The toolkit is designed as a menu for Local Authority Tourism Officers and others public bodies engaging with the sector to develop support programmes taking account of different levels of resource and local commitment.

TSE's Role

Through this study we recognise the support that some Local Authorities and other public sector organisations provide to the sector, but believe there is much more that can be done to share good practice where it exists to improve overall support across the region.

TSE has a clear strategic role to play in adding value to the work of those already engaged. It is well placed to produce advisory materials and run workshops for B&B groups on how to improve their service offering and marketing to lift occupancy rates, as well as guiding Local Authorities on the development and retention of B&Bs through the sharing of best practice.

TSE's role in product development is to:

* Provide guidance to public sector partners on the most effective ways of generating awareness of the opportunities to run B&B businesses.
* Improve supporting agency understanding of the B&B sector and provide appropriate direction or subsequent action.
* Encourage Local Authorities to support the development of new B&B accommodation and retention of existing stock where demand exists; including incorporating relevant policy in Local Development Frameworks.
* Work with Local Authorities and other public sector partners (e.g: AONBs and Business Link) to share best practice initiatives.
* Influence the industry to invest in quality.

TSE's role in providing business advice to new and existing B&Bs is to:

* Develop and maintain a business advice element on the corporate website, with specific guidance for B&B start-ups.
* Work with Business Link across the region to provide co-ordinated business advice.

TSE's role in terms of organisation and resources is to:

* Encourage Local Authorities to establish local industry networks: to disseminate best practice, share information, problem solve, lobby and market collectively.
* Develop specialist business advice and training packages to support the growth of quality accommodation provision within the sector.
* Develop an internal action plan to co-ordinate TSE's activities in supporting and advising the B&B sector and public sector partners.

For further information about this study, the Local Authority Toolkit or to order large print versions, please contact:

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