



# The Hospitality Industry

*Please be respectful of your colleagues by silencing your phone. If you need to answer a call, please go to the hallway.*



# B&Bs Unbound – The State of Bed and Breakfasts/Inns in the U.S.

Prepared for the *Association of Independent Hospitality Professionals* by  
Phocuswright Inc.



# Study Objectives

## **1. Raise the profile and awareness of Bed & Breakfasts (“B&Bs”) and Inns**

- Define and size the category and its impact on the broader lodging and travel marketplace
- Assess the importance of B&Bs to various traveler segments, with a focus on the millennial traveler

## **2. Assess key trends shaping B&Bs and identify opportunities for growth, including**

- Size the North American market opportunity for B&B stays

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*



# The Role of B&Bs



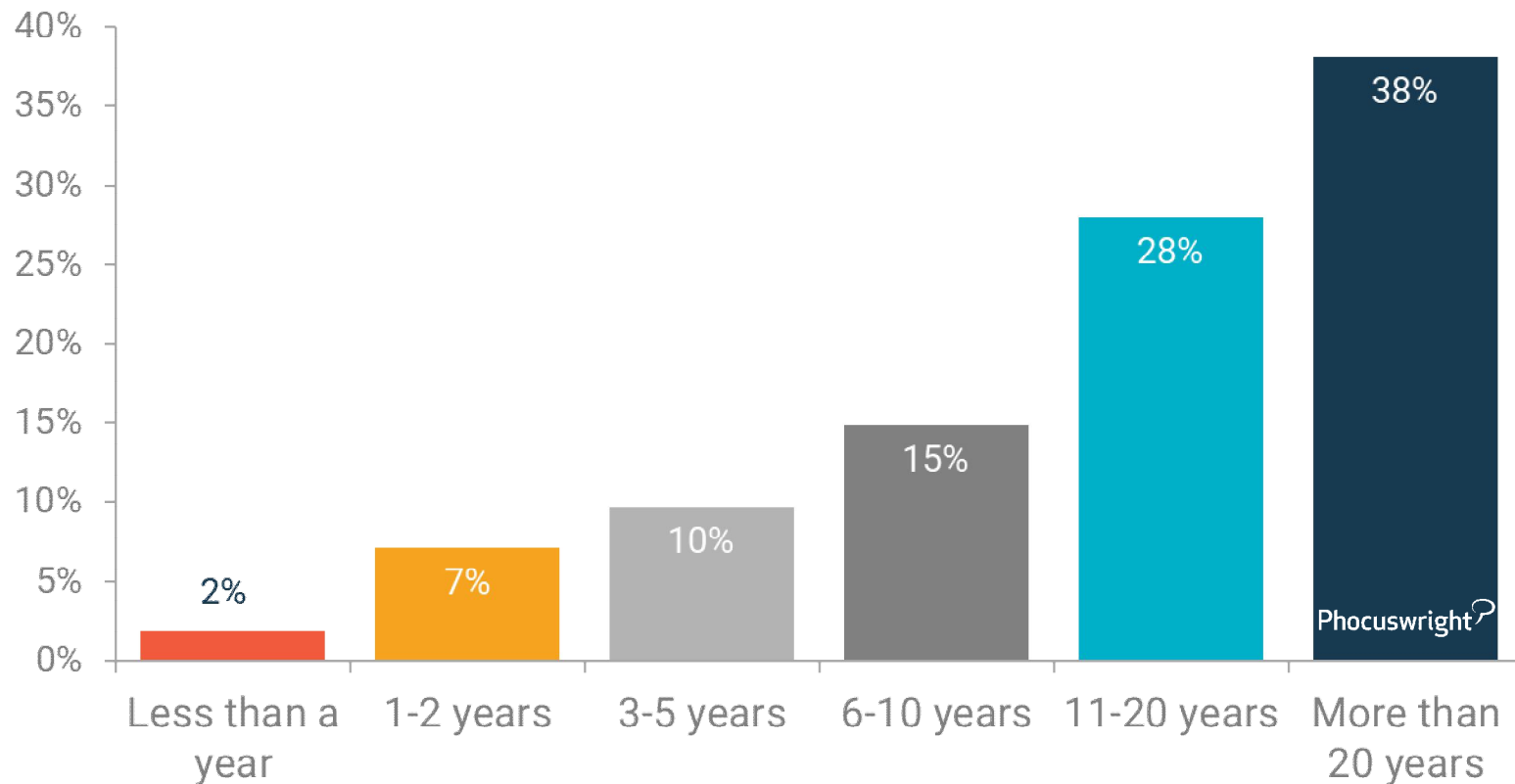


A highly overlooked industry, the B&B segment has many unique characteristics that deserve special attention.

- Nearly all (99%) are independently owned and operated, most of which have **been in business for over 10 years**.
- The **overwhelming majority of B&Bs are small operations** – with 8 rooms on average, earning \$200K or less in annual revenue, and employing fewer than 5 employees.
- B&Bs are huge to innkeepers' lives – most are a **full-time job and provide a primary source of income**.



## Most traditional B&Bs are long-established: Two-thirds have been in business for over 10 years.



Q2: How long has your B&B been in business?

Base: Lodging establishments (N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*





# **The U.S. B&B Market**

## **Market size & structure**

# The U.S. B&B market reached \$4.1B in 2016.

- **The industry will near \$5 billion by 2020**, when over three-quarters of gross bookings will be made online.
- **Direct channels account for 75% of bookings**
- Half of B&Bs project that **occupancy, ADR and overall business will grow** over the next year.

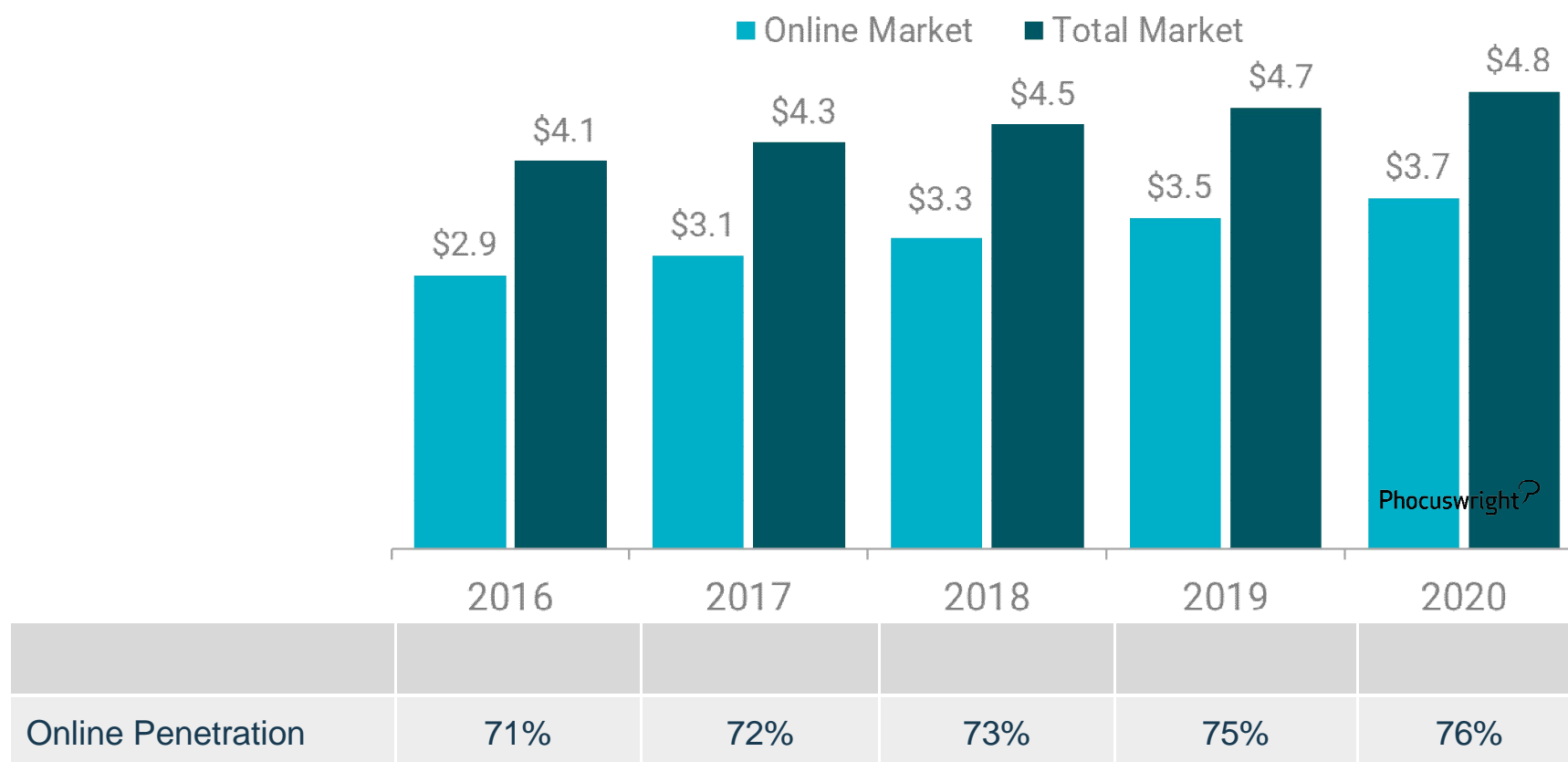
Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S*



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# Over three-quarters of gross bookings will be made online by 2020.

U.S. B&B Total and Online Market (US\$B), 2016 to 2020



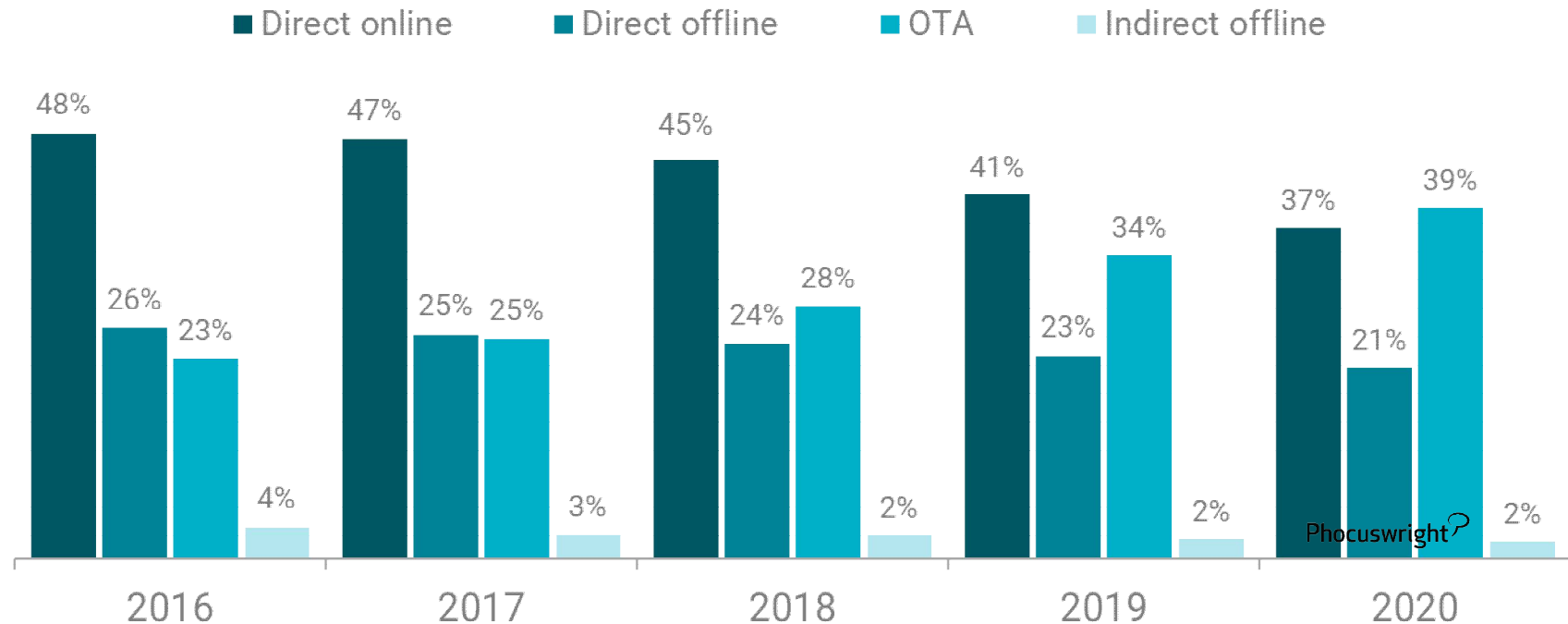
Note: 2017-2020 projected.

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*



Direct channels dominate the industry for now, but OTAs quickly gain ground, surpassing direct online and offline bookings by 2020.

U.S. B&B Channel Share, 2016 to 2020



Note: 2017-2020 projected.

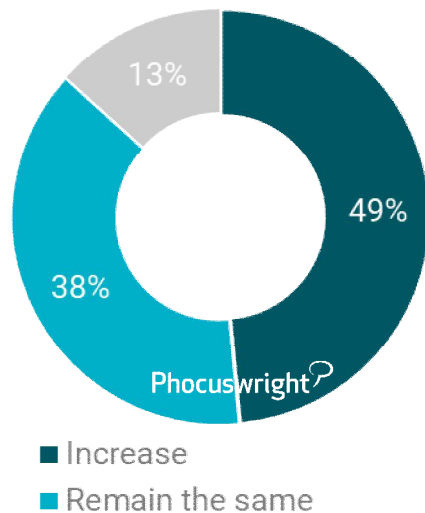
Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*



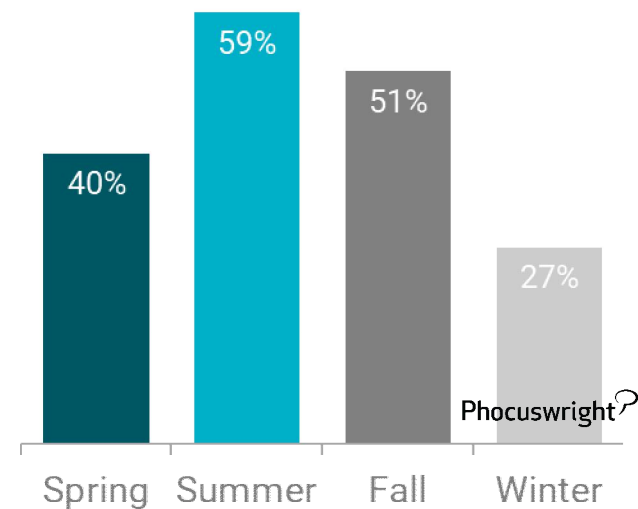
# Occupancy rates are slightly rising, with hopes of an upward trajectory.

## Average Occupancy for 2017: 50%

Occupancy projection  
for rest of 2017



Average seasonal  
occupancy



Q20: Thinking about the performance of your property, please estimate your overall occupancy rate for each of these years. Q20a: Do you anticipate your B&B's overall occupancy to increase, decrease or remain the same for the rest of 2017; Q20b: Please estimate the average occupancy during the following seasons.

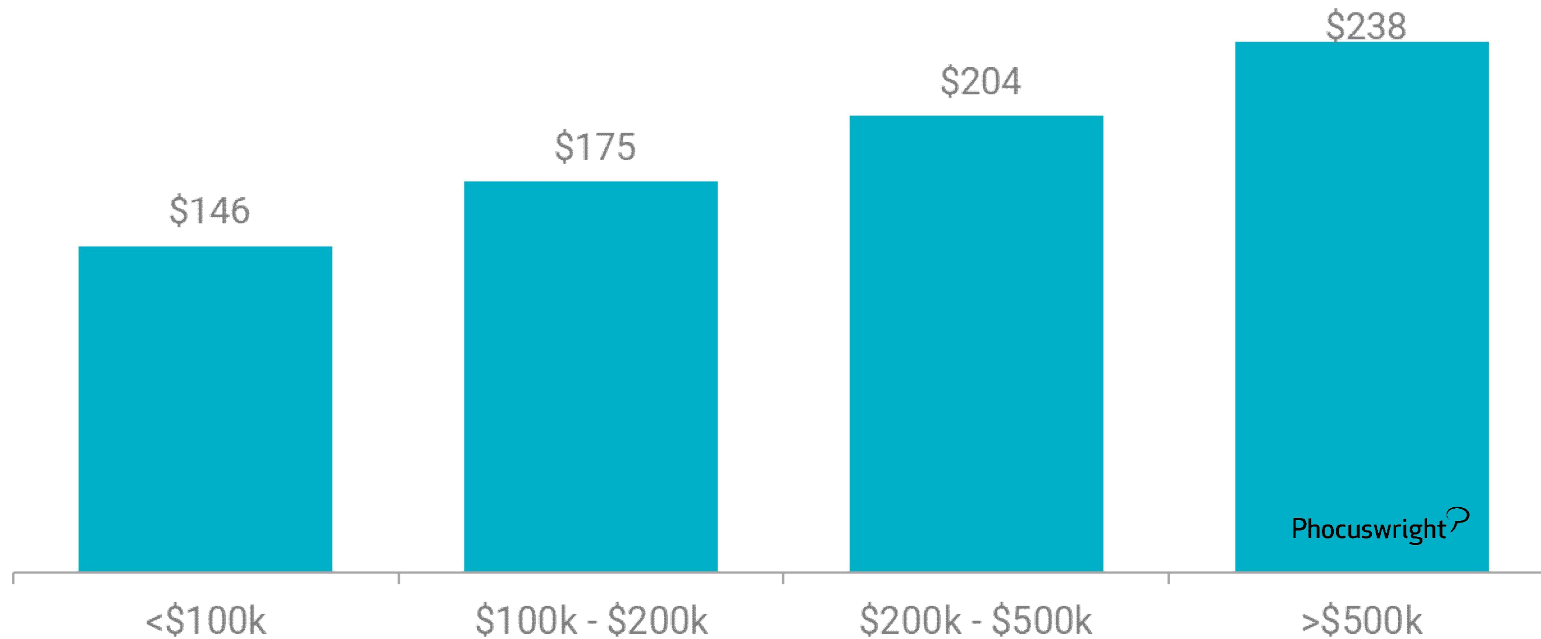
Base: Lodging establishments (N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*

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# ADR in 2017: \$173

ADR in 2017 by Size of Operation



Q21: What is your B&B's average nightly rate per room for 2017?

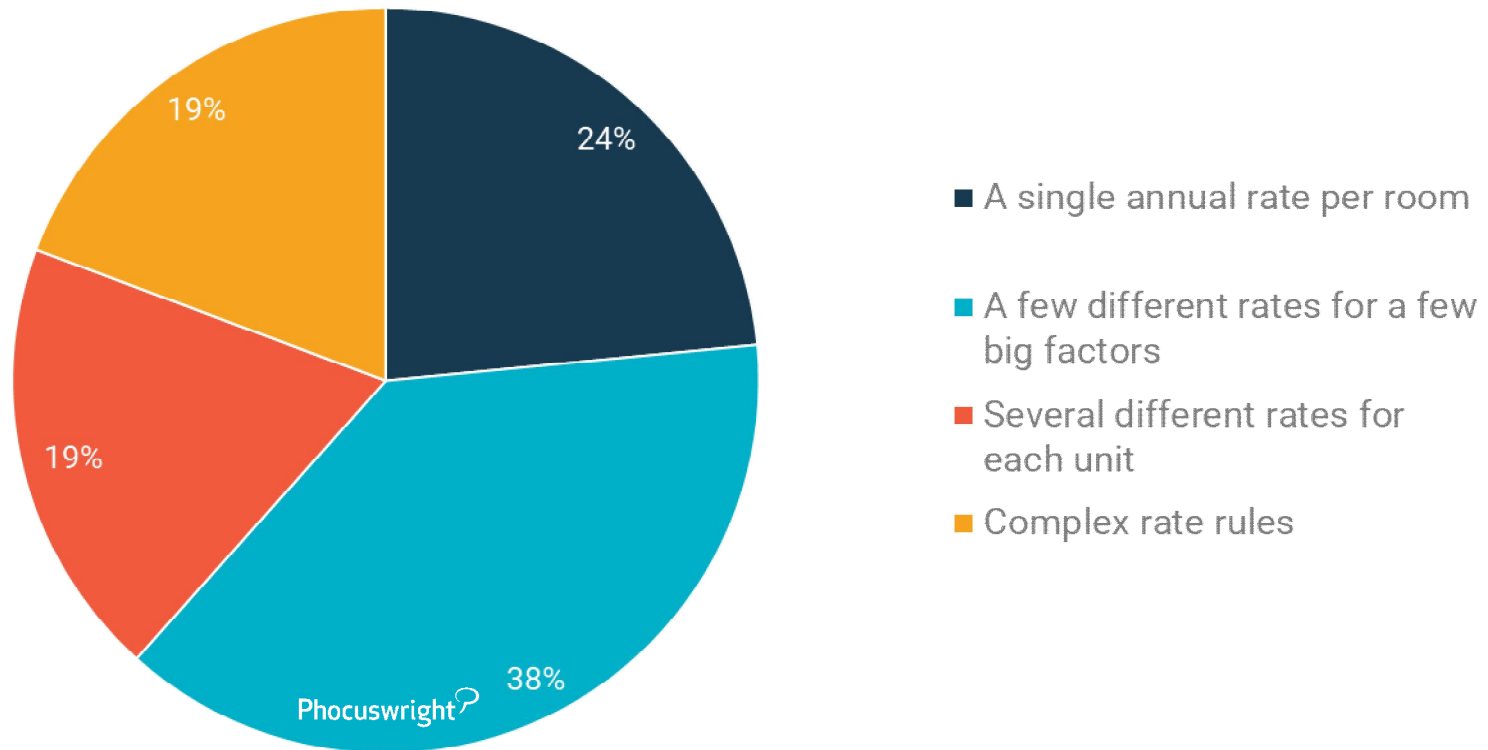
Base: Lodging establishments (N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*





# Pricing structure: how B&Bs set room pricing.



Q24: Which of the statements below best describes how you set room pricing?

Base: Lodging establishments.(N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*



A large, stylized speech bubble graphic in a lighter shade of blue, positioned on the right side of the slide. It has a rounded, irregular shape with a small tail pointing towards the bottom left.

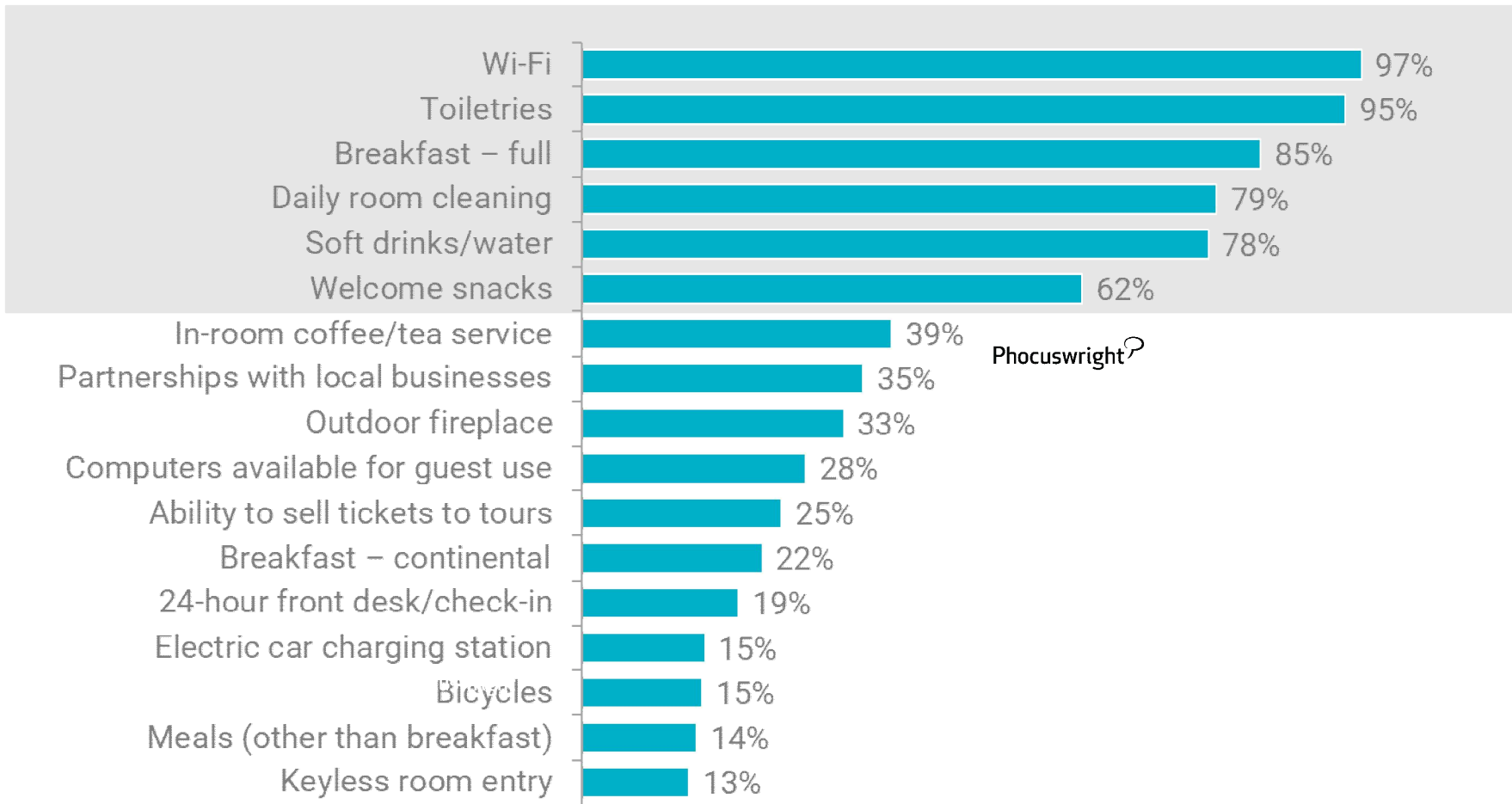
**B&B Properties**

Guest type and amenity offerings are rather consistent across the board, but many B&Bs have opportunities for additional revenue streams.

- The most common B&B guest is **35-54 years old and traveling as a couple.**
- **Wi-Fi, toiletries and full breakfast** are the most common amenities offered by B&Bs, though still not offered by 100% of operators.
- Over a third of operators have partnerships with local businesses, **with local tours and food delivery being the most common.**
- **Wedding facilities and conference room rentals generate the most ancillary revenue**, yet less than a third of B&Bs offer these extra services.



# Types of amenities offered to guests



Q7: Which of the following amenities does your B&B offer to guests?

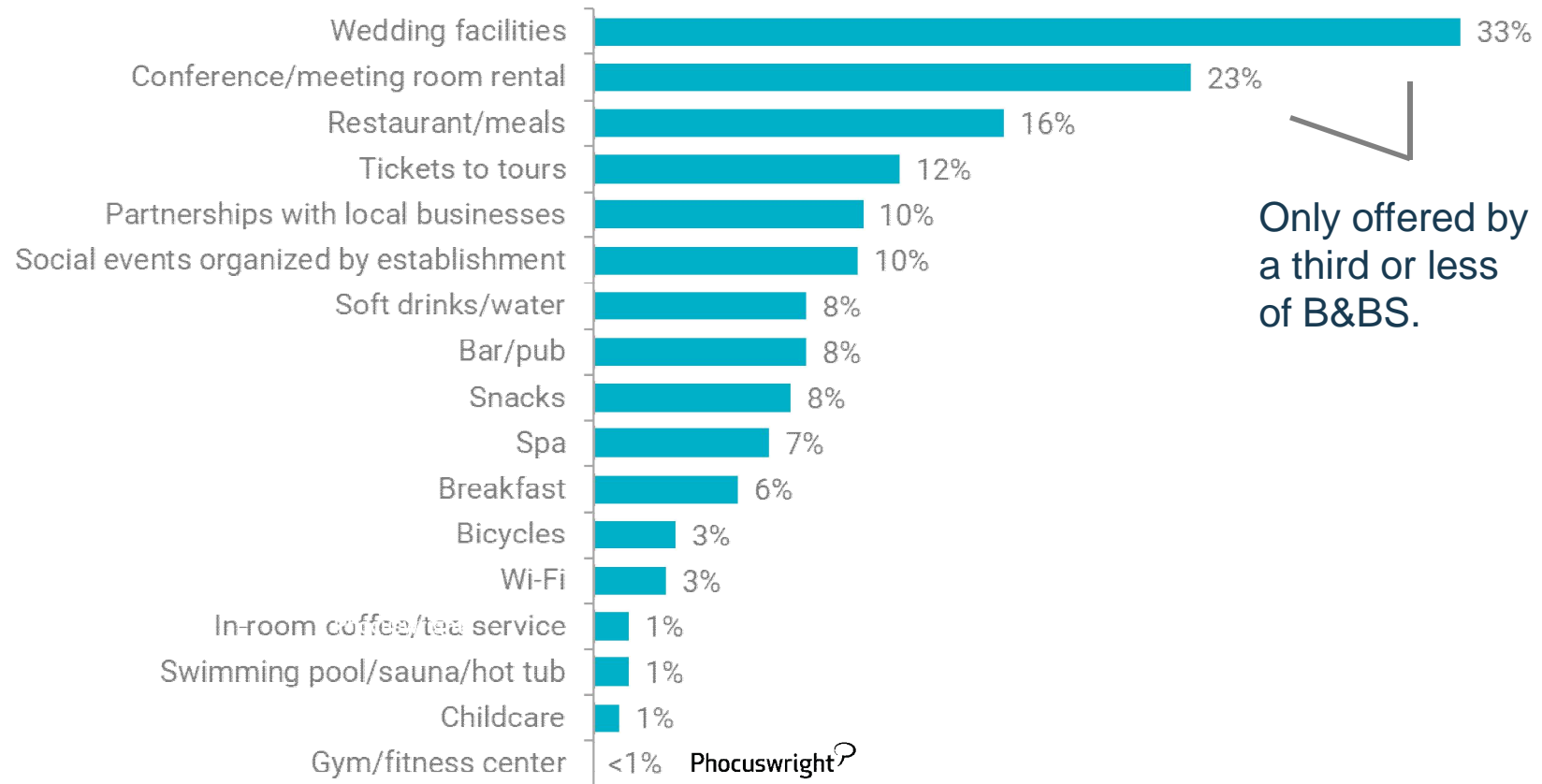
Base: Lodging establishments (N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*



# But weddings and meeting room rentals are what generate additional revenue for most B&Bs.

Revenue generated for B&B by additional services



Q9: Which of the following services generate additional revenue for your B&B?

Base: Lodging establishments (N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*





# Competitive Landscape

# Hotels are not a top concern for B&Bs.

- **Vacation rentals, short term rentals and nearby B&Bs** are the biggest competition.
- Innkeepers believe **B&B guests and hotel guests are two different types of customers** – and hotel guests likely don't want to stay with them anyway.
- **Guest ratings and reviews are huge to the success of B&Bs.** Three in four operators say travelers choose their B&B simply based on their reviews/ratings found online.



## Online ratings and reviews are huge to the success of B&Bs.

Rank	Reasons guests choose B&B over competition	%
1	Guest reviews/ratings	74%
2	Convenient location	33%
3	Staff friendliness/experience	30%
4	Quality of rooms	28%
5	Boutique design	27%

Q12: Why do travelers choose to stay in your B&B (versus other accommodation options in the city)?

Base: Lodging establishments (N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*

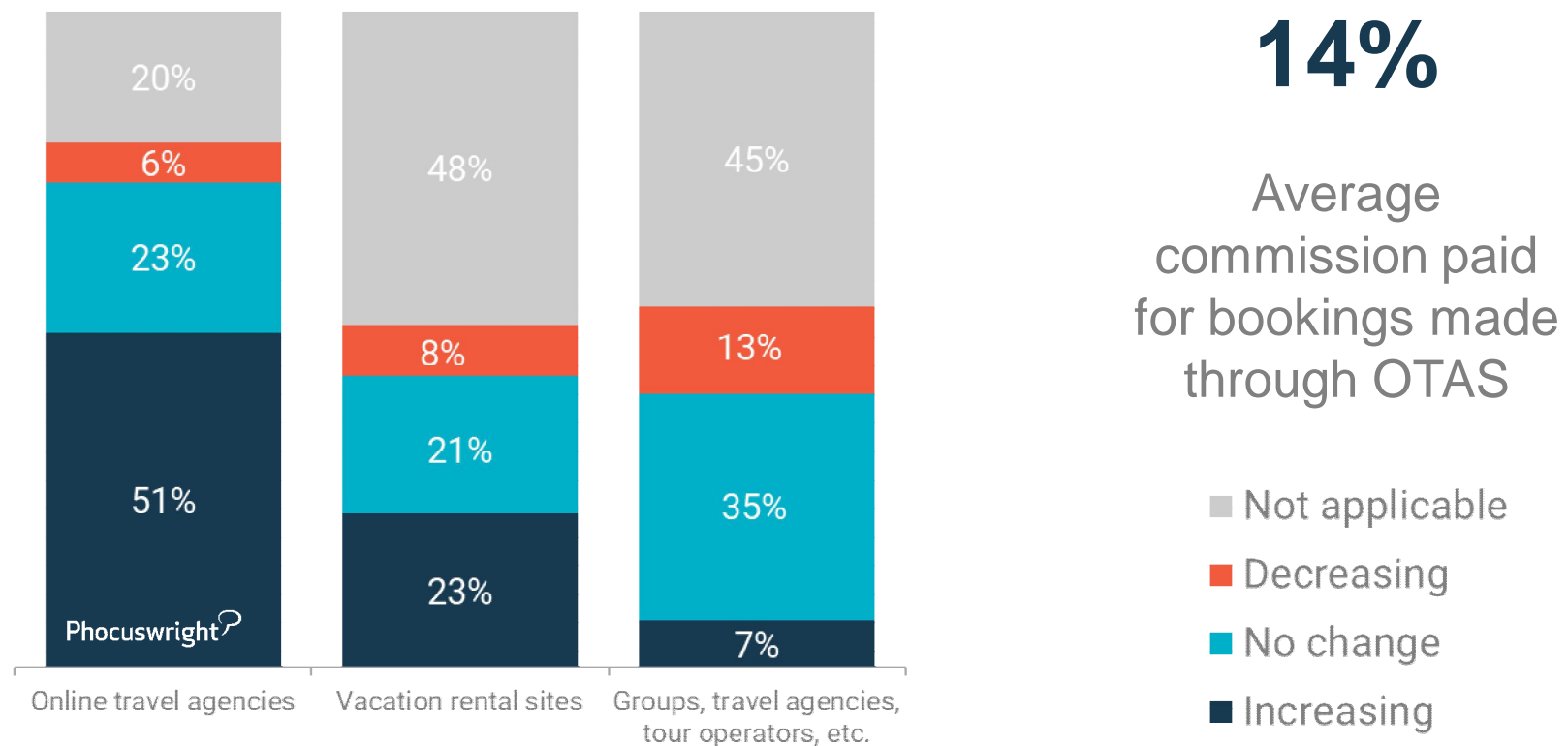




**Distribution**

The background is a solid teal color. On the right side, there is a large, abstract, light blue shape that resembles a speech bubble or a stylized letter 'P'. The shape has a thick, rounded top and a curved bottom that tapers off towards the right edge. The word "Distribution" is written in white, bold, sans-serif font on the left side of the image, partially overlapping the teal background.

# Meanwhile, OTA presence is on the rise for over half of B&Bs.



Q14: Are these distribution channels increasing, decreasing, or staying the same?

Base: Lodging establishments (N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*



# B&B.com most popular website to list on – and #1 site for generating bookings.

	Top listing sites	%
1	Bedandbreakfast.com	93%
2	TripAdvisor	80%
3	Expedia/ Hotels.com/ Travelocity	63%
4	Booking.com	57%
5	Airbnb	44%

	Top sites by booking volume	%
1	Bedandbreakfast.com	56%
2	Expedia/ Hotels.com/ Travelocity	46%
3	Booking.com	39%
4	TripAdvisor	36%
5	Airbnb	10%

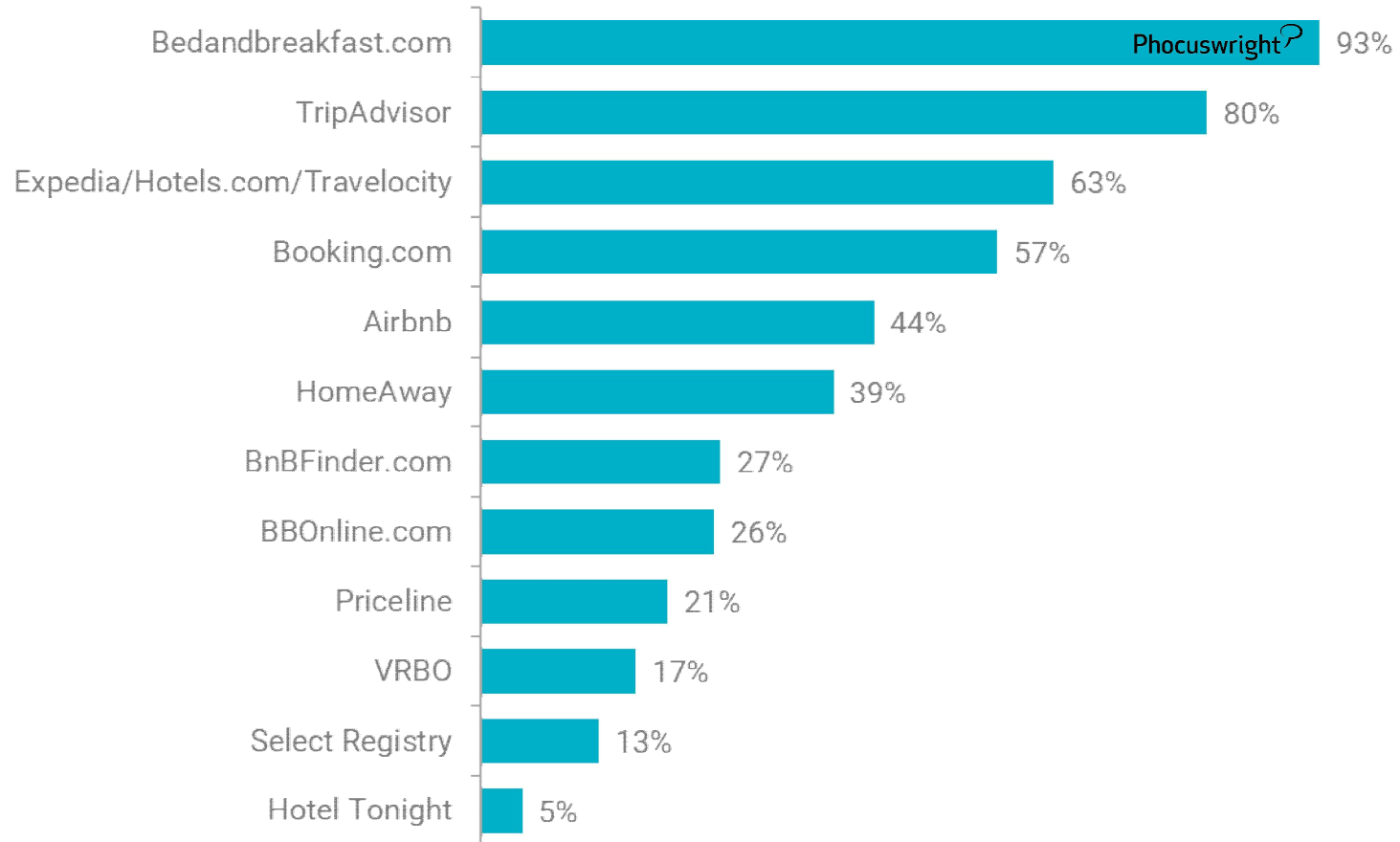
Q16: On what websites do you list your property? Q16a: Of the websites that you list on, which generate the most bookings?

Base: Lodging establishments (N=425)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*



# Websites on which property is listed



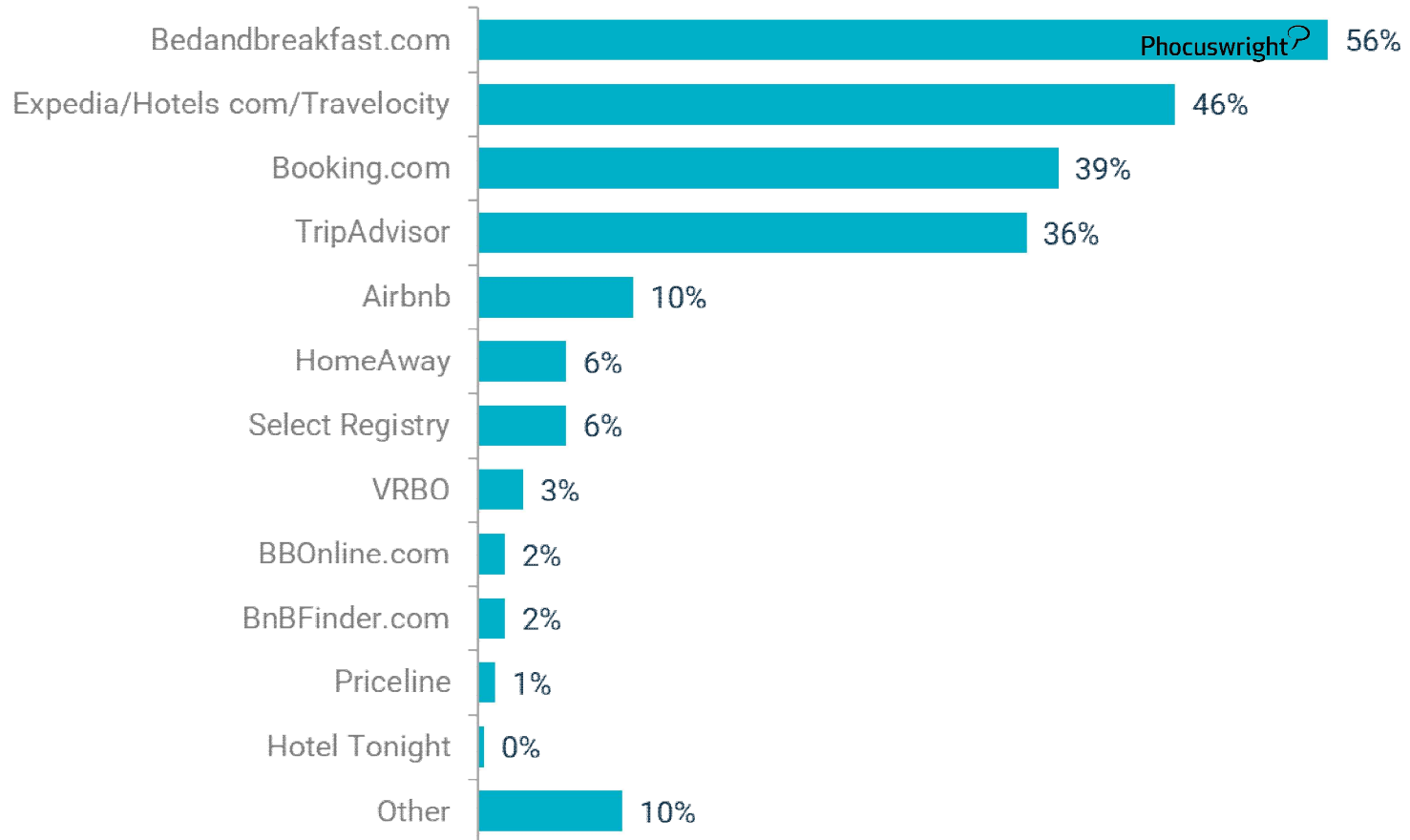
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# Top websites that generate the most bookings



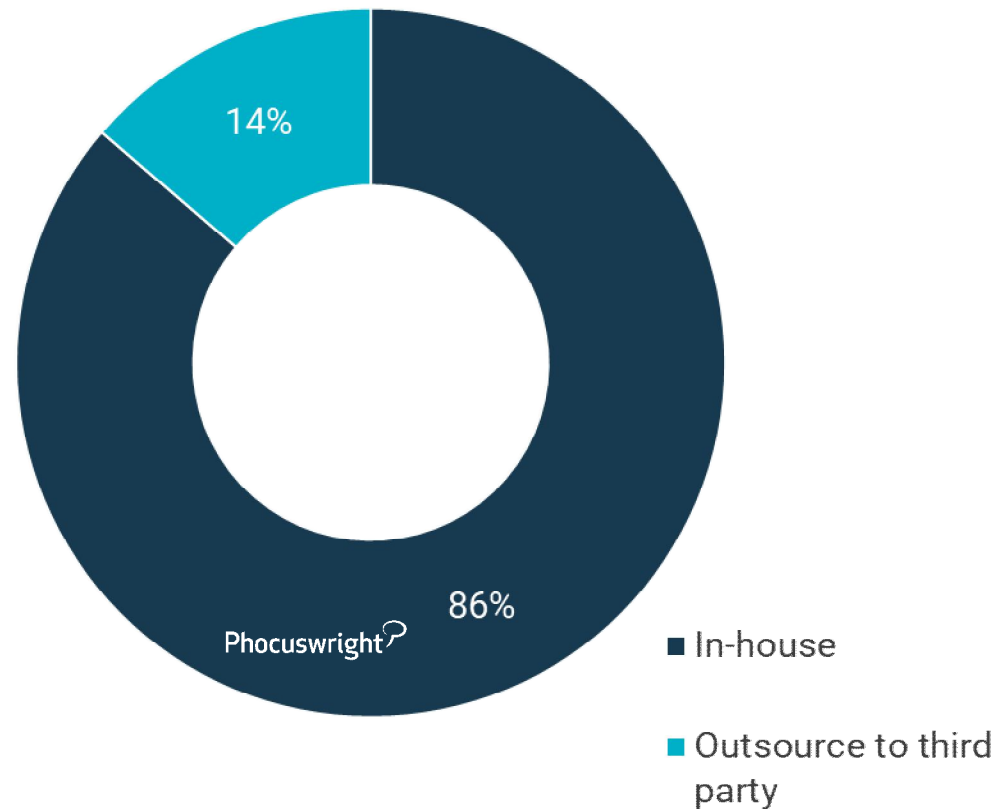
Q16a: Of the websites that you list on, which generate the most bookings?

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# B&Bs prefer to take charge of their own marketing efforts.



Q18a: How do you manage marketing efforts for your B&B?

Base: Lodging establishments.(N=503)

Source: Phocuswright's *B&Bs Unbound – The State of B&Bs in the U.S.*





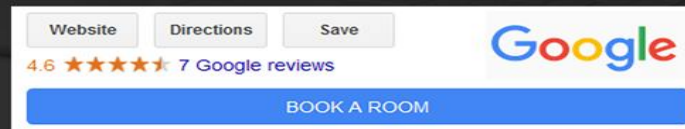
# Join the Movement

**#BOOKDIRECT**



TRAVELERS THINK THEY  
ARE **BOOKING DIRECT**...

... WHEN THEY CLICK ON  
THE **BOOK A ROOM** BUTTON



**70%** THINK **GOOGLE'S**  
**BOOK A ROOM** BUTTON GOES  
DIRECTLY TO THE **HOTEL**

- OR THEY DON'T KNOW WHERE IT GOES - \*

\* 1,000 web surfers surveyed in October 2018

**Google's**

**BOOK A ROOM**

BOOKS YOUR ROOM VIA AN  
**ONLINE TRAVEL AGENCY**  
**NOT DIRECT** WITH THE **HOTEL!**

read full article at <https://acorn-is.com/70percent>



# Booking.com



# Google



## How does our industry have a voice?







## *Questions?*

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## *Questions?*

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