

# Hospitality in the UK

2025 and Beyond

## Introduction

Hospitality marketing involves strategies to promote hotels, restaurants, resorts, and other services within the travel sector. It aims to enhance brand visibility, attract new guests, and build loyalty by creating meaningful connections through both digital and in-person experiences.

The UK hospitality industry is a dynamic and vital contributor to the nation's economy, and after a dismal year of tax rises and crippling energy bills, pubs, bars, and restaurants are starting the new year with their glasses half empty. As we look towards 2025, the industry faces a unique blend of challenges and opportunities.

This report delves into the projected state of the UK hospitality industry in 2025, examining key trends, challenges, and the crucial role of marketing in navigating this evolving landscape.

## Projected State of the UK Hospitality Industry in 2025

The UK hospitality industry is the third largest employer in the UK, with 3.5 million people working in the sector. It contributes £93 billion annually to the economy. While there are challenges ahead, the industry is expected to experience a period of growth in 2025. A recent survey of industry executives reveals a mixed outlook, with optimism tempered by economic uncertainties and cost pressures.

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# Growth and Investment

## Summary



The UK hospitality sector is poised for steady growth and transformation, driven by economic factors, investment trends, and evolving consumer preferences. With the market expected to expand to approximately **£53.43 billion** by 2030, businesses in this space have a significant opportunity to capitalise on increased demand, particularly from inbound tourism, as the pound weakens. Investor confidence remains strong, with most industry executives anticipating a rise in hotel investments, particularly in key cities like Edinburgh and Oxford. Additionally, the growing popularity of serviced apartments and co-living spaces highlights shifting traveller preferences towards flexibility and long-term stays. As interest and inflation rates are set to ease, consumer confidence is likely to improve, further fueling spending in the hospitality sector. The landscape is evolving, but with strong demand fundamentals and continued M&A activity, the outlook for 2025 remains optimistic.

## Factor Description

**Market Size:** The UK hospitality market is expected to reach USD 58.84 billion in 2025, growing at a compound annual growth rate (CAGR) of 2.53% to reach USD 66.67 billion by 2030. [Read More](#)

**Inbound Tourism:** A weakening pound, driven by predicted reductions in UK interest rates, is expected to boost inbound tourism, making the UK more affordable for international travellers.

**Investment:** Despite economic uncertainty, 59% of industry executives believe investment in the UK hotel market will increase significantly over the next five years. Edinburgh and Oxford remain attractive cities for hotel investment.

**M&A Activity:** The hotel sector is expected to see continued growth in mergers and acquisitions (M&A) in 2025, driven by a robust debt market and increased lending appetite.

**Serviced Apartments:** Serviced apartments and aparthotels are predicted to perform strongly, particularly in gateway cities, appealing to travellers seeking extended stays and flexibility. London is projected to become Europe's largest serviced apartment market by 2028.

**Optimism:** With strong demand fundamentals, there is optimism for the UK hotel industry in 2025. With interest and inflation rates predicted to ease, consumer confidence will likely see a boost, which will, in turn, lead to an increase in disposable income, encouraging more spending on leisure.

**Growth Rate:** Hospitality is growing at a rate of 5.9%, almost double the rate of the UK economy.

**Co-living:** Co-living is gaining traction as an attractive asset class for investors. This trend reflects the growing demand for affordable, flexible accommodation options, particularly among young professionals and travellers.

# Challenges

## Summary



The UK hospitality sector faces several challenges in 2025, including economic uncertainty, rising operational costs, and ongoing labour shortages. Businesses must navigate increasing expenses from wages, property rates, and energy prices while balancing affordability for consumers amid a cost-of-living crisis. Competition from international markets, shifting consumer preferences towards experience-driven and value-focused travel, and sustainability concerns add further pressure. With hotel revenues expected to decline and interest rates affecting property values, the industry must adapt to maintain profitability and long-term resilience.

## Challenge Description

**Economic Uncertainty:** Below-average UK GDP growth of 1.6% in 2025 could dampen domestic demand. Global economic uncertainty and potential geopolitical disruptions may also impact overall demand.

**Cost Pressures:** The industry faces significant challenges from rising employer National Insurance contributions (NICs), minimum wage increases, and property rates. These cost increases are putting pressure on profit margins. The cost of living crisis and inflation will likely continue challenging the sector in 2025. Energy prices will continue to rise, and the price of goods and services has significantly affected profit margins. Hospitality businesses must balance the need to remain profitable with maintaining customer affordability. Rising interest rates are also impacting hotel property values and transactions. The fluctuating fine wine market adds to these cost pressures.

**Labour Shortages:** Ongoing labour shortages are expected to persist in 2025. Staff retention is a significant challenge due to demanding work conditions, seasonal employment, and irregular hours.

**Competition:** UK hoteliers face growing competition from more affordable international options.

**Sustainability Concerns:** There are concerns about long-term non-compliance with sustainability agendas and climate change disruptions.

**Revenue Contraction:** Hotel revenue is expected to contract at a compound annual rate of 1.1% over the five years through 2024-25.

**Shifting Consumer Habits:** Consumers are becoming more selective and seeking experience-driven outings. With rising operational costs and changing consumer behaviours, there is a trend of shorter trips and a tighter focus on value-for-money offerings for domestic travellers.

**The Hunt for Value:** The cost-of-living crisis has reduced disposable incomes, making consumers more price-conscious and seeking value-for-money offerings.

# Opportunities

Discover the key opportunities and challenges shaping the UK hospitality sector in 2025 below.



## Domestic Tourism

Despite economic concerns, domestic tourism is projected to rise by 20% in 2024, driven by an increase in "staycations"



## Job Growth

The hospitality sector is predicted to see 12% job growth by 2025.



## Career Growth

The industry offers ample opportunities for career advancement, with chefs, hotel managers, and event planners having various pathways for progression.



## Technological Advancements

Technology presents opportunities to streamline operations, enhance guest experiences, and improve efficiency. Hotels in London are investing in state-of-the-art systems to streamline operations and improve efficiency, including mobile check-in, digital concierge services, and smart rooms.



## AI Investment

Rising labour costs are expected to drive further investments in the use of AI. This presents opportunities to automate tasks, improve efficiency, and enhance the guest experience.

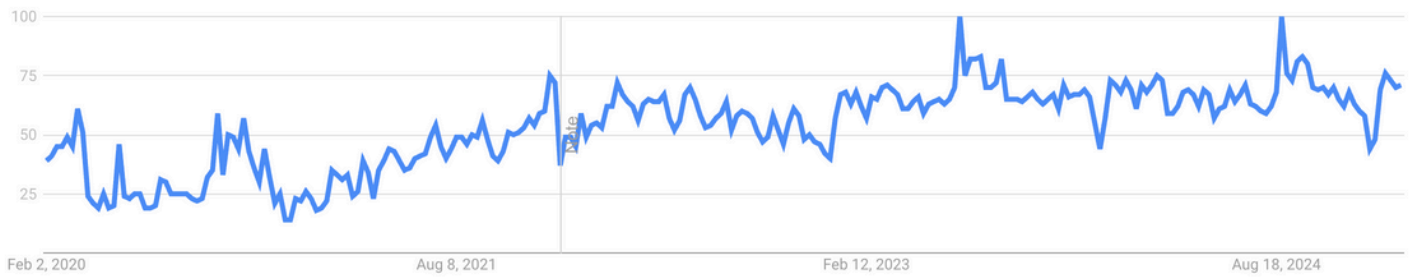


## Workforce Empowerment

The industry increasingly focuses on workforce empowerment, transforming challenges into opportunities. This includes initiatives to upskill employees, improve working conditions, and provide opportunities for career growth.

# The Impact of Marketing on UK Hospitality in 2025

For several reasons, marketing is essential in hospitality: engaging diverse guest preferences, building long-term relationships, and adapting to new channels. Marketing is crucial in addressing the challenges and capitalising on the opportunities facing the UK hospitality industry in 2025. By adopting innovative strategies and embracing emerging trends, businesses can effectively reach target audiences, enhance brand loyalty, and drive revenue growth.



## Emerging Marketing Trends

### Digital Marketing:

#### Summary

In 2025, data-driven marketing will be key for hospitality businesses, leveraging analytics to personalise guest experiences and optimise campaigns. Generative AI will enhance content creation and automation, while email and social media marketing remain vital for engagement. Trends, like branded direct messages, social commerce, and online communities will help hotels connect with guests more effectively. Storytelling, interactive content, and LinkedIn marketing will also be crucial in building brand loyalty and attracting new audiences.



**Data-Driven Marketing:** Utilising data to understand guest preferences and tailor marketing campaigns will be essential. This includes using data analytics to track website traffic, social media engagement, and customer behaviour to optimise marketing efforts. Predictive analytics can anticipate peak booking periods and create personalised promotional offers.

**Generative AI:** Generative AI is expected to play a significant role in shaping the future of hospitality marketing. This technology can create personalised content, automate tasks, and enhance the guest experience.

**Email Marketing:** Email marketing remains a relevant and effective tool for reaching potential and existing guests. Personalised email campaigns can promote special offers, share relevant content, and nurture relationships with guests.

**Social Media Marketing:** Hotels can leverage social media platforms to connect with travellers, build brand recognition, and manage their reputation. This includes creating engaging content, running contests, and interacting with followers to build a strong online community. Hotels should focus on engagement and relevance in their social media strategies. They can also use social media to offer up local information, explain why they're a destination and put reviews up in lights.

**Branded Direct Messages:** Branded direct messages (DMs) on social media are a growing trend. These personalised messages can be used to share discount codes, promote new products, respond to questions or complaints, encourage feedback, and more.



**Social Commerce:** Social commerce, which integrates e-commerce into social media platforms, is gaining traction. Hotels can sell rooms, packages, and other services directly through their social media channels.

**Online Communities:** Hospitality brands that foster online communities will gain an edge, making guests feel part of an exclusive club. This can be achieved by creating private social media groups for past guests to share stories, receive exclusive offers, and connect with the brand.

**Storytelling:** Telling a compelling story through social media channels is essential for engaging audiences. This can include sharing anecdotes about the hotel's history, guest experiences, and themed campaigns.

**Interactive Content:** Interactive content, such as polls and contests, can engage audiences on social media. For example, a hotel could run a photo contest where guests share their best moments at the property to win a free night.

**LinkedIn:** Hotels can use LinkedIn to connect with business travellers and promote their offerings to a professional audience. This includes sharing industry news, company updates, and career opportunities.

## Customer Experience:

### Summary



In 2025, personalisation will be a key driver of guest satisfaction and loyalty in the hospitality industry. From tailored room settings to hyper-personalised experiences based on guest preferences and life events, hotels can create memorable stays. Segment-based personalisation and direct communication through WhatsApp, SMS, and social messaging will enhance engagement. Offering local experiences and experiential marketing will attract travellers, while engaged and well-trained staff will be crucial in delivering exceptional service.

**Personalisation:** Creating personalised guest experiences, from customised room settings to tailored recommendations, will enhance satisfaction and build loyalty. This includes understanding and anticipating guest needs to create memorable experiences.

**Segment-Based Personalisation:** Segment-based personalisation involves tailoring offers and messages to specific groups of guests based on their demographics, preferences, or behaviour.

**Hyper-Personalisation:** Hyper-personalisation takes personalisation to the next level by using data to understand each guest's lifestyle, behaviours, purchasing habits, and nuanced preferences. This allows hotels to create highly individualised experiences catering to guests' unique needs. Including specialised days such as Birthdays, Anniversaries, Wedding Anniversaries, Weddings, and Religious Days.

**Personalised Communication:** Personalised communication, such as addressing guests by name and sending tailored offers, makes guests feel valued and can significantly enhance their overall experience. This also includes the way people are reached directly via WhatsApp, SMS, social direct messaging, etc.

**Example of Personalisation:** A returning guest might be greeted by name, with their favourite room already stocked with their preferred pillow, minibar items, initial dressing gown and itineraries on what is on locally.

**Local Experiences:** Offering local experiences is a key trend in attracting travellers. This can include partnering with local businesses to offer tours, activities, and unique experiences that showcase the destination's culture and attractions.

**Experiential Marketing:** Creating unique and memorable experiences for guests, such as themed packages or local partnerships, can differentiate a hotel and generate positive word-of-mouth marketing. This includes offering packages that immerse guests in local traditions or natural heritage with detailed descriptions.

**Staff Engagement:** Engaging staff and fostering a positive work environment is crucial for enhancing the guest experience. This includes providing training, empowering employees, and creating a culture of customer service excellence.

## Other Trends:

### Summary

In 2025, influencer marketing will remain a powerful tool for hotels, leveraging collaborations with travel bloggers and social media personalities to boost visibility and engagement. Authentic relationships and niche targeting will be key to success, while high-quality, user-generated content will enhance brand trust. Mobile-first strategies, seamless digital experiences, and sustainability initiatives will also shape marketing efforts. Hotels can drive revenue through innovative culinary offerings, bundled packages, and loyalty programs, while recruitment marketing will play a crucial role in attracting talent amid labour shortages.



**Influencer Marketing:** Collaborating with influencers can help hotels reach wider audiences and showcase their unique offerings. This includes partnering with travel bloggers, Instagram celebrities, and YouTube vloggers who can create authentic and engaging content about their experiences at the hotel.

**Identifying Influencers:** Tools like AI and social media insights can help identify suitable influencers.

**Authentic Relationships:** Building authentic relationships with influencers is crucial for successful collaborations. This includes engaging with influencers by commenting on their posts, sharing their content, and inviting them to experience the hotel.

**Engaging Campaigns:** Collaborate with influencers to create compelling campaigns that highlight the hotel's unique features, e.g. Small Dog Weekenders and Wine Tasting Wednesdays.

**Targeting Niche Markets:** Influencer marketing allows hotels to target niche markets effectively. For instance, a boutique hotel may partner with travel influencers specialising in luxury or unique travel experiences.

**Visual Storytelling:** Influencer marketing plays a vital role in visual storytelling. Influencers create engaging and trusted content highlighting the hotel's unique offerings, from amenities to location,

service quality and personalised offerings.

**High-Quality Content:** Influencers are known for creating high-quality content that is visually appealing and inspiring.

**User-Generated Content:** Encouraging guests to share their experiences through reviews and social media posts can build trust and attract new customers. This includes using a specific hotel hashtag or tagging the hotel in their photos. Social proof, such as displaying positive reviews and photos of past guests, can also build trust and encourage bookings.

**Mobile-First Approach:** Optimising websites and marketing materials for mobile devices is crucial to cater to the growing number of travellers using smartphones to plan and book trips. This includes ensuring the website is mobile-friendly and easy to navigate on smartphones and tablets.

**Seamless Mobile-Integrated Marketing:** Seamless mobile-integrated marketing involves creating a smooth and integrated guest experience across all mobile touchpoints. This includes user-friendly booking platforms, mobile check-in, and location-based marketing with targeted promotions.

**Sustainability:** Highlighting eco-friendly practices and sustainable initiatives in marketing campaigns can attract environmentally conscious travellers. Sustainability is becoming a key differentiator for hotels.

**Automated Sales Technology:** Automated sales technology, such as self-service kiosks and online booking systems, can help hotels streamline operations and reduce costs.

**Socially Responsible Brand Values:** Promoting socially responsible brand values, such as diversity and inclusion, can enhance the hotel's reputation and attract customers who align with those values.

**Hotel Loyalty Programs:** Hotel loyalty programs can encourage repeat business and build brand loyalty. This includes offering tiered rewards, personalised rewards, and promoting the program through various channels.

**Culinary Innovations:** Culinary innovations are a significant trend in the UK hospitality industry. This includes experimenting with new ingredients, offering adventurous dining experiences, and creating unique and memorable culinary offerings.

**Changes in Tastes and Preferences:** Staying ahead of changes in tastes and preferences is crucial for success in the hospitality industry. This includes offering guests what they want before they know they want them.

**Packages and Bundles:** Offering packages and bundles can effectively attract customers and increase revenue. This includes creating packages that combine accommodation with other services, such as dining, spa treatments, or local experiences.

**Encouraging Off-Season Travel:** Marketing can be used to encourage off-season travel by promoting special offers and highlighting the unique attractions and activities available during those periods.

**Consumer Financing:** Offering consumer financing options, such as "buy now, pay later" (BNPL) schemes, can make it easier for customers to afford travel and hospitality services. This can help to increase bookings and customer acquisition.



**Private Branded Messages:** Private branded messages across social media and mobile channels are an emerging trend. These personalised messages can be used to build more meaningful connections with a target audience.

**Recruitment Marketing:** Recruitment marketing will remain critical in 2025, especially given the ongoing labour shortages. This includes using marketing strategies to attract and retain talent in the hospitality industry.

## How Marketing Can Help

### Summary



In 2025, marketing will be vital for hospitality businesses to attract new customers, boost brand loyalty, and drive revenue. A data-driven approach that integrates social media, influencer partnerships, and personalized marketing will enhance customer engagement. Digital tools, automation, and AI will address labour shortages and cost issues, while sustainability initiatives will attract eco-conscious travellers. Furthermore, marketing can improve employee well-being and flexibility, making the industry more appealing to talent and fostering long-term customer relationships.

**Attract New Customers:** Targeted marketing campaigns can reach specific demographics and interests, attracting new guests and expanding the customer base. Understanding Customer Acquisition Cost (CAC) is vital as it directly influences a hotel's profitability.

**Enhance Brand Loyalty:** Personalised experiences and engaging content can foster a strong emotional connection with guests, leading to increased loyalty and repeat business.

**Drive Revenue Generation:** Effective marketing strategies can increase bookings, optimise pricing, and promote ancillary services, ultimately driving revenue growth. Aligning marketing with revenue management is crucial for maximising revenue.

**Address Labor Shortages:** Marketing can attract and retain talent by showcasing career opportunities and promoting the industry's positive aspects.

**Manage Costs:** Digital marketing can offer cost-effective solutions compared to traditional advertising, allowing businesses to optimise their marketing budgets. Cost-out programmes can be implemented to mitigate cost increases.

**Build Resilience:** By staying ahead of emerging trends and adapting to changing consumer preferences, marketing can help businesses navigate economic uncertainties and maintain a competitive edge.

**Leveraging Technology:** Technology can be used to address challenges like labour shortages and cost pressures. AI-powered chatbots can handle customer inquiries, reducing the need for additional staff. Technology can also improve operational efficiency, leading to cost savings.

**Sustainability:** Sustainability is becoming increasingly important as a key differentiator for attracting environmentally conscious travellers. Hotels can effectively communicate their sustainability initiatives

through marketing campaigns to appeal to this growing segment of travellers.

**Holistic Marketing Approach:** A holistic marketing approach that integrates various strategies, such as social media marketing, influencer marketing, and personalisation, is essential for creating a cohesive and impactful brand experience. These strategies can work together to attract new customers, build loyalty, and drive revenue growth.

**Optimising Operational Efficiency:** Marketing can help to optimise operational efficiency by promoting online booking, mobile check-in, and other self-service options. This can help to reduce labour costs and improve efficiency.

**Investing in Energy Efficiency:** Marketing can promote the hotel's investment in energy efficiency and waste reduction, appealing to environmentally conscious travellers and reducing operational costs.

**Automation and Digital Tools:** Marketing can highlight the use of automation and digital tools to improve efficiency and address labour shortages.

**Upskilling the Workforce:** Marketing can promote upskilling initiatives and showcase career opportunities in the hospitality industry, helping attract and retain talent.

**Employee Well-being:** Marketing can promote employee well-being initiatives, such as mental health support and flexible working arrangements, to attract and retain employees.

**Flexibility for Employees:** Marketing can highlight the hotel's commitment to offering flexibility for employees, such as flexible working hours and opportunities for career development, to attract and retain talent.

**Price Premiums and Brand Loyalty:** Marketing can help build brand loyalty, allowing hotels to charge price premiums as loyal customers are willing to pay more for a brand they trust and value.

**Word-of-mouth and Brand Loyalty:** Marketing can encourage positive word-of-mouth marketing by creating memorable experiences and fostering brand loyalty.

**Repeat Customers and Revenue:** Marketing can help to attract and retain repeat customers, who are a valuable source of revenue for hospitality businesses.

**CRM and Personalised Marketing:** Marketing can leverage CRM data to create personalised marketing campaigns that enhance engagement and drive direct bookings.

## Case Studies of Successful Marketing Campaigns

Examining successful marketing campaigns in the UK hospitality industry provides valuable insights and inspiration for future strategies.

**The Purple Bear, Newcastle Upon Tyne:** This pub successfully used a social media campaign to boost awareness and drive increased food and room sales after investing in a refurbished pub garden. The campaign focused on creating engaging content that showcased the new pub garden and its offerings.

**Donnington Manor Hotel:** This hotel partnered with Classic British Hotels to develop a multi-faceted marketing strategy that included email marketing and website optimisation, resulting in increased brand awareness and direct bookings. This case study highlights the importance of a holistic marketing approach.

**Treehouse London:** Their "The Treehouse Era" campaign capitalised on the popularity of Taylor Swift's Eras Tour, offering a themed package that included concert transfers and friendship bracelets. This campaign demonstrated the effectiveness of leveraging current events and trends to create unique experiences.

**Premier Inn:** Their "Do Your Thing" campaign, featuring the voice of Sir Lenny Henry, positioned the hotel chain as a welcoming and inclusive place for all types of guests. This campaign effectively communicated the brand's values and targeted a diverse audience.

## Conclusion

The UK hospitality industry is navigating a dynamic landscape shaped by technological advancements, evolving guest expectations, and economic shifts. While challenges such as economic uncertainty, cost pressures, and labour shortages persist, there are also significant opportunities for growth and innovation. Marketing will be a critical driver of success in 2025 and beyond, enabling businesses to attract new customers, build loyalty, and achieve sustainable growth.

By embracing emerging marketing trends, such as data-driven marketing, personalisation, and social media engagement, hospitality businesses can effectively reach their target audiences and create memorable experiences. Furthermore, by leveraging technology, promoting sustainability, and fostering a holistic marketing approach, businesses can address challenges, optimise operations, and enhance their competitive edge.

The case studies presented in this report demonstrate the power of innovative marketing campaigns to drive awareness, engagement, and revenue growth. By learning from these successful initiatives and adapting their strategies to the evolving needs of the market, UK hospitality businesses can position themselves for continued success in 2025 and beyond.



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