The Contact Layer in UK Travel and Hospitality

Market structure, distribution, infrastructure and the unmeasured enquiry problem

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About this report

How to read the figures in this report – please read before citing anything

This report contains two kinds of number and they are labelled differently throughout. MEASURED figures are published statistics from named sources, cited inline and listed in full in the source register at the end. MODELLED figures are our own calculations, built from stated inputs and stated assumptions, and are always introduced as modelled. They are illustrative arithmetic, not observed findings. No figure in this report comes from a primary survey, because no primary survey was conducted. Any figure you quote externally should carry the same distinction.

This report covers the United Kingdom hospitality and travel accommodation sector. It examines market structure and employment, the labour position, the PSTN switch-off exposure, and the scale of unmeasured customer contact. It forms part of a series covering the UK, France, Spain and Italy.

Why the modelled sections exist

Several of the questions that matter most to a travel operator have no published answer anywhere. Nobody collects national statistics on how many booking enquiries go unanswered, or what proportion of inbound contact to a hotel is a booking enquiry rather than a supplier call. Those figures do not exist in any statistical office.

Rather than leave the questions unaddressed or imply a precision we do not have, we model them. Each model states its inputs, names the source of every input that is measured, states every assumption explicitly, and presents a range rather than a point estimate. The purpose is to give operators a defensible structure they can populate with their own data - not to tell them what their number is.

What would make this report stronger

Primary research. A structured survey of operators across these markets would replace the modelled sections with measured ones. Until that exists, the modelled sections should be read as a framework rather than as evidence.

Executive summary

The sector is large and overwhelmingly small. Hospitality employs approximately 3.6 million people, making it the third largest employer in the UK, and contributes around GBP 96 billion annually.

- Of 176,685 hospitality businesses recorded in March 2025, 99.6% were SMEs. Any analysis assuming a professionalised contact operation describes a small minority of the market.
- The labour position is contracting, not recovering. Vacancies fell to approximately 69,000 in March 2026 from an annual average of 79,000 in 2025 and a 2022 peak above 177,000. Falling vacancies here reflect contraction rather than successful recruitment - UKHospitality reported 20,014 fewer people employed in December 2025 than in September 2025, and trade bodies estimate 150,000 to 200,000 jobs at risk during 2026.
- The infrastructure deadline is real and close. The 31 January 2027 Openreach switch-off is confirmed as final, with approximately 1.9 million lines still to migrate as at mid-2026. The UK is the only one of the four European markets in this series with a hard national deadline still ahead of it.

Market structure

Scale and composition

UK hospitality employs approximately 3.6 million people and contributes around GBP 96 billion annually to the economy, making it the third largest employer in the country.

The structural fact that matters more than the scale is the composition. The House of Commons Library recorded 176,685 hospitality businesses in March 2025, of which 99.6% were small or medium-sized enterprises. Fewer than one business in two hundred is a large enterprise.

What that composition implies operationally

A sector that is 99.6% SME does not have a contact centre problem in the way the phrase is normally used. It has a phone problem. The overwhelming majority of these businesses handle inbound contact with the same people who are serving guests, on systems that produce no reporting, with no out-of-hours cover and no measurement of what is missed.

This has two consequences for how the market should be read. First, sector-level generalisations drawn from large-operator behaviour describe a small minority of the businesses. Second, the addressable problem in the majority of the market is not optimisation - it is that nothing is currently measured at all.

The labour position

The measured position

ONS recorded approximately 69,000 vacancies in accommodation and food service activities in March 2026, down from an annual average of 79,000 across 2025 and a 2022 peak above 177,000.

Read without context that looks like a labour market normalising. The employment data suggests otherwise. UKHospitality reported in January 2026 that the sector employed 8,784 fewer people in December 2025 than in November 2025, and 20,014 fewer than in September 2025. Trade bodies estimate that between 150,000 and 200,000 hospitality jobs are at risk during 2026.

Reading the two series together

Vacancies falling while employment falls faster is not a recruitment success. It indicates that roles are being removed rather than filled - operators cutting hours, closing on quiet days and running thinner rotas.

The operational consequence is a sector attempting to serve growing demand with a shrinking workforce, and doing so by reducing coverage rather than by increasing productivity. Reduced coverage is precisely the condition under which unanswered contact rises, and it is the condition under which nobody has time to measure it.

Why this matters for the contact question

A sector that is removing hours to control cost will, mechanically, answer a smaller proportion of inbound contact than it did two years ago. Whether that matters commercially depends entirely on how much of that contact was revenue-generating - which, as section 5 sets out, no operator currently knows.

The infrastructure deadline

The measured position

The Openreach PSTN and WLR switch-off is confirmed for 31 January 2027, stated as final following the earlier move from December 2025. Approximately 1.9 million lines were still to migrate as at mid-2026.

Why hospitality is more exposed than most sectors

The switch-off retires analogue PSTN and WLR services and affects anything dependent on an analogue line or a copper-delivered broadband product. In a hospitality estate that dependency list extends well beyond telephony, and the additional items are typically outside the IT inventory:

- Lift emergency telephones, frequently on dedicated analogue lines, regulated, and owned by facilities rather than IT. These carry the longest specialist lead times of anything on the list.
- Fire and intruder alarm signalling to alarm receiving centres.
- Card payment terminals in restaurants, bars and spas that dial out over analogue.
- Door entry, gates, barriers and car park intercoms.
- Guest room telephony terminating on analogue extensions behind legacy PBXs.
- A long tail of plant, building management and monitoring connections.

The capacity constraint

With approximately 1.9 million lines outstanding as at mid-2026 and eighteen months remaining, the binding constraint for many operators will not be the decision but the availability of specialist labour. Lift maintainers, alarm receiving centres and merchant services providers are working through the same national backlog against the same date.

An operator beginning the audit in autumn 2026 may find that the specialist attendance required on a regulated asset cannot be scheduled before the deadline. That is a compliance exposure rather than an inconvenience.

Modelled: the unmeasured enquiry problem

This section is a model, not a finding

No UK statistical source measures unanswered booking enquiry, the proportion of inbound hospitality contact that is a booking enquiry, or conversion on assisted enquiry. We did not survey operators. What follows is a structure with stated inputs and assumptions, presented as ranges. It is a framework for operators to populate, not a measurement of the market.

What can be established from measured data

Three things can be said with confidence from published sources. The sector is 99.6% SME, so the majority of inbound contact is handled by people whose primary role is something else. Employment is falling faster than vacancies, so coverage is reducing. And approximately 1.9 million lines remain on infrastructure that produces no usable contact reporting at all.

Taken together these establish that the conditions for unanswered contact are worsening and that the majority of the sector cannot currently observe it. They do not establish its size.

The model an operator should run

Five inputs, of which four should come from the operator's own systems and one from a fortnight of manual coding.

Input	**Where it comes from**	**Common trap**
Inbound contact volume by hour	Contact platform or telephony reporting	Legacy systems that cannot report it at all - which is itself the finding
Answered versus unanswered	Same source	Excluding calls that went to properties rather than to a central number
Repeat-caller rate	Distinct numbers against total attempts	Counting four attempts by one caller as four lost enquiries
Enquiry proportion	Manual coding of a representative fortnight	Substituting a benchmark. There is no reliable published one
Conversion and booking value	Reservations and revenue reporting	Using a blended average across segments the missed enquiries do not represent

Presenting the result

Present a range, not a figure, with the conversion assumption as the variable. Anchor the pessimistic case meaningfully below your measured conversion on handled enquiries, on the reasonable argument that callers who did not get through were less committed than those who did. A model whose headline number is its own conservative case is considerably harder to argue down.

The second-order cost that is more certain

One component of this is more evidenced than the rest and is frequently omitted. A guest who cannot reach an operator directly often books anyway through an OTA, generating commission on a customer the operator had already acquired. That is not foregone revenue against a counterfactual - it is an invoiced expense in a line that already has an owner.

It cannot be measured precisely without matching enquiry records against subsequent bookings, but it can be estimated by comparing OTA share of production in well-covered hours against poorly-covered hours. That comparison uses only data operators already hold.

What this means for UK operators

- Measurement precedes optimisation. The market is 99.6% SME. For most operators the first question is not how to optimise contact handling but whether their current system can report anything at all.

- The switch-off audit is now urgent. Roughly eighteen months remain and specialist capacity for regulated assets is contended nationally. The audit should start from billing rather than from equipment, because the risk sits in lines nobody can currently account for.

- Frame the workforce argument carefully. The labour data shows coverage reducing. Automation arguments framed as headcount reduction will land badly in a sector shedding jobs; arguments framed as extending coverage without adding cost describe the same capability and match the actual position.

- Start with the cost that is already invoiced. The commission recapture cost is the most evidenced component of the enquiry problem and the one that lands in a line with an owner. Estimate it first.

Scope	Statement	Source	As at
UK	Hospitality is the third largest employer in the UK, with approximately 3.6 million people working in the sector, and contributes around GBP 96 billion annually to the economy.	UKHospitality, Facts and Stats	2025-26
UK	There were 176,685 hospitality businesses in the UK in March 2025, of which 99.6% were small or medium-sized enterprises.	House of Commons Library Research Briefing CBP-10333, February 2026	Mar 2025
UK	ONS recorded approximately 69,000 vacancies in the accommodation and food service series in March 2026, down from an annual average of 79,000 across 2025 and a 2022 peak above 177,000.	ONS vacancy series, accommodation and food service activities	Mar 2026
UK	UKHospitality reported in January 2026 that the sector employed 8,784 fewer people in December 2025 than in November 2025, and 20,014 fewer than in September 2025. Trade bodies estimate 150,000 to 200,000 hospitality jobs are at risk during 2026.	UKHospitality, January 2026	Jan 2026
UK	The Openreach PSTN and WLR switch-off is confirmed for 31 January 2027, stated as final following the earlier move from December 2025. Approximately 1.9 million lines were still to migrate as at mid-2026.	Openreach; ISPreview, June 2026	Jun 2026
EU	20.0% of EU enterprises with 10 or more employees used AI technologies in 2025, up from 13.5% in 2024 - a rise of 6.5 percentage points in a single year.	Eurostat, '20% of EU enterprises use AI technologies', December 2025 (dataset isoc_eb_ai)	2025
EU	Adoption is highly uneven across the EU. Highest: Denmark 42.0%, Finland 37.8%, Sweden 35.0%, Belgium 34.5%, Netherlands 33.2%. Lowest: Romania 5.2%, Poland 8.4%, Bulgaria 8.5%.	Eurostat, December 2025 (dataset isoc_eb_ai)	2025
EU	EU AI Act Article 50 transparency obligations became applicable on 2 August 2026, requiring that people interacting with an AI system are informed of that fact, with penalties up to EUR 15 million or 3% of total worldwide annual turnover.	European Commission, transparency obligations under Article 50 of the AI Act	2 Aug 2026

Scope	Statement	Source	As at
EU	The Digital Omnibus on AI, adopted by the European Parliament on 16 June 2026 and the Council on 29 June 2026, deferred high-risk obligations for standalone Annex III systems to 2 December 2027 and for AI embedded in regulated products under Annex I to 2 August 2028. Article 50 was expressly excluded from the deferral.	Gibson Dunn, Freshfields and DLA Piper published analyses of the Digital Omnibus on AI, 2026	Jul 2026
EU	The European Accessibility Act (Directive (EU) 2019/882) has applied since 28 June 2025 and covers e-commerce and passenger transport services	Directive (EU) 2019/882	28 Jun 2025
EU	PCI-DSS v4.0.1 future-dated requirements became mandatory on 31 March 2025.	PCI Security Standards Council	31 Mar 2025
EU	Direct bookings accounted for 50.9% of European hotel distribution in 2023, with OTAs at 28.8%. Distribution is highly polarised: 28% of hotels report OTA shares of 30-49%, and roughly one hotel in five exceeds 50%.	D-EDGE Hotel Distribution Report, Europe	2023-24
EU	European hotel investment reached EUR 14.65 billion in 2025, of which France, the UK, Spain and Germany accounted for EUR 9.61 billion - approximately 66% of transaction volume.	Global Asset Solutions, European Hotel Transactions Report 2025	2025
EU	ITU-T Recommendation G.114 sets 150 ms one-way latency as the threshold for acceptable conversational voice quality. Industry-standard supporting thresholds are jitter under 30 ms and packet loss under 1%.	ITU-T Recommendation G.114	current

Sources consulted but not cited for specific figures

- Eurostat, Digital economy and society statistics - enterprises
- UNWTO / UN Tourism barometers
- European Accommodation Barometer
- Ofcom, Arcep, CNMC and AGCOM sector reporting
- Openreach migration communications
- European Commission, Shaping Europe's Digital Future

A note on provisional data

INE and ISTAT release provisional monthly and quarterly figures that are subsequently revised. Where a figure in this report is drawn from a provisional release, the source register says so. INSEE quarterly series are also subject to revision. None of the revisions typically alters the direction of the trends described here, but the specific percentages may move.