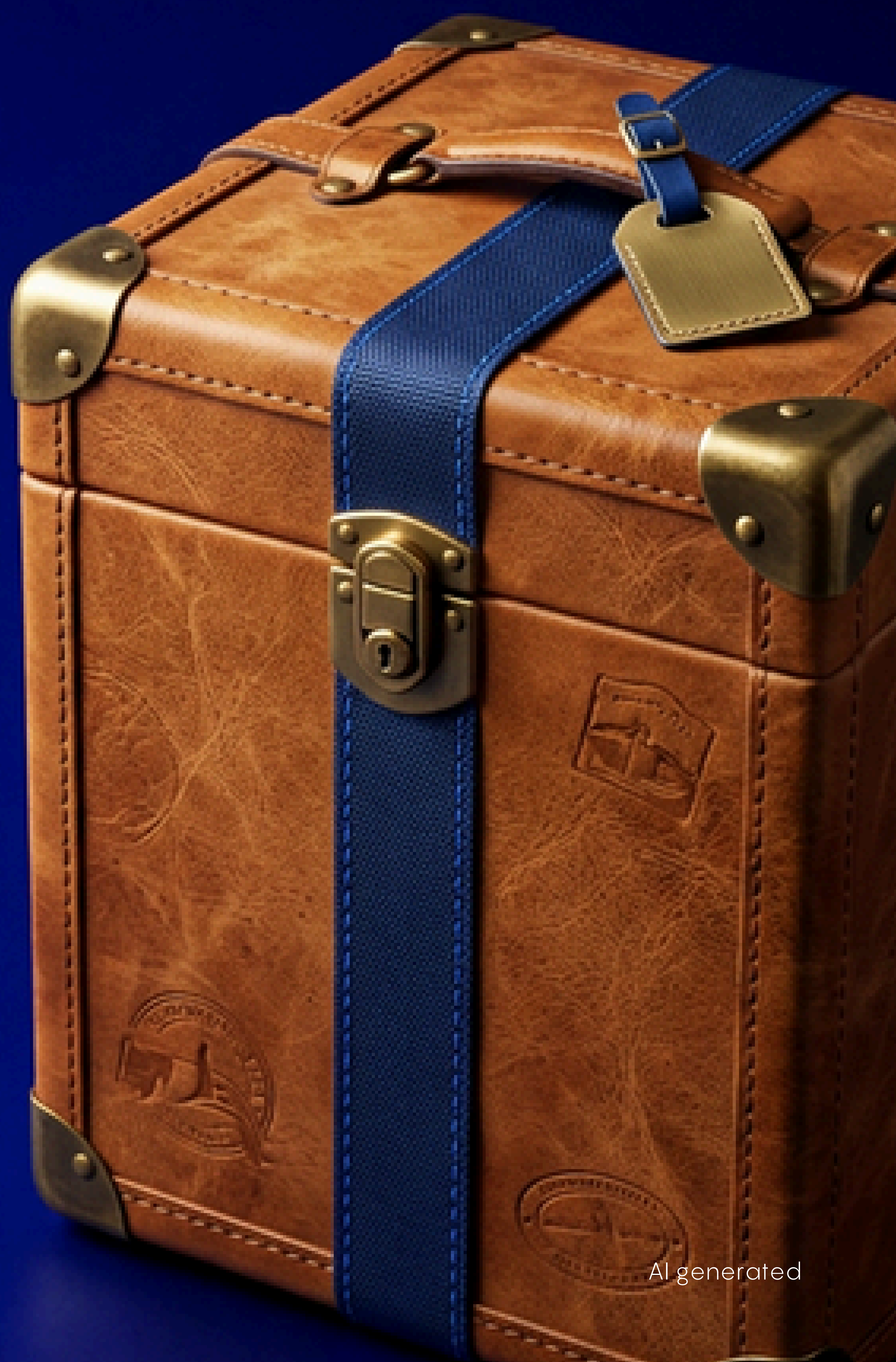
Adoption Without Depth: United Kingdom

AI and digital maturity in UK travel and hospitality operations



AI generated

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About this report

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How to read the figures in this report - please read before citing anything
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 arithmetic from stated inputs and stated assumptions, and are always introduced as modelled. No figure here comes from a primary survey, because no primary survey was conducted. A separate section at the end lists figures we encountered in the trade press and deliberately did not use, with the reason in each case.

This report examines AI adoption among UK businesses using ONS data, what it means for a hospitality sector composed almost entirely of SMEs, and how the UK regulatory position differs from the EU markets covered in the companion reports.

Why this report is unusually careful about sourcing

Conversational AI in hospitality is a category with a serious evidence problem. Claims of the form 'hotels using AI see a 30% cost reduction within six months' circulate widely, are repeated across trade publications, and in most cases resolve to no disclosed sample, no baseline and no definition of the thing being measured. Quoting them is easy and it is the fastest way to lose a technically literate reader.

We have therefore restricted this report to official statistics - Eurostat, ONS, INE, ISTAT, INSEE - plus two named sector surveys with disclosed samples, one of which is vendor-commissioned and is labelled as such. Where the question has no published answer, we say so rather than reaching for a number that sounds like one.

Executive summary

·Adoption tripled, depth did not. 29% of UK businesses used at least one AI technology in June 2026, up 8 percentage points year on year and roughly triple the September 2023 level. Over the same period the average number of technologies per adopter moved from approximately 1.4 to approximately 1.6.

- The tools being bought are content tools. Among businesses with 10 or more employees, large language models led at 18%, visual content creation at 16%, data processing using machine learning at 12% and image processing at 6%. These require no operational owner and no integration.

- Hospitality sits at the bottom of the distribution. ONS places information and communication at 58%, with accommodation and food services among the lowest-adoption industries. 99.6% of the UK's 176,685 hospitality businesses are SMEs.

- The UK has a hard infrastructure deadline that the EU markets do not. The Openreach PSTN and WLR switch-off is confirmed for 31 January 2027, with approximately 1.9 million lines still to migrate as at mid-2026. This forces a communications decision on a timetable that has nothing to do with AI - and creates the natural moment to make both decisions together.

The European frame

Three measured figures set the context for every market in scope.

Measure	2025 position	Why it matters here
EU enterprises using AI	19.95%, up 6.47pp on 2024	Rising quickly, but binary - it counts any use of any technology.
By enterprise size	Small 17%, medium 30.36%, large 55.03%	The steepest gradient in the data, and the one that bears hardest on a sector of small operators.
Accommodation sector purpose	58.82% of AI-using accommodation firms use it for marketing or sales	Where hospitality has adopted AI, it has adopted it commercially, not operationally.

The depth finding applies across all markets: ONS measured the average number of AI technologies per adopting business at approximately 1.6 in June 2026, against approximately 1.4 in September 2023. Adoption has widened without deepening.

The national position

What the ONS data actually says

The Business Insights and Conditions Survey put UK adoption at 29% in June 2026. The trajectory is steep and it is real. What has not moved is depth: approximately 1.4 technologies per adopter in September 2023, approximately 1.6 in June 2026. ONS states directly that this implies relatively limited transformative impact to date for most adopting firms.

The technology mix explains why. Large language models at 18% and visual content creation at 16% are the two leading categories. Both are individually licensable, immediately useful, and require no change to any operational process. They are the definition of a first use case that does not lead to a second.

The sector position

ONS reports information and communication at 58% adoption, with accommodation and food services among the lowest-adoption industries. This is consistent with the European picture rather than an anomaly, and it is largely a function of firm size rather than sector attitude.

The structural position is stark. There were 176,685 hospitality businesses in the UK in March 2025, of which 99.6% were small or medium-sized enterprises. Against European data showing 17% adoption among small enterprises and 55.03% among large ones, the sector's composition alone predicts a low figure.

The labour context that changes the calculation

UK hospitality is shedding staff. UKHospitality reported in January 2026 that the sector employed 8,784 fewer people in December 2025 than in November, and 20,014 fewer than in September 2025, with trade bodies estimating 150,000 to 200,000 jobs at risk during 2026. ONS recorded approximately 69,000 vacancies in accommodation and food service in March 2026, down from an annual average of 79,000 across 2025 and a 2022 peak above 177,000.

MODELLED IMPLICATION. Falling headcount with flat or rising guest contact volume produces a coverage gap that is not visible in any occupancy or revenue measure. The arithmetic is straightforward and the inputs above are measured, but the size of the resulting gap is specific to each operation and cannot be inferred from national data.

The regulatory position in this market

The AI Act still matters here

The UK is not bound by the EU AI Act. But an operator with properties, a booking engine or a contact centre serving guests in the EU may be within scope of Article 50 for those interactions, and the obligations became applicable on 2 August 2026 with penalties reaching EUR 15 million or 3% of worldwide annual turnover.

For a UK group with European properties, the practical question is not whether UK law requires disclosure but whether the same guest-facing system is used across the estate. If it is, the EU position sets the standard for all of it.

The PSTN deadline

The Openreach PSTN and WLR switch-off is confirmed for 31 January 2027, stated as final following the earlier move from December 2025, with approximately 1.9 million lines still to migrate as at mid-2026. This is a UK-specific position. Spain completed its copper switch-off in May 2025; France and Italy are running geographic schedules to 2030 and beyond.

The relevance to this report is timing rather than technology. Every UK operator still on PSTN has a forced communicatins decision inside the next eighteen months. That is the cheapest moment to make an automation decision as well, because the integration work is being done anyway.

Workplace monitoring

The UK requires no equivalent of the Italian union agreement or the French works council consultation before call recording or quality monitoring. UK obligations run through UK GDPR and employment law, and are materially lighter than in the three EU markets covered by the companion reports. A UK-designed rollout plan will not transfer to Italy or France without significant additional lead time.

What this means for an operator here

The UK position is unusual in a useful way: the regulatory friction on monitoring is the lowest of the four markets, and the infrastructure deadline is the hardest. That combination means the practical constraint here is time rather than permission.

For a supplier conversation, the four questions in the European overview apply unchanged. The addition specific to this market is sequencing: if PSTN migration is happening anyway before January 2027, the marginal cost of scoping the contact layer at the same time is small, and the marginal cost of doing it separately afterwards is not.

The evidence gap is worth stating plainly. Nobody publishes UK data on how much guest enquiry arrives outside staffed hours, or how much of it goes unanswered. That figure has to be measured inside your own operation, and it can be done in about a fortnight from data most operators already hold.

Numbers we encountered and did not use

Each of these appears in trade coverage of AI in hospitality. None of them meets the standard applied elsewhere in this report. They are listed so that you can recognise them and decline to repeat them.

Claim in circulation	Why we have not used it
98% of hotel owners use some form of AI	No disclosed sample, method or definition of 'some form of AI'.
Hotels deploying AI see a 30% cost reduction within six months	No disclosed sample or baseline. Vendor marketing claim.
AI chatbots increase guest satisfaction by up to 30%	'Up to' construction with no disclosed distribution or method.
77% of users prefer automated messaging	No disclosed sample or question wording.
Machine-learning forecasting improves RevPAR by 8-14%	No disclosed method, control or sample.

This is not a claim that these figures are false. It is a statement that they are unverifiable, and that an operator building a business case on them will not be able to defend it internally.

Source register

Every measured figure in this report, with its source. Verify currency before external citation.

Scope	Statement	Source	As at
EU AI	19.95% of EU enterprises with 10 or more employees used at least one AI technology in 2025, up 6.47 percentage points on 2024.	Eurostat, Use of artificial intelligence in enterprises, data extracted December 2025 (isoc_eb_ai)	2025
EU AI	Adoption rises steeply with size: 17% of small enterprises, 30.36% of medium and 55.03% of large enterprises used AI in 2025.	Eurostat (isoc_eb_ai)	2025
EU AI	Adoption is concentrated in two sectors. Information and communication reached 62.52% and professional, scientific and technical activities 40.43%. Every other economic activity was below 25%, ranging from real estate at 24.82% down to construction at 10.79%.	Eurostat (isoc_eb_ain2)	2025
EU AI	Among accommodation-sector enterprises that used AI, 58.82% used it for marketing or sales - the highest concentration on marketing and sales of any sector Eurostat reports.	Eurostat (isoc_eb_ain2)	2025
EU AI	Across all EU enterprises using AI, the leading purposes were marketing or sales (34.70%) and organisation of business administration or management (31.05%). Logistics was lowest at 6.08%.	Eurostat (isoc_eb_ai)	2025
EU AI	Among enterprises that had considered AI and decided against it, the reasons were lack of relevant expertise (70.89%), lack of clarity about the legal consequences (52.52%) and concerns about data protection and privacy (48.83%). Only 20.68% said AI was not useful for their enterprise.	Eurostat (isoc_eb_ai)	2025
EU AI	14.21% of EU enterprises not using AI had considered it - 36.54% of large enterprises, 22.26% of medium and 12.65% of small.	Eurostat (isoc_eb_ai)	2025
EU AI	No single AI technology predominates. Text mining led at 11.75% of enterprises, followed by image, video and audio generation at 9.55% and natural language generation and speech synthesis at 8.76%.	Eurostat (isoc_eb_ai)	2025
EU AI	National adoption ranged from 5.21% to 42.03%. Highest: Denmark 42.03%, Finland 37.82%, Sweden 35.04%. Lowest: Romania 5.21%, Poland 8.36%, Bulgaria 8.55%. 26 EU countries recorded higher shares than in 2024.	Eurostat (isoc_eb_ai)	2025
EU AI	The EU survey covered 157,000 of the 1.53 million enterprises in scope, conducted by national statistical authorities in the first months of 2025.	Eurostat, methodology note	2025

Scope	Statement	Source	As at
EU AI	The Digital Decade policy programme targets three out of four EU companies using cloud computing, big data or AI by 2030.	European Commission, Digital Decade policy programme	to 2030
UK AI	29% of UK businesses reported using at least one AI technology in June 2026, up 8 percentage points year on year and roughly triple the September 2023 level.	ONS, Artificial intelligence in UK businesses: 2023 to 2026 (Business Insights and Conditions Survey)	Jun 2026
UK AI	The average number of AI technologies used per adopting business rose only from approximately 1.4 in September 2023 to approximately 1.6 in June 2026. ONS notes this implies limited transformative impact to date for most adopting firms.	ONS, Artificial intelligence in UK businesses: 2023 to 2026	Jun 2026
UK AI	Among UK businesses with 10 or more employees in June 2026, large language models were most used (18%), followed by visual content creation (16%), data processing using machine learning (12%) and image processing using machine learning (6%).	ONS, Artificial intelligence in UK businesses: 2023 to 2026	Jun 2026
UK AI	Adoption in the UK information and communication sector reached 58%, while accommodation and food services remains among the lowest-adoption industries.	ONS, Artificial intelligence in UK businesses: 2023 to 2026	Jun 2026
Sector	A survey of 1,485 hotels across six European markets by the Institute of Tourism at HES-SO Valais-Wallis found 41% of independent hotels already using AI, with a further 16% planning to adopt.	Institute of Tourism, HES-SO Valais-Wallis	2026
Sector	A 2026 survey of 404 hotel IT decision-makers ranked guest communications as the number one area of expected AI business impact, cited by 58% of respondents. This is a vendor-commissioned survey and is cited here as an indication of intent, not of outcome.	Canary Technologies, 2026 survey of hotel IT decision-makers (vendor-commissioned)	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
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

Scope	Statement	Source	As at
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	63% of European hoteliers anticipated improving conditions in the 2025 European Accommodation Barometer.	European Accommodation Barometer 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
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	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

A note on comparability

Eurostat and ONS do not measure the same thing. Eurostat surveys enterprises with 10 or more employees across the EU27 using a harmonised instrument; ONS surveys UK businesses through the Business Insights and Conditions Survey with a different technology list and a different reference period. The two headline percentages are not directly comparable and are not compared in this report. Each is used only against its own prior periods.