

# Passion for leisure

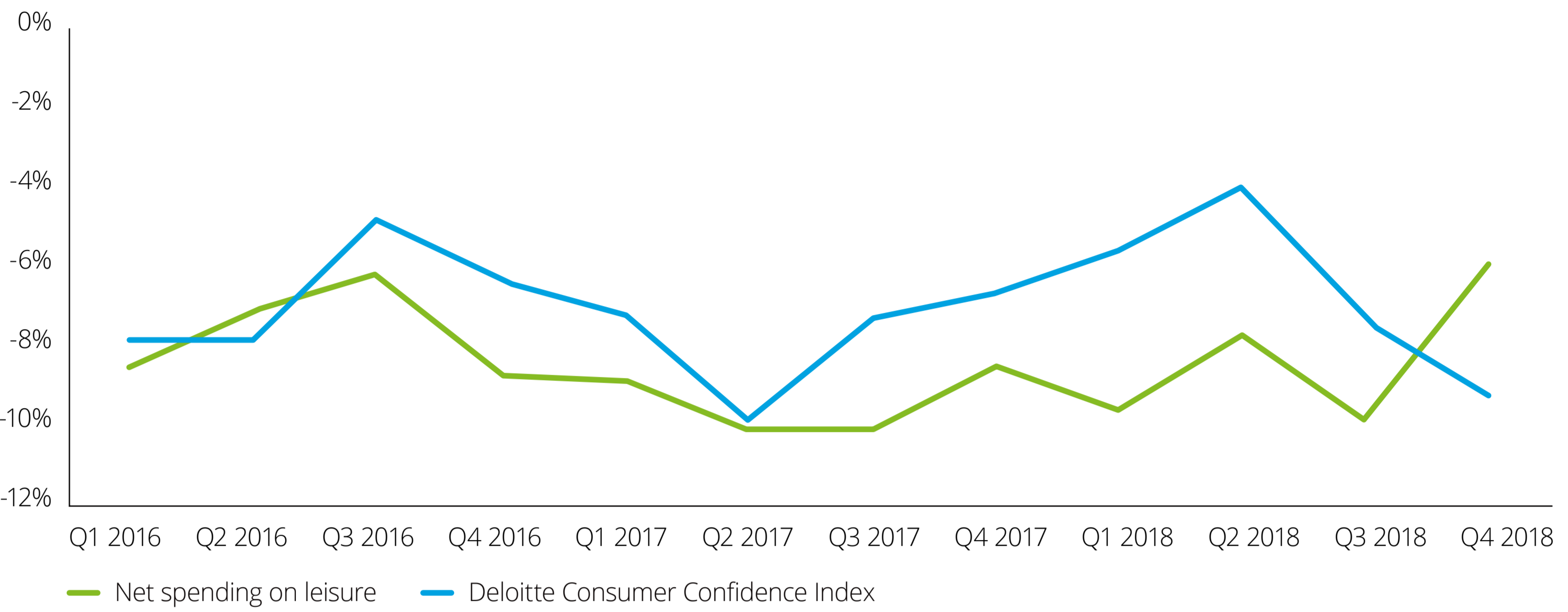
## UK Leisure Consumer – Q4 2018



Net spending on leisure grew by two percentage points in the last three months of 2018 compared to a year ago. Yet consumers showed signs of caution as confidence continued to decline. As news from the high street suggested that consumers were not keen on shopping, why did experiences do so well?

### Good tidings?

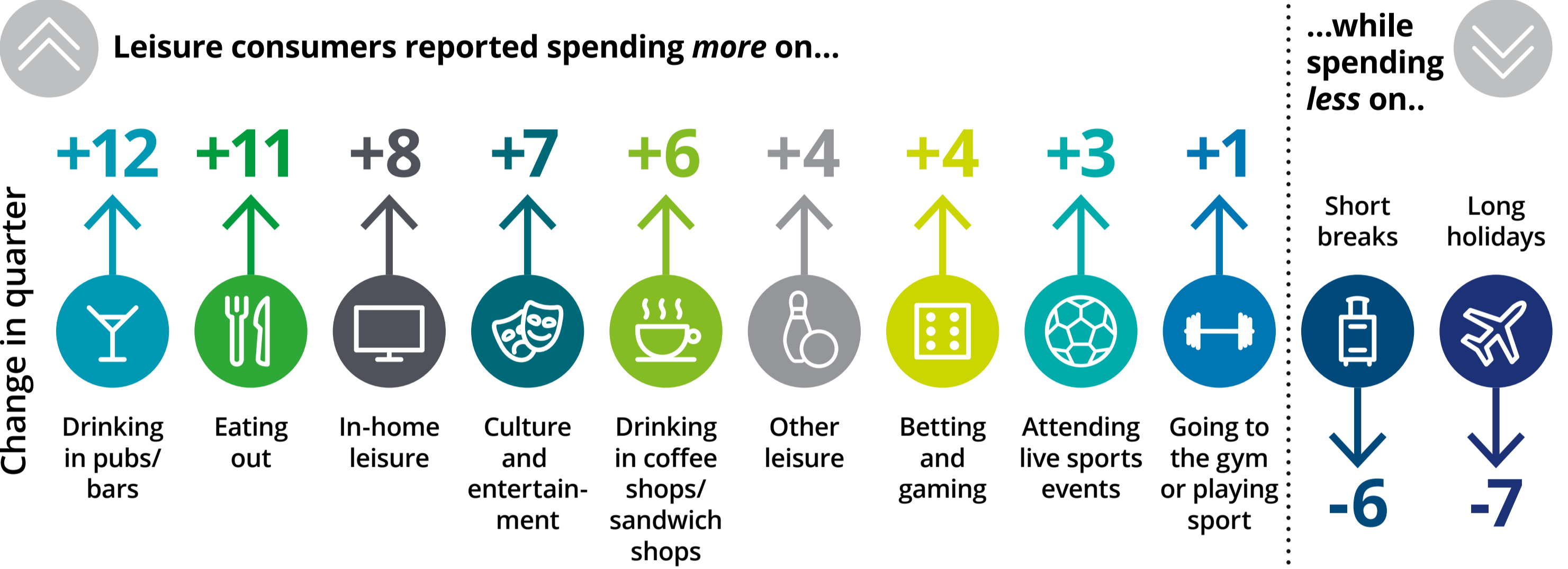
UK consumers' attitudes appear to reflect the news around ongoing political and economic uncertainty as their confidence slipped down for the second quarter in a row. Confidence around job security and disposable income were particularly affected; both declined by four points compared to this time last year. However, faster growth in wages, falling inflation and continued strength of the labour market in the run-up to the last quarter meant that while they might have been cautious about the future, they had some money to spend. Possibly in a sign of escapism, consumers sought enjoyment through experiences and net spending on leisure rose by four percentage points from Q3 and two points from a year ago.



Source: Deloitte

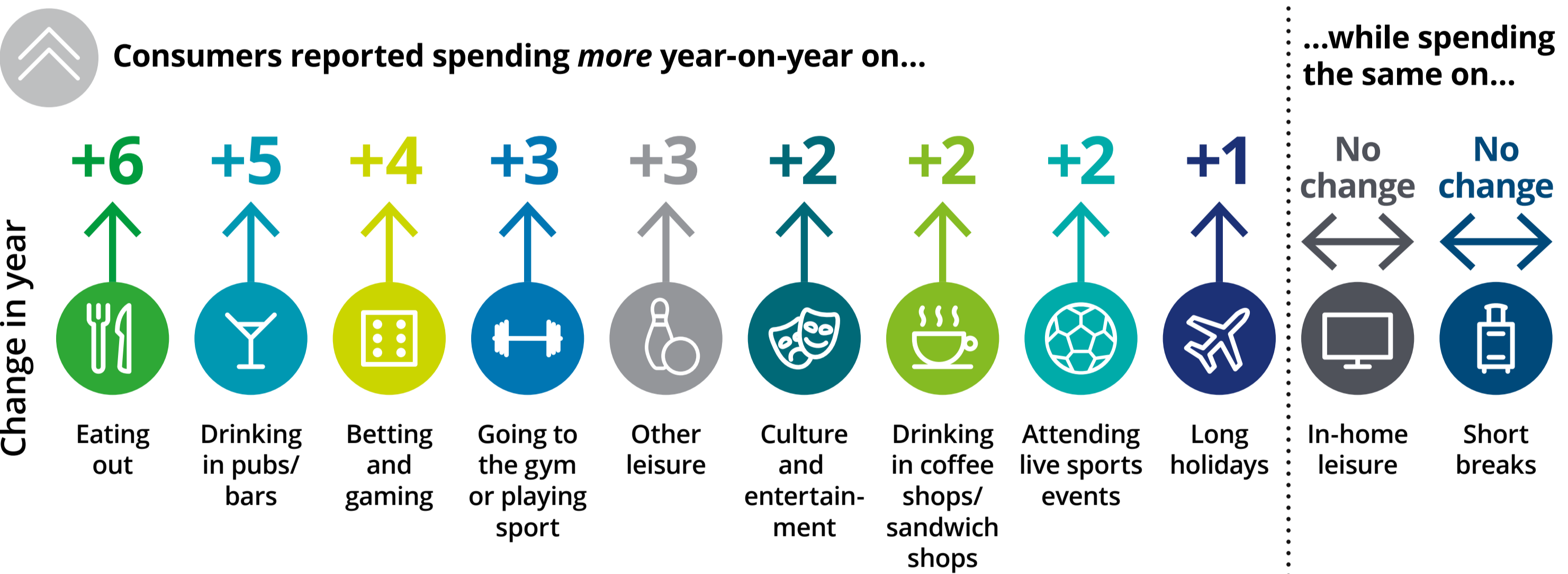
### Let's have a good time!

Leisure spending was up on the previous quarter in the majority of categories. Drinking and eating out benefitted the most with net spending increasing by 12 and 11 points respectively on the previous quarter. Since the festive period was spent at home with friends and family, in-home leisure also had a seasonal boost.



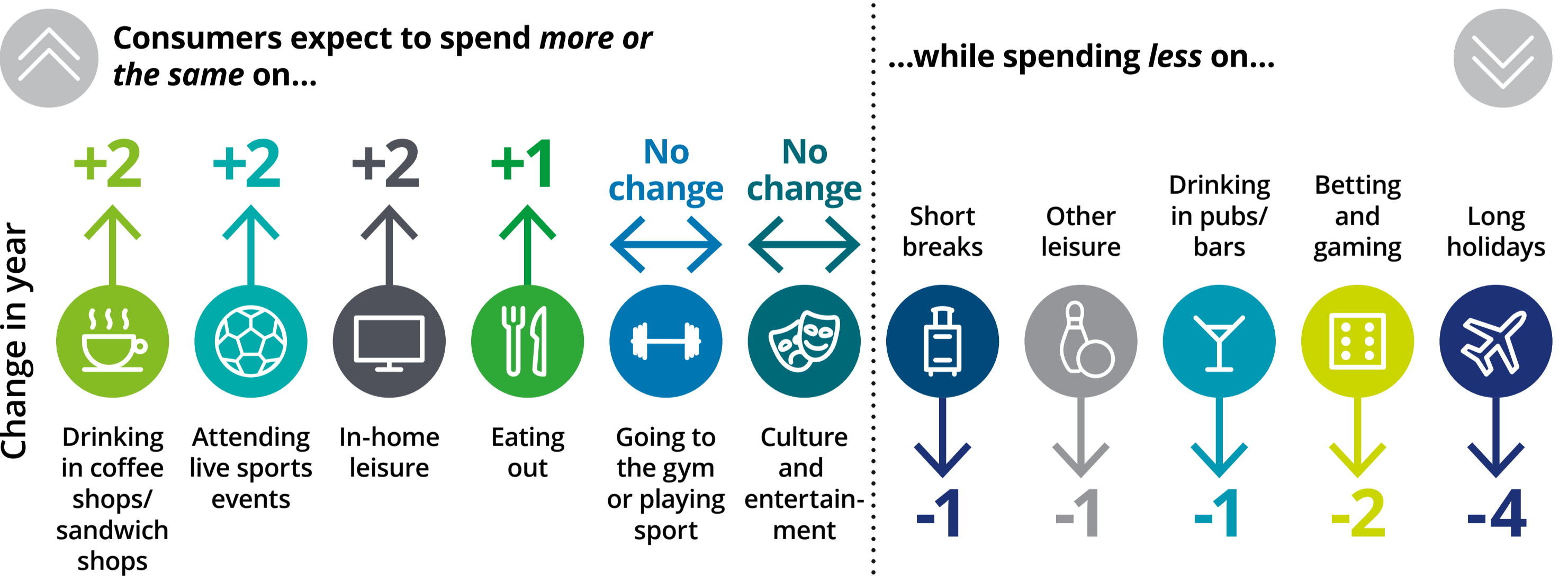
### Ending the year on a high

Net spending was also up or stable year-on-year in all of the leisure categories, with restaurants, bars and pubs seeing the biggest uplift. In contrast, consumers spent less on groceries and other discretionary items, partially due to lower inflation. This suggests that the uptick in leisure spending was not just seasonal but down to consumers having greater spending power and consciously deciding to spend the balance on having fun. This was especially true for the younger consumers. Among the 18-34 year olds net leisure spending was positive in four leisure categories, including eating and drinking out, in-home leisure and betting and gaming; implying that more young consumers increased spending than reduced it.



### Looking ahead

Some caution can be detected in consumers' spending intentions for Q1 2019. While consumers plan to keep spending the same or more than a year ago in six leisure categories, they intend to reduce expenditure in almost as many areas. The focus on health following the excess celebrations in the last weeks of 2018 might affect socialising in pubs and bars. Interestingly, despite consumers reporting intentions to reduce spending on holidays, a number of travel companies have provided positive trading updates during the first weeks of the year. While the uncertainty might make consumers evaluate their options more carefully, overall demand for holidays seems to be holding up. If consumer fundamentals continue to remain strong in 2019, the leisure sector is likely to benefit from appealing to consumers' passion for creating memories through experiences and having fun.



### New year, new chapter?

Will consumer confidence bounce back in Q1 2019?

Will consumers continue to seek experiences, further transforming the high street?

Will holiday bookings take off in the first quarter of 2019?

### Contacts

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| <p><b>Simon Oaten</b><br/>Partner<br/>Transportation, Hospitality &amp; Leisure<br/>020 7007 7647<br/>soaten@deloitte.co.uk</p> | <p><b>Andreas Scriven</b><br/>Lead Partner<br/>Hospitality &amp; Leisure<br/>020 3741 2068<br/>ascriven@deloitte.co.uk</p> | <p><b>Sarah Humphreys</b><br/>Lead Partner<br/>Leisure<br/>020 7303 3617<br/>sahumphreys@deloitte.co.uk</p> | <p><b>Alistair Pritchard</b><br/>Lead Partner<br/>Travel<br/>07710 326724<br/>ajpritchard@deloitte.co.uk</p> | <p><b>Edward Jenkins</b><br/>Director<br/>Hospitality &amp; Leisure<br/>020 7007 9989<br/>ejenkins@deloitte.co.uk</p> |
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