

Leisure Review - UK - December 2012

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"The amount of money that consumers have available to spend on leisure will continue to be under pressure for several more years, at least until the point where their earnings begin to grow above the rate of inflation. For the leisure industry, the implication of this is that there will continue to be a strong emphasis on value for money and price. This offers opportunities for leisure operators to stimulate advanced bookings through offering attractive discounts, a strategy which is already working well for companies like Cineworld in the cinema industry and which also aids the business's planning and cashflow."

– Michael Oliver, Senior Leisure & Media Analyst

In this report we answer the key questions:

- What are the prospects for leisure spending?
- How can operators target the squeezed middle?
- Who are the most receptive and influential consumers when it comes to organising leisure activities?
- What opportunities exist for developing food and beverage spend?

In 2012, the UK leisure industry almost returned to its pre-recessionary value, after several years in the economic doldrums. However, this paints a rosier picture than is truly the case, because market value has been inflated by two successive years of VAT increases (in 2010 and 2011), combined with rampant food price and utility price inflation and punitive tax and duty rises on alcohol. Therefore, a substantial proportion of the increase in market value has arisen from rising prices rather than rising demand.

Consequently, operators are still finding trading conditions extremely challenging, although there are plenty of examples of businesses which are prospering, demonstrating that, when the offer is right, consumers are still prepared to spend.

Looking into the future, the prospects for the industry are mixed: the economic news coming from the mouth of the Chancellor and the OBR is underwhelming and consumers continue to feel worse off month by month as their real levels of disposable income are squeezed by inflation running at a higher level than earnings growth. Operators will have to continue to run a tight ship, looking to make efficiency gains to offset their rapidly increasing cost base, because they don't feel able to pass on all these increases to their customers.

This report provides an overview of the UK out-of-home leisure industry, including market value, segment performance and consumer visiting behaviour and attitudes. Mintel last reported on this subject in Leisure Review – UK, December 2011.

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