



HOSPACE 2024

# LEISURE AND HOSPITALITY UPDATE

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RESPONSE ▲



DEAL WITH THE EMERGENCY

ANTICIPATE AND RESPOND TO FINANCIAL PRESSURES

THE 'NEW NORMAL'

INTERPRET / UNDERSTAND EVENTS

SUSTAIN OPERATIONS

PLAN FOR THE LONGER TERM

## YouGov/Cebr Consumer Confidence Index

Axis value is 100. A score of <100 represents a negative score; a score of 100 represents a neutral score; a score of >100 represents a positive score



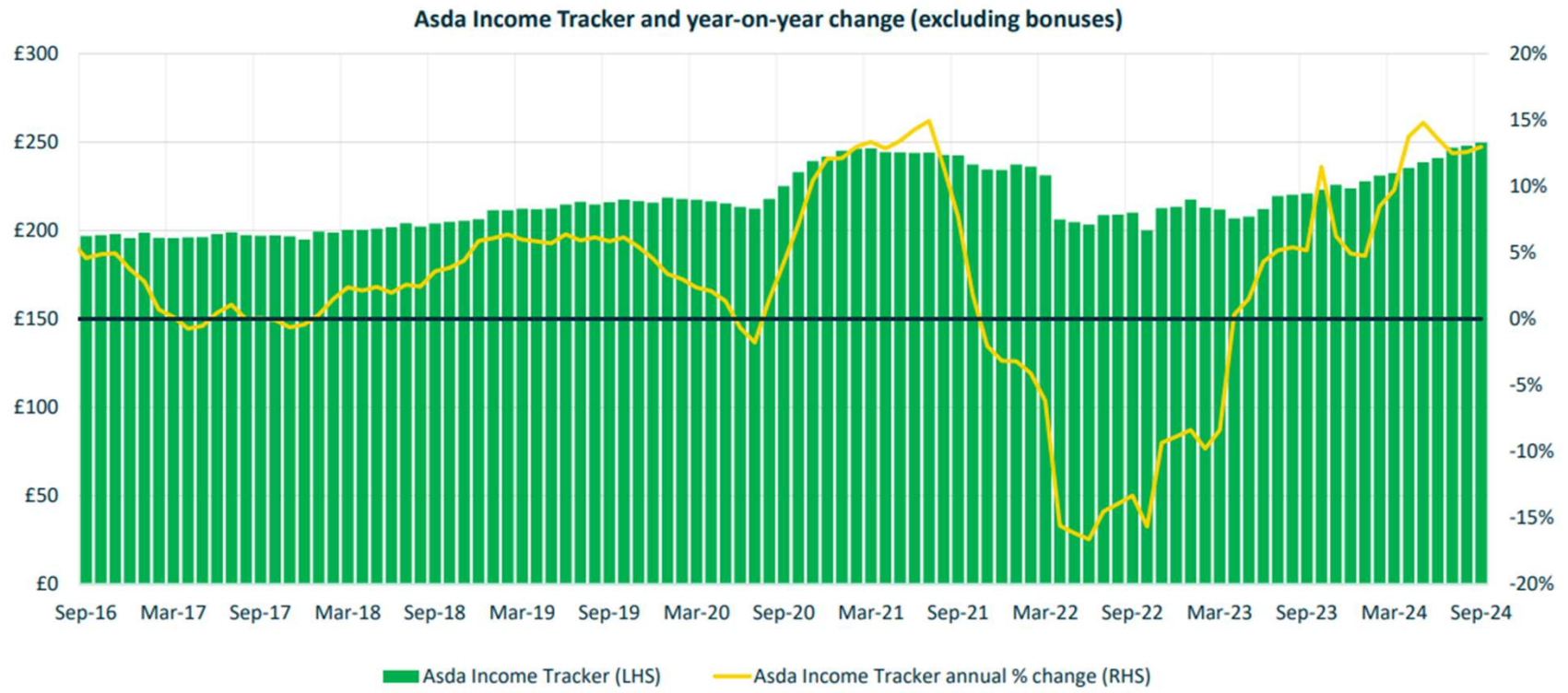
YouGov

YouGov/Cebr Household Economic Activity Data, September 2024

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# Monthly Asda Income Tracker



## The UK travel market rebounds

Pre-pandemic demand levels

Year on year growth in 2024

Demand driven by affluent travellers, Gen Z and the “grey pound”

1

### The improving economic picture...

- Inflationary pressures have eased, but interest rates are expected to remain higher than historical levels through 2025. This may impact consumer spending and M&A activity in the sector.

2

### ...is driving travel volumes at levels not seen since pandemic

- Pre-pandemic travel volumes have surpassed previous levels in 2024. Total ATOL-authorized passengers set a record of 33.3 million—a 5% increase year-on-year.
- Even business travel, which many thought was dead during the pandemic, has exceeded pre-pandemic levels.

3

### Financial results are better, but there are still operational challenges

- Upcoming changes to the ATOL system, may present working capital challenges for businesses.
- Notably, smaller ATOL holders appear less confident about the outlook compared to larger operators, projecting declining passenger numbers for Summer 2025.

4

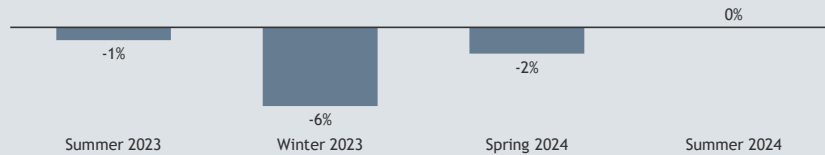
### ...and more resilient consumer segments operators should target

- Consumer study highlights that demand for travel in certain segments (high affluence, gen Z and grey pound) appears to continue its surge. Successful operators appear to be shaping their proposition to highlight their ability to cater to one or more of these consumer segments

## Discretionary spending rates appear stable for the coming months, with travel emerging as a sector where consumers intend to increase their expenditure

Year-on-year sentiment has dropped compared to this time last year, with spend intention rate for the next six months currently stable at 0%

### Year-on-year Consumer Sentiment - Average of All Discretionary Categories



Q: "How do you anticipate your spending to change in the next 6 months in X? Options from "decrease significantly" to "increase significantly" (n: 1,005)

In the forthcoming months, consumers are poised to increase their expenditure in the following categories...

### SECTORS WHERE CONSUMERS PLAN TO GROW SPEND IN THE NEXT SIX MONTHS



TRAVEL (+14.2%)



PET CARE (+7.1%)



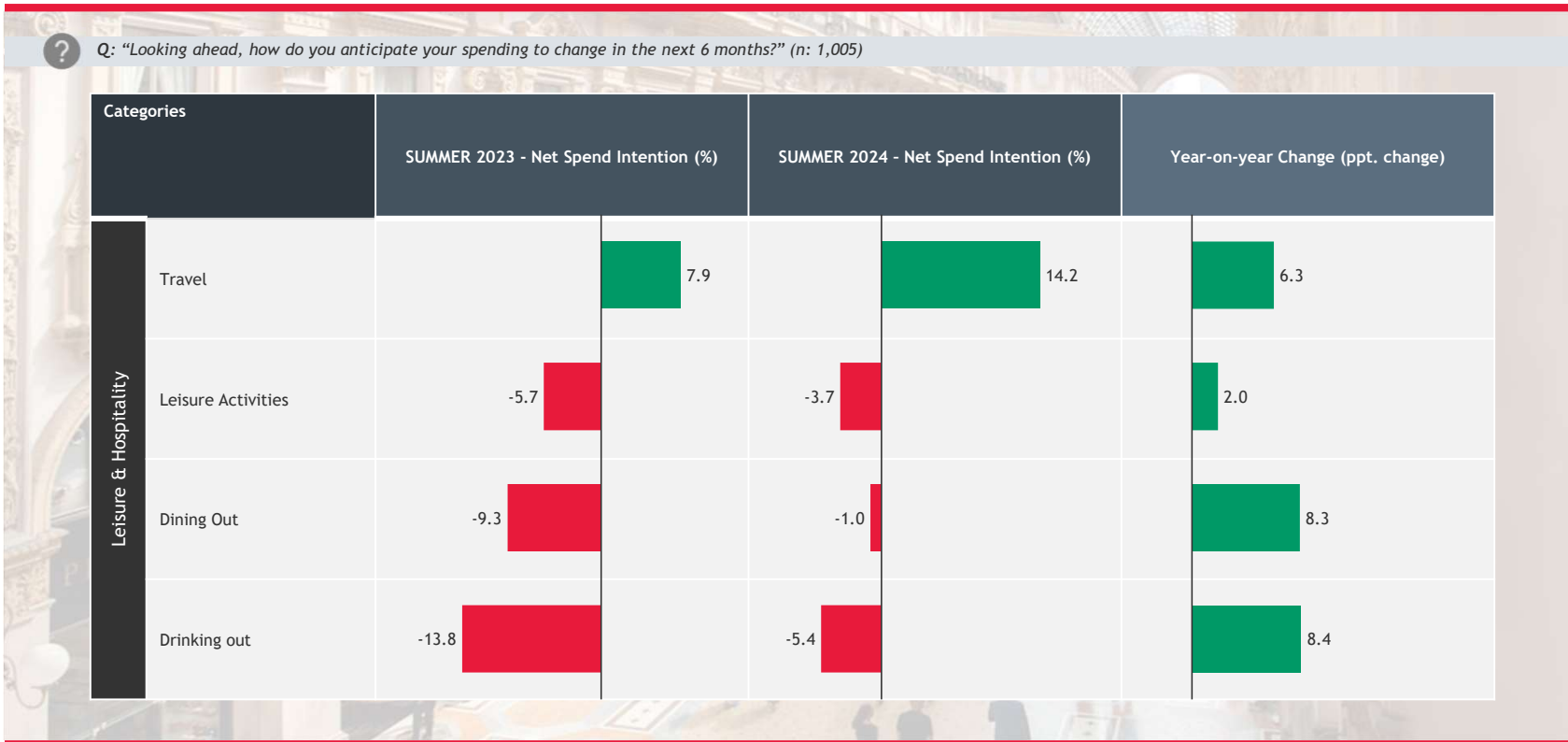
APPAREL (+7%)



HEALTHCARE & SUPPLEMENTS(+3.6%)



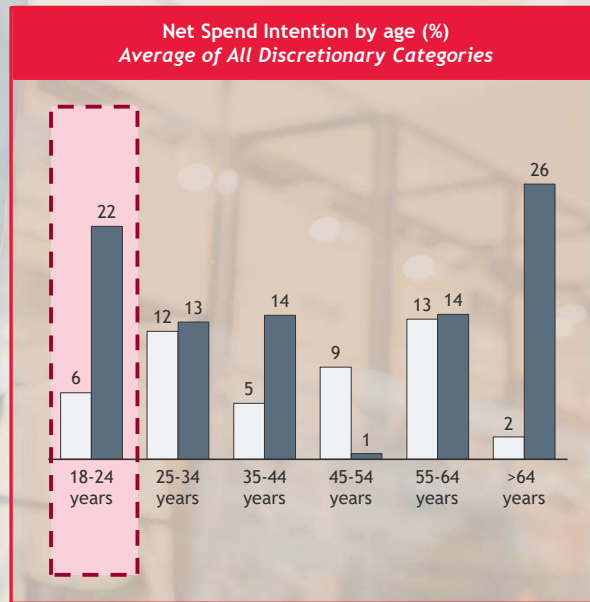
## Year-on-year performance paints an improving picture across all leisure spending categories.



Source: BDO Seasonal Consumer Surveys (Summer 2023 and Summer 2024)

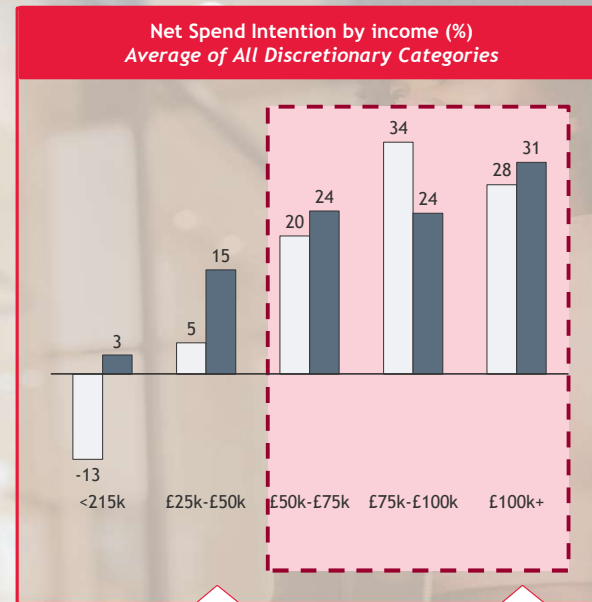
## Certain segments of consumers, specifically Gen Z and high earners, are likely to be the key drivers of discretionary spend in the next six months

Q: "How has your spending changed in the last 6 months in Travel (holiday) spend; How do you anticipate your spending to change in the next 6 months? Options from "decrease significantly" to "increase significantly" (n: 1,005)



SUMMER 2023  
 SUMMER 2024

**Profiles driving discretionary spend**



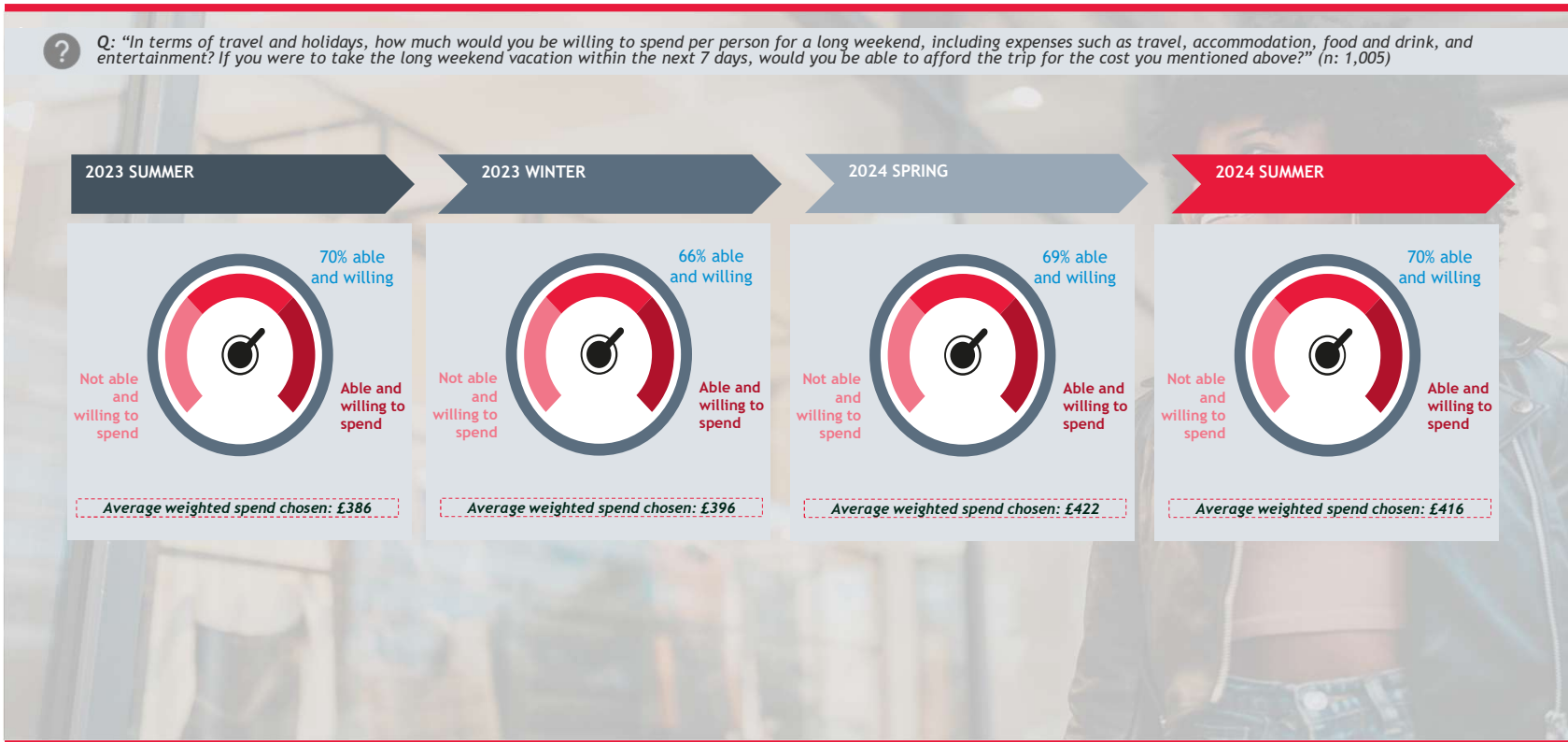
For consumers earning <£50k, y-o-y spend intention has improved, and consumers now intend to increase discretionary spend overall...

...while for consumers earning >£50k, consumer spend intention is high, but y-o-y we observe some softening

Source: BDO Seasonal Consumer Surveys (Summer 2023 and Summer 2024)



# Our *BDO Discretionary Dial* has remained relatively stable over the last year, and shows that most consumers have savings they are willing to spend on a non-essential purchase at short notice



Source: BDO Seasonal Consumer Surveys

# FOUNDATION OF A SUCCESSFUL BUSINESS

Great product



Great service



Great location



Great value for money



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