

TECHNOLOGY

Insight by Zonal, Powered by CGA by NIQ

Consumers and hospitality: 2024 in review

The key industry issues and what's coming next in 2025: Insights from GO Technology's exclusive consumer surveys

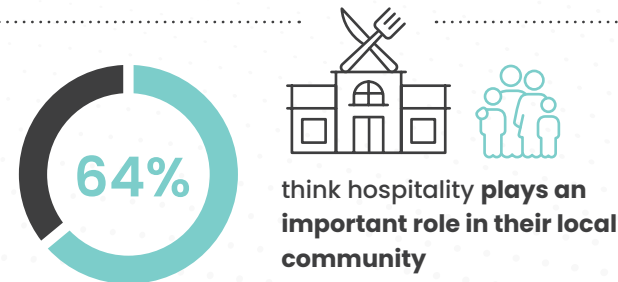
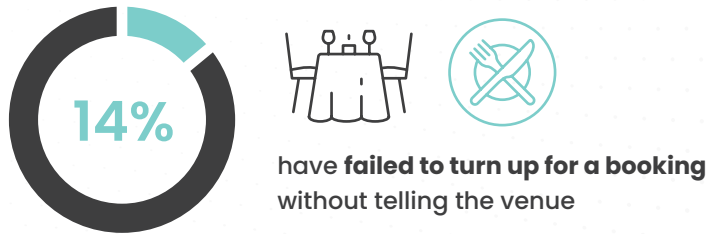
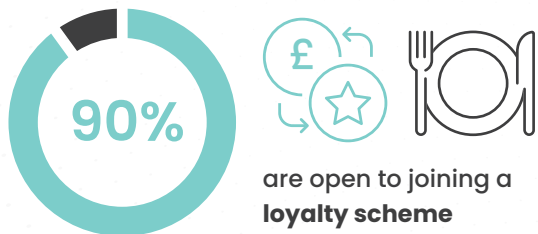
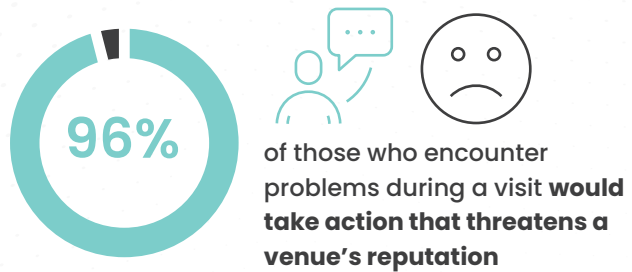
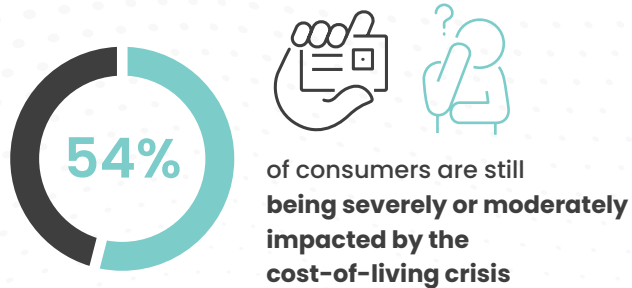
Zonal



GO Technology Report, December 2024



Consumers in hospitality in 2024: Key numbers



Three big hospitality challenges of 2024

1. Loyalty

Securing consumers' brand loyalty has always been hard, but their sharp focus on costs in the last few years has made it more challenging than ever. If they don't get the experiences they want, they will vote with their feet.

GO Technology's research shows nearly a third (**31%**) of restaurant, pub and bar users are very or somewhat likely to switch to a competitor. The likelihood of switching rises to **41%** among both weekly visitors and the vital 25-to-34 age group, meaning some of the most lucrative customer groups are also the hardest to retain.

For guests of all types, good communication can lift loyalty, and nearly three quarters (**73%**) say they want to be contacted by a venue. This openness to engagement suggests that consumers—and younger ones in particular—are willing to be swayed by brands, but only if the form of communications works for them. Nearly half (**47%**) of them say email is their most preferred form of contact, and social media platforms have a role to play too—as do loyalty schemes, which only **10%** do not find appealing.

Which of these loyalty schemes do you find most appealing?



% of consumers who selected schemes as a top-three choice

- 1. Member-only prices (49%)**
- 2. Collecting points for purchases (39%)**
- 3. Cashback (37%)**
- 4. Deals on regularly-bought products (29%)**
- 5. Stamp cards (14%)**

2. No-shows

GO Technology's last round of research in 2024 emphasised a huge recurring issue for operators: no-shows. While most consumers are conscientious about their bookings, one in seven (**14%**) admit to failing to turn up without cancelling—a figure that is unchanged in three years. The problem is even worse in London, with the current rate of no-shows sat at **28%**.

This problem is not going away, and the cost-of-living crisis may have made it worse (see below). Cancellations because of a change of plans are more understandable, but the fact that **10%** of no-showers did so because they had booked multiple venues, before letting down all but one of them, is particularly frustrating. One consolation is that no-shows are far from unique to hospitality. Numbers of no-shows for this sector are much lower than for purchases like exercise classes, haircuts and cabs.

Why didn't you turn up for a booking?



- 1. I decided it would be too expensive (29%)**
- 2. I had a change of plans (27%)**
- 3. One of the group fell ill (21%)**
- 4. I forgot about it (17%)**
- 5. Someone else in the group cancelled (14%)**



3. Inefficient service

Consumers' bugbears in hospitality—the frustrations that can put them off returning—was another of the behaviours we investigated as part of GO Technology's research this year.

The report turned up a wide variety of annoyances (see below, but many of the top ones related to poor and slow service. Nine in 10 (91%) consumers said they found long waits for food and drink, and hot food served cold annoying, while waits for tables and bills were among other irritations.

Some disappointments in service can't be avoided, but logistical planning, supported by technology that irons out delays and mistakes, can minimise the impact and make these common frustrations much less frequent.

Which of these is a frustration when eating or drinking out?

1= A long wait (91%)

1= Cold food (91%)

3. Failure to honour a deal or loyalty reward (88%)

4. Food served at different times (87%)

5. Waiting to be seated (86%)



53%



of those who encounter an annoyance say they would complain directly about it at the time, which provides an opportunity to head off any damage to revisits and reputation.



Why hospitality matters

GO Technology has highlighted some major challenges for hospitality this year—but it has also reminded us just how much people love restaurants, pubs and bars. Here are five of the top reasons why.

1. Part of the social fabric

While rising household bills have forced some consumers to reduce their spending in pubs, bars and restaurants, these venues remain as central as ever to their lives. Two thirds (65%) of consumers—and 71% of those aged 65+—agree that eating and drinking out is as important in their social life as it was before the cost-of-living crisis. Socialising with friends and family is the top reason people choose to go out ahead of staying in (see box).

2. A place to celebrate

Hospitality is where big moments in life are celebrated. More than two in five (44%) consumers prefer to go out for special occasions like birthdays and anniversaries than stay at home, and a fifth (21%) are motivated by the chance to create new memories. It's where people reward themselves, and 69% agree that eating and drinking out is the treat they most look forward to.

3. Integral to communities

Hospitality venues are the hubs of city, town and village life. Nearly two thirds (64%) of consumers think they play an important role in their local community. This purpose came into sharp focus during COVID, when countless pubs, bars and restaurants supported local people and initiatives at a time of need.

4. Job creation

Consumers are aware of the importance of hospitality as an employer, and millions have worked there at some point in their lives. However, it is still seen by too many as a stop-gap job, and fewer than a third (31%) think a long-term career in hospitality is a desirable choice for themselves, a family member or friend. The number rises to 45% among 18 to 24 year-olds, raising hopes that these attitudes may be changing.

5. Part of online as well as real-world lives

While most of hospitality's benefits are connected to in-venue experiences, social media is a powerful influence on consumers' decisions about where and when to eat or drink out. One in seven (14%) 18 to 24 year-olds are motivated to go out rather than stay in so they can share their experiences on social media.



The case for support

Consumers recognise hospitality's huge contributions to their lives. There was widespread backing of them during COVID restrictions, and earlier this year three in five (60%) said they wanted to support the sector in light of the cost-of-living crisis.

They also want to see venues get proper help from government. Nearly three quarters (74%) told the GO Technology survey that hospitality needs and deserves support from the UK government. Business leaders and industry associations including UKHospitality have made strong cases for this support in 2024, but while some measures in the Budget provided help, others—especially a rise in National Insurance contributions—have added to the pressure.

What influences you to go out for food / drink rather than stay at home?

1. To socialise with friends and family (50%)
2. To celebrate a special occasion (44%)
3. As a treat (41%)
4. To create new memories (21%)
4. To try new food or drink (21%)
6. To relax or let off steam (20%)
7. To have better food, drinks or experiences than at home (18%)
8. To support hospitality venues and sector (17%)
9. As part of an experience (eg music, comedy) (16%)
10. To meet new people (15%)

Steps to success

Throughout 2024, GO Technology has flagged some of the most effective areas of action that can help hospitality businesses get even better. Here are five key tips for operators.

1. Master the fundamentals

The main route to keeping guests happy is the simplest in theory and the hardest in practice: consistently nailing the basics. Good food and service are the two factors most likely to motivate people to return to a venue (see box). Delivering them is easier said than done, but investing in teams and the technology that is needed to ease workflows provides the best chance of achieving them.

2. Make it easy to manage bookings

With Zonal research showing that early bookings for Christmas occasions are running **54%** ahead of 2023, avoiding no-shows over the festive season will be crucial. There are no quick fixes, but with three in ten (**30%**) consumers less likely to miss a booking if there was a simpler process to cancel, venues that make it easy to manage reservations can reduce the chance of no-shows. Booking reminders are crucial too, especially to the **25%** of guests who are more likely to turn up if they get one. Deposits and incentives are among the other solutions, though these can divide opinion.

3. Deliver value

It's no surprise to find that many consumers are keenly focused on value after several years of high

inflation. For venues, communicating this is vital—especially via deals and rewards, as **54%** of consumers said they want to hear about these from their favourite pub, bar or restaurant. However, it's important to remember that value for money doesn't have to equate to cheap—just worth whatever a guest is paying.

4. Reward loyalty in the right ways

Loyalty is sure to be a hot topic again in 2025, and venues will have to deliver the rewards for it that consumers expect. Nearly half (**49%**) say they find the idea of member-only prices appealing, so preferential treatment for loyalty scheme holders—which has been prominent in retail for a while now—could become more important.

5. Fix problems quickly

GO Technology research shows how small bugbears in hospitality can soon damage sales. Three in five (**61%**) of those who are frustrated by problems both before and during a visit say they would never visit the venue again or go less frequently, and **39%** would tell their friends and family about it. However, acting quickly can rescue situations. Identifying problems in real time, and implementing solutions or compensation, can turn disappointed guests into advocates.



What is most likely motivate you to return to a restaurant, pub or bar?

1. Quality of food (**53%**)
2. Good service (**50%**)
3. Good value for money (**48%**)
4. Good atmosphere (**46%**)
5. Good menu / selection of food (**43%**)
6. Friendly / knowledgeable staff (**31%**)
6. Quality of drinks (**31%**)
8. A good range of drinks (**23%**)
9. A loyalty / reward scheme (**16%**)
10. If a venue looked aesthetically good (**14%**)



2024 in hospitality and looking ahead to 2025

What CGA by NIQ's market data tells us about the year's trading and prospects for 2025

Steady but unspectacular growth has been the theme of 2024 in hospitality. CGA by NIQ's consumer research indicates that some consumers have cut their visits over the year, but spending has held up. The Hospitality Business Tracker from CGA and RSM has shown year-on-year sales growth for managed restaurant, pub and bar groups in all but one month of 2024. The Hospitality Market Monitor from CGA and AlixPartners meanwhile indicates a **0.7%** increase in licensed premises between June and September—a sign that groups and entrepreneurs continue to expand.

However, some indicators are less positive. Growth in the Business Tracker has been below the level of inflation since July, and CGA's latest Business Confidence Survey found that only **41%** of leaders feel confident about prospects for their business over the next 12 months—a dip of 8 percentage points in three months and the lowest figure since October 2022.

More widely, there have been some positive developments in the economy in the second half of 2024, including relief on inflation, interest rates and energy, though they have not yet translated into more consumer confidence. We can be cautiously optimistic that it will pick up over Christmas and into 2025, but high business costs mean trading conditions are going to remain difficult for some time to come.

0.7% 

increase in licensed premises between June and September—a sign that groups and entrepreneurs continue to expand.

41%

of leaders feel confident about prospects for their business over the next 12 months





The view from CGA

“At the end of another challenging but rewarding year for hospitality, it’s clear that delivering the fundamentals of hospitality—great food, drink, service and value—are more important than ever. Our GO Technology surveys have shown that people expect very high standards of their pubs, bars and restaurants and want good returns at a time when cash is still tight for many. Poor experiences aren’t easily forgiven, and small issues quickly add up to major frustrations. If consumers don’t like what they get, they know they have plenty of other places to go.

“Nevertheless, the best and most consistent hospitality operators continue to thrive, and our research has shown that people remain ready and willing to stay loyal to their favourite venues when they are properly rewarded and their problems are fixed. Most encouragingly for the future, we have been reminded that these venues continue to have a special place in people’s lives and communities.”

Karl Chessell, business unit director - hospitality operators and food, EMEA, CGA by NIQ



The view from Zonal

“It’s been another testing year for hospitality. However, once again the sector has demonstrated its resilience and ability to adapt in difficult circumstances.

“Loyalty has been a hot topic this year and, looking ahead to 2025, operators who focus on building this by offering great value, exceptional customer service, and meeting customer demands will reap the rewards. We know that eating and dining out remains an important part of people’s lives, despite the cost-of-living crisis, but it is more important than ever to build a loyal customer base and we’ll be looking to deliver more insight into this next year in order to help operators thrive in 2025.”

Tim Chapman, Chief Commercial Officer, Zonal



About the report

This report is based on figures from Zonal and CGA’s exclusive GO Technology research throughout 2024, based on samples of 5,000 nationally representative British consumers.

For more information about the research, please contact info@zonal.co.uk