

Diving deeper into leisure: Entertainment and culture



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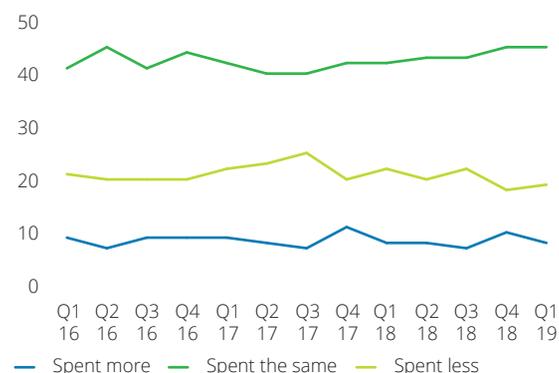
What a treat!

The UK arts, entertainment and recreation sector is estimated to be worth over £38.9 billion, having grown by 5.4 per cent between 2014 and 2019.¹ Our research suggests that around three quarters of UK consumers spend on culture and entertainment.

Spending on culture and entertainment seems to have remained fairly flat over the three year period. However, the pressures on consumer income that intensified in 2017 affected the sector negatively, with more consumers cutting spending in this category for three subsequent quarters. This suggests that consumers see these experiences as very much in the 'occasional', considered category of activities.

Figure 1. Spending on culture and entertainment 2016-2019

% of consumers spending more in the category in the three month period



Source: Deloitte Leisure Consumer

Innovation creating new reasons to spend

More recently the sector has seen consumer spending recover. The share of consumers spending the same on culture and entertainment has increased from 42 per cent in Q1 2018 to 45 per cent in Q1 2019 and the reverse has happened in the share of those spending less (22 per cent to 19 per cent respectively).

Going to the cinema or theatre are the most popular activities, with around one in four consumers reporting spending in this area.² Despite tough competition from streaming services and a very hot summer, cinema visits, with 177 million admissions in 2018, were the highest in two decades.³ While big name movies such as Avengers, The Incredibles 2 and Black Panther were part of the draw, it is the investment into differentiating and upgrading the cinema experience that has really drawn consumers in.⁴ The emergence of premium and luxury cinemas, increasing focus on higher quality food and beverage offerings, and more experiential cinema through 4DX and animatronics have refreshed the offering and provided new reasons for consumers to visit.

Simultaneously the growth of smaller cinema chains have made cinemas more local and accessible. Other factors supporting cinema visits have been increasing sales of memberships, with benefits ranging from discounts to unlimited free tickets; and other companies, including banks, price comparison websites and health insurance providers using free or discounted cinema tickets as incentives or rewards for their customers.

Attractions are another favourite for consumers in this category and the warm weather over the summer in 2018 was a major boost to the sector. Historic venues had the greatest growth in admissions while indoor experiences such as museums and art galleries did less well.⁵ The latter might also have been affected by the reduction in inbound tourism, which dropped by four per cent compared to 2017.⁶

Invest in the supporting act

The experiential nature of culture and entertainment offerings will undoubtedly help the sector to continue to appeal to the discovery-oriented consumer. While cinema admissions in Q1 2019 were down by 18 per cent from the previous year, in part due to the films on offer in 2018 being exceptional, longer-term factors are likely to encourage demand to hold up in coming months.

However, if consumer incomes were to come under more pressure again or consumers consciously cut down on leisure spending, this sector could bear the impact. After all, it is still considered more a 'nice to have' compared to other big-ticket leisure categories such as holidays.

The sector is likely to benefit from continuing investment into new types of experiences. One possible quick win could be to invest in adjacent offerings, such as food and beverage. Some research by Mintel suggests that catering offerings at attractions, for example, is underperforming compared to its potential.⁷ The key to success is for each venue to analyse its clientele to understand whether the greatest gains in sales can be achieved through improving quality, increasing speed of service or better value.

Contacts



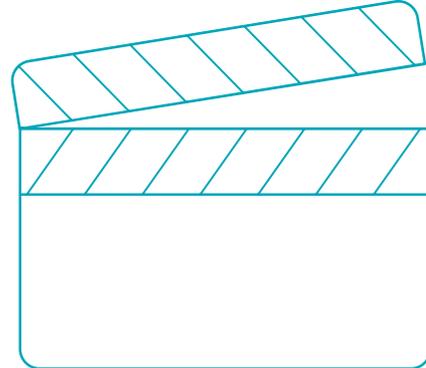
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Endnotes:

1. Arts, entertainment and recreation in the UK. IbisWorld, 2019. See also: <https://www.ibisworld.co.uk/industry-trends/market-research-reports/arts-entertainment-recreation/>
2. The Leisure Outlook - UK - March 2019. Mintel, 2019.
3. Annual admissions – 1935 onwards. UK Cinema Association, 2019.
4. Cinemas. Mintel, December, 2018.
5. Visitor Attractions – UK. Mintel, November 2018.
6. Monthly Inbound Update December 2018. Visit Britain, April, 2019.
7. Visitor Attractions – UK. Mintel, November 2018.



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