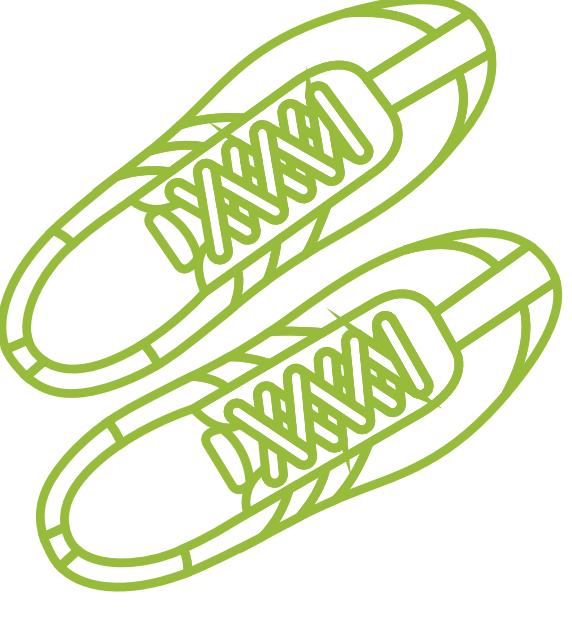


# Passion for leisure

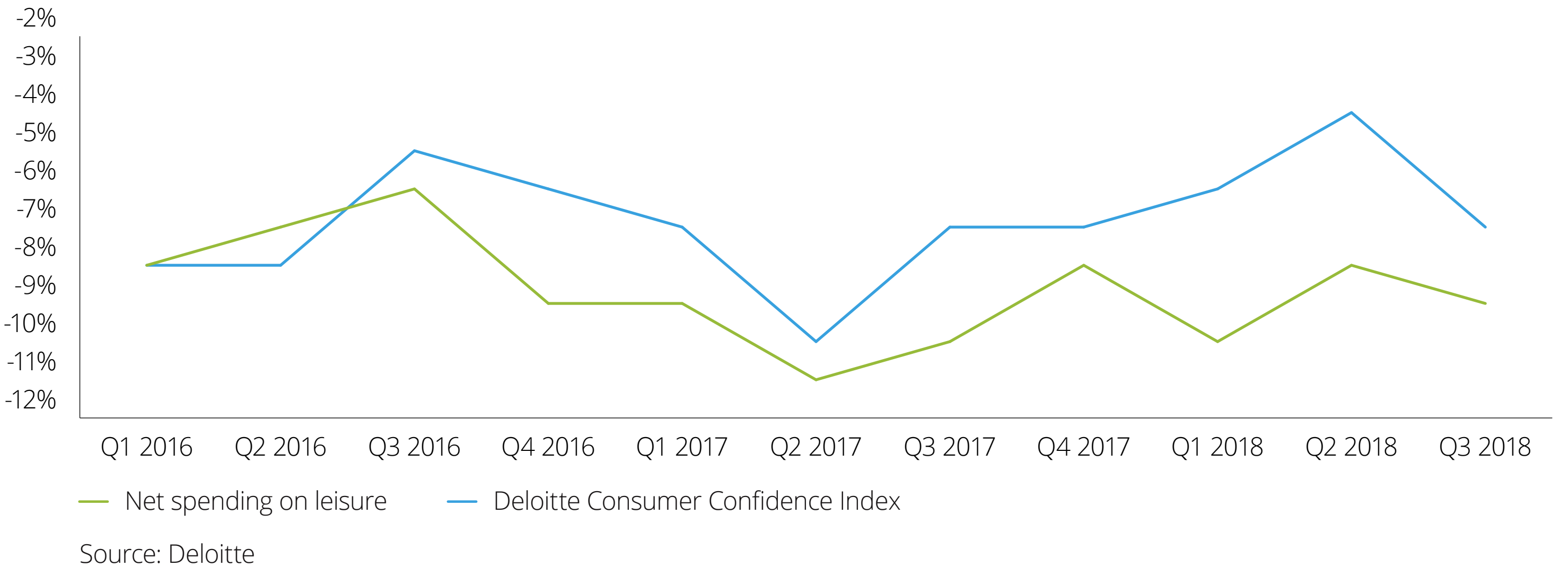
## UK Leisure Consumer – Q3 2018



As the summer has drawn to a close, the weather is not the only thing that has cooled down: consumer confidence has declined three points between the second and third quarter of 2018. Yet, consumers remain as confident as they were this time last year, leaving leisure spending also on par with levels seen a year ago. However, the trend towards fluctuating leisure spending suggests that the previously resilient consumer is gradually becoming more aware of the wider economic uncertainty.

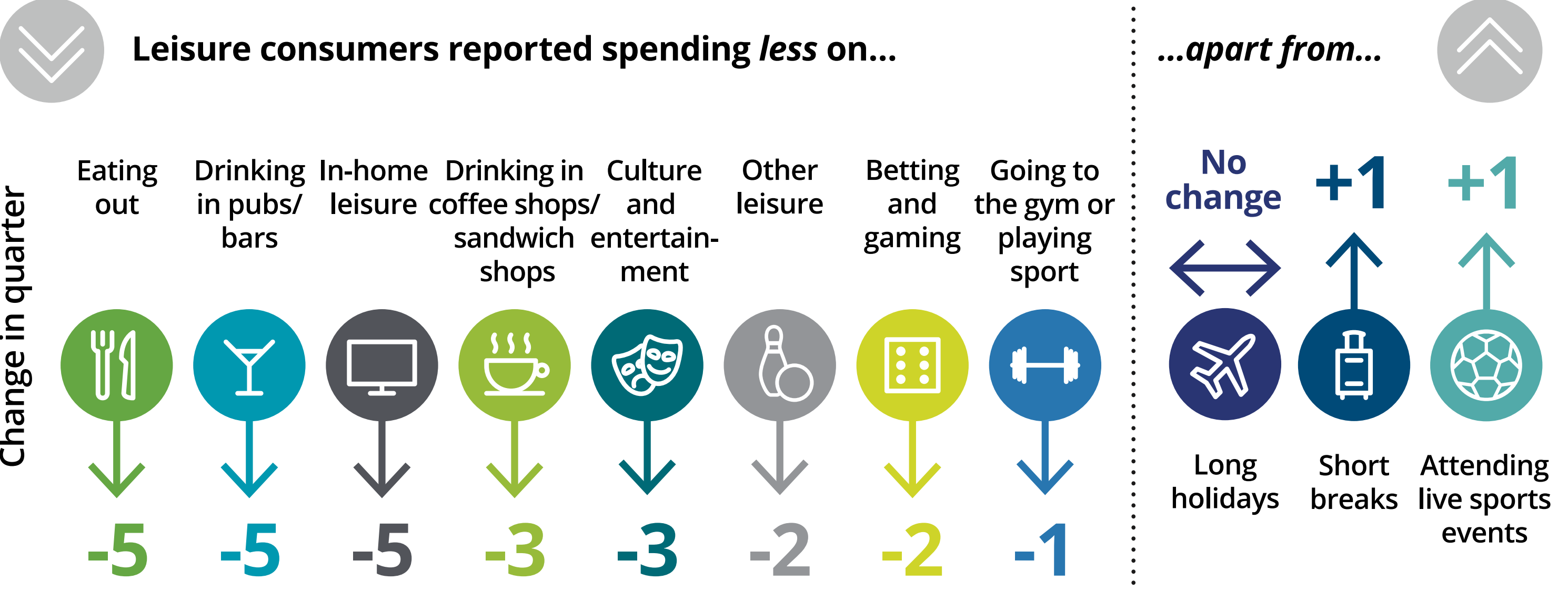
### Cooling down

After a year of trending upwards, the Deloitte Consumer Confidence Index declined by three points in Q3 2018 from previous quarter. A more negative consumer sentiment around the level of debt and disposable income were the biggest contributors to the quarterly fall. This explains why leisure spending also dipped down this quarter. However, both confidence and net expenditure on leisure are flat year-on-year. The increasing fluctuation on the latter however suggests that consumers now feel the financial pressure to keep a closer eye on their discretionary leisure spending.



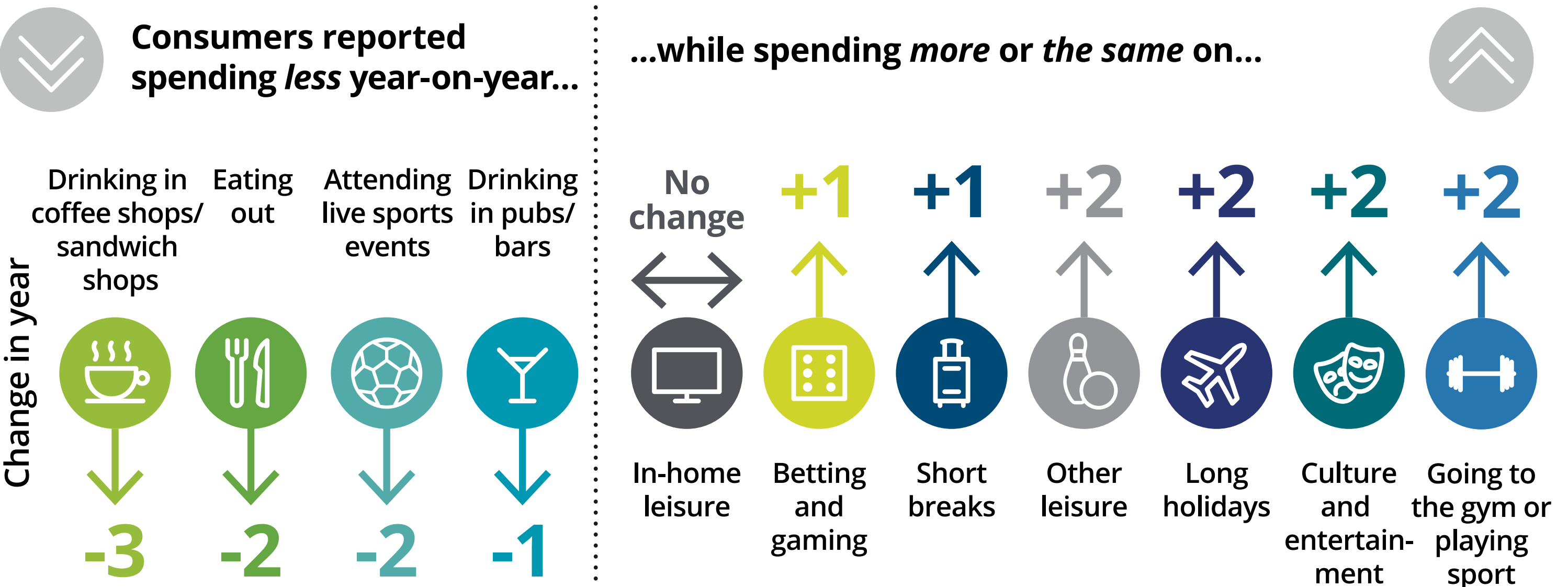
### Still creatures of habit?

Compared to a very positive Q2, leisure spending has declined in eight out of the 11 categories this quarter, with most of the habitual categories seeing a fall. The spending on eating and drinking out has been particularly affected by the extended period of summer weather as the hottest quarter on record has encouraged the consumers to enjoy their gardens instead of bars and restaurants. Spending on holidays and short breaks has held up against Q2 but as this expenditure is very seasonal, a focus on year-on-year changes is more meaningful.



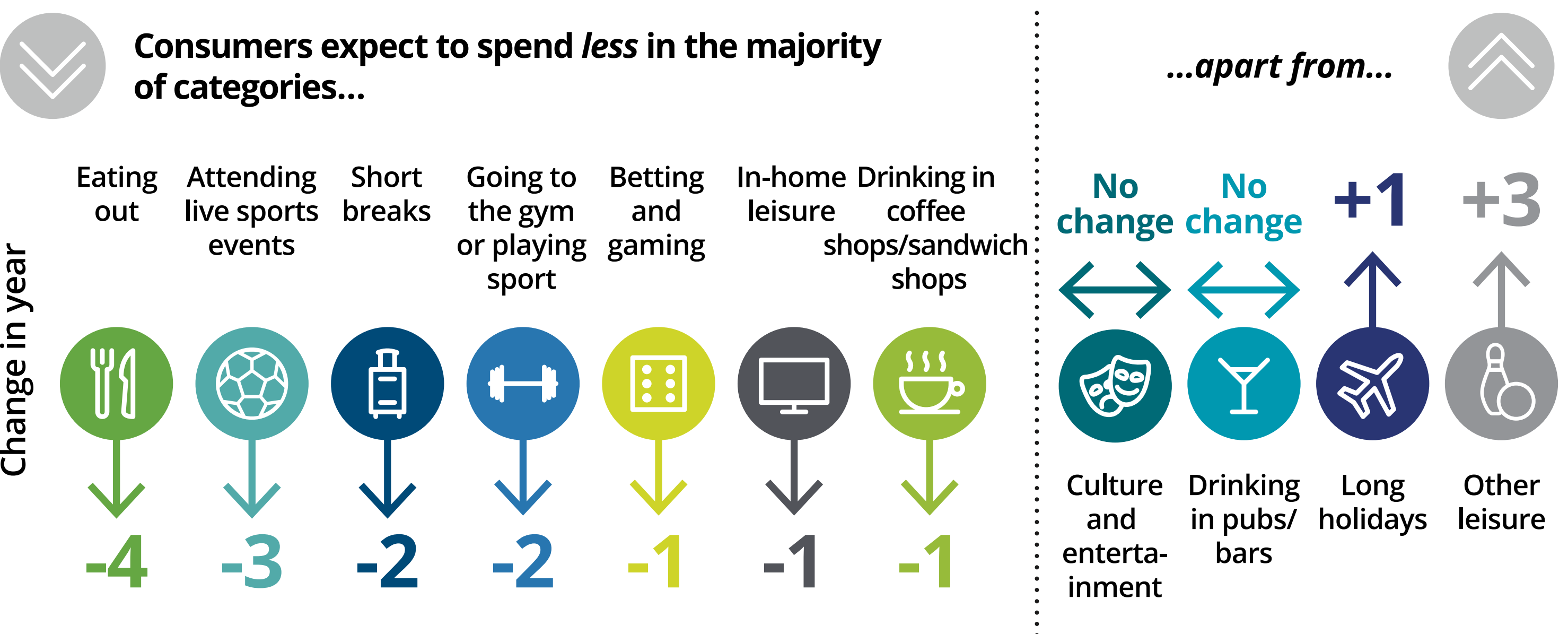
### Experiencing life

While the quarterly changes show a negative trend, leisure spending is still up in most categories when comparing to this time last year. Gym and sport has seen a rise as consumers look to get back in shape after a summer of fun. The other categories benefitting from a lift include big-ticket items such as holidays, entertainment and cultural activities, which shows that consumers still place a high importance on memorable experiences. The spending patterns of younger and older consumers also diverge notably, with the 18-34s prioritising everyday leisure, while the over-55s have increased spending mainly on big ticket items such as holidays.



### Challenges ahead?

Consumers plan to continue to reign in their leisure spending at least until the end of this year by spending less in the majority of the leisure categories. Long holidays and other leisure activities might see a rise in net spending especially as younger consumers (18-24 year olds) focus their spending on big experiences. However, consumers may not be planning to indulge in as many festive meals out this year, with intended net spending on eating out down four points on Q3 2017. This suggests that the restaurant sector will need to find ways of changing the consumers' mind if they want demand to hold up.



### Will the year end on a high?



Will consumer confidence improve in the last three months of 2018?



Will the festive season get consumers in the mood to spend on leisure?



Are consumers looking to treat themselves with products or experiences this Christmas?

### Contacts

- |  |  |  |  |
|--|--|--|--|
|  <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>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> |
|--|--|--|--|

Numerical values represent changes as percentage points from one quarter to the next. The measure used is net spending which is the balance of those spending more and those spending less.