Passion for Leisure
UK Leisure Consumer – Q1 2018

Are consumers still feeling the pinch? Despite improving consumer confidence in the first quarter of 2018, the latest data on leisure spending suggests that it is under pressure. Although spending is starting to ease and wages continue to gradually climb, consumers have reduced disposable income on most leisure activities. This suggests that although they are more optimistic about their lives, they are holding back. While the IFS in spending is partly seasonal, it is an indicator of the fragility of consumer confidence. It remains to be seen whether this is a temporary lag in leisure spending or whether the divergence will continue?

Feelings good?

Leisure spending is a useful barometer of consumers’ confidence to spend disposable income. In Q1 2018 for the first time the reported improvements in confidence are in contrast with their reported change in leisure spending behaviour. This suggests that although they are more optimistic about their lives, they are holding back. While the IFS in spending is partly seasonal, it is an indicator of the fragility of consumer confidence. It remains to be seen whether this is a temporary lag in leisure spending or whether the divergence will continue?

Watching the pennies

The year-on-year comparisons of the data show that consumers have indeed started to rein in on their leisure expenditure, with all habitual leisure categories seeing a reduction. Spending on entertainment, such as going to the cinema or going out to restaurants, has fallen most sharply. In contrast, spending on hobbies, such as taking a break or going to the gym, has continued to rise, indicating that as essentials take up a larger part of their income, consumers are consciously re-evaluating and adjusting their discretionary spending.

Spring showers?

Consumer surveys spend less money in almost all of the leisure categories in Q2 2018. Given that they have just spent money on their holidays, they have little intention to spend more in the coming months, saving not spending on long breaks and short breaks significantly below the level seen last year. Consumers also plan to reduce their spending on all habitual leisure activities, with the continued to be the ‘sweet spot’ for consumers as spending both on short breaks and long holidays was higher than this time last year. Holidays, conscious downshifting. These demand issues pose an additional challenge to the struggling restaurant chains that have been troubled by rising costs and oversupply in the market. Holidays, however, continued to be the ‘sweet spot’ for consumers as spending both on short breaks and long holidays was higher than this time last year.

Green shoots on the horizon?

Will consumers have more disposable income next quarter?

Which leisure categories will see the highest increase in expenditure?

Contacts