

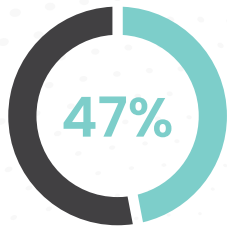


Insight by Zonal, Powered by CGA by NIQ

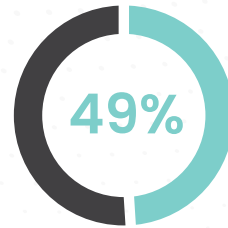
Consumers in hospitality: 2023 review



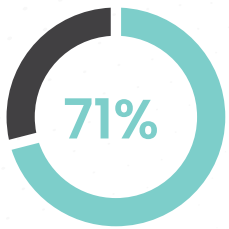
Consumers in hospitality in 2023: Trends and highlights



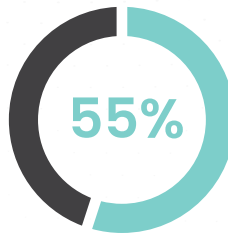
Of consumers have **higher expectations of the brands they are loyal to** because of the cost-of-living crisis



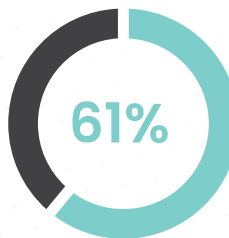
Would **reduce loyalty to a venue or brand** if they had a few bad experiences



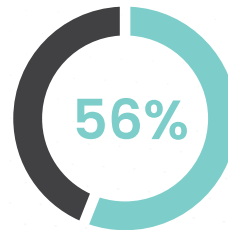
Prefer to use **technology on hospitality visits**—either exclusively or in tandem with human interaction



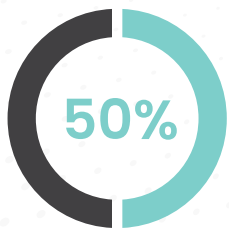
Think a balance between **technology and a human touch** delivers the best hospitality experiences



Are **influenced by others** about whether and where to go out



Get recommendations about venues from **friends, families and colleagues**



Say **speed** is a main reason tech enhances their experience

2.1 An icon showing a fork, a knife, and a beer mug, representing eating and drinking brands.

Average number of eating and drinking brands to which consumers **feel loyal**



Three big themes of 2023

1. Influence

In the competitive and demanding market of 2023, recommendation has been a vital source of visits. Optimising word of mouth will again be a powerful route to sales in 2024, so understanding the consumers who influence others is crucial.

GO Technology's research shows three in five British consumers are either solely (39%) or sometimes (22%) influenced by others about whether and where to go out. More than half (56%) say they get recommendations about venues from friends, families and colleagues, with friends a heavier influence than review sites or social media (see box).

Influencers—those who say only they decide whether to go out and which venue to visit—tend to be older, while younger consumers are readier to be swayed by other people's recommendations. But what influences these influencers? Convenience and value are the top two factors—ahead even of the food and drink on the menus—but trust and reliability are important too. With spending likely to remain tight for many people, stressing dependability will boost revisits and recommendations in 2024.

Whose opinion do you trust most when deciding where to eat or drink out?

1. Friends
2. Review sites
3. Parents
4. Siblings
5. Work colleagues





2. Loyalty

The cost-of-living crisis has put brand loyalty under pressure in 2023. In tough economic times, guests will soon look elsewhere if they get disappointing hospitality experiences.

More than half (**52%**) of consumers told GO Technology that they have higher expectations of the brands they are loyal to because of the cost-of-living crisis. Almost as many (**49%**) would feel less loyal to a brand if they had a few bad experiences.

Reward programmes can be good routes to loyalty, and nearly half (**47%**) of consumers say they have joined more schemes to save money since the start of the cost-of-living crisis. But these incentives are no substitute for the fundamental aspects of hospitality like value and service on which revisits and recommendations are built (see box). Loyalty can't be bought—it must be earned.

What makes you loyal to a brand or venue?

1. It's good value for money

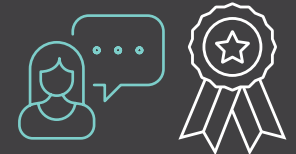
(Note: not necessarily cheap but worth the money charged)

2. It serves my favourite food or drink

3. The customer service is top quality

4. My family and friends like to go there

5. I know I will always have a great experience there



3. Technology

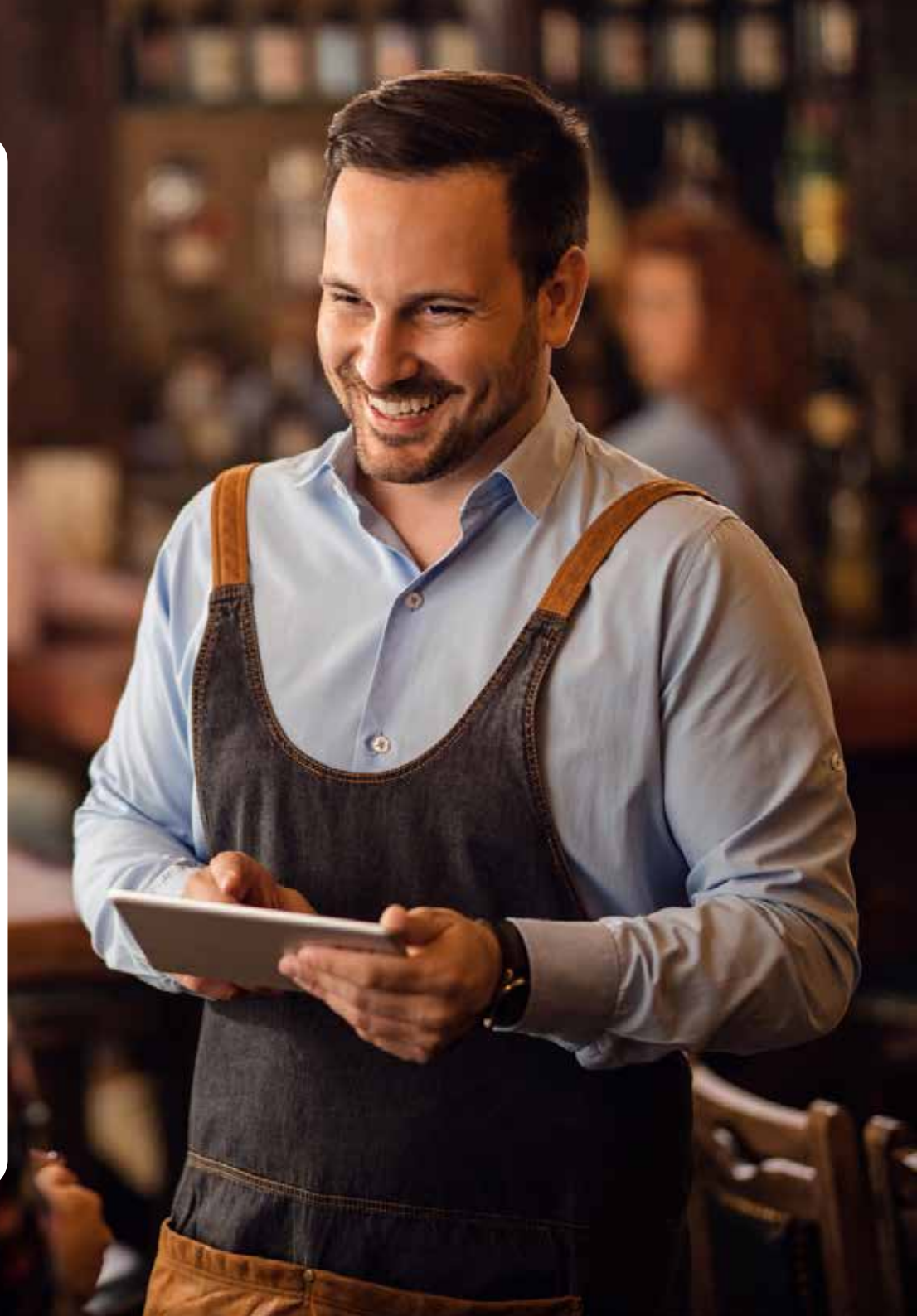
COVID-19 dramatically accelerated consumers' use of technology in hospitality, with trading restrictions bringing apps and other solutions into the mainstream. New digital habits have endured well after lockdowns were lifted, and earlier in 2023 GO Technology found that nearly three quarters (71%) of consumers now prefer to use tech, either exclusively or in tandem with human interaction during their visits to hospitality.

Digital tools now dominate pre-visit interactions with restaurants and pubs like research and bookings—especially among younger adults. Consumers have grasped how apps and websites make tasks faster and simpler (see box). However, it's important to note that technology hasn't replaced personal interaction in hospitality, and guests still much prefer to handle things like order, payment and tipping in-person.

All this highlights the importance of choice in guests' visits. Venues need to offer both the digital solutions that digital natives now expect, and the friendly face-to-face interactions that older consumers still prefer.

How does technology enhance your hospitality experience?

1. Speed
2. Convenience
3. Ease
4. Less pressured
5. Accuracy



Five GO Technology takeaways

Key ways to improve the guest experience—and how tech can help

1. Better bookings

Bookings have become a crucial part of the guest journey—especially around big occasions like Christmas and Easter. Technology has a pivotal role to play here, as nearly half (47%) of consumers now prefer to make table bookings online. It can help solve the big problem of no-shows too (see box).

2. A focus on fundamentals

Innovation and perks like loyalty schemes have parts to play in generating revisits and recommendations. Nevertheless, GO Technology's research in 2023 has shown how delivering the fundamentals of hospitality—like high-quality, good-value food and drink and excellent service—still matter more than anything else. Brands with a relentless focus on getting the basics right are most likely to generate loyalty.

3. Word of mouth

Positive word of mouth is tough to achieve, but with recommendations from friends and family so important to consumers, building a buzz around a brand or venue is more important than ever. While engaging work on social media is important here, consistently good experiences are still the biggest contributor to brand trust and endorsements.

4. Understanding demographics

Throughout 2023, GO Technology has highlighted the very different needs of consumers in different age groups. For example, younger consumers tend to want new experiences and good technology, while older ones over-index for value and reliability. Analysing data to understand the wide variety of needs in restaurants and pubs is key to meeting expectations.

5. Reliable technology

While more and more consumers embrace technology, there's one big proviso: it has to make the experience better. This is a good time to invest in tech that makes the guest journey better, but solutions must deliver on the promises of speed and convenience, and win over people who are still sceptical about the benefits and security.



The no-show problem

Cancelled and missed bookings have continued to be a bugbear for venues this year. Research from Zonal and CGA by NIQ shows the number of consumers not showing up for a reservation has doubled year-on-year to 12%, costing the sector around £17.59bn in lost revenue. When wasted food and labour costs are taken into account, the losses are even higher.

The industry-wide #ShowUpForHospitality campaign, spearheaded by Zonal, has helped to shine a light on this issue, but clearly there is more work to be done. The reasons for no-shows are many and varied (see box), and this is a difficult challenge to fix. However, with changes to reservations processes and cross-industry collaboration on consumer awareness, the expense of the issue can be reduced in 2024. no-shows.

To learn more about the #ShowUpForHospitality campaign, visit www.zonal.co.uk/show-up-for-hospitality.

Missed bookings: Five common reasons for cancellations and no-shows

1. Mistakes

Just over half (52%) of cancellations occur because consumers made mistakes on their original reservation. Of these, just over a third (34%) said they had booked the wrong time, date or venue. Automated confirmations that encourage people to check their booking details carefully can be part of the solution here.

2. Illness

Around a fifth (19%) of consumers say they haven't honoured reservations because of illness—an issue that became heightened during the COVID-19 pandemic. While there is little that can be done to avoid these sort of cancellations, making it quick and easy to cancel can at least give restaurants the chance to reallocate tables.

3. Change of plans

One in eight (12%) consumers says they have cancelled because of a change of plans. For operators, this is one of the most frustrating causes of cancellation. It's also where campaigns like [#ShowUpForHospitality](#) can make a difference, by reminding people of the consequences of their actions.

4. Forgotten bookings

Forgetting about a booking—especially if it has been made a long time in advance—is another frustrating cause of no-shows. Periodic reminders by email or phone can help to reduce these mistakes. Requesting deposits or no-show fees can also help keep mindful of their bookings—though many consumers are put off by them.

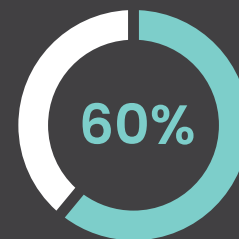
5. Communication problems

Some consumers have told previous GO Technology research that they tried and failed to contact a venue to cancel a booking. Technology has made it much easier to amend reservations online, but in some cases more can be done to increase convenience.

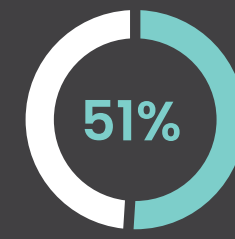


Strangest reasons people cancelled in 2023:

1. Seagull problems
2. I wanted to ruin my fiancé's birthday
3. Sorry! Changed our minds after having breakfast!
4. My sister wants to eat at home
5. Na
6. My friend has an unexpected council meeting
7. My kids don't care
8. Went into labour
9. Still in the queue for the London eye
10. My date cancelled on me last minute



prefer to be reminded about a booking through technology



prefer to cancel a booking with technology



The year in hospitality: CGA's market overview

Despite soaring costs for businesses and consumers alike, 2023 has been a solid year for the sector. The Hospitality Business Tracker from CGA and RSM has shown year-on-year sales growth for Britain's managed restaurant, pub and bar groups every month so far, while the Hospitality at Home Tracker has recorded positive figures since June. Leaders' optimism about the market, as measured by the Business Confidence Survey from CGA and Fourth, has risen for four quarters in a row.

While the year has turned out better than many expected, operators will continue to face some strong headwinds in 2024. The costs of food, drink, labour and energy remain very high, and consumer confidence is still inconsistent. High inflation will make real-term growth challenging for some time to come. But with all of CGA's consumer research showing people are eager to eat and drink out whenever they can, hospitality's long-term outlook remains bright.

What's next? Five GO Technology predictions for 2024

1. Respite on cost pressures

Key economic metrics like inflation, interest rates and energy prices have shown welcome signs of stability and relaxation in the second half of 2023. As this feeds through to consumers' disposable incomes, we can be optimistic about a loosening of spending in 2024. However, global instability means all confidence must be cautious.

2. More emphasis on value

Even when consumers feel more cash in their pockets, many will stay sharply focused on value. It's important to note that they don't necessarily define value as cheap, but as representing a good return on whatever they are spending. Striking the right balance of quality and price will be a priority for all operators.

3. An appetite for loyalty

Any relaxation of spending should help to make consumers less demanding and more likely to forgive the occasional poor visit. But there is no room for complacency, and consistently good experiences will still be required for revisits and recommendations. Attractive, data-powered reward schemes can help to cement this loyalty.

4. More interest in online reviews

The value of recommendations from friends and family will continue to make social media a major source of tips for places to visit. So too will review websites—and with GO Technology showing younger adults are twice as likely to use these than older consumers, their importance will only grow. Swift and constructive digital engagement with reviews, especially negative ones, will be essential.

5. (Some) new technology

As technology evolves, especially with the help of AI, businesses need to invest or risk falling behind the curve. GO Technology has shown how seamless digital solutions are now expected as a matter of course across tasks like restaurant bookings and hotel check-ins—especially among younger demographics. Not all tech will hit the mark though. For example, fewer than a fifth (18%) of consumers think venues should use robots—so personal interactions will be as important as ever.





The view from CGA

"Hospitality has coped very well with the many challenges thrown at it in recent years, and many businesses end 2023 in good shape. For brands with distinctive, good-value and well-delivered propositions, prospects for 2024 are good.

"However, we are not out of the woods yet. With inflation and guest expectations still so high, sustaining sales and protecting profit margins will remain difficult. Loyalty and reputation will be the big battlegrounds for brands over the next 12 months, and all venues will need to be at the top of their game to win. Delivering the fundamentals of great hospitality and making smart investments in technology will both be crucial to success in this ultra-competitive and unforgiving market."

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



The view from Zonal

"Whilst the hospitality industry has faced many challenges this year, it is encouraging to see the sector has remained agile and adaptable to change, finding new ways to operate under ever-changing circumstances.

"Looking ahead to 2024 and beyond, operators that tailor their offering to ensure that they provide excellent value for money, exceptional customer service and deliver on customer demand will reap the benefits of doing so. Leveraging technology, ensuring it's working in the background to support operators and their teams, especially during key parts of the customer journey will be key to achieving these great experiences which the customers of 2024 will be expecting."

Olivia FitzGerald, Chief Sales and Marketing Officer, Zonal



Read the 2023 GO Technology reports in full



Hotels and consumers: Insights into trends, opportunities and challenges in the British hotel sector and how technology is changing the game



Identifying the Influencer: Reaching hospitality's decision makers How to engage the consumers who impact other people's decisions and how pubs, bars and restaurants can engage them



People vs Tech: What guests want Consumers' latest attitudes to using technology within hospitality, and how venues can strike the right balance between digital solutions and personal interaction



The new loyalty landscape: How the cost-of-living crisis impacts hospitality Why loyalty matters, how it's created and what consumers need to keep coming back

About the report

This report is based on figures from Zonal and CGA's exclusive GO Technology research conducted throughout 2023, based on samples of 5,000 nationally representative British consumers.

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