

NEW LIVES, NEW LEISURE



The last 15 years have seen major shifts in consumer demand. These trends in consumer demand continue to drive the leisure industry worldwide. **Richard Tibbott**, Chairman of Locum Destination Consulting, draws on his vast experience as an advisor and operator of premier destinations, to review the key demand-side trends in the UK leisure industry, make some international comparisons, and highlight some of the main developments we should expect in the coming years.

Remember when...

Fifteen years ago, few could have foreseen the progress of the leisure industry, not just in the UK but worldwide, from fad and failure to events of great importance. Underlying the progress that has taken place since then have been key strategic market changes. Permit me some nostalgia, which hopefully will serve to remind us of how far we have come in such a short time.

Back then, the whole leisure market was limited in terms both of industry terminology and repertoire of experience. 'Chicken in the basket' and Babycham were big news on a night out. The leisure wonder of provincial UK was the Fiesta nightclub in Sheffield. The Bunny Club was London chic. The Harlow Sports Centre was still unique. And everyone was worried about colour TV and falling cinema audiences. Viewed from the present, we were leisure illiterates then.

Now, of course, there are many alternatives for the leisure pound and insufficient time to try it all. In our spare time which experiences do we choose to spend our money on: visiting a mall, a museum or a restaurant? And the language of the leisure industry has changed. Whereas once we talked of 'price competition', now we talk about 'time competition'; we no longer simply 'train' people, but 'empower' them; 'value per visit' and 'active engagement' are as important as counting visitor numbers.

Back then, we expected new technology to fuel the supply-side change in the leisure industry. However, technology has so far done little for most of our leisure time. Mainly, it creates more work. We have become addicted to communication. Each hour I am away from my desk means another mountain of e-mails and voice-mails to deal with when I return.

Far from freeing up time, technology at the moment has the effect of demanding more work-time attention from us.

Unlike the more immediately noticeable effects of supply-side change, demand-side changes are those endemic societal factors that, perhaps, are scarcely discernable from year to year but which, over a three-year period, become clear. Looking at today's leisure market, we can distinguish a range of demographic consumer groups that have gradually formed over the last few years.

Which consumers are the winners and losers?

The first social group winning in the new leisure environment is the time-poor, cash-rich, working middle market. It is well-documented that those within this bracket now have decreasing amounts of free time but benefit from increased financial rewards as a result. Not surprisingly, they are predominantly in search of guaranteed 'value for time' leisure experiences.

Then there is the grey market. With the kids having left home, and having some cash in the bank, these empty-nesters are seeking some of that 'deferred gratification' they have always promised themselves, and are increasingly aspiring to do something grand and glamorous in travel and special interests before life slows down.

The young adult market and its demand for 'instant gratification' also continues to grow in importance for leisure operators. Student culture in particular is having a major commercial impact in university cities and Mediterranean party resorts. Meanwhile, student debt continues to mount, and has little to do with study and lots to do with lager!

At the other end of the demographic spectrum sit the disaffected minorities: people whose lives are limited by the absence of things to do, and the absence of means to do them. Here, the driving force of hedonism is being satisfied through the provision of the branded lowest common denominator leisure experience. Although there are elements of leisure provision that have improved for this social group, the differentiation between offerings is far too simplistic compared to the higher-value end of the market. 'Access' policies should really make a significant difference in culture and sport. Surely, voluntary organisations within the community will continue to play a vital role in extending the leisure options of this group.

'Chicken in the basket' and Babycham were big news on a night out

The rise and rise of branding?

Market differentiation supported by branding will be the key to success in the tourism and leisure industries: consumers of leisure experiences will continue to demand greater choices supported by reliable branded products. Branding will continue to play a crucial role not only in delivering differentiation but also in sustaining the price and margin for the operator and high perceived value for the consumer. Indeed, whole cities, destinations and clusters of activity will become branded, because competing in the marketplace on your own usually means failure.

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Tourism

The underlying trend here looks set to continue apace: namely, the increasing segmentation and differentiation of what was once a mass-market industry. In just a few years, the change in balance between the long holiday and the short break in the UK has transformed the volumes and values in the travel sector. In 1987, there were 35 million long holidays and 17 million short breaks in the UK. In 1998, there were 27 million long holidays and 29 million short breaks. These short breaks are being taken not just within the UK but also in foreign cities, increasing the competition between destinations. The US holiday structure is different, although perhaps we are following them towards the intense short break experience.

In terms of the long-haul holiday market, we are witnessing vast increases in the number of glossy brochures, destination choices, and specialised offers. It is now possible to choose from farm tourism in Poland, walking the route of the Incas, rugby touring with the British and Irish Lions to Australia, and partying in Rio de Janeiro.

The all-inclusive resort and cruise has become the perfect product for the cash-rich and time-poor who, above all else, want to minimise risk. Security is to be found both in the physical location of such resorts (enclaves in an increasingly urbanised tourism 'paradise') and the emotional cossetting and care that is perceived as being delivered by the resort and cruise ship brands in question. This is a profound, almost exponential growth trend. And, as this growing demand is met by increased capacity, prices are becoming more affordable, and the brand offerings more differentiated.

Entertainment

The decreasing attention span of large sections of the young consumer market has resulted in the leisure industry as a whole seeking to provide quick bursts of experience, on the basis of which the consumer can decide whether to pursue the activity. Such 'leisure snacks' include, for example, text messaging. Visitor attractions now need to cater for both 'browsing' and 'grazing' behaviour: while the low-commitment visitor wants to be surprised and to have a cluster of short, 'taster' experiences, others will seek a full immersion in the experience. The provider has to find ways to cater for both.

Brewers, meanwhile, face the challenge of what on earth to do with their old pubs. Those that can fit the footprint of the positive pub brands have a good future. But many are appalling: they all seem to smell the same, they are in awkward locations, they are the wrong size and have non-functional layouts. In short, they are totally unfit for the branded purpose. How can they be made appropriate to the modern market need of the all-day licence. The Rovers Return has had its day! But will it ever be back? Can the brewers ever profit from such nostalgia?

In the home, there is the digitised screen, and an entertainment challenge to the cinema industry. However, good cinema operators are exploiting the value-added potential of the social and retail elements of the cinema experience.

Sport

The 'premier soccer' trend has been one of the biggest successes of the 1990s, and a similar phenomenon is obvious around the world. But even this has not been without negative trends: the problems of US Sports franchises and players are magnified by media attention, to the despair of the sponsoring brands, who are finding that they are supporting teams with drug-takers and wife-beaters! Protection of the integrity of sport is essential. Moreover, there was a 40% drop in the TV audience for the UK FA Cup Final over the last two years. The media deluge of TV soccer may itself have caused this, generating a general ennui about soccer's premier UK event. Despite the fact that fewer people are watching the UK set-piece sports events on TV, the events themselves are bigger successes. The closure of Wembley Stadium has demonstrated one of the big potentials: the city celebrations that can accompany a major fixture and the high leisure and tourism values that result. Cardiff's Wales Millennium Stadium has shown us how sport and the media can create a sense of destination and a significant economic effect in a city.

Healthy lifestyles

Even 10 years ago, it was difficult to predict that there would be such a high level of private health club membership and participation. The commercial sector has done a great job in promoting the health and sports club concept. The concern for health has, I believe, been a main market driver.

Fifteen years ago I was predicting that the local public sports centre would become a National Health Service provider. This is happening, but at a slower rate than I thought. Private health and complementary health service initiatives certainly are happening faster in the commercial health clubs, which are simply responding to their members' needs.

Mass marathons show no sign of abating – the phenomenon must be here to stay. The Great North Run, for example, achieved a World record level of participation in 2000, with 39,000 runners on the day, demonstrating strong links with healthy lifestyle aspirations. And we're not just trying to be healthier on the inside, but also to look better on the outside. We have all got rid of our 'shell suits', but are head to toe in branded imitative kit as worn by the sports stars. I can't see this changing. Clearly, brand association is strongly related to personal image and motivation to exercise.

All in all, health is a massive success area in the leisure industry. Whilst there are always variable management qualities, this sector is one where the market fundamentals of the operators are good for several more years.



Has the Rovers return had its day?

Culture – the mass market surprise

Amazing changes are occurring in cultural enterprises. Who would have anticipated that a modern art gallery would have been such a popular success as London's Tate Modern, or that the Guggenheim could have changed the perception of Bilbao as a destination?



'Cardiff's Millennium Stadium has shown us how sport and the media can create a sense of destination and a significant economic effect'

Governmental aspiration for greater access to cultural resources sets new challenges. New styles of operation and new services are needed in response to free access to our national galleries and museums. Ways need to be found to engage better with the low commitment visitor, who is content just to browse rather than feel compelled to be deeply engaged. Book shops managed to reinvent themselves, and museums are doing likewise. As well as the quest for better access, the quest for knowledge is forcing cultural institutions to seek new ways of doing things: it is now sensible, for example, to build a virtual museum before investing in the real one, and to integrate coffee with looking at pictures and statues.

And it's not just museums that are providing the surprise to the mass market. Garden-themed destinations have always been popular, especially with older visitors, but interest in gardening, fuelled by a glut of major TV programmes dedicated to the subject, has reached an unprecedented level – and the new generation of garden-based Millennium Projects looks sure to benefit from this for many years to come. See Hugh Pearman's piece (following this), for a detailed look at this phenomenon, from the Eden Project and Millennium Seed Bank to lesser-known projects around the UK.

Destination challenges

Not all destinations are able to respond to the huge changes in market demand that we are witnessing. There is cultural and environmental pollution in highly popular tourism destinations. Places such as Goa, Phuket and the Costas have been ruined by saturation package tourism. Indeed, Kerala and other southern Indian neighbours to Goa do not want to follow suit, and are targeting the lower-volume and higher-value end of the market.

Elsewhere, small communities welcome 4,000 off cruise ships – every Tuesday and Sunday! Will these destinations continue to cope with the mass market at play? Already, reputations have been soiled with host communities. Talk to the Indians about Israeli visitors, or to the Spanish about the drunken antics of British holidaymakers, or to the Mexicans about their American neighbours on their spring breaks.

The UK city night-time economy faces a cultural challenge of another kind: how best to manage the meeting of proletariat hedonism and high culture within the same arena. Whereas, in previous years, the normal pattern of socialising involved going out between the hours of 7 and 11pm, today it is not uncommon for people to begin their evening's entertainment at 10pm and carry on until 4 am or

later still. This major shift in social habits requires a joined-up city-wide approach to ensure that dynamic solutions to the market trends are formulated. There is clearly a need for partnership in rethinking the city and its services, from taxis and late buses through to policing, CCTV and local operational partnerships. In his contribution in these pages, David Geddes reports on Locum's recent work in Southampton, where we helped a city management partnership to think through precisely these challenges for the city's night-time economy.

Meeting the challenge

It is well-documented that the leisure industry is now providing consumers with a vast range of possible experiences. In this new economy, valued experiences are being delivered by successful branded destinations, which communicate directly with niche consumers through clear brand positioning. Destination strategies are essential to manage and respond to future market trends. Management strategies are equally essential, to ensure that destination brands are sustained. And it is by thinking 'destination' that we can anticipate and manage current and future market megatrends, which drive this great industry forward.