GOLDEN YEARS

AGE IS JUST A NUMBER

EXPLORING THE OPPORTUNITY FOR UK HOSPITALITY FROM AN AGEING POPULATION

KAM INSIGHT REPORT

AGE IS JUST A NUMBER | WELCOME TO THE GOLDEN YEARS

The UK population has been steadily getting older and this is projected to continue in the future. In 2016, there were 11.8 million UK residents aged 65 years and over, representing 18% of the total population – 25 years before, there were 9.1 million, accounting for 15.8% of the population. By 2066 it's projected there will be a further 8.6 million UK residents aged 65 years and over, taking the total number in this group to 20.4 million and making up 26% of the total population. (Source: ONS)

Spending by those aged 65 and over increased by 75% between 2001 to 2018, compared with a 16% fall in spending by those aged 50 and under during the same period. By 2040, older people will be spending 63p in every pound spent in the UK economy – up from 54p in 2018 (Source: Maximising the Longevity Dividend, ILC).

The fastest increase will be seen in the 85 years and over age group. In mid-2016, there were 1.6 million people aged 85 years and over (2% of the total population); by mid-2041 this is projected to double to 3.2 million (4% of the population) and by 2066 to treble, by which time there will be 5.1 million people aged 85 years and over making up 7% of the total UK population (Source: ONS).

In contrast, the population aged 16 to 64 years is projected to increase by only 2% over the next 25 years and by 5% by 2066 (Source: ONS).

Average weekly spend figures from the ONS show that the biggest outgoing for UK households is housing (including mortgage interest and council tax), followed by transport (petrol, train season tickets, etc.) followed by recreation and food in 4th and eating out in 5th. Spending on recreation and culture among the under 30s was almost half that of those between 65 and 74, who shell out almost a fifth of their disposable income on this category.

As with everything in life, it's not as simple as it sounds. The spending power of over 65s is higher, due to them having higher disposable incomes than their millennial counterparts, there is also a far greater level of inequality between the haves and the have-nots. In fact, figures from the ONS suggest that inequality among people of pensionable age was heading back to levels last seen at the turn of the century. Therefore, we may be living longer and have more disposable income, but old age does catch up with us in other ways – and it's unrealistic to expect older people to 'enjoy' their wealth in the same way as the younger generations. Nuance is the key word here.

We have conducted exclusive consumer research with a representative sample of 442 UK adults (aged 65 and over). With robust comparison data against other key age groups, namely; Gen X (ages 42-57), Millennials (ages 26-41) and Gen Z (ages 18-25). Research was conducted online in December 2022.

This report utilises this exclusive research and delves into the attitudes and behaviours of the 65+ group to understand what makes them tick, and to what extent they are different (but also similar) to other key target age groups, including Gen X, Y and Z. Age may well be just a number, but to understand this demographic, it isn't the only number you need to know.

Blake Gladman
Strategy & Insight Director

KAM

EXPLORING THE GOLDEN YEARS

This report explores the attitudes and behaviours of the 65+ group to understand what makes them tick, including…

- Where does hospitality fit in their total food and drink repertoire
- The out-of-home occasions which are driving spend
- Their repertoire of venues and how this is evolving
- Influences on choice of venue and purchases
- The role that ‘health’ plays in food & drink decisions
- Spending behaviours across pubs, bars and restaurants
- The barriers and opportunities for operators and brands and the size of the prize if we get it right
- The ideal marketing and communication strategy to target this group
- The top 10 takeaways

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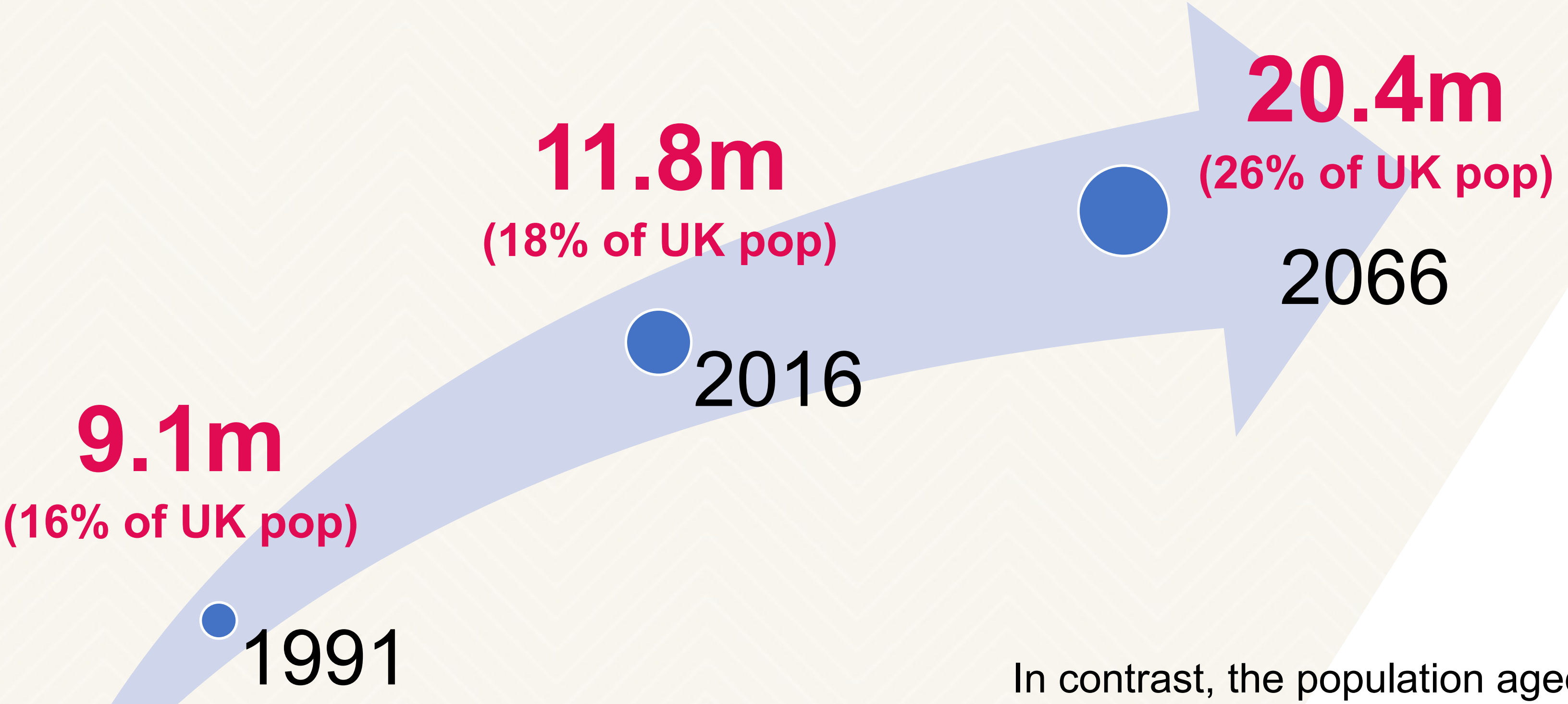
Where does hospitality fit in their total food and drink repertoire

The 'Golden Years' population is growing



In contrast, the population aged 16 to 64 years is projected to increase by only 2% over the next 25 years and by 5% by 2066.

Source: ONS

Their ‘spending’ is growing too

Spending by those aged 65 and over increased by 75% between 2001 to 2018

By 2040, the ‘Golden Years’ demographic will be spending 63p in every pound spent in the UK economy

Source: ONS

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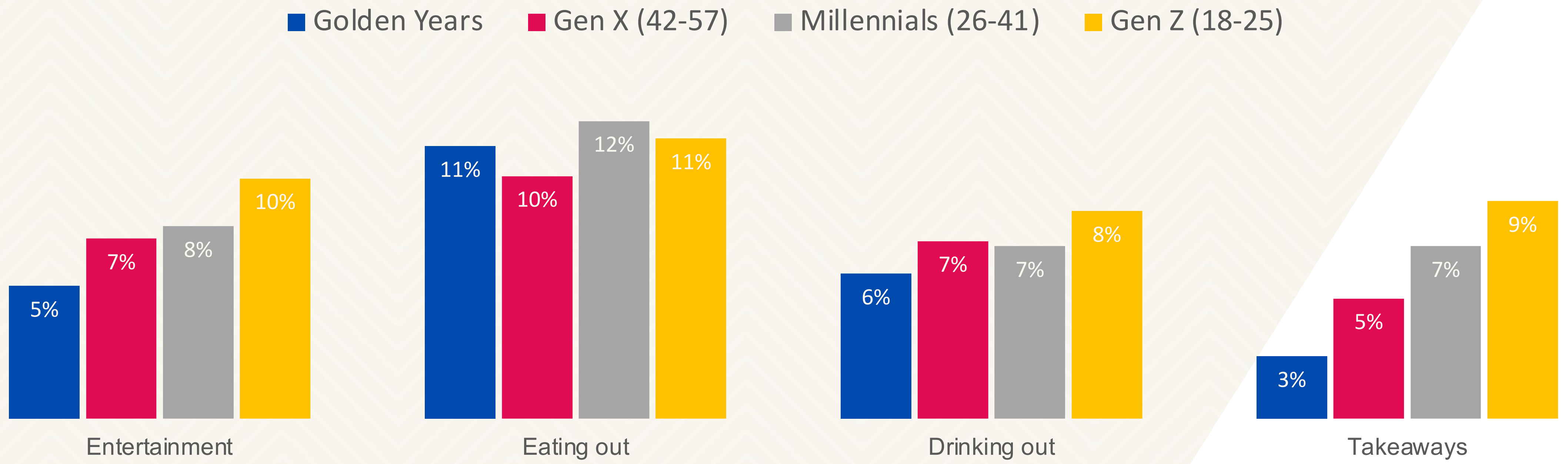
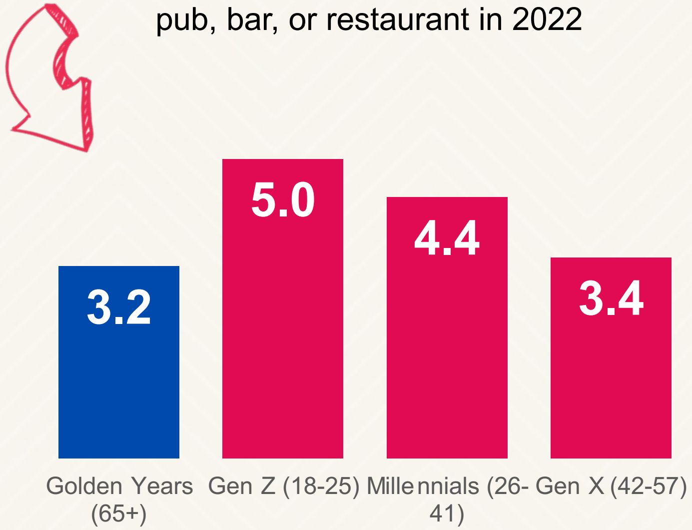
Their % of total budget spent on eating out is consistent with other key age groups



Of your disposable income each month, which percentage of it do you spend on the following things?

However, their frequency of visits to pubs, bars and restaurants is less, and is declining at a sharper rate

Visit frequency (times per month) to a pub, bar, or restaurant in 2022



Golden Years 26% decline

Avg. across other age groups 20% decline

Visit frequency to pubs, bars or restaurants on a monthly basis in 2022 v 2012

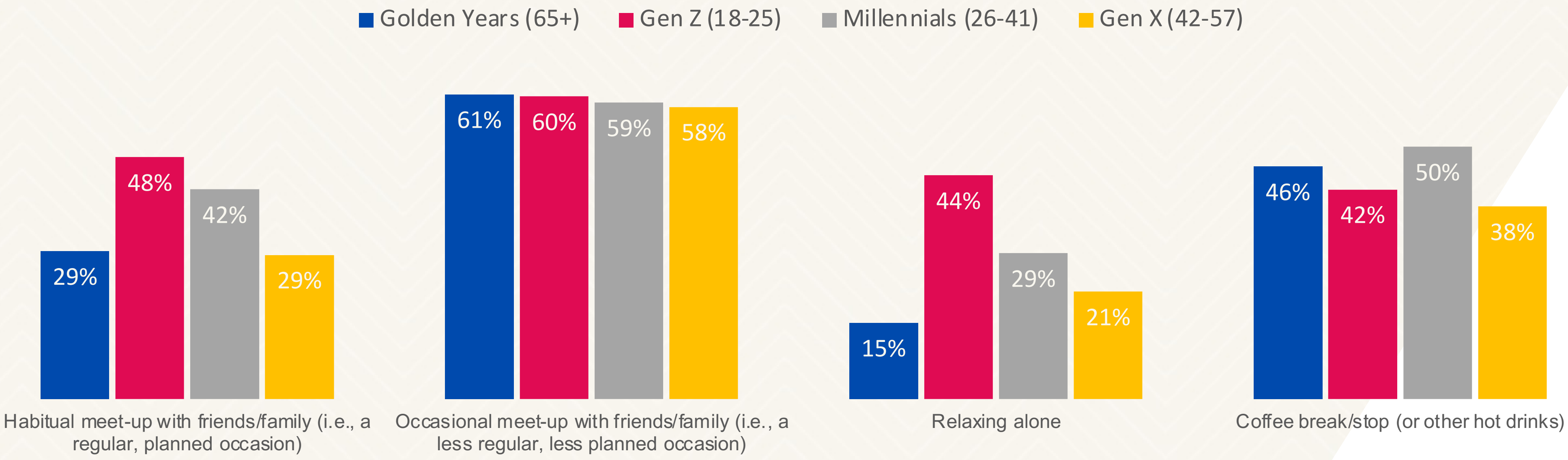
“I go out twice a month on average to pubs and restaurants. Maybe a bit more in the summer. I definitely go out less than I used to. Mainly now it’s to meet friends, for a birthday treat, or when going to the cinema or theatre for example.”

This quote is based on an amalgamation of responses to qualitative interviews conducted by KAM for the purpose of this report. The images shown are for illustration purposes only.

The out-of-home occasions that are driving spend

"Catch-up" occasions across all age groups

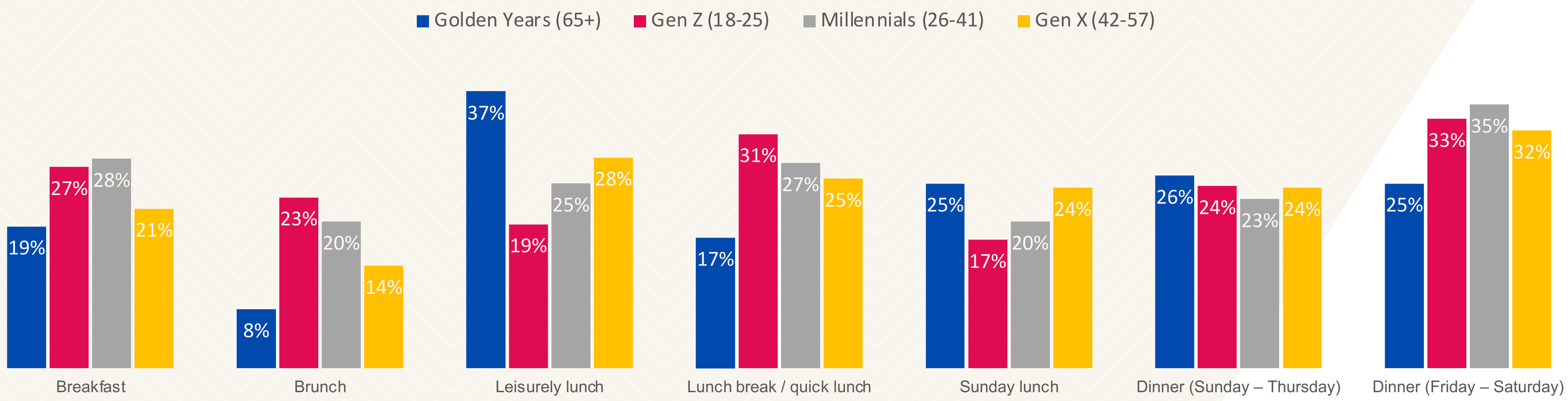
Which of the following 'occasions' have you participated in, OUT OF THE HOME (in a recognised venue, e.g., restaurant, pub etc.), within the last 6 months?



These are the out of home occasion participation percentages across the key age groups. We can see that for the Golden Years group in particular, they are more likely to participate in occasional 'catch ups' with friends rather than more habitual/regular catch ups. They are also less likely to go out on their own. This points to this group being far less likely to engage in habitual out of home activities. This is a key theme, that permeates throughout this report – that this generation is at risk of seeing hospitality as a treat and not a habit- this is one of the key challenges for operators and brands.

‘Meal’ occasions across all age groups

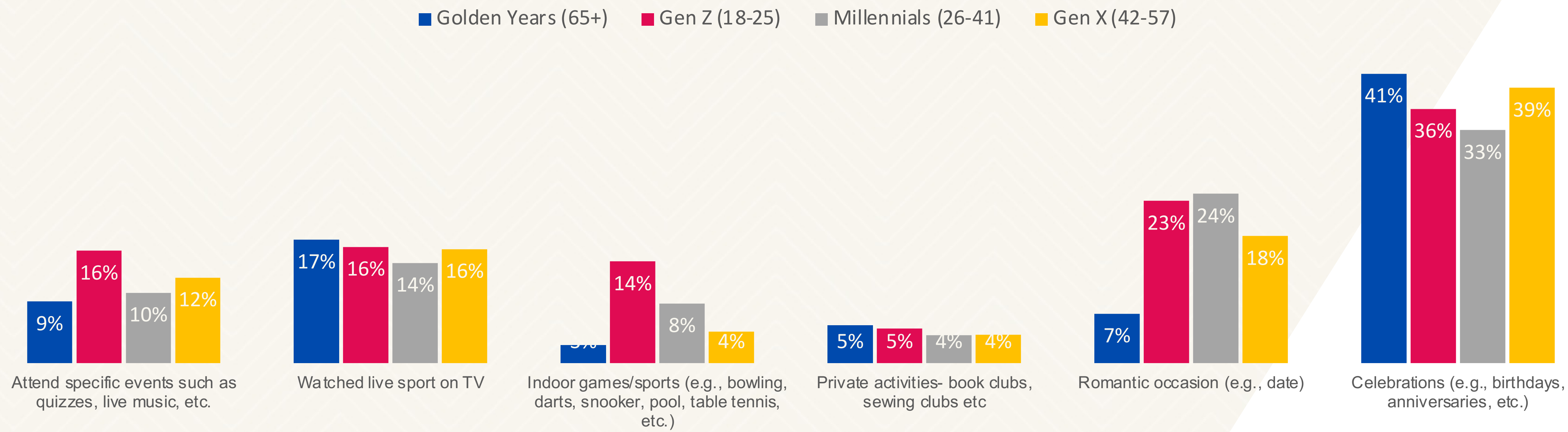
Which of the following ‘occasions’ have you participated in, OUT OF THE HOME (in a recognised venue, e.g., restaurant, pub etc.), within the last 6 months?



Leisurely lunches, Sunday lunches and Sunday/early week dinners are the most popular ‘eating out’ occasions for the Golden Years demographic, with many pubs, bars and restaurants experiencing relatively quieter times during the weekday lunch and evenings, targeting this age group specifically at these times, could prove fruitful.

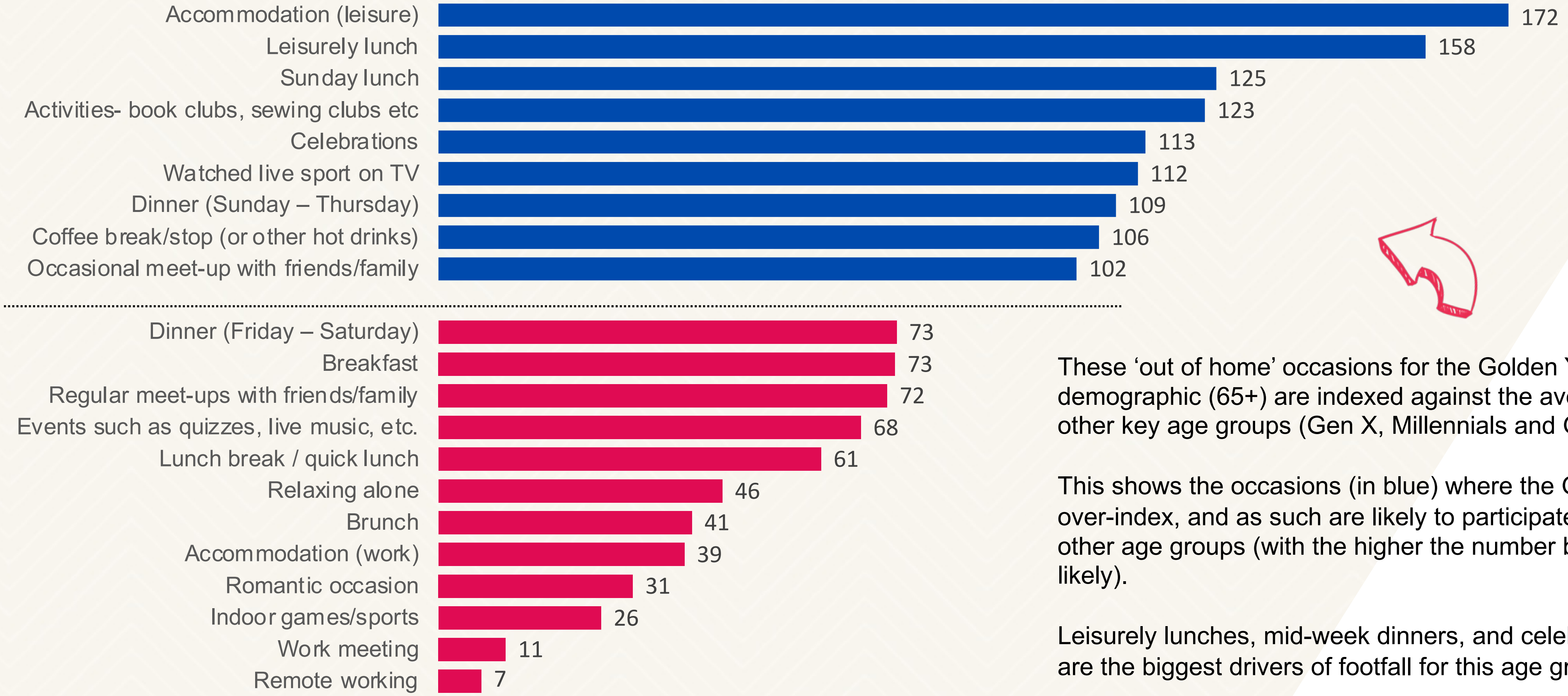
‘Event’ and ‘special’ occasions across all age groups

Which of the following ‘occasions’ have you participated in, OUT OF THE HOME (in a recognised venue, e.g., restaurant, pub etc.), within the last 6 months?



Live sport on TV is a relatively big driver of footfall in this age group. We actually see the highest percentage of people within the Golden Years generation, who would want to leave the house to go and watch live sport on TV, compared to all other age groups. However, the biggest driver of footfall is celebrations, e.g. birthdays, anniversaries, etc. This reiterates the fact that this generation leans towards more ‘treat’ led occasions in hospitality.

Hospitality occasion participation for the Golden Years



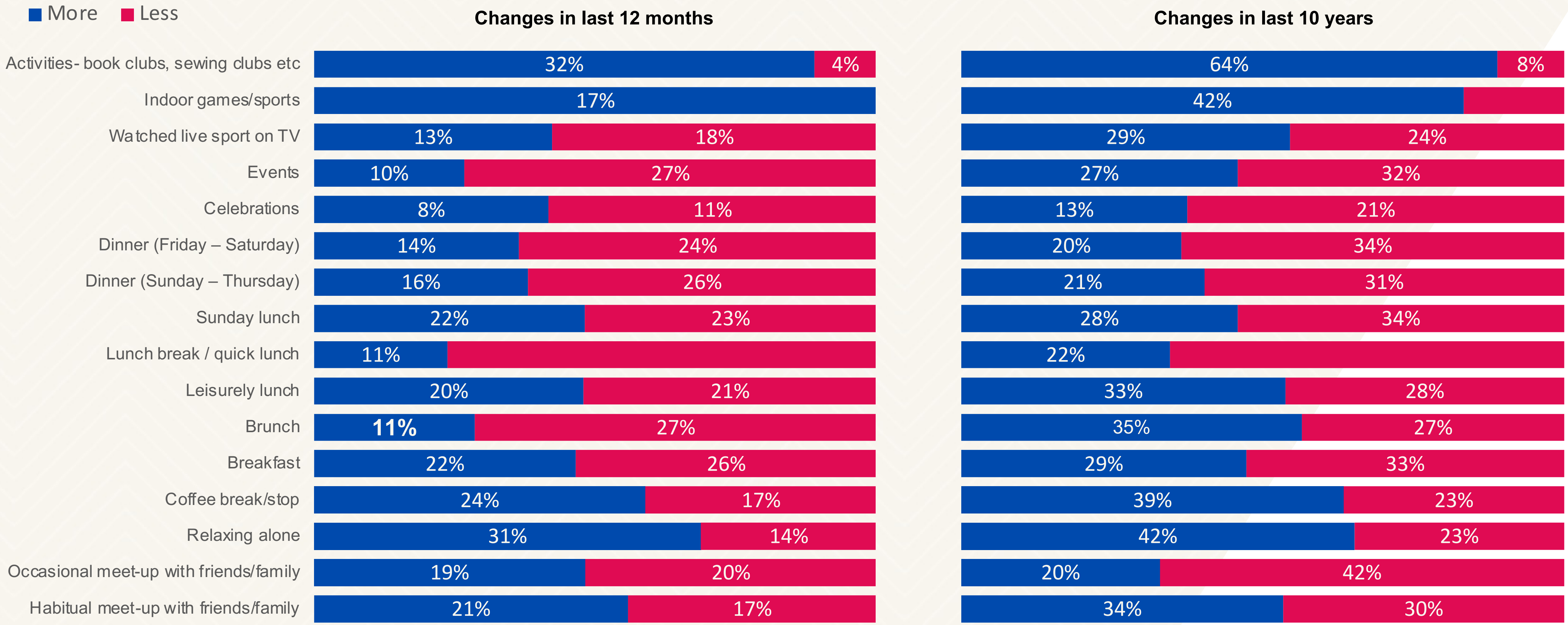
These 'out of home' occasions for the Golden Years demographic (65+) are indexed against the average across the other key age groups (Gen X, Millennials and Gen Z).

This shows the occasions (in blue) where the Golden Years over-index, and as such are likely to participate in more than other age groups (with the higher the number being the more likely).

Leisurely lunches, mid-week dinners, and celebratory occasions are the biggest drivers of footfall for this age group.

Which of the following 'occasions' have the 'Golden Years' participated in, OUT OF THE HOME (in a recognised venue, e.g., restaurant, pub etc.), within the last 6 months?
Results indexed against average across other age groups

Occasion participation changes for the Golden Years



Are you participating in any of these occasions more or less than you were 12 months ago?

“

I much more interested in the quality of food and drinks now than I used to be. I’m happy to spend more money on a better quality experience. I would say I’m also more sensitive to the environment, I’m less likely to accept poor service or a bad atmosphere for example.

”

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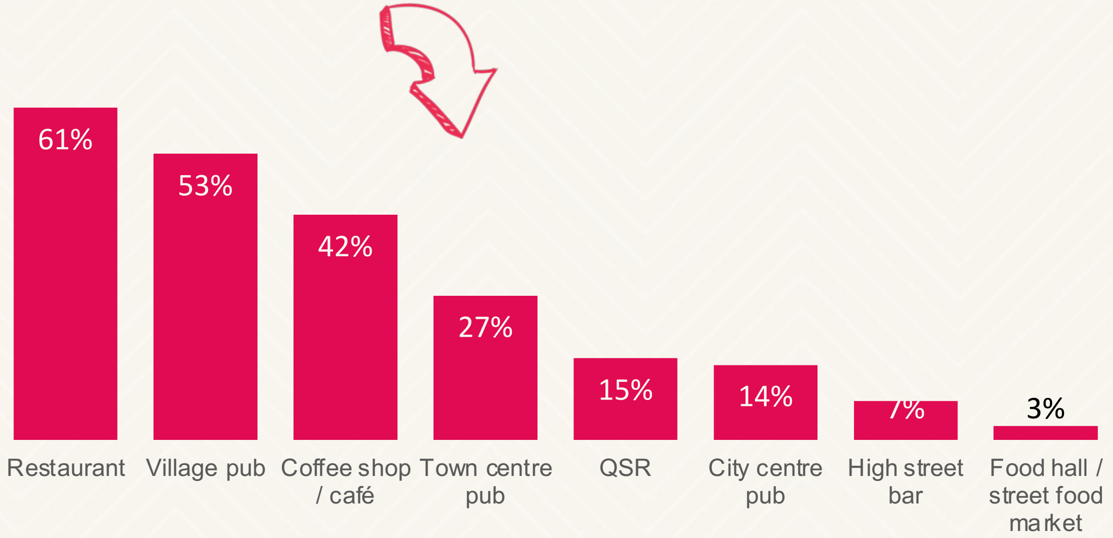
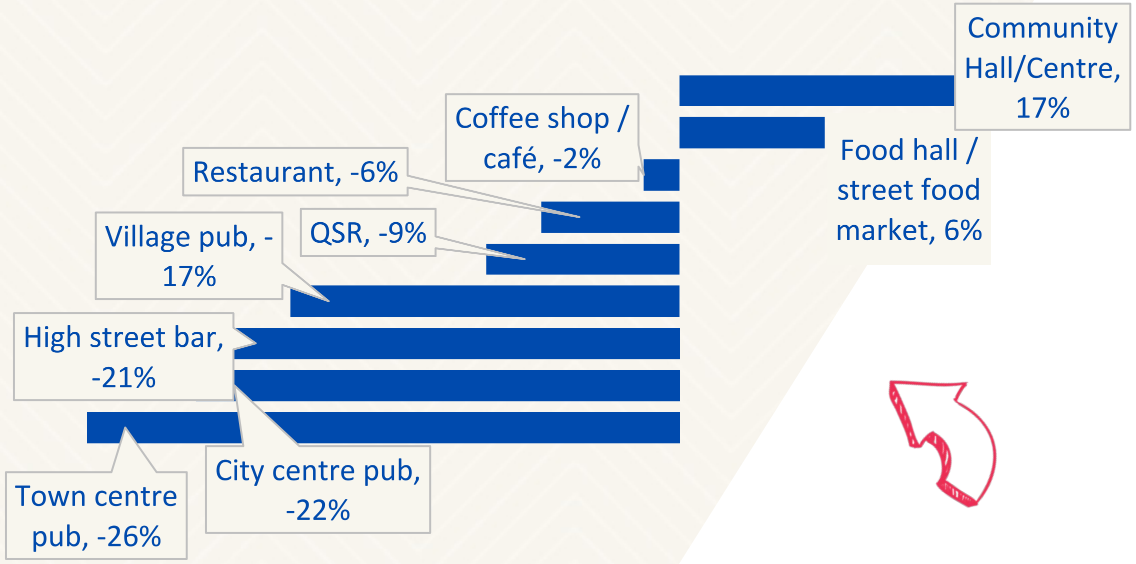
Their repertoire of venues and how this is evolving

Types of venues that are most popular with the Golden Years

These are the types of venues that the Golden Years are most likely choose to visit for food and/or drinks

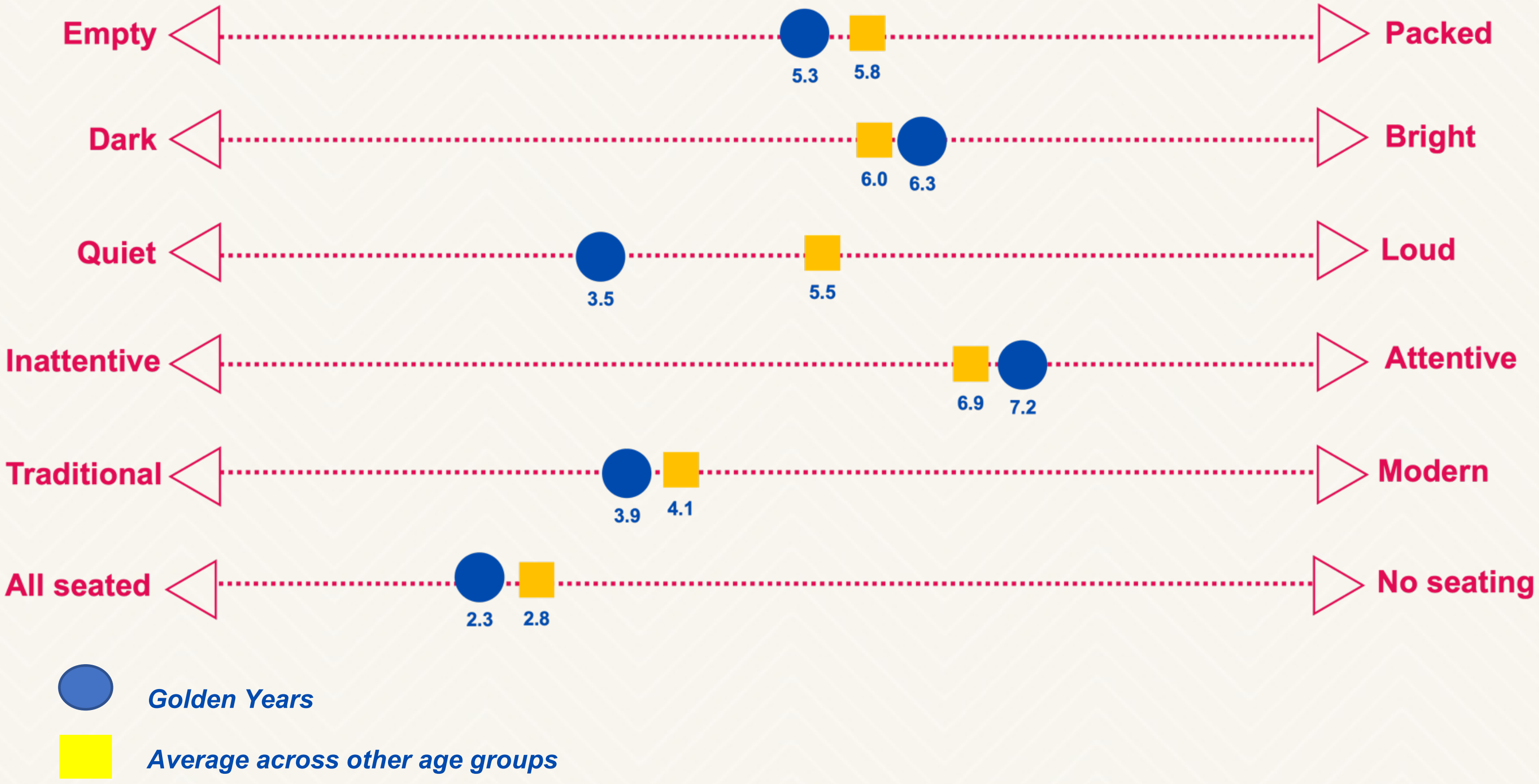




This is the net difference in visit frequency to these venue types in the last 10 years. A positive % indicates they are visiting these venues more and a negative % shows they are visiting less.

Restaurants, café/coffee shops and village pubs are the most popular venue types for the Golden Years demographic- with the two former venue types holding relatively steady in terms of visit frequency over the last 10 years. Village pubs (and pubs in general) are, however, experiencing greater declines in visits. As consumers get older, we see a growth in interest in using community halls and also a growth in use of food halls (or street markets).

Selecting the ‘ideal’ venue style

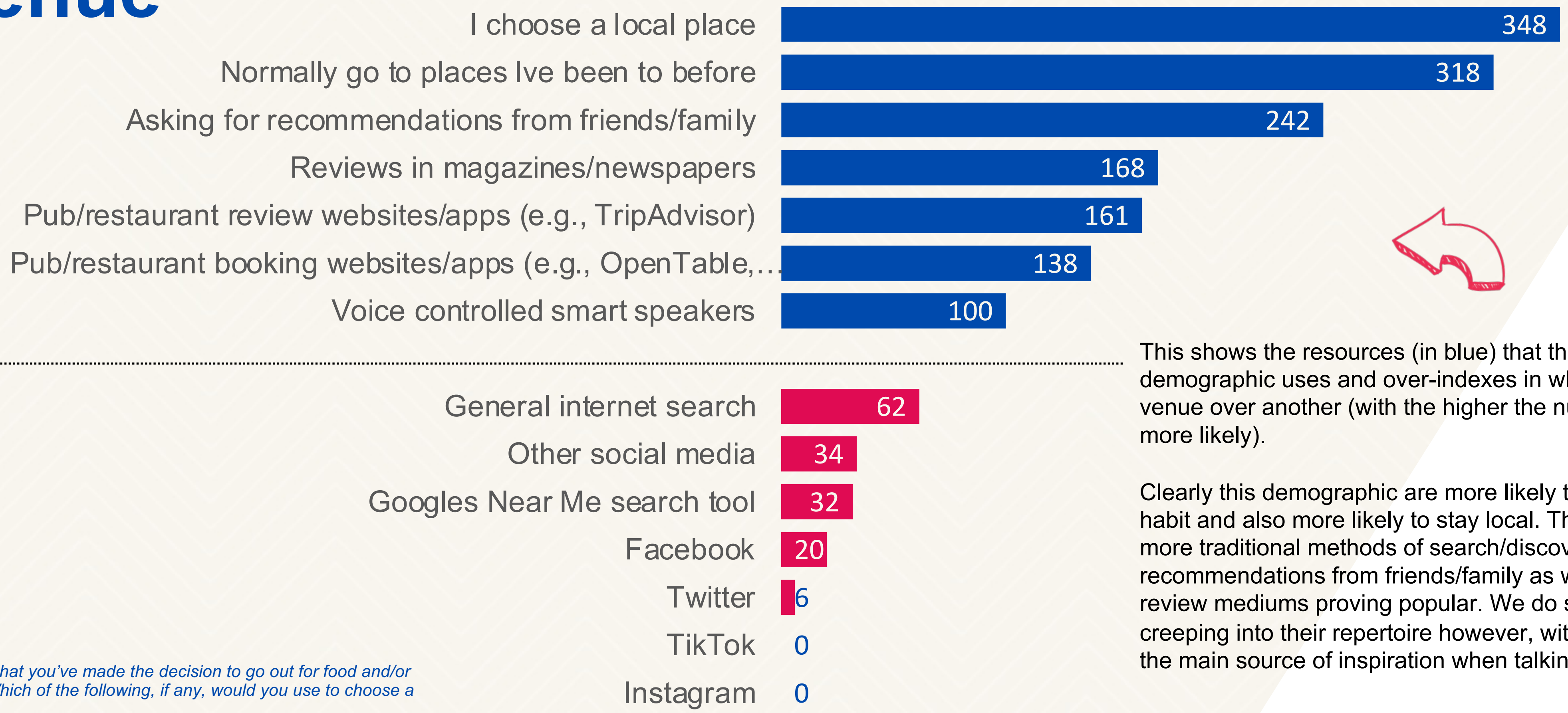


Thinking about your ideal pub or restaurant, what would you want in regard to the following aspects?

Respondents were asked, on a sliding scale, to craft their ‘ideal venue’ using the following variables; busyness, lighting, volume, staff attentiveness, décor, and seating.

We can see some subtle differences between the Golden Years (blue circle) and the average across other age groups (yellow square), with the only real significant difference being with regards to volume levels. This suggests that, outside of this, venues don’t need to be specifically targeting atmospheres to the Golden Years, but maybe just need to tweak and flex certain aspects (across key times) in order to ensure they appeal to this demographic.

Resources they utilise to help themchoose a venue



This shows the resources (in blue) that the Golden Years demographic uses and over-indexes in when choosing one venue over another (with the higher the number being the more likely).

Clearly this demographic are more likely to be creatures of habit and also more likely to stay local. They also favour more traditional methods of search/discovery, with recommendations from friends/family as well as traditional review mediums proving popular. We do see digital creeping into their repertoire however, with websites being the main source of inspiration when talking 'online'

Imagine that you've made the decision to go out for food and/or drinks. Which of the following, if any, would you use to choose a venue?

Golden Years indexed against average across other age groups

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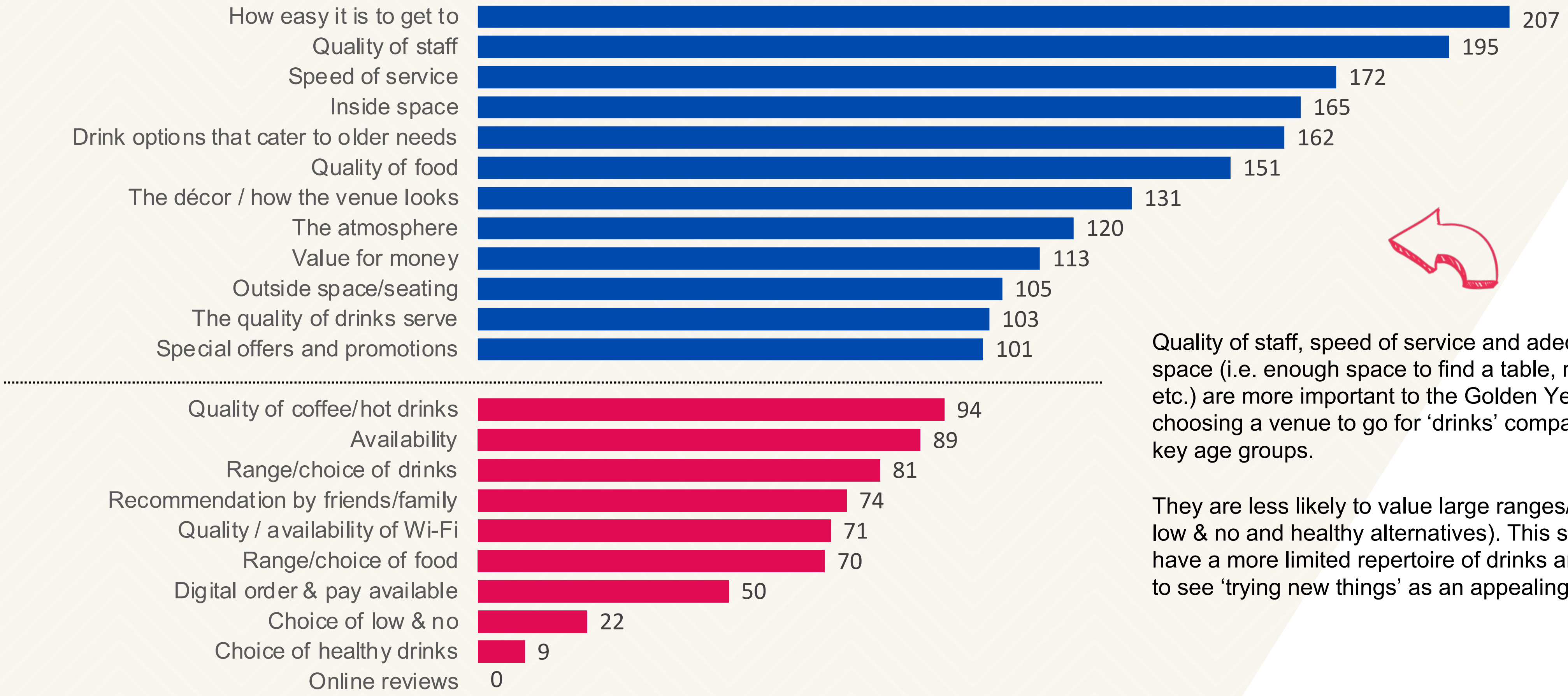
Influences on choice of venue

Influences on where the Golden Years choose to go for ‘drinks’

*What are the most important factors for you, when considering a venue to choose for **drinks**?*
Results indexed against average across other age groups

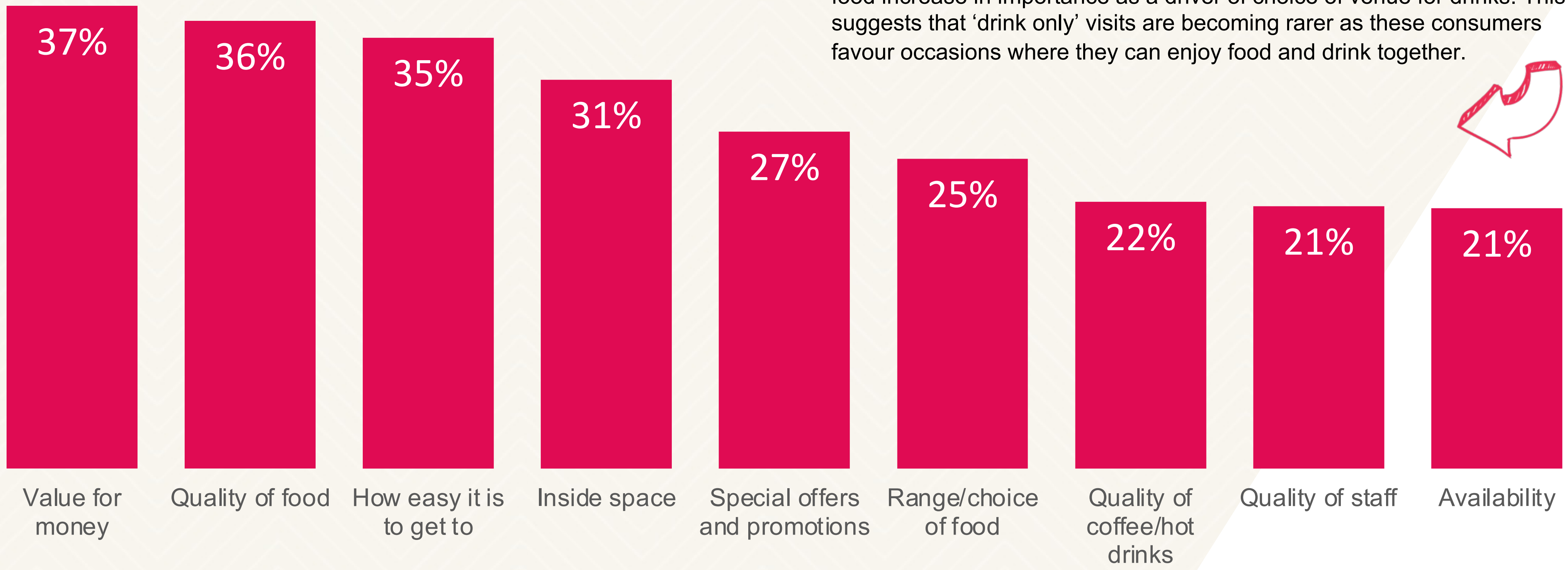


Quality of staff, speed of service and adequate inside space (i.e. enough space to find a table, not too crowded, etc.) are more important to the Golden Years when choosing a venue to go for ‘drinks’ compared to the other key age groups.

They are less likely to value large ranges/choice (including low & no and healthy alternatives). This suggests that they have a more limited repertoire of drinks and are less likely to see ‘trying new things’ as an appealing adventure.

The factors of influence on venue choice for ‘drinks’ have grown in importance for the Golden Years compared to 10 years ago

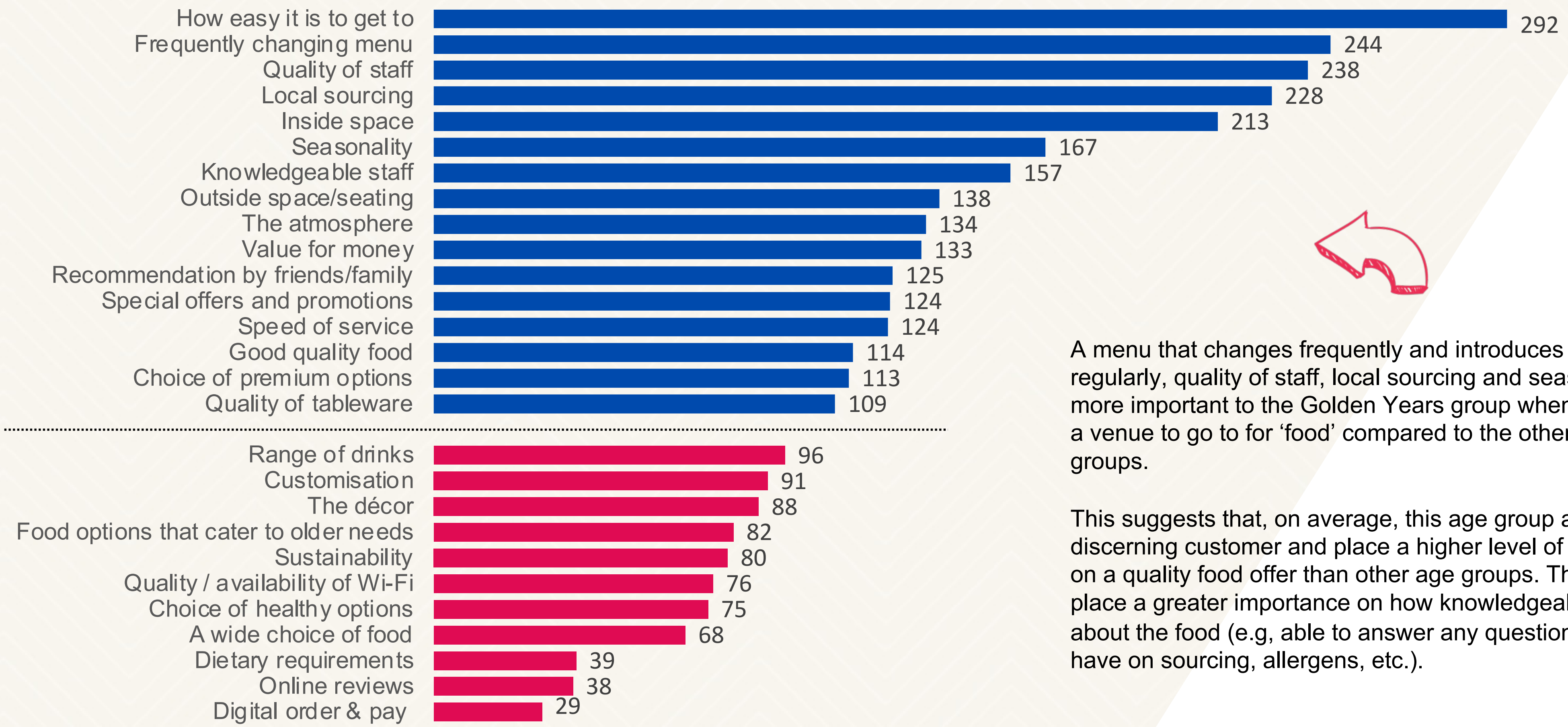
'Value for money' and 'inside space' have grown in importance for the Golden Years demographic over the last 10 years, and we also see quality of food increase in importance as a driver of choice of venue for drinks. This suggests that ‘drink only’ visits are becoming rarer as these consumers favour occasions where they can enjoy food and drink together.



*Have any of these factors become more or less important to you compared to **10 years** ago?*

Influences on where Golden Years choose to go for ‘food’

*What are the most important factors for you, when considering a venue to choose for **food**?*
Results indexed against average across other age groups

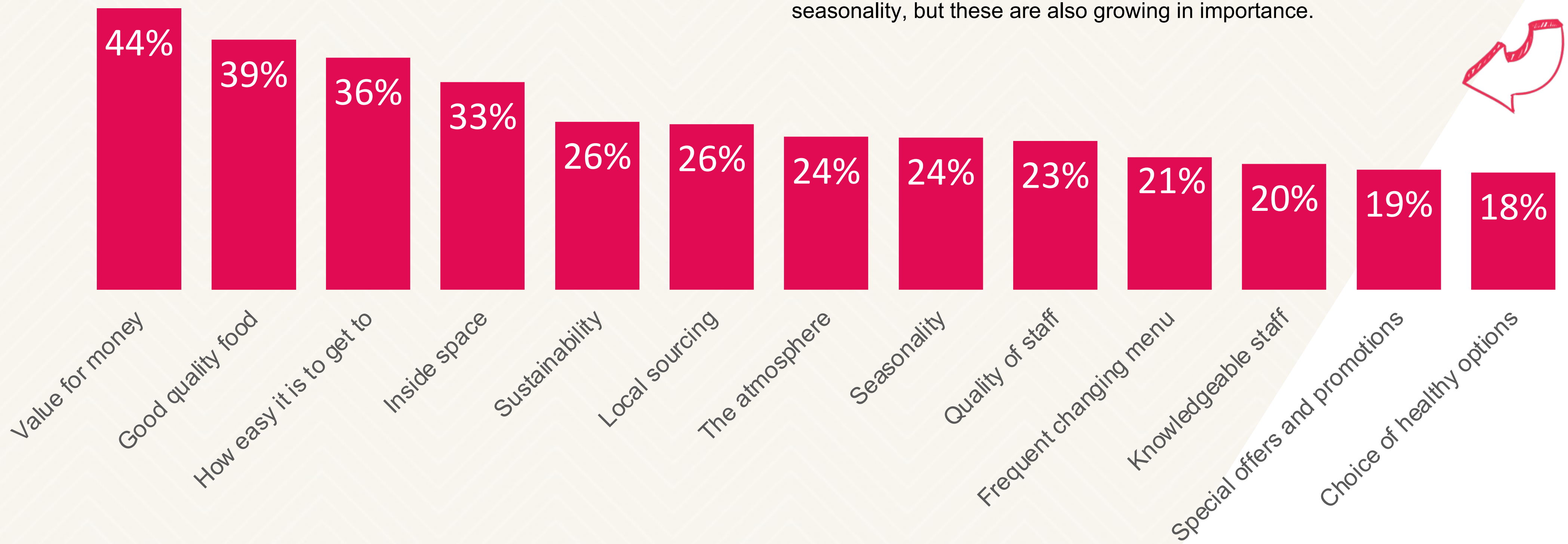


A menu that changes frequently and introduces new items regularly, quality of staff, local sourcing and seasonality are more important to the Golden Years group when choosing a venue to go to for ‘food’ compared to the other key age groups.

This suggests that, on average, this age group are a more discerning customer and place a higher level of importance on a quality food offer than other age groups. They also place a greater importance on how knowledgeable staff are about the food (e.g, able to answer any questions they have on sourcing, allergens, etc.).

The factors of influence on a venue choice for 'food' have grown in importance for the Golden Years compared to 10 years ago

Again we see that value for money, quality of food, and inside space have grown in importance for the Golden Years customer over the last 10 years when it comes to how influential these factors are when choosing a venue for eating out. Also, as we have seen, not only are they more likely to place value on local sourcing and seasonality, but these are also growing in importance.



*Have any of these factors become more or less important to you compared to **10 years** ago?*

“Noisy places do put me off, but I also want an atmosphere, I want a buzz – but I want to be able to have a conversation with my friends. I’m happy to visit places and spend more money if the atmosphere is on point. I’m also more aware of accessibility these days, and comfy seats are a must!”

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The role that ‘health’ plays in food & drink decisions

Focussing on health…

75% of Golden Years customers would describe their diet as healthy

- Compared to:
  - 61% Gen Z
  - 71% Millennials
  - 68% Gen X

…and 47% of Golden Years customers say they are eating healthier now compared to 10 years ago

Fewer Golden Years customers define themselves as vegan or vegetarian but a significant % say they are flexitarian

This suggests that we're seeing a swing towards these consumers wanting variation/options within their food menus

- (16% claim to be flexitarian v 15% average for other age groups)
- (2% vegetarian specifically v 10% average for other age groups)

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Spending behaviours across pubs, bars, and restaurants

Golden Years, on average, have greater disposable income but are still feeling the pinch

We know, from latest ONS figures, that spending by those aged 65 and over increased by 75% between 2001 to 2018 and that, by 2040, the 'Golden Years' will be spending 63p in every pound spent in the UK economy.

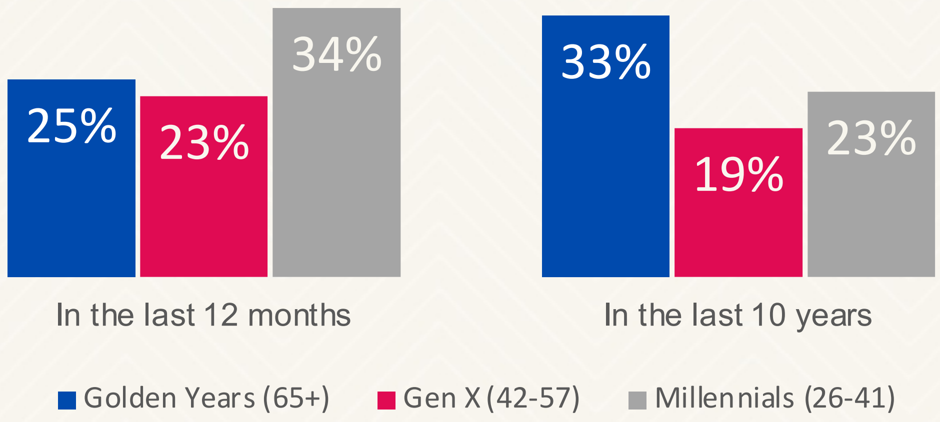
Latest KAM research shows that…

- 33% of Golden Years say they have more disposable income now compared to 10 years ago
- However, 16%, also say that they have less now compared to 12 months ago

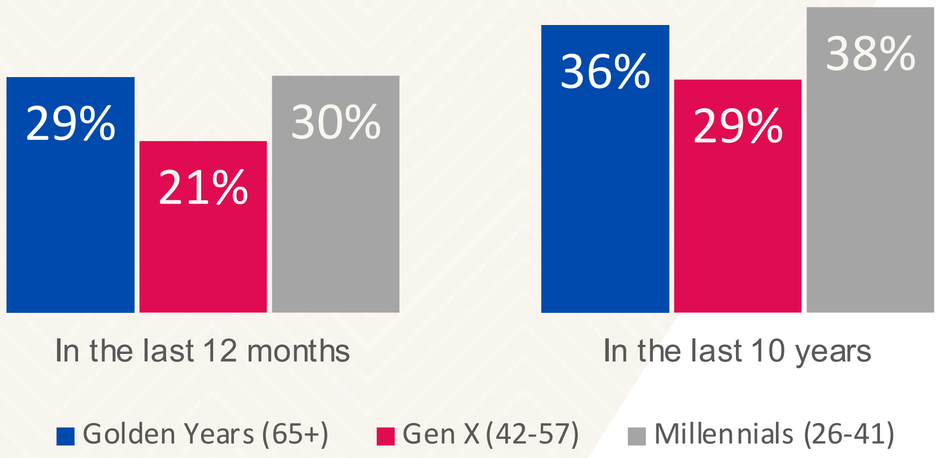
So, empirically speaking, the disposable income of the Golden Years is increasing, however, they are still feeling the pinch over the last 12 months as a result of the economic climate.

Spend on food and drinks across pubs, bars, and restaurants has increased

% spending MORE on **drinks** in pubs, bars, and restaurants…



% spending MORE on **food** in pubs, bars, and restaurants…

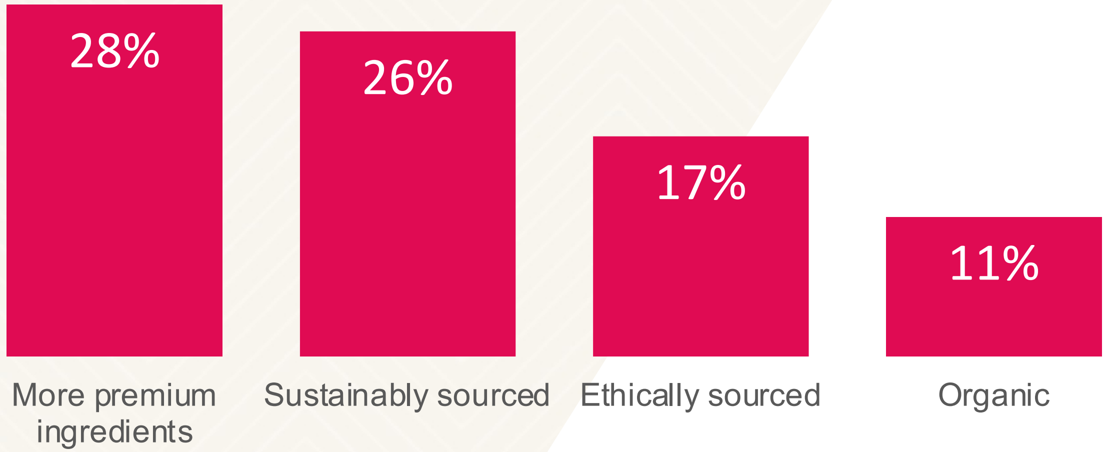


Taking into account that, for Millennials, the increase in spend over the last 10 years will include a large proportion of individuals who are comparing against a period in time when they either couldn't go out to pubs and bars (under 18) and/or would have had less disposable income, it's clear that we see a significant trend within the Golden Years increasing their spend on food & drink in these venues, both over the last 10 years, but also within the last 12 months.

Awareness and impact of price increases across hospitality

- 97% think that prices for food and drinks have increased in pubs, bars, and restaurants over the last 6 months

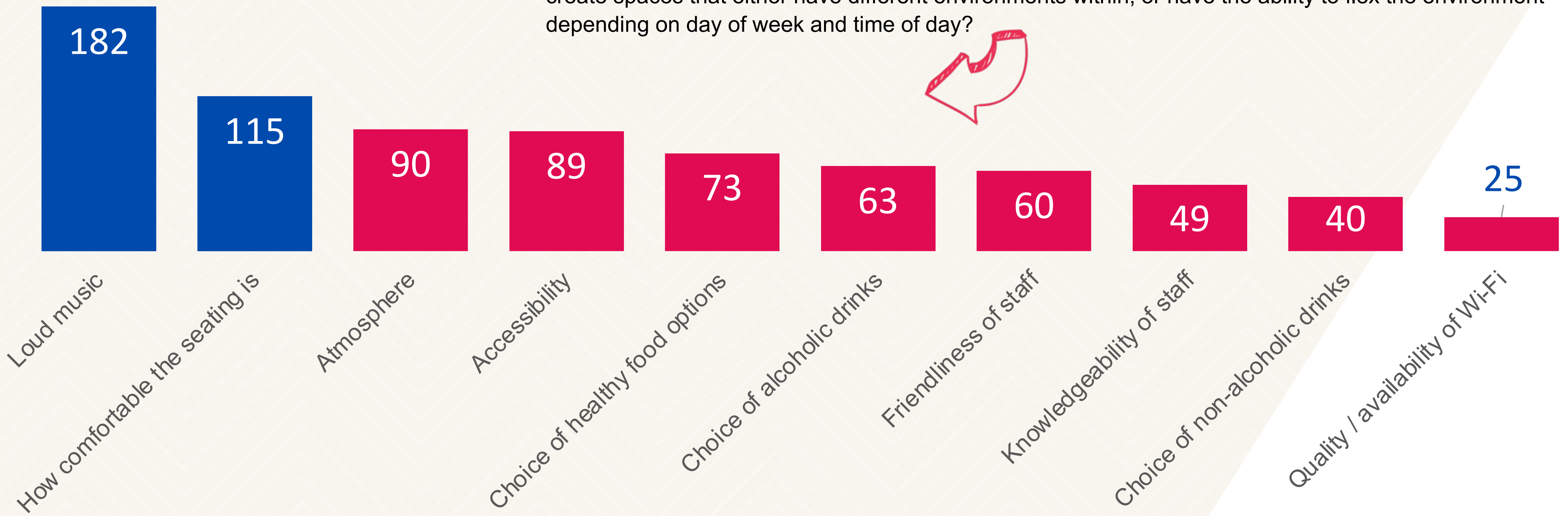
Premiumisation and sustainability are likely to be the factors that will make the Golden Years more accepting of paying more for food and/or drinks in pubs, bars, and restaurants



The barriers and opportunities for operators and brands and the size of the prize

What are the Golden Year's biggest hospitality 'turn offs'?

Comfort, or more importantly, lack thereof, is the biggest turn off from pubs, bars and restaurants for the Golden Years generation- comfort in terms of their ears and their posterior! It's clear that they are looking for a relaxing space – which matches with the key occasions of leisurely lunches, coffee breaks and Sunday dinners. Creating the right atmosphere is always a balancing act, but are there opportunities to create spaces that either have different environments within, or have the ability to flex the environment depending on day of week and time of day?



Which of the following, if any, would a negative/bad experience with, put you off returning to a specific pub, bar, or restaurant?
Golden Years indexed against average across other age groups

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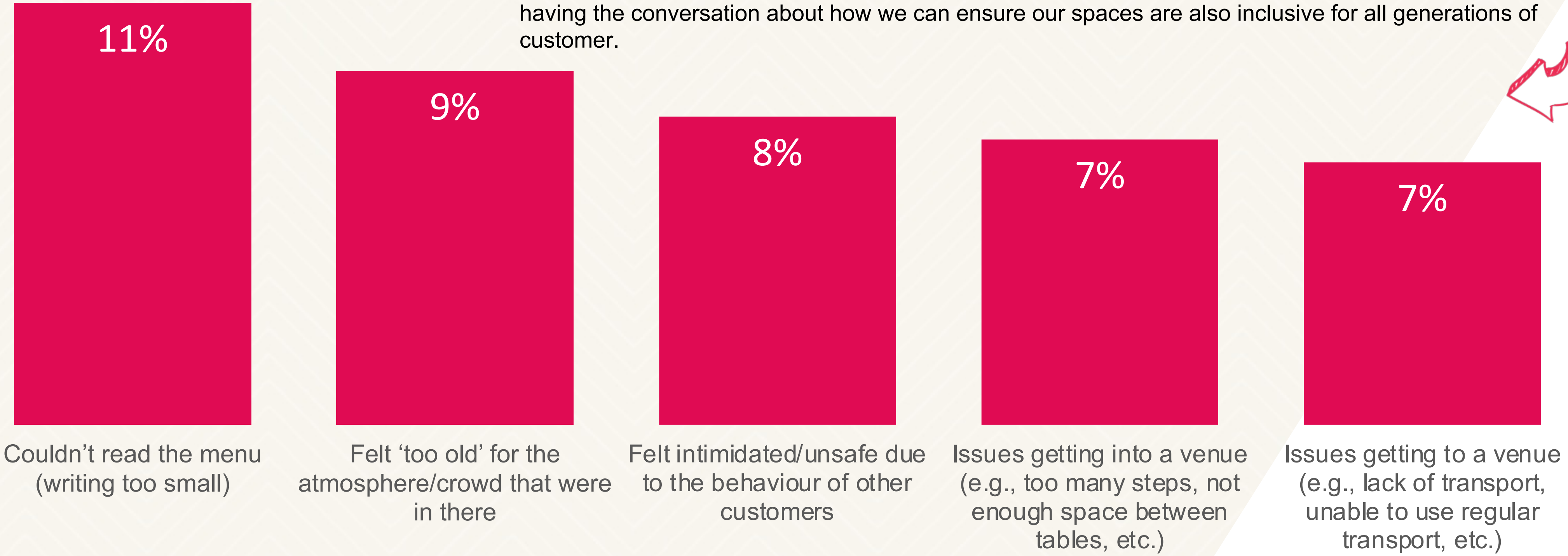
Alongside some more 'age' specific challenges

We also hear from the Golden Years customer, that they have had issues with specific challenges more relating to the older generation. Of course, not everything has a quick and/or easy fix, but we often talk a lot about food offerings being inclusive (i.e. vegan, vegetarian, allergen free, etc.), so we should also be having the conversation about how we can ensure our spaces are also inclusive for all generations of customer.



Which of the following 'negative' things have you experienced in a pub, bar, or restaurant the last 3 months, if any?

"Personal service is important to me, I'd much rather have that than have to deal with machines. It helps certainly when dealing with concerns around allergens, I'm gluten free and talking to a member of staff gives me more reassurances.

I'd also like to see more lunchtime deals as that would really appeal to me."

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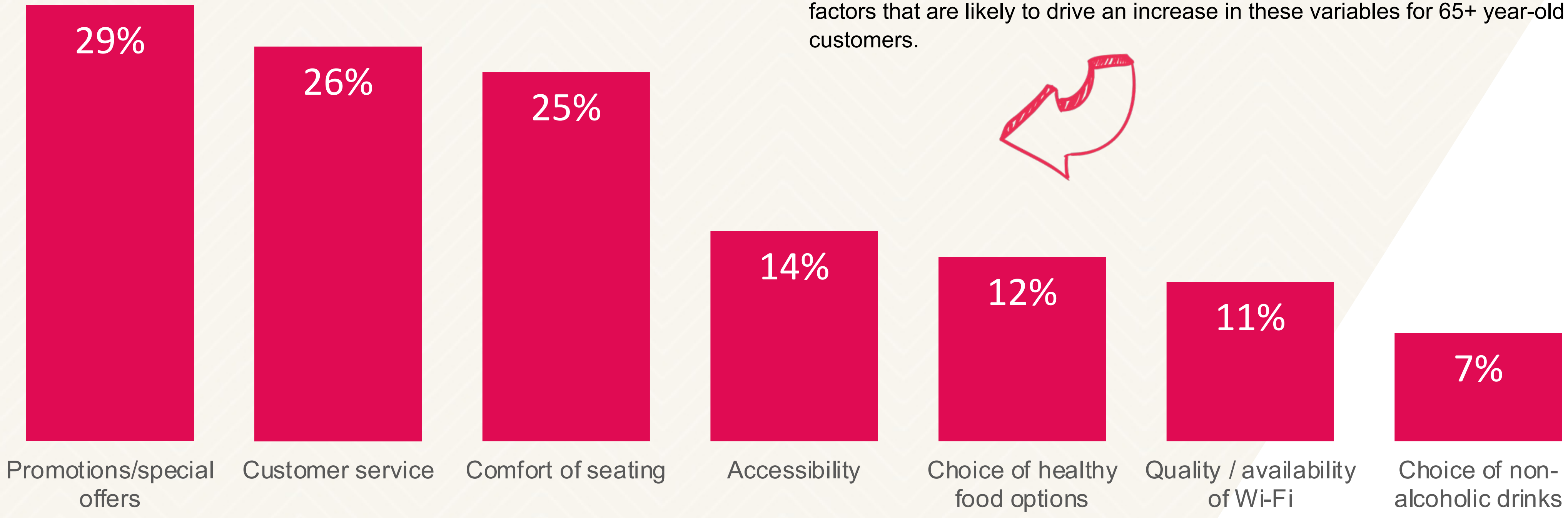
Factors that, if improved, are most likely to drive customer engagement

We've looked at the impact these factors are likely to have on visit frequency, dwell time, spend and loyalty for the Golden Years generation. Taking each of these factors into account, we've calculated the average 'engagement' impact across various touch points to show the most impactful factors that are likely to drive an increase in these variables for 65+ year-old customers.



Size of the prize

- Golden Years consumers currently spend **£158 per month** on eating and drinking out

- If we deliver against their needs it could lead to an **increase in visit frequency for 30%** of Golden Years customers and an **increase in trip spend for 10%** of Golden Years customers

- Assuming this would equate to an **increase of 1 additional visit per month** and an **increase of spend per trip of £10**

- Based on the UK population of 65+ being 11m, it could be **worth an additional £2bn per annum** to UK pubs, bars and restaurants

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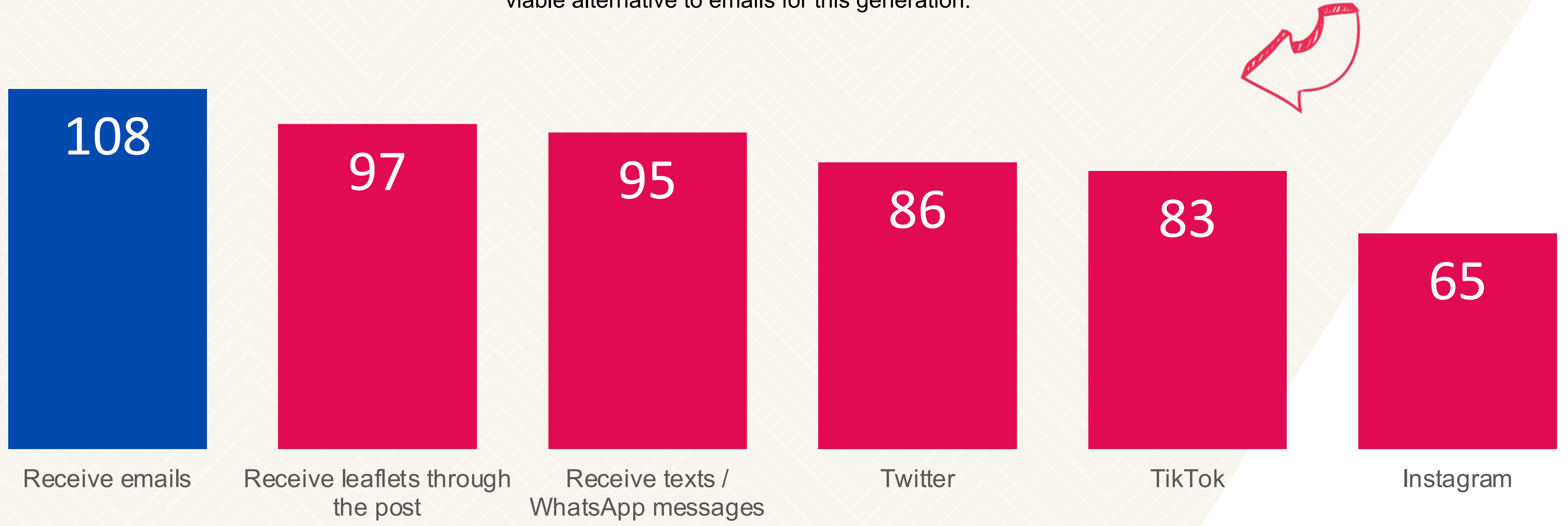
The ideal marketing and communication strategy to target this group

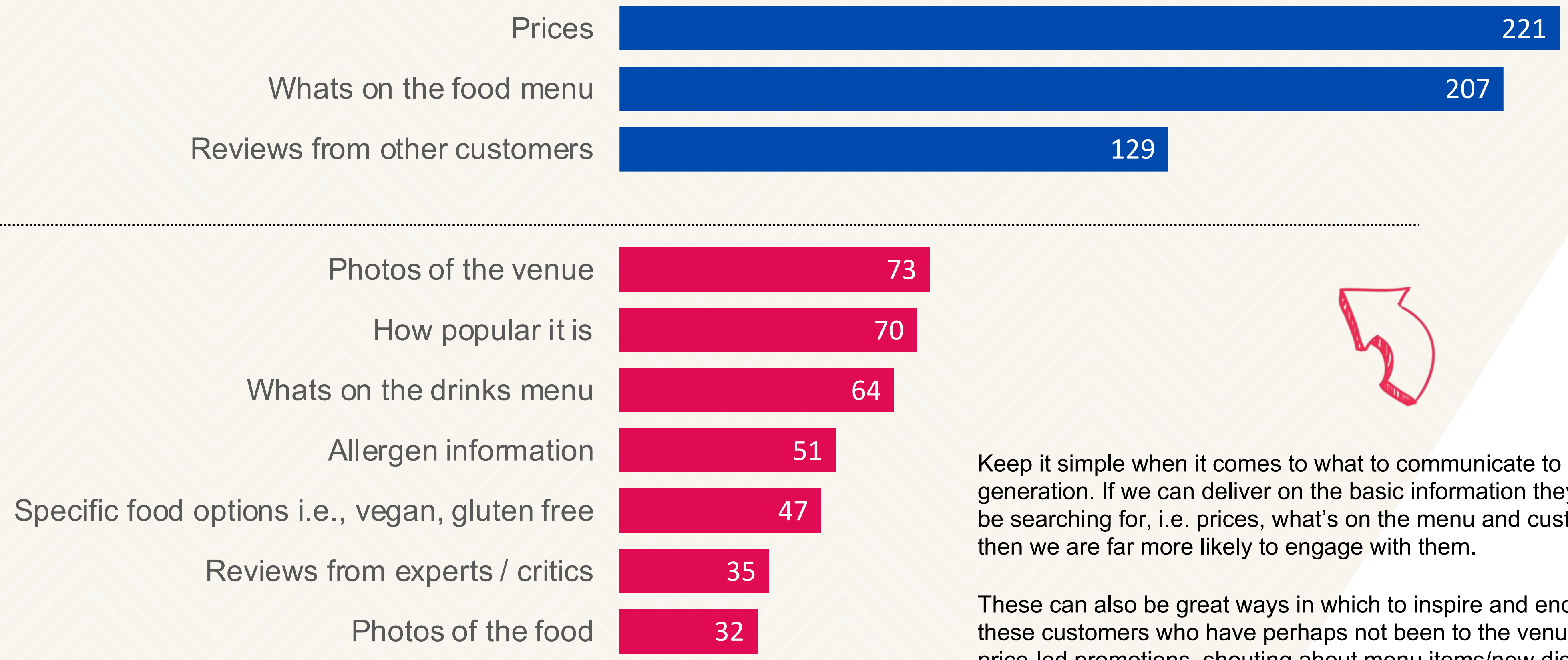
How should we engage with them?

Email communication is more important to the Golden Years customer for staying in touch with their favourite pubs, bars, and restaurants compared to the other key age groups. Although we see an under-indexing for social media channels, we do see that text/WhatsApp is increasingly becoming a viable alternative to emails for this generation.



How do you like to stay in touch with your favourite pubs and/or restaurants?

Information most likely to influence behaviours



What are you looking for in particular do you want to receive / find out about from venues?
Golden Years indexed against average across other age groups

Keep it simple when it comes to what to communicate to the Golden Years generation. If we can deliver on the basic information they are most likely to be searching for, i.e. prices, what's on the menu and customer reviews, then we are far more likely to engage with them.

These can also be great ways in which to inspire and encourage trial for these customers who have perhaps not been to the venue before (think price-led promotions, shouting about menu items/new dishes, and showcasing like-for-like customer testimonials).

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The top 10 takeaways

Top 10 takeaways

1. They have the **propensity and the disposable income to use hospitality**
2. However, **visit frequency is below other age groups** and is falling at a higher rate
3. Key **occasions that are in decline are those which would tend to be more habitual** (treat v habit)
4. **Quality of staff and quality/comfort of interiors** is very important
5. **Quality and sourcing of food matters** - but has to be called out across all price points (hospitality should not be just an occasional treat)
6. **Atmosphere (and noise) is important** – flex the environment across days of the week and times of the day to ensure inclusivity for all customer types
7. Value for money is important and promotions will **drive footfall and engagement**
8. Don’t forget to consider potential **age-specific challenges** such as size of fonts on menus, other messaging etc. and ease of access
9. But **just because they are old doesn’t mean they are ‘old school’…**flexitarian diets, premiumisation and atmosphere (the right kind) still matter
10. **Keep it simple** when it comes to what to communicate to the Golden Years generation

GOLDEN YEARS

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