CONSUMER SURVEY INSIGHTS

REDEFINING LUXURY

HGEM

About HGEM

HGEM works closely with hospitality companies to measure and improve their guests' experience.

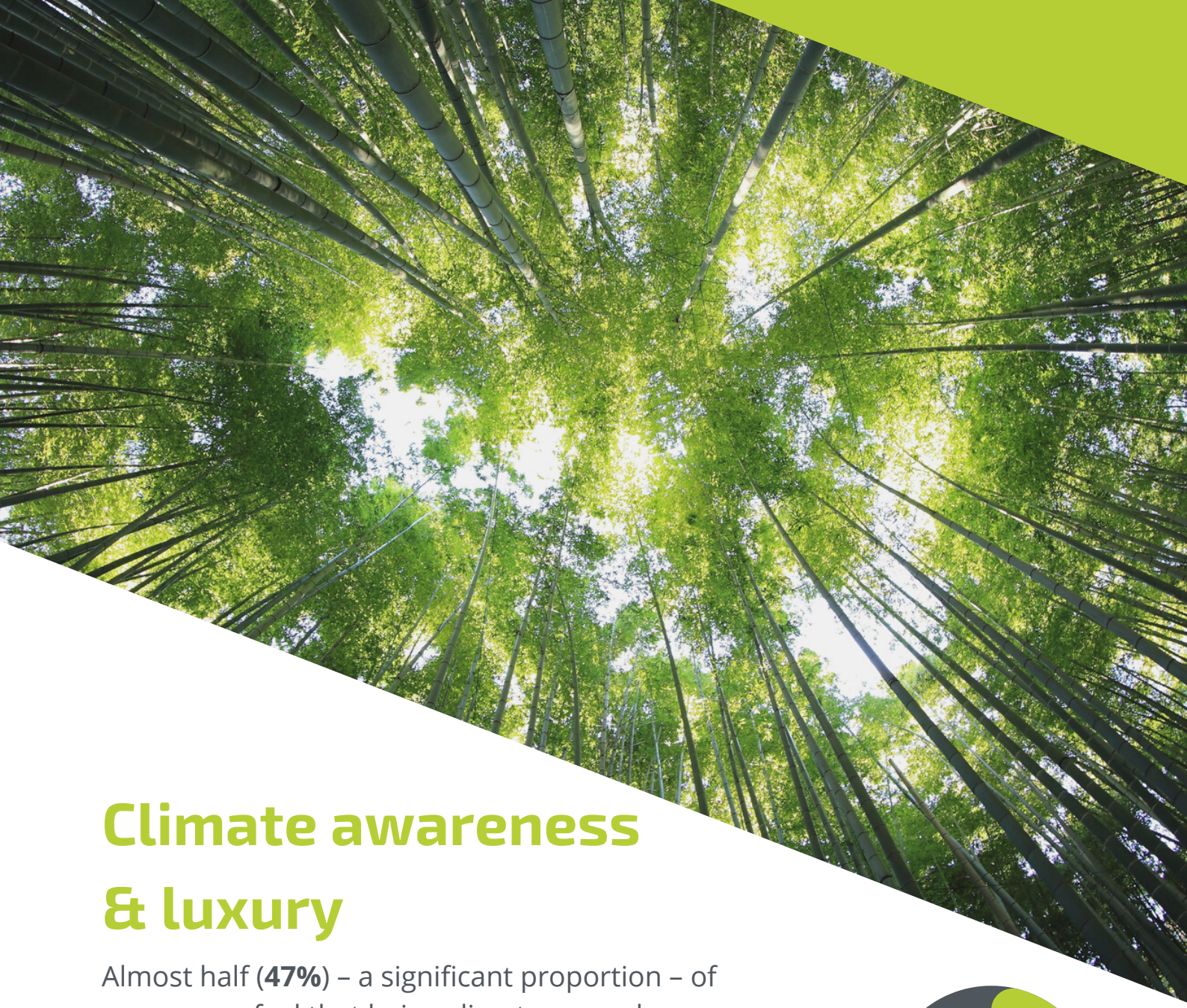
Their core services include mystery guest audits, building highly customisable feedback sites, online review management, measuring product ratings, and bringing all the data together into one, award-winning Guest Experience Management platform – **The Hub.**

ABOUT THIS REPORT

Interest in sustainability and reducing our carbon footprint has become much more mainstream than it was a few years ago, and we were curious to see just how much this sentiment has affected consumer behaviour, especially in the context of whether recent years have had an influence on what people define as 'luxury'. So, we've put it to our panel of mystery diners – and the results may surprise you.

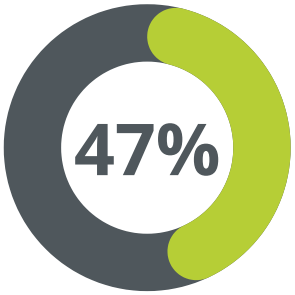
TOPICS COVERED

- Effects of climate awareness on luxury
- Goods v Experiences
- Formality v Informality
- Most sought after: groceries; food experiences and overnight stays
- Perceived Covid safety in hospitality venues



Climate awareness & luxury

Almost half (**47%**) – a significant proportion – of consumers feel that being climate aware has influenced their perception of luxury. Data shows that women feel this sentiment much more than men (**49%** v **42%**). Surprisingly, climate awareness seems to increase with age as only **39%** of Gen-Z (18-25) say they've reconsidered luxury due to being climate aware, whilst that figure increases to **54%** in those aged 56-65, and peaks at to **65%** within the 66+ category.



RECONSIDERED LUXURY DUE TO CLIMATE CHANGE

Shopping for luxury goods now also comes with environmental remorse, as almost **4 in 5** consumers (**77%**) say excessive packaging adds an element of guilt, when buying goods; this rings true especially with people over 56, as **85%** report feeling guilty about excessive packaging.

GUILT OVER PACKAGING

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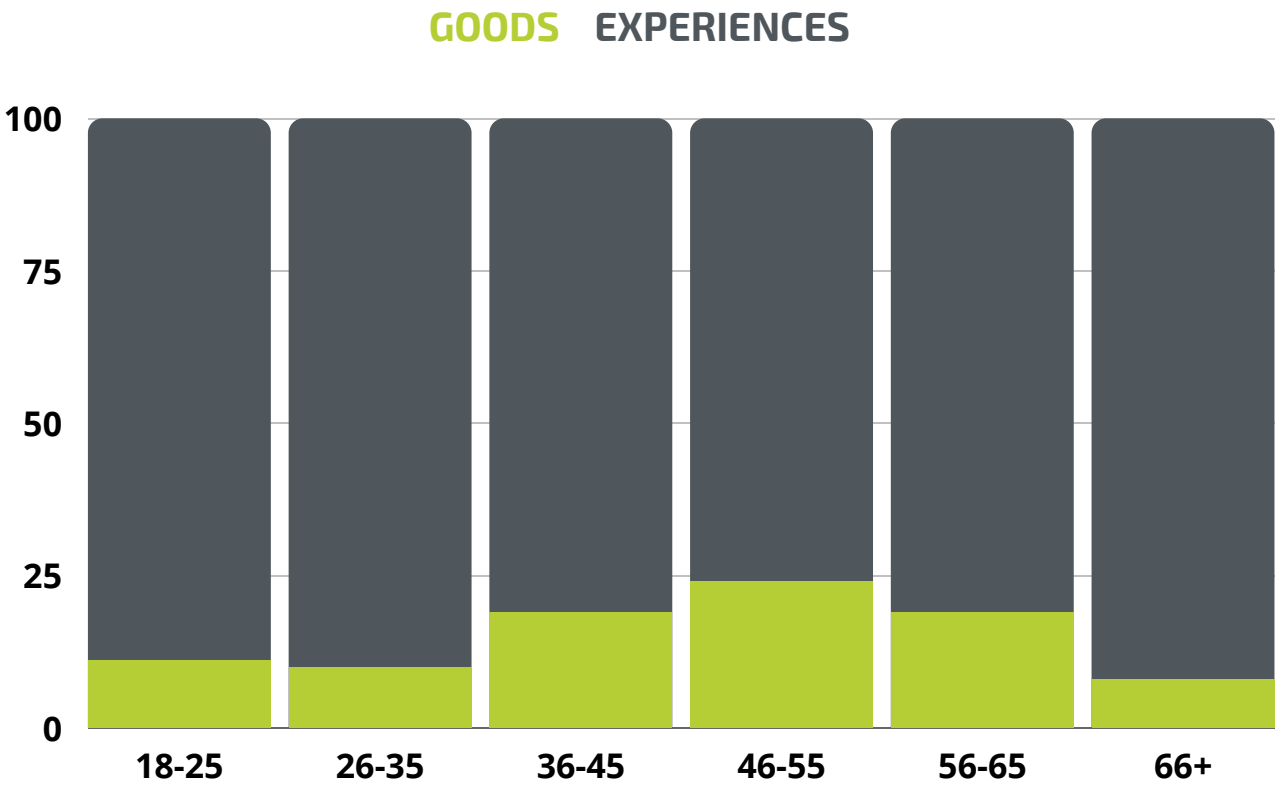
Goods v Experiences

A vast majority of consumers would rather spend money on experiences (**83%**) rather than goods (**17%**) - excellent news for the hospitality industry!

Data shows respondents across all age groups think in similar terms, the only exceptions being consumers aged 46-55, who are below the median line, with **76%** opting for experiences over goods, and those aged over 66, who overwhelmingly (**92%**) choose to spend on experiences.

From a gender perspective, women tend to value experiences slightly higher than men (respectively, **86%** v **79%**).



Formality v Informality

Traditionally, people imagine luxury being associated with aristocracy, or upper classes - servers in tuxes, gold-rimmed crockery, etc., whereas in recent decades, we've seen a shift in wealth and luxury being associated with much more informal elements. Some luxury lifestyle brands (such as Soho House) have even gone so far as to actively 'ban stuffiness', with dress-codes that discourage wearing suits / business dress.

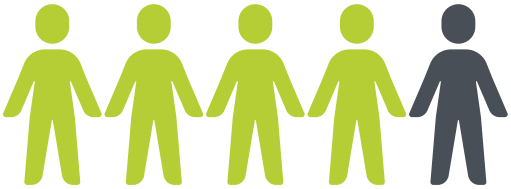
But which do consumers see as the 'hallmark of luxury'? The answer is, overwhelmingly (**68%**), respondents crave informality (friendliness, warmth, and familiarity) in a luxury experience.

PREFER 'INFORMAL' LUXURY

Formality v Informality continued

Interestingly, people aged 36-55 value 'formal' luxury slightly higher than other age groups, with **39%** favouring this, in contrast to the average of **32%** across all ages. The biggest enthusiasts of 'informal' luxury, surprisingly, are aged 56-65, with **78%** of the respondents indicating this as their preference.

There is little difference from a gender perspective, with women being slightly more likely to favour 'informal' luxury than men (respectively, **69%** vs **66%**).



78% PEOPLE AGED 56-65 OPT FOR INFORMAL LUXURY

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Most sought after: groceries

If money and location convenience were no object, more than a third of consumers (**36%**) would choose to get groceries from their local farm shop, which, very surprisingly, is higher than the percentage of those who would choose to shop at a premium grocery store, such as Waitrose or M&S (**32%**) – which some might consider the pinnacle of grocery shopping.

Almost 1 in 5 consumers (**19%**) would opt for a premium organic farm shop brand, such as Riverford or Daylesford, and, of course, there are those who like to stick with their tried and tested favourites: **13%** of respondents would choose a mid-level grocery store, such as Sainsbury's or Tesco.

36% v 32%

MORE PEOPLE CHOOSE FARM SHOPS OVER PREMIUM SUPERMARKETS

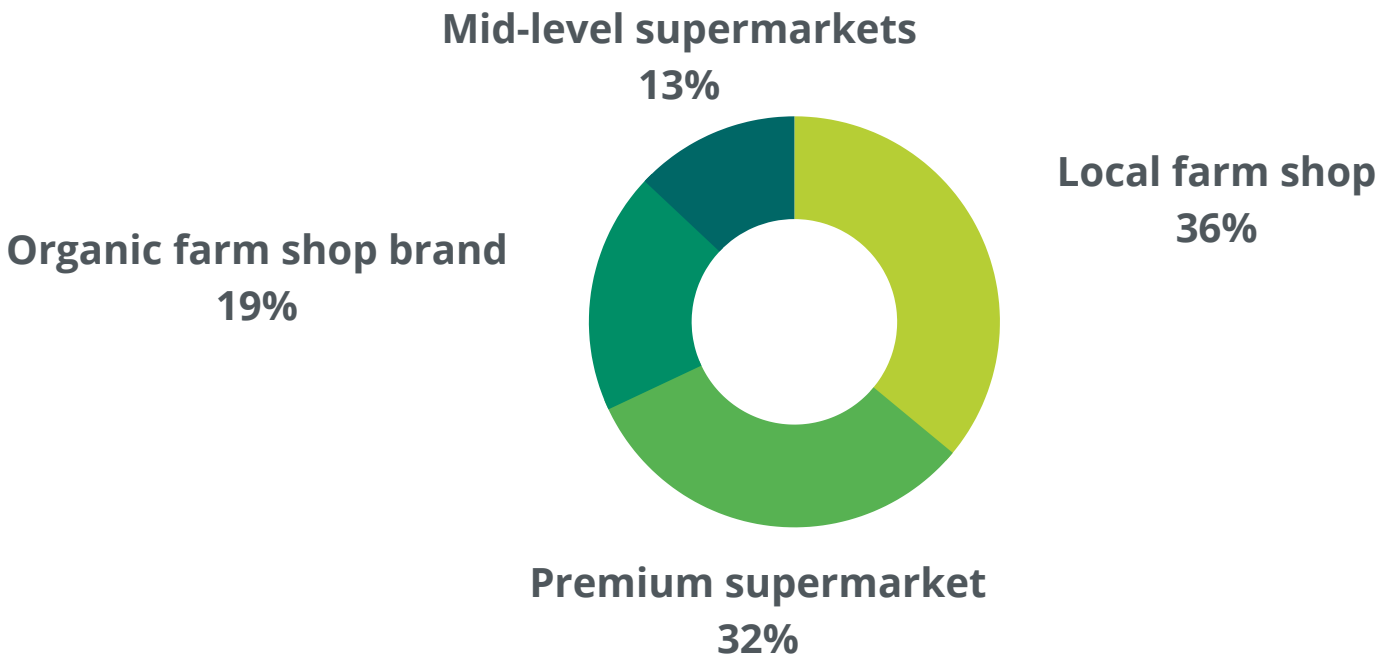
Most sought after: groceries, cont.

A demographic analysis shows that the biggest advocates for local farm shops are those aged 26-45, as **41%** of respondents indicated this as their preference. There was also a larger prevalence to prefer luxury organic farm brands within the 26-45 age group, in contrast to other age groups, as premium organic farm brands were chosen by almost a quarter (**24%** v **19%** average).

Consumers from all other age groups (apart from 26-45) displayed a tendency to favour premium supermarket brands, especially the 66+ age group, in which half (**50%**) consumers chose premium brands as their favourite.

The biggest support for mid-level supermarkets was from consumers within the 56-65 age group at **20%** (v average of **13%**), and the ones most likely to shun mid-level supermarkets were the in the 66+ age category, where only **4%** indicated these as their preference.

From a gender perspective, surprisingly, the responses vary by only a few percent. Women are more likely to prefer local farm shops and premium organic farm shop brands, whereas men are more likely to favour premium grocery store brands.



Most sought after: food experience

With food experiences, consumer preferences are much more clear cut than it is with their shopping preferences. If money were no object, the vast majority (**70%**) would treat themselves to a 7-course Michelin star restaurant experience, however, nearly a quarter (**22%**) would opt to go to their local independent pub or restaurant. It would be very interesting to know what that breakdown would have looked like pre-pandemic!

5% say they would choose either a high-street favourite (like Nando's / Prezzo, etc.) or an upmarket pub / bar (such as Brewdog), and **3%** would choose a street market or food court experience (Borough Market / Street feast).

Most sought: food experience cont.

It gets more interesting with the demographic analysis: Gen-Z (**18-25**) are least interested in the Michelin experience, with only **50%** selected this as their preference, which is quite a lot below the average across age groups (**68%**).

People aged 35-45 are most likely to opt for a Michelin treat, as that figure reaches **82%** within the age group. Conversely, because people within the 36-45 age group are favouring Michelin restaurants so highly, they have the lowest percentage of people choosing a local pub or restaurant (**10%**). All the other age groups are closer to the average percentage of **24%**, and local venues are, in particular, favoured within the 56-65 category, where that figure reaches almost a third (**29%**) of the responses.

Though figures show there's relatively low interest in high street favourites, pub brands and street food markets, if money were no object - but or Gen-Z respondents buck the trend, as **11%** prefer high street favourites, and another **11%** favour street markets, much higher interest than in any other age groups (the average is respectively **5%** and **3%**).

Most sought after: overnight experience

When if comes to accommodation, it seems that consumers are still more likely to embrace traditional luxury: half (**50%**) of the consumers would prefer an overnight stay at a 5-star hotel or resort; almost a quarter (**24%**) would choose staying at a luxurious country inn. A tenth (**10%**) would opt for a cottage rental, and only **8%** would prefer to either stay at an ultramodern aparthotel, or to go glamping.

The 46-55 age group are particularly fond (**59%**) of 5-star hotels, and surprisingly, the 56-65 are group are least likely to select a 5-star hotel (**39%**); they are much more likely to opt for a luxurious country inn (**34%**) instead, in contrast to other age groups.

PREFER 5-STAR HOTEL

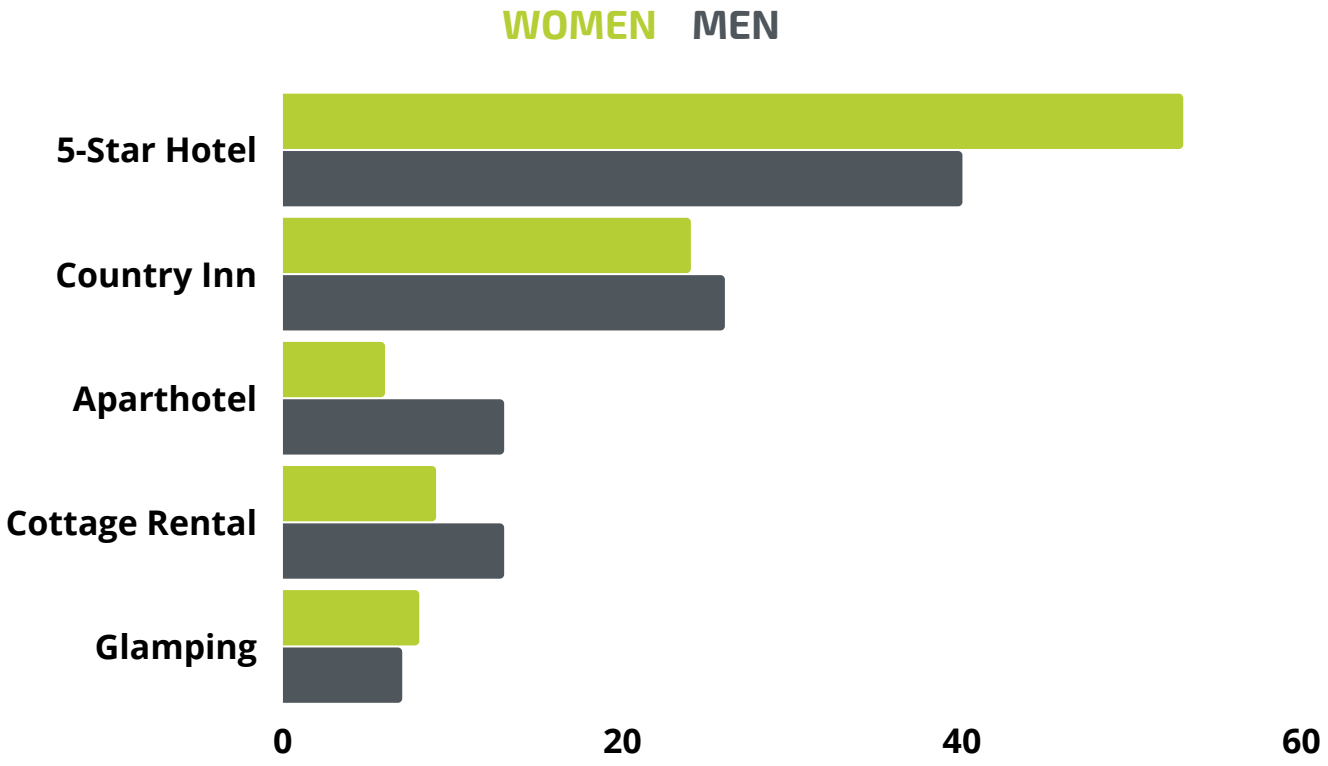
1 IN 4 OPTS FOR A COUNTRY INN

Most sought after: overnight cont.

People in the 66+ category are also very fond of country inn stays (**35%**), and also like the idea of a 5-star hotel (**54%**), but categorically refuse to go glamping.

People aged 18-45 have very similar tastes, much in line with the average results, however, Gen-Z respondents are slightly more inclined to go glamping (**17%** v average of **8%**) than the rest.

Gender comparison is quite revealing: women are more likely to prefer 5-star hotels than men (**53%** v **40%**), whereas men have a higher likelihood than women in opting for a modern aparthotel (**13%** v **6%**) or a cottage rental (**13%** vs **9%**).



Perceived Covid-19 safety

We have been keeping track how safe our panel of consumers feel at the idea of going out into hospitality venues, and the most recent results show that despite UK Covid case numbers going up, consumers confidence is the highest it's been since tracking began a year ago. The average safety score is now **8.34** out of 10. This figure was **7.9** in September, **7.19** in July, and has been slowly increasing since October 2020, when that number was only **7.07**.

Confidence is highest within the Gen-Z age group (**8.78**), and lowest with people over 66 (**7.92**); from a gender perspective, women are slightly more risk-averse than men (respectively **8.27** v **8.57**).

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SUMMARY

Sustainability is becoming increasingly important to consumers, and climate awareness is already having an effect on what people perceive to be luxury (or what they choose to spend on). We can already see an impact on the grocery sector, where people are more likely to opt for a local farm shop, rather than the premium supermarket. With hospitality, sustainability could become a key differentiator and selling point for brands, as people make choices more carefully, but for now, consumers are happy to pursue traditional luxury experiences, such as Michelin star restaurants and 5-star hotels.

Consumers are experiencing a certain element of guilt associated with excessive packaging, when it comes to buying goods, and this may have had an impact on why customers (especially in older age groups) choose to spend on experiences. Hopefully this will result in an increase in revenue within the sector, as hospitality takes a bigger share of consumer disposable income.