KEITH PROWSE

PEOPLE BUY EXPERIENCES:

A study into the future of hospitality; what was once considered VIP is now more accessible

MAY 2019

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Image: Hospitality guests at The Lawn, Wimbledon

FOREWORD FROM JEREMY HAZLEHURST
BUSINESS JOURNALIST

These days, many work relationships are mediated through that little black rectangle in our pockets. Email, WhatsApp and Slack are great tools for speedy, casual communication, but they are inherently superficial. Smartphones have changed business communication out of all recognition, but some truths remain universal; if you really want to build trust, you still have to get face-to-face.

A good corporate event still signifies status. Seeing and being seen by the right people is hugely important for cementing and maintaining relationships. What has changed though, is what this looks like. A successful corporate event has to be flexed to its audience.

For example, large numbers of young people drink little or no alcohol, so boozy bonding is off the menu. For people with children and caring responsibilities, evening events are a non-starter. Time-poor people prefer shorter events and are relieved to be invited to, say, a gig, T20 cricket or a gallery viewing, rather than an all-day bash.

Thoughtful event-planners also understand that you have to be sensitive to the type of person you are working with. People who work in scruffy jeans and band T-shirts writing code probably don't feel like strapping on a cummerbund for the evening, or joining a beery mob at a boxing match. Remember: we live in a world where the height of cool is a well-made bowl of artisanal pasta and a craft beer.

In short, what counts as valuable is evolving. Discretion and exclusivity might have once been the touchstones for a great event, but in a screen-mediated world communal experiences and facetime are rarities, and therefore highly valued. The good news? That doesn't need to cost the earth.

INTRODUCTION FROM SAM COATES
HEAD OF MARKETING, *KEITH PROWSE*

Disruptors, new legislations, financial climate and a trend for paired back luxury have culminated in a new way of doing business: we rarely book tables for dinner any longer, we book our meetings online and our recommendations are influenced by standout imagery and the number of thumbs up.

How we meet and why has also changed at an unprecedented speed in the last decade. As the UK's voice of the experience market we wanted to delve deep and understand the implications of these new principles on the hospitality market.

The findings should give budget holders a fresh take on who they invite and what their guests want to get out of the event. The one very resounding message is that hospitality is ever more prevalent amongst organisations as they strive to build customer relations. Face-to-face interaction remains as important, but the need for flexibility and personalisation is changing the appearance of the experience for guests and bookers.

The generational gap is growing too, with a marked difference between Gen X and millennials. While they warrant premium experiences and networks, the way we interact and spend our time differs. There is an expectation among younger demographics for flexible attendance to events, while long-standing guests need timely access to establish quality face-to-face time.

People buy people is as important as ever in this online world where we are bombarded by messaging. Trust matters most in relationships as these findings underline – to build trust you need to form face to face interaction; be it for work or for pleasure – the business of hospitality has a demonstrable place amongst the modern societal workplace.

BACKGROUND TO THE RESEARCH

The three-week survey took place between 18th February and 12th March 2019 and targeted three distinct user groups of hospitality.

The buyer types were defined by those who:

- Predominantly **buy** hospitality
- **Attend** events as a hospitality or premium seat guest
- Those that **sponsor** the UK's landmark sports and performance events

70% of respondents identified as being responsible for budgets and therefore decision makers for hospitality. While 52% of the buyers held senior positions within their organisations.

The data has been extracted to give thought leadership on the changing face of hospitality; **The demands, trends and best practices for guest engagement and retention that ultimately lead to the creation of standout experiences.**

COMPANY SIZE

BUYERS

40% Small business
29% Mid-sized business
31% Large corporate

SPONSORS

42% Small business
25% Mid-sized business
33% Large corporate

ATTENDEES

61% Small business
19% Mid-sized business
20% Large corporate

THE DEMANDS, TRENDS AND BEST PRACTICES FOR GUEST ENGAGEMENT AND RETENTION THAT ULTIMATELY LEAD TO THE CREATION OF STANDOUT EXPERIENCES.

The reach and quality of the survey's respondents gives an authoritative voice to the business entertaining market as 31% of buyers work in workforces of 1,000+ employees. Of these, 22% are companies with 6,000+ employees. 25% of those responsible for sponsorship work in companies of 6,000 or more people and of the attendees, 61% of people worked in organisations with less than 100 employees.

The organisations partaking in the survey were predominantly based within the M25 and 54% of respondents were female, 44% were male and 2% declined to answer.

The principal age group for the sample was 35-44. Buyers of hospitality largely fell within the 45-54 age group while the attendees were a younger demographic with 40% aged between 25-44.

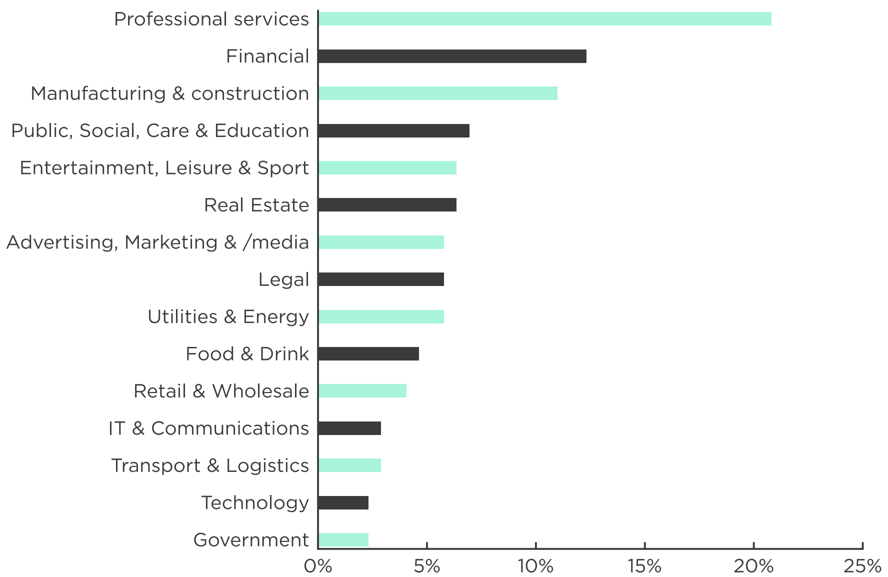
Image: Investec Derby Fesitval

WHERE DOES HOSPITALITY FIT WITHIN THE MARKETING MIX?

The use of hospitality has been part of the marketing mix for some time, be it as a headline sponsor and the brand affiliation it affords, inviting clients to reinforce relationships or rewarding employees.

Brands are faced with an increasing diversity of customers, markets and channels. Add in the advent of digital marketing techniques and e-commerce, the need for interaction and engagement between brands and their users have seemingly been alienated and eroded.

ORGANISATIONS WHERE RESPONDENTS WORK



While data analysis and a reliance on customer relationship management systems (CRM) to facilitate interactions may have improved profitability and pipelines, **it has made relationships between customer and service provider impersonal.**

The 2019 Edelman Trust Barometer (January 2019) highlights that people have shifted their trust to the relationships within their control and companies' over-reliance on social media platforms for fostering trust could pose a threat to them (considering that 53% of the survey's respondents lost conviction in social platforms as a medium to disseminate information) reinforcing the importance of taking the online, offline.

THE SURVEY RESULTS POINT TO HOSPITALITY BEING USED TO NURTURE AND RE-IGNITE RELATIONSHIPS BY CREATING OPPORTUNITIES TO INTERACT IN PERSON: TAKING THE ONLINE OFFLINE AND CREATING PERSONABLE, MEANINGFUL AND LASTING INTERACTIONS.

Image: Tom Kerridge at The Lock, Twickenham Stadium

"CUSTOMER EXPERIENCE MANAGEMENT IS ABOUT MORE THAN FULFILLING THE NEEDS OF YOUR ONLINE BUSINESS. IT'S NOT JUST ABOUT KNOWING WHERE THEY ARE AND WHAT BRANDS THEY PREFER, IT'S ABOUT KNOWING THEM SO WELL THAT YOU CAN CREATE AND DELIVER PERSONALISED EXPERIENCES THAT WILL ENTICE THEM TO REMAIN LOYAL TO YOU, BUT ALSO TO TALK TO OTHERS ABOUT YOU. IT'S PROBABLY THE MOST VALUABLE FORM OF PROMOTION THERE IS."

SAM COATES, *KEITH PROWSE*

While the growing prevalence of chatbots is re-engaging fast and immediate interactions, social selling - using online social tools to engage in relationship building strategies - is becoming a business norm.

The survey results point to hospitality being used to nurture and re-ignite relationships by creating opportunities to interact in person: taking the online offline and creating personable, meaningful and lasting interactions.

Ultimately, organisations are seeking to re-engage with their customers, suppliers and stakeholders throughout the numerous brand touchpoints by creating rich content, tiered pricing and hi-impact experiences.

Customer experience management brings personality to today's big data metrics and an opportunity to interface directly with user groups. And in providing social experiences, brands are 57% more likely to secure face-to-face opportunities and build meaningful relationships.

Image: Sam Querrey Q&A In the Club Lounge at the Fever-Tree Championships

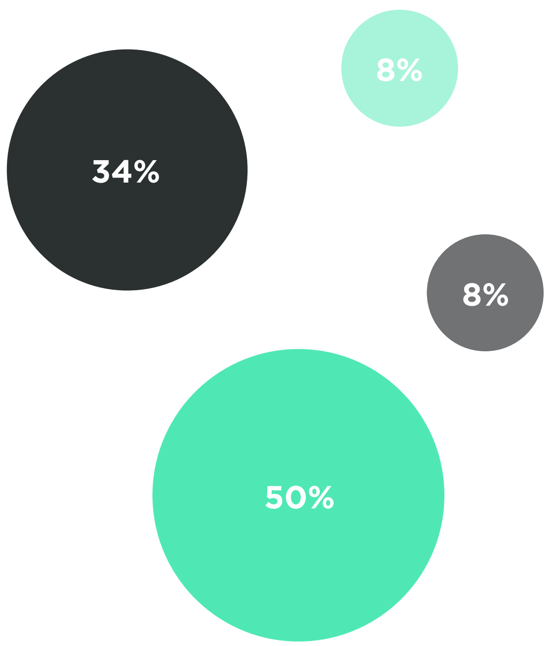
WHO IS BEING ENTERTAINED?

B2C sponsorship activity is becoming an integral part of the day's entertainment at the world's most popular sporting and cultural events. Fan experiences which are executed by brand sponsorships help to broaden the appeal of the event and draw on a new generation of supporters.

The prevalence of brands sponsoring iconic events has matured and led to engagement and entertainment before, after and during the on-field action. Unsurprisingly so, when the survey highlights that 50% of those sponsoring wants to engage with a new audience.

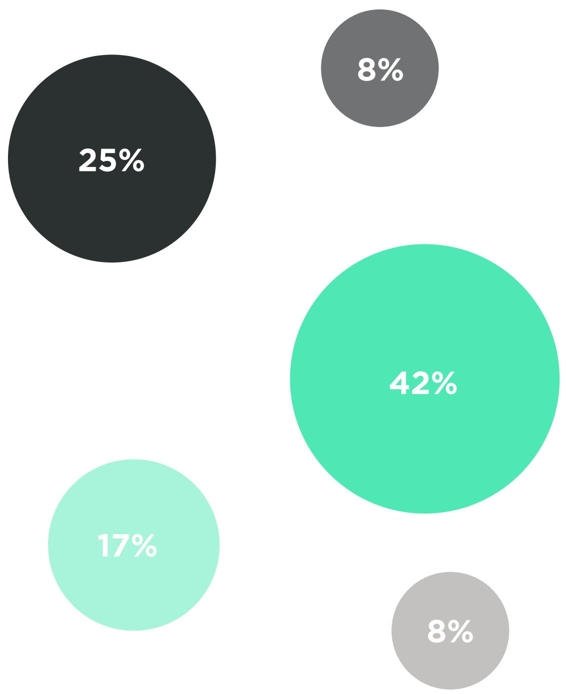
Sponsors targeting a **B2C** audience are almost exlucisvely (**92%** as shown in the graph on the left) hosting existing relationships, potential customers and a broader reach of customers and their colleages. Those being entertained from a **B2B** perspective are similarly hosting existing clients, potential clients and clients and their colleagues which equates to **84%** shown in the graph on the right.

BUSINESS TO CONSUMER:



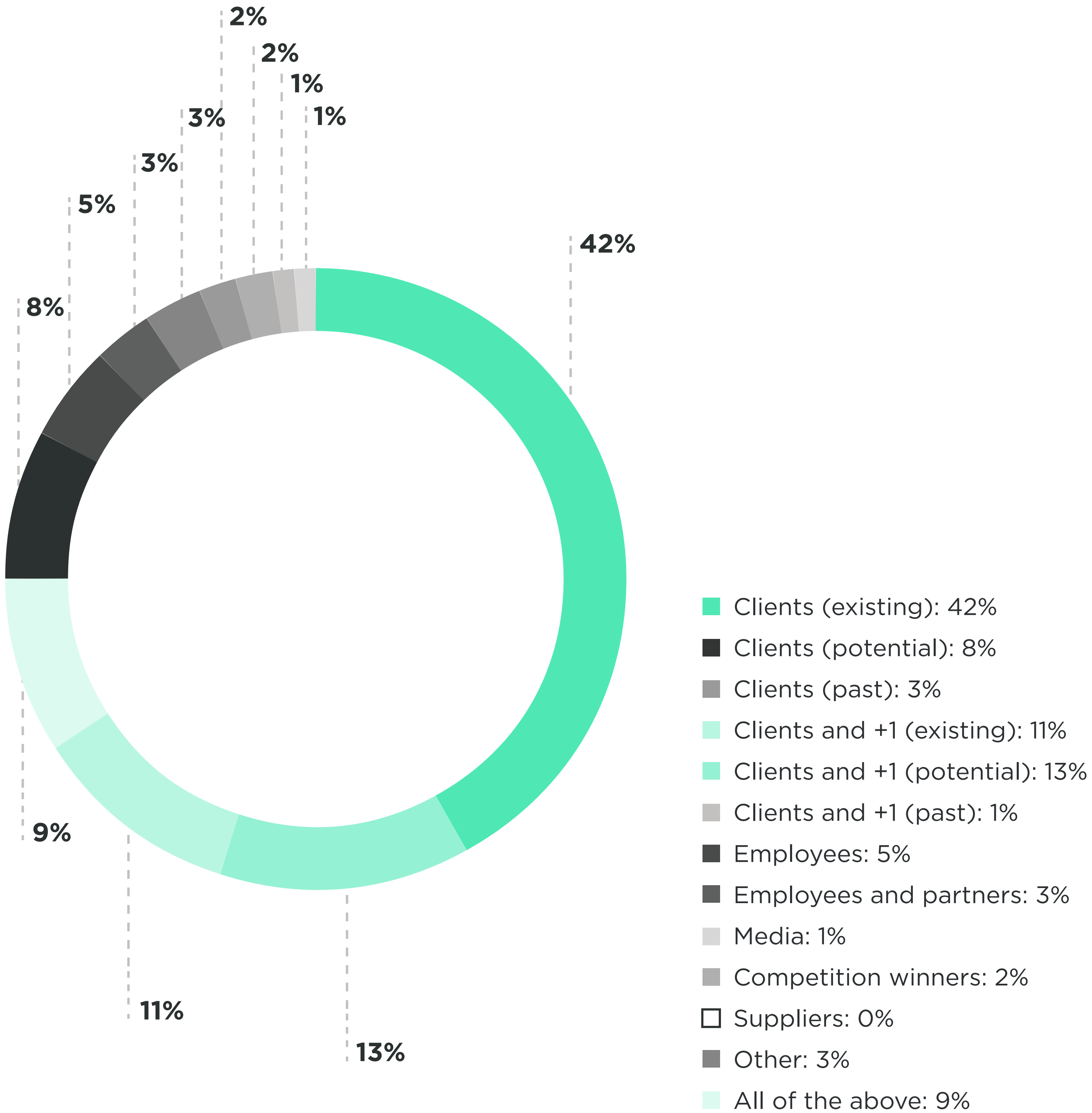
EXISTING CUSTOMERS
POTENTIAL CUSTOMERS
CUSTOMERS & THEIR COLLEAGUES
MEDIA

BUSINESS TO BUSINESS:



EXISTING CLIENTS
POTENTIAL CLIENTS
CLIENTS & THEIR COLLEAGUES
MEDIA
COMPETITION WINNERS

BUYERS: WHO DO THEY HOST?

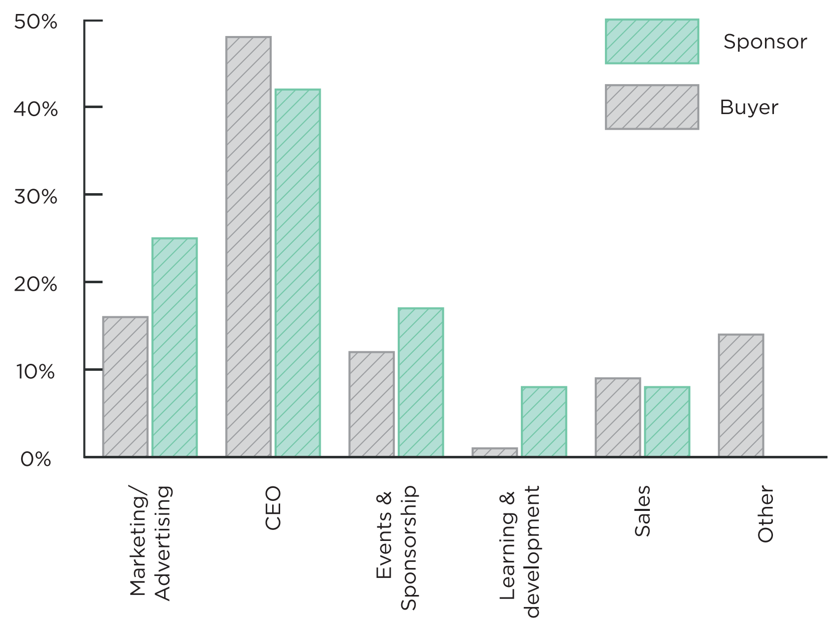


WHO CONTROLS THE BUDGET?

The importance placed on engaging with clients and suppliers is reflected in where the budget sits.

The C-suite accounts for 48% of buyers and 42% of sponsors holding the budget, despite hospitality and entertaining being acknowledged as part of the marketing mix, just 16% of buyer respondents attribute their budget to marketing and advertising.

WHICH DEPARTMENT HOLDS THE BUDGET?



The seniority of budget holders underlines the impact that developing interactions is having within organisations who are competing for clients, bringing the online offline, through social marketing interaction.

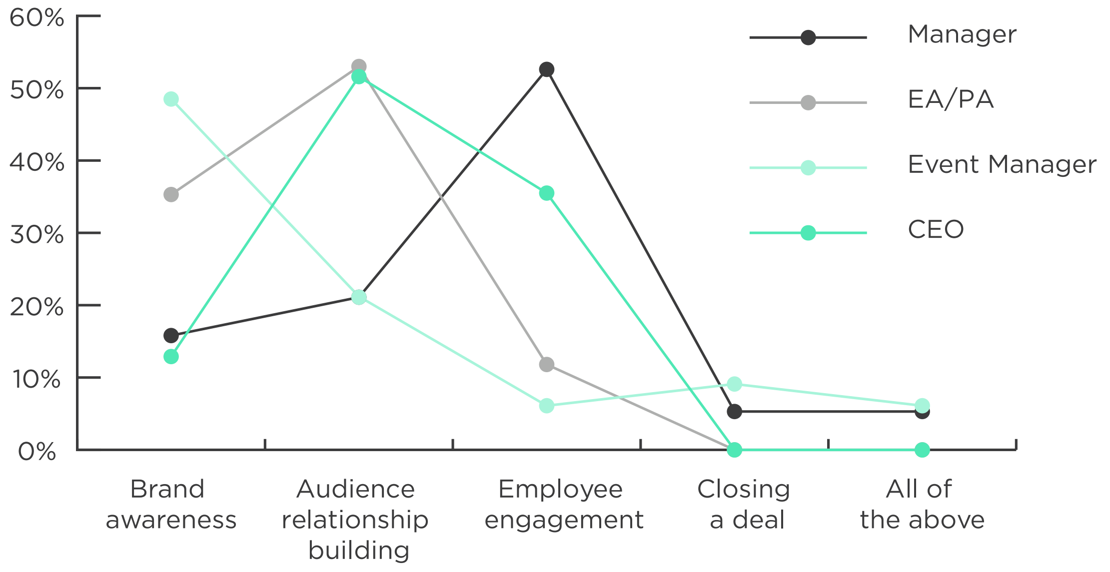
The mean size for groups, particularly among tennis and rugby buyers, is 4-20 guests: personal customer experiences are now the order of the day with 83% of buyers and 95% of sponsors stating that group sizes are becoming more intimate. Data highlights a rise in multiple event bookings as buyers opt for a convivial environment in which to build trust and form valuable connections.

Corporate buyers are focused on their guestlist to ensure that the hosts can build relationships and understand their audience on a more personable basis.

THE SENIORITY OF BUDGET HOLDERS UNDERLINES THE IMPACT THAT DEVELOPING INTERACTIONS IS HAVING WITHIN ORGANISATIONS WHO ARE COMPETING FOR CLIENTS.

Image: East Stand hospitality view at the Fever-Tree Championships

ROI MEASUREMENTS: WHAT BUYERS WANT TO ACHIEVE



RETURN ON INVESTMENT

Return on investment remains imperative for organisations who engage in hospitality and customer experiences.

Sponsors are utilising the branding opportunity of a large-scale event to drive brand awareness in traditional print and online media as well as building brand trust by aligning with the established reputation of an iconic event. 25% of sponsor related respondents see building trust with their audience as a key performance indicator as it gives the opportunity to bring their brand to life and connect with their target audience.

The importance placed in building trust and meeting face-to-face reinforces why brands are using events and activations as part of their marketing mix.

Image: Ben Kay with fans at The Lock, Twickenham Stadium

THE METRICS THAT MATTER

Pipeline impact: Evaluation on anticipated sales as events are pipeline influencers

Brand affinity: Customer experiences impact perceptions of the brand and consideration should be given to the measuring changes in perception

Customer retention: Consider the impact of a customer's likelihood to continue doing business with the brand

Value of experience: Delivering added value to attendees and participants

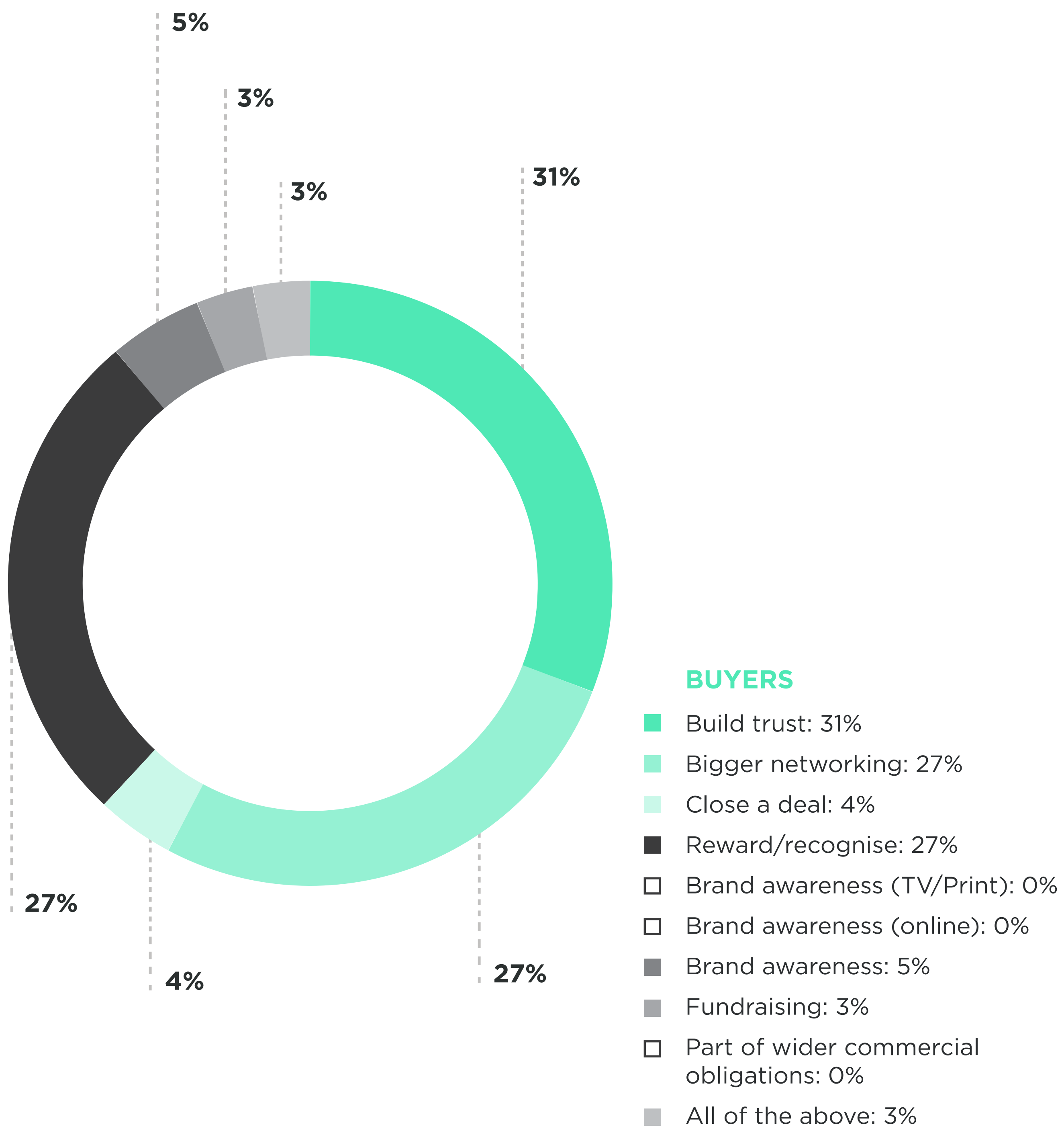
Face Time: The time we spend directly and personally engaging with another person

A marked 27% of buyers are using hospitality as part of reward and recognition initiatives for their teams. The fight for talent means that organisations are looking for new ways to retain, reward and recognise their people. Monetary remuneration remains in high demand; however, the value of an experience is still a big motivator. Experiences also offer employees the bonus of amplifying their own brand through their social shares of a great day out.

When it comes to justifying expenditure, **more than three quarters of responses cite building relationships as the deciding factor.** With many events allowing up to 8 hours of face-to-face time, hospitality is a key way to strengthen and develop interactions between organisations and/or employees.

For buyers of hospitality, it's the opportunity to build trust that is most important, and this mirrors the desire to take online relationships offline.

BUYERS: WHY DO THEY HOST?



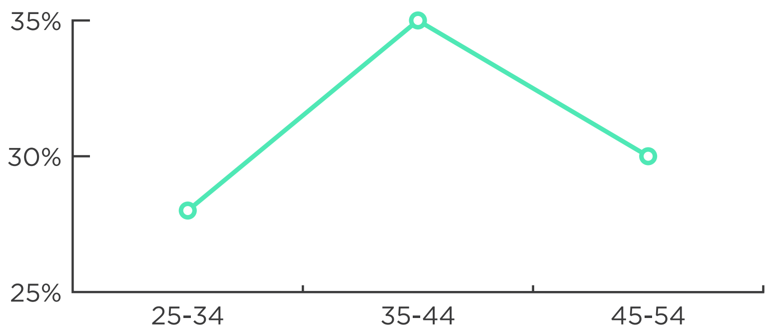
EXPECTATIONS FROM THE EXPERIENCE

For guests at events, (68% of the survey), atmosphere and the food and drink offering are key expectations. This is being reflected in operators partnering with high profile chefs and increasingly so, mixologists, in order to elevate their offering and the overall hospitality experience.

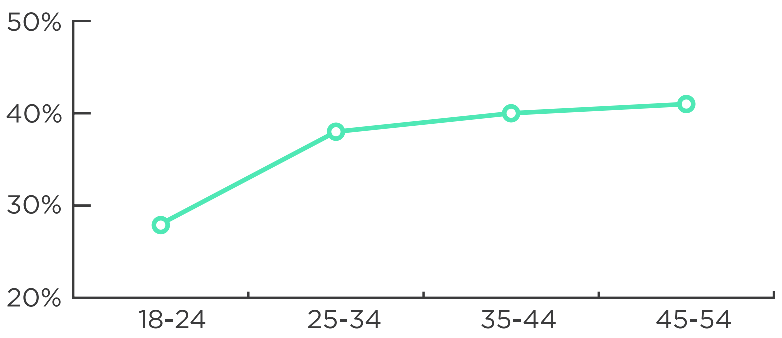
With greater diversity of diets and an increasingly sophisticated palate, consumers are looking for artisan and craft suppliers to offer a taste of the hyper-local.

Quality of the food and drink is a primary consideration to Generation X (35-44).

IMPORTANCE OF FOOD AND DRINK



IMPORTANCE OF EXCLUSIVITY



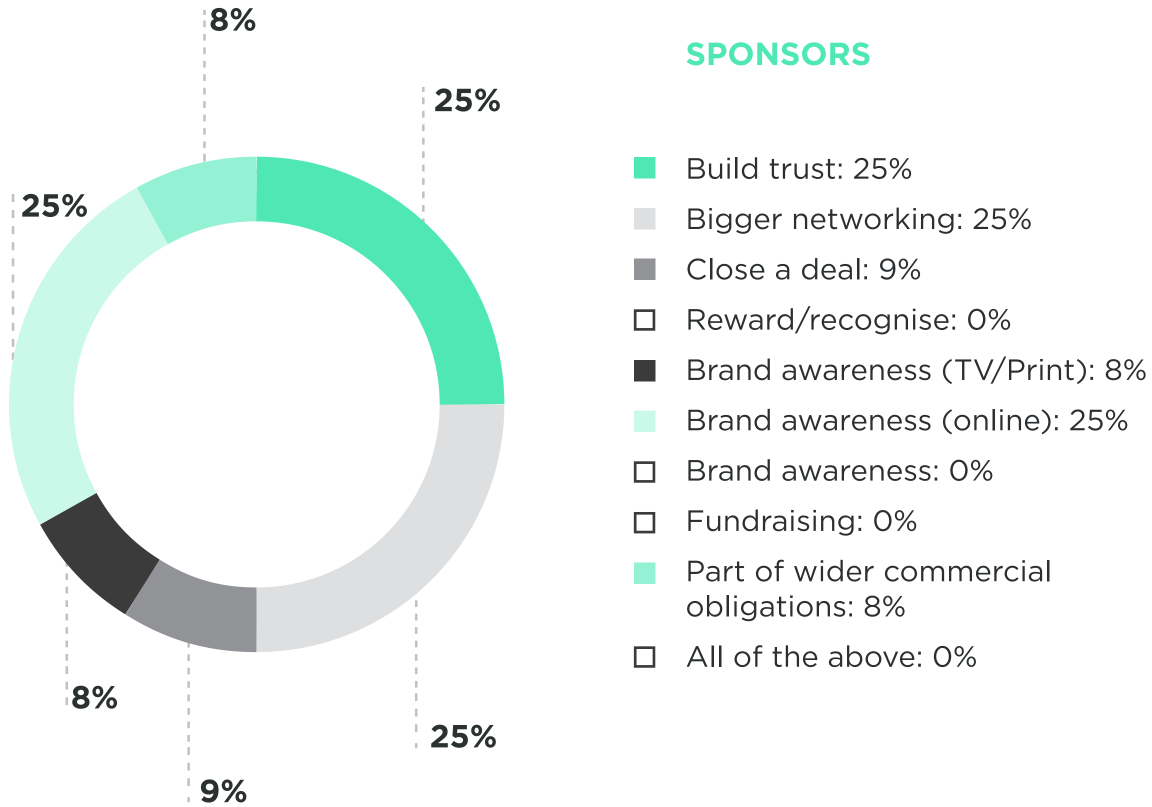
Conversely, exclusivity becomes more prevalent to an older demographic.

The ability to share the experience on social media is more important to younger age groups and of little or no relevance to older respondents.

Behind the scenes access to sporting talent featured as an important element for males, whereas female guests cited status, in terms of positive peer group comments and social media engagement, as a more crucial factor in their attendance.

Image: British Airways Rose Garden Hospitality at Twickenham Stadium

SPONSORS: WHAT DO THEY WANT TO ACHIEVE?

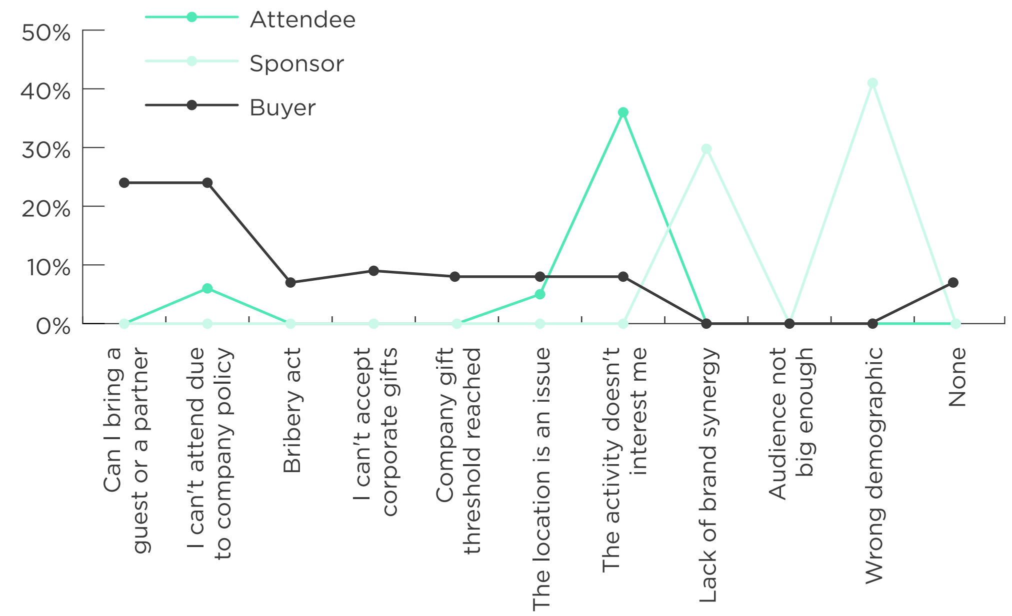


41% of sponsors said they are looking to achieve commercial impact from their sponsorship of an event; this is made up of the associated brand awareness from TV, print and online, as well as taking part in wider commercial obligations with the rights holders. Brand synergy and attracting the correct demographic were also key deciding factors for sponsors.

For corporates, the advent of the Bribery Act in 2010 led many to create mandatory codes of conduct surrounding gifts and hospitality. A more focused approach to the guestlist and to maximising a return on investment has also led to multiple bookings of smaller, more intimate group sizes.

There was a comprehensive understanding of compliance across all respondents, however it did not feature as a definitive factor. In fact, only 7% of buyers stated the Bribery Act as a factor for not attending, which highlights the growing use of compliance and ethical policies in organisations of all sizes.

REASONS FOR NOT ATTENDING



Hospitality providers have responded with a tiered pricing strategy that is structured to continue providing a premium offering, however, priced to be commensurate. This more diverse pricing strategy has also opened a new market with friends and families buying in to the enriching experience of an all-inclusive day at an event.

The growth in the business of experiences means that premium seat entertaining isn't just carried out for business to business purposes. In 2017 alone, the experience economy saw a 12% growth in online traffic to 'experience products' to £64m*.

Equally with sponsors wanting to better engage with their target audience by engendering trust, and with the rise in the experience market, brand activations are becoming lifestyle experiences for friends and family to buy in to. Consequently, the premium seat requirement for consumers is of growing importance and an emerging sector.

*Source HITWISE

WHAT’S BEING BOOKED

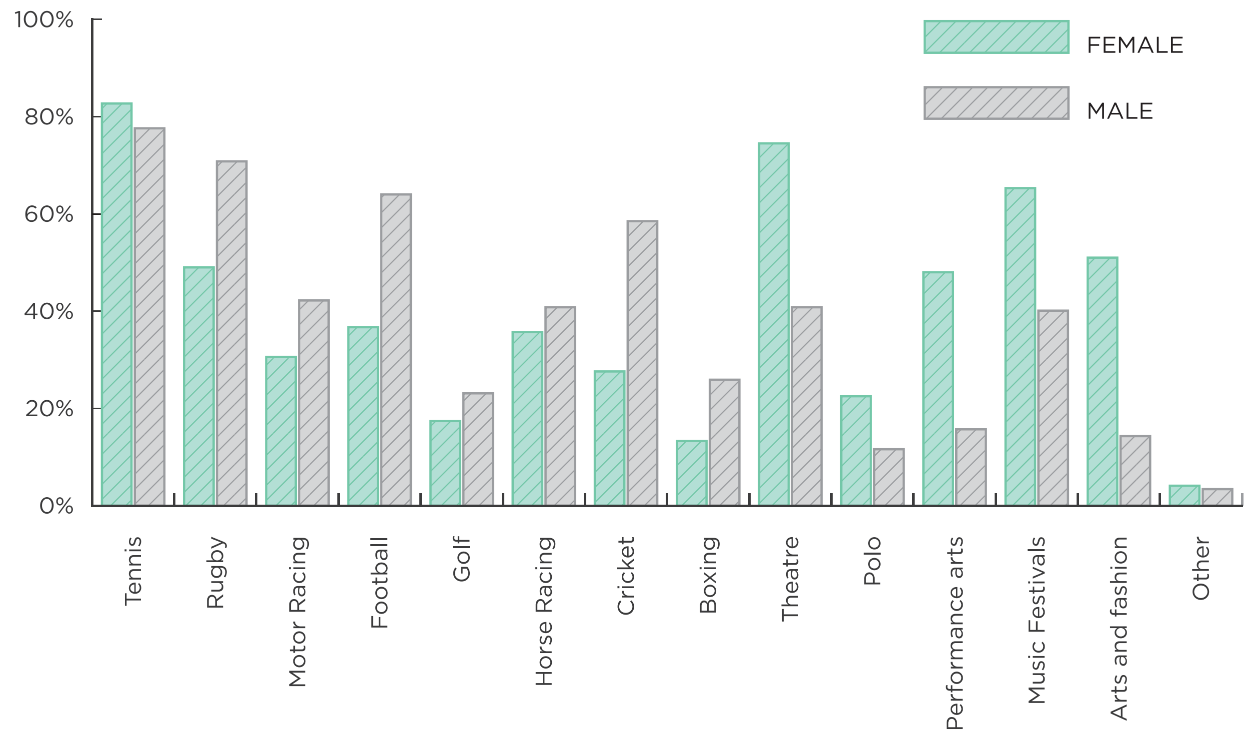
The below graphs highlight sporting and cultural preferences that would make a guest attend an occasion, split between market, age and gender. Tennis and rugby remain the perennial favourite event to attend.

Across all respondents the older demographic showed they are willing to commit an entire day at an event, whereas, short-form sports and events are more appealing to a younger demographic, such as T20 cricket and music concerts, as they do not have to commit their whole day and are afforded more flexibility.

While tennis and horse racing appear to appeal to both genders almost equally, that can’t be said for arts, theatre and festivals where the female interest is much stronger. Cricket and football would appear to still be considered primarily ‘male-dominated’ sports.

> **“EVENT AGENCIES NEED TO KEEP ABREAST – AND INDEED AHEAD - OF CHANGES IN CLIENT NEEDS IN A FAST-CHANGING MARKET. HEALTHY MENUS AS WELL AS VEGETARIAN AND VEGAN OPTIONS THAT CATER FOR FOOD ALLERGIES, ARE INCREASINGLY BEING REQUESTED. HOSPITALITY EVENTS ARE IMPORTANT NOT ONLY FOR BUILDING BRAND AWARENESS AS WELL AS NETWORKING.”**
>
> FIONA KEATING, EDITOR, *MEETINGS & INCENTIVE TRAVEL*

EVENTS PEOPLE ASPIRE TO ATTEND (BY GENDER)

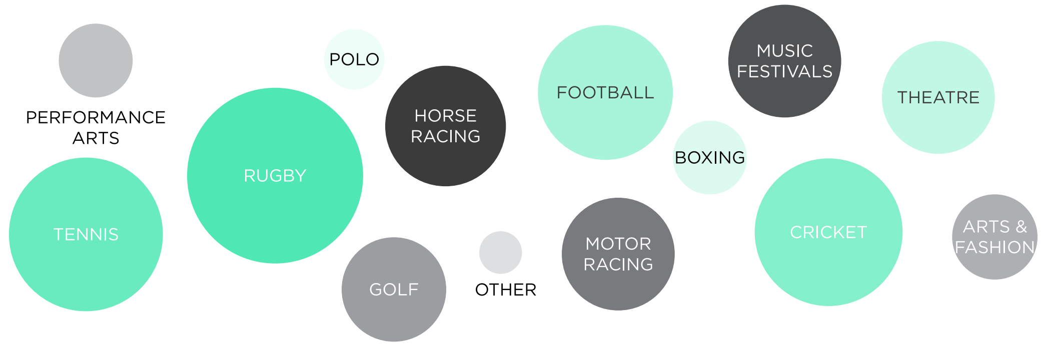


EVENTS PEOPLE ASPIRE TO ATTEND (BY AGE)

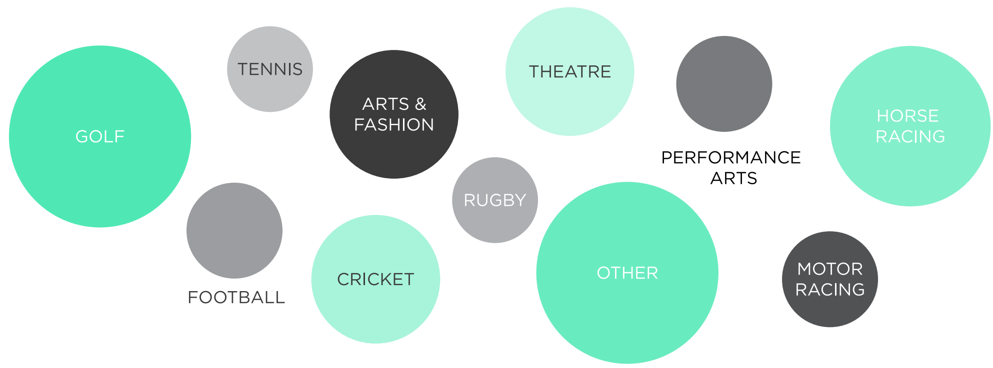
	18-24	25-34	35-44	45-54	55-64	65+
TENNIS	33.3%	86.1%	83.6%	72.6%	79.4%	81.9%
RUGBY	33.3%	62.8%	67.3%	64.5%	60.3%	50%
MOTOR RACING	100%	25.6%	47.3%	38.7%	36.5%	31.8%
FOOTBALL	66.6%	46.5%	61.8%	53.2%	52.4%	45.5%
GOLF	33.3%	9.3%	20%	21%	27%	27.3%
HORSE RACING	33.3%	46.5%	47.2%	38.7%	34.9%	18.2%
CRICKET	66.6%	32.6%	49.1%	45.2%	50.8%	54.6%
BOXING	66.6%	25.6%	30.9%	16.1%	19.1%	0%
THEATRE	66.6%	51.8%	54.6%	46.8%	60.3%	54.6%
POLO	0%	18.6%	21.8%	17.7%	12.7%	4.6%
PERFORMANCE ARTS	33.3%	32.6%	27.3%	25.8%	33.3%	22.7%
MUSIC FESTIVALS	100%	58.1%	56.4%	56.5%	41.3%	18.2%
ARTS AND FASHION	66.6%	37.2%	30.9%	29%	27%	13.6%
OTHER	0%	7%	3.6%	3.2%	3.2%	4.6%

PREFERRED ACTIVITY FOR ENTERTAINING

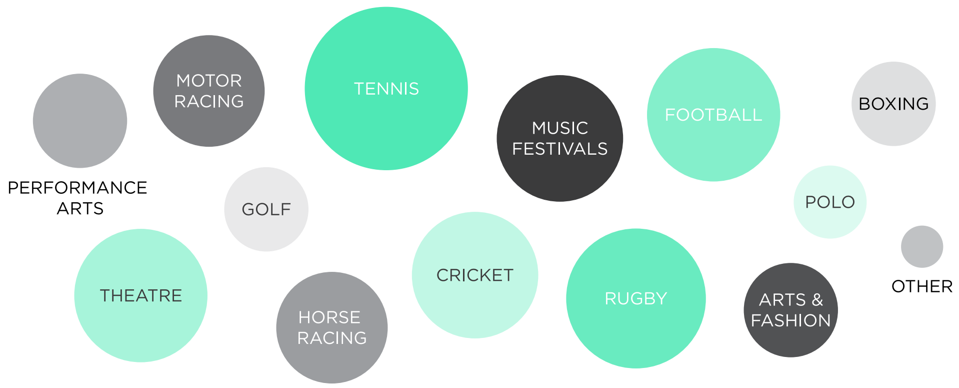
BUYERS



SPONSORS



ATTENDEES



> **"OUR BUSINESS IS TO HELP OUR CLIENTS CREATE INTERACTIONS; WHETHER IT IS FOR IMPARTING KNOWLEDGE, LEARNING AND DEVELOPMENT, CELEBRATING OR REWARDING.**
>
> **PREMIUM EXPERIENCES ARE AN IMPORTANT COMPONENT OF CORPORATE REWARD AND RECOGNITION PROGRAMMES AS THE RESEARCH UNDERLINES. AND THE HOSPITALITY SECTOR IS EVOLVING IN LINE WITH A NEW DEMOGRAPHIC WHO IS KEEN TO DISPLAY THEIR PERSONAL BRAND EQUITY ACROSS SOCIAL MEDIA. EVENTS AND THEIR CONTENT ARE HAVING TO EVOLVE JUST AS THERE IS A MARKED DEMAND FOR A MORE CASUAL YET LUXURIOUS APPROACH TO SPORTING HOSPITALITY"**
>
> DAVID TAYLOR, VP SALES & MARKETING EMEA, *BCD M&E*

Image: Hospitality guest at The Lawn, Wimbledon

Images: Wimbledon Centre Court

SUMMARY

Digital marketing does not adequately drive engagement with consumer and business audiences, in fact **automation of brand messaging is eroding trust between brands and their consumers.**

Brands want to meet their stakeholders and clients and they increasingly understand that premium experiences that are rich in content and time help create the opportunity to engage face-to-face and re-build trust.

The older demographic is willing to commit an entire day at an event, whereas, short-form sports and events are more appealing to a younger demographic, such as T20 cricket and music concerts, as they do not have to commit their whole day and are afforded more flexibility.

Blue riband events remain the most desirable, but there is a growing want from a younger audience to attend performance and arts-based events. This growingly influential audience wants to get the most out of their time too. They perceive premium experiences differently; they value and refer to status and fantastic food & drink as key factors to their day out. Conversely older guests appreciate discretion.

Both scenarios are reflective of the eating out industry where **premium casualisation has changed the landscape of how we dine and purchase. Pared back design, well considered food and communal experiences are trends that hit the mark for the millennial guest and are being replicated at events and on high streets across the UK. The discreet, upscale and more formal, meet the expectations of older guests.**

Stadia have already started to respond to demand by creating tiered packages that remain aspirational yet appeal to broader demographics and their requirements.

Well-executed experiences turn consumers from passive viewers to active participants. And as customer experiences continues to permeate the marketing landscape, it's not just the large-scale corporate that is recognizing the opportunity.

The marketing mix which supports hospitality purchasing is maturing with customer experiences now clearly on brands' agendas to engage wider demographics across markets. **One thing for certain is that hospitality is no longer the territory of senior managers – it's used as an opportunity to interact and engender relationships.**

ABOUT US

Keith Prowse is the UK's hospitality industry leader with official appointments at The Championships, Wimbledon; Twickenham Stadium; Edgbaston Stadium; The Kia Oval; Fever-Tree Championships; Investec Derby Festival and The Experience St Andrews. Keith Prowse is part of Levy UK, the sports, leisure and hospitality division of Compass Group UK & Ireland.

For more than 200 years Keith Prowse has led the way in creating and providing memorable experiences. As hospitality leaders, innovation is at the core of what they do, continuing to develop new creative concepts and enhancing the customer journey in line with today's business and consumer wants and tastes.

Every occasion developed and delivered by Keith Prowse is different and draws a unique crowd. Using a tiered approach to hospitality, each experience is tailored to the target audience and allows the customer to clearly recognise the differences between price points, exclusions and inclusions.

The Championships Wimbledon
England Rugby Hospitality
Good for Rugby
Fever-Tree Championships
edgbaston
The Kia Oval
Investec Derby Festival
The Experience St Andrews

Image: Natwest T20 Blast, Edgbaston Stadium

KEITH PROWSE