Understanding your customers’ behaviour in the UK hospitality sector.

Find out what customers really expect from you before, during and after their visit.

#WhatCustomersReallyWant
A few words from our CMO, Christine Bailey.

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Welcome to Valitor’s UK Consumer Hospitality report for bars and restaurants.

It’s good news for the UK hospitality sector as a whole - 76% of diners agree that eating out is an important social occasion and 71% visit a pub or bar afterwards - but for individual bars and restaurants, it’s hard to attract new customers. While diners claim to love trying new places, they actually lean towards the familiar.

A more digitally connected world brings new opportunities to attract customers. This report will give you a new perspective on what customers really expect from you before, during and after their visit.

Find out when consumers prefer an independent restaurant or bar and when they prefer a more familiar chain; how you can use social media to your advantage; how you can use technology to overcome some of your customers’ biggest frustrations and how payment and tipping habits are changing.

The findings will help you across 3 key areas.

- **Help you to decide where to focus your marketing efforts.**
- **Improve your customers’ experience.**
- **Help you bring in new customers and keep them coming back.**

Valitor is an international payment solutions company founded in Iceland in 1983. We have many years’ experience helping small and medium-sized businesses in the UK and Ireland to accept card payments. We offer:

- **Transparent & Simple Pricing.**
- **Friendly UK Customer Support.**
- **Reliable Card Payment Technology.**

We always go the extra mile for our customers to ensure the ongoing success of their business. That’s why thousands of SMBs choose Valitor as their card payment processing partner.

Please visit valitor.com/hospitality or call 0808 204 0342 to discuss your payment needs with our friendly UK sales team.
Understanding the customer experience.

Our research has looked at the experience of consumers within the restaurant and bar sector to help answer some key questions.

1. How important is dining or drinking out to UK consumers?
2. How open are consumers to new places?
3. How do consumers feel about independents?
4. How do consumers feel about familiar chains?
5. What are the biggest frustrations that customers face, and how can tech help?
6. Why do you need to get onboard with social media?
7. How are preferences with payments and tipping changing?
8. How can you tap into new trends to appeal to younger generations?
Meet the UK’s diners and Pubgoers.

Our approach.

We spoke to a nationally representative sample of **2006 UK diners and pubgoers** around the country about their nights out, what they like about the places they go and what frustrates them.
We’ve looked at age, gender, region and other factors to see how those affect people’s views.

In this report we’ve mainly focussed on the *generational divide* as that’s where the most striking variations can be seen, but we’ve highlighted other differences throughout as well.
1. How important is dining or drinking out to UK consumers?
76% of our diners agree that eating out is an important social occasion...

Going for drinks is just as important as dining out.

Just over half head to a pub or bar on at least a fortnightly basis, with a further 38% going at least every 2-3 months.

Making a night of it.
Gen Z and Gen Y often meet up with friends over dinner, 66% follow that up with a visit to a pub or bar - bottoms up!

Although dining with workmates is relatively uncommon, when they do eat out, a huge 71% visit a pub or bar afterwards.

Date night is the most popular dining occasion.
37% eat out with their partner at least once a fortnight.

Family time is also important.
At number two, eating out with family is also a frequent event. 31% eat out as a family at least once a fortnight.

A key concern.
62% of diners think that Brexit will mean increased prices in bars and restaurants.

Younger consumers go out with friends most often.

Nearly half of Gen Z and a third of Gen Y consumers meet up with friends over dinner every couple of weeks or more.

However, dining with their workmates is much less frequent, and 1 in 3 don’t ever do this.

All fun and no play...
How open are consumers to new places and what are they looking for when they seek out new spots?
People like to stick with what they know.

It’s hard to attract new customers.

More than 3 in 4 prefer familiar places.

The challenge for new restaurants to break through is illustrated by the fact that while diners claim to love trying new places, they actually lean towards the familiar.

Only 23% of diners overall prefer to eat out at a new place, rather than at a familiar restaurant.

Where are consumers more adventurous? With 28% preferring new places, Londoners are the most adventurous, while those in Scotland & NI are more likely to be creatures of habit, with only 17% preferring new places.

There are multiple obstacles to overcome ‘fear of the unknown’.

Many customers express the view that a certain amount of ‘courage’ is required to try somewhere for the first time. Three concerns stand out above all.

A quick win for all.

Make what’s on the menu and pricing information easier to find, and you will make the process of discovering your business much smoother for potential new customers.

A more digitally connected world brings new opportunities to attract customers.

Younger diners want to be seen as the first to try a cool new place.

Younger customers are a lot more adventurous than Baby Boomers. Social media and search engines are almost as important in driving visits to new places, as word of mouth, and coming across your establishment by chance, especially for Generations Y and Z.
3. How important is dining or drinking out to UK consumers?
When do diners prefer an independent restaurant?

74% Agree independents are seen as ‘more personal’.

54% Agree independents are seen as offering ‘better service’.

Why do diners prefer independents?

Independents tend to have a bit more soul and usually have more interesting food and drink options.

Consumers said they found independents more welcoming, with better choice and variety, often including locally sourced ingredients and an individual, non-generic ambiance. They also liked supporting local businesses.

People also think independents care more about sustainability and the environment than chains.

Independents have the edge for those looking for a personal, or unique experience.

INDEPENDENT RESTAURANTS: REPORT CARD

WHAT DO THEY DO WELL?

✓ WELCOMING
✓ A GOOD PERSONAL SERVICE
✓ SOULFUL
✓ INTERESTING FOOD OPTIONS
✓ INTERESTING DRINK OPTIONS
✓ LOCALLY SOURCED INGREDIENTS
✓ NICE AMBIENCE
✓ ENVIRONMENTALLY CONSCIOUS

WHAT’S NOT GOING WELL?

✗ MORE EXPENSIVE
✗ LESS RELIABLE
✗ HARDER TO BOOK
✗ NO LOYALTY SCHEMES
4. How do consumers feel about familiar chains?
Why do diners prefer familiar chains?

I am confident that I will get consistent service and that the food I order will be up to their regular high standards. I will nearly always have a clear idea about what I am going to eat, order and cost.

Chains are seen as easier to book compared to independents, so win on convenience.

Our diners told us that chains provide good food at great prices, and they like the consistency of the offer – it’s good to know what to expect.

Chains are also more likely to be chosen when dining with family or work colleagues.

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50% of Gen Z, 16-24, diners prefer a **chain** for a **meal out with friends**, more than any other age band.
What are the biggest frustrations that customers face and how can technology help you?
Waiting in vain?

Waiting is a major source of frustration for diners and it happens across the entire journey when eating or drinking in restaurants and bars.

Top pain points when ordering and eating at restaurants.

1. Waiting for someone to take my order.
2. Waiting for meal to arrive.
3. Waiting staff not available during meal.

Top pain points when getting and paying the bill at restaurants.

1. Catching the attention of the waiting staff for the bill.
2. Waiting for the bill to arrive after I have asked for it.
3. Waiting for the staff to take my to take my payment.

"Is everything okay?"

Do you really need to ask? 1 in 4 don’t like being interrupted when eating. This habitual comment might be annoying to some customers.

Create clear and easy to find information, online and in print.

A major frustration is not enough menus that make information about ingredients or calories easily available. This is even more important for Gen Z consumers (16-24), of whom almost 1 in 3 follows a specific diet.
So... can tech help to solve key consumer frustrations?

Customers would most like to be able to book a table, pay the bill and order food and drinks via an app.

This would allow them to overcome some of the most significant pain points they experience when dining or drinking.

Tech adoption across age segments.

Unsurprisingly, younger generations are hugely more likely to use restaurant apps already than other generations.

These apps are primarily from chain restaurants and bars. Younger generations are open to using apps to order drinks and food to the table, and to use it to split the bill after ordering.

Nearly 2/3 Gen Z would like to be able to pay their bill through an app. It's also an appealing idea for Gen X and Gen Y.
The new age of finding and choosing new experiences online.

1 in 3 Gen Z and Gen Y stated that social media is how they discover new spots. Unlike the Baby Boomers who use word of mouth and are more likely to share their experience by leaving an online review than the older generations.

Younger customers also search and find new places on review websites, which helps to further inform their decision.

However, despite their online proficiency, only 1 in 3 young customers are currently sharing their experiences on social media.

Encourage your guests to share information and images about their visits on social media.

Only 25% of diners say their posts are currently always or often shared. Empower them by sharing their content to encourage more postings.
5. What are the biggest frustrations that customers face and how can technology help you?

6. Why do you need to get onboard with social media?
The importance of a social media presence.

Social media is playing an increasingly important role within the hospitality industry, connecting consumers with places to eat and drink.

Younger generations often follow restaurants, bars and pubs on social media and stated that it’s important to them, that their favourite restaurants and bars have a presence on social media.

More than just Facebook.

It’s not enough just to be active on social. Facebook, Snapchat and Instagram are key platforms to social engagement with younger generations of diners. Snapchat particularly reaches Gen Z.

Younger generations find new independents to eat or drink through social media mentions, much more than Baby Boomers.

Bad news travels fast!

Younger customers, in particular, use review websites to find out about places, so any negative reviews will be noticed.

Keen review readers.

Nine in 10 younger diners read online customer reviews of restaurants, across review sites and social media platforms, meaning that these negative reviews can have a lot of impact.

Older customers are mainly motivated to share positive experiences, while younger generations are quite likely to also leave a review to warn others about a bad experience.

Generation Hashtag.

For younger customers, mentions on social media and search engines are almost as important in finding out about new places as word of mouth.

Beware of the silent, dissatisfied online reviewers.

Over 25% of younger customers who are unhappy will leave a review online. Their negative online reviews are likely to have wider reach and last longer, with the potential to put off new customers for a long time.
7. How are preferences with payments and tipping changing?
Card payments are much preferred to cash across all generations.

8 in 10 restaurant customers prefer to pay by card. Card payments are also preferred in bars and pubs (63%). Nearly two thirds of customers would prefer to pay with a card at the bar.

Younger diners want help with tipping!
Working out how to split the bill and how much to tip are more of a frustration for Gen Z and Gen Y than for Gen X and Baby Boomers.

Generations view tipping differently
Most would not leave a tip at all if service is poor. However, more than half would leave a tip over 10% for excellent service.

Gen Z are twice as likely as Baby Boomers to think you should always tip even if service wasn't that great – 33% agree compared to 15% of Baby Boomers.

Boomers are the most likely to prefer to pay with cash at the bar, but even among these older consumers, half prefer to pay with a card.

More than 2 in 3
 Prefer to pay with a card for table service.

Only 1 in 3
 Prefer to pay with cash at the bar.

A rise in mobile and contactless payments should be catered for.
Contactless cards, in-app payments, Google Pay and Apple Pay accounts for 32% of preferred payment methods at bars.

There are major variations in generosity across the country. 34% of Londoners and 30% in Scotland & NI believe you should always tip, compared to 22% in Wales & the Midlands, and only 19% in the South West.

Restaurants! Remember...
Customers want control of how much and how they tip. Most customers prefer service not to be included in the bill. 60% say they would prefer service charge to be left out so they can make their own decision about how much to tip.
8. How can you tap into new trends to appeal to younger generations?
Younger generations’ shifting attitudes set to reshape the hospitality sector.

Dietary habits are rapidly changing, among the younger demographics in particular...

... so, who follows a specific diet?

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There are huge differences in who follows a special diet, with the youngest generation being over three times more likely to follow a particular diet, compared with Baby Boomers.

Veganism is on the rise and Gen Z lead this change!

Customers are increasingly looking for vegetarian and vegan options on the menu, none more so than Gen Z.

35% want to see vegetarian options, and 27% want to see vegan options.

Sustainability and the environment.

This is an area where people want to see restaurants do more and a real chance to win over new customers.

Only 12% think that restaurants take sustainability seriously enough.

Independents have an advantage over chains here, if they can adapt and change certain products to meet the new desired standards.

It’s the younger customers that are particularly focused on this area, with almost half saying they would like to see restaurants taking sustainability more seriously.

#NoPlanetB
How important is dining and drinking out to UK consumers?

Three-quarters of consumers view eating out as an important social occasion. Date night is the most popular occasion, followed by family time. Going out for drinks is also a key social activity, with half of consumers heading to a pub or bar at least fortnightly.

How open are consumers to visiting new places?

Better the devil you know! Only 1 out of 4 prefer to eat at a new restaurant, with concerns over prices, menu options and travel all barriers to trying somewhere new. However, the digital world is bringing opportunities to attract new customers, and young people are keen to be the first to try a cool new place and share this online after.

How do consumers feel about independents?

Independents are loved by diners for the personal and unique experiences they provide. They are also seen as providing better service and greater variety, not least in terms of locally sourced ingredients. However, independents are considered more expensive and less reliable than chains.

How do consumers feel about familiar chains?

Chains win on convenience, providing an easy-to-book and affordable eating experience, and are particularly popular among younger diners. They also score highly on consistency of the offer, but can be seen as busy, rushed and lacking the personal touch.
What frustrates consumers and how can technology help with these?

Waiting is the number one source of frustration, whether that’s to place an order, for food to arrive, or simply to pay the bill. Another source of frustration is a lack of information on menus, not least about dietary requirements. Apps are seen as a great way to overcome all of these pain points.

Why do you need to get onboard with social media?

Younger consumers between 16-39 care that their favourite restaurants and bars have a social media presence, and they’re ever more likely to discover places online. If unhappy, they are also more likely to leave negative reviews online, compared with older customers who prefer to complain in-person.

How are payment and tipping habits changing?

Card payments are now preferred to cash! This is true of all generations, even Baby Boomers! Contactless and mobile payments continue to grow in popularity. Customers are looking for more transparency on where their tips go, but attitudes to how (and how much) they tip varies by generation, with Gen Y and Z the most generous.

How can you tap into new trends to appeal to younger generations?

One of the biggest opportunities comes from the rapid growth in special dietary habits including veganism, offering an opportunity for restaurants to differentiate themselves. The importance of sustainability is also growing, and a majority of younger consumers feel restaurants need to do much more to take this area more seriously.
Valitor’s key recommendations on how to exceed customers’ expectations.

Before your customers’ arrival:
✓ Standout from competitors and get active on social.
✓ Engage with your potential customers, entice them to your establishment – help them discover you.
✓ Make what’s on offer easier to find and talk about any unique selling points, offers and special events on your website and social platforms.
✓ Make your menu and reservations accessible online.
✓ Create clear and easy to find information such as ingredients, allergens and calories online and in print.

If you’re an independent:
✓ Introduce loyalty schemes.
✓ Talk about pricing and why you maybe more expensive compared to chains. E.g. sustainability, locally sourced and supporting local businesses.
✓ Independents have the edge for those looking for a personal, or unique experience – so make the most of these.
✓ Get on Instagram and promote your more interesting food and drink options.
✓ Make it easier for people to book – look at introducing online reservations.

If you’re a chain:
✓ Mix things up – perhaps it’s time to review your menu and introduce a few new additions.
✓ Send personalised offers to regular customers to retain their business.
✓ Make sure you have the latest technology in place to help your service staff reduce waiting times E.g. apps to order food and drinks online.
✓ Ensure your card payment technology can accept all forms of payment such as mobile wallets, contactless, ApplePay etc.
✓ Think about how you can add a personal touch to your customers’ experience.

During your customers’ experience:
✓ Ensure that your menu caters for changes in dietary habits and allergens e.g. vegan, gluten-free, dairy-free.
✓ Get tech savvy – give your customers the option to book a table, pay the bill and order food and drinks via an app.
✓ Don’t make your customers’ wait to pay. Be swift with the bill.
✓ Be open about your tipping policy E.g. If the tip goes 100% to the waiting staff, talk about this on the bill.

After your customers’ experience:
✓ Encourage your guests to share information and images about their visits on social media.
✓ Bad news travels fast – so just make sure you keep on top of any bad reviews and are seen to be responding back online dealing with the situation.
✓ Promote how you are actively engaging in protecting the environment and how you are taking sustainability seriously.