

# 2021: A Year in Review



**Richard Hurd-Wood, CEO of Virgin Experience Days takes some time out of his schedule to discuss 2021 and how the past 12 months have been for the experience sector and what the next 12 months might look like.**

2021 started without the usual festivities that welcome most New Years in. After the broken promise of a Christmas with friends and family, the New Year began in much the same way that 2020 ended: with many isolated from loved ones. Covid-19 cases spiked and hospitalisations reached record highs in January as the UK was plunged into another strict lockdown.

However, the 2021 lockdown was different. The vaccine rollout was on the horizon, with the promise of better times ahead under the government's roadmap. After a Christmas experience most wouldn't want to repeat, people were eager to re-connect with loved ones. Without doubt the easing of restrictions over the subsequent months shaped a resurgent year for the experience economy.

Although some hospitality and tourism businesses sadly succumbed to the financial pressures of the pandemic, many survived and went on to make a success of the sector's impressive recovery and the public's appetite to create 'new memories' and support small businesses as they did it. 2021 has shown the incredible resilience of the nation's small businesses, from cookery schools and microbreweries to flight schools.

**Q1: The Lockdown**

With strict lockdown measures still in place, experience providers remained resilient in a challenging market, showing dynamism and creativity to pivot their offering and focus people on better times ahead. A mix of tangible gifts, virtual experiences such as online escape rooms and home learning courses, including photography and cocktail making, remained popular.

Businesses also had to manage their customer services carefully to survive, providing extensions on experiences where possible in case of a pandemic-related cancellation. Offering flexibility helped to keep consumers engaged and gave them confidence to continue purchasing traditional experiences.

On 22nd February 2020, the government gave specific dates for its four-step roadmap to ease restrictions across England, starting on 12th April and ending in June. We saw an immediate impact in consumer confidence and the experience sector's recovery: retail sales rose by 5.4 per cent in March, supporting a record quarterly rise in consumer confidence in the first three months of 2021, according to the Deloitte Consumer Tracker - a sign of more positive days ahead.

**Q2: The Light At The End Of The Tunnel**

By Q2 2021, consumers were desperately seeking escapism from the drudgery of lockdown and were eager to support local businesses and rediscover experiences with friends and family – even if under slightly different circumstances than normal.

This pent-up demand saw significant consumer spending rises once restrictions lifted. According to data from Barclaycard, consumer spending grew 0.4 per cent in April compared to the same period in 2019, rising to a 7.6 per cent increase in May, and an 11.1 per cent increase in June. The incremental increases in spending month-on-month demonstrate the economic impact of the lockdown as restrictions were gradually eased.

By June, fuel, hotels, resorts and accommodation all saw consumer

spend grow for the first time since the pandemic began, signalling the rising popularity of UK staycations and growing consumer confidence as the population regained more and more freedoms.

**Q3: Summer Of Freedom**

With all restrictions now removed and Covid case-levels mostly remaining low as the UK progressed its vaccine rollout among younger demographics, consumer confidence grew apace.

In February, the Bank of England's Chief Economist predicted that UK households would amass 'accidental savings' of £250bn by July and, like a 'coiled spring', would be ready to spend again with the hospitality and tourism sector among the primary beneficiaries.

Buoyed by major sporting events and the summer holidays, consumer confidence surpassed pre-pandemic levels for consecutive months in August, according to data from research company GfK. The results of the survey, which tracks consumers' sureness in their personal finances, reflects the pent-up savings and increased consumer spend.

**Q4: The Festive Feeling Returns**

Consumer confidence has remained high this Autumn and Winter, and the sector has been resilient in the face of rising cases. However new challenges have emerged in the shape of ongoing driver and stock shortages, as growing global demand has put a strain on supply chains and led to rising inflation.

Despite this, the sector can be optimistic for a far more successful Christmas this year than 2020, with consumers eager to make up for lost time and enjoy a first festive season without restrictions in two years. To capitalise, businesses in the sector are advised to reassure customers by adapting their venues to the post-pandemic world, ensuring they are as Covid-safe as possible without impacting on the quality of the experience. The gifting sector has always been resilient, but consumers are demonstrating a sustained appetite for diverse experiences – from dining out to spa breaks.

**2022 and Beyond**

The start of 2022 promises to be very different for the leisure and gifting sector than the start of this year, and businesses can remain hopeful that the momentum gained throughout 2021 can be maintained. Although the threat of lockdowns appears to have subsided, new challenges await. Businesses have shown extraordinary innovation and flexibility to adapt successfully and thrive. The experiences of the pandemic can ensure they make as much and more of a success of the New Year as they have this year.

