An evolving global On Premise sector

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Consumers are seeking new experiences when visiting bars, pubs, and restaurants in their pursuit of social currency. According to CGA's Global REACH consumer study, which surveys over 30,000 individuals across 38 countries, On Premise venues continue to play a key role in people's lives. Despite ongoing uncertainties, drinkers are in fact going out more frequently than last year, with many viewing it as an essential treat at the end of a workweek. Engagement with bars, pubs, and restaurants is indeed markedly strong, as **83%** of respondents visit venues at least once within a three-month period, while one in three go out weekly, representing a +1 percentage point (pp) increase from last year.

The On Premise sector is especially central to the lifestyle of younger consumers from legal drinking age (LDA) up to 34. A significant **42%** of this demographic say they love eating and drinking out and would feel disappointed if they could no longer do so. Even more striking, one in five states that they would feel lost without the On Premise. This age group accounts for **60%** of all footfall, so businesses must carefully study and effectively target this engaged demographic.

The quest for social currency and novel experiences

This data confirms how consumers – including younger, Gen Z drinkers – still love going out. But what exactly are they looking for when they do visit the On Premise? And what keeps them coming back? REACH highlights people value the social connections that these spaces enable. Nearly half of respondents say their primary reason for going out is to spend time with loved ones – family, friends, or colleagues – while some have some specific socialisation targets. For example, 18% visit venues to meet like-minded individuals, a figure that rises to one in four among Gen Z. Meanwhile, **15%** want to meet new people and nearly one in ten say they visit the On Premise to feel connected to and support their local community – evidence that the sector is shaped by human connections.

This offers potential for long-term brand equity for brands and suppliers, yet businesses must focus on building strong relationships and providing exceptional experiences to capture customer loyalty. This approach has become even more critical as consumers increasingly prioritise experiences that enhance their social status, driven by an insatiable need for social currency, seeking validation through likes and shares.

Hospitality professionals clearly recognise the critical need to meet this key consumer demand by offering enhanced, high-quality experiences. **84%** of operators acknowledge that the quality of a guest's experience is a major factor in determining which venues users choose to visit.

What is really crucial however is the perceived value of the overall experience, with **70%** of operators believing it to be nearly as important as the value for money itself, highlighting the increasing focus on providing On Premise adventures that people feel are truly worthwhile.

A key means to meet such a need is by consistently offering new experiences – something that most consumers now expect or at least see as a desirable bonus. Not only do these experiences directly influence individual decisions, but they also impact their broader social circles too, as people share recommendations on social media. Nearly two in three young consumers report that they browse their friends' social media for ideas on where to eat or drink, so such tendency to influence peer behaviour is very much justified.

The visual appeal of drinks, for example, is a crucial factor that can entice people to visit a venue: they want their own photos to look stunning to maximise the potential of gaining social currency when sharing their experiences online. Bartenders are well aware of this expectation, with over a third stating that cocktails need to be visually appealing and social media-friendly.

In search for novelties

Mere aesthetic however, is not all when it comes to choosing a venue. Once again, an element of novelty is essential, as the majority of consumers – especially younger ones – prefer not to find the same drinks they can have or make at home when they go out.

Businesses may view the need for continuous innovation as a daunting challenge, but our research indicates that investing in the On Premise as a hub for new product development (NPD) and brand building yields long-term benefits.

The sector has become a vital environment for fostering brand loyalty, influencing consumers' choices at home, with **69%** of global consumers likely to repurchase a drink for home consumption after trying and enjoying it in a bar, pub or restaurant. On Premise settings serve as incubators for brands and their new offerings. For example, in the UK market, the On Premise has driven **82%** of sales for the top 10 new NPDs in long alcoholic drinks since 2021.

There are however associated risks that businesses must consider. As noted, people seek something different when they visit bars, pubs, and restaurants. This means that once a drink or serve becomes established and transitions to the Off Premise, brands must keep innovating and staying ahead of trends to ensure that consumers can always find new and exciting options when they go out.

The flavours of tomorrow

Acknowledging the urgent need for introducing fresh offerings to consumers, research has examined the origins of trending flavours to support brands in their innovation e fforts. South Korea and Japan emerge as significant trendsetters. For instance, matcha initially took hold in the coffee and confectionery sectors, but has now expanded into various beverage categories and is poised to impact alcoholic drinks as well, thanks to its bold, visually appealing qualities that resonate on social media.

Another emerging trend from the wider Asian region is draft ready-to-drink (RTD) beverages. This is already spreading to nearby markets, such as Australia, where consumers increasingly expect products like RTDs, pre-mixed spirits, and cocktails to be available on draft, particularly in nightclubs, hotels, and bars. It is a shift that presents great opportunities for these categories to capture additional market share and recruit new drinkers.

Consumers increasingly expect products like *RTDs, pre-mixed spirits, and cocktails* to be available on draft

Meanwhile, in Europe, we are witnessing the rise of beer-based drinks flavoured with lemonade or other fruity sodas. These beverages have long been popular in European markets, but are now gaining traction in other regions. This is perhaps unsurprisingly, as these serves align perfectly with today's consumer preferences, offering lower alcohol content, strong visual allure – great for sharing pictures on social media – and cross-gender appeal.

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Mexico is another highly influential region for food and drinks. We have seen it clearly with the Margarita craze: once a traditional cocktail, this cocktail has gained immense popularity across North America, fuelled by the success of Tequila. It has since crossed the Atlantic and become a staple on cocktail menus globally, with bartenders always eager to create their own interpretations. Now, the spotlight is on the spicy tamarind serve – a dusting of tamarind powder on the rim of a shot glass – that is taking the country by storm. This idea not only offers high margins for the venue, but also delivers a fun experience and is highly instagrammable.

All of these trends should be carefully evaluated by brands, suppliers, and operators, as they offer valuable opportunities for the much-needed NPDs that can keep drinkers, driven by their quest for social media validation, returning to the On Premise. Indeed, businesses should view the sector as more than just a sales channel. Central to people's pursuit of enhanced social currency, companies should consider over-investing in it as part of their marketing and brand-building strategy.

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CGA by NIQ's suite of research services offers brands, suppliers, and operators an unparalleled and comprehensive view of the global On Premise industry. The Global REACH survey compares key On Premise consumer metrics across 38 markets, uncovering global trends and providing insights into how consumer attitudes, motivations, and need states drive On Premise behaviours and category dynamics. If you would like to discuss how REACH research can support your global strategies, or to learn more about CGA's other sources of consumer insights for brands, operators, and suppliers, visit **www.cgastrategy.com**

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