Seizing the 2025 European Summer

As consumer confidence improves and inflation begins to ease, new opportunities are opening up for the On Premise sector across Europe.

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George Argyropoulos, Managing Director- EMEA at CGA by NIQ, explores how favourable weather, tourism, and a packed calendar of major sporting events this summer are set to fuel a rise in social gatherings and boost consumer spending in the On Premise.

In 2023, price and cost management were key drivers of consumer spending decisions. Consumers were paying more for less as inflation pushed up summer sales figures. This challenging landscape has continued into summer 2024, and it's hard to argue that we aren't still living in uncertain times. Ongoing financial pressure on consumers, coupled with tariff-related chaos, continues to unsettle markets and create major challenges for businesses.

Yet, as inflation has continued to ease in recent months and is forecast to stabilise around **2%** later this year, consumer confidence is beginning to recover. In April 2024, the European Consumer Climate indicator reached its highest level since early 2022, and there has been promising unit recovery across the region, too, with **81%** of European markets reporting positive unit growth in 2024 compared to the previous year.

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Drinks experiences

In this largely positive landscape, tourism presents one of the biggest opportunities for the On Premise sector during the warmer months. Key tourism indicators in Europe have returned to pre-pandemic levels: nearly 500 million nights are spent annually in tourist accommodations, much of which between June and September.

Through CGA's Global REACH survey, we conducted an in-depth analysis of consumer behaviour during these periods and found that people are significantly more inclined to treat themselves on holiday than during a conventional week. Only a small minority avoid going out while on vacation, while over a third go out once or twice, **35%** on most days, and nearly one in five every day. This means that On Premise venues can expect increased footfall from travellers, along with the potential for repeat visits throughout their stay.

But that's not all, holidaymakers also tend to exhibit higher consumption rates – with **36%** drinking more than usual – and **56%** are more likely to pay extra for what they perceive to be a higher-quality drink. With more than one in four keen to try a drink that's new to them while on holiday, they are also more open to experimentation, meaning this audience may offer significantly greater revenue potential than the average guest. Beyond traditional On Premise venues, the growing interest in alcohol-related tourism presents even more opportunities for the sector. Drinks-focused travel is on the rise globally, with vineyards, breweries, and distilleries emerging as popular destinations for both domestic and international holiday makers.

Wine, beer, and spirits makers can capitalise on this opportunity by creating simple hospitality offerings, such as tastings or tours of their facilities. Yet, it is not just producers who can benefit; the wider sector can also get a share of the pie by organising alcohol-related experiences such as cocktail-making masterclasses or immersive educational events that allow participants to learn more about a beverage's production, consumption, history, and cultural significance. After all, people aren't just interested in learning about the product, they want to leave with a meaningful memory, so for businesses to succeed, the focus must be on creating a memorable, engaging experience for their guests.

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Summer of socialising

The summer creates the ideal setting for people to connect with loved ones, encouraging them to spend more during those socially meaningful moments. In fact, our research found that **67%** of European consumers plan to spend the same or more on socialising, gatherings with family and friends, this year.

Weather, of course, plays a crucial role in determining how much people are actually willing to go out and, as a result whether, the summer can be a success or not. Warm temperatures usually trigger a boost in social gatherings and impulse purchases, while rainfall tends to suppress on-the-go buying habits. This effect was evident in some European markets during Q1 2024, where rainy conditions coincided with a rise in online shopping and a decline in convenience store sales. But the past few years have seen some of the warmest weather on record in Europe (with the three hottest years all occurring since 2020), and this summer is expected to continue that trend, with widespread warmer-than-average conditions across much of the continent. The likelihood of above-average temperatures is especially high in the UK, as well as in western-central and central-southern Europe, so businesses should be ready to capitalise on increased social gatherings and higher foot traffic.

Getting ready for the games

While the weather always brings a degree of unpredictability, large-scale occasions such as music festivals or sporting events like Wimbledon and the Tour de France, offer more certainty around when and where increased visitation is likely to occur. During these times, the potential for incremental spending rises significantly, driven by heightened consumer engagement and increased discretionary spending, not just in retail, but in On Premise venues as well. In the UK, for instance, 8.5 million consumers have watched events – especially sports – in pubs and bars over the past six months. These consumers spend, on average, **36%** more on eating and drinking out per month than those who don't. With competition for footfall as intense as ever, attracting sports fans presents a clear and valuable trading advantage.

The UEFA Women's Euro 2025 is expected to be a particularly significant event this summer, as the competition is one that usually consumers' like to follow closely and celebrate. The 2020 Euro Final between Italy and England was the most-watched TV event in the UK in 24 years and the most viewed in Italy since 2012, showing the massive reach and engagement such tournaments can generate. Furthermore, this year's will be the first major football tournament to take place under truly "normal" conditions since before COVID-19: the 2021 Men's Euro was impacted by the pandemic itself, the 2022 World Cup was held in winter, and last year's Men's Euro – while more conventional – unfolded amid the cost-of-living crisis. With fewer external constraints this time, excitement is likely to run high, encouraging people to go out, gather, and celebrate.

The challenge for On Premise venues lies in driving incremental spend, as consumers continue to navigate a high cost of living.

Revenue potential grows exponentially in cities hosting major events

Our research demonstrates that revenue potential grows exponentially in cities hosting major events. For example, during the 2012 Olympics in London, sales in the capital saw a **5.3%** uplift compared to the previous year, significantly outpacing the national average increase of just **0.4%**. Two years later, sales rose by **2%** during the Football World Cup in Rio de Janeiro, compared to **1.6%** in the rest of Brazil. Meanwhile, during the 2016 Euro Cup in France, shops located within 15 minutes of stadiums experienced a **2%** increase in business compared to other areas of the country. Similarly, two years ago during the Rugby World Cup, Paris saw a **1.6%** uplift in sales over the previous year, while the rest of France recorded only a marginal increase.

The challenge for On Premise venues lies in driving incremental spend, as consumers continue to navigate a high cost of living. Many have adapted to these conditions and developed their own strategies to manage expenses while still finding ways to reward themselves. This does create opportunities, but still within an increasingly competitive landscape, so to capture a greater share of today's limited consumer spending, brands and operators should understand the key considerations.When it comes to the Euros for instance, sales uplift can vary widely across countries, largely influenced by which national teams qualify and how far they progress in the tournament. The better a team performs, the more likely it is to generate consumer excitement and, in turn, boost sales in the team's home market. Another important factor is that in any major international football tournament, each team is only guaranteed three group-stage matches. Only those that perform well will advance to the knockout rounds and play more games. This means that, for most markets, the peak of consumer excitement will likely occur at the very start of the competition, when all teams still have a theoretical shot at success. For businesses, this makes the early stages a critical window of opportunity, and it is wise to front-load promotional efforts to capitalise on the initial wave of enthusiasm.

Overall, however, this summer holds opportunities for all European markets well beyond success in the Women's Euro Cup or other major sporting events, with strong potential also coming from across categories with wine, beer, and spirits tourism, as well as increased socialising with friends and family. Brands, suppliers, and operators simply need to come prepared, understanding their audience, their needs, and behaviours to effectively unlock growth opportunities this summer.

CGA by NIQ's suite of research services combine to provide brands and operators with an unrivalled and holistic view of the European and British On Premise sector. OPUS is a nationally representative survey of On Premise users, designed to help you understand where and how to engage with your audience. Meanwhile, REACH illuminates eating and drinking behaviours, offering valuable global and in-market insights and benchmarking for targeted outreach. CGA by NIQ's can also deliver many more exclusive insights into consumer habits and preferences in the On Premise, helping businesses to craft successful strategies and gain market share. To learn more about CGA's capabilities across the European On Premise, **www.cgastrategy.com**

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