Open all hours?
Revealing the untapped leisure spend in the UK
<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-peak leisure: some key trends</td>
<td>3</td>
</tr>
<tr>
<td>Executive summary</td>
<td>4</td>
</tr>
<tr>
<td>A round-the-clock society</td>
<td>6</td>
</tr>
<tr>
<td>Unmet potential</td>
<td>8</td>
</tr>
<tr>
<td>A clash of perceptions</td>
<td>10</td>
</tr>
<tr>
<td>Challenges to change</td>
<td>12</td>
</tr>
<tr>
<td>JKS Restaurants: Home and away</td>
<td>14</td>
</tr>
<tr>
<td>PureGym: Defining a whole new market</td>
<td>16</td>
</tr>
<tr>
<td>Strategies for success</td>
<td>18</td>
</tr>
<tr>
<td>About the author</td>
<td>19</td>
</tr>
</tbody>
</table>
Off-peak leisure: some key trends

To help the hospitality and leisure sector stay ahead of the trends, Barclays has conducted extensive new research among UK workers and businesses. It reveals:

- There is a potential untapped market of £6.75bn from people who need, or want, to use hospitality and leisure services outside typical opening hours.

- For instance, more than a fifth (21%) of UK workers have been unable to buy breakfast, lunches, dinners or snacks out of the home due to closed businesses. And a third (32%) have encountered similar frustrations with getting a takeaway, and 18% with bars and clubs.

- Off-peak demand is likely to increase as jobs become more flexible and the traditional 9-to-5 working pattern declines further. This already affects the younger generation in particular. 34% of 18-to-24-year-old workers say they need off-peak services because they work long hours.

- Businesses recognise this demand – 28% say customers increasingly expect round-the-clock services, and 42% have had recent requests for services beyond their current opening hours.

- However, only 12% of leisure businesses have switched their opening hours to adapt to changing customer demand over the past year.

- With many customers prepared to pay a small premium for services at unusual hours, businesses that find ways to meet this pent-up demand stand to grasp a significant opportunity.

34% of workers aged 18-24 need off-peak services because they work long hours.

28% of businesses say customers increasingly expect round-the-clock service.
Executive summary

Work and life patterns are constantly changing – and these evolutions have an effect on the way people use their leisure time.

UK working patterns have undergone a revolution. The rise of self-employment and the so-called gig economy have gained much attention, but it is still surprising to find in our new research that the 9-to-5 job has already been decisively ousted as the norm.

Taking this transformation as a starting-point, we set out to discover what this means for the way people use leisure and hospitality services – and for the businesses that provide them.

YouGov questioned a representative sample of 2,334 workers adults about the leisure services they use, from restaurants, takeaways, bars and hotels to health clubs, entertainment venues and visitor attractions. Over 550 businesses in these sectors across the UK were also surveyed. Finally, economic modelling from Barclays mapped the findings against Office for National Statistics data about household spending.

The survey reveals substantial markets for services outside conventional hours. This represents a £6.75bn revenue opportunity currently untapped by firms – and by the hospitality and leisure sector as a whole.

A flexible future

Only 37% of UK workers say their job follows the traditional 9am to 5pm working day. Over half, 57%, work extended hours, part time, flexibly or on a shift pattern.

This trend is set to continue. Among those currently working 9 to 5, over a third of the youngest working adults have ambitions to work more flexibly in future. It seems natural that the UK could potentially follow the pattern in the US, where – based on current workforce growth rates – it’s estimated that by 2027, a majority of the workforce will be freelancers.

Naturally, people who work what were until recently seen as unusual hours need to pursue their leisure and relaxation at different hours too. In some cases, however, the services have yet to catch up with the preferred hours of parts of their customer base.

To calculate the opportunity this represents, we measured the proportion of people who use each service. We asked those people about experiences where they had wanted to use a service but had been unable to do so, because their preferred provider was closed at the time.

Taking into account that in these situations some potential customers would seek a different provider, we separated out this proportion from the number who said they instead stayed in, or went home.

We correlated this data with individuals’ monthly spending on each service. We also asked whether, and to what degree, people would be willing to pay extra for services at different hours. It transpired that many would do so.

**The £6.75bn opportunity**

Our calculations reveal the total potential out-of-hours opportunity for the sector: extra revenue of some £6.75bn.

To make the findings as useful as possible for businesses across the UK, we have been able to break this figure down by region, sector and time of day.

For instance, the unmet appetite for restaurant services across the 24-hour day amounts to £2.1bn. By opening at extended or different hours, takeaway outlets could capture a latent market of £2.2bn, and pubs and bars £1.2bn.

**The business response**

While the size of the opportunity may come as news to some businesses, the underlying changes in their customers’ lives have not escaped them. 43% of the businesses that have changed their opening hours in the last three years agree that more of their customers now work longer hours and want earlier or later access to services as a result. 42% have had recent requests to deliver services outside their normal hours.

Some businesses have varied their opening hours in response – 12% have done so over the past year. Many, however, believe their current hours allow them to keep up with customer demand.

The resistance to novel opening times is informed by some very real obstacles, from labour issues to licensing regulations. SMEs face specific barriers and are the least likely to have contemplated additional hours, but they too could benefit from researching the potential untapped market and planning for change. 

**Seizing a significant market**

In our report we weigh up the barriers to change, and offer some suggestions for firms keen to capture their share of the off-peak opportunity.

It is important not to overstate the levels of dissatisfaction among consumers. The majority do not recount experiences of disappointment with closed leisure services; a quarter agree that these services are “always” available at the times they need. But this report focuses on the substantial minority who do not feel this way.

A growing proportion of UK workers want to be able to go out and enjoy themselves at hours we would once have considered unusual. By finding ways to make their services available at less conventional hours, businesses could serve this population better – and capture significant new revenue in the process.

Mike Saul
Head of Hospitality and Leisure
Barclays Corporate Banking

| Potential revenue gains of changing hours (£m) cont. |
|----------------|---------|
| 129            | Pools  |
| 31             | Spas   |
| 26             | Other attractions |
| 17             | Museums |
| 11             | Live Music |
| 8              | Theatres |
| 6              | Leisure Parks |
A round-the-clock society

Consumers increasingly expect to be able to use leisure services throughout the 24-hour day – and those who find a ‘Closed’ sign often decide to return home.

Over a fifth of UK workers report that their hours have become less conventional over the past three years. Just 37% now work the traditional 9am to 5pm pattern.

In its place, a fragmented picture emerges. The proportion working flexible hours is at 18%. A further 11% work part time, 10% do shift work, and 8% work extended hours. For 9% there is no fixed pattern at all: they work irregular hours throughout the week.

While roughly half of workers are content with their existing arrangements, over a fifth are keen to move to more flexible hours over the next three years. Flexibility is particularly desirable for the youngest workers, with 34% of 18 to 24-year-olds hoping to loosen their working patterns. People in this age group are also much more eager than others to increase the hours they work.

24-hour expectations

The utopian promise of a leisure-based society is no closer for many of our respondents. Over a quarter report working longer hours than their parents did at the same age; a similar proportion have a longer commute.

These time-pressed workers seek out their entertainment and relaxation at unconventional hours. Over a fifth of all workers say they need services to be available early and late in the day because of their working hours. 19% go further, saying they are used to 24-hour services and expect this from all providers.

Home entertainments

Younger respondents, aged 18 to 24, are the most likely to have tried to access a service unsuccessfully, be it ordering takeaways (49%) or visiting a bar or club (36%). People in this age group are the biggest spenders in each of these categories, so this represents significant lost business.

Rather than seeking out a second choice of provider, many respondents opt for home-based entertainment. For example, 80% of disappointed restaurant-goers and 82% of those denied their choice of takeaway outlet have settled for a meal at home instead.

Similarly, 72% of those unable to get in to a bar or club have bought alcohol to drink at home instead. The same proportion of those who found their preferred coffee outlet closed have chosen to brew up at home.

UK workers’ attitudes to services

“I’ve become used to 24-hour service and expect it from all providers”

“I work long hours and need services earlier and later in the day”

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24 year olds</td>
<td>34%</td>
</tr>
<tr>
<td>25-34 year olds</td>
<td>30%</td>
</tr>
<tr>
<td>35-44 year olds</td>
<td>24%</td>
</tr>
<tr>
<td>45-54 year olds</td>
<td>20%</td>
</tr>
<tr>
<td>55+ year olds</td>
<td>9%</td>
</tr>
</tbody>
</table>
Frustrated desires

The figures for home entertainments reveal that on a significant number of occasions, UK workers find the opening hours of today’s leisure providers don’t match their own lifestyles. It’s a sentiment that features across the sector, with aspirations for 24-hour service not being met.

Over a fifth of respondents, for example, have tried to eat breakfast, lunch or dinner out, but have been unable to do so because their preferred outlet was closed. A quarter of respondents had encountered this in London, with 24% in the North East and the East Midlands noting it as an issue.

Buying takeaway food at the time you want it can be even harder. Around a third of respondents have found this a problem. People in Wales (36%) and the South West (37%) are especially likely to have come up against a shuttered takeaway outlet.

Similarly, 18% of people have tried to visit a bar or club, only to find it already closed. This was most often an issue in the North East (25%), London (23%) and Northern Ireland (21%).

Across the country, closed doors have thwarted 14% of those hoping to go swimming, and 13% of people wanting to visit a museum or a cultural attraction.

The ‘open all hours’ premium

A substantial minority of customers would be willing to pay extra for services they use outside normal hours. For instance, 18% would pay more for a takeaway, or to go swimming; 16% would pay more to buy a takeaway coffee, or go to a gym or cinema; 15% would pay more to visit a bar and 14% to use a spa outside of conventional opening hours.

Economic modelling for Barclays shows that in each case, the average premium customers would be prepared to pay is not high – 1.2% in the case of restaurants and gyms, 1.1% for takeaway food and cinemas.

However, the size of premium varies significantly across different demographics. For instance, 18 to 24-year-olds, who spend the most in bars and clubs, would be willing to pay 1.5% for out-of-hours opening. And bar and club customers from the West Midlands (1.6%) and the North West (1.3%) are amongst those who would pay a bigger premium than those in the South East (0.5%).

### % of workers who have:

#### Tried to use a service and found it closed

- **Restaurants**: 21%
- **Takeaway**: 32%
- **Bar or club**: 18%

#### Turned to home-based meals/drinks instead

- **Restaurants**: 80%
- **Takeaway**: 82%
- **Bar or club**: 72%
Unmet potential

The breakdown of survey data reveals which leisure services stand to benefit by extending opening to specific times of the 24-hour day.

**Takeaway meals: £2.2bn**

32% of those who eat takeaway food had experienced thwarted demand. The frequency of disappointment is highest among the 18 to 24 age group (49%). Geographically, it is highest in the South West (37%).

Men who use the service would be willing to pay a higher premium for out-of-hours takeaway service (1.4%) than women (0.7%). The average value of premium was highest in Northern Ireland (1.8%) and among those aged 18 to 34 (1.4%).

Of the £2.2bn total value of unmet out-of-hours demand, £1.5bn would be for service during the evening, and £402m for late-night service (midnight to 5am). Daytime service accounts for £241m.

**Restaurants: £2.1bn**

The opportunity for restaurants and cafes across the UK to capitalise on out-of-hours service totals £2.1bn, the data suggests. London accounts for over a fifth of this total, the South East for a further 15% and the North West 10%.

Around half of the unmet demand for restaurants would be for service during the day – for instance, at breakfast time or for early lunch. This amounts to over £1bn.

The next greatest demand is for service during the evening, including extended hours for cafes that do not currently provide an evening service. The potential opportunity here is £572m.

**Pubs, bars and clubs: £1.2bn**

Younger workers, aged 18 to 24, were much more likely to encounter closed premises than other age groups – 36% had been disappointed in this way. They were least likely to drink at home instead, however (67%). The 35 to 44 age group were most likely to do so (75%).

---

<table>
<thead>
<tr>
<th>Unmet demand for takeaway meals</th>
<th>Scotland</th>
<th>£126m</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. Ireland</td>
<td>£40m</td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td>£211m</td>
<td></td>
</tr>
<tr>
<td>Wales</td>
<td>£70m</td>
<td></td>
</tr>
<tr>
<td>West Midlands</td>
<td>£191m</td>
<td></td>
</tr>
<tr>
<td>South West</td>
<td>£154m</td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>£78m</td>
<td></td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>£136m</td>
<td></td>
</tr>
<tr>
<td>East Midlands</td>
<td>£133m</td>
<td></td>
</tr>
<tr>
<td>East of England</td>
<td>£71m</td>
<td></td>
</tr>
<tr>
<td>London</td>
<td>£477m</td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td>£317m</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>£2,105m</td>
<td></td>
</tr>
</tbody>
</table>
Over half of the unmet demand for drinking establishments, around £725m, would be during the evening. The next greatest demand is for late night service (£525m), which would include extended hours for pubs. Service during the day accounts for £133m, and early morning hours the remaining £21m.

22.5% of the total value relates to London. The West Midlands accounts for a further 10%, the North West 9.6% and the South East 9.4%.

**Coffee and other takeaway items: £362m**

Frustrated demand for takeaway coffee and snacks amounts to £362m. Most of the unmet potential is during daytime hours (7am to 6pm), with early-morning service accounting for a fifth of the value and evening service a further 16%.

**Hotels: £234m**

Hotels host many of the UK’s non-municipal gyms, pools and health spas, so could also stand to benefit from some of the revenue available by opening these facilities to the public at different hours.

Considering changes to this type of service, rather than accommodation itself, might offer the biggest opportunity for hotels. After all, round-the-clock check-in is already widely available across the sector, particularly at larger hotels in the major cities.

This means it is likely that SMEs such as bed and breakfast providers account for most of the experiences of the 8% of respondents who reported they had been unable to check in to accommodation due to the establishment being closed at the time. Around £41m of this total relates to London businesses, £29m to the South East and £26m to the North West.

**Cinemas: £219m**

Of the total figure of £219m, £125m relates to evening screenings – perhaps in the later hours – and £63m to daytime shows. A further £26m would be from those who want to see films after midnight.

**Gyms and sports clubs: £143m**

Gyms are among the businesses doing best at meeting out-of-hours needs, with 41% of consumers reporting they can always use them when they want.

However, there is still an unmet opportunity of £143m in this sector – £57m relating to evening visits, £40m for daytime, £28m for the early morning and £16m for post-midnight gym users.

**Swimming pools: £129m**

Pools that offered extended daytime opening stand to unlock 40% of the value of unmet demand, or £52m. A third of the value, £43m, would come from additional evening opening.

**Museums, leisure parks and visitor attractions: £48.7m**

Extended opening for museums could reap additional spending of nearly £17m, of which £4.8m would be in London. Leisure parks stand to gain an extra £6m. Other attractions, such as theme parks like Legoland, could unlock revenue of £25.7m, about two-thirds of that through extended daytime hours.

**Health spas: £31m**

While only 8% of respondents attend spas in a typical month, the average spend of those who do is high, at over £72. Of the £31m total available for out-of-hours opening, £19m relates to daytime hours and £8m to the evening.

**Theatres: £8m**

About 60% of the £8m additional opportunity for theatres relates to the evening – perhaps including early evening performances – and 21% to matinees.

---

**Trends by age: 18-24**

- **£60.63**
  - Average monthly bar, pub, club spend
- **36%**
  - Tried to visit and found them closed
- **27%**
  - Would pay a premium to visit out of hours
A clash of perceptions

While a significant number of consumers experience frustrated demand, most UK leisure services believe they are keeping up with their customers’ opening requirements.

It’s instructive to compare the levels of frustrated demand outlined in the previous two sections with the perceptions of businesses. The UK’s hospitality and leisure services generally believe they are meeting consumer demand when it comes to opening hours.

43% say this is true of their business, and only 4% perceive they are losing out on revenue through not being open when customers want to use their services.

At the same time, however, businesses are aware of shifting demand. 28% say consumers increasingly expect round-the-clock services. And 42% have received requests over the past year for different opening hours.

Of those who have received requests, 42% say they are likely to change their current opening hours over the next year. This rises to 44% over three years. Restaurants are giving the strongest thought to changing their hours.

Who’s changed and why

Over the past year, 12% of businesses have changed their opening hours in response to customer demand. Slightly more have moved to later opening than earlier.

Restaurants and cafes have shown a strong appetite for extending or changing their hours of service to match the needs of today’s customers. Between a fifth and a quarter of them have done so, while 17% of bars, pubs and clubs have similarly adjusted their opening hours.
Asked their reasons for changing, the most common reason was that more customers were working longer hours and wanted access to earlier or later services. The next most popular motivation was demand for services in the middle of the day due to flexible working hours.

Turning back to customer perceptions, just 5% of UK workers say hospitality and leisure services in their local areas have changed their opening hours dramatically over the past three years. 12% have seen more subtle changes.

Other ways to stand out

Adapting hours of business is, of course, only one way for leisure services to differentiate themselves in what most see as an increasingly competitive market. More businesses have opted to develop other aspects of their operations.

Over a quarter have invested in new technologies to reach new customers; a similar proportion have sought to provide a more premium offering. And 18% have changed the way they accept payment, for example by introducing contactless technologies or Apple Pay.

| Business response to customer demands (past year) |
|-----------------|--------------------------------------------------|
| 27%             | Invested in new technologies to reach consumers and grow our audience |
| 24%             | Focused on making our offering more premium in the market |
| 18%             | Changed the way we take payments (e.g. contactless, Apple/Android pay etc.) |
| 12%             | Changed our opening hours so we are open at different times of the day |
| 9%              | Invested in recruiting specialist employees for specific services |
| 7%              | Stay open later |
| 6%              | Open earlier |
Challenges to change

What are the barriers to extended opening hours, and which innovations could enable businesses to make the change if they saw potential benefits?

The decision to alter opening hours is not necessarily a straightforward one, requiring full research, modelling and costing. Even where the move might make perfect sense, licensing regulations and other restrictions can put a clamp on business ambitions.

The rise in overheads that would result from extended hours is among the most commonly cited influence by businesses in our survey. 16% of all firms say this would affect any decision to increase opening hours. Perhaps surprisingly, the research suggests the potential investment required is more likely to be an issue for larger than medium providers.

18% of businesses are simply satisfied with the level of business they get during their current core hours. The same proportion perceive that there would be insufficient customer demand for change.

Small businesses – those with fewer than 50 employees – are more likely to be satisfied with existing demand. Providers with over 250 staff are less sanguine about this.

Labour issues

Another key issue for businesses is persuading employees to work anti-social hours. Together with the difficulty of recruiting extra staff, these were important for 17% and 15% of businesses respectively.

These issues were important for large and medium businesses. 27% of medium sized providers and 25% of large businesses foresee recruitment difficulties, for instance, compared with just 11% of smaller firms.

<table>
<thead>
<tr>
<th>Barriers to changing hours</th>
<th>Small business (under 50 employees)</th>
<th>Medium business (50 to 249 employees)</th>
<th>Large business (250 or more employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased overheads</td>
<td>17%</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>Employee resistance</td>
<td>15%</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Recruitment difficulties</td>
<td>11%</td>
<td>27%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Uncertainty about Brexit is cited by 14% of businesses. Again, this is more likely to trouble larger operators: 28% of businesses employing 250 or more people point to Brexit as a barrier.

**Technological solutions**

A number of businesses are finding ways to surmount these obstacles.

One in 10 respondents have introduced, or are considering, easy-to-use booking platforms (generally online) for customers. In a similar vein, around 7% of businesses are using or considering automated check-in and check-out procedures. These innovations could help to save on the costs of extended opening hours, since staff are no longer required to book customers in or sign them into the premises.

Customer responses suggest these are smart moves on the part of providers. 28% of workers say easy booking platforms would encourage them to use leisure services more often. 19% are enthusiastic about automatic check-in. In addition, 28% would use services more if there was no requirement to pre-book – a move being considered by only 3% of businesses.

An effective and focused marketing campaign can be used to support this strategy if it helps identify customer preferences and demographics. A business changing its usual operations to meet the needs of a specific audience, for example, can use its CRM systems to then target this customer-base with a message about the updated service.

Rapid evolutions in geo-location can further support this strategy, with take-up of this technology gaining momentum across the sector. If a business extends its opening hours, then geo-location allows a business to remind a signed-up member of its customer base that the activity is still open when that individual is passing by at a certain time. Businesses are advised to ensure their customer base has allowed them to send these messages to ensure it is compliant with GDPR, effective as of May 2018.
An Indian home delivery operation might seem an unlikely portfolio partner to a Michelin-starred Mayfair restaurant. But JKS Restaurants has found its latest diversification paying off handsomely. With a growing clutch of fine dining and ‘fine casual’ restaurants in London already under its belt, JKS took the decision in 2016 to expand into the fast-growing home delivery market.

“We saw a big increase in demand from people who wanted restaurant-quality food at home,” explains Jyotin Sethi, who founded JKS with his siblings Karam and Sunaina. “We felt there was a lack of real quality in the Indian home delivery market.

“At the same time, we found technology partners who could facilitate our entry into that market in a relatively cost-effective way.”

Affluent demographic

Those partners were Deliveroo, whose Editions model provides ‘dark kitchen’ sites and the technology and marketing functions required for the takeaway operation. JKS devises the menus and recruits staff to create the dishes.

The new brand, Motu Kitchen, now runs from Deliveroo sites in Battersea, Swiss Cottage, Islington and Canary Wharf. “We’ve chosen to locate in areas where there’s an affluent demographic,” Sethi says.

The Deliveroo site mentions that Motu is from “the family behind Gymkhana”, though hungry customers won’t necessarily make the link with the sister brands. Sethi is sanguine about this: “Working with Deliveroo under a different brand doesn’t dilute anything we do already.”
All-day opening

Motu’s operating hours are demand-driven. While all locations provide a Monday to Friday dinner service with lunch and dinner deliveries on Saturdays, the Canary Wharf operation – serving City workers – also delivers lunches on weekdays.

A similar sensitivity to demand dictates the hours of JKS restaurants. Most open at traditional hours of 12 noon to 2.30pm and 5.30pm to 11pm. However, selected sites in Soho, Fitzrovia and Chinatown now open throughout the day.

“General traffic and the demand from tourists and local workers is sufficient to justify all-day opening,” Sethi says. “It means there is no operational down time, but changing staff rotas wasn’t an issue.”

Staff breaks now have to be taken off-site, however. “The only real problem with the new hours has been that the sites aren’t large, and the areas where staff would normally have their breaks are obviously now filled by guests.”

Expansion plans

Sethi’s instinct is that there is likely to be a significant overlap between Motu home delivery customers and those who visit JKS restaurants.

That’s partly because the Motu product is positioned at the high end of the market, with an average order value of £24 to £30. Sethi believes the urban clientele is the perfect market. “My only concern about using this model outside London is whether the price point would work.”

While the Motu venture is proving popular, eat-in restaurants will remain the bedrock of the JKS offering. Indeed, Sethi anticipates expanding Motu into that sector: “We are exploring developing Motu into a neighbourhood restaurant with both an eat-in and take away offering, and may launch the first one within the next 12-18 months.”

With further restaurants in other brands opening this year, JKS is driven by market opportunity rather than a quest for the perfect mix of business models. “We’ll continue to develop concepts that cater for different segments, wherever we can create something that’s unique,” Sethi concludes.
Walking into PureGym’s Bradford facility at midnight, CEO Humphrey Cobbold got chatting to a group of weightlifters. They turned out to be cabbies in the city, who had incorporated a post-shift workout into their nightly routine.

Taxi drivers are not the only group who appreciate the ability to exercise late at night. “When I’m in restaurants wearing my branded jacket, the waiting staff sometimes say they like being able to go to the gym after working a 2pm to 11pm shift,” says Cobbold.

“Where we have gyms near large hospitals, that works well for NHS shift workers too. Our proposition is explicitly targeted at being accessible and available when people want it to be, rather than when it just suits us as an operator.”

**Fresh proposition**

All-day opening is just part of a proposition that has disrupted the gym sector in recent years. Round-the-clock access is made possible by flexible and affordable membership, coupled with a firm focus on the key facilities that gym goers really want.

“At PureGym the space that other gyms might devote to coffee shops, reception area, saunas and pools is all given over to exercise opportunities,” Cobbold explains. “That means we can have many more members in our gyms, and we can offer a much lower subscription.”

Alongside a handful of other budget operators, PureGym revolutionised the sector by removing the obligation to sign up to an expensive 12-month contract. And to run their operations round the clock, they adopted a smart management approach that encompasses staffing, facilities and technology.
Minimal staffing

PureGyms use PIN-controlled access systems, which Barclays’ research shows is a popular feature with consumers. Together with smart lighting, temperature controls and extensive video monitoring, this has enabled the company to overcome the staffing issues that deter some businesses from after-hours opening.

“There’s no need for the intensive oversight and monitoring that’s required by operators who have pools or saunas,” Cobbold explains.

“Typically our gyms are staffed overnight by a first aid-qualified member of our service crew, who is also cleaning and doing other jobs. We pay them a premium of 8 to 10%. It’s almost as cheap for us to keep a site open overnight than to have someone there to lock up and then reopen in the morning.”

Around 20% of PureGym visitors attend at night or in what Cobbold calls the shoulder hours – from 9:30pm to around midnight, and the early morning – when most other gyms are closed. They can benefit from a discount of 25% by taking out off-peak membership.

Cobbold is realistic about the appeal of after-hours opening. “For most people, the fact that we’re open at 1am is irrelevant. But when you’re in a business with marginal revenue and profits, being able to manage the complexities of after-hours opening gives you a real edge.”

Flexible membership

Completing the package is an easy-to-use technology interface that allows members to join or upgrade within seconds. Members are able to join and leave as required, a flexibility that students, for example, find useful.

“Making that work is more complicated than it sounds, because we offer a range of options, from rolling monthly membership to off-peak or short-term passes,” Cobbold says. “All that has to be displayed clearly and transparently.”

All told, it’s an offering that has paid off handsomely for PureGym which passed one million members earlier this year. Since its inception in 2009 its network has grown to 200 sites across the UK, each serving an average of around 5,000 members.

“Besides gaining share from existing operators, we’re encouraging new people to come into the market,” Cobbold says. “Around a third of our members have never held a gym membership before,” he added.

“In 2009 there were about 7.5m gym members in the UK. Now there are over 10m. It’s clear that the majority of growth has been in the value gym space, by virtue of the change of proposition we’ve offered.”
Strategies for success

Based on the research, here are some starting-points for businesses thinking of changing their opening hours.

Look beyond the barriers

Barriers exist, but there are clear opportunities for leisure businesses in many sectors to grow revenue by adapting their opening hours in line with societal trends.

Build a case

Start by researching potential demand for extended or different hours, using surveys of your present customer base, and more widely in your neighbourhood or catchment area. Think about likely working and leisure patterns over the next three years. A good customer relationship management system is key – knowing your customers and their tastes is a solid foundation for any remarketing exercise.

Revisit the market

Consider the other services available around your location at the potential new hours of opening. Is there a variety of reasons to attract people to the area? Is there potential for collaborating with other businesses to create more of a buzz around the destination at earlier or later hours? Discuss the potential for passing on reciprocal business as part of a ‘micro market’ of leisure services in the locality.

Get employee buy-in

If staff resistance to new working hours is an issue, look at introducing flexible patterns that might be more attractive to employees – for instance, offering more consecutive free days in return for extended hours.

Tap into tech

Consider technology that might help to contain overheads. For instance, online booking platforms and automated check-in are popular with consumers and could reduce staff time spent on these tasks. Eliminating the requirement to book at all, if feasible, is likely to be well received by customers too.

Tailor your offering

Could your business offer new services at different times of the day to boost demand? For instance, an increasing number of hotels and other establishments are making a success of afternoon tea. Similarly, pubs could consider offering regular special activities such as ping-pong and themed quizzes as part of daytime opening; cinemas might offer anything from light snacks to full meals. Providers can harness the data of loyal users to tailor and refine these services – and the times at which they are available.
About the author

For further information and to find out how our sector specialist team can support your business, please contact Mike Saul, Head of Hospitality and Leisure.

Mike leads the Barclays UK-based Hospitality and Leisure Team, providing specialist funding and corporate solutions to businesses in this diverse sector.

With over 30 years of experience, he and his team support a wide-ranging client base with their dedicated specialist approach, industry knowledge, and sector-specific products and services.

Mike is a regular commentator in regional, national and trade media on industry-related events, development and thought leadership initiatives. By helping clients to keep up to date with the latest insights, they can develop a deeper understanding of their customers and make well-informed decisions and plan for the future success of their business.

To find out more about how Barclays can support your business, please call 0800 015 4242* or visit barclayscorporate.com

*Calls to 0800 numbers are free from UK landlines and personal mobiles, otherwise call charges may apply. To maintain a quality service we may monitor or record phone calls.
The views expressed in this report are the views of third parties, and do not necessarily reflect the views of Barclays Bank PLC nor should they be taken as statements of policy or intent of Barclays Bank PLC. Barclays Bank PLC takes no responsibility for the veracity of information contained in third-party narrative and no warranties or undertakings of any kind, whether expressed or implied, regarding the accuracy or completeness of the information given. Barclays Bank PLC takes no liability for the impact of any decisions made based on information contained and views expressed in any third-party guides or articles.

Barclays Bank PLC is registered in England (Company No. 1026167) with its registered office at 1 Churchill Place, London E14 5HP. Barclays Bank PLC is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority (Financial Services Register No. 122702) and the Prudential Regulation Authority. Barclays is a trading name and trade mark of Barclays PLC and its subsidiaries.