

Premiumized Experiences: An Attractive Consumer Category

Deal activity, investment themes, and watchouts in premiumized experiential entertainment

Despite broader softening in consumer sentiment, “premiumized experiential entertainment,” a category that includes live events, immersive venues, luxury travel, high-end dining, wellness services, and membership clubs, continues to be in high demand and has experienced strong deal activity.

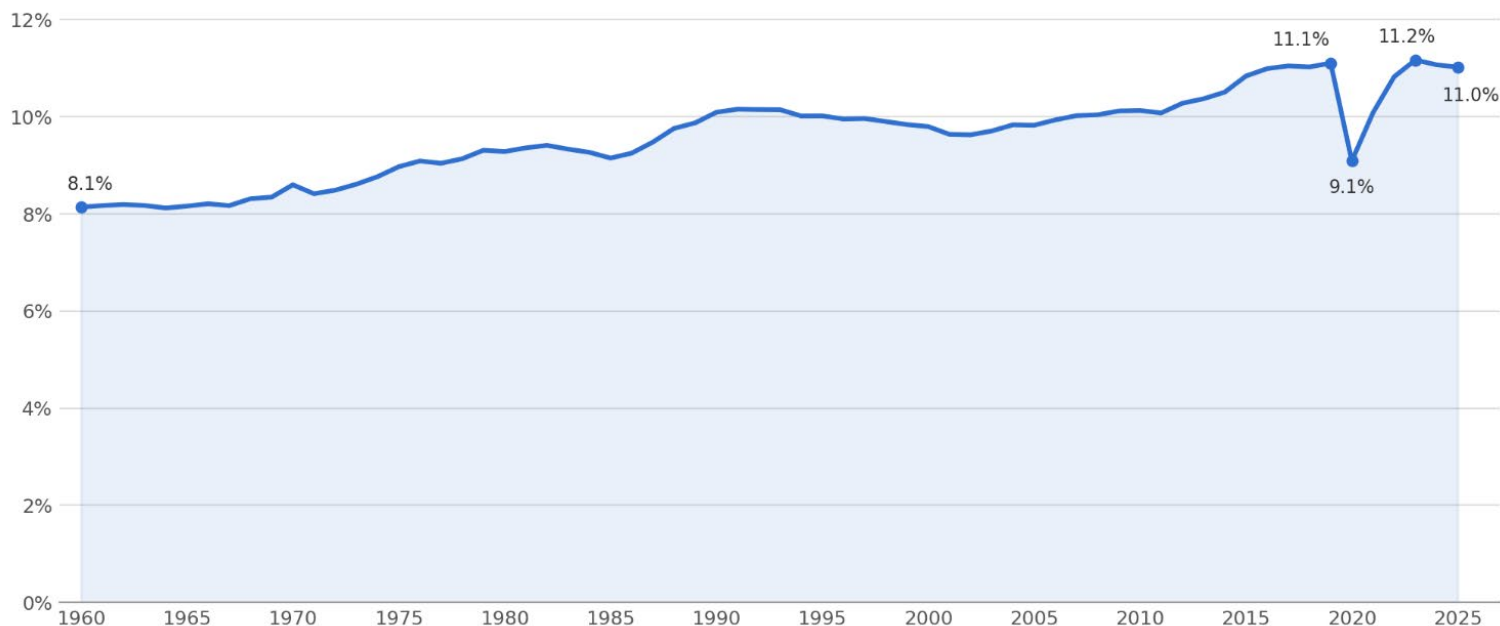
The underlying thesis is straightforward: consumers prioritize experiences over goods and are continuing to spend on them despite softer sentiment, with higher-income consumers, whose spending is supported by investment gains, leading the way.

A Structural Shift Toward Experiences

The long-term shift toward experiences over goods predates the pandemic and has held through several economic cycles. Consumers consistently describe wanting to create memories, spend time with others, and try something new, and they are willing to pay a premium for it. Spending on recreation, dining, and accommodations has grown from about 8% of personal consumption expenditures in 1960 to 11% today, with the largest gains in the decade before COVID.

The pandemic briefly erased much of that progress, but the share fully recovered by 2023, reaching its highest level in more than seven decades. The share has eased slightly since 2023, consistent with a more cautious middle-income consumer.

Experiential Services as a Share of Total Personal Consumption Expenditures



Source: U.S. Bureau of Economic Analysis via FRED; IGS analysis. Experiential services = recreation services + food services and accommodations. Shares based on nominal annual spending.

A Resilient Core Consumer, Even as Sentiment Softens

Middle-income households have felt more pressure than higher-income households as essentials take up a larger share of their budgets, and their discretionary spending has been more volatile as a result. Based on Bank of America Institute card data, middle-income spending growth fell well behind that of higher-income households in early 2026 before converging again over the summer. Higher-income households' spending power is increasingly tied to investment gains rather than paychecks, and that wealth effect has kept their discretionary spending resilient even as overall sentiment softens.

Because premiumized experience businesses are built around this higher-income consumer, they are better insulated when middle-income demand weakens.

Who Is the Customer, Really?

The most important underwriting question for any asset in this category is not whether premium experiences are growing broadly, but rather what share of a specific business's customer base is genuinely in the higher-income, less price-sensitive bracket versus what share is middle-income and more exposed to pulling back. Many operators will point to overall category tailwinds and satisfaction scores without being able to show the actual income composition of their paying customers. A business that looks resilient today because it happens to skew toward a wealthier customer is a very different asset than one with meaningful exposure to a middle-income segment whose spending can soften quickly. Investors should push past aggregate growth metrics and demand a real view into customer income mix, and how that mix has shifted over time.

Most operators cannot answer this question with precision. Satisfaction scores and category growth data are the metrics most readily available, and both draw on whatever customer base an operator already has without directly isolating income composition. A precise answer requires primary research into who the customer actually is, market by market, grounded in direct measurement of today's customer base. Income-mix resilience also varies within a single footprint, so a brand's aggregate profile can obscure meaningful differences in customer composition across individual markets.

The Category Is Attractive; Understanding Customer Segmentation Is Critical

Premiumized experiences remain an attractive place to deploy capital, supported by a resilient higher-income consumer and a durable, multi-decade shift toward valuing experiences over goods. The investors who do well here will be the ones who look past category-level enthusiasm and test the actual income composition of the customer base behind any specific asset to determine the risk of consumers turning away once their wallets feel squeezed.



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