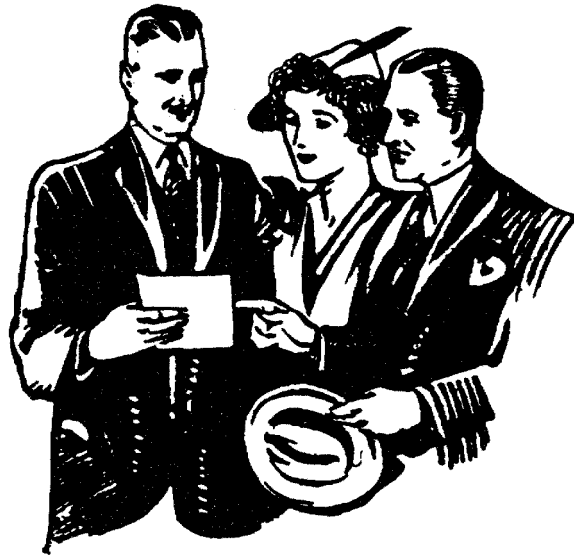


Profiting From Your Own Market Research



Clearly, success greatly depends on knowing who your clientele is, understanding their wants and desires and then somehow finding a way of providing it for them.

While you already probably know who is coming into your establishment, demographic shifts do occur. Sometimes the changes happen slowly, almost imperceptibly. Other times the changes to the make-up of your clientele can occur rapidly. For example, a new business complex opens nearby or a manufacturing plant down the road goes out of business. Perhaps a new road is completed that makes your establishment more accessible.

If there is a significant shift in your demographics underway, one way to confirm the trend is to analyze your sales mix. A change in your sales mix often signals a change in your client base. For instance, if a major corporation's headquarters opened its doors down the street, the likely result would be a more professional clientele during lunch and more people dressed in suits during happy hour. Your credit card sales, especially American Express, would likely increase. Predictably, sales

of premium and super-premium spirits would increase as well. You may also notice a change in the sales of certain menu items, as well as an increase in bottled wine sales.

Make note of subtle changes in your sales mix. Ask your bartenders and servers if they have perceived any changes in the clientele base. Are different people coming in than before? Is the cast of regulars changing? Often your employees can prove to be an invaluable source of information about your clientele.

There are, however, more precise ways to quantify changes in your sales mix. Track the ratio in sales between your major product categories. Begin by tracking the ratio in gross sales between food and beverage. For most establishments that ratio remains relatively static, so a shift one way or another may prove significant.

In addition, track the ratio in sales between liquor, beer, wine and non-alcoholic beverages. They're important percentages to know and a shift in the sales mix is often the earliest indicator of a changing client base. It is also revealing to analyze the bar's liquor sales. If your clientele is

changing, it will likely reveal itself in the sales mix between the various liquor sales categories.

A shift toward a more blue-collar, working crowd is often indicated by an increase in well liquor sales in relation to the top-shelf spirits. A shift toward a more professional, white-collar crowd will likely be revealed by an increase in the premium and super-premium spirits.

How can you find out what your clientele wants are? One approach is to ask them directly. Walk the floor and talk to your guests. Who doesn't like the owner or manager to come over to pay a brief visit? It's good public relations and it creates a good opportunity to ask them questions about what they'd like that you don't have or what they'd like to change. One caution, most people are hesitant to say anything negative to the owner, so gauge the responses accordingly. Nevertheless, it's a good way to stay in contact with your clientele.

Another effective means of learning what your clientele want and don't want is to routinely ask the bartenders and servers. They're at the point of every sale, practically making them the resident experts. Your staff possesses first-hand knowledge about how customers respond to new products, specials and menu items.

Another viable approach is to incorporate your clients in the decision-making process. For instance, instead of you determining which of several new micro-brews to put on tap, why not conduct a beer tasting with the consensus choice earning the handle. The same approach can be taken when selecting which new house specialty drinks to feature or what labels of varietal wines to promote or which new deserts to add to the menu.

Information is an invaluable tool, especially when it comes to running a food and beverage business. The more information you have at your disposal, the better equipped you'll be to navigate the enterprise to success.

Shopping The Competition

When it really comes down to it, everything in business depends on how well you understand the marketplace in which you operate. It is especially true for the food and beverage industry.

Knowing what your competitors are doing and what your clientele want is essential to success. Direct competition is a driving force behind this industry. Not only are your direct competitors vying for the same discretionary income that you are and how you position your business in relation to your direct competitors will greatly dictate how people perceive your business. So why is it that for most in this business, the clientele know more about what's going on than do the operators?

Sit at most bars and listen to the regulars. They'll provide you with a complete run-down on the market — including information on pricing, drink specials and promotions. They know which bars are doing well and those that aren't. It's called "bar-hopping." They leave one place and patronize another.

So what's the point? To excel in this business, you have to routinely hit the road and shop the competition. Leave the trench coat at home, it's not industrial espionage. Shrewd operators do it all the time. They frequent their competitors, spend some money, make some friends and in a relatively short amount of time, gather a bonanza of marketing insights.

As a representative of your business, you will need to observe a few simple rules of conduct. First, don't be covert. Introduce yourself to the server, bartender or the manager and let them know that you own the club down the road. Be warm, open and genuinely complimentary. They must be doing something right if they're still in business, so make a point of being positive. Regardless of the field of endeavor, it's an impressive quality when someone can bestow praise on a competitor.

Remember, you're just there to have a drink or two, eat some appetizers and enjoy the ambiance. Equally important, don't forget to tip well. Those employees who you see at that establishment today, may be applying for employment at your club tomorrow.

When shopping your competition, check out what products they carry that you don't? What quality grade of liquor do they stock in the well? Do they market a wide array of house specialty drinks? What brands of draft beer do they carry? How many handles of draft do they have? What is their house wine? Do they offer varietal wines by the glass?

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How do your competition's prices compare to yours? What is the price range of their house specialty drinks? What products do they put on happy hour special? What are their bottled beer and draft prices? How much is a glass of house wine?

What about their marketing strategies? Do they use bar menus to promote their house specialty drinks and bar appetizers? Do they have a varietal wines by-the-glass program? Do they promote a "drink of the day" or "shooter of the day"? Does their service staff attempt to up-sell or use suggestive selling techniques? Do they offer complimentary bar food (bar munchies)? Do they serve food at the bar?

How do their portioning and glassware compare to what you're using at the bar? How does their servers and bartenders compare to yours? Do they appear better trained than your

staff? Are they more motivated? Do they conduct themselves more professionally?

What about the ambiance? What type of background music does your competition play? What kind of atmosphere does it help to create? What type of lighting are they using and what mood does the lighting create?

After you seen the sights and taken all the field trips you need to, give what you've seen some thought. Try to identify what market advantages you enjoy over you the competition and what advantages they have over you. Once you get a handle on these marketing insights, you'll be in the position to answer the all-important question, how to best counter any advantages your competitors have over you.

Once you figure that out, it's most clear sailing.

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