Special Report:

TRACKING DRINK TRENDS

On-Premise Sales are Down but Opportunities Exist

By Donna Hood Crecca

Guest count declines are definitely affecting drink sales in bars, nightclubs and restaurants, but changes in consumer behavior at the bar is what really affected the on-premise business in the first six months of this year. Such is the finding of the first round of data released exclusively to *Nightclub & Bar* by GuestMetrics, the Leesburg, Va.-based firm that tracks on-premise spirits, wine and beer sales via operator point-of-sale data (see sidebar).

Total beverage alcohol sales declined 17 percent from January to June of this year as compared to the same period in 2008 across six key metro markets tracked by GuestMetrics: Atlanta, Chicago, Los Angeles, Miami, New York and Washington, D.C. "That decline is not just due to guest traffic declines; it's consumer behavior and the trading down that's going on," explains Tammy Posten, COO of GuestMetrics. "Consumers are going out, but they're trading down from fine wines, imported beers and ultra-premium spirits to premium and above-premium brands, so dollar shares are decreasing across the board. All markets and all segments of the hospitality industry are impacted."

GuestMetrics' analysis of point-of-sale data, derived from from 2,800 establishments representing 104 million guest checks and totaling $4.5 billion in total sales (including food), found beverage alcohol sales in bars and casual dining declined 11 and 12 percent, respectively, while fine dining recorded a 21 percent drop in drink sales in the

Beverage Alcohol Sales Trends: January - June 2009

Percent Change in Dollar Sales Compared to January - June 2008

	NYC	DC	ATL	MIA	CHI	LA	National
Total Bev Alcohol	-21%	-11%	-17%	-12%	-17%	-17%	-17%
Bar	-21%	-11%	-8%	4%	-20%	-28%	-11%
Casual Dining	-10%	-8%	-16%	-12%	-18%	-14%	-12%
Fine Dining	-26%	-17%	-26%	-23%	-20%	-15%	-21%
Spirits	-13%	-10%	-14%	-9%	-20%	-23%	-14%
Bar	-13%	-10%	-9%	5%	-26%	-47%	-12%
Casual Dining	-18%	-7%	-16%	-14%	-15%	-16%	-14%
Fine Dining	-10%	-13%	-14%	-22%	-17%	-11%	-16%
Wine	-33%	-26%	-31%	-23%	-21%	-19%	-26%
Bar	-33%	-26%	-24%	-6%	-30%	-40%	-24%
Casual Dining	-8%	-25%	-27%	-18%	-24%	-23%	-24%
Fine Dining	-35%	-26%	-36%	-26%	-20%	-16%	-27%
Beer	-12%	-2%	-10%	-7%	-13%	-11%	-8%
Bar	-12%	-2%	-6%	11%	-14%	-18%	-9%
Casual Dining	-7%	-2%	-10%	-9%	-10%	-8%	-7%
Fine Dining	-12%	-2%	-22%	-15%	-16%	-1%	-12%

Source: GuestMetrics for Nightclub & Bar

first six months of the year.

Red wine and rosé wine were the hardest hit categories of all beverage alcohol (both down 28 percent nationally in dollar sales), with the sharpest decline occurring in rosé wine in the bar segment (35 percent). Beer felt the least pain (down 8 percent nationally), with domestic beer faring best of all with a 3 percent gain. Spirits dropped 14 percent, with cordials suffering an 18 percent loss during the six-month period, and vodka a 15 percent decline. Irish whiskey, which has been growing in total U.S. sales for several years, experienced the smallest decline: 5 percent.

Looking at each market individually, the bar segment in Miami proved an anomaly, with total drink sales increasing 4 percent. Spirits sales in bars grew 5 percent; beer 11 percent. Tequila sales in Miami bars increased 22 percent from January to June, American whiskey 10 percent and gin 8 percent. "We saw consistent high numbers in super-premium brands, primarily in bottle service venues, in Miami," reports Posten. "We've seen the most promotions in the Miami market, based on average selling price trends. Miami operators have been very innovative and aggres-

Spirits Sales Trends: January - June 2009

Percent Change in Dollar Sales Compared to January - June 2008

	NYC	DC	ATL	MIA	CHI	LA	National
Brandy	-11%	-8%	12%	6%	-38%	-24%	-8%
Bar	-11%	-8%	-3%	13%	-58%	-43%	-15%
Casual Dining	17%	-1%	-16%	-17%	-18%	-1%	-8%
Fine Dining	-24%	-13%	39%	-3%	-17%	-11%	-5%
Canadian Whisky	-33%	-9%	-19%	-9%	-15%	-16%	-15%
Bar	-33%	-9%	-7%	2%	-16%	-38%	-8%
Casual Dining	-25%	-10%	-21%	-11%	-9%	-10%	-15%
Fine Dining	-38%	-9%	-23%	-20%	-20%	-9%	-19%
Cordial	-25%	-17%	-12%	-16%	-23%	-25%	-18%
Bar	-25%	-17%	3%	2%	-25%	-40%	-11%
Casual Dining	-31%	-17%	-12%	-20%	-19%	-11%	-17%
Fine Dining	-19%	-18%	-45%	-30%	-23%	-28%	-26%
American Whiskey	-15%	-2%	-15%	-7%	-14%	-17%	-11%
Bar	-15%	-2%	-14%	10%	-17%	-33%	-11%
Casual Dining	-19%	-4%	-13%	-11%	-5%	-15%	-11%
Fine Dining	-12%	1%	-21%	-25%	-15%	-3%	-12%
Gin	-21%	-12%	-21%	-10%	-19%	-19%	-17%
Bar	-21%	-12%	-22%	8%	-22%	-47%	-13%
Casual Dining	-22%	4%	-17%	-10%	-18%	-26%	-13%
Fine Dining	-21%	-20%	-29%	-21%	-19%	-10%	-20%
Irish Whiskey	7%	-6%	-10%	-4%	-3%	-20%	-5%
Bar	7%	-6%	-17%	-8%	19%	-19%	-3%
Casual Dining	12%	0%	-3%	-21%	-12%	-7%	1%
Fine Dining	-11%	-19%	-25%	11%	-38%	-34%	-16%
Rum	3%	-10%	-6%	-9%	-14%	-14%	-9%
Bar	3%	-10%	-14%	-2%	-11%	-23%	-8%
Casual Dining	9%	2%	-13%	-11%	1%	-14%	-6%
Fine Dining	-6%	-24%	28%	-14%	-26%	-5%	-15%
Scotch	-16%	-9%	-15%	-22%	-12%	-20%	-16%
Bar	-16%	-9%	2%	-2%	-9%	-46%	-6%
Casual Dining	-9%	-3%	-11%	-29%	-11%	-16%	-18%
Fine Dining	-18%	-12%	-25%	-24%	-13%	-18%	-18%
Tequila	-2%	-10%	-13%	1%	-20%	-21%	-11%
Bar	-2%	-10%	-8%	22%	-27%	-44%	-14%
Casual Dining	-7%	-11%	-15%	-12%	-15%	-6%	-11%
Fine Dining	5%	-5%	-11%	-15%	-11%	-18%	-10%
Vodka	-12%	-11%	-15%	-8%	-23%	-28%	-15%
Bar	-12%	-11%	-12%	3%	-32%	-56%	-13%
Casual Dining	-22%	-6%	-17%	-12%	-20%	-23%	-16%
Fine Dining	-4%	-14%	-11%	-24%	-17%	-8%	-15%

Source: GuestMetrics for Nightclub & Bar

Beer Sales Trends: January - June 2009

Percent Change in Dollar Sales Compared to January - June 2008

	NYC	DC	ATL	MIA	CHI	LA	National
Domestic	-2%	4%	0%	0%	-13%	-8%	3%
Bar	-2%	4%	2%	17%	-12%	-16%	-5%
Casual Dining	10%	3%	1%	0%	-12%	-5%	0%
Fine Dining	-14%	5%	-16%	-9%	-16%	0%	-8%
Import	-18%	-8%	-23%	-14%	-13%	-13%	-14%
Bar	-18%	-9%	-20%	6%	-17%	-19%	-13%
Casual Dining	-16%	-9%	-23%	-18%	-9%	-10%	-14%
Fine Dining	-19%	-10%	-27%	-20%	-15%	-2%	-16%

Source: GuestMetrics for Nightclub & Bar

Wine Sales Trends: January - June 2009

Percent Change in Dollar Sales Compared to January - June 2008

	NYC	DC	ATL	MIA	CHI	LA	National
Red	-36%	-25%	-31%	-26%	-26%	-19%	-28%
Bar	-36%	-25%	-24%	-8%	-24%	-26%	-19%
Casual Dining	-13%	-24%	-28%	-16%	-24%	-23%	-24%
Fine Dining	-37%	-26%	-36%	-29%	-26%	-17%	-29%
White	-26%	-26%	-29%	-20%	-13%	-19%	-22%
Bar	-26%	-26%	-25%	-11%	-28%	-26%	-25%
Casual Dining	0%	-27%	-26%	-19%	-25%	-23%	-23%
Fine Dining	-29%	-26%	-25%	-21%	-7%	-16%	-21%
Rose	-29%	-24%	-42%	-21%	-45%	-16%	-28%
Bar	-29%	-24%	-15%	-24%	-42%	-48%	-35%
Casual Dining	-24%	-14%	-43%	-26%	-9%	-22%	-26%
Fine Dining	-32%	-28%	-40%	-28%	-44%	-10%	-28%

Source: GuestMetrics for Nightclub & Bar

sive in promoting beverage alcohol."

Another individual market trend to note: beer sales in the nation's capital. While total beer in all hospitality segments in Washington, D.C., declined 2 percent, sales of domestic beer grew 4 percent from January to June. Interestingly, domestic beer in fine dining increased 5 percent.

In New York, wine sales took a severe beating (down 33 percent), particularly in fine dining restaurants (-35 percent). Overall, beverage alcohol sales in New York metro bars, nightclubs and restaurants declined 21 percent.

While this report is indeed grim, GuestMetrics anticipates a more positive trend occurring in the final six months of 2009. "The numbers show that the biggest opportunities exist with spirits and beer, and the key is to drive sales with effective promotions," says Posten.

"As we saw in Miami, the ability to push out good promotions or even to pair beverages with food on special menus or promotions will impact sales," says Brian Barrett, president and CEO of GuestMetrics. "You can direct the guest to drinks that deliver value for them and profit for you.

"We expect to see some leveling off in the final six months of '09 and then a pick-up in beverage alcohol sales next year," he concludes. **NCB**

The Research

The sales trend information presented here is derived from GuestMetrics' analysis of point-of-sale data from 2,800 bars, nightclubs and restaurants in six major metro markets. The data sample represents 104 million guest checks totaling $4.5 billion in food and beverage sales. The operators involved utilize the GuestMetrics GuestSnapshot Enterprise Reporting Solution, which is uploaded daily from point-of-sale systems.

This report is the first of an ongoing series of quarterly reports *Nightclub & Bar* will publish on current on-premise sales trends. *Nightclub & Bar* is the exclusive media partner of GuestMetrics. This and future reports will be hosted on our web site, www.nightclub.com. For more information about GuestMetrics, visit www.guestmetrics.com.