

Tracking Drink Trends

While we're all glad 2009 is behind us, savvy operators will want to look at the 12-month trend to see exactly what happened last year as they set their sights on success for 2010.

Brace yourself — it wasn't pretty — although there are some interesting and very enlightening trends that emerge. This report, provided exclusively to *Nightclub & Bar* by GuestMetrics, the Leesburg, Va., firm that tracks on-premise spirits, wine and beer sales via operator point-of-sale data, reflects sales from Jan. 1 through Dec. 31, 2009, in more than 2,800 establishments in six markets.

"Bars continued to be the best performing segment throughout the year," observes Tammy Posten, COO of GuestMetrics. Total beverage alcohol sales declined 18 percent in the establishments tracked in the six markets, with fine dining declining 23 percent, casual dining 15 percent and bars 14 percent during the 12-month period. Posten attributes the bar segment's lower rate of decline to bar owner/operators' ability to be nimble in connecting with guests through attractive promotions, unique drink offerings and selections that drives traffic and sales.

Drink sales in fine dining establishments were hurt as guests moved away from pricier dining and drinking venues, seeking value and lower check averages. Some operators in casual dining, which also suffered declines in traffic and guest checks, rallied around their drink programs and bolstered cocktail programs with some success.

Of the six markets tracked, Miami, Chicago and Washington, D.C., fared the best, with declines in the mid-teens, while New York lost 26 percent of beverage alcohol sales in 2009, primarily due to a 29 percent decrease in fine dining drink sales. Interestingly, bars in New York declined only 8 percent, as compared to a 23 percent decline in Los Angeles bars. Miami bars experienced a 3 percent drop

2009 Proved Challenging, but Bars and Beer Fared Best

By Donna Hood Crecca

Beverage Alcohol Sales Trends: January – December 2009

Dollar sales compared to January – December 2008

	NY	DC	ATL	MIA	CHI	LA	NATIONAL
Total Bev Al	-26%	-17%	-20%	-16%	-16%	-19%	-18%
Bar	-8%	-10%	-8%	-3%	-17%	-23%	-14%
Casual Dining	-4%	-12%	-19%	-17%	-16%	-15%	-15%
Fine Dining	-29%	-27%	-29%	-21%	-16%	-20%	-23%
Spirits	-6%	-11%	-16%	-16%	-14%	-19%	-14%
Bar	-2%	-6%	-3%	-4%	-17%	-29%	-13%
Casual Dining	-3%	-9%	-18%	-19%	-13%	-18%	-14%
Fine Dining	-7%	-15%	-18%	-23%	-12%	-13%	-15%
Wine	-38%	-38%	-32%	-25%	-21%	-25%	-30%
Bar	-21%	-33%	-19%	-12%	-26%	-23%	-22%
Casual Dining	-24%	-28%	-28%	-20%	-30%	-22%	-26%
Fine Dining	-39%	-41%	-36%	-30%	-19%	-26%	-32%
Beer	-10%	-9%	-16%	-12%	-15%	-11%	-12%
Bar	-9%	-6%	-11%	-1%	-17%	-18%	-14%
Casual Dining	-11%	-8%	-16%	-14%	-14%	-8%	-12%
Fine Dining	-13%	-14%	-27%	-11%	-15%	-3%	-13%

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Wine Sales Trends: January – December 2009

Dollar sales compared to January – December 2008

	NY	DC	ATL	MIA	CHI	LA	NATIONAL
Red	-41%	-38%	-33%	-28%	-26%	-28%	-33%
Bar	-24%	-11%	-19%	-10%	-27%	-28%	-22%
Casual Dining	-22%	-24%	-31%	-19%	-34%	-24%	-27%
Fine Dining	-42%	-42%	-36%	-33%	-25%	-28%	-35%
White	-27%	-37%	-30%	-23%	-14%	-22%	-26%
Bar	-24%	-20%	-19%	-12%	-27%	-20%	-23%
Casual Dining	-5%	-31%	-26%	-20%	-28%	-21%	-25%
Fine Dining	-29%	-40%	-37%	-27%	-7%	-23%	-26%
Rose	-34%	-30%	-29%	-25%	-27%	-26%	-28%
Bar	-20%	-34%	-23%	-29%	-26%	-30%	-14%
Casual Dining	-50%	-24%	-33%	-32%	-13%	-18%	-28%
Fine Dining	-29%	-34%	-22%	-11%	-40%	-26%	-28%

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in drink sales last year, the lowest rate of the markets followed. Casual dining beverage alcohol fared the best in New York (-4 percent) and worst in Atlanta (-19 percent).

Beer was the best performing beverage alcohol category, declining 12 percent for the 12-month period nationally, meaning in all six markets tracked. Domestic brews dropped 9 percent, while imports fell 17 percent. Casual dining saw domestics slide 8 percent and imports 17 percent; domestic sales in casual concepts declined the least in New York, Washington and Los Angeles. In fact, Angelenos embraced beer while in fine dining establishments: domestics actually increased 2 percent and imports declined 7 percent in that segment.

Spirits saw some interesting trends. "Casual dining spirits in quarter four showed an increase, which actually helped the year-over-year numbers," Posten says. "We saw casual operators becoming savvier on how to promote internally, and price promotions and deals helped boost sales of mixed drinks and cocktails. We also saw suppliers offering more category management assistance."

Irish whiskey is the winner for 2009, ending the year flat in casual dining, up 3 percent in fine dining, down 11 percent in bars and down 1 percent for all markets tracked by GuestMetrics. The reason? Well-coordinated promotions, particularly in large-volume, high-end and multi-unit locations, according to Posten. The category grew 13 percent in New York, 3 percent in Chicago and 1 percent in Washington. Fine dining establishments in Chicago logged an impressive 41 percent gain in Irish whiskey sales.

American whiskey experienced a 9 percent decline across all markets for the year, performing best in casual dining,

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Spirits Sales Trends: January – December 2009

Dollar sales compared to January – December 2008

	NY	DC	ATL	MIA	CHI	LA	NATIONAL
Brandy	-20%	-13%	-19%	-19%	-12%	-33%	-18%
Bar	-11%	-6%	-5%	-26%	-2%	-38%	-18%
Casual Dining	2%	-3%	-18%	-21%	-14%	-24%	-12%
Fine Dining	-24%	-28%	-26%	0%	-14%	-38%	-22%
Canadian Whisky	-10%	-10%	-14%	-15%	-15%	-17%	-14%
Bar	6%	-4%	2%	-13%	-19%	-26%	-13%
Casual Dining	-21%	-11%	-17%	-13%	-8%	-15%	-13%
Fine Dining	-8%	-14%	-15%	-19%	-14%	-13%	-15%
Cordial	-9%	-20%	-15%	-19%	-23%	-28%	-19%
Bar	4%	-7%	6%	-10%	-28%	-36%	-15%
Casual Dining	-3%	-17%	-23%	-24%	-19%	-23%	-20%
Fine Dining	-10%	-28%	-27%	-19%	-16%	-26%	-20%
U.S. Whiskey	-2%	-1%	-14%	-9%	-12%	-17%	-9%
Bar	4%	-6%	-13%	6%	-15%	-21%	-11%
Casual Dining	-5%	-1%	-14%	-6%	-7%	-21%	-9%
Fine Dining	-2%	-1%	-14%	-29%	-12%	-7%	-10%
Gin	-12%	-12%	-21%	-14%	-14%	-9%	-14%
Bar	-2%	-4%	-16%	-8%	-14%	-25%	-14%
Casual Dining	-9%	-3%	-20%	-8%	-14%	-11%	-11%
Fine Dining	-13%	-20%	-22%	-23%	-13%	-5%	-16%
Irish Whiskey	13%	1%	-15%	-13%	3%	-16%	-1%
Bar	13%	7%	-25%	-16%	8%	-25%	-11%
Casual Dining	15%	1%	-10%	-24%	-11%	-3%	0%
Fine Dining	6%	-1%	-12%	2%	41%	-11%	3%
Rum	-16%	-18%	-15%	-13%	-13%	-7%	-13%
Bar	12%	2%	-12%	-7%	-6%	-5%	-7%
Casual Dining	25%	-10%	-13%	-22%	-8%	-2%	-12%
Fine Dining	-15%	-32%	-25%	-7%	-27%	-13%	-19%
Scotch	-12%	-6%	-13%	-29%	-9%	-19%	-15%
Bar	4%	-3%	3%	-14%	-4%	-26%	-7%
Casual Dining	-2%	-2%	-14%	-38%	-9%	-11%	-17%
Fine Dining	-12%	-9%	-14%	-25%	-11%	-21%	-15%
Tequila	-12%	-9%	-10%	-12%	-18%	-27%	-16%
Bar	12%	3%	4%	12%	-19%	-38%	-18%
Casual Dining	-11%	-8%	-13%	-18%	-29%	-20%	-15%
Fine Dining	-12%	-17%	-15%	-20%	-8%	-13%	-15%
Vodka	-6%	-14%	-18%	-16%	-16%	-15%	-15%
Bar	1%	-10%	-7%	-1%	-19%	-28%	-13%
Casual Dining	-10%	-11%	-20%	-14%	-16%	-18%	-16%
Fine Dining	-6%	-17%	-18%	-27%	-13%	-8%	-15%

Beer Sales Trends: January – December 2009

Dollar sales compared to January – December 2008

	NY	DC	ATL	MIA	CHI	LA	NATIONAL
Domestic	-9%	-8%	-9%	-7%	-15%	-6%	-9%
Bar	-6%	-10%	-5%	5%	-16%	-12%	-11%
Casual Dining	-5%	-5%	-9%	-10%	-14%	-6%	-8%
Fine Dining	-13%	-11%	-22%	-4%	-13%	2%	-10%
Import	-9%	-14%	-27%	-17%	-15%	-14%	-17%
Bar	-1%	-7%	-25%	-5%	-19%	-21%	-18%
Casual Dining	-8%	-13%	-27%	-20%	-12%	-9%	-17%
Fine Dining	-10%	-18%	-33%	-17%	-16%	-7%	-16%

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where it declined 9 percent. Rum had a wild ride in 2009. Casual dining venues in New York experienced a 25 percent gain in rum sales, while bars in that market enjoyed a 12 percent increase. The category declined 13 percent in the six markets tracked, but fared best nationally in bars, where rum declined 7 percent as compared to 19 percent in fine dining and 12 percent in casual dining. Scotch

declined 15 percent nationally in 2009, performing best in bars (-7 percent) and actually experiencing an increase in bars in New York (4 percent). Canadian whisky dropped 14 percent nationally, although it grew 6 percent in New York bars.

The mixologists' darling, gin, declined 14 percent nationally, but saw the lowest rate of decline in bars in New York (-2 percent) and D.C. (-4 percent).

While it remains the largest category of spirits — the Distilled Spirits Council reports it generated 30 percent of total U.S. spirits volume and 24 percent of sales in

the U.S. in 2009 — vodka felt the effects of the economic downturn. Across the six markets tracked, vodka sales declined 15 percent in 2009. The only increase was seen in bars in New York (1 percent).

Tequila is a rising star, with buzz about new expressions, but the category was hit hard last year, logging a 16 percent overall decline in the six markets tracked. The bar segment was a bright spot, especially those in New York and Miami — tequila grew 12 percent in each of those markets — and Atlanta and D.C., where it grew 4 and 3 percent, respectively.

Cordials declined 19 percent nationally, experiencing the smallest decline in bars (-15 percent). Brandy lost 18 percent over 2008 sales, with the least decline occurring in casual dining (-12 percent).

Looking at wine, white varietals fared best in 2009, losing 26 percent nationally, while rosés dropped 28 percent and reds declined 33 percent. Wine sales in fine dining venues tracked were particularly hard hit (-32 percent), while casual dining establishments lost 26 percent of sales nationally and bars 22 percent, resulting in wine declining 30 percent for the year.

"Where we see slower rates of decline or even increases are places where aggressive promotions are going on," Posten says. "The bottom line is that promotions — whether conjured up by the operator or heavily supported by the brand marketer — drive traffic and sales." **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 from January to December 2009. 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 tool, which is uploaded daily from point-of-sale systems.

This report is the third of an ongoing series of reports *Nightclub & Bar*

will publish on current on-premise sales trends. *Nightclub & Bar* is the exclusive media partner of GuestMetrics. All the reports are hosted on our web site, www.nightclub.com.

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