



What's NEXT?

Tap into these Trends to Grow Your Biz in 2010

As we kiss 2009 goodbye (and good riddance), we're all turning a hopeful eye to 2010 and scanning for signs of improved consumer confidence and increased propensity to go out and spend. To get a sense of what to expect, we checked in with various industry experts and asked for their top picks for new opportunities in the 12 months ahead. Read on and set yourself up to jump-start your business in the New Year!



Beer
By Lew Bryson



Bars

By Jack Robertiello

Culinary Cocktails

Pioneers like Scott Beattie, formerly of Cyrus in Healdsburg, Calif., Jackson Cannon at Eastern Standard in Boston and Gina Chersevani at PS 7's in Washington D.C., have spurred the idea that cocktails should enhance and take inspiration from a restaurant's food. Using non-traditional ingredients — curry, yogurt, roasted root vegetables, edible flowers — they are creating a new category that walks the line between drink and food, and it's spreading. Look for more adaptations of the savory flavors coming from these culinary cocktail whizzes.

The Return of the Rinse

The return of absinthe as an ingredient and the Sazerac as a drink brings back a very old technique: the rinse. Especially with strong flavored ingredients, rinsing a glass with a spirit before pouring in or building a drink controls the amount of flavor added, and also can incorporate a bit of brown spirit depth to a white-spirit-based drink.

Tiki Really Does Live

Martin Cate, who helped establish Forbidden Island Tiki Lounge in Alameda, Calif., as an international Tiki destination, soon will open Smuggler's Cove in San Francisco, featuring Tiki drinks, traditional Caribbean beverages including those served in pre-Prohibition Havana, and a collection of rare rums. It's only the latest in high-end rum bars offering a broad selection of rums and classic Cuban, Barbadian and Jamaican drinks. Rum-focused operations are heating up, and those featuring Tiki drinks made with multiple rums are set to succeed Mojito bars as the next rum thing.

Recessionary Cocktails

Bars will trim inventory and opt for lower-priced quality spirits. Some suppliers recently realized there is place for quality spirits that don't spend a fortune on packaging, marketing, promotion and glitz. Those brands are now perfectly positioned to reap the benefits of a business driven to cut costs. Look for better but less well-known brands in the well, especially vodkas, tequilas, whiskeys and gins.

Hello Herbal, Goodbye Sweet

Bartenders have been looking for years for high-quality, low-sugar, high-alcohol cordials that provide quality flavor profiles and mixability. Some have opted for small production brands; others are making their own. Many are using more complex herbal and bitter cordials that are impossible to replicate. Artificial flavors are out, while interesting and fresh flavors work better with craft bartending. So, things like Italian amaras, French herbal liqueurs and unique products, especially from craft distillers, will show up in many cocktails next year.



Spirits

By Robert Plotkin

On the Ascent

While the Margarita remains the country's most frequently requested cocktail, its once insurmountable lead is narrowing by the growing popularity of the Mojito. The Cuban-born phenom has gone from a blip on the screen to a bona fide franchise player, and

it's attained elite status in half the time it took the Margarita.

Not surprisingly, the Margarita and Mojito mirror two mega-trends: Namely, they're prepared with the fastest-growing categories of spirits in the U.S. — tequila and rum, respectively. Among the big stories going into 2010 is the rising prominence of blanco tequilas and añejo rums.

People are drinking tequila in record numbers. Bottled fresh from the still and unaffected by barrel aging, blanco tequilas best represent the compelling qualities of tequila.

While not everyone can jaunt off to the Caribbean, sipping old rums may be the next best thing. Smooth and luxurious, añejo and other rums are made in exotic places and imbued with rich aromas and captivating flavors.

Finally, the La Paloma is quietly becoming a popular call, made with silver tequila, a splash of fresh lime juice, a fill with grapefruit soda such as Squirr and a generous lime garnish.

Bankable Quaffs

American rye whiskeys are also on the charts with a bullet. They have broad shoulders and a lot of personality, and they're affordable and mixable, a perfect combination today.

American micro-distilled spirits are changing backbars, among them brands like Tito's Handmade Vodka, Cold River Vodka, Aviation Gin, Pritchard's Fine Rum, Hangar One Vodkas, Charbay Tequila — and that's just the short list. Plus, expect organic spirits to continue gaining traction with consumers.

Seasonals Soar

Wheat beer in the summer, Oktoberfest and pumpkin beers in the fall, holiday beers in the winter, bock and white beers in the spring, brewery anniversary beers — people love the freshness and limited availability of these beers and are embracing the way they pair with the seasonal foods. Seasonals are the hottest section of craft beer, which is the hottest section of beer.

The Bloom is Off Big Imports

It could just be the economy, but it could be that the excitement of being different because of the beer you drink palls when too many other people are drinking it too, and that's going to take a major repositioning for big imports to fix. Small, specialty imports, on the other hand, are finding a willing market. The key is sourcing brands that offer a real difference; variety, yet again, rules.

Light's Just Right, Thanks

While regular-calorie beer continues to slip — with the stunning exception of eastern regional Yuengling — light beer continues to grow market share. Craft may be 4 percent and growing, but light beer is 50 percent and growing, and you'd be crazy to ignore that.

Gastro-pubs, Beer Gardens & More

As beer becomes more accepted and respected, new beer-focused venues are dreamed up and old concepts dusted off. The gastro-pub, an awkward word for a very comfortable combo of good beer and tuned-up bar/comfort food, is a novel concept that turned out to have legs. It's also great to see Americans re-discovering the beer garden, the joys of outdoor, communal tables with simple food, cold beer and happy music.



Wine

By Kelly Magyarics

Daily Effervescence

Bubbly sparks the palate of those commemorating special occasions...as well as those celebrating that it's Tuesday. The increased selection of bubbly from around the world in addition to Champagne — Prosecco, Cava, American sparkling wine, Cap Classique, Sekt and Crémant — coupled with education from operators rendering the beverage more accessible, translates to upturned sales of effervescent sips. In addition, eclectic and sparkling wine cocktails beyond those with peach nectar or bitters-soaked sugar cubes bridge grape and grain.

Wine & Dine

Whether inviting a winemaker to pour his or her wines, selecting a wine region to showcase its signature varietals, or simply partnering sublime bottles with appropriate dishes, guests flock to well-planned wine dinners. The vast selections available in a single sitting, as well as the thoughtful collaboration between chef and sommelier, continue to draw patrons willing to shell out upward of \$100 for an evening of creative pairings.

Alternative Vino Rocks

More guests will venture off the beaten path to seek distinction in the glass and appear "in the

know." Portuguese Vinho Verde and red blends are both buzz-worthy and quite the value; Gewürtztraminer and Lagrein from Alto Adige offer a totally different Italian wine experience; and interesting blends from Southern France's Languedoc region still fly under the radar of their more famous Bordelaise and Burgundian big sisters.

Think Outside the Glass, and Bottle

Wine in not-so-standard serving sizes encourages experimentation and prevents sticker shock. Flights and half pours, as well as unconventional sizes like 125 ml and 500 ml, allow patrons to enjoy different wines during an evening out — either to pair with small plates or various courses or just to sip and sample. In addition, providing options beyond the glass or bottle increases consumer confidence in this economy, leading to sales from customers who may not have ordered wine otherwise.

Education without Overkill

Guests increasingly want to learn while they swirl, sniff and sip. They appreciate clear, thorough descriptions on menus, including pairing suggestions, and helpful sommeliers who can find a bottle or glass that matches guests' wine styles. They also like blank tasting note sheets and educational wine books laying on tables (especially at wine bars.) But savvy operators know patrons also want to enjoy their vino experience without overbearing staff, too many choices or esoteric language. Wine, after all, is meant to be enjoyed, not overly critiqued.



Nightclubs

By Bryan Bass

House Music

House music is seeing renewed energy and devotion at the country's top nightlife venues, a trend that will continue into 2010. "After the dramatic success we've had with peak weekend performances from DJ Erick Morillo, we're going to start doing regularly scheduled house music events at TAO," confirms Jason Strauss, co-owner of TAO and LAVO in Las Vegas and Marquee and Avenue in New York City. There are also rumors that Strauss and gang will be opening a LAVO in New York formatted with a house music focus, establishing house music as a bona fide trend. With Southern California becoming a hotbed for house music and even palatial venues like Miami's LIV, which switches from open format to all house at 1:30 a.m. on Saturdays, raising the beats per minute, house music looks to have a big effect in 2010.

The Great Outdoors

Forward-thinking operators will drive the success of untraditional venue locations like pool decks, rooftops and indoor/outdoor spaces. Las Vegas already is the capital of "daylife," but operators in San Diego and San Francisco are following the Vegas day-club formula with similar profitability. Skyward, new rooftop venues in New York at the Gansevoort and Standard hotels are having stunning success, proving the age-old adage that a great view

never goes out of style. "People really enjoy being open to the elements, especially when you have the weather to back it up," adds Cy Waits, managing partner of Tryst and XS nightclubs in Las Vegas, both of which offer indoor/outdoor experiences and whose newest venue, Draï's Hollywood, will also feature a large rooftop nightclub. "There is something very different about partying outdoors and 10-plus stories above the street; it makes people feel special and women especially enjoy it."

Art in the Club

In this economy, fickle club-goers are demanding their dollars go further, and entertainment is one way to offer greater value. We see more nightclubs incorporating live acts and finding unique ways to integrate entertainment into the venue. It seems natural that Hollywood, Calif., nightclubs are out in front of this trend, as both Playhouse and Voyeur have opened in recent months with performance-driven focal points. In Las Vegas, Paul Oakenfold's performance-driven Perfecto Vegas continues to pack them in every Saturday night. We also are seeing more artistic-geared promotions as marketing directors come under increasing pressure to be creative in a hyper-competitive marketplace.

Social Technology

Look for more venues to experiment with social media marketing in 2010. While it's a busy and somewhat convoluted playing field, one promoter noted that his Facebook guest lists have the highest rate of return, as far as people who actually accepted invitations to attend. Furthermore, venues are getting more creative about how to use these tools within their space. For example, TAO Nightclub in Las Vegas held a "Tweasure Hunt" where clues were tweeted for a real-time treasure hunt, allowing club-goers to become interactive with the venue while the winner took home a \$5,000 prize.



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Business Challenges & Opportunities

By Jon Taffer

The top challenge in 2010 is, of course, the economic environment. Virtually every hospitality sector has been affected, although bars have seen the smallest hit in the hospitality industry. Even though nightclubs and bars are experiencing far lower sales drops than the hotel and restaurant sectors, going forward, the losses in business potential are real. Whatever the economists say, the indicator that matters most to the bar industry is unemployment. Until unemployment trends reverse and more people go back to work, the nightclub and bar sector will continue to suffer from lost consumer potential. The bar and nightclub sectors are being dealt a double whammy:

Lower Guest Counts

In most markets, overall guest counts are down 8 to 18 percent. Some operations and markets are faring better than others, but almost all are experiencing lower guest counts, especially on non-weekend nights. This provides challenges for operators to develop profitable promotions and marketing communications to offset this trend. The days of “two for one appetizers” filling an operation are long over. Now, because of lower market potential, it takes strong, compelling promotions to drive guest response. However, because of the “double whammy,” increased guest traffic may not equate to increased sales.

Lower Guest Spending

Tracking by Taffer Dynamics shows the average guest spend is down by 5 to 25 percent, based upon the market and type of facility. Our research further shows that dropping prices, adding products and implementing other merchandising steps is not greatly changing the amount of money guests spend. Many operations are falling into a trap where they lower prices — and thus, kill profits — but aren’t increasing revenue enough to offset the lower margins.

So, going into 2010, the biggest challenge is making the numbers work. Success will come from great ideas, great promotions and great experiences that are communicated to the marketplace with minimal marketing resources. Since we no longer have robust checkbooks, we have to lean on robust ideas.

Saving money is always vital to operations, but it will undoubtedly be more prevalent in bar design in 2010. Saving money doesn’t have to mean cutting corners, though; plenty of creative, flexible options exist to boost your bottom line while keeping guests happy — and in fact, these options just might make them more satisfied.

Maximizing Space

Bars and nightclubs will make the most of what they have this year, especially creating smaller, more private areas within a larger space. “Because of the economy and money shortage, owners are having to be creative with their use of current space, and compartmentalizing allows them to capitalize on [it],” explains Michelle Bushey, principal and creative director of Dallas-based design firm Vision 360.

Making the Transition

Bar and nightclub operators will look to add to their bottom lines by servicing more day parts, which requires furnishings and proper layout to accompany these changing atmospheres, says Boris Zhuravel, director of business development at ModernLine Furniture. Michael Werner, vice president and director of operations for Kansas City, Mo.-based Leap Hospitality, agrees: “As businesses continue

to look for opportunity to maximize revenue, smart transitional design allows operators and concepts more flexibility with floor plans, light, sound, service issues and security.”

Toning it Down

Less is more in 2010, with more and more venues becoming less and less over the top in

ing for a sense of comfort ... and spaces with history or a feeling of longevity such as old warehouses or buildings provide almost a sense of reassurance and familiarity.”

Tools and guidance for going green are now readily available from major hospitality initiatives such as the Green Restaurant Association and P&G’s Fisher-Nickel Food Service Technology Center (www.fishnick.com), as well as bar-centric resources such as Green & Tonic or the Green Business Green Drinks networking event spearheaded by H. Joseph Ehrmann of Elixir in San Francisco, that city’s first Certified Green bar.

We see more greening of the bar, from purchasing practices that lean toward organic and sustainable products (including eco-friendly décor and fixtures, wine, beer, spirits and ingredients) to back-of-house designs that reduce waste and conserve water and energy.

Embracing Technology

From audio/visual, electrical and lighting design to POS systems, technology is changing bar design. “Newer POS designs and handheld devices are changing [front-of-house] floor plans and bar design by reducing space allotted for traditional terminal placement and service stations,” Werner explains. Plus, the need for TV and video monitors is evolving, prompting owners to use screens as artwork with digital images, he predicts.



Design & Décor

By Emily Hanna Mayock

terms of decor. “Personal design statements synonymous with frivolous spending are practices of the past when it comes to the food and beverage industry,” Werner explains.

Going Green

“Hands down, this is the biggest trend in the design/construction industry worldwide,” Bushey states. This trend includes the use of reclaimed materials, energy-efficient lighting, recycled carpeting and low VOC paints as well as the conversion of older buildings into bars, as opposed to new builds. “I think clients and customers alike are look-



Business Outlook

By Donna Hood Crecca

The on-premise drinks business declined significantly in 2009 — we can only go up from here, right? Well, maybe.

Believe it or not, on-premise beverage alcohol sales are expected to decline again in 2010, although at a slower rate than is occurring in 2009, according to Technomic. The Chicago-based foodservice and hospitality market research firm forecast calls for a 2.5 percent decline in on-premise drink sales next year; sales are expected to finish 2009 down 4.9 percent.

Full-service casual and fine-dining restaurants are expected to experience the most severe declines. Additional numbers developed by Technomic in partnership with GuestMetrics reveal check averages are down 6 percent through the third quarter of 2009. In fact, GuestMetrics figures indicate bars are faring better than other segments this year (see story page 27).

“Our outlook for alcohol sales is based upon continued weakness in restaurant traffic and further consumer frugality,” stated David Henkes, vice president at Technomic and the director of the firm’s on-premise practice. “The overall share of visits that include alcohol has been on a downward slide for several quarters. While next year won’t be quite as bad, we don’t think we’ll begin to see real growth in consumer spending on alcohol again until 2011.”

Of course, operators who promote well and deliver value and quality along with stellar guest service stand a strong chance of reversing that trend for their own establishments.



Tech

By Donna Hood Crecca

bottles behind bars as the glitches are worked out of this wireless technology. Systems such as those offered by Beverage Metrics and BarVision involve wireless tags that emit radio signals every time a bottle is picked up and poured, feeding information into software that manages inventory in real time and often integrates with the POS system. We see more bar owners being alerted to bottles being poured after closing...

Get Connected

Point-of-sale systems that communicate with draft technologies and liquor dispensing systems will open up a whole new level of real-time sales reporting and the ability to identify where and how loss is occurring. What’s more, integrating dispensing systems with sales technologies also will yield immediate insights into sales trends and opportunities. Forerunners on this front are Tap Dynamics and MicroMatic, which together deploy a system that can track beer as it flows from keg to glass and bring POS data into the analysis for comprehensive accounting of each ounce pulled, spilled and sold.

RFID-Enabled Inventory Control

Radio frequency identification (RFID) tags may turn up on more

Apps, Apps, Apps!

From iWhiskey to the Guinness Pub Finder, thirsty patrons are using their mobile phones to learn about, locate and in some cases order their favorite libations. In 2010, look for more apps to market brands, bars and nightclubs; several services now assist operators in developing their own apps. Apps are also enabling drink ordering right from the patron’s seat in the bar or nightclub. The guest peruses the drink offerings on his or her mobile phone, places an order that’s communicated to the service bar and is billed automatically to a credit card or pre-paid account. A server can deliver the drink, or for truly impersonal service, a text can be sent to the guest informing him or her the drink is ready for pickup at the bar.



About the Experts

Lew Bryson is an award-winning, beer-drinking, whiskey-sipping, brewery-visiting, cask-tapping, thirst-creating drinks writer based in Philadelphia. Visit him at www.lewbryson.com.

Kelly Magyarics is a wine and spirits writer, and wine educator, in the Washington, D.C., area. She can be reached through her web site, www.trywine.net.

Robert Plotkin is a judge at the San Francisco World Spirits Competition and recently authored his 16th book, *Secrets Revealed of America’s Greatest Cocktails*. He can be reached at robert@barmedia.com.

Frequently writing and consulting about spirits, **Jack Robertiello** also judges at events including the San Francisco World Spirits Competition, the International Rum Fest and Spirits of Mexico. He is also editor of NCB Mix, an e-newsletter for the mixology community.

Jon Taffer is a veteran nightclub, bar and restaurant operator who provides consulting services around concept creation, development and growth management through his firm, Taffer Dynamics, which counts leading restaurant, nightclub and hotel operations among its clientele. Taffer also is a noted speaker and trainer. Based in West Palm Beach, Fla., he can be reached via www.tafferdynamics.com. **NCB**