

Two blokes are sitting at a bar...

In our special focus on consumers, Clutch have profiled the likely clientele of seven Australian on-premise venues, based on demand forecasting, exploring the most effective style of promotions for each venue and the possible challenges each may face in delivering value to their customers.

You can wander into just about any on-premise venue in Australia, and come across a very different crowd. In fact the 'regulars' can vary dramatically in the same suburb and sometimes the same street.

Given this reality, it does pose the question then, why do so many manufacturers take a blanket approach to the distribution and promotion of their product ranges? The answer, all too often, is based on which are the best products to supply (based on the manufacturers needs) instead of what would stay in demand (based on what the consumer wants). This approach is about making sure you are not wasting your time, money and resources promoting products where there is limited consumer demand. The cost of ineffective ranging or supply can cause significant damage to the profitability of both venue and supplier, so the real answer is to start managing this where the product ends up, with the consumer.

In this article we explore these differences across seven venues in Australia using the latest in consumer demand forecasting. In each of these venues we:

Describe the two most probable 'blokes' we would see drinking in that venue;

► Explore the differences it should make to the successful distribution, promotion and sale of products; along with the

► Challenges the venue may face in delivering value or an experience to these different consumers.

It should be noted that each of these outlets were provided to us by Drinks Trade magazine, with the permission of each venue, and none have been visited by our team here at Clutch, nor do we have any intelligence as to the actual product sales in any of these venues. So what you are about to read is a result of consumer demand forecasting alone, the 'high-definition' arm chair view of each local market.

The Grand Hotel Bundaberg, Bundaberg QLD

Heading up north to Bundaberg, our virtual walk begins at the Grand Hotel with two very different guys in 'Pete', a now retired transport worker and 'Thommo' a 31 year old team leader at a local manufacturing plant.

Pete is the predictable one, with routine visits to the Grand you can almost set your watch by. He has been coming along here for some time and many of his old work mates will join him for a beer from time to time. Pete also likes to position himself habitually at the left hand side of the bar, and always orders a pot of local beer, of which three to five would see him through. He is bound to scoff at any suggestion that an imported or premium beer is worth the money. Prone to an occasional scotch, he is likely to be taking the odd bottle home with him. You can count on him to buy meat tray tickets and be the happiest of winners on his day. New product promotions will generally go unnoticed, unless they are positioned as an improvement on 'his beer' or produced by the same brewer – then he may 'give it a go!' If the pub changed taps and stopped serving his regular beer, they may

well be risking his patronage. Therefore the best kind of promotion is when he gets rewarded for drinking his regular beer. He will be the first one to have a crack at any price changes, as much as he is not backward in sharing his political, sporting and social views. Far from a volume contributor, Pete is a loyal regular that will generally make sure things don't get out of hand and that he is home for dinner by 6 or 6:30pm.

Thommo on the other hand will generally start his drinking with local beer and if he is in for a session with his mates, he will move on to modern Australian delicacies such as bourbon or rum, served safely in a can. That said the occasional opportunity for a Jim Beam Black or 42 below is a welcome treat. Thommo will definitely try new products at least once and will be lured to promotions that offer merchandise as reward for purchase. Loyalty, from a drinking perspective varies dramatically for Thommo. There are those drinks, perhaps his brand of pre-mixed spirit that will remain sacrosanct whilst new options that fit into his occasional repertoire are almost completely interchangeable.

He loves a drink with his mates, and at times you might be excused for getting his actual residency confused, given the time and money he invests in the venue on both drinking and eating. On the weekends Thommo is likely to drag the boys from the local footy club down to the Grand for some intense post game analysis, which can go on for extended periods, and can become a little rowdy from time to time. Certainly dollar deals on pots of beer or basic spirits will act like an irresistible magnetic force too powerful for Thommo and his mates to resist.

The likely challenges for this local area are:

- The risk of any major product or pricing changes
- The opportunity to increase targeted new product trials with Thommo
- The risk of encouraging Thommo and his mates and the potential deterrent that causes for other patrons, including Pete.

The Court Hotel, Perth WA

We should say before we begin our introductions, that this venue is a known specialist, catering for the gay and lesbian community of Perth. Although arguably a destination venue our analysis is still based on the local demand profiles in the area. The truth is that typically across the nation, venues like The Court Hotel still tend to serve many people in their local



The Court Hotel, Perth

community and are situated in these communities for that reason.

'Anthony' is your ultimate socialite and enjoys the company of his friends and making new friends over a premium beer such as Asahi or Little Creatures on tap. As the night wears on Anthony will go for his favorite brand of vodka, or tequila to get things going. Dressed to impress with his own individual style Anthony will welcome new product promotions and trial as an opportunity to broaden his knowledge and taste buds. If you really want to get Anthony's attention through a promotional offer, then something quirky and different based around a new experience, travel or technology will do the trick. Promotions based on instant redemption or recognition will also appeal.

He loves catching up with his friends and will often bring new friends to the venue for the first time so it is important to keep Anthony interested with a variety of new menus, entertainment and promotions if not, you run the risk of Anthony being easily lured by a newer, more exciting alternative.

Also at The Court we expect to find 'Jeremy', a learned wine drinker, he enjoys starting the night with a premium beer but will quickly switch to familiar free-pour spirits which he will choose based on brands he has previously enjoyed such as; Jack Daniel's, Bacardi, Gordons or Absolut. Making his way through the bar menu, Jeremy is prone to a liqueur nightcap.

Although both guys are career minded, Jeremy has worked hard and achieved success and recognition, whereas Anthony hasn't quite made it yet. Jeremy rewards himself with a quality bottle of wine and enjoys the opportunity to have a meal and the total experience that The Court Hotel offers. He is a very demanding customer though and will expect staff to know what they are talking about. In fact well informed staff will be the greatest influence if he is going to try something new. Generally, not into the whole promotional paraphernalia, Jeremy will appreciate the staff recognising his patronage with simple unexpected surprises, like a complimentary drink or tasting. In the end Jeremy and his friends will make any restaurant fire if they are given the right quality of product and service.

The likely challenges for this local area are:

- ▶ Becoming too predictable or routine will reduce the frequency of patronage
- ▶ Sacrificing quality of product or service
- ▶ Not recognising or valuing patronage with friendly, knowledgeable and consistent staff
- ▶ Not supporting new brands ranged in the outlet
- ▶ Not educating bar staff whose recommendation will drive trial
- ▶ Avoiding running price or volume based promotions.

Cazalys Palmerston Club, Palmerston NT

As we head to Cazalys Palmerston Club in Darwin, we bump into a couple of the local lads 'Jeff' and 'Paul'.

Jeff is balancing work, finances, family and mates. He doesn't get the chance to head out often and when he does it is often with the family in toe for a family meal at the Bistro. On a very strict budget to ensure all bills are paid, Jeff enjoys local beer and if treating himself, a basic spirit such as bourbon, his favorite pre mixed 'couch companion'. The true value of Jeff's patronage though is noticed through his frequent visits to the bottle shop, particularly when there are bulk specials on his regular beer. The lure of free things for the kids, children's entertainment, discounts on kids meals, kids club are extremely attractive and if they represent real value, will win Jeff over every time. The combination of these needs means that any coordinated promotion between the bistro and the bottle shop will be extremely attractive to Jeff. Perhaps, for every family meal purchased a discount on a slab of beer or bourbon and cola, or vice versa. With the stresses of family life, Jeff is looking for a good value place he can take all the family and enjoy a night with the "trouble and strife".

Paul on the other hand is in an entirely different space and is at a time in his life where he can afford to enjoy quality and choice. Like Jeff, he is



Cazalys Palmerston Club, Palmerston

more a beer drinker than spirits but would definitely prefer the premium and imported products. Not oblivious to sales promotions, Paul would prefer promotions on well-known brands that offers something for free or a discount on multiple or bulk purchases. Paul's consumption of alcohol includes both on and off-premise, so once again the balancing of on-premise offers with the bottle shop will be a must. Paul is likely to frequent a number of venues and being very social will be drawn to those bars that have familiar and friendly faces behind the bar.

The likely challenges for this local area are:

- ▶ Ignoring family needs
- ▶ Not being consistent with popular brand ranging or staffing
- ▶ Not leveraging bottle shop together with on premise activity to offer something different
- ▶ Going too upmarket with wine choices
- ▶ Running 'collecta' promotions would be a bad move.

The Monkey Bar, Chatswood NSW

Next stop, the Monkey Bar in the bustling Sydney suburb of Chatswood, where we meet 'Chris' and 'Brad'.

Chris enjoys socialising after work with work colleagues and mates and is attracted to this venue because of its locality, funky style and choice of local premium and imported beers and spirits. Not loyal to The Monkey Bar, Chris enjoys the choice and opportunity to try something different and will go with his mates to where the action is. Price is not generally an obstacle for Chris, especially when all aspects of the experience are enjoyed. A voluminous and frequent consumer of alcohol, new product promotions are a big hit with Chris, but you will struggle to maintain his loyalty when there are no new products to experience. If the venue is convenient you will see Chris regularly, but when the vibe becomes predictable this guy is no creature of habit. Chris is also likely to stay on or return to the Monkey Bar late into the evening to meet up with a different crowd.

Also in the Monkey Bar we expect you will see the hard working up-and-comer, Brad. Still very much climbing the ladder at work, he is working on making his next move (we mean at work of course). After work Brad is likely

to meet up with a few of his trusted work mates, some of which may work for him, to chat about the week and the latest goings on. In this modality most regular promotional efforts will go astray unless the bar staff play the role of the influencer. Latest in international, good quality trends would be of interest. For Brad having personal rapport with bar staff will be incredibly important. Any inkling of being treated like a number is likely to deter him from coming back at all. In his case this is a major issue for the venue given his ability to influence where he and his colleagues will meet up for their next drink.

The likely challenges for this local area are:

- ▶ Not being consistent with staffing – product knowledge and creating the experience for the customer is extremely important
- ▶ Lack of new products or changes in the menu and entertainment
- ▶ Loyalty – both blokes are very social and have willingness and ability to try and pay for new experiences, therefore maintaining their interest is imperative
- ▶ Any membership program will go a long way with these guys, but there must be real tangible experience based benefits such as; invites to wine or beer tasting nights, food/wine matching dinners, new product offers rather than discounts or price.

Customs House Waterfront Hotel, Hobart, TAS

The local area surrounding the Customs House draws in two very different punters that are in many ways extreme opposites. Caught up in a social discussion, our two characters would differ dramatically on their views of the responsibilities of big business and government; in fact at the core of their belief systems they typically would have opposing views on most things in life.

A venue positioned in amongst such conflict should avoid trying to have these two guys get along or even be in the same bar. 'Michael' and 'Gibbsy' both enjoy a drink after work and that's where the similarities begin and end.

Let's take Michael, a premium drinker when it comes to beer, wine and spirits, with price not generally being a factor. He is more likely to be at the Customs House for lunch or a 'catch-up', networking drink after work, with colleagues or friends. The purpose of meeting somewhere is purely social rather than experiential and he will only look to his friends for interaction. New product promotions aren't a driver for Michael - he prefers to be seen to be drinking quality premium beers and spirits and wouldn't look twice at pre-mixed or perceived lower quality brands. The Customs House will be one of the regular places on Michael's list but he would quickly change to another venue if the surroundings and service isn't up to expectations.

Gibbsy enjoys a beer with his mates and is very much what you'd call a traditionalist beer drinker. He thinks that imported or premium beer is a waste of money, and besides, he doesn't have that sort of money. Price will play a big factor with Gibbsy, but he will try something new if persuaded through promotional incentives, getting something for free as long as he feels he is not getting 'touched up' on price. He sees the Customs House as a great place to go with his mates because he knows what to expect, the staff and particularly the beer. His preference would be for more people like him to be around and he can feel uncomfortable if too many of those 'big shot' suits (aka Michael) are still hanging around, especially in his area of the bar. Gibbsy and his mates reckon these blokes wouldn't work in an iron lung. A strong consideration for Gibbsy will be whether he can easily enjoy a smoke with his beer, so access to outdoor smoking areas will be important.

The likely challenges for this local area are:

- ▶ Balancing these two opposing markets in the same venue, trying to be all things to these two is problematic
- ▶ Whilst sheer numbers might dictate that both markets need to be serviced, having very different areas that are designed for each of their needs is the best sustainable strategy
- ▶ Dramatic changes in taps and products offered.



The Lion Hotel,
North Adelaide.

Daylesford Hotel, Daylesford, VIC

Daylesford, the weekend getaway for many a Melbournian of various persuasions is an eclectic mix on the weekend. That said the local blokes, 'Terry' and 'Rosco', who would sooner have a pedicure at the footy club than hang out in some day spa, give us a traditional view of country Victoria.

Terry loves a beer but is careful with the alcohol content tending to drink light beer more than most. When he is not having a beer he loves a drop of scotch, you know a Ballantine's or Teacher's will do the trick. Not up for much of this new fandangled gear, you'd be wasting your time trying to get Terry to try something new. Not a big pub drinker these days, he enjoys catching up with old mates over a few once a week before heading home. But always during the week, you won't catch him in there on the weekend with those weird city folk. Terry is a very loyal patron who has been coming here since he can remember. Not high in frequency or consumption, he enjoys the familiarity of known staff, surroundings, patrons and giving the world's biggest issues a thorough 'amber analysis'.

Then we see Rosco, and while Terry reckons he's got a bit to learn, he attempts to support and advise with regular insights like: "when my kids were young, I worked five jobs."

Whilst this will fall short of inspiring Rosco, he will get on with Terry and not take it all too seriously.

Rosco loves a good bourbon (Jim Beam or Cougar) and often prefers pre-mixed if he can get it. No need to offer variety, choice or higher priced options as he is most likely to be loyal to the bourbon and beer brands he knows. Quite habitually he will have complex calculations in his head as to the number and combination of drinks he can get for a 'twenty'.

As Rosco's kids go through their schooling years, he is less able to grab time for himself and time with his mates, but sees it as an essential life balancer.

Both of these guys have a budget and tend to stick to it no matter what is being offered. They will only look at a promotion if it benefits their back pocket – e.g. buy-one-get-one-free offers rather than merchandise.

Although loyal to their known products and drinks, they may occasionally try new products; however this is solely dependent on affordability. They both love a 'regular' to catch up with good mates and family members.

The likely challenges for this local area are:

- ▶ The balance of the local and tourist customers to drive both profit and loyalty
- ▶ The product mix – offer local, premium brands together with everyday cheaper options
- ▶ Adaptability of staff to relate to both the local and tourist customers to provide them with the different experience they expect from this venue.

The Lion Hotel, North Adelaide, SA

Both customers we are going to meet here are high consumption with a broad repertoire of brands and drinks.

'John' is a premium drinker when it comes to beer, wine and spirits. Price is not the main factor when enjoying a drink and at a pub - it is more about a recognised venue, the atmosphere and sharing the occasion with friends and work colleagues. That is not to say that you can set high price points, John is savvy in knowing that you are over charging and will soon move onto another location if he feels he's being fleeced.

John is as likely to be curious about new product promotions, however he likes to make the decision in his own time, with enough information that he'd like to trial a product or something different. He is very cynical when it comes to advertising, so will see any promotions or offers as simply your way of increasing sales. The best way to influence John to try



The Lion Hotel,
North Adelaide.

may be occurring in your business by a lack of operational alignment.

Most of us appear to be very good at assuming the stereotypical punter in each of these venues, but as competition heats up and demand softens, it's time to remove the guesswork. In the end, the difference needs to be financial, increasing the revenue return from your effort and ensuring that your focus is accurately targeted.

In this article we have given you colourful characterisations just to make the point, but where it really comes to life is when you have clear priorities for execution, based on demand rather than based on what you sold in the last financial period. Assuming that yesterday's results should drive tomorrow's focus, also assumes you have always had it right, and that any growth target you set yourself for an outlet, must be a guess.

A brand is like a baited fish hook, attracting certain species more than others, leveraging your strengths is about knowing how to bait that hook and where to throw the next line in.

For manufacturers, demand forecasting delivers a simple proposition: the ranging, promotion of sale of the right products in the right outlets. It also means that sales promotion efforts are targeted specifically to the right consumers, with the right mechanics.

For the publican, this should not be new, but if you ever wondered what you had to do to change your results, why you get too much of the wrong crowd, or why your competitor is attracting the customers you really want, get to know your local bloke. Aligning who you are and the service you provide is simple when you clearly understand their expectations. If you are one of those operators that is convinced you have it right, remember, the challenge is getting more of the customers you don't have: if you knew how to get them, you would already have them.

*Research cited in this article has been provided by
Dr Colin Benjamin of the Horizon Network.*

something new is to provide him a complimentary drink or 'taster' based on patronage or through well trained bar staff who are happy to discuss new drinks and products with customers, often explaining why the product is different and the finer brewing or distilling techniques that are used.

John's loyalty to The Lion Hotel will be based on his enjoyment of the experience – the quality environment, drink selection, patrons like him and the high level of service. He will be lured back regularly if the food on offer is of high quality at reasonable prices. If any of these factors are compromised then John will have no worries in moving onto a new location that offers him the experience he expects.

'Nathan' also has a broad repertoire of brands and products, however is more likely to prefer his pre mixed spirits and beer. Very much they guy who likes a big night with his mates on Friday or Saturday nights (maybe after footy) he will start on beer to get the night started and later move to the premixed spirits

Nathan likes a promotion and the opportunity to get more from his dollar. Both price based and merchandise promotions will influence his purchase however, this will not encourage loyalty to the product, as he will quickly move on to the next best offer.

Nathan enjoys a variety of venues and like his repertoire in brands and drinks, the same can be said of the number of different places he drinks at. It will often depend on what his mates are doing and where they are going, but you can guarantee that it will be a big night.

The likely challenges for this local area are:

- ▶ Continuous improvement to provide a positive experience and meet the growing expectations of customers through variety and choice of products, entertainment and menus.

What does all this mean to you?

Whilst we don't expect you to be surprised by the various combinations of consumer demand described in each of these venues, we do expect that you should now be thinking about the wasted time, money and effort that

About Clutch

If you are familiar with the scenario of having invested large sums of money into consumer research, a new product launch or a new outlet and not getting the results you want, then you will understand why Clutch exists. Whilst in today's market place where we have access to incredible amounts of intelligence the incidence of failure is still way too high. Clutch specialises in making this intelligence work for you, accurately quantifying potential and making sure that your actions generate optimum sales results. Sustainable sales growth is achievable by targeting the right customers, with the right messages and offers through the right locations and mediums. Clutch provides objective, accurate direction that zeros in on the key actions that generate the greatest return on investment in sales execution, retail performance and below the line marketing. Powered by a globally unique instrument that measures the demand characteristics of every Australian household, Clutch services are specifically designed to remove or reduce uncertainty; by accurately measuring, isolating and then prioritising the best steps you can take to generate the greatest returns at the lowest costs to your business. Being well informed is one thing, but gearing your business to reduce waste and drive sales is what really matters.

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