

# 9

# Sales and Marketing

## Aims and learning outcomes

This chapter introduces the areas central to the marketing and sales of products and services offered in bars. On completion of this chapter the learner should be able to:

- Describe the external and internal factors influencing the success of a bar operation.
- Apply management tools and marketing strategies to influence consumer behaviour.
- Demonstrate the formulas and pricing policies used in bars to control costs and to generate profits.
- Adopt sales skills and personnel projection techniques to increase sales in the bar.
- Use the appropriate techniques and diagnostic methods for monitoring customer satisfaction in bars.

## 9.1 Introduction

Marketing and sales are critical components of running a bar business. The majority of bars use marketing and sales strategies but unfortunately a lot of them do it in an ineffective and inefficient manner. Successful marketing and sales programmes grow organically and evolve with your customers' demands. Marketing strategies are commonly associated with endeavors such as branding, selling, advertising and many other functions.

## 9.2 The changing marketplace for bars

Changes are constantly occurring in the community, and a bar must also deal with the growth of competition not only with other local bars but also with supermarkets, clubs and pop-up premises. Successful marketing will only occur when your customers have satisfied their needs and wants through exchange of your bar's products and services. Beyond creating these short-term exchanges,

bar owners need to build long-term relationships with their customers and their suppliers. There are numerous benefits to marketing a bar, but the most crucial element is of course to create additional revenue streams.

External changes which can affect a bar's operation include:

- **Political:** government legislation, change in taxation structures, specific government taxes (VAT, local charges)
- **Economic:** rising costs of labour, fuel, rates and insurance, sales instability, disposable income changes, credit facilities, high interest rates, access to finance
- **Demographic, social:** changes in population distribution, socio-economic groupings, and growth in ethnic minorities, food fashions, family composition, and mobility of the market
- **Technical:** mechanization for food service and production, product developments and innovations, advances in technology.

Internal changes which can affect a bar's operation include:

- 1 **Products:** wastage and bad portioning control, low standard yields, perishability of food, recipes and portion sizes to be reviewed, pilferage problems.
- 2 **Staff:** employees shortages, absenteeism, illness, use of part-time staff, poor supervision, lack of job descriptions and proper on the job training.
- 3 **Financial controls:** correct pricing systems, stores and cash control and collection, high frequency of low average spend transactions.

Dramatic changes in the marketplace are creating many marketing opportunities and challenges for bars. Major marketing developments can be summed up in single theme – connections. The huge growth in connecting technologies (social networks, iPhones, laptop computers, telecommunications and information technologies) has created exciting new ways for bars to learn about and serve consumers in large groups or one-to-one. Bar owners are redefining how they connect with their customers, locally and internationally.

## 9.3 Marketing opportunities and strategies

### Marketing research, mapping a market

Marketing research involves systematically collecting, storing and analysing information, both internally and externally for the bar. The use of marketing research is a problem solving approach following a number of logical stages:

- 1 What information does the bar need, in terms of market size, segments, consumer behaviour, market feasibility for new product launches?
- 2 Where will the information be collected? Primary research, secondary research, inside and/or outside the organization.
- 3 How will the information be collected? Sampling and interviewing techniques, consumer panels, interview methods.

- 4 How will the information be analysed? This depends on how the information is collected.
- 5 How will the information be utilized? It should be used creatively to target offering products, eliminate poor selling products and focus on more effective promotion for your market.
- 6 Mapping the market: you should try to complete a full picture, isolating the main elements of where people live, where they work or shop and where they eat or drink, marking in all the competition to your bar.

## SWOT analysis

SWOT (strengths, weaknesses, opportunities and threats) analysis may be used by bars as part of their market planning. Strengths and weaknesses are often referred to as internal, opportunities and threats as external. SWOT analysis can be used as a management tool to help provide a comprehensive analysis of all aspects of a bar business. It should also include a detailed review of all marketing functions especially in the formulation of the marketing mix (see below). SWOT analysis helps bars to innovate rather than react; for example, an analysis might identify:

- **Strengths:** pub features distinguishing it from others, for example the building (size, style, location, and facilities), and the personnel (the licensee or staff). When assessing strengths, be critical, viewing it as a customer might.
- **Weaknesses:** For example, lack of car parking, poor toilets, bad visibility from the road, late bars. Be sure that these are really seen as weaknesses by customers. Find out by asking them.
- **Opportunities** to develop: Awareness of environment, for example new housing areas, factories. Seek out those openings.
- **Threats:** Identify changes, for example closing of factories, increased competition. The whole activity of promoting the pub could in fact be disastrous.

**Figure 9.1:** SWOT analysis, to summarize basic market research, adapted from Kotler & Armstrong (2001)

<p><b>Strengths</b></p> <p>Good reputation Popular products Quality products Unique selling points Value for money</p>	<p><b>Weaknesses</b></p> <p>Poor reputation Poor products Low value, high price Slow service Unskilled staff</p>
<p><b>Opportunities</b></p> <p>Growth potential Niche markets Competitive pricing Increase product range Efficiency update</p>	<p><b>Threats</b></p> <p>Very competitive market Limited growth possibilities Limited finance Increasing costs Construction &amp; road work problems</p>