

Learn about new trends in the **Bar and Nightclub industry** and find information on how to open a **bar business** or your own **nightclub**. Don't forget you can receive free or low-cost training and **free professional business advice**, from [your local Small Business Development Center!](#)

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Get a [free Bar Business & Nightclub Business business plan template on our Business Plans page](#).

Bar & Nightclub COVID-19 Resources

In response to the global COVID-19 pandemic, shelter-in-place orders and physical distancing measures have affected many businesses. Here is a look at the impact to the **bar and nightclub industry**. Governments' public health restrictions and stay at home orders have resulted in mass closure of **bars and nightclubs**. Employees of [restaurants](#) and **bars** represented roughly 60% of jobs lost in March 2020, according to the [Bureau of Labor Statistics](#). Physical distancing and mouth coverings may be difficult to control in on-premise environments and create cause for concern about the safety of reopening.

For this reason, **bars and nightclubs** are expected to be among the last businesses to reopen, according to [Research and Markets](#). Bar operators post-opening must remain flexible and should expect to follow health and safety protocols to reassure the safety of patrons reluctant to return to public spaces. Here are additional **COVID-19 business resources** specific to this industry:

- [SBDCNet's COVID-19 Small Business Resources](#)
- [SBDCNet's COVID-19 Industry Resources](#)
- [COVID-19 Resources](#) - U.S. Bartenders' Guild
- [Coronavirus \(COVID-19\) Resources](#) - American Nightlife Association
- [Coronavirus Planning & Response for Bars and Restaurants](#)
- [Aid and Resources for Bartenders During the COVID-19 Bar Closures](#)

Bar & Nightclub Business Overview & Trends

NAICS Code: 722410, SIC Code: 5813

Bars and Nightclubs are an important segment of the **U.S. hospitality industry** with a notable impact on the U.S. economy. [Statista](#) reports an industry revenue of approximately \$19.9 billion dollar industry revenue across an estimated 62,500 locations.

The following **Bar and Nightclub industry summary** is from [First Research](#) which also sells a full version of this report.

- “Companies in this industry sell **alcoholic beverages** for on-premises consumption and may also offer limited food service. The industry mostly consists of small, single-location businesses, as inconsistent liquor laws make it harder to operate establishments in multiple states or countries. Some larger US-based **bar chains** include World of Beer, McMenamins, and Winking Lizard Taverns. Top-grossing nightclubs Marquee, Tao, and Lavo each have locations in New York City and Las Vegas. Leading companies in the less-fragmented UK market include pub operators Ei Group and Punch Taverns, as well as the nightclub chain The Deltic Group.
- **Bar and nightclub** culture varies significantly from region to region. For example, while **pubs** are the most common drinking establishments in the UK, **karaoke bars** are popular in Japan, and **techno dance clubs** initially rose to prominence in Germany. Standalone bars are rare in some countries, including Italy, where **alcoholic beverages** are primarily sold in cafés along with coffee, meals, and snacks. Spain has the greatest number of **bars** per person in the world, according to Nielsen. The US bar and nightclub industry includes about 36,000 establishments (single-location companies and units of multi-location companies) with combined annual revenue of about \$22 billion.
- Competitive Landscape: Personal income and entertainment preferences drive demand. The profitability of individual companies depends on the ability to drive traffic and develop a loyal clientele.”

These **bar market insights** are from from [Euromonitor](#) which sells a full version of their report.

- Experimental ideas:
 - As many bars often compete for consumer dollars, especially in popular nightlife areas, some operators have begun offering unique experiences such as high end drinks that require the consumer to be involved in it's creation such as adding the final ingredient to the drink themselves or table side games or activities to keep people there and spending, rather than moving on to the next location.

- Growth of delivery:
 - As with many industries, the growth of delivery has created a whole new set of competitors for bar operators to have to be aware of. Many states have recently relaxed alcohol delivery laws to lower drunk driving and increase industry revenue. Bars must be aware of these new competitors and consider strategies to draw people back into their establishment rather than drinking at home

Additional resources on the bar industry overview and trends:

- [Bar And Nightclub Industry Statistics and Trends](#)
- [Nightlife Industry Overview](#)
- [Profitable Bar Industry Trends for 2020](#)
- [Bar and Night Club Industry Statistics in 2020](#)
- [The State of On-Premise Beverage Alcohol](#)

Bar Business & Nightclub Customer Demographics

Major customer segments for **bars and nightclubs** are reported by IBISWorld, which offers a full version of the report for purchase [here](#).

- The **Bars & Nightclubs industry** generates approximately \$26.6 billion with households dominating at 93.6% of earned revenue.
- The major markets are segmented by age (from 25 to under to 65 and over).
- The age demographic breakdown is in the following order:
 - Consumers in the age group of 21-34 comprise about 22.9% of industry revenue. This age group tends to have more free time and less responsibilities than older age groups so they frequent bars the most.
 - The 35 to 44 age group is 19.8% of industry revenue. These customers tend to have less free time to visit bars but have begun to become more financially established, spending more than their younger counterparts.
 - Consumers aged 45 to 54 are 17.4% of industry revenue. Although they do not frequent bars as much as younger groups, when they do attend, they tend to spend more, eating food or purchasing more expensive and higher quality drinks, as they tend to be more established in their careers.
 - The age group of 55-64 ad 17.4% continues the trend of older people being more financial secure but having less interest in going out for drinks.
 - People aged 65 and above are the smallest sector, at 16%. People over the age of 65 tend to not stay out as late as their younger counterparts, which keeps them from visiting many establishments.

- Some revenue is derived from the private sector (6.4%) such as businesses seeking to rent facilities for special functions.

Additional information on **bar and nightclub customers** can be found in a variety of trade associations and publications, including:

- [Bar Trends for Nightlife Professionals](#)
- [What's on Tap? Differences in Alcohol Tastes by Generation](#)
- [Gen X holds more potential in alcohol than millennials](#)

Bar Business & Nightclub Business Startup Costs

According to [Investopedia](#), the average **bar startup costs** are as follows:

- “Total startup costs for a **bar** that rents or leases its location are estimated to be between \$110,000 and \$550,000, depending on size.
- A bar that purchases its location and pays a mortgage has an average startup cost of between \$175,000 and \$850,000.
- Already established **bars for sale**, on the other hand, provide a potential owner with startup costs of as little as \$25,000.”

Additional **bar startup costs** information can be found at:

- [How Much Does it Cost to Open a Bar?](#)
- [Starting a Bar](#)
- [How to Open a Bar or Club](#)

Bar Business & Nightclub Business Plans

- [Bar and Tavern Business Plan](#)
- [Bar and Tavern Business Plan](#)
- [Sports Bar Business Plan](#)
- [Sports Bar Business Plan](#)
- [Nightclub Business Plan](#)
- [Nightclub Business Plan](#)

Bar & Nightclub Business Associations

Trade associations often are excellent sources of information on an industry. Here are some relevant **bar and nightclub industry associations**:

- [Distilled Spirits Council of the United States](#)
- [American Beverage Licensees](#)
- [American Nightlife Association](#)
- [Beverage Tasting Institute](#)
- [The Food and Beverage Association of America](#)
- [National Alcohol Beverage Control Association](#)

Bar Business Regulations

The section provides a general awareness of regulations and agencies to consider when starting a **bar business**. Check with your state and municipality for rules and regulations that may impact the business in your area. Most alcoholic beverage business regulations come from the state level, but local zoning ordinances or policies may further regulate your operations.

- [Obtaining a Liquor License](#)
- [TTB Alcohol Beverage Regulations](#) - federal resources (laws/regulations, permits, labeling & more) for the beverage alcohol industries from the Alcohol and Tobacco Tax and Trade Bureau
- [State Law Database](#) - wine, beer, and distilled spirits laws and regulations by state, issue or a combination of the two (membership required)
- [The Laws & Regulations About Alcohol](#)
- [State Profiles of Underage Drinking Laws](#)

Bar Business Publications

- [Bar Business Magazine](#)
- [Bar Business Owner](#)
- [Nightclub & Bar Magazine](#)
- [Bartender Magazine](#)

Bar & Nightclub Business Employment Trends

The [American Nightlife Association](#) reports on the size of the bar and restaurant workforce, however some information is tracked at the hospitality and service industry as a whole:

- “14m Hospitality Industry Employees
- 3m Hospitality Service Employees
- 590k Bartenders (including at Restaurants)

- 405k Nightclub Support Staff Employees
- 5.52 Average number of employees per establishment”

Labor costs are important factors for **bar & nightclub business** owners. [Here](#) is a **Bar & Nightclub Business** labor market summary from the Bureau of Labor Statistics focused on **Bartender** Job Market Conditions.

- **“Pay:** Bartenders’ earnings often come from a combination of hourly wages and customers’ tips. Earnings vary greatly with the type of establishment. For example, in some upscale, popular, or busy restaurants, **bars**, and casinos, bartenders make more in tips than in wages. Tipped employees earn at least the federal minimum wage (\$7.25 per hour, as of July 24, 2009), which may be paid as a combination of direct wages and tips, depending on the state. Direct wages may be as low as \$2.13 per hour, according to the [Fair Labor Standards Act \(FLSA\)](#). Also according to the FLSA, tipped employees are employees who regularly receive more than \$30 a month in tips. The Wage and Hour Division of the U.S. Department of Labor maintains a website listing [minimum wages for tipped employees](#), by state, although some localities have enacted minimum wages higher than their state requires.
- **Work Environment:** During busy hours, bartenders are under pressure to serve customers quickly and efficiently while ensuring that no alcohol is served to minors or overly intoxicated customers...Because bartenders often are on the front lines of customer service in bars and restaurants, a neat appearance may be important. This is especially in upscale restaurants and bars, where they may be required to wear uniforms.
- **Job Outlook:** Population and income growth are expected to result in more demand for food, drinks, and entertainment. This increased demand is expected to be met with increased bartender employment in full-service restaurants, which is projected to increase 7 percent.

A more specific breakdown of wages for Accommodation and Food Services businesses in the US can be found [here](#) (see [35-3011](#) & [35-9011](#)).”

Additional Small Business Resources

Already in business or thinking about starting your own small business? Check out our various small business resources:

- View more business reports here: [Small Business Snapshots](#)
- View small business help topics here: [Small Business Information Center](#)

- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

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