

Learn about new trends in the Bar & Nightclub industry, and where to find more info about how to open a bar or nightclub business. 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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Bar Business & Nightclub Business Overview & Trends

NAICS Code: 722410; SIC Code: 5813

This [Bars & Nightclubs Business market research excerpt 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. Large companies can offer a wide variety of food, drinks, and ...”

This [Bar business market research report summary is from Euromonitor](#), which also sells a full version of this report.

Fresh and Local Ingredients

Ingredient transparency is gaining more steam in the industry as more and more businesses are using fresh herbs and local flavors in signature cocktails. Seasonality allows for fresh produce and encourages creativity when curating new menu items. Cutting back on waste is also becoming more prominent as bars may use the same fruits & other ingredients to create multiple drinks.

Coffee and Cocktails

The coffee shop-cocktail bar hybrid is gaining traction. This model allows for coffee sales in the morning and cocktails in the evening to try and combat rising urban rents.

Ale Sales Slow

Consumers are turning away from ales as lagers are receiving new product development from craft brewers with lighter more approachable flavor profiles.

Bar Business & Nightclub Business Customer Demographics

IBISWorld reports on the major market segments for [Bars & Nightclubs in the US](#). The full version of the report is available for purchase.

- The Bars & Nightclubs industry generates approximately \$26.7 billion with the majority of the bars, nightclub and drinking establishments generating revenue from households
- The major markets are segmented by age in the following order:
 - 25-34 (19.5%)
 - 45-54 (19.1%)
 - 55-64 (18.2%)
 - 35-44 (17.6%)
 - 65 + (15.1%)
 - Private Sector (6.4%)
 - Consumers Under 25 (4.1%)

Bar Business & Nightclub Business Startup Costs

- [The Economics of Owning a Bar](#)
“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.”
- [Cost to Open a Bar from Toast](#)
- [Bar business startup cost estimates from Entrepreneur.com](#)

Bar Business & Nightclub Business Plans

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

Bar Business & Nightclub Business Publications

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

Bar Business & Nightclub Business Associations

Trade associations are excellent sources of information on an industry. Here are some relevant industry associations:

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

Bar Business Licensing Requirements

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.

- [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 Business Employment Trends

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](#).

Quick Facts: Bartenders	
2018 Median Pay	\$22,550 per year \$10.84 per hour
Typical Entry-Level Education	No formal educational credential
Work Experience in a Related Occupation	None
On-the-job Training	Short-term on-the-job training
Number of Jobs, 2016	611,200
Job Outlook, 2016-26	2% (Slower than average)
Employment Change, 2016-26	15,100

“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.

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.

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 Resources

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- 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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