



THE DIRECTV® FOR BUSINESS SOLUTION FOR Bars

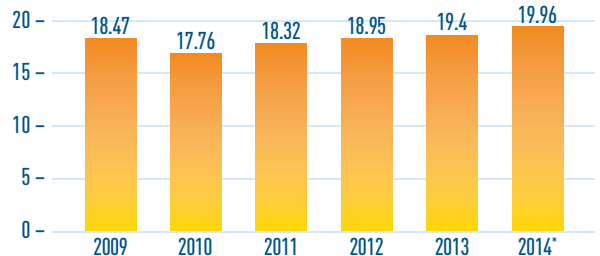


THE SITUATION

Consisting of bars, taverns, pubs, lounges, nightclubs and other drinking establishments, the bar industry primarily involves the preparation and service of alcoholic beverages and often food. Bars are highly susceptible to economic factors, and have suffered from high unemployment and reduced consumer spending in the past. But as those trends reverse, business has improved. Yet bar managers are always challenged to keep their experience appealing. DIRECTV can help bars stay relevant by offering an unmatched level of TV entertainment and sports programming. Offering a full menu of games, news and shows helps create a well-rounded customer experience.

Raising the bar with strong sales

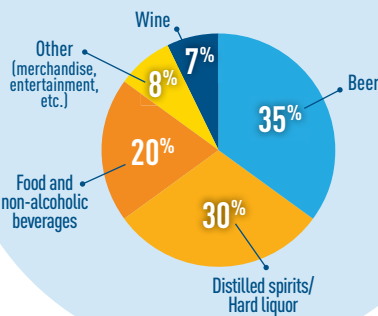
U.S. bar and tavern food and drink sales from 2009 to 2014 (in billion U.S. dollars)



*Projected sales.
Source: <http://www.statista.com/statistics/218851/us-bars-and-taverns-food-and-drink-sales/>

DID YOU KNOW?

The breakdown of revenue sources for a bar is as follows (in percentage of sales):



THE BEST MIX OF SPORTS AND ENTERTAINMENT

"We've always focused on the ability to offer the best that's out there. If you're going to be watching sports, it's got to be DIRECTV. There really isn't anything we don't subscribe to, because we never know where the demand is going to come from. We'll get a request from people who want a specific channel. It doesn't necessarily have to be sports, but we have it. DIRECTV is consistent. It's reliable. I can't imagine it being better than it is. I mean that."

—Manager, Legends Bar & Grill



TOP 5 INDUSTRY TRENDS



Brews are big

Beer currently makes up the largest portion of drink sales at bars. The major domestic brands generate most of these sales, but there has been a recent push from imported and craft beers.



Creative cocktails

The demand for innovative, handcrafted cocktails is growing. Bars are giving patrons a one-of-a-kind experience by offering signature cocktails that appeal to the senses with unique and unexpected ingredients.



Classics are back

From martinis to Manhattans, consumers are continuing to rediscover the classic cocktail. To put their own stamp on the standard recipes, many bartenders will switch up an ingredient or two to give the drink a modern twist.



Social networking

Websites and mobile apps, such as Twitter and Facebook, are giving bars a social presence. Customers can search from anywhere to learn about a special promotion, find hours, menus and directions more easily than ever before.



Bartending stars

In urban establishments, bartending has become a big deal. It's no longer just a night job for wannabe actors. Bartending is being perceived as more of an art. Much like many chefs have evolved their reputations into a brand, elite bartenders now starting to make a name for themselves.

Sources: http://www.nciaa.com/content.aspx?page_id=22&club_id=160641&module_id=29898 and <http://www.ibisworld.com/industry/default.aspx?indid=1685>, 2007 Arbitron Research



TOP 10 INDUSTRY CHALLENGES AT A GLANCE



Economic factors

The success of the bar industry is directly tied to the state of the economy. In 2008, when the recession hit, the industry contracted for the first time in 10 years. As the nation pulled out of the recession, business improved. In 2013, the top 100 nightclub and bar venues generated \$1.5 billion in total revenue.



Appetizers and/or full menus

According to the National Club Industry Association of America (NCIAA), more than 75% of consumers order food with their adult beverage. While appetizers and full menus offer an incremental sales opportunity, a bar or nightclub must operate a kitchen and often provide table seating to accommodate its dining customers.



Relevant technology

For those establishments outside of the “dive bar” classification, keeping up with amenities, such as TV with HD or digital menus, is critical for attracting customers who expect a modern and convenient experience.



Entertainment

In today’s bar scene, drinks and appetizers aren’t enough to consistently win adult entertainment dollars. To keep customers engaged, bars need to have a good location, solid service, affordable prices and an entertainment factor. That leaves management with the task of bringing in sports coverage, live music, interactive gaming and/or other crowd pleasers.



Taxation

While revenue is growing, taxes continue to be a hurdle for bars. Federal and state excise taxes play a significant role in the industry. For example, in the state of Washington, the tax rate for bars is 13.7% on the sales of distilled spirits. Many other states have recently introduced alcohol taxes, which bars must now collect from consumers.



Inventory management

To keep tabs on inventory, many establishments secretly audit the amount of alcohol that goes into a bartender’s pour. During busy periods, it’s important to have bartenders who can make drinks quickly. It’s also important to properly store bottles to minimize breakage, avoid spoilage and prevent theft.



Customer service

Providing superior customer service can be a competitive advantage. For example, bartenders are realizing that engaging with guests is just as important as the drinks they serve, so they are focusing on customer interaction more.



Off-peak traffic

Much like restaurants, bars face the constant challenge of driving traffic during typical slow periods. To help bring in patrons, bars often promote happy hours, live music, karaoke, trivia nights, sporting events and other specials.



Loyalty

While attracting new customers is vital for profit growth, repeat business is what brings sustained success. Bar managers must utilize a combination of loyalty programs, special events and regular activities that keep customers coming back for more.



Local ties

Many bars cater to a neighborhood crowd. To win over locals, bars need to share in the town pride. Whether it’s supporting the nearby high school teams, donating to a community charity or even naming a drink after a local landmark, showing a strong tie to the area is a must.

Sources: http://www.nciaa.com/content.aspx?page_id=22&club_id=160641&module_id=29898, <http://www.sbdnet.org/small-business-research-reports/bar-business-2012> and <http://openingabarguide.com/starting-a-bar/3-challenges-facing-bar-owners>

HOW DIRECTV HELPS LIFT SPIRITS

Perception is everything for a bar. To become a popular hangout, you need to break away from being “just another place.” Making the customer experience fun and memorable will go a long way in winning over current customers and attracting new ones.



1 IT’S “GAME ON” WITH THE BEST IN SPORTS

PROBLEM — “We get a solid after-work crowd on Thursdays and Fridays, but we need to drum up more business early in the week.”

SOLUTION — **DIRECTV® Sports Programming is your ticket to getting more people to walk through your door.** With MLB, NBA and NHL packages, you’ll be the sports HQ for fans every night of the week.



2 KEEP CUSTOMERS AROUND LONGER

PROBLEM — “With so many bars and restaurants in the area, we see a lot of people pop in for a drink and then leave for the next place. Getting them to stick around for a while would make a big difference to the business.”

SOLUTION — DIRECTV can help capture the attention of any type of customer. When they come in, they’ll hang out to watch the latest news and big games. A recent survey showed that 85% of large chain bar and restaurant subscribers believe DIRECTV programming gets customers to stay longer. It also revealed that 90% of bar and restaurant subscribers believe DIRECTV offers programming that customers and employees want to see.

3 SET THE MOOD FOR SUCCESS

PROBLEM — “It’s time to move on from the old jukebox in the corner. It would be great to have a bunch of music options, depending on the crowd on a given night.”

SOLUTION — The right music can make a night magical for bar patrons. DIRECTV includes a wide selection of SonicTap® Music Channels with its TV service to help you create a lively atmosphere. Play upbeat music for a younger crowd. Put on soothing sounds for more mature customers. Plus, every song is officially licensed, so there’s never a violation of rights or a risk of fines.

DIRECTV SERVES UP BIG BENEFITS

When customers come into your place and see crystal clear DIRECTV® programming on the screens, they’ll want to sit down, get their order in and watch what’s going on. DIRECTV offers several benefits that can help turn any bar into a hotspot.



Pack your place all week long—Big entertainment brings in big crowds. With DIRECTV, you can make the customer experience more entertaining and enticing.



Become the sports HQ—With the most popular sports packages, regional sports networks and exclusive golf and tennis coverage, DIRECTV helps you attract a wide variety of fans.



Encourage longer visits—When customers get invested in a game, they’ll stay until the end, which means more orders and bigger tabs.



Get your place into the right rhythm—Choose from dozens of musical genres, including classic rock, '80s and today’s hits, to elevate the ambiance in your bar.



Make break time more enjoyable—It’s “go, go, go” when your staff is hard at work. Let them take the edge off during breaks with the great entertainment on DIRECTV.



4 PLACES DIRECTV MAKES A DIFFERENCE

- 1 Fill every seat in your lounge area
- 2 Show the latest news and the biggest games in your bar

- 3 Extend the entertainment to your patio area
- 4 Add an extra perk to your private offices and breakroom

1/2

Approximate fraction of total revenue generated from **beer**, the largest adult beverage category on-premise.³



77.6%

Percentage of bars that are small businesses employing fewer than 10 employees.¹

69,391

Number of establishments classified as businesses in the bar industry.²

88%

of bar and restaurant subscribers believe **DIRECTV** provides a more enjoyable experience for customers.^o

81%

of SonicTap music subscribers believe **DIRECTV** SonicTap[®] Music Channels create a more lively atmosphere.^o

¹ http://www.nciaa.com/content.aspx?page_id=22&club_id=160641&module_id=29898

² <http://www.ibisworld.com/industry/default.aspx?indid=1685>

³ http://www.nciaa.com/content.aspx?page_id=22&club_id=160641&module_id=29898

50,000

 live sporting events on DIRECTV every year

14

 years in a row, **DIRECTV** has rated higher in customer satisfaction than cable.*

In fact, DIRECTV is #1 in customer satisfaction over all other cable and satellite providers.^o

*As compared to the largest national cable & satellite TV providers. 2014 American Customer Satisfaction Index.

^oResults are based on a March 2014 national survey of 503 DIRECTV business viewing subscribers with at least 3 months' tenure who expressed an opinion.