



White Paper

**The increasing importance of the
use of innovative technology to
improve key aspects of luxury
service in the nightclub industry.**

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Introduction

The nightlife industry is entering a unique and challenging era of change: in many major cities nightclubs have experienced low and even negative growth due to increasing rental costs, noise complaints from residential developments and regulatory change (Intel, 2016). At the same time digitisation is changing the nightclub customer and their expectations about the service a venue must deliver, too: a myriad of apps and social media now dominate the search and selection process and even a customer's enjoyment of a night out. Influencers no longer need to be celebrities and have the power to draw or dispel crowds. Social dating has changed the ways and the places that people chose to meet, with dating now taking place in the comfort and security of their living rooms. As such, nightclubs need to find ways to deliver increasingly unique and memorable experiences to their customers, whilst at the same time navigating cost and regulatory hurdles.

In order to continue to attract and service affluent clientele, high-end nightclubs need to be thinking about both social and technology trends impacting a patron's experience in their venues and well as the types of technology they need to use to deliver luxury experiences to today's consumer.

It was with the above context in mind that the author attended the Nightclub and Bar Show 2019 in Las Vegas, Nevada to understand how these trends are being addressed by high-end nightclubs through the implementation of innovative technology in their venues. The paper draws upon content and exhibited products at the conference in addition to independent research to explore the use of innovative technology to deliver luxury experience in nightclubs.



A Change in the Customer's Relationship with Luxury

Although traditionally recognised by qualities such as scarcity, quality and esteem, luxury is being re-defined by an emerging generation of luxury consumers. The luxury consumer of today is younger. A report commissioned by Marriot and Skift (2017) has estimated that that 40% of luxury goods purchases in 2020 will be from Millennial and Generation Z customers. These generations boast high disposable income and, with their lives chronicled and measured through social media, they find themselves under intense social pressure to be perceived as accomplished. The consumption of luxury goods among these consumers is increasingly commonplace as they keep up with peers whose lives appear through social media to be more successful than theirs. While this has positive implications for the sale of premium brands on-premise, Skift's finding that "two-thirds or more of luxury consumers in the U.S., UAE and UK agreed with the statement that 'luxury goods and services are about differentiating myself from others'", suggests that high end venues may need to work harder to deliver enduring and memorable experiences to Millennial and Generation Z customers.

As the internet and social media expands consumer networks and communication outside the immediacy of a local community, authentic and personal connections are scarce. Luxury is taking on a perceived role in addressing this scarcity. It is no longer enough for a luxury consumer to identify with a brand or story; the brand must also demonstrate both authentic understanding of the individual and play a role in helping the individual understand themselves. As such, luxury moves away from heritage and tradition and towards self-actualisation (Deloitte, 2017, 4). Luxury must now help customers to become the best version of themselves. This is driving luxury brands towards issues of social and ethical importance, such as environmental sustainability and individual wellness.

It is imperative that high-end nightlife operators understand the implications of this change on the mindset of their customer and their expectations of the service they will be provided in order to compete.



Technology Trends

Impacting Nightlife Operators

From a technology perspective, the themes described above create four key imperatives for high end nightlife operators.

1. **Consider the full extent of the customer experience;**
2. **Make the experience authentically personal;**
3. **Maximise speed and efficiency; and**
4. **Help the customer learn about themselves.**

The remainder of this paper will address the implications of these imperatives and explore featured technologies which can support venues to deliver to them.

Imperative 1: Consider the full extent of the customer experience.

Perhaps the most profound implication of a digitally and socially connected patron is the breadth of influence that a venue can have over the end-to-end experience of a night out. Brand interaction before, during, and after the engagement is more important and high-end operators need to be prepared to take advantage of this influence to ensure that customer interactions at each point in the experience are reflective of their offering. A number of technology companies are stepping in to give venues control over different stages of the customer experience.

Backstage (<https://nightout.com/backstage>)

Backstage is supporting venues in taking control over their marketing, ticketing and admission processes without compromising it's branding or identity. The platform allows a venue to embed a ticketing and guestlist functionality into its website and pairs it with a suite of tools which help in the personal identification and registration of VIP customers, collect key contact details and engage with them via email and social media marketing.

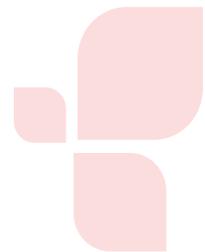
By taking control of its ticketing and admission through a single platform, a venue is able to both improve their admission processes for guests and maximise the quality and usefulness of customer information that they collect and use in subsequent marketing and engagement efforts.

Social Media Platforms

While social media platforms such as Facebook, Instagram, Snapchat and Yelp were not showcased at the Nightclub and Bar Show, they represent an important communication channel for the delivery of brand communications (Deloitte, 2017, p.4). Careful attention must be given to ensure that the quality of imagery, responsiveness to feedback, and engagement with followers remains on brand (Deloitte, 2018, 7). With an 'always-on' portal into a venue active through social media channels, venues even need to consider the flow on effects of lighting and décor upon how patrons appear in photos and 'selfies'.

Upshow (<https://www.upshow.tv>)

UpShow is transforming on-premise marketing to help venues maximise the impact of social media both inside and outside the venue. The platform allows venues to display tagged social media posts taken by its patrons alongside event and venue information. The team behind the platform actively moderates the posts that are displayed to ensure appropriateness and relevance. The allure of public notoriety within a venue encourages posting, which in turn extends the venues reach on social media.



Imperative 2: Make the experience authentically personal.

One of the most important aspects of a luxury service is the ability of the provider to recognise and warmly welcome repeat customers. Yet, with high turnover in a venue's labour force, an increasingly migratory customer base, and a decentralised promoter and ticketing network, recognising and appropriately engaging with VIPs and repeat customers can be difficult. What was once onmi-channel is now omni-personal, inviting operators to prioritise human connection in all interactions. High-end establishments should consider embedding systems which allow them to both gather and use data across their service proposition. The result is a customer who feels an authentic relationship though every engagement, whether or not they have had previously met a particular staff member.

[Urvenue \(www.urvenue.com\)](http://www.urvenue.com)

UrVenue is one of a group of digital platforms focussed on venue management. UrVenue's customer relationship management capability helps to humanise the customer experience by providing an interface through which staff can retrieve and update key customer information to support an enduring customer relationship. Bookings made prior to arrival convey a customer's prior engagements, expenditures, and notes about their interaction with staff, supporting the venue with the ability to engage with known or VIP customers authentically.

[Chexology \(https://www.chexology.com/\)](https://www.chexology.com/)

Chexology is helping to clean up the coat-check process and allowing venues to take advantage of this engagement to collect key customer data. The system replaces paper tickets with SMS, reducing the incidence of lost tickets and items left behind, whilst allowing the venue to collect a name, phone number and email address which can be used to perpetuate a digital relationship beyond the engagement.

[Zound \(https://zoundearplugs.com\)](https://zoundearplugs.com)

A key component of the delivery of a quality service experience making sure the customer is heard, yet in the loud and often poor visibility environments of a nightclub this can be difficult to accomplish. While not a digital technology, Zound has re-engineered the common earplug in such a way that high and low pitch frequencies are filtered, leaving the usual range of the human voice clearly audible. This allows for clear comprehension of a customer request.

Imperative 3: Maximise speed and efficiency.

Service speed and staff attentiveness are critical to the delivery of the highest quality experience. Social media channels and review sites are rife with complaints about wait times, whether they be at the door, the bar, or the table. Nightclub operators are intimately familiar with the trade-off of running a successful venue: on the one hand, a crowded dancefloor and bar create an ambiance and energy which fuels customer enjoyment – for high spenders, the depth of crowd at the bar draws stark comparison to the comfort and space in VIP booths and tables; on the other, the more crowded the venue, the more difficult it is to deliver fast and attentive service to high value clientele. Innovations in customer-staff communications and automated drink preparation are helping to address these trade-offs.

SmartTender (<https://smartbarusa.com>)

While the spectacle of a bar-tender's craft continues to be an important cultural dimension of bars and restaurants, the preparation of cocktails is highly involved and can create a bottleneck at the bar, driving customers away and slowing service to tables and booths at the periphery of the venue. Recent years has seen the emergence of increasingly sophisticated robotic cocktail machines wishing to address this issue for cocktail service beyond the bar. SmartTender is one such company. It's robotic cocktail maker is able to create high quality and consistent cocktails at the touch of a button. By programming the most popular cocktails to be prepared automatically, the venue is able to deliver high quality and consistent beverages to its patrons without the negative flow on effects to service quality at the bar.

Tablee (<https://www.tableeco.com>)

A further example of a start-up with ambitions to help nightlife operators to deliver a high quality service is Tablee. The company has developed a service paging device which can be installed in booths and tables and corresponds to discrete wearable devices worn by service staff. Tablee allows venue management to designate specific service areas to particular staff members so that service requests are responded to by the same staff member each time. The company boast a 17% improvement in labour productivity on top of improved guest experience and an increase in customer expenditure.

Imperative 4: Help the customer learn about themselves.

In line with an emerging expectation of luxury to help bring a customer closer to their best and most authentic selves, high-end venues are being asked to convey meaning over and above their core purpose. Issues of a social and environmental nature are increasingly important to Millennial and Generation Z consumers and high-end operations need to consider unique ways to weave these into their brand purpose.

DistilledID (<https://www.distilledid.com>)

Luxury consumers want to be sure of both the authenticity and story behind the products that they are consuming. DistilledID is a blockchain-enabled platform that allows a liquor brand to capture and make publicly available each step of its supply chain, from sourcing of ingredients, bottling and consumption. The product has already been used with William Grant & Sons premium whisky brand, Ailsa Bay. The full application of blockchain technology is still being explored by participants in the nightlife supply chain, however it is clear that it will continue to play a role in helping consumers authenticate brand promises and understand the story behind what arrives in their glass.

Monarch Bar – (<https://www.themonarchbar.com>)

One example of a high-end night spot which has drawn upon technology to complement its brand identity and weave a unique story into its customer experience is Monarch Bar in Kansas City. The venue's name hails from a migratory butterfly which moves each in autumn each year from the east side of the Rocky Mountains in the USA to the country's south west and is of increasing concern as its breeding habit is being threatened by pesticides.

The venue's décor exudes luxury and is supplemented by the intertwined story of the Monarch butterfly's migratory journey. To make customers feel comfortable and to reflect the delicateness of the Monarch butterfly, the venue made careful decisions about the sound technology, installing and coordinating over 200 speakers with specific frequencies to allow conversations to take place at normal volume, uninterrupted by music. Lighting systems were implemented to illuminate a custom-built chandelier and bring it to life with the music played throughout the venue. The chandelier has been woven into the venue's mission and its linkage to the local community: in one instance the owners worked with local suppliers to craft replica butterflies and sell them in an attempt to raise money for a local charity. To further appeal to a Millennial and Generation Z customer base, the venue features a hallway with lighting and mirrors which it boasts make it one of the most flattering rooms for 'selfies'.

Conclusion

As customer expectations evolve with widespread digitisation, increased disposable wealth and flexibility and an appetite for the best life can offer, high-end establishments need to look carefully at their offering and ask whether it can continue to deliver to the new luxury consumer. This paper has identified four imperatives for nightclubs who wish to compete for the luxury consumer and have explored emerging technologies which can support them to do so. While these offerings might support any venue to improve customer relationships, improve the efficiency of their service proposition, and extend the duration of their connection with customer, the greatest challenge for luxury establishments will be to implement technologies like these in a cohesive manner to deliver the highest quality service in authentic, personal and impactful ways.

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About the Author

Andrew Nunn is the co-founder of Queue Bar, a nightlife consultancy focused on streamlining service and growing profitability in nightlife venues. Andrew is passionate about the use of technology to improve customer experience and efficiency and has a particular interest in the role it plays in luxury and high-end services. Prior to co-founding Queue Bar, Andrew led the development of digital financial advice for one of Australia's major banks. He holds a Bachelor of Arts and is currently completing an MBA.

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