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# Bright Lights, Big Success

## Dave & Buster's isn't playing around with future plans

by **KAREN M. KROLL**

**W**hen Dallas-based Dave & Buster's began working with branding agency Jackman Reinvents in early 2011, the company had nearly 60 locations combining a restaurant with arcade games and other entertainment. Management's goal was to "accelerate growth and work on brand repositioning," says CEO Stephen King. "We needed to make the brand more vibrant and viable going forward."

A successful organization's "business strategy and brand strategy should be in complete lockstep," says Joe Jackman, CEO of Jackman Reinvents. "Design doesn't end with a wonderful store or brand, but is a sweep of moving parts," encompassing marketing, the physical and online locations, the customer experience and more.

Here's the rub: Misalignment between a business's operations and its brand is not unusual, Jackman says. And when it comes to companies with operations distributed across wide geographic areas, alignment is particularly difficult. Not only are there many moving parts, but employees from one unit may have different ideas for

handling challenges than those from another area.

Working with Jackman, Dave & Buster's looked at systems, data and customer research to determine how to position the brand going forward and ensure it was relevant to the customers it wanted to attract. One of the first projects was to "prioritize the elements in our business we wanted to win on," King says — identifying

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the qualities that differentiated Dave & Buster's and would resonate with target customers.

It became clear that a top attribute was the wide offerings of arcade games. Each location offers enough games that about 300 patrons can play at a time. Another distinguishing factor is the restaurants' reputation as a great place to watch sports.

Next in the ranking was the "Winner's Circle" program, which allows customers to win tickets in the arcade and redeem them for a range of products including iPods, Kindle Fires and PlayStation consoles.

Identifying the qualities that differentiated Dave & Buster's was a critical starting point. "It's still the strategic framework we use today," King says.

### UPDATING AND REFINING

King also worked with Jackman to confirm that Dave & Buster's ideal target market is adults aged 21-35 who like to go out in groups. "They became the top part of the customer pyramid," and are the focus of the company's marketing efforts.

At the same time, about one-third of Dave & Buster's business comes from families; corporate groups account for another slice of the customer base. "We walk that line," King says. "We focus on that group [of 21- to 35-year-olds], but we're not so edgy that we alienate other constituencies."

The analysis also revealed a need to update legacy locations. Dave & Buster's launched in 1982, so some of the locations were more than 30 years

old and featured heavy wood, often more than a dozen billiard tables and weren't conducive to watching sporting events.

"Before the reinvention, we weren't on the radar as a place to watch sports," King says. The company's third quarters often were its slowest — even though the fall months, with both college and professional football seasons underway, are prime times for sports watching.

Jackman says his company's goal is to "engineer the reinvention of the customer experience." Jackman Reinvents balances facts and feelings, analyzing data and research as well as insight from customer conversations and trend observations.

Dave & Buster's took a "first fast steps" approach: Management used research and input from customers and focus groups to see what would

be likely to resonate. They developed ideas based on the feedback, tested them, identified the changes that worked and those that didn't, and incorporated this information to keep refining the changes.

The reinvention started with a single unit in Denver. Management redid the foyer and bar areas and enlarged the sports viewing area. Uniforms were also revamped — instead of white shirts, ties and black pants, servers now can choose from a range of black t-shirts and polo shirts.

In building new stores, Dave & Buster's found it could reduce restaurant size from 55,000 square feet to 40,000 square feet, which brought expenses down. Each comprehensive remodeling costs about \$2.5 million and most have been carried out in stages. While that complicates scheduling, it precludes having to shut down entire

restaurants during the remodeling.

## ADDING UP

The investments appear to be paying off. In reporting preliminary financial results for the year ended February 1, 2015, Dave & Buster's said it expected total revenues to be \$744 million for the year, a year-over-year increase of about 17 percent. Comparable store sales growth was expected to be 7 percent.

The improved performance was driven by multiple smaller changes, King says. "Many, many things combined to create this result."

Jackman compares the process of reinventing an organization to sailing. Just as the sail on a boat is connected to the keel, a company's brand strategy needs to be connected to its overall business strategy. "Get those two going and you can go like the wind," he says. **STORES**