



HOT DOGS

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\$2.00

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Greg Dorken
2010



'25 FOR 25' REAPS POSITIVE PRESS

by LINDA DECKARD

In a year of continued economic struggles, especially in state capitals like Sacramento, the 25-for-25 initiative engineered at the California State Fair there was good for the consumer most of all and concessionaires in hindsight.

Norb Bartosik, fair president, announced last year that for the 2010 fair, he would reduce rental rates to independent concessionaires by 25 percent. In exchange, he expected concessionaires to reduce prices to the public by 25 percent.

It was not easy to sell the idea to small businesses, but he did and it worked and it earned him the 2010 *Venues Today* Hall of Headlines Award for Concessions. Bartosik is the first fair manager so honored.

Reducing rent by 25 percent meant the fair charged concessionaires 18 percent rather than the historic 24 percent of gross food sales in rent.

The risk was that the fair took in less revenue and was counting on volume to make up the difference. In the end, it did not totally close the gap. The total gross from food and drink at the 2010 California State Fair was \$6,839,036, from which the fair received total commissions of \$1,428,891. In 2009, with higher prices and higher commissions, the gross was \$6,983,349, slightly higher than 2010, and commissions were \$1,702,544, almost \$300,000 more.

"I look at the surveys we do every other year. We work on everything the public tells us we should look at or be changing or making different or better," Bartosik said of the evolution of 25-for-25. Last year, they simplified carnival pricing, and reduced it, with Butler Amusements on the midway. This year, the issue was food prices.

The rental rate had been 24 percent since before Bartosik arrived at the California State Fair 18 years ago. "I always thought it was too high. Everyone just got used to it." But to accomplish his goal of lessening prices to the consumer, he knew he would first have to address the rent.

Add to the mix that the fair changed dates in 2010, running in July rather than the traditional Labor Day dates, and positive publicity was a priority. The discounted prices helped promote the



date change, keeping the fair in the news. "We have over 100,000 state employees, and there are also counties and city governments doing furloughs," Bartosik noted. "With the state employees furloughs were three days a month and that's kind of your extra money."

To execute the plan, the fair pulled menus and price lists from individual concessions contracts from the 2009 fair and worked with each stand to bring the prices down 25 percent. If the concessionaire was new to the fair, they secured a price list from another fair that had one on file for 2009.

"We individually set up meetings with them. There were a couple of naysayers, holdouts. I said the only loser in the long run is the fair, because we may not be able to gross what we did unless we do extremely well with the business. You're paying less rent on your gross. You'll win, the customer will win, and the fair will take it as an investment for the future," Bartosik said. And that's what happened.

Charlie Neary of Ovations Food Services was one who was skeptical going into the deal, nervous that they would see the same volume of business but with lower prices, thus a decrease in revenue. "But I do believe, after the fact, that it did work. It got a buzz going that ended up with people coming out to the fair. I would recommend other fairs do it so long as they're willing to negotiate with concessionaires on percentage rates."

The California State Fair books 84 vendors with 100 food stands. The promotion was mandatory if you played the California State Fair. "We did have one say they were a national franchise and that their corporate strategists wouldn't let them lower prices that much," Bartosik recalled. "I just accepted it and we moved on."

"Twenty-five percent does sound like a lot," he admitted, noting a \$4 hotdog was now \$3. But it also sounds right. Visiting a fair after his event wrapped, Bartosik was shocked to find \$12 jumbo hotdogs and \$10 milkshakes. "I thought this is nuts; what has our industry come to," he said.

In 2011, they will be adding two percent back to rent, bringing it up to 20 percent, and concessionaires will adjust prices accordingly. That, Bartosik said, "is right where we need to be."

CONCESSIONS

Above: The Butler Amusements midway at the 2010 California State Fair.