

Restaurants revamp ways for lean times

Cook up simpler foods, lower costs

By [Lisa Fickenschler](#)

People walking by any one of the three Uncle Jack's Steakhouses in the city most nights may be surprised to see a well-packed place that seems oddly out of step with our present hard times.

But behind the jovial crowd up front is a little secret: Many of those patrons aren't there for the \$45 strip steak. They've stopped into the bar for the specials—the free wine tastings and gourmet cheese platters some nights, the complimentary hors d'oeuvres washed down with free tastings of vodka, scotch and bourbon on others.

"You have to go out there and get people," says the chop house's owner and founder, Willie Degel. "If they see an empty restaurant, they aren't going to come in."

In the teeth of the worst recession to hit the city in decades, many restaurateurs are doing things they've never done before to survive in a world where people's tastes seem to have changed almost as much as their ability to pay. These days, restaurant owners are taking a meat cleaver to costs. They are also revamping their menus, listening to their customers more, and lowering their prices to keep the crowds coming.

"There is no question that until business entertaining, tourism and foreign travel pick up again, there are a lot more dining-room seats than there are people to occupy them," says restaurateur Danny Meyer of Union Square Hospitality Group.

Owners have no choice but to change. The tourist dollars and generous corporate expense accounts that funded lavish meals and tied up reservation lines have all but disappeared. Revenues are off between 10% and 25% from a year ago. Profits, once dependably 15% to 20% of gross revenues, have shriveled to zero to 10%, according to restaurant consultant Arlene Spiegel.

"People are reading the menu from right to left and they are looking at how much the chicken is, compared to the steak," says restaurant guide founder Tim Zagat.

To help lower expenses at his three Havana Central restaurants, owner Jeremy Merrin is—among other things—axing daily specials.

After watching most of his corporate customers vanish in recent months, Mr. Merrin is also reaching out to a new audience. He is asking his staff to use Facebook, Twitter and other guerrilla marketing tools to promote Havana Central to New Yorkers looking for a place to celebrate a birthday, engagement or anything else.

First-time focus

Dreaming up subtle yet substantial ways to help patrons save money is also big these days. Mr. Meyer is lowering, and in some cases removing, the corkage fee—the charge for serving wine brought from home—at some of his restaurants. At

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his upscale eatery The Modern, that amounts to a savings of \$45.

Many places now offer prix fixe menus and are beefing up their beer selection to give diners a less expensive alternative to wine.

Less pricey places are more upfront about promising savings. At the Heartland Brewery next to the Empire State Building, where tourism is down sharply, owner Jon Bloostein is touting a blue plate special on a sandwich board out front. Each day, he selects a regular dish on his menu—a \$15 fish and chips for example—and cuts as much as 25% off the price.

Similarly, when his Spanky's Barbecue restaurant in Times Square began to falter last winter, Mr. Bloostein took just 30 days to transform the place into HB Burger—an eatery offering lower prices. In fact, nothing on the menu sells for more than \$9, and the average check per person comes to \$15, compared with \$21 at Spanky's.

Smaller, cheaper, shorter

Industry experts predict that the restaurants that survive the economic storm will be better run. They also predict a trend toward smaller eateries—with fewer than 100 seats—offering more affordable food on shorter menus.

Uncle Jack's owner Mr. Degel is taking a similar scaled-back approach with an eatery that he plans to open later this year in Atlantic City. Uncle Jack's Grill will offer just 12 dishes, and there will be no starched white tablecloths to clean. Mr. Degel says eliminating some amenities and tightening up the menu will make for a fitter and leaner operation—goals that he is also applying to himself. Recently, since the downturn, he has lost 30 pounds.

"I'm running a better company than I did six months ago," says Mr. Merrin of Havana Central.