

THE FOOD COST DILEMMA:

HOW ARE RESTAURANTS HANDLING IT?

Here's a rundown for club managers on how their counterparts, the restaurateurs, are combating the same problems
by STEPHEN W. BYERS

Restaurateurs throughout the country are having many problems in common with country club managers. The most critical of these is how to maintain an economically healthy dining room in the face of unrelenting increases in the cost of wholesale foods.

Almost without exception, they have been driven to menu price increases, which have caused customer complaints and loss of regular business.

Tom Chevoor, researcher for the Research and Development Department of Cornell University Hotel School, is a former hotel and restaurant manager. "Restaurants cannot change prices everyday and expect not to feel customer wrath," he says, "and most restaurants are aware that if they make substantial menu price changes in anticipation of future wholesale food increases, the result can be that you price yourself out of business." Chevoor says that dining rooms which specialize in steaks and chops are hurt the most from the wholesale price hikes and must either practice rigid portion control or risk adding 30 per cent to the menu price of these items. Both of these solutions carry a heavy risk, he says, and restaurateurs

must evaluate their clientele to determine which policy will engender the least customer ill will.

Chevoor added that dining rooms that are known for their generous portions would be advised to raise prices instead of cutting steak sizes, and restaurants featuring low-cost menus as their major attraction should consider the alternative of portion control or change the format of the menu.

Chevoor says the beef market does not lend itself to "undercut" wholesale buying. "One meat house may save you a penny or two per pound, but a restaurant is better off to settle with one meat dealer that comes to know his specifications for portioning, style of trimming, and general raw meat preparation, than to hazard the irregularity of jumping from one meat house to the other for a minimal savings."

Bulk buying is very difficult, says Chevoor, because of the ideal storage and preparation requirements for producing top-grade steaks and chops. "Add to this the limited cold chest capacity of most restaurants, and bulk buying results in replacing one serious problem with another."

Chevoor stresses that there are no formulas for beating higher food costs and that imagination is the only salvation for the threatened food industry. He recommends the effective use of buffet tables as a way to sell items left over from the previous day and somewhat mitigate the critical food waste.

John La More of the Mayfield Inn, Westchester County, N.Y., says 30 per cent price increases have

forced him to make extensive menu changes in the last two months. "I have gone to the buffet style two days a week and I may use it three week days starting next month," he says. "My regular customers won't sit still for frequent menu increases. They scream when they get used to one price increase for a rib eye steak, and I jump the price on them the next month. I just had to find another way to make do."

La More says he has cut his waste by 20 per cent since the buffet service went into effect and that the inclusion of a variety of lower cost items, such as "custom built" salads with bacon chips, chopped olives and a myriad of substantial dressings, lend themselves to the buffet service at a healthy savings to him. He warns that the buffet fare must feature different meats if that style of service is used frequently.

Jim Clugman, manager of the Seaman's Inn, Newport, R.I., says he is trying to make a reality of the myth that claims, "if you can't make it in the dining room, you can rely on the bar to save you." "I can't see any other way to stay open," says Clugman. "My restaurant caters to a sophisticated clientele. When I change my menu substantially, as I have in the recent past, it costs me not only old line customers, but also the expense of making up new four-page menus. In a place like this you can't simply blot out or erase numbers and mark out selected dishes in favor of something else. You must go through the whole costly procedure of having new menus printed. And I

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might add, that a wealthy clientele is just as interested in getting the most for their money as clam house patrons. They are accustomed to seeing lobster on my menu for \$8.50. When I raised the price to \$10 I really heard about it, and I didn't sell many lobsters." Clugman says that, having tried the price increase method of survival, to no avail, he will be pushing his elegantly appointed bar to recompense his "inevitable" losses in the dining room. "I'm aware that I could save money by reducing the size of portions and minimizing waste, but these savings won't keep me above water. In the bar, my profit is 300 per cent on a martini and 400 per cent on draft beer. It's there that I'm trying to stimulate interest."

The manager of an exclusive New York restaurant in the East 50s says his dining room has always featured the best meats obtainable and will continue to do so despite wholesale food price escalation. He says he can do this by cutting 15 per cent from dinner portions and

adding a variety of sauces to the meat dishes. He says his clientele is not as concerned with quantity as with the quality of his menu. "Most sophisticated diners are becoming more and more interested in maintaining a slim figure," he says, "but

Current selected wholesale food prices in the United States, showing per cent increases from February 20, 1972, to February 20, 1973.

Wheat	up 57%
Hogs	up 49%
Pork bellies	up 48%
Cocoa	up 47%
Eggs	up 46%
Chicken	up 46%
Coffee	up 40%
Corn	up 35%
Flour	up 33%
Steers	up 19%
Oats	up 17%
Sugar	up 1%
Butter	unchanged

they do not want to sacrifice the pleasures of gourmet cooking. I provide reasonable portions and concentrate on style of preparation, taste and elegance of presen-

tation as the selling points for my restaurant." He adds that there is little use in limiting portions if a close eye is not kept on waste.

The consensus of most restaurant owners is that if the menu prices are increased there must be particular care taken to ensure good quality of all items. If you're charging comparatively low prices for steaks and chops, customers will accept an occasional poor quality sirloin as "coming with the territory," but if your dining room is posh, your prices high and getting higher, you must be extra-quality conscious. In short, a man paying \$9 for a T-bone steak is going to be adamant in his complaint of a meager tenderloin side.

As was appropriately stated at the beginning of this story, there are no magic formulas to success in the fight to survive leaping food costs, but imagination in menu preparation and waste control can help. Most restaurants will need to take drastic action to stay alive, but they should follow the rule: "know your clientele" before deciding what survival steps to take. □

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