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Tough times bring enticing deals as restaurants vie for customers

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If you're bummed because you can't afford to eat out as often as you did a year ago, imagine how restaurant owners feel.

Many expect this to be one of the toughest quarters ever for their industry and predict the recession will close some restaurants.

"There will be some cleansing, like you'll see in other industries," predicts Milford restaurateur Jim Egl, president of the Michigan Restaurant Association.

Andiamo Restaurant Group owner Joe Vicari says his suppliers are predicting "a lot of restaurant closings" now that the holidays are over.

But if there's a silver lining for anyone, it's for metro Detroit consumers, who can expect to find good dining values this winter as owners compete for their business.

Two of the region's biggest restaurateurs -- Vicari and Matt Prentice of the Matt Prentice Restaurant Group -- plan to entice diners with unprecedented price cuts and special promotions this month. Other owners are keeping their seats filled through different means: offering new but less-expensive dishes, rewarding regulars with more attention and special prices, and giving customers more food for the same money.

Jerry Ruggirello, for one, thinks price-slashing hurts business in the long run.

"I don't want to buy into the coupon wars," says Ruggirello, owner of Northville's upscale Little Italy restaurant. "I'd rather give better value."

He has increased portion sizes and added courses while keeping entrée prices the same; now meals come with an antipasti plate, soup or salad, and a pasta side.

"I don't care whether you're selling mousetraps, automobiles or pasta, people are looking for a good value. That doesn't necessarily mean the lowest price. Value is perceived return for your dollar," he says.

Egl, whose restaurants include the stylish Gravity Bar & Grill, agrees.

"My longer view of discounting is that it does not breed loyalty. Why would you come in today and pay full price, when the same thing was half as much yesterday?"

Instead, he has emphasized great service, avoided price increases, rewarded regulars with selected discount offers via e-mail and developed lower-cost menu options like Gravity's flat iron steak. It's a less-expensive but flavorful cut of beef he's able to price at \$15.95.

"I think good restaurants, particularly independents, are trying to be loyal to their clientele, hoping the clientele will do the same," he says.

Still, he adds, "Everyone's trading down. I fear for the high-end restaurants over the next year."

Tribute in Farmington Hills, which has featured several discounts and specials over the past few months, has seen a drop in business-related dining but still has a strong special-occasion clientele, says Epoch Restaurant Group general manager Paul Hess.

His diners are "purchasing a unique experience and creating a memory" by coming to Tribute, he says, so service and quality must remain high. But at the same time, "we're tailoring our menu and our price point to accommodate today's situation. ... Value is key," he says.

Vicari -- who says Andiamo's business was off 15% to 20% in the last quarter, after the stock market crashed -- has no doubt that dining discounts work.

"The Morton's Steak Houses, these national chains ... they're all doing deep discounts to try to keep traffic in their buildings," he notes.

Vicari ran a buy-one-get-one-free entrée promotion for a short time last year, "and that really opened my eyes. People were thanking me that they could come out and enjoy a great dinner," he says.

This time, it's one of four promotions he's offering all customers in January and February: Mondays, diners can buy one entrée and get the second free, up to \$25, at lunch and dinner. On Wednesdays, wines by the bottle will be 50% off.

Thursdays will be date night, when five-course dinners-for-two with a variety of menu choices and a glass of wine for each person will total \$49. And Sunday will be family day, with a menu that allows a family of four, for example, to have dinner for around \$40.

The promotions were announced in e-mails this week to about 110,000 customers, including 70,000 members of his Mille Grazie frequent-diner rewards program. Print and TV ads are scheduled later. Mille Grazie members can use the discounts all year, he says.

Like Vicari, Prentice ran a smaller version of his new discount plan last year. His company mailed the cards required for the discounts a few days ago.

Last year, he sent them to 75,000 homes, offering 25% off the total food bill for one visit to each of his four fine-dining restaurants.

"If you went to Coach Insignia with a party of eight, you might spend anywhere from \$400 to \$600 or \$700, so that one little discount added up to a lot of money for people," Prentice says. "It worked fabulous."

This time, he mailed the offer to 150,000 homes, and each household can use the card once at all seven Matt Prentice restaurants, including the three casual ones, through Feb. 28.

The discount didn't cost him as much as it might appear, because customers last year tended to spend more than usual on alcohol, he says.

Prentice says he is also eliminating the \$19.95 membership fee for his company's frequent-diner program, hoping to dramatically increase customer participation, so he can e-mail them directly with offers and promotions. Customers will no longer receive a bottle of champagne on their birthdays, but the bubbly will be replaced with other perks.

The aggressive discounts are designed to keep his tables filled and his company strong through a difficult period, he says.

"My No. 1 job is to keep people employed," says Prentice. "I know it's going to be a tough first quarter, and I spent a lot of money on the mailer to be sure we at least have a fighting chance."

Eggl may not be offering huge discounts, but he still sees reason for optimism. "We're doing better than some places. Customers are coming less frequently, but they still want to come," he says.

Meanwhile, he's taking the long view. "As I told my managers, our grandkids are going to be reading about this in the history books."

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