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It's a tough winter for area restaurants

The economic downturn has turned what is normally a slow season into a struggle for survival

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When a select gathering of local chefs and foodies gathered recently for drinks and discussion, their keynote entertainment didn't feature recipe tips or kitchen war stories.

They heard a motivational speaker.

"We're all burned out on economy fatigue," said Jeffrey Schwartz, the founder of Red Sky restaurant in Seaville, Upper Township, who invited entrepreneur Murray Raphel to address the local Epicurean Society. "He might get us feeling better. Because we're all in the same situation, whether or not we're talking about it."

Schwartz should know. In the past 18 months, he has seen ingredient costs skyrocket by up to 600 percent, he has closed his restaurant's newer location and recently cut one chef from his remaining staff.

As head of the society frequented by many local chefs, Schwartz has his ear to the ground, monitoring the local restaurant scene as it has been pounded by a bad economic climate. As restaurants wave for-sale signs in surrender to a financial crisis, which has cut business and raised overheads for properties from strip-malls to luxury surroundings, Schwartz says owners are in a tough winter.

The hard times have done more than pick off stragglers. In Ventnor, the Nostalgia Room, one of the BYOBs that led the current glut of restaurants there - has closed its doors, according to the city clerk. So went Emma's, an acclaimed rotisserie chicken joint in Somers Point, which has a for-lease sign up, and Steak 38 steakhouse in Brigantine, which closed in December, according to town employees who had to cancel their holiday-party booking there.

And casino-land has also seen surprise closures: The high-end Italian restaurant Specchio shut its doors at Borgata Hotel Casino & Spa in Atlantic City toward the end of November. Its sister restaurant Ombra will also be closed and overhauled later this year. A Borgata spokeswoman said the changes were not related to the economy. But she added in a written statement that the casino's increased hotel capacity and packed nightclub event schedule had been key to bringing in restaurant customers. "In these challenging economic times, we've obviously had to adjust our business accordingly," she wrote.

All the headlines have colored the winter outlook - when seasonal shore towns are customarily light on visitors - from gloomy to black.

"It's always hard to keep a place going in the wintertime," Schwartz said. "But now, it's survival time. It's keep it lean - or go under."

As bankers need bailouts and people lose homes, chefs haven't figured highly among the public face of the economic collapse. But the Atlantic City Convention & Visitors Authority has had to scrub restaurant names from its Web site as venues shutter, or advise on changing hours as restaurants such as Peregrine's, a luxury dining room at Atlantic City Hilton, for the first time closed through the winter. Two newly opened restaurants in The Chelsea hotel, Teplitzky's and Chelsea Prime, have both cut back their advertised hours.

"The bad news is it's affecting Atlantic City," said Maureen Siman, vice president for marketing at the visitors

authority. "But I suppose the good news is, it's happening everywhere, not just here."

Statewide, in the last quarter of 2008, restaurant owners reported a slide of between 8 and 35 percent in business, said Deborah Dowdell, president of the New Jersey Restaurant Association.

"I know that's broad, but everyone has seen some effect," she said. Talking to many owners, who help make up what she describes as the largest private sector employer in the state, she said, "Some say the scale of the crisis is the worst they've seen in their lifetimes."

In response, the association this week launched a major statewide initiative with a stark message to customers: "Dine out often."

"What we don't want people to do is lose their habit for eating out," Dowdell said. "If you can't manage to get to a steakhouse, but can support your local deli, that still cycles back into the economy."

But Mark Ney, settling down to an Italian dinner at Cousin Mario's in May's Landing with his 14-year-old daughter Krystal, says even he, a die-hard diner, has changed his ways.

"We probably ate out two or three times a week," he says with a smile, "because, hey, who likes cooking?" Now, though, he visits restaurants about once a week, remaining loyal to neighborhood places like the Italian joint, where he and his family have been regulars, but eschewing anything much pricier.

"I just don't often think that the food at an expensive place is that much better, honestly," he said.

Outside the Deli du Jour, in Pleasantville, co-owner JoAnna Norcross propped a sign two weeks ago that reads: "Eat Here - It Makes Cents."

"We have to let people know that we're cheaper than other places," she says. A turkey club sandwich lists on the specials board that day for a dollar less than in the regular menu, an effort that Norcross describes as passing savings along to their regular customers.

"We have to," she said. "Because what would we rather have - one person in here, or ten?"

The economic crisis has also revealed there is no centralized local research on how much dining custom Atlantic City can support, according to ACCVA spokeswoman Elaine Zamansky. But a yearlong 2008 study by the visitor's authority deduced that area tourists - more likely to spend than regular gamblers or local residents - would eat out more than five times in a two-and-a-half-day visit. In 2008, visitors to the city's hotels dropped by 3.1 percent, making eateries battle for the remaining business.

Many of the region's finest restaurants have committed to the first Atlantic City Restaurant Week, which starts March 1, as a way to boost interest among new customers.

As part of the promotion, restaurants offer three-course dinner menus for \$33.09, and lunches for \$15.09, designed to be far less than normal cost.

"Yeah, it's tough," said Frank Dougherty, owner of the Knife and Fork Inn and Dock's Oyster House, two of Atlantic City's old and venerable establishments, which will take part. "But it's not as bad as I thought it could be. Maybe I was being overly pessimistic."

What has dropped, Dougherty says, is corporate business. "They're not having so many parties, or they're spending less," he said. Recognizing diners may have a budget, Dougherty plans to introduce a series of specially priced offers, with what he describes as comfort-food dishes at lower prices, with a selection of wines at \$5 per glass.

He's not alone: Old Waterway Inn, on the city's Riverside Drive, has introduced a burger to its high-end menu of steaks and seafood, and is rolling out a prix fixe menu this weekend.

Prices of food events have been cut, such as a recent five-course cocktail dinner at Mad Batter restaurant that

staff said had dropped from \$80 to \$65.

And food distributors have had to adapt to shrinking restaurant budgets, says Schwartz.

"They've had to come to us and offer us maybe more creative ingredients. You know, not maybe the high-priced cuts of meat, but instead something like a Monterey steak, which can be great and also affordable," he said.

But behind the scenes, beyond the fluctuating price of dinner entrees, Schwartz says the crisis threatens the talent base in the regional kitchens.

"I can say I know of 12 other chefs, who have all lost work at the casino kitchens," Schwartz said Tuesday. One left town altogether, and those who remain may stay quiet to protect their chances of being rehired. "You have a public profile as a chef," Schwartz said.

That's a reality for Sam Murray, chef at Vineland's Jamaican spot, Taste of the Islands, who had a second gig as a pastry chef at the Showboat Casino-Hotel until last year.

"When I talk to my friends who are still there, I hear all the time there have been layoffs in the kitchens," he said. The local chapter of UNITE-HERE local 54, the largest union representing casino workers, reports that around 250 members laid off since August worked in restaurants, mostly those in casinos.

The biggest layoffs were at Borgata, Harrah's, and Bally's, says Donna DeCaprio, financial secretary for the union, who says overall membership has dropped to levels not seen since before 2003, when many casinos expanded. "Even dishwashers, called kitchen utilities, are being let go," she said. "And that's rare. Because KUs, it's not desirable work. They're hard to fill."

The employment picture isn't likely to get better anytime soon. Restaurant owners and workers say candidly they could see the "winter" continue well through spring.

"I see some apprehension out there for President's Day Weekend, because it's traditionally a strong one for us. People are saying, 'We really need that to be a good weekend,'" said Schwartz.

"It's a hard time of year to satisfy appetites: What do you want to eat in the winter? A fruit salad or heavier comfort food?" says Rob Ohlsen, of the Buck Tavern in Corbin City, who says he has noticed a new nervousness among customers who walk in to the restaurant but make it clear they don't want to splurge. "It's costly for ingredients," he said, and, having recently let go one chef, he added, "It's a lean time for staff." Hardest, he said, is that "We don't know when it's going to let up."

Bartender Anne "Reilly" McGonigle, a 16-year veteran at the tavern, says Ohlsen, her boss, has retrained all staff to double up duties to cover all bases.

"Once there would be two of us here in the afternoons," she says, of being on the front line. "Now I'm here by myself."

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