

Business

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Restaurants adapt as food costs rise

Local eateries get creative in kitchen to keep costs down

Jaclyn Trop/ The Detroit News

Metro Detroit restaurants are doing solid business even as owners grapple with a rapid escalation this year in the price of gasoline, beef, produce and other commodities.

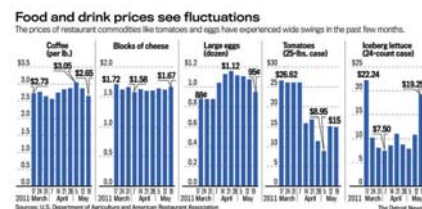
Most restaurants are resisting raising menu prices for fear of losing customers and are adapting to higher costs by adjusting food choices and portion sizes.

Eateries that have raised prices report that business hasn't suffered. They have persevered in part because their customers tend to be more affluent diners who can better afford higher prices.

"(Restaurateurs are) constantly being challenged to think in new ways to control costs and squeeze every bit of effort out of every thin dime that comes in the door, because profit margins are so razor thin as it is," said Andy Deloney of the Michigan Restaurant Association.



Craig Grigsby of Macomb and Nadwa Yono of White Lake Township prepare to order a meal at Morton's in Troy. The restaurant has revamped its menu as the cost of food continues to rise. (Kiya Gibbons / Special to The Detroit News)



From a freeze in the southwestern United States and Mexico that destroyed lettuce crops to a drought that killed lambs in Australia and New Zealand, world events are forcing local restaurants to get creative, swapping ingredients and putting fewer high-cost items on a plate.

Eateries from Burger King to Morton's are revamping their menus to substitute less expensive ingredients or raising prices on menu mainstays as food inflation reaches its highest levels in at least a decade.

Restaurant costs have gone up as much as 20 percent, said Ed Deeb, president of the Michigan Food and Beverage Association. The prices of some commodities, including coffee and cheese, have stabilized in recent weeks, while other items, such as tomatoes, experience big swings.

The pressure will likely persist throughout the year, with food prices projected to rise an additional 2 percent, Deeb said.

In April, Bingham Farms-based Matt Prentice Restaurant Group began raising prices at all of its operations, which include the restaurants Coach Insignia in Detroit's Renaissance Center, No. VI Chophouse in Novi and Northern Lakes Seafood in Bloomfield Hills; four delis in Southfield, Novi, West Bloomfield and Bloomfield Hills; and a catering arm.

"Raising prices is the last thing you want to do," Prentice said, "but lettuce has skyrocketed and beef pricing is just out of control."

Costs rose so sharply that Northern Lakes Seafood overspent \$13,000 on its March food budget, Prentice said.

The price hikes haven't garnered much opposition, he said. "Nobody is really voicing the issue. There has been so much media about costs going up that they understand."

Morton's in Troy faced little resistance from customers this winter when it raised menu prices 5 percent to offset price increases on everything from lobster tails to lettuce, said CEO Chris Artinian.

"We have a little bit of elasticity with our core clientele," said Artinian, noting that luxury segment consumers don't mind spending a little more for a good meal, especially for a special occasion, entertainment or business travel.

"Seventy to 80 percent of our business will end up on an expense report."

Fine dining restaurants such as Morton's and Coach Insignia have been able to raise prices because their clientele don't look carefully at the receipt, said Farmington Hills-based retail analyst Ken Dalto.

"They get the bill and they slap the credit card down," Dalto said.

But upscale restaurants aren't the only ones making adjustments. The rising cost of tomatoes has forced Burger King to provide slices on request only, said spokesman V.J. Monzon.

Jeremy Restaurant & Bar in Keego Harbor frequently changes its menu to reflect ingredients that are in season and less expensive to get, said co-owner Jeremy Grandon.

Instead of offering a plate of five lamb chops for \$28, he has designed a menu item that includes two lamb chops and vegetable moussaka topped with braised lamb for the same price.

"It's actually a more interesting dish," Grandon said. "If you're creative, you can get by without having to raise prices. People don't want to spend more than \$30 for an entrée, especially on a weeknight."

The Toast eateries in Birmingham and Ferndale are relying on "fancier presentation" and more obscure cuts of meat to keep costs in check, said co-owner Thom Bloom. For instance, the restaurant will use a less expensive club steak instead of a New York Strip or Delmonico cut.

"It allows you to still charge \$20 or \$25 for a really great entrée and not lose money," Bloom said. "By no means do we cheapen it. It's about being educated."

Angelina's Bistro in Detroit is making more items from scratch, buying whole salmon and organic chickens instead of higher-priced precut portions, said owner Tom Agosta.

"While there is a slightly higher labor cost, it's worth it," Agosta said.

The restaurant is scrapping other items. Eggplant, which more than quadrupled in price, is no longer on the menu.

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