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Cutback Cuisine

With food costs soaring, restaurants are making changes. Steaks are out. Pastas and shrinking portions are in.

By **JULIET CHUNG**
 March 8, 2008; Page W1

Get ready to eat more pasta. With food prices rising at their highest rate in decades, chefs are swapping out high-end ingredients for humbler substitutes and scratching low-profit entrees off the menu.

Meat scraps that used to get ground into hamburger are now listed as a \$12.95 steak tartare at Murray's steakhouse in Minneapolis. At Gramercy Tavern in New York, the caviar-topped hamachi appetizer has been replaced with a tuna-and-beet tartare topped with sliced radishes. Uptown at Isabella's, a pasta dish is squeezing out a sirloin.

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1

Restaurateurs plain and fancy are counting on dishes with bigger profit margins to stay afloat. Pink's hot dog stand in Hollywood introduced a \$6.75 dog that's more topping than wiener. Others are shrinking portions or increasing prices. The Dollar Menu at some McDonald's restaurants is now the "Dollar Menu & More."

Pampered diners at New York's Blue Water Grill sit in plush fabric seats, surrounded by yards of pressed white tablecloths. But in the cramped stainless-steel kitchen, a sous chef engages in some culinary penny-pinching, cleaning up a piece of beef he has just cut from a slab of tenderloin. The trimmings, left after slicing the tenderloin into center-cut filet mignon steaks, used to be eaten by the staff. Now they go to a sushi chef for the \$12 chipotle-marinated beef roll.

"Price increases are across the board; the commodities have just gone crazy," says Brett Reichler, a corporate executive chef of B.R. Guest Restaurants, owner of the Blue Water Grill. "Flour is up 30, 40%. Beef's on the rise, fish is on the rise. Nothing is inexpensive any more." Mr. Reichler watches over the lunch rush from a corner banquette on an upper floor, over the din of conversation and clinking glasses. He says his new chipotle beef roll follows a respected French tradition of turning scraps into great dishes. Preparing filet mignon is easy, he says, "but the trim has to be cleaned

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right, cut right, marinated. It takes a little bit more care."

High oil prices and a world-wide thirst for ethanol have triggered a run-up in corn, feed and transportation costs that is driving up food prices. Restaurant owners last year saw wholesale price increases of 7.4%, the biggest jump in nearly three decades, according to estimates by the National Restaurant Association. Consumer food prices went up 4% in 2007, according to the federal government.



LOADING PLAYER

The weak dollar is hammering restaurants that buy such imports as French cheese, Italian olive oil and European wines. Add to that, belt-tightening by customers caught in the slowing economy. Ruth's Chris Steak House saw fourth-quarter profit in 2007 fall

Chris Giarraputo, corporate executive chef at B.R. Guest Restaurants, discusses how Blue Water Grill in Manhattan got creative in the kitchen in order to control its food costs. WSJ's Juliet Chung reports.

62% compared with the same period a year earlier. Similarly, fourth-quarter profit was down 48% at Domino's Pizza and 35% at the Cheesecake Factory.

Restaurants have long engineered menus to allow the bigger profits from pastas and vegetable side orders to subsidize such loss leaders as rib-eye steaks. But rising prices have prompted a furious new round of behind-the-scenes shuffling. San Francisco's Slanted Door is known for its rack of lamb. On many days, chef and owner Charles Phan offers a more-profitable lamb sirloin stir-fry instead, shaving his food costs by a third. It is a temporary fix that draws some complaints. "Everyone wants that rack," he says.

At Le Cirque in New York, diners can choose from four pasta dishes, up from two a year ago. "Pasta's a great item for reducing food costs," says co-owner Mauro Maccioni. He estimates that he is paying 5% more for the food his restaurant prepares, including big increases for truffles and butter. He touts as good values his new pasta dishes, which include a chestnut-flour pappardelle with wild mushrooms and a veal ragu.

Tim Murray of Murray's Restaurant is selling an appetizer made from three ounces of diced tenderloin served with capers, red onion and truffle oil. His restaurant used to grind these trimmings, left over from cuts of steak, into hamburger and beef stroganoff.

Some chefs, such as Raphael Lunetta of JiRaffe in Santa Monica, are yanking pricey entrees from the menu to promote as daily specials. He says a good pitch by waiters for the roasted rabbit with herb polenta gnocchi, for example, helps sell more of the dish and reduces leftovers.



Another strategy is to offer less of an expensive meat and add a cheaper cut. Diners who order "Roasted Pekin Duck" at the Powerhouse Restaurant and Bar in Chicago get a half-breast and a duck confit instead of a whole duck breast. The substitution cuts costs nearly in half by allowing the restaurant to buy entire birds instead of individual duck breasts. "You're not paying for processing," says managing partner Mitchell Schmieding.

Some restaurants are decreasing portion sizes. The \$28 tuna au poivre entree at Boston's Chez Henri used to be eight ounces of fish. Now it's five or six. "I can't allow my food costs to go up because then I won't be in business," says chef and owner Paul O'Connell. He also is paying more for table breads and butter.

Food distributor Sysco Corp. is suggesting clients try butter blends, which are more than 30% cheaper than butter. The firm gets more requests to review kitchen operations from clients looking for savings. "Everybody's a little sharper now, I guess, in tough times," says Sysco Chairman and CEO Rick Schnieders.

Pink's in Hollywood is raising prices for the first time in two years, says co-owner Richard Pink. He recently added the Gustavo Dudamel Dog, named after the new Venezuelan conductor of the Los Angeles Philharmonic. The Dudamel Dog features an all-beef wiener topped with cheese, guacamole and tortilla chips that, Mr. Pink says, "represents the sails that took him from Venezuela to Los Angeles." The new dog also serves up more profit. Piling on toppings allows Pink's to charge \$6.75 for the wiener, earning the stand bigger profits than on a menu veteran like the \$4.10 Jalapeño Dog.

Some restaurants don't have the luxury of substituting. Manhattan seafood restaurant Le Bernardin instead raised prices three times last year.

The weak dollar has forced Chris Douglass to economize at his two Boston restaurants. He has cut back on stocks of European wines and his wine director has been searching for more domestic labels. At his casual dining room, the Ashmont Grill, Mr. Douglass says his kitchen is using less Greek extra-virgin oil. The hummus is now being made with blended olive oil, though he still drizzles a bit of extra-virgin oil on top. "We did some side-by-sides and you don't really taste the difference," he says.

Joachim Splichal also is feeling pinched by olive-oil costs. His Patina Restaurant Group operates 60 venues in the U.S. and uses as many as 60,000 bottles of extra-virgin olive oil a year, says Mr. Splichal, chef and founder. Prices are up 43% from last year to \$20 a bottle. He is tasting olive oils from Napa and Sonoma valleys in California, as well as from Mexico and Argentina, to find high-quality substitutes. He has started buying more domestic wines as the price of European bottles goes up. For restaurateurs, Mr. Splichal says, "the slogan should be 'Buy American.' "

New York chef David Chang is hardly apologetic about cutting back. Last year at his Momofuku Ssam Bar, the steamed egg custard with snails sometimes came topped with shaved truffles. Not anymore. "It's the most expensive truffle season ever," says Mr. Chang. He estimates the price of black truffles at \$2,500 a pound and white truffles at \$3,500 a pound. Skilled chefs, says Mr. Chang, transform whatever comes their way. "If you need to make real food out of nothing, that's real cooking," he says. Echoing a culinary maxim, he adds: "It's easy to cook a sirloin. It's harder to cook with potato scraps."

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