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Restaurants Can Feed Bottom Line By Using Barter To Fill Seats

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BARTER BASICS

Recently, to the awe of serious shoppers who have been waiting for their favorite catalog marketers to open retail stores in our area, Eastview Mall opened a 65,000 sq. ft. addition to its thriving Ontario County mall. However, along with upscale retailers like Pottery Barn, J. Jill and Coldwater Creek, the new wing included P.F. Chang's China Bistro, Champs Americana Restaurant Bar and Biaggi's Ristorante Italiano — all national restaurant chains destined to take a big bite out of our locally-owned restaurants.

Large restaurant chains have continued to grow in both revenues and units. Last year for the first time, they captured a majority of the \$426.1 billion restaurant market. Bill Guilfoyle, a professor of hospitality management at the Culinary Institute of America in Hyde Park, calls the rise in upscale restaurant chains the "Wal-Marting of the restaurant industry."

To survive, local restaurants should consider using tried-and-true barter techniques to overcome the economies of scale, big-budget commercials and cookie-cutter concepts all backed by loads of public money enjoyed by national chains.

Local restaurants are grappling with too many restaurants competing with too few customers to keep every establishment thriving. On top of that, escalating food and labor costs are driving up menu prices and cutting down on the numbers and frequency of individuals eating out.

Four years of a recessionary economy and thousands of jobs lost forever in our community challenge every type of business owner, but these factors make for especially challenging times for restaurant owners who continue to experience one of the highest rates of bankruptcies and closings of any industry.

Empty tables don't generate revenue. They hurt waiters and waitresses and can even convey a negative message to otherwise loyal diners. Acquire 10, 20 or more new customers and you could generate thousands or tens of thousands in aggregate business per year.

Typically, restaurants draw customers from within a three to 10 mile radius. By opening your restaurant to barter cus-

tomers, you will increase traffic, expand word-of-mouth advertising and gain a whole new group of customers. Further, the trade credits generated will provide the extra capital that local restaurants can always use to survive slower times and handle unforeseen emergencies.

Take a hard look at where your cash is going and really think about opportunities you may have to convert cash expenditures into trade transactions. It's not as hard as you think. And your trade broker can help introduce you to a whole new crop of reliable vendors ready, willing and able to barter services critical to your day-to-day operation.

Security services, exterminators, carpet cleaners, chemical suppliers, POS services, cleaning of grease traps and vents, plumbers, electricians, HVAC and construction contractors, menu designers, bookkeepers, indoor plant care

providers, window washers, linen and uniform suppliers, equipment repairmen, interior decorators, attorneys, etc. are all just a phone call away.

Using trade dollars for these everyday expenses can translate into big dollar savings and provide local restaurants with the kind of staying power needed to compete with large chains.

Like any retail business, building walk-in traffic is a 24/7/365 concern for any restaurant. Advertising expenses for eating establishments typically vary from 1 percent to 8 percent of annual revenues, depending upon the kind and size of the venue. By using barter dollars for newspaper, radio and television advertising as well as printing, signage, direct mail or web services, that money goes straight back to the bottom line.

And most accountants will tell you that preserving cash is the best way to beef up your restaurant business during times of slow recovery and increasing competition.

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