CELEBRATING 55 YEARS
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Soothsayers expect this year to set the stage for the next couple of years. It should be interesting - by Dennis Serpone

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The Pope is sitting in his office. Knock at the door. Come in. A man walks up to the Pope and introduces himself. “My name is Frank Perdue. I’d like to donate $1 million anonymously.” The Pope thanks him. “However, it’s conditional on changing one word in the Lord’s Prayer. I’d like you to change...Give us this day our daily bread, to give us this day our daily chicken.” The Pope can’t believe what he’s hearing and explains that these are God’s words. They can’t be changed.

Perdue reaches the door to leave, but stops. “I’m sorry. That was too much to ask. I will donate $10 million, just change one word...bread to chicken.” Now the Pope is furious. Again explains that the Bible can’t be changed. It’s sacrilegious to even think about it. “GET OUT!”

The following Sunday, the Pope is saying Mass with the assemblage of Cardinals. At the end of the Mass he announces...“I have good news, and I have bad news.” The good news is that someone has anonymously donated $10 million to the Catholic Church. The bad news is that we’ve lost the Wonder Bread account.”

Looking into 2019, theres are pockets of good news that can bolster certain segments of the food and beverage industries. Nationally, with the stock market reinforcing the euphoria that came with ever increasing record highs and the state-by-state expansion of recreational use of marijuana, the industry is anticipating a good year. As they say, the more you drink and smoke, the more you eat. Even though there are signs that the our economy is slowing down, businesses in general should enjoy brisk economic tail winds. Corporate profits will continue at a nice pace, expected to rise by 3.7%, and the overheated job market, expected unemployment to drop to 3.4% by the end of 2019, will inspire consumers to spend freely.

Nation’s Restaurant News reports that the largest fast casual restaurant leader, Fiesta Restaurant Group, expects same-store sales to increase by 12.2%. Conversely, the chain with the greatest decline, Kona Grill, is expected to see their same-store sales decline by 14.1% .

With the way they're building in the Seaport area and expanding lifestyle centers, most notably in Lynnfield at Market St. and Somerville at Assembly Row, and the proliferation of local chains like Wahlburgers, b.good, Blaze Pizza, 110 Grills, and of course Starbucks and Dunkin on every corner and strip center, can there be any question that there's a perception that people are 'eatin' and drinkin' like crazy. There was talk, early on, that the development Seaport area was going to kill the food establishments on Newbury St. Guess again. Not only can't you find parking spaces on the street in either place, many times the surface parking places are full, leaving your only choice to be the inside hotel or parking garages at $40 and more. Yet the people keep coming.

The question that keeps coming up is, why go through all the hassle going to Boston when the restaurants, sports bars, and entertainment venues are just as good, if not better and cheaper in the suburbs, with easier access and free parking?

However, like ying & yang, there's the bright side of our industry, and there's the dark side.

Now for the bad news. As good as the good news is, the underbelly of the industry is somewhat problematic.

The Boston Herald recently ran an article, emanating from the State House, that indicated that, 'the confidence level among Mass. employers, in general, hit a two-year low in December, driven by national factors like the federal government shutdown and the largest one-month stock market decline since the Great Depression. Closer to home, employers have their eyes on the cost of healthcare and fees imposed by the state.'

For the food and beverage industry, the declining confidence levels are exacerbated by the increasingly difficult time to properly staff both the front of the house and the rear. The $12 per hour minimum wage imposed January first, and the minimum wage for front of the house servers, for some, has become daunting.

Even though it appears that some landmark restaurants are always busy, they may be struggling to keep the doors open. Whether it's lease issues, competition, partnership disputes, government intrusion, staffing problems, or rising costs to operate, even the most recognizable can fall by the wayside. In the first two weeks of this new year, Eater Newsletter reports that 18 restaurants have closed in Massachusetts, most notably Durgin Park (after 192 years), and Waxy O'Connor in Foxboro. Last year, 2018, so many more closed...L'Espalier, Naked Fish, Margarita's Medford, Tavern in the Square Salem, numerous D'Angelo's and Papa Gino's, Uno Pizzeria Boston & Woburn. The surprise to most of us was the closing of a number of units of two local chains...Bertucci's and British Beer Company.

The face of the industry is changing. Whether that's a good thing or not depends on where you stand. Home delivery is exploding...continued business for restaurants, relaxed need for independents to have and manage a delivery force. Tens of millions of dollars are being invested in these delivery services nationally with the anticipation that along with food, these services will be delivering marijuana. I guess it'll mean less tips for servers, less profit for the owners, but maybe less stoned, drunk people on the road. I guess this is not the right time to push for bringing happy hour back.

Dennis Serpone is founder of the National Restaurant Exchange, Wakefield, Mass.