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The ever changing landscape of dining out - by Dennis Serpone

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Dennis Serpone

The reality of our industry is that diners are disappearing from many average dinner houses, customers rarely order dessert, and folks are drinking alcohol less frequently. Yet, breakfast and lunch operations and fast food businesses are busy and seeing substantial growth in their bottom line.

That being said, buyers are actively making deals... new restaurants are opening up every day. Banks are flush with cash as well as investors who want to be in the food and beverage business. Whether our legislators want to admit it, small business is the lifeblood of our country... and 75% of all small business is food and beverage related. These businesses need to make money... to support the owners who feed, clothe, and educate their families. But in a sense, more importantly, the government needs the tax revenue.

As an aside, we need to push our legislators to allow happy hours sooner than later (already approved)... and drop the drinking age back down to 18 at least for a couple of years.

The state needs the tax revenue... There it is.

In the not-too-distant past, certainly before COVID-19, most full-service restaurants enjoyed the benefit of two seating's. At 10:00 pm your waitress would remind you, as well as the bartender and his customers, "the kitchen is closing in a half hour, last chance to order food, what would you like?"

That second round of diners has disappeared. Restaurants are almost empty by 9:00 pm. This phenomena is apparent across the country. This seismic shift is a result of a number of uncontrollable factors.

Forcing families to eat at home gave families the opportunity to socialize within the confines of home, to get to know one another. Secondly, and the most obvious was that it was cheaper to eat at home rather than in a restaurant where you had to incur the added cost of the food, the taxes, wage-creep and tipping for the waitresses and bartender.

Diners, who elect to dine-out have a plethora of similar restaurants, selling similar food, many times at similar prices. This is now where successful operators need to create a competitive advantage.

Competitive advantage sets a differentiation among similar operators with the purpose of outperforming their rivals. Dining out must be more than just a place to consume food.

What single attribute of a restaurant separates your from your competitors?

Starting some form of entertainment is a primary resource. Whether your choice is to offer music, stand-up comedy, or, in some cases dancing, a decision has to be made on establishing brand distance from your competitors. Two examples come to mind... the Chicago Magic Lounge (in Chicago) and Burgers 'n Blues (soon-to-open in Boston). With no competition both concepts provide

a dining out experience not offered by other operators.

In the case of the Chicago Magic Lounge, enjoy your dinner while engrossed in wondering how these magicians never fail to amaze. Notable in the New England/East Coast market is comedian/magician/entertainer, Johnny Pizzi, who has been entertaining audiences for over 30 years.

Conversely, not in competition with the classical full service dinner house, but certainly competing for the food and beverage dollar, Burgers 'n Blues blends fast food, the highly profitable hamburger, with bar service and bands performing blues and other genres of music. Both concepts are a result of the search for a competitive advantage and both concepts are positioned for chain development.

Within the burgeoning fast food arena, specifically pizzerias that seem to be on every street corner across the country, creating that competitive advantage is so much more difficult. Whether its visibility, accessibility, pricing, quality, or delivery the competition has never been so severe within this food part.

As a successful pizza pub chain operator, the author incorporated the use of a novel wheel of fortune to increase sales significantly during slow periods. Even though some people with an attitude that pizza is just pizza, having that competitive advantage is critical to success with so many pizzerias striving for your food dollar. Depending on the quality and experience of management, well-placed pizzerias should experience a net profit of 10-20% of annual revenue. With the average, well-managed pizzeria grossing over \$1 million in sales, a good operator should net \$100,000 to \$200,000 per year, thereby generating a market value of \$300,000 to \$600,000 (obviously subject to many ancillary factors).

People will continue to go out to eat, they will continue to use their credit cards, in lieu of cash... like chips in a casino so you don't feel like you're not spending real money. People still need to socialize with friends and family, and the best place to do it is in a restaurant, pub, or nightclub.

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

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540