

Business

Locally owned restaurant is hoping to beat the odds

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With a sinking economy keeping more diners at home, one new restaurant's owners hope their location and price can help them beat the odds.

Located at the Westfield Mall in Annapolis, the owners of Punk's Backyard Grill said being in a mall gives their non-chain establishment instant credibility.

"It's almost as if people have a first vetting done," said Sheila Laderberg, a co-owner who founded the concept with David McCabe and Jeffrey Sloan. "We were very encouraged by Westfield's willingness to work with us."



Punk's, which has 100 feet of storefront framing its outdoor entrance, is the only non-chain of the mall's 14 other eateries that include The Cheesecake Factory, McCormick & Schmick's Seafood Restaurant and Potbelly Sandwich Works. Laderberg noted that because most malls just house national establishments, new patrons may assume their restaurant is too.

"We're not trying to be something we aren't, but certainly there's a natural assumption when people go to a mall because everyone else is a national brand," she said.

Historically, mall developers have not been the most amenable to startups, preferring to work with the plug-in-and-go format of established chains, said Erin Hershkowitz, of the International Council of Shopping Centers.

"The national retailer [has] quite an appeal for the consumer and the developer and to get those larger names," she said. "They're going to get more traffic that way."

But with poor sales driving out even the established tenants — like the empty anchor holes left at malls in Owings Mills, White Marsh and Glen Burnie when Boscov's closed three Maryland stores last fall — developers are willing to get more creative. And, Hershkowitz said, part of that trend is with restaurants.

"I think people are starting to be a little bit more daring when it comes to trying different foods, and I think we've become a country where ... there's more of an acceptance to different kinds of foods," she said. "The fact that restaurants really have done a great job in creating a draw to the centers, [developers] are looking to get that diverse tenant mix."

For Punk's owners, the credibility and foot traffic a mall provides will be a vital asset as they launch their project during the worst retail climate economists have seen in decades.

Of course they didn't plan it that way — two years ago when the owners cooked up their idea for a backyard restaurant concept, the hospitality industry was booming. The horizon began looking cloudy for restaurateurs in

early 2008, but last October an all-out storm broke out and restaurants have been seeing a marked decline in business since then.

Punk's owners had secured their loans for the \$1 million startup cost before the credit market tightened, said Laderberg. But when the National Bureau of Economic Research made the recession official last November, the restaurant's owners knew the stakes were raised.

"That was right around the time we had finished at the permit office and were about to start building," said Laderberg. "So we knew that opening now was going to be more difficult than it would have been a year before ... but we also knew that ultimately to be successful we could not cut corners."

Co-owner McCabe said fresh ingredients, the restaurant's backyard atmosphere — right down to picnic tables and picket fences — and a price point of \$10 to \$15 per meal are elements that he hopes will keep new customers coming back. The restaurant's menu items, like potato salad, pecan pie, shish kabobs and grilled sandwiches, are also proven favorites, he said.

"Our concept is a familiar experience for people," said McCabe. "It's that fun, backyard environment and you normally don't get that at a restaurant these days."

Still, only about one in five restaurants survive after three years and even fewer make it to five years — and that's during a stable economy, said Dean Haskell, of National Retail Concept Partners, a Nashville-based consulting group.

"New restaurants now are not only fighting economic headwinds but also the unknown brand headwinds," he said.

Punk's, which opened late last month, may stand a fighting chance because of its location and the built-in marketing the mall provides, he said. The restaurant's prices and food options may also help its survival chances as Haskell predicts nominal gains in the fast-casual dining segment with more consumers choosing value and healthier choices.

While Punk's owners eventually want to grow into a chain business, their sights are set now on establishing themselves in Annapolis.

"We're just trying to focus right now on putting the best product out there," McCabe said. "When we can come up for air and start thinking about the expansion process ... it would be nice to be able to do that in a year, but that's certainly not going to happen today."