



## Restaurant sales remain tough amid tight budgets



Doug Ohlemeier

Tony Buff, owner of Tony Buff Wholesale, shows off peppers at Coosemans New York Inc. in the Hunts Point Terminal Market. Buff says foodservice sales remain very quiet. He says distributors have endured a rough winter and a rough economy.

NEW YORK — In a city so dependent on its tourist visitors, business visits and people dining out, slower foodservice sales stress distributors.

In the City that Never Sleeps, dining options abound every minute of the day.

Produce distributors say their customers are tightening their belts and reacting to consumers who aren't patronizing restaurants every day anymore.

"Sales are very quiet," said Tony Buff, owner of Tony Buff Wholesale, Westchester, Conn., which sells mostly to the restaurant trade.

"It has been a rough winter and a rough economy. Everyone is way off. Some are going out of business. With prices being high, it makes it tough to wholesale."

Matthew D'Arrigo, vice president of D'Arrigo Bros. Co. of New York Inc., and co-chairman of the Hunts Point Terminal Market,

said the smaller number of restaurants shows the state of the foodservice sector.

"There is still a tremendous amount of empty storefronts that used to be restaurants in Manhattan and in the metropolitan area," he said.

"It won't take you long before you walk by some empty storefronts. I would say the foodservice side has long since adjusted (to the economy). The people that were in a weakened state when the economy turned, they're basically all gone. The stronger ones have survived. There are some new players that have taken the place of a lot of the ones that are gone."

Pete Pelosi, buyer and logistics for A&J Produce Corp., said he thinks foodservice purveyors are focusing more on volume sales to make up for the lost margins.

"In the past, they could maybe make more money on margin because they had higher-priced items," Pelosi said.

"Those guys are always complaining but they're still buying. I haven't seen too many go out of business since the recession. They've had to adjust like everyone else."

### Attraction tactics

The foodservice business remains stressed and restaurants must adapt and try new things to keep attracting customers, said Joel Panagakos, executive vice president of J. Kings Foodservice Professionals Inc., Holtsville, N.Y.

"When you look at the national guys like Applebee's and the Ruby Tuesdays, they're wheeling and dealing deals all day long," Panagakos said.

"They're just trying to get people in the seats and figure out later how to make money. There isn't a lot of profit margin for them when they put out deals like two for \$20. There is volume involved so they keep the restaurants moving and shaking. Hopefully, this will get them through these tough times."

Restaurants definitely are offering more specials, said Alfie Badalamenti, vice president of Coosemans New York Inc.

"More restaurants are getting involved with specials than last year," he said.

“What we’ve noticed is a lot of these restaurants, they never really had specials in the past. Some are offering sandwich deals when they didn’t before. That tells you the economic problem is there. There’s not that much business. They’re trying to get as much business as they can.”

New York distributors benefit from having a populace that knows its food, said Mike Muzyk, president of Baldor Specialty Foods Inc.

“Local New Yorkers have a very educated palette,” he said.

“We have a very educated group of people that eat out who understand and are in the know about quality high-end foods. Not that there’s anything wrong with fast-food chains, as there is a place in the country for them. But there’s a reason why President Obama dined at Daniel’s Restaurant when he came to town. It’s one of the Top 10 restaurants in the country.”

Many restaurants remain busy, said Mike Cochran, sales manager and vice president of Robert T. Cochran & Co. Inc.

“It depends where you go,” he said.

“I called two places for a Saturday reservation, but you couldn’t get in. But I think there are a lot of white-tablecloth restaurants that are dying.”

New York’s many restaurants attract a loyal clientele, said Lucky Lee, vice president of sales for repacker Lucky’s Real Tomatoes.

“The significant thing about the restaurants in this area is if you hang on to your quality, the economy will rebound and the customers will be back. Though business may drop a bit, there will still be consistent business for a certain element of restaurants.”

Thomas Cignarella, president of Morris Okun Inc., said restaurant business varies.

“The ones I’ve been visiting are busy,” he said. “And they’re busy all the time.”

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