

Private dining heats up

Bay Area restaurants add more business events to the menu

BY SARAH DUXBURY
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Green shoots are in season at Bay Area restaurants.

Private dining bookings and revenue fell more than 25 percent after the economy tanked in late 2008, with corporate private dining falling particularly hard. Both seem to be returning to menus around town.

The pace of inquiries and bookings really started to build in August, restaurant private dining managers say, and many are cheered that plenty of the corporate callers want to book holiday parties.

"The private dining segment is starting to pick up a little bit of momentum. It's definitely improving," said Pete Sittnick, managing partner of Waterbar and Epic Roasthouse. "August was a good month; September is going to be a good month; October is going to be a really good month, and the holidays are definitely busy."

October is expected to be a blockbuster since hotels throughout the city are sold out for the Oracle and Ophthalmology conventions, plus the President's Cup golf tournament and Fleet Week.

At Palio d'Asti, private dining revenue was up 10 percent in June and jumped 20 percent in July, which is critical since private dining was 20 percent of the restaurant's revenue. The Financial District restaurant has historically catered almost exclusively to corporations — Wells Fargo is its biggest customer — but it has been focusing on private social parties since corporate entertaining all but evaporated.

"We're doing a lot more advertising for social stuff



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Setting the table: The Waterbar expects a good October for private dining and a busy holiday season.

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like weddings. We're going after really small boutique groups like the San Francisco Young Republicans, the Jewish Democratic Club, and making deals with nonprofits to do something," said Daniel Scherotter, Palio's chef and owner. "They add up. It's a much harder way to make a living, but it's starting to bear fruit."

Devising small strategies

Sadly for Scherotter and his ilk, the days of four-course dinners with wine pairings and open bar are not roaring back. Private dining managers circa 2009 are feeding off of smaller groups with smaller budgets. Events with just beer and wine are more common than ever. Restaurants report fewer buyouts of their entire spaces.

The venues that have successfully held onto or rebuilt their private dining have employed a variety of strategies to

weather the past year.

Chief among those is flexibility — in price, size and kinds of gatherings.

Most restaurants have reduced their minimums, like Poggio in Sausalito, if not cut them altogether. Others, like Epic and Waterbar, say that they have adapted menus to stay within meeting planners' budgets, in some cases sourcing new, less expensive menu items or value wines. Still others have ramped up advertising and marketing budgets, while others, like Palio, have pursued new kinds of groups — bar mitzvahs rather than board meetings.

"Of course we'd like to do a four-course dinner with wine pairing for 25, but I'll take a pizza and beer party for 60," said Abby Leutholdt, Palio's director of sales and marketing. "We're going forward with the 'you tell us your budget and let's see what kind of party we can do for you.'"

"Certain days of the week, it's better to have the seats full than to have them empty, no matter what," said Beth Brown, special events manager at One Market. "What I'm also considering as a manager is that I want my staff to have work."

So some spots are offering flat-out promotions. Fifth Floor restaurant at the Hotel Palomar has a special deal it calls "Concessions for the Recession," which includes a 15 percent discount on food prior to tax and service, a complimentary screen for meetings and a discount on additional audiovisual services, two free parking passes and a free afternoon lemonade break.

The hope is that the service and flexibility will pay off, and event planners will remember the restaurant once the economy, and budgets, return to higher levels.

A group called San Francisco Private



Strategic: Restaurants like Epic now offer less expensive menu items and wines.

Dining Venues with representatives of 39 San Francisco restaurants meet monthly, and the industry association has been functioning more like a support group and idea lab for the past year.

Restaurants look ahead

Restaurants like One Market that are heavily reliant on convention business say this year hasn't been too bad, but they worry for 2010, which is not a strong convention year for the city. Knowing that 2010 won't be any picnic, private dining managers are pushing hard to get as much booked for the rest of 2009 as they can.

"Now we're seeing holiday bookings rebound," said One Market's Brown, adding that last year, lots of business groups canceled their holiday parties at One Market. "People are booking Christmas

parties like crazy. ... They're saying, 'We've all been going through a hard time and it's time to have fun with work people.'"

It helps that One Market has a new 42nd floor event space with whole-city views that can seat up to 300.

New places always have a natural competitive advantage, but budget prices and aggressive marketing have restaurants hoping that fatter days are coming.

"Business groups are really our bread and butter" for private dining, Sittnick said. "At the start of 2009, we recognized that we couldn't put ourselves in a position to turn anyone away."

"Even larger corporations that really cut back are calling again," added Poggio's Suzanne Cullen.

sdxbury@bizjournals.com / (415) 288-4963

RECIPE FOR SUCCESS

Bay Area restaurants have cooked up some strategies to retain their private dining business:

- Flexibility in prices and the size and types of gatherings.
- Menus tailored to companies' budgets.
- Special promotions.
- Beefed-up marketing and advertising campaigns.
- Trading board meetings for bar mitzvahs.