

## Bloomberg



Photographer: Julie Keselman

Food & Drinks

# High-End Restaurants Are Turning to Retail to Bring in Additional Cash

Fancy ice tongs and kaftans—order up!

By [Kate Krader](#)

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In early 2018, downtown New York café [La Mercerie](#) upended the traditional understanding of restaurant retail. While logoed tee-shirts and beer cozies have long been part of cash register displays at mass-market chains, higher-end establishments have traditionally opted for more sophisticated merchandising, say, by putting out a cookbook. But La Mercerie sells everything in the place, from the washed linen napkins (\$105 for four) to the vintage glasses (\$98 each). The dining room fronts a store filled with displays of plates and silverware, velvet sofas, and dining tables.



Everything at La Mercerie has a price tag on it. Source: La Mercerie

The La Mercerie model, in which retail plays a major part in a restaurant's DNA, isn't a one-off. Last fall, the Baccarat Hotel used its bar and dining room to hawk crystal during high teas. This fall, 10 Corso Como, a Milan store that fuses retail and cuisine, will open in Manhattan's Seaport District. In San Francisco, James Beard award-winning chef Dominique Crenn has announced Boutique Crenn, where she will combine her modern French cuisine with fashion. And there's the continued expansion of Eataly, which has so thoroughly and successfully meshed the retail-restaurant experience.

Economics is driving the trend, as restaurants search for new sources of income. Whether it's a package of fresh pasta or a ceramic plate, each additional sale helps cover notoriously thin margins, expand the brand, and give customers a further reason to walk through the door. A table near the entrance can beautify with flowers. Or it can actively function as a "shop" to display such wares as wine glasses, candles, and aprons. (It should be noted that, at La Mercerie, the flowers *are* for sale.)



At Atlanta's Garden & Gun Club, you can get fried shrimp—and the walnut board on which it's served. *Photographer: Amy Sinclair*

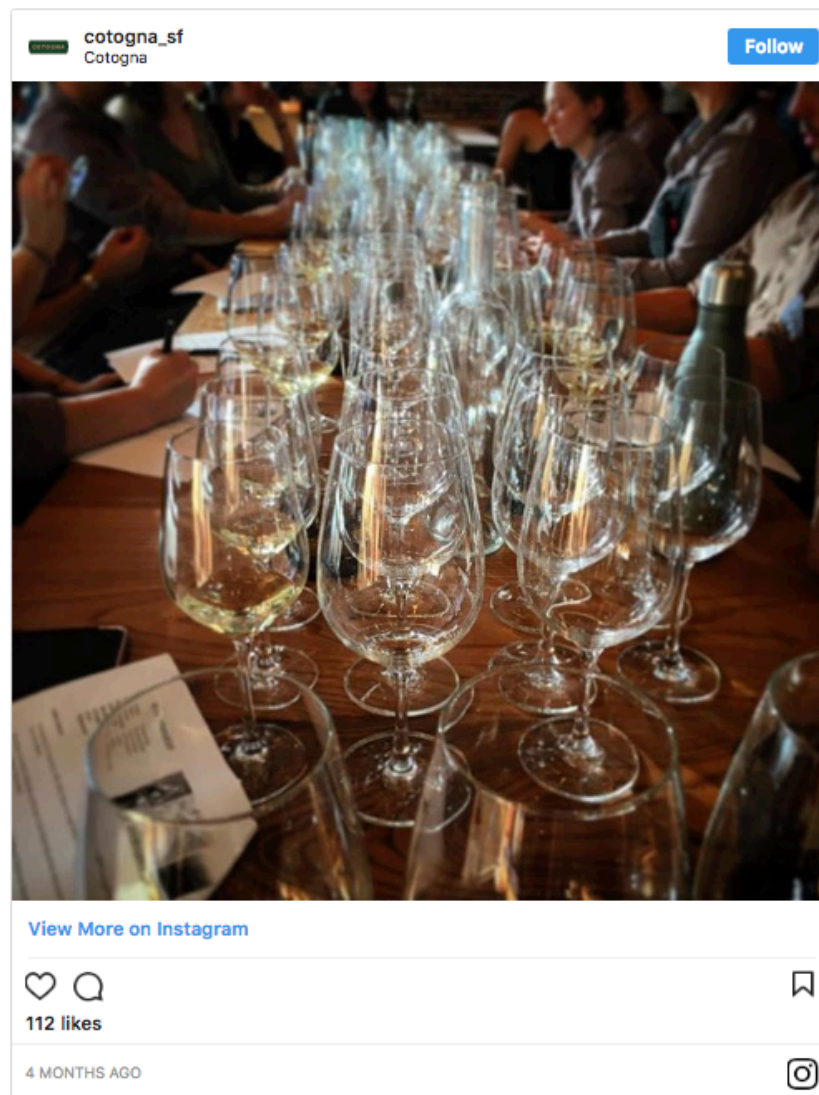
The just-opened Garden & Gun Club in Atlanta is the first restaurant from Southern lifestyle *Garden & Gun* magazine and includes a small, dedicated gift case with products such as a walnut and copper serving board (\$245), bird claw ice tongs (\$62), and mint julep straws (\$4).

“Garden & Gun is about curating unique experiences inspired by our magazine,” says Rebecca Darwin, chief executive officer of Garden & Gun Magazine LLC. “Incorporating a retail component to the restaurant has allowed us to collaborate in a new way with the talented Southern artisans and small-batch makers we already know and love.” The best-sellers at the restaurant and at G&G’s Mercantile & Co. site are cookbooks.

Darwin sees the retail component as an important part of the brand’s consumer experience while contributing to its bottom line. “We anticipate merchandise sales to account for approximately 4 percent of our total revenue for the G&G Club, while also driving brand awareness and consumers to our online retail store,” says Darwin. She adds that retail at the restaurant is not necessarily intended to be a large revenue driver; rather, they consider it an experience enhancement.



# A View Toward E-Commerce



In San Francisco, Michael and Lindsay Tusk, co-owners of the three-Michelin-starred Quince, will also offer artisanal products at their upcoming wine bar, Verjus, which will open in late summer.

“It’s going to have a ‘shop the restaurant’ feel to it,” says Lindsay. The shop will occupy 2,000 square feet, about half the total space, and offer ceramics, truffle shavers, slicers, wooden spoons, butcher blocks, and a lot of kitchen smallware. Wine products, glasses, corkscrews, and such will be featured as well. To stock it, Lindsay traveled extensively, from Kyoto to Maine to France.

Verjus will also market a line of prepared foods, including a popular hot sauce from the Tusks' casual Italian restaurant Cotogna and Michael's handmade pasta. In year two of Verjus, which Lindsay refers to as 'Phase 2,' the Tusks are planning an e-commerce push with their ceramics and pastas. She projects that 30 percent of Verjus's sales will eventually come from retail.

"The minute you introduce food into a retail situation, it breaks down a barrier. The place becomes more accessible, friendlier," says Lindsay. "It gets people more comfortable with things that might have seemed precious."

"It's where things are headed," she adds. Lindsay has visited La Mercerie, and she says pieces at Verjus will be less expensive.

## The Eataly Model



Officina's retail component will take up 35 percent of the property. Source: Grupo-7

In Washington, chef Nick Stefanelli of Masseria is launching Officina, a three-story market restaurant concept opening in the \$2 billion dollar Wharf project late this summer.

“There is no Eataly in D.C., which is why this makes sense,” says Stefanelli, who has hired the designer of New York’s original Eataly, Jimi Yui of YuiDesign, to build it out. The first floor of Officina will comprise a market and café, including such products as truffles, foie gras, olive oil, pastas, and prepared foods. A butcher shop will sell restaurant-quality protein, such as two-inch-thick porterhouse steaks, cut to order.

The market will take up 2,500 square feet, about 25 percent of the space that also includes a restaurant on the second floor and a rooftop bar. Stefanelli expects retail sales to reach \$2 million annually, including growth into an online business.

He believes Officina will amplify the restaurants’s reach: “A lot of our customers ask about our products; people that support our restaurants also like to cook at home. When a diner asks where the olive oil comes from, we will be able to point the guest downstairs, or deliver it direct to the table.”

Stefanelli worked in men’s fashion prior to cooking, so he understands the power of retail and sees opportunity in creating, say, gift bags for a corporate dinner at Officina. “It’s the chance to capture sales,” he says, acknowledging that this model isn’t appropriate for all restaurants, namely pricey tasting-menu spots, which might perceive a retail model as tacky. “You should not walk into Per Se and expect to go shopping.”



## Retail by the Numbers



Houston's Pondicheri sees the future of its restaurant business in retail. *Photographer: Kirby Trapolino*

Pondicheri, an all-day Indian café in Houston, with an outpost in New York, is a case in point. When chef and owner Anita Jaisinghani opened up seven years ago, she sold only two items: ghee and seeded bar cookies. Now she offers more than 70 products, from spices—the best-seller—to prepared food kits, pickles, chutneys, frozen sauces and stocks, and oils.

“It’s where my future in the business is,” says Jaisinghani. “The restaurant world is tough. Younger customers want to cook, so the retail options are tailor-made for them.” The store now occupies the upper floor of the restaurant, about 3,200 square feet, and makes up about 9 percent of her annual Houston sales.

“It’s a significant enough number that we doubled our retail space,” notes Jaisinghani. “It’s no extra cost to add little crates of ghee, chutneys, and masala at the entrance. Additionally it helps demystify Indian cuisine and means customers can take a piece of the restaurant home with them. This part of the business is only growing; we started at 1 percent retail sales. Now, I think of it as an Indian Eataly.”

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