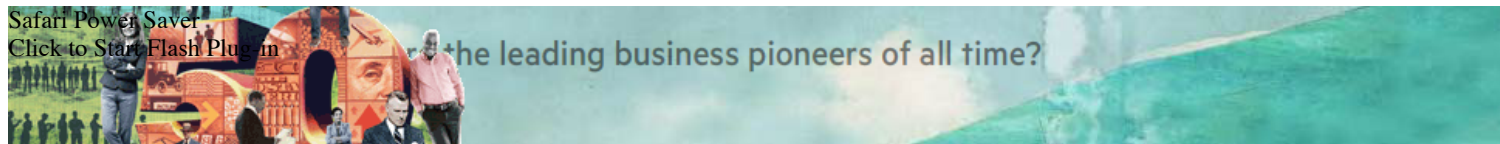


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Last updated: October 22, 2010 10:50 pm

Restaurant goers sign up to pre-paid dining

By Rose Jacobs

Book a table, turn up, order, eat – then settle your bill: it’s a tried and trusted formula at restaurants around the world. But in recent years, private supper clubs in London have turned the order upside down, asking diners to pay in advance for set meals – and now two Americans are trying to spread the idea.

Late this year or early next, Nick Kokonas and Grant Achatz – the men behind Alinea, a restaurant rated number seven in the world by Restaurant magazine – will open Next Restaurant in Chicago, a venture drawing on business models from industries as varied as aerospace and London’s West End.

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Like theatregoers booking seats, diners will buy tickets to meals rather than pay afterwards. And like Ryanair customers looking for cheap flights from Dublin to Malaga, they’ll find better deals during less popular time slots – lower prices for the same dinner on Tuesday at 9.30pm than Friday at 7pm.

“I was a derivatives trader for 10 years,” says Mr Kokonas. “Demand-based pricing seems to make a lot of sense to me.”

Not that it’s an entirely new idea: witness age-old early-bird specials. But the attention the Next Restaurant experiment has won in the US (with almost 10,000 people registering interest in a ticket), and the popularity of the private supper-club model in the UK, suggests diners are open to innovation that goes beyond cuisine.

The UK restaurant industry is embracing that – in part because it has to. During the recession, many chains relied on vouchers to maintain volumes, but at the expense of margins. Now, as they seek to wean customers off those deals, they need to find more creative ways of offering value. “Pricing is one of the hot topics in the restaurant industry these days,” says Rafi Mohammed, author of *The Art of Pricing*.

Groupon, a website that negotiates deals for users by leveraging group buying power, has convinced as many as 1m Britons to pay for meals ahead of time.

The company persuades businesses to offer discounts of at least 50 per cent on the condition that a certain number of potential customers commit to the offer. Users pay Groupon up front and the company transfers that money to restaurants via an electronic “redemption tool”. Les Trois Garçons in Shoreditch, the Supperclub in Notting Hill and Gordon Ramsay’s US venues have all signed up.

This has raised eyebrows in the industry, where Groupon partnerships can be seen as a sign of weakness and a dubious route back to health, since you may be simply attracting low-profit dealhunters.

But Clarise Faria, who runs The Loft Project supper club in Hackney, east London, says pre-paying doesn’t just serve as a vehicle for discounts and deals. It divorces the dining experience from the less pleasant experience of handing over money; it allows chefs to plan

food costs, leading to less wastage; and it protects venues from cancellations. “We can’t afford to have an empty table due to no shows,” she says.

Mr Kokonas agrees: “If four people cancel at Alinea at the last minute, that’s 5 per cent of our revenue for the day. Restaurant margins are narrow. You have two no-shows, and our day is shot.”

Still, for all its advantages, some industry watchers are sceptical that the mini-trend of advance-pay will spread further. Robert Ancill, chief executive of the restaurant consultancy The Next Idea (no relation to Next Restaurant) points out that dining-out tends to be an impulse-driven activity and that customers want flexibility.

In Whitbread’s restaurants division, meanwhile, pre-paying of a sort is happening by stealth – when corporate travel managers add breakfast or dinner to employees’ Premier Inn hotel stays. That advance notice improves efficiency at the buying and staffing levels, according to Alan Parker, outgoing chief executive.

And if one UK group was well positioned to embrace the more radical dynamic pricing approach of Next Restaurant, it would be Whitbread – if only because Mr Parker’s replacement, Andy Harrison, arrives after serving as chief executive at the master of the model, EasyJet.

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