

CT Indian Life

VOL. 3 NO. 2 March-April 2009

CURRY WORRY

Indian restaurants struggle to stay open in turbulent times.

BY SUSAN R.A. HONEYMAN



Deepa and Shekhar Naik, Ambassador of India



The Ambassador of India restaurant in New Haven

Though television has made restaurant chef-owners into celebrities, the new glamour hides the stark reality of this business: Restaurants traditionally have one of the highest failure rates among small businesses.

The severe recession has been especially hard on restaurants, with nationwide sales falling 15 percent in the third quarter of 2008, compared with the year before, according to Bob DeZinno, president and CEO of the Connecticut Restaurant Association, a Waterbury-based industry and lobbying group. Profits on those sales also were lower, reflecting a 9 percent jump in wholesale food prices last year accompanied by menu price increase of only 4 percent to avoid losing customers.

One Connecticut restaurant group hit very hard by overexpansion and bad timing is the Ambassador of India, which recently closed all four of its restaurants, including its original Glastonbury location. Owners Shekhar and Deepa Naik had expanded their successful upscale restaurant to include a cozy vegetarian/kosher West Hartford bistro, an upscale Hartford business restaurant and a New Haven theater restaurant, but their dream wasn't to be. Despite drastic

concept changes and creative marketing – daughter Paulami posted a message on a University of Hartford EKTA Web site suggesting students hold their Diwali festival fundraisers at the restaurant – the bistro failed to achieve the necessary profit, and Naik closed it at the end of November last year. Their New Haven restaurant a block from the Shubert Theater was open just two weeks this January, despite a two-year lease. The Hartford restaurant served its last meal a week before Valentine’s Day.

Restaurants typically are planned months or even years before they open, and the deep recession caught most people off guard. “The main reason (for these closures) is I miscalculated how much credit I could handle,” said Naik, a graduate of Bombay Hotel Management School. “Banks don’t lend money easily to such institutions, so I had to borrow on credit cards and the interest rates zoomed beyond what I could service.”

Another issue is that he had positioned Ambassador of India at the higher end of the Indian food market. “We had targeted to an American clientele, but with job losses, people are eating more pizza and sandwiches than going out and dining,” Naik said.

They had tried to make the Glastonbury restaurant more profitable with a new menu and reduced prices to bring in more clients. But the market did not let up.

Connecticut Magazine readers recently selected the Glastonbury Ambassador of India as the best Hartford County restaurant in the Indian/Middle Eastern category. The statewide winner was Thali in New Haven, part of another group that also is feeling the recession, but is better able to weather it.

Chef-owner Prasad Chirnomula said revenue in New Canaan and Ridgefield was down by 20 percent in 2008, primarily because his wealthy Fairfield County customer base “gets its money from Wall Street and has been hurt by the recession. It’s a bit depressing to see a beautiful restaurant with just a few people in it,” he said.

Revenues at his New Haven restaurant on Orange Street also are down, though not as much, because he does a lot of corporate business with Yale University and with the pharmaceutical companies nearby that were not as badly hit by the recession. Still, many companies cancelled their December holiday parties or negotiated a three-course instead of a five-course meal.



Prasad Chirnomula, Thali

Beyond the challenges faced by all restaurants, about half the food used by Indian restaurants is imported, which leaves them more susceptible to supply issues. Last year’s Basmati rice scare drove prices up 300 percent to \$1.80 per pound, he said.

But Chirnomula is determined to keep his restaurants busy, support the wait staff who depend on tips for their livelihood, and rotate food. The restaurants offer weekly specials and a \$30 three-course prix fixe meal, and he’s introduced a

monthly Bollywood night at the New Canaan location to bring in more of Fairfield's South Asian community.

Business is very different at his latest restaurant, Thali Too. Initially, he turned down an offer from Yale University to use a property next to the Barnes & Noble bookstore on Broadway, because he didn't want to compete with his original New Haven restaurant. But after leading a culinary tour to India and discovering more foods, he took back his decision and opened another type of Indian restaurant featuring low prices and the vegetarian street food Indians love.

"I made a promise to myself that nothing would cost more than \$10," and in fact two people can eat there for \$15 to \$16. "It's informal. You can be happy there for \$5," Chirnomula said, recalling his own lean years after arriving in the U.S. in 1985 with a dream and \$100. The formula works: Thali Too continues to be busy and about half the customers are Indian.

Ahimsa, on New Haven's Chapel Street, is in an enclave of long established neighborhood Indian restaurants, across the street from Tandoor – The Clay Oven (13 years) and around the corner from the more established India Palace (more than 25 years) and Royal India (18 years). As a vegan restaurant serving raw and cooked food, eclectic and kosher, the two-year-old Ahimsa does not compete directly with any of them. As members of the Jain sect, the Shah family eats this way and was responsive when son, Nirav, saw a need for a restaurant to serve those who eat a vegan diet. His mother, Anita, took over when Nirav left for college.

Anita Shah said her restaurant is less affected by the recession than many others because her "fresh, organic food tends to draw a steady flow of people concerned about their health and the environment." Most of her customers are not vegan but vegetarian or kosher, and some are even meat-eaters, so the taste of the food has to stand up against food made with real cheese, milk or eggs. That requires substituting creativity for ingredients, a challenge she enjoys.

Because of the recession, she does advertise more and changes her menu several times a year, but prices – lunch buffet at \$10 and dinner appetizers at \$4 and entrees generally \$13 – remain fairly constant, she said. Catering also is a large part of her business.

During the recession, small restaurants with low overhead primarily serving South Asians seem to enjoy an advantage.

More than two years ago, Mohan Hossin closed Mom's Indian Kitchen and Grocery, a small operation on Crown Street in downtown New Haven, because of a "landlord problem." Now he has reopened at the end of February at a more downscale address at 1348 State Street in the Fair



Juline E Mills, University of New Haven Department of Hospitality

Haven section of the city, serving the same Northern Indian food and selling groceries.

While the number of Indian restaurants in Connecticut has grown along with the Indian population, the patronage of the state's other populations has helped them flourish. "Americans are a lot more curious, our palates are more open," said Dr. Juline E Mills, associate professor and program manager at the University of New

Haven Department of Hospitality. “While people still go to an upscale restaurant when they are celebrating, the reasonable prices of Indian and other ethnic restaurants give them better value and good experience.”

American diners are more discerning, and the new breed of ethnic restaurant has raised the bar for all ethnic cuisines. “We used to broad brush these ethnic restaurants, but now many of them are striking out and getting real recognition,” said DeZinno.

Regardless of the restaurant quality and its size, though, these are trying times. DeZinno’s advice: “Watch your expenses. Cherish every customer that walks in the door. Look at every item on your menu and ask from the customer’s point of view, ‘Is this a value?’”

He also suggests more advertising to attract customers, and better use of media to create an online community that turns customers into regulars.

No matter what the economy, restaurants need an effective Web strategy, added Dr. Mills. Few restaurants offer a Web site where the customer “can taste the food and the ambiance” before ever setting foot in the restaurant.

Despite the economy, the overall number of Connecticut restaurants has been growing, as measured by the active restaurant liquor permits, which rose to its current 2,430 level. “Restaurant owners are an optimistic bunch,” said DeZinno.

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