

# Omaha World-Herald

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Tough competition, price increases eat into number  
of restaurants nationwide — but Omaha market  
holds steady

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Nick Hogan, CEO of Flagship Restaurant Group.

As some bricks-and-mortar retailers fight declining foot traffic and sales, a new sector is falling victim nationally to fickle consumers: restaurants.

Just like at retailers, restaurants have seen falling traffic over the past year — a trend that is leading some chains to pull back on expansion or close stores altogether.

Still, like many national trends that bubble up in the biggest cities, this one hasn't quite made its way to Omaha. And if it does, it's likely to be more modestly felt than in bigger markets, restaurant owners say.

Industry analysts say several factors are at play in the national slowdown:

- » People are eating at home more or buying prepared meals elsewhere, especially with falling grocery prices.

- » Prices have gone up at many restaurants, making eating out less attractive.

- » Diners now have what may be the widest smorgasboard of restaurants ever to choose from. Add in delivery options and online ordering, and the competition is fierce.

Local owners — of both chains and their own concepts — say they're watching and waiting for a possible eventual slowdown in restaurant sales or expansions. But Omaha is still a healthy market, and should still see growth this year, they say.

"It's not that we don't feel the effects, but we're not as boom-or-bust," said Nick Hogan, chief executive of Flagship Restaurant Group, which operates Blue Sushi Sake Grill, Roja, Blatt Beer & Table and Flagship Commons at Westroads Mall. "I think that's true in this instance."

The company also operates restaurants in Lincoln, Denver, Dallas and Fort Worth, Texas.

In Omaha, the number of restaurants remained flat between 2015 and 2016, according to data compiled by research firm NPD Group. It's the latest year for which data are available.

Nationally, on the other hand, the number of restaurants shrunk by 2 percent during the same period.

Digging deeper into the data shows that so-called quick-service restaurants — which include fast food like McDonald's and also fast-casual chains like Panera Bread — grew by 2 percent in Omaha during that time; full-service restaurants pulled back by about 2 percent.

In both of those categories, Omaha still is in better shape than the rest of the country. Nationally, quick-service was flat and full-service fell by 3 percent.

None of Flagship's Omaha restaurants has been heavily hit by the national trend, but the same-store sales metric, which measures year-over-year sales at stores that have

been open at least a year, are not growing as rapidly as they were a few years ago, Hogan said.

“We’re obviously all paying close attention to it,” Hogan said of the national slowdown that might be knocking on Omaha’s door.

What’s the reason for it?

“There’s a lot of kind-of theories,” he said. “Some restaurants are doing really well and some chains out there are struggling. Nobody can put their finger on where the problem is.”

One possibility Flagship is starting to guard against: competition from online ordering. Flagship’s top performing restaurant, a Blue Sushi in Dallas, is piloting a delivery program, and that’s a big contributor to its success, Hogan said.

“Maybe the lesson is food is not quite as untouched by the whole Internet fundamental thing as everybody thought it might be,” Hogan said.

*[http://www.omaha.com/money/tough-competition-price-increases-eat-into-number-of-restaurants-nationwide/article\\_39b40752-3c39-11e7-ade9-a7c94c38cacc.html](http://www.omaha.com/money/tough-competition-price-increases-eat-into-number-of-restaurants-nationwide/article_39b40752-3c39-11e7-ade9-a7c94c38cacc.html)*

