



## **Web site offers restaurant deals**

By Nushin Huq Medill News Service  
Posted 8/11/2004



*Cary Chessick, CEO*

Nothing draws people like free food. The next best thing is good food at a discount, or at least that's what the people at Restaurant.com are hoping.

The hope is fast becoming reality. In 2003, the company's revenue leapt to \$4.7 million from \$2.9 million in 2002, and the growth is continuing.

The Arlington Heights-based company sells restaurant gift certificates at a discount. The restaurants, more than 4,000 now, are in 49 states.

Customers can purchase the certificates several ways. They can go directly to the company Web site and purchase a \$25 gift certificate for \$10 or they can purchase a certificate for 50 percent off their meal prices for around \$3. Another option is to bid for a gift certificate on eBay.com and possibly pay even less. The company keeps all the revenue from sales.

The restaurants' incentives include increased traffic and free advertising because they don't pay Restaurant.com for services as they would to print coupons in a newspaper.

"Ultimately what we do for restaurants is fill tables," said Cary Chessick, president and general counsel. "We drive customers into restaurants."

On the consumer side, the philosophy is simple, he said. "We provide consumers with a great variety of choices and provide them with deals."

Sameena Karmally, a law student, buys gift certificates from Restaurant.com through eBay Inc.'s Web site.

"I bought Restaurant.com gift certificates from eBay, printed them out from my computer, and then went out to dinner," Karmally said. "It's a neat way to surprise yourself by going to a different restaurant than the usual, and we've always had really good luck with the restaurants that we chose."

Marshall Okun, managing partner of Timbers Charhouse Restaurant in Chicago, said his restaurant was one of the first to partner with Restaurant.com.

Though there were some bumps at the beginning, Okun said overall he's been very pleased with Restaurant.com.

"We were kind of a guinea pig," he said. "We tried different things but they have been very responsive to our suggestions. We talk things out."

One of Okun's concerns was that people might go online, buy a lot of gift certificates, and then resell them. He said that doesn't bother him anymore because the company now tightly monitors sales and puts a limit on the number of gift certificates people buy.

Besides the draw of new business, what he likes about Restaurant.com is that it set up a Web page for Timbers Charhouse.

"Instead of paying someone a couple of hundred dollars to create a site for us, Restaurant.com does it for free," Okun said. "It's a win-win situation."

Although Restaurant.com is an Internet-based company, Chessick describes its business philosophy as "very brick and mortar. ... We are very pay-for-performance orientated. We as a company don't get paid unless we successfully drive a customer into a restaurant because the restaurants don't pay us any money.

"We promote them locally and nationally, we create gift certificates for them, we build the Web site, we provide them with gift cards and a terminal, we create marketing databases for them and we do customer service for them, all for no cash out of pocket."

The company was started in 1999 by Chessick and his friends Scott Lutwak and Steve Savad. It started a partnership with SYSCO Co., the largest food service distributor in North America. The plan was to charge restaurants \$1,200 yearly, but it didn't work.

Nevertheless, friends and relatives had enough faith to invest \$7.5 million. That enabled the company in January 2001 to buy Cityspree.com Inc., a bankrupt dot-com that sold or auctioned off gift certificates for restaurants, bowling alleys and flower shops. Restaurant.com kept only the concept of cash-free marketing of restaurant gift certificates. SYSCO remained a business partner.

"We're a value added service that SYSCO introduces to its restaurants so they can help their restaurants grow their business," Chessick said.

Restaurant.com employs its own national sales team. The sales people call on restaurants individually or with a SYSCO representative. The focus is on major markets such as New York, Boston, Los Angeles, Houston, Seattle and Chicago.

On the customer side, the company has a partnership with eBay Inc., where it enjoys a positive feedback rating of 98.6 percent. The company can also be found on Amazon.com in the gourmet food category.