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Casual Dining

Yard House trims unit size in Midwest debut as chain eyes national growth

By Carolyn Walkup

GLENVIEW, Ill. (July 26) - [Yard House](#), a high-volume chain from California that features a contemporary fusion menu and the self-described "world's largest selection of draft beers," unveiled a smaller prototype building here that aims to improve operating efficiencies for a planned national expansion.

The newest of the eight locations in the Irvine, Calif.-based Yard House system measures about 9,700 square feet, roughly half the size of most of its Southern California and Colorado properties. Seating in Glenview is reduced to 380 from the other restaurants' average of about 500 seats. Average-unit sales at the larger restaurants are \$8.2 million a year, according to chief executive Steele Platt.



Yard House units offer up to 250 well-known and exotic beers on tap, which account for about 25 percent of alcoholic-beverage sales. A draft specialty is paired here with the chain's Moo Shu Egg Rolls.

The concept, whose reputation was launched by offering some 250 well-known and exotic draft beers at the original Yard House in Long Beach, Calif., has changed to cut back that number to 130 in Glenview. Other locations have beer selections numbering somewhere between those two.

Draft beer accounts for about 25 percent of alcoholic-beverage sales, which make up 40 percent of total sales. The concept continues to upgrade and change its wine and spirits selections to stay on the leading edge of beverage trends, Platt said.

Yard House rolled out some new specialty drinks this summer, including mojitos and sangría.

"We're trying to create a balance to appeal to people who might not

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like beer," said Platt, adding that his wine list is updated every six months.

Still, for the serious beer drinkers who make up a large percentage of regular customers, Yard House is initiating a new takeout program of "growlers," which are half-gallon, sealed containers of draft beer, in locations where liquor laws permit it. The concept already features a large-portion namesake signature for on-premises consumption, in the form of the 3-foot-long, yard-of-beer flagons that require their own floor-standing wooden holders.

Party platters of food meant for sharing also now are being offered for takeout, along with the entire menu on an à la carte basis.

"It's good for parties at home — platters with six beer growlers," Platt said. "You get draft beers that you can't get at a liquor store."

New beer blends, such as beer-cider combinations, also are debuting at the Glenview unit, which is located in Glen Town Center, a mixed-use lifestyle complex on the site of the former Glenview Naval Air Station. The restaurant is surrounded by established suburbs in the mostly affluent North Shore, which extends northward from Chicago close to Lake Michigan.

Platt and his partners are looking at similar developments around the country for future locations because the combination of residential and retail usage offers what is perceived as good synergies for their business. In addition, developers or landlords usually are willing to contribute a generous tenant improvement allowance and to negotiate a fair rent, Platt said.

In the case of the Glen Town Center, the developers gave Yard House \$1 million for tenant improvements. Opening costs totaled roughly \$4 million.

Plans going forward are to use the same floor plan in new construction, rather than to retrofit the Yard House layout into older buildings, as was done in such cities as Long Beach and San Diego.

A joint-venture private placement with Y.H. Developments LLC two years ago that yielded about \$24 million in capital has helped to finance the chain's expansion. "We are funding our own growth," Platt noted, adding that the corporation is not accepting any new investors beyond its 120 existing ones.

The San Diego branch, the first to be developed under the joint



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venture a little over a year ago, is meeting projections and achieved first-year sales of just over \$8 million, Platt said. Year-to-date sales there are running 18 percent ahead of last year's, he added.

"We would like to do three a year," said Platt, who is seeking a third location for the coming year, to supplement previously signed deals for branches in Rancho Cucamonga, Calif., scheduled to open this fall, and Palm Beach Gardens, Fla., expected to open in fall 2005.

The company is looking at sites in Nevada, Arizona, Illinois, Florida and the Kansas City area and elsewhere for intended expansion within the next four years. Platt and partners said the ideal is to open a second restaurant in a new market about 18 months after opening the first. "It takes about a year to a year and a half for people to know what we are," he said.

Labor is a bigger challenge initially in new markets where Yard House lacks name recognition, Platt admitted. "In Glenview we got a flood of applicants after we opened," partly owing to word-of-mouth recruiting from existing employees, he said.

The Glenview Yard House, as in its California and Lakewood, Colo., restaurants, features 100 menu items plus a children's menu. Dinner checks average about \$26. Platt estimates that systemwide sales will total \$62 million this year, compared with \$45 million in 2003.

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