GRUB STREET

We Suck at Reservations

Inside the high-tech, high-stakes race to help restaurants manage us, the unruly and unreliable customers.
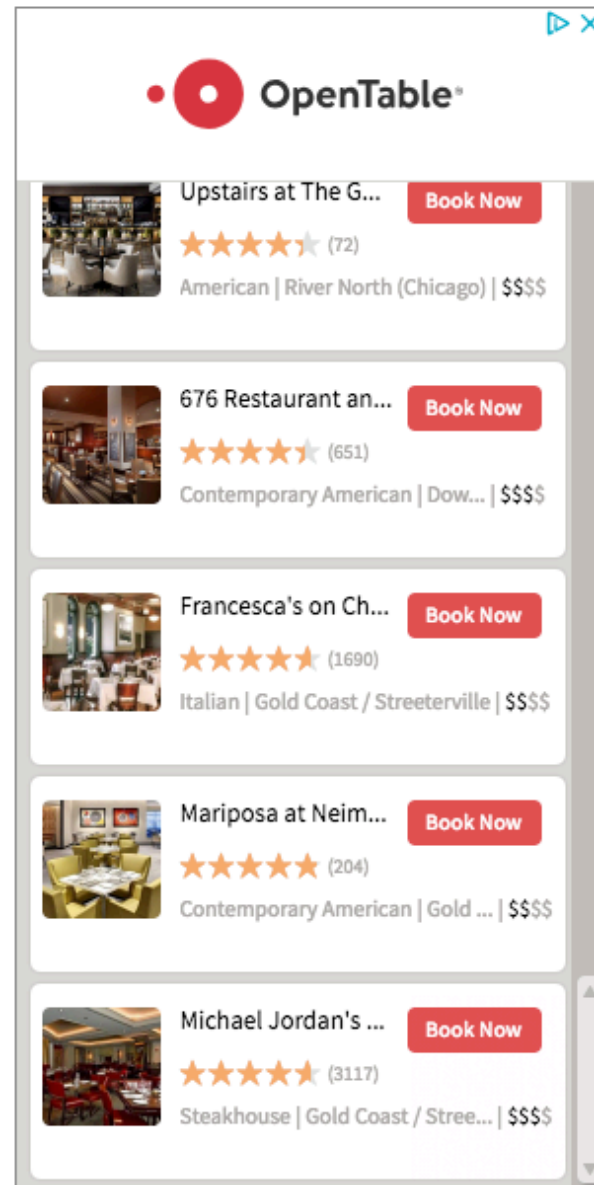
By **Marissa Conrad**

"Five percent of all diners are total dicks," says Nick Kokonas, a derivatives trader turned restaurateur who operates several acclaimed bars and restaurants like Alinea in Chicago and the Aviary in New York. Kokonas also founded Tock, the reservation platform known for its prepay model: Restaurant owners can require diners to put down a deposit, or pay for the whole meal up front, to secure a table. Kokonas built Tock, in part, to battle the dicks. By forcing people to pay, Kokonas hopes to eliminate the customers who constantly reshuffle their reservations, simply flake without notice, or who show up with extra, unexpected guests. "I'm like, okay, you're exactly the kind of person I don't want to go to my restaurants," Kokonas says.

By Kokonas's standards, Aaron, a 29-year-old who lives in Chelsea and eats out six nights a week, is a dick. He sometimes makes multiple dinner reservations for the same night, so his group has the flexibility to make a last-minute dinner choice. He almost never eats outside of his preferred window of 7 to 8:30 p.m., but he'll grab the 9 o'clock table that's available online and then call the restaurant to jockey for a trade. Aaron and his group also often end up ghosting the spots they don't choose, and he was kicked off of OpenTable in 2016 for missing four bookings within a year. Tellingly, he has never used Tock. "I don't want to commit if I can't get my money back," Aaron says, adding that he's even finagled refunds on Broadway tickets by calling Telecharge and pleading with a manager.

A few weeks ago, Aaron stood up Motel Morris, a popular restaurant in his neighborhood, for a 7:30 p.m. reservation. "I just completely forgot!" he says. "But I go there all the time, so it's fine."

Of course, ask any restaurant owner and they'll tell you that it's not fine. "People say, 'Well, if your restaurant is busy, a no-show doesn't matter — you'll fill the table,'" explains Andy Ricker, the chef and owner of Pok Pok, the Thai restaurant mini-empire with locations in Brooklyn and Portland, Oregon. But, he says, "if you're really busy, it *does* matter. You might have somebody waiting; meanwhile, there's a table sitting open for half an hour because you don't know if the person with the reservation is coming." As Ricker has seen, "the person waiting sees the empty table and they're like, 'What the fuck?' You're making people angry when you could have made them happy."

You've probably never given much thought to the complexity of restaurant reservations because they're simple for customers: Make a call or click a button online, show up, and you get a table. But for restaurants, every night is a constant struggle. Hosts start every service with carefully planned maps of where each reservation will sit — then watch as it slowly unravels over the course of the evening. Every no-show, slow eater, late arrival, and extra guest is like a little earthquake that disrupts the entire plan. A good host constantly rebuilds and reshuffles tables until everyone fits, and the mental gymnastics required are astounding. (If you've ever set up a seating chart for a wedding, imagine that stress, every night, with twice as many people in half as much space, and guests who all want to eat at different times.)

Tock, which turns seven this year, is not alone in trying to help restaurants through the realities of these everyone-is-flaky times. In the last few years, a series of high-profile start-ups have hit the restaurant-reservation scene with the goal of selling restaurateurs on their ability to better manage you, the unpredictable guest. Improbably, most of these services are growing, to the point where you might need to navigate four different services to eat at four hot New York restaurants: Resy for Fausto; Reserve for La Mercerie; Yelp Reservations for Juku; and a service called SevenRooms for Cote.

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Online booking may have been born out of a desire to make things more convenient for diners, but now the opposite has happened. These services are designed to make things better for restaurants, creating a digital maze for the public, with a new password to forget every time you want to eat out.

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The king of online restaurant reservations is still OpenTable, which launched in 1998 and now serves 45,000 restaurants around the world. OpenTable's major appeal for restaurants is discovery: Its home page and app become hubs for customers who want to find available tables in a given area on a given night. Potential diners can also read reviews, receive text updates about their booking, and pay the check with Apple Pay. In return, restaurant owners are asked to pay $249 per month, plus $1 per diner booked through the service's app or site, or 25 cents per diner for reservations booked via a restaurant's own website.

"It's insane. They're trying to protect a monopoly that's a dinosaur."

— Chef Paul Fehribach, on OpenTable.

"The expense of OpenTable is great, and sometimes that bothers me, but I consider it advertising dollars," says Erin Shea of Bolete restaurant in Bethlehem, Pennsylvania. "So many people use OpenTable to find restaurants, or check reviews. We've been on their top-100 list, which is basically equivalent to buying a billboard."

Not everyone agrees, however, that the cost is worth it. Ajay Walia is the owner of Rasa, outside of San Francisco, and says that when he switched from OpenTable to Yelp Reservations, his reservations budget plummeted from $35,000 per year to $3,000. Granted, he also "took a nosedive" in guests, seating around 500 fewer people a month at first, but the numbers are starting to rebound. The move was still worth it, he says: Paying $1 per diner adds up.

Other operators complain that OpenTable is starting to show its age. Even with the newer iPad-linked version of the service that was released in 2014, front-of-housers say OpenTable is frustrating to use for basic-but-crucial tasks like shuffling reservations when people cancel. "Their source code is built on Windows 98," says Paul Fehribach, the chef and owner of Big Jones, a Chicago restaurant that just switched from OpenTable to Reserve. "It's insane. They're trying to protect a monopoly that's a dinosaur."

To be fair, OpenTable contends that its current suite of software was "rebuilt from the ground up in the last three years," and that none of its customers use tech running on Windows 98, but despite this, nearly every restaurateur I spoke with says that the new kids on the block are simply better. "Now that there's finally some competition, OpenTable is scrambling to keep up, and frankly it's probably too late," says Caitlin Toscano, co-owner of Le Farfalle in Charleston, South Carolina, which uses Resy. While the functions of various services can differ — SevenRooms opens some advance reservations to concierges; Tock allows restaurants to log an otherworldly amount of data on their guests; Resy and Reserve let diners book from a restaurant's Instagram profile — they all offer sleek interfaces that make it easier for hosts to shuffle tables, and let operators manage dining rooms from their smartphones.

Then there's the cost: The newer platforms are cheaper. Resy's most basic service for restaurant owners starts at $189 per month, with no additional per-diner fees; its most premium plan runs $899. Tock's packages start with no monthly fee, instead charging 3 percent of whatever restaurants make off of prepayments, and rise to $699 per month for the most comprehensive package. (The founders of these platforms, of course, all insist that they aren't going to hike prices down the line.)

The new services also offer cachet that OpenTable doesn't. Tock, for example, partners with restaurants that many people consider to be among the best in the world (Eleven Madison Park, José Andrés's minibar in Washington, D.C., etc.). And Aaron — the serial reservation-maker — has noticed lately that most of the restaurants that he wants to try are on Resy, which was co-founded by venture capitalist Gary Vaynerchuk, tech entrepreneur Michael Montero, and Ben Leventhal, the former editor and co-founder of Eater.

Resy launched in 2014 with the more controversial business model of asking customers to pay for in-demand seats at hot restaurants, the digital equivalent of slipping the maître d' a $20. It was a bust. (Table8, another app with a similar premise, failed.) But Resy moved to free reservations, and has since partnered with more than 1,000 restaurants in 80 markets. Jacqueline Folacci, general manager at Scampi in New York, prefers the tech features of SevenRooms, but decided that she needed Resy, too. "I'm not on Resy because they're offering me some unique or different technology — I'm on there because of the type of consumers I get in my restaurant," she says. "Charlie Bird was one of the first restaurants to sign on. It's a very specific type of operator who uses Resy; they're the cool kids."

In Chicago, Reserve has its own stronghold on the cool-kid market — so much so that it was the target of sabotage. Earlier this month, OpenTable announced that it had fired an employee for making several hundred Reserve bookings under fake names at 45 Chicago restaurants, many on Valentine's Day, with the intent of making Reserve look bad when the fake diners didn't show up. OpenTable's CEO, Christa Quarles, says it was an isolated incident and that her company will reimburse the restaurants for the lost revenue, but as Leventhal sees it, "If what you're doing is focusing on sabotaging your competition, you've already lost."

Nick Kokonas launched Tock in 2011, the same year he opened the first location of the Aviary in Chicago, and it works a little differently than the other newer services. Its end goals are similar (help restaurants maximize profit), but the means it takes to get there are what make the service an outlier. When it debuted, asking customers to pay ahead of time was largely untested for restaurants. Kokonas thought of it after his kids asked him to buy advance tickets to "some *Star Wars* movie or something I had no desire to see," he says, then decided that they didn't want to go. "I'm like, 'We have $60 worth of tickets to this fricking movie!' I had what a behavioral economist would call loss aversion," he explains. "At nine in the morning, I would have paid $60 to *not* go, right? But once you've made that financial commitment, you have a little bit of skin in the game … I very much thought, *Oh, we should do deposits for Aviary.*"

Today, nearly 400 restaurants employ Tock, and owners can choose to charge customers a deposit (as little as $10 per guest), up to the full cost of the meal ahead of time. Customers and critics may grumble about prepaying, but the system appears to work: Tock restaurants that ask for deposits have an average no-show rate of 3.4 percent, which is far lower than restaurants that offer free reservations (approaching 9 percent). Not surprisingly, Tock is especially popular for businesses that offer meals and experiences for which people make a point to plan ahead. In New York, that includes Aska, which charges up to $295 per person for a tasting menu; and Threesome Tollbooth, a cocktail bar that has only two seats. (Other reservation platforms now also offer restaurants the option to ask for deposits when customers make reservations; conversely, Tock now offers the option of free reservations.)
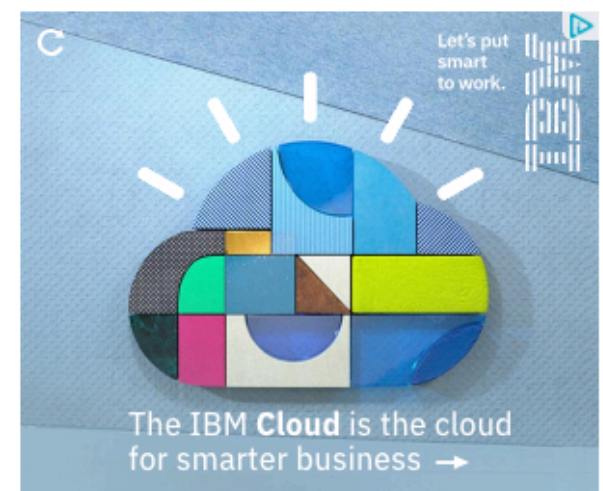
Kokonas has a second pitch for restaurant owners: variable pricing, schooling people on how many more seats they could fill by offering lower prices at off-peak times and on off-peak nights. He has a PowerPoint called "Tuesday is not Saturday," which maps out the data about why it benefits both restaurant and consumer to charge less for dinner on a slower weeknight. Tock, he says, is the only platform that makes it easy for a restaurant to offer scaled pricing, and about 30 percent of Tock restaurants discount prepaid reservations on off nights or times.

Regardless of the platform or its specific functionality, investors see lots of potential. In the last 14 months, Airbnb invested $13 million in Resy; SevenRooms landed $8 million from Comcast's venture-capital wing; and Reserve pocketed $10 million in Series B funding. Tock, which raised $7.5 million in 2016, is now in over 70 markets. Even Yelp, a name that restaurant owners *hate*, saw a 50 percent growth in revenue in Yelp Reservations during the second quarter of 2017. Meanwhile, OpenTable's outlook isn't nearly as rosy: Priceline bought the service in 2014 for $2.6 billion, and in 2016, Bloomberg reported that the company "wrote down the value of its OpenTable restaurant-booking service by $941 million."

The services all have something else in common: They're free for diners to use because you, the diner, are not their real customer. You, and more specifically your presence at restaurants, are a feature — you're part of the product that's being sold to restaurant owners. And *that's* why you might end up looking through three or four different apps before finding an available reservation you want — since all of those apps do basically the same thing, but are competing to become the service you check first.
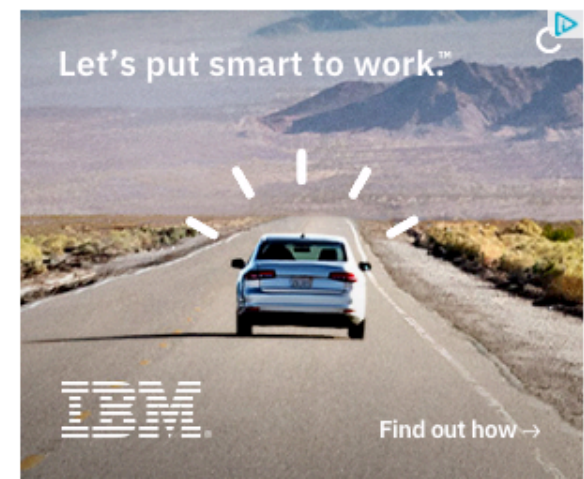
In a way, the various apps and services actually *do* work together. Not directly, but by working on behalf of restaurants, these new platforms do make your nights better in all sorts of unseen or unrecognized ways. Yes, checking multiple apps for the same information is annoying, but it's still easier than calling a dozen different restaurants or even visiting a dozen different restaurant websites. Besides, if you eat out with any kind of frequency, you're unwittingly milking the benefits of the reservation-service wars. Remember that no-shows and short seats — the practice of, say, reserving a table for four but only showing up with two or three people before pleading your case to the host — don't just hurt restaurants' bottom lines, they mess up those precious host maps, which means they mess up plans for the customers who do show up on time with the correct number of people.

"You've seen those flights where they just bump someone against their will. That happens every day in restaurants," Kokonas says. By forcing otherwise-negligent diners — the "dicks" — to be better customers, everyone wins. "I mean accidents happen, people linger, you can't predict things perfectly, but it's not going to be the norm."

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The newer services' flat monthly fees tend to work in the favor of diners, too. By charging $1 per diner, OpenTable incentivizes owners *not* to advertise their prime-time tables because they figure they'll fill them anyway, without having to pay an additional fee. With a flat monthly fee, restaurants have more reason to put all of their inventory online.

Maine Restaurant Announces It Will Only Take Reservations by Mail

The new platforms also make it easier for the average restaurant to keep more detailed notes on guests, search for them more efficiently, and share them across affiliated restaurants. So, if you schmooze with the manager enough at one of your neighborhood restaurants, maybe you go in the system as a friend of the restaurant, a tag that will send a freebie appetizer your way on your next visit.

Advanced guest-tracking options also point to the future of these platforms, all of which are poised to grow into much more than glorified reservationists. "Your parents are no longer my target market," Kokonas says. "I'm planning for a year, two years, five years from now."

In theory, these companies could reshape the entire restaurant experience in ways that make sense for how people do business now. Leventhal says in-app payment, for example, is next on the docket for Resy, and the others won't be far behind.

"With a little bit of competition," Leventhal says, "there's a lot more innovation."

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