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Bagger Dave's arrival in downtown Grand Rapids feeds local-vs.-chain debate

By Rod Kackley

Southfield-based **Diversified Restaurant Holdings Inc.**, which is putting a **Bagger Dave's Legendary Burger Tavern** in downtown Detroit, is building its newest restaurant in West Michigan in a downtown Grand Rapids storefront along the Grand River.

But its pending arrival there has fed a discussion on whether a chain is an appropriate ingredient to Grand Rapids' downtown scene.

James Berg, owner of **Essence Restaurant Group**, has no appetite for another downtown franchise. Berg, who runs three of the city's most well-known restaurants, thinks it will ruin the flavor of downtown Grand Rapids.

"We are just going to look like the suburbs with an **Applebee's** next to another restaurant that looks just like an Applebee's and vice versa," said Berg, whose company owns **Bistro Bella Vita**, **The Green Well** and **Grove**.

Pointing to a study commissioned by **Local First-Grand Rapids** that shows nearly three-fourths of the money spent with local owners stays in West Michigan, Local First's executive director, Elissa Hillary, agreed with Berg that local businesses create "the really unique character that attracts people to the downtown area."

"I just think it is important that we remember to spend our money with the businesses that we want to keep in business," Hillary said.

Bill McClintock, Diversified Restaurant Holdings' senior vice president of development, thinks Bagger Dave's and downtown Grand Rapids are a good match.



Darrel Smith Jr.

Grand Rapids restaurateur James Berg contends that local businesses create "the really unique character that attracts people to the downtown area."



Southfield-based Diversified Restaurant Holdings is putting its newest Bagger Dave's Legendary Burger Tavern in downtown Grand Rapids, where it will compete in a restaurant scene that is notably local in flavor.

MEDC puts state money into local promotion

Michael Finney, CEO of the **Michigan Economic Development Corp.**, described locally owned, independent businesses as "the foundation of a healthy, vibrant economy" in a statement Tuesday as the MEDC started a two-year project with **Local First** to help local businesses in West Michigan.

A \$450,000 MEDC grant will pay for the project, which includes hiring a Local First employee to help the Grand Rapids group extend its reach into Grand Haven, Holland and Portland.

"There is a strong history of successful business entrepreneurialism in this region that has been lost in many other places around the country. We need to retain this culture," Emily Loeks, the director of community relations at Grand Rapids-based **Celebration Cinema** and Local First board vice chair, said of the project.

-- Rod Kackley

"We feel that (downtown Grand Rapids) matches up nicely with the demographics that we look for with a Bagger Dave's," he said. "We feel like our menu is broad enough that we will get all ages. This isn't just a kids' place or just a place for businesspeople."

McClintock said Diversified also expects to see people going to Bagger Dave's from sporting events, concerts and the downtown hotels.

"That will probably drive our evening business," he said.

Grand Valley State University's downtown Grand Rapids campus will be across the Grand River from Bagger Dave's.

"That is a huge group of folks," McClintock said.

Diversified Restaurant Holdings operates 11 Bagger Dave's, five of which are in Southeast Michigan, and 30 **Buffalo Wild Wings** franchises, including 15 in Southeast Michigan.

This won't be the first Bagger Dave's in the Grand Rapids area. Diversified Restaurant Holdings has one east of the city in Cascade Township near **Gerald R. Ford International Airport** and one southwest of Grand Rapids in Grandville.



Bill McClintock

McClintock said the company wants to open two more suburban Bagger Dave's, one northwest of the city in Walker and the other to the northeast in Grand Rapids Township.

McClintock said Diversified doesn't see the need to add any more beyond those five locations.

To those who oppose putting a chain restaurant in downtown Grand Rapids, McClintock says: "When good restaurants operate well and provide good food and value for their customers, there is plenty of room for everyone. If you don't run it as well or your price points are not competitive, you might feel some pressure. That is just what running restaurants is all about."

An October 2012 market analysis prepared by the **Gibbs Planning Group** of Birmingham for the **Grand Rapids Downtown Development Authority** found 89 restaurants in downtown Grand Rapids. Not many are controlled by owners outside the city. **Ruth's Chris Steakhouse**, **T.G.I. Fridays** and Buffalo Wild Wings, owned by **JK&T Wings** of Shelby Township, are among the few.

JK&T Wings also owns two Buffalo Wild Wings in metro Grand Rapids.

Urban planner Robert Gibbs, managing principal of Gibbs Planning Group, told the DDA that downtown Grand Rapids could support a mix of local, regional and national retail businesses.

"Your downtown does not have a single storefront **Starbucks**. You have one in a hotel and you have one in a hospital," Gibbs said. "You are probably the largest city in the country without a Starbucks."

Gibbs said downtown could support 120–150 new stores and restaurants. If the additional retail and restaurant businesses were developed properly, he said, they could produce \$205.5 million in additional annual sales in downtown Grand Rapids by 2017.

Dan Verhil, owner of two downtown restaurants — **One Trick Pony** and **The Cottage Bar** — is sure he will see many more national chains becoming his competitors and neighbors. He takes that as a compliment.

"They move very decisively, and they don't come into a market until they see that it will be worth their while," he said.

Verhil realizes that the national chains will offer a scale of competition that has not been seen before in downtown Grand Rapids.

Yet, he said: "It's up to the consumer to make the final decision. Are we going to be threatened by it? I am not that

concerned, no."

Rick Baker, president and CEO of the **Grand Rapids Area Chamber of Commerce**, said "a delicate balance" should be maintained between local store and restaurant owners and the national and regional chains that are moving into downtown.

"You are not going to be able to keep businesses out of the area," he said. "I think the vibrancy and success of downtown is shown by the chains' interest. They feel like they can come in and be successful."

Although Douglas Small, president and CEO of the **Experience Grand Rapids** convention and tourism bureau, described his organization as a "vocal supporter of locally owned businesses," he also pointed out that some tourists just feel comfortable with chains they trust.

"A balanced mix helps to satisfy all visitors," he said.

Resistance to national or franchise chains moving into a downtown dominated by local businesses does not surprise Gibbs.

"In some cases, people feel like we are pointing fingers at them, but that is not really our job," he said. "It is our job to explain what is supportable. People don't always believe it.

"We were told 20 years ago that no restaurants would work in Naples, Fla., because everyone ate at the country club."

A recent check of the **Greater Naples Chamber of Commerce** website now lists nearly 80 restaurants with Naples mailing addresses.

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