



November 17, 2008, 9:49 am

As the Downturn Deepens, the Bagelman Cometh

By *Freakonomics*

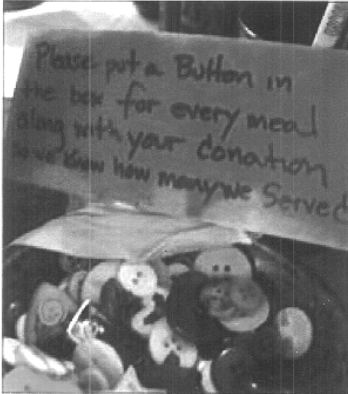


Photo: [davidsilver](#)

Americans are eating out less, driving down restaurant profits around the country.

But some eateries are doing better.

The first is McDonald's, where profits grew 11 percent last quarter. A recession would seem to be good news for inexpensive food.

The second is a plucky, five-year-old community kitchen in Salt Lake City called the One World Cafe. Thanks in part to its pay-as-you-wish pricing policy, One World has seen its traffic grow by 15 percent this quarter.

Prices aren't the only negotiable thing at One World. There's no set menu, and diners choose whatever size portion they'd like. The restaurant also lets customers work off the cost of their meal by volunteering.

Though the average per-meal donation has slid recently from \$10 to \$7.50, the restaurant's business model should stay viable, says One World spokesman **Don Merrill**. Part of what makes One World appealing in the downturn, he says, is the sense of personal control — over the portions and the price — that it gives diners.

We've written about successful pay-as-you-wish schemes before, from the Bagel Man of Washington D.C., to an Ontario bakery, to a certain British rock band.

Will the recession turn out to be the moment to shine for pay-as-you-wish?

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