

## Rising Food Prices Squeeze Chinese Restaurants

By Summer Chiang, April 11, 2011

With the prices of ingredients on the rise in the last few months, many Bay Area restaurants are raising the prices on their menus. But many Chinese restaurants are hoping to avoid this trend, the World Journal reports.



While experts predict that Bay Area restaurants will increase prices by 5 to 8 percent in the next few months, Chinese restaurateurs say they are trying to hold down their prices for fear of losing customers who rely on their reasonably priced food.

According to data from the financial analysis firm Sageworks, Inc., restaurants on the West Coast only made an average of 5.87 percent profit last year. In a normal year, their profit is between 8 and 12 percent.

Sageworks analyst Will Boland said most restaurants in the Bay Area are small and independent, and are unable to purchase large amounts of ingredients in order to cut costs. As a result, it's harder for them to keep their prices down for consumers.

But the World Journal reports that many Chinese restaurant owners in the Bay Area are trying to do just that. Chinese restaurant owners told the newspaper that they haven't raised prices because they are afraid it will cause them to lose business in the long run.

Annie Zhao, the owner of Cupertino's Kento Bowl Restaurant, told the World Journal that the cost of ingredients have been high for several months. The cost of cucumber used to be less than \$1 a pound, she said, but the price this week was more than \$3. She said the price of lamb went from \$3.5 a pound six months ago to \$5 this week. Zhao said since the economy is still in recession, many customers are ordering cheaper dishes. To cut costs, Zhao said she is trying to negotiate with her landlord to get lower rent, and hopes to find a vendor that provides ingredients at a cheaper price.

Fu-Juam Li, owner of Ma's Restaurant in San Jose, said she usually imports lamb from Australia, but now the cost has increased by 25 to 30 percent. The cost of pork and beef has gone up by 10 to 15 percent as well, she said. Although prices continue to rise, Li

said the restaurant still wants to provide a reasonable menu to attract more customers. To cut costs, she said, restaurant managers are now waiting tables.

For the full article featuring Sageworks' private company data, visit [The Bay Citizen-Rising Food Prices Squeeze Chinese Restaurants](#)