

As supply costs increase, Columbia-Pacific restaurants adjust



PHOTOS BY ABBEY McDONALD

LEFT: The counter at Gaetano's Market and Deli in downtown Astoria. **RIGHT:** Meat prices have been rising, leading Gaetano's Market and Deli to reevaluate their menu.

By **ABBIE McDONALD**

Coast River Business Journal

In the past year, the cost of crab, cooking oil and takeout containers have all nearly doubled, a troublesome combination for a local business selling crab cakes to-go.

Sue's Awesome Crab Cakes is among many small businesses in the Columbia-Pacific who have had to raise prices and revisit their preparation process as costs for ingredients and supplies increase.

"We found that people understand that prices have gone up, but there's still a limit to what people will pay," said co-owner Bill Hagerup. "It kind of goes off a cliff as far as demand."

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To limit a drastic price jump, the business has pivoted from buying prepared meat to buying sections, which are cooked and gutted crabs that haven't had their meat shaken out yet.

"My sister's probably one of the better shakers

in the Clatsop County area," Hagerup said. "We buy the sections, and because it's already been backed, Sue can pick it out of the shell. And that's still kind of a mess, but it's doable. But that enables us to get — not cheap — but less than the meat price."

Jessica Newhall, the associate director of the Small Business Development Center at Clatsop Community College, has been encouraging her clients to revisit their budgets and get creative amid double-digit inflation and rising costs for staffing and goods.

"Businesses are going to have to be very conscious of who their customer is, and what they can afford, and making sure that they're delivering a product and communicating the value of that product to their customer," she said. "And it may take creative packaging. So if you used to sell a sandwich, maybe you now sell half a sandwich and a bag of chips and a soda. Sometimes it's about repackaging in a way that still delivers value, but that you can still maintain profitability on."

The Small Business Development Center hosted a virtual lecture on food costing last month hosted by Eric Stromquist, an adviser at the center and co-founder of Hot Lips Pizza and the Oregon Culinary Institute.

Food costing is the practice of looking at the entire cost of a menu item, from raw ingredients to labor to takeout containers.

"What we don't want to have people doing is having things on their menus or having offerings that they frankly aren't making any money on, because that has a long-term impact on the vitality of our economy here," Newhall said.

Food prices have been increasing quickly enough that at one point, Gaetano's Market and Deli in downtown Astoria realized it was selling an item for less than they bought it for, essentially paying their customers to walk out of the door with it.

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