Minnesota Café Adds “Minimum Wage” Fee to Customers’ Bills

Craig Beemer, the owner of Oasis Café in Stillwater, Minnesota, employs just six servers, but Minnesota’s minimum wage increase that kicked in on August 1 forced him to make some tough decisions. The wage increase to $8.00 an hour for his workers will cost more than $10,000 a year, and something had to give. Beemer decided that rather than increase his prices he would charge his customers an extra $.35 on their bills, calling it a “minimum wage” fee.

Store manager Colin Orcutt explained that Beemer “wants people to be aware [that] we’re a small business and we’re trying to stay open. If you raise prices and don’t tell anyone, that seems more backhanded, to me.”

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The pushback from customers surprised Orcutt: “We’re appalled at the response just for protecting his employees. We’re just doing what we have to do.”

The basic law of economics — that whenever government intervenes in the private marketplace there will be consequences, both seen and unseen — has baffled most of Beemer’s customers, many of whom took the time to vent on his Facebook page. One unhappy soul wrote: “You’re essentially blaming customers for the increase when you charge for it the way you do.” Of course, that’s one of those unhappy consequences: It’s ultimately the consumer who pays for government mandates, whether they like (or understand) it, or not.

Said another, “If you cannot afford to pay your employees, maybe you cannot afford to run a restaurant.” That is another potential consequence: Forcing Beemer to pay his servers more doesn’t repeal the law of economics, as the money has to come from somewhere.

Another snidely remarked, “What’s the charge for cutlery?” while still another was supportive: “Very happy to see you takin’ a stand and doing what’s right for your business.” Customer Marie accused Beemer of throwing a “temper tantrum,” writing, “You stated you pay your workers more than the new wage. So explain why you need the extra fee other than to throw a temper tantrum?” Xavier said this was Beemer’s way of airing a grievance while promoting class warfare: “Congrats on pitting your customers against your employees … all politics aside this is a distasteful way of airing a grievance. I will not be dinning [sic] here any time soon.”

Some came closer to what Beemer was really doing. Wrote one customer, “It’s Oasis’ way of blaming our government for trying to set a fair living wage. It is political grandstanding.” Responded Beemer, “You’re right. [I’m] thumbing my nose at the law change. Part of my thinking was to shine a light on this matter, which I truly believe is in the best interest of both my business and my employees.”

Beemer is hardly alone in his decision to add a fee rather than increase his prices. Blue Plate Co., which owns eight restaurants in the Twin Cities with more than 650 employees, has decided to do both. It raised its menu prices and added a fee when customers use a credit card to pay their bill.

Beemer is exploring other options as a way to serve his customers while keeping his costs in line. He told a reporter that he is considering running his cafe without servers, using self-serve kiosks that more and more fast-food restaurants are installing. But don't call them "fast-food"; call them "fast casual." According to Trevor Stout, CEO of Jacent Technologies, a restaurant industry software company, "The Gen X-ers and 20-somethings are eating machines. They'll order up to four times a week. They're very tech-savvy in general." Transitioning to self-order kiosks boasts another advantage, according to Stout: "We have customers who have experienced a 15 to 25-percent increase in the average check amount at the kiosk due to the presentation of options, upgrades and selectively-placed suggestive cross sells."

McDonald's is already experimenting with such technology, as are Carl's Jr. restaurants.

If Beemer decides to install them, he might just be on the edge of the curve. Until then, however, he is noticing something else: an upsurge in business. The notoriety he has been receiving has been good for business, according to his manager. Just another one of those unintended consequences.

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