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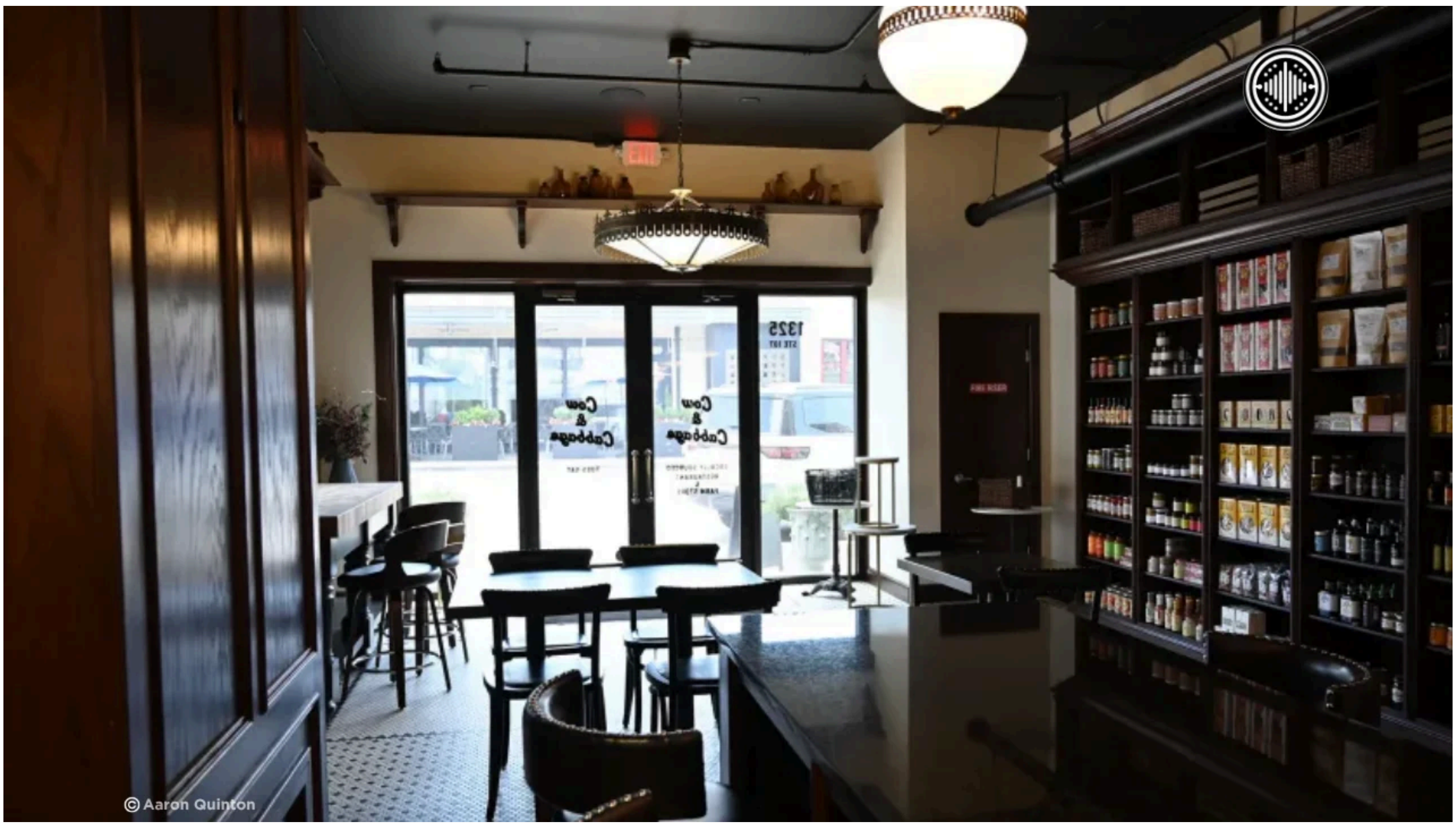
Oklahoma Restaurants Struggle as Costs Soar and Customers Cut Back

August 10, 2025
— Categories: Finance



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Ike's Chili in Tulsa, Oklahoma, has weathered more than a century of challenges from the Great Depression to the COVID-19 pandemic. Yet 2025 has brought a new test, as rising costs and cautious consumers threaten the survival of many independent restaurants.

"The cost of everything's just going up, and we've got to figure out how to manage it right," said Len Wade, a managing partner at Ike's Chili, in an interview with CNN. Beef prices, particularly hamburger meat, have been among the sharpest increases, climbing nearly 21% since 2015, according to federal data. Passing those higher costs to customers, Wade warned, risks pushing diners away.

This challenge is not unique to Tulsa. Across the country, local restaurants are facing a double hit: surging prices for staples like coffee, eggs, and cocoa, alongside customers who are more hesitant to spend. In June, food costs were up 21% compared to four years earlier, outpacing the 17.5% increase in overall wholesale prices, according to the Producer Price Index.

With profit margins typically between 3% and 5%, restaurants have little room to absorb these costs. Chad Moutray, chief economist at the National Restaurant Association, said if the math stops working, closures become inevitable. Tariffs and trade disputes, which continue to shift under the current administration's policies, could push certain food prices even higher.

Labor shortages are adding further strain. Wade noted that in the mid-2000s, the restaurant could expect multiple job applications daily. Since 2019, only about a dozen have come in. Businesses must decide whether to raise wages to attract applicants or accept staff shortages. The decline in undocumented labor, previously estimated at around a million workers in the industry, has also made staffing more difficult.

Meanwhile, customers are eating out less. The first half of 2025 marked one of the weakest six-month stretches for U.S. restaurant and bar sales growth in the past decade, even slower than some months during the pandemic lockdowns.

McDonald's Chief Financial Officer Ian Borden recently told investors that low-income households are skipping meals or choosing cheaper options. Similar patterns have been reported by executives at Jack in the Box, Applebee's, and IHOP. While low-income households have been the most affected, middle-income families are now also feeling the pinch.

"Traffic at restaurants has generally been down for a couple of years," said Michael Zuccaro, vice president of corporate finance at Moody's Ratings. "Now the middle-income consumer is also under pressure."

For Linda Ford, who owns several Tulsa-area restaurants with her wife, Lisa Becklund, the risk is clear. “Guests are very oriented toward perceived value, so if the price no longer matches their perception of the value, they’ll quit coming,” Ford told CNN.

While some areas, such as Brooklyn, have reported stronger restaurant traffic, other regions continue to see declines. A recent Federal Reserve Beige Book report noted that in the Southeast, “increasingly value-conscious consumers traded down or opted to eat at home.”

For many small restaurant owners, the balancing act between raising prices, maintaining quality, and keeping customers is becoming harder by the month. Without relief from rising costs and supply pressures, the industry could face a wave of closures, especially among long-standing, independent establishments like Ike’s Chili.