

TO THE BITTER SP

GROUNDS ZERO FOR COST OF LIVING SQUEEZE



Picture: Jackson Flindell

MICHAEL TRAILL & REBECCA LE MAY

West Australians may love their coffee but cafe owner Katie Liew, pictured, is among the city's hospitality operators who have noticed that customers are starting to watch their spending.

The owner of Ground + Co in the State Library of WA, Ms Liew said she was concerned about the impact that cost-of-living increases — including three consecutive official interest rate

rises — would have on her business.

"With these flow-on effects of increased cost of living, coupled with our increased cost of goods from suppliers and employee wages, plus on-costs (overheads), it is impacting our profit margin," Ms Liew said.

"There has been reluctance to raise our prices as I am conscious people are already struggling and I recognise going to a cafe is regarded as discretionary spending. However this is

something we will need to seriously consider in order to survive." She said foot traffic had "certainly" declined, particularly in the past month or so, with COVID a contributing factor. She said cost-of-living pressures had come up in conversations with regulars. "But it's also evident from the number of customers coming through, their increased living expenses are inhibiting their time spent at the cafe," she said.

Rachel Strom, owner of Playa

Coffee on William Street, agreed.

"Business trade has picked up since restrictions came down but probably in the last week or so, I have noticed the current financial situation to be prevalent in customer conversations," she said. "I've been wanting to put my prices up because the price of everything I buy has gone up but I'm too hesitant now because people are so mindful of finances. I haven't noticed spending going down yet — people are just more conscious of it."

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