

# On the Radar 2023: Rising Wages

Everything comes at a cost — how can  
F&B businesses overcome these challenges?



# Combating Costly Challenges

## Operational expenses, labor costs, & customer satisfaction

— how can F&B businesses find a balance in between?

While food may be a comfort amidst news of inflation, F&B businesses are currently grappling with the challenge of rising wages.

Rising wages have emerged as a pressing concern in the F&B industry worldwide. Factors such as changes in labor laws, increasing living costs, and shifts in societal expectations have contributed to this phenomenon.

In recent years, Australia has witnessed a gradual increase in minimum wages, intensifying the labor cost burden for F&B businesses in the country. Some businesses absorb the increased costs,

while others pass them onto consumers. However, striking a balance between competitive pricing and maintaining profitability can be challenging.

Higher wages have also affected workforce management practices within the F&B industry. Businesses may face challenges in attracting and retaining skilled staff due to increased competition, while needing to downsize to keep consumers satisfied through more affordable pricing at the cost of less manpower.





In the Philippines, there is more of a focus on increasing wages due to inflation. Given the steady increase of food cost in the country, F&B businesses — of all sizes — were left no choice but to increase pricing for consumers. Small and medium-sized enterprises were also confronted to downsize manpower to retain profitability. However, the F&B industry is alive and well given the steady increase of consumers alongside the resurgence of dining in, by locals and tourists alike.



Wage growth has slowed in Singapore in 2023, but F&B businesses are still compelled to reassess operational costs. With the country's labor market, foreign labor policies that require minimum (and more expensive) local hires, and higher employee expectations, businesses turn to automating labor-intensive processes. Regardless, labor costs are still a significant portion of businesses' operating expenses, causing them to grapple with managing costs while delivering quality products and services.



Indonesia started 2023 by increasing the minimum wage. The F&B industry, being labor-intensive, is particularly susceptible to the impact of rising wages. Higher wages can erode profit margins, starting a need to adopt cost-cutting measures while managing resources efficiently. The country has a vibrant F&B industry, with multiple startups offering solutions and opportunities for collaboration. However, the challenge that businesses owners struggle with is minimizing labor costs and having efficient kitchen operations.

Rising wages pose a complex challenge for the F&B industry across Asia Pacific. While fair compensation for workers is crucial, businesses must find innovative solutions to manage increased labor costs without compromising their operations. By addressing these challenges proactively, they can ensure long-term sustainability while providing quality products and services to customers.

The good news? It's easy to offset rising wages by adopting the right software solution, streamlining operations, and exploring other growth opportunities.

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