Why Are Bay Area Restaurateurs Afraid to Charge Credit-Card Fees?

Don’t be fearful. Just give choices.

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There’s a great Indian restaurant near my work where I go a couple of times a month for its lunch buffet. There, you can not only get a delicious chicken tikka marsala and fluffy naan bread for only $11.95, but you’re given the opportunity to pay an additional 5 percent fee if you use your credit card. I like that. I don’t carry cash. I pay the additional $0.60 extra for the convenience. I continue to eat there.

Let’s compare that restaurant to one of the grocery stores in my neighborhood. Just recently I attempted to buy a couple of bags of potato chips and a quart of milk and was literally turned away from the cash register because I was about four dollars short of the $10 minimum credit-card policy and didn’t have the cash. I didn’t like that. I wound up not buy anything from the store. In fact, I’ve never gone back there.

Unlike the owner of the Indian restaurant, the owner of the grocery store isn’t getting the message yet, but a growing number of small businesses are.

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One of them is the co-owner of Kiraku, a small Japanese

restaurant in Berkeley, California who has been brave enough to start imposing a 4.5 percent surcharge (depending on the check total) on customers who use a credit card. Has this policy upset a few customers? Yes. “Some people get really angry,” Kiraku’s Sanae Saito told the *San Francisco Chronicle*. “Some post one-star reviews on Yelp complaining.” OK, but has it hurt business? According to Saito … no. Business has been fine. Unfortunately, not all businesses owners are as, well, courageous?

For example, take Joe Kohn of the Cow Hollow steakhouse Izzy’s San Francisco, who told the *Chronicle*, “I don’t know if I’m willing to make that bet right now and cause a lot of people to get mad at me for yet another charge on their bill. It looks like you could be tricking the customer. You drop the bill and it’s $100. Then they give the credit card and suddenly it’s $104. It feels like a bait and switch.”

A few other merchants in the Bay Area echoed Kohn. “I don’t like to confuse my guests,” one restaurant owner, who admits to coughing up more than $70,000 per year in credit fees, said in the same article. “It’s a hard one. We’re in a quandary.”

Is this really a “hard one?” The guy is paying $70,000 in credit fees! That’s on top of all the other astronomical costs it takes to run a business in one of the most expensive cities in the world, one in which healthcare expenses are rising, minimum wage is $15 per hour and rents are a fortune. Do these people really believe their customers will be “confused?” Is their business so mediocre that customers will no longer patronize it because of a $3 surcharge on a $100 dinner check? C’mon. Why are these people so afraid?

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The fact is that more customers than ever are using credit cards to pay for their purchases. It’s convenient for them. So why does a hard-working business owner have to pay for that

convenience? You shouldn’t. Your customer should. Don’t be afraid to charge extra if a customer uses a credit card. Just give them choices, and be mindful of state laws concerning disclosure and misleading practices. Like the Indian restaurant near me or Kiraku in Berkeley, you’ll likely discover that most won’t think it’s a big deal to pay a few extra bucks for the convenience. But others may still prefer to pay cash. Fine! Choose!

How your customers pay shouldn’t be your concern. Making sure you’re not charging enough to sustain your business is.

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