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Economic Pressures and the Future of Traditional Chinatown Restaurants in the United States

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Abstract

Traditional Chinatown restaurants face growing challenges in maintaining profitability and staying in business. Drawing on qualitative research on immigrant businesses, neighborhood change, and family succession, this paper examines their business models, identifies key pressures, and proposes practical recommendations. The analysis focuses on three connected problems faced by the traditional Chinese restaurants: gentrification in Chinatown, cheap stereotypes on Chinese food, and difficulties in succession. Rising operating costs and uncertain earnings can make these restaurants difficult to operate and less attractive to potential successors. Restaurant examples include Eastern Bakery, Xi'an Famous Foods, and Nom Wah, providing illustrative examples of different approaches to continuity and adaptation. Three recommendations are proposed in the research: respond to changing consumer demand while retaining community ties, strengthen branding through regional food traditions and family history, and improve daily operations alongside succession planning. These recommendations aim to support business continuity by improving financial viability and working conditions while respecting owners' choices and preserving restaurants' connections to their communities.

Keywords: economic pressures, traditional Chinatown restaurants, strategies

1. Introduction

A family restaurant in Chinatown can be popular but still struggle to remain in business. Customers may value its familiar dishes, but appreciation does not necessarily cover a rent increase or persuade an owner's children to take over. Chinatown restaurants have achieved some social recognition but have had trouble doing so financially. Their future depends on the neighborhood, the price consumers are willing to pay, and whether the work can provide a decent living.

Chinatowns in the United States have provided jobs, services and community support for the immigrants. Restaurants are one of the local facilities. The concept of an ethnic enclave economy can explain why immigrant-owned businesses provide a way for people from ethnic groups to enter the labour market. Wilson and Portes have identified immigrant-owned enterprises as a type of institution for labourer participation in the labour market.

Traditional Chinatown restaurants are old, independent food businesses that have had a long-standing relationship with the history of Chinatown and its people over many years. Chan and Zhou studied Vancouver, San Francisco and

Los Angeles to find practical assistance for businesses and did not see construction of preservation or symbolism (4-5). The first is that the restaurant is not old enough to be listed as a historic site; the second is that it cannot afford the increased costs and regulations for preservation.

The central research question is how neighborhood change, price expectations, and succession difficulties affect the viability of these family restaurant businesses. The argument is that the pressures are connected. A family deciding whether to continue a restaurant must consider both its cultural importance and the income it can provide. Preservation efforts are more credible when they address those everyday business conditions.

2. Methodology

This research is an exploratory qualitative review of selected secondary sources, supported by illustrative business examples. Its sources include studies on immigrant economies and family firms, historical research on Chinese restaurants, and official business and municipal materials. They serve different purposes. Academic sources explain concepts; historical sources establish context; municipal documents show how a preservation policy operates; and restaurant websites describe how businesses present their own histories.

The discussion is organized around the three issues developed in this paper: neighborhood displacement, the association of Chinese food with low prices, and generational succession. For each issue, the analysis identifies a possible economic mechanism and considers the limits of the evidence. The recommendations are proposals arising from that analysis.

The author also draws on a summer visit to Eastern Bakery in San Francisco and an interview with its owner. This encounter is treated as an illustrative personal account, not a representative interview sample. The conversation is paraphrased.

3. Problem Analysis

3.1 Gentrification and the Loss of a Stable Business Environment

Gentrification involves changes in investment, property values, and neighborhood composition that can make an area less accessible to lower-income residents and businesses. It is more specific than simply making a city "modern." New development may improve facilities or bring additional spending, but its benefits depend on who can remain in the neighborhood and use them.

Li et al. examined land use in Boston, New York, and Philadelphia's Chinatowns, alongside census changes over earlier decades. It documented the expansion of higher-end development and shifts away from immigrant family households. The report also described the importance of small food businesses to residents' everyday needs. Its findings establish a historical basis for concern about displacement.

For an owner renting restaurant space, a higher lease cost raises the revenue needed to remain open. Rent must be paid even on a quiet day. An owner may respond by increasing sales, raising prices, reducing other costs, or accepting a smaller personal income. Each option has limits. A small kitchen cannot expand output indefinitely, and cutting staffing may increase the workload of family members who already work long hours. If customers resist higher prices, the rent increase may be absorbed through lower owner earnings.

Housing displacement can create a second pressure. When employees can no longer afford to live nearby, a longer commute may make restaurant work less attractive. The business may then have difficulty retaining experienced staff or covering shifts. This is a possible connection between residential change and operating costs; the evidence reviewed here does not quantify its effect for individual restaurants.

The customer base can change as well. Regular customers often provide predictable demand and personal referrals. New residents and visitors may bring additional spending, but their purchases do not necessarily replace the frequency or preferences of established customers. The issue is not that wealthier residents inevitably dislike traditional food. It is whether the restaurant can retain sufficient repeat business while adapting to a different mix of customers.

These mechanisms make location stability important. A successful menu or marketing campaign may increase sales, yet the benefit can be short-lived if a lease renewal introduces a much larger cost. Restaurant preservation therefore needs to consider affordable restaurant space and the surrounding residential community, alongside the quality of the business itself.

3.2 Cheap Stereotypes and the Expectation That Chinese Food Should Be Inexpensive

Low prices can make a restaurant accessible and competitive. They become a constraint when customers treat affordability as an obligation attached to Chinese cuisine, regardless of the work or ingredients involved. The problem is pricing power: how much freedom does an owner have to set a reasonable price without losing customers?

Historical exclusion can help explain the circumstances of the development of Chinese restaurant businesses. In 1882, the Chinese Exclusion Act restricted the entry of Chinese workers and placed additional restrictions on the lives of Chinese residents. The above legal history provides the background for studying the opportunities for Chinese business owners and workers.

The historical inheritance is not a simple relocation of the problem of unaffordable food. According to Lee's research, restaurant ownership may be a way to achieve merchant status under the immigration rules. It also mentions luxurious "chop suey palaces" and does not assume that all Chinese restaurant businesses are relatively low-cost. At the same time, Lee documents the difficult circumstances of workers whose employment was linked to family and migration networks.

A large number of people are now wealthy, so they eat well. In an essay explaining the argument of his book *The Ethnic Restaurateur*, Ray connects the hierarchy of taste to changes in class and race relations. He places Chinese food among the cuisines for which American consumers are not willing to pay a high price. From this, it can be concluded that a diner's willingness to pay is related to social factors and other reasons. Chinatown restaurants have been facing the problem of whether customers perceive labour-intensive food as high-skilled labour or merely compare it to affordable takeaway food.

Business decisions may confirm the above. When a restaurant is low-priced, offers large portions and fast service, it will be more memorable for these reasons. Otherwise, it will be difficult to raise prices later as the customers will remember the good value they received earlier. This is an interpretation of how market positioning can become persistent.

The analysis also needs to distinguish prejudice from a customer's budget. Some people choose inexpensive meals because that is what they can afford. Their needs are especially relevant in a neighborhood that has served working-class immigrants. A sustainable response should challenge the assumption that Chinese cooking is worth less while retaining accessible options for local customers. Higher prices alone cannot resolve the issue.

3.3 Generational Succession and the Cost of Continuing

Succession becomes difficult when taking over a restaurant means accepting demanding work without a clear financial reward. Younger generations may have educational and career opportunities that differ from those available to their parents. Choosing another occupation need not indicate a lack of respect for the family business. It can reflect a comparison of income, working hours, and personal interests.

Xi'an Famous Foods offers a useful counterexample to the idea that younger generations simply abandon restaurant work. Jason Wang's family account describes his initial expectation of a corporate career and his later involvement in the business founded by his father. This example does not establish a general succession pattern. It shows that family continuity can involve a changed business role rather than a direct repetition of the founder's working life.

A prospective successor also needs to know what the business actually earns. Family labor can make operating costs appear lower when owners do not fully account for their own hours. A restaurant that covers rent and ingredients may still provide inadequate compensation for the people keeping it open. Before discussing inheritance, a family should therefore distinguish sales from the income remaining after expenses and reasonable payment for labor. This is particularly relevant when higher costs and limited pricing power leave little room for improvement.

Knowledge transfer presents a separate problem. An experienced cook may judge dough, seasoning, or heat by feel. A recipe records only part of that expertise. Cabrera-Suárez et al. identify the transfer of a predecessor's knowledge and skills as a central issue in family succession. In a restaurant, the implication is that written instructions should be combined with observation and practice. Supplier relationships and purchasing judgment also need to be passed

on.

Eastern Bakery makes the succession question tangible. It is a San Francisco Chinatown bakery founded in 1924 ("Eastern Bakery"). During the author's summer visit, the owner was interviewed and explained that his children had their own commitments and did not want to run the business. When an owner retires without a prepared successor, recipes and relationships may leave with that person. A transition can also fail even when a younger relative is willing to help, if responsibilities and decision-making authority remain unclear. Planning must address the work itself, the income it provides, and who has the authority to change how the restaurant operates.

4. Recommendations

4.1 Securing Stable Leases and Regular Customers

The first priority is to reduce uncertainty about the cost of staying open. City agencies and community organizations could help owners review lease terms, understand renewal conditions, and discuss future rent increases with landlords before a lease expires. A longer lease with clear terms can give a family time to plan maintenance, staffing, and a business transfer. However, a long lease is useful only if the rent remains affordable and the restaurant can meet its obligations.

San Francisco's Business Stabilization Grant provides one policy example. The August 2026 rules connect grants to qualifying landlords with leases of at least ten years for registered Legacy Businesses. They also require landlords to pass at least half of the grant to the tenant through a payment, rent credit, or another acceptable method. Awards remain subject to funding and eligibility conditions (San Francisco Office of Small Business 1, 8–9). This illustrates how public support can link an incentive for the property owner with a benefit for the business. It does not demonstrate that the policy prevents restaurant closures.

A secure lease should be combined with a more reliable customer base. Depending mainly on walk-in visitors leaves sales vulnerable to changes in tourism and neighborhood traffic. Restaurants could test recurring lunch orders from nearby workplaces, catering for community events, or advance orders from former residents who still visit Chinatown. A bakery, for example, could offer a scheduled collection of celebration cakes or festival products. Taking orders in advance may help owners plan preparation, but they must check whether the additional sales cover ingredients, labor, and packaging.

Community groups could also support joint promotion through a simple neighborhood map showing regional dishes, price ranges, opening hours, and ordering information. Nearby restaurants could refer customers to one another when they offer different specialties. At the same time, keeping a few affordable meals and maintaining contact with regular customers would help preserve the neighborhood role of these businesses. Promotion should encourage repeat visits and useful orders, rather than depend only on tourists discovering a restaurant once.

Owners should review the results through repeat orders, income after order-related costs, and the extra hours required. Public support could be assessed through lease security and the ability to pay workers reasonably.

4.2 Using Cultural Branding to Improve Menus and Pricing

The second recommendation is to give customers more reasons to come and to change the business model that is based on low prices. Owners need to find some signature dishes of the restaurant that appeal to customers and are profitable after deducting expenses. A menu can then show both reasonably priced daily food and some special dishes that require more skill, time or expensive ingredients. So, not everything needs to be inexpensive and the restaurants should give customers some choices.

Cultural Branding should present the differences in simple terms. A description can introduce a dish's area, detail its cooking method, or share the family's history related to it. Customers will know why noodles are hand-pulled or why pastries take a long time to prepare; therefore, they will be more willing to pay more for them. The information should present the restaurant's actual operations. A brief, particular explanation is more helpful than a general statement about authenticity, and storytelling should not be presented as a guarantee that customers will pay more.

Xi'an Famous Foods and Nom Wah show how to present one's identity differently. Xi'an Famous Foods is a family-run business in Xi'an with a distinctive regional style (Wang). Nom Wah started as a Chinatown bakery and tea house in 1920 and continues to serve the needs of the

community today ("Nom Wah Tea Parlor").

Also, restaurants should adjust the price according to the rise in costs. Owners can check the ingredients, preparation time and customer interest in a few original dishes before making any changes. They should keep some affordable basic foods and make any differences in portion size or cooking clear. A neighbourhood customer who buys a regular lunch will have different requirements than a visitor ordering several specialties. Offering both choices can help the restaurant serve the community and achieve a good profit from the more complex dishes.

The above strategies does not need a large-scale redesign. Update the menu, opening hours, location information and dish pictures to help customers decide what to order. A younger relative or employee can be appointed to handle the work during their paid hours. Owners could then compare orders and customer feedback before and after changes. Useful measures include whether customers try signature dishes, return to the restaurant, and continue buying affordable meals, alongside the income left after costs.

4.3 Improving Daily Operations and Preparing the Next Generation

The third recommendation is to make the restaurant a more workable business before expecting someone to inherit it. The younger generation may respect the family's history but still reject a role involving long hours, unclear pay, and little authority. Therefore, the first step in succession planning is to review daily work and financial performance. Owners need to know if the restaurant can provide reasonable remuneration and a reasonable amount of work.

The clear financial records will separate sales revenue and the cost of materials. The working hours of family members should also be recorded to show their contributions, even if they are not paid a fixed salary at present. It will help the family determine whether they can afford to pay for a successor or hire more help. The aim is to find practical ways to reduce unnecessary losses or adjust the price of a dish, because high sales do not necessarily mean high profits.

Owners can record the main recipes, supplier information, ordering procedures, equipment maintenance, opening and closing operations, etc. Cabrera-Suárez et al. believe that one of the problems in family inheritance is the transfer of prior knowledge and skills. Therefore, it is expected that some trained staff will be able to maintain the food quality independently of the founder.

The next generation should receive meaningful responsibility as well as training. A family could agree on a paid role in purchasing, scheduling, online communication, or menu development, with clear limits on working hours and decision-making authority. The older owner would provide guidance while allowing manageable changes to be tested. If no relative wants the role, an experienced employee or another suitable operator could be considered. Keeping the business alive may require a different ownership arrangement rather than an expectation that the owner's children must take over.

A twelve-month trial could provide a starting structure: months one to three for financial records, recipes, and training; months four to six for a defined role and one operational improvement; months seven to nine for managing selected shifts with the owner's advice; and months ten to twelve for reviewing results and discussing management, income, and ownership. This suggested timetable should be extended or reconsidered if working conditions remain unsuitable.

The decision to continue should depend on food consistency, customer retention, waste, workload, and income. Ownership discussions need appropriate professional advice. A transition should preserve knowledge while allowing the next operator to improve the business. If the trial is unsuccessful, recognizing this early gives the owner time to explore alternatives. Continuity should depend on viable working conditions, not another generation's personal sacrifice.

5. Conclusion

Traditional Chinatown restaurants need conditions under which continuing the business is financially and personally sustainable. It's important to realize neighborhood change may raise costs and unsettle demand, expectations of inexpensive food may restrict operating choices, and demanding work with uncertain earnings may discourage succession. The proposed recommendations address different aspects of those problems. Maintaining secured leases and a stable customer base can help restaurant owners in Chinatown to stay in business. Also, clearer demonstration of regional dishes and family history can help customers understand

what they are paying for. Better control of costs and daily work, together with a gradual transfer of knowledge and responsibility will allow potential successors to take over traditional restaurants more efficiently.

Preservation also involves a choice about whom Chinatown continues to serve. Restaurants should be able to pay the people doing the work while remaining accessible to the communities that supported them. Helping owners reach that balance offers a more durable basis for continuity than expecting family members to carry the business through personal sacrifice.

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