

# Rising Costs

*How Some Bay Area Arcades Are Weathering the Inflation Storm*



**By Dustin Wilcox**  
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Based in Hopkinsville, Ky., Dustin Wilcox is the owner of the Wilcox Arcade industry blog and route operation that is run under the same name. Dustin is passionate about the games business and says he's dedicated to making the player's voice heard, as well as providing the best value possible with the games he operates. He spends most of his free time working on his blog ("more time than I actually spend playing video games," he wrote) and is a prolific writer, working hard to keep up with news and writing typically six to nine articles each month. Dustin attends Murray State University in Murray, Ky., where he studies journalism.

**A**rcade games and other associated attractions appeal to a wide swath of people — young, old and in between. Consequently, some location owners fine-tune their focus to provide the most enjoyable experience possible for a specific segment.

The San Francisco coin-op scene is combating continued inflation following the financial foils of the persisting Covid-19 pandemic.

Mirroring the diversity of its population, the Bay Area is home to a wide variety of arcade business models. Some marry the colorful cacophony of gaming with the adult allure of alcohol. Others are decidedly less public-facing in nature. Yet the owners of many say they've noticed inflation in small ways.

How did a Hopkinsville homebody such as myself get involved in these San Francisco shenanigans, you may ask? Well, while participating in the Hearst National Championship for audio journalism last month. Naturally, I chose to focus squarely on arcades.

What I learned during the week-long competition was illuminating enough that I want to share it with you here. (It certainly doesn't hurt that this month's column ties in nicely with the operator question of the month.)

## The Price Isn't Right

Data from the U.S. Bureau of Labor Statistics shows that Bay Area prices rose 5% overall in the past year — about 1% more than the local minimum wage hike slated for July 1. Electricity prices have climbed a perceptible 32%.

Jim Wyatt, president of CEMA (the California trade group) and senior territory manager for National Entertainment Network, said both route operators and location owners have expressed to him concerns regarding steep prices in the region, with gasoline topping the list. Rising rent has even driven some location owners to downsize their facilities.



**Thriller Social Club** owner Joey Mucha says he doesn't want to scare players away by raising prices.

"Someone called it 'gouge-flation,' what's going on at the gas pumps. Oil companies are making record profits," Wyatt said. "In our industry, a lot of our products are oil-based. Plush, capsules that are found in bulk vending machines, that sort of thing. But then, inflation is just rolling through every line in our businesses."

Compounding this dilemma is persisting supply-chain hold-ups and the fact that many locations were shut down for 16 months during the pandemic. Bay Area station KGO-TV reported that 48% of San Francisco small business remained closed by June 2021.

"We've had to scramble sourcing product, changing up our product lines, sometimes going with not even our first or second choice but further down the line because that's what we can get or what we can afford," Wyatt said. "The lockdowns were strict, and some of our small operators couldn't survive."

Yet cash boxes are showing that neither inflation nor lingering pandemic woes are keeping out all customers. Despite rising costs, Wyatt believes arcades can still be a successful profit center for businesses due to their wide appeal.

"We've heard the phrase 'revenge spending,' where averages are going up to what they were before the pandemic in some locations," he said.



**College students** Greg Chu (in the face mask and denim jacket) and Aidan Judge (standing farther back in the hooded sweatshirt) shoot some pool at the Emporium arcade bar.

## A Nuanced Reality

Joey Mucha, owner of Thriller Social Club on Fourth Street and a route in the Bay Area, said he hasn't had much wiggle room to adjust game prices because he'd already compensated for inflation when he started.

"The last thing I want to do is scare people away from my arcade games because they say, 'Oh my gosh, that's too expensive,'" Mucha said. "Unless you win physical merchandise, it's hard to justify that cost."

Mucha's most expensive game is *Virtual Rabbids: The Big Ride*, which is set to \$2 per credit. Given his hesitation to hike end-user prices — despite being able to do so remotely via his card systems — he's seen inflation creep into his operating expenses instead.

"Plush prices have gone up to go in the claw machines. Parts prices and lead times have gone up. And labor, finding

someone to fix games for you has definitely gone up, so I've reverted to fixing them all myself," he said.

Matthew Henri, owner of Free Gold Watch on Waller Street, said his most effective means of accommodating for inflation has been increasing game difficulty, given that many players are resistant to paying more than a dollar per credit on pinball.

"We monitor the numbers, so I'll see when a new game comes in and starts chomping into it and it starts going down, and I'll drop the price to 75 cents," Henri said. "At that point, it's the game's own responsibility to just be a good game that people want to keep playing."

Henri has been most impacted by the rising costs of pinball machines, electricity and gasoline. He owns outright only about 10 of the 60 games in his shop, and his landlord has raised his rent just once in the past 12 years.

## players' perspective

"I can't speak for the other pinball spots in the city, but most of those are always arcade bars, and they're competing more in the nightlife business than they are in the arcade business," he said. "They have to do all these beer specials and have a scene, but we've side-stepped that, and that might help us out because we're all ages, as well."

## Players Will Play

A group of students from the City College of San Francisco who frequent the Emporium Arcade Bar on Divisadero Street said they won't let inflation sideline their summer fun. Among them was Aidan Judge, who noted going out anywhere in town is expensive, so it's merely a matter of where he wants to go.

"We have our clinical rotations coming up next week. It's our first time actually working in a hospital, so we're just trying to enjoy our last week off," Judge said.

According to the American Automobile Association, gas prices are averaging more than \$6 per gallon in California as I write this column in June — but even this is something Judge considers a necessary cost since he's not within walking distance of the arcade.

Fellow City College student Greg Chu said a solid game selection is what would most compel him to venture to an arcade when finances are tight.

"We won't have regular income since we're starting hospital clinical hours. Plus, I'm from San Mateo, so it's a big ask to come all the way out here," Chu said. "So, if they have rhythm games, and they're not at an exorbitant price, I'd be willing to make the trip just to play those."

At least for now, inflation seems to be an ever-present part of life for arcades and their patrons in the San Francisco Bay Area. I'm even starting to feel the effects of \$4.30 per gallon gasoline in western Kentucky, where I continue to frequent arcades whenever I get the chance. It sure beats doing nothing all summer.

As always, that's just my twenty-five cents.



**A player at The Detour** plays *Black Emperor*, a video from indie game maker BumbleBear.