

# 'Scoe's Special: What Chicken and Waffles Can Tell Us About the Economy

"Think about it now. That 'Scoe's Special, smothered in gravy and onions, side of red beans and rice, some greens. That's some good eatin'." – Ordell Robbie, in *Jackie Brown*

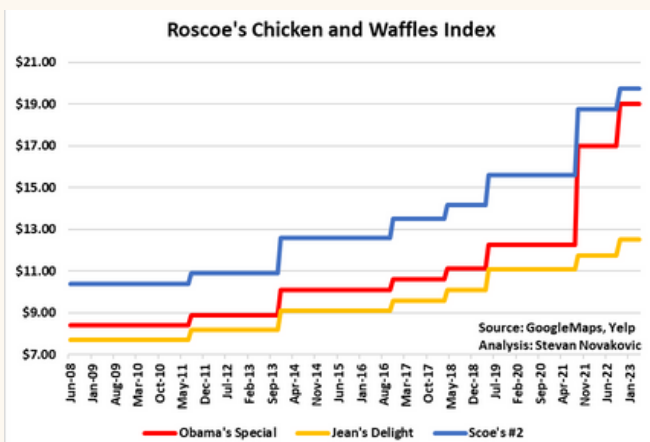
Chicken and waffles – an iconic dish. The mention of it immediately invokes an image for the hearer or reader, the consumer, whether that looks like “soul food,” Southern, sweet, savory, with or without white gravy. While some have rendered it “as American as shoefly pie,” a deeper dive into the dish’s history renders it more akin to apple pie: originating across the pond. Earliest accounts of dipped, breaded, and fried poultry comes from the Isle of Skye in Scotland, and in George Washington’s possession was a mid-18th century British cookbook that explicitly suggested brining, dipping in egg, batter, and frying in lard. On the waffle side, the Pilgrims brought over the idea after discovering it in Holland, as did many Dutch who moved to New Amsterdam, but they were popular throughout the Netherlands, among the Flemish, and especially the French.



The Southern connection comes in with Thomas Jefferson who brought to the states what is believed to be America’s first waffle iron, adorned with a goose handle. Combining the two, chicken and waffles we first find in the 17th century among the Pennsylvania Dutch, covered in gravy. But the modern notion, what most think about, stems, commercially at least, from Harlem – where it took root in the late-night jazz halls. Enough with the history, where are we going with this for an economic blog? It’s simple, lockdowns, supply-chain hiccups, and labor irregularities impact all of us, especially the food and restaurant industry. For those of you who might be film buffs or fans of Quentin Tarantino, one of his lesser-known films is *Jackie Brown*, starring (unsurprisingly) Samuel L. Jackson and Robert De Niro.

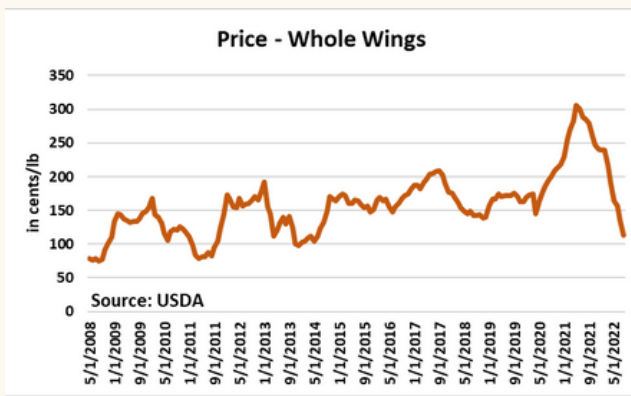
Early in the flick, Jackson’s character, Ordell Robbie, states to an associate that once they finish their nefarious activities they’ll go to Roscoe’s Chicken and Waffles, his treat. Roscoe’s, opened in the 1970s, has roots in Harlem but became a staple out in Orange County, CA with multiple locations throughout the area. Though geared towards the everyday folks looking for some “good eating” the chain was popularized by Stevie Wonder, Natalie Cole, Red Fox, and even President Barack Obama (who would later have a meal there named after him). But even soul food is not immune to economic foibles, and Roscoe’s has had its share of difficulties – as many restaurants did with prolonged pandemic externalities. To get an idea of how some markets have shifted over the last fifteen years – let’s let chicken and waffles show us.

Utilizing public menu pictures from Google Maps and Yelp, it’s possible to find customer submitted images going all the way back to 2008, and then track prices all the way until now. Three meals were chosen:



- Obama’s Special (which was called the Country Boy until 2011): three wings with choice of two waffles, potato salad, or fries.
- Jean’s Delight (only on Tuesday and Wednesday): mixed greens, thigh, potato salad, and hot water corn bread.
- Scoe’s #2: ¼ chicken prepared Southern style smothered with gravy and onions, two waffles.

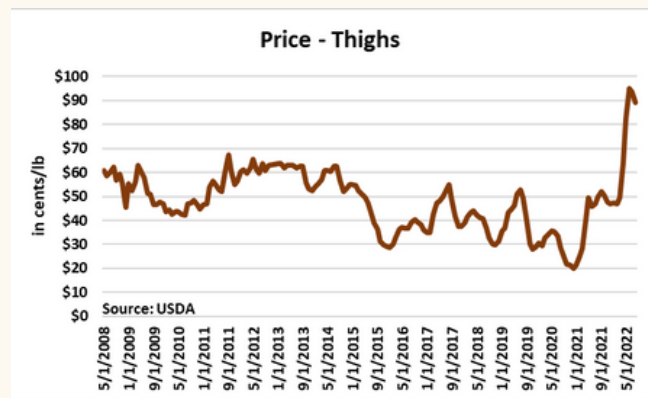
Over the decade of 2008-2018 Roscoe’s price changes tracked near the Fed’s target inflation rate, ranging by meal from a 3.1% annual increase to 3.6%, with hikes typically occurring every 2-3 years. Intuitively, as costs go up, the restaurant needs to make a profit, so this spread gives ownership a modest margin. A global viral pandemic and an incrementally rising minimum wage in the city of Los Angeles threw a wrench in that. So, what story does each of these meals tell us?



Starting with Obama’s Special, the largest price increase on the chart above is fairly obvious: a jump from \$12.25/plate to \$16.99 in the fall of 2021. Then, a year later it popped up to \$18.99 – an increase in cost to the consumer of 55% from pre-pandemic! Inflation is high, but not quite that high, and employee pay growth was nowhere near that total either, so “why the bump”? Remember what that meal is? Three *whole chicken wings*. Shortages occurred during the pandemic in everything from toilet paper to exercise equipment to... some types of food. Meat processing in the US is hands-on, with many people slicing and dicing in close quarters.

Staffing was difficult, so much so that the President forced animal protein packing plants to reopen with an executive order in the spring of 2020. Besides that, highly pathogenic Avian influenza (HPAI) ran rampant throughout the country, causing around 50 million birds to be culled (for perspective, this is equivalent to about 7% of monthly broiler production nationwide). Egg prices skyrocketed, and so did the cost of some cuts of chicken. It became so dire that news outlets were reporting that the US had a chicken wing shortage! Thus, the Obama Special faced some serious headwinds early on, and Roscoe’s had to adjust. Now that prices have retraced lower than pre-pandemic, is it expected that menu costs will decline? Unlikely as long as folks keep buying. The wing shortage gave another cut an opportunity to make the varsity roster of restaurant menus: thighs. It’s been reported that nationwide only about 2% of restaurants specifically offer thighs as an option. At the peak of America’s quest for chicken in 2021 rapper Rick Ross, an owner of 28 Wingstops, was tapped to push a marketing campaign for a rebranded Thighstop. Roscoe’s, however, has been ahead of the curve for decades. On Tuesday and Wednesday it offers Jean’s Special with the centerpiece being a thigh. Of the three meals tracked at Roscoe’s this one changed the least in price: up only 12.6% since before the pandemic. Compared with inflation for all items up 17% over the same time period, Jean’s Special has been an inflation buster! How? Well, primarily due to affordability of thighs as a less desirable cut of chicken to most consumers.

While wings were hitting \$3/lb, thighs were still hovering around \$0.50/lb. Through that particular dark meat of late has skyrocketed in cost, its high never even reached \$1/lb at the aggregate wholesale level and appears poised for a retracement. Last but not least, let’s take a look at ‘Scoe’s #2, Ordell’s favorite: up 26.6% from before the pandemic. One quarter chicken, smothered with gravy and onions. This meal is probably the best example we have of the overarching economy. Fresh whole chicken, nationwide, is up 28.1% from February 2020 according to the Census Bureau – neck and neck with Roscoe’s special.



So, next time you’re in LA, maybe swing by Roscoe’s and try an Obama’s Special, or possibly a Country Girl, and take a minute to ponder Ordell Robbie, who never made it back there. Economics can help tell the story of life because it influences our future choices and its record displays our past. Even the most ordinary everyday items, like the menu of a local chicken and waffles chain, might have a yarn to tell.



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