

# Impact of Covid-19 on Restaurant Industry

Prof. Anil Kothari<sup>1</sup>, Taranjeet Kaur Matharu<sup>2</sup>

<sup>1</sup>Professor, <sup>2</sup>ICSSR Fellow & Research Scholar,

<sup>1,2</sup>Faculty of Management Studies, Mohanlal Sukhadia University, Udaipur, Rajasthan, India

## ABSTRACT

Rising cases of Coronavirus is an increasing concern for government. Ever since WHO had declared coronavirus a pandemic, every industry has been facing problems. With only essential services being allowed during the lockdown, restaurants had to suspend its operations. The purpose of the study is to investigate the preference of customers regarding restaurant industry. Data has been collected using questionnaire through an online survey. Using Henry Garret Method and Percentage Method, this study analyzed the change in the preferences of the customers. There is a drastic change in the preferences regarding restaurants pre and post Covid-19. This study definitively answers the questions regarding the impact of Covid-19 on the restaurants.

**KEYWORDS:** Restaurateur, Garrett Ranking Method, COVID-19

**How to cite this paper:** Prof. Anil Kothari | Taranjeet Kaur Matharu "Impact of Covid-19 on Restaurant Industry"

Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-4 | Issue-6, October 2020, pp.729-734,

URL: [www.ijtsrd.com/papers/ijtsrd33397.pdf](http://www.ijtsrd.com/papers/ijtsrd33397.pdf)



IJTSRD33397

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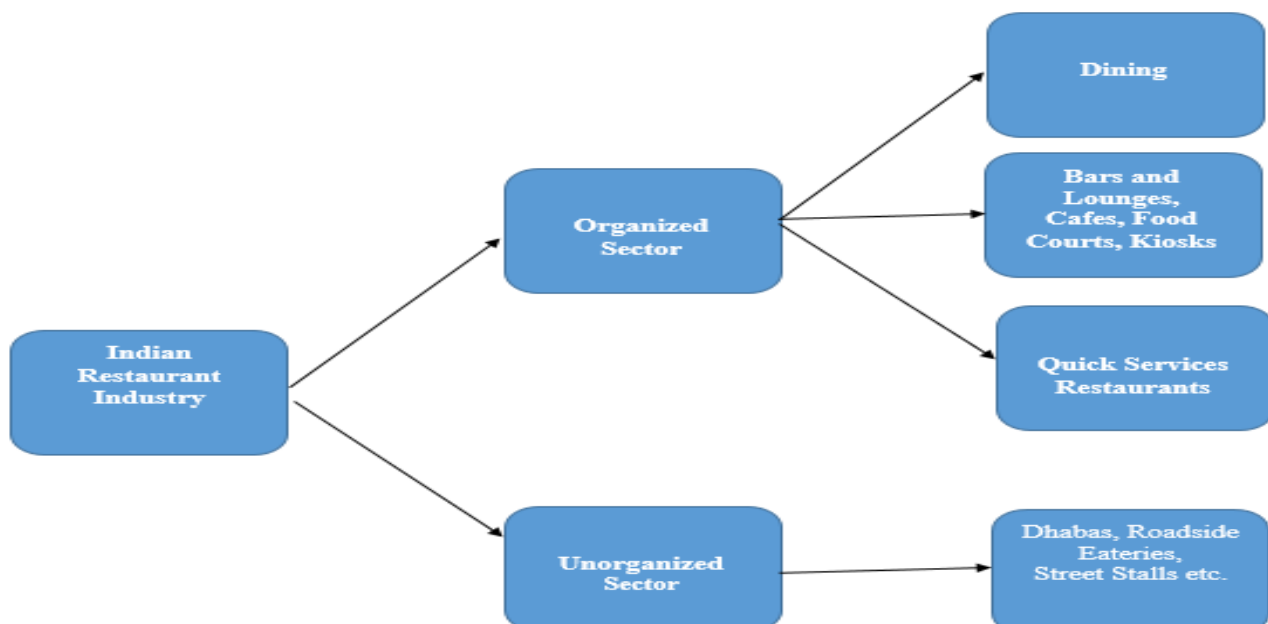


## INTRODUCTION

The word 'Restaurant' was derived from the French verb 'Restaurer' means "that which restores" was defined in 1507. The restaurant Industry includes the businesses that prepare & serve food & drinks to their customers. It contributes approximately 3% of GDP and employing around 7.3 million people and is one of the largest in the service sector.

## Classification of restaurant industry

The restaurant Industry can be classified on various factors i.e. on the basis of food itself, cuisine or the style of offering. But the restaurants are mainly classified into two sectors and these are Organized Sector & Unorganized Sector. Organized Sector is further classified into Dining, Bars & Lounges, Cafes, Food Courts, Kiosks and Quick Services Restaurants. Unorganized Sector is classified into Dhabas, Roadside Eateries, Street Stalls etc.



**COVID-19**

Covid-19 is an infectious disease caused by Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-CoV-2). This virus was first identified in December 2019 in Wuhan City, China and is still an ongoing pandemic. Symptoms of this virus are fever, cough, shortness of breath, loss of taste and smell. It is an air-borne disease and spread via small droplets produced by coughing, sneezing and talking. To prevent this infection, it is much needed to maintain a healthy physical distance, use mask and sanitizer and by keeping unwashed hands away from face. The statistics is shown as follows as on 31/08/2020:

Country	Total Cases	Total Deaths
USA	6,173,236	187,224
Brazil	3,862,311	120,896
India	3,621,245	64,617
Russia	990,326	17,093
Peru	647,166	28,788
South Africa	625,056	14,028
Colombia	607,938	19,364
Mexico	595,841	64,158
Spain	455,621	29,011
Chile	409,974	11,244

Source: <https://www.worldometers.info/coronavirus/>

**OBJECTIVES**

1. To examine the impact of COVID-19 on the preferences of the customers regarding food at restaurants.
2. To check the frequency of having food at restaurants (Pre & Post COVID-19)
3. To examine the change in preference of customers regarding the attributes before selecting a restaurant.
4. To examine the change in preference regarding payment at restaurants (Pre & Post COVID-19).
5. To study the change in preference while ordering food at restaurants (Pre & Post COVID-19).

**RESEARCH METHODOLOGY**

The study is based on both primary as well as secondary data, however primary data collection was given more importance since it is overbearing factor in attitude studies. Primary data has been collected from a sample of 110 people through an online survey. Secondary data is used only for reference purpose. Convenience Sampling method has been used. The secondary data has been collected through various journals and websites. Percentage method and Henry Garrett Ranking Method has been used for data analysis. Pie charts and Bar Graphs has been used to represent the data.

**REVIEW OF LITERATURE**

(Lampropoulos, Aggelopoulos, & Paraschi, 2020) conducted an empirical study on "The impact of the Covid-19 disease on distance Super-Market Sales". The researcher tried to compare the preferences of Greek customers using sample size of 230 customers. The researcher further found that the ongoing pandemic situation has affected the preferences of customers regarding shopping. Due to the lockdown, the preference of customers has been changed regarding the channel of shopping and service & convenience has also been added to the primary factors of customer choice of Super Market.

(Laguna, Fiszman, Puerta, Chaya, & Tárrega, 2020) conducted an empirical study using a sample of 362 Spanish population studied the food shopping habits during the lockdown. The researcher found that there was a change in the shopping frequency but no change was observed in shopping location. The researcher further concluded that the demand of those food products that are healthy remained same and on the other side the demand of food products having short shelf life descended during the lockdown.

(Singh, Urvashi, & Singh, 2020) found that over the last six years, India's GDP hit the lowest level in 3<sup>rd</sup> quarter 2019-20. Covid-19 has affected almost every sector of the economy. The production level and the employment rates has decreased amid Covid-19. To overcome this problem and to bring back the economy on its track, there is a need to move from global to local, by using cash instead of depending on complete cashless system and by using digital platform for doing business.

(Bansal, Sharma, & Gautam, 2020) studied the impact of Covid-19 on Indian economy with special reference to GST. The researcher concluded that Covid-19 has affected every sector of Indian economy, be it rail system, automobile industry, restaurant industry etc. to run and manage economy, government needs fund which is collected from taxes. Due to the complete lockdown, there was no economic activity conducted in the country which will also affect the level of GST collection.

**DATA ANALYSIS**

Table 1 depicts the Demographic Profile of the respondents:

**Table 1: Demographic Profile**

	Frequency	Percent	Cumulative Percent
Age	Up to 20 years	12	10.9
	20 to 40 years	90	81.8
	40 to 60 years	8	7.3
	<b>Total</b>	<b>110</b>	<b>100</b>

Gender	Male	58	52.7	52.7
	Female	52	47.3	100
	<b>Total</b>	<b>110</b>	<b>100</b>	
Educational Qualification	Up to Higher secondary	10	9.1	9.1
	Graduate	24	21.8	30.9
	Post Graduate	68	61.8	92.7
	Other	8	7.3	100
	<b>Total</b>	<b>110</b>	<b>100</b>	
Occupation	Salaried	44	40	40
	Self-employed	17	15.5	55.5
	Student	42	38.2	93.6
	Other	7	6.4	100
	<b>Total</b>	<b>110</b>	<b>100</b>	
Marital Status	Unmarried	77	70	70
	Married	33	30	100
	<b>Total</b>	<b>110</b>	<b>100</b>	
Family type	Nuclear family	53	48.2	48.2
	Joint family	57	51.8	100
	<b>Total</b>	<b>110</b>	<b>100</b>	
Annual Income	Below 1 lakh	18	16.4	16.4
	1 to 2 lakh	19	17.3	33.6
	2 to 3 lakh	21	19.1	52.7
	Above 3 lakh	52	47.3	100
	<b>Total</b>	<b>110</b>	<b>100</b>	

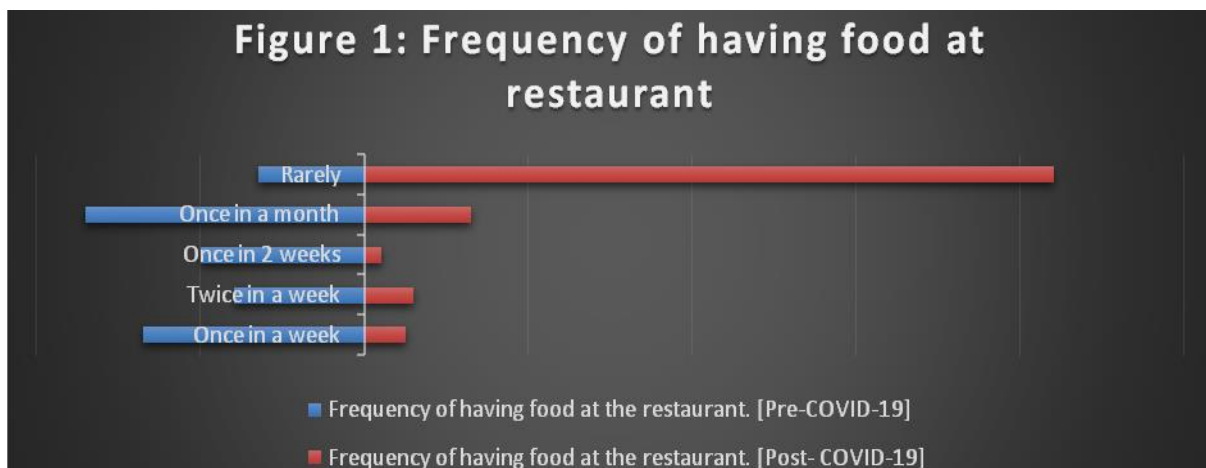


Figure 1 explains the frequency of having food at restaurants pre and post COVID-19. There is substantial change in preference of the customers regarding food at restaurant. In Pre-Covid-19 situation, maximum respondents preferred once in a month and in Post-Covid-19 situation, maximum respondents want to have food at restaurants rarely.

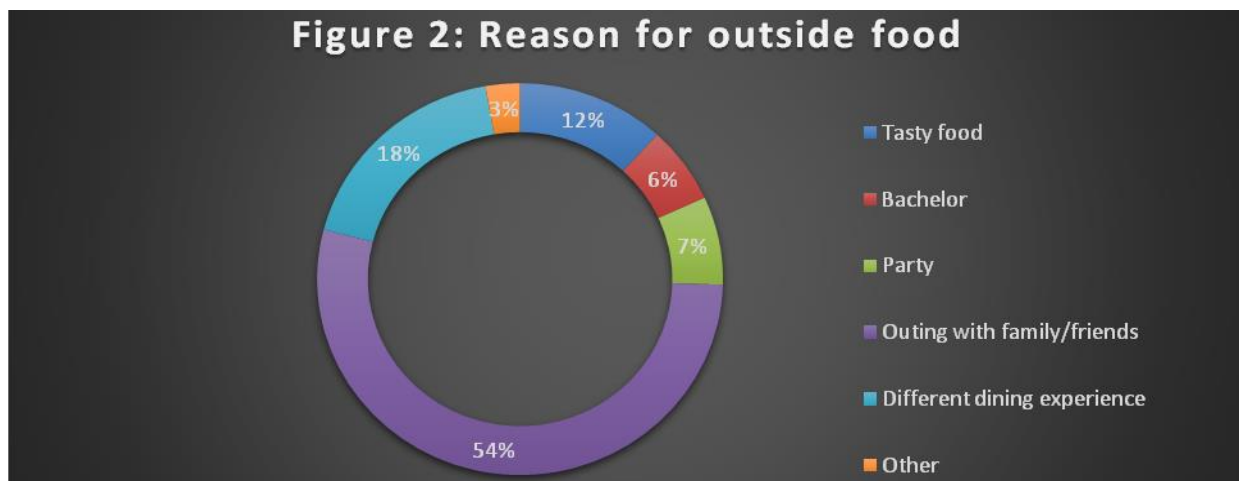


Figure 2 explains the reason for having food outside. 54% respondents preferred outing with family/friends, 18% preferred for different dining experience, 12% preferred Tasty food, 7% for Party, 6% preferred Bachelor and rest 3% specified other option as the reasons.

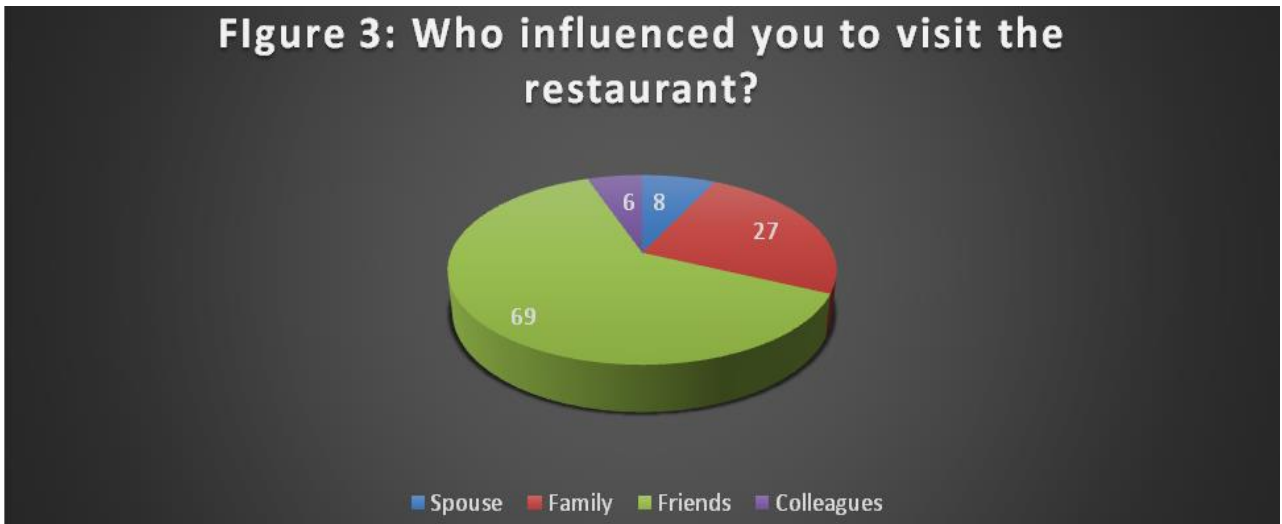


Figure 3 explains that 69 respondents said that their friends, 27 said family, 8 said spouse and 6 said that their colleagues have influenced them to visit a restaurant.

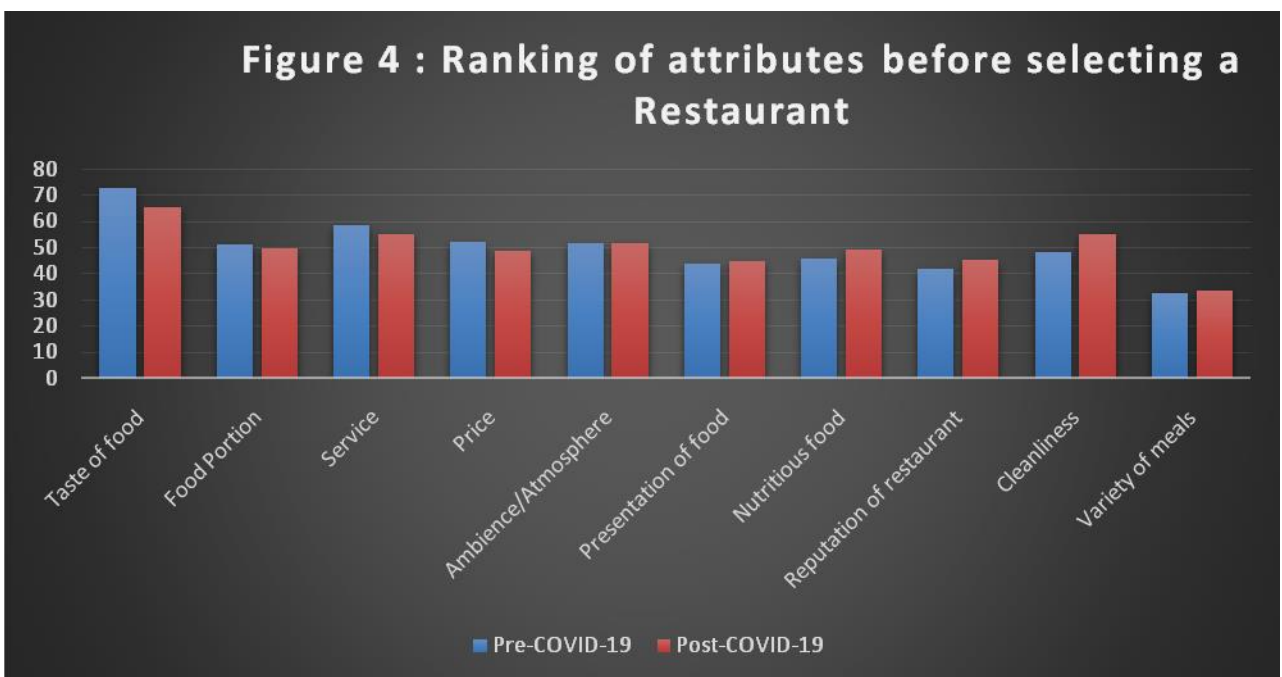


Figure 4 depicts the ranking of attributes before selecting a restaurant. By applying the Henry Garret Method, it is found that in both pre and post Covid-19 situations, the most preferred attribute was Taste of food then Services of the restaurant. The ranking for price and presentation of food has dropped down and on the other hand respondents prefer cleanliness, nutrition and reputation of restaurant more as compared to pre Covid-19 situation.



Figure 5 explains that 96 out of 110 respondents have tried their favorite dishes at home.



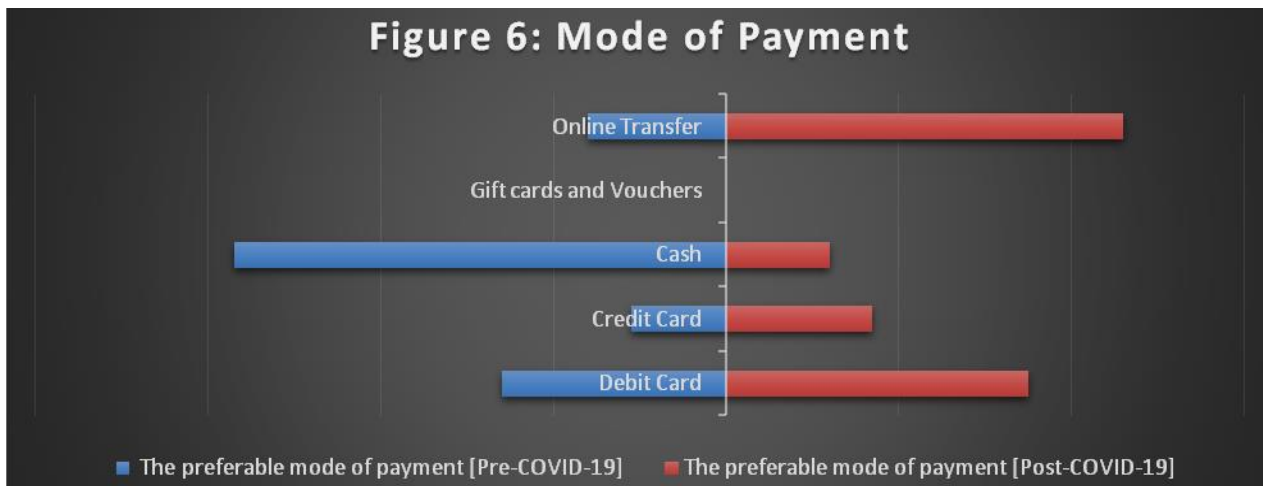


Figure 6 depicts the preferable mode of payment at the restaurants. The impact of Covid-19 can also be seen on the payment mode as the preferable mode in pre-Covid-19 was Cash that has changed to online transfer in post Covid-19 situation.

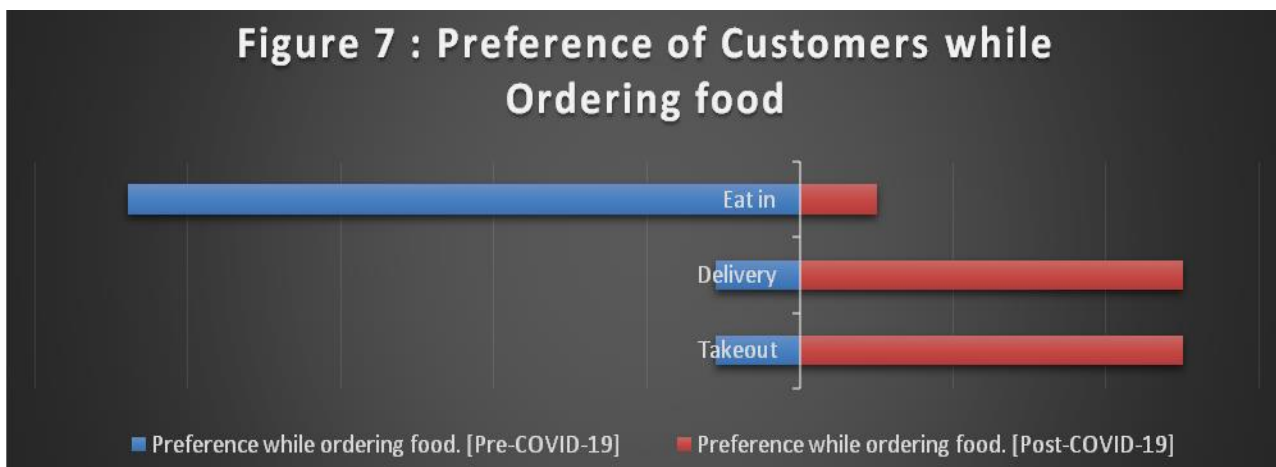


Figure 7 depicts the preference while ordering food at restaurants. In Pre Covid-19 situation, most of the respondents preferred to Eat in and on the other side in Post Covid-19 situation, least respondents prefer to Eat in

**DISCUSSION:**

This paper gave the insight into the impact of COVID-19 on the preferences of consumers regarding restaurants. Majority of the respondents are of 20-40 years of age (81.8%) and are Male (52.7%). Most of the respondents are Post-Graduate (61.8%) and are Unmarried (70%). Majority of the respondents have joint family (51.8%). The preferences of consumers have changed and the changed preferences has become challenges for the restaurateur. The consumers prefer to take out or home delivery for their food as they do not want to eat in. The preference has also changed regarding the mode of payment as most of the consumers prefer online transfer for contactless payment.

**CONCLUSION**

This paper analyzed the impact of Covid-19 on the preference of the consumers regarding the restaurants. It is found that the Covid-19 has affected the restaurant industry badly first with the lockdown and secondly with the changes in the preferences. To revive the restaurant industry, the restaurateurs need to adopt strategies to attract consumers. Some of the strategies are:

- Not letting guests touch the doors and minimize the contact with any surface.
- Tables and chairs should be sanitized regularly.
- Time-to-time Corona Test of staff.

- Reducing the number of tables to maintain distance.
  - Restaurants should use disposal.
  - Highlighting the sanitization techniques to attract more customers.
  - Taking online payment instead of cash payment.
  - Deliver DIY (Do It Yourself) meal packets.
  - Prior booking options to maintain a healthy distance.
  - Adopting contactless and menu specific delivery system
- Restaurants should be well ventilated.

**ACKNOWLEDGEMENT**

The second author (Taranjeet Kaur Matharu) is getting fund from ICSSR. All the expenses from study design to final submission are borne by ICSSR.

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