

Pandemic Induced Crisis in Restaurant Business

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Abstract: *Purpose: The main purpose of this paper is to analyze and examine the issues and challenges faced by restaurant businesses after the pandemic and to identify the strategic management areas for the restaurant businesses.*

Methodology: The restaurant business has been the most affected business during and after the pandemic. Therefore, this study intends to examine their challenges. Thus researchers have undertaken descriptive and analytical research methodology through the surveys conducted and the existing theories.

Results: The restaurant industry, one of the sectors most significantly impacted by the pandemic, saw a wide range of problems and difficulties related to economic, social, technological, and political aspects. They had a lot of other options, including switching to an internet business, a cloud kitchen, a franchising system, etc. In the end, it was discovered that the ideals of strategic management helped them to endure the epidemic and all of its challenges.

Keywords: restaurant, businesses, challenges, economy, pandemic

I. INTRODUCTION

Restaurant business being in the “food and drink” category falling within the hospitality industry of service sector was also being affected during the COVID-19 pandemic along with various businesses like electronic business, furniture market, clothing sector, and many more. Restaurant openings and closings were subject to numerous procedures, directives, and warnings; also, they were shut down entirely for the first few months. Reliance of fear in the mind of the general public regarding the health and appropriate measures not being successfully implemented in dining and also regarding the food ordered online made it difficult for the restaurant owners to run their business. The restaurant proprietors faced several challenges, including managing staff layoffs, food shortages and storage, marketing concerns, and public awareness campaigns.

Many restaurant businesses have transitioned from dining to online ordering, cloud kitchens, etc. in response to consumer expectations for things like good packing, clean food, home delivery, and digital transformation. Many establishments were able to withstand the pandemic-era limitations because of these techniques. However, once the epidemic is over, their companies will require extra assistance, such as networking and restaurant marketing to boost sales. All of the political, social, technical, and economic variables influenced both the increase following the epidemic and the decline during it.

The strategic management techniques seemed helpful for them like government funding, diversity offerings, discounts, etc. The restaurant industry appeared to benefit from the strategic management strategies such as government subsidies, diverse initiatives, discounts, etc. According to certain polls, it was discovered that small and medium-sized restaurants might benefit from overcoming crisis issues. Moreover, according to some surveys, it was found beneficial for medium and small restaurants to overcome the crisis problems.

II. LITERATURE REVIEW

Author and the year	Title of research paper	Objectives	Findings
Messabia, N., Fomi, P. R., &Kooli, C. (2022)	Managing restaurants during the COVID-19	To understand and overcome the problems of	The restaurant industry faced many challenges

	crisis: Innovating to survive and prosper. <i>Journal of Innovation & Knowledge</i>	the small and medium restaurant owners during the crisis.	due to the crisis such as shortage of manpower, expansion, financial conditions, etc.
Madeira, A., Palrão, T., & Mendes, A. S. (2020).	The impact of pandemic crisis on the restaurant business	To identify the future perceptions of the government, government policies for the restaurant businesses after the crisis.	The restaurant owners fear lack of government policies, therefore, increase in expenses such as for advertising, marketing, etc.
Li, B., Zhong, Y., Zhang, T., & Hua, N. (2021).	Transcending the COVID-19 crisis: Business resilience and innovation of the restaurant industry in China.	To examine the restaurant business reliance and crisis and create innovation management.	To manage the efficient growth of business the crisis management techniques include precaution as well as prevention during the crisis.
Najib, M., Abdul Rahman, A. A., & Fahma, F. (2021).	Business survival of small and medium-sized restaurants through a crisis: The role of government support and innovation.	To analyze and investigate the impact of government policies and support and the impact of entrepreneurial support to small and medium restaurant owners.	During the pandemic where the restaurant businesses were most affected the government method of sustainability played a significant role for them.
Barbosa, G., Coelho, J., Fernandes, M., & Ramazanov, M. (2023).	The use of food delivery applications in the restaurant industry during the COVID-19 crisis: Consumers' perspectives. In <i>Crisis Management, Destination Recovery and Sustainability</i> .	To examine and identify the new consumption forms with food delivery applications, and also the way digitization helps them.	Digitization helped the restaurant business to grow exponentially and provide more consumer satisfaction.

III. RESEARCH OBJECTIVES

To analyze and examine the issues and challenges faced by restaurant business after the pandemic.
To identify the strategic management areas for the restaurant businesses.

IV. RESEARCH METHODOLOGY

The restaurant business has been the most affected business during and after the pandemic. Therefore, this study intends to examine their challenges. Thus, researchers have undertaken descriptive and analytical research methodology through the surveys conducted and the existing theories.

V. DATA ANALYSIS AND INTERPRETATION

The issues and challenges faced by restaurant business after the pandemic

In modern history, the COVID-19 pandemic was the deadliest and most devastating worldwide health crisis in recent times, and everyone prioritized their diets in order to keep viruses out of their food. Many businesses are closing, but many others are finding ways to survive. After retail and insurance, the restaurant industry is the largest service industry in India. The company's growth or fall was a direct outcome of the alarm that was raised to save resources, prioritize health, and preserve economic growth. The restaurant industry, among many other enterprises, was the one that received the most directives, recommendations, procedures, etc. because it falls within the hospitality sector's "food and drink" category for human consumption. The restaurant businesses saw many ups and downs during the covid times and the struggles continued after the pandemic too, to maintain their economic growth rise and stability due to the losses that had been incurred in terms of issues and challenges. Therefore, according to our survey, the following data helps to analyze and examine the issues and challenges faced by restaurant businesses after pandemic:

Decline in social presence of public in restaurants

The social presence of the public has an impact on the company as the restaurants were shut down for such a long time. As a result, following the epidemic, public social presence decreased. The following pie charts show a comparison of social presence at the restaurant following the pandemic:

Duration of time the restaurant was closed
20 responses

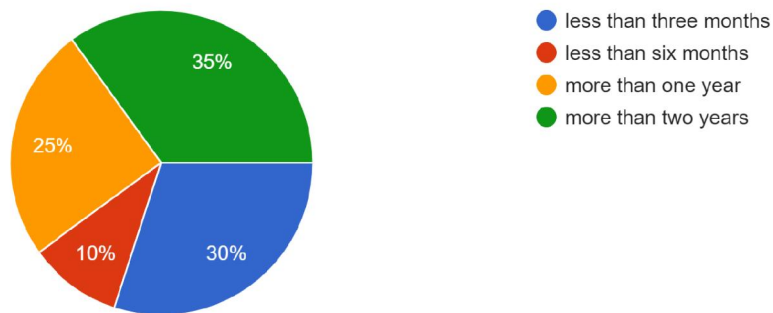


Fig 1.1.

Have you visited restaurant after pandemic
152 responses

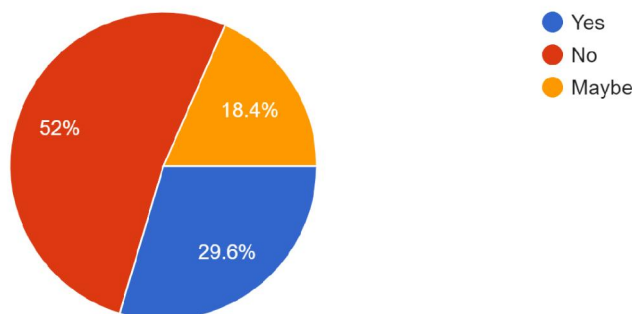


Fig 1.2.

An increase in food purchases made online

With the rise of online meal ordering, there was a reduction in restaurant eating, which had an impact on many restaurants' businesses and led to staff layoffs as a result of a decline in financial earnings or losses for the restaurants. Restaurants with a single dining area must compete with online delivery services. The identical is shown in the images below:

consumption of food
152 responses

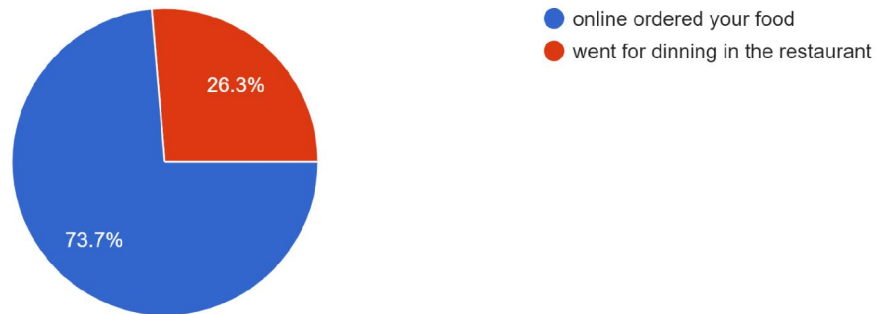


Fig 2.1.

Lockdowns were frequent, which made food storage scarce

Due to transit restrictions and shortages brought on by periodic lockdowns, several staple foods, such as potatoes, onions and lemons, were in high demand. The storage shortage dissolved. The biggest problem for the restaurant industry was likewise a lack of storage. The storage deficit is illustrated by the statistics below:

shortage of food stock faced after pandemic.
20 responses

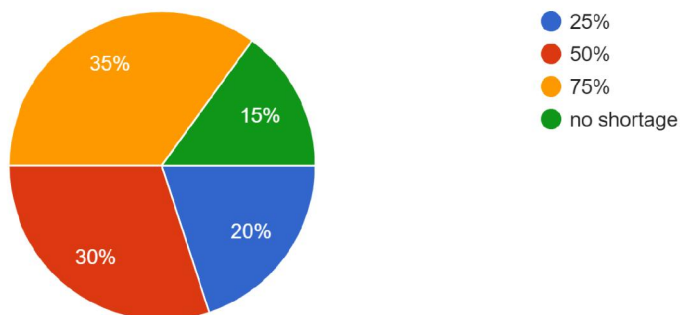


Fig 3.1.

Transportation restrictions leading to a rise in menu prices

The restaurant industry depends heavily on the transportation industry. The poor food storage caused by the transportation limitations and restrictions finally led to an increase in the cost of the restaurant's menu. The graphic below displays client feedback regarding the price increase:

Have you found increase in price in their menu.

152 responses

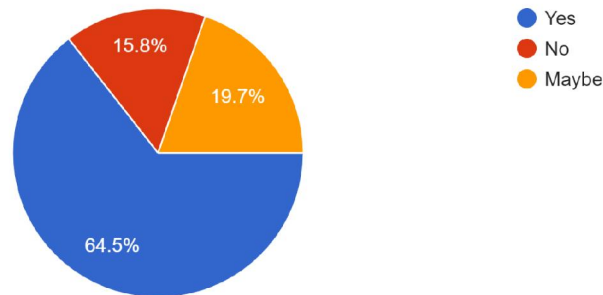


Fig 4.1.

Poor customer service in restaurants after pandemic

Customer happiness is essential in the restaurant industry, but it has been negatively impacted by the drop in dining and other factors. The demands of the clients are more emphasized in terms of hygiene, safety measures, and other factors. The following graphic highlights the area where customer satisfaction and service are lacking:

lack in the restaurants customer service.

152 responses

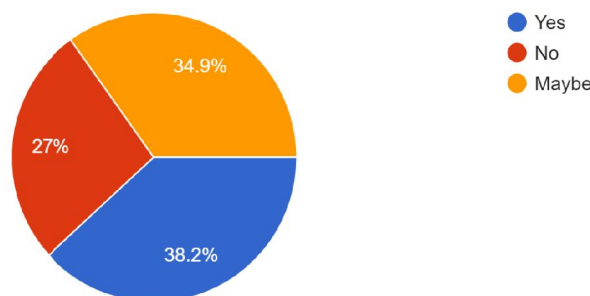


Fig 5.1.

Along with them, political factors (such as health protocol, social estrangement, government guidelines and policies, etc.), social factors (such as seeking funding, reskilling the workforce, changing customer preferences, etc.), economic factors (such as decrease in demand with increase in factors, financial fragility, Bank loan/bankruptcy, etc.), and technical factors (such as health protocol, social estrangement, government guidelines and policies, etc.) all contributed to the difficulties of survival of restaurant businesses after pandemic. These were some of the difficulties and problems the restaurant industry had to face in the wake of the epidemic. In addition to these problems and difficulties, there are other ways for the restaurant industry to develop, such as going online for marketing or commercial purposes, finding franchising chains, setting up cloud kitchens, etc.

The strategic management areas for the restaurant businesses

All companies had their most difficult times as a result of the COVID-19 outbreak. The epidemic had a significant influence on the restaurant industry as well. Their eating systems, transportation infrastructure, and supply chain were all hampered. The restaurant business shrank by 53% during the pandemic year, according to the Business Standards. The pandemic severely hurt the sales and profit margin of the restaurant industry. They will be able to get through difficult situations with the support of effective and planned crisis management. Following certain appropriate procedures may help restaurant operators remain successful even after the pandemic:

Proper handling of finances

The term "sound management system" refers to the efficient planning and monitoring of financial resources and cash flow in restaurants. Here, the owners may correctly manage their budget, reduce labor expenses, regularly review reports, and invest in technological equipment.

Using innovation to expand service offerings

The development of new ways to diversify service offerings, such as offering happy hours, and special deals, converting consumers into brand ambassadors, setting fair menu pricing, changing the menu's dish options, serving smaller plates, etc.

The strategic administration of human resources

The management and timely distribution of the appropriate resources will act as beneficial resources for the restaurant. Retraining the workforce, correct selection, and orientation are all necessary to ensure that the personnel will provide an adequate return on investment.

Support from the federal government

The government supplied the cash, for example, by waiving the six-month restaurant licence renewal costs for many small and medium-sized eateries. Additionally, a lot of state governments gave the restaurant some support so it might survive.

Support from family members

Support from the family is essential for running a business or taking an exam. Whatever the circumstance, family love and encouragement lifts the spirits and gives strength to fight for the best outcome. Similar to this, restaurant entrepreneurs may tackle troubles and obstacles better with family support.

VI. RESULT AND CONCLUSION

The restaurant industry, one of the sectors most significantly impacted by the pandemic, saw a wide range of problems and difficulties related to economic, social, technological, and political aspects. They had a lot of other options, including switching to an internet business, a cloud kitchen, a franchising system, etc. In the end, it was discovered that the ideals of strategic management helped them to endure the epidemic and all of its challenges.

VII. LIMITATIONS OF THE STUDY

There was a time restriction.

Due to the small sample number, the data explains the average exposure.

Over the course of time, the data could change.

This topic may be the subject of further study.

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