Chapter 9
Restaurants and COVID-19: A Focus on Sustainability and Recovery Pathways

Abstract The hospitality industry, specifically the restaurant sector, is one of the leading global sources of employment, and it generates considerable revenue. However, the industry is susceptible to disasters that destroy infrastructure and affect human movement, notably the outbreak of pandemics and epidemics. This study investigated the early impacts of COVID-19 on the global hospitality’s restaurant sector. The study made of data from the OpenTable database and the National Restaurant Association of America. It emerged from the study that most restaurants were shut down for sit-in meals as governments increasingly promulgated regulations for social distancing and lockdowns. This adversely affected fine dining and family restaurants, pubs and taverns. The fast-food outlets were equally affected with businesses mostly operating at less than 20% capacity. This led to substantial financial losses and direct and indirect jobs losses thus bringing many restaurants into unprecedented liquidity challenges. At the peak of the pandemic impact in the USA, millions of restaurant employees lost their jobs. The study recommends a raft of tailor-made measures to assist the restaurant businesses and employees during and after the crisis so that both emerge out of it stronger and resilient to withstand such possible future events. Among such measures are tax rebates for employees and business; improved health and hygiene measures; the provision of grants, loans and debt relief interventions; decreased interests on loans; and other innovative measures to ensure business viability post the pandemic.

Keywords SDG 8 · SDG 12 · COVID-19 · Jobs · Restaurants · Hospitality · Tourism · USA

9.1 Introduction

Kim et al. (2005) and Tse et al. (2006) argue that restaurants, as well as hotels, airlines, travel agencies and resorts, are usually at the receiving end of catastrophes both natural and man-made. The tourism and hospitality sector is vulnerable to human calamities and extreme weather events calamities such as hurricanes, tropical cyclones, tornados, tsunamis, financial crisis and wars. The past decade was been characterised by weather extreme events at the instigation climate variability.
The year 2019 while it started with news headlines of the fires in South West Australia, these were nothing compared to the global impact of coronavirus that crippled many sectors of the tourism economy (Dube et al. 2020; Gössling et al. 2020).

COVID-19 pandemic presented a challenge to the world’s quest to attain the 2030 Agenda for Sustainable Development (AfSD), with its interlocked 17 sustainable development goals (SDGs). While the pandemic affected all goals, two goals and their relation to the tourism industry, namely, SDG 8 and SDG 12, are the focus of this chapter. SDG 8 stipulates the desire to “(promote) sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” (United Nations 2015:14). Critical to this chapter is that Target 8.9 of this goal encourages the world to “devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.” Complementarily, Target 12.b focuses on developing and implementing “tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products” (United Nations 2015, pp. 20, 23).

Kim et al. (2020) investigated the influence of infectious disease epidemic outbreaks on the financial performance of the restaurant sector. Their work focused on four epidemic disease outbreaks: swine flu (2009), Salmonella infantis infection (2011 and 2014), the avian flu (2014) and the bovine spongiform encephalopathy (BSE) (2015). Their findings confirm the negative effect of epidemic disease outbreaks on the restaurant industry. Pandemic and epidemics can be damaging to three organisation characteristics, namely, organisations’ value, namely, brand reliability, advertising effects and service types. It is highly likely that COVID-19 will have a similar impact. This carries dire consequences for the global economy because of the contribution of restaurants to economic growth and development through employment opportunities as well as related product and services inputs. Interestingly, the employment opportunities in the sector often provide a crucial entry point to the labour market for many youths.

This chapter documented the impacts of COVID-19-induced panic and fear (CIPF), real or otherwise, and its implications on restaurants’ unemployment numbers and recovery pathways globally. Drawing from both the literature and emerging data, valuable lessons were presented for the restaurant sector, especially to operation that had and were/are still experiencing the hurricane-like impacts from the COVID-19 pandemic. This chapter is set out to investigate the impact of COVID-19 on global restaurant industry meltdown.

9.2 A Literature Survey

Lee and Warner (2005a) bemoaned the consequences of the SARS epidemic on China’s employment. In most circumstances, the impact of pandemics affects employees differently across the tourism and hospitality sector. According to Lee and Warner (2006), migrants were often among the hardest-hit group in Guangzhou.
They were laid off after the government ordered the closure of the entertainment business as part of places where there may be substantial public gatherings. An estimated eight million workers, out of about 100 million, employed in the restaurant and related sectors, returned to their rural areas. The same authors also focused on Singapore’s service sector, which included restaurants. They found that, in 2002, the hotels and restaurants sector employed 125,300 people (Lee and Warner 2006), and, like many tourism-dependent economies in Asia, the sector contributed up to 10% of the gross domestic product (GDP). During the SARS epidemic, revenue, at selected restaurants, fell by as much as 50%, resulting in the hotel and restaurant sector experiencing significant job cuts losing 5800 jobs out of the 12,100 in the sector (Ibid). The SARS outbreak also impacted on social activities in Hong Kong, where people became afraid to venture out into crowded public places and shopping malls (Tse et al. 2006). As a result, restaurant patronage significantly declined.

The impacts of SARS in these countries and region were not only financial. The impact was also psychosocial, and some of the matters from that era remain real under the COVID-19 scenarios. McKercher (2003) documented the concept of SARS-induced panic (SIP) in Hong Kong. In his view, although none of the over six million residents of Hong Kong had succumbed to SARS, the SIP potentially contributed to the loss of between 50,000 and 100,000 jobs in the local hotel, tourism, hospitality and retail sectors. The losses were largely attributed to perception and fear of reports from the region. Lee and Warner (2005b) found that 25 restaurants in Hong Kong closed within the first 2 weeks of April 2003, resulting in 1600 restaurant staff losing their jobs. Wilder-Smith (2006) highlighted the severe customer drop in Chinese cuisine restaurants in Guangdong, Hong Kong and Chinatowns in North America, with some as high as a 90% decrease. From McKercher’s (2003) assessment, the SIP was a hysteria surrounding SARS that induced irrational behaviour in the population, and this may not be ruled out in the face of COVID-19. The CIPF implies that the impacts of the pandemic would be far less than the fear it injects and provokes in the global citizenry. Rumour spreading, misinformation, fearmongering and ignorance all played a part in consumer panic during SARS, and it was mainly the tourism sector that was highly vulnerable to SIP. This resulted in an up to an 80% decline in tourist arrivals, in affected areas and their vicinity. Breda (2004) indicates that Hong Kong’s travel and tourism sector was predicted to have lost about USD$3.6 billion and 41,700 jobs, with the restaurant association predicting that 5000 of its members will be shutting their doors (McKercher 2003).

After a crisis like SARS, Tse et al. (2006) encourage restaurants to start by assessing the nature and extent of the damage. During the SARS outbreak in Hong Kong, the primary damage was sudden cash flow problems, which led to job losses. Hence, an appropriate response measure will be to aim at maintaining adequate liquidity for the business. To this end, “operating costs must be minimised, and low-cost loans must be solicited”, with revenue enhancement plans put in place to generate more revenue and cash inflow to the business (Tse et al. 2006: 7). Some of the cost-cutting measures included temporary closures of restaurants, shortened business hours, the redeployment of staff and promoting travel packages (Lee and
This witnessed the Peninsula’s restaurants regaining their clientele and starting to fill again. Further cost reductions implemented included reducing advertising and promotion, negotiation with suppliers to lower costs for foodstuff, talking to landlords to reduce rentals and having staff pay cuts and placing staff on unpaid leave (Tse et al. 2006).

Additional measures focused at lobbying government for financial support through relief packages that include interest-free loans and negotiating with banks for suspension of loan payments for a certain period of time. Such negotiations should be led by organised labour movements, chambers of commerce and/or restaurant and tourism industry associations. This paid off in Hong Kong, as ultimately, the Hong Kong General Chamber of Commerce announced that it succeeded in getting an HKD11.8 billion relief packages for the restaurant sector impacted by SARS. Included in the relief package were tax rebates, lower rent for shops in public shopping malls and reduced water and sewage charges for restaurants (Lee and Warner 2005b).

There were other onside innovations from Hong Kong restaurants. These included improving food quality and service; restaurants offered discounts and new forms of promotions to entice the old and potentially new patrons (Wilder-Smith 2006); and anti-SARS menus emerged to align with strong government health promotion messages. The menus highlighted the potential to boost customers’ immune system and were based on Chinese herbal medicine (Tse et al. 2006). This approach was well-received by the people of Hong Kong, who traditionally have lots of Chinese medical herbs in their diets. Take-away and door-to-door deliveries were enhanced to cater to customers that were still afraid of getting out to the restaurants.

Given that SARS transition included airborne water molecules, restaurants had to deploy clear and adequate sanitation (including sanitising) interventions on-premises, to lower the perceived risk of possible contamination. Many restaurant-goers will have this fear after COVID-19. Hence, restaurants in Hong Kong had to advertise their hygiene policies and highlight measures that they have put in place to protect patrons (Tse et al. 2006). Cleanliness became a selling point (Lo et al. 2006). Box 9.1 summarises some of the measures introduced by Hong Kong restaurants.

While restaurants in Hong Kong had to develop new disaster risk reduction and management plans, one restaurant group in the USA, the Waffle House Restaurants (Ergun et al. 2010), introduced proactive measures to deal with hurricanes. As preparation begins before the hurricane season, over time, the group drew lessons and documented them for future hurricane seasons. In a way, the COVID-19 pandemic will present lots of lessons for the future in the restaurant sector, with the view to minimise job losses and bouncing back to normal operations quicker and smarter. Many countries in Africa are experiencing lockdowns for the first time in their histories.

Drawing on experiences in Indonesia, Rindrasih et al. (2019) discuss the performance of the tourism industry in response to disaster events. After analysing multi-year disasters, from 1998 to 2016, the findings revealed that disasters affect the
tourism industry differently. The level of impact depends on, for instance, the scale of the destruction, location and nature of the disasters – whether human- or nature-induced. However, whatever the nature of the disaster, there is a need for coherent recovery policy frameworks, driven by all key stakeholders, including government, the industry concerned and organised labour. The media too should take responsibility by portraying destinations positively, as tourism is a susceptible sector in terms of perceptions (Dube and Nhamo 2020a).

The next section presents the methodological framework informing this work.

9.3 Methods and Materials

COVID-19 impacts on various types of restaurants, which includes family dining, casual dining, fine dining, quick service, fast casual, coffee and snack shops and bars and taverns, were explored. Secondary and archival data formed the bulk of the data used in this study. The authors took advantage of the publicly available data to cut financial research costs. Part of the rich data sources used included the OpenTable platform. This is an online restaurant reservation company is related to Booking.com an online platform. The OpenTable platform hosts over 60,000 restaurants across the world. The research sample targeted states or cities with more than 50 restaurants and focused on seated dinners at restaurants. The comparison was at the

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**Box 9.1 Restaurant Measures after SARS 2003**

- All staff were instructed to wear protective surgical (face) masks.
- Patrons were provided with disposable disinfectant tissue packs upon their arrival at the restaurants.
- A “hygiene ambassador” was employed to greet customers and offer antibacterial wipes.
- Regular restaurants disinfection, with all eating utensils, kept in a sterilised compartment or immersed in hot water to eradicate the virus.
- Dishes were accompanied with a “common” pair of chopsticks that everyone used to transfer food to his/her bowl instead of using the pair for eating.
- Restaurant buffets were temporarily stopped.
- New interventions would be put in place as more information is received in the mainstream.
- New crisis management plans had to be put in place, and these were not only for SARS but also for other potential crisis, as highlighted earlier.
- The team approach to crisis management was improved, and this remains key in all disaster situations.

Source: Tse et al. (2006, pp. 9-10); Lo et al. (2006, pp. 73-74)
annual, weekly and, where possible, even at the daily levels of restaurant patronage. The data only included states or cities with more than 50 restaurants. The sample selection criteria meant that most restaurants informing this study were from Australia, the USA, Canada, Germany, Ireland, Mexico and the UK (Fig. 9.1).

Given that the USA has arguably the highest number of restaurants, there was a need to examine the trends in the country using both archival and secondary data from the National Restaurants Association (NRA). The NRA is the official representative for all restaurants across the 51 states in the USA, including Hawaii.

The baseline data that were used for OpenTable was for 18 February to 28 March for 2019, which was cross compared with data for the same period in 2020. Other secondary and archival data used were from authoritative sources such as government agencies and mainstream media outlets. Content and thematic analysis were used to analyse qualitative data as advised by Vaismoradi et al. (2013), while the Microsoft Excel Toolpak was used to analyse quantitative data.

9.4 Presentation Data and Discussion of Key Findings

Like any other part of the tourism industry, the restaurant industry is sensitive, fragile too, and quickly responds to external shocks (Dube et al. 2020). While cases of COVID-19 infections first appeared in December 2019, the disease gained
prominence in early 2020, when the World Health Organisation (WHO) received notification from China, on 31 December 2019. With 7818 confirmed cases in 19 countries (Fig. 9.2) and 170 deaths in China, the outbreak was declared a public health emergency of international concern on 30 January 2020 and a pandemic on 11 March 2020 (WHO 2020a). Thereafter number of mortality and morbidity soared (Fig. 9.3) leading to broad concerns, and the related alarm bells have not ceased since then persisting to the time when this chapter was being finalised.

In as much as there was a lag of 18 days between the available data and the declaration of COVID-19 as a global emergency, in most countries the number of restaurant bookings in mid-February 2020 was similar to those in 2019 (Fig. 9.4). Most notable is that despite the 30 January WHO declaration, some restaurants continued operating as usual without taking precautions, and some were even witnessing growth relative to the previous years. Germany, for example, recorded better business than in previous years up to 1 March 2020. Despite all this, by the beginning of March 2020, it was clear to most people that the disease was a severe challenge, with WHO calling on a raft of measures to help curb and contain it. This call culminated in the declaration of a global pandemic on 11 March 2020, as mentioned earlier.

One of the critical measures heavily promoted by the WHO and many governments to fight the human-to-human transmission of COVID-19 transmission was social distancing. By the time the disease was declared a pandemic, most people were already heeding calls to for social distancing. Complementing this call was avoiding areas where large groups of people could socially interact as this was perceived to be a high-risk practice where the disease could be easily spread. Post declaration of the diseases as a pandemic, there was a sharp decline in restaurant

Fig. 9.2 Distribution of COVID-19 cases as of 30 January 2020 (Public Health Emergency of International Concern). (Source: World Health Organization 2020a)
bookings for sit-in restaurant facilities and pubs. This ground to a standstill many fine dining facilities and other eateries where people often go to socialise having meals across the world.

Fig. 9.3 Distribution of confirmed COVID-19 cases as of March 112,020 (Pandemic Declaration). (Source: World Health Organization 2020b)

Fig. 9.4 State of the restaurant industry in major cities of the world during the COVID-19 era. (Source: Authors, data from the OpenTable 2020)
9.4.1 Impact of COVID-19 on the Global Restaurant Chain

According to data from OpenTable, the sit-in facilities experienced a total shutdown marked by 100% decline in sit-in bookings and registrations at restaurants, pubs and inns. In as much as the year started on a high note for most restaurants in major cities across the world, the situation drastically changed in early March where restaurants in various towns across the world started to record business way below the business; they recorded in 2019. Post the 10 of March, some business in some cities were more resilient, namely, London, Hamburg, Las Vegas and Washington. Despite some measure of resilience amid declining business by 22 March 2020, almost all restaurants in major cities were recording business levels of between 2 and 0% as compared to 2019 figures in most cities. Figures 9.4 show how that the restaurant industry was utterly decimated by the COVID-19 pandemic in the month of March 2020 in various cities across the world.

Arguably, the USA has one of the largest restaurant industries globally, and coincidentally, the country became the global epicentre for COVID-19 infections and deaths. As of the 29 April 2020, the USA had 981,246 confirmed COVID-19 cases and 55,258 deaths (Centers for Disease Control and Prevention 2020). This was significant in the context of 3,117,880 global confirmed cases and 217,212 deaths (Johns Hopkins University and Medicine 2020). Despite this, pandemic managing restrictions within the country were not as stringent as in many other countries with notably lower infections and deaths.

9.4.2 Impact of COVID-19 on USA Restaurant Industry

It emerged that before COVID-19, the USA had about 64,000 restaurants (Fig. 9.5) which employed about 15 million workers (Fig. 9.6) with a sales revenue of about US$714 billion annually (Fig. 9.7). This shows that the restaurant industry is quite prominent in the USA with significant revenue. The states which benefit a lot from the restaurants business include California, New York, Florida and Texas. Coincidentally these states were among the worst affected by COVID-19.

The study revealed that the occurrence of COVID-19 had a devastating impact on the tourism-linked and dependent restaurant industry that was performing well before the pandemic. Prior to the pandemic, the industry was showing signs of growth and creating jobs but then started shedding jobs as from March 2020. Facing with a grim future, the restaurant industry representative association wrote to the Speaker of House of Representatives on 20 April 2020 highlighting the challenges in the sector and thus requested for government assistance in a number of areas (Association National Restaurant 2020a, 2020b).
An interesting issue is the rapidity of job losses that relate to and indicate the delicacy of the cash flow position of the sector. Figure 9.8 shows a downturn in industry job performance of industry jobs. Employment figures in the industry show that the restaurant sector had been creating jobs up to February 2020, where 50,600 jobs were created in 1 month alone. In March 2020, the rapid job losses wiped off all the jobs that were created in 1 year.

Figure 9.9 indicates that all the seven restaurants types reported that business had slumped in comparison to 2019. Data were gathered through a survey conducted by the NRA of America among 6500 restaurant operators across the 51 states between 10 and 16 April 2020. Over 95% of the respondents indicated that business had declined. The worst affected restaurants types were fine dining, followed by bars and taverns. These findings confirm earlier findings that sit-ins almost evaporated in the USA due to COVID-19. Fine dining restaurants, family dining, casual dining and bars and taverns ordinarily promote close personal contact a favourable condition for the spread of COVID-19. Most governments across the world closed down restaurants’ operations. However, quick service and fast casual were not as severely affected, reporting a decline of 57% and 64%, respectively. This could have been attributed to the fact that these could offer home delivery, drive-throughs and take-aways. This approach limits contact between community members. More important is in the USA, take-away and drive-through services were allowed to operate. This somewhat mitigated the level of job losses in the industry and has implications for the industry in cases of future pandemics or disasters that affect the restaurant

Fig. 9.5 Distribution and number of restaurants across the 51 USA states before COVID-19 (n = 63,6154). (Source: Authors, data from the National Restaurant Association 2020a, 2020b)
industry. The popularity of fast-food restaurants has been growing in several countries across the world including in China (Zhang 2018), Zimbabwe (Shumba and Zindiye 2018), various countries (Khan et al. 2018), South Africa (Thompson et al. 2018) and indeed the USA (Zagorsky and Smith 2017). However, countries such as Zimbabwe and South Africa did not permit the operation of fast-food such services during the early periods of their lockdowns.

The slump in business resulted in jobs layoffs and furloughs. The highest number of staff reduction was experienced in the fine dining, bars and taverns as well as family dining where operations went down to less than 20% of the staff (Fig. 9.10). The quick service and fast casual dining places had somewhat moderated job losses as they could operate with about 60% of their staff. The option for takeaways provided a much-needed buffer for that sector.

By the end of March 2020, data from the NRA shows that in the USA, job losses had been extended to three million. The industry recorded $25 billion losses across its members, representing a 50% decline in anticipated revenue. As of April 20, a total of more than eight million restaurant employees had been either furloughed or laid off, and $80 billion was lost as sales revenue, and 40% of the restaurants were already shut (National Restaurant Association 2020b). Figure 9.11 outlines some of the highlights from that report.

![Map of the USA showing jobs in the restaurant industry before COVID-19](https://example.com/map.png)
Fig. 9.7  Estimated revenue from restaurant sales by the state before COVID-19 ($714.3 billion). (Source: Authors, data from the National Restaurant Association 2020a, 2020b)

Fig. 9.8  Annual employment trends before and after COVID-19. (Source: Authors, Data from National Restaurant Association 2020a, 2020b)
9.4 Presentation Data and Discussion of Key Findings

Fig. 9.9 Business trends due to COVID-19 on various types of restaurants in the USA. (Source: Authors, data from the National Restaurant Association 2020a, 2020b)

Fig. 9.10 Distribution of furloughed and laid-off workers by type of restaurant due to COVID-19 impacts. (Source: Authors, data from the National Restaurant Association 2020a, 2020b)
9.4.3 COVID-19 Impacts on Restaurants Sustainability and Recovery Pathways

As stated earlier, the April 2020 NRA letter to House of Representatives indicated that the restaurant sector was in dire straits and was anticipating unprecedented job and revenue loss levels. The letter indicated that at least eight million restaurants employees were either furloughed or laid off since the beginning of the COVID-19 pandemic. The NRA further revised the loss in revenue, predicting it to go up to $50 billion by the end of April 2020. At least 40% of the restaurants had closed down with some having no prospects of reopening again. As a consequent the industry representative launched a bid for a $240 billion to cater for immediate expenses between March and June 2020 (Association National Restaurant 2020). The Association further highlighted that given the unique nature of the restaurant industry and the tourism industry in general, they were bidding for a unique structured relief programme to alleviate challenges that the sector was facing. At that point most small industry players were at higher risk of collapsing.

While the tourism industry is often touted as a vehicle for employment creation and most recently as a tool to achieve sustainability (Dube 2020), the sector’s sensitivity to natural disasters worrying. The sensitivity of the restaurant and generally tourism industry led many to question the sustainability of the sector. It emerged from the study that the industry took less than a month to reach rock bottom as many companies indicated incapacity to pay their franchise fees and bills let alone pay salaries to their employees regardless of years of growth in some countries. The pandemic threatened the viability of many restaurant businesses across the world as

![Impact of COVID-19 on USA restaurant revenue, employment and sustainability end of March 2020.](Fig. 9.11)
most were either closed or operating below sustainable levels to allow them to break even.

This led many restaurants to lay off workers at historical scales never seen in history. As a consequence of industry disruptions by COVID-19, the Private Sector Job Quality Index (JQI) in the USA estimated that about 10.8 million employees working in bars and restaurants lost their jobs (JQI 2020). With the industry at a standstill globally, other industry employees in the hospitality sector supply chain were also faced with the same predicament as the supply chain and the demand was severely disrupted.

Most affected people from the COVID-19 were already vulnerable employees, who faced temporary and permanent job layoffs. The move by the American government to provide a US$1200 once-off payment to employees affected by the coronavirus and US$2 trillion stimulus package set aside to improve unemployment benefits and to offer several tax cuts, grants, loans and relief that also benefited the tourism sector was commendable. While the industry was pleading for government assistance, it may be critical for the tourism industry reflect on its relations with most of its employees and in turn assist even beyond the COVID-19 pandemic. Some governments, including South Africa, were assisting employees whose income were cut or had lost their jobs through a reduction in their pay-as-you-earn (PAYE) liability or by giving them tax breaks (News24 Team 2020).

In as much as the USA injected a substantial amount of money to help the tourism economy, it was sad to note that the sector still lost a considerable number of jobs with the restaurant industry shedding millions of jobs between March and April 2020. This could have been attributed to several factors. One of the factors is that the USA funding was closely tied to the Pay Cheque Protection Programme, which was primarily tailor-made to keep workers at work even if there was no work to be done. However, employees often found it challenging to keep industry doors open as other expenses such as franchise costs, rates, debt interest and other such fixed business costs were more burdensome than the burden of paying employees their salaries and benefits. One other aspect about the Pay Cheque Protection Programme was that it was for payment of salaries and benefits of up to 8 weeks starting in April with the repayment due after 6 months (period around December 2020) and within that period the employer could not reduce employee salaries or reduce the number of workers. With a lot of uncertainties, most businesses found it to be unpalatable for a good cause as it would ultimately bankrupt employees. The package was designed with voting in mind with the aim of keeping as many people as possible at all cost to benefit the incumbent President Donald Trump and his party in power as presidential elections were in early November 2020. The National Restaurant Association (NRA) then launched a bid that outlined industry requirements for April to June with a bid for a $240 billion industry relief package. The sector suggested several things to be changed to make them attractive (Box 9.2).

From Box 9.2, it emerges that the industry was uncertain about the future. However, one thing that was certain is that the COVID-19 epidemic transformed the restaurant industry, and the disruptions were likely to be long term. And most likely change in the industry was a need for measures for social distancing, particularly in
the absence of a vaccine and treatment. This meant redesigning spaces for business if sit-ins were to be entertained and was imposing an additional fiscal burden on the business.

The demand for new seating arrangement meant a reduction in the number of people that can dine at any given time resulting in a reduction of capacity and equally business. The industry was also likely to be left with no option but to adopt new hygiene measures among employees and patrons. The demand for hygiene also meant increased operating costs in the purchasing of sanitisers in safety and health training in some respects as the industry begins to open. Some sectors of society were also demanding contactless experience hence the need to invest in QR machines and contactless card machines and replacement of menu boards with electronic boards. In that regard there was need for fresh injection of cash from either government or shareholders.

The industry had to find innovative solutions to raise capital to ensure liquidity in difficult times. This could be done in several ways through both private and public sector support in the quest to find alternative revenues for the restaurant sector. Initiatives such as a pay later voucher system or starting online branded cooking lessons remained good positives although such measures were largely inadequate to meet the cash demands of the sector that was losing more revenue than it was making. In many countries, where COVID-19 containment measures led to restaurants

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**Box 9.2: Making the Restaurant Sector Attractive Again**

- The $240 billion RFIRF compensates restaurants for 1) government-ordered closures; 2) reopening “start-up” capital to meet massive challenges of reorienting the restaurant space, restocking inventory and supplying the workplace with new safety equipment; and 3) rehiring and retraining the workforce.
- To allow restaurant entities that had experienced a reduction in sales revenue of 25% or more due to coronavirus to apply to the account, which would be administered by the US Department of the Treasury.
- Allow restaurants to select their loan period after government restrictions end, revise loan forgiveness requirements and restore the 10-year loan-term written in the CARES Act.
- Allow federal support to help restaurants modify physical facilities to accommodate continued social distancing, enhance sanitisation and employee education and expand the use of personal protection equipment and disposable products when employees interact with both customers and each other.
- Increase funding for economic injury disaster loans (EIDLs):
- Restore $50 billion in needed appropriations for restaurants in economic distress, including those that need to access a second EIDL.

Source: Authors, based on National Restaurant Association 2020a, b:1
closures such as in South Africa, well-coordinated systems could have been created to allow food deliveries or pick-up systems as it was likely to take long before people could sit and dine. By the time such measures were finally allowed a lot of potential revenue was already lost. The World Bank recommended similar measures to be undertaken to rescue the tourism industry to ensure its continued contribution to global and local economies (Freund, 2020).

Additional efforts that can assist the industry may include a well-coordinated knowledge exchange process among industry players through sector organisations. This would facilitate the sharing of knowledge on sector funding opportunities and how to plan and cement ties for destination marketing post the pandemic. Government and financiers could play a critical role in providing rescue solutions for the suffocating small-to-medium enterprises (SMEs) by means of debt holiday breaks and reduced interests on borrowings. These measures were already in place in Rwanda and South Africa (Money Marketing 2020; National Bank of Rwanda 2020). The same agreement could also be forged between industry players and suppliers where feasible to provide the needed fiscal space ensuring as many businesses as possible are rescued. Where establishments were leasing and renting, and based on merit, there was a need to provide rental holidays allowing the industry to come out of the pandemic with minimal revenue and job losses. This worked during the SARS pandemic in 2003 (Lee and Warner 2005a, b). The government could also support troubled tourism businesses with tax breaks or reduced taxes, for example, personal income tax, business rates, value-added tax and other licensing expenses that can be deferred so that business has enough liquidity as they strive to remain afloat.

9.5 Conclusion and Recommendations

The study evaluated the impact of COVID-19 on the hospitality industry, with a focus on the restaurants sector. It emerged that due to the pandemic, most of the restaurants, just like the rest of the tourism industry, were brought to a halt. Business dropped to near zero in most countries across the world and cities. Pandemic management measures threatened the survival of most restaurants, some to the point of failure to recover post the pandemic. Of concern were the related job losses mainly affecting the chronically vulnerable societies, largely women and youth who make up the bulk of restaurant employees. The majority of the restaurant workers are usually underpaid and often have their salaries subsidised by tips from clients. This exacerbates the vulnerability of this group.

Given the challenges faced by tourism employees, the chapter recommends measures that could ease pressure on both businesses and employees. The measures include having several concessions aimed at cushioning businesses from collapse. Among other things, the study recommends the enhancement of already emerging tax rebates, loan repayment holidays, government grants, preferential loans and a reduction on VAT and personal income tax to ensure the survival of the industry post
the pandemic. To cushion employees, there was a need to pay out leave days, where possible, and have government institute additional and more aggressive PAYE relief and unemployment grants to cover employees whose salaries were cut or wholly laid off. Central banks could continue cutting repo rates as appropriate to near zero and/or even negative until there was no more room for it.

The hospitality industry and the restaurant sector may have changed forever, with virtual and remote spaces being the new normal. To this end, there is a need for the industry to increase the pace of automation and embrace the possibility of increased online dealings. The pandemic made customers feel uneasy and fearful of touching menu boards and also to make physical contact with the payment machines. To that end, we recommend innovative alternative solutions such as the use of electronic display screens and QR codes to limit contact with physical infrastructure. This would assist in bringing back confidence to dinners as it was likely to take time for customers to recover from the trauma of COVID-19. Perceptions of the possibility of getting infected in a restaurant are likely to persist for a while. Other innovations could include riding on the already existing use of drones and robots in the restaurant space. Drones could be used for deliveries. This space would also include the rapid deployment of food deliveries, i.e. Uber Eats, in meeting customer and business demands. However, there is a caveat: a massive roll-out of the technology may lead to technology-induced joblessness.

Given that the study was done during the pandemic, there will be a need for follow-up studies. Such studies could be done at the company, regional, national, continental and international levels. This will assist in building industry and broad knowledge and experience base for use in future events that are most likely to occur than not.

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