

An Overview of New Normal for Food & Beverage Industry & Restaurant Business and Opportunities ahead

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Abstract

Since the onset of coronavirus pandemic, most of the hospitality units & restaurants in the country are shut down. Only a select few are open for home delivery of food and most of these are not doing good business. Going by the current situation, 20-30 percent of the restaurants will have to shut down and go out of business unless they get support from the government. Even if the lockdown gets lifted, we don't expect footfalls to increase in the near future. The social distancing norms will be difficult to maintain in most premises. Especially, the small restaurants can't do viable business. Also, following strict hygienic norms in the post COVID world have added to the expenses of the restaurant owners of masks & gloves for all workers. Home deliveries are taking up, but this will not benefit big restaurants. We also don't expect too many parties or block bookings in the days to come. Therefore, in new normal, novel methods of businesses need to be identified or business patterns have to undergo change in existing set ups.

KEYWORDS: new normal, hygiene, restaurant, dining, sanitization, takeaway, F& B, social distancing.

Introduction

The hospitality industry was keenly awaiting the relaxation of the norms post the lockdown. The government has given relaxation for opening of hospitality units with certain norms & guidelines. It is clear that safety cannot be compromised, hence there will be a lot of changes in the way restaurants function in the future. They will need to adapt to the changes that are required to be made in terms of distancing and the new hygiene norms that have to be complied with. Training of staff is of prime importance. We are optimistic and are looking forward to the day when restaurants begin dining in services in the 'new normal' way. Restaurants are slowly gearing up to open their services to their valued customers. Initially restaurants are beginning with parcel or takeaway services adhering to highest safety standards and minimum contact to food till it is delivered. Most of the restaurants and food outlets are not running to their full capacity to follow the guidelines of distancing. Also the menus are becoming modest with lesser variations to choose from to cut down on costs and offer the best with safety and hygiene. Portion sizes are controlled and sharing is not allowed. More than ambience, and other frills today focus is upon safety, hygiene of surfaces, kitchens, ingredients, & staff. Staff is being specially trained in regular sanitization, following distance norms, wearing of safety gears and instilling confidence among customers for a safe & hygienic

meal experience. Novel methods of business are being adapted and new operational procedures are in place to survive and revive the business.

Objectives:

- 1) To analyse the current scenario of food & beverage industry & restaurants
- 2) To understand the various procedures & methods adopted towards survival & revival of restaurant business.
- 3) To understand the “new normal” strategy, the opportunities and operational procedures thereof.

Materials & Methods: Research has been conducted through study of various sources of recent literature through magazines and internet. Experts views have been quoted to throw light on current situation. The topic relates to most recent situation in the society & world as a whole and solutions will be sought gradually.

Literature review:

FHRAI June 2020, (pg 21& 22) Contactless Dining: With consumers stressing on greater hygiene in both restaurants and the supply chain, costs are bound to increase. Contactless dining will also need to be facilitated, such as enabling ordering from a customer’s phone instead of a menu card. With the dine-ins facing hard competition from the delivery segment, restaurateurs will have to formulate new strategies since consumers are less likely to queue up for a table.

FHRAI June 2020(pg 32 -34) the fifth edition of the FHRAI webinar, the focus was on F&B and restaurants. The topic was “Rejuvenating F&B Operations – Enhanced Restaurant Management.” The webinar deliberated on the future of restaurant operations; FSSAI / BIS guidelines; expert analysis on new SOPs; and new protocol implementation dynamics.

Talking about IHCL, **Parveen Chander** quoted, that F&B is about 55 per cent of entire company’s turnover so it’s very critical. Even as the lockdown opens, all need to be more cautious. The peak of the pandemic is yet to come, the number of cases is going up, so the situation is that each one will have to go very slow with restaurant revivals. Restaurants are planning to start out with only limited services. It is a graded approach. The need is to win the confidence of the customers. It will take two to three months to get 30 per cent of volumes and 50 per cent in five to six months.

Commenting on how the dynamics change for an independent restaurant, **M. Mahadevan** quoted, that they are in the red zone with total shutdown except for delivery which is just 10-12 per cent of my entire business. They would move from red zone to green zone, but that will take some time. Restaurant owners have bills and salaries to pay and are in a very tight situation.

On scaling down operations, **Nishanth Vishwanath** quoted, that the country will reopen in a very phased manner, in the first one to three months they will be opening all-day dining and gradually as the business picks up, they would start opening the other outlets. As far as business goes, business owners foresee for the year 2020, closure of 50 per cent of the business by year end compared to pre COVID era unless there is a vaccine or other

things happen.

Elaborating on business in bars, **Shatbhi Basu** quoted, that Bar is a place where people come to socialize, so something like social distancing becomes a complete contrast to what they are expecting. That is something they need to inculcate in them as well as their own staff as this is the norm and the way to be. It is going to be difficult, but it is something all have to accept as reality and move forward. He feels encouraging reservations is the way to go in the beginning. Requesting people to come in only by reservation and not walk-ins and protocols based on the government rules. They are looking at not more than one-third of occupancy inside the bar and started sending digital menus in advance to regular customers. It gives the restaurant or the bar the ability to be prepared in advance. In the bar there will be a lot of changes like reduction in the cocktail menus. There will be a smaller, exciting menu which will be rotated. It will open up an opportunity for creativity, reducing the use of fresh ingredients as much as possible.

On how COVID has changed things for Quick Service Restaurants (QSR), **Navroze Bilimoria** quoted, that it has been very difficult for all of the shops that are in the red zone. Even after getting permission from the authorities to operate, the staff cannot come. So, only 10 per cent of the outlets are operational. As of now, Zomato and Swiggy are used for delivery. As far as hygiene is concerned, as a group, they are moving to a central operation. By buying from a central kitchen some independent restaurants can reduce their costs and the number of people at their outlets. In most cases half the staff has left and gone back to their villages. On what the future looks like with COVID, **Kamal Singh** quoted, that as a company, they are following all the guidelines given by GOI and that they have also made SOPs, which they have sent to all the hotels. Basically they are emphasizing on hygiene in the kitchen as well as social distancing. They have also been training vendors for best hygiene practices. They have reduced their menus, keeping mainly the most popular dishes. A lot of challenges would be coming, would have to overcome those.

Dr V. Pasupathy repeated the five most important guidelines issued by the government, which include hand washing, social distancing, critical personal hygiene care, respiratory hygiene and cleaning and sanitation. On material management, he added, Material management is the entry point in all of the F&B operations. They received perishables and non-perishables. The problem would be with the non-perishables. There are two packing for non-perishables. The biggest suspect is secondary packing. So, It is the need to do away with secondary packaging or quarantine the same for 24 hours. It is okay to wash perishables with just normal water, or with water having 50 ppm chloride. Disinfect the receiving area with one per cent Sodium Hypochloride.

Mahadevan quoted, that he spoke to his Chief Purchase Manager and now they are no longer doing 'just in time buying'. They buy on Monday and use by Wednesday, so that there is enough cooling time. They have a centralised purchasing store. They don't have that much space, so they have decided to get temporary enclosures for products. It has become paramount to give at the least 24 hours of cooling time before products are used.

Vishwanath said, that in most of their hotels they have made a temporary enclosure to quarantine products before use. They have started disinfecting the vehicles which are coming with the vendor items. **Basu** stated that they are recommending wiping of bottles and cartons as soon as they come in, with a non-absorbent cloth using disinfectant having 70 per cent alcohol.

FHRAI JULY 2020, (pg 6): Hotel and Restaurant Association of Western India (HRAWI) has announced the launch of a public campaign to highlight the looming collapse of restaurants in Maharashtra. Launched as KhadyagruhaWachva (#SaveRestaurants), the campaign will act as the voice of the industry, especially the small and medium sized eateries that serve the everyday working class of Maharashtra.

As quoted **Dr. Suhas Awchat**, Chairman PR and Liaisoning Sub Committee, HRAWI. The tourism industry is responsible for 10 per cent of the GDP. More than 100,000 estimated small and medium sized eateries serve the everyday working class of Maharashtra. The assessment is that at least 50 per cent of restaurants in Maharashtra will be unable to reopen. Of those that reopen, a majority will find it difficult to sustain and may end up closing down within six to eight months. The smallest of restaurants employ eight individuals, so on an average 5 lakh residents of Maharashtra are going to be jobless. Add the loss of indirect jobs and closure of vendor businesses, and that it is heading at a disaster

While restaurants across India opened on June 8 with restrictions, in Maharashtra they continued to remain closed. It has one of the highest statutory fees and taxes, and these have to be paid in advance. **Gurbaxish Singh Kohli**, President, HRAWI, stated that in normal times these levies were exorbitant, but at times like these it is simply unaffordable. On electricity 21 per cent surcharge again is exorbitant. They also have to pay electricity charges based on the contracted demand rather than the actual consumption. Establishments also are burdened by the property tax in Mumbai which is the highest taxed among all cities in the country. An average restaurant employs 20 heads which include waiters, cleaners and cooks, accountants, managers, delivery boys, security and gardeners. The average monthly outgoings are around `3 to `4 lakhs which include maintenance bills, utility bills, electricity and salaries. A business closed for three months translates to ongoing expenses plus zero revenue quoted **Pradeep Shetty**, Vice President, HRAWI.

FHRAI July2020, (pg 9) “**Taking the highway to recovery**”, Online meet with **Mr Nitin Gadkari** , he assured that, government is opening many roadside amenities, and restaurants which have great potential for growth in these upcoming green highway projects. Wherever they are developing tourism, they would be needing more hotels, restaurants, taxis and entertainment options. The cabinet is working on introducing ropeways, cable cars and funicular railway in many areas instead of roads. As the highway projects are going on in full swing, people will be travelling in large numbers by road, so they will be looking forward to visiting resorts and restaurants which are hygienic and safe; this will give a boost to the industry. It will also promote the culture of the area as well as regional food, which will be served to them by the respective hotels and restaurants.”

FHRAI July 2020, (pg 27-28) As quoted by **Gurbaxish Singh Kohli** President, HRAWI, The future will see different forms of travel. International travel will remain weak for some time, and Indian outbound of 22 million will offer new opportunities for our domestic market. A lot of the outbound is MICE. If the government can somehow incentivize these so that they can be contained within India, it could help the industry in bridging the gap and bouncing back.

As quoted by Pranav Singh, President FHRAI, Restaurants and bars reopened early June in the region strictly following the "serve no liquor" order after a two-and-half-month closure. Strict social distancing norms and fear of the pandemic restricted footfalls to a bare minimum. Hardly 5-10 per cent of the usual footfalls were witnessed. Alcohols served in the bars and restaurants account for over 40 per cent of the total sale volume at most of the restaurants in the big cities. Some restaurants added new food and live music to compensate for the absence of alcohol. Many small restaurants focused on home delivery to gain some traction. But these steps have not been able to draw many customers and they don't see any chance of revival.

As quoted by Surendra Kumar Jaiswal President, HRANI: The restaurant industry is facing its worst existential crisis. Bars have not been allowed to operate till date by GOI. Sales in bars is a key source of revenue and is also taken in account while calculating the operating cost of hospitality units. In fact, bar is an integral part of hotel and restaurant operations which is seen as value addition in increasing F&B sales including rooms.

HRA Today, (pg 7) **Focus on Contactless Dining, Cleanliness and Hygiene-CHANGING RESTAURANT SCENARIO**, as quoted by N.Vijayagopalan, Restaurants are fighting with the newly emerged norms of social distancing, rigorous sanitation and hygiene checks. Added to these are the other new issues like restricted access to resources and ingredients, depleted manpower, and customers unwilling to spend lavishly on elaborate dishes with imported ingredient With work-from-home being the new norm and the government encouraging home delivery and take-aways of food, restaurants are compelled to reinvent their business model and strategies to lure customers back to them again and to make efforts to face unanticipated challenges ahead of them. Health and hygiene having gained high importance now than ever, restaurants will now have to step up their game to survive in a post-virus world. Dining-out not being an option at the moment, restaurants have stepped up efforts to get the food to the customers at home. Food apps like Swiggy and Zomato have introduced no-contact deliveries. Many restaurants themselves, have started delivering food, and have trained staff for clean and contact-less deliveries. Studies have suggested that social distancing would have to be observed at least for the next couple of years. This means, no large gatherings - which would in turn mean restaurants will be able to run with limited capacity. One major change restaurants are upto is contactless dining. From checking in to the restaurant and seating themselves, to ordering and online payment, limiting contact with staff is expected to become the established norm to maintain social distancing and hygiene norms. Restaurants have started facilitating pre-booking their food through apps for customers, or doing so via smart phone apps once they reach the restaurant and are seated. Valet service would also offer minimal physical contact, via automated valet tokens and minimum- contact handover of car key. Once the dining out process is

complete, diners can simply pay via a selection of smart phone apps, thereby reducing the physical contact points to a bare minimum.

Against the backdrop of the current COVID-19 situation, Ministry of Health and Family Welfare, Government of India has formulated a standard operating procedure (SOP) as a set of step-by-step instructions for restaurants and other hospitality units for taking suitable measures to restrict any further transmission of the virus while providing restaurant services. The SOP is expected to equip the restaurants and other hospitality units to contain the contagion and achieve efficiency, quality output and uniformity of performance.

HRA (pg 23) Today Food deliveries at quick service restaurants regaining momentum : Reports indicate that almost all food chain brands have restarted promotions, upfront discounts of 20-40%, or cash-back offers on deliveries, to spur demand as most consumers remain indoors and offices and schools continue to operate largely from homes. Large quick service restaurants such as Pizza Hut, McDonald's and KFC either find their delivery sales reaching pre-Covid volumes or witness significant pickup after two weeks since lockdown curbs eased. This comes at a time when dine-in sales remain negligible.

While offers like 'buy one, get one free' and 40% savings on larger boxes are among the strategies of Pizza Hut India, the chain owned by Yum Restaurants has introduced individual consumption boxes in select cities across delivery and takeaway since consumers would be conscious about sharing food. Industry watchers expect gain in the momentum in the days ahead with more and more easing of lockdown norms.

As quoted by Greg Duff in article "Potential New Normal for Restaurants" (<https://cheersonline.com/2020/05/12/t>): As more states show progress in the fight against the coronavirus, restaurants and other food and beverage venues are examining what a post-COVID-19 world might involve. And assuming patrons are willing to return, what sanitation protocols will restaurants be required to implement? Or perhaps most fundamentally, will there ever be a return to "normal"? are some of the questions still in minds of many. Restaurateurs in the U.S. don't yet have definitive answers to these questions. But measures being taken in countries further ahead in their COVID-19 recovery, and the self-directed policies and practices of leaders in other hospitality industry verticals—including cruise, lodging and airline—may provide us a glimpse of things to come. Looking at those countries that have started implementing mandatory sanitation protocols for restaurants and other businesses seeking to reopen (e.g., Singapore, China, Austria and Denmark), and those global hospitality industry members (including Genting Cruise Lines, Accor, Marriott and Emirates) that have chosen to self-impose improved sanitation protocols and practices to provide guests and patrons the confidence needed to venture out again. Some practices introduced are:

Social Distancing. Some form of social distancing is required—expressed as minimum required distances between patrons and/or tables, group size limitations (no more than four patrons at any one table) and/or caps (percentage) on use of building's legal maximum occupancy. This requirement applies to back-of-house food preparation areas as well.

Patron Protocols. All patrons are screened, including possible temperature readings, upon arrival. Where available, patrons are required to produce appropriate health certifications or declarations. Patrons are required to wear masks, payment transactions are handled entirely online via mobile phone application or other electronic device so that no exchange of currency occurs.

Employee Protocols. Mandatory health screenings, including possibly daily temperature readings, of back-of-house and front-of-house employees are a regular practice. Employees returning from areas under quarantine or shelter in place orders are required to self-quarantine for 14-day periods. Infected workers are immediately removed and quarantined. Service staff are required to wear masks and gloves.

Cleaning Protocols. Public areas are sanitized and disinfected with greater frequency—in some instances, hourly—using newest available technology and hospital-grade disinfectants. Records detailing sanitization schedules must be maintained. Sanitizer stations are widely available for employees and patrons.

Food Hygiene. Disposable cutlery is available upon request. Stricter, improved procurement guidelines are mandated and contractually imposed on suppliers. Self-service buffets or stations are no longer available.

Sanitization Manager or Committee. Member of management team (or committee) is charged with implementing, monitoring and enforcing—and periodically reviewing/updating—protocols.

Whether some or all of the above protocols are ultimately adopted by state, county and/or city, Many of the protocols will play a critical role in any attempted return to “normal. Finally, the implementation of certain of the listed protocols entails the collection and use of potentially sensitive health-related information about employees and patrons. Before implementing any screening strategy, it’s important to understand what legal requirements, if any, might attach to your processing of that information.

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<https://brandequity.economicstimes.indiatimes.com/news/marketing/future-shock-25-food-trends-post-covid-19>

Healthy and Organic Eating will most likely see an upsurge. Amongst affluent Indians, there is likely to be an increase in demand for organic food, vegan, vegetarian and other healthy foods as a result of the pandemic. Coronavirus poses a significant risk to those with pre-existing health conditions such as diabetes and heart disease as well as those who are overweight and obese. The value of ‘healthy’ foods, as also of fruits and vegetables will get enhanced in these sensitive times. The key pointers in future would be:

1. Resurgence in home cooking. New ‘chefs’ within the home. YouTube will be the new guru.
2. Branded commodities will make for safer food buying; new ‘value-added’ and ‘intermediary’ products will take the toil out of cooking and make it more pleasurable.

3. Meal kits, lower priced gourmet ranges and freelancer Chef-at-Home concepts could be interesting new realities.
4. Decrease in street food consumption, greater pick-up in take-aways, and better prospects for home delivery are predicted.
5. Lesser eating out, sparser crowds at restaurants, visible kitchens, no/low-contact technologies, gloved and masked service, single serve portions will be the 'new normal'.
6. Social media and influencers will play a significant role in demolishing reputations. Beware!
7. Brands will carry a premium.
8. Bleak future for large volume catering both up in the sky, and on firmer ground.

Will the food industry rise to the challenge? There is no reason to believe it won't. Much needed Health & Safety certifications prescribed in the FSSAI have been turned blind eye for too long. The pandemic may appear temporary as of now but it could well prove to be a great transition and take-off point for food related health and hygiene in our country. Those who will not change, nor evolve, will struggle to stay afloat. Those that will innovate, and learn to 'cope' with newer realities, will flourish and prosper.

Findings:

- 1) The food & beverage, restaurant businesses have gradually commenced operations post lockdown but are facing various challenges ahead in operations and sustainability in unpredictable situation is their biggest challenge.
- 2) The restaurants are opening in a phased manner considering the locations & impact of Covid infection in their areas.
- 3) The costs of restaurateurs have gone high since they are bound to follow guidelines of the health ministry & government like purchase of masks, sanitizers, gloves for staff and sanitization of premises & furniture at regular intervals.
- 4) Food & beverage outlets & restaurants are unable to operate at full capacity in order to maintain social distancing norms hence loss of revenue.
- 5) The overhead expenses like electricity, taxes, salaries, other fixed costs have remained the same with no relaxation from the government or any relief package, hence profits are still way behind.
- 6) Training of staff for "New normal" operations is another challenge for restaurant owners but all are diligently taking up this measure since it is utmost important for staff and consumers safety.
- 7) Job losses are high in hospitality sector, because they are not operating to full capacity, so less staff is required.
- 8) Large gatherings, parties will not take place for at least year and half till proper vaccine is available. Hence businesses have to survive on small caterings, new menus, and other alternative approaches.
- 9) New business trends have emerged post lockdown catering to different clientele for ex: professionals working from home who are ordering food to cut time on cooking.
- 10) Restaurants have switched to limited menus & exotic dishes have been curtailed because they involve high costs and profits are bleak.

- 11) Employee protocols, consumer protocols, sanitation protocols, food hygiene protocols have been set and it has gained prime importance for doing business & instilling confidence among customers.

Conclusions:

- 1) Every calamity in society teaches mankind new lessons and gives new perspectives for survival.
- 2) Covid Pandemic has changed the dynamics of lifestyle & businesses and human race has become more sensitive to hygiene, sanitation, healthy eating habits, simple diets and also eating fresh.
- 3) With new parameters in place for restaurants, home delivery is the new business trend which is set to flourish. Hygienically packed food has become the first choice of consumer.
- 4) Most of the professionals are working from home, therefore ordering food as per convenience. Therefore, many restaurants are focusing on parcel services.
- 5) Meal kits, lower priced gourmet ranges and freelancer Chef-at-Home concepts are new interesting concepts.
- 6) Lesser eating out, low crowds at restaurants, visible kitchens, no/low-contact technologies, gloved and masked service, single serve portions will be the 'new normal'.
- 7) Organic food, healthy food, veganism will see an upper trend and takeaways will be popular.
- 8) Cloud kitchens, naked kitchen (where consumer can see how chef prepares a meal) are the new concepts which will gain momentum.
- 9) Restaurants now will rearrange their menus with lesser variations, but fresh and healthy options will be served.

Suggestions:

This paper has taken an overall review of the food & beverage business post lockdown and covers the recent developments in the restaurant business. Detailed review can be taken up in future with the help of case studies of a particular region to understand how restaurant business has revived and the signs of progress can be analyzed.

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