

# How restaurants are adapting operations during COVID-19



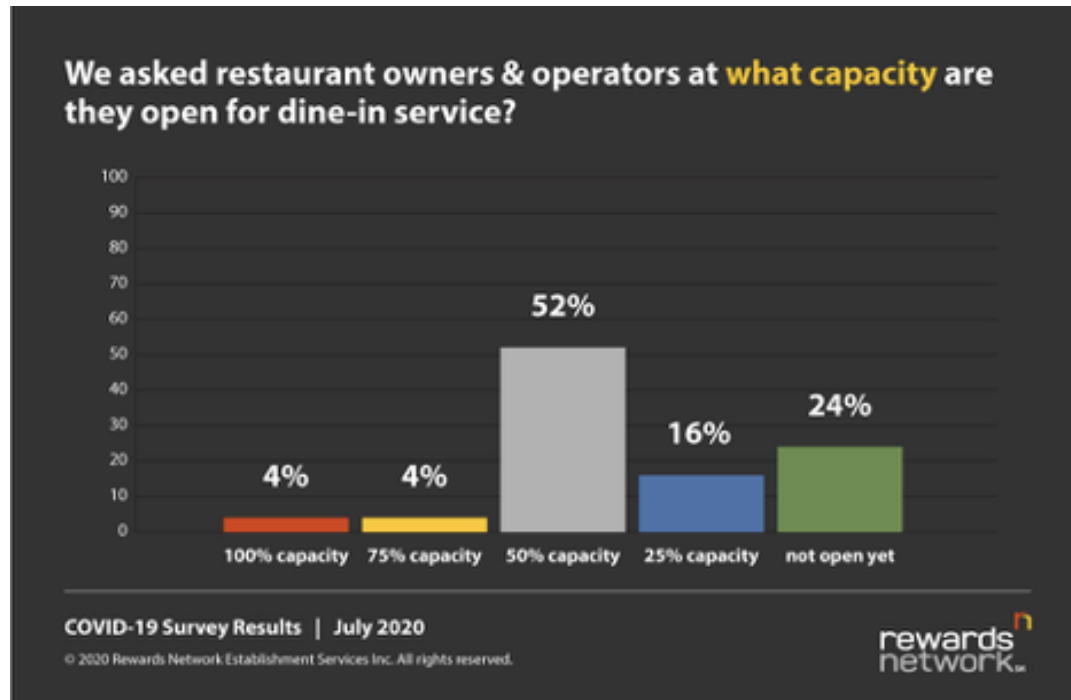
Restaurant owners across the country are being forced to grapple with fast-evolving restrictions on restaurants and bars as states struggle to balance reopening the economy with public health.

To learn more about how restaurants are adapting their operations as a result of the challenges posed by COVID-19, we recently conducted a survey of our partner restaurateurs who either own or operate a restaurant, and were open at some capacity at the time they took the survey.

## The demographics

A total of 432 people completed the survey. Almost three quarters of all respondents stated they owned one restaurant, and close to one quarter reported they owned between two and five restaurants. Two percent of survey takers owned six or more restaurants. The majority, 60 percent, operate casual dining restaurants, while more than a quarter of all respondents own fast casual locations, and 13% run fine dining establishments.

As you can see, when it comes to what capacity they are currently operating at, it varies quite a bit between restaurants:



While a few restaurants are operating at full capacity, a quarter haven't resumed dine-in service yet, and **more than half of restaurants are only open at 50% capacity.**

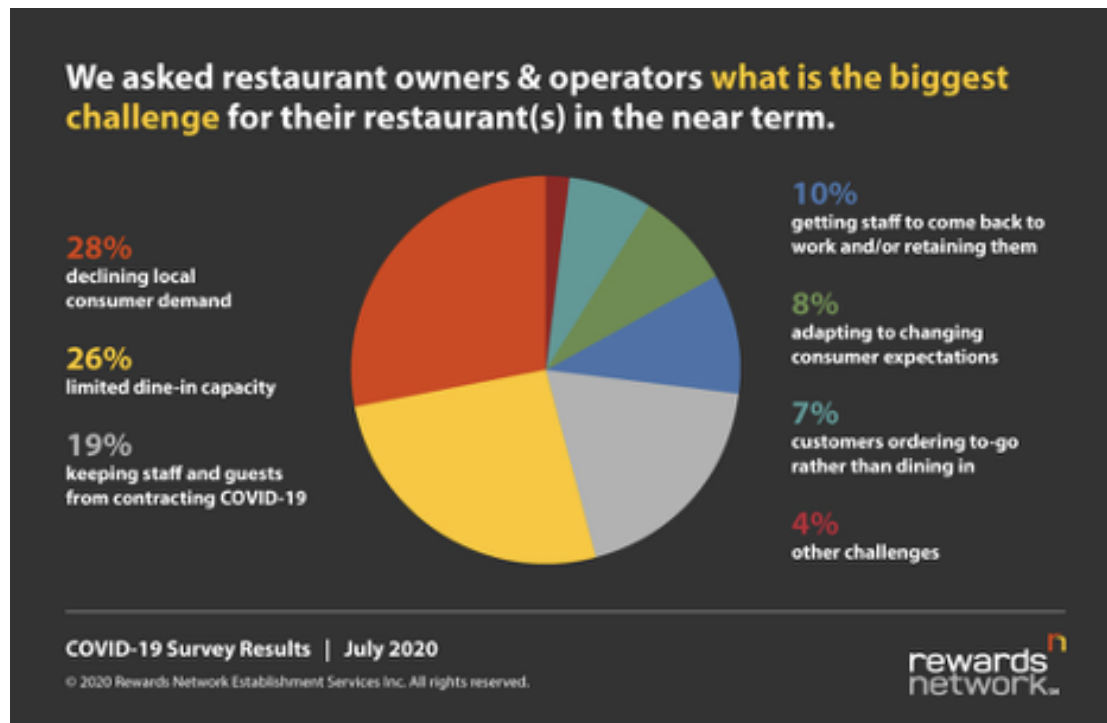
These results alone show how difficult it can be for restaurant owners, since there is clearly no one-size-fits-all solution on how to operate during COVID-19 as the restrictions placed on dining in vary so widely. This adds one additional degree of difficulty when it comes to navigating how to manage restaurant operations during the COVID crisis.

## Challenges and opportunities

Only 7% of respondents cited "customers ordering to-go rather than dining in" as their biggest near-term challenge. This seems a bit surprising given the spotlight placed on how the high cost of delivery is hurting restaurants during the COVID crisis. However, one possible explanation is that limited dine-in capacity is forcing more restaurants to figure out [how to make to-go orders work for them](#).

Not surprisingly, the clear leaders for biggest challenge were **"declining local consumer demand"** and **"limited dine-in capacity,"** closely followed by **"keeping staff and guests from**

**contracting COVID-19.”** It’s great to hear that safety is top of mind for restaurateurs, especially when an infection could also cause a temporary closure or reduced consumer demand.



## Investment

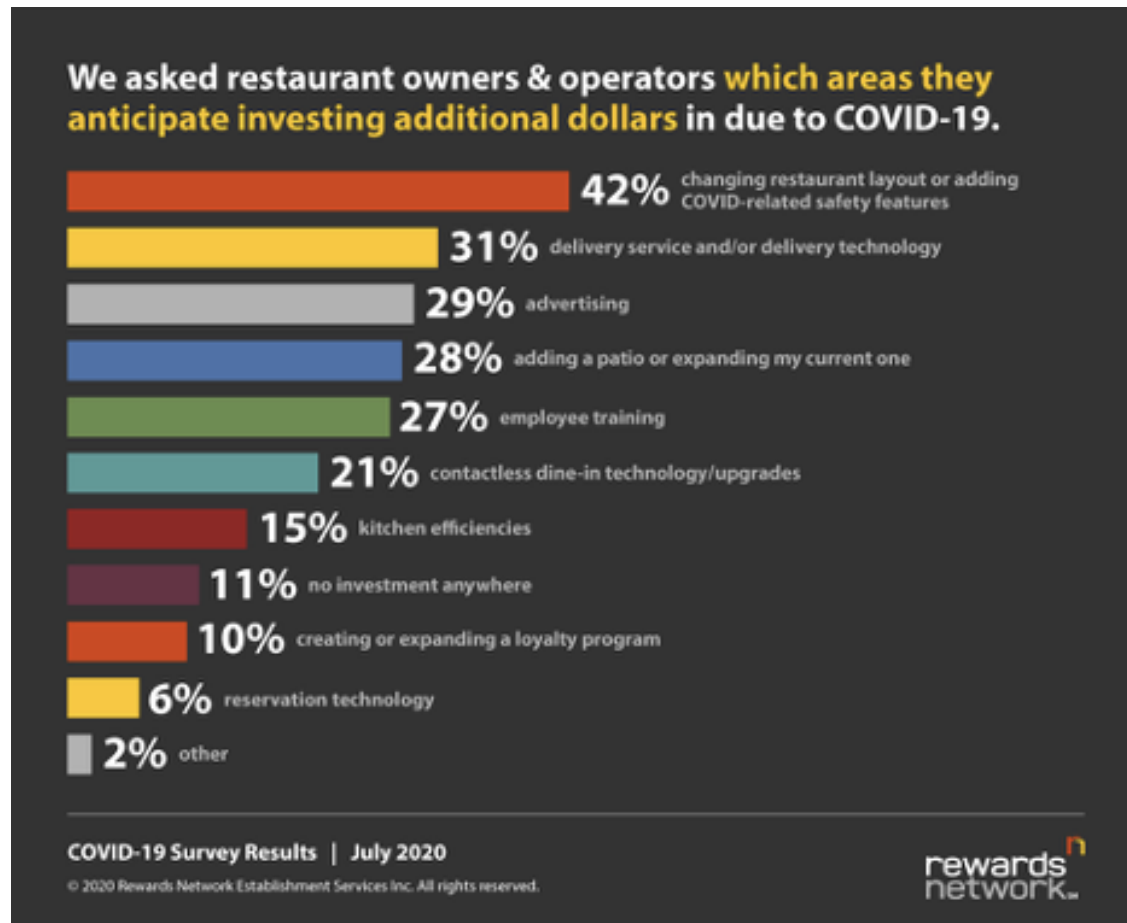
A new era of health regulations and consumer expectations is putting pressure on owners to make a variety of investments in order to ensure that patrons feel safe and operations run more efficiently.

When asked where they anticipate investing additional dollars due to COVID-19, 42% of survey takers said they would **invest in changing their restaurant layout or adding COVID-related safety features**, with **28% stating they will be adding or expanding a patio**. This tells us that many restaurant owners believe that COVID will impact dining needs for a significant amount of time, long enough to make investing in those alterations worthwhile.

In an effort to permanently diversify their revenue streams, **31% will invest in delivery services and/or delivery technology**, highlighting the notion that owners realize to-go demand is here to stay.

The need for a more effective delivery system was likely brought to light for many restaurants as they closely evaluated their third-party delivery service costs when delivery orders were their only revenue source—something they may not have done in the past. Along similar lines, **21%**

of restaurants plan to invest in **contactless dine-in technology**, such as moving away from physical menus. Not only will this reduce the need for frequent menu sanitization, it will also likely make guests feel safer, reduce printing costs, and increase ordering efficiency.



Operational efficiency is another area where owners say they will be investing, with **27% citing “employee training” and 15% choosing “kitchen efficiencies.”** Employee training can be especially beneficial if owners are cross training workers to function as “utility” employees who can take on multiple responsibilities and fill gaps when needed.

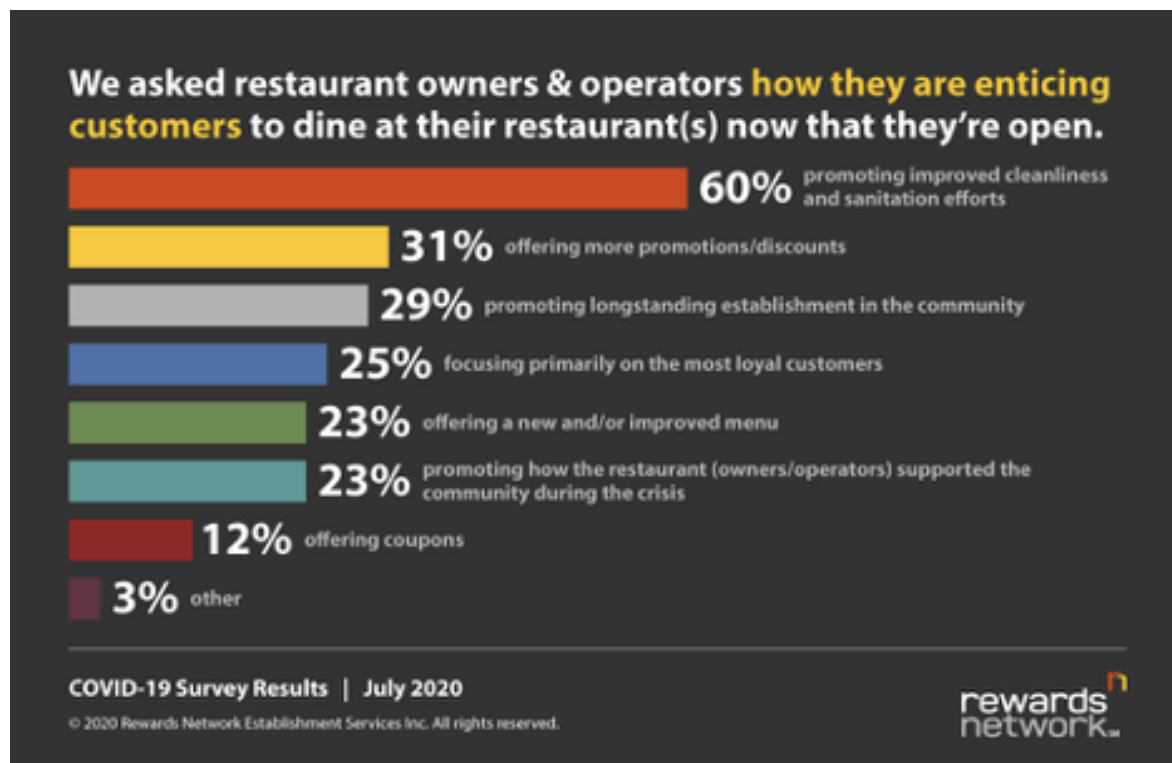
Only 11% of respondents said they would not be investing any additional dollars into their business.

## Marketing and Promotions

Restaurants have always leaned on promotional efforts to encourage customers to choose them over local competitors, and in the past those promotions may have been fairly straightforward.

However, in the new dining landscape, restaurant owners will need to get creative on how they manage all restaurant operations during COVID, including marketing and advertising.

When asked how they're currently enticing customers to walk through the door, **60% of restaurateurs said they're promoting their improved cleanliness and sanitation efforts**, recognizing that this will likely be the main criteria driving consumer decisions on where to dine for some time to come. In addition, **almost 31% said they are offering more promotions and discounts, while 12% are offering coupons**—as price sensitivity is heightened for many Americans.



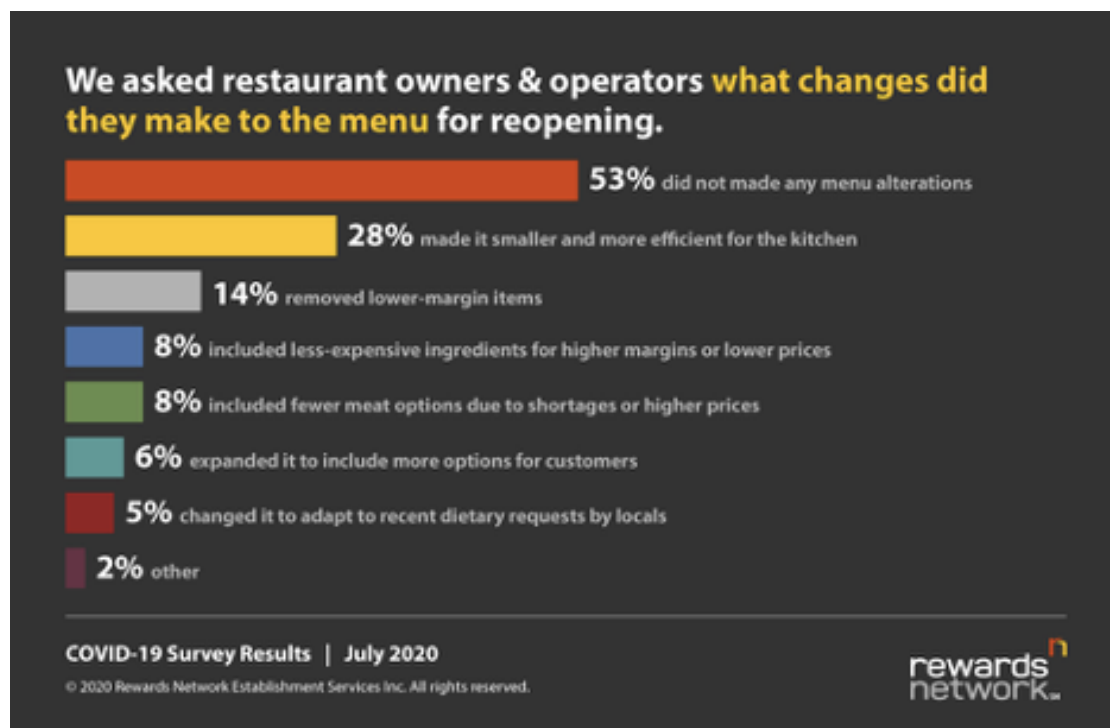
The survey also showed us that many restaurants are putting a renewed focus on appealing to their [local base](#). They are reminding the public of their longstanding ties to the community, looking to their loyal customers for support, and touting their community efforts during the COVID lockdowns.

## Menus and pricing

It's no secret that the crisis has put further strain on restaurants' already notoriously slim margins. With limited capacity, ingredient acquisition issues, and reduced staff, owners need to get creative with how they manage their costs.

We asked survey respondents if they have raised or lowered their menu prices. **Nearly two thirds said they are not changing prices at all, but almost a third said they have raised their menu prices.** Among the restaurants that have increased prices, the most common ways reported are either raising overall prices on all menu items, or just on items containing meat—likely due to the recent meat scarcity some restaurants have faced.

While [recouping expenses during the COVID-era](#) may be critical, **two-thirds of respondents said they have not implemented any additional charges** to offset their COVID-related expenses. And although additional line items on consumers' bills have sometimes been portrayed in a negative light on social media, only 4% of respondents said they have implemented this practice.



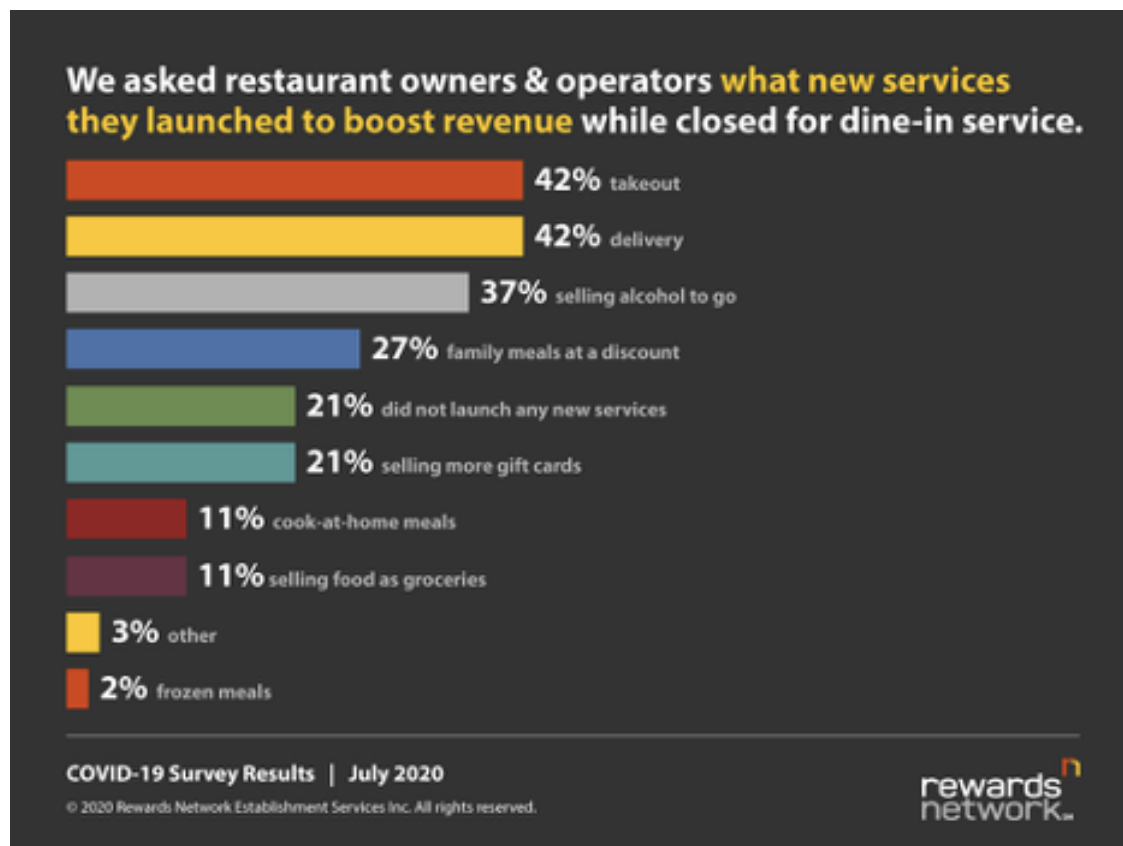
We also asked respondents what changes they have made to their menus. Over half of survey-takers have not made any menu alterations, while **28% said they were making menus smaller and more efficient for the kitchen.** Other cost-saving alterations include removing lower-margin items, using less-expensive ingredients, and including fewer meat options.

## New services and revenue streams

As most restaurants around the country closed for dine-in service back in March, they had to scramble to come up with new ways to diversify their revenue streams. While about one-fifth of restaurants said they didn't implement any new services, the majority did.

Unsurprisingly, **the top spots went to takeout and delivery**. Restaurants that had previously relied solely on customers dining in had to figure these services out quickly to stay afloat. Another popular option was **selling alcohol to go**. This provided an added convenience for customers, allowing them to pick up their food and alcohol in one spot, versus making a separate trip to the liquor store.

Bulk selling by offering “family meals” and selling more gift cards to local supporters were also somewhat popular among our survey takers. A smaller majority leaned into the home-cooking angle by selling cook-at-home meals, groceries, or frozen meals.



Check out our article [Coronavirus era: Marketing your restaurant in a limited capacity world](#) for some tips and best practices on diversifying your revenue.

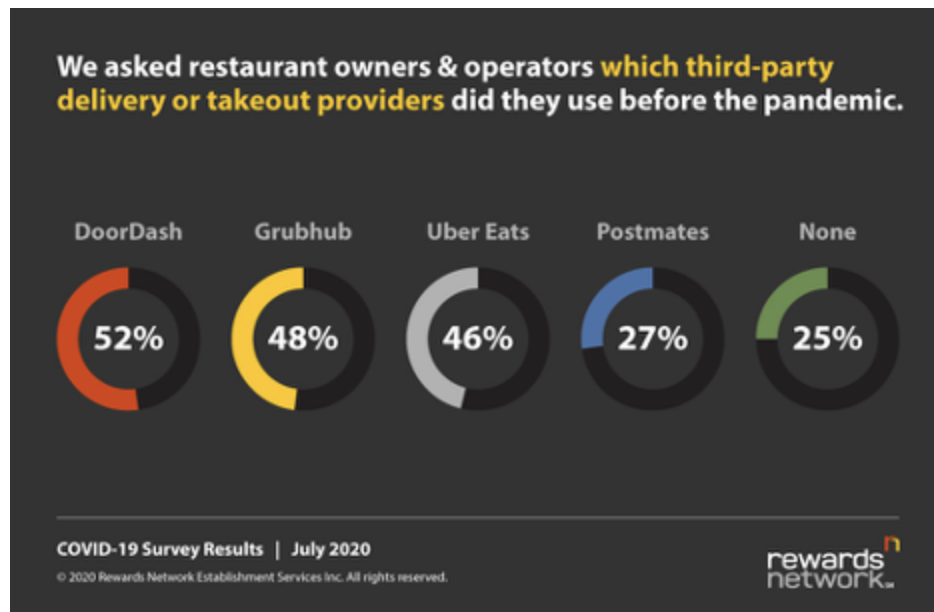
## Third-party delivery services

Arguably, there is nothing more controversial in the restaurant industry today than third-party delivery apps. The strain they put on a restaurant’s bottom line has been brought to the forefront lately as restaurants start to rethink their future takeout/delivery programs.



We asked which third-party providers respondents used before the pandemic. One-fourth said they were not using any, while the remaining three quarters reported using one or more of the following delivery services:

- DoorDash
- Grubhub
- Uber Eats
- Postmates



Of those already using third-party deliverers, the majority said they plan to continue to do so. Out of all restaurants who indicated they use Grubhub, 14% said they would not continue with their services. For DoorDash, 11% said they would discontinue their relationship with them, and for Uber Eats customers, that number is only 10%. For those respondents that said they used Postmates pre-pandemic, 18% said they would not continue with them—taking our top spot for the highest percentage of cancellations.

Looking for more ideas and tips on navigating the current and post-COVID world? Be sure to browse our dedicated COVID-19 restaurant resource section and follow us on Twitter.

*We conducted this survey of Rewards Network partner members for approximately one week in early July. Customers were entered into a drawing for a \$500 Visa® gift card for answering the*



*survey questions honestly and completely. All of the information contained in this article summarizing the survey results is provided for informational purposes only and should not be construed as providing tax, legal, accounting, career, or other professional advice.*