



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact Factor: 6.078

(Volume 10, Issue 6 - V10I6-1143)

Available online at: <https://www.ijariit.com>

Project Report on the Long-Term Changes in the Food Industry Post the Pandemic

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ABSTRACT

The project report is based on extensive research about the blow faced by the hospitality industry. The pandemic has impacted almost all industries but this industry faced a harsh hit in terms of customer engagement and sales. They experienced a massive dip in the numbers and the project deeply explores the business side of things. It explains the limitations, and effects, and helps understand consumer behavior in brief. It also briefly discusses the future developments in this extremely competitive industry. It discusses the long-term effects caused by the virus how restaurants were affected and how they lost a major share of the market. This project helps in understanding how luxury hotels dealt with the crisis on hand, but most importantly the evolution of consumer behavior, habits, tastes, and adaptability with respect to the hospitality industry. A survey has been conducted with a sampling of 32 people and it covers their response to various questions about the current situation, the management during the pandemic, and the ultimate future of how hotels and restaurants will work. The survey takes into consideration people's preferences, opinions, and how they look at the hospitality industry during the pandemic. It also focuses on the shift and reliance on food delivery applications and how they have largely affected the food experience of people. The project report is based on extensive research about the blow faced by the hospitality industry. The pandemic has impacted almost all industries but this industry faced a harsh hit in terms of customer engagement and sales. They experienced a massive dip in the numbers and the project deeply explores the business side of things. It explains the limitations, and effects, and helps understand consumer behaviour in brief. It also briefly discusses the future developments in this extremely competitive industry. It discusses the long-term effects caused by the virus how restaurants were affected and how they lost a major share of the market. This project helps in understanding how luxury hotels dealt with the crisis on hand, but most importantly the evolution of consumer behaviour, habits, tastes, and adaptability with respect to the hospitality industry.

Keywords: Food Industry, COVID, Hospitality Industry

CHAPTER I: INTRODUCTION

Introduction

Due to the Covid-19 pandemic, the world's economy was shut down almost overnight. Almost all restaurants were asked to limit their operations to only take-outs. Restrictions placed on travel and stay-at-home orders issued by the authorities led to sharp decline in hotel occupancies and revenues. However, the reopening process has slowly begun and authorities have started to ease restrictions, for example, allow dine-in restaurants to reopen at a reduced capacity with strict social distancing guidelines, and gradually reduce restrictions on domestic and international travel. The remedies for the pandemic struck industry is to make up for the losses suffered by making the best of the eased restrictions, safe travel, mandatory and institutional quarantine in hotels which boost growth and sales for the hotels. Allowing Dine-in and increasing open hours promotes increased customer engagement.

Objectives of the Study

To assess the impact of the pandemic on the food industry

To understand the change in consumer behaviour, tastes, preferences, and habits in demand post the pandemic

Long term developments in this industry

Hypothesis of Study

H₀: The consumers' behaviour, tastes, preferences, and habits changed due to the pandemic.

H₁: The consumers' behaviour, tastes, preferences, and habits stayed constant due to the pandemic.

H₀: The pandemic increased the reliance on food delivery applications.

H₁: The pandemic decreased the reliance on food delivery applications.

H₀: Restaurants lost a major share of the market during the pandemic.

H₁: Restaurants gained a major share of the market during the pandemic.

Limitations of the Study

The sample size was limited to 32 people.

The sample was taken from the population residing in Mumbai only. Thus, the results are not applicable to the whole of India.

The possibility of respondents being biased cannot be ruled out.

CHAPTER II: LITERATURE REVIEW

ARTICLE 1

Title: 2023- A breakout year for the Indian cloud kitchen industry Source: ET Hospitality World

Link- <https://hospitality.economictimes.indiatimes.com/news/speaking-heads/2023-a-breakout-year-for-the-indian-cloud-kitchen-industry/97514705#:~:text=One%20of%20the%20key%20trends,attracted%20to%20this%20business%20model>

ANALYSIS-

In 2023, it's clear that food delivery and cloud kitchens will become a mainstay in the industry.

Local entrepreneurs will be expected to set up cloud kitchens in tier 3 and 4 countries

The industry will also see continued innovation in the cloud kitchen model, with developments such as kitchen as a service, kitchen infrastructure as a service, brand franchising, brand aggregation and more.

Swiggy and Zomato have been great platforms for cloud kitchens, the hefty fees they charge can hurt the economics of the business. Cloud kitchen companies experimenting with various models such as their own apps, self-delivery, partnering with delivery service, or storefront sales to start building a direct relationship with customers are expected to do great.

ARTICLE 2

Title: Food delivery app boom continues following lockdown-driven growth Source: Adjust.com

Link- <https://www.adjust.com/blog/food-delivery-apps-thrive-following-covid-growth/>

ANALYSIS-

Lockdowns caused many restaurants to limit capacity or close entirely this increased demand pushed the food and drink delivery resulted in performance years ahead of projections.

Despite relaxed restrictions and many restaurants slowly opening for the dine-in experience, consumers have maintained the habit of placing orders through food delivery apps in 2021.

Business of Apps projects that the global market for delivery apps will increase to \$120 billion by the end of 2021, reaching \$300 billion by 2027.

Global installs of food delivery apps increased by 25% in 2020 compared to 2019, and are up by a further 21% so far 2022

The food delivery app vertical is set to continue growing and evolving as markets take shape in a post-pandemic world.

To thrive, it's essential that apps partner with the restaurants and vendors that best suit their user's needs, and that they find clever ways to incentivize continued use in this more-competitive-than-ever space.

RESEARCH PAPER 1

Title- Customer Behaviour in Restaurants Before and During COVID-19

Writers – Thao Hoang & Javed Suleri

The foodservice industry is one of the fastest-growing industries in the world and it contributes to the development of the economy. However, with the appearance of COVID-19, this industry has been affected. The purpose of this research paper is study is to find out if there is a difference in customer behaviour before and during COVID-19, and to determine the most important factor that customers consider before and during their visit to a restaurant. The author undertook a quantitative method and conducted a survey of 117 people from different age groups. The study found out that layout has the biggest influence on customer satisfaction and cleanliness is the factor that guests care about the most when choosing a restaurant to dine out. Managers were recommended to pay more attention to the cleanliness and safety regulations of the outlets during COVID-19.

RESEARCH PAPER 2

Title- A Study on The Impact of Covid-19 On Home Delivery of Food Items Through Food Delivery Platforms

Writer – Ashish Kumar

In today's COVID hit world all business small or large has taken a hit either positively or negatively. Furthermore, the lockdown imposed due to coronavirus also caused people to switch to online buying of groceries and essentials. This study will focus on the willingness, acceptance, and changes in the pattern of people to online delivery related to food items and edibles. In this study secondary data has been used from past researches conducted by various researchers and different papers from various authors have been reviewed to make this paper successful. The study includes almost every factor to study the impact of coronavirus on acceptance of food items home-delivered.

RESEARCH PAPER 3

Title- How Are Small Businesses Adjusting to Covid-19?

Writers - Alexander W. Bartik, Marianne Bertrand, Zoë B. Cullen, Edward L. Glaeser, Michael Luca & Christopher T. Stanton

In this paper the authors have shed light on how COVID-19 affected small businesses. The researchers have conducted a survey of 5,800 small businesses. Mass layoffs and closures have taken place, some businesses were temporarily closed and showed how small business are financially fragile. It also stated that few businesses reached out for government support but very few were able to avail it.

CHAPTER III: SECONDARY DATA

i. Long Term Changes in The Hospitality Industry Due to The Coronavirus

Technology That Minimizes Human Interaction Will Seep into The Industry

Restaurants are focused on safety and thus the current goal includes minimizing the interaction between customers from different parties, and customers and staff. This can most effectively be done by employing cutting-edge technology. Once restaurants start using this technology, it's unlikely they will go back to the old ways. One of the easiest technologies to implement is contactless payment either done online when customers order delivery or via contactless cards or services like Google Pay.

Increase In Delivery

Now the people have eventually become accustomed to ordering food online or picking it up at a restaurant to savor at home with their families. Restaurant owners need to respond to this exact demand. If they haven't already, most restaurants will realize that they need an online ordering system to survive and that it ultimately benefits them and their customers.

Seating Reorganized and Communal Tables Are Likely to Disappear

For restaurants who relied on maximizing the use of space and seating to boost profits, the health and safety regulations are a huge disadvantage. People don't feel comfortable sitting close to others anymore, especially indoors. Social distancing has become the norm and might continue to be so for a long time, do restaurants need to maintain the minimum safety distance between tables.

Scannable Menus

Creative and changing menus are the new need of the hour, apart from the actual dining. Covid 19 has affected restaurant supply chains and made it difficult for most restaurants to source ingredients. which led to obvious changes to their regular menu in order to remain sustainable and still be able to attract customers.

ii. Challenges for the Hospitality Industry

Retention And Staff Shortages

Staff shortages have had an impact on the hospitality sector over the past few years, and they are now more than ever a major problem for businesses. According to recent reports, shortages are at an all-time high with 170,000 vacant hospitality positions and an increase in advertised vacancies of 83%. Another study found that staff shortages forced 45 percent of the hospitality businesses to reduce capacity or hours of operation.

The Cost of Living

The hospitality industry is impacted in two ways by the exponential rise in prices. First, from a consumer's point of view, when people have less money to spend on eating or drinking out, and second, for the rising costs of their own businesses. Industry groups have lobbied the government for additional financial support for the hospitality industry, which now faces the challenge of a 55.2% increase in operating costs.

Health And Wellness:

Multi-purpose spaces that promote health and wellness for guests is an important and growing trend. These design upgrades come at a cost and will take time to implement. However, millennials are increasingly demanding more sustainable accommodations and organic local farm grown foods.

Technology:

With new social distancing measures and a focus on cleanliness, electronic check-in / check-out will become more important to the industry with guests not having to come to the front desk to get a key. Digital technologies via mobile phone apps (using Apple Wallet-type technologies) will become the norm, including for F&B as people order room service using their smartphones. Implementation of these technologies will have a significant initial cost but will lead to efficiencies and lower costs longer term

iii. Evolving Consumer Behaviour and Habits, Tastes and Preferences with Respect to the Hospitality Industry

Security, Hygiene, and Safety

Customers will pay more attention to the various security, health, and safety measures implemented by establishments. Google searches for health-related terms have significantly increased over the past year, peaking in March 2020 and January 2021. Businesses will need to be honest and dependable to win over customers' trust.

Wellness

The United Nations has emphasized the significance of mental well-being and health, particularly considering the extreme isolation and loneliness brought on by lockdowns. Many of us will be putting a special emphasis on our health and wellness by participating in in-house sports and exercise, eating fresh and organic food, taking care of ourselves, getting regular medical checks, and other

things.

Consumption and Spending

Due to a decrease in their purchasing power as a result of an increase in unemployment, many consumers will prioritize spending on basic goods and leisure goods. Better-quality goods and well-known brands will be preferred by customers. Additionally, there will be more pre-planning and fewer impulsive purchases.

Digitalization

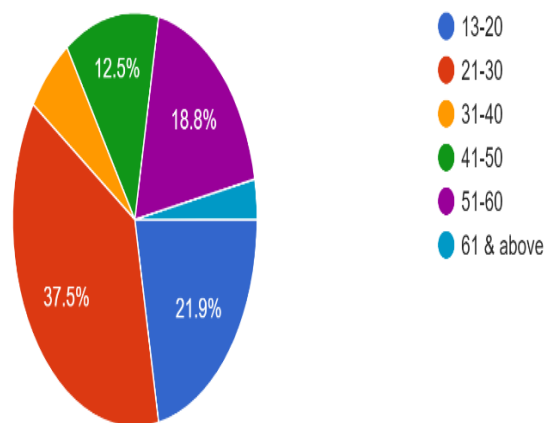
The use of platforms for teleworking and online webinars and meetings are now fundamental components of our working practices. Online shopping, home delivery services, contactless payments, medical appointments via videoconference, and even the creation of a COVID Radar App - Aarogya Setu all point to an accelerated digitalization era.

CHAPTER IV: PRIMARY DATA

Question 1

Age

32 responses

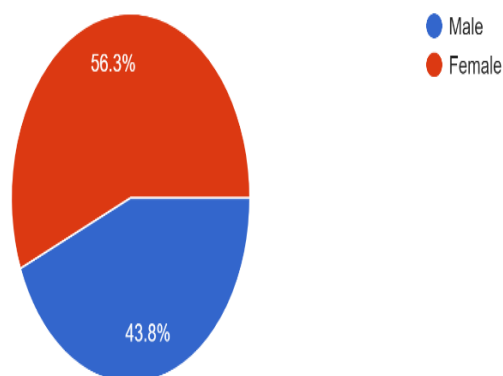


Analysis - As mentioned in the analysis of this chart, 37.5% of the respondents are between 21-30 years. Followed by 21.9% of 12-20-year-olds, 18.8% of 51-60-year-olds and a very small portion of 61 years & above.

Question 2

Gender

32 responses

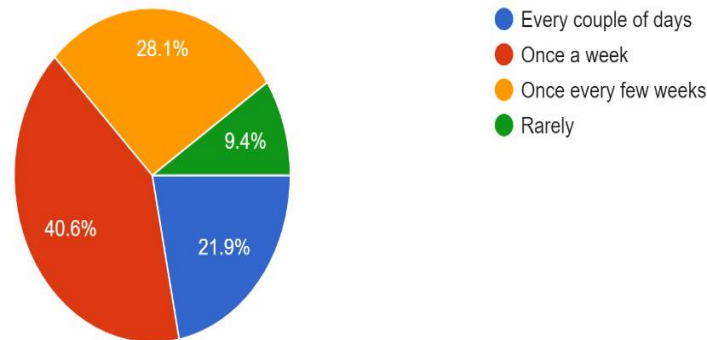


Analysis- The Graph depicts that out of 32 responses, 56.3% of the respondents identify as female, whereas the rest 43.8% people identify as male. The survey was responded by a higher number of women as compared to men.

Question 3

How frequently do you visit restaurants

32 responses

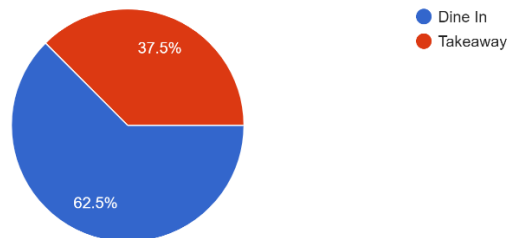


Analysis- While analysing the data, it has been observed that most people (40.6%) visited restaurants once a week. 28.1% of the people visited once every few weeks 21.9% of people visit restaurants every couple of days and the rest of the people rarely visit restaurants. This graph clearly indicates that people visit restaurants quite often post covid and a very small amount of the respondents rarely step out.

Question 4

Do you prefer dine in or takeaway

32 responses

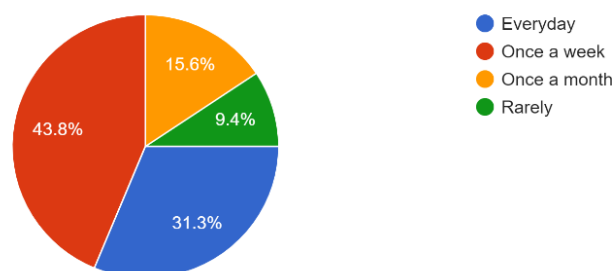


Analysis- The Graph shows that 62.5% people prefer dining at restaurants and 37.5% people prefer takeaway. Majority of the people choose to dine out and enjoy the vibe of the restaurant especially after the virus.

Question 5

How often did you order food during the pandemic?

32 responses

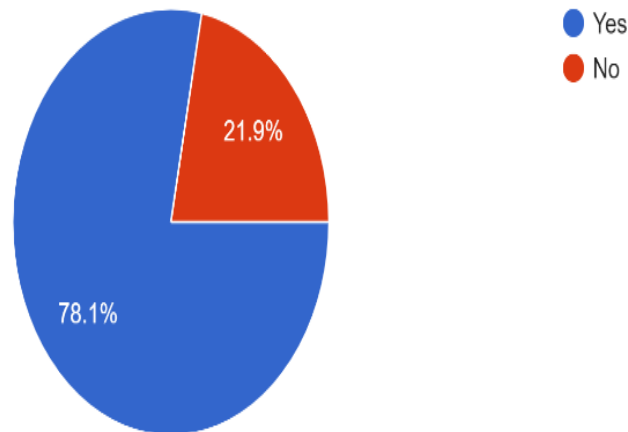


Analysis -The Graph depicts that out of 150 responses, almost half of the respondents (40.7%) ordered food once a week during the pandemic. 29.3% of the people ordered food once a month and 8.7% people ordered food every day during the lockdown period as they would rather savour delicious and a variety of different cuisines. 21.3% of the respondents rarely ordered food as they were probably concerned about the level of hygiene and safety.

Question 6

Did the pandemic affect how often you called for food deliveries?

32 responses

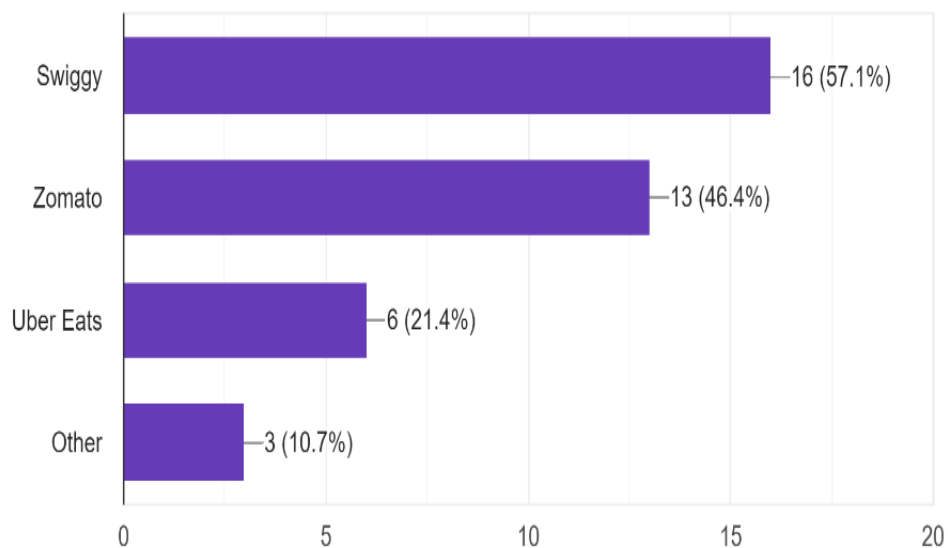


Analysis—The Graph depicts that out of 32 responses, maximum number (78.1%) of respondents observed that their food delivery habits were affected by the pandemic and a small percentage (21.9%) of the peoples’ food ordering habits stayed the same.

Question 7

If yes, which platforms did you use to order?

28 responses

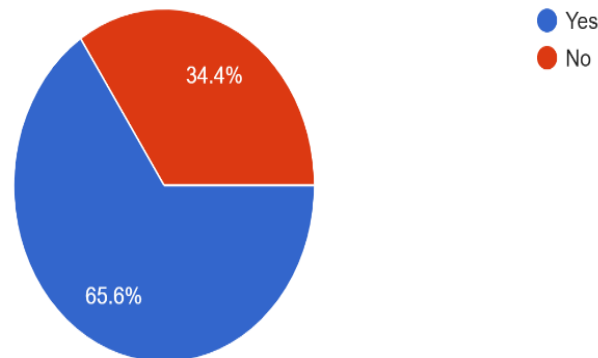


Analysis—The Graph depicts that out of 28 respondents who agreed that their food ordering habits were affected by the pandemic stated that 57.1% of the people order food from the application Zomato, 46.4% of the people use Swiggy, 21.4% use Uber Eats, a small percentage use other.

Question 8

Post the pandemic, do you still order as frequently?

32 responses

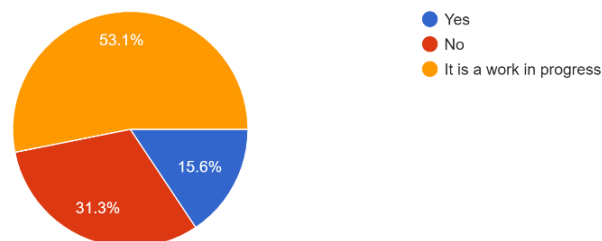


Analysis -While analysing the data, it has been observed that a huge percentage of respondents (65.6%) still order food frequently even post pandemic. This shows the change in habits, tastes and behaviour of the consumers due to the pandemic.

Question 9:

Do you think the industry has regained their footing in the market since the 2020 downfall ?

32 responses



Analysis-The research states that 53.1% people are of the opinion that for the industry to regain composure, it is still a work in progress. 31.3% people believe they have will take some more time found and 15.6% that they are already there.

CHAPTER V: FINDING, SUGGESTIONS AND CONCLUSION

40.6% of the people visit restaurants as frequently as once a week, the shows a high frequency of visits and shows restaurants how have a major share.

A whopping 62.5% of people prefer a dine in experience. Post covid so many people, after being locked inside their homes, people prefer to step out and enjoy the dining experience and ambience.

During the pandemic it is seen that almost 43.8% of people ordered food as often as once a week from various food delivery applications.

Almost 78.1% of the people said that the pandemic affected how often they called for food deliveries. During times of stress and from being home for so long, people are not interested in eating their home cooked meals so often, this shows a change in the tastes and preferences of the consumers.

65.6% respondents state that even post the pandemic they order just as frequently as they did during the pandemic. This shows that a new habit of ordering frequently has been established and that the consumers' behaviour, tastes, preferences, and habits changed due to the pandemic.

53.1% people think for the industry to regain composure, it is still a work in progress. 31.3% people believe they have will take some more time found and 15.6% that they are already there.

The hospitality sector must embrace technology to create a contactless experience for their guests. This includes adopting mobile check-ins, digital menus, and cashless payments.

To survive the pandemic and future disruptions, the hospitality sector must diversify their services. This may include offering catering, delivery, and take-out services.

CONCLUSION

In conclusion, the hospitality industry faces significant near and medium-term challenges. The large operators with strong balance sheets and solid liquidity positions will be the survivors and likely consolidators within the industry. Smaller operators will likely not survive a prolonged period of low occupancy, higher costs and losses. Niche boutique hotels offering health and wellness focused accommodations and experiences will become increasingly in demand, especially among Millennials. In the longer term, the global hospitality community will recover and likely in a renewed and innovative form. Indeed, history has shown that our global community has dealt with far greater pandemics, wars and other challenges than currently being experienced. Maintaining financial sustainability is the most important task for hotels to survive the pandemic.

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APPENDIX

QUESTION 1 - What is your Age?

1. 13-20 years
2. 21-30 years
3. 31-40 years
4. 41-50 years
5. 51-60 years
6. 61 years & above

QUESTION 2 - Which gender do you identify as?

1. Male
2. Female

QUESTION 3- How frequently do visit restaurants?

1. Every couple of days
2. Once a week
3. Once every few weeks
4. Rarely

QUESTION 4- Do you prefer dine in or takeaway?

1. Dine In
2. Takeaway

QUESTION 5- How often did you order food during the pandemic?

1. Everyday
2. Once a week
3. Once a month
4. Rarely

QUESTION 6- Did the pandemic affect how often you called for food deliveries?

1. Yes
2. No

QUESTION 7- If yes, which platforms did you use to order?

1. Swiggy
2. Zomato
3. Uber Eats

4. Foodpanda
5. Other

QUESTION 8- Post the pandemic, do you still order as frequently?

1. Yes
2. No

QUESTION 9- Do you think the industry has regained their footing in the market since the 2020 downfall?

1. Yes
2. No, it will still take time
3. It is work in progress
4. They are halfway there