

**STUDYING THE SURVIVABILITY FROM AN ‘ATMA-NIRBHAR’
PERSPECTIVE: TACTICS EMPLOYED BY THE INDIAN
RESTAURANT BUSINESSES IN COVID-19**

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ABSTRACT

Purpose: The study will explore about the dynamic market conditions that have developed during the ongoing pandemic, in context to the restaurant businesses. It will study the adversities that these businesses have faced and the future parameters on which these businesses will be sustained and carried forward. It was clear from the relief package that the government has not provided the support the sector needs and thus it will set to find out what will be the ‘atma-nirbhar’ or the self-made tactics that will help to survive the small businesses

Background: The ongoing pandemic caused due to the COVID-19 has plunged the economies of the world towards recession and has adversely affected the service industries like hospitality & tourism. Restaurants contribute around 3% to the total GDP and employ around 73 lakhs people. The trends suggest 1 in every 4 restaurants to never open again and over 22 lakh staff employed will be laid off and lastly the losses will shoot as high as Rs. 1,00,000 Crores (Mehrotra, 2020)

Methodology: An exploratory structuring was adopted to know the current trends as well as record the industry opinions on these survival tactics. A sample base of 100 were approached as per convenience method and 78 consented to be included in the study. A questionnaire was forwarded to record the opinions and tools like Likert scale was also used to quantify the data

Objectives: The objectives were 3-fold, the first being to study the ongoing market trends during the COVID-19 pandemic, the second was to know more about the self-made or atma-nirbhar tactics used by the restaurant business and lastly to record the public opinion on the practicality of these tactics

Key Terms: Recession, COVID-19 Pandemic, Restaurant Sector, Atma-Nirbhar Tactics

INTRODUCTION

Novel Coronavirus 2 which is a virus that transmits between 2 people when they are in close proximity has claimed 4,74,798 deaths and about 37,78,169 infections in the world. (Coronavirus Cases, 2020) Talking about India, 4,41,643 total infections have been recorded till date out of which 14,027 have succumbed to the infection. (COVID-19 Cases, 2020) These figures show a very harsh ground report of how savage this virus has been and how it is pushing the world economy towards recession.

The pandemic has resulted in a 2-month lockdown which was implemented so as to control the spread of the virus. It is a little disputed as to how successful the lockdown had been as in today's time, India stands at 4th place in the world's tally of the most COVID-19 cases (Coronavirus Cases, 2020) and the lockdown has resulted in a lot of industries in a complete stand still which has led to zero revenues and in the case of hospitality industry, zero occupancies, along with mass exodus of migrant labours and huge economic losses.

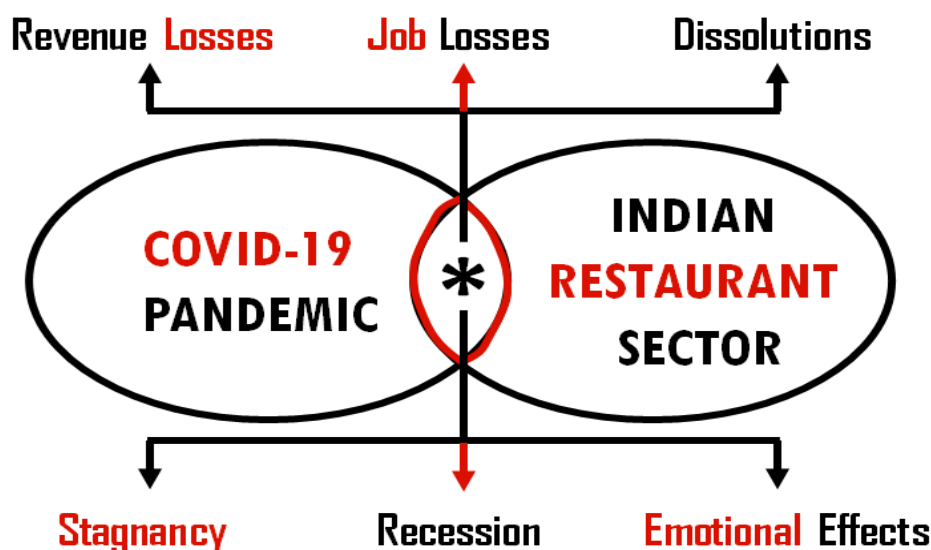


Figure 01: Conceptual model showing the adverse effects that the pandemic has left to the restaurant sector (Source: Compilation of the Author)

Such losses have been incurred on the restaurant side to a very larger extent as they have resulted in a permanent closure of small businesses and huge revenue losses as well. The Organised restaurant sector makes up about 35 per cent of total of India's restaurant industry, which has a valuation of about Rs 4.2 lakh crore in FY19. It has witnessed about 90% slump in revenues since the lockdown was implemented. Dine-ins are 75 per cent of the organised

restaurants, with online delivery or takeaways making up for the rest, which has seen about 35-45% reduction in the revenues. (PTI, 2020)

International Scenario

In the United States, The National Restaurant association, a country wide consortium of restaurant owners has conducted a study which has revealed a lot of interesting facts. As the coronavirus pandemic was going along, out of a 5000 entrepreneurs, about 3% of restaurant owners have dissolved the businesses and closed their restaurants, 44% have closed their businesses on a temporary basis and about 11% are sure in their anticipation that they are heading towards bankruptcy and will permanently close in the coming next 30 days. Taking about sales, they have been down to 47% for the period from March 1 to March 22. To counter this, about 54% of restaurant owners have adopted an off-premises service business operation only. Layoffs have been huge, and about 7 in 10 owners laid off their staff and also reduced the working number of hours to effectively reduce their salaries.



Figure 02: COVID posed market trends of restaurants in US (Source: National Restaurant Association)

The situations are so dire that around half of them expect even more layoffs as well as reduced working hours in the coming 30 days. Around 6 in 10 of the business owners have said they've had to reduce their working hours due to less payment of staff salaries as well as reduced demand. To conclude, it was also observed that between the 1st and the 22nd of

March, the restaurant industry has lost a figure around \$25 billion in sales and about 3 million jobs.(Kennedy, 2020)

LITERATURE REVIEW

Coronavirus has pushed the world economies on a global scale towards recession and has slammed all the balance of payments. The world as one has known it has stopped functioning and the virus has resulted in closure of the Aviation industry in its first leg, and then has plagued the tourism which then tumbled down to bare minimums as there were no patrons at all, which further affected the sector of hospitality for to the same reason. The total valuation of the Indian hospitality industry, which is about INR 4,23,865 crores will be adversely affected every year if the recovery is not efficient. (Kasare, 2020)

(Jain, 2020)Enumerates sanitization and cleanliness to be of extreme importance so as to tackle the ongoing pandemic, and because there is no vaccine available for the time being, the only positive aspect of this virus is that it is not a food borne disease, nor does it transmit or multiply through contaminating food. Regardless of this, as the public get infected and an ambience of tension follows due to which food ordering gets hampered. It is to be noted that it is not actually harmful, provided that one orders the food from a trust worthy restaurant and also, that the food should be heated properly again for reaching a safe temperature where bacteria does not survive (aka holding temperature) for minimal risk to get infected.

STUDY METHODOLOGY

This paper will set to find out the self-made tactics of the restaurateurs for sustainability that the restaurateurs will use to avoid having bankruptcy. The Self-reliant push that our honourable PM Shri Narendra Modi has urged will go a long way in making people self-sufficient. In these times of recessing economy, self-reliant structuring can avoid bankruptcy.

Design: An exploratory structuring has been adopted to carefully analyse the market conditions that have been posed because of the pandemic. A basic questionnaire was also framed so as to take reviews form the industry experts which had tools like Likert's scale which helped to quantify the data being recorded

Sampling: Convenience sampling was used to pick 100 samples, which was narrowed down to 78 as other declined their consent to be included in the study. The samples were

approached from the author's professional and personal circle. The study was done in the city of Bhopal and the restaurants which were selected were from the '10 no. Market' as well as 'New Market'

Data Collection: The primary data was collected through a 5-question questionnaire which had tools like Likert's Scale which helped to quantify the collected data, and the secondary data was collected through sources like online journals, articles on the internet and conference proceedings.

OBJECTIVES OF THE RESEARCH

1. To study the ongoing market trends posed by the COVID-19 Pandemic
2. To know more about the self-reliant or atma-nirbhar tactics used by the restaurant industry to prevent losses and bankruptcy
3. To analyse the above-mentioned tactics with the industry experts and know about the practicality of implementation

FINDINGS AND ANALYSIS

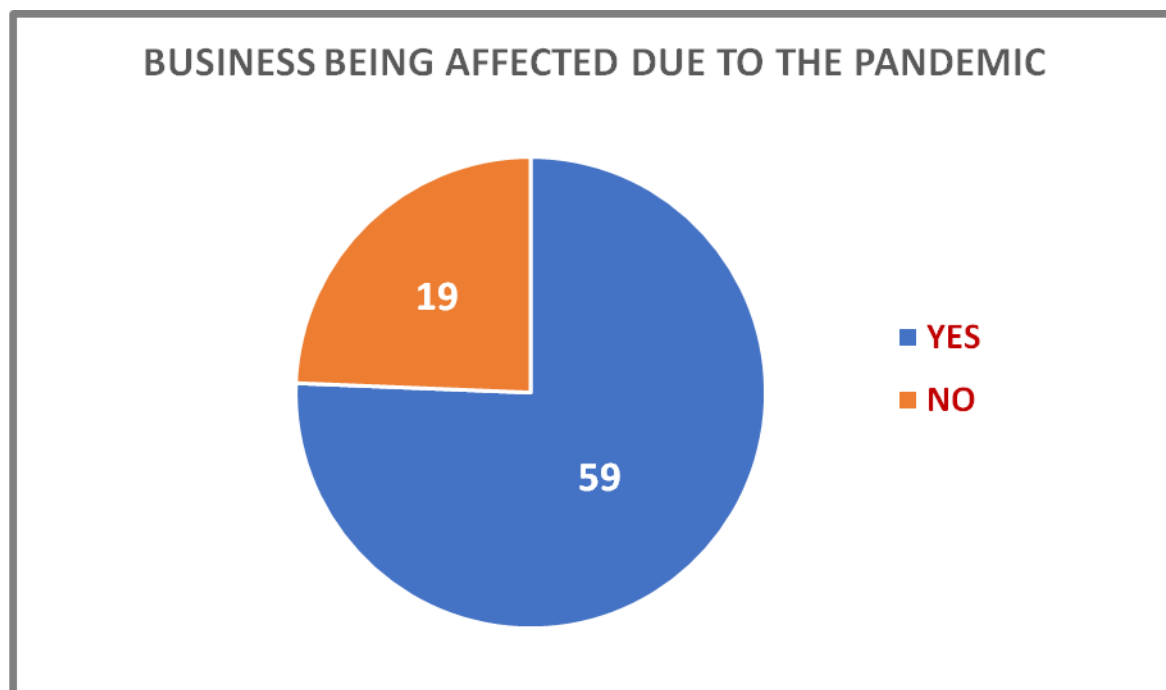


Figure 2: Pie chart depicting the effect on restaurants due to the pandemic (Source: Author)

The first question that was asked depicted whether the restaurant businesses were affected in the COVID-19 pandemic or not. This was done to depict the ratio of how many were affected

and how many were spared. Out of 78 samples 59 were affected which constituted about 75.5% of the total being affected by the pandemic. Remaining 19 samples selected no, which were the remaining 24% of the total samples. Thus a 75:25 ratio was established between affected business owners to non-affected business owners.

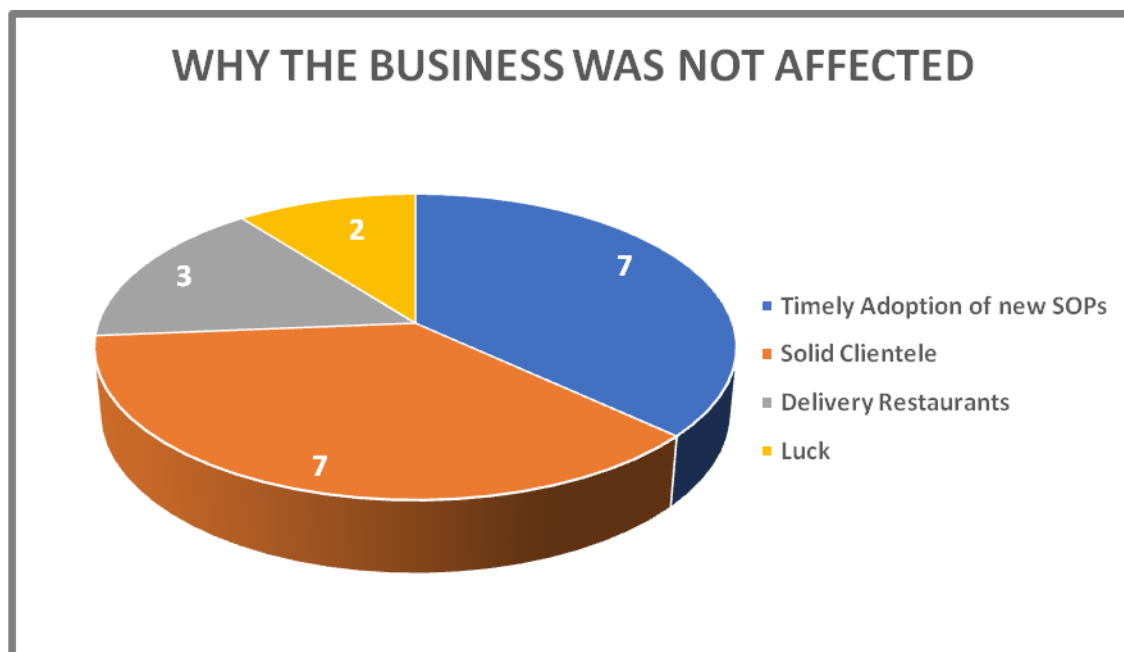


Figure 2: Pie chart depicting the effect on restaurants due to the pandemic (Source: Author)

The next question focused solely on the 19 samples whose businesses were not affected by the pandemic, and the majority quoted “timely adoption of new SOPs’ as their reason, followed by 7 samples saying they had a ‘solid clientele’ coming ahead to the reason of ‘delivery restaurants’ which were quoted by 3 samples and lastly 2 samples who had ‘luck’ factor playing for their side. This showed that timely intervention of what is right has always proven useful and the notion of luck never really works well as in the above analysis, it works only about 10% of the time.

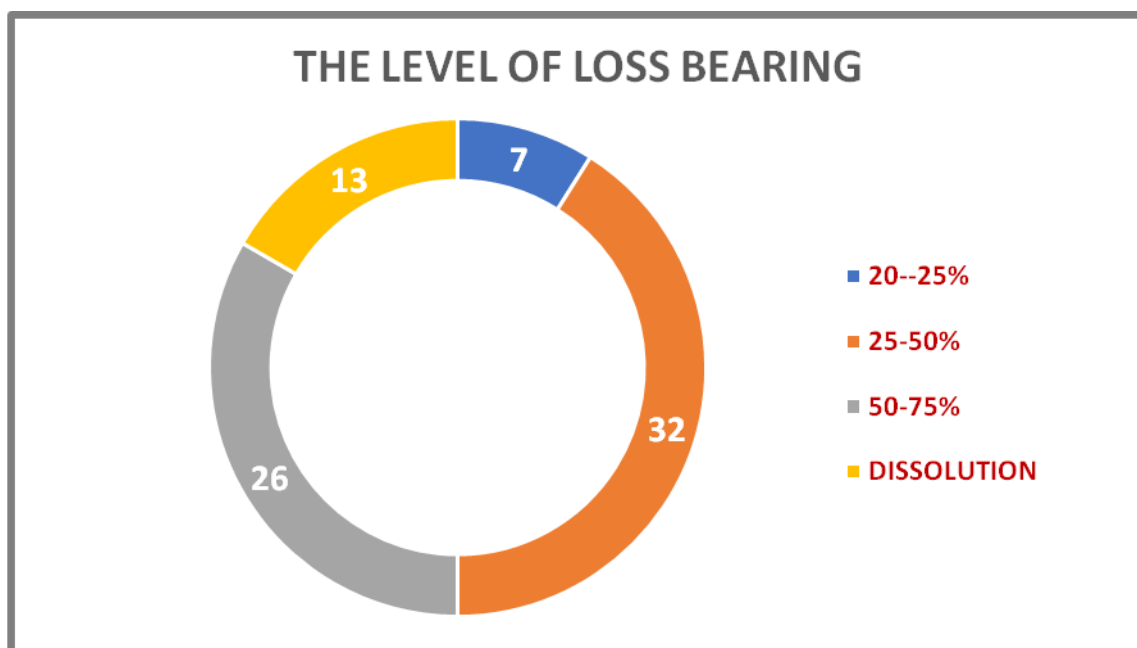


Figure 3: donut depicting the level of losses by the restaurateurs (Source: Author)

The next question enquired about the level of losses as compared to the revenues earned before the onset of the virus, which were carried on by the restaurateurs, to which the majority of the samples i.e. 32 people voted for 25-50%, 26 samples for 50-75% losses followed by 13 samples opting for complete dissolution of the restaurant and lastly 7 samples voted for 20-25%. The adversities faced by the restaurant owners is very obvious in this analysis as 34% faced very huge burden of overheads which has resulted into massive losses and 17% of the total participants have lost their business forever which has led them to declare their bankruptcy. A point also to be noted is that out of 78 samples, 71 samples incurred losses which accounts of more than 50% than their previous revenues.

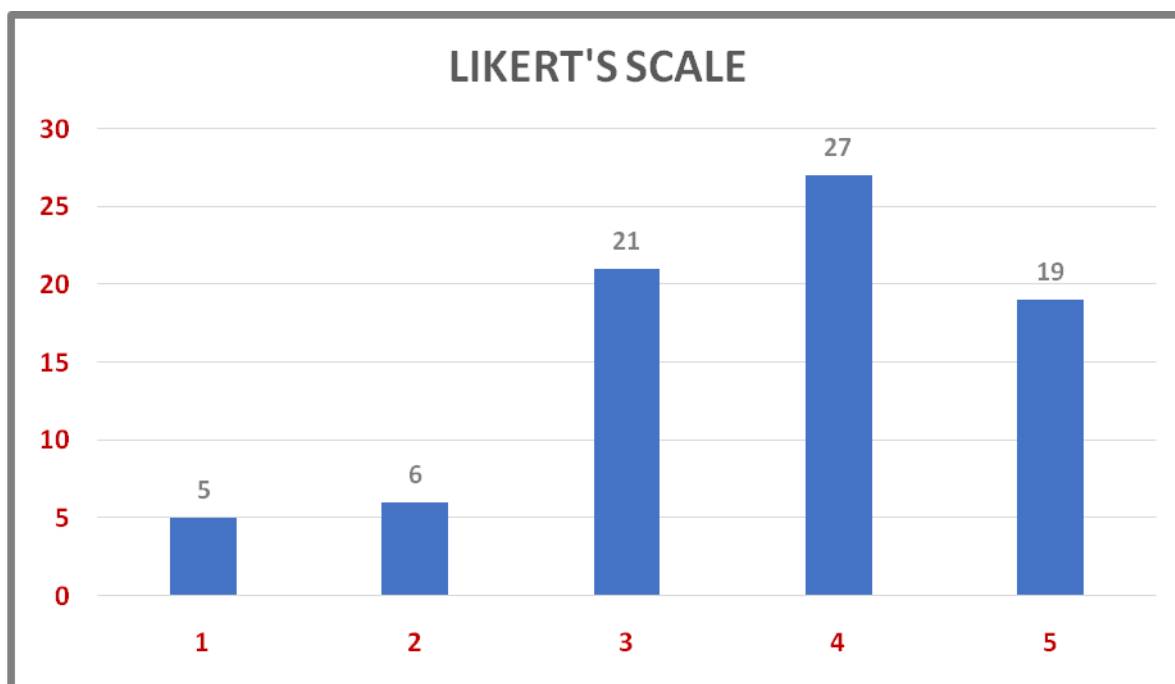


Figure 4: donut depicting the level of losses by the restaurateurs (Source: Author)

The following question quantified the data recorded in the previous questions. The question enquired about the level of problems and negativities that has plagued the restaurant sectors on India, a Likert's scale was used wherein scale point 1 depicted no problems at all, 2 depicted a little problem faced, 3 being neutral, 4 depicting high level of problem and lastly, the scale point 5 being extremely high level of problems. The majority of samples i.e. 27 samples voted for scale point 4 followed by 21 samples voted by scale point 3, followed by 19 samples voted for scale point 5, lastly by 6 samples voting for scale point 2 and lastly 5 samples voting for scale point 1. This showed that around 58% have been badly affected by the adversities of the pandemic caused by the virus.

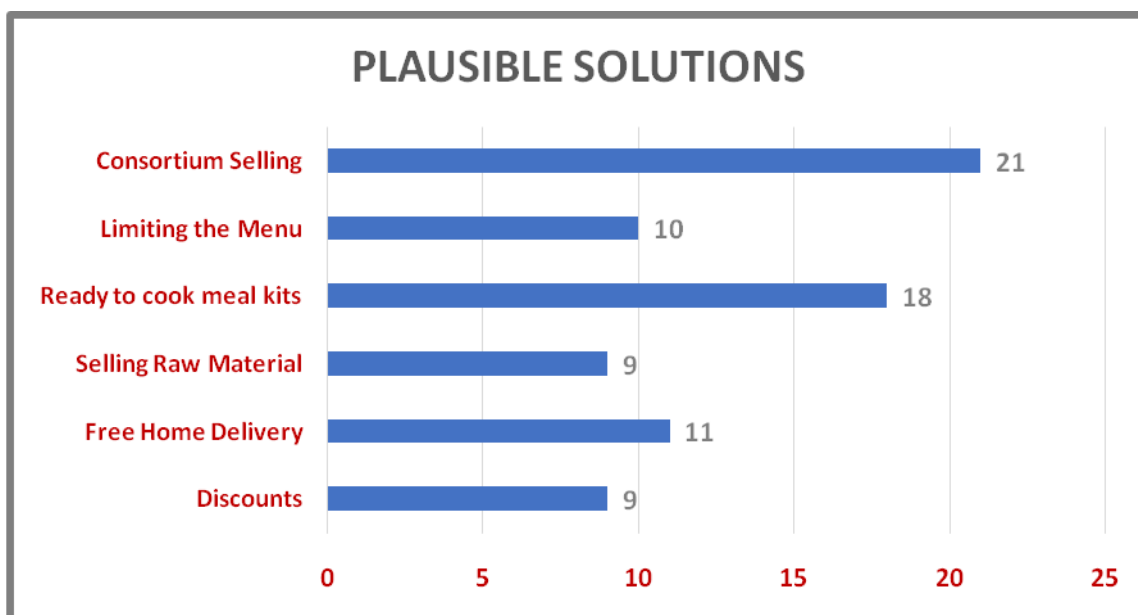


Figure 5: donut depicting the level of losses by the restaurateurs (Source: Author)

The last question focussed on such atma-nirbhar tactics used for survivability by the restaurants during the pandemic lockdown. The majority samples i.e. 21 voted for ‘consortium selling’ i.e. pooling our resources and selling as a union, followed by 18 samples voting for ‘ready to cook meal kits’, followed by 11 samples for ‘free home delivery’, 10 samples chose the option of ‘limiting the menu’. Followed by 2 sample groups of 9 each voting for ‘discounts’ and selling raw materials.

CONCLUSION

This exploratory research paper focussed solely on the self-made or atma-nirbhar tactics which the Indian restaurateurs have applied for the long-term sustainment of their businesses. Following the due course, the paper also found out the recent trends which are followed in the market due to the pandemic which suggested that around 50%-70% of the revenue would be lost by the organized dine-in sector for the financial year 2021. Also, the previous notion of ‘a human would always need food, thus the food business will never face recession’ has been obliterated as the trends have shown people being reluctant in ordering food. Talking about the analysis done from the 78 samples, about 75% had losses occurred due to the lockdown amongst whom about 17% have embraced complete dissolution of the business. A Likert’s scale was used to measure how much has this been a negative situation for the sector, to which the majority of the samples (27) indicated towards scale point 4 i.e. very high level of problems. To conclude, some possible solutions were also asked, which

yielded that as per the samples, 'consortium selling' and 'ready to cook meal kits' would help recover the slump that was caused by the pandemic.

Recommendations: The practices of some particular eateries which sell raw materials as well, for example a pizzeria which offers their house made pizza sauce and the pizza dough will find more chances of sustaining themselves as it adds up a couple of revenue earning outlets for the eatery. Another recommendation from this study would be the confirmation of 'united we stand, divided we fall' as when asked about any plausible solutions from the samples, the highest voted option was 'consortium selling' i.e. pooling the resources and selling together.

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