

COVID-19

the Hospitality industry:

how food businesses have adapted to the new normal and their predictions for the future

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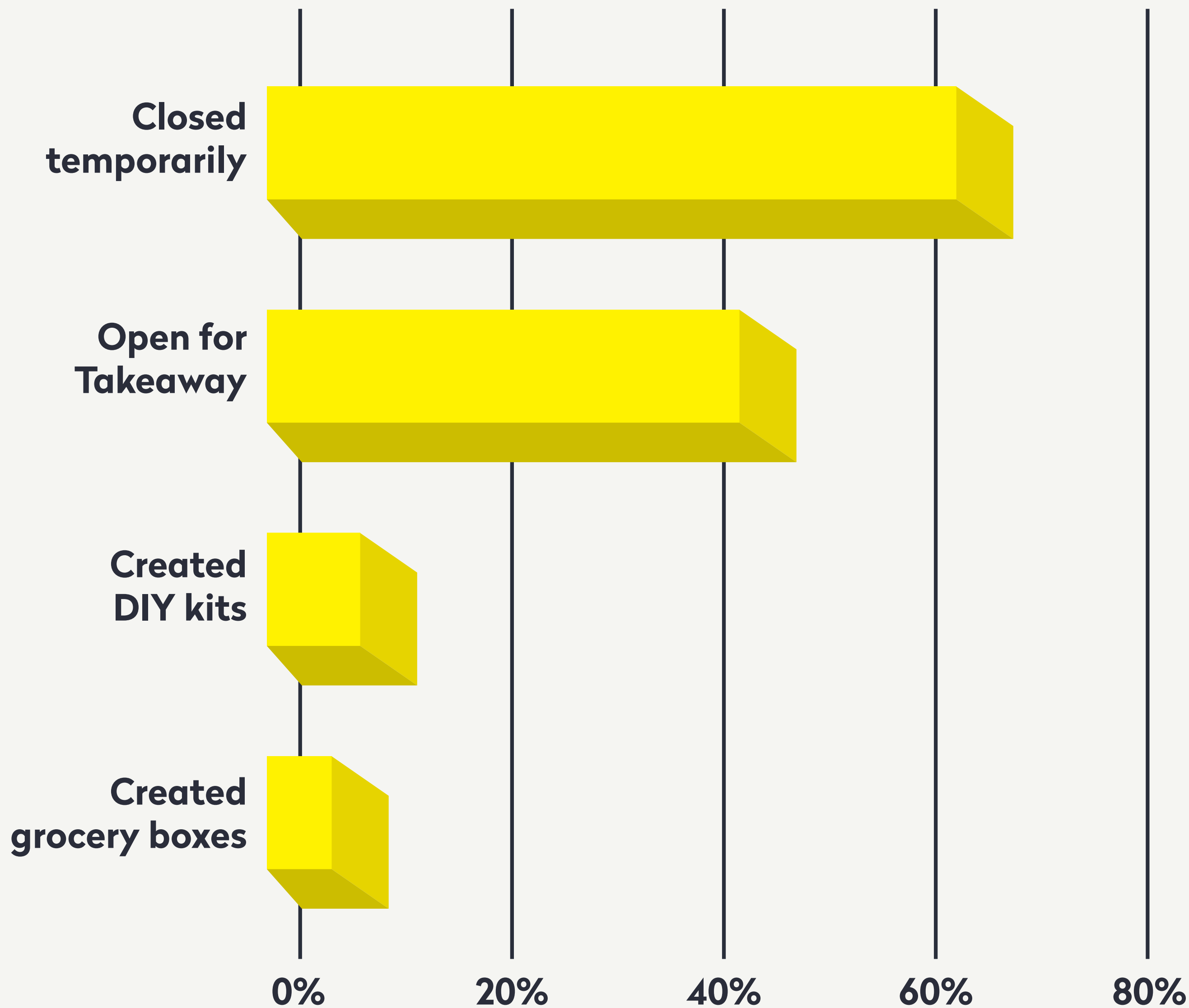
We wanted to find out how the COVID-19 pandemic and UK lockdown restrictions have affected restaurants and catering companies, as well as how they adapted services to keep business going.

Between 26th May and 5th June - more than a month into the lockdown - we surveyed a number of participants from the F&B industry.

The survey focused on services the restaurants and caterers had provided before lockdown, any product innovation they carried out thereafter, and any barriers they faced during this period of time. We also asked respondents about their experiences of community togetherness during the lockdown, as well as their opinions on the future of the food industry.

Adapting

How have restaurants adapted during lockdown?



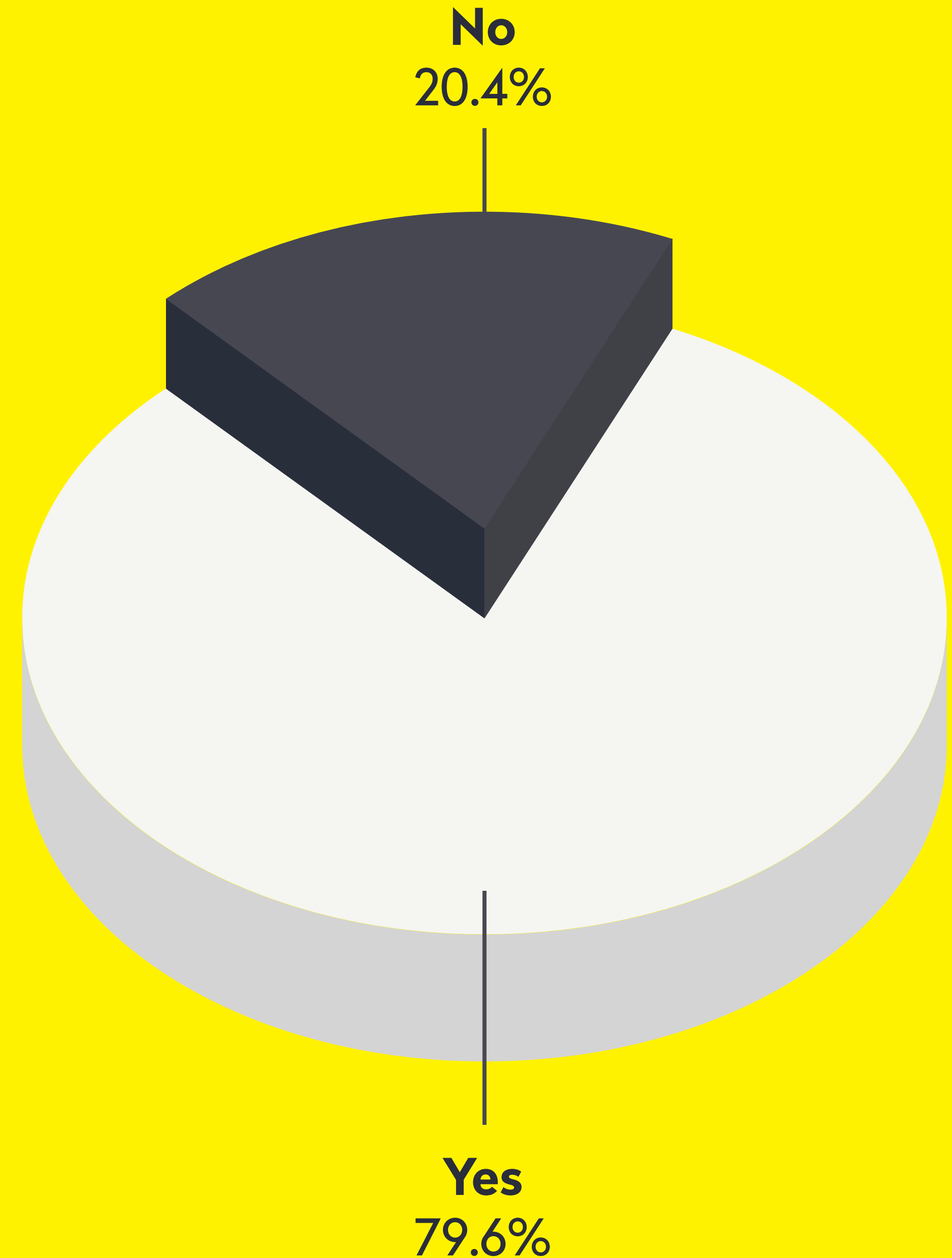
How have you adapted your services during the COVID-19 crisis?

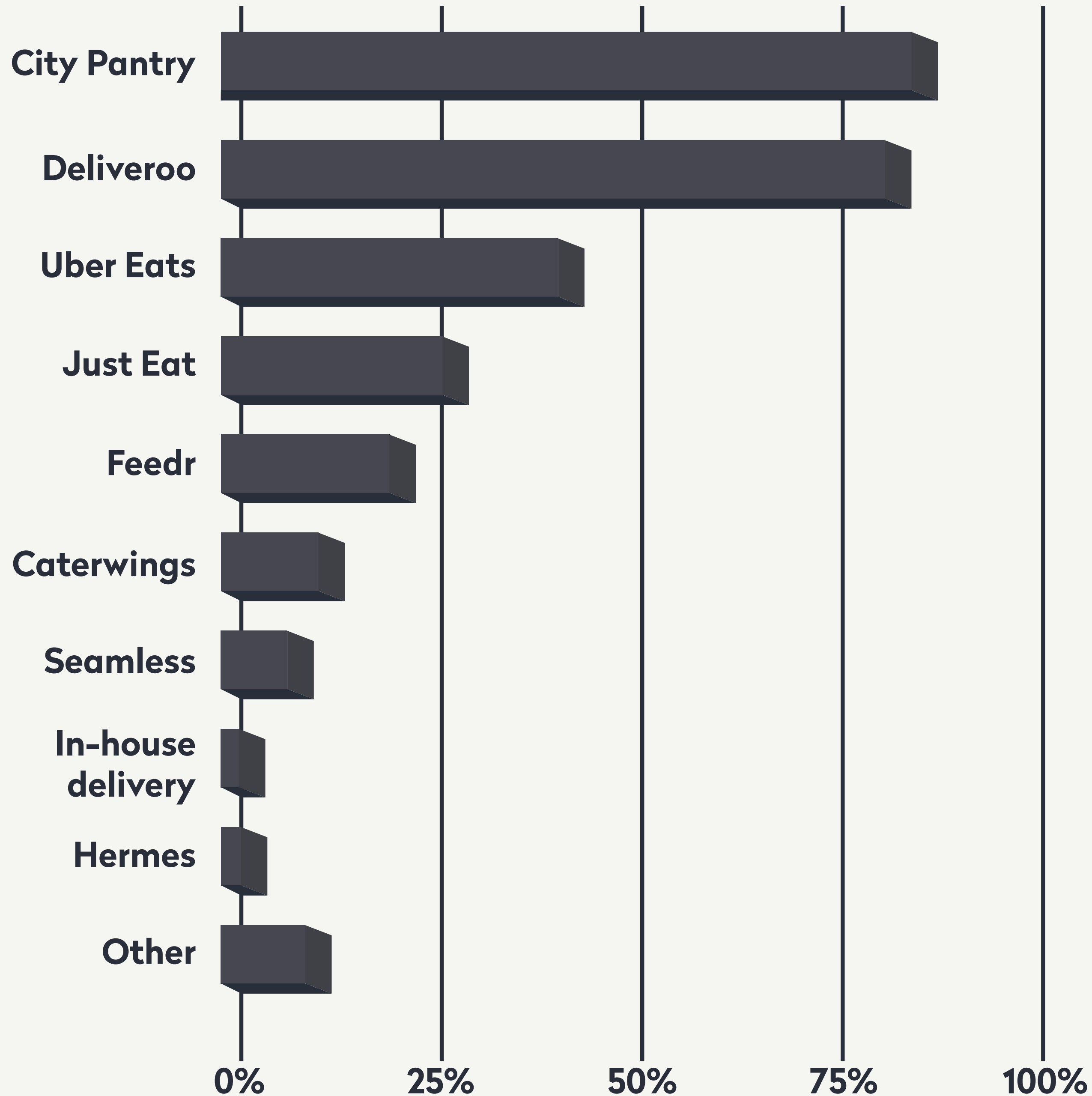
The majority of restaurants and caterers surveyed closed their establishment, at least temporarily, when the UK lockdown first came into effect on 23 March 2020. Of those that closed, just under 20% have since reopened for takeaway or other services at the time of our survey.

Overall, 45% of respondents provided takeaway services during the lockdown, while almost 15% offered new services such as DIY recipe kits and grocery boxes.

Did you offer takeaway services prior to the UK lockdown?

The majority of respondents provided takeaway services before the pandemic.

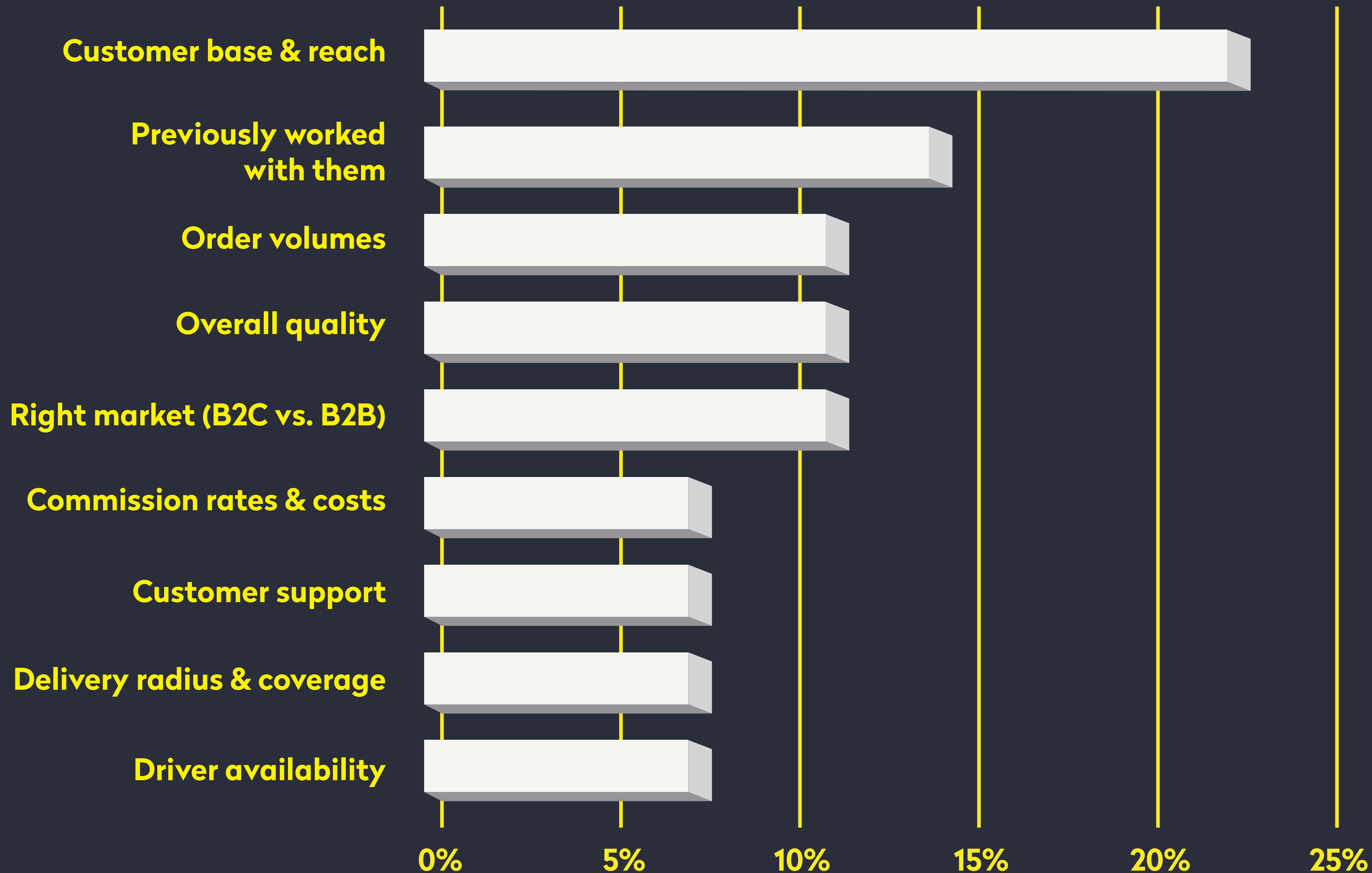




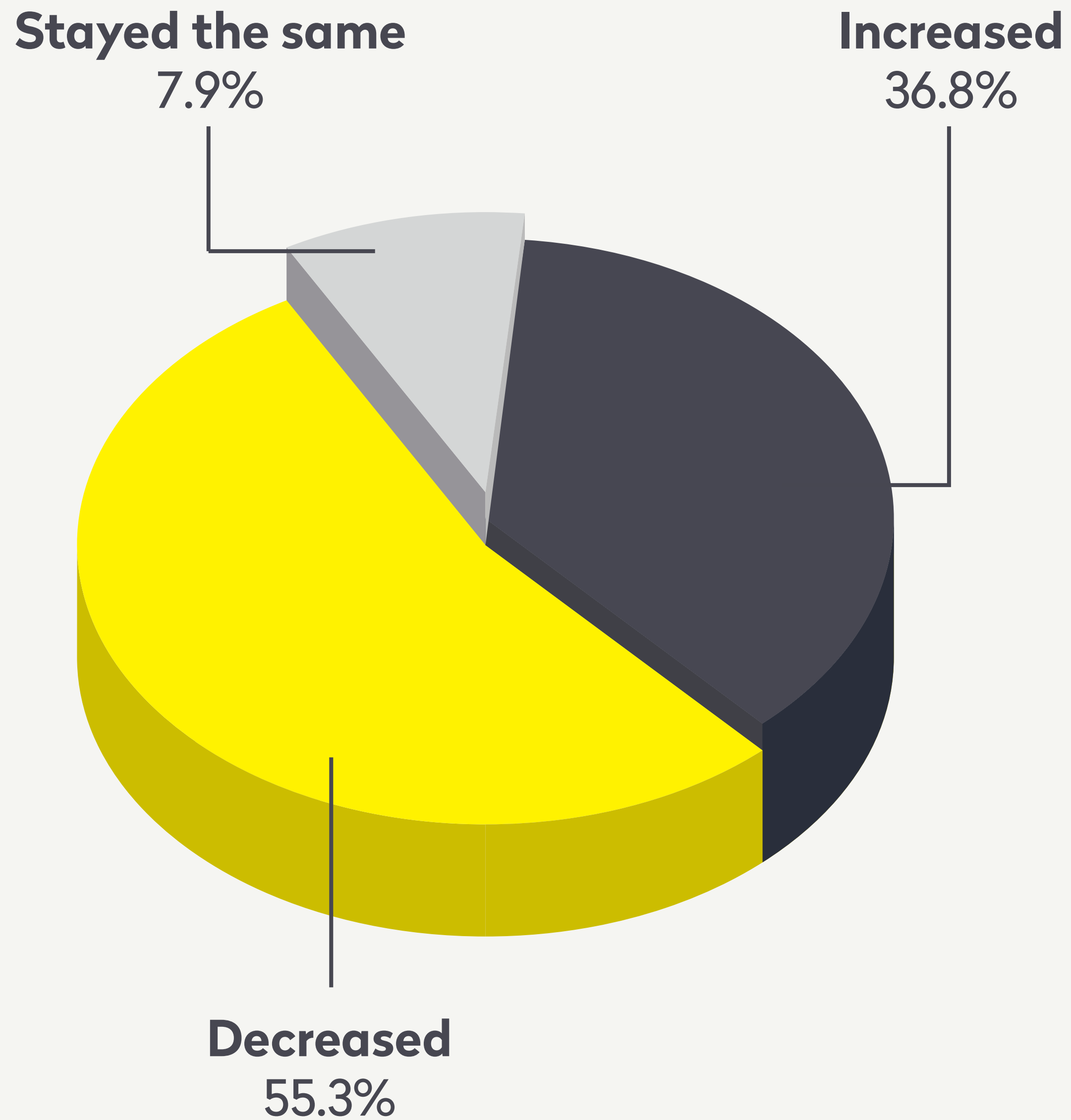
Which delivery partners are you currently using for takeaway services?

The survey respondents indicated City Pantry, Deliveroo and Uber Eats as leading delivery partners, highlighting the importance of both B2C and B2B delivery markets.

Why did you select these partners?



Just over 20% of respondents said that a delivery partner's customer base and reach were most important.



Have you seen an increase or decrease in the number of takeaway orders since the UK lockdown came into action?

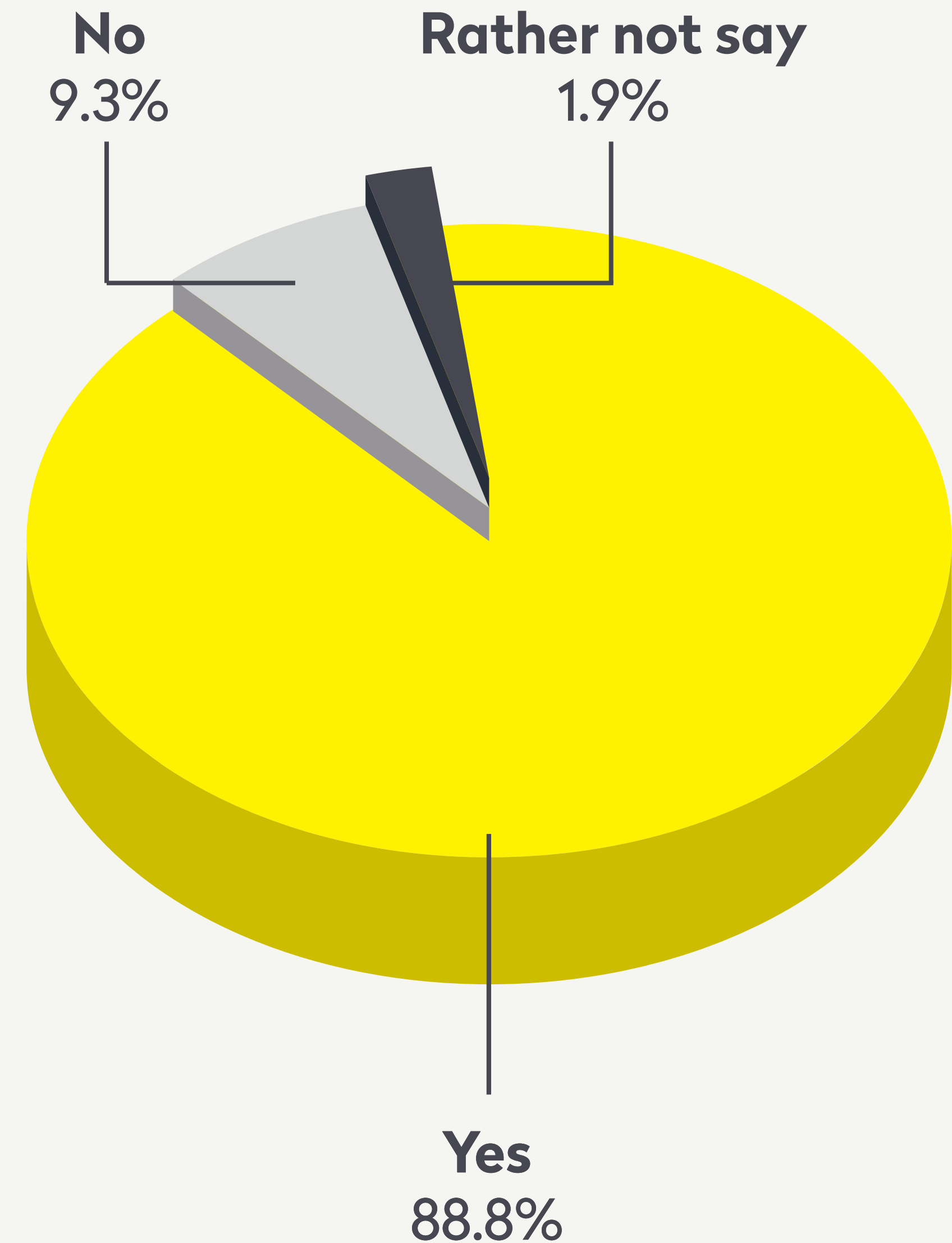
Of the 80% of respondents that offered takeaway services before the pandemic, 55% said that takeaway orders had decreased since the UK lockdown came into action.

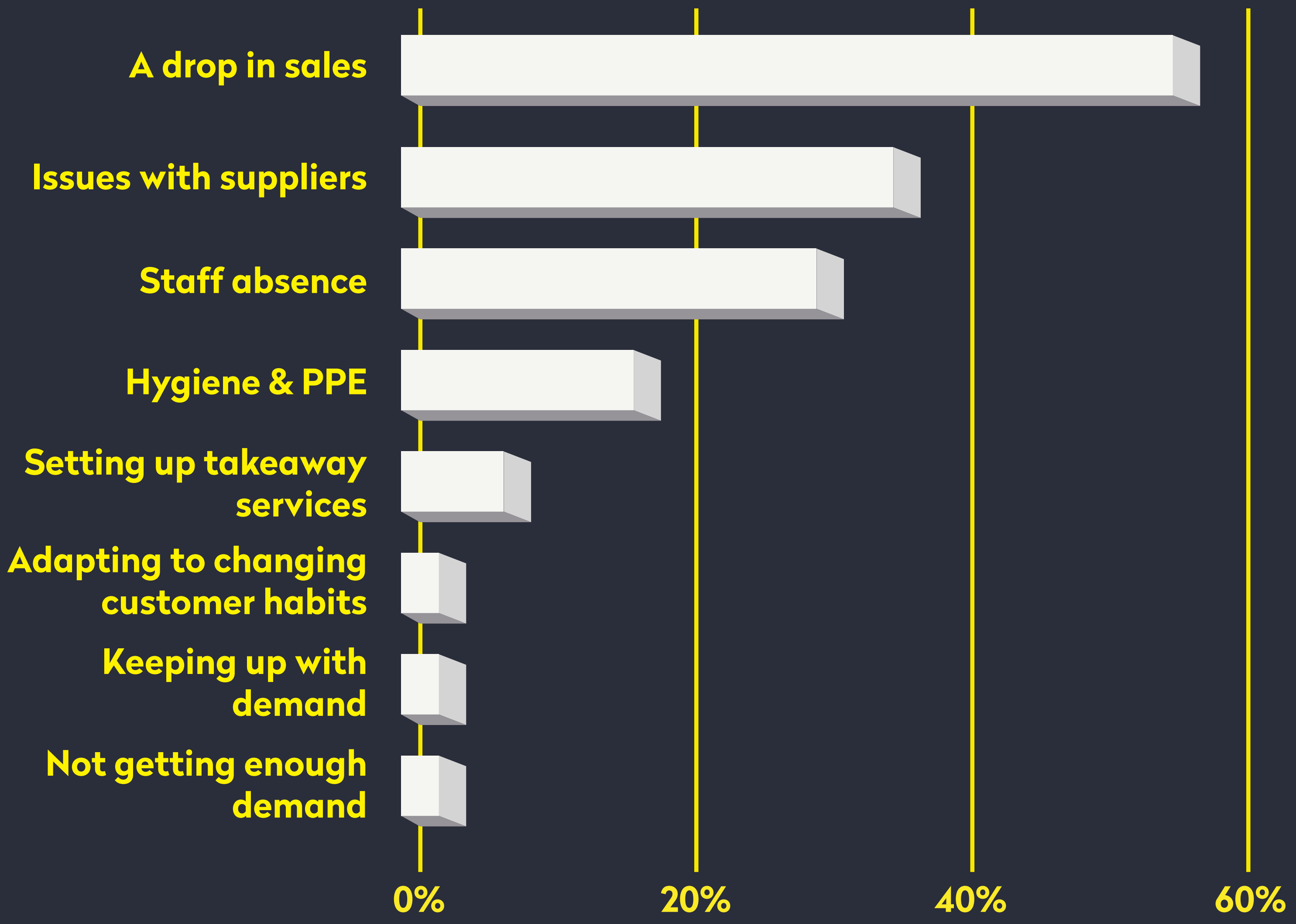
The decrease in takeaway orders may reveal the importance of corporate customers, whose orders are generally much larger in volume and value, compared to individual B2C orders.

While many offices remain closed, traditional B2B orders are very low, which may have led to the overall decrease in takeaway orders for the restaurants surveyed.

Have you used the government's furlough scheme for any members of your staff?

Our survey results showed strong evidence that the hospitality sector has been struggling due to lockdown restrictions, with 89% of establishments using the government's furlough scheme for some if not all their members of staff.





What's been the hardest part of offering takeaway services during the pandemic?

It's not surprising that so many restaurants and caterers had to furlough their staff as over 50% of respondents said that a drop in sales was the hardest part of offering takeaway services during this period of time.

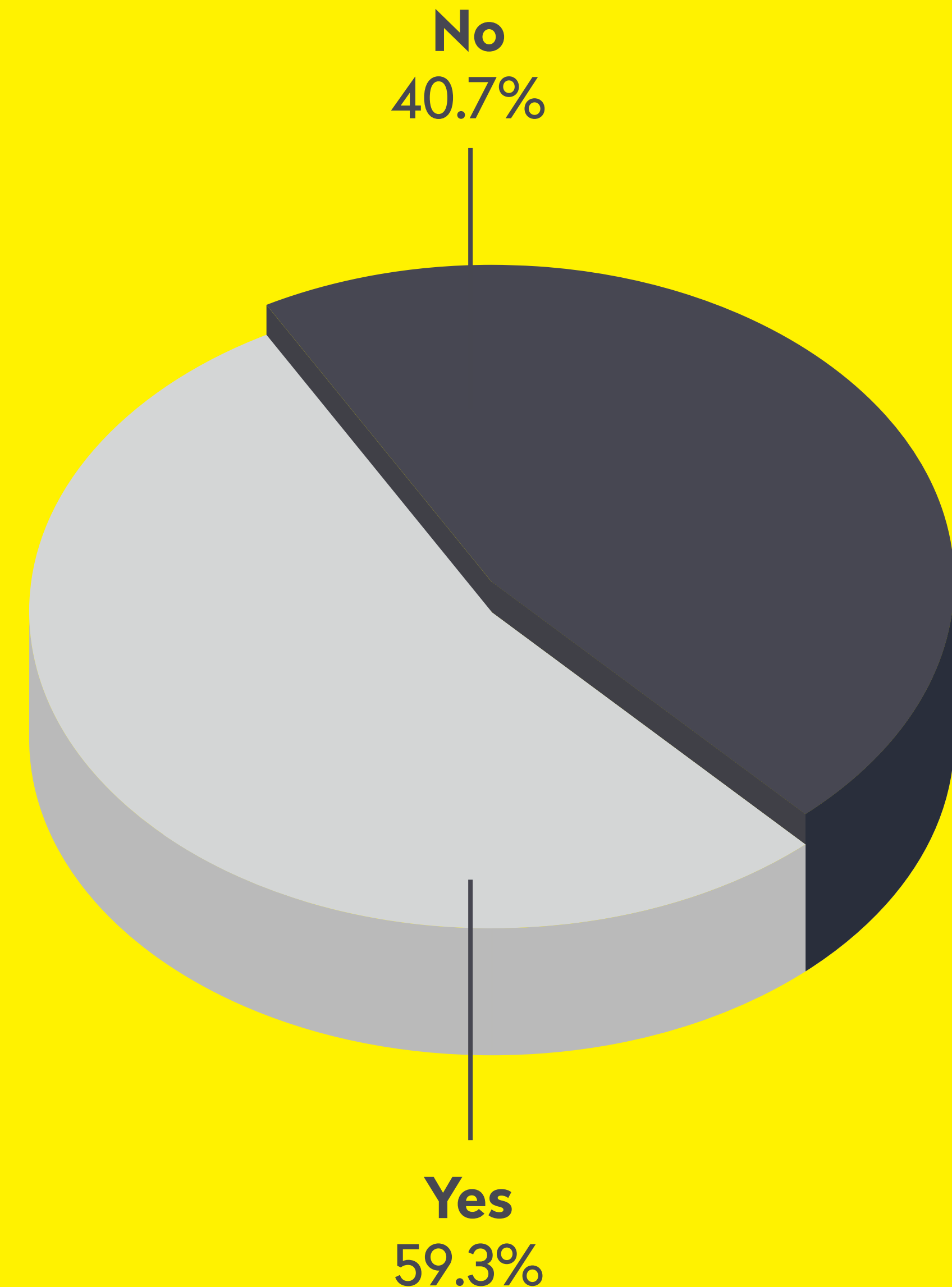
Other notable blocks were issues with suppliers, staff absence due to furlough, illness, or self-isolation, maintaining higher levels of hygiene, and providing the right amount of PPE for remaining staff members.

Have you felt an increased sense of community while running your business during this time?

It has been a challenging time for the hospitality sector, but over 50% of respondents reported feeling an increased sense of community during this time.

Some cited helping the NHS, customers checking in with them (both face-to-face and online), and businesses looking out for one another as evidence of increased community togetherness.

One respondent said: "Everyone's in trouble so helping each other is key and we've seen a lot of other companies support us in return."





At City Pantry we certainly witnessed a heightened sense of community, particularly when it came to supporting the NHS and vulnerable communities. In March 2020, we launched our #FeedYourCommunity initiative alongside City Harvest, hospitals, shelters, and our vendor partners with the aim of providing free meals to key workers and those in need.

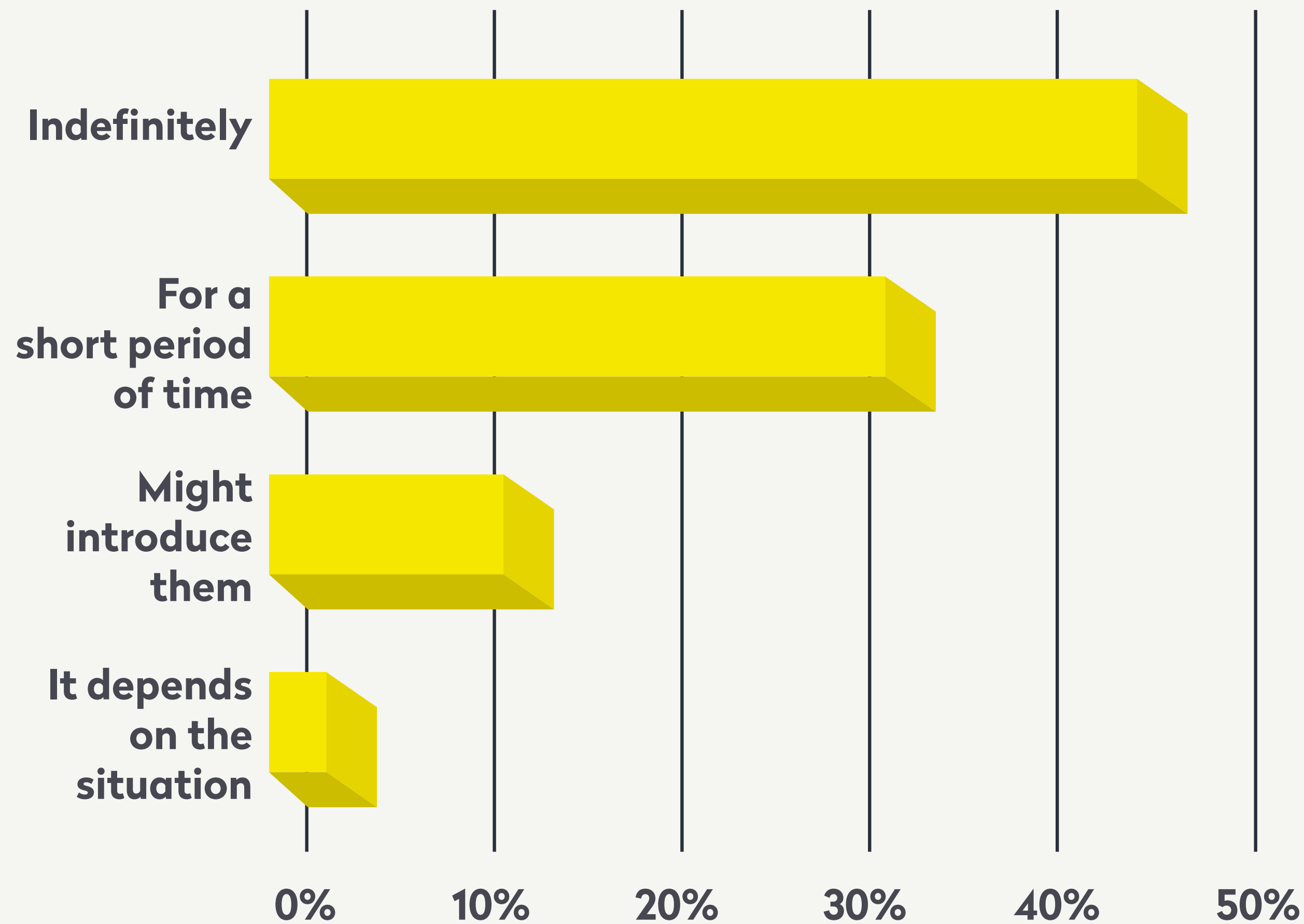
Some of our corporate customers donated their regular meals to the cause and as of the end of June, we have delivered more than 50,000 meals and snacks.

“We truly believe that it is in times of crises that companies and individuals show their true values and principals. We have a duty and responsibility to help and support everyone affected by the current crisis. We’re grateful to be working with City Pantry.” - The Athenian

The Future

Predictions for the future of the hospitality industry

How long after lockdown are you planning on keeping DIY recipe kits and grocery boxes as part of your business?



While restaurants have been closed to dine-in customers, we've seen a number of innovations take place, such as creating DIY meal kits and grocery boxes using supplier produce.

Half of the vendors that had already introduced such services said they want to continue offering them indefinitely.

We launched Pantry Packages in late-March to fill a gap in the market for B2B at-home food deliveries, with boxes of fresh produce, ready-made snacks, treats, and meals, as well as DIY kits from popular vendors.

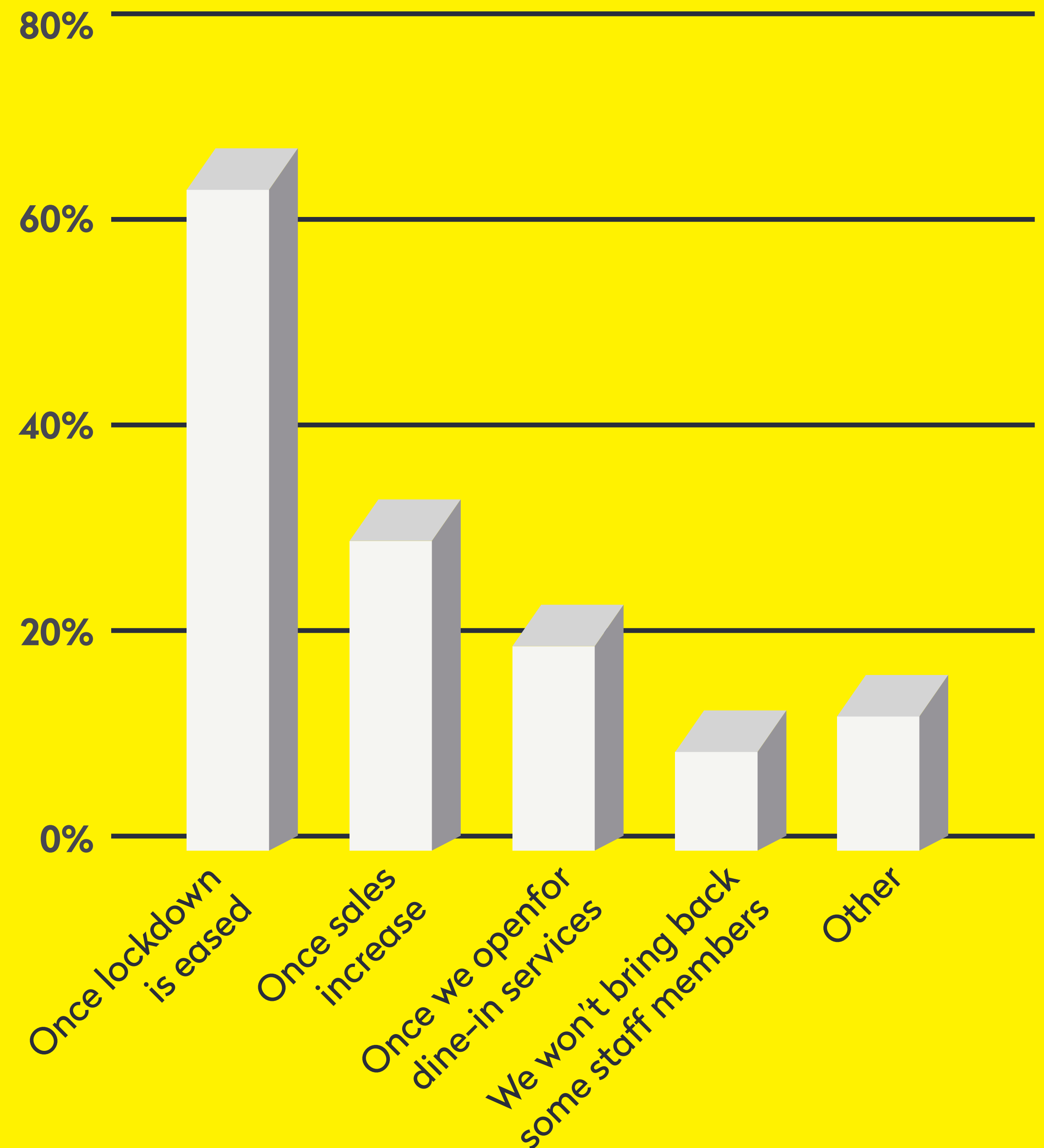
From April to May we saw a 175% growth in enquiries for our teams@home Pantry Packages and gift card services.

There's early indication that restaurants are looking to continue this broader service and is indicative of more permanent changes within the hospitality industry as we move into the "new normal". One in which customers want a wider range of products and services that they can consume in and out of their homes.

If you have put staff on the furlough scheme, when do you plan to bring them back to work?

While the figures show that the vast majority of respondents had to furlough staff, over 60% responded that they plan to bring back employees once lockdown is eased further, while a third would have to wait for sales to increase.

Under 10% said that they wouldn't bring back all members of staff that they had put on the government retention scheme. While this shows that some businesses feel that they won't recover fully from the effects of lockdown, the overall picture is one of positivity for the future of the industry.



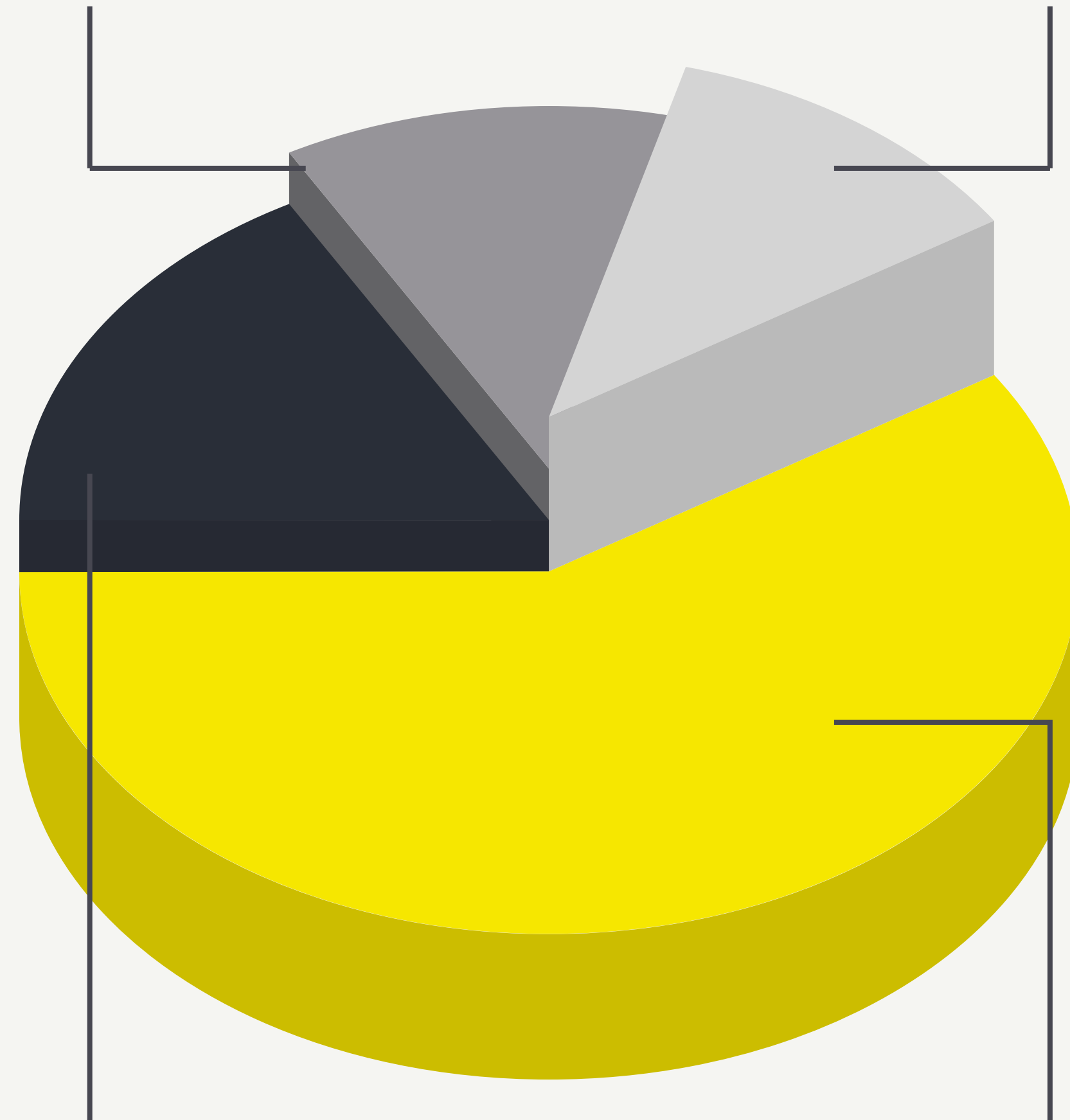
*These results were collated before the government eased lockdown for pubs & restaurants on 4th July

It'll take a long time

14.8%

N/A

13.0%



Within the first month

14.8%

As soon as it's permitted

57.4%

Once the government allows it, when do you hope to re-open dine-in services?

Likewise, the majority of businesses said that they would re-open dine-in services as soon as the government allowed them to, which shows that the industry is preparing to bounce back as soon as it can.

*These results were collated before the government eased lockdown for pubs & restaurants on 4th July

How are you preparing for the potential re-opening of sit-in dining services?

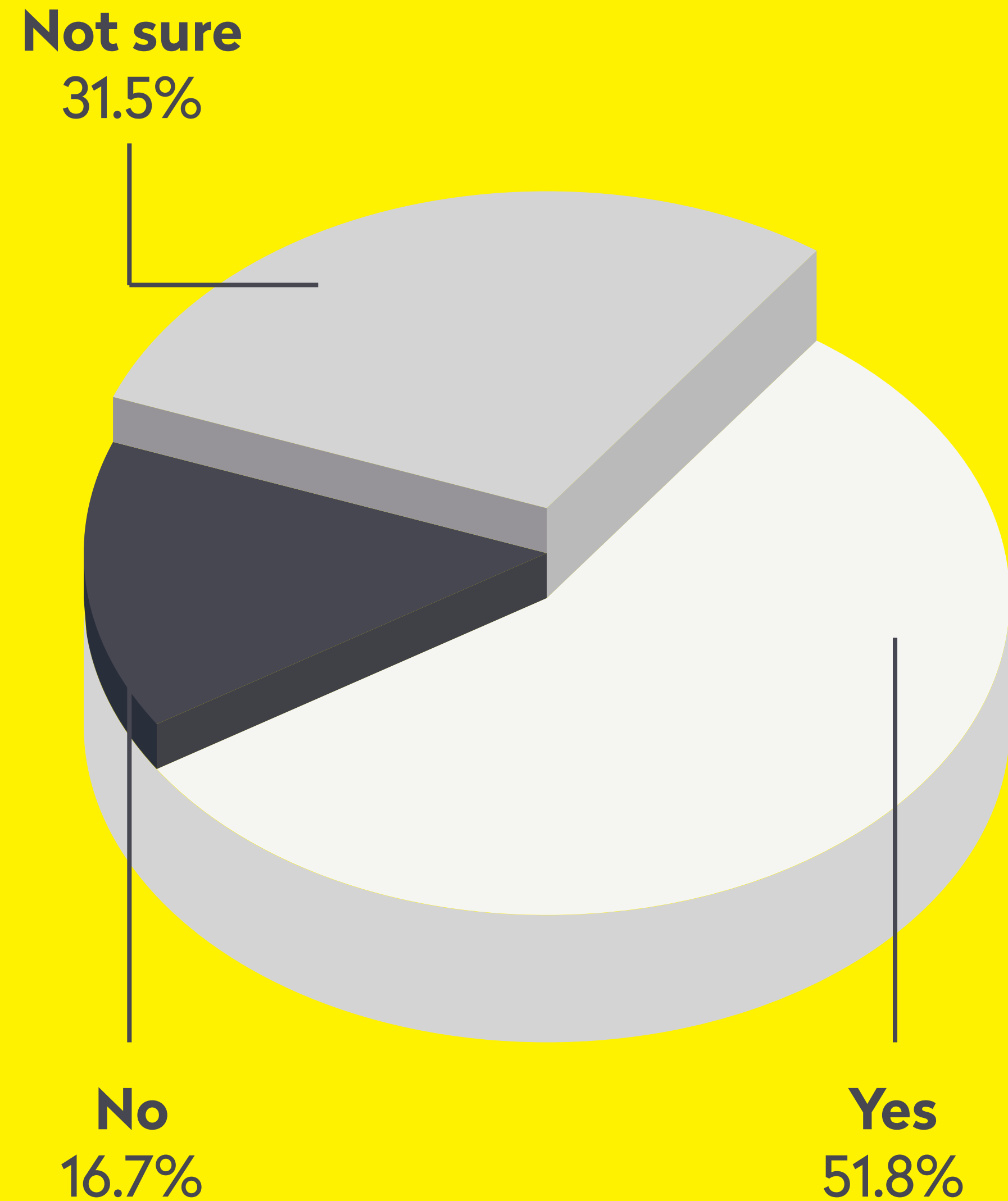
The majority of respondents are preparing for sit-in dining services by following government guidance:

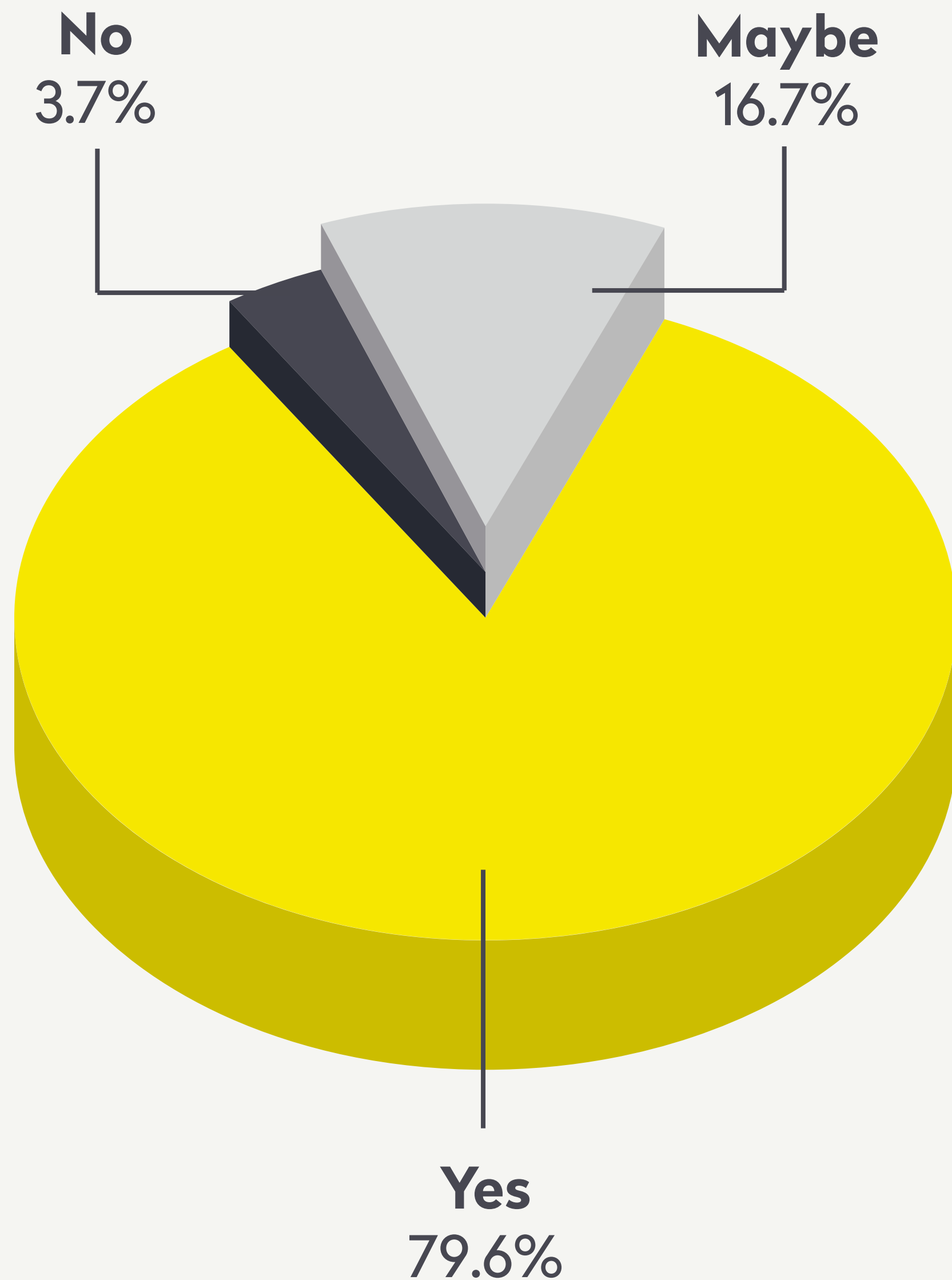
- Providing PPE to staff
- Rearranging floor plans to accommodate for social distancing, which may include decreasing the number of seats available.

One commented that new measures “will drastically impact [their] capacity and business going forward”.

Do you expect the takeaway industry to grow once lockdown measures are eased?

Only 17% of those surveyed believed that the
takeaway industry wouldn't grow post-lockdown,
while over 50% remain hopeful for the future.





Will you continue to offer takeaway services if sit-in dining is permitted?

Restaurants and caterers clearly value the importance of offering takeaway services, with 80% claiming that they will continue fulfilling takeaway orders once sit-in dining is permitted.

As for the B2B sector, government guidance states that canteens should remain at least part-closed and social spaces off-limits to avoid the spread of the disease at work.

So, businesses that are contractually obliged to provide food to staff or those that do so as part of their cultural perks are encouraged to provide individually-packaged meals instead. This may also drive up the demand for takeaway services and larger corporate orders.

Do you have any experiences to share regarding trading during the lockdown?

One restaurant owner summarised the next steps for the industry, saying “[we] need to find new ways to improve safety into business and keep sales growing, otherwise the whole industry will collapse.”

While this is indeed daunting, the results of our survey have shown that establishments are quick to adapt and change their business models to suit the ‘new normal’.

At City Pantry, we’ve seen an increasing interest in direct-to-consumer food box home deliveries and takeaway gift cards, which employers are purchasing to boost team morale and thank employees for their hard work.

Conclusion

Key takeaways from our report

COVID-19 has had a massive impact on the UK food and takeaway industry.

- Almost all vendors surveyed furloughed staff when the UK went into lockdown.
- Almost 70% had to close their doors, at least temporarily.
- Those that remained opened faced challenges such as decreased sales, staff absence, and the need to provide PPE and maintain higher hygiene standards.
- Third-party delivery is important for exposure and logistics.

But there's hope.

- Almost 60% said that they felt a greater sense of community, even when faced with adverse circumstances.
- Almost 50% of vendors who introduced products such as grocery boxes and DIY recipe kits want to continue providing them indefinitely.
- Over 60% of vendors plan on bringing back furloughed staff once the lockdown is eased and re-open dine-in services as soon as it's permitted.
- Over 50% of respondents expect the takeaway industry to grow once lockdown measures are eased.

**The future of the
takeaway industry
shows promise
within the B2B sector
as contact-free,
delivered-in meals
become the most
suitable catering
option for the 'new
normal'.**

About us

Who is City Pantry?



City Pantry is the UK's leading office-food delivery platform, and more recently one of the leading providers of direct-to-consumer food box home delivery services.

We connect corporate customers to the best restaurants and caterers around to provide their employees with delicious food, drinks, and snacks - wherever they may be.

Whether their teams are working from home or in the office, we have solutions to suit every company.

With safe, contact-free delivery available nationwide, City Pantry helps companies keep their staff well-fed and connected, however far apart they may be.