COVID-19 Report for the Restaurant and Hotel Industry

Restaurant and hotel customers' sentiment analysis:

Would they come back? If they would, WHEN?

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This report presents the summary findings of a study that was conducted by a group of researchers in the School of Hospitality Business Management, Carson College of Business at Washington State University. For more information, please contact Dr. Dogan Gursoy (dgursoy@wsu.edu).

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Preface

Due to the Covid-19 pandemic, the US economy was shut down almost overnight. The pandemic has confronted the restaurant and hotel industry with an unprecedented challenge. 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 governors of many states resulted in sharp decreases in hotel occupancies and revenues. While most of the hotels are still open for business, they are operating at a significantly reduced capacity. However, the reopening process has slowly begun and Governors in some states have started easing restrictions, for example, allow dine-in restaurants to reopen at a reduced capacity with strict social distancing guidelines. Now the big question remains: what are the customers' sentiment about patronizing a restaurant or a hotel in the time of coronavirus? Are they ready to return?

This report presents the findings of a study that investigated individuals' sentiments towards re-patronizing hotels and sit-down restaurants after stay-at-home orders are lifted, based on the data collected from 785 American consumers between May 1 and May 7, 2020.

MAIN FINDINGS

Customer sentiment towards dine-in restaurants

- If stay-at-home orders are lifted tomorrow, 65.86 percent are not willing to dine in at a restaurant immediately.
    - Only 21.04 percent are willing to dine in at a restaurant immediately.
- Close to half (47.77%) will wait at least 1-3 months or longer to dine in with a friend at a restaurant.
    - Only 28.35 percent indicated that they would dine in at a restaurant immediately or within 1-2 weeks of re-opening.
- Visible sanitizing efforts (such as sanitizing tables and chairs in front of the customers, hand sanitizer stations throughout the restaurant, staff wearing mask) and implementing social distancing are the most important safety precautions customers expect from a restaurant.
- Casual or family style restaurants are the first they will patronize.

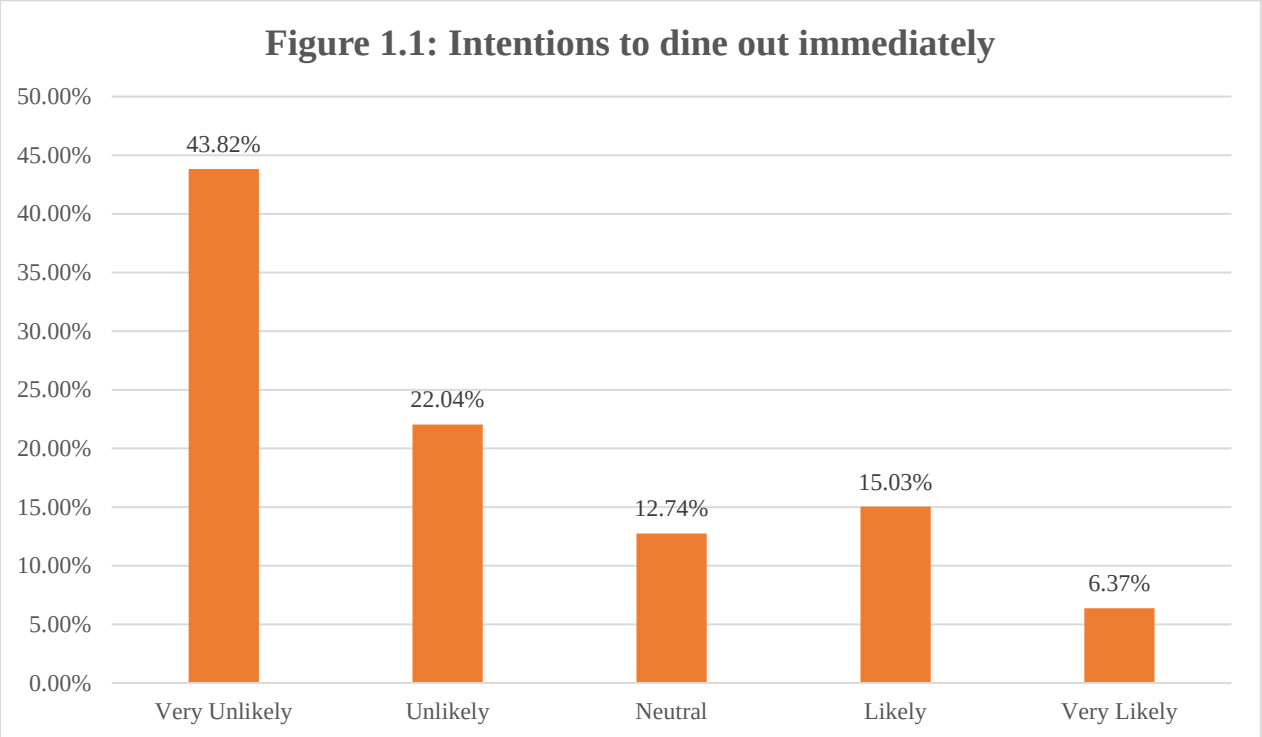
Customer sentiment towards traveling to a destination and staying at a hotel

- If stay-at-home orders are lifted by June 1st, most (56.44%) are not willing to travel to a destination and stay at a hotel in mid-June or July.
    - Only 26.49 percent is willing to travel to a destination and stay at a hotel in mid-June or July.
- More than half (60.12%) will wait at least 3-6 months or longer to travel to a destination and stay at a hotel.
    - Only 39.78 percent will travel to a destination and stay at a hotel right after the stay-at-home orders are lifted or within 1-2 months.
- More than half (62.93%) will wait at least 3-6 months or longer to travel to a destination with a friend and stay at a hotel.
- Visible sanitizing efforts (such as hand sanitizer stations throughout the property, staff wearing mask) and more rigorous cleaning procedures are the most important safety precautions they expect from a hotel.
- Beach or lakeside getaways and road trips through scenic countryside are the first travel experiences consumers would like after the stay-at-home orders are lifted.

Customer Sentiment towards Dine-in Restaurants

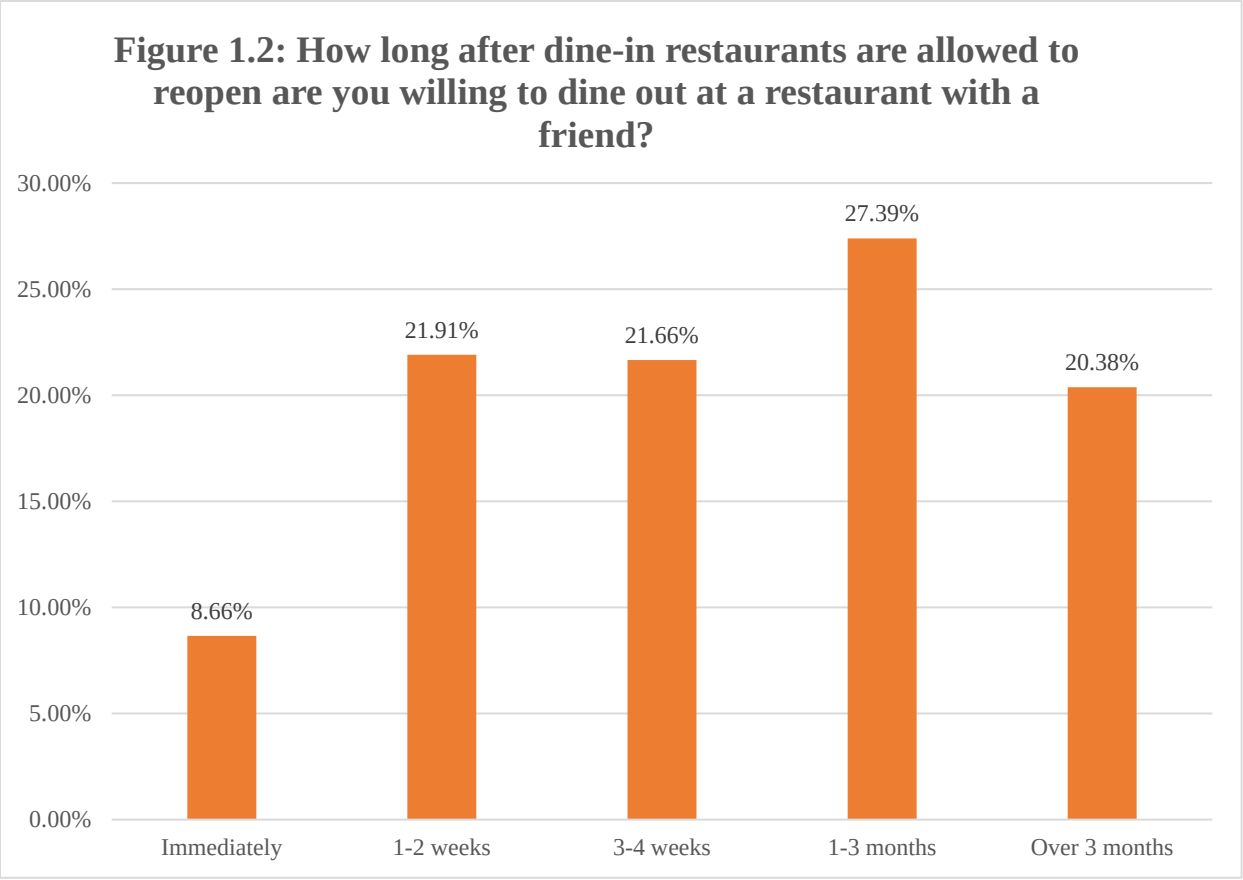
"Assuming that stay-at-home orders are lifted and dine-in restaurants are allowed to reopen tomorrow, how likely are you to patronize a dine-in restaurant immediately?"

As presented in Figure 1.1, reopening the sit-down restaurants will not bring customers back immediately. A large portion indicated that even if stay-at-home orders are lifted tomorrow, they are not willing to dine in at a restaurant immediately. Around two-thirds of the respondents stated that it is very unlikely (43.82%) or unlikely (22.04%) that they would start dining in at a restaurant right after the reopening. Only 6.37 percent indicated that they would very likely patronize dine-in restaurants right after reopening while 15.03 percent indicated that they are warm to the idea (likely).



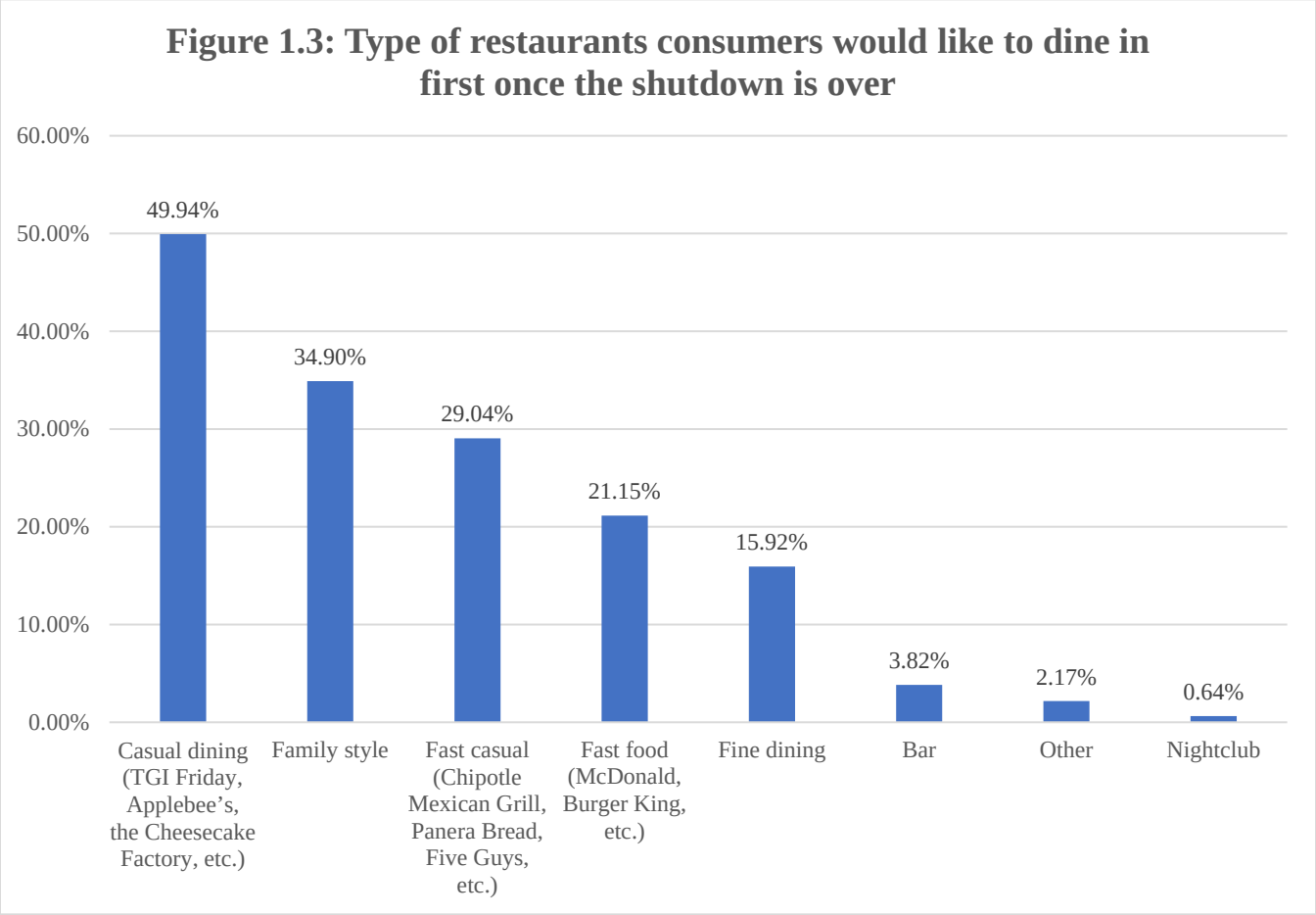
"How long after dine-in restaurants are allowed to reopen will you be willing to dine out at a restaurant with a friend?"

As presented in Figure 1.2, most customers are not willing to dine in at a restaurant with a friend immediately. Only 8.66 percent indicated that they would dine out with a friend at a restaurant immediately after the reopening. A large portion of the customers would delay dining out with a friend until they feel more comfortable. While 27.39 percent said that they would wait for around 1-3 months before they would dine out with a friend at a dine-in restaurant, 20.38 percent indicated that they would wait even longer, over 3 months.



"Once the shutdown is over, what type of restaurant would you like to dine in first?"

Consumers were asked to indicate the top two restaurant type they would like to dine in first. As presented in Figure 1.3, Restaurants that offer casual dining experiences (49.94 %) are the first restaurants consumers would patronize, followed by family style restaurants (34.50 %) and fast casual restaurants (29.04 %).

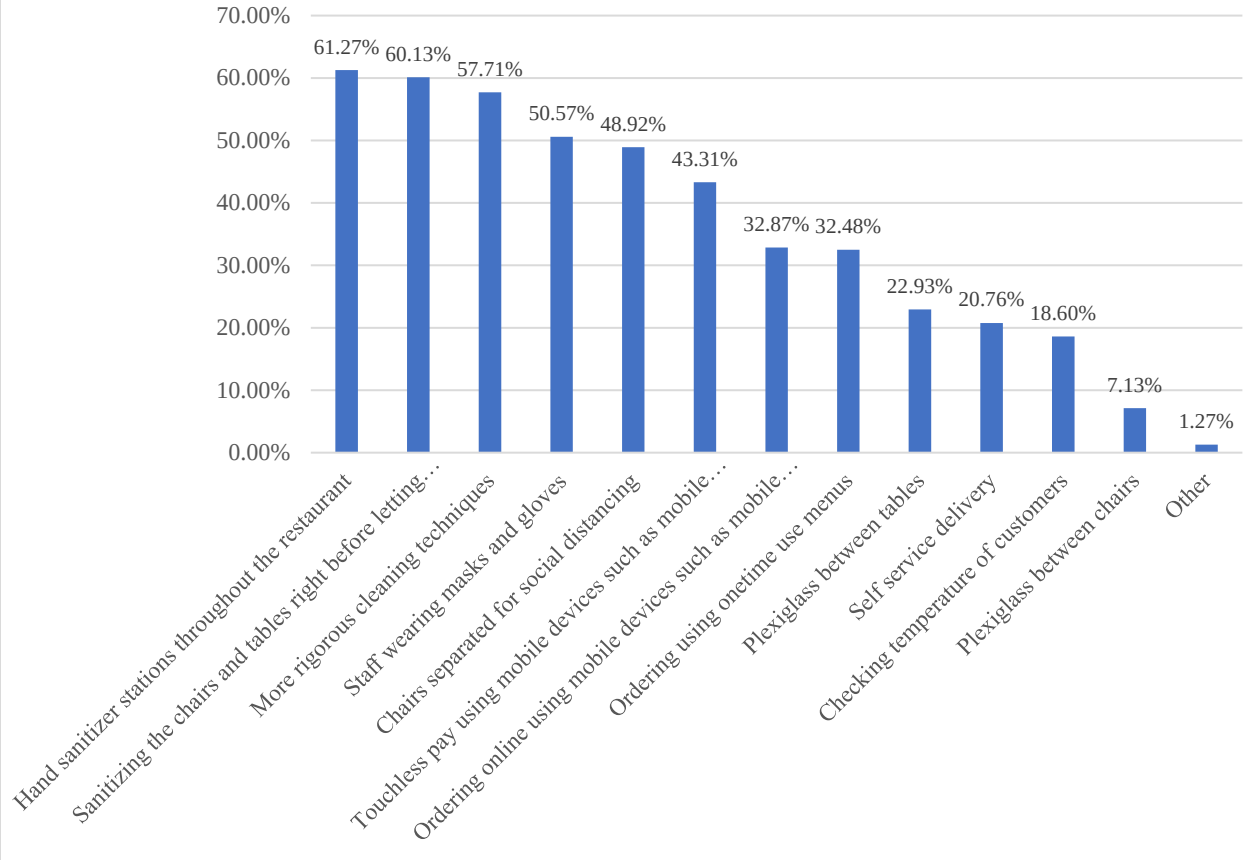


Note: Respondents were asked to indicate their top 2 choices.

"What safety precautions do you expect a restaurant to take post-COVID-19?"

Consumers were asked to indicate all of the safety precautions they expect to take place at dine-in restaurants post COVID-19. Visible sanitizing efforts (such as sanitizing tables and chairs in front of the customers, hand sanitizer stations throughout the restaurant, staff wearing mask & gloves) and implementing social distancing are the most important safety precautions customers expect from a restaurant.

Figure 1.4: What safety precautions do you expect a restaurant to take post-COVID-19?



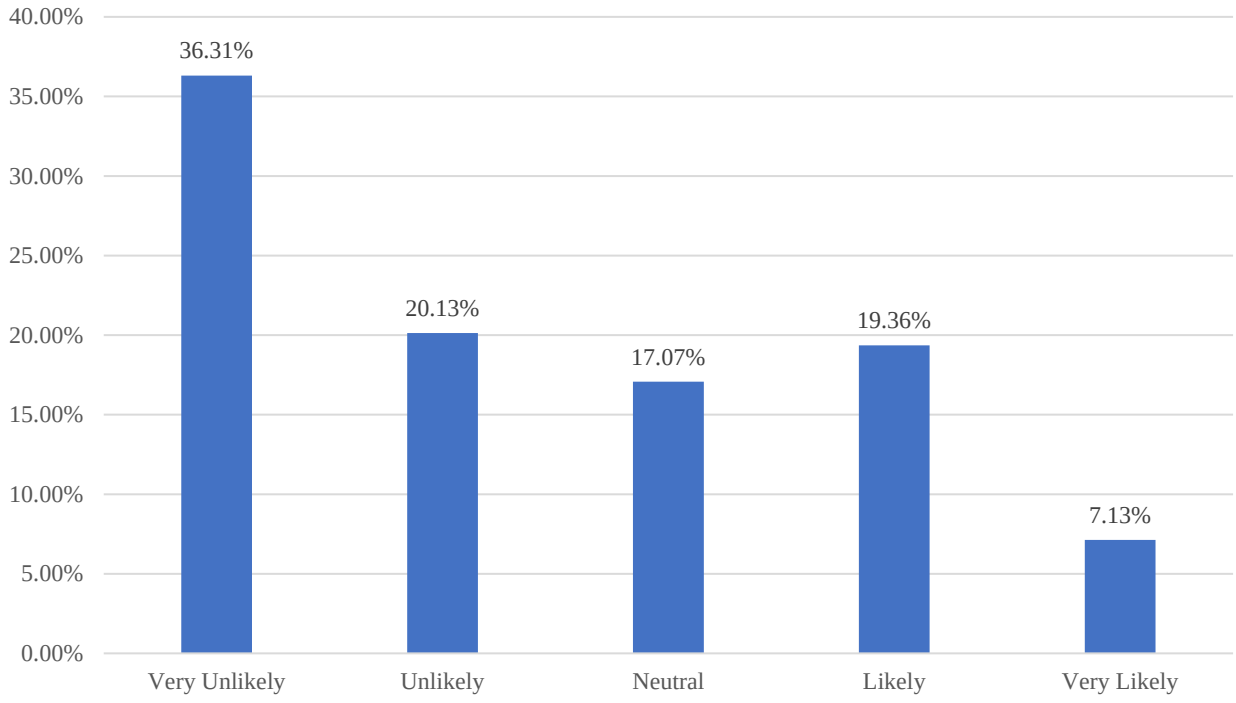
Note: Respondents were asked to indicate all of the safety precautions they expect to take at dine-in restaurants post COVID-19.

Customer sentiment towards traveling to a destination and staying at a hotel

"Assuming that stay-at-home orders are lifted by June 1st, how likely are you to travel to a destination and stay at a hotel in mid-June or July?"

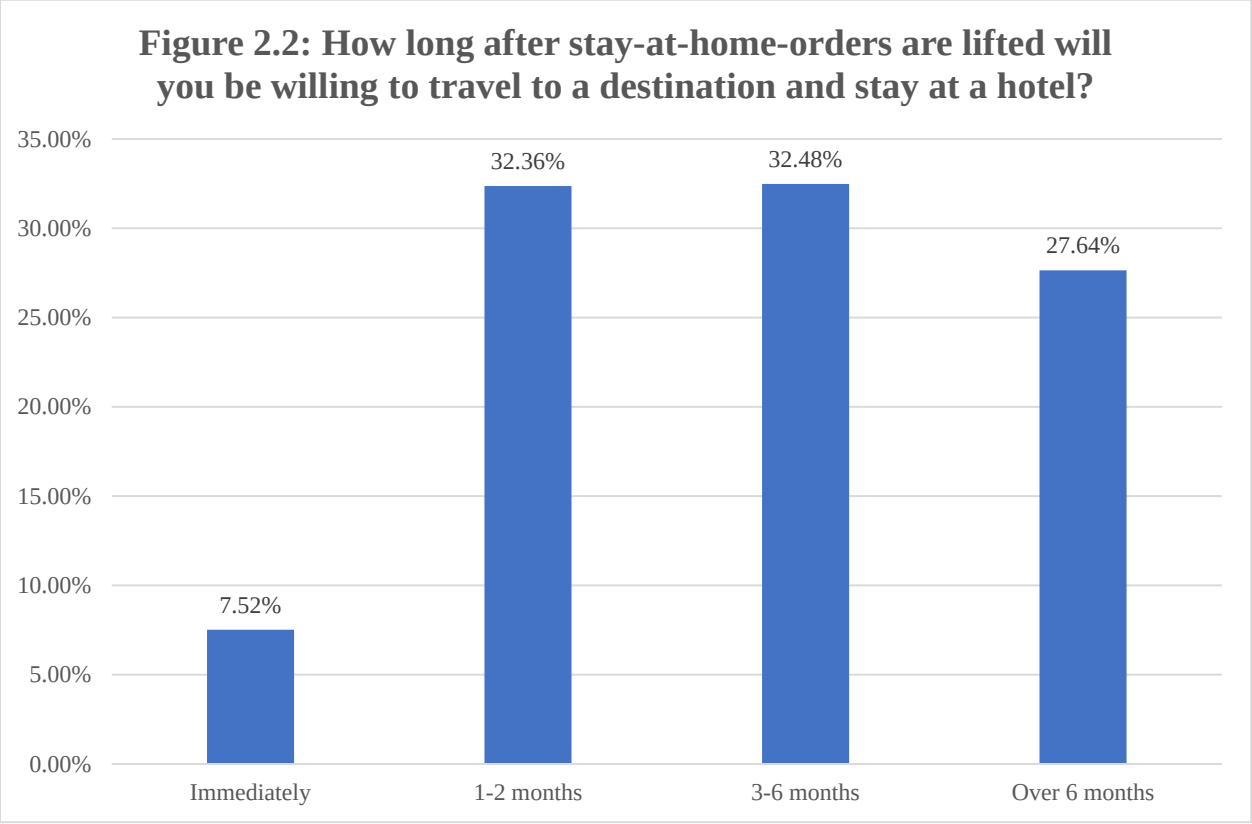
As presented in Figure 2.1, most customers are not willing to travel to a destination and stay at a hotel any time soon. More than half (56.44%) indicated that even if stay-at-home orders are lifted by June 1st, they would not be willing to travel to a destination and stay at a hotel in mid-June or July. More specifically, 36.31 percent are very unlikely to travel to a destination and stay at a hotel in mid-June or July, and 20.13 percent indicated that it is unlikely for them. Only 7.13 percent indicated that it is very likely that they will travel to a destination and stay at a hotel in mid-June or July and less than one fifth (19.36%) said it is likely.

Figure 2.1: Assuming that stay-at-home orders are lifted by June 1st, how likely are you to travel to a destination and stay at a hotel in mid-June or July?



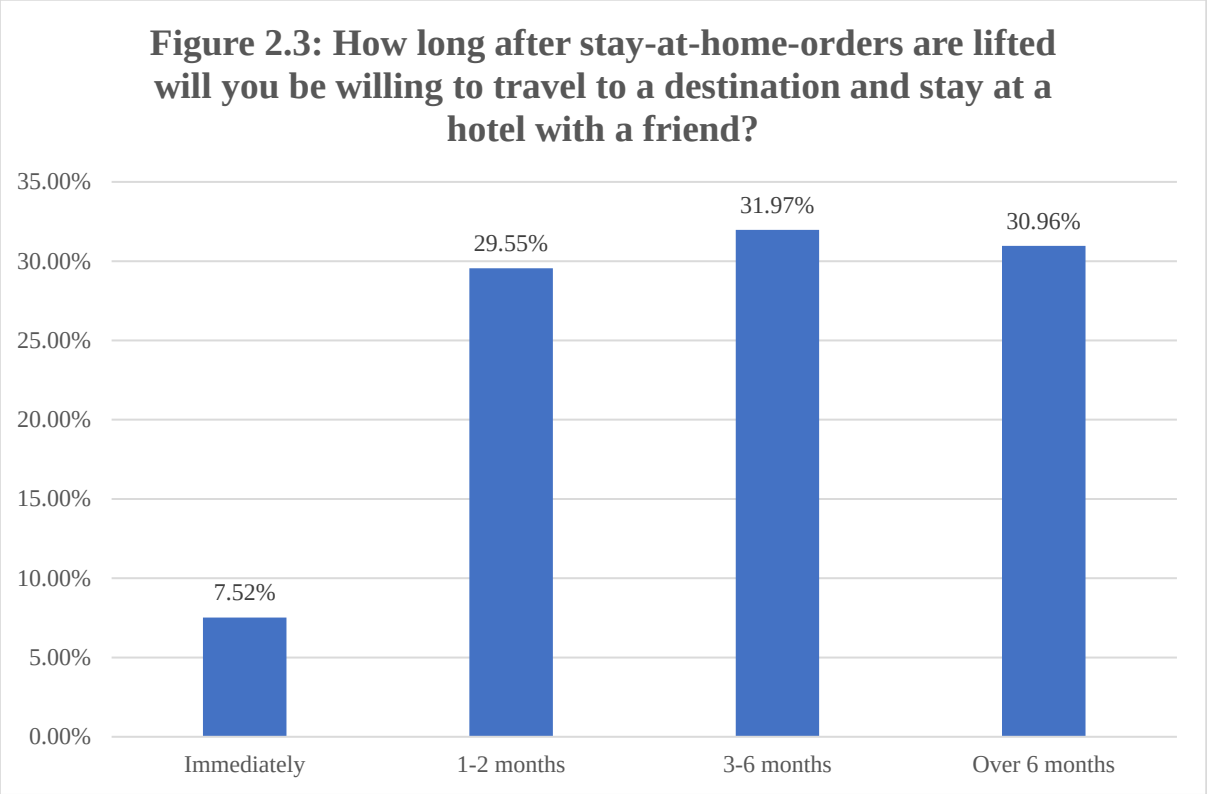
“How long after stay-at-home-orders are lifted will you be willing to travel to a destination and stay at a hotel?”

As presented in Figure 2.2, most customers are not willing to jump right into long-haul traveling after the restrictions are eased. Over sixty percent will wait for at least 3-6 months (32.48%) or longer (27.64%) to travel to a destination and stay at a hotel. Around one third (32.36%) would be willing to do so within 1-2 months. Only 7.52 percent would do so right after the stay-at-home orders are lifted.



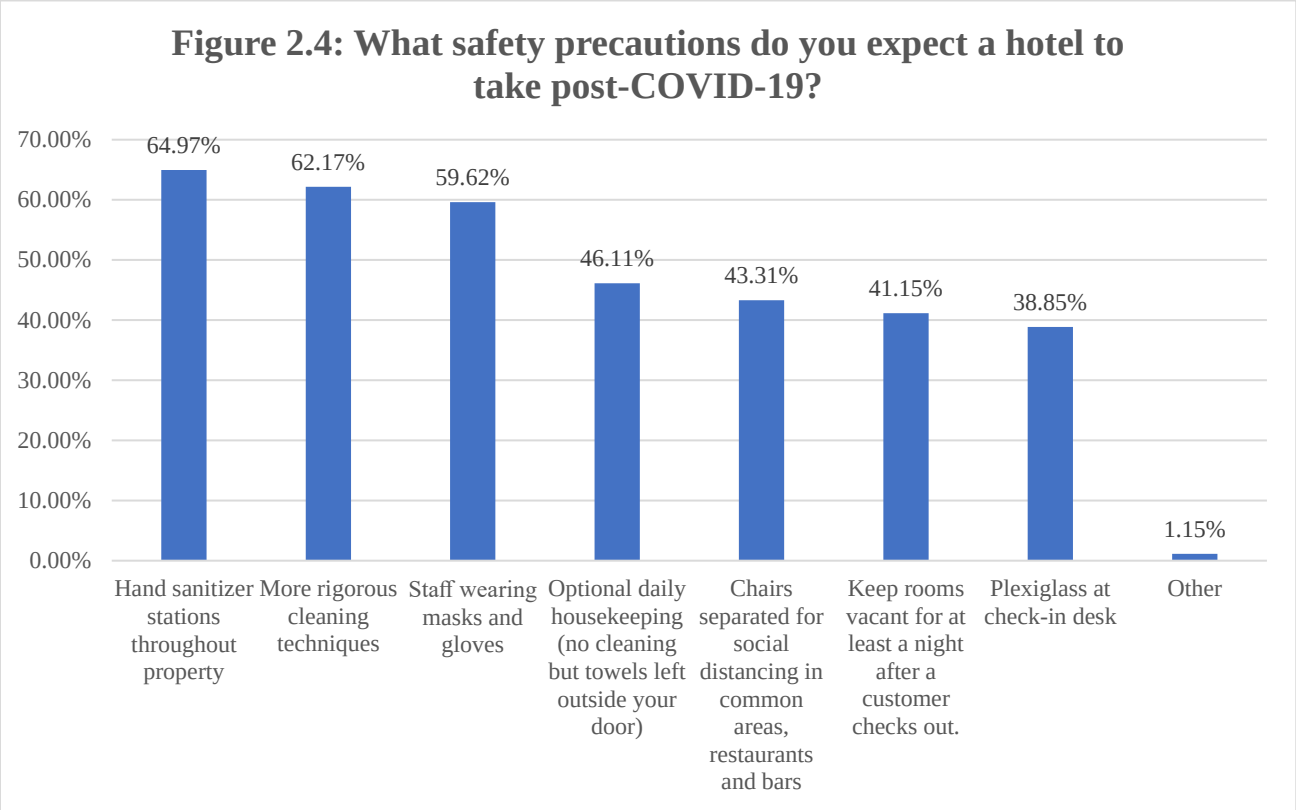
"How long after stay-at-home-orders are lifted will you be willing to travel to a destination and stay at a hotel with a friend?"

As presented in Figure 2.3, most customers are not ready for long-haul traveling with friends in the near term. The majority (62.93 %) would wait for at least 3-6 months (31.97%) or longer (30.96 %) to travel to a destination and stay at a hotel with a friend. About 30% (29.55%) would travel and stay at a hotel with a friend within 1-2 months. Only 7.52 percent would do so with a friend right after the stay-at-home orders are lifted.



"What safety precautions do you expect a hotel to take post-COVID-19?"

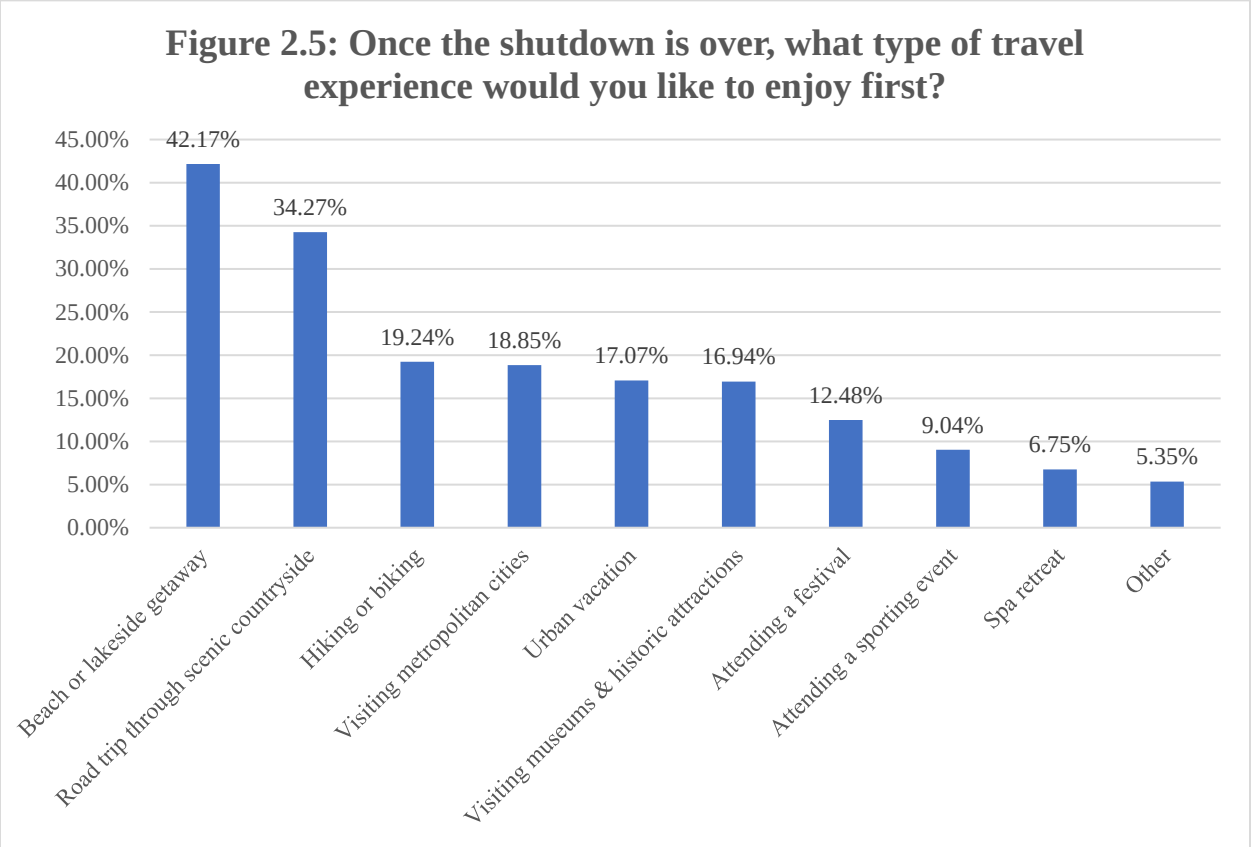
Consumers were asked to indicate all of the safety precautions they expect a hotel; to take post COVID-19. As presented in Figure 2.4, visible sanitizing efforts (such as hand sanitizer stations throughout the property (18.27%), staff wearing mask & gloves (16.88%), and more rigorous cleaning protocols and procedures (17.44%) are the most important safety precautions consumers expect from a hotel. Optional daily housekeeping (no cleaning but towels left outside your door) (12.79%), chairs separated for social distancing in common areas, restaurants and bars (11.96%), Plexiglass at check-in desk (11.04%) are also viewed as important. Interestingly, keeping rooms vacant for at least a night after a customer checks out (11.32%) is also indicated as an important safety precaution.



Note: Respondents were asked to indicate all of the safety precautions they expect a hotel to take post COVID-19.

"Once the shutdown is over, what type of travel experience would you like to enjoy first?"

Consumers were asked to indicate the top two travel experiences they would like to enjoy first once the shutdown is over. As presented in Figure 2.5, beach or lakeside getaways (42.17%) is the first travel experience consumers would like to enjoy after the stay-at-home orders are lifted, followed by road trips through scenic countryside (34.27%), hiking or biking (19.24%), visiting metropolitan cities (18.85%), urban vacations (17.07%) and visiting museums and historical sites (16.94%). Attending a festival (12.48%), attending a sporting event (9.04%) and spa retreat (6.75%) are the least desired experiences.



Note: Respondents were asked to indicate the top two travel experiences they would like to enjoy first once the shutdown is over.

Respondent Socio-Demographic Profile

Respondents' demographic profile is presented in Table 1.

Table 1: **Respondents socio-demographic profile**

Gender	
Male	44.46%
Female	55.41%
Other	0.13%
Age	
18-25	16.69%
26-34	34.65%
35-54	34.14%
55-64	8.66%
65 or over	5.86%
Marital Status	
Single	35.54%
Married	45.99%
Divorced	8.41%
Widowed	2.04%
Live together	8.03%
Region of the USA respondents reside	
Central Region	15.54%
Northeast Region	20.13%
Southern Region	29.17%
Western Region	35.16%