COVID-19 Study 2 Report:

Restaurant and Hotel Industry

Restaurant and hotel customers' sentiment analysis

(Data collected May 24 - 30, 2020)

Would they come back? If they would, WHEN?

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This report presents the summary findings of the scond study that was conducted between May 24 and May 30, 2020 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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Table of Contents

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 many 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' sentiments about patronizing a restaurant or a hotel in the time of coronavirus? Are they ready to return?

This report presents the findings of the second study that investigated individuals' sentiments towards re-patronizing hotels and sit-down restaurants in the time of coronavirus, based on the data collected from 827 American consumers between May 24 and May 30, 2020. The first study was conducted between May 1 and 7, 2020.

Part 1: Customers' Sentiment towards Dine-in Restaurants

Main Finding:

- 60.10 percent of the respondents indicated that restaurants have already been reopened in their communities.
    - Of the 60.10 percent, 20.12 percent have already dined in at a sit-down restaurant <u>once</u> during the previous week. Only 6.44 percent have dined in at a sit-down restaurant <u>more than once</u> during the previous week.

- If stay-at-home orders are lifted, 61.67 percent are not willing to dine in at a restaurant immediately.
    - Decreased by 4.19 percent compared to two weeks ago.

- 13.06 indicated that it is very likely they will dine in at a restaurant immediately.
    - Increased by 4.4 percent compared to two weeks ago.

- 24.79 percent of the respondents indicated that they will only feel comfortable to dine in at a sit-down restaurant when their communities' ability to test, trace and isolate COVID-19 cases is significantly improved.

- 14.27 percent indicated that they will only feel comfortable to dine in at a sit-down restaurant when the COVID-19 vaccine becomes available.

- Visible sanitizing efforts (such as hand sanitizers at the entry, staff wearing mask), implementing social distancing, limiting the number of customers served, more rigorous and frequent cleaning of high-touch surfaces in common areas, and employee training of health and safety protocols are the most important safety precautions customers expect from a restaurant.

- While 35.05 percent indicated a willingness to pay more at sit-down restaurants that implement increased safety precautions, 35.17 percent expected sit-down restaurants to implement increased safety precautions without passing the cost to the customers.

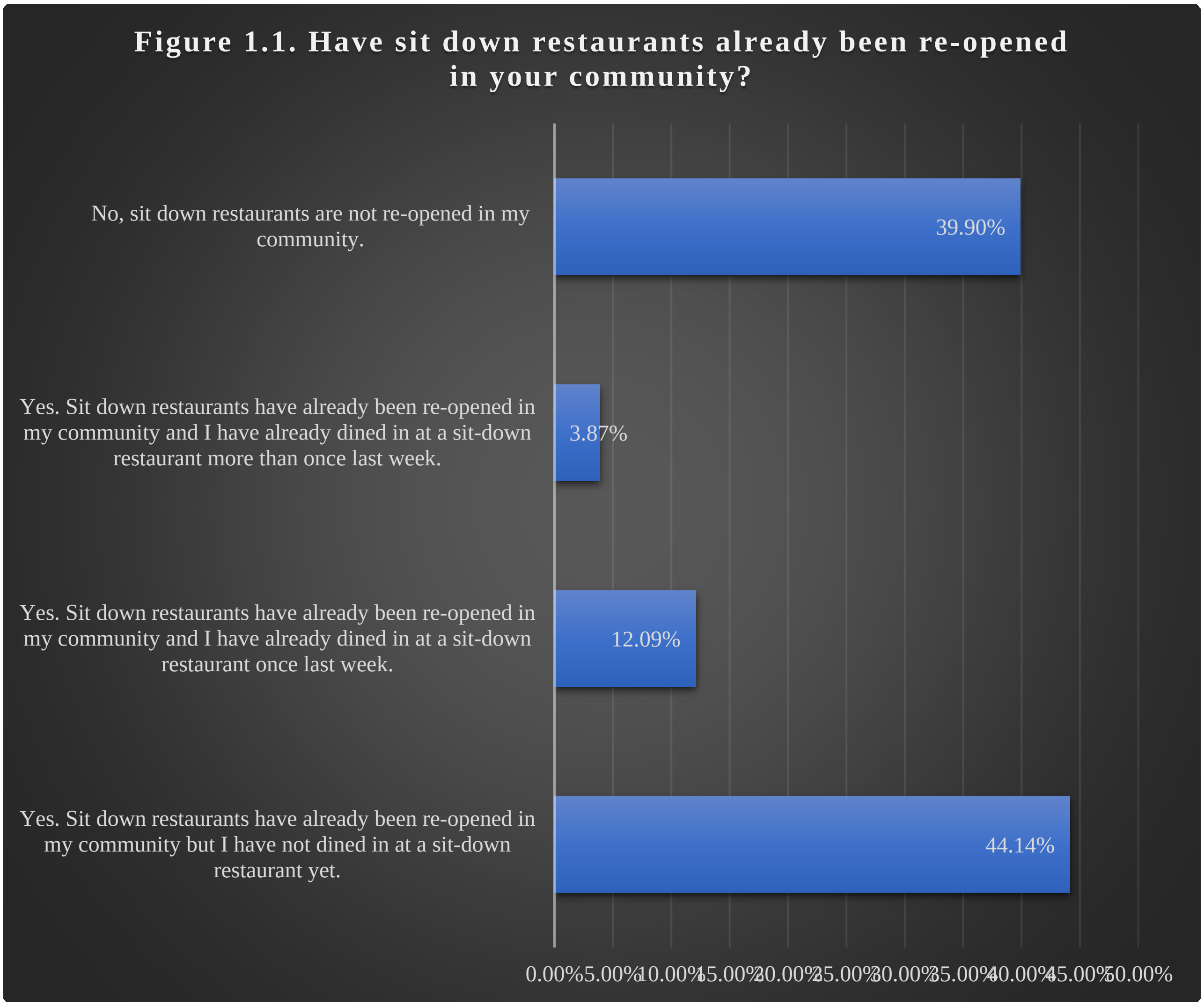
- Casual or family style restaurants are the first they will patronize, the same as two weeks ago.

- A large portion of the respondents (64.71 percent) agreed that use of various technologies in service delivery at sit down restaurants will be necessary in the post COVID-19 environment in order to minimize human-to-human contact. (Examples: service robots, contactless payment such as Apply pay or contactless bank cards, digital menus that can be viewed on personal mobile devices via QR codes, etc.).

1.1: Have sit down restaurants already been re-opened in your community?

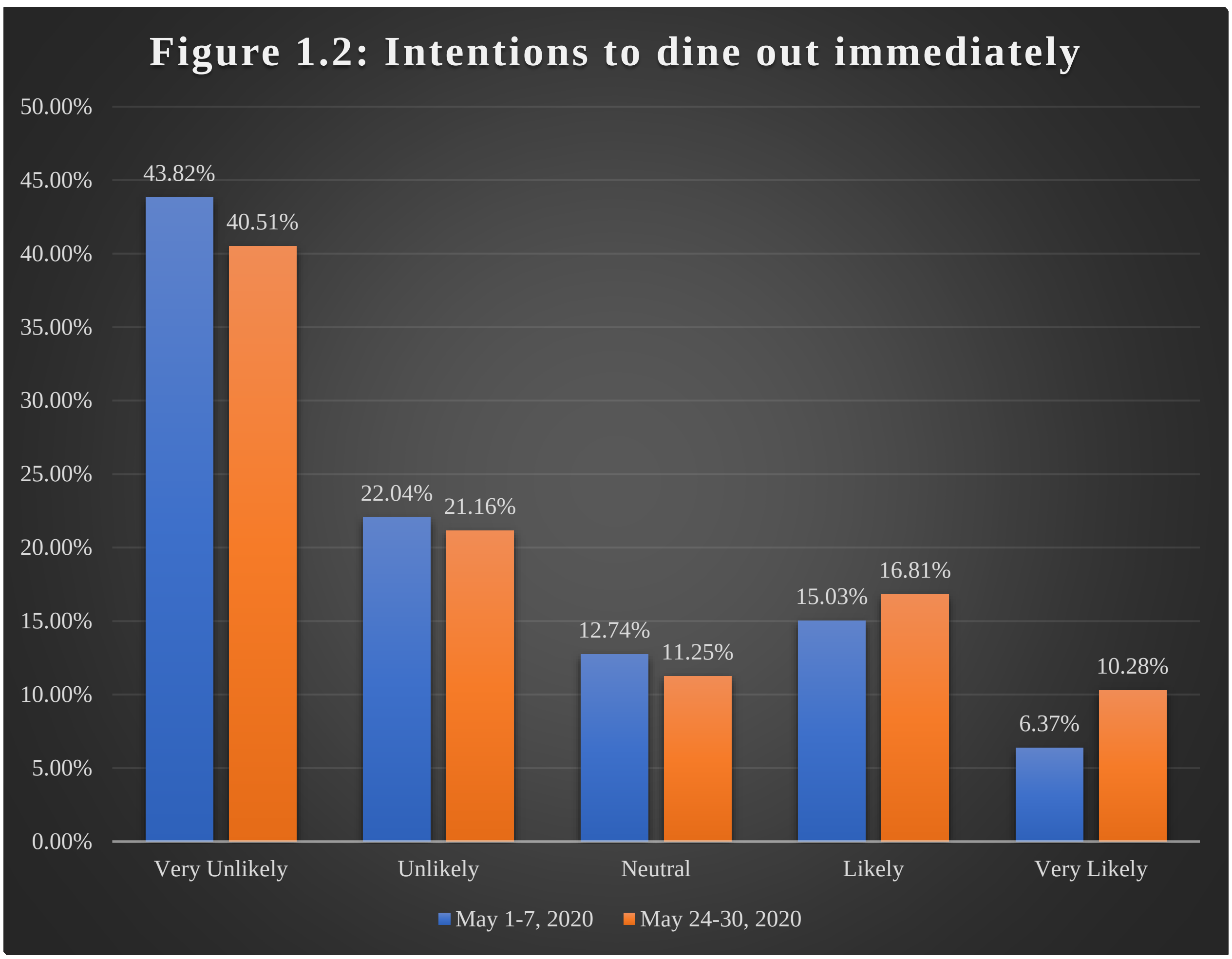
As presented in Figure 1.1, 60.10 percent of the respondents indicated that restaurants have already been reopened in their communities.

- Of the 60.10 percent of the respondents, 20.12 percent (12.09% of total respondents) have already dined in at a sit-down restaurant once during the previous week.
- Of the 60.10 percent of the respondents, only 6.44 percent (3.87% of total respondents) have dined in at a sit-down restaurant more than once during the previous week.



1.2: If stay-at-home orders are lifted in your state, how likely are you to patronize a dine-in restaurant immediately?

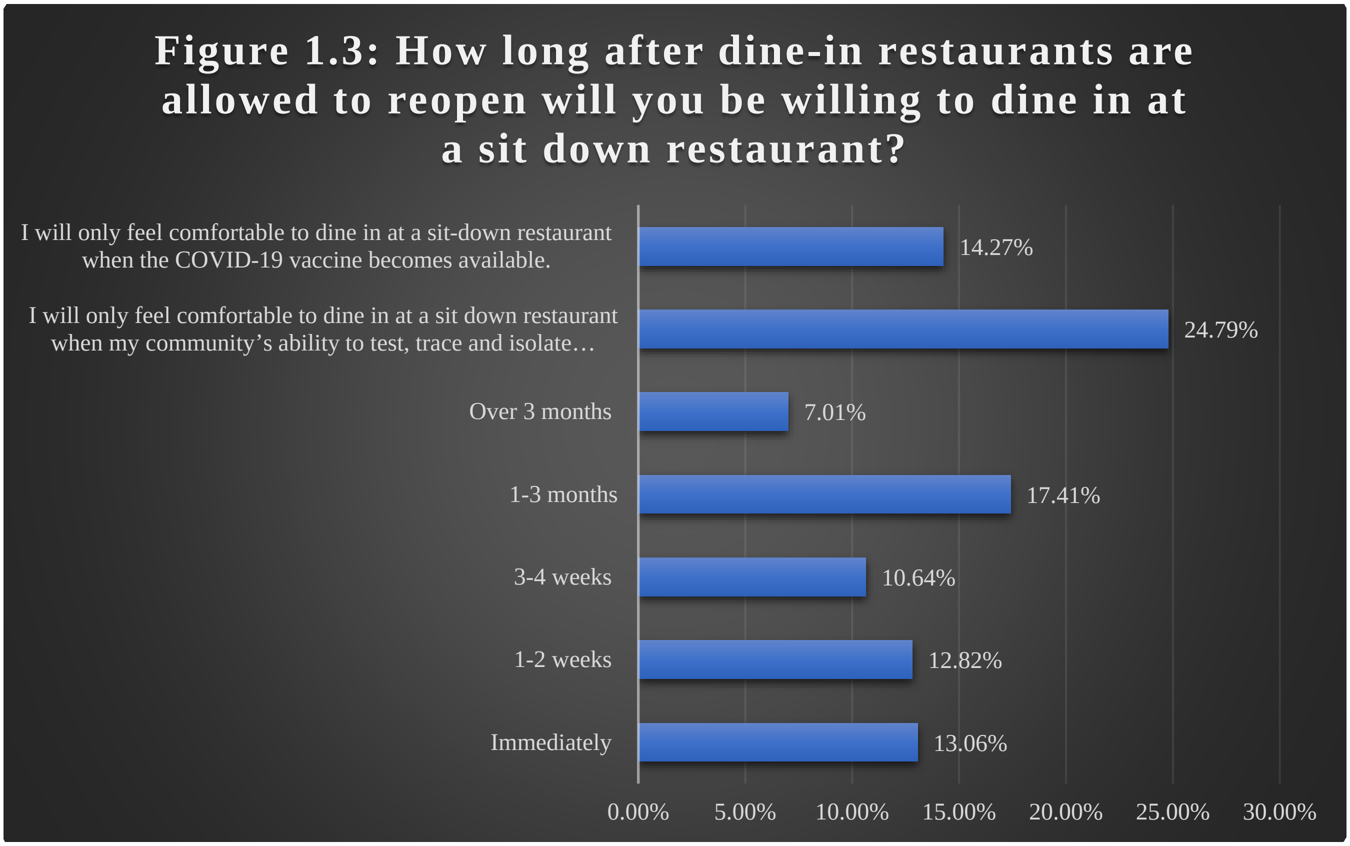
As presented in Figure 1.2, reopening the sit-down restaurants will not bring customers back immediately. A large portion indicated that even if stay-at-home orders are lifted, they are not willing to dine in at a restaurant immediately. Around two-thirds of the respondents stated that it is very unlikely (40.51%) or unlikely (21.16) that they would start dining in at a restaurant right after the reopening. Only 10.28 percent indicated that they would very likely patronize dine-in restaurants right after reopening while 16.81 percent indicated that they are warm to the idea (likely).



Consumers who respondent to the survey between May 24 and May 30, 2020 indicated higher likelihood to patronize sit-down restaurant immediately, compared to those who responded the survey between May 1 and May 7, 2020.

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

As presented in Figure 1.3, most customers are not willing to dine in at a sit down restaurant. Only 13.06 percent indicated that they would dine out at a restaurant immediately after the reopening.



A large portion of the customers would delay dining out until they feel more comfortable. Over 17 percent (17.41%) said that they would wait for around 1-3 months and 7.01 percent indicated that they would wait even longer (over 3 months).

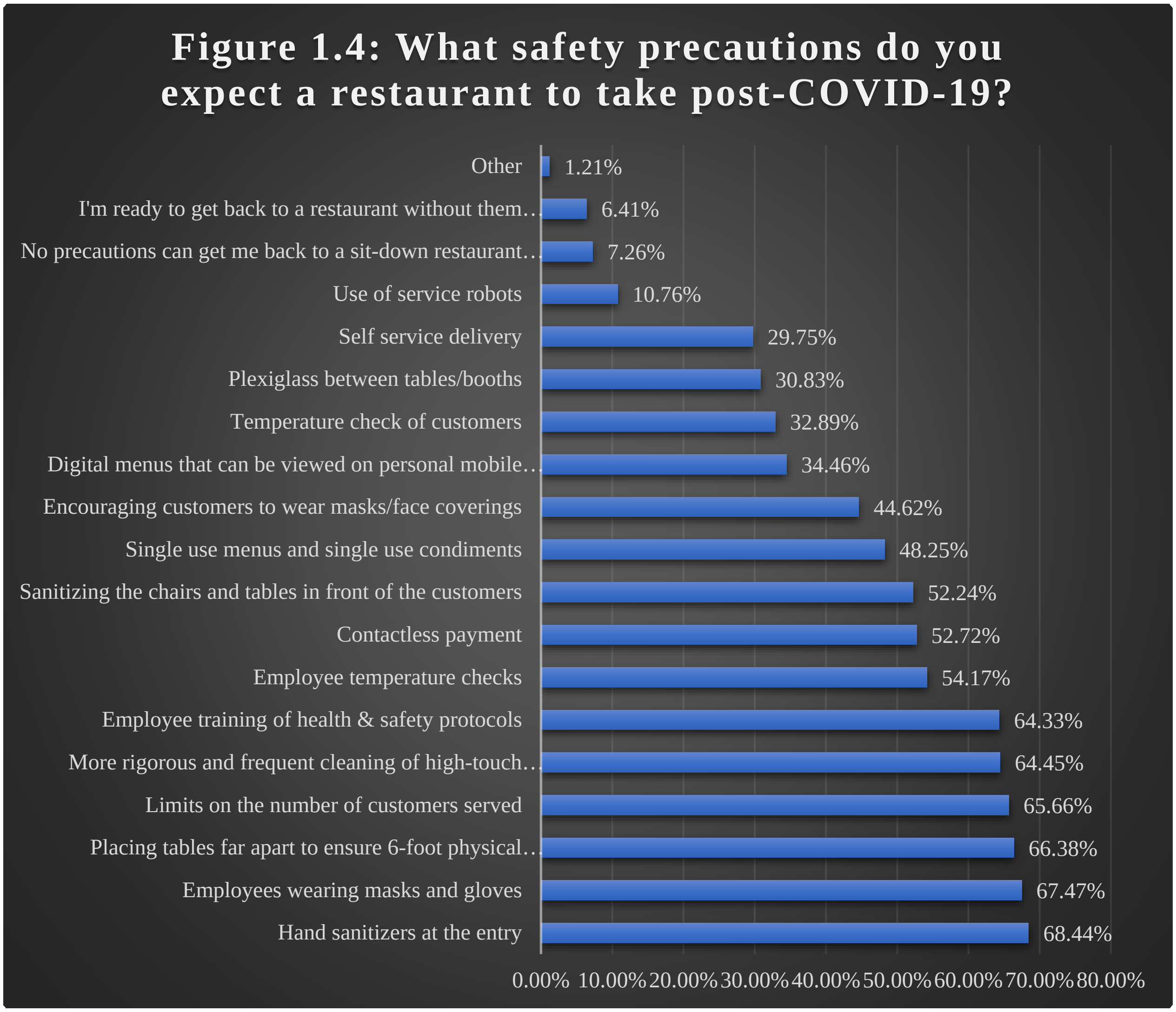
Almost a quarter of the customers (24.79%) indicated that they will only feel comfortable to dine in at a sit down restaurant when their communities' ability to test, trace and isolate COVID-19 cases is significantly improved.

Over 14 percent (14.27%) indicated that they will only feel comfortable to dine in at a sit-down restaurant when the COVID-19 vaccine becomes available.

Customers who respondent to the survey between May 24 and May 30, 2020 indicated higher likelihood to patronize sit-down restaurant immediately or within 1-2 weeks, compared to those who responded the survey between May 1 and May 7, 2020.

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

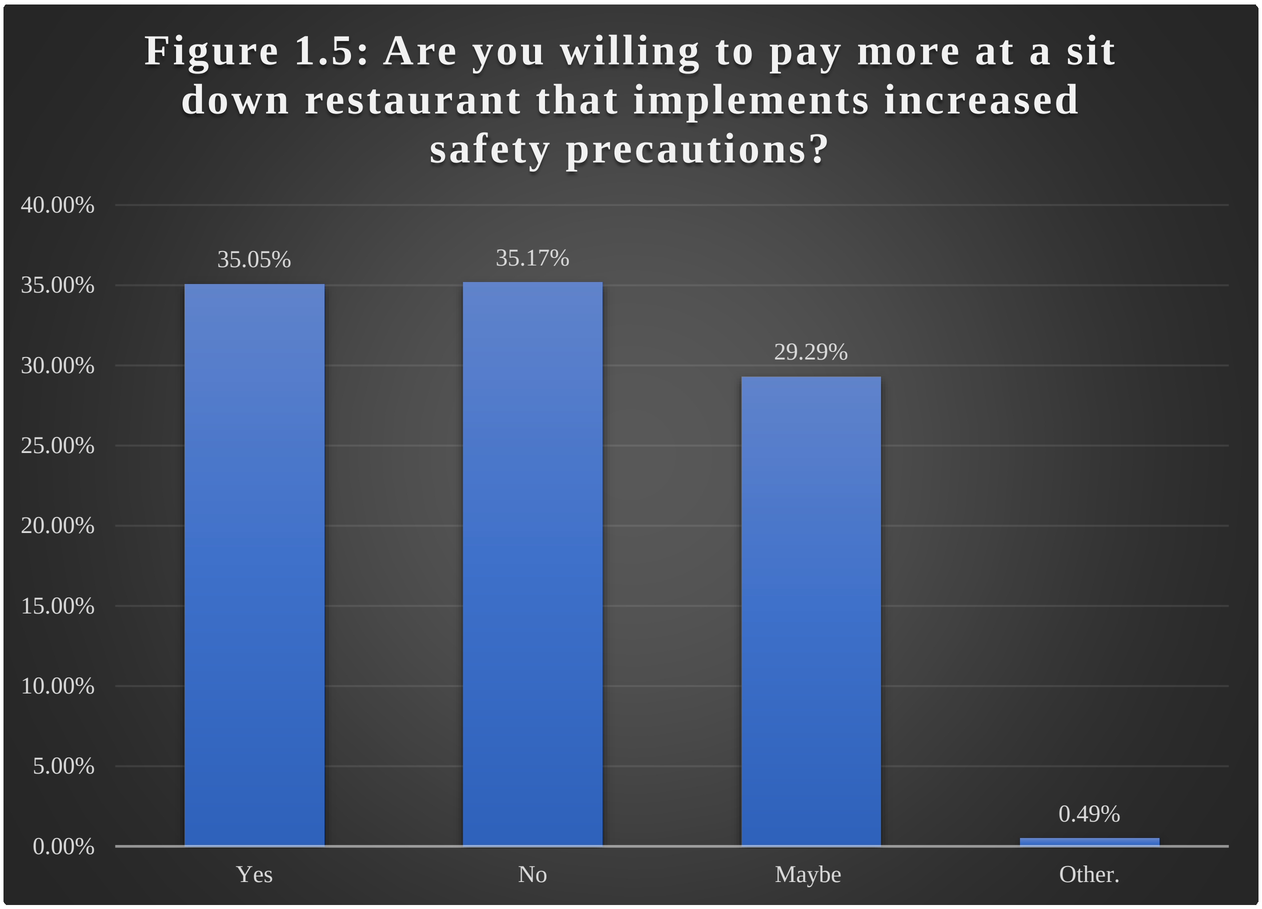
Customers were asked to indicate all of the safety precautions they expect to take place at dine-in restaurants post COVID-19. Visible sanitizing efforts (such as hand sanitizers at the entry, more rigorous and frequent cleaning of high-touch surfaces in common areas), implementing social distancing, limiting the number of customers served, and employee training of health and safety protocols are the most important safety precautions customers expect from a restaurant. Masks wearing for both employees and customers are fairly high on the list. Contactless payment is also highly desired. It's also interesting to see that while customers expect employees to undergo temperature check, they expect less for themselves to do so.



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

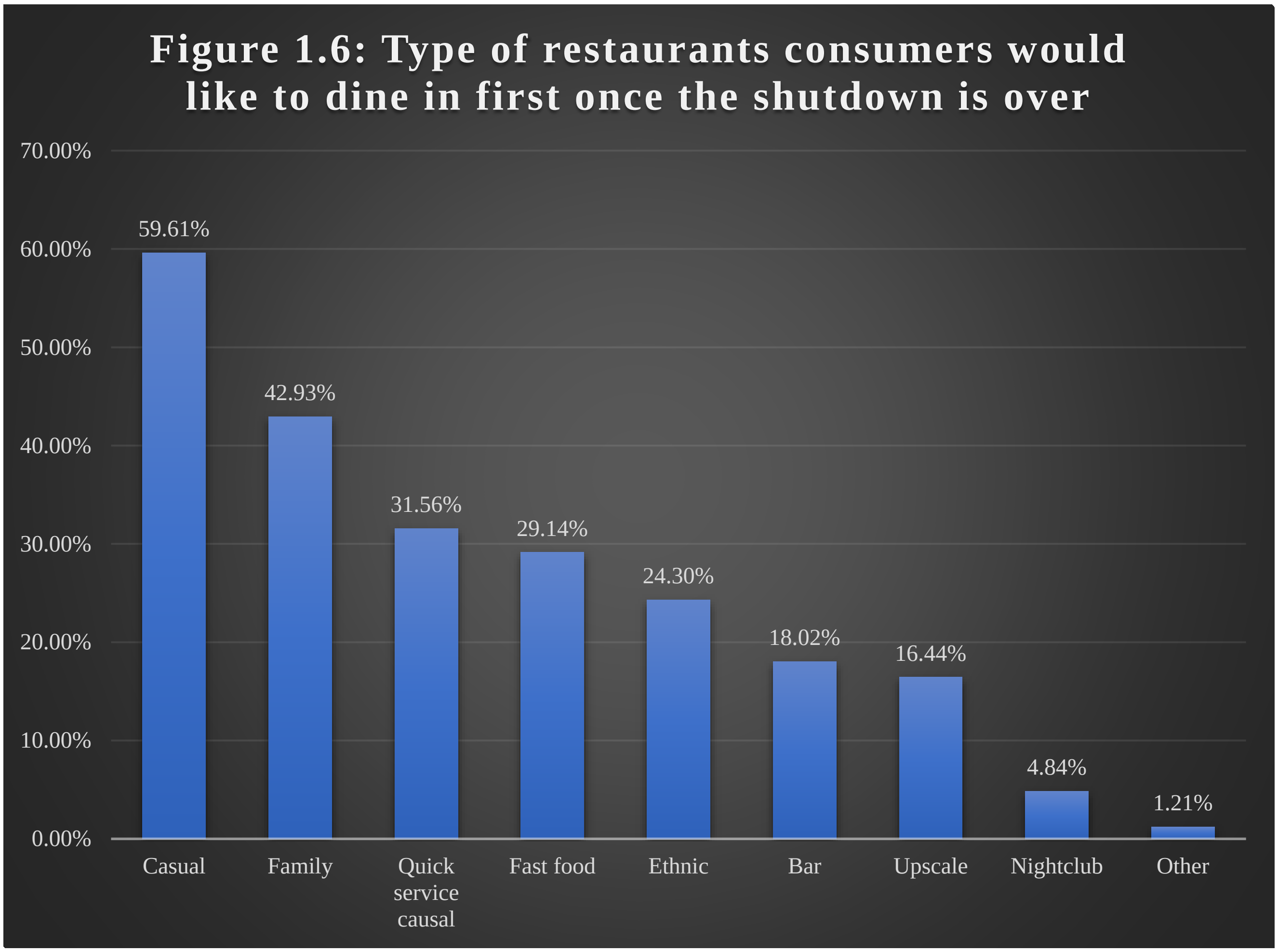
1.5: Are you willing to pay more at a sit down restaurants that implement increased safety precautions?

Customers were asked to indicate if they are willing to pay more at sit down restaurants that implement increased safety precautions. As presented in Figure 1.5, around one-third indicated that they are willing to pay more at sit down restaurants that implement increased safety precautions. However, another one-third indicated that they are not willing to pay more.



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

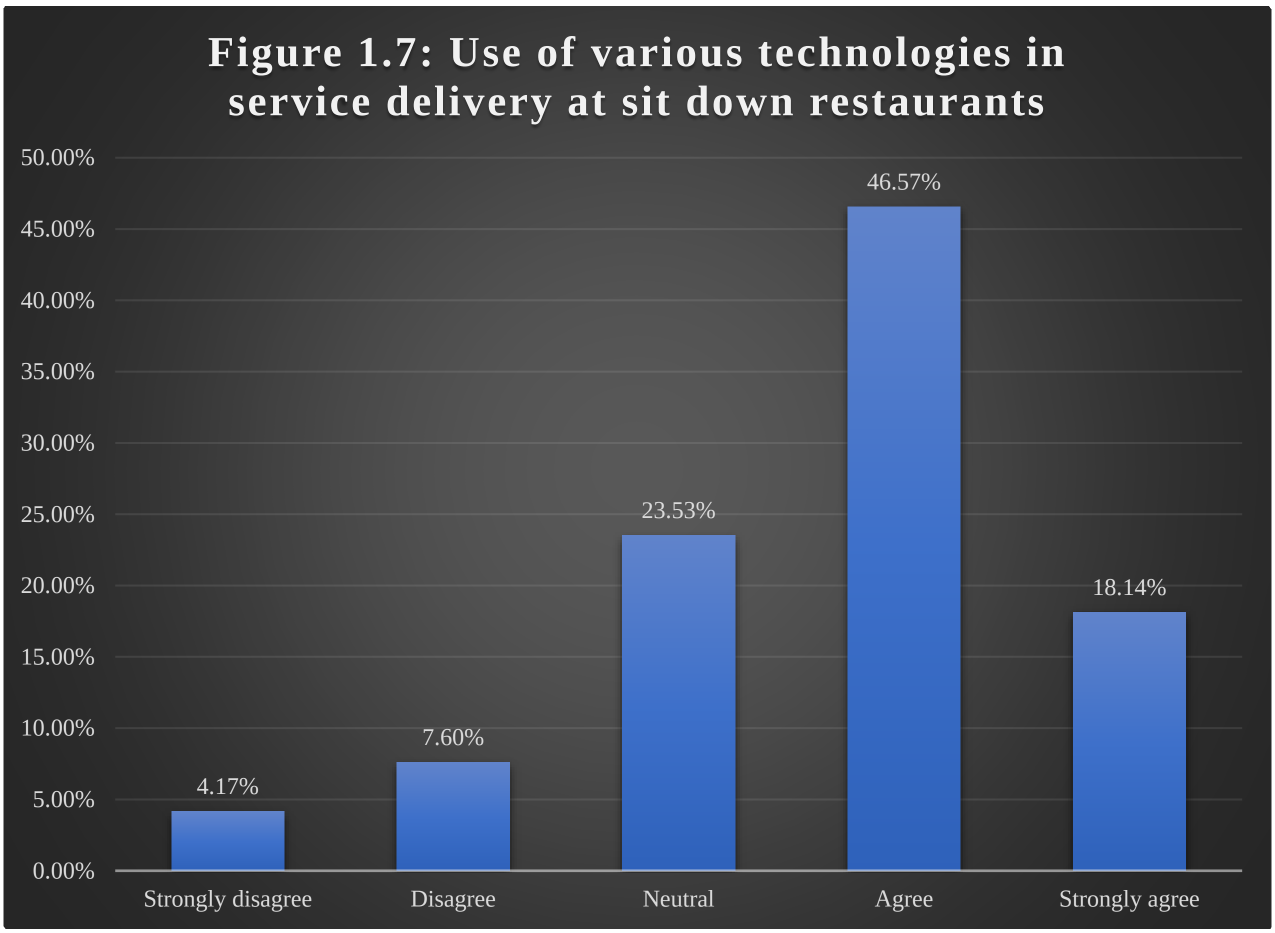
Customers were asked to indicate the top two restaurant type they would like to dine in first. As presented in Figure 1.6, restaurants that offer casual dining experiences (59.61 %) are the first choice, followed by family style restaurants (42.93 %) and fast casual restaurants (31.56 %).



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

1.7: Use of various technologies in service delivery at sit down restaurants will be necessary in the post COVID-19 environment in order to minimize human-to-human contact.

Respondents were asked to indicate their agreement/disagreement with the statement that the use of various technologies in service delivery at sit down restaurants will be necessary in the post COVID-19 environment in order to minimize human-to-human contact (Examples: service robots, contactless payment such as Apply pay or contactless bank cards, digital menus that can be viewed on personal mobile devices via QR codes, etc.). As presented in Figure 1.7, a large portion of the respondents agreed (46.57%) or strongly agreed (18.14%) with the statement.



Part 2: Customers' sentiment towards traveling to a destination and staying at a hotel

Main Finding:

- If stay-at-home orders are lifted, most (53.83%) are not willing to travel to a destination and stay at a hotel in late-June or July.
    - Decreased by 2.61 percent compared to two weeks ago.

- 31.49 percent is willing to travel to a destination and stay at a hotel in late-June or July.
    - Increased by 5 percent compared to two weeks ago.

- Only 11.73 percent will travel to a destination and stay at a hotel immediately after the stay-at-home orders are lifted.

- 33.83 percent will wait at least 3-6 months or longer to travel to a destination and stay at a hotel.

- 17.90 percent will only feel comfortable traveling to a destination and staying at a hotel when that destination has very few COVID-19 cases and has the ability to test, trace and isolate COVID-19 cases.

- 17.28 percent will only feel comfortable traveling to a destination and staying at a hotel when the COVID-19 vaccine becomes widely available.

- Visible sanitizing efforts (such as hand sanitizer stations throughout the property, staff wearing mask), more rigorous and frequent cleaning of high-touch surfaces in common areas and employee training of health & safety protocols are the most important safety precautions they expect from a hotel.

- While 39.60 percent is willing to pay more at a hotel that implements increased safety precautions, 32.80 percent expects hotels to implement increased safety precautions without additional cost to customers.

- Respondents felt most comfortable to stay in chain hotels when they travel to a destination once the shut-down is over.

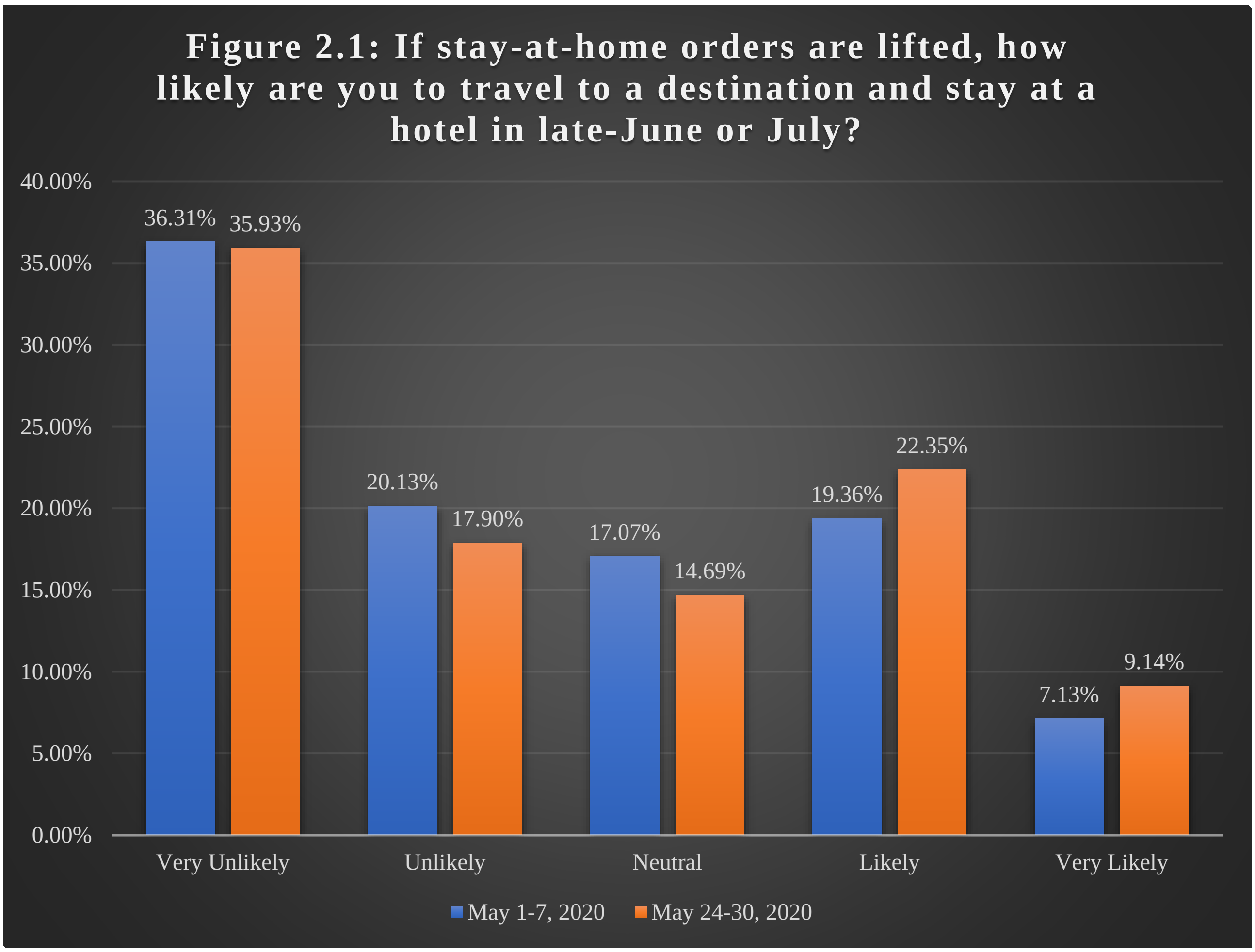
- Beach or lakeside getaways and road trips through scenic countryside are the top travel experiences consumers would like to enjoy after the stay-at-home orders are lifted, the same as two weeks ago.

- A majority of the respondents agree (70.42 percent) that the use of various technologies at hotels will be necessary in the post COVID-19 environment in order to minimize human-to-human contact. (Examples: service robots, contactless payment, keyless entry, touchless elevators, etc.)

2.1: If stay-at-home orders are lifted, how likely are you to travel to a destination and stay at a hotel in late-June or July?

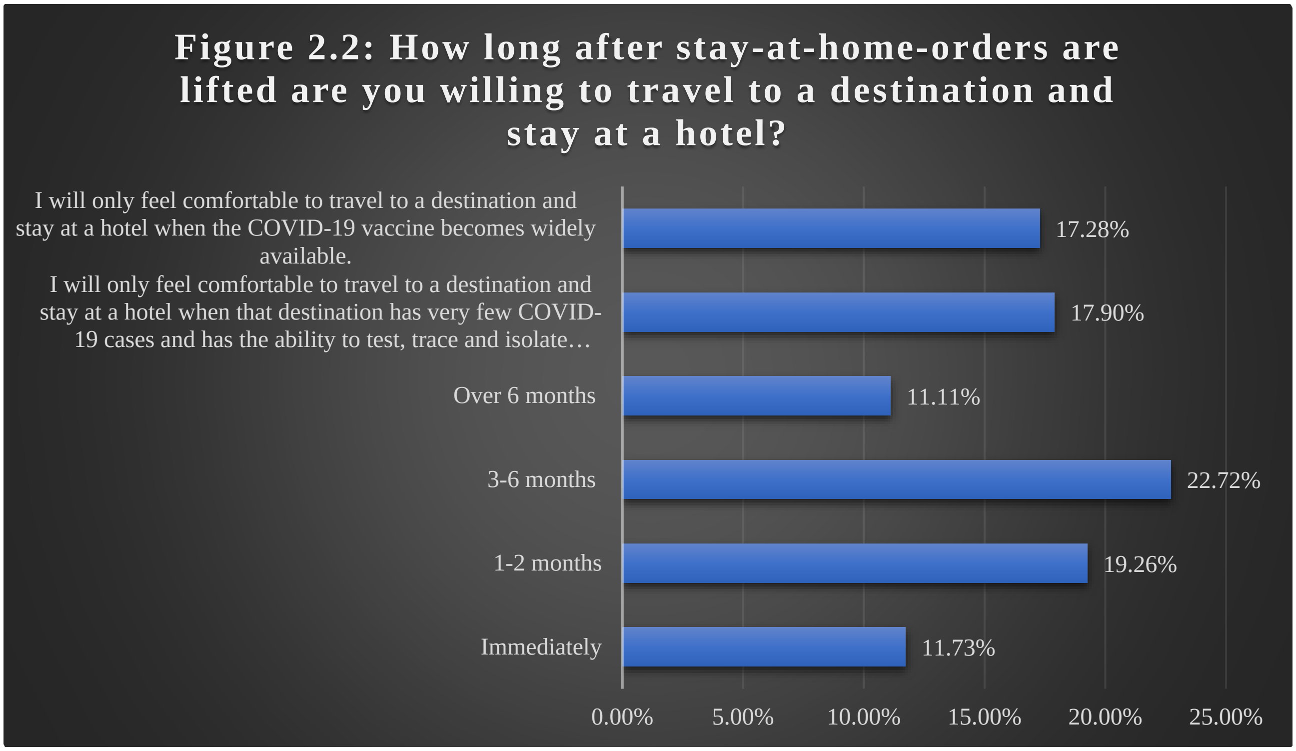
As presented in Figure 2.1, most customers are not willing to travel to a destination and stay at a hotel any time soon. More than half (53.83 %) indicated that even if stay-at-home orders are lifted, it is very unlikely (35.93%) or unlikely (17.9%) for them to travel to a destination and stay at a hotel in late-June or July. Only 9.14 percent indicated that it is very likely and less than a quarter (22.35%) said it is likely.

Customers who respondent to the survey between May 24 and May 30, 2020 indicated higher likelihood to travel and stay at a hotel compared to two weeks ago.



2.2: 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 and stay at a hotel after the restrictions are eased. Only 11.73 percent indicated that they would do so immediately.



A large portion of the customers would delay traveling to a destination and staying at a hotel until they feel more comfortable. Around 19 percent (19.26 %) said that they would wait for around 1-3 months and 33.83 percent indicated that they would wait even longer (> 3 months).

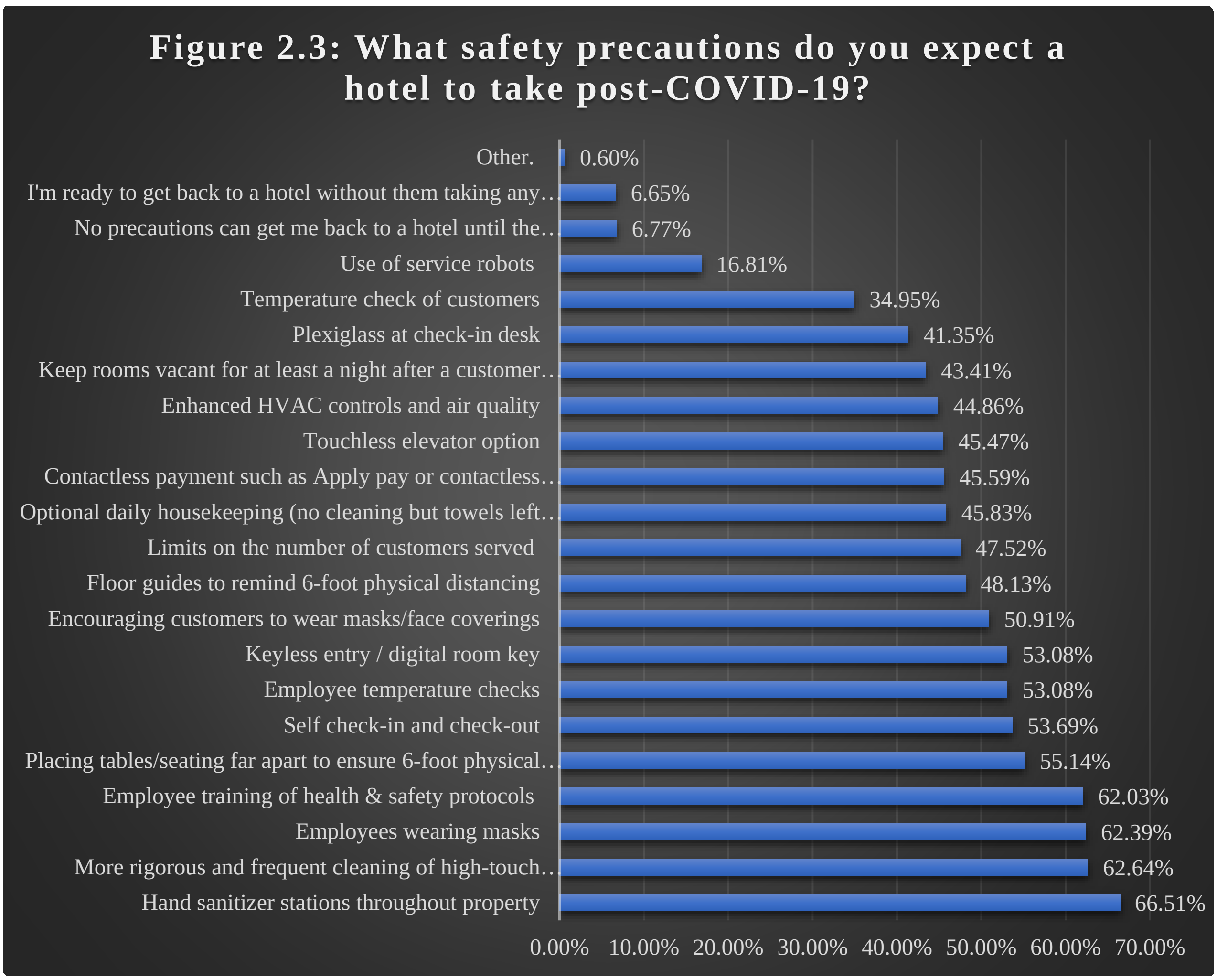
Around 18 percent (17.90 %) indicated that they will only feel comfortable to travel to a destination and stay at a hotel when the destination's ability to test, trace and isolate COVID-19 cases is significantly improved.

Around 17 percent (17.28 %) indicated that they will only feel comfortable to travel to a destination and stay at a hotel when the COVID-19 vaccine becomes available.

Consumers who respondent to the survey between May 24 and May 30, 2020 indicated higher likelihood to travel to a destination and stay at a hotel immediately or within 1-2 weeks compared to consumers who responded to the survey between May 1 and May 7, 2020.

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

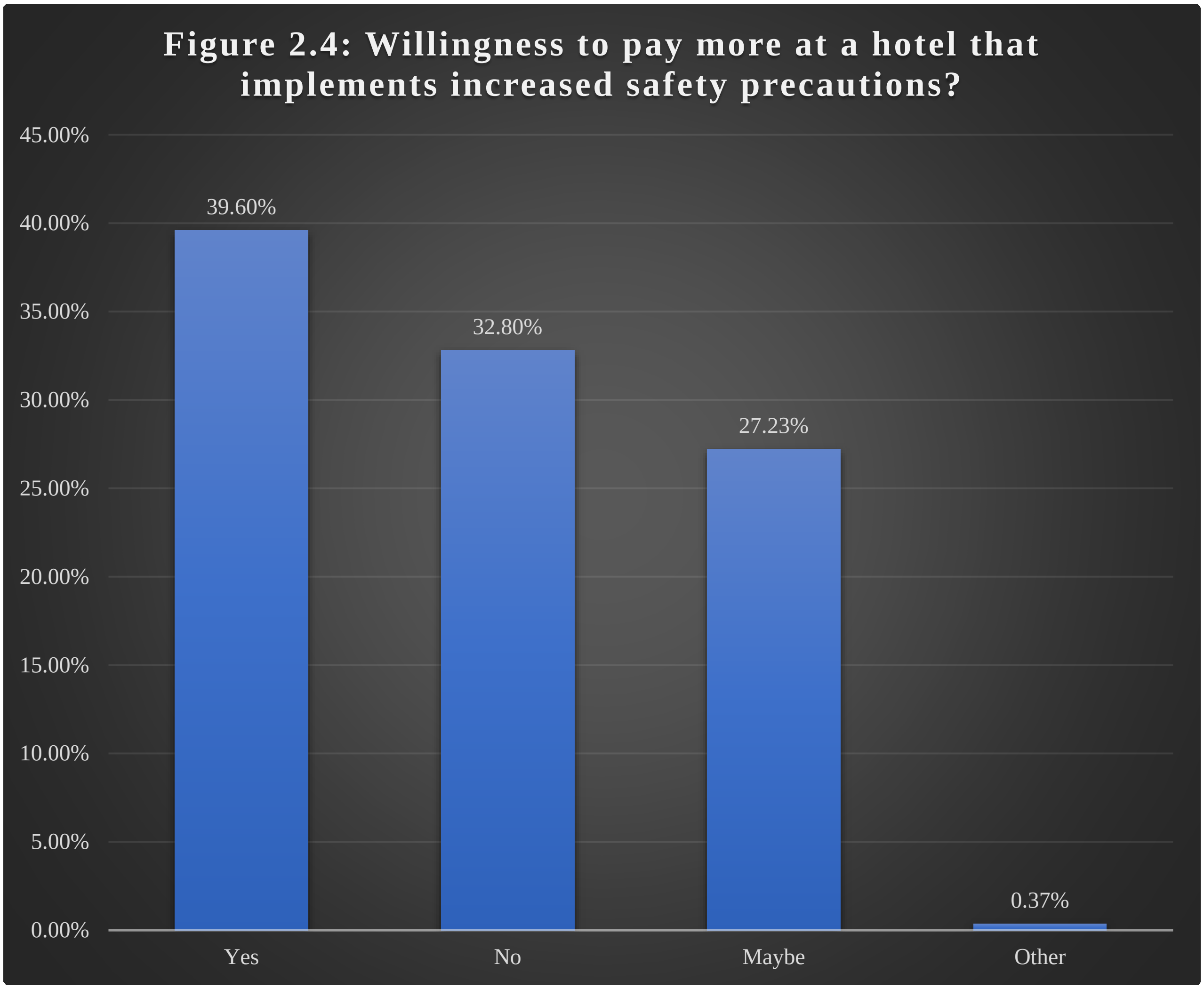
Customers were asked to indicate all of the safety precautions they expect a hotel to take post COVID-19. As presented in Figure 2.3, visible sanitizing efforts (such as hand sanitizer stations throughout the property, more rigorous and frequent cleaning of high-touch surfaces in common areas), and employee training of health & safety protocols are the most important safety precautions they expect from a hotel. Physical distancing efforts are highly valued. Masks wearing for both employees and customers are also highly expected. Various technology solutions that minimize human contact are highly desired, such as self check-in/check-out and keyless entry. It's also interesting to see that while customers expect employees to undergo temperature check, they expect less for themselves to do so.



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

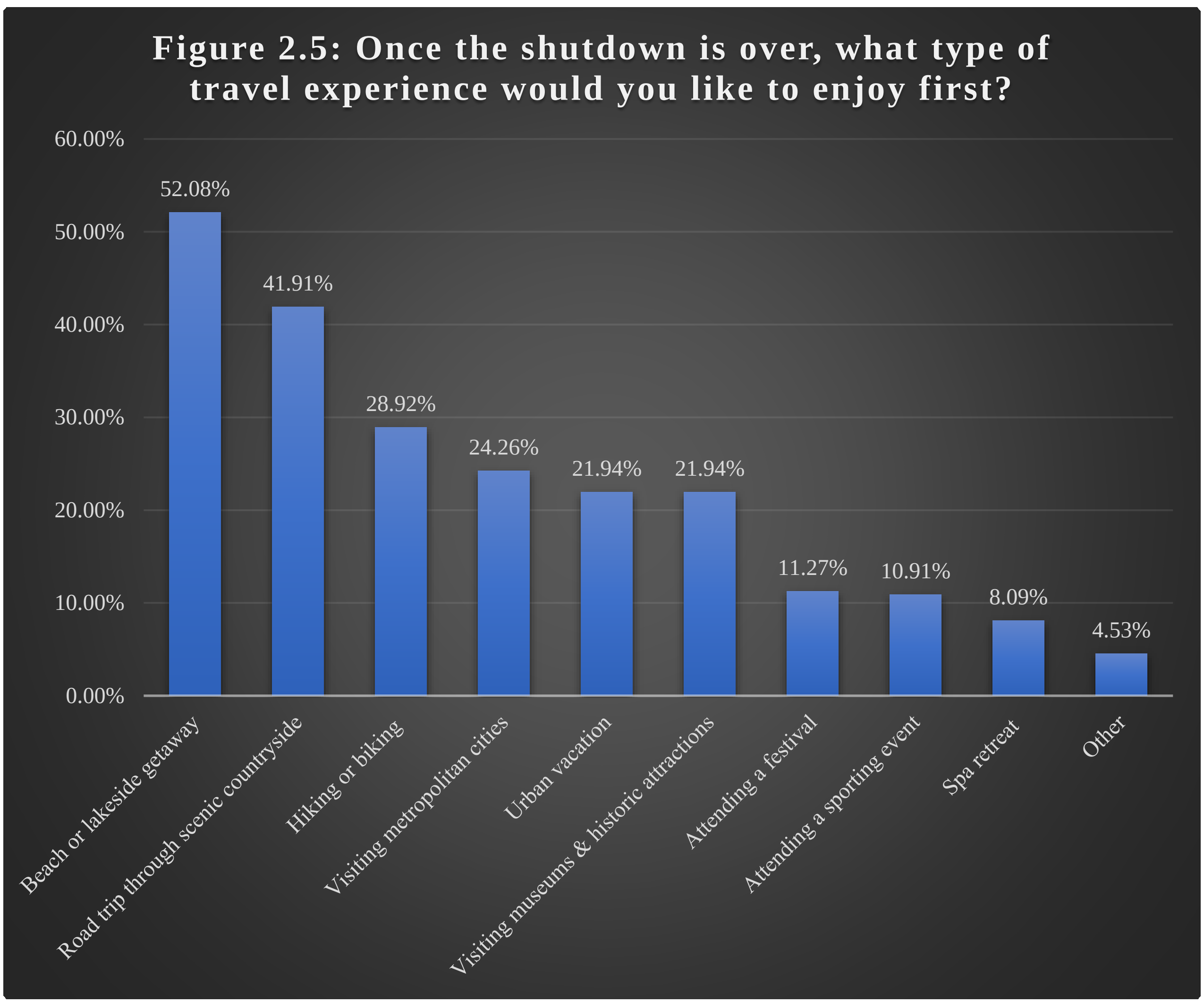
2.4: Are you willing to pay more at a hotel that implements increased safety precautions?

Consumers were asked to indicate if they are willing to pay more at hotels that that implement increased safety precautions. As presented in Figure 2.4, about 40 percent (39.60%) indicated that they are willing to pay more while another one third (32.80%) expects hotels to implement increased safety precautions without additional cost to customers.



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

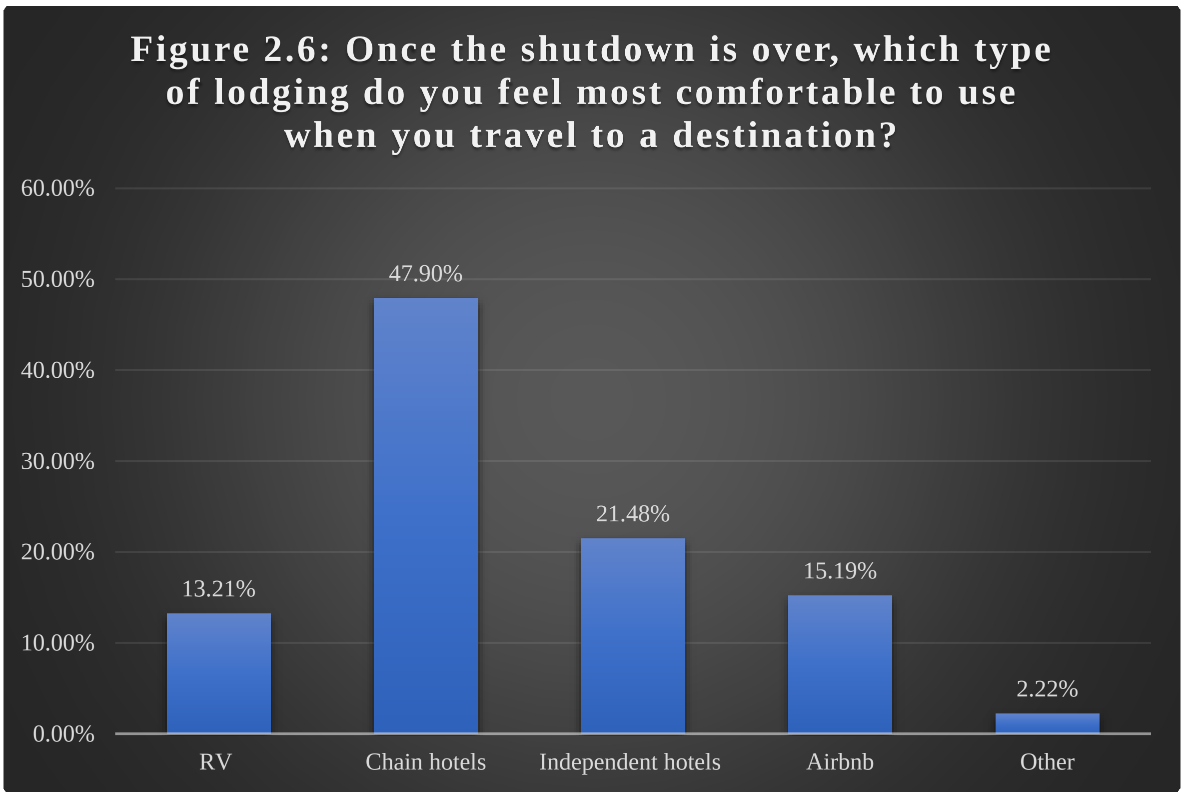
Consumers were asked to indicate the top two travel experiences they would like to enjoy first once the shutdown is over. As presented in Figure 2.4, beach or lakeside getaways (52.08%) is the first travel experience consumers would like to enjoy, followed by road trips through scenic countryside (41.91%), hiking or biking (28.92%), visiting metropolitan cities (24.26%), urban vacations (21.94%) and visiting museums and historical sites (21.94%). Attending a festival (11.27%), attending a sporting event (10.91%) and spa retreat (8.9%) are the least desired experiences. These findings are consistent with those from two weeks ago.



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

2.6: Once the shutdown is over, which type of lodging do you feel most comfortable to use when you travel to a destination?

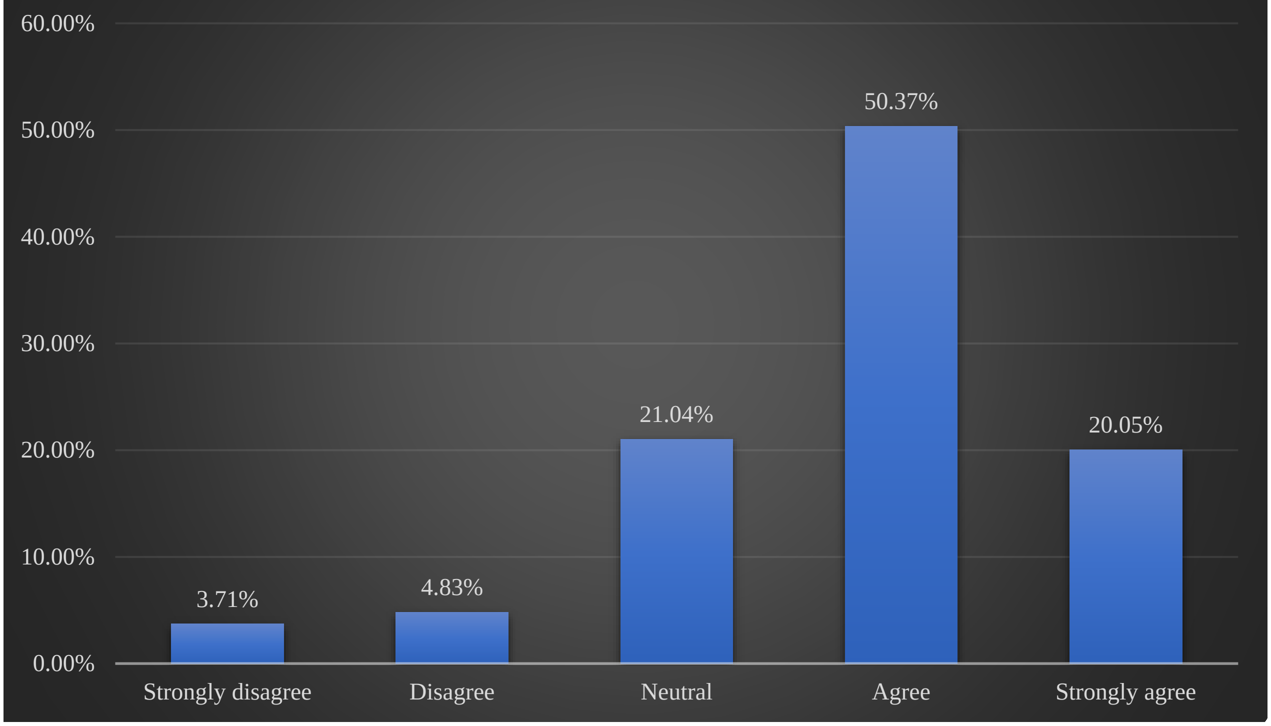
Respondents were asked to indicate the type of lodging they would consider staying at post COVID-19. Traditional hotel industry is found to be clearly winning here. Chain hotels (47.90%) are the most preferred type of lodging when they travel to a destination, followed by independent hotels (21.48%). Small portion of respondents felt comfortable to stay at an Airbnb (15.19%) or an RV (13.21%).



2.7: Use of various technologies at hotels will be necessary in the post COVID-19 environment in order to minimize human-to-human contact

Respondents were asked to indicate their agreement/disagreement with the use of various technologies at hotels will be necessary in the post COVID-19 environment in order to minimize human-to-human contact. (Examples: service robots, contactless payment, keyless entry, touchless elevators, etc.). As presented in Figure 2.7, a majority of the respondents agreed (50.37%) or strongly agreed (20.05%) with the statement.

Figure 2.7: Use of various technologies at hotels



Part 3: Respondents' Socio-Demographic Profile

Respondents' demographic profile is presented below.

Are you in a high-risk category as defined by the CDC?	
I am not in a high-risk category	75.37%
Yes, I am 65 years or older	5.60%
Yes, I live in an Assisted Living Facility	2.36%
Yes, I am immune compromised	5.35%
Yes, I have an underlying health condition (such as: heart disease, lung disease or severe asthma, diabetes, obesity, kidney disease, liver disease)	11.32%

Gender	
Male	43.16%
Female	56.72%
Other	0.12%

Age	
18-25	15.67%
26-34	32.21%
35-54	37.44%
55-64	9.20%
65 or over	5.57%

Marital Status	
Single	34.70%
Married	47.51%
Divorced	8.96%
Widowed	1.74%
Live together	7.09%

Region of the USA respondents reside

Central Region	17.91%
Northeast Region	22.76%
Southern Region	38.06%
Western Region	21.27%