COVID-19 Study 3 Report:
Restaurant and Hotel Industry

Restaurant and hotel customers' sentiment analysis

(Data collected June 15 - 20, 2020)

Would they come back? If they would, WHEN?

Prepared by:
Dogan Gursoy, Ph.D.
Taco Bell Distinguished Professor
Editor-in-Chief, Journal of Hospitality Marketing & Management
School of Hospitality Business Management, Carson College of Business, Washington State University, Pullman, WA 99164, USA
Email: dgursoy@wsu.edu

Christina G. Chi, Ph.D.
Professor
School of Hospitality Business Management, Carson College of Business, Washington State University, Pullman, WA 99164, USA
Email: christina.chi@wsu.edu

Oscar Hengxuan Chi
Ph.D. Candidate
School of Hospitality Business Management, Carson College of Business , Washington State University, Pullman, WA 99164, USA
Email: hx.chi@wsu.edu

This report presents the summary findings of the third study that was conducted between June 15 and June 20, 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).

Please click here to access the reports for previous COVID-19 customer sentiments studies.

June 25, 2020
Pullman, WA

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 third study that investigated individuals' sentiments towards re-patronizing hotels and sit-down restaurants in the time of coronavirus, based on the data collected from 811 American consumers between June 15 and June 20, 2020. The first study was conducted between May 1 and 7, 2020 and the second study was conducted between May 24 and May 30, 2020.

Please click here to access the reports for previous COVID-19 customer sentiments studies.

Part 1: Customers' Sentiment towards Dine-in Restaurants

Main Finding:

- 83.48 percent of the respondents indicated that restaurants have already been reopened in their communities.
    - Of the 83.48 percent of the respondents, 26 percent have already dined in at a sit-down restaurant <u>once</u> during the previous week
        - a 29.21 percent increase compared to the number consumers who dined in at a sit-down restaurant <u>once</u> two-weeks ago.
    - Of the 83.48 percent of the respondents, only 6.50 percent have dined in at a sit-down restaurant <u>more than once</u> during the previous week.

- 55.11 percent are not willing to dine in at a restaurant immediately.
    - Decreased by 10.64 percent compared to two weeks ago.

- 16.40 percent indicated that it is very likely they will dine in at a restaurant immediately.
    - The number of consumers would dine out immediately is increased by 25.57 percent compared to two weeks ago.

- 21.45 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.
    - Decreased by 13.47 percent compared to two weeks ago.

- 14.80 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.

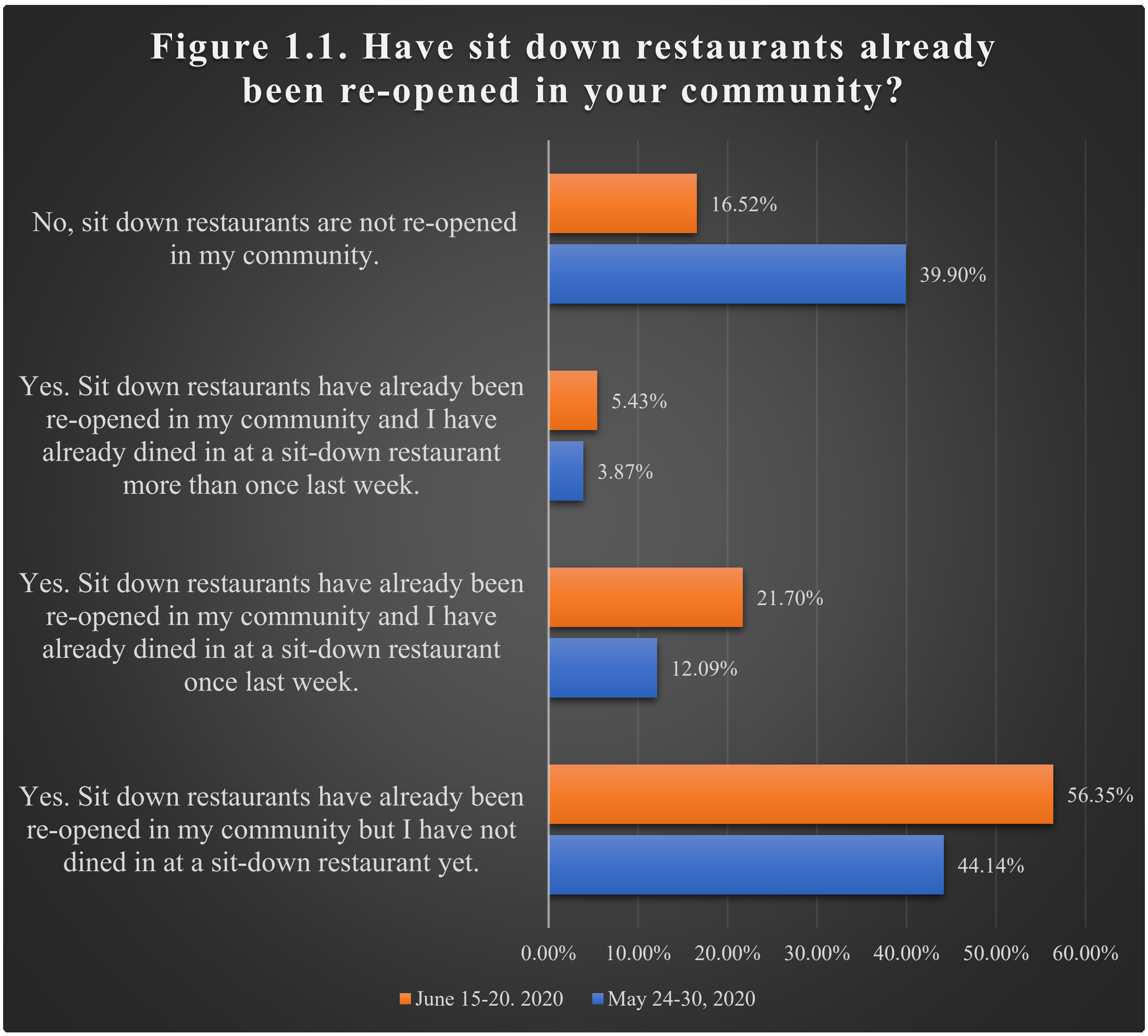
- While 32.68 percent indicated a willingness to pay more at sit-down restaurants that implement increased safety precautions, 35.51 percent expected sit-down restaurants to implement increased safety precautions without passing the cost to the customers.

- A large portion of the respondents (73.37 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.).
    - Increased by 13.38 percent compared to two weeks ago.

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

As presented in Figure 1.1, 83.48 percent of the respondents indicated that restaurants have already been reopened in their communities.

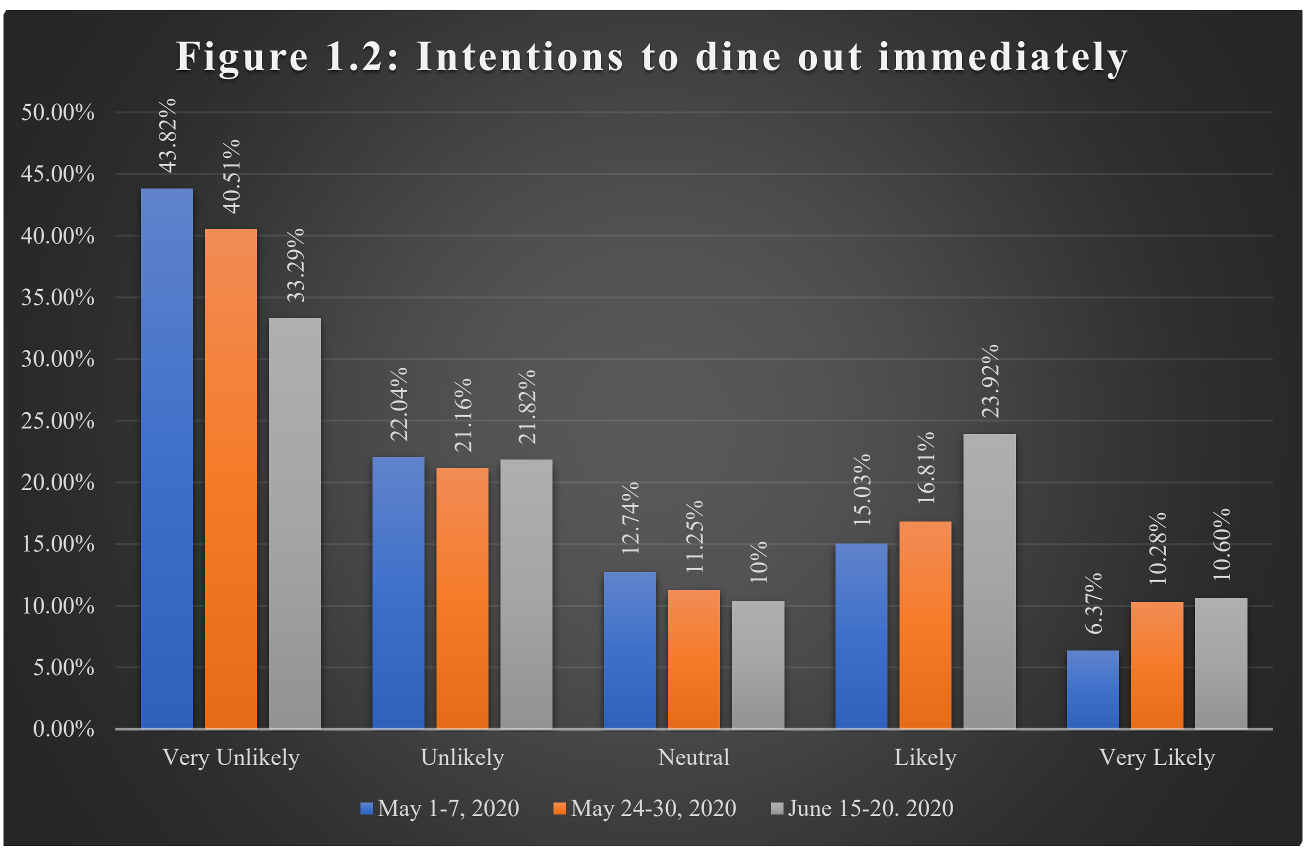
- Of the 83.48 percent of the respondents, 26 percent (21.70% of total respondents) have already dined in at a sit-down restaurant <u>once</u> during the previous week, indicating a 29.21 percent increase compared to two-weeks ago.
- Of the 83.48 percent of the respondents, only 6.50 percent (5.43% of total respondents) have dined in at a sit-down restaurant <u>more than once</u> during the previous week.



1.2: Assuming that sit-down restaurants have already been re-opened in your community, how likely are you to dine in at a sit-down restaurant immediately?

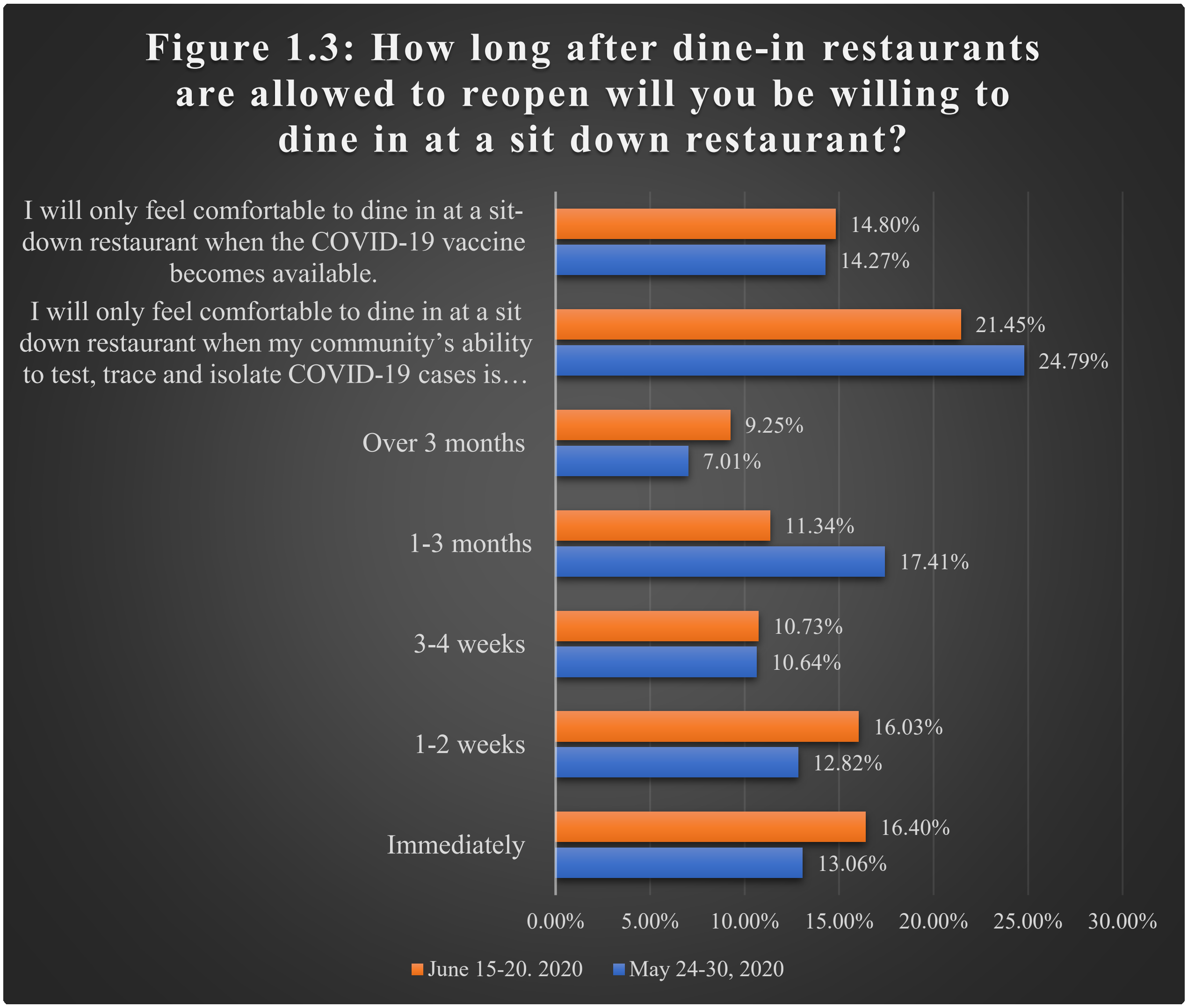
As presented in Figure 1.2, reopening the sit-down restaurants will not bring customers back immediately. A large portion indicated that even if stay-at-home orders are lifted, they are not willing to dine in at a restaurant immediately. Around two-thirds of the respondents stated that it is very unlikely (33.29%) or unlikely (21.82) that they would start dining in at a restaurant right after the reopening. Only 10.60 percent indicated that they would very likely patronize dine-in restaurants right after reopening while 23.92 percent indicated that they are warm to the idea (likely).

Consumers who responded to the survey between June 15 and June 20, 2020 indicated higher likelihood to patronize sit-down restaurant immediately, compared to those who responded the survey between May 1 and May 7, 2020 or between May 24 and May 30, 2020. These findings indicate that number of consumers who is willing to dine out at a sit-down restaurant is increasing but very slowly.



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 16.40 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 11 percent (11.34%) said that they would wait for around 1-3 months and 9.25 percent indicated that they would wait even longer (over 3 months).

Around one fifth of the customers (21.45%) 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.

Almost 15 percent (14.80%) indicated that they will only feel comfortable to dine in at a sit-down restaurant when the COVID-19 vaccine becomes available.

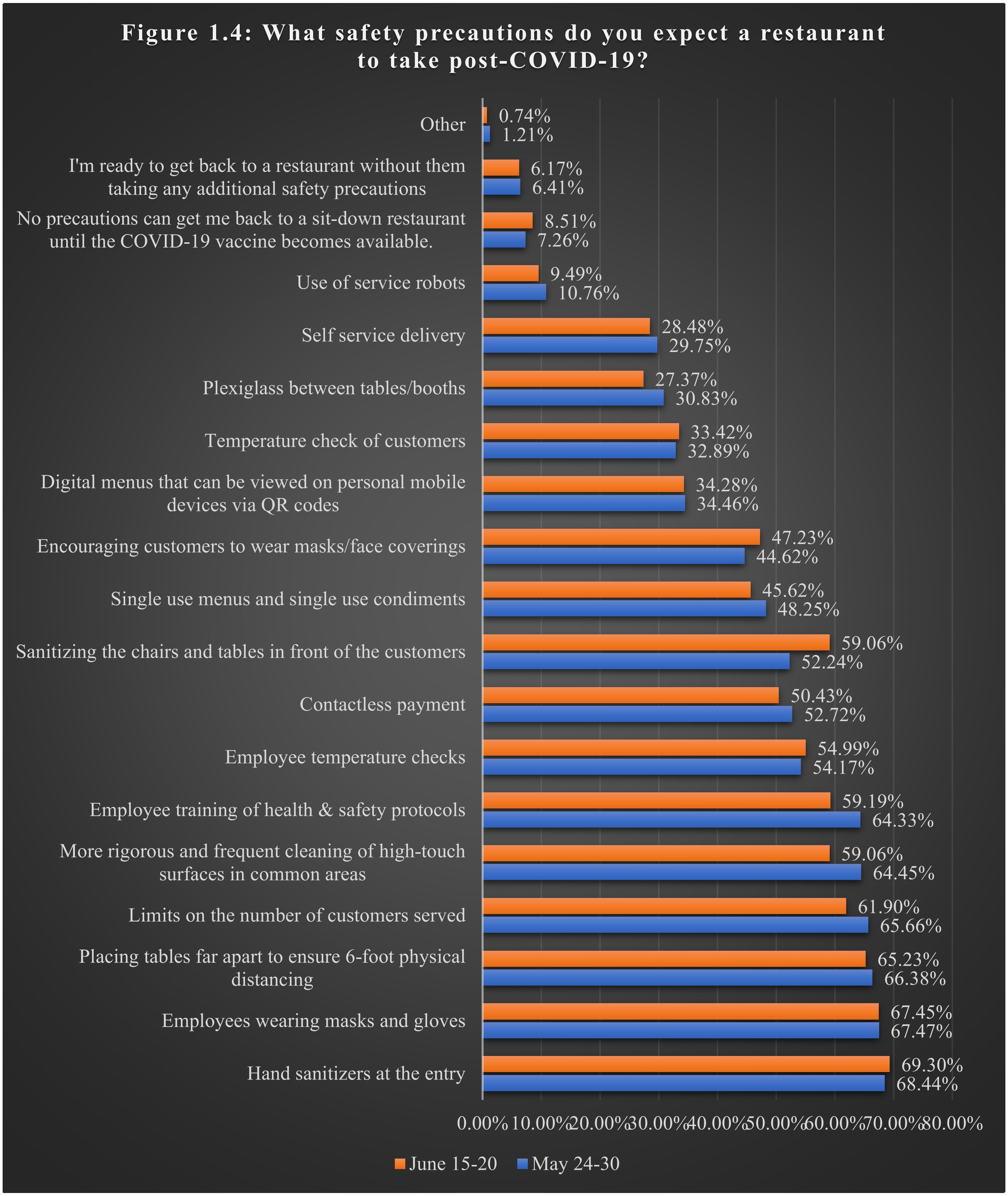
Customers who responded to the survey between June 15 and June 20, 2020 indicated higher likelihood to patronize sit-down restaurant immediately or within 1-2 weeks, compared to those who responded the survey between May 1 and May 7, 2020 or between May 24 and May 30, 2020. While the number of consumers who are willing to dine out in the near future is increasing, the growth rate of this increase seem to be very slow.

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

Customers were asked to indicate all safety precautions they expect to take place at dine-in restaurants post COVID-19. As presented in Figure 1.4, around 94 percent of customers expect restaurants to take some safety precautions. 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.

As presented in Figure 1.4, there was a significant jump in the expectations for sanitizing the chairs and tables in front of the customers and encouraging customers to wear masks/face coverings compared to those who responded the survey between May 24 and May 30, 2020.

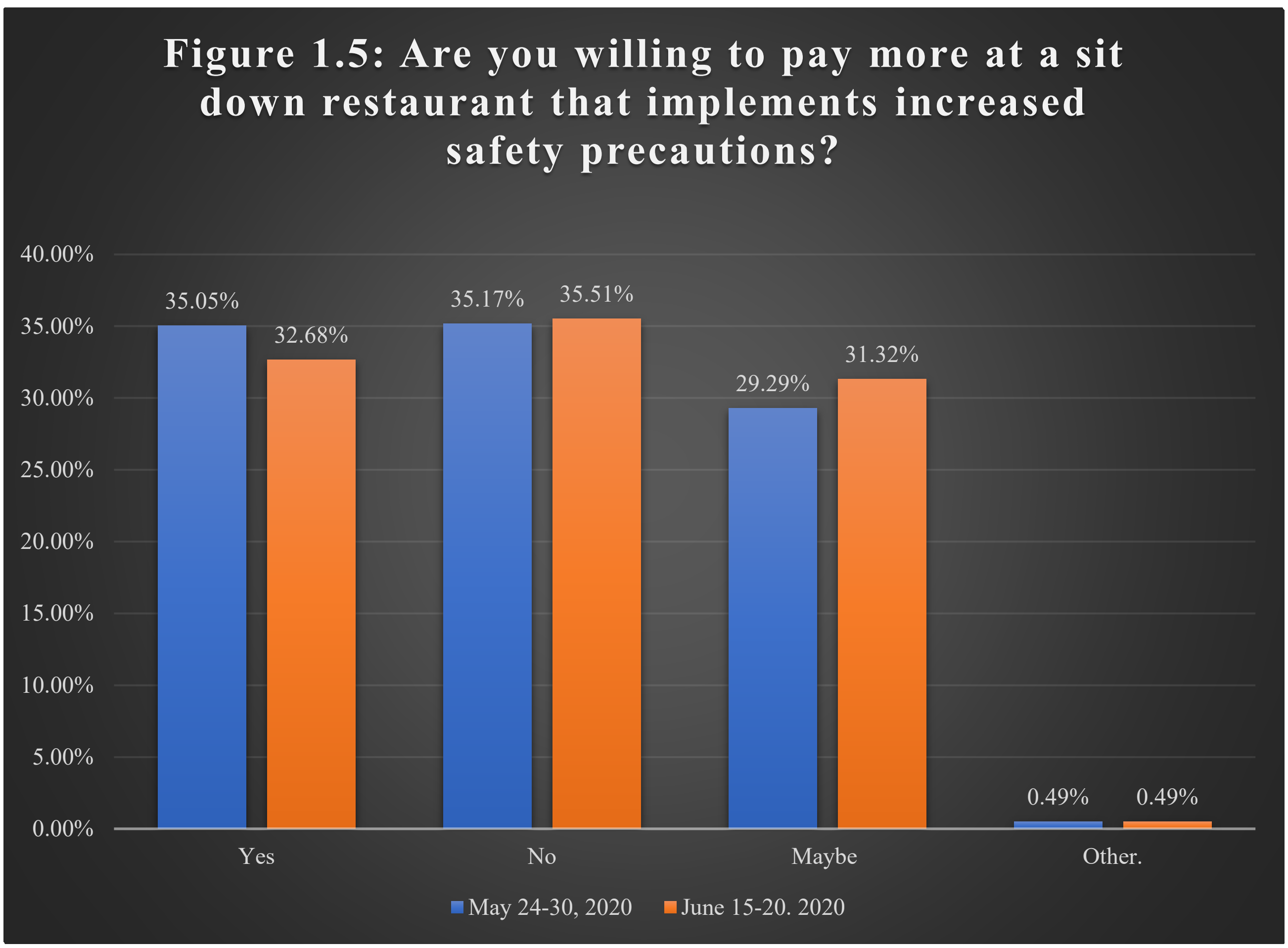


Note: Respondents were asked to indicate all of the safety precautions they expect to take at dine-in restaurants post COVID-19.

1.5: Are you willing to pay more at a sit-down restaurant that implements 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.

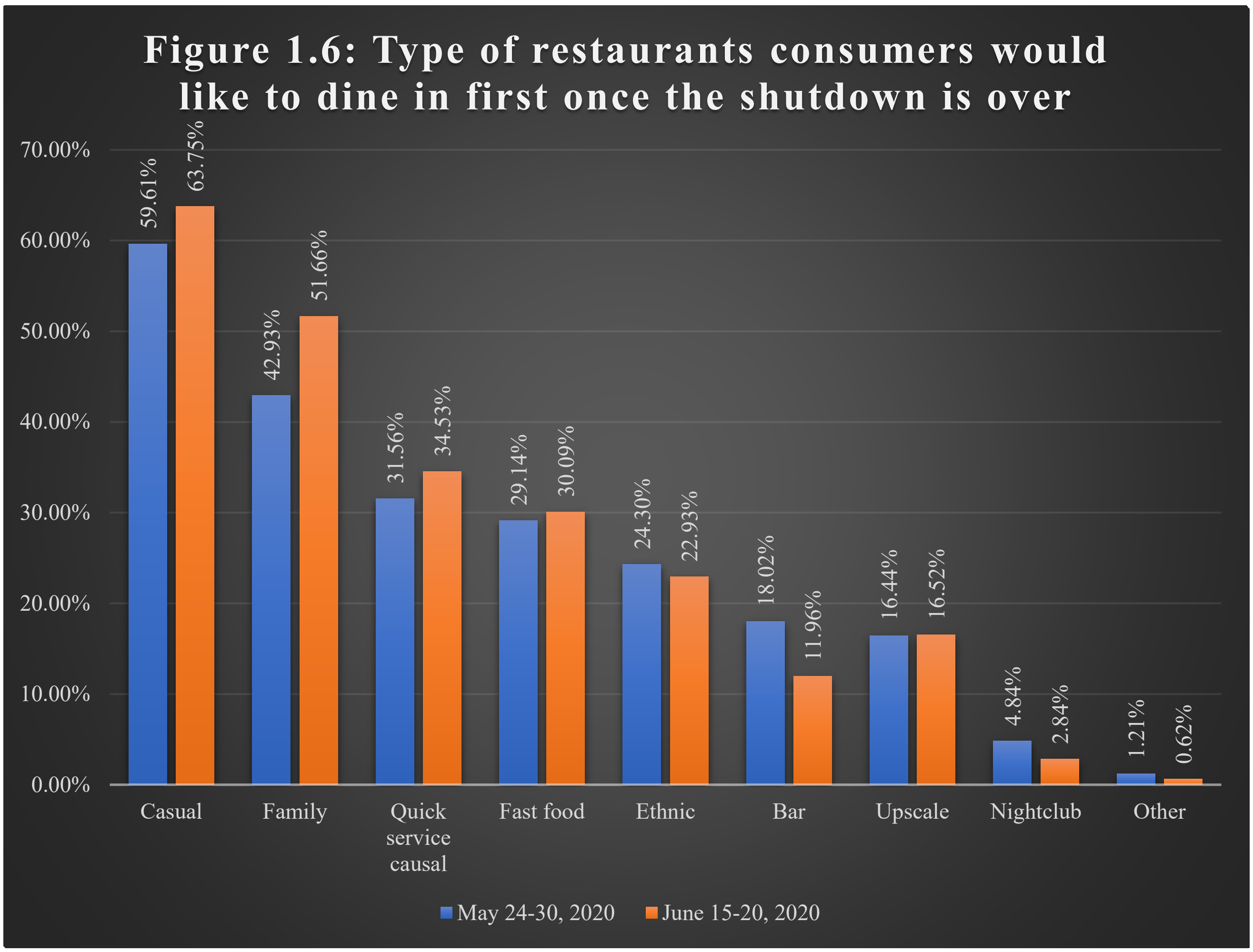
The percentage of customers who are willing to pay more at sit down restaurants that implement increased safety precautions went down slightly while the percentage of customers who are not willing to pay more at sit down restaurants that implement increased safety precautions increased slightly compared to those who responded the survey between May 24 and May 30, 2020.



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 types they would like to dine in first. As presented in Figure 1.6, restaurants that offer casual dining experiences (63.75 %) are the first choice, followed by family style restaurants (51.66 %) and fast casual restaurants (34.53 %).

While slightly more customers indicated higher intention to visit restaurants that offer casual dining experiences, family style restaurants, and fast casual restaurants, there was a significant decrease in the percentage of customers who would go to bars compared to those who responded the survey between May 24 and May 30, 2020.

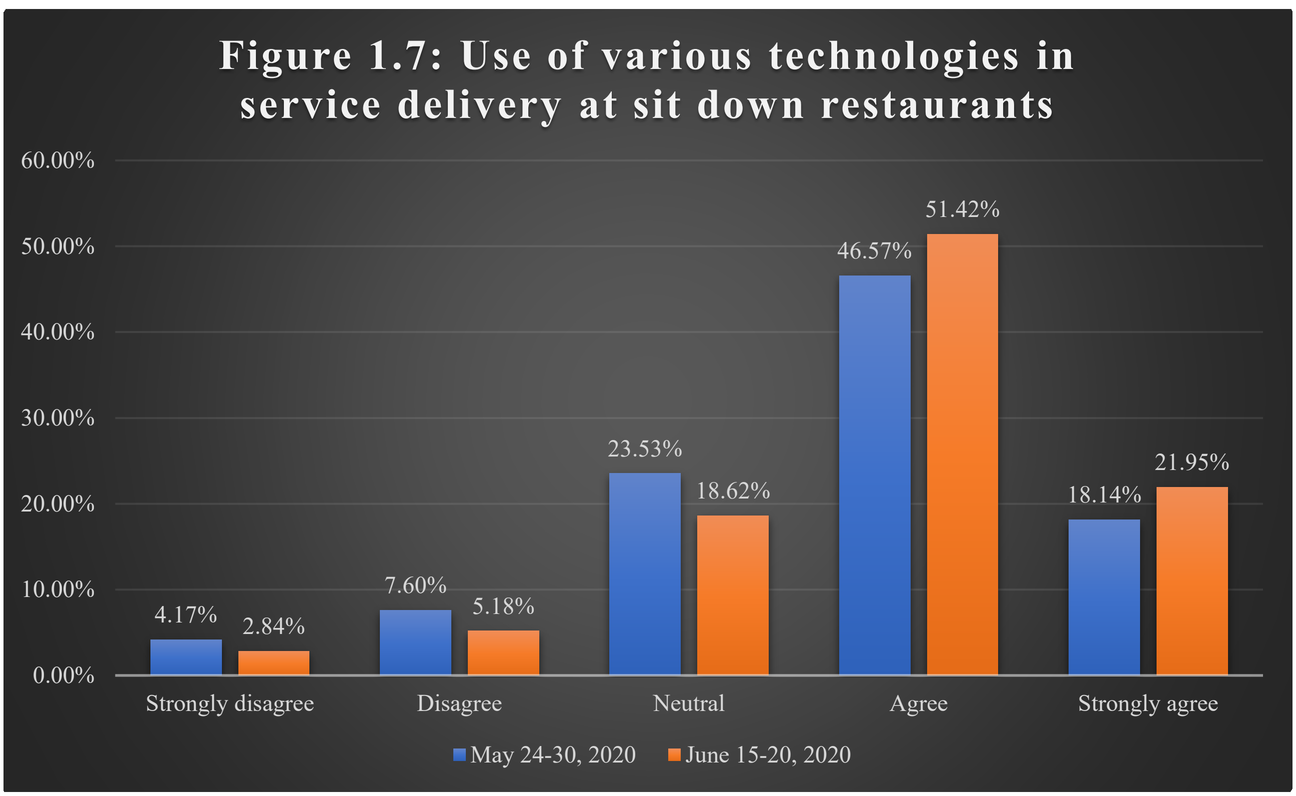


Note: Respondents were asked to indicate their top 2 choices.

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 (51.42%) or strongly agreed (21.95%) with the statement.

The percentage of customers who agreed/strongly agreed 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 increased slightly compared to those who responded the survey between May 24 and May 30, 2020.



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

Main Finding:

- Most respondents (50.06%) are not willing to travel to a destination and stay at a hotel in mid-July or August.
    - Decreased by 7 percent compared to two weeks ago.

- 35.14 percent is willing to travel to a destination and stay at a hotel in mid-July or August.
    - Increased by 11.59 percent compared to two weeks ago.

- Only 11.83 percent is willing travel to a destination and stay at a hotel.
    - 33.66 percent will wait at least 3-6 months or longer to travel to a destination and stay at a hotel.
    - 19.36 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.
    - Increased by 8.16 percent compared to two weeks ago.
    - 15.78 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.

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

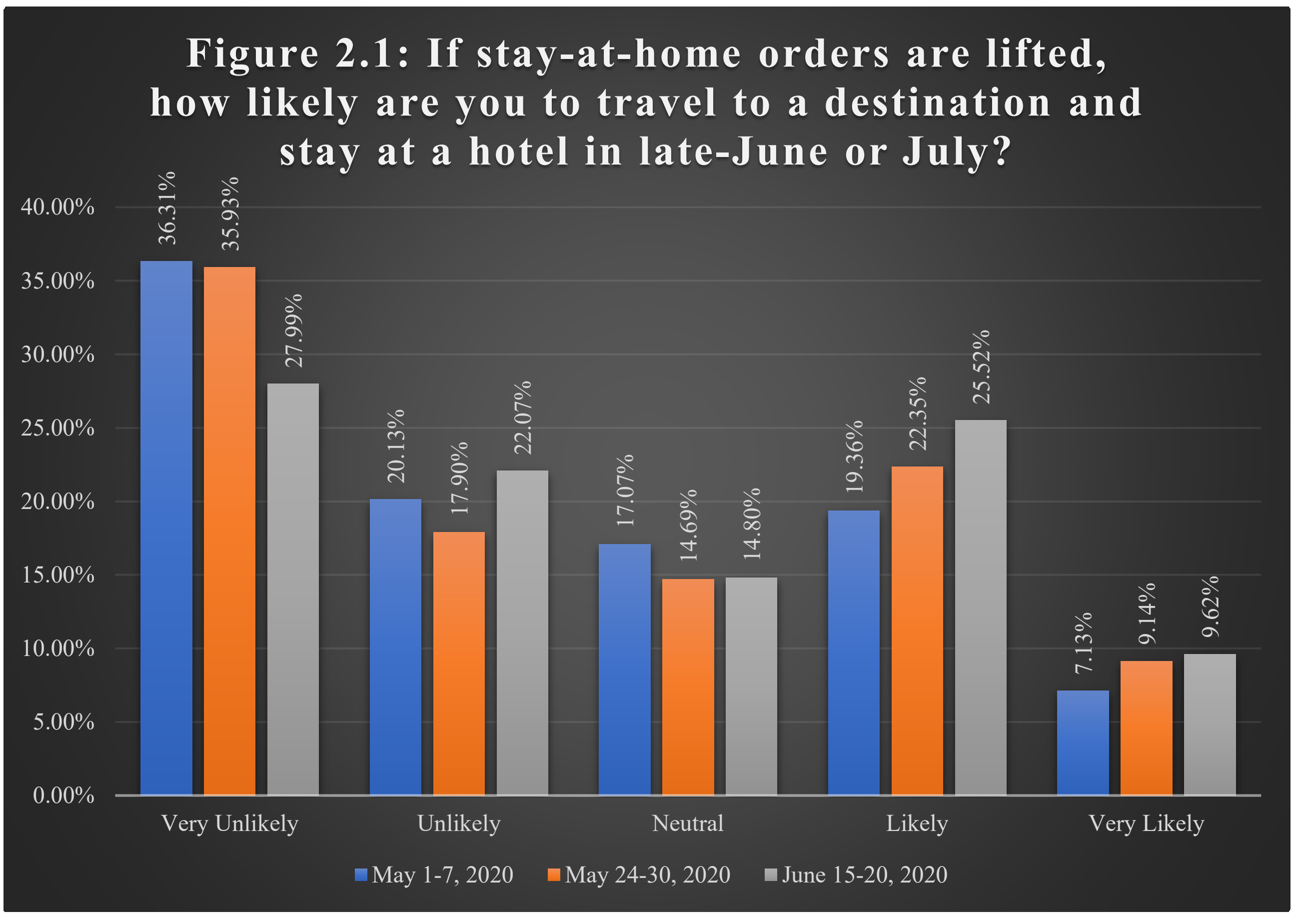
- Most travelers prefer using their own personal vehicles (84.39 percent) while 6.32 percent indicated preference for air travel.

- While 37.24 percent is willing to pay more at a hotel that implements increased safety precautions, 34.40 percent expects hotels to implement increased safety precautions without additional cost to customers.
    - Percentage of customers who is willing to pay more at a hotel that implements increased safety precautions slightly decreased while the percentage of customers is not willing to pay more decreased slightly.

2.1: Assuming that the stay-at-home orders have already been lifted, how likely are you to travel to a destination and stay at a hotel in mid-July or August?

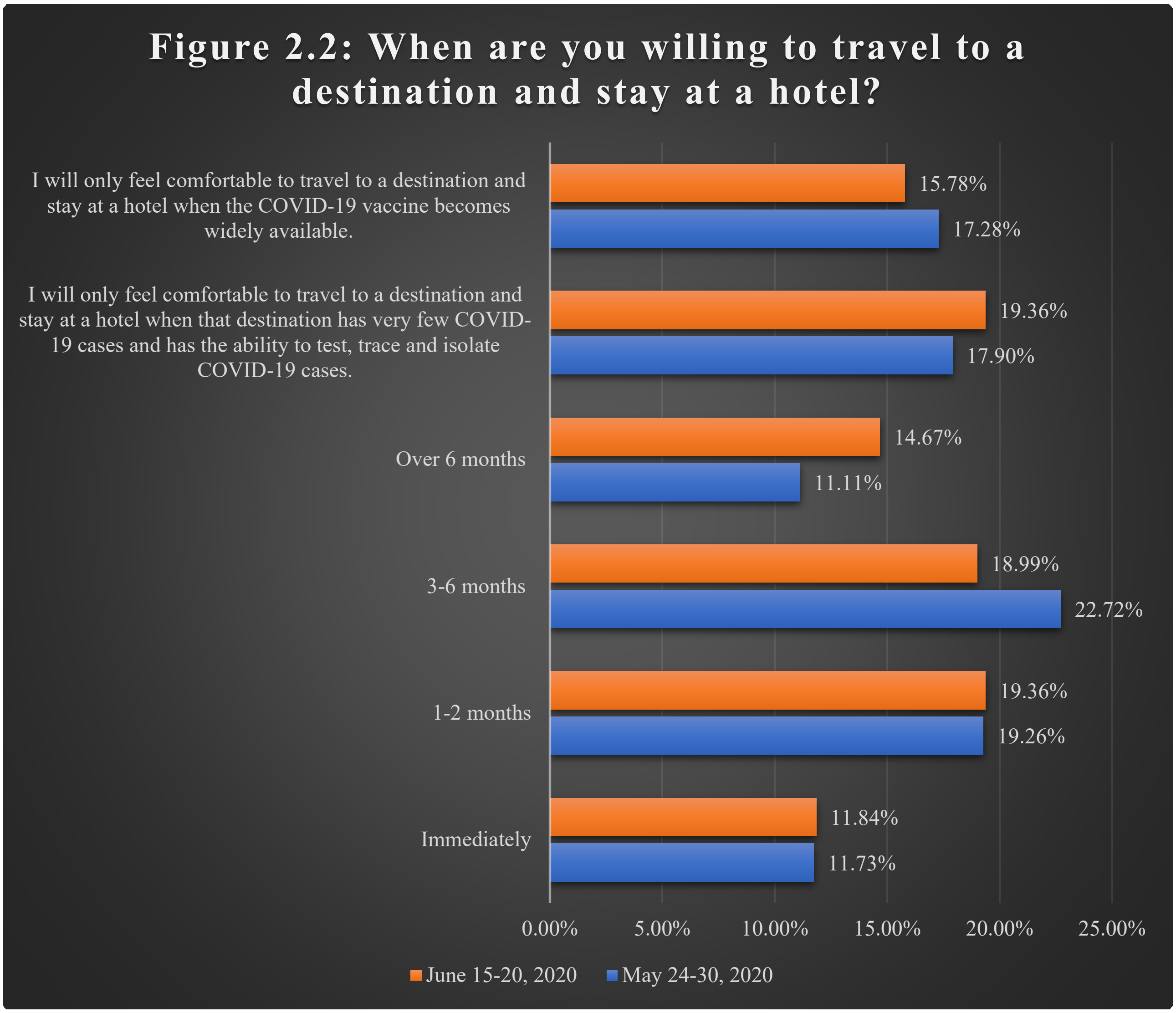
As presented in Figure 2.1, most customers are not willing to travel to a destination and stay at a hotel any time soon. Around half (50.06 %) indicated that even they are able to travel, , it is very unlikely (27.99%) or unlikely (22.07%) for them to travel to a destination and stay at a hotel in mid-July or August. Only 9.62 percent indicated that it is very likely and around a quarter (25.52%) said it is likely.

Customers who responded to the survey between June 15 and June 20, 2020 indicated higher likelihood to travel and stay at a hotel compared to customers who responded the survey between May 1 and May 7, and May 24 and May 30, 2020.



2.2: When are you 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 11.84 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 (19.36 %) said that they would wait for around 1-3 months and 33.66 percent indicated that they would wait even longer (> 3 months).

Around 19 percent (19.36 %) 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 16 percent (15.78 %) indicated that they will only feel comfortable to travel to a destination and stay at a hotel when the COVID-19 vaccine becomes available.

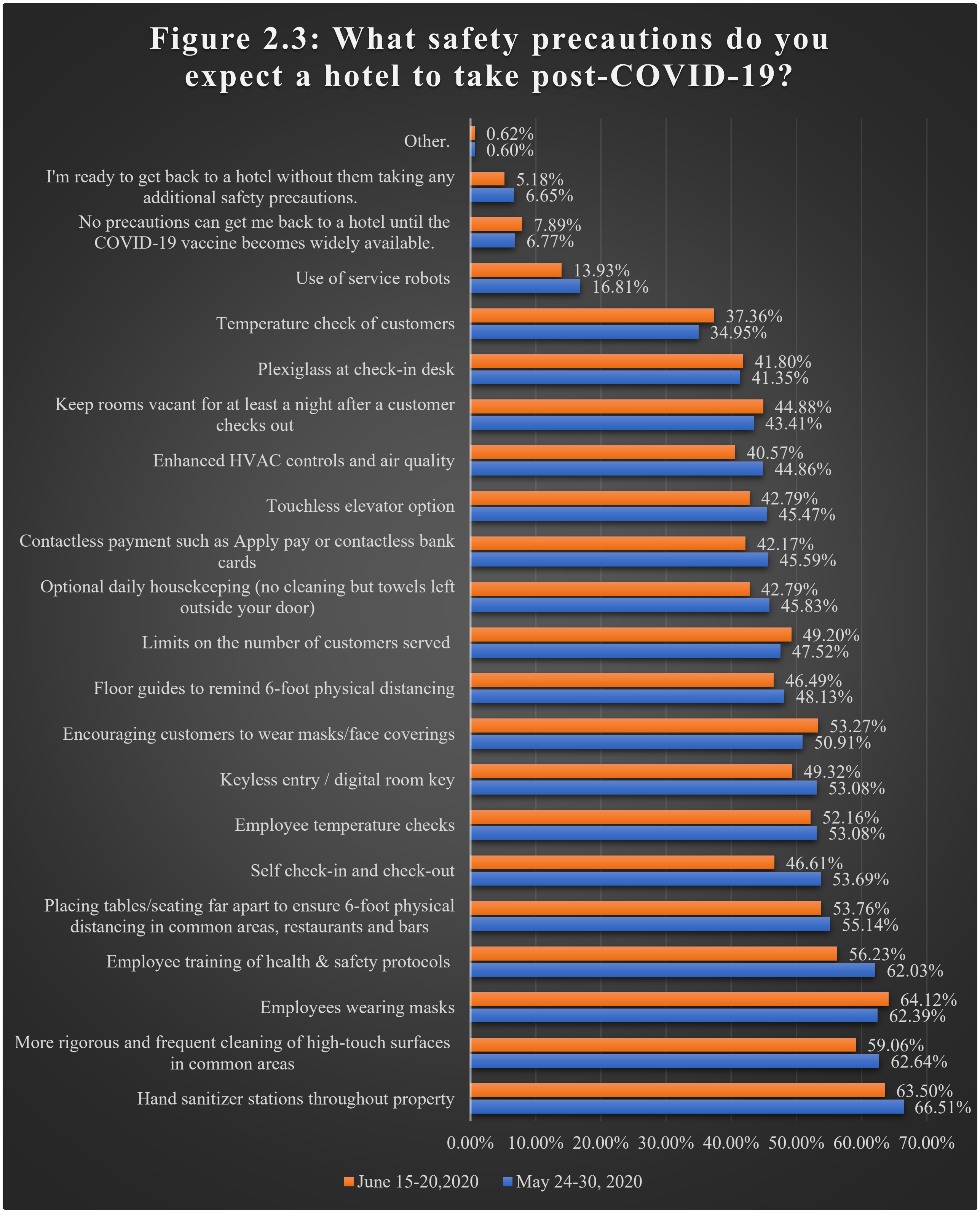
Consumers who responded to the survey between June 15 and June 20, 2020 indicated a lower likelihood to travel to a destination and stay at a hotel until they see that the destination has very few COVID-19 cases and has the ability to test, trace and isolate COVID-19 cases compared to consumers who responded to the survey between May 24 and May 30, 2020.

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

Customers were asked to indicate all safety precautions they expect a hotel to take post COVID-19. Around 93 percent of customers indicated that they expect hotels to take some safety precautions. Only a small percentage 6.65%) stated that they were ready to get back to a hotel without them taking any additional safety precautions. 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.

Consumers who responded to the survey between June 15 and June 20, 2020 indicated a higher preference for temperature check of customers, limiting number of customers served and employees wearing face masks compared to consumers who responded to the survey between May 24 and May 30, 2020.

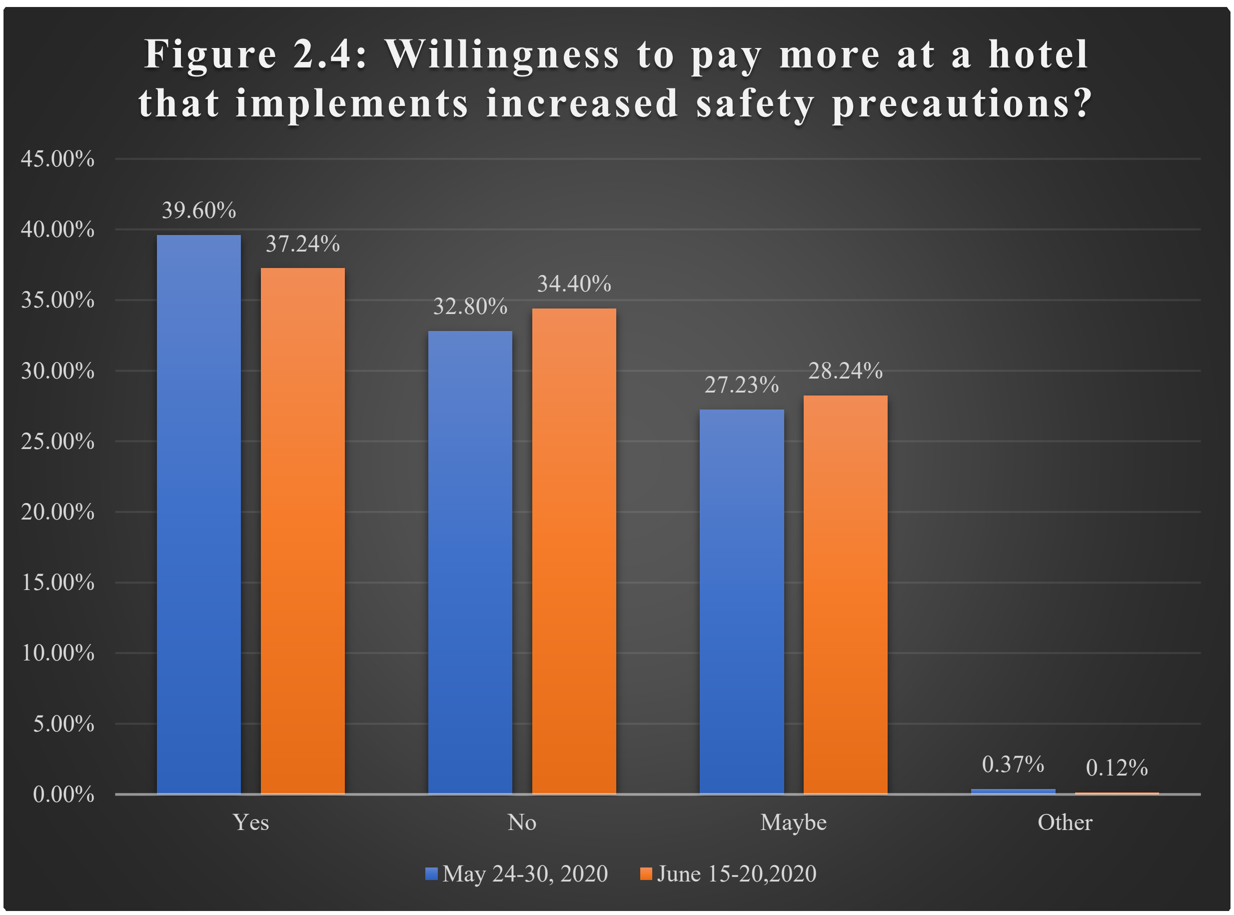


Note: Respondents were asked to indicate all of the safety precautions they expect a hotel to take post COVID-19.

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

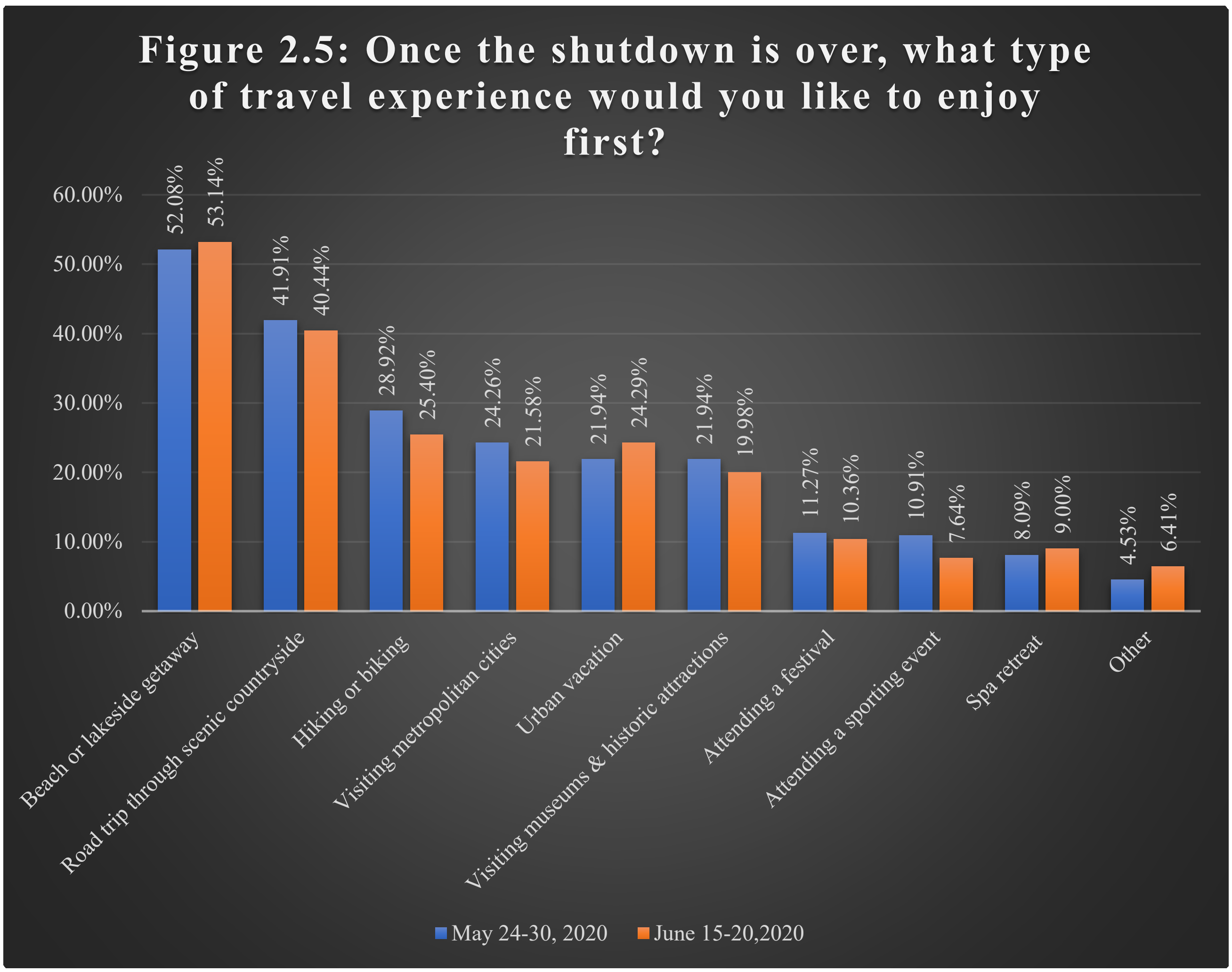
Consumers were asked to indicate if they are willing to pay more at hotels that that implement increased safety precautions. As presented in Figure 2.4, about 37 percent (37.24%) indicated that they are willing to pay more while another one third (34.40%) expects hotels to implement increased safety precautions without additional cost to customers.

The percentage of customers who are willing to pay more at hotels that implement increased safety precautions went down slightly while the percentage of customers who are not willing to pay more at hotels that implement increased safety precautions increased slightly compared to those who responded the survey between May 24 and May 30, 2020.



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 (53.14%) is the first travel experience consumers would like to enjoy, followed by road trips through scenic countryside (40.44%), hiking or biking (25.40%), visiting metropolitan cities (21.58%), urban vacations (24.29%) and visiting museums and historical sites (19.98%). Attending a festival (10.36%), attending a sporting event (7.64%) and spa retreat (9%) are the least desired experiences. These findings are consistent with those from two weeks ago.

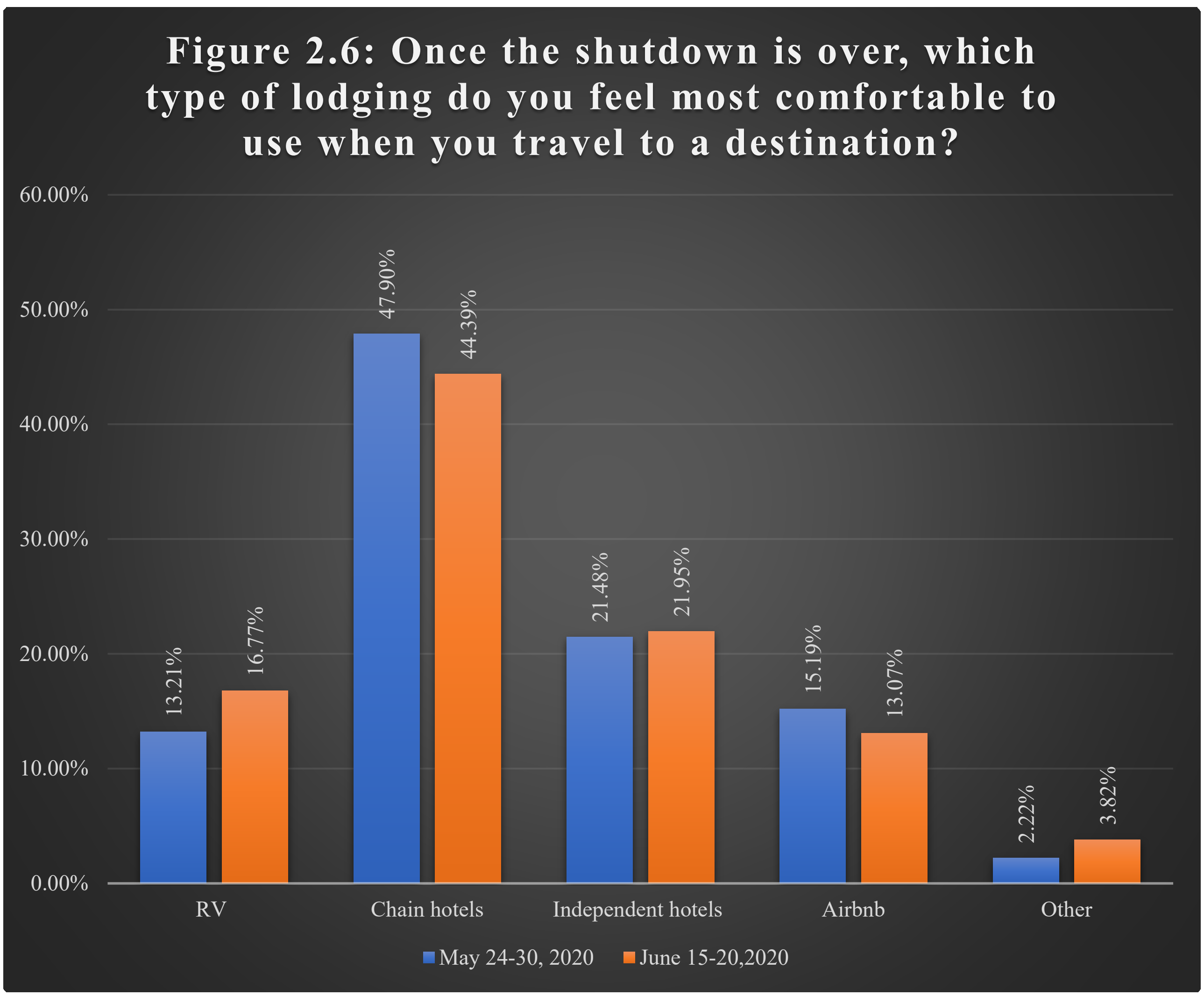


Note: Respondents were asked to indicate the top two travel experiences they would like to enjoy first once the shutdown is over.

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

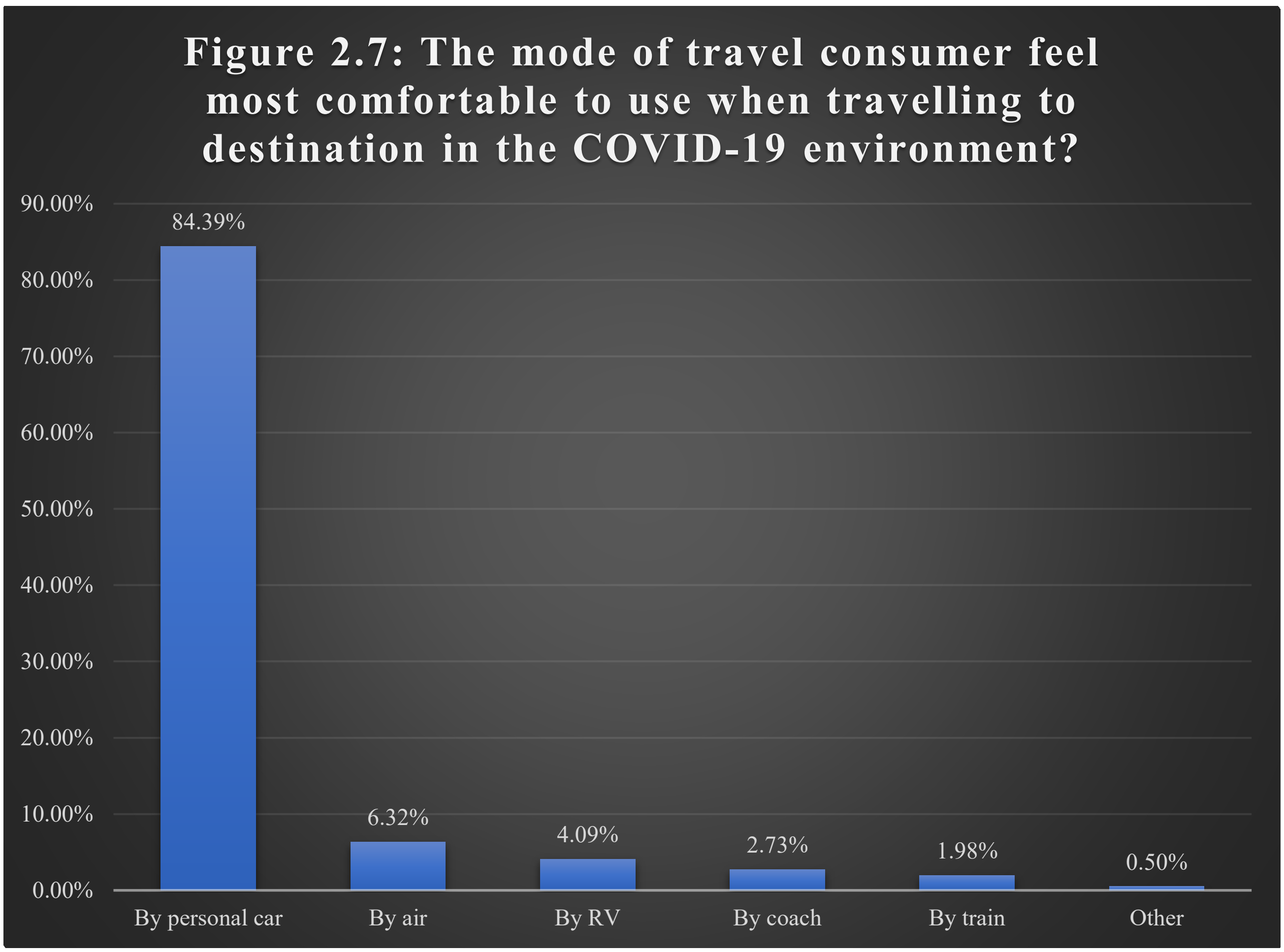
Respondents were asked to indicate the type of lodging they would consider staying at post COVID-19. Traditional hotel industry is found to be clearly winning here. Chain hotels (44.39%) are the most preferred type of lodging when they travel to a destination, followed by independent hotels (21.95%). Small portion of respondents felt comfortable to stay at an Airbnb (13.07%) or an RV (16.77%).

More consumers indicated a preference for RVs while preference for chains hotels decreased compared to those who responded the survey between May 24 and May 30, 2020.



2.7: Which mode of travel do you feel most comfortable to use when you travel to a destination in the COVID-19 environment?

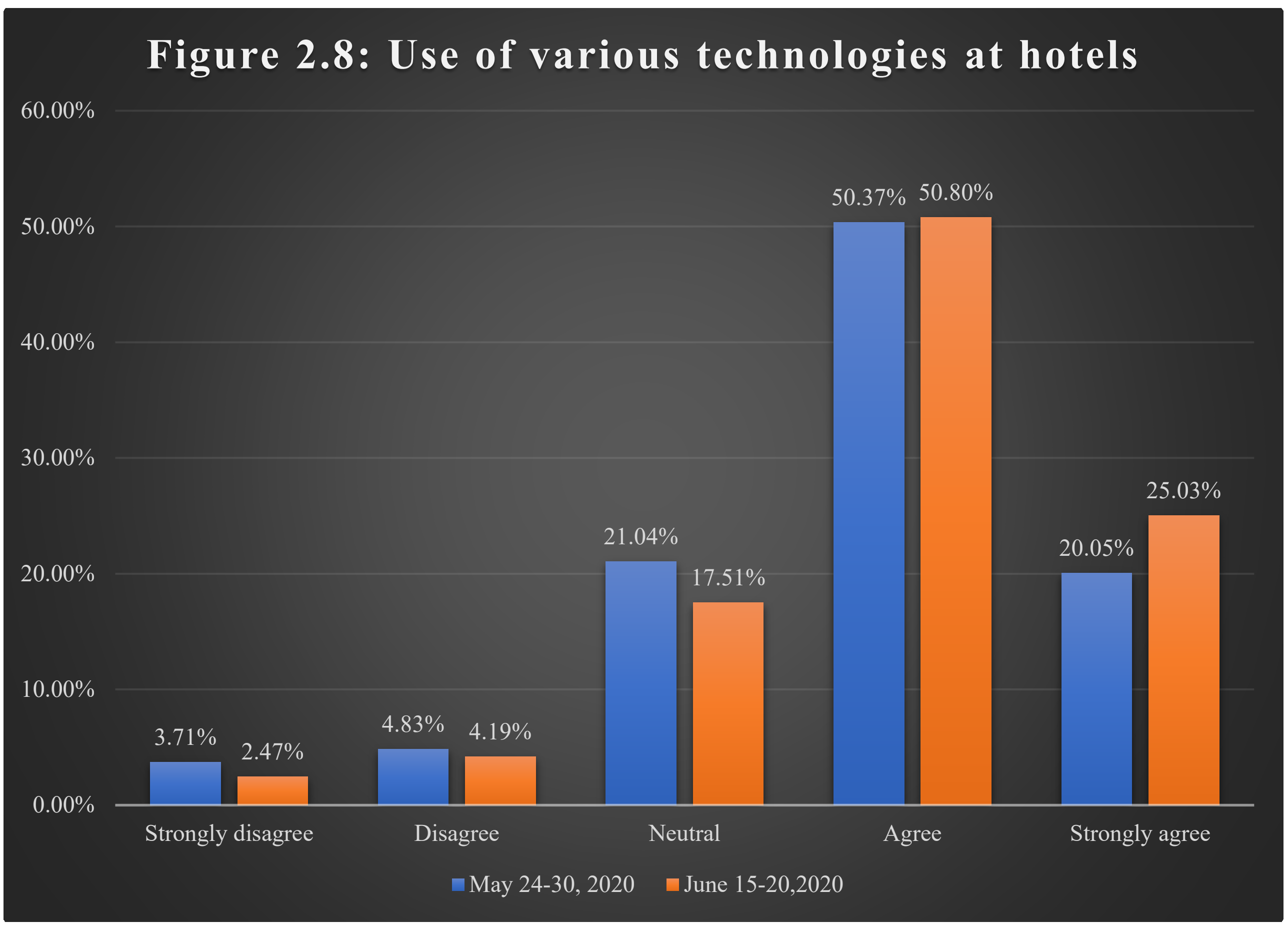
Respondents were asked to indicate mode of travel they feel most comfortable to use when traveling to a destination in the COVID-19 environment. As presented in Figure 2.7, traveling by personal car (84.39%) is the most preferred mode of transportation followed by air travel (6.32%). Around 4 percent of the respondents indicated a preference for recreational vehicles (RV), 2.73 percent indicated a preference for coach and 1.98% for train.



2.8: 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 2.8, a majority of the respondents agreed (50.80%) or strongly agreed (25.03%) with the statement.

The percentage of customers who strongly agreed with the statement that the use of various technologies in service delivery at hotels will be necessary in the post COVID-19 environment in order to minimize human-to-human contact increased significantly compared to those who responded the survey between May 24 and May 30, 2020.



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	75.34%
Yes, I am 65 years or older	6.29%
Yes, I live in an Assisted Living Facility	1.48%
Yes, I am immune compromised	5.67%
Yes, I have an underlying health condition (such as: heart disease, lung disease or severe asthma, diabetes, obesity, kidney disease, liver disease)	11.22%

Gender	
Male	40.44%
Female	59.31%
Other	0.25%

Age	
18-25	15.29%
26-34	31.07%
35-54	38.10%
55-64	9.49%
65 or over	6.04%

Marital Status	
Single	31.20%
Married	52.65%
Divorced	6.66%
Widowed	2.84%
Live together	6.66%

Region of the USA respondents reside

Central Region	18.87%
Northeast Region	23.80%
Southern Region	35.39%
Western Region	21.95%