COVID-19 Study 5 Report:
Restaurant and Hotel Industry

Restaurant and hotel customers' sentiment analysis

(Data collected August 1 - 7, 2020)

Would they come back? If they would, WHEN?

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This report presents the summary findings of the fifth study that was conducted between August 1 and August 7, 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.

August 10, 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 fifth study that investigated individuals' sentiments towards re-patronizing hotels and sit-down restaurants in the time of coronavirus, based on the data collected from 820 American consumers between August 1 and August 7, 2020. The first study was conducted between May 1 and 7, 2020, the second study was conducted between May 24 and May 30, 2020, the third study was conducted between June 15 and June 20 and the fourth study was conducted between July 5 and July 11.

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

Part 1: Customers' Sentiment towards Dine-in Restaurants

Main Finding:

- 82.08 percent of the respondents indicated that restaurants have already been reopened in their communities.
    - Of the 82.08 percent of the respondents, 37.89 percent have already dined in at a sit-down restaurant once or more during the previous week
        - a 9.82 percent increase compared to the number consumers who dined in at a sit-down restaurant once or more two-weeks ago.
    - 68.91 percent of the respondents have not dined in at a sit-down restaurants during the previous week.

- 50.12 percent are not willing to dine in at a restaurant immediately.
    - Increased by .56 percent compared to two weeks ago.

- 18.54 percent indicated that it is very likely they will dine in at a restaurant immediately.
    - The number of consumers who would dine out immediately is increased by 85.21 percent compared to two weeks ago.

- 22.32 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.
    - Increased by 2.72 percent compared to two weeks ago.

- 21.34 percent indicated that they will only feel comfortable to dine in at a sit-down restaurant when the COVID-19 vaccine becomes available.
    - Decreased by 1.79 percent compared to two weeks ago.

- Visible sanitizing efforts (such as hand sanitizers at the entry, staff wearing mask), implementing social distancing, encouraging customers to wear masks, 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.

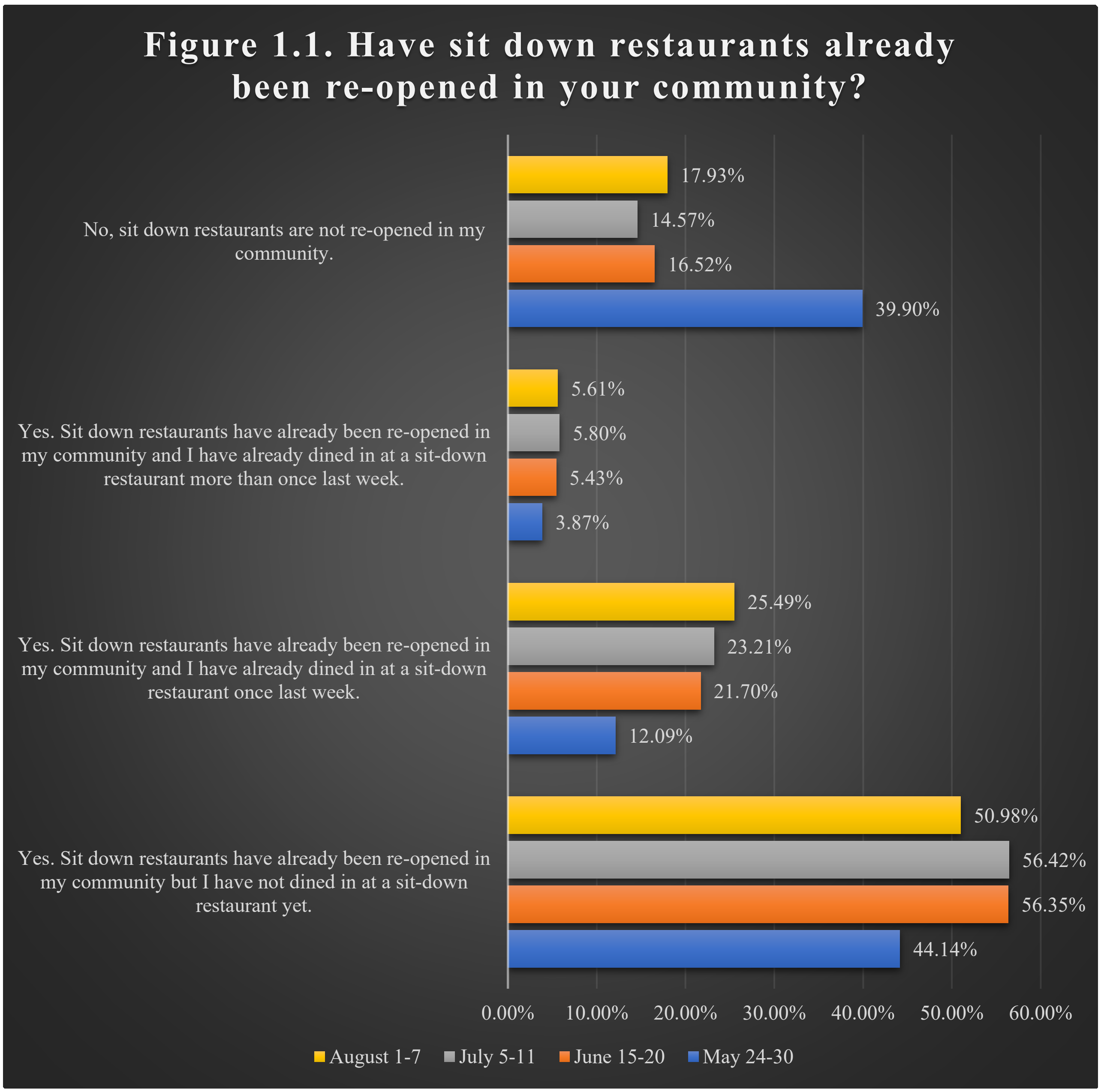
- While 36.46 percent indicated a willingness to pay more at sit-down restaurants that implement increased safety precautions, 34.63 percent expected sit-down restaurants to implement increased safety precautions without passing the cost to the customers.
    - While willingness to pay more is increased by 0.44 percent, the percentage of customers who expect sit-down restaurants to implement increased safety precautions without passing the cost to the customers is decreased by 8.73 percent.

- A large portion of the respondents (71.22 percent) agreed that use of various technologies in service delivery at sit down restaurants will be necessary in the during 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, 82.08 percent of the respondents indicated that restaurants have already been re-opened in their communities.

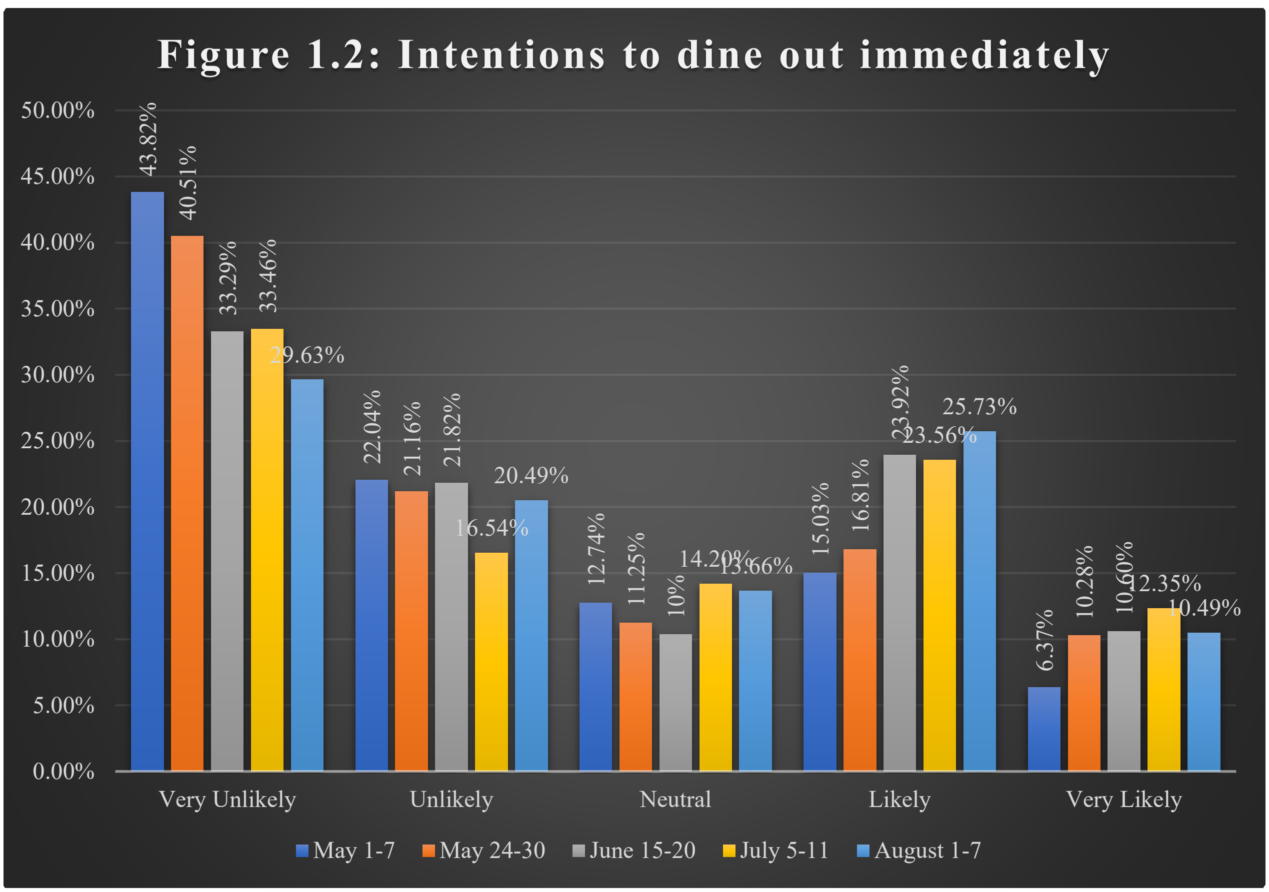
- Of the 82.08 percent of the respondents, 37.89 percent have already dined in at a sit-down restaurant once or more during the previous week
    - a 9.82 percent increase compared to the number consumers who dined in at a sit-down restaurant once or more two-weeks ago.
- 68.91 percent of the respondents have not dined in at a sit-down restaurants during the previous week.



1.2: Intentions to dine in at a sit-down restaurant immediately?

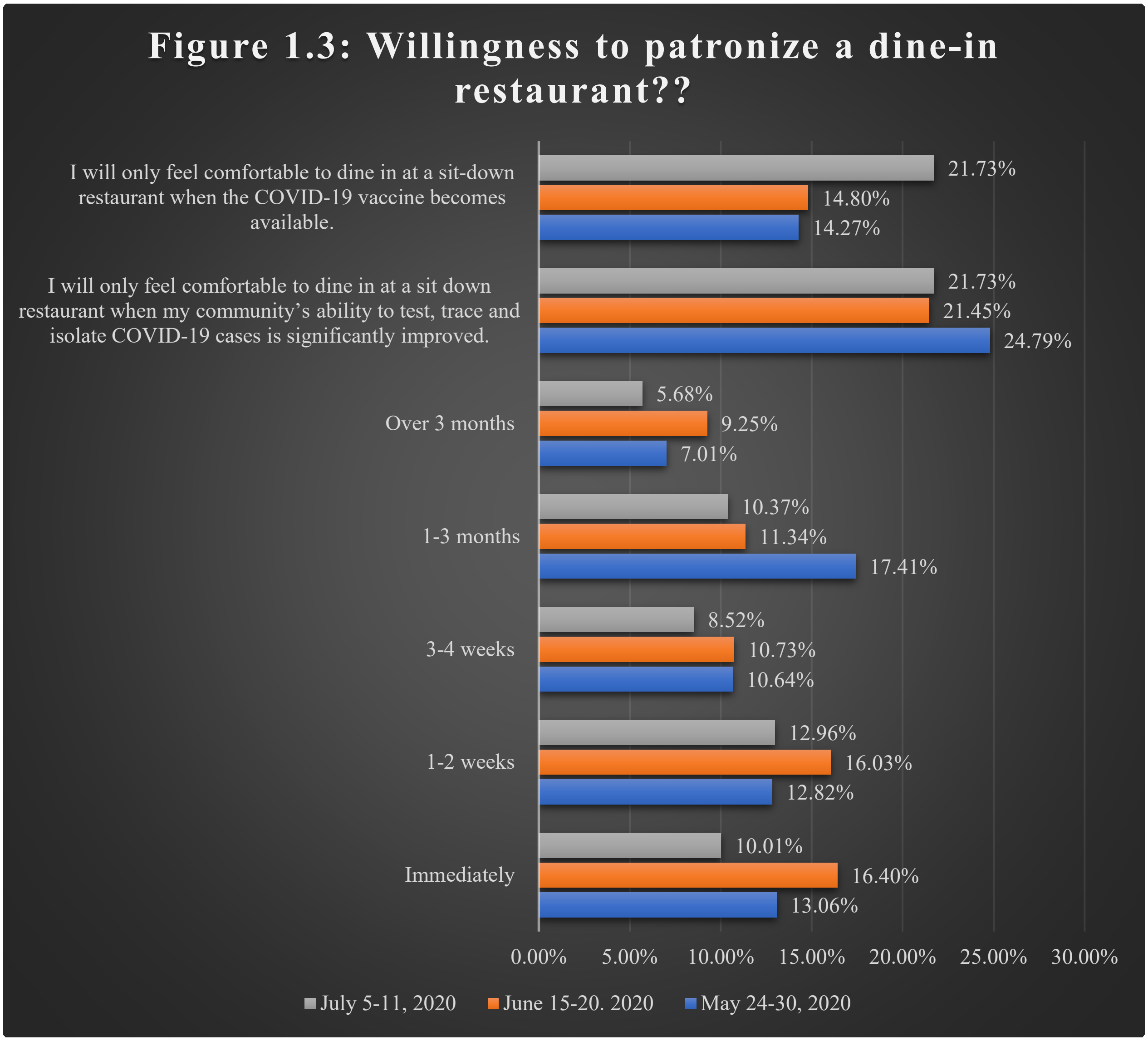
As presented in Figure 1.2, even though the percentage of customers who indicated that they are willing to dine in at a sit-down restaurant continues to increase, findings still suggest that re-opening the sit-down restaurants will not bring customers back immediately. A large portion indicated that they are not willing to dine in at a restaurant immediately. Close to two-thirds of the respondents stated that it is very unlikely (29.63%) or unlikely (20.49) that they would start dining in at sit-down restaurants. Only 10.49 percent indicated that they are very likely patronize dine-in restaurants while 25.73 percent indicated that they are warm to the idea (likely).

Consumers who respondent to the survey between August 1 and August 7, 2020 indicated a slightly higher likelihood to patronize sit-down restaurant immediately, compared to those who responded the survey during the previous rounds of data collection since the beginning of the COVID-19 pandemic. 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: Willingness to patronize a dine-in restaurant

As presented in Figure 1.3, most customers are not willing to dine in at a sit-down restaurant. Only 18.54 percent indicated that they would dine out at a restaurant immediately after the reopening. The number of consumers who would dine out immediately is increased by 85.21 percent compared to two weeks ago.



A large portion of the customers would delay dining out until they feel more comfortable. Over 5 percent (5.61%) said that they would wait for around 1-3 months and 8.05 percent indicated that they would wait even longer (over 3 months). However, , the number of consumers would dine out immediately is increased by 85.21 percent compared to two weeks ago.

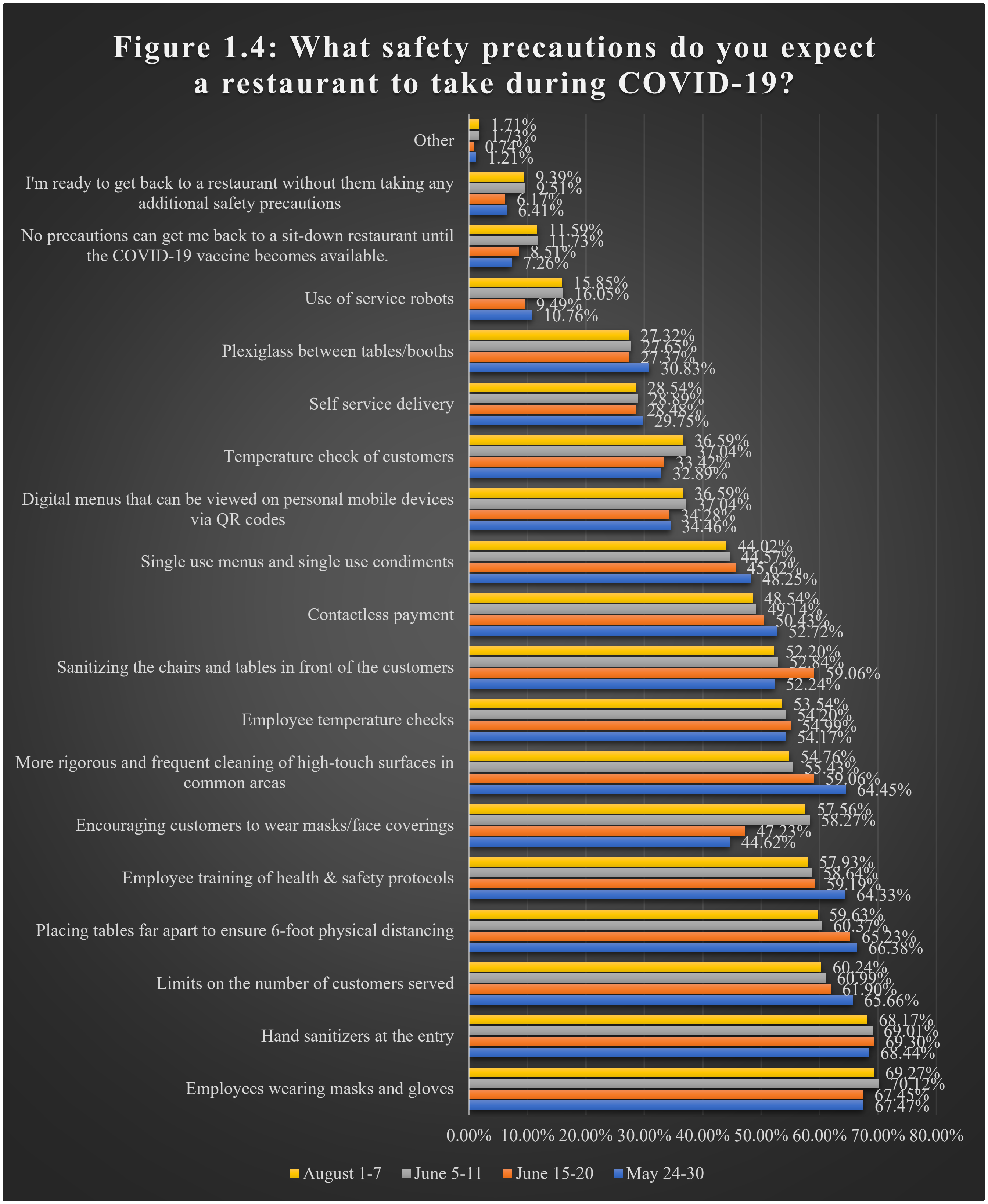
Around one fifth of the customers (22.32%) indicated that they will only feel comfortable to dine in at a sit-down restaurant when their communities' ability to test, trace and isolate COVID-19 cases is significantly improved. There was a 2.72 percent increase compared to two weeks ago

Over 21 percent (21.34%) indicated that they will only feel comfortable to dine in at a sit-down restaurant when the COVID-19 vaccine becomes available. Percentage of consumers who indicated that they would only feel comfortable to dine in at a sit-down restaurant when the COVID-19 vaccine becomes available is decreased by 1.79 percent compared to two weeks ago.

Customers who responded to the survey between August 1-7, 2020 indicated a higher likelihood to patronize sit-down restaurant immediately or within 1-2 weeks, compared to those who responded the survey two weeks ago.

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

Customers were asked to indicate all safety precautions they expect to take place at dine-in restaurants during COVID-19 pandemic. As presented in Figure 1.4, around 90.61 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, sanitizing the chairs and tables in front of the customers), employees wearing masks and gloves, implementing social distancing, limiting the number of customers served, employee temperature checks, 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, and single use menus and single use condiments are also highly desired. It is also interesting to see that while customers expect employees to undergo temperature check, they expect less for themselves to do so.

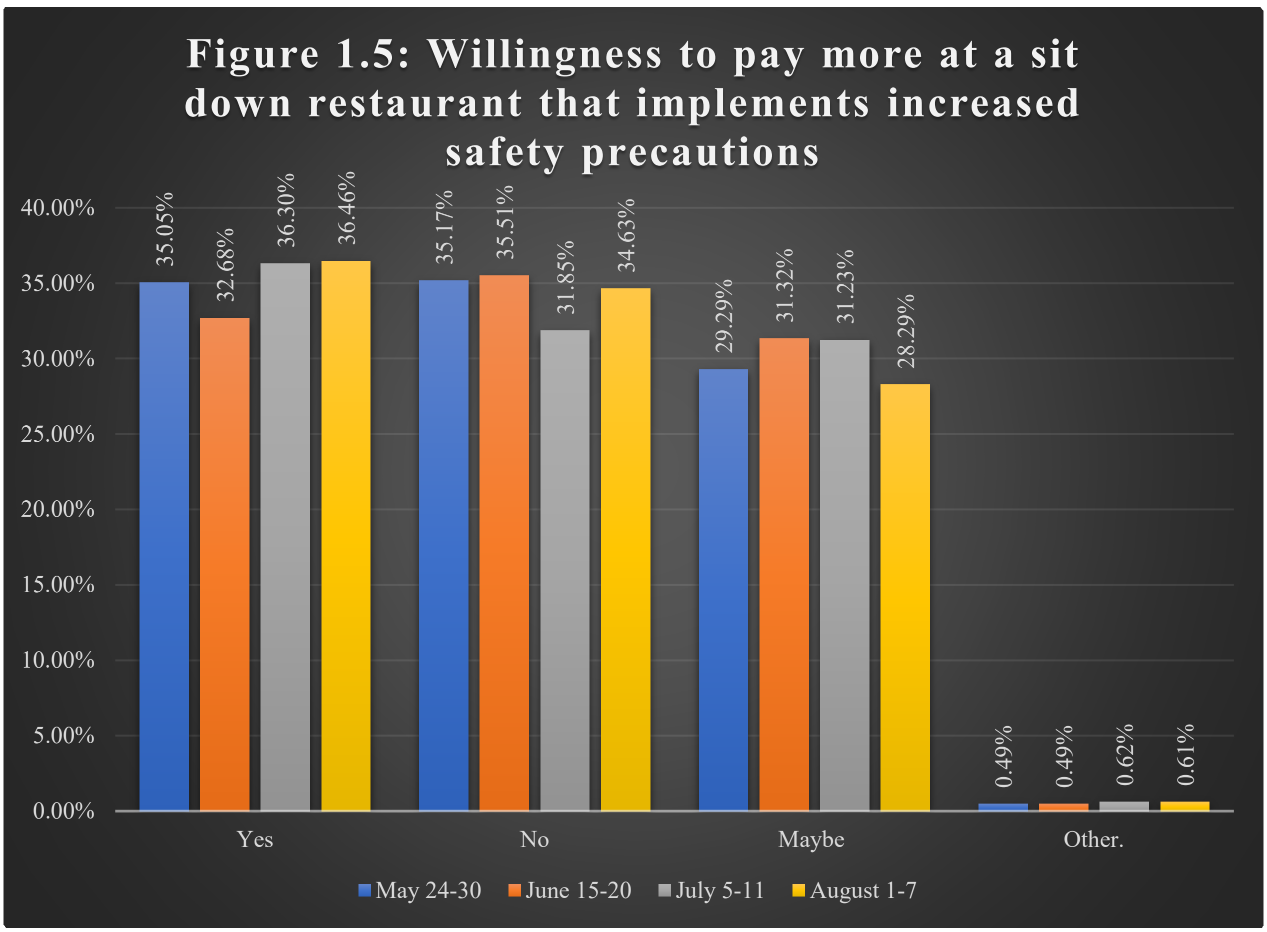


Note: Respondents were asked to indicate all safety precautions they expect to take at dine-in restaurants during COVID-19.

1.5: Willingness 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.

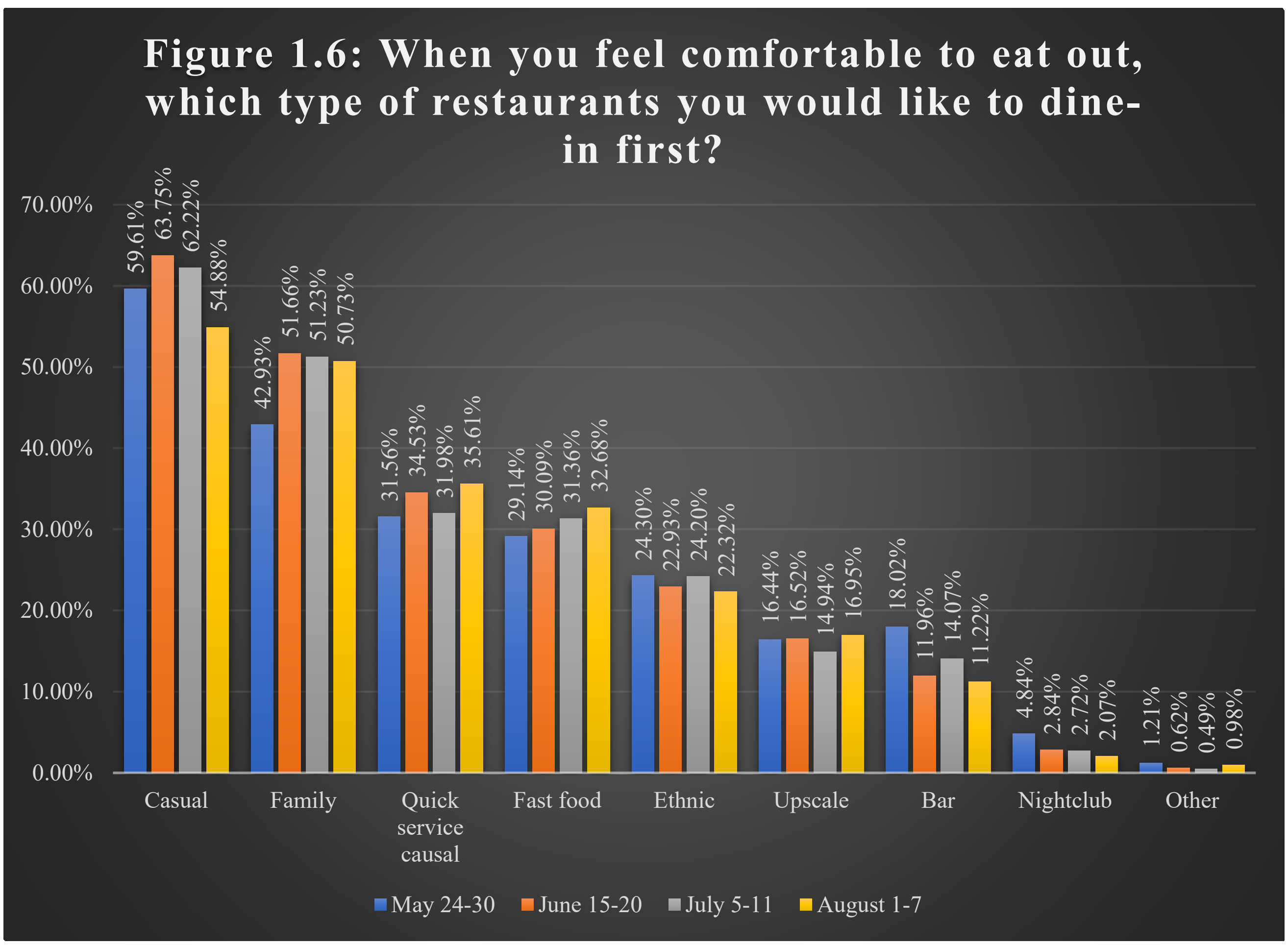
The percentage of customers who are willing to pay more at sit down restaurants that implement increased safety precautions increased slightly while the percentage of customers who are not willing to pay more at sit down restaurants that implement increased safety precautions increased significantly (by 8.73 percent) compared to those who responded the survey between July 5-11, 2020.



1.6: When you feel comfortable to eat out, which type of restaurants you would 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 (54.88%) are the first choice, followed by family style restaurants (50.73 %) and quick service causal restaurants (35.61 %).

A lower percentage of customers indicated an intention to visit restaurants that offer casual dining experiences. However, the demand for quick service casual restaurants and upscale restaurants increased significantly while the demand for fast food and family style restaurants were similar to the demand levels reported two weeks ago. Demand for ethnic restaurants, bars and nightclubs increased compared to the levels reported two weeks earlier.

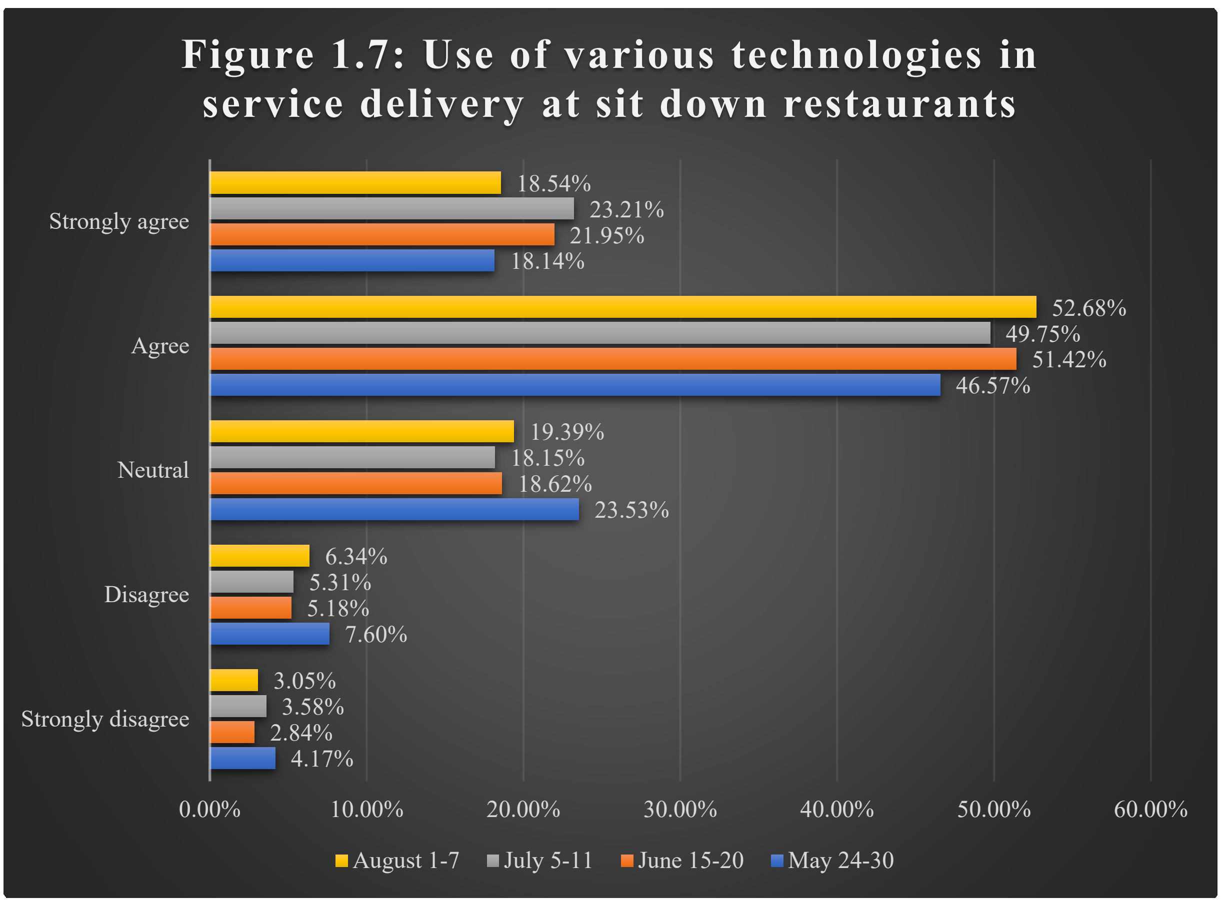


Note: Respondents were asked to indicate their top 2 choices.

1.7: Use of various technologies in service delivery at sit down restaurants

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 during 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 (52.68%) or strongly agreed (18.54%) 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 COVID-19 environment in order to minimize human-to-human contact is slightly decreased compared to those who responded the survey between July 5-11, 2020.



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

Main Finding:

- Almost half of the respondents (46.58%) are not willing to travel to a destination and stay at a hotel in late August or September.
  - Decreased by 7.98 percent compared to two weeks ago.

- 33.21 percent is willing to travel to a destination and stay at a hotel in in late August or September.
  - Increased by 6.87 percent compared to two weeks ago.

- Only 14.27 percent is willing travel to a destination and stay at a hotel.
  - 25.81 percent will wait at least 3-6 months or longer to travel to a destination and stay at a hotel.
  - 18.54 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.
    - Slightly decreased (2.47%) compared to two weeks ago.
  - 25.24 percent will only feel comfortable traveling to a destination and staying at a hotel when the COVID-19 vaccine becomes widely available.
    - Increased by 6.50 percent compared to two weeks ago.

- Visible sanitizing efforts (such as hand sanitizer stations throughout the property, staff and customers wearing mask), more rigorous and frequent cleaning of high-touch surfaces in common areas, employee temperature checks, 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.
  - Decreased by 3.81 percent compared to two weeks ago
  - While the demand for RVs and Airbnb accommodations stayed almost the same, demand for demand for independent hotels was significantly higher compared to two weeks ago.

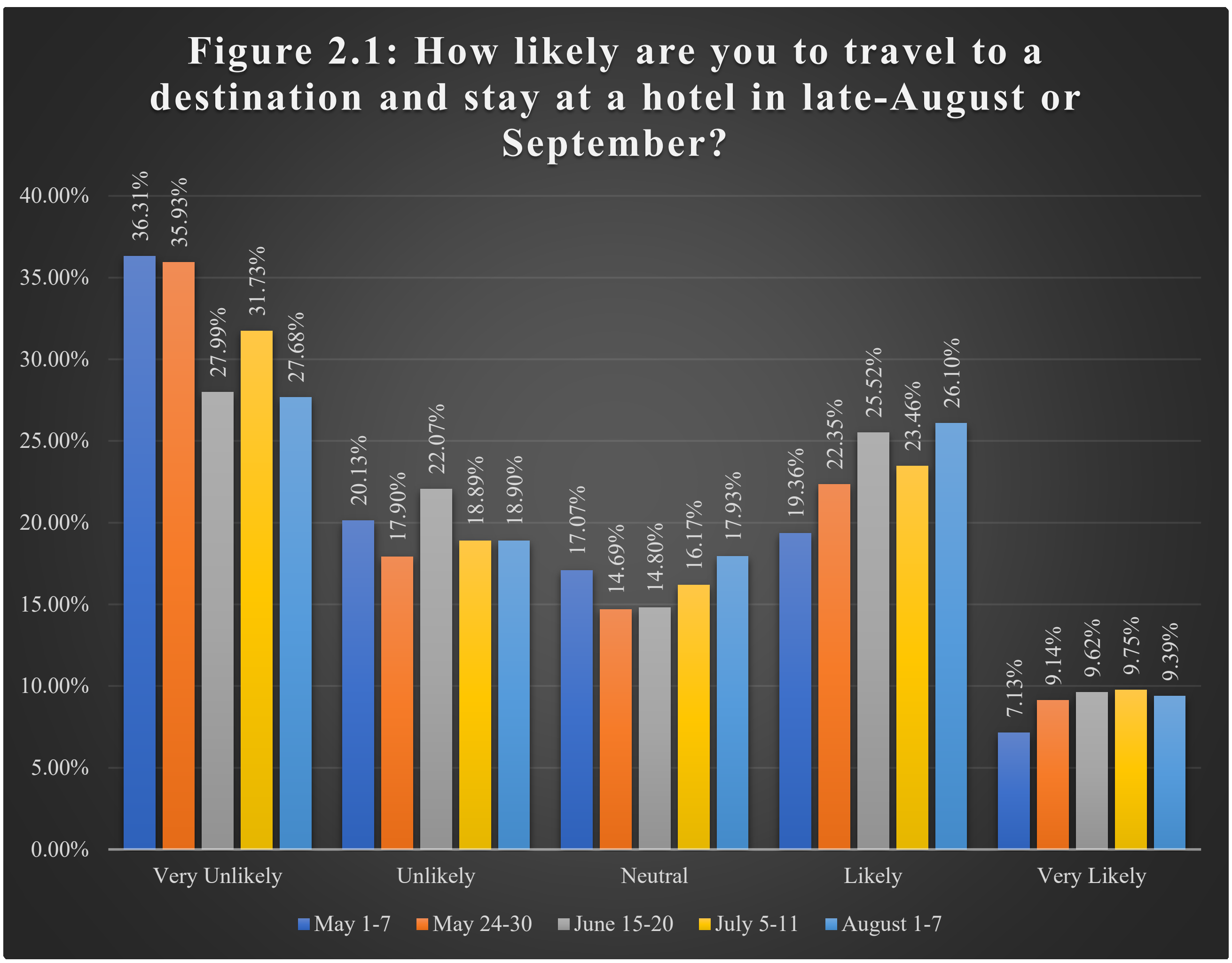
- Most travelers prefer using their own personal vehicles (81.71 percent) while 6.06 percent indicated preference for air travel.

- While 40.98 percent is willing to pay more at a hotel that implements increased safety precautions, 31.46 percent expects hotels to implement increased safety precautions without additional cost to customers.
  - Percentage of customers who are willing to pay more at a hotel that implements increased safety precautions is increased slightly while the percentage of customers who are not willing to pay more stayed the same compared to two weeks ago.

2.1: How likely are you to travel to a destination and stay at a hotel in late August or September?

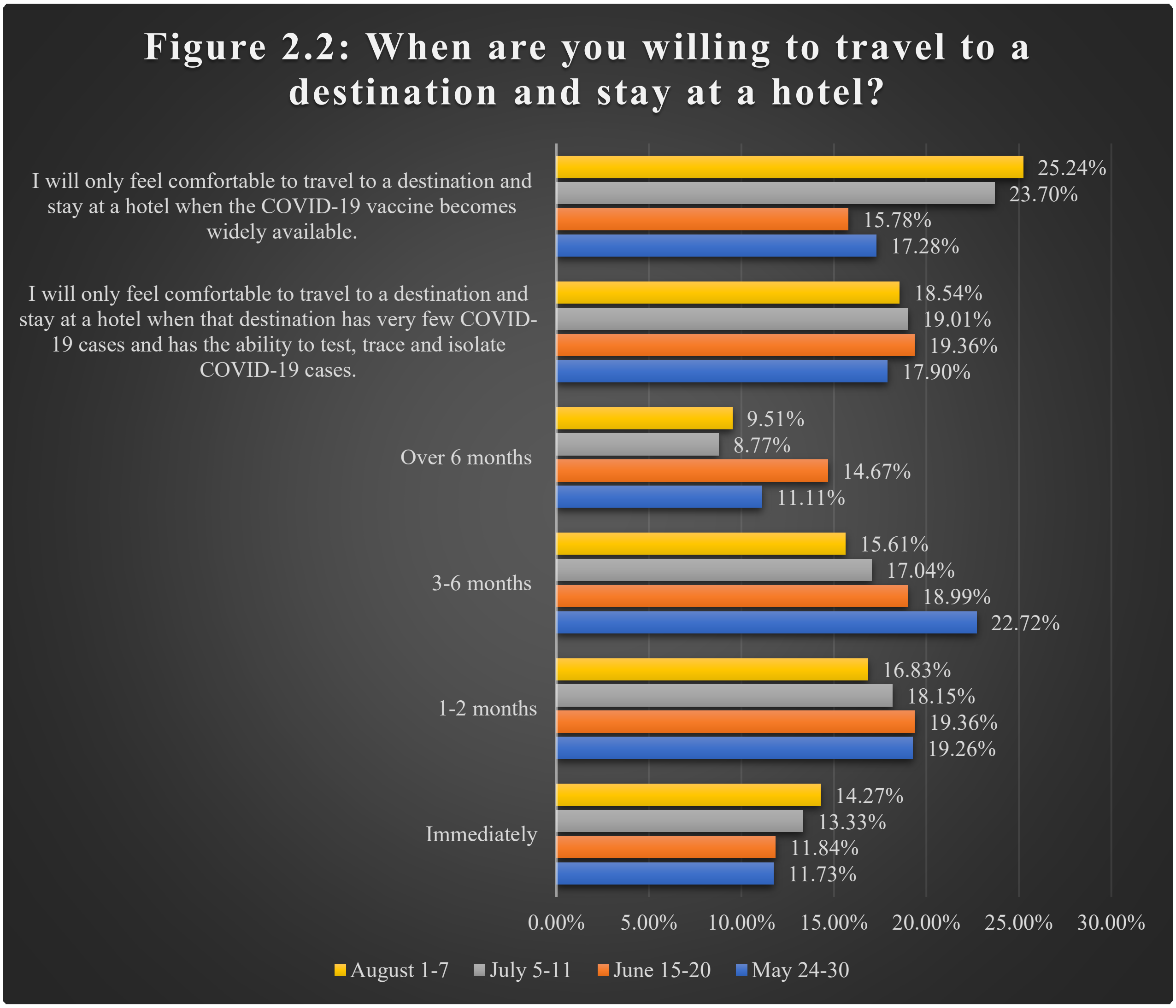
As presented in Figure 2.1, most customers are not willing to travel to a destination and stay at a hotel any time soon. Almost half (46.58 %) indicated that even they are able to travel, it is very unlikely (27.68%) or unlikely (18.90%) for them to travel to a destination and stay at a hotel in late August or September. Only 9.39 percent indicated that it is very likely and around a quarter (26.10%) said it is likely.

Percentage of consumers who are willing to travel to a destination and stay at a hotel in late August or September was 6.87 percent higher than customers' likelihood of traveling and staying at a hotel reported two weeks earlier.



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. Only 14.27 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 17 percent (16.83%) said that they would wait for around 1-2 months and 25.12 percent indicated that they would wait even longer (> 3 months).

Around 19 percent (18.54 %) 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 25 percent (25.24 %) indicated that they will only feel comfortable to travel to a destination and stay at a hotel when the COVID-19 vaccine becomes available, which is increased by 6.50 percent compared to two weeks ago.

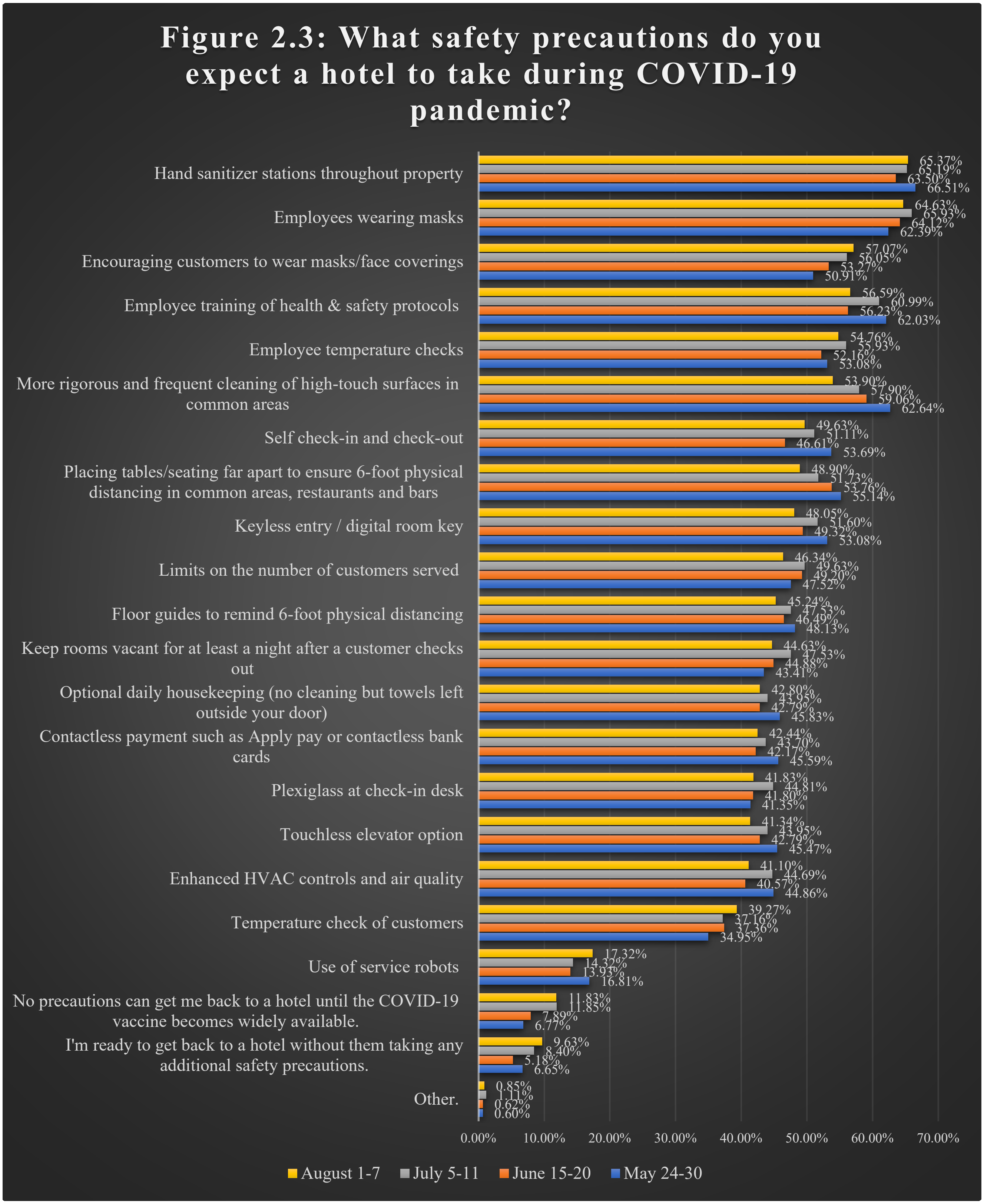
Consumers who responded to the survey between August 1-7, 2020 indicated a slightly lower likelihood to travel to a destination and stay at a hotel until they see that the destination has very few COVID-19 cases and has the ability to test, trace and isolate COVID-19 cases compared to consumers who responded to the survey two weeks earlier.

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

Customers were asked to indicate all safety precautions they expect a hotel to take during COVID-19 pandemic. Around 90 percent of customers indicated that they expect hotels to take some safety precautions. Only a small percentage (9.63%) 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), employees wearing masks, encouraging employees to wear masks, employee temperature check. 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 respondent to the survey between August 1-7, 2020 indicated a higher preference for encouraging customers to wear masks/face coverings and use of service robots in service delivery compared to those who responded the survey two weeks earlier.

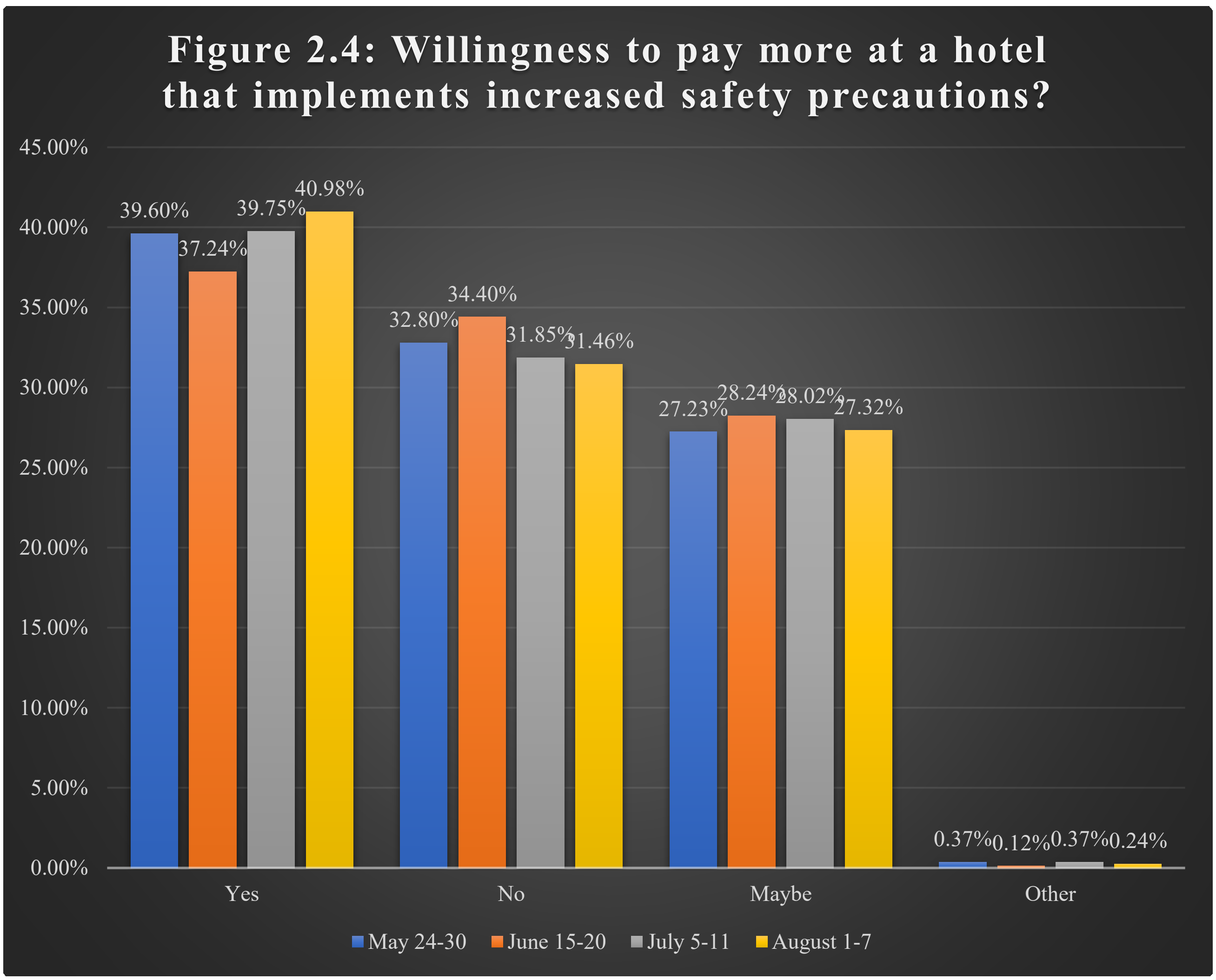


Note: Respondents were asked to indicate all of the safety precautions they expect a hotel to take during COVID-19.

2.4: Willingness 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 41 percent (40.98%) indicated that they are willing to pay more while another one third (31.46%) 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 up while the percentage of customers who are not willing to pay more at hotels that implement increased safety precautions decreased slightly compared to those who responded the survey two weeks earlier.



2.5: When you feel comfortable to travel, 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 they feel comfortable to travel. As presented in Figure 2.4, beach or lakeside getaways (47.07%) is the first travel experience consumers would like to enjoy, followed by road trips through scenic countryside (39.51%), visiting metropolitan cities (27.20%), urban vacations (26.71%) hiking or biking (21.95%), and visiting museums and historical sites (17.68%). Attending a festival (10.61%), spa retreat (9.02%), cruise vacation (8.90) and attending a sporting event (8.54%) are the l east desired experiences. These findings are consistent with those from two weeks ago.

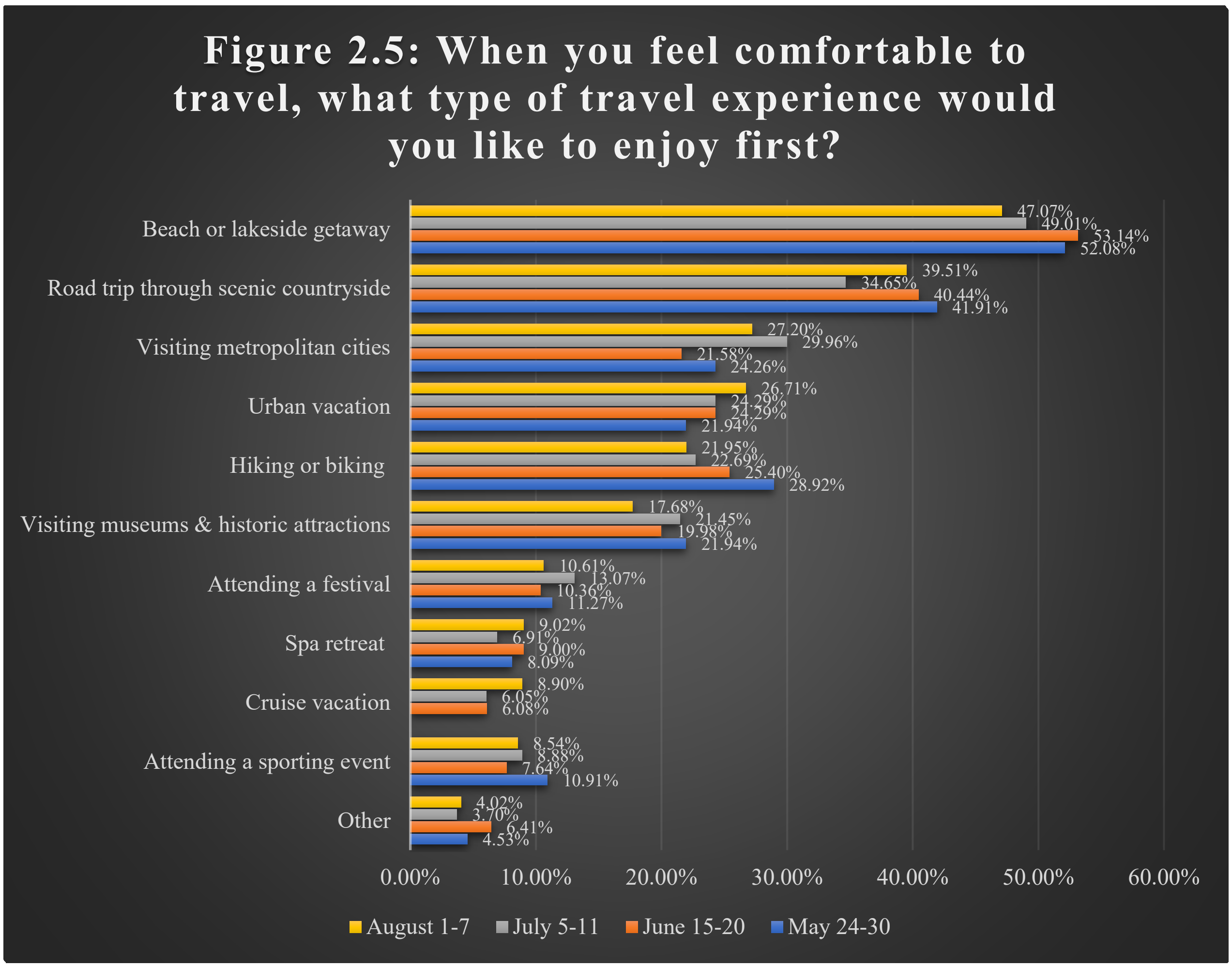


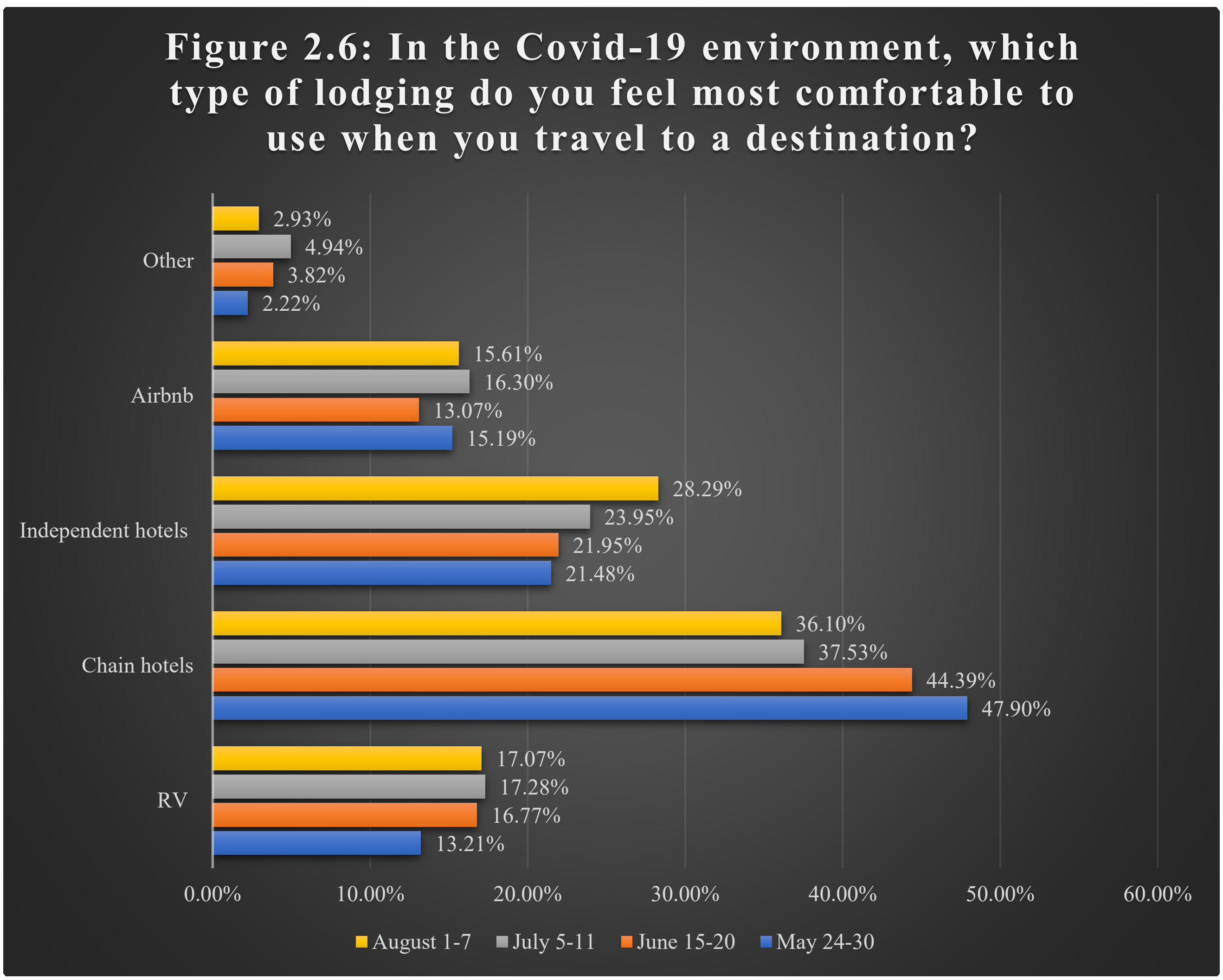
Figure 2.5: When you feel comfortable to travel, what type of travel experience would you like to enjoy first?

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

2.6: In the Covid-19 environment, which type of lodging do you feel most comfortable to use when you travel to a destination?

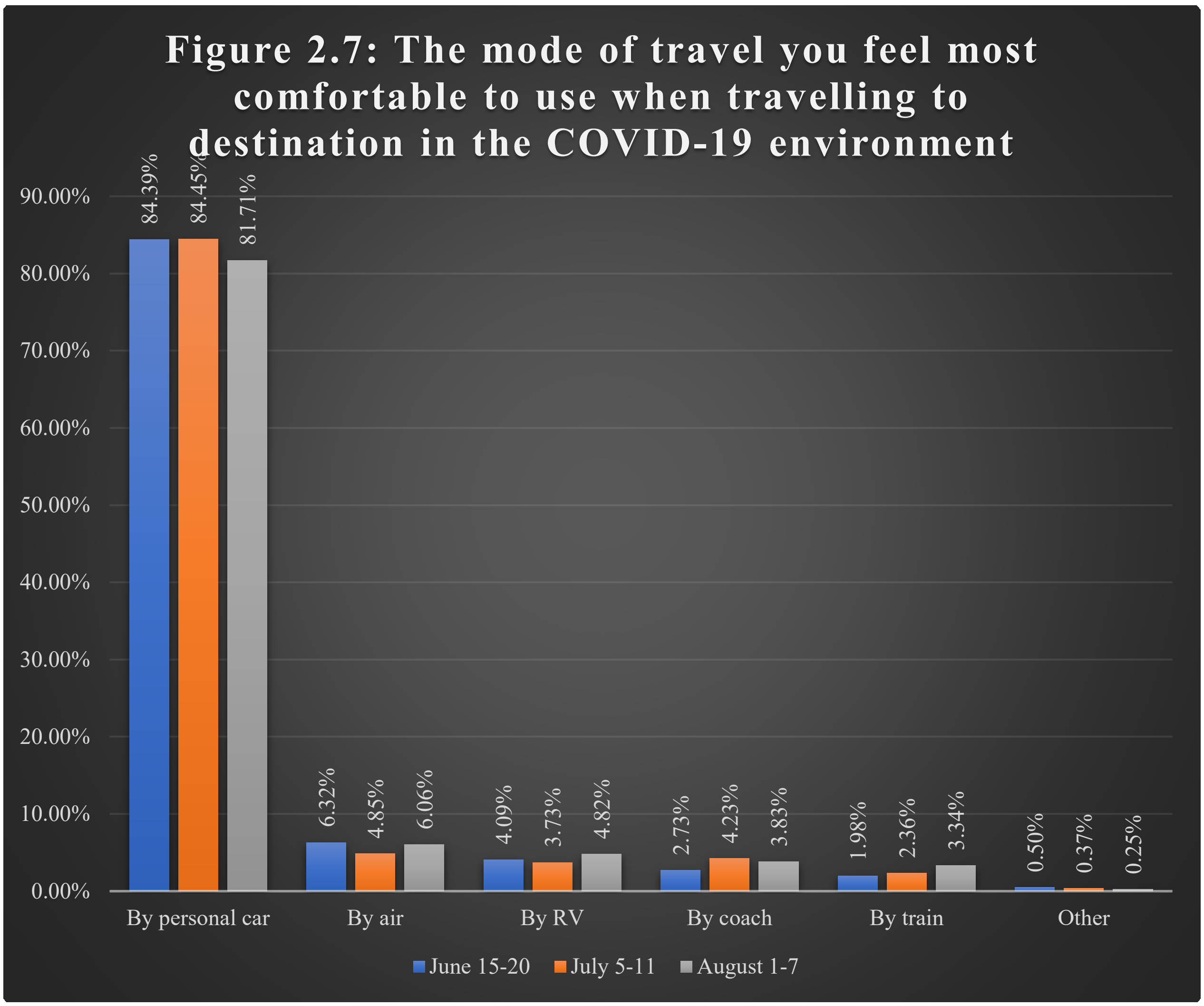
Respondents were asked to indicate the type of lodging they would consider staying at during the COVID-19 pandemic. Traditional hotel industry is found to be clearly winning here. Chain hotels (36.10%) are the most preferred type of lodging when they travel to a destination, followed by independent hotels (28.29%) followed by an RV (17.07%), and staying at an Airbnb (15.61%).

While consumers preference for chain hotels, RVs and Airbnb decreased slightly, preference for independent hotels increased significantly compared to those who responded the survey two weeks earlier



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

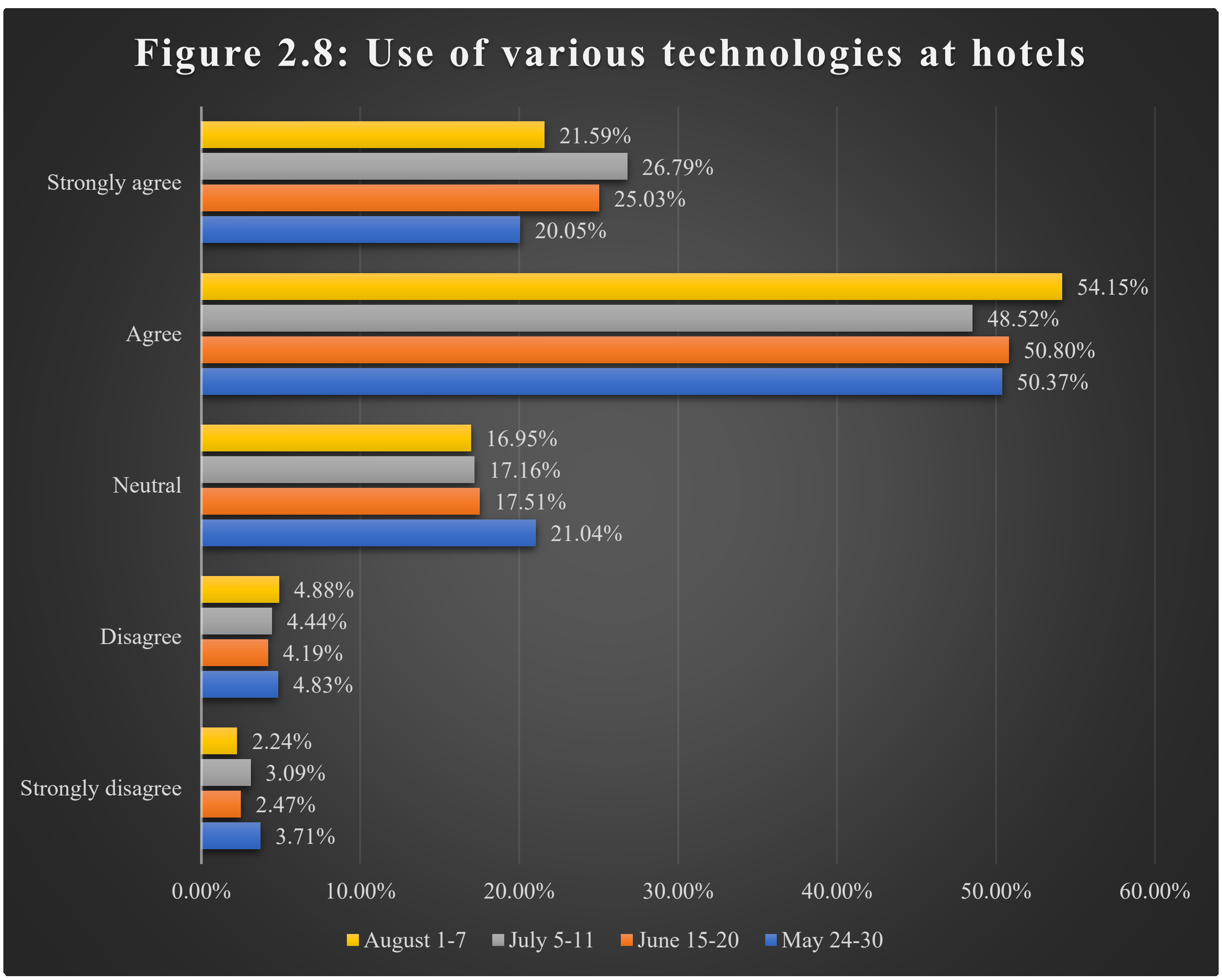
Respondents were asked to indicate mode of travel they feel most comfortable to use when traveling to a destination in the COVID-19 environment. As presented in Figure 2.7, traveling by personal car (81.71%) is the most preferred mode of transportation followed by air travel (6.06%). However, demand for air travel is increased by 24.95 percent compared to two weeks ago. Around 5 percent of the respondents indicated a preference for recreational vehicles (RV), 3.83 percent indicated a preference for coach and 3.34 percent for train.



2.8: Use of various technologies at hotels in the during COVID-19

Respondents were asked to indicate their agreement/disagreement with the use of various technologies at hotels will be necessary in the during 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 large portion of the respondents agreed (54.15%) or strongly agreed (21.59%) 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 COVID-19 environment in order to minimize human-to-human contact stayed almost the same compared to those who responded the survey two weeks earlier.



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	75.24%
Yes, I am 65 years or older	3.78%
Yes, I live in an Assisted Living Facility	3.29%
Yes, I am immune compromised	7.44%
Yes, I have an underlying health condition (such as: heart disease, lung disease or severe asthma, diabetes, obesity, kidney disease, liver disease)	10.24%

Gender	
Male	47.93%
Female	51.46%
Other	0.61%

Age	
18-25	14.51%
26-34	34.51%
35-54	40.37%
55-64	7.80%
65 or over	2.80%

Marital Status	
Single	32.56%
Married	55.98%
Divorced	4.15%
Widowed	1.22%
Live together	6.10%

Region of the USA respondents reside

Central Region	18.78%
Northeast Region	23.05%
Southern Region	35.37%
Western Region	22.80%