



# RESTAURANT BUSINESS DURING POST PANDEMIC ERA: A KEY TO RESILIENCE AND ECO-FRIENDLY PRACTICES

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## ABSTRACT

Resilience of business organizations from the pandemic effect can lead to unsustainable practices which may cause catastrophes in the form of natural calamities. During pandemic also we have experienced acute environmental issues and they are expected to be continued in the post pandemic period as well. Environmental issues such as the climate change and biodiversity loss etc. can lead to social and economic damages more than those incurred by covid-19. To put it another way, a more resilient economy depends on a shift towards eco-friendly practices. Moreover, customers are also becoming more sensitive on environmental issues as they are facing severe problems year after year. All these persuade the business organizations to go green. One among the most badly affected industries during the pandemic, is the restaurant sector as it involves reasonably higher personal contacts and touch points that can easily transmit the virus from one to another. The social distancing and stay at home orders smashed the restaurant businesses. The comeback of restaurants seems to be very crucial and restaurateurs may implement myriad promotional activities. Such a situation can lead to unsustainability, especially from the increased online delivery system and parcel service. This paper attempts to showcase the necessity of a sustainable comeback of restaurants and the customers' perception towards the eco-friendliness of restaurants during the post pandemic period. The respondents' perception shows a favourable sign for implementing eco-friendly initiatives in the restaurants. The cooperation of all stakeholders and decision-makers is necessary for the successful implementation of green practises. Digitalization, waste reduction, the use of energy-efficient equipment, and the usage of organic food items are some crucial sustainable practises that restaurants may use.

**KEYWORDS:** pandemic, restaurants, resilience, eco-friendliness, green restaurant patronage

## 1. INTRODUCTION

11<sup>th</sup> march 2020 is an important date on which WHO (World Health Organization) declared Corona Virus Disease 2019 (Covid-19) as a pandemic. The root of the pandemic was traced from Hubei Province, Wuhan City in China, where a cluster of pneumonia cases were reported. Despite the fact that we are not confronting a crisis for the first time, Covid-19 is the prodigious one ever we have experienced. Its acute impacts can be compared even with the financial crisis of World War II (Alkassabeh, 2020), as the pandemic has enfeebled various sectors of the global economy apart from the dreadful health issues and escalated mortality rate. ILO (International Labour Organization) report 2020 states that, 300 million jobs are conceivably at risk, owing to the extended lockdowns, social distancing, transport restrictions and employee furlough. India has experienced the Third wave of Covid-19 and the positive cases are comparatively low in the present context. The next pace is to come back to the normal state of life. The government took over myriad austere restrictions such as social distancing, time restrictions and so on.

It is clear that the current focus is on rebuilding the economies by strengthening various sectors including both manufacturing and service industries. Nevertheless, the comeback of industries should not be concentrated on quick recovery of economic status rather the prominence should be given to the long term objectives with a view to prevent the likely disasters resulting from any other disease or environmental degradation (OECD(Organization for Economic Co-operation and Development) Policy Response to Corona virus). This concept of "Build Back Better" envisioned by OECD is based on the fact that the environmental issues such as



the climate change and biodiversity loss etc. can lead to social and economic damages more than those incurred by covid-19. To put it another way, a more resilient economy depends on a shift towards eco- friendly practices. Besides that, the prevailing customer oriented marketing era is characterized by higher awareness level of the customers about the product they use, the services they avail and the environment they live in, because of the unpleasant experiences all over the world which is accelerated by the dire environmental degradation. It encourages competition among business organizations and improves their corporate social responsibilities which in turn results in the promotion of eco-friendly products and services. Thus rebuilding of any business sector after the pandemic era, must be aligned with the changing environmental attitude of customers and their expected green practices from the business enterprises. The current study attempts to showcase the post pandemic resilience of restaurant business in congruence with the eco-friendly initiatives. Basically there must be a win-win situation in favour of the marketers and society. For this purpose the emphasis is also given on customers' perception about restaurants' green practices and whether they patronize green restaurants and the resulting opportunities for restaurateurs through adopting eco-friendly practices. Firstly, the paper presents literature review followed by objectives and research methodology. The next portion covers data analysis and conclusion.

## 2. LITERATURE REVIEW

### 2.1 Restaurant Industry in India

Due to an average of 6.6 eating out frequency each month in India, the food service business is inventive and provides an exciting potential to expand (NRAI (National Restaurants Association of India) Report, 2020). There is a steady growth in the market share of Indian food service sector from FY 2015 to FY 2019 and it was estimated at INR 423624 Cr in FY 2020. The organized and unorganized components of the Indian foodservice market are separated. The organized segment consists of stand-alone restaurants, chain format and restaurants in hotels. Unorganized enterprise includes roadside eateries and dhabas. Among restaurants themselves there are different categories namely cafe, Quick Service Restaurants (QRS), Desserts and Ice Creams (D & IC), Affordable Casual Dining Restaurants (ACDRs), Premium Casual Dining Restaurants (PCDRs), Fine Dining Restaurants (FDRs) Pubs, Bars, Café and Lounges (PBCL) (NRAI Report on the Covid Impact on the Food Service Industry, 2021)

### 2.2 The Green initiatives in the restaurant industry

The changing attitude of consumers and Government authorities force the business organisations to follow their Corporate Social Responsibility (CSR) especially in the form of environment friendly initiatives. When the organisations are not agreeing with this, they can't survive in the market. Thus one of the major reasons for going green is the 'pro-environmental behaviour' (Tan and Yeap, 2012) developed among the consumers in the context of drastic climate change, global warming, ozone layer depletion and other environmental issues. The green initiatives must be followed by both manufacturing industries and service industries. Among the service industries, food and beverage sector plays a dominant role as it serves the basic need of human being, without which human beings can't survive. The sector contributes towards economic growth and employment generation of a country. While taking into account, the total number of hotels and restaurants all over the world, it will definitely be a huge number, which in turn indicate that their contribution towards environmental problems will also be very high. Because the industry consumes large quantity of natural resources such as water, food crops and energy and also creates pollution by way of emission of toxic gas, contamination of water, wastage of food, plastic food packages and so on. Consumers always demand clean and quality food products and now they are interested to know how much the organisation compromises on the environmental conservation in order to make their products attractive to their customers. The organisations which follow green practices always have good image in the society and they can earn accordingly. It is an accepted fact that a consumer is willing to pay premium price for a green product, if it satisfies his or her own needs and the social needs regarding environment protection (Khan and Ahmad, 2014). The organisations should try to provide organic food service which caters into the needs of consumers with minimum impact on environment. In general, green perspective in a restaurant or hotel can be divided into three categories: Health concern, Environmental concern and Social concern (Dutta, Umashankar, Choi and Parsa, 2008). Health concern means the restaurants can support healthy life style of their customers by offering healthy choices, low fat items and vegetarian food on menu with nutritional details of the concerned item. To ensure safety of food and sustainable development, organisations can use organic produce, locally grown produce or meat, and can be prepared with seasonally available ingredients only. Environmental concern is thus indicated the participation of the organisation in environmental activities, implementation of energy saving measures, steps for reducing pollution, establishment of recycle mechanism and so on. Thirdly, social concern stands for development of socially responsible design, marketing, human resource management and community involvement. For example



restaurants can take active part in community programs, or may introduce written vision or mission or they can give employment opportunities to disabled persons or senior citizens. All these can help a food service unit to recognise itself as a green hotel or restaurant, provided that these initiatives are well communicated with the consumers and general public. The units should also accept the fact that cost of green initiatives increases the profitability, only in the long run and not in the short run.

### 2.3 Customers’ Green Restaurant Patronage

The number of people who choose to eat at green restaurants is significantly influenced by their understanding of sustainable green practises and environmental issues (Hu, Parsa & Self, 2010). Customers are having knowledge about the green practices but they are interested to know more about the restaurant green initiatives. Effective communication of green initiatives is essential for good customer patronage. There is a favorable attitude towards green restaurants, especially among women and educated customers. Moreover, customers who follow green practices in their personal life have more tendencies to visit green restaurants (DiPietro, Cao and Partlow, 2013)

There are many studies which concentrate on the pandemic crisis management of restaurants, but those which emphasis on eco-friendly resilience of restaurant is least explored. Especially studies focused on restaurant consumers’ environmental perception during the post pandemic era remains untouched in the Malabar region of Kerala.

## 3. OBJECTIVES

1. To identify the importance of restaurants’ eco-friendly practices in the post pandemic era
2. To study the customers’ perception towards restaurants’ eco-friendly practices during the post pandemic era

## 4. RESEARCH METHODOLOGY

The study employed both primary and secondary data. The first objective is examined with the help of published journal articles, government reports websites. The second objective is based on primary data. Convenient sampling method is used to select the respondents. Data is collected through structured questionnaire. The sample consists of 132 respondents who are young and employed, and reside in Malabar region of Kerala.

## 5. RESULTS AND DISCUSSIONS

### 5.1 Socio-economic profile of the respondents

The present study’s target population consist of young and employed individuals who are living in Malabar region of Kerala. The sampling method followed is convenient sampling method and the sample comprises 73 males (55.3%) and 59 females (44.7%). 68.2% of the respondents are unmarried and 31.8% are married. Post graduates include 44.7% and 37.1% are having Bachelor’s Degree. The majority (65.1%) of the respondents’ net income ranges between ₹10000 and ₹30000.

The following table shows the perception of restaurant customers towards eco-friendliness of restaurants.

### 5.2 Perception of customers towards restaurants’ eco-friendliness

Table No.1 Perception of customers towards restaurants’ eco-friendliness

No.	Items	Mean	S.D
1	Restaurant practices cause environmental degradation	3.61	0.993
2	Restaurants must have proper waste management and energy saving system	4.39	1.016
3	It is highly essential to change the food habits to protect both nature and society	4.08	0.954
4	It is good to have organic food items in restaurant menu for personal and environmental health.	4.20	0.986
5	Delivery packages and other materials used need to be eco-friendly	4.45	0.944

Source: Primary data

86% of the respondents tend to consider eco-friendliness while having food from a restaurant and 52.3% patronize some restaurants based on the restaurant’s eco-friendly initiatives. While checking the familiarity with the term “Green consumer”, around 55.3% of the respondents found familiar. The Table No. illustrates that out of five propositions on the customers’ perception about restaurant’s eco-friendliness 4 have mean score greater than 4 on Likert scale of five points (propositions 2,3,4 and 5). It shows that majority of the respondents are



supporting these propositions. It is further proven by the relatively small standard deviation. The first proposition also got good mean score (3.61). The results showed in this table highlight that the respondents have strong positive perception on restaurants’ eco-friendly practices.

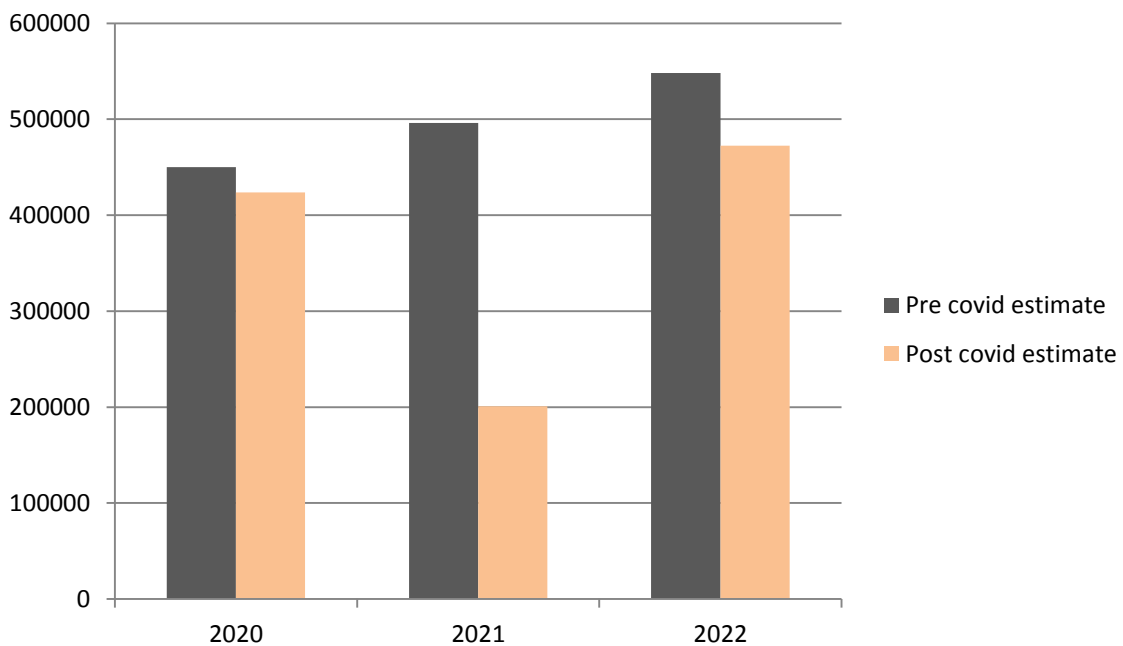
**5.3 Impact of Pandemic on Restaurant Industry**

There is a wide range of Indian restaurants, from roadside stalls to high-end and opulent establishments. The COVID-19 pandemic has wreaked havoc on the world’s service industries including restaurants. Many Indian restaurants have gone into slumber as a result of the decline in the dining-out culture. Employees in the restaurant industry are unable to work from home, resulting in significant losses. The Indian Food Service Industry was pre-covid estimated to reach INR 4,95,993 Cr in FY 2021. Unfortunately, it could achieve only 40% of the expected revenue which equals 2,00,762 Cr (NRAI Report on the Covid Impact on the Food Service Industry, 2021)

**Table No. 2**  
**Indian Restaurant Industry Market Size ( in INR Cr.)**

Year	Pre-covid Estimate	Post covid Estimate
2020	450125	423624
2021	495993	200762
2022	548079	472285

Source: NRAI (National Restaurant Association of India) report on impact of covid-19 on food service sector in India-2021



Source: NRAI (National Restaurant Association of India) report on impact of covid-19 on food service sector in India-2021

**5.4 Post pandemic resilience of restaurants based on eco-friendliness**

The comeback of restaurant business to its normal function may take some period. Nevertheless there will be strong promotional efforts from the business organizations and Government to make up their financial crisis (Cohen, 2020) which can lead to unsustainable practices. Thus it is crucial to prevent such unsustainable practices as the aftermath of another future disease or disaster can be worse than what the world is confronting now. The resilience therefore must be based on environmental conservation and customers’ concerns about their health and environment along with the financial objectives. Basically there must be a win-win situation in favour of the marketers and consumers during the post pandemic resilience.

It is evident that before the virus outbreak, the political priorities around the world were the sobering environmental issues such as global warming, climate change, bio-diversity loss, massive species extinction, poor ocean health, deforestation, water contamination, ozone layer depletion and other disasters including flood,



cyclone, forest fire and drought etc. In addition to the Paris Agreement, United Nation's Climate Change Conference (COP 26) was formed where the parties to the conference are expected to commit to enhanced ambition towards mitigating climate change. COP 26 was expected to be held in November 2020, but it was postponed for another 12 months due to the pandemic situation.

During the pandemic also, many countries experienced man made or natural catastrophes. Many regions confronted deadly cyclones, forest fires and floods. (E.g.: forest fire in Australia). All these should be considered as a warning sign for more severe future disasters whether in the form of pathogens or natural calamities. The truth is that we are all exposed to such likely disasters in the future as well, resulting from the environmental degradation driven by the current economic system (OECD). In other words, there is a link between environmental degradation and future infectious diseases and disasters. Water and air pollution add vulnerabilities towards pathogens and climate change. Here comes another issue called "environmental racism" where poor communities will be disproportionately exposed to the negative impacts of hazardous pollution and toxic industrial practices. The onset of pandemic exacerbated the situation as it caused severe health issues, shutdown of many business sectors, increased unemployment rate, poverty, social inequalities and so on. As such economic rebuilding and social wellbeing should go hand in hand by giving due consideration for environment conservation. Otherwise, returning to "business as usual" can be done only at the cost of potential social and economic crisis (OECD –Policy Responses to Corona Virus), irrespective of the type of the industry. Thus rebuilding of restaurant business should also be abided by this principle of sustainability.

Hospitality and Tourism industry, especially the food service sector, is one of the major industries severely affected by the virus outbreak is the which is vulnerable to the infectious diseases (Brizek, Frash, & Mcheod, 2020). Particularly, the pandemic has a devastating impact on tourism linked and dependent restaurant industry that was performing well before the virus outbreak (Nhamo, Dube &Chikodzi, 2020). It is an accepted fact that the covid-19 significantly affected the restaurant demand (Yang, Liu and Chen, 2020). Even though the food service comes under the essential sector, it is influenced by technical and economic recession, due to the advocacy of social distancing to prevent the spread of covid-19.

It is not the first time food service sector is facing an epidemic crisis, as there were incidents of SARS (Severe Acute Respiratory Syndrome) reported in China (2002) and MERS (Middle East Respiratory Syndrome) in Saudi Arabia. Particularly, the independent restaurants are highly exposed to such epidemics as they are characterised by financial vulnerability, less number of units, employees and other resources (Brizek et. al, 2020).The main reason for vulnerability to the infection is that the food service involves extensive human interaction as consumers explore various touch points while having their food in a restaurant. Even though covid-19 is not spreading through contaminated food intake, its root can be traced from China's livestock market via consumption of infected livestock (Chow, 2020). As such it is crucial for the food service sector to re-establish their consumer confidence through sustainable and healthier initiations. Moreover, while examining the past incidents, it is obvious that the disasters, whether man made or natural, tends to catalyse the process of social change (Cohen, 2020). Here one of the most important expected social changes is in respect of environmental behaviour of customers in this unprecedented situation and its likely impacts on restaurants eco-friendliness and resilience.

It is evident that new business models and revenue strategies are adopted after a crisis by the firms to overcome the predicaments (Loannides & Gyimothy, 2020). Here the suggestion is to develop a business model that accommodates environmental concern along with the financial objectives. However there are some obstacles from the side of restaurateurs. To begin with, it is apparent that the restaurant managers recognize the prevalence of sustainability, but mostly they do not notice the benefits of greening their business such as magnified customer satisfaction and customer edge. Another major concern is about charging premium price for sustainable products and services, since the studies elicited that people are typically not favouring higher prices. Especially in Indian context, consumers are driven more by price and less by environmental concern (Khan and Ahmad, 2014).To put it in another way, the financial shortage and cost impediments have been the main barriers of adopting green practices in the restaurants and Covid-19 stimulate these deterrents (Mohammed, 2022). To oppose this, there is study findings that there are large group of ecologically conscious consumers exist in the hospitality industry, who are willing to pay premium price for eco-friendly initiatives (Rahman, Park & Chi, 2015). However we need to consider the purchasing power of customers as they are also facing financial issues after covid-19 due to loss of job or reduced income. Further, restaurants are striving to cut their costs and as such they can take up the green practices such as reducing the food waste and using energy efficient equipment. Concurrently high cost practices namely consumption of organic food and ecological products can be controlled





(Mohammed, 2022). Nevertheless they can encourage customers to do whatever they can in favour of eco-friendliness. For instance, the restaurateurs can persuade the customers to bring their own tiffin carriers and reusable shopping bags (Karmarkar & Bollinger, 2015) wherever possible to curtail the package related waste. To make customers aware about eco-friendly initiatives restaurants can make use of social media (Hwana & Lee 2019) which in turn creates a positive image and gain competitive edge (Yadav, Dokania & Pathak, 2016). The restaurants can also approach Sustainable Local Food Supply Chain (SLFSC) why because the survey of NRA shows that locally sourced restaurants have reduced pandemic impacts and speedy recovery from the crisis. It will have positive impact on local farming community and local economy too (Alsetoohy, Ayoun& Aboukamar, 2021). Another important trend which reached the peak during pandemic was the online delivery service. But there involve financial burden of converting brick and mortar business to an e-commerce platform. To ease the changes restaurants can have tie-ups with the third party delivery service providers (Chow, 2020).

The restaurants can also invent new business ideas and innovative concepts such as service robots, self-ordering kiosks, digital menu in mobile phones, digital payment mechanism (Yang et.al 2020), if they are in a position to invest more money in their business. The reason is that future seems to be more nurturing for contactless services, especially at times of issues like Covid-19. As such the restaurateurs can utilise Artificial Intelligence wherever possible, without resulting in huge employee furlough.

## 6. SUGGESTIONS AND CONCLUSION

Green marketing practices are gaining popularity all over the world as the concerns towards environment have begun in the past few decades. India is ranked 1<sup>st</sup> in terms of response level on green marketing (Sudha, 2012). Corona reminds us that nature is itself powerful to destroy humans even with this small virus which possess very common symptoms like cold and cough (Vaishali & Hemanathan, 2020). Messing up with environment is no longer a good approach, since it has deadly impacts on human beings and the entire biodiversity. Apparently the unsustainable practices in every field need to be replaced with green or eco-friendly practices at the earliest. This study conceptualizes the need for eco-friendly initiative in the restaurant industry and also attempts to study the perception of customers regarding such green practices, particularly in the building back stage of restaurant industry after Covid-19. The stress is given on 'building back stage' because the consumers and the marketers will go back to the normal situation and unsustainable consumption patterns, once the pandemic consequences are over (Cohen, 2020). Such a situation can be avoided through convincing the marketers and consumers about the need of going green or sustainable. The respondents' perception shows a favourable sign for implementing eco-friendly initiatives in the restaurants. Previous studies also elicit that consumers are willing to pay premium price for green products and services. The successful implementation of green practices also requires support from all the stakeholders and policy makers. Digitalization, reduction of wastage, use of energy efficient equipment and use of organic food products are the important sustainable practices which can be adopted by the restaurants.

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