INDUSTRY INSIGHTS 2020

Chain Restaurant Operations & the COVID-19 Pandemic

Nation's Restaurant News

STRATAS FOODS

informa engage
TARGETED MARKETING SERVICES

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Introduction & Methodology

OVERVIEW

Methodology, data collection and analysis by Informa Engage and *Nation's Restaurant News* on behalf of Stratas.

Data collected August 20 through September 1, 2020.

Methodology conforms to accepted marketing research methods, practices and procedures.

METHODOLOGY

On August 20, 2020, *Nation's Restaurant News* emailed invitations to participate in an online survey to subscribers who are involved with chain restaurants*.*

By September 1, 2020, Informa Engage had received 273 completed surveys.

RESPONSIVE MOTIVATION

To encourage prompt response and increase the response rate overall, a live link to the survey was included in the email invitation to route respondents directly to the online survey.

The invitations and survey were branded with the *Nation's Restaurant News* logo in an effort to capitalize on user affinity for this valued brand.

Each respondent was afforded the opportunity to enter a drawing for one of four $100 Amazon cards.

Follow-up emails were sent to non-respondents on August 24, August 27 and September 1.

The incentive offered with the September 1 invitation was changed to a $20 Amazon card for each qualified respondent.

Key Findings
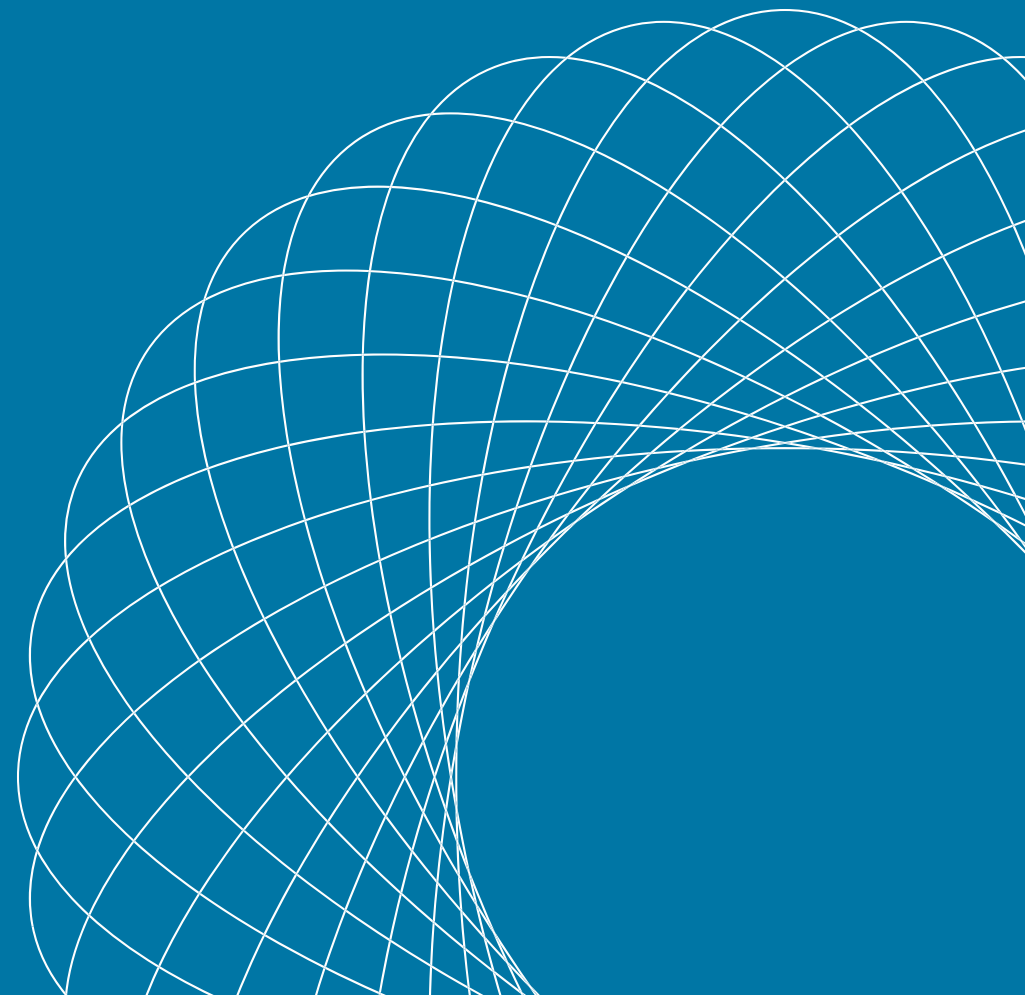
Establishment Type

A variety of establishment types are represented in the sample, most commonly chain restaurants (68%).

38%	**30%**	**13%**	**12%**	**7%**
Chain restaurant (over 100 units in the system)	Chain restaurant (between 2-100 units)	Franchisee	Multi-unit independent restaurant (multiple concepts)	Independent restaurant (1 single unit/concept)
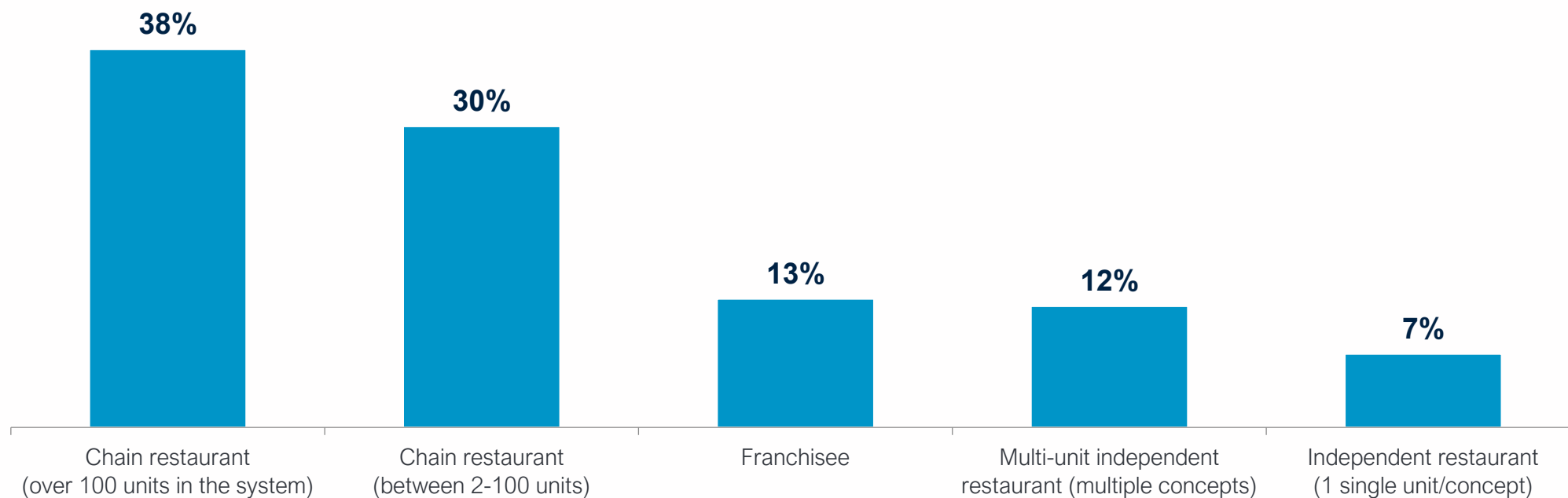
Question: Which of the following best describes the type of establishment you work for?
Base: All respondents (n=273).

Measures Taken During COVID-19

The vast majority of respondents have taken some pandemic-related measures, most commonly overhauling the business model (75%), followed by staff reductions (49%).

Overhauled business model (e.g. adapted to delivery and take-out, sold retail goods, etc.)	**75%**
Cut staff	**49%**
Temporarily closed, but now reopened	**32%**
Currently still closed and not serving any customers	**5%**
Relatively few or no major changes	**12%**

Changes to Business Model – Last 6 Months

The most common changes to respondent business models include placing a grater emphasis on food safety and cleanliness (87%), follwed by reduced on-site capacity (76%).

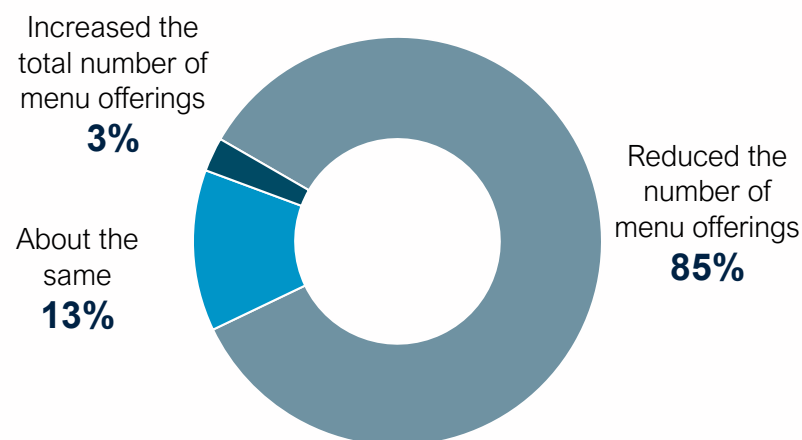| Category	Percentage
Put greater emphasis on food safety, cleanliness	87%
Reduced on-site capacity	76%
Added drive-thru or curbside service, or made existing drive-thru contactless	59%
Reduced, changed or streamlined menu offerings	55%
Partnered with third-party delivery services	54%
Accelerated migration from on-premise to off-premise	40%
Forced to revamp or launch off-premise options not available before COVID-19	34%
Sold grocery offerings	21%
Relatively few or no major changes	1%

Question: How has your business model changed in the last six months?
Base: All respondents; multiple answers permitted (n=273).

Changes in Menu Offerings: Now & 2021

While most respondents (85%) have reduced their menu offerings, 84% plan to increase them through 2021.
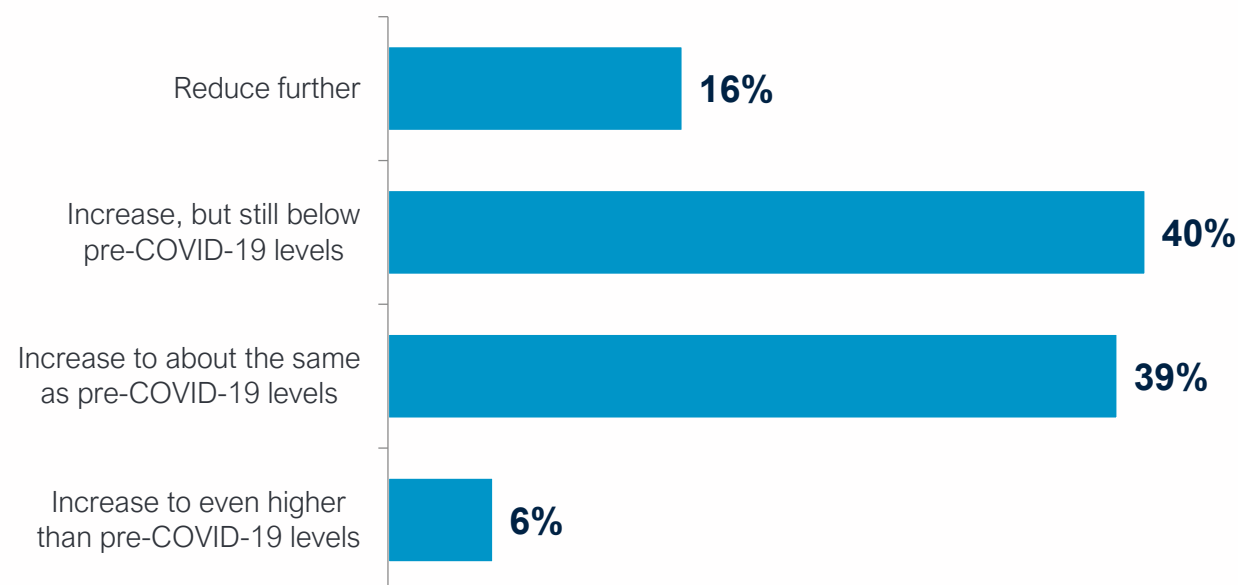
Change in the Number of Menu Offerings

- Increased the total number of menu offerings **3%**
- About the same **13%**
- Reduced the number of menu offerings **85%**

Anticipated Change in Total Menu Offerings in 2021

- Reduce further **16%**
- Increase, but still below pre-COVID-19 levels **40%**
- Increase to about the same as pre-COVID-19 levels **39%**
- Increase to even higher than pre-COVID-19 levels **6%**

Question: How have the number of offerings on your menu changed in terms of amount?
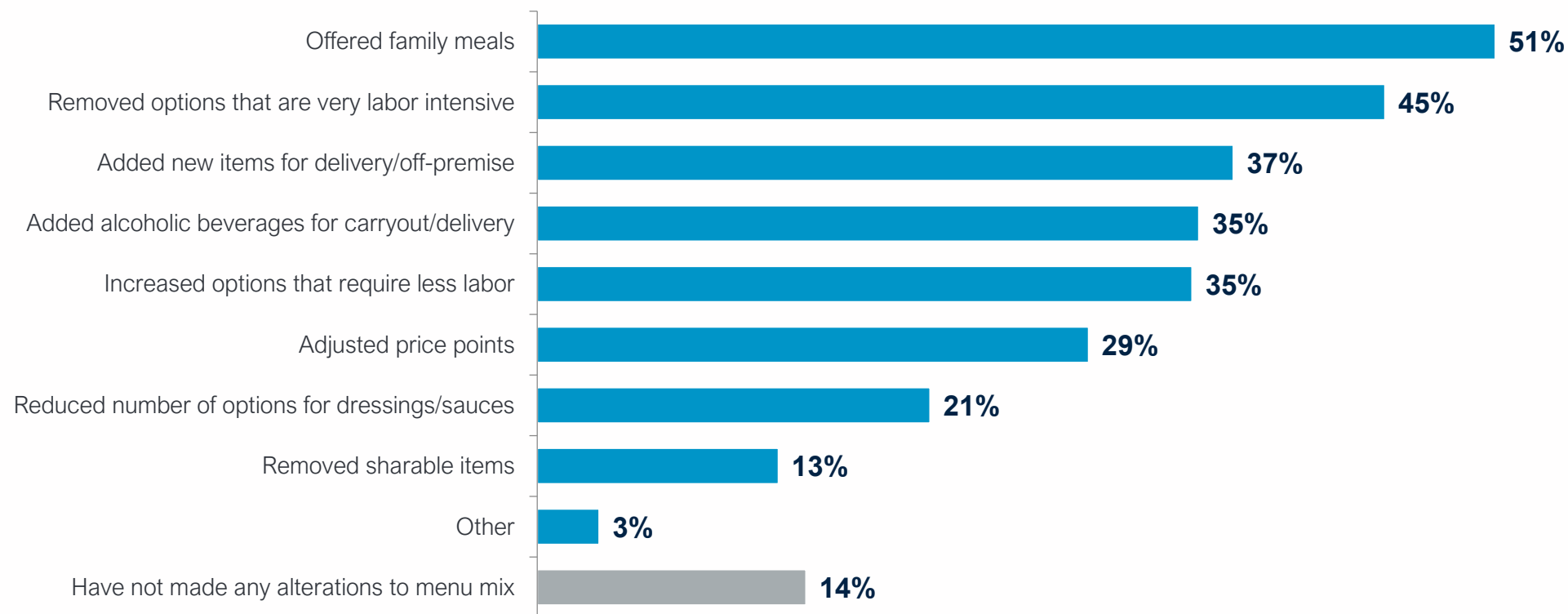Base: Respondents who have reduced, changed or streamlined menu offerings (n=149).

Question: Looking ahead to 2021 compared to right now, how do you anticipate total menu offerings will change?
Base: All respondents (n=269).

Menu Mix Alterations & COVID-19

A clear majority of respondents (86%) have made some alterations to the menu mix during the pandemic, most commonly offering family meals (51%) and removing labor intensive options (45%).

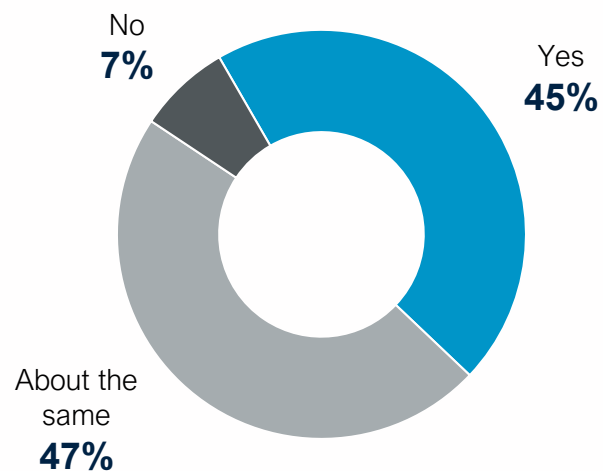| Category	%
Offered family meals	51%
Removed options that are very labor intensive	45%
Added new items for delivery/off-premise	37%
Added alcoholic beverages for carryout/delivery	35%
Increased options that require less labor	35%
Adjusted price points	29%
Reduced number of options for dressings/sauces	21%
Removed sharable items	13%
Other	3%
Have not made any alterations to menu mix	14%

Question: How have you altered your menu mix during COVID-19?
Base: All respondents; multiple answers permitted (n=273).

Comfort Foods & COVID-19

Just under half of respondents (45%) report increased orders of comfort foods during the pandemic, most commonly fried foods (40%) and burgers(39%).
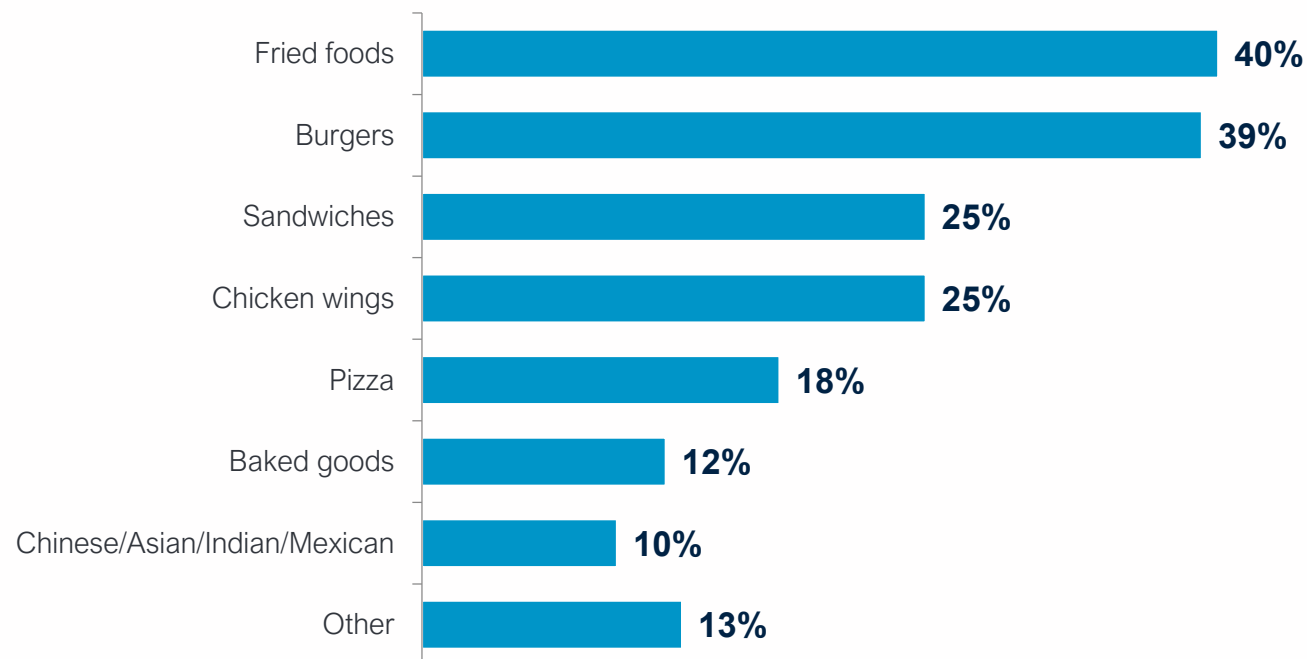
Have comfort food orders increased since the onset of COVID-19?

No
7%

Yes
45%

About the same
47%

Most Frequently Ordered Comfort Foods

Fried foods	**40%**
Burgers	**39%**
Sandwiches	**25%**
Chicken wings	**25%**
Pizza	**18%**
Baked goods	**12%**
Chinese/Asian/Indian/Mexican	**10%**
Other	**13%**

Question: Have you seen orders of comfort foods increase at your operation since the start of COVID-19?
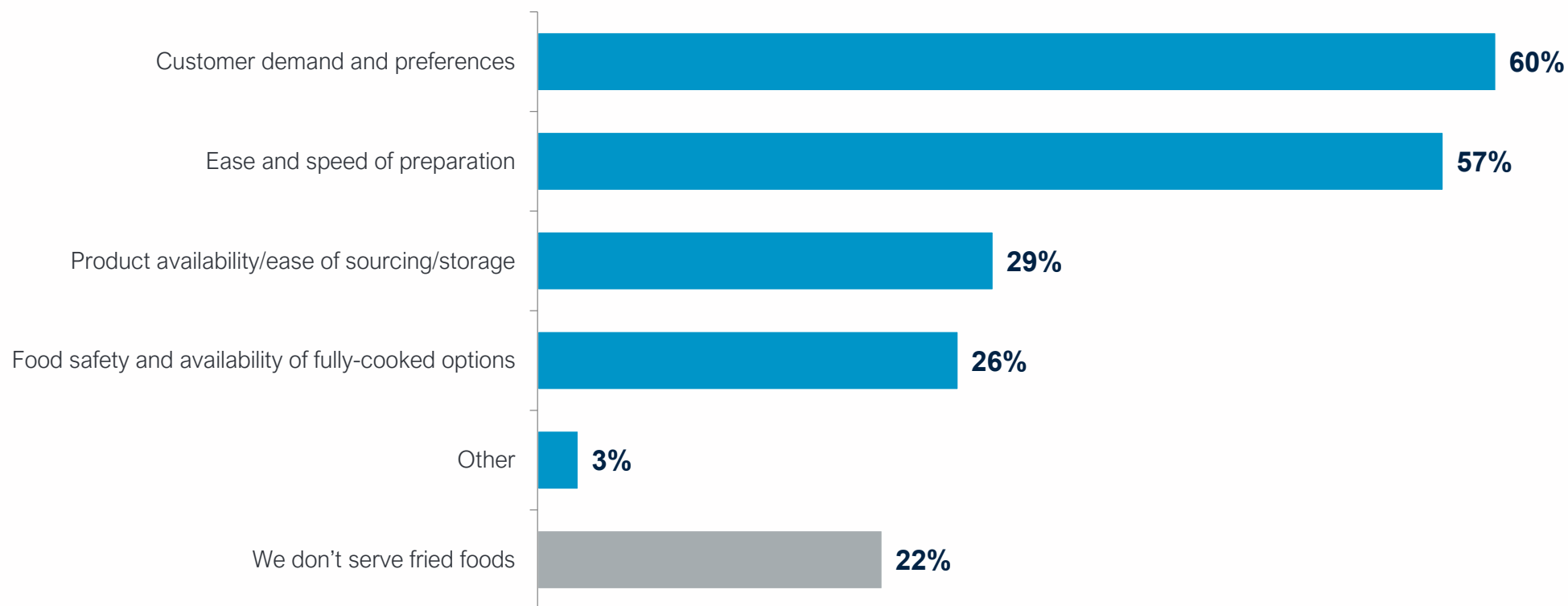*Base: All respondents (n=269).*

Question: Looking ahead to 2021 compared to right now, how do you anticipate total menu offerings will change?
Base: Respondents seeing increased orders of comfort foods since onset of COVID-19 (n=124).

Positive Factors in Considering Including Fried Foods on the Menu

The two most common positive factors considered when incorporating fried foods into the menu are customer demand and preferences (60%) and ease and speed of preparation (57%).
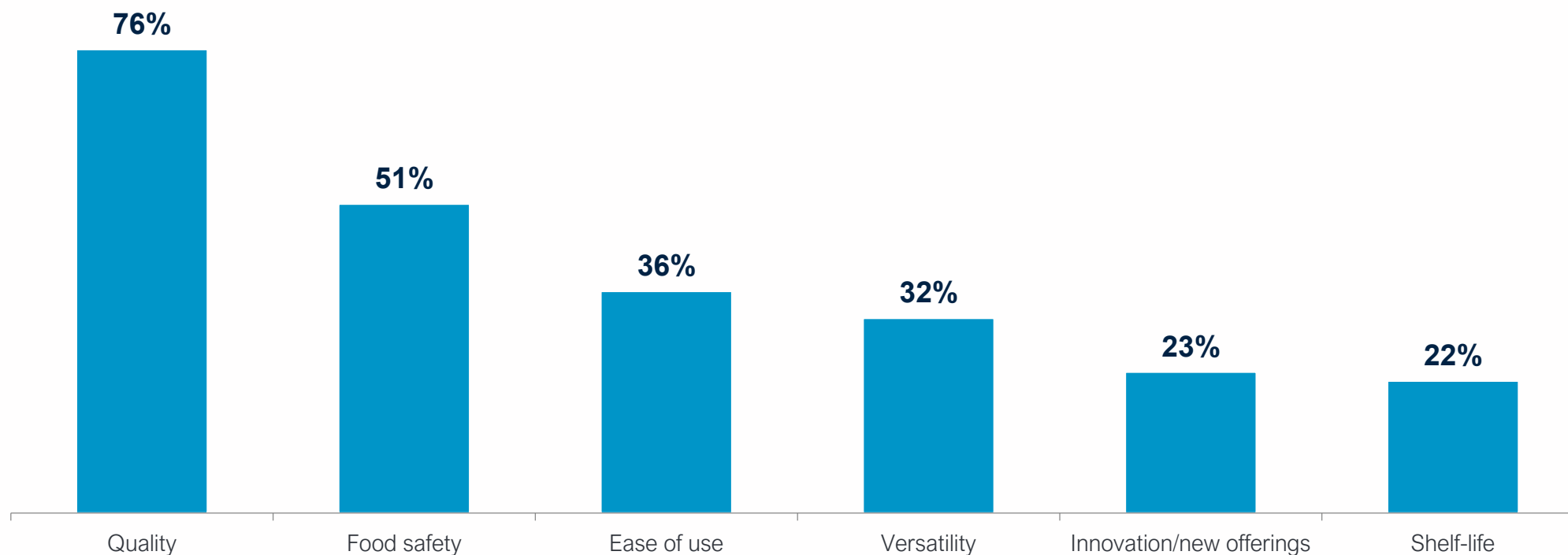
Factor	Percent
Customer demand and preferences	60%
Ease and speed of preparation	57%
Product availability/ease of sourcing/storage	29%
Food safety and availability of fully-cooked options	26%
Other	3%
We don't serve fried foods	22%

Question: Which are positive factors when you consider whether to menu fried foods?

Base: All respondents; multiple answers permitted (n=273).

Important Attributes of Products/Ingredients

Aside from cost, the most important attribute in products/ingredients is quality (76%), followed by food safety (51%).
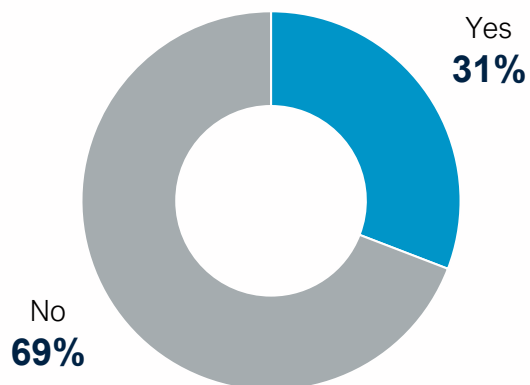

76%	51%	36%	32%	23%	22%
Quality	Food safety	Ease of use	Versatility	Innovation/new offerings	Shelf-life

Question: Aside from cost, what is most important to you in a product/ingredient at this time?

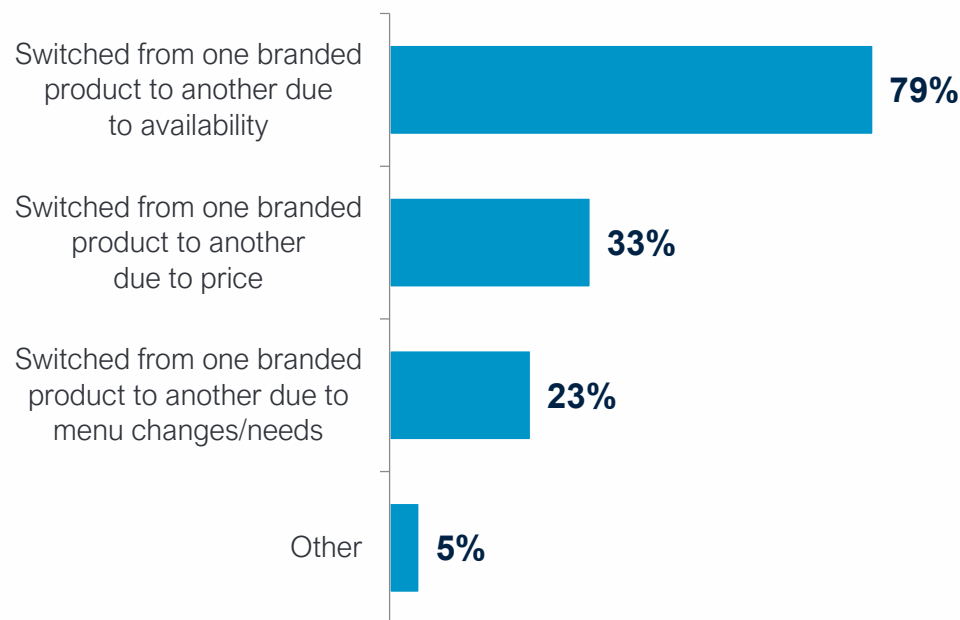*Base: All respondents; multiple answers permitted (n=273).*

Product/Supplier Shifts During COVID-19

A third of respondents have made product/supplier shifts during the pandemic. They are most likely to have switched from one branded product to another due to availability (79%). Most (56%) will continue to work with new suppliers into 2021.
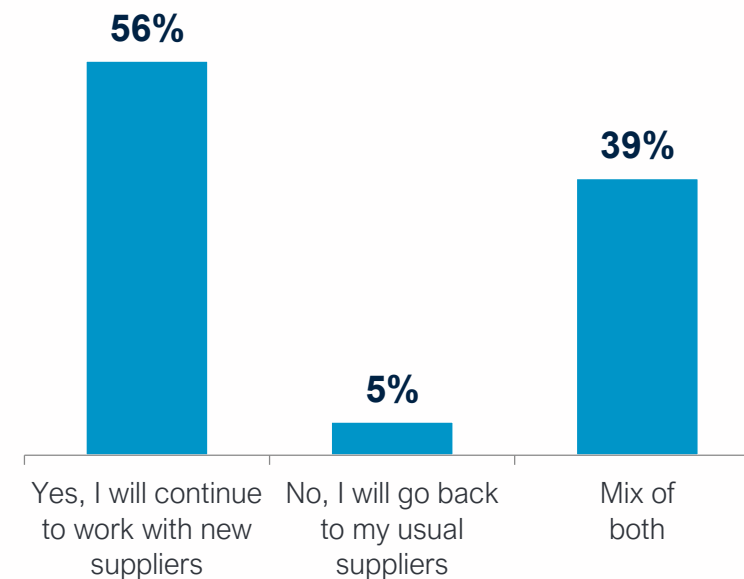
Any Product/Supplier Shifts During COVID-19?

Yes
31%

No
69%

Types of Product/Supplier Shifts Made During COVID-19

Switched from one branded product to another due to availability — **79%**

Switched from one branded product to another due to price — **33%**

Switched from one branded product to another due to menu changes/needs — **23%**

Other — **5%**

Will Product/Supplier Shifts Continue into 2021?

56% — Yes, I will continue to work with new suppliers

5% — No, I will go back to my usual suppliers

39% — Mix of both

Question: Have you made any product/supplier shifts during COVID-19?
Base: All respondents (n=273).

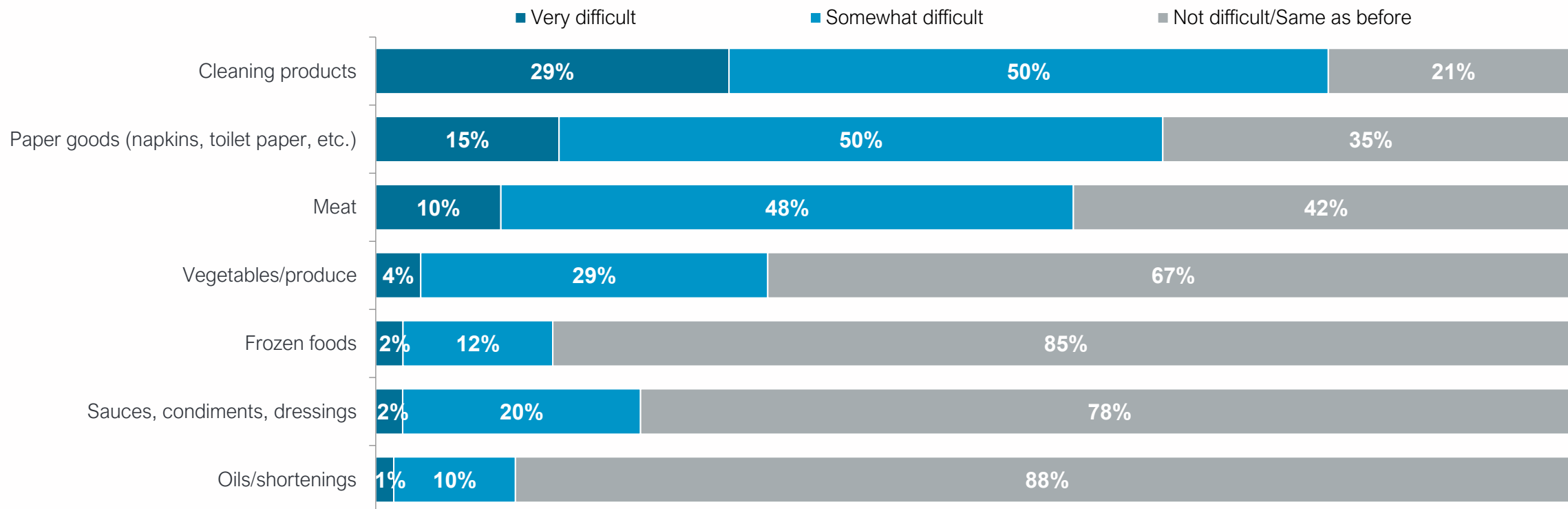*Question: What product/supplier shifts have you made during COVID-19?*
Base: Respondents making product/supplier shifts during COVID-19; multiple answers permitted (n=82).

Question: Do you anticipate any of the product/supplier shifts you have made will continue into 2021?
Base: Respondents making product/supplier shifts during COVID-19 (n=84).

Impact of COVID-19 on the Difficulty of Finding Select Products

The most difficult products to source during the pandemic are cleaning products (79% reporting doing so is "very" or "somewhat difficult"), followed by paper goods (65%) and meat (58%).

■ Very difficult　　　■ Somewhat difficult　　　■ Not difficult/Same as before

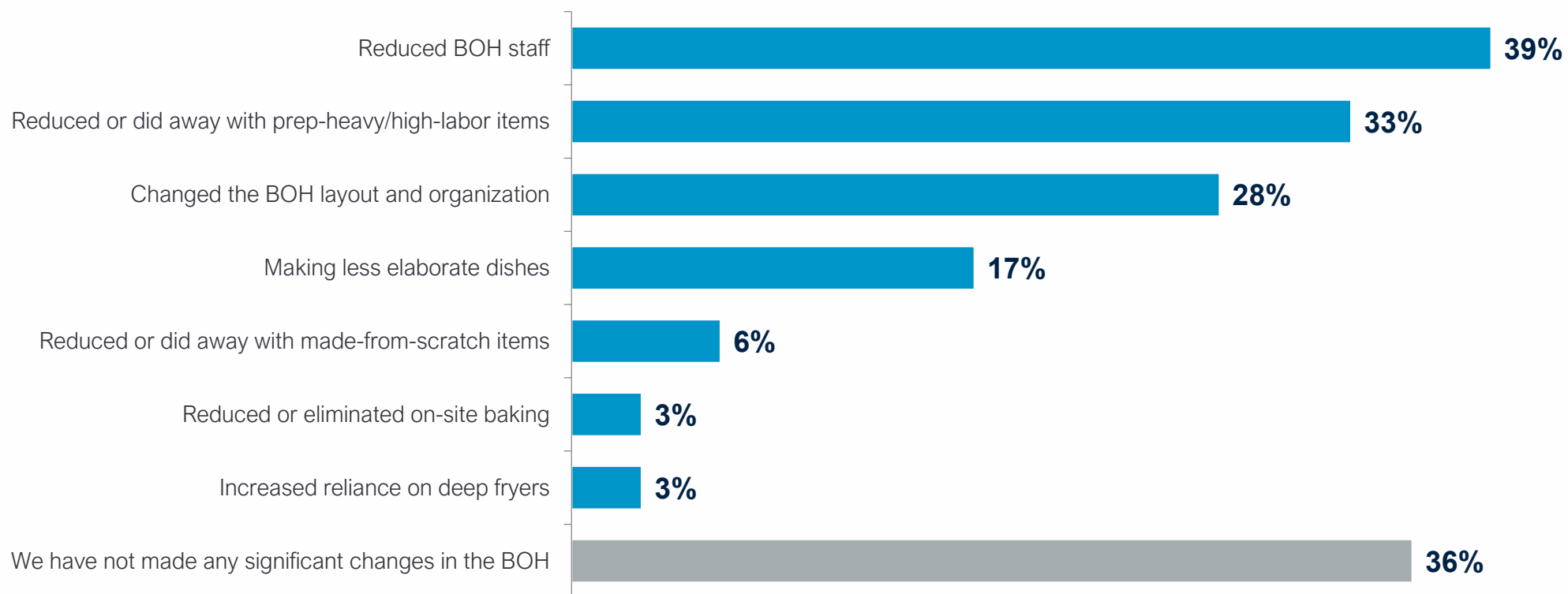| Product	Very difficult	Somewhat difficult	Not difficult/Same as before
Cleaning products	29%	50%	21%
Paper goods (napkins, toilet paper, etc.)	15%	50%	35%
Meat	10%	48%	42%
Vegetables/produce	4%	29%	67%
Frozen foods	2%	12%	85%
Sauces, condiments, dressings	2%	20%	78%
Oils/shortenings	1%	10%	88%

Question: In terms of sourcing, how would you rate your difficulty in finding the following products during the COVID-19 pandemic?
Base: All respondents; multiple answers permitted (n=273).

Operational Changes to Facilitate BOH Safety & Social Distancing

Two in three respondents (64%) report making operational changes to facilitate safety and social distancing in the back of the house, most commonly reducing BOH staff (39%), reducing or eliminating labor intensive items (33%), and changing the BOH layout and organization (28%).
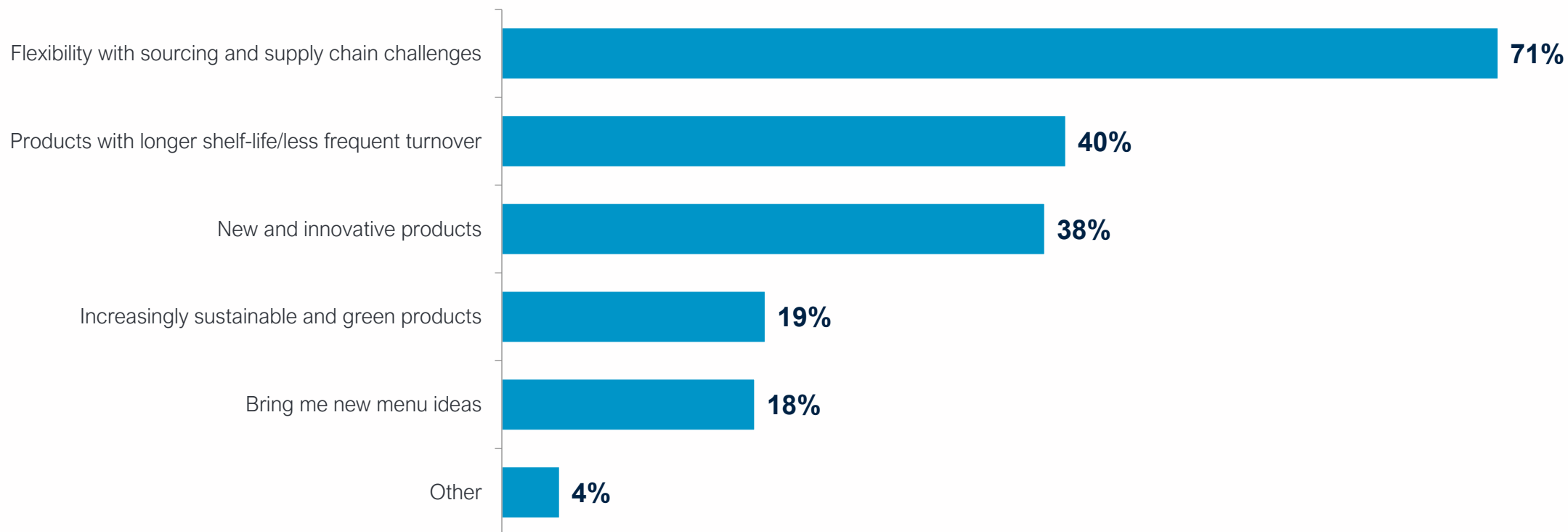
Category	Percentage
Reduced BOH staff	39%
Reduced or did away with prep-heavy/high-labor items	33%
Changed the BOH layout and organization	28%
Making less elaborate dishes	17%
Reduced or did away with made-from-scratch items	6%
Reduced or eliminated on-site baking	3%
Increased reliance on deep fryers	3%
We have not made any significant changes in the BOH	36%

Question: How have your operations changed to facilitate safety, social distancing in the back of house (BOH)?
Base: All respondents; multiple answers permitted (n=273).

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How Suppliers/Manufacturer Partners Can Help Your Business

Respondents report supplier/manufacturer partners can help them the most with flexibility in sourcing and supply chain challenges (71%).
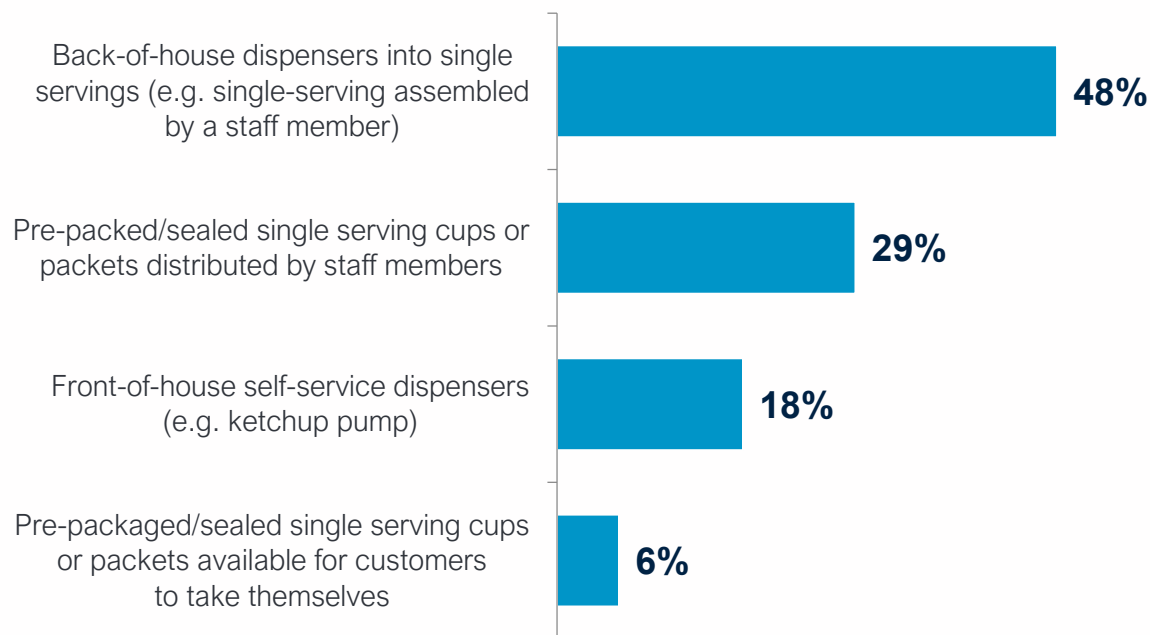

Category	Percentage
Flexibility with sourcing and supply chain challenges	71%
Products with longer shelf-life/less frequent turnover	40%
New and innovative products	38%
Increasingly sustainable and green products	19%
Bring me new menu ideas	18%
Other	4%

Question: During this time and in the future, how can suppliers/manufacturer partners help you and your business?
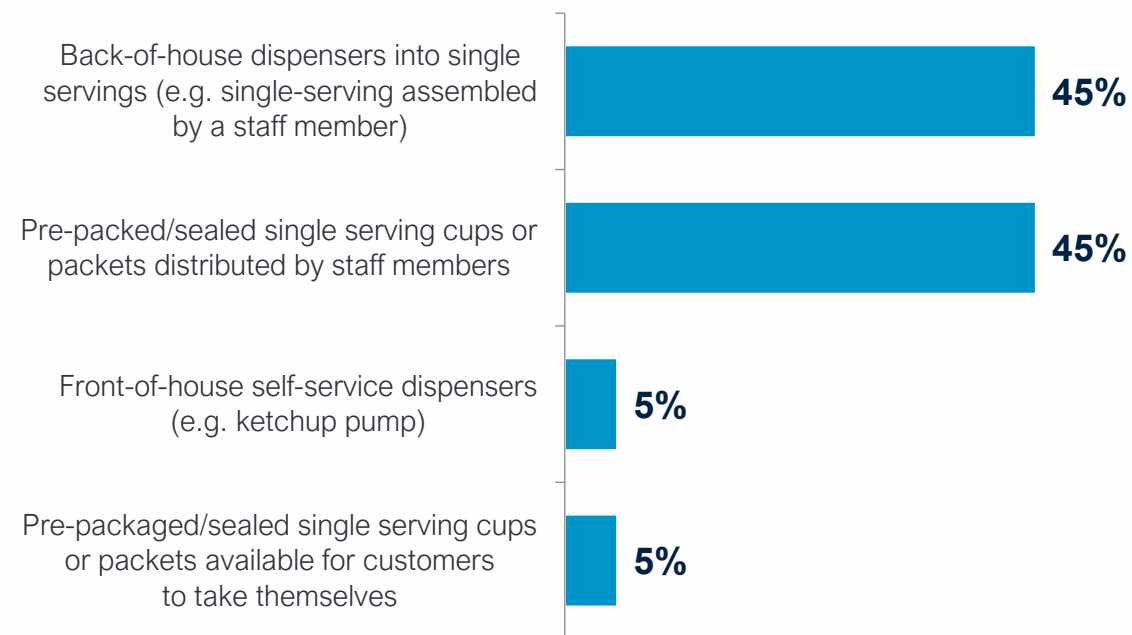*Base: All respondents; multiple answers permitted (n=273).*

Means of Providing Dressings/Sauces to Customers

Historically, respondent operations were most likely to service dressings/sauces via BOH dispensers into single servings (48%). While they are still likely to use that means of service (45%), respondent operations are now significantly more likely to use pre-packed/sealed single serving cups or packets (45% current vs. 29% pre-pandemic).

Pre-Pandemic Means of Providing Dressings/Sauces to Customers

Back-of-house dispensers into single servings (e.g. single-serving assembled by a staff member)	**48%**
Pre-packed/sealed single serving cups or packets distributed by staff members	**29%**
Front-of-house self-service dispensers (e.g. ketchup pump)	**18%**
Pre-packaged/sealed single serving cups or packets available for customers to take themselves	**6%**

Planned Means of Providing Dressings/Sauces to Customers Now Going Forward

|	
Back-of-house dispensers into single servings (e.g. single-serving assembled by a staff member)	**45%**
Pre-packed/sealed single serving cups or packets distributed by staff members	**45%**
Front-of-house self-service dispensers (e.g. ketchup pump)	**5%**
Pre-packaged/sealed single serving cups or packets available for customers to take themselves	**5%**

Question: Which of the following best describes how you have traditionally/historically provided dressings/sauces to your customers?
Base: All respondents (n=270).

Question: At the present and going forward, which of the following best describes how you plan to provide dressings/sauces to your customers?
Base: All respondents (n=270).

Write-in Comments
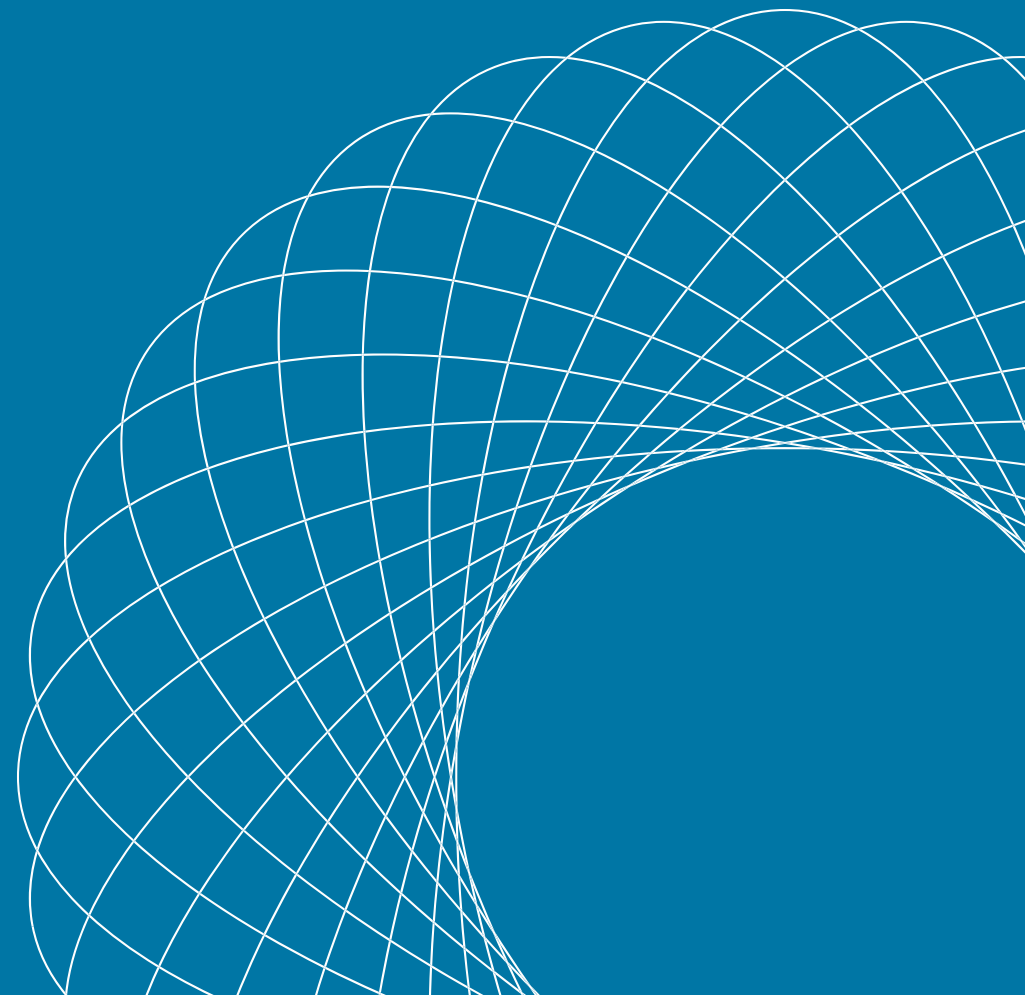
COVID-19 Pain Points

What are the biggest "pain points" you have faced since the onset of the pandemic?

- 3PD capacity to manage new sales volumes and the same goes for our delivery service team
- Accuracy and speed of service
- Adapting our dining room to support takeout/delivery - then reclaiming the space from takeout/delivery as we re-opened our dining room. Also, furloughing and hiring back staff has been emotionally challenging.
- Adapting to ever changing COVID environment and ensuring 100% accuracy on to-go orders for guest satisfaction.
- Adapting to more carry out and drive thru
- Adjusting staff schedules and adapting to new business model
- Anticipating changes to sales volume from public events and perceptions. Operating with minimal staff.
- Awaiting product availability and receiving unannounced shortages.
- Balancing safety with the need to recover as much as possible in sales
- Beef shortage.
- Being closed, losing the momentum we had gain in terms of reputation
- Being quick to adapt and implement
- Belief in public that we can operate safely and abide by CDC guidelines
- BOH staffing with mask requirements
- Business level inconsistency
- Capacity level reductions from government
- Catering sales have significantly dropped
- Changing of gloves that often and wiping down ever time someone touches something.
- Cleaning supplies and masks
- Cleaning supplies ShortageTable spacing 50% rule, Produce substandard
- Closed dining rooms
- Closure of dining rooms, substantial increase in drive thru volumes, implementation of safety practices, supply shortages, PPE supply

- Closure of the dining rooms
- Complex menu items as it slows our DT Operations
- Consistent labor force
- Constant change
- Cost and availability of gloves and other PPE supplies.
- Cost, labor, private events
- Covid-19 exposure from employees testing positive and staffing thereafter. During the 'surge' of July it was a major issue.
- Curbside a lot of running in and out. It works but it can get congested as our restaurants were not designed for such heavy to-go (now curbside) business.
- Customer confidence in restaurants as a whole resulting in loss of traffic, the biggest hit coming after some states rolled back their capacity. We were recovering well and on a strong sales recovery trajectory, but after that happened, we took a big hit and had to start over with convincing customers to dine out still.
- Customer flow
- Customers
- Customers not following safety rules and 50% less inside eating when not shut down
- Customers were angry with in-store closing/getting customers to follow guidelines
- Customers who are not taking our rules and regulations seriously. They are few and far between but can really put everyone else at risk.
- Dealing with all the regulations across multiple states.
- Decrease in revenue/loss of sales. Especially in catering and stores in downtown/dense metropolitan areas where large office buildings have been slow to come back. Also, labor availability in store with quarantined employees.
- Decreased sales
- Differing regulations by state/locality. Exclusion of workers
- Dining capacity and dealing with the masking
- Distancing and safety

COVID-19 Pain Points *(Continued…)*

What are the biggest "pain points" you have faced since the onset of the pandemic?

- Distancing in BOH. Reducing reliance on dine-in
- Drop in sales, difficulty in manufacturers supplying us our normal products, Staffing issues around Covid are a challenge
- Early on it was sourcing PPE for employees and proper cleaning supplies
- Early on sourcing sanitizer. Also re-imagining the labor matrix with less staff and demand.
- Eat in business has fallen significantly.
- Educating staff and customers
- Effective handling procedures (gloves, hand washing)
- Eliminate lunch buffet and dine in service overall
- Employee availability and adapting to new health requirement
- Employee health concerns
- Employees being sick. Not having FOH open. Customer perception.
- Employees consistently following COVID-19 safety procedures.
- Employees strife
- Employees wearing mask
- Ensuring employees are trained and prepared to handle food and customers during this time
- Expanded operational footprint to handle curbside and table delivery (vs counter pick up) driving more labor hours and inefficiency
- Experts say that will likely remain at a higher level because many customers have downloaded apps, tried new services and discovered their conveniences.
- Fall of sales in dining room
- Figuring out how to reimagine revenue generation without customers being physically present
- Finding staff
- Finding staff to work
- Food costs

- Food safety and operations teams understanding the importance of following procedure to keep infected vendors and family members out of the unit.
- Furloughing the staff initially. Managers ran the restaurant for several weeks.
- Getting customers back into the dining room.
- Getting customers in the door
- Getting people back after receiving the $600 stimulus
- Getting people back into inside dining, reliance on third-party delivery services' quality and timing, insuring all staff are wearing masks properly and all the time.
- Getting people to see us as an off-service provider; Ramping up the technology required to compete in this new world
- Getting Staff to come back
- Getting staff to return;
- Government
- Government restrictions
- Governmental shutdowns
- Guest conversion. Dine-in to off premise business. Also getting the stores onboard with all the business operations/marketing pivoting that has taken place
- Guest traffic decline. Shelf life.
- Guests eating out less. Different states/municipalities have varying guidelines and procedures. Had to use up inventories from pre-pandemic. Staffing challenges.
- Had to totally shut down at one point which resulted in 3000 staff being laid off.
- Having closed the restaurant for two months and reopening.
- Having to furlough and lay off staff members, switching to family and value bundle meals, budget cuts, having too big of a menu to begin with.
- Having to lay off 40% of our team.
- Healthy employees, staffing, capacity limits
- Highway robbery of PPE products like masks and gloves
- Hiring

COVID-19 Pain Points *(Continued…)*

What are the biggest "pain points" you have faced since the onset of the pandemic?

- Hitting pre pandemic revenue
- Hours have been cut due to volume and have some tourist restaurants that are severely effected due to Disney not open/reduced capacity.
- Inconsistent legislative changes and enforcement by city/county/state. Covering shifts for staff sent home due to temperature or b/c of contact with COVID positive family or friends. Pressure from distributors around routes and product.
- Increase food safety, varying supply availability, staffing
- Increase labor to deal with guests not being able to serve themselves. Extra steps needed to clean and sanitize. Finding masks and gloves. Managing social distancing. Loss of business due to reduced capacity. Third party transaction reconciliation.
- Increased good cost, customer relations
- Increased labor
- Increased labour and variable costs in order to meet new sanitary guidelines.
- Increased push back by customers. Keeping up with the sales volume.
- Indoor dining
- Initially, the loss of indoor searing; followed by a reduction of 75% of our indoor seating capability due to state restrictions.
- Keeping everyone safe and being able to stay open.
- Keeping my staff and customers safe and maintaining social distancing. Maintaining business with a declining customer base
- Keeping up with ever-changing guidance from state and federal.
- Labor
- Labor -- not enough and folks getting infected
- Labor availability
- Labor from a safety perspective and obtaining
- Labor issues due to federal unemployment benefits
- Labor shortages caused by concern over contacting the virus and overly generous Federal unemployment subsidy which provided for higher earnings than what we pay

- Labor, changing and adapting business model
- Labor, pivoting to less on-site
- Labor, sales and catering business
- Lack of clarity in rules from the Government.
- Lack of customers
- Lack of indoor dining, Rent
- Lack of sales
- Lack of traffic, dining room configuration
- Laying off staff as we had no choice, we simply had to find a way to survive and save the business.
- Layoffs
- Leaner labor
- Less available tables, enforcing mask usage and distancing
- Less customers
- Less sitting for indoor dining, Quality of food being delivered, Paper or To Go containers limitations for retaining Hot and Cold"
- Letting guests know we're open and getting the word out about 3rd party delivery, curbside, and online ordering options.
- Limited seating during peak periods
- Limited seating, team member staffing
- Little in store traffic
- Local governments closing dine-in
- Local market restrictions
- Loss of business
- Loss of catering , third party cost to much for delivery
- Loss of dining room and catering business
- Loss of jobs
- Loss of sales, staffing

COVID-19 Pain Points *(Continued…)*

What are the biggest "pain points" you have faced since the onset of the pandemic?

- Loss of Sales. Loss of Income to staff. Loss of staff. Enforcing social distancing with some guests. Monitoring employees mask-wearing.
- Lower sales volume
- Maintaining a staff to execute the food and beverage operations.
- Maintaining all employees, both from a cost perspective and employees willing to work.
- Maintaining guest counts. Keeping crew motivated and rested.
- Maintaining labor costs at a reasonable cost
- Making payroll
- Managing par levels at our distributor
- Mask
- Mask requirement for staff
- Meat supply chain fairly unstable, Impulse pricing and stabilization/customer feedback
- Menu preference on reduced menu is out of whack causing supply shortages especially for items sourced overseas
- Monetary
- Morning routine disruption, plunging breakfast sales.
- Municipality decisions on Delivery Only - Outdoor Dining Only - Limited Dine-in. we have been progressive with reducing risk to our Team, Guest, and Partners. bur if the Municipalities, State, and Fed Government would get on the same page we could get past this.
- Navigating legal requirements in different jurisdictions, ever-changing rules
- Navigating the PPP program
- New cleaning and health product sourcing
- New ordering system and reduced capacity
- No dine-in service; rents; premium pay
- None
- Not having the ability to have indoor dining; constantly changing tiers or phases
- Not knowing when we could open

- On site capacity restrictions
- Panic, rapid rule changes
- People:The unsteady flow of Traffic and the amount of staff members unwilling to work.
- Pivoting to mostly to go, balancing labor vs new sales"
- Policy introduction
- Political changes as to what is allowed for in-person dining in the different states that we have restaurants and these changes seem to come unannounced and without reason at times....Uncertainty!
- Predicting guest counts, sales and par pulls
- Predicting volume/managing waste
- Procuring high quality beef at normal prices. Trucks aren't delivering daily anymore either.
- Product availability and logistics
- Product supply and availability
- Rapidly changing regulations that differ between different locations and pivoting our menu to include more items that travel well for off-premise consumption
- Reduced capacity
- Reduced capacity; sanitation; staffing; dine-away
- Reduced customer traffic
- Reduced demand (we operate hotel restaurants)
- Reduced foot traffic, tight margins, reduced labor model, reduced group food and catering
- Reduced on-site dining, more take out, sourcing meat
- Reduced revenue and limit to on-site seating
- Reduced sales volume at the beginning of the pandemic. Mostly recovered at this point.
- Reduced sales, increase covid labor
- Reduced traffic
- Reducing hours

COVID-19 Pain Points *(Continued…)*

What are the biggest "pain points" you have faced since the onset of the pandemic?

- Reduction in business travelers
- Reduction in capacity to inky 50%
- Reduction in guest traffic and changes in local Covid restrictions.
- reduction in staff. Wearing to many hats and the guest suffer when we are busy. No extra help
- Returning labor to the restaurant after re-opening dining rooms and product shortages
- Revenue
- Safety measure to follow and ask customer to follow.
- Safety perceptions
- Sales
- Sanitizing constantly, face coverings, shortages in shipments, and getting good help is even more difficult.
- Scheduling crew regularly (availability)
- Seating capacity
- Shift in dining room vs. drive thru ... required complete overhaul of labor modeling
- Shifting hours of operation
- Short staffed
- Slower sales.
- Social distancing
- Social distancing in a small kitchen space
- Sourcing cured meats.
- Sourcing of our specs on certain products and being forced to substitute at a higher cost. Also the sourcing of gloves and cleaning products and being forced to pay much higher prices on them
- Sourcing PPE for staff. Continuing labor shortage at minimum wage level. It's very hard to find anyone who wants to work for less than they would receive on unemployment. Also with virtual schooling and lack of daycare being qualifiers for unemployment, many of our staff are now being paid by the government to be home with their kids.

- Sourcing quality meats
- Staff moral, quick adaptation to new revenue streams
- Staff. The government paying them more to sit at home
- Staffing *(7 mentions)*
- Staffing and guest social distancing
- Staffing and morale
- Staffing and significant reduction in demand.
- Staffing because of unemployment and enforcing social distancing/regulating team members that get sick
- Staffing is low, people can't come back to work because of family or won't because of unemployment.
- Staffing levels
- Staffing levels - finding help
- Staffing, Public frustration over the pandemic
- Staffing, adjusting to new modes of operation
- Staffing, Sales, Landlords, guests coming in through the doors, lack of tables.
- Staffing.
- Staffing. Many of our employees could make more money staying at home and collecting unemployment rather than come to work.
- Staffing. Needs
- Stress
- Suppliers impacted by Covid. Demand spikes in certain segments. Rapid change in Operations.
- Supply and staffing issues
- Supply Chain & Distribution - PPE, fresh proteins, packaging availability, supply interruptions due to extreme swings in retail demand, accelerated shift to practically all off-premise (drive-thru)
- Supply chain availability and workforce shortages.

COVID-19 Pain Points *(Continued…)*

What are the biggest "pain points" you have faced since the onset of the pandemic?

- Supply chain interruptions, labor issues.
- Supply chain issues---reduced seating capacity--continued labor challenges
- Supply Issues (Meats)Gloves and hand Sanitizer (Price & Availability)
- Supply of products
- Switching to off premise only in the spring
- SYSCO and the cold chain
- The closing of dining rooms for a period of time.
- The consistent unknown of mandates, capacity requirements, etc.
- The cost of meat, poultry, and dairy. Also the issue of paper goods cost and availability of sanitizer.
- the cost of safety precautions along with less revenue coming in
- The frequent changes in on/off premise availability
- The government implementing archaic lock down orders.
- The governor of Kentucky and his rules.
- The lack of business
- The lack of guests coming into our airport. The laying off of team members
- The reduced staff was very straining, especially on the managers, who had to do the work of about 5 different people.
- The volume of customers for a high-end steakhouse. Not as many people comfortable celebrating big occasions in public.

- The waffling lack of leadership from Governor Wolf. At the onset, we all agreed we needed to see what was coming but since April he has used this pandemic as ways to further his personal political agenda and has targeted the restaurant industry specifically without data that back his decisions.
- Third party delivery and to go overwhelming the BOH, especially on holidays.
- Top Line Sales & losing great people
- Trying to make sure employees are safe and get enough hours and they don't get sick from family members or roommates.
- Uncertainty
- Uncertainty in government restrictions and regulations. Availability of cleaning and paper products.
- Uncertainty of the business
- Uncertainty, Staff
- Understanding traffic trends
- We are a pizza place that seats 55 people and normally did half eat in/half take out orders. We were very busy at the start of the pandemic with take out orders. Even though the state now allows dine in we could only seat 4 tables because of our set up. We don't know if we are losing business to restaurants that are offering dine in, and we don't know how to get customers back.

Challenges Faced in the Ongoing Battle against COVID-19

What challenges do you foresee facing in the coming months as the battle against COVID-19 continues?

- 2020 Election, more mass layoffs due to UIB running out. Flu season keeping people indoors. Product availability.
- A resurgence of the virus combined with flu season may reduce traffic
- Accommodating outside dining as the weather cools
- Adjustments to continued changes in landscape of the virus - seems to be causing us to pivot quite frequently
- Another lockdown. We can handle the rest: we have simple operations. But another lockdown will kill our business.
- Another spike and/or shut down could send sales plummeting again
- Are some portion of people permanently going to stop coming to FSR restaurants
- As it gets cold curbside may not be a great option for guests and employees may not be too jazzed either.
- As the weather turns and we don't have outdoor seating
- Aside from 'staying in business', gradual reopening of Dining Rooms and the uncertainty of Governmental control.
- Balancing in restaurant traffic and to-go traffic
- Balancing safety with the need to recover as fully as possible in sales. Staffing.
- Being able to serve enough guests as winter comes, and we can't use outside patios.
- Better packaging options, supply chain shortages for products, Feedback mechanism to improve operations and customer satisfaction on to-go/delivery customers.
- Breakout of COVID-19 In a specific location that infects multiple employees.
- Building sales back through modified delivery systems
- Building sales under a reduced seating capacity while controlling labor
- Capacity in the dining room capacity.
- Catering sales, trying to regain in-store sales
- Cold weather will not allow for outdoor dining
- Commodities continue to shift, and demand for some products will outweigh supply as the seasons change.

- Comp sales.
- Competing for customers' dine-out dollars - menu prices are up across the board and people are now used to cooking at home - leading to decreased demand for dine-out. Coupled with anxiety towards being in public, and our pool of prospective diners has now shrunk.
- Consumer confidence - occasional supplier service interruptions due to plant breakouts
- Consumer confidence-we us all precautions for Covid-19.
- Consumer demand expecting staff to always wear gloves and masks
- Contactless dining and reduced capacity
- Continuation of social distancing during football season
- Continue hesitancy with guests venturing out to dine in-person.
- Continue to trickle to precovid business practices while keeping Covid sanitation practices.
- Continued heightened food safety awareness, limited dining room capacity, ability to maintain business while maintaining social distance.
- Continued hesitation to dine in.
- Continued labor and paper goods shortages
- Continued labor shortages and supply shortages due to spikes of covid at key suppliers
- Continued labor, guest expectations
- Continued product shortages and decreased sales as summer comes to a close
- Continued staff shortage which will result in reduced hours of operations. Continued supply chain issues.
- Continued staffing challenges
- Continues pricing struggles and customers "tightening their belts".
- Continuing declining guest counts, safety aspects.
- Continuing to assess costs and keeping the P & L bottom line profitable.
- Continuing to get customers to come in and trust it is safe.
- Continuing to keep the guests and staff safe

Challenges Faced in the Ongoing Battle against COVID-19 (Continued…)

What challenges do you foresee facing in the coming months as the battle against COVID-19 continues?

- Continuing to reinforce and train our staff that safety is a top priority, reinforcing those standards with our guests.
- Continuing to show how we as a brand have been successful and continue to grow during this uncertain time.
- Continuous push back from customer base re: have to wear a mask!
- Controlling expenses
- Convincing customers that we have their safety in mind
- Convincing the Public that food service is safe and Dining on premise is safe.
- COVID impact to supply chain
- Creating food news while limiting our number of new SKU's
- Crew, supply chain reliability, delivery partner shifts
- Customer behavior returning to pre COVID "norm"
- Customer demand for value
- Delivery drivers.
- Demand inconsistencies, state by state differences, customer trust in the restaurant environment. Overzealous fear of Covid
- Distributors being able to service their customers as business returns
- Employee availability, adapting to new health requirement, and satisfying the diversity in customers' expectations related to safety
- Employee/staff shortages
- Employment
- Excessive regulation in terms of food and labor safety and also potential additional closures of malls were we operate.
- Exclusion of workers.
- Executing better to go
- Expanded capacity
- Facility design
- Fall of sales in dining room

- Faster opening
- Fatigue, masks and barriers make kitchen staff tired.
- Fear among consumers
- Fear of customers - lack of orders - heavier reliance on delivery services that cost too much!
- Financing and fixed cost
- Finding staff to work. People seem to be content sitting at home collecting unemployment.
- Finding time to pressure wash drive thru. rarely empty, 24x7
- Gaining the trust in consumers that reopening can be done safely
- Getting some dine in business back
- Getting a properly trained staff, because a lot of the trained staff was temporarily laid off at the beginning of COVID-19, and a lot of those employees chose not to come back.
- Getting back to work
- Getting customers in the door
- Getting our business re-established
- Getting product, customers not wanting to put up with difficulties of dining in.
- Getting staff members back as restaurants open up for dine-in services once again, keeping marketing tactics forward/progressive/relevant, food safety issues, decreased budget.
- Giving guests a reason to come back
- Going bankrupt. More social unrest.
- Government restrictions.
- Guest comfort level of returning to dine in options.
- Guest preferences changing.
- Guest relations, people are becoming impatient with masks and social distancing.
- Hard to invest in healthy/fresh ingredients at lower levels
- Having customers return to indoor seating; meeting the demand for indoor seating while maintaining new protocols for safety. (eq. Social distancing)

Challenges Faced in the Ongoing Battle against COVID-19 (Continued…)

What challenges do you foresee facing in the coming months as the battle against COVID-19 continues?

- Having our business closed at the whim of the governor.
- Having to stop dine in option again.
- Hesitance of people to return to dining in and the prolonged reduction in restaurant capacity
- Hiring
- Hiring keep on improving on safety
- Hotspots of Covid coming out in our rural areas from colleges and schools openings
- How will casual dining be affected long term
- If we start to revert back to the lockdowns
- Improve on premise chanel
- Inaccurate guidance from government
- Increase ventilation systems inserting Hepa filters and UV Lights. Continuously teaching staff to clean all. This to get the customer back to inside dining.
- Increased cost to run business, lower revenues from on-site dining, labor pressures
- Indoor dining and paper goods
- Innovation on menu
- In-restaurant traffic
- It seems to be normalizing and evolving to a new normal
- Keep enforcing the protocols
- Keeping the government from locking us back down.
- Labor
- Labor - getting folks to come to work. Recession - how long will it take to get back to pre-COVID sales?
- Labor cost and willingness to work.
- Labor shortage / folks getting sick.
- Lack of guests hurt our ability to do things "right."
- Lack of holiday and large gatherings with adapting to a new type of peak season.
- Large dining rooms have less value

- Leadership comes from the top. We need to vote Trump out of office.
- Less guests coming through our doors with schools reopening.
- Limited dine-in service; rents; premium pay
- Limited space for to-go execution in full service dining concept, Unknown future of government regulations
- Loss of sales due to in-dining limitations as well as guest's hesitation to be out
- Lower dining room traffic will negatively impact profits.
- Lower price points. Less emphasis on innovation.
- Lower sales volume
- Lower sales volume and financial losses
- Maintaining high levels of cleanliness and staffing levels
- Maintaining labor and cost of goods
- Maintaining market share, unpredictability of the guest, labor shortages
- Maintaining Sales.
- Managing increased drive thru volumes, supply shortages
- Many changes precipitated by COVID may "stick. Not sure that we will ever return to business as it was in early 2020
- Mask
- Mask restrictions for guests
- Menu simplicity
- Monetary
- Money issues
- Morale, patience of customers
- More changes in legislation/regulation. Additional labor cost and potential loss of staff as they run out of paid leave. Pressure from supply chain and distributors around items that they willing to carry and pressure around routes and product.
- More Covid outbreaks
- More product supply issues as meat producers struggle with labor challenges

Challenges Faced in the Ongoing Battle against COVID-19 (Continued…)

What challenges do you foresee facing in the coming months as the battle against COVID-19 continues?

- Much as above - Getting people back into inside dining, reliance on third-party delivery services' quality and timing, insuring all staff are wearing masks properly and all the time.
- New demand
- None (3 mentions)
- Not knowing what our dumb governor will do
- Number of customers coming in
- On site capacity restrictions
- Ongoing recruitment issue
- Our business models depends on table service, since there have been restrictions and the slowly recovery on this model, we have to switch to off premise model very fast in the future
- Our franchisees having enough cash to keep the doors open if they are not making enough money.
- Outdoor dining as winter temps arrive. Differentiating between Flu infected associates and covid 19.
- Painfully slow return to full capacity. Uncomfortable mask wearing in 105 degree heat
- Paying employees who are sick and already used all paid time off. Increasing sales to offset increased cost of doing business, using extra operating supplies to keep it safe, extra labor to keep areas cleaned and sanitized.
- Paying rent, staff,
- Possible lay offs
- Possible supply issues and continued slow sales in in-house dining.
- Prices/staffing
- Product availability and pricing.
- Products (paper and janitorial). logistics
- proof of safety
- Providing a level of hospitality to our guests like pre-covid
- Reduced capacity; dine-away

- Reduced customers
- Reduced supply and increased demand.
- Reduced volume. More supply issues
- Reducing dining to outdoor only, Weather either too hot or too cold for outdoor dining, Cost of paper goods rising"
- Reduction in occupancy count in dine in resturants. Potential for shutdown again. Protein availability...one tyson/hormel
- Regaining customers - sales and throughput
- Remaining a viable business with a positive bottom line.
- Rent. Paying bills regrowing
- Restoring confidence to dine out safely; Traffic, traffic, traffic
- Risk of additional shutdowns
- Running out of PPE money
- Sales
- Sales at less than pre-pandemic levels, unit level profitability
- Sales growth
- Sales volume not likely to return to levels needed without indoor dining. Weather impact on outdoor dining. Surge in Covid-19 cases impacting current sales volume.
- Sales volume, getting customer walk-in traffic
- Shifting back to dine in service to rehire staff
- Slow return, so changing the model to adapt long term
- Slow sales recovery
- Slowed traffic
- Social distancing, cleaning, changing regulations
- Sourcing labor, sales declines due to cold weather and guests not wanting to dine indoors in full-service restaurants
- Staff and supplies
- Staffing *(6 mentions)*

Challenges Faced in the Ongoing Battle against COVID-19 (Continued…)

What challenges do you foresee facing in the coming months as the battle against COVID-19 continues?

- Staffing - hiring and retaining employees, maintaining increase in delivery business
- Staffing and building sales.
- Staffing issues, due to quarantine
- Staffing, as the infection increases it is more likely that my staff or their family will be infected and they will not be able to work
- Staffing, maintaining guest confidence in their safety
- Staffing, people changing careers from restaurants, guest safety
- Staffing, product availability,
- Staffing. As the fall and winter approach being able to go back to in house dining.
- Staying vibrant
- Steady increase in sales channels
- Still being short staffed/hiring.
- Suffering catering business (holiday), staffing and labor, political issues
- Suppliers going out of business or reducing lines
- Supply chain disruptions
- Supply/Distribution, packaging, consumer sentiment
- Supporting staff who are unnecessary t9 current operations
- SYSCO and the cold chain
- Team members working the "don't work if your sick" and being able to accommodate changes in staffing. we work on a smaller staff so with this requirement we'll be more diligent to get folks who show symptoms out of work causing issues with current staff.
- Teams getting worn out and emotionally distraught as this continues. Morale.
- the continuation of safety protocols. if we are below capacity it will be hard to stay profitable with the additional costs incurred
- The Governor just signed another 90 declaration of emergency, so that he will push our statewide business-killing regulations into 2021, again, without the data that supports what he is doing and he gets away with all of it.
- The governor of a Kentucky and his rules

- The inability to seat the entire dining room makes for challenging sales volume.
- The lack of business
- The loss of outdoor dining as the cold weather comes and the customer's reluctance to dining out inside the restaurant.
- The possibility of a second surge forcing repeated shutdowns
- The US is in for some dark days financially. This has been a dress rehearsal for what's to come.
- Things are getting better, and we're more successfully managing through issues.
- Thinking outside the box to easy preparation and streamlined delivery to consumer
- To protect yourself from catching COVID while dining out, the CDC recommends following these tips: Don't go out if you're sick. Wear a face covering at the restaurant at all times, except when eating. This includes indoor and outdoor dining areas.
- Uncertainty as we know this is far from over! There will be more adaptations to the new normal and we foresee more issues that we simply will have to learn how to manage and power through.
- Uncertainty, changes in consumer behaviors/trends, rent negotiations.
- Unpredictability. New competition in the delivery area
- Urging customers to continue to follow guidelines/wear masks/etc
- Volume increase
- Waiting to see if the virus gets out of control again
- wave of increase cases. More employees not being able to work, as they continue to be less protective of themselves
- Way below sales for holiday season. Find a way to incorporate catering and off-site home dinners.
- We can't get all of our day staff back to work because unemployment benefits are so great. We cut lunch hours at the start of the pandemic when people started working at home. Now that people are back to work and we need to reopen for lunch, our staff don't want to come back. It is always hard to hire for part-time lunch hours in town under normal circumstances, so it's even harder in a pandemic!

Challenges Faced in the Ongoing Battle against COVID-19 (Continued…)

What challenges do you foresee facing in the coming months as the battle against COVID-19 continues?

- We need more customers just to break even.
- We will not be able to open for dine in for a long time because of the cost of cleaning and safety as well as having to hire more staff to keep health and safety protocol.
- Weather. When it gets cold, our already limited capacity will be cut in half again. How do we safely maintain revenue and make money with such a tiny space? (We have seven tables)
- What the fall will bring in levels of cases. Not knowing what the governor is going to mandate.
- Will customers return to dining inside
- Will the slower months be slower this year due to concerns about another round of cases
- With partial operations being in place, and the ability to be partially open, we are fighting for the survival of our company. We hope to survive and be able to remain in business.

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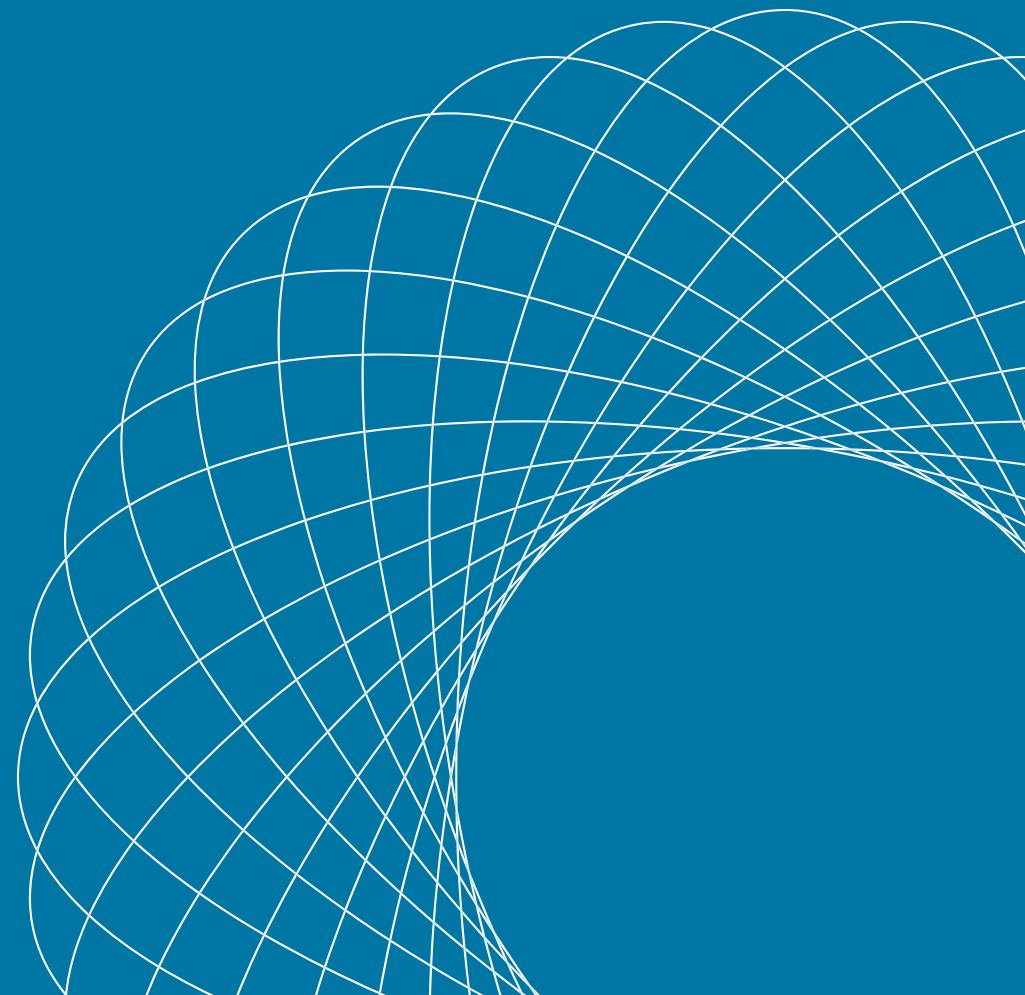
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