

How Coronavirus Is Impacting the Restaurant Industry

ARTICLE | **MARCH 19, 2020**

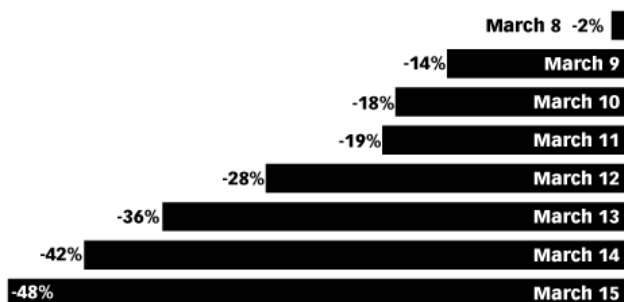
Rimma Kats

Following protocols and updates suggested by the Centers for Disease Control and Prevention (CDC), most restaurants across the US are adjusting their services to offer takeout and delivery only—relying on services like Caviar, DoorDash and Seamless to help get meals to consumers at home.

Based on data from restaurants on its platform, OpenTable has seen sharp declines over the past week, not only in online and phone reservations, but also walk-ins. Reservations on March 9—among the US restaurants on the OpenTable Network—decreased 14% year over year. That figure more than tripled by March 15.

Change in Restaurant Reservations Among US Restaurants on the OpenTable Network, March 8-15, 2020

% change vs. same period of prior year



Note: includes only cities or states with 50+ restaurants and those on the OpenTable network; includes online reservations, phone reservations and walk-ins

Source: OpenTable as cited in company blog, March 16, 2020

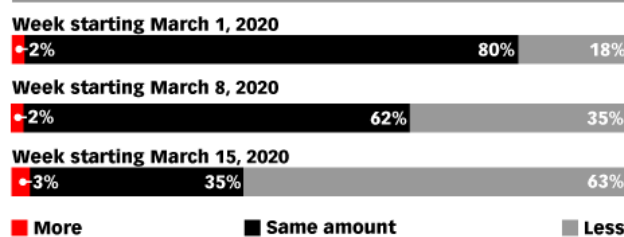
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Data from CivicScience paints a similar picture. On the week of March 1, 18% of US adults surveyed said they were dining out less when asked how their dining habits have changed because of the COVID-19. By the following week, that figure nearly doubled. And by the week of March 15, nearly two-thirds (63%) of respondents said they were dining out less.

Change in US Adults' Dining Habits due to the Coronavirus, March 2020

% of respondents



Note: numbers may not add up to 100% due to rounding

Source: CivicScience as cited in company article, March 16, 2020

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To support social distancing—and continue generating revenues—restaurants are depending on outside delivery services, and new procedures are already being implemented. Earlier this week, Caviar announced that it would let consumers request a “no-contact delivery” when placing their orders. By requesting that option in the courier

instructions field of the app, consumers can get a call or text when their order is ready for pickup at an agreed-upon location.

DoorDash also pushed for similar changes this week, changing its default delivery method to a no-contact option. "With this update, 'Leave it at my door' will be the default drop-off option, and customers will have the choice to select 'Hand it to me' if they prefer," wrote Tony Xu, CEO and co-founder of DoorDash in a blog post. "We have also advised Dashers that they may initiate a no-contact delivery at any time by reaching out to the customer with a call or text message to confirm."

Delivery services are also taking steps to offer some financial relief to restaurants that are struggling during this time. In an email sent to its customers this week, Seamless said that when orders are placed, the company is "deferring commission fees for many restaurants, so more of [the customers'] money goes to them now."

It's too soon to tell, though, whether ordering via these apps is likely to increase. "It doesn't really matter what restaurants and delivery platforms do. It's more about [whether or not] US consumers feel safe receiving their food in this manner," said Adam Blacker, vice president of insights and alliances at Apptopia. "Most of us went out and did grocery shopping, so I would imagine there is less of a demand for food delivery right now."

Blacker added that he received a push notification from Uber Eats telling him delivery would be free if he ordered locally. "But I'm stocked up for now, so I don't see any reason to use it, as I've already spent my money on groceries," he said. "I think we're going to see food delivery apps in the US continue to trend down for a little while longer. If things get better or if people run out of their groceries, we should see some level of a rebound."