

Report On  
**Covid 19 Effect on Customer Orientation of Restaurant Industry of  
Bangladesh**

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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**Letter of Transmittal**

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**Subject: Report submission on Covid 19 Effect on Customer orientation of Restaurant Industry of Bangladesh.**

Dear Madam,

With due respect, I would like to show my research work which is **“Covid effect on Customer orientation of the restaurant industry in Bangladesh “**.

I have tried to complete this report in a compact and detailed way with the required data and advice.

I believe that all goals in this report will be met.

Sincerely yours,

---

ABU FARHAN SADIK

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Date: JAN 2021

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Sincerely yours

Abu Farhan Sadik

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## List of Acronyms

**GDP - Gross Domestic Product**

**RMG** – Ready made garments

# **Covid 19 Effect on Customer Orientation of Restaurant Industry of Bangladesh**

## **Chapter 1**

### **1.1 Introduction**

For the world 2020 has been a handful of years. The effect of covid'19 is seen in every sphere of life. The world Business is at stake. Although it started from Wuhan in China, it got fanned out all over the world in no time. Since then this disastrous pandemic is taking its toll. When it comes to the restaurant industry the severity is quite prominent. In Bangladesh the impact of this pandemic is quite prominent. Restaurant Industry is totally at stake.

### **1.2 Background information**

Food Industry in Bangladesh is still on the expansion phase. Digitalization was always the key to upgrade the business but 2020 showed the necessity of it. As social distancing is the key these days dine-in is becoming a rare case scenario. On the contrary takeout and online food, the order has become regular practice now. National Restaurant Association which is the main trade association, the sale is down by 47% throughout the nation from March 1 to March 22. According to NRA (National Restaurant Association), 3% of the restaurants have been permanently shut down due to Covid and they have lost like \$120 billion in sales just for the first three months of this disastrous pandemic. In Bangladesh, the impacts In restaurant industry is quite even more devastating. The total amount of the restaurant industry in Bangladesh is BDT 4500 crores in the last year with an expected 2.1 percent contribution of the country's GDP by 2021. So it can be said that this industry is a strong contributor to the national GDP but due to Covid'19 many of the restaurants have been shut down permanently. Which is putting the owner's lives at stake but also the national GDP as well. Many of the famous and popular restaurants are being unaerated due to this disastrous pandemic. For example, all outlets of Xindian (11), 7 outlets of BFC (37), 9 outlets of Pizza hut (24), 7 outlets of Burger King (12) are being unoperated due to these pandemic times. During this trying time when the social distance is the only key, it is affecting the restaurant industry quite detrimentally.



### **1.3 Problem Statement**

According to Financial Express, the restaurant industry is one of the highest GDP contributors in our country, the size of the industry is 4500 crore with a contribution of 2.1 percent of the GDP. For the disastrous impact of this pandemic many restaurants have to shut down their business permanently. According to a piece of published news, all outlets of Xindian (11), 7 outlets of BFC out of 37, 9 of Pizza Hut from the existing 24, and 7 out of 12 outlets of Burger King, remain unoperated due to the ongoing pandemic. The dine in culture of the restaurants is becoming a rare case scenario. The restaurant Industry is living solely on the delivery companies. Again there are many restaurants where the employees got uprooted from their jobs.

### **1.4 Research Objectives:**

This thesis paper is based on some research objectives. Which are mentioned in the below:

- To figure out the challenges restaurant industry is facing during this trying time
- How the restaurant industry dealing with the present pandemic situation
- To identify the problems the industry is going through right now

### **1.5 Research Questions:**

- What are the major barriers the Restaurant Industry is going through during this pandemic?
- What are the factors that are affecting the industry internally and externally on a constant basis during this disastrous time?
- How the present complications of the industry can be solved in an effective manner?

### **1.6 Significance of the study:**

This thesis work will help the restaurant owners to follow the right track in order to grow their business. It will help them to overcome the post covid situation. Not only that this paper will help the industry to ensure the prime contribution of the national GDP. This work is done through the latest research, Journal and articles. So it comes real handy for the small

and high-end restaurant owners to take decisions during this kind of difficult times. Which will boost the strength of the industry.

## Chapter 02: Literature Review

### 2.1 Global Status

The Global effect of Covid on the restaurant industry is quite epidemic. In the United States the total size of the restaurant industry is \$899 B and contributes at least 4% of the United States GDP. Consumers tend to pay 50% of their monthly food budget on dine out.

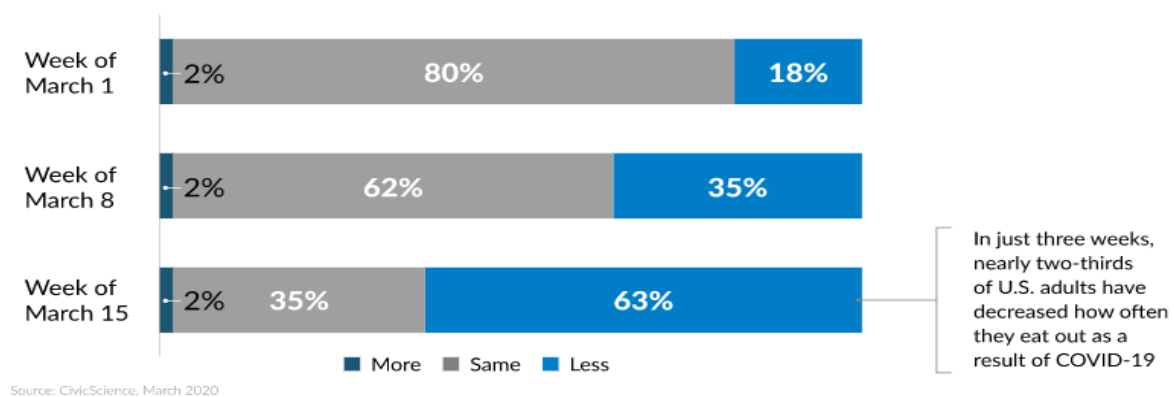


Figure 1- US based Graph showing the regular food preferences of customers.

The graph above is the representation of how the regular food culture is changing for this coronavirus in the US.

The whole culture of the food industry is changing. For the hitting of Corona the industry is now solely depending on some delivery and takeaway services. In the US there are services like Caviar, Door dash and seamless others who are helping to meet the current customers demand.

Well there are some significant behavioral changes that are seen in customers for this pandemic situation. For example people in US, Canada and UK tend to order from a different restaurant 1.3X more on each weekend day than the week day.

## CHANGE IN ONLINE FOOD ORDERING TIMES BY WEEK DAY

Between the dates Jan 1 to May 5, 2020  
Audience sampled from global data

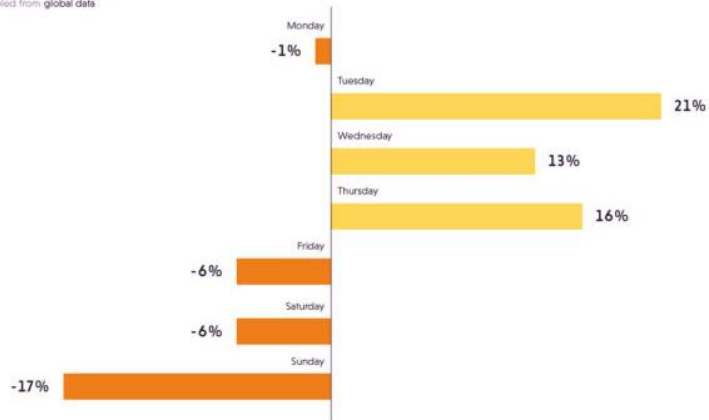


Figure 2- Changes in food ordering

times by week day

In this Graph it is seen that people tend not to order from the same restaurant that they order from on the weekdays.

As the whole Restaurant notion has changed the regular factor considering foods is now all about the size of the queue of the takeaways. Foot traffic to fast food and casual dining restaurants has decreased 45% and 67%, respectively, since the start of lockdown efforts.

## 2.2 Country Status

Pandemic started taking its toll in every possible sector. When it comes to the restaurant industry the toll is even getting heavier day by day. The food industry is around 4500 BDT crore in size and 2.1% contributor of our national GDP. For the effect of pandemic as social distance is the key dine in has become almost perished. Even there are places that got permanently shut down or un operated. There are so many renowned restaurants that remained un operated for example all outlets of Xindian (11), 7 outlets of BFC out of 37, 9 of Pizza Hut from the existing 24, and 7 out of 12 outlets of Burger King, remain un operated due to the ongoing pandemic.

The total food industry is alive because of the delivery companies. People are tending to order food more rather than dine in as they are staying home. Safety measures and precaution is a big concern now. The delivery companies are literally booming and even they are expanding their business.

### **2.3 Details of the Problem Statement**

The restaurant industry got greatly hampered due to the pandemic. As the restaurants were totally off during the pandemic situation many of the staff of the restaurants lost their jobs. According to Dhaka tribune only 200 restaurants of Dhanmondi and Gulshan were able to pay the salary of their staff. Nevertheless for shutting down many restaurants permanently the National GDP got lessened which can be a potential barrier for the economic growth of the nation. Many restaurant owners faced a significant amount of losses in their business. Many restaurants even lost their all-time loyal customers.

The whole industry is running on a third party right now which is the food delivery industry. It is not sustainable for this industry as it covers only 10% of the sale according to Syed Mohammed Andalib who is the publicity secretary of Bangladesh Restaurant Owners' Association. As takeaway is the new normal the industry is still struggling to fit in the new trend. It is causing problems from both ends (Customer and Restaurants Owner). Packaging the food, maintaining the quality and expected amount of quantity is an issue now. Not only that, delivering the food on time is a big challenge now because the customers are no longer specifically oriented, they are all scattered now. So making deliveries on time is quite a big deal.

Many Restaurants stocked their raw materials in the refrigerators which got spoiled due to the long lock downs and since the port was not open as well the overall business got greatly disrupted greatly.

For being shut down for quite a long time the financial condition is being greatly damaged and some of the restaurants even got permanently off. The service is being considered ,so they are losing their customer base as well.

## **Chapter 3: Methodology**

### **3.1. Research Design**

This research work is solely based on qualitative research work. In any research work qualitative research plays a significant role. This process of research requires collection of all the non- numerical data. Basically in this research the audio records are considered as the prime data source. The audio records consist of the real life experience of the respondents regarding the context they are quite insightful. Further analysis is required to crack the problem and contribute the recommendation.

### 3.1.1 Research Method

All the required primary data are collected through the interview process. This process lets the respondent deliver the information through verbal interaction. The respondents are asked some open ended questions and the respondents answer them by sharing their experiences and opinions. As the information is collected from the respondents who did withstand the scenario, the information is quite authentic. Which helps to generate a convenient output.

### 3.1.2 Respondents profile

For this thesis study, at least 4 respondents had been gathered and by asking some general questions they have responded positively for this thesis paper. Those respondents' profiles are given below:

Serial	Name	Position	Work Area	Phone
1	Nabil	Manager	Crust and Beans, House 5-6, Avenue-5, Block-D, Section-6, Mirpur, Dhaka	01406-193403
2	Md. Rubel Mollik	Manager	Supreme Diners, Outlet No- 01: Meghna Tower, Multiplan Red Crescent City,Aarong, Mirpur-1, Dhaka	01730-440571
3	Sadman Shabab	Manager	Chilli Restaurant, Panthapath	01318680688

			signal, Dhaka	
4	Rakibul Islam	Owner	Choroi Vati, 300 feet, Dhaka	01610343414

### **3.2. Data collection Method**

#### **3.2.1. Interview**

For this area I choose face to face interviews since they have a busy schedule throughout the day so I choose to go in between evening and afternoon when the managers tend to be free. I went there and told them the details about the research and asked them to cooperate with the interview. Although some of the restaurant managers were not okay with the offer. But the rest were quite even interested to share their experience and even went some extra mile which actually helped to portray the actual scenario.

#### **3.2.2. FGD**

For the FGD session I asked the listed restaurant owners to provide me a time when they are all free which was quite tough to manage as they are all busy. The whole session was conducted over phone calls for over 30 minutes. They discussed the issues they were dealing with during the covid situation. Shockingly it was more or less the same for most of them. During the session they shared their experience managing the situation, their challenges and how they sort them out. They even shared suggestions and their opinions regarding the matter during the session. Their conversation gives a clear idea about the crisis in the restaurant industry.

### **3.3. Data Analysis Method**

#### **3.3.1. Primary Data Analysis**

Primary data states the original data. For this research all the primary data are collected through interview sessions. Also from the FGD which occurred right after the interview sessions.

#### **3.3.2. Secondary Data Analysis**

Secondary data means the information from the existing sources. For conducting this research the secondary data is collected from 7-8 articles, journals and some newspapers relevant to the topic.

## Chapter 4: Findings and Analysis

The question list which is being used to conduct the interviews to collect the relevant information regarding the research is given below in the table

Serial	Question
1	What Kind of changes are seen during this pandemic time?
2	What Changes are causing the most damage to the business?
3	What are the behavioral changes of the customers during this time?
4	What is the frequency of receiving orders from the same customers over and over again?
5	What changes the restaurant authorities are planning to endorse to overcome the situation?

### 4.1 Findings

#### 4.1.1 Summary of the Findings

The Interview is conducted among 4 employees in the restaurant industry. My first respondent is Mr. Nabil who is the manager of Crust and Beans. According to his interview, the number of customers in the initial phase of hitting the pandemic was near to zero. Nevertheless, maintaining the staff of the restaurant providing their full salary for almost 2.5 months was a big challenge back then as the business was totally off due to the lock down situation. Furthermore, they had many raw materials of their food items stocked in which got wasted totally. According to Mr. Nabil they survived the situation because of his personal savings and they did maintain a very convenient relationship with the landlord which went a long way during that devastated moment. Mr. Nabil also stated that when they reopened the restaurant the response from their customer was eventually normal. Even their promising customer's order frequency is quite satisfactory.

My Next respondent is Mr. Rubel who is the manager of Supreme Diners and has been working there for three years. According to Mr. Rubel their business was off for almost 3 months. Their sale was declining since the initial phase of the pandemic. According to Mr. Rubel their average daily sale was 20000 which dropped due to that lockdown situation and



they could not provide salary to their staff which resulted in staff shortage. There are about 3-4 staff who could not make it back to their old job according to Mr. Rubel. After the reopening of the restaurant the business is facing quite a bit of challenges and one of them is less number of customers. According to Mr. Rubel people tend not to stay outside late night these days so the frequency is less.

Mr. Sadman who was the owner of the Green Chilli Restaurant situated at panthapath, Dhaka. During his interview he stated that his restaurant business was totally off during the lockdown situation. He further mentioned maintaining the salary of the staff was a big challenge back then. Which resulted in losing many of his staffs he stated? The initial lockdown took the most toll. According to him even after the reopening of the restaurant the customer engagement is quite less than the normal times. He mentioned the tendency of dining out is lessening over time. As the contamination is increasing, the aptitude of dining out among common people is declining, he mentioned. He also mentioned when it comes to home delivery quality assurance becomes a big concern. It solely depends on the packaging and the timing of the delivery. In this trying moment which is quite tough to maintain Mr. Sadman stated.

My very last respondent was Mr. Rakibul Islam who is the owner of Chorui vati situated at 300 feet road, Dhaka. Mr. Rakibul stated that they are a total 5 shareholders of their business. Corona pandemic took a huge toll out of their business Mr. Rakibul mentioned. Even at some point they decided to terminate the whole business because of the lockdown situation. 300 feet is such a place where customers tend to visit on weekend basis but for the lockdown and the mass contamination people tend not to go far rather grab takeaways, Mr. Rakibul stated. The overall situation of the restaurant requires a significant amount of time to go back to the normal phase according to Mr. Rakibul.

#### **4.1.2 Interpretations**

All of the restaurants affected in a similar manner as they serve solely the same service. All though it varies on different levels according to the respondent and their situations. As the restaurants were off for the lockdown situation of the preliminary hit of the Corona virus the

business got totally devastated. The customers stopped coming almost to the restaurants which cost the most damage. For which some of the restaurants could not manage to keep their staffs stay at their work. According to our very first respondent, Mr. Nabil; his business collapsed basically for the lock down situation which is common for others as well. Although he tackled the situation pretty well as he has a good amount of personal savings. Well not everyone is that fortunate. Mr. Nabil was able to provide the salaries of the staff even on that trying time whereas many others even failed to keep their staff at work.

Coming back to our next respondent who is a significant victim of this trying time. Mr. Rubel could not manage to provide the contingency support towards the staff during this devastating time. So, he lost many of his staff. Which resulted in poor service and he had to lose many of his loyal customers which he referred to as people tend not to stay in later hours these days. The whole business is at stake now and as the customer frequency rate is pretty poor, upgrading quality for him is a tough job now.

For the next two respondents the problems are more or less kind of similar. Mr.Sadman and Mr.Rakibul. The lockdown phase impacted quite deeply in their business. For instance, the longtime downward of the business caused the lack of providing the facilities towards the staff, which resulted in poor service and poor customer engagement. Mr. Rakibul runs a startup partnership business where he was almost about to lose the partners for devastation of the pandemic. Which is pretty fair as the business was not able to generate any growth back then.

So the industry is mainly struggling to exist. Many restaurant owners couldn't manage to have staff and continue providing their salary. Which resulted in declining numbers of customers and poor service as there is a scarcity of staffs. Many start-up restaurants got permanently shut down.

## 4.2 Data Analysis

### 4.2.1 Primary Data Analysis

For primary data I have chosen to go for one to one oral interview. As the restaurant owners tend to be busy all the time. So I booked an appointment through talking to them. The face to face interview is quite appropriate for this research work as it helps to collect the appropriate information regarding the matter.

### 4.2.2 Secondary Data Analysis

For the secondary data analysis I have chosen some recent articles and journal reports available online. Those articles are mostly Bangladesh based. Some of them are even international. Which gives a clear idea about the comparison of both sides.

## 4.3 Strategic Analysis

### 4.3.1 SWOT

The SWAT Analysis of the Restaurant Industry is mentioned below

Serial	Strength	Weakness	Opportunity	Threat
1	Prime potential GDP contributor.	Lack of Contingency planning	Economic growth of the nation.	Maintaining the constant quality of the service.
2	Can contribute to tourism in Bangladesh.	Maintaining the alternative delivery process on a regular basis.	This industry can resolve the unemployment problem.	As food is a cultural representative, people can choose foreign foods over native ones.
3	Young Entrepreneurship.	Competitive market.	Young Innovation.	Hard times to follow the international

				market trend.
4	High Profit Margins.	Fake paid reviews.	Huge Target customer base.	Meeting the customer's actual needs.

#### 4.3.2. PEST Analysis

PEST Analysis is a business to interpret the business growth depending on political, economic, societal and technological factors. The PEST Analysis of the restaurant industry is given below:

**Political Factors:** The restaurant industry is greatly influenced by the political environment. During this trying time where the whole nation is drowning in the middle of nowhere, this industry is struggling to continue its existence. They are expecting the government support to withstand this disaster. Government imposed the law to stay home, which is impacting quite significantly for the restaurant owners as they had to shut off the business for quite a long time. Government is overseeing the barriers of this industry since the beginning of this pandemic. This industry is declining its potential growth due to the lack of external support from the government.

**Economic Factor:** During this trying moment many restaurants are lacking the capacity of providing the salary of the staff. One the other hand as the restaurants are lacking the human power the quality service or food is being compromised. So, ultimately the business is overall affected. Lastly the GDP of the country declined.

**Societal Factor:** The whole pandemic has built an aptitude in people to avoid public gathering which is quite normal these days. This whole notion affected the whole restaurant business. As all restaurants do not have the takeaway facility and the delivery is not possible for all of them, the business is facing a great hard time to deal with the overall situation.

**Technological Factor:** Food review is a common thing these days. Restaurants use these reviews to promote their business and the customers consider this quite seriously as well.

Many restaurants even use paid reviews to promote their business. Facebook is the most common platform to promote the restaurant business.

#### **4.4 Comparison SWOT and PEST**

Both of the methods did represent the different scenarios of the industry. SWOT method showed that the restaurant industry in Bangladesh is still in the uprising phase and has a long way to go. The restaurant industry of Bangladesh is still evolving with the external changes. There are lots of opportunities this industry can offer. This industry can be one of the major GDP contributors.

According to the PEST analysis we can say that this industry is being underestimated during this disastrous time. Some measures need to be executed to resolve the issue. The government should put the concern under consideration for the sake of our economy. Restaurant industry is the most uprising one over the time.

As people are evolving with the new normal which is avoiding public gathering, restaurant business is greatly hampered.

## **Chapter 5: Conclusion**

### **5.1 Summary**

To conclude, the restaurant industry is the most potential GDP contributor in our country. They also play a significant role in resolving the unemployment problem in our country. But for this disastrous pandemic the industry is facing some severe drawback. Many people are losing their job. Many startup restaurant owners are having second thoughts regarding their business. Many even permanently shut down their business. The industry needs to endorse some new ground rules depending on the current situation. The industry has so much to offer, so the government needs to pull the rope.

### **5.2 Strategic Recommendation**

- The owners of the restaurant need to maintain an emergency fund for situations like this.
- Takeaway and home delivery needs to be added as a part of the chain.
- Health measures need to be maintained properly.
- Staffs needs to be trained properly (How to deal with customers in this pandemic situation)
- Restaurant owners need to have a common fund system for crisis moments like this.
- Restaurant needs to have proper dine in arrangements where the health measures will be maintained properly.
- Since the time is quite challenging, staffs need to be assigned on a shift basis.

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