



# TAKING A STEP BACK TO ASSESS

AN UPDATE ON THE RAPIDLY EVOLVING ERA  
OF CONSTANT CRISIS

JUNE 3, 2020

## Taking a step back.

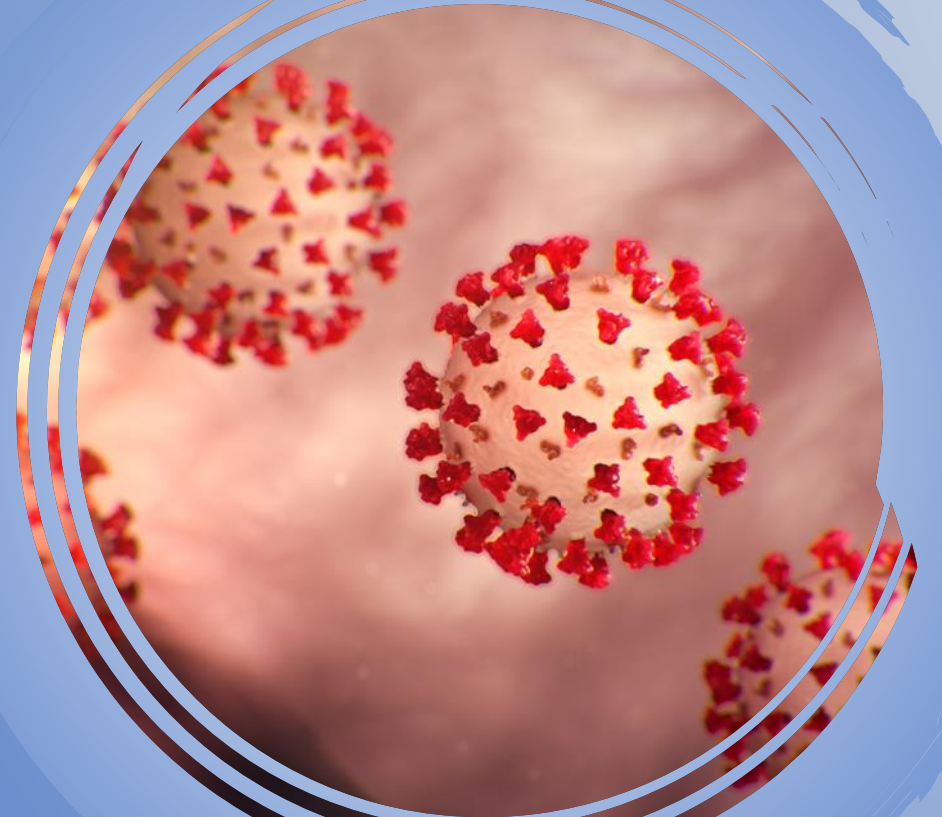
In the midst of a crisis, it's often easy to want to move...quickly in any direction. This is particularly true when there is no clear direction to move in. Simplifying a complex situation is appealing and any information can help to clarify a consistently murky outlook.

This report is abbreviated this week to avoid redundancy in outlook and recommendations. The concern is the vast amount of information available but so much of it either overlapping or already history given how quickly the situation continues to evolve.

The goal with these reports is to provide fresh thoughts and clear advice on how to proceed, and sometimes getting that fresh perspective means taking a step back to breathe and assess the situation.



# CURRENT STATUS OF COVID-19



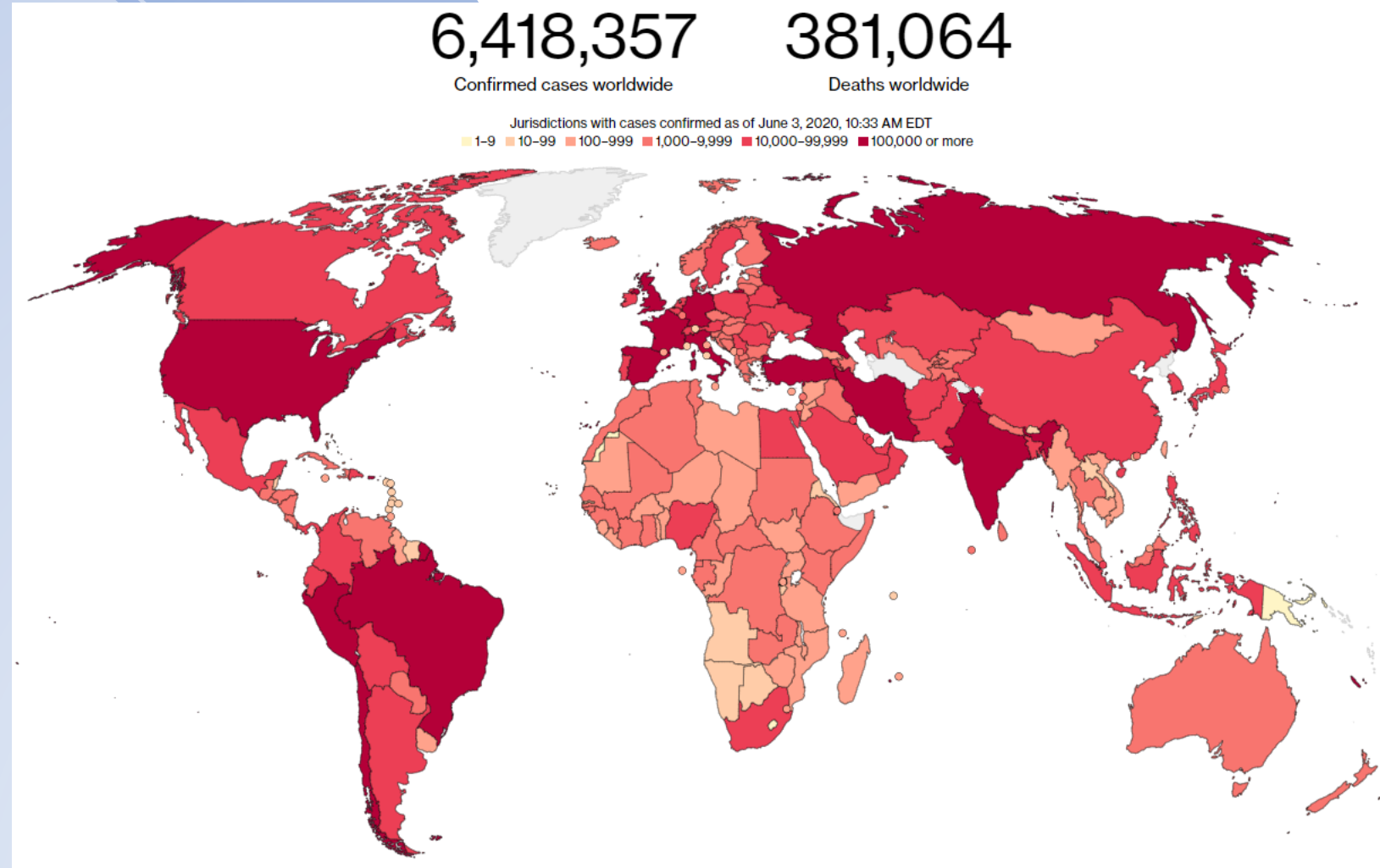


# Shifting Hot Spots

The world is inching closer to having 10M cases of coronavirus with deaths likely to top 400K by the end of the week.

Hot spots have shifted now to Central and South America as well as India.

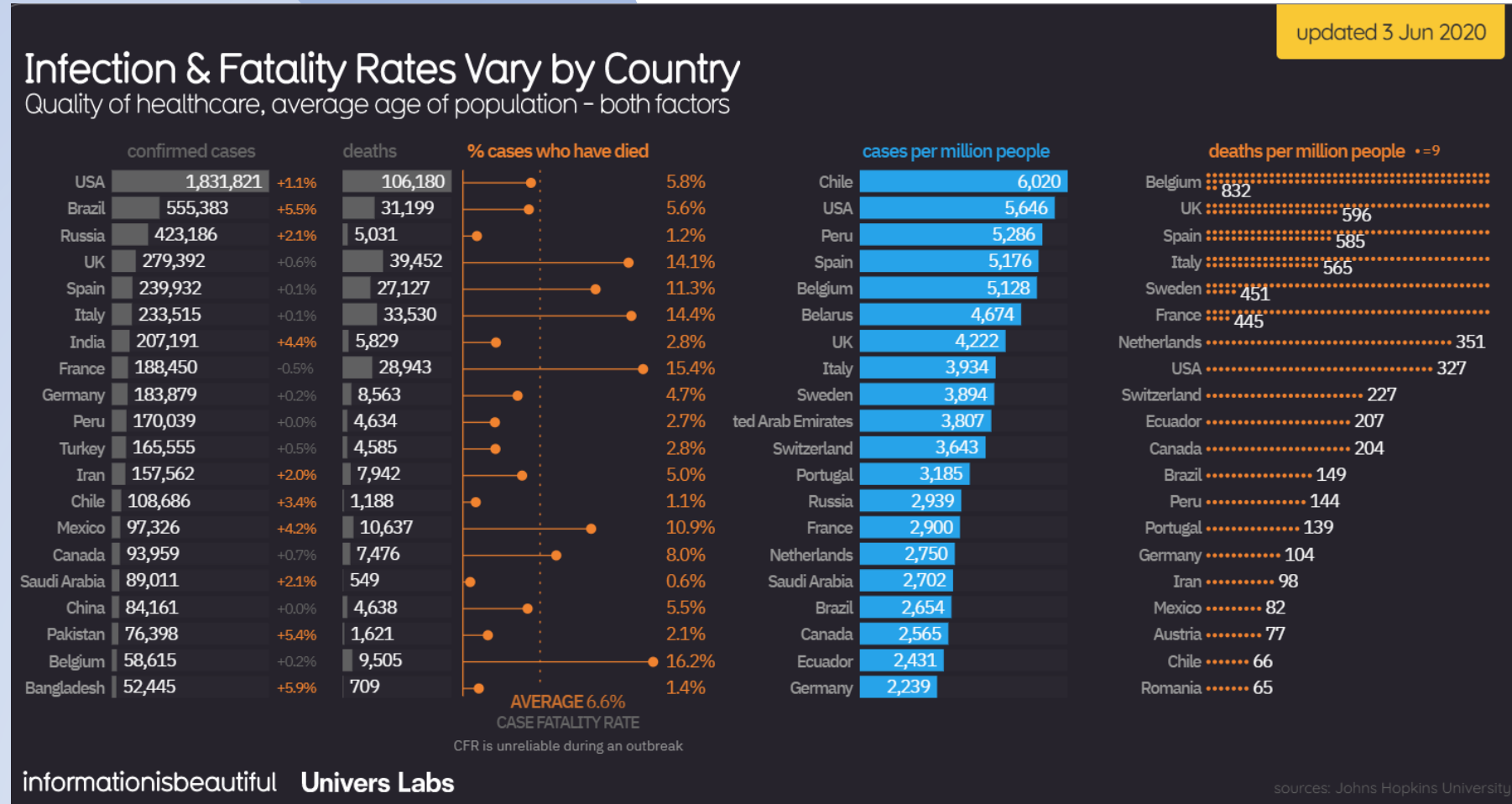
Europe continues battle new flare ups, as does South Korea which has struggled to get its outbreak under control.



# Contextualizing Current Stats

Though the U.S. has one of the highest case and death counts worldwide, its case fatality rate (CFR) as well as cases and deaths per million rank lower than any European nations. This does not diminish the impact of the crisis or lost lives but puts into perspective its impact both domestically and internationally.

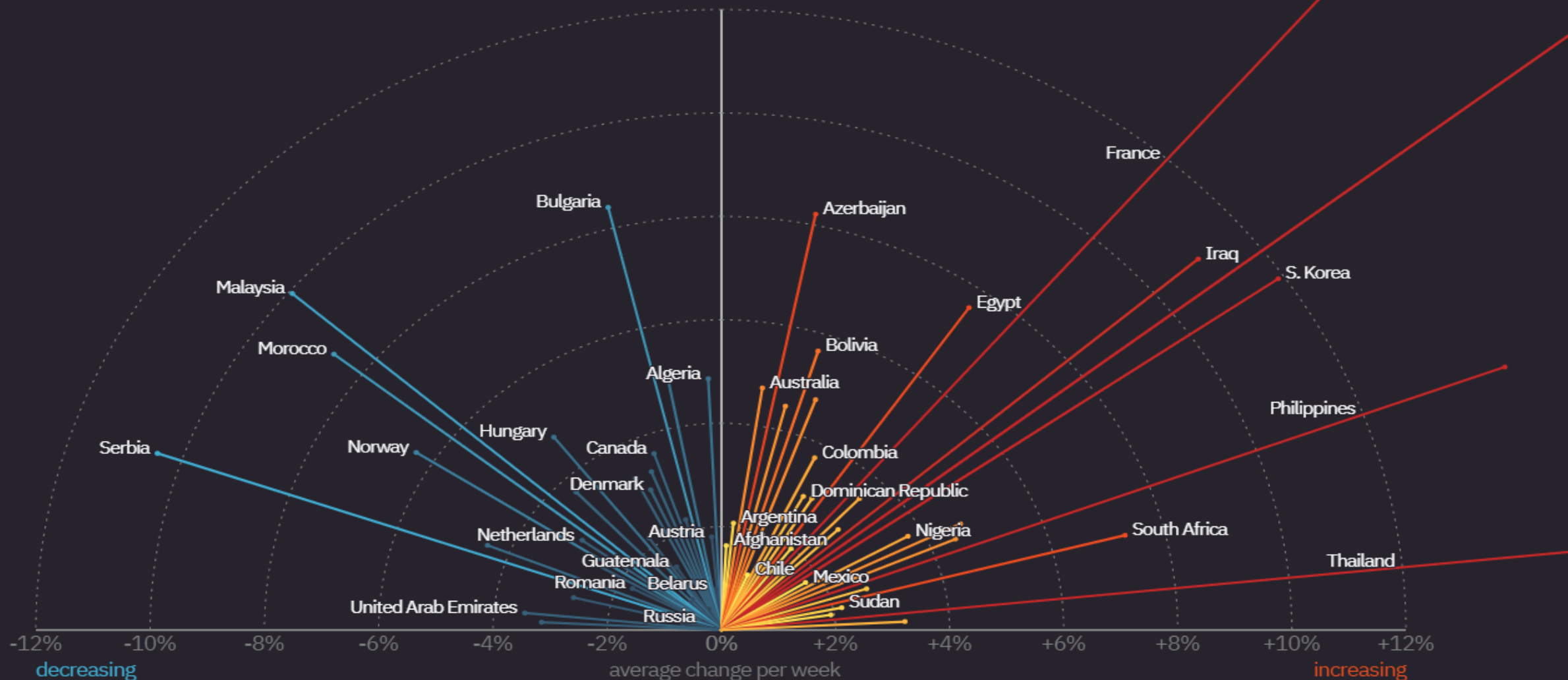
Brazil is on track to outpace the U.S. if their outbreak is not brought under control.



# Where is Coronavirus **Rising** & **Falling**?

updated 03 June 2020

average % change in weekly cases ▾



informationisbeautiful

moving average, countries with > 2,500 cases and > 50 deaths.

code: [Tom Evans](#) / data: Johns Hopkins University



# Halal kött



Sweden's top epidemiologist now admits the country should have placed tighter restrictions on its population to combat what is now one of the world's worst outbreaks.





China passed a controversial security law proposal that will threaten the freedoms currently enjoyed by Hong Kong and its internationally recognized sovereignty. This move further escalated tensions with the U.S. in what is now an increasingly contentious relationship.



This morning, France became the first European country to roll out an official smartphone app to trace coronavirus contacts in an effort to slow the spread.

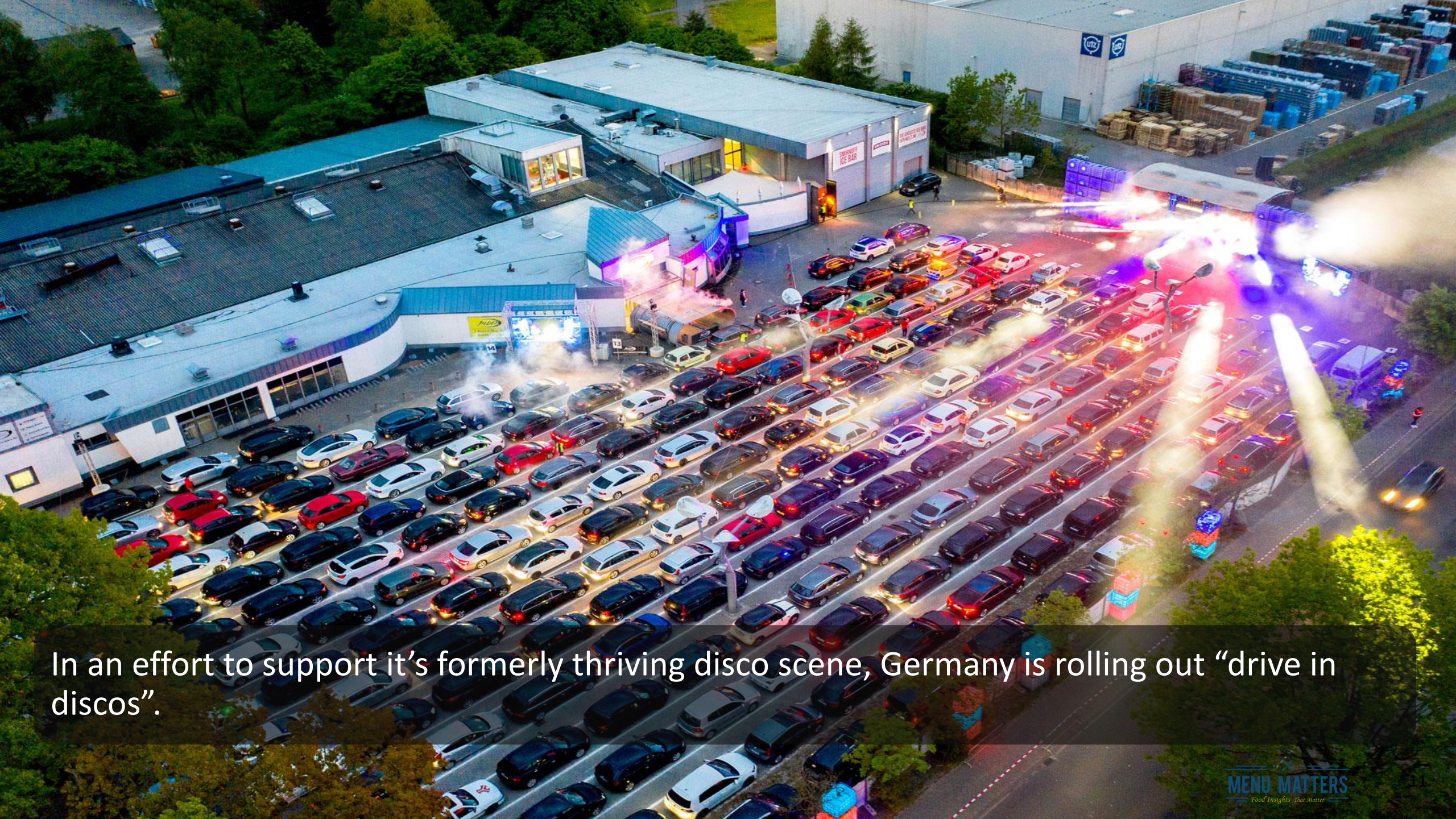






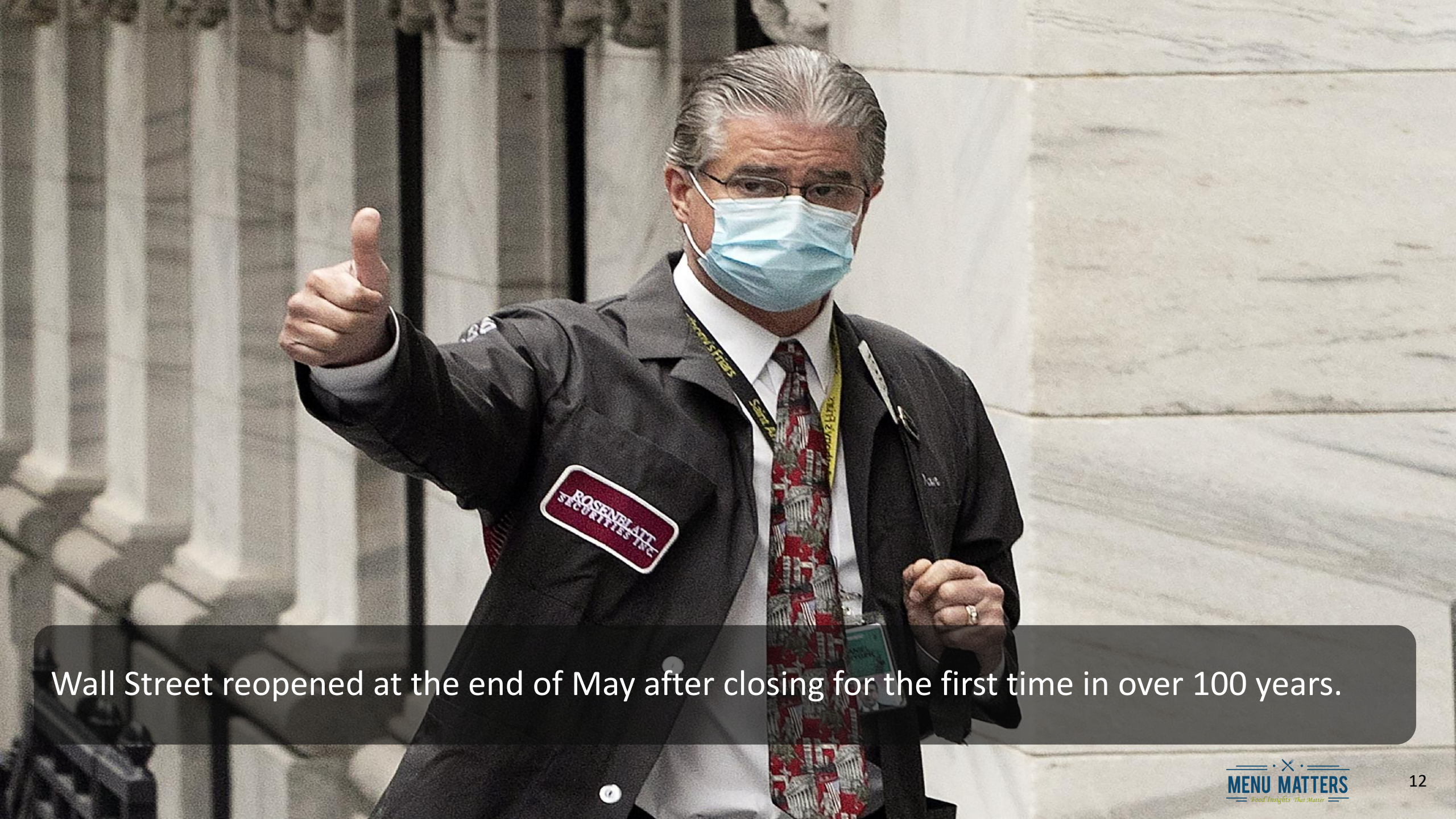
Human-animal interactions continue to grow as many people remain largely sheltered in place.





In an effort to support it's formerly thriving disco scene, Germany is rolling out "drive in discos".





Wall Street reopened at the end of May after closing for the first time in over 100 years.



# National Impact

The U.S. is closing in on nearly 2M cases and topped 100K deaths last week.

The majority of states have seen over 10K cases with California, Illinois, New York, New Jersey and Massachusetts the hardest hit with more than 100K each.

Only three states have less than 1,000 cases: Vermont, Montana and Wyoming.

1,835,529

Confirmed cases in U.S.

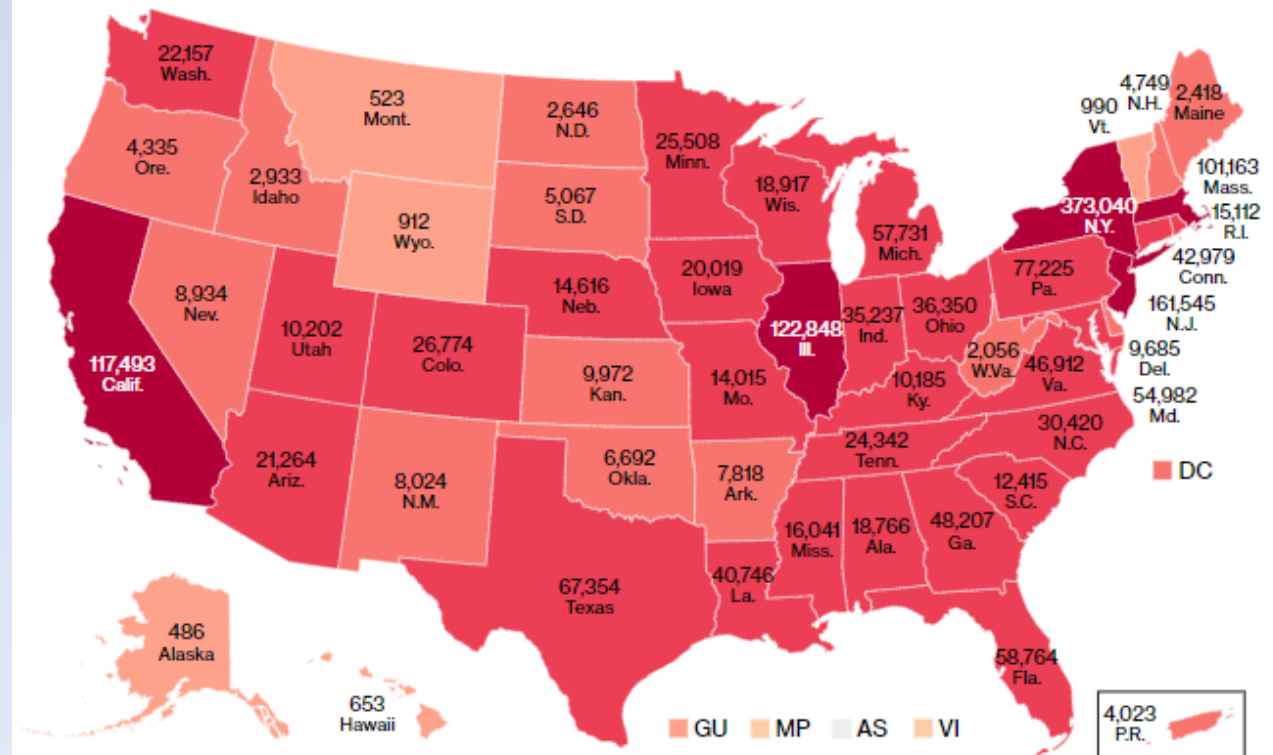
106,309

Deaths in U.S.

## Confirmed Cases in U.S. by State and Territory

As of June 3, 2020, 11:33 AM EDT

1-9 10-99 100-999 1,000-9,999 10,000-99,999 100,000 or more

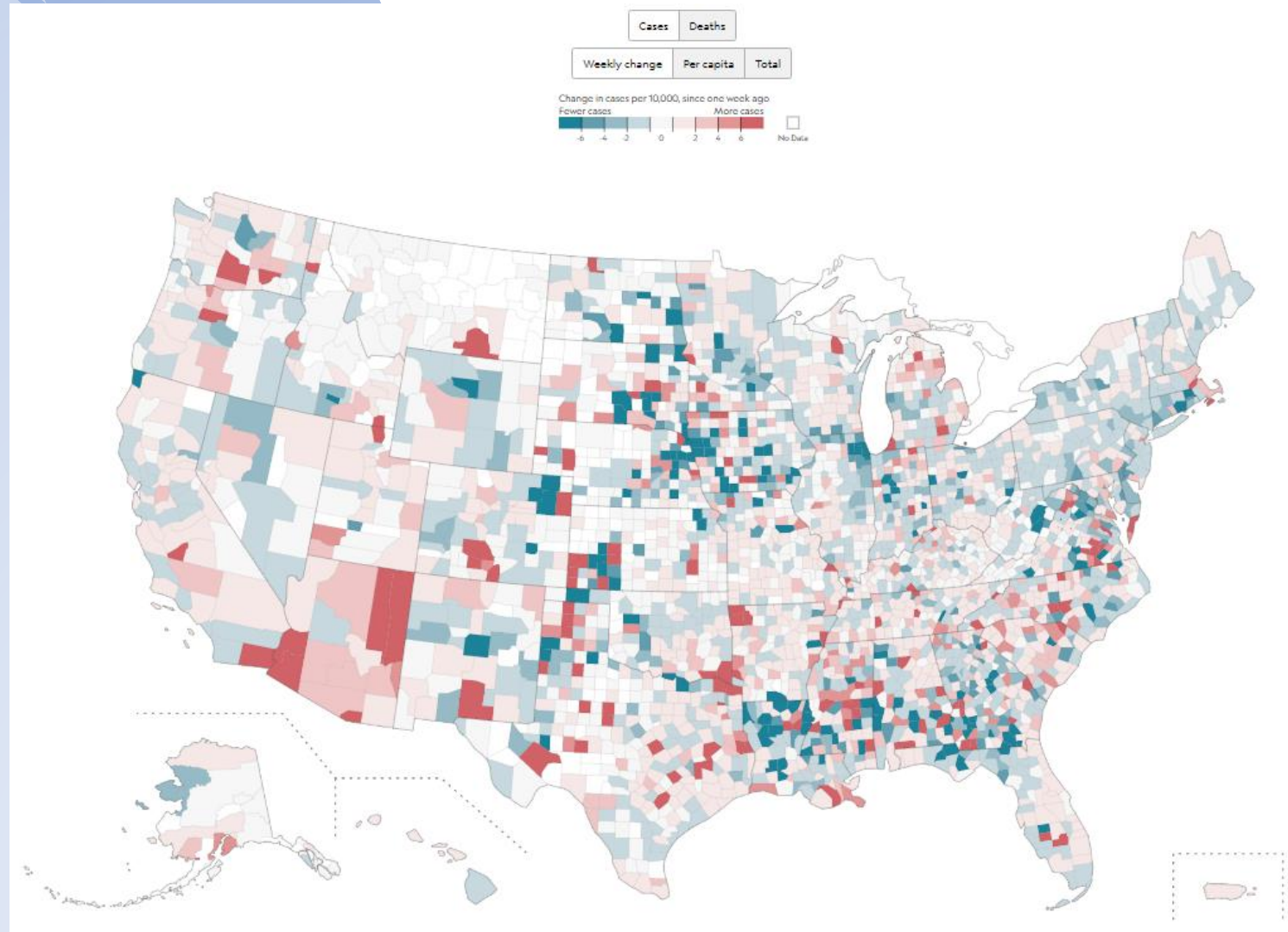


Note: State figures may not reflect repatriated patients from the Diamond Princess cruise ship or those evacuated from Wuhan, China.

# Hot Spots are Shifting to the South and Southwest

Arizona appears to be suffering the worst spike in cases nationally, though hot spots can be found scattered across the country.

It's interesting to note the three states that opened the most aggressively – Texas, Florida and Georgia – have varied case growth and declines with no major spikes seen yet.





# Well Past Peak

Despite having reached the grim total of 100K deaths, the U.S. is well past the peak of the outbreak. That does not, unfortunately, mean we won't see a continued rise in the death rate.

Protests and crowded public spaces have raised fears that new outbreaks will hit urban areas but it's too soon to tell how that will impact the overall direction of infections and deaths.

## Projected Deaths in the United States

— Deaths    - - - Projected Deaths    / Previous Estimates (Mean Projection)

Cumulative Deaths

High: 178k

Mean: 134k

Low: 114k

March

July

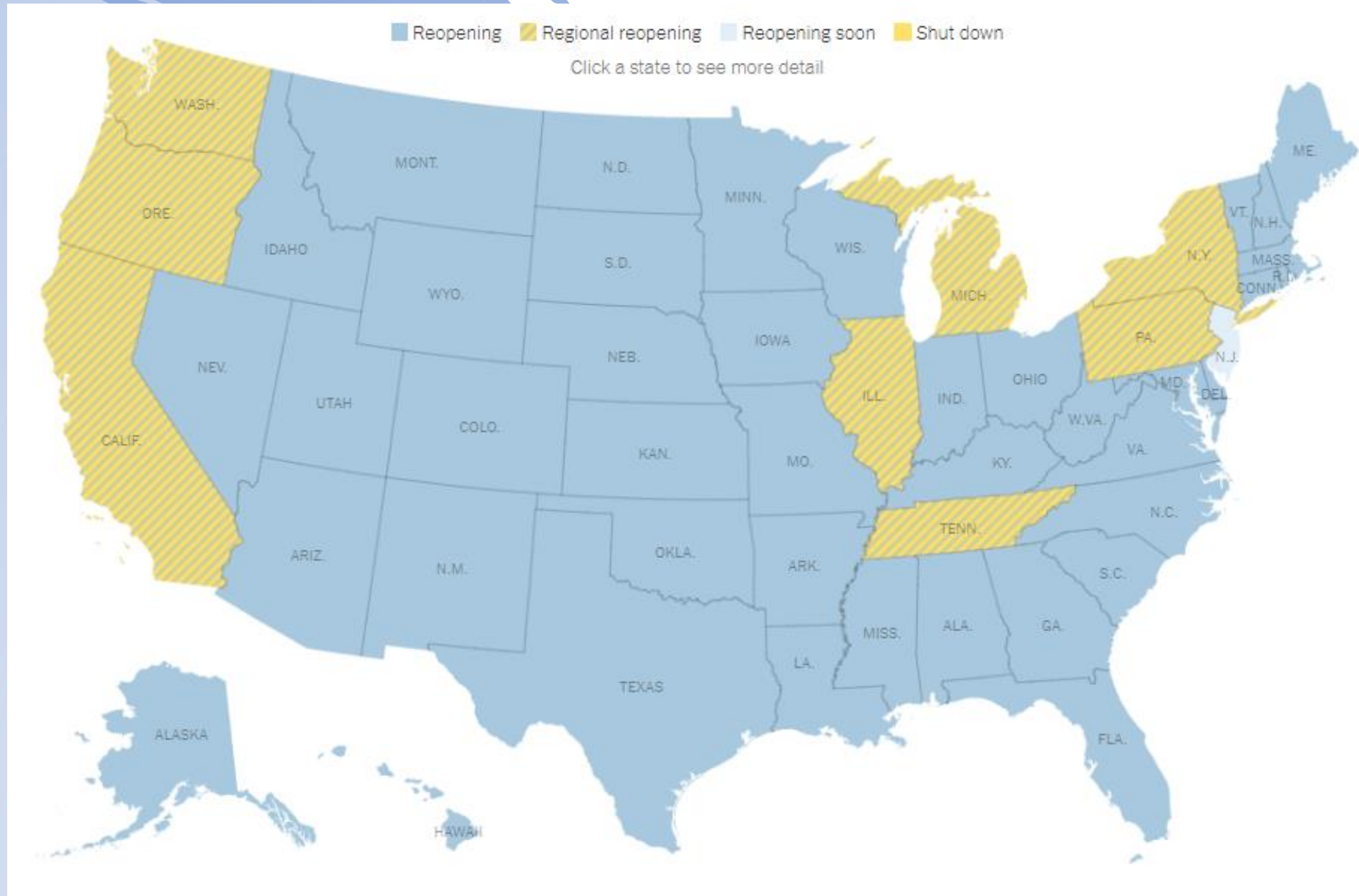
Daily Deaths

2k

1k

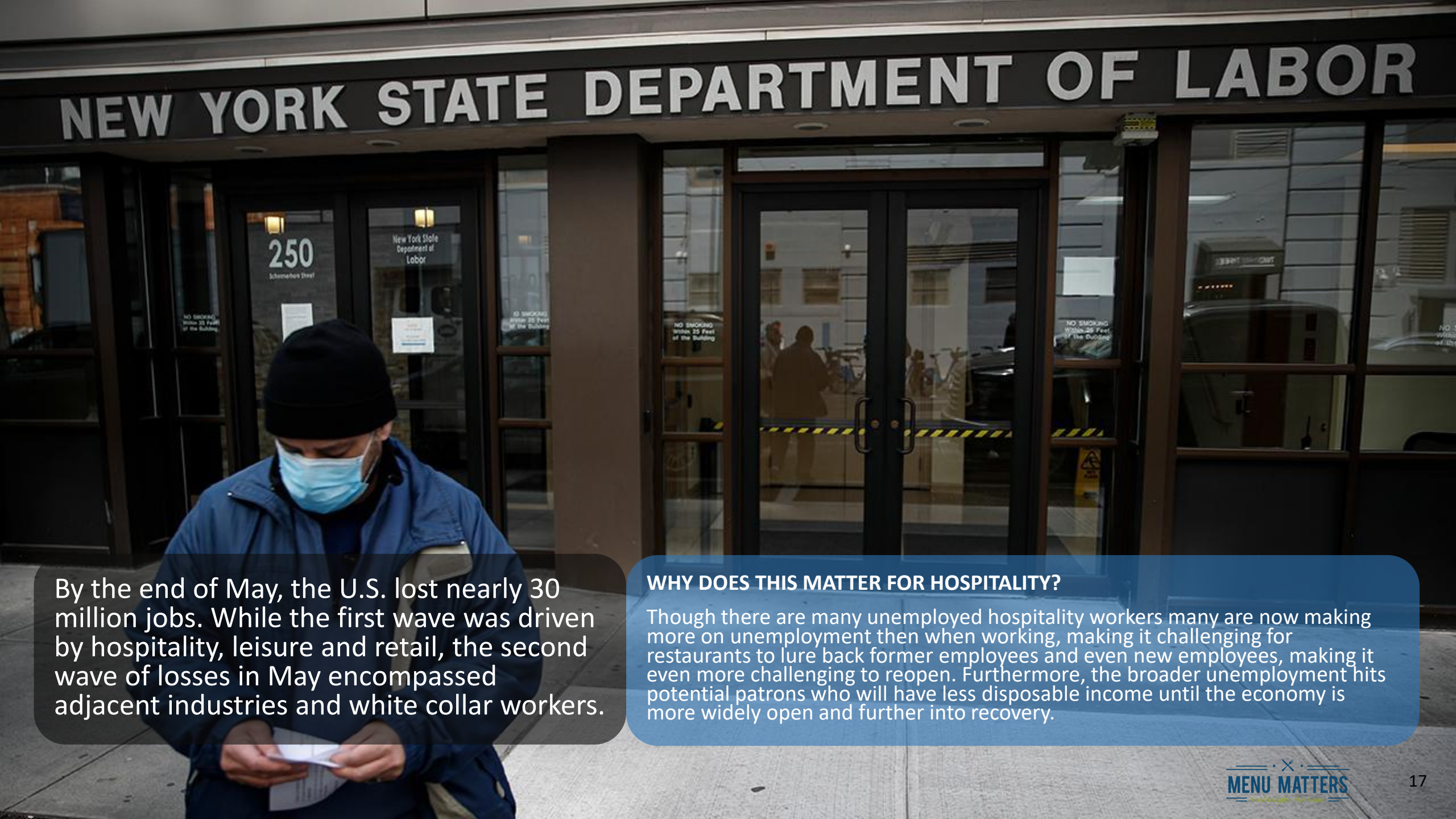
May 24

All states  
have opened  
to some  
degree,  
though  
restaurant  
limitations  
still vary  
widely





# NEW YORK STATE DEPARTMENT OF LABOR




By the end of May, the U.S. lost nearly 30 million jobs. While the first wave was driven by hospitality, leisure and retail, the second wave of losses in May encompassed adjacent industries and white collar workers.

## WHY DOES THIS MATTER FOR HOSPITALITY?

Though there are many unemployed hospitality workers many are now making more on unemployment than when working, making it challenging for restaurants to lure back former employees and even new employees, making it even more challenging to reopen. Furthermore, the broader unemployment hits potential patrons who will have less disposable income until the economy is more widely open and further into recovery.



A large crowd of people at a protest, with one person in the center raising a fist and holding a phone. The crowd is dense, and many people are wearing face masks. The background shows a city street with trees and traffic lights.

Since late last week, peaceful protests across the U.S. in response to the death of George Floyd during his arrest in Minneapolis have given way after dark to looting and more violent confrontations with police.

#### WHY DOES THIS MATTER FOR HOSPITALITY?

Both the protests and riots are layering anxiety and uncertainty on top of phased reopenings and ongoing pandemic concerns. This is likely to delay many patrons' return to foodservice particularly in larger cities (some of which were set to reopen outdoor and/ or indoor seating this week). These cities, in turn, are poised to lose population at a faster rate than before the coronavirus creating economic challenges for restaurants in those areas but opportunities for operators in suburban areas and second/ third tier cities that have seen less unrest.





Despite unrest, several metro areas including New York and Chicago are set to reopen outdoor seating at restaurants this week.

### **WHY DOES THIS MATTER FOR HOSPITALITY?**

As two of the hardest hit metro areas in the country, the industry will be waiting to see how both fare as restaurants begin to come back online. Reopenings will be complicated due to the unrest of the last few days and may delay many operator's reopenings.





Natural gas may trade below zero come August/ September when demand is lowest and supply at its highest.

#### **WHY DOES THIS MATTER FOR HOSPITALITY?**

Though some areas of the country have or are set to ban natural gas for commercial properties, including restaurants, this remains the most common source of energy for commercial kitchen stoves, ovens. Lower prices may help struggling restaurants cut costs without impacting supply or performance.



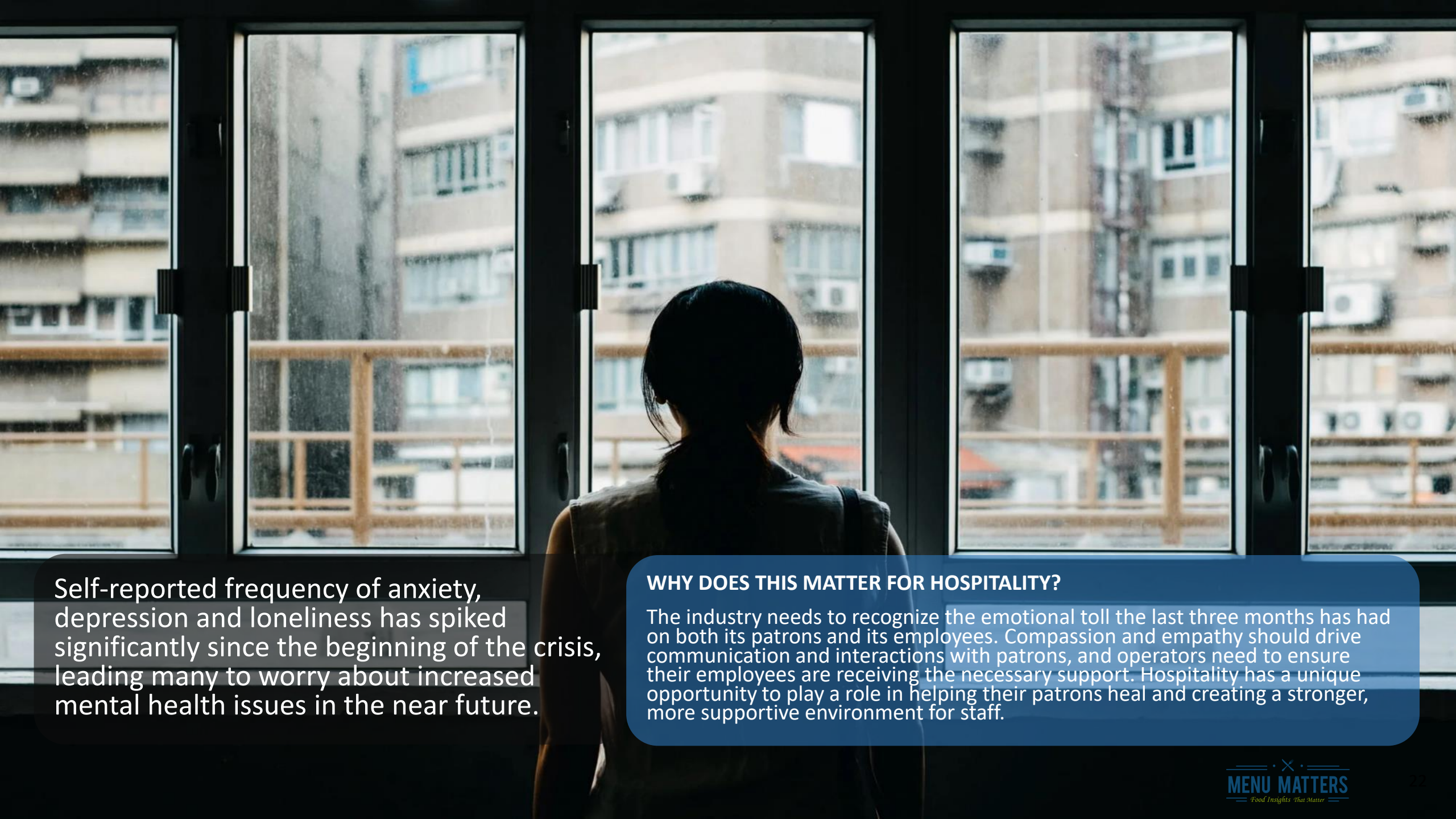


Parks, beaches and other public spaces nationwide are working to create easy to follow social distancing protocols as areas reopen.

### WHY DOES THIS MATTER FOR HOSPITALITY?

As patrons become more accustomed to social distancing protocols, visual cues like these will make it easier for them to follow guidelines. This may also shift expectations regarding personal space in public places impacting operation capacity expectations and concept design.






Self-reported frequency of anxiety, depression and loneliness has spiked significantly since the beginning of the crisis, leading many to worry about increased mental health issues in the near future.

#### WHY DOES THIS MATTER FOR HOSPITALITY?

The industry needs to recognize the emotional toll the last three months has had on both its patrons and its employees. Compassion and empathy should drive communication and interactions with patrons, and operators need to ensure their employees are receiving the necessary support. Hospitality has a unique opportunity to play a role in helping their patrons heal and creating a stronger, more supportive environment for staff.



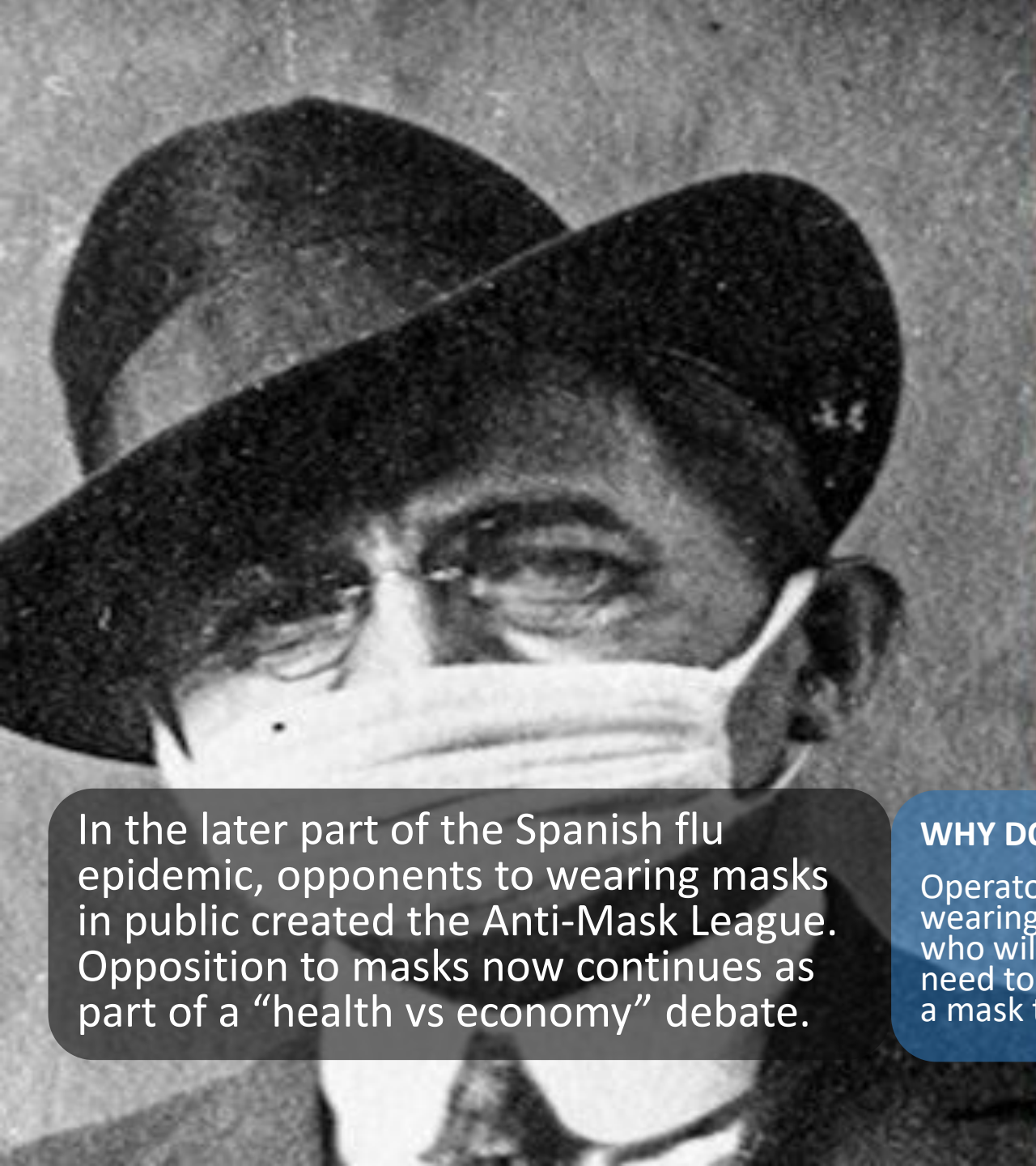


According to a new ABC News/ Washington Post poll, 57% of Americans are more concerned with stopping the virus spread versus 37% worried about restarting the economy. Forty percent (40%) are ready to go to restaurants, bars and other public spaces.

### WHY DOES THIS MATTER FOR HOSPITALITY?

Despite widely shared images of packed bars and restaurants Memorial Day weekend, many consumers remain concerned to some degree about venturing out. Meeting expectations consistently with safety and sanitation is critical to rebuild trust not with the operation but in social settings.






In the later part of the Spanish flu epidemic, opponents to wearing masks in public created the Anti-Mask League. Opposition to masks now continues as part of a “health vs economy” debate.



### WHY DOES THIS MATTER FOR HOSPITALITY?

Operators need to determine what their policies are regarding patrons wearing masks and enforce that consistently. To better support staff, who will have to enforce these policies, responses and contingencies need to be in place to address patrons opposed to being forced to wear a mask to ensure consistent communication and policy enforcement.





Concerns about crowded public transportation and more free time has resulted in a surge in biking.

## WHY DOES THIS MATTER FOR HOSPITALITY?

While this increase in biking is likely to impact urban design and planning, it may also impact how new concepts account for and attract bike-based traffic.



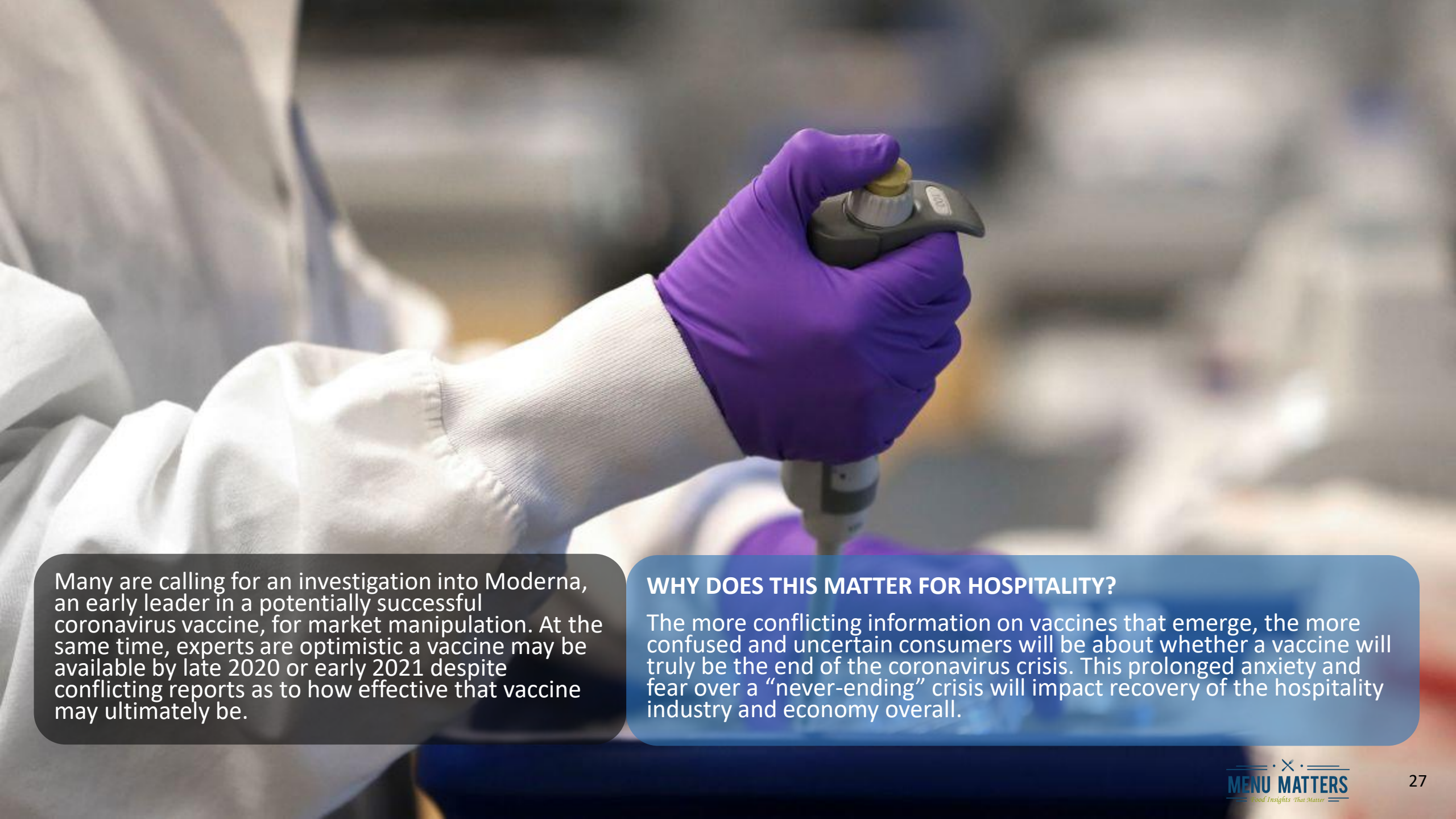


Neither Tesla, Apple, Google nor Netflix require a 4-year college degree.

### **WHY DOES THIS MATTER FOR HOSPITALITY?**

Coupled with uncertainty about the 2020-2021 academic year, the college/ university segment will likely face tough years ahead as prospective students weigh the value of an education particularly one conducted entirely or partially online.





Many are calling for an investigation into Moderna, an early leader in a potentially successful coronavirus vaccine, for market manipulation. At the same time, experts are optimistic a vaccine may be available by late 2020 or early 2021 despite conflicting reports as to how effective that vaccine may ultimately be.

### **WHY DOES THIS MATTER FOR HOSPITALITY?**

The more conflicting information on vaccines that emerge, the more confused and uncertain consumers will be about whether a vaccine will truly be the end of the coronavirus crisis. This prolonged anxiety and fear over a “never-ending” crisis will impact recovery of the hospitality industry and economy overall.






North Carolina Governor Roy Cooper rejected a Republican proposal to hold a large-scale convention in Charlotte, the selected host city.

### WHY DOES THIS MATTER FOR HOSPITALITY?

With everything else going on the country has not yet entered the election cycle which is set to be one of the most contentious in modern history. This will be yet another fractious event that is likely to prolong anxiety and uncertainty among patrons well into 2021 and beyond. Longer periods of uncertainty will impact traffic, segment selection, food preferences and spending habits.






Germany's "drive in discos" may finally export the formerly unique American car culture internationally as people find security and safety in their own vehicles.

#### **WHY DOES THIS MATTER FOR HOSPITALITY?**

This is one more example of the impact the desire for safety will have on concept development and evolution. Cars will, certainly for the foreseeable future, become an even more important part of our culture and operations need to be ready to accommodate them in some fashion whether with enhanced drive thrus or easy curbside service.



The background of the slide is a photograph of the California Republic flag waving against a bright, hazy sky. The flag is white with a red star in the upper left corner, a brown grizzly bear standing on a green patch of grass in the center, and the words "CALIFORNIA REPUBLIC" in blue capital letters at the bottom.

Lassen County in Northern California is the first county in the state to roll back reopening orders after going three months with no infections.

#### **WHY DOES THIS MATTER FOR HOSPITALITY?**

Operators should be prepared for uneven reopenings and changing market conditions over the next six months. Flexibility in staffing, hours, menu, ordering and services will be critical, and operators should prepare for even those most unthinkable situation to avoid being caught unprepared in a year full of uncertainty and “unthinkable” situations.



# About Menu Matters

Maeve Webster, President of Menu Matters, is a leading consultancy working with manufacturers, operators, agencies and commodity boards.

She has spearheaded hundreds of major industry studies during her 20 years as a foodservice specialist, and today runs a private consultancy focused on helping manufacturers and operators understand how trends in consumer behavior and operations can be leveraged for strategic planning.

Maeve's expertise is in the areas of trend analysis and evaluation, opportunity assessment, consumer and operator behavior, concept testing, and menu optimization and strategy.

*At all times, the primary purpose of Menu Matters is to contextualize findings for clients so the "so what" is apparent, relevant and actionable.*



# MENU MATTERS

*Food Insights That Matter*



# THANK YOU



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