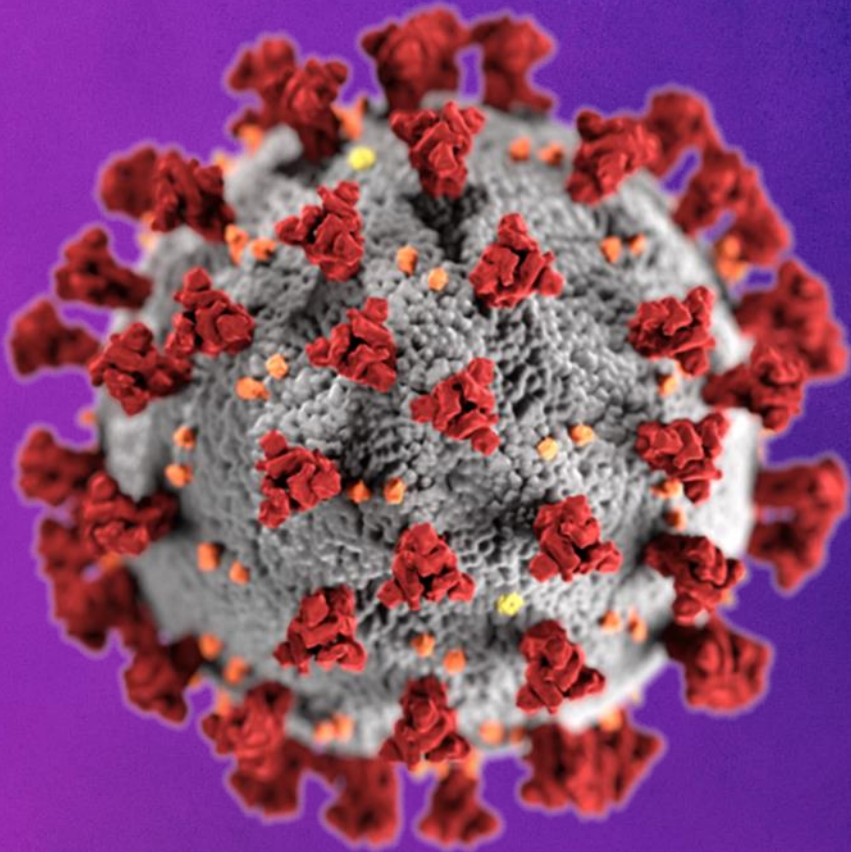


A top-down view of a workspace on a light-colored wooden desk. In the top left, a portion of a silver laptop is visible, showing keys like 'shift', 'control', 'option', 'command', and 'fn'. Next to it is a spiral-bound notebook with a brown cover. A silver ballpoint pen with a perforated grip lies diagonally across the desk. In the bottom left corner, a bright yellow hard hat is partially visible, resting on a folded blue denim cloth.

COVID-19

report 25: **BUSINESS & INDUSTRY OPERATORS**

6.12.20



Unlike their restaurant counterparts, B&I operators are less likely to be limited by government stay-at-home restrictions — and are more likely facing the uncertainties of remote work and a recession. As both companies and employees get accustomed to work-from-home policies, it is likely that the number of workers who return to the office will be lower for the foreseeable future (regardless of restrictions). What's more, a recession means that companies may have furloughed or laid off workers due to COVID-19, which will also mean real reductions in patrons for B&I.

B&I operators are also facing real changes to their business. Before this crisis, they worked hard to create a sense of community and offer more than just food. They also focused on self-serve with heavy use of coffee/tea stations and salad bars in order to manage coffee and lunch rushes. Neither community nor communal feeding will resonate with employees in our current environment, and these operators are having to rethink the fundamentals of their business.

These findings are compiled based on secondary research and an operator survey fielded April 30 through May 5 with 502 operators, including 43 business & industry decision makers.

B&I locations are primarily closed entirely — more so than most other foodservice segments.

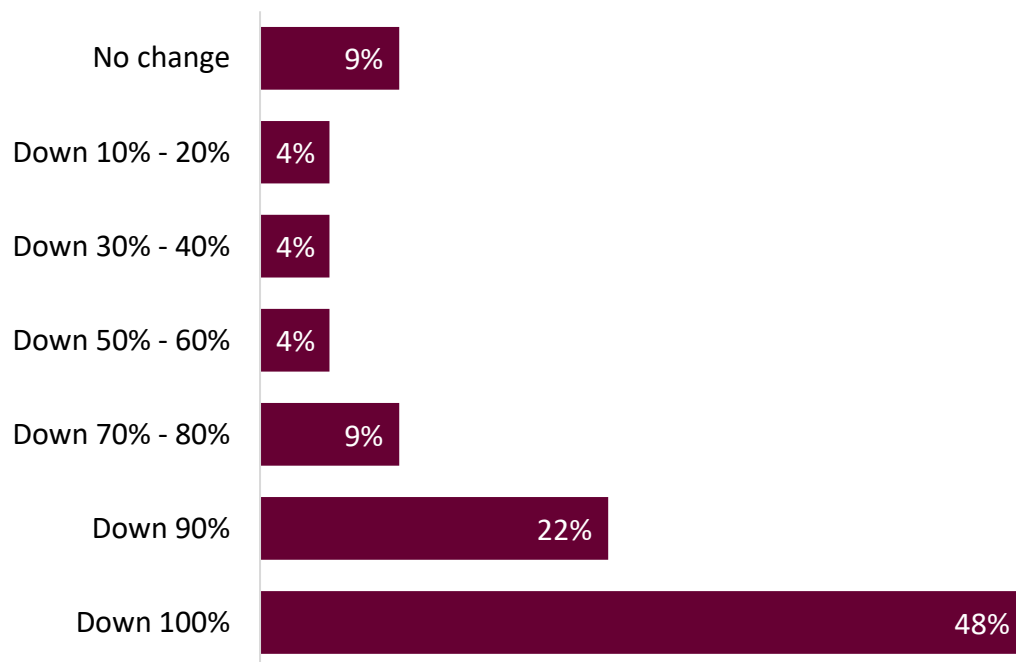
As the pandemic began to take hold in mid-March, many companies and office buildings closed their doors and sent their employees home, thereby also closing the company cafeteria. Some locations are likely serving essential personnel and so have stayed open but pivoted to only offering takeout and delivery. Those cafeterias that have been offering exclusively off-premise may have lessons for others as they open back up and companies start bringing employees back to the office. What's more, if employees who do return to the office are faced with eating lunch at their desk or in a socially distanced and masked cafeteria, they may be more likely to choose to simply eat at their desks.

	B&I operators	ALL operators
Open completely for business, in all respects, including dine-in service	7%	6%
Closed our dine-in service, but still offering takeout and / or delivery	44%	65%
Closed completely for the time being	49%	28%



Sales are way down.

In general, B&I operators say sales have taken a huge hit, with nearly half saying sales have gone to zero. This is a much bleaker situation than is being felt across the industry. Even restaurants, which have been struggling immensely, have been able to rely on some delivery and takeout business, while many B&I operators work out of facilities in buildings that have been closed and where most workers have been sent home. Even if they were to pivot their offerings and format, many B&I operators lost their patron base.



how much has your overall business decreased or increased since the outbreak of COVID-19 / Coronavirus?



The return to business will come in phases.

Not all employees who worked on-site pre-COVID are going to return to offices, manufacturing facilities, or warehouses. What's more, those who have been working from home aren't going to return on day one to full weeks in the office but may instead be phased back in — spending just one or two days a week on-site. Other locations whose business may depend on the health of the overall economy are also likely to be slow to ramp back up to full production and therefore to their pre-COVID feeding levels. Because of these factors, operators will be strategic about what on-site feeding locations are opened and when.





Delivery may be the new normal.

B&I operators are very likely to pivot heavily to delivery. Previously these operators had wanted to bring people together and create community, but their goals have changed. Instead, the segment may be able to leverage the fact that all their customers tend to reside under one roof. This means that offering delivery or pick-up from a remote location is not a major logistical headache in the way that it might be for restaurants delivering within a five-mile radius. There is a lot of room for creativity in how B&I food gets from kitchen to customer when that customer is sitting at a desk three floors up.



	B&I operators	ALL operators
As soon as restrictions are lifted	30%	43%
Within a few weeks	35%	26%
1 month	14%	11%
2-3 months	16%	14%
4-5 months	2%	5%
6 months or more	2%	1%

Operators may be fast to open, but that doesn't mean business will quickly return to normal.

As with operators overall, the majority of B&I operators are eager to fully re-open once restrictions are lifted. However, what that business looks like may not be obvious. Unlike restaurants that are open to the public, most B&I operators are reliant on employees coming back to work, which is more likely mandated by companies than by governments. So even if restrictions are lifted, individual companies may have their own policies that keep workers home longer such as phased in time on-site.

when the shelter-in-place restrictions are lifted and restaurants and foodservice establishments can fully reopen, how soon do you plan to open your operation?

Back to a focus on the basics: employee feeding.

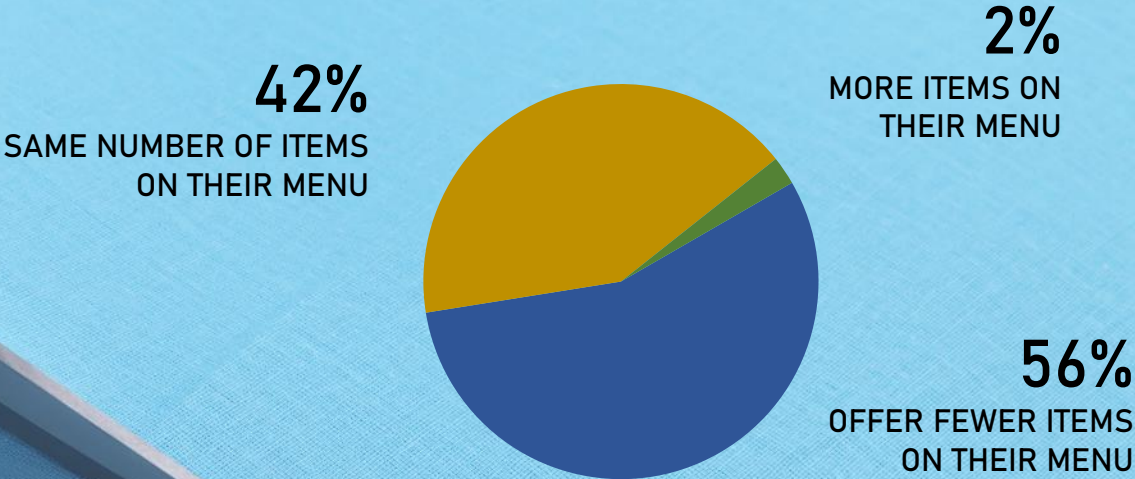
Before COVID-19, one of B&I operators' top goals was to build a company culture and to create an open and connected space for workers. Now that we live in a world with limited human interaction, B&I operators are facing not just a reconsideration of their salad bar, but a shift in the fundamentals of *why* they do business. Employees may be looking toward their B&I foodservice outlets not to create community, but to avoid additional connections or touch points that might happen if they venture off-site to a restaurant to grab lunch. The food takes a much more central role compared to the experience.





do you plan to increase or decrease your menu size at all after COVID-19 / Coronavirus and stay-at-home restrictions are lifted?

B&I operators



In the short-term, B&I menu size will be cut.

As workers return to offices and manufacturing facilities, the B&I operators who feed them are likely to offer a smaller and more limited menu. Operators are looking for ways to simplify since there may be limits on staff allowed BOH and they may have supply chain concerns, but they are also expecting to not need to ramp up to 100% business on day one. Many expect that workers will be phased in and with those more limited worker numbers will also come more limited foodservice outlets and more limited menu variety.

ALL operators

We plan to offer fewer items on our menu	35%
We plan to offer the same number of items on our menu	61%
We plan to offer more items on our menu	4%

The background of the slide is a solid teal color. Diagonally across the slide are several strips of yellow and black striped caution tape. The words 'COVID-19' and 'QUARANTINE' are printed in black capital letters on the yellow sections of the tape. The strips overlap each other, creating a sense of depth and movement.

Post-COVID screenings may work in the B&I operator's favor.

As buildings with large workforces start to open up, it may be that reporting to work is a more complicated process. Although most workers who can are still working at home, buildings may institute screening processes such as temperature checks before workers can report to the office. This may slow the number of workers who return and when they return, but it may also make those who do come into the building a more captive audience. If coming and going to grab a sandwich from a restaurant around the corner is complicated, then employees may be more likely to stay on-campus (even if they don't like the food as much). This may present a bright spot in an otherwise dark landscape for the B&I operator, who can create craveable menus to compete with food brought from home.

Self-serve was a HUGE part of B&I that may be gone for good.

B&I operators were often faced with a “lunch rush” when the employees of a company would all take a break and expect food around the same time each day. The segment relied heavily on salad bars to offer customization with a lot of speed. Even more operators relied on self-service coffee and tea dispensers to quickly get employees their morning caffeine fix. Previously the segment was able to leverage a relatively closed universe of patrons (employees) compared to restaurants and so relied heavily on self-serve. Unfortunately, COVID safety concerns mean these offerings are going to go away for the near term and probably longer. Operators may be looking for new and creative ways to offer a lot of people food quickly in a short time window while offering at least some customization.

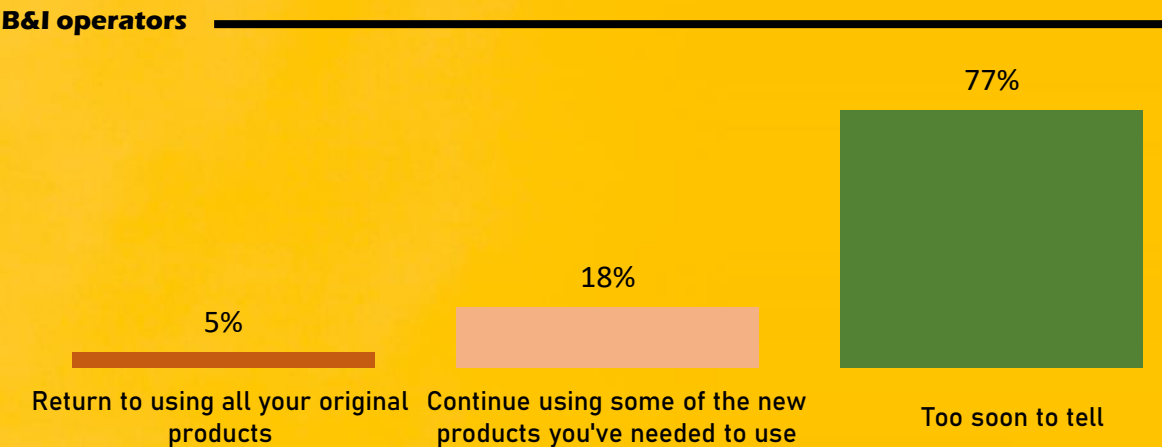
	Previously Offered	Plan to Discontinue
Coffee/tea dispensers	88%	50%
Condiment station	86%	65%
Salad bar	77%	73%
Beverage station	77%	42%
Soda fountain	67%	41%
Hot bar	30%	77%

before COVID restrictions, did you previously offer any of the following SELF-SERVE areas in your operation (where the customers could serve themselves)?
after COVID will you continue to offer the following SELF-SERVE areas in your operation (where the customers can serve themselves)?



Operators have more purchasing questions than answers.

For better or worse, the issues facing B&I are more complicated than simply what the government may be dictating for their business (as it is for many restaurants). The impacts to their business can come in many forms, including the health of the business whose employees they feed (and if they had layoffs), possible phased in on-site workforce programs, employees getting accustomed to and preferring to work from home, and much more. All these factors will directly influence menus and purchasing and are why most operators say it is too soon to tell what will be the longer-term impacts of this pandemic.



once stay-at-home orders are lifted and business starts to return to normal, will you?

Dining room spaces may take on new lives.

B&I operators are likely to get in on what we've been seeing in other segments of the industry: using their dining rooms as grocery stores. Operators may look to toilet paper and grocery staples to improve the employee experience and as a creative way to boost employee morale. Given that employees aren't likely to be making full use of on-site cafeterias any time soon, operators and their companies will be looking for creative uses for that square footage.





HOTSHOT REPORT

Get additional consumer and operator detail in Datassential's future COVID-19 reports, available for download at datassential.com/coronavirus.



Help us help you.

As the Coronavirus situation continues to evolve rapidly, just tell us what you want to know. If it's something that benefits the food industry, we'll do our best to incorporate it into an upcoming report and provide the results to everyone for free.

And if you have a need that's specific to your company or brand, we would love to design a custom research solution for you.

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