

Subject Area
Business and Economy

Year: 2022
Vol: 8
Issue: 95
PP: 645-653

Arrival

01 January 2022

Published

28 February 2022

Article ID Number

3869

Article Serial Number

14

Doi Number

<http://dx.doi.org/10.26449/sssj.3869>

How to Cite This Article


Yılmaz, H. & Ayerden Koyun, S.B. (2022). "A Study of the Effects of the COVID-19 Pandemic on the Restaurant Industry in Turkey" International Social Sciences Studies Journal, (e-ISSN:2587-1587) Vol:8, Issue:95; pp:645-653



Social Sciences Studies Journal is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

A Study of the Effects of the COVID-19 Pandemic on the Restaurant Industry in Turkey ¹

Covid-19 Pandemisinin Türkiye'deki Restoran Sektörüne Etkilerine İlişkin Bir Araştırma

Hülya YILMAZ¹  Sabriye Büke AYERDEN KOYUN² 

¹Assistant Prof.Dr.; Doğuş University, Faculty of Economics and Administrative Sciences, Department of International Trade and Business, Istanbul/Turkey

²Doğuş University, Graduate School of Education, Department of Business Administration, Istanbul/Turkey

ABSTRACT

Pandemics have the potential to wipe out the entire world while killing a large number of people. The world has been facing a new threat known as COVID-19 since March 2020. Most countries have closed their borders, imposed flight restrictions, and implemented quarantines in an attempt to protect their citizens. COVID-19 measures significantly altered normal living conditions and established what is referred to as "new normal" necessitating economic and socio-behavioral changes. The purpose of this study is to assess the impact of the COVID-19 pandemic on the Istanbul restaurant industry. Thirty restaurant managers were interviewed about their precautions during the first three months of the COVID-19 outbreak, as well as the financial and administrative challenges they faced. Findings indicated restaurants' cash flows have deteriorated and they face a liquidity crisis. Cost-cutting measures such as menu reductions and limited capacity service damaged businesses' reputations. Even though restaurants have reduced their personnel expenses, participants reported significant decreases in their daily, weekly, and monthly earnings. Businesses have been forced to develop a new service understanding by hosting groups other than the target audiences. Restaurant type, menu prices, and service became more important to consumers during the pandemic period. Restaurant owners and managers cited the sense of trust instilled in customers as a positive effect of the crisis. Participants expect the government to address the issue by reducing taxes, creating rent and financial support packages.

Key Words: Covid-19 outbreak, Restaurant Industry, Finance, Supply Chain, Consumer Behavior

ÖZET

Pandemiler çok sayıda insanın ölümüne neden olurken tüm dünyayı yok etme potansiyeline sahiptir. Dünya, Mart 2020'den bu yana COVID-19 olarak bilinen yeni bir tehditle karşı karşıya kalmıştır. Birçok ülke vatandaşlarını korumak amacıyla sınırlarını kapatmış, uçuş kısıtlamaları getirmiş ve karantinalar uygulamıştır. COVID-19 önlemleri, normal yaşam koşullarını önemli ölçüde değiştirmiş ve beraberinde ekonomik ve sosyal davranış değişiklikleri gerektiren "yeni normaller" getirmiştir. Bu çalışmanın amacı, COVID-19 pandemisinin İstanbul restoran endüstrisi üzerindeki etkisini değerlendirmektir. Otuz restoran yöneticisiyle COVID-19 salgınının ilk üç ayında aldıkları önlemler ve karşılaştıkları mali ve idari zorluklar hakkında röportaj yapılmıştır. Bulgular, restoranların nakit akışlarının bozulduğunu ve bir likidite kriziyle karşı karşıya olduklarını göstermiştir. Menü azaltma ve sınırlı hizmet kapasitesi gibi maliyet düşürücü önlemler, işletmelerin itibarını zedelemiştir. Restoranlar personel giderlerini azaltsa da katılımcılar günlük, haftalık ve aylık kazançlarında önemli düşüşler olduğunu bildirmişlerdir. İşletmeler, hedef kitleleri dışındaki grupları da barındırarak yeni bir hizmet anlayışı geliştirmek zorunda kalmışlardır. Restoran türü, menü fiyatları ve hizmet, pandemi döneminde tüketiciler için daha önemli hale gelmiştir. Restoran sahipleri ve yöneticileri, krizin olumlu bir etkisi olarak müşterilere duyulan güven duygusunu dile getirmişlerdir. Katılımcılar, hükümetin vergileri azaltarak, kira ve mali destek paketleri oluşturarak sorunu çözmesini beklemektedirler.

Anahtar Kelimeler: Covid-19 salgını, Restoran Sektörü, Finans, Tedarik Zinciri, Tüketici Davranışları

1. INTRODUCTION

Along with humans, animals, and plants, the world is home to numerous viruses and bacteria. Viruses cause a wide variety of diseases. When a disease spirals out of control and spreads across countries, it is called a pandemic. Pandemics have the potential to wipe out the entire world while also killing a large number of people. Around half of Europe's population died during the sixth-century Justinian Plague. The 14th-century Black Death, frequently known as the second biggest plague, was the largest pandemic in human history, killing an estimated 200 million people across Europe, Asia, and North Africa. The Spanish Flu infected one-third of the world's population in the twentieth century, killing more people than World War I. People are now more fortunate to be aware of the harmful effects of such diseases and to have access to government-provided health care as a result of advancements in contemporary medicine and technology. Despite this, we continue to lack the technology required to prevent future viruses from mutating and posing an unknown threat to the entire planet. Globalization fundamentally altered the global order, enabling faster and more affordable transportation than ever before. Markets throughout the world have become significantly more connected than in the past. A transmissible disease spreading in the far east has a chance of reaching America within days. Even a minor supply chain disruption can halt the market's entire flow.

¹ This article was produced from the master thesis prepared by the second author under the supervision of the first author.

The world is now facing a new threat known as COVID-19. The new virus began in China's Wuhan city and quickly spread throughout the world, becoming the world's second pandemic in human history. Most countries have closed their borders, imposed flight restrictions, and implemented quarantines in an attempt to protect their citizens. COVID-19 measures significantly altered normal living conditions and established what is referred to as "new normal" necessitating economic and socio-behavioral changes. The pandemic began by wreaking havoc on health care systems, then manufacturing and its supply chains. The global economy was severely harmed, and even advanced economies experienced significant GDP declines. For example, the United States' gross domestic product contracted dramatically in the first quarter of 2020, falling by 4.8 percent annually (Bureau of Economic Analysis, 2020). Similarly, China's gross domestic product fell 6.8% over the same period (Cheng, 2020). Wuhan's GDP fell 40% in the first quarter of 2020. (Tang, 2020). Numerous countries have reached a tourism stalemate. Hotels, restaurants, and cafes have been forced to adjust their operating hours. Numerous small businesses have been forced to downsize, while others have faced insolvency. Due to the proliferation of online ordering and government incentives for part-time work, the majority of restaurants have barely survived. With the advent of the new normal, restaurants have adopted a new design philosophy that emphasizes less physical contact with their customers.

The purpose of this study is to assess the impact of the COVID-19 pandemic on the Istanbul restaurant industry. Thirty restaurant managers were interviewed about their precautions during the first three months of the COVID-19 outbreak, as well as the financial and administrative challenges they faced. The findings of this study are critical for the restaurant industry, given the ongoing COVID-19 pandemic.

2. THE GLOBAL IMPACT OF COVID-19

COVID-19 was reported to the World Health Organization as an unknown virus in December 2019 in the Chinese city of Wuhan, Hubei province. Because the Chinese government's first response to the virus was poor, the disease spread quickly, and the city of Wuhan was forced to be quarantined on January 23, 2020, due to the slow response. Meanwhile, by mid-February, the number of cases in China had risen to around 80,000. On March 11, 2020, as the disease reached international proportions, WHO designated it a pandemic. On March 25, 2020, the world recorded 415,876 cases, 107,811 recoveries, and 18,574 deaths (Aslan, 2020). The countries most affected by COVID-19, which has been confirmed in over 200 countries, were the United States, Spain, Italy, France, Germany, the United Kingdom, and China.

After four major outbreaks of the 1918 H1N1, 1957 H2N2, 1968 H3N2, and 2009 H1N1 influenza viruses, COVID-19 is another of the largest recorded pandemics, resulting in approximately 50 million human deaths. According to the WHO, this pandemic is more than a public health disaster. It is a crisis affecting every sector. Numerous countries are confronted with numerous complicated health, economic, and interconnected issues. The expansion of the pandemic shocked the health system and wreaked havoc on social and economic conditions. For the first time since the 1930s, both developed and developing economies were impacted at the same time. In comparison to earlier pandemics, the COVID-19 outbreak has resulted in economic recessions, fewer workforce losses, and a more efficient health system (Ak Bingül, Türk, & Ak, 2020).

3. ECONOMIC REPERCUSSIONS

Pandemics have a detrimental effect not just on human health but also on the economy and many sectors. The global economic impact of the Covid-19 pandemic is unknown at the moment. To prevent the spread of Covid-19, quarantine practices, encouraging work from home, and social distancing rules are essential. These measures, however, hurt the economy and manufacturing industries. Although technology has made it possible to work from home in many business lines, the magnitude of the economic contraction that has occurred should not be underestimated.

Before the pandemic, the global economy was expanding and global growth prospects were improving. However, the outbreak of COVID-19 shattered the positive picture of the economic outlook. What distinguishes this outbreak from previous ones was primarily its economic impact. Previous outbreaks have primarily impacted poorer countries and were much smaller in scale than Covid-19. The pandemic has both economic and psychological consequences. According to OECD research on the impact of Covid-19, young people with financial constraints experienced an increase in the anxiety of job loss, loneliness, and feelings of stress (OECD, 2020).

4. THE EFFECTS ON THE SUPPLY CHAIN

In a short period of time, the COVID-19 pandemic, which began in China, had a negative impact on production and supply chains all over the world. According to various health data, the United States, China, Japan, Germany, England, France, and Italy are among the countries most affected by the pandemic. These countries account for 65% of total global output and 41% of total global exports.

According to the results of a Fortune magazine survey published on February 21, 2020, 94 percent of Fortune 1000 companies were experiencing supply chain issues as a result of COVID-19 (Fortune, 2020). One of the most serious issues in this area has been identified as a decrease in market demand for goods and services in most countries as a result of absolute or partial lockdown (Bloom & Canning, 2004). This blockade is causing havoc in both domestic and international supply chains. As a result, the pandemic is expected to reduce aggregate demand, resulting in significant job losses and a general economic downturn (De Vito & Gómez, 2020). In order to survive, businesses require suppliers, distribution channels, and logistics companies. The supply chain's strategies entail a number of risks. While some risks are highly probable and pose a low risk to the supply chain, others are less likely to materialize and may pose significant risks.

Supply chain disruptions that began in China, the country where the virus first manifested, spread throughout the world, directly affecting supply and demand balances. Numerous countries have halted or gradually reintroduced truck crossings at their borders as a preventative measure. Due to the difficulties encountered on roadways, logistical operations were relocated to the railway and seaport. However, as the demand for empty containers in the seaway increased, the cost of sea transportation also increased. Simultaneously, methods such as disinfectant treatment and a 14-day quarantine of ship employees before arriving at ports resulted in delays (MarineDeal, 2020). This has impacted both foreign and domestic logistics networks, resulting in delays.

5. SOCIOECONOMIC IMPACTS

Many countries have made recommendations to their citizens and even implemented strict practices within the framework of social distance rules. The Swedish government imposed social distance rules on its citizens, which resulted in a 70% decrease in walking paths and public transportation on Stockholm's streets. The number of weekly metro and commuter trains in Stockholm has been cut in half, according to the city's public transportation company. (Dunford and colleagues, 2020)

Most countries were caught off guard when the schooling system had to be halted abruptly due to the outbreak. Since the beginning of the pandemic, education has continued via digital platforms in many regions of the world. Students with limited access to computers and the internet as a result of their families' socioeconomic status were negatively impacted by online education.

COVID-19 had some direct impact on countries' socio-cultural structures and economies. Football, a popular sport, was also impacted by the pandemic, with over 500 matches postponed across Europe, with matches played without spectators or postponed. In addition to the five major European leagues (Premier League, La Liga, Bundesliga, Serie A, and Ligue 1), the UEFA Champions and Europa League were played without spectators for the first time. UEFA announced in an official statement on March 17, 2020, that the European Championship had been postponed to the following year. The pandemic resulted in the cancellation of competitions in four different sports branches in the United States, as well as a loss of \$5 billion. The International Olympic Committee decided on March 24, 2020, to hold the Tokyo 2020 Olympics in 2021. (AktifBank Ekolig, 2020).

6. THE CASE OF TURKEY

In Turkey, the first case was recorded on March 10, 2020, and the first death from COVID-19 occurred on March 17, 2020 (T.C. Ministry of Health, 2020a). As of March 31, 2020, there were 13,531 confirmed cases, and COVID-19 was directly responsible for the deaths of 46 people (T.C. Ministry of Health, 2020c). Due to the growing number of cases, several actions have been implemented under the direction of the Ministry of Health and the Board of Science to prevent the pandemic from spreading throughout Turkey. Certain economic, political, social, and humanitarian measures were adopted, most notably in the domains of health, law, education, and the military. Citizens were encouraged to abide by the new measures.

6.1. Monetary Implication

The negative effects of the pandemic on global markets and the drop in oil prices indicate that both developed and developing economies will be impacted further. This indicates that the Turkish economy, like those of many other countries afflicted by the pandemic, would contract (Soylu, 2020). Travel restrictions, curfews, reduced working hours, household income reductions, and the pandemic's psychological consequences all contributed to supply and demand declines. These cuts have impacted global income predictions and heralded the onset of a second big economic crisis following the Great Depression. Some businesses have ceased operations entirely, while others have continued operations on a limited basis. In response to this predicament, the government has implemented a short-term working allowance to provide financial assistance to employees. Simultaneously, the President's decree established a prohibition on dismissal in order to protect employees and provide employment. EU commission

predicted that the Turkish economy would fall by 5.4 percent in 2020 and rise by 4.4 percent in 2021, following the crisis in domestic demand and foreign trade.

6.2. Supply-Chain Problems

The widespread supply chain problems had a detrimental impact on Turkey. The country prohibited all entry into 30 metropolitan municipalities and Zonguldak province except for cleaning, food, medicine, and medical supplies (BBC, 2020d). In the face of China's dominance in the automotive and textile industries, Turkey emerged as an attractive option. On the other hand, most textile businesses shifted their focus from their routines toward mask production to meet the growing demand. Beyond textiles, growth is projected in a variety of industries, including food, furniture, steel, and even the tourism industry (AA, 2020b). However, many industries encountered pauses due to quarantine measures (Karl & Tanyaş, 2020).

Various measures have also been implemented in Turkey's aviation sector. On February 4, 2020, Turkey suspended reciprocal flights with China. Flights between Turkey and Iran were conducted unilaterally due to Iran's noncompliance with anti-virus measures (Hürriyet, 2020; Iran International, 2020). The President halted all foreign flights on March 27, 2020, except for planes providing freight, government, medical support, and aid, and planes that require an emergency landing due to technical issues. Turkish Airlines (THY) has been designated as the approved carrier as of March 28, 2020, while all other airline firms have ceased operations until April 30, 2020. THY operated flights on specific days and hours, but domestic flights were suspended temporarily on April 3, 2020 (Akça, 2020). The Ministry of Health has mandated that all passengers provide a negative PCR test result by 30 December 2020. Additionally, it has been announced that passengers who do not show the tests conducted 72 hours before the flight will be denied access to the flight (Cumhuriyet, 2020).

6.3. Socioeconomic Impacts

The Ministry of Health and the Board of Science have distributed the COVID-19 information leaflet to all 81 Provincial Health Directors and all health and public institutions. The leaflet defined coronavirus and its transmission modes and symptoms and advised them on how to prevent the disease. The President issued an official mandate to the 81 provincial governors regarding the COVID-19 warnings. The mandate provided specific instructions on the enforcement of cleaning, mask, and social distance requirements. Every citizen, without exception, is required to wear a mask in all public areas, including parks, gardens, public transit, businesses, and factories across the country (T.C. Ministry of Interior, 2020). Turkey's Ministry of Health imported a vaccine developed in China by the Sinovac Biotech Corp. in December 2020. Following the required tests, the vaccine was administered to health care staff, the elderly over the age of 65, and the disabled (BBC, 2020c). Due to the growing number of COVID-19 cases, events such as concerts, theaters, and cinemas have been canceled across the country. Intercity transportation restrictions were put into effect. Patients with chronic diseases, citizens over the age of 65 and younger than 20 were prohibited from leaving the house. Additionally, shopping malls, hotels, gyms, coffee shops, barbershops, and hair salons were shut down.

7. COVID-19 AND THE RESTAURANT INDUSTRY: A LITERATURE REVIEW

Restaurants are a key component of the economy on both a national and worldwide basis. In the past, the restaurant industry has undergone pauses and crises as a result of a range of factors. Some country-specific attacks, terrorist incidents, country-specific policy changes, natural disasters, and epidemics have resulted in certain countries and regions being deemed less desirable regularly. Such situations have also impacted restaurants that are visited for business and tourism purposes. For the economic consequences of terrorism, we can use the September 11, 2001 attack as an example. A pandemic also has a negative impact on tourism and, as a result, restaurant businesses. Restaurants also ceased purchasing fresh produce, as tourists withdrew from destinations where the disease spread, resulting in a decline in demand. When the SARS virus first appeared in 2003, 25 restaurants were forced to close within two weeks, and over 1600 employees were laid off (Noy & Shields, 2019). Because of the drop in demand for restaurants in Hong Kong, where the SARS virus spread, fresh fish and seafood were left in the hands of suppliers, and the products were sold at significantly lower prices than usual (Bradsher, 2003). The pandemic affected both restaurant sub-sectors and the restaurant sector as a whole.

The effects of the COVID-19 outbreak on the supply chain have been addressed in the literature from three distinct angles. The first line of inquiry focused on the supply chain interruptions caused by the outbreak. Chowdhury et al. (2020), Hobbs (2020), and Rizou et al. (2020) studied the simultaneous impact of all or part of the global supply chain disruptions. Another line of investigation into disruptions focused on the functions of the affected supply chains.

Another line of inquiry is concerned with the affected supply chains operations. Studies of this perspective emphasized the combination of supply-side interruption, generating interruption, transportation and distribution disruption, and demand-side interruption, as well as two or more of the previously described types of interruptions. This viewpoint explained how a disruption in a specific supply chain function might destabilize the entire supply chain network due to the ripple effect.

The short, medium and long-term implications of the outbreak on the restaurant business were examined in June 2020 papers prepared by Deloitte and EY-Parthenon & Federation of Turkish Food and Beverage Industry Associations. The research discussed the dangers that face the restaurant business and forecasted the industry's future. The report also discussed shifting consumer behaviors, the future of food and beverage expenditures, and the ministry's different sector-related initiatives. The research presented several recommendations to help shape the restaurant industry's future business plan.

In their analysis, Dube et al. (2021) stated that COVID-19 has resulted in an unprecedented loss of employment and revenue, with millions of jobs and billions of dollars in potential revenue having been lost. Yang et al. (2020) discovered that a 1% increase in daily new COVID-19 cases resulted in a 0.0556 percent drop in daily restaurant demand, whereas stay-at-home orders resulted in a 3.25 percent drop in daily restaurant demand. Kim et al. (2020) investigated the financial practices and decisions made for the continuation of businesses due to restaurant closures. The study investigates the impact of COVID-19 on the restaurant industry following restrictions and bans. Song et al. (2020) discovered that as the severity of the COVID-19 outbreak increases, restaurants experience significant revenue gaps due to a sharp decline in customer demand. Furthermore, as it is unclear when the COVID-19 damage will be mitigated, rising operational risks and liquidity shortages will prompt shareholders to consider selling their holdings, resulting in a sharp decline in restaurant stock returns. Gössling et al. (2020) compared the effects of COVID-19 to previous global crises as well as how they affected society, the economy, and the tourism sector. Given the magnitude of the pandemic, they concluded that recovery would take a long time due to travel bans, behavioral changes in business-tourism and sightseeing-tourism would be observed as a result of the adoption of video conferences instead of business trips, and many people would implement austerity measures for economic reasons. Rizou et al. (2020) and Kim and Lee (2020) investigated changing customer behavior during and after the COVID-19 outbreak. Despite the precautions, they discovered that customers are hesitant to visit restaurants. They proposed some strategies for mitigating the devastating effects of the pandemic on the industry and restoring sector stability.

8. METHODOLOGY

The current body of knowledge regarding economic and consumer behavior changes in the food, tourism, and restaurant sectors does not take into account the short-, medium-, and long-term effects of pandemics on the restaurant sector as a whole. The restaurant industry has been impacted by both COVID-19 and previous outbreaks. The consequences of these disruptions have been severe, as such crises often have long-lasting ripple effects and can affect operations at multiple levels concurrently, including sourcing, production, and distribution. COVID-19 has had a significant impact on restaurant businesses. Due to a dearth of research in this area, the specific effects of the pandemic on the economic, psychological, and supply chain operations of restaurant businesses remain unknown. The purpose of this study is to add to the existing body of knowledge by examining the effects of the COVID-19 outbreak on the restaurant industry. Additionally, we believe that outlining strategies for mitigating the pandemic's effects can serve as a guide for managers and operators in this sector.

The data was collected using a semi-structured interview technique on a sample of 30 restaurant managers in Istanbul, Turkey. The semi-structured interview is one of the qualitative research methods to collect and analyze qualitative data. Due to the severity of the COVID-19 outbreak in comparison to previous outbreaks, it is critical to conduct an in-depth study to ascertain the pandemic's short, medium, and long-term effects, as well as the impact on restaurant businesses. The researcher conducted the interviews using a semi-structured interview form. The semi-structured interview technique circumvented the constraints of a structured survey, allowing for in-depth exploration of the participants' opinions during the COVID-19 period. The study's scale is composed of 14 semi-structured questions developed by the researcher (Appendix 1). The participants were chosen using a convenient sampling method that took into account the participants' health conditions and the difficulty of reaching them during the research.

9. FINDINGS

This section summarizes the findings from the analysis of qualitative data. We examined the effects of the COVID-19 pandemic on the restaurant industry, as well as the mitigation measures implemented and the participants' perceptions of the strategies implemented. The findings include demographic information about employers and

managers in the restaurant industry, as well as their experiences. Participants in our research were initially questioned about their demographic information and company information. 90% of participants have at least 13 years of industry experience. Based on the participants' industry experience, we can estimate that 90% of the participants are experienced restaurant managers based on their tenure in the industry. However, 10% of participants have between 3.5 and 5 years of industry experience. The entrepreneurial participants shed light on the new initiatives to be launched in the restaurant sector by bringing up points that the more experienced participants missed. Although the question about the number of employees in the business was not specifically directed, several participants mentioned that the number of employees in the business decreased during lockdowns.

9.1. Findings Regarding Financing and Liquidity

Our research's initial findings suggest that enterprises' cash flows have deteriorated and they face a liquidity crisis. Young entrepreneurs who participated in our research stated that they no longer saw the restaurant industry as a lucrative investment and that they desired to advance their future ventures in other sectors. This could be a reason for the sector's contraction.

Participants stated that they reduced their stock levels in order to save money, and as a result, they narrowed their menu selections. Participants stated that this cost-cutting measure did not have a significant impact on fixed expenses. This situation causes liquidity issues in the short term and forces businesses to deal with estate owners and banks. Furthermore, the participants stated that the assistance packages provided by the government were insufficient. For instance, a participant explained the situation thus: *"We did not pay rent during the initial shutdown, but the owners demanded rent during the second one. Since we were closed during this time period and had no earnings, we requested ease of payment or postponement but were told they would send a notification otherwise. On the other hand, banks created difficulties in new credit applications and denied postponement of payment for the existing credits. We had to deal with suppliers, estate owners, and banks at the same time. Because short-term working allowances were subject to different criteria, not every employee qualified. We were told that rent assistance would be provided, but it was insufficient because the figures were quite low, and the 3% turnover assistance was insufficient."* Participants expect the government to address the issue by reducing taxes, creating rent and additional financial support packages, and providing assistance such as facilitating bank loans. Participants mentioned that financing and liquidity constraints have put investment and growth projects on hold in the medium and long term. At the same time, it is possible to assert that businesses may suffer a loss of reputation as a result of cost-cutting measures and rules such as menu reductions and limited capacity service. We can say that developing long-term business and work plans, as well as planning how they will manage their cash flows in the long term, will help them achieve a more stable financial position in the long run. This way, a road map for their future actions will be formed.

Even though enterprises have reduced their personnel expenses slightly as a result of the state's application of the short-time working allowance, participants reported significant decreases in their daily, weekly, and monthly earnings from a personnel standpoint. Employees were terminated as a result of this situation. Employees' responsibilities are increased in the short term as a result of their shorter working hours and decreased personnel numbers. For instance, the chief waiters were responsible for both guest service and table service. The medium- and long-term decline in personnel is expected to reveal a skills shortage. While some participants stated that after the pandemic, employees will appreciate the value of their jobs and work more enthusiastically, others stated that as a result of the closures and restrictions, employees' previous performance will suffer, particularly financially, and they will lose their sense of belonging to the business.

9.2. Findings Regarding the Supply Chain

This section summarizes the risks associated with supply chain disruptions in the short, medium, and long term. As a result of the increases in oil and raw material prices, suppliers had to pass the increases on to businesses through increased prices on products and logistics. Businesses that provide closed and limited-time services were unable to order products in their usual quantities from suppliers and were unable to pay their debts to suppliers on time as a result of the savings strategies they implemented. One could argue that this cycle will deteriorate suppliers' liquidity and financial balances in the short term while causing disruptions in the functioning supply chain structure and logistics issues in the long term. Due to the price hikes during the pandemic period, businesses sought alternative supply channels and even procured supplies directly from producers. In the medium and long term, restructuring the supply chain and reestablishing deteriorated buyer-supplier relationships can expedite the supply chain's recovery. Additionally, it will aid the supply chain in regaining lost trust, as suppliers improve their services through the use of technology and a greater emphasis on online modes and new versatile channels. Supply chain

disruptions also have a negative effect on GDP. Disruptions in the food and beverage industry during and after a pandemic can result in decreased sales and revenues, reducing the supply chain's contribution to GDP.

9.3. Customers Portfolio and Evolving Consumer Behaviors

If we summarize the customer portfolio and changing consumer behaviors, businesses have been forced to develop a new service understanding in the short term by hosting groups other than the target audiences they are accustomed to. According to K7, one of our participants, *"Due to our location, plaza employees and white-collar workers tended to work from home, resulting in a significant decline in our lunch and dinner services."* Similarly, K18 stated, *"We began to appeal to a younger demographic. While middle age has decreased significantly, the 18-25 age group has increased significantly. The fact that we are preferred by the younger audience over the age group that the business targets also differentiates consumption habits, which is why we handle all supply and product planning from the start. Our inbound target audience and business image were also impacted,"* the statement continued. Consumers who have been unable to leave their homes for an extended period of time may seek alternative service understandings, while businesses that have been unable to serve for an extended period of time may be unaware of these requests. Businesses should act immediately rather than wait for traditional consumer behavior to return. In the medium and long term, it is anticipated that this will affect the business concept, menu, personnel selection, and, consequently, new P&R studies. Each business may be unable to adapt to a changing customer base and consumer habits. In this case, it is possible to assert that businesses that are capable of comprehending new customer segments will endure in the long run. To safeguard their brand values and stay current with changing consumer behaviors, businesses should conduct P&R studies and continue to provide services based on the findings of these studies.

9.4. Positive Impacts

Some participants responded positively when asked whether the COVID-19 pandemic had a positive effect. Two of our participants stated that COVID-19 aided in the development of the package service infrastructure. To improve customer service, restaurant businesses enable online ordering through their own platforms or through intermediary food distribution companies. According to Yang et.al. study's consumers stated that they met their food needs through takeaway services or food distribution companies during COVID-19 lockdowns. Additionally, a significant increase in food orders via the Uber Eats application was observed in March-April 2020, the first period of pandemic lockdown. However, the study discovered that COVID-19 restrictions had a beneficial effect on certain restaurant types. The majority of the menus offered by the businesses that participated in our research are not suitable for takeaways. Several participants stated that in order to avoid declining customer requests, they offer takeaway service by creating a limited menu at a specific location. As a result, we can conclude that the package service is not a viable option for every participant in our research.

Three of our participants cited the sense of trust instilled in customers during the crisis as a positive effect of COVID-19, while another stated that consumers would seek out higher-quality products following the pandemic. The study's findings indicate that restaurants that provide superior service will be more popular once the restrictions are lifted and society returns to normalcy. The study found that restaurant type, menu prices, and service became more important to consumers during the pandemic period and that consumers preferred higher-priced restaurants to meet their quality food expectations. Consumers who have been quarantined at home for an extended period of time expressed a desire to eat in a safe and sanitary environment similar to that found at home following the restrictions. Additionally, participants stated that financial uncertainty and increases in menu prices due to the pandemic may have a negative effect on consumers, lowering demand for high-quality food.

Managing the business with fewer employees during the COVID-19 period was another benefit reported by our participants. To maintain an even flow of customers and make the best use of the available staff, the restaurant's personnel management was completely overhauled during the outbreak. The pandemic reportedly prompted some employees to leave their jobs. As the number of employees decreased and working hours became shorter, personnel management had to be reorganized and the employees had a greater workload than they would have had in the previous period. After returning to their pre-pandemic working conditions, the participants stated that they would not hire additional staff unless absolutely necessary. It's safe to say that, in the long run, this will lead to a labor shortage in the restaurant industry.

10. CONCLUSIONS

Restaurants are a key component of the economy on both a national and worldwide basis. The COVID-19 outbreak has had a significant impact on the restaurant industry. The specific effects of the COVID-19 pandemic on the economic, psychological, and supply chain operations of restaurant businesses partly remain unknown. Outlining

strategies for mitigating the pandemic's effects on restaurant industry can serve as a guide for managers and operators.

This study examined the effects of the COVID-19 pandemic on the restaurant industry in Istanbul, Turkey, as well as the mitigation measures implemented. During their interviews, restaurant managers and owners pointed out significant issues they faced during the initial stages of the COVID-19 outbreak. First of all, restaurants' cash flows have deteriorated and they face a liquidity crisis. Second, cost-cutting measures such as menu reductions and limited capacity service damaged their business reputations. Most importantly, even though restaurants have reduced their personnel expenses, managers reported significant decreases in their daily, weekly, and monthly earnings. During this period, restaurants have been forced to develop a new service understanding by hosting groups other than the target audiences. Restaurant type, menu prices, and service became more important to consumers during the pandemic period. Some participants cited the sense of trust instilled in customers as a positive effect of the crisis.

Based on these findings, we recommend the following strategies to help the restaurant industry deal with its deteriorating cash flows. Restaurants that can only provide limited service due to restrictions and prohibitions can devise new financial plans. Planned hygiene expenses and space losses in restaurants can be effectively managed through cost management and new organizational design. Analyzing their competitors will allow them to create market share scenarios that meet industry needs. It is possible to restructure supply chain relationships that have deteriorated due to the pandemic. New supply and distribution channels can be studied. They can use technology to create customer risk maps and develop new service understandings to better understand how customer portfolios and needs are changing.

REFERENCES

- Ak Bingül, B., Türk, A., & Ak, R. (2020). Covid-19 Bağlamında Tarihteki Büyük Salgınlar ve Ekonomik Sonuçları. *Turkish Studies*, 189-200.
- AktifBank Ekolig. (2020). *Covid 19 Öncesi / Sonrasında Futbol Ekonomisi, Covid -19 Pandemisinin Futbol Ekonomise Etkileri*. www.aktifbank.com.tr: <https://www.aktifbank.com.tr/Documents/aktif-bank-ekolig-covid-19.pdf>
- Aslan, R. (2020). *Tarihten Günümüze Epidemiler, Pandemiler ve COVID-19*. Göller Bölgesi Aylık Ekonomi ve Kültür Dergisi.
- Baldwin, R., Weder, B., & Mauro, D. (2020). *Economics in the Time of Covid -19*. CEPR Press.
- Bloom, D., & Canning, D. (2004). Epidemics and economics. Interactions Between Global Change and Human Health . *Scripta Varia*, 304-331.
- Bureau of Economic Analysis. (2020, Nisan 29). *Gross Domestic Product, 1st Quarter 2020 (advance Estimate)*. <https://www.bea.gov>: <https://www.bea.gov/news/2020/gross-domestic-product-1st-quarter-2020-advance-estimate>
- Cheng, J. (2020, Nisan). *China Records First Ever Contraction in Quarterly GDP on Coronavirus*. <https://www.wsj.com/articles/china-set-to-report-plunge-in-first-quarter-gdp-11587086697>
- De Vito, A., & Gómez, J. (2020). Estimating the COVID-19 cash crunch: global evidence and policy. *J. Account. Public Policy*, 106741.
- Dunford, D., Dale, B., Stylianou, N., Lowther, E., Ahmed, M., & de la Torre Arenas, I. (2020, Nisan 06). *Coronavirus: The world in lockdown in maps and charts*. www.bbc.com: <https://www.bbc.com/news/world-52103747>
- Fortune. (2020, Şubat 21). *94% of the Fortune 1000 are seeing coronavirus supply chain disruptions*. fortune.com: <https://fortune.com/2020/02/21/fortune-1000-coronavirus-china-supply-chain-impact/>
- MarineDeal. (2020, Nisan 30). *Covid -19 ile birlikte denizcilik nereye evrilecek?* www.marinedealnews.com: <https://www.marinedealnews.com/covid-19-ile-birlikte-denizcilik-nereye-evrilecek/>
- OECD. (2020). *Youth and Covid-19: Response, Recovery and Resilience*.
- Soylu, Ö. (2020). Türkiye Ekonomisinde Covid-19'un Sektörel Etkileri. *Avrasya Sosyal ve Ekonomik araştırmaları Dergisi (ASEAD)*, 169-185.
- T.C. Sağlık Bakanlığı . (2020a). COVID- 19 (Sars-CoV2 Enfeksiyonu) Rehberi.

T.R. Ministry of Health. (2020c). *Genel Koronavirüs Tablosu*. covid19.saglik.gov.tr: <https://covid19.saglik.gov.tr/TR-66935/genel-koronavirus-tablosu.html#>

Tang, F. (2020). *Coronavirus: Economy in China's COVID-19 Epicenter Hubei Shrank 40 Per Cent in First Quarter of 2020*. South China Morning Post (2020): <https://www.scmp.com/economy/chineconomy/article/3081074/coronavirus-economy-chinas-covid-19-epicentre-hubei-shrank-40>