

Ramifications of covid-19 pandemic: challenges and coping strategies of restaurant owners in santa cruz, laguna

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Abstract

This study explored the transformation of the restaurant industry in Santa Cruz, Laguna, from its pre-pandemic state to the challenges posed by the COVID-19 pandemic and subsequent changes. Through survey questionnaire and interview with 61 restaurant owners, this study unravels these businesses' complex challenges. Prior to the pandemic, Santa Cruz's restaurant scene was thriving, but sudden lockdowns caused significant financial losses. Extreme financial constraints hindered daily operations and expansion efforts, while digital marketing took dominance and manpower management struggled to adjust to changing protocols. The resourceful restaurant owners demonstrated resiliency by employing various strategies, including innovative operational plans and digital marketing, to overcome these obstacles. These adaptive strategies have emerged as essential recovery drivers.

This study illuminates the profound impact of the pandemic on the restaurant industry in Santa Cruz. The findings provide invaluable insights into the industry's long-term viability, revitalization, and expansion.

Keywords: restaurant industry; covid-19 challenges; resilience; adaption

1. Nature and Scope of the Problem Investigated

More than three years since the pandemic's inception in March 2020, the research delves into how businesses and individuals have been compelled to reevaluate their priorities and adapt to mitigate the widespread economic effects. This adaptation has resulted in significant disruptions and financial losses due to cost-cutting measures, staff reductions, and declining sales, particularly in the restaurant industry. To ensure continuity in the face of supply chain disruptions, shifting consumer behavior, and evolving operational requirements, businesses in various sectors and industries have turned to online platforms, digital marketing, remote work arrangements, and e-commerce solutions. For businesses to effectively adjust their strategies and operations in the post-pandemic era, they must understand these challenges. As the world continues to change, restaurant owners in this region confront challenges as they adapt to the shifting business environment and pursue long-term success. The practical implications of the study's findings include developing effective plans, policies, and support systems to assist restaurant owners in overcoming obstacles and navigating future crises.

1.1 Research Problem and Objectives

This study seeks to examine the ramifications of the COVID-19 pandemic and the challenges faced by restaurant owners in Sta. Cruz, Laguna. To achieve these objectives, the study addresses the following research questions:

1. What were the challenges faced by the restaurant industry before, during, and in the aftermath of the pandemic, including their implications?

2. What antifragility challenges are being encountered by restaurant owners in Sta. Cruz, Laguna, and how are they employing adaptive and learning-oriented strategies to facilitate their recovery in terms of:

- 2.1 Funding,
- 2.2 Marketing, and
- 2.3 Manpower?

3. What business strategies could be forwarded to recover from the effects of COVID-19 among restaurant owners in Sta. Cruz, Laguna?

1.2 Research Framework

The framework for this study comprises three interconnected components: Restaurant Antifragile Challenges, representing the adversities restaurants face due to the COVID-19 pandemic, which can potentially enhance their growth and resilience; Adaptive and Learning-oriented Strategies, encompassing the measures taken by restaurants to adapt, innovate, and prioritize safety in response to pandemic effects, utilizing data, customer feedback, and industry trends to optimize operations; and Restaurant Business Strategies for Recovery, focusing on proactive approaches such as diversifying revenue streams, digital marketing, customer loyalty programs, and employee development to ensure restaurants not only recover but thrive in the evolving business landscape shaped by the pandemic. Together, these components provide a holistic understanding of how the restaurant industry responds to and transforms amidst significant challenges.

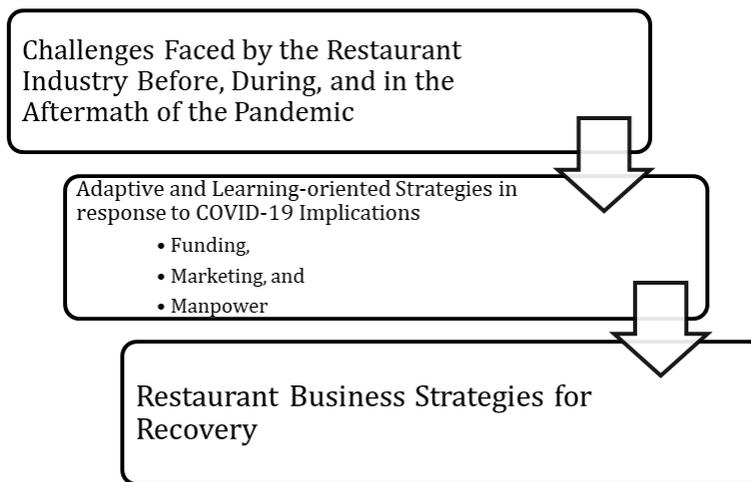


Fig. 1. research conceptual paradigm

1.3 Research Significance

The study has implications in multiple dimensions. In the realm of theory, it contributes by providing data-driven results that either contradict or support existing theories, potentially shaping new approaches to business resilience and recovery in the restaurant industry. In practice, the study provides restaurant owners in Sta. Cruz, Laguna, with practical insights that enable them better to navigate funding, marketing, and manpower challenges, thereby enhancing individual establishments' competitiveness and contributing to the recovery and development of the industry as a whole. The study has the potential to inform evidence-based policies and support measures that address the unique requirements of restaurant owners, thereby fostering an environment conducive to the sustainability and resilience of the industry. Regarding social action, the study raises awareness about the challenges restaurant owners experience, fostering community support initiatives, collaborative efforts, and advocacy for resources and policy changes that benefit the industry and the community it serves.

1.4 Philosophical Lens

Positivism was used as the study's underpinning philosophical paradigm due to its alignment with the research's objectives and chosen methodology. The positivist philosophy, which emphasizes empirical evidence and scientific methods, enabled an organized study of restaurant owners' challenges during the pandemic and the effectiveness of their strategies. Positivism contributed to the accuracy of science, objectivity, and the ability to recognize relationships and trends in the collected data. It enabled an extensive review of cause-and-effect relationships, particularly in evaluating the effectiveness of various coping strategies.

1.5 Scope and Limitations

The findings and conclusions of this study are founded solely on the responses and input of 61 restaurant owners in Santa Cruz, Laguna. During data collection, analysis, and interpretation, the researcher, a working student, experienced time constraints. These limitations impact the breadth and profundity of the study's findings, necessitating consideration of the sample size and unique circumstances of the 61 respondents when making assumptions, drawing conclusions, or generalizing from the study's results.

1.6 Review of Pertinent Literature

The COVID-19 pandemic has emerged as a significant global disruptive event in recent history (Business Continuity Management, 2023). This crisis has revealed numerous inadequacies in organizational procedures and a lack of effective strategies and good governance. Resilience refers to the capacity of systems to maintain their functions and structures in the face of change (Allenby & Fink, 2005). According to Gregurec et al., (2021) study, businesses encountered numerous challenges during the global pandemic, and their response to this disruption influenced their resilience and ability to overcome the crisis. Micro, small and medium-sized enterprises (MSMEs) adapted their business models to navigate the changing environment, with service-based industries being significantly impacted. According to Aldaba (2011), MSMEs are considered vital for a nation's economic growth, job creation, and innovation due to their dynamic and productive nature. However, a significant hurdle faced by SMEs is the limited access to financing, which

negatively impacts their performance and competitiveness. Small business leaders, including small restaurant owners, face the challenge of creating marketing plans that effectively allocate resources and drive profitability. The primary obstacle they encounter, often due to resource constraints, is building customer relationships through marketing efforts (Fiore et al., 2013). Bartik et al. (2020) conducted a survey in late March of 6,000 small businesses that were members of the alienable business network. They found that 43% of businesses were temporarily closed, experienced large reductions in employees, and the majority of businesses had less than one month of cash on hand. Even when businesses remained open, employees experienced financial cuts due to lost employment or reduced hours worked. Covid-19 had already transformed the service industry, and restaurants were determined to find ways to adapt and continue operating. According to Snagajob (2020), the majority of businesses had already adjusted their operations to align with the lockdown lifestyle, and this trend continued as restaurants explored innovative methods to ensure safety.

2. Research Design

The research design for this study adopted quantitative research supplemented with interviews. Using both, the study combined the strengths of quantitative research and interviews to provide a more comprehensive understanding of the challenges and strategies encountered by restaurant owners in Santa Cruz, Laguna. The approach to quantitative studies involved collecting numerical data through structured questionnaires.

2.1 Research Locale

This study was conducted in the restaurant industry in Santa Cruz, Laguna. Santa Cruz, Laguna, is a municipality located in Laguna, Philippines. The research location was selected because of its flourishing restaurant industry and diverse range of businesses operating in this sector. This sector included cafes, fast-food chains, family-owned, and small eateries. Mainly, it was vital to the local economy, providing employment opportunities and contributing to the region's culinary landscape.

2.2 Population and Sampling Design

In this study, the researchers sought to collect information from a total of 112 restaurant owners who were registered with the Business Permit and Licensing Office in the Municipality of Santa Cruz, Laguna. However, only 61 restaurant owners participated by providing their responses. The findings and conclusions of the study are based solely on the data provided by these 61 participants.

2.3 Research Instrument

A questionnaire distributed via an electronic data collection tool and in printed form was used to collect data. The questionnaire was designed to achieve specific research objectives, combining qualitative and quantitative questions. To ensure its validity and reliability, the questionnaire was validated by academic and business experts. Their input resulted in modifications designed to improve respondents' comprehension and the overall quality of responses. The survey questionnaire used a five-point Likert scale.

2.4 Data Gathering Procedure

Primary data from restaurant owners and staff in Santa Cruz, Laguna were collected to gather data for this study. Addressing funding, marketing, manpower challenges, and strategies, the questionnaire was meticulously constructed to gather relevant data applicable to the research objectives. In addition to the questionnaires, supplementary interviews were conducted to gather more in-depth insights. An interview guide was employed to ensure consistency in the questions posed to the respondents.

Table 1. Treatment of Data

| | Research Questions | Data Source | Interpretation |
|----|--|--|---|
| 1. | To investigate many aspects of the restaurant industry in Santa Cruz, from its pre-pandemic state through the challenges of the COVID-19 pandemic and its subsequent transformation. | Related literatures, articles, journals, research. | Explore various dimensions of the restaurant industry in Santa Cruz, its condition before the pandemic, examine the specific challenges it faced during the pandemic, and understand how it has evolved or transformed in response to these challenges. |
| 2. | To investigate the specific anti-fragility challenges faced by restaurant owners in Sta. Cruz, Laguna, and to understand how they are utilizing adaptive and learning-oriented strategies to navigate and recover in terms of funding, marketing, and manpower aspects amid the effects of COVID-19. | Results from survey questionnaire, themes from interview, related literatures, articles, journals, research. | Discuss how these restaurant owners are employing adaptive and learning-focused strategies to effectively navigate and recover from the impact of the pandemic, focusing on critical areas such as funding, marketing, and manpower. |
| 3. | To provide recommendations and propose remedies for restaurant business owners in Santa Cruz, Laguna, to effectively address the challenges of funding, marketing, and manpower in recovering more effectively from the impacts of COVID-19. | Results from survey questionnaire, themes from interview, related literatures, articles, journals, research. | Develop strategies for restaurant owners in Santa Cruz, Laguna, to overcome challenges related to funding, marketing, and manpower, allowing them to recover from the effects of COVID-19 with better outcomes. |

3. Results and Discussion

The COVID-19 pandemic has led to a severe health crisis and a substantial decline in economic activity, particularly in the restaurant industry. Businesses, including restaurants, have been impacted by the pandemic's health challenges, such as the need for lockdowns and safety precautions. Although necessary for public health, these regulations have reduced consumer visits and restaurant revenue. As a result of dining restrictions and safety concerns, the pandemic has led to a decrease in restaurant patronage. As a result, many restaurants have encountered financial difficulties, including declined income and profitability. Some restaurants have begun offering takeaway, delivery, and online ordering to adapt. The restaurant industry has been particularly affected by the pandemic's effects on health and the economy, requiring businesses to find new methods to operate and safely serve customers.

Table 2. Business challenges faced by restaurant owners in Santa Cruz, Laguna in terms of Funding (Summarized)

| Funding N= 61 | Disagree % | Neutral % | Agree % |
|---|-----------------------------|----------------------------|--------------------------|
| I find it challenging to obtain necessary funds for operating expenses in my restaurant business. | 4.9 | 47.5 | 47.6 |
| Obtaining necessary funds for reopening after the pandemic is a challenge for my restaurant business. | 13.2 | 34.4 | 52.5 |
| I struggle with securing loans or financial assistance for the operations of my restaurant. | 29.5 | 49.2 | 21.3 |
| Finding investors or partners to support the expansion of my restaurant business is a challenge. | 22.9 | 39.3 | 37.7 |
| Limited access to capital affects my ability to invest in necessary equipment for my restaurant. | 14.7 | 41 | 44.2 |
| The financial constraints I face make it difficult to maintain positive cash flow, impacting the daily operations of my restaurant. | 14.7 | 36.1 | 49.2 |
| The local government offers sufficient financial support programs specifically tailored to assist restaurant businesses like mine. | 47.6 | 39.3 | 13.1 |
| Private assistance helps address funding challenges for my restaurant business. | 27.9 | 39.3 | 32.8 |
| My business has experienced difficulties in obtaining funding due to limited collateral or assets for loan purposes. | 32.8 | 42.6 | 24.6 |
| The uncertainty of future revenue and financial stability hinders my ability to secure funding for my restaurant. | 14.8 | 34.4 | 50.8 |
| I have easy access to traditional funding sources, such as bank loans or credit lines, for my restaurant business. | 27.9 | 41 | 31.1 |
| OVERALL | 22.809 | 40.373 | 36.809 |

Table 3. Business challenges faced by restaurant owners in Santa Cruz, Laguna in terms of Marketing (Summarized)

| Marketing N= 61 | Disagree % | Neutral % | Agree % |
|---|-----------------------------|----------------------------|--------------------------|
| Implementing digital marketing strategies is essential for the success of my restaurant business in the current market. | 4.9 | 16.4 | 78.7 |
| Limited marketing budgets restrict my ability to execute comprehensive marketing campaigns for my restaurant business. | 16.4 | 42.6 | 41 |
| Adapting to changing consumer preferences and trends poses a significant challenge in marketing my restaurant business effectively. | 9.8 | 32.8 | 57.3 |
| The competition in the local market makes it challenging to differentiate my restaurant business through marketing efforts. | 14.7 | 32.8 | 52.5 |
| Utilizing social media platforms and online review platforms is crucial for managing the online reputation of my restaurant business. | 6.5 | 34.4 | 59 |
| Limited knowledge or resources in marketing techniques and strategies hinder the effectiveness of my marketing efforts for my restaurant business. | 16.4 | 32.8 | 50.8 |
| Engaging with influencers or partnering with local businesses for joint marketing initiatives is beneficial for promoting my restaurant business. | 9.8 | 44.3 | 45.9 |
| Keeping up with the rapidly evolving digital marketing landscape poses a significant challenge for my restaurant business. | 3.3 | 55.7 | 41 |
| The emergence of online food delivery platforms has significantly impacted the marketing strategies and customer acquisition of my restaurant business. | 8.2 | 29.5 | 62.3 |
| Adapting to the increasing demand for contactless experiences has been challenging for my restaurant business's marketing efforts. | 16.4 | 41 | 42.6 |
| Incorporating online ordering has posed challenges for my restaurant | 19.7 | 34.4 | 45.9 |

| | | | |
|--|---------------|---------------|---------------|
| business's marketing strategies. | | | |
| Limited access to customer data and analytics hinders my ability to effectively target and personalize marketing campaigns for my restaurant business. | 14.7 | 45.9 | 39.4 |
| Developing and maintaining a strong online presence, including a website and social media profiles, is critical for the marketing success of my restaurant business. | 8.2 | 23 | 68.8 |
| OVERALL | 11.462 | 35.815 | 52.708 |

Table 4. Business challenges faced by restaurant owners in Santa Cruz, Laguna in terms of Manpower (Summarized)

| Manpower N= 61 | Disagree % | Neutral % | Agree % |
|--|-----------------------|----------------------|--------------------|
| The current labor market conditions make it difficult to attract skilled workers for various positions in my restaurant business. | 21.3 | 37.7 | 41 |
| Adapting to new health and safety protocols has posed significant challenges for my restaurant business in the post-pandemic situation. | 23 | 36.1 | 40.9 |
| Training employees accordingly has been a challenge for my restaurant business in the post-pandemic situation. | 21.3 | 47.5 | 31.2 |
| Employee turnover rates have increased in the post-pandemic situation, affecting the stability and continuity of my restaurant business operations. | 23 | 50.8 | 26.2 |
| Offering competitive wages and benefits has become more challenging due to financial constraints faced by my restaurant business in the post-pandemic situation. | 16.4 | 41 | 42.7 |
| Adapting to the changing needs and preferences of the manpower, such as remote work or flexible scheduling, has posed challenges for managing the manpower needs of my restaurant business. | 19.7 | 39.3 | 41 |
| Compliance with new labor laws and regulations related to health and safety protocols in the post-pandemic situation presents challenges in managing the manpower of my restaurant business. | 21.3 | 37.7 | 40.9 |
| The availability of specialized and experienced staff members, such as chefs or bartenders, has become more limited, affecting the quality of service provided by my restaurant business. | 26.2 | 42.6 | 31.1 |
| OVERALL | 21.525 | 41.588 | 36.875 |

The pandemic of COVID-19 has had an immense effect on the restaurant industry in Santa Cruz, Laguna, resulting in financial struggles, decreased revenues, and changed consumer behavior. Significant respondents found it challenging to obtain funds for reopening, highlighting the relationship between financial stability and operational continuity. Many individuals have expressed the need for enhanced local government support programs. However, some business owners surmounted funding challenges inventively, highlighting adaptability's significance. The industry recognizes the role of social media in consumer engagement, but budget constraints reflect the shifting landscape of online marketing. In addition, the restaurant industry confronts challenges with securing qualified manpower and adapting to modern realities, but it remains resilient, highlighting the significance of effective management in surpassing these challenges. As one respondent wisely put it, "Manage the business well. Do not be afraid to make a good decision for the business. Know your employees very well and be nice to them. Accelerate, innovate, use social media to promote the business, and trust God in everything. Giving up on the business is never an option." This resonates with the idea that informed decisions are essential in running a business toward stability.

3. Summary of Findings

The restaurant industry in Santa Cruz, Laguna, experienced significant changes due to the COVID-19 pandemic, signaling a break from its pre-pandemic healthy status, where it faced issues such as high turnover of employees and the necessity for solid marketing techniques. The pandemic caused significant disruption in the business, resulting in a decrease in the number of registered food places. The sector's resiliency, however, came through, as evidenced by the resurgence of registered restaurants in 2022 and 2023. This revival was attributed to inventive modifications, such as a shift toward delivery and takeout services to meet changing customer tastes. The restaurant industry displayed entrepreneurial spirit and agility, aligning with small business management concepts advocating a crisis-oriented viewpoint.

While some respondents could receive loans or financial aid, the majority cited ongoing challenges in acquiring essential funds for post-pandemic reopening due to declining earnings, rising operating expenses, and changing customer behavior. This highlighted the complex connection between financial stability and operational continuity, emphasizing the importance of appropriate funding options to strengthen business resilience. Disparities in access to help and the desire for enhanced government financial programs highlighted the challenges of overcoming budget limits. The unpredictability of future revenue made financing difficult, reflecting lenders' cautious approach. These findings highlight the multiple challenges that restaurants face and the crucial role that adaptation plays in achieving financial stability and growth.

3. Summary of Findings

Due to the pandemic, the restaurant industry in Santa Cruz, Laguna, has suffered significant challenges, prompting preemptive steps for a more efficient recovery. This study provides comprehensive recommendations to restaurant operators in the region dealing with financial, marketing, and manpower challenges. Diversifying funding sources, such as seeking company loans, engaging investors, and exploring local business grants, is recommended to overcome the constraints of traditional funding streams. In addition, effective financial management procedures such as thorough planning and attentive cash flow monitoring can assist in identifying cost-saving opportunities and optimizing resource allocation. Adapting to the digital landscape is vital in the marketing domain. Restaurant owners should keep an active presence on social media platforms and current websites, cooperate with local influencers and culinary vloggers, and adapt marketing methods swiftly to match changing customer tastes. It is essential to make health-conscious customers feel comfortable and valued by promoting safety procedures and contactless delivery choices. To address manpower challenges, proactive recruiting of competent staff members with competitive wage packages and non-monetary incentives is required. Employee confidence and compliance can be increased by effective communication of health and safety procedures and planned training programs. Recognizing and appreciating employees' achievements can increase job satisfaction and retention. Lastly, given the continuous nature of the pandemic's impact on the restaurant sector, future research efforts should go deeper into this subject to provide a more thorough knowledge of the challenges and possibilities that restaurant owners continue to face.

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