

# Survival still in dilemma: an empirical analysis of factors influencing the performance and survival of eateries in COVID-19-prone world

The survival of  
eateries

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Received 20 November 2022  
Revised 14 May 2023  
Accepted 12 July 2023

## Abstract

**Purpose** – Distancing people socially as a precautionary measure against the mushrooming of COVID-19's health and economic crisis has deleteriously affected the performance of the eatery industry to a great extent. Many food outlets failed to cope up with crisis and opted to move out, and many still vie to survive through pandemic. It becomes vital for researchers to understand what factors influence the performance and survival of eateries during the pandemic? The study makes an attempt to fabricate new factors which affect the performance and contribute significantly towards the survival of eateries in this new COVID-19-prone world.

**Design/methodology/approach** – The present study is a cross-sectional analysis with the sample of 150 eateries from the walled city of Punjab (India), i.e. Amritsar. Factor analysis is employed to scrutinise the factors which influence the performance of eateries during the pandemic, and to analyse factors which contribute significantly for the survival of eateries, logistic regression is performed.

**Findings** – The empirical analysis reveals that at prior psychological factor, followed by turnover factor, external factor, financial factor and marketing factor influence the performance of eateries during the pandemic. Only three factors, namely turnover factor, external factor and financial factor, turned up to be significant towards the survival rate of an eatery. The marketing factor which is a crucial contributor for survival of business in literature has turned out to be insignificant during the times of pandemic.

**Originality/value** – With the arrival of pandemic, the preference of people has changed, and the business environment in which entities operate has turned more complex. The present study is one of the pioneer attempts to evaluate whether the factors responsible for performance or survival of an eatery during normal times is relevant during the pandemic as well. The study contributes to the literature of eatery industry by adding a new variable namely psychological factor, i.e. changes witnessed in customers' preference to visit an eatery.

**Keywords** Eatery industry, Performance, Survival, COVID-19, Factor analysis, Logistic regression

**Paper type** Research paper

## Introduction

It has been over two years still human lives tussle with the virus for its survival. The territorial boundaries of every nation turnout to be the biggest myth of human evolution as

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The present study is financially supported by the Indian Council of Social Science Research (ICSSR, New Delhi) under scheme code: ICSSR 0877.

*Declaration of interest statement:* The authors affirm no competing interest.



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for majority nations neither boundary nor securities could hamper the inter-country transfer and growth of the pandemic named COVID-19. Complete lockdowns and governments' restrictive guidelines were seen as the most possible solution to break the causal nexus. But the tales of COVID-19 leaves unhurt none, from manufacturing to distribution; every segment of the market felt the pinch of the worrying situation. The re-opening of economies was a necessary but not sufficient condition, as nations had a long way to recover. Majority industries experienced crises even after the removal of lockdown as a repercussion of declined social gatherings.

Fractures were visible even in the tourism industry, mainly due to halt sanctions on activities of tourist industries. Travel restrictions and cancellation of events as a result of closure of both national and international borders (Gössling, Scott, & Hall, 2020) left tourist attractive places devastated as people feared being exposed to virus during travel. The tourism sector directly or indirectly ropes in many sub-sectors like services of accommodation, banking, communication, eatery, transportation and many more (Gopalakrishnan, Peters, & Vanzetti, 2020). It is expected that the performance of tourism and its sub-sector possibly may not reach back its pre-COVID-19 level before 2023 (Behsudi, 2020), as all over the world the revenue receipts of tourist fascinated cities fell drastically.

Although restaurant industry is one of the most volatile industries, especially with respect to any disease spread, the economic crises experienced by restaurant industry during COVID-19 are much more severe than earlier crises (Song, Yeon, & Lee, 2021). The clientele rate and employment rate in eatery industry has hit its rock bottom (Dhillon & Kaur, 2021), which mainly is a result of unpaid recurrent bills and lack of revenue inflow. These unprecedented challenges can be attributed to both the customers' altered eating habits as well as to the national and local governments' restrictive policies (Leone *et al.*, 2020). Statistics reveal that even after the availability of vaccination, only 14 % of customers preferred to dine out, and only 17 % of people preferred to travel to different destinations (Gursoy & Chi, 2020). Drop in the local clientele in addition to tourism has rippled the prosperity of tourist-attracted destinations.

Eatery industry in India is considered the third largest industry in the service sector after the retail industry followed by insurance industry, where it provided employment to nearly 7.3 million people in 2018–2019 (Sufi & Ahmed, 2021). Amritsar, a city in northern India, is one of the most tourist celebrated cities of Punjab with great tourist attractions. Along with its attractive sites, the city is famous for resplendent food and flavours. With the arrival of the pandemic, the prosperous reality of the eatery industry of Amritsar has doomed. Initially, the state underwent complete lockdown resulting in zero foreign tourism, and latterly curfew imposed during night hours for different periods led to fall in local clientele. Soon after the reopening of economy, the blockage of rail track by farmers as an agitation against the "Three Farm Laws" (PTI, 2020) exaggerated the constraints of eateries: at first, by depleting the number of arriving tourists and next by fuelling up the prices of inputs as result of its shortage. Furthermore, the restricted dine-in facilities by guiding food outlets to function only for take-away orders as a precautionary measure against different waves of COVID-19 provided another setback to the eatery industry.

Now, the following question arises: will the eatery industry be able to survive the prolonged pandemic period, and to answer this, it is crucial to understand about different factors which have affected the performance of eatery industry and are inclined to be important for the survival of eateries during pandemic. The study of Kim and Gu (2003) highlights that restaurants' performance has positive association, formerly with increased working hours of citizens, i.e. more time they spent outside home and latterly by increased social activities. But what if one has to work from home or the social activities are cut down to negligible amount, will traditional variables still be the deciding factors for the performance or survival of an eatery? It becomes pivotal to know whether factors affecting the survival of

eateries during pandemic are the same as the factors available in literature or whether some new factors incorporate in the survival rate of an eatery. The present study makes a contribution in the domain of eatery industry by providing a road map to make a comparison between factors which are significant for the survival of an outlet with respect to situation of pre-COVID-19 era vs COVID-19 era and is carried out with the following objectives: (a) to examine the factors which influence the performance of an eatery in pandemic and (b) to evaluate the factors which are crucial for survival of food outlets in a tourist fascinated city during the on-going pandemic.

### *Significance of study*

The researcher has come across no study which aims to scrutinise whether there exists discrimination among factors to influence the performance and survival of an eatery across different times. As there is a sudden shift in the eating preferences of people throughout the world, Amritsar being a tourist fascinated city is considered to be a relevant case to study for examining the influence of different factors on the performance and survival of a restaurant during a pandemic like situation. Thus, it is essential to study the influence of traditional factors as well as some novel, untested factors on survival of a restaurant in the pandemic period.

### **Literature review**

#### *Factors influencing the survival of an eatery*

The survival of an eatery is laborious in nature as hit or miss of an outlet is provoked by its profit rate, clientele rate, location, its internal factors like management, external factors namely business cycle, economic and social climate, government regulations and much more. A series of studies from [Parsa \*et al.\* \(2005\)](#) to [Parsa \*et al.\* \(2019\)](#) highlights different factors which contribute towards the failure of an eatery. Just like humans, eateries are born ([Wu \*et al.\*, 2021](#)) and ultimately decay over a period of time. But is of keen interest to understand what factors can delay the decay or trigger the premature decay of an eatery especially in abnormal times. It is essential to extract variables from literature which significantly influences the survival rate of a food outlet. An overview associated with various factors which affect the survival of an eatery is represented in [Table 1](#).

[Table 1](#) provides brief history of traditional variables which contributes significantly either positively or negatively towards the survival of an eatery along with the different methodologies employed in literature to evaluate the survival rate of different entities. Given the availability of a vast number of factors which affect the performance of an eatery, the present study aims to disclose the possibility of new factors which can influence the performance and survival of an eatery in the COVID-19-prone world.

#### *Behavioural changes and crisis*

Understanding the behaviour of customers is a vital part of the business cycle. The choice of customer for opting a particular service or product is influenced by a number of internal and external factors. But during the period of crisis, the needs of consumers usually get simplified, and instead of spending, saving is promoted as a result of fear of extended recession ([Mansoor & Jalal, 2011](#)). The study of [Liu \*et al.\* \(2020\)](#) examines the psychological and behavioural changes witnessed in people after the pandemic and reveals that even in the peak festival season people have no desire to go out of home and spend. Likewise even the people of old age refrain themselves from social gatherings like birthday parties and festive celebrations ([Thyrian \*et al.\*, 2020](#)). If considering the age and gender specific phenomenon, the signs of behavioural changes like anxiety are visible more in females and young people during the pandemic ([Hyland \*et al.\*, 2020](#)).

Author (Year)	Methodology	Factors affecting Performance/ Survival rate	Results
Edmunds (1979)	Percentage	Government regulations	Government regulations hinder the performance of business
Bates (1995)	Logistic regression	Type of entity	Non-franchised entities has greater potential of success than franchised entities
Lussier (1996)	Percentage	Economic activities and clientele rate	Economic slow-down and fall in foot-count of clientele negatively affect restaurant's survival rate
Zacharakis, Meyer, and Decastro (1999)	–	External factor	Dynamite nature of external environment in which business prevails has negative effect on its survival
Perry (2001)	Paired t-test	Business plan	Firms with proper business plan has higher rate of survival than firms with no planning
Gu (2002)	Multiple discriminant analysis	Profitability	Insufficiency of profits can be the root cause of restaurants' bankruptcy
Headd (2003)	Correlation	Education and start-up capital	Educated owners with large amount capital in hand has higher probability of survival
Bird and Sapp (2004)	Causality	Gender	Business handled by men are more likely to succeed than operated by women
Parsa <i>et al.</i> (2005)	Correlation	Concentration ratio	Restaurants in highly concentrated area are more prone to survive less
Tohmo (2005)	Percentage	Cultural events	People spend more at eateries during cultural fest than normal days
Carter and Van Auken (2006)	Logit regression	Experience	Experienced owners and managers has higher success rate
Kelly, Brien, and Stuart (2014)	Correlation	Credit availability	Higher the availability of credit, higher will be the survival rate of a business
Parsa <i>et al.</i> (2015)	Percentage	Size of business	Larger restaurant has greater potential to survive than small restaurants
Le and Needham (2019)	Qualitative	Quality of food and service	Better the quality of food and service, better are the survival rate of an restaurant
Dube, Nhamo, and Chikodzi (2020)	Percentage	Dine-in clientele	Aftermath of pandemic, Restaurants' dine-in clientele has fell severely merely reaching to zero clientele rate
Kainthola <i>et al.</i> (2021)	Descriptive	Psychological capital	Hope, efficacy, resiliency and optimism works as second layer of cushion for businessmen in the time of economic crisis
Wu <i>et al.</i> (2021)	Count regression	Location	Location of a restaurant can work as promoting/hindering/stabilizing factor in the growth process

**Table 1.**  
Profile of factors affecting performance/ survival of an eatery

**Source(s):** Summary based on the authors' literature review

Anxiety as a result of pandemic-like situations can lead to behavioural changes in population, namely the habit of avoidance and distancing socially (Kim & Lee, 2020). One of the major behavioural changes witnessed in people is concerning their preference for visiting an eatery as customers are offering resistance to visit these places. The study of (Kim & Lee, 2020) has made an attempt to recognise how pandemic has influenced the preference of people

concerning eateries. It is being analysed that the people prefer take away facilities over dine-in facilities now (Dhillon & Kaur, 2021). Even if a dine-in facility is opted, only private dine-in are preferred (Kim & Lee, 2020). As natural and uncertain calamities including pandemic's like COVID-19 can disrupt the customer behaviour (Sheth, 2020). Clientele rate in many restaurants has declined nearly to zero (Dube, Nhamo, & Chikodzi, 2020), resulting in huge financial losses (Kim *et al.*, 2020) vis-a-vis exaggerating the dark clouds over hospitality sector especially, the restaurant industry. The psychological and behavioural changes witnessed in customers to protect themselves against pandemic can be explained through protection motivation theory (Min, Kim, & Yang, 2021).

A noticeable gap exists in literature as researcher has come across no study which attempted to examine the role of psychological or behavioural changes in customer's preference as a determinant for the evaluation of performance or survival of an eatery. With the enforcement of government guidelines and preventive measures adopted at the clientele's end themselves; numerous psychological changes are witnessed in the customer's preference to visit an eatery and are of great importance today because these changes in customer preference do determine the rate at which a customer will visit an eatery, which thereby affects the performance and survival of an eatery. Thereby, taking the study of Kim and Lee (2020) as base the present research frames its first hypothesis as below:

*H1.* Psychological changes witnessed in people do not influence the survival rate of an eatery during the pandemic.

#### *The performance of eatery and crisis*

The performance of an eatery is adversely affected with the epidemic (Kim *et al.*, 2020), as economic and financial crises are highly correlated with the happening of epidemics (Okumus & Karamustafa, 2005). Functioning of the eatery industry revolves around the culture of social gathering (Yang, Liu, & Chen, 2020, Yang, Zhang, & Chen, 2020) but with the implementation of strict guidelines by the government like social distancing, night time curfews and restrictive working hours, the prosperity of eateries has come to a pause. Travel restrictions within and between nations have also exaggerated the sufferings of eatery industry as tourism generates a great source of revenue for eateries (Yang, Liu, & Chen, 2020, Yang, Zhang, & Chen, 2020). Similarly, postponement and cancellation of cultural fest and exhibition (Kantor & Kubiczek, 2021) indirectly add to the revenue loss of eateries, as people prefer staying home than going out.

Government rules and regulations are one of the forms of external factors (Wan Ahmad *et al.*, 2016), which affects the supply chain, performance and ultimately the survival rate of a business. It is vital to examine the impact of restrictive measures taken by the government in the form of cancellation or postponement of events, travel bans and capacity reduction on the performance of an eatery. Thereby, the second hypothesis of the study is developed as below:

*H2.* External factors do not influence the survival rate of an eatery during the pandemic.

With the arrival of COVID-19, eatery industry has faced a dip in employment level, clientele rate, liquidity and survival rate (Dhillon & Kaur, 2021). Even the revenues of eateries have declined drastically primarily due to temporary closure of dine-in facilities (Sweet, 2020) and secondarily as customers refuse to opt for dine-in even after the reopening of the eatery industry. Although the demand for take-way orders took hype (Shi & Xu, 2021), the aggregate demand for eatery products has crashed. It is expected that the several food outlets will not be able to survive during the on-going pandemic (Gianni, 2020). The restaurants which provided online food services were able to attract some customers (Hoang & Suleri, 2021). For the survival of business, revenue creation is a necessity, as entities survive only if revenue is greater than cost. The study of Delmar, McKelvie, and Wennberg (2013) explains

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the existence of strong association between profitability and survival rate. Therefore, it is important to examine if turnover or profitability turns out to be a significant factor towards the survival of eatery industry in the pandemic. On the basis of this, the third hypothesis is framed as below:

*H3.* Turnover factor do not influence the survival rate of an eatery during the pandemic.

In addition, the extension in the period of lockdown has worsened liquidity constraints faced by businesses (Guerini *et al.*, 2020), eventually resulting in its poor and devastating performance. The availability of finance at its disposal is crucial for the success of an entrepreneur (Black & Strahan, 2002). Indian eateries ran into a liquidity crisis as the nation was under complete lockdown for six months (Vig & Agarwal, 2021). In addition to financial assistance, even marketing factors like firm's competitive advantage improves its probability of survival within the market during crisis (Naidoo, 2010). Location decision is another launching pad of marketing strategy as the survival of business is highly correlated with its location (Fotopoulos & Louri, 2000). The advent of pandemic has caused financial distress and marketing setback to food outlets (Kim, Kim, & Wang, 2021), and it is crucial to shed light on this aspect with reference to the survival of eateries. Therefore, next two hypotheses are developed as follows:

*H4.* Financial factor does not influence the survival rate of an eatery during the pandemic.

*H5.* Marketing factor does not influence the survival rate of an eatery during the pandemic.

As the crisis of the eatery industry are duplicating, there exists an imperative need to understand which factors have significantly affected the performance as well as the survival of eatery industry during the pandemic.

## **Material and methods**

### *Research design*

To evaluate the factors which affect the performance and survival of eatery industry in Amritsar during the era of COVID-19, data were collected from 150 eateries in Amritsar with the help of structured questionnaires by visiting the sites. Only those eateries were considered which provided the facility of dine-in along with take-away and online orders. All the respondents were either owners (62%) or managers (38%) of the food outlets. The preferences of respondents were recorded using a five-point Likert scale where 1 = strongly agree and 5 = strongly disagree.

### *The designing of questionnaire*

A well-structured questionnaire was designed by using Likert scale questions as well as some open-ended questions. The questionnaire was bifurcated into two parts, where the queries regarding profile of an eatery were mentioned in the first part and questions exploring the information regarding the impact of COVID-19 on eateries were raised in the second part. Lastly, some open-ended questions were framed to highlight the experience of eateries during COVID-19.

### *Methodology*

The reliability evaluation of the questionnaire was done using Cronbach's alpha method, and it was based on the framework of Gavilan *et al.* (2021). The present study carried out factor analysis initially to identify factors which influence the performance of an eatery during

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pandemic. Factor analysis can be defined as a multivariate econometric technique which provides a helping hand to know the composition of latent variables (Field, 2009) and to bring down the data size by converting highly correlated variables into single factor. In factor analysis, with no limit to the number of variables being employed in study, there should be at least five subjects for evaluation of each statement or variable under consideration, and a minimum sample size of 100 subjects for successful performance of factor analysis (Gorsuch, 1983) is required. Therefore the sample size of current study is higher than the minimum requirement for factor analysis.

Studies like Carter and Van Auken (2006) and Bates (1995) have utilised logistic regression to assess the survival rate of an entity with the influence of a particular variable. Thereby, a binary logistic regression model is framed to examine the factors (derived from factor analysis), which significantly contribute towards the survival of an eatery during the pandemic. To run logistic regression, it is mandatory that variables under choice do not suffer from the problem of multicollinearity. Whereas if given variables are highly correlated it is preferred to remove such variables, one may lose significant information in the process. The second best alternative is to run factor analysis prior to overcome the problem of multicollinearity and consecutively perform logistic regression (Han, Ma, & Yu, 2008). All the empirical work has been done with the help of SPSS 25 software.

## Results

### *Factor analysis*

Factor analysis is performed by employing principal component analysis (PCA) on 15 statements. The values of Kaiser–Meyer–Olkin (KMO) and Barlett’s test of sphericity are 0.623 and 318.537 respectively with  $p < 0.001$ . KMO is a measure of adequacy, and any value above 0.5 is desirable whereas Barlett’s test focuses on testing the hypothesis, i.e. standardised variables are uncorrelated to each other (Malhotra & Dash, 2016), and  $p$ -value  $< 0.05$  highlights that Barlett’s test is significant (Field, 2009). Further, the value of Cronbach’s alpha is 0.58. The Cronbach’s alpha is a test of reliability with its value varying from 0 to 1, where value from 0.5 to 0.7 is considered moderately reliable (Hinton *et al.*, 2004). Therefore, it signifies that the present model of factor analysis is appropriate.

Table 2 is divided into two sections: Section A and B. Section A demonstrates the total variances explained by extracted factors, wherein the Eigen value of five factors is greater than 1, and in total, all these five factors reveal 62.192 of variance. Section B of Table 2 explains the rotated component matrix, wherein the matrix explains the loadings of every variable in every factor. In simple words, five factors that affect the performance of an eatery are loaded from 15 statements.

*Factor 1 – Psychological factor:* In section B of Table 2, factor 1 includes four statements. It incorporates questions engrossed on psychological changes witnessed in the clientele’s preference regarding their visit to a food outlet. To begin with, it demonstrates that the customers now preferred to visit the restaurant more during day time than at the night time; presently, men visited restaurants more than women; elderly people visit less and lastly, children too pay less visit to eateries. This factor included some prominent changes witnessed in the behavioural pattern of customer’s visit to an eatery after the reopening of an economy. It highlights that the behaviour of customers have changed to an extent as a result of precautionary measures. Sheth (2020) highlights that the imposition of lockdown and social distancing as a precautionary measure has led to change in the clientele behaviour. Psychological factor is a new theme that has been correlated with the performance of an eatery in this study. The researcher has come across no study that incorporates psychological changes witnessed in the clientele’s preference regarding their visit to an eatery except (Yost & Cheng, 2021), which acknowledged the role of trust and loyalty in outlet’s quality to boost

Section A: Total variance explained by extracted factors					
Initial eigenvalues			Extraction sums of squared loadings		
Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
2.654	17.690	17.690	2.654	17.690	17.690
2.421	16.142	33.832	2.421	16.142	33.832
1.810	12.066	45.898	1.810	12.066	45.898
1.321	8.803	54.702	1.321	8.803	54.702
1.123	7.490	62.192	1.123	7.490	62.192

## Section B: Rotate component matrix

Factor number	Factors name	Statements	Components				
			1	2	3	4	5
1	Psychological factor	Day time visit over night	0.737				
		Men visit more than female	0.727				
		Elderly people visit less now	0.641				
		Children visit less now	0.585				
2	Turnover factor	Current business returns		0.735			
		Clientele rate for dine-in		0.731			
		Clientele rate for take-away		0.729			
		Expected returns in coming quarters		0.584			
3	External factors	Cultural fest in city			0.805		
		Tourist			0.767		
		Government guidelines for functioning of eateries			0.648		
4	Financial factors	Liquidity ratio				0.726	
		Credit facilities				0.695	
5	Marketing factors	Location of eatery				0.780	
		Competitive rivalry				0.719	

**Table 2.**  
Results of factor analysis

**Note(s):** Extraction method: principal component analysis

Rotation Method: Varimax with Kaiser normalisation

**Source(s):** Author's calculation by employing SPSS 25

the customer's visit to the restaurant. Even though the study of [Balkhi et al. \(2020\)](#) does analyse the psychological and behavioural changes witnessed in people due to COVID-19 but it was analysed in general perspective.

*Factor 2 – Turnover factor:* Factor 2 also incorporates four statements namely satisfaction with current business returns, clientele rate for dine-in, clientele rate for take-away and expected returns from business in coming times. All these statements scrutinise business performance in monetary aspect (returns) as well as non-monetary aspect (clientele rate). Profits and turnovers in business are amongst the major traditional variables which help in evaluating the performance of an eatery ([Zhang & Enemark, 2016](#)). Similarly, sinking profits and fall in clientele rate are early signs of the arrival of a rough phase in the business cycle of an entity. Even the study of [Carter and Van Auken \(2006\)](#) explains that recessive period is an addition to the existing constraints in business, which result in the depressed returns for owners. Thus with the advent of the pandemic, clientele rate has traumatised, and inevitably, returns have flatten, which has led to poor performance of an eatery industry It was observed that as a result of pandemic, people were more inclined towards take-away or online ordering rather than dining-in ([Gavilan et al., 2021](#)), as a result outlets with online and take-away service were at safer place.

*Factor 3 – External factor:* This factor consists of three statements namely impact of cancellation of cultural fest in the city, impact of declined tourism and impact of government

regulations on the performance of eateries. All these variables are classified as external factors affecting the performance of eateries because owners have minimised or no control over these variables. At the same time, there exists a strong association between performance of an eatery and operation of external factors (Parsa *et al.*, 2016). Thereby, finding ways to tackle the obstacles and crack the opportunities in the face of external factors is must for a long life of an eatery (Jogarathnam, Tse, & Olsen, 2016). The study of Self, Jones, and Botieff (2015) explains that government guidelines can work as constraints in the functioning of business. Similarly, the study of Sparks, Bowen, and Klag (2003) highlights the importance of restaurants in the tourism industry owing to the fact that travellers pay out huge bills on food during their trips. Conversely, tourism is also an integral component for the better performance of restaurants especially for the one located at tourist sites. Even Bracalente *et al.* (2011) delineate the role of cultural fest or event on the performance of a restaurant as the former has a significant impact on the latter.

*Factor 4 – Financial factor:* The next factor that affects the performance of an eatery can be defined as a financial factor which comprises statements like liquidity ratio and availability of credit facility. The study of Roh, Tarasi, and Popa (2013) defines liquidity constraints and credit facilities as financial indicators which are important for functioning of business. The industry of hospitality is exposed to liquidity constraints mainly due to its capital intensive nature and cyclical changes in business (Dewally, Shao, & Singer, 2013). Liquidity constraint, like salaries, outstanding payments, etc., has been a major issue for restaurants during this pandemic, but entities with more cash and resources at disposal can tolerate this rough patch for a longer time (Song, Yeon, & Lee, 2021). At the same time, the availability of credit at the disperse is crucial for the fine performance of a firm (Thomas, Shaw, & Page, 2011). Entities with credit availability also have better performance than the one with no option (Kelly *et al.*, 2014).

*Factor 5 – Marketing factors:* The last factor that affects the performance of an eatery is named as marketing factor. It integrates two statements namely location of an eatery and competition from its rivals. Both these factors are part of the marketing mix strategies, i.e. location is relevant under “place” component and competition is relevant for both “place” and “promotion” component (Singh, 2012). Geographical location of an eatery plays an important role in evaluating its survival rate (Parsa *et al.*, 2005). The study of Baum and Mezias (1992) affirms that “location, location and location” are the three variables mainly responsible for the success of an eatery. Likewise, the competitive rivalry between outlets is another important determinant of their performance evaluation. Entities with akin resource requirements are liable to have higher intensity of competition among them (Baum & Mezias, 1992). Whereas during crisis, competitiveness of businesses usually improves as a strategy to combat the declined clientele rate (Wang, 2009).

### *Logistic regression*

A logistic regression is performed to inspect whether factors namely psychological factor, turnover factor, external factor, financial factor and marketing factor could predict the likelihood that outlets would survive this pandemic. The results of logistic regression express that the model is statistically significant, where  $2(5) = 22.88, p < 0.001$ . It demonstrates that the combination of all five factors can significantly predict the likelihood of the survival of eatery in pandemic. The variance in survival of eateries predicted by the model varies from 20.5% to 28.8% based on the Cox & Snell *R*-square or Nagelkerke *R*-square, respectively. In addition to this, the model correctly classified 78% of cases. Wherein the sensitivity is 91.3%, and the specificity is 48.4%. The positive predictive value is 86.3%, and negative predictive value is 40.4%.

Table 3 demonstrates the individual contribution of each independent variable. The results display that out of all factors, only three factors namely turnover factors, external

		B	S.E	Wald	df	Sig	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	Psychological factor	-0.398	0.255	2.437	1	0.118	0.672	0.408	1.107
	Turnover factor	0.756	0.260	8.440	1	0.004	2.129	1.279	3.544
	External factor	0.665	0.253	6.900	1	0.009	1.945	1.184	3.194
	Financial factor	0.591	0.276	4.572	1	0.032	1.805	1.050	3.101
	Marketing factor	-0.133	0.272	0.239	1	0.625	8.75	0.513	1.492
	Constant	1.002	0.259	14.919	1	0.000	2.724		

**Table 3.**  
Results of logistic  
regression

**Note(s):** <sup>a</sup>Variable(s) entered on step 1: Psychological factor, Business return factor, External factor, Financial factor and Marketing factors

**Source(s):** Author's calculation by employing SPSS 25

factors and financial factors are significant, i.e. we reject *H2*, *H3* and *H4*. More specifically, the analysis reveals that turnover factor is positive and significant ( $b = 0.756$ ,  $SE = 0.260$ ,  $p = 0.004$ ), i.e. an increase by one point on the turnover factor scale basically increases the odds of the survival of an outlet by 2.129. In simple words, the eatery is 2.129 more likely to survive with every one increase in turnover factor. Likewise, factors namely external factor and financial factor are also positive and significant, which represents that these two factors are associated with the increased likelihood of survival of an outlets ( $b = 0.665$ ,  $S.E = 0.253$ ,  $p = 0.009$  and  $b = 0.591$ ,  $S.E = 0.276$ ,  $p = 0.032$ , respectively). With every unit increase in external factor and financial factor, the odds of survival of an outlet improve by 1.94 and 1.80 respectively.

## Discussion

Every year, a number of eateries enter the world of business; many flourish and many of them add on to the list of failed entities. With the arrival of the pandemic, the preference of people has changed and the business environment in which eateries operate has turned more complex. Thus, it becomes vital to traverse through different factors that contribute towards the performance of an eatery in both normal and abnormal times.

The general findings of this paper demonstrate that better the returns of an eatery via improved clientele rate and current and expected profits, more likely an eatery is to survive the pandemic. Similarly, improvement in the external factors namely government regulations, tourism and cultural fest in the city will increase the survival rate of an outlet. In addition, even an increase in financial availability like credit facilities for an outlet; facilitate higher survival of an eatery. The positive and significant contribution of factors like turnover factors, external factor and financial factor is verifiable by studies like (Cho, Kwansa, & Olsen, 1994; Turetsky & McEwen, 2001; Oparanma, Hamilton, & Jaja, 2009; Ma & Lin, 2010; Wang, Chen, & Chen, 2012).

On the other hand, neither psychological factors nor marketing factor turned out to be significant factors for defining the survival of an outlet during the pandemic. The psychological factor that explains the changes witnessed in the behaviour of customers concerning their preference to visit an outlet has turned up to be the most important factor to affect the performance of an eatery in this pandemic but does not contribute significantly towards the survival of an eatery. The most likely explanation for the current situation is that the overall clientele rate – rather than clientele based on age or gender – is the more important factor to gauge the survival of an eatery. This makes it unlikely that psychological factor will have much of an impact on the survival of an eatery. Similar results were witnessed by Hakim, Zanetta, and da Cunha (2021) where the customer's individual characteristics, namely

age, have been incorporated to analyse the intention of customers to visit a restaurant, and the analysis reveals that age was an insignificant factor to influence the intentions of customer to visit a restaurant.

Similarly, the analysis reveals that marketing factor including location of an outlet and its competitive rivalry has also flicked out in the race of significance. These results are in the discrepancy with studies in literature like [Tzeng \*et al.\* \(2002\)](#) and [Parsa \*et al.\* \(2011\)](#) which highlighted the importance of location of an outlet as an essential factor for the survival of eatery. The researcher expound this particular finding as proof that during unusual times, especially in pandemic, the location of an outlet may turn out to be an insignificant factor in the determination of the survival of an outlet. Location works in favour only when it is easily approachable by customers, but in pandemic, clientele rate for the eatery industry has squeezed out thoroughly as a result of preventive measures against COVID-19. With nearly zero clientele rate ([Dube \*et al.\*, 2020](#)), neither outlets in porch locations nor at densely populated areas will be able to take advantage of its location. It is understandable that given the demand for product, location is a significant factor contributing towards survival of an eatery. But in abnormal situations like spread of any disease, if the clientele rate falls nearly to zero for any period of time, location may turn out to be an insignificant factor.

Likewise, competitive rivalry is another significant factor for the survival of an eatery in literature. But the present empirical analysis demonstrates the insignificance of competitive rivalry in the survival rate of an eatery. The most probable reason for its insignificance is overall declined clientele rate through-out eatery industry. One of the respondents explains the insignificance of competitive rivalry as “competitive rivalry affects the performance of business, when there is business. But when there is no business (as the clientele rate becomes negligible), so to compete for what?”. Thereby, one can say that during pandemic-like situations competitive rivalry may turn out to be insignificant.

Thus, it can be concluded that there is a possibility that the factors which are significant in literature may turn out to be insignificant in situations like pandemic. In the present context, the main cause for this is, formally, the implementation of complete lockdowns, and latterly, the precautionary and restrictive measures taken by government and by customers themselves has led to fall in clientele rate nearly to negligible, which is not possible during any other crisis except in pandemic like situations.

### **Theoretical implications**

This research is offering divergent theoretical implications in the domain of eatery industry, formerly by bridging the gap pointed by [Muangmee \*et al.\* \(2021\)](#) as a scope for future study. It was suggested that demographic profile-based analysis should be performed to look at the customer’s behavioural intentions while placing orders, notably in COVID-19. In the current study, a customer’s demographic profile is taken into account as an endogenous component while evaluating the performance and survival rate of a restaurant. Next, prior research has always disclosed “Marketing factor” as a significant factor in the survival race of the restaurants. Departing from the traditional analysis, the current study manifests the fact that marketing factor is significant only as a result of clientele rate. No marketing plan will be able to help an outlet remain in business if the clientele rate or its turnover drops substantially or collapses to zero.

### **Practical implications**

The results of the present study can be generalised at the large scale as the impact of COVID-19 was somewhat similar for eatery industry throughout the world whether it was the case of developed or developing nations because majority countries had imposed either

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complete or partial lockdown along with the restrictive working hours. Thereby, in today's scenario, the empirical work that gives perception about the factors that affect the performance of eateries can assist many public policy frameworks focusing on better performance of the eatery industry via reviving the demand for hospitality sector. In addition, it can provide helpful insights and practical advice to eateries to work on factors which can be the root cause of a failure or survival of an outlet in these uncertain times. This study is very relevant in the present context, when the eatery sector is gloomed with dark clouds of poor performance.

According to the results, psychological factors do not contribute significantly towards the survival of an eatery, but it is the foremost factor that affects the performance of an eatery in the present situation. Therefore, the managers of eateries should take proper initiatives to attract clientele of all ages as the fall in clientele of an eatery is very much age specific like child and elderly clientele has wiped out to a much extent from the overall clientele rate. Next, local governments should work on promoting local tourism (Indians), as presently the latter has limited number of options to visit outside India due to travel restrictions implemented by many foreign countries. Thus, the local authorities should work on cracking this opportunity in a crisis, to revive tourism and its associated sectors with local clientele.

### Conclusion

Restaurant industry is highly volatile to changes in the external world and especially to any disease spread. With the emergence of COVID-19, the functioning of restaurants came to a halt as nations throughout the world underwent complete or partial lockdowns. The magnitude of the pandemic and its aftermath were so severe that it left the eatery industry devastated. Therefore, it becomes important for researchers to understand by what factors the performance and survival of eateries is affected.

The empirical analyses indicate that the psychological factor (change witnessed in the customer's preference to visit a food outlet) is the most crucial factor which affects the performance of an eatery in the present scenario. A turnover factor (profits and clientele rate) is the second prime factor followed by external factors (government, tourism and cultural factor), financial factor (liquidity ratio and credit) and at last, marketing factor (location and competitive rivalry) in the order of their importance. Out of all these five factors only three factors namely turnover factor, external factor and financial factor turns out to be positively significant in the survival of an eatery during the pandemic. Whereas marketing factor, which is one of the traditional factors that contributes towards the survival of an eatery, has not turned out to be significant during the pandemic. From the economic perspective, exploring these factors and understanding the dynamics during the distressed period may assist the performance and policy framework of an eatery industry.

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