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## **Adaptation: Restaurants Maneuver in Response to COVID-19**

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Special Edition: COVID-19 Crisis



The last few months have been a true test for restaurants, as COVID-19 has severely disrupted the food and beverage industry – likely one of the hardest hit segments of the economy. Shelter-in-place and lockdown policies inevitably restricted people from gathering and going out to dinner, essentially damaging the restaurant experience as we know it.

If one defines Joseph Schumpeter’s theory of Creative Destruction<sup>1</sup>, we understand the dismantling of “long-standing practices in order to make way for innovation” (econlib.org). Similarly, to learn more about Clayton Christensen’s business theory of Disruptive Innovation<sup>2</sup> we observe how a disruptive market innovation is one that creates a new market and value network, displacing established market leading firms, networks and affiliations (HBR.org). Are we in fact witnessing Creative Disruption at work? Are new innovations blossoming out of the disruption of today? And are the extraordinarily disruptive forces creating new markets and value networks for businesses at this time?

Restaurants have quite literally just faced the threat of extinction in the period of March through June 2020. They struggle to help their employees, contribute to their communities, and ‘pivot’ their business model to one that will succeed through the period of this pandemic. Perhaps some of these shifts will endure post COVID? What

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has been inspiring to witness is the “roll up those sleeves” and quick modifications emanating from the ingenuity of restaurateurs. What many of us have seen thus far are new and creative uses of technology, innovative experiences and even food concepts, inventive offerings thanks to local partnerships, and a further emphasis on authentic communication with patrons and communities.

### **Necessary Technologies**

It is clear that during this last decade, independent, quick-service, mid-scale chain and even fine dining establishments welcomed technology to advance and enhance service and customer relationship opportunities, and of course marketing. Those who hadn't jumped on to the technology bandwagon, have been forced to do so now because the period of COVID likely accelerated the inevitable.

Denver, Colorado-based Birdcall, a fast-casual restaurant concept that focuses on serving quality all-natural fried chicken sandwiches stepped up immediately in these last three months to create their own technology. Birdcall built its own ordering platform which reduced fees paid out to third parties, and contributed more to its own bottom line. According to Anthony Valletta (BU SHA '05), Head of Restaurants for Birdcall, “A week after we launched it, sales from our order platform surpassed those for all third party sales combined.” Birdcall also partnered with DoorDash to deliver the food items ordered via their proprietary platform. By utilizing DoorDash drivers (and not DoorDash's POS system), Birdcall has been able to retain 15% additional revenue on delivery orders. These innovations have helped improve profit margins, and at a time when all restaurants are struggling, this technological step helped cut costs.

Izzy's Steakhouse, a local and cherished icon in San Francisco, remained successful pre-COVID thanks mostly to a loyal word of mouth following, with very little need for digital marketing. Managing Partner of Izzy's Samantha D. Bechtel (BU SHA '07) who recently assumed leadership of the family business, knew that the website needed to be updated and optimized for mobile-responsiveness. Additionally, Izzy's needed to implement a direct online ordering application. With COVID, all orders instantly became grab-and-go or pick up/delivery and so the online mechanisms in place needed to be effective and intuitive. Bechtel recognized the urgency of the e-commerce needs and immediately implemented the updated website and ordering mechanisms. “What is critical,” explains Bechtel, “is that you allow the customer to easily find what they need at the exact time they are looking for it.” Bechtel learned all too quickly that an effective online social presence with a method to communicate and start a dialog with customers was critical at this juncture. These swift actions helped maintain the restaurant's relevance in the community – for employees and local patrons.

With four locations in and around Boston, Union Square Donuts (USD) faced dire consequences when restaurants needed to modify in the state of Massachusetts. Previously reliant on walk-in traffic and the loyalty of local commuters, Union Square Donuts had to adapt quickly and embrace a new direction - ecommerce. USD quickly developed a “pre-order” section on its website for a user-friendly pick-up or “grab-and-go” experience. Noah Danoff, Co-Founder of Union Square Donuts, shares “our model

had only been a brick-and-mortar model. One month ago, we did not have an online store, and now 100% of our business is online. People want convenience. Utilizing our e-commerce site and technology, our customers truly receive the ultimate of convenience.” This new platform as also opened Danoff’s eyes to additional revenue streams for the four outlets in the future, as shared below.

### **New Concepts**

Restaurants that previously did not have a takeout option or provide delivery, have accepted the challenge and set out to change their concepts with entirely new experiences. This proved particularly necessary for fine dining and upscale restaurants.

Lazy Bear in San Francisco is a Michelin Star restaurant that has focused on communal dining with nostalgic cuisine. Considering the current requirements of physical distancing and a renewed emphasis on cleanliness, Lazy Bear’s fine dining concept required new thinking. Chef David Barzelay creatively developed a casual concept with an entirely new menu, titled “Camp Commissary” ([Lazy Bear Instagram](#)). Centered around take-out friendly comfort food, Camp Commissary allows customers to pre-order for pick up or order at the restaurant. The former \$165 per person restaurant has now been able to appeal to a wider audience of customers with affordable breakfast, lunch and dinner menus. Once this new menu was launched, on Instagram, the line formed instantly and was at least a block long within hours of the first social post. The new brand concept brought Lazy Bear’s quality cuisine to a whole new segment of guests.

Similarly, Wayfare Tavern, a fine dining restaurant in San Francisco’s downtown financial district - typically bustling with a tourist and an after-work crowd - has taken its concept to the streets. The restaurant, known for fried chicken, branded a food truck and brought their classic American cuisine to various neighborhoods. ([Wayfare Tavern Instagram](#)) The restaurant announces its weekly location via Instagram and website. Using text messaging, guests can now pre-order food as early as 10am the day prior to pick up. The truck travels to neighborhoods and towns as far as 20 miles from its original storefront. The Wayfare Tavern truck enables the restaurant to remain relevant and top of mind among a loyal community.

Now, what if the restaurant had to close altogether during this time? Nathan Lithgow, a New York City restaurateur and co-owner of Holy Ground created a business with Shannon Tebay, Head Bartender of the East Village bar Death & Co, called The Fox Club. Delivering classic and custom bottled cocktails to one’s door with a small food item, such as cookies or chips, in order to deliver the alcoholic beverages. The Fox Club takes orders via Instagram (@thefoxclubnyc) and Lithgow and Tebay deliver them all personally. This concept is a subtle nod to Lithgow’s restaurant, Holy Ground (@holygroundnyc), a cross between a speakeasy and a classic New York steakhouse. “People are purchasing bottles for birthdays and for coworkers,” shares Lithgow. “People are so restless and want to get back to hugging their friends and being with other people. It has been wonderful and gratifying to connect people.” Provided laws do not change, Lithgow predicts this concept will continue. This service has not only been

profitable, it has also connected people in the city at a time when positivity and camaraderie are needed more than ever.

These new concepts, born out of a survivalist mentality, have reached new customers, brought joy to communities, allowed businesses to continue generating revenues and enabled them to retain employees on payroll.

### **Creative Experiences**

Without in-person dining experiences, restaurateurs were forced to ask themselves, “how do we create the same energy and hospitality experience with limited human interactions?”

Birdcall has connected with their community in a completely new way -- through writing and song. Restaurant employees started inserting personalized hand-written notes in each take-out order. Birdcall’s Valletta notes that “with the 60-second interaction we have with guests, we have to make it impactful. It has to be overwhelming hospitality.” The restaurant also started the “Birdcall Lockdown Music Series,” where local bands and DJs are invited to play in the parking lot every Saturday. Guests arriving to pick up food are able to enjoy a lively atmosphere. With this offering, Birdcall has brought the excitement of going to a restaurant to their take-out experience. In a time of crisis, the restaurant was able to actually increase year-over-year (YOY) sales and turn the act of picking up an order into an enjoyable experience.

Other restaurants have invented creative ways to bring celebrations to your home. Izzy’s Steakhouse innovated their delivery options. Bechtel was determined to ensure that celebrations would still feel special; she launched “celebration cakes” to be purchased with a meal. “Sometimes it’s the small details that create such large impacts,” says Bechtel. Cakes can be purchased with a meal or even gifted and sent to others. Izzy’s continues to brand itself as the restaurant for special occasions.

In the initial period of the pandemic and quarantine, food items were flying off the shelves at grocery stores. Sometimes, a crisis sparks new ideas. Observing how ingredients and specific food items were in high demand, restaurants such as Wayfare Tavern and Izzy’s Steakhouse each capitalized on yet another new opportunity; they created and sold Meal Kits. (Union Square Donuts began this in time for Father’s Day.) Guests are now able to cook, with directions, the same meal as if they had dined in the restaurant. According to Project Specialist Kealoha Pomerantz (BU SHA, MMH ’18), of Cambridge, Massachusetts-based Real Food, Hospitality, Strategy and Design, “Meal kits have proven to be an effective new revenue generator and can be used along with merchandise, cocktail kits and virtual classes to boost the top line and promote more frequent guest engagement.”

“If you are already a self-professed cook, you may be more inclined to cook than before – in part thanks to meal kits,” add Pomerantz. “If you think about it, this was already a trend with pre-portioned meals from companies such as Blue Apron. Now, restaurants

have added it to their offerings so they can become a one stop shop. I believe the meal kit concept is here to stay.”

“In this time of uncertainty, the restaurants who will survive are the ones who are challenging their previous way of thinking and have innovated their offerings and services,” shares Andrew Freeman, Founder and CEO of food and beverage-focused strategy, branding and public relations companies Carbonate and AF&Co. “Crisis breeds creativity.”

### **Partnerships**

Local independent businesses have visibly been supporting each other to keep their communities alive. Union Square Donuts’ Danoff quickly recognized that if the customer cannot get to him, then he needed to find a way to take his product to the customer. USD developed partnerships with local craft breweries - Mighty Squirrel Brewing Co and Jack’s Abby Craft Lagers. With this new relationship, guest can purchase donuts on the partners’ online store so they can purchase beer and donuts in one order. Danoff explains, “people love craft beer and craft donuts. They are certainly two different products, but for some wonderful reason they work really well together.” The two businesses also increased the geographic reach of both their products. Through this partnership, USD is now available in the suburbs, when previously, the brick and mortar buildings were only in the city. Thus a whole new customer base is growing. Danoff says he sees this model expanding and creating additional revenue streams moving forward.

Partnerships were also born out of the desire to take care of restaurant employees. In Boston, Andy Husbands, Pitmaster and Owner of The Smoke Shop BBQ and Joanne Chang, Pastry Chef and Owner of Flour Bakery + Café joined together to sell BBQ and pastry boxes. These boxes were sold for 13 consecutive weeks in different (Smoke Shop or Flour) locations throughout Boston. All proceeds benefited their employees whose jobs were affected by the pandemic. Chef Andy shares, “We both had the same vision and catalyst to open— and that was to help others. We were putting ourselves at risk, but it was for a greater cause and that was feeding people. That’s what we do. That’s what hospitality is about.” Customers followed both restaurants’ social media accounts while awaiting the weekly location updates. Not only did both restaurants help their employees, but they also stayed relevant during this time of crisis.

Whether these partnerships were born out of “Darwinism”<sup>3</sup> or altruism, the result was the same. Both these restaurants have been able to remain open during this time providing jobs for their employees and staying involved in their communities.

### **Authentic Communication**

The promotion of these new creative experiences, concepts and partnerships would not have been successful if they did not align with the mission and core values of the restaurants. It has become a necessity for restaurants to communicate cleanliness

practices. Additionally, successful restaurants have shown care for their employees and the community. All these messages need to be credible; they need to be real.

Andrew Freeman recommends that restaurants “continue to tell stories and communicate with your guests in an authentic way—sharing vulnerability is okay.” During this time, social media has become one of the main tools restaurants have used to provide updates to their followers. In the past, Smoke Shop BBQ partly relied on email marketing in order to reach consumers, but since there are costs associated with e-mailers, Chef Andy (Husbands) took to social media to talk about the partnership and the genuine concern for his employees. Birdcall demonstrated care for its employees by hosting a virtual graduation on Instagram. Andy Izzy’s Steakhouse is delivering home-style steak dinners to healthcare workers - sharing sincere care and concern for first responders and the local community.

What restaurateurs and hospitality communicators need to remember, is that with website, social media, or other forms of communications at this time, the goal is to express compassion (empathy), comfort (sense of safety, security and sanitation), clarity (specifics), and credibility (trust).

### **What’s next?**

It’s hard to know what is next for restaurants and how COVID-19 will continue to affect the industry. Will there be a resurgence of cases? Will customers feel comfortable dining in restaurants again? Denise Korn, Creative Director of the Lifestyle Brand and Experience Studio at the global design firm Gensler, recommends that restaurants owners and operators continue to “learn, listen, digest and respond. A responsive approach will get us through this transitional period, requiring ongoing re-visitation of the situation as it evolves.”

Now it’s our turn to support our local restaurants. Whether it’s enjoying outdoor spaces while staying six feet apart, or indoors with our masks on, supporting our local restaurants and businesses keeps people working and keeps our communities and neighborhoods alive.

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### **References:**

1. Creative destruction refers to the incessant product and process innovation mechanism by which new production units replace outdated ones. It was coined by Joseph Schumpeter (1942), who considered it 'the essential fact about capitalism'.  
<https://www.econlib.org/library/Enc/CreativeDestruction.html>
2. Clayton Christensen is one of America's most influential business thinkers and writers. A professor at Harvard Business School, Christensen is perhaps best known for his writings on

disruptive innovation in such books as *The Innovator's Dilemma* and *The Innovator's Solution*. <https://hbr.org/2015/12/what-is-disruptive-innovation>

3. Darwinism is a theory of biological evolution developed by the English naturalist Charles Darwin and others, stating that all species and organisms arise and develop through the natural selection of small, inherited variations that increase the individual's ability to compete, survive and reproduce.



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