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Omicron's Threat to the Restaurant Industry

The stakes for replenishing the Restaurant Revitalization Fund are extremely high: 46% of restaurant operators that did not receive an RRF grant believe it's unlikely they will stay open past the pandemic.



Anna Wolfe
Senior Editor - Restaurants



As the omicron variant continues to spread, businesses are forced to close their doors to account for sick employees. For restaurants already struggling with the labor shortage, this could deal a final crushing blow.

According to a survey from the **National Restaurant Association (NRA)**, 76% of restaurant operators say that business conditions are worse now than they were three months ago, and only 3% said business has improved. In fact, the [National Restaurant Association is pushing for Congress to replenish Restaurant Revitalization Fund](#).

In a letter to Congressional leaders, the NRA explained the dire situation facing restaurant operators. "Two years into the pandemic, restaurants are still struggling to keep their doors open amid a surge in coronavirus cases, inflation, a labor shortage, and supply chain delays... the industry still hasn't recreated the more than 650,000 jobs lost early in the pandemic, a loss 45% more than the next closest industry." The letter was signed by more than 3,300 restaurant operators.

However, it seems unlikely that Congress will replenish the **Restaurant Revitalization Fund (RRF)**, which was passed last year to provide funding to help restaurants keep their doors open. The grants were designed to make up for a restaurant's full pandemic losses of up to \$5 million for a single location, or \$10 million for a business with fewer than 20 locations. Many restaurants that received this funding invested in operational changes, such as implementing self-ordering kiosks, drive-thrus or online ordering pickup stations to accommodate post-pandemic consumer preferences. Still, over 177,000 restaurant operators were denied a piece of the \$29 billion allocation when the first round of the Fund opened last May.

The stakes for replenishing the RRF are extremely high. The same survey from the NRA found that 46% of restaurant operators that did not receive an RRF grant believe it's unlikely they will stay open past the pandemic.

Several other initiatives have been introduced to help struggling restaurants, including the Restaurant Revitalization Fund Replenishment Act of 2021, a \$60 billion piece of legislation that more than doubled the first round of restaurant relief distributed in May, and the ENTRÉE Act, introduced by Congressman Blaine Luetkemeyer (R), which added \$60 billion in funds to the Restaurant Revitalization Fund; additional legislation was introduced to add \$48 billion in emergency funding to the RRF. However, none of these initiatives have gained significant traction within Congress.

The calls to replenish the RRF come at a time when employees and owners alike are reevaluating what it means to work in the restaurant industry. For many, reimagining labor by combining their existing labor force with automated self-ordering solutions has proven powerful in combating the labor shortage, and many operators are turning to automation to help ease their omicron woes, especially as the technology becomes more accessible and affordable.

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Besides automation, restaurants have made operational changes, limiting hours of operation, reducing dining capacity, increasing prices, and removing menu items to accommodate the omicron surge and labor shortage. However, these changes negatively impact the customer experience and are not sustainable long term.

It is no surprise then that restaurant establishments that have embraced automation have been faring better. In the past, traditional operators, particularly quick service restaurants, have dealt with operational challenges by allocating additional minimum wage staff to problems, thus inhibiting their technological innovation. It is for this reason that the restaurant industry has lagged behind other industries in implementing innovation. However, as wages continue to increase and labor is nowhere to be found, merely adding more staff will not be tenable for operators, and they will need to invest in technology. The pandemic made it clear those with automation are most poised to stay open because they meet consumers where they want to order, be it online, kiosk or in person.

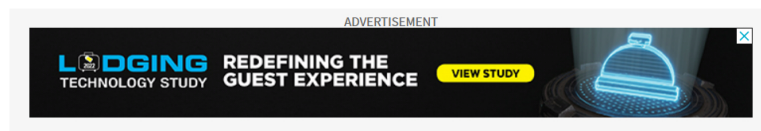
Even something as simple as online ordering or integrations with third-party delivery services can significantly boost business. Consumers spend on average 12%-20% more when they order with their eyes and with touch from a self-ordering device like kiosks than when ordering from a cashier, because self-ordering software is designed to customize upsells throughout the order journey.

Kiosks and other self-ordering technology present an opportunity for reducing operating costs while improving the customer experience. In addition to easing hiring struggles, implementing automation to work alongside employees can help retain existing restaurant staff, and repurpose them to other essential functions of the restaurant, thus maximizing labor. Automation allows businesses to run with fewer employees, which is especially timely given the ongoing pandemic and unlikelihood of additional stimulus funding.

Seven months after Congress first introduced the Restaurant Revitalization Fund Replenishment, it looks like restaurants might have a lot longer to wait for emergency financial aid, if it comes at all. If the RRF is not replenished, it is crucial that restaurants invest in self-ordering technology, which is now affordable and accessible, to adapt to the post-pandemic landscape. Typical operational changes, such as reducing dining and limiting store hours, negatively affect profits and consumer satisfaction. Self-ordering technology gets to the root of the issue by streamlining operations, driving incremental revenue, and improving the customer experience.

About the Author

Sam Zietz is a lifetime entrepreneur and the CEO of GRUBBRR, a self-ordering technologies company focused on automating commerce with its hardware and software solutions. Under Sam's leadership, GRUBBRR has been the recipient of multiple awards and accolades for its self-ordering kiosks and contactless ordering solutions. Sam was the EY Entrepreneur of the Year Regional Award Winner in 2015 and has appeared on the South Florida Business Journal's list of "Power Leaders" for the last six years. He was recently named one of South Florida's Ultimate CEOs by the South Florida Business Journal.



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