

ASSESSMENT OF THE EFFECTS OF THE COVID-19 PANDEMIC IN THE HORECA INDUSTRY IN THE OPINION OF CUSTOMERS AND EMPLOYEES

Joanna Cichorska* Katarzyna Zielina**



<https://doi.org/10.18778/2391-6478.2.38.03>

ASSESSMENT OF THE EFFECTS OF THE COVID-19 PANDEMIC IN THE HORECA INDUSTRY IN THE OPINION OF CUSTOMERS AND EMPLOYEES

Abstract

The purpose of the article/hypothesis: The COVID-19 pandemic and imposed restrictions negatively affected the economy and social life. Their effects were particularly hard for the HoReCa industry, i.e. the hotel and catering industry. The purpose of the article is an analysis of the activities of the hotel and catering industry in the conditions of the coronavirus pandemic. The article uses questionnaire surveys on a sample of owners, employees and consumers of the hotel and catering industry in Poland in the years 2020–2021. A total of 164 respondents took part in the study. Three independent surveys were conducted. In the part concerning consumers, 144 respondents took part in the survey, including 111 women and 33 men. The majority of the respondents were people aged 16–24 - 69 people (47,9%), 52 people were in the range of 25–40 years (36,1%), 16 people (11,1%) were from the age group of 41–55, and the remaining 7 people were aged over 55 (4,9%). Most of the respondents were people with secondary education, 74 people (51,4%). Higher education was declared by 51 people (35,4%), vocational education by 9 people (6,3%) and primary education by 10 people (6,9%).

20 respondents - business entities - responded to the study of the impact of the COVID-19 pandemic on the HoReCa industry from the perspective of a manager. They were mostly people running a restaurant (55%), a hotel (40%) and a restaurant with a predominant catering activity (20%). The respondents represented facilities in various voivodships, however, the largest number of people managed facilities in the Śląskie (35%) and Małopolskie (25%) voivodships. Radical restrictions resulted in significant scaling down of hotel and restaurant activity. As a result of the decline in consumption in tourist services, the value of sales revenues and the profitability of the HoReCa industry decreased. In the group of employees, the most burdensome effects of the pandemic included reduction in employment, compulsory holidays and the lack of comfort at work.

* PhD, Faculty of Finance, University of Economics in Katowice, e-mail: j.cichorska@ue.katowice.pl, <https://orcid.org/0000-0002-2410-9284>

** BA, Faculty of Finance, University of Economics in Katowice, e-mail: zielina.k@gmail.com.

However, a pandemic with many negative economic and social consequences may also have positive long-term effects. Paradoxically, unfavorable circumstances forced entrepreneurs to look for alternative solutions to maintain financial liquidity and to survive in the industry.

The subject of the article is an analysis of the activities of the hotel and catering industry in the conditions of the coronavirus pandemic. Its purpose is to assess the impact of the pandemic on employees and consumers of the HoReCa industry.

In accordance with the goals defined in this paper, the following hypotheses were formulated:

1. The imposed restrictions and above all, closing of the premises, contributed to a significant decrease in consumption in the HoReCa industry and prevented the development of many enterprises, and the effects of the stagnation will be felt for a long time both by employees and consumers.
2. In many companies in the HoReCa industry, the level of sales revenues decreased, led to a loss of profitability.
3. The negative effects of the Covid-19 pandemic were felt by all stakeholder groups in the HoReCa industry, including:
 - a. employers - loss of income;
 - b. employees - loss of job and inconvenience of work due to the obligation to maintain specific hygiene conditions;
 - c. customers - closing the premises, obligation to keep social distance.

In connection with these theses, the first part of the article discusses the social consequences of the COVID-19 pandemic. In this section, the authors used original reports, including those of the WHO. The next section presents the opinion of employees and owners of hotels and catering establishments on the impact of the pandemic on working conditions and income. The last part presents the clients' feelings about the HoReCa sector as regards the level and availability of services. For this purpose questionnaire surveys were used on a sample of owners, employees and clients of the hotel and catering industry in Poland in the years 2020–2021.

The undertaken research problem is very important due to a large scale of restrictions that affected the HoReCa industry during the pandemic and resulted in related financial losses.

Methodology: Analysis of the environment of the HoReCa sector along with its foreseeable evolution has been carried out using intelligence techniques such as the identification and analysis of government public sources and reports about behavior of consumers and market trends, published by consulting companies and public research institutes. The use of quality secondary information sources instead of the primary ones does not imply a decrease in the scientific validity of a study when the principle of strategic intelligence of never accepting a single information authority is respected. The method of competitive intelligence consists of the collection, transmission, analysis, and dissemination of relevant information publicly available and legally obtained, to produce actionable knowledge for the improvement of the decision making process.

The assessment of the financial situation of the HoReCa industry was presented on the basis of eight selected companies listed on the Warsaw Stock Exchange, including three largest hotel chains in Poland. Additionally, this method has been supplemented with a questionnaire survey applied to HoReCa sector users and experts, conducted during the pandemic in Poland in 2020 and 2021. The survey was quasi-representative, i.e. the sample meets the requirements of the representative method in some respects. The study was conducted using the direct interview method. Respondents were asked single choice and multiple choice questions.

The survey was conducted in three areas: HoReCa service clients, industry employees and hotel and restaurant owners. Three independent surveys were conducted, in which 164 respondent participated.

Results of the research: The observations and opinions of respondents contained in the surveys were used to formulate conclusions about the future and the necessary changes in the provision of HoReCa services.

- A. The analysis of financial statements of selected HoReCa companies made it possible to state that the restrictions imposed in the pandemic resulted in lower sales revenues and lower profitability, especially in the smallest hotels.
- B. The survey conducted in the group of hotel owners shows that the decrease in profitability in the HoReCa industry was mainly due to the closure of hotels and the ban on the operation of stationary catering establishments. The owners expressed an opinion that the state aid was insufficient to cover the losses related to the pandemic.
- C. Surveys in the group of employees showed that the pandemic resulted in a reduction in employment and a deterioration of work comfort in HoReCa facilities.
- D. The surveyed guests confirmed that during the pandemic, they mostly used catering and take-away services. They most willingly spent their holidays in summer houses, which enabled them to maintain social distancing.

Keywords: COVID-19 pandemic, HoReCa industry, change in consumption habits.

JEL Class: G21, G28.

INTRODUCTION

The COVID-19 pandemic has affected many aspects of economic and social life. As the effects of COVID-19 spread across the entire world, the primary focus for governments and businesses was the safety of people. Mass illnesses, severe disease and an increase in deaths made it necessary to freeze the operations of most business entities. Mass illnesses, severe course of disease and an increase in deaths made it necessary to freeze the operations of most business entities. The slowdown in social life resulted in difficulties in the service industries, including the hospitality and catering industries (Bieszk-Stolorz and Markowicz, 2022). The COVID-19 pandemic and the resulting stricter sanitary guidelines, as well as clients' fear of being infected, resulted in a marked reduction in activity, or even stagnation, in most HoReCa industry facilities. Decisions to shut down hotels, restaurants, theme parks, cinemas, not to mention, the entire disruptive effect of the travel ecosystem, all have a significant impact on worldwide tourism. The hospitality and leisure sector, as the first to experience extremely bad conditions, remains focused on understanding and assessing the operational and financial impacts on their business (Deloitte, 2021a).

1. THE SOCIAL CONSEQUENCES OF THE COVID-19 PANDEMIC

The SARS-CoV-2 virus spreading by airborne droplets caused a mass incidence of respiratory disease, which in individual patients had a different course from mild or moderate to acute multi-organ failure requiring hospitalization and the use of specialized life-support equipment (Page et al., 2021). The severe course of the disease usually occurred in people with comorbidities, most often chronic diseases of the circulatory, respiratory and immune systems (Summary of COVID-19 ..., 2020).

Globally, as of December 8, 2021, there was about 270 M confirmed cases of COVID-19, including above 5 M deaths reported to the WHO. As of December 6, 2021, a total of almost 8 B vaccine doses were distributed (WHO, 2021a). In Poland, the COVID-19 pandemic was delayed compared to other countries. The first case of the disease was recorded on March 4, 2020. The pandemic developed slowly. The number of new cases and deaths did not increase as dynamically as in other European countries (e.g. in Italy). As of December 8, 2021, the death rate from COVID-19 in Poland was 2,33%, slightly above the world value. The characteristics of the course of the pandemic in Poland and in the world are presented in Table 1.

Table 1. COVID-19 epidemic data as at 08 in December 2021

Parameters	World	Europe	Poland
First confirmed cases of COVID-19	17.11.2019	24.01.2020	04.03.2020
Number of confirmed cases	268 045 904	76 686 337	3 732 589
Number of deaths from COVID-19 and comorbidities	5 294 177	1 446 703	86 796
COVID-19 deathrate	1,98%	1,89%	2,33%
Population as of December 31, 2020	7 800 000 000	743 595 000	38 265 000

Source: own study based on ww1.

The pandemic in Poland reached disturbing proportions in the autumn of 2020. Since September 2020, there had been an increase of new cases, which reached its maximum in November 2020 (Bukowski and Paczos, 2021). There was also an increase in the number of deaths during this time. The dynamics of COVID-19 incidence in Poland is shown in Chart 1.

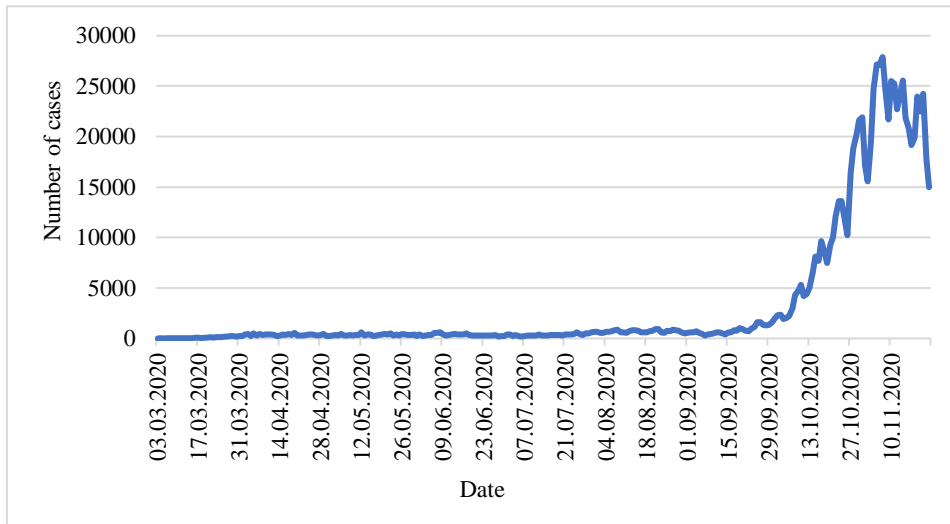


Chart 1. New COVID-19 cases in Poland

Source: own study based on ww2.

The spread of the virus and the increase in the number of diagnosed cases of the disease had a noticeable impact on the situation of enterprises and households (OECD, 2021a). After the COVID-19 epidemic was declared a pandemic, the governments of many countries introduced preventive measures, including introduction of a state of emergency, travel and assembly ban. Soon after the appearance of the first cases in Poland, the state authorities applied a radical economic shutdown called lockdown and propagated the "stay at home" policy. This action was to stop the spread of the virus. The overarching goal of the abovementioned activities was to save human health and life (OECD, 2021b).

The introduced restrictions and limitations had a negative impact on the economy. The whole world began to feel the effects of the micro- and macroeconomic slowdown. There were cases of bankruptcy of enterprises and an increase in unemployment (Deloitte, 2021b). In Poland, the value of the GDP indicator decreased by nearly 9% and for the first time in ten years, in the second quarter of 2020, it assumed negative values, which may indicate the beginning of a recession (IMF, 2021). The dynamics of the GDP value in Poland in 2010–2020 is shown in Chart 2.

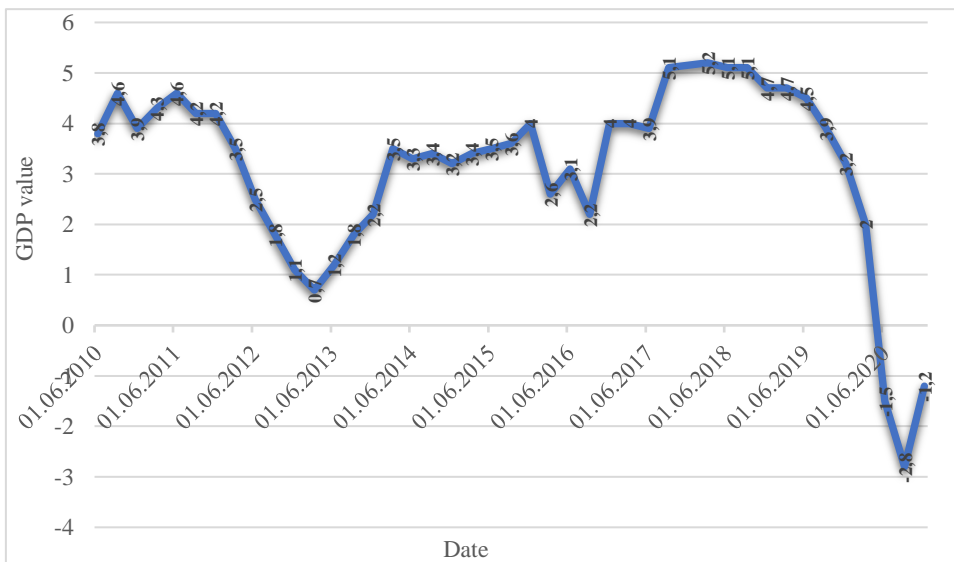


Chart 2. GDP dynamics in Poland in 2010–2020 (in %)

Source: own study based on wwww3.

The COVID-19 pandemic also affected social life. The compulsion to stay at home, the closure of schools and many workplaces resulted in the loss of a job or

the necessity to suspend one's own business. The difficult situation of many families became a challenge for maintaining mental and physical health, at the same time causing fears and frustrations which, depending on the individual inclinations and character of the individual, took a form of indifference, denial, avoidance, and even strong anxiety. Individuals and entire social groups began to feel negative emotions caused by the loss of their sense of security. Feelings such as fear, insecurity, confusion, frustration, anger and helplessness appeared.

They resulted in a limitation of cognitive and social functioning, and as a consequence, individual harmful behaviors. A completely new situation related to the change of lifestyle forced the emergence of new habits and introduced citizens to a new reality. The basic measures to counteract the expansion of the virus introduced the burdensome obligation to keep distance, disinfect and wear masks (WHO, 2021b).

Decisions being taken to shut down hotels, restaurants, theme parks, cinemas, not to mention the entire disruptive effect of the travel ecosystem, all had a significant impact on worldwide tourism. Hospitality and leisure sector, being the first ones that experienced the extreme bad conditions, remained focused to understand and quantify the operational and financial impact for their business. The viability of traditional business models was questioned due to the Covid-19 pandemic in the most of industries including the hospitality sector. The massive cessation of activity for months of the majority of the HoReCa sector changed the demand and consumption habits (Škare et al., 2021).

2. HoReCa AS A MODERN SECTOR OF THE ECONOMY

For the purpose of this study, the HoReCa sector is defined as other food serving activities, beverage serving and hotel activities (European Foundation for the Improvement of Living and Working Conditions, 2012). Globally, as of December 8, 2021, there were about 270 M confirmed cases of COVID-19, including above 5 M deaths reported to WHO. As of December 6, 2021, a total of almost 8 B vaccine doses were distributed (WHO, 2021a). In Poland, the COVID-19 pandemic was delayed compared to other countries. The first case of the disease was recorded on March 4, 2020. The pandemic developed slowly. The number of new cases and deaths did not increase as dynamically as in other European countries (e.g. in Italy). As of December 8, 2021, the death rate from COVID-19 in Poland was 2,33%, slightly above the world value.

On the other hand, gastronomy is defined as the production and service activity of mass catering establishments (restaurants, bars) and establishments specializing in the production of specific products (e.g. delicatessen). Similar to the hotel industry, in catering industry there is an orientation towards satisfying not only

basic needs, but also higher order services (aesthetics, comfort, peace) (García-Madurga et al., 2021). A modern approach to service activities defines gastronomy as an organized economic activity that consists in satisfying the nutritional needs of consumers by processing food raw materials, which leads to the creation of ready-to-eat meals and beverages offered to consumers. Gastronomy is also the creation of conditions enabling their consumption at the point of sale and the provision of various services that meet the needs of entertainment and rest (UNWTO, 2020: 14–15).

Both in the hotel industry and in gastronomy, the basic factor shaping the profile and quality of services are the needs of guests and their individual wishes and orders. The final evaluation of the service depends, therefore, on the individual preferences of consumers, and the choice of the offer depends mainly on the service system and the service provider's capabilities (Bovsh and Gopkalo, 2020: 173–177). Consumption should be carried out at the point of sale, which gives the public character to catering establishments. Apart from onsite consumption, the interest in catering for companies, private individuals, banquets, receptions and conferences has been growing. A characteristic feature of catering is the spatial and temporal separation of the places of production, sale and consumption. The hotel and catering industry also performs commercial functions consisting in running hotel shops selling, for example, tobacco products, confectionery, alcoholic beverages, cooling drinks, souvenirs, clothing, etc. (Ürem, 2020: 17).

The development of the HoReCa industry was also influenced by the change in consumption habits and the hierarchy of values of many consumers. There is a growing interest in traveling, where you can learn about local customs and try regional dishes. Food services play a significant role in defining the identity of a tourist region and representing the local culture. The growth of higher-order consumption in terms of tourist services is favored by better education, universal access to information and higher income (Melia, 2011: 5).

New trends have appeared on the HoReCa market, including in particular:

- meeting the increased requirements and sophisticated preferences of guests;
- increased importance of health safety and emphasis on sanitary conditions, including the food safety of food products;
- running traditional plants with regional food and thematic restaurants with natural products produced in a traditional way;
- increasing the demand for homemade food and take-away;
- outsourcing and co-branding (Malheiro et. al., 2020).

In the years 2012–2019, the HoReCa industry in Poland saw a clear recovery resulting from the dynamic development of the economy. The number of people traveling for tourism or business increased by as much as 74,1%. The increase in

the number of guests resulted in an increase in the number of accommodation places, which increased by 44,5% in the period 2012–2019. The development of the hotel and catering industry was influenced by such factors as: low unemployment rate, increase in gross wages, as well as the introduction of government social programs. The collapse did not come until 2020. The restrictions related to the pandemic caused a decrease in the number of visitors by 53% (as shown in the Chart 3).

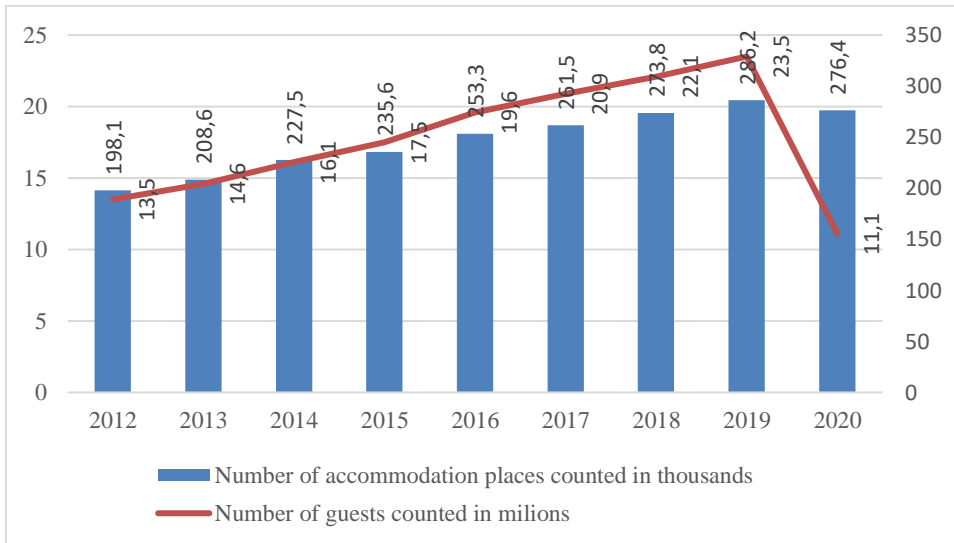


Chart 3. Hotel use in Poland in 2012–2020

Source: Emmerson Evaluation (2021).

The impulse for increased interest in the HoReCa industry were the changing consumer habits, convenience, an increase in the speed of everyday life, small families as well as an increase in earnings and the 500+ program. The industry's development was also significantly influenced by a strong wage growth and an increase in the number of foreign and domestic tourists. The attractiveness of Poland in terms of tourism also increased. The growing demand for hotel services resulted in an increase in the value of the HoReCa market. In 2019, its value reached PLN 32,8 billion as shown in the Chart 4 (Zagórska, 2020; Sweet&Coffee, 2020).

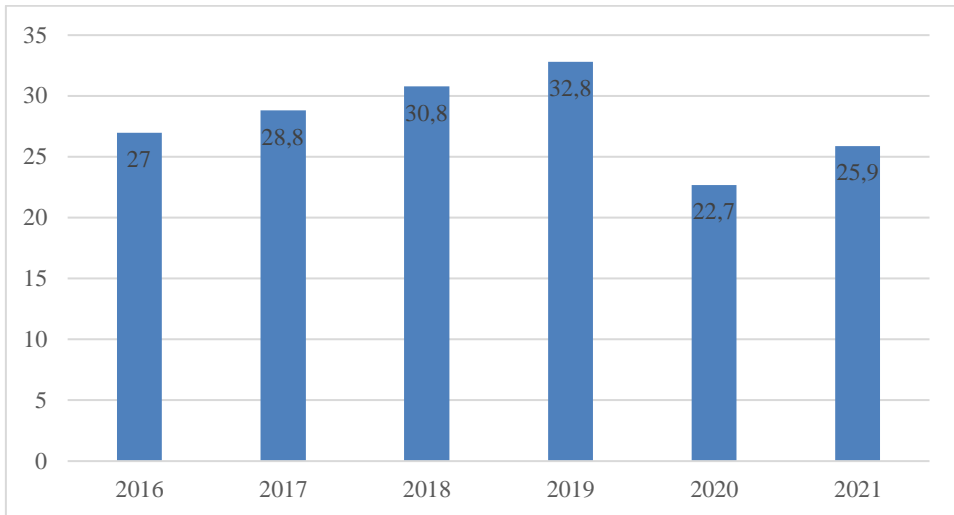


Chart 4. Value of the HoReCa market in Poland in 2016–2021 (in billions of PLN)

Source: own study based on: PMR Market Experts (2021) and Market analysis and development forecasts for 2020-2025, PMR Market Experts (2021)

The quality of the services provided has also been growing. Since 2016, there has been a decrease in the number of one- and two-star hotels and a simultaneous dynamic growth among the higher segments, which include three- and four-star facilities (Miklewski, 2017, 2018, 2019, 2020).

3. THE IMPACT OF THE COVID-19 PANDEMIC ON THE PROFITABILITY OF THE HoReCa INDUSTRY

Due to the coronavirus pandemic, the tourism industry found itself in a very difficult situation. A particular deterioration took place in the fourth quarter of 2020 (Melnychenko, 2020: 179–183). The Ministry of Development, Labor and Technology, in consultation with the GIS, introduced special procedures for the operation of HoReCa facilities, establishing extraordinary safety rules, which included: maintaining a 1,5 m social distance between guests and employees, including the exclusion of certain tables to be used, restriction of employees' use of common rooms, provision of personal protective equipment (gloves and disinfectants), preparation of a room intended for the isolation of sick guests, increased care of housekeeping for cleanliness and hygiene (airing, disinfection, surface cleaning). To prevent COVID-19 infections, specific special procedures were

implemented in HoReCa facilities, whose terms depended on the area (Act of March, 2020; PMR Market Experts, 2021).

The introduced regulations had a negative impact on the financial situation of HoReCa industry institutions. The restrictions and then the temporary closure of HoReCa outlets resulted in a significant reduction in their sales revenues. In the group of enterprises employing over 49 people, as a result of the COVID-19 pandemic, revenues from hotel operations decreased by 65%, which resulted in a drop in the profitability rate by 83,6%. On the other hand, revenues from catering activities decreased by 15%, which resulted in a drop in profitability by 6%. These results are much higher than in other service industries. By March 2021, 17% of hotels and 8% of gastronomic establishments had been closed, and 25% of gastronomic establishments had suspended their operations (Industry Monitoring..., 2021).

The HoReCa sector entities recorded a drop in sales, regardless of the size and type of activity. The effects of the pandemic hit both restaurants, hotels and travel agencies. Sales revenues decreased to the greatest extent, by as much as about 80%, in enterprises of the smallest size. The smallest decrease was recorded in gastronomic establishments. The sales dynamics of small HoReCa companies in Poland in 2016-2020, based on selected enterprises, is presented in Chart 5.

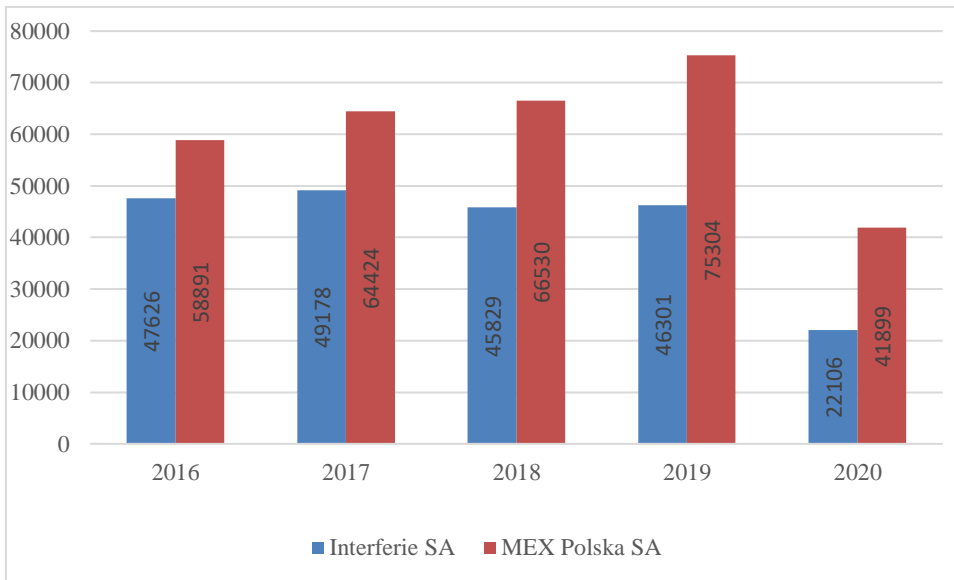


Chart 5. Sales dynamics of small HoReCa companies in Poland in 2016–2020 based on an example of Interferie SA and MEX Polska SA

Source: own study based on www4.

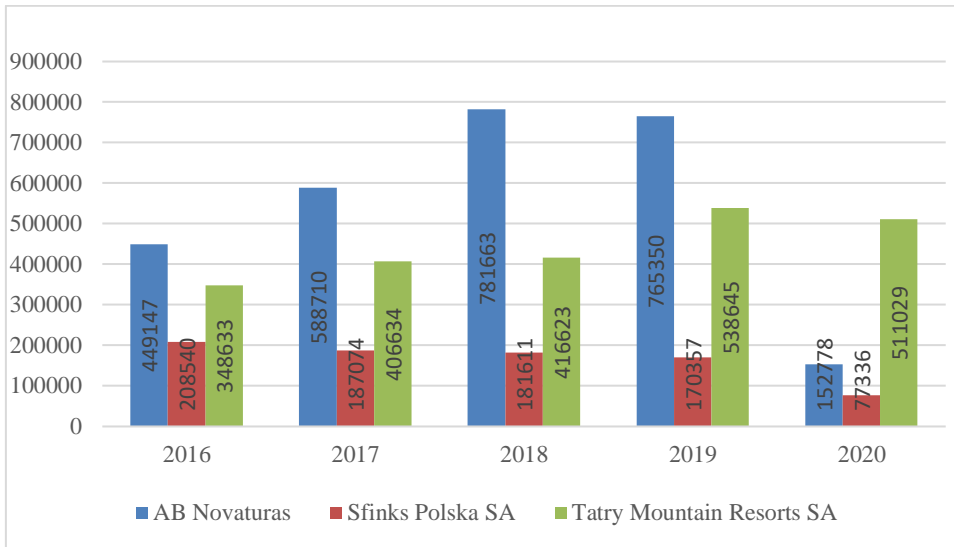


Chart 6. Sales dynamics of medium-sized enterprises based on an example of AB Novaturas, Sfinks Polska SA and Tatry Mountain Resorts SA in 2016–2020

Source: own study based on www4.

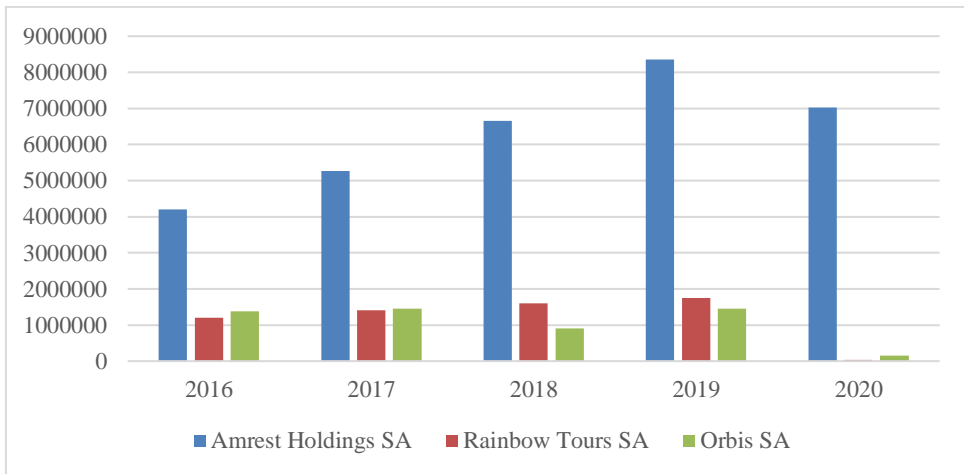


Chart 7. Sales dynamics of big companies in Poland in 2016-2020 based on an example of Amrest Holdings SA, Rainbow Tours SA and Orbis SA.

Source: own study based on www4.

The whole period of the pandemic is distinguished by the volatility of sales in the HoReCa industry. The companies recorded a clear decline in revenues at the end of the first and fourth quarter of the year 2020, i.e. in the winter period. This was caused by the lockdown during the winter and holiday breaks, which was introduced to prevent the increase in disease cases during the period of increased tourist trips. Lockdown prevented not only tourist trips, but also the use of restaurants. Sales Charts for the period 2020-2021 are shown in Chart 8.

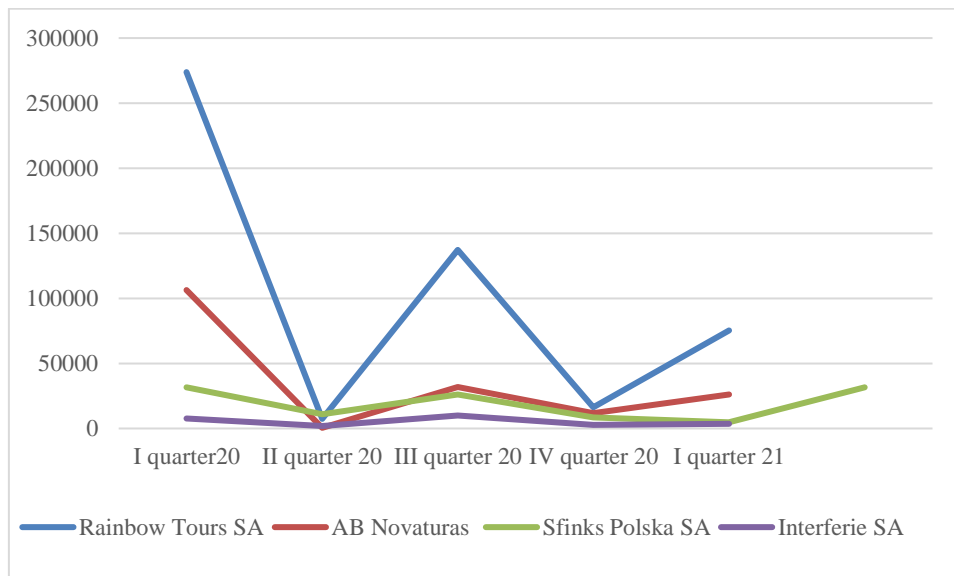


Chart 8. Dynamics of sales of services in the HoReCa industry in 2020–2021 on a quarterly basis

Source: own study based on www4.

The drop in sales resulted in a sharp decline in profitability in all surveyed enterprises, although the course of changes differed in individual units and depended on the nature of the activity, the size of the entity, the adopted strategy, the possibility of using state aid, etc. The largest drops in profitability were recorded by Sfinks (ROS, ROE, ROA) and Amrest (ROE). The smallest decrease was recorded by Rainbow Tours. Profitability of selected HoReCa companies in 2020 is presented in Table 2.

Table 2. Profitability of selected HoReCa companies in 2020 (in %)

No.	Enterprises	ROS	ROA	ROE
1.	Amrest Holding SA	- 12,06	- 8,69	- 71,26
2.	Interferie SA	- 43,76	- 5,68	- 8,01
3.	Mex Polska SA	- 28,30	- 21,65	- 21,65
4.	AB Novaturas	- 15,07	- 10,91	- 10,91
5.	Rainbow Tours SA	- 9,72	- 8,89	- 8,89
6.	Sfinks Polska SA	- 79,01	- 38,46	- 38,46
7.	Tatry Mountains AS	- 18,54	- 3,65	- 3,65

Source: own study based on www4.

In order to reduce the economic effects and recession in the tourist services industry, it was necessary to implement solutions minimizing the effects of the COVID-19 pandemic. State intervention and the introduction of programs supporting Polish entrepreneurs in the form of comprehensive packages of acts and other regulations creating the so-called anti-crisis shields, became indispensable (European Commission, 2020). Due to the difficult situation of the HoReCa industry, the government introduced an anti-crisis shield dedicated specifically to the tourism, stage and exhibition industry. It included a down time pay, an additional down time pay and exemptions from social security contributions. However, it did not apply to all the hotel and catering entities. Some of them were deprived of state aid.

Another form of support for the hotel and catering industry was the government's introduction of a tourist voucher for every child up to 18 years of age. Families could use PLN 500,00, and for a child with a disability certificate PLN 1000,00. The right to use the tourist voucher was granted to 6,5 million Polish children. The voucher must be redeemed until March 2022. The tourist voucher can be redeemed throughout the country of the Republic of Poland. The voucher can be used to pay for tourist events or hotel services (Tourist voucher, 2020).

4. ASSESSMENT OF THE EFFECTS OF THE COVID-19 PANDEMIC IN THE HoReCa INDUSTRY IN THE OPINION OF CUSTOMERS AND EMPLOYEES

The effects of the COVID-19 pandemic in the hotel and catering industry were assessed by guests and people professionally associated with the HoReCa industry. In order to obtain an assessment of the situation in the industry, three independent surveys were carried out. Their questionnaires were addressed to three groups of respondents: property owners/ managers, employees and visitors. A total of 164 respondents took part in the study. Three independent surveys were conducted. In the part concerning clients, 144 respondents took part in the survey,

including 111 women and 33 men. The majority of the respondents were people aged 16–24 - 69 people (47,9%), 52 people were in the range of 25–40 (36,1%), 16 people (11,1%) were from the age group of 41–55, and the remaining 7 people were aged over 55 (4,9%). Most of the respondents were people with secondary education, 74 people (51,4% of the respondents). Higher education was declared by 51 people (35,4%), vocational education by 9 people (6,3%) and primary education by 10 people (6,9%).

20 respondents - business entities - responded to the study of the impact of the COVID-19 pandemic on the HoReCa industry from the perspective of a manager. They were mostly people running a restaurant (55%), a hotel (40%) and a restaurant with a predominant catering activity (20%). The respondents represented facilities in various voivodships, however, the largest number of people managed facilities in the Śląskie (35%) and Małopolskie (25%) voivodships.

In the group of twenty hotel and restaurant owners and managers, the majority of respondents noticed a deterioration in the conditions for running a business, characterized by a decline in turnover. As many as 60% of respondents pointed to the decrease in sales revenues by more than a half, 35% a decrease by less than a half, while revenues did not significantly decrease only for 5% of the respondents (as shown in the Chart 9).

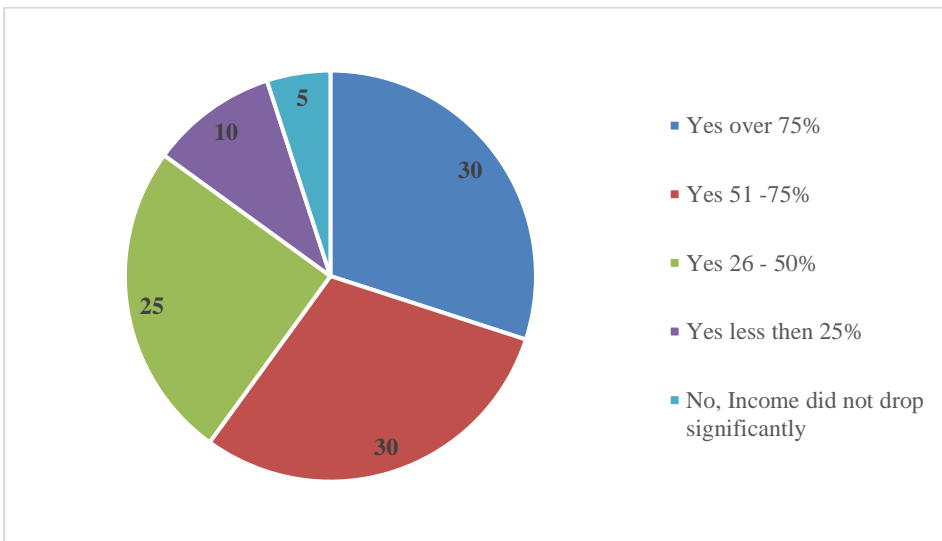


Chart 9. Decrease in revenues over the last 12 months (in %)

Source: own study.

According to 45% of respondents, the biggest impact on the decrease in turnover in HoReCa enterprises was caused by the closure of hotels and the ban on stationary operation of catering establishments. The prohibition of assemblies (conferences, business meetings, family meetings), deterioration of the financial situation of consumers as well as provincial and poviatic restrictions also had a significant impact. The restrictions were indicated by 35% of the respondents as the reason for the decrease in sales. Another reason limiting the influence in the gastronomy and hotel industry was, according to 25% of respondents, the consumers' fear of being infected, as well as limiting the possibility of movement and closing borders as shown in the Chart 10.

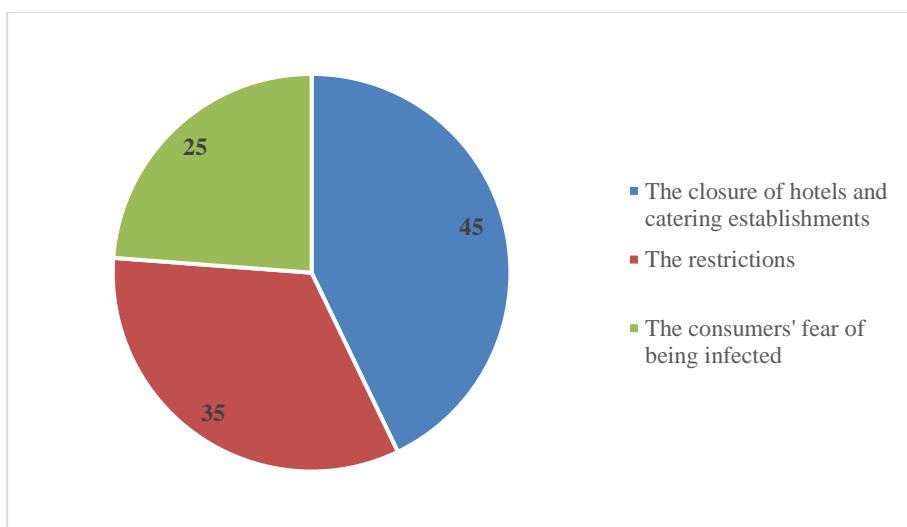


Chart 10. The reason for the drop in sales value in the HoReCa industry (in %)

Source: own study.

HoReCa facility managers assessed the first wave of the pandemic as more severe. Such a view was expressed by 55% of respondents. 95% of entrepreneurs said that they had recouped the costs of running their business in the last 12 months. 80% of respondents believed that the state aid was insufficient to cover the losses caused by the COVID-19 pandemic as shown in the Chart 11.

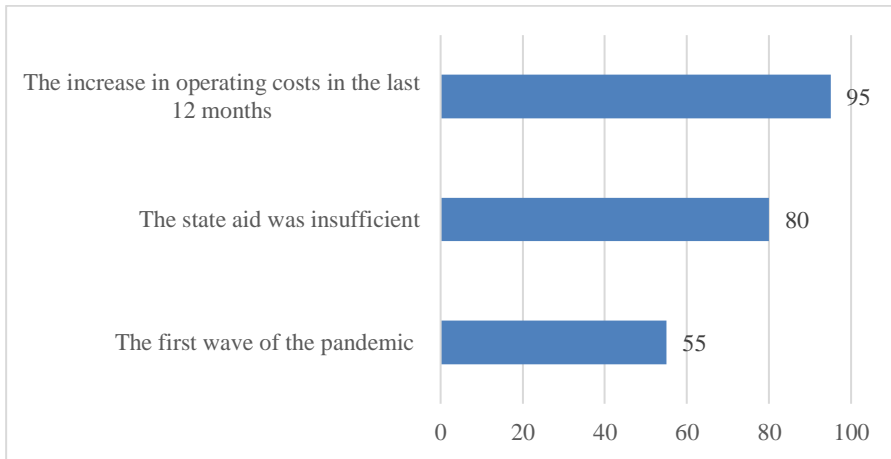


Chart 11. Assessment of the impact of the pandemic on the HoReCa industry (in %)

Source: own study.

In most HoReCa centers (55%) it was necessary to reduce employment. As many as 20% of entrepreneurs participating in the survey were forced to break contracts with all employees. Employment was reduced by approximately 50% or more in the case of facilities run by 35% of respondents. However, none of the employers encountered the situation of the need to lay off all employees (as shown in the Chart 12).

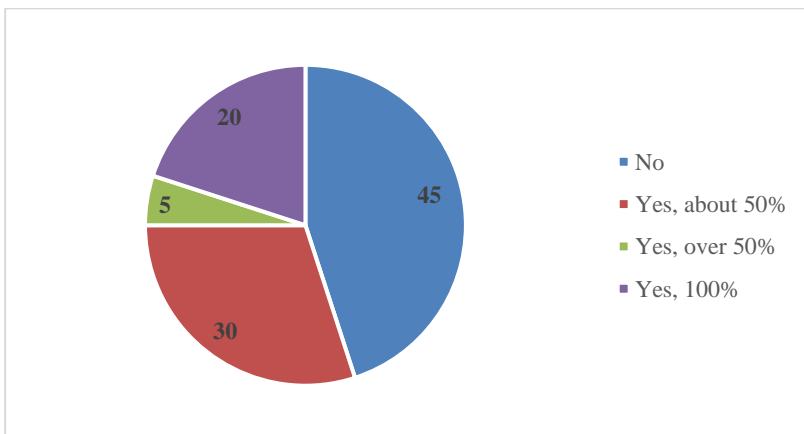


Chart 12. Employment reduction (in %)

Source: own study.

Most enterprises took advantage of government aid programs. They accounted for 70% of the research sample. Most often they used several programs at the same time. All entrepreneurs benefited from exemption from social security contributions. With the so-called downtime benefits consisting in supporting entrepreneurs during the downtime of operations were used by 50% of entrepreneurs, and wages subsidized by 45%. Aid measures such as: remission of subsidies, extension of the financial shield period or tax exemption were of less importance (as shown in the Chart 13).

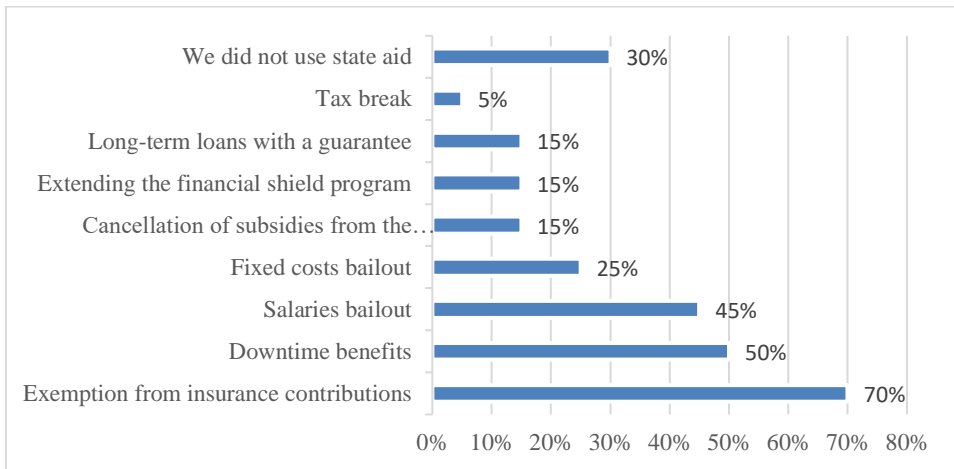


Chart 13. Government aid (in %)

Source: own study.

The majority of HoReCa facility managers (75%) declared that they had tried individually to counteract the negative effects of the COVID-19 pandemic. 45% of respondents applied the reduction in the working time of employees and tried to obtain a reduction in rents and/or property taxes. 30% tried to reduce energy-related fixed costs (requests for preferential terms of repayment of liabilities) and lowered marketing costs. 20% changed the business profile by introducing additional services, e.g. medical rehabilitation, catering, isolation. 15% increased the prices of services, and 5% applied the change of PKD¹ codes of the conducted business activity. 25% of the surveyed entrepreneurs did not take any additional measures to limit the negative effects of the COVID-19 pandemic. 55% of respondents considered that their attempts to deal with the pandemic on their own were effective (as shown in the Chart 14).

¹ The Polish code list of classification of business activities.

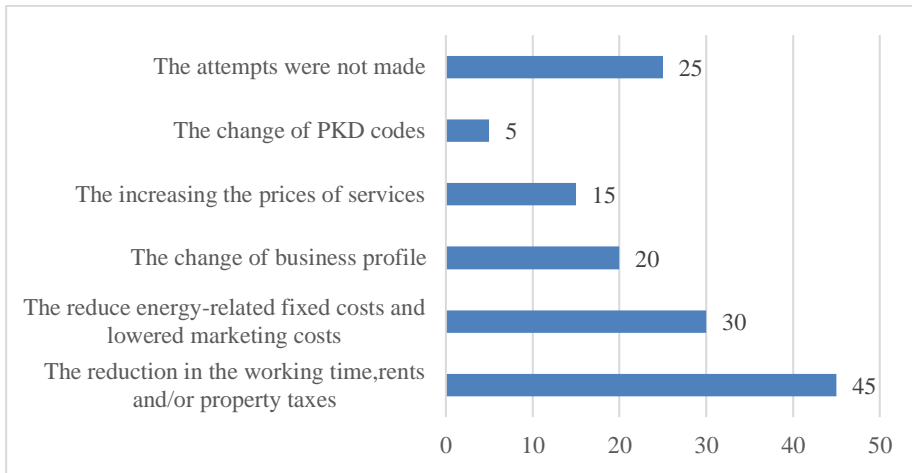


Chart 14. Attempts to counteract the effects of the pandemic

Source: own study.

Another issue discussed in the survey was the problem of minimizing losses in the enterprise after lifting the restrictions. This aspect was critically assessed by as many as 45% of the respondents, who stated that lifting the restrictions did not allow for a complete reduction of losses. Other people indicated that the greatest impact on reducing losses was the sale of take-away food, selling meals as part of room service (40%), allowing the possibility of accepting people who are on a business trip (25%), opening hotels for specific professional groups (15%) and the introduction of payment with a travel voucher (15%) (as shown in the Chart 15).



Chart 15. Minimizing losses after lifting the restrictions

Source: own study.

The pandemic had a negative impact on employment in the hotel and catering industry. In the group of surveyed employees, as many as 45,2% of the respondents lost their jobs, and for 23,8% it was necessary to retrain or move to another department. 21,4% of employees indicated that about 50% of the workforce were reduced in employment, while 7,1% of employees replied that new people were hired in the enterprise where they worked. Most of the respondents confirmed that they had been forced to take a vacation or care leave (54,8%) (as shown in the Chart 16).

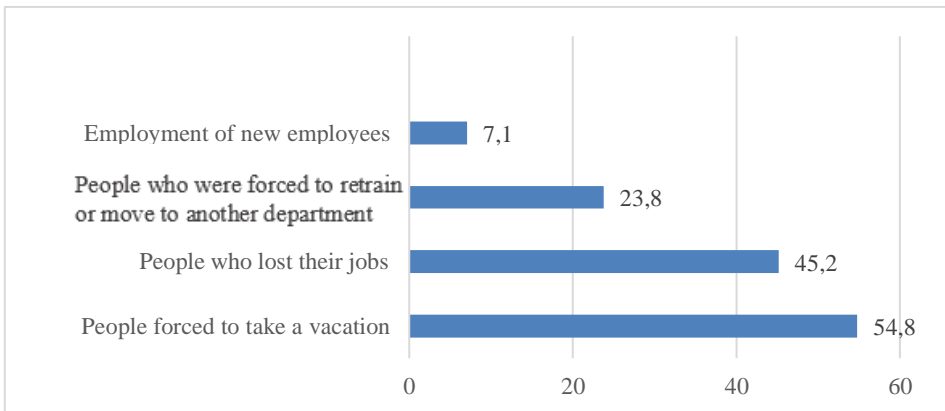


Chart 16. Impact of the pandemic on employment from the perspective of employees in%

Source: own study.

No one in the study group felt anxiety about losing their job. 40,5% of respondents assessed the approach of entrepreneurs as good, considering that the employer tried to keep jobs. On the other hand, 59,5% of the respondents stated that the persons responsible for employees' affairs adopted a passive attitude towards the difficult situation of employees, therefore they did not know what reaction they could expect from the employer. 71,4% of employees replied that the employment structure in the enterprise they worked for did not change.

Employees reported deterioration of work comfort. 81% of respondents indicated difficulties in the organization of work due to the imposed restrictions, in particular the extension of the duration of professional duties. This problem was mentioned by 54,8% of the respondents. For 76,2% of respondents, great discomfort was caused by the necessity to put on masks when serving guests. 57,1% of the respondents indicated that sanitary/police inspections in the area of compliance with the restrictions had taken place in the workplace. The fear of contracting the virus and contracting Covid-19 was also considered important by employees. Such concerns were reported by 52,4% of respondents. According to 57,1%, the guests did not comply with the applicable restrictions (wearing masks, social distance). 97,6% surveyed employees of the HoReCa industry noticed a reduced income in the place where they worked (survey) (as shown in the Chart 17).

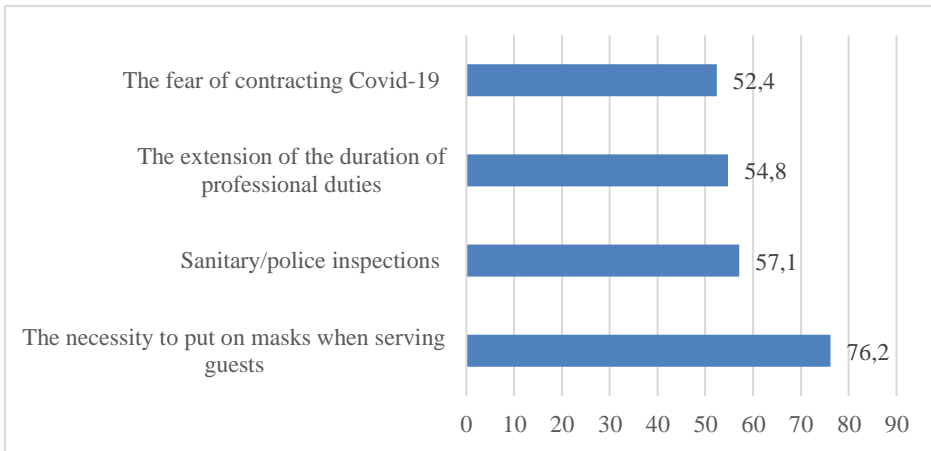


Chart 17. Assessment of work comfort by employees (in %)

Source: own study.

82 respondents in the study of the impact of the COVID-19 pandemic on the HoReCa industry described their experience from the visitor's perspective. During the pandemic, the surveyed group of clients most often used services such as:

catering and take-away meals (84,1%), as well as stationary restaurants (32,9%) and hotel services (15,9%). 53,7% of respondents, in order to order a meal or accommodation, used more applications and web portals, such as: pyszne.pl, booking.com. 59,8% of respondents stated that the service level of the hospitality/catering industry remained the same. 29,3% believed that the quality of service had increased, while 11% believed that it had deteriorated. 74,4% of the respondents spent their holidays and days off at home, 23,2% in Poland, and 2,4% abroad. The tourist voucher option encouraged only 36,7% of respondents to spend their holidays in Poland. For their vacation tourists preferred safe places where they could keep an appropriate distance. For this reason, they most often chose summer houses (32,9% of respondents). The least popular option (4,9%) was agritourism (as shown in the Chart 18).

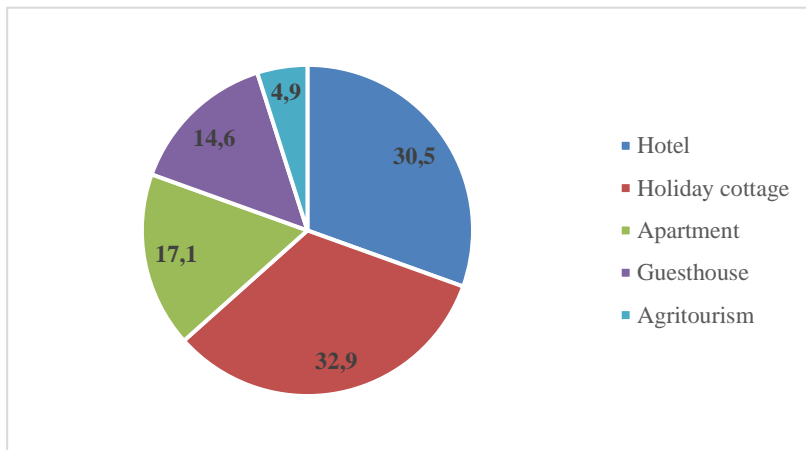


Chart 18. Preferred vacation spot (in %)

Source: own study.

Most of the surveyed guests, 73,2%, were not afraid to use the services of the HoReCa industry. Concerns about health were expressed by only 9,8% of the respondents, while 17,1% were concerned about receiving a penalty ticket for non-compliance with the prudential rules.

When choosing a HoReCa facility, the majority of clients (57,3%) did not follow the criterion of guaranteeing compliance with sanitary guidelines. The respondents emphasized that introducing additional restrictions (e.g. closing a swimming pool, restaurant, gym) would discourage them from taking a recreational trip (76,8% of the research sample).

HoReCa guests tried to support hoteliers and restaurateurs to help them survive the economic downturn. Entrepreneurs strikes, campaigns encouraging to save Polish tourism and information from the market about the increasingly weaker financial situation of many enterprises, encouraged as many as 85,4% of guests to support the hotel/catering industry (as shown in the Chart 19).

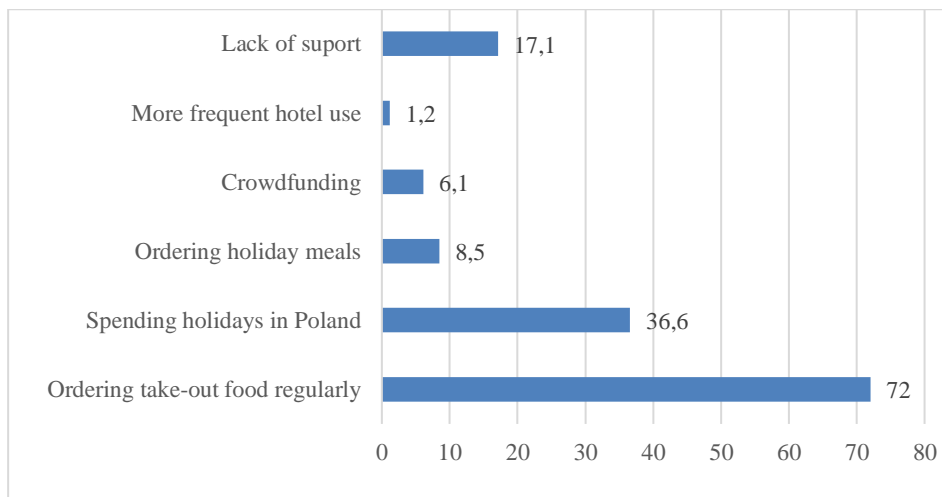


Chart 19. Support in HoReCa industry by guest (in %)

Source: own study.

The most frequently chosen form of support was ordering take-out food on a regular basis (72%) and spending holidays in Poland (36,6%). 17,1% of respondents did not support the HoReCa industry. According to 96,3% of respondents, government assistance was sufficient to cover the costs and losses caused by the COVID-19 pandemic.

CONCLUSIONS

The authors' analysis of the financial results of HoReCa companies, as well as surveys conducted among hotel owners, their employees and guests, objectively presented the situation in the tourism industry during the pandemic. Thus, their research value was confirmed, consisting in identifying the main negative effects of the pandemic in the hotel and catering industry, as well as methods of reducing them. A significant added value of the article is a comprehensive approach to the issue of the effects of the pandemic in the HoReCa industry, showing the point of view of owners, employees and customers. Both the responses to the survey

questions and the analysis of the financial statements of selected tourism industry enterprises, allowed to confirm the hypotheses presented in the introduction about the negative effects of the pandemic.

In particular, the COVID-19 pandemic has led to economic stagnation in many areas. Radical restrictions resulted in significant scaling down of hotel and restaurant activity. As a result of the decline in consumption in tourist services, the value of sales revenues and the profitability of the HoReCa industry decreased. The negative effects of the pandemic were partially offset by the introduction of government aid in the form of the so-called anti-crisis shields consisting in the payment of subsidies, suspension of social security benefits, or reduction of taxes. Despite the use of many aid programs, in the opinion of hotel and restaurant owners, it was not possible to fully compensate for the losses caused by the pandemic. However, the owners tried to introduce such management strategies that would reduce the consequences of limiting sales to the greatest extent.

In the group of employees, the most burdensome effects of the pandemic included reduction in employment, compulsory holidays and the lack of comfort at work due to the necessity to use masks. However, the employees did not feel the pressure resulting from the fear for jobs, trusting that the situation would improve after opening the premises. Instead, they feared that they might get sick. HoReCa clients, just like employees, were most afraid of contracting the virus.

However, a pandemic with many negative economic and social consequences may also have positive long-term effects. Paradoxically, unfavourable circumstances forced entrepreneurs to look for alternative solutions to maintain financial liquidity and survive in the industry. Many premises have transformed by changing their business profile, or introducing new services and adapting to the market needs. Market observation confirms the development of previously neglected areas. For example, activity in virtual space was developed by creating or improving online service networks. The quality of branch websites has been improved, more advanced work and remote ordering systems have been introduced.

There has also been a further evolution of applications and web-sites through which the hospitality industry services can be used. Services that had not been provided so far were also developed on a larger scale. This will allow for better catering for customer needs and recovery of previous income in the future.

In Poland and other European Union countries, the pandemic accelerated the transformation of the HoReCa industry towards cost optimization and efficient resource management. International experts emphasize the importance of the impact of the hotel and catering industry on the environment and the implementation of the Sustainable Development Goals set by the UN as part of the 2023 Agenda. They point out the need to reduce food waste, replace equipment with energy-saving ones or introduce the idea of low plugged/unplugged and creating a menu based on products available in the region. It is estimated that the savings measures

taken may bring, depending on the hotel, up to 55,000. EUR savings per year (www5). A creative and innovative approach to the use of resources results in the creation of new value on the market in the HoReCA industry.

BIBLIOGRAPHY

- Bieszk-Stolorz B., Markowicz I. (2022), *The Impact of the COVID-19 Pandemic on the Situation of the Unemployed in Poland. A Study Using Survival Analysis Methods, Sustainability* 2022, <https://doi.org/10.3390/su141912677>
- Bovsh L., Gopkalo L. (2020), *Customer Orientation as The Restaurant Hospitality Philosophy*.
- Bukowski P., Paczos W. (2021), *Poland's economy in the pandemic*, LSE.
- Deloitte (2021a), *Impact of COVID-19 on the hospitality industry Hospitality taking proactive financial steps to mitigate impact*.
- Deloitte (2021b), *The restaurant of the future: A vision evolves Post-pandemic trends toward safety, convenience, and digital*.
- Emmerson Evaluation (2021), *Hotel and condo hotel market in Poland 2021*.
- European Commission (2020), *Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak. Communication From The Commission*.
- European Foundation for the Improvement of Living and Working Conditions (2012), *Representativeness of the European social partner organisations: the Hotel, restaurant and catering (Horeca) sector*.
- García-Madurga M. A., Esteban-Navarro M. A., Morte-Nadal T. (2021), *CoVid Key Charts and New Challenges in the HoReCa Sector: The Way towards a New Supply-Chain*, Basel, MDPI, Sustainability.
- IMF (2021), *Policy Responses to Covid-19*, <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P> [Accessed: 15.07.2022]
- Industry Monitoring Short-term Prospects of the HoReCa Industry (2021), *Monitoring Branżowy Krótkoterminowe perspektywy branży HoReCa*, Bujak P., Department of Economic Analysis of PKO Bank Polski SA.
- Malheiro A., Sousa B. B., Liberato D., Liberato P. (2020), *Sustainability In Tourism And Hospitality: Trends And Challenges*, <https://www.researchgate.net/profile/Pedro-Liberato/publication/> [Accessed: 18.08.2022]
- Melia D. (2011), *Trends in the Food and Beverage Sector of the Hospitality Industry*, Dublin, Dublin Institute of Technology.
- Melnychenko O. (2020), *Corporate Social Responsibility of The Tourism Enterprises in The Period of COVID-19 Crises*, Kyiv, National University of Trade and Economics.
- Miklewski J. (2017), *Takiego roku jeszcze nie było!*, Świat Hoteli, ang. *It has not been such a year yet!*, World of Hotels, Hotel market in Poland.
- Miklewski J. (2018), *Spowolnienie czy zadyszka?*, Świat Hoteli, ang. *Slowdown or out of steam?*, World of Hotels, Hotel market in Poland.
- Miklewski J. (2019), *Jednak spowolnienie*, Świat Hoteli, ang. *Slowdown it is*, World of Hotels, Hotel market in Poland.

- Miklewski J. (2020), *2019 that is before the defeat*, Świat Hoteli, ang. World of Hotels, Hotel market in Poland.
- OECD (2021a), *Economic inactivity in Poland before and after the COVID-19 pandemic*, <https://www.oecd-ilibrary.org/sites/a2638a6c-en/index.html> [Accessed: 18.08.2022]
- OECD (2021b), *The territorial impact of COVID-19: Managing the crisis across levels of government* [Accessed: 18.08.2022]
- Page J., Hinshaw D., McKay B. (2021), *In Hunt for Covid-19 Origin, Patient Zero Points to Second Wuhan Market*, The Wall Street Journal.
- PMR Market Experts (2021), *HoReCa market in Poland 2021*, Industry Report.
- PMR Market Experts (2021) *HoReCa market in Poland 2020, Market analysis and development forecasts for 2020-2025*.
- Škare M., Soriano D.R., Porada-Rochoń M. (2021), *Impact of COVID-19 on the travel and tourism industry*, Technological Forecasting and Social Change, Vol. 163.
- Summary of COVID-19 Long Term Health Effects: Emerging evidence and Ongoing Investigation* (2020), University of Washington.
- Sweets&Coffee (2020), *Gastronomic market in Poland*.
- The Act of March* (2020) on special solutions related to the prevention, prevention and combating of COVID-19, other infectious diseases and the crisis situations caused by them (Journal of Laws of 2020, item 3740).
- Tourist voucher (2020), <https://bonturystyczny.polska.travel> [Accessed: 21.06.2020]
- UNWTO (2020), *Guidelines for the Development of Gastronomy Tourism*, World Tourism Organization.
- Ürem A. (2020), *Customer-Related Digitization of the Horeca Industry*, Torino, Politecnico di Torino.
- WHO (2021a), *Coronavirus COVID-19. Global Situation*, <https://covid19.who.int/> [Accessed: 14.07.2021]
- WHO (2021b), *Considerations for implementing and adjusting public health and social measures in the context of COVID-19*.
- Zagórska J. (2020), *HoReCa przed pandemią miała się dobrze*, Nowości Gastronomiczne, ang. *HoReCa was doing well before the pandemic*, Gastronomy News magazine.
- (www1) <https://www.worldometers.info/coronavirus/> [Accessed: 08.12.2021].
- (www2) <https://www.gov.pl/web/koronawirus/wykaz-zarazen> [Accessed: 13.06.2021].
- (www3) <https://stooq.pl/q/d/?s=gdpysl.m> [Accessed: 13.06.2020].
- (www4) <https://www.biznesradar.pl> [Accessed: 10.05.2021].
- (www5) *Trendy w HoReCa na 2023: Cyrkularność i Budowanie odporności poprzez współpracę*, <https://www.horecatrends.pl/trendy/119/trendy> [Accessed: 13.06.2021]

ANNEX

Survey questions

Owners

1. **Has there been a decline in revenues over the past 12 months?** (single choice)
 - a. yes, above 75%;
 - b. yes, within 51% - 75%;
 - c. yes, within 25% - 50%;
 - d. yes, less than 25%;
 - e. revenues have not decreased significantly.

2. **What were the reasons for the drop in revenues?** (single choice)
 - a. closure of hotels and restaurants;
 - b. restrictions;
 - c. customers' fears of contagion.

3. **What did the owners consider as the most onerous during the pandemic?** (multiple choice)
 - a. the first wave of a pandemic;
 - b. insufficient state aid;
 - c. cost increases over the last 12 months.

4. **Was there any need for a reduction in employment?** (single choice)
 - a. No;
 - b. yes, by about 50%;
 - c. yes, above 50%;
 - d. I was forced to dismiss 100% of employees.

5. **What kind of government assistance did your hotel benefit from?** (multiple choice)
 - a. exemption from social security contributions;
 - b. downtime benefits;
 - c. subsidizing salaries;
 - d. co-financing of fixed costs;
 - e. cancellation of a loan from the financial shield;
 - f. extension of the financial shield program;
 - g. long-term loans with a state guarantee;
 - h. tax exemptions;
 - i. we did not benefit from state aid.

6. **How did the owners individually counteract the effects of the pandemic?** (multiple choice)

- a. limitation of working time;
 - b. reduction in rent and/or property tax;
 - c. lowering marketing costs;
 - d. reduction of fixed costs;
 - e. change of the business profile;
 - f. increasing prices;
 - g. change of PKD codes;
 - h. no such an attempt has been made.
- 7. How were losses minimized after the partial or complete lifting of the restrictions?** (single choice)
- a. the sale of take-away and room service;
 - b. receiving guests on a business trip;
 - c. admitting specific professional groups;
 - d. payment with a travel voucher.

Employees

- 8. How did you rate the level of employment during the pandemic?** (single choice)
- a. share of people who have lost their jobs;
 - b. share of people who moved to other departments or retrained;
 - c. share of people forced to take leave;
 - d. percentage of new people hired.
- 9. What was the most disruptive thing in work during the pandemic?** (multiple choice)
- a. wearing masks when serving guests;
 - b. checks on compliance with the restrictions;
 - c. extension of working hours;
 - d. fear of infection.

Guests

- 10. Most willingly chosen place of rest during the pandemic:** (single choice)
- a. a summer house;
 - b. a hotel;
 - c. a suite;
 - d. a guest house;
 - e. agritourism.
- 11. How did customers support the HoReCa industry?** (multiple choice)
- a. regular ordering of take-out food;

- b. spending holidays in Poland;
- c. ordering holiday meals;
- d. making fundraising contributions;
- e. more frequent hotel use;
- f. no support.

Zakończenie recenzji/ End of review: 09.06.2023

Przyjęto/Accepted: 20.06.2023

Opublikowano/Published: 27.06.2023