



# SEEKING SOLUTIONS

**A**s Covid-19 led to on-premise shutdowns across the U.S. in mid-March, restaurants and bars faced an unprecedented situation, and millions of hospitality workers were laid off. Jon Taffer, best known as the host of "Bar Rescue" on Paramount Network, watched the crisis unfold from his quarantine in Las Vegas, where the Strip was shuttered. "At the end of the day, the largest workforce in America suddenly was struggling for survival," Taffer said. "These are people who rely on tips, so it's a disaster for our industry."

Among the few lifelines for most on-premise operators has been the online space. "A lot of people have been doing cocktail parties online," Taffer noted. "It's been an opportunity for brands and venues to connect through content—people are

The biggest economic victim of Covid-19 has been the hospitality industry, which is now looking for a path forward

BY JESSICA BEEBE

can do," said Death & Co. co-owner and founder David Kaplan. "Crisis presents opportunity, and depending on who you are, each opportunity can look very different." Through its Instagram account, Death & Co. is offering followers Q&A

New York City's Dante (signage above) is one of countless venues that has had to adapt to the unforeseen Covid-19 crisis. Bars and restaurants across the U.S. began shutting their doors in mid-March, with many turning to takeout and delivery options to stay afloat.

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PHOTO BY ELLIOTT CLARK

opportunities with mental health professionals and lawyers while also using its online presence to promote its merchandise store, where consumers can buy Death & Co.'s coffee table book, apparel, barware, gift cards, and other items.

"We've been looking at every opportunity and using our creative team to figure out ways to reach people at home," said Paul Nance, director of hospitality operations at North Carolina-based Imagine One Hospitality, whose portfolio includes Café Rule & Wine Bar and The Crossing at Hollar Mill, both in Hickory. Café Rule began offering curbside service to guests' cars along with home delivery through DoorDash. Wine and food were being discounted by 20%, with a further 5% off for Café Rule wine club members. Also in the mix were craft cocktail ingredients to-go, with at-home consumers only needing to provide the base spirit.

"Beverage alcohol represents a huge part of our sales," Nance said. "We've received a Best of Award of Excellence from Wine Spectator for three straight years, and we're proud of that." Café Rule's meal delivery repertoire also includes four-course meals, with customers able to connect with friends online in a virtual dine-out. Nance hopes the idea will evolve to include other concepts, like in-home wine dinners, in the future.

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—John Taffer, host of "Bar Rescue"

San Francisco-based Sightline Hospitality, which operates The Halyard at Sound View restaurant in Greenport, New York, is offering virtual live-streamed cooking and cocktail classes, with a recent class featuring staff at The Halyard mixing gin drinks. "We wanted to maintain a connection with our guests and provide some programming so people could still enjoy us," said Sightline senior vice president of marketing Stephanie Versin, adding that The Halyard has been able to include its beverage menu in its to-go options.

Delivery, however, brings in only a small percentage of normal business for most restaurants and bars. "We switched to delivery on March 14, and it was slow going," said Sother Teague, beverage director and bartender at Amor y Amargo in Manhattan's East Village neighborhood, where the staff was reduced to three—a chef, a bartender, and a porter making local deliveries. The venue is offering pickup and delivery of barware, bottled cocktails, and bitters. Similarly, at Bar Avalon in Los Angeles, general manager and sommelier Nathaniel Muñoz was forced to let his staff go, leaving just himself and a chef who also runs takeout and delivery. But drinks are still on offer. "We have all our wines up on Caviar and Postmates," Muñoz said.

New York City-based Death & Co. (Denver unit pictured) has turned to the online space to remain connected to consumers, offering services through its Instagram account and promoting its merchandise.





North Carolina's Café Rule (interior left; *Imagine One Hospitality* director of hospitality operations Paul Nance below) offered curbside service to customers' cars, along with home delivery.

Another East Village cocktail bar, Mister Paradise, took a different route—temporarily turning itself into a liquor store to ride out the crisis. “Paradise Wines & Liquor” is open every Friday for delivery, with large-format cocktails, spirits, wines, and beers on offer. This way, the venue’s employees can remain on the payroll and the business can continue to make money. And Dante, in New York City’s Greenwich Village, is offering bottled versions of award-winning cocktails—as well as the full à la carte menu—for pickup and delivery.

But in some parts of the country, local laws took the beverage alcohol component out of the picture completely. Bayou Bakery, Coffee Bar & Eatery in Arlington, Virginia halted all beverage alcohol sales because taking them out isn’t permitted. “We’re down 85% in sales because we’re not allowed to sell drinks,” said chef-owner David Guas. “Saturday and Sunday were always our busiest days. We’d have 400-500 people each day, constantly serving Mimosas and Bloody Marys.”

## All Tiers Impacted

The shutdown of the on-premise also heavily affected the suppliers and distributors who skew toward that channel, forcing them to reallocate resources to the off-premise. While some of the bigger mass-brand companies do as much as 90% of sales in the off-premise, it’s a different story for artisanal spirits and fine wine marketers and distributors. “Some 57% of our business is done in the on-premise, and it’s been devastating,” said Rocco Lombardo, president of Wilson Daniels, speaking in mid-March. “We’re also going to have to find ways to support these propri-



etors who’ve been hurt,” he added, noting that Wilson Daniels has the financial resources to weather the storm. Wilson Daniel’s last year did \$85 million in revenue from its national import business and \$77 million across its distributor markets of New York, New Jersey, Connecticut, and Oregon.

Austin, Texas-based The Mark Wine Group (MWG) specializes in connecting high-end, independent wineries to its network of more than 150 national restaurant and hotel chain partners. The company has been trying to find new ways of getting its products to customers but has been hard-hit. Its president and founder, Mark Gmür, called the crisis a worst-case scenario, with expectations of 90% volume losses in the weeks and months ahead. MWG has been working

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with on-premise partners to pair its wines with their to-go and delivery options, and is

exploring online tastings as well. MWG moved total volume of 400,000 cases last year, offering 150 brands from 12 countries, with distribution in all 50 states through 14 national partners, including Southern Glazer’s Wine & Spirits (SGWS) and Republic National Distributing Co.

## Lending A Hand

With big retailers being among the few sectors of the economy to flourish in the pandemic, one major grocery player has reached out to help the beleaguered on-premise. Texas supermarket chain H-E-B has been aiding local restaurant operators with a program to sell their prepared meals in its stores. At press time, some 29 H-E-B locations throughout San Antonio, Houston, and Austin were carrying packaged, chef-prepared meals from five Texas restaurant operators: Max & Louie’s New York Diner and Rosario’s in San Antonio; Underbelly and Cherry Block in Houston; and Fresa’s Chicken in Austin. All proceeds from the program were going to the restaurants. Max & Louie’s owner Drew Glick said the initiative enabled

him to bring back nearly a dozen furloughed staff, and plans were afoot at press time to expand the program to other restaurants and H-E-B locations. H-E-B and its subsidiary Central Market are both MARKET WATCH LEADERS.

SGWS, meanwhile, has launched an online hub for its trade customers that provides resources for the hospitality industry amid the ongoing emergency. The website, Sgws.customer-care.com, is regularly updated and contains all the latest Covid-19-related developments, as well as updates on SGWS operations, frequently asked questions, and a list of sources related to financial relief, health and wellness, and federal and state-specific guidance for the hospitality industry's employers and employees. The site is designed as a one-stop shop for those impacted by the disaster, with a sign-up for email updates included. The company's e-commerce portal, Sgproof.com, is also available for online ordering and self-service.

Suppliers who work closely with the on-premise have also been getting involved. San Francisco-based importer and artisanal distiller Hotaling & Co. has been actively connecting with the bartending community, launching an online cocktail development program called #StirCrazy on its Instagram. Under the program, mixologists can earn \$200 for a stirred cocktail recipe developed with Hotaling products, with the qualifying recipes required to be easy enough for cocktail enthusiasts to create at home. "We're also creating virtual spirits education for the trade and consumers while they're at home," said Hotaling & Co. president and CEO Dan Leese. "We're doing Instagram Live interviews with our distillers from around the world, thereby creating educational content that will live on our website, covering topics like world gins and whiskies, as well as other categories in the Hotaling portfolio."

In another move, Deutsch Family Wine & Spirits' Redemption whiskey and Gray Whale gin launched a "virtual bar" initiative; they're hiring out-of-work bartenders for virtual shifts in which they create and submit original cocktails with Redemption or Gray Whale. Bartenders are paid \$350 for their shifts and are featured, along with their cocktails, on the brands' social media feeds.

Bars, too, are doing what they can to help out. The Wayland in New York City launched a program in partnership with Tanteo Tequila called Party In Place, which offers cocktail care packages for delivery. Each week, a member of The Wayland's staff shares a recipe for the initiative, making a cocktail in large batches on-site. A recent package included Tanteo Tequila, Margarita mix, and garnishes. Local bartenders whose jobs were impacted by the crisis were delivering the cocktail packages to customers in Manhattan and parts of Brooklyn, with 10% of the

proceeds donated to the Lee Initiative Restaurant Workers Relief Program, which provides dinners and essential supplies for out-of-work restaurant employees. "Party In Place is a way to bring some cheer into people's homes while allowing us to continue employing our staff and raise some money for hospitality workers impacted by this crisis," said The Wayland's owner and bartender Brian Hawthorne.

## The Path Forward

As for the future, Taffer has noted that it'll be a struggle for on-premise venues to reopen once the crisis comes to an end. The hospitality industry is "training-intensive," he said, and turning over staffs and reopening restaurants when everything gets back to normal won't be an easy feat. "You've got to over-staff, you've got to train everybody, get the kitchen cleaned up, get all new inventory, and have soft openings again," he added. "That's thousands and thousands of dollars." Taffer has predicted that 30%-40% of independent restaurants and bars across the country won't reopen, but he does think the crisis will bring some positive changes to the industry, especially in terms of cleanliness. "The restaurant of the future is going to look a lot more like an operating room," he remarked. "People will wear zip-up suits, head masks, and gloves. It's going to become standard in the restaurant environment."

For now, it remains difficult for hospitality workers to plan beyond the Covid-19 pandemic. "There's so much uncertainty with the timeline as to when and how we'll be able to reopen, as well as how our customers will feel about going out in public spaces, and economy-wise how people will be doing," says the Wayland's Hawthorne. "So, we're taking it somewhat day by day." Amor y Amargo's Teague added that the pandemic will certainly leave an imprint on the on-premise scene in the long run. "The bar and restaurant landscape in New York City, as well as the rest of the country, will look very different once the dust settles," he said.

And though suppliers are benefiting from the off-premise sales boom, they're deeply concerned about their on-premise customers. "What we've seen in past cycles, which weren't as widespread and dramatic as this one, is that our restaurateurs, who helped build so many of our brands, get hurt badly," said David Bowman, executive vice president of Jackson Family Wines. "We're trying to encourage people to think about the industries that have been heaviest hit—and in our world it's restaurateurs. So the first thing we're telling people is to buy food to-go from restaurants—as much as you possibly can." **mw**

David Fleming also contributed to this story.



*At Los Angeles' Bar Avalon (pictured), manager Nathaniel Muñoz is working with other local businesses to stay afloat. He had to let his staff go, leaving himself and a chef to run takeout and delivery.*