



ASSOCIATION FOR
HEALTHCARE
FOODSERVICE

COVID-19 IMPACT ON THE HEALTHCARE FOODSERVICE INDUSTRY

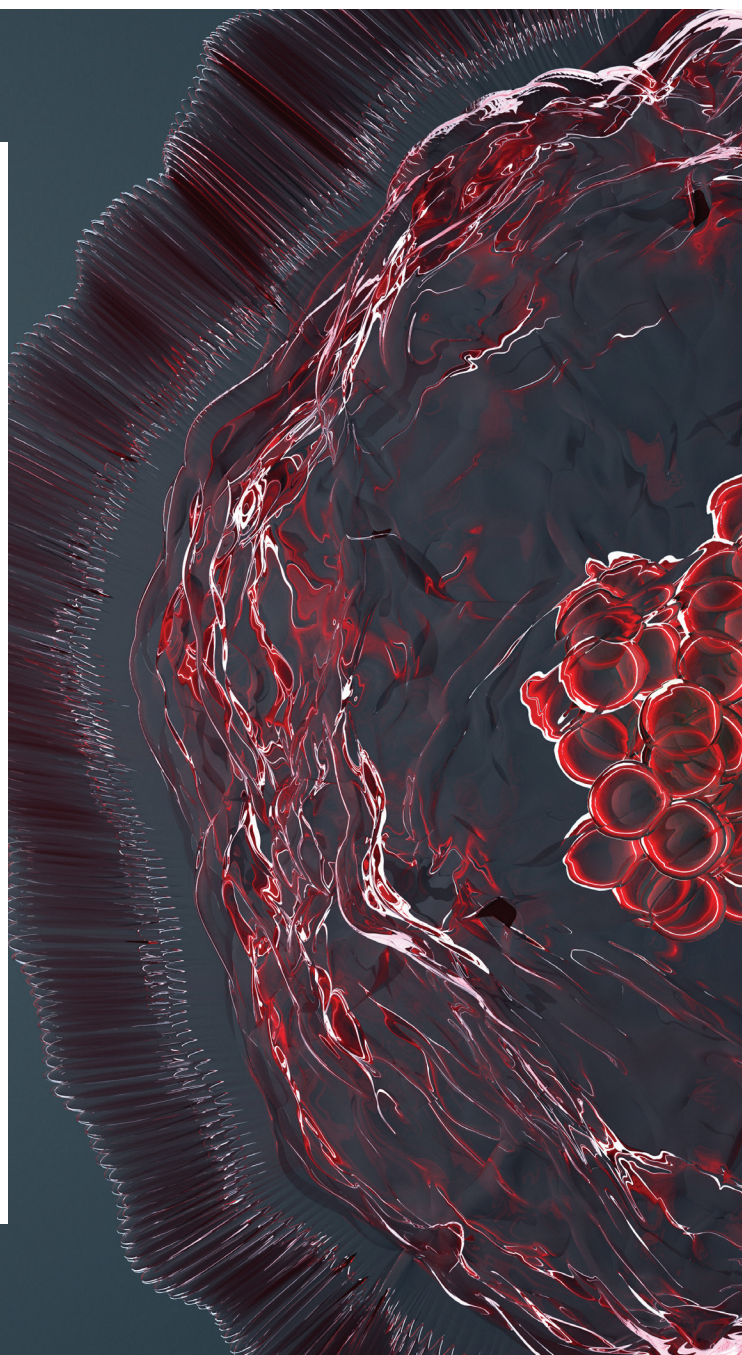
PREDICTIONS ON WHAT THE FUTURE
LOOKS LIKE FOR HEALTHCARE &
SENIOR DINING FACILITIES.

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The self-operated healthcare foodservice industry is resilient. For the past several weeks, AHF interviewed their members to understand the common challenges they faced as well as their strategies for navigating the COVID-19 pandemic. AHF brings members together by sharing those best practices and connecting them with suppliers who have access to high-demand items like PPE, disposables, and supplies. As we look to the future, members make predictions of what the “new normal” may look like and share what is likely to stay post-COVID.

1. SUPPLY CHAIN CHALLENGES

During COVID-19, operators have dealt with longer lead times and some complete outages of essential products. For a vendor partnership to work successfully, distributors and partners must be more transparent and communicate in real-time. We expect operators to continue to demand rapid supply chain updates, and that this will result in stronger long-term relationships with supply chain partners. It might also be necessary for operators to develop, build, and maintain secondary sources of food and supplies and encourage their Group Purchasing Organization (GPO) to do the same.

GPO's along with their distribution and manufacturing partners should look to create flexible terms for their clients that allows for supply disruption without penalizing for 'off branded' purchases that do not conform to a prescribed incentive formulary during this time. This increase in adaptability would allow inclusion of products commonly used in the other foodservice segments such as restaurant and retail. This would help to offset and avoid shortages, while helping distributors shed inventory from underperforming segments.

2. FOOD SHORTAGES & INCREASED FOOD PRICING AS A RESULT

Due to recent processing plant shutdowns, members are preparing for a potential shortage in meat supply. According to the U.S. Department of Agriculture (USDA) [April 2020 blog post](#), the U.S. agricultural market will remain well supplied and food will continue to be affordable. Unfortunately, the farmers that have been hard hit and suffered substantial losses, may decide to raise less livestock or plant fewer crops for the 2020/21 season. Some



other farms and farm business will fail. These factors will lead to increased food costs as the [Consumer Price Index for Food, March 2020](#), at home and away from home are showing annual increases of 2.0-3.8%. Consequently, operators should plan for menu shifts, as well as the possibility of using more plant-based proteins. The potential for shortages is great, and is not limited to meat, so we are advising our members to budget accordingly. Operators will need to develop and implement flexible menu systems that can incorporate short notice menu revisions so they can work with their vendors to work with what's available and they should condition their clientele to the possibility menu changes and possible price increases (retail). This is a great opportunity to test out limited time offers (LTO) in their operations and see if customers will change their buying habits. Flexible menu systems will also need to take into account dietary restrictions and allergens. Operators will also need to ensure that senior Administrators, CFO's and medical and nursing staff are aware of menu changes due to price increases and shortages on a timely basis.

3. SUSTAINABLE PACKAGING

Many operations have initiatives to minimize plastic packaging to reduce their carbon footprint. We will also see more items being individually packed with clean labeling. As we see with some commercial restaurant operations during the 'to-go' boom of COVID-19, the packaging that can take a full meal versus individual items will be a wise choice for our operators going forward. Multi-tasking a container, such as those mentioned in the BIZGO [December 2019 article](#), can generate ideas on how to save in purchasing, storage and use and these will become the norm. Operators will continue to stay the course with their sustainability efforts.



Tamper resistant packaging is an issue of growing concern. Operators who are temporarily unable to use china and flatware will need to develop and communicate new ways to reduce waste while using disposables.

4. DELIVERY & CONTACTLESS ARE HERE TO STAY

Residents of senior dining facilities have been adapting to door-step delivery services rather than communal dining. This modality may endure due to the convenience of dining in the comfort of their apartments, rooms, and homes. Not to mention, the fast service and option for it to be contactless. Acute care and senior dining might also see a trend toward delivery services for staff and residents in an effort to reduce (or close) retail services. This also could have a significant impact on retail sales and the revenue generated from these sales. Additionally, many employee/visitor foodservice operations may see a move toward grab and go with individually wrapped items and evolve into more of a convenience store concept providing other products.

Senior Living operators will need to incorporate these changes into their service models. Home delivery of meals, groceries and the like will become an expected value-added service in senior living.

Another concept we will likely start seeing more of is the food pick-up lockers to go with the mobile ordering concept. A [QSR Magazine](#) report predicts that in 2020 mobile orders will be 11% of all restaurant sales. Customers in our retail locations will likely follow this trend and even more so in the post-COVID-19 'foods to go' era. The pick-up locker makes it easier for customers to pre-order online, pick up at their convenience and remain contactless in the transaction. This allows staff members to focus on other areas such as visitors who are dining in.

5. ELIMINATING OR REDUCING SELF-SERVICE, SALAD BARS & BUFFETS

The self-serve model will be diminished or disappear due to increased risk of contact contamination. Fully stocked salad bars lend themselves to increased food waste due to fluctuations in volume over the course of a meal period. This will not be seen as a sustainable practice as operators face increasing food costs. Not to mention, the long-lasting effect of resident and patient perception that publicly shared utensils and exposed foods represent a clear and present danger to health and wellness.

In the future, we will see more made-to-order models. Small, possibly portable action stations will allow for customization and supports the individual customer experience that clients expect. Residents will want to see obvious sanitary and distancing precautions in place before becoming confident in the new service models.

Creative operators will find a blend between elimination and adaptation of new service styles that can augment a ‘full service’ approach. Having all venues be 100% served will not be in the labor models for most of our operators. Implementation of a SaniTzar™ within the operation would enhance the perception and allow for self-service to continue in some moderation.

In a recent AHF member survey, 96% of operators saw revenue reductions, with only 4% showing no change. 44.5% of respondents saw reductions of more than 50%.

6. INCREASED SANITATION PROCEDURES & SOCIAL DISTANCING

Food safety and sanitation practices will be top of mind for operators. Although COVID-19 is not thought to be transmitted by food, operators will need to promote high standards of food safety and sanitation practices because of public perceptions that COVID-19 is transmitted by restaurants. We have learned from the [CDC](#) that the virus is primarily spread from person-to-person and not easily spread from touching surfaces or objects. We are still learning how the virus is transmitted and encourage operators to keep their response plans flexible as we expand our understanding of how the virus is spread. In the hospitality world, this is what we do; serving food is by a person to a customer person. Therefore, increased practices of good [hand-hygiene](#), placement of hand washing stations and sanitizer units to be more visible in public dining spaces. Most of these practices are already required in most jurisdictions, however not always well practiced.

Points of common contact will be reduced or eliminated. Food safety, proper food handling and sanitation practices will be forefront in the customers mind. Operators will need to demonstrate their commitment to safety standards and prevention of common contact contamination. The concept of healthy eating will expand to a healthy and safe dining experience.

7. LABOR

Cross training staff has been critical during COVID-19. We will continue to see more of this worked into onboarding new employees and emergency preparedness plans. Because of the losses that many healthcare systems have sustained, there will be pressure to reduce labor costs which could affect both food service staffing and wage rates. The



short-term result being staff shortages. The longer-term outlook, as stated in this [April 2020 Forbes article](#), shows greater automation in performing tasks and jobs. The Post-COVID 19 workforce will learn and adapt to new technologies and function at a higher level than their predecessors. This presents opportunities for those operational leaders that can adapt quickly. Versatile, cross trained staff, who can provide food and service across multiple operational levels will become the norm.

In a recent AHF member survey, 22% of operators indicated retirement in the next 5 years.

Operators may face increased retirements from senior employees earlier than planned. Administrators should plan to review and update their succession plans and begin to train young professionals to take on senior positions.

8. EVALUATION OF THE WORK ENVIRONMENT & PROCESSES

The food purchasing, receiving, preparation and serving process will all need to be assessed and evaluated to ensure that services prevent the spread of disease due to person-to-person contact in addition to food borne sources. As an example, this would include employee separation on a tray assembly line, installation of sneeze shields in self service areas, and proper distancing in dining areas. Work area designs will have to be evaluated to incorporate physical distancing. Additionally, facilities will need to assess the status of their internal business and revise marketing and communication plans to recapture internal business from facility employees. During the crisis, the fundamental foot traffic patterns have been altered and facilities need to assess their new patterns and adjust accordingly.

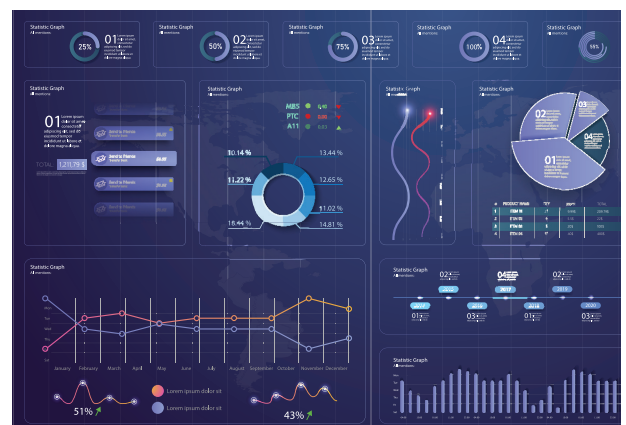
9. TECHNOLOGY ADVANCEMENTS

Self-operators anticipate that operations will need to increase the incorporation of modern technology into their daily operations. Many operators have switched to cashless transactions during COVID-19 and predict that this will become normalized as a means to avoid multiple points of contact.

The industry will begin to see innovations as it related to robotics, automation, and self-ordering as suggested in this [Food Management article](#). The article references that about half the activities that human workers currently perform could be replaced by automated technologies, freeing up the workers time to focus more on revenue generating sales. Additionally, the 2020 Consumer Electronics Show (CES) had a host of technology that is already deployed in some operations. Here is a link to an article highlighting [five noteworthy innovations](#) that will impact the future direction of the foodservice industry.

Hands-free vending, drive thru ordering using QR codes, and cashless payment through mobile ordering will become the norm. With wireless signaling and payment, no one should have to touch vending machines or make physical contact with servers or cashiers at C-stores or coffee shops.

Another emerging product the industry will see more of in the marketplace is the vending machine, reimagined. We have seen healthy offerings like salads being dispensed from a vending machine and predict that more and more healthy options will be served in this manner.



AHF members and staff are continuously on the fore-front of operations during unique events and in normal operational times. We are committed to revisiting the suggestions and predictions in the near future to see how our industry has adapted. We would welcome any new ideas or thoughts as we move into the 'next' normal of operations.



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AHF is the premier national association representing the self-operated foodservice industry in healthcare, senior dining, and related industries.

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