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Hospitality Management 25 (2006) 3–11

International Journal of
**Hospitality
Management**

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Discussion

Crisis management and recovery: how restaurants in Hong Kong responded to SARS

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Abstract

The 2003 Severe Acute Respiratory Syndrome (SARS) outbreak constitutes an example of the many crises that a restaurant may encounter. This article reviews a typology of crises, examines the crisis response of restaurants in Hong Kong, illustrates how local restaurants deal with this unprecedented situation and develop strategies for management and recovery. The lessons and experience gained from dealing with the SARS crisis serve as references for restaurants in other destinations when they face similar crises in future.

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Keywords: Crisis management; Hong Kong restaurants; Recovery; Response to SARS

1. Introduction

Restaurants in Hong Kong have already been put under great pressure to survive in the harsh market environment resulting from the Asian financial crisis of 1997, but the Severe Acute Respiratory Syndrome (SARS) outbreak in March 2003 was a death sentence to the industry. The SARS epidemic has affected nearly 8588 people and killed 724 worldwide. Hong Kong people were afraid of venturing out to crowded public areas and shopping malls, causing a significant drop in business for restaurants. By any measure, business levels were a far shot away from the levels prior to SARS. Chinese restaurants where people eat family style from shared

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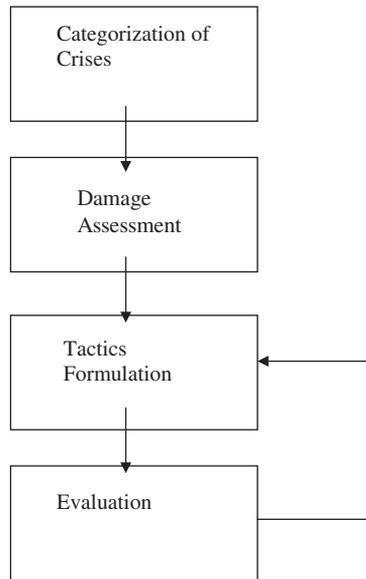


Fig. 1. Crisis management procedure.

platters of food in a crowded environment were the worst affected having lost as much as 90% of their business since the outbreak began (Geoffrey and Prystay, 2003). This reveals vulnerability in the catering industry's ability to respond to crisis, especially epidemics like SARS that spread panic and disrupt the everyday activities of the people. However, some restaurants have managed to stay afloat, with some even turning a little profit. By studying the crisis response of these restaurants, we can formulate a crisis response and recovery plan to serve as a future reference for other restaurants facing similar disasters.

Following Stafford et al. (2002), we propose in this paper a four-step crisis management procedure to deal with crises like SARS. Fig. 1 shows the four steps in the process. Step one is categorization of crises in which restaurant managers should classify the crisis they are dealing with into one of the seven categories outlined in Table 1 below. Identification of the crisis type is important because it helps managers find the appropriate measures to keep the crisis under control. Next, the extent and type of damage is assessed, and then tactics are formulated and implemented to combat the crisis. The last step of the crisis management process is to evaluate the effectiveness of the recovery strategies using a feedback loop that enables managers to refine the tactics until the crisis is brought under control.

2. Categorization of crises

Crisis is defined as a low-probability, high-impact event that threatens the viability of the organization, and is characterized by ambiguity of cause, effect, and means of

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