

HKBM 7009 GLOBAL BUSINESS CHALLENGES

CATERING CHALLENGES

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Analytical Report –Strategies for sustainable development of a Business Enterprises in the
Hong Kong Tourism Industry during Corona Virus outbreak 20/02/2022

Contents

1.0 Introduction	2
1.1 Research Motivation.....	2
1.2 Research Framework.....	4
2.0 Company background.....	5
2.1 Company profile.....	5
2.2 Cost structure.....	5
2.3 Revenue structure	7
3.0 The Company' current business performance.....	8
3.1 External business environment.....	8
3.2 Internal business environment.....	9
3.3 A summary of the Covid-19 impact on the company's profitability.....	9
4.0 Analysis and discussion	10
4.1 Identification of the major challenges.....	10
4.2 Strategies to ensure business continuity under the Corona Virus outbreak.....	12
5.0 Conclusion and Recommendation.....	14
References	15-16

Strategies for sustainable development of a Business Enterprises in the Hong Kong Tourism Industry during Corona Virus outbreak

1.0 Introduction

This assignment will mainly focus on how the catering industry as one of the business enterprises in Hong Tourism Industry is being seriously affected by Corona Virus and how can they develop new strategies and capabilities aiming to be sustainable to minimize the loss and survive during the course of Corona Virus outbreak and be prepared to rebound for growth after passing the end of tunnel of Covid-19.

At the beginning of the Covid-19, the tourism, leisure, catering, and aviation industry was hit hard enough by the industry. Then, in May 2020, the epidemic was tested, and the government adopted was more strictly controlled, and the impacts to various businesses in particular of those chained in the Hong Kong Kong tourism industry was even stronger and serious. Following the government further prohibits dining in number of people by keeping social distancing and people are becoming more afraid to go out for travel, resulting in a significant reduction in the revenue of the tourism and catering industry, the salaries of employees and shop rents must be borne. This results in lots of closure for the restaurant.

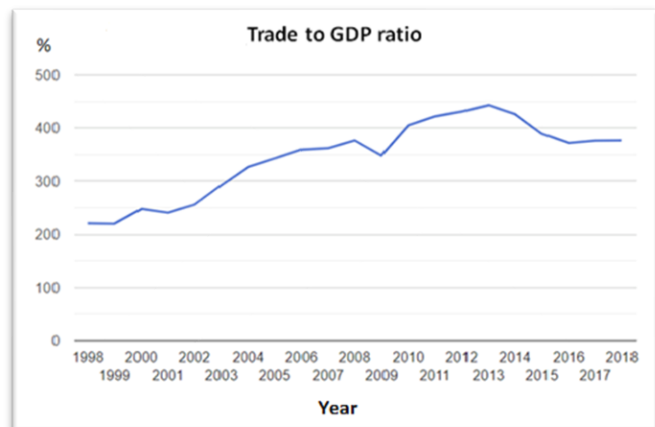
The closure of the restaurants has not only affected the whole catering industry but also has led to rise of unemployment and decline of the Hong Kong economy. As the epidemic continues to become worsen, it is needed for the restaurants to find out glimmer of solutions to maintain a sustainable development in the industry.

1.1 Research motivation

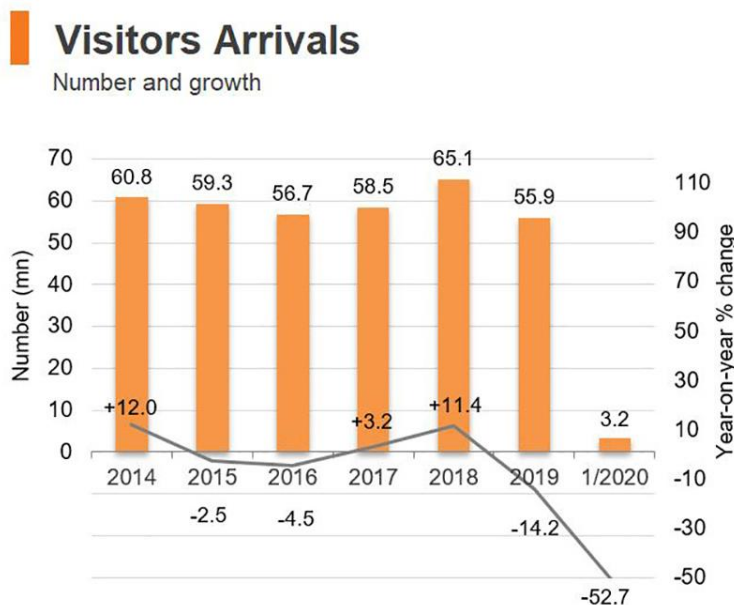
Before exploring the development of new strategies in catering industry, we should first find out how Corona Virus outbreak has affected the whole Hong Kong economy. Since end of 2019 and in the first half of 2020, the catering industry was seriously affected by the wide spread of Corona Virus outbreak globally, the public was reduced going out, and well-known or time-honored restaurants have changed their business hours and some have been even shut.

This assignment will select Maxim's Group as the company to explore the effect of Corona Virus outbreak. Further research results will be shown in the next section. As we all know, Hong Kong has an open and externally oriented economy. Under the Basic Law, Hong Kong pursues a free trade policy that guarantees the free movement of goods, intangible assets and capital.

Referring to the chart below, in the past 20 years, Hong Kong's total trade value (total value of exports + total value of imports) has been more than double the GDP, with the highest peak of Trade to GDP ratio hit in 2013.



However, after the impacts of Covid 19 pandemic, it had brought a big drop towards the Hong Kong economy. According to the graph below, we can see a significant drop of the number of foreign visitors coming to Hong Kong.



Furthermore, in Feb 2020, the Education Bureau has decided that all schools will continue to suspend classes. The specific resumption date is subject to further evaluation. For the adults, more and more the government policy of banning dining-out and school suspension companies were providing work from home policy. These result in high number of citizens decide to work from home (WFH) rather than go out. Lower amount of expenditure in catering industry has been resulted. The Hong Kong catering industry have been hurt even more ever since the government has announced that no dining-in is allowed after 6:00 pm in Feb 2020. This have given a big hit towards all the Hong Kong restaurants. According to one of the restaurant owners in Sham Shui Po, he said that when dine-in is open, business can be done at more than HK\$8,000 a night, but

only by takeaways, the income is only about HK\$1,000 a night such that he can't even be affordable for the basic rental cost of the restaurants (禁晚市堂食 食肆無奈提早拉閘, 2022).

According to the survey of Hong Kong University, starting from 2019 there are more than 94% of the catering companies surveyed have their dine-in services affected. Among them, 69% of enterprises have reduced the number of dine-in customers by more than 80%. There are 65% of interviewed companies claims that they have strengthened cash flow management to cope with the epidemic. The interviewed catering companies have pointed out 3 major issues about the pandemic of Corona Virus which includes:

- Payroll costs
- Cash Withdrawn
- Rental cost

About 80% of the surveyed companies lowered their outlook for future performance, and more than half of the surveyed companies lowered their original 2020 performance outlook by no more than 50% under the impacts of the Corona Virus. From the above, we can see that the Corona Virus outbreak has deeply affected the Hong Kong citizens about their demand and expenditure of going out. The threat of Corona Virus pandemic brings inbound tourism to a standstill and hits consumption hard.

The above tells in one of the 3 research questions to be set below for how serious the impacts have the Corona Virus pandemic bring to economy of Hong Kong in particular of the catering industry.

1.2 Research framework

The assignment will review the influence of Corona Virus on the amount of spending on catering industry. It is important to identify a global business challenge for the selected company. It is needed to form an economic analysis for them. Then, recommendations will be provided to enhance sustainable development for the business enterprises. The main focus is to analysis the impact for the restaurants of no dining inside. A systematic review of catering industry articles focusing on responses and changes implemented by the restaurant industry due to COVID-19 restrictions resulted in three overarching themes. This assignment will base on 3 research questions.

1. How serious the impacts have the Corona Virus pandemic bring to the catering industry?
2. What changes have the Corona Virus outbreak bring?
3. How can Maxim's Caterers react to plan for a sustainable long-term business performance to survive under the Corona Virus pandemic?

2.0 Company background

Dairy Farm is a well-known local international retail and catering company, and is also the main stakeholder of Maxim's diversification. The company operates as a subsidiary of Dairy Farm International Holdings Ltd. Maxim's Caterers is headquartered in Quarry Bay, Hong Kong. Maxim's Group which holds 50% of the Dairy Farm shares is one of the biggest companies in Hong Kong catering industry.

It was founded at 1956. They are a well-known Hong Kong based food and beverage group that has a history of nearly 65 years and employs about 20,000 people in Hong Kong. Geographically, the company operates in Hong Kong, China and Vietnam through company-owned and franchised restaurants. The company is a subsidiary of Dairy Farm International Holdings Ltd. Maxim's Caterers is headquartered in Quarry Bay, Hong Kong.

2.1 Company profile

Maxim's Group are a monopoly in the catering industry consisting of Chinese, Asian and European restaurants, fast food restaurants, bakeries, Starbucks coffee shops, Donghaitang, Japanese restaurant chains and institutional catering, while offering a range of festive products, including the award-winning HONG KONG MX mooncakes. Some of their local famous brands include Spaghetti house and Oliver's Super Sandwiches etc (Hidden Hong Kong: A history of local Hong Kong dairy farms, 2021). Its restaurants are open every day of the year and offer online reservations, dine-in or takeaway services. The restaurant is richly decorated and offers comfortable seating arrangements. In addition, it provides contract catering services to businesses, offices, industry, hospitals and schools. It also provides catering services for a variety of private and corporate events. However, due to the Corona virus, the related business of Maxim's Group has suffered a loss of about USD 13.2 million in the first half of 2021.

2.2 Cost structure

Maxim's Group has a wide range of businesses, including Chinese food, Western food, Asian food, fast food, bakery and institutional catering. The group also offers a range of festive foods, including Maxim's mooncake is the first of the three mooncake brands. The Group is also responsible for the internationally renowned brands such as Starbucks and ShakeShack which operates franchising activities in different regions.

Large amount of physical stores still results in large amount of fixed cost like rental cost, depreciation and interest payment which all shows substantiate increase y-o-y from 2019 to 2020. About the part of variable cost, as the Maxim's Group vision and mission aims to dominate the whole world catering industry, a high amount of physical stores exist in worldwide.

This implies high fixed but decrease in trend in variable cost y-o-y in percent as revealed in the Maxim's Group cost structure. Below is the table where I have conformed a cost structure by comparing the annual report of Maxim's Group in 2019 and 2020.

Cost structure by comparing the annual report of Maxim's Group in 2019 vs 2020	2019	2020	y-o-y (+/-) in %
Fixed cost (%)	52.7	58.4	+10/82%
Rental	23.2	25.6	+10.34%
Food cost	20.6	23.8	+15.53%
Depreciation expense	5.7	5.9	+7.40%
Interest payment	3.2	3.1	-3.13%
Variable cost (%)	47.3	41.6	-13.70%
Labor	42.6	37.4	-12.20%
Electricity	5.3	4.2	-20.75%
Total cost (100%)	100	100	

From the table above, we can still see that the significant increase in fixed cost and decrease in variable cost. Due to the Corona Virus pandemic, the fixed rental and food cost still remain high comparing with other costs in the cost structure. Obviously, we can see the Maxim's Group has adopted various cost initiatives to cut the variable costs instead and in the part of labor cost and electricity cost which means some of the physical stores has been shut down and some of the workers have been fired due to the collapse of economy (Will Maxim's Impact Dairy Farm's Business, 2022).

In addition, facing the problem of rising food cost, Maxim's Group has reduced the purchasing amount of raw materials from Mainland instead they have increased the proportion of purchases from overseas markets such as Brazil, Argentina, Australia and Thailand to reduce the impact of rising food costs in the mainland. In some cases, sourcing lower-cost food materials overseas can even offset shipping costs. The proportion of the Group's procurement in the mainland has dropped from about 50% to about 30%.

2.3 Revenue structure

Maxim's Group has a wide range of businesses. This means that they are able to satisfy diversified types of customers of different cultures from Chinese food to Western Food and more. According to the Census and Statistics Department of the Hong Kong Special Administrative Region Government, the total revenue of restaurants in Hong Kong (including restaurants, fast food restaurants and bars) in 2018 was HK\$119.6 billion. Maxim's Group does have some operations in Macau, Malaysia, Thailand, Vietnam, Cambodia, Singapore and mainland China. No geographic breakdown was available, but based on the group's website, we assume about 80% of the turnover, or HK\$16.2 billion, is still in Hong Kong. This would give Maxim's Group a 13.5% market share in Hong Kong restaurant's revenue. In other words, about HK\$1 of every HK\$7 restaurant dollars goes to Maxim's Group. This means that Hong Kong citizens spend about HK\$44 million a day at Maxim's, or about US\$6 per citizen per day. Despite Maxim's Group is considered as a giant in Hong Kong catering industry, their profitability is showing signs of deteriorating starting from 2017.

The problem is mainly due to the rising cost. Although Maxim's Group has invented robotic automation since 2015 in order to cut off some of the labor cost, its bigger cost threat comes from the rising of rental cost in Hong Kong. According to the annual report of Maxim's Group, the rental cost in 2017 is more than 200% higher than the rental cost in 2014. This situation has thus slowed down the profit growth of Maxim's Group and has continued in the next few years. Starting from Corona Virus outbreak in 2019, they have even suffered a big drop in profit margin. According to the annual report of Maxim's Group, Maxim's Group has reported sales of total US\$2.1 billion 2020, while the global pandemic has led to a significant drop of 24% and 28% total sales compared to 2019 and 2018 respectively (Ar2020 dairyfarmgroup, 2022).

Below is the image of Maxims group profit and loss table, as the company contain several categories of business. Most of the other categories like retailing and convenience stores has suffered a 20-30% loss. However, focusing on the restaurants category, we can see that Maxim's catering has suffered US\$3.9 billion loss in just half year between 2020 and 2019 (edigest,2022).

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
<i>Analysis by operating segment:</i>				
Food	11,550.4	9,955.1	3,812.1	3,758.1
- Grocery retail	10,480.8	8,820.9	2,809.2	2,676.8
- Convenience stores	1,069.6	1,134.2	1,002.9	1,081.3
Health and Beauty	1,248.8	1,793.1	1,038.4	1,632.0
Home Furnishings	389.4	370.7	389.4	370.7
Restaurants	873.3	1,230.3	-	-
Other Retailing	485.3	432.3	-	-
	14,547.2	13,781.5	5,239.9	5,760.8

3.0 The Company's current business performance

The pandemic of Corona Virus continues to affect the Maxim's Group business performance and so forth serious to other caterers in the industry. Due to government's adoption of epidemic prevention measures, the flow of people in brick-and-mortar restaurants has dropped significantly. Although Maxim's business has lost US\$13.2 million in the first half of 2020, it was significantly narrowed from a loss of US\$25 million in the same period in 2021. We can see Maxim's performance of the catering business in China and Hong Kong improved significantly. However, looking at the data of Maxim's Catering in 2019, it is still far from the performance before the epidemic. The group has recorded a profit of about US\$815 million in 2019.

3.1 External business environment

The global pandemic has led to a significant reduction in customer visits at Maxim restaurants and has resulted in some temporary closures and adjusted hours as the measure of the government to keep social distancing. Maxim's Group is aimed to commit to its multi-brand strategy despite challenging trading conditions. The global pandemic has led to government's further restrictions on movement and social distancing measures, resulting in a significant reduction in customer visits to Maxim restaurants, as well as some temporary closures and adjusted hours. According to the annual report of Dairy Farm, Maxim has reported the sales of 2020 is HK\$2.1 billion, which has been reduced for 24% from the previous year. It is reflected that a weak sales performance led to a sharp drop in profitability, and the Dairy Farm's share of Maxim's profit has fell by \$46 million to \$36 million. Maxim's profitability was supported by strong cost control, lower rental expenses and government support during 2020.

Socially, Maxim's Group is promoting the concept of 'not to waste food' (Maxim's Group on a mission to donate excess food to needy, 2022). They are willing to donate all the unsold food products to the citizens who need the food. Apart from donating food to the needy, Maxim's Group has also decided to donate 200,000 face masks and 65,000 meal vouchers to various groups and vulnerable groups in the city throughout the Corona Virus outbreak. Furthermore, the Maxim's Group has launched a HK\$120 million "Heart Gives Back" programme in Hong Kong, including donating 1 million cash vouchers and 1 million meal vouchers to the needy in Hong Kong. They have been working with more than 250 charitable partners, which has helped to identify 250,000 beneficiaries of voucher donations. The program also includes donations of up to HK\$5 million by matching donations made by our customers through our "Yuu Give-Back" program - a voluntary donation feature launched on the Yuu app. We can see that even under the Corona Virus outbreak Maxim's Group are still taking care of the needy in Hong Kong and keep on contributing socially.

3.2 Internal business environment

Despite a challenging trading environment, Maxim's remains committed to its multi-brand strategy. During 2020, Maxim's Group has announced an expanded partnership with Shake Shack in China. The first store in Beijing will be opened in 2021, and more stores are planned in southern China, including Shenzhen, Guangzhou, Fuzhou and Xiamen. Maxim's Group has also secured a franchise for Starbucks in Laos, with the first store scheduled to open in 2021. Maxim's Group now has Starbucks franchises in seven regions. About the labor management, Maxim's Group has suspended the "Internship Management Program" in 2020 due to the epidemic, this is a program which mainly focusing on hiring fresh graduate talents and to let young people work in their favorite positions and choose the working environment they want to stay in. It includes frontline Operations, food R&D, supply chain and human resources. Maxim's group wants to let young people know that the catering industry is worth developing through the project. At the same time, Maxim's Group has decided to layoff over 100 workers in some of the restaurants under Maxim's Group in order to reduce the operation cost. In addition, some of the workers have been forced to have one week no pay leave per month according to the news (on.cc,2022).

Technologically, Maxim's Group has developed e-commerce to improve the speed of data processing. They chose Oracle Cloud Infrastructure (OCI) as the software to ensure a better business continuity for their mission-critical applications. With Oracle Cloud VMware Solutions (OCVS), Maxim's Group will be able to quickly, efficiently, and securely scale its IT infrastructure on-demand with no up-front capital expenditure (CAPEX) to meet changing business needs. By being able to securely move data back and forth between its on-premises systems and the cloud, Maxim's will be in a better position to reduce the impact of any IT system outage on its business and its customers. The company can also use the new capabilities to free up computing power to develop and test internal applications to help improve the group's efficiency and provide customers with new options for online ordering, in-store ordering and home delivery.

3.3 A summary of the Covid-19 impact on the company's profitability

To summarize the above, we can see that the Corona Virus outbreak has brought different kinds of impact towards both the external and internal business environment. It has brought a big cash flow pressure towards the Maxim's Group catering business. As business has been affected, so has the income of restaurant workers. This had created a big financial stress towards every worker in catering industry. The customer number is also declining due to the government restrictions.

With a smaller number of people are gathered under the rules, it will bring a sharp drop towards the restaurant revenue, many consumers have become more conservative than before. Instead, the demand for delivery and distribution becomes higher.

4.0 Analysis and discussion

With social distancing rules in place and restrictions on eating out to stem the spread of COVID-19, food retailers have been forced to reshape their business models to maintain cash flow. From restaurant kitchens turned bakeries, to bar homes serving drink packs, and takeaways turning to food apps, many are gearing up for future trends by stepping up to connect with customers and tap new needs (PODCAST: How COVID-19 is inspiring new ideas in food retail, 2022).

The speed of the Corona Virus outbreak is forcing retailers and landlords to think quickly about how to adapt to these new norms, the catering industry has already affected by evolutionary pressures including e-commerce, increased urban living, and changes in shopping and social behavior. Maxim's Group need to have a strategy to navigate the new economy. They need to be flexible about all health advice and options. Some restaurant companies in the world have already expanded their normal operations to accommodate takeout and delivery options for the public. Maxim's Group need to conduct market research to determine if this approach is right for them. They should also keep in touch with their usual customers.

Answerable to research question 2, the Corona Virus outbreak has not only brought negative impacts on Hong Kong catering industry in the short term, but this threat can also be considered as a business opportunity to take advantage of new possibilities for Maxim's Group in the long term.

How can Maxim's Caterers do to sustain a long-term business performance with strategies under the Corona Virus as set in our research question 3?

4.1 Identification of the major challenges

First, about the costing challenge, transportation is being affected by Corona Virus pandemic since most of the developed countries have to protect the citizens safety by reducing the amount of flight according to Mahnken (2022). Under the government policy, many countries in the world including Hon Kong have imposed different entry control measures, which directly impacted the international trade business, resulting in a decline in international trade demand, some orders may face the risk of cancellation, and the import and export of various commodities such as bulk commodities, containers and oil products will be affected.

Under the circumstance that the demand for freight and passenger transportation has dropped sharply and the supply of transportation capacity is oversupplied, the expected income will drop rapidly, but shipping companies and airlines still need to pay high rent, interest, wages, maintenance expenses, etc. The operation cost for Maxim's Group will face a huge loss pressure. Shipping goods may face stricter inspection and quarantine, adding additional time and capital costs, resulting in increased costs and decreased profitability of shipping companies. This situation has decreased the supply of food raw materials. As I have mentioned above,

Maxim's Group has deeply relied on purchasing raw materials from developing countries like Brazil, India etc. Under the Corona Virus outbreak, the food raw materials from the developing countries will no longer be cheap (Foodie Hong Kong, 2022). The food cost will rise since the supply has been decreased and the demand for Maxim's Group remain unchanged. That means even the pandemic has not affected Maxim's Catering restaurants much, the variable cost for the restaurants is still higher than the past.

The health crisis has had a major impact on economic life and the labor market. Lockdowns and other health-related measures have meant business activity has slowed. People have lost their jobs, hiring may be cancelled or frozen, the unemployed may take a break from their job search for family reasons, and the employed may have reduced hours or simply stopped working for a period of time. We can find out that the unemployment rate in catering industry will be significantly higher due to the government. As mentioned above, the Hong Kong government have banned dining inside the restaurants after 6:00pm. This affects the restaurants that the main dining income come from takeaways and delivery food without the need of providing food services. In this case, it will be a waste of hiring a large number of waiters inside the restaurants. The restaurant will cut their cost by reducing the amount of variable cost (labor cost) to maintain profit.

Second, about the pricing challenge, COVID-19 has caused consumer demand to shift from restaurants or food service to take away the food and eat at home, this requires significant changes to how the food supply chain operates. As the COVID-19 pandemic accelerates, sales of takeaway food (consumed at hotels, restaurants, eateries and cafes) plummeted. Restaurant bookings fell sharply in early 2020, falling to almost zero as lockdown measures were implemented. In this situation, food delivery become the main source of income for the restaurants. Delivery apps like Foodpanda, Deliveroo has become more and more popular than the past. Deliveroo has conducted a survey of its 6,500 restaurant partners since the Corona Virus outbreak and found that sales generated by the online channel have grown substantially, from 15-25% before the crisis to 50% or more. We can see the above situation will continue until the Corona Virus outbreak has come to an end. With the increasing number of food delivery or takeaway food, the restaurant may be able to earn a short-term respite. However, it's still unable to cover the loss especially the big brands like Maxim's Group. As mentioned above, Maxim's Group is a brand which had been dominating the whole Hong Kong catering industry for decades, their brick-and-mortar store are built all over in Hong Kong. With the decrease of citizens dining in, it means that the brick-and-mortar store are still operating but their main income comes from food delivery and takeaways. Their competitiveness will be sharply reduced.

Under the pandemic, the whole world has introduced entry restriction, this has hurt the tourism industry a lot. As we all know, Hong Kong is a food paradise. Not only contain both Chinese and Western culture, but also many other food cultures. Many tourism attractions in Hong Kong are basically some of the restaurants in Hong Kong. According to the latest visitor arrival figures of the HKTb in February, the average daily visitor

arrivals to Hong Kong has dropped to about 3,000 (Bochk.com. 2022). This has deeply affected the revenue towards the catering industry.

Third, about the market share challenge, Corona Virus outbreak has brought a huge impact towards Maxim's Group. According to the annual report of Maxim's Group, the turnover amount has been dropped by US\$6 billion dollars and more than 40 physical stores have been shut down. Although the profit has been dropped, Maxim's Group restaurants are still one of the largest companies in Hong Kong catering industry. However, we can foresee that they may have the chance to be replaced by the competitors in the online delivery. According to Deliveroo's survey, it was found that the most popular takeaways last year were Tenren Tea's 913 Tea King. Other popular foods include Moss Burger's premium Wagyu beef burger set, McDonald's McFried Chicken, and Wen Kee Cheese Noodles and Cheung Hing Kee Shanghai Fried Buns. These are the restaurants which is not under Maxim's Group therefore we can see the threat that their restaurants may have the chance to be replaced in online delivery market.

Overall, we can see the huge impact of the Covid-19 towards Hong Kong Maxim's Group. Externally, online delivery has become a mainstream for the catering industry. People are more willing to stay at home instead of going outside due to the pandemic health threat. Under the Corona Virus outbreak, it has affected the whole world. Much smaller number of visitors has caused a huge loss towards the restaurants under Maxim's Group. Internally, the food raw material cost has been risen. Therefore, Maxim's Group have decided to cut the labor cost and determine not to consider renewal for some branches in order to minimize the loss.

4.2 Strategies to ensure business continuity under the Corona Virus outbreak

It is intended to find out more solutions and strategies how Maxim's Group to sustain the development for the Hong Kong restaurants. In short term, online marketing is a must to develop in order to sustain the business development in the future. Since Maxim's Group consist of many types of restaurants, we can divide them into low consuming restaurants and high consuming restaurants. For the low consuming restaurants, they can consider partnership with FoodPanda and Deliveroo, which is the two biggest food delivery apps in Hong Kong. In order to outstand throughout all the restaurants, Maxim's Group should consider about the packaging of the takeaway food. It is important to provide a dining in experience while the customers are ordering delivery food. One of the most important things is the food temperature. According to a survey made by FoodPanda, they have asked 2500 users about what is the most important and considerable thing for delivery food. The taste and the temperature of the food has become the first and the second priority for the customers. In order to provide the best eating experience towards the customers, the low consuming restaurants should avoid some of their online orders which require more than 1 hour delivery time. This can ensure that customer can enjoy their food experience. For the high consuming restaurants, it is impossible to provide high quality food services in online delivery. To compensate, the high consuming restaurants can provide their delivery

food on a relatively lower price or provide commemorative dining utensils which is not one-time use to the customers. However, developing food delivery is always considered as a not environmentally friendly action. In 2018, there is an estimated for 2,025 million of takeout containers in Europe before the outbreak of Corona Virus. These takeout containers are deemed unrecyclable. About 29% of greenhouse gas emissions come from food takeout according to Wolf and Wolf (2022). Under the pandemic, the volume of online delivery and takeaways food must have increased. According to the survey made by Fast Company in 2020, taking the United States as an example, food and packaging waste accounts for 45% of the country's total waste; EPA data also shows that Taiwan's paper container recycling volume in the first half of 2020 alone will reach 73,863 metric tons, nearly three times more than the 28,000 tons in the same period last year (businessweekly, 2022). We can see that the emerging business model of "delivery" has become a new source of waste production. Although online delivery had brought a lot of damage towards the environment, this is the global trend in the future. Maxim's Group should consider about the environmentally friendly sectors while developing the online delivery and takeaway food.

In long term, hiring young talents to nourish maybe a good way ensure a sustainable business in the future. Although the Corona Virus outbreak has been lasted for 3 years, the pandemic is still uncontrollable but it will still come to an end. To sustain the catering business in the future, Maxim's Group can hire some young talents in a relatively lower salary while cutting the labor cost. They can be considered as a long-term asset for the restaurants. In recent years, there has been a shortage of kitchen chef, there are fewer and fewer young people willing to enter the catering industry. The aging problem inside the kitchen is serious (JobsDB Hong Kong, 2022). This pandemic maybe a good opportunity for the Maxim's Group restaurants to revolutionize the entire kitchen by giving the young talents who are interested in entering the catering industry. As we all know, the salary in catering industry is calculated by seniority. Hiring young people to join the restaurants will not affect the variable cost by much. Under the Corona Virus outbreak, the working volume for the restaurants will not be that high as before, the restaurants of Maxim can take the time to train the youngsters. When the Corona Virus outbreak finally come to an end, the young people can take on more responsibility while they can avoid facing the aging problem inside the kitchen. It is argued that it is not worth to train the youngsters under the Corona Virus outbreak since it will only bring an even larger financial pressure towards the company. According to the survey conducted by Hong Kong University, most of the internship program in Hong Kong is around HK\$10,000-HK\$16,000 per person. Under the Corona Virus outbreak, Maxim's Group is already suffering a big financial stress. They are required to cut the relevant cost in order to continue to operate and it needs a long time for the young talents to develop. Although developing young talents is considered as a long-term gamble, it is still worthwhile to complete. It is claimed that the young people in Hong Kong have generally improved their academic qualifications. With these new generation of young people enter the catering industry, they can bring new ideas to the industry, such as making changes in structure and operation (Jump.mingpao.com, 2022).

5.0 Conclusion and Recommendation

Since the beginning of 2020, the COVID-19 outbreak has severely disrupted activities related to consumption and tourism not only in Hong Kong but globally. The foodservice activities industry was one of the hardest hits that Corona Virus pandemic bring. From the above, it is shown that the catering industry has suffered a huge loss while they are required to cut the variable cost in order to continue to operate. On the other hand, new business opportunity of online delivery has been introduced towards the public and these are one the changes in research question 2 and analyzed in section 3.0 that the Corona Virus outbreak alternatively brought for new opportunities. Therefore, Maxim's Group restaurants should consider addressing research question 3 as analyzed in section 4.0 including but not limited to pull more resources to develop online delivery food and ensure the food quality can be as close as the customers were dining in. In addition, hiring young talents can sustain the business development for the company to rebound until end of the tunnel after the Corona Virus pandemic hopefully in the not long future.

(5,248 words)

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