

FROM CRISIS TO CULINARY TRIUMPH: KARACHI HOT N SPICY'S RESILIENT JOURNEY THROUGH THE COVID-19 PANDEMIC AND BEYOND

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ABSTARCT

During the COVID-19 pandemic, Karachi Hot N Spicy, like numerous other restaurants, encountered unprecedented and diverse challenges. The sudden onset of lockdowns and dining restrictions severely impacted revenue, leading to financial strain. Shifting to a takeaway and delivery model required significant adjustments in operations, including the establishment of online ordering systems and reconfigured delivery processes. Karachi Hot n Spicy, along with many other restaurants, successfully navigated the challenges posed by the COVID-19 pandemic. Despite the severe impact of lockdowns and dining restrictions on revenue, the restaurant adapted by swiftly shifting to a takeout and delivery model. This transition involved making significant operational adjustments, such as implementing online ordering systems and reconfiguring delivery processes.

Karachi Hot n Spicy's success also lay in its understanding of shifting consumer behaviors, with a focus on affordability and convenience. The restaurant's ability to foster a sense of community, engage with customers through digital platforms, and showcase adaptability in its menu and services contributed to its overall triumph. In essence, the restaurant's success during the pandemic was a result of strategic agility, a commitment to safety, and a customer-centric approach.

BACKGROUND

In the early 2000s, Abdul Khaliq and his cousin ventured into entrepreneurship by managing a biryani shop in DHA Phase 1. This initial venture laid the foundation for what would later become Karachi Hot N Spicy. The vision for a new venture, initially named "Biryani Express," later transformed into "Karachi Hot N Spicy." However, legal complexities led to a trademark battle, ultimately resulting in the successful acquisition of the restaurant's name.

The establishment expanded beyond its biryani roots between 2006 and 2014, incorporating pizza and steaks into its menu. This diversification aimed to cater to a broader customer base and enhance the restaurant's appeal. In 2014, Karachi Hot N Spicy achieved a milestone with the opening of a branch in Bahria Town Safari Villas. However, challenges emerged as the GPO branch on Mall Road had to close due to the Orange Line train project.

Further growth occurred in 2016 and 2017 with the establishment of branches in Gujarat and Johar Town. This period marked the restaurant's continued expansion and network development. In recent years, Karachi Hot N Spicy demonstrated resilience by opening a branch in DG Khan on a shared basis, expanding its geographical reach. The restaurant further strengthened its presence with the launch of another branch in Lahore on Zarar Shaheed Road.

This journey underscores the evolution of Karachi Hot N Spicy, showcasing its transition from a biryani shop to a diverse restaurant chain. Legal battles, strategic decisions, and challenges have shaped the business, highlighting its adaptability and determination to thrive in the competitive food industry.

Challenges during and after the COVID-19 Storm

Like countless other restaurants, Karachi Hot N Spicy, owned and managed by Abdul Khaliq, encountered a multitude of challenges during the COVID-19 pandemic. The mandatory shutdowns and restrictions imposed by the government led to the temporary closure of restaurant branches, resulting in a sudden and substantial drop in revenue. Abdul Khaliq, had to face the necessity to pivot towards a predominantly takeout and delivery model, demanding extensive adjustments in operations, staffing, and technology.

Disruptions in the supply chain for ingredients and food products created challenges in maintaining menu offerings and increased the difficulty of sourcing certain items. Rigorous health and safety measures, including sanitation protocols, social distancing, and contactless transactions, posed operational challenges. Abdul Khaliq, being a responsible business owner, ensured that his staff strictly followed these protocols to ensure the safety of both employees and customers. Staffing concerns emerged due to worries about employee safety, availability, and changes in working conditions, potentially impacting team morale. Abdul Khaliq actively communicated with his staff, addressing their concerns and providing reassurance during these challenging times.

The significant decrease in foot traffic and revenue put severe financial strain on the restaurant, affecting cash flow, rent payments, and other fixed costs. Abdul Khaliq, being a resilient entrepreneur, explored different financial strategies to manage the financial strain, including negotiating rent reductions and seeking government assistance programs.

Declining consumer confidence in dining out, coupled with concerns about virus transmission, led to shifts in customer behavior, resulting in reduced orders and decreased dine-in attendance. Abdul Khaliq realized the importance of effective communication with customers about changes in services, safety measures, and promotions. He regularly updated his customers through social media, email newsletters, and the restaurant's website to maintain transparency and trust. Abdul Khaliq also introduced loyalty programs and promotions to keep customers engaged and show appreciation for their continued support.

Rapid adoption of online ordering systems, contactless payment methods, and other technology solutions required significant investment and adaptation. Abdul Khaliq made the necessary investments in upgrading the restaurant's online ordering system, implementing contactless payment methods, and training his staff to efficiently utilize these technologies.

Increased reliance on food delivery services intensified competition and potential commission fees, affecting overall profitability. Abdul Khaliq sought alternative delivery solutions, such as creating an in-house delivery team to reduce expenses and maintain control over the customer experience.

Staying informed about and complying with evolving health and safety regulations presented an ongoing challenge, requiring continuous monitoring and adaptation. Abdul Khaliq remained vigilant in staying updated with the latest guidelines and made adjustments to his operations accordingly.

Despite all the challenges faced by Karachi Hot N Spicy, Abdul Khaliq's determination, adaptability, and commitment to providing excellent service and customer satisfaction allowed his restaurant to weather the storm and emerge as a stronger business, ready to face any future challenges that may arise.

Karachi Hot N Spicy's Decisions during and after COVID-19

During and after the challenging times brought on by the COVID-19 pandemic, Abdul Khaliq, the visionary owner of Karachi Hot N Spicy, demonstrated resilience and adaptability by implementing a range of strategic measures to maintain the restaurant's reputation in the market and retain its valued customers. Embracing transparent communication, Abdul Khaliq

ensured that Karachi Hot N Spicy kept its patrons informed through regular updates on social media, newsletters, and its website, fostering a sense of trust and loyalty. Rigorous health and safety measures were visibly prioritized, with Abdul Khaliq personally overseeing the implementation of sanitation protocols, social distancing, and contactless transactions, ensuring a safe dining environment for customers and employees alike.

Recognizing the shift in consumer behavior, Abdul Khaliq swiftly embraced digital transformation, implementing online ordering systems and contactless payment methods to enhance the overall customer experience. With Abdul Khaliq's guidance, Karachi Hot N Spicy embarked on targeted and engaging digital marketing campaigns that emphasized the importance of safety measures and showcased special offers to attract and engage customers.

Abdul Khaliq's determination to build strong customer relationships led to the introduction of customer engagement initiatives such as promotions, loyalty programs, and interactive activities on social media. These efforts helped strengthen the connection between the restaurant and its patrons, with Abdul going the extra mile to personalize offers and ensure repeat business. Strategic partnerships with delivery services were formed to optimize reach and minimize commission fees. Additionally, Abdul actively engaged with the community by partnering with charities and supporting frontline workers, demonstrating the restaurant's commitment to social responsibility and contributing positively to its reputation.

Not content with just serving delicious food, he leveraged the restaurant's expertise by sharing educational content such as culinary insights and tips. This showcased Karachi Hot N Spicy's dedication to quality and further enhanced its reputation as a trusted and knowledgeable establishment.

Collectively, these strategic efforts led by Abdul Khaliq allowed Karachi Hot N Spicy not only to weather the challenges presented by the pandemic but also to emerge as a resilient and respected restaurant with a fortified reputation and a loyal customer base in the post-COVID-19 era.

Operational disruptions

During the COVID-19 pandemic, Karachi Hot N Spicy experienced significant effects on its operations, stemming from the unprecedented challenges brought about by the global health crisis. The mandatory shutdowns and restrictions imposed by the government led to the temporary closure of restaurant branches, resulting in a sudden and substantial drop in revenue. This compelled Karachi Hot N Spicy to swiftly adapt its operations to a predominantly takeout and delivery model, necessitating extensive adjustments in various facets of its business.

The supply chain disruptions posed considerable challenges in maintaining menu offerings. Disruptions in the availability of ingredients and food products increased the difficulty of sourcing certain items, forcing the restaurant to reassess and modify its menu based on the available resources. Rigorous health and safety measures, including sanitation protocols, social distancing, and contactless transactions, became paramount. This not only posed operational challenges but also required visible changes in the physical layout of the restaurant to comply with safety regulations.

Staffing concerns emerged as a result of worries about employee safety, availability, and changes in working conditions. Employee layoffs¹ or furloughs² may have impacted team morale, necessitating a delicate balance between ensuring safety and well-being while maintaining a functional workforce.

¹ Temporary or permanent termination of employment for a certain period due to unforeseen circumstances, such as the COVID-19 pandemic.

² Temporary unpaid leave of employees, usually initiated by the employer due to operational challenges or unforeseen circumstances, such as the COVID-19 pandemic.

The significant decrease in foot traffic and revenue put severe financial strain on Karachi Hot N Spicy, affecting cash flow, rent payments, and other fixed costs. Financial management became a critical aspect of operations, requiring negotiations with landlords for rent reductions, exploring government assistance programs, and optimizing cash flow through careful financial planning.

The decline in consumer confidence in dining out, coupled with concerns about virus transmission, led to shifts in customer behavior. This resulted in reduced orders and decreased dine-in attendance, forcing the restaurant to pivot its focus towards building a robust online presence and enhancing its delivery services.

Effective communication with customers about changes in services, safety measures, and promotions became crucial to maintain transparency and trust. Rapid adoption of online ordering systems, contactless payment methods, and other technology solutions³ required significant investment and adaptation, impacting the technological infrastructure and operational workflow of Karachi Hot N Spicy.

Increased reliance on food delivery services intensified competition and potential commission fees, affecting overall profitability. The regulatory landscape⁴ also posed challenges, requiring the restaurant to stay informed about and comply with evolving health and safety regulations, presenting an ongoing operational challenge that demanded continuous monitoring and adaptation.

In summary, the effects on Karachi Hot N Spicy's operations during COVID-19 were wide-ranging, encompassing changes in business models, supply chain dynamics, staffing, financial management, customer engagement, and technology adoption. The restaurant navigated through these challenges with adaptability and resilience, implementing strategies to ensure its sustainability and success amidst the unprecedented circumstances.

Response to COVID-19 Challenges: Karachi Hot N Spicy's Resilient Approach and Ongoing Complexities

Karachi Hot N Spicy's response to the challenges posed by the COVID-19 pandemic reflects a dynamic approach, with both commendable strengths and notable challenges. The restaurant demonstrated remarkable resilience and adaptability, swiftly pivoting its operations to prioritize takeout and delivery services. This strategic shift, accompanied by the introduction of innovative offerings like meal bundles and family packages, showcased the restaurant's ability to not only survive but innovate during challenging times. Embracing technology, such as online ordering systems and contactless payment methods, positioned Karachi Hot N Spicy at the forefront of a digitally transformed dining experience.

Moreover, the restaurant's engagement with the community through charity partnerships and transparent communication about safety measures contributed positively to its reputation. By fostering a sense of trust and loyalty, Karachi Hot N Spicy managed to maintain a connection with its customers beyond the transactional aspect of the business.

However, it's essential to acknowledge the significant financial strain imposed by the decrease in foot traffic and the intensified competition in the food delivery sector. Navigating these challenges, especially in terms of financial recovery and sustaining profitability, remains a complex undertaking. The intensified competition could potentially impact overall profitability and market share (Exhibit 1, Figure 1).

³ A range of digital tools and innovations implemented by Karachi Hot N Spicy, including online ordering systems, contactless payment methods, and other technological advancements.

⁴ Compliance with entities such as the Federal Board of Revenue (FBR) and the Punjab Revenue Authority has been integral to the restaurant's adherence to tax and revenue-related regulations.

In conclusion, while Karachi Hot N Spicy showcased resilience, innovation, and a commitment to community engagement during the COVID-19 pandemic, the restaurant must continue to navigate the ongoing complexities. The ultimate determination of whether the changes and adaptations lead to a net gain or loss hinges on the sustained success of Karachi Hot N Spicy in fostering customer loyalty and effectively adapting to the evolving post-pandemic dining landscape. The ability to strike a balance between innovation and financial sustainability will be crucial in shaping the restaurant's long-term impact in the industry (Exhibit 1, Figure 2).

Recovery/Pace of growth

During the peak of the COVID-19 pandemic in 2020, Karachi Hot N Spicy, much like its counterparts in the food industry, confronted a challenging landscape marked by government-mandated lockdowns and restrictions that severely impacted dine-in services. Faced with a temporary downturn in sales, the restaurant responded with agility and foresight. Recognizing the shift in consumer behavior, Karachi Hot N Spicy swiftly pivoted its business model to prioritize takeout and delivery options. This strategic move not only aligned with the safety protocols in place but also showcased the restaurant's adaptability. Leveraging technology played a pivotal role during this period, with the establishment of efficient online ordering systems and the integration of contactless payment methods (Exhibit 2, Figure 3).

As the subsequent year unfolded and pandemic-related restrictions gradually eased, Karachi Hot N Spicy's proactive measures bore fruit in the form of a remarkable recovery. However, the onset of the COVID-19 pandemic in 2019-2020 triggered a sharp decline in sales, plummeting to 370,000 PKR per day. Despite the adversity, Karachi Hot N Spicy responded with resilience and implemented proactive measures. As pandemic-related restrictions gradually eased in August 2021, the restaurant experienced a notable recovery, witnessing a surge in daily sales to 420,000 PKR. This rebound not only marked a return to pre-pandemic levels but hinted at the restaurant's adaptability and strategic acumen (Exhibit 2, Figure 4).

The year 2022 became a testament to Karachi Hot N Spicy's sustained success. Remarkably, the restaurant not only maintained its recovery momentum but exceeded expectations, achieving a per day sale of 520,000 PKR. This impressive figure underscored the effectiveness of the strategies implemented during the pandemic, showcasing the restaurant's resilience and capacity for growth in the face of adversity. The success was not merely a rebound but a strategic evolution, reflecting the establishment's ability to navigate challenges and adapt to the dynamic market conditions. The case of Karachi Hot N Spicy serves as a compelling narrative of a business that not only weathered the storm of a global crisis but emerged stronger, embodying the resilience and adaptability required for success in an ever-changing landscape (Annexure 1, Figure 1).

CONCLUSION

During the tough times of the COVID-19 pandemic, Karachi Hot N Spicy showed that it could adapt and make smart decisions. When the situation changed quickly, the restaurant focused on takeout, delivery, and using technology to help make up for the drop in sales. As things got better, the restaurant not only recovered but also did even better than before the pandemic, selling more than they used to.

Karachi Hot N Spicy did well because they kept using online services, made things safer, and connected with the community. They were honest and talked a lot with customers, making them trust the restaurant more. Even though it was hard with money troubles and more competition, the restaurant's ability to handle problems shows they can adjust and think ahead.

This experience didn't just make the restaurant stronger; it also set them up for success in the future. Karachi Hot N Spicy is proof that making smart choices and focusing on customers can lead to lasting success even when things are really tough.

What should Karachi Hot N Spicy do?

As Karachi Hot N Spicy navigates the current challenges, what areas should the leadership prioritize for maximum success both within the organization and in the market? Considering the dynamic nature of the restaurant industry, what specific steps could be taken, and in what sequence, to quickly create value and ensure sustained growth? In building a resilient team, which activities would be most effective in cultivating the right skills and fostering a culture that empowers individuals to tackle challenges effectively? To overcome potential internal hurdles, how should the relationships within the organization be transformed, ensuring that political issues do not hinder the restaurant's turnaround unnecessarily? When seeking support and resources from top management, what compelling arguments could be presented to secure backing for strategic initiatives? Most importantly, how can success be measured and communicated from day one, and which metrics would offer insights into the progress made by Karachi Hot N Spicy?

EXHIBIT-1

Figure 1
KARACHI HOT N SPICY BAR B.Q

KHAS SPECIAL DEALS

SOUP

1.1	Hot Chicken	100	200
1.2	Hot Beef	100	200
1.3	Hot Pork	100	200
1.4	Hot Fish	100	200
1.5	Hot Lamb	100	200
1.6	Hot Turkey	100	200
1.7	Hot Chicken	100	200
1.8	Hot Beef	100	200
1.9	Hot Pork	100	200
1.10	Hot Fish	100	200
1.11	Hot Lamb	100	200
1.12	Hot Turkey	100	200

APPETIZERS

11.1	Hot Chicken	100	200
11.2	Hot Beef	100	200
11.3	Hot Pork	100	200
11.4	Hot Fish	100	200
11.5	Hot Lamb	100	200
11.6	Hot Turkey	100	200

PIZZA / BURGER

16	Hot Chicken	100	200
17	Hot Beef	100	200
18	Hot Pork	100	200
19	Hot Fish	100	200
20	Hot Lamb	100	200
21	Hot Turkey	100	200

DRINKS

26	Hot Chicken	100	200
27	Hot Beef	100	200
28	Hot Pork	100	200
29	Hot Fish	100	200
30	Hot Lamb	100	200
31	Hot Turkey	100	200

Figure 2
SECURE BACKING FOR STRATEGIC INITIATIVES
EXHIBIT-2

HOT N SPICY

175 Halwa, Paratha / Purri Channy, Lassi / Tea **Rs. 445**

176 Paratha / Purri Omlate, Channy, Lassi / Tea **Rs. 445**

177 Halwa, Puri / Parata Murch Channy, Lassi / Tea **Rs. 645**

178 Puri Sada **99** **182** Fried Egg **189**

179 Channy **199** **183** Bread Slice 2 Pieces Toasted **145**

180 Halwa **199** **184** Parosita Sada **199**

181 Omlate **199**

PIZZA

	S	M	L	F	
185	Chicken Hot n Spicy	519	849	1099	1699
186	Bar. B.Q. Pizza	539	899	1199	1749
187	Fajita	519	849	1099	1699
188	Mexican (Chicken or Beef or Veggie)	519	849	1099	1699
189	Chicken Supreme	519	849	1099	1699
190	Kabab & Malai Pizza	629	1049	1399	1999
191	Margherita	499	799	1099	1599
192	Vegetarian	499	799	1099	1599
193	Crown Crust Pizza	700	1350	1800	2400

BAR CORNER

81	Hot Chicken	100	200
82	Hot Beef	100	200
83	Hot Pork	100	200
84	Hot Fish	100	200
85	Hot Lamb	100	200
86	Hot Turkey	100	200

KHAS SPECIAL DEALS

194-195 Chicken Biryani Half & Full **389 489**

196-197 Chicken Biryani Boneless Half & Full **589 689**

198-199 Chicken Biryani Handi Royal Sunda Half & Full **1099 1099**

200-201 Chicken Biryani Combo Half & Full **489 589**

202-203 Biryani Biryani / Breast **579 679**

204-205 Delight Biryani **389 489**

206-207 Delight Combo **489 589**

Figure 3
KARACHI HOT N SPICY

KHAS SPECIAL DEALS

SOUP

1.1	Hot Chicken	100	200
1.2	Hot Beef	100	200
1.3	Hot Pork	100	200
1.4	Hot Fish	100	200
1.5	Hot Lamb	100	200
1.6	Hot Turkey	100	200

APPETIZERS

11.1	Hot Chicken	100	200
11.2	Hot Beef	100	200
11.3	Hot Pork	100	200
11.4	Hot Fish	100	200
11.5	Hot Lamb	100	200
11.6	Hot Turkey	100	200

PIZZA / BURGER

16	Hot Chicken	100	200
17	Hot Beef	100	200
18	Hot Pork	100	200
19	Hot Fish	100	200
20	Hot Lamb	100	200
21	Hot Turkey	100	200

DRINKS

26	Hot Chicken	100	200
27	Hot Beef	100	200
28	Hot Pork	100	200
29	Hot Fish	100	200
30	Hot Lamb	100	200
31	Hot Turkey	100	200

Figure 4
RESTAURANT'S TURNAROUND

APPENDIX

Annexure 1

Financial Statements

This annexure provides vital financial figures for Karachi Hot N Spicy for the past four years, illustrating their growth and performance.

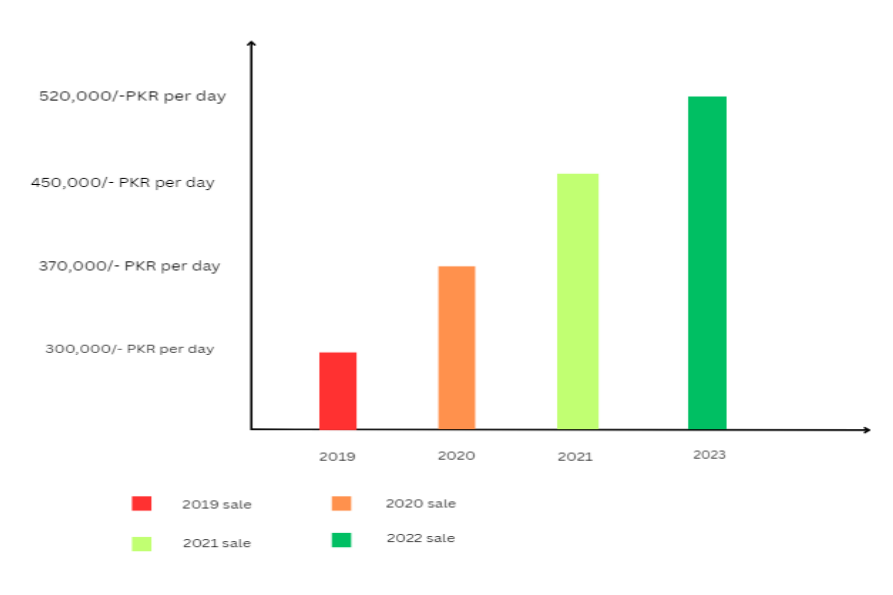


Figure 1
FINANCIAL STATEMENTS

Received: 17-Jan-2024, Manuscript No. JIACS-24-14403; **Editor assigned:** 18-Jan-2024, Pre QC No. JIACS-24-14403 (PQ); **Reviewed:** 23-Jan-2024, QC No. JIACS-24-14403; **Revised:** 29-Jan-2024, Manuscript No. JIACS-24-14403 (R); **Published:** 31-Jan-2024