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WHEN CADDY'S WENT VIRAL¹

How does a beachfront gem adapt when no one wants to go to the beach?

With the sun losing its glare and now appearing as a beautiful orange orb just above the distant horizon where the sky meets the sea, Barry O'Connor thought to himself, "This is as close to paradise as you can get." Yet, the vast empty sea of white sand surrounding him told a very different story. It was July 17, 2020, and this beautiful area should have been overrun with college students and young families as they enjoyed their summer vacation. Instead, the executive order that came as a result of the COVID-19 epidemic four months earlier forced him to immediately close his four bars and six Caddy's Waterfront Dining restaurants, laying off 600 employees and dashing his dreams of another lucrative season.

Barry gazed at the beautiful sunset one more time before turning his thoughts to the monumental problem that faced him. While he agreed that the health and safety of his employees and loyal customers was paramount, he couldn't help but feel the pang that losing a few million dollars a month brings. Now, as businesses began to reopen their doors in the face of new restrictions brought about by COVID, Barry was left to figure out how to navigate the uncharted landscape of new in-house capacity restrictions, everyone's fear of contracting the virus, and the unknown of when this pandemic would end. All the while, Barry's bar business was in shambles due to a second government shutdown of bars, which only added pressure on the Caddy's brand to drive revenue and keep the other half of the business afloat.

A potential solution loomed on the horizon, however. This Caddy's location in Treasure Island had an extensive beach immediately outside its doors, which could expand its footprint, allowing an additional 450-500 customers to enjoy the Caddy's experience in the safety of an outdoor arena. However, due to local government zoning restrictions, Caddy's was not legally allowed to treat this area as a traditional restaurant setting. But Barry had become a self-made man because he understood that the nature of business was never static. He knew that the best way forward was to disregard the inconvenience of circumstances beyond his control, and instead pour his efforts into a search for the opportunities that always accompanied such impacts.

But just what opportunities did the pandemic create? How could he best leverage technology to exploit them? How would he manage the impact of the changes on his customers and employees?

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COVID-19

The World Health Organization (WHO) first received notice on December 31, 2019 that a cluster of severe acute respiratory virus cases had erupted in Wuhan City, China (Chaplin 2020). The virus was identified as a novel strain of coronavirus, dubbed COVID-19, one week later. By January 20, the first case of COVID-19 infection was confirmed in Snohomish County, Washington, USA (Holshue *et al.*, 2020). The most common symptoms of this disease were reported as fever/chills, dry or protracted cough, sore throat, and general pain and weakness. By early 2021, over 29 million Americans had cumulatively tested positive for COVID-19 (Exhibit 1), and over 530,000 deaths in the US had been attributed to COVID-19 infection, according to the Centers for Disease Control and Prevention COVID Data Tracker website.

Because COVID-19 was transmitted largely through aerosolized droplets by way of person-to-person contact or contact with a contaminated surface, CDC guidelines were rapidly issued to mitigate risk of infection. These included: frequent hand washing for at least 20 seconds, using hand sanitizer that contained at least 60% ethanol, avoiding contact with your eyes, nose, and mouth, wearing a mask while in contact with others even if you felt well, cleaning surfaces frequently with disinfectant, and maintaining a minimum of 6 feet of distance between yourself and others (Exhibit 2).

Shutdown

In response to a rapid spike in COVID-19 cases, many governors quickly began issuing directives in early March 2020, forcing the closure of indoor gathering places like bars, restaurants, movie theatres, and churches, limiting the number of in-person gatherings to 5-10 people, and requiring businesses with in-office personnel to allow those employees to work from home. Mask rules were also enforced in public spaces, and social distancing was strongly encouraged. In Florida, Governor Ron DeSantis issued an order on March 17 which mandated the closure of all schools, all bars and nightclubs for 30 days, and for restaurants to operate at 50% capacity. In this case, “bars” were identified as “vendors licensed to sell alcoholic beverages for consumption on the premises, but not licensed to offer food service.” In order to be considered a “restaurant,” food sales needed to account for 51% or more of an establishment’s total sales numbers. Offering food service, or the selling of alcohol for consumption off the premises, was still permitted as long as social distancing and mask rules were enforced.

By April 2, Florida had joined several other states in issuing a statewide stay-at-home order. The first attractions to re-open were state parks (with small groups of less than 10 people and social distancing strongly encouraged), and a full re-opening slowly began on May 18. At first, while restaurants could re-open for indoor dining at 25% capacity, the rules continued to limit gatherings to 10 people at most (ideally, all from a singular household). But, on June 3, the governor announced that bars, tattoo shops, tanning salons, massage parlors, and movie theaters could open at half-capacity. In this second phase of the reopening, larger gatherings were now permitted with a maximum of 50 people, and travel was once again permitted. However, the subsequent statewide spike in cases resulted in a government-mandated reclosure of all bars and nightclubs on June 26, which was lifted three months later on September 25 as Phase 3 of the reopening plan commenced. See Exhibit 3 for a full timeline.

Psychological Impact of COVID-19

Among the innumerable impacts of COVID-19 were the psychological effects of self-isolating, learning about rising case numbers, job loss, and reading fear-inducing headlines on social media, etc. Health care workers on the front lines were among the hardest hit with mental health disorders, including, but not

limited to, anxiety, depression, panic, hoarding behaviors, and paranoia (Dubey *et al.*, 2020). It became so pervasive that the term “coronaphobia” was coined to describe the condition (Dubey *et al.*, 2020).

One of the most prevalent issues that arose from the onset of COVID-19 was fear of infection. The knowledge that the disease could be spread even by those who lacked any symptoms increased feelings of paranoia when going outside (as well as mistrust among peers), whereas remaining indoors in self-isolation became unsustainable for many. The psychological impact of COVID was further exacerbated by conflicting information coming from different local and national news sources, as well as local/state/federal government actions (Serafini G *et al.*, 2020). As a result, the re-opening of bars and restaurants was instantly embraced by some, while others remained uncertain about the safety of such activities, especially in instances where case spikes resumed in the weeks following re-opening. In contrast, the re-opening of beaches, parks, and other similar outdoor spaces was largely embraced by all, as long as proper precautionary measures were taken such as social distancing and the wearing of masks.

Economic Impact of COVID-19

Another major impact of COVID-19 was felt in the economy. As a result of widespread shelter-in-place orders and the subsequent shuttering of businesses, nearly 50 million people nationwide filed for unemployment between March 14-July 7, 2020, according to *USA Today* (Jones, 2020). In Tampa Bay, unemployment jumped 2.7% from February to April 2020, reaching a record 13.34% (Ward, 2020). The tourism industry was hit particularly hard as travel restrictions were put in place and fears of spreading infections rose. Tourism in Tampa Bay dropped 10.7% between Q1 2019 and Q1 2020. Hotel occupancy similarly declined by over 13% between Q1 2019 and Q1 2020 and was down by nearly half in March 2020 compared to March 2019 (Erickson, 2020) (Exhibit 4). With the tourism industry supporting over \$2 billion in wages and nearly 50,000 jobs in the Tampa Bay region (Erickson, 2020), local hotel owners and restaurateurs were particularly hard hit as the pandemic swept across Florida during the prime spring break travel season.

Faced with this economic downturn, rising unemployment numbers, and subsequent pressure from small business owners to allow re-opening, Governor Ron DeSantis re-opened all bars and restaurants in early June 2020. Indoor dining was permitted at 50% capacity with appropriate social distancing, and masks were mandated indoors in many spaces throughout Hillsborough County when one was not eating or drinking. Outdoor spaces were allowed to operate at full capacity because it was understood that infection risk declined sharply in well-ventilated areas. A subsequent spike in cases throughout the month of June forced re-closure of bars and nightclubs on June 26, as it became understood that the combination of cramped indoor spaces and decreased inhibitions brought about by alcohol consumption could lead to increased infection rates. In contrast, restaurants were still allowed to serve alcohol as long as they were also serving food and following the state guidelines.

This was where Barry O’Connor found himself as he gazed out at the sunset on July 17, 2020. His Yard of Ale and MacDinton’s bars had all been shuttered until further notice, which put added pressure on his Caddy’s restaurant business to succeed during this time. His beautiful Treasure Island location relied heavily on tourist traffic, but between travel restrictions and the fear of infection that eating indoors brought, he knew he had to start thinking outside the box. He looked around at the sea of empty chairs and tables around him on the white sand beach and considered his next move.

SunPubs Investment Group

Barry O'Connor, Marcus Winters, and Sean and Finbarr James were the owners of SunPubs Investment Group, the Florida-based parent company of Caddy's, Yard of Ale, and MacDinton's Irish Pub. The centerpiece of the Caddy's restaurant business was its flagship Treasure Island location; however, SunPubs owned five additional Caddy's locations in Indian Shores, Gulfport, Bradenton, St. Pete Beach, and its newest location in Madeira Beach. Furthermore, SunPubs also owned two Yard of Ale locations and two MacDinton's Irish Pub locations in South Tampa and St. Petersburg.

Whereas the Yard of Ale and MacDinton's locations operated as bars, with alcohol accounting for 92% of sales, and the remaining 8% of sales coming from their offering of standard tavern-fare food, the Caddy's locations operated primarily as restaurants, with 55% of sales coming from their meal offerings and 45% of sales resulting from alcohol (Exhibit 5). Sales of food and beverage at Caddy's alone accounted for 61% of SunPub's total revenues in 2019, with Yard of Ale and MacDinton's locations accounting for the remaining 39% of revenues. Yet, in terms of profit, the bars were far more important, accounting for a full 52% of SunPub's profits while Caddy's accounted for only 48% (Exhibit 5).

Comparative sales figures between the bar locations and the Caddy's locations reinforced this phenomenon, with the food from Caddy's accounting for 55% of sales while alcohol sales at Caddy's represented only 45% of total sales. Thus, while prepared food at Caddy's produced the most sales, it was the sale of alcohol at the bar establishments that provided the highest profit margins for SunPubs in 2019. This meant that, when the COVID-19 pandemic hit in early 2020, the subsequent government-mandated restrictions most adversely impacted the most profitable sector of SunPubs' investments. The previous existence of bars as crowded venues where people gathered to drink and mingle would not become a reality again until the pandemic was over. Even when restrictions were lifted and establishments were allowed to reopen, MacDinton's and Yard of Ale had to remain closed, while Caddy's would have to exist exclusively as a restaurant that coincidentally sold alcohol.

Caddy's Treasure Island

Caddy's was a beach bar and restaurant situated on Sunset Beach, Treasure Island, Florida. The legend was that a gentleman drove his Cadillac convertible down to the St. Petersburg – Treasure Island region, looking for the perfect location for the beach bar and restaurant he wanted to build. Upon seeing a beach shack located on a stretch of beautiful beach on Treasure Island, he knew immediately that this was the ideal location and promptly begin referring to it as Caddy's, in recognition of the car he was driving when he discovered the location.

Caddy's was open 7 days a week from 8 AM to 9 PM, and catered both to locals as well as the groups of tourists visiting the St. Petersburg area every year. Caddy's location on the pristine sands of Sunset Beach allowed it to serve those who were either at the beach for a day of sun and fun, or those who visited in the evening to enjoy a drink and dinner. In fact, while Caddy's prided itself on its fun ambiance and reasonable prices, its crowning jewel was being one of the best locations at which to enjoy one of Florida's trademark gorgeous sunsets over the Gulf of Mexico.

In spite of its idyllic location, Caddy's created value for its consumers by offering services and amenities to complement its beachy food and beverage line. For instance, Caddy's offered complimentary chairs and umbrellas for all guests along with live music throughout the day. The location also offered complimentary yoga sessions three mornings each week as a way of fostering a sense of community among regular guests. Continuing with the theme of value for the customer, Caddy's offered cabanas that

accommodated groups of 20 to 35 for a nominal minimum food and drink tab. These cabanas included couches and tables inside the cabana along with a cooler filled with complimentary bottled water, as well as 10 lounge chairs outside and a large section of beach for the group's use. Of course, the prices on the menu were the real measure of value for most customers, and Caddy's easily met that mark with their reasonably priced menu items (Exhibit 6).

Like any business, Caddy's began as an opportunity to make money. However, with 52% of profits disappearing as a result of the pandemic, Barry O'Connor's focus shifted from just making money to long-term survival in the reality of this new environment. Barry understood that, for the time being, revenue and profit from the restaurant would have to carry the business through this very trying time. SunPubs would have to become more of a restaurant-minded business now that the bar side of the business was prohibited. Barry would have to look for ways to grow the revenue and profits from his restaurants if SunPubs was to survive. The growth could come from up-selling to restaurant patrons. However, such techniques required more personal interaction with customers, and the trend in this pandemic was the desire for less contact, not more.

As Barry looked out at that Treasure Island sunset on July 17, he considered the world's infatuation with the Florida beach experience. He knew that the word "hospitality" was much more than just a descriptive term used in reference to hotels, restaurants, and resorts. Barry and his co-owners had used their deeper understanding of hospitality as the guiding principle for his business plan, which revolved around Caddy's role in fulfilling the Florida beach experience for thousands of satisfied customers, many of whom would become repeat customers tomorrow, next week, and even next year. Perhaps the answer he was seeking was, quite literally, right in front of him.

Florida Beach Nourishment

With Florida accounting for more than half of the United States' tourism dollars (Exhibit 7), its beaches added a recreational value upwards of \$60 billion (Houston 2018). Due to the value and importance of these shorelines to Florida's economy, measures had been taken to prevent or reduce losses from naturally occurring narrowing and eroding of coastal areas. Beach nourishment projects like these added beach-quality sand to eroded areas as a way to widen the amount of beach available for recreational purposes, dissipate wave energy to provide natural protection, and allow for the continual development of Florida's most important asset (Shore & Beach 2007). A nourishment project could double or even triple the size of a beach (Exhibit 8).

In 1986, an ongoing federal beach restoration project to develop and restore eroded beaches along all coasts became an initiative for the State of Florida. The state tasked the Florida Department of Environmental Protection (FDEP) to identify the beaches in a periodically-updated report called the *Critically Eroded Beaches Report*, and to continuously manage, monitor, and maintain these identified shorelines using the procedures outlined in the *Strategic Beach Management Plan* (FDEP 2019).

Treasure Island (also referred to as Sunset Beach) was designated as a critically eroded beach by FDEP due to the threat that erosion placed on recreational and developmental activities within the 3.5-mile span of beach (Florida DEP website). At the end of 2018, the most recent beach nourishment took place at the doorstep of Caddy's Treasure Island to provide storm protection for property owners, recreational opportunities for beach visitors, and habitat for shorebirds and nesting sea turtles (Exhibit 9).

This nourishment project expanded the amount of usable square feet available to Caddy's, as the business owned the property up to the shoreline. To solidify itself as a destination amongst a competitive industry, Caddy's Treasure Island utilized this area by offering complimentary beach chairs to its visitors. Close to 500 chairs could fit in this newly expanded beach area, where newly restored beach made up 80% of the dry land beyond the green umbrellas in Exhibit 10. However, Caddy's was not allowed to use this space as "traditional" dining space due to city zoning restrictions that limited the amount of seating a restaurant could utilize, which presented a new obstacle.

City Zoning Restrictions

Prior to opening a restaurant or alcoholic beverage establishment, a business was required to apply for a restaurant seating license to calculate its restaurant seating capacity. The seating capacity was primarily derived from total square footage and parking spots available. According to the Code of Ordinances of the City of Treasure Island, Florida Section 68-486, a restaurant needed to have one parking spot available per 150 square feet of gross usable indoor and outdoor area. One parking spot allotted an establishment four customers in terms of seating capacity in a restaurant.

Prior to the beach nourishment, Caddy's Treasure Island established its number of seats at 299 (Exhibit 11) from the number of parking spaces available to the business. After the beach expansion, the business was gifted almost 60% more square footage, but new parking spaces did not simply grow out of thin air. This was one of the problems Barry was facing. If he were able to grow the number of parking spaces available to customers, then he could apply for a new seating license allotting him double the seated capacity. Unfortunately, in a densely populated area like Treasure Island, more parking was difficult and expensive to come by. He had all this new land but was not allowed to treat any of these customers as visitors to his restaurant. Barry could 'seat' beachgoers on his sand, but could not serve them as traditional customers, even though that area of shoreline was included as Caddy's Treasure Island property. This was a problem with no clear-cut solution.

The COVID-19 governmental restrictions imposed further strain on the issue at hand. All five Caddy's locations were operating at 50% indoor capacity, and all outdoor capacity had to have tables separated by 6 feet. Revenues were down on the Caddy's brand for SunPubs, but to make matters worse, the two bar brands (MacDinton's and Yard of Ale) were still closed by government guidelines. There was no shortcoming of customers who wanted to dine at the open businesses, but with seating cut in half, revenues were meek. Caddy's in Treasure Island, having the ability to drive the most revenue and profit for the company, had the potential to ease the pressure if Barry could solve the riddle of how to use the entirety of his beach property.

Potential Revenue

The expanded beach was large enough to fit more guests than Caddy's Treasure Island could hold within its restaurant parameters, more than doubling its current guest count. It was imperative for the SunPubs team to come up with a solution that made the most sense financially, but also enhanced the customer experience. In the current situation, customers that were seated in the extended beach area got out of their chairs and walked into Caddy's to order a drink or food item from the bar. They then waited there for their food to arrive before returning to their seats on the beach. On a busy day, sales from these customers could make up almost a quarter of the revenue. The goal for Barry and his team was to serve these customers a second or third drink and possibly another food item, while allowing the customers to enjoy more time in their beach chairs.

Since reopening after the pandemic in mid-May, Caddy's Treasure Island measured its guest check average at \$21.38 per person and it serviced about 350,000 customers per year. Barry knew that he was already capturing almost 15% of the crowd that utilized the complimentary beach chairs. He estimated that if Caddy's could sell an averaged sized check to only 5% more of the customers in this expanded beach area without requiring them to walk to the bar for service, they could derive an extra \$375,000 in revenue per year. Imagine if Caddy's could capture more than 50% of that crowd. If they could sell two more drinks to each guest that would usually walk up to the bar for service, they could grow revenue by about another \$1,000,000 annually. It occurred to Barry that utilizing technology was one attractive way to move forward. The trends in new technology were solidly based on either restricting or eliminating the very person-to-person contact that was so essential for the restaurant industry to increase its profit stream, but Barry understood that exploiting technology could offer a solution to the challenges that currently confronted him.

Mobile Apps

Due to government-imposed quarantine and shutdowns, Americans did not have their normal access to restaurants, turning instead to third party delivery services to access their favorite foods. In early 2020, up to 22% of adults in the U.S reported using third party apps for food delivery, with up to 34% of younger age groups getting food delivered regularly (Rabouin 2020). As an illustration of the growth and expansion of this market, in early 2020, DoorDash was valued at \$16 billion after adding \$400 million in equity financing and was on CNBC's 2020 Disruptor 50 list while grabbing over 45% of food delivery market share (Exhibit 12) (Lucas 2020).

This growth in the use of third-party applications signaled that all individuals, especially the younger generation, did not have an issue with using their own mobile devices to order food. Even before COVID-19, restaurants had begun utilizing bring-your-own-device procedures in their stores to combat multiple issues, which was well-received by guests. One very attractive innovation was the use of QR codes. Restaurant customers could use their phone to scan a QR code that would take them directly to the menu of the restaurant they were visiting. These virtual menus allowed businesses the ability to make quick changes to their menu if dealing with supplier shortages, allowed for less person-to-person contact, and saved costs on printing one-use menus. All these features were desirable before the COVID pandemic hit but became even more so in early- to mid-2020.

In-Store Apps

Most recently, new apps had emerged that took QR codes one step further, allowing for contactless ordering and payment processing. New innovations in this technology allowed customers seated at a restaurant to scan a QR code at their table and order directly through the app, without speaking to an employee. The food order would be sent directly to the kitchen, where the food would be prepared and delivered to the customer's table. Once finished, the customer could process their payment on the app as well; again, minimizing contact with restaurant staff. With these applications, customers' only choice of payment was via credit card. Therefore, a small fee of about \$.20 per transaction was also charged to Caddy's. These applications charged a small monthly service fee (~\$99) as well as a percentage of sales (~1%) derived from the app (TabUp 2020), but the convenience it offered in return was much appreciated especially in the time of the pandemic.

After doing research and crunching numbers, the Caddy's team figured they could potentially make sales to 20-25% of the customers in the beach area, all while using a minimal amount of extra staff. Only 3-5

employees were needed to properly execute the operation of this application. Over the course of the year, it was estimated that Caddy's in Treasure Island could grow sales by up to an extra \$750,000. The cost of this extra revenue would be almost \$1,200 for service fees, \$75,000 in profit share with the application, and around \$7,000 in extra credit card fees.

Implementation

Like any other change, effectively implementing a new system would need to take place in steps to ensure a concrete understanding and acceptance of the new business dynamic. First, Barry would need to completely identify the need for the technological changes. The obvious factors that influenced a need for the new technology were COVID-19 and the newly gifted beachfront area. This would be the primary area of focus for Caddy's. Secondly, clear guidelines for the new protocol would need to be set. Employees would need to completely understand what actions could be detrimental to the company's success as well as their employment status. The next step would be obtaining the support of stakeholders. This was by far the most important component specifically because the stakeholders of Caddy's were the initial creators of the company's values and vision. With no stakeholder support, Caddy's would risk the potential of losing their organizational direction during the change. Lastly, communicating all changes with employees and clearly stating expectations would leave minimal room for error. Caddy's staff would need to meet frequently to continue emphasizing areas of importance during the change. It was understood that taking the time to revisit and remeasure progress would be needed to sustain growth.

Benefits

There were many benefits to using applications as the primary method for placing orders and viewing information pertinent to the restaurant's menu and service options. In the age of COVID-19, the obvious benefit was the "No Touch, No Spread" dynamic. Keeping customers safe was a true incentive. But more so than that, Caddy's could also reduce operating costs by saving on printing of menus. They could also maximize creativity and make menus more visually appealing through the apps' interface. Employees would also rave at the opportunity to come back to work in an environment that would at least partially eliminate the risk of being infected through hand-to-hand physical contact with guests, thus improving staff morale. The applications would enable Caddy's to easily communicate updates to the menu and other updates pertaining to location hours, events, and promotions. Lastly, mobile application use would also allow for the collection of customer data, permitting the dissemination of coupons and other perks revolving around a customer's birthday, favorite food or drink items, or specific locations.

In spite of all of the positives that mobile application usage could bring, there was still the issue of indoor dining. Restaurants were only allowed to operate at 50% capacity in July 2020, and even then, many of Barry's loyal customers simply were not comfortable going out like they used to. He looked out at the expansive stretch of beach in front of him and further considered his options.

Other Options

The use of technology intrigued Barry and the SunPubs brass, but the unknown of how customers and employees would react to this technology was also in the back of their minds. Another unknown was how long the pandemic and its restrictions would last. Was it worth the effort in following through with this system with its possibility of failure? The SunPubs team put together a few alternatives to ponder.

Rental Parking Lot

In their other businesses, SunPubs leased parking lots for a convenience factor to guests but, more importantly, it allowed them to raise the legal capacity of their establishments. These leases were signed on yearly contracts. As stated earlier, local zoning restrictions did not allow for Caddy's Treasure Island to treat the customers on the extended beach as actual restaurant customers due the lack of ample parking spaces. Luckily, there was a parking lot within half a mile of the restaurant that could be leased by Caddy's and it would more than double their capacity, allowing them to treat the entirety of the nourished beach as restaurant space. Leasing this parking lot would cost \$8,000 per month.

By utilizing this option, Barry estimated that Caddy's Treasure Island could provide service for around 35-40% of the customers in the beach area, meaning the possibility of an extra \$1,875,000 in yearly revenue. It would take a lot of labor to treat this area like a traditional restaurant, possibly another 10-15 employees and could influence the time it took the kitchen to prepare any guest's meal. The kitchen was only equipped to cook food for people in the immediate restaurant, and now would be serving many extra daily guests.

Satellite Bars

One option that Barry had exercised for special events was placing two satellite bars on the furthest point of the beach where they could serve guests without breaking any zoning laws. A satellite bar was a small temporary structure that was put in place daily by staff members that would accommodate one sole employee. This employee would be a bartender who would serve drinks to walkup guests, saving them about an extra 50-yard walk to the inside of the restaurant. Customers might find the satellite bars more convenient and easier to purchase a drink from compared to the busier bars that were lined with consumers inside of Caddy's. They could also place food orders at these satellite bars and would receive a text message when their food was ready.

Satellite bars were a zero cost to Caddy's since they already owned them and would only need one staff member per bar to operate. These bars would typically be set up 3 or 4 times a week during the busy season which lasted about 6 months. Each bar could make an average of \$8,000 per week.

To-Go Packages

Consistently, Barry utilized a retail employee who would set up an area daily to sell shirts, sunscreen, hats, and other Caddy's-branded items. With the success of this retail area, there was the possibility of expanding it to serving more than just retail. Without having to add an employee, Barry could decide to also sell ready-made food items and alcohol to customers who wanted to grab a few things with them to take to the beach.

Caddy's could also source branded coolers that they could sell to customers and stuff them with cold sandwiches, healthy salads, cold beer, and even bottles of alcohol. The marketing potential for the Caddy's brand was immense since customers would reuse these coolers on trips to other beaches or in any other instances where coolers were used. Another benefit that Barry saw was that this would not have any effect on the day-to-day operation of his restaurant. The kitchen could easily prep all of the food items at the beginning of the day and a small stock of alcoholic beverages could be kept sealed for the retail employee to grab per sale. The downfall of this option was that the food items would be limited to pre-packaged items and none of Caddy's signature cocktails or frozen drinks would be available from this retail stand, but this option was the most cost efficient and easiest to implement.

The Decision

After considering all circumstances surrounding Caddy's beach expansion, there was no question that Barry had a tremendous growth opportunity in front of him. However, the effects that COVID-19 had on the hospitality industry meant that Barry needed to make a decision that would benefit his customers both during the pandemic as well as after. Introducing a customer-focused, sanitary technological solution would be vital in taking advantage of increased beach traffic and an expanded restaurant footprint.

As a staple location in Treasure Island, Barry realized that Caddy's had to maintain that prominence by deciding how best to serve more customers and drive revenue, both during the COVID pandemic and after. Although it was Barry's decision to make, he would rely heavily on the perspectives of the employees of Caddy's to ensure that the company could still perform at an optimum level while taking on changes. Employees often highlighted the likelihood of increased traffic to the kitchen from increased orders. Barry knew he would have to change his staffing needs to support the influx of activity in the kitchen. Employees also showed a heightened level of eagerness to participate in areas not frequently worked in to compensate for areas of the business that had heavier activity, allowing them flexibility and learning opportunities.

As Barry came close to his decision, he considered the following:

1. **Lease a local parking lot.** Caddy's could raise their occupancy level and restaurant footprint by a yearly parking lot lease. *Could Caddy's generate revenue large enough that would surpass the cost of these leases while keeping average food ticket times at a reasonable level?*
2. **Hire an app developer to develop a new Caddy's-centric mobile application.** Caddy's could extend their restaurant experience to their customers through a personalized QR-code enabled mobile application. *Was there a way to capture revenue from their beachgoers by giving them an opportunity to order from the Caddy's menu directly from their beach chairs?*
3. **Set up a system for beach "to-go" packages.** Caddy's could give customers the opportunity to take a boxed meal or six pack of beer either back to their seats on their own beach, or to any location of their choosing, with no up charge. *Would a low-tech solution like a Caddy's version of a convenience store even be desirable to people who weren't staying in the area?*
4. **Set up satellite bars on the beach.** By choosing multiple locations on their own beach, Caddy's could make it easier walk for customers to take a short walk to refill their cold beverage. *Was this an option to maintain face-to-face customer interactions while complying with local government restrictions?*

While each scenario had clear benefits, there were also disadvantages to each of them as well. Although Caddy's would benefit from the decision in the short-term, they would also need to prepare for another potential outbreak which could prompt the local government to impose more restrictions. Therefore, whichever solution they chose would need to be easily transferrable and not lock Caddy's into any long-term business model or dynamic. But ideally, it also would be applicable once the pandemic had passed. Barry's number one priority was making a day at Caddy's on Treasure Island an enjoyable but safe experience for all of its customers and staff again. It was just a matter of how.

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Biographies



Randy Esponda is the Director of Operations for SunPubs Investment Group, a local restaurant and bar ownership firm that owns the brands Caddy's, MacDinton's Irish Pub, and Yard of Ale. With SunPubs, Esponda oversees the productivity of all food and beverage programs, leadership retention and mentoring, and business growth. Esponda received a bachelor's degree in exercise science from Florida State University. He is completing the Executive MBA program at the University of South Florida, and will always be a student of the Hospitality industry.



Tim Newsome is a military veteran with 30-plus years of service in the U.S. Army. He has most recently served as a background investigator with General Dynamics Information Technologies. In the U.S. Army, Tim commanded at the company, battalion and brigade levels. As chief of staff of a division, he was responsible for the operation of a division headquarters charged with mobilizing, training and validating reserve component units in 27 states and two territories east of the Mississippi River. He earned a master's degree in national security and strategic studies from the Navy War College (2010), a master's degree in human resource management from Troy State University (1998) and a bachelor's degree in psychology from the U.S. Military Academy in West Point (1987).



Say Sengsouvanha earned a B.A. in Philosophy and a B.S. in Chemical Engineering from the University of South Florida (Go Bulls!). His current role is Senior Project Engineer with Seven Seas Water, a Morgan Stanley Infrastructure Partners company and global leader in Water-as-a-Service® (“WaaS®”) solutions. Seven Seas Water is a multinational developer, owner and operator of water and wastewater treatment plants and businesses. Sengsouvanha is a licensed professional engineer (PE) and PMI-certified project management professional (PMP). He uses his nearly 20 years of expertise in water treatment projects and passion for sustainability to support Seven Seas' aggressive growth strategy and improve the communities in which they operate.

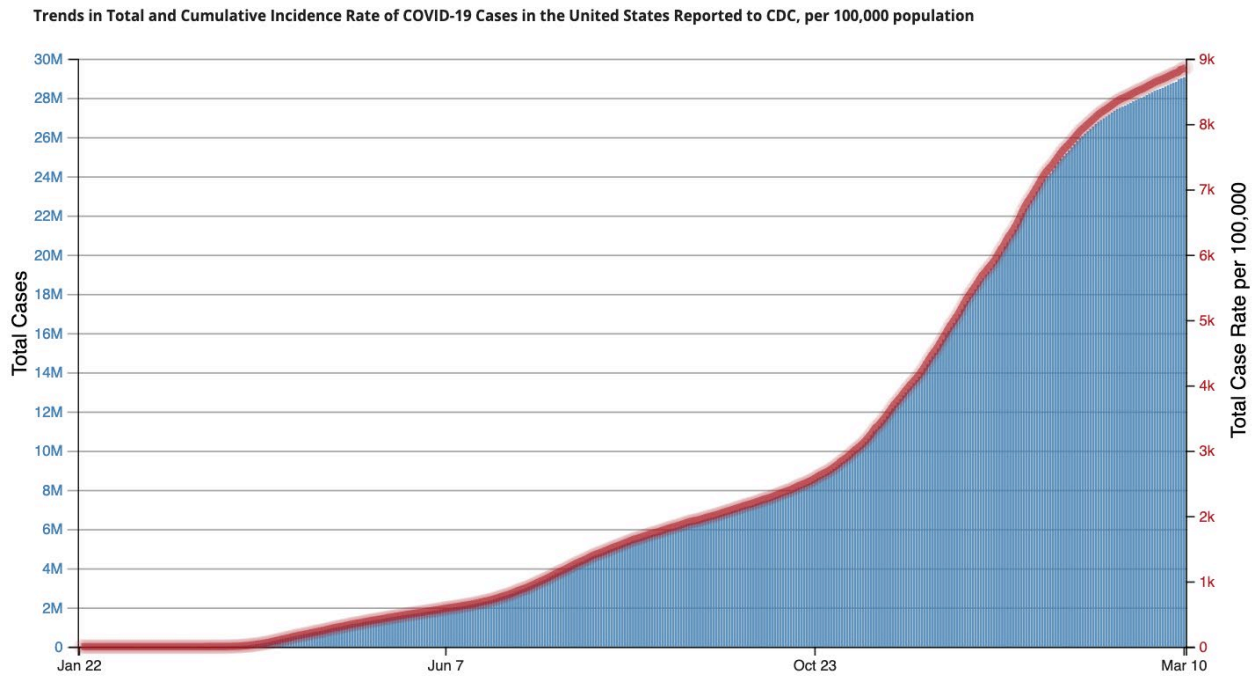


Sam Barrington is the Chief Operating Officer with central Florida-based Sky Limit Equipment, his startup that specializes in commercial and industrial construction equipment and crane service. He oversees business development, creates work systems, and manages all daily operations. He started his career as a professional football player, joining the NFL as a seventh-round pick after playing for USF. Sam currently works as a seasonal color commentator for USF with the Vinik Sports and Entertainment Group, where he conducts weekly coach and player interviews and keeps track of individual player and game statistics while discussing trends in the game during broadcasts. Sam is also the Founder of PPIc (Pro Players in Construction), a company dedicated to introducing pro players to the vast opportunities within the construction and development industries.



Cynthia Steel is the Director of Translational Research at Qlaris Bio, a novel research-based company with a focus on developing innovative therapies for blinding diseases. Previously, Cynthia has served as a Medical Science Liaison at Bausch + Lomb, a role which allowed her to travel the country to educate key opinion leaders on the B+L glaucoma portfolio and assist in the creation of novel science-based marketing messages for its newest glaucoma treatment. Cynthia has fifteen years of research experience in cell biology and ophthalmology and has previously taught college-level courses in Biology and Anatomy. She has a PhD in Cell Biology and Anatomy from Loyola University Chicago and a B.A. in Biology and Music Performance from Carthage College.

Exhibit 1: Graph of Cumulative COVID-19 Cases in the US, per 100k



Source: Centers for Disease Control and Prevention (Date: March 11, 2021)

Exhibit 2: COVID-19 Prevention Poster

Stop the Spread of Germs

Help prevent the spread of respiratory diseases like COVID-19.

Stay at least 6 feet (about 2 arms' length) from other people.

Cover your cough or sneeze with a tissue, then throw the tissue in the trash and wash your hands.

When in public, wear a mask over your nose and mouth.

Do not touch your eyes, nose, and mouth.

Clean and disinfect frequently touched objects and surfaces.

Stay home when you are sick, except to get medical care.

Wash your hands often with soap and water for at least 20 seconds.



cdc.gov/coronavirus

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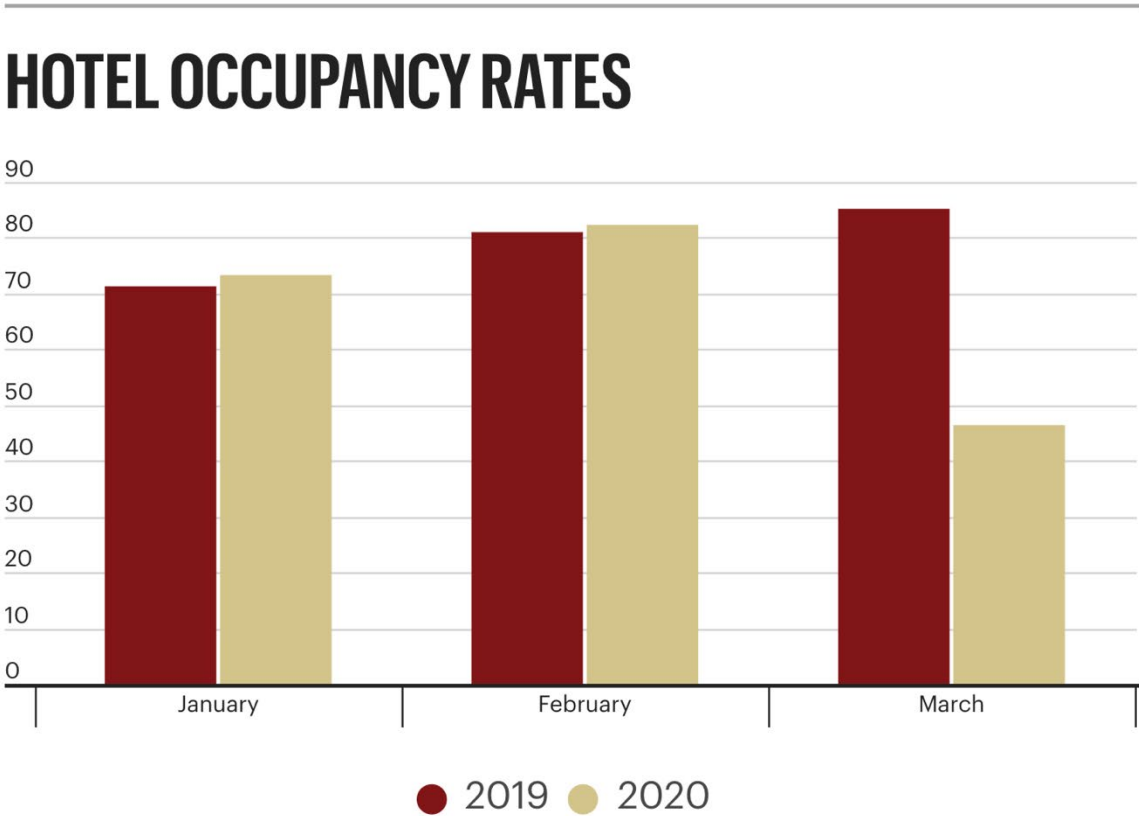
Source: Centers for Disease Control and Prevention

Exhibit 3: Timeline of Government-Mandated Shutdowns in Florida

Date	Event
March 11	State University system of Florida issues a statement encouraging remote instruction when possible and for all students to return home for two weeks
March 17	Bars & Nightclubs closed for 30 days, restaurants to operate at 50% capacity, and K-12 schools closed
March 23 & 27	Travelers from NY, NJ, CT, and LA must self-quarantine for 14 days upon arrival
April 1	Stay-at-home directive issued statewide
May 4	Parks, trails, and some day use areas included beaches to reopen. Group size limited to ≤ 10 people.
May 15	Full Phase 1 reopening commences statewide
June 3	Phase 2 reopening commences. Bars, movie theaters, and other indoor spaces allowed to reopen at 50% capacity
June 26	Bars ordered to shut down again
September 14	Most bars allowed to reopen at 50% capacity
September 25	Florida moves to Phase 3 of reopening. Bars and restaurants now permitted to operate at full capacity

Source: Developed by case writer

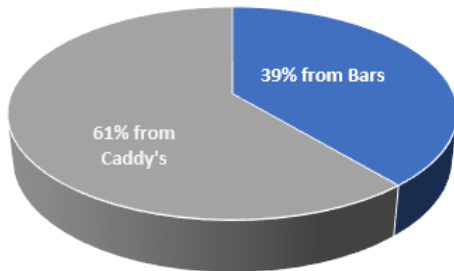
Exhibit 4: Hotel Occupancy in Tampa in Q1 2020 compared to 2019



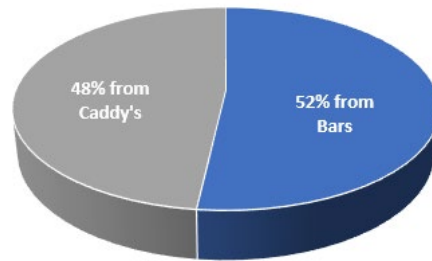
Source: Tampa Bay Business Journal

Exhibit 5: SunPubs Cash Flow in 2019

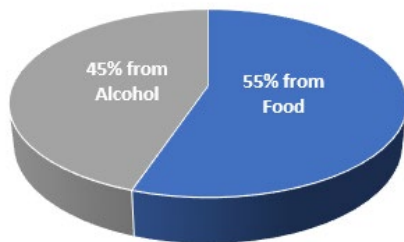
Sunpubs Revenue 2019



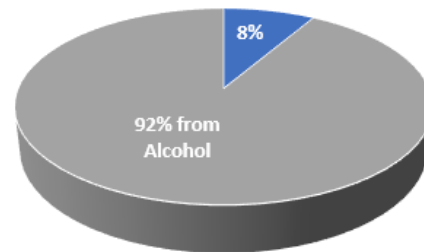
Sunpubs Profit 2019



Food vs. Alcohol Sales
Caddy's



Food vs. Alcohol Sales
SunPubs Bars



Source: SunPubs Investment Group

Exhibit 6: Sample Caddy's Menu

Caddy's WATERFRONT DINING

STARTERS & SHARING

SMOKED FISH SPREAD
House made with fresh salmon, served with a side of vegetables and crackers 12.95

GROUPEL NUGGETS
Lightly fried grouper tenders, served with tartar sauce and a side of lemon 12.95

SESAME CRUSTED AHI TUNA
Lightly seared sesame crusted ahi tuna served with seaweed salad, pickled ginger, and wasabi 12.95

HOUSEMADE CRAB CAKES
Caddy's Florida crab cakes seared and topped with remoulade sauce 11.95

BONELESS CHICKEN WINGS
Served buffalo, blackened or BBQ, with a side of celery and your choice of blue cheese or ranch dressing 10.95

CALAMARI
Fresh fried calamari served with sweet chili sauce 12.95

SPINACH DIP
Served with melted cheese and tortilla chips 11.95

CHICKEN WINGS
Served buffalo, blackened or BBQ, with a side of celery and your choice of blue cheese or ranch dressing 12.95

PEEL & EAT SHRIMP
Served chilled with cocktail sauce and a side of lemon 12.45

HOUSE SPECIALTIES

SAND DOLLAR CHICKEN
Chicken breast topped with goat cheese, citrus beurre blanc, and sautéed tomatoes, served with mashed potatoes and seasonal vegetables 16.95

CRAB CAKE DINNER
Caddy's Florida crab cakes seared and topped with remoulade sauce, served with mashed potatoes and seasonal vegetables 23.45

SEAFOOD MAC N CHEESE
Pasta shells tossed in our secret sauce, a blend of creamy cheese, creamer and shrimp, topped with bread crumbs 18.45

FISH AND CHIPS
Golden fried haddock, served with french fries, mandarin coleslaw, and tartar sauce 17.45

GROUPEL DINNER
Served grilled, blackened, or fried, served with mashed potatoes and seasonal vegetables MKT

SALADS & CHOWDER

CHOWDER
House made seafood chowder BOWL 6.95 | CUP 4.95

HOUSE SALAD
Fresh greens, onions, tomatoes, cucumbers, croutons, with a choice of dressing 7.95

CLASSIC CAESAR SALAD
Chopped romaine with croutons, parmesan cheese and caesar dressing 7.95

CADDY'S COBB SALAD
Fresh greens, grilled chicken, tomatoes, egg, blue cheese crumbles, croutons, smashed avocado and bacon with a side of ranch dressing 12.95

CUCUMBER MANDARIN SALAD
Fresh greens, grilled chicken, mandarin oranges, cucumbers, tomatoes, almonds, blue cheese crumbles, and raspberry vinaigrette dressing 12.95

SIDES

FRENCH FRIES 4 | MANDARIN COLESLAW 4 | MASHED POTATOES 4 | KETTLE CHIPS 3 | PASTA SALAD 4 | FRESH VEGETABLES 4

HANDHELD & BASKETS

GROUPEL SANDWICH
Grilled, blackened, or fried, topped with lettuce, tomato, onion and tartar sauce, served with kettle chips MKT

SHRIMP BASKET
Fried bay shrimp with a side of lemon and a side of cocktail sauce, served with fries and mandarin coleslaw 13.45

MAHI TACOS
Lightly blackened mahi mahi, topped with lettuce, pico de gallo, mexican cheese and chipotle sauce, served with kettle chips 13.95

COCONUT SHRIMP BASKET
Fried bay shrimp with a side of orange marmalade, served with fries and mandarin coleslaw 16.45

CHICKEN QUESADILLA
Pressed flour tortilla filled with grilled chicken, peppers, onions and mexican cheese served with salsa, sour cream, and kettle chips 12.95

CHICKEN TENDER BASKET
Hand breaded chicken tenders, served with fries and mandarin coleslaw 11.95

GRILLED CHICKEN SANDWICH
Grilled chicken breast, topped with lettuce, tomato, onion and honey mustard dressing on a bun 12.95

CADDY'S BURGER
Grilled to perfection topped with cheese, bacon, lettuce, tomato and onion on a brioche bun, served with kettle chips 13.95

CADDY'S REUBEN
Cured beef baked in house, topped with sauerkraut, Swiss chard, and thousand island dressing on rye bread, served with kettle chips 14.45

CHICKEN FINGERS
Lightly breaded chicken tenders served with fries or fruit

JUMBO HOT DOG
Kid's jumbo hot dog served with fries or fruit

GRILLED CHEESE
A classic grilled cheese sandwich served with fries or fruit

KIDS MEALS COME WITH A COMPLIMENTARY DRINK: WATER, JUICE, MILK OR SODA

KID'S MENU \$6.95
AGES 12 AND UNDER

HAMBURGER
Grilled hamburger served with fries or fruit

POPCORN SHRIMP
Lightly fried popcorn shrimp served with fries or fruit

SPECIALTY DRINKS

ROCKY MARGARITA
Milagro Silver, Triple Sec, Oasis Margarita Mix, Orange Juice

TROPICAL STORM
Stoli Citrus, Blue Curacao, Sour Mix, Tropical Red Bull

SOUTHSIDE
Stoli Cucumber, Lemon Juice, Simple Syrup, Mint Sprig

GULF SUNSET
Tito's Southern Comfort, Amaretto, Pineapple Juice, Orange Juice, Grenadine, Sour Mix

HAVANA NIGHTS
Malibu Pineapple, Melon Liqueur, Pineapple Juice, Orange Juice

PAIN KILLER
Bacardi, Myers Dark Rum, Cream of Coconut, Pineapple Juice, Orange Juice, Nutmeg

RUM RUNNER
Silver Rum, Meyer's Dark Rum, Blackberry Brandy, Banana Liqueur, Pineapple Juice, Lime Juice, Grenadine

CADDY'S AC MARGARITA
Milagro Reposado, Grand Marnier, Cointreau, Orange Juice, Sour Mix

LOOSEY GOOSEY
Grey Goose, Peach Schnapps, Lemonade and Sweet Tea

FROZEN OASIS

FROSÉ
Gluten Free Vodka, Rose Wine, Oasis Sour, Oasis Peach, Pear Syrup

PIÑA COLADA
Malibu Original, Oasis Piña Colada, Pineapple Juice, Coconut Cream

STRAWBERRY DAGLURI
Silver Rum, Oasis Strawberry, Sour Mix

BANANA SPLIT
Malibu Banana, Oasis Strawberry, Oasis Ice Cream, Sour Mix

SLUSHY MARGARITA
Silver Tequila, Oasis Original, Mango or Strawberry, Triple Sec, Sour Mix

MANGO MADNESS
Malibu Mango, Oasis Mango, Orange Juice, Sour Mix, Lime

MOJITOS

THE COCONUT
Silver Rum, Simple Syrup, Lime Juice, Coconut Puree

PAPPA'S SURF
Pappa's Pilar Rum, Blue Curacao, Simple Syrup, Sour Mix

DRAGON MOJITO
Bacardi Dragon Berry, Watermelon Schnapps, Simple Syrup, Lime Juice, Grenadine

THE CLASSIC
Bacardi, Simple Syrup, Lime Juice

MALIBU BUCKETS

CADDY'S GULF COOLER
Malibu Coconut, Malibu Mango, Malibu Pineapple, Pineapple Juice, Orange Juice, Cranberry

LIME IN THE COCONUT MOJITO
Malibu Coconut, Bacardi Silver, Club Soda, Sierra Mist, Lime Juice, Coconut Puree

DEEP BLUE SEA
Malibu Original, Malibu Mango, Blue Curacao, Pineapple Juice, Sierra Mist

BANANA CABANA
Malibu Original, Malibu Banana, Banana Liqueur, Pineapple Juice, Orange Juice

DRAFT BEER

MILLER LITE
YUENGLING
BLUE MOON

MICH ULTRA
JAI ALAI
LAND SHARK

PACKAGE BEER

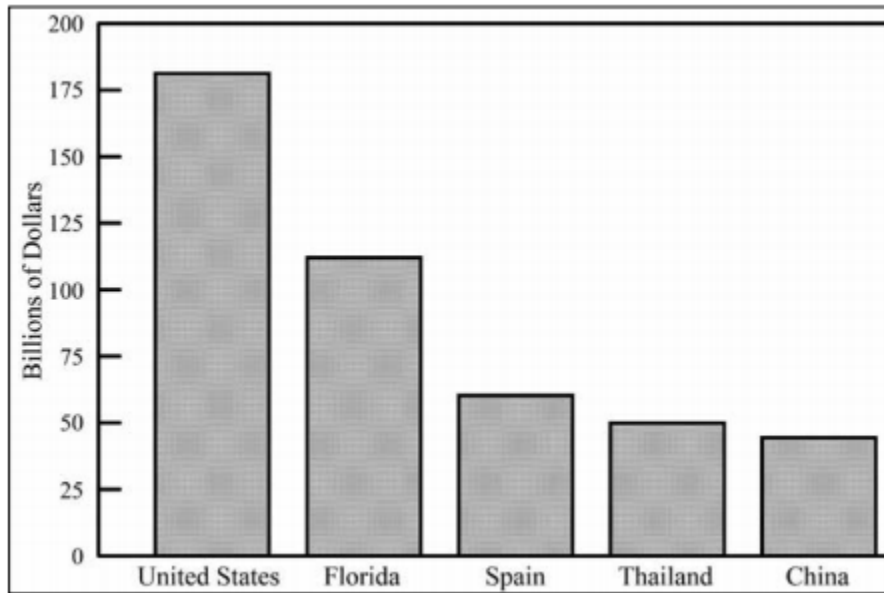
MILLER LITE
BUD LIGHT
CORONA
WHITE CLAW
TRULY

CIGAR CITY BREWING
HENNEKEN
MICH ULTRA
COORS LIGHT
FUNKY BUDDA

PROUDLY SERVING
Lite
CIGAR CITY LIGHT
YUENGLING
CORONA

Source: Caddy's Waterfront Dining

Exhibit 7: Graph of Tourist Spending in Florida Compared to Other Countries



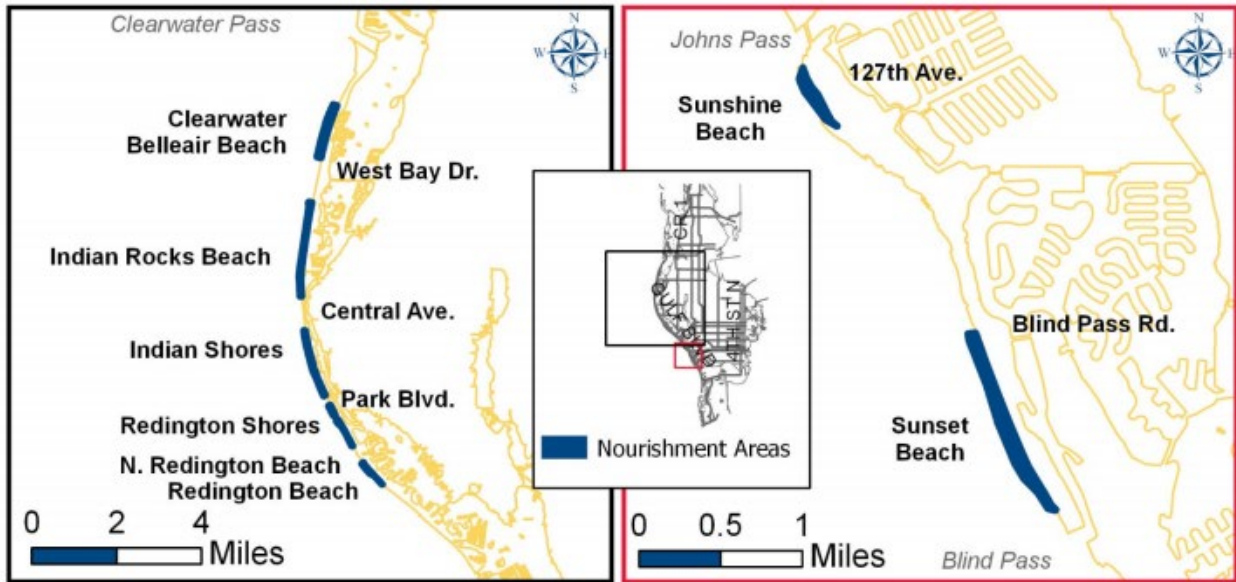
Source: American Shore and Beach Preservation Association

Exhibit 8: Example of Beach Nourishment



Source: American Shore and Beach Preservation Association

Exhibit 9: Map of Tampa Bay Beach Nourishment Areas



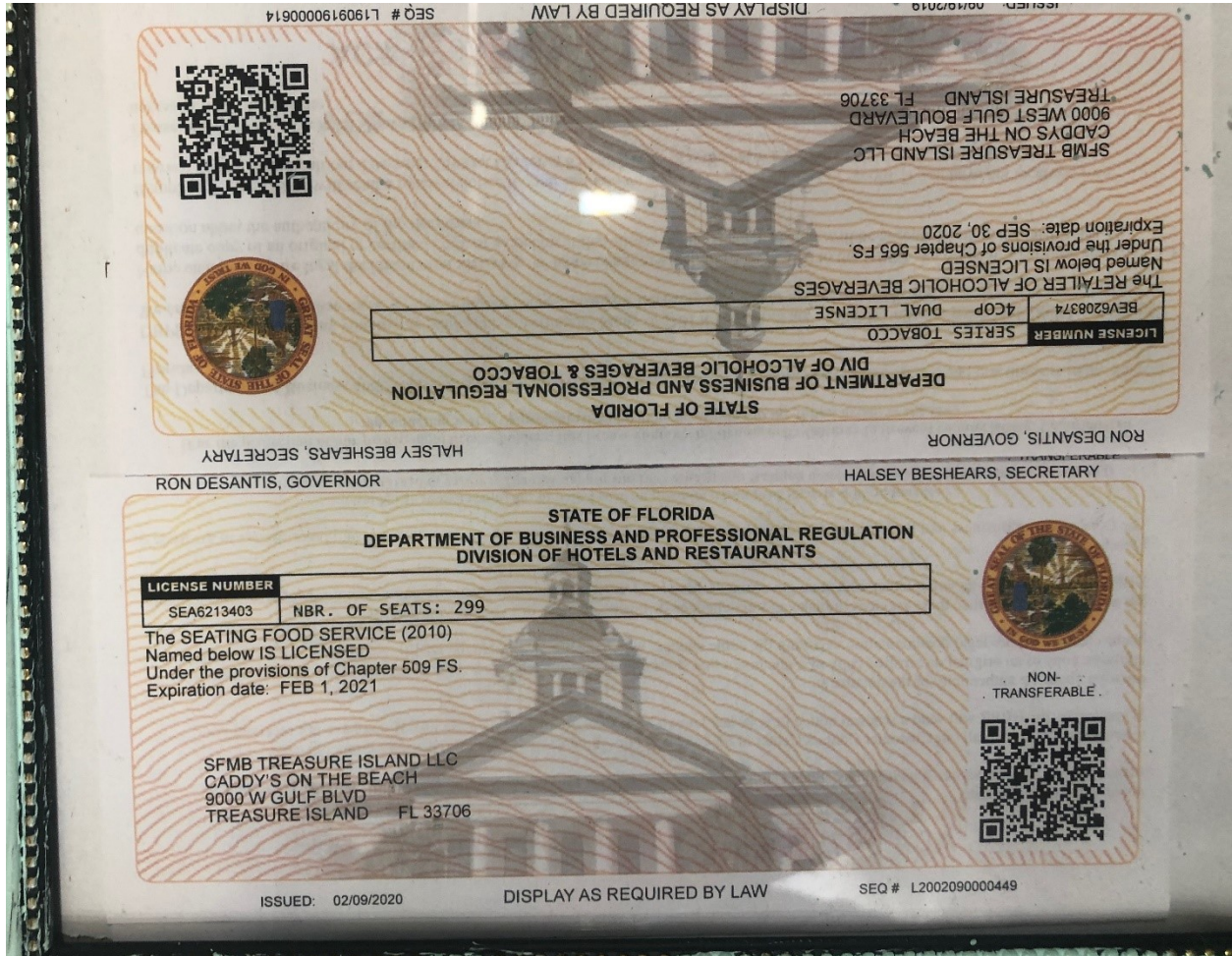
Source: Pinellas County Environmental Management

Exhibit 10: Complimentary Chairs Outside Caddy's on the Beach



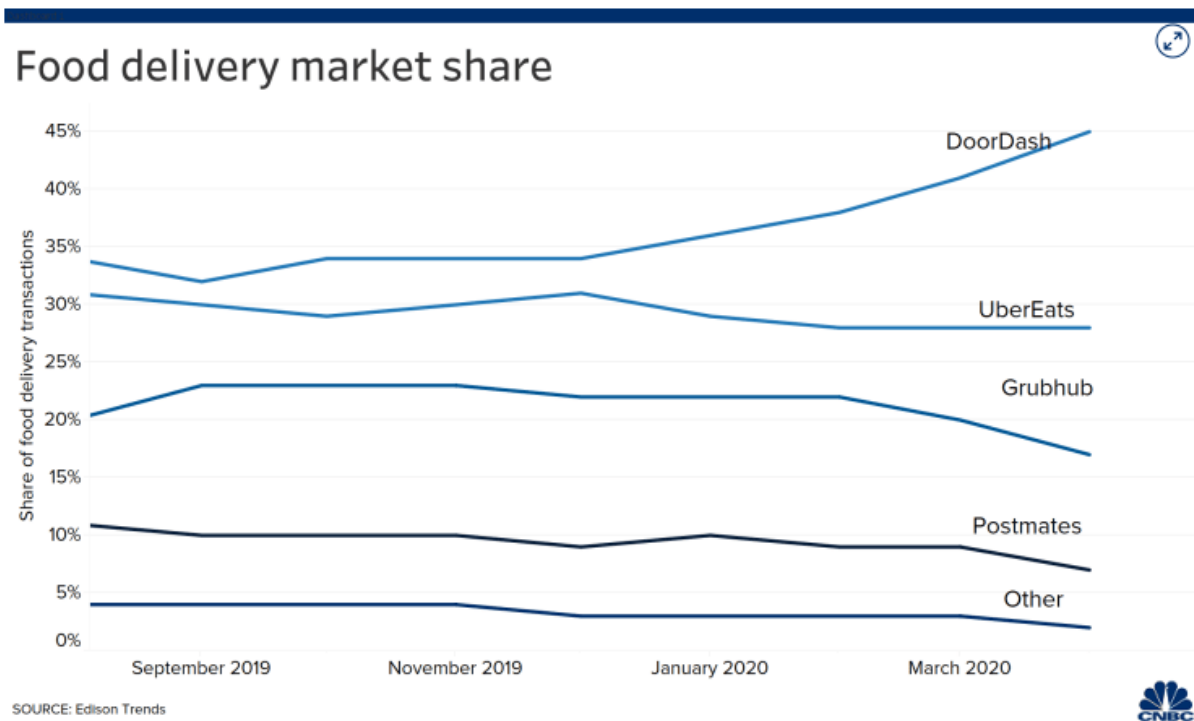
Source: Caddy's Treasure Island Facebook Page

Exhibit 11: Caddy's on the Beach Restaurant License



Source: Caddy's Treasure Island

Exhibit 12: Food Market Delivery Share by 3rd-Party Apps



Source: CNBC Disruptor 50 website