Marie Molde:
Good morning and thank you for being here. My name is Marie Molde. I am a member of the team here at Datassential, and this morning I am very eager to introduce this next webinar in our series about COVID-19 impacts on food service. So today we're exploring economic impacts of COVID-19 and our guest is Dr. Russell Walker.

Marie Molde:
So Russ is an economist and he's on faculty at the University of Washington Foster School of Business. Russ also consults with food companies in areas like strategy and risk management. I've also had the pleasure of working with Russ and I can attest that in addition to his economic expertise, he's also very much a foodie. Like our team back here. I would call him a food expert. So we've brought in Russ today to hear about his thoughts and perspectives relating to economic impacts of COVID-19, what's happening now and what's future looking, and how this is going to impact food service and the food industry specifically. So welcome Russ and thank you so much for joining us.

Dr. Russell Walker:
My pleasure to be here. Thank you for inviting me.

Marie Molde:
Yeah. Russ, I thought where we might start is, we haven't really seen anything like this in our history. We think about something like the black plague which killed like 60% of Europe's population, so obviously this is very different than that. But can you think of anything historically that has made ripples in our society and our economy and everything about our world as much as COVID-19 has?

Dr. Russell Walker:
That's a really good question. When we ask that question, what we're really asking is if we can see what happened in the past, will it then tell us what will happen in the future, right? So if history is a record and we can go find the right verse, we'll know what comes after it, and that's helpful. That's sort of the way that we think about things, cause that helps us prepare for what happens next. And I think there are many things about this that are similar to other health crises. The one that people draw most immediately is the flu of 1918, which happened during World War One. But I do believe, and I guess I'm optimistic, that this will be very different. First of all, the level of science and understanding is much greater, and I think the dispatch with which health companies, scientists, medical specialists are working is also different.

Dr. Russell Walker:
That flu ended after quite a few years, and finally use of plasma to actually build herd immunity in the population. I'm quite optimistic that the people working on this will find something much quicker. Quicker might not be next week of course, but might be within months or a year or something like that. And we have the resources to actually vaccinate millions of people rapidly. I think some solution like that is likely to play out. So, my optimistic outlook is that it will be challenging, but then when we have a solution, a medical solution, we'll have a much more rapid recovery than we've seen for things like the flu of 1918 or the black plague or something that persisted for very long period of time and wasn't solved until essentially it worked itself out and eradicated those people who couldn't survive. I think we'll have a much better outcome than that.
Marie Molde:
Yeah. Well that's great and I'm glad to hear it's an optimistic outlook. We're here today to talk, or really focused mostly, on what's happening with restaurants and the food industry. So of course restaurants and hotels and food service is really one of the hardest hit industries.

Dr. Russell Walker:
Absolutely.

Marie Molde:
There's a lot of good things happening. The government has a number of programs now. I think the paycheck protection program goes into effect today. Would you mind sharing with us maybe what that is and what your perspective is, and do you think that having this in place now, restaurants will hire back their already laid off workers or do you think they maybe might not take advantage of it?

Dr. Russell Walker:
I would think that they would. And I imagine it really depends on the unique situations of the restauranteur. I have a lot of good friends in the restaurant business and like you, I enjoy working with leaders in that industry. And I think the restaurant industry has a few unique challenges. All of them are amplified right now. And maybe I can say something about this and why what a restaurant owner operator would do might be unique to their condition. Not all of them necessarily are getting rent relief, right? So if you're a restaurant operator or a chef, you know right away that your biggest partner is your landlord. And unless you own your own property, then you might have a mortgage. But it's very difficult to continue operating if you can't pay for your rent, right? And so most restaurants have relatively modest margins, I would say, maybe at the luxury level that's different.

Dr. Russell Walker:
But labor costs are high, of course, overhead is expensive for rent, and so you can't really hire people back if you still can't afford the mortgage, right? And so I would think there would be something like that. You and I spoke initially, I think there's some restaurant models are successful or can be successful today in the COVID-19 situation, and maybe some that can't. And so it's been in the news where luxury restaurants here in Chicago or here in Seattle and back in our former hometown of Chicago have twisted or moved to some sort of a delivery pickup. And that's great. You know, you say they're keeping their workers employed and they've enjoyed fantastic success. Thousands of people who come. That works.

Dr. Russell Walker:
Maybe that doesn't work for the greasy spoon, right? Maybe that doesn't work for every ethnic restaurant. Maybe that doesn't work for a sports bar, which is really alcohol consumption-driven. And so you can only have so much of that, that's pickup. So I think the answer to it is really unique to the condition of the restaurant and maybe their ability to operate in this condition. I would think that the owners would hope to see a bright light at the end of this and part of that is having their staff back, critical members of their staff probably. Those would be the first that you'd want to keep, but the real response will be driven to what else is happening to the business. Are they getting rent protection? Can they actually transform and sell something in their current environment?

Marie Molde:
Yeah, that's a good point about rent. Do you know if, in that PPP plan, can the operators use those funds on their rent, or is it only-

Dr. Russell Walker:
That, I don't know. I do know some major real estate investment trusts have elected to reduce or to suspend rent from small business owners. So obviously they see the challenge and this all feels great, right? You say, "Hey, the big bad landlord has decided we're going to suspend rent and help us get through it." That's great, if the landlord doesn't have their own mortgage or have borrowed money from the bank somewhere, and if they have the ability to absorb that in the short term, that's very generous and kind.

Dr. Russell Walker:
At some point, someone takes the hit, right? Someone doesn't get paid. What I haven't heard, and if I can just point this out and why this remains a pressure is, I haven't heard counties or municipalities say, "No, you don't need to collect property tax." I haven't heard that come up. So at some point, the landlord, whoever they are, big company, small independent operator, will have to pay his or her own expenses and you can only absorb so much of that.

Marie Molde:
Right. Yeah. Russ, it seems like current estimates are saying that unemployment in the country might exceed 30%, which I think is higher even than during the great depression. So how do you think we as a society should think about those numbers and what do they really mean? Like, how will that play out in our everyday life with things like everyday commerce and also buying food either at the grocery store or at restaurants?

Dr. Russell Walker:
Yeah, that's a really good question. And back to your first question, why are we looking to see how this crisis looks like other economic crises is, economists look very poignantly at unemployment. And unemployment says many things. It says something about the health of companies because they hire people. And then it says something about the ability of consumers to buy. Our society is so driven by consumption of goods and services, and now services in many ways. So when people don't have jobs, of course they can't pay, they can't make their rent, they can't make their mortgage. And that has an effect on capital markets and the cost of borrowing, and well you can quickly develop a perspective that, that's really bad, right? So for almost every central banker and the federal reserve of course is our central bank, the focus has always been how do we control unemployment and inflation and if not unemployment first, certainly second.

Dr. Russell Walker:
And yeah, there's a big increase in unemployment. I saw unemployment claims were over six million just last week, or this week.

Marie Molde:
Wow.

Dr. Russell Walker:
Yeah, so that's quite a bit of the US population. 30% sounds really high to me. I haven't studied it closely enough to say that would happen, though I will say there are many ways that workers are getting redeployed, and this might be the silver lining, provided that an individual feels safe, can be safe. It's clear that the companies like Amazon can't get enough workers.

Marie Molde:
Yeah, and grocery stores.

Dr. Russell Walker:
So they want 100000. Exactly. Some stores like Target and Costco and such probably need even more, and then this will be kind of an interesting question. If people go there, do they get redeployed back to where they were? And I think the jobs that we're talking about are going to be service jobs, probably many hourly jobs. Those are typically jobs where an employer can put the job back. When we don't have work, you don't get paid. Sort of an hourly worker concept as opposed to an employee on a contract or union contract or salary worker. Those probably have a little more protection right now. And if you work in intellectual space and you're a programmer or something like that, well probably you haven't been hit as hard as the person who works down at the coffee shop. Right. So, in that regard, I think there'll be completely different realities. And on the service side, I think the opportunities will be to redeploy and where society needs workers. It's going to be in delivery and probably an innovation in retail.

Marie Molde:
Yeah. Yeah. And to your point about how we need to be spending money for the economy to be doing well, thinking about the stimulus checks that people are getting, I think if you make under $100,000 then you're getting up to $1,200. Do you think that's a good idea? How do you think people will spend those? Do you think the restaurant industry will see any benefit from that?

Dr. Russell Walker:
Oh, I think they will. I think when we have had rebates from the government, I believe the most recent one, though dated, is the one under the former George Bush... Or the second George Bush, sorry, 2000, 2003 period. There was the tax rebate. People basically spent that, right? Very little evidence to suggest that it went into savings or investment, but it was used in consumption. And so if that holds true today, we would expect people to consume. So they'll buy products, they'll buy services and they'll buy food. I absolutely think that will happen.

Marie Molde:
And do you think it's an adequate amount of money?

Dr. Russell Walker:
That's a very good question. I think it depends what level of income you have. Let's maybe give a little precision or thought to income distribution in the US. So, median household income is around $63,000, which is actually an all-time high. Corrected for inflation, it's not an all-time high necessarily, but $63,000 if you had two working adults, each one works 2000 hours, we're talking about a family that makes a little more than $15 an hour for each adult in the house if they're two adults. So it's not a tremendous amount by the measure of most metropolitan areas. Let's keep in mind, what does that median mean? That means that half of America makes less than that. And so if you were making, I'll say,
$60,000 a year, $1,200 is a lot of money. If you're making $100,000 a year, it's probably much appreciated, but it's probably not as much.

Dr. Russell Walker:
And if you're making $100,000 in San Francisco or New York City and Manhattan, you'd probably consider yourself the working poor. And I say that with a little exaggeration, but there's some truth to that, right? That rent could be $3,000 or $4,000 a month for someone in a very high cost of living city like San Francisco or New York in that $100,000-

Marie Molde:
Or Seattle.

Dr. Russell Walker:
Or Seattle. Seattle's third, I think, on that list. Not so great. But you're exactly right. So now the question is, how does that money help? That money can really help because maybe half of your income is already pledged to rent, and you get $1,200 to do something with. And that I think certainly going to go back into the economy.

Marie Molde:
Russ, do you suppose that we are, and maybe we're already there, but that we're going to head into a recession, and do you think a depression could follow that?

Dr. Russell Walker:
Yeah, that's a good question. That's what every economist is asking. I don't think a depression is likely. What happened in the 1930s, in fact, was we had massive deflation. So I raise deflation, and one of the challenges that occurred there, of course, is that people would not invest. Investors, people who had money, would not invest and buy assets and support businesses because they saw deflationary pressures. I also think the federal reserve, Chairman Powell, has been extremely proactive. Never has the federal reserve so quickly dropped interest rates and offered stimulus. I think they're extremely focused on the state of the economy, and I also believe that the metrics that they use, to manage the US economy are broader than they were even, say, under Greenspan, when there was a massive focus on inflation. If any of our viewers remember the recession of 1991, '92, there was a massive focus on inflation.

Dr. Russell Walker:
When Greenspan famously said, "Well I'm going to increase interest rates," cause that's what you do. The textbook solution to inflation is increased interest rates, even though unemployment was high. We did that as a country back in the '70s, and that appears to have worked, though there are people who might be revising what would have been the right solution. But today, as I mentioned earlier in the talk, we don't just look at an inflation. In fact, we may not have much inflation, which is a different condition than we had in the '70s and maybe even the early '90s, is that we have deflation, or maybe stagnation, as they call it. And so now unemployment becomes a major focus. What can we do to reduce unemployment? And this is going to sound slightly elitist, I don't mean it this way, but governments hire people, and after governments hire people, who hires people? Business owners hire people.
Dr. Russell Walker:
And so then one of the ways that you start the economy going more strongly is that you put money back in the hands of business owners, small business owners primarily. And so whether that's a loan assistance, small business assistance, lines of credit, and they've already thought about programs like this, tax rebates, what have you. Even the program for restauranteurs is an example of that. That's really great because if you're a small business owner and you say, "I'd like to get my business up and running again, that means I'd like to hire my workers and if I can hire them, they go back to spending and we get back to where we were."

Dr. Russell Walker:
So I think we will move faster on economic reforms than we did other recessions. I suspect when the economic data comes in, that we will find by the next quarter we're in a recession. That's my thought. Yeah, so stock prices are down. That's not the measure. Of course, it's GDP growth is the measure of the recession. It's really hard to believe that we're seeing economic growth. Contraction is probably more the case. Though, I will say there must be some bright spots. I can't believe that Amazon's going to have a terrible quarter.

Marie Molde:
Or Zoom web software.

Dr. Russell Walker:
Or Zoom. And I suspect that there's some enormous opportunity for cloud-based service companies that are doing some new things. And if you're in the airline hotel industry, well clearly it's awful. And it may be yet for another couple of quarters.

Marie Molde:
Yeah. Well Russ, I saw an article yesterday about how Oregon, so just south of us here, they have closed their restaurants, I believe, until September. I think it's September 20th, and here in Seattle of course everything is closed except for takeout and delivery. In many cities and states, that's the case. The far majority, it's the case. So we've talked a little bit about changing consumer food tastes. Somehow our tastes are evolving all the time and one example is, we look over the past year or so, one of the fastest growing types of cuisines has been Hawaiian cuisine, led by the Poke trend. So when we think about how restaurants will react to, once they're allowed to open again and how the landscape is going to have changed, do you think we're going to see a difference in that, and consumers are going to be more focused on maybe something like value versus a really exotic new dish or flavor or a trendy item?

Dr. Russell Walker:
I do, and I think it's important to think about who your consumer is. If your customer at your restaurant is wealthy and their income is largely unaffected by the recession, probably they'll still want their Poke and probably will still pay for it. And let's be honest, for many people, a $15 or $20 bowl of Poke is slightly on the luxurious side, right? That's not what someone making $20 an hour likely buys for lunch, and if they do, certainly not on a daily basis. And so if your business has that core of individuals who have higher income and that higher income is resilient to the downturn, you'd probably be okay. You can still sell that. I think there will be a lot of people whose income takes a hit, that will eat out less.
Dr. Russell Walker:
When they do eat out, I think there'll be looking for value. Probably comfort. These are not individuals. Probably their families, would be my guess. If you're an individual, it's probably easier to overcome your cost, coming out of a downturn. But if you're a family, you have a lot of costs, which are fixed costs, and they're growing costs, and I suspect that businesses that can respond to that, restaurants that can, will have unique success. I also think that this period of pickup and take out, I think it's going to determine some new winners, if you don't mind me saying. I'll just say this as a dad and a foodie, and I appreciate your thoughts on that. My wife's a great cook and we enjoy food from all different ethnic cuisines. It's not always easy taking your kids to the dinner and restaurant that you'd want to go to.

Dr. Russell Walker:
And so now some of those restaurants are figuring out that, "Okay, well maybe I should do take out, maybe I should do pickup," and in ways that they didn't before. Maybe you'd have a unique meal that is better suited to being warmed up. And so if that's the case, I suspect some of those restaurants aren't going to forego that business. When all of this passes, they're going to say, "Well, that's great. You know, I met thousands of customers that would never have come into my restaurant for some reason or other."

Dr. Russell Walker:
And they're going to win. I think restaurants that are really focused on alcohol consumption, and that's onsite consumption, I think they're going to have a really hard time. There are states that said, "Okay you can do drive through, pick up your booze." In the spirit of giving everybody a chance to excel, that sounds right, but you can really buy your own booze and drink at home. You don't need someone else to mix it for you. I'm not exactly sure what the value-add there is. I always thought the value-add was the environment, the bar, the people that show up at the bar. But, certainly if you take your liquor neat, you don't need someone to pour it in a glass for you.

Marie Molde:
And we talked a bit about delivery in all of this. Delivery right now is quite an expensive endeavor, or certainly it can be. And I've noticed a lot of promotions about free delivery at various restaurants, and we've talked about how this whole situation might open up new avenues like sharing about how the kitchens might turn into areas to make takeout meals or that type of thing. Do you think delivery is going to have more legs after this, or is this like a flash in the pan?

Dr. Russell Walker:
I do. I think delivery will have more legs for a few reasons. This again will identify some winners, and I'm not here to say who those or what those might be yet, but for most restaurants before this crisis, delivery meant Instacart or UberEats or Grubhub or something like that, which, first of all said, give up part your revenue and then let someone else deliver your food. Maybe it's not in the ideal conditions. Many restaurants looked at it and said, "Well, okay, if the customer really wants it, they'll pay for it." And frankly, I don't know that a lot of restaurants ever customize their operation, their meal, their packaging, their presentation, and their delivery for physical delivery. It was sort of an add-on. Like, take my current menu and just push it into Grubhub, which doesn't really work, right?
Not to get into the nuances, but if you sell chicken wings, that's probably not the best way to deliver chicken wings. And so maybe chicken wings aren't even the right thing to deliver, but if you have to re-warm it, you have to heat it or maybe it should have a final step, I could see there being many types of delivery that have that. I saw various ads, I've seen various size on television where restaurants, I think one of them, Golden Corral, says, "We'll do free delivery." If you're a big chain like that, could you develop enough delivery that you just have your own drivers? Sort of like dominoes, right? The pizza industry is actually a really great example of this. They've done delivery for a long time. So, first of all, the product is designed really well for delivery.

Dr. Russell Walker:
It's packaged in a way that retains heat. It can be reheated if it needs to be, and consumers see value in it at a price point that allows delivery. This, I think, becomes part of the optimization of, what would you make? Maybe you can't make certain things. And so Bananas Foster probably doesn't deliver well.

Marie Molde:
Unfortunately.

Dr. Russell Walker:
Unfortunately, right? Therein becomes kind of the art and expertise of the chef. What can I deliver that a customer would say, "Wow," wow enough that I would pay a price point. But I do believe that there will be some new solutions to that. I think it will be exciting, actually.

Marie Molde:
Yeah, I agree. I think it's going to be exciting. I think this whole notion of new opportunities arising in food service is exciting to see too, like how distributors might be partnering with retailers now, because retailers can't keep up with the supply on their grocery shelves. So food that otherwise would have gone to restaurants is going to grocery, and new partnerships and new ways of thinking about synergies seem to be arising in a lot of different areas.

Dr. Russell Walker:
I agree. I think one of them that actually could be a winner is that many of the delivery processes that we're working with right now, think of Amazon Fresh where if you wanted something, previous to the crisis, they'd say we bring it to you in two hours or less, right? They had this massive deployment of the drivers all available, and they'd go to basically Whole Foods and put something in the bag and bring it to your house for you. Okay, well that has an enormous cost because you as Amazon have to have a driver basically on a call, and even if that driver doesn't make money until the order comes in, you still have to have that person engaged some way. Now, suppose we train consumers, if you don't mind me saying, to say, you should plan your delivery.

Dr. Russell Walker:
In fact, if you want my food from my restaurant, you need to tell me before 2:00 in the afternoon and we will schedule delivery at a slot that you pick. That takes a lot of risks and costs out of the restaurant. If you know that I'm going to make 200 dinners and those 200 dinners are all going to be delivered in a two hour block, well I could find a driver who would do that probably at a very attractive price and
maybe restrict my geography, and all of these things could lead to a solution that wins for the restaurant as well.

Marie Molde:
Yeah. Well that's brilliant. I always thought, I can't imagine trying to figure out how much inventory to have in a restaurant. That's always kind of blown my mind. How do you ever plan for that? And especially with various fresh ingredients and things, it's just such a puzzle. I can see that would be tremendously helpful and cool if that became part of our norm.

Dr. Russell Walker:
Yeah. The challenge of that, inventory planning in a restaurant, that actually is addressed by a very famous economic study. It doesn't refer to the restaurant industry. It actually takes the following name, it's called the Newspaper Sales Boy Problem. It's really called that. And the question that was posed to economists and now has been answered through this little story is, if you were a newspaper boy back, say, decades ago when newspaper companies sold papers to typically young boys and then they would drive up and down the street and would sell them by membership or by daily purchase, the question always was how many newspapers should the newspaper boy buy? And that's a really interesting economic question, for the following reason, is that the newspaper is useless the next day. It is a perishable asset. Just like a food item, though we could conceive of freezing it and storing it sometimes. But if our item actually couldn't go to zero, we actually could buy too many, right?

Dr. Russell Walker:
This is the fear. So you already sort of revealed the fear, which is if I buy too much, oh my gosh, what would I do? I would have to waste it and it'd be spoilage. And so the problem actually has a very unique solution. If you're capitalistic and you really want to achieve maximum market, you should always have more than you would sell. And so the problem is really one about forecasting your demand. And so then if you have a better handle of that, so it's sort of a little toy example. You'd say you should have one unit more cause you don't want to turn away a customer, particularly if your margin is really high on your sale. And the newspaper boy has really high margin, or used to. And so in this case, if you're a restaurant, you'd say, I'd want to have more than I expect to sell, but maybe not twice as much. So just a little bit more.

Marie Molde:
Just a touch more.

Dr. Russell Walker:
So then the problem, as any good academic, we've transformed the problem to another problem. And that problem is one we feel like we could better solve, which is, we now have to forecast demand. How many people do you expect to come through the door? That still might be hard, but you might say, "Tonight's a Saturday, what did last Saturday look like?" That's of course what the industry does. Even what newspaper people would do if they were still in business.

Marie Molde:
So, believing most of it will come back and seeing all the stimulus packages that are out there right now, the new PPP plan and those types of things, do you have any guess about what percent of restaurants might suffer from this? Like, what percent are going to go out of business?

Dr. Russell Walker:
I don’t. I think, again, it is very path dependent, and what I mean by this is if you’re a restaurant and you had a lot of savings and you could afford to keep some of your workers employed, you can afford to keep your rent current or your mortgage current, then your ability to survive is probably much greater. If instead you’re a highly leveraged business, you had a high rent, high labor, and then you can’t generate revenue in this crisis for some reason, again, something like a restaurant highly driven by alcohol sales, it’s really difficult to project if they could survive. Because, at some point, and I certainly don’t mean to sound draconian or pessimistic, at some point, your landlord, your bank or someone says, "Listen, I got to get something and if you can’t pay something, I’m going to foreclose."

Dr. Russell Walker:
And then when they do, and then what happens to the restaurant industry and it has happened in all the recessions is, well, we sell all the equipment. We sell fixtures and equipment and then basically the restaurant doesn't exist. So, once you've gotten toward that path, very hard to recover. Someone else buys the equipment, they make a new restaurant, and that’s sort of been the rebirth story of the restaurant industry for many years. I have a friend who’s a chef and he always told me, he says, "I never buy new equipment." He said, "There's always someone else's great equipment that's for sale at an auction." That's the sad truth. And so there'll be some of that. I definitely think that.

Marie Molde:
You know, Russ, I think I've heard that, after 2008, the restaurant industry was the first industry to bounce back. Do you know if that's true?

Dr. Russell Walker:
I don’t know if that's true. It wouldn't surprise me. It can bounce back in different ways quickly, right? Because it can hire workers very quickly. You can deploy them quickly. Even with my gray cloud here of the equipment gets sold, well if you’re a restauranteur and you want to get started and there are options for equipment in liquidation of fixtures and assets, probably landlords who have former restaurant sites that are empty and they say, "Oh, you think you got a restaurant that would work in this site? I'll give you six months free rent, or three months free rent." So they can recover quickly. It doesn't mean that the same participants recover, right, that there could be redistribution of assets, and some people will be winners or losers, but absolutely it could recover.

Marie Molde:
Russ, as far as other economic ripples, what about the chances of a residential mortgage collapse?

Dr. Russell Walker:
That's actually got some real concern. And the major banks are very, very concerned, heightened about this. And as you rightfully pointed out, unemployment is something that everyone looks at, the federal reserve looks at. So if you can't work, you can't pay, you can't earn money, and if you can't earn money then you don't pay for your mortgage. And so just like we were talking about, if a restaurant can't
operate then their landlord or mortgage holder comes and says, "Give me the kitchen, I'm going to foreclose." Well we could have that. And we had that in 2008, in spite of the fact that the government did many things to try to prop up the economy. I think they learned that what they did was not enough, is going to be my sort of synopsis.

Dr. Russell Walker:
And I think the fact that the federal reserve has reduced interest rates, that's already in the spirit of helping, helping consumers get lower interest rates. They have pledged to buy basically every bomb and mortgage that they can. So, what does that do? That keeps the market liquid. So it says if you have a mortgage back security, as a bank, the federal reserve will buy it from you. So you don't have to own it. And if you're concerned about delinquencies in there, federal reserve's going to own that. Now, it took some years for the federal reserve to get to that. We called that quantitative easing, back in 2010, '11. So they've already asked for the permission to do that from Congress. So they've already been more proactive. But it still comes down to the reality, will people be able to work?

Dr. Russell Walker:
I still come back to my futureistic, optimistic perspective, which is, it's probably very gray and cloudy now, but I do believe the medical teams, scientific teams are working with great dispatch, in that once a solution is found, it will be very rapid. And at that point, it may have some time to climb back, the economy, but there will be very few reasons for businesses to say, "No, I don't want to operate." I think we'll see a much more rapid recovery than we would have from the 2008 crisis.

Marie Molde:
Well, Russ, one question I think to wrap up our discussion is, thinking future looking, do you think it's reasonable for us to take any insights from what's happened in China or South Korea as far as what our recovery is going to look like? Has there been any happenings or lessons there that we might consider?

Dr. Russell Walker:
Yeah, I think there is. South Korea is a good example. I saw you sent a note about Sweden, how they have more or less avoided the big outbreak of this virus, and I'm no immunologist or epidemiologist. I'm making observations of what I see, and let's include Italy in Spain in this. So they had a terrible spread of the virus and you say, well, perhaps why did it spread so terribly in those countries and not in South Korea or the United States? And if you look at Italy and Spain, of course the generations of people live in the same apartment, right? It's not uncommon that your grandmother lives in the bedroom next to you, and that's part of their society and it's part of what makes their society so warm and beautiful and family focused, and that's great. And that's obviously contributed to how the virus has spread.

Dr. Russell Walker:
Someone in the family gets it or the extended family comes to visit grandma, and then one of them coughs. On and on, and you can see how those who are our greatest at risk then get exposure to it. That doesn't happen, I guess, in Sweden. That doesn't happen in South Korea and doesn't happen probably in Seattle or parts of the United States. China benefited from a very authoritarian lockdown and they just said, "Everybody go home and if you don't, bad things for you."

Dr. Russell Walker:
I think what is going to be most uncomfortable is that we're going to have to live in... You stay home for periods of weeks and months. And here in Seattle is at least until May 4th. My expectation is that it would be even longer, until that curve is not just flattened but really down, and then probably the fall will be some new challenge which is, does it come back as people come back, frankly for the University, I'm sure they don't want to address it now, but do they hold classes in person? Do you bring 40,000 people to campus and let them all cough on each other? Probably that's going to be a challenging decision. So yeah, I think if we could learn something from those countries, as uncomfortable as it may be socially is less proximity is probably good for quite a period of time.

Marie Molde:
Do you have any final thoughts you want to share? I feel like we've covered a lot of things, but any final thoughts for the food industry or restaurants today? It sounds like optimistic, mostly?

Dr. Russell Walker:
I would try to be optimistic. I do say that, cause I know some days it can be really hard, and in that spirit, you say, well if in a year, maybe less, there's some sort of treatment or reduction in the virus, would you be able to go back to what you did? And also maybe in the meantime, could you change your business, change it, I don't mean necessarily get a new business, but if you're a restaurant, could you do something to bring yourself revenue that you might not have done before? And obviously part of that is take out, delivery, but it might not be making exactly the same things. In that spirit, I think it's probably a good time to just reevaluate your business and say, "What could I sell right now? What would my customer want right now?"

Marie Molde:
Yes. Well Russ, on behalf of Datassential, I want to thank you for your time and your insights today. So thank you so much.

Dr. Russell Walker:
Thank you. My pleasure.

Marie Molde:
We can't wait to share this information with our audience. So thank you for being here, and for these valuable insights.