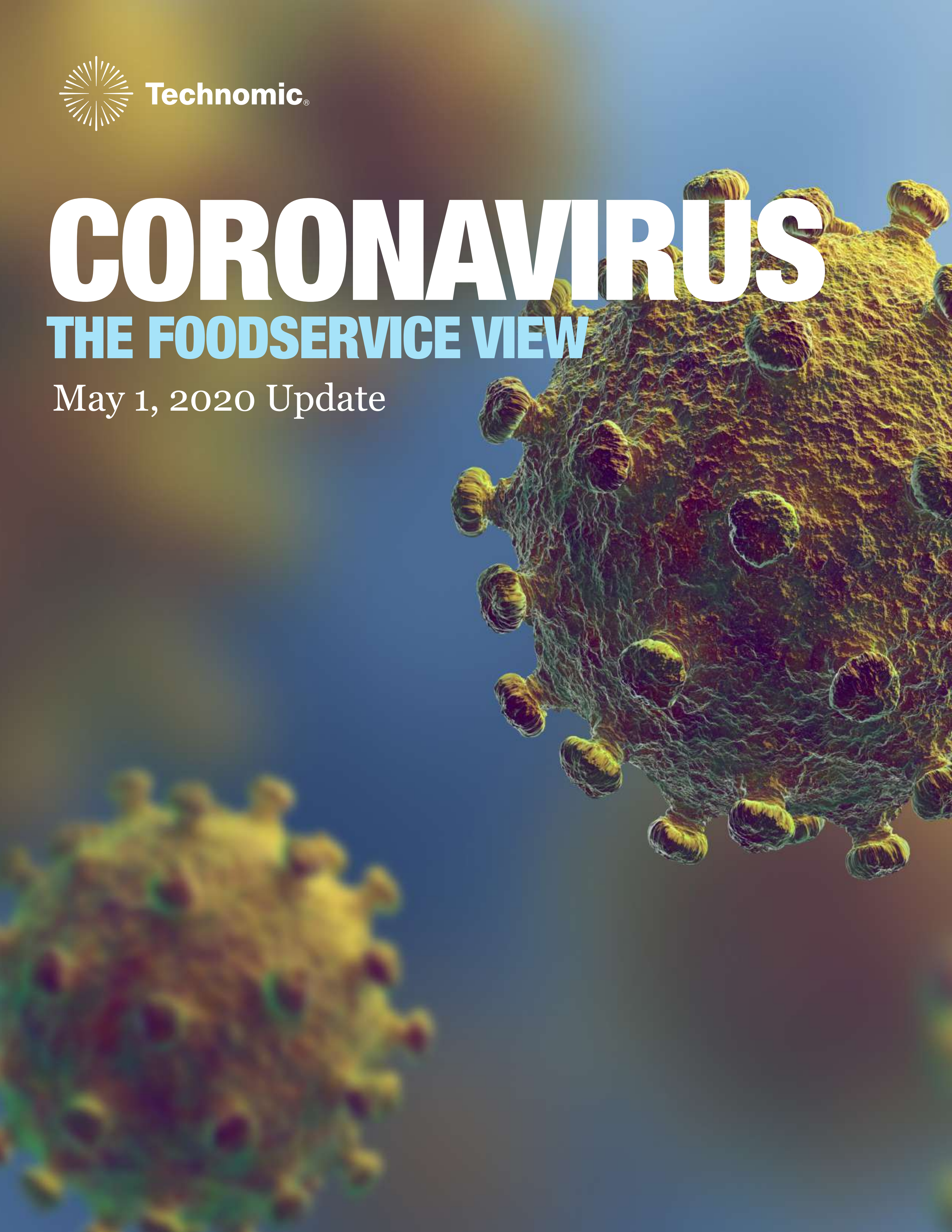
Technomic



CORONAVIRUS

THE FOODSERVICE VIEW

May 1, 2020 Update

COVID-19 Update

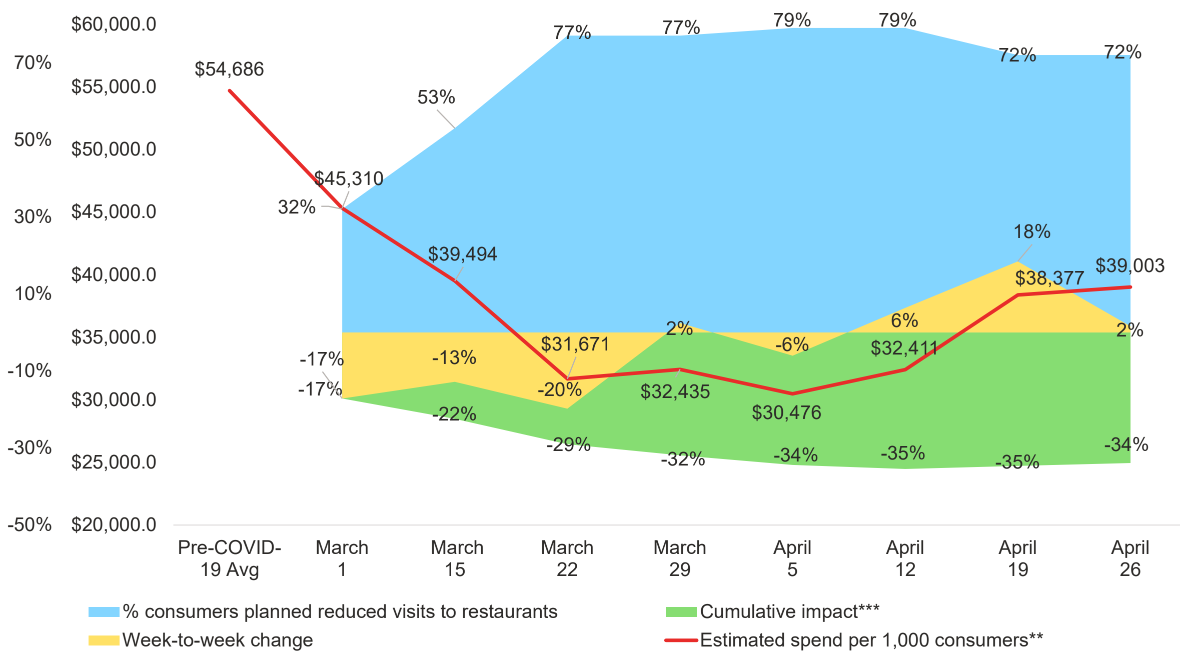
May 1, 2020

Get the latest foodservice industry update as it relates to the pandemic with this preview of Technomic's *Foodservice Impact Monitor*, which shares sentiment and behavior tracking to help you plan and strategize for an uncertain future. This week, we look into consumer eagerness and reluctance to get back to away-from-home activities, off-premise occasions pushing innovation in restaurants and conflicting opinions about when it's safe to reopen.

Spending continues a slow rebound

Consumer spending estimates bottomed out at a decrease of 35% of expected sales the week of April 12 and has grown to a level that may be pulling us off the bottom of the market. The cumulative loss in spending has declined for the first week since the start of the pandemic. However, it is important to note that previous weeks showed fluctuations that could foretell more up and down movement in the trends in coming weeks.

ESTIMATED FOODSERVICE SPENDING CHANGES (WEEK OVER WEEK)—
ALL CHANNELS



*Note that these changes in spending are based on the average $ spent per 1,000 people per week adjusted by the number of people who report they will reduce their spending going forward and by how much. Further adjustments in the estimate are made based on the proportion of consumers who are paying attention to the COVID-19 situation.
** The estimated spend per 1,000 persons for a "Normal Week" is based on the Industry totals from Technomic's Wallchart divided by the total U.S. population, then multiplied by 1,000. Whereas the estimated per 1,000 consumer spending numbers for March 6 onward are based on the reported average spend per person multiplied by 1,000.
***The Cumulative Impact is calculated as the percentage change in the spend per 1,000 consumers from the estimated normal week to the week indicated in each column.

Off-premise ordering at FSRs sees high growth this week

Ordering by nondelivery, off-premise methods has increased across all segments this week. For fast-food restaurants, this was driven by drive-thru orders (59%). Growth at FSRs was driven by a mix of drive-thru and takeout orders. Overall, casual-dining and fine-dining restaurants saw the largest jump (+13 points) from the week of April 19-26. Family-style restaurants saw a growth of 11 points, and buffet-style restaurant orders also increased by 10 points this week.

TAKEOUT/DRIVE-THRU/CURBSIDE PICKUP BY RESTAURANT SEGMENT

	Week Beginning						% Change From Prior Week
	March 22	**March 29**	**April 5**	**April 12**	**April 19**	**April 26**	
Fast-food restaurants	77%	78%	75%	74%	76%	77%	+1%
Fast-casual restaurants	49%	57%	55%	57%	56%	59%	+3%
Coffee shops/snack shops	62%	56%	62%	60%	56%	58%	+2%
Family-style restaurants	41%	52%	49%	48%	42%	53%	+11%
Buffet-style restaurants	42%	50%	53%	46%	44%	54%	+10%
Casual-dining restaurants	49%	57%	58%	51%	54%	67%	+13%
Fine-dining restaurants	43%	55%	58%	48%	48%	61%	+13%

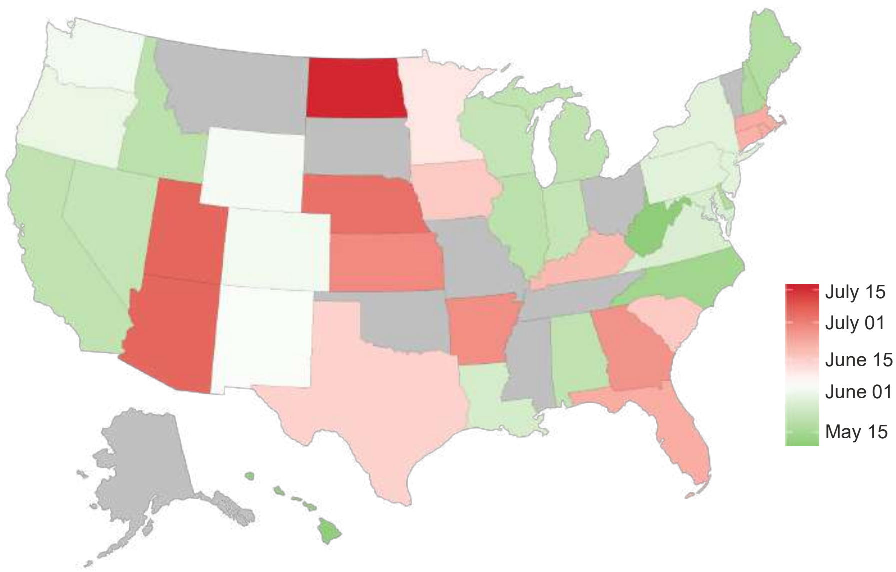
Base: Varies by restaurant segment; based on segments visited in past seven days
Q: Now, thinking about the past seven days, please select the service(s) you have ordered food/beverages from for each restaurant type. Select all that apply per row.

Disagreements over when reopening will be feasible

While some governors have already announced plans to begin reopening businesses, including restaurants, some state officials and business owners think it is still too early to reopen. Many health officials agree with this sentiment. This map shows the Institute for Health Metrics and Evaluation's suggested dates for relaxing social distancing. These are based on their current projections of the virus caseload and healthcare capacity in each state. It remains likely that we will see a relatively staggered reopening across the U.S. as some states delay reopening until there is greater consensus on what is safe.

Note: States shaded in gray have begun the reopening process. IHME's model does not yet consider how easing restrictions during the reopening process will affect COVID-19 trends in different states.

IHME SUGGESTED DATE FOR RELAXING SOCIAL DISTANCING MEASURES

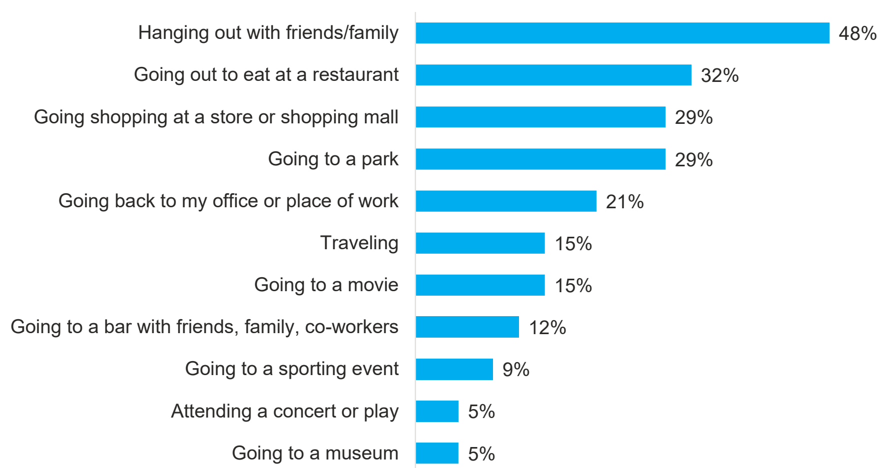


Source: **https://covid19.healthdata.org/**
Updated April 30, 2020

Consumers' comfort with certain outings shifts

While the majority of consumers indicate more caution when it comes to restaurants opening (preferring to wait more than a month after restrictions lift), 32% say they feel comfortable going out to eat at a restaurant as soon as social distancing restrictions are lifted.

ACTIVITIES FEEL COMFORTABLE TO ENGAGE IN IMMEDIATELY WHEN SOCIAL DISTANCING RESTRICTIONS BEING LIFTED



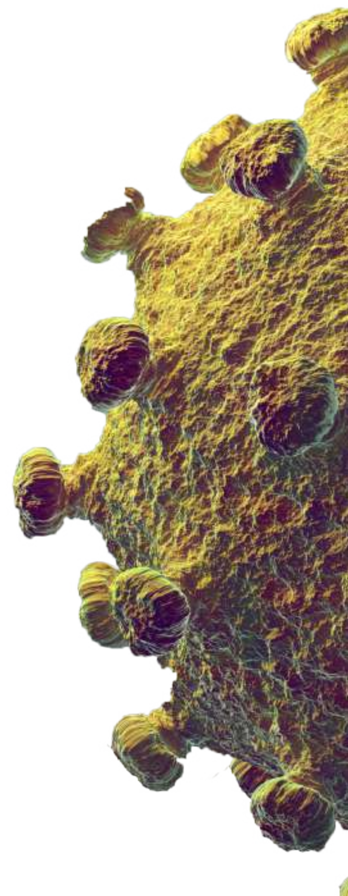
Note: Asked every other week beginning week of April 26Base: All consumers
Q: Once shelter-at-home mandates are lifted in your area, which of the following activities would you feel comfortable going back to almost immediately? Select up to three.

Conflicting state plans cause uncertainty among business owners and consumers

INCREASING RISKS IN RURAL COUNTIES
Alongside the news of meat-packing plants becoming the new hot spots in the outbreak has come a creeping increase in the risk of the virus spreading throughout rural communities in the agricultural belt. Most contagion models factor in population density as a proxy measure for physical closeness. Confined factory settings and other institutional settings like schools, hospitals and nursing homes can amplify the risks because they represent closed or tightly interwoven social networks. Some of the faster-growing areas of disease risk, according to Shortest Track's Disruption Index, are occurring in some of the states that have started to reopen.

CONSUMERS EAGER YET RELUCTANT TO SOCIALIZE
Consumers across the nation report excitement about getting out to visit friends and family, but they are not yet entirely comfortable doing so. In particular, the number of consumers who report that they will wait a month or more before returning to regular restaurant patronage has grown significantly this week, as it has each week of the pandemic.

RESTAURANTS INNOVATE
Because of the sudden shift to off-premise, it has taken time for many restaurants to find their menu and marketing footing. Consumers seeking comfort and connection can find new marketing tie-ins from major casual-dining chains, like Red Lobster or The Cheesecake Factory, designed to import the night-out experience into the home. New limited-time offers, promotional pricing and menu items have hit the market to capitalize on the dueling needs of comfort and health, as well as provide discounts for customers dealing with economic uncertainty.



Continue receiving resources

We will release weekly updates to this whitepaper, offering ongoing insights into consumer preferences, as well as impacts and guidance, as the industry continues to shift. **Sign up** to receive these updates directly to your inbox.