

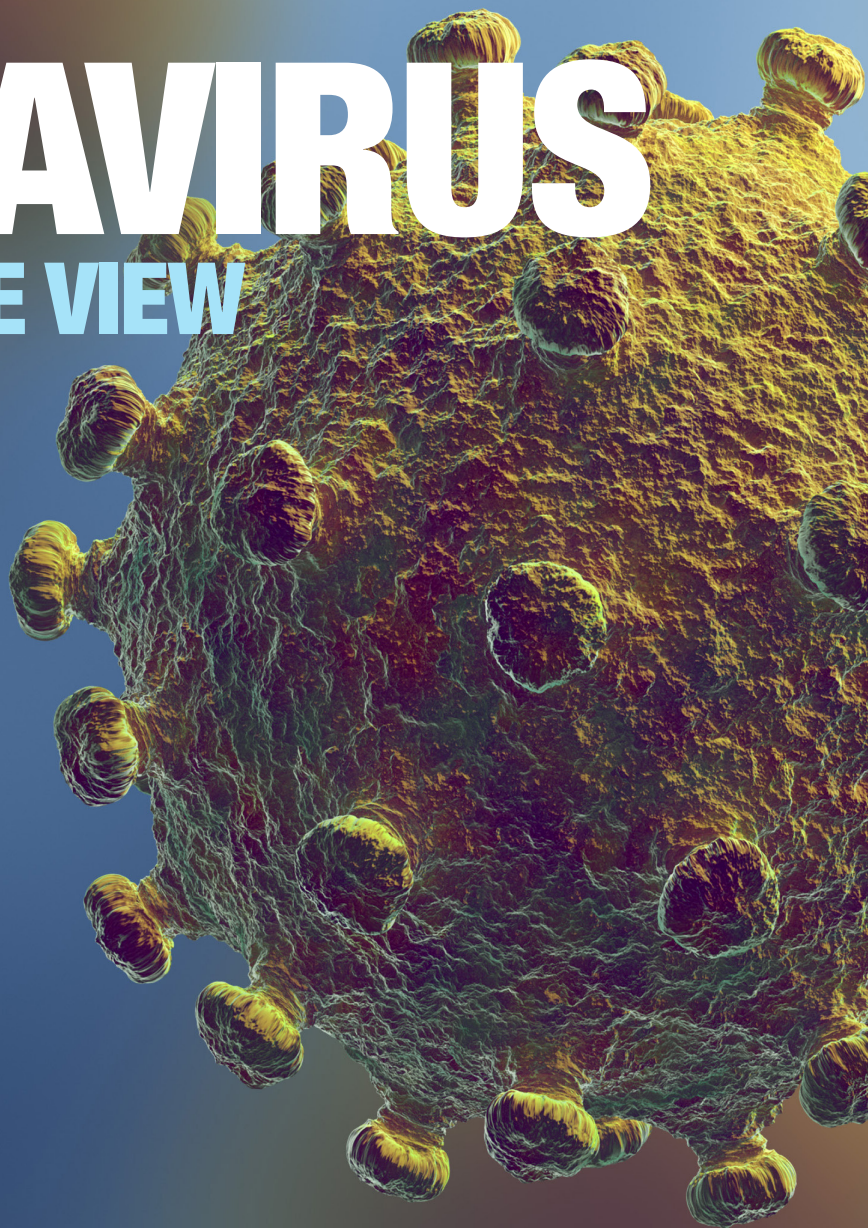


Technomic®

CORONAVIRUS

THE FOODSERVICE VIEW

June 5, 2020 Update



COVID-19 Update: Preparing for a return of the virus

June 5, 2020

In our final iteration of this whitepaper, we look at concerns of the virus reappearing, the health and safety of service industry employees, sales performance, consumer spending and guidance on tackling the next phase of recovery. Read on for the final preview of Technomic's latest *Foodservice Impact Monitor*.

Recent protests resulted in foot traffic declines

Major cities where protests were held, including Minneapolis, experienced declines in QSR and overall restaurant foot traffic that overindex national levels.

QSR*				FOOT TRAFFIC INDEX			
				Restaurant**			
Select Cities	Week of 5/16/20	Week of 5/23/20	Week over Week Change	Select Cities	Week of 5/16/20	Week of 5/23/20	Week over Week Change
Minneapolis	83	66	-21%	Minneapolis	49	39	-22%
Los Angeles	63	50	-21%	Los Angeles	52	42	-20%
New York	27	21	-22%	New York	20	16	-22%
Atlanta	75	59	-20%	Atlanta	54	46	-15%
Chicago	70	59	-16%	Chicago	57	49	-13%
National	95	80	-15%	National	68	60	-12%

*QSRs are defined as traditional fast-food restaurants.

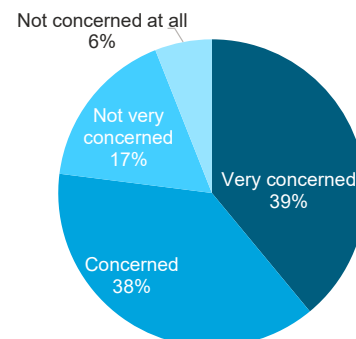
**Restaurants include casual dining, fast casual, fine dining, pizza, coffee and bakery.

Source: GroundTruth Visitation Data. GroundTruth is a geolocation platform with about 160 million users covering 100 million places and points of interest. <https://www.groundtruth.com/insight/industry-foot-traffic-tracker/>

There is significant concern that the virus will reappear

Driven by the New England region (88%) and consumers ages 55-64 (85%), the vast majority (77%) express concern that the virus will be back before the end of year. On the flip side, 32% of West North Central and 31% of consumers ages 18-24 report that they are not concerned or very concerned.

HOW CONCERNED ARE YOU THAT THE CORONAVIRUS WILL REEMERGE BEFORE THE END OF THE YEAR?



Note: Asked week beginning May 31
Base: All consumers

Employees' safety and health are top of mind for operators

Healthcare operators are more likely to be concerned with keeping employees safe and healthy as they are working in close contact with patients who may be at higher risk or immunocompromised. Concerns for safety and health extend to the customer for 39% of operators, while 33% are worried about how they will readjust their operation to address the standards and regulations brought on by COVID-19.



Suppliers should focus on addressing shortages and sharing plans to tackle challenges

Safety of both employees and guests is a top challenge for operators.

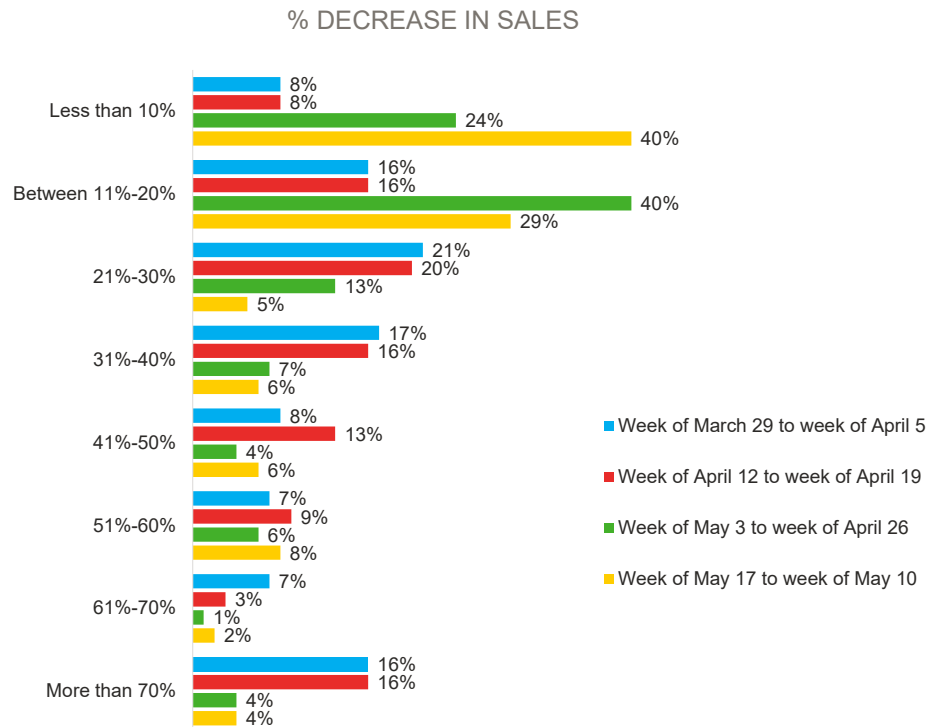
Ensuring employees and customers adhere to safety and sanitation guidelines is considered the most difficult challenge for operators as they reopen. The training of employees to follow updated sanitation practices can help operators meet this challenge. Suppliers that can provide resources for up-to-date training will be best in class in the next phase of recovery.

Shortages are impacting operators across all segments. Over three-fifths of both restaurant and beyond restaurant operators are reporting product shortages, mainly in animal protein products. These shortages are leading operators to contemplate choosing frozen over fresh, particularly with beef, where 51% of operators say they are likely to make a switch. Upon entering the next phase of COVID-19 recovery, operators say the No. 1 thing that suppliers can do to help is provide product support to address these shortages.

Operators are putting new procedures in place and want their suppliers to do the same. When asked about the most helpful manufacturer and distributor support right now, a third of operators say they want their suppliers to provide information on how they are preparing for future outbreaks. They are also looking for best practices on how other operators dealt with the situation and guidance on how to stock up on essential items in the case of another outbreak. Tertiary to this information, operators feel longer payment terms and more flexible delivery schedules are important moving forward.

Operators continue to report smaller declines in sales

Seven in 10 operators are reporting a decrease in sales of less than 20%, and two-fifths are reporting a decrease of less than 10%. Overall, 73% of restaurant operators report a decrease of less than 20%, compared to 55% of beyond restaurant operators.



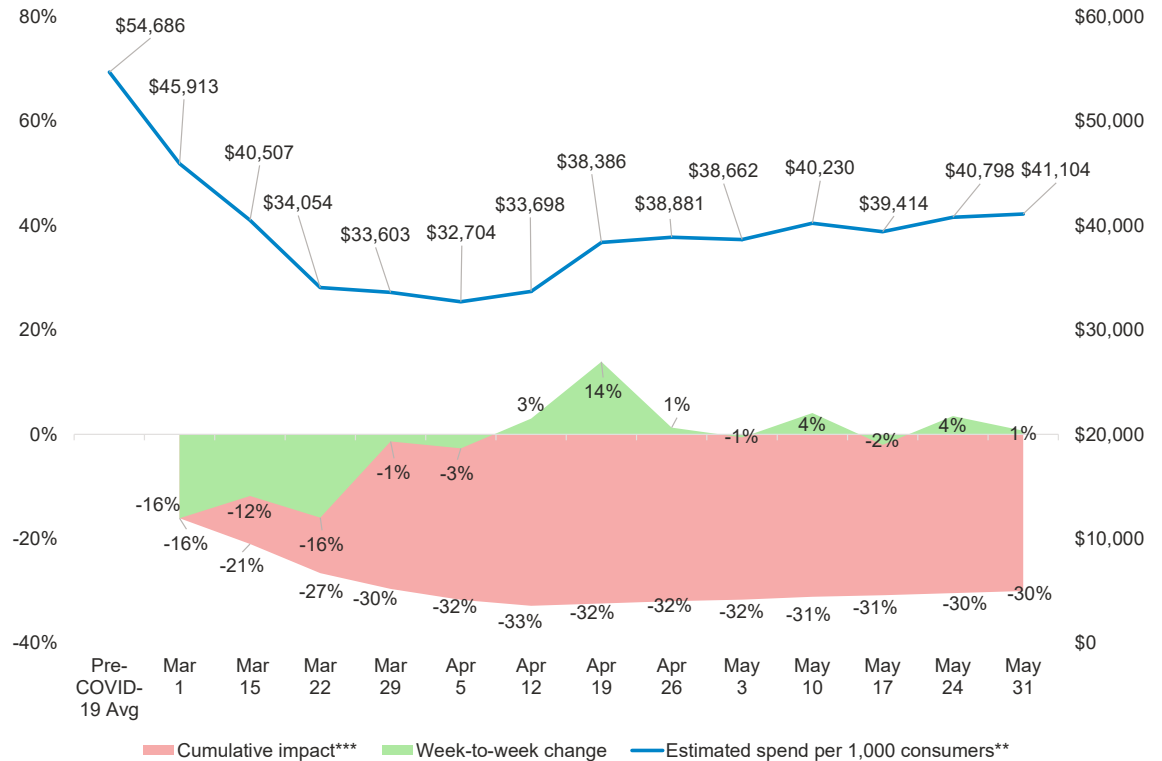
Base: Operators reporting a decrease in sales

Q: How much of a decrease in sales of food and beverages has your operation experienced when comparing the week of _____?

Consumer spending slowly climbs 1% from last week

The return to normal spending patterns remains sluggish but spending nationally is now at its highest point since the start of the pandemic. Coupling the slow return to normal and recent nationwide protests, we continue to expect a very slow recovery process.

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.

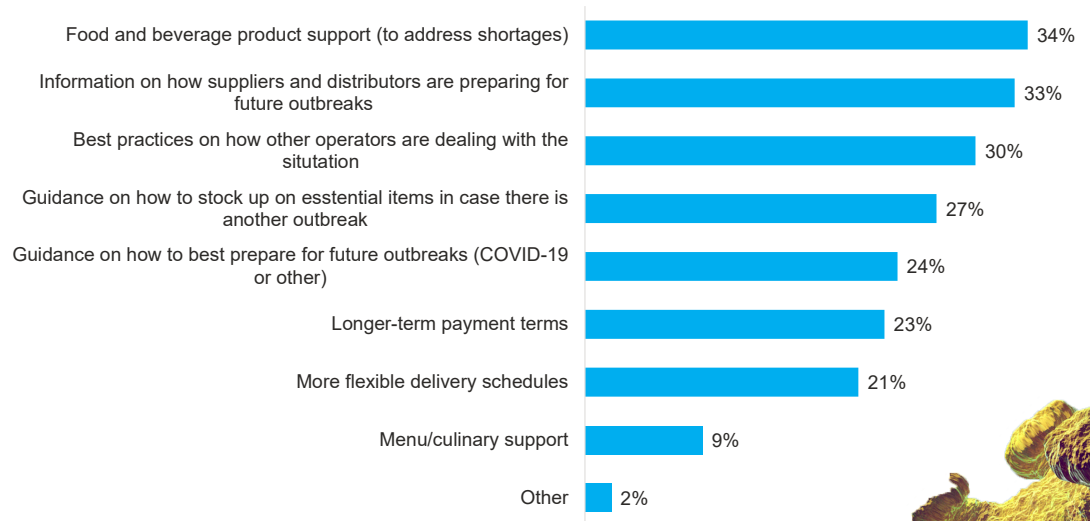
** The estimated spend per 1,000 persons for a "Normal Week" is based on the Industry totals from Technomic's Wallchart divided by the total U.S. population, then multiplied by 1,000. Whereas the estimated per 1,000 consumer spending numbers for March 6 onward are based on the reported average spend 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.

Addressing plans for product shortages and future outbreaks will be key in providing support in the next phase of recovery

Operators are looking for manufacturers and distributors to continue to help them with current issues by providing support for food and beverage shortages, as well as case studies on ways other operators are finding success. However, as things begin to reopen and adjust to the new normal, operators want to know how their suppliers are preparing for the potential for future outbreaks and how they should prepare and stock up in case of a future outbreak. Lastly, operators are still looking for adjustments related to the impact of COVID-19, like longer payment terms and more flexible delivery schedules.

MOST HELPFUL MANUFACTURER/DISTRIBUTOR SUPPORT FOR POTENTIAL FUTURE OUTBREAKS



Note: Asked only week beginning May 31

Base: All operators

Q: As you think about entering the next phase of COVID-19 recovery, what type of support would be most helpful from your supplier or distributor partners? Please select up to the three most helpful.

For more updates

This is the last edition of the *COVID-19: Foodservice View* whitepaper. Technomic will continue sharing updates as we monitor the pandemic, but these updates will shift and be delivered biweekly. If you have not subscribed, **[sign up to receive these updates directly to your inbox.](#)**

