

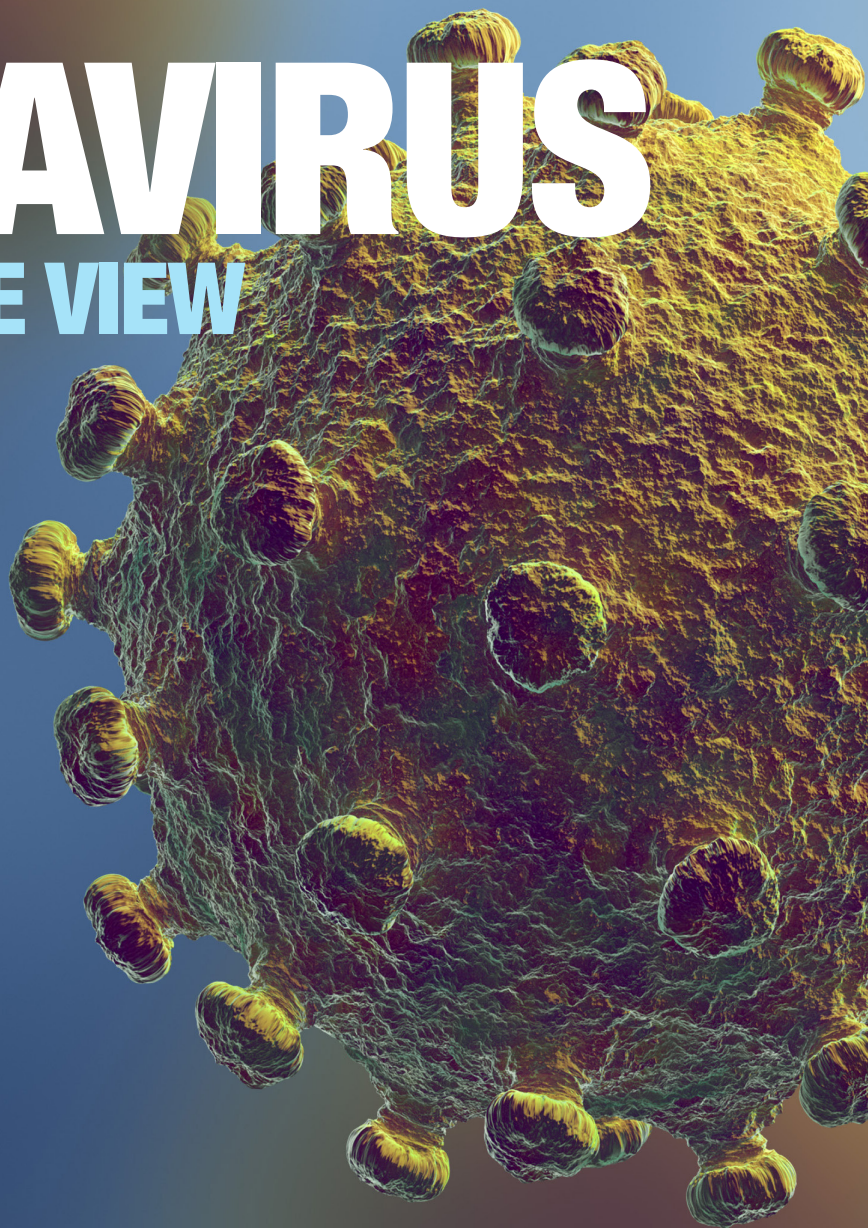


Technomic®

# CORONAVIRUS

## THE FOODSERVICE VIEW

April 3, 2020 Update



# COVID-19 Update

April 3, 2020

Within the past week, it became clear that the timing and scope of the pandemic will be highly localized because of fragmented government actions and variable social distancing practices by location. This will likely lead to a geography-dependent economic recovery timeline, with early adopter states experiencing a potentially quicker return to normal compared to later adopters. This COVID-19 update from Technomic's *Foodservice Impact Monitor* explores the continued effect on the industry, including consumer spending leveling off and some innovative initiatives from operators.

## Industry impact

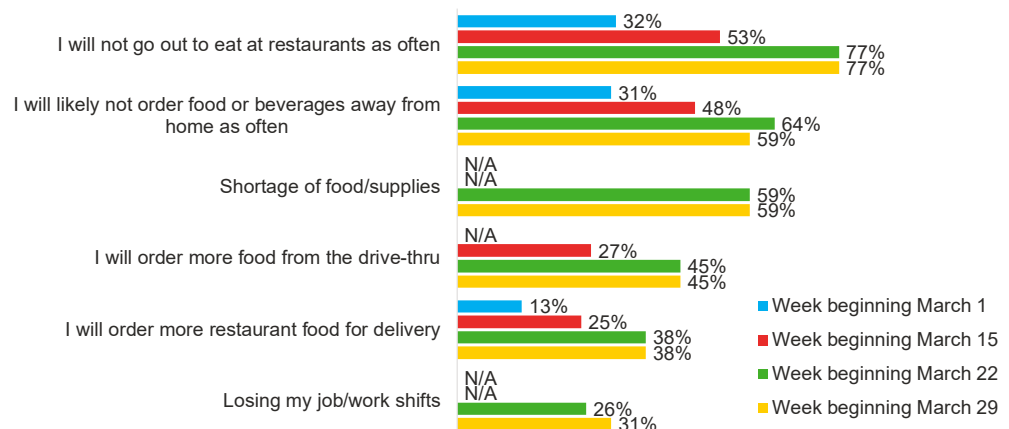
Unemployment claims have grown from 3 million the previous week to over 6 million in the last report. It remains to be seen if the government stimulus will be enough to counteract that extreme shock to employment. Presently, our industry forecast outlook remains the same as last week. We expect declines in year-over-year industry revenue to be:

- Nominal: -12.4% to -27.5%
- Real: -14.5% to -29.3%

## The decrease in consumer spending levels off slightly

We are seeing a potential leveling off of consumer spending after notable decreases during the first three weeks of March. Even though consumers report that they will continue to reduce their spending, their actual spending pattern has flattened within the survey's margin of error. Spending per 1,000 consumers is still 21% lower than prior to the pandemic. However, this represents an improvement of 3 percentage points from the week before. The level of consumers ordering more restaurant food for drive-thru and delivery is unchanged from last week, potentially indicating that consumers are settling into a new routine.

LIKELY CONSUMER ACTIONS/ATTITUDES DUE TO CORONAVIRUS  
IN REGARD TO FOODSERVICE % Likely or Very Likely

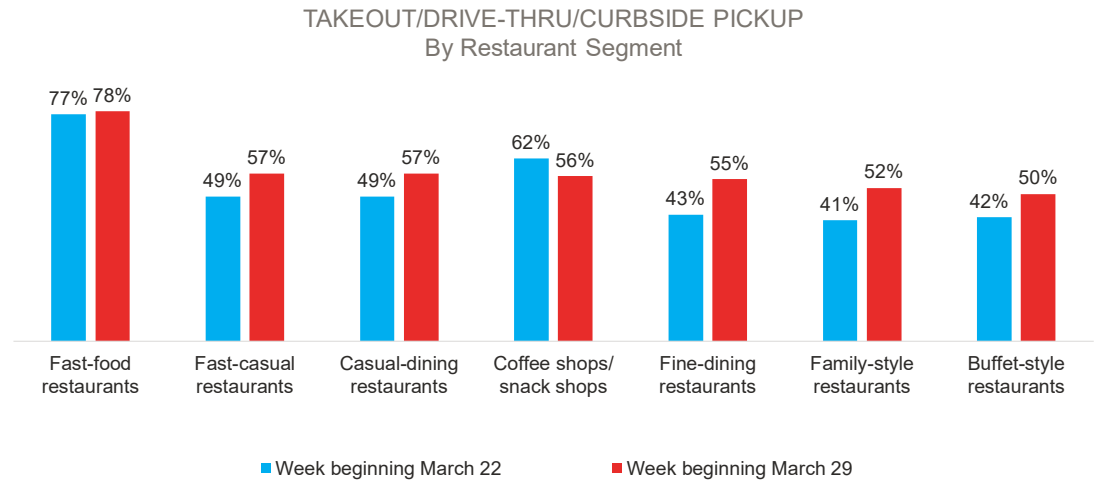


Base: 662 consumers (week beginning March 1), 767 consumers (week beginning March 15), 802 consumers (week beginning March 22) and 786 (week beginning March 29)

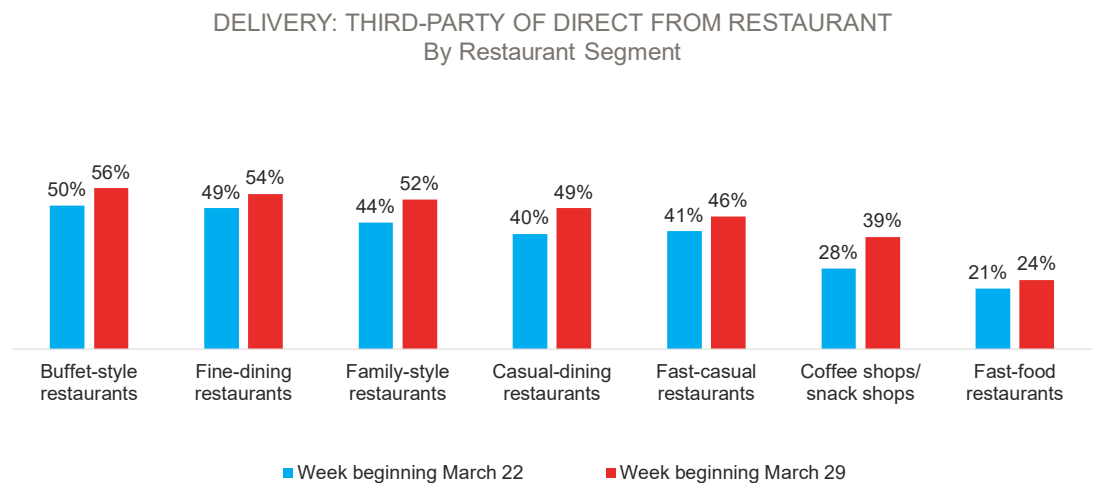
Q: You indicated that the spread of the coronavirus was something you have been following in the news. Look at the following issues/activities and indicate how likely or unlikely this issue is to impact you personally?

## Consumers increasing delivery and curbside orders as operators offer more options

Consumers may be settling into a more predictable pattern of behavior. Our research points toward an uptick in the incidence of delivery and takeout/curbside/drive-thru orders compared to the previous week—the week consumer spending may have bottomed out.



Base: Varies by restaurant segment. Based on segments visited in past seven days (week beginning March 22 and week beginning March 29)  
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.



Base: Varies by restaurant segment. Based on segments visited in past seven days (week beginning March 22 and week beginning March 29)  
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.



### Operators are shifting their messaging, rethinking LTOs and innovating

Operators are seeking to create experiences for their customers at home. To fill the void of the community and social aspects of dining, restaurants are seeking to create experiences for their customers that promote connections to family and friends through shareable family meals and meal kits, as well as promoting virtual shared meals or happy hours online. The traditional idea of an LTO has changed in response to the new environment. Instead of single innovative, buzzworthy menu items, operators are turning to family and boxed meals as a new type of LTO.

Some other innovative initiatives we've seen include:

- **Evolved meal kits.** Chains are generally looking to fulfill two demands: replicating the dining-out experience at home and offering solutions that provide families relief from cooking and shopping. In China, Banu Hot Pot developed a platform for guests to experience the communal hotpot meals in their homes. And, in Indonesia, Es Teler 77 offers heat-and-serve versions of its classic dishes for busy families.
- **Grocery offerings.** Some chains are expanding their product selections beyond food and drink to include basic pantry staples, groceries and cleaning products. McDonald's this week began selling bottles of milk and bags of bread in Australia, while Domino's partnered with consumer goods firm ITC Foods to delivery pantry essentials in India. Dodo Pizza plans to sell hand sanitizer at its shops in Russia.
- **Sharing staff.** McDonald's formed an employee sharing partnership with Aldi in Germany. The initiative allows McDonald's staff to quickly sign up for temporary work with the retailer while restaurant operations remain limited. Staff sharing partnerships such as this solve for both companies' temporary needs. In McDonald's case, it reduces excess staff the chain does not need now but will in a few months. For Aldi, it addresses the short-term surge in its grocery business.

### We're here to help

We will release weekly updates from original research as COVID-19 continues to unfold and will be offering ongoing insights into consumer preferences, impacts and guidance on off-premise occasions as well as the rapidly shifting state of the industry. **Sign up to receive these updates directly to your inbox.**

