



The Foodservice Recovery

*What To Consider.
What To Expect.*



May 5, 2021



Marie Molde

foodservice bouncing back
accelerated adoption
the age of personal values

INDUSTRY PERFORMANCE



-28.4%

2020



+7.3%

2021

USA FORECAST

	2020	2021
RESTAURANTS		
QSR	-20.3%	+10.8%
Fast Casual	-24.6%	+3.8%
Midscale	-33.8%	+3.7%
Casual Dining	-35.2%	+4.7%
Fine Dining	-39.5%	+4.6%
RETAIL FOODSERVICE		
Deli	+2.4%	+2.7%
C-Store	-21.7%	+4.4%
ON-SITE FOODSERVICE		
K-12	-14.5%	+8.8%
C&U	-41.0%	+15.7%
B&I	-48.2%	+14.7%
Travel	-56.7%	+10.3%
Healthcare	-6.7%	+3.8%





	Temporarily Closed	Permanently Closed	Total Closed
May 2020	8.2%	3.3%	11.5%
July 2020	3.1%	4.5%	7.6%
Sep 2020	2.9%	5.0%	8.0%
Dec 2020	2.5%	9.2%	11.6%
Apr 2021	2.0%	10.7%	12.7%



TOP 20 METROS

BASED ON TOTAL SIZE

	Total Restaurants	Permanently Closed
Miami	11,524	12.67%
Portland OR	10,492	12.60%
New York	58,455	12.28%
San Francisco	23,248	12.20%
Washington DC	16,425	11.62%
Orlando	10,484	11.26%
Los Angeles	49,586	11.20%
Seattle	15,292	10.96%
Houston	16,550	10.75%
Dallas	18,801	10.64%
Denver	12,389	10.57%
Philadelphia	19,656	10.55%
Chicago	23,388	10.52%
Detroit	10,715	10.45%
Boston	17,129	10.40%
Tampa	10,982	10.39%
Atlanta	16,228	10.24%
Sacramento	10,134	10.20%
Phoenix	12,533	9.70%
Minneapolis	10,029	9.54%

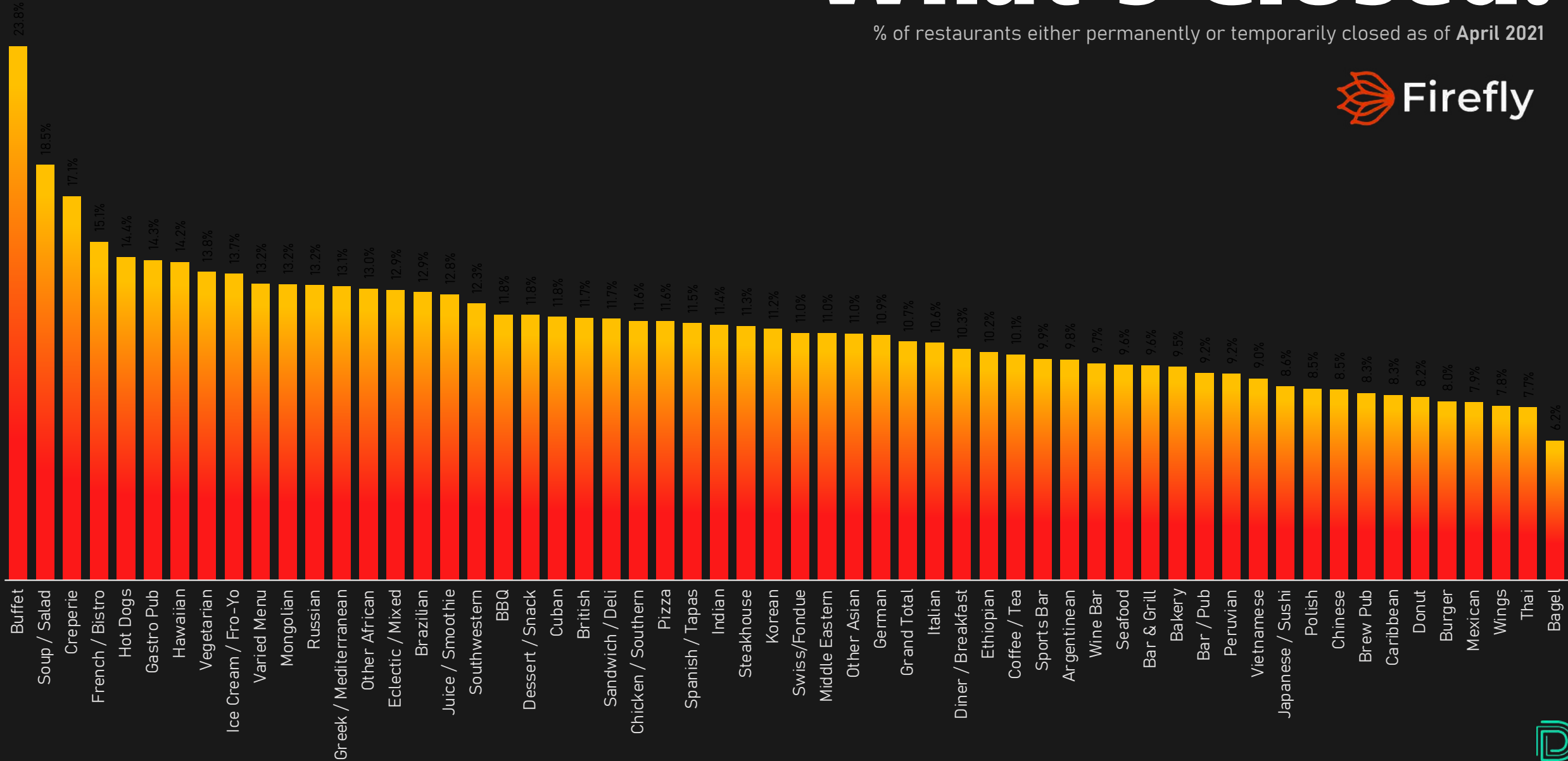
	Total Restaurants	Permanently Closed
QSR	343,080	10.69%
Fast Casual	88,465	10.22%
Midscale	125,973	10.09%
Casual Dining	202,459	10.28%
Fine Dining	8,497	10.93%
Food Truck	13,992	22.67%

SEGMENTS



What's Closed.

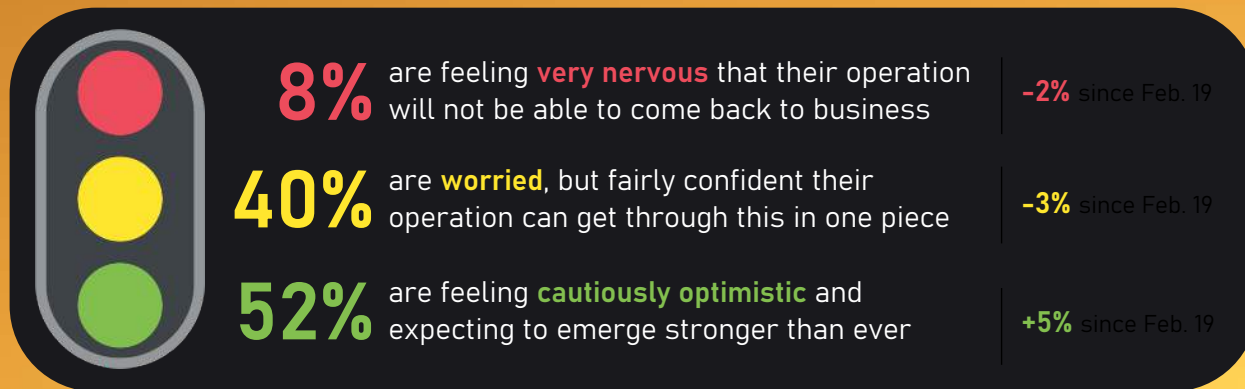
% of restaurants either permanently or temporarily closed as of April 2021



Operators are starting to feel more optimistic about surviving the health crisis.

As vaccinations continue to be distributed, and the general public becomes eligible to receive it in some states, operators are starting to feel more optimistic about surviving this crisis compared to February. However, many operators are still worried due to vaccine distribution delays and changing guidelines.

Those operators that remain nervous or worried are in segments that continue to be hit the hardest, including B&I.



Takeout remains vital, but capacity is increasing.

As some cities and states begin to loosen restrictions, seating availability and capacity limits are increasing, although labor shortages are an issue. On-site operators are much less likely to have takeout or delivery options and are more likely to be temporarily closed than are restaurants.

Carryout / takeout

73%

Indoor seating

67%

Outdoor seating

44%

Curbside pick-up

43%

Delivery

35%

Closed

5%

Drive-thru

5%

Restaurants On-Site

93%

54%

70%

65%

59%

29%

71%

15%

59%

12%

2%

8%

8%

2%

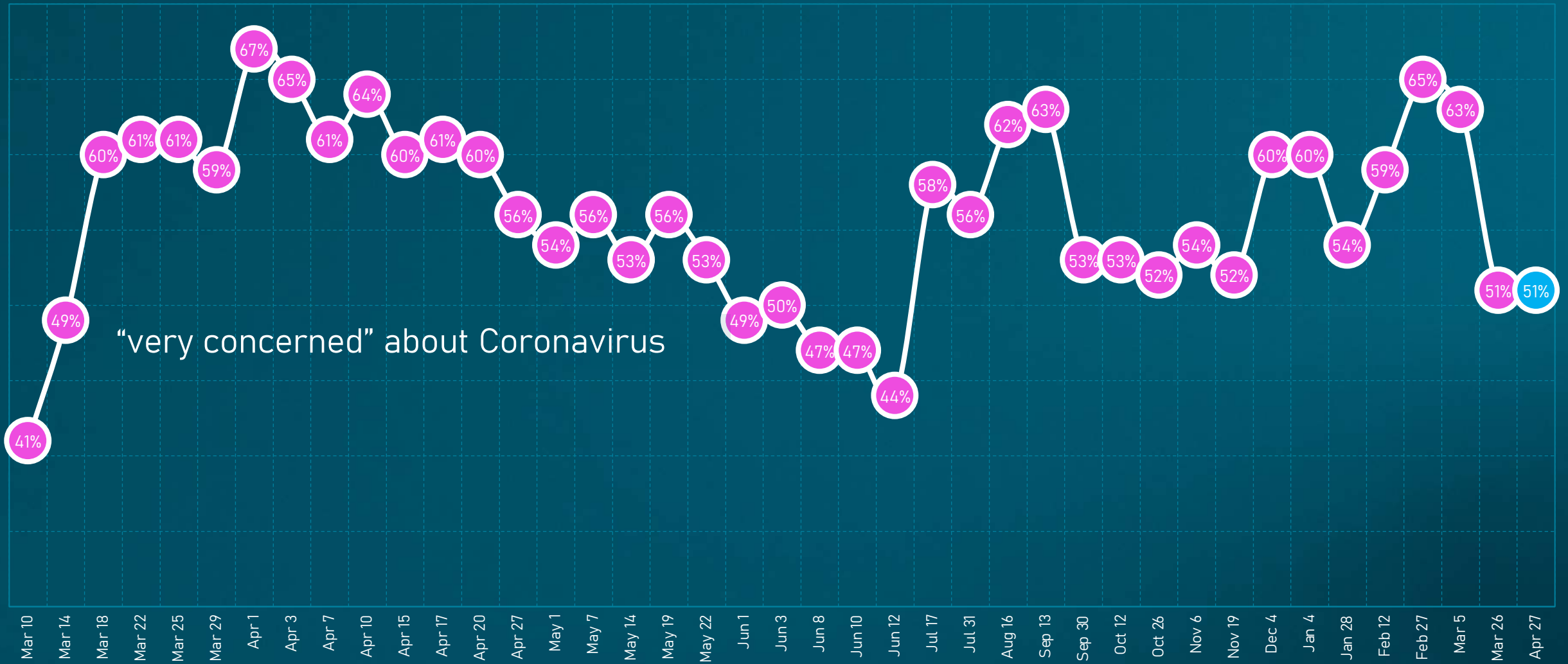
Significantly MORE likely than total

Significantly LESS likely than total

which services are you currently offering to patrons?

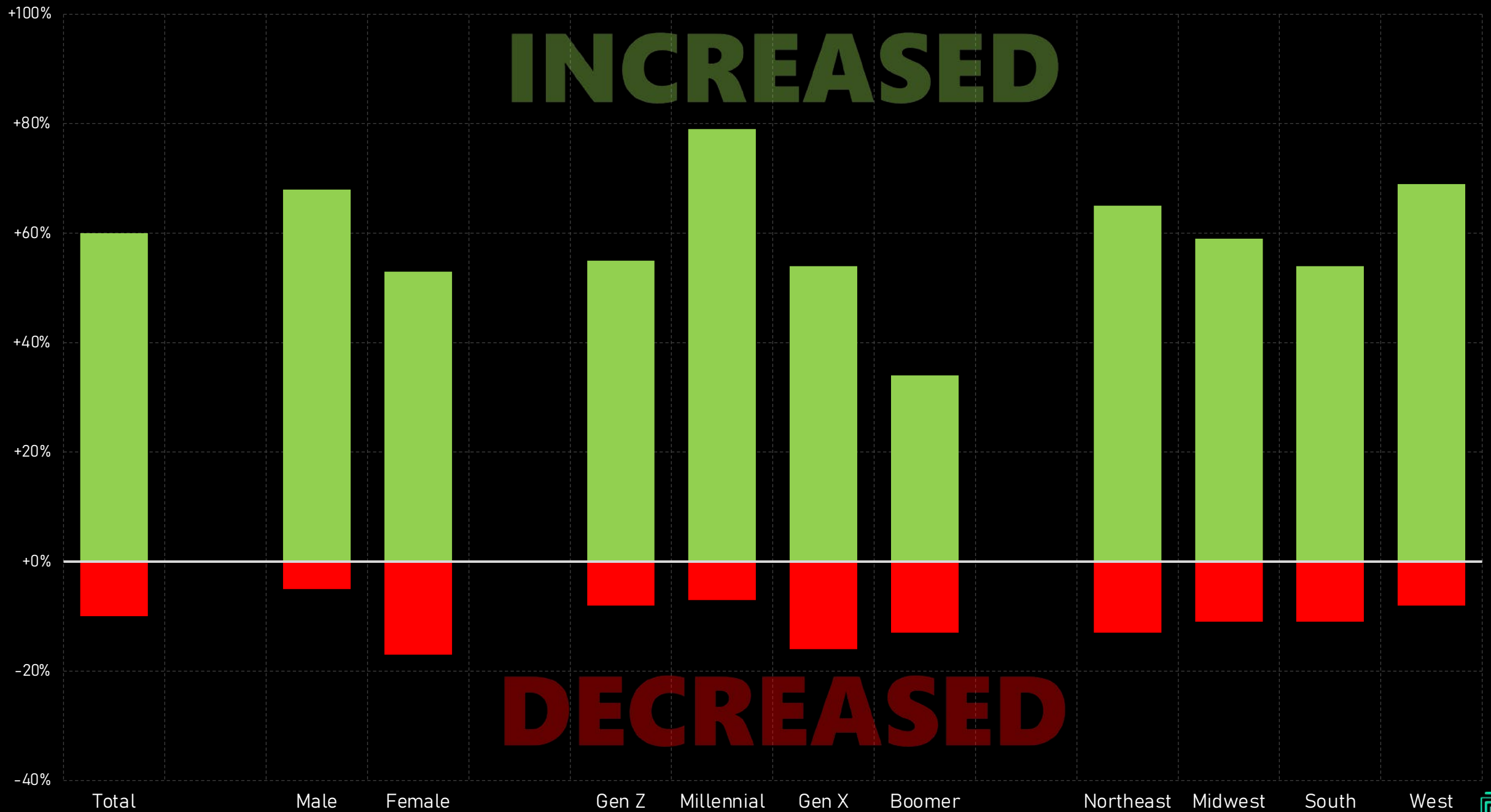
CONSUMER ATTITUDES





"definitely avoid" eating out





Food-focused consumers propel restaurants during this time.

Cravings support restaurants through delivery and takeout.

59%

The food is most important to me; getting food delivered or taken home is good enough for me to spend as much with restaurants as before

The experience is most important to me; getting food delivered is not good enough for me to spend as much as before

41%



FOOD **BOREDOM** HAS SETTLED IN

*Datassential June
2020 survey*

65%

are tired of cooking at home
27% completely | 38% somewhat

79%

are craving something new
40% completely | 39% somewhat

58%

are bored of comfort foods
23% completely | 35% somewhat

Consumers are eager to get out soon, and many will resume traveling.

Reconnecting with family is the No. 1 priority for many people, but reunions with friends and co-workers are a potential traffic booster for restaurants.

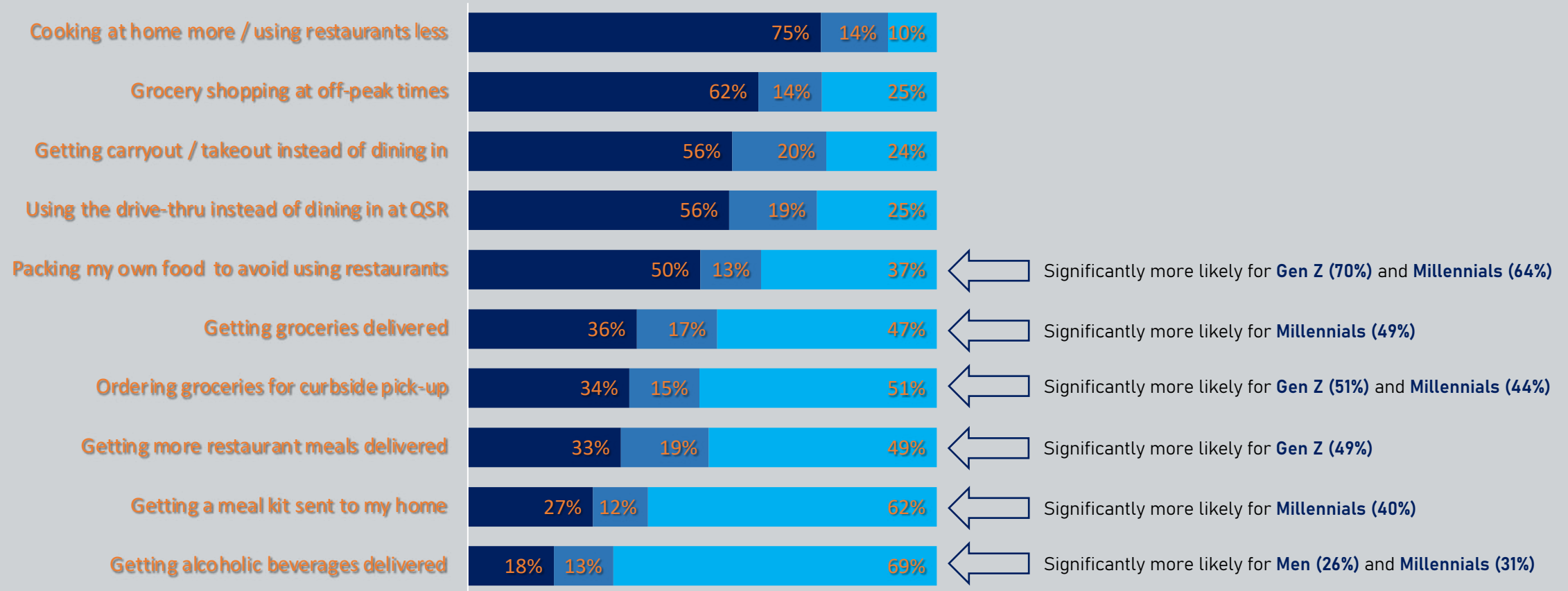
	Looking Forward to, Making Plans	Would Enjoy, but No Plans Yet	Not Planning to Do This
See family members who live nearby	30%	22%	10%
Take a vacation by car	29%	32%	17%
Meet friends at a restaurant or bar	25%	30%	18%
See casual acquaintances	22%	28%	20%
Travel to see extended / out-of-state family	25%	29%	21%
Have my kids' friends over	15%	18%	21%
Eat lunch with my co-workers	14%	20%	22%
Cook out (tailgate party, block party, etc.)	22%	29%	23%
Host friends at home (book club, dinner party, etc.)	20%	27%	24%
Travel for work	14%	13%	24%
Gather with co-workers outside of work	14%	18%	25%
Meet new people (networking, speed dating, etc.)	16%	25%	26%
Volunteer outside my home	19%	25%	27%
Take a vacation by plane	23%	24%	29%



how eager are you to do the following things you might have been discouraged from doing during the pandemic?

Now, restaurants will compete with conveniences we've become used to.

Three in four people will maintain their increase in cooking at home, and younger consumers are significantly more likely to brown-bag lunch when they return to working outside the home; restaurants' expanded use of carryout, delivery, and the technology powering both off-premise methods will continue to be important.



of all the ways to get food, which have you **BEEN DOING & WILL CONTINUE** when the pandemic ends, which have you **BEEN DOING BUT WON'T CONTINUE**, and which have **NOT BEEN DOING (AND WON'T START)**?

Quarantine habits and eating routines appear to die hard

	March 2021			March 2020
	Less Often	Same Amount	More Often	More Often
Cooking or baking "from scratch" at home	16%	39%	45%	42%
Eating comfort foods	18%	39%	43%	33%
Eating healthful / better-for-you foods	21%	43%	36%	25%
Shopping online for food	23%	41%	36%	22%
Stress eating	28%	39%	33%	24%
Snacking between meals	27%	41%	32%	29%
Eating indulgent / treat foods	31%	37%	32%	23%
Trying new restaurants for pickup or delivery	42%	32%	26%	15%
Skipping meals or working through meals	31%	45%	25%	17%
Drinking alcohol	41%	45%	14%	14%

compared with how you behaved last March and April, at the start of the pandemic, are you doing more or less of these eating and drinking habits?





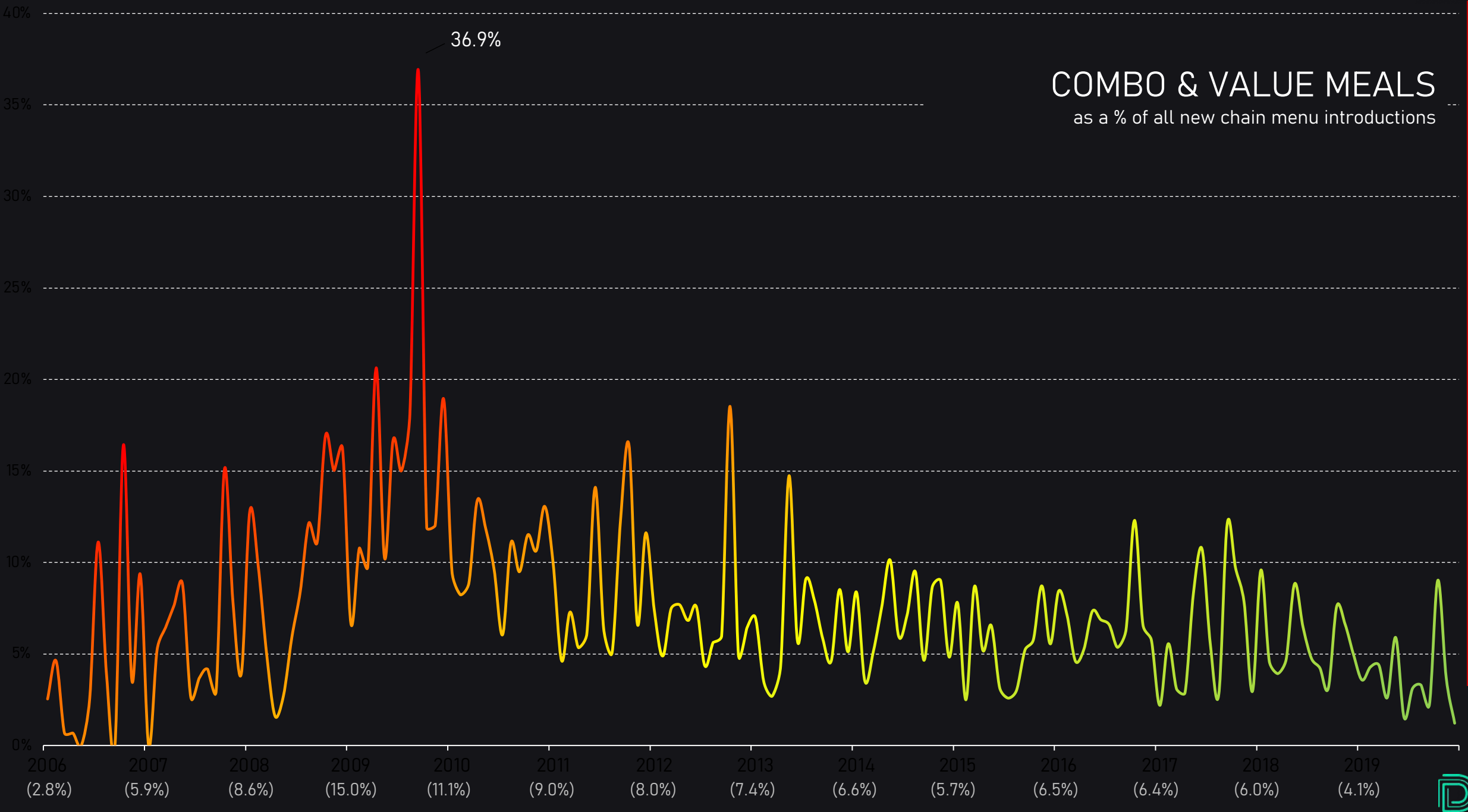
MENU PERFORMANCE



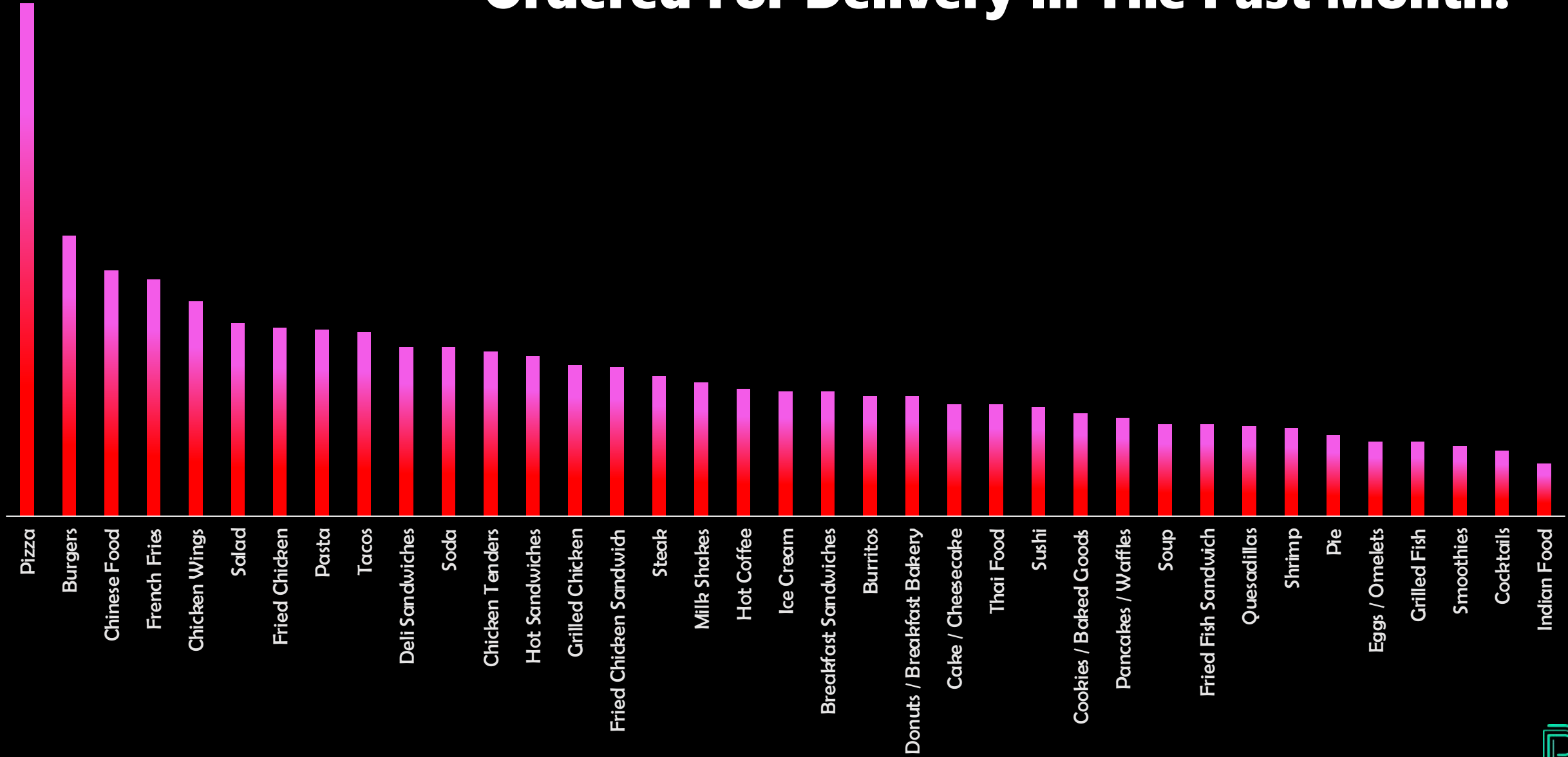
the new value and
values driven
consumer

COMBO & VALUE MEALS

as a % of all new chain menu introductions



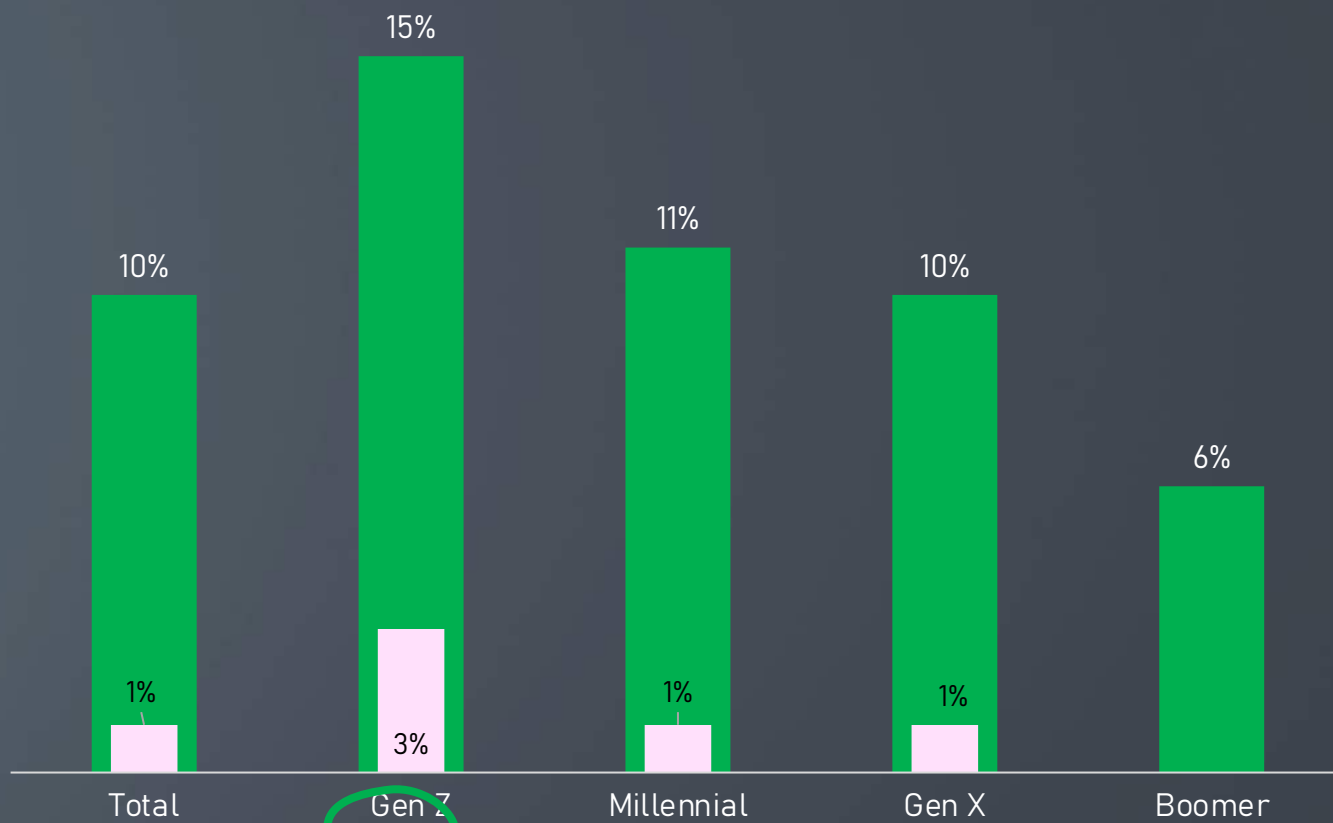
Ordered For Delivery In The Past Month.



Consumer Desires

	Want to Increase	Want to Decrease
Plant-based foods	58%	4%
Seafood	41%	9%
Plant-based meat substitutes	33%	16%
Poultry	30%	12%
Red meat	21%	31%





Climate

lifestyle eating is emerging

Climatarian diets are still new, but 10% of plant-based purchasers were motivated by environmental impact.

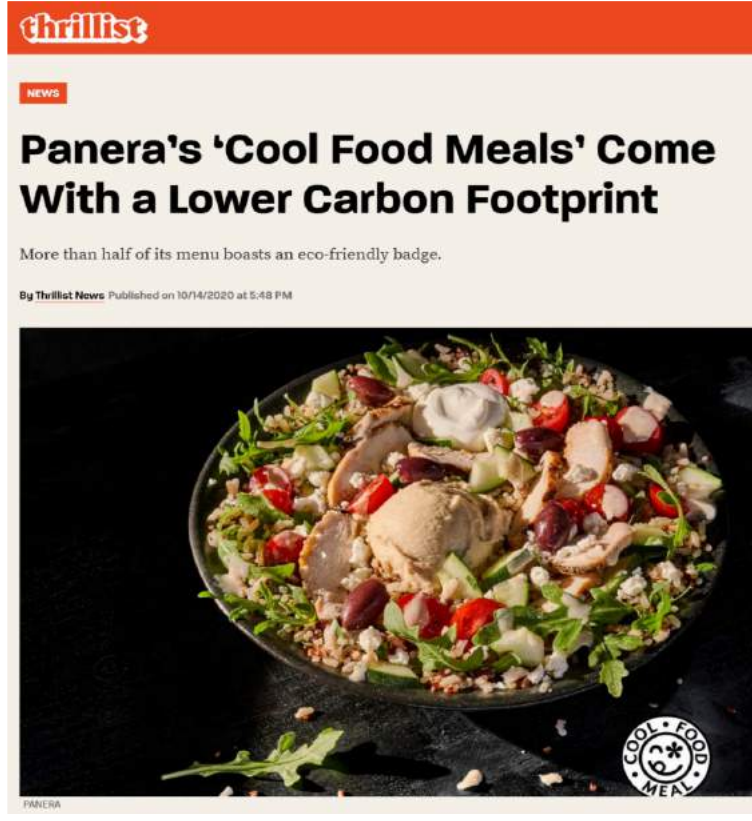
 **'Climatarian' best describes how you eat today.**

 **'Environmental impact' best describes your motivation for purchasing plant-based items.**



Climate on the menu

Fast casual chains are already experimenting with climate menus.



THE SPOON

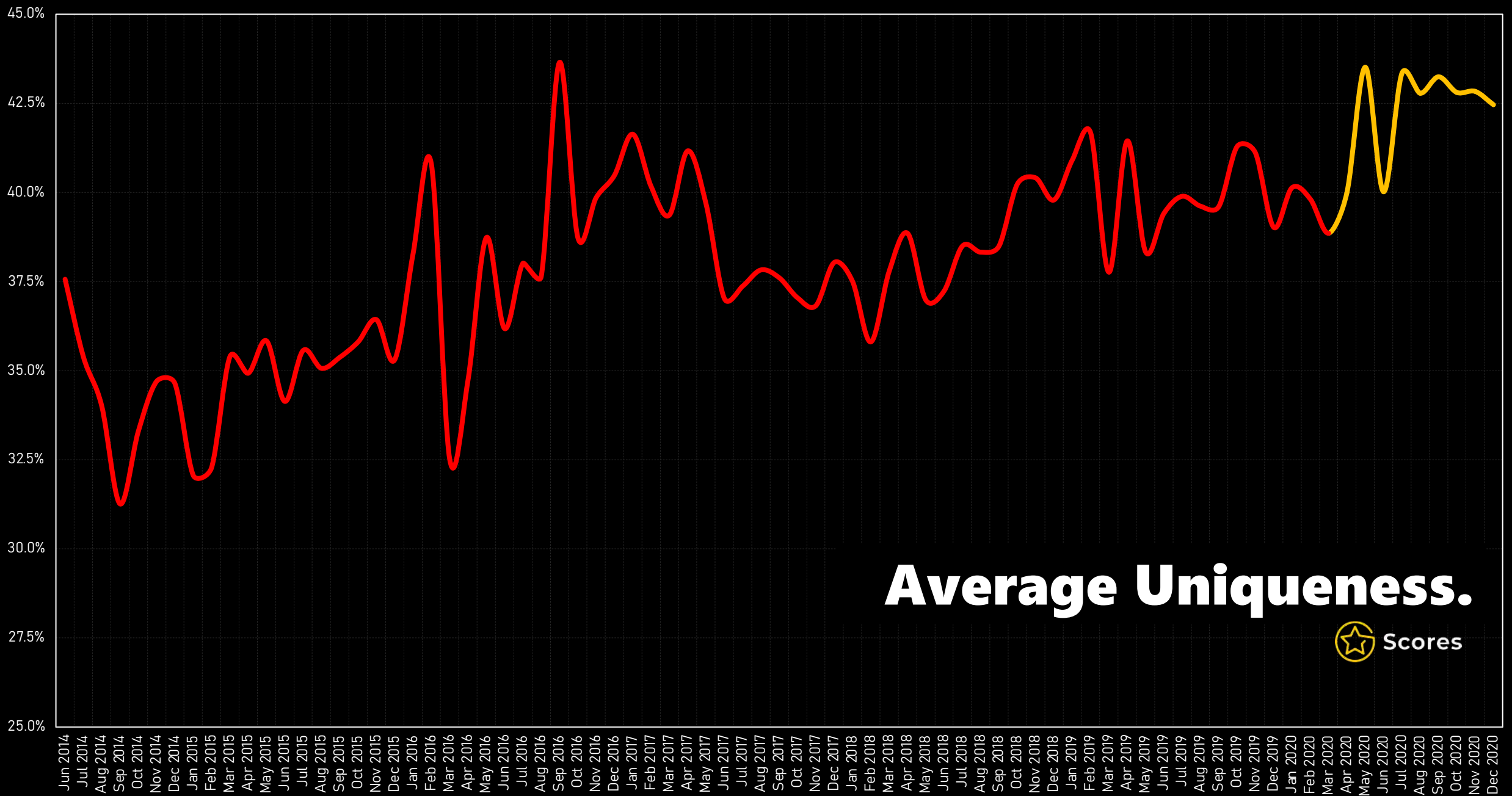
Just Salad's Latest Menu Innovation: Adding Your Carbon Footprint to Your Meal



The Cool Food Pledge

Join a growing movement to put sustainability on the menu





Average Uniqueness.



Feb 2021

\$11.99

Denny's

CHICKEN ADDICTION BOWL



A grilled seasoned chicken breast atop whole grain rice and broccoli with grilled mushrooms and creamy Alfredo sauce. Served with dinner bread.

Unbranded PI: 52% ★★★★★
Branded PI: 47% ★★★
Uniqueness: 44% ★★★
Frequency: 21% ★★★
Draw: 44% ★★★
Value: 36% ★★★

SCORE
55
consider

Feb 2021

\$8.95

Jersey Mike's

PORTABELLA MUSHROOM & SWISS SUB



Fresh portabella mushrooms, fresh green bell peppers, onions and our signature Swiss cheese, grilled fresh.

Unbranded PI: 53% ★★★★★
Branded PI: 53%
Uniqueness: 44% ★★★★★
Frequency: 20% ★★★
Draw: 55% ★★★★★
Value: 39% ★★★

SCORE
66
consider

Feb 2021

\$10.29

Village Inn

VEGGIE STUFFED HASH BROWNS



Golden hash browns stuffed with melted Swiss cheese, fresh tomatoes, mushrooms and spinach. Smothered with Hollandaise sauce, topped with two eggs, any style and garnished with scallions. Served with three, made-from-scratch buttermilk pancakes.

Unbranded PI: 46% ★★★
Branded PI: 58% ★★★
Uniqueness: 51% ★★★★★
Frequency: 18% ★★★
Draw: 46% ★★★
Value: 27% ★★

SCORE
56
specialty appeal

Feb 2021

\$10.49

Red Lobster

SEAFOOD STUFFED MUSHROOMS



Our signature seafood stuffing and melty Monterey Jack cheese piled onto perfect bite-sized mushrooms.

Unbranded PI: 48% ★★
Branded PI: 46% ★★
Uniqueness: 53% ★★★★★
Frequency: 27% ★★★★★
Draw: 51% ★★★★★
Value: 34% ★★

SCORE
71
specialty appeal

Jan 2021

\$9.99

McAlister's Deli

STEAK AND MUSHROOMS SANDWICH



The Steak and Mushrooms Sandwich features seared sirloin steak, roasted mushrooms and onions, topped with herb mayo, Dijon horseradish sauce, melted Swiss cheese, crispy onions, and steak sauce, all on a toasted baguette.

Unbranded PI: 57% ★★★★★
Branded PI: 67% ★★★★★
Uniqueness: 36% ★★
Frequency: 25% ★★★★★
Draw: 54% ★★★★★
Value: 37% ★★

SCORE
81
volume driver

Jan 2021

\$8.75

Noodles & Co

CAULIFLOWER GNOCCHI ROSA



Enjoy fewer carbs with gluten-free cauliflower gnocchi. Sautéed with roasted zucchini and mushrooms over a spicy tomato cream sauce then topped with parmesan cheese and parsley.

Unbranded PI: 38% ★
Branded PI: 56% ★★
Uniqueness: 55% ★★★★★
Frequency: 18% ★★
Draw: 50% ★★★★★
Value: 36% ★★

SCORE
56
specialty appeal

Jan 2021

\$13.99

O'Charley's

PRIME RIB PASTA



Slices of tender prime rib, bacon, asparagus and mushrooms tossed with linguini pasta in our sun-dried tomato alfredo sauce with 12-pepper seasoning. Drizzled with Cajun horseradish sauce.

Unbranded PI: 54% ★★★★★
 Branded PI: 62% ★★☆☆☆
 Uniqueness: 57% ★★★★★
 Frequency: 27% ★★★★★
 Draw: 54% ★★★★★
 Value: 45% ★★★★★

SCORE

99

superstar

Jan 2021

\$4.95

Starbucks

KALE & PORTABELLA
MUSHROOM SOUS VIDE EGG
BITES

Delicious chopped kale and portabella mushrooms delicately folded into cage-free eggs with Monterey Jack and cooked using the French sous vide technique to create a velvety texture bursting with flavor—a delightful high-protein breakfast under 250 calories.

Unbranded PI: 38% ★★☆☆☆
 Branded PI: 39% ★★☆☆☆
 Uniqueness: 58% ★★★★★
 Frequency: 21% ★★★★★
 Draw: 50% ★★★★★
 Value: 32% ★☆☆☆☆

SCORE

42

specialty appeal

Dec 2020

\$8.89

Shake Shack

BLACK TRUFFLE 'SHROOM
BURGER

Featuring a crispy portobello mushroom filled with melted muenster and cheddar cheeses and topped with black truffle sauce made from Regalis Foods' USDA Organic Black Truffle Arbequina Oil and shredded lettuce on a toasted Martin's potato bun.

Unbranded PI: 44% ★★☆☆☆
 Branded PI: 50% ★★☆☆☆
 Uniqueness: 58% ★★★★★
 Frequency: 19% ★★☆☆☆
 Draw: 48% ★★☆☆☆
 Value: 32% ★★☆☆☆

SCORE

50

specialty appeal



Steve Solomon

key issues for our industry
what are the implications
how do we respond

OVERVIEW

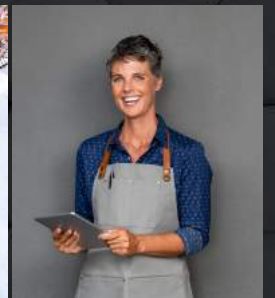
SEGMENT	UNITS	TOTAL 2020 IMPACT
TOTAL	1,394,156	-29.8%
Restaurants	704,520	-27.9%
QSR	308,076	-20.3
Fast Casual	79,762	-24.6
Midscale	114,841	-33.8
Casual Dining	183,148	-35.2
Fine Dining	7,678	-39.5
Food Truck	10,615	-41.0
Ghost/Virtual Restaurants	400	+16.9
Retail Foodservice	281,730	-10.2%
Supermarkets/Grocerants	102,432	+2.4
Convenience Stores	166,809	-16.7
Club Stores	1,793	+3.4
Other Retailers	10,696	-43.4
Education	130,149	-30.2%
K-12	125,804	-21.5
College & University	4,345	-41.0
Business and Industry	14,660	-55.1%
Office/ White Collar	6,927	-70.1
Manufacturing/Warehouse	7,733	-48.5
Travel & Leisure	153,406	-56.7%
Recreation	74,156	-59.1
Lodging	77,095	-55.8
Transportation	2,155	-52.5
Healthcare	85,035	-23.2%
Hospitals	8,533	-34.9
Long Term Care	42,153	-6.1
Senior Living	34,349	-2.0

\$28.6B

IN RELIEF

\$108B

IN LOST REVENUE



Brio/Bravo, Fuddruckers, Luby's, California Pizza Kitchen, Cheeseburger in Paradise, Koo Koo Roo, more

Why We Should Be Optimistic



Much-Needed Stimulus



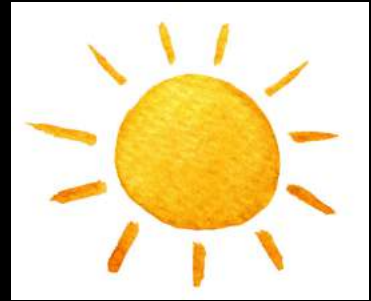
Colleges
and K-12
Open in the
Fall



States and Major
Cities Opening Up



Success of Key
Chains



Summer
is Coming



Pent Up Demand

How The Industry Is Changing



Outlook

Takeout will be a significant restaurant strategy

Implication

Menu development needs to be sure product/meal travels well. Pizza is a good example of a positive concept.

How The Industry Is Changing

Outlook

Value will be the popular way to drive traffic

Implication

Restaurants and chains will be looking for lower-cost ingredients especially for promotion. We have to position mushrooms as a value relative to ALL our benefits.



How The Industry Is Changing



a space with no physical storefront that's used to prepare and send delivery food



Outlook

Ghost kitchens are a strategy even chains and distributors are developing

Implication

Know how mushrooms fit into new and existing brands. Be sure you are targeting them. A ghost kitchen may have a different supply chain.

How The Industry Is Changing

Outlook

With labor and rent issues, there will continue to be innovation in formats and platforms

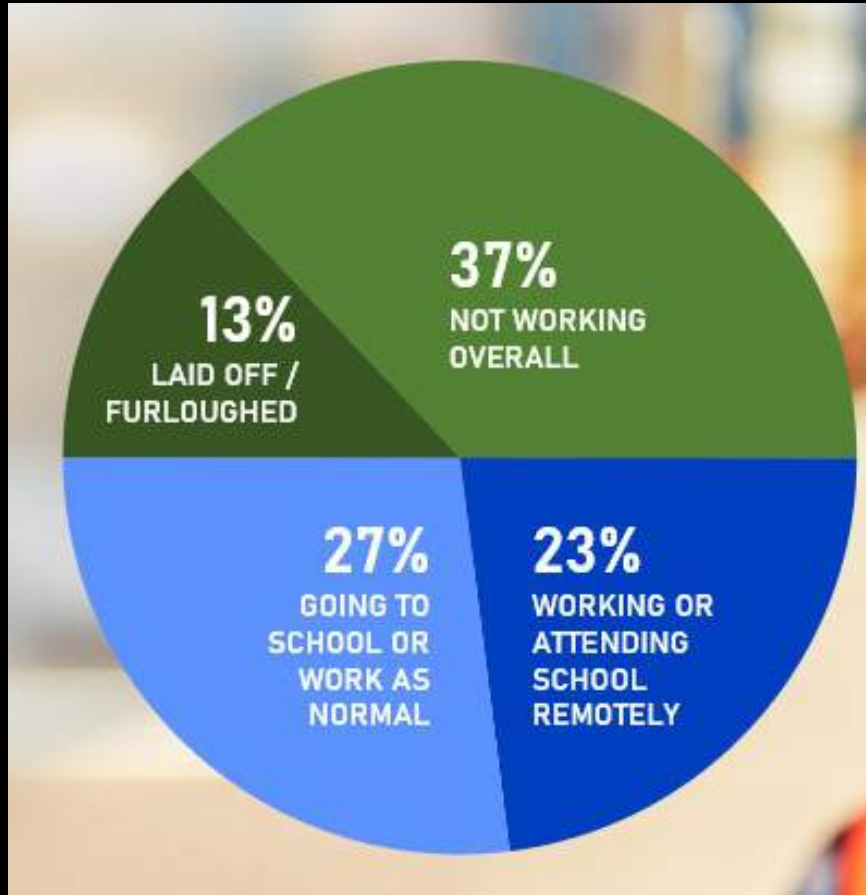
Implication

Look at new opportunities from pop-ups and quick access meals as well as meal delivery





How The Industry Is Changing



Outlook

Not only less restaurants (especially independents with the largest penetration of mushrooms), but less consumers as well

Implication

Be aggressive in foodservice, but look at all channels—takeout, meal kits, restaurant partnerships with retail prepared foods

How The Industry Is Changing

Outlook

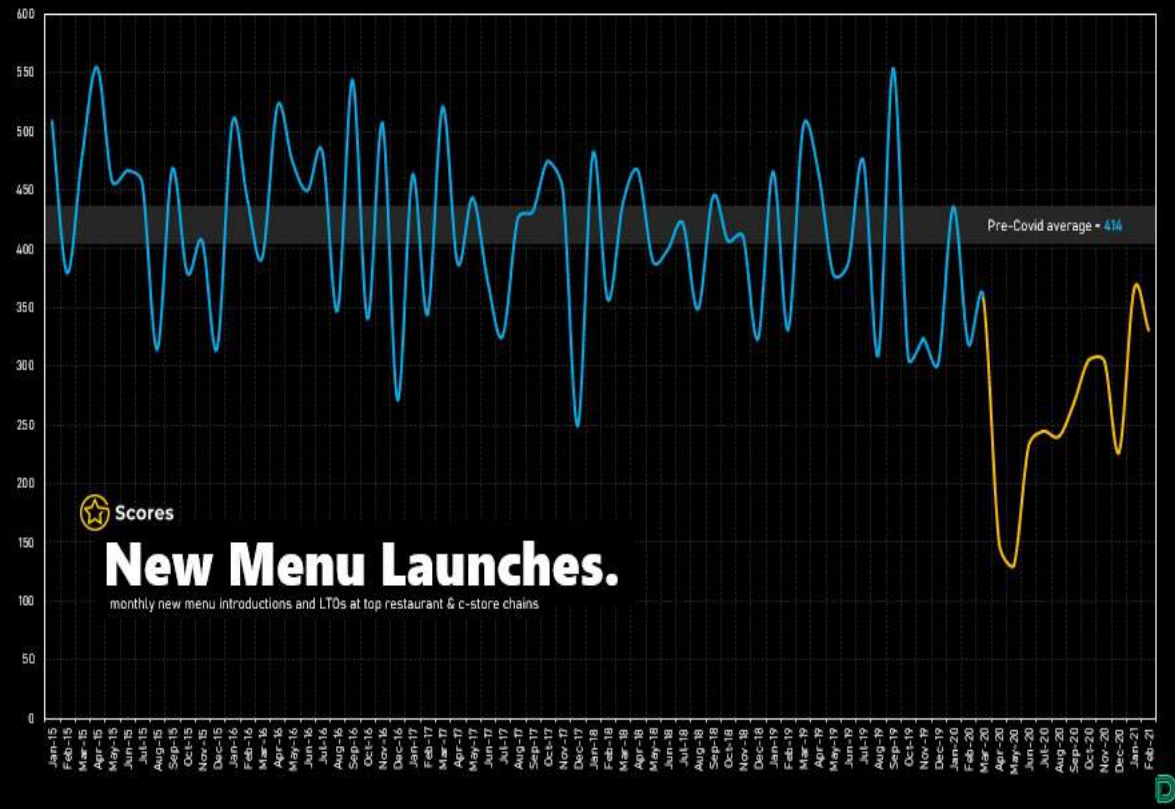
The Blend® is as relevant as ever, but future innovation will be around plant-based

The Implication

Mushrooms are in perfect position to be plant-forward and plant-based. Help drive menu development with new uses and concepts.



How The Industry Is Changing



Outlook

Less promotional items (LTOs) and smaller menus

Implication

Again, more than ever, we have to be proactive in showcasing the benefits of mushrooms and driving innovation... not just cost, not just waiting for the order

Starting To Build Momentum

Quarterly LTOs

31 10 12 23 26

2020

Q1, 2021

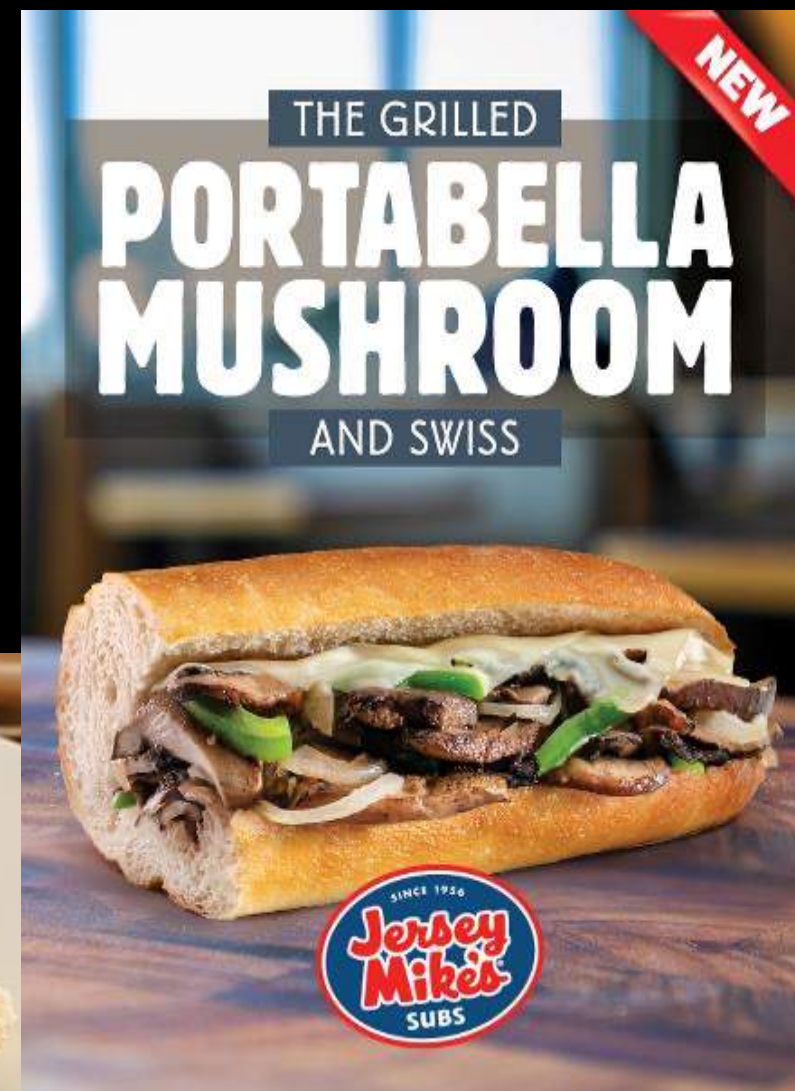




NEW Kale & Portabella Mushroom Sous
Vide Egg Bites



TM



Summary

Not business as usual

Drive innovation

Showcase mushroom value in ways other than cost

Think plant-forward and plant-based

Look for new opportunities stemming from new platforms

Make mushrooms the answer and the solution

The industry continues to change:
Plan and re-plan

Take advantage of The Mushroom Council resources



Foodservice Recovery

Thank You



May 5, 2021