



PepsiCo Foodservice Insights Briefing

2021 FOOD TRENDS

March 26, 2020



PEPSICO

foodservice 

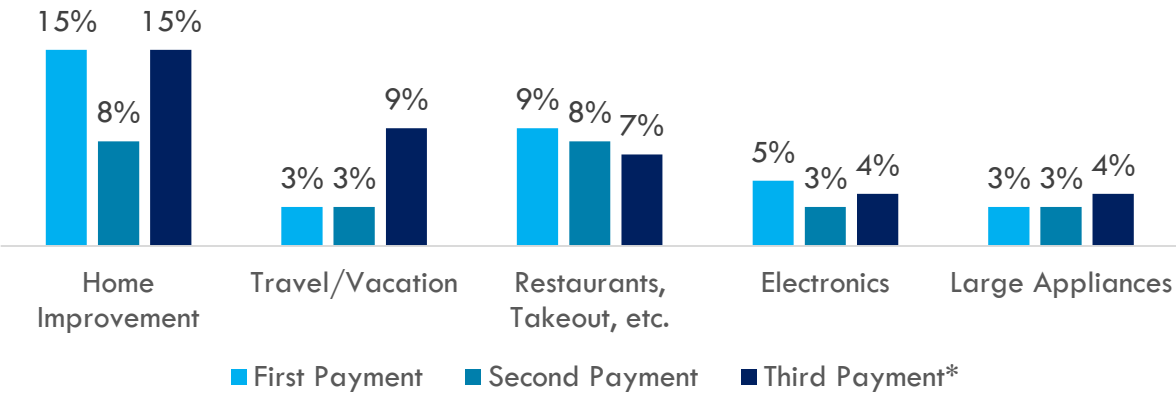
March 2021 \$1.9T US Stimulus Package

Stimulus: up to \$1,400 per person
Child Tax Credit Expansion: \$3,600 per child
\$28 bln restaurant grant fund

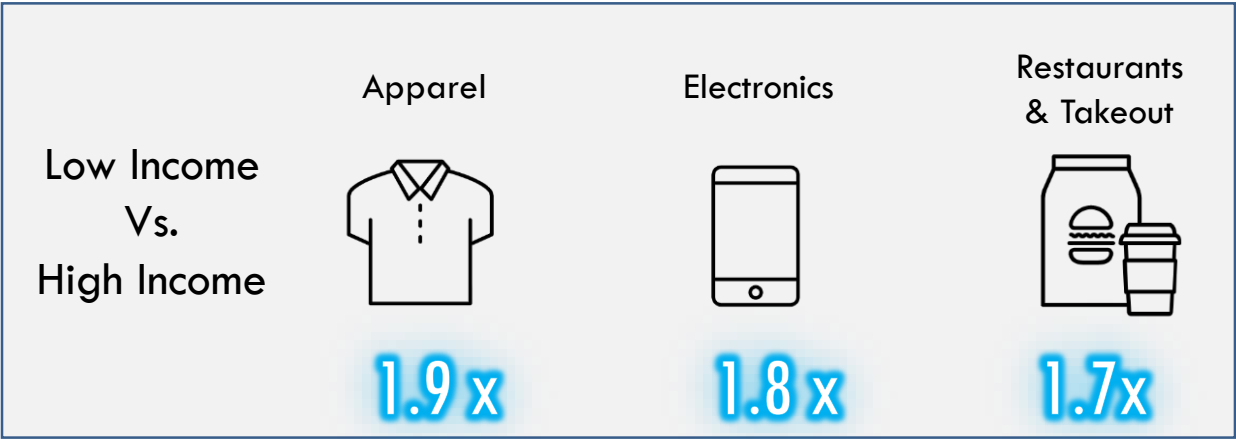
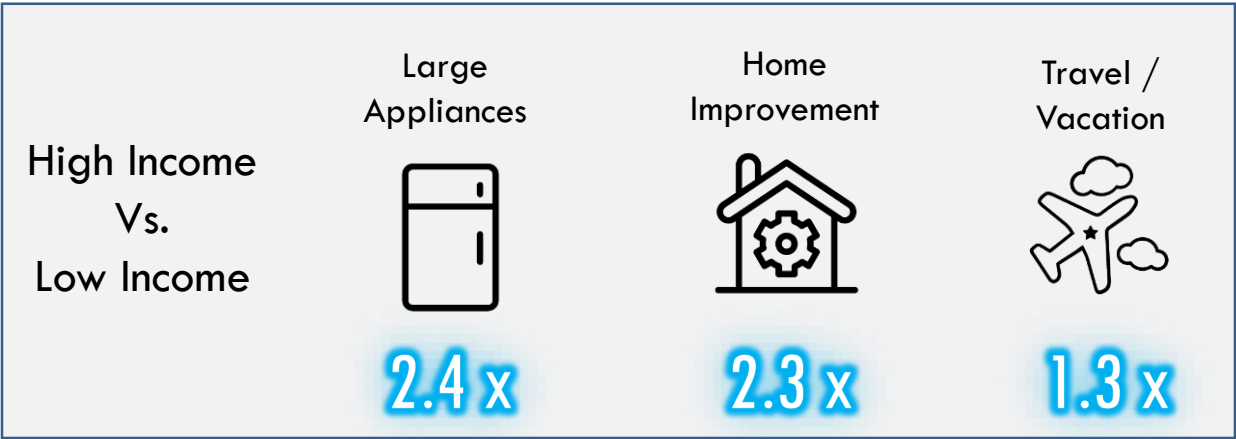
A LOOK AT HOW CONSUMERS ARE SPENDING STIMULUS PAYMENTS

Of those spending their stimulus payments, purchases in home improvements & travel/vacation have spiked

% of respondents who spent or would spend:



Lower Income consumers have a higher propensity to spend their stimulus on restaurants



Foodservice Landscape: Trend Tracker

DINE



- Illinois recently introduced a loophole relating to dining room reopening: guests that can prove they're fully vaccinated, or those that can prove they tested COVID-19 negative in the last 72 hrs. don't count towards mandated capacity limits

PLAY



- Recreation facilities in California including theme parks and stadiums are set to reopen on April 1 at limited capacity
- The **Small Business Association** has earmarked \$16.5B for a grant program benefiting hard hit live-entertainment venues like theatres, music halls and comedy clubs, as well as museums and zoos.

TRAVEL



- **Paradies Lagardère** recently implemented contactless Scan, Pay & Go technology at two airports, making it the first concessionaire in the U.S. to implement this type of tech in airports.

Foodservice Landscape: Trend Tracker

WORK



- Microsoft recently released a work trend index detailing that look at the key trends and realities of both WFH and Hybrid situations
 - 40% of the global workforce is thinking about leaving their employer in 2021
 - 73% of employees want flexible remote work options to stay

SHOP



- **7Eleven** recently opened the sixth iteration of their Evolution stores, which are described as experiential testing grounds where consumers can try & buy the latest innovations
 - The most recent store in Irving, TX features a drive-thru for the Laredo Taco Company, a QSR located in the location

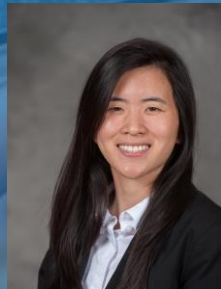
FOOD TRENDS TO WATCH



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Why are Food Trends important?

Trends are **inspired by consumer mindsets and attitudes**. They reflect where foodservice has been and will go in the future.

Keeping up with trending food, flavors, and ingredients allows us to **make sense of the ever-evolving food landscape**.

The goal is to stay relevant with consumers and offer them items they desire and elicit excitement to **drive trial & traffic**.





Key Themes

- Within the 2021 Trends, there is an overall sense that consumers are **using food and food experiences to fill the gaps in their lives** as a result of the pandemic.
- They are looking for **buzz-worthy** foods & beverages to add to their social feeds, since they don't have travel or activities to post.
- Consumers want to find exciting foods & beverages that **breaks them out of their at-home cooking routine.**
- They also want **comfort** through food & beverage, things that remind them of easier times. And now more so than ever are focusing on “**living better.**”

Food Trends in 2021

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Takeover

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Sustainable Eating



Chicken Sandwich Take Over

WHAT IT IS

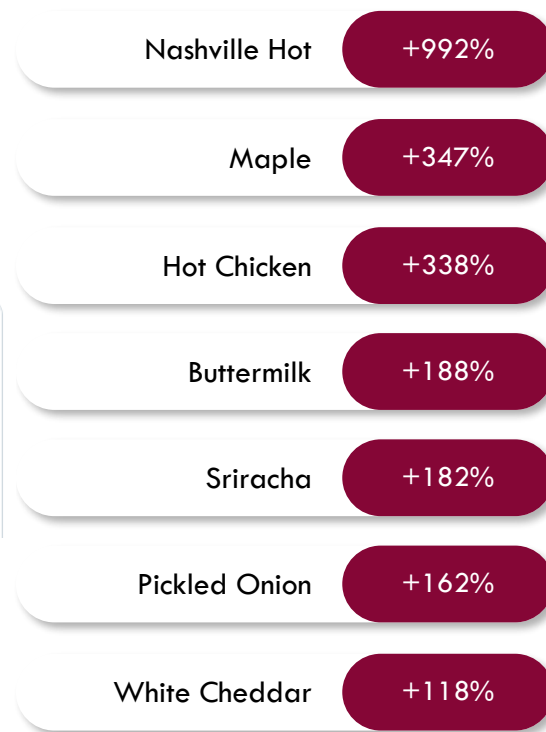
The “**Chicken Sandwich Wars**” really heated up in 2019 with the introduction of the now **famous Popeye’s chicken sandwich**, to directly compete with powerhouse brand, Chick-fil-a.



Chick-fil-A, Inc. (@ChickfilA)
Bun + Chicken + Pickles = all the ❤️ for the original.

Since then, chains continued **battling for their share of the chicken category** with their own new version of a chicken sandwich.

FASTEST-GROWING CHICKEN SANDWICH FLAVORS & TERMS

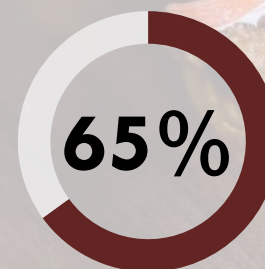


4-year penetration
% change, according
to MenuTrends

WHY IT'S IMPORTANT

- Fried chicken has long been an LSR menu mainstay, but the recent category performance truly caused a shift in the industry
- Chicken is an adaptable protein that lends itself to flavor innovation and the introduction of global flavors that consumers desire

Consumers ordered **2.5 Billion** breaded chicken sandwiches from QSRs in 2020, up 9% vs. prior year



Of the US population ordered a breaded chicken sandwich from a QSR in the last 6 months



Chicken Sandwich Take Over

TREND IN ACTION



Taco Bell announced a fried chicken taco, with a tortilla chip coating in a “puffy bread” taco shell.

KFC just launched “its best chicken sandwich ever” now available nationwide.



Shake Shack introduced a Korean-inspired version, featuring a gochujang-glazed crispy chicken breast topped with toasted sesame seeds over kimchi slaw.

OUTLOOK

Consumer demand for chicken sandwiches will remain high, though buzz will likely fade

OPPORTUNITIES

- If you have a fried chicken sandwich on menu, how does it compare to the competition?
- If you do not, would there be an opportunity to introduce your own differentiated or brand-appropriate version?
- How can you use fried chicken in your innovation/LTO pipeline?



Bland is Banned

WHAT IT IS

Spicy flavors are often connected to **exciting and adventurous experiences**. Spicy foods can run from very hot to flavorful/not too hot. While consumers are interested in the full spectrum, the trend right now is the hotter side.

Consumers desire **genuinely spicy food** and want their favorite restaurants to offer items that will make their tongues tingle and provide a **flavor experience**.

SIRACHA grew **35%** on restaurant menus over the past 4 years & will grow another **26%** in the next 4 years



WHY IT'S IMPORTANT

- Younger consumers in particular desire spicier flavors in conjunction their sense of culinary adventure and openness to global and regional cuisines
- Spice can be integrated into familiar vehicles for flavor such as condiments and salty snacks, enabling consumers to incorporate exploration into their everyday eating

Of consumers want spicy, bold, zesty flavors

47%

25%

Of **Gen Z and Millennials** want condiments to be **as spicy as possible**



Bland is Banned

TREND IN ACTION



Last Fall, **Dunkin' Donuts** offered a LTO Spicy Ghost Pepper Donut – topped with a cayenne & ghost pepper spice blend.

Chili crisp is the newest trending spicy condiment; **Momofuku** released their own version last fall to their retail line.



Buffalo Wild Wings is offering a to-go bundle To recreate their popular “Blazin’ Challenge” at home

OUTLOOK

Spicy foods will continue to be a desirable flavor profile, evolving to feature new ingredients over time

OPPORTUNITIES

- How does your menu feature spicy foods?
- Do your items deliver on expected level of hotness?
- Is there an opportunity to add a spicy condiment or sauce to play in this space?



Comfort Delivered

WHAT IT IS

Off-premise continues to be a key occasion for consumers, with take-out and delivery growth persisting into the current year.

In delivery specifically, Consumers are looking for comfort foods, which dominate the sales mix overall. Pizza is very popular in off-premise, as are burgers, fries, chicken sandwiches & chicken wings/tenders.



Of Restaurant Operators say they've had the most success with **Comfort Foods** in delivery

WHY IT'S IMPORTANT

- Over half of delivery occasions are unplanned/spontaneous, underscoring the need to entice consumers with cravable foods
- Consumers love familiar favorites but still want restaurants to provide menu items that they can't make at home – for variety and excitement, restaurants can innovate comfort foods with new ingredients or unexpected combinations



Of consumers say Comfort Food is a trend they're looking forward to seeing more of in the coming year



Comfort Delivered

TREND IN ACTION



Applebee's new delivery-only concept, **Cosmic Wings**, serves up Cheetos Wings as an amazing twist on a classic.

Freshly baked cookies like the celeb-backed **Mariah's Cookies** are popping up on delivery platforms.



Little Caesar's brought back their fan-favorite pretzel crust pizza, for a limited time.

OUTLOOK

Consumers will continue to seek comfort foods in delivery – differentiate with twists like elevated flavors & healthier versions

OPPORTUNITIES

- What are ways you can twist the comfort foods on your menu?
- Would you consider offering any items as delivery-only that play well to off-premise consumers?



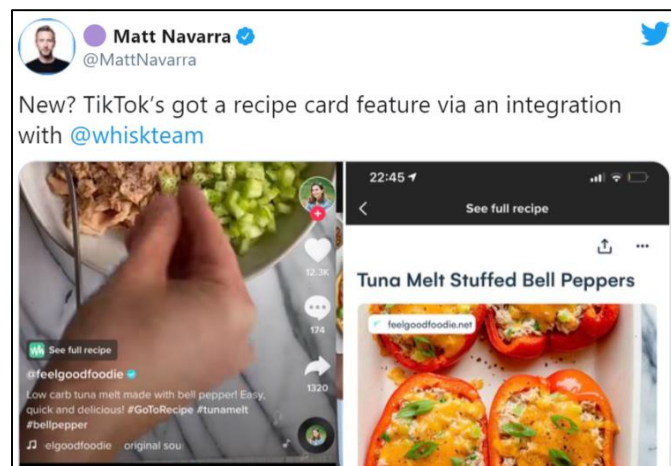
Veer into Viral

WHAT IT IS

Viral food trends create a sense of **community and connection** for consumers while providing something fun and playful to engage in.

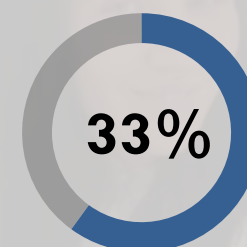
- **Social challenges** remain popular due to its performative, experiential and collaborative nature.
- **Aesthetic and colorful foods** draw consumers due to its highly visual appeal and shareability.

As many are seeking **food inspiration**, TikTok dominates the viral space with simple recipes and food hacks



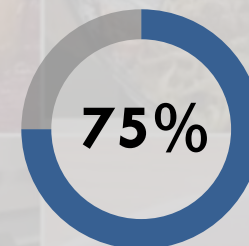
WHY IT'S IMPORTANT

- Consumers are eager to reconnect in new ways with themselves and others, using food to fuel bonding and exploration
- Food has also become a creative outlet for escapism and social allows users to express themselves authentically



of consumers identify as foodies.

Said TikTok is a place where people can express themselves openly.





Veer into Viral

TREND IN ACTION



Baked Feta Pasta has gained popularity through its simplicity - bake a block of feta, tomatoes and olive oil in a pan before mixing in pasta and fresh basil.

Spicy food challenges - Fire Noodle, Spicy Wings and Paqui #OneChipChallenge.



Lucky Charms teamed up with **Cold Stone Creamery** to create Lucky Charms Magically Delicious ice cream for St. Patrick's Day promotion.

OUTLOOK

Brands will launch more interactive products and recipes that encourage the use of food as creative outlets

OPPORTUNITIES

- How might you create food that's highly shareable or buzz-worthy?
- How can brands shift their social storytelling in order to meaningfully engage new audiences?
- Are there opportunities to connect individuals to their passion points?



Root-ing for Plant-Based

WHAT IT IS

People are turning to **plant based and immunity boosting ingredients**, not with intent of becoming vegetarian or vegan, but rather they're thinking about their **health and sustaining the environment** in different ways.

Consumers are **rethinking consumption of animal protein** and **seeking more balance** in their lives by increasingly mixing-and-matching more non-meat products (e.g., flexitarians).

The plant-based market is projected to grow more than **18x** over the next 10 years



WHY IT'S IMPORTANT

- Consumers believe these plant-based and natural immunity products are not only better for their health and body but also for the environment and world around them.
- Many consumers still prefer the taste and texture of animal products.



Roughly two thirds of consumers eat plant-based products

With 25% consuming more plant-based products now than a year ago



Root-ing for Plant-Based

TREND IN ACTION



Yum! Brands partnered with Beyond Meat for multiple plant-based menu items at KFC, Pizza Hut, and Taco Bell. **KFC** expanded its test of Beyond Fried Chicken to more U.S. cities last year.

Top Tier Foods produced plant-based alternative to Wagyu beef, mimicking the high-quality taste and texture.



Fruit, Veggie and **Mushroom Jerky** have been identified as sustainable snacks of the future.

OUTLOOK

Taste, texture and mouthfeel of products will continue to improve with further innovation and advancements

OPPORTUNITIES

- How can you help consumers personalize what health looks like for them?
- How can you shift from simply “better-for-you” to “what fits-for-me” -- healthy without sacrificing the indulgence?
- Is there an opportunity to highlight menu items or ingredients with “healthy halos”?



Nostalgia as an Ingredient

WHAT IT IS

Consumers will **continue to seek comfort foods**, esp. look for foods that remind them of their childhood or past.

During Covid, **nostalgia** has been prompted by technology, as information is **constantly fed back** and **available on demand**, reminding consumers of a simpler time pre-pandemic.

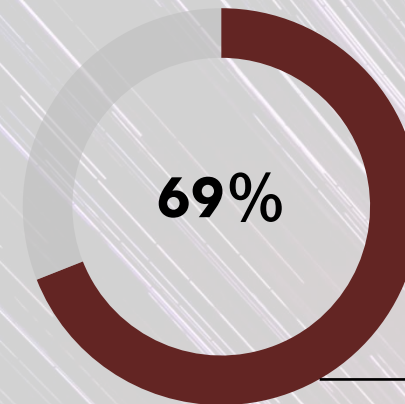
The **love for throwback snacks and food** from the past has brought back some brands, and new innovations.



Dunkaroos, a Millennial favorite, first launched in the 90s; reintroduced in 2020 given reignited interest, and inspired a line extension of cereal.

WHY IT'S IMPORTANT

- Although the definition of comfort food is unique to each person, nostalgia ranks high in what motivates consumers to purchase
- Nostalgia means different things in different sub-cultures, so this trend can manifest in different ways



of consumers are extremely or very likely to purchase a favorite nostalgic food or beverage

→ 77% for Millennials



Nostalgia as an Ingredient

TREND IN ACTION



Burger King brought back old branding, including a logo that is nearly the same as the logo retired in 1994. **Pizza Hut** also brought back their old logo and retro type faces from the 60s and 70s.

Culver's beef pot roast sandwich debuted in 1984 and again in 2020 for comfort cravers – ordering 1.5 million pounds!



Naugles, a Mexican fast-food chain based in CA that went out of business in 1995 returned because of a blogger who loved the brand – now there are 3 locations.



OUTLOOK

With menu simplification, brands can incite excitement by driving to their history

OPPORTUNITIES

- What previous items or marketing can you bring back to tap into nostalgia?
- How can you listen and engage consumers on social media to understand what they miss?
- How can operators use virtual brands to bring back concepts and menu items?
- What creative collaborations with nostalgic brands can you partner with?



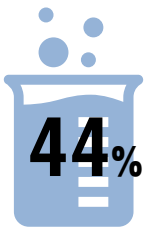
Home Food Lab

WHAT IT IS

Since the beginning of the pandemic, consumers have been **eating more meals and snacks at home**; they have also been looking for **ways to elevate their daily cooking routines** and short-cuts.

Consumers are now seeking products that **cleverly combine assistance and inspiration in the kitchen**.

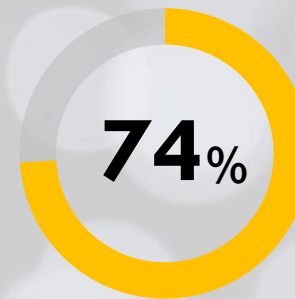
Recreating the experience of a restaurant at home with the right tools can be empowering to consumers as they provide opportunities to learn and pick up tips/tricks from their favorite chefs.



had experimented more in the kitchen in Aug. 2020 than in previous months

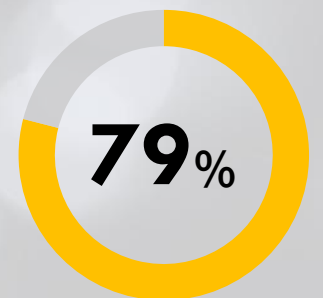
WHY IT'S IMPORTANT

- As we enter restricted recovery, consumers will still be social distancing and continuing to use their home as a hub
- Food is an affordable way to liven up daily routines and indulge



of consumers are looking forward to new food and beverage trends in 2021

Are craving something new





Home Food Lab

TREND IN ACTION



Sun Noodle, which supplies restaurants with traditional Japanese-style noodles, now offers DTC ramen kits developed in collaboration with restaurant chefs across the country.

Junzi (NYC) hosts interactive Instagram live sessions that go along with their meal kits, with menus developed in collaboration with chefs from around the world.



Three Little Figs inspires consumers with premium-quality preserves that can liven an everyday sandwich or snack without extra effort.

OUTLOOK

At-home restaurant experiences to gain momentum and evolve as operators solidify these incremental revenue streams as staples even post-pandemic

OPPORTUNITIES

- How can brands use private labeling of their own special ingredients to shake up routines with friendly inspiration and adventurous flavors?
- What are some ways to make the off-premise experience more like the on-premise experience?



Up and Coming Ingredients

WHAT IT IS

'Fusebiquity' is the **combining of early-stage flavors** that might be a little too new for US consumers **with dishes that are ubiquitous** – i.e., pizza, burger, sandwiches. It's a great way to **introduce consumers to a new flavor** that is unique but also cravable. As trends change, ingredients used will also evolve.

In 2021 we should expect to see more nontraditional fruit vinegars (beyond apple cider), new mushrooms, protein swaps, and trendy umami components: seaweed, soy sauces, fermented honey in our ubiquitous dishes.

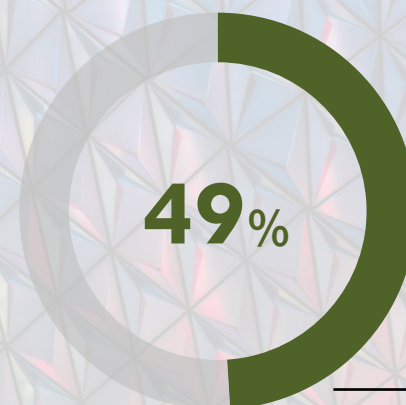


of consumers find umami flavors appealing to some degree

For Gen Z and Millennials, up to 50%

WHY IT'S IMPORTANT

- While the pandemic has pushed consumers to stay at home, their desire for new experiences and discovery has not dissipated
- Using new, exciting ingredients is a way to engage with consumers and fulfill their desire for discovery



Find the unique/exciting flavors available at restaurants appealing about food prepared away from home

→ 60% for Millennials



Up and Coming Ingredients

TREND IN ACTION



Offerdahl's Café Grill's Great Beyond Burger feature house made **miso umami aioli**.

Butcher & the Bee in Charleston puts whipped feta with **fermented honey** on their menu.



Sudachi, a Japanese citrus fruit found in ponzu, is showing up as a next-level version of yuzu in drinks or an acidic finish to Asian-inspired entrees – it's sour, but aromatic. **Drunken Dragon** in Miami tops sudachi on brussels sprouts.

OUTLOOK

As global travel will be slow to return, consumers may be turning to new flavors paying homage to cultures around the world for the foreseeable future

OPPORTUNITIES

- What new flavors that would make sense and complement your offerings?
- What ingredients can you use to inspire innovation on your menu?



Regional Cuisines & Traditional Foodways

WHAT IT IS

Consumers desire a **deeper connection with their food sources** and **transparency** knowing where their food comes from: a heightened focus on food history / cultural origin, and giving credit especially for connection to well-being.

One way consumers are doing this is by seeking out and **celebrating heritages and cultures that authentically make up American cuisine** – i.e., Sonoran, Cal-Mex, Gullah, Appalachian, Pacific Rim, and Indigenous. Others are **looking back to their ancestors / roots**: African diaspora, heritage cooking, protecting indigenous and native food cultures.

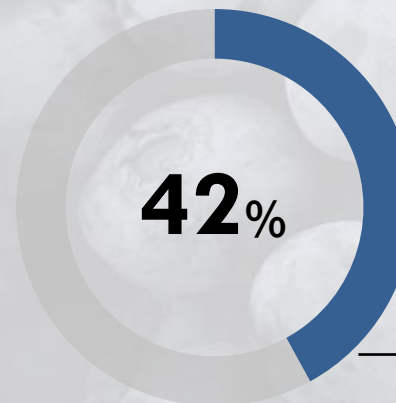


Agree with statement: I am always looking for different cultural experiences and influences that will broaden my horizons

Up 17pts from 2011

WHY IT'S IMPORTANT

- The current state of the industry has elevated stories celebrating roots, histories, and traditions as people are looking inward
- These are ways to celebrate and support chefs / artisans dedicating their talents to bringing awareness to these cultures
- Not only is there a place for fusion food, but now also a desire to food deeply rooted in tradition



Believe their purchasing choices are mainly driven by how the world around them is changing (e.g., economic, social, demographic changes in society)

→ 61% for Millennials



Regional Cuisines & Traditional Foodways

TREND IN ACTION



Chef Kavachi Ukegbu celebrates her **Nigerian** heritage at her restaurant **Safari** in Houston, celebrating staples such as fufu and jollof rice

Benne on Eagle in North Carolina, an **Appalachian** restaurant focusing on black regional foodways, pays homage to the neighborhood with akara fritters, pork ribs rubbed in ogbono seasoning, and more



Chef Kevin Tien of **Moon Rabbit** uses the kitchen to explore his **Vietnamese** roots in Fine Dining: congee, beef vermicelli soup, special dipping sauce with sweetened condensed milk with green chiles

OUTLOOK

With many looking inward and exploring identity, interest in understanding cultural origin will continue to grow, with food as one way to learn

OPPORTUNITIES

- What are some ways to highlight cultural heritage in your cuisine and foods?
- What are ways to delve deeper into your cuisine's culture?



Climatarian Diets & Sustainable Eating

WHAT IT IS

Climate change remains an important concern for consumers. Among many other contributing factors, there is **rising awareness of the environmental impacts** of the systems behind the food we eat. Some consumers are actively adopting **planet-friendly eating practices** to do their part.

Eating more **plant-based foods** and less meat & dairy are notable ways to eat more sustainably. As are reducing food waste/food loss, eating seasonally, and sourcing foods locally. **Upcycled foods** also trending – using food waste like peels, stems, skins, pulp, as ingredients for packaged products.

10% of plant-based purchasers are motivated by environmental impact

WHY IT'S IMPORTANT

- Younger consumers, in particular, are shifting to more flexitarian, vegetarian, or vegan lifestyles
- As consumers keep the environment in mind with their purchases, restaurants must find ways to meet the needs of these consumers by offering foods they desire and communicating commitment to climate change initiatives



Of consumers say they try to act in a way that is not harmful to the environment



Climatarian Diets & Sustainable Eating

TREND IN ACTION



Panera Bread introduced “Cool Food Meals,” dishes that help consumers fight climate change. They are meals that have a smaller carbon footprint vs. traditional foods, identified by a badge label.

Just Salad was the first U.S. restaurant chain to display carbon labels on its menu and offer a curated Climatarian menu featuring its lowest-emissions menu items



“**Upcycled Foods**” are increasing in retail - Like The Ugly Co’s dried fruits made from ugly produce, RISE products that makes flour from spent grains, Toast ale that makes beer from surplus bread.

OUTLOOK

As awareness rises, consumers will increasingly look for ways to eat sustainably away from home

OPPORTUNITIES

- Do you offer items that are climatarian-friendly?
- Is there an opportunity to increase usage of food waste/ugly foods and/or reduce food waste in your location?
- How are you communicating your climate initiatives to consumers?

Questions to consider

In thinking about these food trends:

- **How may your brand fit into each of them?**
- **What, if any, offerings do you have that fit into these trends today?**
- **Is there an opportunity for you to create a differentiated or authentic offering in the trend spaces?**
- **Should you play up messaging around trendy ingredients or practices?**





PepsiCo Foodservice Insights

We are in a time of unprecedented change and disruption as a result of the COVID-19 pandemic. While there are more questions than answers right now, we are committed to delivering best-in-class insights and perspectives that will provide a more informed approach as we jointly build plans that can succeed on the other side of this challenge.

Due to the dynamic nature of the situation, this document will evolve as new information refines our hypotheses.