



2021 BEVERAGE TRENDS

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re water, perfect taste



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The rollout of a vaccine gives us a path to a "New Normal"...

2021: A tale of two horizons

HORIZON O **Prevention & Preparation** Early March 2020



Rapid shift to fear and uncertainty about the seriousness of the virus and how to prepare for "shelter-inplace"

HORIZON 1 **Confinement & Cocooning**

Late March '20 - May '20



Going through stages of adapting to a new, stressful lifestyle and restless for a return to normalcy

HORIZON 2 **Restricted Recovery**

June '20 - Early Summer '21



Learning to live with the fatigue of COVID-19 and making decisions best for each individual situation

HORIZON 3 **New Normal**

Late Summer '21 & beyond



New behaviors form if finances, desire, and/or opportunity dictate; some old behaviors return

Horizon 2: Restricted Recovery — Omnichannel View

Virus variants, vaccine timing, economic ups and downs continue to impact peoples routines

HOW PEOPLE FEEL AND ACT



INCREASING FATIGUE DRIVEN BY THE VIRUS, ISOLATION, AND SOCIAL ISSUES BUT CAUTIOUSLY OPTIMISTIC ABOUT THE FUTURE

ECONOMIC

- Unemployment is uneven with African Americans, Latinos, and women disproportionately affected
- Many HHs spent stimulus on bills/debt

HEALTH

- Virus variants complicate sentiments
- Vaccines roll out, eligibility varies

SOCIAL

- Most plan to spend more time at home
- Gradual return to travel, and fun
- Holidays will be more intimate but a source of spending

WHAT PEOPLE WILL BUY

ECONOMIC FACTORS



VALUE CONSCIOUS CHOICES

Consumers are routinely ordering more for later and seeking solutions for their whole household – group bundles play a bigger role in the value equation.

RETAIL

Club

Mass

Drug

C&G

Dollar

Grocery

HEALTH FACTORS



COMFORT IN THE FAMILIAR

Consumers are seeking out comfort foods and turning to trusted brands and operators to appease anxieties

SOCIAL FACTORS



HOME AT THE CENTER

Technology has enabled virtual connections, and people have adjusted to being at home and will continue to seeking meal solutions that meet them where they are

WHERE THEY WILL BUY IT

DIGITAL ORDERING AND DELIVERY



Sustained growth due to convenience appeal, increased levels of planning, and reduced exposure

FSR

B&I

Healthcare

FOODSERVICE LSR

Education

Travel/Leisure

Uneven dining out, work, school.

Operators face hurdles e.g. staffing,
supply, regulations.

Hard Discounters

^{*}Please note arrows are based on Q1-Q2 '21 vs Q1-Q2 '20 comparisons

Horizon 3: New Normal

Excitement and relief as the world reopens but some in home behavior will likely continue

HOW PEOPLE FEEL AND ACT



EXCITEMENT ABOUT ACCESS TO FRIENDS, FAMILY, AND SOCIAL OCCASIONS BUT FINANCIAL AND EMOTIONAL STRESS REMAIN

ECONOMIC

- GDP is expected to reach pre-pandemic levels by mid '21
- Unemployment is expected to drop

HEALTH

 COVID mutations remain a concern but vaccination should be widespread

SOCIAL

- People expect to shift away from virtual connects
- Holidays (large & smaller, more frequent gatherings) will be up vs '20





^{*}Please note arrows are based on Q3-Q4 '21 vs Q3-Q4 '20 comparisons

MOVING TOWARDS A POST PANDEMIC WORLD...

COMBATTING THE VIRUS



- > Some states have begun loosening the restrictions on vaccine eligibility
 - NY & FL have opened the vaccine to anyone 60+
 - Alaska is the first state to open the vaccine to anyone over 16
 - Washington D.C. launched a pre-registration site for COVID vaccines and receive them when they become eligible
- > Despite warnings from public health officials, some states have started to roll back preventative COVID measures
 - Texas, Mississippi & Wyoming have all repealed state-wide mask mandates
 - Texas & Mississippi also gave the green light for all businesses to reopen at 100% capacity

SIGNALS AS TO WHAT'S NEXT...



- > The CDC has released a set of guidelines for fully vaccinated Americans, detailing what activates they can safely do. Safe activities include
 - Visit other vaccinated people indoors without masks/physical distancing
 - Visit indoors with low-risk, unvaccinated people from a single household without masks or physical distancing
 - Skip quarantine and testing if exposed to someone who has Covid-19 but are asymptomatic
- > A new "Safe Spaces Initiative" aimed at laying out safety protocols for buildings is getting the star treatment
 - Supporters include Lady Gaga, Michael B. Jordan, Robert De Niro and Jennifer Lopez



INNOVATION IS A GO

One year into the pandemic we are finally seeing light at the end of the tunnel. With Vaccinations on the rise and all states' food service establishments at least partially open, we look to the future to identify what beverage trends will continue to be relevant as we return to dining outside of the home



The Attribute Engine is proprietary collection of integrated + curated datasets that were leveraged to identify five broad innovation platforms



Always on **Machine Learning**



Social Listening Market Signals News and Opinion Leaders

BROAD New product/ Venture scouting



Trade Shows Venture deals Menu Tracking

DEEP **Human Drivers**



Scale Ad Hoc Surveys **Proprietary Panel**

OUR PROPRIETARY RESEARCH HAS IDENTIFIED FIVE KEY INNOVATION PLATFORMS SHAPING FUTURE DEMAND ACROSS TOUCHPOINTS IN FOODSERVICE

ENJOYMENT FUNCTION

ELEVATED INDULGENCE



Helps consumers heighten the pleasure

PERMISSABLE ENJOYMENT



Help consumers alleviate the guilt

ENERGY MANAGEMENT



Help consumers engage and disengage to enable focus and performance

NURTURE WITH NATURE



Capitalize on consumers inherent trust of nature

CLEANSE & REBALANCE



Provide inside out beauty & wellness solutions

CONTACT YOUR PEPSICO REPRESENTATIVE TO LEARN MORE