

PepsiCo Foodservice Insights

COVID-19 INSIGHTS

EXPERIENCES

OCTOBER 2, 2020



Jaime Friedman
Director, FS Consumer Insights

We Continue to Grapple with How to Move Toward a “New Normal”

Possible return to restricted living if
COVID-19 cases spike

HORIZON 0
Prevention & Preparation

Feb-Mar 2020



Rapid shift to fear and uncertainty about the seriousness of the virus and how to prepare for “shelter-in-place”

HORIZON 1
Confinement & Cocooning

Mar-Jun 2020 (est.)



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

HORIZON 2
Restricted Recovery

Jun-Dec 2020 (est.)



Cautiously optimistic and taking cues from others on how to balance our responses

HORIZON 3
New Normal

2021+

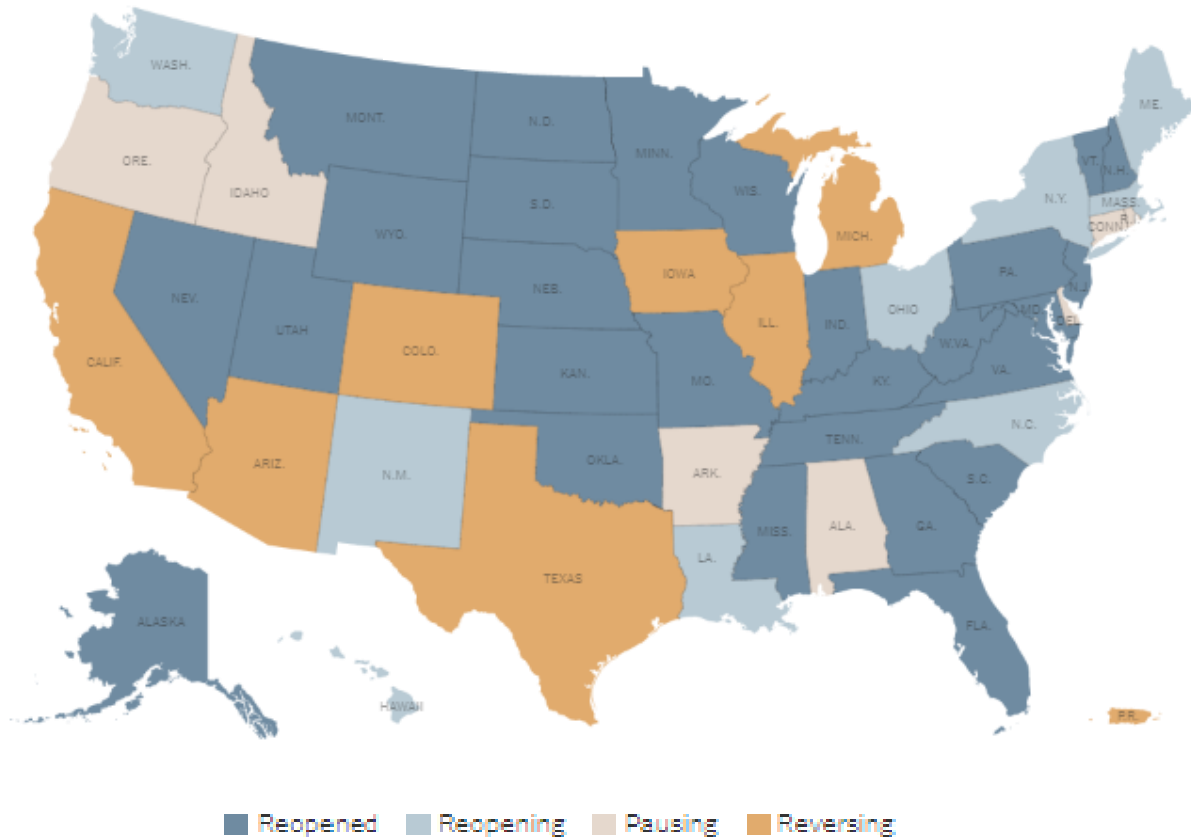


New behaviors form if finances, desire, and/or opportunity dictate; old behaviors return otherwise

Varies by market based on COVID-19 impact, government actions and human response

The Pandemic Persists...

Only thirteen states are currently still in state of pausing or reversing their re-openings



Covid-19 re-openings have never been on a linear path, but the spectrum is widening by the day

- Countries around Europe are experiencing a second wave of the virus and have re-entered lockdown
 - Spain, Germany, Ireland, and France have all re-instated varying quarantine measures
- Fears of a COVID-19/Flu 'twin-demic' in the United States are still looming, as experts warn 85-90% of the American population is still susceptible to the virus
- The House has introduced an updated version of the HEROES Act, a COVID-19 relief fund that was introduced earlier in the week
 - If passed, the bill would infuse \$2.2 T into the economy, and include \$120 B in grants for restaurants, bars & food trucks

Foodservice Landscape: Trend Tracker

DINE



- NYC finally opened indoor dining this week (25% capacity), and announced that restaurant outdoor dining will become permanent, year round.
- Union Square Hospital Group has partnered with biometric screening company CLEAR to monitor employee health at its dining establishments
 - Through app Health Pass , employees must verify their identity with a selfie and answer a series of health survey questions

PLAY



- Walt Disney Co. announced that it would be laying off 28,000 workers at U.S. theme parks.
 - Chairman of Disney Parks, Experiences & Products claims layoffs exacerbated by California's unwillingness to reopen the Anaheim Park
- Vail Resorts is reporting +18% in season pass sales as they get ready for the upcoming season

TRAVEL



- Italian airline Alitalia is offering 'Covid-tested' flights from/to select cities in Italy, with each consumer needing to prove they have tested negative for the virus
 - Passengers can be tested within 72 hours of flying and bringing a negative certificate to the airport, or get a rapid antigen test at the airport's Covid testing facility.

Foodservice Landscape: Trend Tracker

WORK



- Ghost kitchen provider Zuul is launching a delivery service that would bring batched orders from apartment complexes and office buildings in a single order
 - This “virtual food hall”, called Zuul Market, allows consumers to browse menus and add their orders onto a custom ordering portal for their location

SHOP



- 7-Eleven announced plans to hire 20,000 workers in the US, on top of the 50,000 already hired since March
 - Many of the positions will be dedicated to assisting fulfillment of orders from the 7NOW delivery app

x

Engaging Experiences in Times of COVID-19



Omar Sahi
Sr. Manager, FS Insights



Lydia Gau
Manager, FS Insights



Amy Edler
Sr. Analyst, FS Insights

Winning With New [Off-Premise] Occasions

- Safety concerns have forced people to reimagine how they connect over food and shared experiences
- The home has become a much more central part of people's social lives and they are seeking food and beverage solutions that will meet them where they are – as evidenced by the explosive growth of delivery
- Retaining customers new to the delivery channel will require operators to adjust their product offerings, brand experiences, and marketing communications to reflect the needs and routines of their customers

Even as restrictions ease, consumers are doing most of their socializing in private



In this Webinar – we dive into emerging occasions, motivations, contexts and emotional need states that brands and operators can innovate against to grow relevancy and loyalty with their customers.

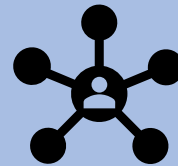
Today's Agenda — *Unpacking how consumers are engaging with each other in the age of social distancing to identify cultural touchpoints and emerging off-premise occasions*



Me And My Bubble

How can brands help me bond with my household and trusted social circles

- Self-care experiences
- Connecting with my household
- Celebrating Milestones and Achievements



Me And My World

How can brands help me connect with my local community and extended network

- Connecting with colleagues & classmates
- Connecting with my tribe and local community
- Connecting around the holidays



Me And The World

How can brands help me feel connected to culture and the world at large

- Connecting through sports
- Connecting through entertainment
- Connecting through giving back



Me and My Bubble

- Self-care experiences
- Connecting with my household
- Celebrating milestones & achievements

Self-care experiences:

COVID-19 has reinvigorated the importance of self-care as consumers grapple with a range of emotions and stress

CONSUMERS ARE FEELING A RANGE OF EMOTIONS,
AND FACILITATING SELF CARE THROUGH THEIR PURCHASES

FOOD AND BEVERAGE PURCHASES ARE PLAYING A LARGE
ROLE IN CONSUMER SELF CARE



35% of Americans say they're making
impulse buys to cope with coronavirus stress
'It is part of self-care in a weird way'

% of people who have reported feeling:

THANKFUL



71%

ALIENATED



68%

STRESSED



58%

ANGRY



53%

CABIN FEVER



52%

ANNOYED



32%



HAWKE
@spiivory

Self care is deciding to buy yourself
a party pack of taco bell nachos to
eat for lunch by yourself the next
day after spending three hours
doing paperwork



sunchild
@deyelee

Self care Sunday:

Eat KFC
Watch a movie
Wash my hair
Do skincare
Sleep 😍



k
@ghostfawns

does ordering chipotle delivery
count as self care



meg
@meggwoods

ordering pizza for lunch during
exam week is the highest form of
self care



Dr. Andrew
@prenerk

Self care in a pandemic is animal
crossing, old episodes of your
favorite show, and fried chicken
delivery

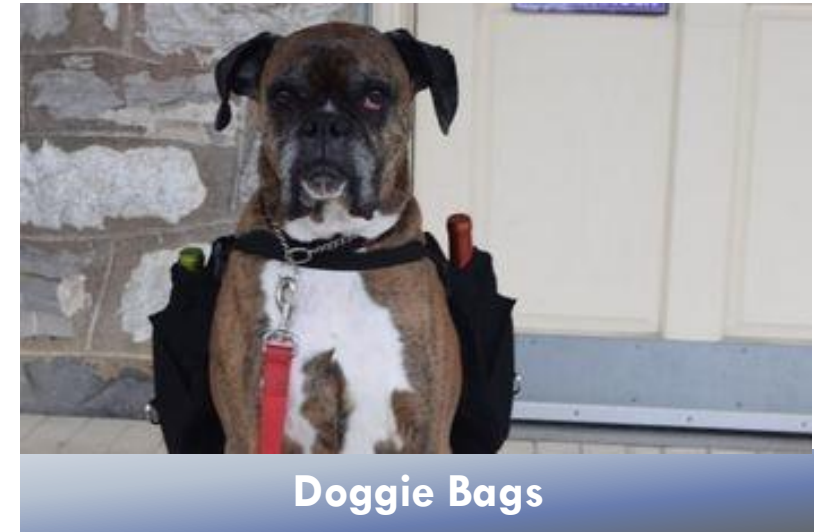
Companies are finding creative ways to provide emotional support to their consumers



- Recognizing that people aren't happy all the time, **Burger King** released "Real Meals" that let consumers order based on how they're feeling that day.
- The meals are a range of emotions from the Pissed Meal, the Salty Meal, the Blue Meal, the YAAAS Meal, and the DGAF Meal.



- Ryan Reynolds has created a new edition of his **Aviation Gin** fueled by his frustrations with homeschooling
- Aptly named Aviation Gin: Homeschool edition, Reynolds explains it's "just like the classic delicious Aviation Gin that you love but with more ounces."



- Like many during COVID, **StoneHouse Urban Winery** in Hagerstown, MD began offering curbside pickup to facilitate social distancing, but with a happy twist.
- Customers coming to pickup their orders were greeted by Soda, an 11 YO boxer equipped with a saddle bag to carry wine.

Connecting with my household

COVID-19 has given families the opportunity to re-engage and re-connect with each other through creating experiences at home

77%

Of people are still spending more time at home regardless of eased restrictions

46%

Of people are spending more time in their living room

71%

Of married people say the pandemic has had a positive impact on their marriage

Movie Nights

"I've had a few "movie theater" themed nights for my daughter. We have popcorn, candy, and she pretends to buy tickets."



Game Nights

"Played board games, ate dinner together, socialized...It was just a way to have a normal night with lot of laughs while we got to spend time together."

Recreating public experiences

"I have been bringing whatever we want to do to my house. Me and my kids have had theme nights where we turn our house into places. I [have] a kid pool in my house and got beach decorations so we could be at the beach. We had a movie night and made theatre decorations..."

Operators are finding ways to facilitate and elevate these family-centered occasions

Feedme Hospitality & Restaurant Group
COMMUNITY KITCHEN
IN SUPPORT OF DISTANCE LEARNING
PRESENTS:

School Lunch

\$5/meal

Distance Learning Lunches

- In support of this year's Distance Learning school model, **Feedme Hospitality & Restaurant Group** Community Kitchen is providing healthy, balanced lunches at an affordable price, just \$5, during the school week.
- Delivery, take out and order-ahead available.



Zaxby's – Zax Family Pack

- **Zaxby's** celebrated National Family Day on Sept. 26th by giving away a 100 piece jigsaw puzzle to families that ordered a Zax Family Pack between 4p-8p
- Once assembled, the jigsaw puzzle reveals a scannable QR code that can be redeemed for a free Zax Family Pack.



RUM TOBERFEST
at home!

SEPT. 20 – OCT. 18

Bahama Breeze - Rumbtoberfest

- **Bahama Breeze Island Grille** recently introduced a “Rumtoberfest At Home” bundle that allows you to “bring the party to your kitchen island.”
- The dinner for 2 comes with drinks and 3 courses, as well as access to curated Spotify playlists and Facebook live jam sessions with Caribbean artists.

Celebrating milestones & achievements:

Although quarantine has created positive connections, consumers are still missing out on those big milestones & achievements

74%

Of consumers say they miss gathering with friends and family

67%

Of consumers say they've longed for in person celebrations like birthday and weddings

Without them,

47%

Of people feel lonely and cut off from the traditional outlets for human connection

As restrictions have eased across the country, big milestones and life events are the types of “mask-worthy” gatherings consumers are willing to venture out for:

Reasons people have gathered in the last month:

	Celebrating Birthday(s)	57%
	Family Gathering	55%
	Baby Shower/ Wedding/ Bridal Shower	21%
	Celebrating Anniversaries	14%
	Celebrating Graduations	7%

 reuben e katz @rekatz

My daughter was invited to a birthday party, Covid-negative test required.

She hasn't been to a party or seen these friends for nearly a year.

I'm considering getting her tested to go. Am I nuts or this makes sense? Why?

10:31 PM · Sep 21, 2020 · Twitter for iPhone

What do you do when your four-legged babies both turn 10 in 2020? You throw them a Covid-19 themed birthday party, of course! Bentley hit the double digits in July; Roscoe makes 10 TODAY, Sept 22!!!! 🐾🐾🐾🐾🐾🐾
#toiletpapercake #dogsoftwitter



 Shannon Douglas @dou2017glas

Need ideas: elderly couple I know are going to celebrating 50 anniversary in a week. With covid family can't fly down to visit. How can I make their day special.#coviducks

7:15 PM · Sep 1, 2020 · Twitter for Android

Events bringing friends and family together center around food and socializing



Birthdays

"Cooked hamburgers and hotdogs on the grill. Had cake and ice cream and watched him open presents"

"We ordered pizza and drank a few cocktails and did facials and manicures"



Family Gathering

"We had dinner and my kids were able to run around and play with their uncles and aunts"

"Drove three hours to get there and we just hung out- played with the grandkids, had a BBQ"



Baby Shower / Wedding/ Bridal Shower

"We won a giveaway since we had to cancel our wedding due to COVID. It was intimate and at our home"

Gathered for my sister's wedding reception. Played games and ate food...All the family was together"



Anniversaries

"It was my grandparents' 60th...We knew we couldn't eat out so we had food catered to them with party supplies and gifts and took lots of pics as they told us stories and reminisced."

"Threw my grandparents a very, very small 60th anniversary party with my mom"



Graduations

"We had a dinner for the immediate family and grandparents [to celebrate] my sons college graduation"

The pandemic may have changed the way celebrations look, but people are still celebrating with trusted circles on a smaller scale



Medium Rare – The Grad Truck

- **Medium Rare**, a restaurant in the Bethesda, MD area, offered 2020 grads a personal, one-of-a-kind graduation experience.
- Using a food truck converted to include a podium, stage, sound system, and decorations, grads got a chance to walk across the stage and enjoy a well earned celebratory dinner



Nicecream – Celebration Boxes

- **Nicecream**, a small chain of ice cream shops, is offering celebration boxes for customers to be able to celebrate special moments
- Customers can choose the Thank You Box, Birthday Bonanza Box, and Black Tie Box
- Every box come with two pints of Nicecream, sundae bar toppings and decorations to celebrate the important moments in life!



Sonic – QuaranQueen & QuaranKing

- **Sonic** commemorated what would have been the 2020 Prom season with a content to crown the nation's first prom QuaranQueen & QuaranKing.
- Contestants entered using the #QuaranQueenContest or #QuaranKingContest and explaining why they deserve the title, with the winners each receiving a brand new car

The background image shows two men in a gym setting. On the left, a man in a dark t-shirt and cap stands with his back to the camera, wearing a face mask. On the right, a man in a dark tank top and shorts sits on a wooden bench, also wearing a face mask. A dumbbell lies on the floor near his feet. The entire image has a blue color overlay.

Me and My World

- Connecting with colleagues & classmates
- Connecting with my tribe and local community
- Connecting around the holidays

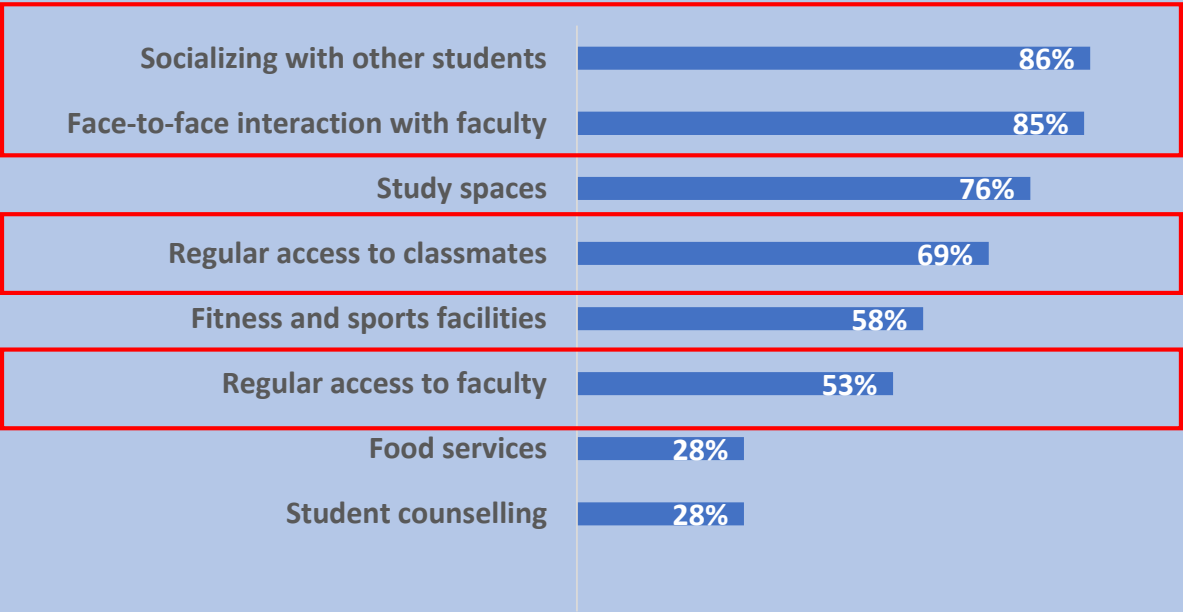
Connecting with colleagues and classmates:


The social interactions that came with congregating in an office or around campus are the experiences people miss most.

What workers miss most about the office:



What college students miss most about campus:






Chasing Badger
@chasingbadger

Did a new work thing today where I actually interacted with other human adults (virtually, but whatever). It was fab. I've missed that 😊


1:38 PM · Jun 25, 2020



Wendy Y. Li
@wendylii

It's weird I'm thinking this, but I miss my commute and my office and awkward small talk in the hallways.

3:15 PM · Jun 24, 2020



yuri
@yurrireyes

Follow

I miss making eye contact with the cuties on campus

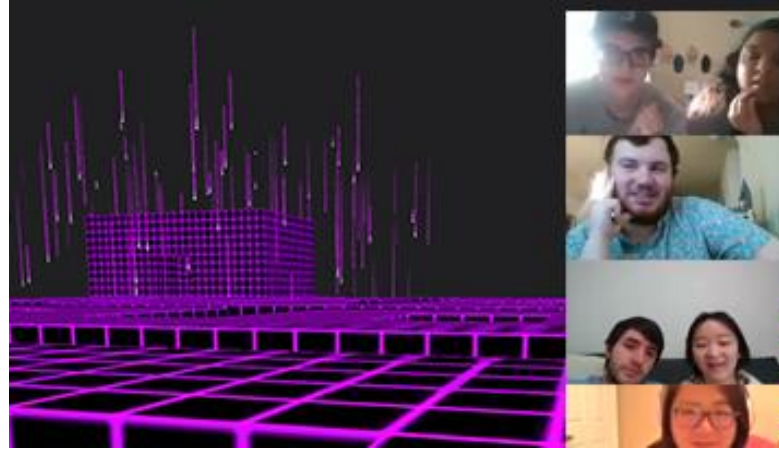
9:57 PM · 30 Sep 2020

Consumers are finding ways to fill the void of being disconnected from their colleagues and classmates



myNoise.net: Office ASMR

- Quarantine created a need for background noise among white-collar workers, who were used to open offices.
- Since its release in March, there have been 250,000 streams of the track 'Calm Office', making it one of his most popular sounds on **myNoise.net**



Puzzle Break: Virtual Teambuilding

- **Puzzlebreak.com** has taken the escape room online – and provides teambuilding activities that colleagues can part take in while working from home.
- The popularity of the platform during the pandemic has sparked the creators to develop several additional virtual games and experiences that are launching soon.

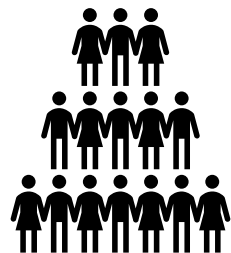


24/7 Virtual Study Room

- Libraries, universities and self-organized groups are turning to **virtual study rooms** to provide ambient noise, maintain motivation and not feel as alone when studying
- Select librarians are also hosting office hours in these rooms to help with research needs

Connecting with local community and tribe:

Americans miss going out and socializing — but most indicate that they will abide by mandates limiting gathering sizes



84%

said they would follow a mandated restriction of convening with groups no larger than 10 people



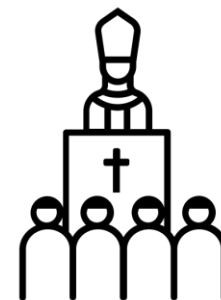
75%

said they feel lonely



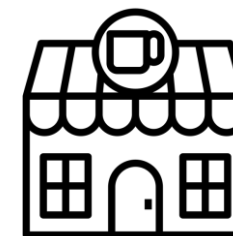
74%

said they miss dining out at a restaurant/bar



52%

said they miss going to church



47%

said they miss going to coffee shops



Emma Billerbeck
@EmmaBillerbeck

One of the things I miss the most about life before COVID was being able to meet new people while going out or through mutual friends etc. Meeting people is just so much harder to do now

11:27 PM · Sep 20, 2020 · Twitter for iPhone



allie
@lilqtvurt

i haven't hung out with anyone other than paul since february cus covid and i ran into a friend today and my serotonin literally went 📈😞 i miss all of my cute friends

5:11 PM · Sep 8, 2020 · Twitter for iPhone



Blake Owen
@blakenohana

Replying to @TristanGarcia99

If COVID wasn't a thing I'd want to have weekly watch parties. My friends in Houston had a weekly anime day on Sunday where they watched new episodes of everything coming out that season. I miss those nerds 🥹🥹🥹

10:42 AM · Sep 17, 2020 · Twitter for Android

Connecting with their your tribe and local community remains important, and people are looking for ways to doing so safely

How Portland's Most Prolific Pub Quiz Host Is Keeping Her Bar Trivia Empire Alive Without Any Bars



Virtual Pub Quizzes

- After pubs and bars closed down, an infamous Pub Quiz host took her trivia online at the request of regulars
- Avid participants say winning is less important than the interaction among players – especially the trash talk



'Not Dead Yet' – Senior Social Club

- A social circle for people over the age of 65 is helping is providing connection and conversation to seniors.
- The club used to meet in restaurants – but now hosts socially distanced outdoor gatherings in parks.



Meet.me: Live-stream Dating

- This live vlogging format was inspired by the popularity of dating game shows
- Livestreamers are paired up to see if there is any chemistry between them. Viewers comment on a "stream" and cheer people on in real time.

Connecting Around The Holidays:

Americans are more reserved about celebrating holidays that involve public gatherings like Halloween and New Years — but most say they will celebrate family oriented traditions at a smaller and more intimate scale



54%

Definitely/probably will celebrate
HALLOWEEN*



77%

Definitely/probably will celebrate
THANKSGIVING*



85%

Definitely/probably will celebrate
HANUKKAH*



83%

Definitely/probably will celebrate
CHRISTMAS*



58%

Definitely/probably will celebrate
NEW YEARS*

** Of those who typically celebrate*



Brooks Golightly
@brooklynluv

What will Thanksgiving look like this year? Christmas?
🙄 I miss gathering with the fam, but after having a first-hand experience with COVID, I'm really not tryna link up in groups 🙄

1:17 AM · Sep 15, 2020 · Twitter for iPhone



2009 renaissance
@kirinwitch

next year-if covid is under control by then-i would really like to actually get together with friends for rosh hashana :(i am proud of myself for managing to do something for myself and my roomies but i really miss big dinners and get togethers :(

10:39 PM · Sep 19, 2020 · TweetDeck

"I will be having a get together for Thanksgiving, Hanukkah and Christmas.
We will be cooking the food ourselves and exchanging gifts. Fewer family members will be present than usual since people will not be flying in from out of state."
- C-Space Community Respondent

The pandemic has introduced consumers to new ways to celebrating holiday traditions



Chuck E. Cheese – Boo-tacular Bundle

- The chain has bundled a pumpkin shaped pizza with themed desserts and candy for a safe family friendly celebration.
- The Bundle also comes with access to Halloween themed short music videos that teach children 'Boo-Tastic dances.'



Virtual Visits with Santa

- **'Zoom Santa Claus'** allows children all over the world to have a virtual visit with Santa Claus
- During the session, kids can take a tour of the North Pole, ask questions and update Santa on how naughty or nice you have been.



Virtual TSQ Ball Drop

- Event organizers for the annual **Times Square New Year's Eve** celebration announced that the countdown will have a limited live audience this year
- New virtual and digital engagements are being designed to complement the more limited live event.



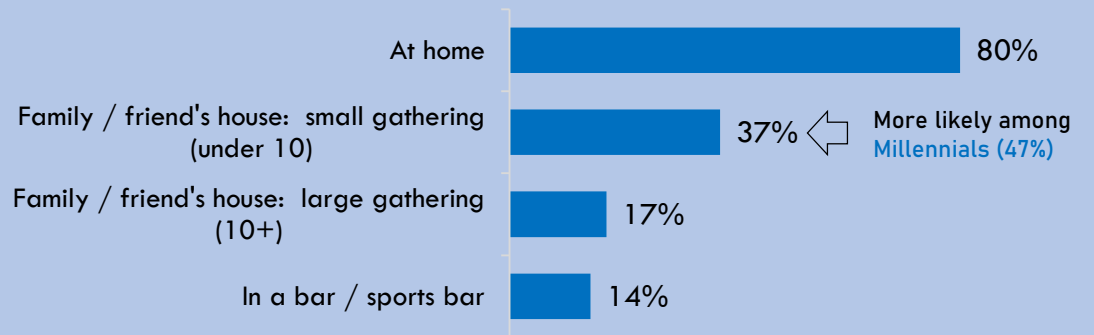
Me and The World

- Connecting through sports
- Connecting through entertainment
- Connecting through giving back

Connecting through Sports

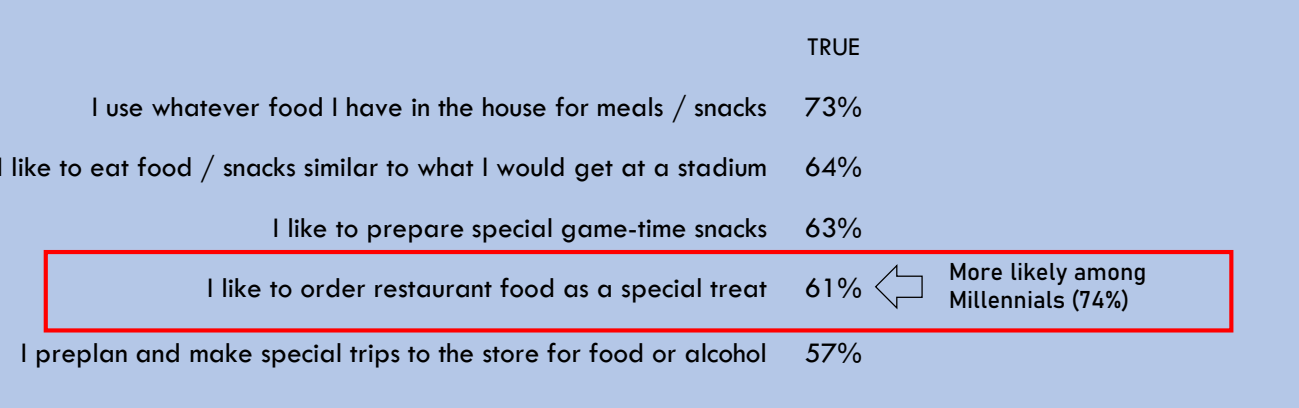
Americans miss shared experience of live sports, a growing number are finding ways to recreate the tailgate

Sports ‘home-gating’ rising in popularity



+37% Increased views of first night of NFL draft vs. YA

Gameday meals look to recreate stadium experience people miss



61% of consumers somewhat comfortable returning to stadia in near term
↑ +8% vs. June

**Eddie**
@EdwardBGoode

my serotonin boost for the week is knowing I'll be watching game 1 of the finals w/ my boys whilst eating gross amounts of chicken wings

4:34 PM · Sep 29, 2020 · Twitter for iPhone

**Mhai Daily**
@MhaiDaily

I miss going out and seeing normal people 😞 I miss the crowds at stadium. I miss tailgating, I miss my crazy friends at the games 😞 I just want us back to normal. I am tired and done with, lets break up COVID 🙏 I am ready to move on and game on!

10:29 AM · Sep 10, 2020 from Georgia, USA

**Stephen**
@slawlor17

Watching this Sunday Night Football game makes me miss being in a stadium cheering, more than watching the Eagles play... that's a problem.

10:48 PM · Sep 27, 2020 · Twitter for iPhone

Consumers are elevating the social and eating experience around game day



FanTrack Bags

- Limited edition bags of **Tostitos** have motion sensors that play a team chant every time you pour chips into a bowl
- Bags are won through social media campaign



Virtual Fan Experience

- The **NBA in partnership with Microsoft** are creating a platform to localize experiences – i.e., delivering games in fans' native languages, chatting during games, gaming elements
- In Orlando, fans appear virtually each game – made to look and feel like they are sitting next to each other, can interact – and, players can see their reactions in real time



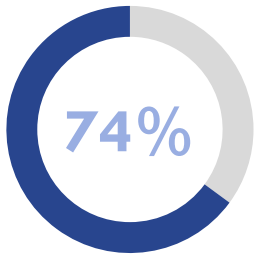
Tailgate in a Box

- **Pepsi** launched a sweepstakes delivering a Tailgate kit to fans looking to keep the pregame experience alive (i.e., outdoor projector, custom cornhole sets, Pepsi products)
- As part of the promotion, Pepsi also paved the front yard of a couple of Jets fans from NJ to bring the tailgate experience home

Connecting through Entertainment

With fewer away from home activities available, Americans are spending more time streaming TV, with many finding comfort in nostalgic content to connect with the culture at large

Increase in streaming TV during Covid



of American homes now
subscribed to a
streaming service

with

~2.5 million households
added in the first three months of
the year

As live sports are canceled and other out of home activities suspended:



~1/5 of households reported

watching **+4 hours/day** of
streaming content

'Comfort viewing' on the rise

In April, **hulu** viewers watched:

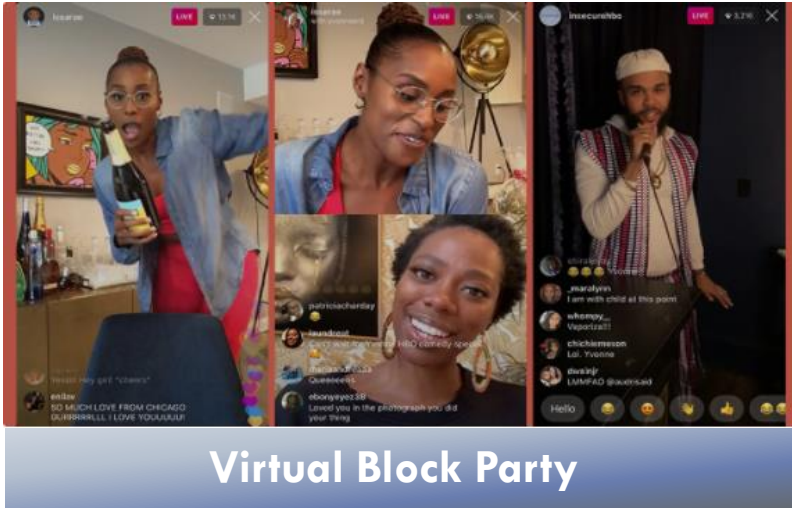


~11 million hours of the vintage
sitcom "The Golden Girls"



"Law & Order: Special Victims Unit"
also ranked in Hulu's top 10

Entertainment at home presents new social, snacking occasions



- HBO celebrated **Insecure's** series premiere using social media to replace physical block parties, and surprising select fans with themed kits (bites, eye masks, prosecco)
- It paid off – the episode was No. 1 most social premiere among premium cable series premieres



- **Burger King** integrates giving away free Whoppers with live TV
- Participants scan the QR code on their screen when seeing the TV spot making it interactive and rewarding



- Replacing the concert experience, **Verzuz**, a webcast series on Instagram Live where two prominent singers pair up to compete to decide who has the better catalog
- Viewers turn in live to comment, discuss, and decide on who 'wins'

Connecting through Corporate Social Responsibility (CSR)

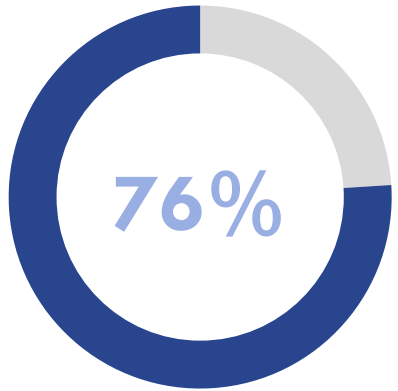
The pandemic has Americans re-evaluating the role of brands in building a better world for all

Greater expectations for companies to step up

In a survey from Good Must Grow,

~50% of respondents

said the pandemic will lead companies to be more socially responsible



Americans who say **how a company treats employees and customers** during the pandemic will be an important factor when determining whether to support them post-Covid

Company behavior impacts consumer purchasing choices

77%

Being **trustworthy** as an organization

78%

Protecting my health and safety

68%

Its ability to have a **positive impact** on society and the environment

New opportunities to engage consumers through CSR



- Bubly hosted their first virtual Pride Parade calling on consumers to share their videos Instagram Stories and TikTok, as well as partnering with influential LGBTQ+ artists and creators to kickoff -- building a community to spread the love



- **Airbnb** globally bans parties, capping occupancy at 16 to taking accountability for preventing potential Covid spread among their consumers, and growing trust in their community



- **Imagine Theatres** in Michigan will reopen in October and have a special promotion for frontline workers – free tickets to show gratitude during the pandemic

Key Takeaway -

COVID has disrupted our habits, presenting a unique opportunity for operators to associate new off-premise occasions with their brands and products that will last into the next normal

1. Shaping habits by satisfying new consumer needs

- The COVID-19 crisis created a need for contactless food procurement options
- Ensuring a positive experience that appeases anxieties will drive repeat behavior – especially amongst people new to the category

2. Sustaining new habits using contextual cues and insights

- Consumers are now using food delivery for a wide variety of occasions beyond just a convenient dinner
- Adapting offerings to be closely associated with new occasions and routines will help FS operators become more contextually relevant and top-of-mind

3. Aligning messaging to rapidly evolving consumer mindsets

- The uncertainty COVID-19 cast upon people's lives has heightened emotions and increased polarization
- Closely monitoring rapidly changing consumer sentiment to strike the right tone and align with broader cultural phenomenon will continue to be a competitive advantage.



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.