

PepsiCo Foodservice Insights

The Snacking Category Story

January 29, 2021



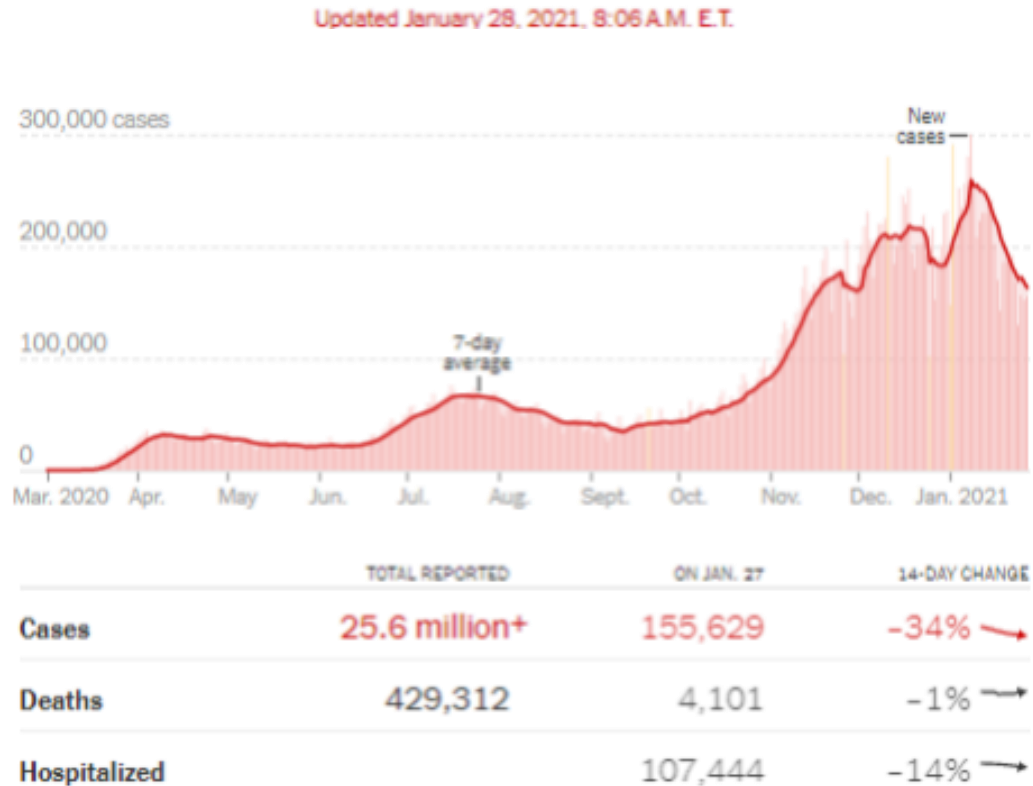
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A Critical Point...

New Cases Down, Deaths & Hospitalizations Remain High



- Deaths projected to reach the 500,000 mark in coming weeks

Sign Of Early Stage Herd Immunity Development

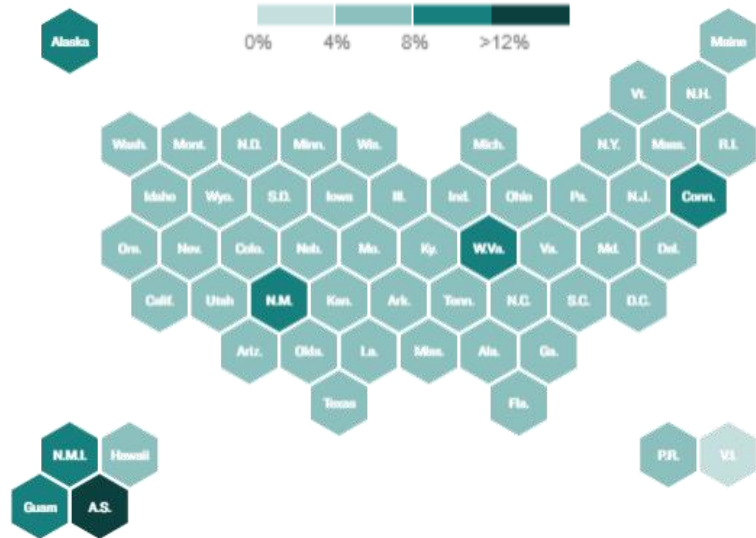


- Epidemiologists believe roughly 100 – 110 Million Americans have already had COVID
 - For every 1 reported case it is assumed 3 more have gone undiagnosed
 - Means 1/3rd of the country has been infected
- According to the CDC, ~25 Million doses of the vaccine have been administered
- Preliminary findings suggest current vaccines are effective against new U.K. & South African strains

Vaccine Still Facing Headwinds...

Vaccine Rollout & Distribution Still Choppy

Percentage of state's population that has received at least one dose of COVID-19 vaccine as of Jan. 27



- Most states have only vaccinated between 6-8% of their population
- Around ~52% of vaccines distributed have been administered
- Biden/Harris Administration nearing deal with Moderna & Pfizer to secure 200 Million additional doses
- Johnson & Johnson single dose shot expected to receive emergency approval in coming weeks

Foodservice Implications



- Foodservice workers are classified as essential & therefore vaccine eligible in C.D.C vaccine plan
- Some operators and parent companies have begun incentivizing employees to get vaccinated when possible
 - Darden & Dollar General offering hourly workers up to 4 hours of pay
 - Lidl US to give US based employees \$200
 - Instacart workers would receive \$25 vaccine support stipend
- Stay-at-home orders lifted in CA, return of outdoor dining on county by county basis
- C.D.C. officials suggest there is evidence it is safe enough to reopen schools, with precautions

Today's Roadmap



SECTION 1

Understanding
Consumers Needs

SECTION 2

Snacks Category
Mix & Trends

SECTION 3

Our Salty Snack
Strategy

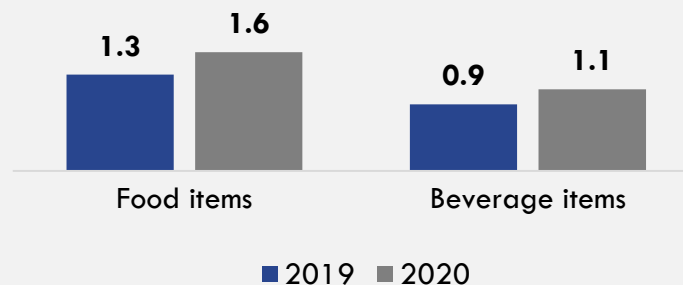
COVID-19 has significantly altered snack consumption in America

Snacks are highly vulnerable to lifestyles changes- and with the sudden changes brought about due to COVID-19, some facets of snacking behavior have changed

SNACKING FREQUENCY

Consumers are reporting the number of snack times have not been altered, but the volume consumed during those snack times have increased in 2020.

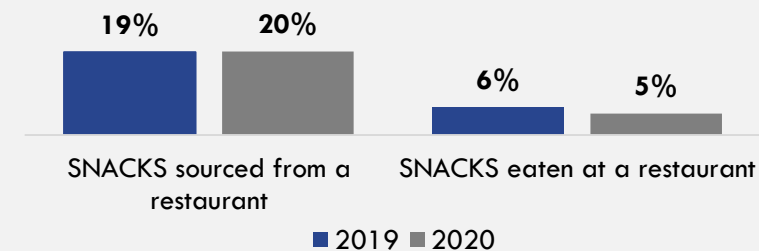
Number of food & beverage items consumed per snacking occasion



SNACKING IN FOODSERVICE

Food sourcing from restaurants took a sharp hit in 2020, however, consumers are still looking to foodservice to source their snacks.

Changes in snack sourcing from food service
Among total snacking occasions



However, COVID's impact on snacking is not universal. Personal circumstances had shaped different consumers' snacking experiences.

Personal circumstances have uniquely shaped snacking during COVID-19



Perhaps no one has been left in the lurch by the pandemic as much as families, regardless of their children's ages.

- Parents are snacking a lot more than last year and more than people without kids in the household.
- Parents are much more likely to “stress-snack” (74%) than those without kids in the house (49%)



Those working remotely are less likely to be snacking more and they have changed the way they snack at a higher rate than those working away from home

- Those working away from home are much more likely to snack in the morning and skip breakfast than those who are working remotely from home.
- Those working away from home tend to engage in more mindless snacking than those working remotely.



In general, snacking represents a higher portion of eating occasions for younger consumers, while older consumers tend to stick to three main meals.

- Older consumers are demanding less from their snacks than in the past, while younger snackers want more from their snacks like authentic global flavors and culinary experiences.

Overwhelmed Families are relying on snacks to deal with COVID

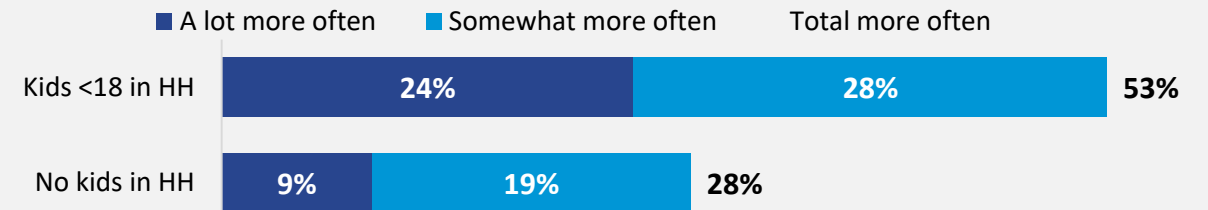


PARENTS ARE TURNING TO SNACKS

Perhaps no one has been left in the lurch by the pandemic as much as families, regardless of their children's ages.

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Changes in snacking frequency versus a year ago



Changed work environments is impacting how and when snacking occurs



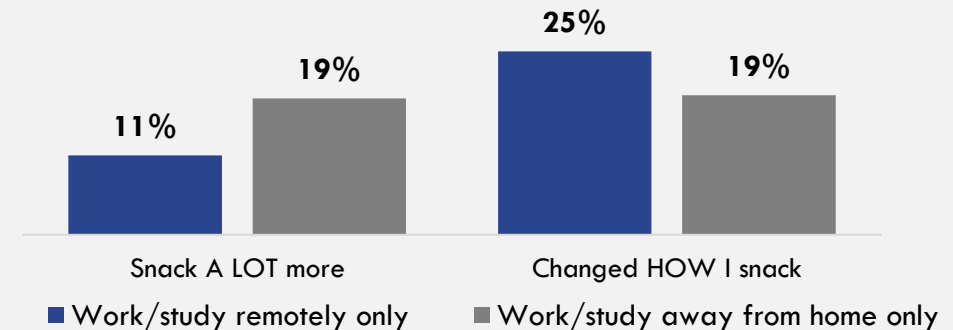
SNACKING DIFFERENT FOR REMOTE WORKERS

Those working remotely are less likely to be snacking more and they have changed the way they snack at a higher rate than those working away from home

- Those working away from home are much more likely to snack in the morning and skip breakfast than those who are working remotely from home.
- Those working away from home tend to engage in more mindless snacking than those working remotely.

Changes in snacking vs. a year ago...

Among consumers employed full/part-time and students who changed how they snack



Stay-at-home orders have altered snacking differently by generation

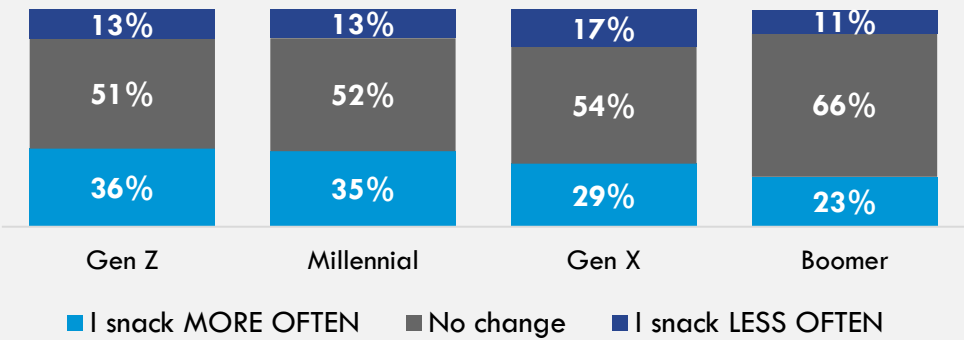


SNACKING NEEDS ARE DIFFERENT

In general, snacking represents a higher portion of eating occasions for younger consumers, while older consumers tend to stick to three main meals.

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Changes to snacking during the pandemic
Among total



**CONTACT YOUR PEPSICO
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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.