



PepsiCo Foodservice Insights

COVID-19 INSIGHTS

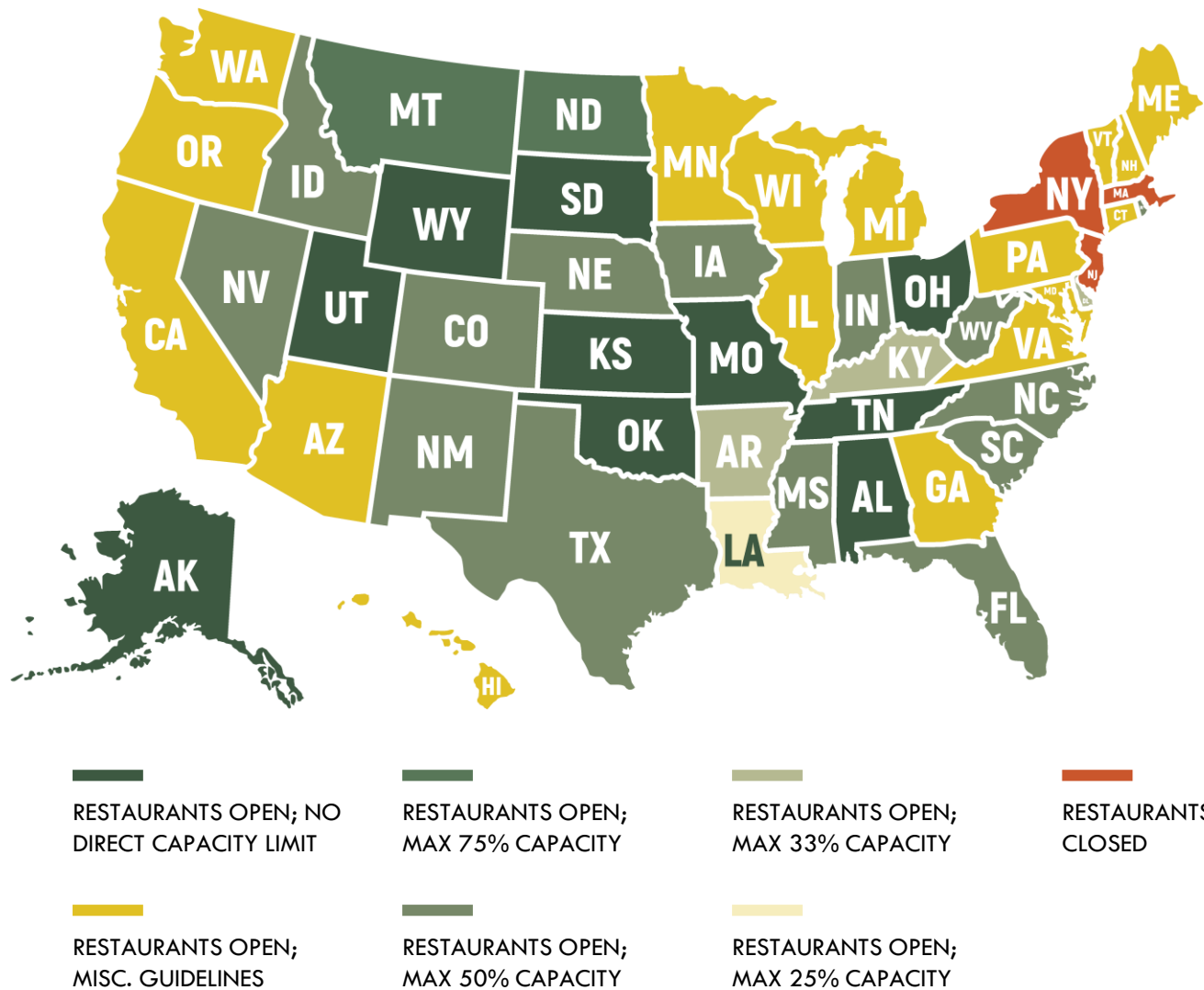
JUNE 5, 2020

We continue to look at the impact COVID-19 across 4 stages:

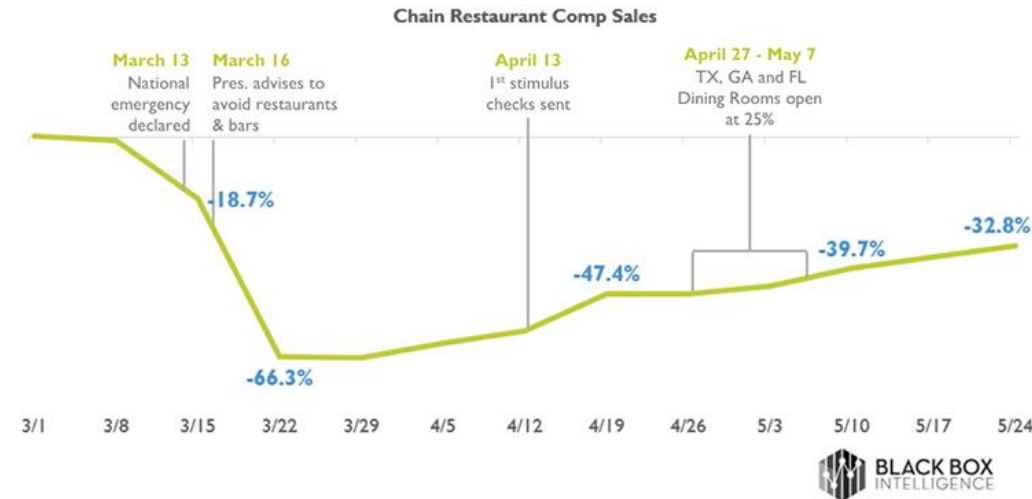


Most states are currently in this stage

Industry Update



US SALES HIT BOTTOM IN MARCH

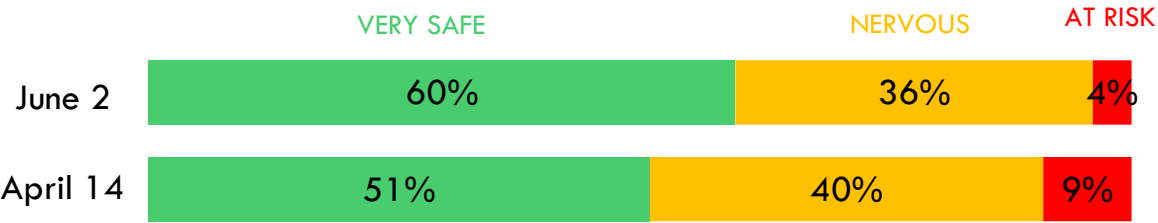


RESTAURANT SAFETY MEASURES

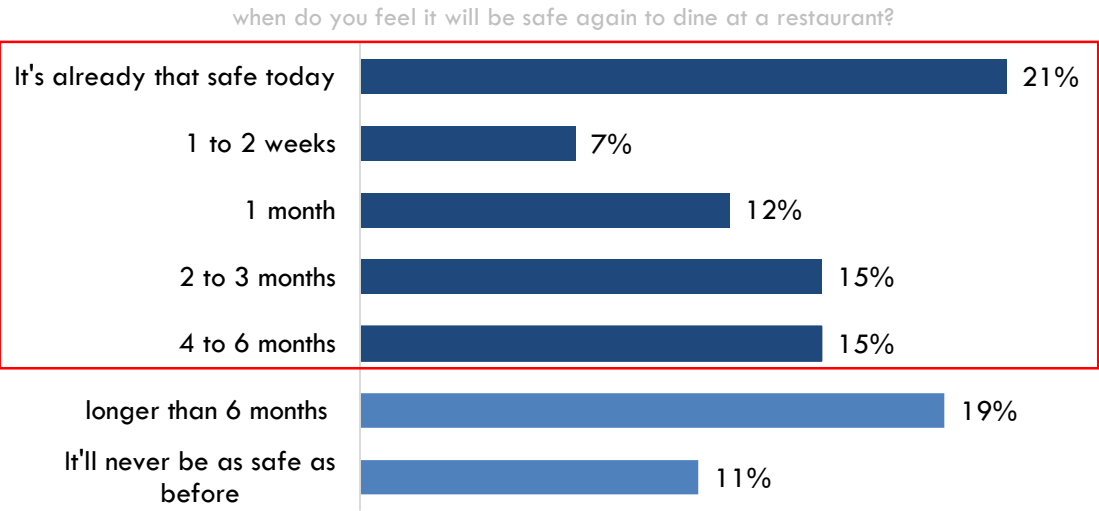


Industry Update

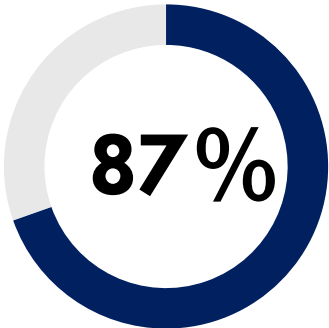
While concerns are easing, some consumers are still expressing reservations about the safety of dining out...



...But nearly three quarters of consumers are optimistic that dining out is already safe, or will be in the near term.



Pent-Up Demand is Real



% wanting to get back to restaurants



Operators Around The Globe Are Finding Creative Ways To Adhere To Social Distancing

With safety still a concern, some operators are having fun with social distancing, turning it into more of an experience than an intimidating chore...



N E W Z E A L A N D

Cyclista Espresso Bar in New Zealand is delivering coffee via a custom fashioned delivery train, creating a socially distant, contactless experience.



M A R Y L A N D , U S A

Fish Tales Bar & Grill in Maryland created bumper tables which allow guests to enjoy a drink while remaining in their own socially distanced space.



G E R M A N Y

Select Burger Kings in Germany recently debuted these social distancing crowns, encouraging guests to keep their distance while enjoying their Whoppers.

We've Been Tracking the Macro Consumer Shifts and Signals

**CONTACT YOUR PEPSICO
REPRESENTATIVE TO LEARN MORE**



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.

Special thanks for this edition go to Karen King, Ashley Dodge, Kimberly Sugden and Amy Edler.



PepsiCo Foodservice Insights

COVID-19 INSIGHTS

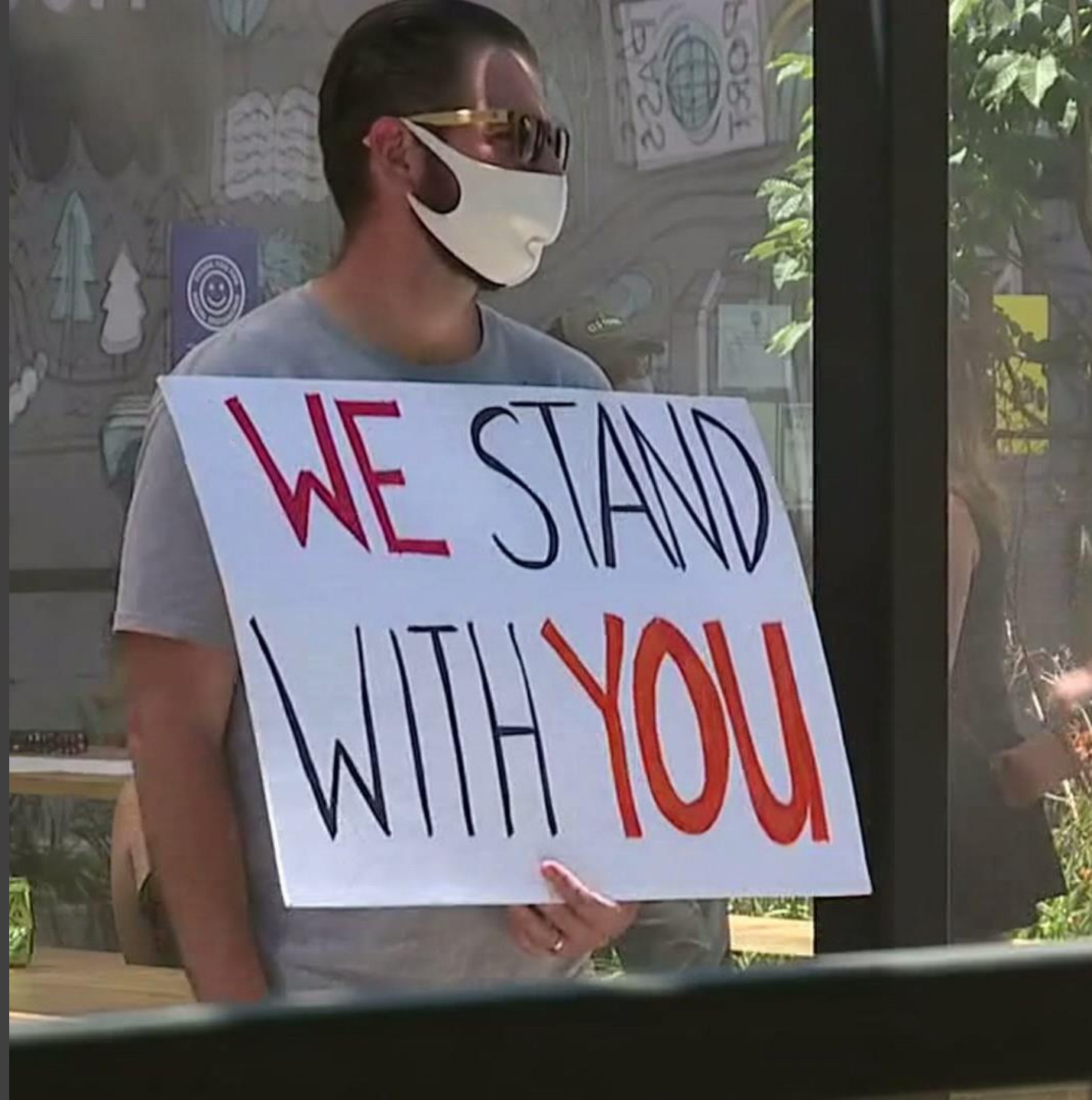
JUNE 12, 2020

June 12, 2020

Foodservice Insights recognizes the turmoil happening in the world around us, and we hope it leads us to a turning point.

As an organization whose primary mission is focused on empathizing with people, our hearts go out to those affected by racial injustice. The cultural shifts taking place leave us all struggling to cope with our own feelings and those of our individual communities.

As the current environment continues to evolve, we will strive to deliver relevant insights that relate to the impact on our consumer and their engagement with the foodservice industry



The protests have compounded COVID concerns

According to Datassential, while the recent protests and rioting have been cause for concern, they didn't completely take our focus off COVID. Instead it left some people, even more worried about the potential for spread in large crowds. For more than half of Americans, coverage of the protests has been a wake-up call.

Regarding the COVID-19 pandemic and how you're feeling about it now,
please respond to the following statements

It seems like most protesters were breaking social distance rules	79%
Large protest gatherings will lead to a surge in COVID cases	76%
I'm more concerned about protests / riots than COVID	59%
News coverage of protests is a reminder to focus on things beyond COVID	58%
Other news and events have distracted us from what's more important - COVID	46%
COVID has distracted us all from news and events that are more important	46%
My need to get involved in what's going on is worth a little added risk of COVID exposure	33%
Seeing non-COVID news coverage makes me feel ok to go back to doing "normal" things	30%
It seems like most protestors were following safe COVID practices	29%



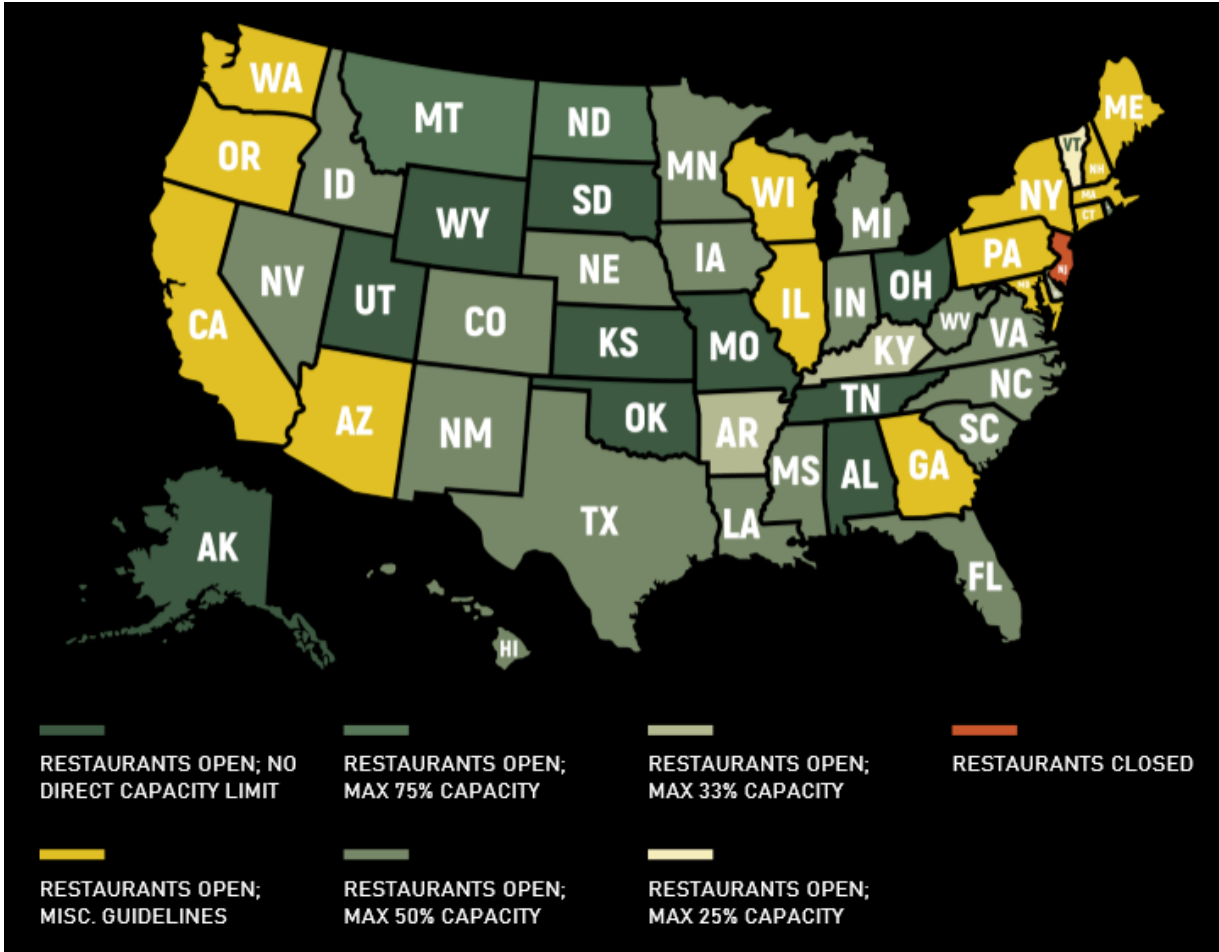
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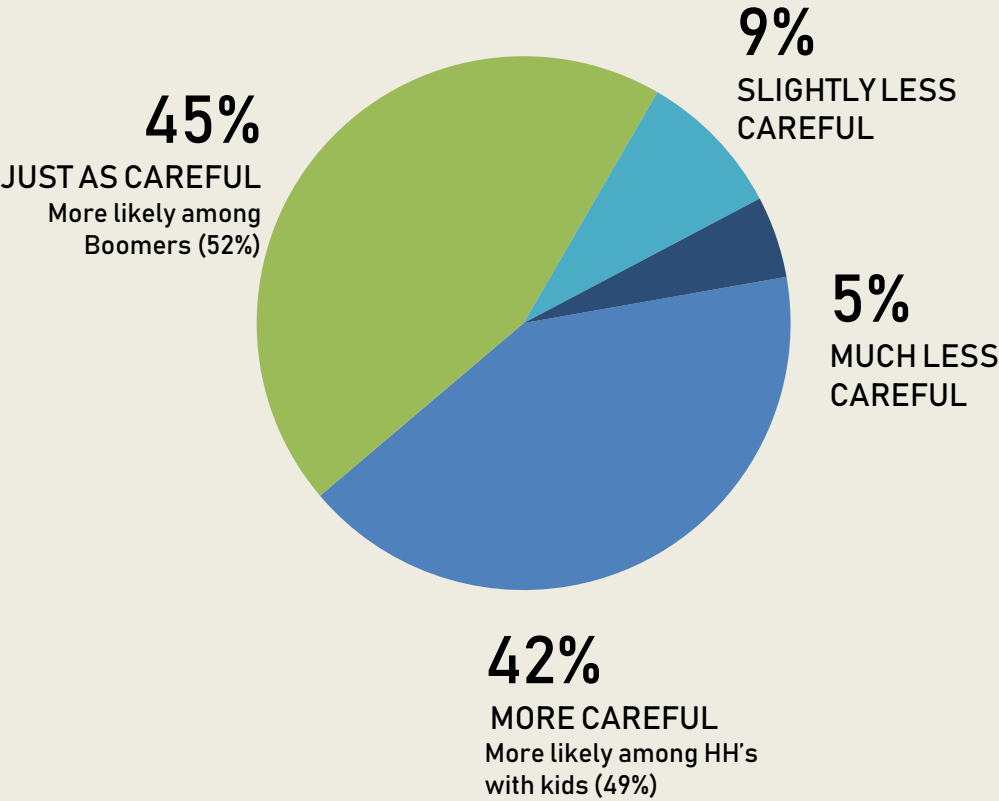
Industry Update

All but one state has lifted restrictions for on-premise dining, but dine-in is coming with a multitude of caveats



Despite fast moving re-openings around the country, consumers aren't ready to let their guard down yet...

which best describes your current response to the risk of COVID-19. Compared to when the pandemic began, I am being...



Cases In The US Are Trending Downward, But New Hotbeds Are Emerging In The Southern And Western United States



B R I G H T S P O T S

- The number of confirmed cases are decreasing in almost half of the country
- Multiple pharmaceutical companies are in clinical trials for a vaccine, a few in late phase.

H O T S P O T S

- More than 1/3 of US states are seeing spikes in cases
- Confirmed cases in Arizona & Oregon are up 210% and 176% respectively vs. 2 weeks ago
- Texas reported 3 straight days of record COVID-19 hospitalizations

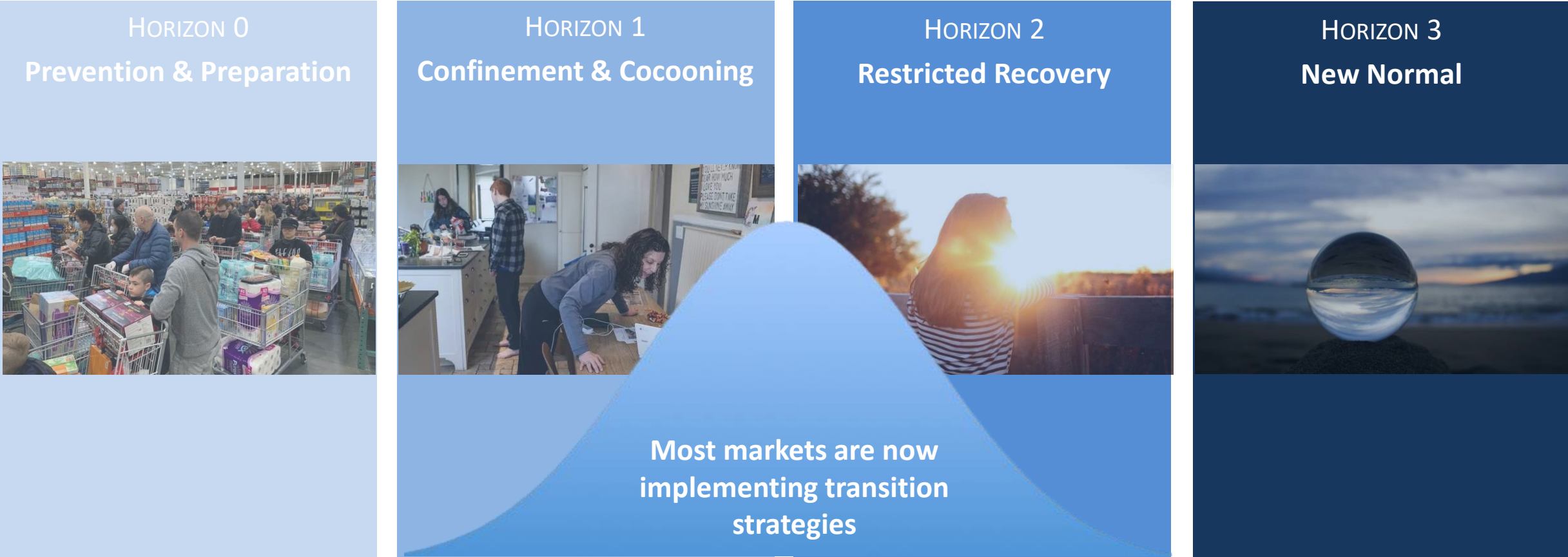


PepsiCo Foodservice Insights

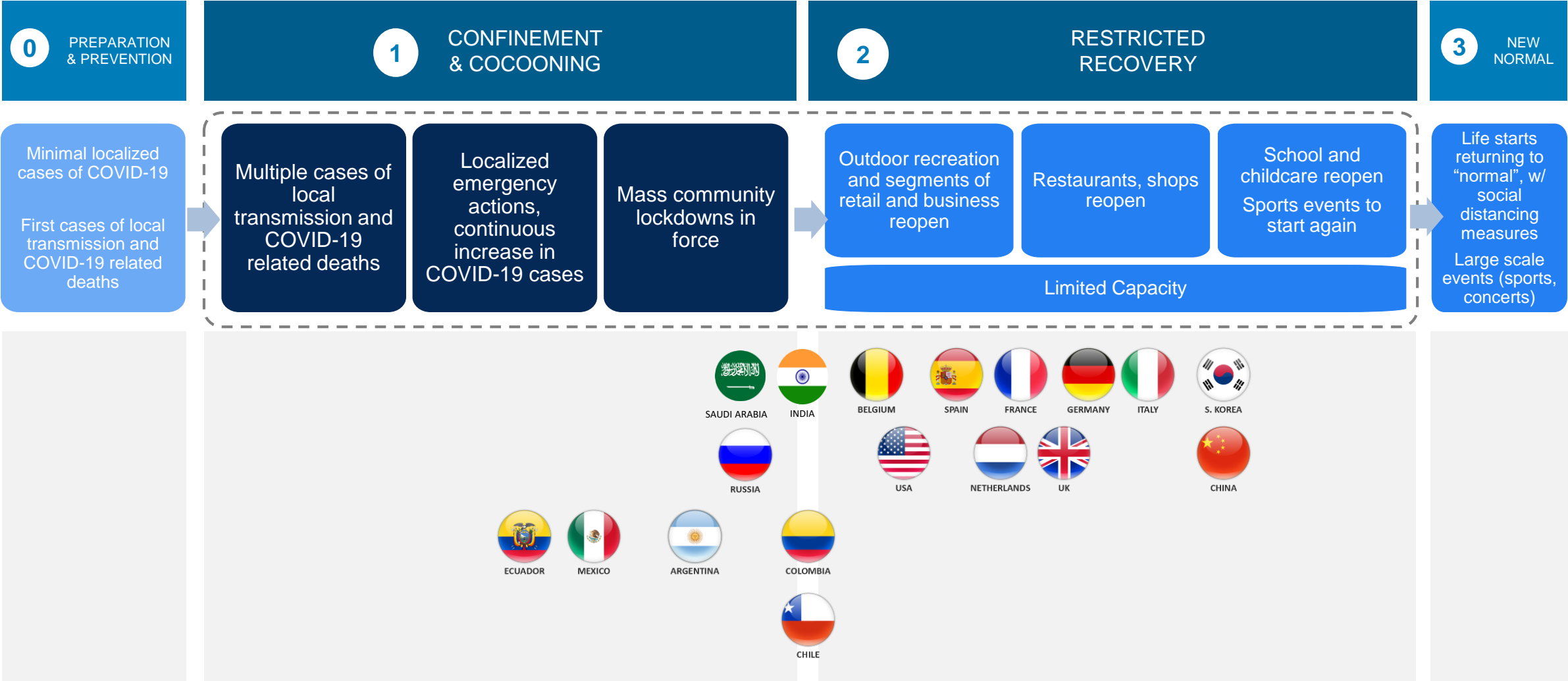
GLOBAL COVID-19 UPDATE

With restrictions easing across the globe, most markets are rolling out guidelines for transitioning from Horizon 1 into Horizon 2

PepsiCo Covid19 Horizon Phases











Markets in Asia are much further along in their road to restricted recovery with Latin-American markets lagging behind Europe and North America



Most markets plan to reopen FS outlets from June onwards, followed by tourist attractions, theatres & hotels

Market transition strategies

Market	Transition strategy	May	Jun	Jul	Aug	Sep
	<ul style="list-style-type: none"> US states individually have gradually opened up at different rates depending on number of cases 	<ul style="list-style-type: none"> ▲ May 19: All states reopen partially ▲ May 26: NYSE opens trading floor ▲ May 26: California governor allows hair salons and barber shops to reopen 	<ul style="list-style-type: none"> ▲ June 1: Several states reopened businesses at full capacity ▲ June 8: NYC implements Phase 1 of easing restrictions 			
	<ul style="list-style-type: none"> UK is ready to move into 'Stage 2' of the Lockdown transition strategy 	<ul style="list-style-type: none"> ▲ May 13: Restriction on outdoor activities lifted and workers return to work ▲ May 13: Housing market reopens ▲ May 20: Allows furniture stores to restart trade 	<ul style="list-style-type: none"> ▲ Mid June: Earliest proposed lift on AFH ▲ June 1: Outdoor markets and car showrooms will be able to reopen 		<ul style="list-style-type: none"> ▲ July: Tourist attractions, holiday parks, hotels and campsites to reopen 	
	<ul style="list-style-type: none"> Gradual transition strategy from May 11 onwards after 8 weeks of lockdown. The country is split in two, with 4 " red zones " 	<ul style="list-style-type: none"> ▲ May 11 : Educational institutions to reopen; Shops (not AFH) to open ▲ May 12 : Opens borders to European agricultural workers ▲ May 19: Highest administrative court ordered government to lift ban on religious meetings 	<ul style="list-style-type: none"> ▲ June 1: Beaches and parks reopen ▲ June 15: Borders to reopen with European Nations 		<ul style="list-style-type: none"> ▲ July: Earliest lift on cafés and event venue restrictions 	
	<ul style="list-style-type: none"> Germany has begun opening up, with control of lifting it in the hands of Germany's 16 federal states 	<ul style="list-style-type: none"> ▲ May 3: Nationwide restrictions set to ease ▲ May 4: Government reopens playgrounds, churches and museums ▲ May 16: Bundesliga football matches resumed, the 1st EU league to do so ▲ May 20: German Chancellor urged all 16 states to gradually lift restrictions 	<ul style="list-style-type: none"> ▲ 15 June: Plans to open borders ▲ June 29: Social distancing rules are extended until this date 		<ul style="list-style-type: none"> ▲ August 31: Larger events to be allowed 	
	<ul style="list-style-type: none"> Turkey succeeds in COVID-19 fight and is currently easing more restrictions 	<ul style="list-style-type: none"> ▲ May 11: Shopping malls and barbershops reopened ▲ May 12: Travel restrictions relaxed for nine provinces ▲ May 17: Automotive industry resumes production ▲ May 20: International flights set to reopen 	<ul style="list-style-type: none"> ▲ End May: continue curfews on weekends in 31 provinces ▲ June: Lockdown measures relaxed if recent spike in the cases recedes 			
	<ul style="list-style-type: none"> Tough restrictions in place in Moscow as lockdown being eased in rest of country from 12 May 	<ul style="list-style-type: none"> ▲ May 12 : Earliest lift of restrictions proposed by the President ▲ May 13 : Eases business restrictions ▲ May 31: Lockdown in Moscow extended, with the cases rise 			<ul style="list-style-type: none"> ▲ July 24: 'State of health emergency' will be lifted 	
	<ul style="list-style-type: none"> India not ready to move into transition strategy – will wait until end of month 	<ul style="list-style-type: none"> ▲ May 25: Hundreds of students and migrants boarded flights home when domestic services resumed ▲ End of May: Interstate movement of vehicles to resume with consent of states 	<ul style="list-style-type: none"> ▲ June 1: 200 non-AC passenger trains to start ▲ June 3: Certain foreign nationals (i.e, HCPs, engineers) allowed to enter ▲ June 8: Shopping malls, hotels, hospitality sector, places of worship reopen; curfew at 9pm to 5am 		<ul style="list-style-type: none"> ▲ Early July: Extended lockdown in containment zones; phased reopening in non-containment zones 	
	<ul style="list-style-type: none"> China easing restrictions to allow international travelers 	<ul style="list-style-type: none"> ▲ May 1: Beijing eased travel restrictions on domestic travelers ▲ May 19: Lockdown reimposed in province of northeast China near Russia 	<ul style="list-style-type: none"> ▲ Early June: Essential travel allowed between China and Singapore ▲ June 8: Authorities in China eased international travel restrictions 			

TO ANTICIPATE NEW BEHAVIORS IN RESTRICTED RECOVERY, WE LOOK AT PROGRESS FROM MARKETS ACROSS THE GLOBE



TRAVEL



WORK



PLAY



DINE

Let's take a look at Travel



TRAVEL



WORK



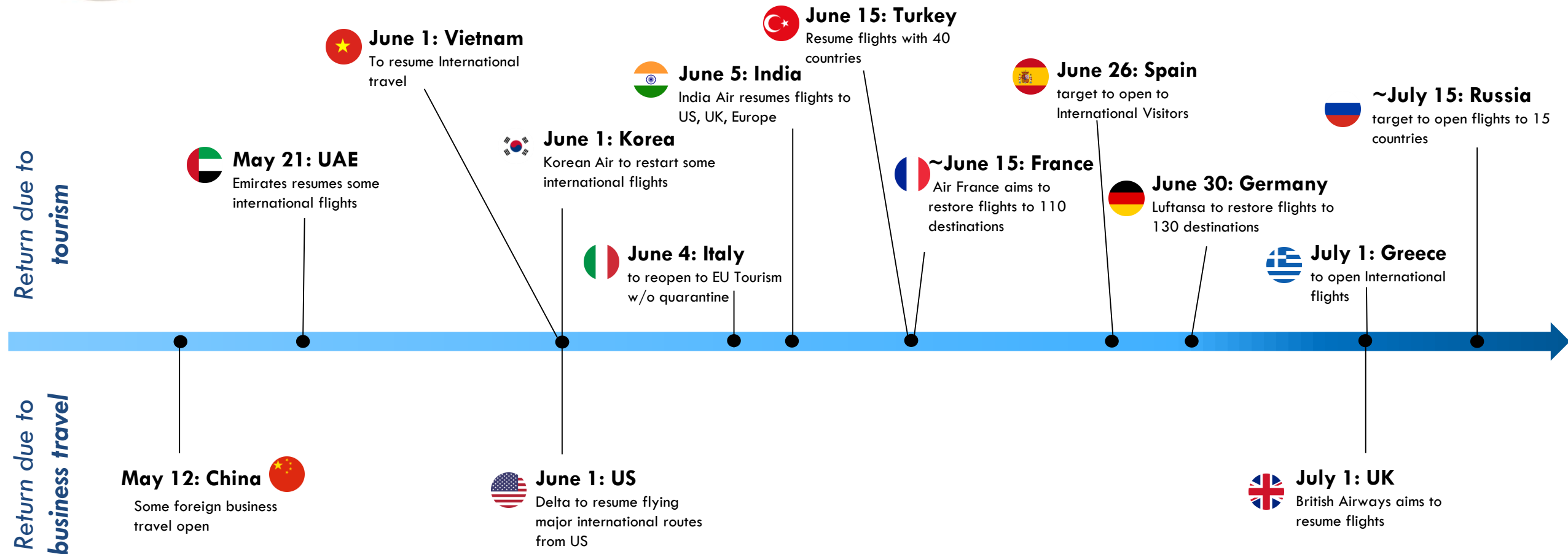
PLAY



DINE



Markets are opening up to foreign travel as Covid-19 cases decrease — countries most dependent on tourism returning first





Travel is recovering in China with domestic and leisure travel returning first



Travel Bubbles Created

- Travel bubbles created: **fast-track health / quarantine checks** - cross borders with minimum hassle to promote tourism and business travel¹
- In China, **domestic travel is returning first** (with 92% willing²): travelers are still cautious of air travel, preferring to stay close to home (as car rental reservations rose +10% vs. last year)³



Young Travelers Less Deterred

- **Young, nonfamily segment** resuming travel first (60% vs. 43% last year on first holiday in China following pandemic²): companies engage them through **social media to introduce deals**
 - Livestream campaign by Ctrip founder attracted 1.15 million viewers to promote discounted tourism products; generated \$3.84MM within 1 hour⁴



Strict Safety Protocols

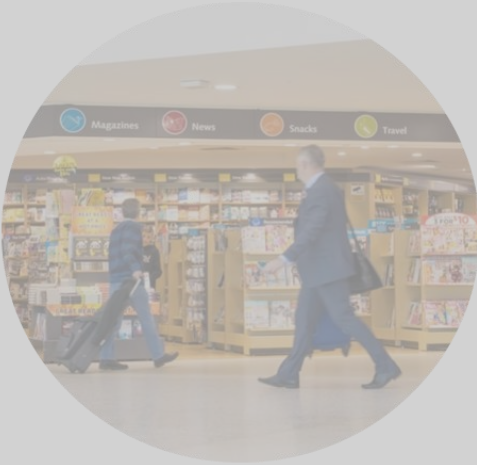
- Airports are implementing safety precautions – i.e., in HK, after landing **takes 8 hours to wait for test results** prior to entering city⁵
- Chinese airlines offer new products, i.e., one-off lounge passes, **extra fees to keep adjacent seats free** for the more safety-conscious³

IMPLICATIONS

- Ease back into operations by redeploying resources to support domestic and regional travel –
 - Lodging incentives like waiving parking fees can encourage road trips
 - Highlight more “off the beaten path” experiences to help people avoid crowds
- Align messaging and offerings with new customer mix: Millennials and Gen Z are leading baby boomers – and have their own expectations, needs and engagement journeys
- To appease those more anxious about hygiene and safety, consider a tiered approach where customers can upgrade to more sterile experience



Let's take a look at Workplace & Education



TRAVEL



WORK



PLAY

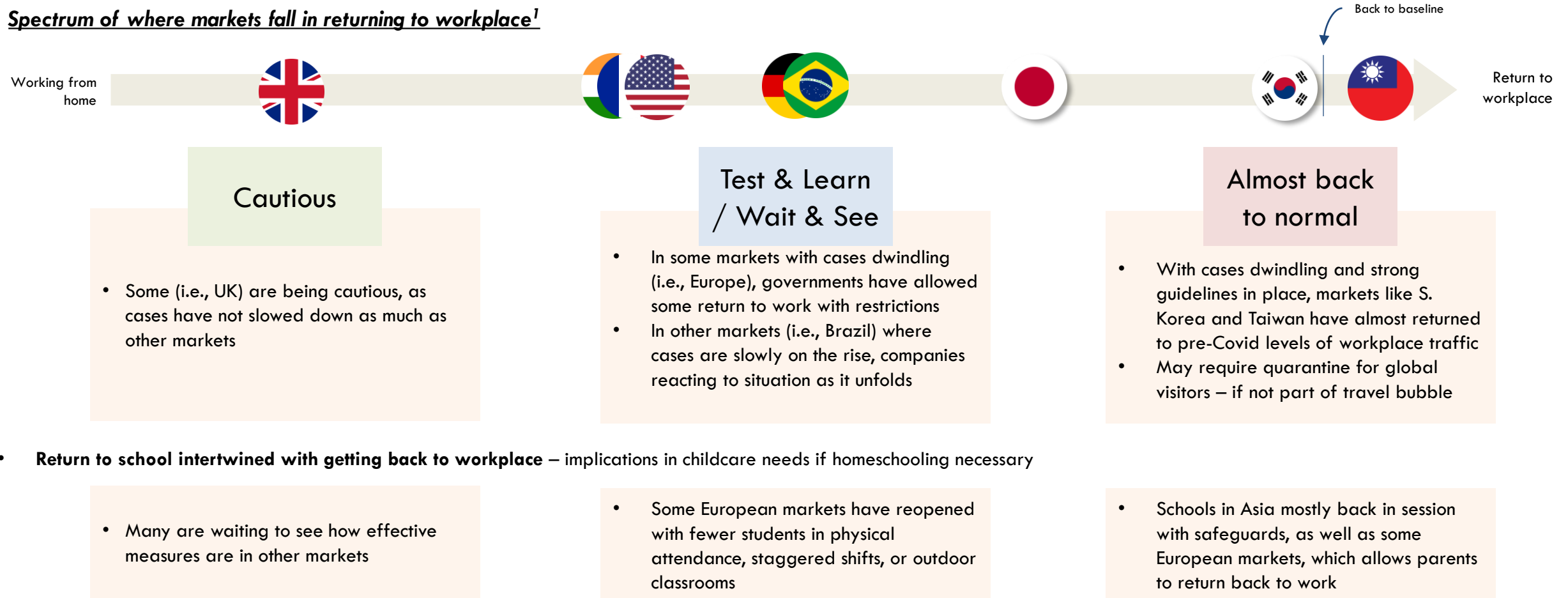


DINE



Return to workplaces depends on the markets containment of the virus and employers ability to implement safety measures

Spectrum of where markets fall in returning to workplace¹





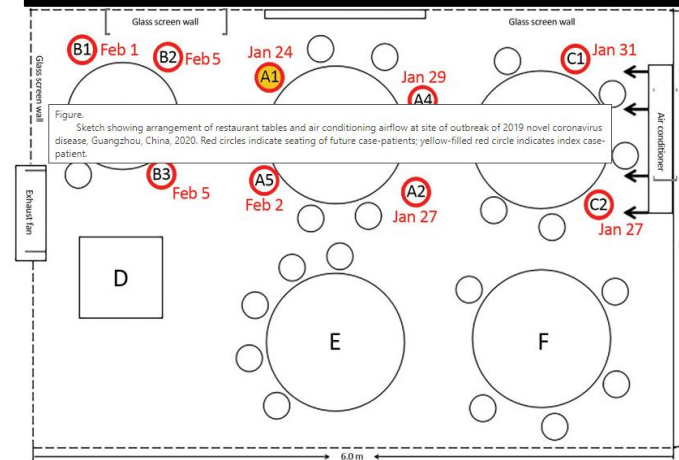
Emerging systems and protocols to prevent virus spread at workplaces and schools in Asia include:

Spotlight on Asia

School Safety Checks



Avoidance of Air-Con



Based on a study tracing Covid-19 spread through AC in a restaurant³, in China many **companies have decided not to use centralized AC⁴**

- As summer is fast approaching, many are considering fans instead, though still requiring employees to wear masks

Tickets To Ride Elevators



In South Korea, Salesforce employees register their temperature in an app before coming to work

- Prior to commuting, they “check in” on their app, which provides **“a ticket” to ride the elevator during a specific window of time** to avoid crowding

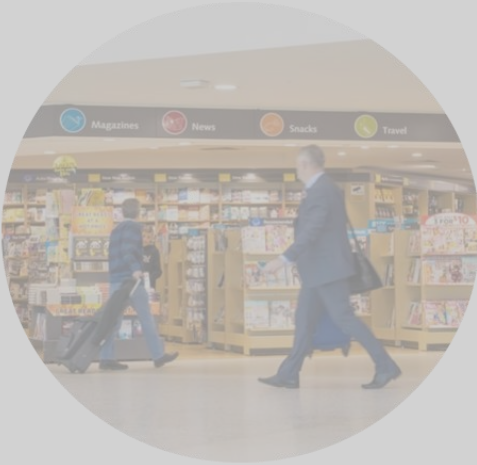
Companies have confirmed providing PPE, **plexiglass barriers** between desks, employees zoned to different parts

IMPLICATIONS

- Routine tasks (i.e., commuting) will be re-examined as ad-hoc and preplanned meetings become a way to prevent virus transmission
 - Analogies from other channels may aid adaptation: reservation systems, booking online, staggered shifts
- Resizing footprint in various areas of the office will impact mealtimes and social interactions
 - Potential for more snacking throughout day to avoid groups taking meals at same time
- Employers will be rethinking lunch, workplace cafeterias
 - Consider unattended retail / Micro Marts to meet safety needs



Let's take a look at leisure and recreation



TRAVEL



WORK



PLAY



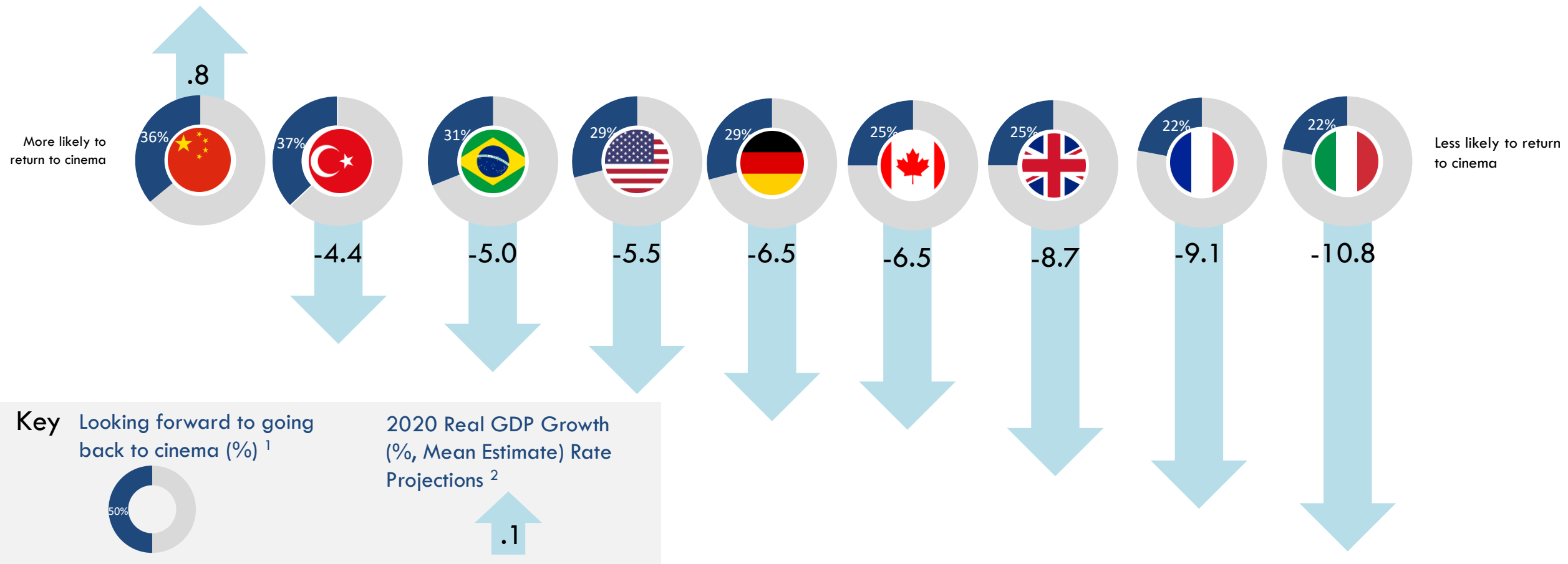
DINE



People's propensity to return to recreational activities shows correlation to their markets' economic conditions

GDP Growth (%) & likelihood of returning to cinema

In markets where GDP contracted the most, people are less eager to return to Recreation venues— i.e., Cinema





For Recreation, simulated experiences and scaled down crowds can be used to entice people until masses are ready to return



Reimagining Stadiums

In South Korea, Hyundai sponsored a **multi-day drive-in concert** – over 900 cars came to listen / participate; although sales were half than a typical concert, still a way to keep consumers engaged

In Taiwan, 1,000 baseball fans will be let back into stadiums (previously, sports were underway w/o spectators)

- Plan to **sell tickets based on 'real name' to easily trace infections** leading back to matches¹



Virtual Experiences to sell future ones

Livestream from destinations (i.e., VR, 3D panorama) has helped with **presale packages** in China²

Alibaba has added 'online field trip' feature to its commercial livestreaming platform³

- While livestream tours are free, some sites have **made money through souvenir sales**



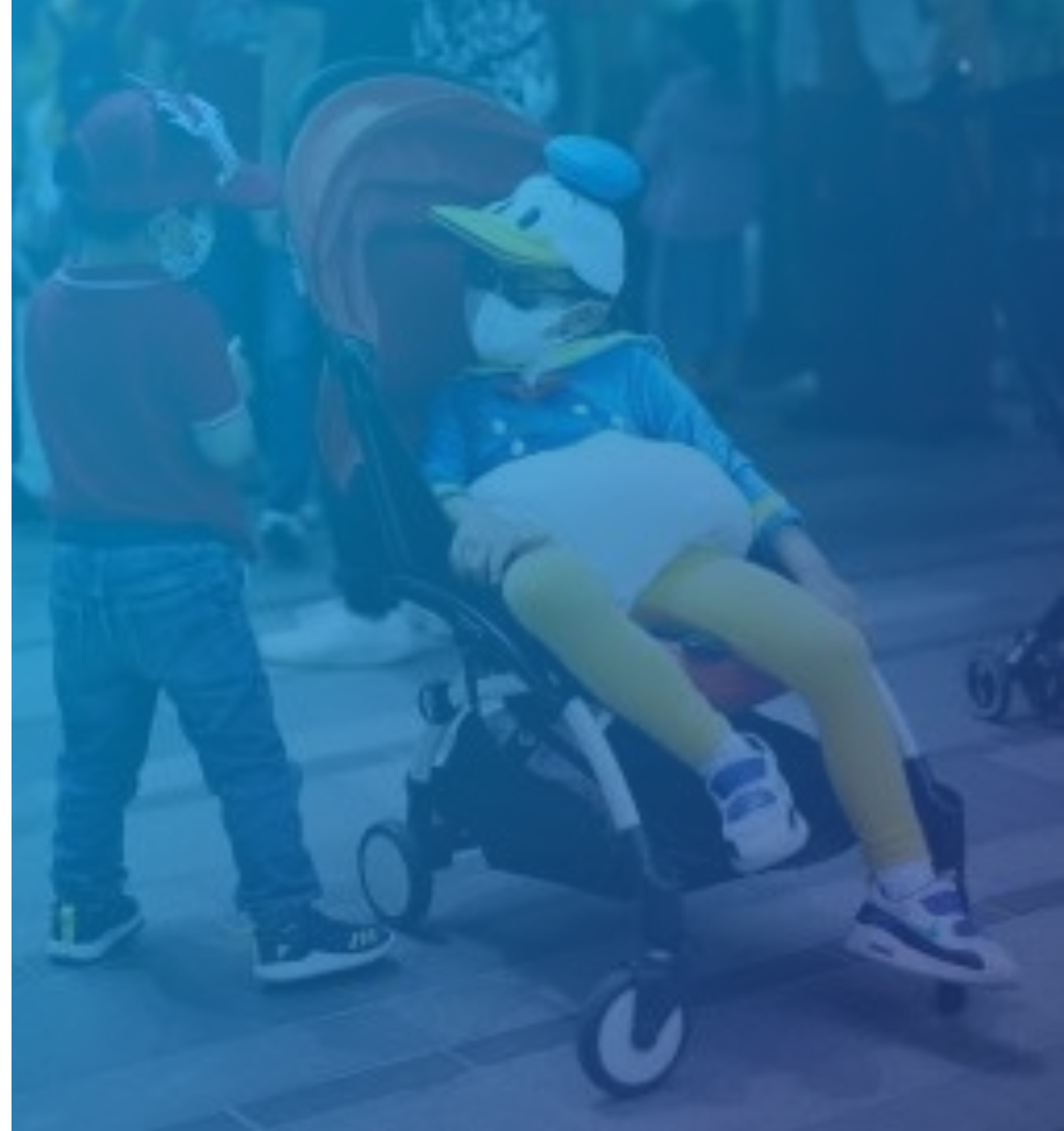
Theme Parks reopening

Disney World in China reopened: **tickets sold out within 3 minutes of soft opening** on May 8 online, even with new social-distancing rules⁴

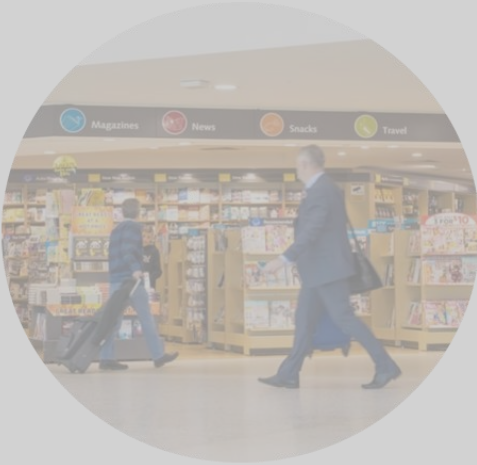
In Japan, amusement parks re-open with new guidelines – **no screaming on rides**, conversations with customer service kept as short as possible⁵; all meant to reassure safety for customers and employees

IMPLICATIONS

- As summer approaches, outdoor venues likely to be sought out first
- Venues not ready to open can:
 - Repurpose idle capacities to meet more immediate needs i.e. ghost kitchens in closed school/stadium/workplace cafeterias
 - Provide virtual or simulated experiences as a gateway to entice/book future visitation
- Entertainment venues will need to demonstrate value to compete with shrinking share of wallet for leisure activities
 - Group packages, waiving booking fees, ticket bundles including meals / snacks, etc.



Let's take a look at dining



TRAVEL



WORK



PLAY

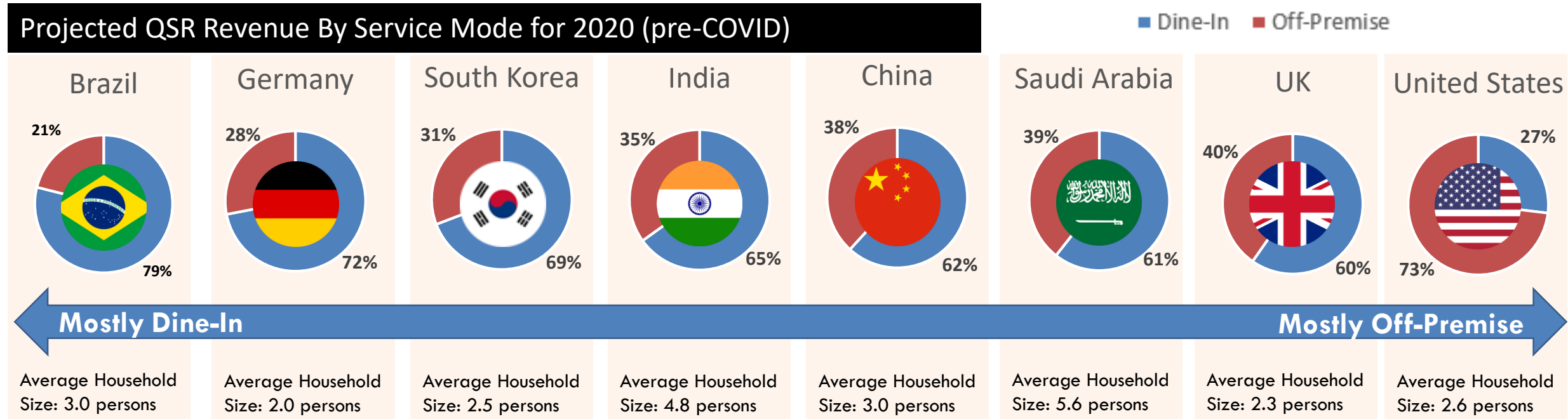


DINE

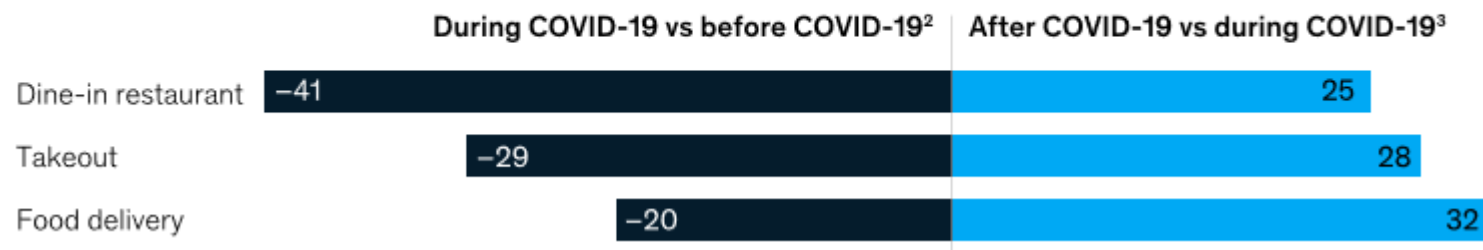


With dining rooms shutdown, delivery and take-away became essential service modes at QSRs — especially for “family meals”

Projected QSR Revenue By Service Mode for 2020 (pre-COVID)



CHINA: Change In Spending Preference (during and post-COVID)



CHINA: Post-crisis spending on dine-in is expected to remain lower than pre-crisis levels while demand for takeout is expected to return to pre-crisis levels fairly quickly. After the pandemic, Chinese consumers say they will spend more on food delivery than before.



Pandemic Induced Innovations From Asia Include:

Escapist Experiences



Even as lockdowns ease, **international travel remains limited**. Operators are rolling out offerings designed to help consumers experience parts of the world they can't visit.

- In Malaysia, McDonalds launched a series "Discover the World" LTOs featuring foreign flavors

Wishful Wellbeing / Healthy-ish



The onset of COVID-19 drove consumers to seek both better-for-you, as well as indulgent comfort foods. **Plant-based proteins carry at "healthful" halo** and solve for supply-chain issues created by slaughterhouses closing around the globe.

- In China, YUM brands KFC, Pizza Hut AND Taco Bell all added plant-based proteins to their menus

Non-Domestic Delivery



Group takeout orders (office catering) has become a new business for many restaurant chains in China, especially during the COVID-19 outbreak. Even before COVID 53%* of delivery orders in China were made from workplaces and school campuses.

- Feng Shi is recently launched app that allows companies to directly order group meals for employees.

IMPLICATIONS

- Lingering concerns about eating in crowded places means **consumers will likely continue to prefer eating off premise**, at least for a time.
 - Scaling up “group bundles” may be an entry point for B2B catering
 - Reformat restaurants—shrinking seating areas, adding drive-through/take-away entrances.
- Consumers are much more **concerned about what ingredients are in restaurant food**, where it comes from, how it’s prepared, and by whom
 - Increase flexibility, transparency and adaptability of supply chains in order to manage disruption
 - Create new offerings or promotions that give consumers access to experiences not available with current restrictions



The impact of lockdowns was nearly universal, but as markets enter restricted recovery — cultural and contextual nuances become more apparent



Germany hosts the world's first drive-in rave



A Swedish hotel turns its rooms into pop-up restaurants



The American firm behind these customized masks has amassed a long waiting list



A hotel in the Maldives rolls out 'Beach Bubble' perfect for social distancing



Sodexo France repurposes closed school kitchens to start a meal delivery service



Dubai based designer unveils Qworkntine pods concept for in-office social distancing



PepsiCo Foodservice Insights

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*Special thanks for this edition go to **Omar Sahi** and **Lydia Gau**.*



PEPSICO

foodservice The icons represent various foodservice products: a cup, a bottle, a can, and a box.

PepsiCo Foodservice Insights

COVID Insights

JUNE 26, 2020

We continue to look at the impact COVID-19 across 4 stages:

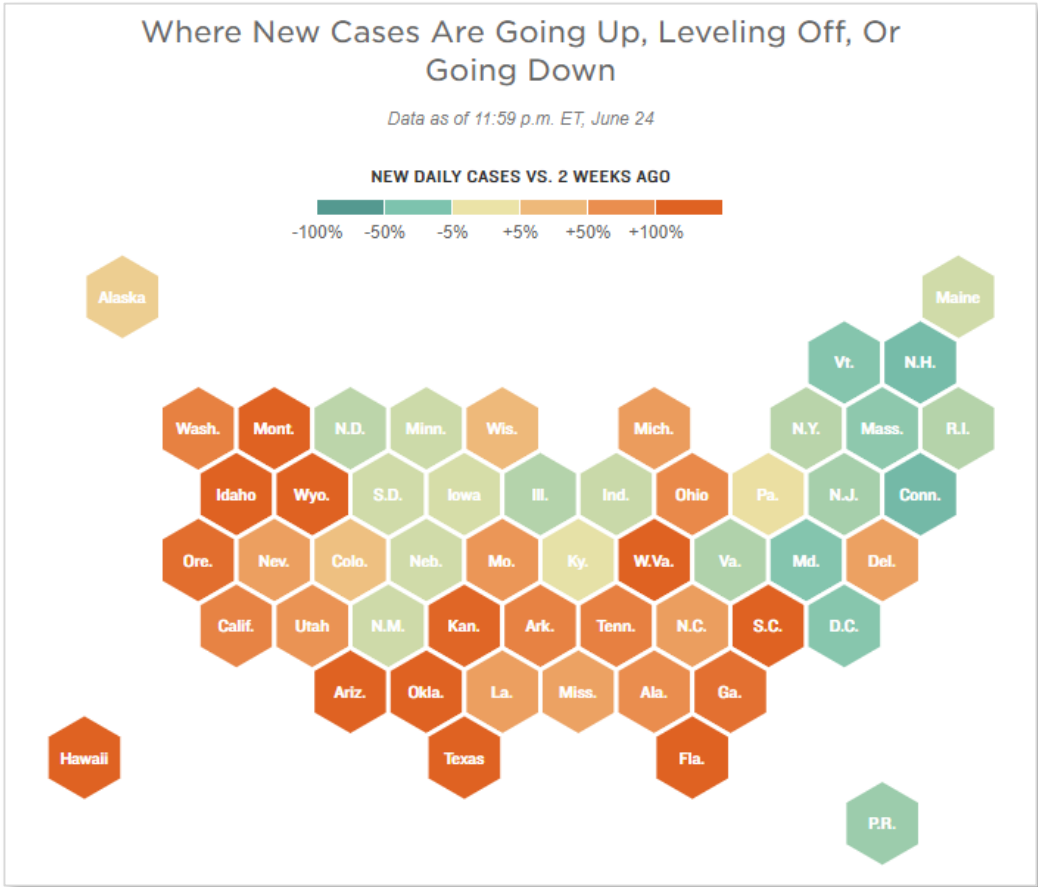
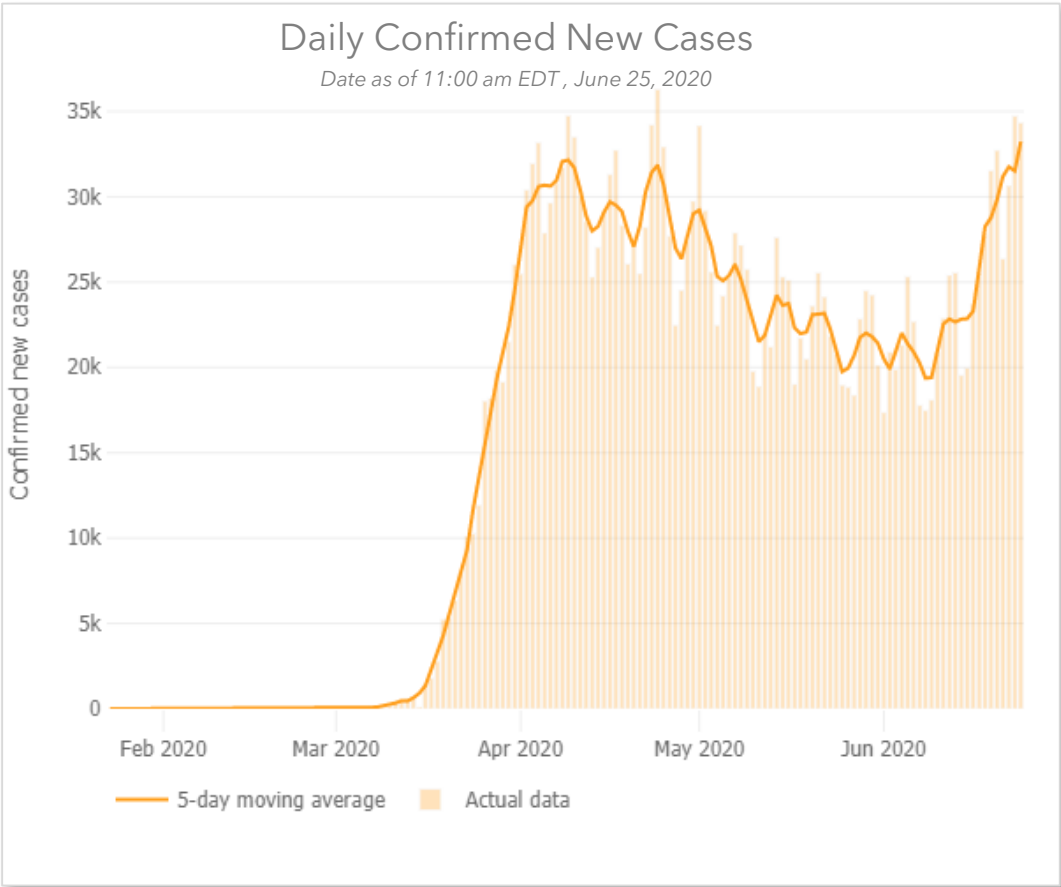
0 PREPARATION & PREVENTION	1 CONFINEMENT & COCOONING	2 RESTRICTED RECOVERY	3 NEW NORMAL
Estimated Timeframe Feb-Mar	Mar-Jun (est)	Jun-Dec (est)	2021 +
 <p>ANXIOUS, FEARFUL, NEED FOR COMFORT, REASSURANCE & SENSE OF CONTROL</p> <p>FEELING</p>	 <p>CONTINUED NEED FOR COMFORT, & REASSURANCE, AND BOREDOM RELIEF</p> <p>FEELING</p>	 <p>TENTATIVE, CAUTIOUS OPTIMISM, CONFUSION ABOUT RULES</p>	 <p>RELIEVED, DESIRE TO MAKE UP FOR LOST TIME BUT REMAIN WARY</p> <p>FEELING</p>
<p>DOING</p> <p>Stockpiling Pantry Items, Cancelling Plans</p>  <p>Increase in Large Format, Club & Ecom, fewer trips to C&G, Foodservice</p>  <p>Increase in TV consumption (News)</p> 	<p>DOING</p> <p>Shift to Working/Learning from Home</p>  <p>Growth of Ecom & Delivery, most On-Premise closed</p>  <p>Shifts to Streaming & Gaming Decrease in podcasts</p> 	<p>DOING</p> <p>Partial Return, Testing Out Situations, Adapting to new Protocols</p>  <p>Continued Use of Ecom, Likely a short spike in Foodservice, incl. Entertainment & Travel</p>  <p>Financial State Impacts Streaming Services</p> 	<p>DOING</p> <p>Adapting to Permanent Changes (i.e. post-9/11)</p>  <p>Ecom & Delivery become Permanent Behaviors</p>  <p>Likely a Return to Usual Media, with more streaming</p> 

Most states are currently in this stage

Tracking COVID-19

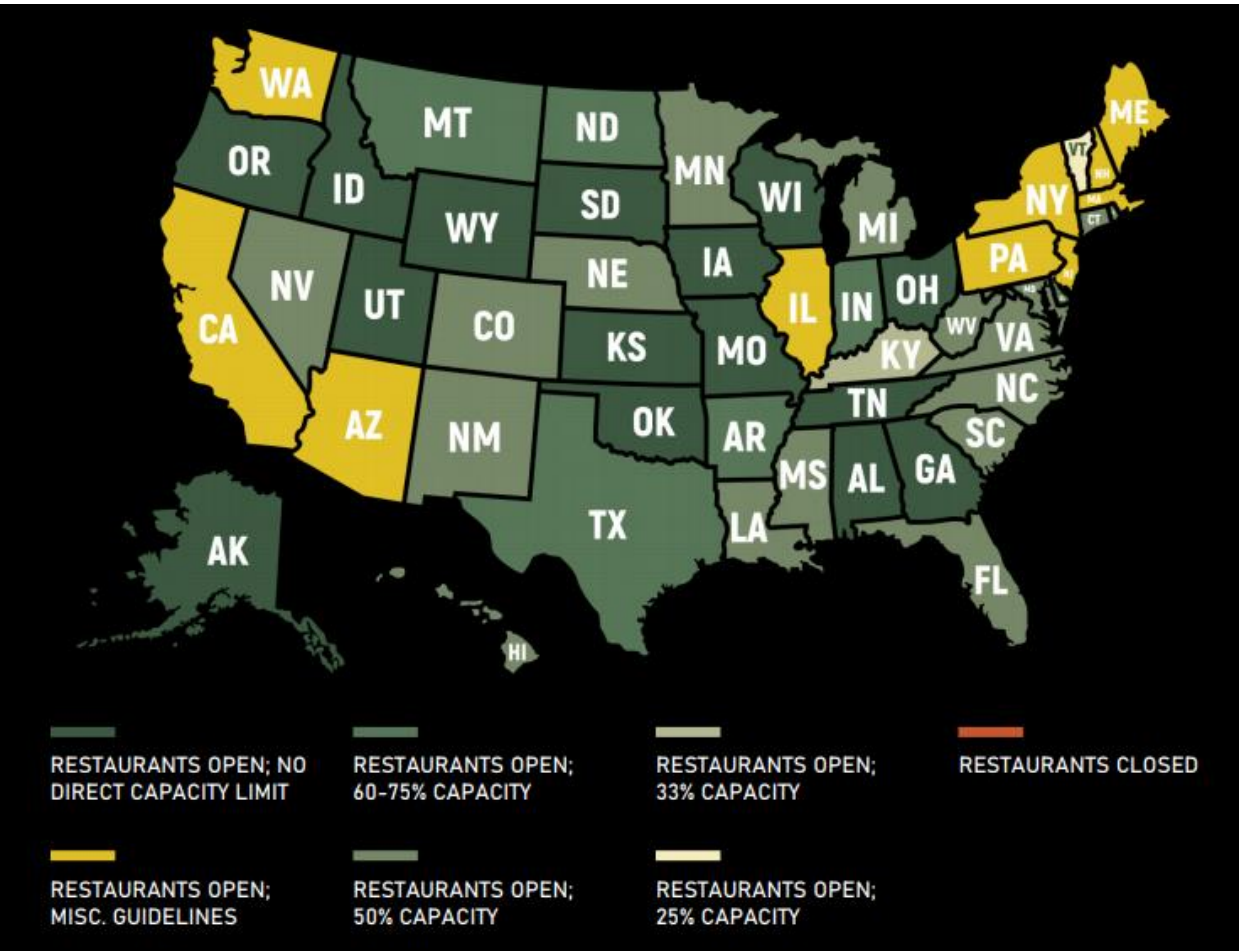
Unfortunately, cases of COVID-19 are back on the upswing in the US

Cases are rising in 29 states, primarily in the South and West



Industry Update

Since the onset of COVID-19, all 50 states have re-opened restaurants, to at least some degree.



People will make sacrifices to dine in, even if it detracts from the experience

How do you feel about these new precautions at restaurants?		Agree
Seeing precautions at restaurants makes me feel they take my safety seriously		78%
I'll do what's necessary because it's important to support restaurants in my community		72%
I don't mind new precautions – I'll make some sacrifices to eat in restaurants again		68%
I wouldn't feel comfortable eating in restaurants without these new precautions		68%
I'd rather wait until things are more normal to enjoy a regular restaurant experience		62%



In Stage 2, consumers are slowly returning to work, dine, play and travel, but things are different...

WHAT DOES RESTRICTED RECOVERY LOOK LIKE IN...?



WORK



DINE



PLAY



TRAVEL

♥ Empathy For Our Operators

69% are **WORRIED**

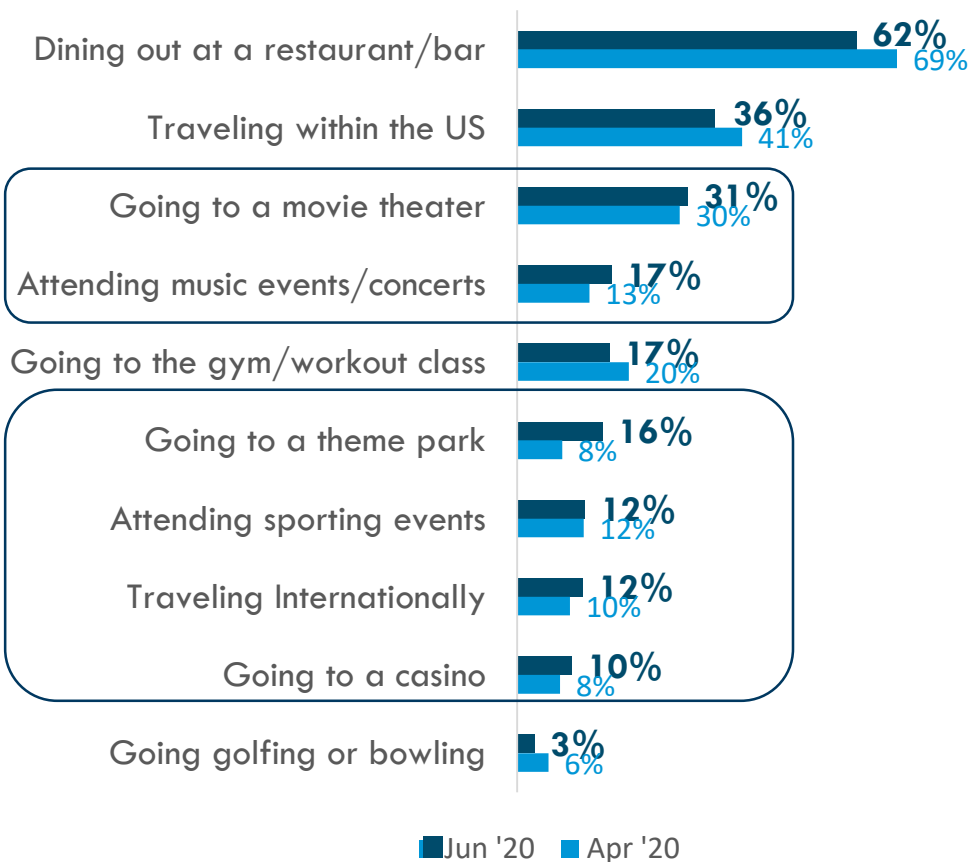
11% are very nervous they won't be able to reopen



Consumers Still Miss Visiting Their Favorite Places



Consumers are **MOST** missing...



“

I miss going to dinner and events with my friends. I miss them so much. They are an integral part of my life but we must remain safe

I miss traveling in the USA because I had some fun trips planned but a lot of the places we wanted to see will be closed

Going to the movies. I love movies and the escape it brings mentally

I miss going to the theme parks with my kids getting on rides, just spending quality time with them

Going to concerts. I miss the music, the excitement, the crowd, and the camaraderie

Sports events, I love the atmosphere and people

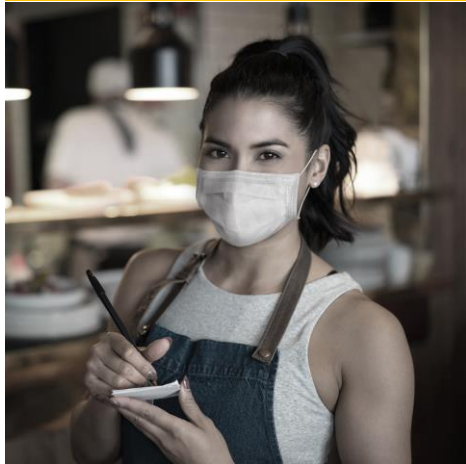
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Q1. Which of the following have you been missing most since COVID started? Please select your top 3.

Leveraging Deep Consumer Research, 5 Key Trends Emerge That Impact The Foodservice Consumer & Channels



SAFETY FIRST



OFF-PREMISE SHIFT



VALUE FOR MONEY



STRESS RELIEF



GIVING BACK



Let's Jump In To 'Play'



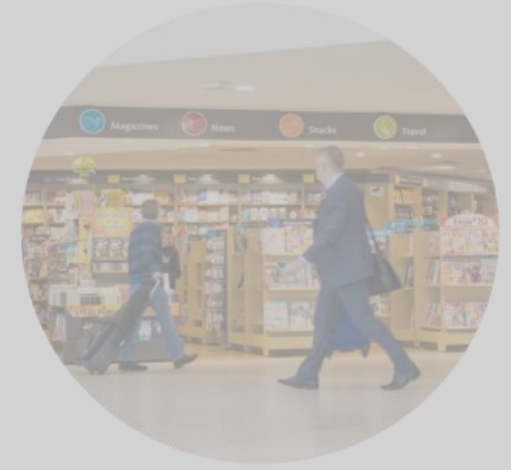
WORK



LIVE



PLAY



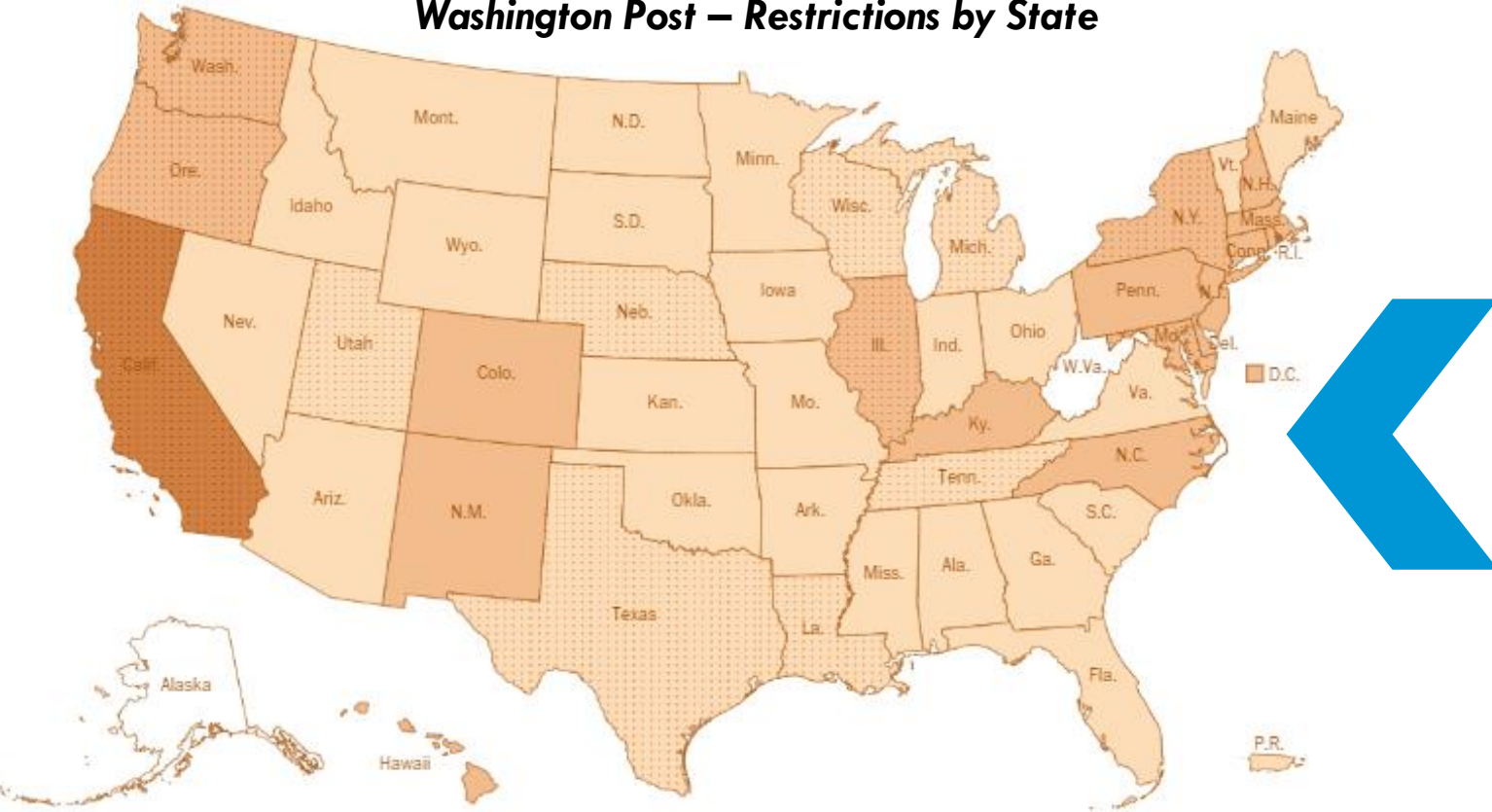
TRAVEL

- **Recreation/Stadiums**
- **Gyms**
- **Movie Theaters**



Sports & Recreation facilities, Gyms face restricted openings Music venues & Stadiums remain closed in many states

Washington Post – Restrictions by State



Restrictions Present in State

Major
 Moderate
 Minor
 None
 Vary by Region

All States have now eased restrictions on businesses and social activity

- Location types in “Play” are considered in the later phases of re-opening due to risk factors associated with interpersonal contact
- Venues that involve large gatherings are often still restricted

PepsiCo Foodservice Insights

Sports, Recreation & Gyms



Professional Sports are back! Planning adapted seasons



Major League Sports Seasons Adapted, No Fans

- *NBA to play a 22-team, 8-game wrap-up season at Disney starting 7/30*
- *MLB will play a 60-game season to begin around 7/24, teams using home stadiums*
- *NHL plans to return with 24 team playoff in 2 hub cities, date TBD (Aug?)*
- *MLS to play 26-team tournament, also at Disney, 7/8 – 8/11*



Other Sports Leagues Also Beginning, No Fans (Yet)

- *PGA Tour Golf started June 11, limited fans at Memorial Tournament (Jul 16-19)*
- *US Open Tennis Tournament to start 8/31, French Open scheduled Sept, with fans*
- *WNBA to play 22-Game Season in Bradenton, FL location in late July*
- *National Women's Soccer Team will play an 8-team tournament in UT starting 6/27*



Racing Starting Back Up, With Fans

- *NASCAR Cup Series returned May 17th & allowed fans at 2 races, 1,000 ppl at Dixie Vodka 400 Miami (FL) and 5000 ppl at Geico 500 Talladega (Ala)*
- *IndyCar returned Jun 6, beginning mid-July, some races will allow fans*



Physical/Recreational Activities have moved outdoors

74% OF CONSUMERS ARE EAGER TO GET BACK TO OUTDOOR ACTIVITIES¹



Factors that have increased outdoor activities:

- Belief that COVID-19 spreads less easily in open spaces
 - Ability to social distance recommended 6-feet
- Sports like golf & tennis are individual or small party
 - Pleasant Summer weather

Many consumers feel **Very/Somewhat Safe** visiting the following outdoor recreation areas³:

- Hiking Trails – **91%**
- Campgrounds – **75%**
- Public Parks – **74%**
- Beaches – **70%**

PARKS VISITATION is

+60%

In the Total US
vs baseline (Jan/Feb 2020)

Per the Google Mobility Report²



Gyms are opening in some states with severe restrictions



- Safety Regulations = social distancing & hygiene measures:
 - Capacity & class restrictions, distanced/blocked machines & equipment
 - Masks, temperature checks for patrons in some locales
 - Shorter hours, pre-scheduled workout timeframes
 - Locker rooms, self-serve amenities closed
 - Stringent cleaning routines, abundant hand sanitizer/wipes
- Extra Precautions are being taken by some locations:
 - Installing extra air-filtration systems
 - Plexiglass or other physical barriers
 - Creation of personal “mini gym” spaces

COVID-19 MAY CAUSE CONTRACTION IN THE INDUSTRY

- Variation in how membership charges/suspensions/freezes were handled during closures may impact patron continuation of services
- Multiple gym chains have filed for bankruptcy and/or have determined to close locations due to COVID-19 challenges



Beverages & Food will be a challenge in this space

In addition to the other safety measures, beverage & food in gyms also impacted:

- Water fountains often turned off, requiring water to be self-provided
- Any cafés would be subject to similar restrictions as restaurants

**NO WATER
FOUNTAINS**



AREAS OF OPPORTUNITY

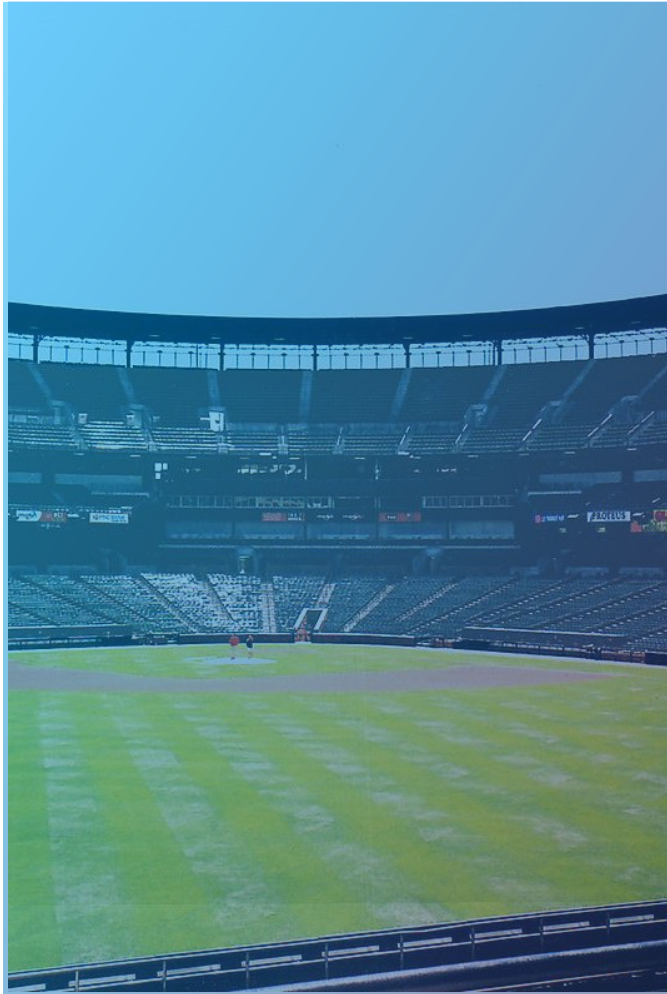


- Increased availability of cold Bottle & Can beverages
- Contactless payment or pre-payment for pre-packaged food & beverage
- Hydration subscriptions as part of membership
- Pre/Post-Workout drinks & snacks - one-stop shopping
- Focus on premium vending





Stadiums will be slow to re-open & are starting to plan the new normal



ENVIRONMENT

As the potential for re-opening emerges, stadiums consider safety measures:

- Overall capacity decreases
- Stadium Entry: temperature checks, contact-free ticketing, virtual queues, scheduled/staggered entry/bag check
- Seating Modifications w 6 ft allowance, alternate viewing areas
 - Masks for employees & fans
- Socially distanced restroom lines, parking/pedestrian areas, elevators
 - Sanitation of high-touch areas
 - Communication of new policies

CONCESSIONS

Possible Food & Beverage Changes:

- Ordering & purchasing on apps and/or pre-payment
- Distanced concessions lines
- Designated pick-up stations
- Pre-packaged or individually wrapped food & beverage items

58%

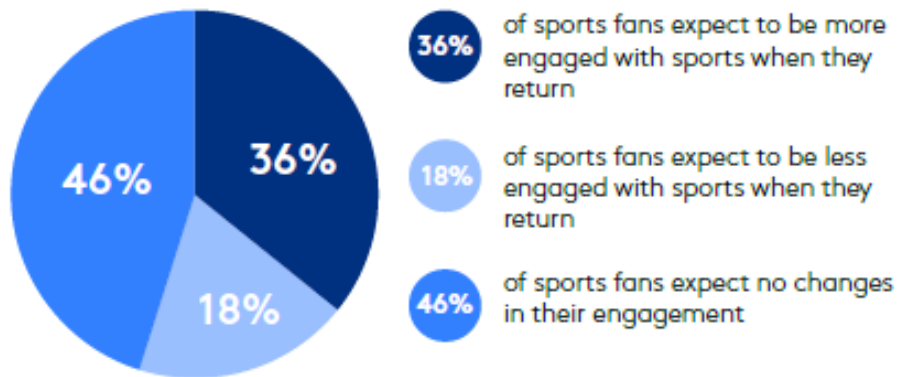
of consumers expect food and/or beverages will be served in individual, single serve packs when visiting a large stadium or arena*



Fans are excited about sports, but cost & safety are potential barriers

Sports Fans are excited about a potential return of professional & college sports

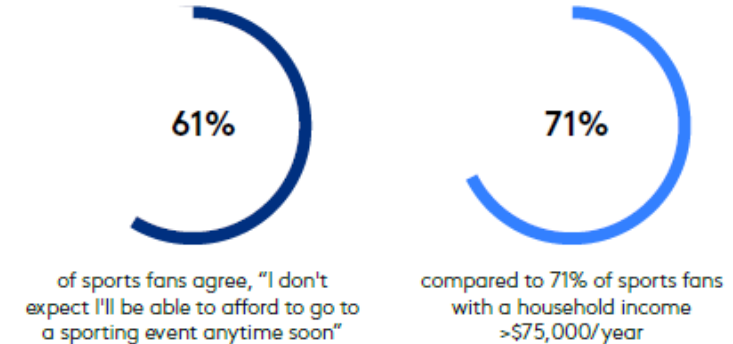
More than 4 out of 5 sports fans expect to be equally or more engaged with sports upon their return



But...

Many Sports Fans are Concerned about affording to attend sporting events

(particularly among those with HHI < \$75k/yr)



And...

Concerned about Safety

56% of Sports Fans view going to live events that limit capacity to ensure social distancing as **RISKY**

(Perceptions of risk should decrease over time, assuming the severity of COVID-19 also continues to decrease)

PepsiCo Foodservice Insights

Movie Theaters



Hollywood coming back to life

- Officials gave green light for film and TV productions to resume in early June
- But it will take time for most productions to start back up, with many hoping to start filming later in summer
- Productions must follow new health and safety protocols: only essential cast & crew, virus testing, limited talking, no craft services buffets, sets & props disinfection, masks, social distancing, etc.



OSCARS 2021 POSTPONED

The event will move from Feb to Apr 2021 for safety reasons and to extend the film eligibility timeframe due to COVID-19





Movie Theaters planning July re-opening



MOVIE THEATERS FACE COMPLEX ROLL-OUT

- Openings will vary widely by state/city due to local regulations, phased re-opening plans
- Theaters will re-open with only a few new major motion pictures, many movie releases were relocated to later in the year and 2021
- Most theater chains will require patrons to wear face masks, and will open with reduced theater capacities & social distancing measures in place



***What movies are
“mask-worthy”?***



Expect Limited Menus & No Refills at Theater Concessions



SIMPLIFIED MENUS

- Many theaters will open with reduced menus, mostly less hot foods
- Popcorn, Candy, Soda noted to be available at most locations
- Dine-in service, in-theater ordering suspended



NO REFILLS & SELF-SERVE REMOVED

- Popcorn and Soda refills suspended
- Removal of self-serve condiments, individual packets available
- Lids/straws/napkins provided at counter



DIGITAL ORDERING

- Theaters likely to ramp up or implement the ability to pre-order concessions via an app, for pick up in a designated area



INCREASED SAFETY & SANITATION

- Contactless payment of concessions where available; Credit only, no cash
- Increased cleaning of high touch areas like counters
- Physical distancing at registers; Plexiglass barriers at counter





Nostalgia is enhancing current movie-going experiences



DRIVE-IN THEATERS SURGING IN POPULARITY

- Old-school & Pop-ups Drive-in's are a fun option that allows for social distancing while enjoying the communal movie-going experience when theaters are still closed
- Visitors can experience the movie from the safety of their own vehicle, often bringing their own food from home



“OLD” FAVORITES AT THEATERS

- To draw an audience, some theaters are opting to show some nostalgic favorite movies upon reopening, often at discounted ticket prices
- This will likely be temporary until new releases begin to come out in July
- They are playing classic movies like “Back to the Future,” “Jaws,” and “Jurassic Park,” “Goonies”



PLAY IMPLICATIONS

1. Maximize opportunities on digital platforms to increase beverage & snacks incidence
2. Ensure patron understanding of any new concessions procedures
3. Consider packaging on F&B items to maximize safety & convenience
4. With limited menus likely, offer value-forward & crowd-pleasing F&B menu items



Moving into 'Travel'



WORK



LIVE



PLAY

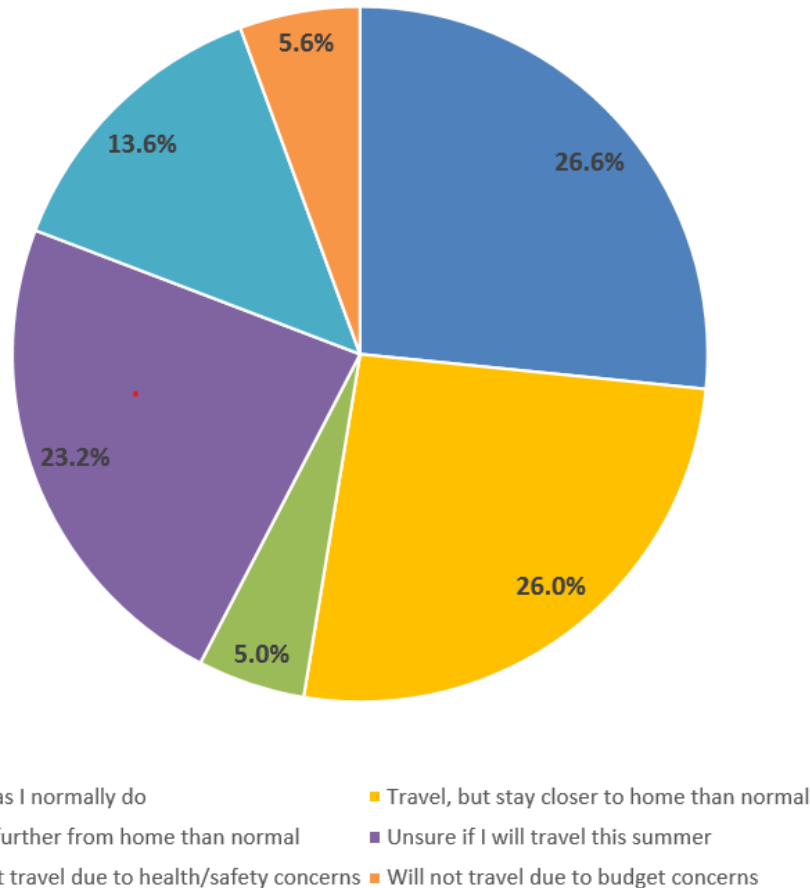


TRAVEL

- **US Travel**
- **Airlines**
- **Hotels**



People want to travel, but travel safely



THE SITUATION

While the US hasn't imposed travel bans, state to state travel is becoming more difficult with some regions reinstating quarantine requirements as new hotspots appear

Airlines:

- **Flight capacity is down by about 45%** vs last year.
- On June 11, TSA screenings broke half a million for the first time since March 21
- In-flight food & drink offerings greatly reduced or removed entirely.
- Airports are now nearly empty, causing reduction of operations, closing of runways and consolidating of terminals.

Hotels:

- As of June 24th, **U.S. hotels had an occupancy of approximately 40%**, showing a YOY decrease of 50%. Meanwhile, Average Daily Rate dropped to \$79.57, down 40% YOY on average.
- Hotels are making significant shifts to highlight cleaning and sanitation practices in communication
- TripAdvisor is now including a filter allowing consumers to search for accommodations and attractions according to sanitation practices.

2020 is the Year of the Roadtrip



Airline travel comes with some risk

- Air travel is down significantly
- **48%** of people don't intend to fly for a year or more



But that doesn't mean that people want to stay home

- **73%** of consumer are still planning to visit family and friends, but they will travel by car
- **93%** of Consumers are avoiding crowds



Road trips are becoming the best option for socially distanced vacations

- RVshare bookings have almost tripled YoY, up **1600%** since April.
- With gas prices low, this is more possible than ever





Interest in vacation travel to National Parks making a comeback

- **Outdoor locations safer than indoor-** In a study of more than **7,300 cases** in China, just **one** was considered an outdoor Transmission
- **National Parks ideal for road trips-** Three of the top ten RVing trips according to RVshare.com are national parks:
 - Yellowstone
 - Grand Canyon
 - Zion National Park
- **Social distancing remains challenging** - National Parks are struggling to maintain social distancing and safety measures, especially around well-known sites





Theme parks and casinos are focused on cleanliness and social distancing as they open their doors

Amusement parks are beginning to reopen. Soft openings first to season ticket holders. Restrictions including wearing masks and social distancing.



Reservations
Online Health Screening



Staged Opening
Parades Canceled
No Meet & Greets



Staged Opening based
on local rules
Mobile food ordering



Strip opened on June 4th

Venetian and **Palazzo** announced an opening plan with 800 steps including 24/7 EMT staff, thermal cameras, and face masks.

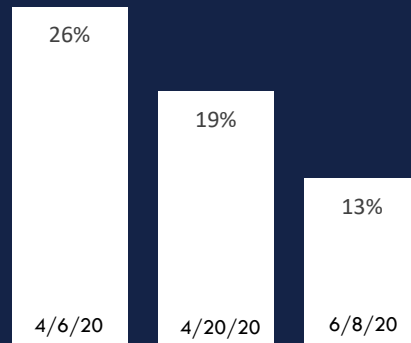
Wynn Vegas opening the buffet with new rules including time limits and table service

Vegas social distancing tagline:
“Think dirty thoughts, but keep your hands clean”



While consumers are growing more comfortable with hotels, the experience may be different than expected

% very concerned about staying in a hotel



Consumer Concern is dropping off when it comes to staying in hotels

At traditional hotels we can anticipate big changes to food and bev programs

Future of the breakfast buffet? – **Hilton** is moving away from buffets toward grab and go meals

Conveyer Belt Breakfast- the **Four Seasons** is experimenting with a concept familiar to sushi restaurants, small plates on a conveyor belt

Branded Room Service Experience – Boutique hospitality group **EOS Hospitality** is working with a design consultant on a branded room service experience, including personal notes and custom packaging



While business is down overall for AirBNB, some consumers feel the roomshare option is safer

Medical Experts weigh in – Some experts are now suggesting that AirBNB is a safer option because there are fewer public spaces

Do it Better Myself – some consumers feel they have more control over the cleanliness in an AirBNB

AirBNB Booking Buffer - guarantees 72 hours between bookings for an upcharge, to help ensure that any virus remaining after cleaning dies

Richard Schuetz
@Schuetzinc

It is unclear to me if I am emotionally ready to accept that the Hampton Inn waffle maker in the dining room is a thing of the past.



28 11:19 AM - May 12, 2020

See Richard Schuetz's other Tweets

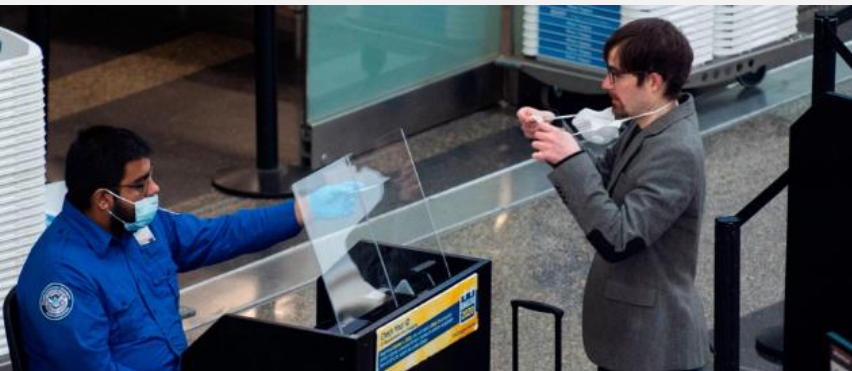


Air Travel is coming back, but travelers will face significant changes

Temperature checks

Airports and airlines seem to agree that temperature checks are a necessary step to passenger safety

However whose responsibility it is to screen remains a question



Creating barriers between travelers

Airlines are looking for clever ways to prevent COVID transmission between passengers



Airlines in Europe are testing actual physical barriers



US airlines claim center seats will be empty, but make no guarantees

Food and beverage offerings will see drastic changes

Most airlines limit services by flight length and cabin

Delta will not offer any alcohol, plastic cups or ice. **American** will only offer alcohol in premium cabins

Southwest has suspended all food and beverage services

United and **Delta** are serving all in one snack bags that include a sanitized wipe



TRAVEL IMPLICATIONS

1. Take advantage of new mobile ordering platforms and ensure that any upselling opportunities are covered
2. Highlight the safety of our prepackaged snack and beverage solutions
3. Leverage solutions across the entire portfolio to create complete and personalized prepackaged snack/meal solutions for our partners
4. Consider premium snack and beverage in flight packages to offer additional value and experience that consumers might be missing



Getting in on Giving Back

Our partners are doing incredible things to support the community during COVID-19; amplifying their efforts is one way to both give back and support our business



Our airline partners have been providing free flights to medical workers through a variety of programs



The ski community has created Goggles for Docs, a non-profit that collects new and used ski goggles to protect vulnerable medical personnel



Marriott shifted empty hotel capacity to accommodate healthcare workers, as well as donating 100,000 free nights through their Bonvoy Program.

JOIN US NEXT TIME AS WE SPOTLIGHT THE WORK AND DINE CHANNELS

WORK



- **B&I**
- **Education**

DINE



- **Restaurants**

PLAY



- **Recreation/
Stadiums**
- **Gyms**
- **Movie Theaters**

TRAVEL



- **US Travel**
- **Airlines**
- **Hotels**



PEPSICO

foodservice Four small icons representing different foodservice items: a cup, a bottle, a can, and a box.

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.

*Special thanks for this edition to **Nina Guest, Karen, King, Amy Edler, and the entire Foodservice Insights Team***