



Industry Trends & Insights

Healthy & Specialty on the Menu

Why Research Health and Specialty in Foodservice?

Consumer interest continues to climb

Improvements in Healthy Eating

33%

I'm ordering healthy items at foodservice locations more than I was two years ago

32%

I'm eating more food because of their specific nutritional benefits more than I was two years ago



Base: Approx. 825 aged 18+

Q: How much do you agree or disagree with the following statements? Agree & agree completely

42% My definition of healthy food items has changed over the past two years

Shifting Views of Health

AVOIDANT

Processed to remove fat, calories, etc.

CLEAN

Natural
Organic
Unprocessed
No additives

REAL

Health as self-evident

FUNDAMENTAL

Blur with quality and taste

FRAGMENTED

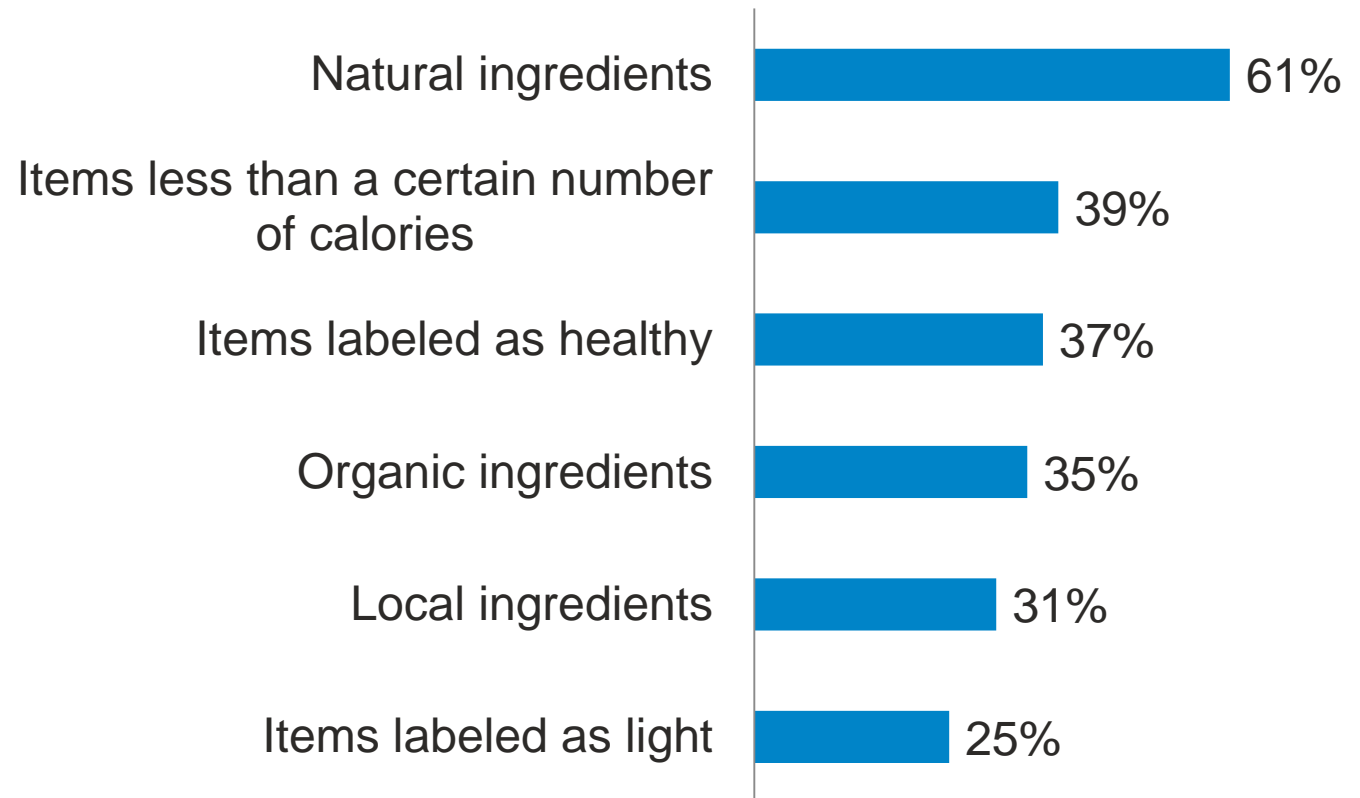
DIY, personal approach
Health as social currency

FUNCTIONAL

Food with benefits

Consumers Prioritize Natural Labels When Seeking Healthy Items on Menus

Menu claims considered when ordering healthy items

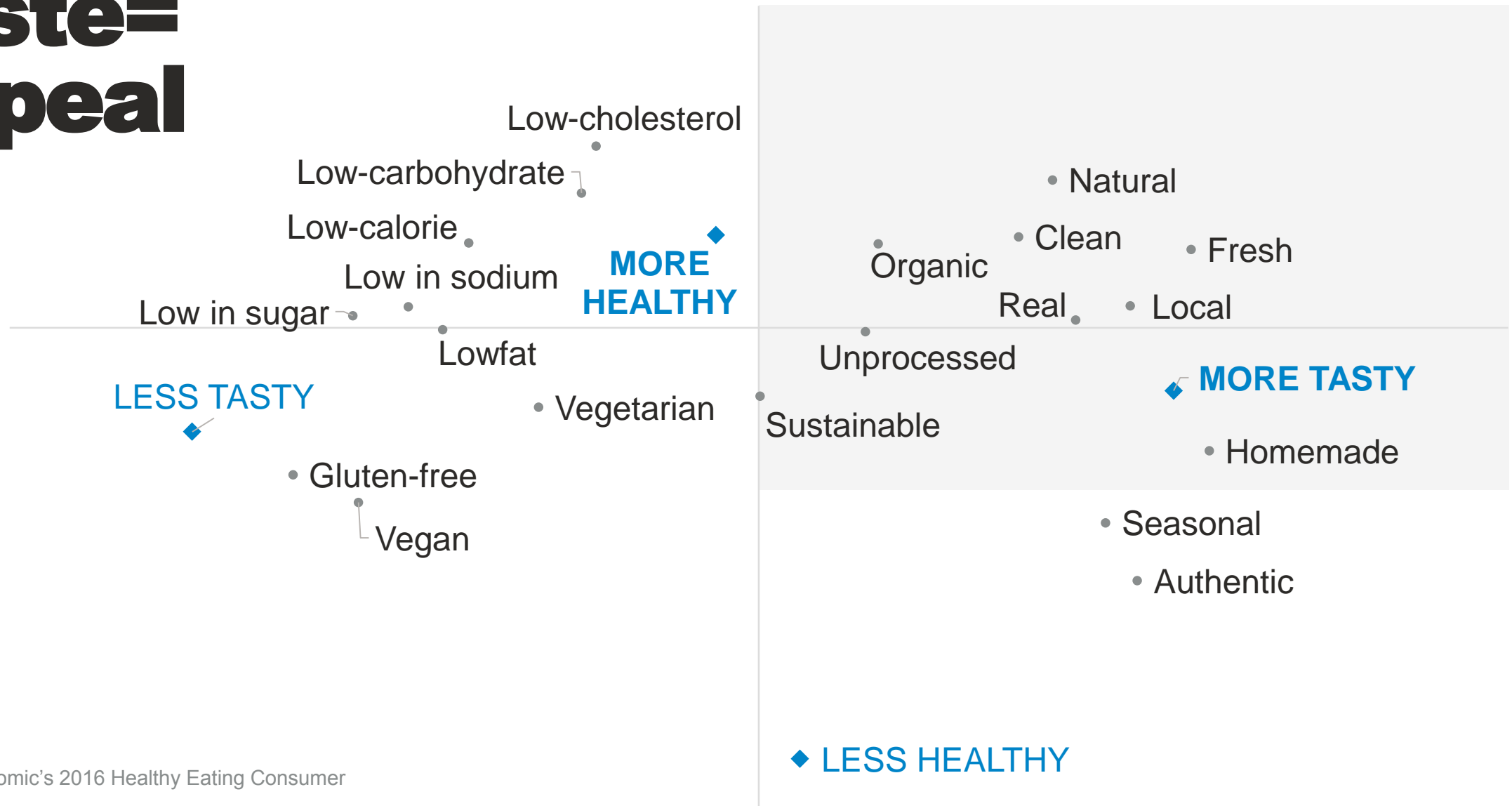


Base: 1,500 aged 18+

Q: When you want to order healthy items, what claims do you look for on menus? Select all that apply.

Health & Taste= Appeal

Health and taste perceptions of primary health claims



Source: Technomic's 2016 Healthy Eating Consumer Trend Report

“Feel better” Foods

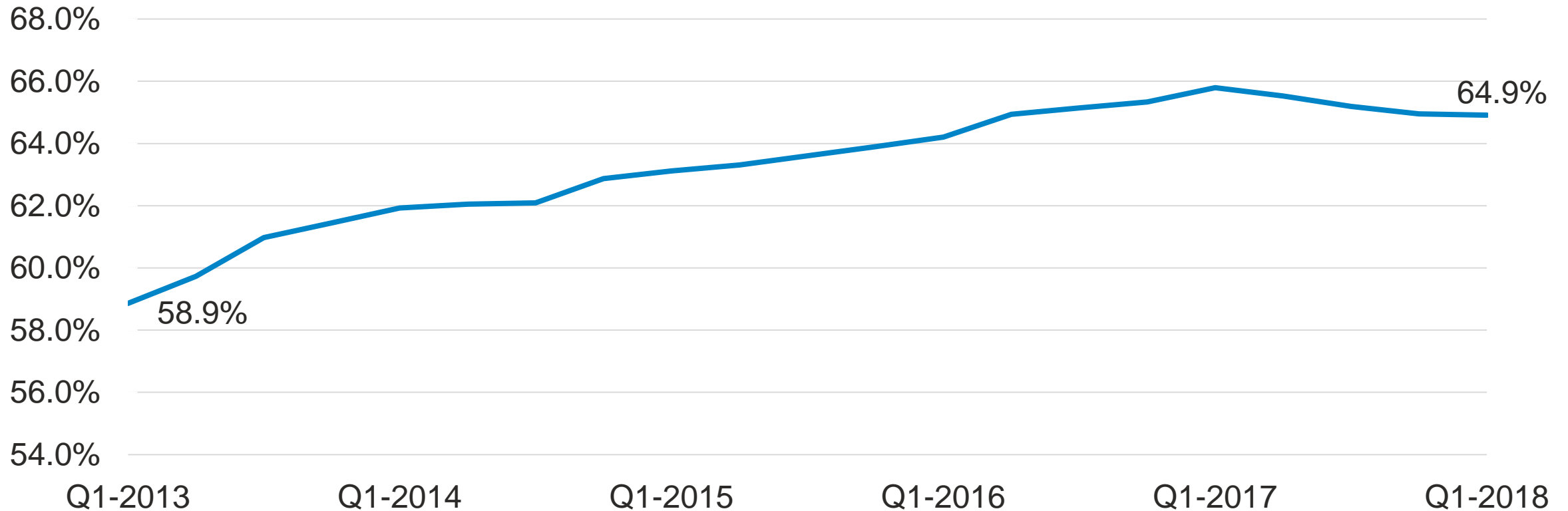
“I feel healthier when I eat ___ food and beverages”



Technomic 2017 Natural & Organic Study
Base: 1,503 consumers ages 18+, Top 2 box % agree
& agree completely

% of Operators that Menu Healthy Claims

The penetration of Healthy Claims has increased by 6.0% over the last 5 years.



Source: Technomic's Ignite 2018

Base: 7,708 Q1-18 restaurant and non commercial menus

What “Healthy” Looks Like

Moe's Southwest Grill (Q1 2018)

Chicken Bacon Avocado Bowl



All-natural adobo chicken, hot, crispy bacon and handcrafted guac in a bowl topped with chipotle ranch dressing.

Smoothie King (March 2018)

Lemon Ginger Spinach



Mangoes, Pineapples, Lemon Juice Blend, Organic Spinach, Carrots, Kale, Papaya Juice Blend, Ginger, Stevia-Based Sweetener.

What “Healthy” Looks Like



Panera Bread/Saint Louis Bread Co. (January 2018) **Vegan** Lentil Quinoa Broth Bowl

Quinoa, brown rice and lentils are the base for this hearty bowl, with tomato sofrito, **fresh** greens, lemon and our umami soy-miso broth.



Subway (March 2018) Sweet Onion Chicken Teriyaki Signature Wrap

This **gourmet specialty** features a double portion of our teriyaki glazed, **all-white meat** chicken strips **raised without antibiotics** with seasoning and marinade topped with our **fat free** Sweet Onion sauce. Wrap it up in a Tomato Basil wrap with lettuce, spinach, tomatoes, cucumbers, green peppers, and red onions. What’s not to love?

Hot in 2018

The new “healthy”



Zucchini Noodles



Cactus Fruit Flavors



Collagen Callouts

Claims are Spreading

Consumer demand driving more options, even in restaurants, c-stores and grocerants



Carl's Jr.
All-Natural
Charbroiled Chicken
Breast Sandwich



Holiday Companies'
Egg White Muffin



Disneyland's Blue
Monstro Frozen
Lemonade



New Seasons Market
St. Louis Ribs
Humanely raised,
100% vegetarian fed,
hormone & antibiotic
free

Overarching Food Strategies Emerging



Leads to...

Food You Can Trust

Panera Bread began with a simple commitment: to bake fresh bread each day in our bakery-cafes. That single, powerful commitment set the stage for a series of conscious, challenging decisions that have essentially made Panera what it is today.

▶ Our Vision



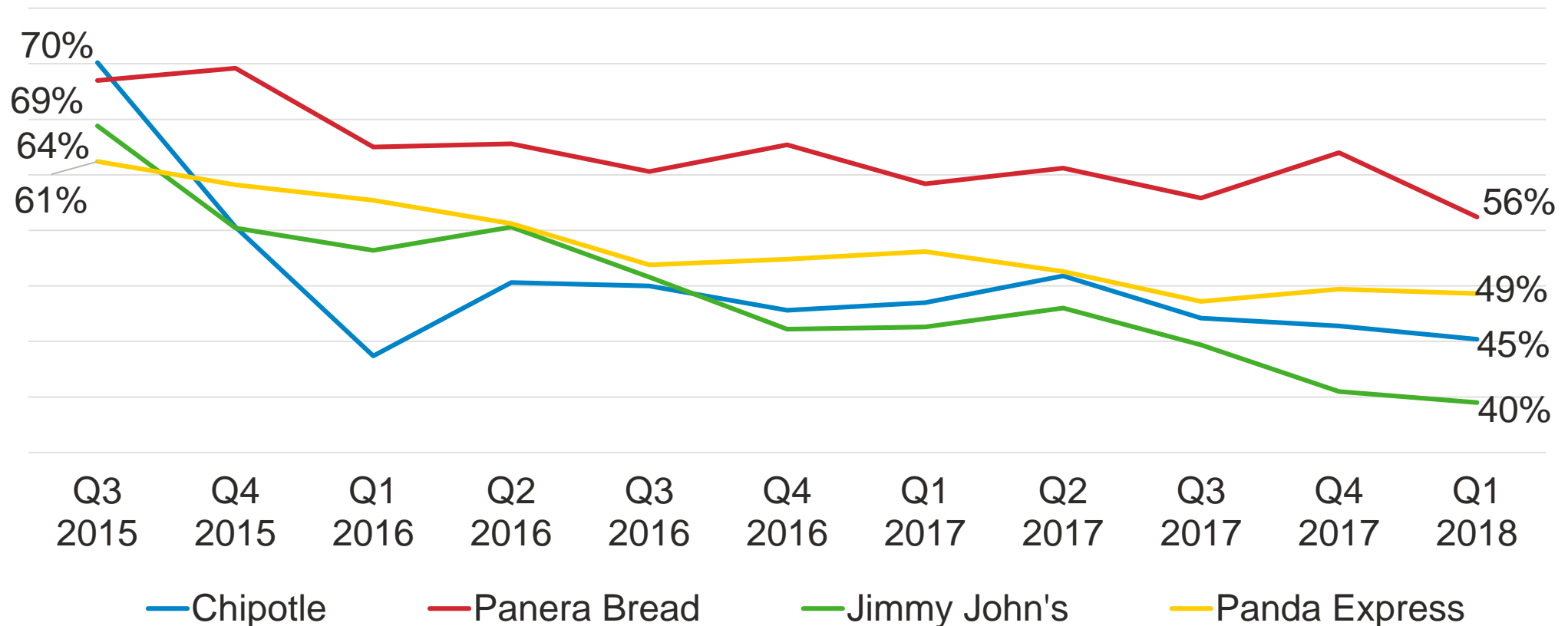
Panera Bread

- YTD sales +9.0%
- YTD traffic +2.6%
- Food quality 14 pp higher than rating for competitors



Panera Retention Higher Than Other Fast Casual

Starting measurement includes all individuals who had a transaction at these brands in Q2 2015

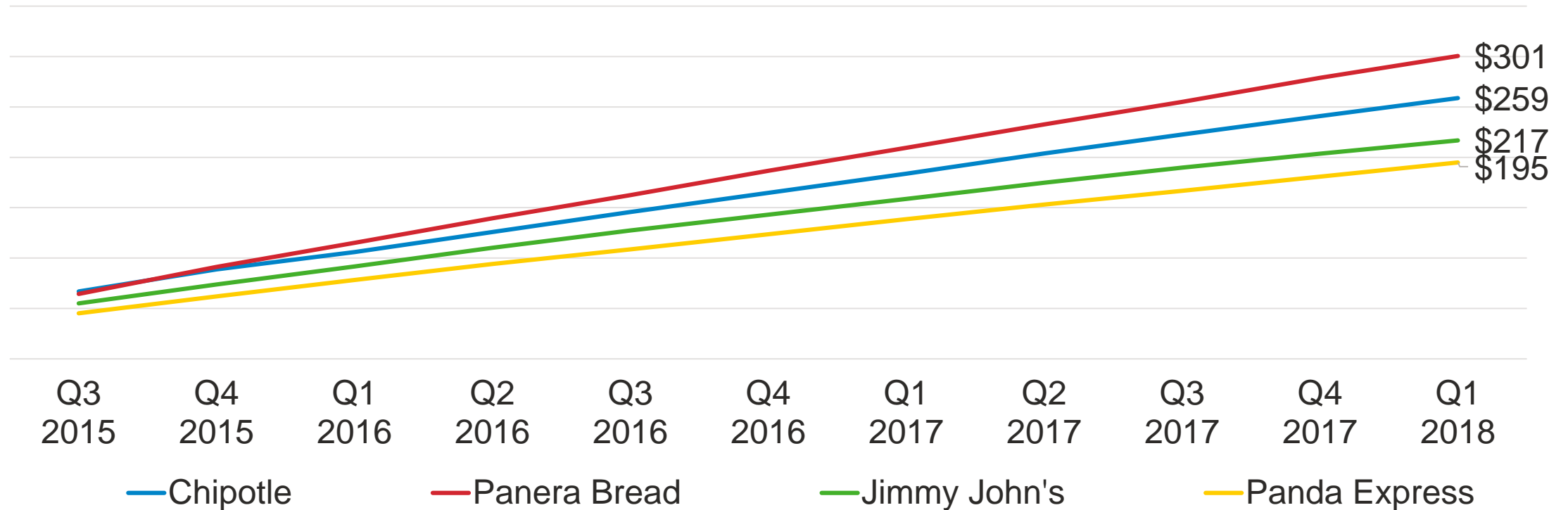


Source: Transaction Insights, Technomic

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Panera Spend Outpacing Next Highest by 16%

Starting measurement includes all individuals who had a transaction at these brands in Q2 2015



Source: Transaction Insights, Technomic

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Non-commercial Stepping Up

Balancing Health with Flavor

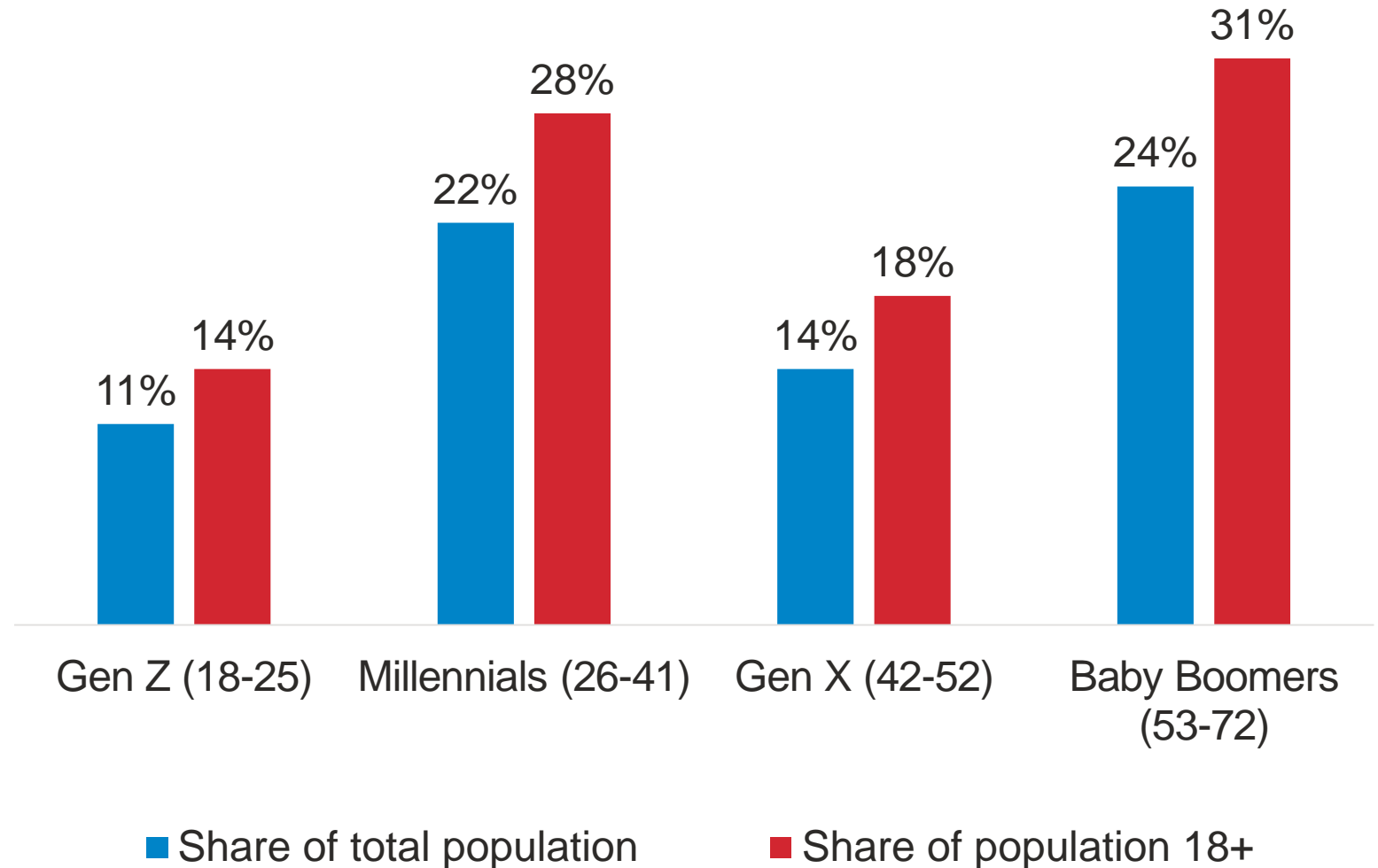
- Replacing burgers and ground beef with a meat and mushroom blend
- Flavorful dry-rubbed wings replacing fried



What's Next

Population Shift

Millennials are set to overtake boomers as the largest generation



Source: based on the generational age ranges Technomic uses and the latest projections available from the U.S. Census

Gen Z and Millennials

- Heaviest users of Foodservice, and that reliance will continue
- Will lead to a variety of changes



Source: 2018 Generational Consumer Trend Report

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Kid Menu Overhaul

For approval of Millennial Parents

- Healthier
- All-natural ingredients described as fresh, real or made-from-scratch
- More adventurous



Sharkey's Wood-Fired Mexican Grill

California

Kids Power Plate features a mesquite-grilled salmon finger, paired with brown rice and grilled veggies, plated in a more grown-up presentation



Infomania

Intensifies

- Guided experiences
- Look up menus
- Review sites
- Nutritional information
- “Can’t-miss” items



 Transit
1:30min 120m

 Hotel
★★★★★ 40m

 Grocery Store
★★★★★ 30m

 Restaurant
★★★★★ 25m



Diners Want Transparency

Restaurant Transparency (Agree & agree completely)

I'd like restaurants to be more transparent about what's in their menu

54%

I'm more concerned about the additives in my food than I was two years ago

47%

Base: Approx. 775 aged 18+
Q: How much do you agree or disagree with the following statements?

Feel Good Foods Must Think About Sustainability



Responsible Sourcing

HOW IT'S RAISED

As Steve set out to make his Carnitas recipe even better, he discovered how most pigs in this country are raised on industrial farms—and what he saw there wasn't pretty. Raising pigs in the conventional system can be particularly brutal for the animals. They're typically raised indoors, in densely crowded conditions with little or no bedding, and routinely fed antibiotics to keep them from getting sick in such close quarters. So, Steve set out to find an alternative that allowed the pigs to express their natural tendencies. And it turns out that this way of raising pigs also produces better tasting pork:



RAISED ON PASTURE
OR IN DEEPLY
BEDDED PENS



NO GESTATION OR
FARROWING CRATES



NO ROUTINE DOCKING
OF TAILS OR
CLIPPING OF TEETH



NO SUBTHERAPEUTIC
ANTIBIOTICS
(INCLUDING
IONOPHORES*)



CLEAN BEDDING
PROVIDED
REGULARLY



LIGHTING SYSTEMS
THAT FOLLOW
NATURAL PATTERNS



100% VEGETARIAN
DIET



HUMANE HANDLING
OF ALL ANIMALS



ZERO TOLERANCE FOR
ANIMAL CRUELTY



for Real

Continued Shift to Plant-based



MADE FROM PLANTS!



THE IMPOSSIBLE CHEESEBURGER

New Range of Plant-based Available

Burger King



Morningstar Farms
Veggie Burger

**Mendocino Farms
Los Angeles**



The Rescued Vegetable
Burger

**Bahama Breeze
Island Grille**



Jackfruit Tacos

Hyper-personalization



SECRET MENU ITEMS



Functional Benefits Targeting Lifestyle Needs Will Grow



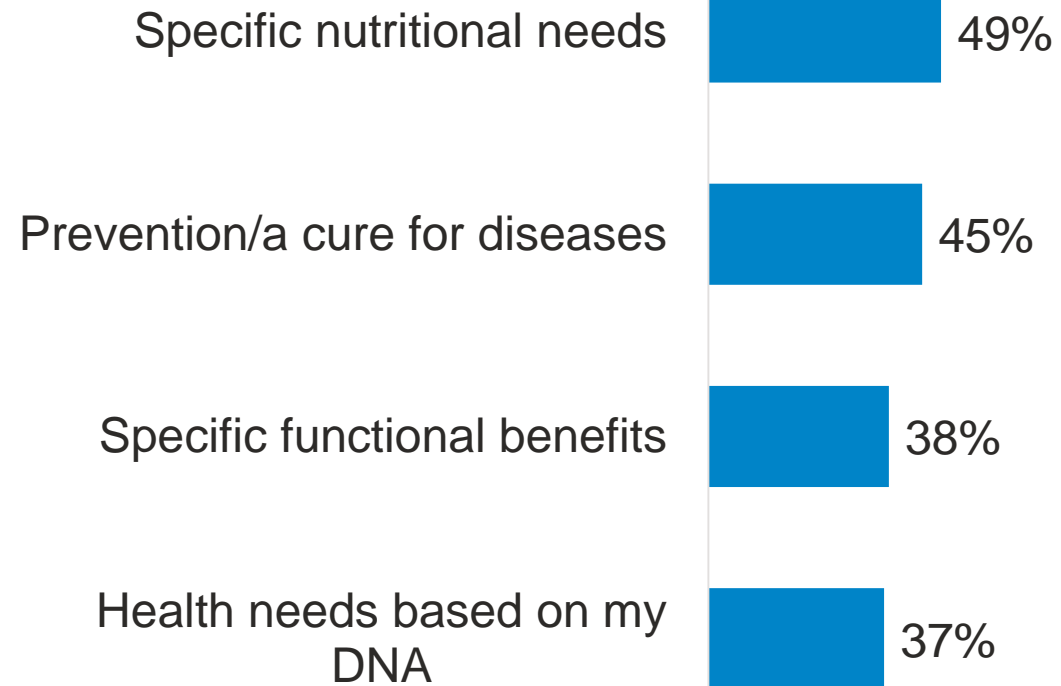
Source: 2016 Healthy Eating Consumer Trend Report

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Processed Functionality



“If offered, I’d likely try options processed or modified to provide_____.”



Is It Food?

“If it was offered at a restaurant, I’d be likely to try____.”



23%

Printed foods

23%

**Baked goods made
with insect flours**

20%

Lab-grown meat

Questions?



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