

VIBE CONFERENCE

VERY IMPORTANT BEVERAGE EXECUTIVES

September 27-29, 2021 | Omni La Costa Resort & Spa, Carlsbad, CA

bar &
restaurant

AN EXPERIENCE FROM
questex

General Session

The Return to Experience

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The Return to Experience

1. Current Situation
2. Home Centricity
3. Experiential Spending

A person wearing a white lab coat and blue gloves is holding a brown paper bag. The image is overlaid with a blue semi-transparent rectangle. The text "CURRENT SITUATION" is written in white capital letters across the center of the blue rectangle. In the bottom right corner, a blue-tinted image of a person holding a coffee cup is visible.

CURRENT SITUATION

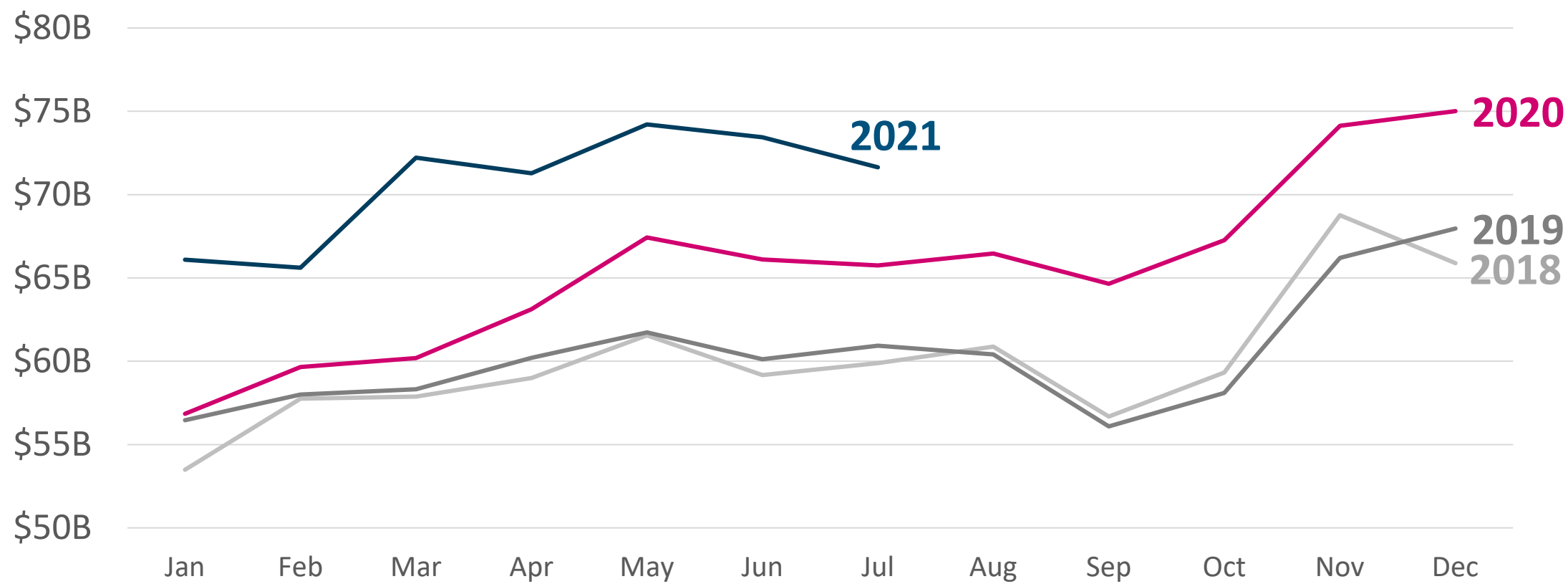
Consumer Leisure Categories 2019

The below activities account for \$472B in consumer spend, but have reduced spend currently

Cruises \$18B 	Gyms \$32B 	Sporting Events \$56B 	Theaters \$9B 	Leisure Air Travel \$102B 
Concerts \$9B 	Movies \$11B 	Camps \$18B 	Amusement Parks \$19B 	Hotels/Lodging \$198B 

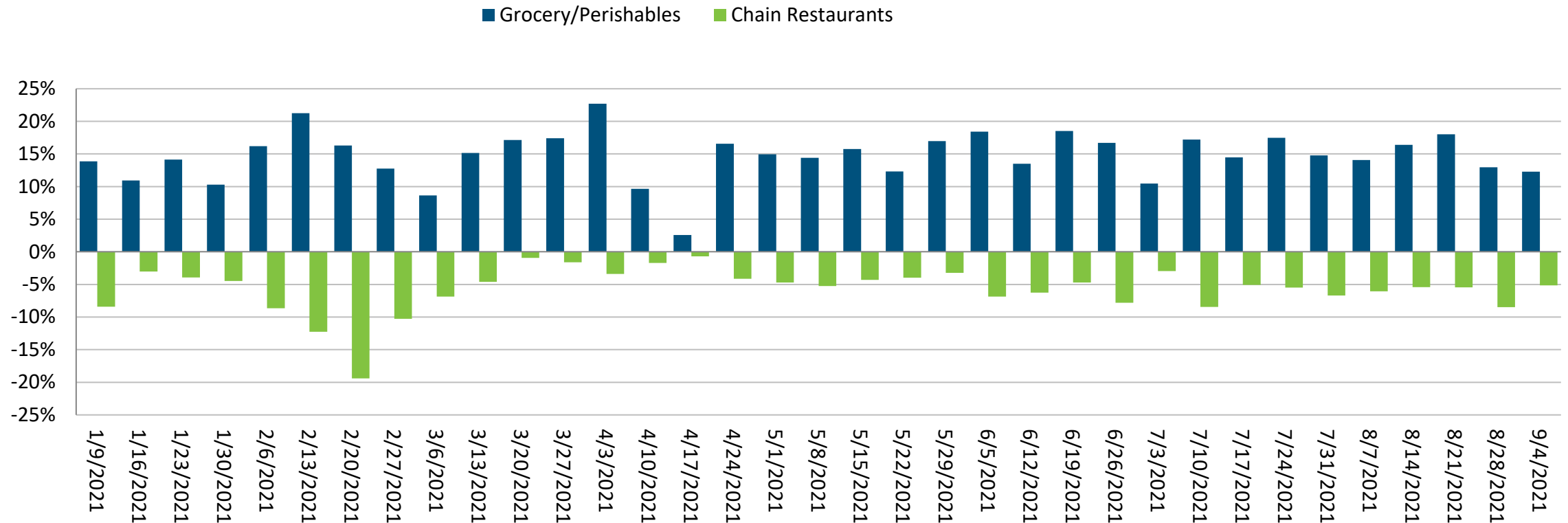
Overall Retail US Including Restaurant & Grocery

Total Retail (Online + In-Store)
Average Weekly Retail Dollar Sales
(All Industries, including Foodservice & Grocery)



Source: The NPD Group/Checkout

U.S. Chain Restaurants vs. Grocery/Perishable Foods vs. Two Years Ago — Dollar Sales



Source: The NPD Group and Nielsen point-of-sale data; The NPD Group/CREST® Performance Alerts, CREST®



86%

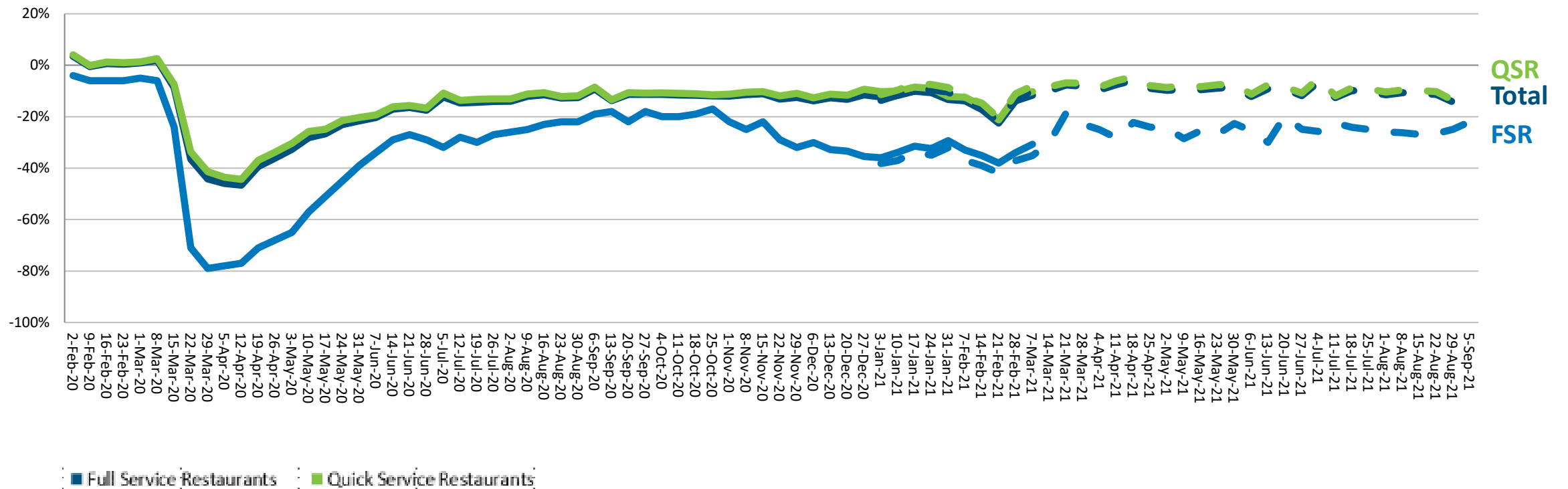
of eating occasions
were **sourced**
from home over
the past year.

Source: The NPD Group/National Eating Trends®, YE Feb. 2021

U.S. Chain Restaurant Transactions

View of year over year through March 7, 2021, and year over two years YTD September 5. Total transactions are -11% vs. 2019.

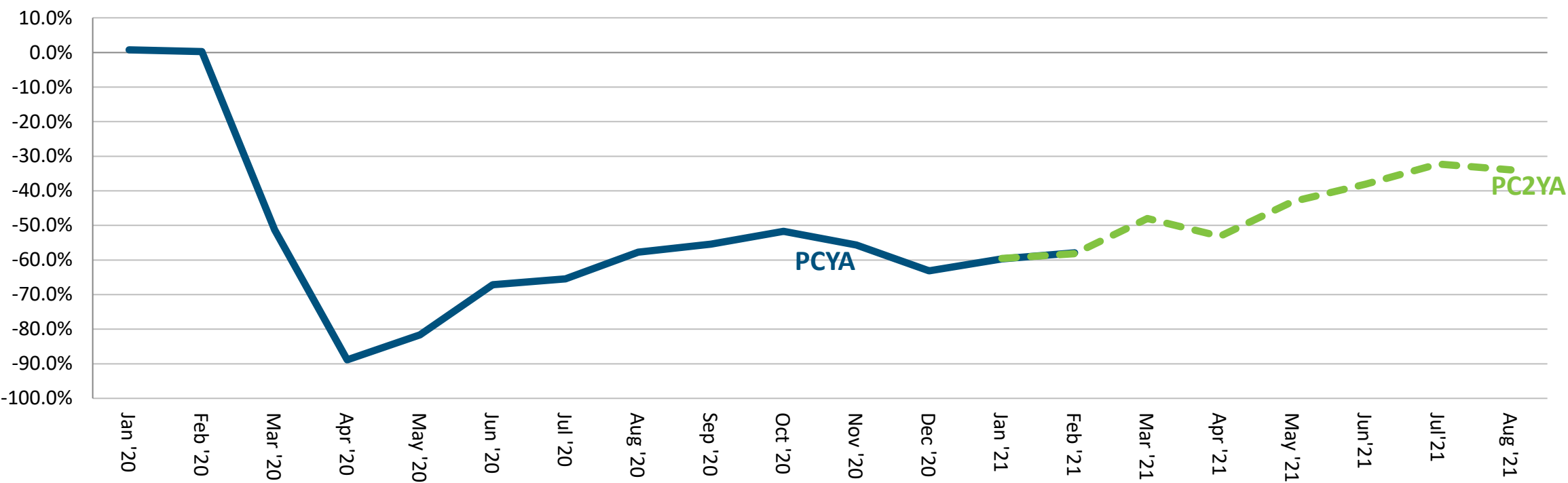
U.S. Restaurant Weekly Transactions PCYA



Source: The NPD Group/CREST® Performance Alerts

On-premises Traffic Remains 32% Below 2019

Year-over-year trend through February 2021; year-over-two-year trend YTD July 2021.



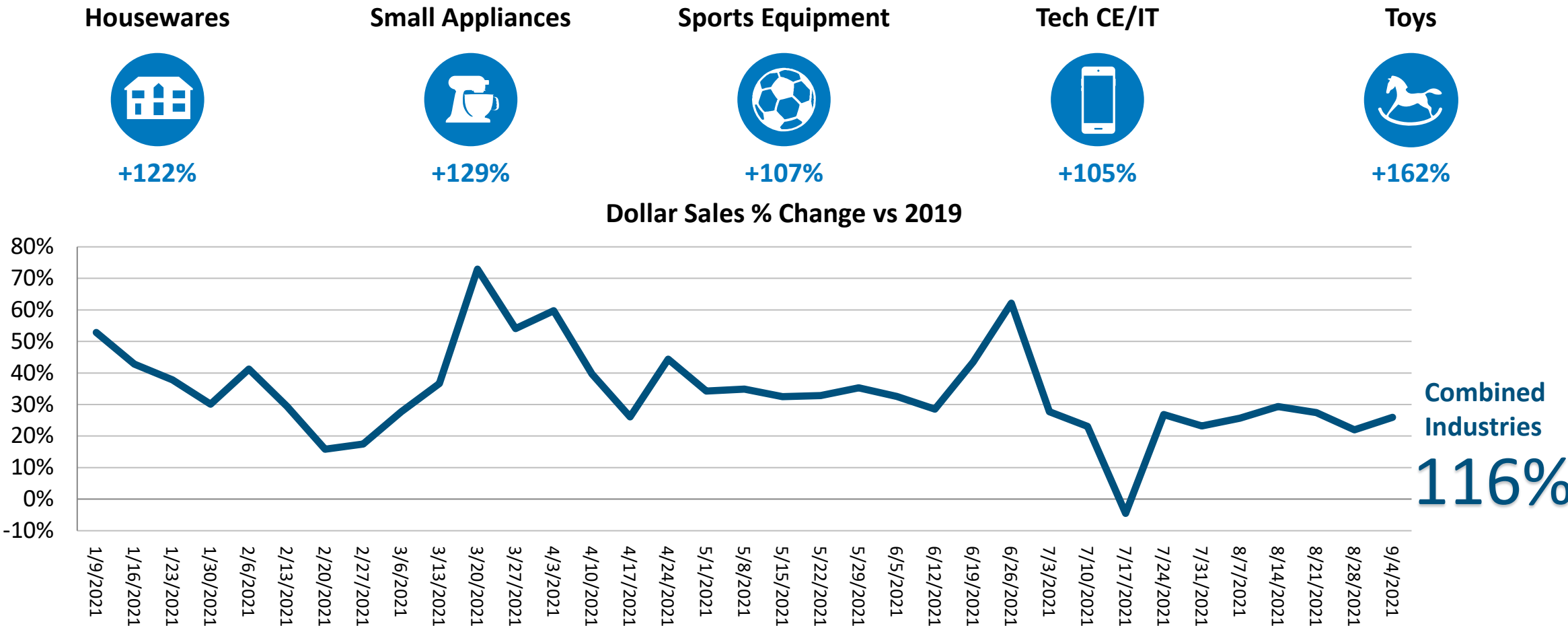
Source: The NPD Group/CREST®

A photograph of a modern kitchen and dining area. On the left, a wooden dining table with a metal base is set with a dark plate and a glass. A wooden stool is positioned under the table. To the right, a kitchen counter features a black induction cooktop with a silver pot. Above the counter, open shelves hold various jars and containers. The entire image is covered with a semi-transparent blue overlay.

HOME CENTRICITY

Home and Work Lifestyles Drive Shift in Spending

Consumers have invested in ways to live and work differently.



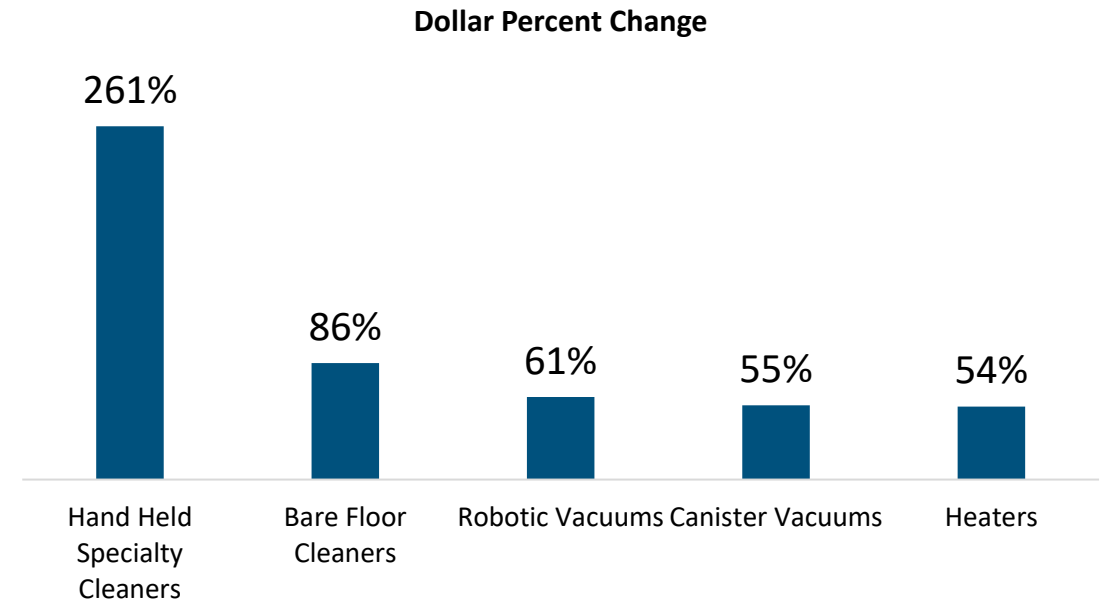
Source: The NPD Group/POS Data

Home Environment Top Growing - YTD

Based on Absolute Dollar Change

Subcategory	Absolute Dollar Change (\$M)
Robotic Vacuums	+\$167M
Deep Carpet Cleaners	+\$130M
Bare Floor Cleaners	+\$128M
Room Air Conditioners	+\$115M
Air Purifiers	+\$94M

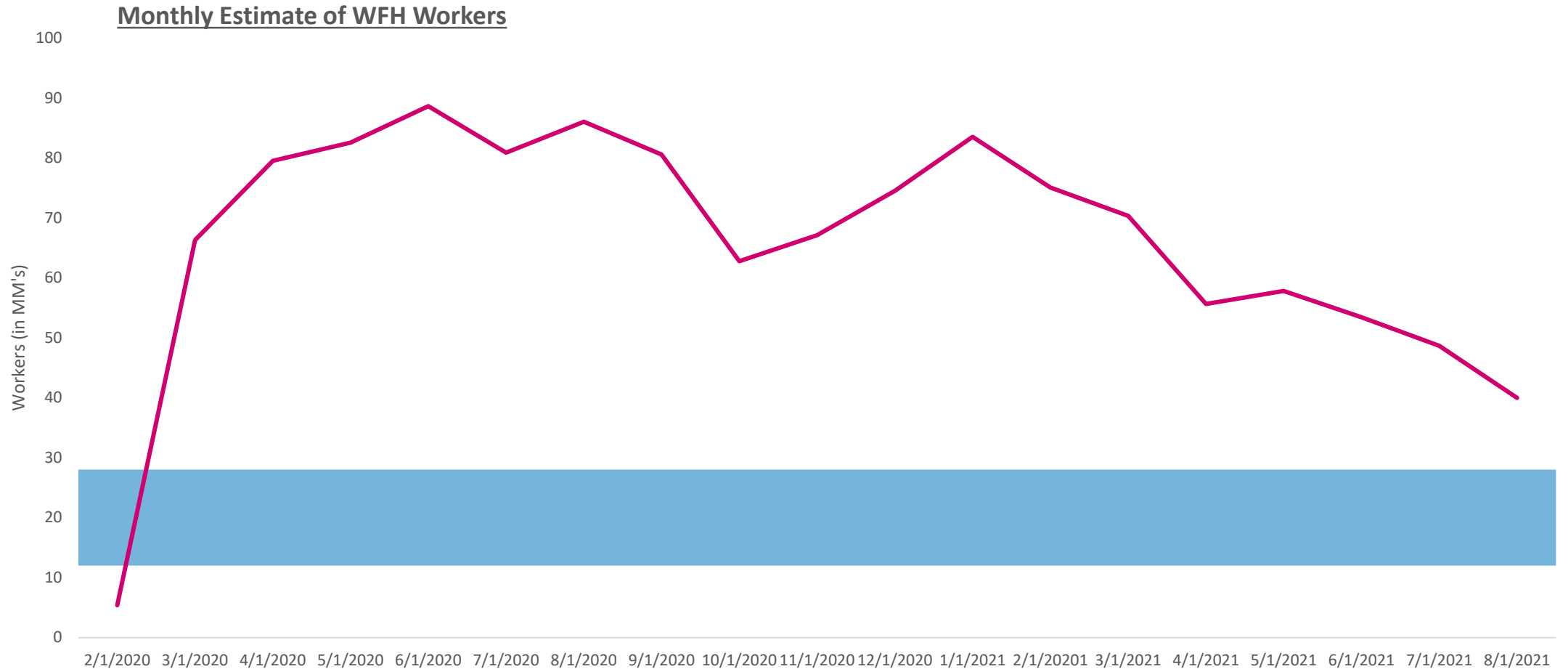
Based on Dollar Percent Change



Source: The NPD Group/Retail Tracking Service; YTD July 3, 2021 vs. YAGO

Working From Home

As of August 2021, about 40MM workers are still working from home.



Source: NPD Innovation Lab, Financial Transaction Data, & BLS Labor Statistics

**Sweats & Activewear +21% while Tailored & Dress – 7%
as consumers look for **versatility and casual.****

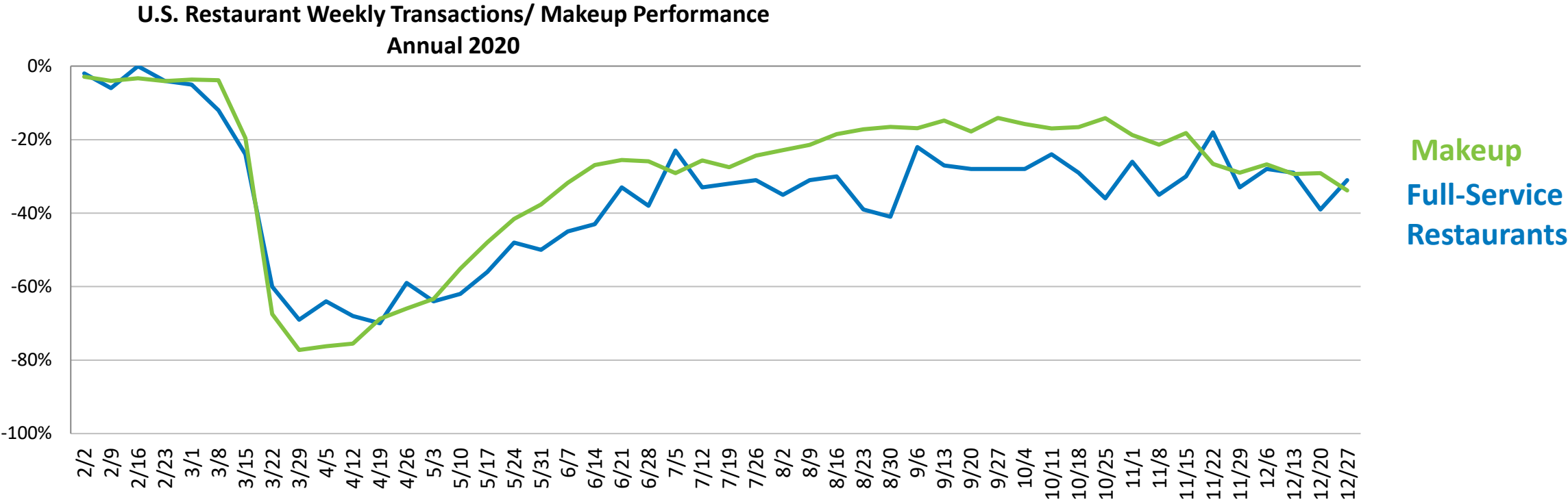


Source: The NPD Group/Consumer Tracking Service/12 ME May 2021

The Usage Occasion Correlations

Makeup performance mimics the trend of full-service restaurants

Correlation Coefficient 0.90



Source: The NPD Group/CREST® Performance Alerts
Retail Early Indicator Report
Beauty Trends Weekly Data

A photograph showing the silhouettes of three children playing in a field of tall grass at sunset. The child on the left is jumping with arms outstretched. The child in the middle is standing and looking towards the camera. The child on the right is standing with one arm raised. A soccer ball is visible in the bottom left corner. The background is a bright, orange-hued sky with clouds.

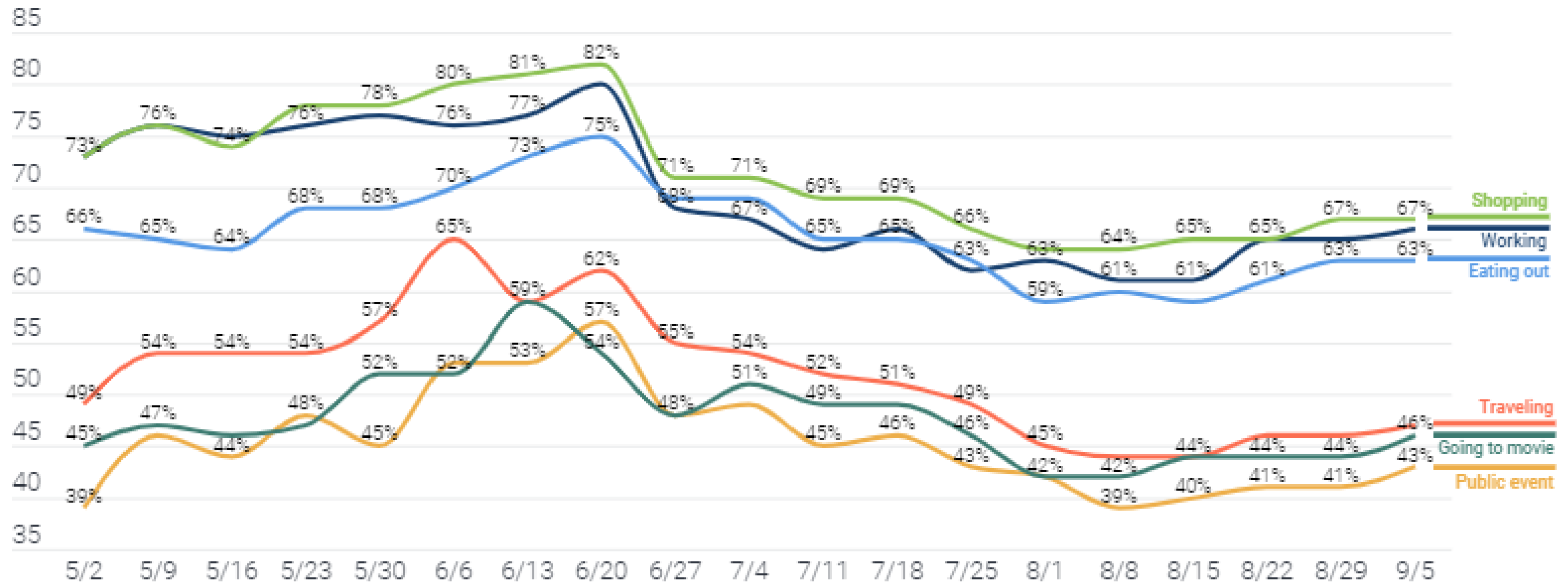
**Outdoor & Sport
Toys grew +19%
the past 12
months and +38%
vs 2019 as
consumers craved
to be outside**

Source: The NPD Group/Retail Tracking Service/12 Months Ending May 2021



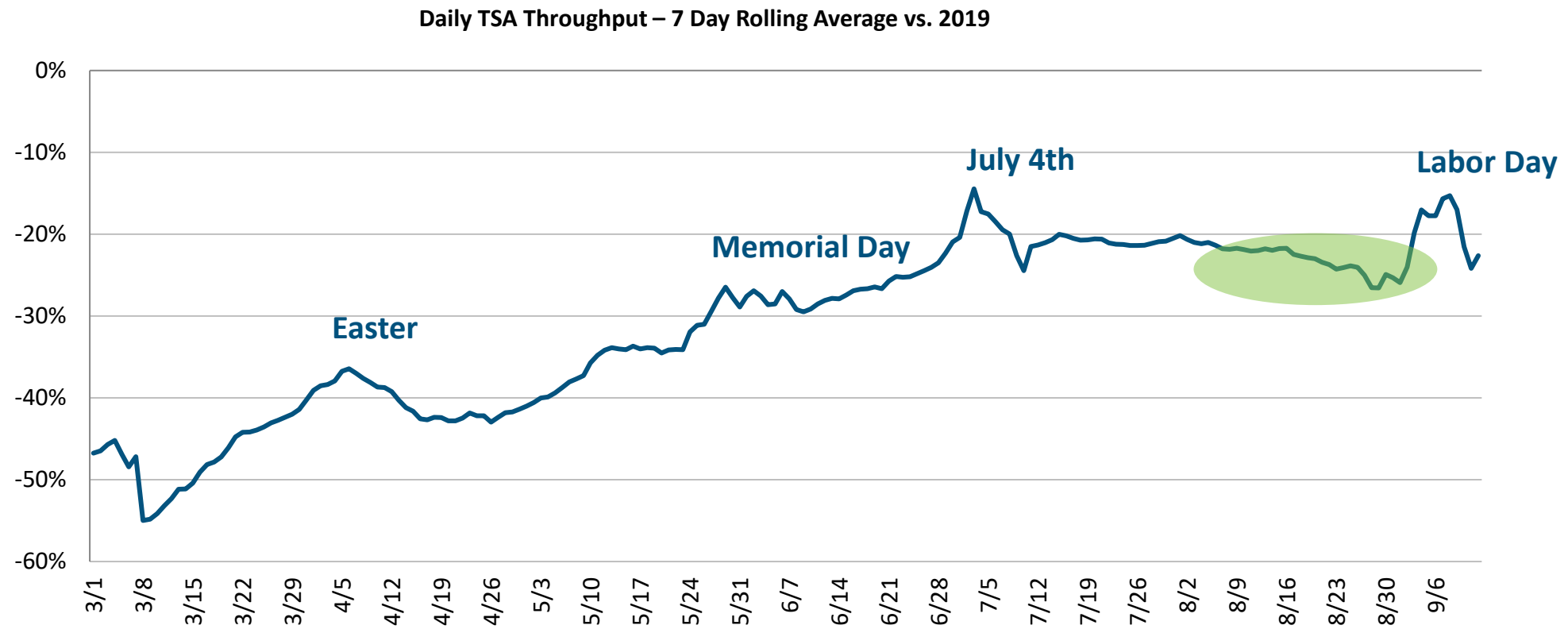
EXPERIENTIAL SPENDING

How soon from now would you be comfortable... [Weekly percentages]



TSA Counts – 7-Day Rolling Average vs. 2019

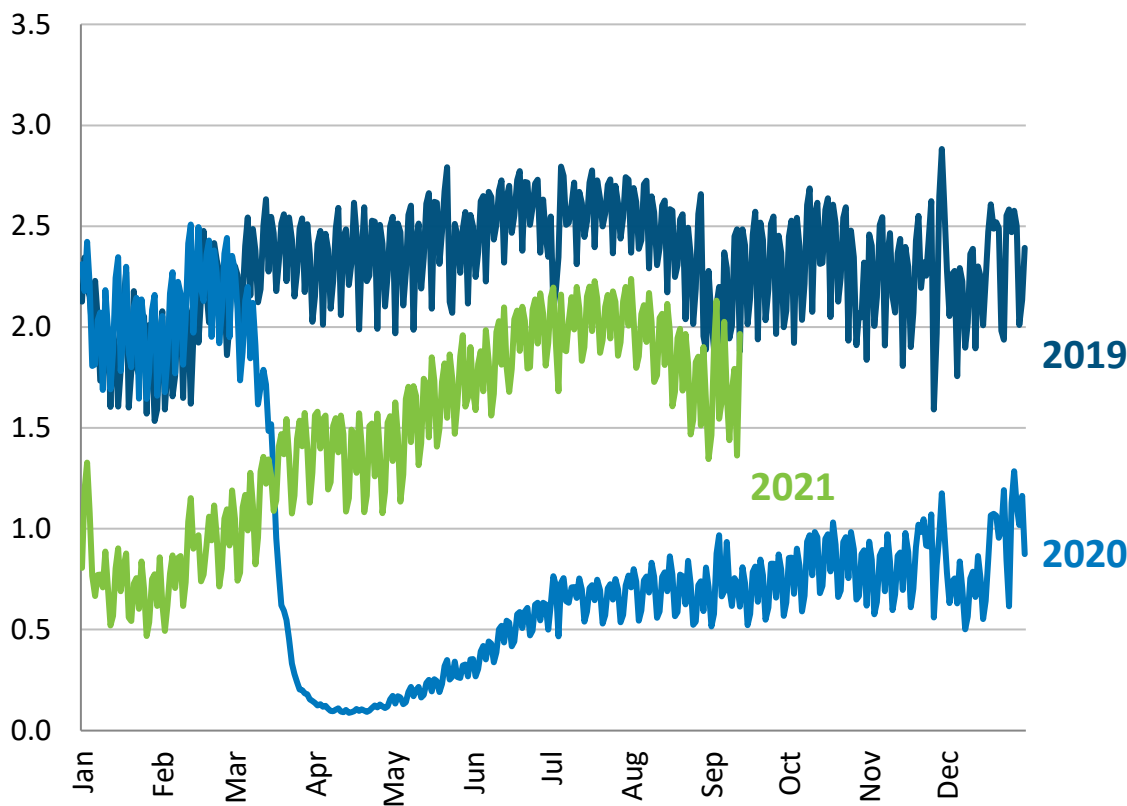
The 7-day rolling average of airline passenger counts remains below 2019 but has been climbing steadily. In August, it began to fall slightly.



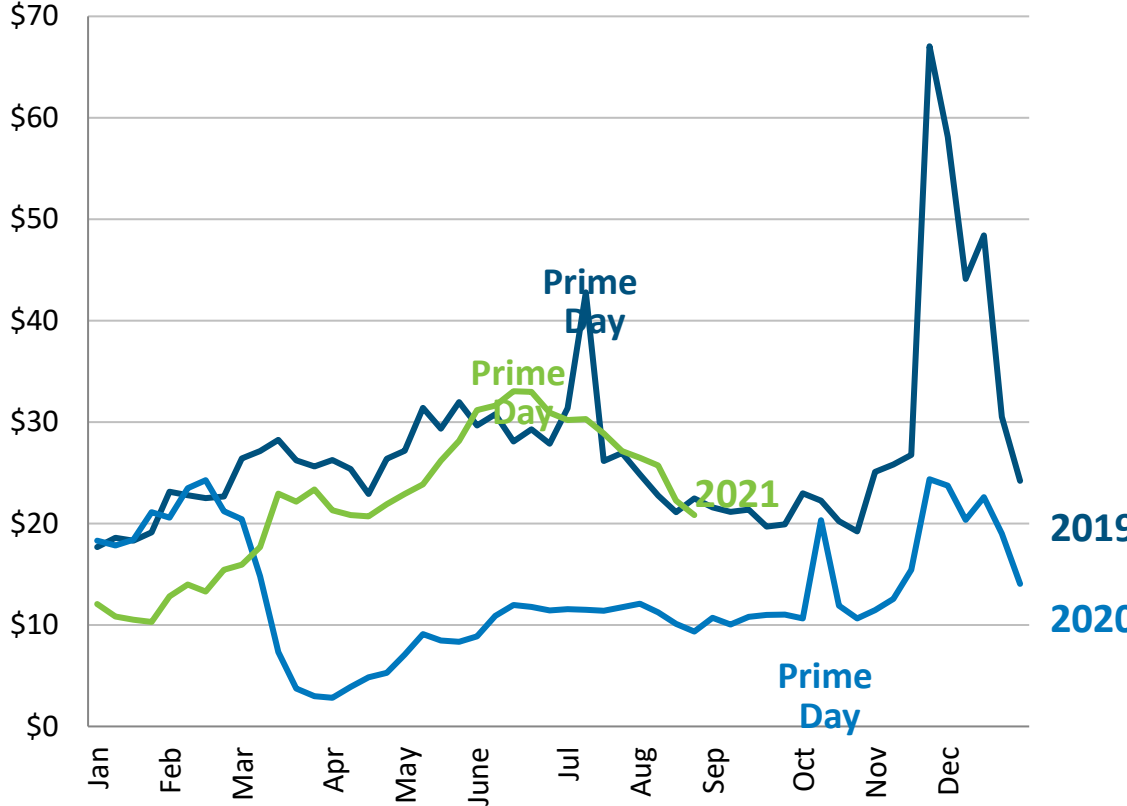
Source: TSA.gov

Luggage Sales Trend Closely with Passenger Counts

Daily TSA Throughput – Passengers (M)



Weekly Luggage Sales (\$M)



*7 day rolling average as of 9/12/2021

Source: TSA.gov
Source: The NPD Group/Retail Tracking Service

Total Entertainment Trends

Overall, consumers increased their time and money spent on entertainment activities over the past 6 months compared to 2020



\$858 spent on entertainment activities
vs. **\$715** in 2020



73 hours a week spent on entertainment activities vs. **72 hours** in 2020

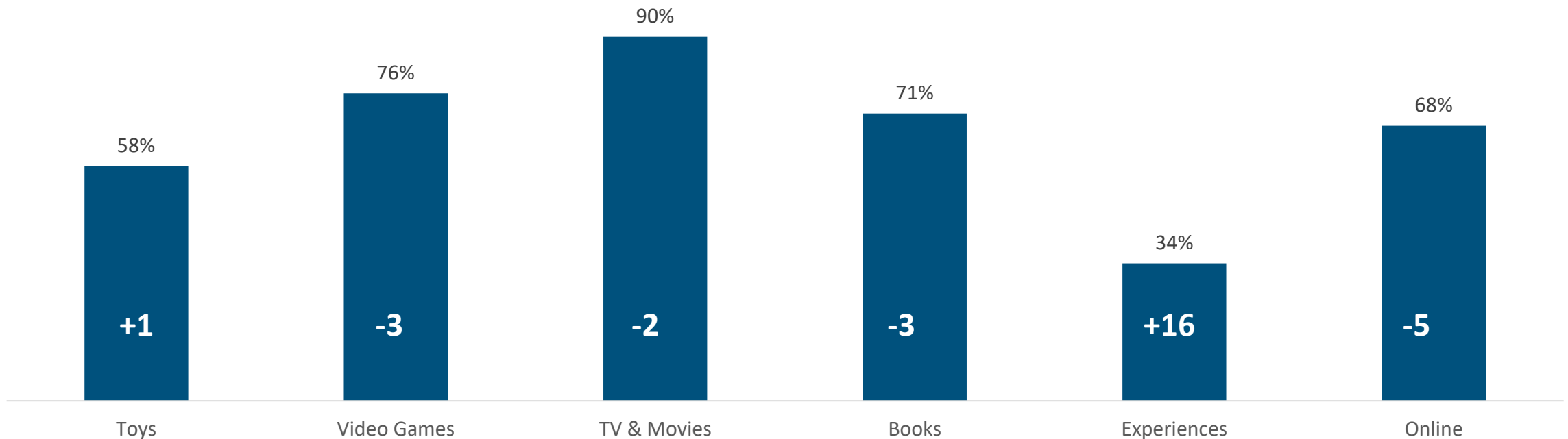


The NPD Group / Evolution of Entertainment study/6 ME July 2021

Entertainment participation among consumers

While overall participation in entertainment activities is still high across the board for traditional entertainment, some activities have dropped in participation since the pandemic period

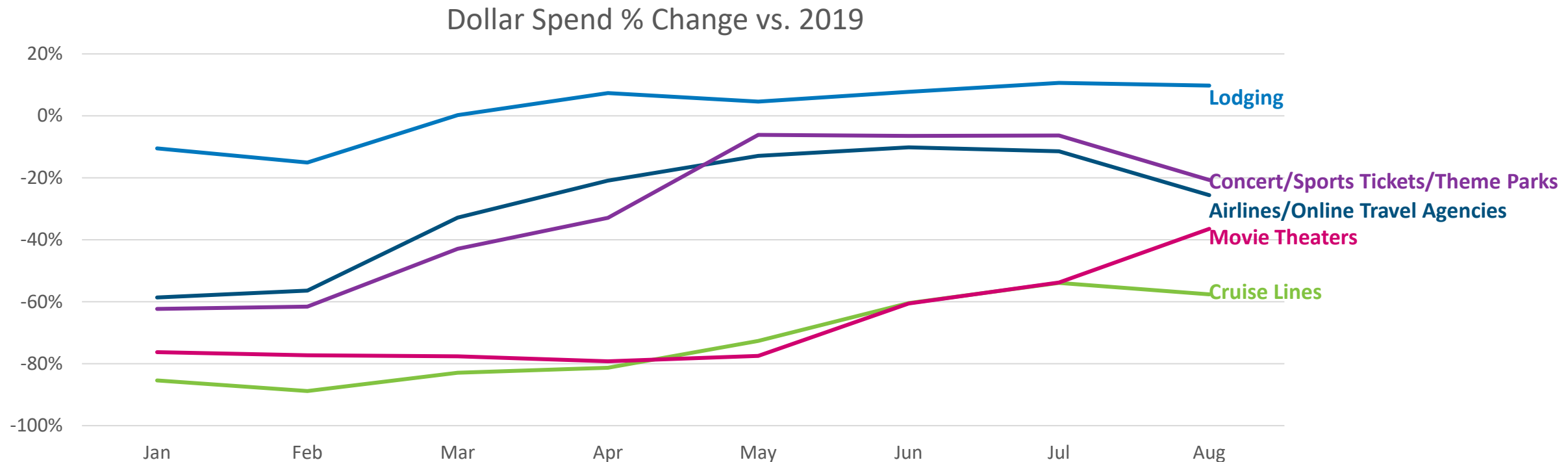
Consumer Participation by Activity Percentage (past 6 months)



The NPD Group / Evolution of Entertainment study/6 ME July 2021

Experiential Spend Below 2019

With exception of Lodging, driven by home rental services like Airbnb.
Recovery in tickets/theme parks and airlines/travel agencies slowed in Aug.

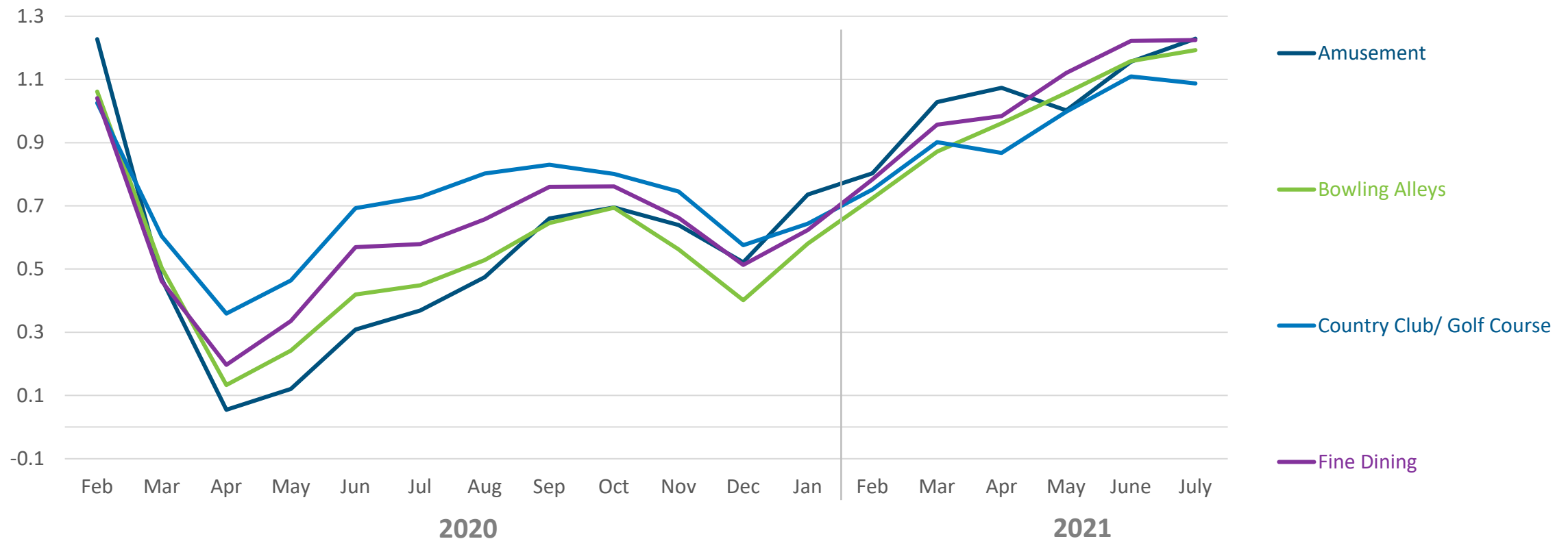


Source: The NPD Group/Innovation Lab

Return To Experience (Seen Through Foodservice)

Through the first half of 2021, the trend of experience-based categories are rebounding, with some operator categories close to pre-pandemic levels

Total Operator Category Dollar Index vs. Average 2018/2019



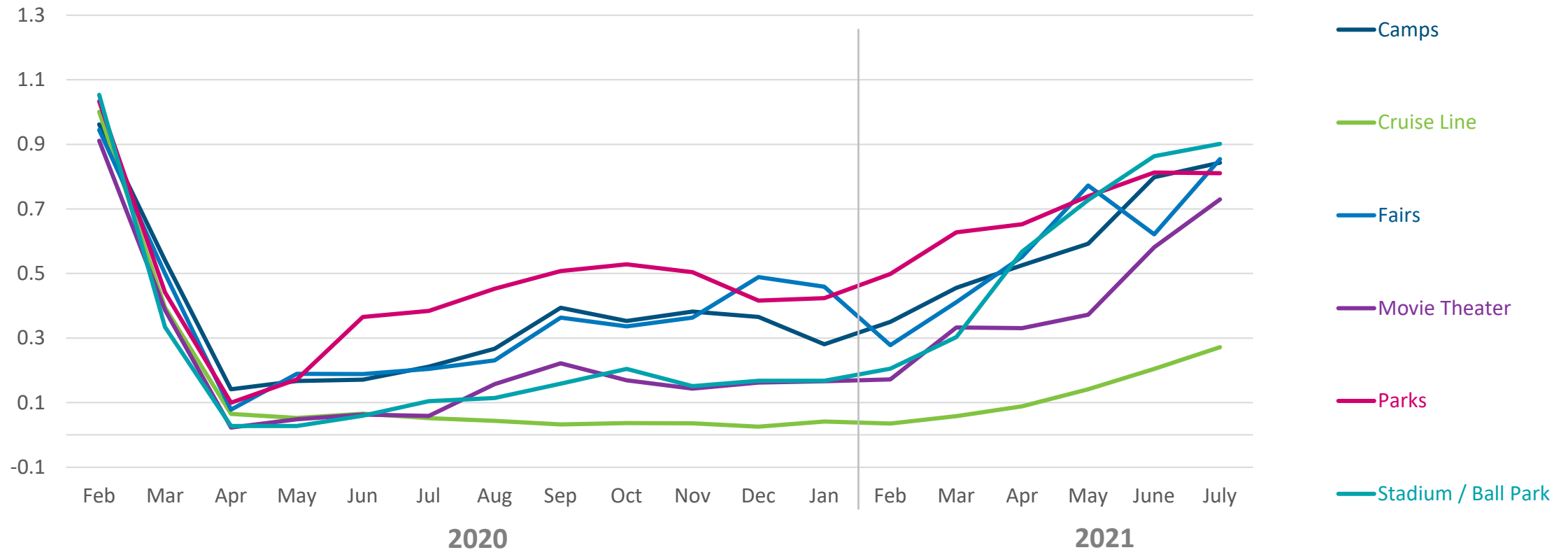
Note: Broadline distributor data only, some dollar spend may be contractual

Source: The NPD Group, SupplyTrack, 12 ME July 2021

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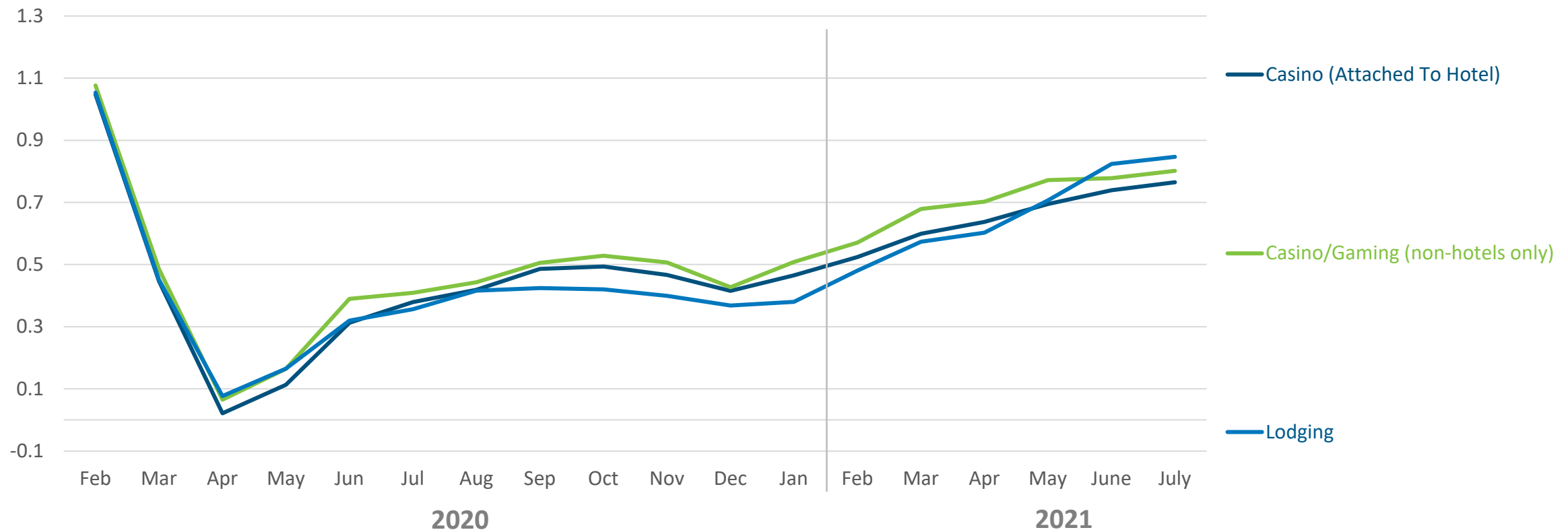
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Foodservice Outlook: Persistent Headwinds

Several factors will limit the recovery

INFLATION

Food away from home is increasing faster than retail, making the relative cost of a grocery basket more affordable.

POPULATION

Long term population dynamics like aging and lower female labor force participation will continue to be a drag on restaurant demand

HOME CENTRICITY

Home has become a focal point for many aspects of life including work, entertainment , recreation and exercise

ON PREMISES

As of July, only 63% of consumers were comfortable eating out and on premises traffic at restaurants remained 32% below pre-pandemic levels

UNIT COUNT

From the start of lockdowns in March, to December of 2020, the net unit count for commercial restaurants declined more than 41,000 units

TRAFFIC OUTLOOK

Total commercial restaurant traffic through 2022 is only expected to regain about 98% of its 2019 level, while QSR is forecast to draw even with 2019.

A photograph of a restaurant interior with large windows. Several people are seated at tables, their silhouettes visible against the bright light from the windows. Four modern, dark, ribbed pendant lights hang from the ceiling. The text "Restaurant traffic will recover 98% of 2019 traffic levels by the end of 2022." is overlaid on the bottom half of the image. The words "98% of 2019" and "traffic levels" are in green, while the rest is in white.

Restaurant traffic will recover **98% of 2019**
traffic levels by the end of 2022.

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