



REGAINING A HEALTHY INDUSTRY

MONITORING THE SITUATION AND
CONSIDERATIONS FOR ONGOING VIABILITY

MAY 20, 2020

Close but not quite there.

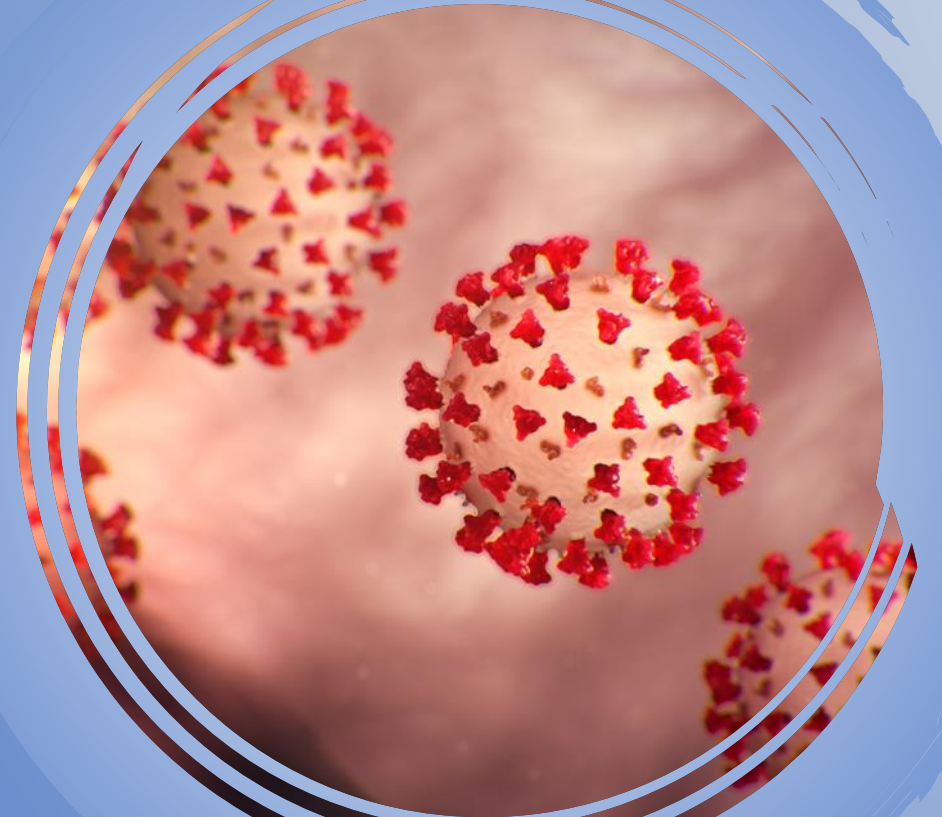
With well over half the states now allowing some degree of restaurant reopening, the industry is at the beginning of recovery. But hotels and other hospitality operators remain closed so true recovery for the overall industry is far off.

Early indications suggest pent up demand for returning to bars and restaurants, but keep in mind many remain closed so whether this is sustained through broader reopenings remains to be seen.

But there is cause for optimism. And, as always, there are opportunities for creative solutions, new offerings, improved service and a more vibrant and healthier industry on the other side.



CURRENT STATUS OF COVID-19



Worldwide Involvement

By the end of the week, global cases are likely to exceed 5M and deaths will close in on 400K.

While the U.S. continues to lead the world in both cases and deaths, the deaths per millions rate in this country is far smaller than several other hot spots in Europe. In fact, the death rate (deaths/ cases) in the U.S. is approximately 0.06 while in other countries it is approximately 0.14.

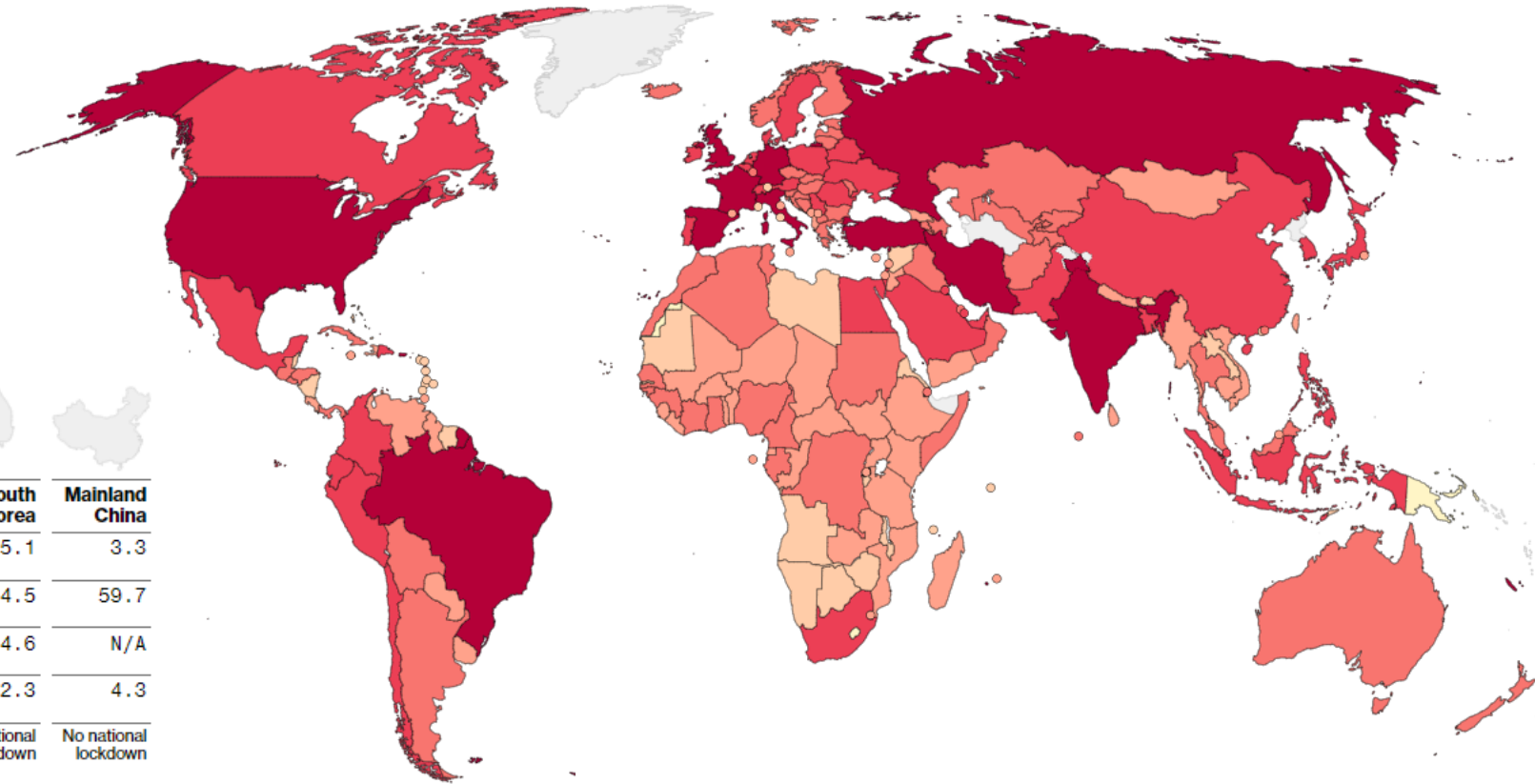
4,859,954

Confirmed cases worldwide

318,857

Deaths worldwide

Jurisdictions with cases confirmed as of May 19, 2020, 7:32 AM EDT
 1-9 10-99 100-999 1,000-9,999 10,000-99,999 100,000 or more



Spain	U.K.	Italy	France	U.S.	Germany	Japan	South Korea	Mainland China
557.7 deaths / mil.	533.0	513.5	417.7	273.6	100.1	6.0	5.1	3.3
4,661.7 cases / mil.	3,785.5	3,623.7	3,202.5	4,568.9	2,207.5	129.6	214.5	59.7
38.6 tests / 1,000	41.0	48.8	12.3	34.8	39.2	2.9	14.6	N/A
3.0 beds / 1,000	2.5	3.2	6.0	2.8	8.0	13.1	12.3	4.3
National lockdown since March 14	National lockdown since March 23	National lockdown since March 10	National lockdown since March 17	No national lockdown	National lockdown since March 23	State of emergency since April 7	No national lockdown	No national lockdown

Testing data as of May 18, 2020, 2:40 PM EDT

Sources: OECD for number of hospital beds (2016 for the U.S., 2017 for other countries), government agencies and the COVID Tracking Project via Our World in Data for testing data (various recent dates) and the U.S. Census Bureau for population figures (2019).



Moderna enjoyed considerable press, and pushed stocks higher, on the news Monday that its initial Phase 1 tests for its COVID-19 vaccine produced better-than-expected results. It's been fast-tracked into Phase 2 and hopes to begin Phase 3 before the end of the summer. A day later, the company was criticized for not providing all data from the tests and both its stock and the market following the criticism. This is one of 100 vaccines in development, of which 20 are expected to start human trials before the end of the year.



Trump threatened to cut all funding for the WHO and most member countries are now calling for an independent investigation into the WHO's handling of the coronavirus response.

ANNUAL MEETING 2020



Two-thirds of risk professionals surveyed by the World Economic Forum identified a prolonged economic downturn as the greatest risk now facing the world from now until the end of 2021.



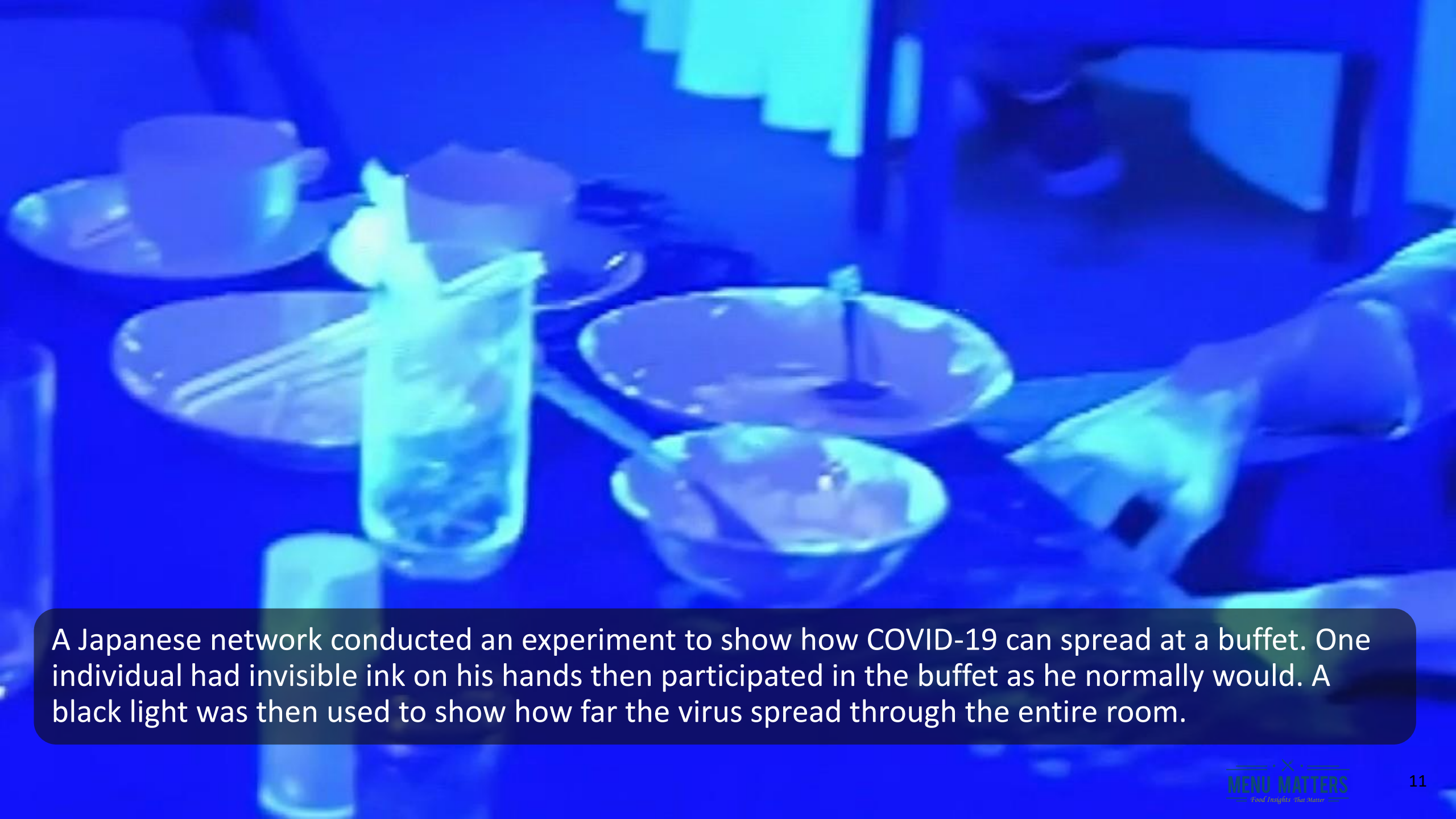
Brazil is now the fastest growing coronavirus hotspot globally, with hospitals in danger of being overwhelmed.



Tensions between Scotland and England have increased through the crisis due to very different infection rates (Scotland has experienced limited impact) and conflicts over reopening plans.



The dollar fell while both the pound and the euro rose thanks to promising infection data from Germany and a clear path forward to reopening in England.



A Japanese network conducted an experiment to show how COVID-19 can spread at a buffet. One individual had invisible ink on his hands then participated in the buffet as he normally would. A black light was then used to show how far the virus spread through the entire room.

U.S. Curve Closing in on Flat

The U.S. continues to edge toward, but has not yet achieved, flat compared with several other countries.

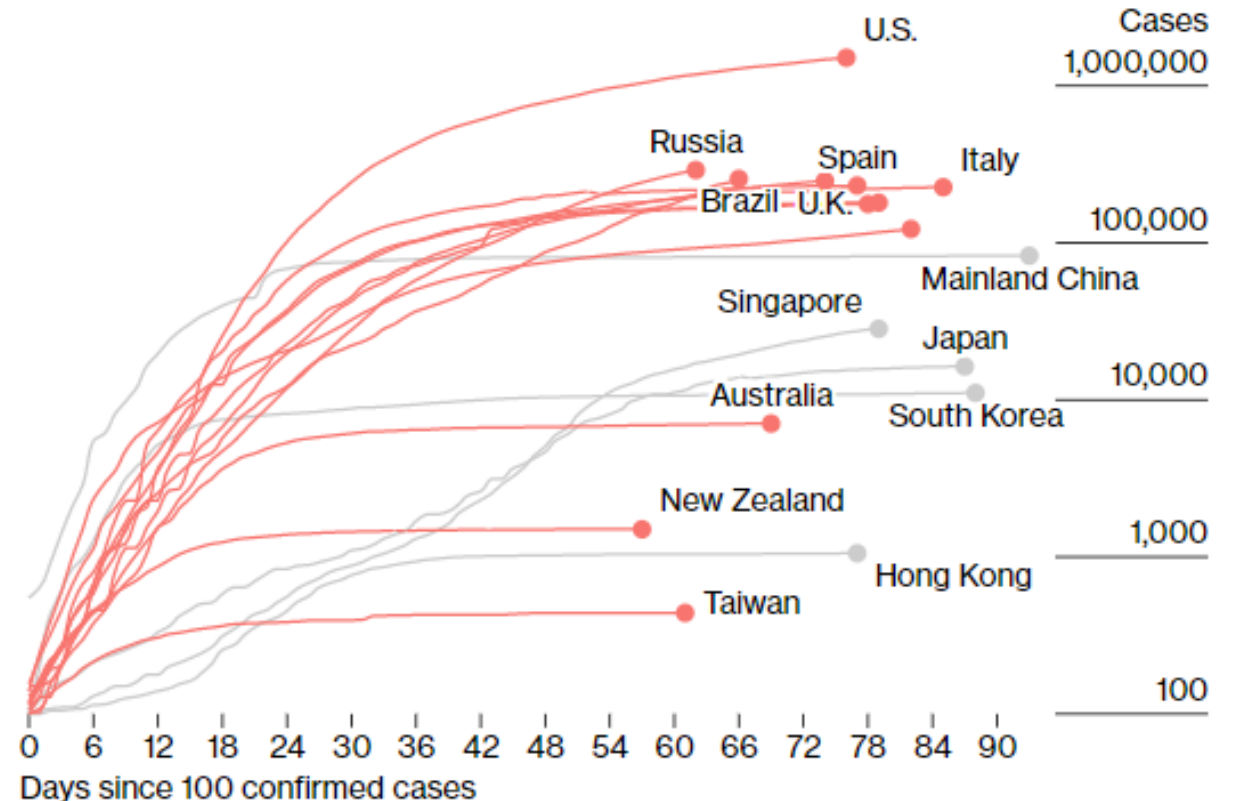
New global hotspots based on rate of confirmed cases appear to be Brazil and Russia. Singapore also has struggled to gain control over the spread of the disease.

Some Have Managed to Flatten the Curve 📉

The first 94 days with more than 100 confirmed cases

Show deaths 📉

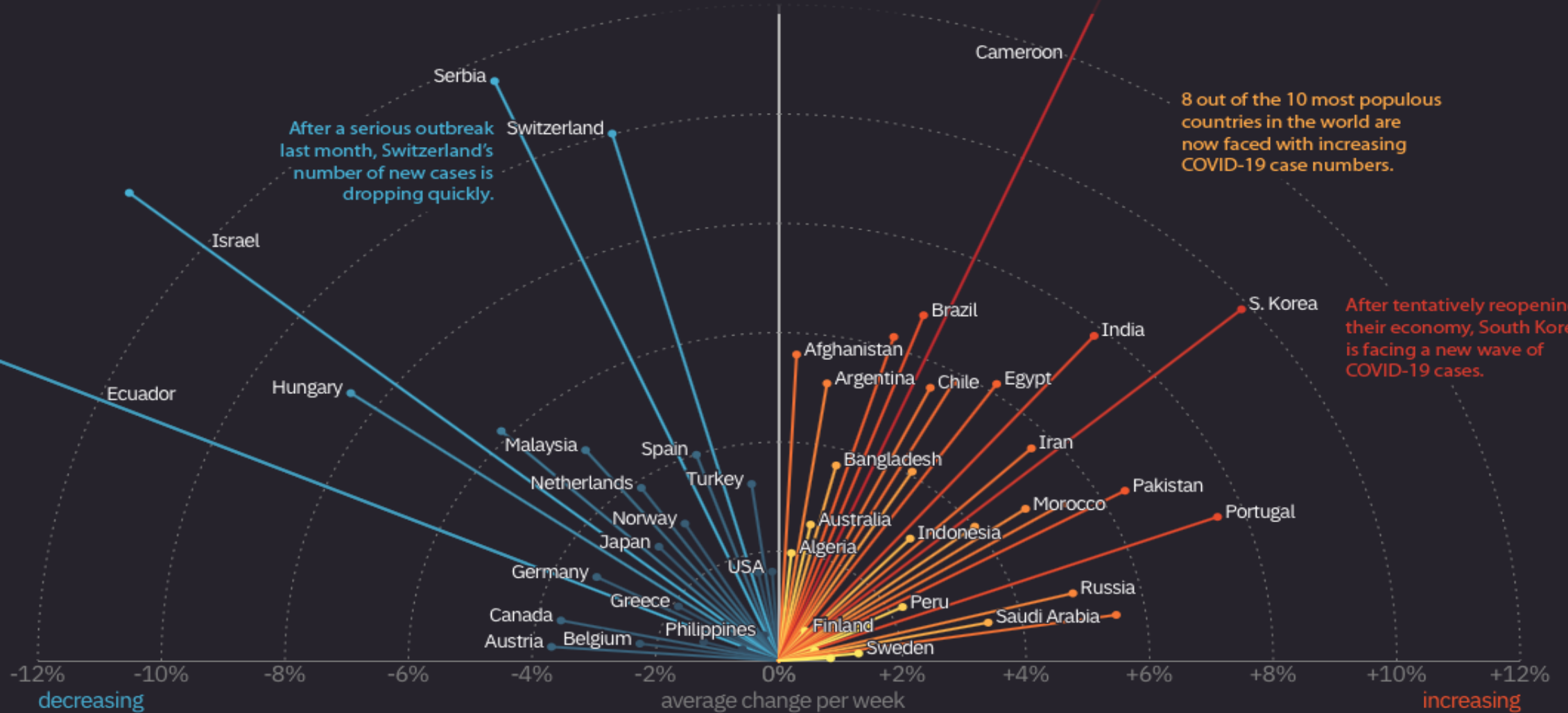
Asia Other



Note: JHU CSSE reporting began on Jan. 22, when mainland China had already surpassed 500 cases.
Source: Johns Hopkins University Center for Systems Science and Engineering

Where is Coronavirus Rising & Falling?

average % change in weekly cases



informationisbeautiful

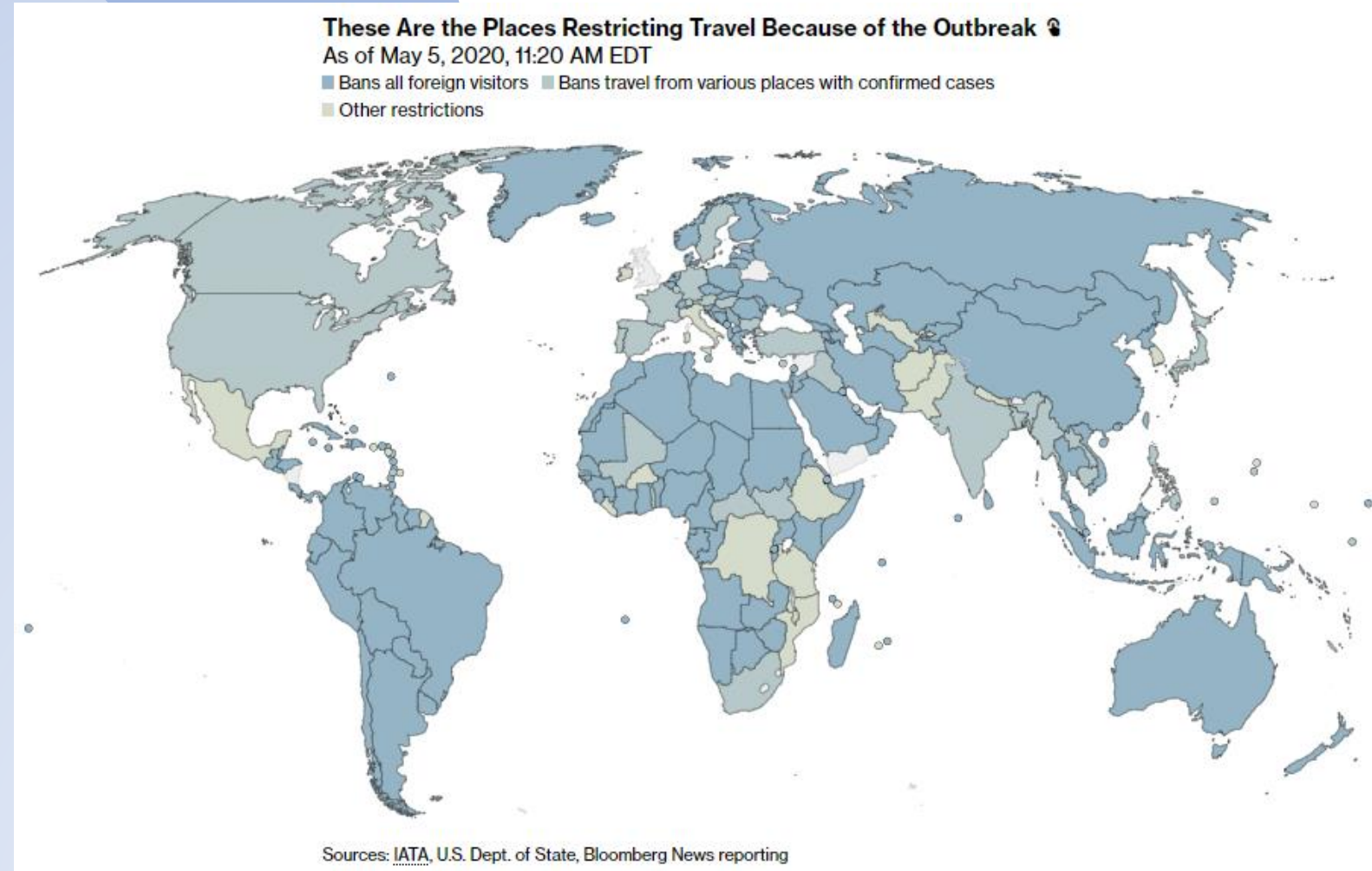
As of May 11, 2020 moving average, countries with > 2,500 cases and > 50 deaths. source: Johns Hopkins University

Global Travel Still Crippled

Most countries continue to have bans – ranging from targeted to complete – on foreign visitors.

This ongoing shutdown of international travel will have broad implications for most hospitality segments and will hamper recovery efforts in many metro areas and segments.

While reopening is occurring within borders, it's likely travel bans will remain in place past successful reopenings and mandatory quarantines likely to be put in place after bans are lifted will limit or eliminate tourism for most of 2020.



National Impact

With over 1.5M cases and over 90K deaths from COVID-19, the U.S. leads the world in case and death counts.

Former hot spots have been showing consistent declines over the past few weeks, a promising sign that some of the largest metro areas may reopen sooner than originally expected.

1,508,805 90,366

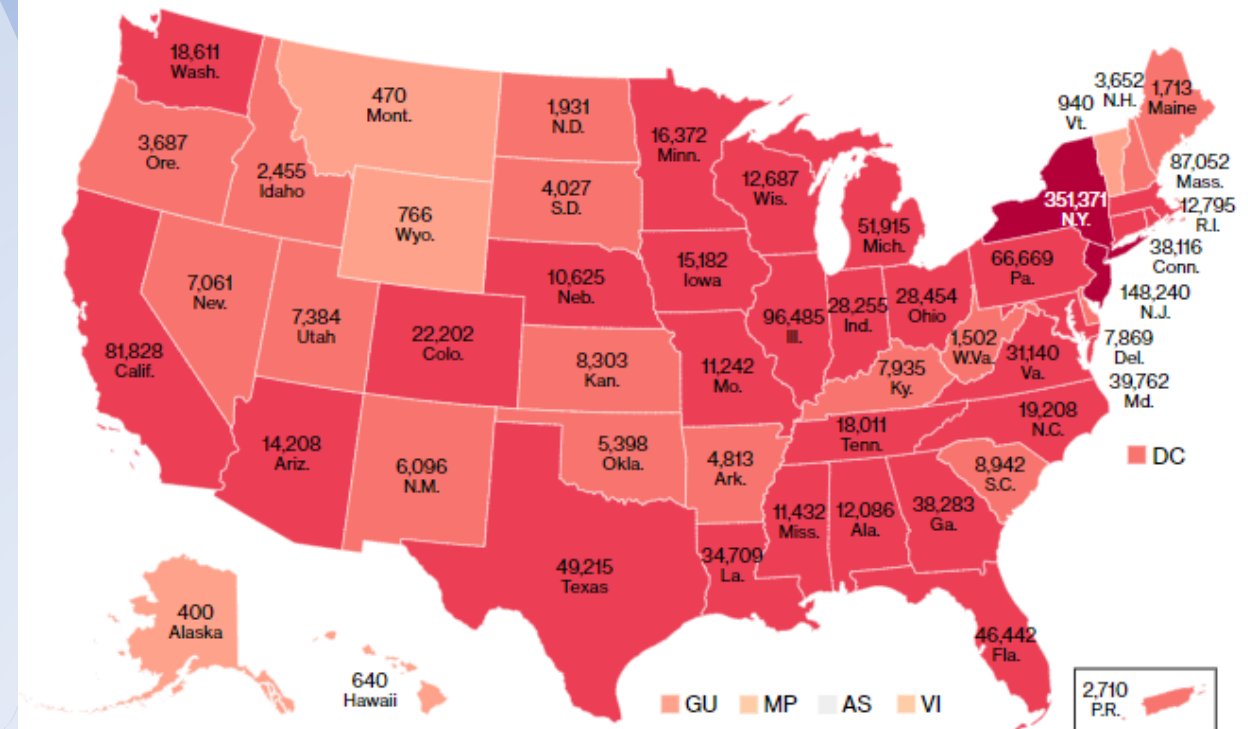
Confirmed cases in U.S.

Deaths in U.S.

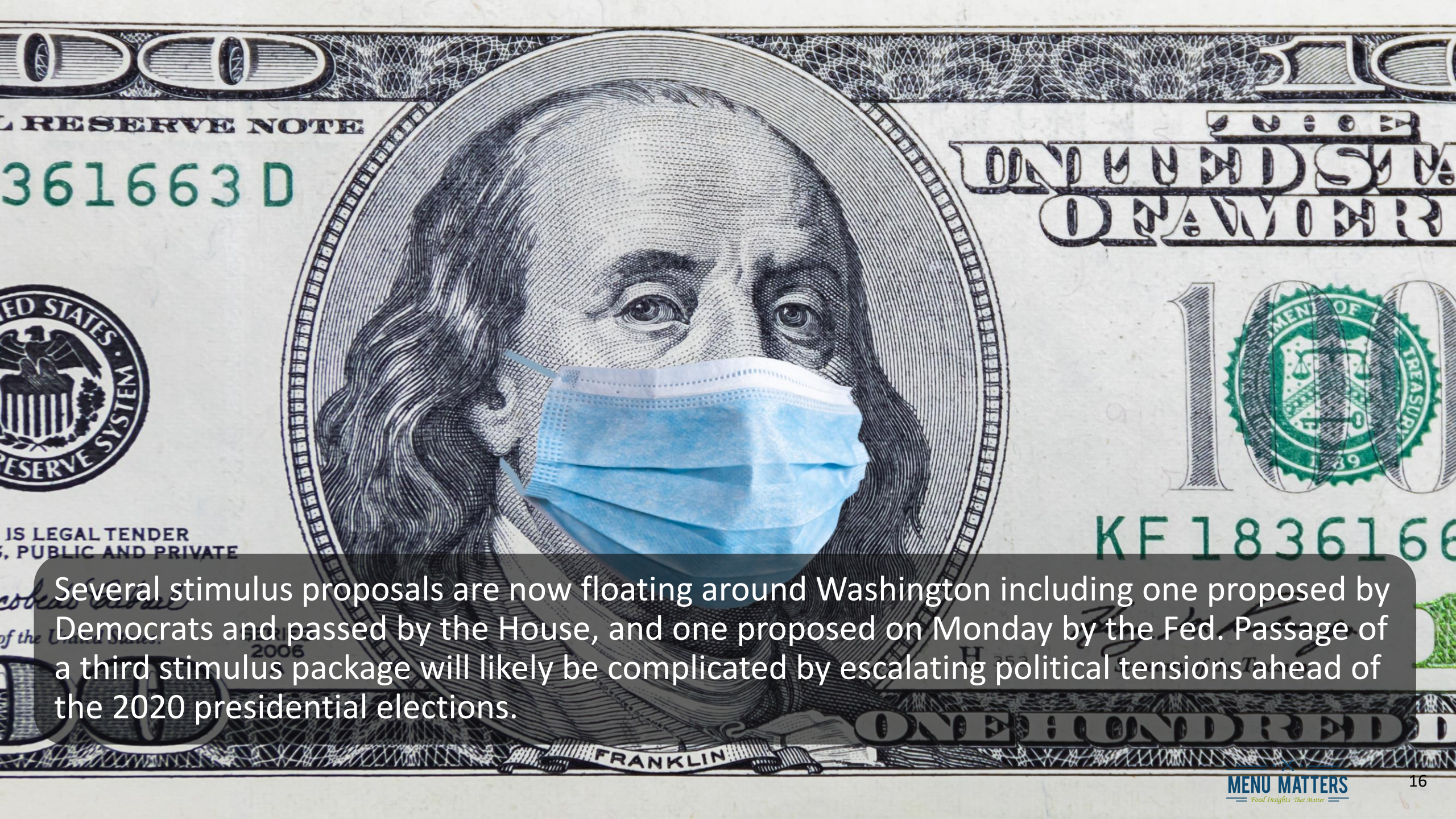
Confirmed Cases in U.S. by State and Territory

As of May 19, 2020, 3:32 AM EDT

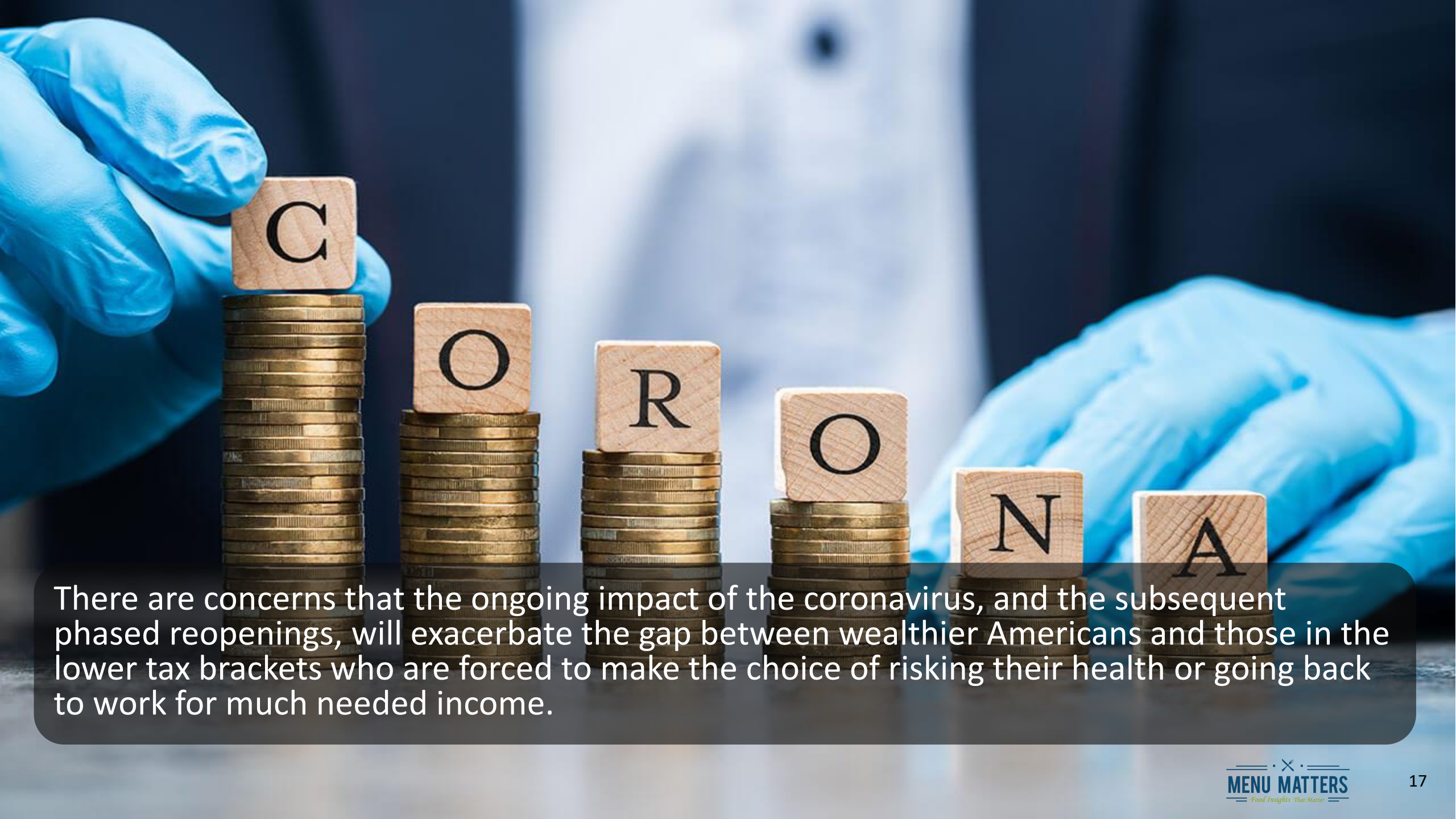
1-9 10-99 100-999 1,000-9,999 10,000-99,999
100,000 or more



Note: State figures may not reflect repatriated patients from the Diamond Princess cruise ship or those evacuated from Wuhan, China.



Several stimulus proposals are now floating around Washington including one proposed by Democrats and passed by the House, and one proposed on Monday by the Fed. Passage of a third stimulus package will likely be complicated by escalating political tensions ahead of the 2020 presidential elections.



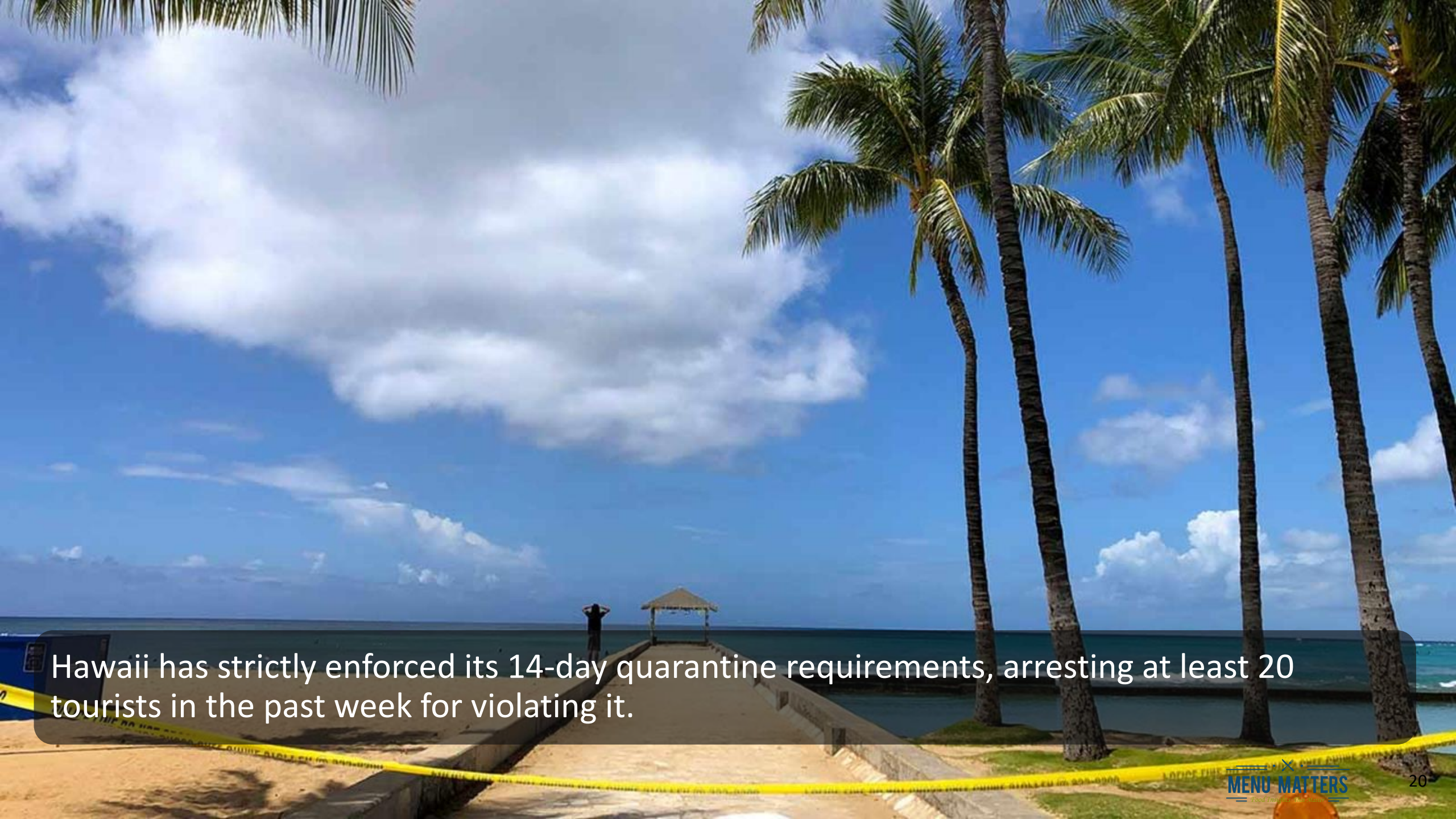
There are concerns that the ongoing impact of the coronavirus, and the subsequent phased reopenings, will exacerbate the gap between wealthier Americans and those in the lower tax brackets who are forced to make the choice of risking their health or going back to work for much needed income.



More Americans will be driving in the next year, driven by safety and hygiene concerns, and data suggests Millennials are considering car purchases at a larger rate now than before. This has far reaching implications for metro areas that have been redesigning to focus on public transportation and on the hospitality industry for operation and service design as well as patron selection factors.



Twitter is one of several companies that recently announced work from home will be allowed as a permanent benefit going forward. Many companies are now reconsidering office space design and size as well as travel policies as both ongoing efforts to stop further infections and as cost cutting measures.



Hawaii has strictly enforced its 14-day quarantine requirements, arresting at least 20 tourists in the past week for violating it.

Specialty's

bakery

Specialty's café bakery is one of several restaurants to announce permanent closures over the past few weeks. As permanent closure announcements trickle in, it will be difficult to understand the full impact of the crisis on the industry in the near term. Estimates continue to suggest between 25% and 33% of restaurants will permanently close as a result of the crisis.



Operators are finding unique and brand-centric ways to accommodate social distancing and capacity requirements, and to create unique experiences driven by reopening limitations. The Little Inn of Washington has placed mannequins around the restaurant to limit seating while filling empty spaces, and Fish Tails in Ocean City, MD, has created bumper tables to ensure patrons maintain social distances.



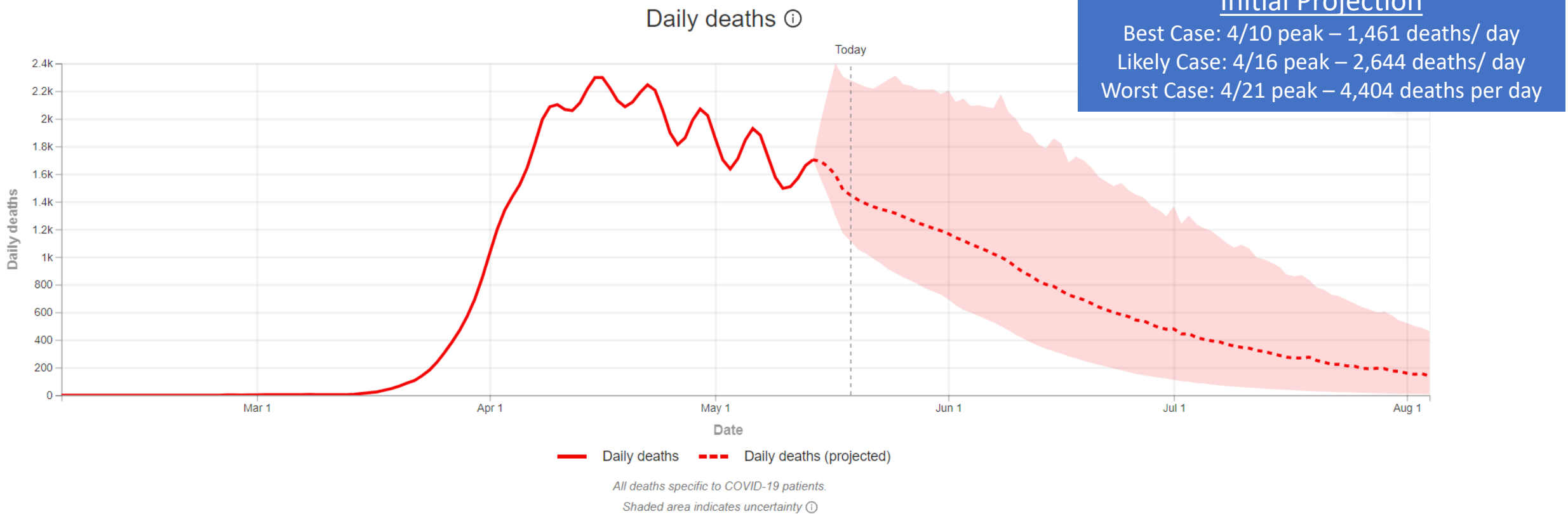
Every crisis creates an opportunity, and with that comes the rise of the “social distancing consultants.”



Both Florida and Georgia recently came under fire for suggested inaccuracies in their COVID-19 reporting. As both states were early to reopen, these issues will make it difficult to understand the true impact of aggressive reopening strategies.

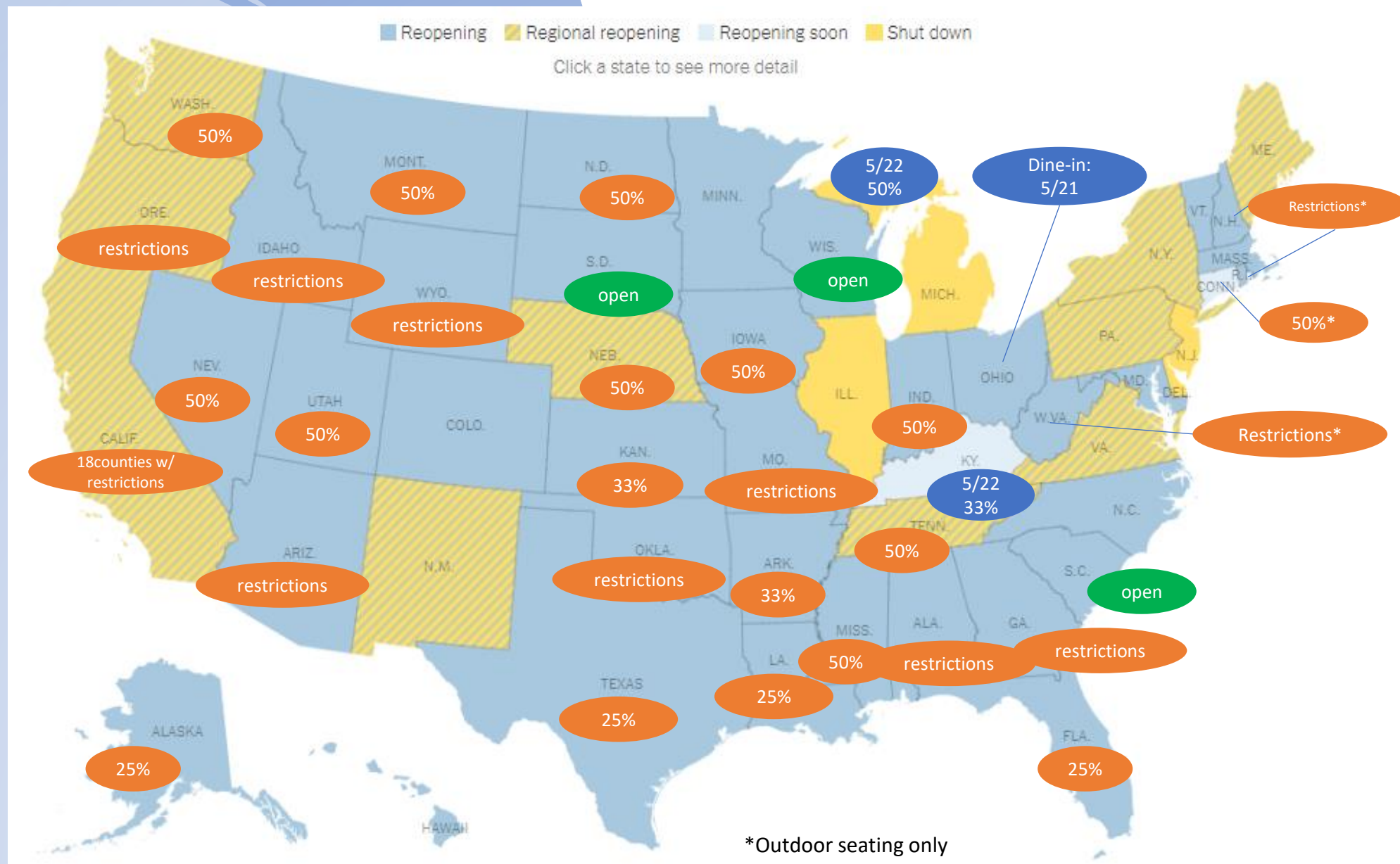
Testing Increasing

The current IHME model clearly shows the U.S. is not only on the downward slide with death estimates and, ultimately never hit either the worst case or likely case scenarios. Though there is still a large potential error range, barring any significant second outbreak the impact should decline steadily going forward.



All but 16 States Reopened Restaurants to Some Degree

- Reopened with restrictions
- Fully reopened
- Planned reopening



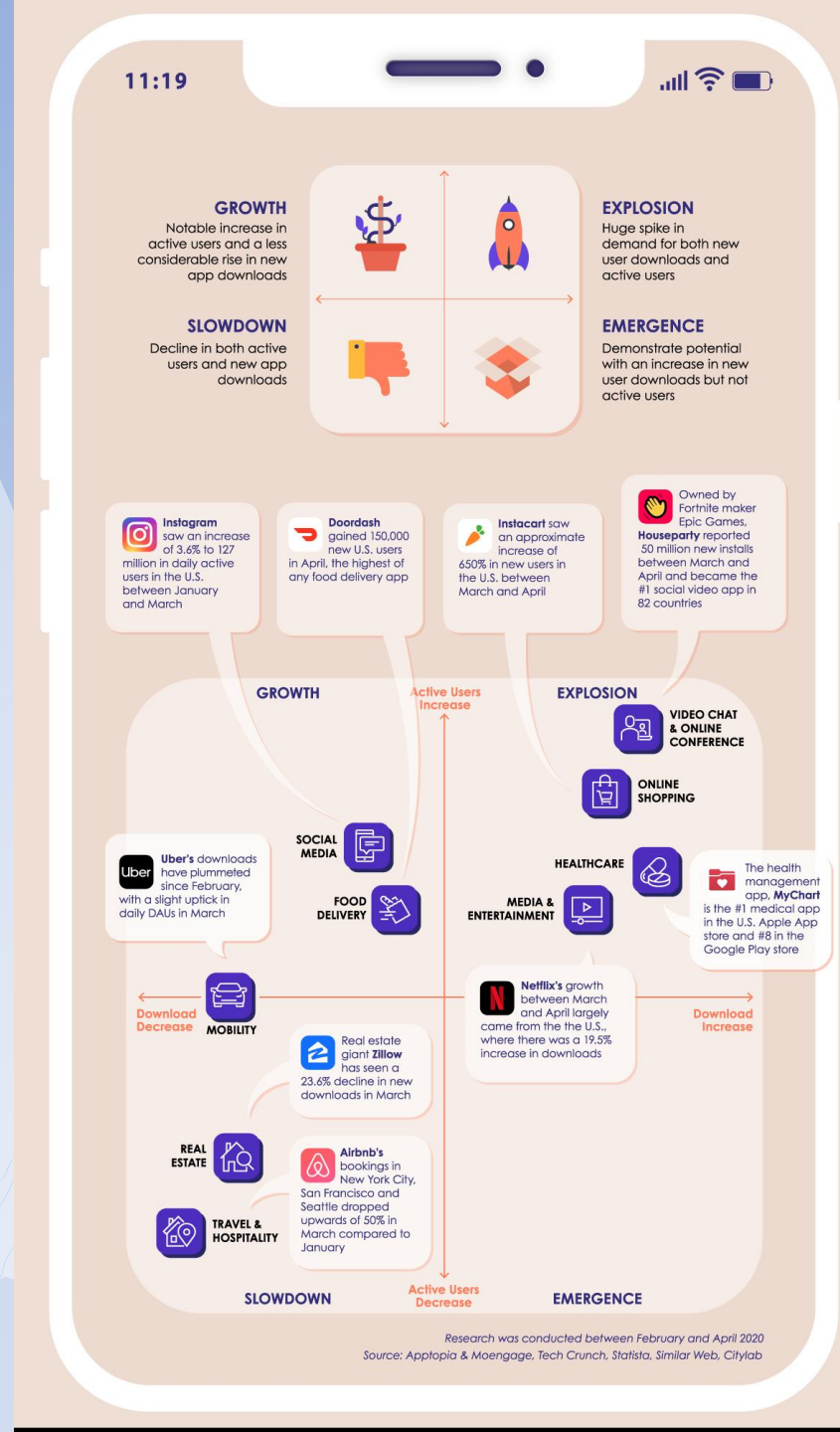
Apps Shifts Expression of New Normal

Those apps experiencing explosive growth over the past few months provided solutions to the new normal of shutdowns and stay-at-home orders.

Interestingly, social media did not gain new users but saw a small growth in usage among current users. Socializing was facilitated more effectively, presumably, by Zoom, Houseparty and other video chat programs.

Over the next six months we can expect the introduction of new apps providing solutions through and beyond phased reopenings, second/ third outbreaks, social distancing, and the recession.

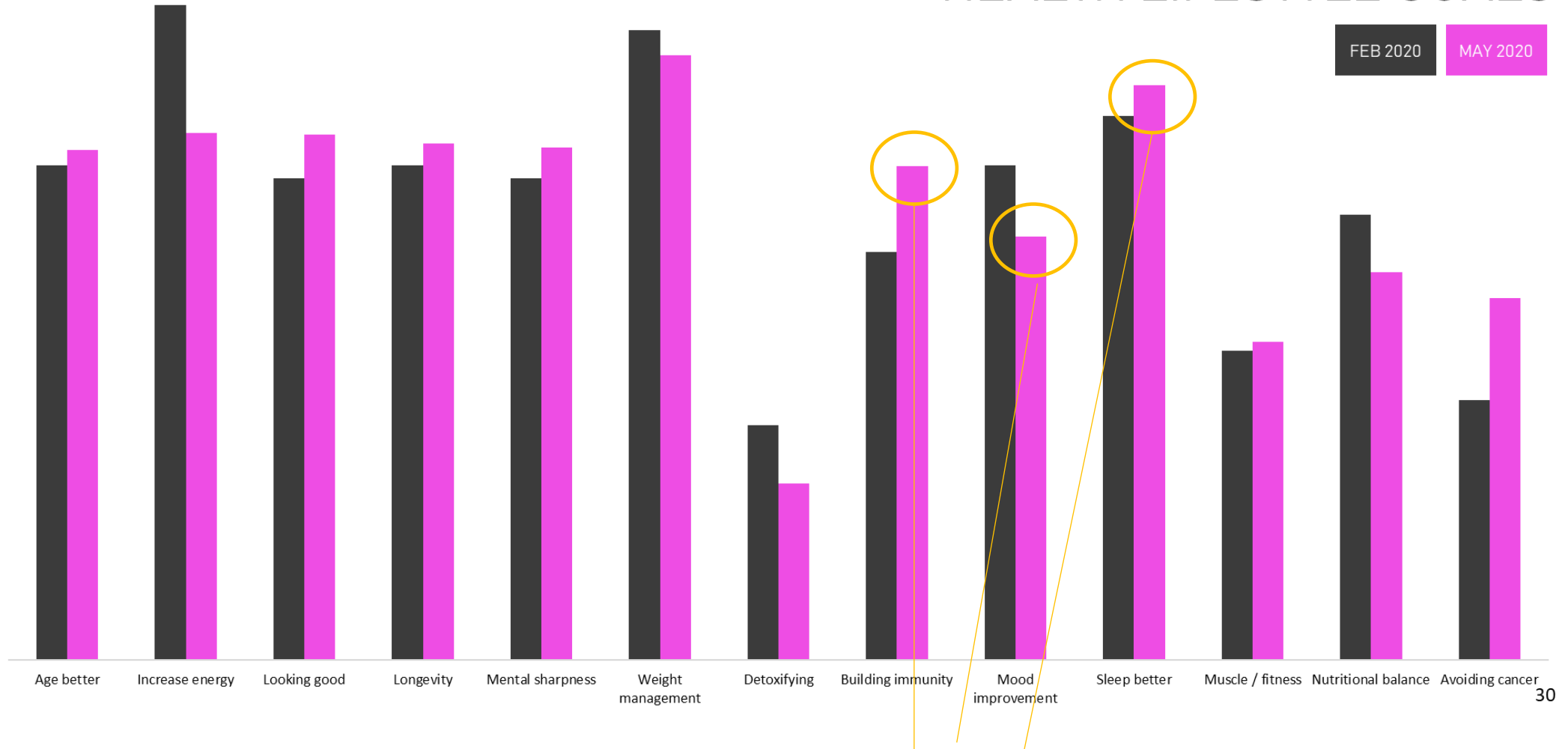
Source: Visual Capitalist, May 19, 2020



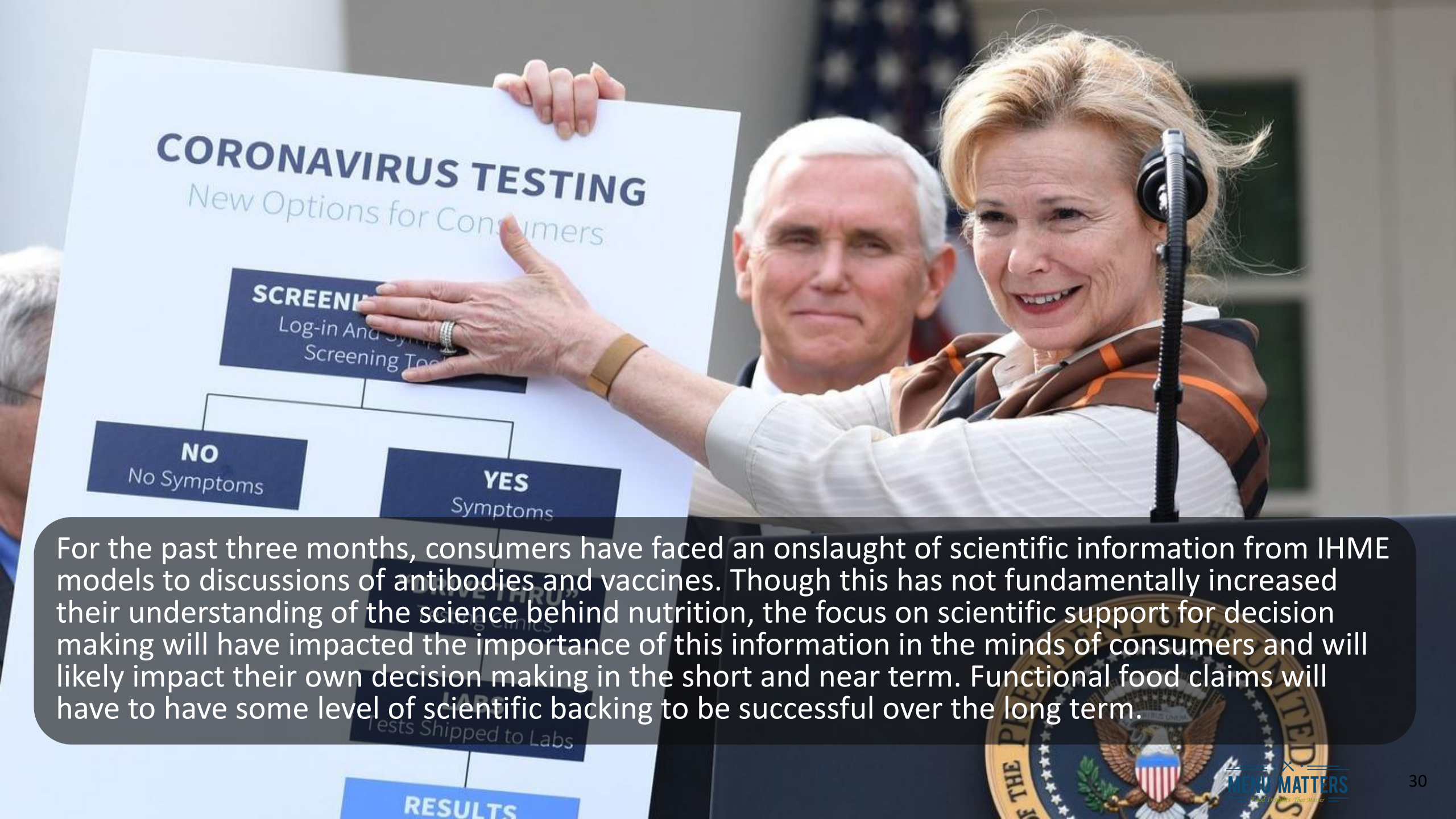
HEALTH AND THE POST COVID-19 WORLD



HEALTH LIFESTYLE GOALS



Building immunity and sleeping better are among the most common nutritional goals. Though mood improvement is lower in ranking, this is closely tied to stress management that – while not measured in this study – will be in demand as consumers work through phased reopenings and economic recovery.



CORONAVIRUS TESTING

New Options for Consumers

SCREENING
Log-in And Syn...
Screening Tool

NO
No Symptoms

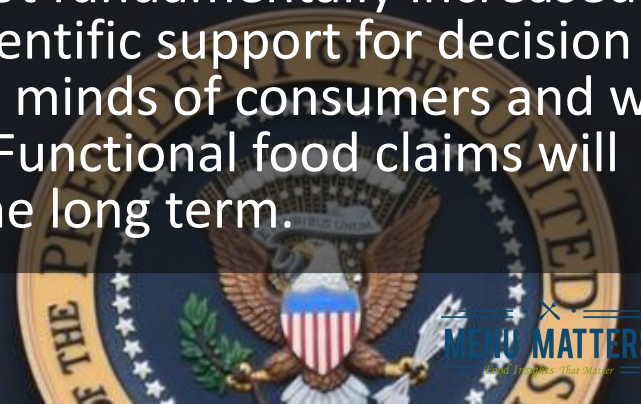
YES
Symptoms

DRIVE THRU
Testing Clinics

LABS
Tests Shipped to Labs

RESULTS

For the past three months, consumers have faced an onslaught of scientific information from IHME models to discussions of antibodies and vaccines. Though this has not fundamentally increased their understanding of the science behind nutrition, the focus on scientific support for decision making will have impacted the importance of this information in the minds of consumers and will likely impact their own decision making in the short and near term. Functional food claims will have to have some level of scientific backing to be successful over the long term.






It's important to remember that creating functional forward foods does not require unique, exotic or unfamiliar ingredients. Most foods that support a healthy immune system, improve moods, reduce stress or support sleep are common making it easy to create approachable but functional options.



The focus on functional benefits will dovetail strongly with the continued interest in and demand for plant-forward options. Plant-forward will be one of the trends to significant accelerate in both hospitality and retail.

A photograph of a sorghum field. The plants are tall with large, dense, golden-brown panicles. The leaves are green and broad. The sky is blue with some white clouds. The lighting suggests it might be late afternoon or early morning.

Work closely with commodity boards, councils and agencies to gather scientific evidence to support functional benefit claims. Many have and are conducting studies to understand specific science-backed benefits for their product focus.



Vitamins B2 and D

Separate studies have suggested that vitamins B2 and D can deter the impact of coronavirus on the body. These studies have not gained widespread coverage but are likely to come up if additional evidence supports the initial findings.

In that case, foods high in these vitamins are likely to be winners in the short and mid-term with consumers.

Beyond their potential link to fighting COVID-19, both vitamins offer additional functional benefits.

Riboflavin, or Vitamin B2, protects against memory loss and high blood pressure, slows aging, and maintains healthy skin, nails and hair. Foods high in vitamin B2 include eggs, almonds, spinach, salmon, avocados, asparagus, mushrooms, beef, pork, trout, kidney beans and yogurt.

In addition to aiding in calcium and phosphorous absorption that lead to healthier bones, Vitamin D is emerging as a critical inhibitor of several cancers and may reduce an individual's risk of diabetes, heart attack, rheumatoid arthritis and multiple sclerosis. Though sunlight is one of the best sources of vitamin D it can also be found in fatty fish (salmon, tuna, mackerel), fortified foods such as milk, orange juice and cereals, cheese and egg yolks.




Gut Health and Immunity

Studies have now definitively tied gut health to the immune system, with the microorganisms living in an individual's gut making up 75% of the immune system.

Though perhaps not intuitive to consumers how, gut health and immunity are closely linked. Given consumers' familiarity with gut health through the growth of probiotics over the past several years, linking immunity to these popular items should be relatively easy.

Foods supporting gut health are also strongly tied to several trends that gained familiarity and trial prior to COVID-19 including fermented foods (kimchi, sauerkraut, etc.), kombucha, yogurt and miso. Other foods that promote a healthy gut include almonds, olive oil, peas, brussels sprouts, bananas, pulses, raspberries, whole grains, garlic and ginger.

Following on the heels of the great sourdough bread experiment, consumers will be happy to learn sourdough also supports a healthy gut.



Direct Immunity Support

As the immune system is complex and involves several other systems (such as the gut), many foods offer support for improved immunity, allow operators a wide range of options to create immunity-forward items.

Key nutrients for a healthy immune system include vitamin C, E, A, and D, folic acid, iron, selenium and zinc.

Key foods supporting a healthy immune system include garlic, shellfish, broccoli, spinach, mushrooms, almonds, sunflower seeds, papaya, ginger, green tea, kale, turmeric, yogurt, eggs, miso, citrus, apples and bell peppers.



Sleeping Healthy

Every system in the body requires sleep to function correctly so promoting good sleep is inherently tied to an effective and strong immune system.

Key nutrients for a better sleep include potassium, magnesium, melatonin, phosphorous, zinc, B vitamins, vitamin D, omega-3s, antioxidants, folate and calcium.

Key foods promoting better sleep include almonds, milk, kiwi, tea, walnuts, tart cherries, fatty fish (salmon, tuna), lettuce, turkey, bananas, oatmeal, citrus, mushrooms, dark leafy greens, strawberries, seeds and sweet potatoes.



Mood and Stress

Over the past three months, consumers have been dealing with low to high levels of anxiety, uncertainty and fear. All of these emotions, regardless of how subconscious they may be, put stress on the body and mind.

Sustained levels of stress, including low levels, can have a negative impact on the immune system making it a key element of supporting healthy immunity. Stress also impacts cognitive function, sleep and mood.

Comfort and nostalgia foods all help to manage stress both physically and emotionally. These foods will play a large roll in the return to normalcy and the phased reopenings over the next six months.

Key foods for promoting stress reduction include dark chocolate, whole grains, fatty fish, bananas, milk, nuts, eggs, pumpkin seeds, turmeric, chamomile, yogurt, citrus, herbal teas, avocados, berries, and dark leafy greens.

About Menu Matters

Maeve Webster, President of Menu Matters, is a leading consultancy working with manufacturers, operators, agencies and commodity boards.

She has spearheaded hundreds of major industry studies during her 20 years as a foodservice specialist, and today runs a private consultancy focused on helping manufacturers and operators understand how trends in consumer behavior and operations can be leveraged for strategic planning. Maeve's expertise is in the areas of trend analysis and evaluation, opportunity assessment, consumer and operator behavior, concept testing, and menu optimization and strategy.

At all times, the primary purpose of Menu Matters is to contextualize findings for clients so the "so what" is apparent, relevant and actionable.



MENU MATTERS

Food Insights That Matter

THANK YOU



Maeve Webster, President

P: 802-430-7085

C: 312-420-0724

maeve@menumatters.com

www.menumatters.com