

U.S. Foodservice Update

October 2011

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VP, Protein Purchasing



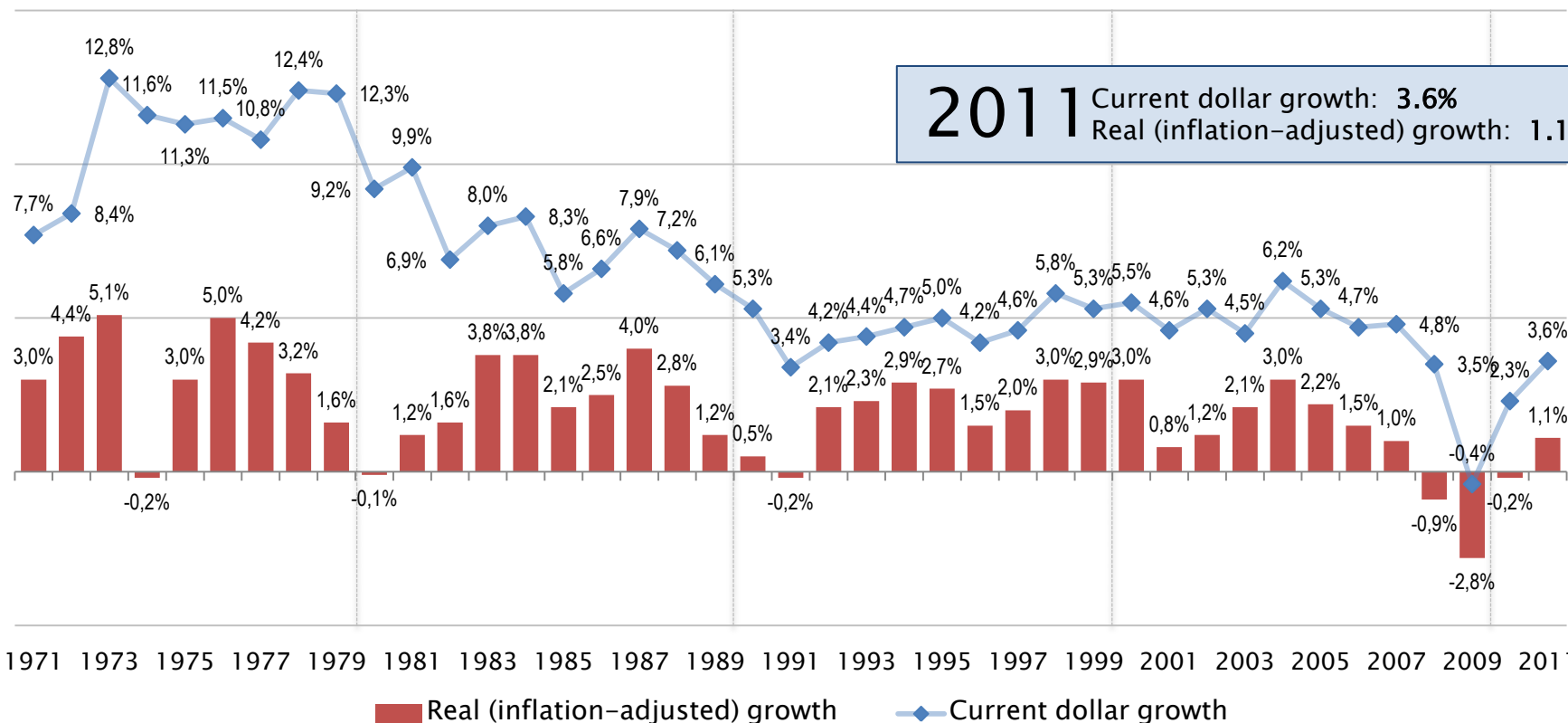
Agenda

- US Foodservice Industry Overview
- Economic Impact on Consumers/Guests
- Seafood
 - Challenges
 - Opportunities
- Conclusion



41 Years of Restaurant Industry Sales

This chart shows sales growth for the restaurant industry since 1971, when the National Restaurant Association began issuing its annual forecast. The chart shows growth in the number of dollars spent each year in restaurants as well as real (inflation-adjusted) sales growth.



Growth rates are estimated for 2007 to 2009 and projected for 2010 and 2011. Providing final estimates for restaurant-industry sales from previous years is an ongoing process. The National Restaurant Association's Restaurant TrendMapper offers updated sales estimates as they become available.

Source: National Restaurant Association



Adding It All Up: \$604.2 Billion

Projected restaurant-industry sales in 2011

Commercial Restaurant Services \$550.8 billion

Eating places: \$404.5 billion

Eating places include fullservice restaurants and limited-service (quick-service) restaurants, cafeterias and buffets, social caterers, and snack and nonalcoholic beverage bars.

Bars and taverns: \$18.3 billion

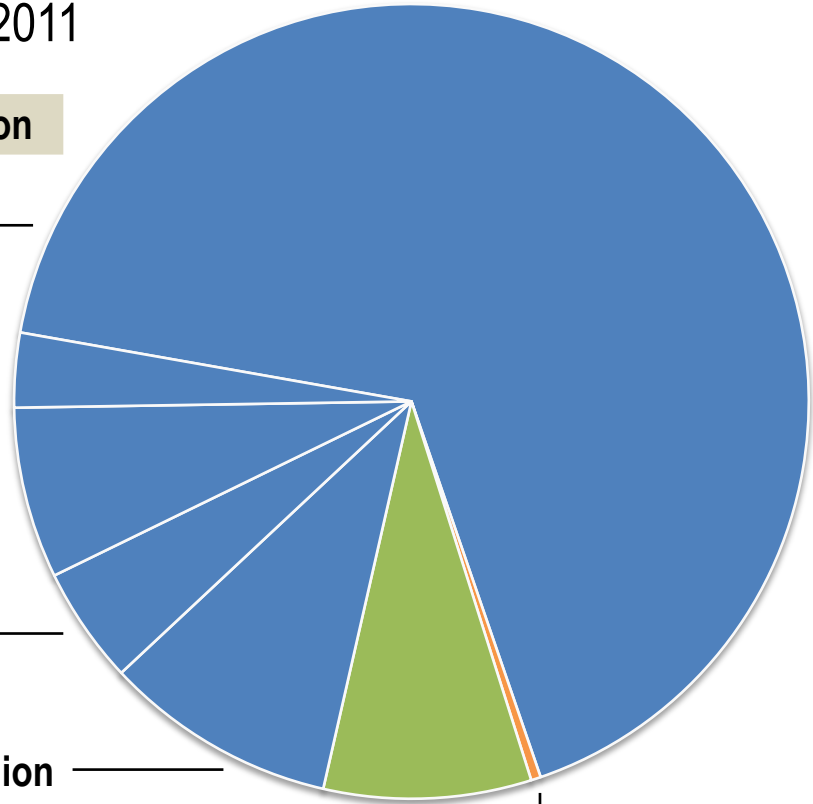
Managed services: \$42.1 billion

Lodging places: \$28.7 billion

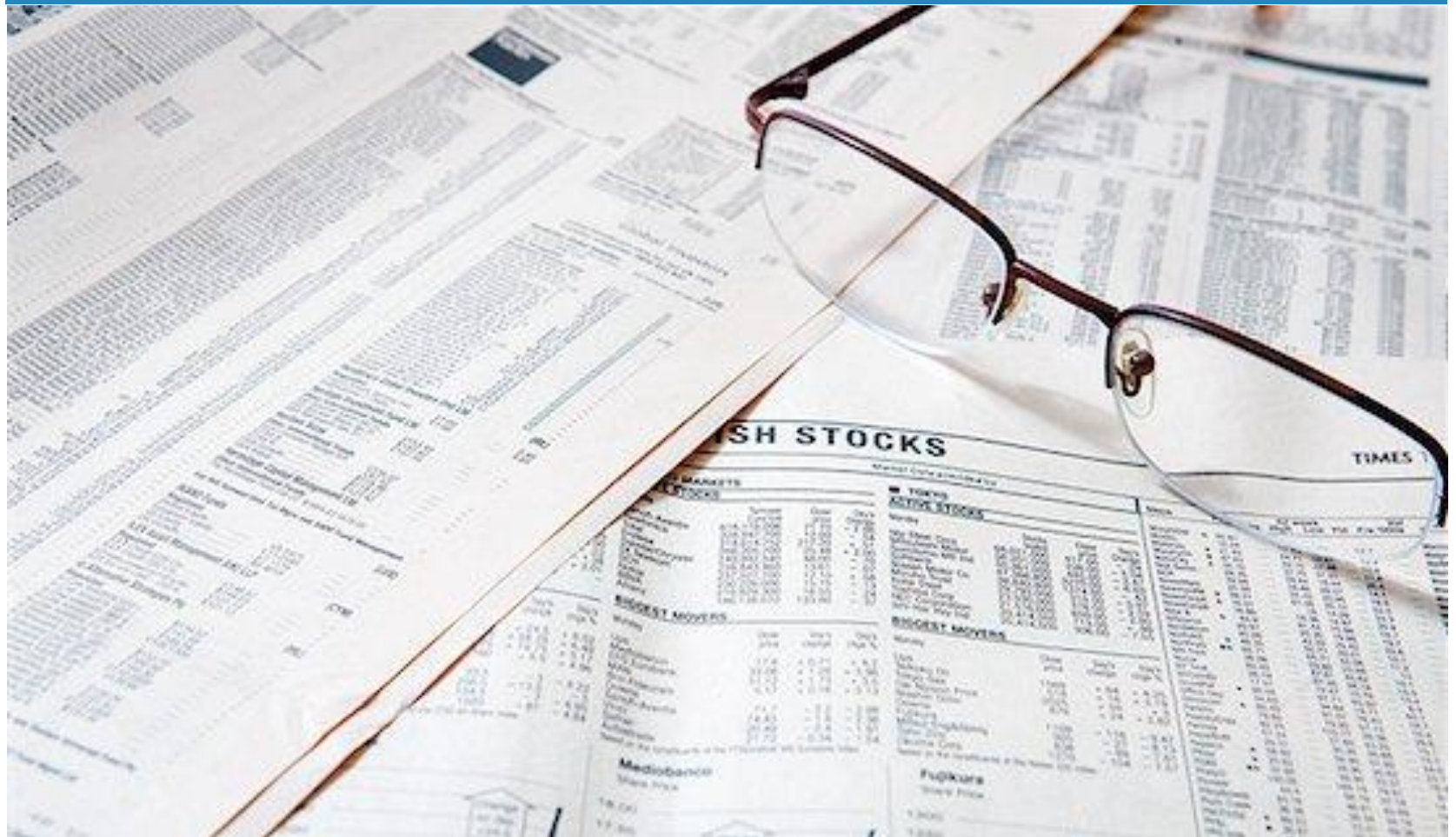
Retail, vending, recreation, mobile: \$57.2 billion

Noncommercial Restaurant Services \$51.0 billion

Military Restaurant Services \$2.4 billion



Economic Situation

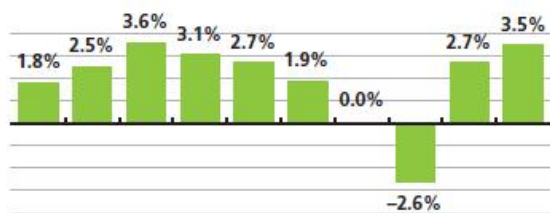




Economic Growth

Economic Engine Gains Steam in 2011

Real Gross Domestic Product growth



2002 2003 2004 2005 2006 2007 2008 2009 2010* 2011*

Source: Bureau of Economic Analysis, National Restaurant Association
*Projected

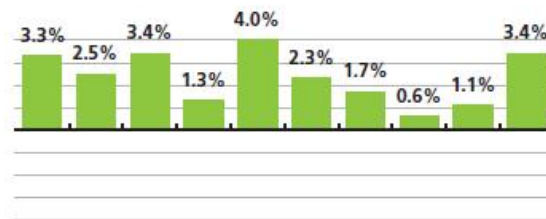
GDP: +0.33%



Income Growth

More Disposable Dough

Real disposable personal income growth



2002 2003 2004 2005 2006 2007 2008 2009 2010* 2011*

Source: Bureau of Economic Analysis, National Restaurant Association
*Projected

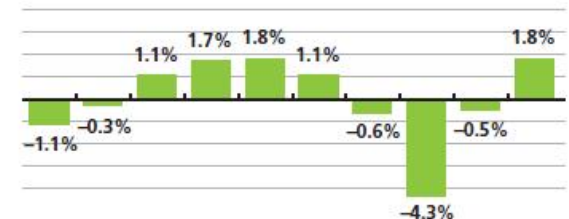
Income: +0.8%



Job Growth

Economy Expected to Add Jobs at Strongest Rate Since 2006

Total U.S. employment growth



2002 2003 2004 2005 2006 2007 2008 2009 2010* 2011*

Source: Bureau of Labor Statistics, National Restaurant Association
*Projected

Employment: -0.8%

These total changes are annualized





the Mind of Today's Consumers

A NEW ERA



Consumers

2011 Restaurant Industry Forecast



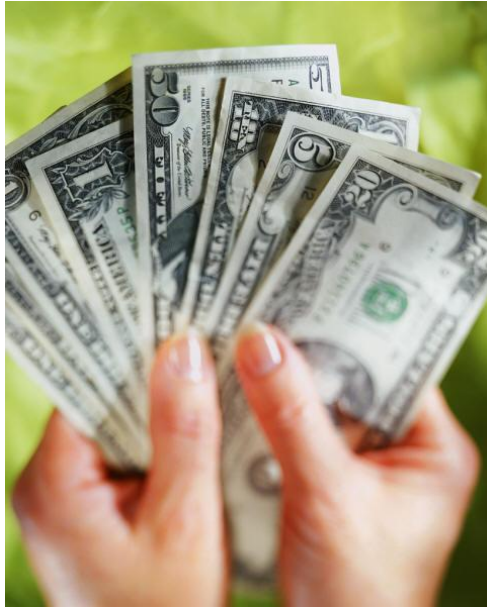
Regulars Dish on Why They Like to Eat Out

Proportion of adults who agree with the following statements

	All Adults	Frequent Fullservice Customers	Frequent Quickservice Customers	Frequent Off-Premises Dinner Customers
You enjoy going to restaurants	88%	97%	93%	91%
Going out to a restaurant with family and/or friends gives you an opportunity to socialize and is a better way for you to make use of your leisure time rather than cooking and cleaning up	74%	83%	81%	80%
Restaurants are an essential part of your lifestyle	43%	73%	58%	64%
Purchasing meals from restaurants, take-out and delivery places makes you more productive in your day-to-day life	37%	43%	58%	60%
Purchasing take-out food is essential to the way you live	27%	35%	45%	58%

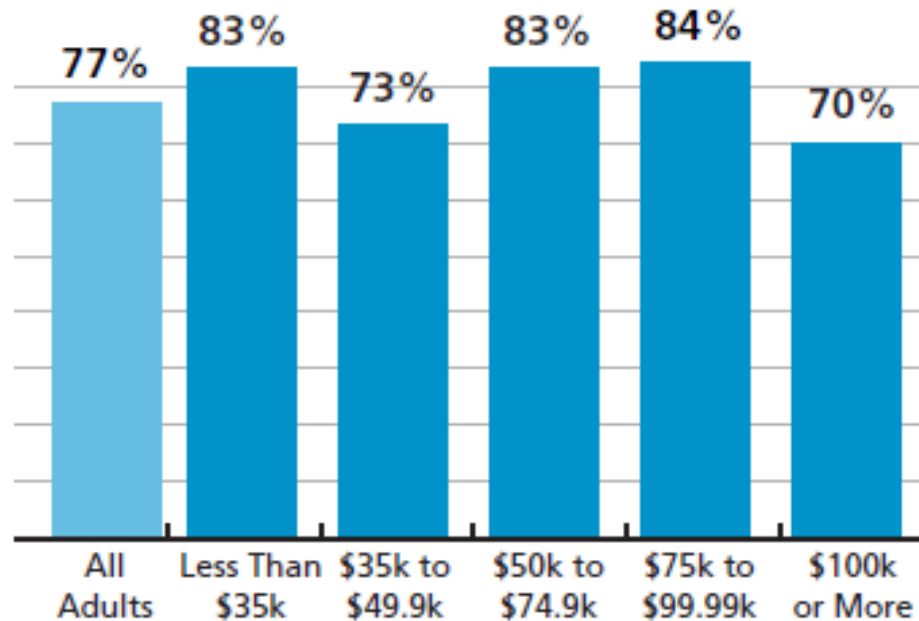
Source: National Restaurant Association, *National Household Survey*, 2010





Patrons Tighten the Purse Strings

Proportion of adults (by household income) who feel they should curtail spending due to uncertain economy



Source: National Restaurant Association, *National Household Survey*, 2010



Every Diner Counts

Making every dining party — no matter how big or small — welcome can have a significant impact on a restaurant's bottom line. The gap between gaining or losing five diners per day translates into an annual difference of \$36,500, or 4.6 percent of original sales for a typical restaurant with annual sales of \$800,000.

If you **add** 5 diners
a day for a year*



Your sales **gain is**
\$18,250 per year

If you **lose** 5 diners
a day for a year*



Your sales **loss is**
\$18,250 per year

* Based on typical restaurant with annual sales of \$800,000





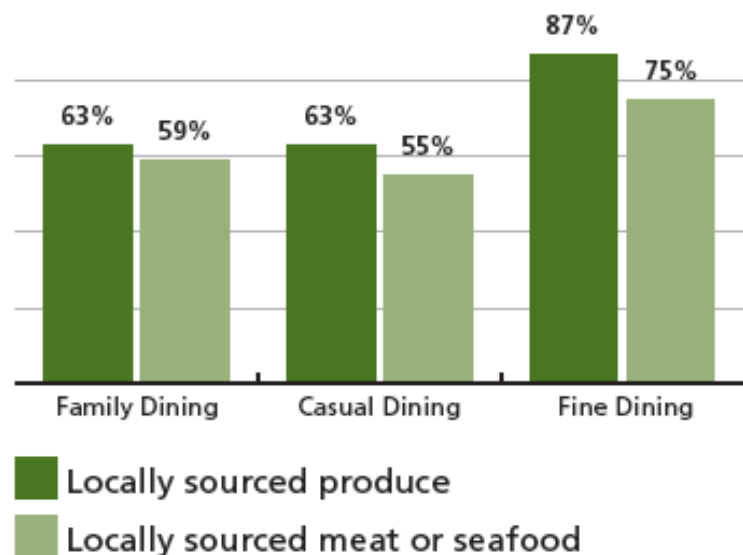
Food and Menu Trends

Sixty-nine percent of adults say they are more likely to visit a restaurant that offers locally produced food items.



Appetite Growing for Local Foods

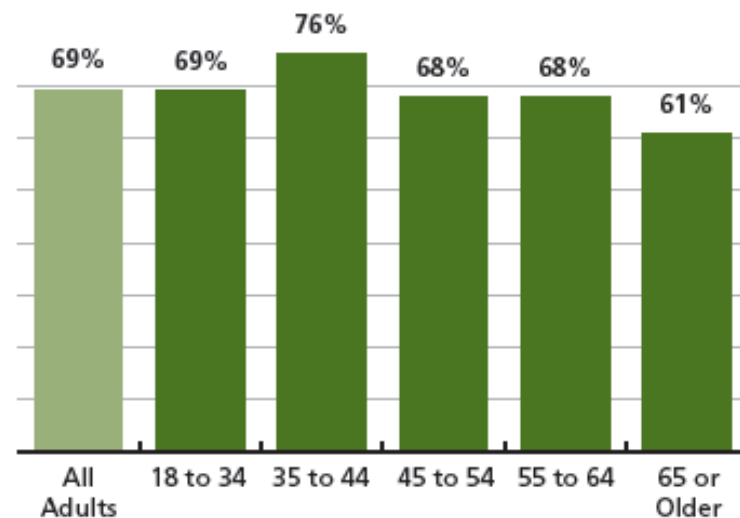
Proportion of foodservice operators offering the following locally sourced items



Source: National Restaurant Association, *Fullservice Operator Survey*, 2010

Consumers of All Ages Like to Eat Local

Proportion of adults who said they are more likely to visit a restaurant that offers locally-sourced food items



Source: National Restaurant Association, *National Household Survey*, 2010



Bill of Fare

Proportion of operators who added new food/beverage items in 2010 or plan to add new items in 2011

	Family Dining	Casual Dining	Fine Dining	Quick-service
Added new food item in 2010	77%	82%	86%	91%
Added new beverage item in 2010	58%	59%	74%	79%
Plan to add new food item in 2011	68%	84%	86%	90%
Plan to add new beverage item in 2011	58%	67%	72%	81%

Source: National Restaurant Association, Restaurant Operator Surveys, 2010



Fullservice Restaurant Trends for 2011

TOP
20



- 1 Locally Sourced meats and seafood
- 2 Locally grown produce
- 3 Sustainability
- 4 Nutritionally balanced children's dishes
- 5 Hyper-local (e.g., restaurant gardens, do your own butchering)
- 6 Children's nutrition
- 7 Sustainable seafood
- 8 Gluten-free/food allergy conscious
- 9 Simplicity/back to basics
- 10 Farm/estate-branded ingredients
- 11 Micro-distilled/artisan liquor

- 12 Locally produced wine and beer
- 13 Half portions/smaller portion for a smaller price
- 14 Organic produce
- 15 Nutrition/health
- 16 Culinary cocktails (e.g., savory, fresh ingredients)
- 17 Newly fabricated cuts of meat (e.g., Denver steak, pork flat iron, Petite Tender)
- 18 Fruit/vegetable children's side items
- 19 Ethnic-inspired breakfast items (e.g., Asian-flavored syrups, chorizo scrambled eggs, coconut milk pancakes)
- 20 Artisan cheeses

Source: National Restaurant Association, "What's Hot" Chefs Survey, 2010



Quickservice

Restaurant Trends
for 2011



- 1 Healthy options in kids meals
- 2 Gluten-free items
- 3 Spicy items
- 4 Locally sourced produce
- 5 Smoothies
- 6 Organic items
- 7 Locally sourced meat/seafood
- 8 Snack-sized items
- 9 Lower-sodium items
- 10 Energy drinks
- 11 Espresso/specialty coffees
- 12 Flavored/enhanced water
- 13 Value meals
- 14 Flatbreads
- 15 Breakfast wraps
- 16 Low-calorie items
- 17 Low-fat items
- 18 Whole-grain breads
- 19 Mexican/Latin American items
- 20 Entrée salads

Quickservice

Top 10 Perennial Favorites

- 1 French fries
- 2 Hamburgers/cheeseburgers
- 3 Beef items
- 4 Chicken sandwiches
- 5 Soft drinks
- 6 Poultry items
- 7 Milk
- 8 Chicken strips/nuggets/bits
- 9 Milkshakes
- 10 Iced tea

Source: National Restaurant Association, *Quickservice Operator Survey*, 2010



Industry Overview

- While the economy is on the slow path to recovery
- When recovery occurs, we cannot rely on consumers to return to their previous patterns
- The strong continue to get stronger!



Key Overview

- Inside the Mind of Today's Consumer
 - Understanding customers' wants and needs
- Fullservice Outlook
 - new menu options to tempt customers
- Quickservice Outlook
 - focus on strengths
- Food and Menu Trends
 - hot culinary trends: include locally sourced food, healthful meals and sustainable seafood

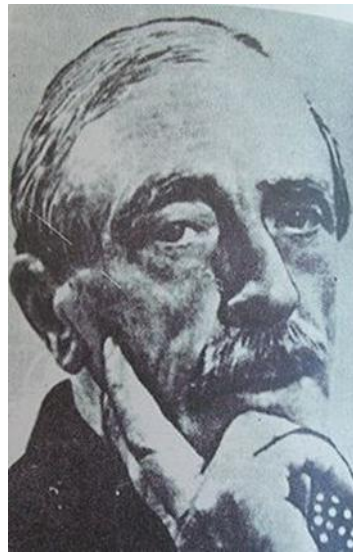


Putting it all in Perspective

- The US Foodservice industry is growing, however slowly
- External factors shaping the industry
- Consumers expectations are dynamic
- Affordability is a focus
- Market share is critical for the future



Every beginning is a consequence –
every beginning ends some thing.



Paul Valéry (1871 – 1945) was a French poet, essayist, and philosopher

