THE WHY? BEHIND THE DINE™

1st EDITION

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ACOSTA
SALES & MARKETING

What's for Dinner? **At one time the answer was simple, and driven by what was stocked in the pantry. Today consumers have more meal options than ever before. We eat in, we eat out, we eat on the go, and we eat out at home. Nearly half of us are making the decision about what to have for dinner that same day. Dining out, including everything from restaurant dining to fully prepared meals from the grocery store, has challenged the value equation and convenience of home cooking to the point that cooking at home is no longer the de facto answer to the question of what's for dinner. Some of the trends impacting foodservice include:**

- The restaurant industry has experienced significant growth, especially in the expansion of franchised operations. Total restaurant outlets now top 520,000. Most impressive is total restaurant sales which are expected to surpass $450 billion in 2014.*

- Grocery outlets are expanding their ready-made meal offerings as well as in-store dining options. The convenience and cost of these meals is successfully challenging not only the 'made from scratch at home' meal but also restaurant meals. Likewise, the expansion of a wide variety of retailers (including big box, drug and others) into foodservice maximizes the one-stop convenience factor for today's time-pressed consumers.

- More than half of U.S. households are comprised of singles, the highest level in history and up a whopping 37% since 1976. This so-called 'Selfie' nation has significant implications on consumption behaviors as more people dine alone, and, without the economic responsibilities of kids, many have more to spend on meals.

- Other 'off-the-grid' high-growth sectors such as Farmers Markets, Specialty Stores, and Food Trucks that focus on quality, freshness and unique items are persuading consumers to purchase meals, snacks and meal components, although on a much smaller scale. Ethnic specialties and organic/fresh/natural offerings are contributing to growth in these sub-sectors.

Source: Technomic Restaurant Industry Data

MEAL CHOICES – SHARE OF THE PLATE

In the past 30 days, 86% of diners ate out at a restaurant and two-thirds brought home prepared foods from the grocery store.

86% ate at a restaurant (dine-in)

71% ordered food for pick-up or carry-out

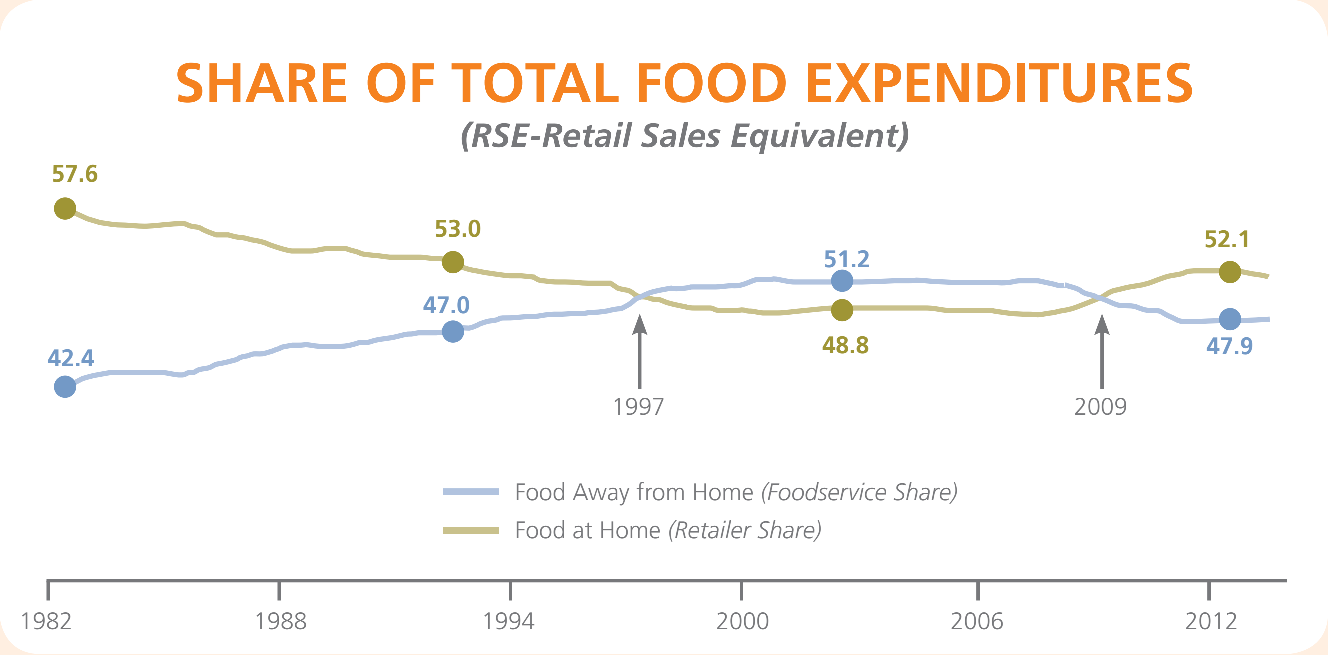
71% ordered from a drive-thru

66% brought home prepared foods from a grocery store

48% ordered restaurant food for delivery

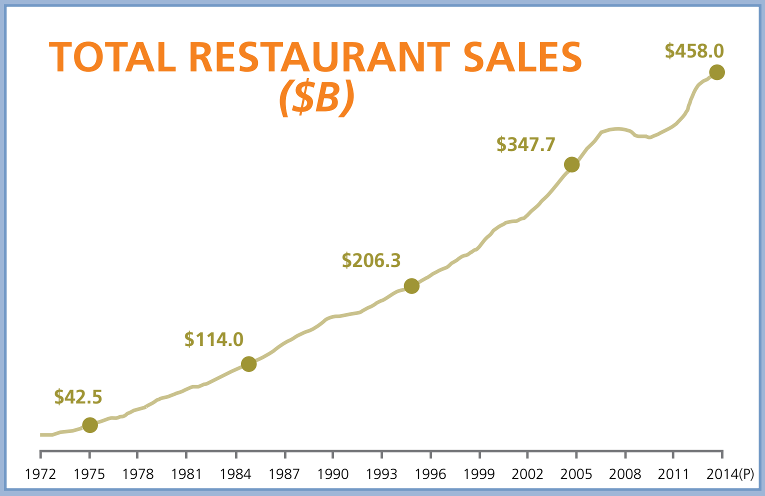
Share of the Spend

The last 30 years have seen consumer spending on food at home lose share to spending on food away from home. In fact, consumer spending on food away from home surpassed spending on food at home in 1997 and stayed fairly consistent until the Great Recession. In 2009, spending on food at home regained a slight edge over food away from home, but indications are budgets are gradually moving toward a 50/50 split.



SOURCE: U.S. Bureau of the Census; Technomic Inc.; Food at Home calculated using grocery and other food/beverage sales (excluding foodservice) at all retail establishments including grocery and other food stores, general merchandise, drug, convenience stores, apparel, service stations, book and other miscellaneous retailers, and warehouse clubs.

Boomers report the highest number of annual restaurant visits, across generations, at 215 visits per year *(The NPD Group/CREST, 2013).* Looking forward, significantly more **Millennial diners (35%)**, **male diners (30%)**, **diners with children (34%)**, and **diners with household incomes of $100K+ (32%)** expect their spending on eating out to increase in the next year.



Restaurant Growth

The number of restaurant locations and restaurant sales has experienced significant growth, especially as the economy is rebounding. According to Technomic, total restaurant sales are expected to top $450 billion in 2014.

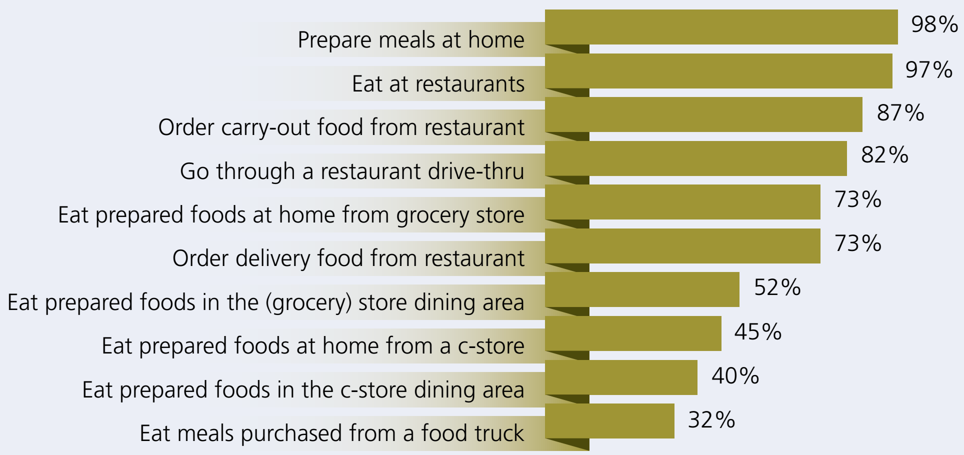
THE WHY? BEHIND THE DINE™

Super-Sized Growth in Meal Choices Out-of-Home

Societal changes are contributing to the reshaping of how and where consumers eat. According to the U.S. Census Bureau, 27% of households now consist of just one person, the highest level in U.S. history. Many adult eating occasions happen when consumers are alone – 58% report they typically eat breakfast alone, 39% eat lunch alone, and 20% typically eat dinner alone.

Supermarket foodservice is one of the fastest-growing segments of the food industry. According to Chicago-based researchers Technomic, sales of prepared foods which include in-store and takeout dining are up 30% since 2008, compared to about 10% growth for the foodservice industry during this period. Grabbing immediate consumption prepared meals from a convenience store is also on the rise. Over half of diners report eating prepared foods in the grocery store dining area and 45% have eaten in a convenience store dining area.

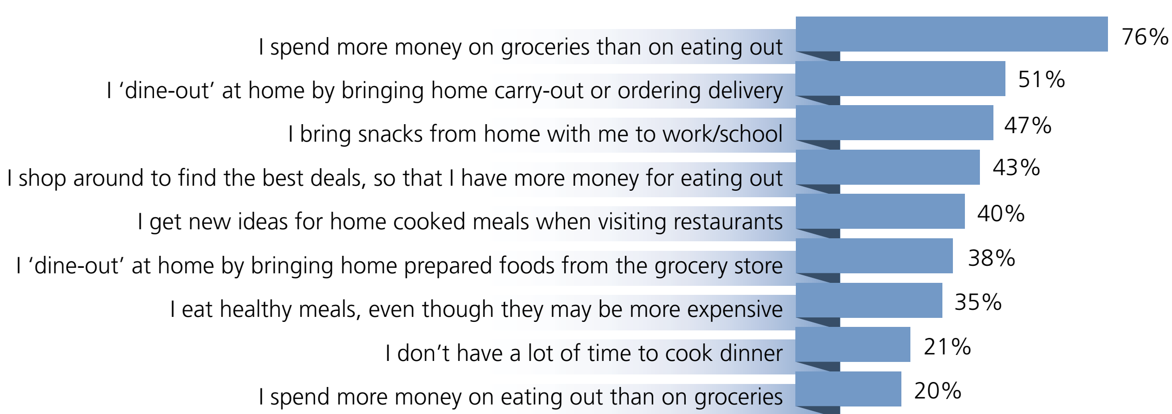
Over the past year, please let us know how often you are doing each of the following. (% of Respondents indicating 'I have done this in the past year')



Meal Decisions: It's Complicated

With so many options available to them, consumers' meal decisions intersect across categories on an increasingly routine basis. In fact, dinner may include a ready-made selection from the grocery store (rotisserie chicken) with a homemade casserole and semi-homemade salad-in-a-bag, while lunch at work may consist of store-bought baked snack chips and flavored water brought from home with a turkey wrap from a nearby prepared food department.

Thinking about the last year, please indicate how much you agree with each of the following statements. (% Strongly Agree/Agree)



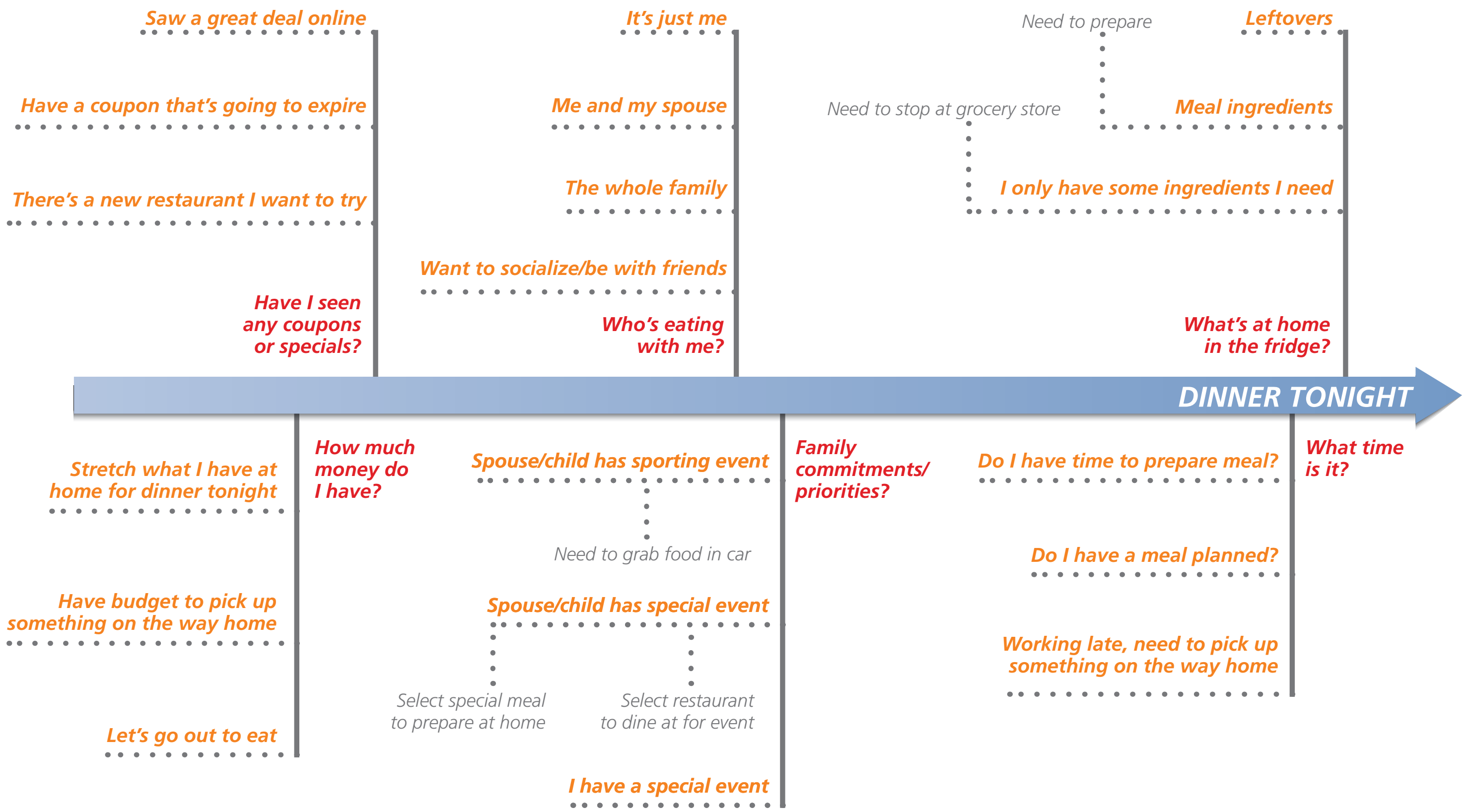
Grocerants: The Intersection of Eating In & Eating Out

Indications of how the boundaries between eating in and eating out have blurred can be seen in the rise of the grocerant – grocery store as restaurant – where ready-to-eat meals have been a major growth area. Consumer packaged goods (CPG) companies have also responded with meal solution products or offerings that require some simple home preparation all promoting the opportunity to eat out while eating in.

The Intricate Path to the Plate

Selecting what to have for dinner is chock full of a myriad of decisions that revolve around family and friends, convenience, budget/value and occasion. It sounds simple enough until you factor in the exponential growth in meal solutions now available to consumers. That's when things get complicated.

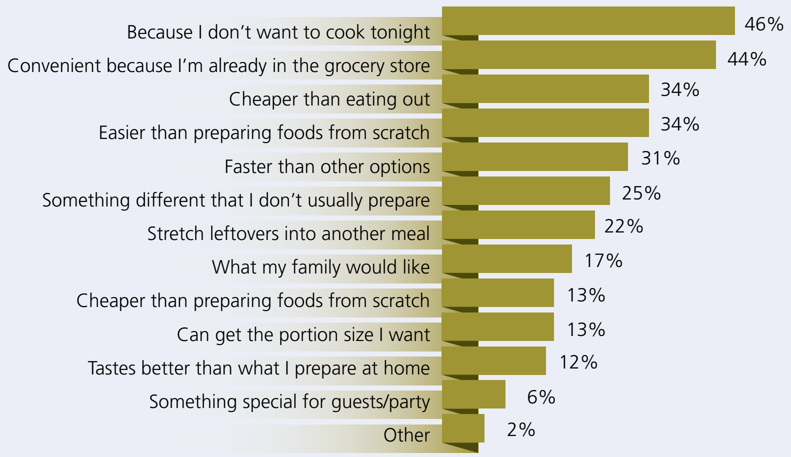
It's not just a matter of eating in versus eating out—there are many overlapping and interrelated choices to make at meal time.



Dining Decision Drivers

When you think about going out to eat for dinner, what drives your decision?

Please select the three most important reasons why you brought home prepared foods from a store where you shop for groceries.



Healthy is Haute

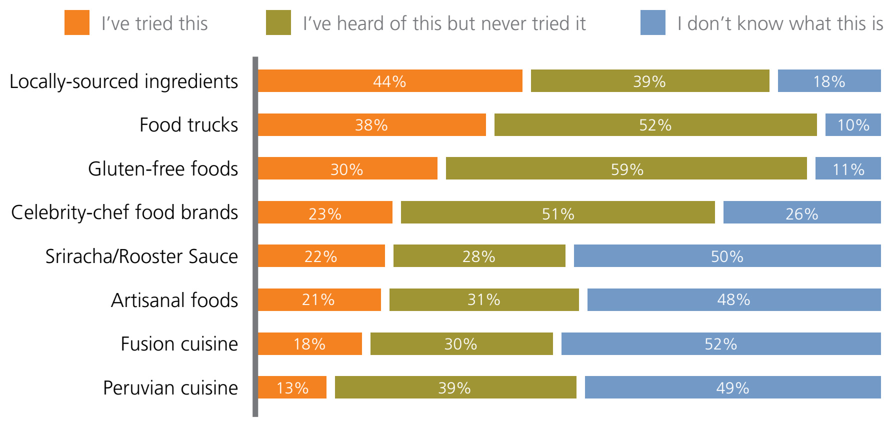
As reported in Acosta's recent *Health & Wellness 360° Hot Topic Report*, health and wellness is a mega trend that's causing a disruptive shift across consumer lifestyle markets, from grocery and foodservice to healthcare and retail. The challenge for foodservice operators is creating healthy menu options that don't sacrifice value or taste. While 86% of diners report being confident about their ability to select healthy foods on a menu, far fewer actually make the healthy choice. However, younger consumers are at the forefront of the health and wellness trend as well, younger consumers, who are moving into their peak spending years, are expected to increase their grocery spending, and plan to increase their spending on meals out of home.

58% of diners like to try new restaurants, with more than 4 in 10 saying they are adventurous eaters.

Minding the Menu

Consumers are going farther afield in their pursuit of palate-pleasing fare. Food trends come and go as often as fashion trends in today's 'What's next? What's new?' environment. Foodservice operators should look for ways to fuel consumer desire for the exotic, trendy and nouveau while also striking a balance with taste/familiarity and budget/value.

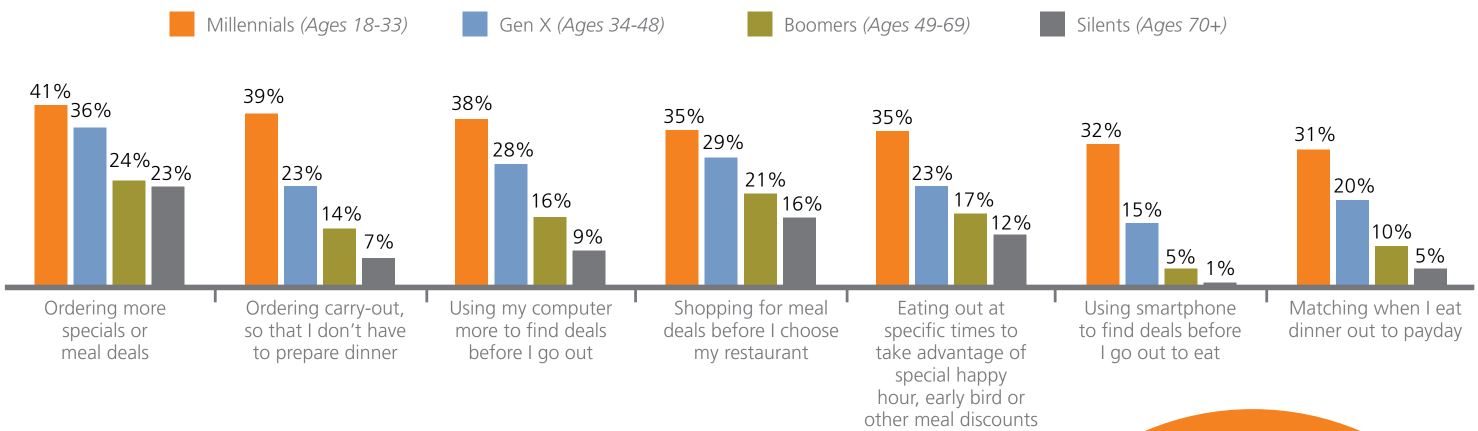
Please tell us a little bit about what you know about some new types of food and dining experiences:



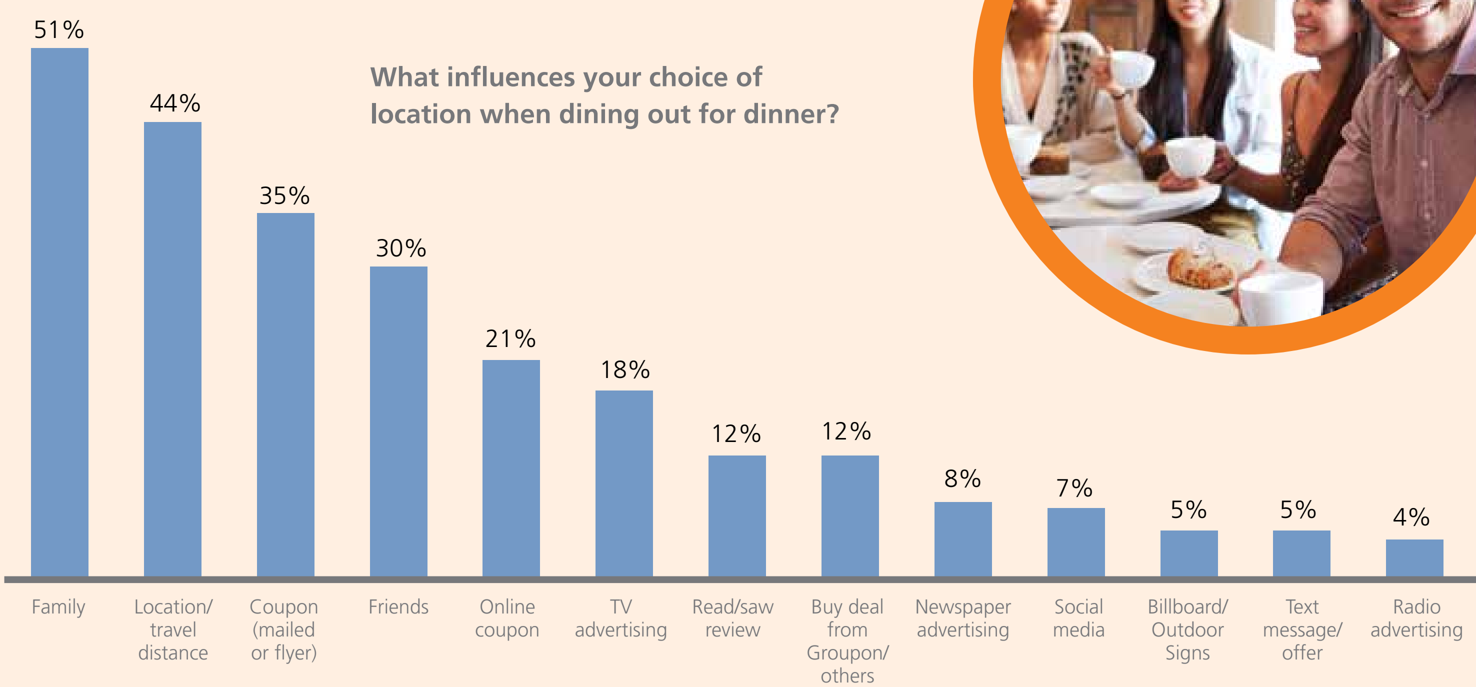
The Price of Value

Value is of great importance to consumers when it comes to making a dining decision. Younger diners and those with children are the most price-conscious and the groups most likely to engage in promotions and savings strategies. Following restaurant location and the influence of family/friends, survey respondents reported that coupons and promotions were also important influences on their decision of where to eat out. Younger diners are more likely to use savings strategies when dining out.

How well does each of the following describe your eating habits over the past year?



What influences your choice of location when dining out for dinner?



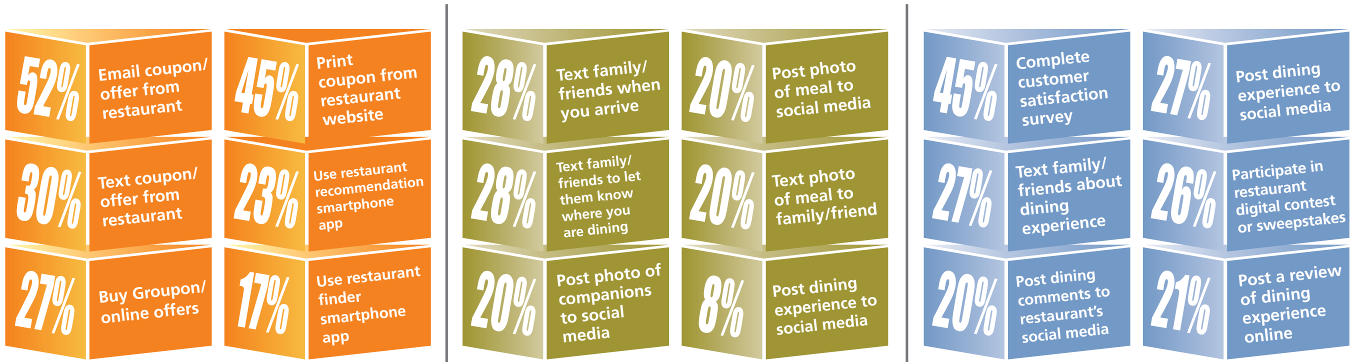
Younger diners are more influenced by online/digital marketing, with older diners influenced by more traditional vehicles like mailed coupons and newspaper advertising.

The Digital Path to Dining

Consumers are strategically leveraging digital tactics, from social media to mobile technology, to facilitate their dining experience, especially to take advantage of discounts and promotions. Seventy-three percent of respondents reported they are on Facebook monthly and six in 10 follow restaurants for coupons or special offers.

DINERS USE DIGITAL TACTICS ACROSS THEIR DINING EXPERIENCE

(% Respondents selecting 'Often' or 'Sometimes')



Before Dining Out

How often does each of the following impact what restaurants you visit or what menu items you order?

At the Restaurant / ***After Dining Out***

Please tell us how often you do the following things, after you've already arrived at a restaurant, and/or eaten your meal, and left the restaurant.

Key Takeaways for Foodservice Operators

- Competition is evolving as grocery stores and other retailers continue to expand prepared food options, and new solutions grow like online meal preparation/planning sites.
- Capture your share of the plate by considering menu options that fit the health and wellness trend, while providing creative solutions to appeal to the adventurous diner.
- Consider the importance of the price/value equation when building menu solutions and promotional offerings.
- Leverage digital tools and tactics, including social media, to drive diner loyalty and facilitate great dining experiences.
- The diner's path-to-the-plate is complex and fluid, with convenience, budget, family/friends and occasion all important influencers in the decision process.

About The Why? Behind The Dine

In an effort to best serve our clients, Acosta, in partnership with Technomic, is committed to being at the forefront of understanding U.S. foodservice behaviors. ***The Why? Behind The Dine™*** *survey was felded in July, 2014, with a random sample of 1,500 U.S. consumers, via Acosta's proprietary ShopperF1rst™ methodology, incorporating online interviews. The survey captures the behavior and attitudes of foodservice consumers to better understand:*

- *+ Impact of current economic situations*
- *+ Current foodservice behaviors as well as expected future behaviors*
- *+ Current and future spending behaviors*
- *+ Demographic behavior differences*
- *+ Foodservice behavior for key channels and outlets*

Generational Definitions:

Millennials (18-33 years)
Generation X (34–48 years)
Boomers (49-69 years)
Silents (70+ years)

About Acosta Sales & Marketing

Acosta is the sales and marketing powerhouse behind most of the trusted brands seen in stores every day. The company provides a range of outsourced sales, marketing and retail merchandising services throughout the U.S. and Canada. For more than 85 years, Acosta has led the industry in helping consumer packaged goods companies move products off shelves and into shoppers' baskets. For more information, visit www.acosta.com. For more information about this report or other strategic insights research, please email thoughtleadership@acosta.com.

About Technomic ***Experience * Vision * Impact***

Only Technomic delivers a 360° view of the food industry. We drive growth and profitability for our clients by providing the most reliable, consumer-grounded, channel-relevant data, with forward-looking, strategic insights. Our services range from major research studies and management consulting solutions to online databases and fact-finding assignments. Our clients include food manufacturers and distributors, restaurants and retailers, other foodservice organizations, and various institutions aligned with the food industry. For more information, please contact Robert S. Goldin, Executive Vice President, at bgoldin@technomic.com

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