Trends in Sustainable Foodservice

10:50am-11:50am  Session One: Trends in the B&I Sector

Warren Solocek, Senior VP, The NDP Group, Foodservice
Introduced by Barbara Kane (SFM)
Winning Strategies for Growth: Satisfying Your Employees and Growing Your Customer Counts

SFM 2012 Solutions4 Conference
Redmond, WA
January 27, 2012
NPD is the leading global provider of consumer and retail sales information across 14 industry sectors.
CREST: Daily interviews with 1,700+ consumers to ask about yesterday’s foodservice use
- Where they went, what they ate, who they were with, how much they spent
- What motivated the visit, how they felt about the visit

Annually data on over 450,000 commercial and non-commercial foodservice visits to mine
Today’s look at the Industry

- State of the Industry
  - How the economy has affected Foodservice
  - Americans’ attitudes about healthy eating
  - Actions taken by restaurants to incorporate health

- Growth Opportunities
The Economy and its Influence on Spending
Economic recovery is technically underway. But, many Americans are still struggling.

Economic Metrics

3rd Quarter

- GDP: 3.5 (2010), 1.5 (2011)
- DPI: 3.0 (2010), 0.1 (2011)
- Inflation at home: 0.9 (2010), 5.9 (2011)
- Inflation away from home: 1.2 (2010), 2.6 (2011)

Dec.

- DPI: 63.4 (2010), 64.5 (2011)

Continued growth, but at a slow pace. High inflation and high unemployment hindered consumer spending.

Food at home inflation increased, making food more expensive for many Americans. Food away from home prices continued to rise.

Unemployment decreased in Dec, the lowest level since Mar '09. Unemployment decreased in Dec, the lowest level since Mar '09.

Consumer Confidence increased in December; the index is ending the year exactly where it began.

Source: Bureau of Economic Analysis/Bureau of Labor Statistics/Confidence Board
The unemployment rate has doubled among younger consumers and it’s changing the non-commercial user base.

Unemployment Rate by Age Group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Q3 2007</th>
<th>Q3 2010</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Consumers</td>
<td>4.7%</td>
<td>9.6%</td>
<td>9.1%</td>
</tr>
<tr>
<td>16-17</td>
<td>30.5%</td>
<td>28.3%</td>
<td>17.9%</td>
</tr>
<tr>
<td>18-24</td>
<td>19.4%</td>
<td>19.2%</td>
<td>11.4%</td>
</tr>
<tr>
<td>25-34</td>
<td>9.9%</td>
<td>9.6%</td>
<td>4.7%</td>
</tr>
<tr>
<td>35-49</td>
<td>3.3%</td>
<td>7.9%</td>
<td>7.3%</td>
</tr>
<tr>
<td>50-64</td>
<td>3.1%</td>
<td>7.4%</td>
<td>6.8%</td>
</tr>
<tr>
<td>65+</td>
<td>3.5%</td>
<td>7.0%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
Consumer confidence remains at very low levels, inhibiting spending everywhere, not just foodservice.

Dec '11
Confidence Index 64.5
Present 46.7
Expectations 76.4

Source: The Confidence Board
How are Non-Commercial Channels performing compared to Commercial Restaurants?
In the past year, key channels of interest have performed better than other Non-Commercial channels.

Total Foodservice
68 Billion Visits
YE Sep ‘11 Traffic 0%

US Foodservice Industry Traffic

- 68% Quick-Service Restaurants
- 19% Full-Service Restaurants
- 8% All Other Non-Commercial*
- 2% College & University
- 2% Business & Industry
- 1% Hospitals (excl. patient feeding)

* All Other Non-Commercial includes Vending
B&I, C&U, and Hospital channels exclude vending
Source: The NPD Group/CREST OnSite®/YE Sep ’11
Over one-quarter fewer visits made to B&I cafeterias since 2007; C&U and Hospital cafeterias have held up better.

Cafeteria Traffic (000s)

Since 2007
C&U: ~50% of gains sourced to Lunch
B&I: ~40% of declines sourced to Morning Meal; ~40% to Lunch
Hospital: gains at Lunch offset declines at Morning Meal and P.M. Snack

Source: The NPD Group/CREST OnSite®
B&I cafeteria users are getting older; little change at C&U and Hospital cafeterias

Who is the Cafeteria Consumer?
Share of Traffic

<table>
<thead>
<tr>
<th></th>
<th>B&amp;I</th>
<th>C&amp;U</th>
<th>Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YE Sep '07</td>
<td>YE Sep '11</td>
<td>YE Sep '07</td>
</tr>
<tr>
<td>Under 25</td>
<td>7</td>
<td>5</td>
<td>86</td>
</tr>
<tr>
<td>25-34</td>
<td>21</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>35-49</td>
<td>41</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td>50+</td>
<td>31</td>
<td>35</td>
<td>5</td>
</tr>
</tbody>
</table>

Are your food offerings changing along with your customers?

Source: The NPD Group/CREST OnSite®
And these B&I cafeteria visitors are utilizing morning meal more; what do you menu in the morning?

Age Distribution by Daypart

<table>
<thead>
<tr>
<th></th>
<th>Morning Meal</th>
<th></th>
<th>Lunch</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YE Sep'07</td>
<td>YE Sep'11</td>
<td>YE Sep'07</td>
<td>YE Sep'11</td>
</tr>
<tr>
<td>B&amp;I Cafeteria</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 35</td>
<td>29%</td>
<td>25%</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>35-49</td>
<td>40%</td>
<td>37%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>50+</td>
<td>31%</td>
<td>38%</td>
<td>33%</td>
<td>34%</td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 35</td>
<td>40%</td>
<td>37%</td>
<td>44%</td>
<td>41%</td>
</tr>
<tr>
<td>35-49</td>
<td>28%</td>
<td>26%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>50+</td>
<td>32%</td>
<td>37%</td>
<td>29%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: The NPD Group/CREST OnSite®
50+ year olds are more inclined to seek out a healthy meal than other age groups

Share of Visits at Total Restaurants

Commercial Restaurants

- Under 25: 27%
- 25-34: 16%
- 35-49: 24%
- 50+: 33%

Cafeterias

- Total Visits: 40%
- Healthy/Light Meal: 37%
- Total Visits: 22%
- Healthy/Light Meal: 23%

Cafeterias = B&I, C&U, and Hospital Cafeterias

Source: The NPD Group/CREST OnSite®/Jan-Jun’11
The average age of the population will continue to get older; the importance of those 50+ will continue to grow.

Distribution of the Population by Age*

Today & Ten Years from Now

Are you planning ahead for this change?

*Source: U.S. Census Bureau – 2009 vs. 2019
Americans’ Health Status and Health Concerns
Despite all the effort and educational resources, much of America is overweight or obese.

<table>
<thead>
<tr>
<th>Year</th>
<th>Overweight</th>
<th>Obese</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>31%</td>
<td>16%</td>
</tr>
<tr>
<td>2010</td>
<td>34%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Note: Sample is approximately 3,700 adults per year of which 90% provide food and beverage intake, height, and weight information. Overweight is BMI of 25-29.9, Obese is BMI of 30+.

Source: The NPD Group/HealthTrack /Years Ending Feb.
Yet “Health” seems to be everywhere these days …

However…
Despite our collective weight issues, there seems to be little change in Americans’ interest to lose weight.

“I would like to lose at least 20 pounds.”

Percent of Homemakers Completely/Mostly/Somewhat Agreeing with the Statement

Clearly older Americans are dieting more than younger adults

Source: The NPD Group/National Eating Trends® Weekly Diet Survey
We seemed to be more concerned about our health in the ’80s than we are today … at least in terms of concerns about harmful substances in our diet!

“A person should be very cautious in serving foods with …”

Percent of Respondents that **Completely Agree** (Top Box) with the Statement:

How Does This Carry Over to Restaurants?
Americans are less concerned about eating healthy meals away from home than when they eat at home.

Consumers Describe Away-From-Home and At-Home Eating Habits

<table>
<thead>
<tr>
<th>I Eat Healthful Meals:</th>
<th>When You Go Out To Eat</th>
<th>When You Eat At Home</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always Or Most Of The Time</td>
<td>23</td>
<td>42</td>
</tr>
<tr>
<td>About Half The Time</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>Sometimes</td>
<td>32</td>
<td>20</td>
</tr>
<tr>
<td>Rarely/Never</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: The NPD Group/Consumers Define Healthy Eating When They Go Out To Eat/Dec ’10
Consumer motivation for healthy/light meals ranks among the lowest drivers of foodservice traffic

Reason for Visiting – Total Foodservice

- Convenient Location: 43% Commercial Restaurants, 41% Non-Commercial Outlets
- Special Taste/Craving/ Specific Menu Item: 9% Commercial Restaurants, 36% Non-Commercial Outlets
- I Like It There: 14% Commercial Restaurants, 32% Non-Commercial Outlets
- Good Price: 13% Commercial Restaurants, 24% Non-Commercial Outlets
- Always/Regularly Go There: 20% Commercial Restaurants, 23% Non-Commercial Outlets
- Quality of Food: 6% Commercial Restaurants, 20% Non-Commercial Outlets
- Did Not Have Time/Hurry: 13% Commercial Restaurants, 17% Non-Commercial Outlets
- Other’s Choice/I Didn’t Decide: 5% Commercial Restaurants, 14% Non-Commercial Outlets
- Good Variety of Foods to Choose: 6% Commercial Restaurants, 12% Non-Commercial Outlets
- Healthy Choices/Wanted a Light Meal: 10% Commercial Restaurants, 8% Non-Commercial Outlets

Source: The NPD Group/CREST OnSite®/Jan-Jun’11
Convenience, habit, and in a hurry more important drivers of B&I cafeteria usage than seeking healthy/light meals

**B&I Cafeteria**

Reason for Visiting – Total Occasions

- **Convenient Location**: 64%
- **Always/Regularly Go There**: 30%
- **Did Not Have Time/Hurry**: 28%
- **Good Price**: 20%
- **I Like It There**: 16%
- **Healthy Choices/Wanted a Light Meal**: 12%
- **Special Taste/Craving/Specific Menu Item**: 10%
- **Quality of Food**: 10%
- **Good Variety of Foods to Choose**: 9%
- **Family Member/I Work There**: 8%

**M** = more important to Morning Meal  
**L** = more important to Lunch

Source: The NPD Group/CREST OnSite®/Jan-Jun’11
Convenience, habit, and in a hurry also most important drivers of C&U cafeteria usage

C&U Cafeteria

Reason for Visiting – Total Occasions

Convenient Location 53%
Always/Regularly Go There 39%
I Like It There 20%
Did Not Have Time/Hurry 16%
Good Price 10%
Good Variety of Foods to Choose 10%
Healthy Choices/Wanted a Light Meal 8%
Quality of Food 7%
Special Taste/Craving/Specific Menu Item 7%
Other's Choice/I Didn't Decide 6%

Source: The NPD Group/CREST OnSite®/Jan-Jun’11
Convenience, habit, and in a hurry also most important drivers of Hospital cafeteria usage

Hospital Cafeteria

Reason for Visiting – Total Occasions

- Convenient Location: 57%
- Did Not Have Time/Hurry: 25%
- Always/Regularly Go There: 24%
- Family Member/I Work There: 22%
- Good Price: 19%
- I Like It There: 14%
- Healthy Choices/Wanted a Light Meal: 10%
- Quality of Food: 8%
- Special Taste/Craving/Specific Menu Item: 8%
- Good Variety of Foods to Choose: 7%

Source: The NPD Group/CREST OnSite®/Jan-Jun’11

= more important to Morning Meal
= more important to Lunch
The feature of greatest importance to consumers in defining “Healthy” eating when they use a Non-Commercial outlet is food quality, which is further defined as fresh ingredients.

Total Non-Commercial – Healthy Eating Definition as Described by Consumers

Source: The NPD Group/Consumers Define Healthy Eating When They Go Out To Eat/Dec ‘10
*Work Place Cafeteria – Healthy Eating Definition as Described by Consumers*

- **Nutritious**
  - Well balanced food groups
- **Fresh ingredients**
  - More vegetables w/meal
- **Natural**
  - More fruit
- **Local source**
  - Less protein or meat
- **Organic W/Vitamins**
  - Add salad

**Quality**
- Balanced Meal

**Portion Size**
- Right portions
- Smaller portions
- Follow portion control
- No overeating
- Eat some/leave rest

**Salads**
- Grilled
  - Baked
  - Steamed
  - Broiled
  - Roasted
  - Fried/stir fried
  - Raw/uncooked
  - Boiled

**Cooking Method**
- Fish
- Turkey
- Beef
- Pork/beans/tofu
- Shellfish/none

**Protein**
- Lean meat
- No fried food
- No heavy sauces/gravy
- No greasy foods
- No mayo
- No breading
- No cream sauces/gravy
- No cheese/sauces

**Fat Content**
- Low fat items
- Good fats/oils
- Low caloric
- Lighter fare
- No heavy sauces/gravy

**Low Calorie**
- No fatty food
- No fried food
- No fried food
- No heavy sauces/gravy
- No greasy foods
- No mayo
- No breading
- No cream sauces/gravy
- No cheese/sauces
- Low caloric

**Bev. Choices**
- Water
- Tea
- No sugary drinks
- No alcohol
- Coffee
- No soda/pop

Source: The NPD Group/Consumers Define Healthy Eating When They Go Out To Eat/Dec ‘10
The concept of Fresh is most important in C&U locations; does this play out as locally sourced?

College Cafeteria – Healthy Eating Definition as Described by Consumers

Source: The NPD Group/Consumers Define Healthy Eating When They Go Out To Eat/Dec ‘10
Which Chains Rank High When Customers are Looking for a Healthy/Light Meal?
The chains that rank highest for healthy/light meal as a visit motivator offer the greatest customization

Top Ten Chains Reason for Visit Rating: Healthy/Light Meal

1. Sweet Tomato/Souplantation 52%
2. Jamba Juice 35%
3. Subway 32%
4. El Pollo Loco 29%
5. Boston Market 23%
6. McAlister's Deli 22%
7. Panera 22%
8. Chipotle 17%
9. Jason's Deli 17%
10. Mimi's Café 15%

Chains ranked on share among respondents seeking a healthy/light meal
Source: The NPD Group/CREST®/Jan-Jun’11
No real surprises on the top healthy foods and beverages at Commercial Restaurants

Top Foods and Beverages Purchased on a Healthy/Light Occasion at Commercial Restaurants

<table>
<thead>
<tr>
<th>Top 10 Foods</th>
<th>Top Beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salads (Main Dish + Side)</td>
<td>Bottled Water</td>
</tr>
<tr>
<td>Salty Snacks</td>
<td>Smoothies</td>
</tr>
<tr>
<td>Non-Fried Vegetables</td>
<td>Hot Tea</td>
</tr>
<tr>
<td>Turkey/Turkey Club Sandwich</td>
<td></td>
</tr>
<tr>
<td>Grilled Chicken Sandwich</td>
<td></td>
</tr>
<tr>
<td>Cold Cut Combo</td>
<td></td>
</tr>
<tr>
<td>Mexican</td>
<td></td>
</tr>
<tr>
<td>Soup</td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td></td>
</tr>
<tr>
<td>Fruit</td>
<td></td>
</tr>
</tbody>
</table>

Foods ranked on menu importance among respondents seeking a healthy/light meal
Source: The NPD Group/CREST®/Jan-Jun’11
And, no real surprises on the top healthy foods and beverages at Cafeterias

Top Foods and Beverages Purchased on a Healthy/Light Occasion

**B&I Cafeteria**
- Salads (Main Dish + Side)
- Sandwiches (excl. burgers)
- Tap Water
- Non-Fried Vegetables
- Soup
- Bottled Water
- Coffee
- Diet CSDs
- Iced Tea
- Fruit

**C&U Cafeteria**
- Salads (Main Dish + Side)
- Sandwiches (excl. burgers)
- Tap Water
- Non-Fried Vegetables
- Milk
- Fruit
- Juice
- Bottled Water
- Tea (Hot + Iced)

**Hospital Cafeteria**
- Non-Fried Vegetables
- Salads (Main Dish + Side)
- Sandwiches (excl. burgers)
- Tap Water
- Coffee
- Diet CSDs
- Soup
- Eggs

Foods ranked on menu importance among respondents seeking a healthy/light meal
Source: The NPD Group/CREST OnSite® Jan-Jun’11
How are Perceived Healthy Foods Performing vs. Commercial Restaurants

In the Morning and at Lunch

A Few Examples
Healthy: Hot Cereal is more important in Cafeterias

**Hot Cereal Menu Importance at Morning Meal**

- **Hospital Cafeteria**
  - YE Sep'07: 5.4
  - YE Sep'08: 8.5
  - YE Sep'09: 5.8
  - YE Sep'10: 7.4
  - YE Sep'11: 8.0

- **B&I Cafeteria**
  - YE Sep'07: 5.4
  - YE Sep'08: 5.9
  - YE Sep'09: 5.8
  - YE Sep'10: 6.3
  - YE Sep'11: 7.4

- **Commercial**
  - YE Sep'07: 0.3
  - YE Sep'08: 0.4
  - YE Sep'09: 0.8
  - YE Sep'10: 1.0
  - YE Sep'11: 2.0

Menu importance = % of meals that include item

*Commercial excluding Retail

Source: The NPD Group/CREST OnSite®
Healthy: Snack Bars more important in Non-Commercial than in Commercial outlets

Cereal/Snack/Granola/Energy Bars Menu Importance at Morning Meal

Menu importance = % of meals that include item

**Commercial including Retail
All channels include Vending

Source: The NPD Group/CREST OnSite®
Healthy: Yogurt more important at Non-Commercial than Commercial outlets

**Yogurt Menu Importance at Morning Meal**

- **B&I Cafeteria**
  - YE Sep'07: 0.7
  - YE Sep'08: 0.9
  - YE Sep'09: 0.8
  - YE Sep'10: 1.0
  - YE Sep'11: 1.0

- **C&U Cafeteria**
  - YE Sep'07: 3.3
  - YE Sep'08: 2.2
  - YE Sep'09: 2.6
  - YE Sep'10: 2.8
  - YE Sep'11: 6.9

- **Commercial***
  - YE Sep'07: 1.0
  - YE Sep'08: 1.0
  - YE Sep'09: 1.0
  - YE Sep'10: 1.0
  - YE Sep'11: 1.0

Menu importance = % of meals that include item

*Commercial excluding Retail

Source: The NPD Group/CREST OnSite®
Healthy: Overall importance of Vegetarian meals remains low, but still more important at Cafeterias

Vegetarian (Entrees & Meatless Burgers/Sandwiches) Menu Importance at Lunch

Menu importance = % of meals that include item
*Commercial excluding Retail

Source: The NPD Group/CREST OnSite®
Healthy: Main Dish Salad importance higher at Cafeterias. Does ‘local sourcing’ help?

**Total Salads Menu Importance at Lunch**

- **B&I Cafeteria**
  - YE Sep'07: 23.2
  - YE Sep'08: 24.9
  - YE Sep'09: 25.2
  - YE Sep'10: 24.6
  - YE Sep'11: 24.7

- **Hospital Cafeteria**
  - YE Sep'07: 21.3
  - YE Sep'08: 23.0
  - YE Sep'09: 22.0
  - YE Sep'10: 21.1
  - YE Sep'11: 21.0

- **C&U Cafeteria**
  - YE Sep'07: 19.3
  - YE Sep'08: 20.0
  - YE Sep'09: 18.0
  - YE Sep'10: 17.1
  - YE Sep'11: 17.5

- **Commercial**
  - YE Sep'07: 14.2
  - YE Sep'08: 13.5
  - YE Sep'09: 12.9
  - YE Sep'10: 12.7
  - YE Sep'11: 12.3

Menu importance = % of meals that include item

*Commercial excluding Retail

Source: The NPD Group/CREST OnSite®

Proprietary and Confidential
Healthy: Bottled Water more important at Cafeterias

Bottled Water Menu Importance at Lunch

Menu importance = % of meals that include item

*Commercial excluding Retail

Source: The NPD Group/CREST OnSite®
Healthy: Iced Tea least important at C&U Cafeteria

Iced Tea Menu Importance at Lunch

<table>
<thead>
<tr>
<th></th>
<th>YE Sep'07</th>
<th>YE Sep'08</th>
<th>YE Sep'09</th>
<th>YE Sep'10</th>
<th>YE Sep'11</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;I Cafeteria</td>
<td>11.7</td>
<td>12.4</td>
<td>12.6</td>
<td>13.2</td>
<td>13.3</td>
</tr>
<tr>
<td>Hospital Cafeteria</td>
<td>11.4</td>
<td>12.3</td>
<td>10.7</td>
<td>13.2</td>
<td>12.1</td>
</tr>
<tr>
<td>Commercial*</td>
<td>8.4</td>
<td>10.8</td>
<td>9.3</td>
<td>9.8</td>
<td>8.5</td>
</tr>
<tr>
<td>C&amp;U Cafeteria</td>
<td>6.7</td>
<td>8.4</td>
<td>9.3</td>
<td>9.8</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Menu importance = % of meals that include item

*Commercial excluding Retail

Source: The NPD Group/CREST OnSite®
Opportunities for Growth
Have you thought about . . .
Average check at B&I and Hospital is lower than Fast Food restaurants – do your patrons know that? They should!

### Avg. Eater Check (Paid Occasions)

<table>
<thead>
<tr>
<th></th>
<th>Morning Meal</th>
<th>Lunch</th>
<th>Supper</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QSR</strong></td>
<td>$5.14</td>
<td>$4.11</td>
<td>$5.67</td>
</tr>
<tr>
<td><strong>FSR</strong></td>
<td>$12.30</td>
<td>$8.59</td>
<td>$10.79</td>
</tr>
<tr>
<td><strong>B&amp;I Cafeteria</strong></td>
<td>$4.17</td>
<td>$3.03</td>
<td>$4.80</td>
</tr>
<tr>
<td><strong>C&amp;U Cafeteria</strong></td>
<td>$5.47</td>
<td>$5.06</td>
<td>$5.55</td>
</tr>
<tr>
<td><strong>Hospital Cafeteria</strong></td>
<td>$3.90</td>
<td>$3.10</td>
<td>$4.30</td>
</tr>
</tbody>
</table>

Source: The NPD Group/CREST OnSite®/YE Sep’11
Restaurants do a better job of promoting ‘value’; How can Cafeterias create a better value proposition?

<table>
<thead>
<tr>
<th>% of Visits on Retail Type Deals*</th>
<th>QSR</th>
<th>B&amp;I Cafeteria</th>
<th>C&amp;U Cafeteria</th>
<th>Hospital Cafeteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YE Sep'07</td>
<td>YE Sep'08</td>
<td>YE Sep'09</td>
<td>YE Sep'10</td>
</tr>
<tr>
<td>QSR</td>
<td>18%</td>
<td>19%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>B&amp;I Cafeteria</td>
<td>9%</td>
<td>10%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>C&amp;U Cafeteria</td>
<td>7%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Hospital Cafeteria</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
</tr>
</tbody>
</table>

*Retail Type Deals: Coupons, Combos, Daily Specials, Discounted Price, Value Menu, Buy Some/Get Some & Merchandise Offer

Source: The NPD Group/CREST OnSite®
You have a great opportunity to capitalize on growing interest in eating Breakfast away from home.
Why we choose to have a Morning Meal prepared by others?

- It’s convenient
- Increased availability…both venues and products
- Low cost
- I can sleep later
So what’s been going on in Morning Meal? Innovation and Promotion continue to grow

IT’S ALL ABOUT COFFEE IN THE MORNING!

Burger King turns to Seattle’s Best coffee and new menu items
QSR Morning Meal promotions seem to be enticing consumers back at the expense of B&I cafeteria

Morning Meal Traffic Percent Change vs. Year Ago
6 Month Trend

Source: The NPD Group/CREST OnSite®
In the most recent year, B&I cafeteria visits have outpaced Fast Food at Lunch

**Lunch** Traffic Percent Change vs. Year Ago

6 Month Trend

Source: The NPD Group/CREST OnSite®
Despite a difficult economic situation, consumers continue to snack in the afternoon. What do you offer after Lunch?

Daypart Traffic Distribution

**QSR**
- Morning Meal: 22%
- Lunch: 34%
- Supper: 27%
- P.M. Snack: 17%

**Cafeterias**
- Morning Meal: 26%
- Lunch: 52%
- Supper: 16%
- P.M. Snack: 6%

Cafeterias = B&I, C&U, and Hospital Cafeterias

PCYA = Percent Change vs. Year Ago

Source: The NPD Group/CREST OnSite®
Afternoon Snacks include many ‘Main Meal’ foods and beverages

Top Foods and Beverages at Fast Food Afternoon Snack

<table>
<thead>
<tr>
<th>Foods</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salty Snacks</td>
<td>12.0</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>8.5</td>
</tr>
<tr>
<td>Burgers</td>
<td>8.3</td>
</tr>
<tr>
<td>French Fries</td>
<td>7.8</td>
</tr>
<tr>
<td>Candy/Candy Bar</td>
<td>5.7</td>
</tr>
<tr>
<td>Cookies</td>
<td>4.1</td>
</tr>
<tr>
<td>Mexican (incl Nachos)</td>
<td>3.9</td>
</tr>
<tr>
<td>Donuts</td>
<td>3.4</td>
</tr>
<tr>
<td>Chicken Nuggets/Strips</td>
<td>3.0</td>
</tr>
<tr>
<td>Breaded Chicken Sandwich</td>
<td>2.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beverages</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular CSDs</td>
<td>15.8</td>
</tr>
<tr>
<td>Iced/Frozen/Slush Coffee</td>
<td>6.8</td>
</tr>
<tr>
<td>Iced Tea</td>
<td>6.1</td>
</tr>
<tr>
<td>Diet CSDs</td>
<td>6.0</td>
</tr>
<tr>
<td>Bottled Water</td>
<td>5.7</td>
</tr>
<tr>
<td>Traditional Coffee</td>
<td>5.3</td>
</tr>
<tr>
<td>Cappuccino/Espresso/Latte</td>
<td>5.1</td>
</tr>
<tr>
<td>Frozen/Slushy Soft Drinks</td>
<td>4.0</td>
</tr>
<tr>
<td>Non-Carb Soft Drinks</td>
<td>3.4</td>
</tr>
<tr>
<td>Shakes/Malts/Floats</td>
<td>3.0</td>
</tr>
<tr>
<td>Smoothies</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Avg. Eater Check
Paid Occasions: $3.36

Source: The NPD Group/CREST OnSite®/YE Sep ‘11
Some Final Thoughts
As You Think About the Future . . .

- Employment will grow marginally through 2012 – your captive base of users will not return to levels seen in 2007/2008 for years, if ever
  - It’s a share fight for visits – your competition is primarily Fast Food restaurants
  - How can you better position yourself to potential users?

- How much “healthy” food do you have on your menu?
  - There is a growing interest among older visitors

- Focus on Value: But, value does not mean discount
  - Time and convenience are your advantages
  - Show potential visitors the value of the meal they get at your location

- Do you menu the right foods to compete?
  - How do you innovate and does anybody notice?
  - Are you watching what restaurants are doing?
  - Coffee in the Morning is a deal breaker

Source: The NPD Group/CREST® & CREST OnSite®
Thank You!

Warren Solocheck
Vice President
The NPD Group
847-692-1783
warren.solocheck@npd.com