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STRATEGY**  
GROUP

# **COVID-19 Outlook & Impacts on the Food & Beverage Industry**

May 2021

**Welcome**



**Steve Robert**  
Global VP of Sales, Marketing,  
Product Innovation

## Speakers



**Judi Lazaro**  
**Senior Category Director,**  
**Food Safety**  
**AIB International**



**Anne Coulter**  
**Managing Director**  
**Research Strategy Group**

## Method

### Approach

#### Quantitative

15 min online survey

#### Qualitative

45 min interview

### Sample Size

N = 325

N = 16

### Markets

US, Canada, Mexico

US, Canada

### Criteria

Senior Contacts: Directors & Above,  
Vice Presidents in Food & Beverage  
processing/manufacturing,  
retailers, packaging, storage and  
distribution  
Influencers

Senior Contacts: Directors & Above,  
Vice Presidents in Food & Beverage  
processing/manufacturing,  
retailers, packaging, storage and  
distribution



= higher score



= lower score

# Profile Summary



**62%**  
MALE



**38%**  
FEMALE

## influence in relation to dealing with pandemic %

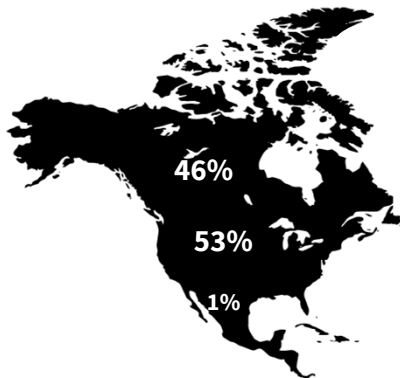


**53**  
PRIMARY DECISION  
MAKER

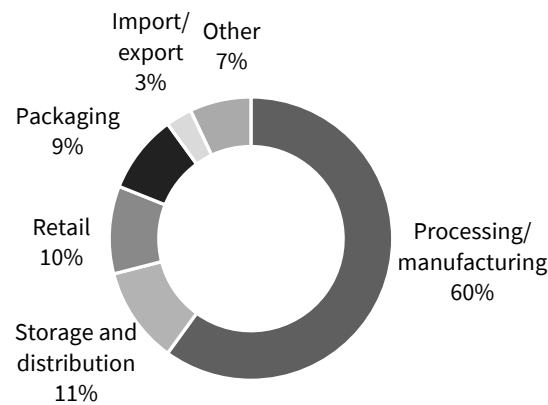
**34**  
SOME DECISIONS  
MADE, OTHER  
INFLUENCED

**13**  
INFLUENCE  
ONLY

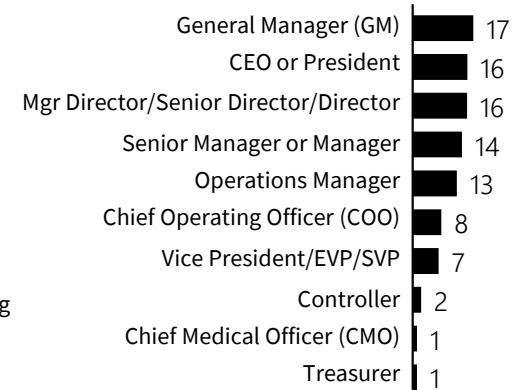
## Region



## Sector



## Role/Title %



## Annual Revenue %



## Area of Company %



# Industry Outlook



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**When do you think the  
next pandemic will happen?**





**30%**

**expect another  
pandemic in the  
next 4 years**

**50%**

**expect it in the  
next decade**



# Those anticipating another global pandemic in the next 4 years



**Large Companies**  
(\$250MM- \$1BN Revenue)



**CEOs**



**Processors/  
Manufacturers**

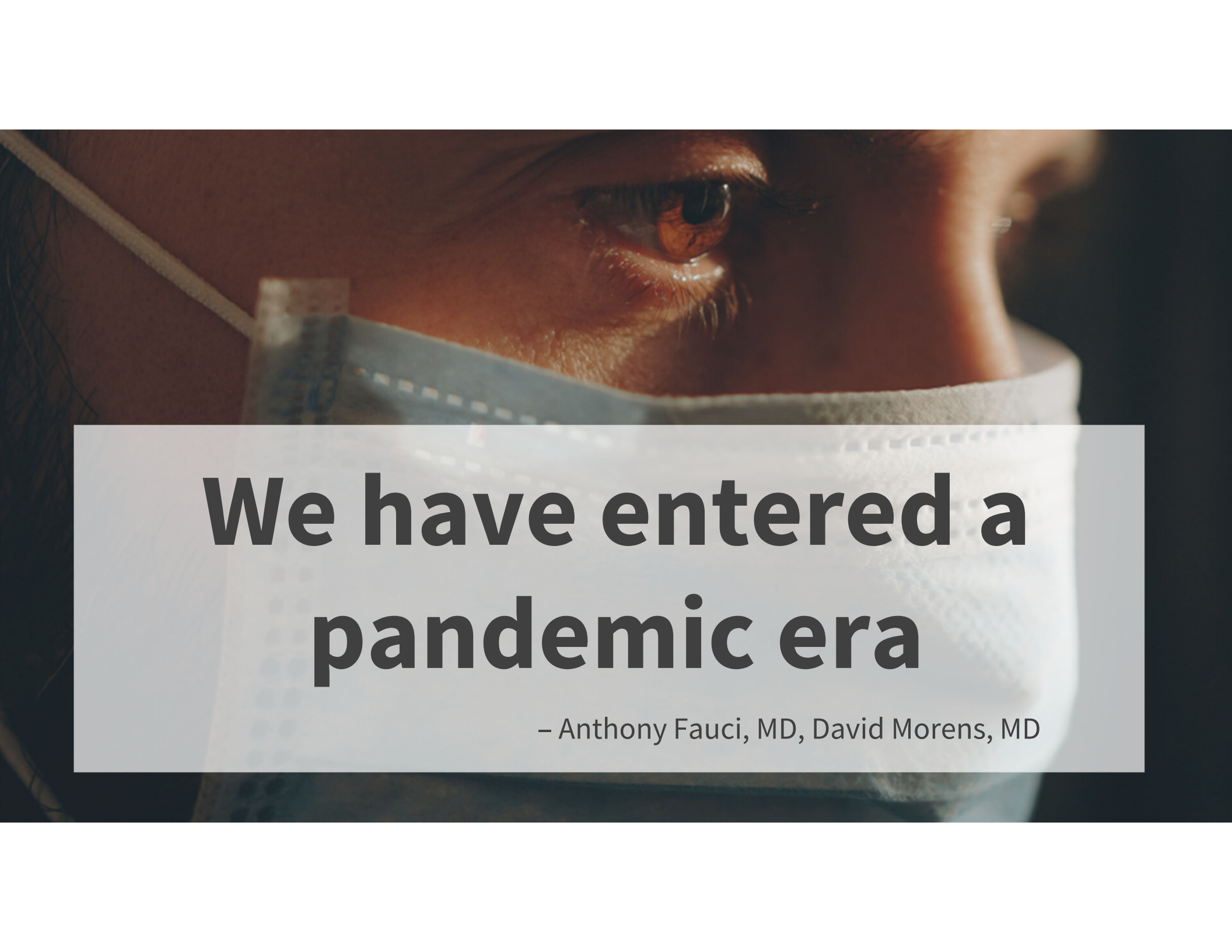
# Profile of those who think another global pandemic is likely to happen in the next 4 years vs. not (%)

among total

	within 4 years	not within 4 years		within 4 years	not within 4 years
	93	232		93	232
area of the company			role or title		
Supply chain mgmt/Operations/Procurement	59	61	Chief Executive Officer (CEO) or President	27	11
Quality/Compliance	54	41	Managing Director/Senior Director/Director	14	16
Crisis Management	22	20	Senior Manager or Manager	6	18
Human Resources	21	20	Operations Manager	10	14
Legal	23	6	Chief Operating Officer (COO)	6	9
Medical	4	6	General Manager (GM)	16	18
			Vice President/Executive VP/Senior VP	9	7
company revenue			pandemic planning		
Less than \$250 million USD	27	39	Plan in place prior to COVID-19 that adequately addressed the pandemic	61	30
\$250 million to less than \$500 million USD	38	26	Plan in place prior to COVID-19 that did not adequately address the pandemic	20	24
\$500 million to \$1 billion USD	34	24	No plan in place, but have put one in place since COVID-19 started	19	46
More than \$1 billion USD	1	11			
			gender		
			Male	69	59
			Female	31	41

Companies with a plan in place prior to COVID-19 that adequately addressed the pandemic are also *more* likely to think a pandemic will happen within 4 years – these companies appear to be continually anticipating and planning for emergency situations.

\*Other includes packaging, storage and distribution, import/export, other  
Q12. When do you think another global pandemic is likely to happen? Please select one.

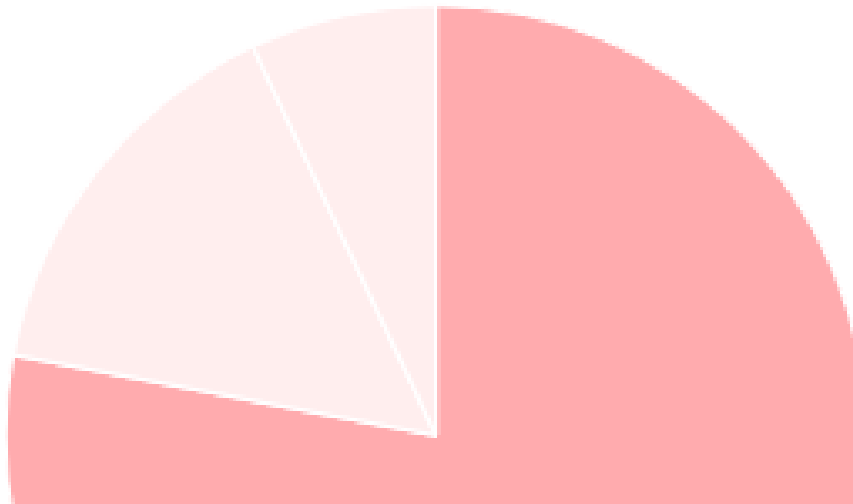


**We have entered a  
pandemic era**

– Anthony Fauci, MD, David Morens, MD

More than  
**3/4**  
of companies

claim they are  
currently preparing  
for another global  
pandemic



# State of Preparedness



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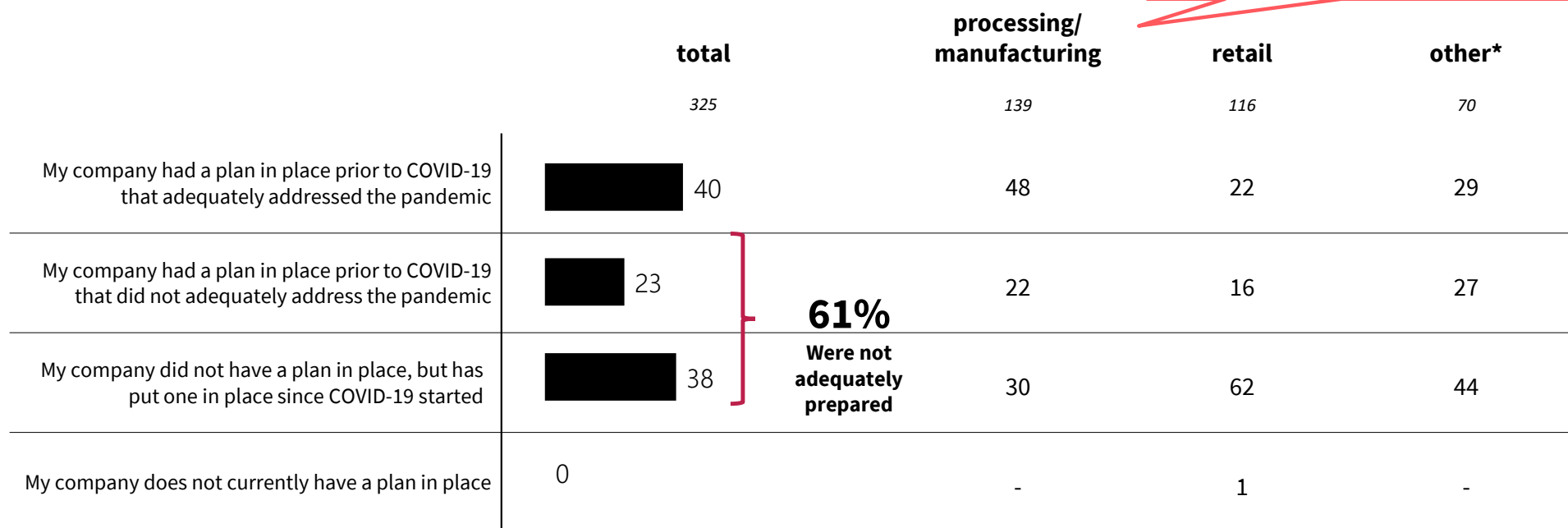


**61%**

**were not adequately prepared  
for the pandemic**

# Which of the following best describes your company's plans for dealing with the COVID-19 pandemic? (%) among total

Processing/manufacturing companies with less than \$500 million in revenue were *less* likely to have a plan in place that adequately addressed the pandemic.





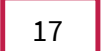
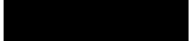


\*Other includes packaging, storage and distribution, import/export, other

Q9. Which of the following best describes your company's plans for dealing with the COVID-19 pandemic? Please select one.

# Processing/Manufacturing companies were more prepared to deal with the pandemic vs. other sectors, such as retail

how well prepared do you feel your company was to deal with the COVID-19 pandemic? (%)  
among total

Companies with revenue of less than \$250 million felt *less* prepared for the COVID-19 pandemic.

	total 325	processing/ manufacturing 139	retail 116	other* 70
Very prepared	 38	 43	 17	34
Somewhat prepared	 44	45	49	41
Not very prepared	 16	11	27	21
Not at all prepared	 2	1	7	3

\*Other includes packaging, storage and distribution, import/export, other

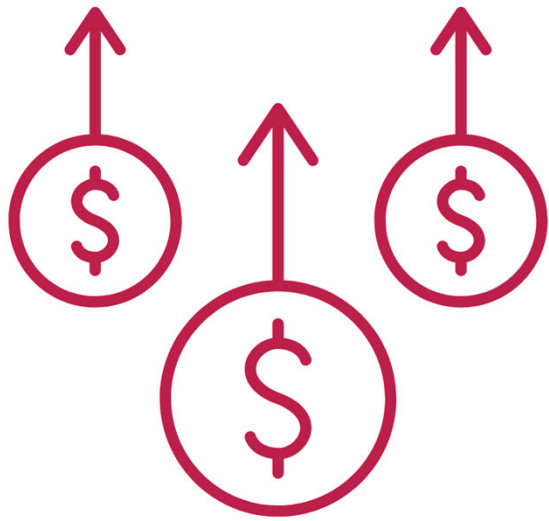
Q8. Thinking back to early 2020, how well prepared do you feel your company was to deal with the COVID-19 pandemic? Please select one.



# Impacts of the Pandemic



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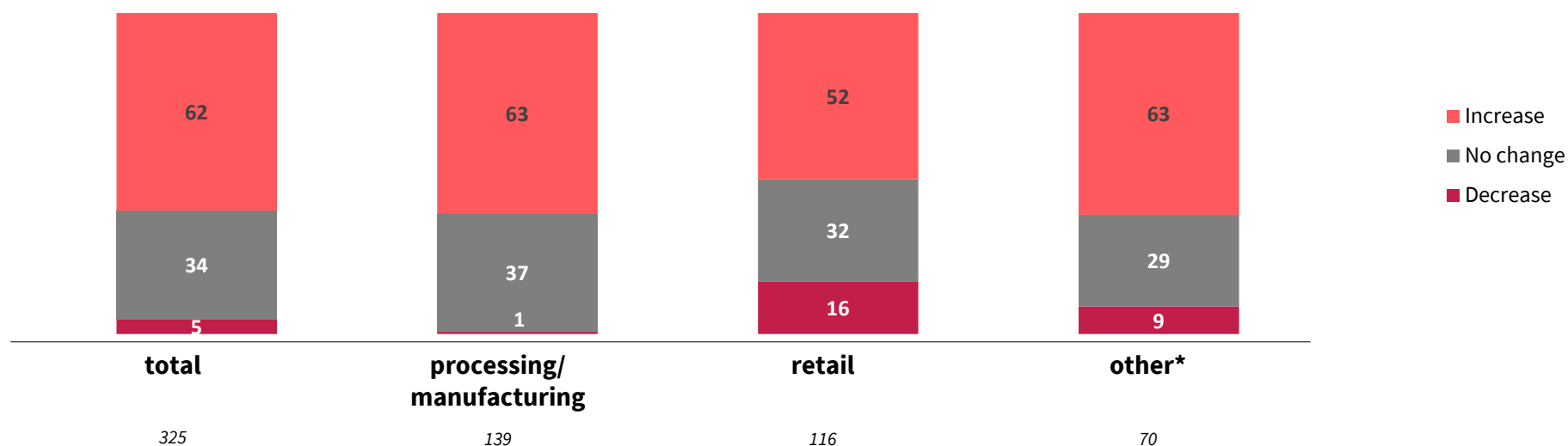


# 62%

**experienced an increase in  
operating costs due to the  
pandemic**

# Impact of the COVID-19 pandemic on operating costs (%) among total

76% of companies with revenue of \$1 billion+ report an increase in operating costs.







<b>NET increase - decrease</b>	<b>57</b>	<b>62</b>	<b>35</b>	<b>54</b>
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\*Other includes packaging, storage and distribution, import/export, other

Q20. What impact has the COVID-19 pandemic had on your company's operating costs? Please consider costs such as PPE, sanitation, insurance, etc. Please select one.

**19% saw an increase in operating costs and a decrease in revenue, while 43 percent saw an increase in operating costs and no decline in revenue.**

**the impact of the COVID-19 pandemic on revenue and operating costs (%)**  
among total

	total 325	processing/ manufacturing 139	retail 116	other* 70
Decline in revenue <u>and</u> increased operating costs	 19	14	21	27
Decline in revenue, no increase in operating costs	 14	12	32	10
Increase in operating costs, no decline in revenue	 43	48	31	36
No increase in operating costs, no decline in revenue	 25	25	16	27

\*Other includes packaging, storage and distribution, import/export, other

Q17. What impact has the COVID-19 pandemic had on your company's revenue? Please select one.

Q20. What impact has the COVID-19 pandemic had on your company's operating costs? Please consider costs such as PPE, sanitation, insurance, etc. Please select one.

# Three-quarters of companies noted PPE/updated work environments and sanitation increased operating costs

## additional operating costs due to the pandemic (%)

among those who experienced an increase

	total 191	processing/ manufacturing 87	retail 60	other* 44
PPE/changes to work environment to meet COVID-19 protocols	75	72	93	75
Sanitation	74	71	92	75
Employee training	45	44	45	48
Supply chain sourcing	41	44	30	39
Hazard pay	38	46	27	25
Insurance	34	37	17	32
Changes to products	33	30	38	36

\*Other includes packaging, storage and distribution, import/export, other

Q22. Which of the following have resulted in increased operating costs for your company? Please select all that apply.

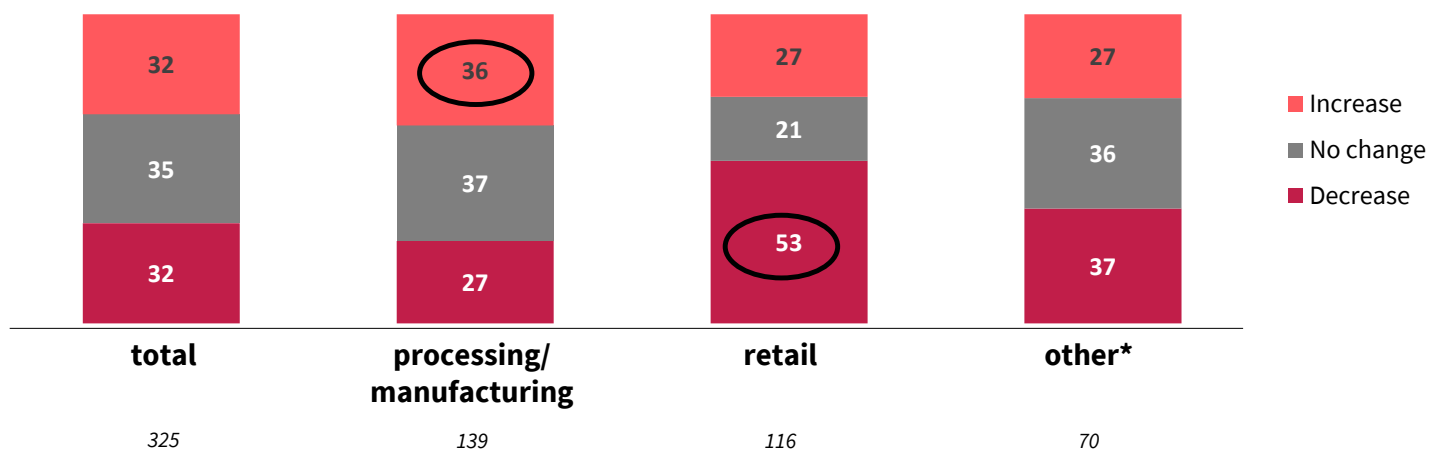


**1 in 3**

**saw a decrease  
in revenue**

# Impact of the COVID-19 pandemic on revenue (%) among total

Processing/manufacturing companies with higher revenue (\$500 million+) are more likely to report an increase in revenue, while those with revenue of less than \$500 million are more likely to report a decrease.



**NET increase – decrease**

**0**

**9**

**-26**

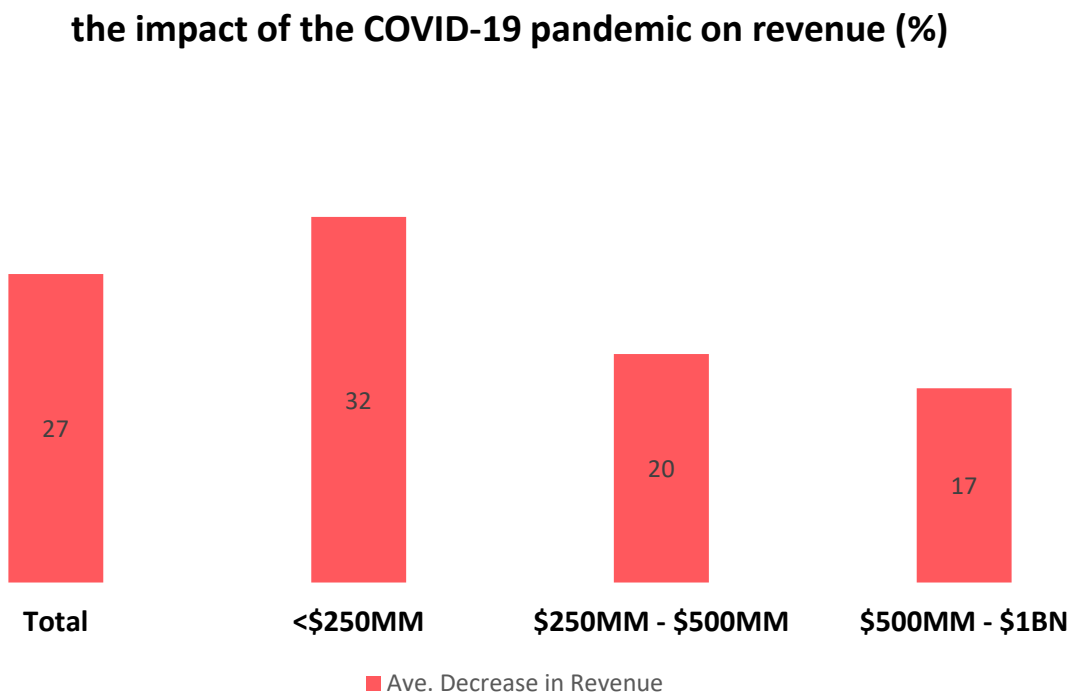
**-10**

\*Other includes packaging, storage and distribution, import/export, other

Q17. What impact has the COVID-19 pandemic had on your company's revenue? Please select one.

# 27% average revenue decrease

Companies with lower revenue (<\$250 MM) were more likely to report a decrease in revenue.



\*Caution: Low base size (<30) and too low for reporting \$1 billion+  
Q17. What impact has the COVID-19 pandemic had on your company's revenue? Please select one.  
Q19. What has been the approximate percentage decrease in revenue for your company since the pandemic began? Please type in the percentage below.



# Prepared Companies were

**2x** more likely to report no significant change in operating costs

**2.5x** less likely to experience a decrease in revenue

# Employee absenteeism and cancelled/reduced orders were the top issues faced by companies

experiences as a result of the COVID-19 pandemic (%)

among total

	total	processing/ manufacturing	retail	other*
	325	139	116	70
Employee absenteeism	50	46	55	56
Cancelled or reduced orders	49	47	59	51
Distribution interruptions	43	42	52	41
Increased production to meet demand	36	40	24	31
Manufacturing shutdowns	26	27	28	23
Lack of qualified employees	24	22	33	24
Increased profitability	23	24	14	26
Other	1	-	3	1
None of the above	3	1	7	4

\*Other includes packaging, storage and distribution, import/export, other

Q16. Which of the following, if any, has your company experienced as a result of the COVID-19 pandemic? Select all that apply.

# Food safety and employee health were the two most important areas for future industry education and preparedness

Companies with revenue of more than \$1 billion are *more* likely to have updated their crisis management plan to include pandemics and updated their intermittent operations planning.

## steps being taken to deal with the COVID-19 pandemic (%)

among total

	total 325	processing/ manufacturing 139	retail 116	other* 70
Updated our food safety plans / pre-requisite programs	71	73	72	67
Improved health crisis mitigation measures to ensure the health and well-being of employees	69	70	72	66
Updated our crisis management plan to include pandemic	62	69	57	49
Updated our supply chain management procedures to include pandemic	57	60	45	56
Updated our intermittent operations planning	41	44	43	36

\*Other includes packaging, storage and distribution, import/export, other

Q12B. More specifically, which of the following steps, if any, have been or are currently being taken at your company to deal with the COVID-19 pandemic? Please select all that apply.

# Top of mind steps taken to deal with the pandemic were those implemented to keep frontline employees safe

steps being taken to deal with the COVID-19 pandemic (%)  
among total

	total 325	processing/ manufacturing 139	retail 116	other* 70
PPE	53	48	72	56
Social distancing	35	35	40	31
Increased sanitation	31	26	35	40
Limiting number of staff/customers	12	10	22	13
Temp checks/screening/sick leave pay	14	13	22	14
Hand washing/sanitizing	14	14	27	10
Remote work	12	14	5	11

\*Other includes packaging, storage and distribution, import/export, other

Q11. What steps have been or are currently being taken at your company to deal with the COVID-19 global pandemic? Please be as detailed as possible. [OPEN-END]

# Preparations for the Future



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**“**

**Pandemics are not new.**

**We've had swine flu, SARS, so most food companies should have something in place.**

**You *should* be prepared for some type of failure.**

– Vice President, Processing/Manufacturing

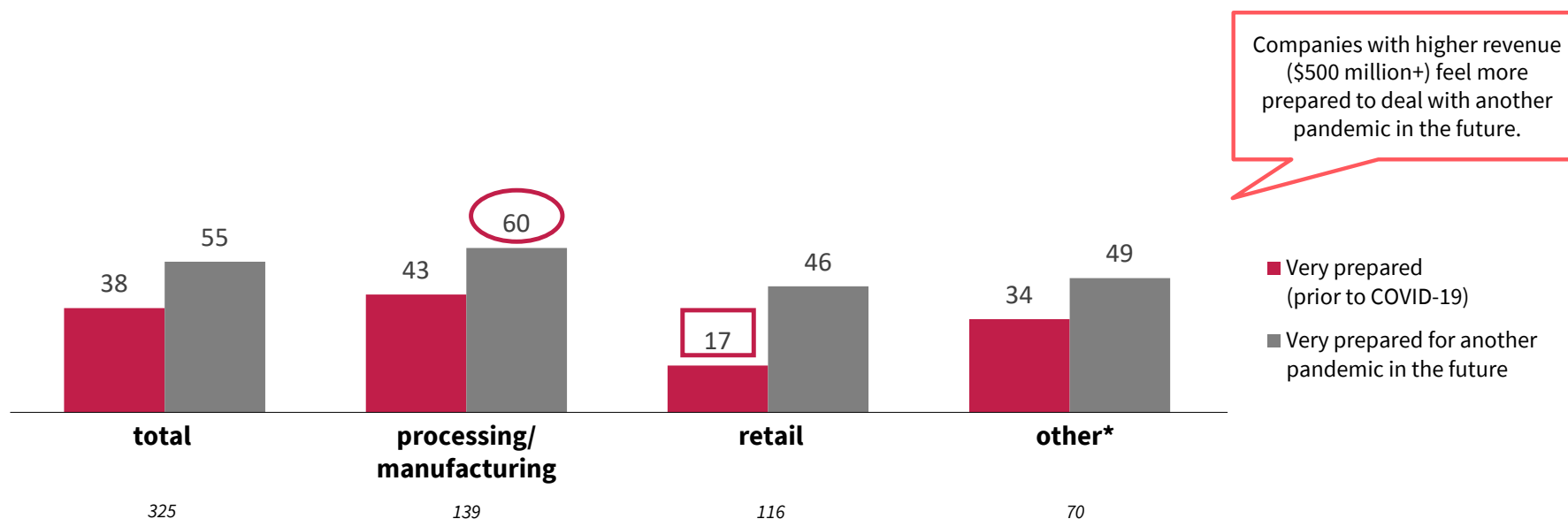
**Companies say they  
feel more prepared  
to deal with another  
pandemic, however**

**45%**

**Still don't feel  
very prepared**

# Preparedness prior to COVID-19 vs. another Pandemic in the Future (%)

among total



\*Other includes packaging, storage and distribution, import/export, other

Q8. Thinking back to early 2020, how well prepared do you feel your company was to deal with the COVID-19 pandemic?

Q24. How prepared do you feel your company is to deal with another pandemic in the future?



# Free Resources

- **Get Started Checklists**
- **Preparedness Plan Reviews**
- **Talk to an Expert**



**Questions**



# Contact Us



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