



RESTAURANT

FOOD

CLOSED
COVID 19

COVID-19

How COVID-19 brought consumers closer to seafood



Global
Aquaculture
Alliance



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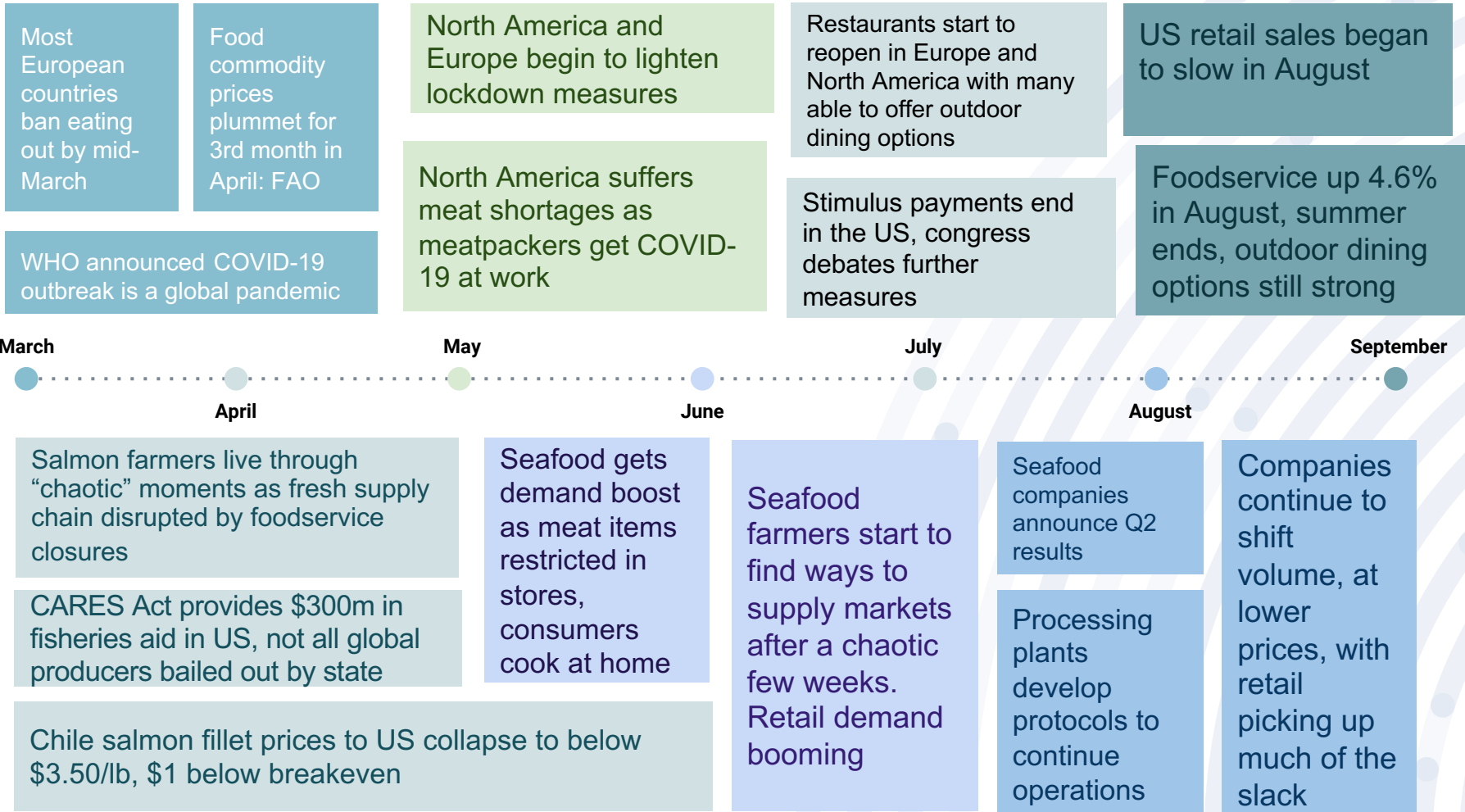
Matt Craze
Spheric Research

COVID-19 looked disastrous for seafood sector



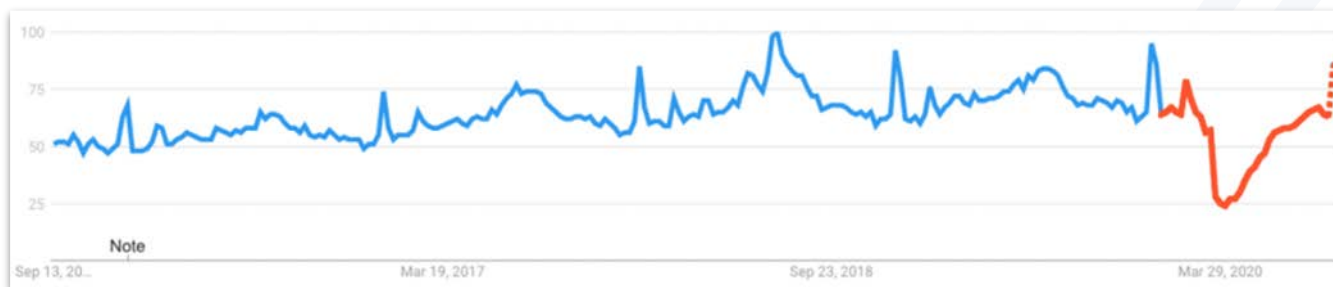
- ❑ 36 of 37 OECD countries closed restaurants for prolonged periods
- ❑ Farms, processing plants threatened by COVID-19 disruptions, air freight cost spiraled
- ❑ Chile salmon prices at \$3.50/lb by August, \$1 below breakeven. Bluefin tuna at record low in Tokyo
- ❑ Shrimp industry already suffering from low prices: Higher cost Ecuador/India producers imperiled
- ❑ Seafood most affected protein, highly exposed to foodservice and air freight: Urner Barry
- ❑ Chinese markets have not recovered due to scare stories about imported seafood

"This is certainly the sharpest decline I have seen in my time in this industry," **Mowi CEO Ivan Vindheim**

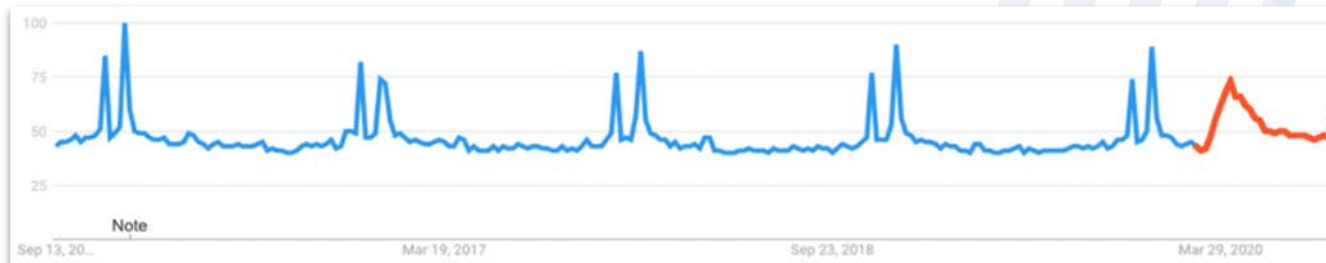


Google searches on the cooking mega-trend

Google searches for “Restaurants” over the past 5 years



Searches for “Cooking” broke a multi-year trend in March 2020



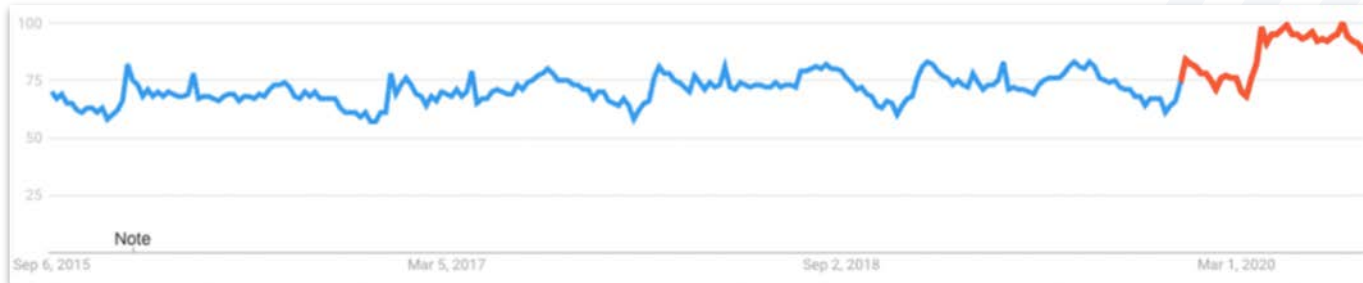
Period in red starts from February to August 2020

“Americans ate almost the same amount of salmon during this pandemic. There was a complete shift towards retail and people started to cook at home,”

- Rabobank analyst Gorjan Nikolik

Despite restaurant shutdowns, seafood searches are at an all-time high

Searches for **“Salmon”** ramped up starting March 2020



It's the same story with **“Shrimp”** searches



“We gained a lot of new customers, seafood has done really well for us,”

- Josanna Busby,
category manager at Food Lion

Period in red starts from February to August 2020

The day the world slowed down

Retail and foodservice professionals' comments on consumer behavior during COVID-19



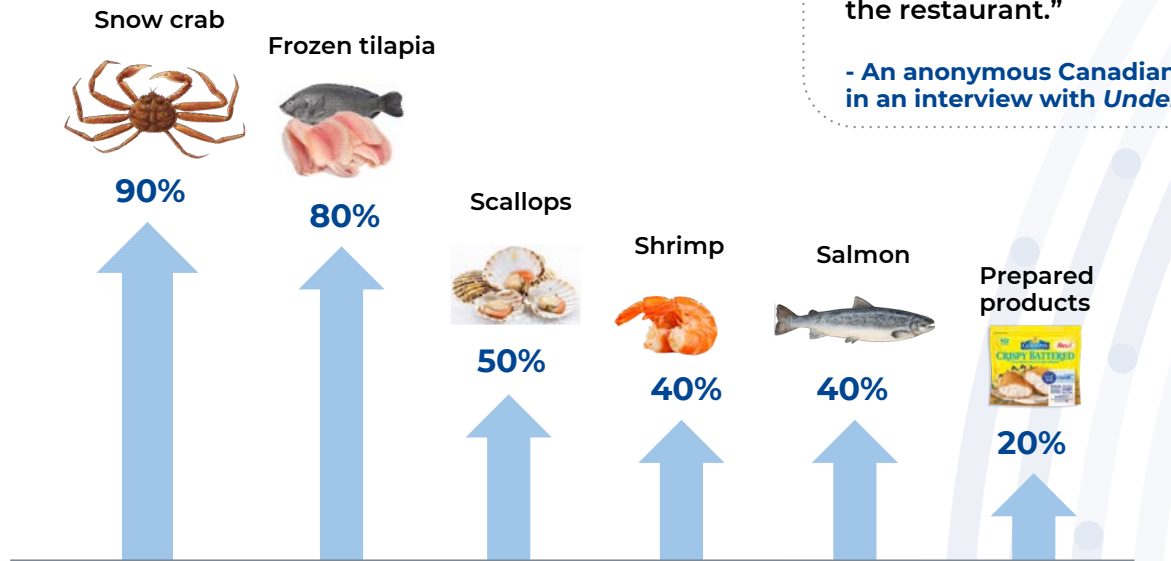
"The consumer figured out how to cook seafood, March 1 nobody knew how to cook the product - March 10 they know how to cook it."
- Guy Pizzuti, category manager at Publix

Retail seafood sales have risen sharply

"Seafood is outpacing every other department," said **Richard Castle**, director of seafood at **Giant Eagle**. "Snow crab is selling like hotcakes."

"A guy and his wife or girlfriend will come in on a Friday night and say, 'You know what dear, we haven't been out for two months, we haven't spent and we have this disposable income, I think we are going to buy 5 lbs of crab and have a nice romantic supper with the wine and it'll be cheaper than the restaurant.'"

- An anonymous Canadian snow crab seller predicting the future, in an interview with *Undercurrent News*



Increased seafood sales post COVID-19, supplied by a anonymous supermarket chain

Meal-kit makers gain market value



Blue Apron share price skyrocketed on March 18 right after lockdown measures were announced by the White House. Competitor **HelloFresh** announced a 74% Q2 increase in its customer base

With retail, the buzzword is stickiness

Back to
faster
lifestyles:
less time
to cook

End of
summer
weather in
northern
hemisphere

Can the strong
increases in retail
demand be
sustained over
time?

Seafood
still
popular at
higher
values?

"We are building demand like for like. If you give us enough time, we will recover all the losses in foodservice through the retail sector."

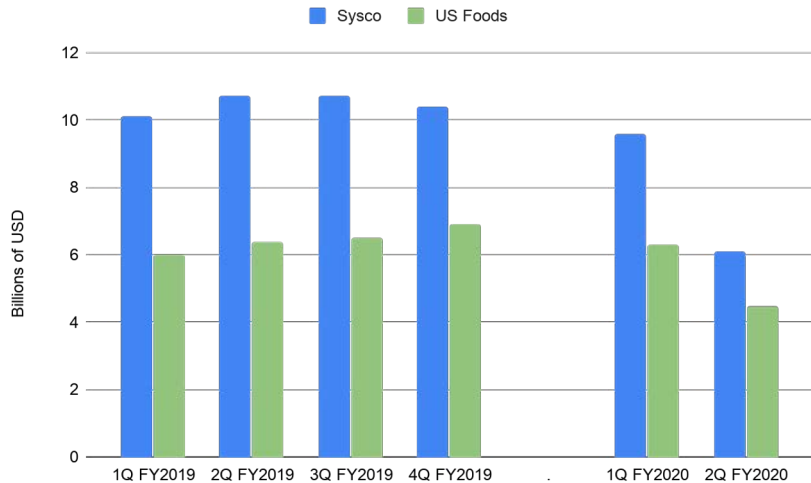
- Ivan Vindheim, Mowi
CEO

"We want to try and keep customers in the category. We would do so through online channels, through media chats, through e-commerce and co-marketing programs."

- Josanna Busby, Food Lion

Top US foodservice suppliers faced losses

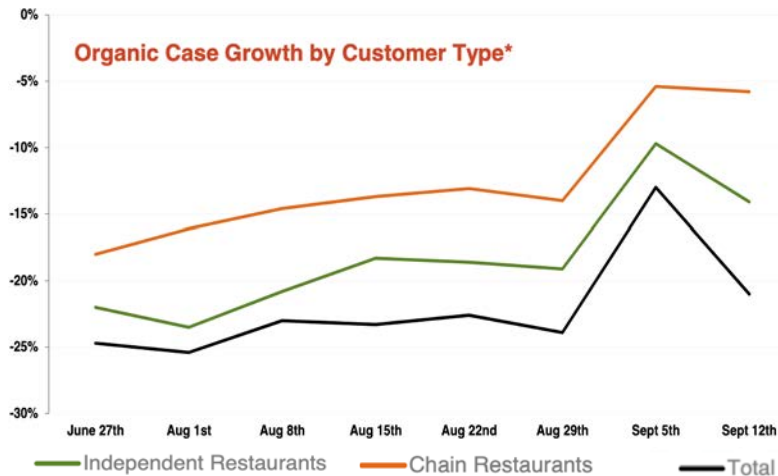
Sysco and US Foods saw second quarter revenue tank on COVID-19



Source: Sysco and US Foods

"We believe volumes will recover, ultimately to pre COVID-19 levels" - **US Foods CEO Pietro Satriano**

The recovery is underway in foodservice and restaurants are requesting more value-added items amid a worker shortage



Source: US Foods

"We've seen a rebound in all categories. Fresh, frozen and dry. It has been a steady growth, especially in value add items where we have seen faster growth."
Tony Downs , Category Director Seafood at Sysco

Restaurant industry statistics in the US

A survey conducted by the National Restaurant Association released on September 14 showed that:

- Nearly 1 in 6 restaurants (~100,000 restaurants) have closed either permanently or long-term
- Overall, sales were down 34% on average during pandemic period
- The industry is on track to lose \$240 billion in sales by the end of the year

“There is no real indication that the foodservice business is going to pick up” - “A lot of the American foodservice business has been based on outdoor dining with reduced indoor dining. As we come into cold seasons here, we don’t know what that’s going to do”

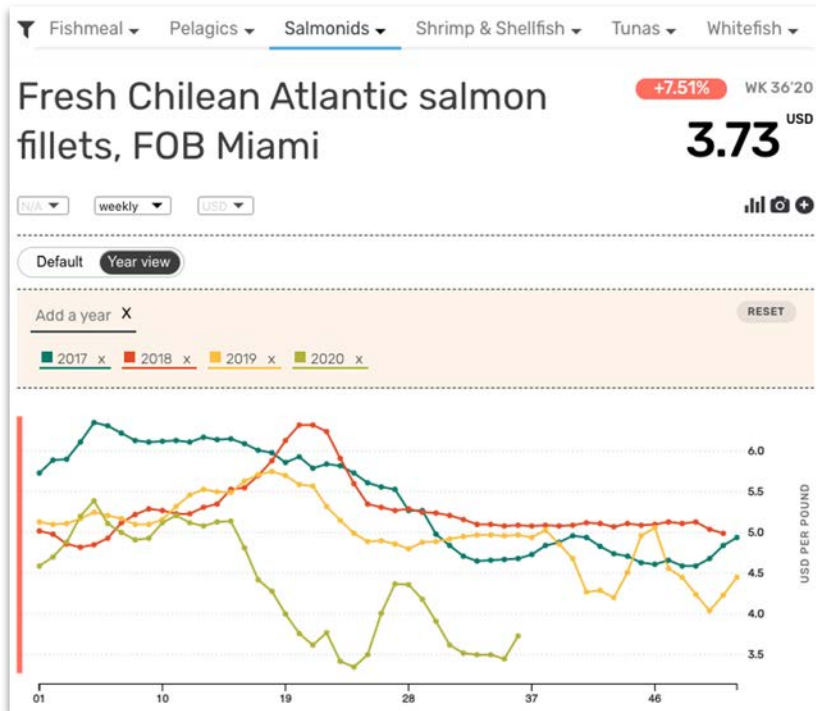
- Jeff Sedacca, CEO of Sunnyvale Seafood



‘I’m scared of people not going to restaurants anymore’ — Will high-end dining ever return?

Cityside

Prices tumble, but strong customer acquisition in dip - Salmon



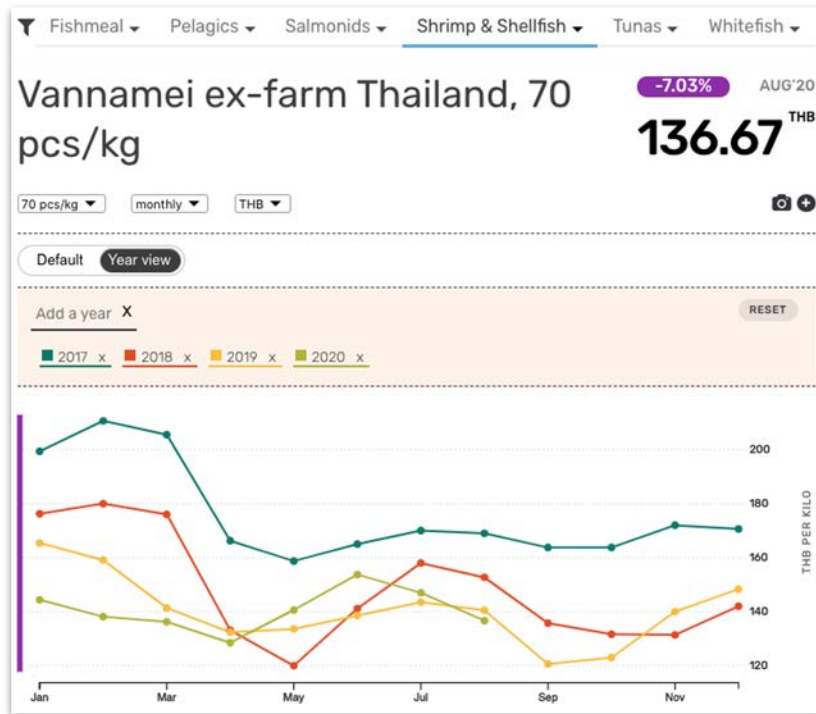
“Low salmon prices have boosted demand down the road. The prospects for this industry, in our view, look very favorable”

– Ivan Vindheim, CEO of Mowi

“We have very challenging times ahead in order to develop the new scenario of the new normal -- the online and offline, and more development of consumer products”

– Jose Ramon Gutierrez, chairman of Multiexport Foods

Prices tumble, but strong customer acquisition in dip - Shrimp



"I see shrimp as being one of the least expensive proteins out in the marketplace. It is inexpensive to serve and it is a versatile protein and people found items like that in the COVID-19 pandemic)"

–Tony Downs, Category Director Seafood at Sysco

"Many retailers are pushing for faster deliveries now. They are moving through their stock, and they are selling much better than expected. And we are getting pushed by retailers to move product forward. Demand from retail will be strong for the rest of the year."

– Jim Gulkin, Siam Canadian Group

Stimulus propped up demand -- how long will it last?



- Extra \$600 a week to poorer US citizens ended July
- Congress undecided over more stimulus
- Apparently limited impact on seafood, although economy could worsen
- 70 Countries introduced stimulus-payments to help most affected - The Economist

There is a 40% chance the US economy will enter a recession in the next two years
– **Billionaire hedge fund investor Ray Dalio**

“When stimulus ended, instead of our sales being up 40-50%, sales were up 30-40%. Most people that are eating salmon are going to pay the price no matter what it is”
– **Richard Castle, director of seafood at Giant Eagle**

“Food at home fatigue is real. Consumers are ready to re-engage with restaurants.”
– **Sysco CEO Kevin Hourican**

The seafood-at-home trend is global





Thanks!

Any questions?

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