

THE STATE OF BUSINESS DINING Q1 / 2022

Presented by



dinova™



Technomic®

A hand holding chopsticks is positioned on the right side of the page, ready to pick up a piece of sushi. The background is a dark slate plate with several pieces of sushi: a row of four maki rolls at the top, a row of four nigiri pieces in the middle, a large shrimp nigiri in the center, a maki roll with yellow filling below it, and a row of four salmon nigiri pieces at the bottom. The chopsticks are held in a traditional grip, and the hand is wearing a light blue sleeve.

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Foreword

The restaurant industry has gone through a period of disruption unlike anything we at Technomic have seen in our 56 years of tracking this vital channel. COVID-19 has changed much about how, where and why consumers visit restaurants, and industry operators have had to pivot to survive. We're seeing an industry in the midst of a significant transformation but going forward, we remain optimistic about the longer term outlook for restaurants and the resilient underlying demand for hospitality that still remains strong.

Business dining is an important component of the overall away-from-home spending, and we're pleased to be working with Dinova to bring these unique insights to the market. **While overall business dining sales are charting a slightly different path than broader industry recovery, combining our broader insights around the health and outlook of restaurants, together with the depth of intelligence provided by Dinova, offers a unique glimpse into different facets of the coming rebound and what the industry can expect going forward.**



David Henkes
Senior Principal and Head
of Strategic Partnerships
Technomic

Foreword

Have you ever heard of the “Waffle House Index”? Here in the South, where Dinova is headquartered, it’s an informal (yet, surprisingly accurate) way to measure the severity of natural disasters like hurricanes or blizzards. Here’s the gist: since the restaurant chain Waffle House has a reputation for staying open during extreme weather, you can tell how bad a situation is by looking at whether the local Waffle Houses are open, closed, or operating with a limited menu.

Just like Waffle House can tell us a lot about the scale of a sudden catastrophe, the state of business dining speaks volumes about recovery amid a slower-moving one – COVID. Think about it: since business dining was largely paused at the start of the pandemic, more business dining means more normalcy. When business dining and travel disruptions due to new variants (hello, Omicron) look more like road bumps than nosedives, it signals that restaurants and businesses are growing more adaptive and diners more tolerant.

That’s precisely what we’re seeing now. In Q4 of 2021, as the Omicron variant spread like wildfire, business dining contracted – but, as with the Delta variant, it didn’t crash. Business dining continued to occur at more than double the rate of the start of the pandemic. While business dining recovery is projected to slow in Q1, we expect the overall numbers to hold relatively steady, signaling increased resilience to pandemic disturbances. Business diners are also much less price sensitive than other diners, making this group more resilient to the inflation we’re seeing as well.

Another silver lining? The data shows that business dining growth within our Dinova restaurant network is outpacing that of the general restaurant industry! This shows that those restaurants that are leaning into servicing business diners have a competitive advantage in this market.

Two years into the pandemic, restaurants and corporations now have more tools and knowledge to mitigate risk and course-correct so disruptions no longer signal doom. We hope this State of Business Dining report can be another valuable tool in your arsenal.



Alison Galik
President & CEO
Dinova

Introduction

Thanks to Omicron's unwelcome appearance in late 2021, we've all seen the memes about 2022 being "2020: The Sequel." But, is it? Fortunately, when it comes to business dining trends, we don't think so.

At the start of the pandemic, business dining hit rock bottom. Since then, business dining sales have made gains, but not steadily, and not at the same pace as all restaurant dining (which has since surpassed 2019 levels).

This bumpy journey suggests that business dining recovery remains more sensitive to COVID conditions – particularly new variants, continued uncertainty around office re-openings, and travel anxieties. Now, restaurants can also add "inflation" to the list of woes.

But, for restaurants that value B2B sales, the numbers continue to look much more promising than this time almost two years ago. They also tell us that business diners are far less price-sensitive than other diners. Given that we're currently only seeing a decline in overall consumer confidence, not diner spending, time will tell whether current inflation worries turn out to be "inflated."

In this report, we'll look at the dining data that signals what restaurants can expect in Q1 2022 and beyond, as well as the current trends that are shaping the way companies view business dining, travel, and culture-building – perhaps permanently.



We've again partnered with Technomic – the leader in foodservice industry data and insights – to bring you this State of Business Dining report.

By incorporating Technomic's overall restaurant data for context, we can highlight where business dining behaviors, recovery and trends are consistent with consumer dining behaviors, recovery and trends – and where they diverge. For restaurants that value business diners, recognizing the unique opportunities these divergences represent – and strategically acting on them – continues to be the key to increasing business dining sales.

In the Q1 2022 edition, we'll look at how further delays in office reopenings and travel have impacted business dining and how the outlook has shifted despite the new Omicron variant and lingering concerns.

The Road to Recovery: Are We There Yet?

When the journey is this unsteady, unpredictable, and full of speed bumps, it helps to have cold, hard data. We'll dive into the latest numbers and our **projections**.

Business Trends to Watch.

Companies continue to evolve their duty of care and remote work policies and look for ways to boost morale amid "The Great Resignation." We'll look at what it all means for restaurants.

Benchmarks.

We'll slice and dice the business dining data to bring you more insights about what to expect for your specific region or restaurant category.



Section 3

The Road to Recovery: Are We There Yet?

What the Dinoa Business Dining Index (BDIndex) can tell us.

Dinova's Business Dining Index (BDIndex) expresses business dining sales for a specified time as a percentage of the sales total for the same period in 2019. When this measure reaches 100, that means business dining has returned to pre-pandemic levels.

Since business dining has always fluctuated during different times of the year, comparing current business dining levels to the same time period pre-pandemic provides the most helpful measure of true business dining recovery.

Technomic uses similar methods to analyze the rate of recovery in the overall market: the TIndex, a snapshot “point in time” measurement for a given month, and its quarterly index of foodservice sales. By comparing Dinova’s data with Technomic’s, we can see how business dining fared against the general industry.

Throughout the pandemic and into the present, dining has clearly taken a much harder hit than overall dining. When COVID hit, while both business dining and general dining plunged, the BDIndex dropped to 34 – just over half of the Technomic quarterly index. By Q1 of 2021, Technomic’s index was just 5 points shy of full recovery levels; business dining, meanwhile, was still 40 points away.

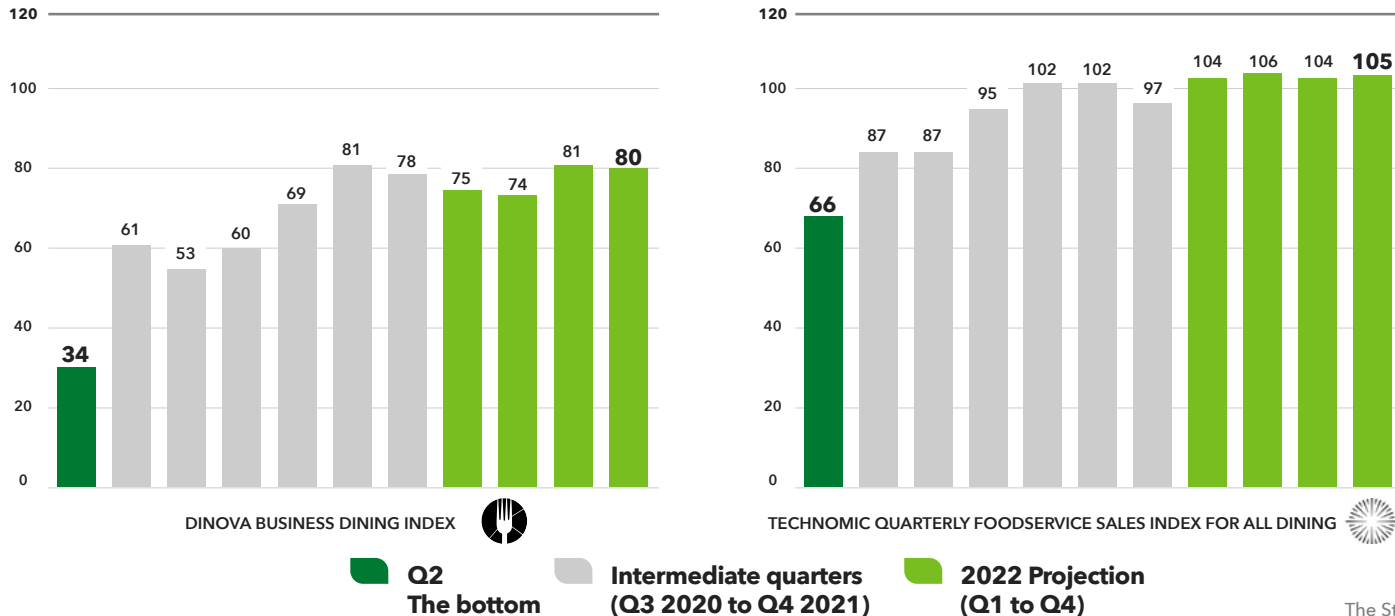
In the first two quarters of 2021, Technomic’s data showed that dining spending for all restaurant types surpassed those of 2019; this reflects both a healthy consumer appetite for dining out and rising menu prices. Constrained by inflation, supply chain woes, labor shortages, and Omicron, the overall industry growth should level off in 2022.

While the BDIndex still lags behind, it has seen greater gains than the overall market. By the end of 2022, we predict it will hover around 80.

2021 saw a drastic improvement in business dining recovery; despite threats like the Delta variant, the BDIndex hit a high of 81 in Q3 before contracting slightly to 78 in Q4.

While we predict business dining sales will dip in Q1 2022, exploring data sets’ nuances can help restaurants meet the moment.

Business Dining Recovery vs. All Dining Recovery





Fueled by vaccines and falling hospitalizations, business dining sales were 103% higher in Q2 of 2021 than at the pandemic's arrival a year prior. Despite the appearance of the Delta variant, business dining sales continued a steady recovery, and the BDIndex reached 69. 2021 Q3 looked even rosier, with business dining reaching 81% of pre-pandemic levels.

In Q1 of 2022, business dining recovery contracted slightly to 78. We believe this was due to a combination of slowing growth in Q3, the high level of dining spend in Q4 2019 (the benchmark), and the Omicron variant. Although the BDIndex did fall, it was higher than our initial projection of 71.

We predict that the BDIndex will slip to 75 in Q1 2022 as enterprise recovery remains sluggish. However, not all corporate dining business comes from large enterprise companies, and some restaurant segments and regions are recovering faster than others. Let's dig into the latest data for the complete picture.

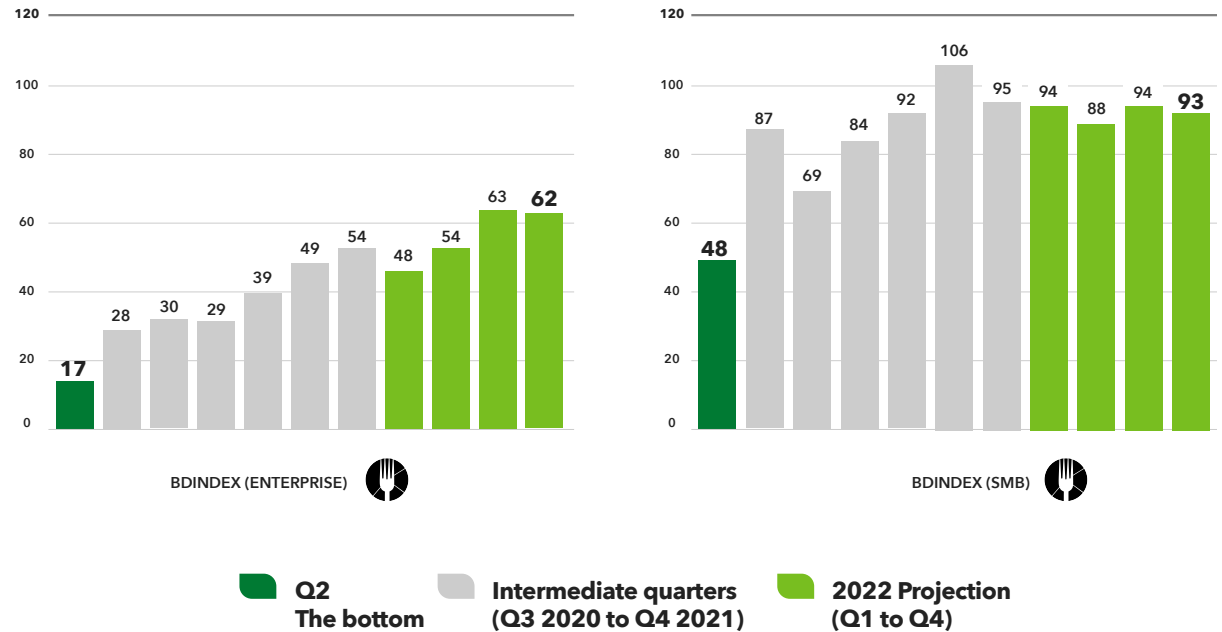
A Tale of Two Segments: Enterprise vs. SMB

Not all business dining is created equal, which is why it's important to study small businesses and enterprises separately. Enterprise-size organizations, while deep-pocketed, have vastly different travel behaviors and risk profiles than the small and medium-sized companies that are the backbone of local economies nationwide.

Throughout this report, you will see the BDIndex referenced as the Enterprise BDIndex when only enterprise diner recovery is being assessed and SMB BDIndex (SMB) when we're talking specifically about small business diner recovery.

You'll notice that, in both the actual data for 2021 and our 2022 projections, SMB dining recovery far outpaces that of enterprise companies. The SMB BDIndex climbed to 106 in Q3 before contracting to 95 in Q4 (more than 53% higher than the Enterprise BDIndex). Why? Most small businesses simply didn't have the luxury of hitting the pause button.

Enterprise vs. SMB Business Dining Recovery



Although our predictions show the Enterprise BDIndex remaining below its SMB counterpart throughout 2022, we predict it will see significant net gains between the first and final quarter, while small business dining growth will level off. Still, if the Enterprise BDIndex only reaches a high of around 63 in 2022, it will have a dragging effect on overall business dining recovery. This is the most significant factor keeping the overall BDIndex at 20% below the pre-pandemic level.

For a deeper dive into the BDIndex across business and restaurant types and how it compares to the overall market recovery, see the Benchmarks section at the end of this report.

Recovery Variables in Flux

Remember the “Permissible Travel Framework” we introduced previously? It’s a simple formula (first introduced by travel management company Festive Road) that predicts how business travel and dining might fare based on external and internal factors:

Government Influence

+

Employee Readiness

+

Company Readiness

=

Business Dining Recovery

Let’s look at the developments in each of these areas since our last (Q4 2021) report.

1

Business Dining Recovery Variable No. 1: "Government Influence"

OUTLOOK based on
"Government Influence"

Neutral

As vaccines became widely available in 2021, governments in most states began to lift COVID restrictions and mandates. Business dining sales grew accordingly and, despite the Delta-driven summer surge, just seven states reimposed any restrictions. In December 2021, according to a Technomic study, more than three quarters of restaurant operators were open to full capacity for indoor dining.

Yet, vaccine availability and efficacy didn't prove to be the "silver bullet" for ending the pandemic, as inoculation rates lagged in the U.S. As of this writing, only around 63% of U.S. adults were fully vaccinated. Only 40% had received a booster dose, despite a massive government campaign to encourage booster shots as the Omicron variant spread.



Efforts to mandate vaccination at state and federal levels have seen mixed success. In January 2022, The Supreme Court blocked an emergency rule requiring all large private employers to require Covid-19 vaccines or regular tests; as a result, some large businesses (like Starbucks) dropped their employee vaccine policies while others kept their mandates in place. Federal mandates that have been successfully implemented, such as the federal vaccine mandate for healthcare workers, have been met with pushback among vaccine-resistant workers and even left medical centers caught in-between conflicting state and federal policies.

Some states have enacted their own vaccine mandates for workplaces, indoor dining, and entertainment venues, while others moved to ban mandates for private or government employers altogether (or require certain exemptions). Nearly half of diners said they wanted restaurant operators to require vaccines for their employees, according to a December 2021 Technomic study; while the share of restaurants requiring staff to get vaccinated increased in Q4 of 2021, vaccines were less likely to be required as hiring challenges took precedent.

As mandate efforts remain in limbo and the true effects on return-to-office plans and business dining remain to be seen, we can also look at trends in employee and company attitudes.

2

**Business Dining
Recovery Variable
No.2:
“Employee
Readiness”**

OUTLOOK based on
“Employee Readiness”

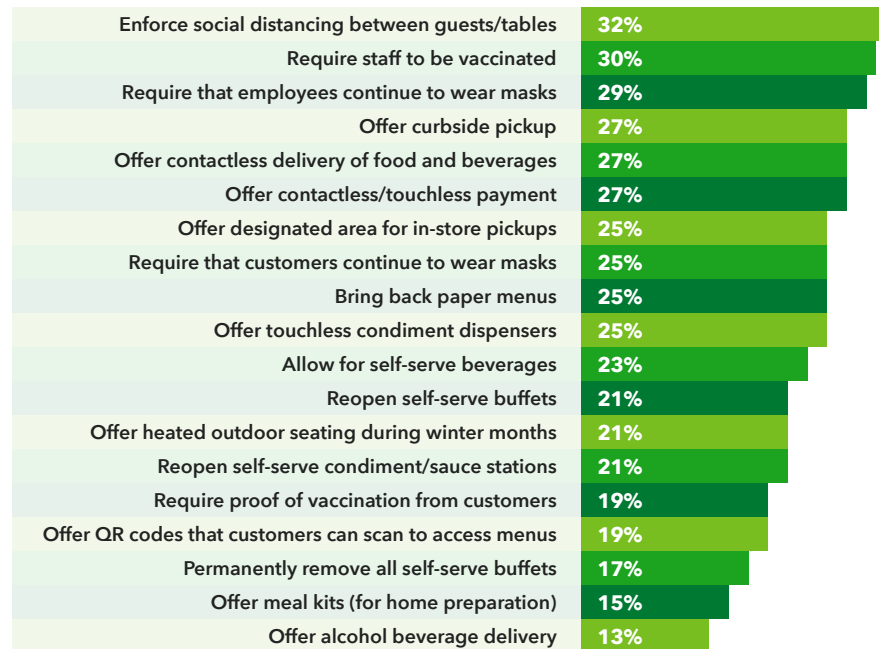
Positive



Employees who travel for business are ready to move on from Omicron. According to the Global Business Travel Association’s January 20, 2022 [coronavirus recovery poll](#), 72% of employees said they would “probably” or “definitely” still travel for business. While the federal government’s effort to mandate vaccines fell flat, it’s clear that business travelers are taking steps to protect themselves anyway; inoculation rates are [higher among business travelers](#) than the general U.S. adult population.

Most employees also reported being equally or less concerned about the Omicron variant than Delta; 43% said they were less concerned about Omicron, while only 13% said they were more worried. Remember: the GBTA poll occurred just days after what many experts regarded as Omicron’s peak, when almost everyone knew someone who’d been infected (or experienced it for themselves). The fact that employees were still less worried speaks volumes. This echoes general U.S. consumer sentiment in recent months. Despite Omicron’s stronghold, the [Consumer Confidence Index®](#) made gains in each month of Q4, moderating only slightly in January 2022.

What do you want restaurants to continue doing after COVID-19 subsides?



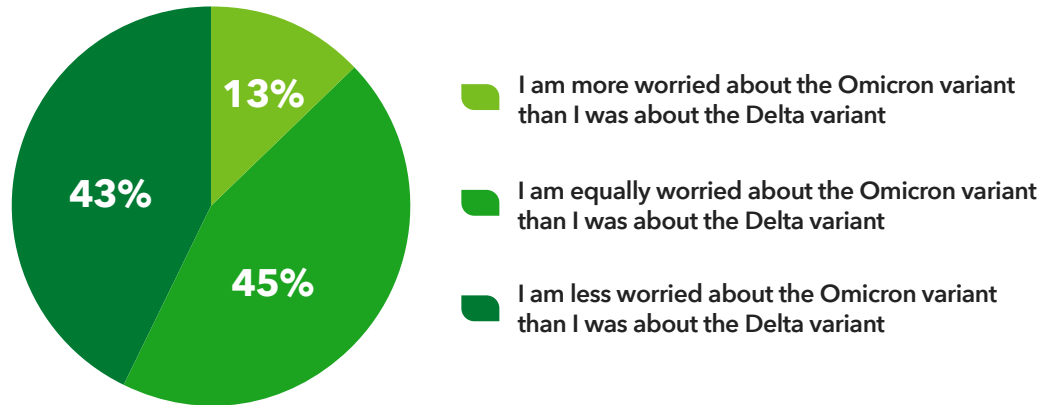
According to a recent Technomic study, safety measures remain important to diners; many expressed the desire for restaurants to keep certain practices in place even after COVID subsides, like social distancing, mask wearing, and curbside pickup.

2
cont.

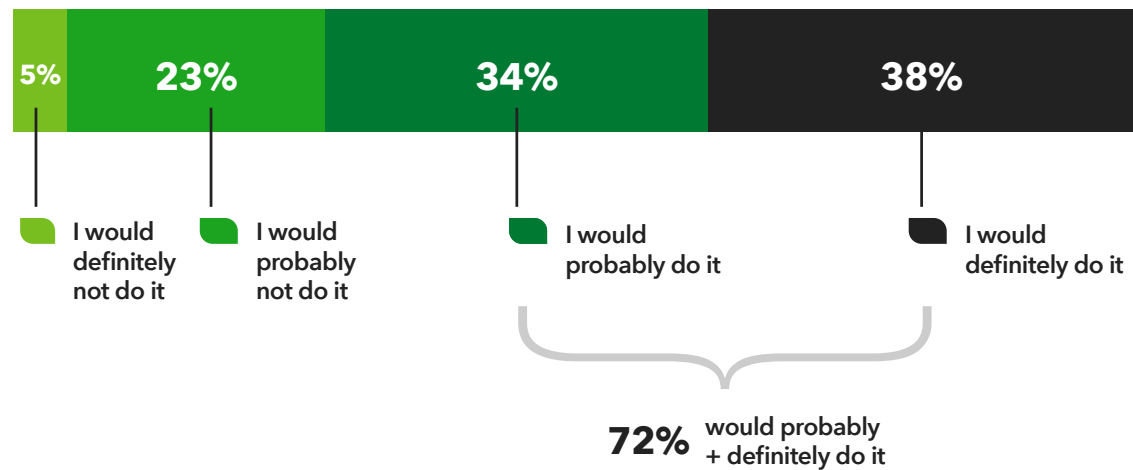
**Business Dining
Recovery Variable
No.2:
"Employee
Readiness"**

Employers seem to be aware of employees' weariness towards Omicron and the general eagerness to return to travel. 64% of employers believed their employees were either "somewhat willing" or "very willing" to travel.

How does concern about the Omicron variant compare to concern about the Delta variant?



How do you feel about traveling for business currently?



3

**Business Dining
Recovery Variable
No. 3:
"Company
Readiness"**

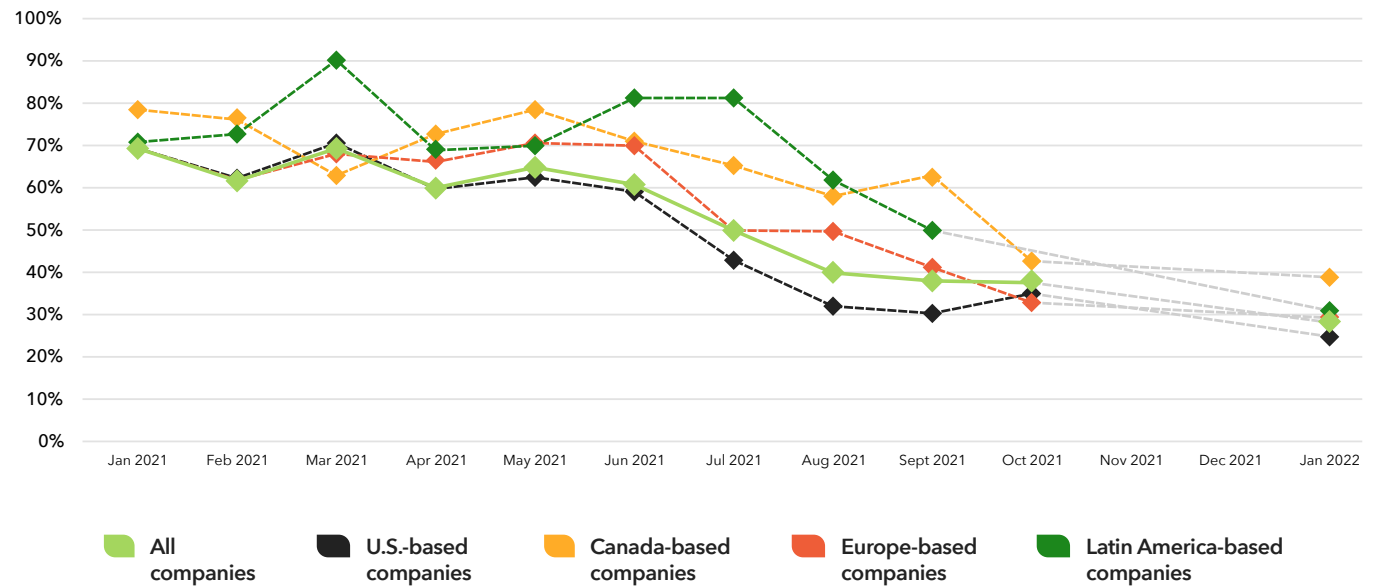
OUTLOOK based on
"Company Readiness"
Neutral

Employee and consumer readiness to resume normal dining and business travel recovery hasn't necessarily resulted in an eagerness for employers to let their guards down amid Omicron. With many workforces having already adapted to remote conferencing, many employers in the same [January GBTA survey](#) seem to prefer a "wait and see" approach.

More than 2 in 5 travel programs said they had introduced or are considering introducing new restrictions or requirements for non-essential business travel due to Omicron. 29% of companies said they'd canceled "most or all" domestic business trips. And 70% of travel managers said they expected Omicron to have a "moderately negative" or "very negative" impact on revenue.

% of companies that have canceled or suspended most or all domestic business travel within their country

29% of companies said they'd canceled "most or all" domestic business trips
-9 percentage points from Oct 2021



3
cont.

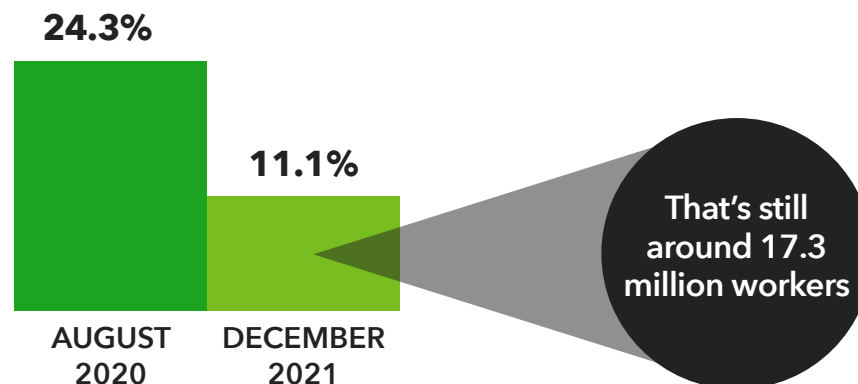
Business Dining Recovery Variable No. 3: “Company Readiness”

But this isn't all bad news for the outlook of business dining or travel. Although employers are proceeding with caution, they, too, show a willingness to “return to normal” when it comes to travel. 35% of companies said they planned to resume domestic business travel within 1-3 months; that number is 11% higher than the last survey in October. 66% also said they “sometimes” or “usually” allowed non-essential domestic business trips.

So, what about non-travel business dining – like in-office catering and cocktails after hours? That would appear to depend on more business occurring in person. In August 2020, [24.3% of U.S. workers](#) were working remotely, according to the Bureau of Labor Statistics. That number has declined, reaching 11.1% in December 2021. Still, that's around 17.3 million workers, and many experts believe that at least some percentage of remote work will become permanent. As it does become the norm, restaurants could also replace conference rooms as business continues outside of the company's walls (see “Trends” section for more insights).

The bottom line for business dining? Restaurants who want to bank on B2B sales will want to find creative new ways to appeal to the hybrid workplaces of the future.

Workers working remotely





Section 4

Trends

Three key topics and what they mean for restaurants.

- 1. Duty of Care**
- 2. Hybrid Workplaces**
- 3. In-Person Events**

1

Trend No. 1: What's 'duty of care' (and why should you care)?

Trend Maturity Level:
Advanced

Power Players/Key Influencers:
Corporate Leadership

Who's responsible for your safety when you're on a trip? When it comes to business travel, any inherent risk to you is a risk to your employer. After all, they're paying you to go, and if you were to get hurt, they would face potential legal liability – not to mention damage to their reputation and faith in the company's leadership. In 2021, some employees or their spouses sued employers for allegedly failing to protect them against COVID-19.



While duty of care is not a new concept, it's taken on a new urgency as "workplace safety" became a top priority for companies everywhere amid the pandemic. Companies are closely examining and re-tooling their policies to minimize risk as the COVID situation evolves, and suppliers (including restaurants) looking to attract their business would do well to pay attention to the latest trends and best practices.

Companies Lean on Automation, Suppliers to Fulfill Some Communication 'Duties'

[In a recent study](#) we conducted in partnership with the GBTA, 42% of business travelers said they wanted employers to keep them informed about suppliers' COVID safety practices. A large majority of them (86%) also said it is important to learn about restaurants' measures to reduce the spread of COVID-19 when they are on business trips. That's a tall order for companies, considering how wildly safety practices can vary!

More and more companies are turning to tools like browser extensions or plug-ins to online booking tools to help employees make COVID-safe travel decisions. Suppliers (like hotels) have adopted new third-party standards and certifications to help put travelers at ease.

While restaurant duty of care is trickier due to the number of choices a traveler must make on any given trip, companies and employees do have some tools at their disposal. To promote your restaurant's COVID safety measures, consider the following:

- Employees of Dinova corporate partners can use the myDinova app to search in-network (rebate-eligible) restaurants and filter by individual preferences – including COVID safety practices.
- Yelp searches now display key COVID information, like whether a restaurant offers takeout or outdoor dining.
- Restaurants can also now add their COVID “health and safety attributes” to Google search results to let customers know what safety precautions are in place.

The screenshot displays the Dinova app interface for Carrabba's Italian Grill. At the top, the Dinova logo is on the left, and navigation links for 'Find a Dinova Restaurant', 'Order Catering', 'Online Events + Culinary Kits', and 'myDinova Rewards' are on the right. Below the logo is a large image of a dish with the Carrabba's logo overlaid. A green 'Back' button is visible. The restaurant name 'Carrabba's Italian Grill' is prominently displayed, with links for 'About Us' and 'Order Catering'. A section asks 'Would you Recommend?' with 'Yes' and 'No' buttons and a note 'Let us know and you could earn 100 points'. Below this is a paragraph describing the restaurant's wood-burning grill and signature dishes. A yellow box highlights 'Location Safety Measures | COVID-19' with the text 'We are adhering to these best practices to keep our diners safe.' It lists two categories: 'Social Distancing' (Call-Ahead Seating) and 'Sanitization + Safety' (All Staff Wear Masks, Contactless Payment, Hand Sanitizer, Single Serve Condiments). A 'Dining Options' section lists 'Curbside Pickup' and 'Delivery - by owner'. A large green 'ORDER ONLINE NOW' button is present, with the phone number '(770) 437-1444' below it. A map shows the restaurant's location in Woodmere, GA, with hours for Wednesday (11:00 AM - 10:00 PM) and a 'GET DIRECTIONS' button. The website URL 'www.carrabbas.com' is at the bottom.

Figure 1. Dinova's Search App Displays Duty of Care Measures

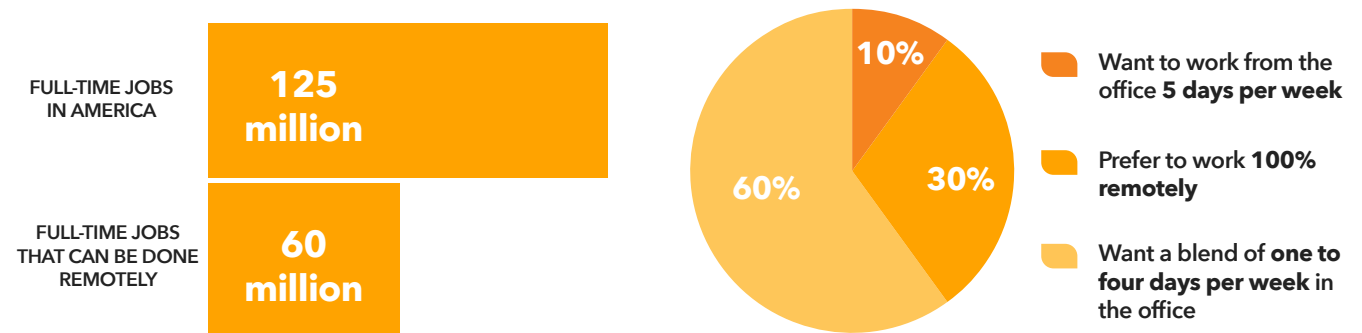
2

Trend No. 2: Companies Lean Into Hybrid Work

Trend Maturity Level:
Advanced

Power Players/Key Influencers:
**Remote +
Hybrid Workers**

Potential "WFH" Employees



A [December 2021 Gallup analysis](#) found that of the 125 million full-time jobs in America, 50% (60 million) can be done remotely. 30% of those potential "WFH" employees said they prefer not to come into the office at all; most (60%) preferred a hybrid approach, splitting their working days between home and the office.

These numbers are currently weighing on CEOs' minds, perhaps as much as Omicron, as they plan for when and how to call employees back to their cubicles – or even whether to do so at all. Amid an increasingly competitive labor market (and lingering school and childcare headaches for working parents), companies are prioritizing employee wellbeing and work/life balance more than ever.

Plans to "reopen at 100%" in 2022 haven't just been delayed yet again because of Omicron. In some cases, they are being scrapped altogether. Gallup predicts that 37% of desks will remain empty.

Top reasons employees want to work from home:

- Eliminate commute
- Improve overall well being
- Flexibility to balance family needs and other obligations

Distributed Work = Distributed Meetings (and Dining)

With more and more work happening at employees' homes, more business is being conducted in suburban neighborhoods: at local coffee shops, restaurants, bars, and so on. When we map our latest business dining location data against the pre-pandemic data, we can see that the locations are now far more distributed. That's excellent news for venues outside of cities – “traditional” business districts.

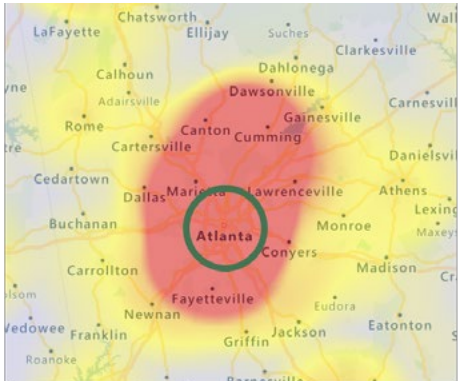


Figure 2.
Atlanta Pre-Pandemic Dining Spend
Red = Areas with the Most Dining Spend

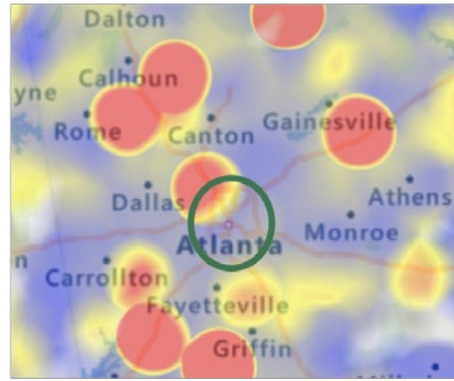


Figure 3.
Atlanta Post-Pandemic Recovery
Red = Areas with highest BD Index

2

Trend No. 2 cont.

Restaurant Tips & Takeaways

Interested in capitalizing on the “restaurant as conference room” trend? Here are a few ways to optimize your space to attract hybrid workers.



- **Make your safety practices known.** It was hard enough to decide which restaurant to visit for lunch or happy hour before the pandemic. Now, those looking to meet up with colleagues or entertain clients must also consider individual comfort levels. You can help make those conversations less awkward by publicizing certain details like:
 - Available outdoor or private dining space
 - Cleaning and masking protocols
 - Social distancing protocols
- **Tweak your reservation process.** Simply asking, “Will this be a business meal?” on reservation forms or during the call-ahead process reinforces that your restaurant is well-suited to handle business meals and can help staff better meet diners’ needs.
- **Think outside of the lunch hour.** Many work meetings occur over lunch, but that’s not the only time you can expect to see business diners. The “power breakfast” has been rising in popularity for years, and more employees are venturing out later for a happy hour or team-building events.
- **WiFi up, noise down.** Make sure you’ve got sufficient bandwidth for several parties conducting working meetings; if the WiFi is unstable or unsecured, your business patrons may be less likely to return. You’ll also want to be mindful of the noise levels in your restaurant. Consider sound-absorbing fixtures or even designating quieter tables or sections for business meals if sound is an issue.

3

Trend No. 3: In-Person Events Return (With Caution)

Trend Maturity Level:
Developing

Power Players/Key Influencers:
**Corporations, Trade
Organizations**

In early January 2022, **around 45,000 people** gathered in Las Vegas to attend CES – one of the most anticipated and hyped trade shows in the U.S. on any given year. While the number of attendees was far below that of 2020 (which was 170,000) and the rise in COVID-19 cases caused some large companies to drop out, the show did, indeed, go on. Participants were required to wear masks and show proof of vaccination, and those who opted to present or participate virtually had the option of doing so.

After nearly two years of virtual events, many companies and employees are eager to network, socialize, and conduct business face-to-face again. While challenges – like navigating city, state and venue protocols – remain numerous, companies feel more confident now that they have the knowledge and tools to mitigate risk better.

This is undoubtedly welcome news for the meetings industry, **which took a \$211B hit** as the pandemic dragged on. While it may be some time before travel reaches pre-pandemic levels (some agencies predict 2024), stakeholders are cautiously optimistic.

“

“Every piece of evidence that we’re seeing from the scientific and academic community tells us that, with the right practices in place, the traveling workforce and organizers of professional events can get back to the business of reconnecting with clients and colleagues. Ultimately, the business events community will drive the return to business travel, and in doing so, will shift the economy back to greater normalcy.”

-Roger Dow, president and CEO of the U.S. Travel Association

3

**Trend No. 3
cont.**

Convention Dining is Big Business (Again)

A refresher on attracting conference-goers to your restaurant

- The majority of business travelers (86%) want to learn about restaurants' COVID safety measures, so you'll want to publicize yours. Restaurants in Dinova's network can easily add their safety information to the myDinova app, and it's a good idea to make sure your Yelp and Google listings are also up-to-date.
- To appeal to organizations looking to host large private dining events, who are still hyper-focused on duty of care, be sure to offer information about how you're keeping dining rooms and event spaces sanitary and COVID-safe.
- Our research has shown that nearly half of convention attendees use apps to research local dining options. Joining Dinova's marketplace (and the myDinova app) is a seamless way to reach convention attendees when they're in town.
- Business travelers also rely heavily on word-of-mouth dining recommendations, so make sure your social media pages are up-to-date and your service on-point (so conference-goers will sing your praises!)
- Consider creating special convention meal deals or specials, and promoting them tableside or through digital apps, to deliver more value for corporations. Keep in mind that many travelers are looking for unique, local flavors and experiences.
- Many business diners require gluten-free or vegetarian options when dining or entertaining, according to our research. Make sure you're offering variety, and advertise your healthy options. Having a socially-conscious restaurant brand, or supporting a cause, could also give you an edge – particularly among Millennials.



Section 5

Benchmarks

1. Overall
2. SMB vs. Large Enterprise
3. Industry Segments
4. Restaurant Type
5. Menu Type
6. Local Markets

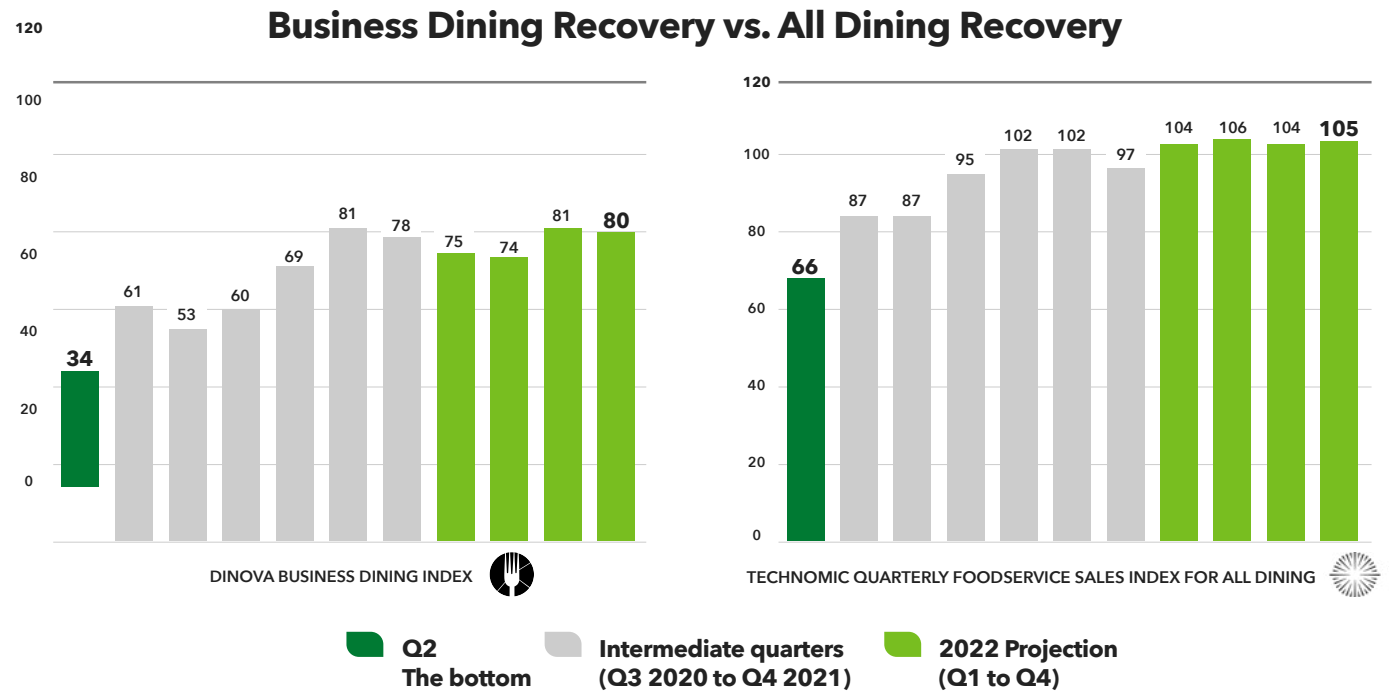
1

Benchmark No. 1: Overall Spend

Food For Thought

Business dining saw steady growth in 2021, but it started at a BDIndex of just 60 (in other words, 40% lower than pre-pandemic business dining sales in 2019). In 2022, we expect growth to be throttled by postponed return-to-office and return-to-travel plans. However, as companies grow increasingly adaptive to COVID-19 curveballs (and eager to continue the face-to-face interactions they've cautiously resumed), we expect business dining recovery to hold steady.

Technomic's foodservice industry data is considered the gold standard for assessing and forecasting restaurant industry recovery. When comparing Technomic's quarterly foodservice data to our BDIndex, which looks specifically at business dining recovery, we can see how business dining recovery compares to overall recovery.



While business dining has achieved a slightly faster recovery rate than the overall market since the start of the pandemic (where it dropped to a BDIndex of 34), it still has much ground to cover. In Q4 of 2021, the BDIndex surpassed our initial predictions by seven percentage points to hit 78; however, business dining and overall dining spending are projected to plateau throughout 2022.

2

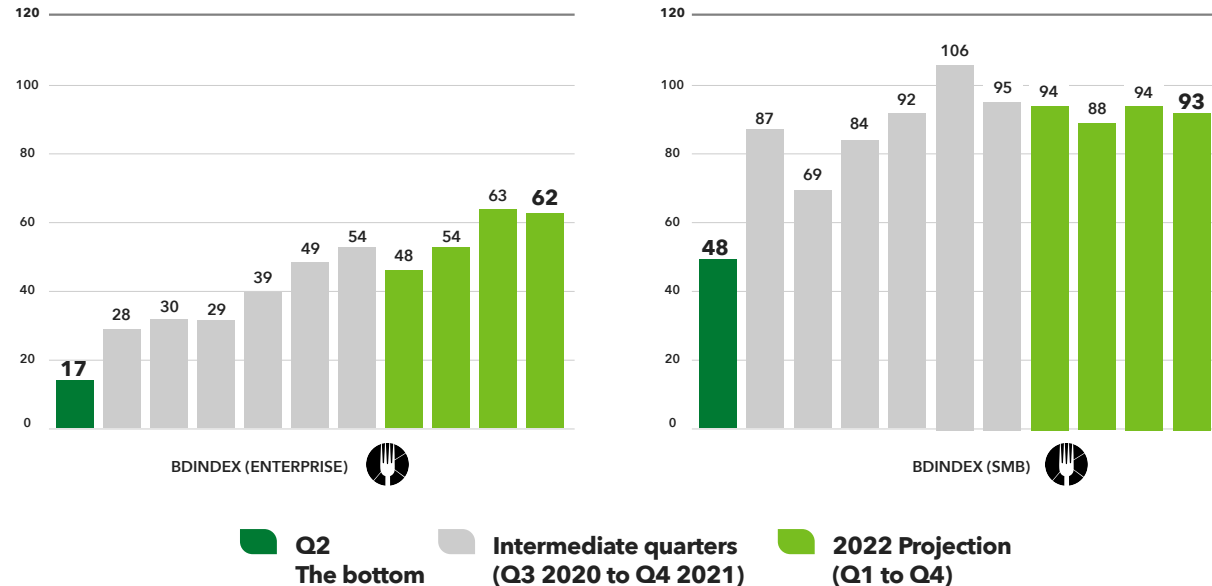
Benchmark No. 2: SMB BDIndex (SMB) vs. Enterprise BDIndex

Food For Thought

The BDIndex positions SMBs as the more COVID-resilient business audience in 2022, but we won't see sales grow at the same pace as 2021. Instead, SMB dining recovery should level off and remain in the high 80s to low 90s. We'll keep a close eye on the enterprise segment as return-to-office and travel plans remain fluid and sensitive to COVID developments. However, our model shows more BDIndex gains for this segment as signs of "normalcy" in business transactions appear.

While the overall business dining data and projections look promising, these figures don't tell the complete story. Small business diners and large enterprise expense account diners behave differently, as their organizations have different policies, budgets, and risk profiles. We can see this when comparing the data sets for these two segments.

Enterprise vs. SMB Business Dining Recovery



Although enterprise business dining recovery will likely remain below SMB levels throughout 2022, the Enterprise BDIndex shows far more significant gains for this segment throughout the year. If our data predictions hold, 2022 will wrap with a BDIndex nearly 30% higher than the start of the year. That's more than 2.5X more than the start of the pandemic.

With no choice but to continue operating throughout the pandemic, small business employees dined at much higher levels than their enterprise counterparts in 2020 and 2021. While our projections show the BDIndex for SMBs remaining higher throughout 2022, we predict that SMB sales will level off in keeping with the overall business dining projections.

Since enterprise dining sales are still the "bigger fish" for restaurants, we've broken down that specific segment by industry, restaurant type, and menu to help restaurants plan for the year ahead and tailor their strategies.

3

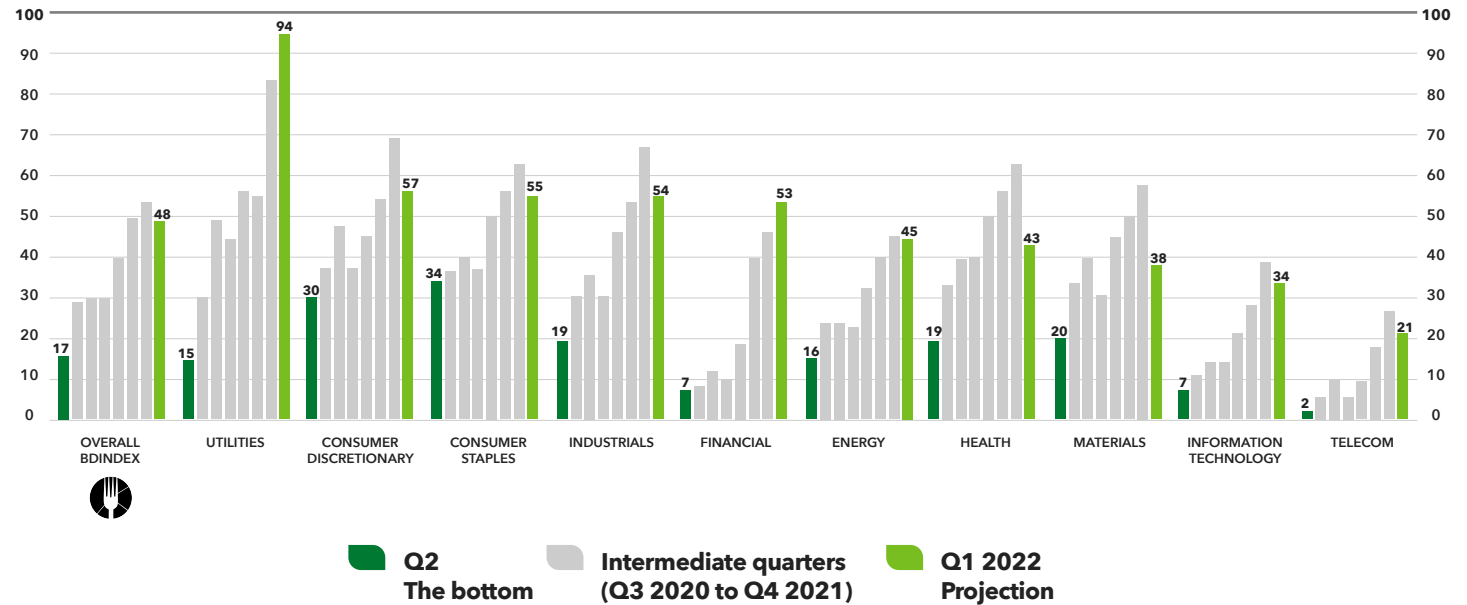
Benchmark No. 3:
Enterprise
BDIndex by
Industry

Food For
Thought

While all of the enterprise industry sub-sets showed business dining growth in 2021, most have seen some regression in Q1 of 2022 due to omicron's impact and the leveling-off of business dining on the whole. However, there were industry bright spots where business dining sales improved in Q1: the utility and finance sectors.

Different industries tend to display unique pandemic-era business dining behavior depending on several factors. These include whether workers in the industry are considered "essential," the percentage of jobs that are hands-on or must be performed onsite, and, of course, how much business travel is required.

Dinova BDIndex (Enterprise) by Industry



The utility sector recorded a significant business dining recovery in 2021 after reaching a low of 15 at the pandemic's start. While healthcare business dining (which also made big gains) dipped in Q4 2021, utility business dining sales jumped again. With the latest BDIndex sitting at just six points below 100, the utility sector has nearly reached pre-pandemic business dining levels.

Despite being populated with white-collar employees who are largely able to work from home, **the finance industry** has made a surprisingly swift recovery. Its latest BDIndex is at 53, making it one of just two industries to show improvement in Q4 and the fastest-growing segment among the "work from home" group (which also includes IT and Telecom).

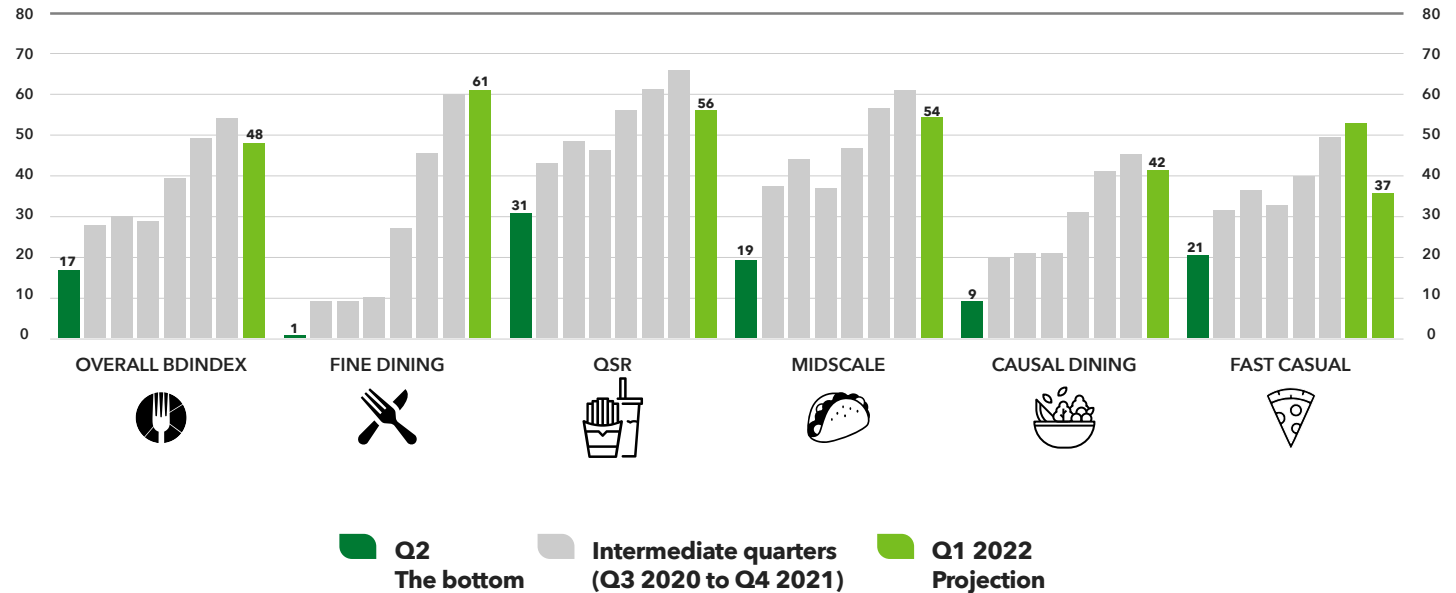
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Benchmark No. 4: Enterprise BDIndex by Restaurant Type

Food For Thought

For much of the pandemic, business dining took a casual turn. Fine dining went out the window among enterprise employees right after the pandemic hit, plummeting to just 1% of what it was in 2019, while QSR and midscale reigned supreme (though still lagging far behind pre-pandemic levels). But fancy business meals have made quite the dramatic comeback, signaling a readiness to return to the fine dining table. In Q1 2022, fine dining is projected to have the highest BDIndex of any other sector – 61.

Dinova BDIndex (Enterprise) by Restaurant Type



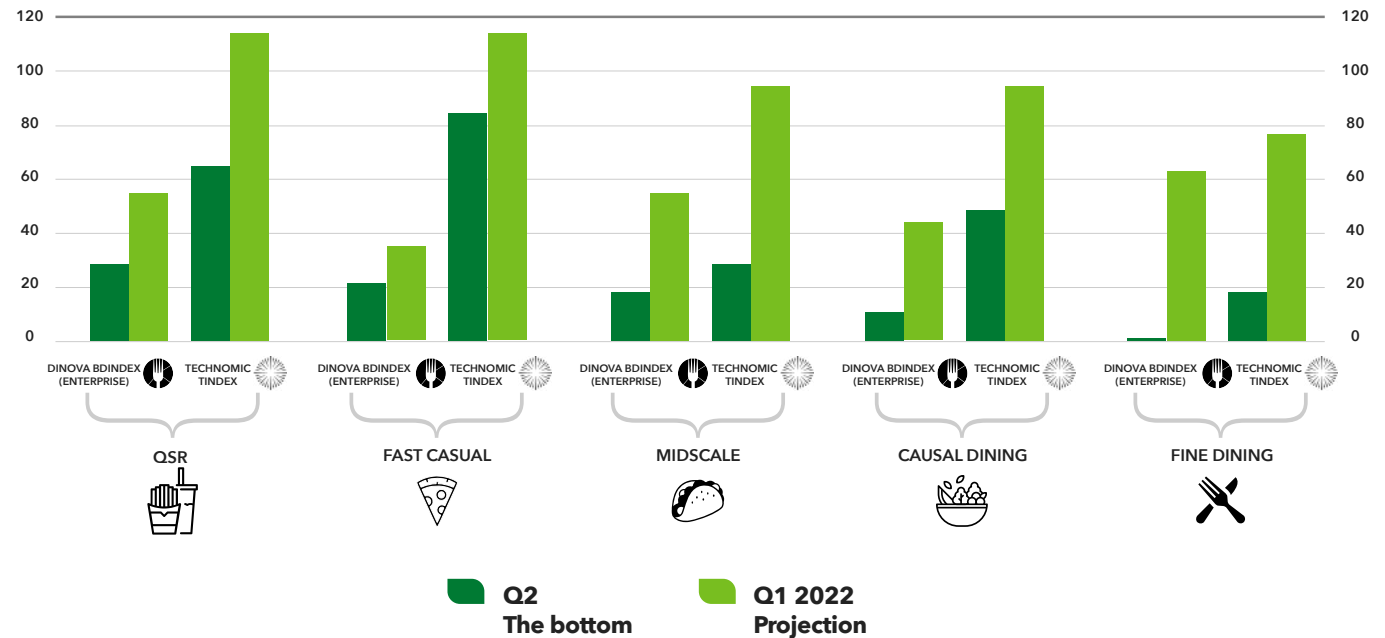
Fine dining was largely put on hold, and lagged behind every other category in 2020 and most of 2021. But it did begin to recover dramatically mid-way through 2021 as business diners craved the in-person connection that slower, in-person dining afforded. As of Q4, fine dining had nearly caught up with the QSRs and midscale categories, signaling a shift in where business meals are occurring. Limited-service restaurants – namely QSRs and Fast Casual establishments – should see the largest declines between Q4 2021 and Q1 2022, per the BDIndex.

Interestingly, the projections for Q1 are flipped when we look at overall dining recovery.

4
cont.

Benchmark No. 4: Enterprise BDIndex by Restaurant Type

Delta Between Dinova BDIndex (Enterprise) and Technomic Quarterly Foodservice Sales Index



When we look at business dining levels compared to all restaurant dining (on the TIndex), business dining still lags significantly behind, and diner behaviors and preferences appear quite different.

According to the TIndex, QSR and fast casual dining will lead the pack in Q1 2022, with dining levels well above the 2019 benchmarks. Interestingly, although the Enterprise BDIndex shows fine dining beginning to outpace every other category in Q1 2022, the TIndex predicts that it will remain the least popular dining category overall. **This underscores the need for fine dining restaurants to market to business diners, who are returning to white tablecloth establishments at higher rates.**

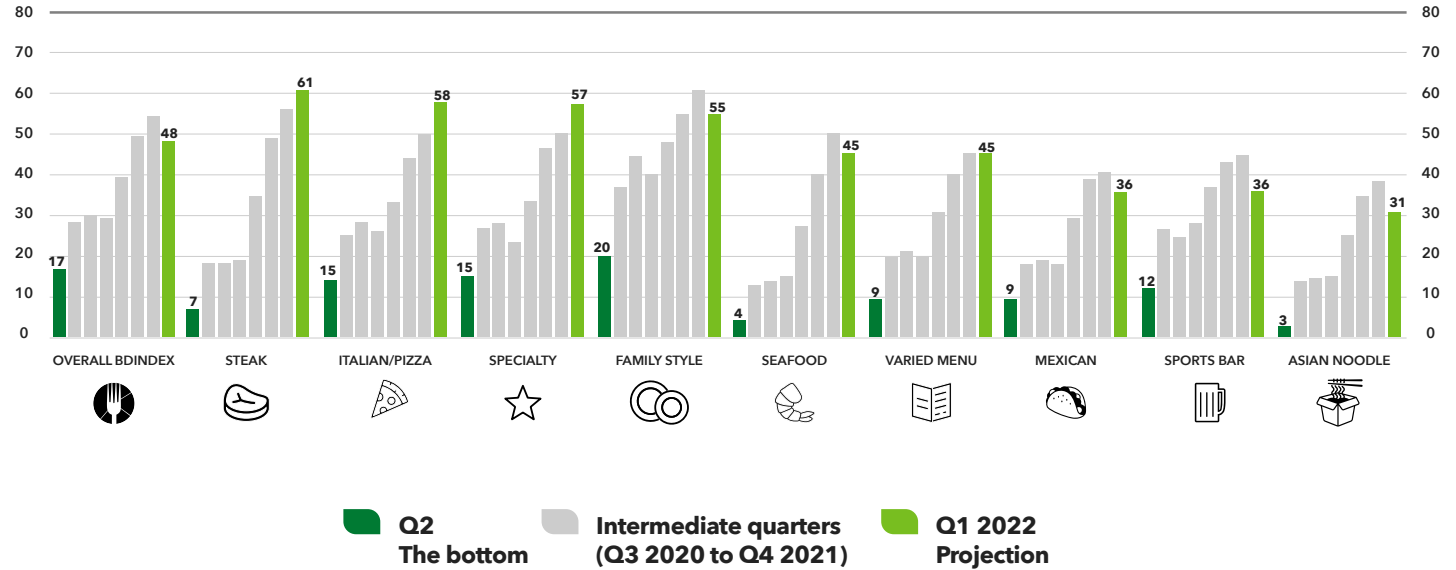
5

Benchmark No. 5: Enterprise BDIndex by Menu Type

Food For Thought

BDIndex predictions comparing FSR recovery to LSRs signal a regression across most LSRs (which had been recovering more quickly than FSRs). This could reflect LSR's ongoing sensitivity to remote and hybrid work arrangements – when diners don't commute to work, they're less likely to visit a coffee shop or order sandwiches – as well as the "return to fine dining" trend we're seeing for FSRs.

Dinova BDIndex (Enterprise) by Menu Type - FSR



Our Enterprise BDIndex data predictions show a mixed recovery in Q1 2022 across full-service restaurant menu types, with the majority of categories taking a slight hit. A few trends stand out:

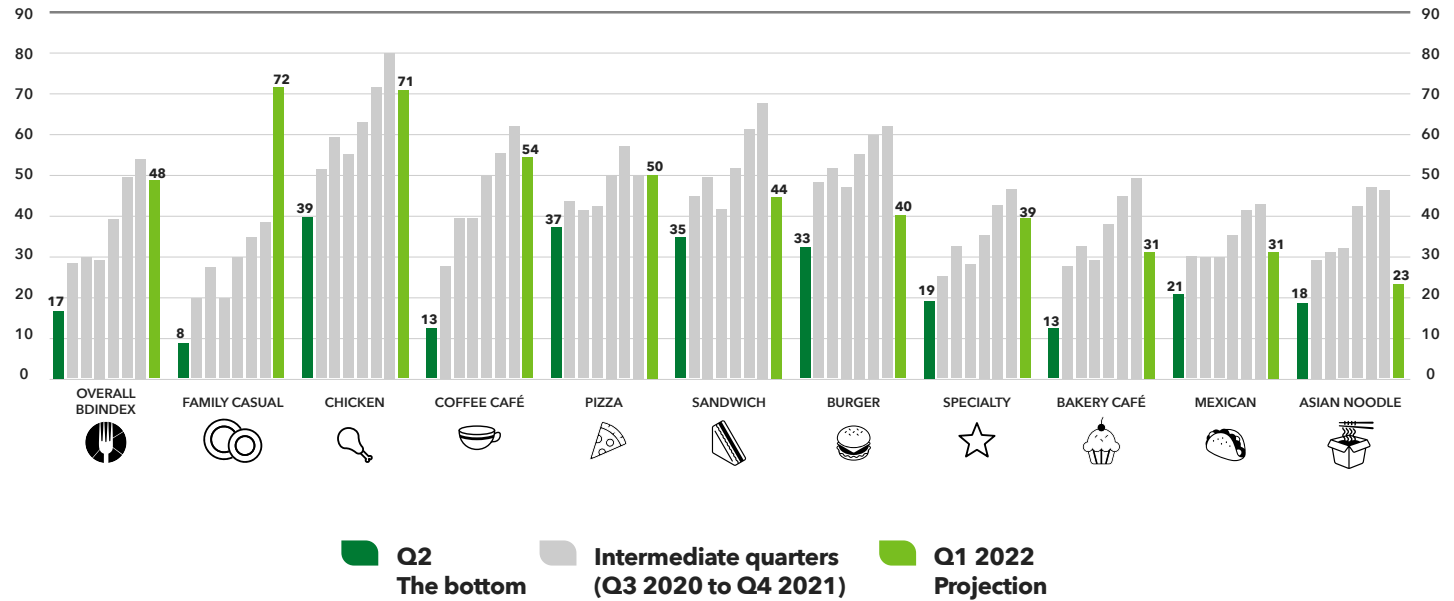
Steak restaurants are the biggest "comeback" story. One of the few categories projected to continue climbing in Q1 (to 61). If that holds true, the segment will have gained 54 points since the start of COVID.

Sports bars are expected to see the biggest pullback. Recovery for this segment lagged behind the others during the second half of 2021, and is projected to dip to 36 in Q1 2022.

5
cont.

Benchmark No. 5:
Enterprise
BDIndex by
Menu Type

Dinova BDIndex (Enterprise) by Menu Type - LSR 

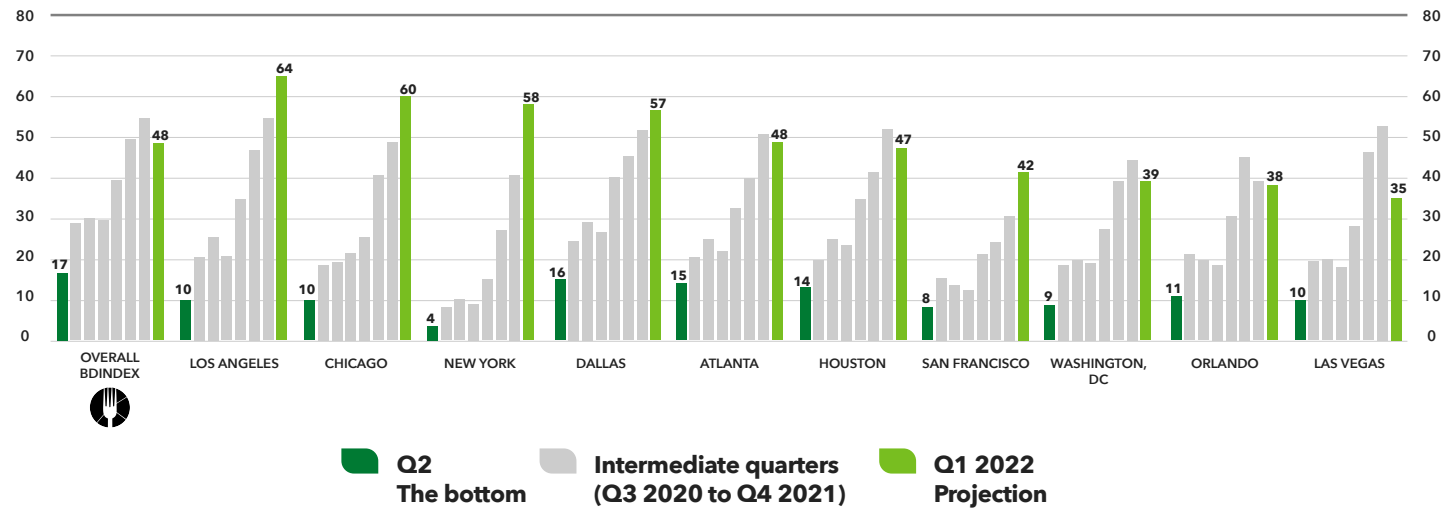


While earlier in the pandemic, the BDIndex showed limited service restaurants recovering more quickly than full-service dining, recovery across most LSR types is expected to take a hit in Q1 2021. The one exception is Family Casual, which could see a significant rebound and take the top position in this category.

6

Benchmark No. 6:
Enterprise
BDIndex by
Market

Dinova BDIndex by Market 



There are a couple of key takeaways from these differences in markets:

Major markets come back strong. The Enterprise BDIndex shows significant gains in some major markets – most notably, Los Angeles, Chicago, and New York, which have each climbed more than 50 points since bottoming out in Q2 2020.

Las Vegas will see the biggest pullback. While several of the markets we studied, like Atlanta, Houston, and Washington, D.C., are projected to see minor recovery regressions, Las Vegas should take a larger hit in Q1 and retract about 20 points (to 35).

Methodology

In order to offer statistically significant sales insights, Dinova analyzed:

- **Data from \$8.2B (2019), \$5.0B (2020), \$6.3B (2021) in business dining sales by,**
- **Companies that participated in the Dinova program for the period 2019-2021, and dined at**
- **Top 1500 U.S. restaurant brands**



Any forward looking predictions are a simple extrapolation of YTD patterns and may be impacted by external factors, including covid variants.

Dinova makes business meals count. As the only total business dining solution, Dinova helps benefit three interconnected parties:

- **Restaurants**, who get a B2B strategy that drives growth;
- **Corporate Enterprises**, who get visibility into a rogue spend category, savings on their third-largest T&E expense, and a popular employee perk program; and
- **Business Diners**, who get an easy way to earn loyalty rewards while spending company money.

About Dinova

With a business-grade restaurant network that includes 18,000+ locations nationwide, Dinova helps nourish the connections between restaurants, enterprises, and the business diners they serve every day.

To learn how Dinova can help make business meals count for you, visit Dinova.com or email us at marketing@dinova.com.