State of Business Dining Q3 | 2021

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On Friday, March 13, 2020, the Dinova team members who worked in our Johns Creek, Georgia headquarters gathered for an impromptu brunch. Managers had been letting their teams know that they should be prepared to work from home while things "got sorted out" with the strange virus that had captured the world's attention. Thrown together as a last-minute idea the day before, this meal was part celebration (as food with colleagues who are also friends tends to be), part comfort (familiarity in the middle of uncertainty), and part expression of simply who we are as a company: we value the connections we make over meals.

And while a lot has changed in the 16 months since that March breakfast, we recognize we're in a unique position to clearly evaluate the current state of the business dining industry.

We've taken the time to analyze our data and assess how the big changes of 2020 are affecting today's business diner behaviors. We've also studied the trends and influencing factors to make informed predictions about where we see things heading next.

Our findings around those topics are well covered in this report, but I want to make one overall observation here: 2020 was a reset.

- **2020's disruptiveness reset the context for business dining sales data** and enabled us to measure the impact that things like business travel restrictions have on business dining behaviors.

- **Widespread working from home reset companies' thinking around remote work productivity** and the importance of socializing on company culture and client relationships.

- **Government limitations on capacities and operations reset restaurants' priorities** - enabling online ordering, pickup and delivery capabilities to reset consumer behaviors that have carry-over implications for business dining.

The point is, last year, the whole world changed because we had no choice. Today, companies, restaurants, and business diners are using that disruption to make deliberate choices about how they want to proceed from here.

At Dinova, we have a seat at the table whenever 18 million corporate cardholders purchase business meals from more than 18,000 restaurant locations across the United States – and we're starting our expansion into Canada, too. As business dining sales continue accelerating, we're here to help track this growth and interpret what's going on in the industry.

Our goal is to share the insights we gather and help restaurants, companies and diners everywhere get back to making those meal-sharing connections that keep businesses going.

Let's get back to the table.

Foreword

Alison Galik
Dinova President & CEO

Introduction

Having crossed over the COVID one-year milestone in spring 2021, business communities across the country started expressing more optimism than they had throughout most of the 12 months prior. With vaccination numbers rising, mask mandates ending, and restaurant restrictions lifting, Q2 became a time for enterprise workers everywhere to start re-connecting, face-to-face, with clients and coworkers. One of the first ways they did this was by celebrating their ability to say once again, "Let's meet up for lunch."

Meet business diners where they want to be now, instead of expecting them to return to how they were before.

Significant and steady month-over-month increases in business dining sales growth are now coming across in our data, and based on the indicators we're monitoring, we expect this recovery trend to continue – and potentially accelerate in Q3, barring any significant Delta variant disruption – through the end of 2021.

We've put together this first ever State of Business Dining Report to dive into the influences that led us here and to help our industry better anticipate what lies ahead.

2020 cannot be called a kind year. It has, however, left the business dining industry in a position to be deliberate about what we do next – because the business lunch customers restaurants may have had for 20 years can no longer be taken for granted. All customers are lapsed customers, and all diners have developed new habits.

While companies and their employees are right now choosing to redefine how they work together, part of these conversations includes the acknowledgement that socializing and sharing meals in meaningful ways is important.

We believe that the restaurants that succeed will be those that meet business diners where they want to be now, rather than expecting them to return to how they were before.

Here's what's included:

The Road to Recovery, in which we examine three key business dining variables for what they can tell us about the rate of business dining sales growth now;

Three Trending Topics for Business, in which we explore Duty of Care, Remote Work Flexibility, and Corporate Culture, to uncover specific recommendations on opportunities for our restaurant partners related to safety protocols, in-person meetings, and virtual events;

Industry Focus on Healthcare and Pharmaceuticals, in which we check in with some of our partners in this area, for their perspectives on business dining-related activities throughout the pandemic; and

Benchmarks, in which we present business dining sales growth performance through six key datasets, offering insights around different areas of recovery.

Section 3

Road to Recovery

Last spring, overall business dining sales hit an all-time low. 2020 industry results ended down 32.9% compared to 2019. Business dining sales started to slowly improve throughout 2020 and have been accelerating in 2021. As of the end of June 2021, Dinova business dining sales projections for the year are: 21.1% better than 2020, and down 18.74% compared to 2019.

For quarterly perspective, in Q1 2020 business dining sales were growing. In Q2 2020, we saw the devastating effects of the pandemic, and business dining sales were down 63%. Then we saw a steady recovery throughout 2020, with some brands in some regions performing better than others. In Q2 2021, we saw huge growth compared to the worst period of the pandemic, Q2 2020.

Growth vs. Prior Year
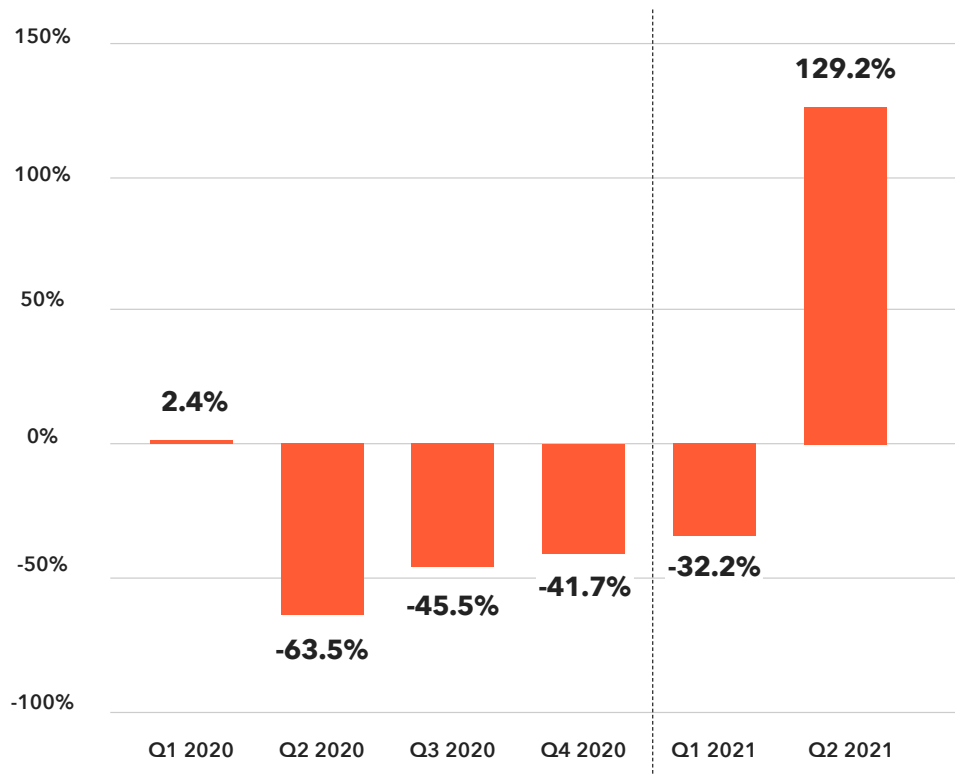
To understand the influences that might be fueling this recovery - or might signal a warning that things are straying off-course - consider the Permissible Travel Framework. Created by global travel consultancy Festive Road in the early days of the crisis, the framework is a planning tool that was designed to help corporate travel professionals prepare for and answer the question, "When will business travel return?"

The brilliantly succinct idea behind the framework was quickly embraced by the corporate travel world (the full framework has now been downloaded more than 10,000 times) and can basically be summarized like this:

Company Readiness
+
Employee Readiness
+
Government Permission
=
Permissible Travel

Even though plenty of business dining happens even in the absence of business travel (more on this in a bit), the same variables involved in the Permissible Travel framework apply to business dining as well. After all, if you're traveling for business, at some point in your trip, you're going to have to eat and your company will be picking up the tab.

To answer the question, 'When will business dining recover?' the same key variables that speak to business travel recovery also apply here.

1	**Government Permission**
2	**Employee Readiness**
3	**Company Readiness**

1

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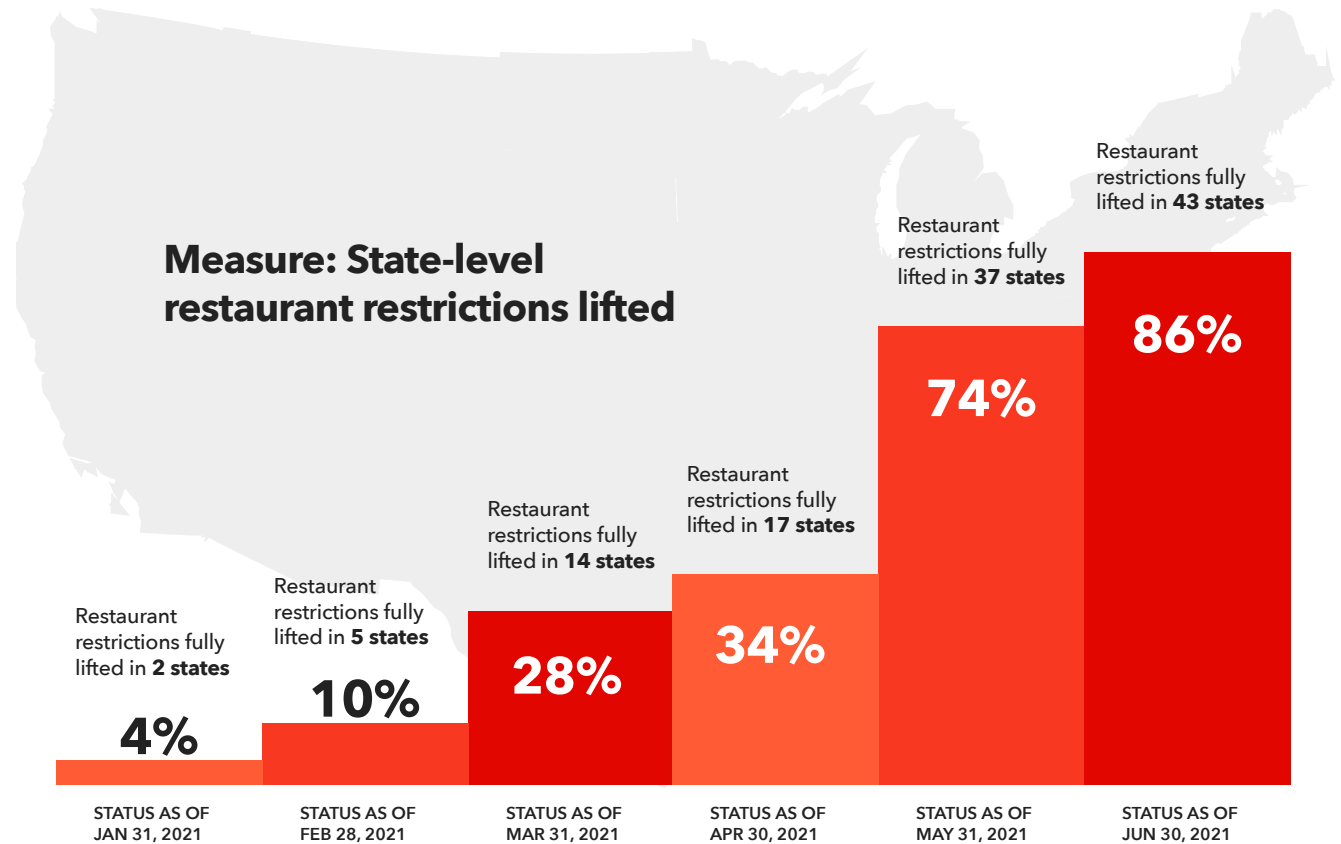
"Government Permission"

OUTLOOK based on "Government Permission"

Positive*

*Developing conditions related to the Delta coronavirus variant may impact this outlook

A minimal prerequisite for growth in business dining activity is greater access to restaurants, i.e., increased capacities and removal of curfews. As consumers enjoy expanded access to restaurants for personal dining, enjoying a return to restaurants for business dining surely must follow.

Measure: State-level restaurant restrictions lifted

Restaurant restrictions fully lifted in **2 states**

4%

Restaurant restrictions fully lifted in **5 states**

10%

Restaurant restrictions fully lifted in **14 states**

28%

Restaurant restrictions fully lifted in **17 states**

34%

Restaurant restrictions fully lifted in **37 states**

74%

Restaurant restrictions fully lifted in **43 states**

86%

| STATUS AS OF JAN 31, 2021 | STATUS AS OF FEB 28, 2021 | STATUS AS OF MAR 31, 2021 | STATUS AS OF APR 30, 2021 | STATUS AS OF MAY 31, 2021 | STATUS AS OF JUN 30, 2021 |

Sources:

https://www.nashp.org/governors-prioritize-health-for-all/

https://www.usatoday.com/storytelling/coronavirus-reopening-america-map/#restrictions

https://www.aarp.org/politics-society/government-elections/info-2020/coronavirus-state-restrictions.html

2

Business Dining Recovery Variable No.2:

"Employee Readiness"

OUTLOOK based on "Employee Readiness"

Positive

✚

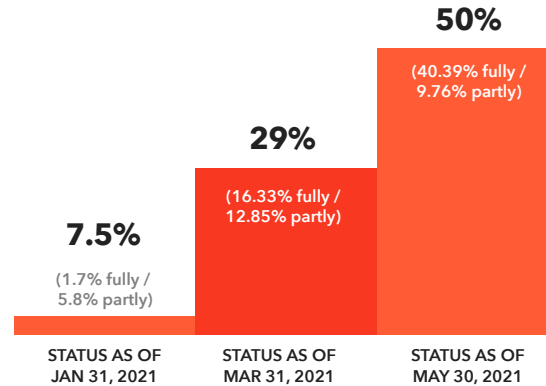*Developing conditions related to the Delta coronavirus variant may impact this outlook

Want more data to confirm this point?
In May 2021, SAP Concur released its global annual business travel survey**. They reported that 96 percent of respondents indicated they were "willing" to take a business trip in the next 12 months, and 65 percent said they were "very willing" to travel in that timeframe.

Source:
https://www.businesstravelnews.com/
Management/Concur-Study-Business-Travelers-
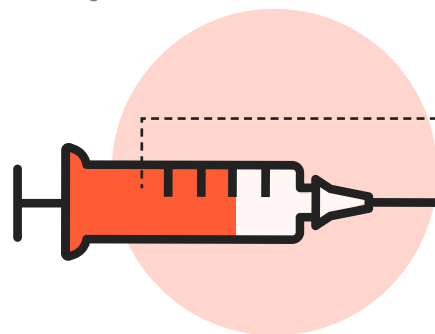Willing-to-Hit-Road-But-on-Their-Terms

Increases in vaccination rates, coupled with the CDC announcement in mid-May that vaccinated individuals no longer need to wear masks in most situations, led to an almost immediate increase in in-person restaurant dining activity. However, individual comfort levels may differ when it comes to dining for business. To account for this nuance, it's helpful to look at employees' specific willingness to resume a related or similar activity. In this case: traveling for business.

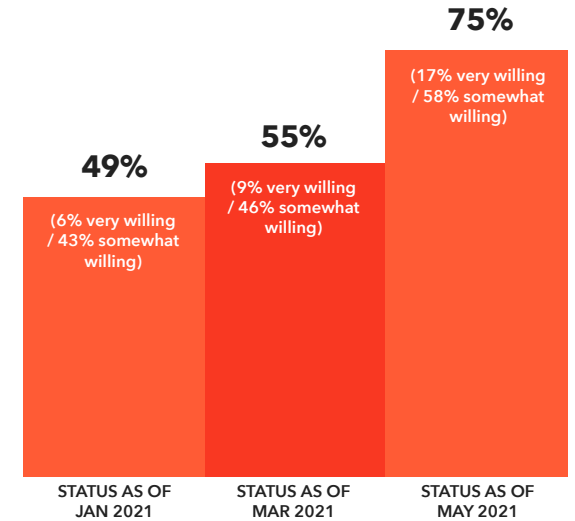## Measure 1: Vaccination rates of total U.S. population (328.21M)

7.5%
(1.7% fully / 5.8% partly)

29%
(16.33% fully / 12.85% partly)

50%
(40.39% fully / 9.76% partly)

STATUS AS OF JAN 31, 2021

STATUS AS OF MAR 31, 2021

STATUS AS OF MAY 30, 2021

Sources:
https://ourworldindata.org/covid-vaccinations?country=USA

Additional information available at:
https://covid.cdc.gov/covid-data-tracker/#vaccinations

Measure 2: Employees' willingness to travel for work

49%
(6% very willing / 43% somewhat willing)

55%
(9% very willing / 46% somewhat willing)

75%
(17% very willing / 58% somewhat willing)

STATUS AS OF JAN 2021

STATUS AS OF MAR 2021

STATUS AS OF MAY 2021

Source:
https://www.gbta.org/research-tools/covid-19-member-polls
Global Business Travel Association Coronavirus Poll Results,
June 17, 2021, Key Highlights, on the question "Are Employees
Willing to Travel for Work?"

62 percent of SAP Concur survey** respondents cited companies' vaccination-related policies as one of the important safety measures necessary for their return to travel

3

Business Dining Recovery Variable No. 3:

"Company Readiness"

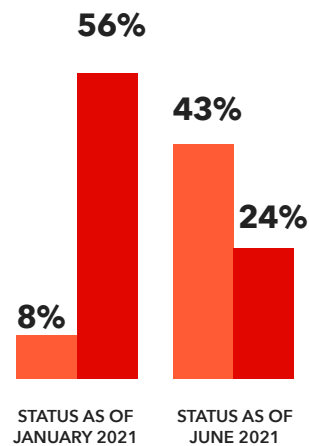OUTLOOK based on "Company Readiness"

Positive

⊕

*Developing conditions related to the Delta coronavirus variant may impact this outlook

As previously noted, business dining activity dropped significantly in 2020, but it never fully stopped. The need for organizations to nourish connections with employees, customers and industry colleagues – even without being able to meet together face-to-face – is never not important, so companies typically always have some level of business dining activity.
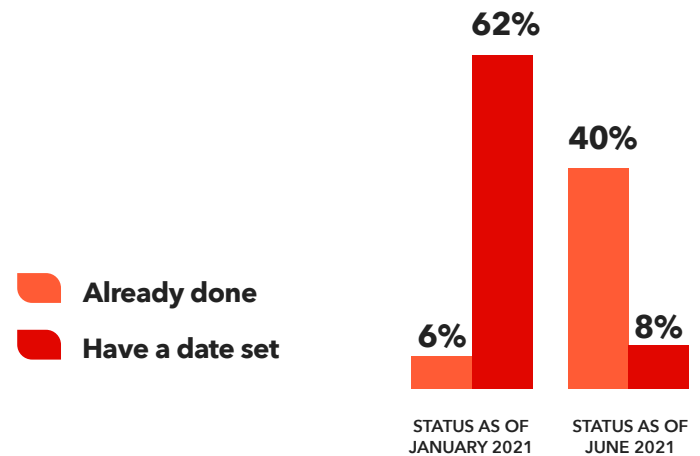
During the height of the pandemic crisis, new notions around business dining blended with established behaviors (i.e., companies started approving at-home meal deliveries for extended online meetings and for virtual team-building events, but also arranged food drop-offs for top customers and frontline workers). Changes in where, why, and how employees dine for business will continue to emerge as we move into the second half of the year, with more and more pandemic constraints lifting.

Since the "world's largest work-from-home experiment" first began last March, the idea of "back to normal" has been replaced with endless possibility. Companies are re-defining what the "new normal" is and are making plans accordingly. In this case, the bellwethers signaling that companies are ready to roll out these plans to employees are widely being recognized as: 1) returning to the office – regardless of whether on a hybrid, full, or minimal basis, and 2) returning to business travel.

Measure 1: Companies returning to the Office

56%

43%

24%

8%

STATUS AS OF JANUARY 2021

STATUS AS OF JUNE 2021

Measure 2: Companies returning to Non-Essential Domestic Travel

62%

40%

6%

8%

STATUS AS OF JANUARY 2021

STATUS AS OF JUNE 2021

■ Already done

■ Have a date set

Source:

https://www.gbta.org/research-tools/covid-19-member-polls

Global Business Travel Association Coronavirus Poll Results, January 21, 2021
Global Business Travel Association Coronavirus Poll Results, June 17, 2021

3 cont.

Interested in more data to understand this point?

When it comes to major categories that corporate professionals use to manage their travel programs, commercial air travel is one of the top expenses. As noted by Investopedia, business travelers "account for 12% of airlines' passengers, but are typically twice as lucrative – accounting for 75% of profits." We recognize that it's unlikely that the percentage of business travelers on today's flights is as high as 12%, given companies' ongoing COVID-related safety/liability concerns and indications from Dinova partners that their travel restrictions will remain at least partially in place through this fall. However, we do believe it is likely that there are at least some back-to-business-travel-early-adopters among those being processed through TSA checkpoints.

12 percent of airline passengers are business travelers

but

75 percent of airline profits are from business travelers
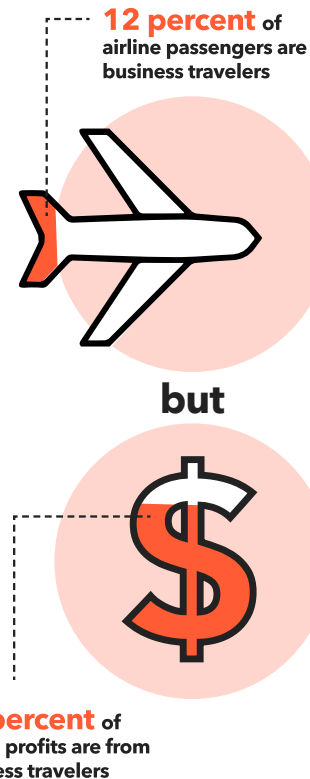
TSA Traveler Throughput

DATE	2021 TRAVELER THROUGHPUT	2020 TRAVELER THROUGHPUT	2019 TRAVELER THROUGHPUT
01/31	859,039	**1,948,138**	1,938,817
02/28	1,190,682	**2,353,150**	2,307,393
03/31	1,278,113	136,023	**2,151,626**
04/30	1,558,553	171,563	**2,546,029**
05/31	1,900,170	353,261	**2,499,002**
06/30	1,920,663	626,516	**2,547,889**

Source:
https://www.tsa.gov/coronavirus/passenger-throughput

Bright Spots

Throughout the pandemic, some pockets of business dining have consistently shone a little brighter than others. Identifying these aberrations – however slight – helps: 1) determine which business dining needs have proven less sensitive to pandemic-related constraints; and 2) anticipate opportunities around the types of business dining that may continue leaning off-premise post-pandemic.

TOP INDUSTRY PERFORMER:

Healthcare
As frontline responders in the fight against the pandemic, the highly active Healthcare industry out-performed other sectors.
See "Benchmark 2: Industries" on page 29

ECONOMIC ALL-STARS:

Small Business Owners
Without the luxury of slowing down, Small Business Owners acted locally, kept things going.
See "Benchmark 3: SMB vs. Large Enterprise" on page 30

RIGHT EXPERIENCE, RIGHT TIME:

Limited-Service Restaurants
With fully developed take-out and to-go capabilities in place, Limited-Service Restaurants had a significant "we-were-built-for-this" edge over the competition.
See "Benchmark 4: Restaurant Type" on page 31

Trends

Three Trending Business Topics
and What They Mean for Restaurants

1. Duty of Care

2. Remote Work Flexibility

3. Company Culture

1

Trend No. 1:
Duty of Care Concerns Mean More Scrutiny for Restaurants

Trend Maturity Level:
Advanced

Power Players/Key Influencers:
Corporate Leadership

Overview

In essence, duty of care is a legal principle that says companies have an obligation to not knowingly put their employees in harm's way and to provide some level of protection and guidance when major events happen. It means they should be able to anticipate any risks workers might reasonably face and actively take steps to make sure no one is in any danger while doing what they've been hired to do.

As an example, when you go on vacation, any risks you face as part of that trip are your choice, and therefore, your responsibility. When you take a business trip, on the other hand, those risks become your employer's responsibility. After all, you wouldn't be on that plane to Vegas to attend that medical device manufacturer's convention if they weren't paying you to go, right?

To be clear, duty of care has *always* been an important employer responsibility – this didn't suddenly come up because of the pandemic. Any time a company fails in its duty of care responsibility and someone gets hurt, faith in leadership erodes, company culture takes a hit, and the possibility of a lawsuit becomes real.

So when COVID struck and there was danger literally everywhere, duty of care took on new urgency. It went from being something that was mainly handled by Safety Engineers and Travel Directors, to becoming a wake-you-up-in-the-middle-of-the-night worry for CEOs all over the world. In addition to simply being the right things to do, closing offices and grounding future travel were both highly responsible duty of care decisions.

And in this area, not even company size matters. A 2021 survey by Oasis, a national professional employer organization (PEO), found that workplace safety had replaced talent acquisition as the top priority for small and medium-sized business owners, too.

Now that office re-openings are imminent and the ramp-up to business travel takeoff is accelerating, companies aren't taking any chances when it comes to reasonable anticipation of risk. Every possible risk exposure for employees is being reviewed and policies are being tightened up - particularly at the time of this writing, with cases of the Delta coronavirus variant on the rise.

Employers' duty of care concerns aren't likely to lessen anytime soon, either, especially considering that the first wave of COVID-related lawsuits against employers has begun. In a California case dismissed in February, the wife of a construction worker filed a first-of-its-kind suit against her husband's employer, stating that it had failed its obligation to prevent her from becoming infected with COVID. Then, in late June, a federal judge dismissed a flight attendant's negligence suit against her airline employer, which she blamed for her husband's death from COVID. Additional court challenges are expected.
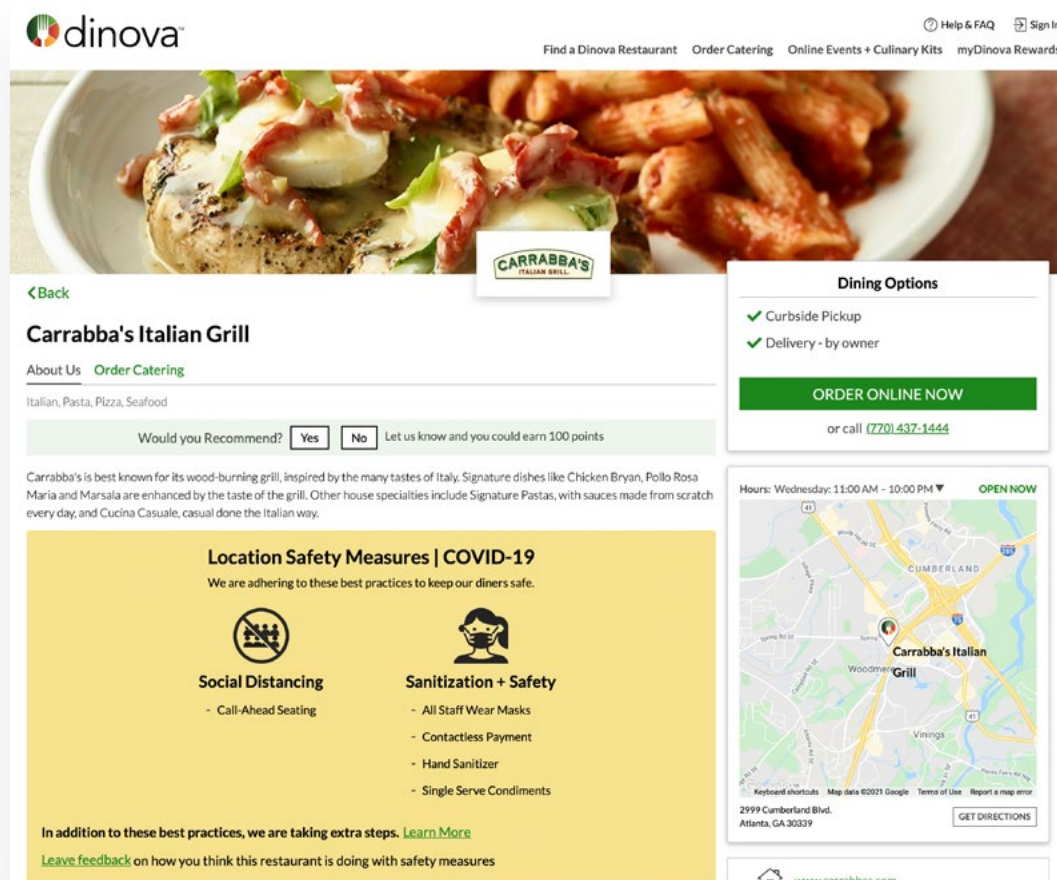

Figure 1. Dinova's Search App Displays Duty of Care Measures

1 Trend No. 1 cont.

Restaurant Takeaways

Restaurants aren't being specifically singled out as risky places to be, but they are being recognized for the integral role they serve in business travel – and are therefore, along with airlines and hotels, becoming subject to more scrutiny than usual from the C-suite.

Restaurants should make sure they're communicating their safety practices in such a way that travel managers can be confident recommending their restaurants to employees.

Business travelers will be researching their options on digital channels, so these details need to be displayed and updated regularly on owned and partnership websites.

The two main areas we've heard our enterprise partners express concern over are **"is there sufficient social distancing?"** and **"what are the sanitization and safety practices?"** Anything restaurants do that can speak to those concerns is helpful.

2

Trend No. 2:

In Support of Remote Work Flexibility, Restaurants Are Becoming the New Conference Room

Trend Maturity Level:
Developing

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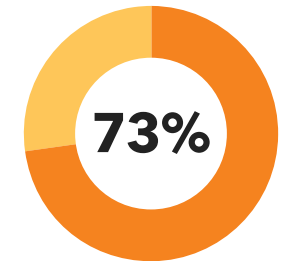**Remote Workers**

Overview

The days of assuming that "once the pandemic is over" all employees would head back to the office as usual are long gone. While office re-openings are still major milestones on corporate recovery checklists, the assumption that productive work can only happen in company-controlled environments has been effectively shattered, swept up, and tossed out.

A significant number of 2021 research studies show that employees know this and confirm that, for them, there's no going back. Two worth noting: a Microsoft study of 30,000 people in 31 countries found that 73 percent of those who work from home want remote work to stay; and a Harvard Business School Online survey of 1,500 professionals who had worked from home from March 2020 through March 2021 found that 81 percent of respondents either don't want to go back to the office or would prefer a hybrid schedule moving forward. Of that number, 27 percent say they want to work remotely full time.

Companies, for their part, are recognizing that the remote work/office work question doesn't have to be an all-or-nothing proposition (notable exceptions like Goldman Sachs aside). With many offices reopening this fall, a hybrid work model – in which only a fraction of a company's workforce will be scheduled to be in-office on any given day – is the approach most often cited as being taken through the end of the year at least.

So, with vaccination rates increasing and almost all restaurant restrictions lifted, employees are signaling they're ready to meet up with customers and teammates again- as long as Delta variant conditions don't dictate otherwise - whenever possible. For these activities, whether they're in-office or not, they're turning to restaurants as an appealing, convenient solution.
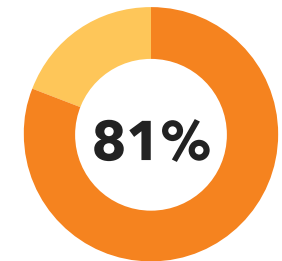
Working Remotely

73%
those who work from home want remote work to stay

81%
don't want to go back to the office or would prefer a hybrid schedule
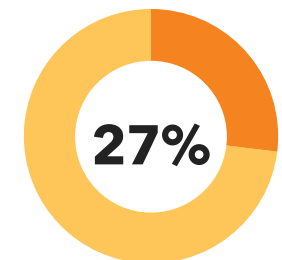
27%
want to work remotely full time

It's worth noting that corporate support for this trend seems positive, as it gives organizations a reasonable way to accommodate remote workers' needs. According to **Global Business Travel Association poll results released in April 2021**:

- Eight in 10 poll respondents say their employees will have "much more" (35%) or "more" (47%) flexibility to work from home than they did before the pandemic. An additional one in 10 (14%) say employees will have equal flexibility and only three percent say employees will have less flexibility.

How much flexibility will employees now have to work from home?

35% MUCH MORE

47% MORE

14% EQUAL

3% LESS
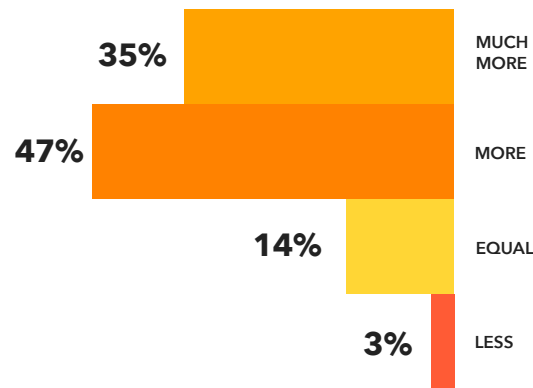
- Fifty-one percent of business travel professionals who said their companies' employees will have more flexibility to work from home moving forward also said it was "very likely" or "somewhat likely" that they would be revising their travel and expense policies to account for an increase in remote working.

51%

- Forty-four percent of respondents say that as domestic business travel resumes, "more business meetings with clients and customers will be held in non-traditional settings such as restaurants, bars, coffee shops," and so on.

44%

2 **Trend No. 2 cont.**

Restaurant Takeaways

At least for a while, the restaurants-as-meeting-rooms trend may skew more toward the benefit of those in locations not traditionally associated with business centers, in favor of wherever remote workers are located. Even then, some restaurants are better suited to hosting these types of small business dining parties than others.

Four Key Areas that Restaurateurs Who Are Interested in this Trend Need to Consider

- **Safety** (see our overview of the duty of care trend for reference). It's critical to keep safety protocol details up-to-date, and to promote private rooms and patios as social-distancing-friendly options.

- **Reservations.** For restaurant operators who offer reservations or call-ahead seating, tweaking their weekday table request process can subtly connect their restaurants with these business-meeting types of events. Something as simple as asking, "Will this be a business meal?" may help reinforce a location's business-meeting suitability with diners.

- **Sound.** No one wants to have to shout during a sensitive conversation or when trying to impress a colleague. If a restaurant's noise levels are an issue and the owner has the ability to designate a quieter corner of their dining room as business-meeting-friendly, they should absolutely do it - and instruct front-of-the-house staff to mention this when seating guests.

- **Service.** Finally, well-trained staff who provide excellent service without excessive interruptions make a lasting impression with business diners. Any restaurant that earns a reputation for this will have business diners' help in spreading the word.

3

Trend No. 3:
With Company Culture at Risk, Leadership Looks to Virtual Events to Help Keep Teams Connected

Trend Maturity Level:
Developing

Power Players/Key Influencers:
HR Managers, Team Leaders, Meeting Planners

Overview

With the pandemic lasting far longer than almost anyone could have imagined, business leaders are worried about the effects that remote work and overall lack of face-to-face collaboration time have had – and may continue to have – on company culture.

Loosely defined as the set of shared values, beliefs, and goals that characterize an organization, company culture is more than just lip service. According to the employment website Indeed, strong organizational culture makes an impact on: increased employee engagement, decreased turnover, strong brand identity, elevated productivity, transformational power, top performer, effective onboarding, and a healthy team environment. And social connectivity as part of that culture, according to research from BCG, is key to being collaboratively productive.

So, companies sat up and paid attention when Microsoft's first annual Work Trends Index confirmed what HR managers everywhere had feared. Employees' feelings of being connected to their work teams (a critical indicator of company culture) had taken a hit, from a high of 91% in April 2020 to a low of 75% in November, before stabilizing around 80% in March 2021.

Employees' feelings of being connected to their work teams

91%	APR 2020
75%	NOV 2020
80%	MAR 2021

It is with this backdrop that corporate leaders have acknowledged the critical importance of workplace socializing - and the pandemic's potentially long-term impact on face-to-face gatherings - on company culture. They're now looking for ways to keep employees socially engaged with their teams, regardless of location. These needs are helping drive creativity and innovation in the area of virtual events.

Culinary Kits / Celebration Boxes

The Pitch:
Not just gift baskets, these are more like DIY experiences built around key elements of a brand

The Classic Example:
An all-around 'cheers-to-you' box, featuring a cocktail shaker, signature drink mix, branded appetizer seasoning, and party-hosting tips

The Details:
Important things to consider for corporate buyers …

Capacity – Restaurants need to be realistic about their limitations, about whether they can accommodate orders of any size, or if there's an ideal maximum/minimum that makes these worth their time, as well as the lead time they need in order to fulfill these orders.

Ordering and Promotion – Will these boxes be available for purchase on owned and/or partner sites, or will orders need to go through a catering or events manager?

Customizability – Is the restaurant able and willing to tweak the contents of their boxes, based on special requests from the customer?

Packaging – The kits with the biggest buzz let the recipient know something special's inside, creating anticipation before they even open the box. It doesn't have to be elaborate, but professionally packaging the contents so they won't be damaged in transit definitely matters, and can be a credibility-killer or reputation-booster with corporate audiences.

Shipping and delivery – Will these be available for pick-up in local areas only, or can the restaurant handle shipping? If so, we recommend charging a flat fee to keep things simpler – for restaurants and customers alike.

The Next Level

Create a short video or additional downloadable content related to the box that only recipients have access to. A greeting from the chef, an exclusive recipe, a tour of a supplier farm, or a peek inside the kitchen – these types of details can lend a box an insider/exclusive vibe.

3

Trend No. 3 cont.

Restaurant Takeaways

The virtual (BYOB) happy hours from the early days of lockdown have evolved along with the needs of corporate America, and online team-building events are opening up new ways for restaurants to engage with corporate diners. While variations on theme are endless, there are two important types of virtual experiences that restaurants that want to be part of this trend should focus on: **kits and classes.**

Classes, Tastings and Demos

The Pitch:
Not just another webinar, these events are built around unique interaction between host and participants.

The Classic Example:
Boqueria's Paella de Chorizo y Piquillo Kit and Class, in which attendees receive are pre-shipped a kit including everything from the sofrito to the chorizo – even the pan. Classes are led by professional Boqueria staff and take place over a private Zoom link.

The Details:
Important things to consider for corporate buyers …

Personality – A good portion of the success involved with these types of events hinges on the host. Restaurants need to ensure whoever their brand ambassador here is comfortable interacting with a variety of groups, and projects a welcoming, yet professional presence. It can also be a good idea to have a second individual available to act as cameraman, sous chef, and/or color commentator.

Setting – In order to pull off these types of events, a restaurant must have an appropriate staging location (low background noise, few interruptions) available at the right time. The main kitchen may be ideal, but not if the event is scheduled during the dinner rush.

Technology – Absolute minimum needs include a stable WiFi connection and a camera with simple but clear resolution. A microphone, camera tripod, and additional lighting are also extremely helpful. Hosts should practice ahead of time to head off any last-minute glitches.

Capacity – Restaurants should establish an ideal class size and how frequently they will be able to offer these classes.

Ordering and Promotion – Will these events be available for sign-up on owned and/or partner sites, or will orders need to go through a catering or events manager? Will these classes be offered to individuals and other private parties, or for corporate groups only?

Content – The goal for content – whether it's walking guests through tips designed to expand their appreciation of a particular specialty (à la wine, cheese, and chocolate tastings) or demonstrating a culinary technique (how to make Chinese dumplings) – should be a blend of entertainment and education, isn't stressful, and is accessible to all skill levels. So long as the class involves engaging back-and-forth, giving team-members the opportunity for positive interaction with each other, they'll consider it worth their group's time and resource investment.

Customizability – Are restaurants able and willing to tweak recipes and demos based on special requests from the customer? How will they handle food allergies and dietary needs?

Price-point options – Some companies – particularly in the healthcare and pharma industry – have price limits on the gifts they are able to give and receive, so restaurants should consider offering both fully-loaded class and kit combos and class-only versions, in which attendees would supply their own tools and ingredients. (For the fully-loaded combos, all of the packaging, shipping, and delivery considerations noted in the previous section still apply.)

The Next Level

For VIP groups, restaurants should consider recording the class session and creating a highlight reel of fun moments or key tips about the recipe. Again, anything "extra" can help strengthen attendees' attachment to the restaurant's brand.

Two Final Dinova Recommendations

Regardless of which virtual event path a restaurant chooses to follow, they should:

1) start small (making sure all logistics are nailed down before expanding); and

2) remember that interactions with corporate event planners should always be polished, professional, and prompt.

Industry Spotlight on Healthcare and Pharmaceuticals

The efforts of those in the healthcare and pharmaceutical industry throughout the pandemic have been nothing short of heroic. Knowing that they have been out on the front lines, even in the most dangerous times, it was no surprise to us to see that their business dining needs and activities did not drop as much as they did for others.

To get the first-hand perspective on 2020 business dining activities and the trends we're seeing now, we asked travel managers at some Dinova Healthcare and Pharmaceutical partner companies to weigh in.

Note: At the request of each of these partners, names and organizations are being kept confidential. Interviews have been edited for length and clarity.

1 Dinova Partner: Pharmaceutical Company
In their own words

Return to Office, Return to Travel

Our company has mainly been working from home since March last year. This was a big change for us. Before COVID, at most of our locations, you were expected to be in office three or four days a week – you might have been able to have two remote days, max.

Now we're approaching going back to the office in stages. Here in the U.S., very few of our offices have partially re-opened, and only for those who feel that they want to go back. At three or four of our main U.S. offices, 25 percent or fewer colleagues have returned at this point. The goal is to have around 50 percent of employees in the office on any given day by September. One day, you'll see half the usual number of colleagues there; the following day, another group will be there. We'll see how that goes until the end of the year. But no one will come in more than twice a week.

I think we're like most companies, waiting for the summer to finish – accommodating parents with young kids who want to be home during the summer, letting people have their vacations, getting everyone vaccinated. Everything seems to be pointing to September.

Since the beginning of the crisis, all our field workers have still been active, in full force. All our field sales team members have been traveling – but not anyone else.

"Right now, we're seeing a lot of field sales out and about, buying food for themselves, for healthcare professionals … In 2021, through the end of May, we've had 21,000 transactions related to HCPs. In 2020, we only had 2,000."

Business Dining Now

Right now, we're seeing a lot of field sales out and about, buying food for themselves, for HCPs (healthcare professionals), and some group dining expenses – but really, it's mainly those healthcare professional expenses, bringing food to doctors. In 2021, through the end of May, we've had 21,000 transactions related to HCPs. In 2020, we only had 2,000.

For a while last year, we did see a large number of dining expense transactions related to managers paying for meals for their staff – not in person, of course – however, that activity really stopped in Q3.

1 Dinova Partner: Pharmaceutical Company cont.

Taking a look at our 2021 spend patterns and the locations where dining expenses are happening this year, things are really spread out. We can't say 50 percent of our dining expenses are in this city or this area because our field sales are everywhere – literally. From Seattle to Miami to New Jersey to Phoenix to Oklahoma, wherever there's healthcare and healthcare professionals, that's where we spend.

There's also spend on field sales travel meals. Until air travel picks up, we expect to continue seeing a shift away from airport dining and more fast food, more options that are found right off the highway, that type of stuff. Our people are hopping in their cars and driving more, meeting up for coffee or a quick snack, but not really taking others out to lunch or dinner.

Duty of Care
Even before the pandemic, we were diligent with Duty of Care – it's the number one thing we've always managed our travel program to. The safety of our employees is always first, regardless of cost. We're a science-based company. We believe in science and facts, and those govern the protocols we put in place. We are always going to rely on factual data to keep them safe, even if it's to our detriment.

So, aside from the obvious severity of the whole situation during lockdown, our travel safety concerns have always been around the whole category – not just restaurants. There was never a time when we just said, "don't dine out," singling out that one activity. We know our people know what to do so they can be safe. We've encouraged most employees to be vaccinated, and we're starting to feel like we've got our hands around it at the state and country levels.

No, right now, when it comes to restaurants, our bigger concern is staffing – are there going to be people serving them? How are we setting expectations around that? Because, from a program standpoint, we can say, be sure to check with the airline to make sure there are no delays and let us know if you run into any issues – we can help. But for going out to restaurants, we can't do anything about that. We just have to tell travelers they're going to have to check their patience at the door – because we know restaurants are trying their best, but they're going to have to reset their expectations for the time being.

Virtual Events
We were told early on in the crisis that virtual happy hours and those types of expenses would not be reimbursable. I think leadership was really worried about spend, so those were not allowed – and not simply from a hosting perspective either. I was invited to attend a virtual wine tasting hosted last year by our airline partner, and even though I could attend the online event, I had to tell them not to send me the wine, because it was over the $20 limit of what I'm allowed to accept.

Our company's second highest concern, right behind Duty of Care, is reputation and ethics. We're extremely concerned about perception – so having it get out that so-and-so had food and wine and steaks and whatever sent to them from this other company, doesn't look great, even if it's completely innocent. So no, even though we're not in office, we're still not accepting those kinds of gifts or participating in those types of events.

2

Dinova Partner: Biotechnology Company
In their own words

Return to Office, Return to Travel

Our organization was already pretty well set up for employees to go virtual, but our main headquarters campus is thinking of opening back up again in September. It's going to be more about going in on certain days, and not at a 100 percent, everyone-come-back capacity. Even then, it's only going to be employees – no contractors, visitors, or consultants.

As for travel, here in the U.S. – and the bulk (60 percent) of our travel is in the U.S. – our sales teams have all still been active in trying to see their customers. At the beginning of COVID, they would drive to whatever client sites were close enough, though not as often as before the pandemic. Now, within the last couple of months, domestic travel has started to pick up more, and sales teams have started getting approval to travel by air.

Although certain travel restrictions will remain in place until September, our sales teams are all anxious to meet with clients again, and want to visit clients in their region, not just their state. Up until this point, they've had to have senior vice president approval for travel, but we're now seeing vice presidents being allowed to make those calls. So, those restrictions are definitely easing up, little by little.

I've also noticed that our hiring is starting to increase, so we have a couple of events in July involving applicant travel. Also, our Speakers Bureau will be starting back up in the middle of the summer.

As far as dining is concerned, our sales teams have continued visiting restaurants and picking up food to take with them whenever they do get to see their clients.

Virtual Events

I understand that there has been activity related to food deliveries to homes, but those expenses are not part of the travel program. There have been updates written into the expense policy regarding what's reimbursable and what's not, because pretty much everything was going virtual, and they had to address how to handle all of that.

> *"Although certain travel restrictions will remain in place until September, our sales teams are all anxious to meet with clients again, and want to visit clients in their region, not just their state. Up until this point, they've had to have senior vice president approval for travel, but we're now seeing vice presidents being allowed to make those calls."*

2 Dinova Partner: Biotechnology Company cont.

At our company, the safety of employees is so important – they're still really encouraging social distancing and not congregating – so the only in-person meetings have been little team get-togethers because people missed each other.

In the overall meeting space, hybrid is becoming the next big topic as the best way to handle meetings – where you have some of it virtual, some in person – and I think that there are opportunities for restaurants there.

Duty of Care

Nobody wants to be responsible for somebody getting sick – for affecting their lives and their families that way. Before COVID, we'd always had a soft approval process: as long as that traveler's manager was aware that they were going to be traveling and that it would hit their budget, and they had had that discussion, we never really tracked where everyone was like we do now. Since COVID, we monitor every trip.

Every day, I look at who is traveling and make sure they have their proper approvals. For the amount of travel that we do, that's a lot of work. It's not the numbers we had pre-pandemic, but still, even with what little we are doing, it is a lot to keep track of. Particularly with our safety and security team – as soon as air travel is involved – they want to know who approved the trip, where they're going, why it's necessary, and of all that.

Business Dining Now

One of the things that we've been talking about with the return to travel is that our travelers need to do more advance prep than they did before. Things like calling ahead to their hotel. Just because they're staying at a full-service hotel doesn't mean that the on-site restaurant will be open, and they need to know what their options are. In the past, if you traveled late at night and hadn't had anything to eat, you'd depend on room service. But now, a lot of those have shut down. Those are some of the dynamics that travelers have to pay attention to that they didn't have to in the past.

I think that using takeout and delivery options – even while traveling – have almost become a necessity. You may not have all of the options that you had before, and even for restaurants that are open, availability of tables is less certain. It will be interesting to see how that plays out and, if everything just suddenly opens back up, how comfortable people will be going out.

It's all changing – and I believe we've yet to see what this all turns into. The dynamics have changed so much. We're all just figuring out how to continually be innovative. As times go on, I'm sure we'll survey our travelers to see what their needs are so we can address them. Right now, our priority is just getting them back into travel.

3

Dinova Partner: Life Science Company
In their own words

Return to Office, Return to Travel

For most of our employees in administrative roles, the majority will continue working from home. Their new normal may mean going into the office two or three days a week, but it looks like some level of remote work will always be an option from now on.

On the sales side, a lot of our people are already back in the field. Because our market revolves around elective surgeries, as soon as those started picking back up and people started having those again, we got back out in the field and started visiting hospitals, making those connections.

Particularly now that vaccination rates are better and people are feeling more comfortable, we're seeing significant increases in our U.S. business. It's evolving there quite well. For us, being able to visit our customers is not just about keeping up with our competitors – it's how we survived the pandemic. At the end of the day, we can't sit at home waiting for things to happen. Getting back to business is important for everyone's sake.

> *"For us, being able to visit our customers is not just about keeping up with our competitors – it's how we survived the pandemic. … Getting back to business is important for everyone's sake."*

Business Dining Now

As a healthcare company, we have to discriminate between any dining expenses involving healthcare professionals (HCPs) and dining expenses for just our internal employees. Looking at our data through the end of June, both types of expenses are increasing, which tells me that both our business travel and our customer visit activities are picking back up.

Generally speaking, our company is a lot more focused on asking 'why is this expense or that expense necessary?' Especially on the administrative side. Before the pandemic, taking someone out to eat was not a big deal. Now, employees are being asked to choose better options, to have more virtual meetings, and save the in-person meetings and meals for when they're more critical.

On the sales side, though, where it's important to be able to negotiate in person, I foresee those expenses going back to normal. So, aside from the threshold limits on the amount we are allowed to spend on a client meal, we're also asking employees to be more intentional about the types of restaurants they choose, to make sure they follow the rules of our compliance teams.

3   Dinova Partner: Life Science Company cont.

Because one thing the pandemic definitely did was to show us how much money we were spending on everything then versus now, including meals. Now, we're looking for new ways of working, taking the opportunity to get more creative around this. Instead of taking everyone out to a fancy restaurant, maybe we can send more casual meals to people's homes? That might help with safety and spending both.

Duty of Care

Our company's emphasis on duty of care has become even more heightened because of the pandemic – there has been a lot of additional internal communication around safety. If you are traveling and going to meetings, here are some considerations we ask you to follow – wear your face masks, practice social distancing – these are the types of minimal requirements for safety you should be following. They also have said, you need to follow whatever state restrictions are in place where you're going, and make sure they're also being followed at the places you visit while you're there.

Truly, we've been able to get back to business as quickly as possible because upper management is constantly reviewing local and regional regulations around the pandemic and travel. We've been working within those to make sure we're keeping employees as safe as possible while still enabling them to get their jobs done.

Virtual Events

Maintaining company culture is a challenge every company is facing right now. It's not the same being in the office versus working from home, and our organization has enacted specific initiatives for engagement around groups of collaborators. These have helped, and they're working on focused efforts to apply this kind of approach to all our employee population.

Overall, our company is trying to have as many virtual meetings as possible, and then, where it's safe, allowing small meetings at restaurants or other locations – but never more than five or 10 people at a time. Nothing large-scale.

Benchmarks

1. **Overall Sales**
2. **Industry Segments**
3. **SMB vs. Corporate**
4. **Restaurant Type**
5. **Menu Type**
6. **Local Markets**

In order to analyze industry trends, we have separated corporate business dining results from SMB dining results.

- **Corporate business dining sales for 2020** ended down 62% compared to 2019. Based on extrapolation of YTD patterns, we are projecting 2021 will be: 19% better than 2020; and down 55% compared to 2019.

- **SMB dining sales for 2020** ended down 21% compared to 2019. Based on extrapolation of YTD patterns, we are projecting 2021 will be: 67% better than 2020; and down 3% compared to 2019.

With the release of its State of the Industry Report in January 2021, the National Restaurant Association set up the parameters for measuring overall restaurant industry recovery using data that includes consumer and business dining combined. Dinova's data specifically addresses the outlook for business dining.

1

Benchmark No. 1: Overall Sales

NATIONAL RESTAURANT ASSOCIATION			**DINOVA**		
Foodservice Industry YoY Growth			**Business Dining Industry YoY Growth**		
	$ (BILLIONS)	GROWTH YOY	CORPORATE DINING	SMB DINING	BUSINESS DINING TOTAL
2019	**863**	**4.6%**	**6%**	**5%**	**5.46%**
2020	**659**	**-23.6%**	**-62%**	**-21%**	**-32.9%**
2021*	**726**	**10.2%**	**19%**	**22%**	**21.1%**
2021* VS 2019		**-16.0%**	**-55%**	**-3%**	**-18.74%**

*Projected

The NRA reported foodservice industry sales of $863B in 2019 and $659B in 2020, or -23.6% growth, 2020 vs 2019. For the same period, business dining sales were hit even harder, posting -32.9% growth. For 2021, the NRA is expecting positive 10.2% growth compared to 2020. We are projecting positive 21.1% in business dining sales for the same period.

In terms of recovery to 2019 levels, the NRA is projecting 2021 foodservice industry sales to fall 16% short. We are projecting business dining sales will fall 18.74% short.

The good news: Looking at quarter-over-quarter improvements since the pandemic started, business dining sales projections for 2021 could be driven higher by continued relaxation of mandates, increases in vaccination rates, and the acceleration in business travel in Q3 and Q4.
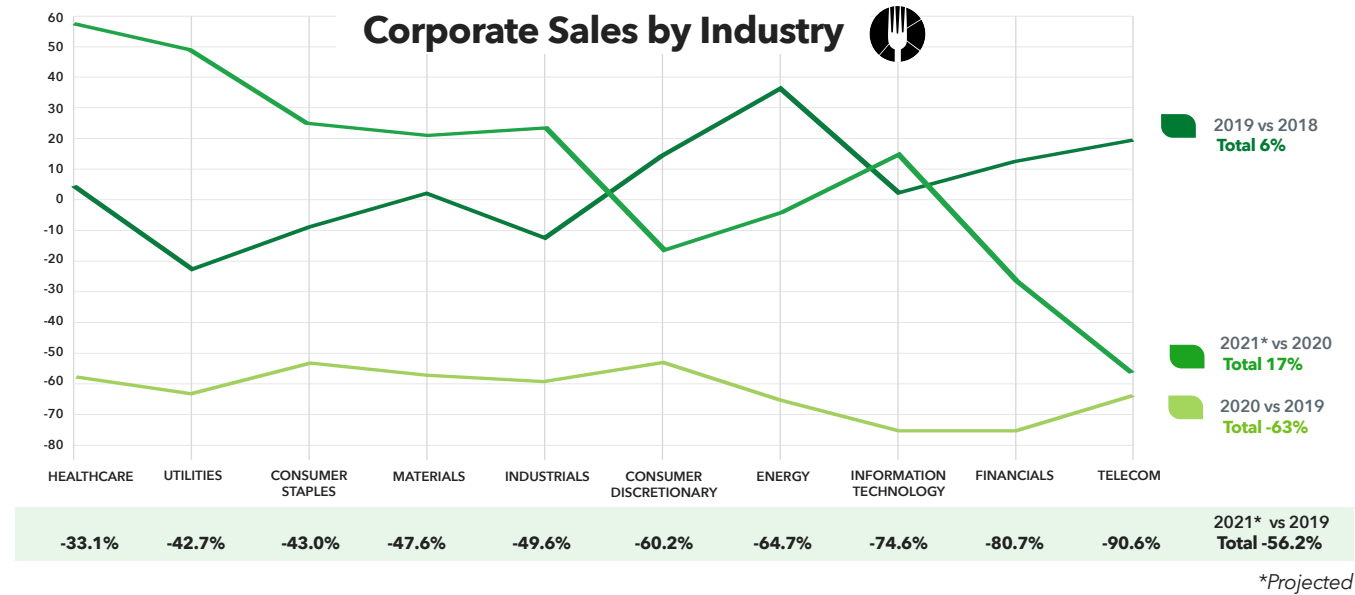
Food For Thought

Lost 2020 sales were felt throughout the restaurant industry, and the precipitous drop in business dining sales was one contributing factor. Any forces that accelerate opportunities for more expense account dining have the potential to help the industry recover more lost ground much more quickly.

Dissecting business dining sales by industry offers data points for one of 2020's most widely discussed narratives: namely, that the pandemic disrupted working conditions in some industries more significantly than others.

Corporate Sales by Industry

	HEALTHCARE	UTILITIES	CONSUMER STAPLES	MATERIALS	INDUSTRIALS	CONSUMER DISCRETIONARY	ENERGY	INFORMATION TECHNOLOGY	FINANCIALS	TELECOM
	-33.1%	-42.7%	-43.0%	-47.6%	-49.6%	-60.2%	-64.7%	-74.6%	-80.7%	-90.6%

2021* vs 2019
Total -56.2%

Legend:
- 2019 vs 2018 — Total 6%
- 2021* vs 2020 — Total 17%
- 2020 vs 2019 — Total -63%

*Projected

Data from 450-plus global corporations across 10 industries (as defined by Global Industry Classification Standard or GICS) shows that:

The rates of business dining sales in the Healthcare, Utilities, and Consumer Staples (big box retail stores) sectors fell the least and have been recovering more quickly than in other industries.

At the other end of the spectrum, business dining sales at companies in the Information Technology, Financials, and Telecom sectors fell more dramatically and is recovering more slowly.

The rate of business dining sales attributable to companies in the Healthcare sector (presumably fueled by essential worker-related meal expenses) is set to recover to 66.9% of 2019 levels by the end of the year.

Compare this to the rate of business dining sales from workers at tech-focused Telecom companies, which is projected to recover to just 9.4% of 2019 results, and it's hard to argue against the idea that remote work is not an influencing factor here.

Healthcare professionals, pharmaceutical reps, retail workers and others in those top three industries have been widely recognized for their on-site, location-specific, in-person job duties during 2020. This the opposite case from the software developers, engineers, and even the normally travel-intensive, road warrior financial consultants who make up large portions of the industries showing the least amount of business dining activity in 2020.

2

Benchmark No. 2:
Industries

Food For Thought

Differences in operating models mean that some workforces will necessarily have more business-as-usual dining needs than others. Though it's healthcare's turn in the spotlight right now, when more opportunities for conducting business on a face-to-face basis open up, other key industries are likely to experience a surge – particularly in response to competitive pressure related to companies conducting more business in person.

Small- and medium-sized business (SMB) owners have gotten back to swiping their corporate cards at restaurants at a much faster pace than their large corporate counterparts.

3

Benchmark No. 3:
SMB vs. Corporate

Corporate Business Dining Sales

2019 VS 2018	**+6%**
2020 VS 2019	**-62%**
2021* VS 2020	**+19%**
2021* VS 2019	**-55%**

SMB Dining Sales

2019 VS 2018	**+5%**
2020 VS 2019	**-21%**
2021* VS 2020	**+22%**
2021* VS 2019	**-3%**

Projected

Food For Thought

While large corporations continue formalizing back-to-office strategies and monitoring return-to-travel conditions, SMBs are already out there.

Current models project spend from SMB cardholders will return to 99% of 2019 levels by the end of 2021 – whereas business dining activities from large, corporate enterprises are only expected to recover to 55% of 2019 levels by that same time.

The difference between these two groups' behaviors is not surprising. More likely, it all comes down to:
1) risk assessment, and 2) resource bandwidth.

In deciding how and when – or even whether or not – to be out-and-about conducting business during the pandemic, corporate enterprises have to assume liability for any associated risks for thousands of employees. They also tend to have a wealth of resources and options for getting things done.

And although the potential liability is no less real for SMB owners, they are generally more resource-limited and are themselves, individually, taking the actual risks. With their existential livelihoods on the line, they have simply fewer options.

Given 2020's general economic turmoil, government-imposed restaurant restrictions, and vaccine development uncertainties, business diners' preferences for certain restaurant types over the past 16 months have been entirely predictable.

Corporate Business Dining Sales by Restaurant Type

	QSR	FAST CASUAL	MIDSCALE	CASUAL DINING	FINE DINING	TOTAL
2019 VS 2018	10%	6%	6%	4%	8%	6%
2020 VS 2019	-49%	-59%	-57%	-69%	-75%	-62%
2021* VS 2020	14%	17%	11%	19%	137%	18%
2021* VS 2019	-42.2%	-52.0%	-52.0%	-63.0%	-41.4%	-55.4%

Projected

In 2020, business dining sales at quick-service restaurants (QSR), with existing drive-thrus and to-go-friendly menu items, fell off less than it did at fine dining options, with their focus on in-person experiences and menus that are traditionally more difficult to translate into takeout models. **QSRs had -49% business dining sales compared to 2019, versus -75% for fine dining**.

Today, conditions around restaurant restrictions and vaccinations have changed appreciably. By April 30, 2021, 17 states had lifted all restaurant restrictions, and 43.32% of the U.S. population had been at least partially vaccinated (30.32% were fully vaccinated, a 7,456% relative change since the beginning of 2021). Through June 30, 43 states had dropped all restaurant restrictions, and vaccination numbers have continued increasing, covering 54.01% of the population (46.31% fully vaccinated + 7.7% partially).

These changes should mean accelerated sales growth in business dining across all restaurant segments – **good news that should be kept in context**:

Compared with 2020 results, 2021 sales are expected to soar at fine dining (137%), casual dining (19%), and fast casual (17%)restaurants.

However, these gains will not be enough to pull the best performing restaurant types, fine dining and quick service, back up to their 2019 sales levels.

And despite their current progress, casual dining restaurants still face the biggest gap among all restaurant types for recapturing their 2019 sales level.

4

Benchmark No. 4:
Restaurant Type

Food For Thought

Business dining happens across all restaurant types, but change in business dining sales at fine dining restaurants showed more dramatic sensitivity to market conditions – over 300% percent more change – than business dining sales in QSR, which proved to be the relatively most steady segment.

Which menus and dining experiences have business diners been most eager to return to in 2021? (Hint: it's not limited-service family dining.)

It's too early to say for sure which cravings business diners have been satisfying since the start of the year, given the significant up-tick in monthly transactions starting to come through the network, but here are some observations:

Full-service restaurants have projected sales of 23% when compared with 2020, which will only bring them back to 38.1% of 2019 results.

Corporate Business Dining Sales by Menu: Full-Service Restaurants

	ASIAN/ NOODLE	FAMILY STYLE	ITALIAN/PIZZA	MEXICAN	SEAFOOD	SPECIALTY	SPORTS BAR	STEAK	VARIED MENU	TOTAL
2019 VS 2018	11%	10%	-2%	4%	7%	-2%	6%	6%	4%	5%
2020 VS 2019	-73%	-56%	-65%	-71%	-73%	-64%	-67%	-70%	-72%	-69%
2021* VS 2020	42%	8%	-1%	28%	51%	6%	32%	44%	26%	23%
2021* VS 2019	-61.9%	-52.4%	-65.5%	-62.3%	-59.9%	-62.3%	-56.1%	-56.5%	-64.5%	-61.9%

Projected

Limited-service restaurants, on the other hand, have **projected sales of 6.6%** compared to 2020. Because business diners made more limited-service purchases than full-service purchases during the pandemic, restaurants in this category are already in a stronger recovery position, at 52.1% of 2019 sales.

Corporate Business Dining Sales by Menu: Limited-Service Restaurants

	ASIAN/ NOODLE	BAKERY/ CAFE	BURGER	CHICKEN	COFFEE/ CAFE	FAMILY CASUAL	FROZEN DESSERT	MEXICAN	PIZZA	SANDWICH	SPECIALTY	TOTAL
2019 VS 2018	-1%	7%	8%	14%	15%	7%	1%	15%	2%	2%	5%	7.4%
2020 VS 2019	-63%	-63%	-47%	-41%	-60%	-65%	-53%	-59%	-49%	-50%	-63%	-54.8%
2021* VS 2020	33%	38%	10%	16%	46%	-10%	23%	1%	-7%	10%	-5%	6.6%
2021* VS 2019	-51.2%	-49.0%	-41.3%	-32.0%	-41.9%	-68.2%	-42.5%	-58.9%	-52.2%	-44.5%	-64.5%	-47.9%

Projected

5

Benchmark No. 5: Menu

Food For Thought

Prior to 2020, stronger sales growth at limited-service restaurants over their full-service counterparts would have been attributed to the influence of the more casual-leaning millennials. It will be interesting to see whether or not this trend persists, and if so, to determine whether this is the result of overall access to business dining options during the pandemic or because this particular millennial preference was simply reinforced by logistical precautions.

Movers and shakers to keep an eye on include the following menu types, which are set to make the **biggest leaps in sales between now and the end of the year -**

2020　2021*

51%

-73%

43%

-73%

44%

-70%

Full-service Seafood restaurants
from -73% in 2020 to 51% in 2021*

40.1% of 2019 sales

Full-service Asian/noodle restaurants
from -73% in 2020 to 43% in 2021*

48.8% of 2019 sales

Full-service Steak restaurants
from -70% in 2020 to 44% in 2021*

43.5% of 2019 sales

*Projected

5
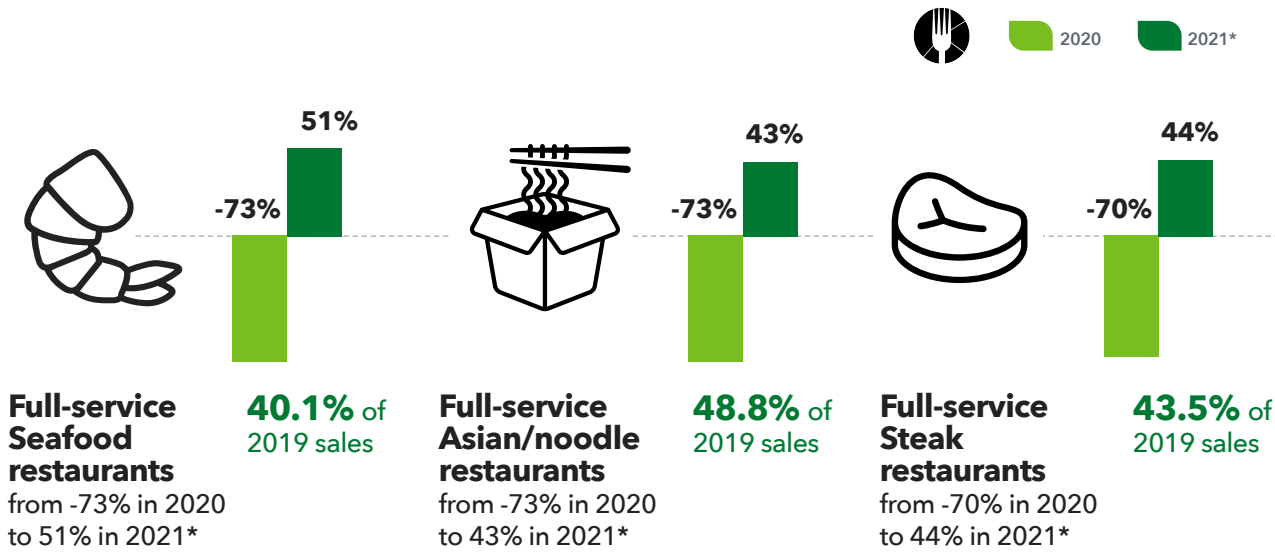
Benchmark No. 5:
Menu cont.

Menu Types That Will Be Closest to their 2019 Sales

Limited-service Coffee shops and cafes
(58.1% of 2019 sales)

Limited-service Burger restaurants
(58.7% of 2019 sales)

Limited-service Chicken restaurants
(68% of 2019 sales)
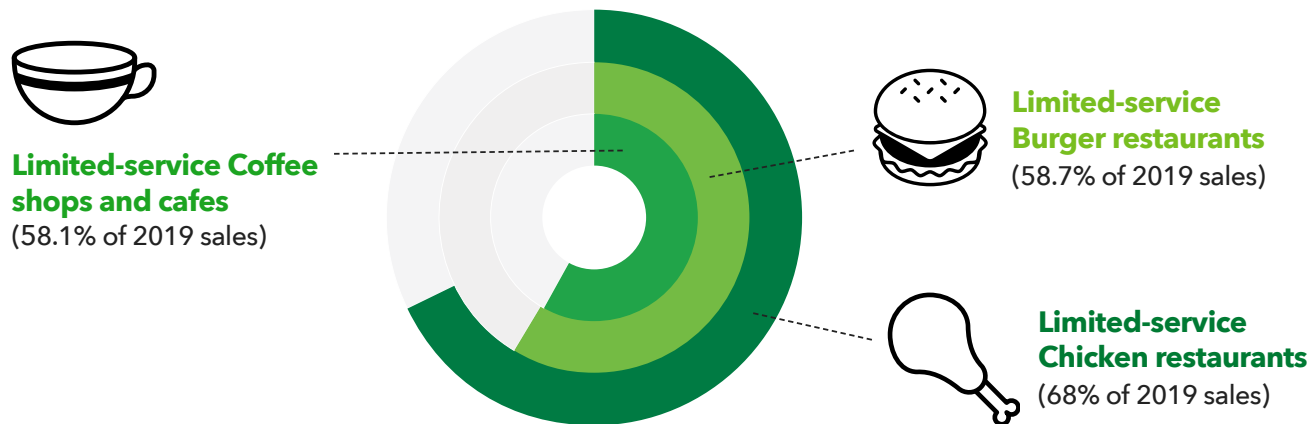
With the rise of remote work and the restaurant industry's newly expanded delivery reach disbursing business dining across a wider range of locations, sales growth numbers in major markets show varying degrees of recovery.

Corporate Business Dining Sales by Market

	DALLAS	CHICAGO	ATLANTA	HOUSTON	WASH. D.C.	LOS ANGELES	NEW YORK	SAN FRANCISCO	ORLANDO	LAS VEGAS	TOTAL
2019 VS 2018	3%	2%	6%	3%	9%	1%	5%	5%	9%	12%	5%
2020 VS 2019	-64%	-71%	-65%	-66%	-71%	-67%	-76%	-73%	-64%	-67%	-68%
2021* VS 2020	24%	-0.6%	0.2%	20%	-1.8%	38%	-30%	-16%	-9%	6%	7%
2021* VS 2019	-55.0%	-71.5%	-65.4%	-59.5%	-71.1%	-54.7%	-83.3%	-77.2%	-67.4%	-65.5%	-66.1%

Projected

The ripple effects of government restrictions during the pandemic – though necessary and well intentioned – will likely continue being felt for some time.

Offices and restaurants, along with almost everyone else, shut their doors to face-to-face interactions at roughly the same time. Restaurants, out of necessity, remained in place, and focused their efforts on honing their takeout and delivery capabilities. Businesses, also out of necessity, discovered their tolerance for operating productively while untethered to any specific location.

This break in "business as usual" was hugely disruptive to both sides – offering some restaurants (primarily, those not as traditionally dependent on business district sales) an unexpected boon while critically wounding others.

It would be disingenuous and sloppy to assign 100% of the blame for pandemic-related sales losses on government restrictions. Other factors, including companies' continued work-from-home extensions, employee relocations, vaccination issues, and more, certainly also factored in.

It would be willfully blind, however, not to acknowledge datapoints that indicate a possible connection between business dining sales growth rates by market and the timing of restaurant restrictions being lifted in those locations – with the one big exception being Los Angeles. (A Hollywood ending, perhaps?)

6

Benchmark No. 6:
Market

Food For Thought

Now that most states have lifted restaurant restrictions, it may be easier to gauge the impact of the remote work/return-to-office debate and changes in overall business dining behaviors on market resiliency.

Top Three Markets

Dallas/Fort Worth
- Sales growth compared to 2020: 24%
- State restaurant restrictions lifted: 3/02/21

Houston
- Sales growth compared to 2020: 20%
- State restaurant restrictions lifted: 3/02/21

Los Angeles
- Sales growth compared to 2020: 38%
- State restaurant restrictions lifted: 6/15/21

6

Benchmark No. 6:
Market cont.

Bottom Three Markets

New York
- Sales growth compared to 2020: -30%
- State restaurant restrictions fully lifted: 5/31/21

-30%

Washington, D.C.
- Sales growth compared to 2020: -1.8%
- State restaurant restrictions lifted: 5/20/21

-1.8%

Chicago
- Sales growth compared to 2020: -0.6%
- State restaurant restrictions lifted: 6/11/21

-0.6%

Methodology

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

- **Data from $8.2B (2019), $5.0B (2020), $6.3B (2021 projected) 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 the delta variant.

Business Dining Sales Data Analyzed

$8.2B
2019

$5.0B
2020

$6.3B
Projected 2021

About Dinova

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.

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**.

Appendix

Trying to Gauge the Appetite for Business Dining by Going Down the Rabbit Hole of What's Up with Corporate America

While Dinova is the only organization with the ability to aggregate actionable data specifically related to business dining, it can be helpful – or overwhelming, depending on your tolerance for information overload – to pull in insights about related topics that are trending for corporate America. With that thought in mind, here's a reading list of additional links to notable news, surveys, and trackers and stats on other related data.

Dinova note/commentary: Speculation around the fates of business travel, remote work, duty of care and other key topics have spurred countless news stories, thought pieces, research and surveys over the past year and a half. Powerful business and political figures and lobbyists constantly weigh in to help shape the storyline – which is not to say they're not right; it's simply a reminder to always consider your sources. We've selected the following links to offer, hopefully, a representative sample of critical viewpoints.

Notable News

2020 NOVEMBER 17 | Bill Gates: "My prediction would be that over 50% business of travel and over 30% of days in the office will go away." Watch to the end of this less-than-three-minute clip to see what he concedes is missing from meetings and events held fully online. Broadcast on CNBC, media outlet covering business news and real-time financial market updates

2021 FEBRUARY 02 | Global Business Travel Association releases its annual Business Travel Index, placing the timeline for a full business travel recovery at the end of 2024. Released by GBTA, the "world's largest professional organization representing the $1.4 trillion business travel industry," whose "global membership includes 9,000-plus business travel professionals from every continent"

2021 APRIL 21 | Just Because You Can Work from Home Doesn't Mean You'll Be Allowed To, Which jobs are heading back to the office and which can stay home varies widely. Published by VOX, general news site focused on "explanatory journalism"

2021 JUNE 22 | The World's Financial Centers Struggle Back to the Office, article noting that workplace activities in some cities is still about 50% below pre-pandemic levels. Published by Bloomberg.com, media outlet delivering business and market news, data, analysis and video

2021 JUNE 23 | U.S. Commerce Secretary Calls Corp. Travel Restart 'Top Priority,' Details Few. Published by Business Travel News, media outlet for business travel and meeting professionals

2021 JUNE 26 | Remote Work Is the New Signing Bonus, article noting that workers are trading jobs, enticed by the guarantee of flexible schedules and continued work from home. Published by the Wall Street Journal, media outlet covering breaking news and current headlines from the US and around the world

2021 JUNE 29 | United Airlines Unveils Huge Jet Order in Push for Growth, United Airlines unveiled its largest-ever order for Boeing and Airbus jets, lining up 270 planes in a push for post-pandemic growth with bigger jets for domestic flying. Published by Reuters, the news division of Thomson Reuters, the world's largest multimedia news provider

Surveys and Studies

2021 JANUARY 07 | No, Hybrid Workforce Models Won't Dilute Your Culture, If you're worried that hybrid workforce and remote work models will ruin your organizational culture, data suggests your wrong. Published by Gartner, "world's leading research and advisory company" that equips business leaders with "indispensable insights, advice and tools"

2021 MARCH 01 | Eight in Ten Americans Working from Home Due to COVID-19 Say They Miss In-person Meetings and Conventions, press release from Meetings Mean Business, "an industry-wide coalition to showcase the undeniable value that business meetings, trade shows, incentive travel, exhibitions, conferences and conventions bring to people, businesses and communities"

2021 MARCH 02 | New Freeman Research Shows an Accelerated Return to In-Person Events, with 78 percent of respondents expecting to attend in-person events in fall 2021, increasing to 94 percent by winter. Press release from Freeman, "global leader in events"

2021 MARCH 10 | New Study finds 85% of Workers Want to Return to the Office, press release from Eden Workplace, makers of hybrid workplace software

2021 MARCH 22 | Microsoft Releases First Annual Work Trend Index, with focus on "The Next Great Disruption Is Hybrid Work – Are We Ready?" referencing data from a study of more than 30,000 people in 31 countries and an analysis of trillions of productivity and labor signals across Microsoft 365 and LinkedIn. Released by Microsoft, multinational technology company

2021 MARCH 31 | Industry Experts Weigh in on the Future of Business Travel, Travel Experts from companies like Amadeus, Skift and BCD Travel provide their predictions on the future of business travel post-COVID, published by TNMT, a company that produces "data-driven market intelligence on the most relevant trends in Travel and Mobility Tech"

2021 APRIL 20 | FlexJobs Survey Finds 58% of People Working Remotely Would Quit Their Jobs if Required to Return to Office, press release from FlexJobs, "leading, most trusted site for finding work from home and other flexible jobs in an easier, faster, and safer way"

Trackers and Stats

TRAVEL TRACKER (not business-specific) | TSA Checkpoint Numbers. Daily update of traveler throughput numbers, with comparisons to same-day stats from 2020 and 2019

OFFICE TRACKER | Kastle Systems Back to Work Barometer. Weekly compilation and analysis of anonymized data involving keycard and fob access data at 2,600 buildings and 41,000 businesses across 47 states

COVID-19 CORPORATE RESPONSE TRACKER | How America's Largest Employers Are Treating Stakeholders Amid the Coronavirus Crisis. Compiled by JUST Capital, an "independent research nonprofit that is changing the relationship between the public and Corporate America," whose mission is to "mobilize the immense power and resources of the private sector to create a more just marketplace that better reflects the values and priorities of the American people"

REMOTE-WORK-ANNOUNCEMENTS TRACKER | List of notable company remote-work announcements with source links, compilation from Henry O'Loughlin, founder of Buildremote, an operating system that "helps fully remote companies with their operations"

COMPANIES SWITCHING TO REMOTE WORK LONGTERM | 30 companies that have switched to long-term remote work, along with some of their recent remote opportunities that have been posted. Compiled by FlexJobs, the "leading, most trusted site for finding work from home and other flexible jobs in an easier, faster, and safer way"

BUSINESS TRAVEL STATISTICS | List of 100+ industry stats – related to both current and pre-COVID topics, compilation from TravelPerks, a company that helps small- and medium-sized enterprises book flights and manage expenses through its online platform