WE ARE MAFSI

MAFSI.ORG

MAFSI FOODSERVICE INDUSTRY MARKET FORECAST REPORT

MAFSI 2020 MARKET FORECAST

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(continued on page 3)

WELCOME TO MAFSI, AND OUR 2020 FOODSERVICE MARKET FORECAST.

MAFSI is a 71 year-old non-profit trade association comprised of 270+ independent manufacturers' representative sales companies and 260+ manufacturing companies in North America selling, marketing, and producing commercial foodservice equipment, supplies, tabletop, and furnishings.

Representing over 2,400 sales and marketing professionals and manufacturing executives across North America; MAFSI provides market forecasting, networking and partnership opportunities, industry stewardship, education and resources, and member advocacy for the $14.5 billion commercial non-foods industry.

MAFSI is everywhere food is. And everywhere you are. Spanning North America, feeding 300 million people and changing an industry.

From mom and pop restaurants, to colleges, hospitals, major chains—we're there. With the people, and the products—moving an entire industry further than ever before. And as members, we get to reinvent it. We get to make it better, and we make it different.

We get to make reps and manufacturers proud of how they go to market.

We get to reinvent foodservice every day. We get to make a difference. In a job... in a profession built around great products and great people.

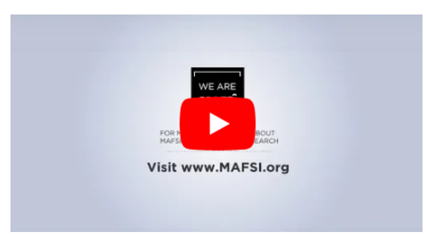
We... Are... MAFSI.

MAFSI is home to 71% of all manufacturers' representative firms in the U.S. and Canada. They are the window to the foodservice marketplace, relied on by all channel partners for their knowledge and expertise.

MAFSI REP firms are independent professional providers of field-level sales and marketing services to manufacturers and/or suppliers. They typically handle a portfolio of related but noncompetitive product lines, working under a contractual arrangement within a defined geographic region, and on an exclusive basis within their assigned field of responsibility.

On behalf of their manufacturers, MAFSI REPS exclusively represent approximately 12-18 foodservice manufacturers in their defined geographic region. There are typically 10-20 MAFSI REP agencies in each marketing region.

CLICK ON VIDEO to view the "2020 MAFSI Board of Directors Video"



CLICK ON VIDEO to view the "2020 Market Forecast Video"

MAFSI 2020 MARKET FORECAST

MAFSI REP firms come in all shapes and sizes, but on average generate 10–18 million dollars in gross sales, and typically employ three to four field representatives, with an additional two to three inside customer service personnel. 70% of firms have showrooms and test kitchens to assist customers in project planning and sample products firsthand.

The value that MAFSI REPS bring—both to those they sell to, and those they sell for—emerges in large part from the synergy created through the representation of multiple manufacturers. Their product portfolios allow MAFSI REPS to present broad-based solutions to customer problems, rather than the price-and-delivery model typical of single-product selling. Their consultative approach not only opens the door for the other manufacturers they represent, but also adds value and fosters a partnership with the buyer as the purchase progresses through the entire project.

Below you will find the product categories that MAFSI REPS serve.

Product Categories:

- **Equipment**
  - > Primary Cooking Equipment
  - > Refrigeration & Ice Machines
  - > Storage & Handling Equipment
  - > Serving Equipment
  - > Food Preparation Equipment
  - > Warewashing Equipment
  - > Ventilation
- **Supplies/Smallwares**
- **Tabletop**
- **Furniture**
- **Janitorial/Sanitation**

MAFSI's 270+ Rep Members classified by product category (many reps sell more than one category):

- 220 or 81% of our agencies represent Equipment
- 233 or 86% of our agencies represent Light Equipment
- 171 or 63% of our agencies represent Supplies/Smallwares
- 124 or 46% of our agencies represent Tabletop
- 96 or 36% of our agencies represent Furniture

Forty-five percent of our representative firm members participated in our annual Foodservice Market Forecast—a prime reflection of our members' commitment to this industry. Moreover, since MAFSI REPS call on almost all facets of commercial foodservice, there is no one better equipped to report the market dynamics that affect our industry.

We thank our representative members not only for their contributions to this report, but for the hard work and pride they bring to this industry each and every day.

For more information about MAFSI and our members, please visit www.mafsi.org, or call 404/214-9474.

2020 BOARD OF DIRECTORS

(continued from page 2)

MAFSI STAFF

MAFSI 2020 MARKET FORECAST

For 2020, the forecast is showing a more moderate gain of +3.0%. In view of the positive bias of the past two years, this likely translates to an "adjusted" forecast of +2.0%.

Throughout its 18-year history, the MAFSI Business Barometer has tracked both current and future business trends with great accuracy within 1%, plus or minus. Reflecting the positive attitude of typical salespeople, the bias has largely been to the plus side.

For 2019 the forecast was for a +3.4% gain which will likely turn out to be closer to +2.0% when final numbers are tabulated.

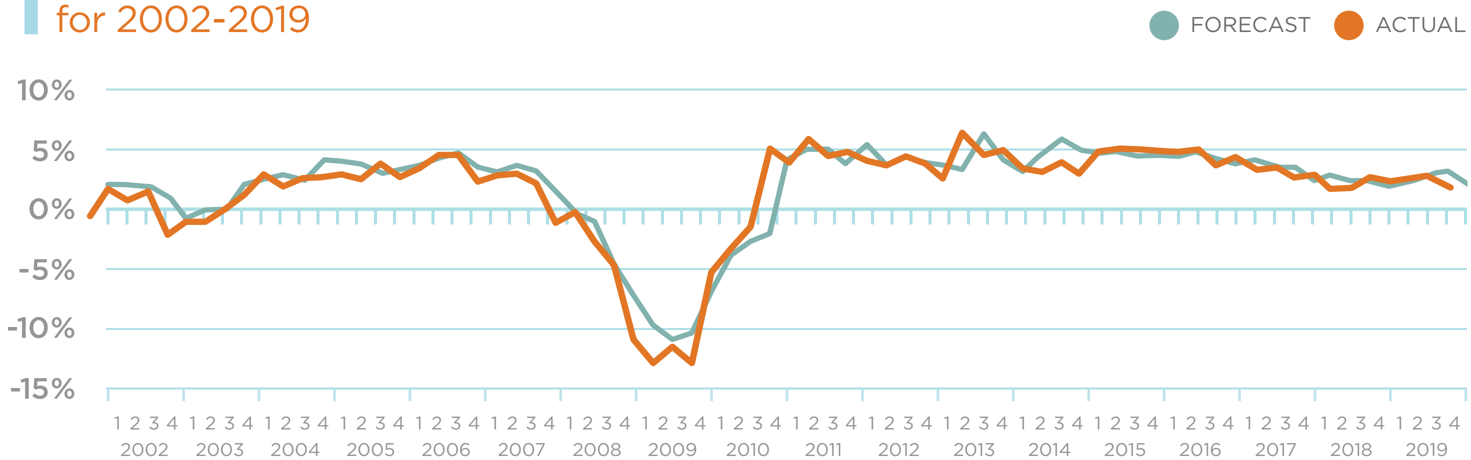
For 2020, the forecast is showing a more moderate gain of +3.0%. In view of the positive bias of the past two years, this likely translates to an "adjusted" forecast of +2.0%. By any measurement it is obvious that the market rate of growth is slowing. This conclusion is further supported by the recent sales reports of our industry's largest manufacturing conglomerates.

By product category, the projection calls for an advance of +3.2% in Supplies, +3.0% in Equipment, +2.9% in Tabletop, and +1.9% in Furniture.

By region, the breakdown calls for increases of +3.6% in Canada, +3.5% in the Midwest, +3.1% in the West and +2.5% in both the Northeast and the South.

MAFSI BUSINESS BAROMETER HISTORY

Overall Sales Per Quarter for 2002-2019

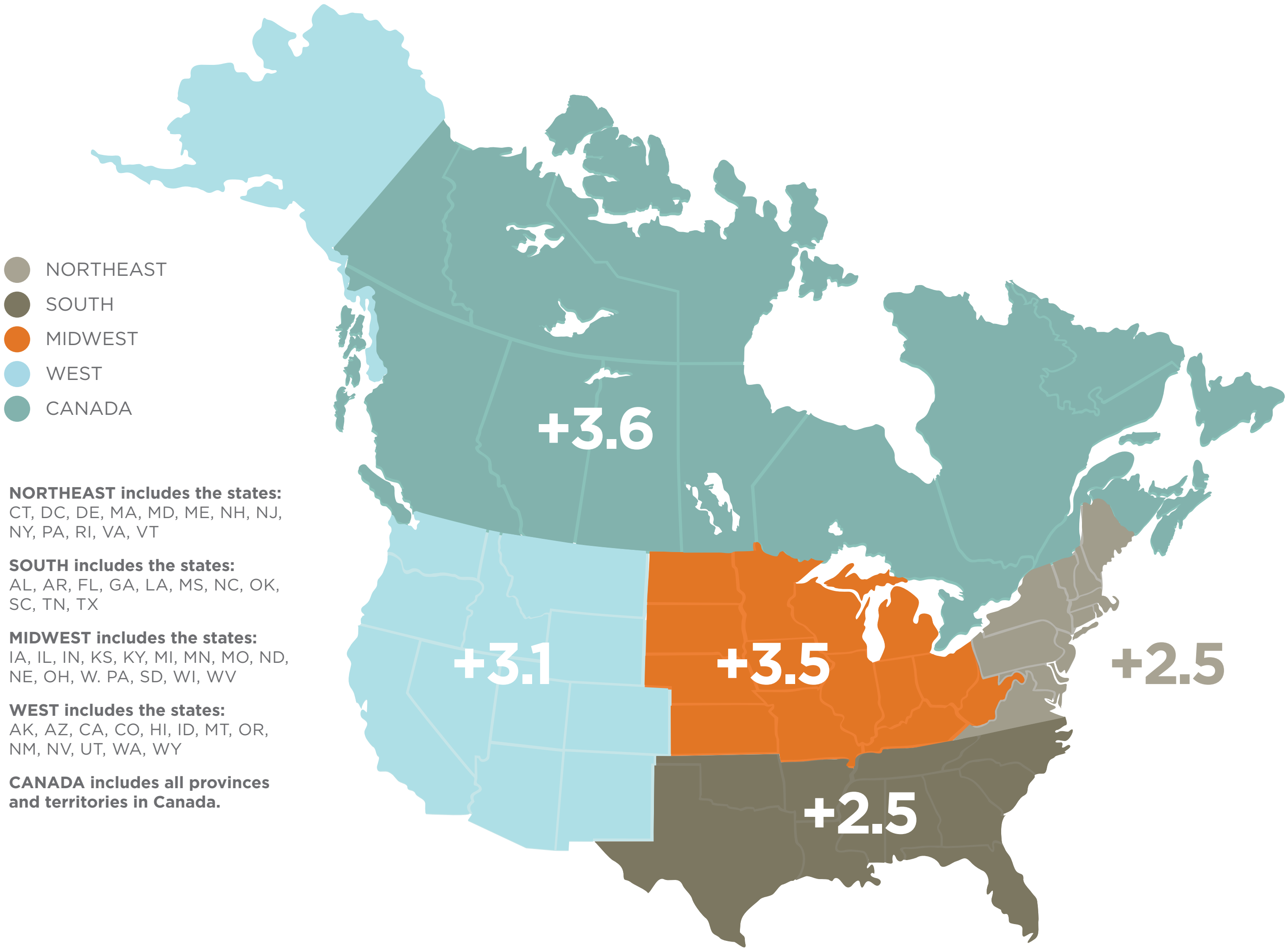


NOTE: Y axis is the percentage of change from comparable quarter of prior year.

MAFSI 2020 MARKET FORECAST

OVERALL SALES FORECAST BY REGION

2020 vs. 2019



NORTHEAST includes the states: CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT

SOUTH includes the states: AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

MIDWEST includes the states: IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, W. PA, SD, WI, WV

WEST includes the states: AK, AZ, CA, CO, HI, ID, MT, OR, NM, NV, UT, WA, WY

CANADA includes all provinces and territories in Canada.

OVERALL SALES FORECAST FOR NORTH AMERICA

2020 vs. 2019

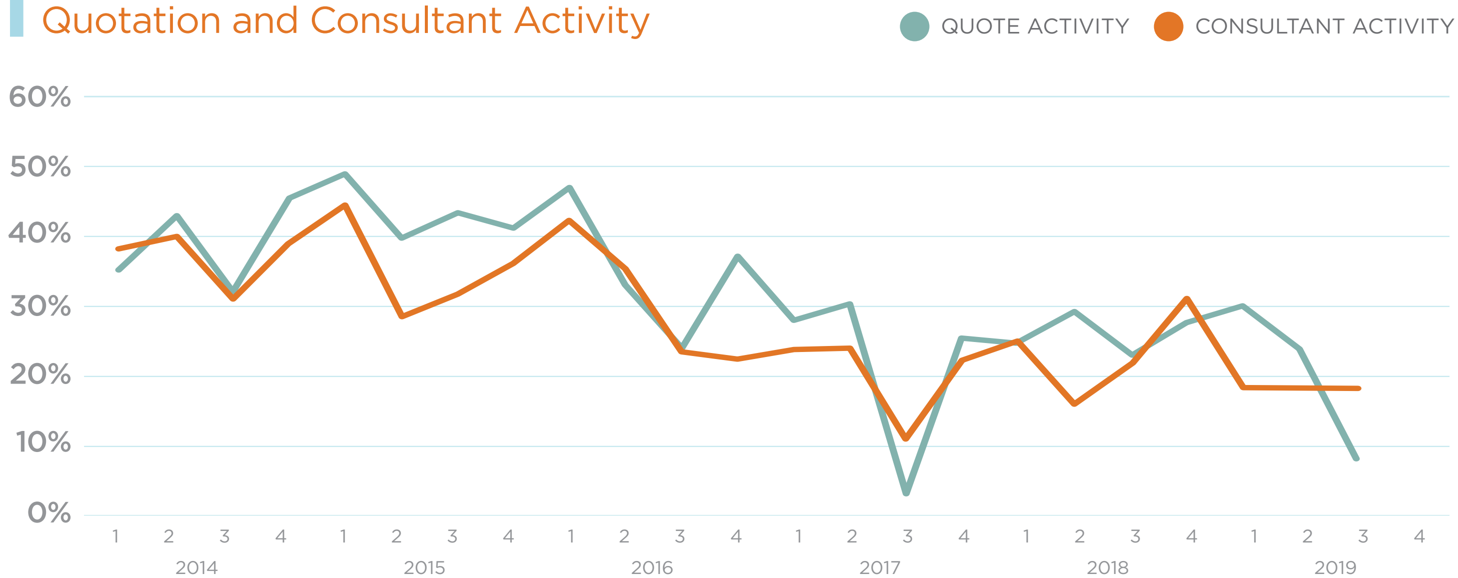
+3.0%

MAFSI 2020 MARKET FORECAST

JAN SAN SALES FORECAST
2020 vs. 2019

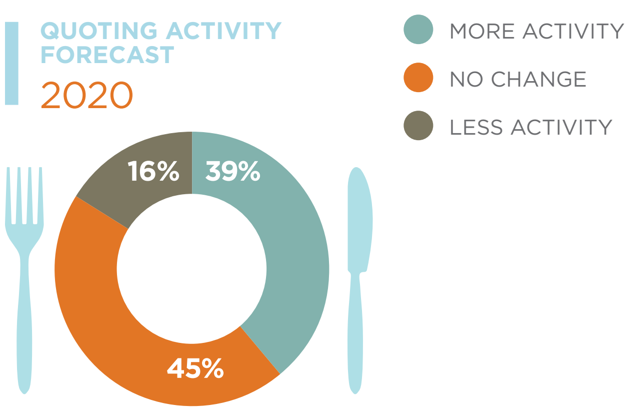
DISPOSABLES	+1.8
JANITORIAL & SANITATION SUPPLIES	+1.9
JANITORIAL & SANITATION EQUIPMENT	+1.7

MAFSI BAROMETER
Quotation and Consultant Activity

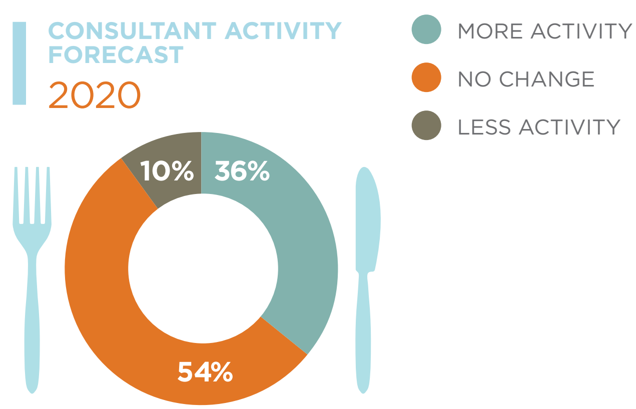


NOTE: This graph shows the difference between those reporting more activity vs. those reporting less activity.

QUOTING ACTIVITY FORECAST
2020



CONSULTANT ACTIVITY FORECAST
2020



MAFSI 2020 MARKET FORECAST

PRODUCT CATEGORIES SALES FORECAST BY REGION
2020 vs. 2019

	equipment	supplies	tabletop	furnishings	overall
NORTHEAST	+2.7	+2.0	+1.6	+2.3	+2.5
SOUTH	+2.6	+2.7	+2.6	+1.0	+2.5
MIDWEST	+3.7	+3.3	+2.8	+1.8	+3.5
WEST	+2.8	+4.4	+4.7	+3.0	+3.1
CANADA	+3.7	+4.3	+3.5	+2.5	+3.6

* The overall industry sales growth is calculated using a weighted average based on the percentage of the total sales volume for the overall industry represented by the various sales categories: Equipment (77%), Supplies (7%), Tabletop (10%), and Furnishings (6%). Market numbers are based on the North American Association of Food Equipment Manufacturers (NAFEM) biennial "Size & Shape of the Industry" study.

PRODUCT CATEGORIES SALES FORECAST—OVERALL
2020 vs. 2019

equipment **+3.0%**

supplies **+3.2%**

tabletop **+2.9%**

furnishings **+1.9%**

overall **+3.0%**

EQUIPMENT SUB-CATEGORIES SALES FORECAST BY REGION
2020 vs. 2019

	Primary Cooking	Refrigeration & Ice Machines	Storage & Handling	Serving	Food Preparation	Warewashing	Ventilation
NORTHEAST	+2.5	+3.4	+2.5	+1.1	+2.9	+3.1	+3.6
SOUTH	+2.5	+2.8	+2.7	+2.6	+2.3	+2.1	+3.0
MIDWEST	+3.8	+3.8	+3.4	+4.0	+3.7	+3.2	+2.1
WEST	+ 3.5	+2.6	+2.3	+3.0	+2.9	+1.7	+3.5
CANADA	+2.4	+5.2	+2.6	+4.0	+2.4	+3.4	+1.7
OVERALL	+3.1	+5.2	+2.6	+4.0	+2.4	+3.4	+1.7

*The equipment sub-category sales growth is calculated using a weighted average based on the percentage of the equipment sub-category sales volume represented by the various sales categories: Primary Cooking (25%), Refrigeration/Ice Machines (32%), Storage/Handling (9%), Serving (16%), Food Prep (7%), Warewashing (11%) from the NAFEM biennial "Size & Shape of the Industry" study. Ventilation not weighted.

MAFSI 2020 MARKET FORECAST

Reps are most enthused about the following markets as leading avenues of growth: Healthcare, Education (both K-12 and Colleges), Chain Accounts, and Business and Industry.

Reps seem to be less buoyant about Quoting levels and Consultant activity. In 2019, 55% reported more Quoting activity vs. 39% more activity for 2020. For Consultant activity, Reps reported 44% more activity in 2019 vs 36% more activity for 2020, both of which are downward trends.

Reps are most enthused about the following markets as leading avenues of growth: Healthcare, Education (both K-12 and Colleges), Chain Accounts, and Business and Industry.

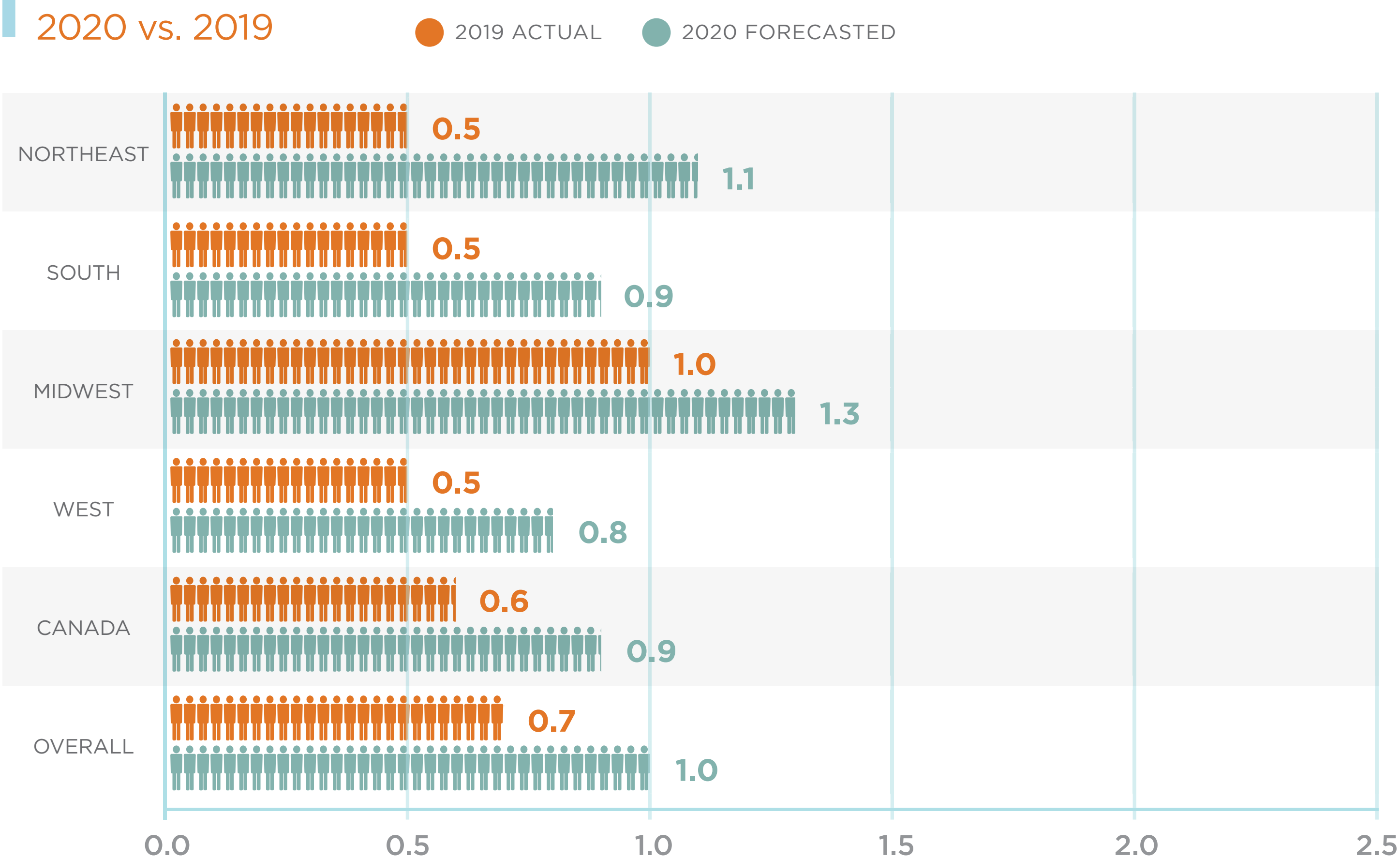
Lastly, Rep firms are merging and consolidating, similar to Dealers, Servicers, and Manufacturers. Rep firms reported that 43% added new employees and 55% added new lines in 2019. For 2020, 54% of Rep firms plan to increase their staff by 1 employee.

Overall, 2019 was a tough year to meet and/or exceed goals and it is looking likely that 2020 might be even tougher.

Special thanks to Michael Posternak, PBAC & Associates LTD, Eastchester, NY for his 2020 forecast commentary. We also extend sincere thanks to our industry partners at SpecPath, *Foodservice Equipment Reports*, *Foodservice Equipment & Supplies*, Ashton Foodservice Consulting, *Foodservice and Hospitality*, Restaurants Canada, and Technomic for sharing their data and expertise in our forecast report.

INCREASE IN REP FIRM STAFF BY REGION

2020 vs. 2019



MAFSI 2020 MARKET FORECAST

NEW LINES ADDED BY MAFSI REPS IN THE

Last 12 Months

Overall increase in number of lines: +1.4

NORTHEAST includes the states:
CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT

SOUTH includes the states:
AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

MIDWEST includes the states:
IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, W. PA, SD, WI, WV

WEST includes the states:
AK, AZ, CA, CO, HI, ID, MT, OR, NM, NV, UT, WA, WY

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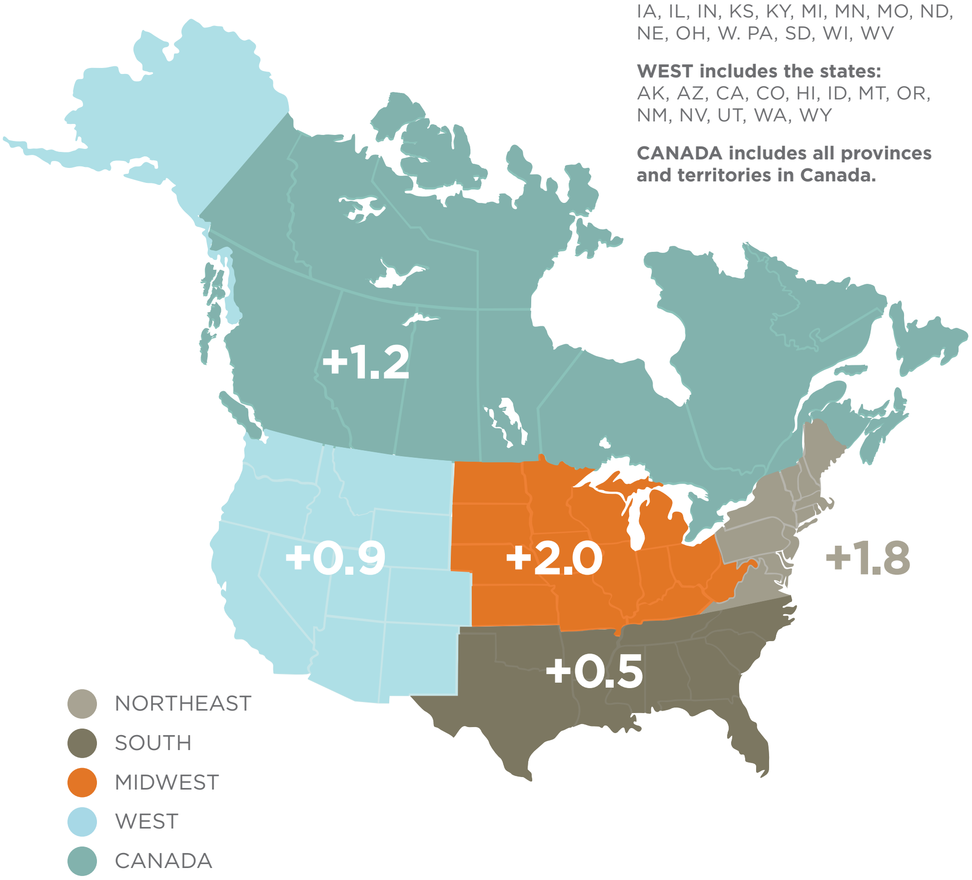
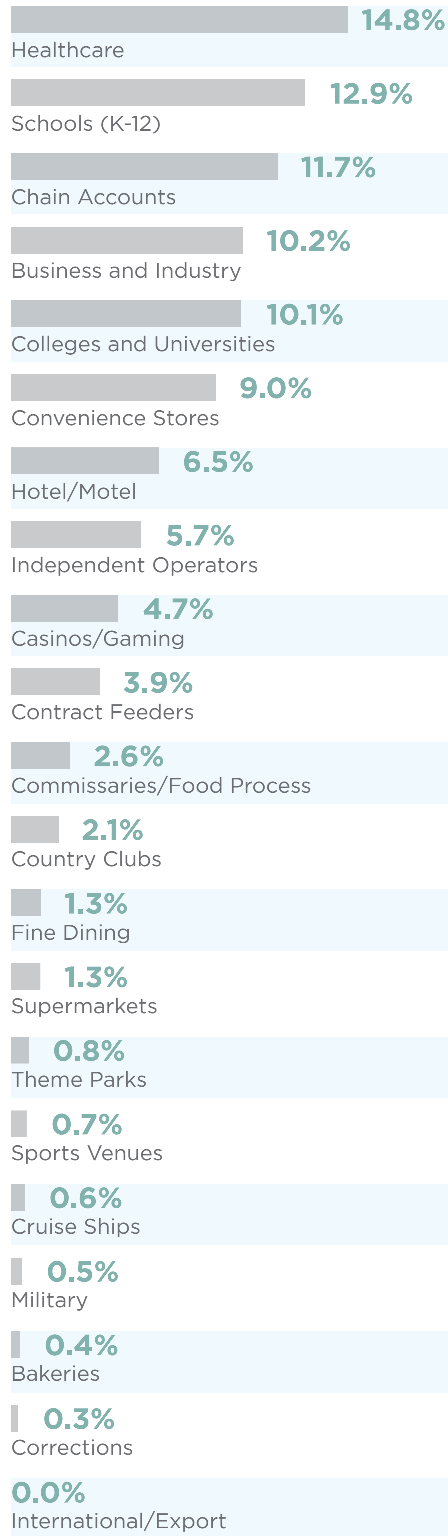


2020 FASTEST GROWING SEGMENTS

by Percentage of Respondents



HOW MAFSI REPS WILL MOVE

With the Market in 2020

MAFSI Reps were asked to identify significant actions taken and/or planned for 2019-20. The leading responses were:

Capital Investments

1. Increase number of staff to include specialists for customers like corrections, healthcare, chains, schools, etc.
2. Heavy investment in software additions and upgrades such as cloud-based data management, marketing automation software and industry specific technologies to be more efficient.
3. Focus on culinary-specific investments like innovation centers, hiring corporate chefs, expanding test kitchens, showrooms, and more.
4. Attracting new talent to the industry and continued investments in education and training for all staff.

Marketing Investments

1. Continue to focus on brand development through digital marketing and social media presence including videos and electronic mobile based collateral.
2. Adding a full-time marketing position, either hiring full-time employee or outsourced marketing agency.
3. Increase end user calls to strengthen relationships to increase and secure sales.
4. Implementing online marketing tools to increase operator meetings including interactive websites, newsletters, lead generation forms and e-blasts.

Operations Investments

1. Audit current procedures to improve or create new processes to streamline activities and increase productivity.
2. Creating a seamless end user experience by adding customer service procedures to ensure issues are dealt with promptly and correctly.
3. Restructuring office positions and hiring new staff to provide customers with more services and adapt to meet customer's needs
4. Continue to research and implement new technologies to service customers faster than ever before.

Strategic Product Realignment

1. Diversification of product offering to help facilitate multi-line offerings to expand customer base.
2. Internal analysis to eliminate low revenue generating lines, and added more higher profile, revenue generating lines.
3. Strengthen relationships with customers by adding new ways to evaluate end-user kitchens to become a trusted source.
4. Adding new, custom, unique, and technical lines to diversify portfolios and capture end-user attention and demand.

specpath

POWERED BY MAFSI

SpecPath helps reps, manufacturers and consultants find and track projects through crowdsourcing.

SpecPath saves rep subscribers hundreds of hours of time providing automated takeoffs and automated quoting via SpecQuote.

At least 50% of your competition will be quoting their dealer faster through SpecQuote.

It's simple. Our subscribers see more. And do more.

SpecPath tracks your foodservice jobs in North America for 1,855 brands, written by 1,280 foodservice designers and bid by 2,320 dealers across 23 market segments. Enabling you to measure your pipeline and manage your commission credits, all in an easy-to-use and secure web based platform. SpecPath easily turns your paper PDF foodservice specs, into valuable data, streamlining your office operations and freeing up your team's time. SpecPath has everything you need for effective project management and sales followup, and all at your fingertips.

In January 2020 we introduced SpecQuote. SpecQuote is a game-changing new integration for SpecPath subscribers that securely transfers your uploaded project data automatically from SpecPath into AQ.

Learn more at www.specpath.org.

Please enjoy some of our favorite SpecPath moments:

10,214+
How many projects we have in SpecPath... and growing every day. We are now averaging 300+ new projects each month.

948
Rep users who have signed up for SpecPath since our launch (40% of all equipment reps in MAFSI).

57
Consultant firms who use SpecPath to upload projects and keep track of their project stats.

1,526,593
How many, of the over 1.5 million items in SpecPath, belong to your company?

392
Manufacturer users who use SpecPath every day to track their new projects and to help identify the correct specification, destination and origination reps.

667
The average number of projects, per region in SpecPath.

$100,000
What one rep subscriber found in spec commissions, in just two projects, that they wouldn't have known about without SpecPath.

27%
The average percent of projects, spec'd and built outside a rep subscriber's region, that are visible to them in SpecPath for credit reconciliation.

specpath

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TOTAL NUMBER OF PROJECTS IN SPECPATH BY REGION

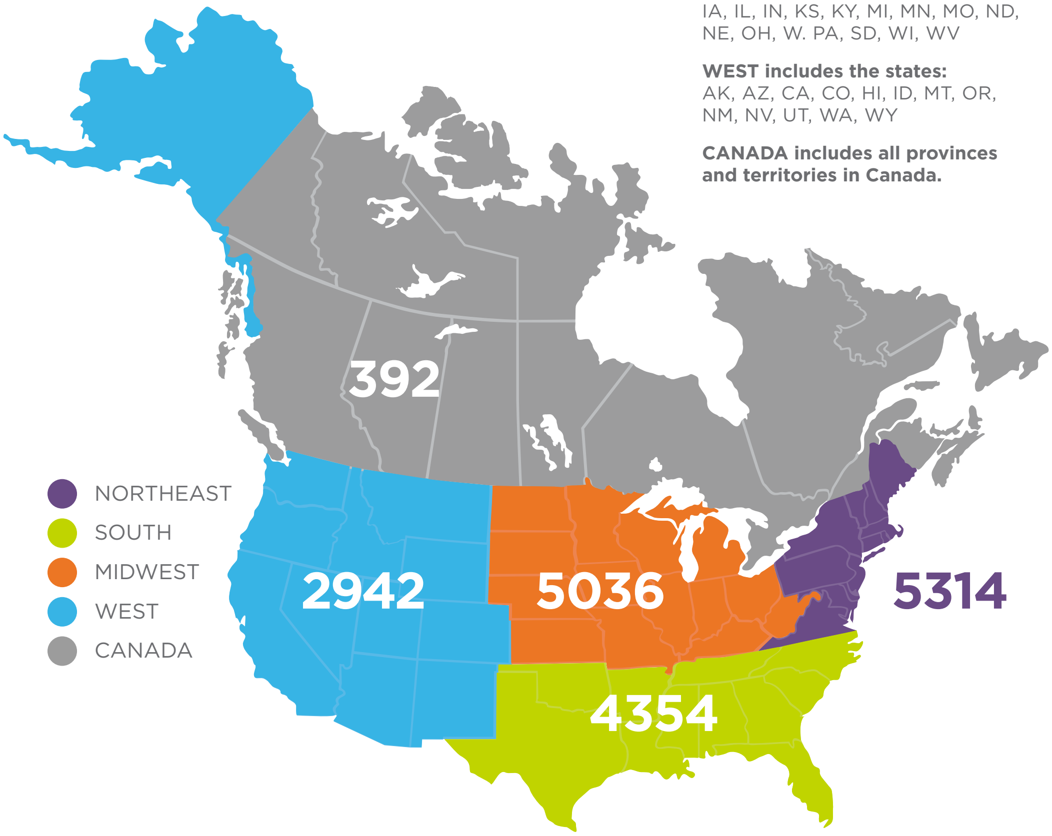
NORTHEAST includes the states: CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT

SOUTH includes the states: AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

MIDWEST includes the states: IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, W. PA, SD, WI, WV

WEST includes the states: AK, AZ, CA, CO, HI, ID, MT, OR, NM, NV, UT, WA, WY

CANADA includes all provinces and territories in Canada.

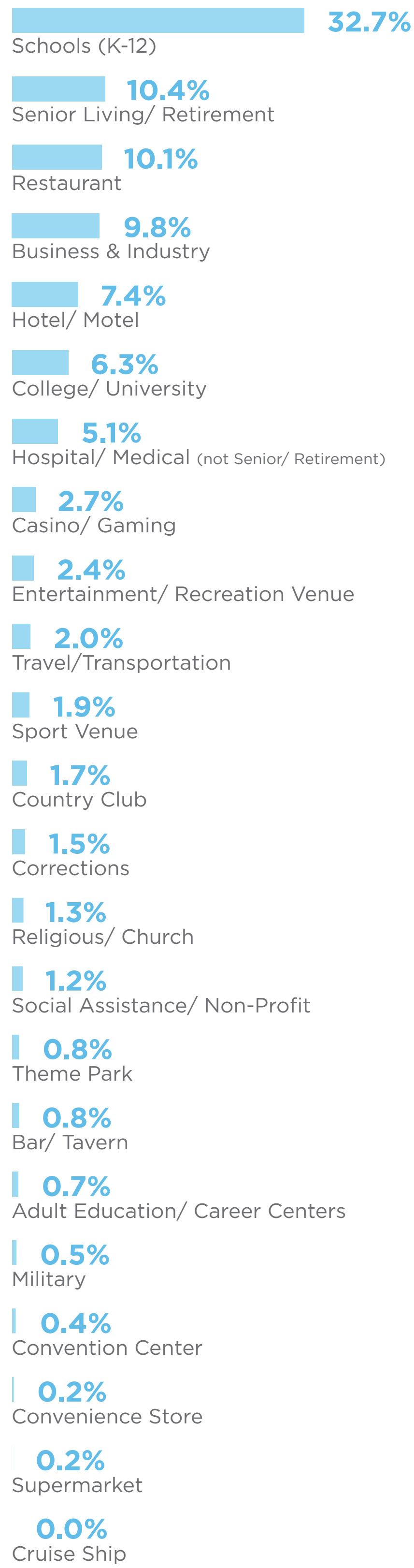


TOTAL NUMBER OF PROJECTS IN SPECPATH BY REGION AND BY TYPE

MAFSI Region	Specification Projects	Destination Projects	Origination Projects	Total Projects
NORTHEAST	3044	2847	3549	5314
SOUTH	2490	3058	3203	4354
MIDWEST	2427	2731	3886	5036
WEST	1801	1944	1709	2942
CANADA	295	308	313	392

HIGHEST SPEC'D MARKET SEGMENTS

By Percentage in SpecPath



FER
FOODSERVICE EQUIPMENT REPORTS

2020 **FOODSERVICE E&S MARKET FORECAST**

By Kelly Killian, Editor-in-Chief and Chief Content Officer
Foodservice Equipment Reports

Let's start with the good news. Despite some red-flag warnings from prognosticators during the past year, most economy-watchers have settled into the notion that the U.S. likely will steer clear of a recession in 2020.

"We're not expecting anything that's going to drive the industry down dramatically," says Technomic Managing Principal Joe Pawlak, citing economists' analysis.

While signs for a recession in the future still are present—among them, a record-setting economic expansion that hit 126 months of growth in December—the National Restaurant Association's Hudson Riehle says recession at some specific point is not a given. "There really isn't a definitive point whereby an economic expansion ends," says Riehle, senior vice president of the association's Research and Knowledge Group. "There are countries that have had economic expansions of over two decades."

That said, the reality for the restaurant industry is that while there will be sales growth in 2020, it is expected to trail last year's already-modest growth slightly, continuing a yearslong trend.

"The basic paradigm of what constitutes a restaurant today is rapidly changing."
—Hudson Riehle, National Restaurant Association

"We expect a slight slowdown this year, and there are a couple of reasons for that," says Pawlak. Looming—albeit at bay for now—concerns about a future recession are one reason. "We're going into an election year, which adds uncertainty on top of that," Pawlak says. "As consumers become more jittery, they're thinking about retail more than going out to eat or spending $30 on their Chipotle meal from Uber Eats or Postmates or DoorDash."

All of that adds up to a downtick in sales growth: Technomic's early estimates predict real growth of 1.1% in 2020 compared with 1.3% in 2019. While numbers predicting unit growth for 2020 weren't available at press time, Technomic notes that units overall have been pretty flat—with positive net units in limited service offset by a decline in full service units.

EVERYTHING IN MODERATION

Let's take a closer look at the tea leaves industry-watchers are reading to forecast 2020:

- What Riehle views as the most important national economic indicator for the restaurant industry—real disposable personal income—was up 2.9% in 2019. Next year, we're looking at that indicator to be in the 1.5%-2% range, he says. "It is a more moderate growth rate, but it's still definitely positive."
- Another key indicator, inflation-adjusted GDP, tells a similar story. In 2019, GDP was around 2.3%; in 2020 it's expected to be in the 1.5%-2% range—again, still positive but more moderate growth, Riehle says.

FER FOODSERVICE EQUIPMENT REPORTS

- Consumers are continuing to put dollars toward foodservice and restaurants, itself an indicator for the broader economy. "When you look at consumer confidence and employment growth rates, they remain fairly solid," says Riehle. "And if you look at all food spending in America today, 51% currently is allocated toward the restaurant community; in 1955, that was just 25%. That long megatrend is expected to continue over the next decade."
- Also boding well for restaurants, interest rates are very low right now. Says Pawlak, "There's still a lot of cheap money out there for people to borrow and invest in innovation, in new restaurants, and in upgrading their restaurants. So, that's good news."
- While the ongoing back and forth over tariffs keeps equipment manufacturers on their toes, it hasn't had a material impact on the broader economy to this point, Pawlak says. And Alex Chausovsky of ITR Economics expects we'll maintain the status quo: "We're not expecting any further big-picture tariff s to come into effect; we're also not expecting major declines in existing tariff s," he says, cautioning that things could easily go a different way, depending on what the President does.
- Economists also are keeping their eyes open for a global slowdown that could impact the U.S. One area to watch is China. "You look at slowing growth in China, which could cause a ripple effect here," says Pawlak. China next year is expected to be below 6% growth, he reports. "They've never recorded growth that slow since they've been recording GDP growth back in the early '90s." The European Union is worth watching, as well.

LABOR PAINS LEAD TO TECH GAINS

The bad news, which will come as a surprise to exactly no one, is that labor will continue to be a top concern for operators in 2020 and beyond.

"As long as the economy keeps growing—even if at a slower pace—and labor markets remain tight, restaurant operators will continue to struggle with finding and keeping enough qualified employees in the new year," says Victor Fernandez, vice president of insights and knowledge at the foodservice industry data analysis firm TDn2K. Even if unemployment ticks up half a percent, operators still are going to have problems, Pawlak warns, because other factors are compounding the situation. For one, the gig economy means that for many people, especially young people, getting a job in a restaurant industry is far down on the list. "As long as I have a car that's functioning and meets the criteria, I can be an Uber driver. And that's sucking some of the wind out of the labor pool for restaurants," he says.

Add to that legislation mandating a $15 minimum wage in many parts of the country, and that leaves operators looking more and more toward technology to address labor shortcomings and figure out how to be more efficient with fewer people.

CONSECTUIVE YEARS OF POSITIVE GROWTH FOR THE RESTAURANT INDUSTRY

10+

SIZE OF THE RESTAURANT INDUSTRY IN 2019 (UP 3.6% OVER THE PREVIOUS YEAR)

$863 billion

PERCENTAGE OF ALL RESTAURANT TRAFFIC THAT IS OFF-PREMISE, INCLUDING CARRYOUT, DELIVERY, DRIVE-THRU, CURBSIDE AND FOOD TRUCKS

60%

AVERAGE PORTION OF TOTAL SALES FROM THIRD-PARTY DELIVERY IN THE 12 MONTHS ENDING AUGUST 2019

+6.5%

AVERAGE PORTION OF TOTAL SALES FROM THIRD-PARTY DELIVERY BY THE END OF 2020 (ESTIMATED)

+10%

REDEFINING 'TRAFFIC'

One interesting phenomenon showing up in quarterly snapshots of the past year is the dynamic of rising sales amidst falling traffic. "We're seeing higher menu prices, which is happening because of labor," Pawlak explains. "But then we're also seeing higher transaction costs, so consumers are spending more per transaction." Some of this, he says, is being driven by the rise in delivery. For example, some operators are charging a price premium on menu items for delivery.

Another factor: One person at home or in an office may order food delivery for three other people who pay him back via an app. That's one transaction versus four if they all were ordering separately at the restaurant. "Maybe we're still feeding the same amount of people, but just the number of actual transactions is down," says Pawlak.

This new reality is causing at least some operators to shift how they define and measure traffic. Pawlak says he's talked to at least one CEO at a sandwich company with a significant delivery business who has begun tracking the number of sandwiches sold rather than transactions. While his traffic was down, the number of sandwiches sold actually was up.

IMPACT OF OFF-PREMISE

Delivery's impact is being felt in other ways, too. Today, the National Restaurant Association reports that over 60% of all restaurant traffic is off -premises, including carryout, delivery, drive-thru, curbside, even food trucks. That trend is expected to continue, with off -premises traffic posting stronger growth than on-premises over the next decade.

"The basic paradigm of what constitutes a restaurant today is rapidly changing," Riehle says. And he says the implications for restaurant kitchens and equipment purchases already are being realized:

- Restaurant footprints are getting smaller—with more formats forgoing seats altogether—while the space allotted for fulfilling off -premise orders is increasing.
- Many kitchens will be specifically focused on a cuisine and not necessarily on the broad continental restaurant-style menu of 30 years ago.
- Because of how consumers, particularly millennials, use technology to order—especially for off -premise—they tend to order by food or beverage item and not by brand or operational name.

As a result, we may continue to see a rise in ghost kitchens (aka virtual kitchens or delivery-only restaurants)—operations without a storefront, seating or even branding. These formats especially make sense as a complement to a chain's units in certain areas, says Pawlak. "It could be the solution to keep disruption out of their operation."

OTHER FORCES SHAPING 2020

- **Flexibility.** As we become more of a "just in time" environment, operators will need to be able to adapt to consumers' changing tastes and preferences. While they've always known the importance of differentiating between a long-term trend and a fad, "it's important to recognize that the market expectation is one of much more flexibility and rapidity than it has been," says Riehle. That applies to the back-of-house, too. "The ability for equipment to be mobile and the ability to redesign the workspace rapidly becomes more important."

- **M&A.** Last year brought lots of mergers and acquisitions, both on the operator side and on the equipment and supplies side of the business. Pawlak anticipates that will continue. "Money's cheap," he says. "When you look at the whole environment—not just the restaurant business—it just lends itself to having more and more private equity getting involved and making acquisitions."

- **Sustainability.** "We can certainly say that sustainability is a sustainable concern," says Pawlak. In 2019, it became elevated, even higher than it's been, and it will become more important as consumers find out more information about things they thought were environmentally friendly but may not be. The fact that it's an election year, where the issue of sustainability and climate will be talked about, will only heighten this. Says Pawlak, "Fasten your seat belt."

For more information on the *FER*'s 2020 E&S Market Forecast call 800/986-9616, or e-mail Kelly Killian at killian@fermag.com.

"Money's cheap. Valuations on a lot of restaurant chains are low. ...Right now, the whole environment just lends itself to having more and more private equity getting involved and making acquisitions."

—Joe Pawlak, *Technomic*

LIMITED SERVICE SALES GROWTH

Fast casual is maturing and becoming bigger, so it's tougher to get the double-digit percentage growth we've seen in the past. Limited service, and particularly quick service, will continue to grow though because, when consumers are jittery or uncertain, they trade down.

	2020*	2019
LIMITED SERVICE (OVERALL)	1.6%	1.6%
FAST CASUAL	4.0%	4.7%
QUICK SERVICE/ FAST FOOD	1.0%	0.8%

FULL SERVICE SALES GROWTH

Full service has been hurting for years because of a number of consumer dynamics. Th ese operations need to reinvent themselves as consumers seek out quality but just don't have time for a sit-down meal in a restaurant.

	2020*	2019
FULL SERVICE (OVERALL)	0.6%	1.0%
MIDSCALE	0.0%	0.5%
CASUAL DINING	0.6%	1.0%
FINE DINING	1.5%	2.4%

OTHER FOODSERVICE SALES GROWTH

With the economy expected to be a little jittery, consumers will increase their prepared food purchases from supermarkets. In c-store foodservice, sales are driven largely by beverages—and beverage sales are flat with steep competition coming from fast food operators and other players.

	2020*	2019
NONCOMMERCIAL	1.1%	1.0%
SUPERMARKETS	3.5%	1.0%
C-STORES	0.4%	1.1%

SOURCE: Techonomic (percentages represent real sales growth); *forecast

2020 **FOODSERVICE INDUSTRY FORECAST**

By Joe Carbonara, Editor
Foodservice Equipment & Supplies

MORE MODERATE GROWTH ON THE HORIZON FOR 2020

Despite a host of challenges, restaurant industry sales were expected to reach a record high of $863 billion in 2019, per the National Restaurant Association. This marks an increase of 3.6% compared to 2018, when the industry posted sales of $833.1 billion. It also marks the tenth consecutive year of industry growth. Overall, the overall foodservice industry seems poised for continued, similar moderate growth in 2020, but the overall operating environment remains rife with challenges that if not addressed correctly could make progress more difficult for operators in all segments.

That said, foodservice operators across all industry segments will continue to make strategic investments in design, menu, equipment and other facets of their businesses in order to maintain relevance in the eyes of the consumer.

In terms of how operators will allocate their foodservice equipment and supplies-related budget for 2020, it breaks out like this according to FE&S' 2020 Forecast Study: primary cooking equipment 16.9%, refrigeration and ice machines 13.1%, paper goods/disposables 12.9%, smallwares 11.1%, food preparation equipment 9.3%, serving equipment 8.5%, warewashing and safety equipment 7.8%, janitorial and sanitation supplies 7.6%, furnishings 4.8%, storage and handling equipment 4.5% and tabletop items 3.6%.

Factors fueling operators purchases of foodservice equipment and supplies include replacing existing equipment 54%, renovations 21%, new construction 12%, green/sustainable initiatives 5%, expansion of an existing location 4% and extending service into new dayparts 2%.

While online-only options remain top of mind among members of the supply chain, traditional foodservice equipment and supplies dealers remain operators purchasing channel of choice. In fact, when asked what channels they use to purchase foodservice equipment and supplies, traditional dealers led the way at 53%, followed by broadliners at 11% and online-only suppliers at 10%. Other channels operators use to meet their equipment and supplies needs include in descending order direct from manufacturers, operator buying groups, specialty distributors, cash and carry, club stores and catalog houses.

Heading into 2020, 58% of dealers report having more business booked compared to the previous year. Only 19% of dealers report having less business booked for the coming year, while 23% say their business booked for the coming year is at the same level as it was heading into 2019.

For more information on the *FE&S'* 2020 Foodservice Industry Forecast, call 800/630-4168, or e-mail Joe Carbonara at joe@zoombagroup.com.

Foodservice operators across all industry segments will continue to make strategic investments in design, menu, equipment and other facets of their businesses in order to maintain relevance in the eyes of the consumer.

ASHTON FOODSERVICE CONSULTING

By Robin Ashton, Publisher/Editor
The Ashton Report

2020 LOOKS TO BE ANOTHER BLAH YEAR FOR THE E&S INDUSTRY

We should have trusted the trend. The foodservice equipment and supplies market in the U.S. and Canada has been on a long slow slide since peaking in 2015. Growth in current dollars, according to our estimates for *The Ashton Report+Heritage Parts* Annual E&S Market Forecast, fell from 4.8% in 2015 to 3.0% in 2017; real growth, after factoring out price increases, declined from 2.5% to 1.1% during the same period. And while nominal growth held essentially steady in 2018, real growth continued to fall to just 0.5%.

Heading into 2019, we were a bit more optimistic. The MAFSI Barometer appeared to bottom out in the first half of 2018. And we expected manufacturers to aggressively raise prices, given price increases in key materials such as stainless steel and worries about the impact of tariffs on Chinese components and products that were imposed mid-2018.

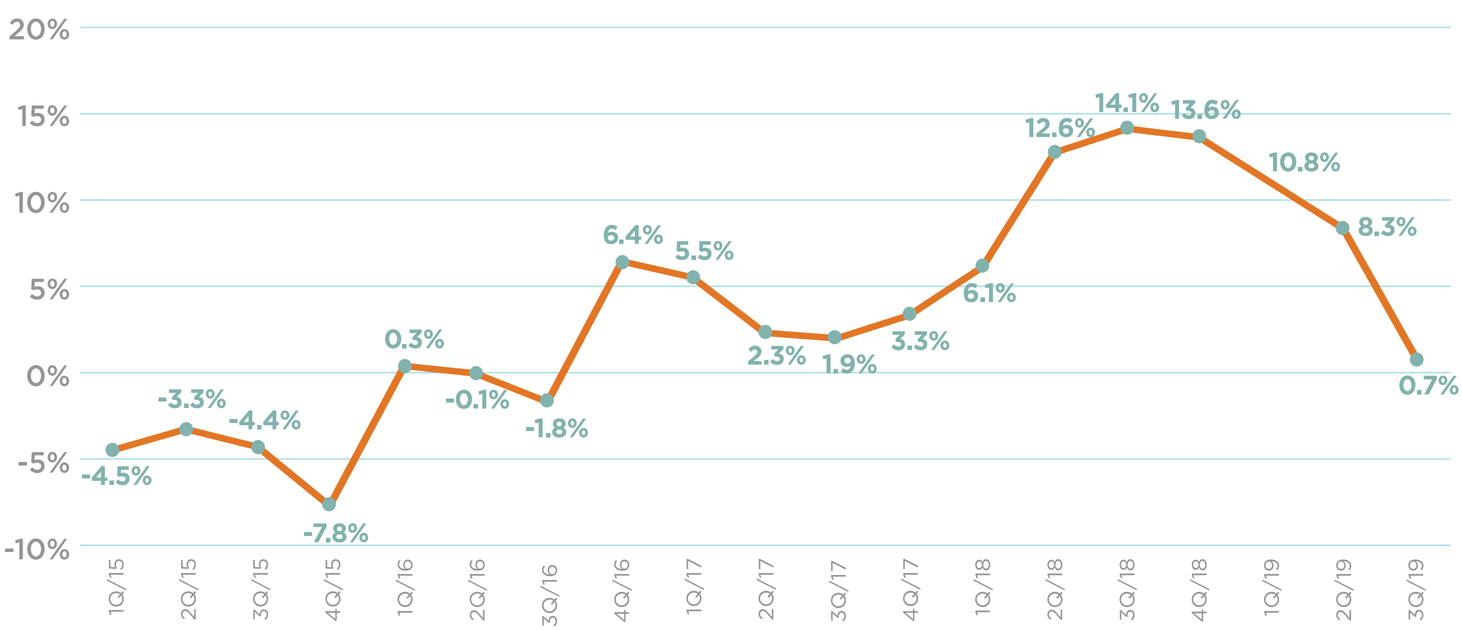
But our 2019 forecast of 3.3% nominal and 0.7% real growth now appears to have been optimistic. The MAFSI Barometer numbers have improved very marginally. Manufacturers did not raise prices as aggressively as we expected. And reported revenues for the big E&S conglomerates have fallen to levels that are barely positive. Through the first nine months of 2019, organic revenue growth for the seven companies we follow was only 1.7%.

And while nominal growth held essentially steady in 2018, real growth continued to fall to just 0.5%.

PUBLIC COMPANIES

Quarterly Percentage Change vs. Prior Year Quarter

NOTE: Adjusted for loss of CFS data



ASHTON FOODSERVICE CONSULTING

2020 **ASHTON REPORT INDUSTRY FORECAST**

While our forecasting partner John Muldowney, principal at Clarity M&A, and I are waiting for the third-quarter 2019 MAFSI Barometer before revising the 2019 estimate, we are almost certain to drop it by a half-point or more. This will leave us with a market that is essentially flat in real terms.

Heading into 2020, we see nothing that's likely to change this picture. It looks to be another blah year for the E&S market.

Heading into 2020, we see nothing that's likely to change this picture. It looks to be another blah year for the E&S market.

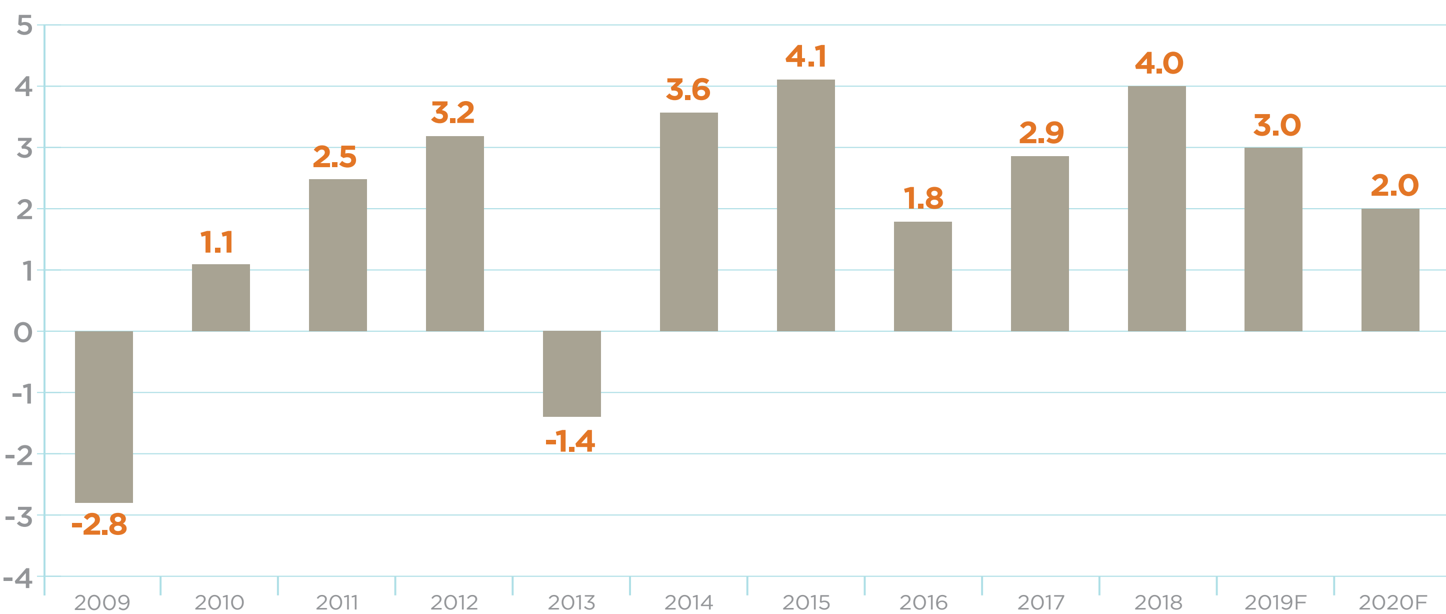
GENERAL ECONOMY REMAINS POSITIVE

The E&S market is slow in spite of general economic trends that traditionally have boosted foodservice and foodservice E&S market spending. While growth of gross domestic product, personal income and consumer spending has fallen throughout 2019—and is expected to continue to do so in 2020—jobs and wage growth remains strong, at least in the U.S. But a slowdown in global markets, prompted in part by the trade war, have hurt sales growth of the E&S conglomerates overseas. While this does not directly affect the U.S. and Canadian markets, it does have an impact on our forecasts, as NAFEM counts export sales in its "Size & Shape of the Industry" market numbers, upon which we base our forecasts.

Other indicators that help drive foodservice sales are also positive. Consumer confidence remains strong, though there are pronounced disparities of confidence and expectations levels depending on declared party affiliation. Republicans are very upbeat while Democrats much less so. The confidence and expectations of independents fall in the middle.

REAL DISPOSABLE PERSONAL INCOME

Blue Chip 2009-2020



Gasoline prices have also remained low in historical terms, though they are running ahead of 2018 prices by about $0.25. Still the average price per gallon for regular remains below $2.60.

Crude oil prices have also remained low, in part because the U.S. pumps so much more oil, and in part because of the slowdown in global economies. Since oil is the king of commodities, its lower prices have helped dampen prices of other commodities including steels, aluminum, and copper. Stainless steel prices did spike from late summer though November, as nickel prices jumped, but prices have since fallen back to mid-summer levels.

FOODSERVICE SALES GROWTH DRIVEN MOSTLY BY PRICE INCREASES

Commercial operator sales in 2019 improved through summer, but sales growth has been very sluggish since July and August. And the top line numbers—Technomic's current forecast for 2019 growth of restaurants and bars is 4.4%—are misleading. Menu prices are rising faster than they have in more than a decade, and are up 3.2% over the past year through November. Labor cost increases are the main driver. Technomic forecasted 3.1% of the restaurant sales gain to be price increases, leaving real growth at 1.3%. The forecast for 2020 is for 4.0% nominal and 1.1% real.

And the gains are not evenly distributed. The big QSR and fast-casual chains are posting strong same-store sales growth, thanks in part to new technologies driving higher check averages. But smaller operators are struggling, especially full-service and independent operators. Net units in the U.S. have been falling for almost four years, according to NPD's ReCount censuses. And overall commercial traffic has been flat again in 2019. People just aren't eating out as often.

THE E&S MARKET OUTLOOK FOR 2020: MORE OF THE SAME

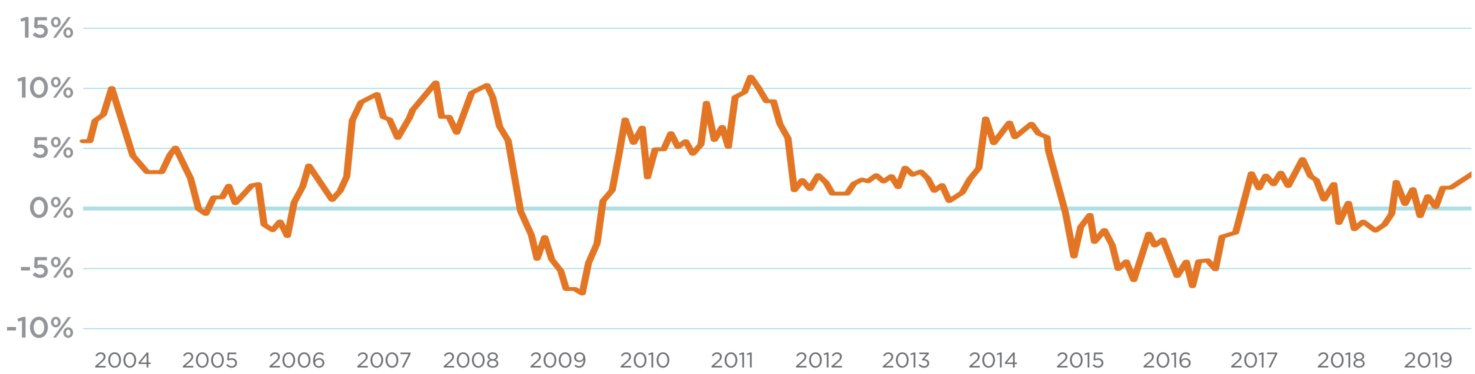
A number of additional challenges face E&S suppliers. After a long period of flat to declining prices, wholesale food prices are on the rise, especially prices for proteins. And labor cost increases show no sign of moderating anytime soon. These cost increases will cut into operator margins and cash flow, usually a negative for E&S sales.

Commercial operator sales in 2019 improved through summer, but sales growth has been very sluggish since July and August.

WHOLESALE FOOD PRICES (PRODUCER PRICE INDEX — ALL FOODS)

Percent change vs. same month in previous year

SOURCE: Bureau of Labor Statistics



ASHTON
FOODSERVICE
CONSULTING

2020 **ASHTON REPORT INDUSTRY FORECAST**

Operators are also in a technology race. Delivery, digital ordering, both mobile and on-site, artificial intelligence and other technologies are diverting operators' capital spending away from traditional equipment and supplies. Many of the big chains have cut back on traditional E&S purchases as they struggle to keep pace. This situation is likely to continue the next few years.

Not least, the foodservice market in the U.S. is simply very mature. While it is always dynamic, most of the infrastructure is in place. Kitchen renovation, equipment replacement, and menu changes are now the key drivers for the E&S market in North America. Our forecasts out through 2024 reflect this reality.

So, we see another year of marginal growth for the E&S market in 2020. In real terms, we expect it to be close to flat.

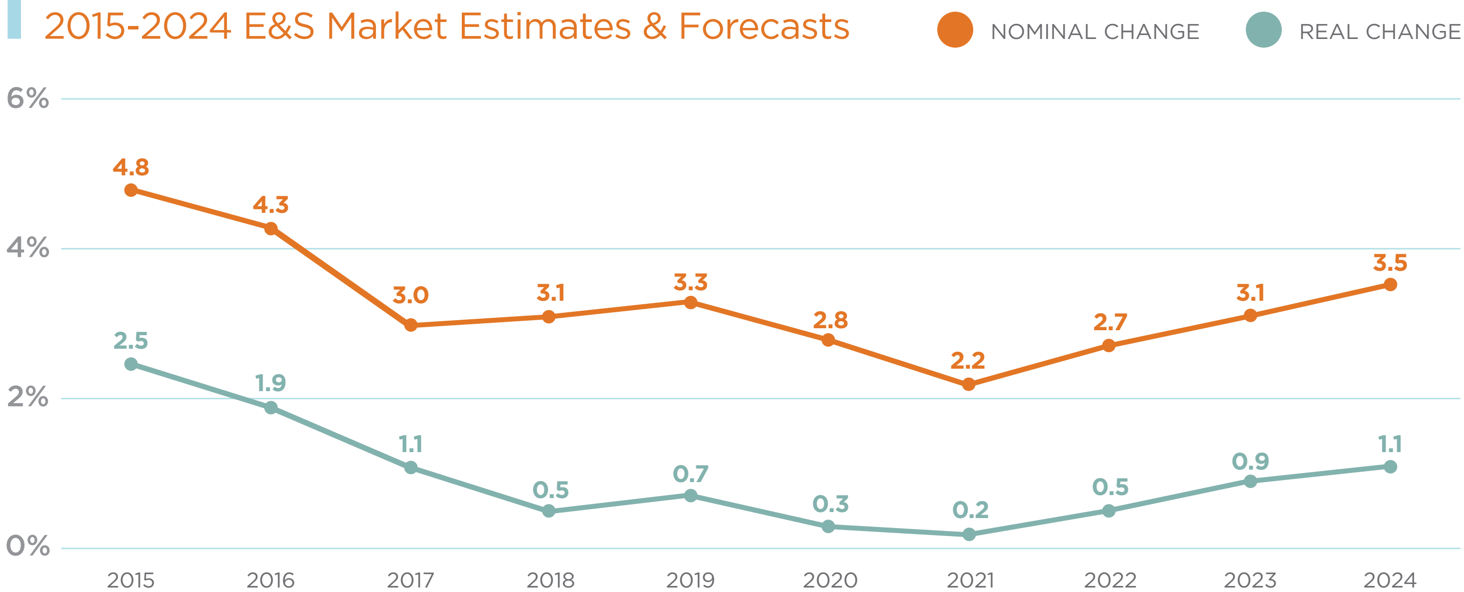
So, we see another year of marginal growth for the E&S market in 2020. In real terms, we expect it to be close to flat. The current forecast is for 2.8% nominal growth and 0.3% real growth, but we may soon revise these numbers.

Still, two things to keep in mind as we head into a new year. The E&S market in North America is huge, even in years of little growth. Our forecast of the market in 2020 is nearly $14.6 billion, and that's at the manufacturer level. Certainly, you can find a share of that. Second, remember one person's flat is another person's steady. Have a great year.

For information on *The Ashton Report+Heritage Parts* Annual E&S Market Forecast seminar, held in August each year, or to inquire about purchasing our research and forecast products, including the monthly *Ashton Report Insider* newsletters call us at 847/910-5163, or e-mail Robin Ashton at rashton@theashtonreport.com.

ASHTON REPORT

2015-2024 E&S Market Estimates & Forecasts



Real and Nominal Percentage changes in E&S market growth 2015-2024. 2015-2018 numbers are estimates. 2019 through 2024 numbers are forecasts. All numbers *AR* estimates.

FOODSERVICE
CANADA'S HOSPITALITY BUSINESS MAGAZINE
AND HOSPITALITY

By Amy Bostock, Managing Editor
Foodservice and Hospitality

SLOWER MOMENTUM BRINGING NEW CHALLENGES TO THE TABLE

The foodservice industry is reaching a pivotal point. After a decade of healthy growth, 2018 numbers show the party may be over for the time being.

The Restaurants Canada Foodservice Facts 2019 report shows foodservice sales grew by 5.1% to nearly $90-billion in 2018, representing a $4.3-billion increase over 2017. This caps a winning streak of five-consecutive years of growth exceeding 5.0%. Also, the number of restaurant establishments rose by 1.0% in 2018.

Based on an updated forecast, sales are projected to grow by an additional 3.7% to $93.1-billion in 2019, with predictions it will surpass $100-billion in annual sales in 2021. However, when 2018 numbers are adjusted for inflation, real sales actually grew by only 0.7%.

According to foodservice industry analysts, things are slowing down across the different segments and the climate is slower and steadier.

There are universal concerns in the wake of the fluctuating economic climate and consumer spending that have led to this slowdown and despite a strong economy, the huge debt load hanging over Canadians is greater than their disposable income. Eating out is one of the biggest buckets of expenses that people track and one of the first places to start cutting back.

Demographics also come into play. More boomers—who were once the biggest segment for restaurant visits—are aging out of the workforce and have less disposable income. Now it's up to the younger generations to pick up the slack, but there are not as many of them as there were boomers. But even though their number of visits are growing, they don't spend as much.

QUICK-SERVICE RESTAURANT AND FAST CASUAL

The quick-service restaurant segment (QSR) has seen growth over the past year, but traffic increases have dropped to 2.0% compared to the previous year's 3.0%, according to NPD.

Softer categories include sandwiches and brewed coffee in lieu of specialty beverages that appeal to a younger demographic, while healthy eating and plant-based concepts are on the rise. Pizza, burgers and burritos remain strong and will continue to perform. The fastest-growing concepts are fusion, Middle Eastern, Indian, Greek and Japanese.

The QSR space in Canada has also continued its growth in ethnic cuisine, in part because the Canadian marketplace is very multicultural. Along with global cuisine, plant-based or health-food categories are driving growth.

According to foodservice industry analysts, things are slowing down across the different segments and the climate is slower and steadier.

The quality trend also resonates with customers, with QSR operators stepping up and raising the bar. For example, A&W has its quality messaging, McDonald's its sustainable beef and New York Fries is advertising compostable containers for its poutine.

The quality play is what helped Quesada expand at a rate of 25 franchises a year. Steve Gill, founder and CEO of Quesada Franchising of Canada Corp., attributes its growth to practical basics: low cost of entry for franchisees, a simple business model and healthy ingredients.

"We aren't doing too much differently other than putting more emphasis on plant-based and providing products and ingredients on the healthier end of the QSR scale. In 2004, we just happened to have the right idea at the right time that still happens to be relevant today."

Fast casual is becoming a stronger player, but at the expense of the full-service market. It's a category that allows consumers to trade down. Fast casual is becoming a market-share steal rather than being tied to industry growth. Full-service operators are worried about that. Panera's quick serve with a premium, for example, suits those typically dining in for table delivery.

Full service, whether casual, mid-scale or fine dining, is struggling in a relatively flat market. With no increase in traffic, the only way to increase revenues is to steal market share or raise the average check price.

Full service, whether casual, mid-scale or fine dining, is struggling in a relatively flat market. With no increase in traffic, the only way to increase revenues is to steal market share or raise the average check price.

One small trend of note is the rise in family dining outings over the last 12 to 18 months, according to data from the NPD Group.

More operators are looking at the mobile order, online-order payment and delivery area — a fast-growing area and an opportunity for growth. The margins aren't as good because the third-party companies take a significant portion of revenue, but they provide incremental sales that restaurants may not have had.

Sales at full-service restaurants were forecast to slow in 2019, according to Foodservice Facts 2019, due in large part to a moderation in spending in B.C., Ontario and Quebec. Growth is expected to hover around 4.1% for the year.

TRENDS TO NOTE

QSR and Fast Casual

RISE IN FAMILY DINING OVER THE LAST 12 TO 18 MONTHS

MORE OPERATORS LOOKING AT MOBILE ORDER, ONLINE-ORDER PAYMENT AND DELIVERY AREAS

FULL-SERVICE RESTAURANTS HOVER AROUND 4.1%

THIRD-PARTY DELIVERY

An area seeing a great deal of action is third-party delivery. The Restaurants Canada Restaurant Outlook report states foodservice delivery sales jumped by 44% in 2018 over 2017, driven by third-party services. It states: "What was once mobile-friendly is now mobile-first. People are shopping with their digital wallets and determining the value of your efforts through 'likes.' Needless to say, operators who leverage delivery technology and service are poised to thrive."

And it's not just delivery that's led to the growth—digital ordering and pickup have also helped pave the way with industry giants such as McDonald's, Tim Hortons and Starbucks enhancing their loyalty programs and tying ordering in with their apps. A&W and Wendy's have also expanded their delivery and digital engagement.

The trend is consistent with consumers being more cautious with their money. Experts say it will never replace the guest experience when socializing, but it's an option that wasn't available previously and it will change the dynamic.

Howard Migdal, managing director Canada, SkipTheDishes reports the delivery market has topped more than $4 billion in Canada and is growing at about 15% year-over-year because people are consuming more meals at home and preparing less of them at home. He anticipates growth will continue into the double digits in the foreseeable future.

For more information on the 2020 Canadian Foodservice Industry Market Forecast, e-mail Amy Bostick at abostock@kostuchmedia.com.

BY THE NUMBERS

Takeout Opportunity

According to Technomic's "2018 Canadian Takeout & Off-Premise Consumer Trend Report," takeout and delivery could drive sales rather than cannibalize dine-in occasions.

44%

The Restaurants Canada Restaurant Outlook report states foodservice delivery sales jumped by 44% in 2018 over 2017, driven by third-party services.

$4 billion

The delivery market has topped more than $4 billion in Canada.

15%

The Canadian market is growing at about 15% year-over-year because people are consuming more meals at home and preparing less of them at home.

2020 CANADIAN **COMMERCIAL FOODSERVICE SALES FORECAST**

Restaurants Canada
The voice of foodservice | La voix des services alimentaires

By Chris Elliott, Senior Economist
Restaurants Canada

To forecast foodservices sales, Restaurants Canada relies on a series of econometric models. Based on historical and projected data from the Conference Board of Canada, these models include real GDP, total consumer spending, population growth and other economic indicators. In addition to economic factors, foodservice sales are strongly influenced by historical spending patterns at restaurants due to habit formation.

In 2019 and 2020, foodservice sales are forecast to grow by 3.6% and 4.0%, respectively. These figures reflect a slowdown in disposable income growth, softening consumer confidence, and moderation in job creation. On the plus side, an extra day in February will provide a measurable boost to foodservice sales in 2020.

Foodservice sales growth rates can vary significantly by province year to year. Differences between provinces due to job creation, population growth, wage growth, tourism demand, weather and consumer behaviour can influence which provinces post the strongest growth and which experience weaker growth.

In 2019, most provinces will report relatively steady job creation for all industries. British Columbia is forecast to lead the country with total employment growth of 2.8%, resulting in another year of solid foodservice sales growth. Ontario and Nova Scotia have also posted enviable foodservice sales growth due to strong job creation. In contrast, sluggish job creation in Alberta has stymied demand for foodservice sales in the province.

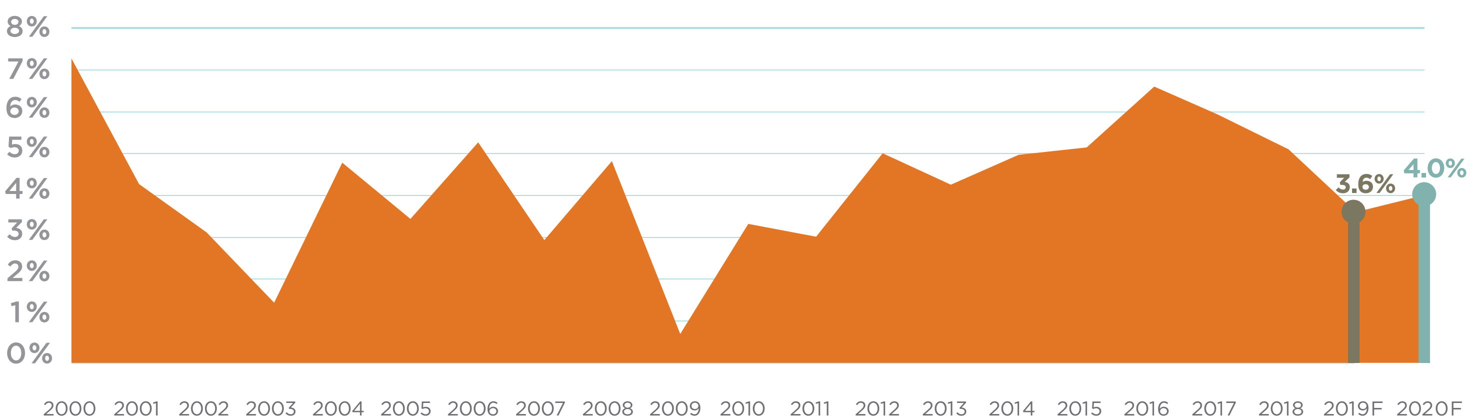
Another factor supporting rising foodservice sales is higher household wages. Nova Scotia and Quebec led the country in wage growth in the first seven months of 2019 versus the same period in 2018. While overall job creation in New Brunswick was relatively weak, the province's foodservice industry has benefitted from rising average weekly earnings.

Foodservice sales growth rates can vary significantly by province year to year. Differences between provinces due to job creation, population growth, wage growth, tourism demand, weather and consumer behaviour can influence which provinces post the strongest growth and which experience weaker growth.

CANADIAN COMMERCIAL FOODSERVICE SALES
Year-Over-Year Nominal Change

PRELIMINARY FORECAST

SOURCE: Statistics Canada and Restaurants Canada



After posting very little population growth between 2011 and 2015, Prince Edward Island will lead the country with the fastest population growth (+2.2%) for the second consecutive year. Likewise, and despite the economic hardships in recent years, Alberta's population will still see above-average population growth (+1.6%) in 2019.

In contrast, Newfoundland and Labrador's population continues to decline primarily due to outmigration (including many to Alberta) and an aging population. Since 2016, the population has declined by nearly 7,900 people, a 1.5% decrease. A new Statistics Canada report projects that the population of Newfoundland and Labrador will shrink by 20,000 to 90,000 over the next 25 years.

TOURIST SPENDING IS UP, BUT DISTRIBUTION IS WILDLY UNEVEN

Total foodservice spending by domestic and international visitors rose to a record $16.7 billion in 2018. Of that, domestic tourists spent $12.8 billion (+4.4% over 2017), while international visitors spent $4.0 billion (+4.8%).

In the first half of 2019, tourist spending on foodservice grew by an additional 4.0% compared to 2018. International tourists led the charge with a 6.5% increase in foodservice spending, while domestic spending rose by 3.3%. It is important to note that the benefits from tourism are highly regional; 2018 data from Statistics Canada shows that over 75% of all tourist spending happened in B.C., Ontario, and Quebec. More than 40% happened in Vancouver, Toronto, and Montreal, alone.

For more information, contact Chris Elliott at 416/923-8416, or e-mail celliott@restaurantscanada.org.

In the first half of 2019, tourist spending on foodservice grew by an additional 4.0% compared to 2018. International tourists led the charge with a 6.5% increase in foodservice spending, while domestic spending rose by 3.3%.

U.S. Food Industry Universe

July 2019

SEGMENT	2019 Retail Sales Estimates $B FOOD	ALCOHOL	NONFOODS	TOTAL	Nominal Growth 2019 (P)	2020 (F)
TOTAL RETAIL	**$ 766.0**	**$ 116.9**	**$ 86.4**	**$ 969.3**	**2.3%**	**2.5%**
Supermarkets/Grocery Stores	**$ 444.6**	**$ 27.1**	**$ 25.1**	**$ 496.8**	**2.0%**	**2.5%**
Club Stores & Supercenters	$ 171.7	$ 9.0	$ 28.3	$ 209.0	3.0%	2.7%
Convenience Stores*	$ 56.4	$ 16.9	$ 2.7	$ 76.0	2.5%	2.1%
Grocery Specialists[1]	$ 24.3	$ 53.6	$ 0.2	$ 78.1	0.8%	0.7%
Online[2]	**$ 15.0**	**$ 1.4**	**$ 2.7**	**$ 19.1**	**15.3%**	**14.9%**
All Other[3]	$ 53.9	$ 8.9	$ 27.4	$ 90.2	1.3%	1.3%
TOTAL FOODSERVICE	**$ 821.2**	**$ 118.4**	**$ N/A**	**$ 939.6**	**4.2%**	**3.8%**
Restaurants & Bars	**$ 534.3**	**$ 94.5**	**$ N/A**	**$ 628.8**	**4.3%**	**3.9%**
Top 500 Chains	$ 311.7	$ 14.6	$ N/A	$ 326.2	4.0%	3.6%
Independents/Small Chains	$ 222.6	$ 79.9	$ N/A	$ 302.5	4.6%	4.1%
Supermarket Fresh Prepared Foods	**$ 35.6**	**$ 0.1**	**$ N/A**	**$ 35.7**	**5.3%**	**6.4%**
Other Foodservice[4]	**$ 251.3**	**$ 23.9**	**$ N/A**	**$ 275.2**	**3.7%**	**3.4%**
TOTAL FOOD INDUSTRY	**$ 1,587.2**	**$ 235.4**	**$ 86.4**	**$ 1,908.9**	**3.2%**	**3.1%**

SOURCE: Technomic, Inc. All numbers preliminary and subject to change *Both with and without gasoline P = Preliminary; F = Forecasted

[1] Grocery Specialists include food and beverage retailers specializing in a particular category of goods (e.g., bakeries, butchers, liquor stores, etc.)

[2] Online figures represent sales by nonstore retailers (e.g., Amazon) and do not include e-commerce transactions with store-based retailers.

[3] All Other retail includes department stores, dollar stores and other stores offering a broad variety of merchandise; nongrocery specialists such as Health and Personal Care (Drug), Furniture & Home Furnishing, Building Material/Garden Equipment and Sporting Goods, Hobby, Book & Music retailers; miscellaneous store retailers; and mail-order houses and all other nonstore retailers.

[4] Other Foodservice includes retailers (other than supermarket foodservices), travel and leisure, noncommercial and all other foodservice.

US/CANADIAN **FOODSERVICE INDUSTRY MARKET FORECAST**

TECHNOMIC

United States

May 2019

SEGMENT	2019 Retail Sales Equivalent $ BILLIONS	Nominal Change 2019 (P)	Nominal Growth 2020 (F)
TOTAL RESTAURANTS AND BARS	**$ 534.296**	**4.4%**	**4.0%**
Limited-Service Restaurants	$ 301.329	4.6%	4.4%
Full-Service Restaurants	$ 228.751	4.1%	3.4%
Bars and Taverns[1]	$ 4.216	3.3%	3.1%
RETAILERS	**$ 71.853**	**4.2%**	**4.5%**
TRAVEL & LEISURE	**$ 86.084**	**4.3%**	**3.8%**
NONCOMMERCIAL	**$ 124.327**	**3.4%**	**3.3%**
Business & Industry[2]	$ 16.845	2.7%	2.6%
Education[2]	$ 41.476	3.1%	2.9%
Healthcare[2]	$ 32.049	5.5%	5.3%
Refreshment Services	$ 25.567	2.0%	2.3%
Military[2]	$ 4.233	2.7%	2.3%
Corrections[2]	$ 4.156	1.2%	1.0%
ALL OTHER	**$ 4.619**	**5.1%**	**3.8%**
TOTAL FOODSERVICE	**$ 821.178**	**4.2%**	**3.9%**

SOURCE: Technomic, Inc. All numbers preliminary and subject to change. ( ) = decline; R = revised; F = forecast The data shown does not reflect the impact of changes in portion sizes and/or sales mix. Numbers may not add due to rounding. Data may not be comparable to previous editions of this chart due to redefinitions, resegmentation and revisions. Nominal growth assumes menu price inflation rate of 3.0% for 2019 and 2.8% for 2020. [1]Contact point estimates include units that do not offer foodservice. [2]Segment uses special "non-restaurant" inflation rate of 2.2% for 2019 and 2.0% for 2020.

Canada

May 2019

SEGMENT	2019 Retail Sales Equivalent $ BILLIONS	Nominal Growth 2019 (R)	Nominal Growth 2020 (F)
TOTAL RESTAURANTS AND BARS	**$ 58.584**	**4.2%**	**4.4%**
Limited-Service Restaurants	$ 32.658	4.5%	4.5%
Full-Service Restaurants	$ 25.524	4.0%	4.3%
Bars and Taverns[1]	$ 0.403	(1.0%)	(2.0%)
RETAILERS	**$ 6.886**	**1.8%**	**2.0%**
TRAVEL & LEISURE	**$ 15.241**	**4.7%**	**4.4%**
NONCOMMERCIAL	**$ 10.044**	**3.9%**	**3.7%**
Business & Industry[2]	$ 2.558	4.5%	4.0%
Education[2]	$ 1.535	3.4%	3.4%
Healthcare[2]	$ 4.998	4.6%	4.4%
Refreshment Services	$ 0.512	(1.0%)	(1.0%)
Military[2]	$ 0.255	(0.5%)	(0.5%)
Corrections[2]	$ 0.185	0.4%	0.4%
ALL OTHER	**$ 0.173**	**2.5%**	**2.5%**
TOTAL FOODSERVICE	**$ 90.928**	**4.1%**	**4.1%**

SOURCE: Technomic, Inc.; RC; Statistics Canada ( ) = Decline. R = revised. F = forecast. Note: Nominal growth assumes menu price inflation rate of 3.0% for both 2019 and 2020. Numbers may not add due to rounding. Forecasts and numbers subject to change. Note: The data shown does not reflect the impact of changes in portion sizes and/or sales mix.

THANK YOU

MAFSI Reps have their fingertips on the pulse of the markets they serve, giving them an inside look at regional and national sales trends. Our Foodservice Industry Market Forecast would not be possible without you; the dedicated members of MAFSI. Many thanks to the 86 firms below for making our 2020 forecast possible.

Agences Hamilton Agencies
Anderson Foodservice Solutions
Apex Commercial Kitchen Co.
Apex Marketing
Beacon Sales Group LLC
Bob Waite & Associates
Brittan Associates
Celco Inc.
Chrane Foodservice Solutions
Collis Group, Inc.
Copperfield Agencies Limited
Davis & Associates, Inc.
DJ Marketing & Associates
Downing Management
E. Ruff & Associates, Inc.
Equipment Preference, Inc. (E.P.I.)
Ettinger-Rosini & Associates, Inc.
Florida Agents, Inc.
FOCUS Hospitality Sales
Food Equipment Sales & Marketing Agents, Inc. (FESMA)
Forbes, Hever & Wallace, Inc.
Gabriel Group LLC
GMV Sales Associates
Greenwald Sales & Marketing, LLC
High Sabatino Associates
Hollander Company
HRI, Inc.
Johnson Pike & Associates, Inc.
Kain-McArthur Inc.
KBC Specialty Products, Inc.
Kelly-Mincks
KLH Marketing, Inc.
Koehler-Borden & Associates, Inc.
Lake Effect Sales & Marketing
Lane Marketing Group
Lund-Iorio, Inc.
M2 Foodservice Representatives LLC
MAC Sales & Marketing LTD.
Marjon & Associates, Inc.
Master Marketing
McGirr, Inc.
Midwest Professional Reps, Inc.
Mirkovich and Associates, Inc. (Region 17)
Mirkovich and Associates, Inc. (Region 18)
ONE SOURCE
O'Neill Marketing Agents, LLC
Paragon Marketing
PB & J Commercial Agents
PBAC & Associates LTD
Pecinka Ferri Associates
Performance Reps Northwest, Inc.
Permul Ltd.
Preferred Marketing Group
Premier Foodservice Solutions
Premier Marketing Group, Inc.
Professional Manufacturers Representatives, Inc. (PMR)
Pro-Pacific Agents, Inc.
Pro-Quip Foodservice Equipment & Supplies Incorporated
R. Henry & Associates
Redco Foodservice Equipment, LLC
Schmid-Dewland Associates
Shamrock Foodservice Equipment Reps. Inc
Sharkey & Associates
Southwest Foodservice Equipment Marketing
Specialized
stage KOLSTAD associates
TD Marketing Company, Inc.
The 2Market Group, Inc.
The Fischer Group
The Hansen Group
The Pantano and Pinilla Agency, Inc.
The YES Group
Thormann Associates
TLC Marketing Inc.
Total Source Equipment & Supply
Total Tabletop Plus
Tri-State Marketing Associates
Veitch Group
Viola Group
Voeller & Associates, Inc.
W. D. Colledge Co., Ltd.
Waypoint Commercial Solutions
West Coast Food Service Agencies
Wyllie Marketing
YBR Marketing, Inc.
Zink Foodservice

*Rep firms can be located in multiple regions

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