



State of the Food Industry COVID-19 Pulse Survey



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COVID-19: Impact on the Food Industry

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Letter from the Editor

The COVID-19 pandemic has impacted all of our lives and many of our livelihoods. While keeping the food supply running is arguably the most essential activity right now, the industry has still faced its fair share of challenges.

We launched this survey to better understand the experience of food companies and their suppliers during the pandemic. The picture that emerged is one full of challenge and change, but also optimism that the industry will emerge even stronger.

Thank you to all who participated.

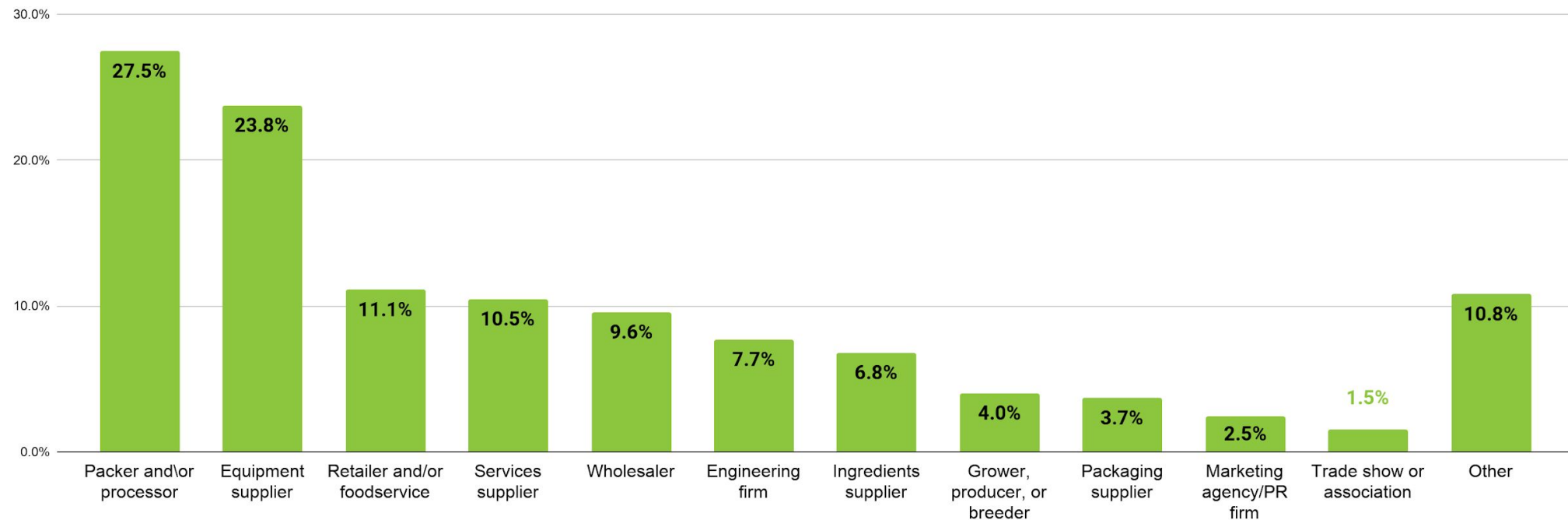
Stay safe,

Krista Garver
Editor in Chief

Who Took the COVID-19 Survey

There were 324 respondents from across the food industry. The two largest groups were “packer and/or processor” (27.5%) and “equipment supplier (23.8%).

Survey respondents by business type

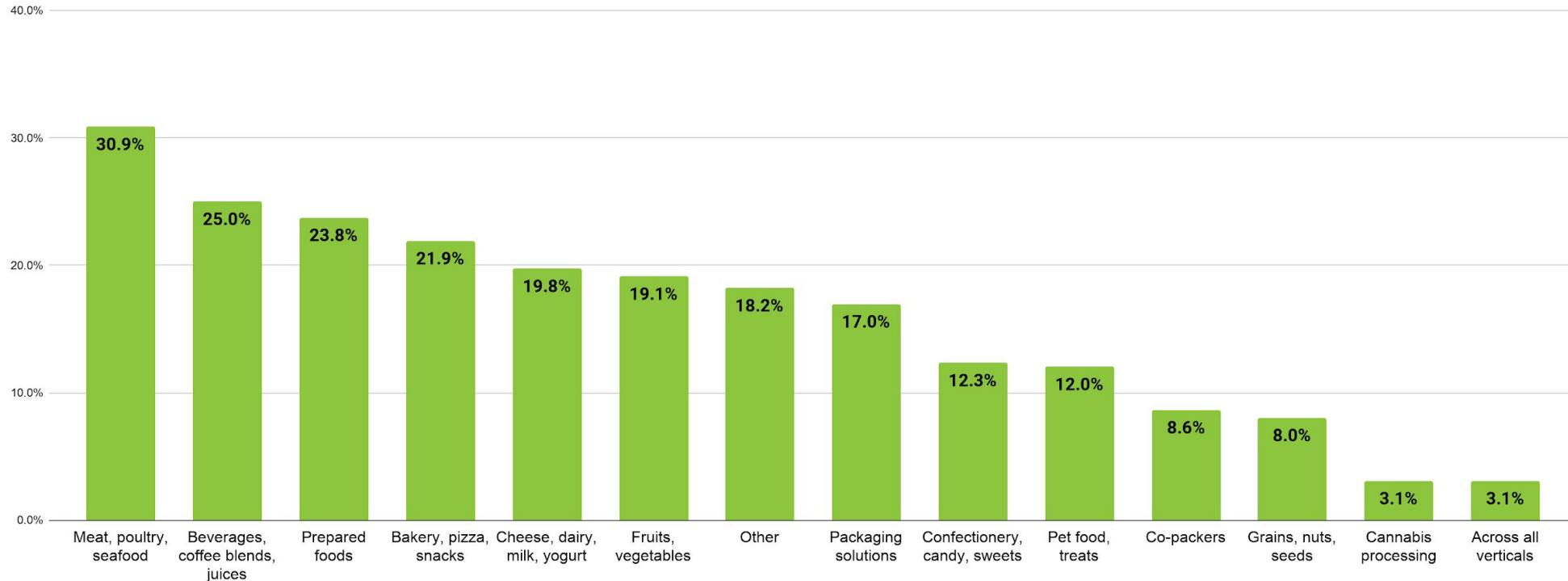


The sum of the percentages exceeds 100 because respondents could choose more than one answer.

Who Took the COVID-19 Survey

The respondents represented all segments of the food processing and packaging industry.

Survey respondents by industry vertical



The sum of the percentages exceeds 100 because respondents could choose more than one answer.

Biggest Challenges - Processors

By far, the biggest challenge facing processors/packers due to the pandemic is **workforce issues (41%)**, including retaining employees and keeping them safe. Respondents also cited challenges related to **sales and marketing (23%)** and the **supply chain (16%)**.

Workforce Issues

"Employees afraid to come to work. We have given incentives to come to work. Given protective equipment to employees."

"Employee safety."

"Having to eliminate part of the workforce to age and high risk for them. Implemented full PPE usage for all employees and visitors. More frequent cleaning procedures."

Sales & Marketing

"Change in customer profile."

"Loss of production capability due to social distancing and new sanitizing procedures."

"No new sales calls."

Supply Chain

"Stores in the first 2 quarters were busy with their own supply chain challenges and didn't want to bring on new items."

"Changing demand is creating a larger supply chain investment risk."

Biggest Challenges - Suppliers

For equipment and service suppliers, the biggest challenge is decreased sales, largely due to the **inability to travel and make site visits (35%)**, followed by **workforce issues (20%)** and **projects being delayed or canceled (9%)**.

Decreased Sales

“Lack of face-to-face customer visits. Using technology to overcome and finding that we are actually able to see more customers.”

“Unable to do site visits, using technology.”

“Suppliers reliability.... We are overstocking.”

Workforce Issues

“Making people feel safe.”

“People working from home and cannot make face-to-face visits to do business.”

“Productivity - remote work sessions and employee anxiety have lead to productivity decline.”

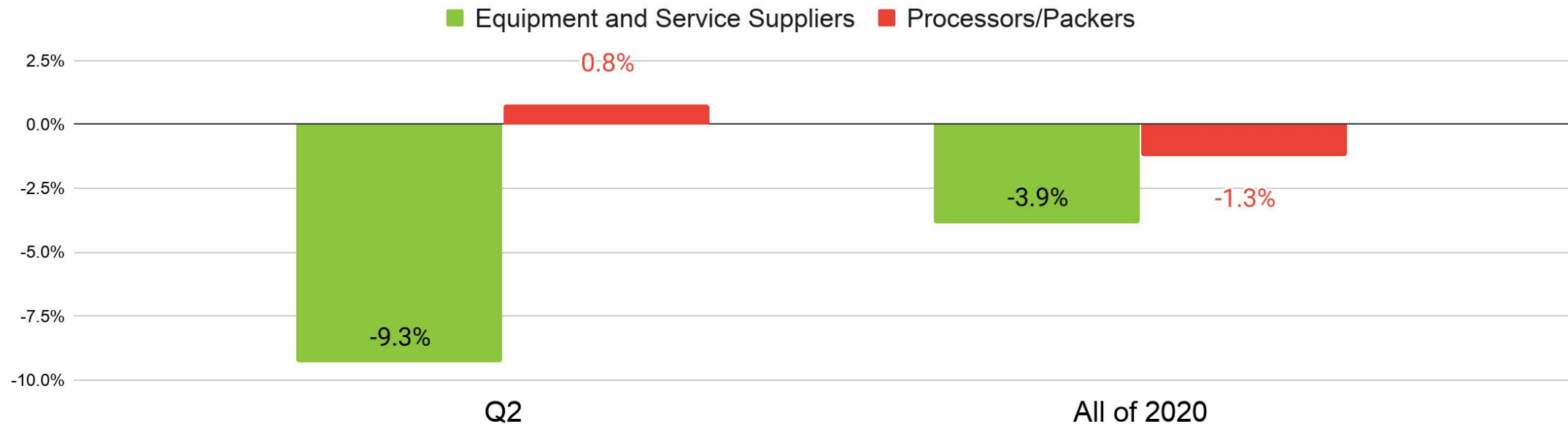
Project Changes

“The biggest challenge is the reduction of investment to buy new production equipment and canceled projects. Since After Sales is our secondary product (spare parts and technical support), we are promoting it more.”

Revenue Impact

As a whole, processors/packers **expect the revenue impact of COVID-19 to be minor** through the end of the year. Equipment and service suppliers see a large negative impact in Q2, recovering only somewhat through the end of the year.

Expected impact of COVID-19: Suppliers vs processors/packers



Factors Impacting Revenue

Processors/packers

- 52% of processors/packers reported less demand, mostly due to declines in foodservice channels
- 23% reported more demand, mostly due to increases in traditional retail
- Supply chain challenges (7%), workforce issues (6%), and high costs (5%) were also cited

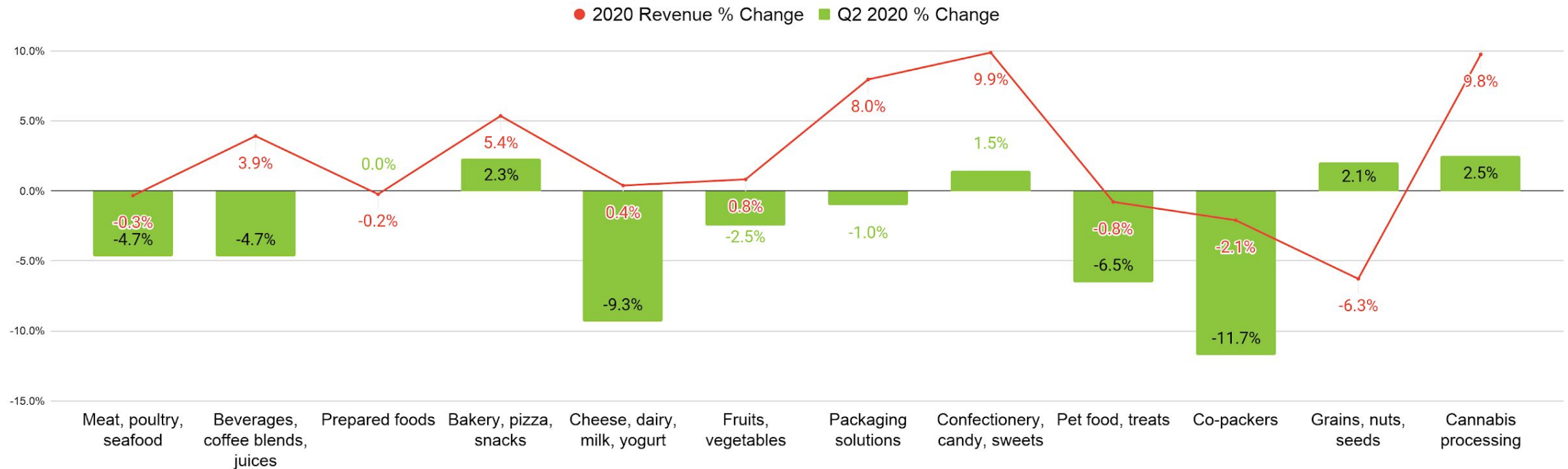
Suppliers

- Almost half (44%) of suppliers said their customers had cut budgets or canceled/delayed projects
- 14% reported less demand, while 9% reported more demand
- A few suppliers also cited workforce issues (7%) and supply chain challenges (4%)

Revenue Impact by Vertical

Most verticals anticipate revenue declines in Q2, but increases in 2020 as a whole. The confectionery and cannabis industries expect to end up with growth of close to 10%.

Revenue projections by industry vertical



Business Strategy - Processors

Almost **three-quarters (72.5%)** of processors/packers said they had changed their business strategy or operations in response to the pandemic. The most common changes related to focusing on core products, boosting the retail channel, and keeping employees safe.

Core Products

“Focused on core brands and top sellers. Less focus on various flavors and slow moving skus.”

“Limited work on new products right now. Focused on fulfilling orders and keeping employees safe.”

“Cut back production and offering.”

“Adapt the manufacturing to social distancing and look for local supply chain alternatives to imported raw materials and packaging.”

Retail Channel

“We have focused on retail business versus foodservice.”

“According to the market scenario, we are focusing more on small packs rather than bulk packs, direct to consumer approach.”

“More direct to consumer deliveries.”

Employee Safety

“Dramatic changes on shop floor with practices, processes, and PPE.”

Business Strategy - Suppliers

Almost **4 in 10 (39%)** equipment and services suppliers said their business strategy was staying the same. Of those that did report changes, adopting new technologies topped the list.

Tech & Safety

“Virtual installations.”

“Virtual selling via phone and email. Drop off of equipment at the door. No install or training.”

“Using all remote technologies Webex, GoPro...”

“Safety precautions for the staff and no visits/no visitors.”

New Markets

“Trying to expand to new markets.”

“Purposing a lot more marketing to ‘non traditional’ markets.”

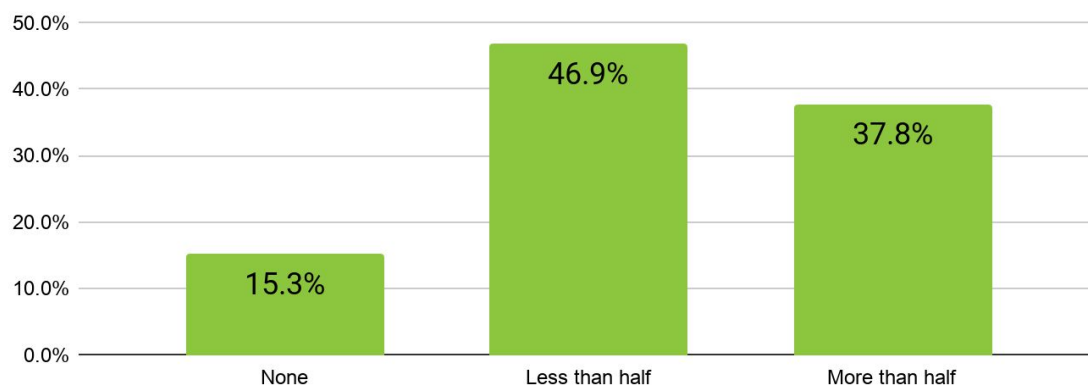
Customer Focus

“Increase focus on existing customers, and focus on essential businesses.”

“Lowered prices and acting as a bank for some, we would not have to do this otherwise.”

Remote Work and Layoffs

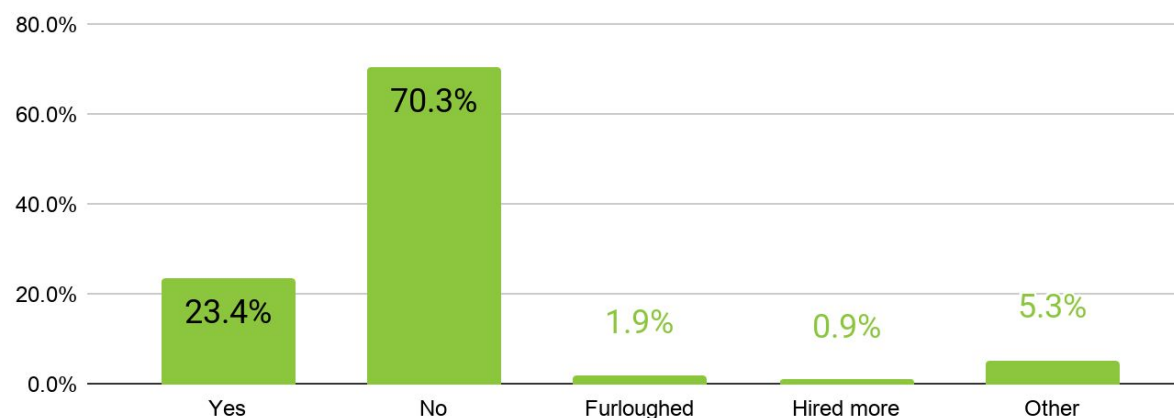
How many employees have shifted to remote work?



Almost **85% of respondents** said at least some employees at their companies had shifted to remote work because of the pandemic. At **37.8% of companies**, more than half of employees are now working remotely.

Most respondents said there **had not been layoffs at their company**. Some had been furloughed, while some companies hired more employees. The “Other” category includes responses such as “a large percentage of our workers decided they didn’t want to work” and “we have gone to 2 or 3 days a week production.”

Did your company lay off employees?

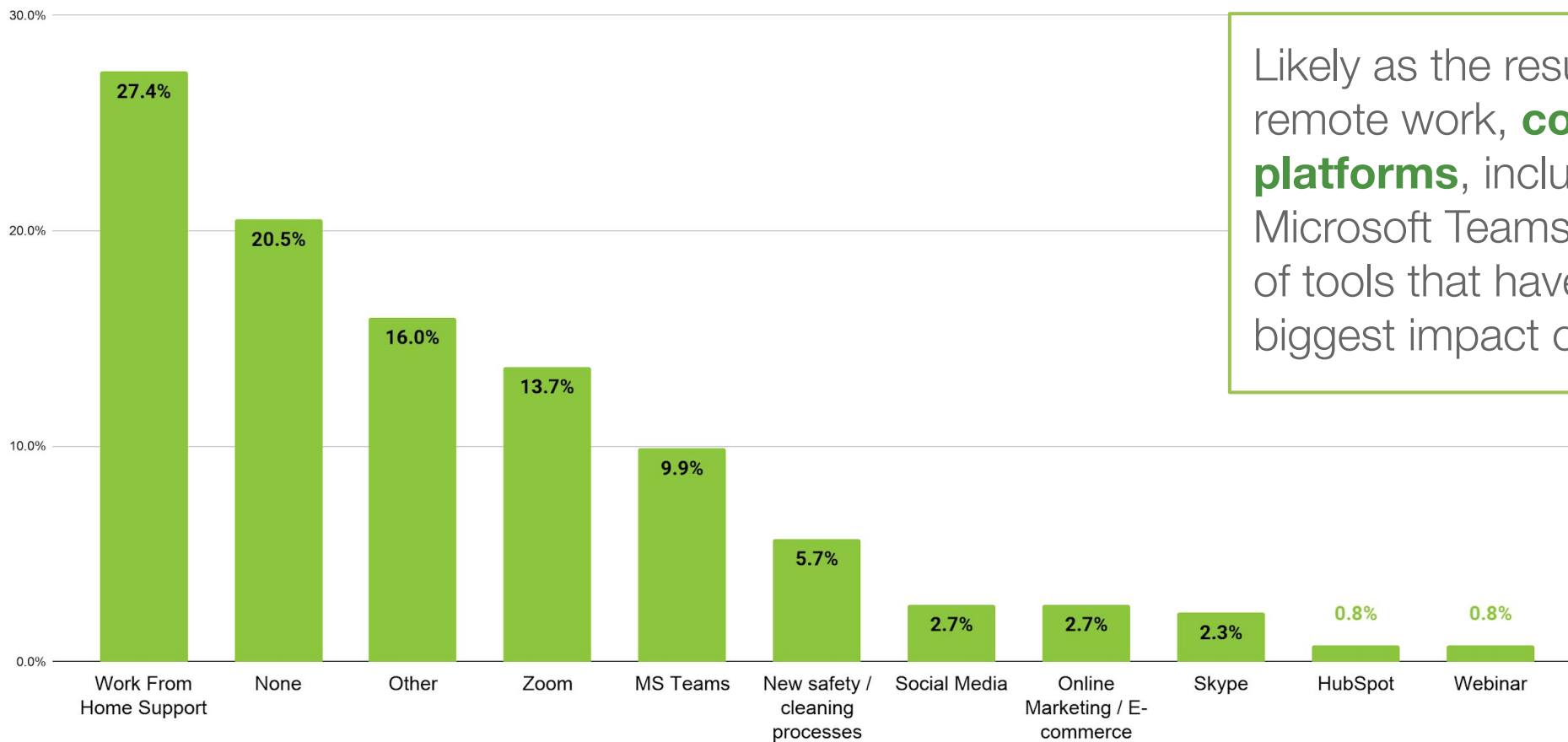


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Software Used During Pandemic

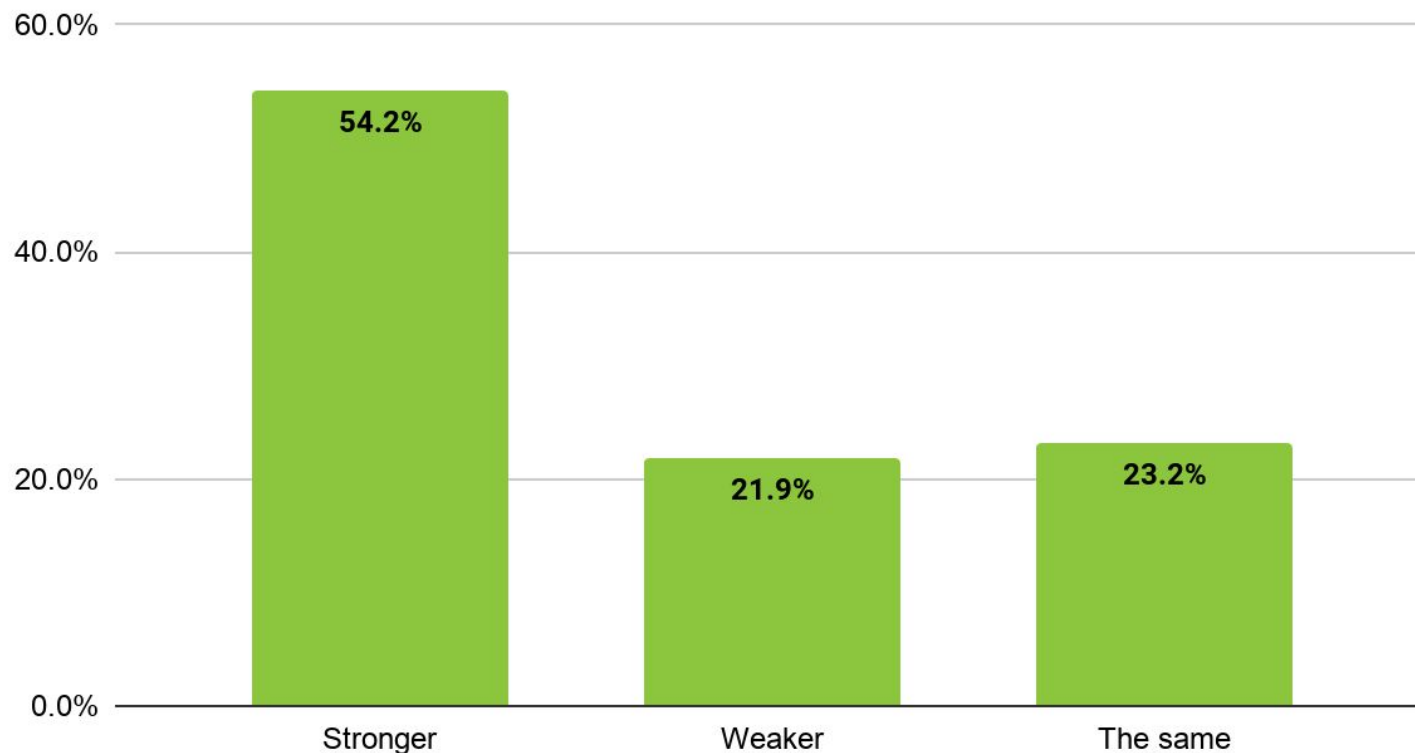
What software, tools, or processes have had the biggest impact on your business since the COVID-19 pandemic started?



Likely as the result of moving to remote work, **communication platforms**, including Zoom and Microsoft Teams, topped the list of tools that have had the biggest impact on business.

Emerging Stronger

How businesses expect to emerge from the pandemic



Despite the challenges, the food industry remains optimistic: more than half of respondents think their **business will come back from the pandemic stronger than before.**



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