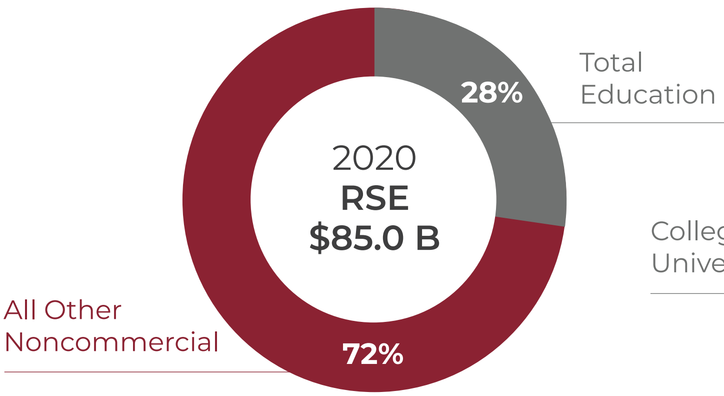
EDUCATION

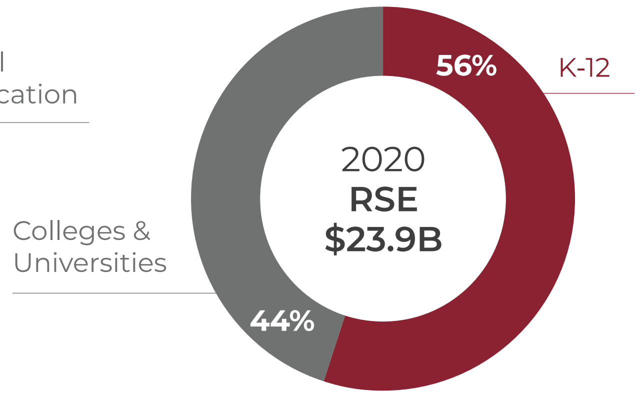
The education segment of the foodservice industry is comprised of K-12 schools as well as colleges and universities.

EDUCATION | TOTAL

Total Noncommercial Operator RSE

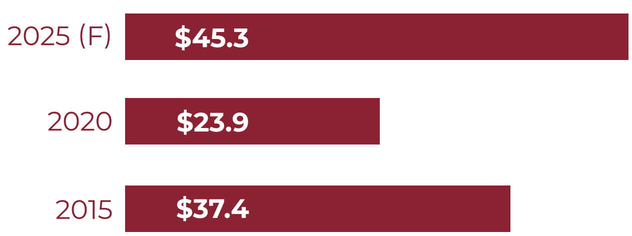


Total Education Operator RSE



The total size of the education foodservice market in terms of retail sales equivalent (RSE) was $23.9 billion in 2020, making up 28% of the total noncommercial sales in 2020. K-12 schools make up a slightly larger share, accounting for 56% of total operator retail sales within the education segment.

Education Sales ($B)



Years	CAGR (%)
2015-2020	-8.6%
2020-2025	13.7%

The education segment felt the impact of the pandemic as most K-12 schools and colleges/universities held virtual classes during 2020. As students return to classrooms, the education segment is expected to surpass pre-pandemic sales reaching $45.3 billion by 2025. Compound annual growth rate for the education segment will reach 13.7% between 2020 and 2025.

EDUCATION | K-12 SCHOOLS

K-12 Sales ($B)

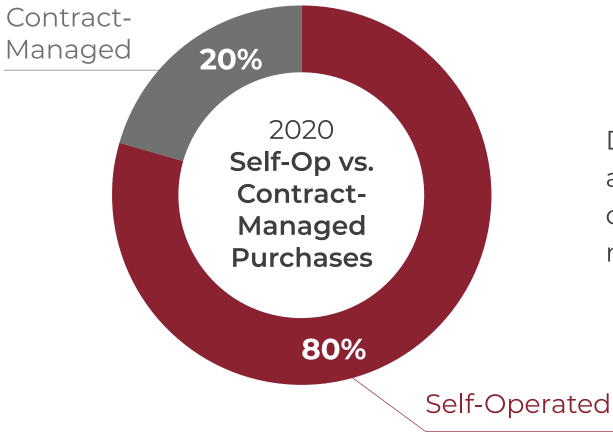
Years	CAGR (%)
2015-2020	-8.8%
2020-2025	13.5%

Key Segment Metrics
In 2020, the total operator retail sales equivalent figure (RSE) for K-12 foodservice operators amounted to $13.3 billion, a $7.7B decrease from 2015. The total operator RSE is projected to increase to $24.9 billion by 2025. Nominal growth in the segment was relatively stable until the pandemic when rates dropped to -41.9% in 2020. Growth is expected to increase in 2021 and level off to 3% by 2024.

The K-12 school segment's growth rate experienced sharp decline in 2020 driven by the pandemic and a switch to virtual classes. From 2020 onward, growth rates in the segment are projected to increase as in-person learning resumes, settling at 2.6% in 2025.

K-12 Segment Nominal Growth (%)

EDUCATION | K-12 SCHOOLS



Dining services in the K-12 foodservice segment are primarily self-operated, with the share of total operator purchases for foodservice management companies at just 20%.

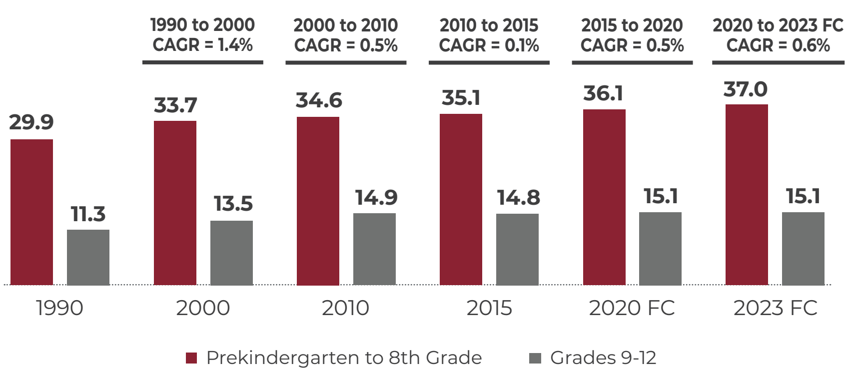
The table below shows the top 5 K-12 public school districts by their foodservice sales in 2018. The New York City Department of Education schools reported just over $529 million in foodservice sales in 2018. Reflecting the low level of penetration by foodservice management firms in this segment, nearly all the top 25 school districts' foodservice departments are self-operated.

LARGEST SCHOOL DISTRICTS RANKED BY ANNUAL FOODSERVICE SALES

School District Name	Foodservice Sales ($M)	School Count	Total Enrollment
New York City Department of Education (New York)	$529.9	1,542	984,462
Los Angeles Unified School District (California)	$413.8	1,014	633,621
Chicago Public Schools (Illinois)	$195.6	585	378,199
Miami-Dade County Public School District (Florida)	$160.6	529	357,249
Hawaii State Department of Education (Hawaii)	$132.6	293	181,550

Source: Technomic estimates reflective of 2018 calendar year

Total U.S. Enrollment (Millions)



There were more than 51 million U.S. students enrolled in both public schools in grades kindergarten through 12th grade in 2020. Over the past 15 years, public school enrollment has been increasing at a relatively constant rate but is expected to stay consistent through 2023.

Source: National Center for Educational Statistics; Technomic estimates

EDUCATION | K-12 SCHOOLS

KEY SEGMENT TRENDS

1. School foodservice operators are faced with rising costs across the board from labor to food to packaging. K-12 school operators are looking for support to come up with programs, products and menu items that increase student participation in school foodservice programs, which ultimately helps brings in more income.
2. Along with students wanting to see more restaurant trends in their school foodservice program, interest and demand for customization is growing. K-12 school operators are responding to these demands by attempting to incorporate customizable and build-your-own service formats into their lunch programs. But, due to time and space constraints, operators are limited in what they can offer.
3. Most of the initiatives taken recently by operators revolve around the challenges faced by K-12 foodservice operators in meeting government regulations and nutritional guidelines. These guidelines have been dynamic, often causing confusion among operators.
4. Demand for sustainable practices from stakeholders, including parents and students, is on the rise, but for operators, sustainable food and packaging choices are often out of the question due to budget constraints. The move to more sustainable foodservice programs brings added costs, such as composting machines and biodegradable or compostable supplies.

KEY DECISION-MAKERS

1. **Foodservice Directors**—Foodservice directors are those who run the foodservice operations and tend to have strong input into the types of equipment necessary for that school.
2. **School Procurement**—Depending on the setup of the school foodservice operation (and whether it is self-operated or not), school procurement departments may get involved in negotiations and final approval.
3. **Chefs**—Chefs play a secondary role as influencers. They often won't make the final decision but can have an impact on what is being evaluated.
4. **Design Consultants**—Particularly on new projects and major renovations or remodels, schools will defer to design consultants on brand and equipment specifications.

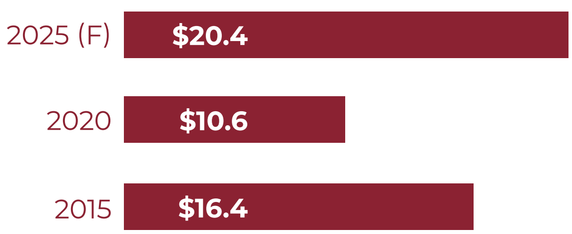
ROLE OF EQUIPMENT WITHIN THE SEGMENT

1. Specialized cooking equipment, such as steam-cooking equipment, can play a role in managing issues around nutrition. Foods cooked using steam equipment retain vitamins and nutrients while holding flavor, giving operators the best of both worlds.
2. With improving sustainability efforts on the rise, foodservice operators can benefit from equipment that facilitate preconsumption composting of food waste such as pulpers.
3. K-12 foodservice operators often struggle with their kitchen footprint as well as outdated equipment. K-12 foodservice operators may find multifunctional and compact cooking equipment as a solution to their woes with kitchen size and outdated equipment.
4. Some schools are introducing new vending programs and grab-and-go kiosks to provide students with greater variety and increase speed of service.

EDUCATION | COLLEGES & UNIVERSITIES

Key Segment Metrics
In 2020, the total operator retail sales equivalent figure for the college and university foodservice operators amounted to $10.6B, a $5.8B decrease from 2015. The total operator RSE is projected to increase to $20.4B by 2025.

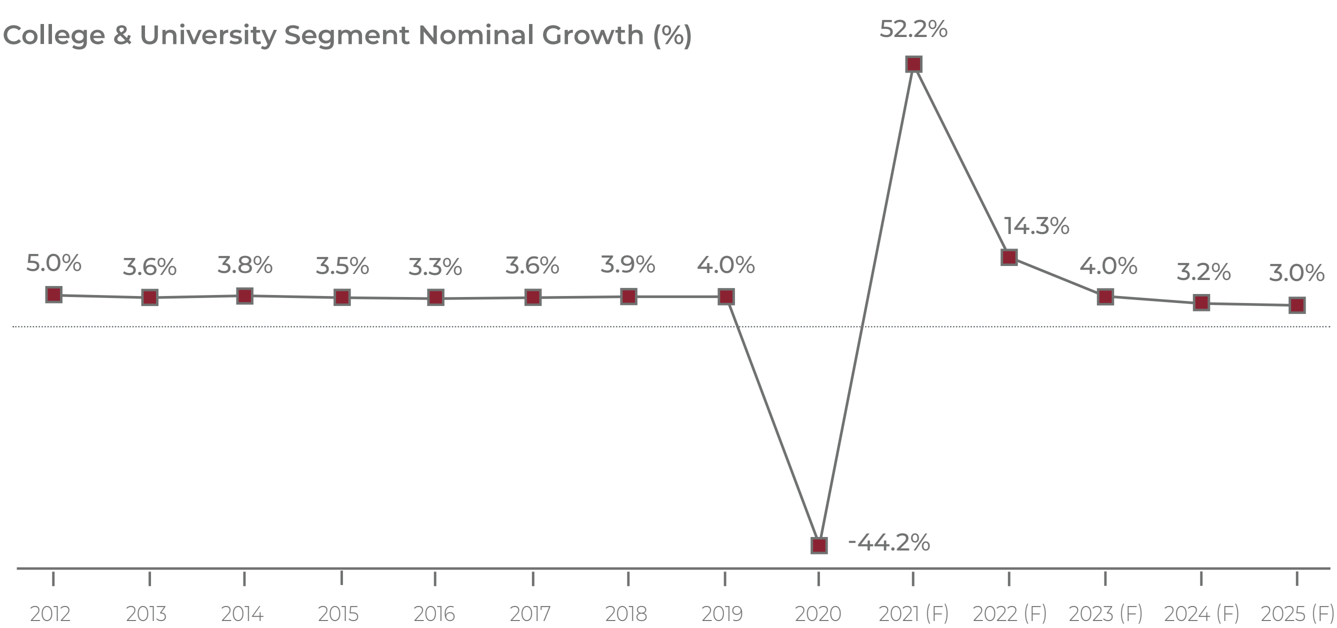
College & University Sales ($B)



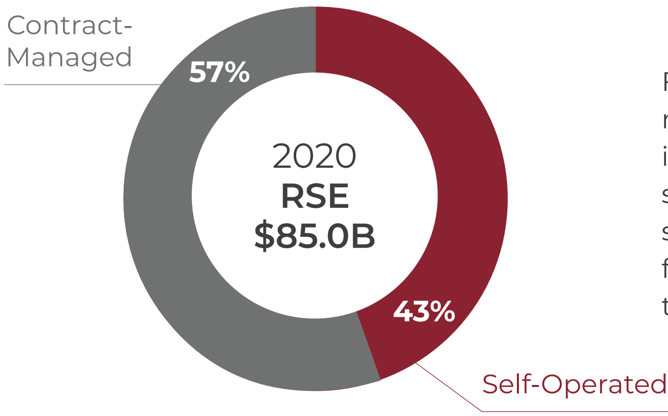
Years	CAGR (%)
2015-2020	-8.4%
2020-2025	14.0%

College and university segment's nominal growth has been relatively stable from 2013 to 2019 where growth reached 4%. Like K-12 schools, the pandemic impacted colleges and universities as students moved off-campus or had limited foodservice programs available while on-campus. Nevertheless, the growth rate for college and university subsegment is stronger relative to that for the K-12 subsegment.

College & University Segment Nominal Growth (%)



EDUCATION | COLLEGES & UNIVERSITIES



Foodservice management firms have most of the share of total operator purchases in the college and university segment. The share of total operator purchases among the self-operated units was roughly 43%, while foodservice management firms held 57% of the share in 2020.

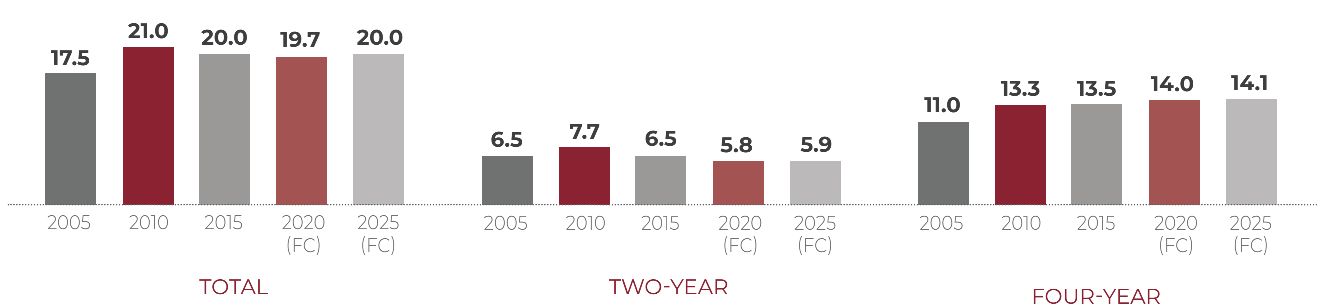
The table below shows the top five colleges and universities by their foodservice sales in 2018. Michigan State University reported just over $150 million foodservice sales in 2018.

LARGEST CAMPUSES RANKED BY ANNUAL FOODSERVICE SALES		
University Name	Foodservice Sales ($M)	Total Enrollment
Michigan State University	$150.4	50,351
Penn State University	$131.8	46,270
University of Massachusetts	$99.4	30,593
University of California at Los Angeles	$88.7	45,930
Rutgers University	$81.5	50,254

Source: Technomic estimates reflective of 2018 calendar year

Overall enrollment within colleges and universities decreased by 1.3 million between 2010 and 2020, predominantly due to decreased enrollment in two-year institutions, while enrollment only marginally increased in four-year institutions. However, enrollment is expected to increase minimally for both types of institutions in 2025.

Total U.S. College & University Enrollment (Millions)



Source: National Center for Education Statistics

EDUCATION | COLLEGES & UNIVERSITIES

KEY SEGMENT TRENDS

1. Many trendsetting schools serving college students are focusing innovation on off-premise solutions. This includes the transition of existing kitchen space to ghost kitchens, which allow schools to offer students virtual brands. This expands the universe of offerings for students without capital investment or the need for more space.
2. Universities are reducing their food and packaging waste through menu changes, single-use plastic bans and expanded recycling and composting programs. Combating waste has been especially important during the pandemic as costs of packaging are higher than usual.
3. Food insecurity has long been a concern on college campuses, as many students have grappled with how to fill the gaps between dining services and how to source their own food. In the midst of the COVID-19 pandemic, these concerns have only heightened, as dining services shuttered operations in the name of safety. To continue to meet the needs of students and provide meal solutions, major universities switched to virtual initiatives, including cooking classes and online tips to instruct students on how to source and prepare meals.

KEY DECISION-MAKERS

1. **Foodservice Directors**—Foodservice directors are those who run the foodservice operations and tend to have a strong input into the types of equipment necessary for the college or university foodservice operations.
2. **Chefs**—Chefs play a secondary role as influencers. They often won't make the final decision but can have an impact on what is being evaluated.
3. **University Procurement**—Depending on the setup of the college or university foodservice operation (and whether it is self-operated or not), college and university procurement departments may get involved in negotiations and final approval.
4. **Design Consultants**—Particularly on new projects or major renovations or remodels, colleges and universities will defer to design consultants on brand and equipment specification.

ROLE OF EQUIPMENT WITHIN THE SEGMENT

1. Foodservice operators who choose easily and conveniently accessible, open-front, grab-and-go display units may see a boost in sales from students looking for on-the-go food options.
2. Offering build-your-own stations at on-campus foodservice locations is most likely to appeal to a diverse group of students seeking variety.
3. Operators possessing specialized equipment—spits, wok ranges, tortilla makers and chip warming cabinets—will be able to meet student demands for authenticity and street foods. Often these pieces of equipment are used in front-of-house locations to offer serving stations of specialty or global foods.
4. With improving sustainability efforts on the rise, foodservice operators can benefit from equipment that facilitate preconsumption composting of food waste.