
**Technomic.**

Understanding Healthcare Foodservice

An Evaluation of the Long-Term Care and Senior Living Segments

Prepared for  **NUTRITION & FOODSERVICE EDUCATION FOUNDATION**
The Official Nutrition Partner of the NFP

Presentation

October 2018 #17667

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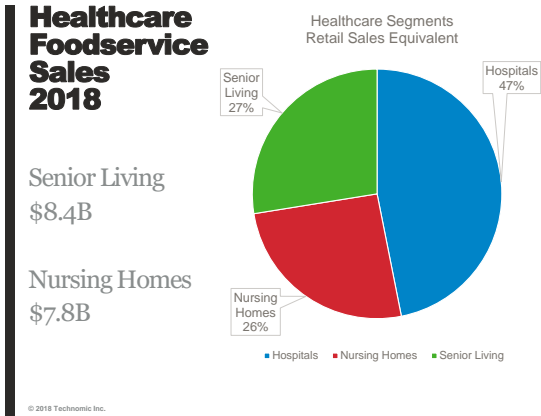
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Long Term Care and Senior Living Foodservice Market Overview



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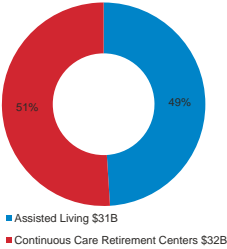


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Senior Living

Split between Assisted Living and CCRCs

2016 Total Industry = \$63B*



*Reported Source: BGS World © 2018 Technomic Inc.

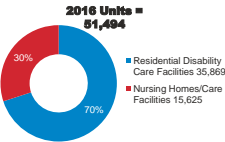
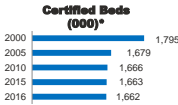
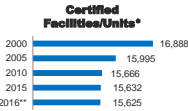
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Long Term Care

Beds and units have remained relatively steady since 2010

Nursing Homes



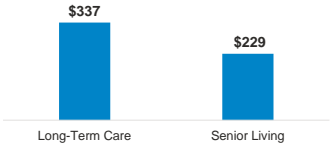
*Latest data available
**Reported Source: US Department of Census, American Healthcare Association, Technomic estimates, BGS World
Source: Facilities Director 2017 Long-Term Care/Senior Living Census
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Average Unit Purchasing

Average Facility Annual Purchases (000s)



Average Facility Purchases by Category & Segment (000s)

	Long-Term Care	Senior Living
Food	\$129	\$137
Beverages (All)	\$82	\$37
Disposable Packaging	\$39	\$17
Other Nonfoods*	\$87	\$38
Total Purchases	\$377	\$229

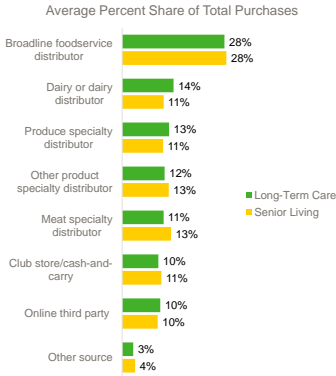
*Base 2017 (All respondents)
© 2017, approximately how much did your business purchase (breakdown) (see table) to deliver each of the following categories within your operations?
*Values exclude equipment purchases
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Distribution Factors

Facilities are using multiple food or equipment distributors to service their operations



Notes: 100 total respondents.
2 For each of the distributor types listed below, approximately 40% percentage (% of your total foodservice department purchases for food, beverages, supplies, chemicals and disposables came from each of the following sources)

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Key Finding

Healthcare is one of the fastest growing areas in the foodservice industry



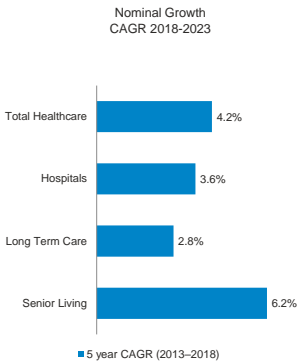
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Healthcare Foodservice Growth

Forecasted Growth

- Looking forward, healthcare will continue to outpace overall foodservice growth
 - Aging population
 - More outpatient
- Senior Living will continue to grow share at the expense of Long Term Care



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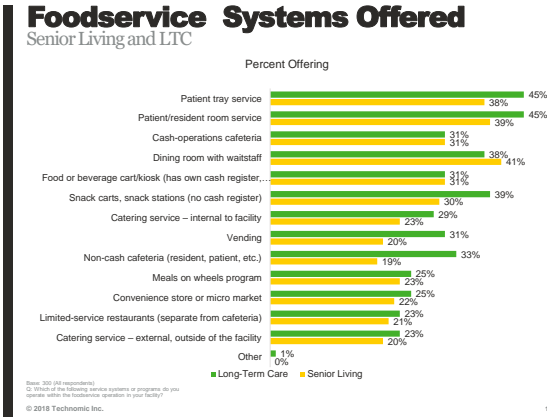
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Senior Living Trend in Action

Taking a Cue from Commercial

- **Choice of venues on site to offer variety**, including multiple dining rooms, coffee/snack bars, etc.
- **Each has its own personality**, ambiance, uniform, serveware, and menu to feel like a totally different experience.

**The Garlands
Senior Living**
Barrington, IL



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Key Finding

While patient and resident satisfaction remain critical, budgetary/financial concerns are growing



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Operator's Mission

Improving Patient Outcomes Tops For Senior Living and Long Term Care

Percent Indicating Most Critical Mission* by Segment

Mission	Long-Term Care	Senior Living
Elevate/improve experience	22%	30%
Improve outcome	41%	38%
Lower costs	23%	15%
Generate revenue	15%	17%

Survey: 300 (All respondents)
C. Of the four points listed below, please rank these in order of importance relative to your foodservice department's business objectives.
*Operators ranking as "1" of 4

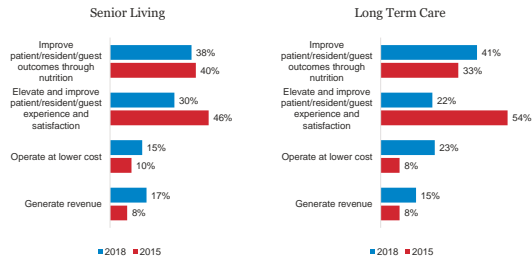
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Operator's Most Critical Mission*

Fiscal concerns gaining ground, and beginning to eat away at more patient-centric concerns



Base: 300 (All respondents)
Q. Of the four priorities listed below, please rank these in order of importance relative to your foodservice department's business objectives.
*Operators ranking as "1" of 4
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High Pressure

Operators feeling pressure to achieve all missions

	Increase in Pressure on Foodservice Operation Related to Objective	
	Long Term Care	Senior Living
	"Net Increase"	
Elevate and improve patient/resident/ guest experience and satisfaction	62%	58%
Improve patient/ resident/guest outcomes through nutrition	59%	53%
Operate at lower cost	56%	55%
Generate revenue	46%	49%

Base: 300 (All respondents)
Q. Over the past 3 years, how would you say the pressure to meet or exceed these objectives has changed relative to your foodservice operation? Use a scale from 1 to 5 where 1 = pressure has decreased significantly and 5 = pressure has increased significantly.
Note: "Net" = % indicating "decreased pressure" - % indicating "increased pressure"
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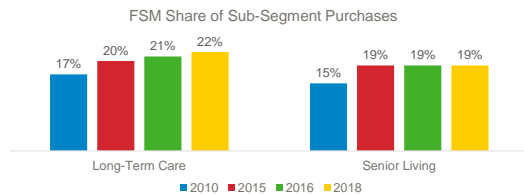
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Foodservice Management Firms

In Senior Living and Long Term Care

FSMs are slowly increasing penetration as organizations look for efficiencies



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Key Finding

Labor is a constant struggle for healthcare operators

– “We hire a lot of people who may have some background in the foodservice business, but they are not really educated on the fundamentals. It’s a constant challenge for us to teach.” –Senior Living



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Top Operator Concerns

Labor issues are increasing in long term care, while financial concerns increasingly weigh on senior living

	Long-Term Care		Senior Living	
	2018	2015	2018	2015
Rising food costs	71%	83%	65%	79%
Managing food costs	64%	83%	66%	84%
Shrinking budgets	65%	65%	58%	61%
Recruiting qualified labor	69%	76%	57%	78%
Retaining qualified labor	66%	64%	59%	69%
Rising labor costs	69%	57%	59%	60%
Improving product yield	60%	55%	58%	60%
Cost of healthcare legislation	61%	58%	60%	51%
More government regulation (local, state, national)	59%	41%	55%	34%
Finding new revenue streams	57%	27%	55%	31%
Increasing cash operations revenues	59%	N/A	51%	N/A
Maintaining food safety	71%	N/A	64%	N/A

● = Increase vs. 2015

Source: 2018 (201 respondents)
© With regard to your foodservice department today, how concerning are each of the following factors?
Note: Not all issues in this presentation have data for 2015, thus no data is present for 2015.
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Top Operator Concerns


Greater concern over motivating healthy eating

	Long-Term Care		Senior Living	
	2018	2015	2018	2015
Satisfying patients/residents	70%	86%	67%	81%
Motivating healthier eating by patients/residents/guests	66%	70%	63%	73%
Keeping up with menu trends	61%	52%	50%	44%
Need to upgrade foodservice facility	66%	38%	53%	49%
Motivating healthy eating by facility staff/employees	53%	48%	51%	39%
Incorporating and maintaining appropriate sustainability efforts	61%	N/A	53%	N/A
Menuing good tasting, healthier foods	64%	N/A	62%	N/A
Improving presentation/appeal/appearance of food	61%	N/A	51%	N/A

● = Increase vs. 2015

Source: 2018 (201 respondents)
© With regard to your foodservice department today, how concerning are each of the following factors?
Note: Not all issues in this presentation have data for 2015, thus no data is present for 2015.
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Trend in Action

Cooking Demonstrations to Recruit, Highlight Foodservice Program

Recruiting/Traffic Building, Resident Engagement

StoryPoint Senior Living
Midwest

Chefs competed (and medaled!) in the American Culinary Competition in Michigan

Reston Town Center Senior Living
Reston, Va.

Live cooking demos during an annual culinary competition

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Trend In Action

Example from another Healthcare Segment

Cafe 640 at Regions Hospital
St. Paul, Minn.

Bringing the outside in! Used back-lit photos to create the appearance of sunlight in a facility with no outside-facing windows.

Enhancing the Guest Experience



Source: Foodservice Director May 2017
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Trend in Action

Engaging Residents

Laurel View Village Davidsville, Pa.

Laurel View Village's Village Table is a reinterpretation of the chef's table.

Enhancing the Guest Experience



Source: Foodservice Director May 2017
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Trend in Action

Enhancing Food Quality via Culinary Training

Brookdale Senior Living

Headquartered in Brentwood, TN

Professional development program integrates hands-on training and classroom instructional materials that impart new food preparation skills and cutting edge techniques

Enhancing the Resident Experience, Recruiting



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Key Finding

Senior living facilities are looking to upgrade offerings



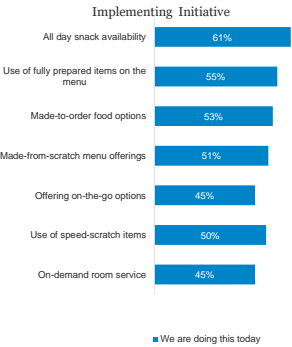
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Top Current Initiatives

Senior Living

- All day snacking
- Use of full prepared
- Made to order



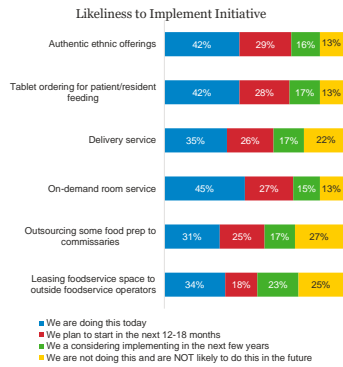
Based: 400 (all respondents)
25 To what extent are you implementing or considering the following initiatives?
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Top Future Initiatives

Senior Living

- Authentic ethnic
- Tablet ordering
- Delivery



Source: FSD (30 respondents)
Q: To what extent are you implementing or considering the following initiatives?
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Trend in Action

Technology/Tablet Ordering

At Azure formal dining room, servers use tablets to take orders, which are transmitted to back-of-house monitors

Bentley Village (Senior Living)

Naples, Fla



Source: Foodservice Director May 2017
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Trend in Action

Innovative Takeout

Capturing Grab and Go, Employee Retention

Eskonazi Health Hospital System

Indianapolis

Pre-made family meals for staff

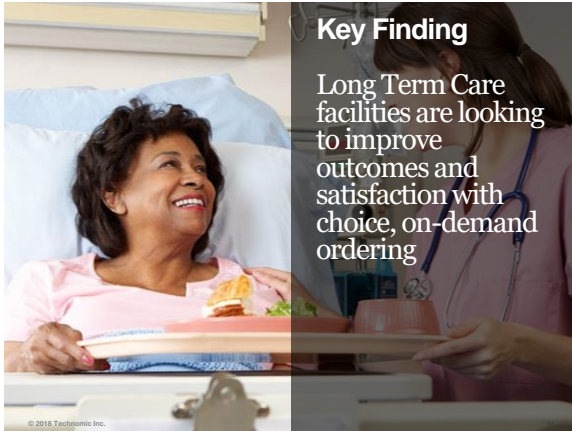
Menno Haven Retirement Community

Chambersburg, Pa.
About Thyme Bistro offers staff and residents grab-n-go smoothies, salads, sandwiches

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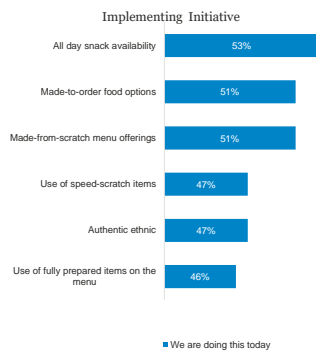


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Top Current Initiatives

Long Term Care

- All day snacking
- Made to order
- Made-from-scratch



Source: 400 (34 respondents)
 Q3 To what extent are you implementing or considering the following initiatives?

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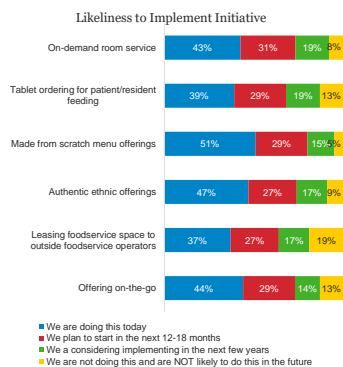
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Top Future Initiatives

Long Term Care

- On-demand room service
- Tablet ordering
- Made-from scratch



Source: 400 (34 respondents)
 Q3 To what extent are you implementing or considering the following initiatives?

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Menuing



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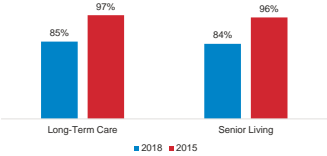
Menu Rotation & Frequency

Menu cycles on decline from 2015

The decline is likely driven in part by the increase in room service menus offering variety on increase in made-to-order, reduced labor, and the need to reign in costs.

Despite a decline, the majority of healthcare operations still use menu cycles. This trend may continue though as the elderly population grows and foodservice budgets become further constrained.

Percentage of Operators on Menu Cycle



Cycle Frequency

	Long-Term Care	Senior Living
Weekly	46%	44%
Two weeks	13%	21%
Three weeks	13%	7%
Four weeks	20%	16%
Five weeks	5%	6%
Six weeks or more	8%	10%

Source: 500 (544 respondents); 377 (Respondents on a menu cycle)
Q1: Do you operate on a menu cycle (yes/no)?
Q2: How often do you operate on a menu cycle?

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Key Finding

Operators looking to offer variety to their residents, as well as staff and visitors



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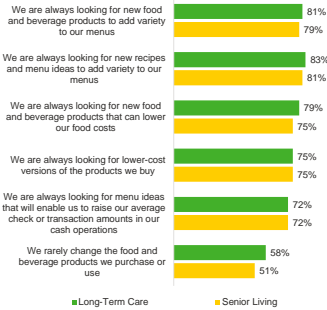
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Meal Planning

By Segment

All types of healthcare operators look to add variety, but show willingness to switch to products that offer cost saving opportunities

Top 2 Box Agreement by Segment



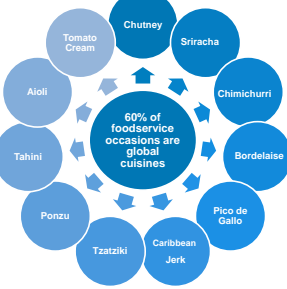
Survey 402 (24 respondents)
© How much do you agree or disagree with the following statement?
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Ethnic Cuisine Needs

Authenticity is now the norm



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Key Finding

Offering made-to-order options is becoming increasingly important



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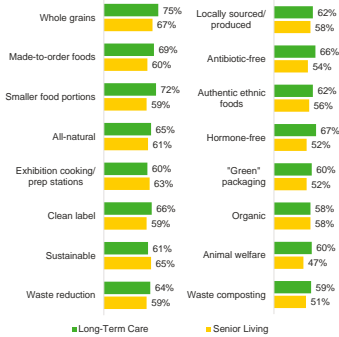
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Menu Development Drivers

“Feel Good” claims are important

- At Long Term Care:
 - Whole grains
 - Smaller food portions
 - Made to order
- Senior Living:
 - Whole Grains
 - Sustainability
 - Exhibition cooking

Better-for-You Foods and Sustainable Characteristic Importance (Top 2 Box)



Source: 2017/18 Food & Beverage Survey
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Trend in Action

Smaller Portions

Benchmark Senior Living

Headquartered in Waltham, MA

"I see...people who went through tough times with limited food, and they get upset if there's too much food on a plate,"

-Senior Living

Guest Satisfaction, Waste Reduction



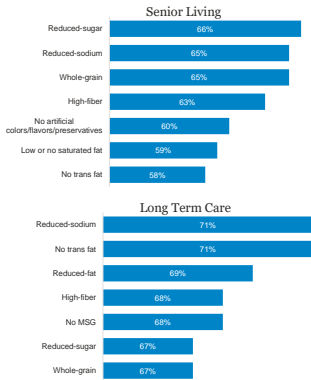
Source: Foodservice Director March 2018
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Effect of Labels on Perceived Healthfulness

Operator Perceptions

- Senior Living:
 - Reduced Sugar
 - Reduced sodium
 - Whole grain
- Long Term Care:
 - Reduced Sodium
 - No Trans-Fat
 - Reduced Fat



Source: 2017/18 Food & Beverage Survey
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The Consumer “Health” Definition is Evolving

Fresh is the New Healthy

Yesterday

Low calorie
Low fat
Low saturated fat
Not good tasting
Denial (What you can't have)

Today

Natural
Made-to-order
Wholesome
Better-for-me
“Clean”
Protein
Moderation
Fresh

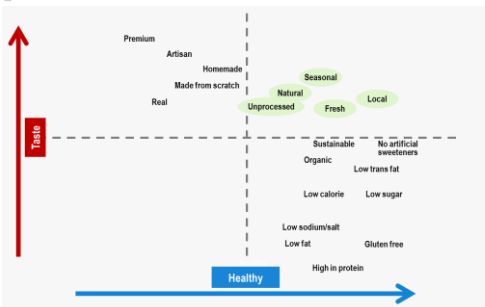
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The Foodservice Healthy-Tasty Spectrum

Items in the “sweet spot” deliver perception of better health and taste



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Menu Trend in Action

Example from the Hospital Segment

Incorporate Health with Flavor

Cooley Dickinson Health Care

Northampton, MA

- Replaced ground beef with meat & mushroom blend

Palomar Health

Escondido, CA

- Veggie burger made with quinoa and black bean



Guest Satisfaction,
Improve Patient Outcomes

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Menu Trend In Action

Plant-Based Foods

Patient Outcomes,
Sustainability



Boston Medical Center Boston, MA

The medical center's rooftop garden produced 15,000 pounds of food this season

California

California state Sen. Nancy Skinner has introduced a bill that would require institutions such as prisons, hospitals and nursing homes to offer plant-based meals. Making vegan meal options available to prisoners and patients would be beneficial to their health and help reduce greenhouse gases.

Source: Technomic Foodservice Digest October 2017, Foodservice Director, May 17, 2018
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The Whole Story

Healthcare foodservice is fundamentally changing.



Future success in healthcare depends on a combination of factors: Overcoming operational challenges to effectively adapt commercial/consumer trends and positively impact patient outcomes.

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Recommendations

1

Understand heightened consumer expectations

2

Think, act like a commercial restaurant as a means to compete and a path to patient satisfaction

3

Labor will continue to challenge. Don't wait to develop solutions

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Thank you!



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