FOODSERVICE CONSUMPTION AROUND THE WORLD

NPD Group Foodservice

Presented By Bob O'Brien
Global Foodservice Opportunities

Big Markets, Low Growth

Growing Markets, Small and Fragmented

Lack of “Global” tastes

Promise & Challenge
Foodservice expenditures are sizable, but there is opportunity for growth.

**Big Markets, Low Growth**

Share of Consumer Expenditures (Euros)

- **USA** 42%
  - 312M
- **China** 17%
  - 1.3B
- **Russia** 22%
  - 142M
- **Japan** 11%
  - 128M
- **Germany** 9%
  - 62M
- **France** 6%
  - 65M
- **Spain** 5%
  - 46M
- **Great Britain** 8%
  - 60M
- **Italy** 8%
  - 60M
- **Australia** 4%
  - 21M
- **Canada** 5%
  - 34M

Source: The NPD Group/CREST Japan based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)

*CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010 Proprietary and Confidential*
Developed
The share of chain vs. independent restaurants varies around the world

**Big Markets, Low Growth**

Share of Visits

- **USA**: 38.2% Chains, 61.8% Independents
- **Canada**: 24.6% Chains, 75.4% Independents
- **Australia**: 44.2% Chains, 56.3% Independents
- **Great Britain**: 55.8% Chains, 43.7% Independents
- **Germany**: 74.1% Chains, 25.9% Independents
- **France**: 54.9% Chains, 45.1% Independents
- **Spain**: 77.1% Chains, 22.9% Independents
- **Italy**: 83.4% Chains, 16.6% Independents
- **Japan**: 40.7% Chains, 59.3% Independents
- **China**: 63.7% Chains, 36.3% Independents
- **Russia**: 36.0% Chains, 64.0% Independents

Source: The NPD Group/CREST
Japan Population based on Tokyo/Osaka areas only
Year ending June 2011 except Canada (Year Ending May 2011)

*CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010
Proprietary and Confidential
Slow
Traffic fell for the second consecutive quarter

Big Markets, Low Growth

Traffic % Change vs. Year Ago

Source: The NPD Group / CREST
Foodservice expenditures are sizable, but there is opportunity for growth

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Share of Consumer Expenditures (Euros)

- **USA** 42%
  - 312M
- **Canada** 5%
  - 34M
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- **Australia** 4%
  - 21M
- **Germany** 9%
  - 82M
- **Spain** 5%
  - 6M
- **France** 6%
  - 65M
- **Italy** 8%
  - 60M
- **Japan** 11%
  - 128M
- **China** 19%
  - 1.3B
- **Russia** 2%
  - 142M

Source: The NPD Group/CREST Japan based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)

*CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010 Proprietary and Confidential*
Consumers in Europe visit restaurants less frequently than those in Japan and China

**Big Markets, Low Growth**

Annual Visits Per Person To Commercial Restaurants

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Visits Per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>196</td>
</tr>
<tr>
<td>Canada</td>
<td>195</td>
</tr>
<tr>
<td>Australia</td>
<td>209</td>
</tr>
<tr>
<td>Great Britain</td>
<td>146</td>
</tr>
<tr>
<td>Germany</td>
<td>108</td>
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<tr>
<td>France</td>
<td>92</td>
</tr>
<tr>
<td>Spain</td>
<td>142</td>
</tr>
<tr>
<td>Italy</td>
<td>178</td>
</tr>
<tr>
<td>Japan</td>
<td>356</td>
</tr>
<tr>
<td>China</td>
<td>226</td>
</tr>
</tbody>
</table>

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)
Fragmented
Foodservice expenditures are sizable, but there is opportunity for growth.

**Big Markets, Low Growth**

Source: The NPD Group/CREST Japan based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)

*CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010 Proprietary and Confidential
Chains play a much smaller role in Europe than they do in North America.

*CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010
Proprietary and Confidential
Slow
The European market is still a long way off from recovering from the effects of the global crisis.
Spain remains far weaker than the rest of Europe

**Big Markets, Low Growth**

Total Commercial Fodservice Traffic Change
**Big 5**

- Great Britain
- France
- Germany
- Italy
- Spain

pcya

Source: npdgroup deutschland GmbH / CREST®
Foodservice expenditures are sizable, but there is opportunity for growth

**Big Markets, Low Growth**

Share of Consumer Expenditures (Euros)

- USA: 42% (312M)
- China: 19% (1.3B)
- Russia: 2% (142M)
- Japan: 11% (128M)
- Italy: 8% (60M)
- Germany: 9% (82M)
- Great Britain: 8% (62M)
- France: 6% (65M)
- Spain: 5% (46M)
- Canada: 5% (34M)
- Australia: 4% (21M)

Source: The NPD Group/CREST Japan based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)
Fragmented
The dominance of Chains makes it appear that the Japanese market is not too fragmented.

**Big Markets, Low Growth**

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)
The dominance of chains in Japan is really a reflection of the strength of the C-Store channel. Restaurants tend to be independents.
Slow
The Japanese market had just started to recover from the “Lehman Crisis” when the Great East Japan Earthquake and Tsunami hit.

**Big Markets, Low Growth**

### Total Restaurants

<table>
<thead>
<tr>
<th></th>
<th>JFM '07</th>
<th>AMJ '07</th>
<th>JAS '07</th>
<th>OND '07</th>
<th>JFM '08</th>
<th>AMJ '08</th>
<th>JAS '08</th>
<th>OND '08</th>
<th>JFM '09</th>
<th>AMJ '09</th>
<th>JAS '09</th>
<th>OND '09</th>
<th>JFM '10</th>
<th>AMJ '10</th>
<th>JAS '10</th>
<th>OND '10</th>
<th>JFM '11</th>
<th>AMJ '11</th>
<th>JAS '11</th>
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<tbody>
<tr>
<td>Change</td>
<td>-5.2</td>
<td>-1.4</td>
<td>1.4</td>
<td>0.5</td>
<td>0.1</td>
<td>-1.4</td>
<td>-3.6</td>
<td>-0.2</td>
<td>-0.6</td>
<td>-2.0</td>
<td>-0.5</td>
<td>-0.0</td>
<td>2.3</td>
<td>2.7</td>
<td>-1.7</td>
<td>-3.2</td>
<td>-3.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Traffic % Change vs. Year Ago**

Source: The NPD Group / CREST
Global Foodservice Opportunities

- Big Markets, Low Growth
- Growing Markets, Small and Fragmented
- Lack of “Global” tastes
- Promise & Challenge
The Russian foodservice market is more chain-oriented than most European markets.

Total AFH – Chains vs Independents (in %)

<table>
<thead>
<tr>
<th>Country</th>
<th>Independents</th>
<th>Chains</th>
</tr>
</thead>
<tbody>
<tr>
<td>RU</td>
<td>64</td>
<td>36</td>
</tr>
<tr>
<td>GB</td>
<td>53</td>
<td>47</td>
</tr>
<tr>
<td>Germany</td>
<td>68</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010
The Russian Foodservice market has a plenty of room for growth compared to Western countries.

**Growing Markets, Small and Fragmented**

Foodservice market sizes est. (Total Industry AFH in € billions)

Based on NPD CREST data

Source: CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010
Compared to GB and Germany, Russia has a high QSR share, whereas Workplace/Education is clearly less important.

### Visit Share of Segments in Total AFH (in %)

<table>
<thead>
<tr>
<th>Segment</th>
<th>RU</th>
<th>GB</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vending</td>
<td>2</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Workplace/Education</td>
<td>27</td>
<td>26</td>
<td>19</td>
</tr>
<tr>
<td>Leisure</td>
<td>58</td>
<td>50</td>
<td>52</td>
</tr>
<tr>
<td>Full Service Restaurants/Hotel</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010

Growing Markets, Small and Fragmented
Fast Food and Coffee shop segments have a higher share compared to GB and Germany.

Growing Markets, Small and Fragmented

SEGMENT SHARE OF VISITS in QSR (in %)

- Cafeteria/Buffet
- Deli/Other QSR/Street vendors
- Retail (Rest.+Supermkt)
- Gas Station/Motorway Service
- Ice Cream Shop
- Coffee Shops
- Bakeries
- QS Ethno
- QS Pizza Italian
- Sandwich Shops
- Fish 'n Chips
- Fast Food

Source: CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010
China is not growing slowly

Growing Markets, Small and Fragmented

Total Restaurants

Source: The NPD Group / CREST
Chinese urban consumers are very frequent users of foodservice.

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)

Annual Visits Per Person To Commercial Restaurants

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)
The majority of Chinese restaurants are independents.

Growing Markets, Small and Fragmented

Share of Visits

Chinese consumers have barely started to use foodservice for main meals.

Growing Markets, Small and Fragmented

Share of Visits By Daypart

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)
Chinese consumers spend very little per visit to restaurants.

Growing Markets, Small and Fragmented

Average Eater Check (Euros)

USA  4.71€
Canada  5.15€
Australia  6.35€
Great Britain  5.90€
Germany  6.61€
France  7.10€
Spain  5.36€
Italy  5.10€
Japan  6.74€
China  2.04€
Russia  4.50€

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only
Year ending June 2011 except Canada (Year Ending May 2011)

*CREST Russia Pilot Database. Fielded during 2 weeks in Oct. 2010
Proprietary and Confidential
6:00 早餐供应

超值 ¥6

绝配早餐

芝士蛋堡
＋醇豆浆

产地新鲜
＋安心油条

芝士蛋堡
＋经典咖啡
Global Foodservice Opportunities

- Big Markets, Low Growth
- Growing Markets, Small and Fragmented
- Lack of “Global” tastes
- Promise & Challenge
There are global brands all around the world; however, domestic chains dominate the list of top chains.

Lack of “Global” tastes

Top 10 Commercial Foodservice Outlets

<table>
<thead>
<tr>
<th>USA</th>
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<th>Great Britain</th>
<th>Germany</th>
<th>France</th>
<th>Spain</th>
<th>Italy</th>
<th>Japan</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>McDonald's</td>
<td>Tim Hortons</td>
<td>McDonald's</td>
<td>McDonalds</td>
<td>McDonalds/McCafé</td>
<td>McDonalds/McCafé</td>
<td>McDonalds</td>
<td>McDonald's</td>
<td>7-Eleven</td>
<td>KFC</td>
</tr>
<tr>
<td>Starbucks</td>
<td>McDonald's</td>
<td>Hungry Jack's</td>
<td>Tesco</td>
<td>Burger King</td>
<td>Quick</td>
<td>Burger King</td>
<td>GranCafé</td>
<td>McDonald's</td>
<td>Ba Be Mantou</td>
</tr>
<tr>
<td>Subway</td>
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<td>KFC</td>
<td>Greggs</td>
<td>Nordsee</td>
<td>Carrefour</td>
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<td>Autogrill</td>
<td>Lawsons</td>
<td>McDonald's</td>
</tr>
<tr>
<td>Burger King</td>
<td>A &amp; W</td>
<td>Red Rooster</td>
<td>Sainsbury's</td>
<td>Aral</td>
<td>Auchan</td>
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<td>Antica Locanda</td>
<td>Family Mart</td>
<td>Xin Ya Da Bao</td>
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<tr>
<td>Wendy's</td>
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<td>KFC</td>
<td>Vapiano</td>
<td>Flunch</td>
<td>Telepizza</td>
<td>Apollo</td>
<td>Jusco</td>
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<td>La Jijonenca</td>
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<td>Qing Feng Bao Zi Pu</td>
</tr>
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<td>Ito-Yoko-Do</td>
<td>Jingkelong Supermarket</td>
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Source: The NPD Group/CREST  Japan Population based on Tokyo/Osaka areas only  Year ending June 2011 except Canada (Year Ending May 2011)
The global chains are present around the world…

Lack of “Global” tastes

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Source: The NPD Group/CREST  Japan Population based on Tokyo/Osaka areas only
Year ending June 2011 except Canada (Year Ending May 2011)
Consumer taste’s vary around the world and are influenced by local culture

Lack of “Global” tastes

5 Favorite Foods

<table>
<thead>
<tr>
<th>USA</th>
<th>Canada</th>
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<th>Germany</th>
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<th>Japan</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burgers</td>
<td>Fries</td>
<td>Fries</td>
<td>Fries</td>
<td>Fries</td>
<td>Dessert/ Ice Cream</td>
<td>Tapas</td>
<td>Brioches</td>
<td>Rice</td>
<td>Buns</td>
</tr>
<tr>
<td>Fries</td>
<td>Chicken</td>
<td>Burgers</td>
<td>Sandwich</td>
<td>Burgers</td>
<td>Baked Goods</td>
<td>Desserts</td>
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<td>Sweet Bread</td>
<td>Donut</td>
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<tr>
<td>Pizza</td>
<td>Salads</td>
<td>Sandwiches</td>
<td>Burgers</td>
<td>Pork</td>
<td>Salads</td>
<td>Meat Entrees</td>
<td>Pizza, whole</td>
<td>Rice</td>
<td>Balls</td>
</tr>
<tr>
<td>Mexican</td>
<td>Burgers</td>
<td>Fish/Seafood</td>
<td>Salad</td>
<td>Poultry</td>
<td>Sandwich</td>
<td>Salads</td>
<td>Beef</td>
<td>Vegetable</td>
<td>Salad</td>
</tr>
<tr>
<td>Chicken Sandwiches</td>
<td>Side Salads</td>
<td>Grilled/Roast Chicken</td>
<td>Chinese</td>
<td>Sandwich w/ Cheese</td>
<td>Burgers</td>
<td>Fish/Shellfish</td>
<td>Pizza, slice</td>
<td>Miso Soup</td>
<td>Fish Dishes</td>
</tr>
</tbody>
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<td>Burgers</td>
<td>Baked Goods</td>
<td>Desserts</td>
<td>Pasta</td>
<td>Sweet Bread/Donut</td>
<td>Other Staple Food</td>
</tr>
<tr>
<td>Pizza</td>
<td>Salads</td>
<td>Sandwiches</td>
<td>Burgers</td>
<td>Pork</td>
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<td>Noodles</td>
</tr>
<tr>
<td>Chicken Sandwiches</td>
<td>Side Salads</td>
<td>Grilled/Roast Chicken</td>
<td>Chinese</td>
<td>Sandwich w/ Cheese</td>
<td>Burgers</td>
<td>Fish/Shellfish</td>
<td>Pizza, slice</td>
<td>Miso Soup</td>
<td>Fish Dishes</td>
</tr>
</tbody>
</table>

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only. Year ending June 2011 except Canada (Year Ending May 2011)
Consumer tastes vary around the world and are influenced by local culture. Lack of "Global" tastes.

<table>
<thead>
<tr>
<th>USA</th>
<th>Canada</th>
<th>Australia</th>
<th>Great Britain</th>
<th>Germany</th>
<th>France</th>
<th>Spain</th>
<th>Italy</th>
<th>Japan</th>
<th>China</th>
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</thead>
<tbody>
<tr>
<td>Burgers</td>
<td>Fries</td>
<td>Fries</td>
<td>Fries</td>
<td>Fries</td>
<td>Dessert/Ice Cream</td>
<td>Tapas</td>
<td>Brioches</td>
<td>Rice</td>
<td>Buns</td>
</tr>
<tr>
<td>Fries</td>
<td>Chicken</td>
<td>Burgers</td>
<td>Sandwich</td>
<td>Burgers</td>
<td>Baked Goods</td>
<td>Desserts</td>
<td>Pasta</td>
<td>Sweet Bread Donut</td>
<td>Other Staple Food</td>
</tr>
<tr>
<td>Pizza</td>
<td>Salads</td>
<td>Sandwiches</td>
<td>Burgers</td>
<td>Pork</td>
<td>Salads</td>
<td>Meat Entrees</td>
<td>Pizza, whole</td>
<td>Rice Balls</td>
<td>Vegetable Dishes</td>
</tr>
<tr>
<td>Mexican</td>
<td>Burgers</td>
<td>Fish/Seafood</td>
<td>Salad</td>
<td>Poultry</td>
<td>Sandwich</td>
<td>Salads</td>
<td>Beef</td>
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<td>Noodles</td>
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Consumer tastes vary around the world and are influenced by local culture.

Lack of “Global” tastes

5 Favorite Foods

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Source: The NPD Group/CREST  Japan Population based on Tokyo/Osaka areas only  Year ending June 2011 except Canada (Year Ending May 2011)
Fast breakfasts are eerily similar!
Coffee is an important item on restaurant menus in Italy, Spain and Canada but not in Japan and China.

Lack of “Global” tastes

Coffee Incidence Trended

Source: The NPD Group/ CREST  Japan Population based on Tokyo/Osaka areas only
Year ending June 2011 except Canada (Year Ending May 2011)
And in Europe today….

Lack of “Global” tastes

Take-Away Coffee Share % in Commercial Restaurants

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td>Germany</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>Spain</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>France</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

Proprietary and Confidential
Global Foodservice Opportunities

- Big Markets, Low Growth
- Growing Markets, Small and Fragmented
- Lack of “Global” tastes
- Promise & Challenge
China grew during the global recession, while most other countries suffered.

Promise & Challenge

Gross Domestic Product, Volume, Market Prices, Annualized Rate
(Annual Projections for OECD Countries)

Source: OECD Forecasts (www.oecd.org)
Looking at the long term, consumers increase their use and cut back in times of economic stress.

**Promise & Challenge**

Annual Commercial Foodservice Meals Per Person In the USA

Source: The NPD Group/ 26th Annual Eating Patterns of America

Proprietary and Confidential
Young adults are important consumers to restaurants around the world.

Promise & Challenge

Annual Visits Per Person By Age To Commercial Restaurants

Source: The NPD Group/CREST Japan Population based on Tokyo/Osaka areas only Year ending June 2011 except Canada (Year Ending May 2011)
Mature adults keep increasing their use of restaurants.

Promise & Challenge

Annual Eatings Per Capita—50+ Year Olds In The USA

Source: The NPD Group/CREST

Proprietary and Confidential
So,

**Promise & Challenge**

- **The Promise:**
  - Around the world, people have their own tastes and motivations but they all find more and more reasons for purchasing prepared meals in snacks....OVER TIME

- **The Challenge:**
  - Finding solutions, situations, foods and drinks that are relevant to each market and consumer group
Final thoughts….

More frequent eating out requires…

- Continued, growing economic health…which you can do nothing about
- Daypart options with shorter eating time
- Less expensive items, either main meals or snacks
- A focus on what the locals like
  - But, just because they don’t do it now doesn’t mean they won’t do it tomorrow
- Innovation for heavy using young people who will drive the long term market
Final thoughts…

And, those common needs:

- We all find ourselves away from home at meal time
- We all need to have some food at the beginning of the day
- We all need a pick-me-up from time to time
- We all need to “restore” ourselves from time to time
- We all (some of us, anyway) need something to fill our stomachs after a night out
Thank You

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Email: bob.obrien@npd.com
The tastes of young adults will help drive innovation and determine long term trends.

In Europe, the opportunity is to get people to choose restaurants for more meals

Outside of Europe, the key is to add items to current meals or expand outside of meals

For manufacturers, global chains may prove to be a useful entry into a new country but the domestic chains, and their needs, will determine the breadth of success.
Young adults are important consumers to restaurants around the world

**Big Markets, Low Growth**

Annual Visits Per Person By Age To Commercial Restaurants

Source: The NPD Group/CREST  Japan Population based on Tokyo/Osaka areas only
Year ending June 2011 except Canada (Year Ending May 2011)
People buy at different rates but they tend to distribute their meals in roughly the same way (except for Italy and China).

Meals are generally cheaper in higher frequency countries
  - Convenience vs. Event

New situation can drive behavior

Foreign foods, outside of burgers and fries are rarely favorites

But common foods can translate across cultures