



The Growing Impact of Extreme Weather Events on Foodservice

From Subject Matter Expert, Wade Hanson, Senior Principal

In 2023, Technomic developed a thorough overview of the impact of extreme weather on the foodservice industry. At the time, many in the industry were taken aback by the rise in frequency of large-scale climate disasters. But revisiting this topic shows that the pace of billion-dollar disasters continues to surge and has been having a direct effect on foodservice sales, consumer traffic and operator finances; not to mention the dramatic impact on all individuals dealing with the chaos and tragedy of these events.

Recent Weather History

According to the National Centers for Environmental Information (NCEI), the U.S. experienced an average of 5.3 annual billion-dollar natural disasters from 1980 through 2010 (with every year's dollar costs adjusted for inflation to 2024 dollars using the Consumer Price Index, allowing for apples-to-apples comparisons). Since 2010, the number of these disasters has skyrocketed, culminating with 27 such events in 2024 (See Exhibit 1).

The trendline is continuing into 2025. Between January and June of this year, there have been 14 disasters that have resulted in costs of more than \$1 billion. These are specific disasters related to tornadoes, flooding, hail, heat and wind. Some of the more high-profile events have been:

- The January wildfires in Southern and Central California
- The February flash flooding in Kentucky, Tennessee, West Virginia and Virginia
- The mid-March four-day system that generated 118 tornados and killed 42 people
- The severe flooding in April from Texas up through Cincinnati

But broader weather patterns are also proving to be devastating, with widespread draught and wildfires each costing well over \$1 billion in damage over the first six months of the year. Examples



EXHIBIT 1: NUMBER OF NATURAL DISASTERS ANNUALLY
(WITH COSTS EXCEEDING \$1 BILLION)



Source: National Centers for Environmental Information

of unique weather circumstances include Phoenix hitting a temperature of 118 degrees Fahrenheit, the hottest August day in 120 years, and Chicago having the worst air quality in the world for several days in July because of Canadian wildfire smoke, prompting city leaders to warn of being outdoors. In cases like these, weather conditions are often preventing Americans from leaving home to frequent foodservice establishments.

Technomic analysis shows that extreme weather events have a significant impact on foodservice sales. For example, polar vortex events that have struck the U.S. in recent years have caused monthly foodservice sales in weather-affected markets to decrease by 5%-7%. The down performance is driven by consumers being shut out of closed restaurants, schools and business cafeterias, along with people refusing to brave the bitter cold.

Effects on Foodservice Operators

An objective analysis of numbers alone shows that extreme weather events are clearly increasing in terms of both frequency and ferocity, so much so that in recent years, between 55% and 60% of foodservice operators across the country have indicated that their business has been affected by extreme weather at least once annually (See Exhibit 2).

Longer term, operators will have to be taking note of the types of foods and ingredients that are considered at risk because of weather patterns and extreme events. This sort of at-risk evaluation is not related to a particularly good or bad year for a certain crop. This evaluation is of crops that are seeing a fundamental change in yields, availability, and even tastes and textures being modified by altered growing conditions. While dozens of foods and ingredients are being evaluated for longer-term viability, some of the more prominent foodservice ingredients considered at risk include:

- Wheat
- Tomatoes
- Rice
- Peppers
- Coffee
- Chocolate
- Corn
- Wine

EXHIBIT 2: FIVE WAYS OPERATORS ARE MOST IMPACTED BY EXTREME WEATHER

Traffic

During extreme events, members of local communities are oftentimes either unable to physically get to foodservice venues or entirely focused on recovery efforts, not eating away from home.

Staffing

Just as local residents may be unable to travel to foodservice locations, the same applies to foodservice employees who are also dealing with the personal impact on health, home and infrastructure.

Supply Disruptions

Supply chains are often disrupted for both the short and long term—short term in that deliveries may not be able to reach an operator, and long term in that agricultural crops and/or manufacturing production may have been disrupted by the weather.

Closures

Whether permanent or temporary, closures bring an abrupt halt to any foodservice revenues.

Lost Power

Lost power can be crippling for a foodservice operation because of impacts such as the inability to stay open, the inability to produce menu items and/or the loss of inventory due to spoilage.



Each of these ingredients is experiencing some degree of fundamental change. For example, shifts toward extreme precipitation events (many weeks of drought followed by inches of rain in hours) can change which varieties of an ingredient thrive or survive. That impacts the quality and characteristics of available product, which has downstream implications for processed products being made from that specific ingredient. Certain pepper types may thrive while others become less common, impacting both peppers as ingredients as well as pepper products, such as hot sauce, salsa and hummus. Coffee beans coming from South America may continue to see harvests decline by more than 10% annually, while wholly different coffee beans from Vietnam thrive.

Future Considerations

Companies of all types in the foodservice business (i.e., suppliers, distributors,

operators and others) often describe the importance of sustainability as part of long-term strategic planning. However, increasingly, there is considerable momentum in addressing the mega-topics of sustainability, including the role that foodservice should play in responding to extreme weather patterns. Acknowledging this topic and articulating company activities is highly valued by partners throughout the supply chain and increasingly demanded by the consumer.

Going forward, the industry can expect the following:

Extensive preparedness planning

Companies will be dedicating greater time and finances to emergency planning for facilities, employees and recovery resources. Companies will also expect channel partners to communicate their own emergency planning.

Comprehensive sourcing Contingencies

Companies will be assessing the extreme weather risk potential for all facilities (their own and partner locations). Facilities deemed highly susceptible or vulnerable to weather events will be reviewed for future usage, and backup sources will be identified for all relevant products and considered far more important. Alternative sources, ingredients, products and formats will be continually evaluated.

Strengthening of climate partnerships

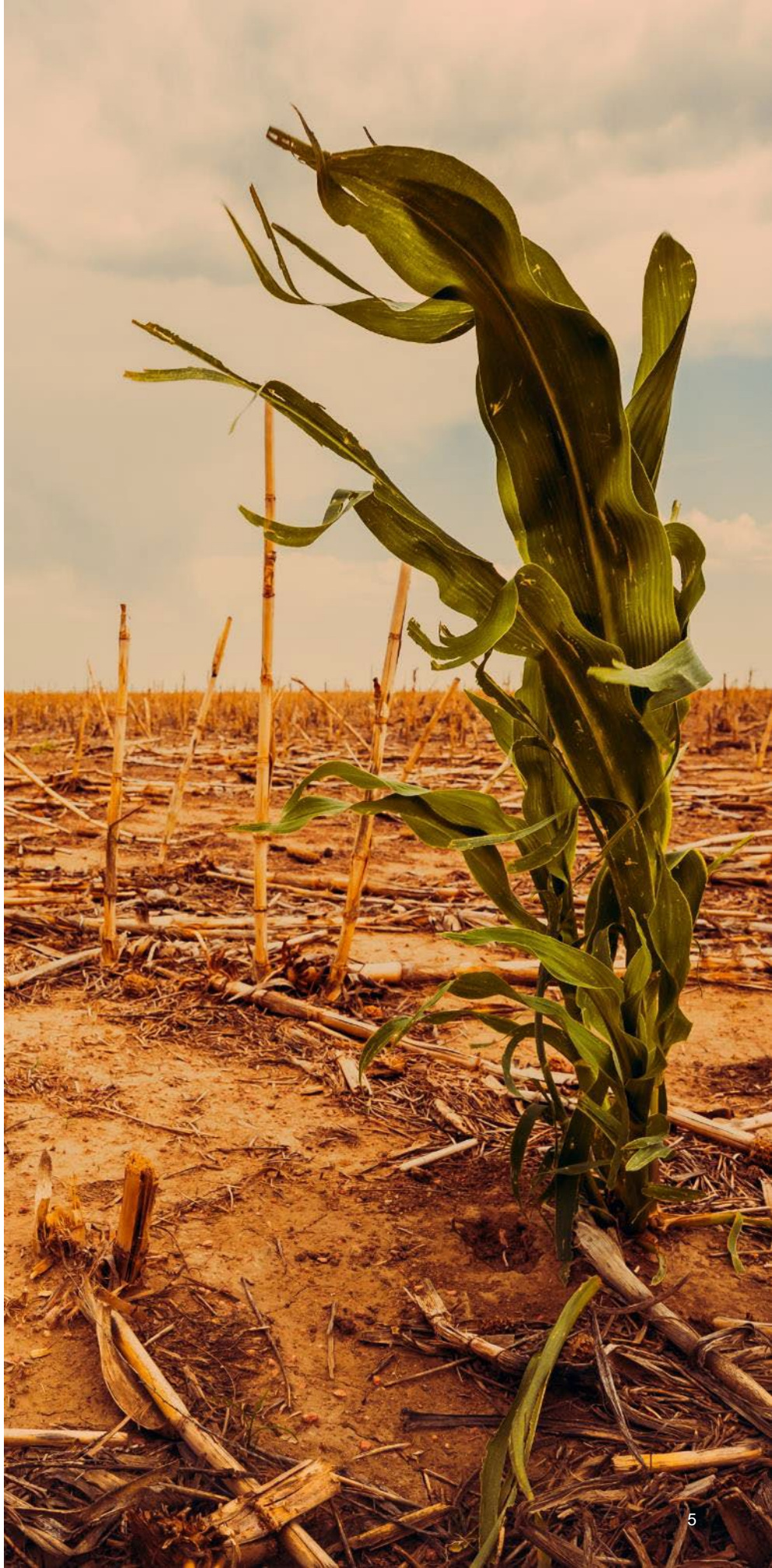
The resources required for the fast-track development and execution of new programs can be significant. Identifying like-minded strategic partners that can share the commitment to, and expense of, certain weather-related initiatives will become commonplace and considered a wise use of financial expenditures.



Image Source: Shutterstock

In Closing

The foodservice industry is currently dealing with many challenges from low consumer confidence to labor challenges to cost pressures. In a time such as this, climate and weather programs often slip down a company's list of priorities. But the extreme weather dilemma is not going away, and foodservice companies will be forced to make major changes in the years ahead. Those companies continuing to advance extreme weather planning will be rewarded in the long term for keeping focus on a critically important industry issue.





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