

# Board Meeting Presentation: Opportunities for Watermelon in Foodservice

Consumer & Operator Research  
October 2024



## Objectives and Methodology

- Nationally representative sample of consumers, weighted by age cohort versus the 2020 census
- 1,191 qualified consumers completed the study
- Key questions trended back to previous study, completed in 2020
- Survey fielded online in June 2024
- Quantitative research supplemented by social listening and 1:1 operator interviews

# State of the Industry



## State of the Industry

- Spending at restaurants is up – driven by higher menu prices – but traffic remains down across all dayparts
- Key headwinds for restaurant growth:
  - Inflation, rising costs
  - Limited, no innovation
  - Higher credit card balances
  - Disposable personal income pressures
- Over 20 restaurant chains have declared bankruptcy in 2024 YTD
- 46% of consumers now experiment with new foods, flavors more at home – a reversal from pre-pandemic behavior
- Labor remains one of the most critical challenges, impacting everything from concept to menu development
- BUT...





## Drivers for Fresh Watermelon Use Among Operators

- Concept & menu fit
- Seasonal quality reliability
- Versatility of whole fresh watermelon, generally and in dealing with quality inconsistency
- Better controls for taste, texture
- Better hold times
- Cost, despite labor challenges



## Pain Points for Current Fresh Watermelon Users

- Amount of waste/ yield for cost & effort
- Challenges selecting quality/ ripe watermelon
- Quality inconsistencies, even in season
- Storage challenges
- Labor challenges – consistency, skill, cost
- Limited hold times vs other fruit
- Water content impact on versatility
- Scalability





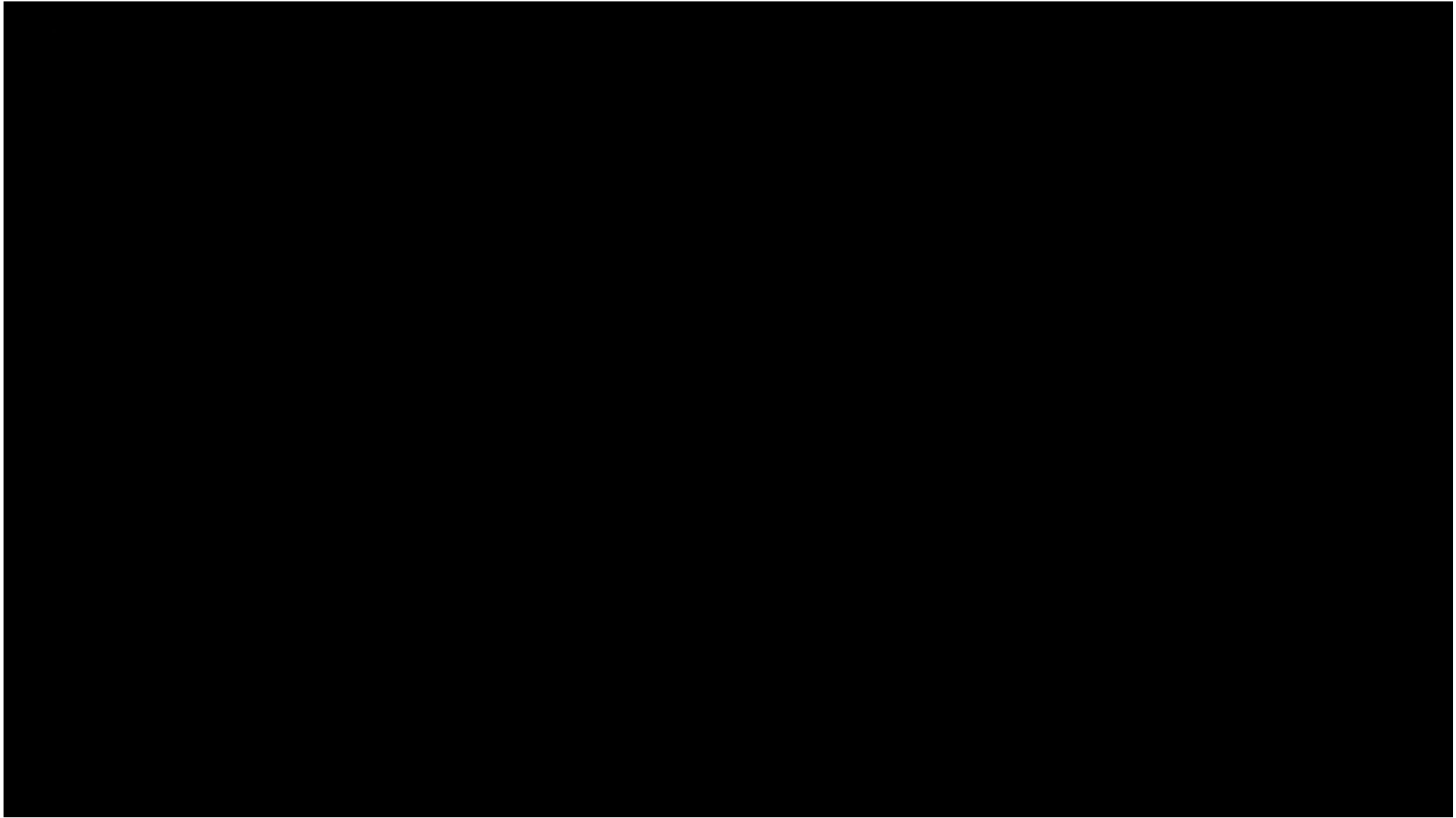
# Consumers are Ready for Something New

- Key tailwinds for restaurant growth:
  - “Insatiable” appetite for luxury, premium, unique experiences
  - Innovative, reliable operators winning
  - Value proposition no longer strictly tied to price
  - At home activities can, should reposition foodservice
  - Economic improvements should free up disposable income
- Back of house and value-added product innovation freeing up labor...easing labor challenges
- Small footprint operations creating fewer barriers to entry
- Improved outlook should drive more transformative, versus iterative, innovation
- Domestically, situation should start to stabilize into 2025

2025  
KEY CONSUMER  
NEED STATE

**GIVE ME  
SOMETHING  
NEW**







Key Consumer Need States

1

**Live Boldly**

Consumers' desire to live well is evolving into the demand to live boldly, without compromise, anxiety or fear

2

**Seek Out Value**

Consumers want to know they aren't wasting their time or money by spending it on the wrong thing, in the wrong place

3

**Escape the Ordinary**

Consumers want to escape the now, whether that's into the past, somewhere exotic, or into the unknown

4

**Pursue New Sensory Experiences**

Consumers want, and need, to connect with others as loneliness and anxiety impact every generation

5

**Demand a Human Touch**

Consumers want to believe, trust brands and operations...they want to feel where they spend their money is being honest with them

# General Behavior & Perspectives



**55%**  
Love fresh  
watermelon

**31%** really like it

**Key Takeaway:**

Focusing on the potential emotional experience associated with fresh watermelon can lead to more resonant innovation and innovation that could potentially push watermelon past solely summer-focused foods and beverages.

**Key Takeaway:**

Watermelon can be positioned for both operators and consumers as an ingredient that appeals to most people, creating a community based on mutual preference.

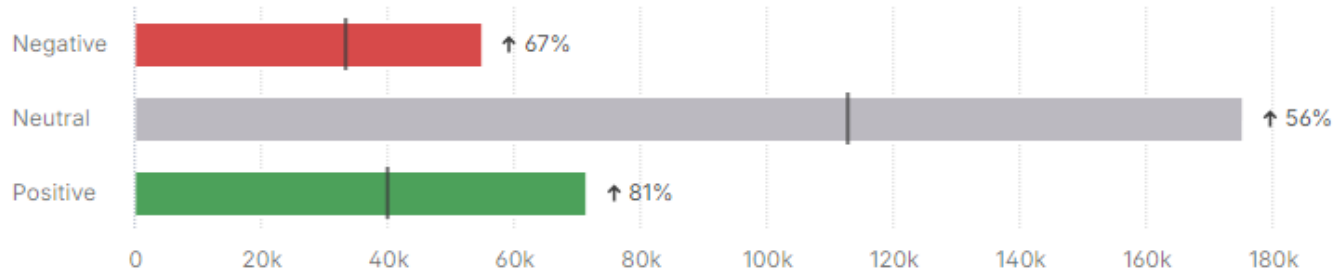
**Key Emotional Connections with Fresh Watermelon**

Refreshed	58%
Satisfied	45%
Relaxed	38%
Joyful	35%
Nostalgic	34%
Delighted	31%

Q: How do you feel about fresh watermelon? (n=1202)  
Q: What type of emotions or emotional experiences would you associate with fresh watermelon? Please select all that apply. (n=1185)

## Social Listening – Conversations & Sentiment

### Sentiment



Consumption Options

Drink Recommendations

Hot Summer Days

Natural Flavor

Health Benefits

Cooling Watermelon Recipes

Mixed Reception on Artificial Watermelon

Pricing/ Price

Complaints About Unsatisfactory Watermelon Quality

Unique & Dangerous Incidents

Adoration and Consumption of Watermelon

Watermelon Quality

Watermelon-based Drinks

Watermelon Ordering Issues

Serving Watermelon

Watermelon-themed Events

## Old-Fashioned vs On-Trend Perceptions of Watermelon

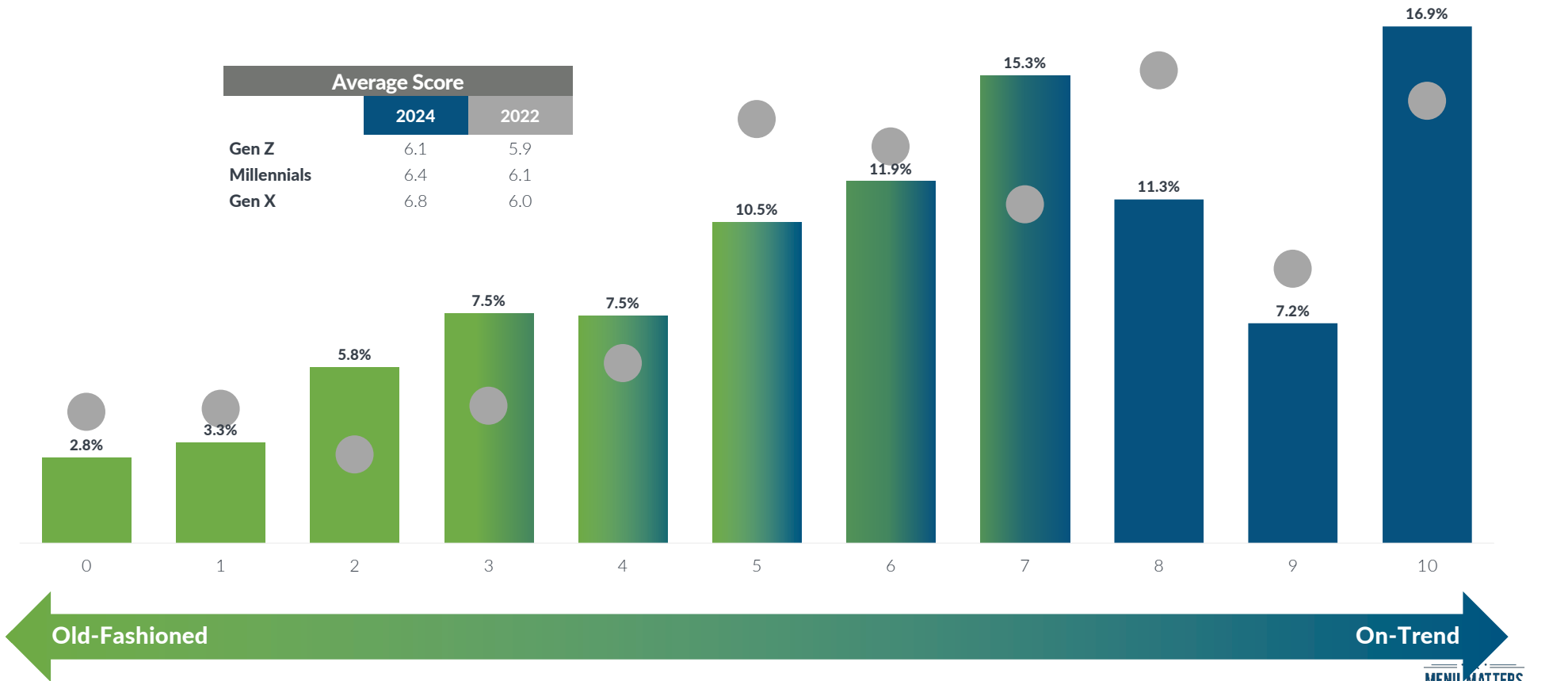
Consider the scale below. When you think of fresh watermelon, where would you place it on this scale? (n=1180)

### Key Takeaway:

Fresh watermelon continues to enjoy an image that skews more innovative than nostalgic but has not skewed so far to innovation that it may create approachability issues. That said, given some shifts it will be important to ensure neither innovation fatigue nor a decline in innovation negatively impacts watermelon's top-of-mind or overall perception.



2022 Data

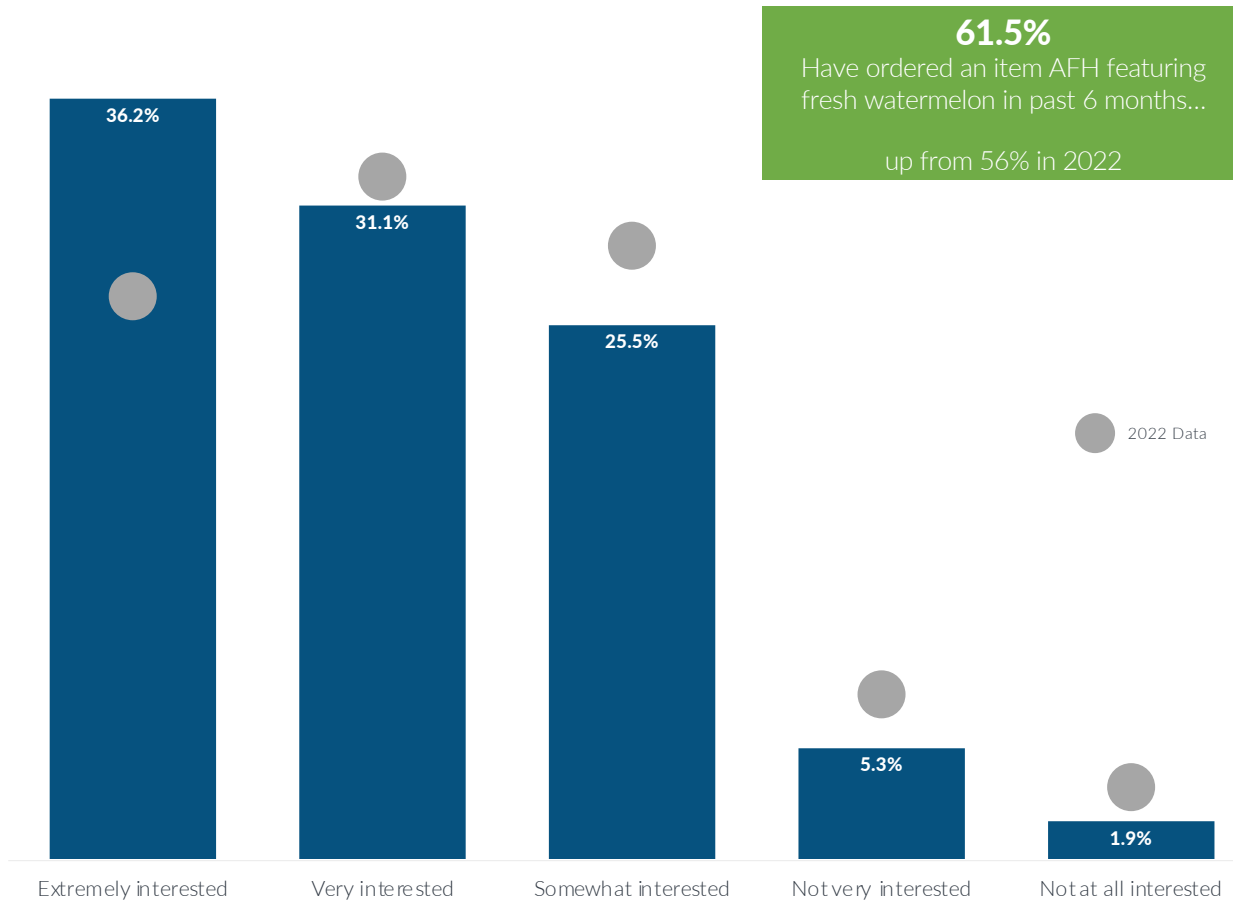




# Watermelon Away from Home

## Interest in Fresh Watermelon AFH

How interested are you in seeing your favorite restaurants feature food and/or beverage items that are made with fresh watermelon? This does not include any beverage or food product that may reference "watermelon flavor" but is not made with fresh watermelon. (n=1179)

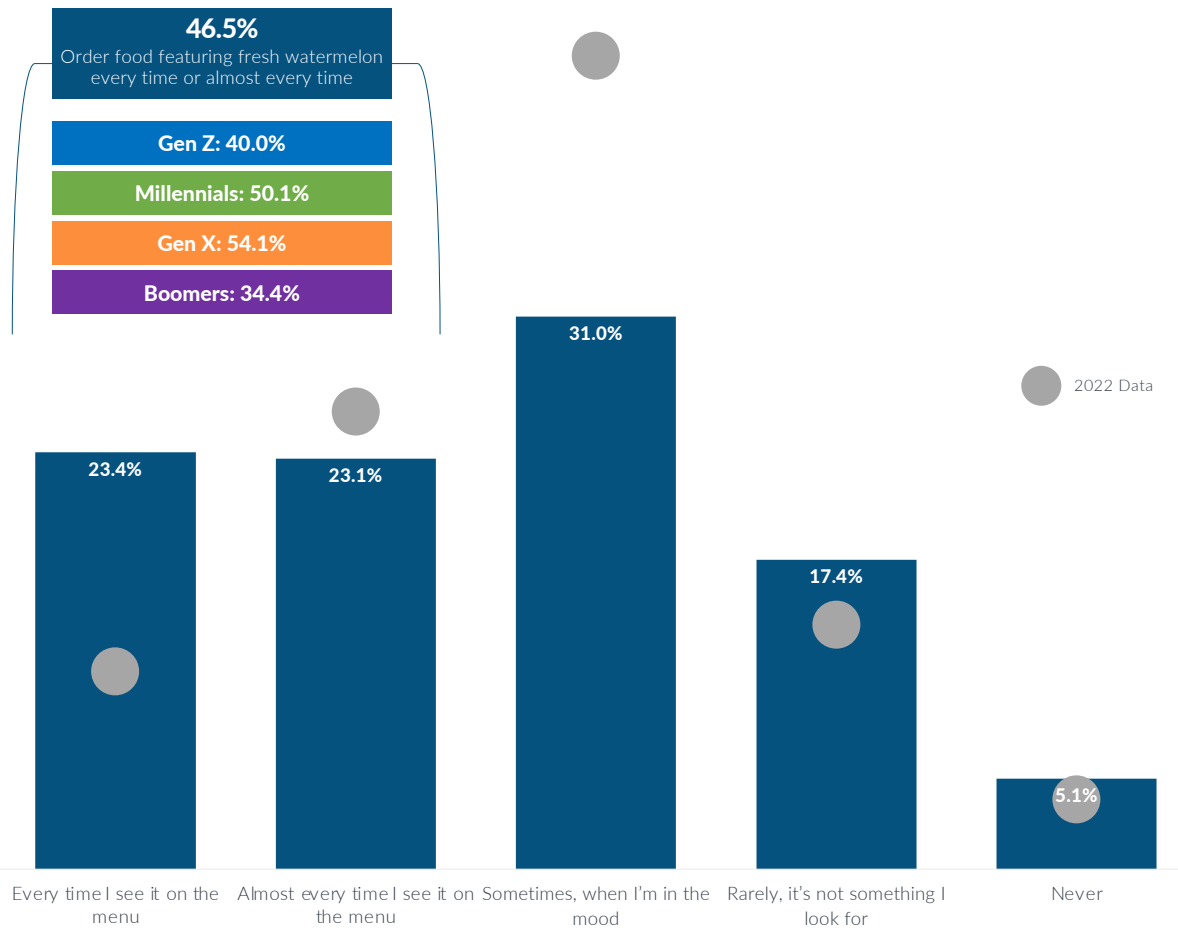


### Key Takeaway:

Operators can rest assured that their menuing and innovation efforts are leading to changes in consumer behavior and increased engagement with watermelon on the menu. Furthermore, this is leading to increased interest in the additional broadening of fresh watermelon availability.

## Frequency of Ordering FOOD Featuring Fresh Watermelon

How often do you order FOOD OPTIONS at restaurants that include fresh watermelon? This would include appetizers, sides, salads, main entrées and desserts made with fresh watermelon (not just watermelon flavor). (n=1179)

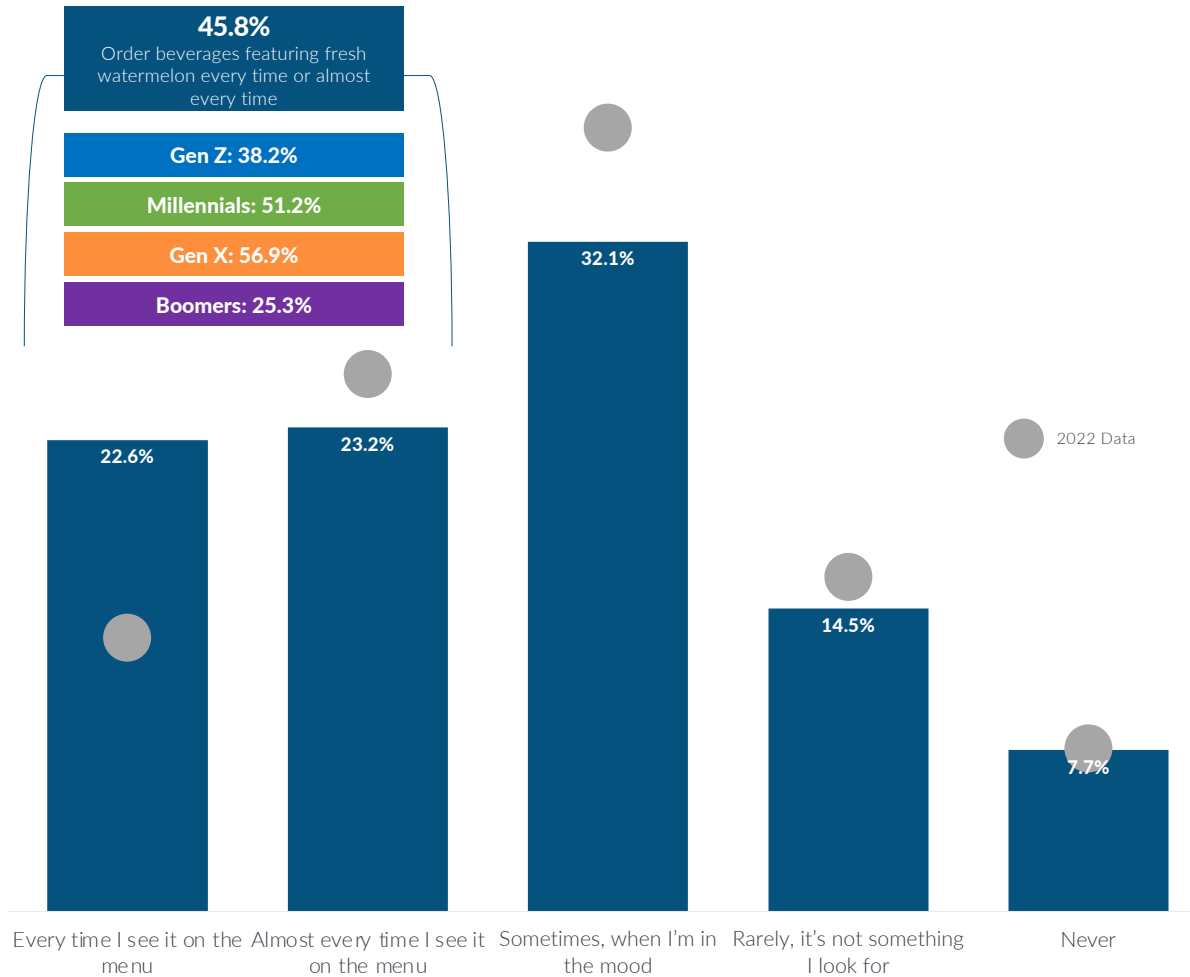


### Key Takeaway:

Food applications have enjoyed significantly increased adoption by consumers. Ensuring that watermelon is paired with innovative, on-trend and unique flavors and preparations will keep this category interesting and should continue to capture a broader audience.

## Frequency of Ordering BEVERAGES Featuring Fresh Watermelon

How often do you order BEVERAGE OPTIONS at restaurants that include fresh watermelon? This would include juices, smoothies, cocktails and any other beverage options. (n=1179)

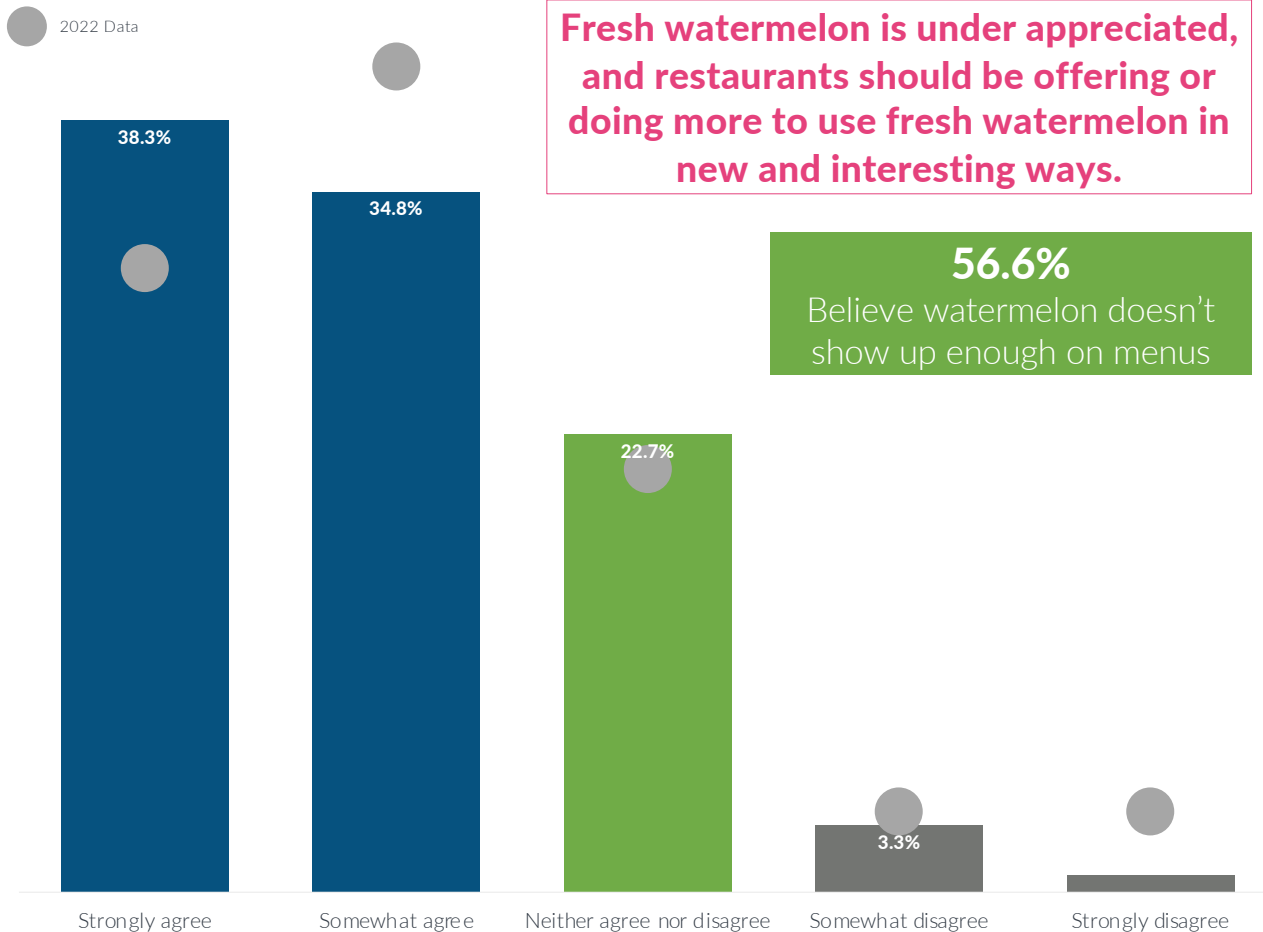


### Key Takeaway:

Innovation in the beverage category with fresh watermelon is paying off in increased ordering behavior overall. To maintain this momentum and to convert those not ordering, Innovation centered on unique and on-trend flavors largely in the adult categories should help engage and re-engage consumers.

## Belief Watermelon is Under Appreciated

To what degree do you agree with the following statement: (n=590)



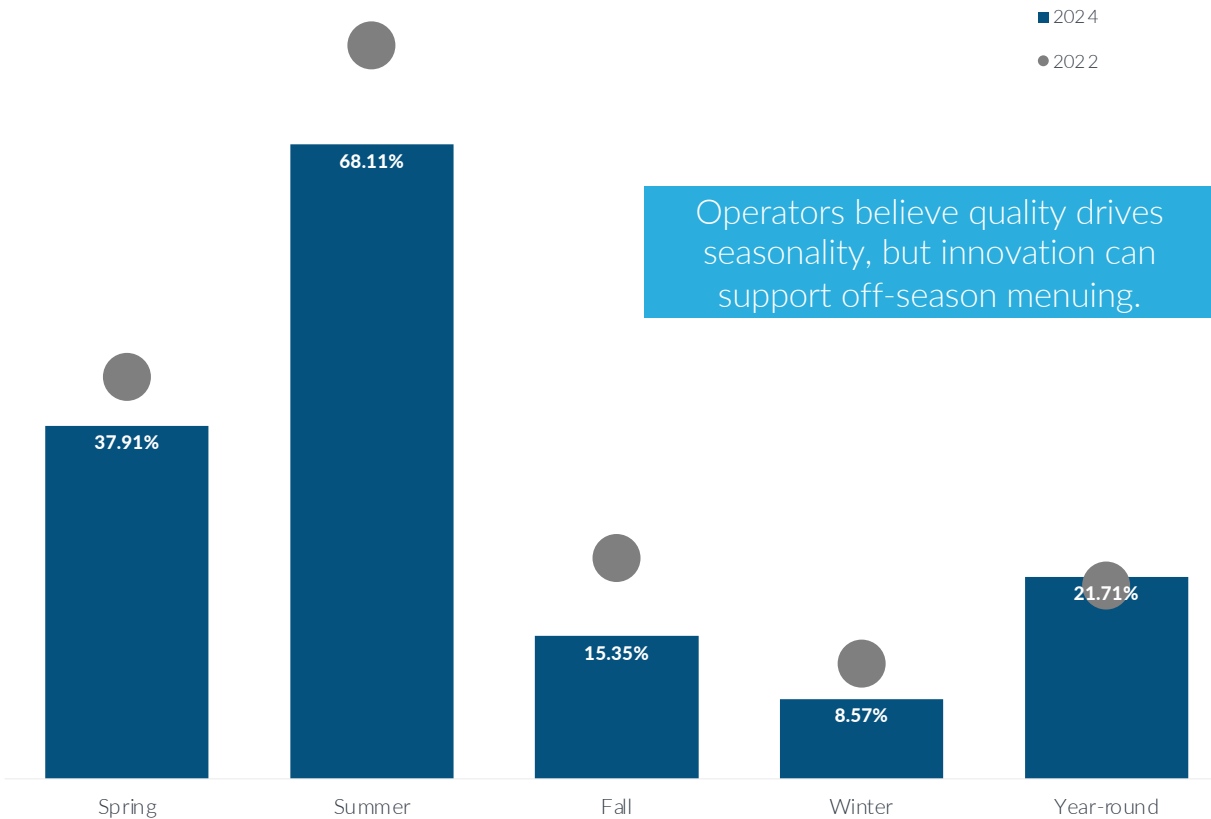
### Key Takeaway:

While there is softness in Gen Z's embrace of fresh watermelon, there is still a large share of that generation – and the vast majority of other generations – that believe restaurants continue to not do enough with menuing and innovating against fresh watermelon. Restaurants should not assume watermelon interest is slowing or consumers are fully satisfied with the current level of either menuing or innovation.



## Fresh Watermelon Preferences by Season

During which of the following seasons would you like to see fresh watermelon incorporated into menu items? Please select all that apply. (n=1179)



Q: Of the following seasons you'd like to see fresh watermelon incorporated into menu items, which ONE season would you most like to see fresh watermelon on the menu? (n=varies; resized to total sample)

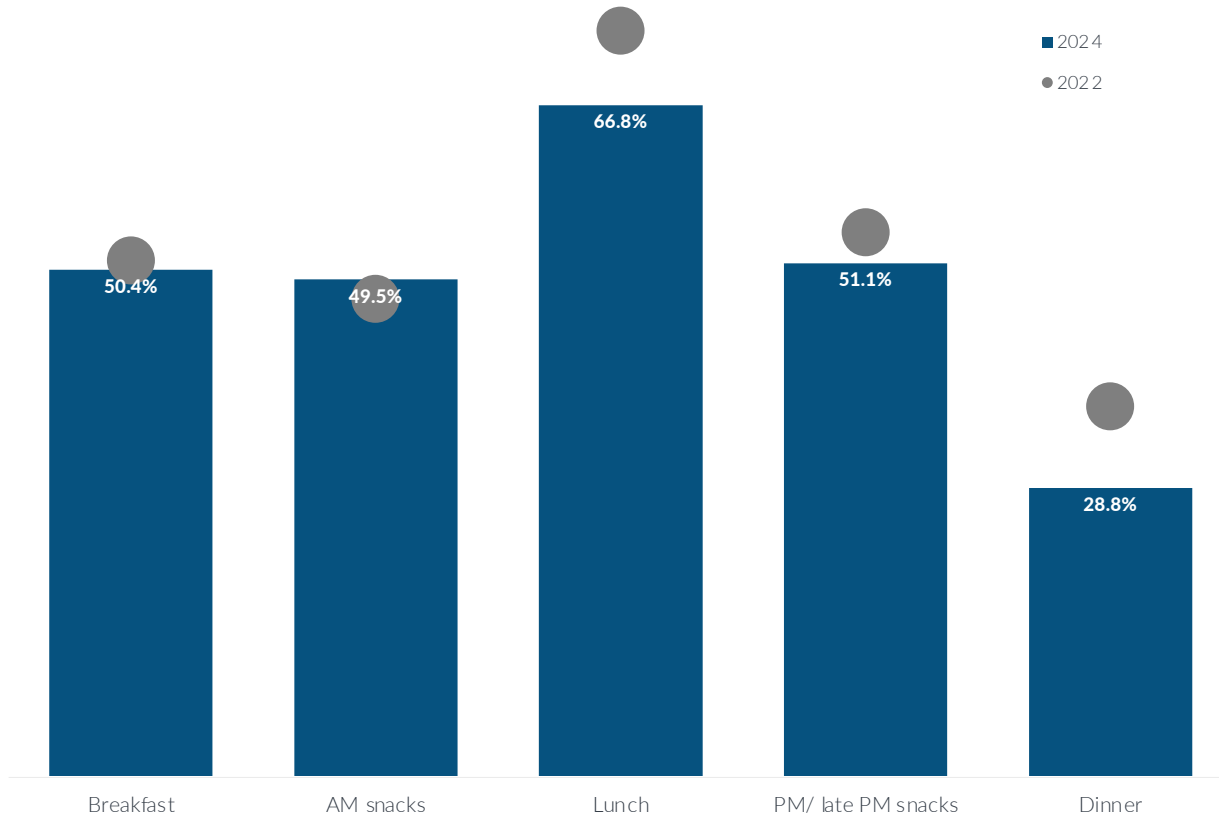
### Key Takeaway:

There may be opportunities to build fresh watermelon menuing beyond summer and, to a lesser extent, spring, but fall and winter remain more challenging.

But, there is something to be said about the limited availability and special place fresh watermelon holds as a treat during the spring and summer.

## Fresh Watermelon Preferences by Daypart

For which of the following meals would you like to enjoy fresh watermelon when dining away from home? Please select all that apply. (n=1179)



**AM snacks may be the gateway for Gen Z**

Q: Of the meals below that you'd like to enjoy fresh watermelon when dining away from home, which ONE meal would be the most important to have fresh watermelon available? (n=varies; resized to total sample)

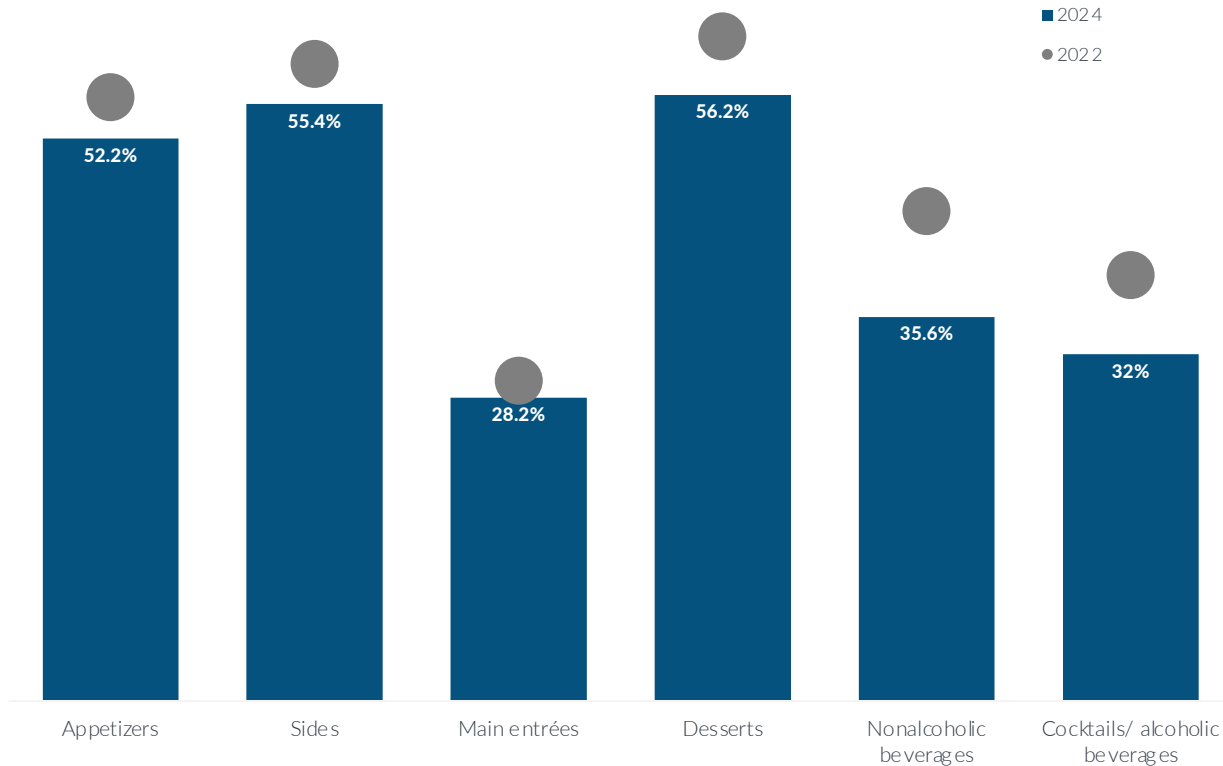
### Key Takeaway:

Lunch offers operators the greatest potential opportunity to leverage fresh watermelon but it's important to stress that this is not the only daypart in which fresh watermelon would engage and appeal to consumers.

For NWPB, dinner may be either de-prioritized or the key here is to make sure restaurants are featuring watermelon in a way that is relevant and appropriate for its price point and atmosphere. This seems intuitive but there are times restaurants feature seasonal fruit without ensuring the fruit fits the brand position. By showcasing how watermelon can "go upscale," it will enhance its perceived versatility.

## Fresh Watermelon Preferences by Menu Part

In which of the following types of dishes would you like to enjoy fresh watermelon when dining away from home? Please select all that apply.  
(n=1179)



**As expected, nonalcoholic beverages appeal most to Gen Z**

Q: Of the following types of dishes in which you would like to enjoy fresh watermelon when dining away from home, in which ONE type of dish would you most like to see fresh watermelon? (n=varies; resized to total sample)

### Key Takeaway:

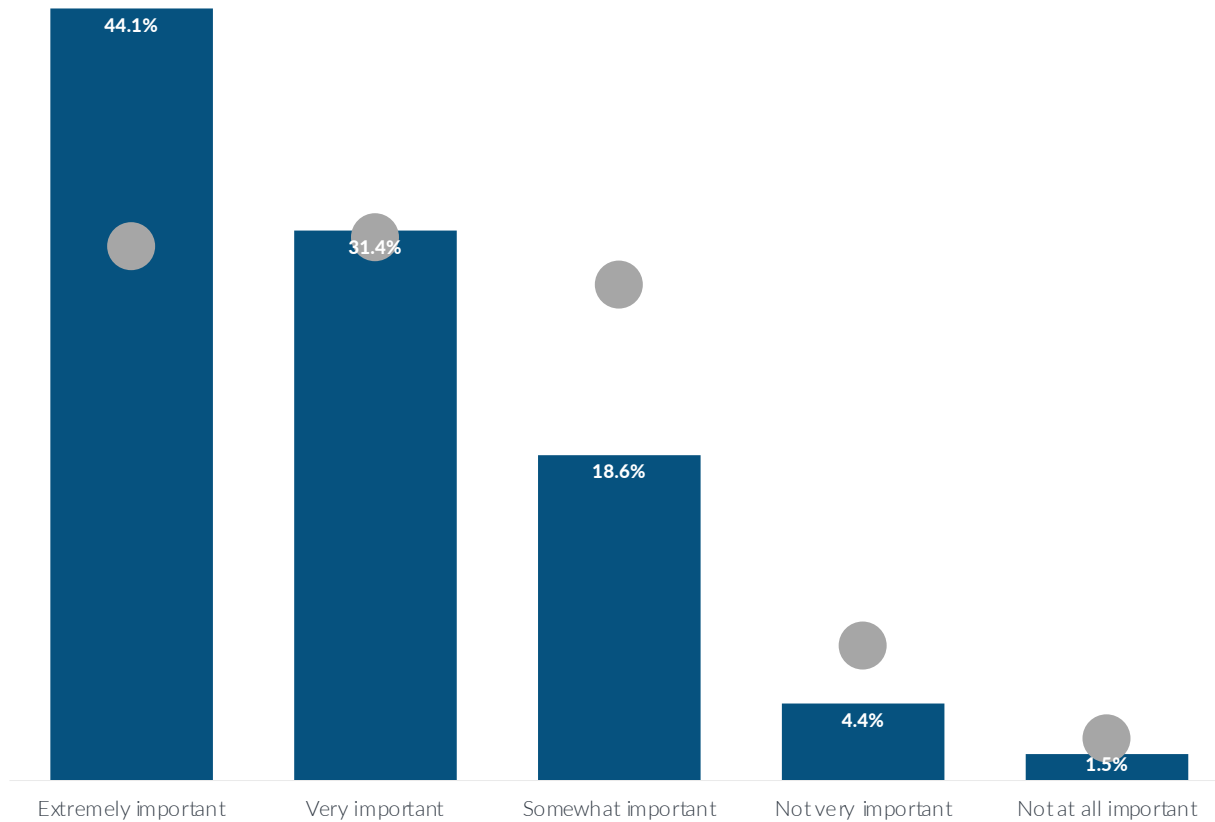
Clear opportunities exist in using fresh watermelon to design craveable appetizers, sides and desserts. Main entrées present the biggest challenge but could be engaging if paired with other findings from this report such as focusing more on unique innovation and trending flavors as well as focusing main entrées on the lunch daypart.

One key area that requires more focus is both alcoholic and nonalcoholic beverages, which have slipped considerably in interest overall.

## Importance of Watermelon on Kids Menus

How important is it to you that fresh watermelon is featured on kid's menus? (n=528 – respondents with children under 18)

2022 Data



### Key Takeaway:

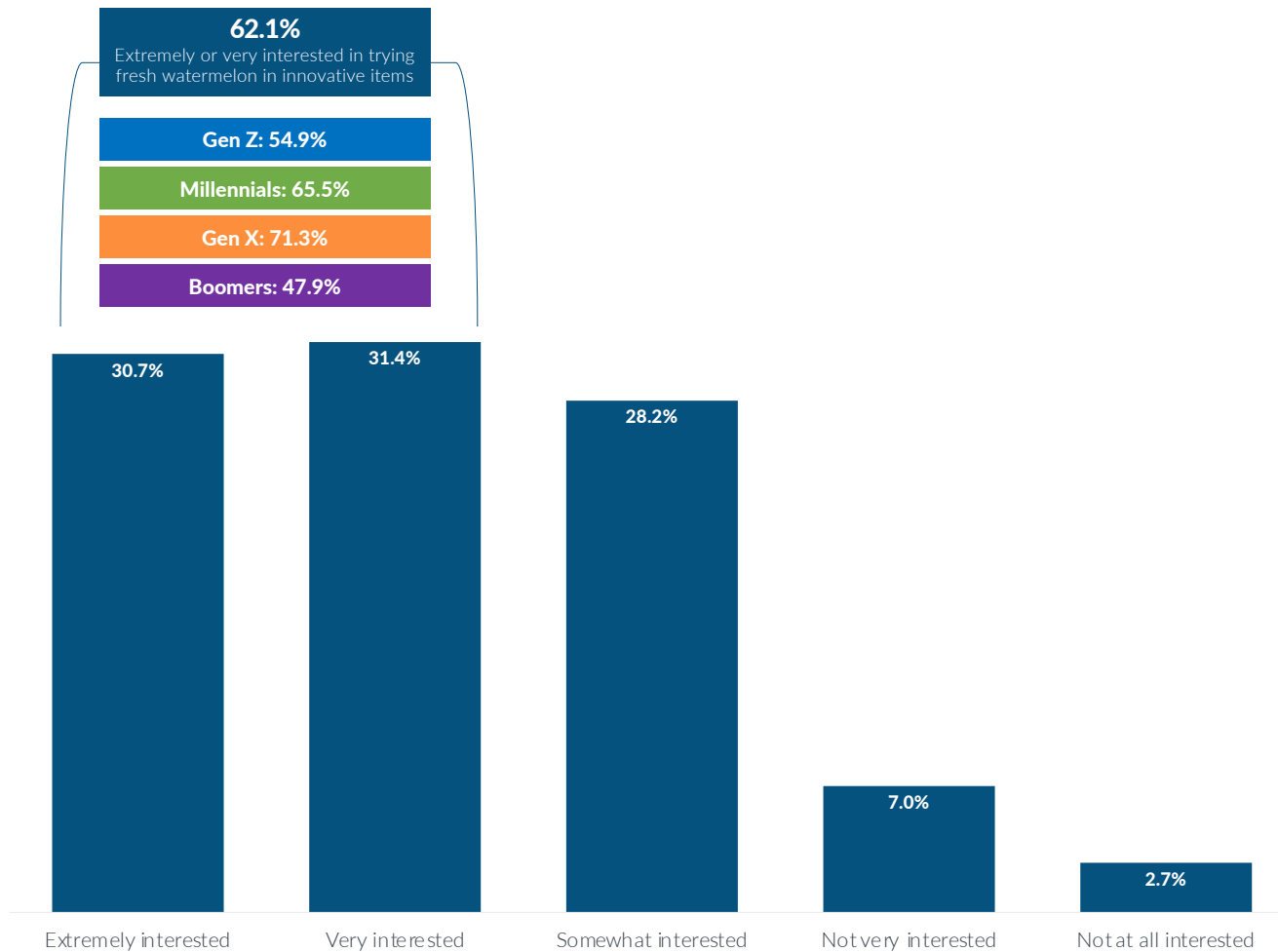
Increased menuing of fresh watermelon on kids menus should cement fresh watermelon as a key ingredient for future generations but only if the innovation matches shifting behaviors and uses fresh watermelon in a unique and craveable way.

# Watermelon Opportunities



## Interested in Trying Fresh Watermelon in Innovative Foods

Thinking about fresh watermelon at restaurants, how interested are you in trying fresh watermelon featured in an innovative food item that incorporates interesting, unexpected flavors, ingredients, or preparations? (n=1178)

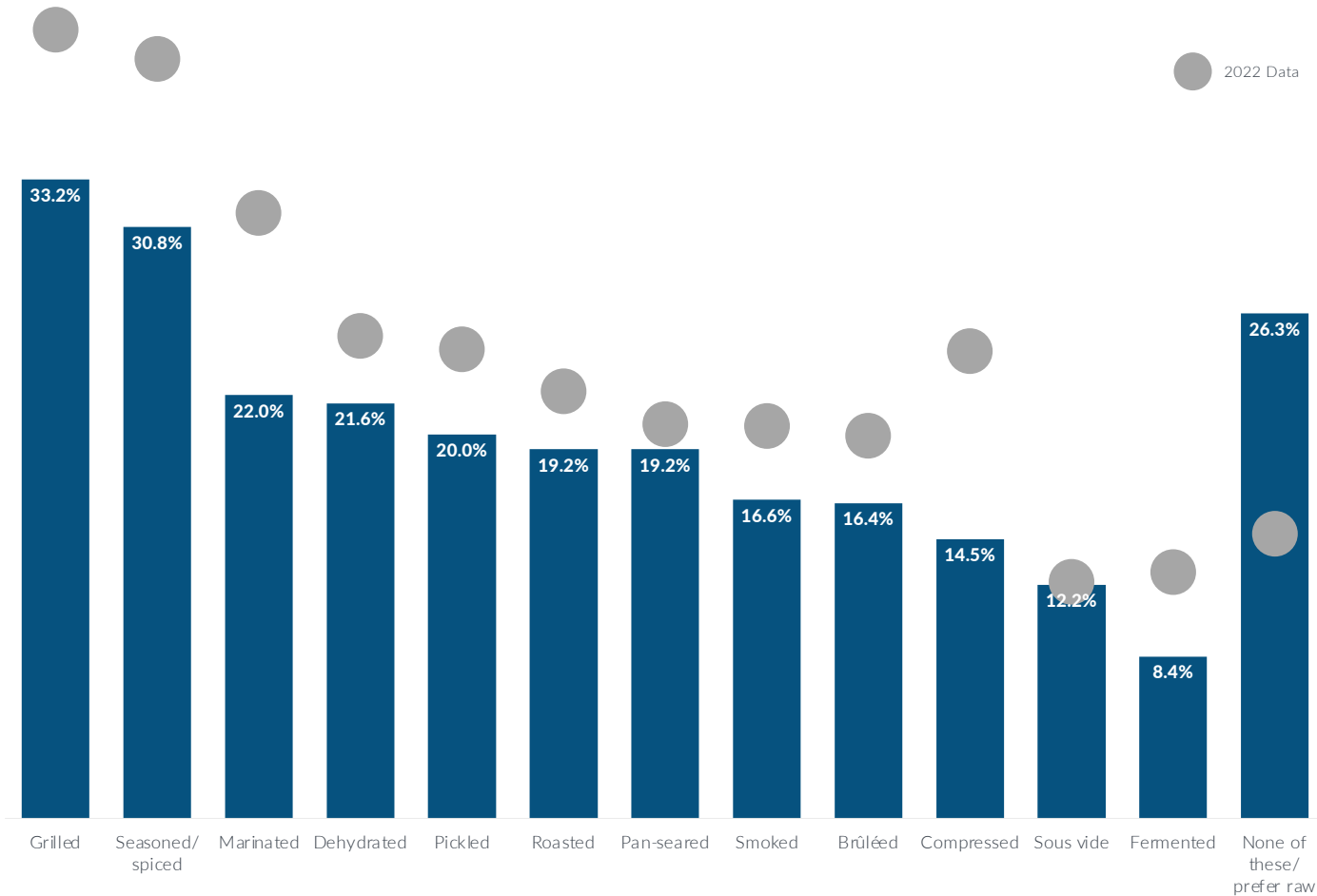


### Key Takeaway:

These findings follow the trends seen in other areas of this report, with Gen Z exhibiting far lower engagement in fresh watermelon than other generations, which should be a key area to focus on to ensure fresh watermelon does not begin to drop out of interest for this generation.

## Appeal of Fresh Watermelon Preparation

Which of the following types of preparations used with fresh watermelon would you be interested to try in foods menued at a restaurant? Please select all that apply. (n=1177)



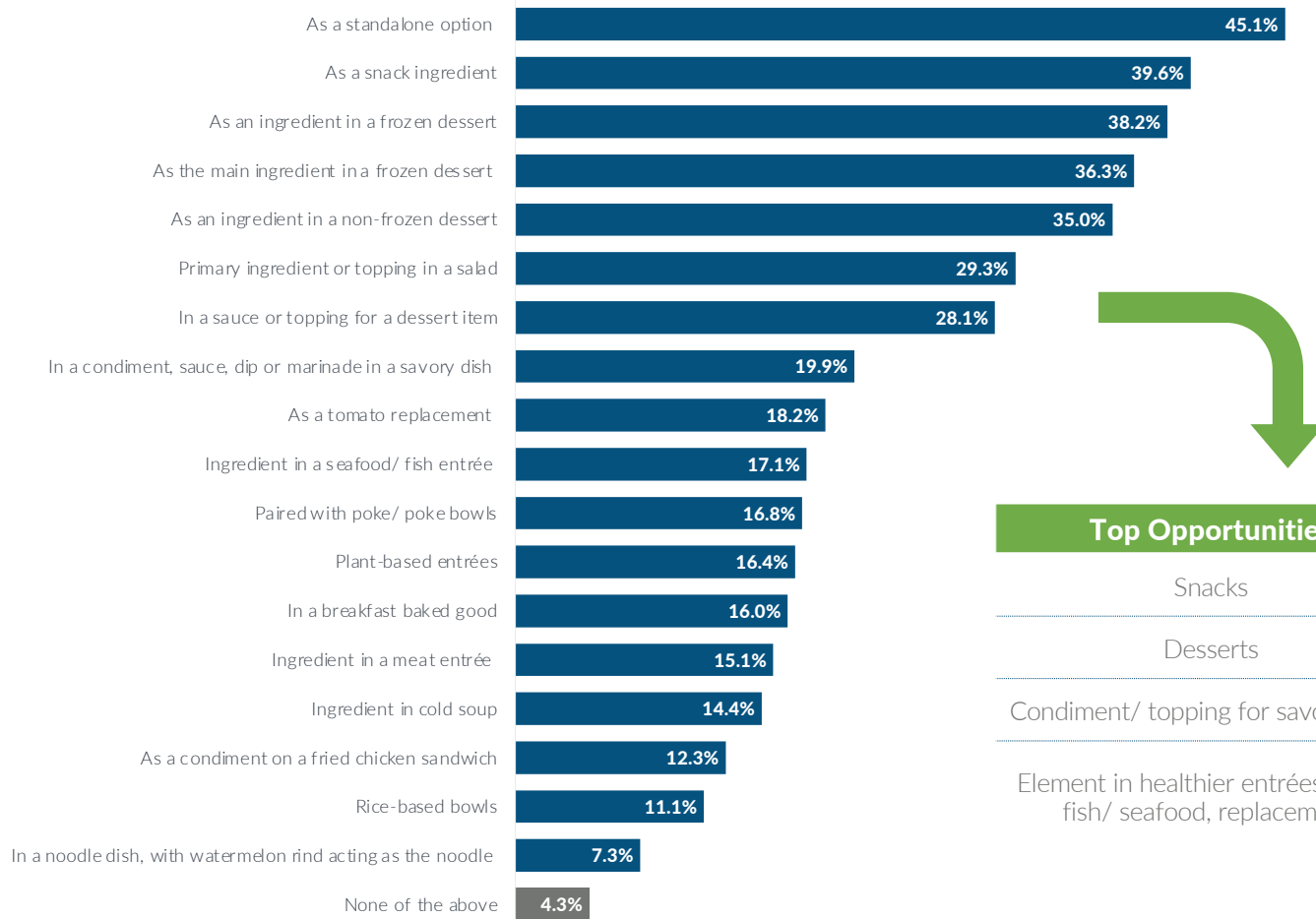
### Key Takeaway:

Part of this shift may be a result of inconsistent or poor applications of preparations with fresh watermelon, though there is not solid evidence here to confirm that suspicion.

Operators are specifically interested in compressed/pressed watermelon to support innovation and ease both labor and preparation challenges.

## Appeal of Fresh Watermelon in Food Applications

In which of the following types of dishes would you like to see fresh watermelon featured in at a restaurant? Please select all that apply. (n=1177)



### Top Opportunities

Snacks

Desserts

Condiment/ topping for savory items

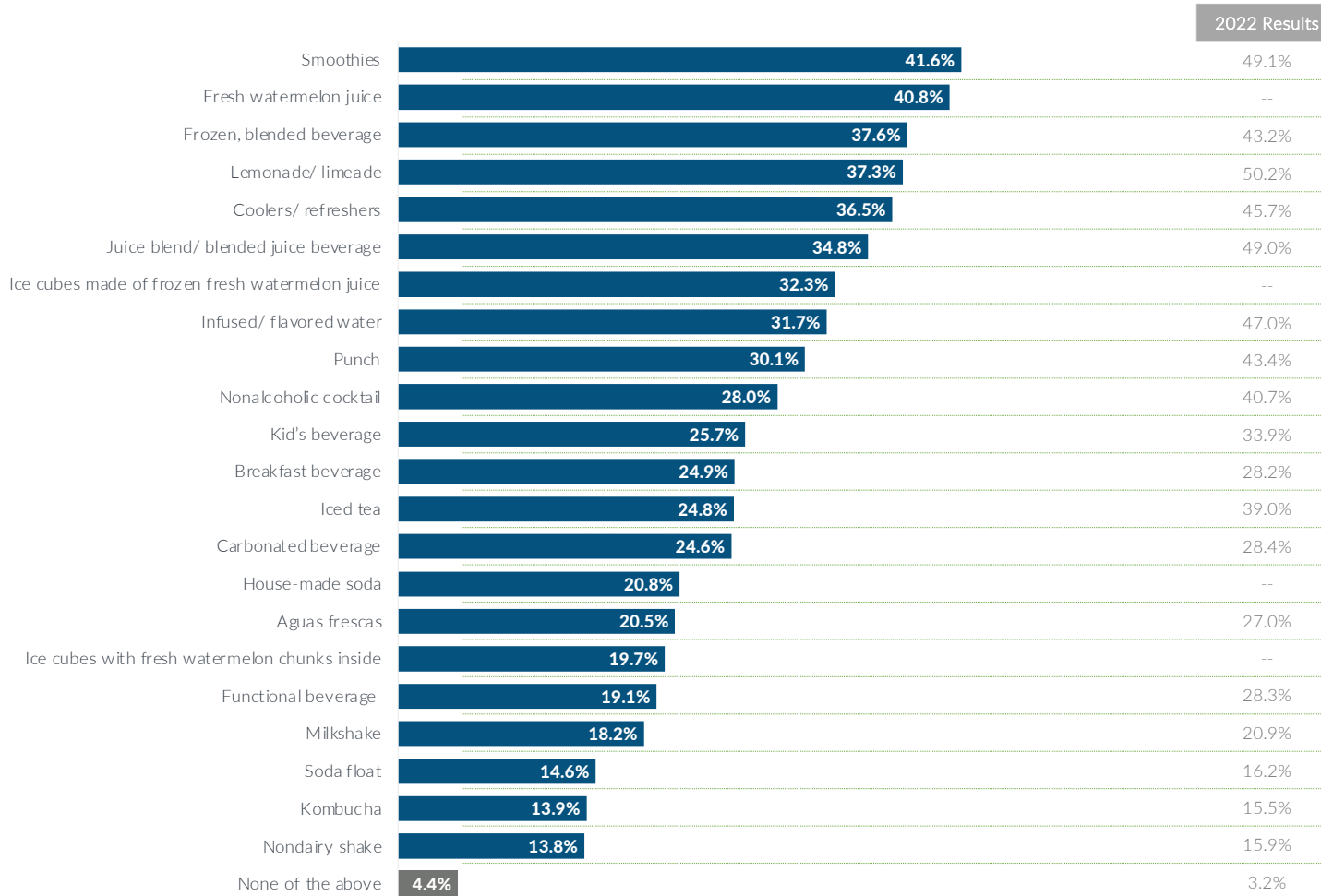
Element in healthier entrées (bowls, fish/ seafood, replacement)

### Key Takeaway:

Given the right venue, occasion and target customer, there are a wide variety of applications operators can consider to entice, engage and excite consumers.

## Appeal of Fresh Watermelon in Nonalcoholic Beverage Applications

In which of the following types of nonalcoholic beverages would you like to see fresh watermelon featured in at a restaurant? Please select all that apply.  
(n=1177)



**Gen Z exhibited the greatest engagement with potential watermelon innovation in nonalcoholic beverages.**

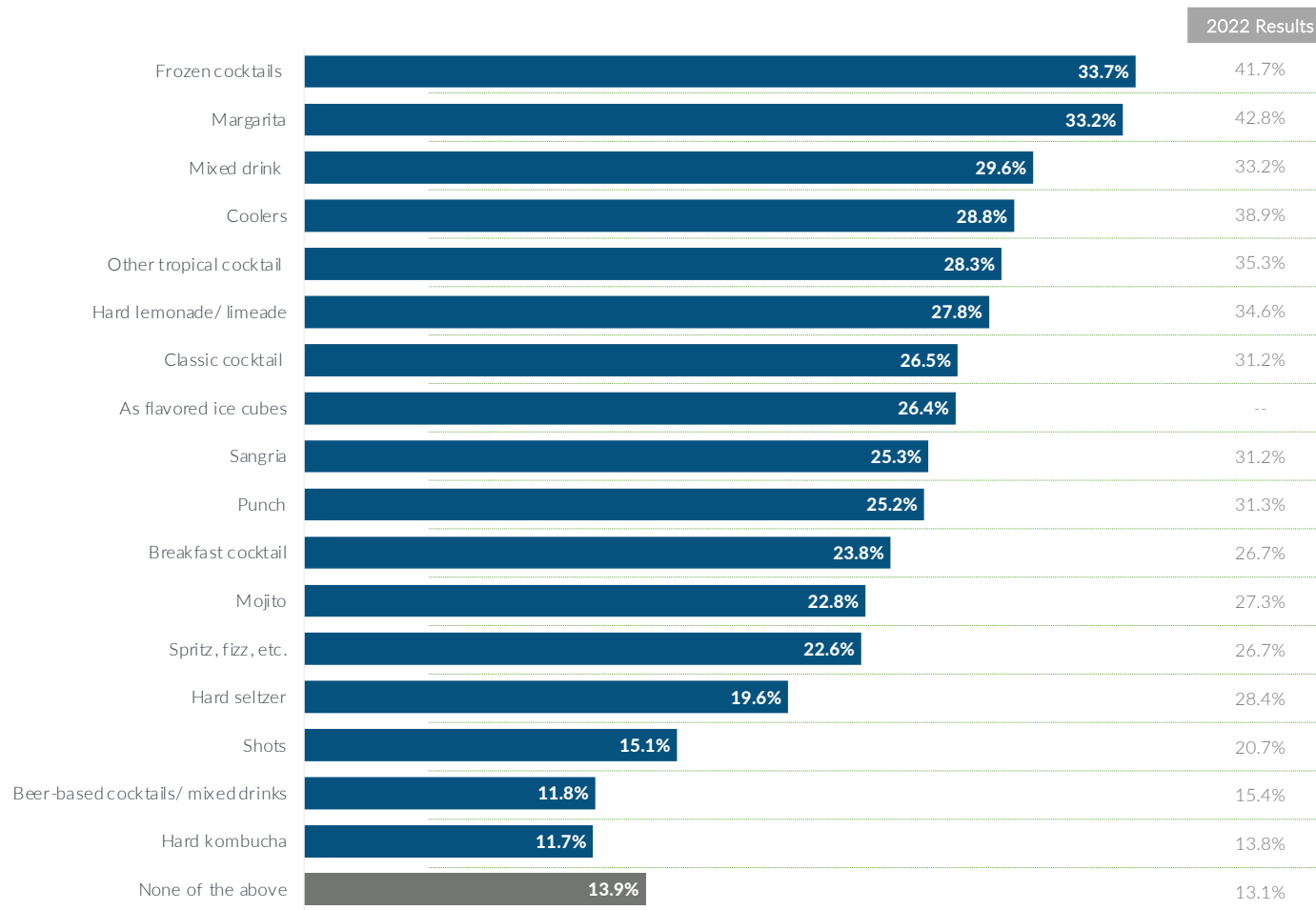
Operators called out beverages – alcoholic and nonalcoholic – as a key innovation area for fresh watermelon.

### Key Takeaway:

Despite the innovation occurring in the beverage category, consumer interest for fresh watermelon across these applications declined which may suggest either the innovation is not engaging consumers or it is not featuring enough uniqueness to encourage additional experimentation.

## Appeal of Fresh Watermelon in Alcoholic Beverage Applications

In which of the following types of alcoholic beverages would you like to see fresh watermelon featured in at a restaurant? Please select all that apply. (n=1177)



**Millennials were more interested than other generations in several alcoholic beverage innovations.**

**58.3%**

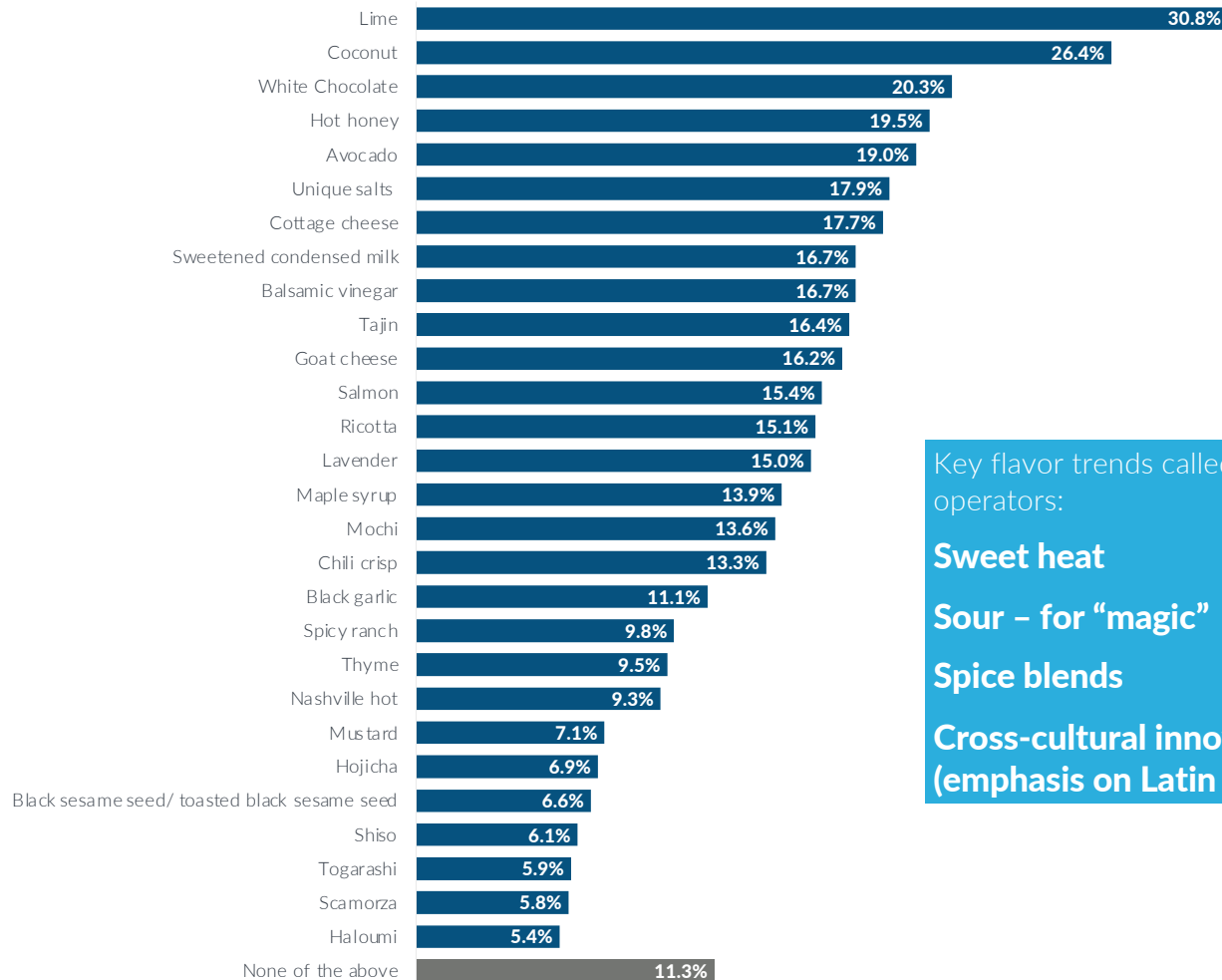
Are interested in fresh watermelon as a beverage garnish

### Key Takeaway:

Alcoholic beverages offer opportunities to operators offering these items, but the potential to reach the largest possible share of consumers likely lies more with nonalcoholic beverages and food applications.

## Appealing Flavor/ Ingredient Pairings with Fresh Watermelon

With which of the following flavors or ingredients would you like to see fresh watermelon paired at a restaurant? Please select all that apply. (n=1176)



Key flavor trends called out by operators:

**Sweet heat**

**Sour – for “magic”**

**Spice blends**

**Cross-cultural innovation  
(emphasis on Latin America)**

### Key Takeaway:

The ingredients with which fresh watermelon is paired will naturally impact the approachability or perceived uniqueness of any dish as well as the perceived versatility and uniqueness of fresh watermelon itself. Whether the best strategy for fresh watermelon menuing is leaning into familiar ingredients or those that are far more unique, or a combination of the two, will vary widely by operator based on their strategy, market position and target consumers.

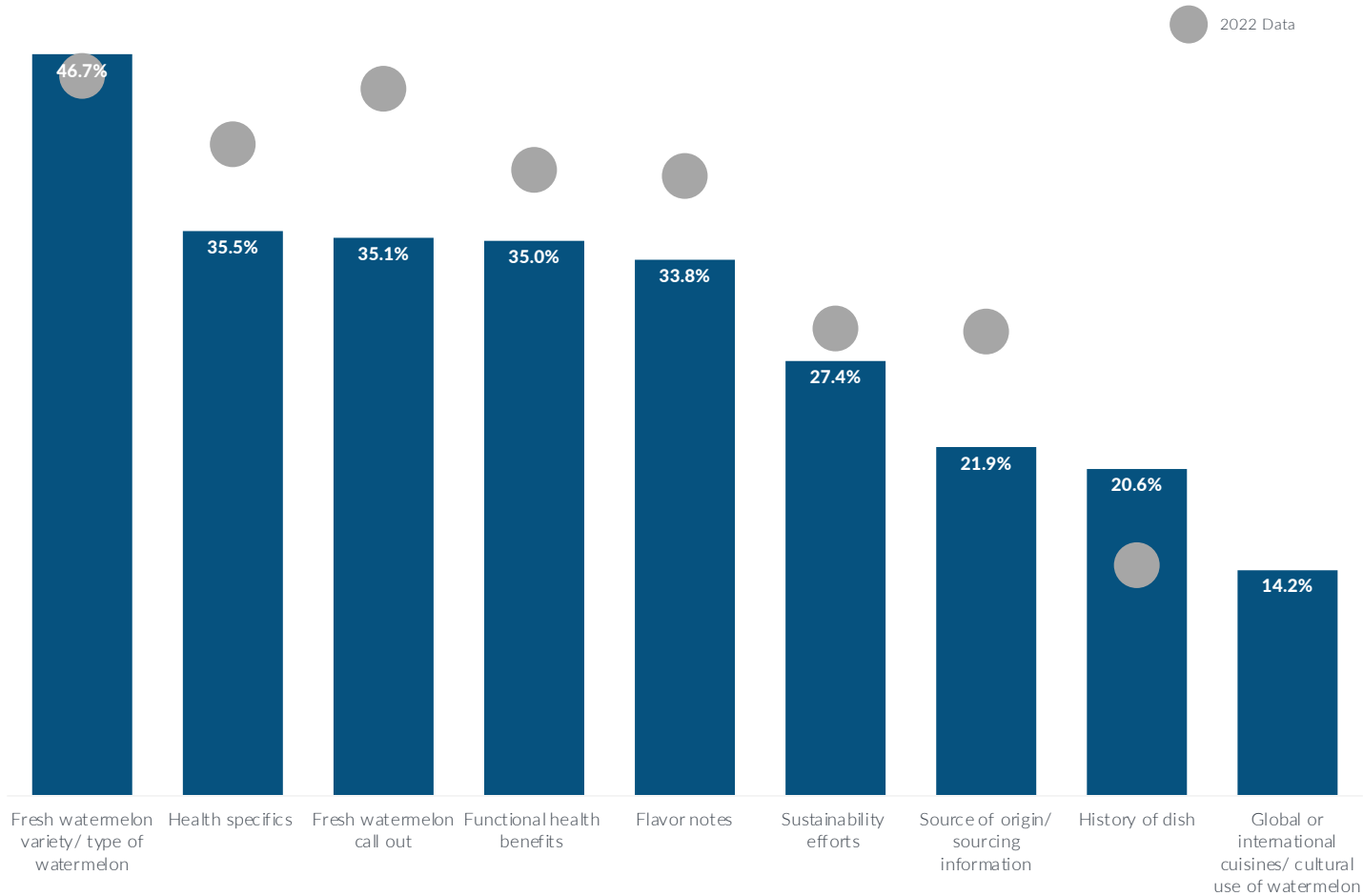


## Operator Identified Innovation Opportunities

- Summer cocktail with bourbon and watermelon garnish
- Spicy watermelon fresca
- Watermelon tacos
- Watermelon lemonade
- “Americanized” versions of traditional world cuisines from Eastern Med to Asian
- Salted fruit applications
- “Equator” cuisines that emphasize contrasting flavors and textures like sweet heat
- Winter pairings with BBQ sauces, stronger vinaigrettes, winter squashes and cranberries
- Ceviche
- Aqua chile
- Asian dishes as a melon replacement
- Riffs on Thai papaya salad
- Compressed watermelon plated as steak
- Gazpachos
- Sorbets, granitas
- Teriyakis
- Smoking whole, pressed watermelon to serve like ham
- Pairing with alternative textures for crunch
- Pickled watermelon rinds on pork sandwiches
- Grilled
- “Watermelon three ways” – pickled, pressed, fresh with pork
- Pair with Korean and Indian spices
- Watermelon poke

## Preferred Information/ Descriptors to Increase Fresh Watermelon Application Appeal

What types of information or descriptions for fresh watermelon would make you more likely to order a dish or beverage when dining out? Please select all that apply. (n=1176)



### Key Takeaway:

Whenever possible, NWPB and operators should romance fresh watermelon by providing more information on the product used, sourcing and other information as well as the history of the dishes in which fresh watermelon appears.



**57.4%**

Are aware rinds are edible  
up from 53.0% in 2022

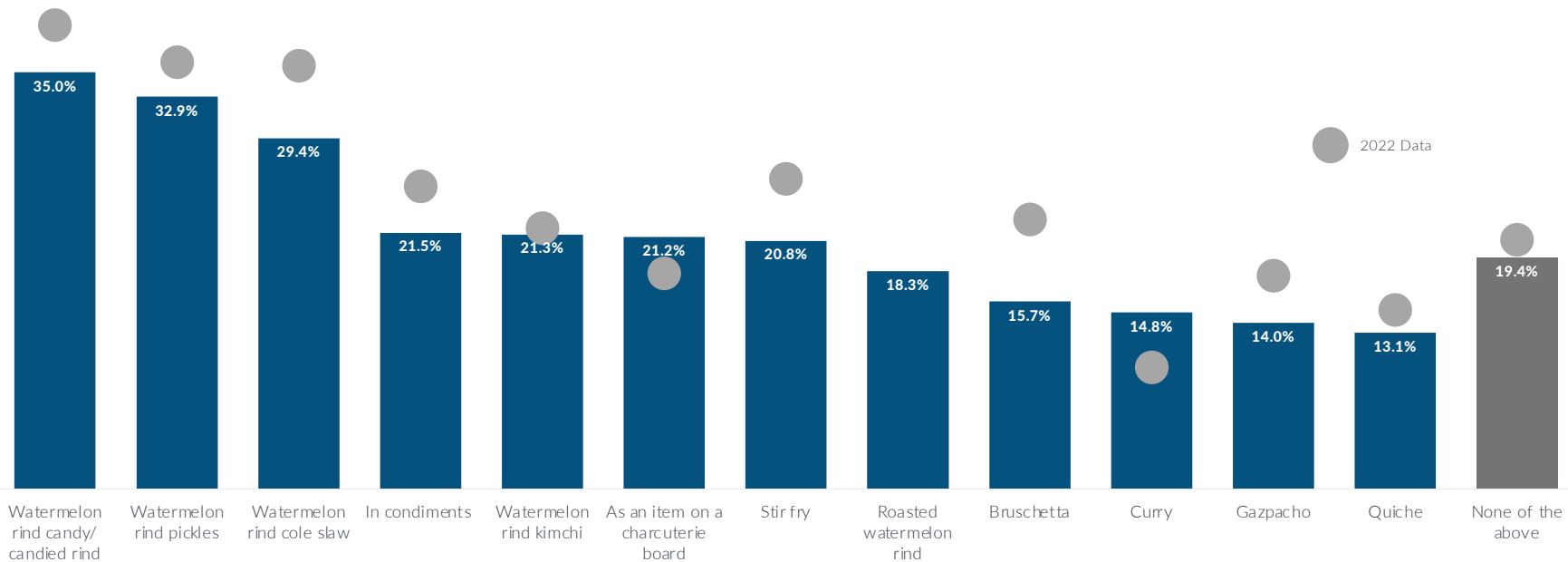
**38.8%**

Extremely/ very interested in trying  
rinds  
up from 34.9% in 2022

Most operators are interested in watermelon rind as an ingredient, but labor challenges and limited patron awareness curtail innovation.

### Appealing Watermelon Rind Applications

Assuming the dish was appealing to you, how interested would you be in trying the following types of dishes that incorporate fresh watermelon rind?  
Please select all that apply.. (n=1176)





Agreement Statements – Emotional Impact of Watermelon

With which of the following statements do you agree? Please select all that apply. (n=1176)

When fresh watermelon is on the menu, I know it's summer	38.3%
Fresh watermelon is an exciting, on-trend fruit now	27.4%
Seeing fresh watermelon on the menu gets me excited for my meal	22.2%

**Key Takeaway:**  
Though one of the goals is to drive increased menuing throughout the year, leveraging the excitement and emotional engagement consumers have with watermelon tied to summer may help to re-engage younger consumers. Furthermore, additional work needs to be done with operators to ensure marketing and innovation leverages that excitement.



Agreement Statements – Quality & Versatility Perceptions of Watermelon

With which of the following statements do you agree? Please select all that apply. (n=1176)

	Total	2022
Fresh watermelon has much better taste than items that are watermelon flavored	40.5%	44.9%
Fresh watermelon pairs well with lots of sweet flavors	31.6%	39.4%
Fresh watermelon pairs well with lots of savory flavors	24.4%	30.2%
Fresh watermelon is a regional American ingredient, and I love learning more about regional American dishes and cuisines	22.7%	27.6%
Fresh watermelon is used in international cuisines as much as it is used in American cuisine	9.4%	--

**Key Takeaway:**  
There remains significant room to improve consumer perceptions of fresh watermelon vs flavored products as well as savory innovation and international cuisine appropriateness.



### Agreement Statements – Restaurant Behavior and Watermelon

With which of the following statements do you agree? Please select all that apply. (n=1176)

	Total	2022
Seeing fresh watermelon on the menu lets me know the restaurant focuses on what's in season	32.5%	--
Restaurants that use fresh watermelon are probably using fresh ingredients in general	32.1%	--
Restaurants should use the entire fresh watermelon whenever possible to reduce kitchen waste	24.9%	18.4%
Seeing fresh watermelon featured in unique dishes at restaurants makes me more likely to buy it for home	22.4%	21.9%
Dishes/ beverages at restaurants that feature fresh watermelon are a great value	19.0%	29.7%
Dishes/ beverages at restaurant that feature fresh watermelon tend to cost less	14.7%	15.6%

**Key Takeaway:**

There is plenty of room for restaurants to better leverage fresh watermelon, from innovation to communication.





Agreement Statements – Restaurant Innovation and Watermelon

With which of the following statements do you agree? Please select all that apply. (n=1176)

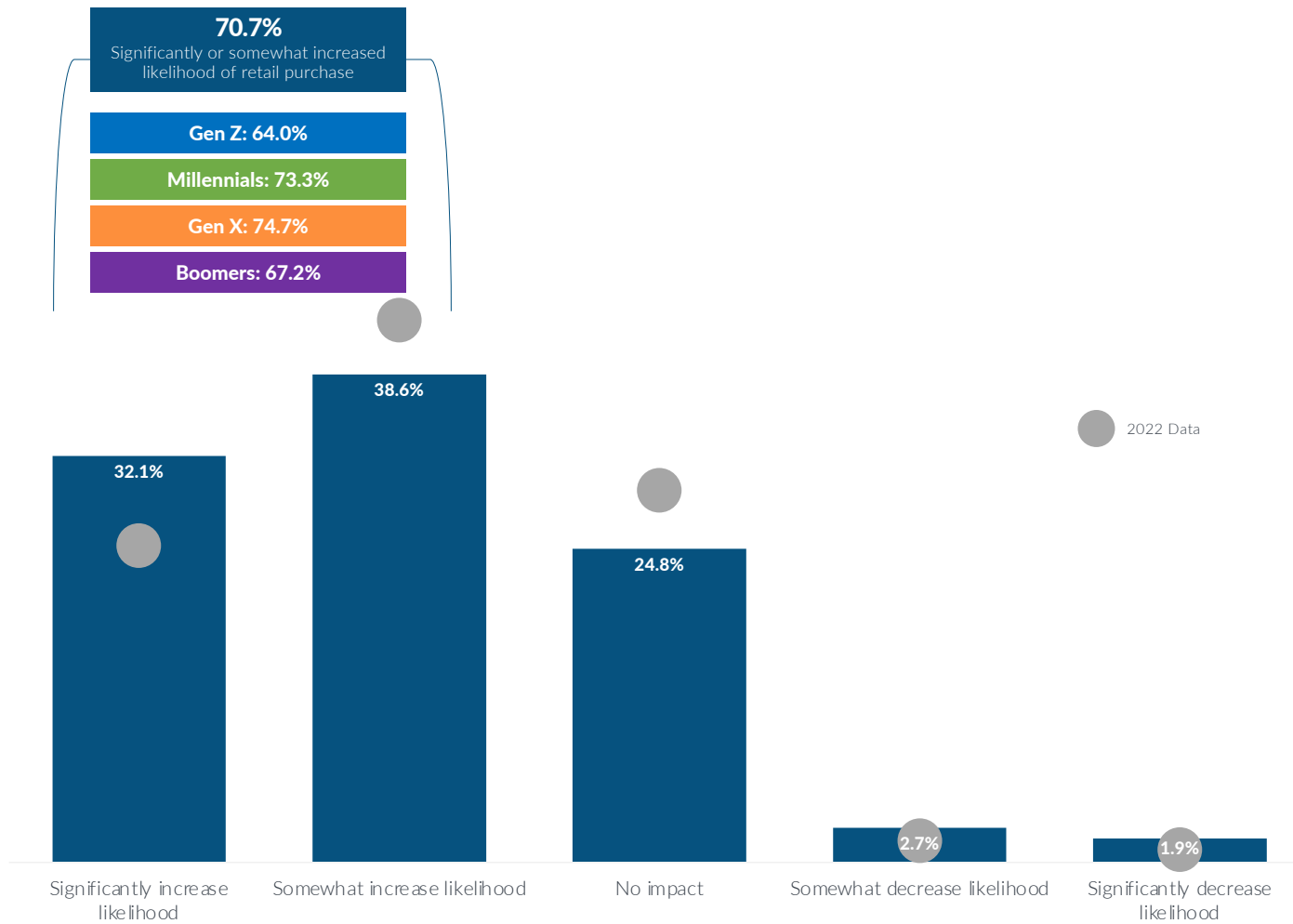
	Total	2022
I'm inspired seeing how fresh watermelon can be used at restaurants	28.5%	32.6%
Restaurants aren't featuring fresh watermelon in on-trend, innovative dishes as often as I'd like to see	23.0%	25.7%

**Key Takeaway:**  
Though consumers appear to say restaurants are innovating with fresh watermelon, few indicate that innovation is particularly inspiring suggesting there is significant room to improve the impact of the innovation around fresh watermelon.

# **Impact of AFH Innovation on AH Behavior**

## Impact of Foodservice Availability on Retail Purchase

If you tried a food and/or beverage item that featured fresh watermelon at your favorite restaurant that you loved, how would that impact your likelihood to purchase fresh watermelon for use at home? (n=1175)

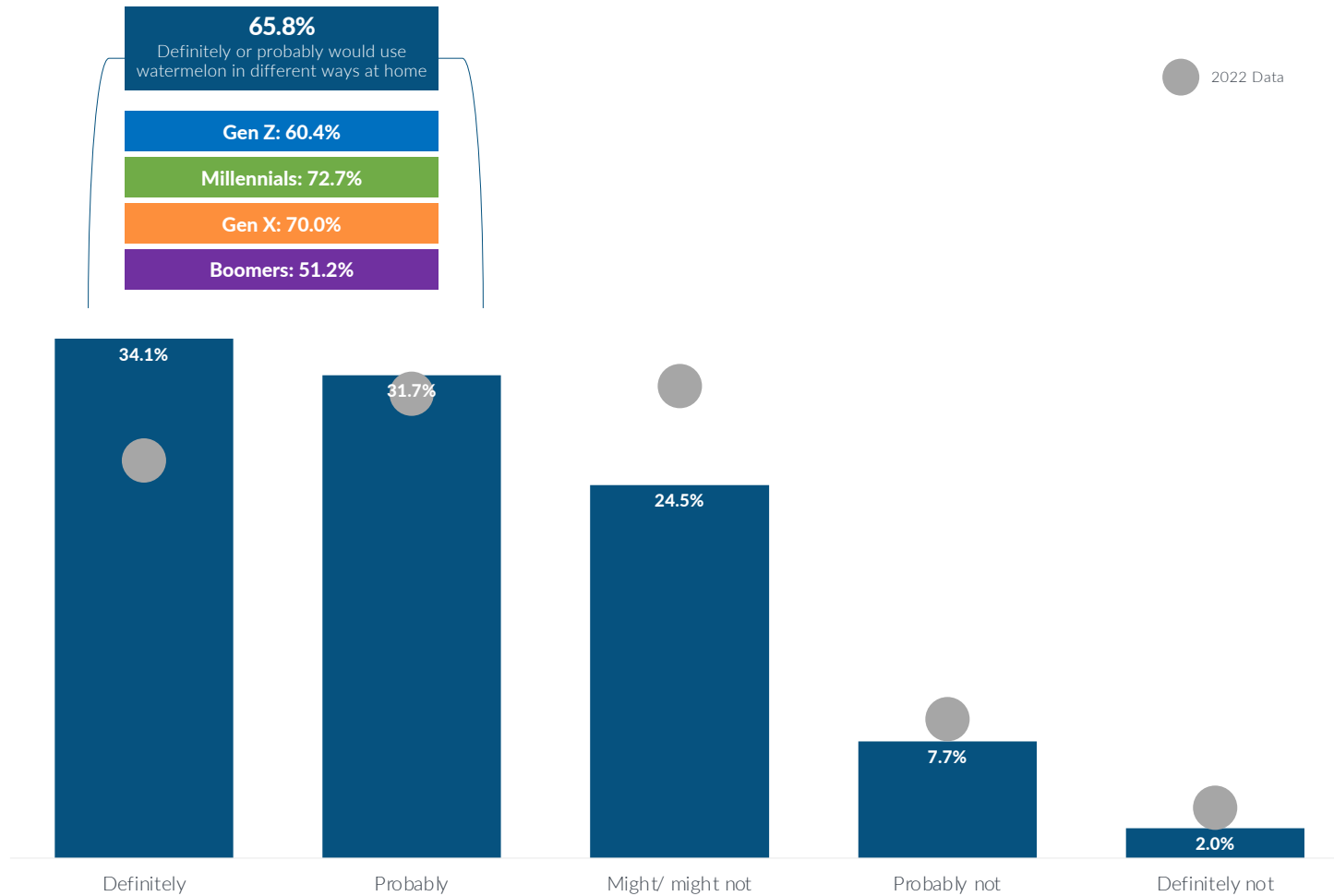


### Key Takeaway:

Continuing to focus on operators as a driver for retail behavior is a smart decision, despite some softness in that industry.

## Impact of Foodservice Innovation on At Home Experimentation

Does seeing fresh watermelon used in innovative, unique dishes at a restaurant inspire you to try fresh watermelon in different ways at home? (n=1175)



### Key Takeaway:

Restaurants are a key driver for consumer experimentation with fresh watermelon at home, so innovation in the foodservice channel is critical.



# Key Findings



## Key Findings Summary

1. **Dropped Engagement, Specifically Among Gen Z**
2. **Watermelon is Seen as On-trend, but Hurdles Remain with Perceptions of Versatility**
3. **Penetration and Frequency of Watermelon Ordering Away from Home Increased**
4. **Limited Innovation May have Increased “Plain” Preferences**
5. **Watermelon Rind Awareness and Interest Continues to Grow**





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