THE THREE DATA POINTS EVERY FOOD COMPANY SHOULD KNOW IN 2025

We closed down 2024 on this blog by spotlighting big-picture trends and how to separate the signal from the noise. To kick-off 2025, we're going to change gears and unpack three of the most compelling insights shaping the food and beverage industry in 2025. From what consumers value most in their eating experiences to how innovation is poised for a comeback, we'll explore how the food industry will intersect with broader economic, cultural and generational shifts. Let's dive into the data and the insights that will help food brands stay at the forefront of innovation.

56% of Consumers Define the "Quality of a Product" as its Main Value

Source: Datassential's 2025 Trend Report



INSIGHT:

This data point is great news for everyone in the food industry, especially on the heels of some of the worst inflation the food sector has ever seen. "Price" didn't come second in the value equation either. That was reserved for "Great Taste." Price ranked third, which seems fitting for today's overly engaged consumers who crave experiential eating experiences.



THE BLUEGRASS TAKE:

More so than any trend, this data point should dictate product development in 2025 and beyond. Consumers are used to higher prices and feel that if they are going to pay more, they want something that is high quality and tastes great.

On average, GLP-1 users spent about 11% less on most categories of food.

Source: PwC GLP-1 Trends & Impact Survey



INSIGHT:

Wow! We've seen a lot of statistics about GLP-1 users, but this one from PwC is most illustrative of the potential impact these drugs may have on our food system. That being said, most food industry experts aren't ringing the alarm bells yet as other data is coming out that says most consumers cycle off these drugs after a year or less.





THE BLUEGRASS TAKE:

We think the most interesting insight to be gleaned from all the GLP-1 stories written this year comes from The Hershey Co.'s fiscal 2024 third-quarter analyst call. During the call, Michele Buck, the company's CEO, said the company was seeing a "mild year-on-year impact" on its business due to the weight loss drugs. Mild is a pretty ambiguous term, but that's the point. No one knows. Our suggestion for every food brand: review your formulas and try to clean up labels as much as you can.

22,952 New Food and Beverage Products Were Launched in 2025

Source: Innova Market Insights New Products database (through December 17, 2024)



INSIGHT:

Seems like a lot, right? It's actually a -11.6% decline from 2023 and a far cry from the pre-COVID number of 33,853 new launches in 2019. True innovation has waned as the industry has spent the last four years dealing with a global pandemic, supply chain disruptions and unprecedented inflation. There are some glimmers of hope though. According to Circana, CPG unit sales will track slightly positive in 2024 and are expected to be positive again in 2025. Keeping unit sales out of the red should create confidence and momentum for innovation.



THE BLUEGRASS TAKE:

As unit sales inch up, the entire food industry, including retailers, should feel more confident in launching truly innovative products. The Gen-Z demographic is wielding significant influence and buying power, and they've indicated they're all-in on exploring new cuisines, flavors and ideas.

From prioritizing quality and taste to navigating new eating patterns to embracing a renewed focus on innovation, the insights shaping 2025 are clear. Consumers are looking for products that deliver value, experiences and something genuinely new—this is where opportunity meets our Agile Ingredient Innovation™ model.

Contact Bluegrass Ingredients today to visit our <u>Agile Ingredient</u> <u>Kitchen™</u> or schedule a <u>virtual consultation</u>.



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