

IS THIS THE YEAR OF EMERGING BRANDS IN THE FOOD INDUSTRY?

This year's Winter Fancy Food Show's keynote address covered a mountain of valuable data about the state of the food industry. Amidst this data, one thing stood out. The presenter, Brian Choi, CEO of the Food Institute, commented that 2025 was going to be the "year of the emerging brand."

The reasoning? In today's hyper-polarized environment, there is a distrust of "big food" from both sides of the political spectrum. Although that may be true, we think there are other factors in play that position emerging brands in a favorable position for 2025.

FLOWERS FOODS ACQUIRED SIMPLE MILLS FOR \$795 MILLION

In January, the company behind mega brands Nature's Own, Dave's Killer Bread and Hostess diversified its portfolio by acquiring Simple Mills, a premium maker of crackers, cookies, snack bars and baking mixes. Flowers Foods is banking on history repeating itself by transforming Simple Mills into a mega brand as it has with Dave's Killer Bread, which Flowers Foods acquired in 2015.

Just as important as the growth potential for Flowers Foods, in our opinion, is the innovation disruption potential. Simple Mills is widely viewed as one of the most innovative companies in the food industry, pioneering the use of innovative ingredients such as watermelon seed flour and launching a delicious cheddar cheese cracker with a one-third of a cup of veggies in it.

Analysts have predicted an uptick in food M&A, and we think emerging brands focused on innovation are positioned to benefit the most. At Bluegrass Ingredients, we collaborate with emerging brands that want to take big swings in the marketplace. Our Agile Kitchen™ is the town square of food innovation, a gathering place in Bowling Green, Kentucky, where trends are always on topic and bench testing is the preferred activity.



THERE ARE THREE MAIN WAYS WE WORK WITH EMERGING BRANDS WHO VISIT OUR AGILE KITCHEN™.

- 1 Collaborate** on disruptive innovation based on where the food industry will be in the next two to five years.
- 2 Create** black box flavors through advanced technologies, giving emerging brands truly unique products.
- 3 Remove costs** from existing systems through improved formulations that cut costs and increase efficiencies.



PRIVATE LABEL CONTINUES ITS WINNING STREAK

According to the [Private Label Manufacturers Association](#), private label sales hit \$271 billion, a 3.9% increase compared to 2023, and significantly eclipsing national brand sales growth of 1%. Amid inflationary times, it's not surprising consumers are turning to store brands. What has been surprising though is how store brands have approached innovation.

They're all in, not only developing new products but also launching innovative new platforms and formats. It's a smart play, because every ounce of consumer data we've seen has pointed toward consumers wanting new and more experiential eating experiences. Store brands have provided that, and it's also benefited emerging brands by pushing consumers to center-of-store aisles.

There has been a lot of chatter about the innovation gap in the food industry, but we're starting to see signs of it narrowing thanks to the efforts of private label store brands and emerging brands. We're thrilled we get to play a role in bringing innovative new products to store shelves.

If you have an idea or just want to chat trends and opportunities, contact one of our [Agile Kitchen™ experts](#).



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