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Strategic Intelligence Report:

The Future of the Global Food & Beverage Manufacturing Industry

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About Us

Search but not as you know it...

We specialise in supporting businesses through their transformation journey, partnering with forward-thinking companies in rapidly evolving industries to drive meaningful change.

We were founded with the vision to bridge the gap for a purpose-driven, forward-thinking search firm. **Our approach is distinctive and results-oriented:**

1. Defining Success – We start by **understanding the outcomes your business aims to achieve**, establishing the right KPIs to ensure success.

2. Connecting with Leaders – We then focus on **identifying leaders who have a proven track record of meeting those KPIs,** maximising your chances of success.

Executive Summary

The global food and beverage manufacturing industry stands at a critical inflection point. After navigating the seismic supply chain shocks of recent years, the landscape is now being reshaped by a potent combination of relentless technological advancement, radical shifts in consumer values, and persistent macroeconomic pressures.

This report details four key strategic imperatives that will define market leadership. First, the industry is in the midst of a slow but critical **Digital Transformation**. While adoption of AI and automation is accelerating, many firms are hampered by budget constraints and complexity, creating a performance gap between digital leaders and laggards. [1] Second, building **Supply Chain Resilience** is no longer a strategic choice but a survival mandate. [2][3] Geopolitical tensions and climate-related disruptions demand a shift from linear supply chains to dynamic, visible, and sustainable networks. [2][3][4]

Third, the **War for Talent** has intensified, marked by a persistent shortage of skilled labour and the need for new competencies in data analytics and automation.[5] Finally, **M&A activity** is rebounding with a clear focus on acquiring technological capabilities and high-growth brands in the health, wellness, and sustainability segments.[6][7][8]

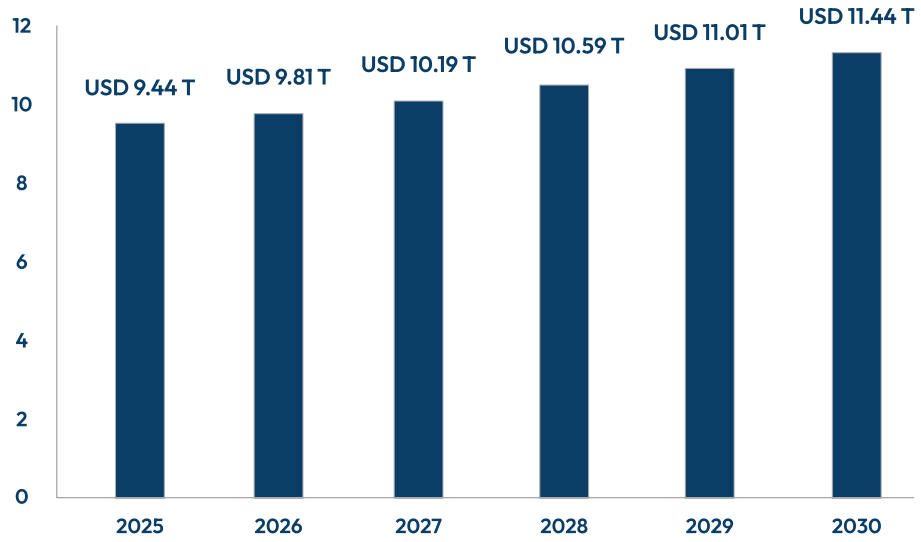
The primary risk is operational inertia - failing to invest in the technologies and talent required to meet new market realities. The primary opportunity lies in leveraging data and automation to create a more agile, consumer-centric, and sustainable organisation that can capture share in a rapidly consolidating market.

The State of the Industry :

A 2025 Snapshot

The global food and beverage market is demonstrating resilient growth despite significant economic headwinds. **The market size is projected to grow from $9.44 trillion in 2025 to $11.43 trillion in 2030**, marking a compound annual growth rate (CAGR) of 3.9%. [9]

Food & Beverage Market Size



Data source: [9]

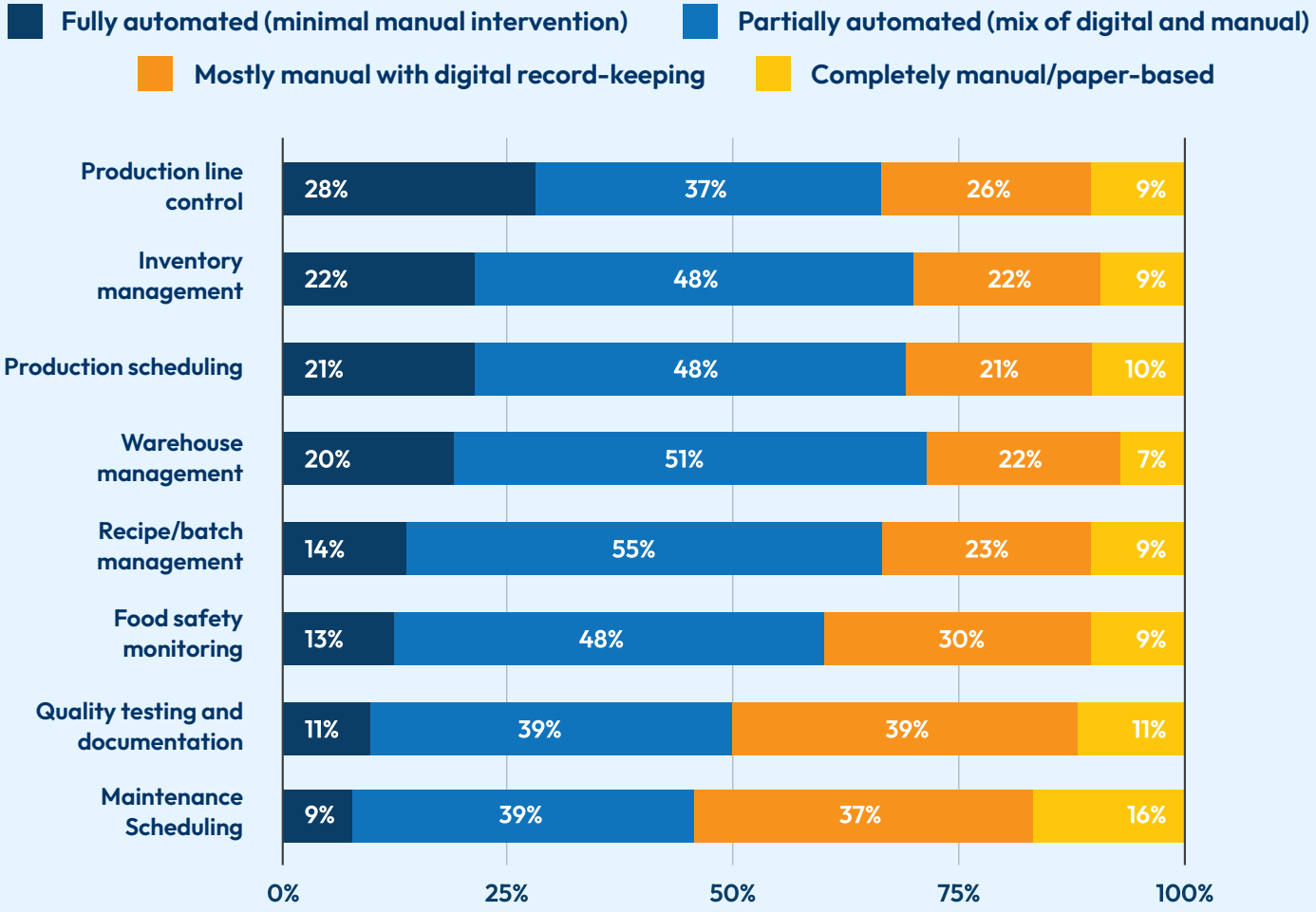
However, the industry faces significant challenges. All 14 of the world's largest food and beverage companies cite rising input costs and supply chain disruptions as primary risks to profitability in 2025. [10] Furthermore, per capita expenditure on food and beverages has declined for four consecutive years due to household budget pressures, forcing consumers to seek greater value.[11] This environment is intensifying competition and putting a premium on operational efficiency and brand loyalty.

Imperative A: Digital Transformation - From Laggard to Leader

Current State:

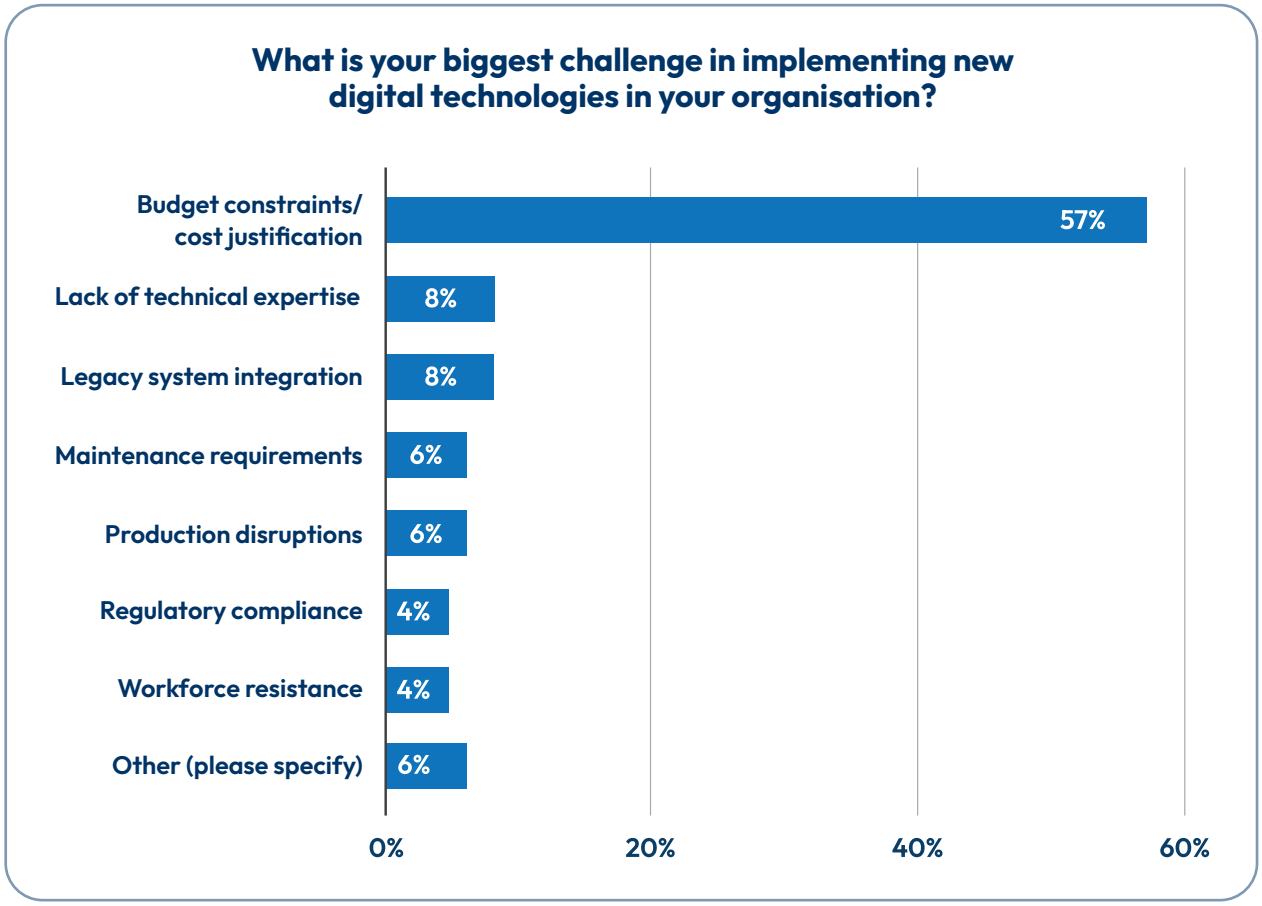
The food and beverage industry is on the verge of a digital revolution, yet adoption remains uneven. While leaders are leveraging technology to drive efficiency and innovation, a significant portion of the industry lags.

As illustrated by FDI in their 2025 report, food and beverage companies were most likely to have fully automated production line control at their facility – 28% said they had completely automated their production line control, and 37% were using a mix of digital and manual processes. Meanwhile, only 9% of respondents said they had fully automated maintenance scheduling, with 16% still using entirely manual processes. This "digital drag" in key areas poses a significant risk to efficiency and competitiveness. [1]



Data source: [1]

Surprisingly, the primary reason for this uneven adoption is not technical complexity, but a more fundamental business challenge: cost justification. An overwhelming 57% of companies cite budget constraints as their biggest implementation challenge, a figure that dwarfs concerns over technical expertise or legacy systems (8% each). This proves that securing investment is the most critical step.



Future Trends:

Investment in Artificial Intelligence (AI) and automation is set to surge, recognised as the technology with the greatest potential impact over the next three years. [1] The global AI in food and beverages market is projected to exceed $9.68 billion in 2025, growing at a remarkable CAGR of 38.30%. [13]

A recent Aptean survey confirms this trend, with 77% of food and beverage companies now implementing or exploring AI solutions. [14] The primary drivers for this investment are the need to improve production efficiencies (cited by 51% of companies) and enhance data-driven decision-making (47%). [15]

Solutions in Practice:

Leading companies are deploying AI for tangible returns across the value chain.

- **Coca-Cola Bottlers Japan** implemented an AI-powered platform to analyse point-of-sale data, weather forecasts, and historical trends. This initiative boosted its demand forecast accuracy from 70% to nearly 90%, significantly improving inventory management and logistics efficiency.[16]

- **Nestlé** is using AI and data science to future-proof its coffee supply. By creating a detailed digital genome of Arabica coffee beans, the company can identify genetic traits for drought and disease resistance, ensuring long-term supply stability.[16]

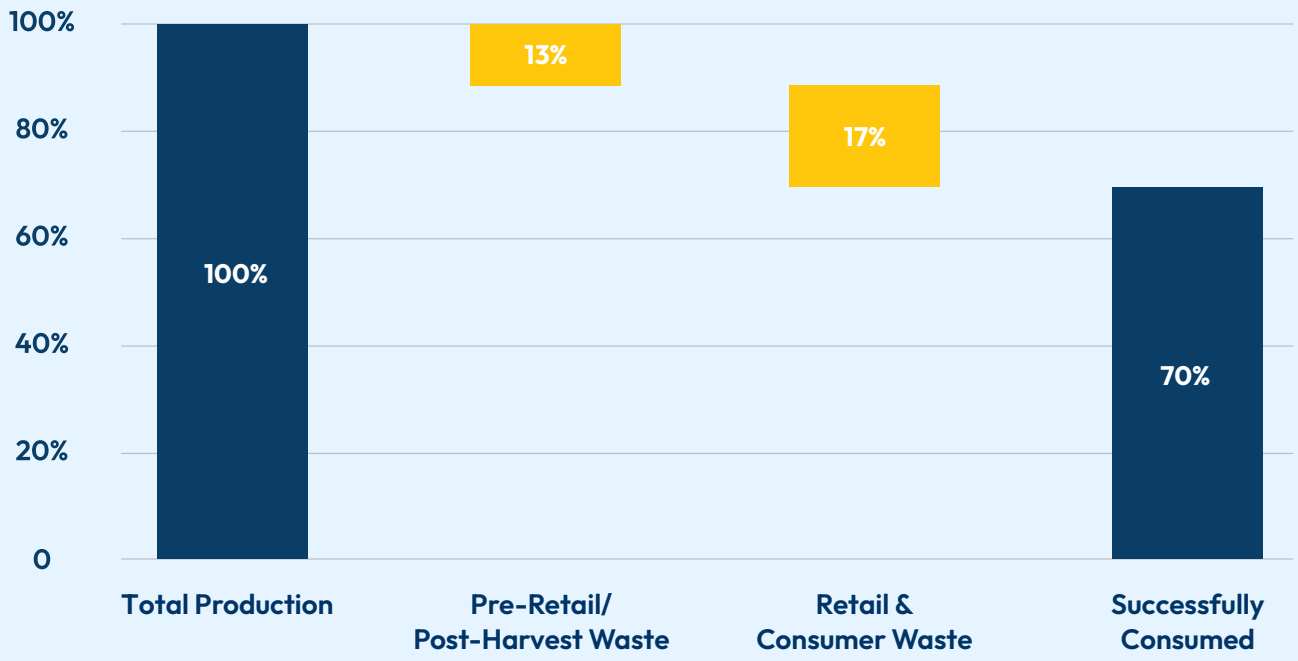
- Food processing equipment vendors like **Tomra Systems** are integrating machine vision, a subset of AI, into their sorting machinery.[17] This technology automates quality control by analysing produce for size, shape, and defects at high speed, helping processors like Agristo sustain a production of over 140,000 tons of potato products with enhanced quality. [17]

Imperative B: Supply Chain - Building Resilience in an Era of Disruption

Current State:

Supply chain volatility has transitioned from a cyclical challenge to a constant state of disruption. An analysis of the 14 largest food and beverage manufacturers found that every single one identified supply chain disruption as a primary business risk for 2025. [10] These disruptions stem from a confluence of geopolitical tensions, climate-related events, and trade restrictions that strain international trade and material sourcing. [3][18]

In addition, a staggering c.30% of food produced for human consumption is lost or wasted annually along the supply chain, highlighting deep-seated inefficiencies that amplify costs and risk. [19] [20]



Data source: [20]

According to the UN, approximately 13% of this is lost in the early stages of the supply chain before it even reaches stores, highlighting critical inefficiencies in processing, storage, and transportation that directly impact manufacturers and amplify costs and risk [20].

Future Trends:

The strategic focus is shifting from cost optimisation to resilience and sustainability. In response to disruptions, companies are moving away from linear supply chains toward more agile, collaborative networks. [2]

This involves diversifying supplier bases, particularly through “nearshoring” to reduce reliance on single-source or geographically distant suppliers and mitigate the impact of tariffs and shipping delays. [18] Technology is central to this evolution, with 48% of companies planning to invest in supply chain tracking systems in 2025 to enhance visibility and traceability. [15]

Investing in Digital Technologies

Tech Type	% of Respondents Who Anticipate Investment in 2025
Artifical Intelligence	50%
Big data and real-time analytics	48%
Robotics and robotic process automation	35%
Cloud computing/enterprise resource planning (ERP)	30%
Mobile app technologies	23%
Machine learning	22%
Tech-enabled traceability or blockchain systems	21%
Internet of Things (IoT) devices/sensors	16%
Augmented/virtual reality systems	7%
3-D printing/additive manufacturing	6%

Data source: [15]

Solutions in Practice:

- **Nearshoring and Diversification:** To combat rising shipping costs and geopolitical risks, many brands are actively seeking domestic suppliers. [18] Strategic buyers are reinforcing relationships with existing partners to negotiate better terms while simultaneously using digital platforms to discover and onboard new, geographically closer suppliers, creating a more resilient network. [18]

- **Technology for Visibility:** Food distributors are integrating real-time tracking systems with their Enterprise Resource Planning (ERP) software. [19] This end-to-end visibility allows for proactive risk assessment, helping to pinpoint vulnerabilities in the supply chain and enabling swift, data-driven responses to potential disruptions like transportation delays or spoilage issues. [15][19]

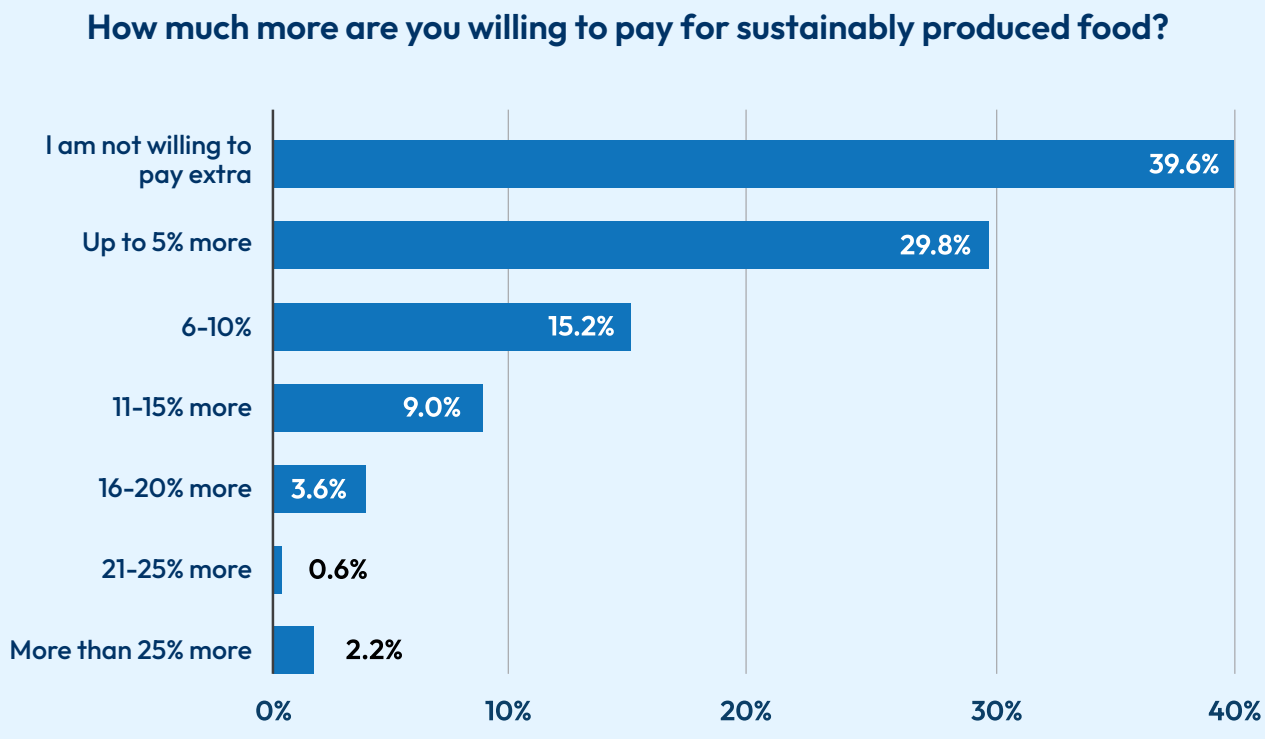
- **Sustainable Sourcing:** Responding to consumer demand, manufacturers are rethinking sourcing for climate-sensitive ingredients like coffee and cocoa. [21] This includes investing in sustainable farming methods and climate-resilient crop varieties to ensure long-term supply stability, directly linking sustainability initiatives with operational resilience. [21]

Imperative C: Sustainibility as a Commercial Driver

Current State:

Sustainability has evolved from a corporate messaging point to a significant driver of consumer behaviour and, consequently, commercial strategy. **Transparency is paramount, with a 2025 report indicating that over 50% of consumers would cease buying from a brand after just one safety or transparency-related incident** [4]

However, a gap between intent and action persists; recent consumer data confirms that price remains the critical barrier. Although c.60% of consumers are willing to pay a premium for sustainable goods, that support is fragile, with c.70% of them unwilling to pay more than a 5% premium. This creates a clear tipping point where cost takes precedence.[4]



Data source: [4]

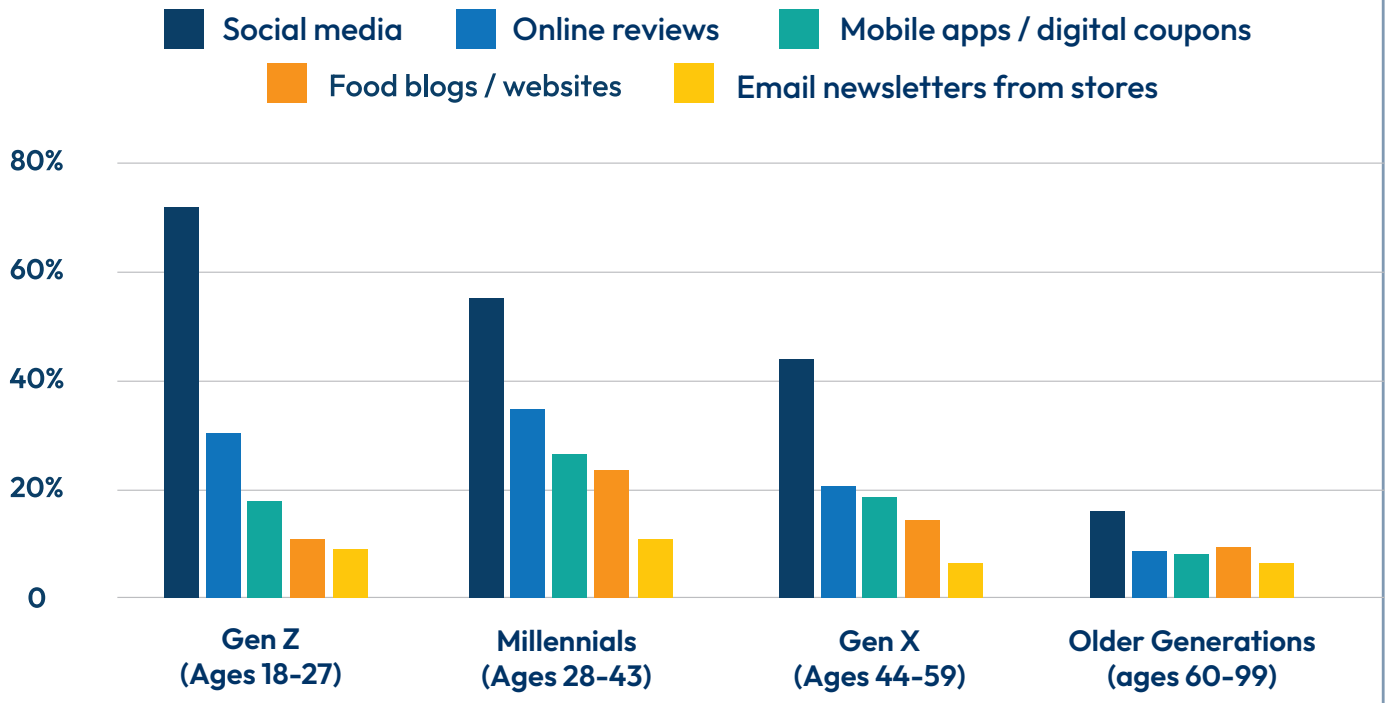
Future Trends:

The focus of sustainability is shifting from simply “reducing impact” to actively adapting to climate change. This includes embracing regenerative agriculture, investing in climate-resilient crops, and innovating toward carbon neutrality.

“Clean label” is also evolving, with consumers now demanding transparency on ethical production, fair trade practices, and animal welfare. This trend is particularly pronounced among younger demographics, with 75% of Gen Z and 56% of Millennial consumers discovering new products through social media, where brand ethics are often scrutinised. [4]

Percentage of consumers who discover new products online

Respondents could select all that apply



Data source: [4]

Solutions in Practice:

- **Danone** has been a forerunner with its "One Planet. One Health" vision. This strategy is embodied in its portfolio of plant-based products and its commitment to regenerative agriculture. The company has invested in soil health initiatives with farmers and is working toward 100% recyclable or reusable packaging. By successfully marketing brands like Alpro and Silk, Danone has demonstrated that a strong sustainability proposition can capture market share and build brand loyalty, particularly with environmentally-conscious consumer segments. [22]

- **PepsiCo's pep+** (PepsiCo Positive) initiative integrates sustainability into the company's core operations. This includes transitioning to 100% renewable electricity, reducing greenhouse gas emissions, and promoting regenerative agriculture practices. The company has committed to implementing regenerative, restorative, or protective farming practices across 10 million acres by 2030. In collaboration with other major companies, PepsiCo launched the "STEP up for Agriculture" initiative to strengthen farmer-facing organisations and accelerate the adoption of sustainable practices. [23]

- **Unilever's** "Future Foods" strategy focuses on promoting healthier diets and reducing the environmental impact of the global food chain. The company is increasing its offerings of plant-based foods and meat and dairy alternatives, aiming to encourage more sustainable eating habits. Furthermore, Unilever has achieved zero non-hazardous waste to landfill across its global manufacturing operations and is working towards fully closed-loop supply chains to enhance sustainability. [24]

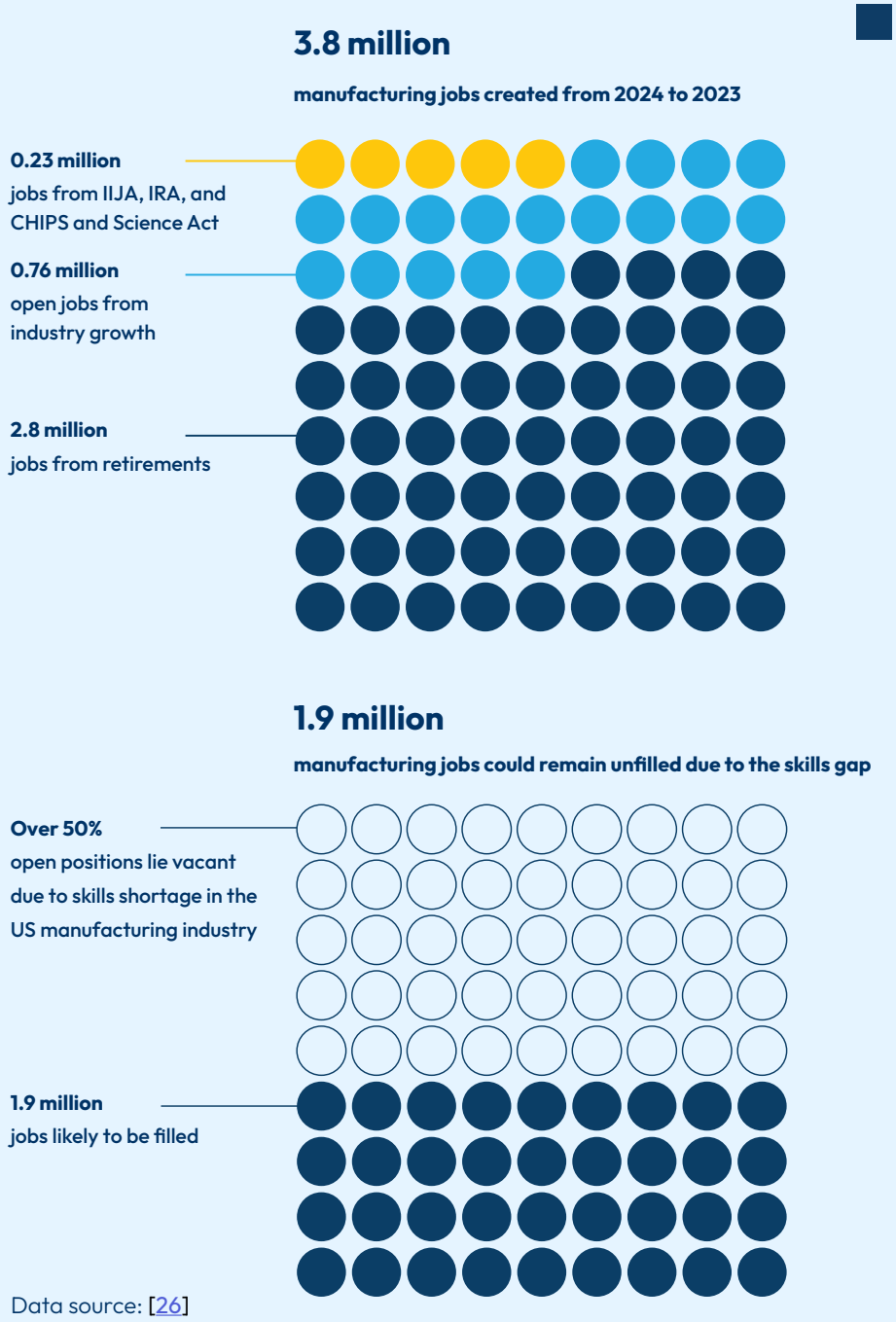
Imperative D: Human Capital - Winning the War for Critical Skills

Current State:

The food and beverage industry is confronting a severe and persistent labour shortage that threatens growth and operational stability.[5] **High turnover, skills gaps, and intense competition for talent from other sectors are creating an uphill battle for hiring managers.** [25]

To put the scale of this crisis in perspective, a 2024 study by The Manufacturing Institute and Deloitte projects that nearly 1.9 million manufacturing jobs could go unfilled over the next years due to this persistent skills gap. [26]

The issue is compounded by a lack of awareness among young professionals about the viable and technologically advanced career paths available in modern food science and manufacturing. [27]



Data source: [26]

Future Trends:

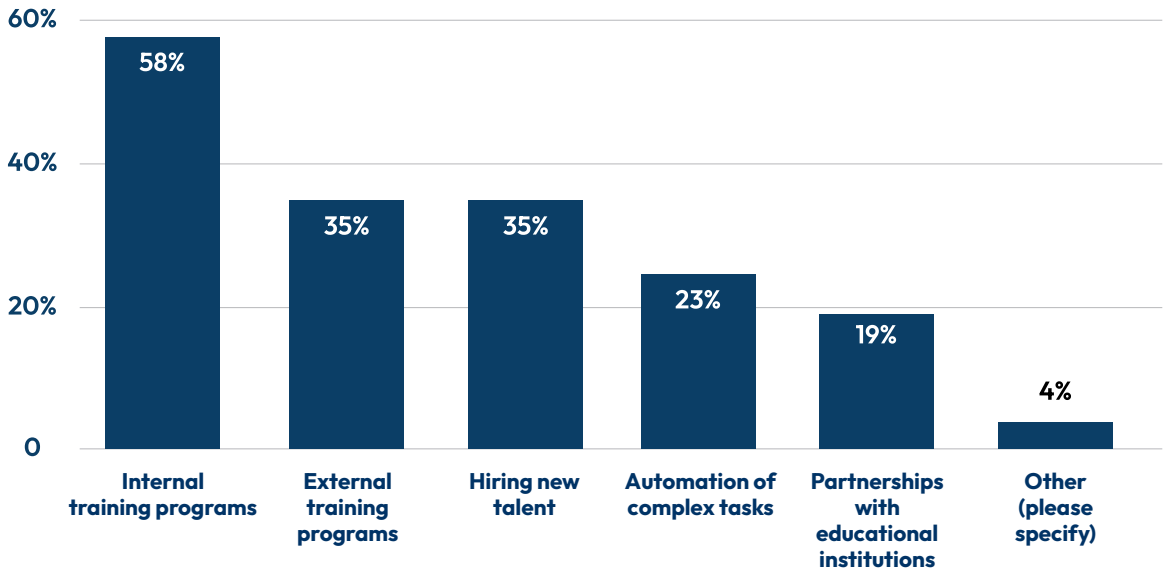
The talent landscape is being reshaped by two powerful forces: automation and the values of a new generation of workers. As automation becomes more sophisticated, the demand for skilled maintenance technicians and software experts is growing, creating a new skills gap that many companies are unprepared to fill[5]

Simultaneously, Gen-Z, which will constitute nearly 30% of the workforce by 2025, prioritises meaningful work, social responsibility, and flexibility, forcing companies to reassess their culture and employee value proposition. To attract this demographic, sustainability is becoming a key recruitment tool.[28]

The strategic imperative for companies is therefore threefold: invest in automation to maintain operations, attract a new generation of workers, and simultaneously invest in upskilling the existing workforce.

How are you addressing the digital skills gaps in your workforce?

Respondents could select all that apply



Data source: [1]

A survey by FIE found that most companies are tackling digital skills gaps through internal training programs, whilst a lower percentage are using external resources and hiring new talent. [1]

Solutions in Practice:

- **Investing in Upskilling:** Leading firms are recognising that they must build talent from within. This includes creating robust onboarding programs and implementing effective skill development initiatives focused on both technical and digital competencies required to manage an increasingly automated production environment.[5]

- **Apprenticeships and New Talent Pools:** Companies are increasingly utilising apprenticeship programs to bring in new talent. [29] Recent policy changes, such as relaxing academic requirements and allowing for shorter apprenticeship durations, are expanding the potential pool of applicants and providing a direct pipeline of skilled workers.[29]

- **Employer Branding and Culture:** To attract younger generations, companies are highlighting their sustainability initiatives and creating employee-owned trust (EOT) structures. An EOT gives employees a stake in the company's success, which has been shown to improve motivation, engagement, and talent attraction by aligning company performance with employee reward. [29]

Tyson Foods, for example, has been aggressively investing in automation and robotics within its processing plants to improve efficiency and worker safety. The company has committed hundreds of millions of dollars to automate difficult or repetitive tasks. Simultaneously, to retain and develop its workforce, Tyson has launched programs like "Upward Academy," which offers free education and life-skill training to its frontline workers, including ESL and digital literacy classes.

This dual-pronged strategy addresses the immediate labour shortage through technology while investing in the long-term skill development of their human capital. [33] [30]

Danone is partnering with Microsoft to integrate AI across its operations, aiming to enhance employee skills and operational efficiency. The collaboration will launch the Danone Microsoft AI Academy, which will provide AI training to all employees, building on Danone's existing "DanSkills" program to upskill 100,000 workers.

This initiative will ensure employees have the AI and digital tools to succeed in an AI-driven economy. The partnership also aims to create an AI-enabled supply chain to improve operational efficiency through predictive forecasting and real-time adjustments. Additionally, the companies plan to develop digital twins to assist decision-making in procurement, production, and distribution. [31]

Imperative E: M&A Activity & Trends

Current State:

M&A activity in the food and beverage sector began to stabilise in Q2 2025 after a sharp drop earlier in the year. Sixty transactions were announced during the quarter, up 20% from Q1 but still well below 2024 levels, with deal activity concentrated in the alcoholic and non-alcoholic beverage categories.

Several high-profile acquisitions, including deals by Castillo Hermanos, Post Holdings, and The Hershey Company, highlighted continued interest in better-for-you and growth-oriented segments.

Over the past twelve months (as of June 2025), 260 deals were announced, the majority driven by strategic and privately owned buyers. Despite macroeconomic uncertainty, cash-rich corporations and a rebound in private owners exploring exits are expected to support M&A momentum in the second half of 2025. [32]

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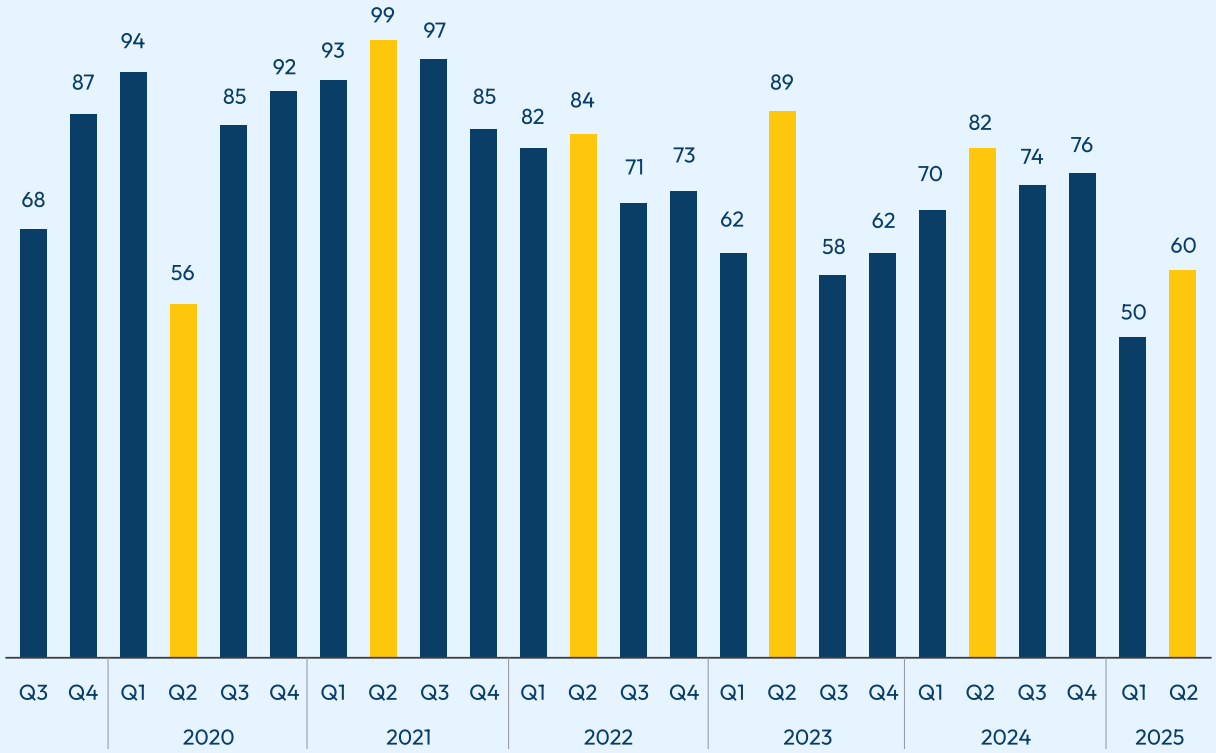
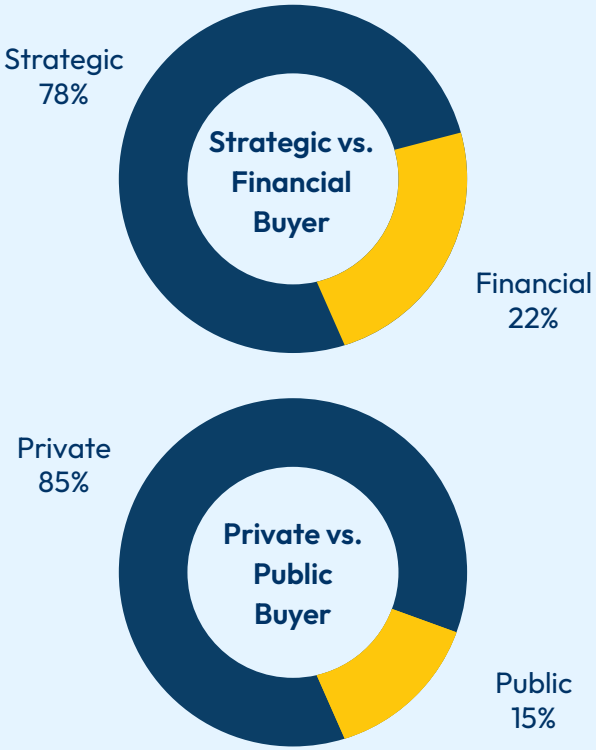
M&A Market Overview

Number of Announced Deals (as of June 30, 2025)



Data source: [32]

By Number of Announced Deals (TTM as of June 30, 2025)



Future Trends:

Future M&A will be highly strategic, driven by portfolio optimisation rather than simple consolidation. [6][8] There are three key drivers shaping the deal-making landscape:

1. **Technology and Capability Acquisition:** Large incumbents are looking to buy, rather than build, innovative capabilities, particularly in areas like AI, e-commerce, and sustainable packaging.[6][8]

2. **High-Growth Segment Tuck-ins:** There is a strong focus on acquiring brands in high-growth, premium categories such as health and wellness, functional foods, and plant-based alternatives. [6]

3. **Sustainability as a Value Driver:** ESG-driven acquisitions are gaining momentum as companies respond to consumer and regulatory pressure by purchasing brands with strong sustainability credentials and transparent supply chains. [7]

Solutions in Practice:

The strategic repositioning by multinational giants exemplifies these trends. Recent market activity shows a clear pattern of large CPG companies divesting non-core or slower-growing assets to focus on and invest in their stronger, strategically relevant brands.

This creates a dynamic market where divested brands become acquisition opportunities for private equity firms and other strategic buyers looking to enter new segments.[7] A prime example is the recent acquisition of **LesserEvil**, a snack brand known for its clean-label and “better-for-you” positioning, by **The Hershey Company**, showcasing a large incumbent buying into a high-growth wellness category. [32]

Notable Recent Transactions

(search from September 2025 backwards.) [32] [34]

Acquirer	Target	Announced	Deal Value	Strategic Rationale
PEPSICO	poppi	Q2 2025	$1.95 Billion	To acquire a leading brand in the high growth functional beverage space and expand its portfolio to meet consumer demand for gut-friendly drinks.
CELSIUS LIVE FIT	Alani Nu	Q1 2025	$1.8 Billion	To acquire a fast-growing, female-focused energy drink brand and strengthen its position in the functional beverage market.
Castillo Hermanos	Harvest Hill Beverage Company	Q2 2025	$1.5 Billion	To meaningfully expand the acquirers reach into the U.S. market by adding a portfolio of trusted and iconic brands.
Global Eggs	Hillandale Farms	Q2 2025	$1.1 Billion	To capitalise on the rising consumer demand for premium protein sources, specifically cage-free and organic eggs.
Roark Capital Group	Dave's Hot Chicken	Q2 2025	$1 Billion	To invest in a rapidly growing restaurant franchise operator with a strong brand and steady royalty revenue.

Notable Recent Transactions

(search from September 2025 backwards.) [32] [34]

Acquirer	Target	Announced	Deal Value	Strategic Rationale
Flowers Foods	Simple Mills	Q1 2025	$795 Million	To acquire a “better-for-you” brand specialising in gluten-free and clean-label snacks, tapping into the health and wellness trend.
Hershey (The Hershey Company)	Lesser Evil (Simple Acts)	Q2 2025	$750 Million	To acquire a multi-category, “better-for-you” snack platform to extend offerings into new categories and reach new consumers.
Gryphon Advisors	spindrift	Q1 2025	$650 Million	A private equity investment to back a fast-growing beverage brand with strong clean-label appeal in the sparkling water category.
Brynwood Partners	Chef Boyardee	Q2 2025	$600 Million	To expand its portfolio of nostalgic and shelf-stable food brands and strengthen its position in the value-focused grocery, mass retail, and dollar store channels.
Cal-Maine Foods	Echo Lake Foods (Innovations in Breakfast...Est 1941)	Q2 2025	$258 Million	To acquire a distributor of frozen pre-cooked egg products and other breakfast solutions to expand its portfolio.

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