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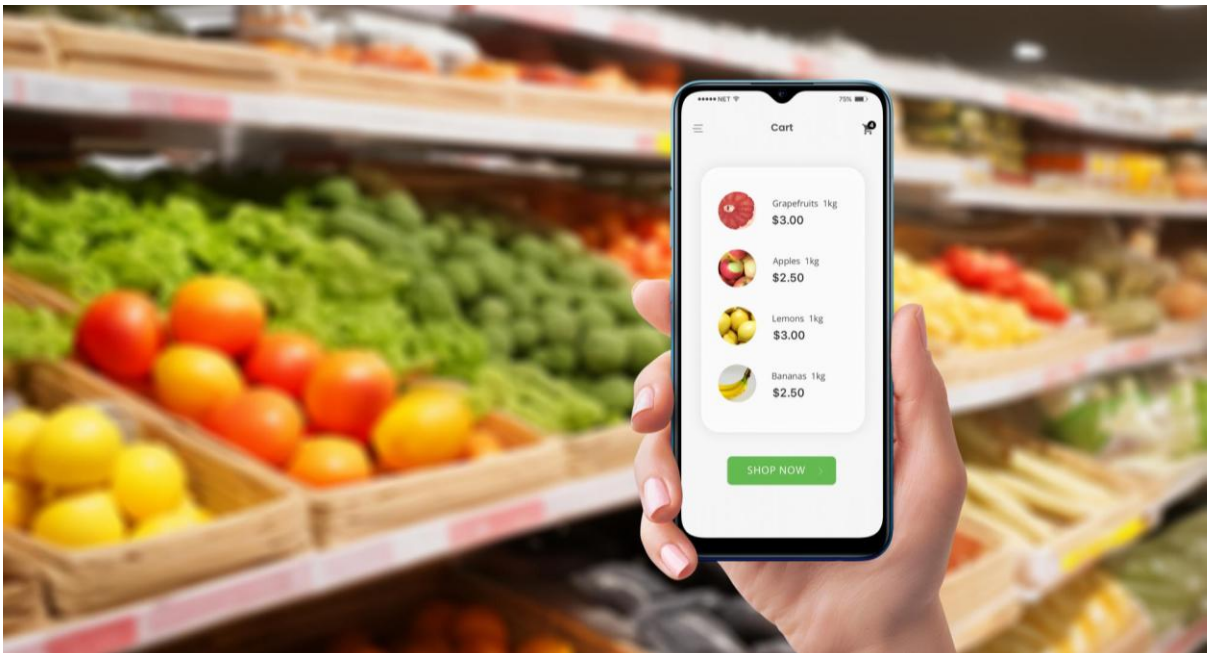

EXECUTIVE SUMMARY JUNE 2026 EDITION

Kottmeyer's Almanac *on*
DOWNSTREAM AG

The Boardroom Brief: What Global Downstream Food & Agribusiness C-Suite Needs to Know

THE BOARDROOM BRIEF

June 2026 confirms that the downstream food and agribusiness sector has moved beyond pricing corrections into a period of structural divergence. The June 2026 Almanac synthesizes the commercial signal into nine structural themes. The core conclusion is clear: the market is not normalizing, it is bifurcating. Companies with strong consumer pull, functional relevance, and advantaged channel exposure are compounding, while those dependent on legacy brand premiums, broad trade support, and conventional grocery distribution are being exposed.

From May, three themes have intensified and two have shifted character.

- Value compression, which earlier was a hard-discounter story, has fully migrated to mass – Walmart, Target, and Amazon are now the defining reference points
- Reformulation moved from an R&D concern to an active capability race: supply constraints in whey, pulse proteins, and cocoa are now creating execution gaps, not just strategic ones
- Regulatory pressure escalated sharply with FDA leadership change, accelerating timelines companies planned around a slower cadence

What stayed consistent: the bifurcation between companies executing from prior investment versus those managing the consequences of deferral. That gap continued to widen across every segment this month.

THE 9 STRUCTURAL THEMES OF JUNE 2026

Theme 1

Value Compression Completes Its Channel Migration

WALMART, TARGET AND C-STORES JOIN THE FORMAT WAR, LEAVING CONVENTIONAL GROCERY WITHOUT A DEFENSIBLE MIDDLE

For the first time, mass merchants have achieved statistical parity with supermarkets as shoppers' primary grocery destination. Walmart cut prices across 7,200 products and recorded 4.1% y-o-y growth in comparable sales. Target added 3,000 food and beverage SKUs with 50%+ lift. Consumers are increasingly planning to switch channels but intend to keep buying the same brands at the cheaper store – indicating channel defection, not brand trade-down. CPG trade plans built around holding consumers in a channel through promotion are failing in real time.

WALMART, TARGET AND AMAZON HAVE REWRITTEN WHAT GROCERY SCALE MEANS

Speed and platform reach are now as competitively relevant as price – and conventional grocery offers neither at the level these three do. Manufacturers whose distribution architecture was built for traditional grocery footprints need to remodel that exposure by banner and channel format before the next trade planning cycle, not after volume has already moved.

CONVENTIONAL GROCERY IS LOSING TWO REVENUE PILLARS AT THE SAME TIME

IRA drug-pricing reforms are compressing the pharmacy margin engine that funded five years of grocery growth at Albertsons and Kroger – and the 2027 GLP-1 negotiation wave hasn't hit reported results yet. CPG brands without a secondary distribution strategy beyond conventional groceries are building exposure they cannot hedge with promotional spend.

C-STORE PREPARED FOOD AND PACKAGED SNACKS ARE RUNNING OPPOSITE VALUE STORIES

78% of consumers rate c-store prepared food at value parity with QSR (Tillster); packaged snack price premiums of 67–100% above all-retailer averages are actively pushing shoppers out. Any channel investment plan treating c-store as uniform will misallocate toward the category running the wrong story.

Theme 2

Format Bifurcation

CONVENTIONAL GROCERY FACES A STRUCTURAL RESET WHILE DIGITAL AND HEALTH-LINKED COMMERCE REDEFINE THE TRIP

Traditional grocery is under simultaneous pressure from digital commerce, alternative retail models, and the erosion of its pharmacy growth engine. Amazon extended same-day delivery infrastructure to the B2B channel through Amazon Business, pairing office essentials with grocery in a single order and entering Sysco and US Foods' small-account territory without building new supply chain. FMI and NIQ project U.S. online grocery sales reaching $452 billion by 2028. Multiple operators closed small-format concepts in the period, reinforcing that the model is structurally difficult rather than chain-specifically mismanaged.

AMAZON'S SHARED LOGISTICS BACKBONE MAKES TRADITIONAL STORE DENSITY IRRELEVANT

Amazon's $150B gross grocery claim is built on one infrastructure serving consumer, rapid-delivery, and B2B simultaneously – no store density required. Manufacturers that have not built Amazon-first product architecture and retail media strategies are already behind in the channel that is winning the format war.

SMALL-FORMAT FAILURES ARE SIGNAL ABOUT EXECUTION, NOT ABOUT FORMAT ECONOMICS

Meijer and H-E-B are expanding to smaller banners profitably while Schnucks, Kroger, Stop & Shop, Whole Foods, and Publix have all closed small-format concepts. The differentiating variable is hyper-local assortment discipline and labor-efficient fresh execution – not format economics. Suppliers betting distribution on small-format expansion programs should be asking whether the operator has solved that.

FOOD-AS-MEDICINE IS ARRIVING AT COMMERCIAL SCALE – OUTSIDE THE PHARMACY AND SNAP DEBATES

Fresh Connects Grocery Rx – medically tailored product lists funded by healthcare, not retail – is the architecture of condition-specific demand at scale. Grocers and CPG brands not building toward this channel are not building toward anything that replaces pharmacy growth.

Theme 3

C-Store Transformation

THE CHANNEL IS REBUILDING ITS IDENTITY AROUND FOOD, LOYALTY AND ACQUISITION

The convenience channel is executing one of the most significant format transformations in its history. C-store foodservice accounts for over one-fourth of in-store value sales in 2025, up from under 12% in 2005. 7-Eleven completed the 24-month integration of 204 Stripes locations. Sunoco acquired 140 sites against a $500M annual acquisition budget, institutionalizing M&A as a permanent growth channel. Coen Markets posted 28% unique-visitor growth and 35% total-visit growth through behavioral loyalty segmentation built on actual visit cadence – not blanket discounting.

SUNOCO'S PERMANENT ACQUISITION PROGRAM HAS COMPRESSED THE REGIONAL OPERATOR EXIT WINDOW

A well-capitalized buyer is now permanently in market. Regional operators planning exits on a 3–5-year horizon need to reassess timing now – the consolidation pace is shortening the window in which competitive bidding and favorable terms still exist.

BEHAVIORAL LOYALTY SEGMENTATION IS GENERATING TRAFFIC GROWTH THAT BLANKET DISCOUNTING NEVER COULD

Coen's 28% unique-visitor growth came from paying only for visits it wasn't already getting. Operators running broad discount loyalty programs are spending margin to retain shoppers who would have shown up anyway – the technology to do better exists now.

THE DIGITAL INFRASTRUCTURE ENABLING C-STORE GROWTH IS CREATING CONCENTRATED ATTACK TARGETS

7-Eleven's ShinyHunters breach – 9.4GB of franchisee data published after declining ransom – confirms that the loyalty and foodservice platforms driving c-store's reinvention are simultaneously its highest-value attack surface. Digital resilience is a commercial strategy issue, not a back-office one.

Theme 4

QSR Value War and Performance Bifurcation

THE SAME MACRO ENVIRONMENT IS PRODUCING RADICALLY DIFFERENT RESULTS

June offered the clearest single-month evidence that restaurant performance is determined by strategic choices made years earlier, not by current market conditions. Cava posted 9.7% same-store sales growth with 6.8% transaction growth, kept price increases below CPI by more than 50%, and raised full-year guidance. Dutch Bros reached 74% rewards-member transaction share. On contrary: Wendy's in its fifth consecutive quarterly decline (–7.8%) despite measurable gains in accuracy and cleanliness; Papa John’s down 6.4%, discontinuing its own 'rhythm breaker' menu items. The macro environment is identical for all of them. The divergence is entirely execution.

QSR WINNERS ARE HARVESTING INVESTMENT DECISIONS MADE IN 2022 AND 2023 – NOT REACTING TO JUNE

Consistent multi-year investment in operations, menu architecture, and loyalty infrastructure is what separates the compounders from the decliners. Brands currently underperforming face a genuine choice: make the 2–3-year investment now or manage the decline. There is no promotional shortcut between those two destinations.

OPERATIONAL FIXES CANNOT CLOSE A VALUE GAP THAT WAS NEVER BUILT TO BEGIN WITH

Wendy's improved accuracy by 170 basis points and cleanliness by 160 basis points – and still posted its fifth consecutive quarterly decline. Fixing operations addresses service failure; it cannot substitute for a value proposition that was never differentiated enough to win on quality or cheap enough to win on price.

GLP-1 PORTION LOGIC AND VALUE-SEEKING ARE CONVERGING ON THE SAME MENU ARCHITECTURE

Smaller, more frequent, more targeted items serve both a GLP-1 user reducing portions and a cost-conscious consumer stretching spend. This dual-purpose design logic should be default in menu development now – brands that design for both audiences simultaneously will capture a disproportionate share of LTO growth that has already risen 134% in five years.

Theme 5

Restaurant Capital Architecture and Format Reset

IPO, SECURITISATION AND BANKRUPTCY TELL A SINGLE STRUCTURAL STORY

Restaurant capital markets are increasingly rewarding operational quality and scalable business models while becoming less tolerant of growth strategies built primarily on financial engineering. Inspire Brands filed a draft S-1 with a diversified portfolio structurally insulated from any single subsector. Qdoba completed a $435M whole-business securitization and separately raised a $527M continuation fund – capital markets pricing fast-casual royalty streams as investment-grade collateral. Krispy Kreme exited McDonald’s wholesale partnership, shifted to third-party logistics, and posted 17% average weekly sales growth and 38% adjusted EBITDA growth. Fat Brands filed Chapter 11 with $1.4B in debt from acquisition-led roll-up. The brands across all of these retained commercial value. The capital structures around the failing ones did not.

CAPITAL MARKETS ARE REWARDING OPERATIONAL QUALITY AND WITHDRAWING FROM FINANCIAL ENGINEERING

The market is not opposed to restaurant investment – it is opposed to debt-funded brand assembly as a growth strategy. Any multi-brand roll-up currently under construction should stress-test its capital structure against the scrutiny that repriced Fat Brands before adding the next acquisition.

EVERY COMPLETED REFRANCHISING SALE TO A CREDIBLE BUYER IS A TURNAROUND CREDIBILITY EVENT

Red Robin's traffic improvement from –3.5% to –1.6% year-over-year is the data point Evergreen Dining underwrote – not management language. Operators in turnaround mode need to sequence correctly: operational improvement first, refranchising as proof point second.

STARBUCKS' STORE LAYER IS OUTPERFORMING – THE GAP WAS IN THE CORPORATE LAYER ABOVE IT

7.1% same-store sales growth and 4.3% transaction growth in North America confirm the store-level formula works. Closing four support centers while building a $100M Nashville headquarters is the organization admitting it was consuming value the stores were creating – and other multi-unit operators running turnarounds should ask the same diagnostic question before restructuring both layers at once.

Theme 6

CPG Portfolio Architecture Under Structural Pressure

THE COMPANIES THAT INVESTED EARLY ARE RESHAPING, WHILE OTHERS ARE RESTRUCTURING

June marked the most active period of CPG portfolio restructuring of the year, with transactions spanning ingredients, beverages, coffee, and functional nutrition simultaneously. IFF sold its $3.3B food ingredients division to CVC for $4.3B. Ingredion bid $3.7B for Tate & Lyle at a 64% premium – intending to create a giant that owns most ingredients of the reformulation wave. PepsiCo closed its $1.95B Poppi acquisition, Danone exited Lifeway at a discount, Activia kefir flew off shelves in Europe – a strategic pivot, not distress. Against them: Campbell's signaling 'tough decisions' on salty snacks alongside 4% Meals & Beverages organic declines. The dividing line is not category or size. It is whether management invested ahead of the reformulation and functional-nutrition wave or is now managing the cost of not having done so.

ACTIVE ACQUIRERS ARE BUYING FUTURE CAPABILITY, NOT CURRENT

Ingredion's 64% Tate & Lyle premium and PepsiCo's Poppi acquisition are priced on where reformulation and functional positioning will be worth in 18–36 months, not on current earnings. Companies evaluating M&A targets on traditional revenue multiples are asking the wrong question.

FUNCTIONAL NUTRITION CAPITAL IS GOING TO SUPPLY CHAINS, NOT MARKETING

Brami directing its $33M Series B entirely to supply-chain development signals that the risk in functional nutrition has shifted from demand creation to execution capacity. Companies entering space now need to lead with supply infrastructure, not brand investment.

'TOUGH DECISIONS' LANGUAGE SIGNALS PORTFOLIO ACTION

Campbell's framing on salty snacks follows IFF's ingredient exit and Beyond Meat's category pivot – it is the language companies use before a divestiture, not before an incremental fix. Ingredient and packaging suppliers with concentrated exposure to brands using this language should be qualifying alternative volume now.

Theme 7

Protein, Functional Nutrition and the Reformulation Race

THE CAPABILITY GAP IS WIDENING BETWEEN COMPANIES THAT INVESTED EARLY AND THOSE THAT DID NOT

Reformulation has evolved beyond compliance and consumer perception into a core strategic capability with measurable, widening gaps between participants. ADM expanded its Erlanger, Kentucky reformulation hub by 40% ($26M) structured around five pillars: sodium, sugar, protein, fat, clean label. Kraft Heinz reformulated 125-year-old Jell-O – no synthetic colors, no artificial sweeteners, 25% less sugar – confirming synthetic-dye removal has crossed from regulatory compliance into brand equity strategy. Pulse-protein pasta and bean-based snacks grew while plant-based meat analog sales declined for a second consecutive period.

FULL-PILLAR REFORMULATION CAPABILITY IS BECOMING A COMPETITIVE MOAT, NOT A COMPLIANCE CHECKBOX

CPG brands without a partner offering capability across all five pillars will lose speed on every reformulation wave – competitors with bundled solutions can move faster. If Ingredion and Tate & Lyle combine, the resulting entity would control full-pillar capability at a scale that changes supplier negotiating dynamics across the industry. Any brand in active contract renewal with either company should treat that integration as a planning variable now.

PROTEIN HAS SWEPT THE ENTIRE STORE – AND LEGACY BRANDS WITH INGREDIENT PARTNERSHIPS ARE EXECUTING IT MOST EFFICIENTLY

Protein claims are now baseline across every major category. J.M. Smucker's Café Bustelo – past $550M in sales – launched 12-gram-protein variants to access new dayparts on existing brand equity. That is the most capital-efficient reformulation path available; brands that have not mapped their portfolio against protein extension opportunities are leaving accessible upside on the table.

THE REFORMULATION OPPORTUNITY AND THE REFORMULATION CONSTRAINT ARE ARRIVING AT EXACTLY THE SAME TIME

Whey at historic highs. Pulse-protein infrastructure is still scaling. Cocoa-free alternatives are not yet commercial. Companies that did not secure supply-chain partnerships in 2024 are now facing allocated capacity. Acquisition of reformulation capability – not internal R&D – is the only route to leadership at speed from this position.

Theme 8

Regulatory and Policy Shocks Running Simultaneously

THE CALENDAR HAS NOT CLEARED BETWEEN WAVES

The regulatory environment accelerated materially in June. FDA Commissioner Makary's resignation elevated Kyle Diamantas – architect of the MAHA food-additive agenda – to acting commissioner. The GRAS overhaul, BHT and ADA reassessments (industry responses due July 13), ultraprocessed-food definition, and artificial-dye phase-out now sit under their primary champion, backed by a $57M FY27 MAHA budget request. DOJ confirmed an antitrust investigation into four beef processors controlling 85% of U.S. capacity – at the worst cattle shortage in 75 years. SNAP restrictions went active in 10 states covering 26% of the U.S. population. California finalized SB 54 EPR rules for single-use packaging with a 2027 launch.

FDA ACCELERATION HAS INSTITUTIONAL FUNDING BEHIND IT – IT IS NOT PAUSING FOR A LEADERSHIP TRANSITION

The $57M MAHA budget request signals that the accelerated chemical review program, GRAS overhaul, and UPF definition effort have institutional momentum independent of any commissioner. Reformulation timelines built around a slower regulatory cadence need to be reassessed before July 13, not after.

DOJ'S BEEF-PROCESSING INVESTIGATION IS ARRIVING AT THE WORST CATTLE SHORTAGE IN 75 YEARS

If the parallel Agri Stats settlement extends to chicken, pork, and turkey pricing as DOJ officials have signaled, it would represent the most direct government intervention in protein pricing mechanics in years. Food retailers and restaurant operators with significant protein cost exposure need scenario models now, not after settlement terms are announced.

SNAP RESTRICTIONS CREATE TWO SEPARATE DECISIONS – WHERE VOLUME IS LOST AND WHERE IT LANDS

Up to $830M in 2026 sales declines across soda, candy, and energy drinks – but 63% of SNAP shoppers say they would still buy soda with non-SNAP dollars, and 30%+ name tea, juice, coffee, and fruit as substitutes. The restricted categories carry the revenue risk; the substitute categories carry the demand opportunity. Most category plans have not separated those two investment decisions.

Theme 9

Supply Chain, Ingredient Architecture and Digital Infrastructure

CONSOLIDATION AND DOMESTIC INVESTMENT ARE REWRITING THE SUPPLIER RELATIONSHIP MAP

Major ingredient transactions, domestic manufacturing investments, and alternative-sourcing initiatives all point to the same strategic conclusion: companies are redesigning supply chains around resilience, capability ownership, and long-term security rather than cost optimization alone. Ingredion's $3.7B Tate & Lyle bid and IFF's $4.3B CVC divestiture landed within days of each other. Cargill and Voyage Foods launched NextCoa – a domestic grape-seed-based cocoa-free chocolate alternative – the same week Barry Callebaut unveiled ChoViva. Two of the three largest global cocoa processors launching non-cocoa platforms in the same week is the industry calling structural supply risk explicitly. Barilla committed $170M to New York pasta manufacturing. Google's Universal Cart launched with Target and Walmart, placing basket-building at the platform layer for the first time. Nestlé eliminated the 28% of Meta creator ad spend lost to branding failures in the first three seconds by industrializing content scoring across its full brand portfolio.

INGREDIENT M&A IS NOW CONTINUOUS – AND CREATING SUPPLIER UNCERTAINTY THAT BELONGS IN EVERY CONTRACT RENEWAL

CPG brands in active specification or contract renewal with Ingredion or Tate & Lyle need to treat the pending combination as a planning variable today. A combined entity would control texture, mouthfeel, and stevia capability at a scale that changes supplier negotiating dynamics across the entire reformulation wave.

COMPANIES INVESTING IN DOMESTIC SOURCING NOW ARE ACTING ON 2024–25 LESSONS

Barilla's $170M U.S. commitment, Cargill's domestic NextCoa production, and Brami's supply-chain capital raise all share the same logic: reduce concentrated-geography dependency before the next disruption, not in response to one already underway. Companies still optimizing purely for unit cost are building the conditions for the next forced restructuring.

DISCOVERY IS MOVING TO PLATFORM LAYERS THAT RETAILERS AND MANUFACTURERS DON'T OWN

Google's Universal Cart and Amazon B2B grocery mean that basket-building now happens before the shopper reaches any retailer interface. Product data quality, verified health credentials, and retail media execution determine whether a brand is found or substituted before any conscious brand choice is made. Brands without structured product architecture are already losing algorithmic shelf space – regardless of legacy awareness levels.

STRATEGIC IMPERATIVES

Strategic Analysis of Global Food & CPG – June 2026

The food industry has moved from inflation management into structural sorting. June 2026 confirms that the winners are not the companies with the largest trade budgets or the strongest legacy brand equity. They are companies with credible value propositions, functional relevance, advantaged channel exposure, and the commercial infrastructure to compete in an environment where discovery is increasingly algorithmic, supply chains are being redesigned around resilience, and the regulatory clock has not cleared between waves.

1. Treat Retailer-Level Defection as a Distribution Architecture Problem, Not a Promotional Problem

42% of shoppers plan to switch to a less expensive store. The majority intend to keep buying the same brands at the cheaper location. This is a channel-structure event, not a price-gap event. Companies need to model their distribution exposure by banner and channel format, not by promotional price gap, to understand where volume risk actually sits.

2. Rebuild the National Brand Premium Before the Quality Gap Closes Entirely

Over 80% of U.S. consumers now rate private label quality as equivalent to or better than national brands. The brands that still have a defensible premium are those with genuine consumer pull before the shopper reaches the shelf. Mid-tier national brands without that pull should be classified as structural liabilities and managed accordingly, not defended with promotional spending that cannot rebuild what has already been lost.

3. Model GLP-1 and SNAP at the Category and SKU Level, Not the Portfolio Level

Numerator estimates $830 million in 2026 SNAP-restriction sales impact. GLP-1 medication use now affects roughly one in eight American adults. Neither of these is a portfolio-average story. Both require SKU-level exposure modeling, GLP-1-advantaged, GLP-1-neutral, and GLP-1-exposed classification overlaid with SNAP eligibility, synthetic-color exposure, protein density, and portion architecture.

4. Treat Reformulation as a Capability Race With a Closing Entry Window

The five-pillar reformulation taxonomy – sodium, sugar, protein, fat, clean-label – is becoming a commercial standard. The BHT, ADA and BHA reassessments, the FDA's proactive chemical review program, and the still-forming federal UPF definition all point to a regulatory acceleration that is unlikely to slow under the new FDA leadership. Companies without a reformulation partner offering capability across all five pillars are already behind the commercial curve.

5. Separate the C-Store Value Story by Category Before Making Channel Investment Decisions

C-store prepared foodservice is winning on value perception. C-store packaged snacks are losing on price perception. These are two opposite commercial stories running simultaneously in the same channel. Channel investment decisions that treat c-store as a uniform opportunity will misallocate toward the wrong category within it.

6. Build Supply Chains Around Resilience Architecture, Not Cost Optimization Alone

Cocoa, sugar, wheat, rice and whey protein are all supply-constrained simultaneously. The companies investing in domestic manufacturing, alternative sourcing platforms, and long-term supplier agreements, Barilla, Cargill, Aldi UK, Brami, are acting on the 2024-2025 supply-shock lessons structurally. The companies still optimizing purely for unit cost are setting up the next forced restructuring.

7. Make the Portfolio Machine Readable and Platform-Compatible

Google's Universal Cart, Amazon's B2B grocery expansion, and AI-driven basket-building tools are shifting the discovery and recommendation relationship away from the retailer and toward the platform layer. Brands that do not have structured product data, health credentials, verified nutrition claims, and retail-media execution in place will lose algorithmic visibility even if their legacy brand awareness remains high. The window for catching up to the platform-compatibility standards early movers are already setting is narrowing.

OUR TEAM

Meet our author and experts

As Group Chief Strategy Officer and Global Practice Lead for Food, Agriculture & Nutrition at FutureBridge, I have shaped my work over more than two decades of leadership across complex, regulated, and innovation-driven industries. The focus has consistently been on helping organizations navigate structural shifts in demand, regulation, and technology with greater clarity and confidence.

What defines this approach is a combination of strategic rigour, practical insight, and a strong focus on outcomes. Deep experience across food, agriculture, and nutrition continues to inform how clients assess change, unlock opportunities, and make critical decisions in evolving markets.

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ABOUT

FutureBridge

FutureBridge is a global innovation and strategy consulting firm that helps companies anticipate disruption, decode emerging markets and technologies, and convert future signals into growth decisions. The firm works with leadership teams across food and nutrition, life sciences, energy, chemicals, mobility and industrial sectors to support innovation strategy, market intelligence, technology scouting, portfolio prioritization and future ready growth planning.

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