FutureBridge

EXECUTIVE SUMMARY AUGUST 2026 EDITION

Kottmeyer's Almanac *on*
DOWNSTREAM AG

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

THE BOARDROOM BRIEF

August is not asking downstream companies to do more of everything. It is forcing them to decide what deserves scarce demand, capital and operating attention first.

The consensus read this month is that consumers are still spending, so demand is holding. The more accurate read is that demand is being quietly redesigned underneath a headline number that still looks acceptable.

Consumers are becoming more deliberate about what stays in the basket, which occasions justify a premium and which purchases disappear altogether. Price can keep revenue positive while unit demand weakens beneath it. A C-suite that manages to the top-line number will therefore miss the reallocation happening underneath it.

The pressure is not being absorbed evenly. SNAP cuts are weakening demand first in specific trade areas, private label is taking a larger role in the value equation, and structurally lower-cost formats are expanding where conventional operators have less room to defend traffic through promotion alone. At the same time, Amazon is making fresh grocery more habitual online and Starbucks is showing that traffic can still be created when the operating proposition is strong enough.

Three changes matter most:

- <u>Demand is becoming selective before it becomes visibly weak.</u> Households are not simply trading down. They are deleting purchases, resizing baskets and reallocating spend toward products and occasions that still justify their cost. National sales can therefore remain resilient while the underlying unit economics deteriorate.
- <u>Growth increasingly has to be engineered at the occasion level.</u> Amazon is making perishables part of the same-day digital basket, Aldi is scaling a structurally lower-cost grocery proposition, and Starbucks is growing through both traffic and ticket rather than another round of price-led growth. The competitive question is no longer only which channel wins, but which company earns the occasion.
- <u>Operating exposure is moving closer to revenue.</u> Food-safety failures can affect traffic immediately, packaging regulation is becoming a condition of market access, and freight and material disruptions are reaching delivered-product economics faster than conventional sourcing cycles can respond.

What connects these signals is not simply volatility. It is allocation. Consumers are allocating fewer dollars more deliberately. Retailers are allocating space and investment toward formats with clearer economics. CPG companies are allocating capital behind fewer products. Investors are repricing the value of scalable platforms. Supply-chain shocks are forcing companies to allocate resilience before disruption arrives.

The downstream companies that get 2027 right will not be the ones that chased every category, SKU or occasion. They will be the ones that decided early what deserved scarce demand, capital and operating attention, and built the business to win there.

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THE 5 STRUCTURAL THEMES OF AUGUST 2026

Theme 1

The Consumer Affordability Reset

THE DEMAND PROBLEM HAS MOVED BEYOND PRICE

U.S. grocery units declined for a fifth consecutive month, while Circana expects food and beverage volume to remain flat into 2027. At the same time, SNAP-funded baskets have fallen from more than 10% to roughly 7% of retail food and beverage spending, with funding reductions concentrated heavily in particular households and trade areas. Consumers are responding through lower-priced brands, smaller baskets, pack-size optimization, promotion and outright purchase deletion.

AFFORDABILITY IS BECOMING LOCAL BEFORE IT LOOKS NATIONAL

The economics of SNAP-dependent locations make the point clearly. A national average can remain manageable while individual stores lose enough purchasing power to damage inventory turns, labor productivity and fixed-cost absorption. Yellow Banana's Chicago exposure shows why benefit policy can alter store economics directly when public purchasing power represents a large share of the demand base.

LOWER PRICE DOES NOT GUARANTEE MORE UNITS

Walmart and other major retailers can reset reference prices, but lower prices cannot restore demand that consumers have decided they no longer need. The emerging consumer is not only looking for cheaper versions of the old basket. They are redesigning the basket itself.

CATEGORY GROWTH IS BECOMING A SHARE QUESTION

When volumes remain flat or contract, a growth plan built on market recovery is really a plan to take demand from somebody else. The critical question for 2027 is no longer whether the consumer recovers. It is which products and retailers still earn enough relevance to capture the units that remain.

Theme 2

The Battle for Channel, Format and Occasion Control

THE FOOD OCCASION IS BECOMING LESS TIED TO A SINGLE CHANNEL

Amazon's active perishables customer base increased more than 50%, with same-day perishables orders carrying more than three times as many units as non-perishable orders. Aldi continues to expand a structurally lower-cost grocery format, while Uber's proposed acquisition of Delivery Hero would create a much larger global delivery platform. Starbucks produced 7.9% U.S. comparable growth through a combination of traffic and ticket improvement.

PERISHABLES ARE LOSING THEIR STATUS AS A STORE-ONLY MISSION

Fresh food has historically protected physical grocery traffic because consumers wanted immediacy, trust and control over selection. Amazon's growth suggests those barriers are weakening. Once perishables become habitual inside a same-day digital basket, conventional retailers are no longer defending only e-commerce share. They are defending one of the traffic missions that historically required a store visit.

STRUCTURAL COST ADVANTAGE IS HARDER TO ANSWER THAN PROMOTION

Aldi's expansion matters because its price position is built into its operating architecture. Conventional retailers can match individual price points, but they cannot quickly match a model designed around fewer SKUs, simpler stores and lower operating complexity.

EXECUTION CAN STILL CREATE DEMAND

Starbucks is the useful counterpoint. Traffic rose 4.2% and ticket 3.6%, showing that service, food attachment, customization and delivery can create growth even under consumer pressure. The lesson is not that demand remains healthy everywhere. It is that growth increasingly has to be engineered at the occasion level rather than assumed at the category level.

Theme 3

Portfolio, Brand and Margin Reconfiguration

FEWER EATING OCCASIONS ARE FORCING HARDER PORTFOLIO CHOICES

GLP-1 use now reaches roughly 21% of U.S. households and users spend about 5.5% less on groceries on average. Conagra is reviewing all 5,500 SKUs in its portfolio. Private label continues gaining strategic importance, while Nestlé and Coca-Cola illustrate very different relationships between volume recovery, affordability and profitability.

GLP-1 CHANGES THE DENOMINATOR

The immediate temptation is to reformulate everything toward protein, satiety or portion control. The more important issue is that some consumers are simply consuming less. If addressable consumption contracts, adding more SKUs without removing weaker ones creates more internal competition for fewer occasions.

PORTFOLIO PRUNING CREATES EXTERNAL WHITE SPACE

Conagra's review is not only an internal efficiency story. Products receiving less support may lose promotion, distribution or innovation investment, opening room for competitors and retailer-owned brands. Portfolio decisions at one company can therefore change category opportunity for everyone else.

VOLUME QUALITY NOW MATTERS AS MUCH AS VOLUME RECOVERY

Nestlé recovered volume while carrying significant profit pressure. Coca-Cola delivered 5% unit case growth using affordability architecture and occasion activation. Both demonstrate that "volume is back" is an incomplete conclusion. What matters is what was spent to create it, what happened to mix, and whether the mechanism can repeat.

Theme 4

Consolidation, Capital and Competitive Restructuring

TRANSACTIONS ARE CHANGING THE MARKET BEFORE THEY CLOSE

Kroger's Giant Eagle acquisition, Jersey Mike's proposed IPO, McCormick's future operating model for Unilever Foods and Intersnack's acquisition of Utz are four different events, but each is resetting expectations around scale, ownership and competitive behavior before the final transaction date.

DIVESTITURES CAN BECOME SOMEBODY ELSE'S GROWTH STRATEGY

Potential Kroger divestitures create an unusual opportunity for regional operators to acquire established grocery assets, customers and local density without waiting for greenfield development. Antitrust remedies can therefore redistribute strategic assets rather than simply reduce deal size.

VALUATION IS BECOMING AN OPERATING BENCHMARK

Jersey Mike's proposed valuation matters because it establishes another market reference for scalable restaurant economics. Private operators will increasingly be judged not just on unit growth, but on the durability of demand and returns supporting that growth.

OWNERSHIP STRUCTURE CHANGES COMPETITIVE BEHAVIOR

Intersnack's acquisition of Utz and McCormick's early post-merger organization show that ownership and operating structure can influence capital allocation, brand investment, customer leverage and innovation long before consumers notice any visible change. The competitive effect of a deal starts when management behavior changes, not when the paperwork closes.

Theme 5

Supply Chain, Traceability and Packaging Move to the Operating Line

SUPPLY FAILURES ARE BECOMING COMMERCIAL FAILURES FASTER

Taco Bell traffic fell sharply after the chain became associated with a cyclospora outbreak. Nearly 19 million eggs were recalled across multiple retail brands from a concentrated production base. Russia's diesel restrictions raised freight exposure, Canadian tariffs increased packaging risk, and Europe's PPWR made packaging specifications part of market eligibility.

TRACEABILITY SPEED NOW DETERMINES HOW LONG REVENUE STAYS AT RISK

The economic damage of a food-safety event extends beyond the contaminated product. When companies cannot quickly identify supplier, lot and affected location, uncertainty persists after the physical problem has been removed. Every additional hour required to prove provenance can extend traffic and reputation damage.

MULTIPLE BRANDS DO NOT NECESSARILY MEAN MULTIPLE SOURCES

The egg recall shows how visible brand diversity can conceal supplier concentration. For retailers and private-label owners, resilience needs to be mapped beneath the banner and SKU level to the actual production network.

PACKAGING IS NO LONGER ONLY A PROCUREMENT INPUT

Canadian tariffs affect packaging cost. PPWR goes further by affecting whether packaging can be placed on the European market at all. Material selection, supplier declarations, recyclability and compliance evidence are becoming commercial conditions rather than sustainability preferences.

THE PROCUREMENT CLOCK IS TOO SLOW FOR THE NEW RISK CYCLE

Fuel, food safety, packaging and trade policy can change economics in days while contracts and annual sourcing plans move in months. The companies with the greatest exposure will be those that discover a supply problem only when procurement is already negotiating the consequence.

STRATEGIC IMPERATIVES

Strategic Analysis of Global Food & CPG – August 2026

The August market is rewarding selectivity. Growth plans, portfolio decisions and supply investments need to be built around where demand and economics remain defensible, not around the assumption that every category, SKU and trade area deserves equal support.

1. A 2027 Plan Built on Category Recovery Is a Plan to Take Share From Someone Else

With grocery units declining and food and beverage volume expected to remain constrained, price-supported dollar growth cannot be treated as evidence of healthy demand. Most teams are not built for a market in which growth has to be taken rather than inherited. Separate true unit growth from price-supported growth to identify which categories have organic demand, which require market-share capture and which still depend on a recovery that current signals do not support.

2. National Averages Can Look Healthy While Individual Stores Are Already Failing

SNAP exposure, household economics and basket composition are increasingly determining demand at the trade-area level. A chain can report acceptable national performance while individual locations lose enough purchasing power to impair inventory turns, labor productivity and fixed-cost absorption. The relevant demand map is no longer national; it is local enough to show where store economics break first.

3. The Channel Is No Longer the Battleground; the Occasion Is

Grocery, delivery, restaurants and e-commerce are no longer separate competitive arenas. They are increasingly competing for the same consumer missions. Amazon, Aldi, delivery platforms and restaurant operators are changing what consumers expect from convenience, value and immediacy. The strategic question is which occasions a company has a structural right to win, which justify disproportionate investment and which should no longer be defended.

4. Reformulation Cannot Fix a Portfolio That Already Has Too Many SKUs

GLP-1 adoption, private-label pressure and more selective spending are reducing the number of occasions available to support marginal products. Adding reformulations or extensions without removing weaker SKUs only increases internal competition for fewer consumption occasions. Portfolio advantage will come from concentrating capital behind products with durable demand, defensible margins and a clear right to future investment.

5. White Space Appears Before the Market Reports It as White Space

SKU rationalization, divestitures and ownership changes are creating opportunities before conventional market data recognizes them. When a major CPG player reduces support, when consolidation forces asset sales or when new ownership changes investment priorities, competitors gain an opening to capture distribution, category relevance or local density. By the time the opportunity appears in a market report, someone else may already have taken it.

6. Multiple Brands on the Shelf Do Not Mean Multiple Sources Behind Them

Visible assortment can conceal deep concentration in the production network. Multiple brands or SKUs may still depend on the same producer, facility, packaging material or freight pathway. The relevant resilience metric is not the number of suppliers. It is how much revenue can fail at once when one underlying node fails.

7. Packaging Decisions Made Outside Commercial Planning Become Launch Constraints

Packaging is no longer only a procurement or sustainability input. European regulatory requirements and Canadian packaging exposure increasingly connect material specifications, supplier evidence and compliance timing directly to assortment, launch calendars and margin. If packaging remains outside commercial planning, the business risks discovering the constraint after there is no longer enough time to solve it.

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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