FutureBridge

EXECUTIVE SUMMARY JULY 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 downstream food and agribusiness has moved from inflation management into control-system competition. Price still matters, but it is no longer the decisive variable. The decisive variables are who owns the customer identity, who controls basket formation, who can move product and pricing rules faster than regulation, and who has the operating infrastructure to turn demand signals into profitable execution. The July Almanac synthesizes that shift into nine structural themes. The core conclusion is direct: the market is not merely bifurcating by performance. It is bifurcating by control.

From June, three themes intensified and two changed character.

- Value compression moved from broad inflation pressure to channel-level defection. Consumers are protecting fresh and essential categories while abandoning discretionary ones, and they are increasingly choosing banners on the credibility of the whole value proposition rather than on isolated promotions.
- AI moved from analytics into the transaction itself. Agentic search, cart building, merchant decision tools, retail media and electronic shelf infrastructure are beginning to determine which products enter consideration before the shopper reaches a conventional shelf.
- Regulation moved closer to commercial execution. Personalized pricing, packaging chemistry, SNAP eligibility, date labeling and traceability now affect product access, promotional mechanics and channel permission directly, not at the end of a compliance process.

What stayed consistent: companies that invested early in data, loyalty, cold chain, private label, functional nutrition and supplier control are converting those capabilities into share. Companies still treating those areas as projects are now managing the cost of delay.

# THE 9 STRUCTURAL THEMES OF JULY 2026

Theme 1

## Value Compression Shifts from Price Competition to Channel Defection

### THE BATTLEGROUND HAS MOVED FROM LOWER PRICES TO CREDIBLE VALUE, CATEGORY BY CATEGORY

Food-at-home inflation moderated, but the demand problem did not. Only 13% of regular traditional-supermarket shoppers believe those banners have low prices, while 61% of surveyed consumers changed how much they buy because of rising costs. The adjustment is selective: 46% cut snacks and junk food, 39% cut beef, and 34% cut alcohol, while 68% still consider fresh groceries worth paying more for. Kroger reported only 1% identical-sales growth, but e-commerce rose 19% and Kroger Precision Marketing profit grew more than 20%. The market is reallocating both the basket and the profit pool.

### TRADITIONAL GROCERS HAVE A BELIEF PROBLEM, NOT JUST A PRICE PROBLEM

Permanent price cuts will not repair a value position shoppers no longer believe. The operating question is which categories define the banner’s price reputation, and whether loyalty, private label, fresh execution and proof of savings can rebuild trust faster than broad margin surrender.

### CONSUMERS ARE REPRICING EACH CATEGORY’S RIGHT TO REMAIN IN THE BASKET

Storewide trade-down is the wrong model. Households are protecting categories carrying freshness, necessity or emotional value and cutting those that feel discretionary. Promotional calendars and space allocation need to follow category-specific elasticity, not a single affordability narrative.

### DIGITAL PROFIT POOLS ARE CARRYING GROWTH THAT THE CORE SHELF IS NOT

Kroger’s quarter shows the structural shift clearly: retail media and e-commerce are growing faster than core grocery. Retailers without first-party data, advertiser demand and improving fulfillment economics are increasingly capped on margin even if store sales remain stable.

Theme 2

## Format Power Moves Toward Differentiated, Proprietary and Mission-Led Models

### DISCOUNT DENSITY, PRIVATE LABEL, SPECIALTY ASSORTMENT AND MID-SIZE FORMATS ARE REWRITING STORE CHOICE

Aldi is turning density into a repeatable share-transfer mechanism, with analysis indicating that a new store can remove roughly one percentage point of annual sales from rivals within 10 miles. Whole Foods is using its accelerator as a low-cost option on emerging brands. Private label is becoming a banner-selection engine, with 92% of US shoppers keeping store brands at home and 94% expecting to continue buying them even if prices ease. Meijer is expanding a 75,000-square-foot grocery format, while Global Foods Market demonstrates the defensibility of multicultural assortment built over decades.

#### ALDI'S ADVANTAGE IS REAL ESTATE VELOCITY, NOT ANOTHER PRICE PROMOTION

A new store every few days creates a pre-announcement competitive window. Incumbents that wait for opening day to respond are already late. Trade-area defense now requires site intelligence, localized assortment and capital decisions 12 to 18 months ahead of the ribbon cutting.

#### PRIVATE LABEL HAS BECOME PORTFOLIO POWER

When shoppers intend to retain store brands after inflation pressure eases, private label has crossed from defensive margin tool to proprietary demand asset. Weak private-label architecture is now a traffic and loyalty problem, not just a gross-margin problem.

#### FORMAT INNOVATION IS ABOUT MISSION FIT, NOT SIMPLY SMALLER BOXES

Meijer's mid-size format and specialty multicultural operators are capturing trips that neither supercenters nor conventional supermarkets serve well. The winning model is the one designed around a precise mission, operating rhythm and assortment logic, not the one that merely reduces square footage.

Theme 3

## AI Moves from Back-Office Efficiency to Control of the Basket

#### AGENTIC SEARCH, RETAIL MEDIA AND DIGITAL SHELF INFRASTRUCTURE ARE STARTING TO DECIDE WHAT GETS BOUGHT

Gopuff, Kroger, Wegmans, DoorDash and Albertsons are pushing AI into search, cart formation, meal planning and merchant decisions. Tesco committed to electronic shelf labels across roughly 3,000 stores. Nectar360 secured independent IAB Europe measurement certification, raising the credibility bar for retail media. TikTok is connecting discovery to purchase data, while NIQ Cadence and Dunnhumby are turning measurement and activation into multi-agent, multi-retailer systems. AI is no longer supporting the basket from the back office. It is helping create the basket.

#### THE FIRST COMPETITIVE BATTLE IS NOW PRE-SHELF

When a shopper asks an assistant to build a cart, convert a recipe or plan a meal, product eligibility is determined by data quality, availability, price, claims and platform rules before brand awareness can work. Machine-readable product architecture is becoming a distribution requirement.

#### RETAIL MEDIA IS MATURING FROM INVENTORY SALES INTO MEASUREMENT INFRASTRUCTURE

Independent certification and cross-retailer activation mean advertisers will increasingly compare networks on proof, not reach claims. Retailers that cannot demonstrate incremental sales, standardized measurement and off-site activation will lose budget to networks that can.

#### ELECTRONIC SHELF LABELS ARE NOT JUST A LABOR TOOL

Once pricing and shelf data become digitally addressable at scale, the same infrastructure can support pick accuracy, dynamic content, compliance and media. The strategic decision is not whether ESLs reduce labor; it is what operating capabilities the network enables next.

Theme 4

# Regulation Becomes a Direct Constraint on Product, Pricing and Channel Access

### THE COMPLIANCE CALENDAR IS NOW COLLIDING WITH COMMERCIAL PLANNING

Connecticut joined the move against surveillance pricing, Maryland's restrictions begin in October 2026, and New York advanced similar legislation. PFAS rules under the EU Packaging and Packaging Waste Regulation are turning evidence readiness into a market-access requirement. California date-label rules take effect July 1, 2026. SNAP restrictions remain legally contested, while hemp faces contradictory federal signals. The common pattern is not more regulation in the abstract. It is less time between policy signal and commercial consequence.

### PERSONALIZED PRICING HAS BECOME A STATE-BY-STATE OPERATING RISK

Retailers that built margin improvement around shopper-level pricing now face a patchwork capable of neutralizing that investment in the most competitive markets. Pricing architecture needs a compliant fallback before enforcement, not after a legal challenge.

### PACKAGING CHEMISTRY IS NOW A HARD MARKET-ACCESS GATE

PFAS, phthalates, BPA and broader PPWR evidence requirements are moving packaging from sustainability reporting into product eligibility. Companies that cannot document material composition, supplier declarations and replacement pathways risk losing EU access on the regulator's timetable.

### SNAP AND HEMP SHOW WHY POLICY SCENARIOS MUST RUN IN PARALLEL

The commercial mistake is treating one legislative pathway as settled. Category teams need multiple demand, eligibility and channel scenarios active simultaneously when courts, agencies and legislatures are moving in different directions.

Theme 5

# Health and Functionality Become Baseline Portfolio Requirements

### PROTEIN, FIBER, GLP-1 RELEVANCE AND FUNCTIONAL CLAIMS ARE MOVING FROM DIFFERENTIATION TO EXPECTATION

Publix linked GLP-1 guidance directly to products, discounts and coupons; Meijer counts more than 120 store-brand products with at least 5 grams of fiber; Trader Joe's 20-gram-protein pancakes won its new-product poll. Chick-fil-A is testing a 39-gram protein bowl, Smoothie King added 15-gram-protein flatbreads, and nearly one in four UK launches now carries a functional health claim. Danone's litigation against Chobani over serving-size protein math shows the claim itself has become commercially material enough to fight over in court.

### GLP-1 IS AN OPERATING-MODEL ISSUE, NOT A WELLNESS CAMPAIGN

The winning retailer connects pharmacy, private label, center store, perimeter and guidance into one purchase journey. Chains that leave GLP-1 inside pharmacy are surrendering the cross-category economics to operators that integrate first.

PROTEIN CLAIMS ARE NOW A NUMERICAL BATTLEGROUND

When shoppers scan grams per serving as a primary decision rule, serving-size math, claim comparability and label credibility become competitive assets. Brands need claim architecture that survives legal, regulatory and consumer scrutiny.

FUNCTIONAL IS BECOMING TOO COMMON TO DIFFERENTIATE ON ITS OWN

As functional claims approach one in four launches, general wellness language loses power. Brands need to own a specific outcome, with credible formulation, sensory performance and evidence, rather than simply adding another front-of-pack claim.

Theme 6

## Portfolio Restructuring Separates Growth Assets from Legacy Exposure

### THE MARKET IS REWARDING CONTROL OF FUTURE OCCASIONS AND PUNISHING UNRESOLVED COMPLEXITY

Nestlé moved to acquire the remaining 51% of yfood after three years as a minority investor. Bodyarmor entered sparkling sports drinks; Modelo extended both Chelada and nonalcoholic beer; Gopuff used platform data to launch an exclusive coconut-water brand. Kraft Heinz abandoned a planned two-company split in favor of three regions and one global procurement and supply-chain function. Campbell warned that snack repair will take time, while Diageo moved into cost restructuring after North American spirits sales fell more than 9% in the first half of fiscal 2026.

### MINORITY-STAKE-THEN-BUY IS BECOMING A DISCIPLINED M&A MODEL

Nestlé's yfood sequence reduces the risk of paying full control value before channel fit and growth durability are proven. CPG companies should treat staged ownership as an operating test, not simply a financial structure.

### ADJACENT-OCCASION EXTENSIONS ARE CHEAPER THAN BUILDING NEW BRANDS

Bodyarmor, Modelo and Gopuff show three routes to growth: extend a trusted brand, use platform exclusivity, or acquire a proven growth asset. The common logic is to buy or borrow demand permission rather than create it from zero.

### REORGANIZATION IS REPLACING BREAKUP AS THE FIRST RESPONSE TO COMPLEXITY

Kraft Heinz's reversal matters beyond one company. Boards considering separation should test whether the real constraint is portfolio incoherence or operating complexity. A split does not fix a procurement, supply-chain or regional-execution problem.

Theme 7

## Foodservice Performance Is Determined by Format, Occasion and Capital Discipline

### THE CATEGORY IS NOT WEAK UNIFORMLY; IT IS REWARDING OPERATORS THAT CONTROL THE FULL OCCASION

LongHorn delivered 9.5% same-restaurant sales growth and is converting underperforming Bahama Breeze sites. Chipotle is testing menu, daypart, catering, remodel and value levers simultaneously. Cava plans more than 75 openings and created a new assistant general manager layer to support the buildout. Tropical Smoothie Cafe reports 12 million loyalty members generating roughly one-third of sales. At the other end, On the Border entered Chapter 7 roughly 18 months after restructuring, and Pizza Hut changed ownership while still facing a digitally stronger Domino's.

**THE SAME MACRO ENVIRONMENT IS PRODUCING RADICALLY DIFFERENT RESULTS**

LongHorn's growth and On the Border's liquidation are not contradictory signals. They show that occasion relevance, unit economics and operating execution are now more important than broad format labels such as casual dining or fast casual.

**MULTI-LEVER TRAFFIC REPAIR IS REPLACING THE ONE-PROMOTION TURNAROUND**

Chipotle's test portfolio reflects the real complexity of traffic erosion: menu, daypart, estate condition, value and occasion can all be involved. Operators betting on one LTO or one remodel wave are assuming a simpler problem than the market is presenting.

**MANAGEMENT DEPTH AND LOYALTY INFRASTRUCTURE ARE CAPITAL ASSETS**

Cava is building the operating bench before opening the units; Tropical Smoothie is converting identified customers into a meaningful sales base. Growth capital without management depth or customer identity is increasingly just expansion risk.

**Theme 8**

# Resilience Moves Downstream and Closer to the Customer

**DISTRIBUTION, COLD CHAIN AND SUPPLIER CONTROL ARE BECOMING CUSTOMER-PROPOSITION CAPABILITIES**

Target opened a $367 million, 529,000-square-foot temperature-controlled distribution center serving 129 stores and cutting replenishment by up to two days. AWG is giving independents shared commerce and retail-media capability. UNFI is deploying AI across planning and fleet management. HelloFresh expanded chilled SKU capacity fivefold. CJ Foods invested in land-based seaweed cultivation, while the RNDC collapse and backlash to Sysco's Restaurant Depot acquisition expose the fragility created when critical distribution capacity concentrates or fails.

**FRESHNESS IS NOW A CAPITAL-INTENSIVE SERVICE PROMISE**

Target's two-day replenishment gain is the real competitive signal. Cold-chain investment affects availability, shrink, assortment breadth and trust. Regional retailers unable to match the network need partnerships, shared infrastructure or a narrower fresh promise.

**WHOLESALERS ARE BECOMING DIGITAL AND MEDIA PLATFORMS**

AWG and UNFI are defending relevance by giving customers capabilities independents cannot fund alone. The wholesaler that provides only product and logistics is being displaced by the one that also provides planning, data, media and commerce infrastructure.

**DISTRIBUTION CONCENTRATION IS A CUSTOMER-RISK EVENT**

RNDC and the Sysco-Restaurant Depot debate show that distribution disruption reaches menus, shelves and working capital immediately. Supplier qualification and contingency planning need to be built at the route, facility and category level, not held as an enterprise policy document.

Theme 9

# Trust Failures Become Commercial Events

### TRACEABILITY, LABEL ACCURACY, PACKAGING PROGRESS AND GOVERNANCE ARE NOW CHANNEL-PERMISSION ISSUES

FDA traceability exercises reinforced 24-hour response readiness, while buyer expectations are moving ahead of the 2028 enforcement timeline. EFSA lowered its tolerable exposure threshold for dioxins and dioxin-like PCBs. EU food-safety-culture requirements are moving into official controls. Nara Organics, MorningStar Farms, Power Plate Meals and Lehi Valley faced recalls spanning specialty formula, foreign material and undeclared allergens. Mars and Mondelez reported packaging progress but also exposed the gap between headline commitments and full circularity. Red Lobster shareholders alleged that Endless Shrimp was continued to benefit a controlling supplier despite losses.

### TRACEABILITY READINESS IS BECOMING A CHANNEL REQUIREMENT BEFORE IT IS A LEGAL ONE

Retailers and foodservice buyers will not wait for the enforcement date when their own brand and recall exposure is immediate. Suppliers unable to produce complete records within hours will lose preferred status before they receive a regulatory penalty.

### SMALL LABEL AND SUPPLIER FAILURES NOW TRAVEL AT NETWORK SPEED

An undeclared allergen, mislabelled meal or specialty-formula problem can move through national distribution before a company understands the scope. Trust resilience depends on supplier qualification, data interoperability and response authority, not just a recall procedure.

### GOVERNANCE MISALIGNMENT CAN TURN A PROMOTION INTO AN ENTERPRISE RISK

The Red Lobster allegation matters because it exposes a structural question: who benefits economically from a promotion, and who controls the decision. Any supplier with equity, board influence or tied purchasing arrangements needs explicit conflict testing before major volume commitments.

STRATEGIC IMPERATIVES

# Strategic Analysis of Global Food & CPG – July 2026

The downstream market has moved beyond a contest over price and into a contest over control. Companies need to control the demand signal, the data layer, the fulfillment clock, the regulatory evidence and the supplier relationship closely enough to act before volume, margin or channel access moves against them. Seven priorities follow.

## 1. Rebuild Value Credibility at the Category and Banner Level

Only 13% of regular traditional-supermarket shoppers believe those retailers have low prices, even while food-at-home inflation sits below broader inflation. Stop funding blanket price cuts. Identify the categories that define the banner's price reputation, prove savings where belief is weakest, and protect margin where freshness, quality or convenience still earns a premium.

## 2. Treat Private Label and Loyalty as One Proprietary Demand System

Private label is influencing banner choice, and loyalty is becoming the mechanism through which value is individualized. Retailers should connect own-brand innovation, member pricing, first-party data and retail media rather than manage them as separate functions.

## 3. Make Every Product Machine Readable and Agent Eligible

Agentic search and cart building reward complete, structured and credible product data. Nutrition claims, allergen information, availability, pack architecture, price and use occasion must be platform compatible. Algorithmic exclusion will become a larger risk than poor shelf position.

## 4. Build a Regulatory Commercial-Control Tower

Surveillance pricing, PPWR, PFAS, traceability, SNAP and date labeling are arriving on different state and regional clocks. Legal monitoring alone is insufficient. Companies need one operating view that links policy timing to affected SKUs, packaging, channels, promotions and supplier evidence.

## 5. Classify the Portfolio by Functional Permission, Not by Category Label

Protein, fiber, GLP-1 relevance and functional claims are spreading across conventional categories. Map which brands have permission to extend, which claims are defensible, and which SKUs require reformulation or portion redesign before functional positioning becomes table stakes.

## 6. Put Distribution Resilience Into the Customer Proposition

Cold-chain speed, wholesaler digital capability, alternative supply and route redundancy directly affect freshness, availability and trust. Capital planning should value those outcomes, not treat resilience as overhead or insurance.

## 7. Stress-Test Governance and Supplier Concentration Before the Next Promotion or Deal

The Red Lobster allegation, RNDC disruption and ingredient consolidation all point to the same risk: counterparties can shape operating outcomes in ways conventional procurement reviews miss. Map ownership, board influence, tied purchasing, route concentration and single-source dependencies before they become commercial events.

## 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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Emerging Sector Voice - Downstream

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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