Food & Beverage Trends & Strategies: Insights from CAGNY 2025

In February, 2025, prominent North American consumer goods companies met at the Consumer Analyst Group NY conference (CAGNY). This presentation explores how some of the best-in-class companies are responding to evolving consumer preferences, leveraging technology, and implementing innovative strategies to drive growth in the food and beverage industry.

We'll examine macro-trends shaping the consumer landscape, dive into specific consumer behaviors, highlight success stories, and explore how companies are using digital innovation, sustainability initiatives, and strategic positioning to win in today's competitive marketplace. There's plenty more to learn and see - Contact Us for more!

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A Changing Consumer Landscape

1 Aging Population

By 2030, 1 in 5 Americans will be retirement age, shifting demand toward health-oriented, functional foods that support longevity, brain health, and mobility. This demographic shift is driving innovation in products that address specific health concerns of older consumers.

2 Rise of Gen Z & Millennials

With a projected $12T in spending power by 2030, younger consumers are redefining food choices, favoring spicy, plant-based, and sustainability-driven options. Their preferences are reshaping product development and marketing strategies across the industry.

3 Evolving Family Structures

More single-person and multi-generational households mean growing demand for convenient, portion-controlled, and diverse meal solutions. Companies are adapting their product portfolios to accommodate these changing household dynamics.

Multicultural Tastes Reshaping Food Preferences

Societies are becoming more multicultural, and consumers are proudly sticking to their food cultures. This demographic shift is creating new opportunities for authentic, culturally-specific products and flavors.

Brands recognize the need to offer flavors and products authentic to diverse ethnic heritages. This means tailoring portfolios to include regional flavors and cultural preferences as core offerings, not niche add-ons.

PepsiCo's strategy exemplifies this approach, emphasizing giving consumers "what they want from their own culture" as populations grow more diverse. The company is investing in products that reflect the cultural diversity of its consumer base.

This trend extends beyond just flavors to include cooking methods, ingredient sourcing, and cultural food traditions that resonate with specific communities while also appealing to mainstream consumers seeking authentic experiences.

Conagra, CAGNY 2025

Health is Non-Negotiable

$480B Wellness Market

The U.S. wellness market is valued at $480 billion and growing 5-10% annually, with consumers shifting from passive to active health management. This represents a fundamental shift in how consumers approach their relationship with food and beverages.

Increased Awareness

There is increased awareness of health and wellness driving preferences. Products that support gut health, immune function, and mental well-being are in high demand as consumers take a more holistic approach to their health.

Functional Benefits

New foods and beverages with probiotics for digestive and immune support are emerging. Consumers are increasingly seeking products that offer specific health benefits beyond basic nutrition.

Functional Foods & Beverages Boom

1 Market Growth

Sales of gut-health, high-protein, and energy-boosting products are growing at double-digit rates. This category is outpacing traditional food and beverage segments as consumers prioritize products with tangible benefits.

2 Science-Backed Functionality

Companies credit science-backed functionality for brand success. Celsius, for example, attributes its growth to offering health-and-fitness-oriented functionality with strong consumer loyalty and continuous flavor innovation.

3 Mainstream Adoption

Ingredients with added protein, vitamins, or other enhancements are becoming mainstream. What was once considered niche is now expected by everyday consumers across multiple product categories.

Snacking as a Lifestyle

Daily Habit

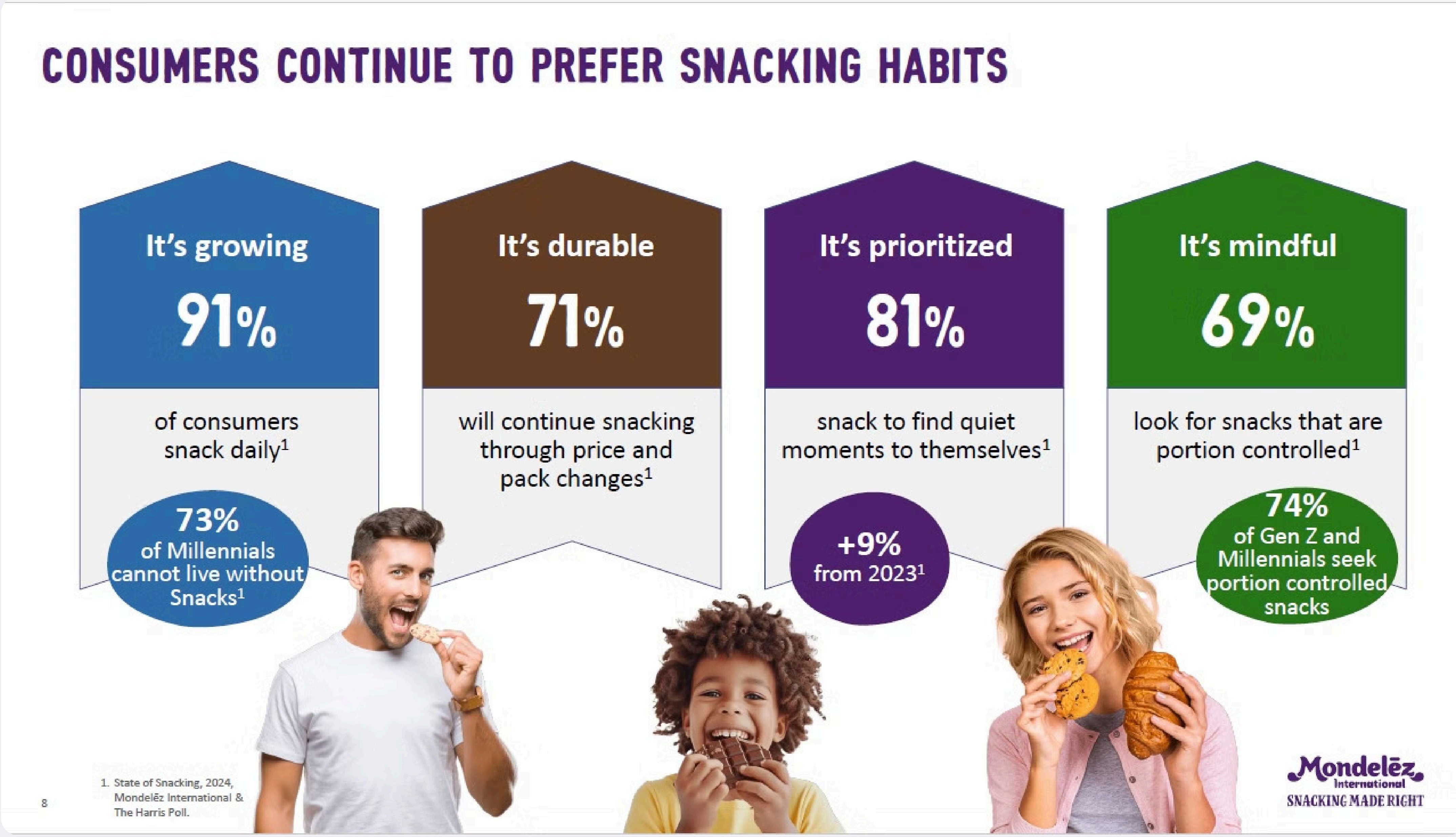
91% of consumers snack daily, making snacking a fundamental part of modern eating patterns rather than an occasional indulgence. This represents a significant shift in how people approach food consumption.

Better-for-You Growth

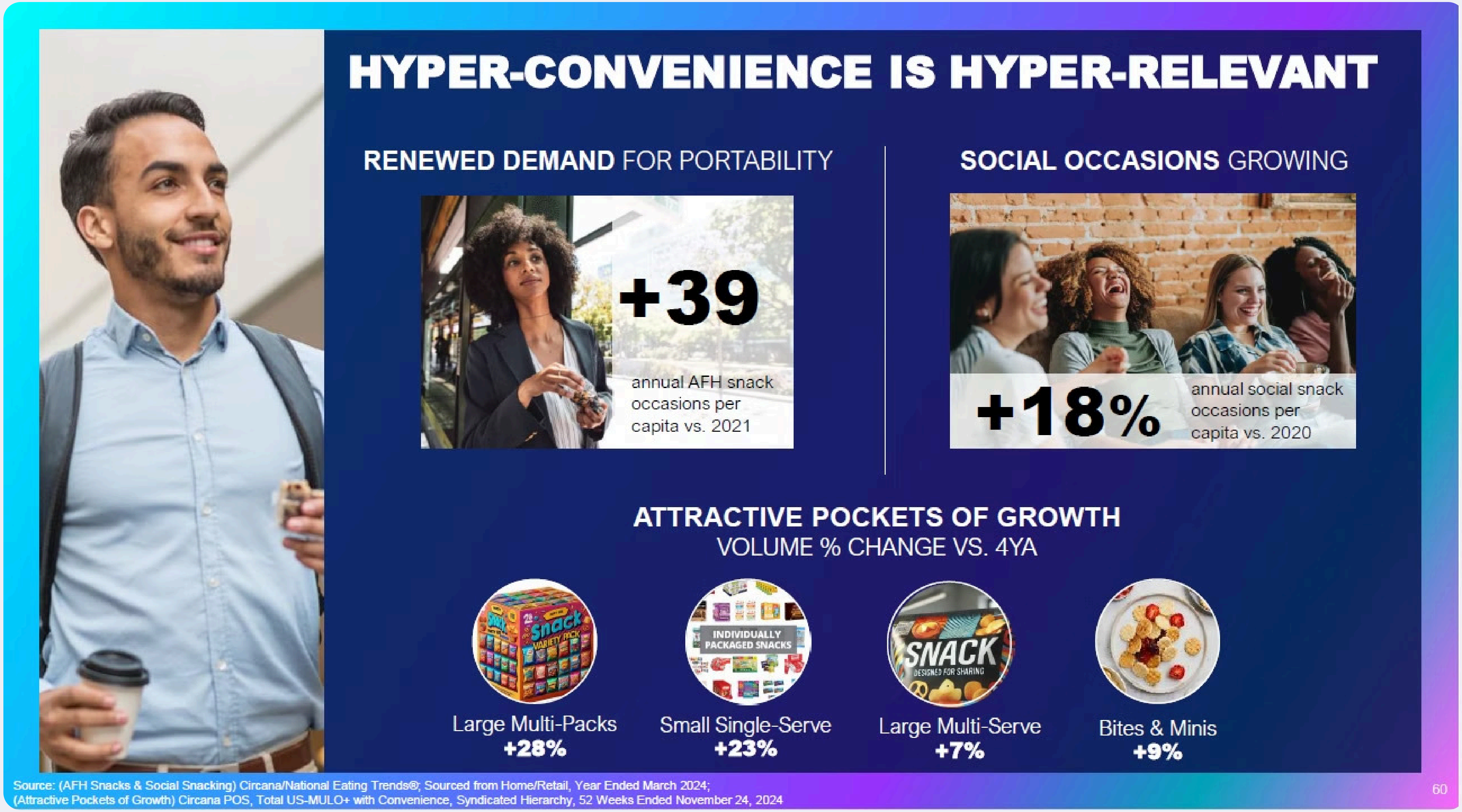
Better-for-you snacking is up 12% YoY, reflecting demand for high-protein, low-sugar, and clean-label treats. Consumers are no longer willing to compromise on health when it comes to their snacking choices.

Flavor Exploration

33% of U.S. consumers snack to experience new flavors and products. Snacking has become a way for consumers to explore diverse tastes and culinary experiences without committing to a full meal.



Mondelez, CAGNY 2025



Conagra, CAGNY 2025

>45%
of U.S. consumers
eat 3 or more snacks a day

>50%
of U.S. consumers
see convenience as a top
need when snacking

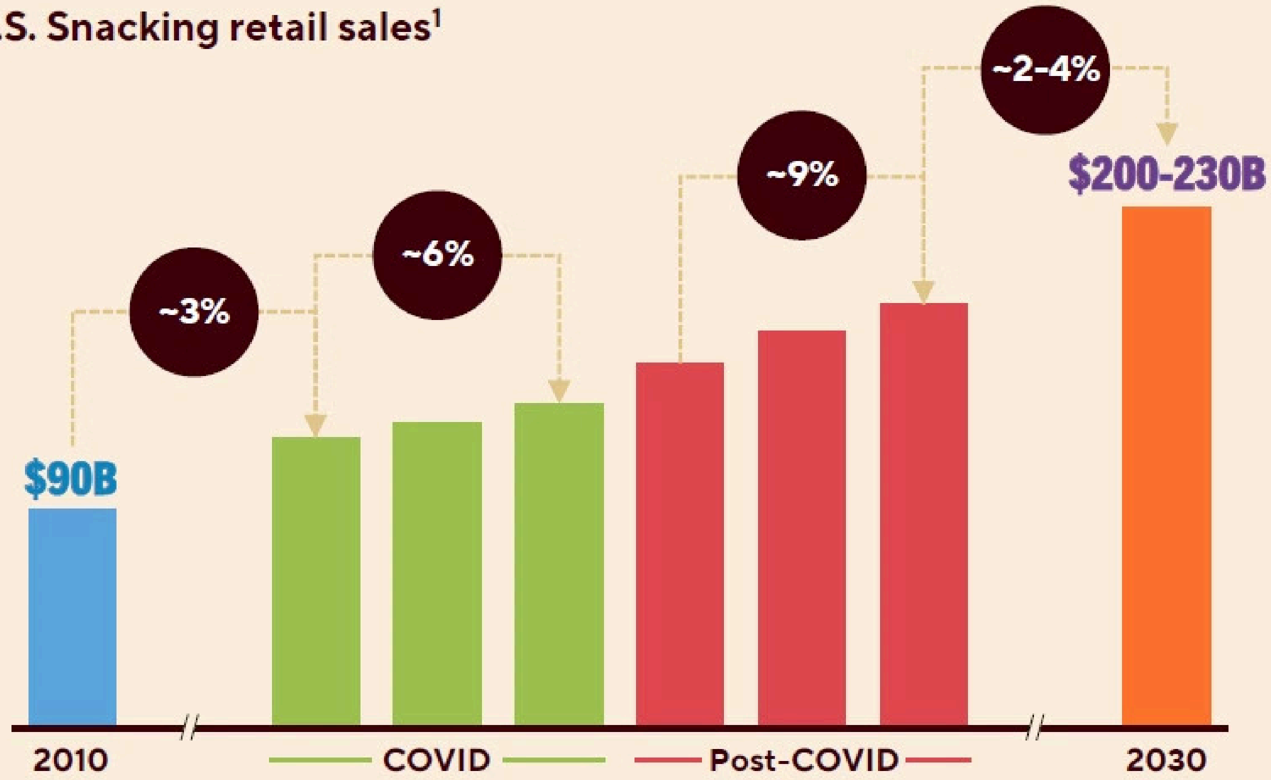
~40%
of consumers plan
on splurging on Food,
more so than other categories

15 p.p.
increase in consumer
sentiment today
vs. lows of mid-2022

HERSHEY

Our Leading Snacking Powerhouse vision is supported by long-term consumer trends

U.S. Snacking retail sales[1]



1. Includes Chocolate, Sweets (incl. Confectionery, Biscuits, and Ice cream), Salty
Source: Euromonitor, Circana, McKinsey ConsumerWise powered by Numerator ('22-'24), Snacking Consumer Research fielded November 2024

Hershey, CAGNY 2025

Personalization & Customization Trends

1

Tailored Experiences

Consumers increasingly expect personalized options tailored to their needs and preferences. This trend is driving innovation in product development, packaging, and marketing strategies across the industry.

2

AI-Driven Content

Nestlé noted it is "delivering personalized content" via AI to build deeper consumer relationships. Advanced technology is enabling companies to create more relevant and engaging experiences for individual consumers.

3

Made for Me

From personalized nutrition plans to customizable flavors, the trend is toward products that feel "made for me." Consumers are seeking products that align with their specific dietary needs, taste preferences, and lifestyle choices.

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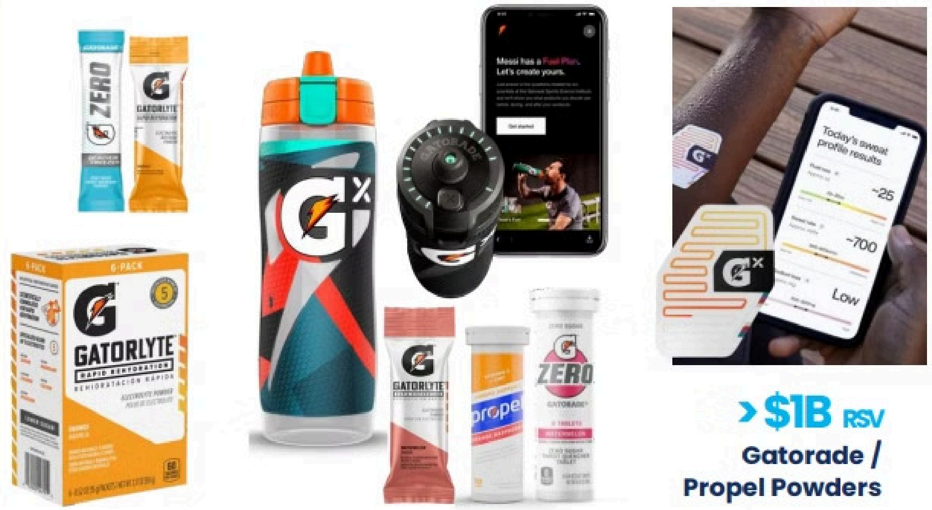
Innovating To Provide Consumers With Customized Options That Go Beyond The Bottle

Personalization



> $1B RSV
Gatorade / Propel Powders

Customization

> $1.5B RSV
SodaStream

Meet Specific Consumer Needs

Based on 2024 estimated global Retail Sales Value (RSV).

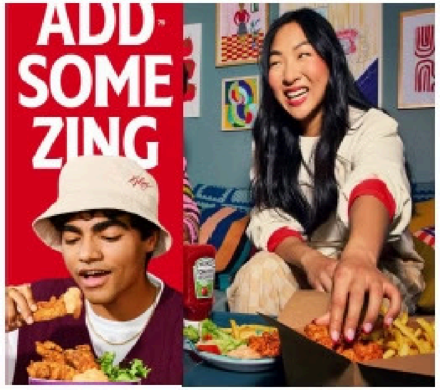
PEPSICO

Pepsico, CAGNY 2025

Opportunities To Accelerate Growth in Taste Elevation

N.A. Retail driven by Accelerate Platforms

Expand Usage Occasions & Flavors



Grow the Core Through Meaningful Product Differentiation

Increase *Better For You* Offerings

Grow *Heinz* Beyond Ketchup

Brands shown are illustrative and do not reflect all brands within platform.

KraftHeinz

Kraft Heinz, CAGNY 2025

Emerging Nutrition Needs

Weight Management

Food brands are developing products to complement popular GLP-1 weight-loss drugs, recognizing the growing market for weight management solutions. This represents a significant opportunity as medical approaches to weight loss become more mainstream.

Women's Health

Specialized nutrition for women's health is emerging as a distinct category. Companies are creating products that address specific nutritional needs related to hormonal health, pregnancy, and other women's health concerns.

Healthy Longevity

Solutions for "healthy longevity" (aging well) are becoming a priority as the population ages. These products focus on supporting cognitive function, joint health, and overall vitality for older consumers.

Affordable Nutrition

Companies are developing affordable nutrition options for budget-conscious consumers, recognizing that health shouldn't be a luxury. This trend addresses economic concerns while still meeting nutritional needs.

Conagra: GLP-1 friendly frozen meals, “On Track” - catering to ~15 mn GLP-1 American users

Pepsico: Responding to functional needs such as hydration, energy, protein and fiber

Celsius: A Functional Beverage Success Story

22.6%

YoY Growth

Celsius has achieved remarkable growth in the RTD energy drink category, outpacing many competitors by focusing on health and fitness positioning.

$2B

Combined Sales

Celsius is acquiring fellow functional brand Alani Nu (deal expected Q2 2025) to create a "better-for-you, functional lifestyle platform" with approximately $2 billion in combined sales.

16%

Market Share

Together the two brands will command an estimated 16% of the U.S. energy drink market, illustrating how focus on health and function is capturing share from traditional energy drinks.

COMPLEMENTARY BRAND POSITIONING AND ATTRACTIVE CONSUMER DEMOGRAPHICS, EXPECTED TO DRIVE INCREMENTAL CATEGORY GROWTH

CELSIUS LIVE FIT

CELSIUS	ALANI NU
TARGET AUDIENCE	**TARGET AUDIENCE**
Gender-neutral, performance-driven with broad appeal to fitness enthusiasts and beyond	Female-focused, lifestyle-oriented for consumers seeking a fun, approachable brand
BRAND POSITIONING	**BRAND POSITIONING**
Functionality for athletes and fitness-focused individuals	Centered around community, empowerment and wellness for young women
FLAVOR INNOVATION	**FLAVOR INNOVATION**
Diverse portfolio of fruit-forward, refreshing flavors	Bright, playful flavors
AESTHETIC	**AESTHETIC**
Sleek, minimalist design with broad consumer appeal	Vibrant, pastel color palette and feminine design

Alani NU

Celsius, CAGNY 2025

Uncrustables: Convenience Drives Growth

1

2

3

Consistent Growth

19% CAGR over the past decade

11th straight year of double-digit growth

Current Success

Nearly $900M in annual sales

Leads freezer category in attracting families with kids, millennials, and Gen Z

Future Expansion

Aggressive production capacity increase

Aiming to become a $1 billion brand available "everywhere"

UNCRUSTABLES® & GEN Z

Culturally relevant & showing up in pop culture

Added more Gen Z buyers
than any other brand in the freezer

Celebrities, famous athletes & everyday consumers
share their LOVE for the brand

Consumers are helping us propel the brand
into a mainstream phenomenon

SOURCE: SMUCKER INTERNAL CIRCANA MULTI-OUTLET SHARE REPORT 52 WEEKS ENDED JANUARY 26, 2025.

JM Smucker's, CAGNY 2025

Nestlé's Coffee Innovation

Nescafé Espresso Concentrate

Nestlé launched Nescafé Espresso Concentrate, allowing easy at-home creation of iced lattes and customized coffee drinks. This innovation meets young consumers' desire for personalized, cafe-quality beverages at home.

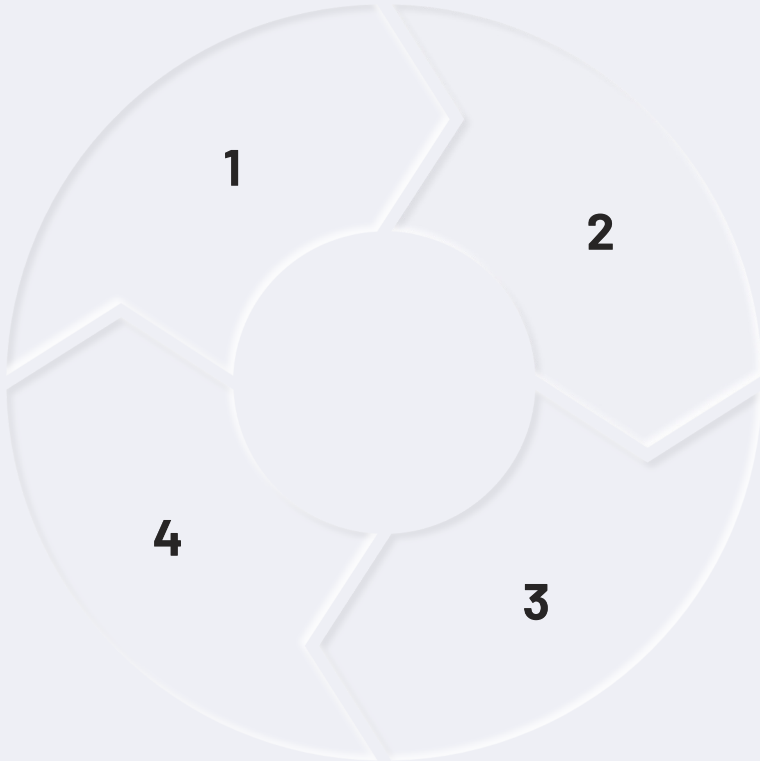
New Consumption Occasions

This product "hacks" the iced coffee occasion with a convenient twist, opening up new drinking occasions beyond the typical morning cup. It capitalizes on the growing trend of coffee as an all-day beverage.

Personalization Appeal

The product appeals to Gen Z and millennial consumers who value both convenience and the ability to customize their beverages. It transforms home coffee preparation into a creative experience. The company says that Gen-Z are entering the coffee category 4 years earlier.

Mondelez Expands into Cakes & Pastries



Market Opportunity

Seeing a "significant runway" in the $97 billion cakes & pastries category

Brand Extension

Launching unique extensions of popular chocolate and biscuit brands

Leveraging Trust

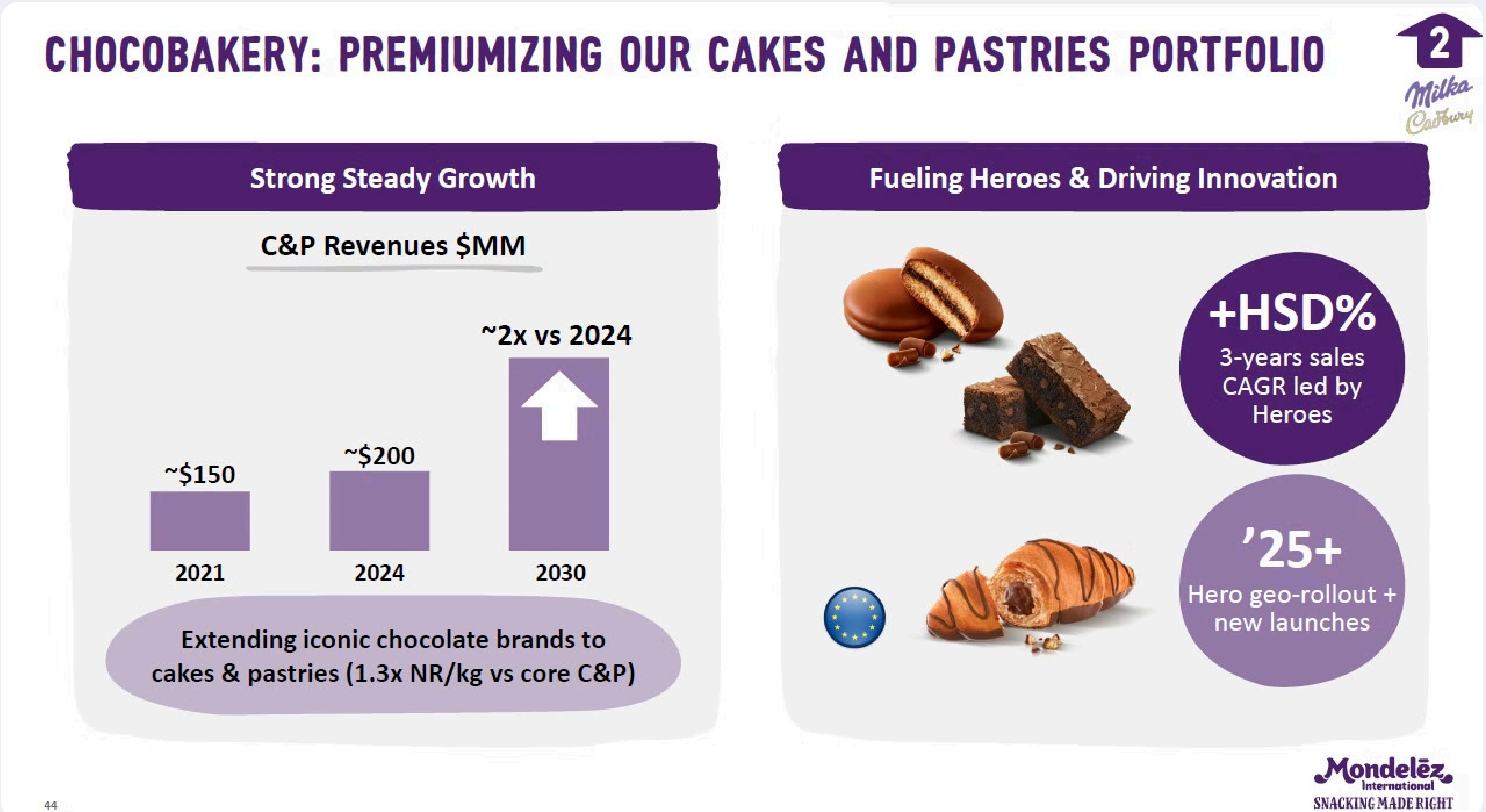
Taking favorites like Oreo or Cadbury into new formats

Early Success

New cake launches gaining market share

Mondelez International has successfully responded to evolving snack habits by expanding into adjacencies. By reimagining popular brands as cakes, donuts or other pastry treats, they're leveraging brand trust to win in a fast-growing category.

This strategic move allows Mondelez to capture more snacking occasions throughout the day while building on the strength of their established brands. The early results validate this strategic bet on adjacent snacking occasions.



Mondelez, CAGNY 2025

PepsiCo: Evolving Core Brands for Health

1

Taste-First Approach

"Taste will always be at the center... but we're refreshing our iconic offerings to be better"

2

Nutritional Improvements

Systematically reducing sodium, saturated fat, and artificial ingredients without sacrificing flavor

3

Authentic Messaging

Recent Super Bowl campaign emphasized that Lay's chips are made from real, simple ingredients (potatoes), now with 20% less sodium

PepsiCo has demonstrated success in reformulating and extending its powerhouse brands in line with health trends. Their strategy of "evolving, not sacrificing" has helped retain leading positions in savory snacks even as consumer preferences shift to healthier options.

Gatorade is another success story, with the brand's expansion into sugar-free (Gatorade Zero) and electrolyte water attracting new drinkers and stabilizing Gatorade's dominance in sports hydration by addressing wellness trends.

PORTFOLIO

Advancing Options That Meet Evolving Consumer Preferences

Advance Positive Choices

- Permissible
- Diverse ingredients
- Nutrient-dense

Pepsi
Low / Zero Sugar
>$10B
RSV

5 Year
CAGR
Volume +MSD%
Value +HSD%

Pepsico, CAGNY 2025

Conagra's Frozen Foods Resurgence

Conagra Brands seized on the intersection of health and convenience in its frozen foods portfolio, and it paid off notably in the vegetable category. Demand so exceeded expectations that it led to temporary out-of-stocks – an indicator of success that Conagra had to swiftly manage.

Infrastructure Expansion

Adding surge manufacturing capacity

Modern Innovation

Chef-inspired seasoned veggies, microwave steam packs

Quality Investment

Invested in product quality and marketing

Consumption Growth

Birds Eye frozen vegetables saw consumption nearly double vs. year-ago

By modernizing recipes and marketing frozen veggies as nutritious time-savers, Conagra turned a once-stagnant aisle into a growth engine. This case shows that aligning product attributes with consumer needs can revive even mature categories.

Conagra, CAGNY 2025

Data-Driven Operations Transform Supply Chains

1

Digital Leadership

The Coca-Cola Company emphasized building "digitally savvy leadership" and capabilities across its system. This focus on digital transformation extends from the C-suite throughout the organization.

2

Advanced Analytics

Companies are using advanced analytics, automation, and predictive modeling to improve route planning, inventory management, and demand forecasting. These tools enable more precise decision-making.

3

Agile Response

AI-driven tools are helping companies be more agile and cost-efficient from manufacturing through to retail execution. This agility is critical in responding to rapidly changing consumer preferences and market conditions.

4

Real-Time Insights

Digital platforms provide real-time visibility into operations, allowing companies to identify and address issues before they impact consumers. This improves overall service levels and reduces waste.

DOING WHAT WE DO BEST… EVEN BETTER

Streamlined
PORTFOLIO

~200 Brands

2 Consecutive Years of Weekly+ Growth[(a)]

Disciplined
INNOVATION

~3x Success Rate versus 2019

↑ Innovation Velocity versus Prior Year

Efficient & Effective
MARKETING

~65% Digital Mix in 2024

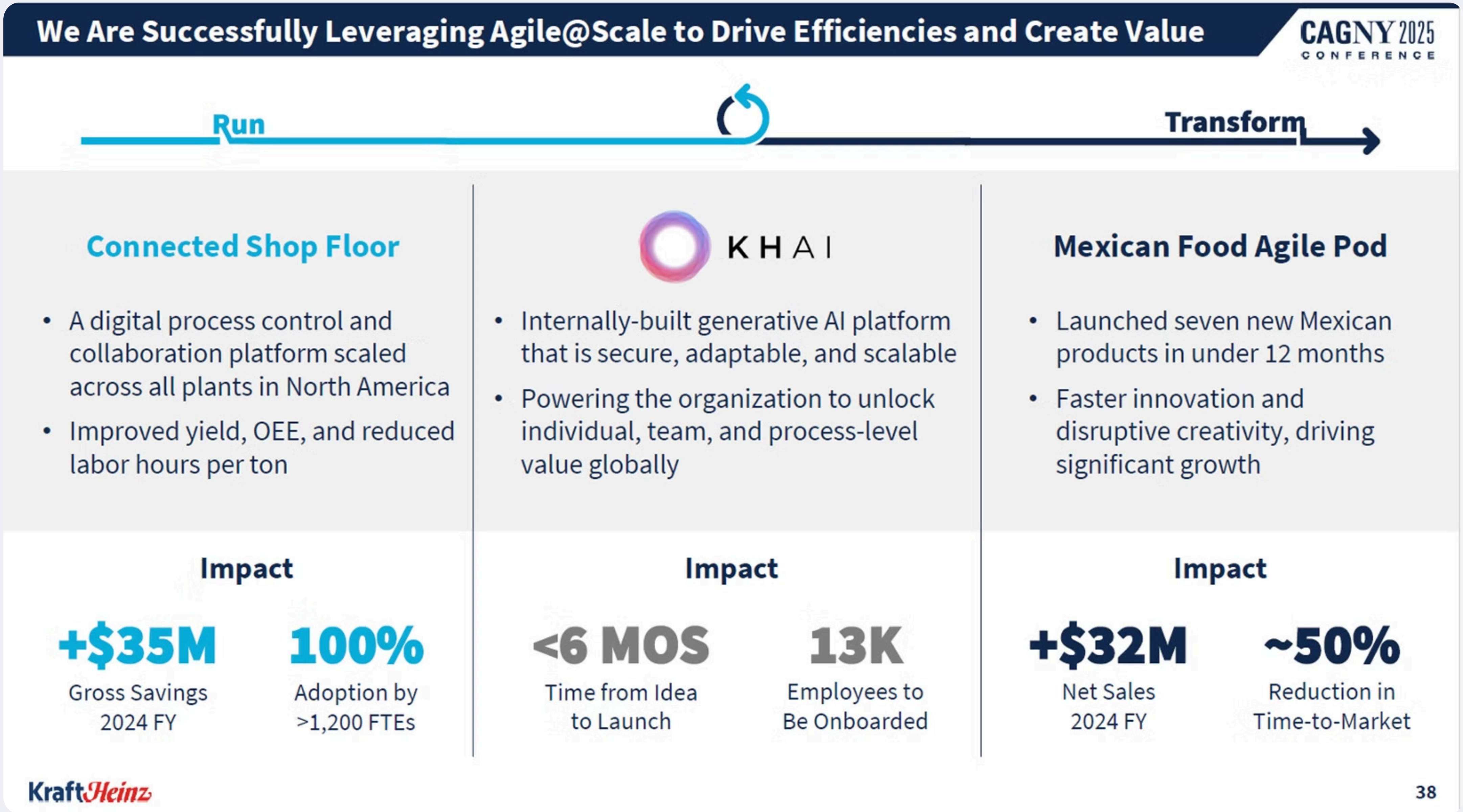
↑ Speed from Increased Data Collection

New Operating
MODEL

9 Operating Units Connected Through Studio X

✓ End-to-End Consumer Centricity

Coca-Cola, CAGNY 2025



Kraft Heinz, CAGNY 2025

Innovation Acceleration Through Digital

Studio X

Coca-Cola's digital "Studio X" was mentioned as a new marketing model to create and scale content quickly. This digital studio enables rapid response to cultural moments and consumer trends.

AI-Driven R&D

Many firms now use AI insights (like trend prediction algorithms) in R&D to decide on new flavors or product lines. This accelerates the innovation process and increases the likelihood of success.

Real-Time Testing

Digital platforms allow for rapid testing of concepts with consumers, providing immediate feedback that can be incorporated into product development. This reduces the risk of launching products that don't resonate.

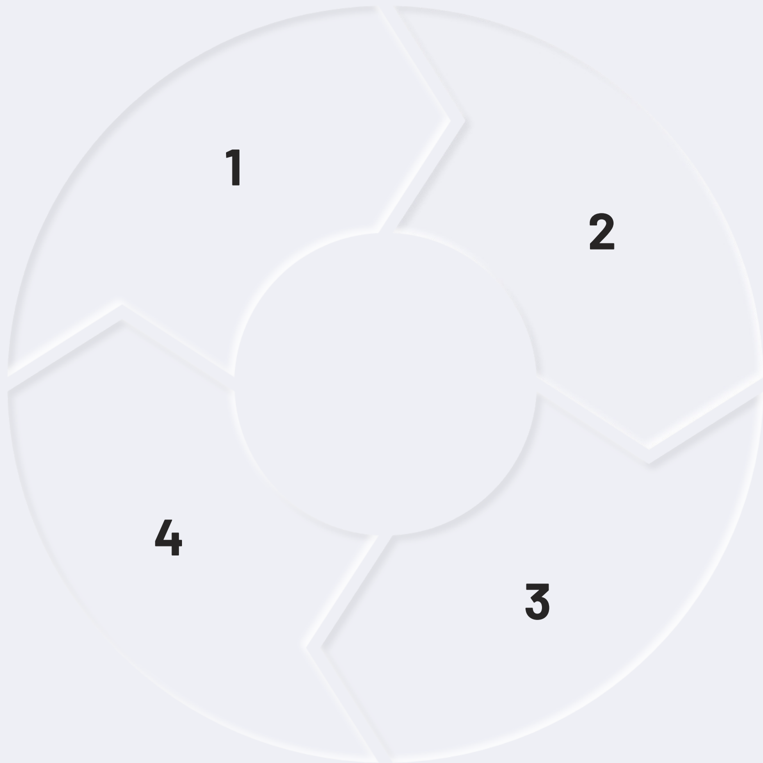
Speed to Market

Digital tools are compressing the timeline from concept to launch, allowing companies to capitalize on emerging trends more quickly than ever before. This speed is becoming a competitive advantage.

Nestlé's "Virtuous Circle" Strategy

Growth Focus

Accelerating growth and winning back market share



Efficiency Gains

Unlocking CHF 2.5 billion in efficiencies

Value Creation

Creating value "not just financial, but also societal"

Strategic Reinvestment

Reinvesting in marketing and innovation

Nestlé is sharpening its strategic focus via a virtuous circle framework. This means driving greater efficiencies at scale and plowing those savings back into growth priorities. The company's number-one priority is accelerating growth and winning back market share in 18 key business cells.

This balanced approach ensures that cost-cutting isn't just about improving margins, but about fueling future growth. By creating a self-reinforcing cycle of efficiency and investment, Nestlé aims to deliver sustainable long-term value.

Freshpet's Disruptive Go-to-Market Strategy

Category Creation

Freshpet's strategy of installing branded refrigerators in stores (keeping pet food fresh) created an entirely new category in the pet food aisle, differentiating the brand from traditional shelf-stable options.

Expansion Opportunities

Freshpet now sees major expansion opportunities in areas like cat food and treats, leveraging its established infrastructure and brand reputation to enter adjacent segments.

1

2

3

Profitability Milestone

2024 marked the company's first full year of positive net income, validating the business model after years of investment in infrastructure and brand building.

Freshpet showcased how its fresh refrigerated pet food is reshaping the pet food aisle. This is a best-in-class example of innovation in distribution and product offering creating new demand in what was previously a mature category.

Freshpet Ecosystem

Fridge network: The future of Freshpet fridges is a grocery store for pets

Freshpet, CAGNY 2025

Omnichannel & Retail Expansion

Channel Diversification

F&B companies are meeting consumers wherever they shop. Nestlé, for example, is increasing its presence in "growing channels – e-commerce, convenience, and value retailers" to capture omnichannel shoppers.

Beyond Traditional Grocery

Traditional grocery is no longer the sole focus; firms are expanding in club stores, dollar stores, and online direct-to-consumer. This diversification reduces dependence on any single retail channel.

New Points of Sale

Hershey highlighted evolving with consumer habits — tapping into club and dollar channels and even new points of sale like pay-at-the-pump for snacks. These unconventional locations capture impulse purchases in new contexts.

EVOLVING WITH THE CONSUMER

Growth through Retail Evolution

Seismic shifts constant in retail as consumer habits change

1980s	Pay at the Pump	
1990s	Rise of Mass	Walmart
2000s	Self Check Out	Walmart
2010s	Club & Dollar Expansion	Costco Wholesale, Dollar Tree
2010s	Entrance of Digital	amazon
Now	Omnichannel Evolution, Social Shopping	amazon go
Next	?	

HERSHEY

But desire for our brands and right to win remain

Hershey, CAGNY 2025

Experiential & Engagement Marketing

1

From Advertising to Interaction

Marketing is shifting from one-way advertising to interactive, experience-driven engagement. This approach creates deeper emotional connections with consumers and encourages active participation with brands.

2

Community Building

Successful brands are those that generate buzz and community. Conagra's celebrity-inspired frozen foods registered $175MM and +33% vs. YA, and it announced an expansion of its successful Dolly Parton franchise.

3

Organic Advocacy

The Uncrustables brand gained organic love with celebrities and athletes sharing their affinity, effectively turning fans into marketers. This authentic advocacy is more powerful than traditional paid endorsements.

4

Immersive Experiences

Companies are increasingly creating experiences (both digital and real-world) – from immersive social media challenges to in-store demos and events – to deepen consumer connection and drive word-of-mouth.

EVOLVING WITH THE CONSUMER

Tapping into new marketing models

Influencer-Led Activations & Partnerships

Acquired a fast-growing, influencer-led **Sour Candy brand**

Licensing model with **Shaq** to launch new Sweets brand

Sponsor of the New Heights podcast with NFL Legends **Jason and Travis Kelce**

Official partnership with the WNBA's **Angel Reese**

Social & digital content and live events & activations with **Barstool Sports at the Big Game**

HERSHEY

Hershey, CAGNY 2025

Data-driven Marketing: Building Meaningful Consumer Relationships

Enhanced Audience Targeting

Seamless Cross-channel Insights

Real-time Performance Optimization

General Mills, CAGNY 2025

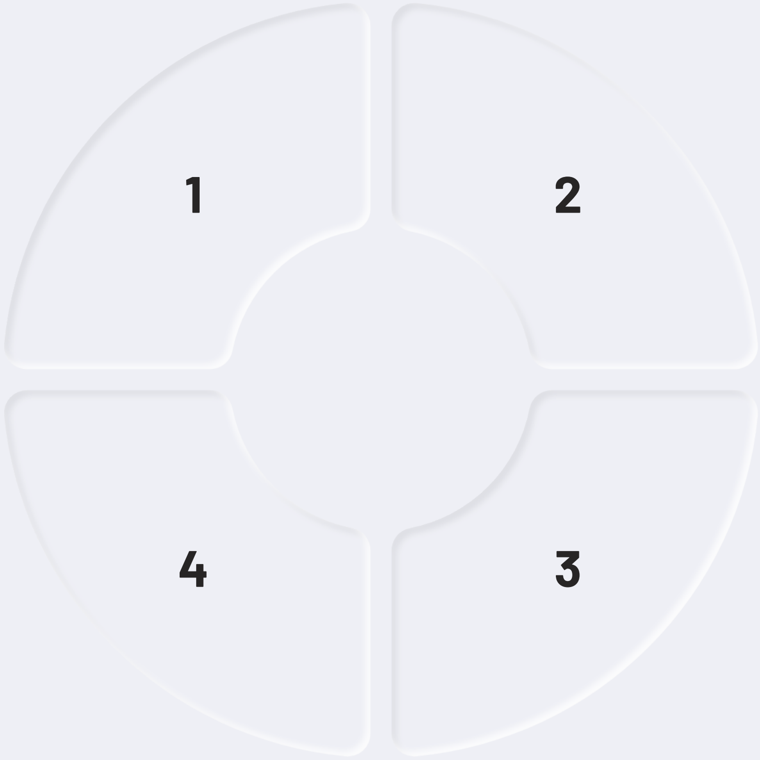
Direct-to-Consumer Models Complement Retail

Data Collection

Many brands are experimenting with DTC to complement retail channels. This allows companies to gather first-party consumer data and deliver personalized experiences.

Omnichannel Blend

The overall industry direction is an omnichannel blend: using DTC for insights and loyalty while leveraging retail for scale. This balanced approach maximizes reach while maintaining direct consumer relationships.



Premium Offerings

Niche and premium product lines often sell subscriptions or curated boxes online. These offerings provide higher margins and create recurring revenue streams.

Consumer Insights

DTC channels provide valuable insights into consumer preferences and behaviors that can inform broader retail strategies. This direct relationship creates a feedback loop for product development.

Eco-Conscious Products & Packaging

Sustainability Credentials

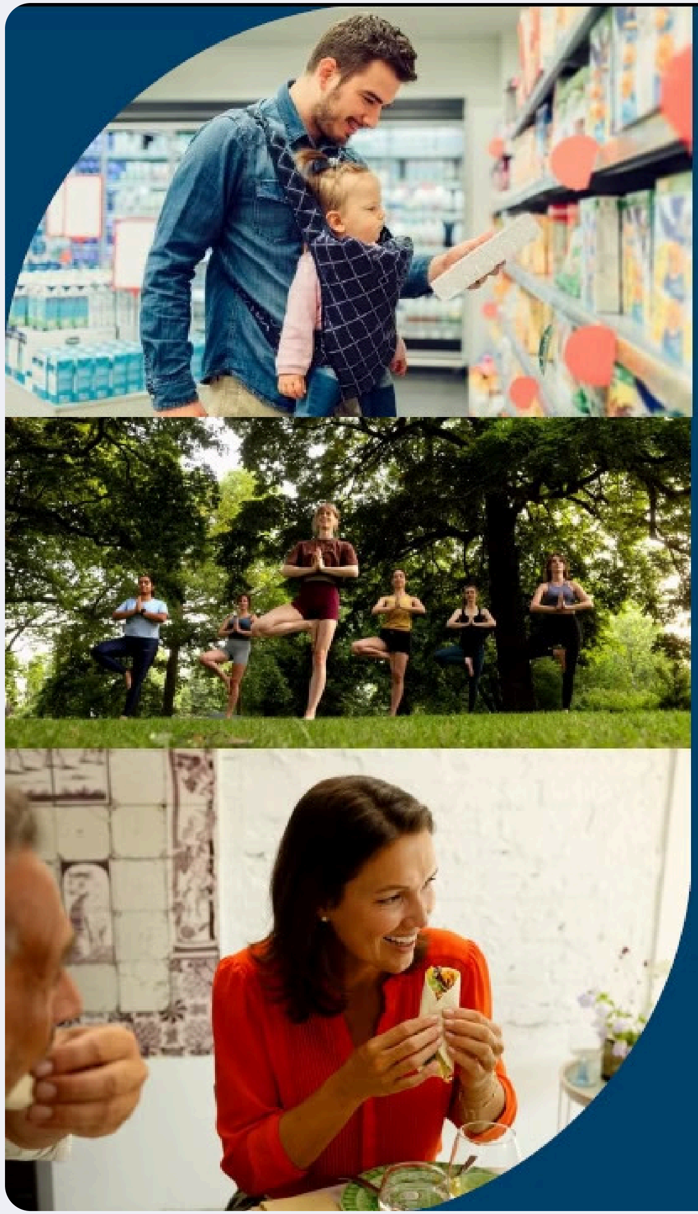
Sustainability has become a baseline expectation. According to Kerry, today's consumer dynamics include "sustainability credentials" as a key consideration alongside health and convenience.

Regenerative Agriculture

Food and beverage companies are adopting practices like regenerative agriculture to improve soil health and reduce carbon footprints. These efforts connect with consumers who prioritize environmental impact.

Greener Packaging

Companies are investing in "greener" packaging innovations, including recyclable and compostable materials. These initiatives address growing consumer concerns about plastic waste and environmental impact.



BIOSCIENCE FOR IMPACT

- Sustainable manufacturing
- Reduced food waste
- Reduced pollution
- Sustainable fuel sources
- Responsible use of natural and local resources
- Reduced greenhouse gas emissions
- Reduced manufacturing costs
- Improved health and well-being of people and animals
- Healthier food choices

iff

Category Expansion & Future Growth

1. **Adjacent Categories**
   Future growth will come from pushing into adjacent categories
2. **Format Innovation**
   Established brands extending into new formats
3. **International Expansion**
   Geographic growth for successful domestic brands
4. **Next-Generation Products**
   R&D pipelines full of trend-responsive innovations

Companies are actively expanding beyond their core categories. Mondelez, for example, is expanding into cakes and pastries, building on its snacking expertise to capture more eating occasions. Similarly, Freshpet signaled plans to grow its currently small cat food and pet treat lines and to expand internationally.

Established brands are extending into new formats: J.M. Smucker is launching innovations like Folgers Classic Decaf in K-Cup pods (May 2025) to ride the decaf trend and attract younger drinkers with convenient formats. Across the board, R&D pipelines are full as companies prepare the next wave of products tailored to evolving trends.

Ready to know more? Contact us for market research & tailored trends talks.

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