

NOURISHING INNOVATION:

The Top 10 Trends from Expo West 2024 and Their Impact on the Food & Beverage M&A Landscape

2024

As the leader of the Food and Beverage practice at Greenwich Capital Group, a national investment bank specializing in the middle market, I had the privilege of attending Expo West 2024 in Anaheim, California. This event showcased many innovations transforming the food and beverage industry and are pivotal in shaping the mergers and acquisitions (M&A) landscape. Here, I share insights into the top trends and their relevance to M&A strategies and the broader market environment.

01

Regenerative Farming

The growing emphasis on sustainability has propelled regenerative farming to the forefront. This practice, which prioritizes soil health and biodiversity, is not just about producing food sustainably; it is about creating a positive environmental impact. For investors and companies in the food sector, this represents a shift towards long-term sustainability in sourcing, with a focus on partnerships and acquisitions of brands committed to these practices. The Soil and Climate Initiative (SCI) made its presence known at Expo West 2024, enlightening individuals about a future focused on regeneration and the benefits it can bring. Some stand-out brands on display in the sector were Force of Nature (Meats), Above Food (Ingredients), and Salt Spring Coffee.

02

Plant-Based Everything

The plant-based revolution continues to evolve, moving beyond burgers to encompass a wide array of foods. Attendees of the conference encountered products such as plant-based jerky, cheeses, eggs, sauces, dips, and more.

This trend reflects a deepening consumer commitment to health sustainability, and animal welfare. According to the Food Institute, plant-based foods have grown by 79% in the past six years. For M&A, this signals an ongoing interest in plant-based companies as niche players and integral parts of mainstream food portfolios.

03

Innovative Alternative Milks

With pistachio, cashew, and hemp milk entering the scene, the alternative milk market is expanding beyond almond milk. Several companies participating in the plant-based milk industry were showcased at Expo West, including Fomilk (hazelnut & pistachio milk), Maizly (corn-based milk), and Planet Oat (oat milk). Plant-based milk has a 44.1% household penetration and nearly an 80% repeat purchase rate. This diversification is driven by consumer demand for variety and specific health benefits, opening avenues for acquisitions and investments in novel and emerging milk alternatives.

04

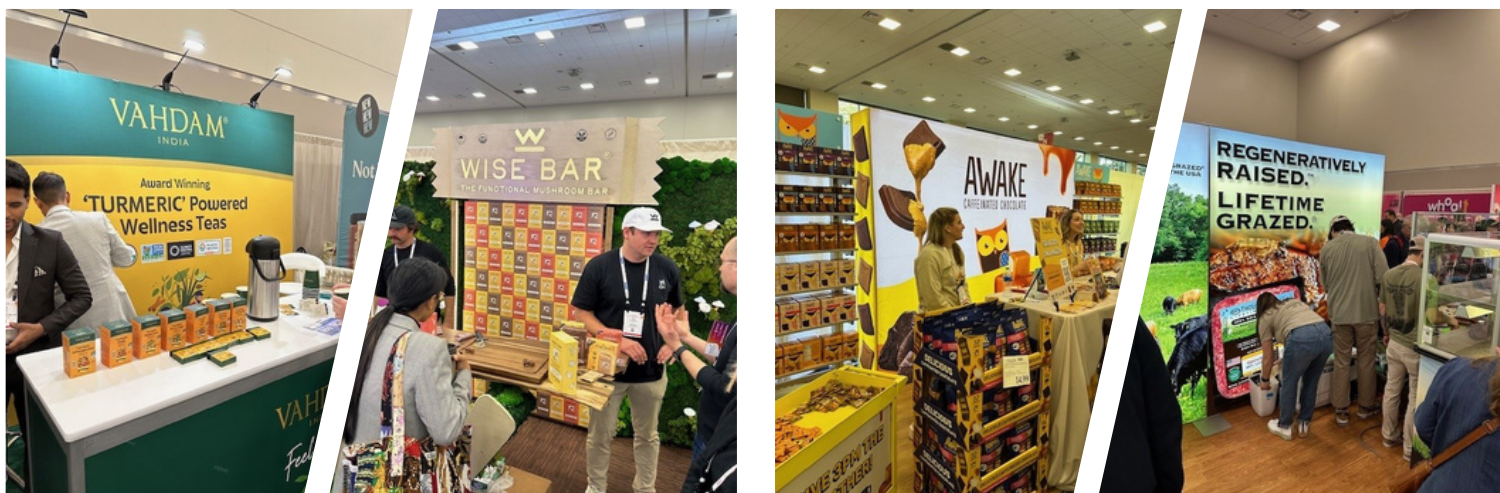
International Influence

A surge in Asian, Mediterranean, and Indian-inspired offerings at Expo West highlights the global palette of today's consumers. Among the many companies presenting their products were Mr Bing, Fazlani, and Halvana. This trend underscores the importance of cultural diversity in product development and the potential for cross-border M&A activities as companies seek to bring authentic and innovative international flavors to new markets.

05

Functional Foods and Beverages

The rise of functional foods and beverages designed to provide health benefits beyond essential nutrition indicates the consumer's focus on health and wellness. This trend drives interest in companies innovating in this space,



particularly those incorporating adaptogens, probiotics, and other beneficial ingredients into their products. With the upward trajectory, consumer willingness to invest in healthier food products shows no signs of slowing down. During the conference, Health-Ade Kombucha provided samples of their probiotic-rich fermented tea, Kombucha. They also sampled their newest product, SunSip, a soda enhanced loaded with prebiotics, vitamins, and minerals. There were also contract manufacturers with a specialized focus on functional food products, such as Nutri-Nation.

06

Salty Snacking and Better-for-You Indulgences

The enduring popularity of salty snacks alongside the rise of better-for-you indulgent snacking illustrates a consumer desire for balance. Over the years, we have witnessed the emergence of numerous healthy salty snacks, one example being innovative chips made from nutritious vegetables. Products that can marry taste with health benefits are particularly attractive for M&A, as they cater to a broad spectrum of consumer needs and preferences. Hippeas was one of the brands at the conference that embraced and contributed to the healthy snacking trend. Additionally, Pop Daddy Snacks had a lot of buzz at the show amongst showgoers and buyers alike as a genuine secondary alternative to Dot's Pretzels with a much broader array of bold flavors.

07

Purpose-Led Brands

Brands that stand for environmental stewardship, social responsibility, or community engagement resonate strongly with consumers. For instance, prioritizing sustainable packaging could prove advantageous for companies, given that a growing consumer segment is willing to pay extra for eco-friendly packaging options. This trend underscores heightened awareness of their purchases' environmental consequences. During the conference, Eagle Flexible Packaging showcased its expertise in sustainable packaging solutions, demonstrating how they cater to various food industries with environmentally conscious packaging solutions. For investors, this trend underscores the importance of brand ethos in acquisition targets, recognizing that purpose can drive consumer loyalty and brand value.

08

Everything Free?

This dynamic reflects a broader shift towards personalization in the food industry, with implications for M&A as companies seek to diversify their offerings to meet these niche demands. The popularity of these products highlights the importance of agility and adaptability in the food industry,

with allergen-free consumer packaged goods (CPG) companies experiencing significant success. Sunbutter was among the numerous companies at Expo West showcasing their products, all free from the top 10 allergens. As companies continue to follow consumer trends, they must keep the golden rule at the forefront: the product must deliver on taste.

09

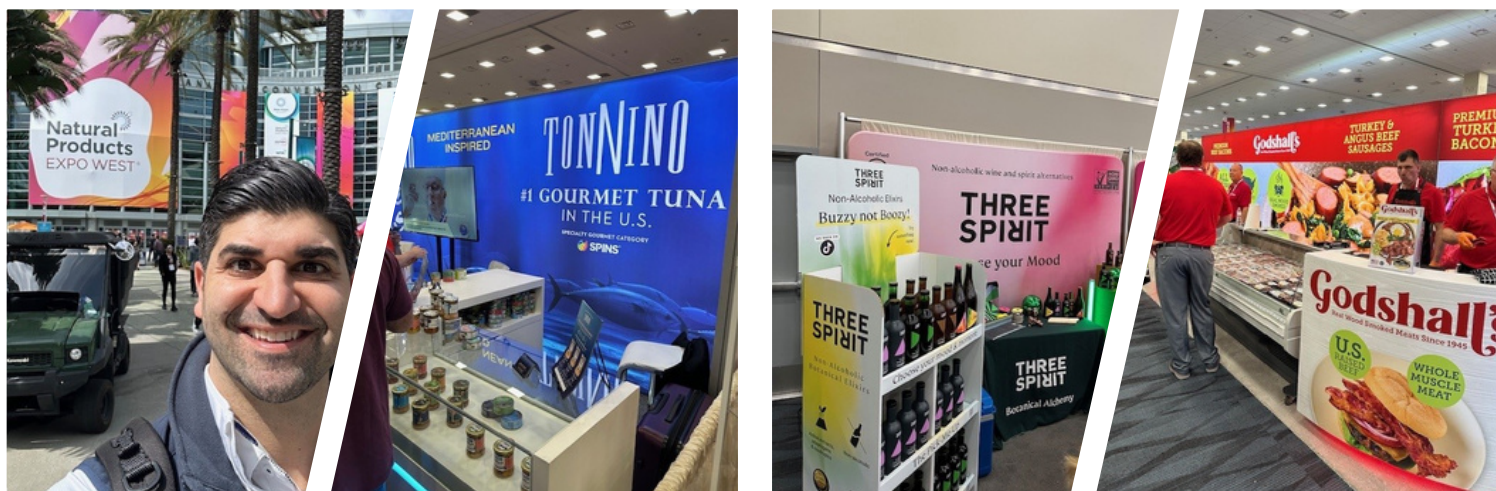
Meat Snacks

The popularity of meat snacks, including sticks and jerky, signals an ongoing interest in protein-rich, convenient eating options. The meat snacks market is expected to grow significantly, presenting opportunities for acquisitions, especially for companies looking to expand their presence in the snacking sector. Businesses like Chomps, which participated in the conference, have seen a substantial increase in sales, showcasing the potential for growth within this sector.

10

Non-alcoholic Beverages

The burgeoning market for non-alcoholic beverages, from craft sodas to non-alcoholic spirits, reflects a broader lifestyle trend towards health and mindfulness. The demand for no and low-ABV drinks has risen due to a growing number of consumers choosing to reduce their alcohol intake while maintaining enjoyable social experiences. This trend creates a promising landscape for mergers and acquisitions (M&A), especially as consumers look for sophisticated, adult beverage alternatives that are alcohol-free. One company that stood out at Expo West 2024 was Three Spirits, which specializes in non-alcoholic spirits and wine crafted from active plants, adaptogens, and nootropics.



IN CONCLUSION

The trends emerging from Expo West 2024 highlight a dynamic and evolving food and beverage industry ripe with opportunities for strategic M&A activities. As Greenwich Capital Group continues to navigate this landscape, we remain committed to identifying and pursuing opportunities that align with these transformative trends, leveraging our deep industry expertise to drive value for our clients and the broader market.

By staying attuned to these trends, we can anticipate consumer preferences and market dynamics shifts, positioning our clients at the forefront of innovation and growth in the food and beverage sector.



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