



Navigating food inflation and tariffs in 2025

A guide to surviving — and thriving — amid pricing volatility and global sourcing challenges

What F&B decision-makers need to know as inflation lingers and tariffs escalate

Rising costs are no longer a short-term concern — they're reshaping the fundamentals of how food and beverage companies operate. From sudden shifts in consumer spending to unpredictable tariffs, the rules of the game have changed. What once felt like temporary disruptions are now forcing permanent strategy updates in pricing, sourcing, innovation, and go-to-market execution. For CPGs, retailers, and distributors, the challenge isn't just understanding why food prices are rising — it's knowing how to respond in time.



“In times of extreme uncertainty... the pace of change will actually just accelerate,”

Alon Chen, CEO of Tastewise.

In other words, if brands rely on slow or outdated data, they risk missing critical shifts in consumer demand and supply chain costs. But with the right strategies, F&B leaders can move quickly, stay relevant, and take advantage of new opportunities — even when tariffs on food imports intensify.

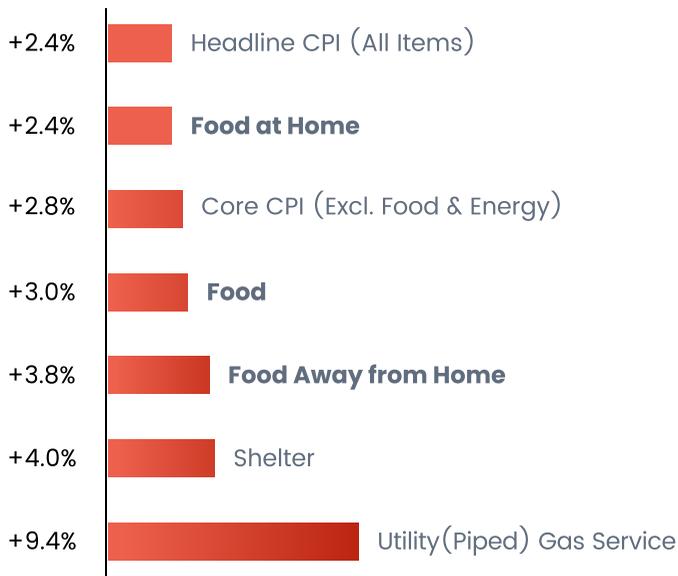
What's in this eBook

- **Why** inflation and foods impacted by tariffs demand real-time insights — not outdated assumptions
- **Practical** strategies to secure competitive pricing and manage foods affected by tariffs
- **How** local sourcing and AI-driven tools help mitigate global trade risks
- **What** to consider when identifying what food to stock up on before tariffs escalate
- **How** to protect your brand from revenue loss and thrive — even in an unpredictable market

The new inflation reality

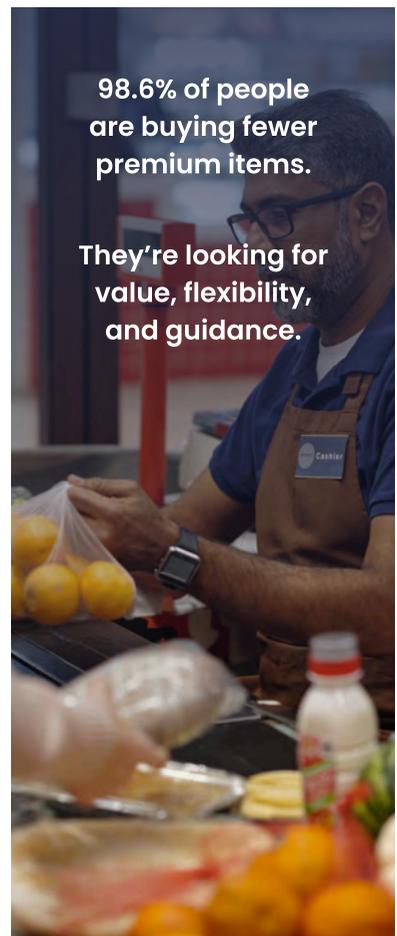
Despite headline inflation easing to 2.4% annually, food prices remain stubbornly high — up 3.0% over the past 12 months according to [U.S. Bureau of Labor Statistics \(BLS\) update](#). The latest BLS data reveals that food at home rose by 2.4%, while food away from home jumped by 3.8%. At the same time, utility costs like piped gas are up 9.4%, and core inflation (excluding food and energy) sits at 2.8% — the smallest increase since 2021, but still a challenge for household budgets.

These shifts directly impact CPG brands — from pricing and placement to innovation and digital marketing. Retailers prioritize products that drive consistent sales and meet evolving consumer demands. The brands that move first will gain an advantage.



12-Month Change (March 2025)

These figures signal more than price movement — they represent behavioral shifts that impact everything from product development to merchandising. Brands can't rely on historical assumptions. Instead, understanding why consumers are adjusting their habits is essential to creating relevant, affordable, and high-performing offerings.



Fast Food as a Bellwether: The New Face of Inflation

Fast food was once a symbol of affordability. Today, it's become a litmus test for inflation's reach into everyday life. [A recent survey by LendingTree](#) found that 78% of Americans now view fast food as a luxury, not a convenience — a stark contrast to its original purpose.

Between 2014 and 2024, fast food prices skyrocketed:

| | |
|---|-------|
| McDonald's Quarter Pounder with Cheese Meal | +122% |
| Popeyes 4-piece Chicken Dinner | +97% |
| Taco Bell Beefy 5-Layer Burrito | +132% |

These increases aren't just outliers. They're signals of systemic pricing pressures across labor, logistics, and ingredient costs. As Purdue University's Valerie Kilders explains, rising minimum wages, supply chain disruptions, and commodity price surges (like eggs up 183%) are forcing menu prices higher.

Why does this matter for F&B decision-makers? Because fast food is the canary in the coal mine. When a value meal starts to cost \$12, it tells you something about shifting consumer perceptions, willingness to pay, and the importance of value-driven messaging.



“46% of consumers now feel fast food prices rival sit-down restaurants — and 22% believe they’ve surpassed them.”

Manufactured vs. Real Inflation,
Tastewise

This shift demands attention. It's not just about price — it's about perceived value and brand trust. For CPGs and food brands, aligning innovation and pricing strategy with this new reality is mission-critical.

Why distinguishing real inflation from markups matters now

As food prices continue to rise, it's easy to lump every increase under "inflation." But not all cost pressures are created equal. Some are driven by genuine disruptions — like tariffs and supply chain issues — while others come from added service fees, strategic markups, or delivery platforms.

"Manufactured dish price inflation often appears through delivery fees or platform markups... The gap between actual supply costs and what ends up on a menu can distort consumer perceptions."

[Manufactured vs. Real Inflation](#), Tastewise



Differentiate actual resource cost from platform fees or upsells



Use AI-driven insights to separate real ingredient inflation from inflated end-user pricing



Communicate pricing changes clearly, showing consumers what they're paying for — and why



Refine menu and SKU strategy to avoid passing on avoidable increases that could erode trust

Understanding the difference helps protect margins without damaging consumer relationships. In a volatile market, clarity is a competitive advantage.

Tariffs reshaping the market

In April 2025, the U.S. enacted a 10% blanket tariff on all imported goods, with higher rates – up to 46% – targeting countries labeled as “protectionist.” That includes a 34% tariff on food imports from China, 20% on select EU products like cheese and olive oil, and a 46% hike on Vietnamese packaged goods. Although imports from Canada and Mexico were temporarily exempt under USMCA, that protection remains uncertain as trade negotiations continue.

For companies relying on global supply chains, the impact is immediate.

Key food categories now carry substantial added cost:



Fruit and vegetables from Mexico: Over \$11B in annual import value



Grains and bakery ingredients from Canada: Nearly \$9B



Processed foods and specialty goods from China, Vietnam, and the EU

Staying competitive means knowing where the risks are, which categories are most exposed, and how to pivot sourcing, pricing, and innovation strategies – fast. Tariffs aren't going away, but with the right tools, their impact doesn't have to be permanent.



Mitigating risk through AI strategy

The food and beverage market is already volatile — and new tariffs are only adding fuel to the fire. But uncertainty doesn't have to mean instability. There's a solution.



“With today’s capabilities in generative AI... you can prototype more digitally, find consumer needs faster, and launch with a lot more confidence,”

Alon Chen, CEO of Tastewise.

With 90% of new product launches still failing, outdated research cycles and slow sourcing decisions are simply too risky. Instead, F&B brands need tariff response strategies and tools that help them act fast and reduce exposure.

Here's how leading companies are responding:

- Use AI to identify ingredient alternatives before cost spikes hit your bottom line
- Forecast consumer acceptance of lower-cost formulations and value-led product lines
- Reoptimize supply chains by comparing local vs. global sourcing in real time
- Justify pricing changes with messaging tied to quality, locality, or sustainability
- Shorten R&D timelines by prototyping flavors and packaging digitally before launch

With the right data and tools, CPGs, retailers, and distributors can stay ahead of tariffs — not just react to them.



How inflation is reshaping consumer food choices — and what brands must do next

As prices climb, consumers are adjusting fast — and not just by cutting back. According to our [Eating Through Inflation](#) survey, 98.6% of people are buying fewer premium items, but that doesn't mean they're disengaged. Instead, they're looking for value, flexibility, and guidance.

- 62.7% now prioritize convenience over health or quality when choosing food
- Nearly 50% prefer brands that offer clear cooking guidance or recipes
- 4.3x more consumers favor meal kits that stretch ingredients than traditional loyalty programs

Turning consumer unease into brand opportunity

- **Provide meal kits** that help shoppers do more with less
- **Promote loyalty-driven offers** that feel immediate and fair — especially as platform markups blur true price perception
- **Demonstrate empathy** with content that solves real problems, not just echoes inflation concerns

Staying competitive in a turbulent market

Inflation, tariffs, and shifting consumer behaviors aren't short-term challenges — they're structural changes redefining how the food and beverage industry operates. The brands that thrive in this environment won't be the ones with the cheapest ingredients or the deepest discounts. They'll be the ones that respond fastest, test smarter, and build products consumers actually want — despite the noise.

"If you're not working in real time, you're not building a viable business plan."

Alon Chen, CEO of Tastewise

[Start your next move with Tastewise](#)

Explore AI-powered strategies for pricing, sourcing, and innovation