



F

ARTICLE

# Clean Label Foods

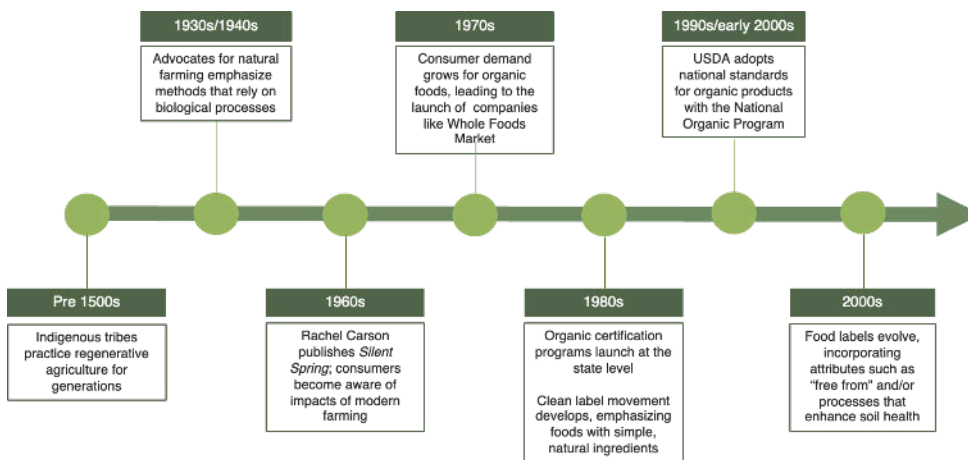
## THE RISE OF CLEAN LABEL FOODS

# Consumers are increasingly focusing on not only what goes into their food, but also how it's produced.

Underpinning this is the rise of the clean label movement, which emphasizes foods made with simplicity, transparency, and natural origins. Recent years have witnessed significant growth of clean label foods, driven by consumer demand for products that cater to specific dietary needs as well as those that meet ethical and health standards. While there is no regulatory or legal definition for clean label in the US, for many people it involves the following concepts:

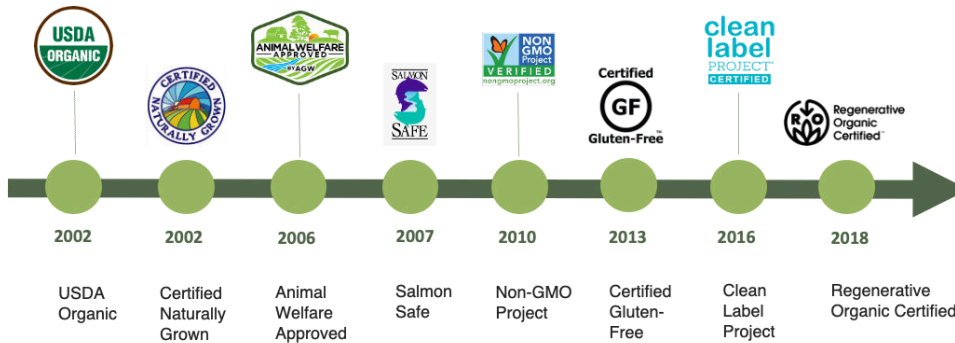
- **Natural ingredients:** no artificial flavors, artificial colors, artificial preservatives, or synthetic additives.
- **Transparency:** information on how ingredients are sourced and how products are manufactured.
- **Minimal processing:** processing techniques that prioritize food safety, nutritional benefits, and food quality.

## DEVELOPMENT OF THE CLEAN LABEL MOVEMENT...



Clean label in the US can be traced back to the natural and organic food movements of the 1960s and 1970s, when consumers began voicing concerns about the safety and healthfulness of food production. Emerging from this was the clean label movement in the 1980s and 1990s, which prioritized the use of simple, natural, and recognizable ingredients in food labels while avoiding artificial and chemical additives. From the 1990s forward, specific production processes (non-GMO), product lines catering to dietary requirements (gluten-free; dairy-free; nut-free), and foods "free from" inputs (hormones, pesticides) emerged under the umbrella of clean label.

## ... AND THE RISE OF CLEAN LABEL ATTRIBUTES



Unlike passing food fads in the US — think of the rise and fall of fat-free foods or the hype around alt-protein startups in recent years — the evolution of clean label products represents a fundamental shift in the food industry, fueled by conscientious shoppers and the growing number of dietary restrictions among consumers. Adding to this are recent reports on the dangers of ultra-processed foods — research suggests that ultra-processed foods can act like addictive substances, raising the risk of mental health problems. Some scientists are proposing a new mental-health condition called, “ultra-processed food use disorder.”

## MARKET GROWTH AND M&A POTENTIAL

Brands and product formulators that emphasize transparency, “whole” ingredients, and simplicity are well-positioned to grow with the rise of the clean label movement. In a 2024 study by Acosta Group, nearly 8 out of 10 shoppers stated that clean label is important or very important for their purchasing decisions. The shopper sentiment carried over to the checkout line, with clean label sales outperforming total store sales by a CAGR of 8% versus 6%, respectively, over four years according to NIQ. Other consumer research reveals that shoppers are willing to pay more for products made with ingredients they recognize and trust.

For brands and product formulators, the path to success within the clean label movement may take different forms. Examples include:

- Food manufacturers are investing in R&D and collaborating with ingredients suppliers to source new, natural alternatives – from functional starches to plant-based proteins sourced from peas, lentils, and beans.
- Private label brands, with their proximity to customers and nimble product development capabilities, are adapting to consumer demands. For example, US grocer Hy-Vee has its Clean Honest Ingredients label, which eliminates more than 200 artificial ingredients.
- Brands that offer products with inherently simple ingredients, like traditional dairy items, are attracting clean label shoppers and gaining trust through transparency in their storytelling.

Recent years have produced several notable mergers and acquisitions, as larger food corporations look to expand their portfolios and capitalize on the growing demand for clean label food and beverage products. Large corporates have acquired smaller brands with specific clean label attributes, leveraging their innovation and customer base. For example, in Q1 2025 Flowers Foods announced its acquisition of Simple Mills, a maker of better-for-you snacks. Private equity firms have also shown increasing interest, drawn to the segment's high growth potential. Several transactions with financial buyers have occurred in recent years, including private equity firm CapVest Partners acquiring Second Nature Brands, a producer of better-for-you snacks and treats, in 2024.

#### **CASE STUDY: CLEAN LABEL MAKES KERRYGOLD A WINNER IN THE MARKET**

The Irish dairy industry, revered for the simplicity, quality, and taste of its products, is gaining market share in the US against the backdrop of the clean label movement. US consumers are not only seeking out foods free from artificial flavors and preservatives but also brands that are transparent about their sourcing and manufacturing methods. Ireland's Grass-Fed Standard, developed in collaboration between Bord Bia and the Irish dairy industry, provides verification and proof for what consumers seek: natural products associated with safety, health, and sustainable farming practices.









Ornua, an Irish agri-food cooperative that specializes in dairy products, is one of Ireland's most successful exports with its Kerrygold brand. Since launching in the US in 1990 with Kerrygold cheese, Kerrygold has expanded its product assortment, leading with Ireland's grass-fed system. Today, Kerrygold holds the number two position for branded butter in the US, is number one for imported butter, and has its sight set on becoming Ireland's first €2 billion food brand.

#### **CONCLUSION**

Buzzwords abound in the food industry and trends come and go. But with the enduring nature of clean label foods and its growing market, there are significant opportunities in the US for brands and formulators to enhance their market position, build stronger relationships with customers, and command premium pricing for their products.

## ILLUSTRATIVE M&A TRANSACTIONS

Acquirer	Deal Date	Deal Size	Target
Flower Foods 	2/27/25	\$795 M	Simple Mills 
PepsiCo 	1/17/25	\$1.2 B	Siete Foods 
ADM 	1/24/24	\$650 M	Revela Foods 
SK Capital Partners 	11/20/23	Undisclosed	J&K Ingredients 
Bansk Group 	12/15/22	Undisclosed	Red's All Natural 
ADM 	11/2/21	Undisclosed	Deerland Probiotics & Enzymes 
Kerry Group 	9/13/21	\$1 B	Niacet 

Sources:

Clean Label Products Driving Retail Sales as They Gain Preference Among Consumers (May 2024):  
<https://www.acosta.group/clean-label-products-driving-retail-sales-as-they-gain-preference-among-consumers/>  
 Bord Bia Grass Fed Standard (October 2020):  
<https://www.bordbia.ie/farmers-growers/prices-markets/agri-market-insights/grass-fed-dairy-standard/>

## PRACTICE TEAM



**Robert Adams**  
President, Europe  
robert.adams@focusbankers.com

Robert is a leading Corporate Finance Advisor with a wealth of experience in Debt Fundraising and M&A. He is a Fellow of Chartered Accountants Ireland. He has developed a strong reputation for financing and refinancing business and property based portfolios, working across a broad range of Corporate Finance activities. He has significant commercial experience in undertaking M&A, Business Reviews, Due Diligences and Strategic Advisory for Corporate clients. Robert has developed a large client base across a broad range of sectors throughout Ireland.



**Rick Thomas**  
CEO  
rick.thomas@focusbankers.com

Rick Thomas, FOCUS' CEO, has 25 years of consulting, management and M&A advisory experience across industries including manufacturing, distribution, and food service. Prior to joining FOCUS, he served as Vice President at VSI, a boutique investment banking firm located in Washington, DC. He led M&A activities for publicly and privately held companies in the middle market, several of which have annual revenues in excess of \$1 billion.



**Brian Barrett**  
Managing Director  
brian.barrett@focusbankers.com

Brian Barrett, a FOCUS Managing Director, has extensive expertise in providing strategic advice to entrepreneurs, business owners and companies to assist them in achieving their strategic ambitions and preparing for significant value events. He has over 16 years of corporate finance experience working with SME's, large corporates and semi state bodies across Ireland. Brian has successfully project management and complete many significant transactions across multiple sectors, including retail, technology, food & beverage, agriculture, logistics, banking, energy and leisure.



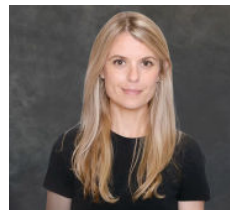
**Barry Calogero**  
Managing Director  
barry.calogero@focusbankers.com

Barry Calogero, a FOCUS Managing Director, brings more than 30 years of executive management and consulting experience, with an emphasis on driving operational excellence and improving the enterprise value of companies around the world. He has deep expertise across industries including food & beverage manufacturing and distribution. Previous to FOCUS, he was COO of Coastal Sunbelt Produce, where he was responsible for operations, supply chain management, street sales, and asset velocity of the private equity-backed, \$300 million company.



**Kate Elliott**  
Director of Research  
kate.elliott@focusbankers.com

Kate Elliott is the Director of Research and oversees the production of research, financial modeling and analysis, and writing assignments that are integral to FOCUS' process-driven methodology for executing M&A transaction work.



**Beth Johnson**  
Associate  
beth.johnson@focusbankers.com

Beth Johnson, a FOCUS associate, supports buy-side and sell-side engagements as well as capital raising. Prior to FOCUS, she led capital raise events as the Director of Development at 4P Foods, a fresh foods distributor serving B2B and B2C customers across the mid-Atlantic region. Her experience includes working with founder-owned businesses in the natural/organic segment and agtech ventures, with an emphasis on regenerative agriculture.