



# Navigating the Four Tensions Shaping the Food and Agribusiness Value Chain

The global food system has evolved from a mission to feed people into a high-stakes balancing act where producers must deliver not just sustenance, but also sustainability, health outcomes and financial performance. As the system scales to support more than eight billion people, rising expectations and competing demands have strained the social contract between growers and consumers.

Agriculture now sits at the crossroads of geopolitics, innovation, capital and climate risk. While scientific progress and investment have driven productivity, they increasingly collide with regulatory scrutiny, shifting consumer values and mounting pressure for sustainable growth.

For business leaders, the message is clear: value creation hinges on how effectively organizations manage the four defining tensions shaping the food system: Cost, Performance, Health and Sustainability. These forces are deeply interconnected, and success will require making strategic trade-offs, embracing complexity and adapting with speed.

## The Four Tensions: Core Definitions

- **Cost:** The affordability of inputs and productivity for farmers, raw materials and operational efficiencies for manufacturers and finished goods for consumers.
- **Performance:** The product's ability to deliver its intended effect — be it yield, quality, shelf life, consistency, taste or experience delivered to the customer/consumer.
- **Sustainability:** Operations and governance mechanisms that preserve natural resources, manage downside environmental impacts, support rural communities and promote ethical treatment of people and animals.
- **Health:** The role of food in promoting well-being, reducing disease and chronic illness risk and supporting nutritious diets.

This framework reflects critical competing demands that require balancing across the food system - where business, science and society meet. How players in the value chain develop strategies to navigate these tensions will shape the future of food.

## Cost

### The Economic Engine Beneath the Plate

Over the past century, the share of household income that Americans spend on food has fallen dramatically from more than 40% to about ~13%,<sup>1</sup> thanks to productivity and supply chain efficiency gains. However, rising input costs, inflation and volatile markets have brought cost pressures back into focus.

From 2022 to 2024, U.S. farm net income experienced a significant decline. Net farm income decreased by approximately \$41.2 billion (22.6%) from \$181.9 billion in 2022 to \$140.7 billion in 2024.<sup>2</sup> This was due to weak commodity prices and increased production expenses. In inflation-adjusted dollars, farm production expenses have increased ~60% since 1970.<sup>3</sup> Handlers, processors and large commodity traders have experienced a more mixed picture; while some have managed through the volatility, others have faced significant margin pressure depending on where they sit in the supply chain. At the same time, consumer affordability remains paramount: despite interest in sustainability or nutrition, price still dominates most purchase decisions.

Policy adds complexity. Government support, subsidies and trade policies shift crop economics dramatically. Meanwhile, innovation offers a path forward. Precision agriculture, crop diversification and rural infrastructure improvements can reduce costs and build resilience — but require capital, collaboration and risk-sharing. And any pursuits across the other dimensions of performance, sustainability or health run the risk of impacting cost and driving margin pressure.

### Key Questions for Businesses and Investors

- Where are the biggest opportunities to localize, shorten or diversify supply chains?
- How can we balance long-term investment in innovation with short-term financial constraints?
- How can we prioritize areas to reduce cost and improve margin structures to minimize negative downstream/demand impacts?

## Performance

### From Seed to Shelf: Delivering Results Across the Chain

Performance once meant productivity — yield, reliability or low cost. Now, it means consistency, quality, consumer satisfaction and operational excellence across the entire value chain.

The mid-20th century revolutionized food through mechanization, synthetic inputs and mass production. These innovations drove yield, efficiency and shelf life — creating the modern convenience food era. Today, consumers expect more: taste, freshness, health, affordability and functionality — all in one. Consumers are also increasingly segmented in their tastes and preferences and subject to fads — all driving additional complexity.

High-performing products must deliver across multiple dimensions, customized to specific consumer segments. One-size-fits-all is no longer viable. While taste (85%) and price (76%) remain dominant purchase factors, health (62%) and convenience (57%) are rising fast.<sup>4</sup>

As the definition of performance continues to evolve, meeting these rising expectations increasingly requires delivering on multiple, sometimes competing, priorities while operating with fewer resources and generating reasonable returns for stakeholders. It's no longer about delivering performance alone, which places growing pressure on value chain actors and underscores the need for greater coordination and collaboration across the system.

Success will increasingly require a clear definition of the customer or consumer segment being targeted, a deep understanding of their needs and the development of tailored products and solutions. However, this must be balanced with the potential loss of scale economies and the associated cost implications that come with moving away from a one-size-fits-all model.

### Key Questions for Businesses and Investors

- Who are our target customers, and what does “performance” mean to them?
- What dimensions of performance matter most to our customers — and are they willing to pay for them?
- How can we innovate to meet evolving consumer demands for performance without compromising on “table stakes” criteria such as shelf life, safety or brand credibility?

## Sustainability

### Rebalancing the Triple Bottom Line

Sustainability has always been a core value in agriculture, but the definition has become fragmented. The original “Triple Bottom Line” — environmental, social and economic balance — has been partially displaced by ESG frameworks that often underemphasize economic viability.

In agriculture, economic sustainability is essential. Natural resources are often most significantly leveraged at the producer level, but financial value often accrues downstream. A future-ready food system must align environmental and social goals with viable business models for farmers and processors.

Addressing key environmental and social challenges — like water use, soil health, and labor equity — requires solutions that are not just aspirational, but financially sustainable. While technologies such as Bayer’s Climate FieldView or precision irrigation in California almond orchards demonstrate what’s possible, widespread adoption hinges on affordability, proven ROI and ease of integration into existing systems.<sup>5</sup>

As demands on the food system increase, there is increasing need for pragmatic solutions that balance long-term impact with short-term economic realities. Clear-eyed assessment of trade-offs, flexible implementation paths and a continuous improvement mindset are critical. Idealism without pragmatism risks stalling progress; instead, there is a need to focus on advancing achievable steps that work for all stakeholders in the value chain, especially those bearing the greatest operational burden.

### Key Questions for Businesses and Investors

- What are the low hanging fruit? Are there environmental or social risks that can be mitigated while also improving or maintaining profitability?
- Are sustainability partnerships and certifications effectively de-risking our supply chain?
- How can we right-size sustainability investments with long-term value creation?

## Health

### A New Era of Food and Wellness

The definition of “healthy food” has evolved dramatically from early food safety reforms to today’s nuanced focus on nutrient density, ingredient transparency and processing levels.

The industry has followed consumer trends from fat-free to low-carb, and now toward whole, minimally processed foods. The rise of GLP-1 drugs has accelerated the shift toward intentional, nutrient-dense eating. Consumers are more selective, yet still prioritize taste, affordability and convenience.

Ingredient scrutiny is also intensifying. Consumers question long ingredient lists and unfamiliar additives. Movements like Make America Healthy Again (MAHA) are reshaping public opinion and regulation on artificial dyes, pesticide residues and ultra-processed foods. This rising skepticism reflects a broader lack of trust in the food system and the institutions that regulate it, with many consumers feeling that industry and government have not prioritized their health and transparency. Rebuilding that trust will require clearer communication, evidence-based standards and more proactive engagement from across the value chain.

Despite increased awareness, behavior often lags. While 62% of consumers say they’re making more deliberate choices, purchases still skew toward familiar, convenient products.<sup>6</sup> The challenge for producers is to deliver health and an increasingly nuanced and diverse definition of satisfaction, without pricing out their customers.

### Key Questions for Businesses and Investors

- How do health-driven reformulations impact cost and margins?
- Can we use ag-tech, AI or new ingredients technologies to improve health outcomes without trade-offs?
- What are the supply chain implications of switching to “better-for-you” ingredients?
- How do we bridge the gap between consumer perception and scientific consensus?



## Shaping Decisions in a Changing Food System

Cost, Performance, Health and Sustainability are no longer competing priorities to be balanced on the margins, they are now central levers of value creation in the food and agribusiness landscape. Each tension touches core drivers of growth, margin, risk and reputation. The challenge for leaders is not just to manage them, but to turn them into sources of strategic advantage.

True value creation today means more than financial performance. It includes resilient operations, brand trust, consumer relevance and long-term viability. That requires clear-eyed decisions about where to invest, what trade-offs to accept and how to design a business that can deliver on multiple stakeholder demands without compromising its core.

Leaders who proactively integrate these tensions into strategy, rather than react to them in silos, will be better positioned to generate sustainable returns. The opportunity isn't just to survive the complexity of the modern food system, but to thrive by creating value across it.



### Endnotes

<sup>1</sup> U.S. Bureau of Labor Statistics. (2006). 100 Years of U.S. Consumer Spending: Data for the Nation, New York City, and Boston (Report 991). U.S. Department of Labor. <https://www.bls.gov/opub/100-years-of-u-s-consumer-spending.pdf>.

<sup>2</sup> USDA Economic Research Service. (2024). Nominal and inflation-adjusted U.S. farm production expenses, 1970–2025F (Chart Gallery). U.S. Department of Agriculture. <https://www.ers.usda.gov/data-products/chart-gallery/chart-detail?chartId=82242>.

<sup>3</sup> National Economic Council & National Security Council. (2024, December). 2021–2024 Quadrennial Supply Chain Review. Biden White House Archives. <https://bidenwhitehouse.archives.gov/wp-content/uploads/2024/12/20212024-Quadrennial-Supply-Chain-Review.pdf>.

<sup>4</sup> International Food Information Council. 2024 Food & Health Survey. June 20, 2024, p.5. <https://ific.org/wp-content/uploads/2025/07/2024-IFIC-Food-Health-Survey.pdf>.

<sup>5</sup> Bayer Crop Science. (2025). FieldView™ – Digital Farming's Leading Platform. <https://www.cropscience.bayer.us/tools/fieldview>.

<sup>6</sup> International Food Information Council. 2024 Food & Health Survey. June 20, 2024. <https://ific.org/wp-content/uploads/2025/07/2024-IFIC-Food-Health-Survey.pdf>.

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