

2026 Food & Beverage Industry Trends

The Future of the Industry



**Food
Liability
Insurance
Program**

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1. Executive Summary

As the food and beverage industry enters 2026, business owners are navigating rising costs, evolving consumer expectations, and an increasingly complex risk environment. From day-to-day operations to long-term planning, operators are being challenged to protect their businesses while staying agile in a competitive and fast-changing market.

To better support this growing industry, **Food Liability Insurance Program (FLIP)** is proud to present the *2026 Food & Beverage Industry Trends Report*. This report combines insights from surveys of current FLIP customers and industry consumers, as well as curated internal claims data from 2025. It delivers a practical, data-driven view of the trends shaping the year ahead to highlight emerging risks, show how operators are adapting, and reveal what it takes to remain resilient in 2026.

2. State of the Industry

Operators are balancing persistent cost pressures with cautious optimism and a continued focus on growth. At the same time, consumers are feeling the effects of inflation. This has driven increased price sensitivity, even as most plan to dine out at roughly the same frequency in the year ahead. Together, these dynamics point to an industry navigating higher costs and tighter margins while working to retain demand and compete for increasingly value-conscious customers.

Operators Are Optimistic for 2026

81.7%
of operators surveyed feel confident about their 2026 business outlook, despite economic pressures

60.7%

say business grew in 2025

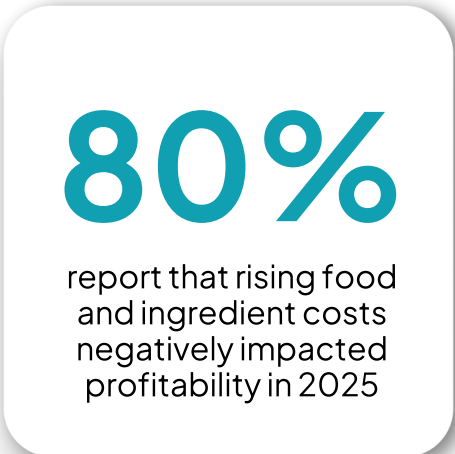
43.7%

plan to increase marketing spend

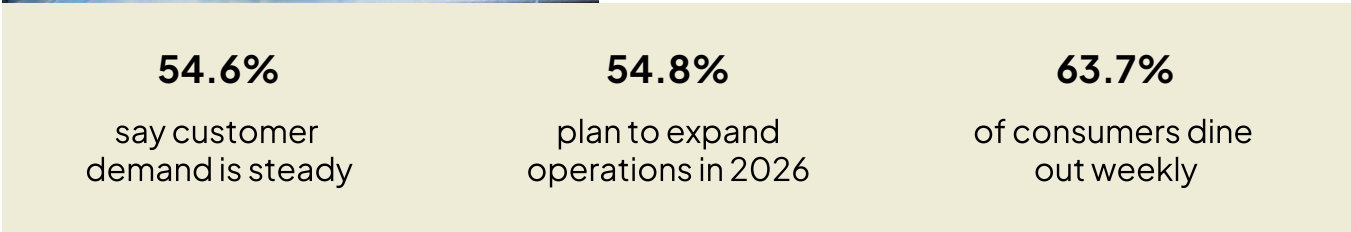
42.3%

expect ticket size to increase

Rising Food Costs Remain the Primary Pressure Point

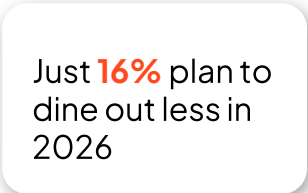
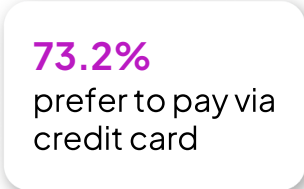
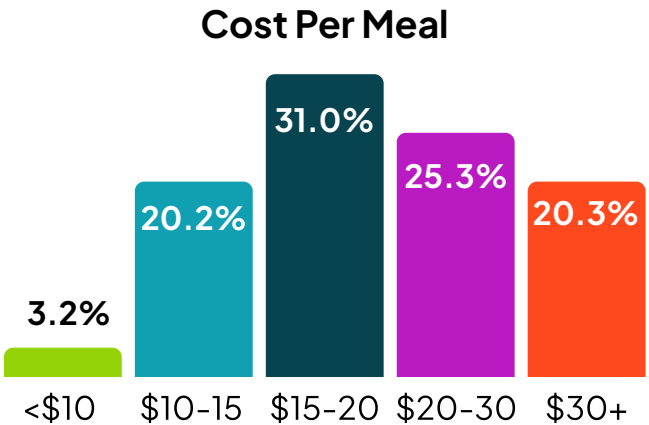


Customer Demand Persists
Though price sensitivity is increasing, customer demand is stable and, for some, still growing.



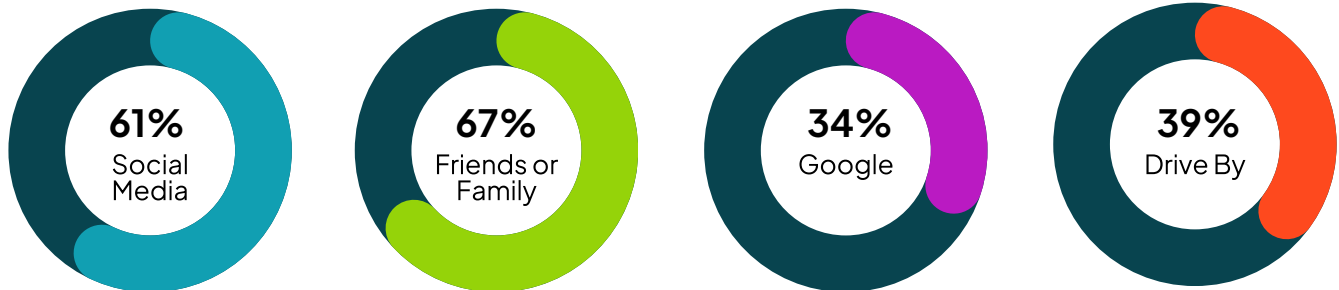
Consumer Insights

FLIP surveyed consumers who had dined out in the last six months to gather insights into how often they dined out, how much they were willing to spend, and more.



Customer Referrals Are the Top Traffic Driver

When asked how they found out about new food businesses or events (farmers markets, festivals, food trucks, etc.), word of mouth from family and friends was the top answer.*

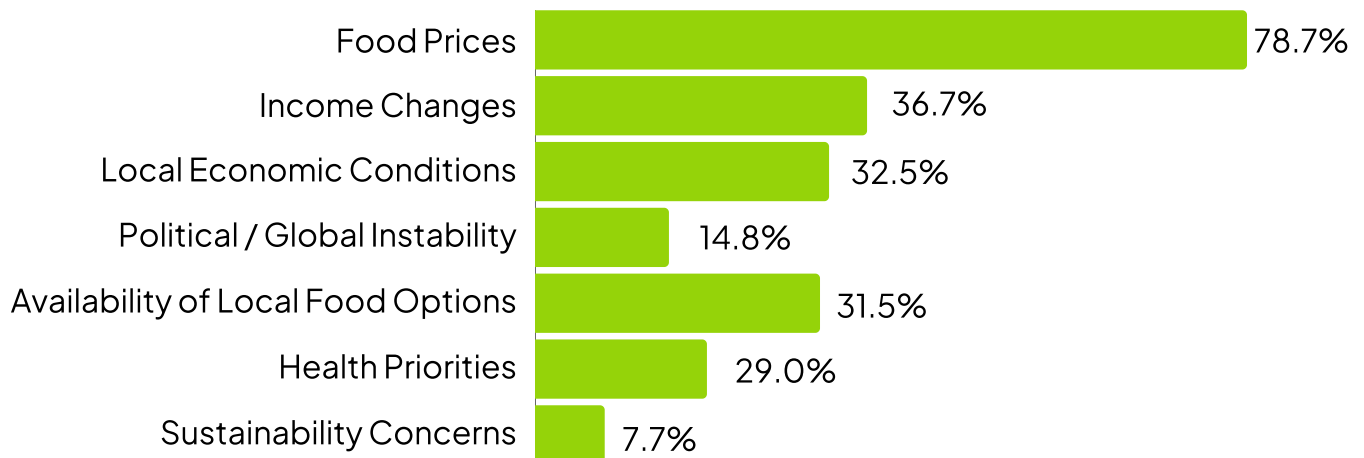


**Respondents could select multiple answers*

Price Sensitivity Is Affecting Buyer Behavior

Just as operators are feeling the pressure of rising costs, so are consumers, resulting in higher price sensitivity.

Factors Most Likely to Affect Dining Behaviors



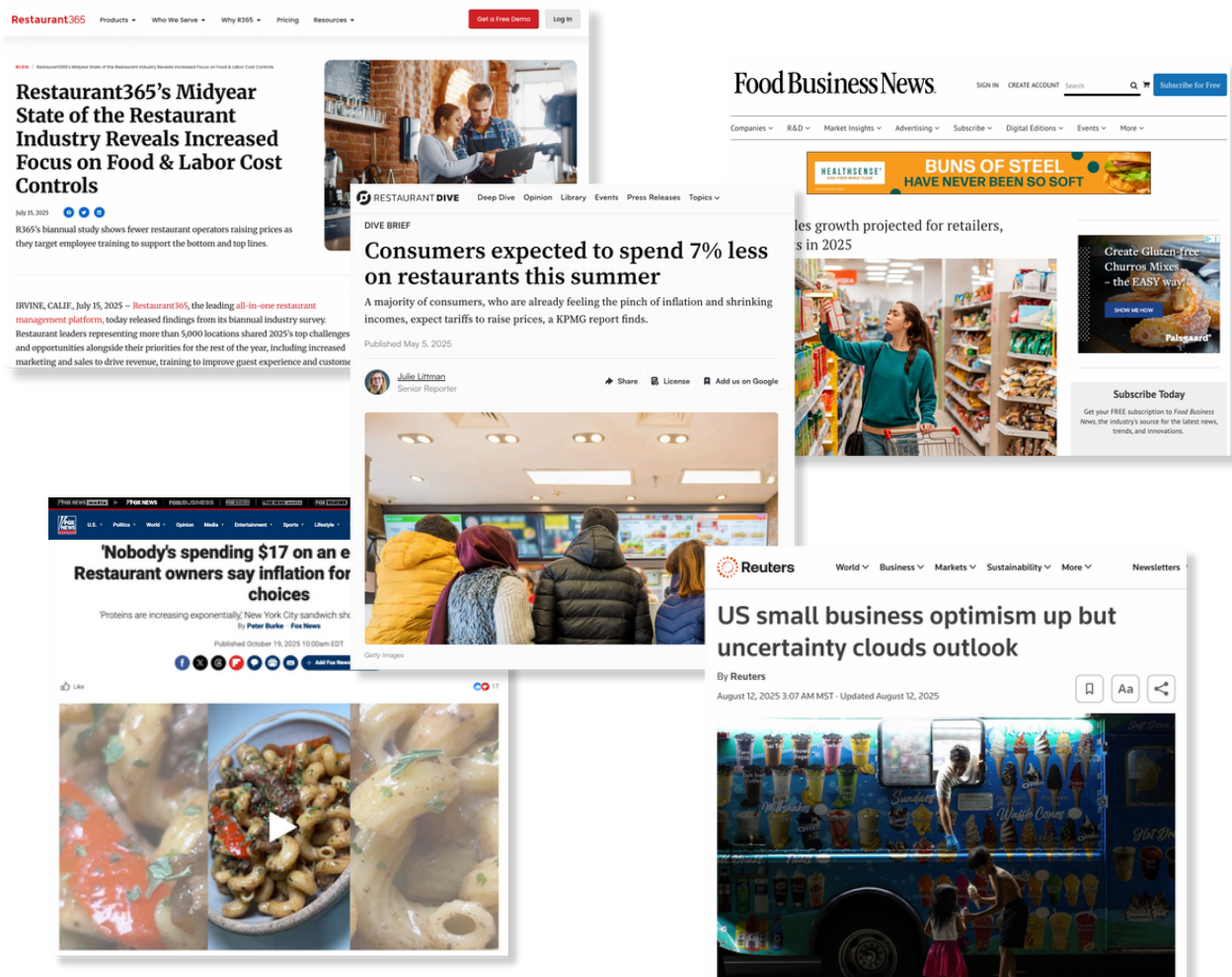
**Respondents could select multiple answers*

3. Food & Beverage Industry in the News

In 2025, mainstream news coverage of the food and beverage industry mirrored many of the pressures and behaviors seen in our own data. Rising costs and inflation continued to squeeze small operators and drive consumer price sensitivity. National coverage highlighted menu price increases, cautious dining expenditure, and the ongoing challenge of balancing margins with consumer demand.

Broader economic analyses, including from the National Restaurant Association, noted tighter household budgets, pragmatic spending trends, and waning traffic for lower-income diners. These findings align with our survey's view that consumers are cautious, even as some plan to maintain dining-out frequency.

This news context underscores the broader economic backdrop behind the mixed signals in our own data. Margin pressures persist even as demand remains stable.

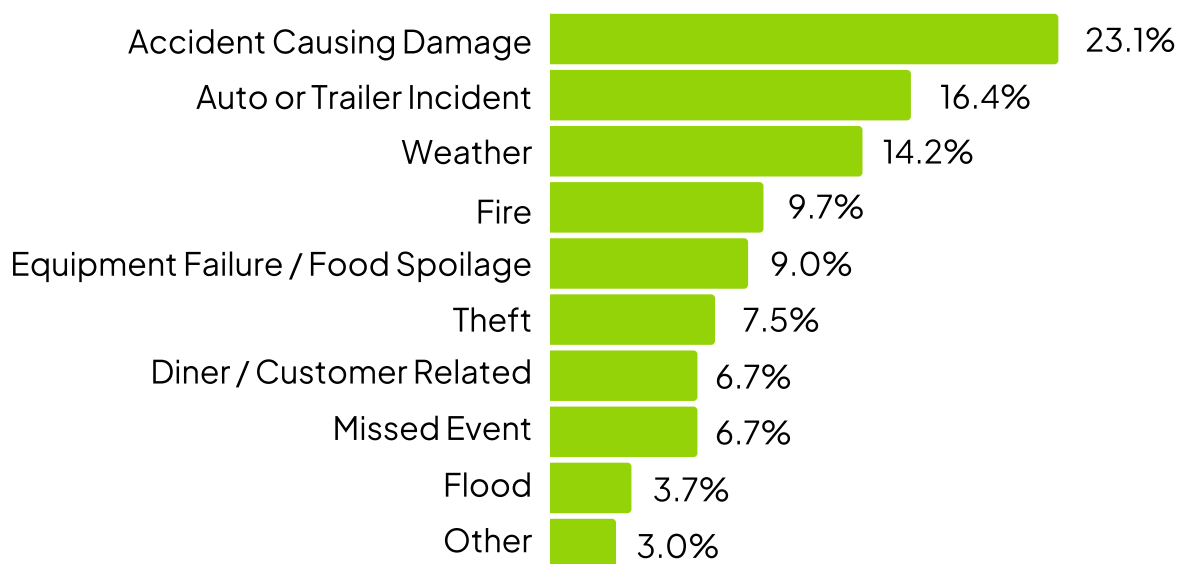


4. 2025 Insurance Data & Trends

Claims activity increased 32.7% year over year (YoY) for FLIP customers. While claim frequency also increased across several categories, the more notable shift was in claim severity. A small number of high-cost incidents — particularly fires and major accident-related losses — marked a significant change compared to previous years' data.

These trends highlight a growing gap between everyday operational claims and rare but financially significant events, underscoring the importance of both proactive risk management and adequate insurance coverage as businesses move into 2026.

Insurance Claims by Type



\$14,158

was the average payout of all claims



72%

of claims were made during summer months



34%

of claims were in California & Florida



\$61

was the average monthly cost of insurance



The top three types of businesses that experienced a loss and filed an insurance claim were **Caterers, Food Truck/Trailers** and **Farmers Market Vendors**

5. Industry Trends by Sector

Food Truck & Mobile Food Vendors

Surveyed operators reported a strong 2025, with demand holding steady or growing for the majority. Many are planning to expand in 2026, but uncertainty around profit margins suggests owners are keeping a close eye on food and labor costs. Regulatory and permitting issues remain a real operational hurdle, especially when adding locations or events. Smart pricing, tighter cost controls and flexible staffing will be key this year.

2025 Business Performance

29.9%

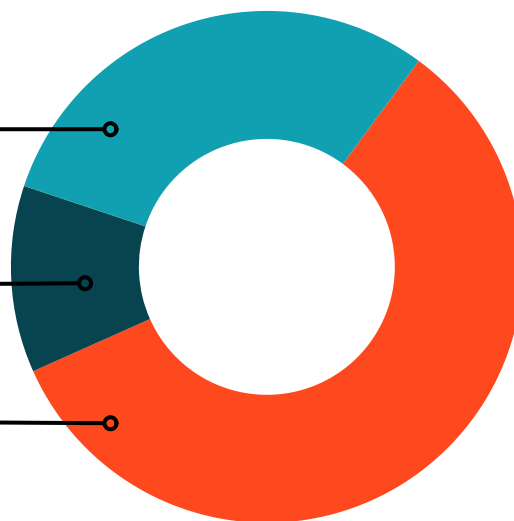
Stayed
the Same

11.8%

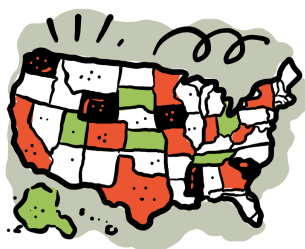
Declined

58.4%

Grew



Top Cities for Food Trucks



FLIP analyzed data from the top 200 metropolitan statistical areas by population to find the best cities for food trucks.

1. New York, NY

2. Austin, TX

3. Los Angeles, CA

[See where your city ranks.](#)

2026 Economic Outlook

50%

of mobile food operators feel
confident in their business outlook

54.3%

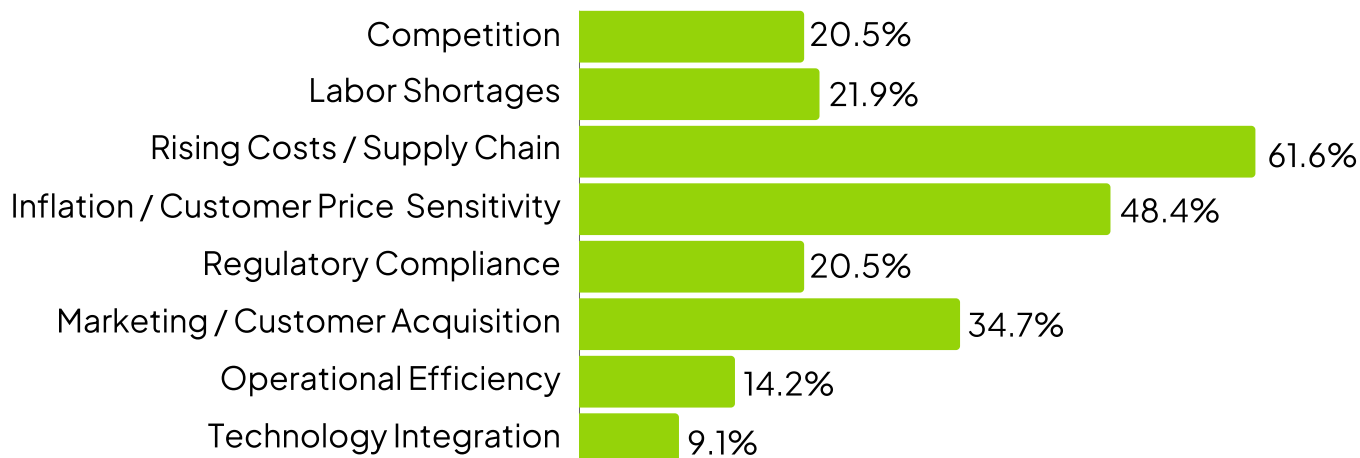
plan to expand
operations

42.5%

will maintain
current level

Just **7%** plan to
scale back in
2026

Largest Challenges Facing Mobile Food Operators*



*Operators could select multiple answers

Rising Costs Plaguing Operators

Food costs were the most significant expense increase for operators in 2025, with over half saying higher prices cut into profitability. And the pressure isn't easing — **64.9% anticipate food costs will continue to rise in 2026.**



12.7%

said labor / staff costs were the largest increase



10.4%

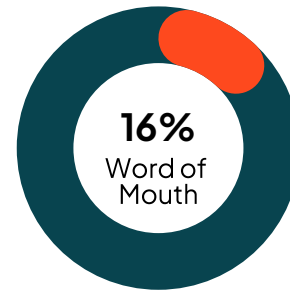
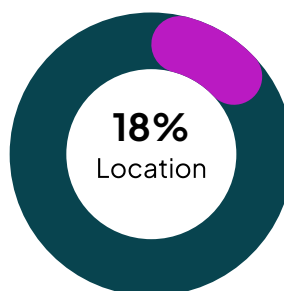
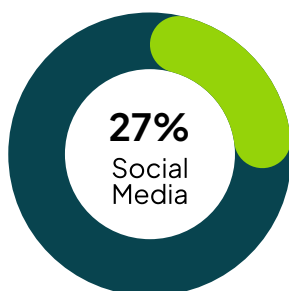
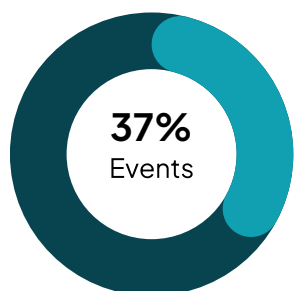
noted rising permit fees as top expense shift

62%

cited rising food and ingredient costs as top expense increase in 2025

Time to Get Social

Whether it was in-person events or digital interactions on social media, mobile food operators agree that good food and good people always go hand in hand. Events ranked highest in customer acquisition, with social media, location and word of mouth rounding out the top drivers.



Farmers Market Vendors

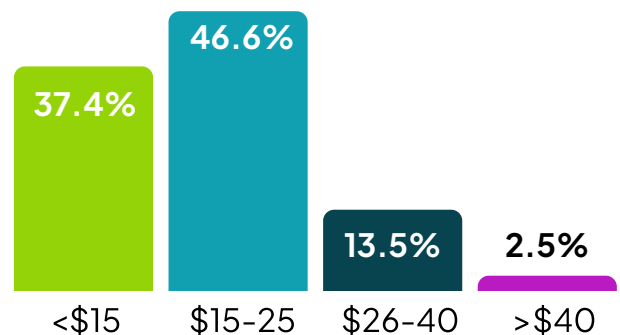
Farmers market vendors reported one of the strongest years overall and are heading into 2026 with confidence. Demand remains reliable, margins look healthier than most segments surveyed, and supply chain issues are less disruptive here than elsewhere. Many vendors are planning to expand, but cost discipline will still matter as food prices rise. Staying visible at markets and on social media continues to pay off.

2025 Business Performance

66.5%

of vendors said their business grew in 2025

Average Customer Spend Per Visit



Food Costs Affected Profitability

Rising food costs affected 78% of vendors in 2025, with nearly half reporting an impact on profitability as a result.

49.7%

said costs affected profitability

28.2%

adjusted prices successfully

22.1%

reported no significant change

Number of Events Attended During Peak Season



2026 Economic Outlook

38%

Confident

5%

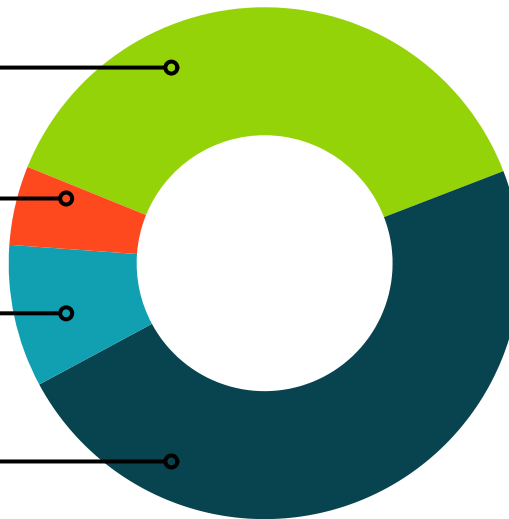
Concerned

9%

Somewhat
Concerned

48%

Somewhat
Confident



A Year of Growth

Farmers market vendors seem confident for the year ahead with 93% planning to maintain or expand their operations in 2026. Many also expect customer spending to increase.

58%

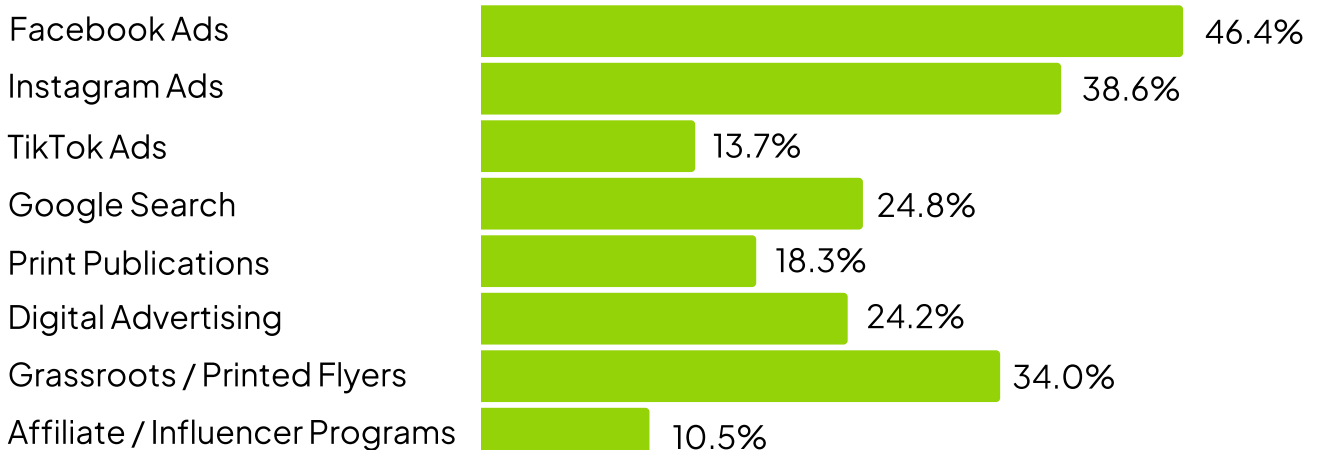
plan to
expand
operations

41.5%

expect
ticket sizes
to increase

Social Media Marketing Reigns Supreme

While grassroots marketing efforts like printed flyers were a key marketing tactic for vendors, social media channels like Facebook and Instagram continue to show the greatest return on investment (ROI). Here's how vendors plan to spend their marketing dollars in 2026:



*Vendors could select multiple answers

Caterers

Caterers are facing a tougher environment than most, with softer demand, tighter margins, and more operators considering scaling back. Staffing shortages and rising costs are major pain points, making labor planning and pricing especially critical in 2026. Focusing on higher-margin events, clearer minimums, and operational efficiency may help stabilize the year ahead.

2025 Business Performance

51.0%

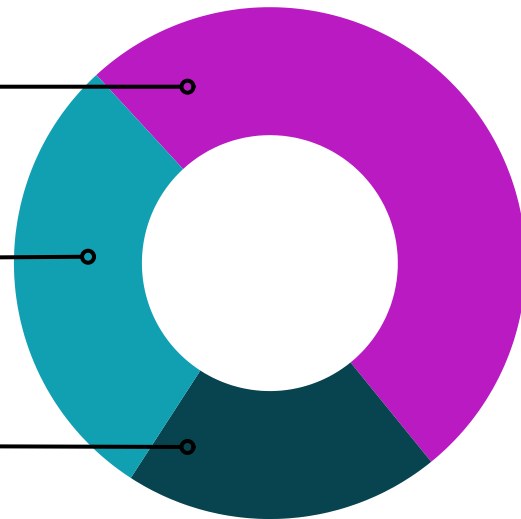
Grew

29.4%

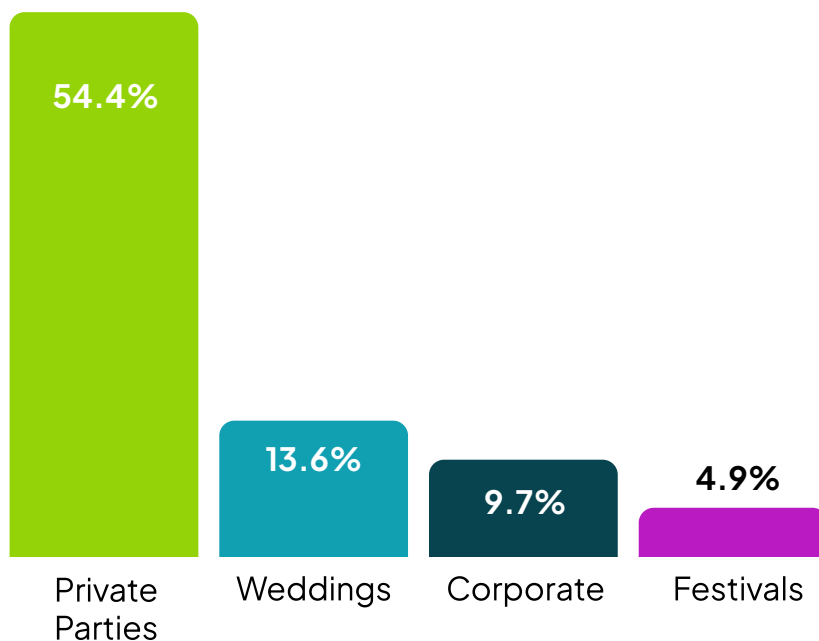
Stayed
the Same

19.6%

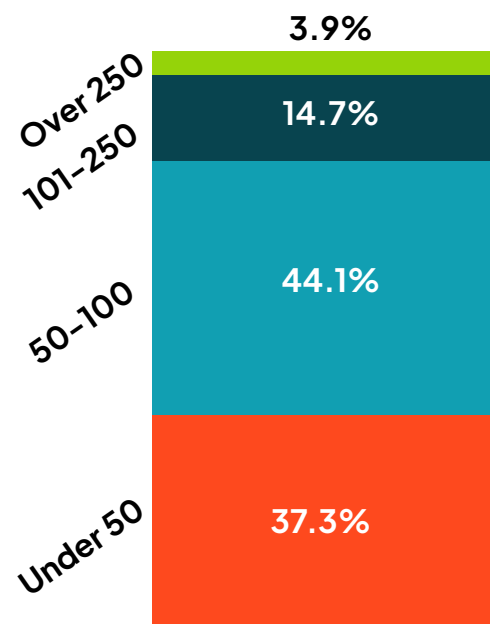
Declined



Top Event Bookings by Type



Average Event Size



2026 Economic Outlook

Caterers surveyed seem to have a growth-oriented outlook, with most operators feeling confident about the year ahead and expecting strong profit margins.



73.8%

feel confident in
their business
outlook



48.5%

plan to expand
operations

40%

anticipate a profit margin
of more than 10%

Price Is Still Top Priority Among Customers

We asked business owners to rank common factors in order of most important to least important based on their own experience with customers.

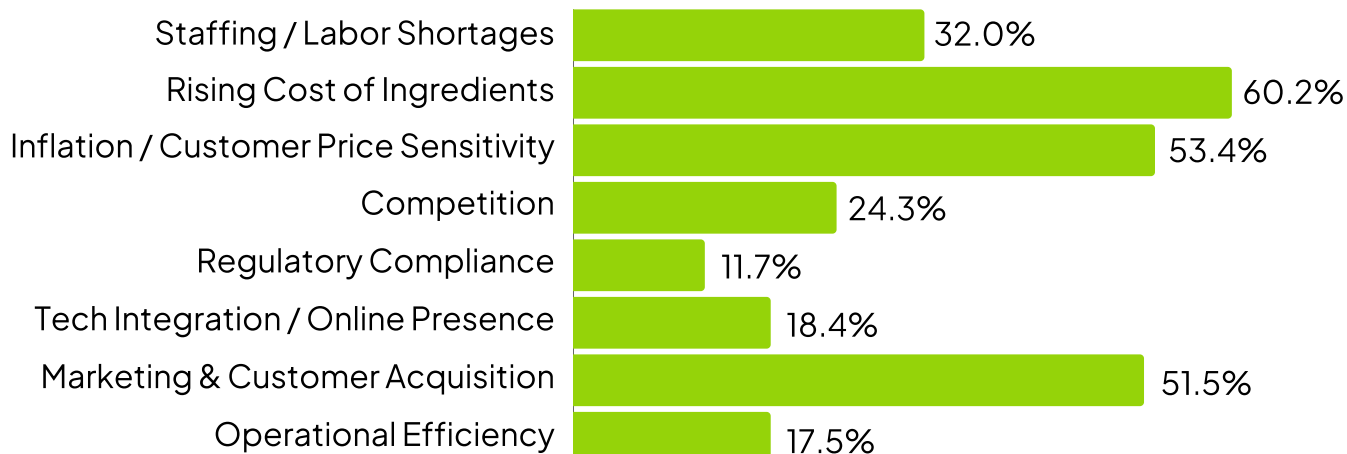


Price was the most frequently mentioned factor customers care about, followed by food quality, company reputation and reviews, menu flexibility, and presentation.

Rising Costs Pose a Challenge

While business owners are optimistic, they also recognize rising costs as a real concern in 2026. More than 82% anticipate food costs will continue to rise and 55% are preparing for labor cost increases as well.

Largest Challenges Facing Caterers*



*Business owners could select multiple answers

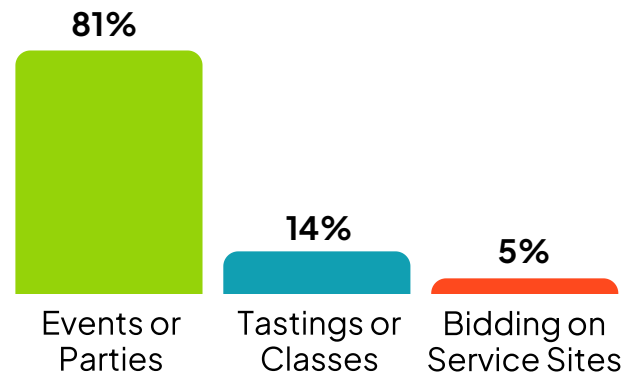
Alcohol-Serving Businesses Bartenders & Caterers

This category consisted primarily of mobile bartending or event service businesses and reported solid performance in 2025 with confidence moving into 2026. While many expect healthy margins, rising costs remain a concern that could squeeze profits if not managed closely.

2025 Business Performance

61.9%
of operators said their business
grew in 2025

Top Revenue Drivers



Menu Variety Was Key

Cocktails were by far the best seller for alcohol-serving businesses, followed by beer and and spirits.



42.1%

plan to add more
unique drinks in
2026



50%

released new
drink menus
monthly

65%

reported cocktails as
their top-selling drink
category

Owners Are Split on How to Handle Rising Costs

When asked about rising ingredient costs, two-thirds of business owners said they were affected but split on how they reacted. 35% reported higher costs cut into their profitability in 2025, while 30% said they were able to successfully adjust pricing to offset the increased expense.

2026 Economic Outlook



Cautiously Optimistic

Alcohol-serving businesses are relatively confident for the year ahead, but have some concerns around rising costs and market demand.

47.7%

are somewhat
confident for 2026

52.4%

plan to expand
operations

47.6%

say demand is
steady

Top Customer Requests Business Are Preparing for in 2026

Business owners say customers are looking for unique drinking experiences, and low-ABV or alcohol-free options are increasingly popular.

21.1%

Low ABV /
Alcohol Free

26.3%

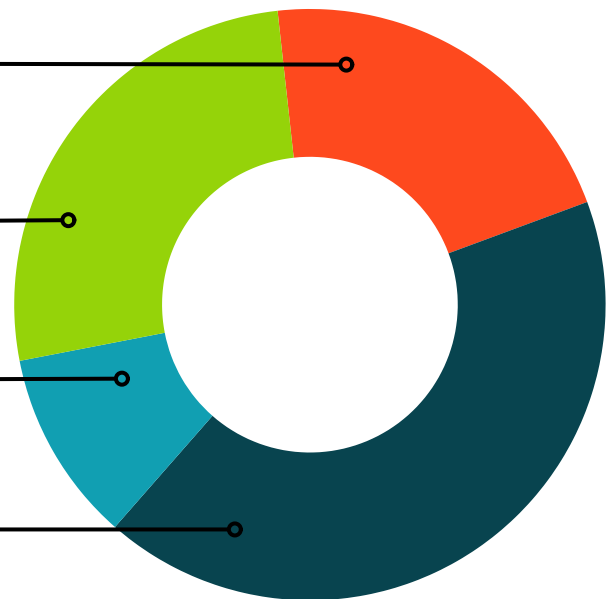
Expanded
Event Offerings

10.5%

Sustainable
Packaging

42.1%

Unique
Flavor Combinations



If You Aren't Investing in Google Search, It's Time You Do

When asked about marketing spend, 55% said they plan to invest in Google Search advertising, the most of any marketing channel. Nearly 40% report that it garnered the highest ROI. Facebook and Instagram were also highlighted as top performing marketing mediums.

Food & Beverage Manufacturers

Bakers, Cottage Food, & Pet Food / Treats

Food and beverage manufacturers stand out for strong pricing power and relatively stable margins, even as costs rise. Most report steady demand and fewer labor or supply chain disruptions than other segments. This puts operators in a good position to focus on measured growth rather than defensive cost cutting.

Bakers

Business Owners Anticipate Continued Market Momentum



54.6%

plan to expand operations



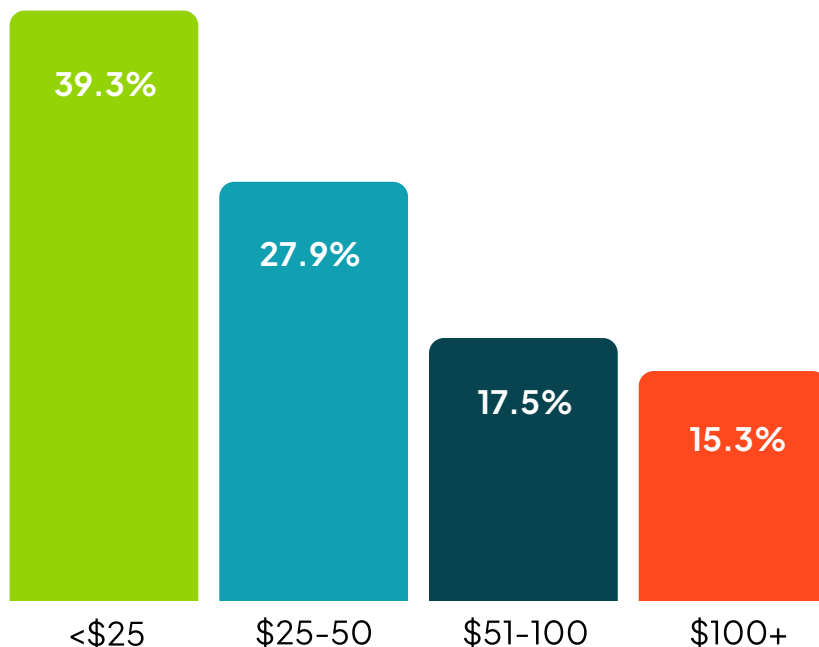
39.3%

expect ticket sizes to increase

64%

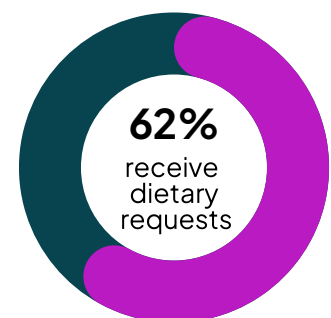
said their business grew in 2025 and 38.5% are “very confident” for the year ahead

Average Order Value



Special Dietary Requests Are the Norm

More than 62% of bakers report receiving special dietary requests from customers. Gluten free remains the top need, followed by plant-based/vegan options.



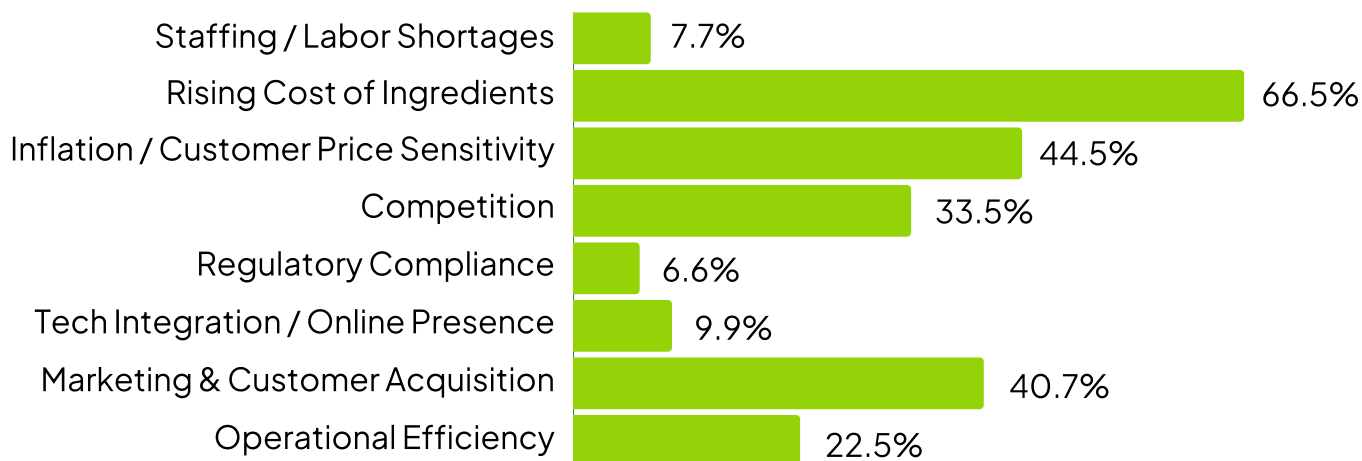
Seasonal Menus Are Driving Sales Success

Bakers not offering seasonal products are missing out on a major opportunity. 73% said they regularly rotate seasonal specials or menus, and an additional 22% offer them occasionally.

Cost Pressures Continue to Squeeze Margins

Rising food and ingredient costs continue to plague the baking industry, with nearly 53% of bakers saying costs affected profitability in 2025. Looking ahead, 73% anticipate costs will continue to rise in 2026, making pricing strategies paramount for success.

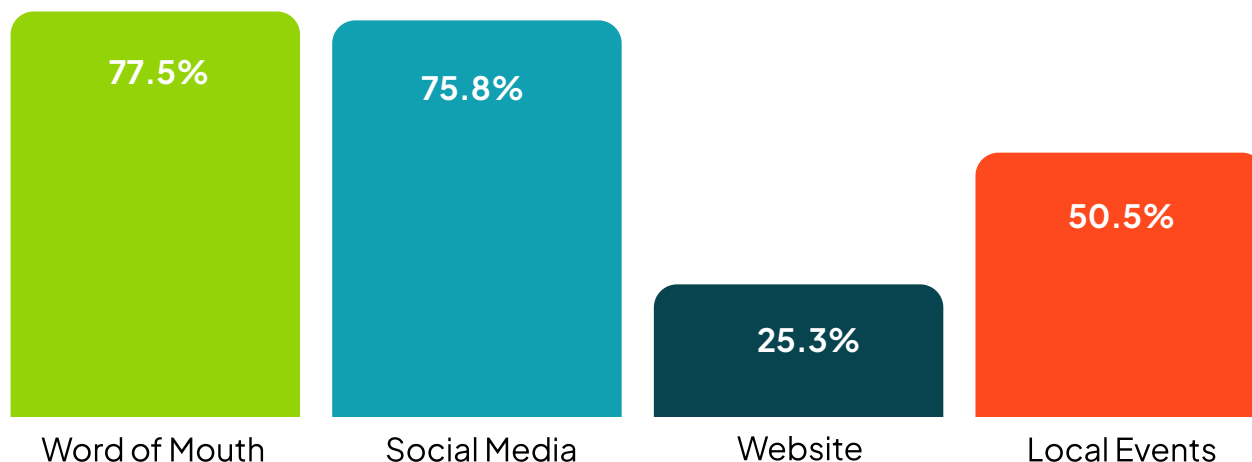
The Biggest Challenges for Bakery Operators



**Business owners could select multiple answers*

Why Personal Connections Still Pay Off

When it comes to customer acquisition, bakers said customer referrals, social media, and in-person events were the top drivers.

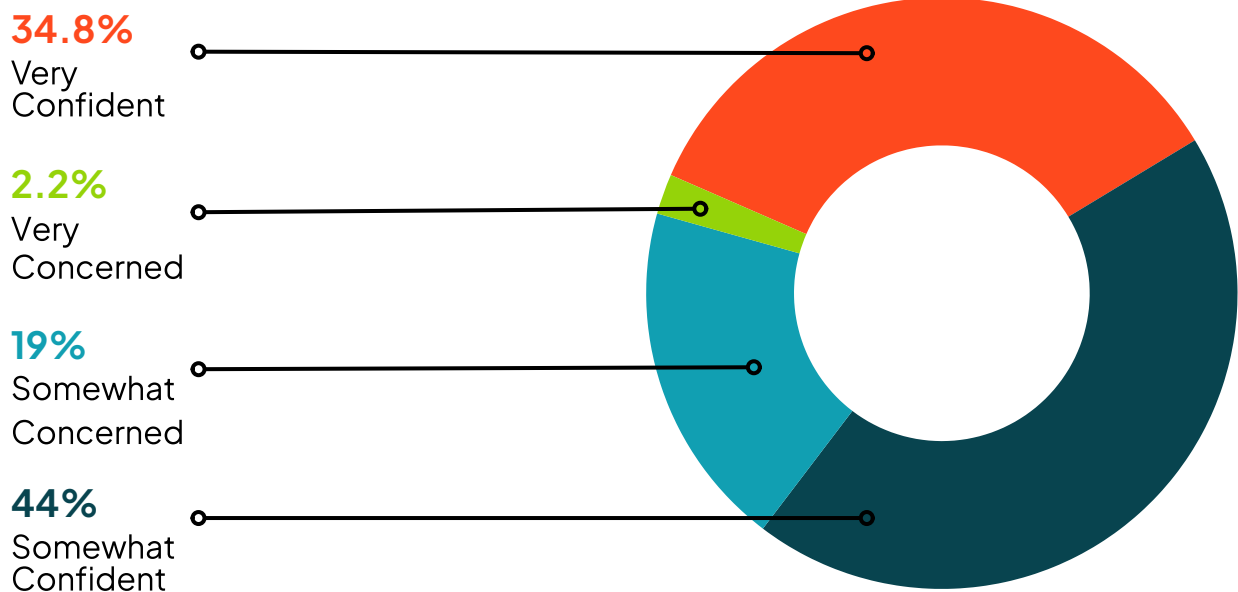


Cottage Food

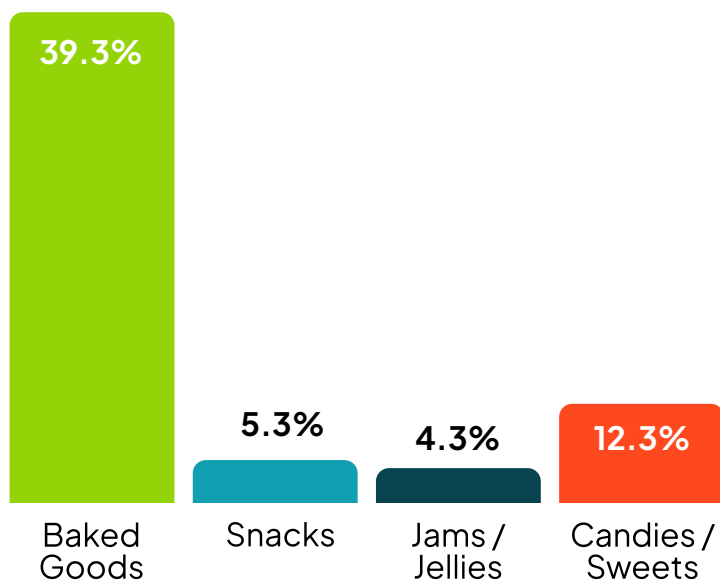
Business Owners Planning to Hold Steady in 2026

While 2025 was a year of growth for the majority, home-based business owners seem split on what 2026 will hold. 48% plan to expand, while 44% will maintain current operating levels.

Economic Outlook

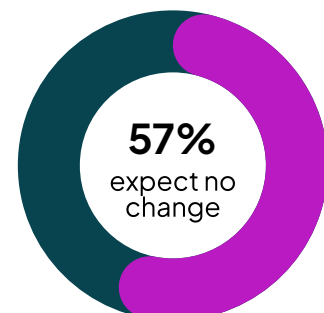


Top-Performing Product Categories



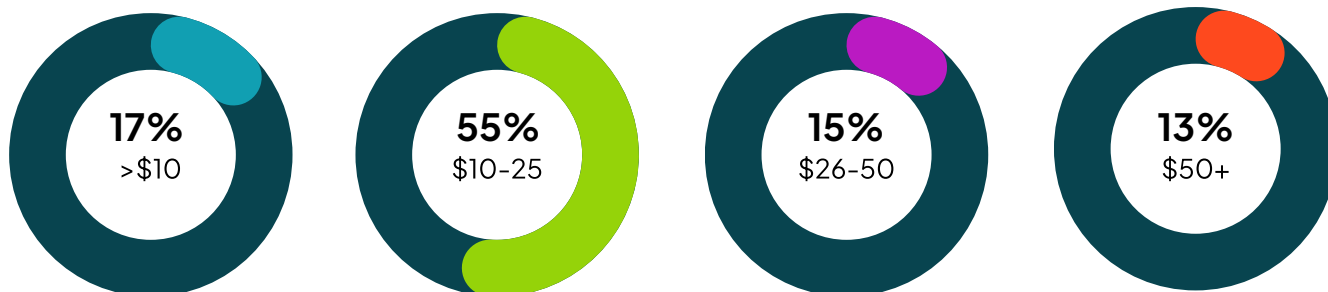
Average Ticket Prices to Plateau

The majority of cottage food business owners anticipate their average ticket size will remain the same in 2026.



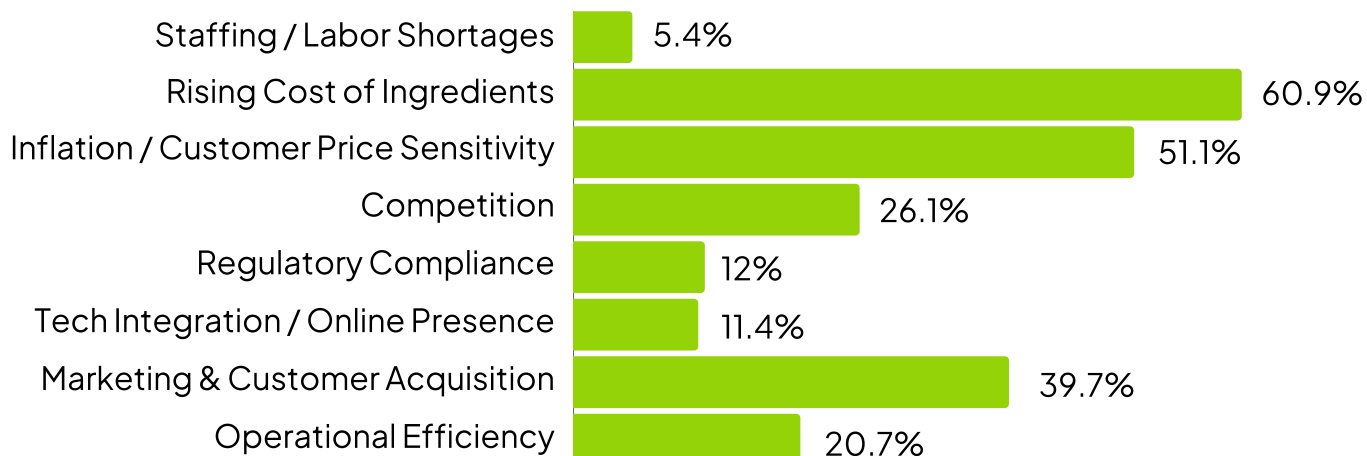
Average Sale Per Customer

Business owners seem to be on the same page when it comes to pricing goods, with the majority averaging \$10-25 per sale.



The Biggest Challenges for the Cottage Food Industry

77% of business owners said they were impacted by rising food costs in 2025, with 31% able to adjust prices accordingly. However, price sensitivity is also a growing concern in today's economic environment, making this a balancing act for business owners.



**Business owners could select multiple answers*

Personal Connections Continue to Provide Greatest ROI for Small Businesses



38.2%

credited local events as top driver



34.4%

cited social media

89%

said top acquisition drivers were personal connections, like events, social media and customer referrals

Pet Food / Treats



The Market Is Booming

Business owners reported strong growth in 2025 and are optimistic for the year ahead, with many planning to expand due to growing interest in products.

76.5%

said their business
grew in 2025

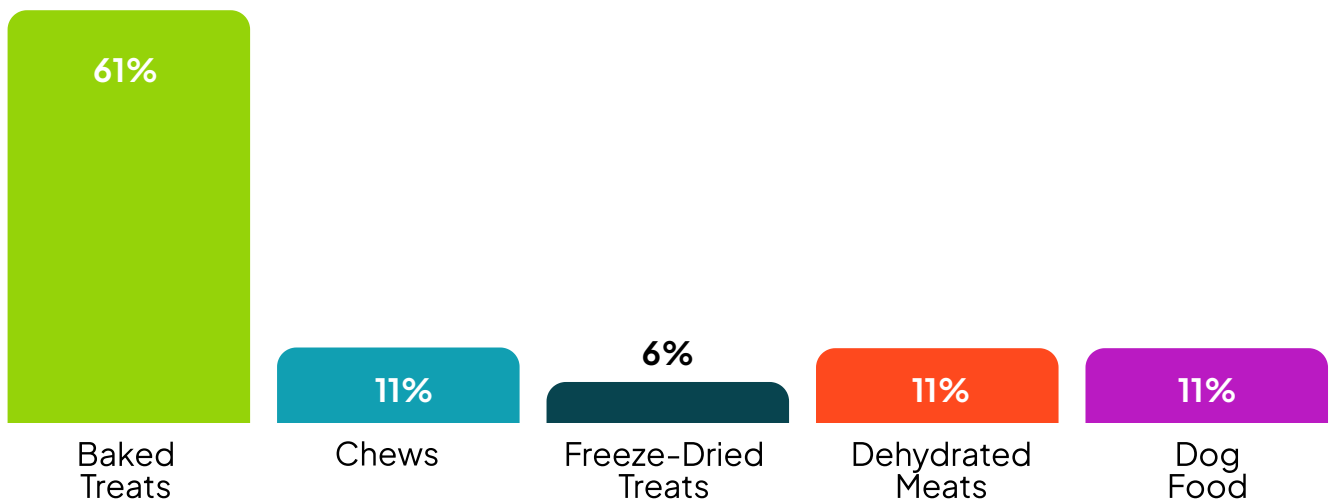
83.3%

feel confident for
the year ahead

55.6%

plan to expand
operations in 2026

Best-Selling Product Categories



Average Sales Size Per Order

More than 55% of pet food businesses average \$25 or less per order, highlighting the challenge of maintaining margins amid growing price sensitivity.

55.6%

Under \$25

5.6%

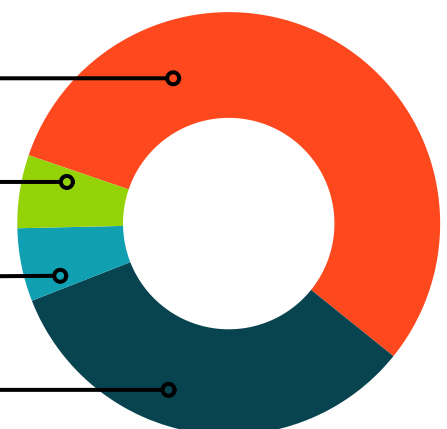
\$76-100

5.6%

\$51-75

33.3%

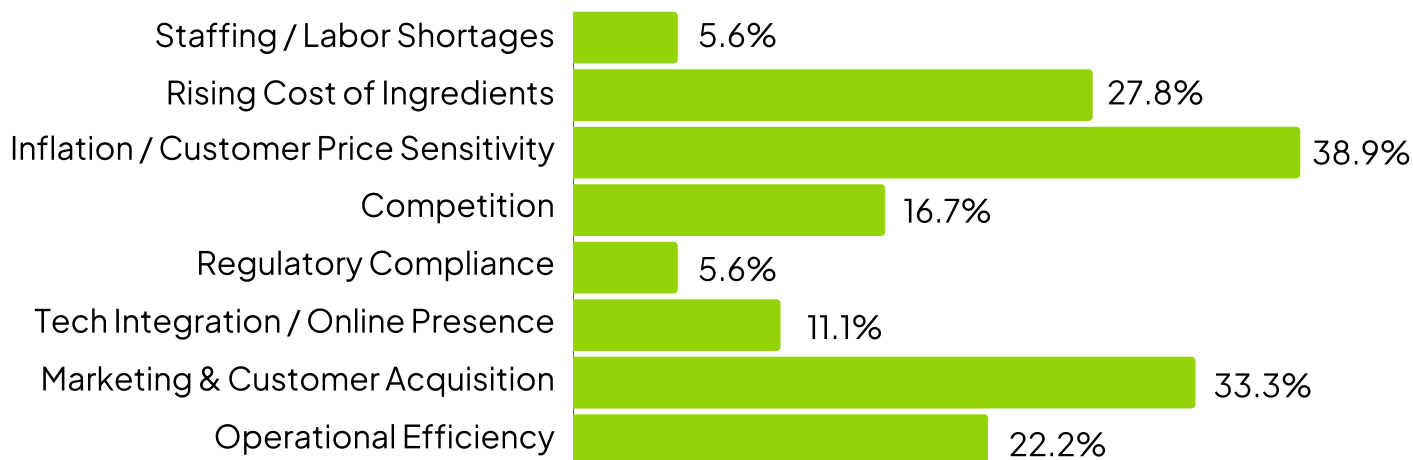
\$26-50



Price Sensitivity Is Top Concern for Pet Food Businesses

Surveyed business owner cited inflation and customer price sensitivity as the top challenge facing their business in 2026. With rising food costs, owners need to tread lightly when adjusting pricing structures to offset expenses.

Biggest Challenges Facing the Pet Food Industry



**Business owners could select multiple answers*

Top Places to Meet Customers

Surveyed business owners reported most sales were made via direct-to-consumer channels. Here's where they found most success garnering new connections.



27.8%

said word-of-mouth referrals



16.7%

credited social media

78%

reported events and expos as the biggest source for new customer acquisition

6. Looking Ahead

While demand remains relatively stable, the data suggests 2026 will be defined less by whether customers show up and more by how well operators manage margins in an inflation-constrained environment. Rising food costs and heightened consumer price sensitivity will continue to shape pricing decisions, marketing strategies, and day-to-day operations. With more than half of operators planning to expand, the year ahead will reward disciplined growth and sharper operational focus.

Key Takeaways for 2026

- Margin management will matter more than traffic growth. Operators face continued cost pressure even as demand holds steady.
- Price sensitivity isn't going away. Businesses will need to balance value and pricing without eroding customer trust.
- Growth favors the prepared. Expansion plans are most likely to succeed when paired with strong risk management, marketing ROI discipline, and cost controls.



So what? In 2026, the most resilient food and beverage businesses won't be the fastest-growing — they'll be the ones that grow intentionally while protecting margins and managing risk.

7. Conclusion

As food and beverage businesses navigate the opportunities and challenges ahead in 2026, success will depend on more than optimism alone. Operators need a partner that understands the realities of the industry — from rising costs and expansion risks to claims exposure and compliance — and can help them adapt with confidence.

Food Liability Insurance Program (FLIP) is built to support food and beverage businesses at every stage of growth. Beyond tailored insurance coverage, FLIP provides industry-specific insights, educational resources, and tools designed to help operators reduce liability risk while building stronger, more resilient businesses.

**Get a
Quote**

**Partner
Programs**

**Business
Resources**

8. Methodology

This report combines survey insights and proprietary insurance claims data from Food Liability Insurance Program (FLIP) to provide a data-driven view of trends shaping the food and beverage industry in 2026.

Survey findings are based on responses from more than 1,000 FLIP customers and 600 U.S. consumers collected in late 2025. Results are reported in aggregate, and response totals may vary by question. Percentages throughout the report reflect the number of respondents who answered each specific question.

Claims analysis is drawn from FLIP policyholder claims filed during calendar years 2024 and 2025. Claim counts, categories and incurred dollar amounts reflect a snapshot of the claims database as of December 2025. For 2025 claims, both open and closed claims are included; incurred amounts may represent paid losses, reserves, or estimated costs and are subject to change as claims are resolved.

Claims were categorized using consistent keyword-based classification of claim descriptions. Claims that did not clearly align with a defined category were classified as “Other.” Business type was identified only when explicitly stated in claim narratives; claims without sufficient detail were classified as “Not specified.”

Year-over-year comparisons are intended to highlight directional trends rather than predict future outcomes, and findings should be interpreted within the context of evolving economic conditions and ongoing claims development.