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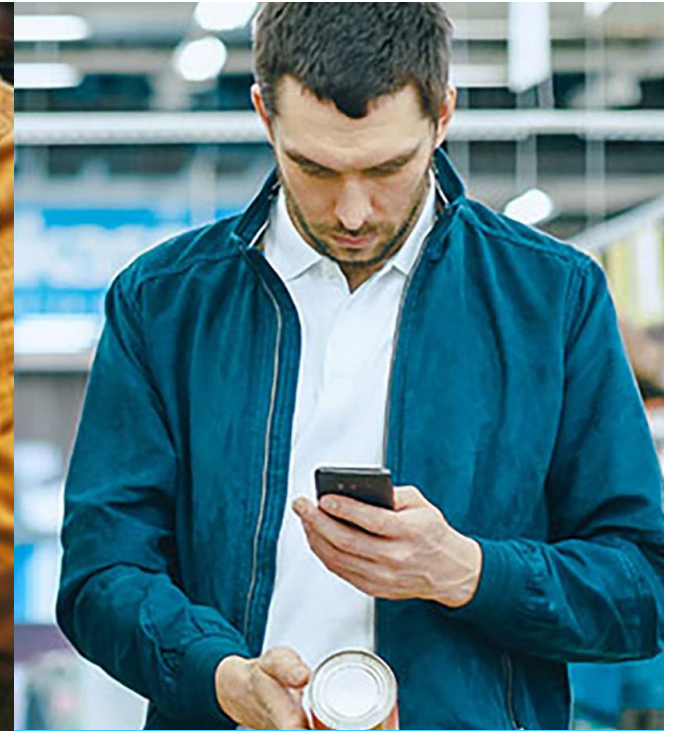


MID-YEAR CONSUMER OUTLOOK

Assess the global state of consumers:

What has changed, what disruptions remain, and what companies need to anticipate in the next 12 to 18 months ahead

A U.S. Perspective



Guide to
2025

Welcome to Your 2025 Strategic Guide

*From **Cautious** to **Intentional** Consumption*

At the beginning of 2024, the US consumer outlook had improved slightly but the climate has shifted in the last six months. Despite continued easing of inflation, increasing economic pressures and the uncertainty of an election year are leaving consumers less optimistic. U.S. positive outlook fell midyear despite Global improvement.

In this multifaceted analytical assessment of the state of consumers, we uncover what has changed, what disruptions remain, and what companies need to anticipate in the months ahead.

This US perspective of *NIQ's Mid-Year Consumer Outlook: Guide to 2025* will provide a deeper dive into the US consumer and provide a strategic roadmap for navigating how to win with the vigilant consumers over the next 12 to 18 months and beyond.

Guide to 2025

Executive Summary

Navigate the shift from *cautious* to *intentional* consumption

- 1 State of Consumers:**
Measuring resilience and 2025 spending growth
- 2 Consumption Drivers:**
As inflation shifts, will volume lift?
- 3 Financial Polarization:**
Following the money with different consumer classes
- 4 Redefining “Discount”:**
Sizing how consumers are shopping to stay ahead
- 5 Trends to Watch:**
Anticipating catalysts to change in 2025

Key Findings:

- Projected US inflation for 2024 and 2025 stable at 2.0%
- However, 43% of consumers feel they are worse off this year, up +11pts vs. YA
- Consumers are still spending more for less volume: **\$100 USD** in 2022 purchases would cost **\$115** in 2024.
- **60%** of US respondents expressed data privacy concerns with AI technology.

Measure
the past.



Monitor the
present.

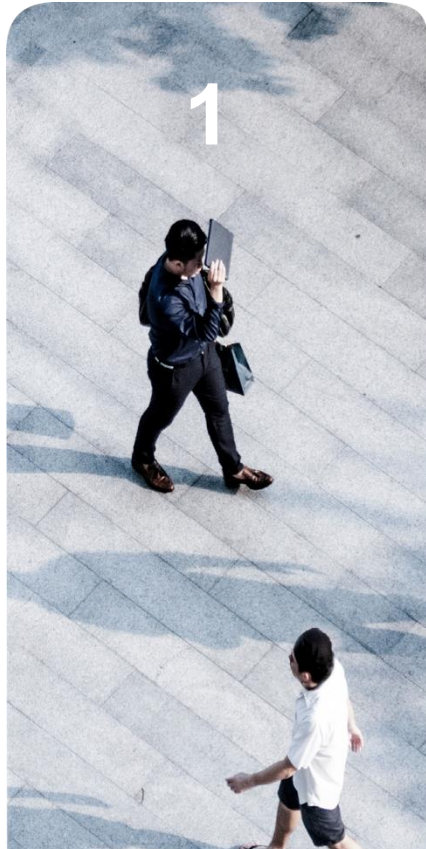


Anticipate
the future.



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4	Redefining “Discount”	39
5	Trends to Watch	51



State of Consumers

Decoding the behavioral economics driving consumer decisioning

The US outlook for consumers is worsening. Consumers are not optimistic despite improving economic factors and are vigilant against further disruption and intentional about every aspect of their everyday spending. Some pressure points have shifted, but many have lingered in mind and body. In this climate, there is a prevailing mindset of determination, where any gains are being intentionally evaluated and repurposed wisely.

In this shift from cautious to intentional consumption, there is looming uncertainty around economic stability, personal solvency, and environmental health.

In this chapter:

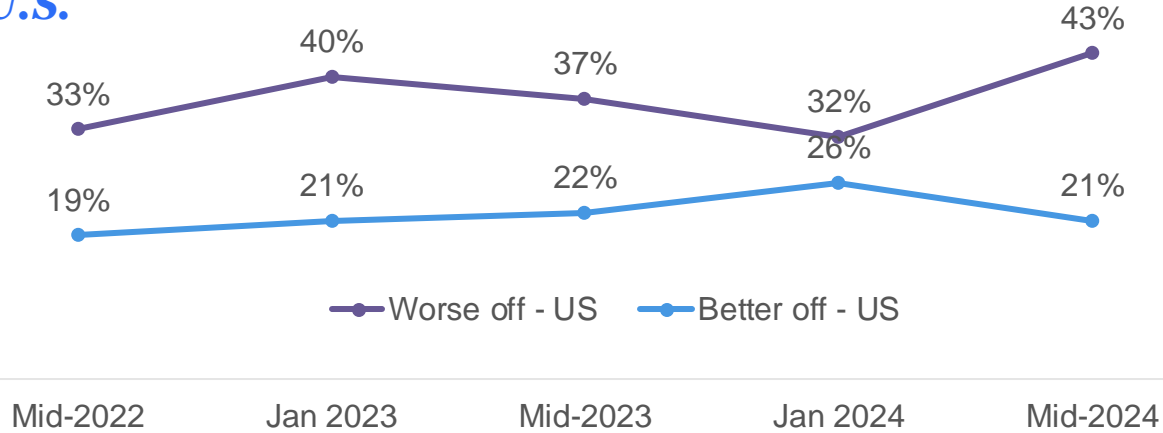
- Shifting pressure points
- Top concerns influencing choice
- Future economic indicators

U.S. positive outlook fell midyear despite Global improvement

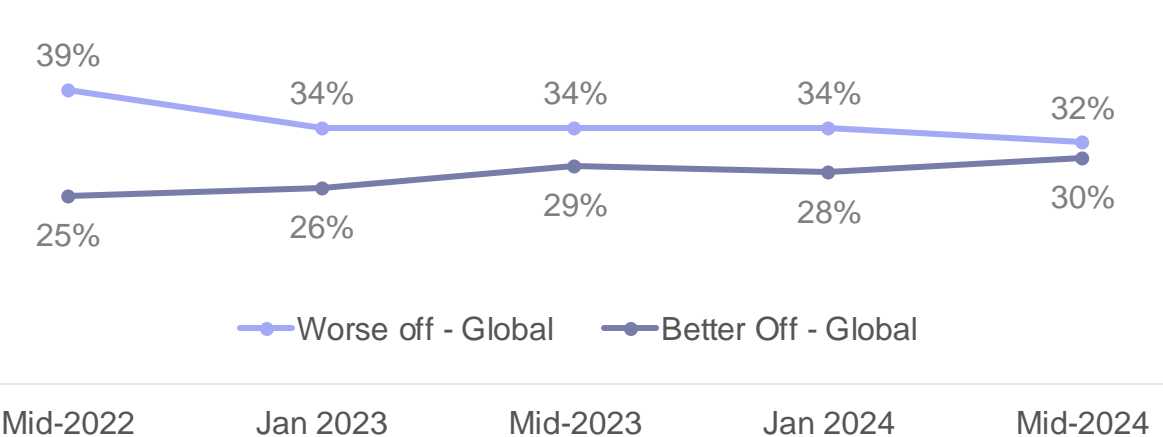
Consumers continue to feel the strain of Cost of Living, Economic Slowdown, and Job Insecurity

Consumer financial position. Sentiment year over year (% respondents)

U.S.



Global



21%

vs

43%

of US consumers say they're in a **better financial position** compared to a year ago—down **-5pt** vs. Jan. 2024

say they're in a **worse financial position** compared to a year ago.



Why?

76%

due to **increased costs of living** (vs. 74% in Jan '24)

37%

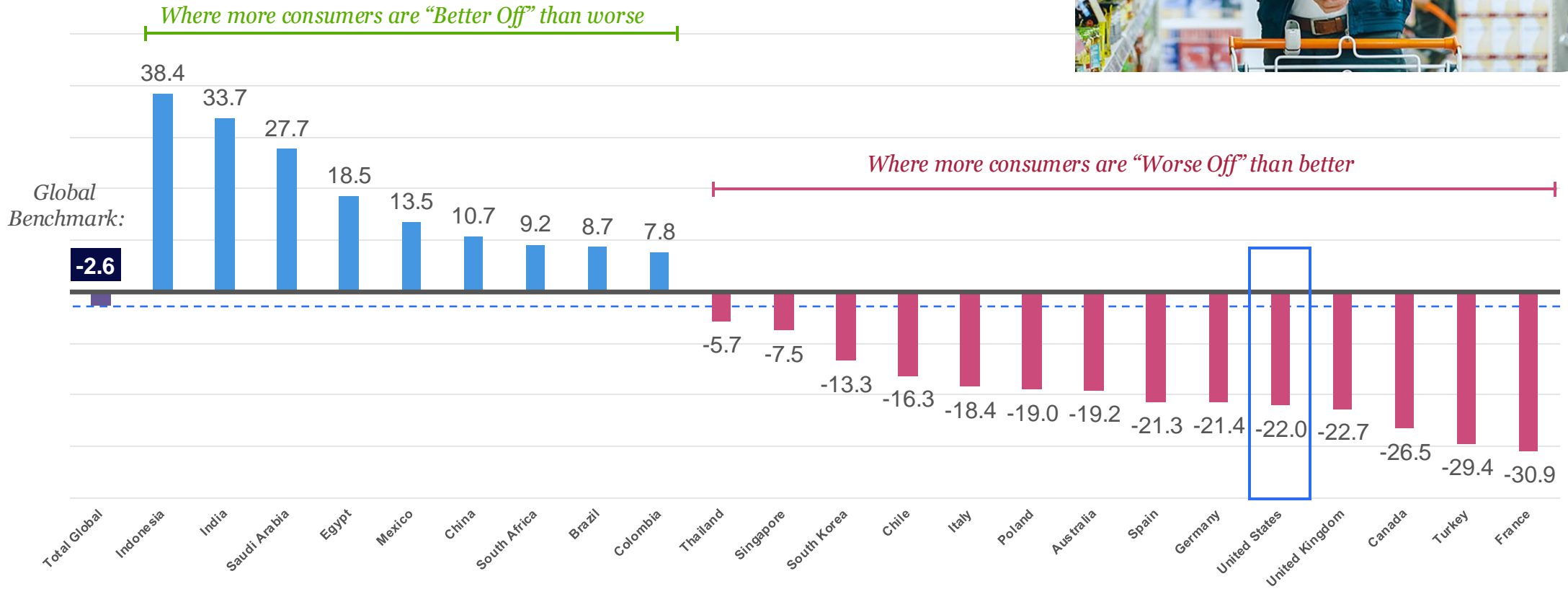
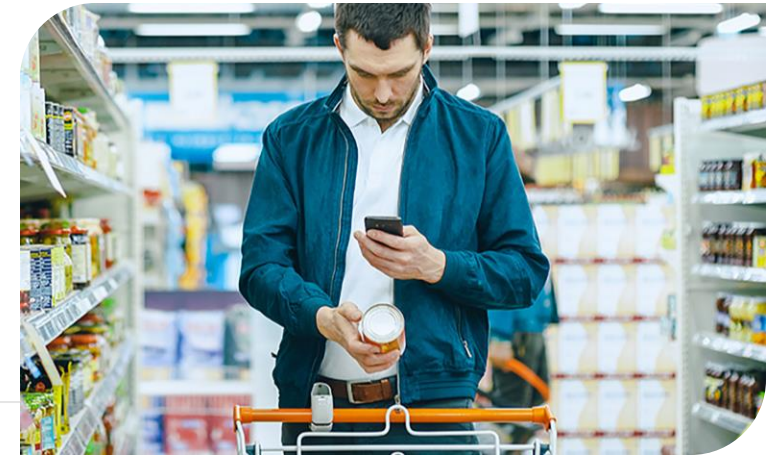
due to **economic slowdown** (stable vs. 37% in Jan '24)

36%

due to **job insecurity / loss** (vs. 33% in Jan '24)

Optimism around financial situation lags the most in North American and EU markets

In the United States more consumers feel worse than better, similar to more pessimistic sentiments among consumers in the United Kingdom and Canada



Top concerns setting the spending tone for 2025

Biggest gainers were increasing utility bills, ability to provide basics, and immigration



2023 was a record year for utility rate increases at \$9.7B approved, up from \$4.4B in 2022; 2024 anticipated to be similar*

1 Rising food prices 36%

2 ↑ Increasing utilities bills (was #6 in Jan. 2024) 16%

3 ↓ Increased housing costs (was #2 in Jan. 2024) 16%

4 ↓ Economic downturn (was #3 in Jan. 2024) 15%

5 ↑ Ability to provide basics for family (was #8 in Jan. 2024) 15%

6 ↓ Political unrest (was #5 in Jan. 2024) 13%

7 ↑ Immigration (was #13 in Jan. 2024) 12%

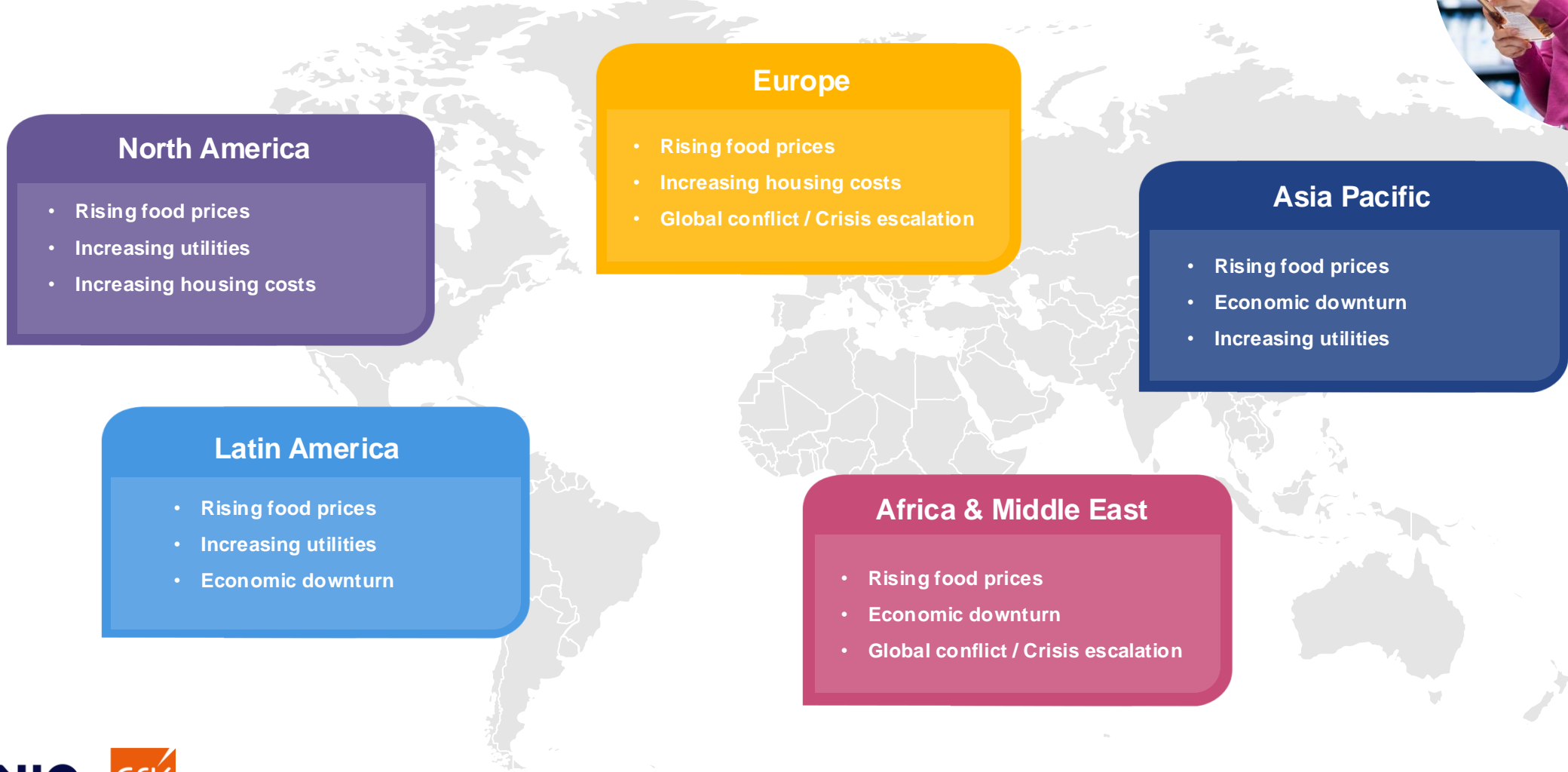
8 ↑ Self / Family welfare / Happiness (was #10 in Jan. 2024) 11%

9 ↓ Global conflict / Escalation of crisis / War (Was #4 in Jan. 2024) 8%

10 ↓ Global warming / climate change / environment (Was #7 in Jan. 2024) 8%

While food prices worry all, some unique regionality in concern for global conflict and housing costs

North Americans most worried about rising housing costs, while global conflict is a top concern for Africa, Middle East, and Europe.

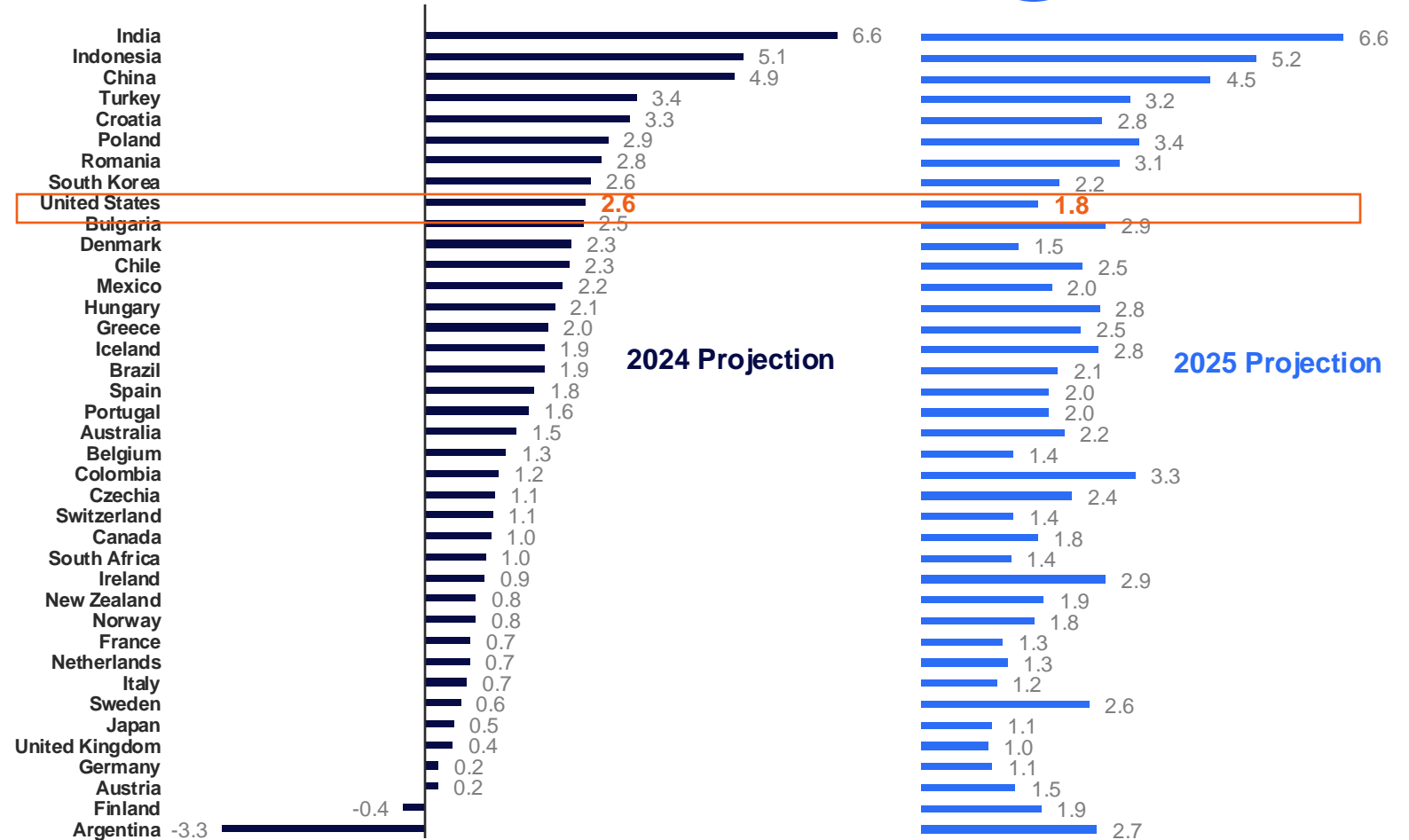


Steady global growth expected for 2024 and 2025, with the US as a top driver



*Annual
GDP growth
projections—
2024 vs. 2025:
% growth,
year over year*

Global Total **3.1** → **3.2**

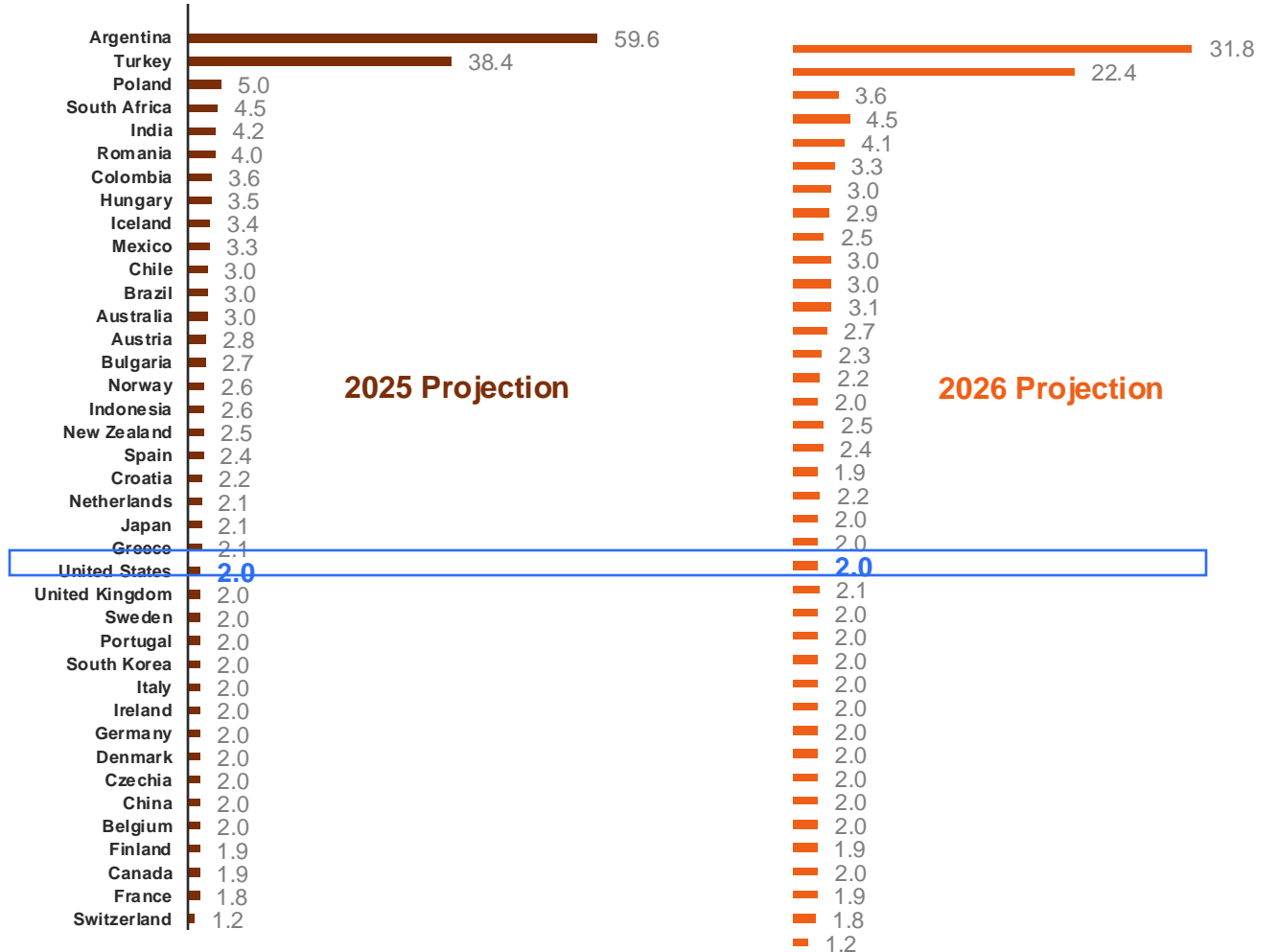


Inflation expected to continue to ease

U.S inflation rate is lower than the Global average and expected to remain flat



Inflation rate, average consumer price projections—2025 vs. 2026 % change, annual



The US remains the largest economy

One to watch: India has risen to top 5 rank, forecasted to continue rising through 2027

India continues to rise in importance

Top 10 largest / richest economies in the world



#3 Forecasted by 2027
 #5 Today
 #9 Ten years ago

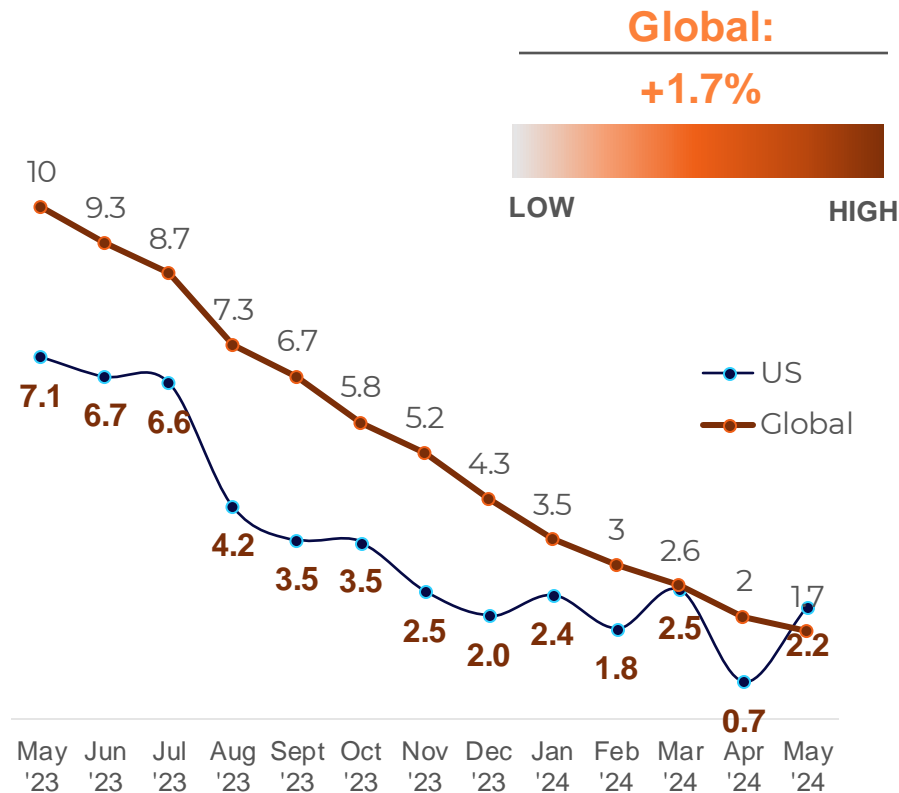
Rank & Country	GDP USD Billion	GDP Per Capita USD Thousand
1 USA	28,783	87.37
2 China	18,536	13.14
3 Germany	4,590	54.29
4 Japan	4,112	33.14
5 India	3,942	2.73

Rank & Country	GDP USD Billion	GDP Per Capita USD Thousand
6 UK	3,502	51.07
7 France	3,132	47.36
8 Brazil	2,333	11.35
9 Italy	2,332	39.58
10 Canada	2,242	54.87

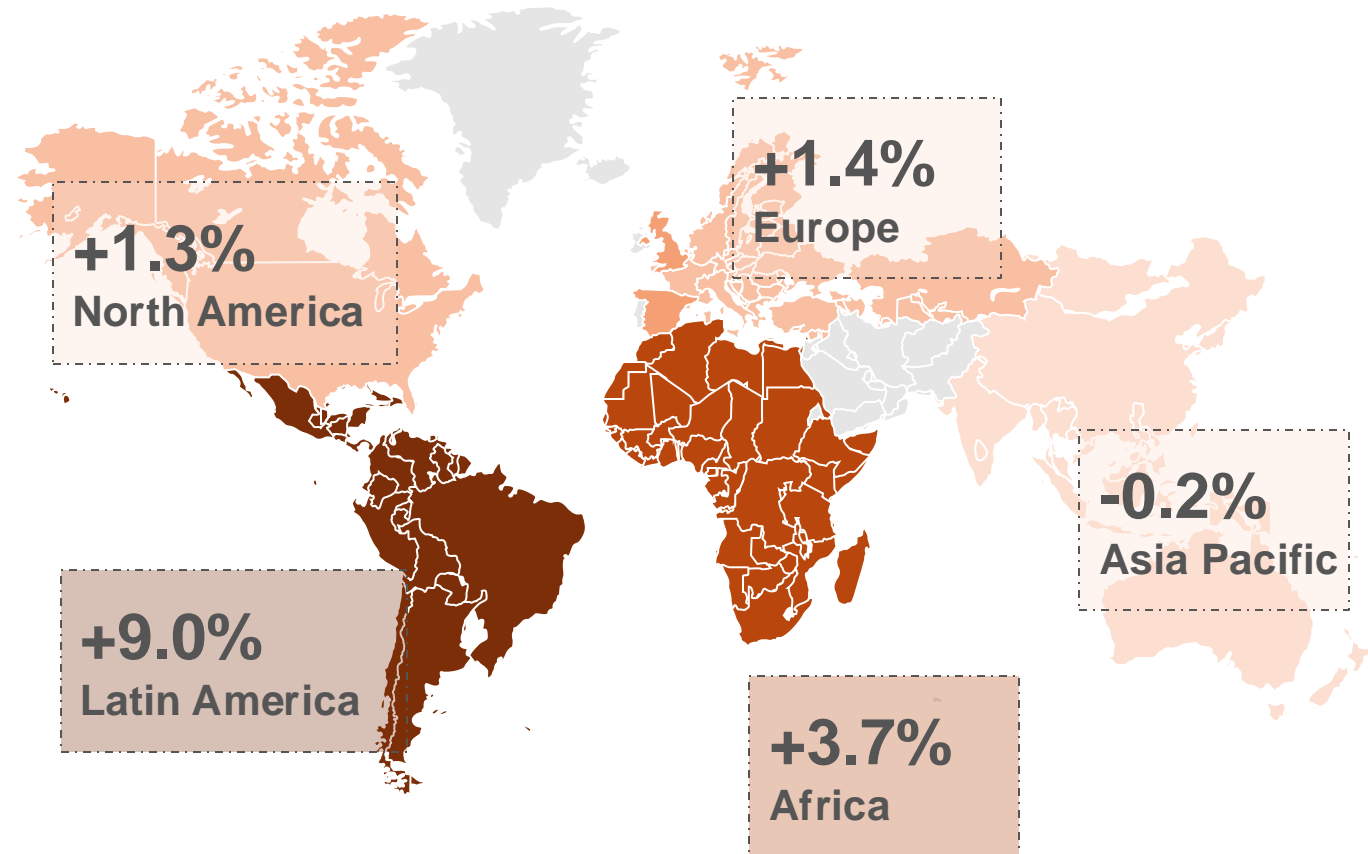
The U.S has had consistently lower inflation than the globe except in the most recent month

Pace of CPG inflation continues to slow across countries, with North America & Asia Pacific seeing lowest inflation

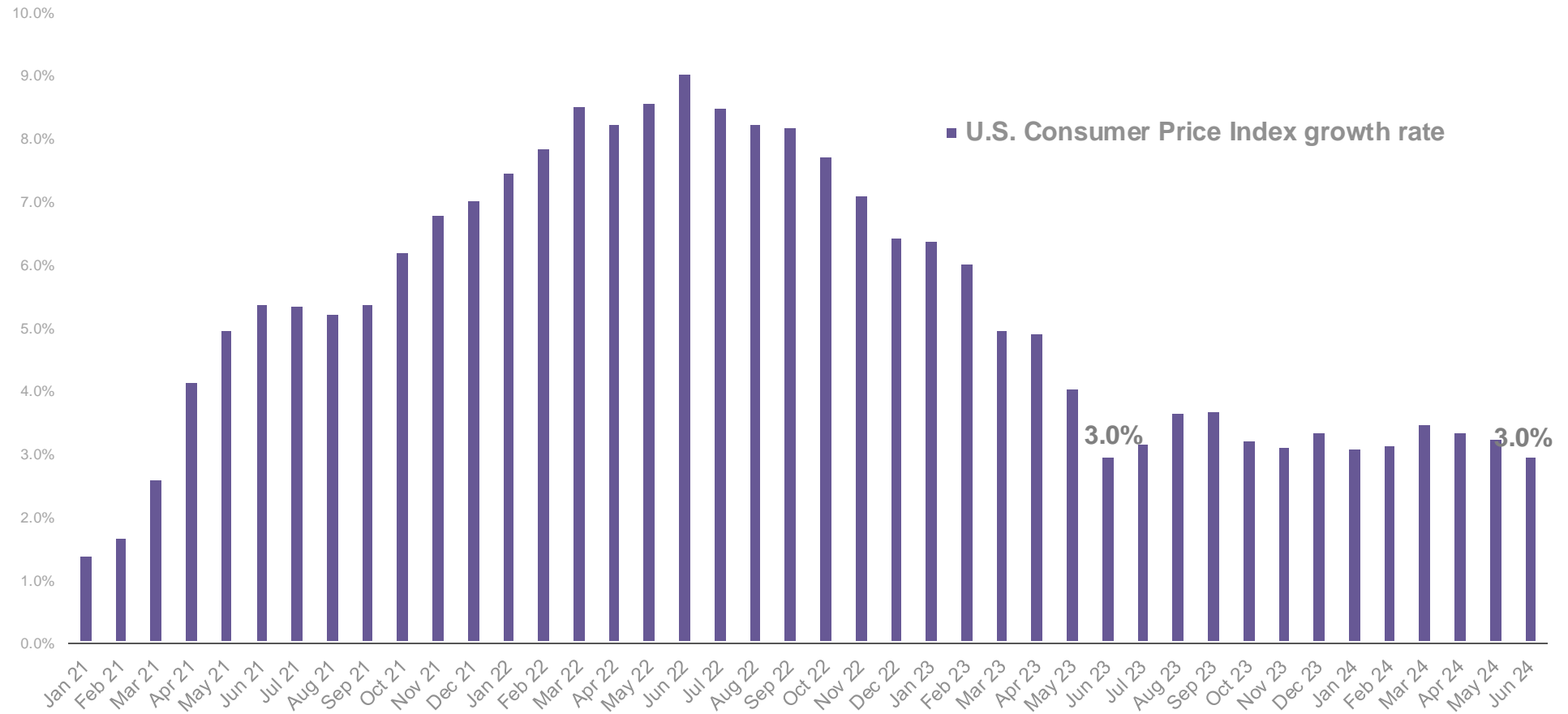
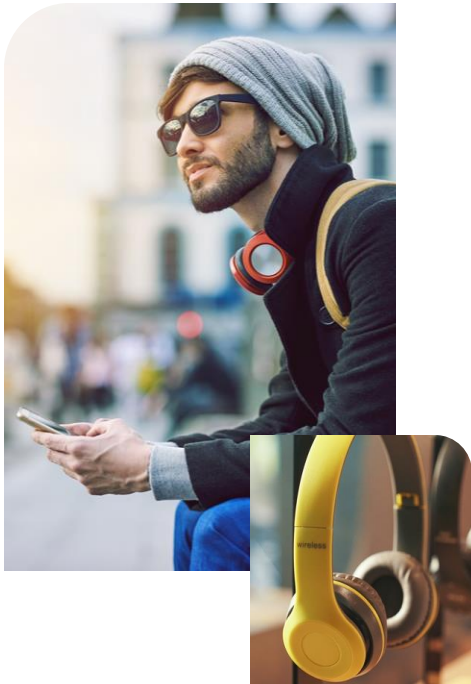
% change in average CPG price, United States vs Global monthly trend



Regional heat map of monthly economies in the world



Price growth in the US has mostly stabilized in the past year, at similar levels to Spring 2021





In this chapter:

- 2025 spending potential
- Global sales vs. volume trendlines
- Growth beyond inflation

Consumption Drivers

As inflation shifts, will volume lift?

Inflation has decelerated in many parts of the world. But the compounding effect of the past couple years will be felt for some time.

As consumers are balancing many competing life priorities, they may be driven to consume less in some spending categories—even if they have more funds to work with.

Gauging drivers of these tough choices is key to growing both sales and volumetric performance in 2025 and beyond.

“While consumers open their wallets and become less guarded with their spending going forward, the compounding effect of price increases means they're still spending 17% more than they were for the same goods in 2022.”

As we head into 2025, large brands will need to work hard to preserve their market penetration. Challenger brands in several categories are doing a better job of targeting consumer needs and are eroding brand loyalty. It's important to understand the unique needs of your consumer segments to unlock growth.”



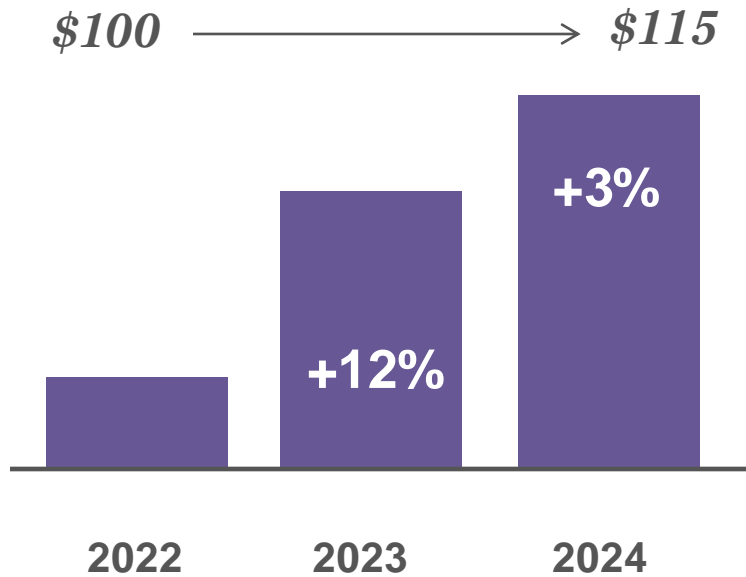
Carman Allison

Vice President of
Thought Leadership,
North America, NIQ

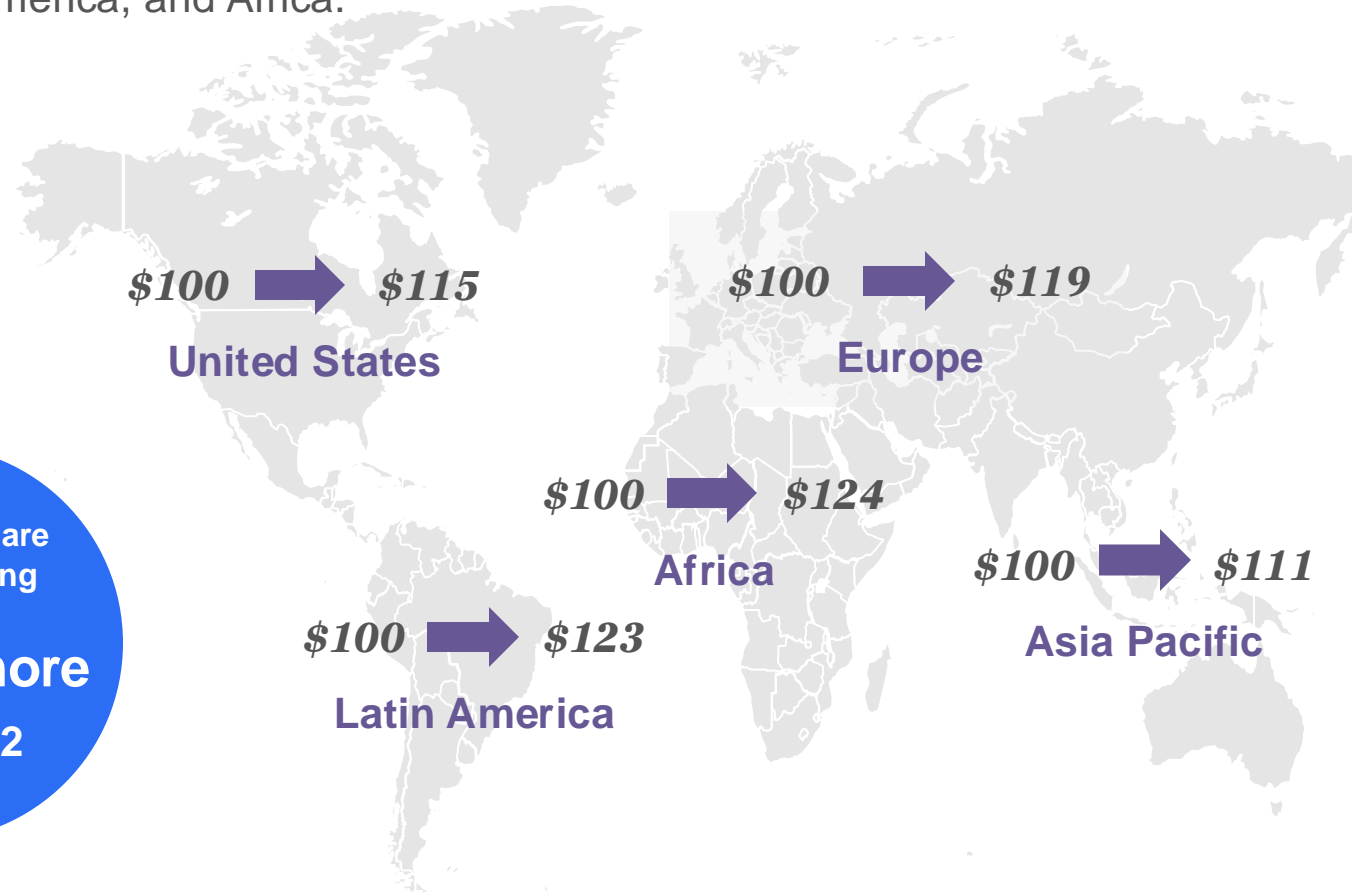
US consumer still feeling the compounding effect of inflation

Purchasing power hasn't yet fully recovered for most global consumers – though the US is not impacted much as Europe, Latin America, and Africa.

Annual % increase (in USD) prices: United States



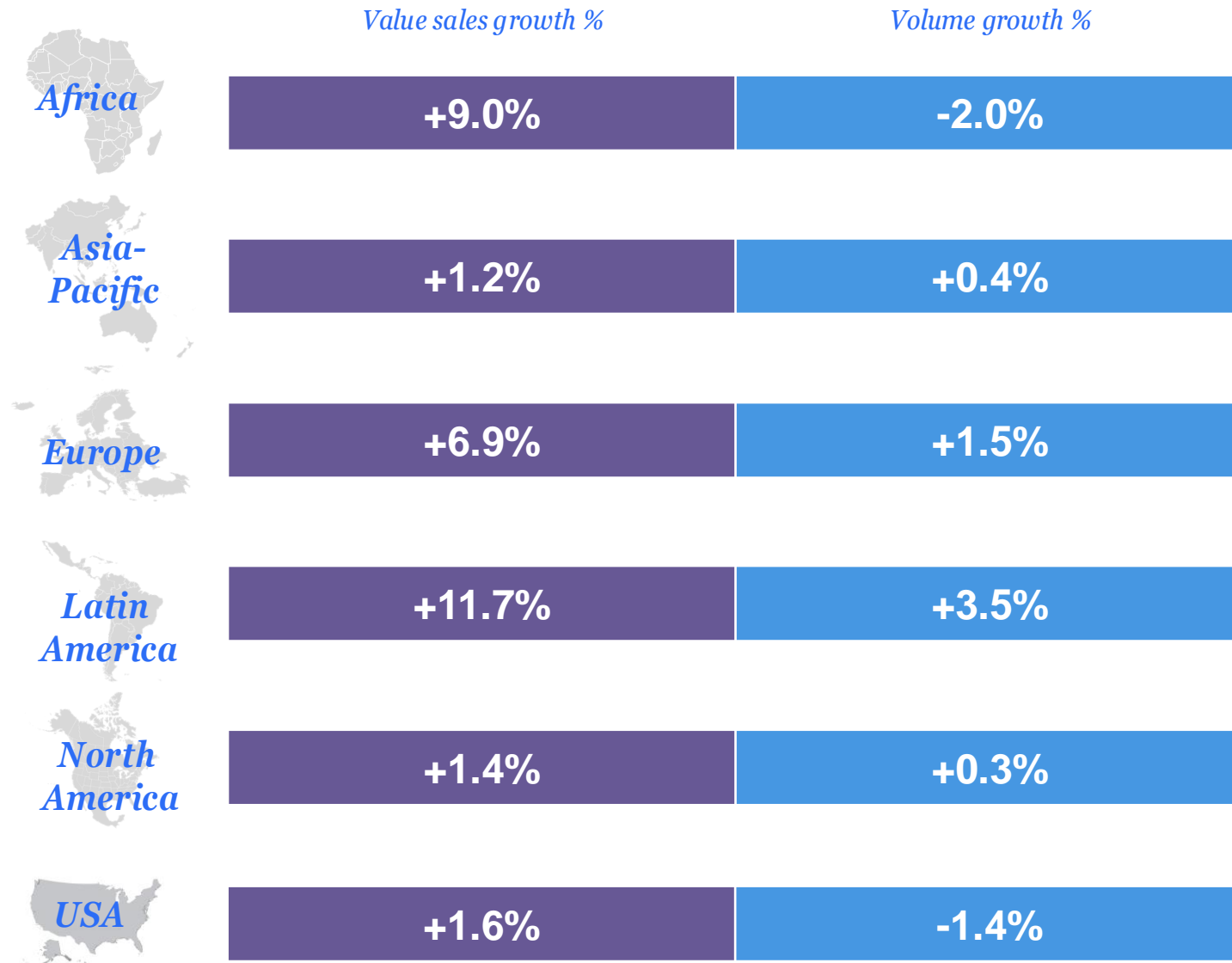
Consumers are still spending
15% more
vs. 2022





Global volume trend improves, while the US lags

North America outpaces Global trends with slightly increased volume



Global FMCG trend

2024 vs. 2023

Value sales +4.9%

Volume +0.8%



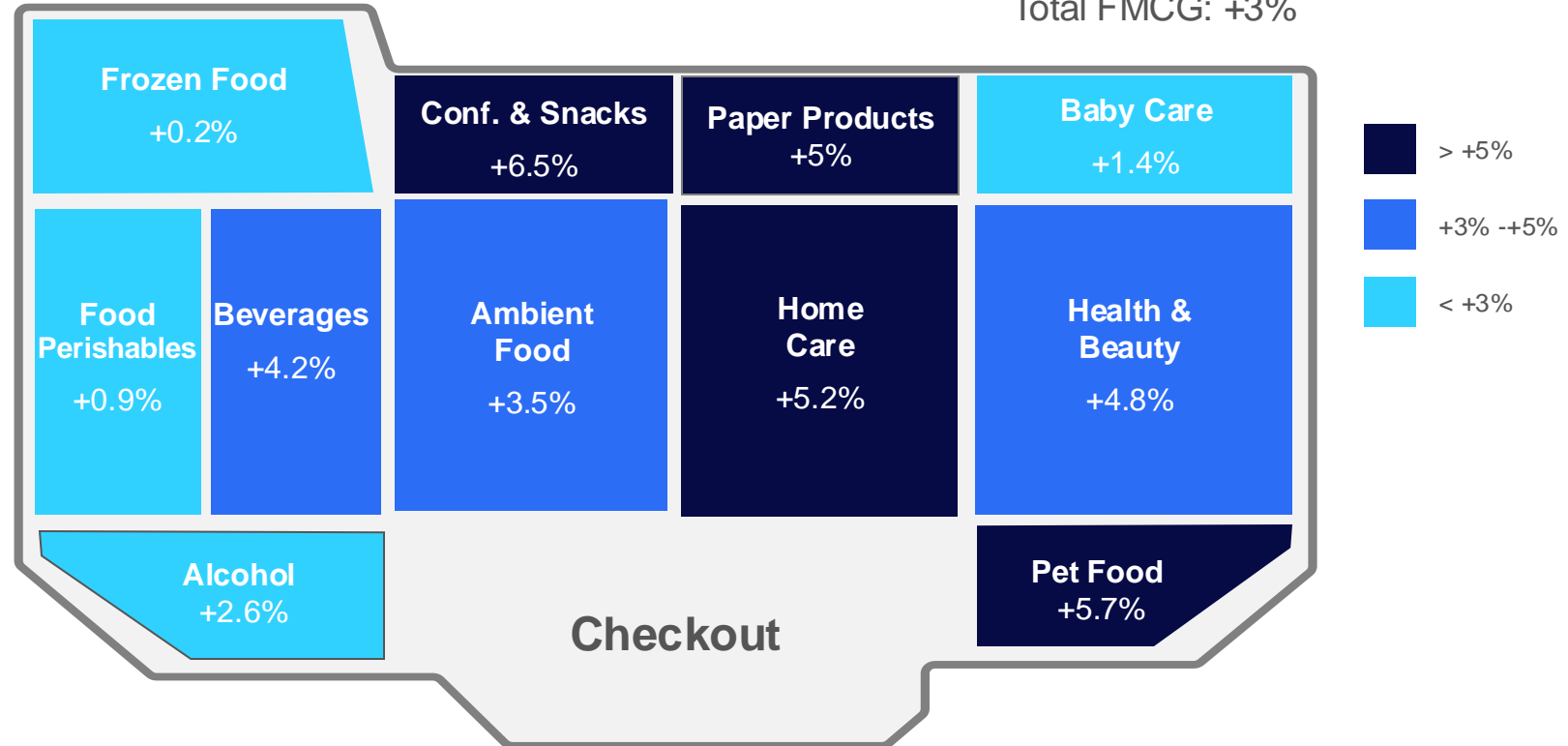
Inflation Heat Map

Rising prices are still plaguing several key departments

Department **inflation** heat map: United States

EQ volume price % change

Total FMCG: +3%





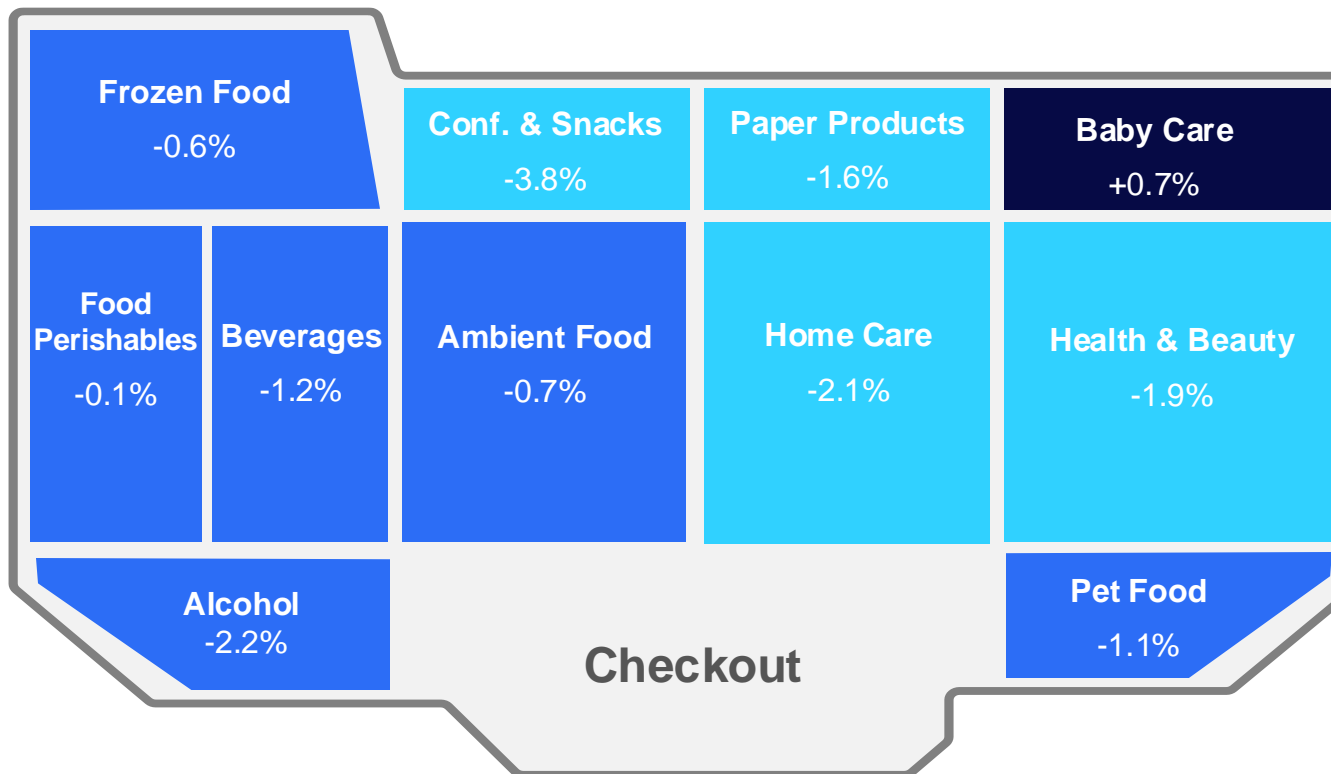
Volumetric Heat Map

Volume declines throughout the store driven by non-essential categories & categories with biggest price increases

Department **volumetric** heat map: United States

EQ volume % change

Total FMCG: -1.4%



- Growing
- Declining less than Total FMCG
- Declining more than Total FMCG

Local nuances to inflation and volumetric highs and lows

For instance, Confectionery & Snacks leads volumetric growth in Asia Pacific region, but growth is inflation-driven in North America.



North America	↑ HIGHEST	↓ LOWEST
Price % growth	Home Care (+7.2%) Confectionery & Snacks (+5.1%)	Frozen Food (+0.9%) Perishable Food (+1.2%)
Volume % growth	Health & Beauty (+1.8%) Ambient Food (+0.4%)	Home Care (-4.2%) Health Care (-4.1%)



Latin America	↑ HIGHEST	↓ LOWEST
Price % growth	Confectionery & Snacks (+14.3%) Perishable Food (+11.3%)	Health Care (-0.1%) Beverages (+2.3%)
Volume % growth	Health Care (+13.4%) Beverages (+11.2%)	Perishable Food (-0.9%) Confectionery & Snacks (-0.7%)



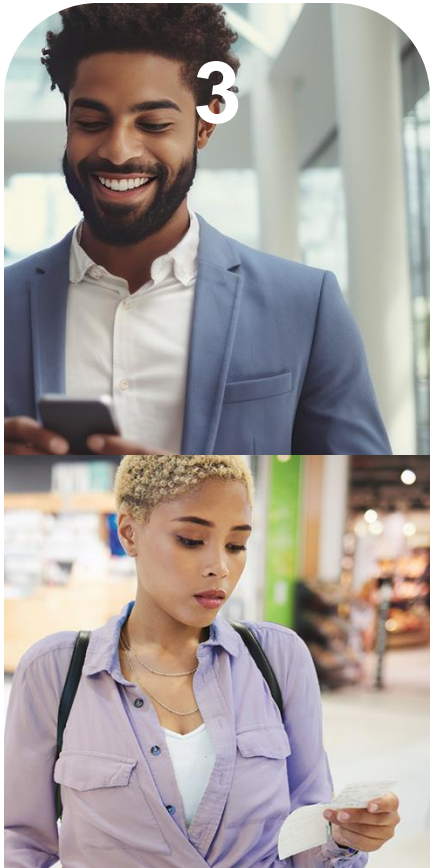
Europe	↑ HIGHEST	↓ LOWEST
Price % growth	Confectionery & Snacks (+9.3%) Pet Food (+8.4%)	Health Care (+3.2%) Paper Products (+2.2%)
Volume % growth	Ambient Food (+2.9%) Beverages (+2.6%)	Health Care (-1.3%) Alcohol (-0.7%)



Asia Pacific	↑ HIGHEST	↓ LOWEST
Price % growth	Home Care (+19.4%) Health & Beauty (+8.8%)	Ambient Food (-0.4%) Beverages (0.0%)
Volume % growth	Confectionery & Snacks (+4.5%) Beverages (+2.5%)	Health Care (-13.4%) Home Care (-12.6%)



Africa	↑ HIGHEST	↓ LOWEST
Price % growth	Home Care (+7.2%) Confectionery & Snacks (+5.1%)	Frozen Food (+0.9%) Perishable Food (+1.2%)
Volume % growth	Alcohol (+8.9%) Beverages (+4.4%)	Pet Food (-8.3%) Ambient Food (-7.3%)



In this chapter:

- Assessing the economic divide
- 2025 spending intentions
- Future growth expectations

Financial Polarization

Rising debt vs. unmatched wealth

Consumer wealth is accumulating in divisive ways.

At the same time where vulnerable households face rising fixed costs of living, some of the population have found further security and savings as their wealth grows.

Anticipating consumer spending by category and geography alongside patterns of wealth vs. insecurity is essential to understanding and planning for growth in 2025.

“While the overall attitude of consumers is feeling more secure, pressure in the high-earning jobs market, increasing ‘fixed’ costs, and a growth plateau in new consumers joining the market will influence trends in 2025.”

Make no mistake: Things are looking up for more consumers. But plan for them to take a very mindful approach to spending through the end of this year, given the tumultuous recent past. Spending will see modest growth, meaning there will be some opportunities for growth that will be centered around needed life essentials over wasteful indulgences.”

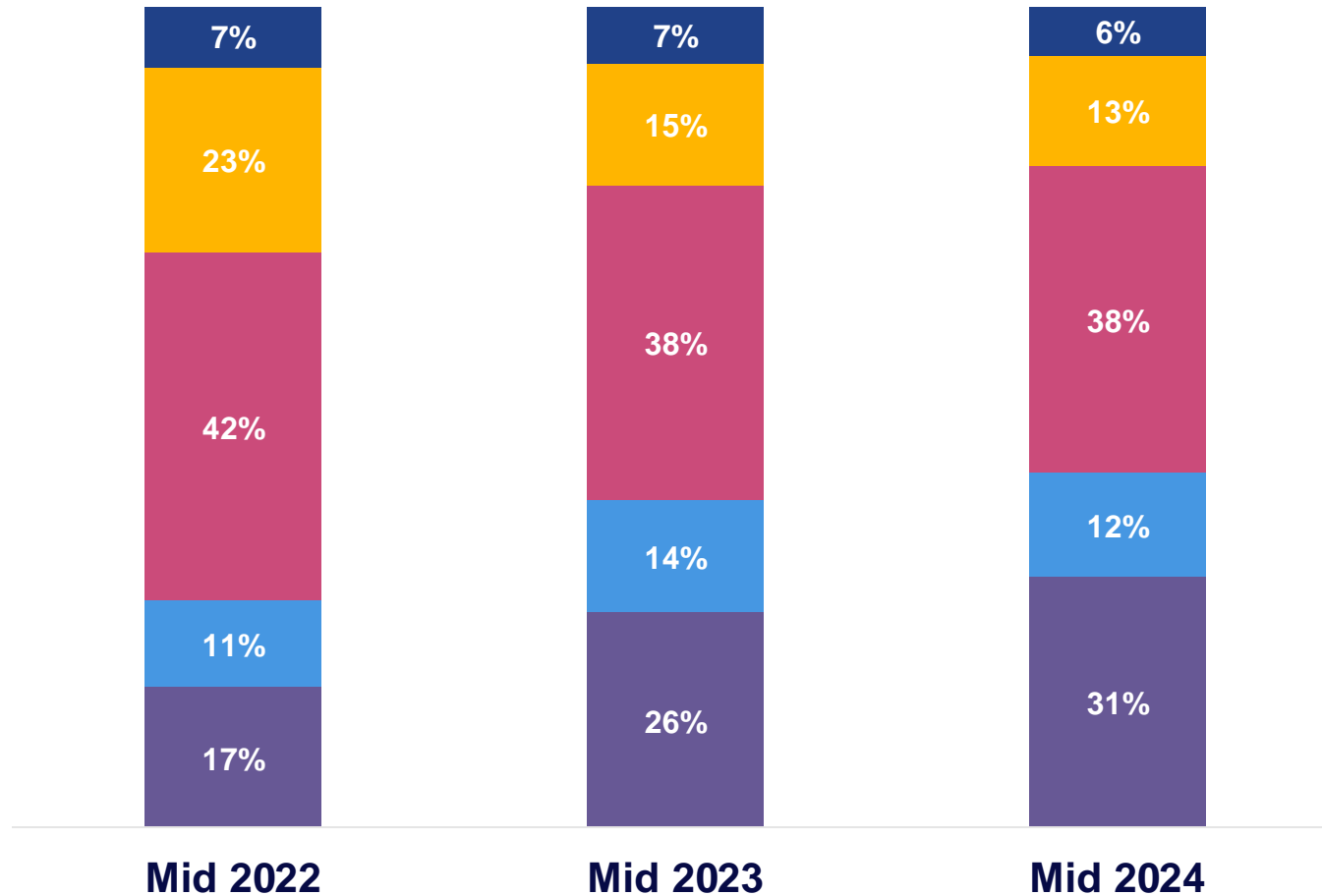


Ramon Melgarejo

President Strategic Analytics
& Insights, NIQ

The 2024 economic divide

Financial insecurity among US consumers continues to climb in 2024



- Thrivers**
Saved money and feel more financially secure.
- Unchanged**
Not impacted and continue to spend the same.
- Cautious**
Not impacted financially but are cautious with spending.
- Rebounders**
Experienced income or job loss but now feel they are back on track.
- Strugglers**
Have suffered financial insecurity and continue to do so today.

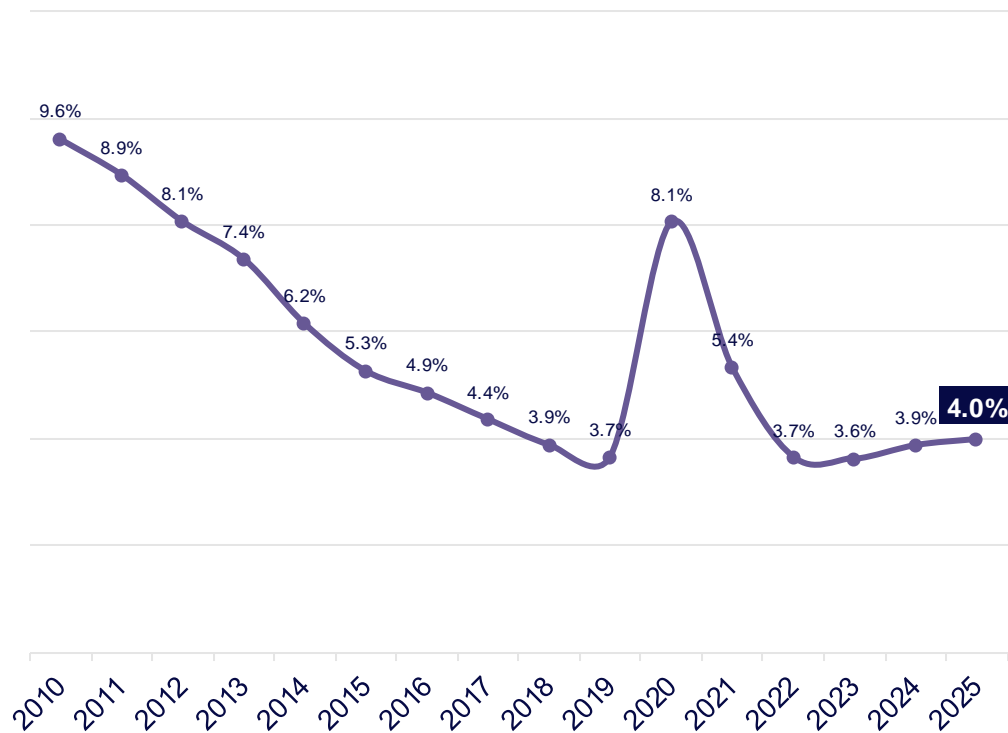


19% of consumers surveyed are either unimpacted financially or thriving in 2024 vs. 22% in 2023

Divided job prospects

Despite stability in employment rates, some high-earning job markets face pressure

Stable employment rate hides a tough white-collar job market
Unemployment rate forecast: United States



Despite employment gains overall, U.S. white-collar job growth slows

Of over 303K jobs added in March 2024, ~7K came from the white collar-centric “Professional & Business Services” category. This downshift could be a troubling sign ...

[Read more>](#)

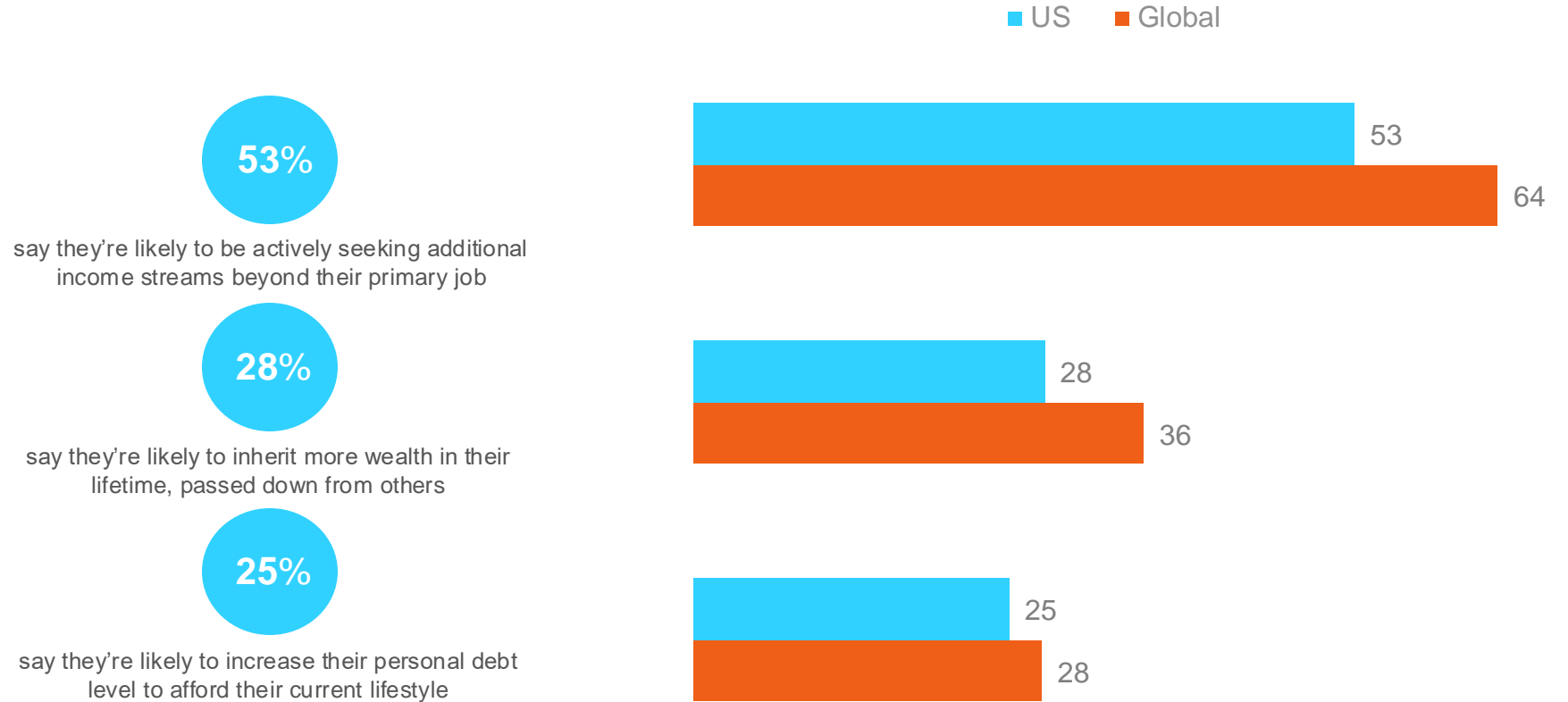
A looming “white-collar” recession?

Companies shouldn’t discount the cautiousness of high-earners. “The Great Resignation” that saw high-earners job-hopping into pools of plenty now find a world full of hiring freezes, redundant roles, and diminishing budgets. It’s important to heed these warnings and that even though the world may not appear to be in recession, some of top-earning professionals may be weary and therefore very purposeful in their everyday spending.



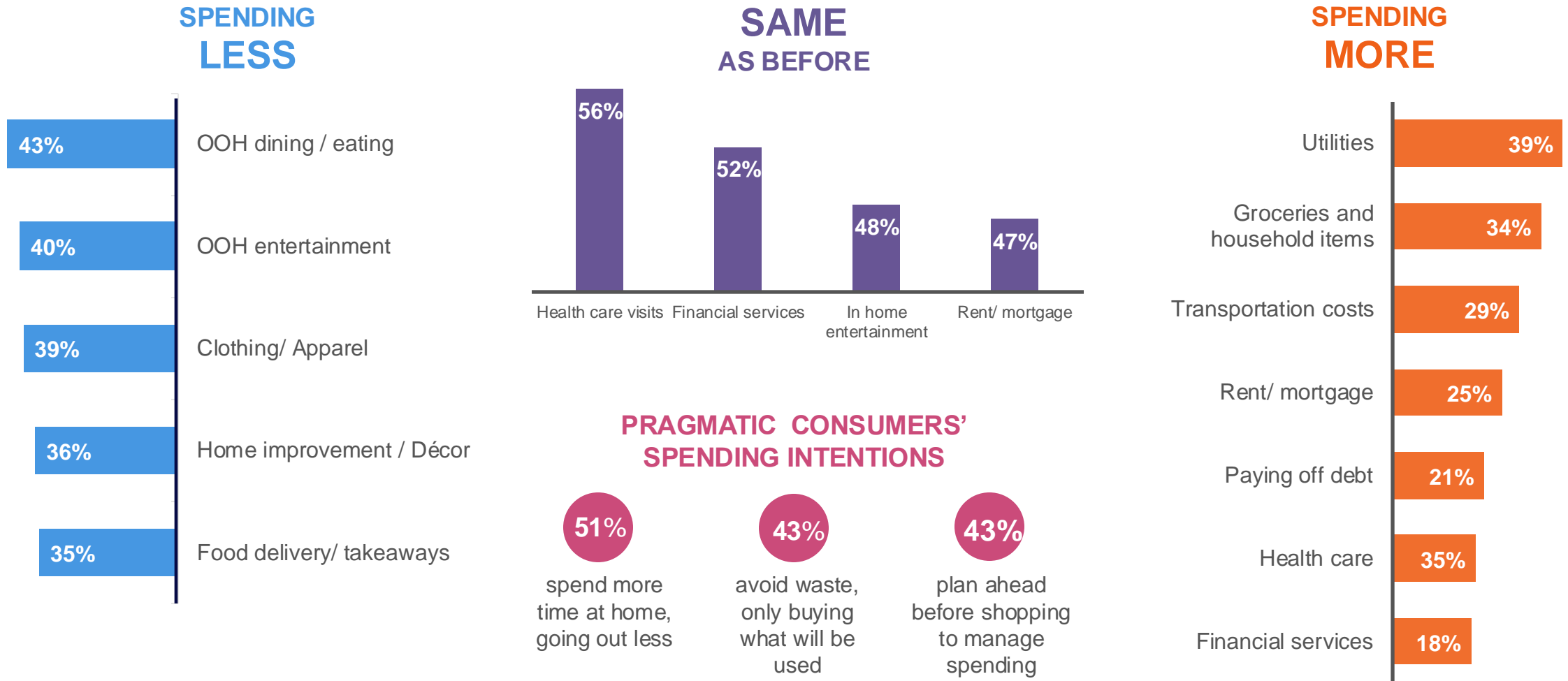
Many are seeking additional income streams

In the US, people are less likely to take on additional revenue streams or increase personal debt to afford their current lifestyle than globally



2025 wallet intentions reinforce the shift from a cautious to purpose-driven spending mindset

Intentional consumers prioritize at-home, planned, and waste-avoidant spending.

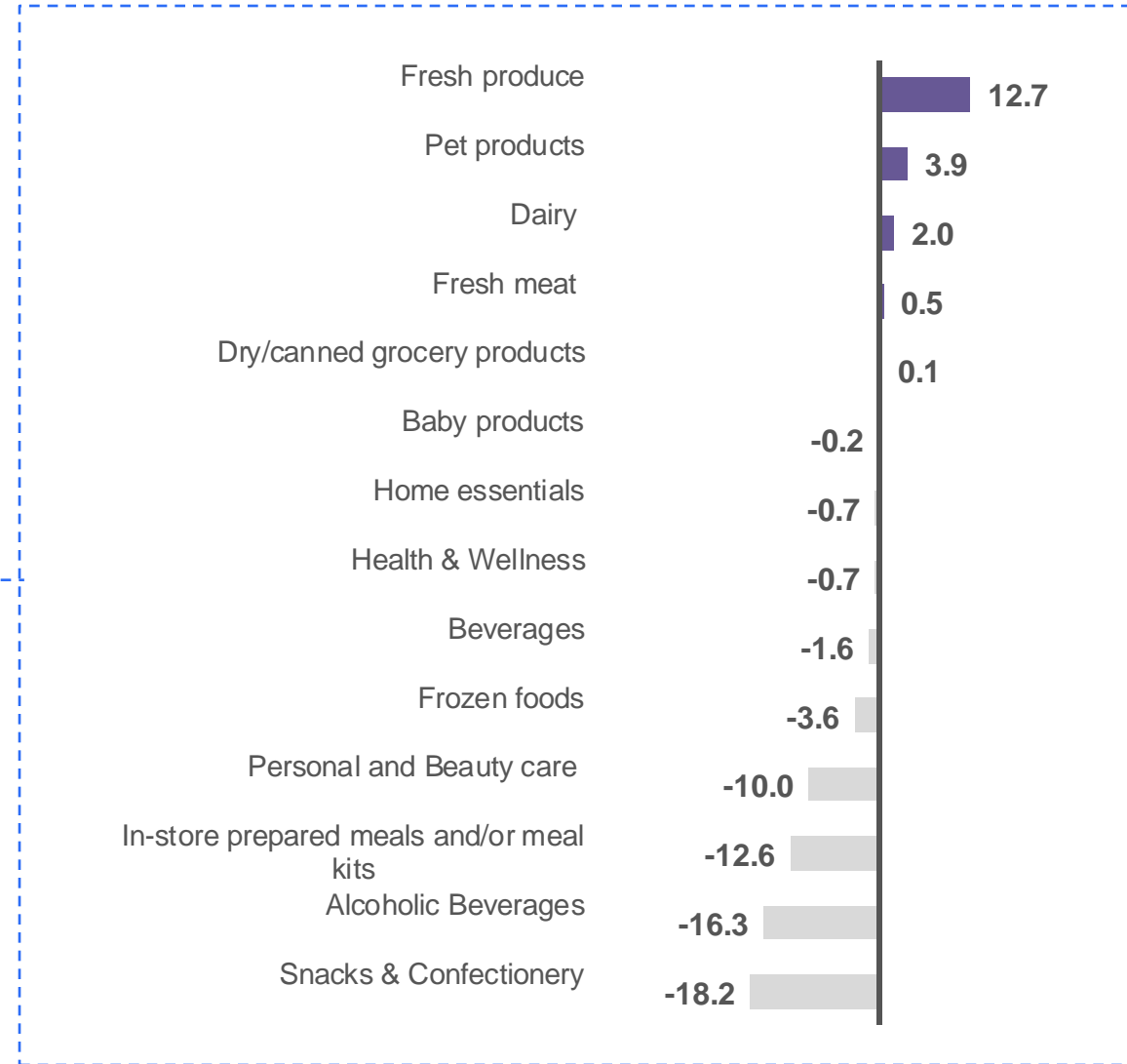
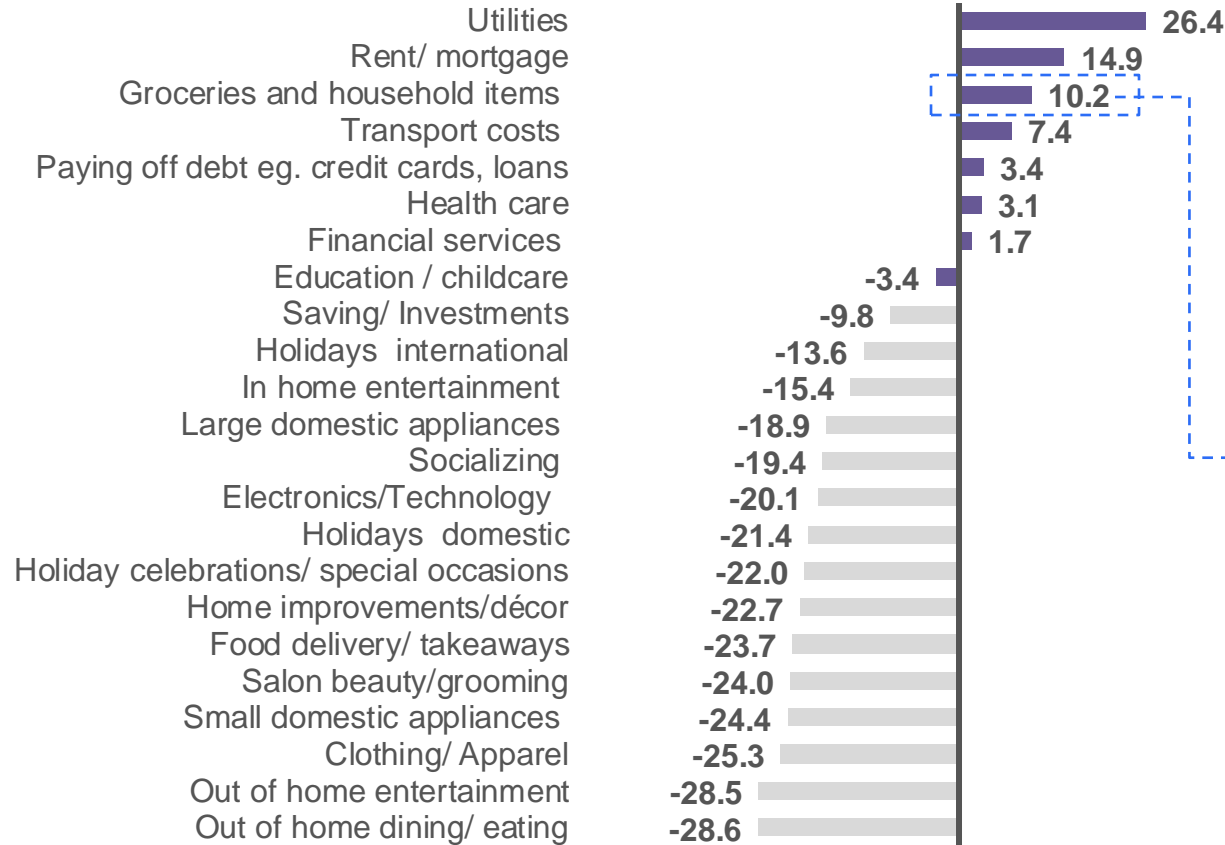


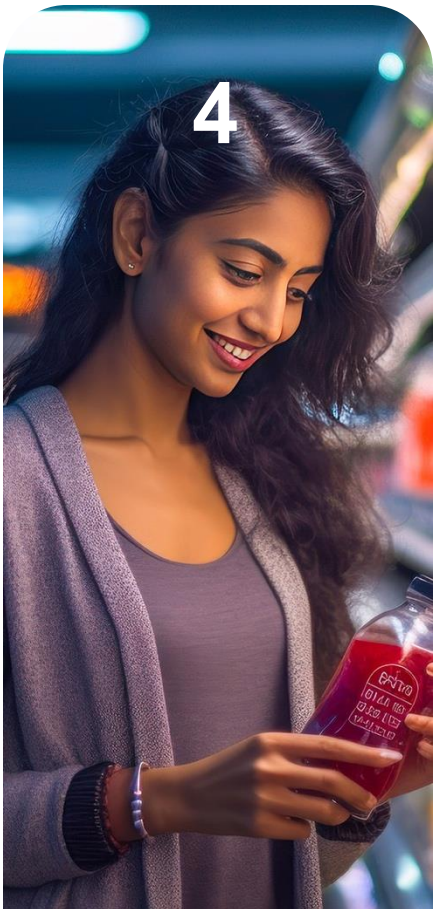
Consumers still have “fixed” life costs to consider, so discretionary spending is still scrutinized

Grocery / Household essentials—especially fresh produce—are top of mind.

Spending intentions for the next 12 months

Net change in spending (pt. change)





In this chapter:

- A new era of “discount”
- Value-driven premiumization
- Evolution of private label

Redefining Discount

Sizing how consumers are shopping to stay ahead

The concept of “discount” has broadened and evolved over the past few years of socioeconomic disruption.

Today, consumers of all financial circumstances are seeking value in multiple ways, with every purchase.

From the marked rise of a new echelon of economy price-tiered assortment to the redefined perception of private label or challenger brand products, there’s a new, hybrid view of “discount” values that will drive 2025 spending decisions.

“There’s an interesting intersection currently in play among consumers: People have heightened expectations for efficacy in what they purchase, but they are simultaneously gravitating toward perceived discount options (across channels and brand choice).

That isn’t to say that shoppers are averse to spending more, but rather that you’re going to have to prove to them what makes your product premium on a level that speaks deeply to them and their unique needs.

Intentional consumers today will need multiple layers of justification to be compelled to purchase.”



Norbert Herzog

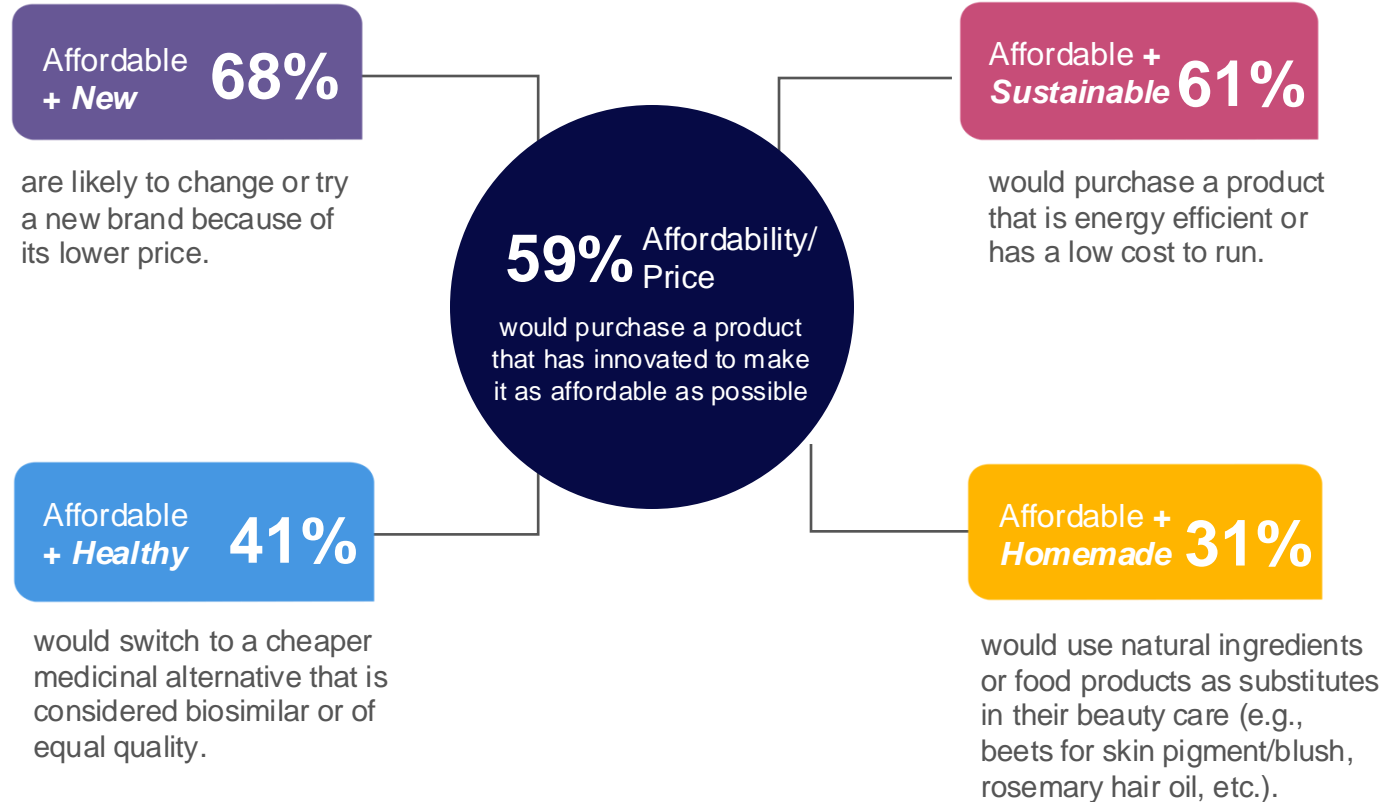
Head of Global Strategic Insights, Tech & Durables, NIQ



Consumers have embraced (and expect) broader value from the concept of “discount”

Affordability and price are the foundation, but purchase decisions are swayed by other manifestations of value.

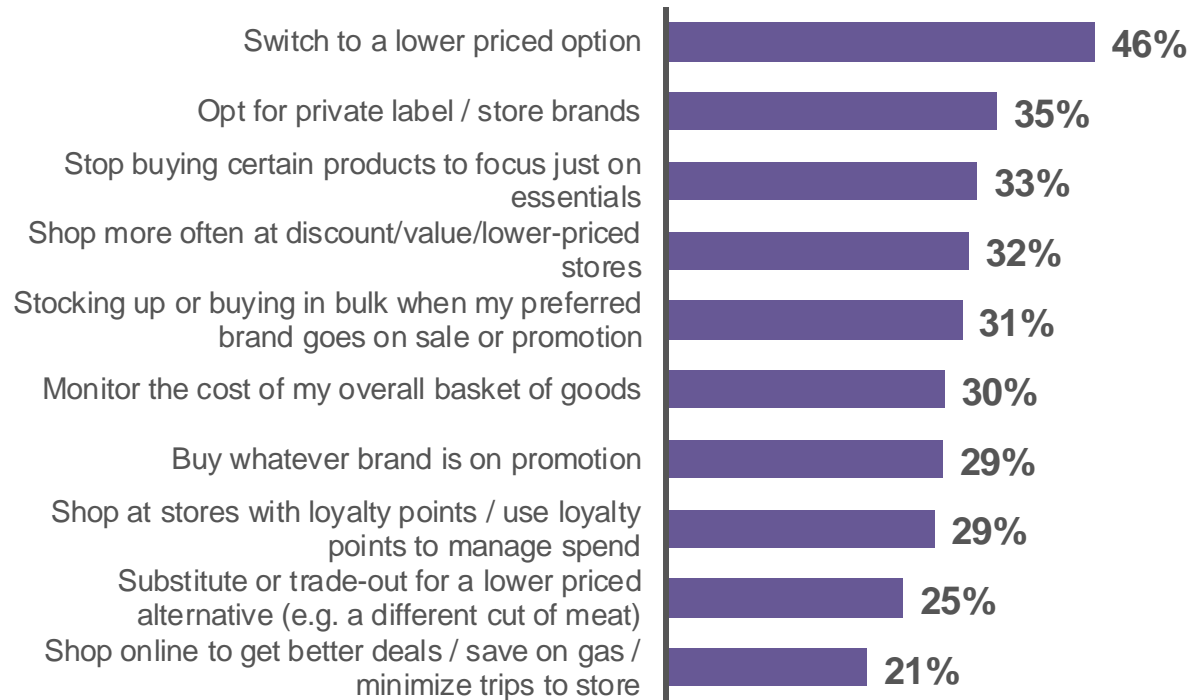
“Discount” *means more than just price*



Product pricing tops list as a primary driver of consumer decisioning

And when asked about their value-seeking preferences, more consumers are likely to opt for Private Label or stop buying non-essentials altogether

Top 10 consumer saving strategies for CPG / FMCG – United States



Assortment can influence pure pricing decisioning



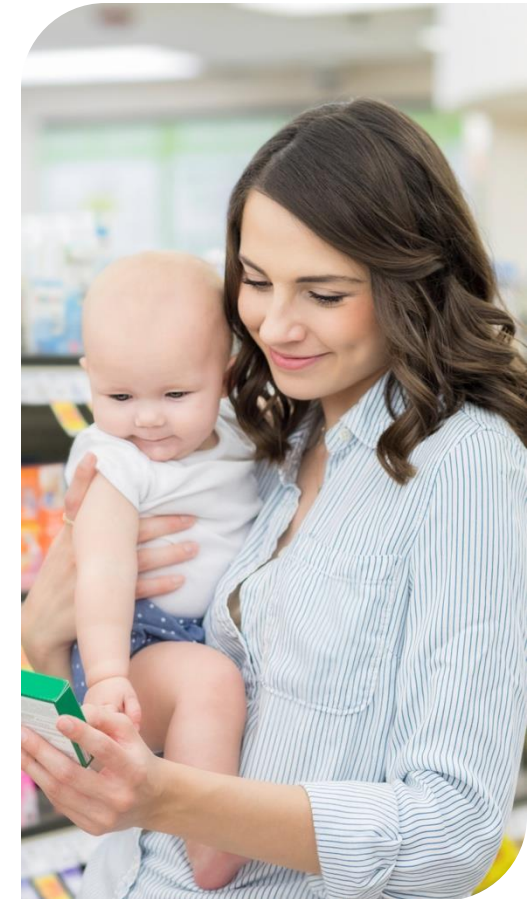
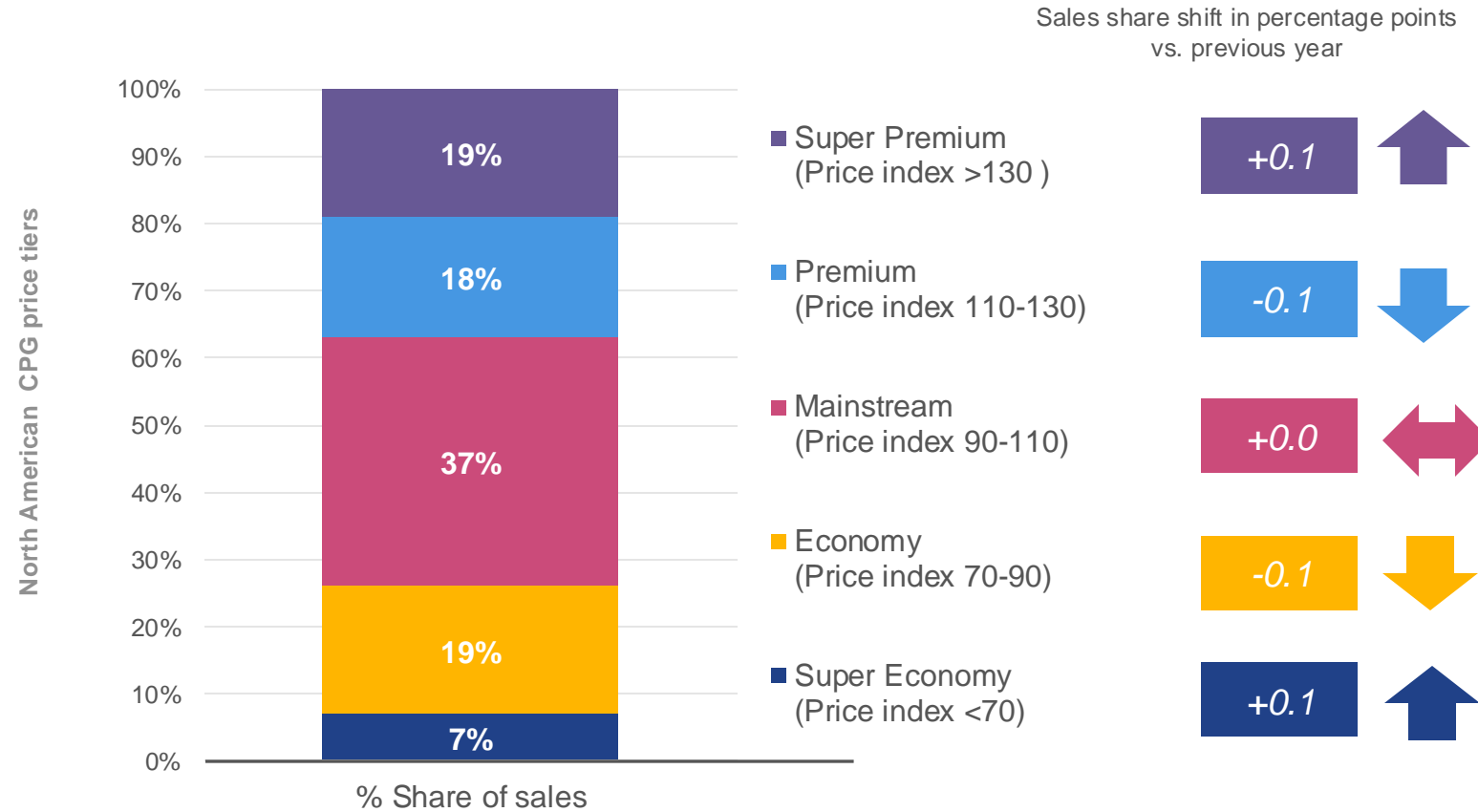
Lower cost / use say they're switching to **buy more large, bulk pack sizes** of their product of choice

17%

Lower cost to buy say they're switching to buy more of the **smaller pack sizes** of their products of choice

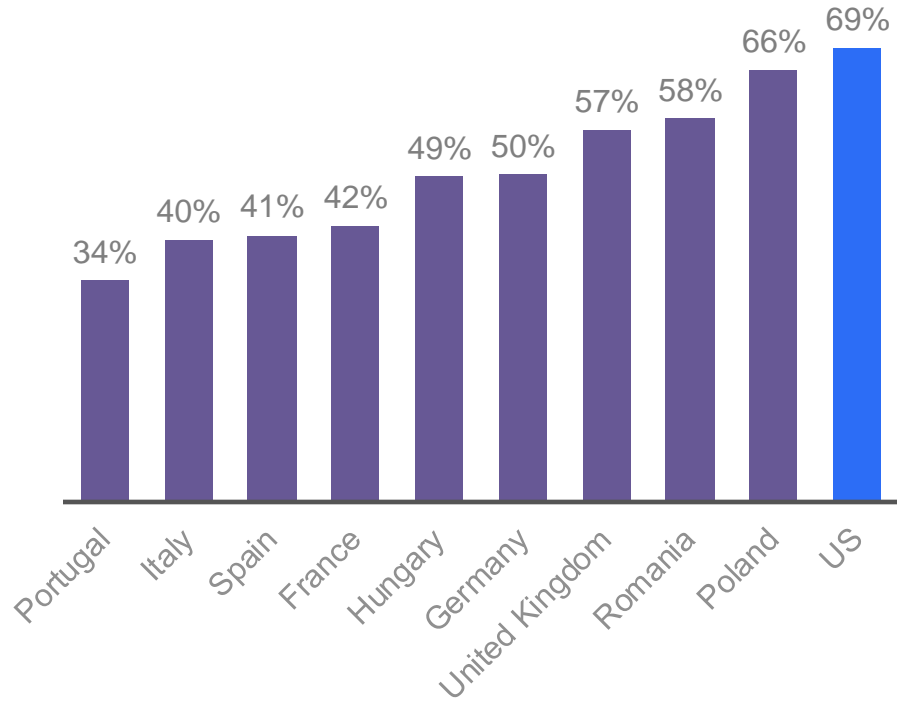
11%

Prices are stratifying, with highest and lowest pricing options are showing the greatest growth



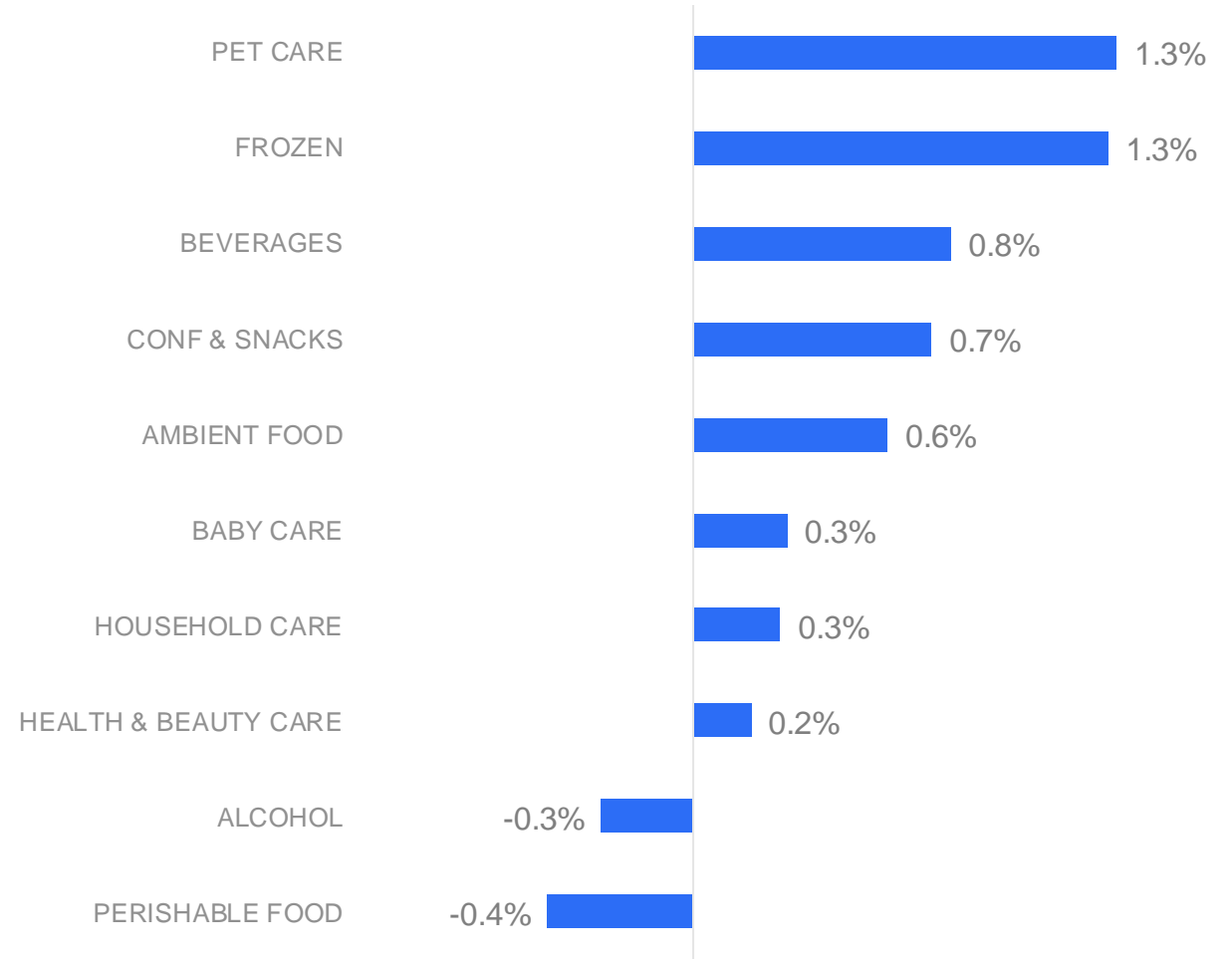
Promotional pressure intensifies as depth of discount rises, particularly in Food & Bev departments

% of categories where depth of discount has increased vs. previous year



In the U.S., over two thirds of categories increased their depth of discount, outpacing most European countries

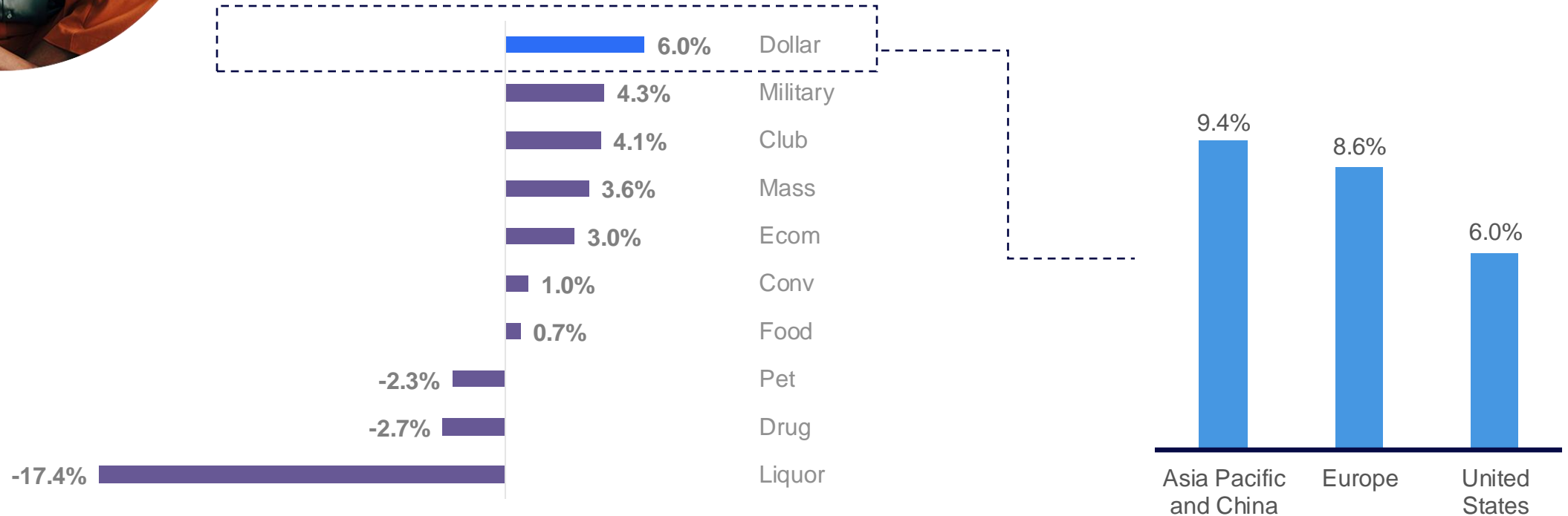
Depth of discount increase by department: United States





Dollar has become the fastest-growing US channel in the last year

*United States CPG channel performance
% sales growth vs. previous year*

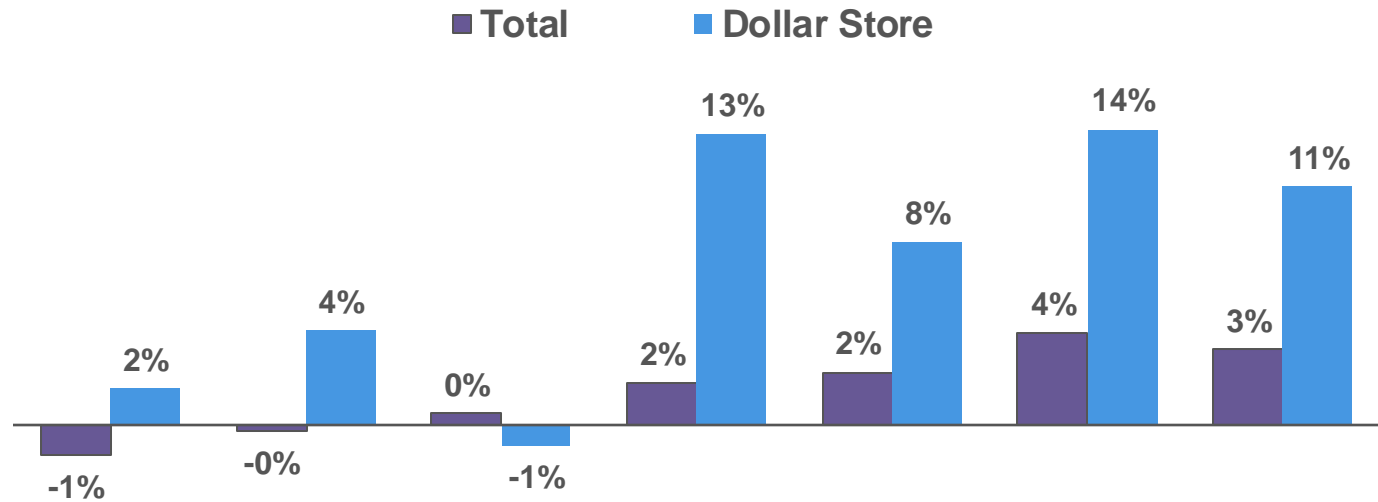




Emerging opportunity for retailers:
Diversify assortment to meet shifting consumer needs.

Higher income households drive shift in spending towards Discount

% \$ growth vs previous year for US households



Household income

Income \$20,000 - \$29,999	Income \$30,000 - \$39,999	Income \$40,000 - \$49,999	Income \$50,000 - \$69,999	Income \$70,000 - \$99,999	Income \$100,000 - \$124,999	Income \$125,000+
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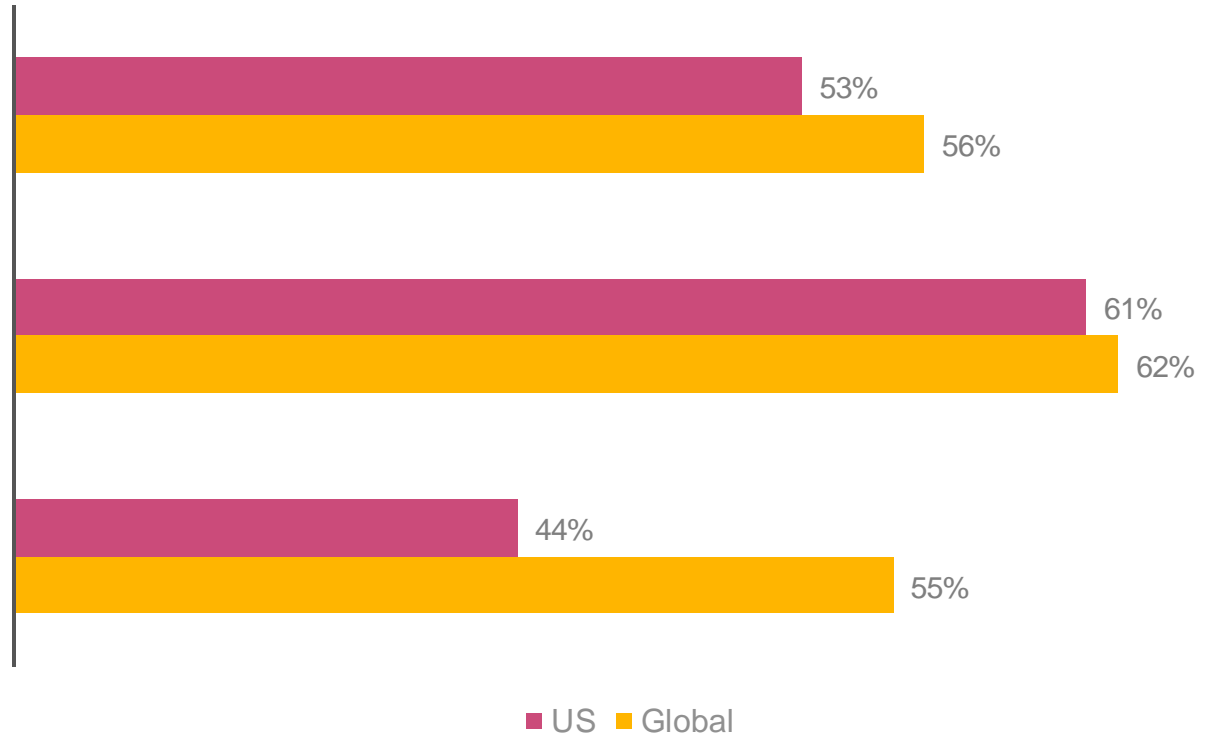
Intentional consumers are willing to pay a premium for convenience and life satisfaction

US consumers are less likely than Global consumers to prioritize convenience

53% say they're likely to **spend a little extra** to make **one moment or day** of the week **more special or enjoyable**

61% say they're likely to **spend more on at-home experiences** to save on restaurant and entertainment expenses

44% are likely to **spend more on product formats that are convenient** to use



Private labels further prove evolution beyond “traditional” perceptions of discount

Consumer sentiment and measured sales momentum confirm this transition from the perception as a “cheaper alternative.”

Private labels a preferred choice by many

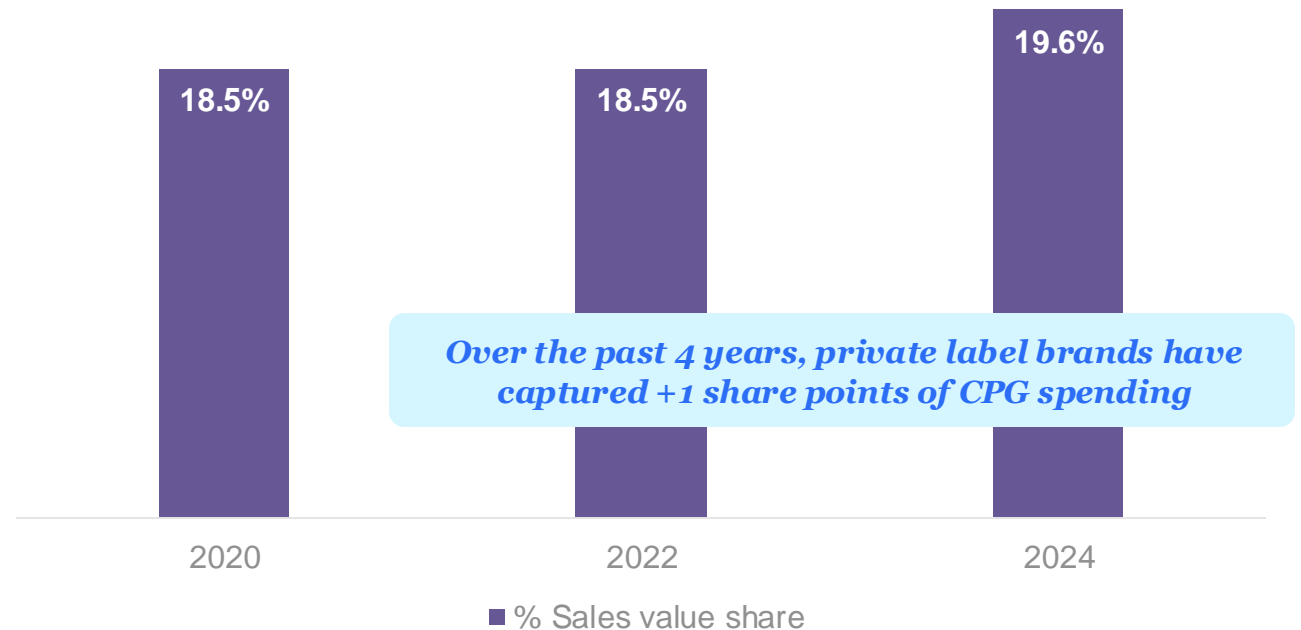
Charting growth:

US Private Label share of sales over time



34% would switch to buy a private label product they enjoy, **even if it costs more**

48% say they're likely **buying more private label products than ever before**



5



In this chapter:

- GLP-1 effect: Seismic lifestyle shifts
- Social commerce & the changing face of omni retail
- AI: Evolving around new consumer expectations
- Combatting commodity price uncertainty

Trends to Watch

Anticipating catalysts to change in 2025

Consumers are making conscious and subconscious decisions that address their unmet needs.

From fundamental dietary and lifestyle shifts ignited by the rise of GLP-1 medications to new—and formidable—consumer expectations for AI, there are multiple key signals to big business impacts to heed in 2025.

*“With the rapid pace of change in what cycles ‘in’ and ‘out’ of trend, companies need to invest in the right data to guide what priorities lie on the horizon. The key to success here is twofold: Act on unmet needs before consumers ask for them, but **not** before consumers are ready to embrace real change.*

Some consumers are kicking the tires on futuristic advancements in artificial intelligence that haven’t yet earned their trust. Meanwhile, millions of others are embracing a full spectrum of life changes surrounding the use of GLP-1 medications.

Anticipate that the road to earning trust can be slow. But those who can earnestly bridge the gaps to inspire behavioral change are most likely to succeed in the long run.”



Lauren Fernandes

Vice President of Global Thought Leadership, Marketing & Communications, NIQ

Catalysts to 2025 change

Emerging factors faced by key verticals across industries.

Trends to Watch



GLP-1 Ripple Effect

Assessing the expansive lifestyle and socioeconomic impacts of these popular medications.



Hot Commodity Costs

Analyzing the latest hot and cool commodity prices against measured consumer impact.



The New Face of Omni

From the explosive social commerce revolution to the evolution of omni trip types.



Readiness for AI

Assessing consumer expectations around AI and ideal areas for consumer innovation.

The ripple effect surrounding the rise and impact of GLP-1 drugs

Beyond the obvious, huge socioeconomic shifts lie behind the popularity of GLP-1s.



27%

of US consumers say they're likely to use a medication or drug to support their weight loss

The ripple effect surrounding the rise and impact of GLP-1 drugs

Beyond the obvious, huge socioeconomic shifts lie behind the popularity of GLP-1s.

NEW spending

CPG: conscious snacking, fiber & protein, digestive health, supplements & vitamins, and gum & mints
T&D: wearable devices and smart tech for wellness management

55%

of US consumers say they're likely to **start or increase vitamin and supplement intake** for health support

+3.6%

US dollar volume growth of Vitamins & Supplements

SHIFTED spending

MORE spent on monthly doses of medications, lifestyle and fitness activities
LESS spent on food excess, Tobacco, Alcohol

\$1,000 / month

Estimated uninsured cost of Ozempic injection in the U.S.

Interpersonal impacts

Productivity, longevity, mental health, fertility, menopausal weight management

45%

of US consumers say they're likely to **spend more on relaxation and anti-stress**

Societal impacts

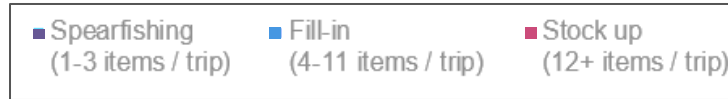
New business via global manufacturing opportunities as patents expire in 2026, pending regulatory clearances in more markets

+0.4% up to 1% potential boost to U.S. GDP

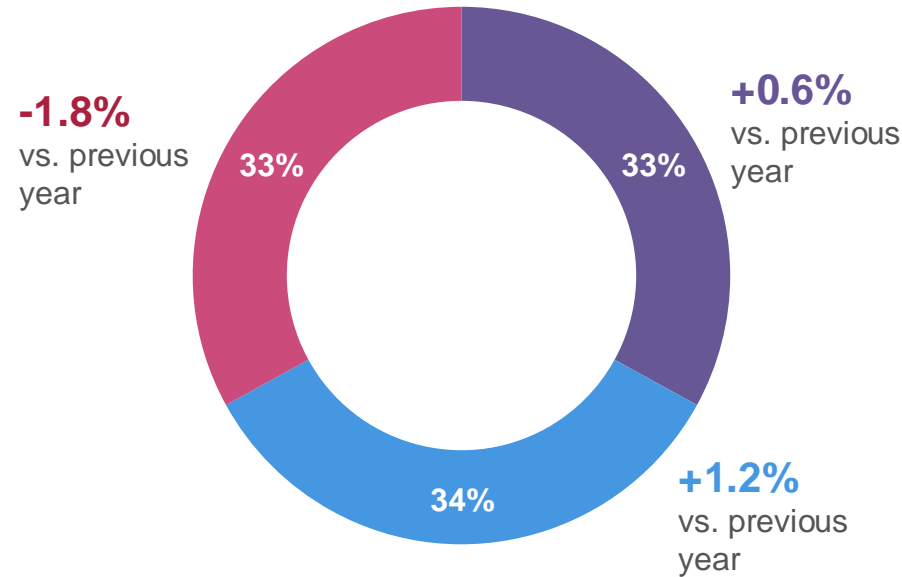


Omni trip type evolution: Small trips drive online today, but growth has favored larger trips

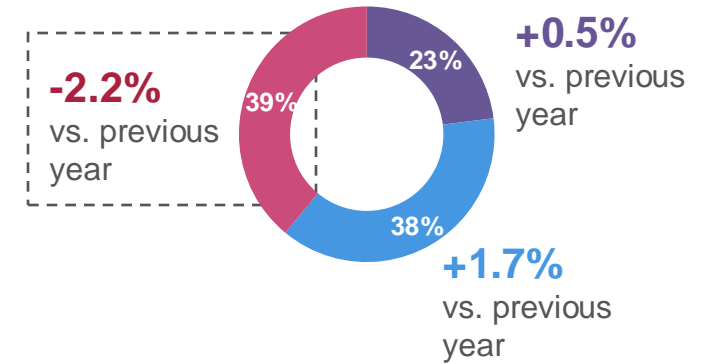
Spearfishing (small trips) still command 57% share of online trips in U.S., but this has declined by nearly 2%, while online fill-in and stock up trips have grown.



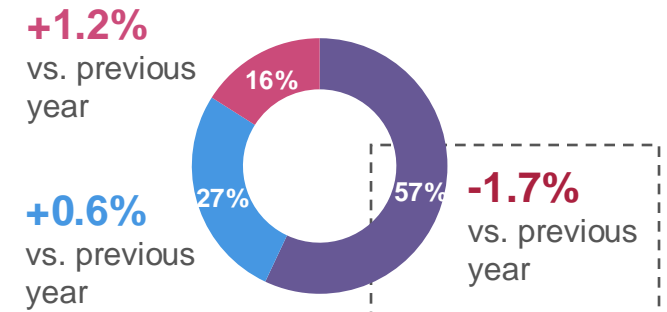
Share of spending by trip types Total omni – US market



In-store – US market



Online – US market



+1.2%

Growth in online
stock-up trips in the
U.S.

Evidence of the widened scope of today's social commerce revolution

From product learning and discovery to the gamification of purchasing, there are many ways social media is influencing spending

Purchase intent



1 in 4

are likely to purchase via social media.

But ...

54% don't trust security of paying via social media.

62% ignore or skip ads on social media.

Learning and discovery



28%

would search social media (e.g., TikTok) for product information before a traditional search engine (e.g., Google).

31%

would use social media as their primary source to learn about new products and services.

Influence on choice



22%

would change brands based upon the recommendation of a social influencer.

35%

would seek a new product in-store or online because of something seen on social media.

Gamification



26%

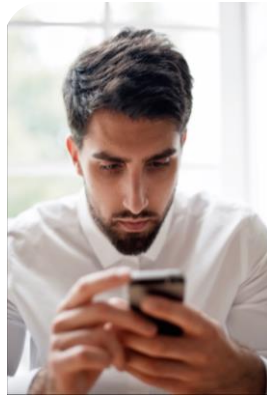
would spend more on a purchase because of an in-app challenge, point system, or reward experience.

24%

would purchase a product that has been in a video game / online game.

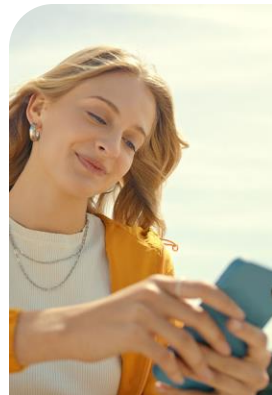
The AI revolution is here

To build trust, consumers need to be guided through the rapid pace of change



60% would avoid sharing personal details virtually because they **do not trust data privacy with AI** technologies

vs. 19% who wouldn't



56% would wait longer for support from a human, to avoid interacting with AI generated support

vs. 21% who wouldn't

Understand which AI advancements are going to endear you to your consumers and which are going to frustrate them.

Embrace & adapt to AI learning curves:

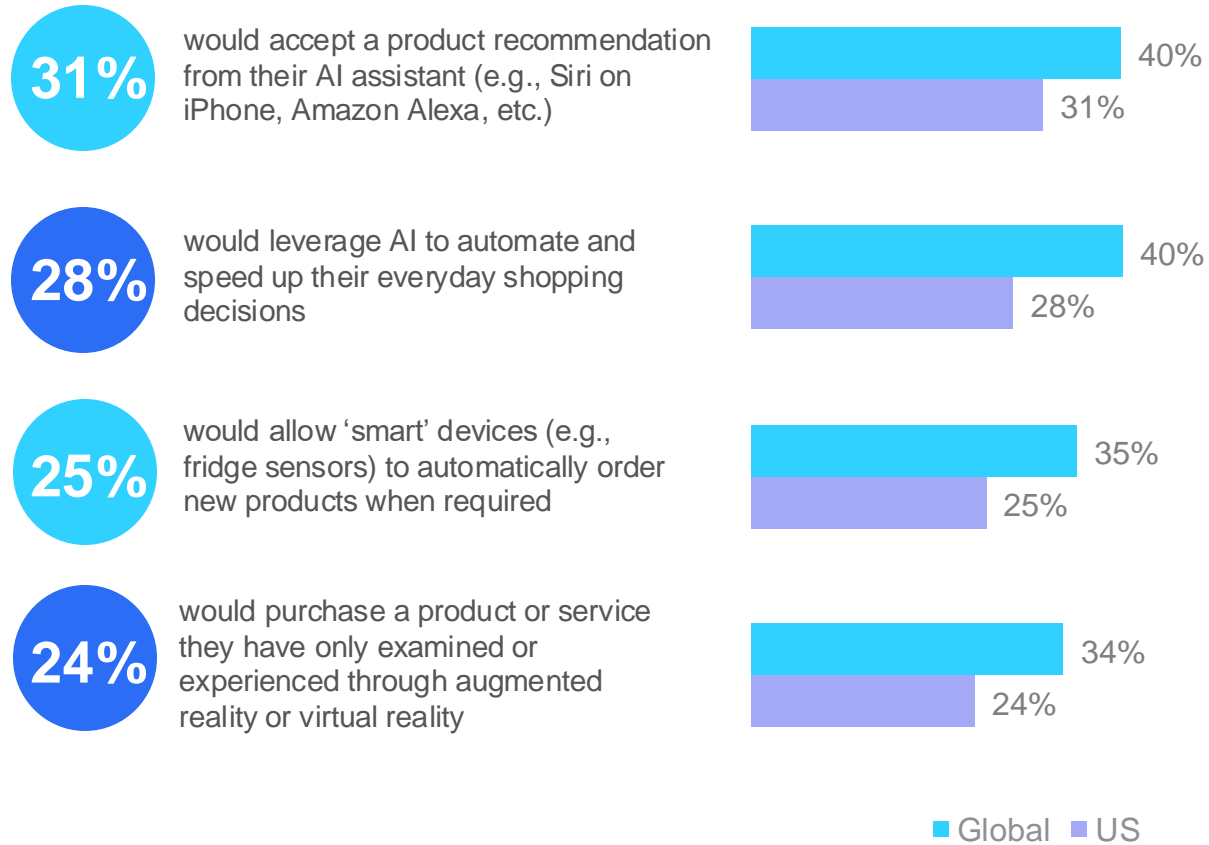
➡ Businesses who take steps to implement proper guardrails should not be afraid to embrace AI as part of their toolkit—even with its often-publicized challenges and pitfalls.

[Read more>](#)



Consumers are open to AI involvement in their shopping decisions

But the US is more hesitant than global consumers to trust AI.



There **are** many ways consumers have embraced AI in their shopping decisions. Consider these options alongside back-end integrations (innovation, research, etc.), to ease consumers through AI transformation.

Leveraging the right data, makes a big difference.

➔ When Artificial Intelligence models are carefully prompted with the types of comprehensive, granular, and up-to-date data that only NIQ has, they can offer remarkably human responses.

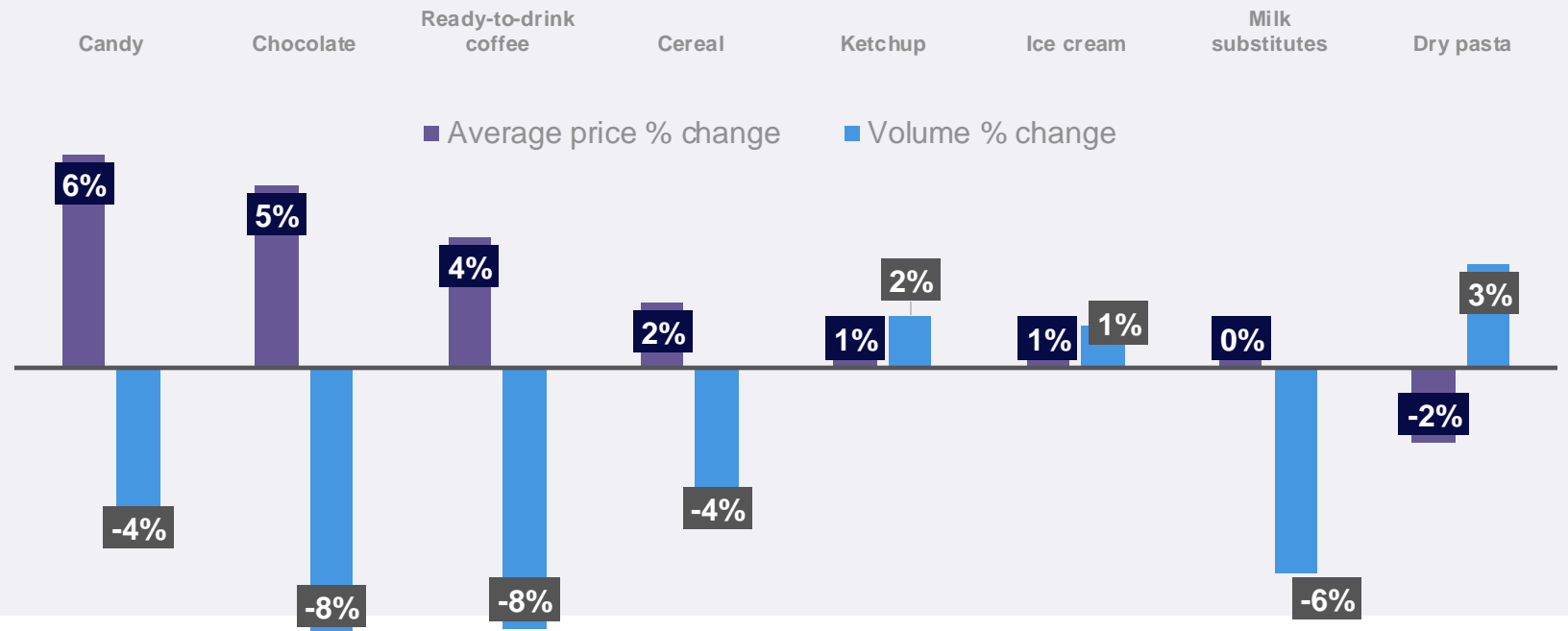
[Read more>](#)

A looming commodity crisis? Cocoa prices are hot, but wheat and milk prices have cooled

Consumers and manufacturers need to monitor shifting commodities prices to anticipate and react to peaks and valleys.

	Commodity	Price % change vs. previous year
HOT	Cocoa	+13.5%
	Milk	-0.8%
	Coffee	-1%
COLD	Wheat	+0.1%
	Soybeans	-2.3%
	Sugar	+14.4%

CPG categories adjacent to recent commodity price shifts Price & volume trend – Latest 12 weeks vs. previous year



So, what should manufacturers do when an essential commodity crisis looms?

When faced with increased costs, consumers overwhelmingly prefer strategies to lower price per serving and smaller pack sizes, rather than producing lower quality products.

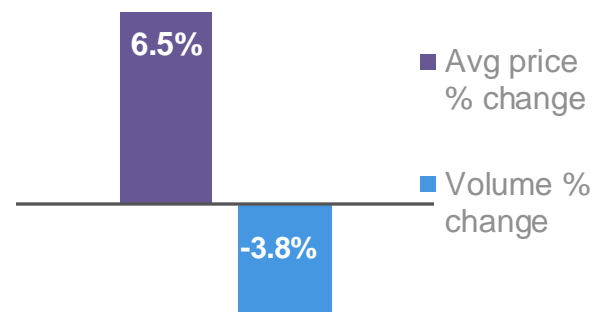
If prices continue to increase / remain high in the next 3 months ...
 What actions would you prefer your brands and retailers take, related to the products you purchase?



52%

of consumers would stop buying snacks and confectionary products if prices continue to rise or remain high for the next three months (highest "dropout" response across all surveyed categories)

Snacks & Confectionary US price and volume impact



Key takeaway:

When an essential commodity crisis looms, it's crucial to understand how your consumers want you to react.

Your 2025 Strategy Roadmap

Key takeaways
to fuel your growth.

So What?

Now What?

With a world of options ahead, what are our key points of guidance and actionable ideas on how to win with intentional consumers in 2025?

Insights

A slow decline will yield a slower climb.

The widest net will reel 2025 growth.

Expect a smaller pond with bigger fish.

Provide the best value
in multiple worlds of worth.

Act before they ask—but not before
they're ready.

Takeaways

Don't overestimate **the speed
of consumer recovery.**

Maximizing penetration is essential
in this era of disloyal buyers.

Wealth will accumulate unevenly
as growth in consumers peaks.

The most valued products deliver
value in **multiple ways.**

From AI to omni, **change needs
a hint of familiarity to balance the
allure of innovation.**

THANK YOU.

NIQ

About NIQ

NIQ, the world's leading consumer intelligence company, reveals new pathways to growth for retailers and consumer goods manufacturers. With operations in more than 100 countries, NIQ delivers the most complete and clear understanding of consumer buying behavior through an advanced business intelligence platform with integrated predictive analytics. NIQ delivers the Full View.

NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit [NIQ.com](https://www.niq.com)

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