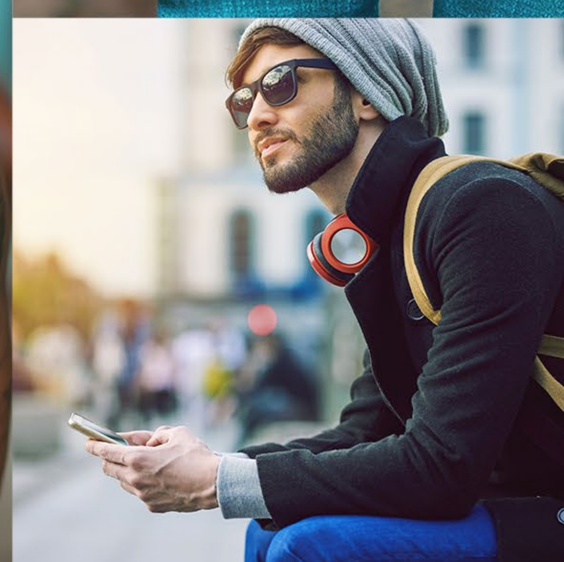
MID-YEAR CONSUMER OUTLOOK

Guide to 2025



WELCOME TO YOUR

2025 Strategic Guide

*Building from Cautious to **Intentional** Consumption*

At the beginning of 2024, the global outlook for consumers was pressured. But the climate has shifted in the last six months, opening windows of opportunity for resilient consumers to regain some confidence and spending power over time.

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.

NIQ's *Mid-Year Consumer Outlook: Guide to 2025* will provide a strategic roadmap for navigating how to win with vigilant, yet optimistic consumers over the next 12 to 18 months and beyond.

Lauren Fernandes

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Vice President,
Global Thought Leadership,
Marketing & Communications

NIQ GfK

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

Measure the past.

Monitor the present.

Anticipate the future.

Key findings:

- Monthly global CPG inflation growth has slowed to **1.7%** from one year ago.[2]
- Consumers are still spending more for less volume: **100 USD** in 2022 purchases would cost **$117** in 2024.[2]
- Discount CPG price tiers captured over **$6 billion** in incremental sales share growth globally.[2]
- More than half (**56%**) of global respondents expressed data privacy concerns with AI technology.[1]

Sources: 1) NIQ 2024 Mid-Year Consumer Outlook, Global, 2) NIQ Retail Measurement Services via Global Strategic Planner

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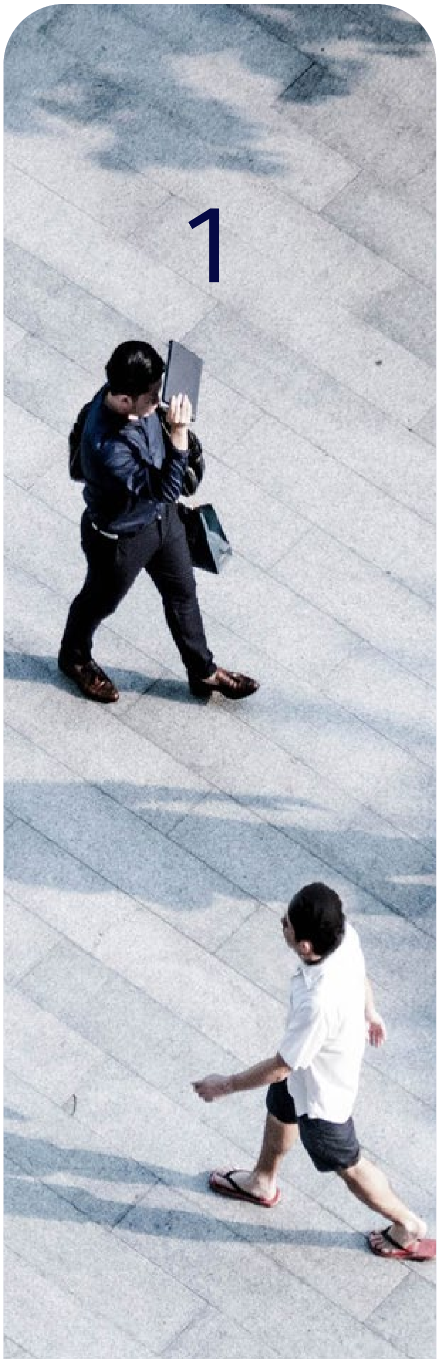


1

State of Consumers

Decoding the behavioral economics driving consumer decisioning

The global outlook for consumers is improving. Consumers are **determined** in their **resilience** to stay ahead, **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.

> *"Consumers will face uncertain and conflicting pressures in 2025. Over the last six months, growth momentum in some economic indicators appears to have slowed somewhat and may continue to cool toward more typical pre-pandemic paces. Consumer attitudes also remain soft in many advanced economies.*
>
> *But inflation is broadly renormalizing, and several central banks have already begun lowering or are about to lower interest rates. These developments should otherwise boost sentiment and help stabilize consumer spending, especially in interest rate-sensitive sectors like housing and durable goods."*

Ernie Tedeschi
Director of Economics at The Budget Lab at Yale, Visiting Fellow, Psaros Center for Financial Markets and Policy at Georgetown University

In this chapter:

Shifting pressure points

Top concerns influencing choice

Future economic indicators

30%

of global consumers say they're in a **better financial position** than they were a year ago—up **2%** from Jan. 2024

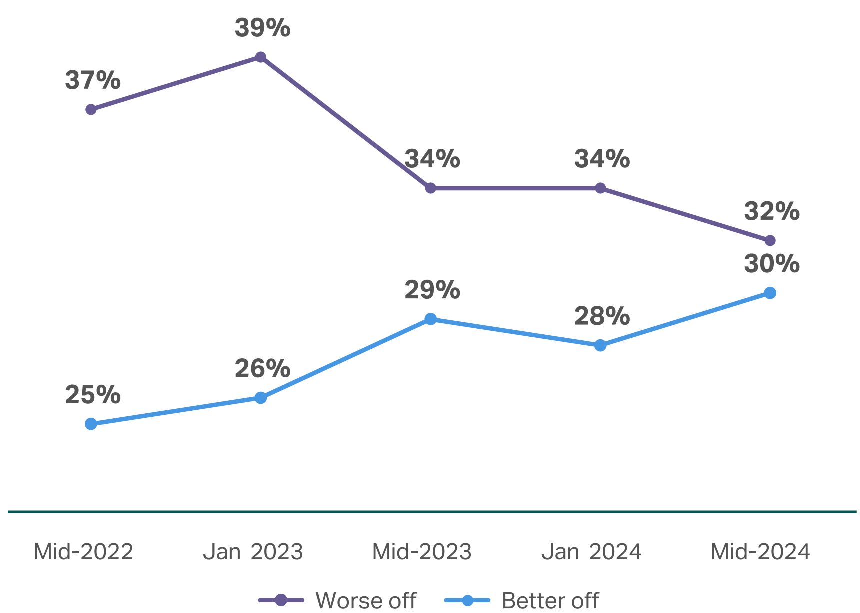
The state of global consumers right now can be summed up in one word: ***determined.***

Motivated to build upon any inroads made in the first six months of 2024, they are determined to build a better tomorrow. To achieve this, they will redirect their spending to where it matters most, **shifting from cautious to intentional consumption**. Although they are bracing for more geopolitical, economic, and environmental changes in the months ahead, they are determined to remain **resilient** through adversity, **vigilant** in safeguarding their savings, and **intentional** in their spending, focusing primarily on what gives them a sense of prosperity and well-being.

Consumer financial position

Exhibit 1

Year-over-year sentiment (% respondents)



32%

say their **financial position has worsened** in the past year—down **2%** from Jan. 2024

The strength and determination of consumers is evident: In the past six months, we've seen rebounds in the percentage of the population who feel worse off financially compared with a year ago. Today, just **32%** feel this way—an improvement from January, and a marked uptick from the trying times of early 2023.

Source: NIQ 2024 Mid-Year Consumer Outlook, Global, vs. previous studies. Q: Compared to a year ago, is your household better off or worse off financially? Note: In China, verbiage reflects change in "management of spending."

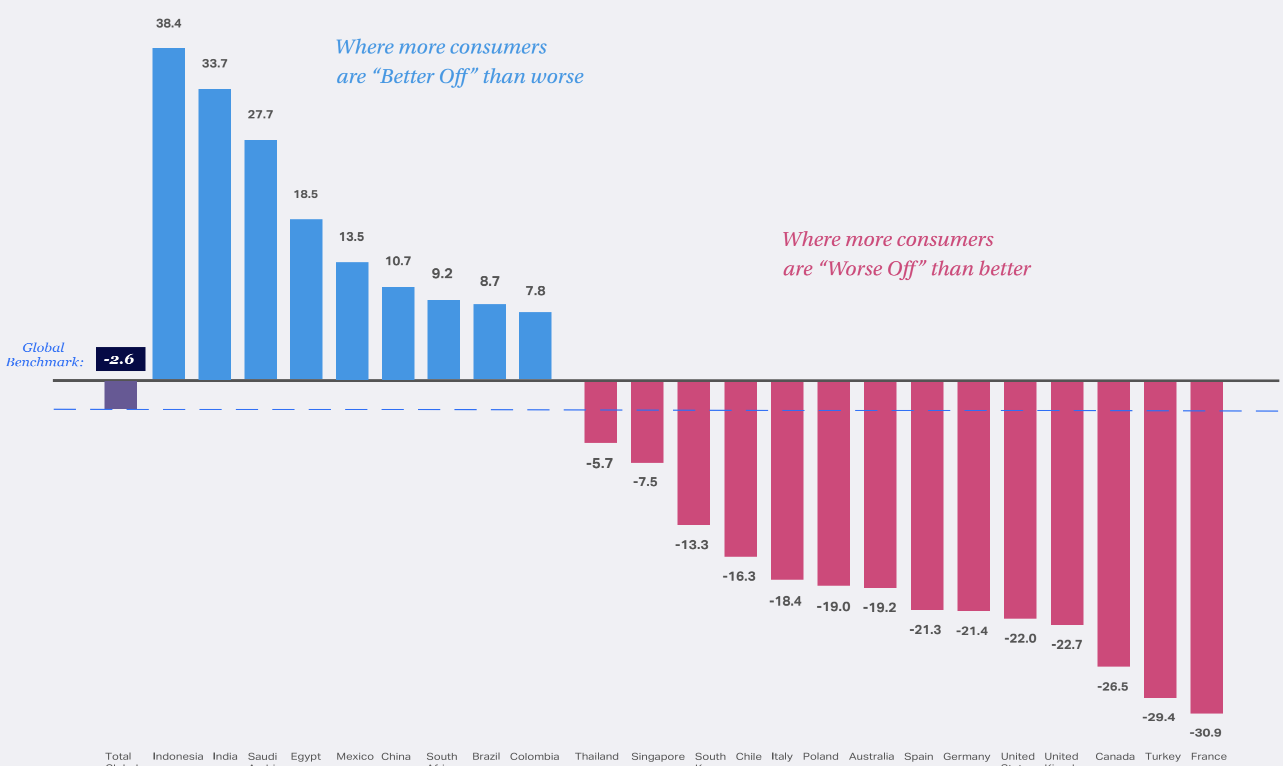
But the reality remains that some pressures are harder to dodge. Although many consumers are feeling more optimistic in 2024, it's been impossible to completely escape the rising costs of living.

In fact, among the consumers who said their financial situation is worse in mid-2024 than it was in mid-2023, **76%** attribute it to **increased costs of living**—a pervasive and compounding factor that is likely to weigh on wallets for some time. Beyond cost-of-living challenges, consumers attribute their worsening situation to the **economic slowdown (41%)** and **job insecurity (31%).** These factors will certainly influence the trajectory of spending growth into 2025 and beyond.

Although more consumers at a global level are feeling worse off, there's an outpouring of optimism in several markets. In Indonesia, India, South Africa, and Brazil, for example, more consumers say they are in a better financial position now, compared with those who say they are worse off. Unfortunately, more consumers in markets such as the U.S., U.K., and South Korea report feeling worse off.

Optimism around financial situation varies widely by region and country

Exhibit 2



Source: NIQ 2024 Mid-Year Consumer Outlook. Data reflects net change between those who say they are "better off" financially compared to those who say they are "worse off" financially; Q: Compared to a year ago, would you say that overall, your household is better off, the same, or worse off financially? Note: In China, verbiage reflects change in "management of spending."

Exhibit 3

1	Rising food prices	33%
2	Increasing utilities costs	20%
3	Economic downturn	19%
4	Global warming / environment *(was #5 in Jan. 2024)*	14%
5	Global conflict / crisis escalation *(was #4 in Jan. 2024)*	13%
6	Personal welfare / happiness *(was #7 in Jan. 2024)*	12%
7	Job security *(was #9 in Jan. 2024)*	11%
8	Increased housing costs *(was #6 in Jan. 2024)*	10%
9	Ability to provide basics for family *(was #8 in Jan. 2024)*	10%
10	Rising fuel / transportation costs	9%

Source: NIQ 2024 Mid-Year Consumer Outlook, Global

Top concerns setting the spending tone for 2025

What's keeping consumers awake at night? As illustrated here, **rising food prices, utilities expenses, and the threat of an economic downturn continue to be the top factors weighing on consumers' minds,** as they were in January 2024.

But beyond these known and compounding pressures, we see some interesting shifts in the rankings of other consumer concerns. Given the numerous extreme weather events around the world throughout the 2024 change of seasons, it makes sense to see the threat of climate change creeping up to the No. 4 spot.

Meanwhile, as inflationary pressures begin to subside, we see consumers worry less about increasing everyday bills and think more about their personal welfare/happiness and job security. This reinforces consumers' current state of determination—and their desire to be very intentional about their spending decisions heading into 2025.

Regionally, while rising food prices appear to be a top concern for all, there is some unique variance across geographies. North Americans remain most worried about rising housing costs, while global conflict is a top concern for Africa, Middle East, and Europe.

The latest **OECD** projections show steady global GDP growth into 2025, but this resilient outlook continues to vary by country. For instance, many advanced economies—Europe, for example—may see a weaker growth horizon, whereas growth appears moderately stronger in the United States and in many emerging markets, including Indonesia.

Inflation, another prominent economic indicator, has declined, and according to measures from **IMF**, average consumer prices are expected to continually come down into 2026. With that said, a lot of uncertainty looms, and the pace of declining inflation rates may be slower than some expect. This may further pressure the financially vulnerable, particularly if policy interest rates aren't reduced quickly enough. **A swirling number of other unknowns—related to climate change, global conflict, and the stability of employment—are all potential threats to the steady momentum being built.**

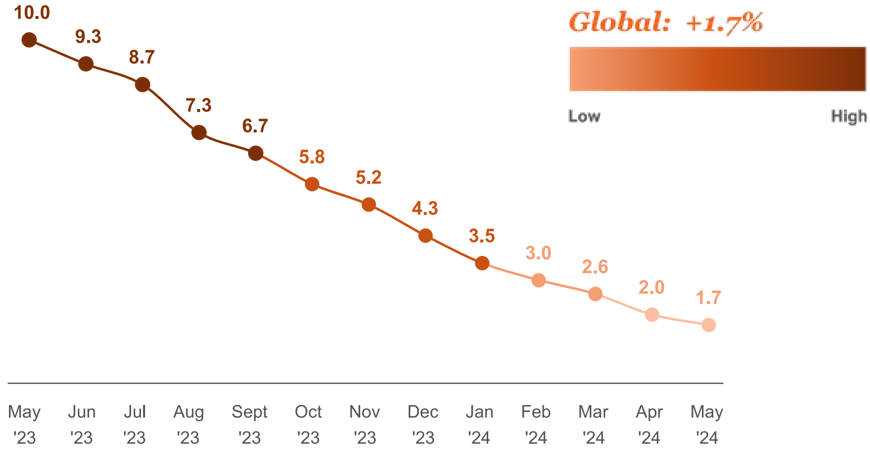
> *While the outlook ahead holds promise, consumers, governments, and the world at large remain determined, yet hesitant about what 2025 has in store.*

Taking a Full View™ into the state of the CPG industry

The pace of CPG inflation continues to slow across countries, down to less than **2%** growth YoY.

Exhibit 4

% change in average CPG price: Global monthly trend



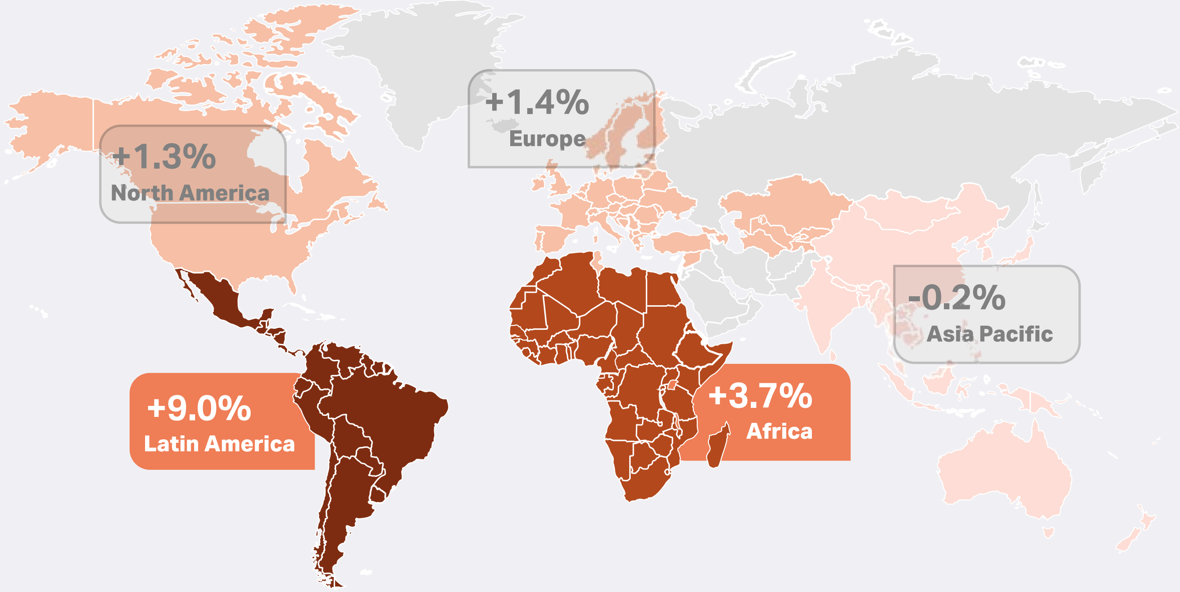
Source: NIQ Global Inflation Tracker, Measure of Eq Vol % Price Change, monthly measure of May 2024 vs. previous year. CPG total measured across a closed group of 225 consistent categories in 58 countries. Sales reflected in U.S. dollars.

Recent NIQ measures of consumer packaged goods (CPG) price changes across the globe reinforce that inflationary pressures continue to subside in most markets.

Regionally, CPG inflation is also trending down, but it remains higher than average in Latin America and Africa. Notably, average global prices have risen the fastest in Latin America, which has seen as much as **9%** growth year over year.

Exhibit 5

Regional heat map of monthly CPG price growth



Source: NIQ Global Inflation Tracker, Measure of Eq Vol % Price Change, monthly measure of May 2024 vs. previous year. CPG total measured across a closed group of 225 consistent categories across 58 countries. Sales reflected in U.S. dollars.

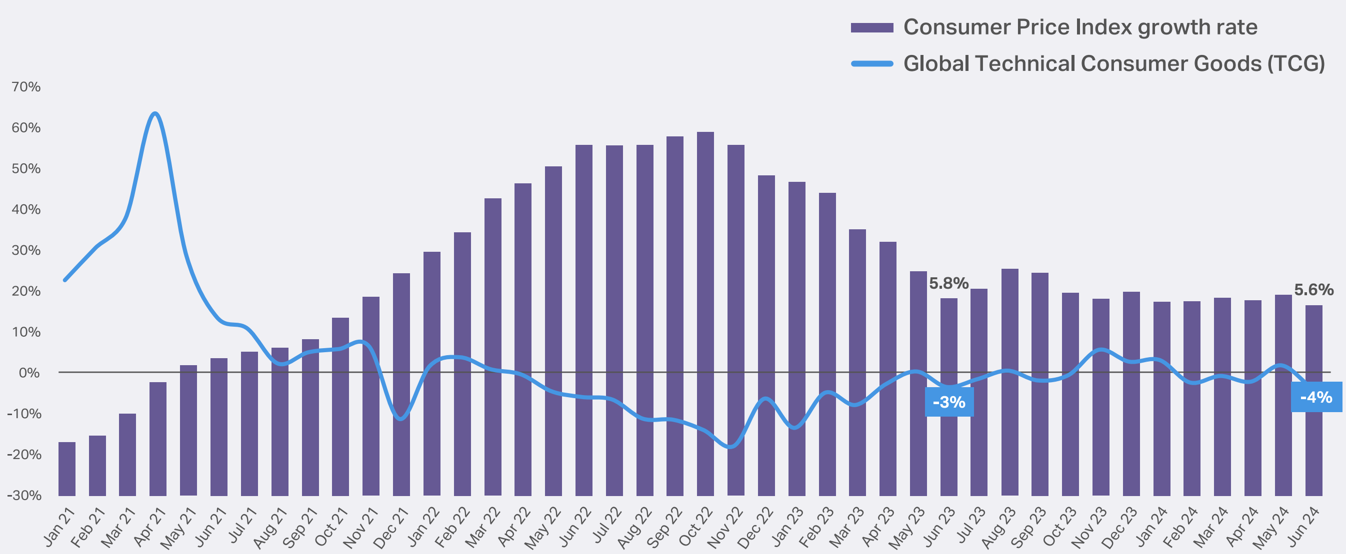
As Latin American consumers can attest, inflation growth is decelerating, but it has yet to decline. Therefore, **consumers worldwide are still contending with the compounding effect of consecutive years of rising prices.**

The reality for the CPG space is that as consumers see relief in some areas of spending, they are being very selective and purposeful in determining which other "life essentials" warrant their spend. Although volume trends should see some lift as inflationary impacts dissipate, **share of wallet will still compete with monthly essentials** (i.e., shelter, utilities, insurance, etc.) **and select household purchases deemed of greatest importance to consumers.**

For Tech & Durables industries, we see the global TCG (Technical Consumer Goods) trendline hovering between **+3%** and **-4%**—a slow progression toward growth. While this may seem like continued stagnancy, it remains above the trendline of 2022, marking a positive signal of modest growth that could continue through 2024—and further develop into 2025 and beyond.

Exhibit 6

Total Tech & Durables industry performance vs. inflation growth



Sources: 1) NIQ GfK Market Intelligence, Sales Tracking, Global Market (excl. North America), Retailer sales growth for monthly periods between Jan. 2021 and Jun. 2024 of NSP = non-subsidized price reflected in U.S. dollars, 2) OECD Monthly Consumer Price Index (CPI) Growth Rate, Year over year, Total OECD

The key takeaway:

Consumers are spreading their spending very purposefully—and any excess will be leveraged in strategic ways.

It has been a tumultuous road for TCG categories over the past few years, as seen here. The unprecedented highs at the height of the pandemic in early 2021 gave way to swift slowdowns as inflation and the costs of living plagued consumers through 2022 and much of 2023.

As consumers see some relief from inflationary growth, their attention will likely shift toward TCG items that have or will soon require replacement. While consumers will still show restraint in their purchase decisions, we expect the Tech & Durables space to see steady (but likely not stagnant) growth headed into 2025 and beyond.

2

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

In this chapter:

2025 spending potential

Global sales vs. volume trendlines

Growth beyond inflation

Globally, inflation continues to have a compounding impact, even though price increases have continued to decelerate. All change takes time, and recovery rests on pressure points beyond inflation alone.

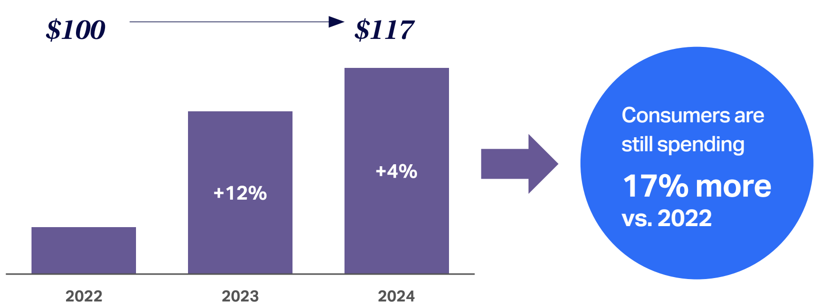
It's become a very careful balance to manage household expenses with uncertainty around every corner. Because companies look to consumers to drive consumption rates forward, we must remember that even though conditions have changed for the better, it will take time to regain eroded purchasing power.

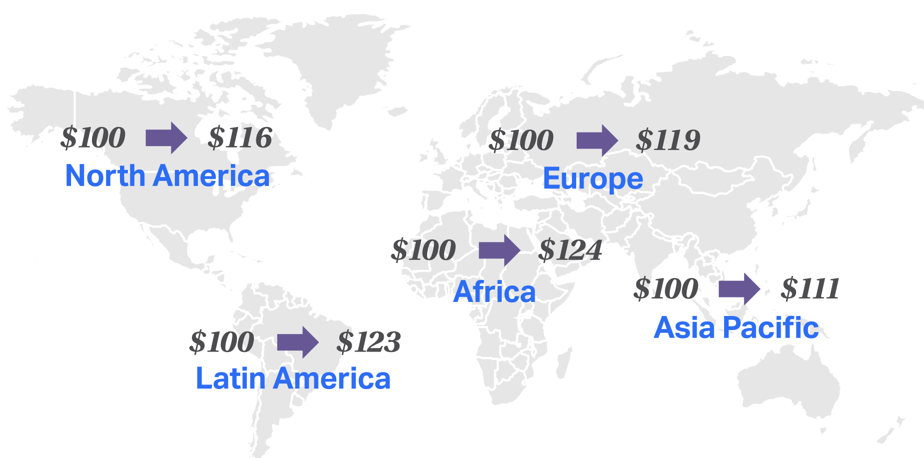
The compounding effect of inflation

Purchasing power hasn't fully recovered yet for most global consumers.

Exhibit 7

Annual % increase (in USD) prices: Global





Source: NIQ, Global Strategic Planner, 54 markets, Eq Vol Price % Change, Latest 52 weeks ended Jun.16, 2024, vs. previous periods. Reflected in U.S. dollars.

Analyzing the lingering effects of recent inflation provides a transparent vantage point to the "real" impact macro conditions have had on consumer purchasing power. Consider everyday spending, for example. As illustrated above, a **100 USD** spend for consumer packaged goods in 2022 would cost at least **$117** today. Even with the slowing rate of price increases, it's important to remember: **Deceleration is not decline, and consumers are on a long-term path to financial recovery.**

Recent measures of global volume sales across the CPG landscape confirm that the volumetric slowdown witnessed earlier this year has improved slightly. Equivalized volume sales have remained stable compared with this time a year ago, and volume is up just under **1%.**

However, regional measures behind this global trend reveal that many markets—Latin America and Africa, for example—are still experiencing accelerating value sales growth. This indicates that inflation is still driving growth in these regions, as consumers pay more for less physical volume of products.

Global FMCG trends, 2024 vs. 2023:
Value sales growth: +4.9%
Volume growth: +0.8%

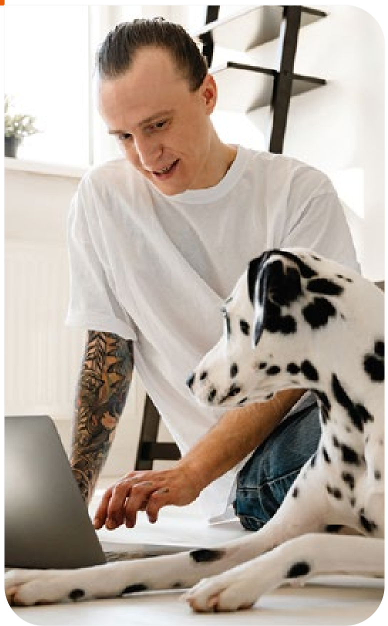
Global volume trend improves, but many still spending more for less

Companies must identify where volumetric slowdowns are most and least concentrated.

Exhibit 8

	Value sales growth %	*Volume growth %*
Africa	+9.0%	-2.0%
Asia Pacific	+1.2%	+0.4%
Europe	+6.9%	+1.5%
Latin America	+11.7%	+3.5%
North America	+1.4%	+0.3%

Source: For North America and Asia Pacific regions: NIQ Retail Measurement Services via Quarter By Numbers, period ended Q2 2024, vs. previous year. For Africa, Latin America and Europe regions: NIQ, Global Strategic Planner, 54 markets, Eq Vol Price % Change, Latest 52 weeks ended Jun. 16, 2024, vs. previous periods. Reflected in U.S. dollars.

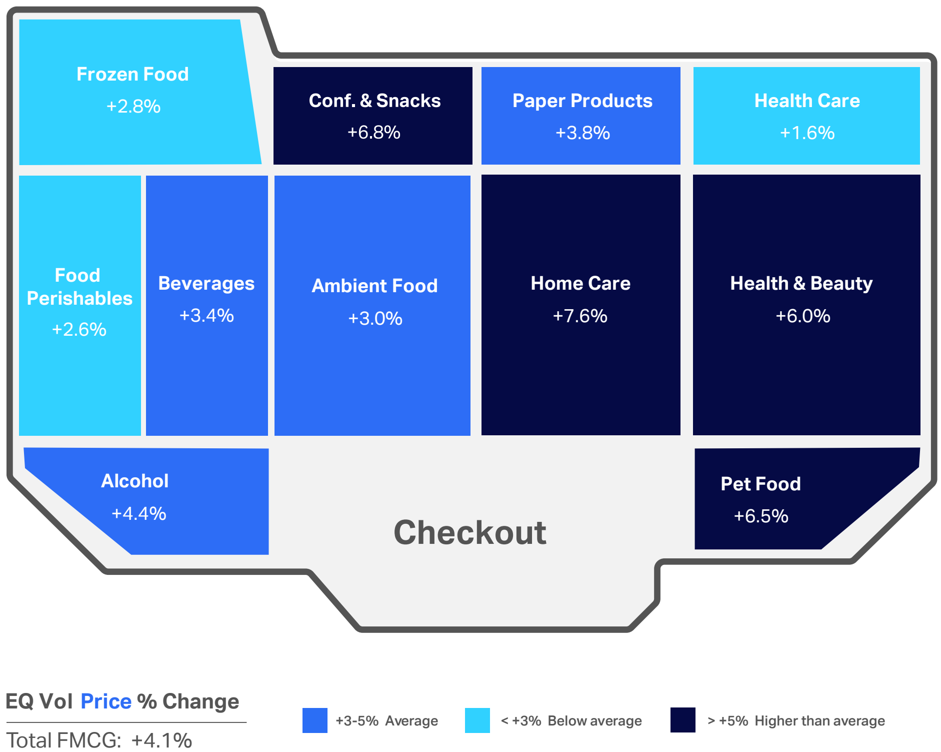


Global heat maps of price and volume growth by category

Rising prices are still plaguing several key departments.

Exhibit 9

*Department **inflation** heat map: Global*



Source: NIQ, Global Strategic Planner, Eq Vol Price % Change. Latest 52 weeks ended Jun. 16, 2024, vs. previous year. Reflected in U.S. dollars.

As global inflation growth lifts, it's important to examine where across the store inflation truly has lifted—and where it is lingering. This global-level heat map of purchase categories indicates that Home Care, Confectionery & Snacks, and Pet Food are among the most highly inflated departments of late.

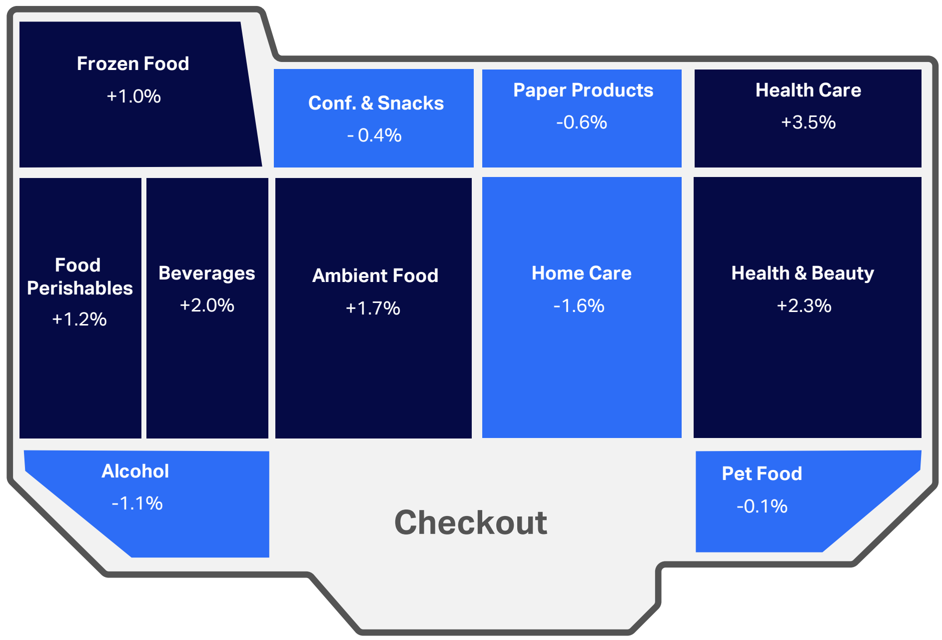
In these instances, **growth is likely still going to be supported by higher prices, meaning companies operating in these categories should consider the limited purchasing power consumers continue to feel when buying these items regularly.** In some categories—think Frozen Food, Food Perishables, and Health Care—consumers are already seeing prices ease quite a bit. Thus, companies with products in these areas will need to think of ways to sustainably push higher volumes of product without overpromoting and undervaluing—or over-subsidizing—their offerings.

Pockets of recovery can be fragile—and could evaporate as quickly as they sprout.

Volume growth has favored Beverages and Health & Beauty

Exhibit 10

*Department **volumetric** heat map: Global*



EQ Vol % Change

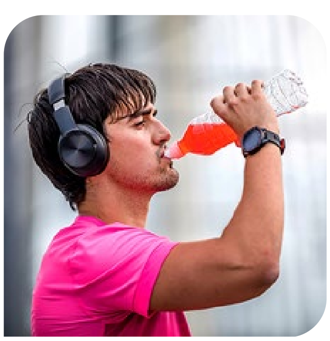
Total FMCG: +0.8%

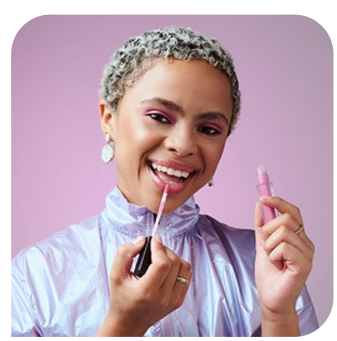
Volume growth | Volume decline

Source: NIQ, Global Strategic Planner, Eq Vol % Change. Latest 52 weeks ended Jun. 16, 2024, vs. previous year. Reflected in U.S. dollars.

For more context, here's the same view of global-level product groupings with a sightline into **volumetric growth** compared with a year ago. Areas of volume recovery are noted in dark blue.

However, as we have seen in frantic shifts of the recent past, these pockets of recovery can be fragile—and could evaporate as quickly as they sprout.





Local nuances to inflation and volumetric highs and lows

Exhibit 11

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 Foods (-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	Health & Beauty (+16.8%) Ambient Food (+15.6%)	Alcohol (+3.1%) Health Care (+5.0%)
Volume % growth	Alcohol (+8.9%) Beverages (+4.4%)	Pet Food (-8.3%) Ambient Food (-7.3%)

Source: NIQ, Global Strategic Planner, Eq. Vol % Change and Eq Vol Price % Change. Latest 52 weeks ended Jun. 16, 2024, vs. previous year. Reflected in U.S. dollars.

While the global view of volumetric and inflationary hotspots can provide a valuable benchmark, it's essential to complement this with analysis of local-level nuances. From identifying cross-market growth opportunities to making faster global decisions leveraging a seamless local-data view of multiple markets, NIQ's global Retail Measurement Services can be pivotal to identifying and understanding where market gaps or growth opportunities are concentrating at a category level. Even at a regional level, we start to see interesting nuances emerge in the data. For instance, the Confectionery & Snacks category leads volumetric growth in the Asia Pacific region, but sales of these products have been largely inflation-driven elsewhere in the world.

To preserve any volumetrics gains of late, companies need to invest in understanding what aspects of consumers' lives have room for value-added experiences. For example, consumers will consider spending more on things they perceive to be of enhanced quality or that will provide higher levels of satisfaction or enjoyment.

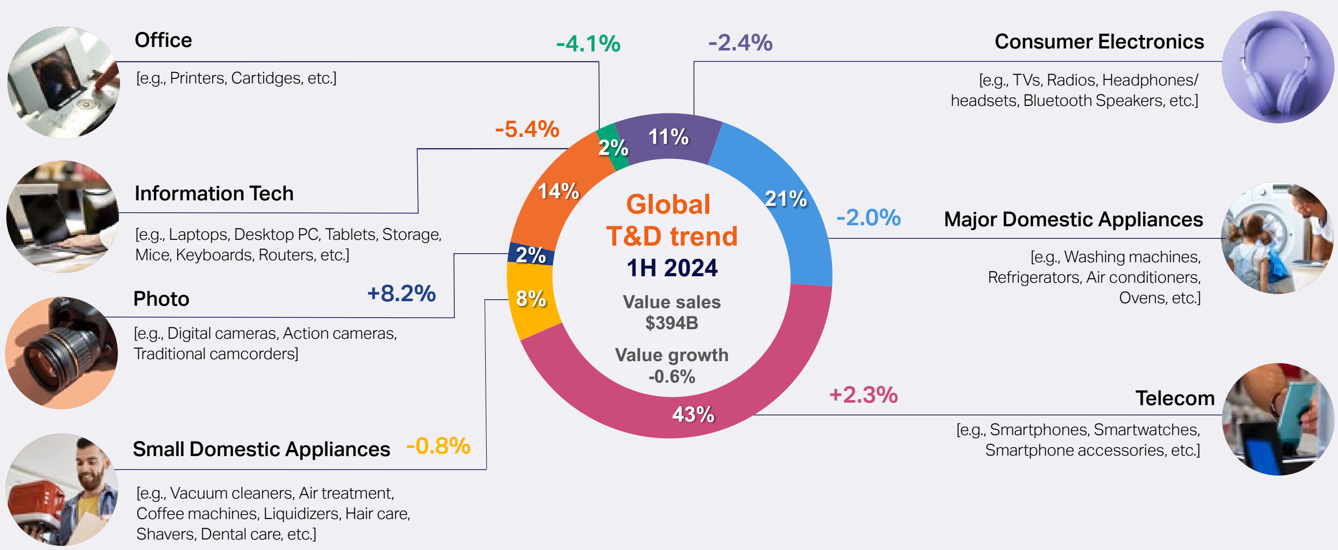
The key takeaway:

Infusing personalized recommendations, offering interactive packaging, fostering engagement, and creating memorable experiences are all tactics manufacturers can leverage to maximize their reach of target consumers and drive volumetric growth along the way.

Uneven Tech & Durables growth in 2024

Exhibit 12

Global Tech & Durables sales share and growth rate by department: 1H 2024
(Excluding North America)



Source: NIQ GfK Market Intelligence Sales Tracking, Global coverage excluding North America, Sales share and % growth of NSP = non-subsidized price reflected in U.S. dollars, Jan. – Jun. 2024 vs. previous year. Note: Consumer Electronics includes Multifunctional Technical Devices; Small Domestic Appliances includes Personal Diagnostics; and Major Domestic Appliances includes Air Conditioners.

Reflecting on the measured performance of Tech & Durables sales across the world, the search for growth has been equally challenging, with a similarly stable—but promising—sign of resurgence. After a very difficult couple years, through pandemic woes and inflationary highs, it's promising to see T&D sales reach **$394 billion** in the first half of 2024—maintaining a stable position just **0.6%** below sales of the previous year. Telecom sales, up over **2%** year over year, have bolstered the industry trendline, alerting companies in this sector to act fast to support and extend this momentum through 2024 and into 2025.

Meanwhile, the Small Domestic Appliances (SDA) category in the T&D space exemplifies how some smaller challenger brands have been able to scale rapidly during a very difficult market environment. From the rapid growth and health-aligned demand for air fryers in 2023, to the multifunctional and convenience benefits brought by modern-day robot vacuums, there are many ways in which brands can seek to appeal to new consumers by aligning to emerging values for convenience, functionality, and health.

Top 45 challenger brands in Small Domestic Appliances

Behold the power of targeting the right growth segments to scale as newer entrants to the category.

Meeting consumer needs:

Convenience
(e.g., smart and connected appliances)

of robot vacuum cleaners sold today are “smart” versions

Multifunctional
(value for money with features)

sales growth of robot vacuums with wet and dry extraction features

Health aspirations
(for better living)

sales growth of hot air fryers (over 8L in capacity)

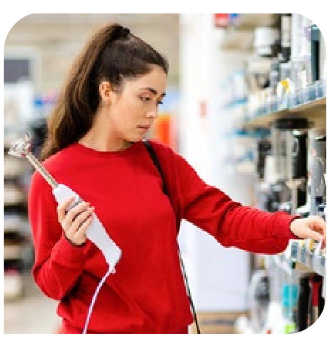
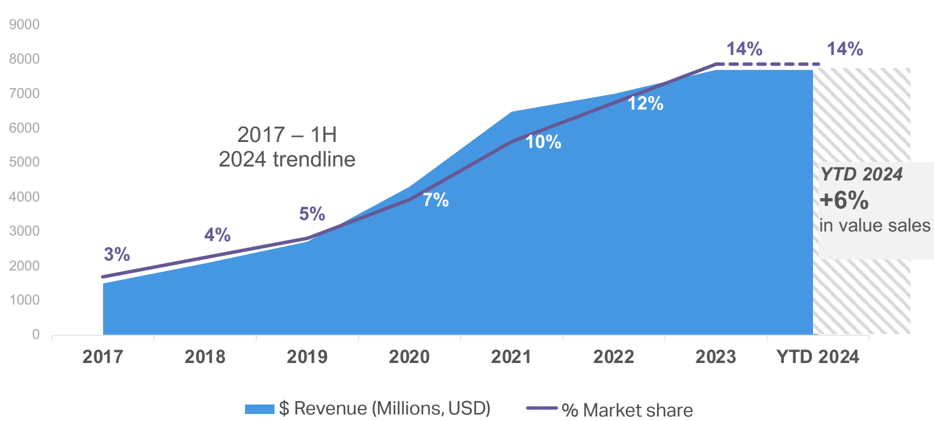


Exhibit 13

*Top 45 **Challenger brands** see swift share growth in Small Domestic Appliances*



Source: NIQ GfK Market Intelligence Sales Tracking, Small Domestic Appliances, 2022 vs. 2023 measures of robot vacuum cleaners, 1H 2024 measures of hot air fryers over 8L in capacity; Challenger brand study of 45 new brands, 2017-2023, including 1H 2024 performance

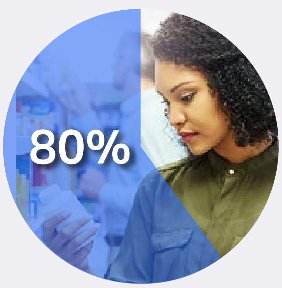
Growth beyond inflation is possible, but only with the right strategic guide

All this talk of volume resiliency and the need for momentum building brings us to an exemplary study conducted across five European markets to understand the keys to driving brand growth beyond inflation. Looking across 7,000 different brands, the study revealed the harsh reality that over half (**52%**) of a typical brand's shoppers will not buy the same brand again the next year.

That's an alarmingly high percentage of disloyal shoppers—and a stark reminder to companies that in today's dynamic world, **you must appeal to as many consumers as possible to survive and thrive over the long term.**

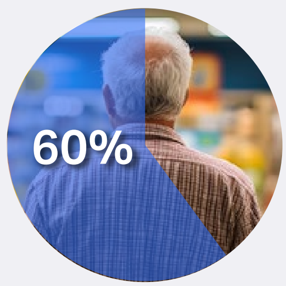
Brands need to cast a wide net to survive

Based on a European study of 7,000 identified brands ...



of brands that saw declining volume also lost penetration

Boost potential: Penetration growth is essential to volume growth.



of brands aren't growing penetration

Assess performance: More brands are losing shoppers than gaining them.

of a brand's shoppers ony buy once

Understand frequency: Many shoppers buy a brand just once, but every shot counts.

Source: NIQ Scantrack / Homescan. Europe 5 markets (DE, ES, FR, GB, IT), Total Coverage, a study of 7,000 identified brands where penetration was above 1% in at least one year of the study period – Calendar Year 2023 vs. 2022

Our study surfaces a few additional reminders of how important penetration (and maximizing your pool of buyers) is to volume growth—and the challenges that brands face if scaling to the masses with the wrong strategy.

The key takeaway:

Growth beyond inflation *is* possible. But it must be done with a full view of all available consumer targets (to know who you're looking to engage) and with a deep understanding of how consumers of all financial circumstances will be spreading their spending across categories of interest.

3

Financial Polarization

Rising debt vs. unmatched wealth

Global consumer wealth is accumulating in divisive ways.

Even as vulnerable households face rising fixed costs of living, others 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

In this chapter:

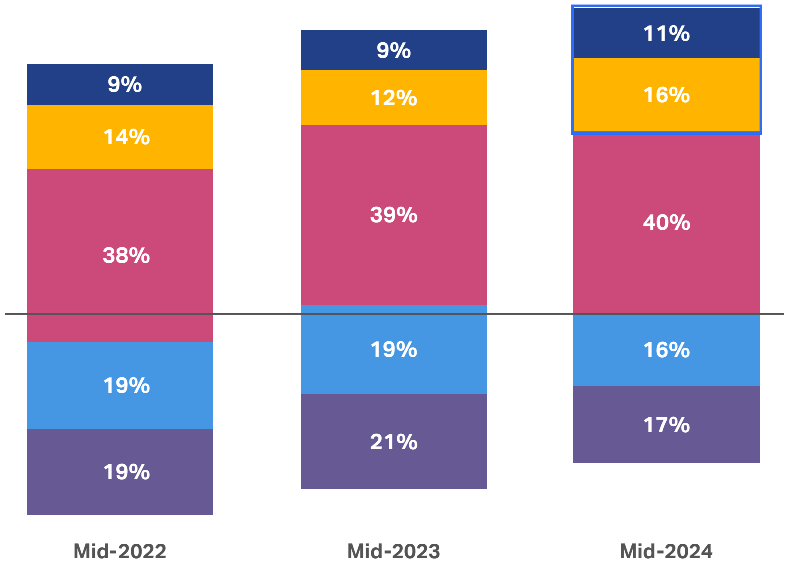
- Assessing the economic divide
- 2025 spending intentions
- Future growth expectations

of consumers surveyed are either unimpacted financially or thriving in 2024 vs. **21%** in 2023

The 2024 economic divide

More consumers shift into financially secure stability.

Exhibit 14



Thrivers: Saved money and feel more financially secure

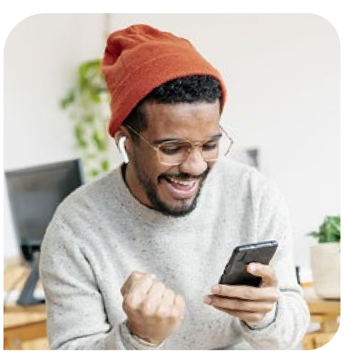
Unchanged: Not impacted and continue to spend the same

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 sufferd financial insecurity and continue to do so today

Source: NIQ 2024 Mid-Year Consumer Outlook, Global, vs. Mid-2022 and Mid-2023 studies, excludes China. Q: Which of the following best describes how current events* of the last few years have impacted your overall household financial situation? *Note: Question phrased more specifically to COVID-19 impact in June 2022.



For some time now, NIQ has been segmenting and evaluating consumers across the polarizing spectrum of socioeconomic circumstances. It's no secret that wealth is unevenly distributed across the world, and that people have been inequitably impacted by consecutive years of disruption (aligned to the pandemic, global conflict, rising inflation, and more).

Looking at where things stand present day, across the current landscape of consumer prosperity, we turn to NIQ's segmentation on the economic divide: a key visual to how secure or insecure consumers feel economically, given any recent impact to their income or ability to save money. Interestingly, in the last year, we've seen a continued shift toward the more financially secure end of this spectrum, where **27%** of surveyed consumers are either unimpacted or thriving financially, compared with **21%** from this period in 2023.

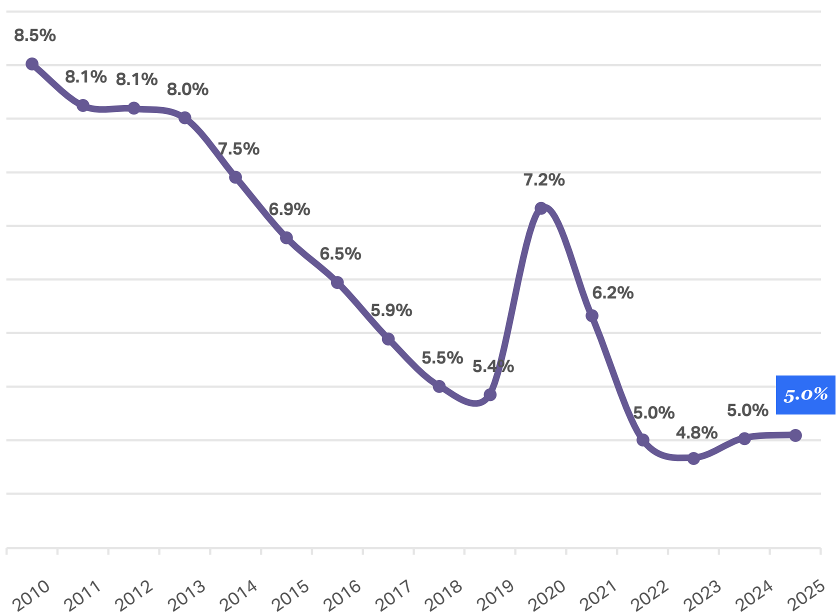
Divided job prospects

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

Exhibit 15

Stable employment rate hides a tough white-collar job market

Unemployment rate forecast



Source: OECD Economic Outlook 115, Unemployment rate forecast, Total OECD

Looking at economic indicators such as employment, we see stability in the global trendline. While this is promising overall, it belies the recent struggles some of the world's top-earning consumers have faced. In today's climate, no one is immune to feeling unsure about the future. Some are even speculating about a looming "white-collar" recession.

Such concerns can be attributed to several factors. **Automation and AI adoption** are driving some role redundancies, while hiring freezes are driving others. **Additional cost-cutting measures** are also contributing to the notable plunge in many high-earning, white-collar jobs this year. Could this be the chilling after-effect of "The Great Resignation" of the recent past? For some high-earning professionals, it's been hard to retain their roles—or even harder to leave one job to pursue another.

It's important to heed these warnings and anticipate that **even though the world may not appear to be in recession, some of the top earners may be weary and therefore very purposeful in their everyday spending.**

Many are seeking additional income streams—Rebounders, most of all

Thrivers feel most flexible about taking on debt, likely due to their expectations to inherit additional wealth in their lifetimes.

Exhibit 16

64%

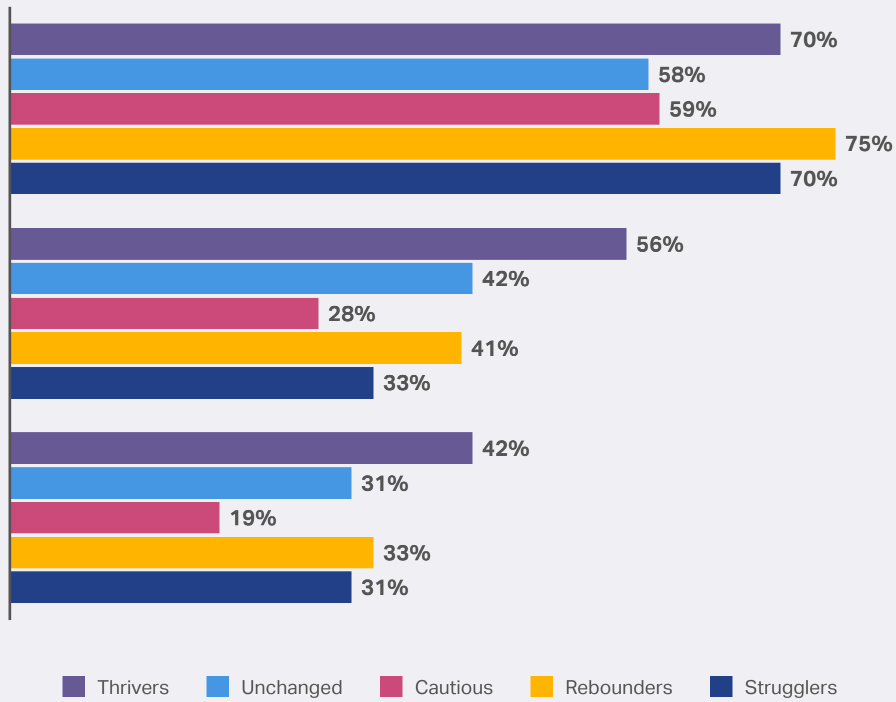
say they're likely to be actively **seeking additional income** streams beyond their primary job

36%

say they're likely **to inherit more wealth in their lifetime**, passed down from others

28%

say they're likely **to increase their personal debt level** to afford their current lifestyle



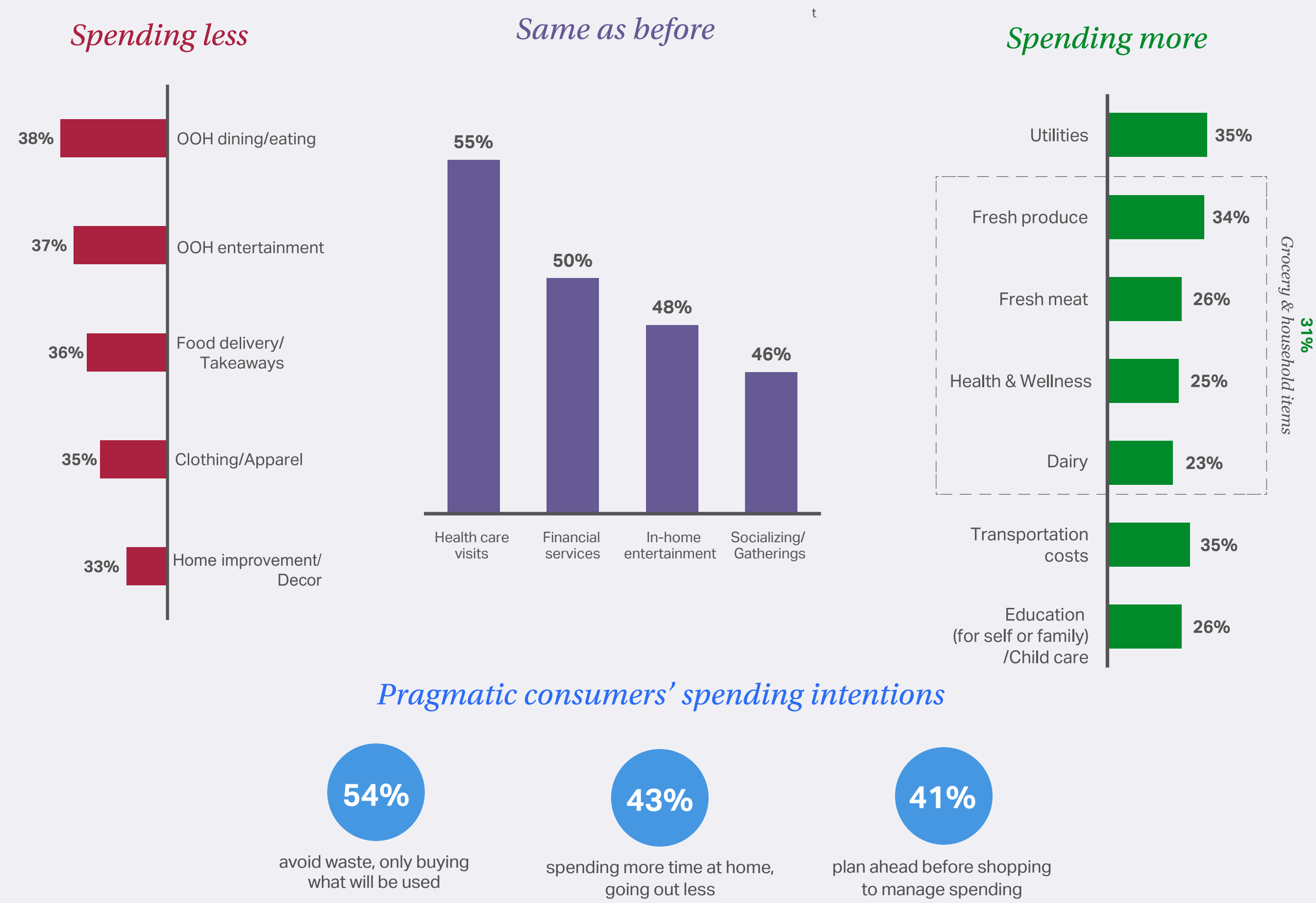
Source: NIQ 2024 Mid-Year Consumer Outlook, Global

Noting the recent struggles of some high-earning corporate work sectors, it makes sense to see variance in how people feel about seeking additional income streams, inheriting future wealth, and increasing personal debt levels.

Unsurprisingly, those who report feeling the most secure with their income or financial situation (who we call "Thrivers") are most likely to expect to inherit more wealth in their lifetime, as well as take on more debt to maintain their current lifestyles.

Meanwhile, "Rebounders"—those who have experienced income loss but feel back on track—are most likely to be pursuing additional sources of income beyond their primary job. These are the "hustling and bustling" consumers most motivated to climb beyond their points of struggle and may be most open to changing their approaches to everyday purchasing.

Exhibit 17



Source: NIQ 2024 Mid-Year Consumer Outlook, Global. Interpreted as: 38% of global respondents plan to spend less on out-of-home (OOH) dining and eating in the next 12 months.

> This data reinforces the shift we're seeing from a cautious to deliberate, purpose-driven spending mindset.

Here, we see a view into the spending intentions of consumers going into 2025. **Think of this as "share of wallet" based on what consumers *say, feel,* and *believe* they will direct their spending toward in the 12 months ahead.**

Although consumers intend to continue cutting back on non-essentials like Out-of-Home (OOH) Dining or Clothing, many of them plan to maintain spending on In-Home Entertainment or the act of socializing or gathering with others. This indicates a **continued interest in leisure and lifestyle spending—if done purposefully and fiscally responsibly.**

Education is another category in which consumers intend to spend more. This suggests consumers *are* willing to spend on themselves or their family members if it results in longer term prosperity and achievement.

Going a step further, we analyzed the net change in those who plan to spend more, compared with those who plan to cut back on each category of spending. With this approach, we see a better indication of the overall direction of consumer mindset shifts.

The net change we've seen in spending intentions—what people say they plan to do—remains relatively stable year over year.

For example, we can see immediately that more people plan to cut back on OOH activities and other discretionary categories in 2025. And while this might look like a similar level of cautiousness to previous years, it's important to note that **many of the "negatively impacted" categories** (seen below in gray) **are less negative than they were at this time a year ago.**

In fact, OOH Dining saw a net change score of **-26.7** in mid-2023, whereas today it stands at **-19.1**. Similarly, within the CPG realm, the Alcoholic Beverages score moved from **-22.3** in mid-2023 to **-20.3** today.

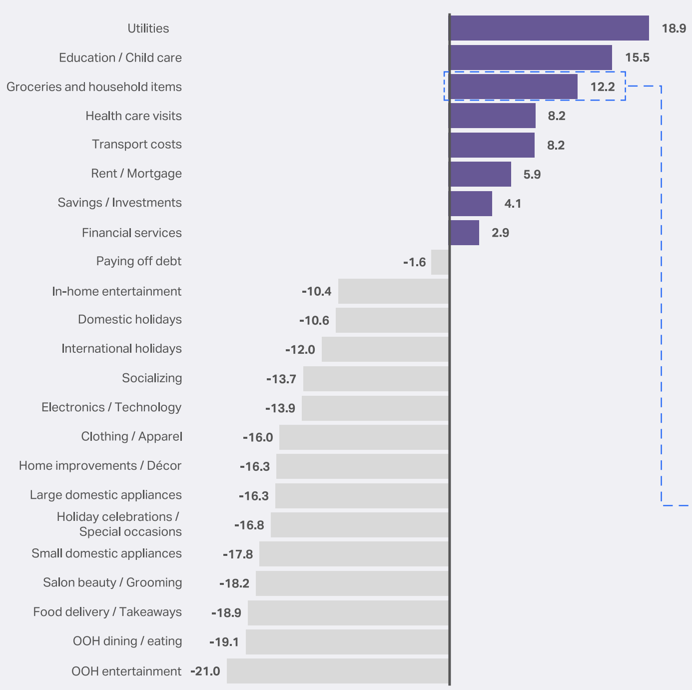
Consumers still have "fixed" life costs to consider, so discretionary spending is still scrutinized

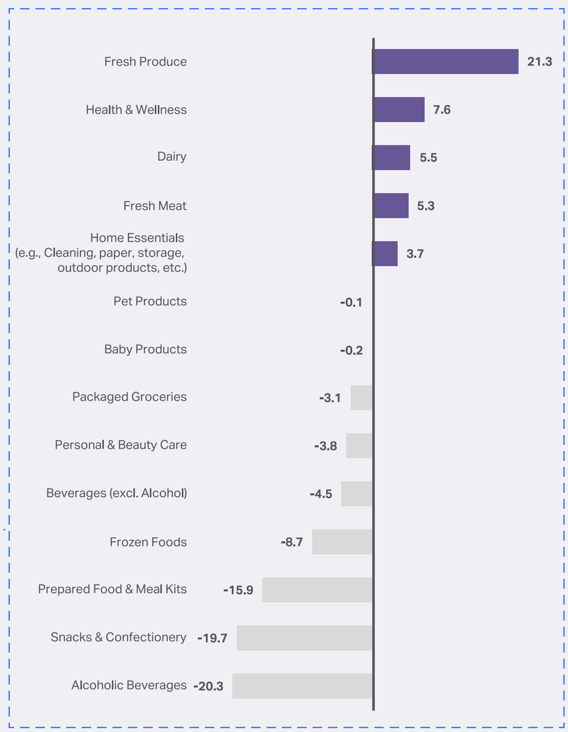
The Education/Child care category climbs ahead of CPG, but grocery and household essentials—especially fresh produce—are top of mind.

Exhibit 18

Spending intentions for the next 12 months

Net change in spending (pt. change)





Source: NIQ 2024 Mid-Year Consumer Outlook, Global. Change in spending calculated by subtracting % of respondents who are spending less from % of respondents who are spending more.

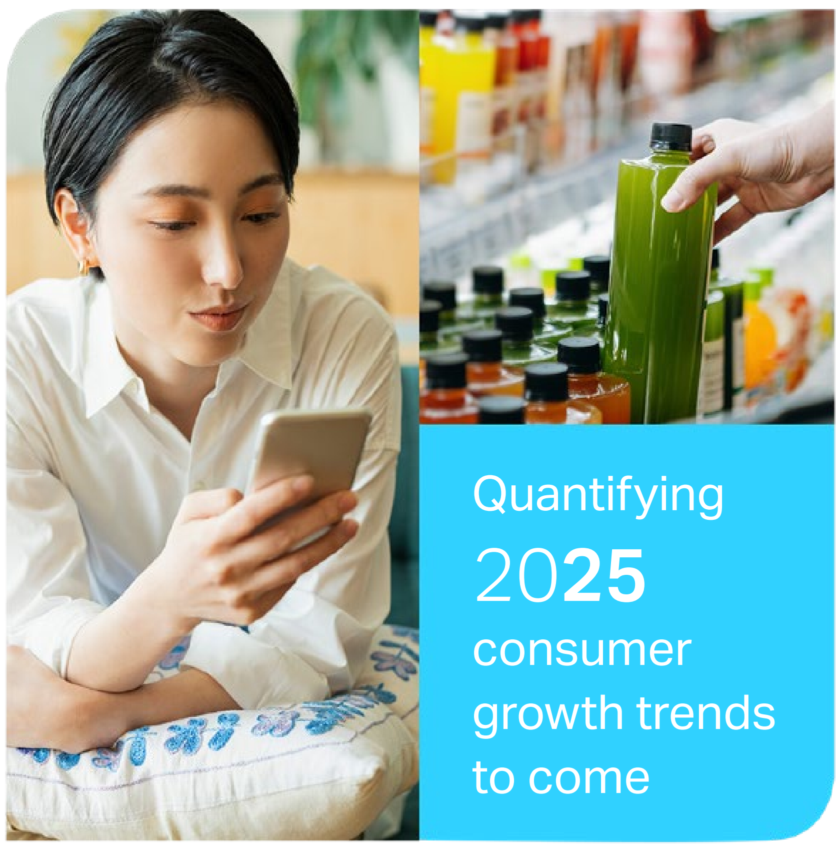
What the above illustrates is that there are many "fixed costs" in consumers' lives—utilities, rent, health care visits, and more—that are mostly "non-negotiable" essential expenses. **Even though consumers may feel more socioeconomic stability now compared with earlier in the year, they will likely have to spend any of their recent gains on a variety of other needed expenses. Thus, the net change we've seen in spending intentions—what people say they plan to do—remains relatively stable year over year.**

Forecasting signals of spending growth

World Data Lab analysis quantifies 2025 consumer growth trends to come.

Ongoing global disruptions and developments continue to drive many geographic, demographic, and income-related shifts to consumer behavior. For many people, the impact to physical, emotional, and financial health have been unequal: Purchasing power continues to favor and concentrate around some, while insecurity continues to hit others inordinately harder.

For a deeper look into spending growth patterns, we turn to the global economists, insights, and forecasts on consumer trends powered by World Data Lab (WDL).



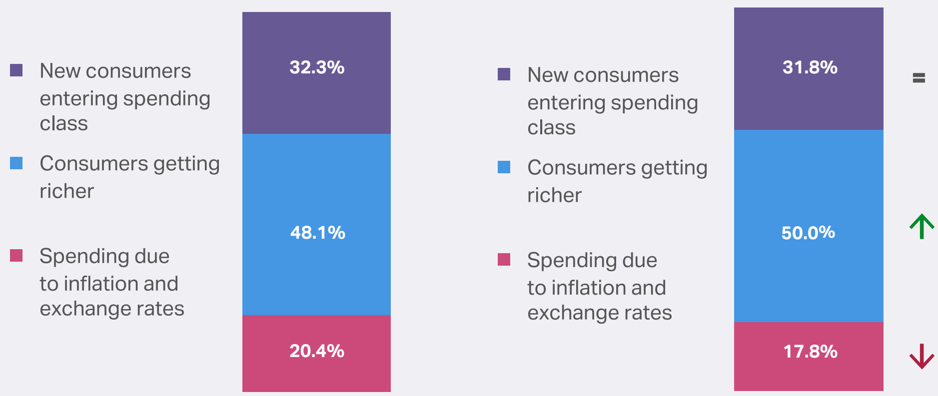
Nearly 6% growth in global consumer spending anticipated for 2025

Exhibit 19

2025 Global consumer spending outlook

Current (2024)
$3.1T *Spending growth*

Future (2025)
$3.2T *Spending growth*



Source: World Data Lab, Data reflects spending across the average person in the "consumer class" (people who spend over $12/day, reflected in 2017 purchase power parity)

In addition to projected economic stability in the year ahead, we can also expect nearly **6%** growth in global consumer spending, according to WDL. **This will equate to approximately $3.2 trillion in additional new spending in 2025.**

These measures reflect spending across the average person in the "consumer class"—people who spend over **12 USD** per day in 2017 purchase power parity. For context, a person becomes classified within the "consumer class" when they are either transitioning out of poverty or born into a level of higher financial flexibility. In practice, this involves a shift by which an individual's spending extends beyond basic life essentials and can be directed to some level of discretionary spending for life enjoyment.

> Consumers feel increased stability and momentum but remain conscious of how quickly things could change.

As we dissect and decompose the sources of this growth, three observations come to light:

- Inflation and exchange rates will drive less of the market in 2025—**17.8%** of 2025 growth, down from the **20.4%** that's expected by the end of 2024.
- Growth driven by net-new consumers entering the "consumer class" for the first time will remain stable, representing about **32%** of 2025 spending growth (similar to 2024).
- Increased consumer spending power will be the biggest contributor to new spending growth soon.

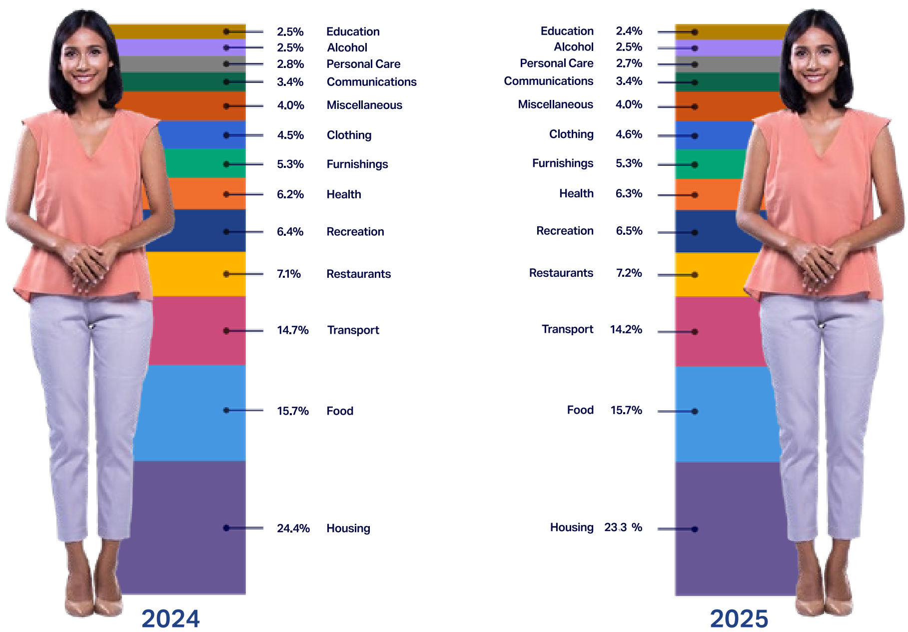
In fact, WDL predicts that **half of new spending in 2025 will be a result of consumers getting richer**, up from **48%** in 2024. These growth expectations are modest, and changes compared with 2024 remain stable, reinforcing the overarching takeaway that consumers feel increased stability and momentum but remain conscious of how quickly things could change.

Capturing global consumer spending: Limited room for entry

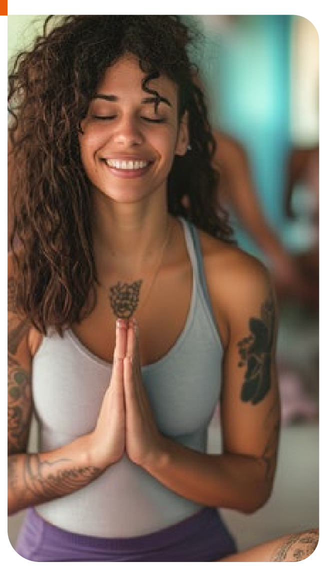
Exhibit 20

A typical global consumer* spends **$13.7K per year** (Current 2024)

This will grow by 2.4% in 2025 to **$14K per year** (Future 2025)



Source: World Data Lab, Data reflects spending across the average person in the "consumer class" (people who spend over $12/day, reflected in 2017 purchase power parity)



After sizing the expected consumer spending growth for the year ahead, it's important to take stock of what opportunities exist across common categories of spending and highlight to what extent consumers are likely to focus on or scale back their 2025 spending.

In this illustration, we see an average of the global consumer class (those spending over **$12**/day, reflected in 2017 purchase power parity), and how spending by category is expected to hold relatively steady year over year. "The world consumer will remain resilient in 2025. Globally speaking, we anticipate just over **$300** to be added to 'wallets' (modest growth of **+2.4%**), with essentials like housing, food, and transportation expected to gain the most from this increased expenditure (**49%** of spending growth)," said Wolfgang Fengler, CEO of WDL.

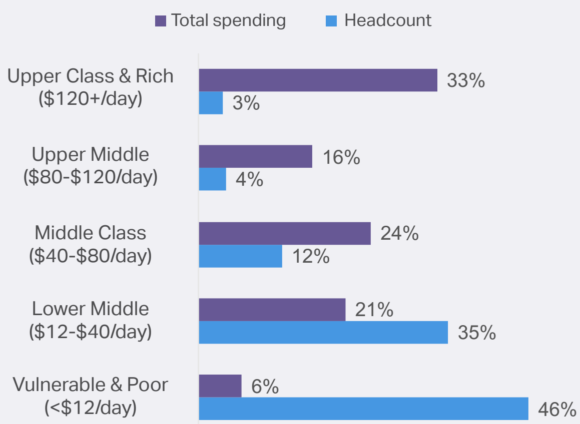
This reinforces the shift we've seen in consumers' determination to make the most of every spending occasion in the year ahead. "Entry-level consumers, or those joining the lowest-spending consumer classes, are driving the global trend, and it's important to consider how local nuances influence this picture," Fengler added. "Consumers will manage spending carefully and intentionally, regardless of their location. But some areas have much larger spending budgets to work with. For instance, the average U.S. consumer is expected to add nearly **$2,000** to their spending in 2025, leaving more room for spending on discretionary categories like travel and restaurants."

Polarized by purchasing power: Large separation between the highest and lowest spenders

By 2025, "Upper Class" consumers will drive **11X above** their share of spending, while the "Lower Middle" will drive nearly **2X below** their share of spending.

Exhibit 21

2025 Global spending & headcount by consumer class



Impact of consumer groups by spending class in 2025

Upper Class & Rich consumers:

11X ***above*** their share of spending

Lower Middle consumers:

2X ***below*** their share of spending

Source: World Data Lab, Data reflects spending across the average person in the "consumer class" (people who spend over $12/day, reflected in 2017 purchase power parity)

The stark contrasts in global wealth accumulation and spending power become abundantly clear in this analysis. Largely speaking, members of the overall consumer class (those spending over **$12**/day) represent **94%** of global spending. Dissecting further, **it's clear there will be a large separation between the spending power of different consumer classes.**

In fact, by 2025, consumers in the "highest" and "lowest" spending categories will differ drastically in terms of contribution to spending. For instance, Lower Middle consumers (those who spend **$12-$40**/day) will represent **35%** of consumer headcount, but they will account for just **21%** of spending. Conversely, those in the Upper Class or higher (spending **$120+**/day) will represent just **3%** of consumer headcount but will account for **33%** of spending in 2025.

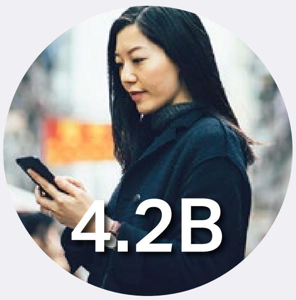
Members of the overall consumer class represent **94%** of global spending.

We've discussed the importance of maximizing your reach with consumers to achieve growth beyond inflation. We've also discussed how essential it is to strategically align to the needs of consumers across a polarized set of consumer spending classes.

To grow in 2025 and beyond, retailers and manufacturers should consider this as well:

Exhibit 22

***Growth** in **new consumers** expected to **level off** through 2040*

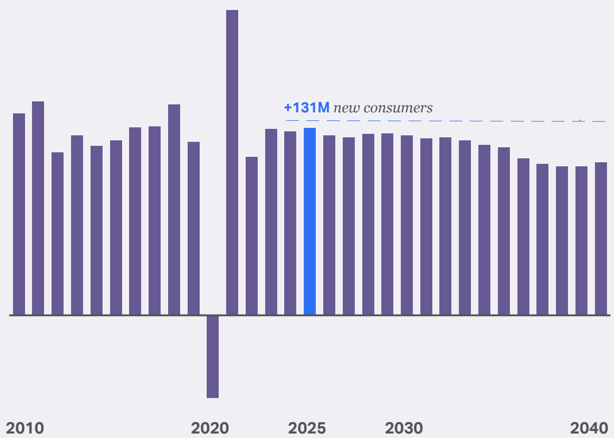


people currently in "Consumer" Class
(Spending +$12/day)

By 2025

+ 131M
New consumers

+$3.2 T
Spending growth
(+5.5%)



Source: World Data Lab, Data reflects measures across the average person in the "consumer class" (people who spend over $12/day, reflected in 2017 purchase power parity)

After 2025, growth in new consumers will begin to slow. Companies will need to work harder to earn and target their most valuable consumers.

While we will see an impressive **131 million** new consumers entering the consumer class in 2025, it is currently anticipated that **between now and at least 2040, growth in new consumers will begin to slow.** Many consumers will continue to benefit from increased spending power. But after 2025, companies will need to work harder to earn and target their most valuable consumers.

This necessitates using quality data to understand and anticipate where new consumer growth will be concentrated *and* doubling down on assessing spending attitudes, intentions, and category- or item-level preferences.

The key takeaway:

Failing to convert consumers' evolving interests into sales will become more and more costly to your business over time.

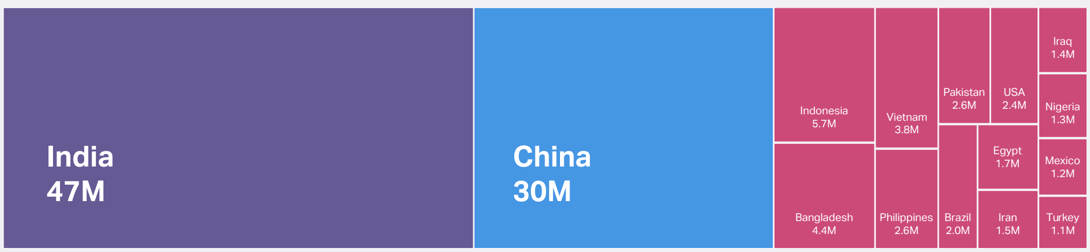
Further WDL analysis indicates where the growth and decline of the global consumer class of tomorrow will be concentrated. As seen in the example below, India continues to shine as a global growth leader in many respects, leading all other markets in the number of new consumers expected to enter the consumer class in 2025.

Following the growth and decline of the global consumer class

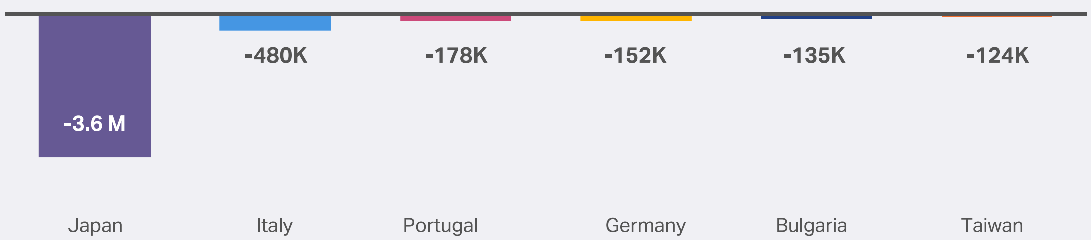
Anticipate where the world's consumers will be to meet their interests at point of purchase.

Exhibit 23

*Only 17 countries will see at least 1 million **new customers added** to the market in 2025 …*



*By 2030, these 6 countries will see consumer class headcount **shrink** the most:*



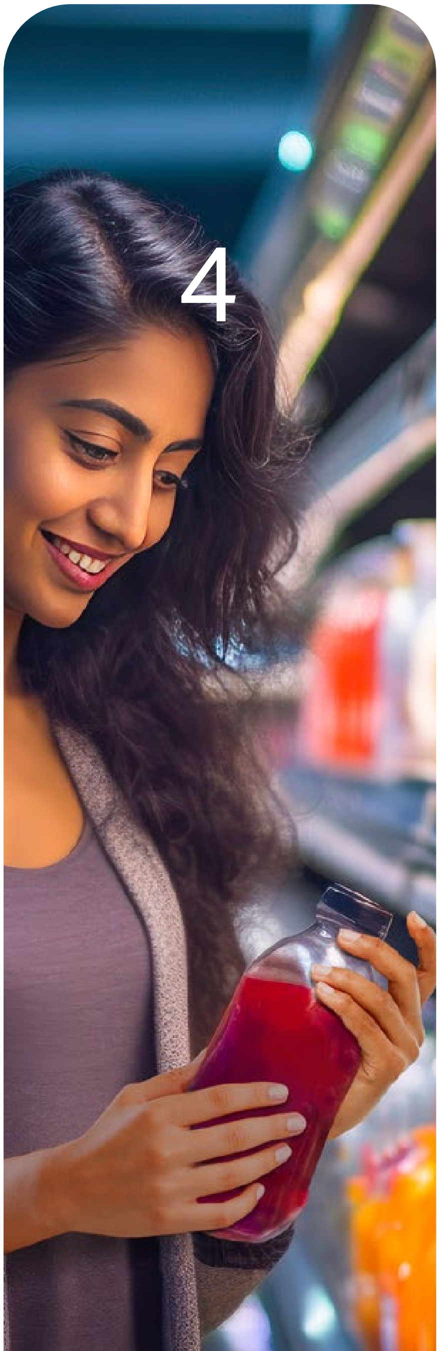
Source: World Data Lab, Data reflects the average person in the "consumer class" (people who spend over $12/day, reflected in 2017 purchase power parity)

Interestingly, India will surpass China, bringing in **47 million** new consumers, compared with China's expected **30 million**. Also notable: Many emerging or developing markets comprise the list of 17 markets that will see at least 1 million new consumers added to the world consumer class in 2025. The U.S., which is expected to add **2.4 million** new consumers in 2025, stands among them.

On the flip side, we see Japan standing alone as a loss leader in this regard, with consumer headcount expected to shrink by a massive **3.6 million** between now and 2030. This is a warning sign for companies with a vast Japanese consumer base: It will be especially important for you to consider how you will scale growth among aging consumers in this market and scale to include additional geographies.

The key takeaway:

It will be essential to segment and target consumers along the growing divide in spending power, particularly as the growth in new consumers begins to slow.



4

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.

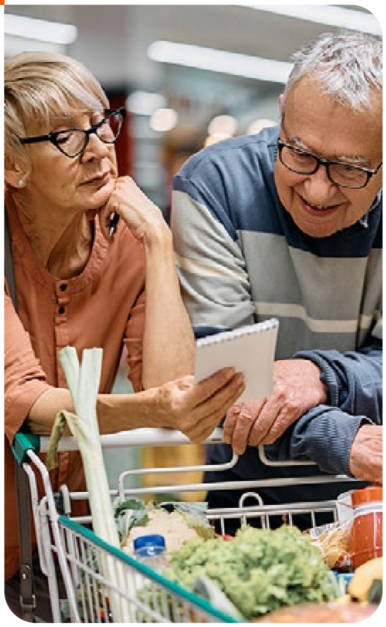
From the marked rise of a new echelon of economy price-tiered assortment to the redefined perception of private label or challenger brand products, there’s a new, hybrid view of “discount” values that will drive 2025 spending decisions.

> *“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).*
>
> *This 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

In this chapter:

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



It should come as no surprise that **affordability and price are almost always the baseline factors shaping consumer decision making.** They form a foundation that, especially in today's climate, cannot be ignored—even in the best of times.

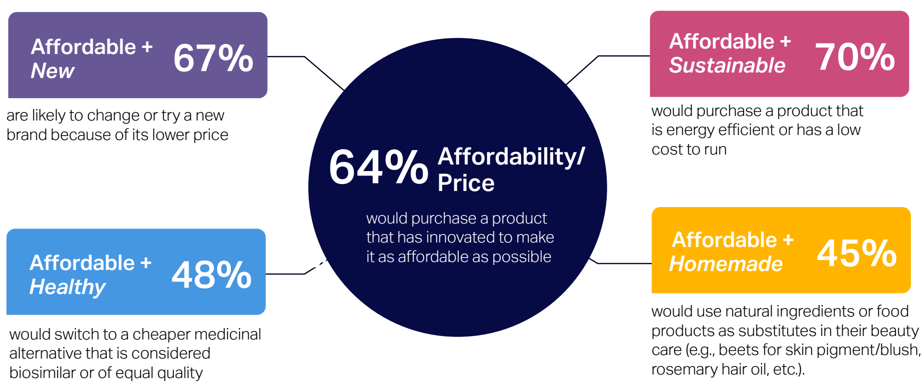
But as inflation has stabilized and the past six months have brought some renewed signs of resilience, consumers have embraced a broader view of what it means to be "discount." Today, consumers are not only intrigued by, but have come to expect, a hybrid approach to delivering value for money.

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.

Exhibit 24

"Discount" means more than just price



Source: NIQ 2024 Mid-Year Consumer Outlook, Global

The key takeaway:

The nuances to "discount" options have evolved to include aspects of health, sustainability, natural or homemade formulations, and much, much more.

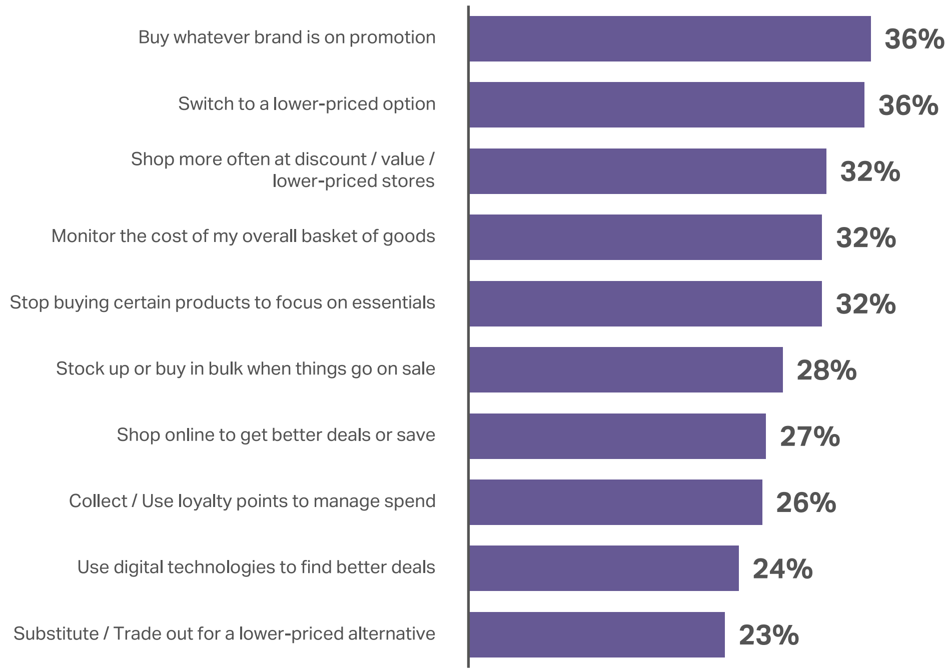
For instance, when a product is new, consumers' desire for innovation can often persuade a change in choice if the price is comparable or "still affordable." In this example, "Affordable + New" emerges as a hybrid view on discount. What's more, two-thirds (**67%**) of surveyed consumers around the globe say they are likely to change or try a new brand because of its lower price.

Meanwhile, **48%** of consumers say they would switch to a cheaper medicinal alternative if it's considered of equal quality to their usual brand, exemplifying how "Affordable + Healthy" drives new value-driven decisioning.

Promotional support is a primary driver of consumer decisioning.

Exhibit 25

Top 10 consumer saving strategies for CPG/FMCG: Global



Source: NIQ 2024 Mid-Year Consumer Outlook, Global

Looking at a more "traditional" frame of reference for the rise of "discount-minded" shopping, we see the heavy influence of promotions in the preferred saving strategies of consumers today. The act of simply buying whatever is being promoted ranks top of mind among consumers.

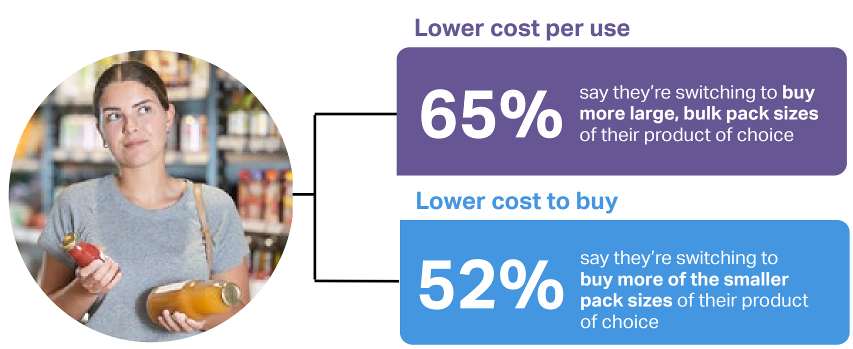
Assortment can influence pure price decisioning

But what happens when consumers are confronted with multiple promotional options, each offering a different value proposition?

Exhibit 26

Assortment can influence pure price decisioning

"Likelihood to do the following"



Source: NIQ 20024 Mid-Consumer Consumer Outlook, Global

The key takeaway:

Consumers feel they are open to *any* deal in the absence of no other.

To better understand the intricacies of assortment and merchandising under current market conditions—and the pivotal role data plays in driving meaningful, successful outcomes—download ***The Ultimate Guide to Merchandising & Assortment.***

Companies must assess these nuances to learn how to align their promotional support, as well as merchandising and assortment strategies, to the specific deal types, pack sizes, formats, and channels that consumers would most like to encounter.

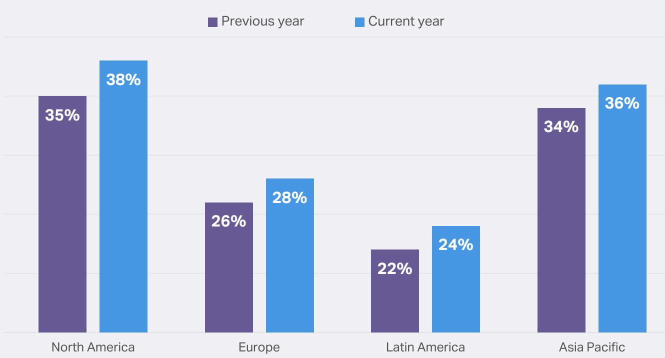
In the case of "lower cost per use" vs. "lower cost to buy," it's clear that, right now, a larger majority (**65%**) of global consumers would prefer to buy larger, bulk pack sizes rather than smaller pack sizes at a lower initial cost to purchase (**52%**). This finding illustrates the importance of analyzing how assortment can be leveraged to influence—and even overcome—pure price-based decisioning.

Promotional pressure intensifies across regions as share of promotional sales rises

In many European markets, nearly **60%** or more of categories have seen depth of discount increases compared to last year.

Exhibit 27

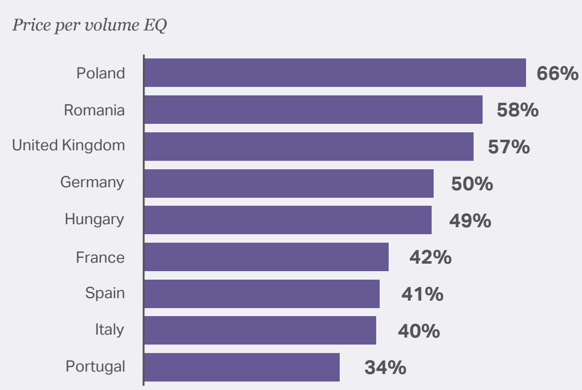
CPG share of promotional sales by region



Price % growth	North America	Europe	Latin America	Asia Pacific
	+2.2%	+6.8%	+9.9%	+1.7%

Exhibit 28

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



Source: NIQ Retail Measurement Services via Global Strategic Planner, Total CPG / FMCG, Regional data to latest year ended P3 2024. Europe spotlight: full coverage by industry, data to period ending May 19, 2024.

NIQ's global Retail Measurement Services confirms that promotional pressures have continued to intensify across regions. Share of promotional support, meanwhile, has continued to rise, particularly in North America and Asia Pacific regions.

The key takeaway:

Companies need to ensure they are continuously evaluating their promotional strategies to avoid overpromoting and eroding their growth potential unnecessarily.

In many European markets, for example, we have seen the depth of discount continually increase. In other words, products are not only selling at a continued promotional rate; they are selling at a greater discount than they were in previous years. For markets such as Poland, Romania, and the U.K., nearly **60%** or more of CPG categories have seen a deeper depth of discount in the last year, compared with 2023 measures.

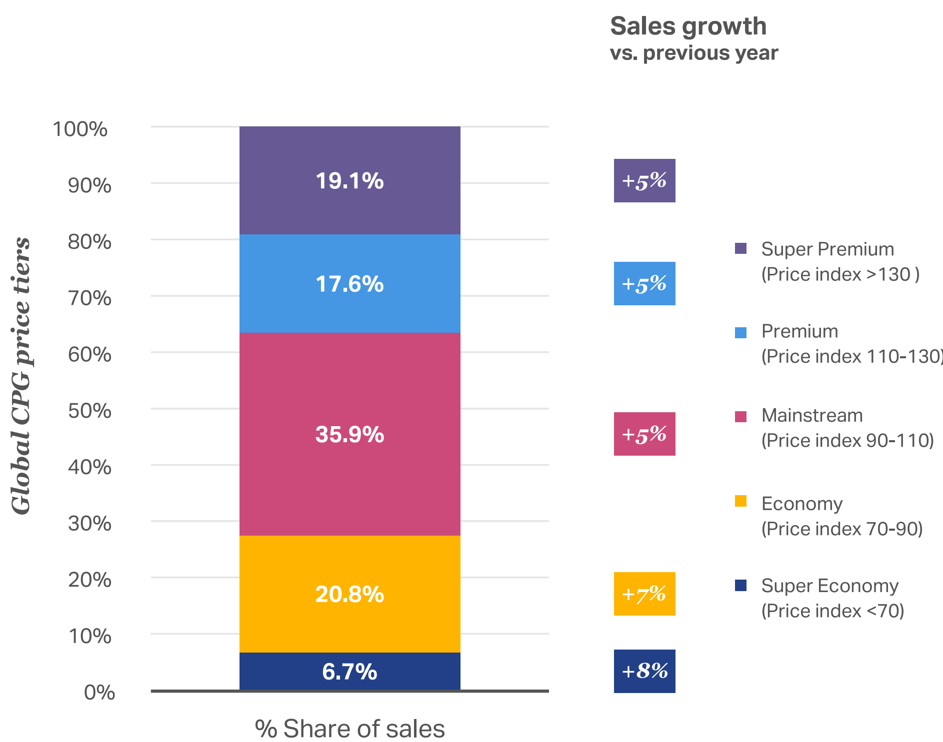
Belt-tightening consumers aren't just looking for the cheapest products. When it's time to save, they seek value. Fine-tune your pricing and promotion strategies using the best practices found in ***The Ultimate Guide to Pricing & Promotion***

The key takeaway:

Promotions should be *supporting,* and not centrally driving, your brand. It's imperative not to sacrifice tomorrow by giving away today.

Discount price tiers see fastest growth

Exhibit 29



Source: NIQ Global Strategic Planner, Latest 52 weeks ended Mar. 2024 vs. previous year. Directional read on global price tier trends where brand price index is calculated compared to average price for each country and category combination.

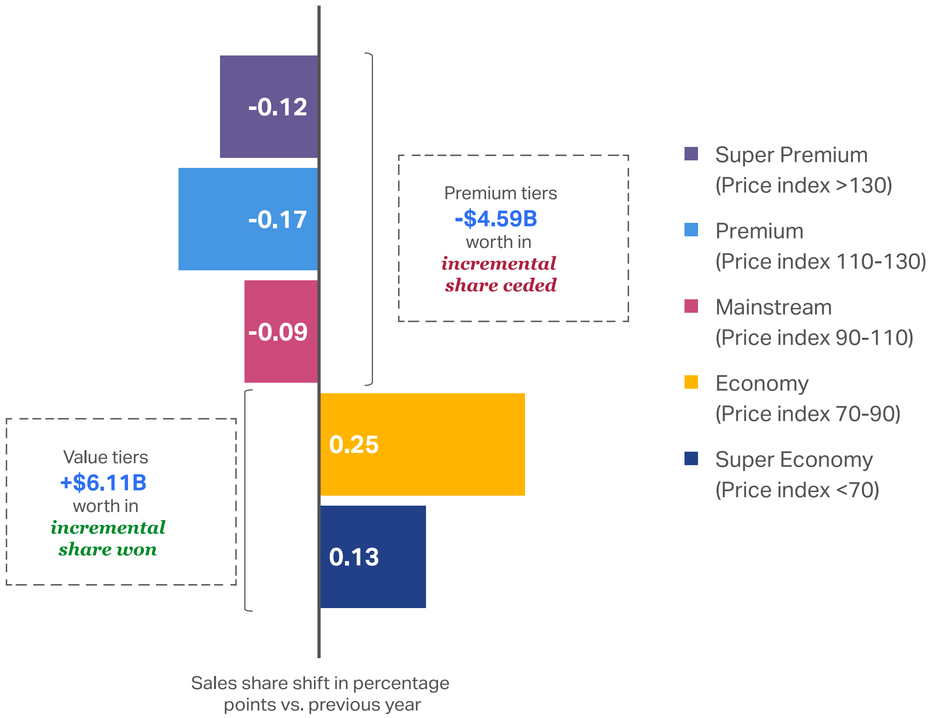
Beyond promotions, looking at different tiers of regularly priced products reveals another dimension to the era of discount options in the intentional consumer arsenal.

Over 6 billion USD in incremental sales share growth captured by discount products this year

This compared to -**$4.59 billion** in share ceded by premium offerings.

Exhibit 30

Global CPG price tiers



NIQ Global Strategic Planner, Latest 52 weeks ended Mar. 2024 vs. previous year. Directional read on global price tier trends where brand price index is calculated compared to average price for each country and category combination.

In this powerful, high-level global analysis of price tier trends, we can see that Economy and Super Economy products, priced with an index of 90 or lower (that is, selling at **10%** or more below the average price for the category), are seeing the fastest growth across the CPG landscape. This further reinforces that **consumers are forming new habits around an expanded search for value options that may start to exclude higher price points.**

We also discovered that the whole structure of global pricing has experienced a small shift in favor of Economy or "discount" price tiers. Although the lift is small (**0.38** share point globally), that increase represents approximately **$6.11 billion** in incremental share growth captured by Value and Super Value players. Conversely, in the same period, we've seen premium tiers cede nearly **$4.59 billion** in incrementality.

It's clear that the entire market structure is slowly shifting toward a new echelon of affordable product assortment that hinges on hybrid views of what it means to be "discount." This movement in sales share, though modest, is a mighty and remarkable piece of evidence to quantify the real impact being driven by consumer intentions today.

The key takeaway:

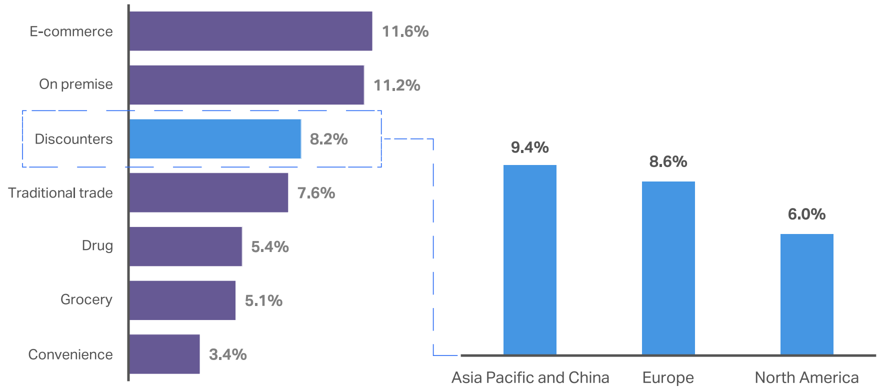
Value-driven consumption is surmounting discount ideals across all aspects of the CPG industry and beyond.

Discounters have become the third-fastest-growing channel in the last year

Exhibit 31

CPG channel performance

% of sales growth vs. previous year



Source: NIQ Retail Measurement Services, Total FMCG / CPG, annual period ended Q1 2024 vs. previous year, Value % Growth (unweighted), via Quarter by Numbers. Channel report: E-commerce, 17 markets considered; Modern Trade, 24 markets; Hypermarkets, 29 markets; Supermarkets, 34 markets; Small Superettes, 29 markets; Convenience, 37 markets; Drug, 45 markets; Traditional Trade, 45 markets; Discounters, 16 markets; On Premise, 17 markets. Note: Includes TikTok (Douyin) in China e-commerce and Dollar stores in the U.S.; Romania data does not include Discounters in this release.

From the lens of global retail trends, the continued growth discounters have experienced exemplifies how the concept of "value" may continue to shape new global shopper preferences and expectations.

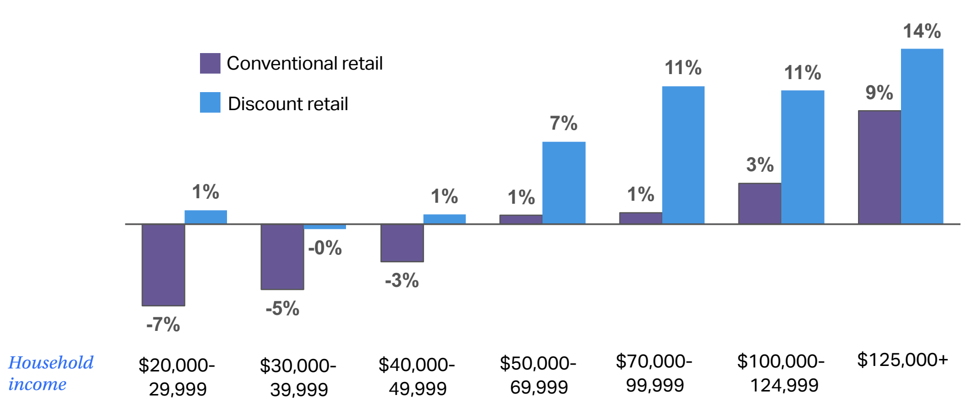
Surprisingly, higher-income households have driven a shift in Canadian spending toward discount retailers. But as has been reflected in other countries, Canadians of all financial circumstances have taken a hybrid view on value.

Canada spotlight: Emerging opportunity for retailers

Diversify assortment to meet shifting consumer needs.

Exhibit 32

% $ growth vs. previous year for Canadian households



Source: NIQ Homescan, Canada, Total Outlets. Total Tracked Sales Excl. Cannabis & Bulk bin items. Latest year ended Mar. 23, 2024, vs. previous year.

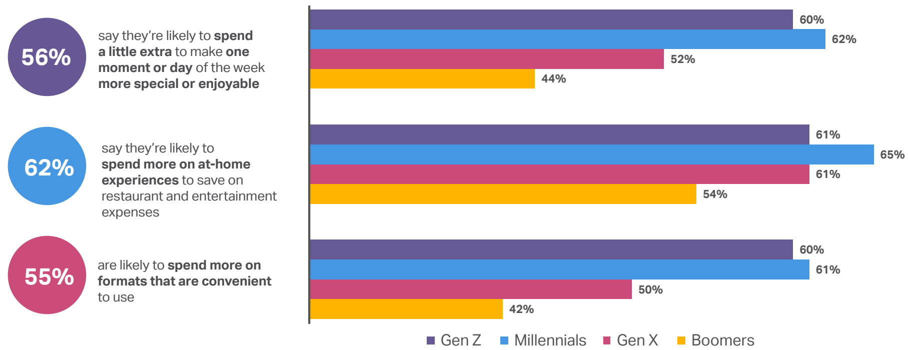
The key takeaway:

Retailers can capitalize on these opportunities for premiumization by upselling consumers in ways that align with their desires to make every dollar they spend "worth it."

It is also important to recognize that in this era of discount, converting a purchase comes down to demonstrating enough value to convince someone to purchase. For today's discerning and purposeful consumers, the *right* value proposition can even encourage premium spending opportunities.

Intentional consumers are willing to pay a premium for convenience and life satisfaction

Exhibit 33



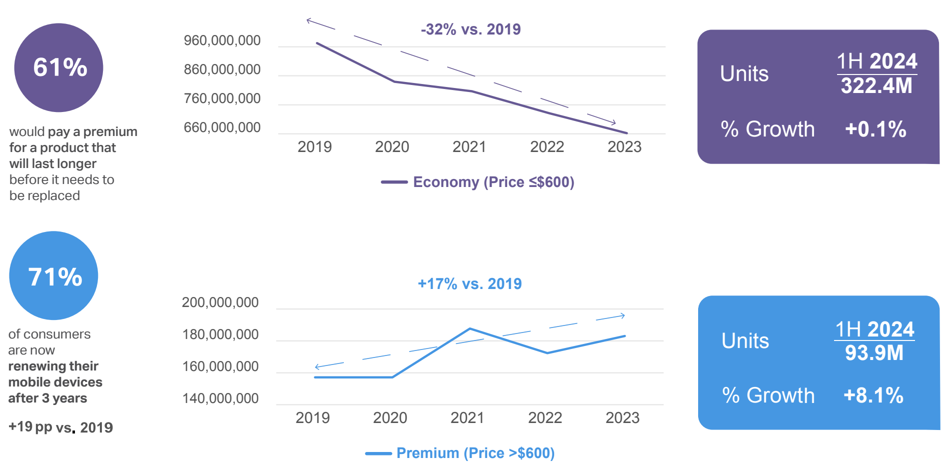
Source: NIQ 2024 Mid-Year Consumer Outlook, Global

In each of the examples illustrated above, younger generations—Millennials and Gen Z—are most willing to splurge. So, **when it comes to seizing opportunities to upsell in this environment, retailers and manufacturers would do well to focus on the generational cohorts most likely to be enticed.**

A perception of lasting quality is also likely to attract additional consumer spending. The smart/mobile phone category illustrates how demand for efficacy can reveal opportunities for companies to "premiumize" their offerings in this intentional consumer climate.

Exhibit 34

Premium vs. Economy smart/mobile phones: Units sold and % growth



Source: 1) NIQ 2024 Mid-Year Consumer Outlook, Global, 2) NIQ GfKNewron Consumer, Mobile Phone Group survey of 15 markets, Q1 2024, 3) NIQ GfK Market Intelligence Sales Tracking, Panelmarket, Smart / Mobile Phone sales (in millions of units) – comparing Premium offerings (Non-subsidized price of over $600) vs. Economy offerings (NSP below or equal to $600), Global coverage excluding North America

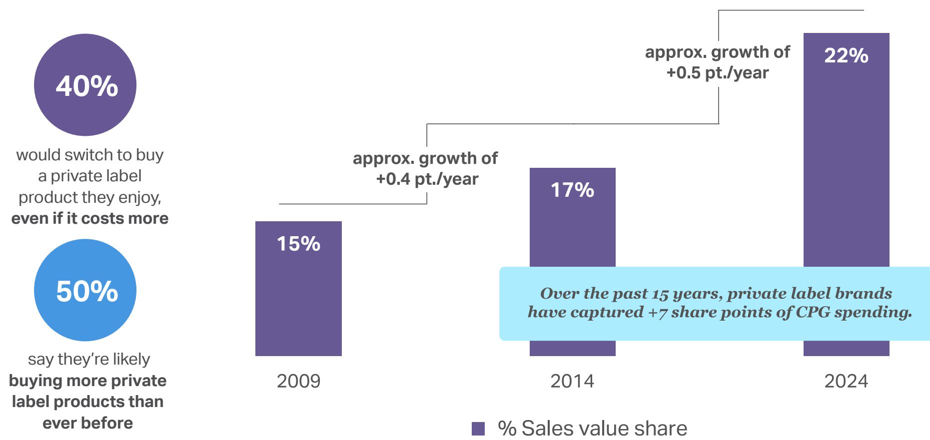
According to a recent NIQ GfKNewron Consumer survey, **71%** of consumers are renewing their mobile devices after three years or more. For a variety of reasons, these consumers have extended the shelf life of their devices, and recent measures of smart/mobile phone sales confirm that when replacement cycles for these devices have kicked in, more consumers have been upgrading to more premium or expensive options, compared with economy-priced phones.

Private labels further prove evolution beyond "traditional" perceptions of discount

Exhibit 35

Private labels a preferred choice by many

Charting a swift and accelerating pace of growth
Private label global share of sales over time



Sources: 1) NIQ 2024 Mid-Year Consumer Outlook, Global, 2) NIQ Retail Measurement Services, Total CPG, Global Value Sales Share (%), Latest Year ended Q1 2024 vs. directional comparison to past historical share of private label.

Private labels are perhaps one of the best examples of breaking beyond the perception of discount. The speed and scope of their global growth and performance are often discussed—and an impressive trendline. But recent breakthroughs in consumer perception suggest **private labels could ultimately ascend to leading-brand status.**

Notably, **40%** of surveyed global consumers said they would switch to a private label product they enjoy—*even if it costs more*. And **50%** say they're buying more private label products than ever before.

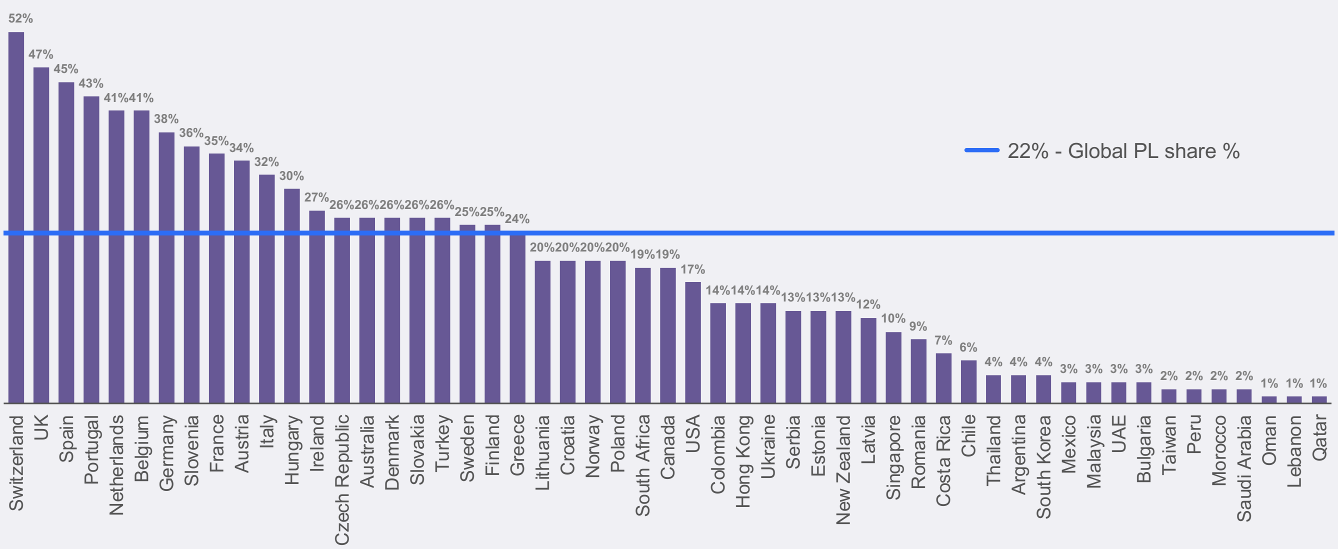
These findings show that **an increasing number of consumers have eschewed the negative connotations of private label products** as "discount alternatives." In fact, in reviewing directional past comparisons of private label share of sales, we can see that globally, private labels are charting a swift—and accelerating—pace of growth over time. Representing just **15%** of sales in 2009, global private label products now account for **22%** of the CPG landscape, up **7** share points during that timeframe and accumulating approximately an additional **0.5** share point every year of the last 10 years.

Private labels delivered +7.8% of global CPG value growth in the past year

Exhibit 36

Global private label

Value % share (top markets ranked on share >1%)

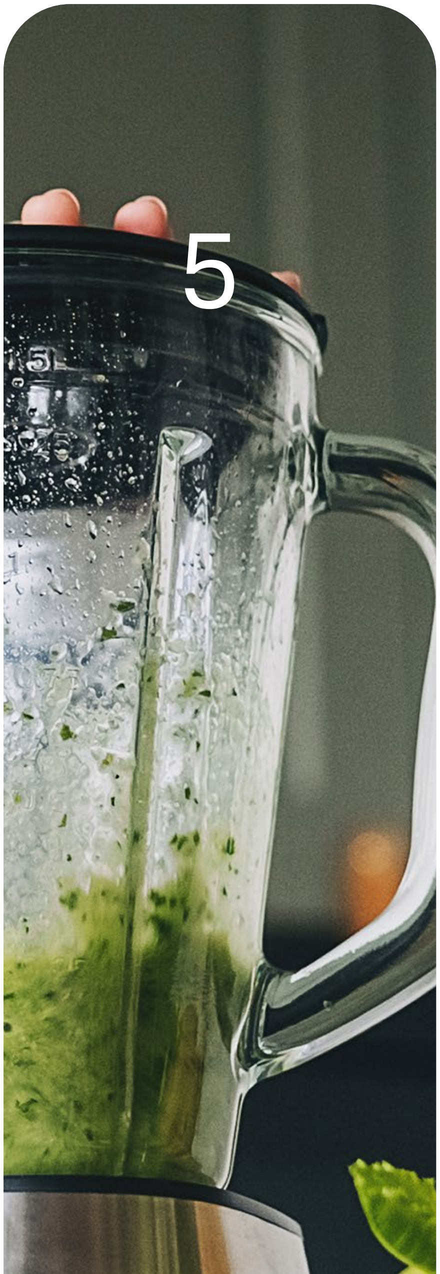


Source: NIQ Retail Measurement Services, Latest Year ended Q1 2024

Globally speaking, private label products are poised to continue their rapid pace of growth, already delivering nearly **8%** of CPG sales growth in 2024. Switzerland, the U.K., and Spain remain the most developed global markets for store-branded products. By comparison, North American markets, including Canada and the U.S., have fallen to the middle of the pack, whereas Middle East and Latin American markets such as Peru, Saudi Arabia, and Qatar have room to grow in establishing private label traction with consumers.

The key takeaway:

Any brand that can deliver on the basics of affordability, innovate often, and exceed expectations for efficacy and quality has the potential to become a top-of-mind choice for intentional consumers.



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. Here's a closer look at some of the top factors on our radar.

> *"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

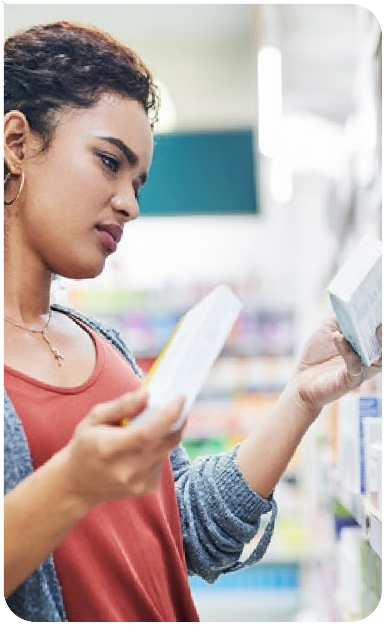
In this chapter:

GLP-1 effect: Seismic lifestyle shifts

Social commerce and the changing face of omni retail

AI: Evolving around new consumer expectations

Combating commodity price uncertainty



31%

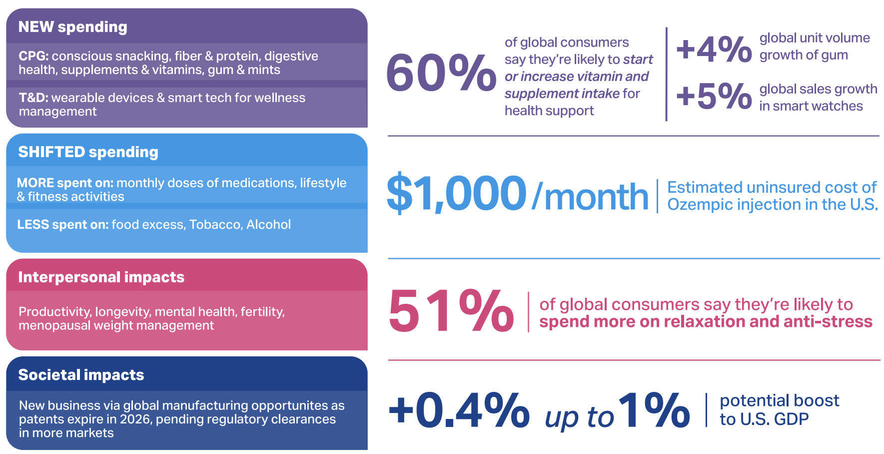
of global consumers say they're likely to use a medication or drug to support their weight loss

This last chapter of our future-focused analysis highlights four vertical-specific opportunities that we're tracking now and will continue to monitor in the years ahead. These **emerging factors**—among the many **shifting consumer minds, wallets, and actions**—should be carefully considered when seeking new avenues for growth. They include:

- The GLP-1 ripple effect
- The new face of omni
- Artificial Intelligence (AI) readiness
- Hot commodity costs

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

Exhibit 37



Sources: 1) NIQ 2024 Mid-Year Consumer Outlook 2) NIQ Global Strategic Planner, World Total, Chewing Gum Unit Volume % Change. Latest 52 weeks ended Jun. 16, 2024 vs. previous year. 3) GfK Market Intelligence Sales Tracking, Total Core Wearables – Smartwatches, Sales growth reflected in US dollars, 1H 2024 vs. previous year 4) CNBC via the study "Estimated Sustainable Cost-Based Prices for Diabetes Medicines," 2024, 5) Goldman Sachs Research on GLP-1 boost to U.S. GDP

It's impossible to overlook the burgeoning impact of GLP-1 medications within the global marketplace over the past year. These products, originally used primarily to treat patients living with Type-2 diabetes and obesity, are now being touted as solutions to an array of other health and wellness-related conditions—everything from smoking cessation and mental health to fertility and menopausal weight gain.

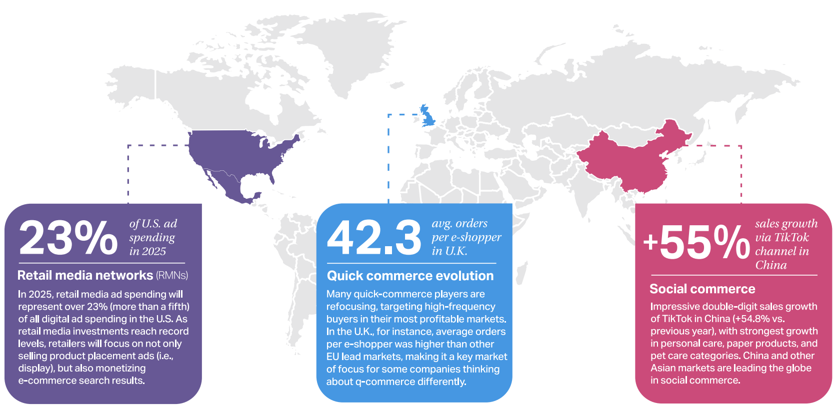
While many have focused on the medications themselves, as well as the regulatory changes and manufacturing opportunities they surface, it's important to also contemplate the impact that actual usage—and even awareness—of GLP-1 drugs may have on the nature of consumption, lifestyle habits, and socioeconomic investments. **We're already beginning to see GLP-1 medications such as Ozempic inspire new spending sources, shift existing spending, influence lifestyle and interpersonal behavior, and spark societal changes.**

For example, **31%** of surveyed global consumers say they're likely to use a medication or drug to support their weight loss. Those already using a GLP-1 agonist on a regular basis may now be thinking consciously, for example, about reducing their meal portion sizes, snacking on foods with high protein or fiber content, supporting their digestive health due to medicinal side effects, or wearing more smart tech devices to support wellness management.

According to Goldman Sachs Research, GLP-1s could boost U.S. GDP by up to **1%**. Considering the costs and associated spending related to long-term GLP-1 usage, such prognostications make sense. Given that consumers without any insurance reportedly pay approximately **1,000 USD** per month for Ozempic injections, it's clear that the ripple effect of GLP-1 medications could be larger—and longer-lasting—than initially thought.

The changing face of omni retail around the globe

Exhibit 38



Source: 1) U.S. Ad Market Outlook Report, March 2024, Advertiser Perceptions, 2) NIQ Consumer Panel FoxIntelligence, Avg. purchase frequency, Total e-commerce, U.K. compared to 8 other EU markets, Calendar Year 2023, 3) NIQ Retail Measurement Services, China, TikTok (Douyin) channel performance, % growth, 52 weeks ended Q1 2024 vs. previous year.

The evolution of omni retail is another global phenomenon that will surely impact how business is done.

23%

By 2025, retail media network spending is expected to account for nearly a quarter (**23%**) of all digital ad spending in the U.S.

The **rise and influence of retail media networks (RMNs)**, for example, **is shaping how retailers and brands of all sizes hone their customer engagement strategies** on prominent retail-owned digital storefronts. As investments in and around RMNs reach record levels, retailers will focus not only on product placement (i.e., display) ads, but also on monetizing e-commerce search results.

As RMNs grow and multiply, we're also seeing omni evolution manifest in different ways for quick commerce.

In Europe, many quick-commerce players are keen to profitably manage fast fulfillment in the long run. To do this, many are refocusing their geographical operations to target high-frequency buyers in their most profitable markets. Parts of the U.K. may be ideal targets in this case, as NIQ FoxIntelligence measures over **42** average orders per e-shopper in the U.K.—a measure higher than multiple other lead markets in Europe.

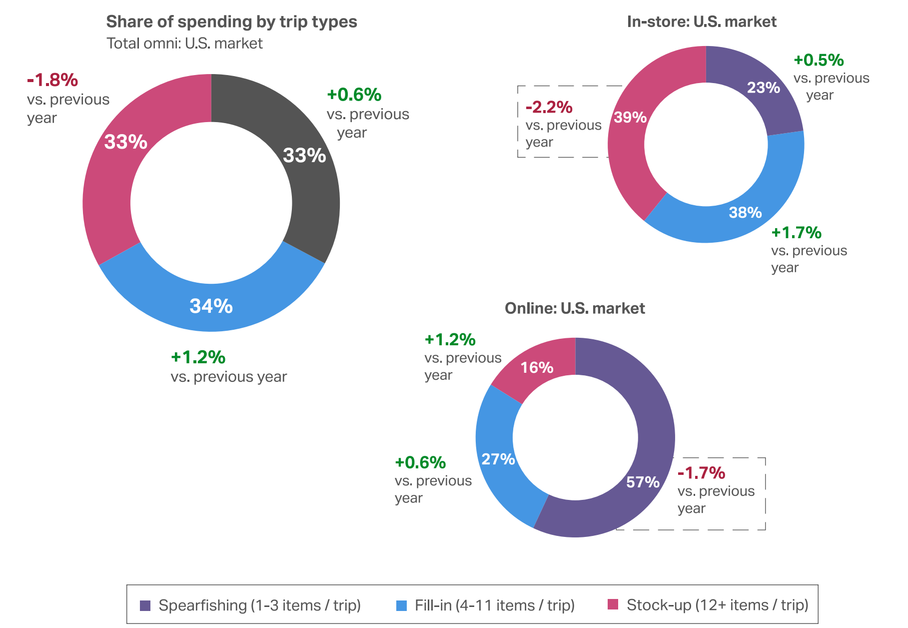
Double-digit sales growth of TikTok (Douyin) in China (**+54.8%** year over year)

Social commerce is another incredibly dynamic force in the changing face of omni retail. The double-digit sales growth of TikTok (Douyin) in China (**+54.8%** year over year) is but one example of the immense change happening within the CPG space (where growth has been strongest in personal care, paper products, and pet care) and in sales impact beyond CPG categories. It's important to note that **Asian markets have led much of this social commerce development to date, but the impact and growth are already spreading to other lead markets** around the world.

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.

Exhibit 39



Source: NIQ Omnipanel, Total U.S. measures of different trip types, Total CPG (excluding Fuel purchases), Latest 52 weeks ended Jun. 15, 2024, vs. previous year.

+1.2%

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

It's no secret that consumers are fluidly shopping across channels, **as omni (online and offline) channels have become the norm and expectation in most markets.** In the analysis of different omni shopping trip types in the U.S. shown above, we can see early signs of how the very nature of typical online and offline shopping trips is evolving.

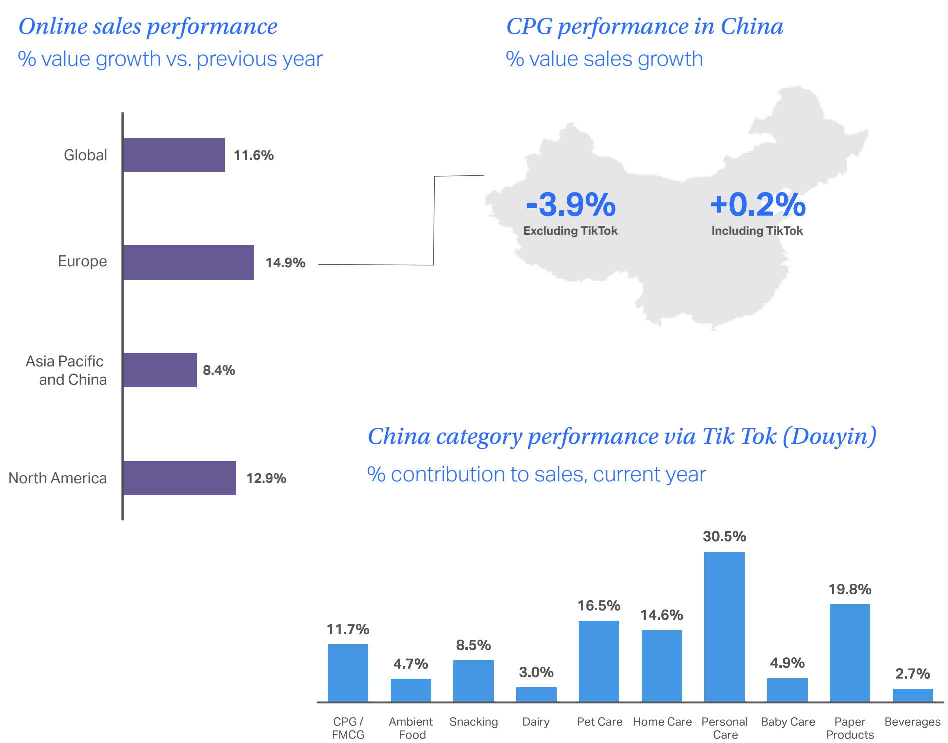
From a share-of-sales perspective, we see a story about trip types consistent with what most have come to expect of current omnishopping "norms." **Most U.S. in-store trips involve larger purchases**: "stock-up" trips account for **39%** of in-store spending, with another **38%** of spending dedicated to "fill-in" purchases of four to 11 items. By comparison, a majority (**57%**) of U.S. online spending is dedicated to smaller, "spearfishing" trips of three items or less, followed by "fill-in" (**27%**) and "stock-up" (**16%**) shopping trips.

These patterns would seem to fall perfectly within expectation. However, **the growth trajectory of spending on these trip types indicates an impactful evolution** in how omnishoppers could be spreading their purchasing differently in the future.

Looking at U.S. online trips, we see that share of spending for “spearfishing” trips has fallen **2%** year over year, with growth favoring larger “fill-in” and “stock-up” trips online. This signals that **many consumers are shifting more and more spending to online channels**—even for larger shopping missions—and may perhaps use stores for smaller fill-in or specific spearfishing missions when they need items they could not procure online. U.S. in-store growth shifts would confirm this hypothesis, as share of spending for in-store stock-up trips has declined **2%** year over year, and growth has instead shifted to both fill-in and spearfishing trips in store.

Social commerce presents an emerging pocket of growth for the CPG industry and beyond

Exhibit 40



Source: NIQ Retail Measurement Services, Total FMCG / CPG, annual period ended Q1 2024, vs. previous year. E-commerce, 17 markets considered, via Quarter By Numbers, Channel report. Note: Includes TikTok (Douyin) in China e-commerce.

The key takeaway:

Compelling deals, the convenience of delivery or pick-up orders, and the ability to research and plan online are just some of the many factors contributing to the global growth of e-commerce.

While this growth has varied by region and country, it’s notable that overall growth has continued at **11.6%,** on top of an already accelerated growth trajectory seen across the previous four years. With social media already so entrenched in consumers’ daily lives, it’s worth examining how brands have delivered both engaging and purchase-related content to their audiences, driving impactful industry growth overall.

31%

would purchase a product that has been featured in a video or online game

Through new business and access to new buyers, we can see in the illustration on the preceding page just how valuable social commerce channels like TikTok (Douyin) have become for CPG performance in China. Annual sales for CPG or fast-moving consumer goods (FMCG) have declined nearly **4%** year over year when excluding social commerce channels. But when such purchases *are* included, we see the trend stabilize to **+0.2%** sales growth.

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.

Exhibit 41

Purchase intent

1 in 3
are likely to purchase via social media.

1 in 10 for Boomers vs. ***4 in 10*** for Gen Z

But …

53% don't trust security of paying via social media.

60% ignore or skip ads on social media.

Learning + discovery

43%
would search social media (e.g., TikTok) for product information before a traditional search engine (e.g., Google).

46%
would use social media as their primary source to learn about new products and services.

Influence on choice

31%
would change brands based upon the recommendation of a social influencer.

10% for Boomers
23% for Gen X
40% for Millennials
44% for Gen Z

1 in 2
would seek a new product in-store or online because of something seen on social media.

Gamification

36%
would spend more on a purchase because of an in-app challenge, point system, or reward experience.

42% for Under 50
20% for Over 50

31%
would purchase a product that has been in a video game / online game.

33% for Males
30% for Female

Source: NIQ 2024 Mid-Year Consumer Outlook, Global

It's clear how important social commerce has been to sales growth in China. As it begins to flourish in other markets, we must consider the implications of this widening social commerce revolution.

The key takeaway:

Finding ways to ensure trust and peace of mind, while seeking consumer attention in meaningful ways, will be key to unleashing further social commerce growth and momentum.

As seen in the illustration above, **one in three surveyed global consumers are willing to purchase via social commerce.** Their responses highlight how social media is fundamentally shifting how they discover, shop, and interact with brands on their path to purchase.

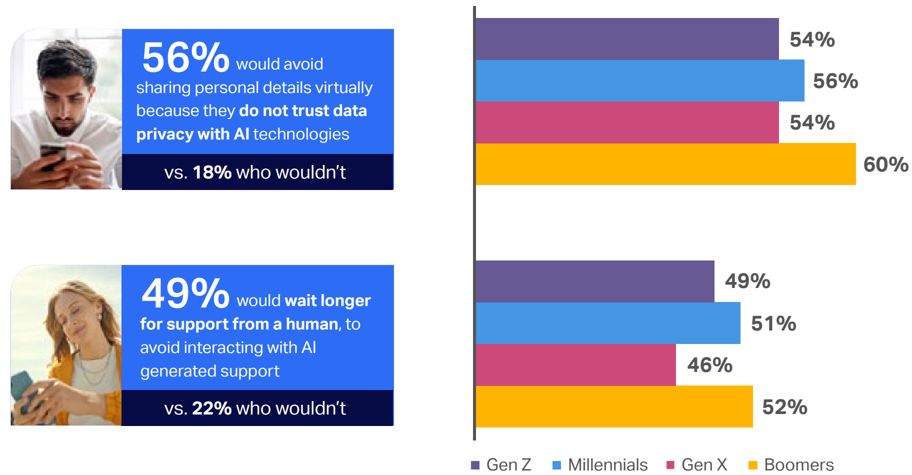
Beyond initial discovery and learning, social media will have a massive influence on product choice. For example, nearly one-third (**31%**) said they would change brands if a social media influencer suggested they do so. This brand malleability is especially notable among younger consumers (**44%** and **40%** for Gen Z and Millennial shoppers, respectively).

Despite this burgeoning opportunity, social commerce leaders must recognize and address the barriers to consumer adoption. Currently, over half (**53%**) of surveyed consumers don't trust the security of paying via social media, and admit they ignore or skip ads on social media, and **60%** admit they ignore or skip ads on social media.

The AI revolution is here

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

Exhibit 42



At NIQ, we've done a great deal of work to help companies along their path to embracing and adapting to navigate the AI learning curve. Read [*The Innovator's Guide to Generative AI*] to learn more.

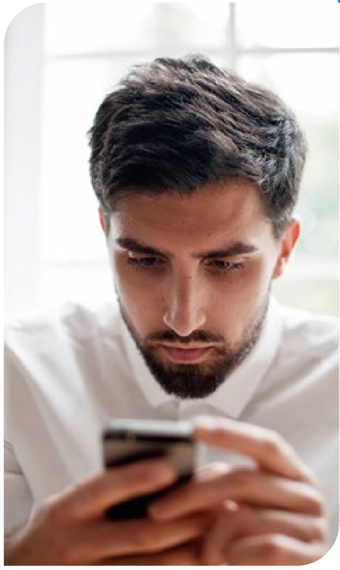
AI—and its anticipated impact on how we live and work—is in the news nearly every day, it seems. Given the buzz and the rapid pace of advancements, it's crucial for companies to understand how everyday consumers are feeling about this fast-moving innovation—and use that information to adapt customer experiences accordingly.

So, are consumers ready for the AI revolution that's unfolding?

For most global consumers surveyed, the answer is complicated. While many indicated that AI has not yet earned their trust, others were less cautious.

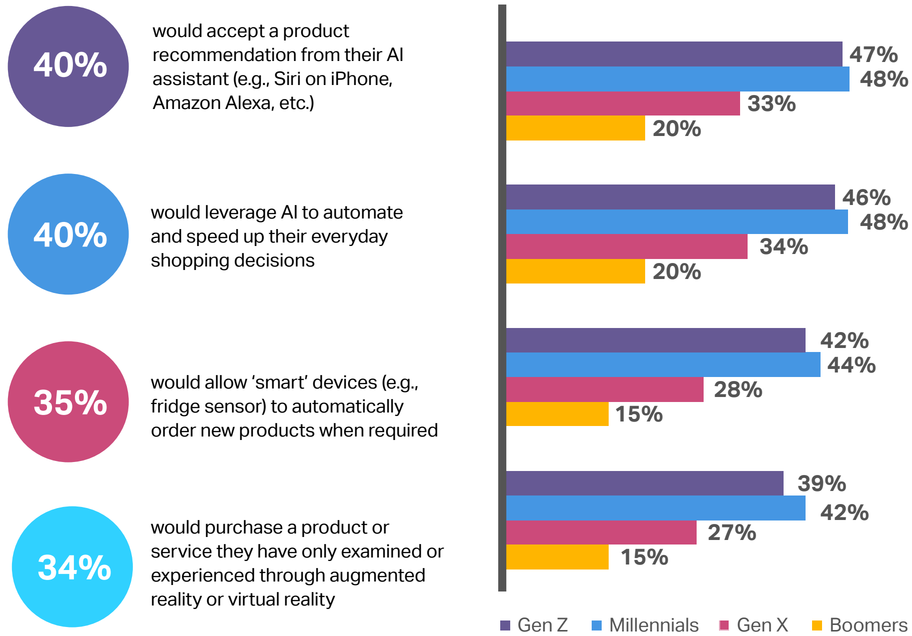
Specifically, **56%** said they would avoid sharing personal details virtually because they do not trust AI technologies to protect the privacy of their data, compared with **18%** who would be willing to share personal information. What's more, nearly half (**49%**) said they feel most comfortable with person-to-person support interactions and would wait longer for support from a human.

Notably, these feelings are consistent across generational groups, with the highest level of resistance coming (perhaps not surprisingly) from older consumers. Given these sentiments, **it will be essential for companies to assess which AI advancements make sense for their business and which will appeal to (rather than alienate) consumers.**



Consumers are more open to AI involvement in their shopping decisions

Exhibit 43



Source: NIQ 2024 Mid-Year Consumer Outlook, Global

Although consumers aren't ready to fully embrace AI integrations in their everyday purchasing and living, they do seem open to some tech-enabled shopping experiences.

As illustrated above, variances by generation are far starker, with younger consumers significantly more open to change than older consumers. For example, nearly half of Gen Z (**46%**) and Millennial (**48%**) consumers would use AI to automate or speed up their everyday shopping decisions, while just **34%** of Gen X and **20%** of Boomer respondents feel the same.

The key takeaway:

These findings reinforce the importance of segmenting experiences or providing options to support older consumers. Such actions will help mitigate consumer frustration or deepened mistrust—and will be key to creating experiences that expand (rather than cannibalize) future growth potential.

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

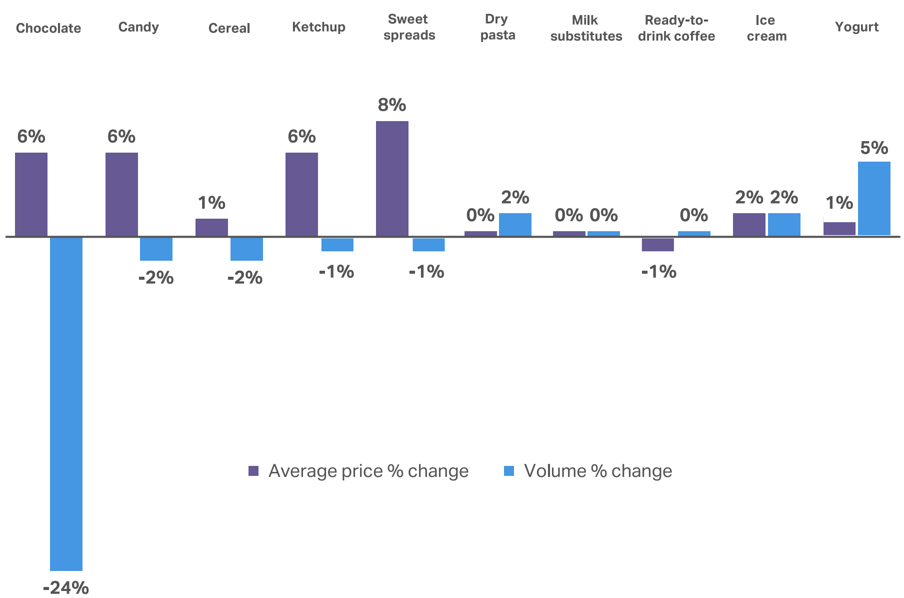
Consumers and manufacturers need to monitor shifting commodities prices to anticipate and react to peaks and valleys.

	Commodity	Price % change vs. previous year
Hot	Cocoa	+127.85%
	Milk	+43.84%
	Coffee	+42.71%
Cold	Wheat	-26.66%
	Soybeans	-26.28%
	Sugar	-24.42%

Exhibit 44

CPG categories adjacent to recent commodity price shifts

Price and volume trend: Latest 12 weeks vs. previous year



Source: Trading Economics, Commodity Prices as of Jul. 26, 2024, vs. previous year, 2) NIQ, Global Strategic Planner, Eq Volume Price % Change and Eq Volume % Change vs. previous year, Latest 12 weeks ended Jun. 16, 2024, vs. previous year. Reflected in U.S. dollars.

The rise and fall of commodity prices is a hot topic around the world and should be a priority of focus, as it relates to consumer goods manufacturing, consumption by end users, and more.

In April 2024, cocoa surged to a record high of **$12,000** per metric ton amid shortage forecasts and **$8.7 billion** in cocoa futures bets from hedge funds. Unlike a commodity such as wheat, whose costs were largely driven up by global geopolitical conflicts (but have since leveled off due to an influx of freshly harvested crops), the issues facing cocoa may take much longer to resolve. Difficult weather conditions and disease have affected production in West Africa, which produces about **70%** of the world's cocoa, and may take a full growing season to resolve.

When it comes to some of the latest "rising" or "cooling" commodities, such as cocoa (**+128%**) and wheat (**-27%**), **we are already seeing some impact on NIQ-measured category sales and volumetric performance**. For example, volume sales of chocolate are down **24%** globally (year over year) in the 12-week period that ended June 16, 2024, signaling how rising prices are likely overcoming the category of late.

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

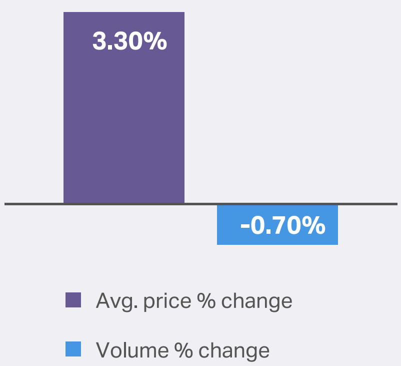
Exhibit 45

If prices continue to increase / remain high in the next 3 months ...

What actions would you prefer your brand and retailers take, related to the products you purchase?

Snacks & Confectionery

Global price and volume impact



Sources: 1) NIQ 2024 Mid-Year Consumer Outlook, Global, 2) NIQ, Global Strategic Planner, Eq Volume Price % Change and Eq Volume % Change vs. previous year, Latest 12 weeks ended Jun. 16, 2024, vs. previous year. Reflected in U.S. dollars.

When faced with increased costs, consumers overwhelmingly prefer strategies to lower price per serving and smaller pack sizes over those that produce lower-quality products.

As illustrated here, **60%** of survey respondents said they will stop buying or buy fewer snacks and confectionery products if prices continue to increase or remain high for the next three months—the highest "dropout" response across all surveyed categories.

A high-level read into global sales for Confectionery & Snack products reinforces the connection between what consumers *say* and *do* in this regard: As prices from April to June increased approximately **3.3%**, we saw a nearly **1%** decline in volume consumption for these products.

Although local market nuances and specific snacks or candies may be immune to this type of activity, it nonetheless offers a stark reminder that companies must evaluate cost, quantity, and quality trade-offs, using the right data, to make sound, growth-savvy decisions.

In the case of rising cocoa prices, news reports indicate that some manufacturers of chocolatey foods are already considering shifts to similar alternatives to replace cocoa. But swapping out cocoa (for carob, chicory, etc.) and/or cocoa butter (for palm oil, coconut oil, etc.) can require drastic reformulations of recipes and alter nutritional values. Such dramatic pivots could risk losing customers who are increasingly focused on—and paying attention to—changing health attributes and product labels, so proceed with caution.

The key takeaway:

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

Guide to
2025

Strategy Roadmap

Key takeaways to fuel your growth

We've presented a lot of findings and a lot of insights to consider. At this point, you may be asking two questions:

So what? Now what?

Here are our key points of guidance and actionable ideas on how to win with intentional consumers in 2025.

Insights		Takeaways
A slow decline will yield a slower climb.	→	Don't overestimate the speed of consumer recovery.
The widest net will reel 2025 growth.	→	Maximizing penetration is essential in this era of disloyal buyers.
Expect a smaller pond with bigger fish.	→	Wealth will accumulate unevenly as growth in consumers peaks.
Provide the best value in multiple worlds of worth.	→	The most valued products deliver value in multiple ways.
Act before they ask—but *not* before they're ready.	→	From AI to omni, change needs a hint of familiarity to balance the allure of innovation.

Guide to
2025

Strategy Roadmap

Key Takeaways for Brands & Retailers

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

Strategic insights for the future

State of Consumers

The global state of consumers is determined to get ahead.

32% of consumers feel in a worse financial position, slightly improved from Jan '24[1]

Rising food prices remains top #1 consumer concern. Climate change rises from #5 to #4[1]

1.7% monthly global CPG inflation growth slows to below 2% vs. previous year[2]

Consumption Drivers

Global volume trend improves, but many still spending more for less.

+0.8% global volume growth trend improves, but many still spending more for less[3]

+2.3% Telecom resurgence drives stable (but promising) performance of Tech & Durables in 2024[4]

40% of a brand's shoppers only buy once, according to an EU study of 7K brands. Penetration is key to brand growth beyond inflation[5]

Financial Polarization

Rising stability for many, but even the most financially secure will be vigilant.

27% of consumers say they're among the financially secure in NIQ's economic divide segmentation (up from 21%)[1]

64% likely to be actively seeking additional income streams beyond their primary job[1]

+131M new consumers expected to enter the market in 2025, according to WDL, marking the year where growth in new consumers will peak[6]

Redefining Discount

Embrace the new hybrid definitions of value among consumers.

+$6.11B in incremental sales share growth captured by discount products globally this year[7]

40% would switch to buy a private label product they enjoy, even if it costs more[1]

+8.2% growth in Discount retail channel globally, as discounters become the third-fastest-growing channel in the latest year[8]

Trends to Watch

Anticipate the social commerce revolution, the new face of omni, AI expectations, GLP-1 medications, and shifting commodity prices.

+0.4% up to 1% potential boost to U.S. GDP due to rise and impact of GLP-1 medications in America[9]

1 in 3 are likely to purchase via social media[1]

56% would avoid sharing personal details virtually because they do not trust data privacy with AI technologies[1]

Sources: 1) NIQ 2024 Mid-Year Consumer Outlook, Global, 2) NIQ Retail Measurement Services via Global Inflation Tracker, Total CPG measured across a closed group of 225 consistent categories, 58 markets, Eq. Vol % Price Change, Reflected in U.S. dollars, monthly measure of May 2024 vs. previous year, 3) NIQ Retail Measurement Services via Global Strategic Planner, Eq. Vol % Change, Latest 52 weeks ended Jun.16, 2024, vs. previous year, Reflected in U.S. dollars, 4) NIQ GfK Market Intelligence Sales Tracking, Global coverage excluding North America, Sales % growth of NSP = non-subsidized price reflected in U.S. dollars, Jan.–Jun. 2024 vs. previous year, 5) NIQ Scantrack / Homescan, Europe 5 markets (DE, ES, FR, GB, IT), Total Coverage, a study of 7,000 identified brands where penetration was above 1% in at least one year of the study period – Calendar Year 2023 vs. 2022, 6) World Data Lab, Data reflects the average person in the "consumer class" (people who spend over $12/day, reflected in 2017 purchase power parity), 7) NIQ Global Strategic Planner, Latest 52 weeks ended Mar. 2024 vs. previous year. Directional read on global price tier trends where brand price index is calculated compared to average price for each country and category combination, 8) NIQ Retail Measurement Services, Total FMCG / CPG, annual period ended Q1 2024 vs. previous year, Value % Growth (unweighted) - via Quarter By Numbers. Channel report, Discounters, 16 markets, 9) Goldman Sachs Research on GLP-1 boost to US GDP

Guide to 2025

Strategy Roadmap

Bridging insight to action with NIQ: The Full View™

Solutions for Brands & Retailers

State of Consumers

Key questions:

- How have consumers' lifestyles, preferences, and values evolved?
- What plans, expectations, and decisions define consumers' future outlook to guide long-term business planning?
- What key demographic, physchographic, or attitudinal behaviors differentiate your target consumers?

Solutions:

NIQ BASES Studio: Quick Suite

NIQ Consumer Analytics: Custom surveys and segmentation

Consumption Drivers

Key questions:

- Which in-market causals are driving volume gains or losses for your business?
- How can your business attract new shoppers and encourage existing shoppers to buy more?
- How can I track performance globally to simplify cross-market decisioning with a harmonized dataset?

Solutions:

NIQ Consumer & Shopper Insights: Homescan

NIQ: RMS & Global Fusion

Financial Polarization

Key questions:

- How can you develop the best price and promotion strategy aligned to polarized consumers?
- How can you target your highest-value opportunities with a hyper-local level of precision?

Solutions:

NIQ Revenue Management: Revenue Optimizer & Business Drivers Models

NIQ Route-to-Market: Precision Areas

Redefining Discount

Key questions:

- How can you optimize your product mix across the entire store to align to consumers' new views on discount?
- How can you anticipate consumer trade-offs with your innovations to maximize appeal and volume potential?

Solutions:

NIQ Assortment & Merchandising: Shelf Architect & Market Structure

NIQ BASES: Portfolio & Price

Trends to Watch

Key questions:

- What is evolving within the most comprehensive view of my sales across online and offline channels?
- What growth-driving product attributes can you leverage to entice consumers?
- How can you personalize marketing at scale, powering ads that work?

Solutions:

NIQ Omnisales

NIQ Product insight

NIQ Retail Media Intelligence

Let's chat about your 2025 growth plan! **Contact us.**

NIQ

About NIQ
NielsenIQ (NIQ) is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. NIQ combined with GfK in 2023, bringing together the two industry leaders with unparalleled global reach. Today NIQ has operations in more than 95 countries covering 97% of GDP. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

For more information, visit **NIQ.com**

WORLD DATA LAB

About World Data Lab (WDL).
WDL creates forward-looking proprietary data to quantify and forecast consumer trends, consumer spending, demographic shifts, and progress towards the Sustainable Development Goals up to 2034. WDL's advanced data science approach, which has been peer-reviewed and published in Nature, delivers unrivaled accuracy freshness and consistency across all demographic groups in 180 countries and more than 6,000 cities.

For more information, visit **Worlddata.io**

See charts for individual sources.