2025 Consumer Products Industry Outlook

Spending while saving: Pricing headwinds lead companies to look elsewhere for profitable growth

Deloitte Consumer Industry Center

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Table of contents

Introduction

Price, volume, and mix are the basic factors that must be balanced to achieve profitable growth. It's a simple yet interconnected formula consisting of the primary determinants of revenue (price x volume) and gross profitability (associated with the margins made on the underlying product mix sold). Of course, countless other factors influence how each of the three components contributes to performance in any given year, but price, volume, and mix are at the core.

Two years ago, we discussed how balancing that formula had become a lot more complicated.[1] With major demographic, political, environmental, technological, and cultural shifts underway, consumer preferences have become increasingly divergent.[2] As brands work to keep pace with a transforming consumer base, getting price and product right, and doing so profitably, is becoming more difficult.[3] Consumer products companies have had to invest more to maintain relevancy with diverse groups[4] while simultaneously finding ways to improve efficiency and free up resources. This challenge has not eased.

Last year, as pricing power started to become more limited, some companies shifted to volume as a driver of growth. They increased advertising and discounts, to a greater or lesser degree, but neglected other volume levers,[5] and not all achieved the results they sought. As 2024 came to an end, the push for more volume remained a struggle for many in the industry.[6]

For 2025, the challenges look familiar. With strong pricing headwinds, it may still be a play for profitable volume.[7] But companies, especially high performers, are emphasizing a somewhat different set of strategies to achieve that success.

We analyzed the financial and other attributes of the top 100 global consumer products companies by revenue and data from a global survey of executives at food and beverage, household goods, personal care and beauty, and apparel companies (see "Methodology"). The top performers in our analysis, which we call "profitable growers," stand apart in three areas.

- **Product portfolio and mix:** Investing more in product innovation and actively managing out low-performing products and lines of business while acquiring better ones
- **Demand generation:** Modernizing demand-generation capabilities, including better directing trade, marketing, and price-pack architecture investments, and aiming to be more digital, targeted, and relevant
- **Transformative efficiency:** Funding investments in growth by simplifying organizations and finding new efficiencies, especially through digitization and automation, to decrease costs

THE 2025 ECONOMIC OUTLOOK FOR THE CONSUMER PRODUCTS INDUSTRY

The global economy surprised to the upside in 2024. In the past year, inflation has fallen sharply in major industrial economies, labor markets have remained tight, real wages have risen, and economies have continued to grow—especially within an unusually resilient US economy.[8] Heading into 2025, it is likely that the often hoped-for and rarely seen soft-landing will appear. That is, economic growth will likely continue and could include inflation easing further, central banks continuing to reduce interest rates, and financial market conditions improving.

On the other hand, there are potential risks to the global economy, mainly in the geopolitics arena. New barriers to trade, with China, for example, could further disrupt global supply chains, leading to shortages, delays, higher costs, and potentially higher inflation.[9] The conflict in the Middle East has not yet led to a sharp rise in oil and gas prices. Yet this remains a possibility, which could influence inflation. Finally, the existing trade agreement between the United States, Mexico, and Canada must be renegotiated by 2026.[10] How this transpires could influence investment and trade patterns, likely impacting consumer-oriented companies.

United States

The US economy has been resilient, with strong growth and receding inflation. In part, this reflects the productivity-enhancing impact of large-scale investment in laborsaving and labor-augmenting technologies.[11] Given current economic trends and barring major policy changes or surprises, the Federal Reserve will likely continue to ease monetary policy in 2025, leading to lower borrowing costs and improved financial conditions. Still, it is reasonable to expect a modest deceleration of economic activity in 2025, especially as debt-laden consumers hold back to improve their personal balance sheets.[12] Debt delinquencies are elevated,[13] and interest rates will likely remain far higher than in pre-pandemic times, despite declining.[14] Therefore, some easing of consumer spending growth can be expected. Also, if across-the-board import tariffs are implemented, that could boost inflation and reduce consumer purchasing power.[15] Potential tax changes may have their own consumer spending effects.[16]

Europe

The European economy barely grew in 2024.[17] However, a combination of factors is likely to improve the outlook for 2025. These factors include declining inflation, interest rate cuts by the European Central Bank and the Bank of England, as well as rising real wages. Still, Europe faces challenges such as onerous demographics, restrictive fiscal policies, rising competition from China and the United States, and potential trade conflict with the United States.[18] For the consumer sector, there remains considerable excess savings accumulated during the COVID-19 pandemic.[19] As interest rates fall, wages rise, and employment grows, consumers might feel comfortable dipping into their savings, thereby boosting spending growth.

China

China's economy is on a lower growth trajectory of 3% to 4%.[20] A confluence of factors is limiting growth. These factors include less favorable demographics and a weakening real estate sector, although internal migration could be a mitigating factor. Potential higher tariffs by the United States or other resistance to Chinese exports could present a significant external shock in 2025. The central bank is expected to ease monetary policy. The degree to which the government implements fiscal stimulus will partly determine the growth outlook. The consumer outlook is modest, held back by the need to save more to recoup lost wealth. A major fiscal stimulus combined with a more robust social safety net could lead to accelerated spending growth.

Conclusion

The global economy offers signs for a relatively positive experience for consumer-oriented businesses. Spending will likely grow while inflationary pressure diminishes. The major risks involve geopolitics and disruption of supply chains. For consumer products companies, these risks warrant a focus on supply chain resilience and redundancy.

—Ira Kalish, chief economist, Deloitte Global
November 2024

Why higher prices may no longer be the solution

From 2021 to 2023, consumer products companies often relied on raising prices—something many had to do because the price of inputs had gone up. However, those price increases also helped companies grow profitably. While the ability to price-take started to decline last year, consumers largely continued to spend.[21]

If inflation rears its head again from tariffs, supply chain challenges, or other unexpected disruptions,[22] this could shift. But for 2025, most industry executives surveyed no longer anticipate significant price-taking. Many think raising prices will not help with revenue growth and would instead cause retailers to push back while materially decreasing consumer demand (figure 1). And consumer resilience could have its limits as consumers continue to assess prices against what they used to pay in 2019. It's a sign that though inflation is returning to more normal levels, prices remain elevated and consumers aren't experiencing much relief. Consumer products companies may find consumers trading down, finding substitutes, or exiting categories altogether. Besides, amid rising competition spanning global players to agile niche entrants, an overreliance on pricing strategies as the driver of growth risks alienating consumers and may just temporarily mask brand relevance issues.

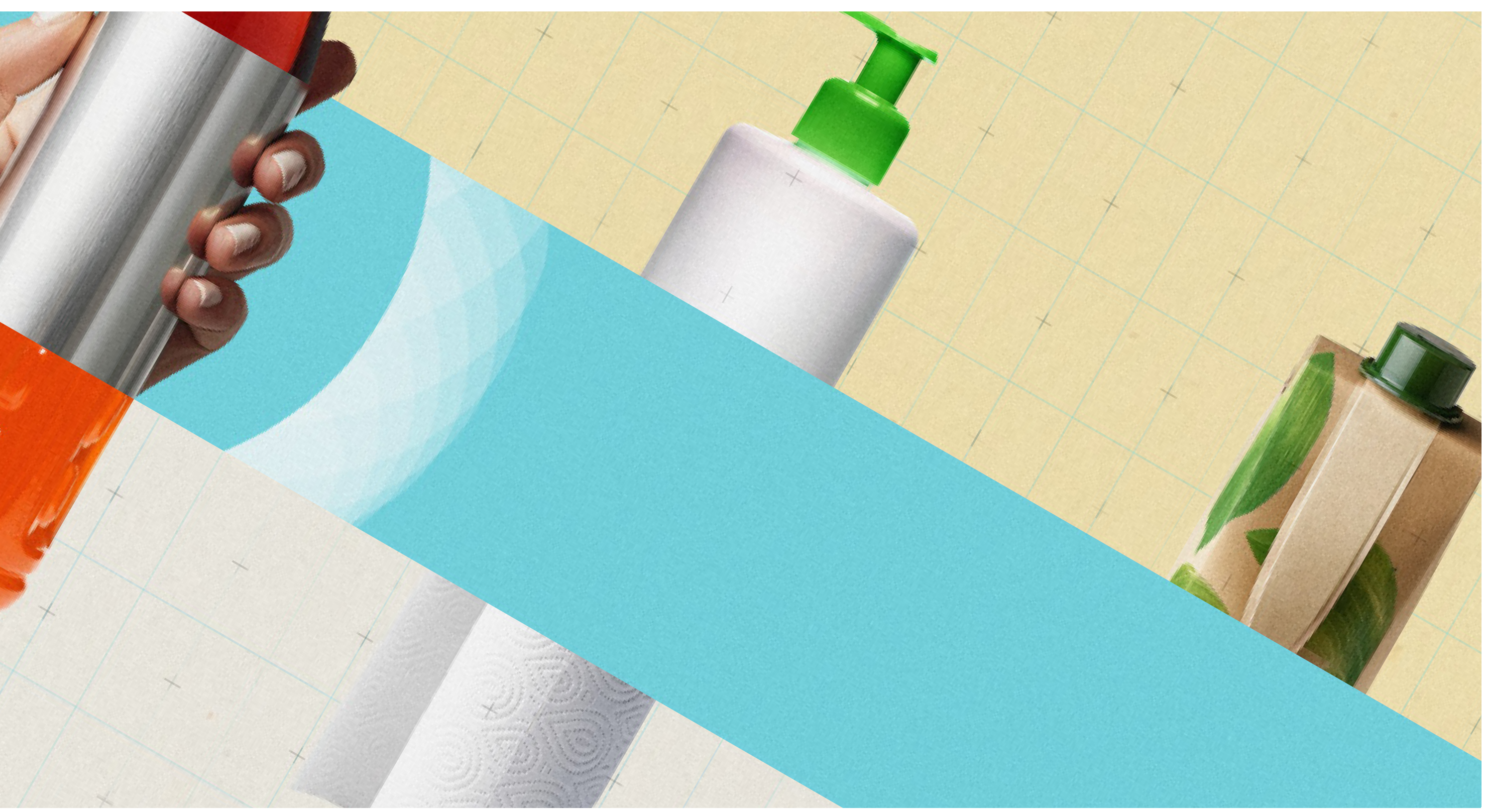


Figure 1

For many surveyed companies, price-taking strategies face headwinds in 2025

Percentage of executives who agree or strongly agree with each statement

Statements relating to **Pricing strategy**	Total	Food and beverage	Household goods	Personal care	Fashion and apparel
Despite inflation easing, consumers are still negatively comparing the higher prices they pay now with the lower prices they were paying in 2019 (pre-COVID)	64%	66%	67%	60%	60%
We **cannot** count on higher prices to drive revenue growth in 2025	51%	50%	62%	47%	45%
Our retailers will aggressively push back on further "price-taking" (raising product prices)	47%	42%	58%	51%	45%
Our prices **can** go up by more than 3% without materially decreasing consumer demand	30%	30%	38%	24%	28%

Notes: Total respondents, n = 250; food and beverage, n = 120; household goods, n = 45; personal care, n = 45; fashion and apparel, n = 40. Question: Thinking about your pricing and volume strategies for 2025, to what extent do you agree or disagree with the following statements?

Source: Deloitte Consumer Products Industry Outlook survey, October 2024.

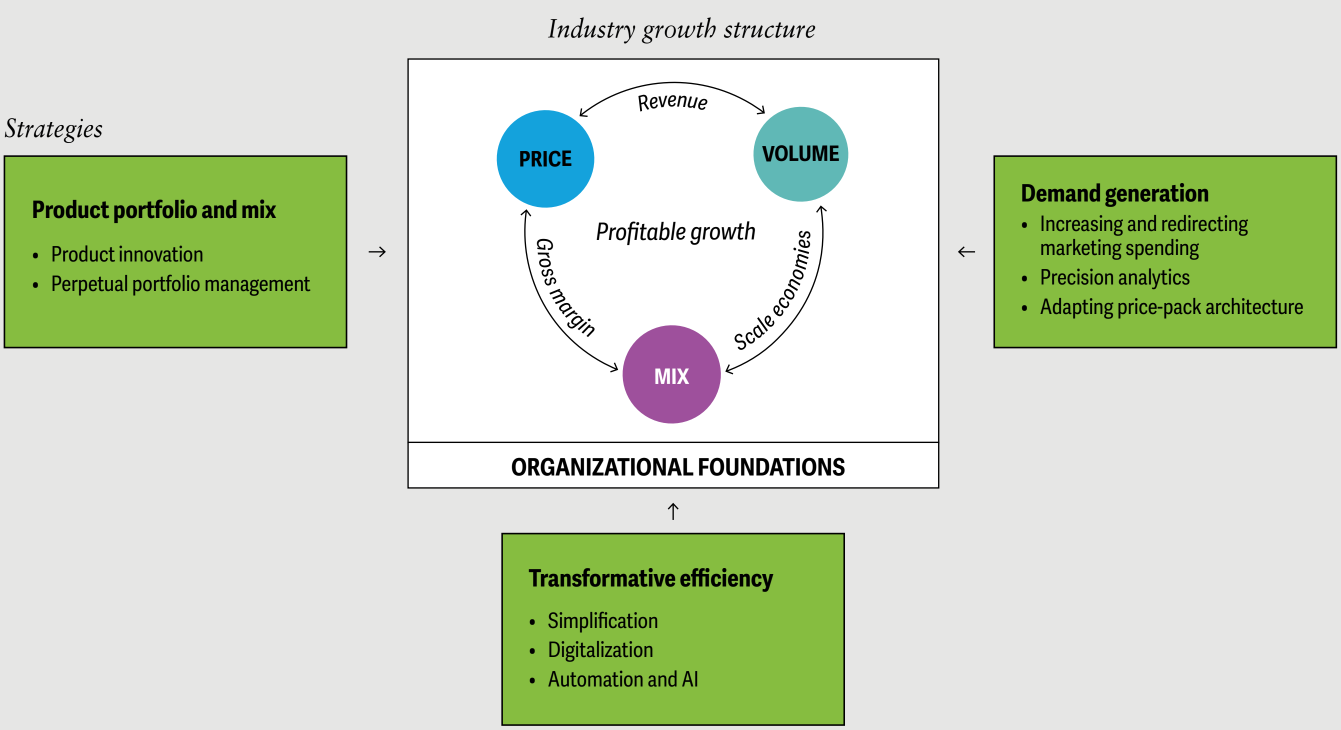
2025 moves: Pulling different levers for profitable growth

In 2025, companies will likely be addressing product portfolio and mix to entice the consumer, as well as investing in a broader set of demand-generation capabilities.

Businesses are also expected to create transformative efficiency to produce savings that help fund those investments (figure 2).

Figure 2

Top-performing consumer products companies appear to emphasize three strategies for profitable growth in 2025



Source: Deloitte analysis of consumer products industry dynamics concerning profitable growth.

Product portfolio and mix

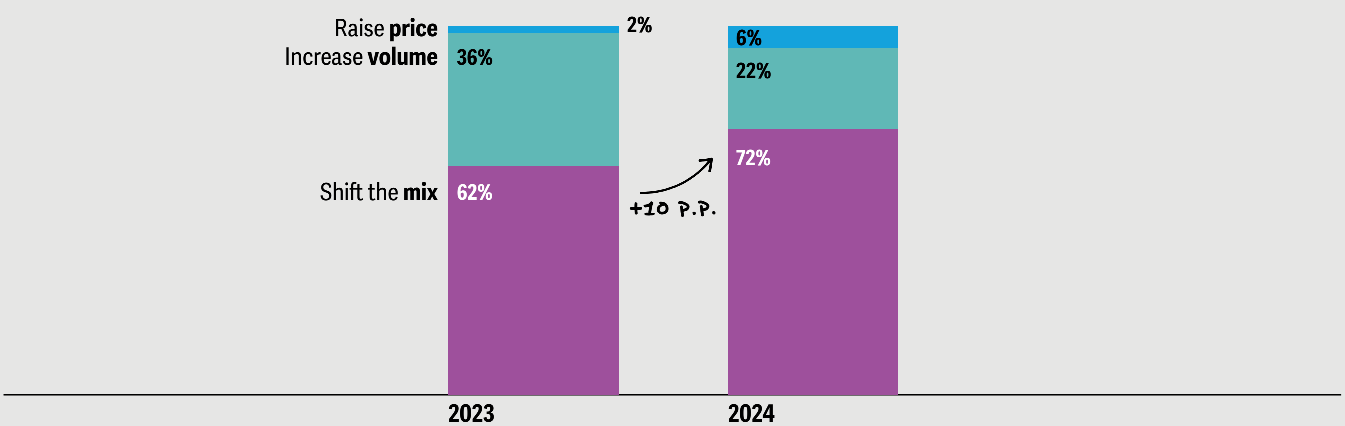
Increasing unit volume sold is still an important lever to help drive profitable growth. However, the share of executives surveyed who say volume is their company's primary lever is down (22%, down 14 percentage points from last year), and some are struggling to increase volume using traditional methods (for example, broad-based advertising and promotions).[23] Instead, the industry is turning toward improving the mix of products sold (figure 3).

Profitable growers are even more likely to be focused on mix (79% versus 67% for all others). That figure is up significantly from last year's survey, when just 58% of profitable growers focused on mix. At the time, profitable growers stood out more for their intent to focus on volume (40% versus 34% for all others). This shift could be a sign that the top performers are ready to have product itself take a leading role.

Figure 3

In 2025, respondents indicate that product mix will receive the most emphasis in the profitable growth equation

Areas that consumer product executives say will recieve most emphasis in their strategy for the year ahead



Note: n = 250.

Question: It takes a combination of price, volume, and product mix to drive profitable growth. Knowing that each component is important, which of the three will receive the most emphasis in your strategy for the year ahead?

Source: Deloitte Consumer Products Industry Outlook survey, October 2024.

How are companies planning to pull the product lever?

Product innovation

Some consumer products companies, especially profitable growers, are looking to innovation as a way to reengage consumers. Most executives surveyed (95%) say introducing new products or services is a priority for their company in 2025. This commitment shows up in spending intent: Investment in product innovation is set to increase for 80% of those surveyed, and the trend is even more pronounced among profitable growers (85% versus 76% for all others).

The industry has received some criticism in the past for failing to introduce enough real product innovation.[24] That dynamic may be changing, as nearly two-thirds of executives surveyed say they will shift a greater share of their innovation investments to developing truly novel products (figure 4).

Where to direct that innovation is another question. With two-thirds (67%) in the survey seeing an increase in the proportion of consumers trading down to lower-cost options and alternatives, and a little over half (52%) agreeing that even high-income consumers are becoming more value-seeking in their choice of products

Figure 4

Survey responses suggest regulation, premiumization, analytics, and novelty are influencing product strategies

Percentage of executives who agree or strongly agree with each statement

Statements relating to **Product strategy**	Total	*Performance* Profitable growers	Everyone else	*Categories* Food and beverage	Household goods	Personal care	Fashion and apparel
New regulatory requirements are increasingly shaping our product development strategy (for example, Ecodesign for Sustainable Products Regulation, High Fat Salt Sugar regulation, etc.)	68%	81%	60%	64%	69%	80%	65%
We will use product premiumization more to improve the profitability of our sales mix	66%	71%	63%	62%	71%	76%	65%
We will use precision analytics to identify new brands and growth opportunities	64%	80%	54%	64%	58%	64%	70%
We will shift a greater share of our innovation investments next year to developing truly novel products as opposed to minor enhancements or changes	64%	71%	59%	63%	67%	67%	60%

Notes: Total respondents, n = 250; profitable growers, n = 94; everyone else, n = 156; food and beverage, n = 120; household goods, n = 45; personal care, n = 45; fashion and apparel, n = 40. Question: Thinking about your product strategies for 2025, to what extent do you agree or disagree with the following statements?

Source: Deloitte Consumer Products Industry Outlook survey, October 2024.

or channels, value for money could be emphasized. But high-end products are not off the table, as about two-thirds of executives (66%) say their company will be pursuing a premiumization strategy as well.

While ultimately the "right" answer to finding growth on the premium-to-value spectrum is company- and category-specific and rooted in consumer preferences, it would seem encouraging that consumer products companies are approaching this challenge in a more nuanced way—nearly two-thirds of companies (64%) say they will use precision analytics to identify their new brands and growth opportunities. Companies are increasingly using generative artificial intelligence capabilities to simulate product-market fit, manufacturing, and audience-based marketing.[25] And this assistance may be needed to not just innovate for consumer needs but also to address emerging product regulations (figure 4). In fact, rising demand for sustainability from multiple stakeholders could continue to shift industry priorities in the years ahead.

More companies are thinking about their product innovation in terms of "occasions." For example, 85% of surveyed executives in food and beverage say they are increasingly orienting their strategy around occasion-based selling. They aren't just competing against other companies' offerings in the frozen food aisle, for example. They are competing against all other substitutes for the occasion of Thursday night's dinner. This kind of broader-based understanding of occasions may help companies find better answers to consumer problems.

Perpetual portfolio management

High-performing companies look to be taking a clear-eyed view of their portfolios and divesting and acquiring as needed. What once might have been seen as an admission of failure—either to turn around struggling offerings or to grow organically in hot new categories—is now often a sign of mature management. A little over half of executives surveyed (51%) are at companies that regularly divest underperforming lines of business, and profitable growers are even somewhat more likely to say they divest regularly (59% versus 47% for all others).

Meanwhile, 2025 could also be a bigger year for acquisitions, as 6 in 10 executives surveyed (60%) expect to increase the number of acquisitions they make this year. Profitable growers are even more likely to make acquisitions (72% versus 52% for all others). Despite the frequent mentions at financial conferences and on earnings calls, "bolt-on" acquisitions (buying smaller organizations in the same or similar markets) aren't the top priority for the highest-performing company in our survey. Nor are profitable growers at the other end of the extreme, buying companies to get into a high-growth category or market. Instead, they are seeking strong brands to drive growth (80% versus 54% for all others) and mergers and acquisitions deals to accelerate digital transformation (74% versus 62% for all others). These findings mirror those of a Deloitte survey of executives on their views on M&A trends, which found improving competitive positioning and accelerating the long-term transformation to new business models as the two best ways to describe their company's M&A strategy.[26]

Demand generation

A more engaging product portfolio and mix can help drive profitable growth, but in 2025, companies should also consider rethinking their approach to demand generation. Shifting channels and new retail models are upending traditional strategies. Additionally, the fragmented consumer base can be harder to reach, especially with messages personalized to consumers' specific needs. And consumers are often more demanding about where they want to discover and purchase products, meaning companies may need to serve them in multiple channels simultaneously. That is likely why 79% of executives say their companies will be investing more in digital channels and platforms in the year ahead. They should do what they can to entice consumers to use them.

How are companies boosting their demand-generation capabilities?

Increasing and redirecting marketing spending

On a mission of increasing sales volumes and preventing erosion in demand from value-seeking consumers, most consumer products companies increased their spending on advertising in 2024.[27] A ramp-up in investment is likely to continue, as nearly 7 in 10 surveyed executives (69%) work at companies planning to increase their 2025 marketing and advertising expenditures as a percentage of revenue, while 76% plan to offer more sales discounts and promotions than they did in 2024.

As we will soon demonstrate in the precision analytics section, companies across all sectors are also seeking more data-driven proof points that their marketing spend is delivering genuine return on investment, against metrics that could include sales, market share, household penetration, and more. This is likely inspiring the industry's efforts to continue to shift to digital, including to retail media platforms, which may affect more traditional trade spend (figure 5).

Precision analytics

The industry has continued to embrace the use of precision analytics to make granular business decisions. Most industry executives surveyed (70%) see precision analytics as a way to better optimize the ROI of their marketing investments. Nearly three-quarters (74%) say their analytics capabilities are helping them be more precise in setting the right prices, promotions, and discounts than they were previously.

Profitable growers are more likely to say that precision analytics will help optimize marketing ROI (86% versus 60% for all others). They also believe analytics can help their companies prevent overpromotion and discounting mistakes. However, all companies may not be so analytically equipped. Profitable growers are more worried that competitors may overuse promotions and discounts in a way that could hurt their pricing power (figure 6).

A special category of precision analytics, revenue growth management (RGM) systems, continues to gain prominence in the industry: Sixty-two percent of those surveyed say their RGM capabilities will play a major role in their

Figure 5

Most companies surveyed are redirecting resources to digital and retail media

Percentage of executives who agree or strongly agree with each statement

		Performance		*Categories*			
Statements relating to **Marketing strategy**	**Total**	Profitable growers	Everyone else	Food and beverage	Household goods	Personal care	Fashion and apparel
Compared to recent years, more of our advertising and marketing spend will be digital in 2025	**68%**	77%	63%	67%	69%	71%	68%
We are shifting more resources to retail media (for example, promotions inside of retailers' digital channels)	**65%**	79%	57%	60%	82%	69%	58%
We will likely spend **less** on traditional trade spend or allowances provided to retailers to promote our products in 2025	**65%**	74%	59%	65%	60%	69%	65%

Notes: Total respondents, n = 250; profitable growers, n = 94; everyone else, n = 156; food and beverage, n = 120; household goods, n = 45; personal care, n = 45; fashion and apparel, n = 40.

Question: Thinking about your marketing strategies for 2025, to what extent do you agree or disagree with the following statements?

Source: Deloitte Consumer Products Industry Outlook survey, October 2024.

Figure 6

Analytics can help with promotions, but competitors could still make harmful decisions

Percentage of executives who agree or strongly agree with each statement

Statements relating to **Marketing strategy**	**Total**	*Performance* Profitable growers	Everyone else	*Categories* Food and beverage	Household goods	Personal care	Fashion and apparel
Precision analytics will help us prevent the over promotion or discounting mistakes of the past	74%	87%	67%	72%	84%	76%	70%
We are worried competitors may overuse promotions or discounts to a degree that hurts our own pricing power	48%	63%	39%	43%	56%	42%	60%

Total respondents, n = 250; profitable growers, n = 94; everyone else, n = 156; food and beverage, n = 120; household goods, n = 45; personal care, n = 45; fashion and apparel, n = 40. Question: Thinking about your marketing strategies for 2025, to what extent do you agree or disagree with the following statements?

Source: Deloitte Consumer Products Industry Outlook survey, October 2024.

success in the year ahead. As consumers continue to be sensitive about price, homing in on their preferences and behaviors with RGM will be key.

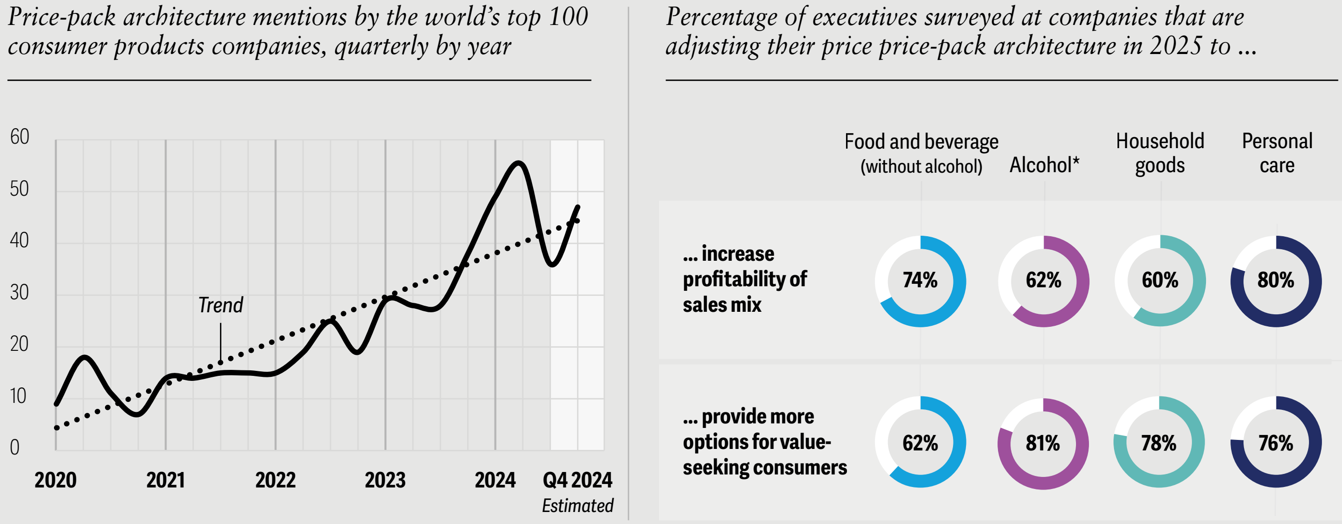
For some high-performing companies, precision analytics could play a role across the value chain as well. They may want the insights to better manage their extended ecosystem. It is likely a reason that 85% of profitable growers surveyed say they will invest in collecting more detailed data from their supply chains, versus only 60% of all others. The data from the value chain ecosystem can be important to consumer products companies that sell through retailers, as it is those retailers that often have the needed data to better know their end consumers.

Adapting price-pack architecture

Usually informed by RGM systems, adjusting price-pack architecture is a hot topic in the industry. Mentions in earnings calls among the top 100 global consumer products companies grew significantly over the last few years and are up 52% from 2023 (figure 7). Consumers may benefit from price-pack architecture changes that are better adapted to their important occasions and needs. This strategy can help consumer products companies increase profitability and better fit consumer value-seeking. For 2025, theme dominance—profitability or value—may vary by subsector (figure 7).

Figure 7

Companies are generating demand with price-pack architecture



Notes: (Left chart) Keywords used include "price-pack" OR "price pack architecture" OR "smaller pack*" OR "big* pack*" OR "pack size*." Actual data available until Q3 2024, extrapolated thereafter to get a full-year view. (Right chart) * = Alcohol has a small sample size compared to other categories. Apparel executives were excluded from answering these price-pack architecture questions. Food and beverage (without alcohol), n = 99; alcohol, n = 21; household goods, n = 45; personal care, n = 45.

Sources: (Left chart) Deloitte analysis of earnings call transcripts and presentations for the top 100 global consumer products companies, from 2020 through Q3 of calendar year 2024, where available. Frequency counts were obtained through AlphaSense queries. (Right chart) Deloitte Consumer Products Industry Outlook survey, October 2024.

Transformative efficiency

Changing product portfolio and mix and improving demand generation often require funding. Many companies are trying to create a flywheel of cost savings to fuel the reinvestments that will help drive growth. To get there, companies should consider how they can simplify, digitize, and automate their business processes, including finding efficiencies in their front office, supply chain, procurement, and information technology spending.

While productivity is often on the agenda, there may be a special emphasis on it now, as 96% of executives surveyed plan to make improving productivity a priority in 2025. They are backing up this priority, as 82% say their company will invest more in productivity, with profitable growers leading the way.

Straight up cost cutting is on the agenda as well, with almost two-thirds of executives (64%) noting that their organization will focus more on decreasing costs in 2025 than it did in prior years. But in this instance, companies should be careful of short-termism—cutting so much today that they sacrifice future performance.

How are companies trying to achieve transformative efficiency?

Simplification

Over two-thirds of executives surveyed (68%) work at companies that are simplifying or otherwise improving their organizational structure, with profitable growers leading the charge (77% versus 63% for all others). Over 6 in 10 (65%) say they aspire to operate their business through a globally governed, locally executed model. Given these dynamics, the industry may have renewed interest in shared services for back- and front-office operations as one way to ensure they focus closely on their core business, opting to simplify by not doing everything for themselves. Simplification can extend outside formal organizations to entire value chains as well, both upstream and down.

Many companies have worked toward simplification for some time.[28] The returns of those prior investments are starting to become evident. For example, 74% of executives surveyed agree that their operational speed and agility—such as the speed of decision-making, ability to adapt to market changes, or production throughput—have increased in the last few years.

Digitalization

Digitalization can help bring down the marginal costs of managing complexity. It may help companies reach new levels of efficiency, evidenced by more than two-thirds (68%) of surveyed executives who are investing in smart technology solutions and automation to transform and optimize their operating costs. About the same number (67%) believe digital transformation is necessary even to compete. The figures are even higher among alcohol, fashion, and personal care companies—and among profitable growers, 81% believe digital transformation is essential, compared to a 58% of all others surveyed. Where could they see the best returns? Executives surveyed believe marketing and sales offer the highest marginal return for further investment in digital transformation, selected by 48% and 38%, respectively.

Industry executives seem to be keeping in mind the digital investments needed to enable the future of work (figure 8). Related but sometimes neglected, it is also important to acknowledge digitalization may require a rethinking of talent. What skills are needed and in what proportion can change. Unaddressed, talent gaps in data analytics, automation, and emerging technologies may threaten competitiveness, and cultural inertia and internal resistance can stifle the agility essential for survival.

Figure 8

Executives are preparing for the digital future of work

Percentage of executives who agree or strongly agree with each statement

		Performance		*Categories*			
Statement relating to **Digital transformation strategy**	**Total**	Profitable growers	Everyone else	Food and beverage	Household goods	Personal care	Fashion and apparel
We are investing in digital solutions that enable the future of work	82%	86%	79%	87%	78%	78%	75%

Notes: Total respondents, n = 250; profitable growers, n = 94; everyone else, n = 156; food and beverage, n = 120; household goods, n = 45; personal care, n = 45; fashion and apparel, n = 40. Question: Thinking about your business' digital transformation strategy in 2025, to what extent do you agree or disagree with the following statements?

Source: Deloitte Consumer Products Industry Outlook survey, October 2024.

Automation and AI

Automation, robotics, and AI are hot topics at most of the companies we surveyed, with 67% of executives surveyed making investments in these areas with the explicit purpose of increasing efficiency.

AI seems especially important right now. About 3 in 4 (76%) surveyed executives work at companies that are increasing investment in AI. For most, the highest returns on these specific AI investments are expected in the same areas as they were for digital investments in general—marketing and sales (figure 9). Improved efficiency and productivity are the most frequently named benefits (52%) executives surveyed hope to gain with AI.

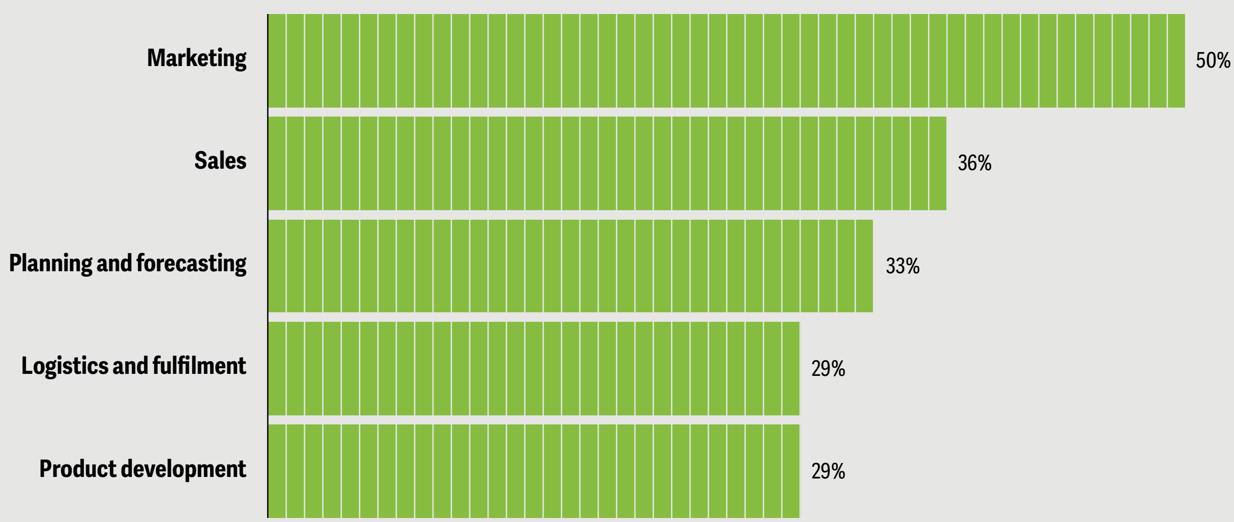
Much of the AI investment is being directed to a relatively new area—generative AI—where 89% of respondents are investing at least a fifth of their AI budget. Nearly a third are making a bigger bet, with 31% investing about half of their AI budget in gen AI. With that investment comes high expectations: Seventy-six percent expect higher ROI from their gen AI investments than for their technology investments in general.

As a group, profitable growers are increasing their investment in AI (85% versus 70% for all others) and moving more quickly than the rest of those surveyed as they do so (89% will likely have a major gen AI business application running next year versus 76% among all others). However, profitable growers surveyed are putting a

Figure 9

Companies are expecting the highest return on investment from AI in marketing and sales

Top five areas where surveyed companies expect to see the highest ROI from deployment of all types of AI-based applications



Notes: n = 250. Question: In which of the following areas do you expect to see the highest ROI from deployment of all types of AI-based applications?

Source: Deloitte Consumer Products Industry Outlook survey, October 2024.

smaller percentage of their investment into gen AI than the industry at large (23% are allocating about half their AI budget to gen AI compared to 35% among all others). Profitable growers surveyed expect higher ROI on the gen AI investments they do make—perhaps because they are more likely to use gen AI for back-office functions, while other respondents are focused on marketing and sales.

AI is an enticing topic, so it is important to note that, for many practical reasons, fully scaling AI should include a data foundation and an ongoing activation of a modern data strategy. Some companies may still need to make these investments. For those consumer products companies that have already laid their data foundation (for example, consumer relationship management, customer data platforms, sales data lakes, etc.), this could be the year to scale AI using those data sets.

Moving into the year ahead

The consumer products industry is often known for conservatism—a posture that has served companies well on many occasions in the past. At a time of so much uncertainty, there may be an instinct to "wait and see." However, at this point in time, that approach may be anything but conservative and instead fraught with risk. Inaction at a time of great change could be a road map to obsolescence. And even after the roller coaster of the last few years, 2025 may be the right time to dig in and make the changes many leaders already know in their gut are inevitable.

Product portfolio and mix, demand generation, and transformative efficiency are familiar but powerful levers. Now, with the latest tools and technologies, they can take on new forms. And, as we've discussed throughout this report, high-performing companies in the industry are taking decisive actions on all three fronts.

2025 could be a pivotal year for the industry. To meet the moment, consumer products companies should consider upping their game in product innovation and more proactively divesting and acquiring to reshape their portfolio. They should look to shift marketing to digital, and to use precision analytics to power granular decision-making and drive ROI on their increased marketing, promotion, and price-pack architecture investments. And to free up needed resources and prepare for the future, they should find ways to simplify, digitalize, and automate their organization and processes.

Methodology

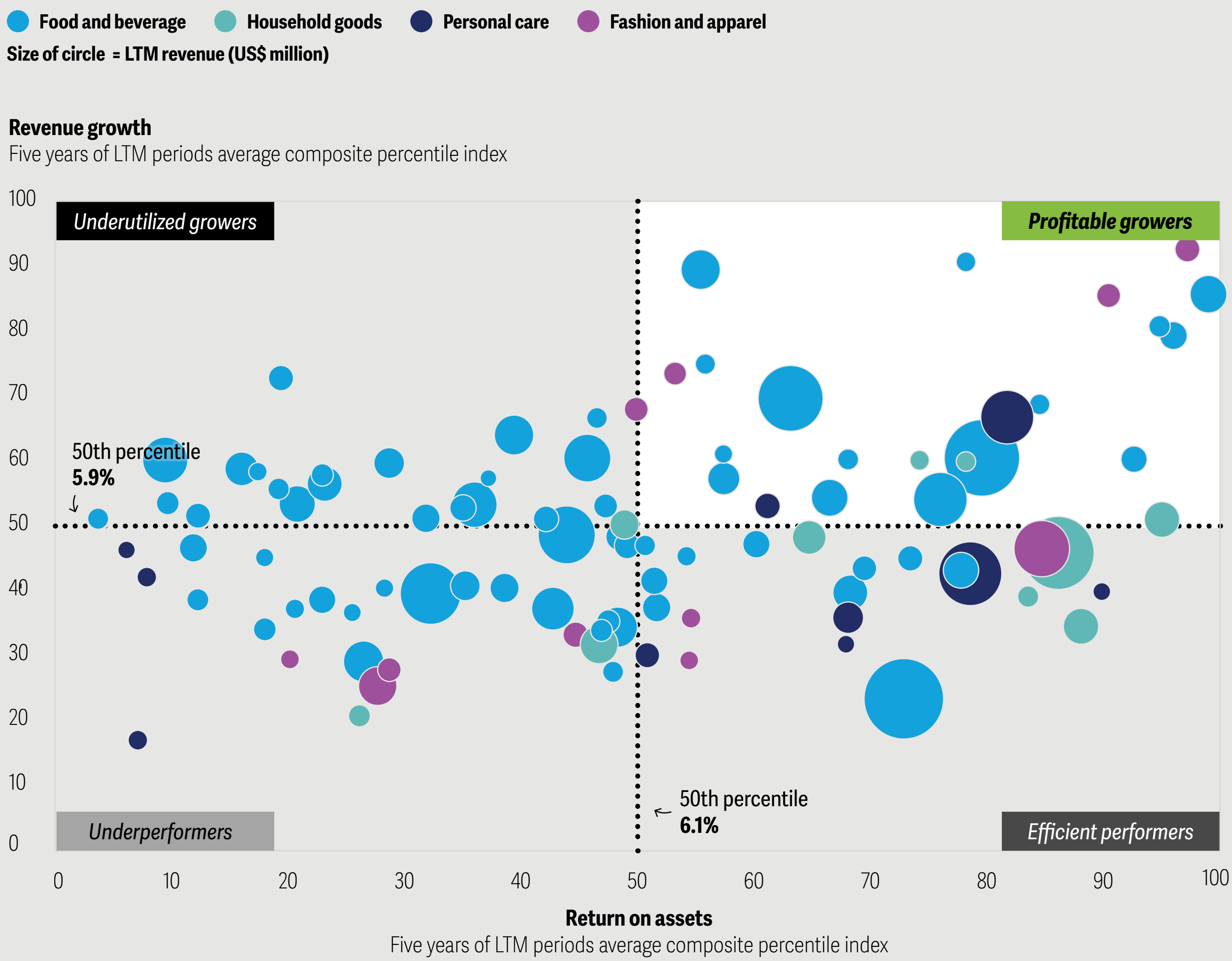
To establish the evidentiary foundation for the Deloitte 2025 Consumer Products Industry Outlook, we analyzed a worldwide set of the 100 largest public consumer products companies by revenue, drawn from S&P Capital IQ and filtered for industry definitional fit (for example, excluding high-end luxury, tobacco, and conglomerates with less than 50% of revenue from consumer products). We then used a five-year composite percentile index of both top-line growth and efficient use of assets (measured in return on assets) to assess relative success. Years were assessed on a rolling last-12-months basis ending on Aug. 31, 2024, and working backward to a fifth-year set that began on Sept. 1, 2019 (figure 10).

Notably, the upper-right-quadrant companies—the profitable growers sought out by investors—come from a cross-section of categories, countries, and sizes, making their example applicable across the consumer products industry. They also outperformed on other important dimensions, including total shareholder return, price-to-equity ratio, and profit margin (figure 11).[29]

In October, Deloitte also conducted a global survey of 250 consumer products executives spanning food and beverage, household goods, personal care, and apparel companies. All respondents were senior decision-makers at companies with more than US$500 million in revenue (most above US$5 billion). They were sourced proportionally to roughly match the geographic corporate

Figure 10

Profitable grower findings are applicable across categories, countries, and company sizes

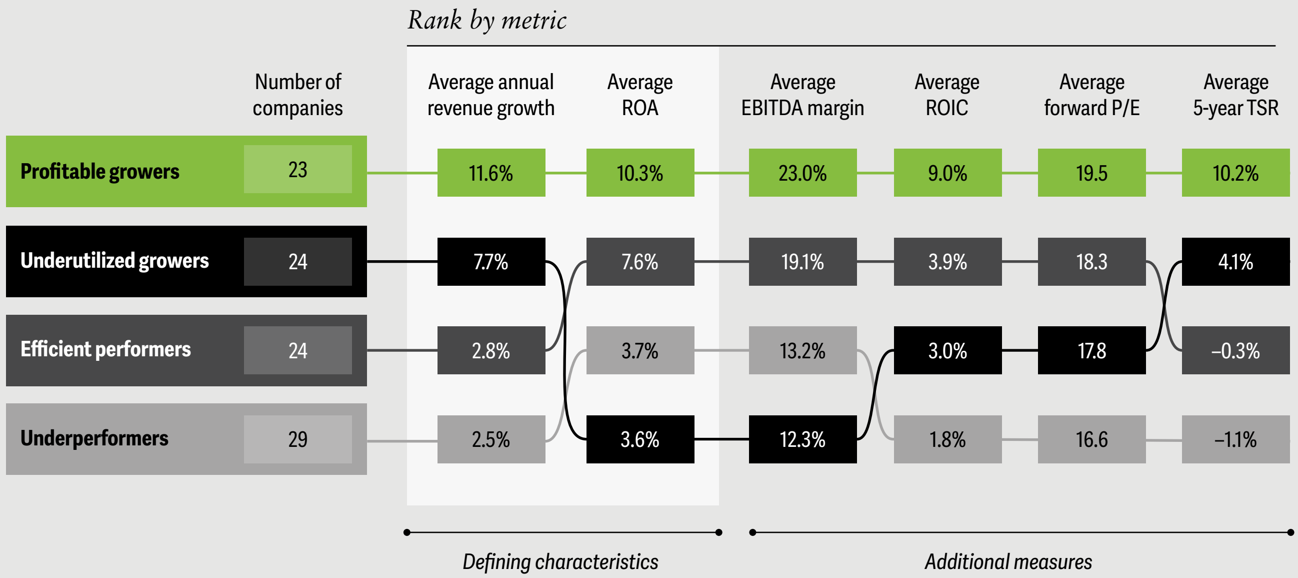


Notes: LTM = Last 12 months as of August 31, 2024. The analysis covers a period of five years spanning pre-pandemic, pandemic, and post-pandemic/high inflation periods.

Source: Analysis of top 100 consumer products companies' performance metrics from S&P Capital IQ.

Figure 11

Profitable growers also outperform in other ways, including valuation



Notes: The analysis covers a period of five years spanning pre-pandemic, pandemic, and post-pandemic or high inflation periods. ROA = return on assets; EBITDA = earnings before interest, taxes, depreciation, and amortization; ROIC = return on invested capital; P/E = price-to-earnings; TSR = total shareholder return.

Source: Analysis of top 100 consumer products companies' performance metrics from S&P Capital IQ.

headquarters and industry subsectors present in the top 100 global consumer products company financial analysis. The survey was targeted at the top 100 global companies but was conducted in a "double-blinded" fashion, meaning neither Deloitte nor the respondents knew the names of the respective companies involved. As such, profitable growers in survey analysis were identified as those respondents working at companies indicated to be on track to grow both revenue and earnings before interest, taxes, depreciation, and amortization in 2025.

Survey questions were developed through an analysis of trending topics found in company reports, earnings call transcripts, and analyst reports, as well as through exploratory surveys and interviews with Deloitte industry leaders. We also deployed many of these same methods to determine what high-performing companies (on revenue and return on asset indexes) were doing differently from the lower-performing companies in our financial analysis.

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About the Deloitte Consumer Industry Center

Consumers and the companies that serve them face a rapidly changing world, altering what, how, and where we buy products and services. Both consumers and businesses are buying into better products, services, and solutions to achieve their goals. The Deloitte Consumer Industry Center delivers insights to help automotive, consumer products, retail, transportation, hospitality, and services sector executives better understand their business environment, its direction, and the choices in front of them.

Continue the conversation

Industry leadership

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