AlixPartners

Spending, Disrupted

AlixPartners' 2025 Global Consumer Outlook

December 2024

Introduction

The global consumer spending landscape is more complex than ever as we prepare to enter 2025. Businesses and consumers alike continue to grapple with the aftershocks of the past few years, marked by significant disruption driven by economic and geopolitical shifts.

The persistent impacts of legacy inflation remain a key driver of consumer sentiment in many regions, as elevated costs of goods and interest rates show little signs of easing in certain markets. While economic policies such as the increase in the U.K. National Minimum Wage and National Living Wage may bring short-term relief for some, they also present the risk of reigniting inflationary pressures for others.

Concurrently, the consumer ecosystem evolves at a rapid pace. Digital technologies, AI-enhanced shopping experiences, and sustainability priorities are reshaping how consumers think and act.

This report examines the global consumer spending outlook for 2025, leveraging insights from more than 15,000 consumers. Will spending patterns continue to be suppressed after a muted 2024? If so, why? And how will consumers keep their finances under control? In answering these questions, we aim to equip business leaders with actionable insights to stay ahead in this dynamic environment.

We hope you find this report valuable.

If you'd like to explore further consumer analysis from our data set by country, sector, or consumer demographic, our authors are available to discuss the findings in more detail.

About this study

Research for Spending, Disrupted: AlixPartners' 2025 Global Consumer Outlook was conducted between September and October 2024. Survey respondents comprised 15,434 consumers from nine countries—China, France, Germany, Italy, Saudi Arabia, Switzerland, United Arab Emirates, the U.K. and the U.S.

Global spending intentions for 2025

Globally, a cautious and prudent outlook prevails, though not without pockets of optimism. 31% of consumers are planning further spending cuts, although a considerable 47% plan to maintain their current spending levels. Just 19% say they will spend more, equivalent to a net intention for reduced spending of 12 percentage points (ppt).

Spending is trending downwards in the U.S. and Europe; consumers in the Middle East and China display more optimism.

In the U.S. and Europe, consumers continue to show restraint in spending plans, with more than one third of consumers intending to cut back, while in the Middle East, we see a relatively balanced outlook. An anticipated 10 percentage point net increase towards spending more in China appears more positive still, yet this should be contextualized by the impact of inflationary pressures (particularly groceries) and low levels of optimism for the future (unattainable property prices, for example) inspiring spending on more immediate gratification.

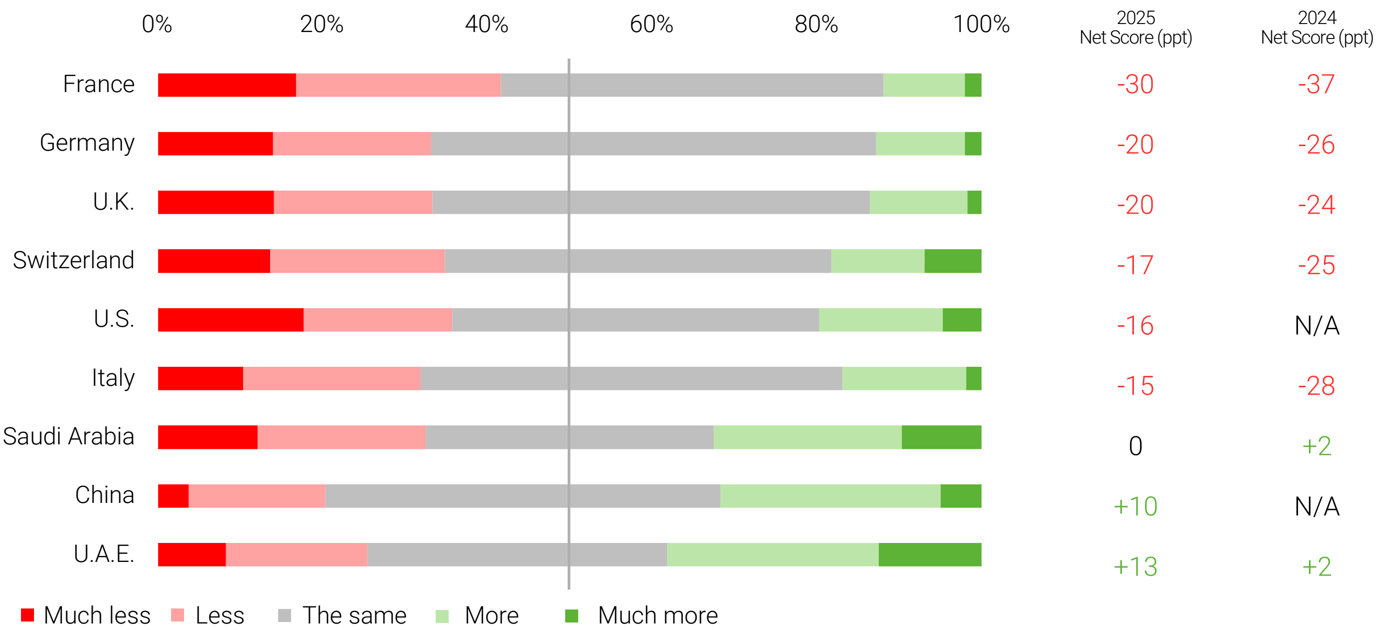
-12 ppts

Anticipated global net consumer intent for reduced spending in 2025

European consumers

are most likely to say they will spend less in 2025 (net)

Figure 1: Global spending intentions by country for 2025[1]



1. "Not applicable" option for consumers from China not displayed (10.4%).

2023 report recap: What did consumers tell us they would do *this* year?

36%

would spend less in 2024 than 2023

41%

would spend about the same

21%

would spend more

Only 15%

would spend less on groceries

45%

of consumers aged 55 and over said they would spend less in 2024

33%

of 18- to 24-year-olds said they would spend more in 2024, the highest percentage of any age group

~40%

said they would spend less on out-of-home entertainment, dining out, travel, or non-food items

Regional spotlight: Middle East

The outlook in the Middle East diverges from the West's spending contraction, with more positive sentiment among consumers in Saudi Arabia and the U.A.E.

Consumers' spending intentions here for 2025 display a 6 ppt net positive trend towards spending more, in contrast with their U.S. and European counterparts.

This positivity is driven by a more positive macroeconomic outlook, and a lesser inclination or perceived necessity to save. This manifests in increased anticipated spending across all sectors, particularly groceries and clothing, fueled not only by inflationary pressures but also premium purchases and a general optimistic willingness to spend.

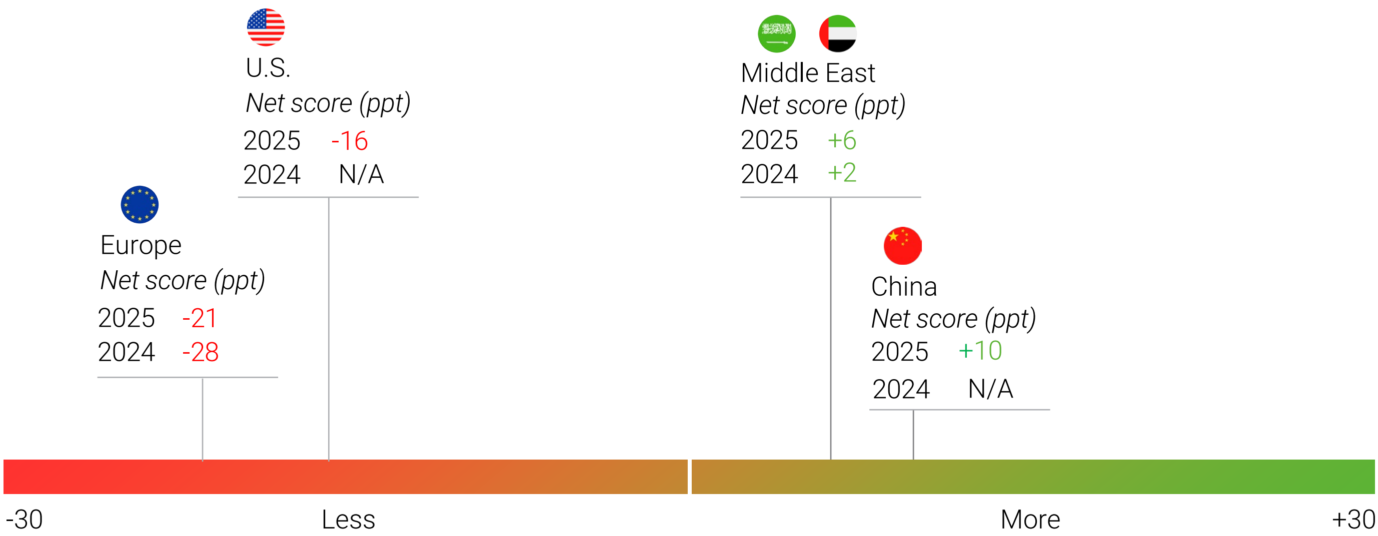
Dining out has become more common in the region, especially in Saudi Arabia, reflected by an increase in planned spending on restaurants, bars, and entertainment outside the home. The post-pandemic desire to travel also lingers, although Saudi Arabian consumers indicate some tendency toward local staycations due to an expanding tourism offering and its relative affordability.

Despite the region's overall growth narrative, consumption bifurcation remains prevalent. As discount retailers increasingly penetrate the market, some consumers are trading down to more affordable retailers and value brands, particularly in groceries.

There are profitability challenges for some companies in the region, coupled with reports of reduced investments and rationalized operations. This has yet to affect consumer sentiment, though that may adjust next year.

Figure 2: Global spending intentions by region for 2025–net score (ppt)[1]

European consumers are most likely to say they will spend less in 2025 (net).
Consumers in China are most likely to spend more.



1. "Not applicable" option for consumers from China not displayed (10.4%).

Demographic spending intentions for 2025

Younger consumers (18–34 age group) display a readiness to spend more—though perhaps a greater share of a relatively smaller budget—whereas the 55+ age group is most likely to spend less.

31% of high-income consumers also expect to increase their spending in 2025, particularly on travel and leisure, contrasted with only 16% of low-income consumers. Companies focused on premiumization must strike the right balance, while base-level stores should be mindful of strategies to retain the customer groups that are trading down.

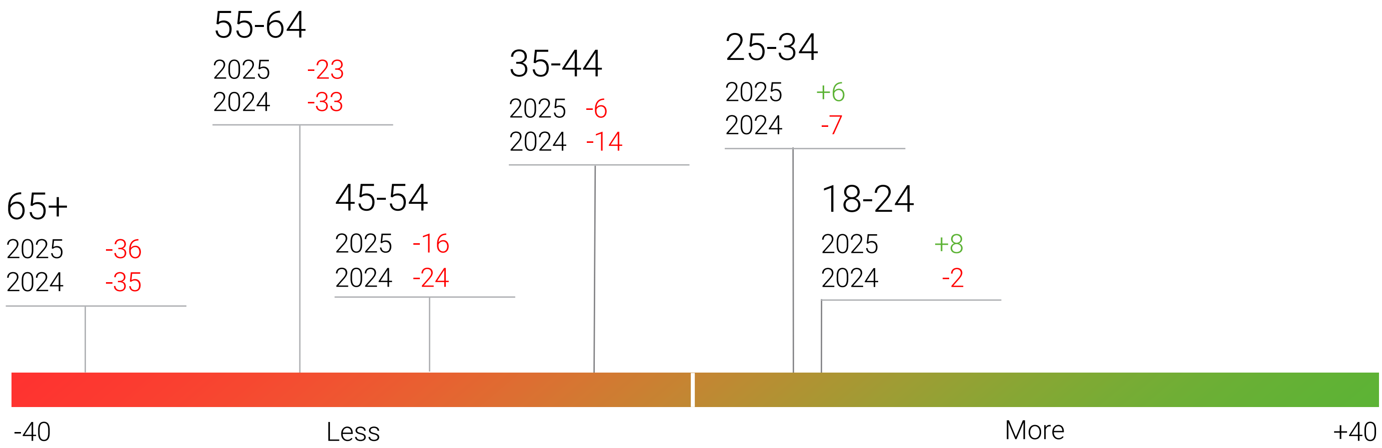
-36 ppt

Consumers aged over 65 are most likely to say they will spend less (net) in 2025

+8 ppt

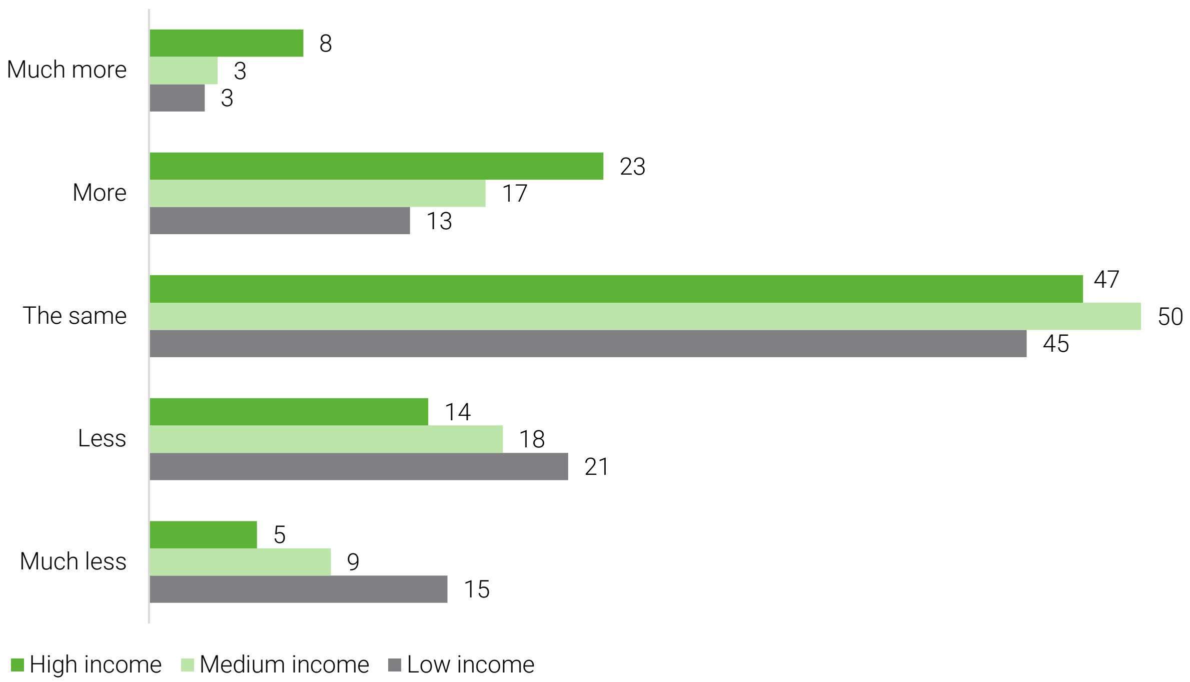
18- to 24-year-old consumers are most likely to say they will spend more (net)

Figure 3: Global spending intentions by age for 2025—net score (ppt)[1]



1. 2024 net score excludes China and U.S.

Figure 4: Global spending intentions by income for 2025 (%)



Category spending intentions for 2025

Grocery holds firm, though inflation dictates it is harder to spend less

In retail, the emphasis is on essentials. Only 15% of consumers say they will spend less on groceries globally. Across every country, age group, and income bracket, this is consistent: more than 80% of consumers expect to spend the same or more on groceries in 2025. This reflects how difficult it has become for consumers to reduce spend on essentials, given the impacts of inflation in the past two years.

Discretionary activities will therefore be fighting the greater battle for wallet share, as trade-offs are made beyond the essentials.

Groceries

see the biggest global net swing towards spending more in 2025 (net +19 ppts), but only a 3 ppt net rise in Europe

Non-food retail is at risk

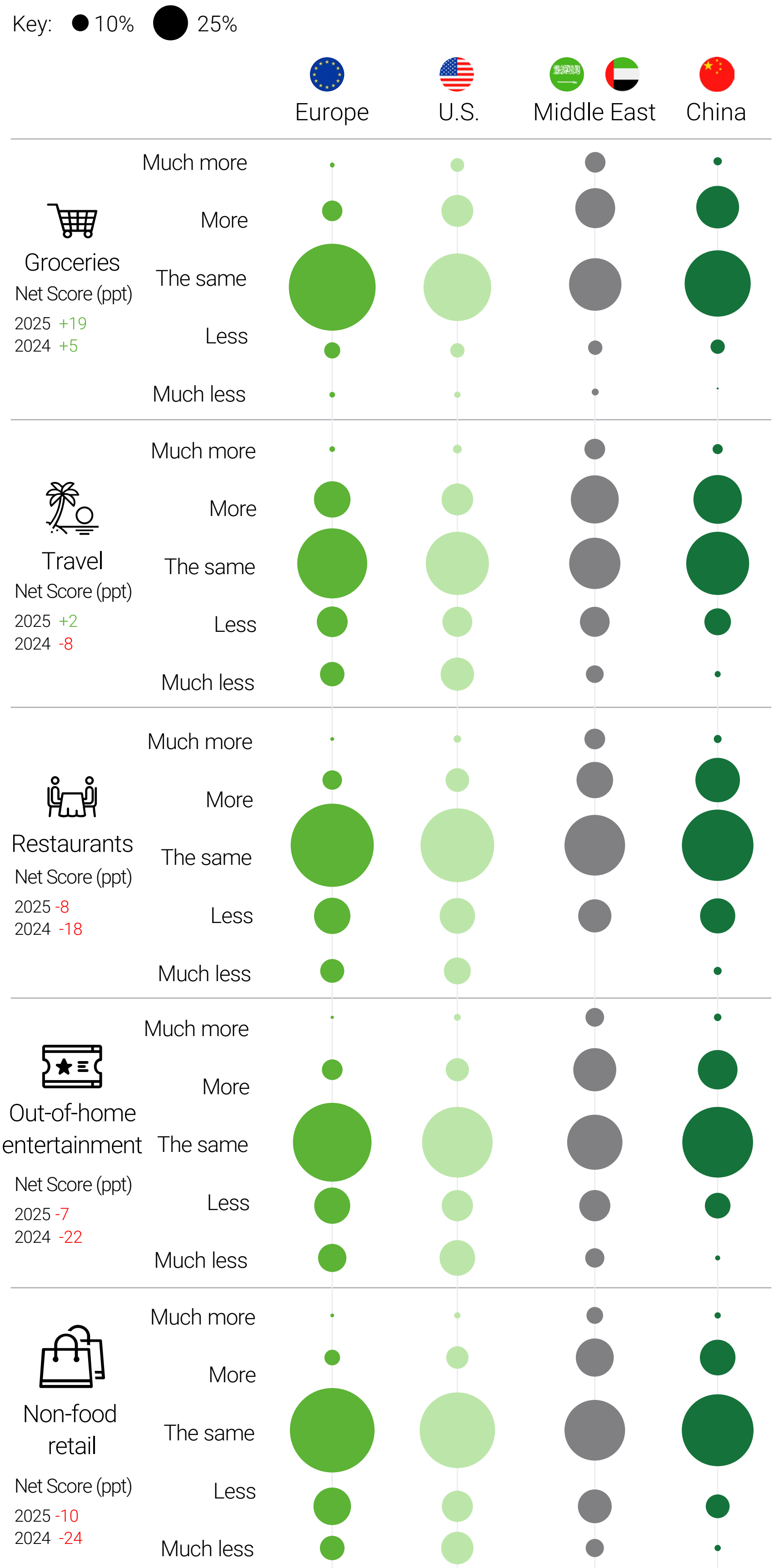
33% of consumers plan to spend less on non-food retail in 2025, while only 16% plan to spend more.

With discretionary spending under pressure, there's a need for retailers to reinforce their value propositions and innovate in terms of loyalty programs and personalized offers to cater to cost-conscious consumers.

33%

of consumers plan to spend less on non-food retail in 2025

Figure 4: Category spending intentions by region for 2025



Travel anticipates consistent spending levels versus 2024

While 31% of consumers globally plan to spend less on travel, a notable 28% plan to spend more. Younger and high-income consumers lead the charge in trip spending activity, yet businesses must be attentive to ongoing caution among middle-income groups.

31%

of consumers globally plan to spend less on travel and holidays in 2025, but 28% say they'll spend more

Dining out faces a mixed forecast by region

Globally, 34% of consumers plan to spend less on eating out, and only 19% plan to spend more. This picture differs by region, with greater optimism in the Middle East and China, where a third of consumers from the U.A.E., Saudi Arabia, and China indicate they will spend more on dining out. France leads the way on potential cutbacks in this area, followed by the U.S., Germany, and Switzerland. Lastly, younger and higher-income groups appear more likely to spend more on dining out.

34%

of consumers globally plan to spend less on dining out; just 19% plan to spend more

A similar picture for entertainment out of home

Entertainment operators also face uncertainty by region. 34% of consumers globally plan to spend less on entertainment outside the home, versus 19% who plan to spend more–a 15 ppt swing towards reducing spend.

We see greater optimism in the Middle East and China. 41% of U.A.E. consumers intend to spend more on entertainment outside the home, followed by 33% of consumers in Saudi Arabia and 28% in China. Younger and high-income individuals are also more likely to drive demand for this category.

34%

of consumers globally plan to spend less on out-of-home entertainment in 2025; only 19% plan to spend more

Six reasons why consumers will spend less in 2025

1.

Less money to spend

Consumers are tightening their wallets primarily due to reduced disposable income. The impacts of inflation and economic policies mean many simply have less money to spend compared to previous years.

Across all categories globally, this is the leading reason behind spending cutbacks. Understanding the balance of necessity, value, and customer experience will be crucial for companies navigating this complex spending landscape.

Figure 5a: Why will consumers reduce spend on dining out? (% of responses)

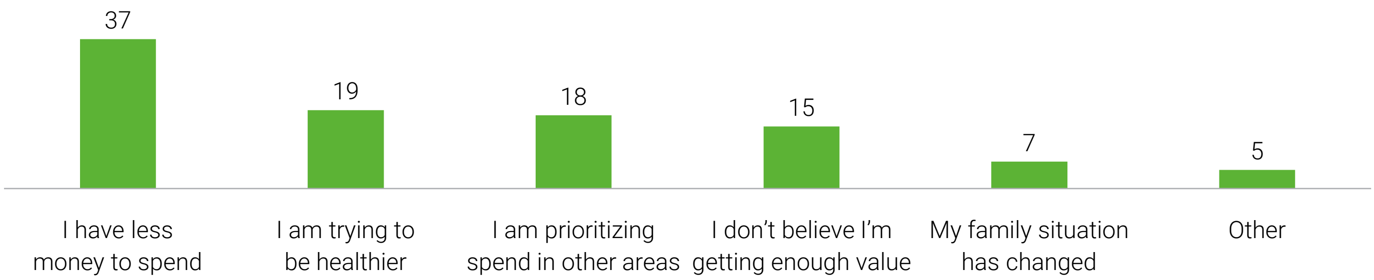


Figure 5b: Why will consumers reduce spend on non-food retail? (% of responses)

Figure 5c: Why will consumers reduce spend on travel and holidays? (% of responses)

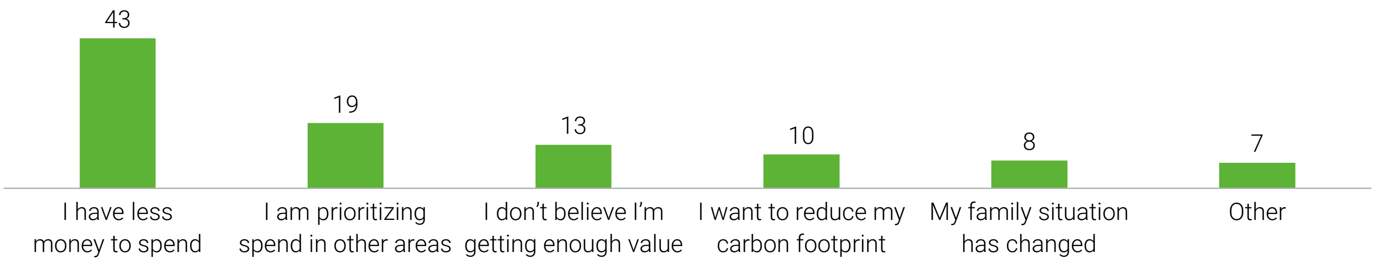
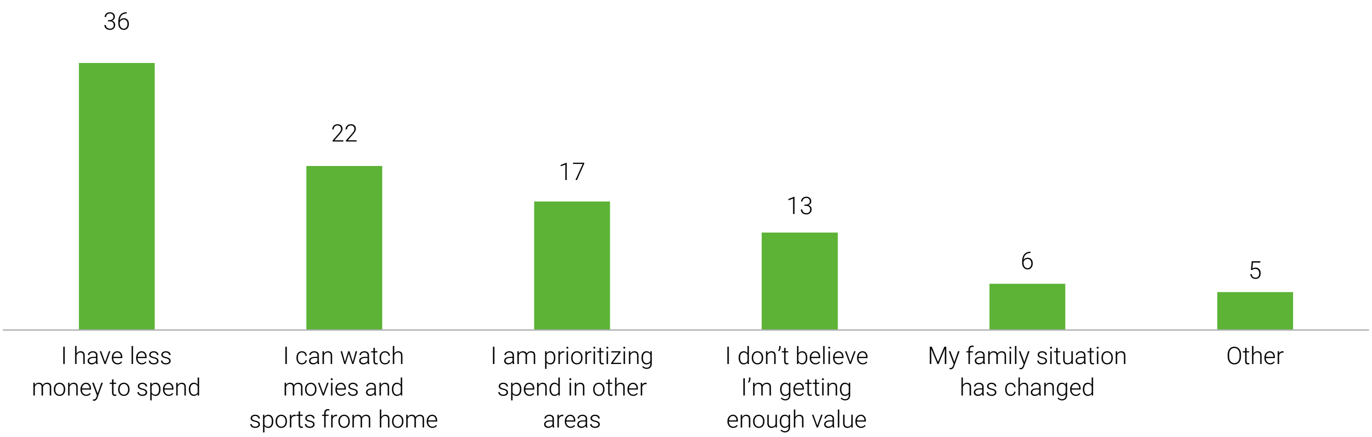


Figure % totals may not add up to 100% due to rounding

Figure 5d: Why will consumers reduce spend on out-of-home entertainment? (% of responses)



2.

Prioritizing spending in other areas

Additional motivations include the need to reprioritize spending. Consumers indicate that this trade-off scenario may be felt most keenly in non-food retail. Globally, for those spending less on non-food retail in 2025, after "having less money to spend than before" (37% of responses), "prioritizing spending in other areas" was the second most common reason (28% of responses).

For younger consumers (18-24), high-income consumers, and those in China, prioritizing other areas is the top reason for reduced non-food retail spend, surpassing income constraints with 32%, 38%, and 33% of responses, respectively.

3.

The availability of media options at home

Globally, the most common reason for consumers spending less on entertainment outside of the home was having less money to spend (36% of responses), followed by "I can watch movies, sport matches, etc. at home" (22% of responses). Furthermore, "at-home entertainment" was the top reason provided by consumers planning to reduce spending on out-of-home entertainment in China, the U.A.E., and Saudi Arabia (26%, 25%, and 24% of responses, respectively), ahead of having less money to spend.

4.

Not seeing enough value for the cost

As consumers reprioritize spending, perceived value becomes critical. Consumers are most sensitive to perceived value in leisure activities: 15% of responses for those reducing spend in dining out cited insufficient value, followed by entertainment (13%), and travel and holidays (13%).

5.

Efforts to lead a healthier lifestyle or consume less alcohol

Globally, the top reason for reduced spending on dining out was financial constraints (37% of responses from a multiple-choice question), followed by health motivations (19%), and reprioritizing spending (18%).

Regionally, in China, the U.A.E., and Saudi Arabia, health motives topped the list for cutting dining expenses (33%, 29%, and 25% of responses, respectively), surpassing financial constraints. Younger consumers (18-24) also cited health reasons over financial constraints (27% versus 22% of responses).

For over 55s, health motivations were not a primary driver for cutting dining out expenses: 46% of responses cited less disposable income, followed by value concerns (16%).

Figure % totals may not add up to 100% due to rounding

6.

Minimizing food waste

For groceries, one of the primary reasons for reduced spending is minimizing food waste (23% of responses), second only to less disposable income (43%). Reducing food waste is a particular priority for younger consumers (26% of responses from 18-34-year-olds) and high-income consumers (28%).

In China, food waste is less of a concern: the top two reasons for reducing grocery spending in this country are reprioritizing spend and reduced disposable income.

Figure 5e: Why will consumers reduce spend on groceries? (% of responses)

Figure % totals may not add up to 100% due to rounding

How will consumers spend less?

Consumer spending predictions carry a caveat for any organization and are therefore cautionary when considering the potential upside.

Macroeconomic developments in 2025 could also drive further behavioral shifts in either direction. For example, a U.S. consumer pulse survey conducted by AlixPartners post-election revealed a 14 ppt net positive shift towards spending more in 2025, versus the U.S.-specific data in this global report.

However, additional insight into *how* consumers plan to manage their budgets offers more concrete foresight, helping consumer-facing businesses refine operating models to respond to these trends.

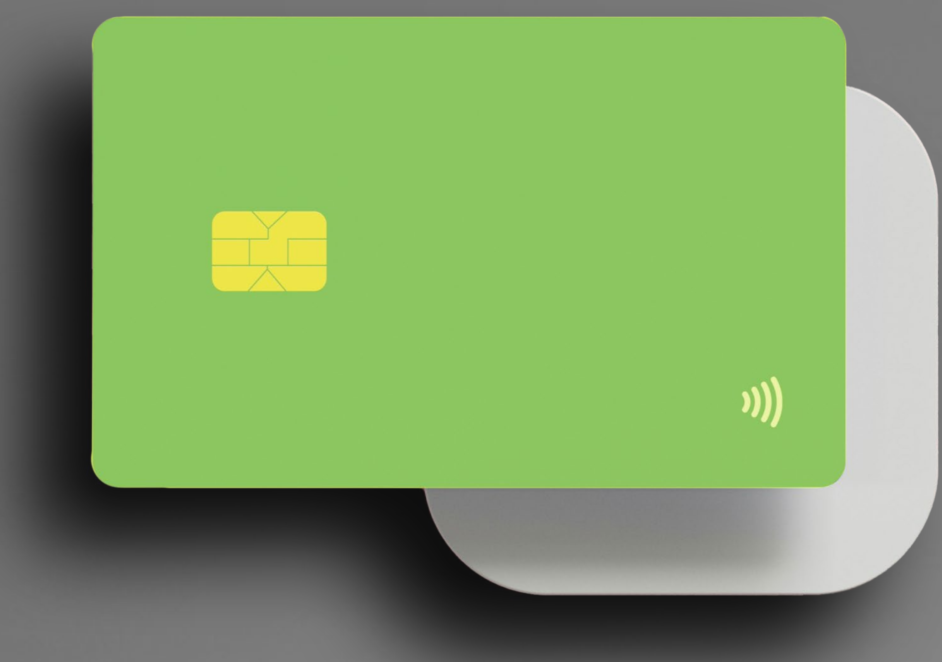


Figure 6a: How will consumers reduce spend on groceries? (% of responses)

Figure 6b: How will consumers reduce spend on non-food retail? (% of responses)

Figure 6c: How will consumers reduce spend on travel and holidays? (% of responses)

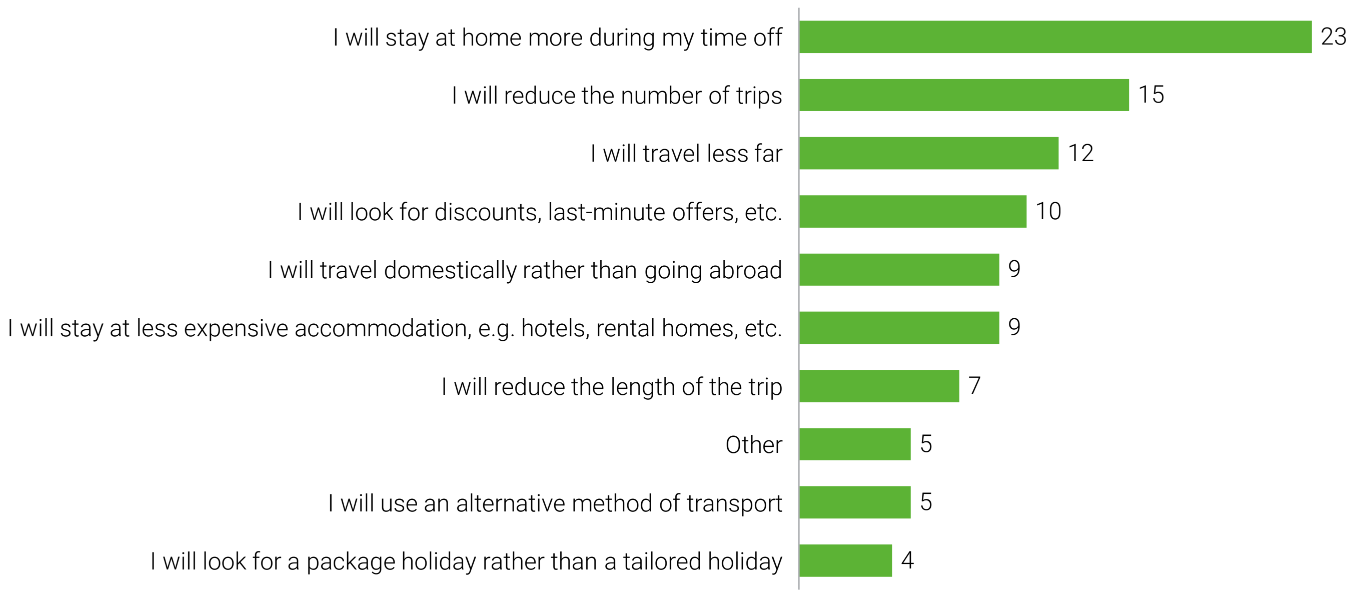


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Figure 6d: How will consumers reduce spend on dining out? (% of responses)

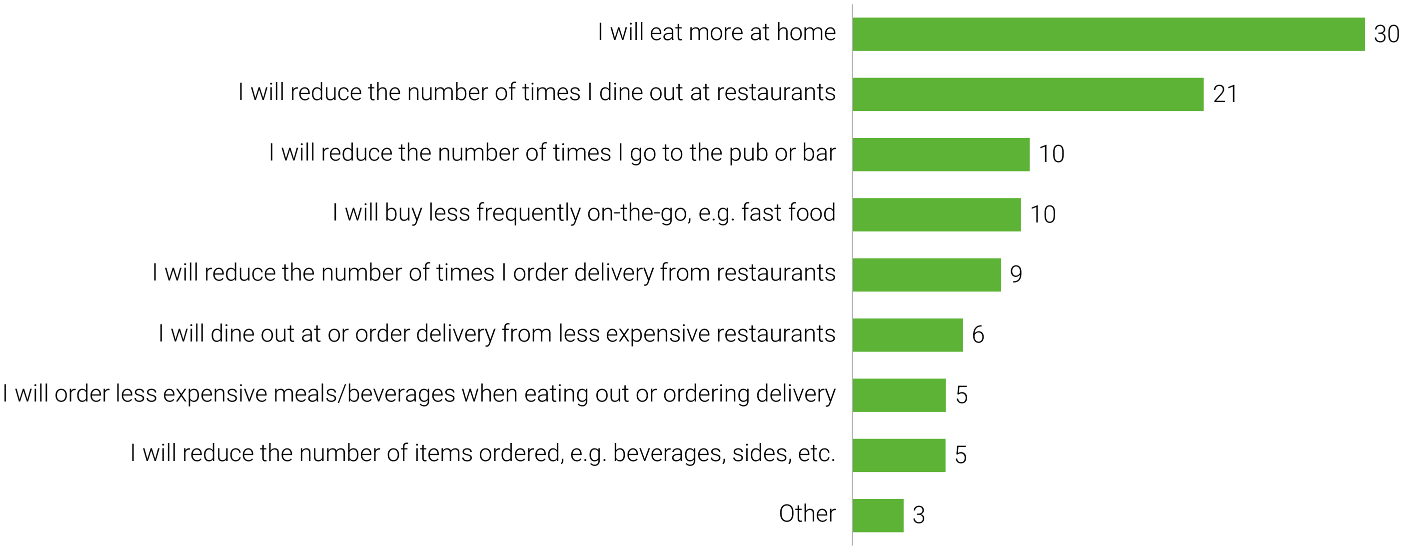


Figure 6e: How will consumers reduce spend on out-of-home entertainment? (% of responses)

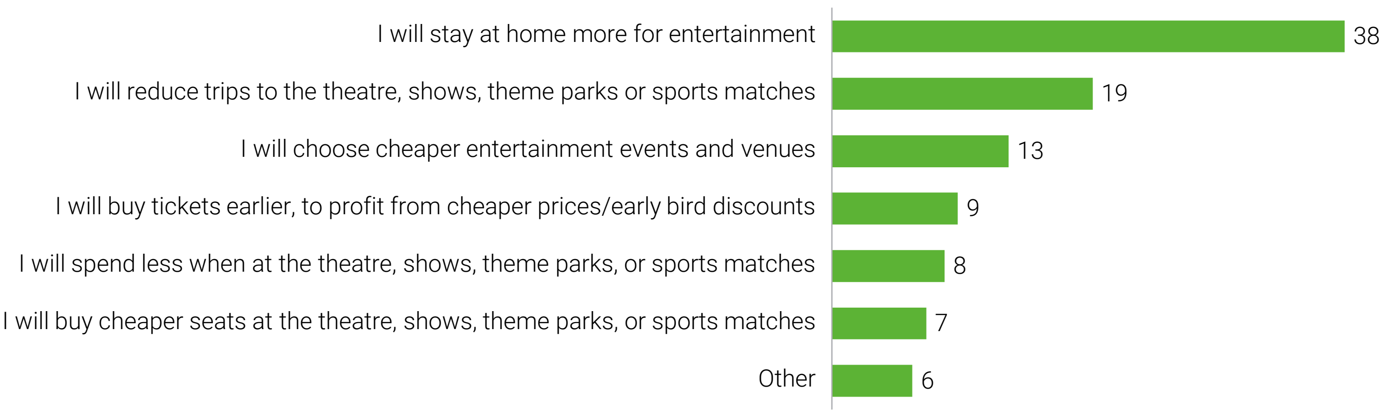


Figure % totals may not add up to 100% due to rounding

We see four key themes emerging across this sector data

1.

A compromise on frequency of experience, but not on quality

Globally, consumers who are planning to spend less in 2025 tell us that they plan to do so by staying at home more, reducing the number of trips to restaurants, bars, or entertainment venues, and curtailing the frequency of holiday travel. However, when they do venture out, the likelihood of trading down on quality of venue, food items ordered, or travel destination, is small.

2.

Staying at home—the new going out?

With frequency of travel, dining, and out-of-home entertainment being carefully controlled, consumers' stay-at-home set-ups inversely contribute to the solid grocery spending expectations for 2025. Furthermore, the availability of myriad entertainment options at home via streaming subscription services for movies, TV, and sports brings further comfort and convenience to a phenomenon catalyzed by the pandemic, and a general societal shift to more of a "DIY" culture in financially-constrained times.

3.

Bifurcation in grocery and non-food retail

While consumers may resist budgetary compromises when committing to out-of-home experiences, this dynamic in grocery and non-food retail is more pronounced. Choosing cheaper product alternatives or switching to cheaper retailers altogether are heavy considerations for consumers looking to spend less in 2025. The "barbell" combination of shopping for lower-priced essentials alongside more premium treats is not new, but has exacerbated, creating continued challenges for the "middle ground" that is struggling to compete on price and/or quality, and perceived value as a result.

4.

Is travel now non-discretionary?

The number of trips may tighten overall, but travel experiences remain high on the agenda for constrained consumers in 2025. Younger consumers are less likely to stay at home than their older counterparts, though they will be more mindful of ways to manage spending when travelling—exploring package holidays and more budget-friendly accommodation, for example. Consumers aged 55+ will stay at home more but are less likely to replicate these cost-saving behaviors. Shaped, once again, by the pandemic, holidays could now almost be considered non-discretionary, although the expense of the experience is.

The wish list:

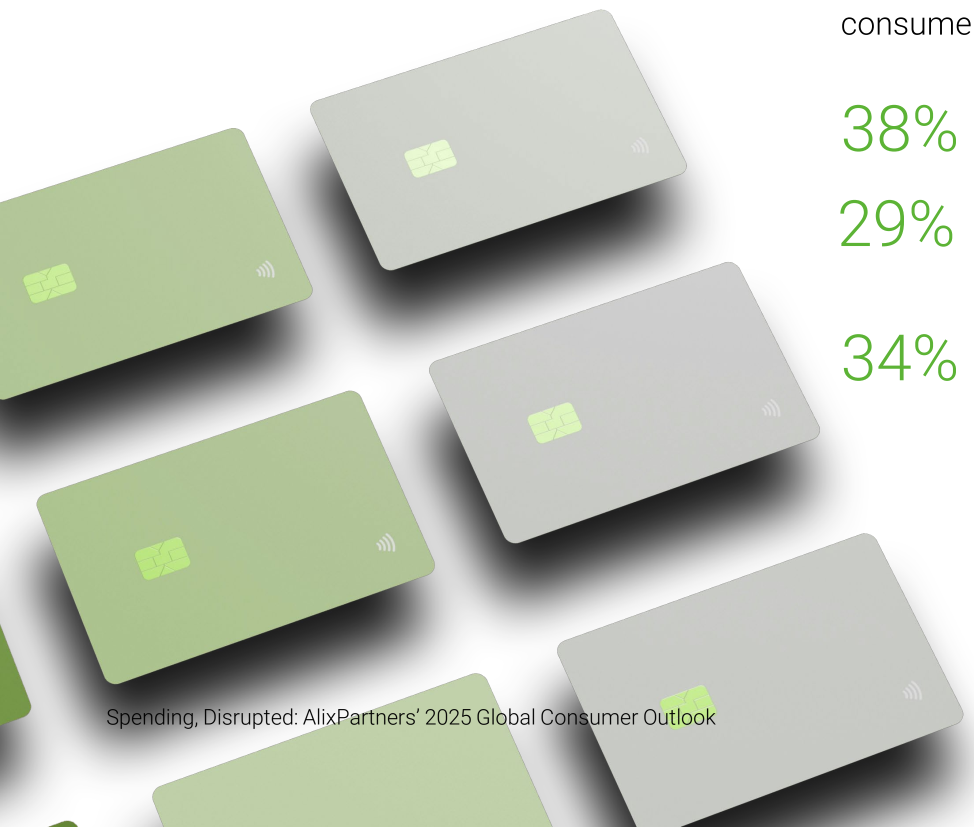
If consumers had more income in 2025, how would they spend it?

Should consumers find themselves with increased financial resources in 2025, their primary inclination will either be to indulge in more travel or save the additional funds.

Nearly a third of consumers globally—29%—express a desire to allocate extra money toward travel and holidays, while 28% prefer to save the surplus. Only 14% would consider spending the extra money on groceries, while a minority would spend more on non-food retail (9%), entertainment outside the home (9%) or eating out (6%).

By region, U.S. consumers show the strongest tendency to save any extra income, with 38% planning to bank any additional funds. In contrast, consumers in Italy are most inclined to prioritize spending on travel, with 44% aiming to channel any excess disposable income toward holidays.

When examining income levels, lower-income consumers demonstrate only a slight preference for saving over traveling, with 29% opting to save as opposed to 26% opting to spend on travel. Higher-income individuals are much more disposed to use any surplus for travel; 34% would spend it in this way, compared to 23% who would save.



Globally:

29% would spend more on travel and holidays

28% would save the extra money

6% would spend more on eating out

The travelers: European consumers, high-income consumers, younger consumers

34% of high-income consumers would spend more on travel and holidays

44% of consumers from Italy would spend more on travel and holidays, followed by 30% from France and Switzerland

28% of 18-34-year-old consumers would spend more on travel and holidays

The savers: U.S. consumers, low-income consumers, older consumers

38% of U.S. consumers would save any extra money

29% of low-income consumers would save any extra money, although 26% would spend more on travel

34% of 55+ year-old consumers would save any extra money

Figure 7a: If consumers had more money to spend in 2025, what would be their priorities, by country? (%)

	Groceries	Travel/ holidays	Dining out	Out-of-home entertainment	Non-food retail	Other sectors	Save and not spend it
U.S.	21	17	4	6	9	4	38
U.K.	13	28	6	7	9	3	35
Germany	12	29	7	8	6	7	31
France	14	30	5	9	8	3	30
Switzerland	12	30	6	8	9	5	29
Saudi Arabia	12	23	8	13	11	5	27
China	17	28	9	10	13	1	22
U.A.E.	18	26	10	13	9	3	20
Italy	9	44	5	8	10	5	19

Figure 7b: If consumers had more money to spend in 2025, what would be their priorities, by age? (%)

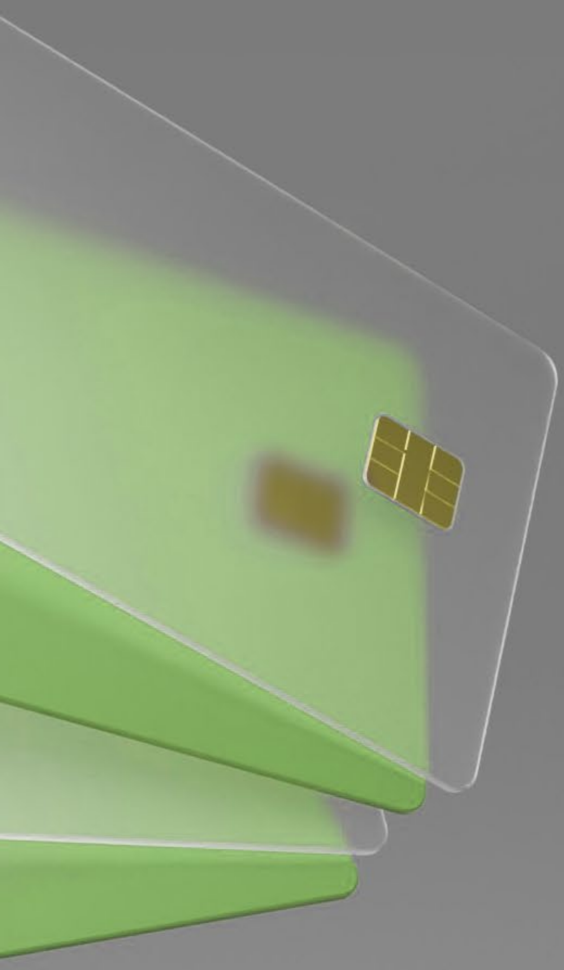
	Groceries	Travel/ holidays	Dining out	Out-of-home entertainment	Non-food retail	Other sectors	Save and not spend it
65+	12	31	5	4	6	5	37
55-64	13	29	6	6	9	4	31
45-54	17	30	5	7	10	4	28
35-44	14	28	7	11	10	4	27
25-34	15	29	8	11	10	3	23
18-24	16	26	8	13	12	4	21

Figure 7c: If consumers had more money to spend in 2025, what would be their priorities, by income? (%)

	Groceries	Travel/ holidays	Dining out	Out-of-home entertainment	Non-food retail	Other sectors	Save and not spend it
Low	16	26	7	8	10	4	29
Medium	14	32	7	9	9	4	25
High	12	34	7	10	10	3	23

Figure % totals may not add up to 100% due to rounding

How can companies respond?



Retail and Consumer Products

The bifurcation in retail has seen mainstream brands losing out for some time—price pushes and “shrinkflation” strategies have moved more consumers to private labels for a largely comparable product experience, though this is not ideal for retailers.

In large European markets, the players gaining market share are the value players and the discounters, with a similar picture in the Middle East. In the latter region, consumers may well display propensity to spend more across all categories, yet it is the emergence of discounters that is disrupting this market and giving other retail players cause for concern.

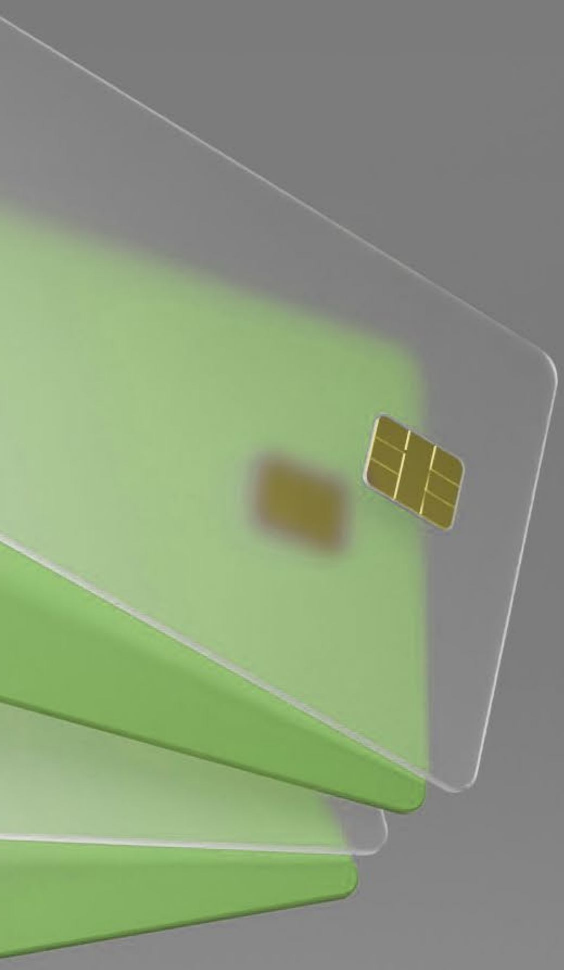
Specific responses will vary by retailer, but a consistent mantra must be to stay true to a brand’s value proposition, pricing, and assortment. While entry price ranges may be appropriate in certain product areas, care must be taken not to overweight this activity and compromise on overall range. For high-end retailers, meanwhile, the focus should be centered more on experience and convenience.

Retailers must truly understand their customer segments and what value means to them, alongside their relative buying power by demographic group. They must organize their operating model around the activities that add this value and look to shed those that don’t, maintaining relevancy alongside operational efficiency.

Price matters, but it is only one part of the picture. Consumers’ desire for value goes beyond buying cheap—happiness and satisfaction are also critical in shaping purchasing decisions, influenced by the perceived benefits relative to cost. Clear communication of product benefits, emphasis on unique selling points, and exceptional customer service will all enhance customer perception and appreciation.

More tactically speaking, in anticipation of reduced consumer spending, supply chain and inventory strategies should be refined, with a focus on reducing waste, improving demand forecasting, and diversifying supplier networks to mitigate potential supply disruptions. In the U.S. particularly, the impact of tariffs will make inventory planning a vital activity to master, providing retailers with enhanced agility if they can manage this position dynamically with a robust network of suppliers.

How can companies respond?



Restaurants, Hospitality, Travel and Leisure

Cost-consciousness and price-sensitivity have increased significantly in the past 24 months, and many consumers are now limited further in their capacity to accept the elevated cost of travel and out-of-home experiences. For operators, this creates challenges on multiple fronts—how do they optimize their models for revenue, occupancy, and profitability?

If operating conditions point towards further price increases, the first consideration must be how much of that you can take on yourself before passing on to the consumer. Staffing levels, viable days and hours of trading, and possibly landlord rental agreements, for example, should all be scrutinized to control overhead costs and maintain competitiveness in the market, driving demand and maintaining customer loyalty for the long term.

Your "four walls" have to be managed effectively and efficiently—be it the shape or size of outlets or how you are responding to consumer demands—for example in accommodating takeaway, drive-through, or delivery capabilities in dining set-ups.

Doubling down on what you do well—and consistently executing on it—is also critical, irrespective of your price point in the market and the demographic you serve. Operators must be able to create experiences for consumers across income brackets, which won't necessarily relate to being the cheapest, but more what you stand for as a brand and the quality of your product or service. Leveraging these strengths in opportunistic areas—for example, marketing to local consumers keen on "staycations" to fill capacity, or within dining subcategories where traffic will continue to be an issue in 2025 for many.

While the majority of those who expect to reduce entertainment spend in 2025 plan to do so through fewer visits, there is an opportunity for entertainment companies to better cater to 18-34-year-old consumers to drive footfall. New or improved seasonal offerings, partnerships with popular celebrities and characters, and expanded limited-time offers can help to capture this traffic and spend from this age demographic.

In travel, where consumers are less likely to trade down—even if they do travel less frequently—operators must seek to secure customer loyalty during times of financial constraint by emphasizing the quality of service and creating value-added offerings that resonate with travelers. Loyalty programs that offer meaningful rewards and incentives in the shape of discounts on future trips or upgrades—as well as insightful consumer data for travel companies—should focus on recognizing and appreciating repeat customers, solidifying a sense of belonging and exclusivity.

AlixPartners

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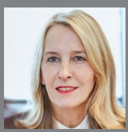

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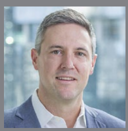

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ABOUT US

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.