The U.S. Executive Report

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NIQ

The U.S. Executive Report

Q1 2025

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Economic uncertainty in Q1 caused spending declines across many categories as inflation-conscious consumers tightened their belts. However, a few areas remained stable: essential groceries like produce and dairy, affordable indulgences such as beauty. Pet care likely benefited from younger households prioritizing pets as family, while delaying – or forgoing children – amid broader economic caution.

Looking to Q2, we expect more spending cuts and trading down due to ongoing economic pressures and rising prices from tariffs. Brands should adapt by offering varied pack sizes and pricing, implementing focused promotions to fit a range of budgets, and leveraging strong brand trust to maintain customer loyalty.

Historically, out-of-home spending is an early casualty of downturns—now's the opportunity to position your brands for success by enhancing at-home experiences.

Read Now: Tariff Sentiment Press Kit

We have prepared this executive report using proprietary NielsenIQ data.

In this report you will find key implications for Q2:

1. **Consumer Behavior**
As economic uncertainty continues to rise, consumers will likely continue cut-backs and trade downs carried over from inflation. Optimize pricing and pack to meet consumer needs.

2. **Low-Cost Indulgences**
During stressful times, consumers often seek affordable emotional comfort, positioning beauty and self-care items, along with single-serve treats, to benefit from trade-down behavior as small indulgences are prioritized.

3. **At-Home Occasions**
Expect a shift from out-of-home to cost-saving at-home experiences. Position your brands to elevate these moments and communicate that value clearly.

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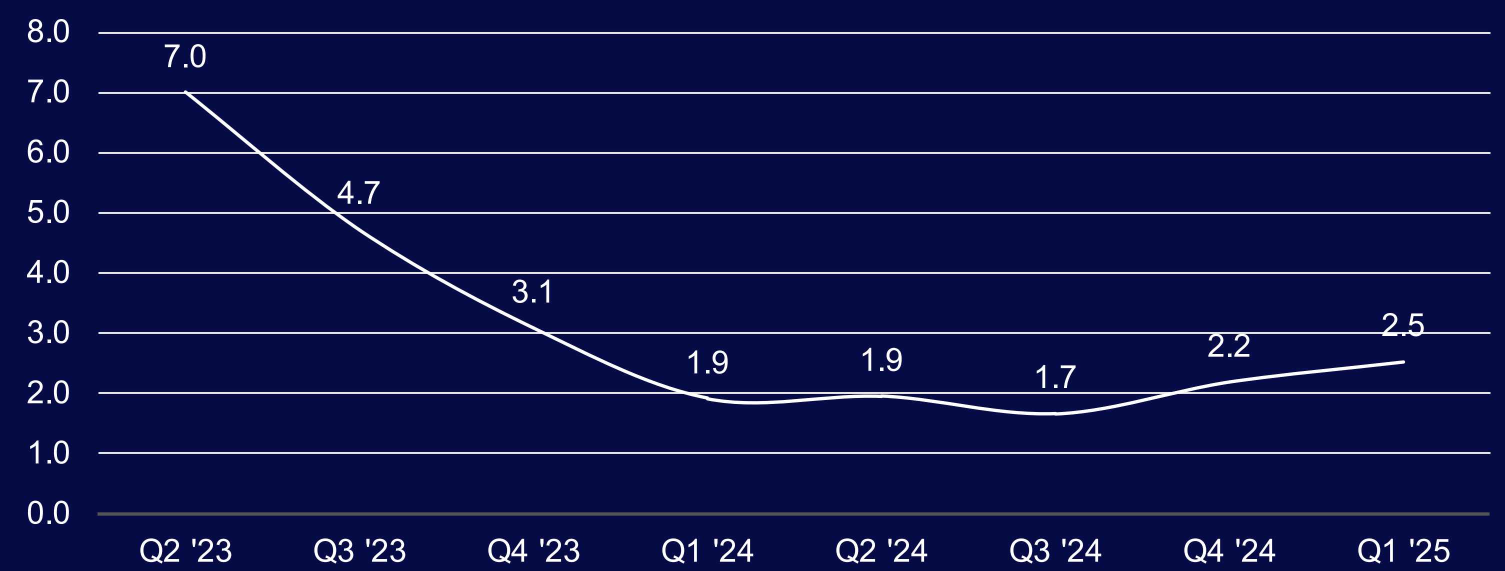
Slower CPG price increases = lower rate of growth

Volume growth is static.

Total CPG Average Unit Price Change



% Chg

	Q2 '23	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	Q1 '25
Dollars	+4	+3	+1	+3	+2	+3	+3	+2
Volume	-2	-1	-1	+1	0	+1	+1	0

Source: NIQ Total US Full View – Average Unit Price Change, Q1 period ending March 29, 2025, Volume = Units

Annual Average Price Change

+2.1%

$ % Chg	Vol % Chg
+2.8	**+0.8**

Prices will likely continue to increase, different categories will be hit differently, tariffs may combine with other macro forces causing declines to accelerate.

Key takeaways:

1

What has changed?

Anticipated inflation due to tariffs and economic uncertainty will squeeze both manufacturers and consumers. The focus has pivoted from promotions to absolute price versus value, driving trade-down to smaller pack sizes.

2

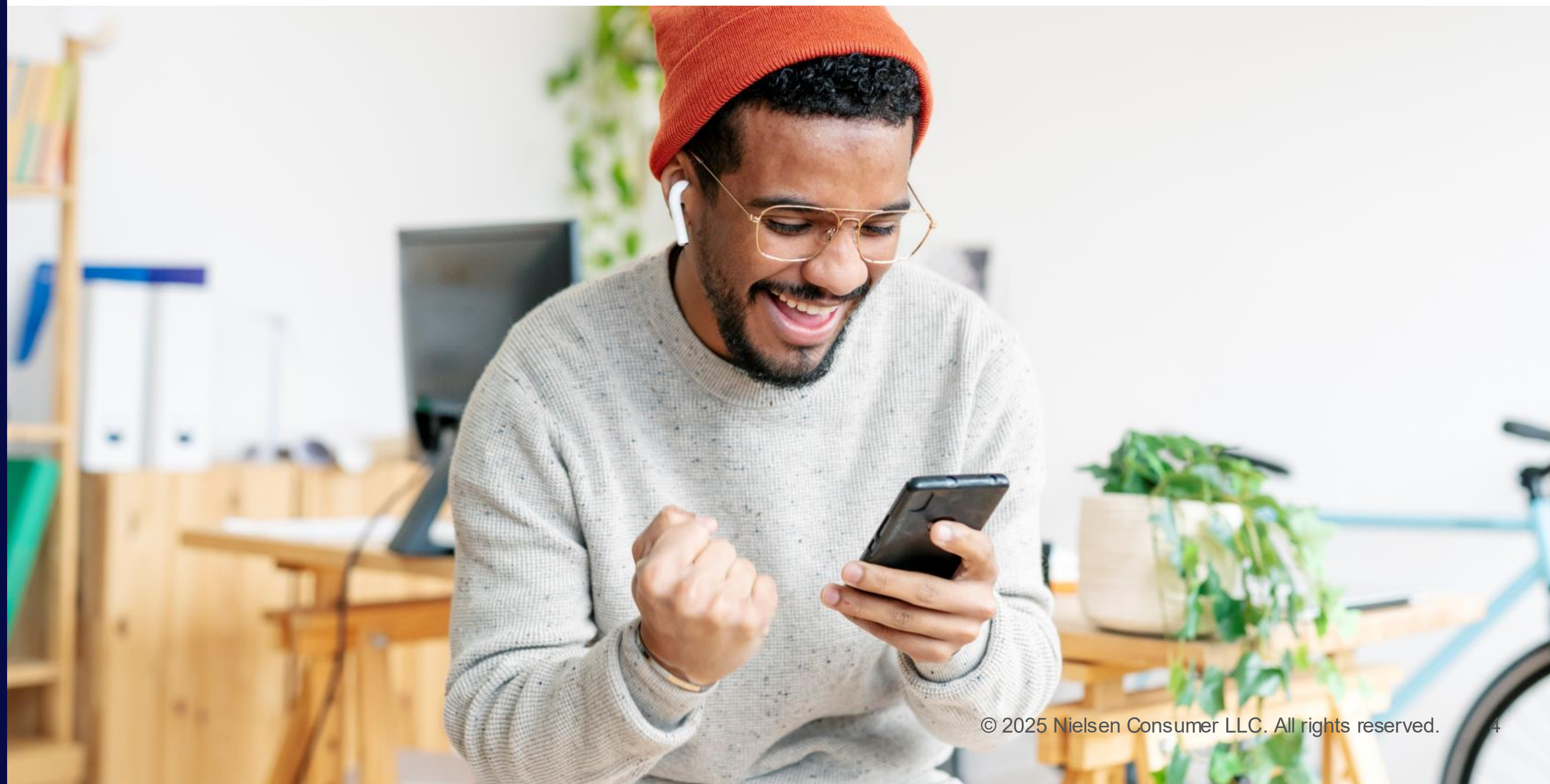
What does it mean?

We will likely see volume decline, especially as prices are anticipated to rise due to tariff impact being realized in Q2 and on. Consumers may not be able to absorb further price increases.

3

What to do in Q2

Different consumer segments will be impacted and respond differently. Those with greater financial resources will likely be able to afford to buy in bulk and shop around different channels, while those with less resources will be hit harder and forced to downsize in both brand and pack. It will be critical to optimize price, promo, and pack strategy to appeal to both ends of the spectrum.



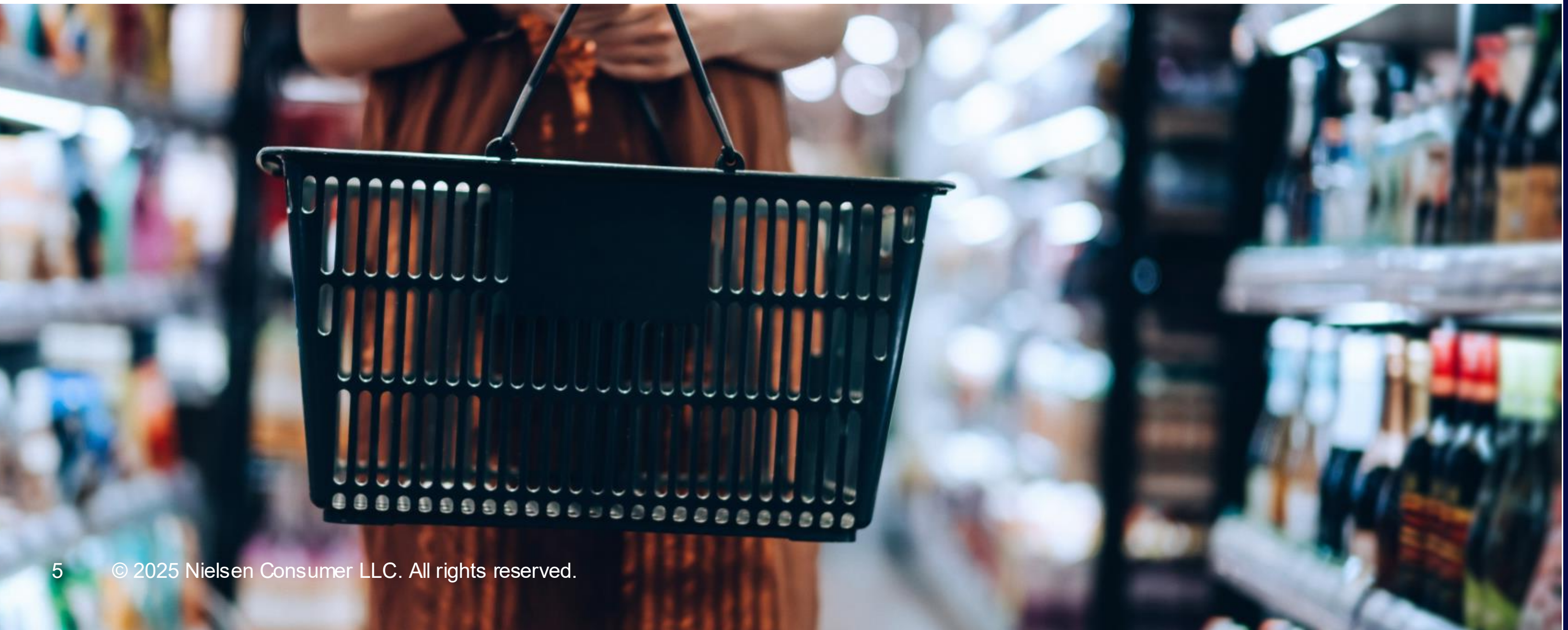
Aisle by the Numbers

Economic uncertainty in Q1 accelerated downturn for categories seeing slower or negative growth.

	Annual			Q1 2025		
	$ Millions	$ % Chg YA	Units % Chg YA	$ Millions	$ % Chg YA	Units % Chg YA
Total Food						
Dry Grocery	$350,950.3	2.2%	-0.1%	$94,233.2	0.9%	-1.7%
Dairy	$100,013.6	7.6%	1.3%	$28,337.4	9.9%	0.9%
Meat	$93,726.0	4.8%	0.2%	$25,183.9	5.2%	-0.6%
Produce	$83,785.5	2.8%	2.5%	$22,441.8	1.7%	2.1%
Frozen	$74,769.8	1.2%	0.9%	$20,232.5	0.9%	0.0%
Bakery	$20,589.7	1.1%	0.8%	$5,429.7	0.3%	-0.4%
Seafood	$6,963.0	-0.2%	-0.4%	$1,942.1	1.1%	-0.8%
Deli	$353.6	8.7%	7.9%	$94.2	6.0%	3.1%
Total Non Food						
Health & Beauty Care[1]	$225,020.8	8.9%	4.2%	$52,570.2	8.3%	3.2%
Alcohol[2]	$112,074.13	-0.9%	0.7%	$24,604.30	-3.4%	-1.1%
Household Care	$78,743.0	1.7%	0.3%	$20,661.6	0.3%	-1.1%
Pet Care[3]	$68,550.1	0.3%	0.2%	$17,049.5	-0.8%	-0.3%
General Merchandise	$51,609.9	4.5%	2.0%	$12,419.5	2.6%	-3.4%
Baby Care	$23,552.0	2.5%	-0.6%	$6,369.4	0.7%	-0.6%
Tobacco And Alternatives	$8,266.0	-5.2%	-7.8%	$2,106.0	-6.0%	-9.8%
Floral	$7,753.9	1.9%	-0.4%	$2,105.6	-3.3%	-8.8%

1. Source: NIQ Omnishopper US Full View, w/e 3/22/25
2. Source: Total US xAOC + Liquor Open State + Conv Latest 52 weeks - w/e 04/19/25
3. Source: NIQ RMS, Total US Pet Retail Plus, Q1 w/e 03/29/25, FY 2024

All Others: NIQ Total US Full View Q1 period ending April 5, 2025



1 What has changed?

Consumers are pulling back on spending as prices rise and economic uncertainty grows. However, there are bright spots such as affordable indulgences in the beauty category and the growth of deli which could serve as a stand in for restaurant meals.

2 What does it mean?

Keep the value, conscious consumer top of mind with promotions and pricing adjustments. Sustain brand equity by promoting value and heritage of core brands to retain loyalty.

3 What to do in Q2

Lean into at-home occasions. Help consumers find moments of joy by offering indulgent and self care items in smaller and value pack sizes. Look to categories and occasions where consumers pull back to understand how your products can fill the void at a lower price point.

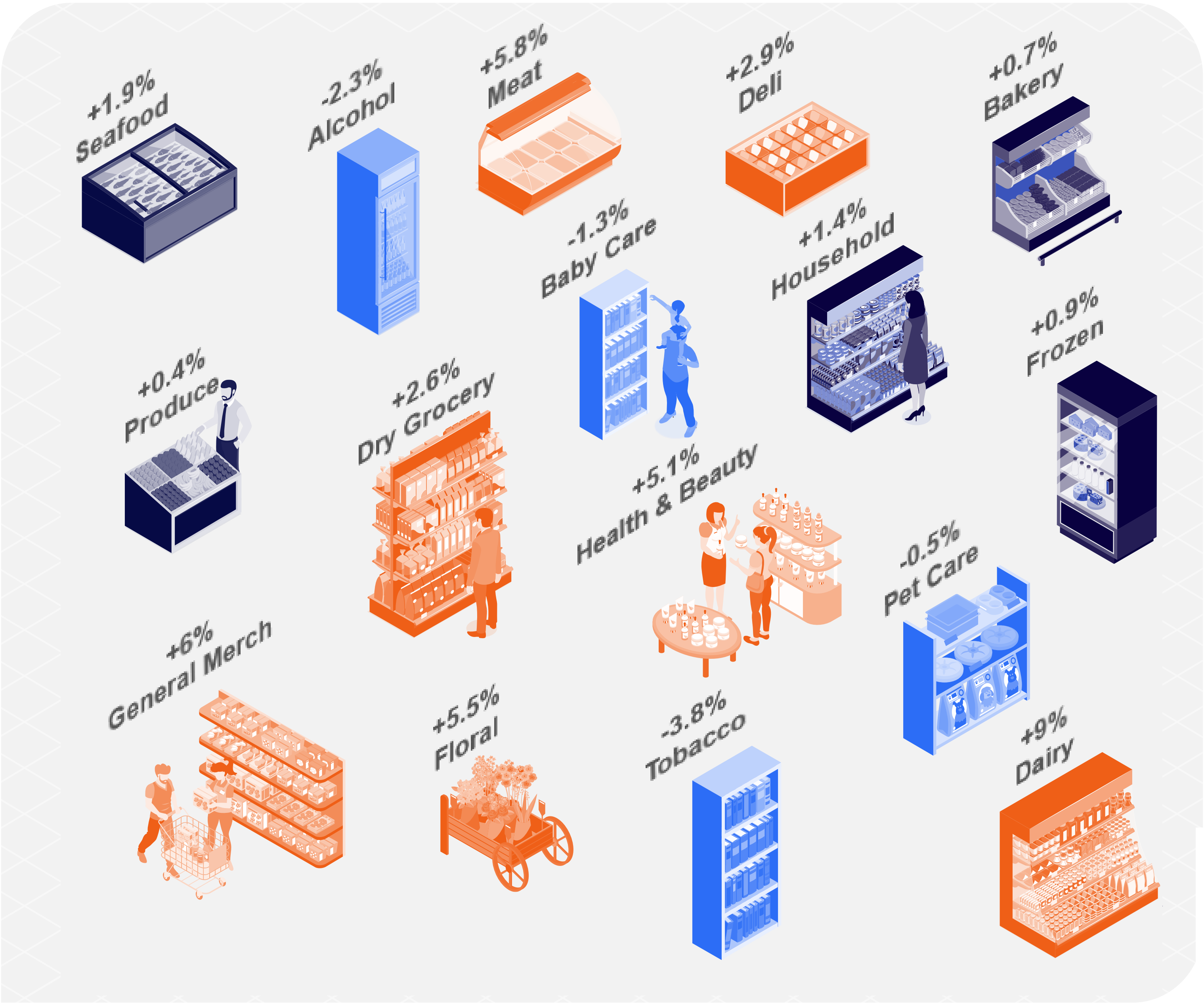
? *What are the implications for Q2 planning?*

Essential fresh food categories that don't lend themselves to long-term stock-ups (produce, dairy) saw slight unit growth, as well as essential non-food categories like health & beauty and pet care. Consumers are still willing to spend on essentials and low-cost indulgences that provide an emotional boost.

Price increases slow, but not everywhere in the store

Prices on frequently purchased items, such as dairy and meat, continue to rise.

Q1 2025: Department Inflation Heatmap



> +2% Higher than average
0-+2% Average
<0% Below Average

Source: NIQ Total US Full View Q1 period ending April 5, 2025

Beauty

Despite below-average price increases in Q1, beauty experienced unit growth, likely fueled by a less severe inflation impact and factors such as the return to office trend.

BevAl

Multiple headwinds, including continued moderation (particularly amongst +21 Gen Zs), switching to alternatives, and tradeoffs due to limited budgets, are resulting in declines.

Dry Grocery

While price changes mirrored average inflation, volume declined, likely as consumers opted for cost-saving at-home cooking with bulk and raw ingredients while scaling back on non-essentials like sweet and salty snacks.

Pet

Without the easy lever to pull of price increases, Pet Care has seen worsening trends across dollars & units. Coupled with supply chain issues due to the ongoing Avian Flu.

US Consumer Outlook 2025: Private Label and Branded Products Co-Existing on Shelf

What's ***In the Box*** is More Important Than the Name on the Box

Private Label Stigma is Gone:

72% of US consumers say private labels are good alternatives to name brands[1]

State of Play

Shoppers have hybrid purchasing practices; shoppers consider store brands as part of their total brand menu.

54 % of US consumers say brand or store brand is irrelevant; they just buy what they need[1]

Purchase Drivers: Brands vs. Store Brands

Brand Purchasing

Product attributes drive purchasing:

- Generational purchasing
- Associations
- Perceptions
- Experiences
- Consistent quality

Store Brand Purchasing

Experience and value drives purchasing:

- Association with the retailer
- More value for the price
- Fewer perceived quality differences within the category e.g. skim milk

Sources: 1) NIQ 2025 Private Label & Branded Products report global survey with regional data references. Download the Full Report

From Generic to Store Brands

US consumers continue to be *sold* on private label in the same way they were a year ago

4.1% annual US Omni private label sales growth year over year[2] vs. **4.2%** measured year ago[2]

Co-existing on the shelf means virtually the same thing for brands and store brands

54% say brand or store brand is irrelevant; they just buy what they need[1]

60% say they're **buying more brands, across more categories** than ever before[1]

64% say if they look hard enough, they can find a brand that fits their exact needs[1]

Generational segments prioritize brand preferences differently; a force for change in the future

43% say they're likely to **treat themselves by upgrading to a premium brand** product; this varies by generation[1]

Sources: 1) NIQ 2025 Private Label & Branded Products report global survey with regional data references, 2) NIQ Omnisales+, Total private label sales, Growth calculated vs. year ago, Annual period ended 2/22/25, Value % growth 3) RMS latest 52 Week ending 3/22/25 avg dollar growth vs year ago

The Bottom Line

1. 100% Consumer focused

CPGs can no longer "rinse and repeat" meaningless line extensions. ***Exceed consumer expectations. This is what small brands are doing every day, and they are growing more than +30% a year3.***[4]

2. Early and fast is the path forward

Have courage to explore ideas that initially don't meet traditional financial hurdles. ***Store brands are spotting trends early, executing faster and developing novel innovations rapidly.*** Recent investment efforts from 7-Eleven to CVS have seen the addition of hundreds of products designed to provide value.[1]

3. Brands benefit from being retailer agnostic

Consumers shop for different brands across various retailers. ***To capitalize on the strong demand for private label, especially in grocery, dollar, discount, and drug stores, prioritize collaborations within those channels.*** Simultaneously, pursue independent growth opportunities through other retail channels.

4. Be 'everywhere'

46% of US Consumers say that some of their favorite name brands no longer seem to be available when searched for[1]! ***Do not let availability be in issue: Manage out-of-stocks, feed consumer discovery through social, trial, online ordering bonuses.*** Live your value proposition via core products.

5. Heads up: Pricing and looming impact of tariffs

In the US across CPG categories, branded products are sold at 19% higher average price than store brands,[1] suggesting that tariffs could further widen this price gap, making store brands even more attractive to consumers. ***Value, as a differentiator, needs to be effectively communicated.***

Sources: NIQ Mid-Year Consumer Outlook Report: Guide to 2025. Download the Mid-Year Global Consumer Outlook Report.

Great Brands
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Expanded NIQ Omnishopper

Experience Insights with the Industry's Largest Consumer Panel

Expand Your Panel

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

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