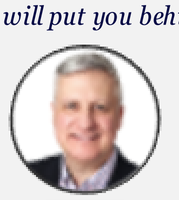
NIQ Perspectives

May 2025

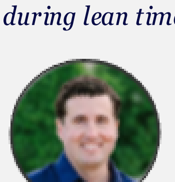
Q1 Slow Down for the U.S. Economy

Shoppers are beginning to contract purchasing as economic uncertainty pervades. Q1 Gross Domestic Product declined by 0.3% and the classic definition of a recession is two consecutive quarters of negative growth. We are not there yet, but shoppers are beginning to act as if a recession is here. CPG's need to be introspective. Kick off research to understand consumer path to purchase and attitudes toward your brand and categories. Use these insights to drive your innovation. Trends are still happening, so a "wait and see" attitude will put you behind your competition.



Steve Zurek
VP, Analytics
Thought Leadership

Manufacturers should anticipate reduced investment activity from competitors if recession fears materialize. This presents an opportunity to focus on retail media, where slashed budgets will lower costs and enable more economical shopper targeting. Manufacturers should also maintain consistent joint business activities with key retailers on initiatives such as omnichannel to build a strong negotiating position for the eventual economic recovery. A recession could offer a chance to gain market share for those making strategic investments during lean times.



Jack O'Leary
Director, eCommerce
Strategic Insights

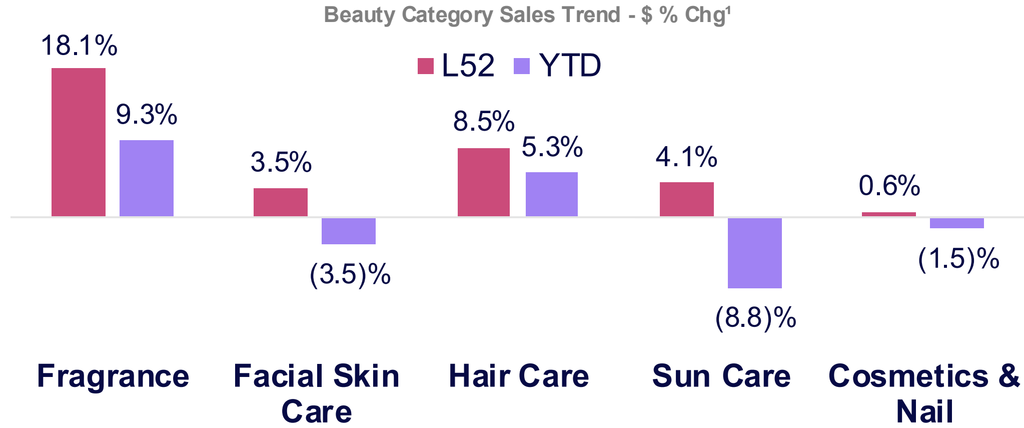
NielsenIQ

Implications for Manufacturers

Beauty Facing Growth Challenge for the First Time in Five Years

Impulse-driven core Beauty categories show significant softness in Q1 '25, with some categories dipping negative for the first time since the COVID period.

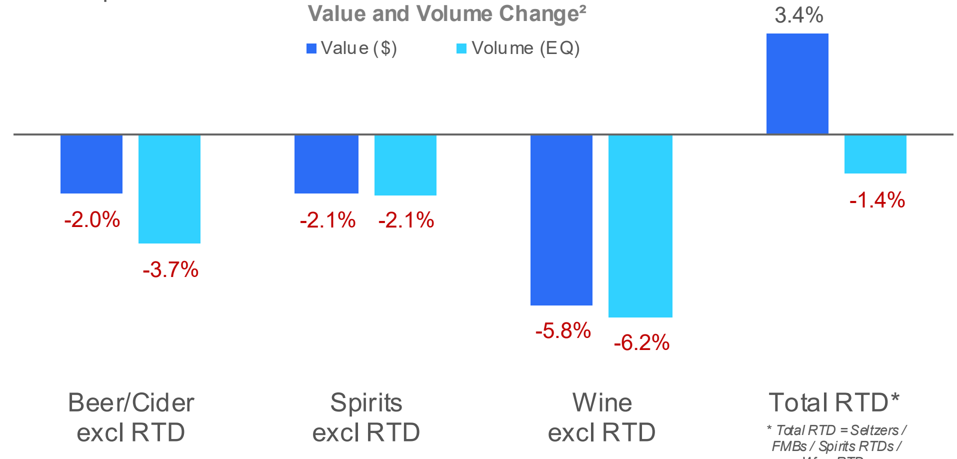
Beauty Category Sales Trend - $ % Chg[1]



A Variety of Factors for Beverage Alcohol Declines Remain

Value and volume pressures persist across Beer, Wine, and Spirits. While economic concerns are top of mind for BevAl shoppers, moderation impacts are collectively driving declines, with minimal impacts from tariffs so far.

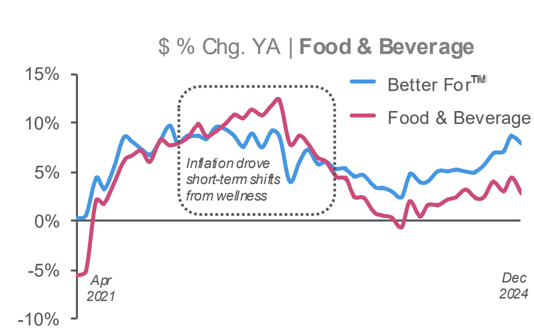
Value and Volume Change[2]



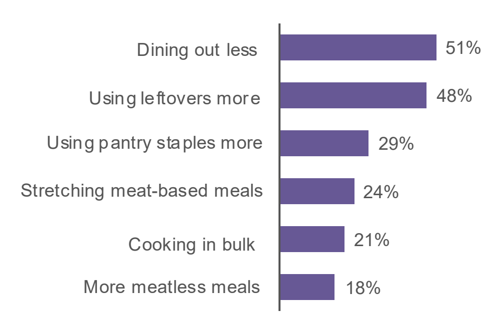
Good for Grocery

Economic slowdowns often drive consumers back to the store for food and beverage and away from restaurants. When consumers felt economically pressed in 2022 and 2023, due to high inflation, we saw a pull back on Better For™ food and beverage (as well as fresh foods) and an increase in more shelf-stable foods, including ultra-processed foods.

Consumers Shift Behavior When Economically Stressed[3]



High Prices Are Impacting How Consumers Approach Meal Preparation[4]



Source 1) NielsenIQ POD Omnishopper Panel Total US L52 week ending 3/22/2025 vs YA.Dollar percent change
Source 2) xAOC+Conv+Liquor Open State | L4 weeks ending 04/19/2025
Source 3) NIQ, Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Better For segment; $ % Change vs year ago; 4-week trended through week ending December 28, 2024
Source 4) NIQ, BASES Quick Question Omnibus Survey, April 2025, n=1,005