



Navigating the Evolving Landscape of Consumer and Retail Trends

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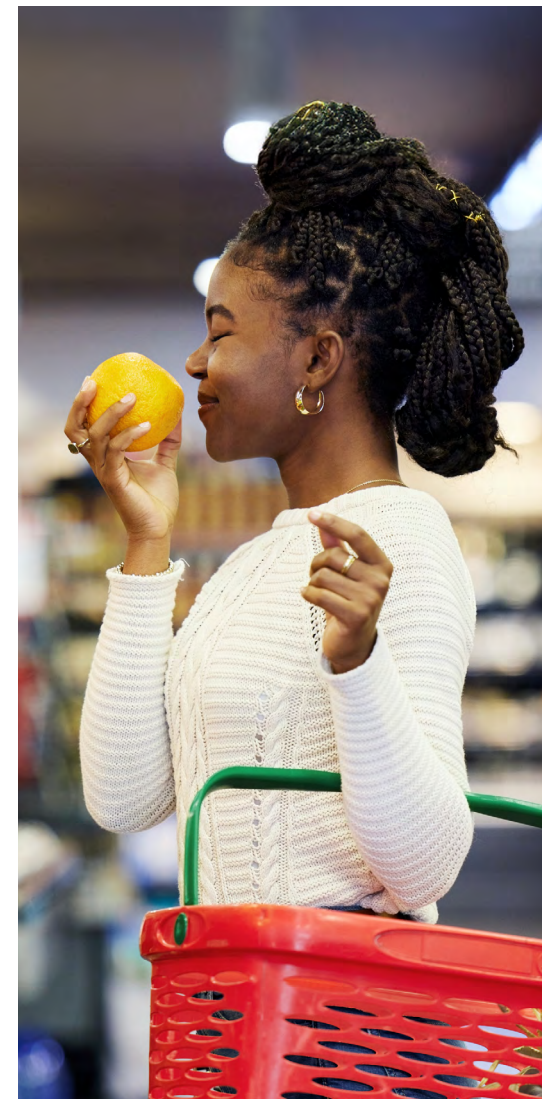
Introduction

Nigeria's consumer and retail market is in the midst of a profound transformation, one that reflects not only structural economic shifts but also changing cultural norms and digital behaviors. As the country grapples with rapid urbanisation, a growing youth population, and increasing digital penetration, the traditional retail model is being redefined. Long-established assumptions about how Nigerian consumers shop, what they value, and how they engage with businesses are being challenged, and in many cases, overturned.

Today's Nigerian consumer is no longer passive. They are more informed, digitally connected, and aspirational. While physical markets and in-store experiences still dominate everyday commerce, there is a growing demand for convenience, speed, and personalised service, often driven by mobile-first behavior and social media influence. From ordering meals online to scanning QR codes in local shops, digital engagement is rising, yet adoption remains uneven across demographics, income levels, and regions.

At the same time, the rise of digital technology has created both momentum and friction. While mobile payments, online storefronts, and delivery platforms offer unprecedented reach and efficiency. Infrastructural limitations, weak logistics, unreliable service delivery, and low consumer trust in digital systems continue to constrain growth. Many consumers remain hesitant to transact online due to fears of fraud, poor product quality, or unresolved disputes.

Ultimately, as Nigeria's retail sector evolves from conventional models toward a landscape shaped by evolving customer preferences and digital innovation, only businesses that proactively anticipate emerging trends and effectively address shifting customer needs will position themselves as industry leaders in one of Africa's most dynamic markets.





01

Understanding the Modern Consumer

01 | Understanding the Modern Consumer

In an era defined by digital acceleration, rising consumer expectations, and shifting economic landscapes, businesses can no longer afford to rely on legacy assumptions about their customers. This reality is particularly pronounced in Nigeria, a market distinguished by its scale, youthful population, cultural diversity, and growing digital maturity.

With a population exceeding 230 million as of 2025, based on United Nations (UN) data compiled by Worldometer, Nigeria stands as Africa's most populous country and one of its most commercially significant consumer markets. This sheer demographic weight, coupled with accelerating urbanisation and a predominantly mobile-first digital landscape, underscores the importance of understanding the Nigerian consumer as both a strategic necessity and a source of competitive advantage.

While global consumer behaviors, particularly in mature markets such as the United States of America (USA) are shaped by stability, modern infrastructure network, and decades of digital maturity, the Nigerian consumer operates within a dynamic environment where trust, accessibility, and affordability remain pivotal. The modern Nigerian consumer is far from monolithic; instead, they represent a diverse and dynamic blend of generational values, economic conditions, technological adoption, and rich cultural nuance.

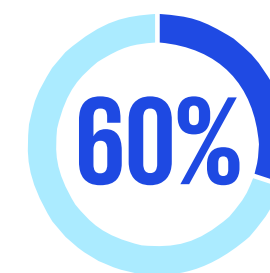
Demographic Dynamics: Youth as an Engine of Consumption

A defining feature of Nigeria's consumer landscape is its remarkably youthful population. According to the National Population Commission (World Population Day 2025) and UN estimates, over 60 percent of Nigerians are under the age of 30, with a median age of approximately 18.1 years.

This demographic profile positions the country as a compelling market for brands aiming to engage digitally native Millennials and Generation Z, cohorts that are hyper-connected, socially influenced, and increasingly receptive to digital-first experiences across e-commerce, mobile payments, and content-led brand discovery. In this context, platforms such as Instagram, TikTok, and WhatsApp are evolving beyond their traditional roles as entertainment channels to become engines of commerce and trust-building ecosystems, shaping how young consumers engage with brands and make purchase decisions.

By contrast, mature markets like the USA reflect a more balanced demographic distribution, with institutional foundations that support more seamless digital experiences, foster higher trust in online transactions, and enable the widespread adoption of automated services such as subscriptions and smart payment systems.

As such, recognising the unique dynamics of emerging markets like Nigeria, in contrast to more mature economies, is critical to crafting relevant, high-impact consumer engagement strategies.



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Shopping Preferences and Trust in the Digital Age

Traditional open-air markets such as the Balogun and Oshodi Markets in Lagos, Ariaria Market in Aba, Gbagi Market in Ibadan, and Wuse Market in Abuja continue to serve as vital shopping hubs for millions of Nigerians, particularly among older consumers and low-to-middle income earners. Concurrently, modern trade formats, such as Shoprite, Ebeano, Spar, Marketsquare, Roban Stores, Justrite, Bokku! Mart, and Addide are rapidly expanding their footprints across urban areas, catering primarily to middle-class consumers who prioritise hygiene, quality assurance, and convenience.

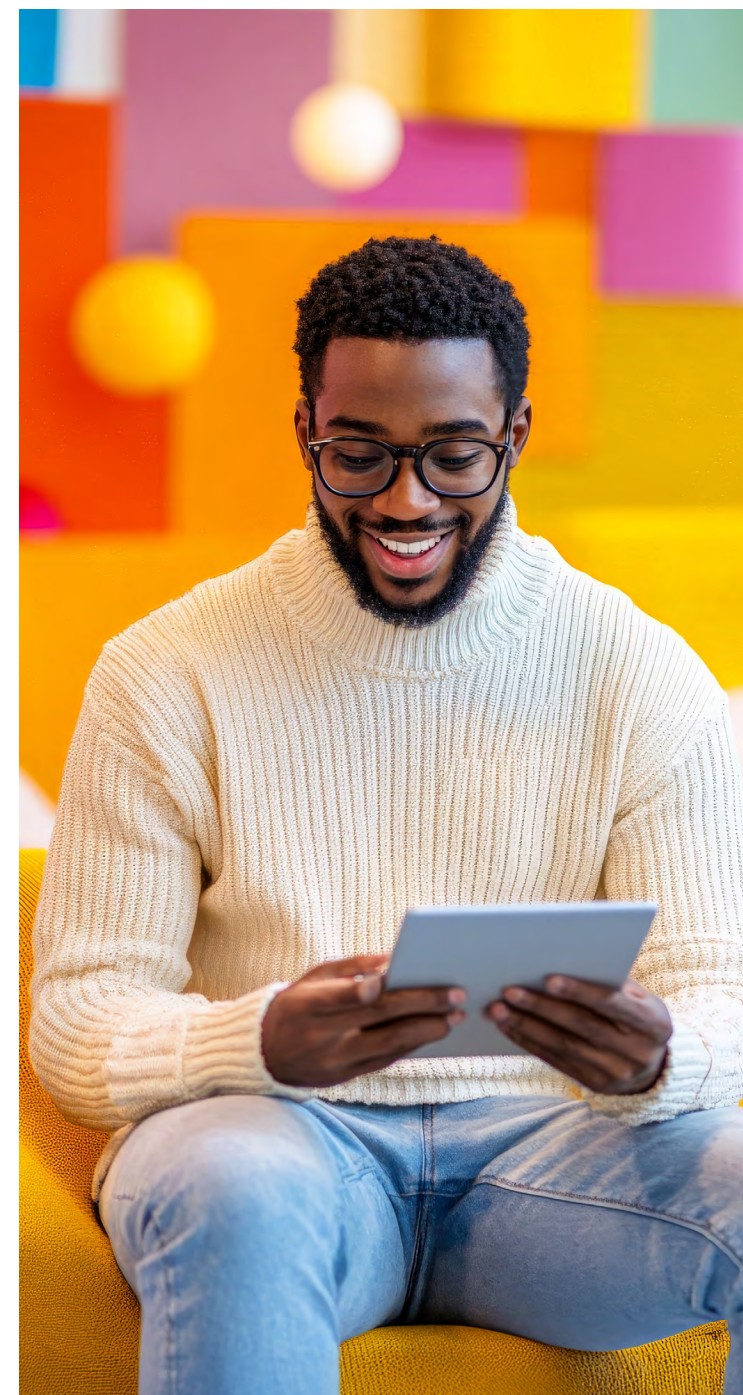
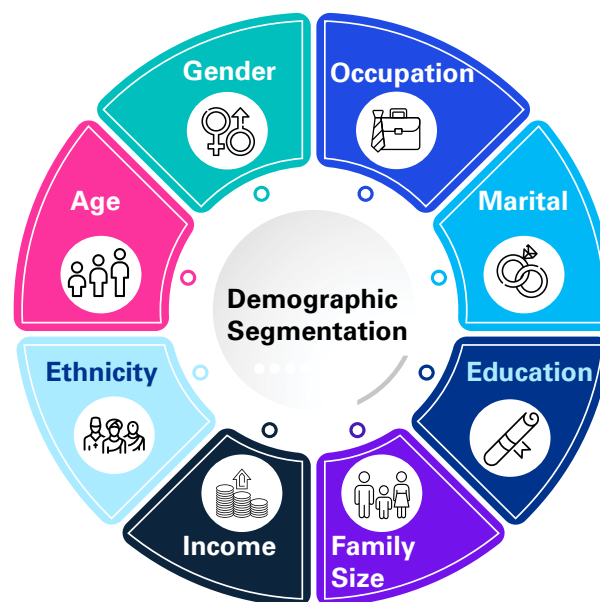
In contrast to mature global markets such as the USA, where consumers enjoy a highly developed digital commerce ecosystem, with retailers such as Amazon, Walmart, and Target offering same-day or next-day delivery, sophisticated personalisation algorithms, automated refunds, and diverse payment options consumers predominantly use cards, mobile wallets, and recurring payments driven by high levels of trust, security, and convenience, Nigerian consumers remain cautious and have concerns about payment fraud, product authenticity, lack of formal dispute resolution and delayed deliveries, leading to a high preference for pay-on-delivery options and customer hesitation.

However, the gap is progressively narrowing. The rapid expansion of fintech solutions, spearheaded by local innovators such as Opay, Flutterwave, Paystack and Moniepoint, is democratising access to digital payments. Mobile money and USSD-based transactions have gained widespread acceptance, extending even to consumers beyond major urban centres.

These advancements are reshaping convenience and driving the growth of the digital economy; however, cultivating consumer trust remains a critical area requiring ongoing investment from businesses.

Technology Adoption and Behavioral Patterns

Technology adoption among Nigerian consumers is shaped by both aspiration and necessity, revealing distinct behavioral patterns across generations. For Gen Z and younger Millennials, smartphones often serve as their primary and sometimes sole computing device, fostering a distinctly mobile-first mindset. This group actively engages with brands through social media, heavily relies on peer recommendations, and demands personalised, fast, and seamless experiences. The surge of “social commerce,” where transactions occur directly within chat platforms or through influencer endorsements, represents a rapidly growing and critical channel for businesses seeking to capture their attention.



At the same time, the behavior of older consumers remains a vital consideration. Those over 35 years old hold a substantial portion of Nigeria's purchasing power and tend to approach technology with more caution. While their loyalty may be harder to earn, it is often deeper and more enduring. This demographic values reliability, brand reputation, and high-quality service, frequently preferring traditional retail outlets or verified online sellers. Unlike their younger counterparts, their digital engagement focuses more on practical utility than novelty. A notable example is Slot Systems, a leading electronics retailer, which has sustained a strong offline presence while carefully expanding its online services, recognising that many customers still prefer to physically inspect products before purchase.

For businesses, the takeaway is unequivocal: a uniform digital strategy will not suffice. Success depends on crafting dual-channel approaches that engage digitally native consumers on their preferred platforms while delivering high-touch, trust-centred experiences to those still acclimating to digital commerce. Understanding and addressing these generational distinctions is crucial for brands aiming to build lasting trust across Nigeria's diverse consumer base.

Cultural and Economic Considerations

Consumer behavior in Nigeria is profoundly influenced by cultural values, social structures, and communal dynamics. Purchasing decisions frequently involve collective input, especially within extended family units. Practices such as bulk buying, the significance of brand reputation within religious or ethnic communities, and reliance on word-of-mouth recommendations play pivotal roles in shaping consumer preferences. This stands in contrast to markets like the United States, where retail behavior is often characterised by individualism and convenience, and brand engagement tends to be more transactional than communal.

From an economic perspective, Nigeria's persistent inflation and currency volatility have heightened price sensitivity among consumers. Nevertheless, affordability alone does not dictate purchasing choices. Particularly within the expanding middle class, consumers demonstrate increasing discernment, prioritising value, quality, and durability despite budget constraints.

This evolving consumer sophistication aligns with global trends, where purchasing decisions are increasingly guided by considerations of transparency, sustainability, and ethical practices.

Implications for Businesses: Building with the Consumer, Not Just for Them

While much of the narrative around modern consumers centres on Gen Z, older consumers in Nigeria (35+) still make up a large and influential segment. This group is more brand-loyal, less experimental, and tends to favour in-person purchases, established marketplaces, and functional products over trends. However, they are by no means digitally excluded; many actively use WhatsApp for business communications, mobile banking apps for bill payments, and YouTube for product research.

Crucially, this demographic places a high premium on value, reliability, and trusted word-of-mouth recommendations. Their adoption of digital tools is pragmatic and needs-driven rather than novelty-seeking, which means brands must deliver clear value propositions, simple onboarding processes, and robust customer support to effectively engage them.

For companies seeking relevance in Nigeria's evolving consumer and retail landscape, success hinges on an ability to decode the nuances of local consumer behaviour and respond with agility, empathy, and precision. This requires more than market research; it calls for a commitment to consumer intelligence: the continuous gathering and application of data to understand preferences, predict shifts, and personalise experiences.

A shopping cart filled with various smartphones is positioned in a store aisle. The cart is in the foreground, and the background shows shelves stocked with products under bright store lighting. A large white number '02' is overlaid on the left side of the image.

02

The Digital Rewiring of Consumer and Retail Markets

02 | The Digital Rewiring of Consumer and Retail Markets

While the global retail landscape is shifting decisively toward digital-first models, Nigeria's retail and consumer markets are evolving along a more complex, hybrid path. The promise of fully digital commerce, where convenience, speed, and seamless experiences reign, is appealing. However, the realities on the ground tell a different story. For many retail businesses in Nigeria, going fully digital remains a distant goal, constrained not only by infrastructure and logistics, but by deep-seated consumer behaviors and systemic trust issues.

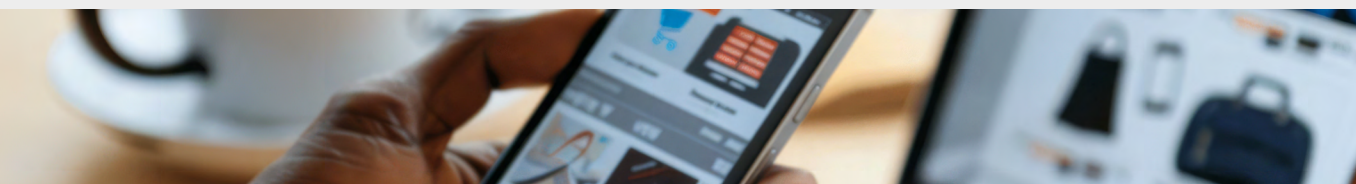
In the food retail segment, which includes groceries, fresh produce, and ready-to-eat meals, digital platforms are gaining traction in urban areas. Delivery services like Glovo and Chowdeck have made it easier for time-strapped professionals to order meals online. Yet even this progress is not as widespread as it may appear. Despite having access to apps and digital menus, many consumers still prefer to walk into a quick-service restaurant and buy their meals in person. Whether it is for the immediate gratification, the ability to verify freshness, or the simple distrust of delivery timelines, the preference for physical engagement remains strong.



This hesitancy becomes even more apparent in the grocery space. While online platforms like PricePally and Supermart.ng have tried to digitise grocery shopping, especially bulk purchases of items like yam, beans, or palm oil, they face significant resistance. Many consumers still prefer visiting formal retail, where they can inspect fresh produce, compare prices, and shop for both local staples and imported goods. They are reluctant to buy perishable items like vegetables, meat, or local staples such as yam and stockfish online.

The inability to physically inspect food items creates a psychological barrier that digital interfaces have yet to overcome. In traditional markets, buyers can touch, smell, and negotiate, experiences that current digital platforms cannot replicate. Furthermore, the logistics backbone to support fresh food delivery at scale is still underdeveloped.

In the non-food retail segment, covering categories such as clothing, electronics, beauty, and household items, the challenges to digital adoption are distinct, yet no less formidable. While early entrants like Konga and Jumia sparked initial optimism around the promise of e-commerce, that enthusiasm has been tempered by persistent gaps in service delivery, trust, and consistency. The barriers are slightly different but equally challenging.



Consumers regularly complain about receiving counterfeit or substandard products. Unlike platforms like Amazon that flag suspicious listings, verify seller credibility, and facilitate easy returns or refunds, Nigerian platforms are often viewed as unreliable. There is no central authority or standard that ensures product authenticity, leaving consumers to rely heavily on their own networks or avoid digital purchases altogether.



Payments also remain a major friction point. While digital wallets, mobile banking, and fintech platforms like Opay, PalmPay, and Flutterwave are gaining ground, many users still encounter failed transactions, unresolved refunds, and limited customer support. Consequently, pay-on-delivery, once seen as a transitional mechanism, continues to dominate. Though it provides a layer of perceived security for the buyer, it introduces inefficiencies for sellers, complicates logistics, and restricts the scalability of e-commerce models.

Despite these challenges, the retail sector in Nigeria is not standing still. It is undergoing a subtle yet meaningful transformation, with a gradual shift toward a hybrid retail model that integrates digital solutions to complement, rather than replace traditional in-store experiences. This evolution does not suggest an imminent or complete move to fully digital retail. Instead, it reflects the complex and nuanced nature of the Nigerian market.

Hence, rather than aim to become Nigeria's Amazon overnight, smart retailers are embedding digital features into trusted offline environments. To thrive in this complex and transitional landscape, businesses must reset their assumptions and pursue a phased, localised, and consumer-led approach to digital transformation.

This means investing in:

-  Transparent and reliable service delivery, especially in digital channels, to reduce skepticism and build confidence.
-  Omni-channel strategies that seamlessly integrate online and offline touchpoints to cater to the full spectrum of consumer preferences.
-  Age-specific value propositions, recognising the digital fluency of younger consumers and the value-driven pragmatism of older segments.

Ultimately, to succeed in Nigeria's evolving consumer and retail sector, businesses must move beyond binary thinking and adopt a holistic, inclusive approach that builds with the consumer, not merely for them.

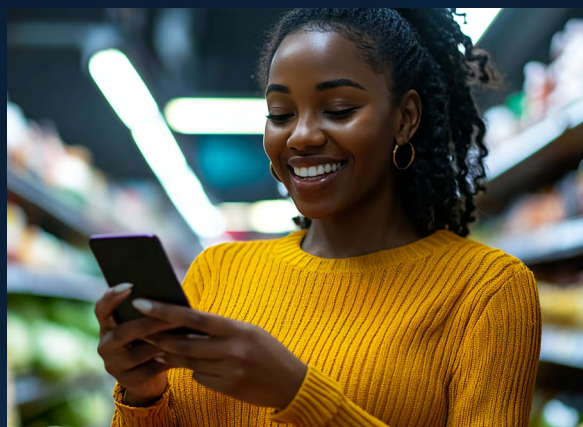




03

Navigating Consumer and Retail Challenges and Unlocking Opportunities for Growth

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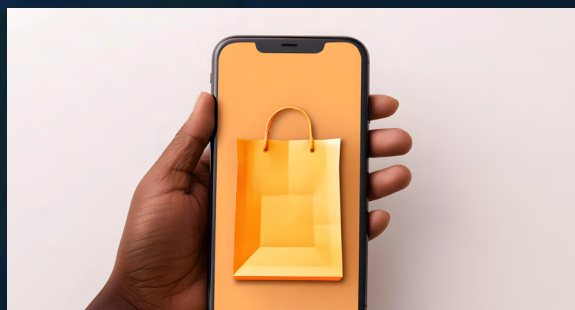


Nigeria's consumer and retail sector holds immense potential, but unlocking that potential requires more than optimism. It demands a clear and objective understanding of the realities on the ground.

At the core of the hesitation to fully embrace digital/online shopping is a fundamental lack of trust. For grocery retailers, the most pressing challenges stem from the nature of the products themselves. Fresh produce, meat, dairy, and other perishables require timely delivery and stringent quality control. For many Nigerians, grocery shopping is a hands-on activity and therefore, consumers often insist on inspecting good firsthand.

Whether selecting ripe plantains, inspecting fresh fish, or comparing sizes of yams, shoppers want to see, touch, and judge quality in real-time. The sensory nature of buying food, combined with variability in quality, makes people uneasy about completely outsourcing that responsibility to a delivery driver or algorithm.

There are also consumer concerns around price and value, as most open markets offer space for negotiation and price comparison, which are not easily replicated in digital systems. Compounding this cultural preference is a broader infrastructure deficit. A critical barrier to a fully digital retail environment in Nigeria is the weak and unreliable last-mile logistics infrastructure, especially in the grocery sector. Delays, damaged goods, poor tracking, and risks of theft or product substitution undermine confidence, causing many shoppers to revert to traditional markets where they can physically select items.



Non-grocery retailers, on the other hand, face different hurdles. Their products tend to be standardised, non-perishable, and easier to describe online through images and detailed specifications. However, challenges like ensuring product authenticity, expiration dates, managing returns, and providing reliable after-sales service persist. While delivery timing may be less urgent than for groceries, maintaining customer trust remains critical, especially given the prevalence of counterfeit or substandard goods in some segments.

Despite these differences, grocery and non-grocery retailers share several challenges. Both groups must build consumer trust in online platforms and delivery systems. To navigate these challenges, Nigeria's retail sector must embrace fulfilment flexibility rather than replicating the large, logistics-heavy models found in mature markets as this may be capital intensive. For groceries, this could mean hybrid approaches where customers order online but can choose to pick up their goods in-store or from a local vendor, retaining the option to inspect products before completing the purchase. This hybrid model not only addresses trust issues but also reduces the burden on delivery infrastructure.

For non-grocery retailers, offering scheduled delivery windows and partnering with vetted third-party logistics providers can enhance reliability without requiring them to manage complex delivery networks themselves. Allowing customers to choose the delivery option that suits them best, whether home delivery, in-store pickup, or collection through a dispatch rider of their choice, can improve satisfaction and loyalty across both retail sectors.

Behind the scenes, digital tools offer enormous potential to strengthen the retail ecosystem. Inventory management systems help reduce stockouts and spoilage, especially important for fresh goods, while customer relationship platforms enable personalised marketing and better service. Further, mobile payment solutions and transparent order tracking foster confidence, helping to bridge the gap between online convenience and offline trust.

Ultimately, the future of Nigeria's retail market lies in creating a blended shopping experience that respects cultural preferences while leveraging digital innovations. Grocery and non-grocery retailers who prioritise flexibility, transparency, and customer control will be best positioned to unlock growth. Rather than replacing traditional markets, the retailers can enhance them, bringing the benefits of modern retail to millions of Nigerians in ways that truly meet their needs.



04



Looking Ahead: The Future of Retail and Conclusion

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Looking ahead: Charting the Future of Consumer & Retail in Nigeria

The future of the consumer and retail sector in Nigeria is being shaped by a confluence of demographic vitality, digital acceleration and rising urbanisation. With a rapidly growing youthful population –Nigeria presents an attractive growth opportunity for consumer-facing industries. This youthful, tech-savvy population is driving demand for convenience, digital access and brand experiences that are not only affordable but also culturally relevant.

Digital transformation will be at the heart of the sector's evolution. Mobile penetration, fintech innovation, and the rise of e-commerce platforms are bridging the gaps in infrastructure and unlocking access to underserved markets. Social commerce and influencer-driven marketing are also reshaping how brands engage with consumers across the region.

At the same time, structural challenges such as fragmented supply chains, inconsistent regulatory environments and underdeveloped logistics systems will require strategic investment and cross-sector collaboration. Companies that can localise production, optimise last-mile delivery, and build trust within informal retail channels will be better positioned to thrive. Sustainability and inclusivity may also play a role in defining competitive advantage. West African countries are becoming increasingly conscious of ethical sourcing, environmental impact, and corporate responsibility. Brands that adopt these values and embed them into their operations will gain deeper loyalty and long-term relevance.

In summary, the future of retail in Nigeria lies in a hybrid model where physical and digital channels converge and global best practices meets local insights, and a blend of agility and authenticity fuels sustained growth across diverse and dynamic markets.



Conclusion

Navigating the shifting consumer and retail landscape in Nigeria requires more than operational responsiveness. It calls for a well-informed, strategic approach grounded in a deep understanding of the region's evolving socio-economic dynamics, digital transformation, and complex regulatory environment.

KPMG's role is to help retail and consumer businesses de-risk transformation, respond to changing consumer expectations, and build systems that work in the Nigerian context. We bring the strategic clarity, operational insight, and governance support needed to thrive in Nigeria's increasingly hybrid retail environment.

We at KPMG are ready to collaborate with businesses in the consumer and retail sectors. At KPMG, we recognise the unique demands of this landscape and offer an integrated suite of Audit, Tax, and Advisory services designed to support sustainable growth and long-term value creation.

Through our Audit services, we help businesses maintain transparency, enhance governance, and build stakeholder trust, ensuring that financial and operational reporting is accurate and aligned with both local and global standards. the region.

Our Tax advisory teams assist clients in navigating complex and often fragmented tax regimes across West Africa. From corporate tax compliance to transfer pricing, customs duties, and emerging tax risks, we work with businesses to optimise their tax positions,

manage compliance, and identify strategic opportunities within the regulatory frameworks.

Our Advisory practice supports companies in rethinking business models, enhancing digital capabilities, transforming operations to remain competitive and optimising different options for implementing growth strategy via spin-off or acquisition. Whether it's market entry strategy, supply chain optimisation, omni-channel strategy development, digital commerce enablement, customer experience design, or mergers and acquisition, we bring sector-specific insights to help businesses unlock value across every stage of their growth journey.

By combining deep local knowledge with global expertise, KPMG is uniquely positioned to help consumer and retail businesses in Nigeria anticipate trends, manage risks, and lead in an increasingly complex and competitive market.

Why KPMG ?

Our value proposition:

- Global and in-depth experience
- Subject matter expertise
- Tested methodologies and tools
- Quality assurance

Our professionals are amongst the leaders in delivering a broad range of audit, tax and advisory services to meet the unique needs of companies in the retail and consumer goods sectors.

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