



# Strengthening the core

**Global Consumer & Retail M&A Outlook 2025**

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# Foreword

## *M&A activity to pick up in 2025 as C&R organizations strengthen their core*

Having navigated the complexities of post-COVID supply chain shocks and input inflation which required significant pricing action, Consumer and Retail (C&R) CEOs are back to focusing on delivering much-needed volume growth. And, according to our most recent [Global C&R CEO Outlook report](#), they are willing to pursue both organic and inorganic paths to deliver it.

While the trading environment should generally improve in 2025, C&R executives are facing a more complex landscape of different growth trajectories between individual economies, changing consumer preferences and emerging risks that are creating significant challenges to their operating models.

For many sub-sectors, volume growth will come second to volume preservation. Facing pressure on consumer spend from declines in disposable incomes, shifts towards unbranded products and waning product loyalty, many consumer goods companies are struggling to arrest declining volumes. For large companies reliant on high sales volumes across a broad portfolio to generate the economies of scale that underpin margin growth, this decline in volumes is particularly challenging. Investor scrutiny is intense leading to significant turnover in the senior management of many larger players in the sector as organizations struggle to deliver combined sales and margin growth in this environment.

Traditionally, companies in this sector have maintained large portfolios within aligned categories to help drive volumes, even though profitability tends to decline as you move down the portfolio tail. However, emerging risks such as reputational damage, cyber vulnerabilities, and ESG compliance costs are becoming increasingly concentrated in the smaller, less profitable entities that operate on legacy systems or remain partially integrated acquisitions, creating

backdoor vulnerabilities that expose the entire portfolio to potential risk. As a result, the historical approach of tolerating lower profitability in the tail is increasingly being challenged. Executives are now rethinking portfolio strategies to better balance risk and reward, ensuring that the cost of managing these risks does not outweigh the benefits of maintaining the portfolio's breadth.

Under-performance by some players has caught the attention of activist investors who have started to put pressure on consumer and retail companies to divest their non-core assets. From a capital markets perspective, we see an increasing penalty being placed on companies that show any ambiguity in their corporate strategy — whether that be at the portfolio, geographic, technological or sustainability level. Those that pick a lane and ruthlessly execute on it are outperforming their less focused peers.

While all these factors point to a more active M&A environment in 2025, the big wild card is uncertainty surrounding the impact of geopolitics and ESG policies on the C&R sector. The looming threat and uncertainty of tariffs and regional divergence in the application of an evolving ESG landscape is creating competitive disparities and new complexities. Based on the current trends, there is a real risk that C&R companies will get caught in the political crossfire, no matter which direction they turn. This, in turn, could result in increased M&A activity as players move to decouple operations in specific geographies to reduce their geopolitical exposure.

Looking ahead, we expect 2025 to be characterized by a more ruthless review of dilutive and non-core businesses as organizations focus on their core. Alongside strategic divestments, expect to see significant bolt-on activity as organizations look for lower-risk, above-average growth opportunities. Large-scale M&A activity will be back on the table (if it offers compelling cost synergies) with expected changes at the Federal Trade Commission under the new administration also boosting investor and corporate confidence in larger transactions.

However, activity will vary by region and by sector. This report explores the key trends influencing C&R M&A markets in 2025 and beyond. Given the rapid pace of change, both within the sector and across the global economy, understanding the trends will likely be key to unlocking value, driving growth and enabling transformation for dealmakers. We hope this report provides valuable insights to help dealmakers act with confidence in what we expect to be a more active year for M&A ahead.

To learn more about the topics raised in this report, or to discuss your organization's deal strategy and opportunities, we encourage you to contact your local KPMG member firm.



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# Contents

04

2024 in review

12

Home and personal care

06

Key trends for 2025

13

Pet care

09

Sector outlook 2025

14

Luxury goods

10

Food and beverage

15

How KPMG can help

11

Retail

16

Key contacts



# 2024 in review

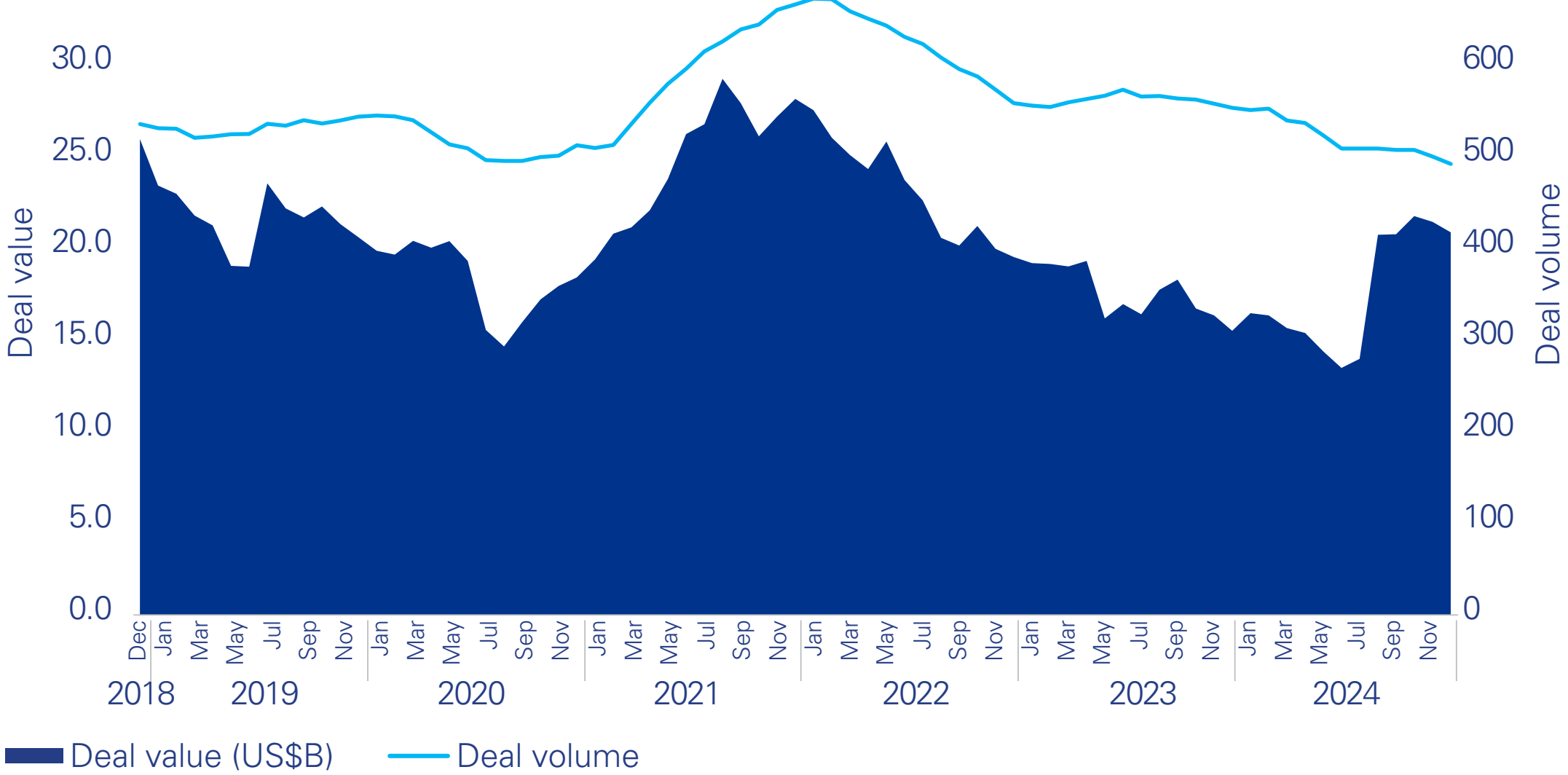
**Global M&A deal volume continues to decline; however, improvement can be seen in 2024 deal values with some high-value deals. The average deal size in 2024 stands at \$142M vs \$90M in 2023.**

Facing significant market uncertainty and slow economic growth coupled with unfavorable interest rate environment, many dealmakers stood on the sidelines of the M&A markets in 2024. Investors saw unbridgeable gaps in buy/ask valuations. CEOs were focused on business continuity, cost cutting and

efficiencies. Debt was difficult to access outside of high-quality assets, and due diligence processes were becoming longer and more complex.

As a result, 2024 saw global Consumer & Retail M&A deal volume fall 11 percent year-on-year<sup>1</sup>, dropping below pre-pandemic averages. Volumes were down across all regions, with Asia Pacific seeing an 8 percent drop, versus a 13 percent fall in the Americas and a 12 percent drop in Europe, the Middle East and Africa<sup>1</sup>.

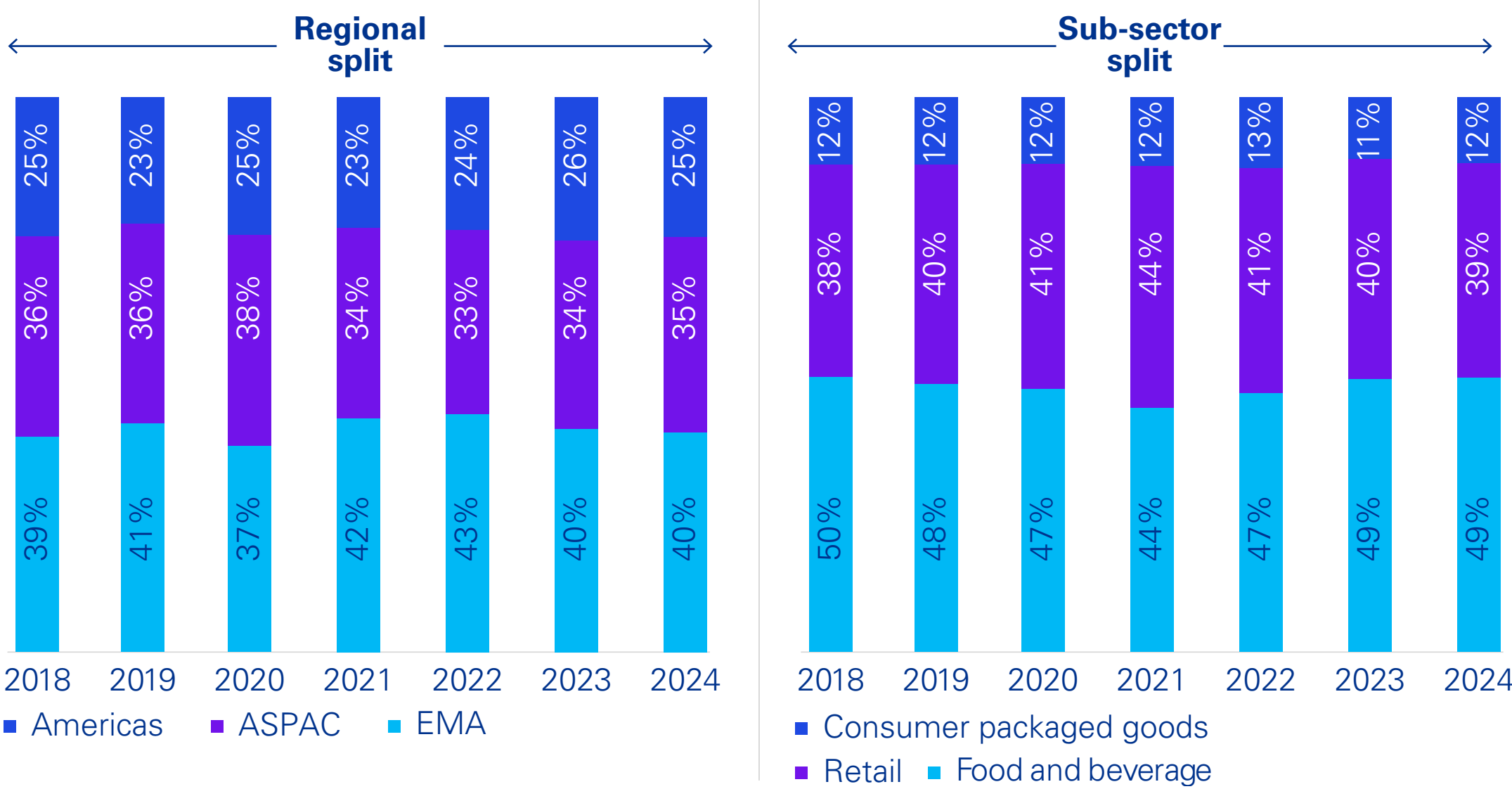
Global M&A deal activity — 12 month rolling (2018–2024)



Source: Refinitiv; KPMG analysis

<sup>1</sup> Source: Refinitiv

M&A deal volume — regional and sub-sector split percent





Top countries' deal volume and YoY growth, 2024			
	Country	Deal volume	YoY growth
Americas	United States	900	↓ 17%
	Canada	153	↓ 11%
	Brazil	85	↓ 2%
EMA	United Kingdom	359	↓ 11%
	Italy	216	↓ 14%
	Spain	185	↑ 21%
	France	170	↓ 25%
	Germany	133	↓ 34%
ASPAC	Japan	416	↓ 7%
	India	386	↑ 19%
	China	305	↓ 16%
	Australia	154	↓ 22%

Source: Refinitiv; KPMG analysis

Cumulative deal values started the year with a concerning decline but bounced back in the third and fourth quarters thanks to a handful of large deals. Overall, values were up 35 percent<sup>1</sup> over the prior year.

Outside of a handful of larger transactions, the activity that did occur tended to involve distressed assets and non-core disposals. Some were companies that had been propped up by government handouts during the pandemic and low-cost debt in the aftermath and were now in financial distress. That resulted in companies reducing their footprints as well as some brands being acquired without their retail operations. In other cases, companies were disposing of non-core assets in an effort to focus on the core, reshape their portfolios and achieve transformation.

Key deals, 2024				
Target	Target country	Acquiror	Acquiror country	Deal value (\$B)
Kellanova	United States	Mars	United States	35.3
Opella Healthcare Group	France	Clayton Dubilier & Rice; Bpifrance	United States	8.7
Nordstrom Inc	United States	Norse Holdings Inc; El Puerto de Liverpool SAB de CV	United States	5.5
Britvic PLC	United Kingdom	Carlsberg UK Holdings	United Kingdom	5.1
Lawson Inc	Japan	KDDI CORP	Japan	3.3
Vector Group Ltd	United States	Japan Tobacco Inc	Japan	3.3
NMG Holding Co Inc	United States	Hudson's Bay Co	Canada	2.6
JDE Peets	Netherlands	JAB Holding Co SARL	Luxembourg	2.3
ILC Dover LP	United States	Ingersoll Rand Inc	United States	2.3

Source: Refinitiv; KPMG analysis

While the year may have started off cautiously, there were signs of a coming revival mid-year. Drops in key interest rate levels (particularly in the Americas) boosted investor confidence and activity. The culmination of a set of elections worldwide provided more certainty. The cost of debt and capital started to decrease. And activity picked up pace in the fourth quarter.

As the next chapter notes, many of these trends will likely continue into 2025. Dealmakers may want to prepare for a heightened pace of activity and competition for assets.



# Key trends for 2025



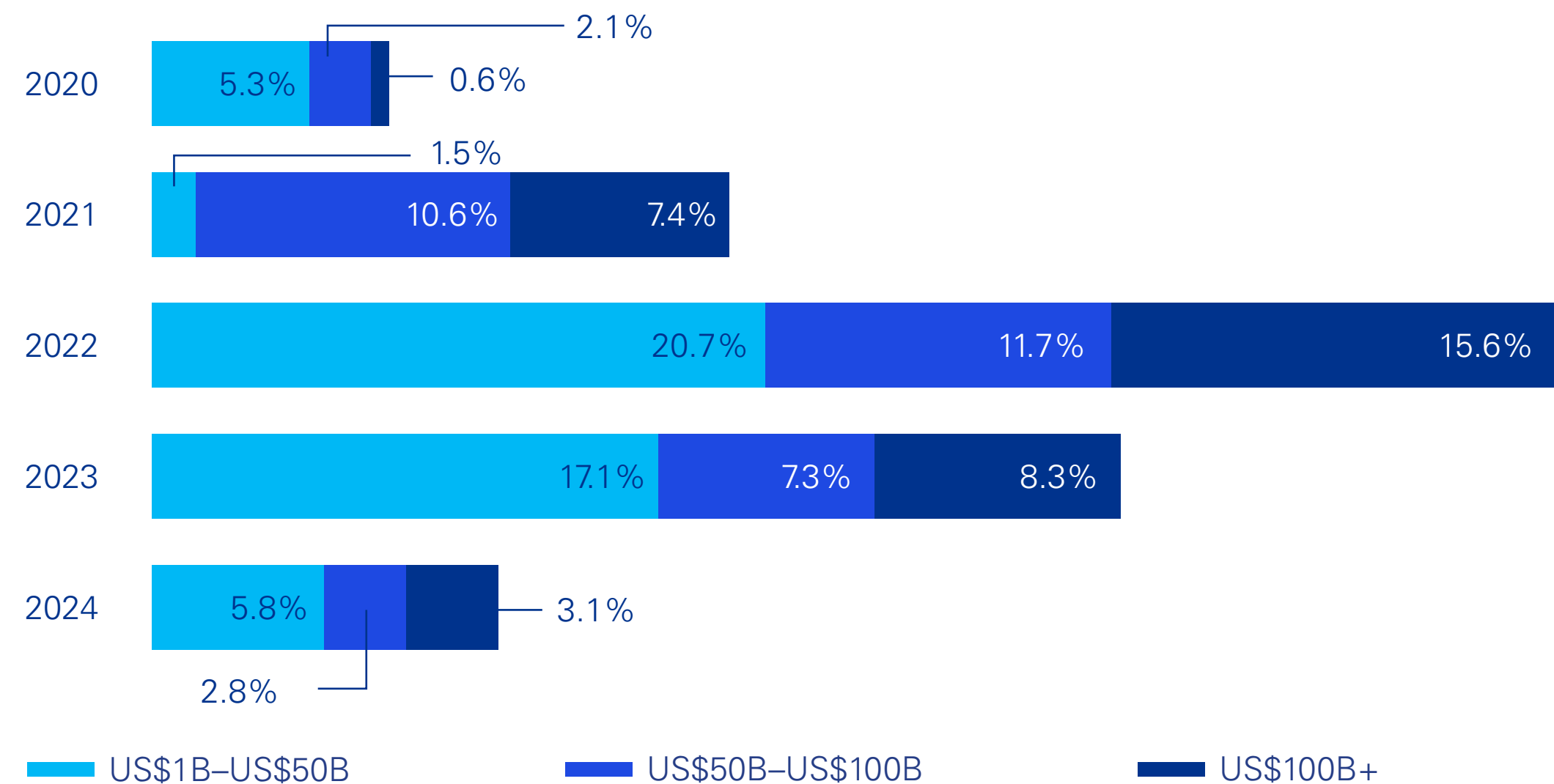


Based on 2024 results, together with KPMG professional's discussions and work with C&R dealmakers around the world, here are five key trends that should drive dealmaking in 2025:

## Core is the deal

C&R companies will likely look at evaluating their portfolios and divesting non-core assets, product lines and subsidiaries that do not align with their long-term strategic objectives while retaining higher-performing, profitable brands with strong customer recognition. Facing pressure to consolidate to sustain margins, expect to see players carve out and divest businesses that do not meet their margin targets in order to reinvest resources into core growth segments. Geopolitical considerations are also bringing a new lens to the review of what is core by C&R companies. We expect some movement as players move to ringfence specific geographical assets away from the rest of their operations.

### Average sales growth of companies with US\$1B–US\$100B+ market cap



Source: Refinitiv

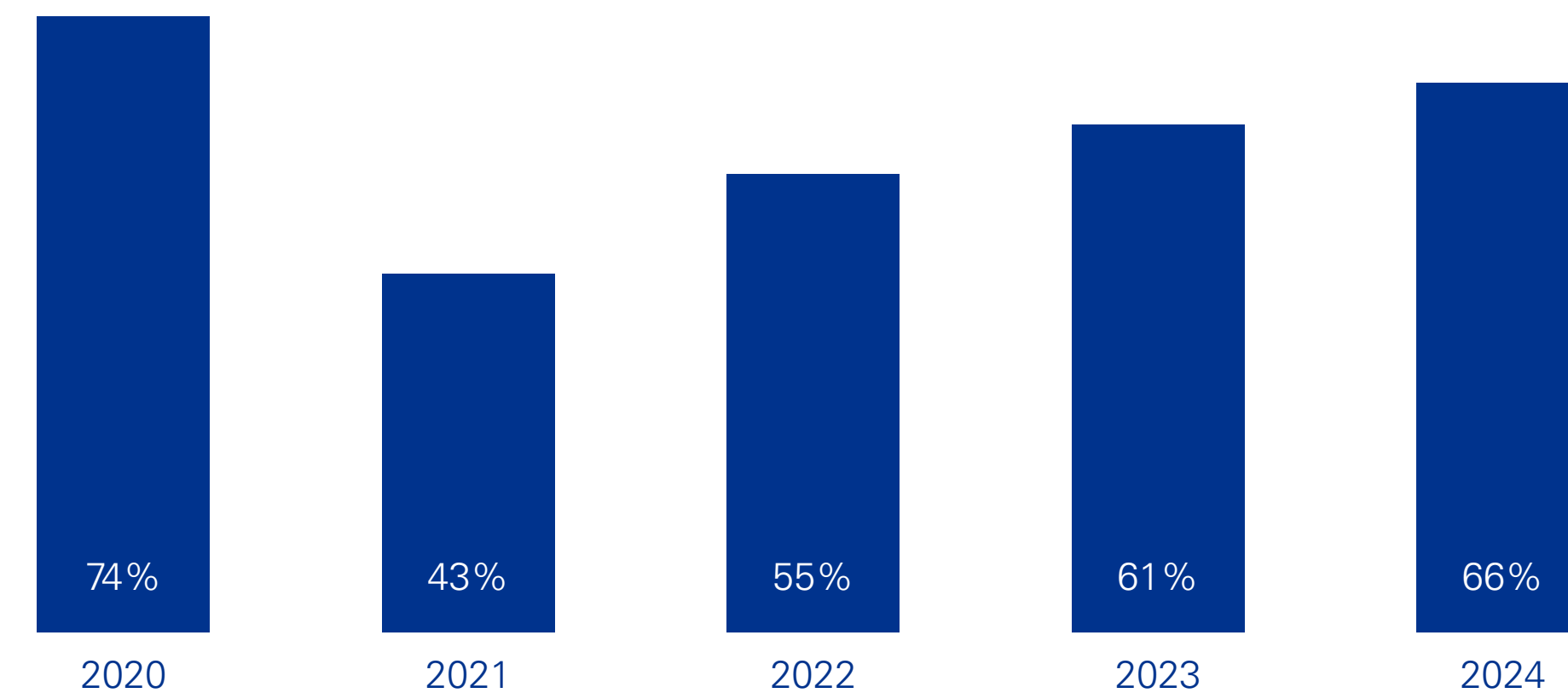
## Change in leadership

2024 saw leadership changes at many large players in the C&R space. Change in leadership often brings a refocusing of attention with resources and capital flowing towards key focus areas while non-core segments are divested. Our analysis suggests these new leaders are particularly keen on bolt-on acquisitions as they seek to stabilize their businesses.

## Bolt-on acquisitions

Anticipating continued economic uncertainty and where risk appetite is limited, expect to see an uptick in bolt-on acquisitions as investors look to deploy capital with lower risk. Facing a less favorable economic climate for risk taking and expansion into new categories, bolt-ons have been growing as a share of total acquisitions by large players, allowing them to invest into stable, predictable assets that are already familiar and where trust in the existing platform's management team is high. Expect this trend to continue into 2025.

### Percent share of bolt-on in total acquisitions by players with US\$100B+ market cap



Source: MergerMarket



# Activist pressure

Across all sectors, activist investors increased their stakes in large cap companies by 37 percent, year-over-year with the C&R sector receiving particular attention. In 2024, activist investors pressured some big players — including Kellanova, Kenvue and Starbucks — to streamline their businesses by divesting assets, making operational changes and pivoting strategic directions. Expect more of this in 2025 as activists look at other players with unaddressed value creation opportunities where they can deploy a similar playbook.



25

Average number of activist investors in companies with US\$100B+ market cap<sup>(a)</sup>

Note: (a) Includes 10 companies with \$100B + market capitalization  
Source: Refinitiv; KPMG analysis



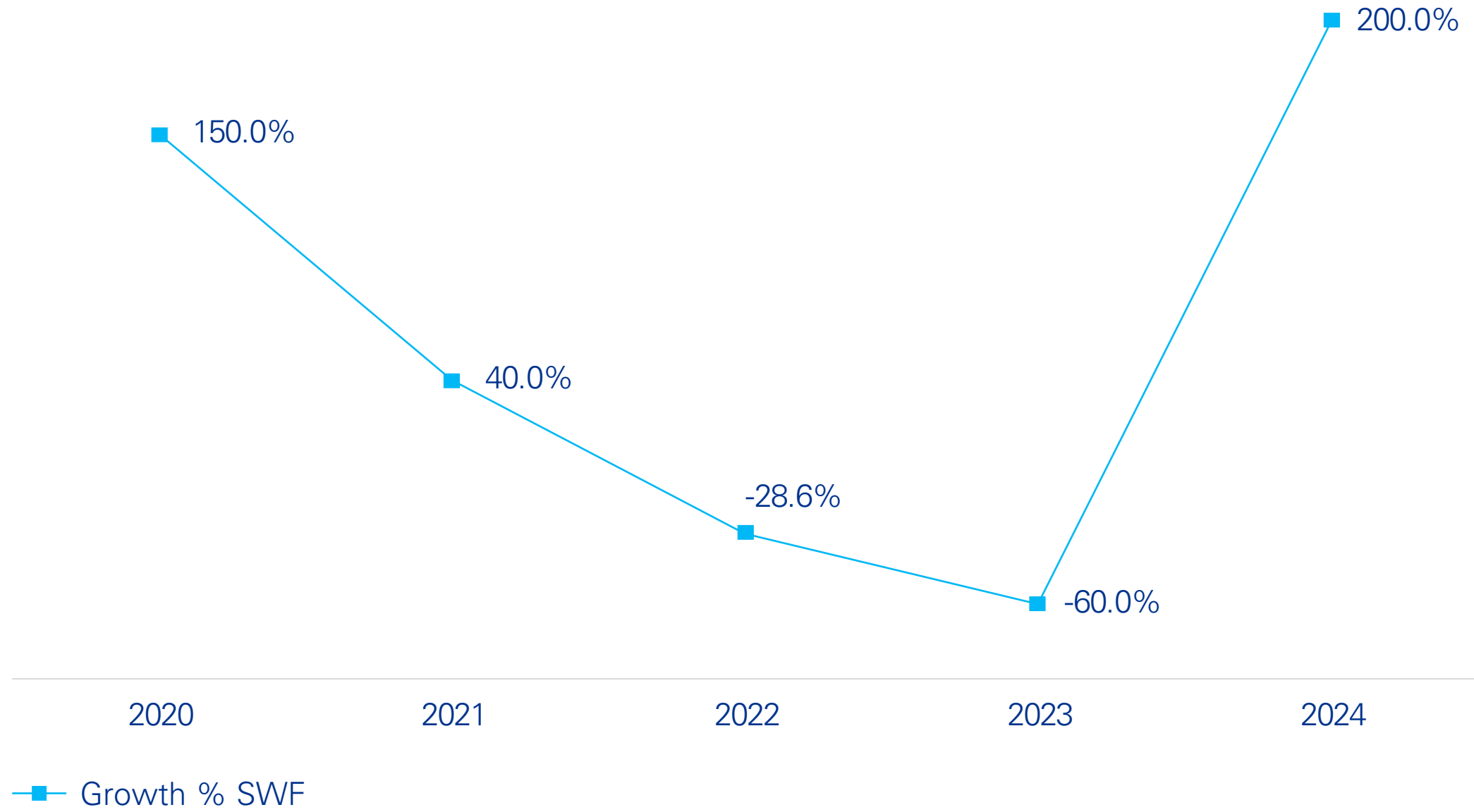
37%

Average percentage share of activist investors with increase in outstanding shares in companies with US\$100B+ market cap (Sep 24 vs. Sept 23)

# Emerging direct investors

The past year saw new investors move more aggressively into deal markets — particularly sovereign wealth funds (SWFs) looking to make direct investments into areas like casual dining, online retail and food retail. While many of these investments were made alongside private equity players in which the SWF was also an investor, the inclusion of new investors is stimulating deal activity within the sector, creating competition over deals. Expect to see investors sharpen their deal strategies and enhance their regional relationships as they move to cater to this investor class in their M&A process.

Growth in M&A deals — Sovereign Wealth Fund as a buyer



Source: Refinitiv





# Sector outlook 2025





# Food and beverage

## Appetite should return in 2025

Deal volume grew by 0.2 percent<sup>1</sup> year-over-year in 2024. And while cumulative deal value nearly doubled versus the previous year, that was largely on the back of Mars’ announced acquisition of Kellanova for US\$35 billion<sup>2</sup> — the largest deal of the year for the C&R sector as a whole. With significant disruption still on the horizon for the Food & Beverage sector, expect organizations to place renewed focus on supply chain optimization — implementing integrated supply chain systems for real-time visibility, collaborating with suppliers to improve operational efficiency and incorporating sustainability practices to reduce environmental impact.

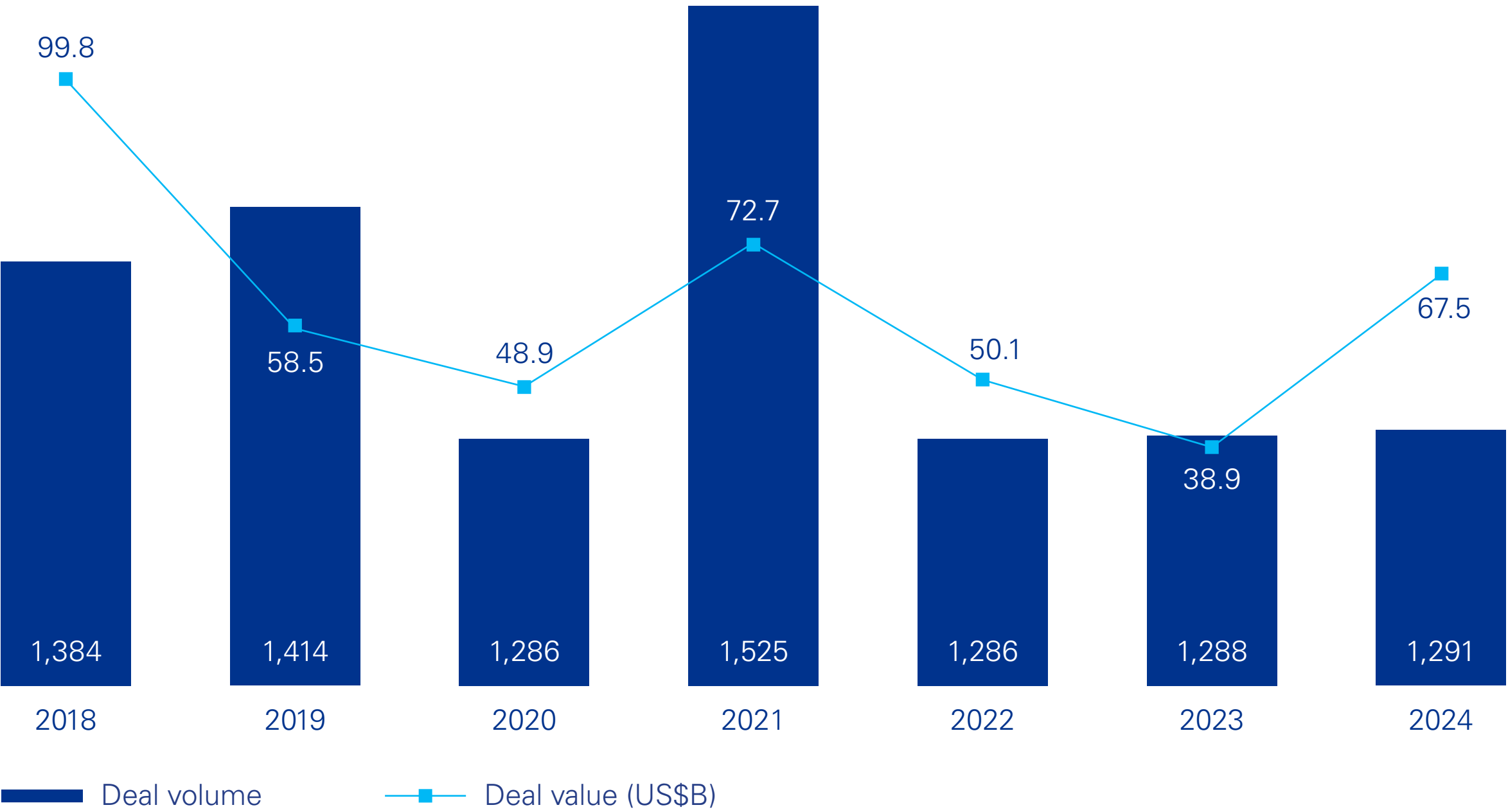
One trend likely to continue is the shift towards health and wellness-related products. Prompted by the pandemic and energized by the launch of new weight loss drugs, consumers are becoming increasingly focused on their health, leading many Food & Beverage companies to invest into new products and categories. Depending on a host of individual factors, from weight-loss motivation to income to nutritional knowledge, these medications may cause a user to spend less, the same, or even more on food than they did before starting the medication. Given that [the global GLP-1 market is set to grow at around 30 percent CAGR through 2030](#),<sup>3</sup> food and beverage retailers will want to consider the impact of these drugs on their product formulations and portfolios.

The trend towards health is playing out in different ways across sectors. On the one hand, we see an increasing interest in health-conscious beverages, particularly from Gen Z consumers. On the other, we have seen the plant based and alternative protein sub sector cool, with valuations falling significantly.

As such, anticipate a flurry of new deals to come to market as C&R players refocus on the core and divest of non-core categories and geographies. Some of this activity will be to achieve cost optimization and shore up margins. But many will also be trying to adjust their footprints to reflect new international trade dynamics, unlock market access and reduce their geopolitical risk.

<sup>2</sup> Source: Mars press release  
<sup>3</sup> Source: Getting to know GLP-1 users, a new kind of consumer, KPMG LLP, 2024

M&A deal activity (2018–2024)



Source: Refinitiv





# Retail

## A dynamic year ahead

Retail deal markets were relatively quiet in 2024 with non-food retail deal volumes down 14 percent<sup>1</sup> and food retail volumes down 3 percent<sup>1</sup>. Yet there are signs that 2025 will see a notable uptick in activity across retail sectors. Indeed, with lower inflation, stabilized interest rates and improved consumer confidence, 2025 is poised to be a dynamic year for retail M&A.

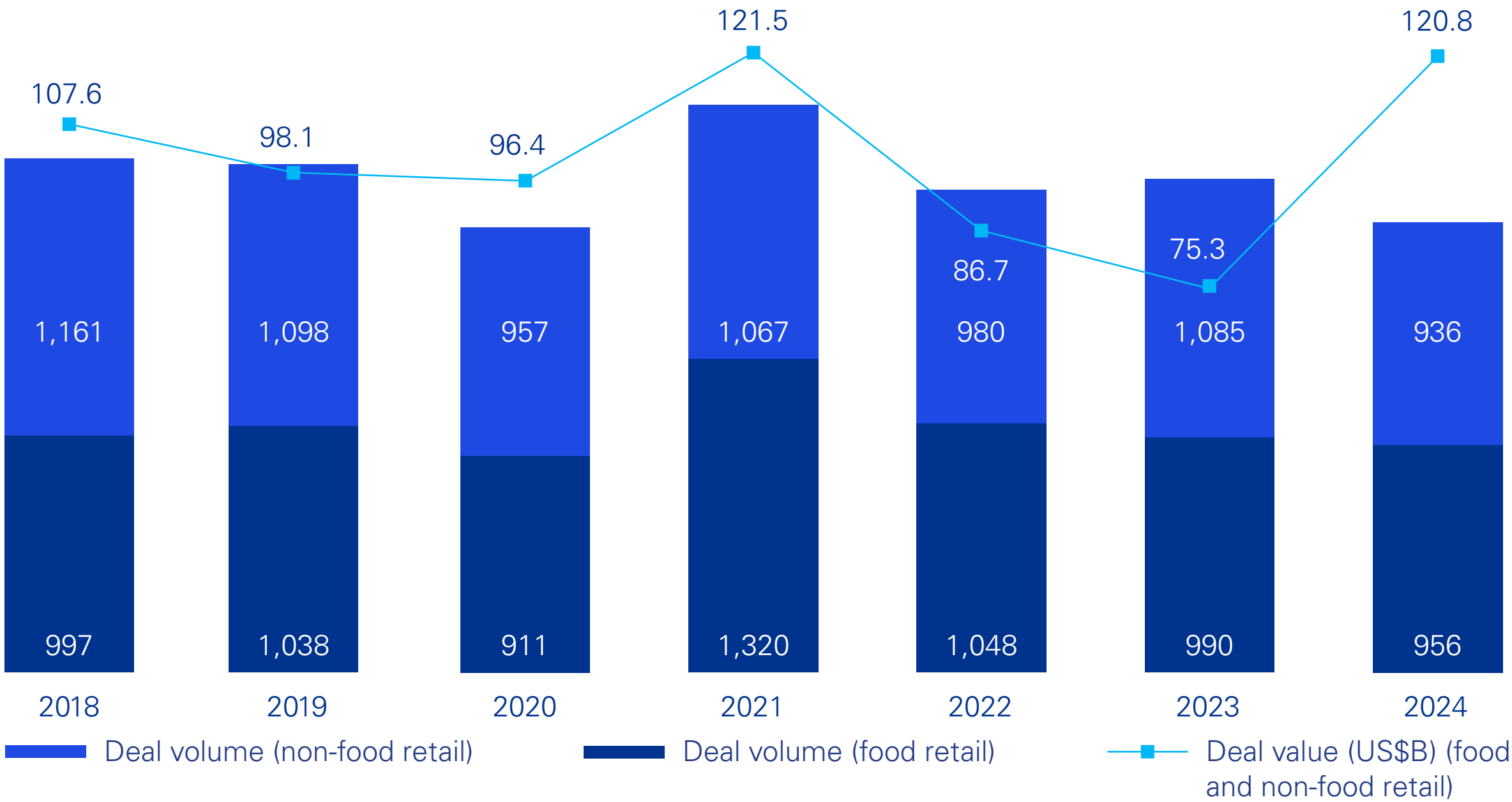
Consolidation and portfolio diversification were big drivers of deal activity in 2024, especially in food retail. Expect that to continue into 2025 as some companies divest non-core assets and segments and others look to strengthen existing offerings with complementary assets and expand into new markets, particularly where consumer demand is rising. A number of high-profile transactions in this sector were blocked by regulators and conduct authorities in 2024. However, there is an expectation that, with the new US administration, a more favorable environment for consolidation transactions will prevail.

2025 should bring a further wave of strategic acquisitions as companies and investors look to enhance their digital and omnichannel capabilities (primarily focused on integrating AI and improving e-commerce offerings) and drive seamless integration between online and physical store experiences, especially in the non-food retail sector. Retailers with strong real estate portfolios will leverage prime locations to enhance brand presence and customer experience.

A recent uptick in deals that enhance acquirer sustainability in some way — through operational efficiency, waste reduction or supply chain resilience, for example — could also help encourage a lift in activity in 2025, but we have a major question as to whether this trend will sustain given the shifting geopolitical backdrop to this topic.

Despite lower deal volumes in 2024, a number of high-ticket acquisitions underscored the appetite for transformative transactions, a trend likely to persist in 2025 as retailers prioritize investment into innovation, sustainability and market positioning to achieve their growth trajectory.

M&A deal activity (2018–2024)



Source: Refinitiv



# Home and personal care

## Investors look for financial and environmental sustainability

Dealmakers continued to sit on the sidelines in the home and personal care sector, driving deal volume down 13 percent and cumulative values down 41 percent<sup>1</sup> — the fourth annual decline in both measures since 2021. Activity was led by the personal care segment which racked up 52 percent<sup>1</sup> of the sector’s total volume, led by notable deals in the hair care and affordable skin care segments.

Macroeconomic factors continue to influence growth in the sector. Recent rises in the cost of living coupled with higher interest rates are depressing discretionary spending — particularly for bigger ticket items. Concerns about tariffs are dampening investment plans. Slow economic growth in key markets such as Germany and China is influencing investor confidence.

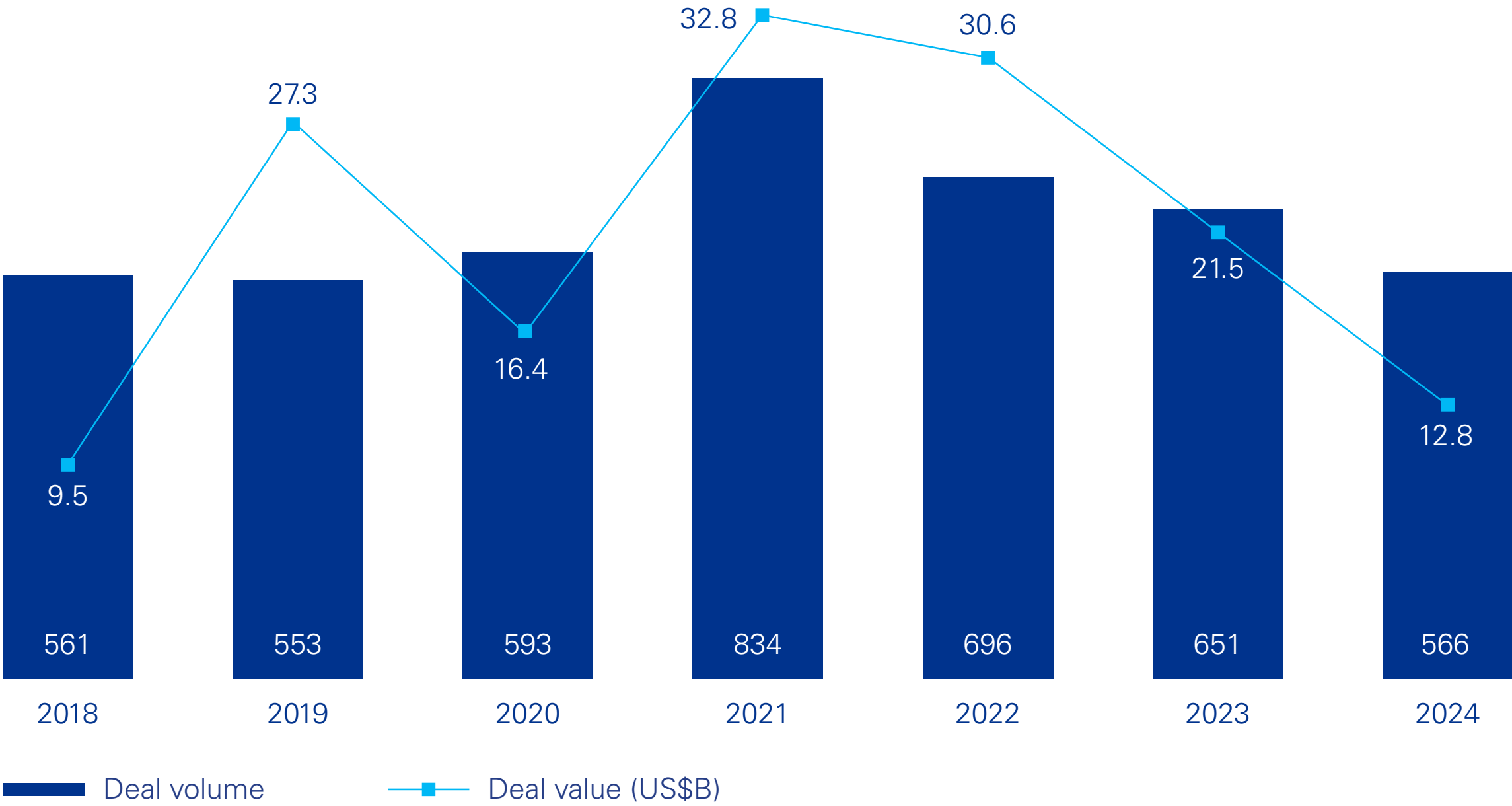
Home and personal care is expected to experience some portfolio optimization as leaders rethink their growth strategies, markets and product selection to adjust for a more challenging and disruptive economic environment. That has led to a growing stream of divestments (such as Procter & Gamble’s divestment of their Chinese hair care business to Henkel AG & Co<sup>4</sup>) as organizations shed non-core and low-growth businesses to focus on improving margins and expanding their core business.

Rising consumer preference for environmentally-friendly brands and sustainable products should also bring more activity to the deal markets. The challenge is that demand for high-quality, all-natural products is still somewhat inelastic. Squeezing further margin growth post-deal is not always easy. And that is leading dealmakers in the sector to look for targets in growing markets and underserved categories.

Compared to other C&R sectors, dealmaking in the home and personal care segment may remain slow in the first half of 2025 as investors and PE managers focus on higher growth sub sectors such as Beauty, which is forecasted to grow by 8.4 percent CAGR through 2028 (according to Euromonitor), reflecting strong market growth amongst the GenZ consumer segment. Expect 2025 to be a turnaround year, characterized by measurable growth in both deal volumes and values.

<sup>4</sup> Source: Henkel press release

M&A deal activity (2018–2024)



Source: Refinitiv





# Pet care

## Consumer spending wags the dog

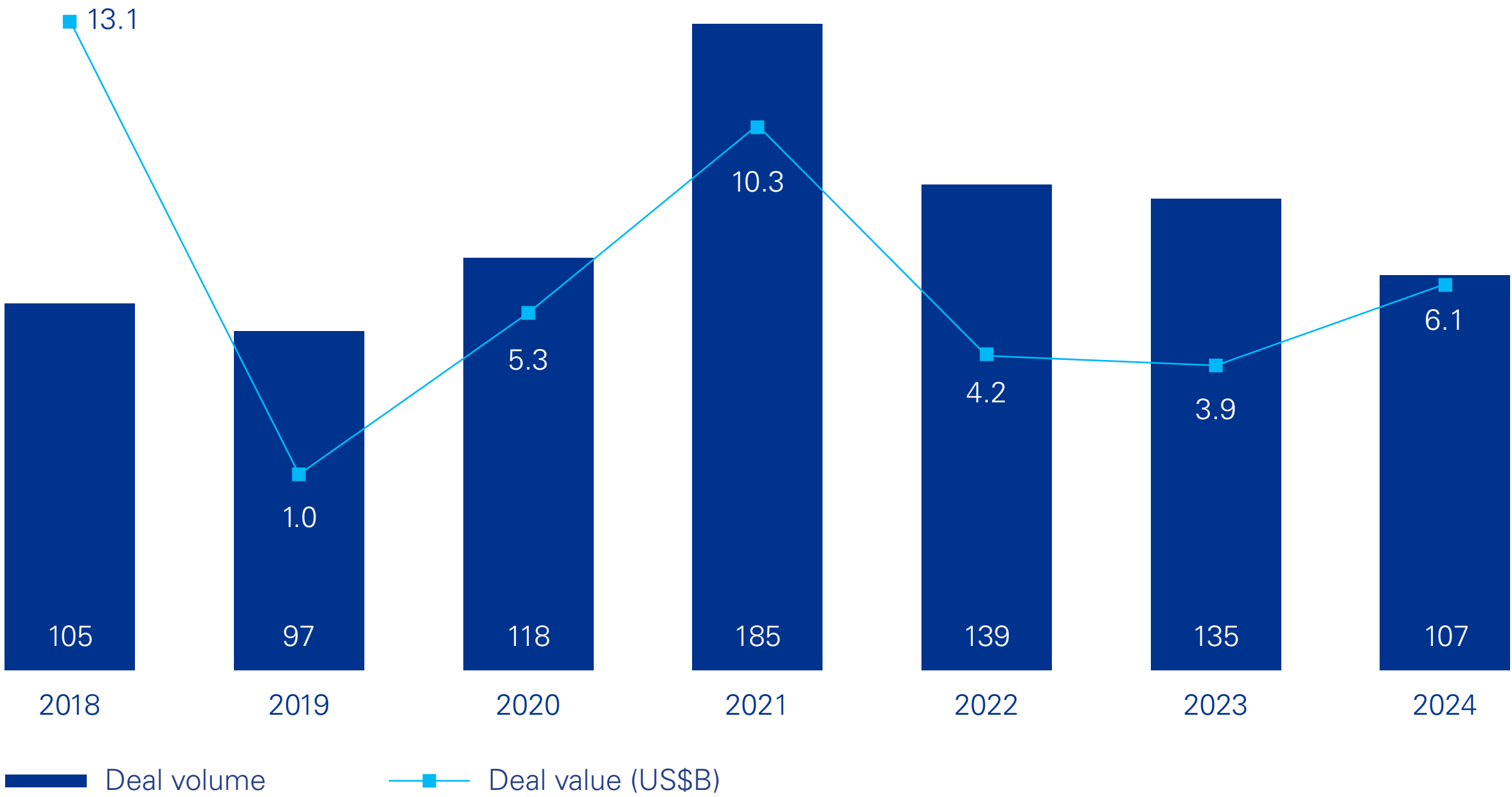
Amidst the isolation of the pandemic, demand for pet care products skyrocketed and deal activity quickly went through the roof. With life now returned to (fairly) normal, spending on pet care has fallen. So, too, has deal activity. Year-on-year, activity fell 21 percent<sup>1</sup>.

In many ways, consumer preferences and shifts in buying behavior are leading to slower growth in some segments. Data suggests that pet owners are shifting their priorities away from toys and towards nutrition. That means less foot traffic in physical stores and a decline in margins as consumers shop around for the best price on their everyday pet food. This not only underscores the growing significance of online sales but also reinforces that businesses need to adapt to a multi-channel proposition.

On the other hand, these trends are also driving strong growth in online sales, as well as health related businesses such as veterinary care and nutritious food. Expect 2025 to bring a rise in deal activity in these spaces as bigger players expand their footprints into higher-margin foods and broader positioning within the pet ecosystem. At the same time, however, we are seeing many investors pause their bolt-on activity in the veterinary services segment, due to growing focus from competition authorities on this sub sector.

Despite many consumers having lower disposable income, spending on pets increased among high-income households. The trend towards the humanization of animals leads to a greater desire to provide them with high-quality, nutritious foods. Expect to see growth in demand and in deal activity for assets offering fresh, frozen and freeze-dried premium products to high-end customer segments.

M&A deal activity (2018–2024)



Source: Refinitiv



# Luxury goods

## Economic uncertainty keeps buyers on the sidelines

With the potential for a long trade war between the US and China increasing and declining demand for luxury goods in Chinese markets, 2024 saw deal activity fall across the segment. Volume dropped 38 percent year-on-year<sup>1</sup>; cumulative values were down 35 percent<sup>1</sup>.

Interestingly, private equity was more active in this segment, succeeding on the buy side in 6 of the 34 deals<sup>1</sup> announced in the year, suggesting managers see value opportunities in the sector going forward.

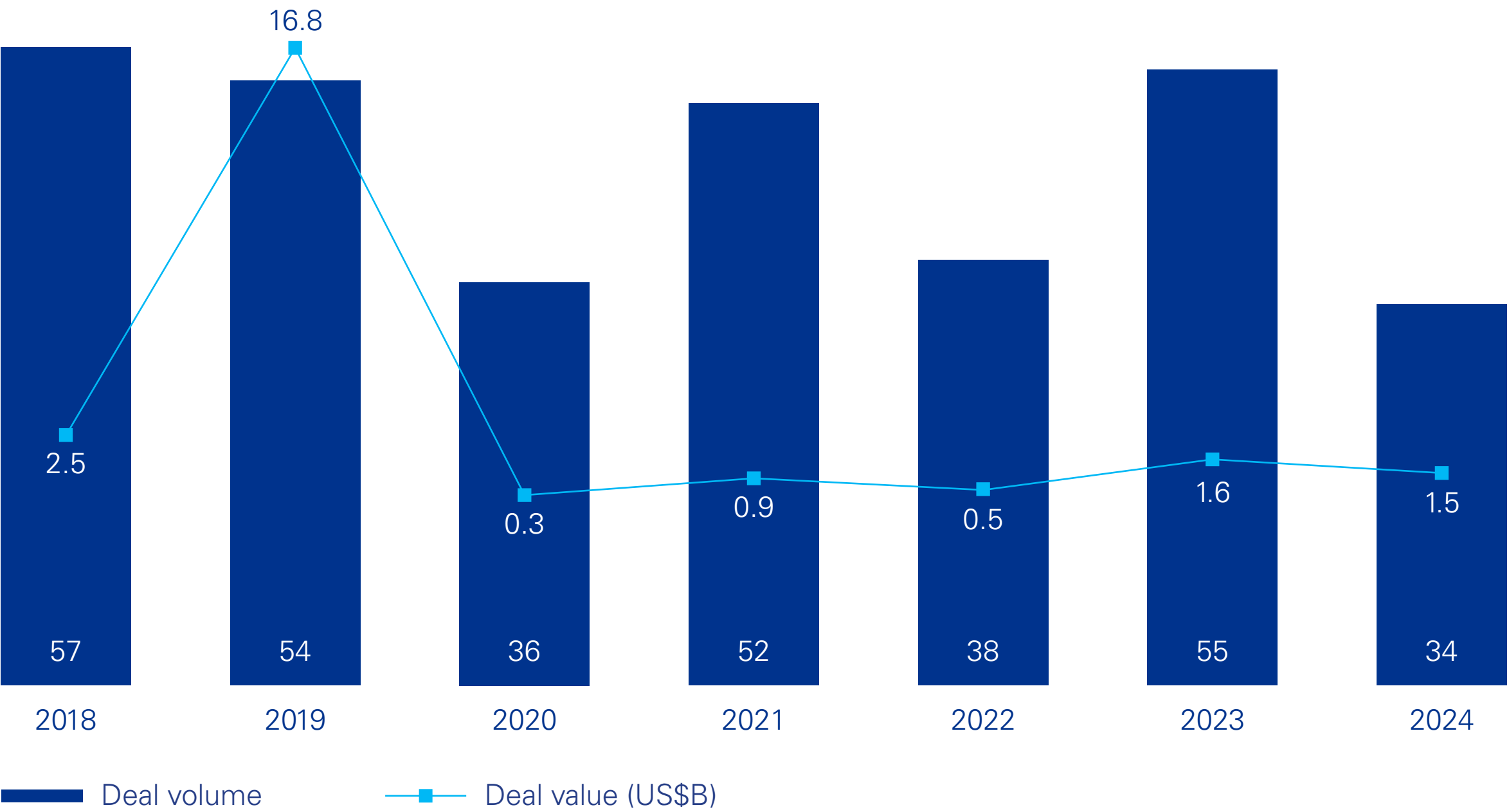
M&A activity in the Beauty and Cosmetic business has been boosted by lower valuations in China, creating opportunities for buyers. Additionally in Korea, where K-beauty remains attractive, 2024 witnessed notable transactions, including Dr.G being bought by L'Oréal.

M&A in luxury goods is shifting toward client experience-focused segments. This means companies are moving away from product-based acquisitions and focusing more on experience-based assets, such as light clinical beauty and high-end hospitality, which align with changing consumer preferences.

As market leaders start to adjust to a more challenging economic and geopolitical environment, expect to see some luxury goods companies and investors ramp up their focus on portfolio consolidation and streamlining operations, driven by a desire to focus on the core business, unlock efficiencies and enhance resilience and agility. This should lead to increased deal activity as some players divest assets and others acquire them in order to expand their offerings, tap into new customer segments and markets, as well as bring an experience element to the portfolio.

Ultimately, the deal outlook for the luxury goods segment is largely dependent on the macroeconomic environment. Few sectors are as exposed to economic disruption as luxury goods. The prospect of trade wars (which often hit luxury goods first), increased geopolitical tension and slow economic growth in 2025 will likely keep investors cautious.

M&A deal activity (2018–2024)



Source: Refinitiv





# How KPMG can help

Businesses today are under more pressure than ever to deliver better, lasting results for stakeholders. KPMG professionals think like investors. At every point of the deal cycle — from buying a business, selling a business, funding a business, partnering or transforming a business — we look at how deal opportunities can add and preserve value.

Today's deals do not happen in a vacuum. Every decision should be made considering your entire business, sector and the global economy. This may include strategy, integration, separation, value creation, transactions or mergers and acquisitions (M&A).

KPMG member firm deal advisory and strategy specialists combine a global mindset and local experience with sector knowledge and analytics tools to help you navigate a complex, fragmented process. We help you make confident, well-informed choices to drive value and deliver outstanding results from end-to-end transactions and transformations. We bring together vast experience and deep sector expertise from across our local and global deals, tax, regulatory and advisory teams, all supported by sophisticated data analytics.

From helping to plan and implement strategic change to measurably increasing portfolio value, KPMG deals consulting professionals focus on helping you achieve a deal solution that will return tangible results — the kind of results that let you clearly see what you gained from the current deals transformation, and what you want to bring to the next deal down the road.

Real results, achieved by integrated specialists.



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