



Dealmaking poised to grow in 2025

M&A trends in consumer and retail

Q4'24

kpmg.com



A robust rebound ahead

Merger & acquisition (M&A) activity slowed for the consumer and retail (C&R) sector in the final quarter of 2024 but still managed to achieve modest gains in volume and a double-digit increase in value for the year. Although C&R corporates and PE firms began 2025 with earnest enthusiasm for dealmaking, market uncertainties introduced by recent tariff proposals now have many transactors waiting and closely watching from the sidelines.

PE firms will be looking to reengage, targeting investments with strong potential to create value and incremental profits. A “show me the numbers” stance prevails, underpinned by concerns of achieving expected ROI within relatively short time horizons and attracting buyers for timely and profitable exits. On the buy side, corporates are pursuing bolt-on opportunities to capitalize on differentiating synergies as well as new, higher-margin growth prospects. On the sell side, corporates continue to prune their product portfolios to refocus on the core. They are also using funding to invest in assets that better reflect their growth strategies.

2024 C&R deal value rose to \$116.9 billion, an increase of 10 percent compared to 2023. Despite the increase in deal

value, deal volume increased only 0.8 percent (17 more deals) to 2,190 transactions in 2024 from 2,173 in 2023. KPMG LLP (KPMG) anticipates an active year ahead in both consumer and retail. In consumer, M&A activity is increasing in consumer nutrition, health, and wellness, driven by persistent consumer interest in “better-for-you” (BFY) products (see deep dive on page 5) and the pet care industry; in retail, an increasingly bifurcated consumer base is heightening M&A interest both in value plays and the luxury market.

Although inflation is approaching the Federal Reserve’s (Fed’s) target 2 percent rate, new tariffs and lower anticipated immigration cloud the picture. Despite the Fed’s three rate cuts totaling 100 basis points in the last four months of 2024, government bond yields rose, making borrowing more expensive. 2024 finished strong with year-over-year (YoY) core retail sales rising 4 percent during the 2024 holiday shopping season,¹ closing out the year with a 3.6 percent YoY increase in retail sales. KPMG Economics currently forecasts no additional interest rate cuts from the Fed in 2025.



M&A activity in 2025 will likely hinge on strategy, with dealmakers targeting transactions that make sense financially, operationally, and strategically from Day 1. There is a high bar for ROI in 2025.”



Frank Petraglia

*Partner
Deal Advisory & Strategy
C&R Leader*

¹ National Retail Federation, “NRF says holiday season was a notable success as ‘consumers came out to spend,’” nrf.com, January 16, 2025.

Establishing a base

2024 M&A deal volume and value in the C&R sector modestly grew from 2023's levels but is viewed as establishing a base for 2025. With 2,190 deals valued at \$116.9 billion announced during 2024, the C&R sector deal volume increased 0.8 percent from the 2,173 deals announced in 2023, while C&R sector deal value rose 10 percent from \$106.3 billion in 2023.

Retail deals outnumbered consumer deals with 1,112 announced transactions compared with 1,078 consumer deals.

The 1,714 strategic deals (valued at \$98.7 billion) were up 0.4 percent compared to 2023; the value of these deals increased 26.7 percent in 2024. The number of private equity deals (476) increased 2.1 percent in 2024 compared to 2023 (466). PE deal value declined 35.6 percent (\$10.1 billion) from \$28.4 billion in 2023 to \$18.3 billion in 2024.

2024 highlights

2,190 ▲ 0.8%

deals

increase
YoY

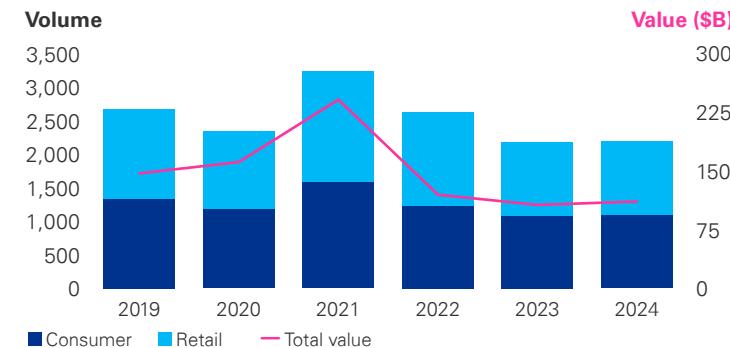
\$116.9 ▲ 10%

billion deal
value

increase
YoY

Strategic transactions drove more than three-quarters of 2024 C&R deal volume as corporates looked to M&A to enable growth and efficiency.

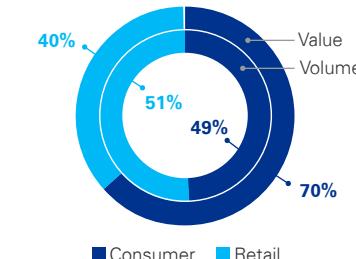
C&R deal activity by subsector



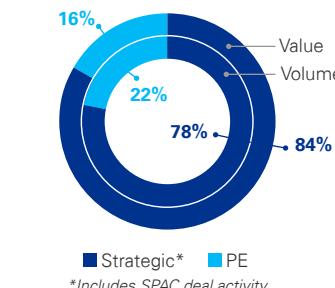
2024 deal mix by sector

Outer ring represents value. Inner ring represents volume.

Sector mix – 2024



PE/strategic mix – 2024

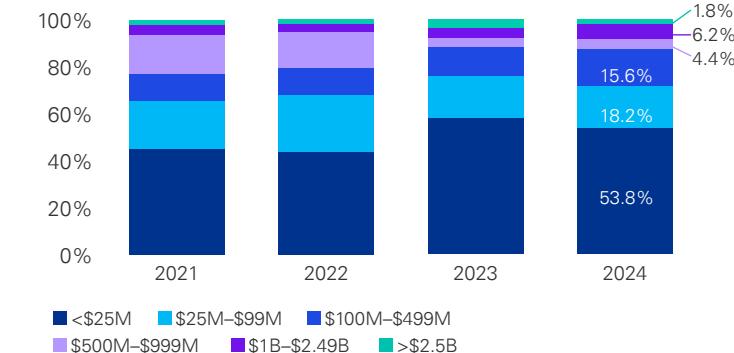


C&R deal activity by type



*Includes SPAC deal activity

C&R deal size mix by year



Deal activity by subsector

Consumer

Volume

2,000

1,500

1,000

500

0

2019 2020 2021 2022 2023 2024

Personal, home care, non-food and beverage CPG

Consumer durables

Food, beverages & tobacco

Total value

Retail

Volume

2,000

1,500

1,000

500

0

2019 2020 2021 2022 2023 2024

Retail

Online retail

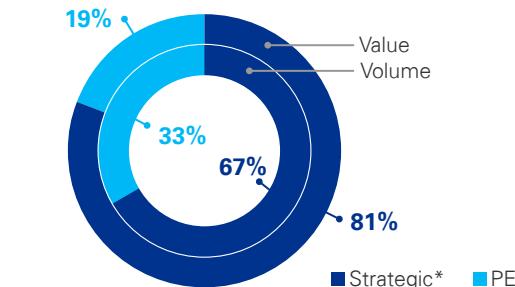
Restaurants

Total value

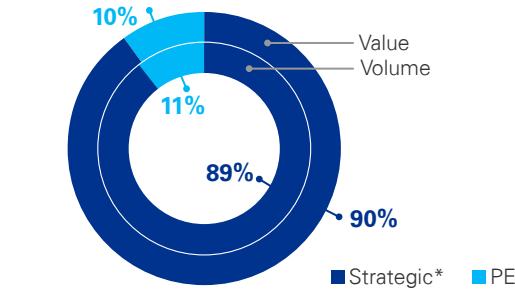
2024 PE/strategic mix

Outer ring represents value. Inner ring represents volume.

Consumer



Retail



2024 top deals

Acquirer:

Mars, Incorporated

Target:

Kellanova

Value (billions)

\$35.9

Acquirer:

The Home Depot, Inc.

Target:

SRS Distribution Inc.

Value (billions)

\$18.3

Acquirer:

El Puerto de Liverpool, S.A.B. de C.V

+ **Nordstrom Family**

Target:

Nordstrom, Inc.

Value (billions)

\$6.3

Acquirer:

Kohlberg Kravis Roberts

Target:

Varsity Brands

Value (billions)

\$4.8

Acquirer:

Hudson's Bay Company

Target:

Neiman Marcus Group LTD LLC

Value (billions)

\$2.7

Deal data has been sourced from Capital IQ, Pitchbook, and KPMG analysis. The values and volumes data cited are for US deals announced between January 1, 2024 and December 31, 2024. Deal values are only presented based on publicly available deal data and are not exhaustive. Previously published statistics may be restated to incorporate new data and/or any change.

Self-reliant health & wellness



Julia Wilson
Principal
Deal Advisory & Strategy

Each January, millions of consumers make resolutions for a better self: diet, drink, exercise, savings, study, and so on. The top resolution in 2025 among adults, according to a YouGov survey,² is saving more money (26 percent). Eating healthier comes in at #5 (20 percent) while losing weight ranked sixth (17 percent).

The Global Wellness Institute tracks the business side of wellness, estimating the wellness economy in North America as a \$2.2 trillion market in 2023,³ up 7 percent YoY and exhibiting an 8.2 percent four-year CAGR (2019–2023). Personal care and beauty and healthy eating, nutrition, and weight loss were top industry sectors in 2023 (#2 and #3, respectively, out of 11) at \$389 billion and \$225 billion, respectively.

Consumer interest in wellness has continued to increase during this century. Although the COVID-19 pandemic catapulted wellness to a top consumer concern, benefiting companies selling vitamins, nutritional aides, sports apparel, personal care, and beauty companies, the trend appears to have sticking power.

Consumers' deeper engagement in their health and ways to improve and monitor wellness has prompted them to seek

out healthier food and beverage options (natural, organic, no sugar, low fat, no additives, high fiber). Consumer product companies, in turn, are amplifying wellness features in marketing and in substance, with modified ingredients and new products. A pivot to a BFY focus provides the opportunity to execute premiumization strategies and thereby elevate product and price (and, in tandem, revenues and profits) while meeting consumer nutrition, health, and wellness needs.

A bevy of new products—for gut health, energy boosting, immune boosting, plant-based, and mental wellness—have come to market. Industry stalwarts have taken note and are actively pursuing new opportunities via M&A and organic product development. The PepsiCo acquisition of Garza Food Ventures LLC, dba Siete Foods (announced in October and closed January 2025)⁴ for \$1.2 billion expands its multicultural portfolio to tap growing demand for authentic and health-conscious Mexican American cuisine. Likewise, PepsiCo's November purchases of the remaining interests of Sabra and Obela (now fully owned by PepsiCo) increase the healthiness portion of its snack portfolio and provide significant growth opportunities.

² YouGov, "What are Americans' New Year's resolutions for 2025?", [yougov.com](https://www.yougov.com), December 13, 2024.

³ Global Wellness Institute, "2024 Global Wellness Economy Monitor," November 2024.

⁴ PepsiCo, "PepsiCo completes acquisition of Siete Foods," pepsico.com, press release, January 17, 2025.

The convergence of beauty and health, also a phenomenon of the pandemic, has consumers seeking ingestible beauty products while providing new meaning to "beauty from within." Vitamins and supplements that target hair, skin, as well as collagen drinks, are just a few examples. Still niche, beauty-positioned supplements represent a mere 3 percent of total dietary supplement sales in the US in 2024,⁵ providing ample opportunity for traditional vitamin and supplement companies to address this consumer need as it becomes more mainstream.

Recent changes at the US Department of Health and Human Services (HHS), with expected increased focus on healthy foods and exercise to improve health, could give a boost to the BFY movement. Pharmaceutical solutions are garnering converts too, creating an Ozempic economy, whereby less obesity results in greater productivity driving incremental GDP growth while impacting food and apparel demand, along with other adjacent industries. According to KPMG research, total spending on food and beverages will fall 21 percent, or \$48 billion a year.⁶ Food and beverage companies can get ahead of the trend by understanding changes in consumer behavior and adjusting their product portfolios accordingly.⁷

“ Consumers are taking an active role in their health and wellness, providing CPG and retailers significant opportunities to educate, personalize, and tailor experiences to build loyalty and enhance customer lifetime value. As a lifestyle, wellness offers brands and retailers entry to new categories and adjacencies from a solid brand equity foundation.”

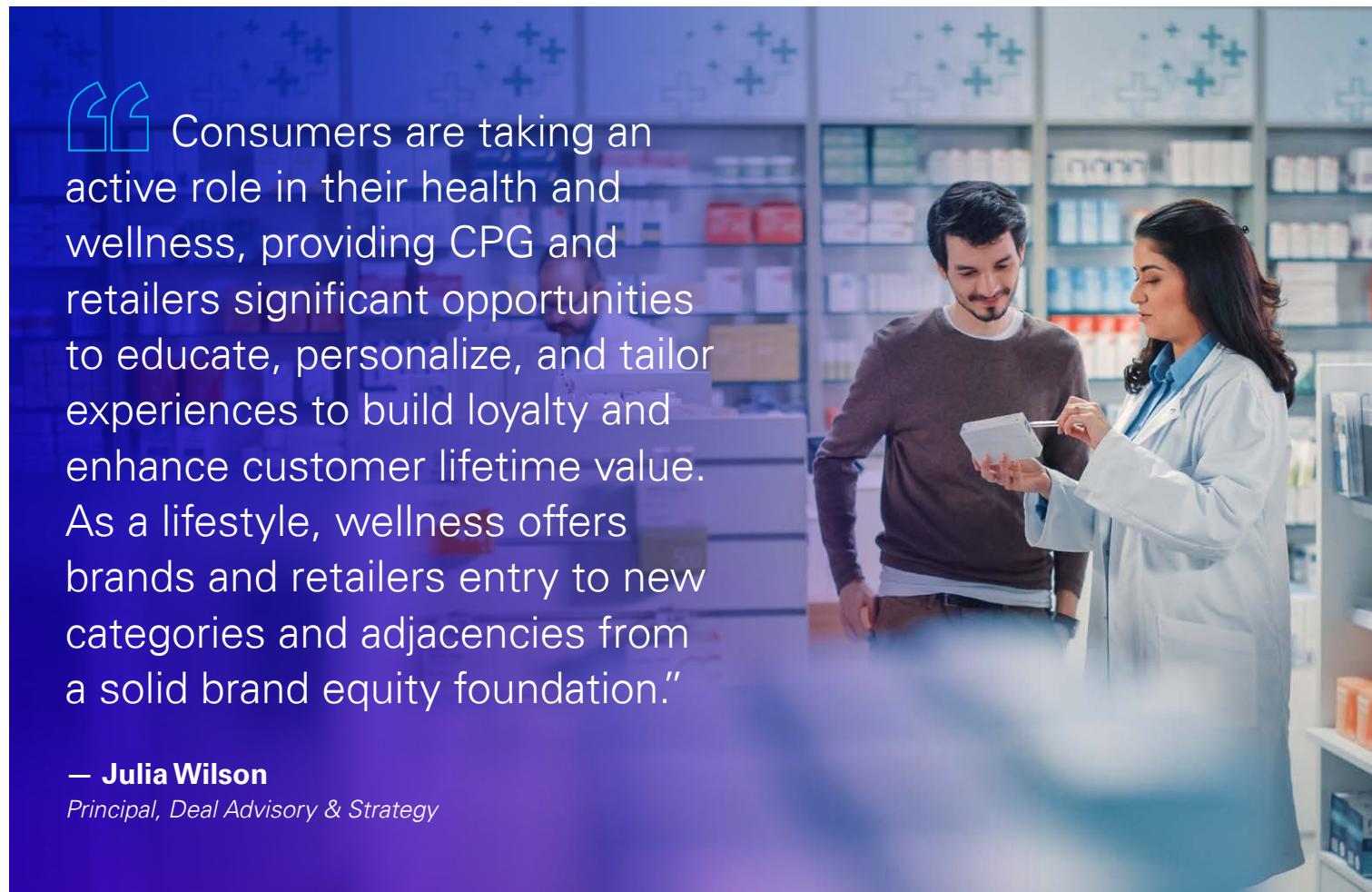
— **Julia Wilson**

Principal, Deal Advisory & Strategy

⁵ Matthew Oster, "Top Five Trends in Consumer Health," Euromonitor, October 2024.

⁶ KPMG LLP, "[Getting to know GLP-1 users, a new kind of consumer](#)," kpmg.com, 2024.

⁷ Ibid.



Tailwinds and opportunities

If early January M&A activity is any indication, the 2025 outlook is promising. In fashion, True Religion, Christian Lacroix, Laura Ashley, and Bonpoint changed hands⁸ while JCPenney merged with SPARC Group to form Catalyst Brands (Aéropostale, Brooks Brothers, Eddie Bauer, Lucky Brand, and Nautica with JCPenney private brands), a \$9 billion revenue enterprise with 1,800 physical store locations.⁹ KPMG sees 2025 as a year when buyers focus on complementary acquisitions: adding brands, expanding geographies, and enhancing capabilities.

Promising tailwinds include interest rate stability, a regulatory reset with a more business-friendly administration, and the extension and potential expansion of Trump's 2017 personal and estate tax cuts. Potential negatives include new and

What to expect in 2025



Consumer

Consumer goods companies will reshape their product portfolios to remain relevant to their customers and attract new shoppers. CPG brands that align their products and marketing with the secular trend of wellness (see deep dive) will benefit from topline growth and potential margin expansion.

uncertain tariff policies, which could be inflationary, and immigration restrictions, which exacerbate labor market pressures and wage inflation.

There is an appetite to get deals done when they are strategic, provide entry into new markets, and enhance profitability, thereby yielding tangible benefits. Nonstrategic businesses are likely to be pruned as corporates optimize their product portfolios.

More than a quarter (27 percent) of C&R CEOs see M&A as the most important strategy for achieving their organization's growth objectives in 2024—compared with only 7 percent in 2023. In fact, most (89 percent) express moderate to high appetite for M&A over the next three years,¹⁰ underscoring a favorable M&A environment.



Retail

Improving customer experience, driving organic growth, and offering convenience and value supported by technology underpins most 2025 retail strategies. We see grocery consolidation and modifications to the convenience-store model driving M&A as 2025 unfolds.

⁸ Malique Morris, "What's Behind the 2025 M&A Wave," businessoffashion.com, January 10, 2025.

⁹ Abbas Haleem, Digital Commerce 360, "JCPenney announces merger with SPARC Group," digitalcommerce360.com, January 9, 2025.

¹⁰ KPMG LLP, "KPMG 2024 Consumer and Retail CEO Outlook," kpmg.com.

Key considerations as we look ahead

Despite the Fed's cautious stance due to new administration policies, C&R dealmakers are benefiting from a resilient consumer base as they pursue M&A in 2025.

1 Use AI to harness data

AI has evolved from a buzzword to a tangible tool with practical applications in retail and consumer products.

2 Alleviate margin pressure

Prioritize investments with superior ROI to reduce direct and indirect costs (e.g., in distribution, manufacturing, supply chain, back office, and financial reporting). Concurrently, pursue organic and inorganic (M&A-based) growth.

3 Pursue strategic M&A

Rigorous attention to strategy increases the probability of successful outcomes and value creation in a dynamic C&R environment.



Authors



Frank Petraglia

Partner
Deal Advisory & Strategy
212-954-1074
fpetraglia@kpmg.com



Julia Wilson

Principal
Deal Advisory & Strategy
404-222-3511
juliawilson@kpmg.com



Derek McGuire

Partner
Deal Advisory & Strategy
212-954-3492
drmcguire@kpmg.com



Andrew Lindsay

Principal
Deal Advisory & Strategy
404-593-5917
ajlindsay@kpmg.com



Jack Ingram

Partner
Deal Advisory & Strategy
404-221-2398
jtingram@kpmg.com

With special thanks to: Richa Agrawal, Anjelica Armendariz, Marie Driscoll, Mannat Gupta, Karen Henrie, Mridani Krishna, Kathy Nichols, Tanjot Saluja, and Katherine Wheeler

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Please visit us:



kpmg.com

[Subscribe](#)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

DASD-2025-17208



How we can help you

KPMG helps its clients overcome deal obstacles by taking a truly integrated approach to delivering value and leveraging its depth in the C&R industry, data-supported and tools-led insights, and full M&A capabilities across the deal lifecycle.

With a C&R specialization, our teams bring both transactional and operational experience, delivering rapid results and value creation.

Introduction

The data

Top deals

Deep dive

Outlook

Authors