



# M&A trends in consumer and retail

Q2 2025 M&A trends report

Bigger bets amid turbulence: The reawakening  
of consumer and retail M&A

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# Quality over quantity drives growth

M&A activity in Q2'25 in the consumer and retail sectors demonstrated notable resilience. Economic uncertainties and geopolitical challenges, such as tariffs and looming inflation concerns, haven't paralyzed the market. On the contrary, significant transactions have flourished, driven by dealmakers' recalibration of priorities and a flight to quality in response to consumer demand.<sup>1</sup> Although deal volume fell 5.2 percent quarter-over-quarter (QoQ) and 14.6 percent year-over-year (YoY), deal value surged 67.0 percent QoQ and 193.9 percent YoY to \$34.7 billion.

The divergence between deal volume and value reflects a market in transition. While fewer deals are closing, corporate buyers are prioritizing those that offer long-term strategic value—such as Hershey's acquisition of Lesser Evil which can serve to strengthen the core portfolio with complementary products—despite broader market uncertainty. This environment also presents opportunities for private equity firms to sell assets that align with corporate buyers' evolving needs.

In the second quarter, corporate and PE dealmakers focused on high-confidence investments. They bought digital-native brands, consolidated distressed assets, and doubled down on wellness,

**“In Q2'25, dealmakers doubled down on wellness, digital, and distressed assets—prioritizing strategic clarity over deal count as consumer and retail M&A roared back in value.”**

—Frank Petraglia

*Partner, KPMG Advisory, KPMG LLP*



frozen foods, and omnichannel capabilities. The consumer subsector saw a wave of acquisitions targeting direct-to-consumer (D2C) platforms, vegan and natural ingredient brands, and “better-for-you” (BFY) food portfolios. Unilever's \$1.5 billion acquisition of Dr. Squatch and e.l.f. Beauty's \$1.0 billion purchase of HRBeauty are emblematic of this trend.<sup>2 3</sup>

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<sup>1</sup> “Consumer Retail Q2 2025,” PCE Investment Bankers.

<sup>2</sup> “Unilever to Pay \$1.5 Billion for Men's Grooming Brand Dr. Squatch, FT Reports,” Reuters, June 27, 2025.

<sup>3</sup> “Hailey Bieber's Rhode and e.l.f. Beauty Cosmetics,” Associated Press, May 29, 2025.

and “better-for-you” (BFY) food portfolios. Unilever’s \$1.5 billion acquisition of Dr. Squatch and e.l.f. Beauty’s \$1.0 billion purchase of HRBeauty are emblematic of this trend.<sup>2,3</sup>

Retail, meanwhile, is undergoing a survivalist transformation. Consolidation is no longer optional, it’s existential. DICK’S Sporting Goods’ \$2.4 billion acquisition of Foot Locker<sup>4</sup> and DoorDash’s multi-billion-dollar spree (Deliveroo, SevenRooms, Symbiosys)<sup>5,6</sup> reflect a strategic pivot toward operational efficiency, market share capture, and tech-enabled resilience.

Macroeconomic conditions continue to add complexity. The Fed’s rate cuts in late 2024 and early 2025 created a more accommodating environment, but uncertainty around future rate movements—combined with geopolitical tensions, tariff uncertainties, and inflationary pressures—has kept some dealmakers on the sidelines. The Wall Street Journal Dollar Index is down 10 percent since the start of the year, impacting

international trade and making US imports more expensive. Still, the consumer remained resilient, with spending holding steady across key categories despite elevated prices. Retail sales, excluding automotive purchases, grew 3.3 percent YOY in May, reflecting resilient consumer spending.<sup>7</sup>

PE firms are increasingly targeting carve-outs, founder-led brands, and wellness platforms with scalable economics and strong exit potential, bolstered by expanding access to private credit (e.g., 3G’s acquisition of Skechers).<sup>8</sup> The recent Skechers and Nordstrom deals, plus Ferrero’s July announcement in of its intent to acquire Kellogg for \$3.1 billion, underscore the growing appetite for large-scale, strategic transactions.

In sum, Q2’25 was a quarter of bold moves and strategic clarity. Corporate and PE dealmakers alike are coming off the sidelines when the strategy is sound and the value creation path is visible from Day One.

## Q2 2025 highlights

Deal volume declined and value increased

496  
deals

↓ -5.2%  
decrease in number  
of deals QoQ

\$34.7  
deal value (in \$US bn)

↑ 67.0%  
increase in deal  
value QoQ

<sup>4</sup> Savyata Mishra, “Dick’s Sporting Goods to Acquire Foot Locker for \$24 Billion,” Reuters, May 15, 2025.

<sup>5</sup> “DoorDash Is on a \$5 Billion Buying Spree After Earnings Beat,” The Economic Times, May 7, 2025.

<sup>6</sup> Joe Guskowski, “DoorDash Acquires Tech Firm Symbiosys to Supercharge Its Advertising Business,” Restaurant Business Online, June 11, 2025.

<sup>7</sup> Lucia Mutikani, “US Retail Sales Surge in March Due to Motor Vehicle Buying Ahead of Tariffs,” Reuters, April 16, 2025.

<sup>8</sup> Paul Williams, “Skechers Acquired by 3G Capital,” Los Angeles Times, May 13, 2025.



# Overall C&R sector: Fewer deals, bigger bets

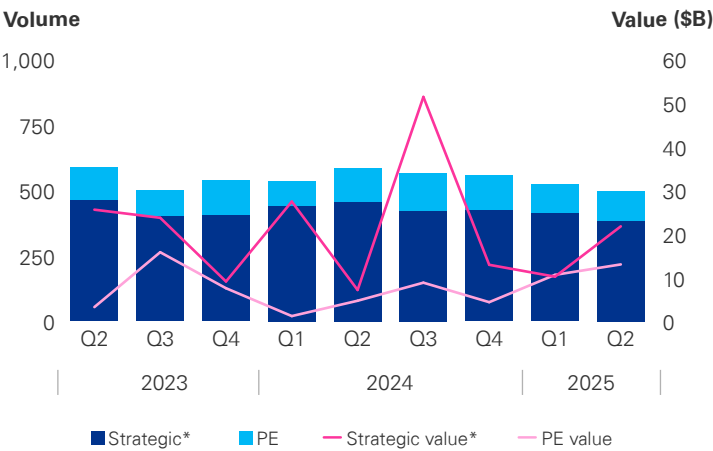
Q2'25 saw a dramatic surge in deal value but a decline in deal volume, underscoring a market shift toward fewer, higher-conviction transactions.

Consumer and retail deal volume and value



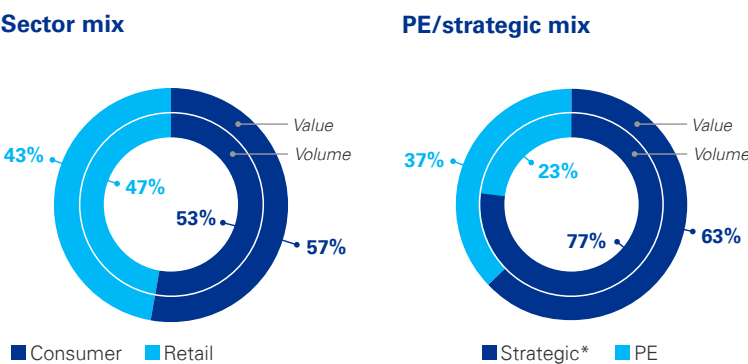
\*Note: Q3'24 was an outlier as a result of the \$35.9 billion acquisition of Kellanova by Mars Inc.

Consumer and retail strategic/PE deal volume and value



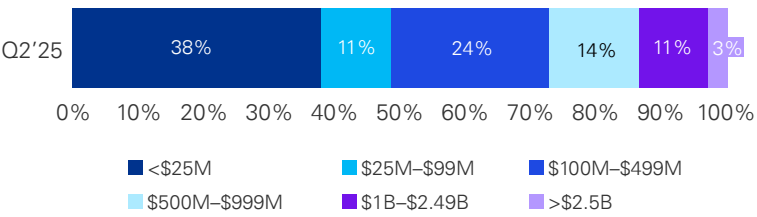
\*Data also contains figures for SPAC deals.

Consumer and retail – Q2'25



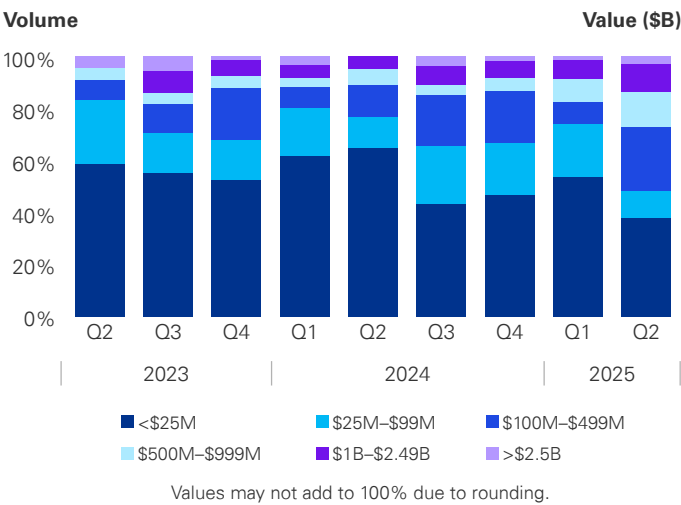
Values may not add to 100% due to rounding.  
\*Data also contains figures for SPAC deals.

Consumer and retail deal size mix – Q2'25



Note: Deals with disclosed values only. Values may not add to 100% due to rounding.

Consumer and retail deal size mix



Values may not add to 100% due to rounding.

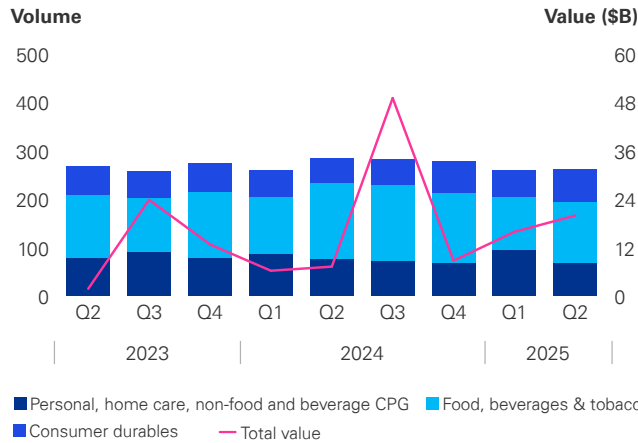
# Sector data

## Consumer subsector: Value surges, volume steady

A sharp increase in QoQ deal value reflects a rise in high-value deals to acquire critical assets. These successful deals occurred in industries that have been less affected by tariff, operational, or financial hindrances.

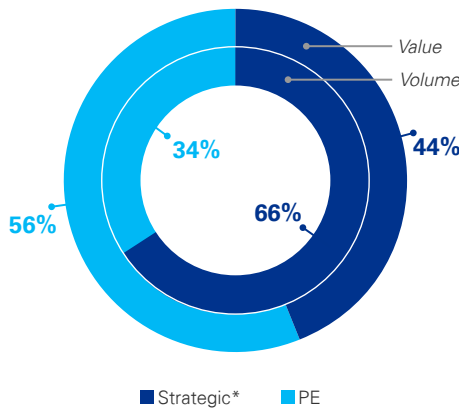
In the consumer subsector, deal value rose 25.6 percent QoQ and a striking 175.1 percent YoY to reach \$19.9 billion. Deal volume remained relatively stable, increasing slightly by 1.2 percent QoQ (261 deals in Q2'25 vs. 258 in Q1'25), but declined 7.8 percent YoY. The shift toward high-value deals in wellness, nutrition, and D2C platforms signals a market that has stabilized enough for management teams to pursue bolder M&A strategies than they could have envisioned just six months ago.

Consumer deals by subsector



\*Note: Even without a bump in Q3'24, due to Mars Inc.'s \$35.9 billion acquisition of Kellanova, deal value has steadily risen for six quarters.

Consumer strategic/PE mix – Q2'25

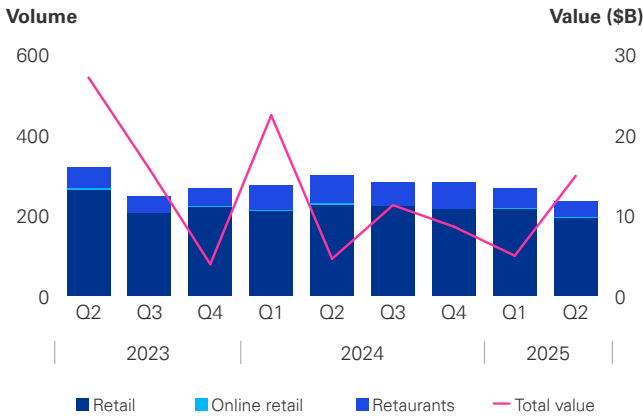


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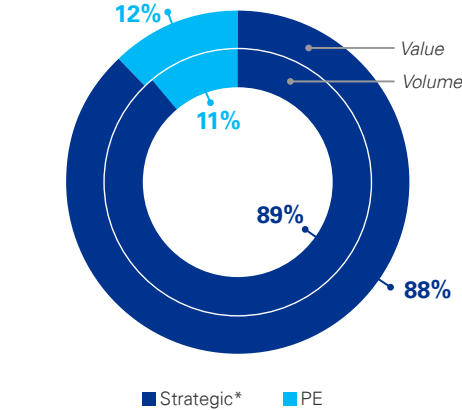
## Retail subsector: Retail value rebounds

Like consumer, retail saw a dramatic rebound in deal value, up 199.0 percent QoQ and 223.5 percent YoY to \$14.8 billion. The retail subsector experienced a sharper contraction in volume, falling 11.3 percent QoQ and 21.1 percent YoY (235 deals in Q2'25 versus 265 in Q1'25 and 298 in Q2'24). This increase was driven by big mergers and tech-enabled acquisitions, signaling that fewer but more strategic deals are changing the competitive landscape.

Retail deals by subsector



Retail strategic/PE mix – Q2'25



Values may not add to 100% due to rounding.  
\*Data also contains figures for SPAC deals.



## Top deals

Acquirer:

**3G Capital**

Target:

**Sketchers**

Value (billions)

**\$9.4**

Acquirer:

**DoorDash, Inc.**

Target:

**Deliveroo plc**

Value (billions)

**\$3.9**

Acquirer:

**DICK'S Sporting Goods, Inc.**

Target:

**Foot Locker, Inc.**

Value (billions)

**\$2.4**

Acquirer:

**C&S Wholesale Grocers, LLC**

Target:

**SpartanNash Company**

Value (billions)

**\$1.8**

Acquirer:

**Unilever PLC**

Target:

**Dr. Squatch, LLC**

Value (billions)

**\$1.5**

Deal data has been sourced from Capital IQ and Pitchbook, and then further refined and analyzed by KPMG LLP. The cited values and volumes cover inbound, domestic, and outbound US deals announced during the timeframe, including both majority and minority stakes. Deal values are based on publicly available data and are not exhaustive. Previously published statistics may be revised to incorporate new data or changes.

# Momentum builds, but caution lingers

Dealmakers are hopeful as they head into Q3'25, buoyed by strong M&A activity in Q2, despite economic challenges and geopolitical and regulatory risks. Strategic clarity, resilient consumer demand, a bull market for stocks, and a more stable rate environment are fueling M&A appetite. Moreover, the rapid growth of the private credit market could further propel M&A activity for PE firms, although it could raise risk concerns if not properly regulated. Ready access to private capital, along with traditional loans, could usher in a new wave of PE dealmaking.

M&A dealmakers may be taking comfort in the fact that the steep tariffs announced on Liberation Day now appear more contained and unlikely to spiral. At the same time, according to a forthcoming KPMG M&A survey, approximately 28 percent of C&R respondents said they have added costs to complete deals and changed the types of businesses they're considering buying. A significant portion, 32 percent, report they have added extra time to complete deals.<sup>9</sup>

## Resurgence of large deals

Following a surge in deal value in Q2'25, large deals are re-entering the scene. Strategic buyers are leading the charge, representing 62.6 percent of total deal value, while PE firms are selectively reengaging, especially in wellness, food, and tech-enabled platforms.

## Strategic adjustments and opportunities

Market conditions remain fluid, yet they're presenting new opportunities. Businesses are reassessing organizational structures, considering options such as spin-offs or segment splits to unlock shareholder value and enhance strategic clarity. For example, US Foods' rumored courting of PFG would serve

to exemplify how companies may use the current environment to pursue significant reorganization and growth with long-term benefits in mind.

## Economic pressures and consumer shifts

The macroeconomic backdrop is mixed but manageable. Inflation had been moderating, although as of mid-July, it had inched back up by 2.7 percent. Inflation risk is still high as new tariff proposals come into effect and immigration constraints add uncertainty, potentially exacerbating labor shortages and cost pressures. Some companies have announced plans to pass rising costs on to consumers.<sup>10</sup> Additionally, a growing government deficit could increase the risk of interest rate hikes.

Despite signs of a resilient consumer, our latest consumer pulse survey reveals mounting financial pressures. Inflation is affecting everyday decisions, with 92 percent of respondents reporting increased living costs over the past year. Additionally, half of consumers plan to reduce spending in anticipation of higher prices due to ongoing tariff pressures. Higher spending on necessities, such as groceries (up 25 percent), auto-related costs, personal care, and medications, is constraining budgets for big-ticket items, prompting many to defer purchases like washing machines and mattresses. Yet, there is room for moderate spending increases in discretionary areas such as apparel and restaurants, despite cutbacks in other categories.

<sup>9</sup> KPMG 2025 M&A Survey

<sup>10</sup> Konrad Putzier and Nick Timiraos, "Inflation Hit 2.7% in June, in Line With Expectations," The Wall Street Journal, July 15, 2025.

This complex consumer landscape drives M&A interest in sectors aligned with consumer priorities. The wellness economy remains a focal point, demonstrated by significant investments like Chobani's acquisition of Daily Harvest and Danone's definitive agreement to acquire Kate Farms, reflecting the enduring demand for healthier options and specialized nutrition.<sup>11 12</sup> The growing popularity of GLP-1 medications is accelerating interest in products and platforms that support weight management, metabolic health, and functional wellness while cutting into demand for snacks.<sup>13</sup>

### Legislative impacts on M&A

The recent legislation popularly known as the "One Big Beautiful Bill Act" is reshaping the M&A landscape in consumer and retail by incentivizing greater capital deployment through an enhanced cash tax shield for new investments and the immediate expensing of R&D, exploration costs, and capital expenditures—boosting ROI and freeing up funds for expansion. For PE, front-loading these deductions over a typical three to five year holding period materially improves after-tax returns. For corporates, it reduces income tax expenses and increases earnings per share. Additionally, the removal of prior interest-deductibility limits tied to EBITDA gives PE portfolio companies a broader range of deductible interest, further enhancing leveraged deal economics.

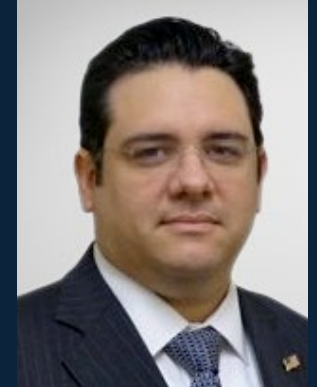
<sup>11</sup> "Chobani Acquires Daily Harvest," Daily Harvest Blog, May 2025

<sup>12</sup> Abigail Summeville, "Danone Acquires US Plant-Based Organic Formula Maker Kate Farms," Reuters, May 12, 2025.

<sup>13</sup> "Getting to know GLP-1 users, a new kind of consumer," KPMG, 2024.; Stacey Leasca, "Consumer Spending Decline on Snacks," Food & Wine, April 8, 2025.

**"Private equity firms are increasingly compelled to come off the sidelines—not by a market rally, but by the pressure of time. In a tough fundraising environment, capital isn't returning fast enough to investors, and new fundraising depends on delivering liquidity. That means selling, even if valuations fall short of peak price."**

—Stephen Sangillo  
*Partner, KPMG Advisory, KPMG LLP*



In summary, M&A strategies are increasingly being tailored to align with evolving consumer behaviors, economic realities, and legislative changes. This highlights the importance of precision in corporate purchase strategies amid fluctuating market dynamics.

### Dealmakers are prioritizing:

- Portfolio optimization, with corporates shedding non-core assets and PE firms seeking exits or continuation vehicles.
- Technology integration, especially in restaurant tech, e-commerce, and consumer analytics.
- Wellness and premiumization, as consumers trade up for quality and health benefits.





## Consumer: “Wellness is the new growth engine”

Expect continued M&A in BFY, vegan, and D2C brands. PE is targeting scalable platforms with strong consumer loyalty and margin potential.



## Retail: “Consolidate or be consolidated”

Tariff pressures and debt loads are forcing strategic combinations. Expect more survival-driven deals and tech stack integrations.



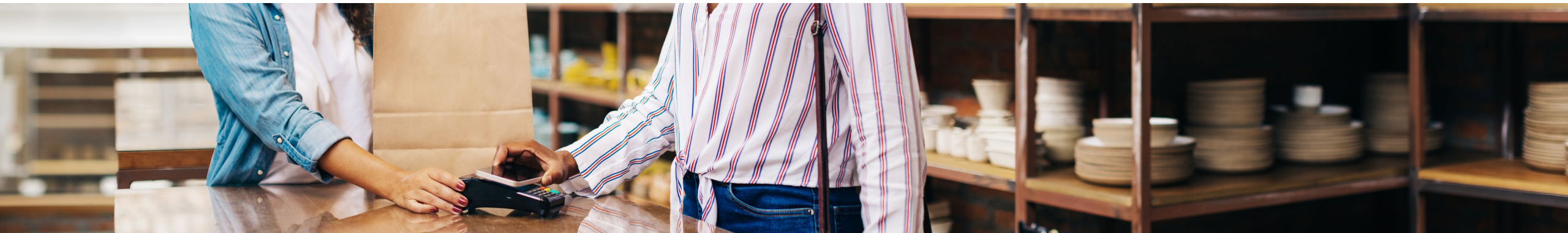
## Private Equity: “Selective aggression returns”

PE firms are back, but disciplined. Expect stake deals, carve-outs, and wellness-focused investments with clear exit paths. With the certainty provided by recent legislative adjustments and an identifiable risk landscape, PE firms can now build more accurate financial models. Factors such as enhanced bonus depreciation and more predictable tariff ranges make certain investments more attractive. This allows them to pursue well-calibrated opportunities while incorporating new tax advantages into their financial strategies.



## Strategic Buyers: “Conviction over volume”

Corporates overall are making fewer deals but placing bigger bets. They are pursuing transformative acquisitions that align with long-term strategy and deliver Day One synergies. With clearer visibility on the economic horizon, strategic buyers are actively seeking opportunities that fulfill their strategic imperatives despite existing obstacles such as geopolitical tensions and tariff uncertainties.



# Key considerations as we look ahead

C&R industry dealmakers should consider the following factors:

01

## Prioritize strategic clarity

With deal value surging, focus on high-conviction acquisitions that align with long-term brand and portfolio strategy.

02

## Lean into wellness and premiumization

Consumers are trading up for quality and health benefits. Target BFY, plant-based, and ingestible beauty platforms with scalable economics.

03

## Accelerate tech integration

Restaurant tech, consumer analytics, and e-commerce platforms are driving operational efficiency and customer engagement. Ensure tech stack compatibility.

04

## Monitor tariff developments

New trade proposals and regulatory shifts may impact margins. Build flexibility into deal structures and supply chain planning.

05

## Act with discipline, not delay

The market favors fewer but transformative deals. PE and strategic buyers should move decisively where strategic advantage and exit paths are clear.



# How KPMG can help

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.

## Our team

Experience wins the deal.

Each member of our deal team brings extensive industry experience and functional depth, working together to help you win the right deals, divest successfully and create long-term value.



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