



M&A trends in consumer and retail

Q3 2025 M&A trends report

Cash, core, and caution: The new playbook
for consumer and retail M&A

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Defensive M&A and asset selectivity shape Q3

Despite persistent macroeconomic and geopolitical headwinds, third-quarter 2025 (Q3'25) consumer and retail merger and acquisition (M&A) activity was defined by a clear split: premium, category-defining assets drew strong bids and high valuations, while middling assets faced muted interest and execution risk. This selectivity reflects a defensive posture, with many deals driven by the need to generate cash, streamline portfolios, and refocus on core operations. At the same time, buyers are actively pursuing opportunities to capitalize on emerging trends, strengthen established portfolios with fresh brands, and enter new categories.

Lowe's acquisition of Foundation Building Materials targeted pro-customer expansion,¹ Atlas Holdings' purchase of The ODP Corporation was a sponsor-led restructuring play,² and the Keurig Dr Pepper/JDE Peet's reorganization³ reflected ownership shifts and portfolio realignment. Each major transaction was shaped by distinct strategic imperatives, ranging from operational focus and defensive repositioning on the sell side, to buy-side strategies such as capitalizing on emerging trends, strengthening established portfolios with fresh brands, and entering new categories.

Sector fundamentals remained pressured by profit margin compression, as inflation, tariffs, and volatile input costs continued to weigh on profitability. With consumers balking at further list-price moves—and some categories reportedly declining year-over-year (YoY)—operators are emphasizing cost discipline over pricing to protect margins. Companies' ability to offset these pressures through additional pricing actions was constrained by consumer price sensitivity. As a result, most management teams prioritized cost takeout and operational resilience, given that top-line growth remained elusive and sector stocks underperformed. Meanwhile, K-shaped consumer demand—high-income consumers maintaining spending or trading up, lower-income groups shifting to private label—forced organizations to rethink mix, margin, and strategic priorities.

Private equity activity focused on operational transformation, brand repositioning, and scenario planning for recession risk and exit timing. The industry's resilience was evident in the rebound in deal value, but the market remains bifurcated and cautious, rewarding strategic clarity and readiness over scale.

Q3 2025 highlights

Deal volume declined and value increased

509

deals

↓ -4.7%

decrease in number
of deals QoQ

\$44.8

deal value (in \$US bn)

↑ 24.1%

increase in deal
value QoQ

“In a bifurcated market, premium assets command attention while portfolio pruning drives defensive dealmaking.”



—Frank Petraglia
Partner, KPMG Advisory, KPMG LLP

¹ Marvin R. Ellison, “Lowe's Announces Agreement to Acquire Foundation Building Materials, a Leading North American Distributor of Interior Building Products,” Lowe's Corporate, August 20, 2025.

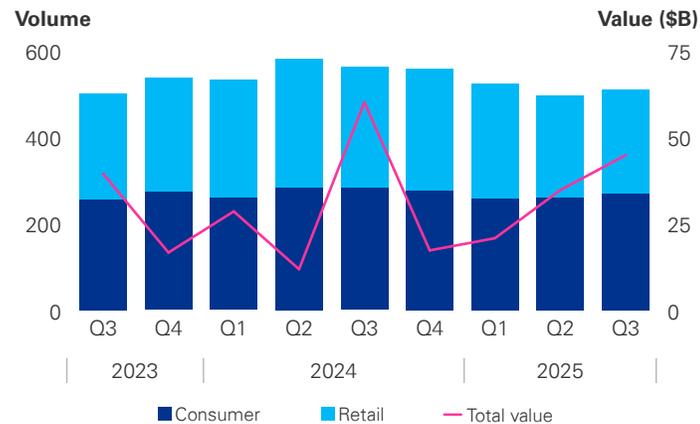
² “The ODP Corporation to be Acquired by Atlas Holdings in All-Cash Transaction,” Atlas Holdings, September 22, 2025.

³ Nate Champagne, “KDP Adds More Ways to Hydrate with Dyla Acquisition,” Keurig Dr Pepper, July 24, 2025.

Big deals, leaner pipelines

In Q3'25, the consumer and retail sector recorded a 4.7 percent decline in deal volume quarter-over-quarter (QoQ) and a 9.6 percent decline YoY, totaling 509 deals. However, deal value surged to \$44.8 billion, marking a 24.1 percent increase QoQ and a 25.5 percent decrease YoY. This divergence underscores a strategic pivot toward fewer, but larger, high-impact transactions. Market conversations point to stronger appetite for larger deals; we expect more multi-billion-dollar activity ahead if conditions hold.

Consumer and retail deal volume and value



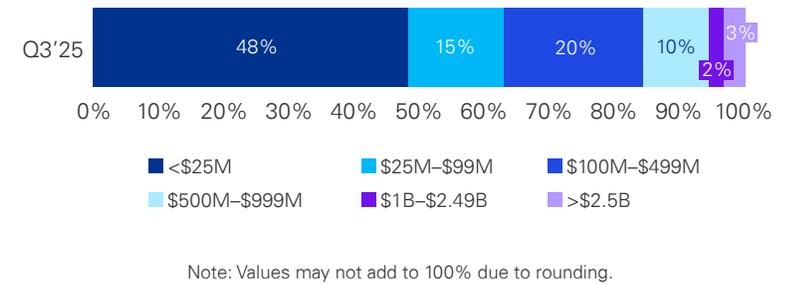
*Q3'24 was an outlier as a result of the \$35.9 billion acquisition of Kellanova by Mars
*Data also contains figures for SPAC deals

Consumer and retail strategic/PE deal volume and value



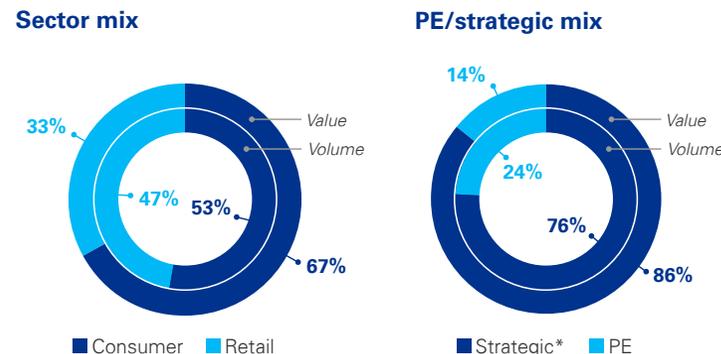
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Consumer and retail deal size mix - Q3'25



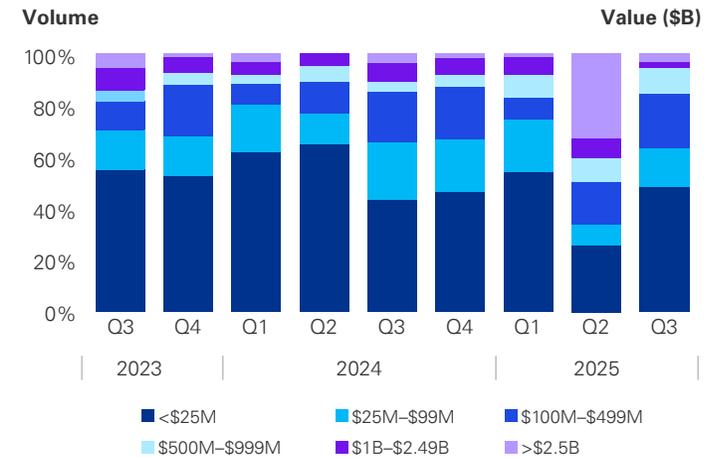
Note: Values may not add to 100% due to rounding.

Consumer and retail – Q3'25



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

Consumer and retail deal size mix



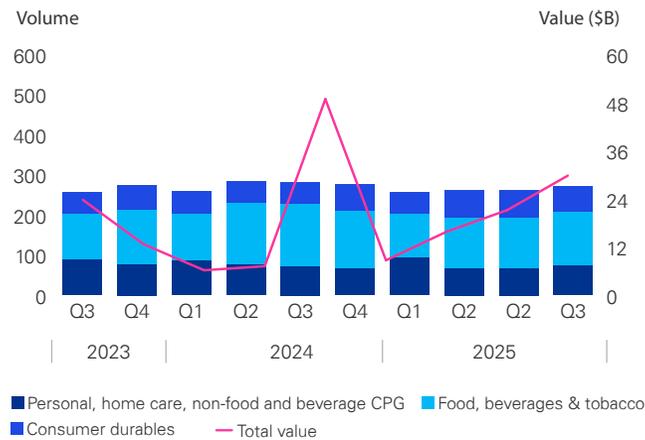
Values may not add to 100% due to rounding.

Sector data

Consumer subsector

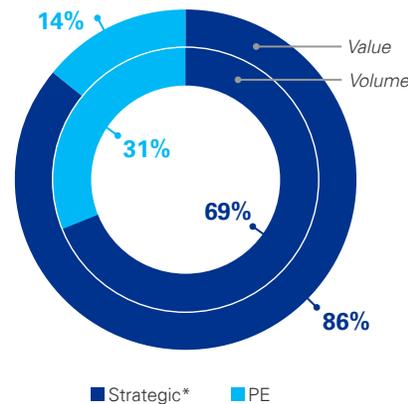
Consumer deal volumes declined 4.9 percent QoQ and 4.3 percent YoY, with 270 deals in Q3'25. However, deal value surged 40.7 percent QoQ to \$29.8 billion, despite being 39.0 percent lower YoY. This reflects sustained strategic interest in hydration, breakfast staples, and "better-for-you" platforms, as organizations recalibrated portfolios to capture everyday consumption and health-conscious demand.

Consumer deals by subsector



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

Consumer strategic/PE mix – Q3'25



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

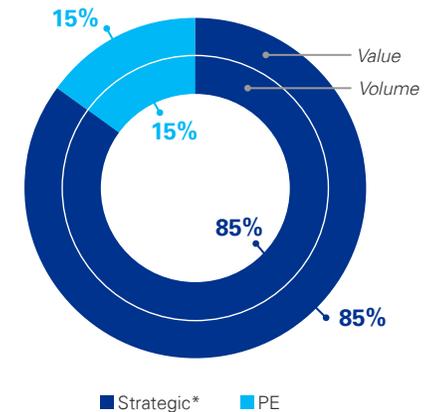
Retail subsector

Retail deal volumes fell 4.4 percent QoQ and 14.9 percent YoY, totaling 239 deals in Q3'25. Deal value edged up 0.5 percent QoQ to US\$15.0 billion, marking a 33.4 percent increase YoY. The sector continues to consolidate, with major activity in home improvement, convenience retail, and take-private transactions in lifestyle and footwear, as players seek scale and operational resilience in a selective market.

Retail deals by subsector



Retail strategic/PE mix – Q3'25



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



Top deals

Acquirer:

Keurig Dr Pepper Inc.

Target:

JDE Peet's N.V.

Value (billions)

\$18.0

Acquirer:

Lowe's Companies, Inc.

Target:

Foundation Building Materials, Inc.

Value (billions)

\$8.8

Acquirer:

Ferrero International S.A.

Target:

WK Kellogg Co

Value (billions)

\$3.1

Acquirer:

Gildan Activewear Inc.

Target:

Hanesbrands Inc.

Value (billions)

\$2.2

Acquirer:

Atlas Holdings

Target:

The ODP

Value (billions)

\$1.0

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.

Portfolio pruning and premium plays

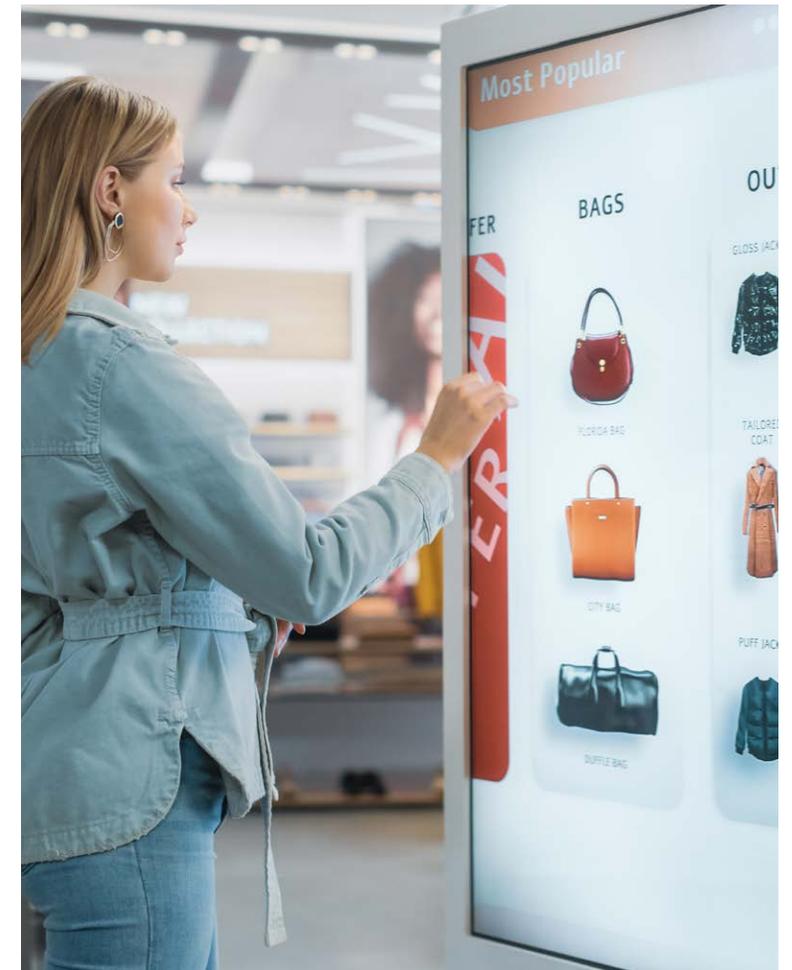
Looking ahead, dealmaking in consumer and retail is expected to remain selective, shaped by persistent macro headwinds and strategic urgency. After a quarter defined by divergence between deal value and volume, that bifurcation will continue. Premium, category-defining assets are likely to attract strong bids and command higher valuations, while middling assets will face execution risk and muted interest.

The rationale behind transactions will remain varied but largely defensive. Spins, carve-outs, and targeted divestitures are expected to outpace scale-driven acquisitions as companies seek to generate cash, sharpen portfolio focus, and exit underperforming units. Take-private transactions will remain an option for undervalued public players looking to escape quarterly scrutiny and reset operations. Private equity firms, meanwhile, will lean into scenario-based underwriting, stress-testing recession cases and exit timing while prioritizing categories with proven rebound profiles.

Macro conditions will reinforce caution. A K-shaped consumer backdrop—where high-income households trade up and lower-

income consumers shift to private label—combined with tariff-linked inflation and weak sector stock performance will keep management teams focused on cost discipline and operational resilience rather than top-line expansion. Against this backdrop, diligence will deepen and digitize. Cyber resilience is becoming table stakes, and artificial intelligence (AI)-enabled analytics will accelerate timelines and sharpen precision. Increasingly, acquirers will assess a target's AI strategy, governance, and integration readiness as part of standard diligence.

Rather than waiting for perfect conditions, dealmakers will emphasize readiness over timing. Maintaining transaction pipelines, clear investment theses, and day-one integration plans will be critical to act decisively when strategic assets surface. Sector-specific dynamics will also shape pipelines: retail buyers will continue targeting pro and contractor adjacencies, food and beverage players will lean into private-label manufacturing and portfolio optimization, and restaurant operators will prune non-core concepts while exploring selective take-privates.



“Expect spins and take-privates to emerge as defensive plays—companies will chase cash and sharpen their core, not pursue growth for growth’s sake.”

—Julia Wilson

Principal, Advisory Strategy, KPMG LLP



Consumer: Portfolio realignment takes center stage

Expect continued divestitures and spins as companies sharpen focus on core categories. Growth agendas are balancing organic product innovation with inorganic moves to add functional, clean-label, and everyday consumption platforms through M&A. Private-label partnerships remain a lever to offset margin pressure, while carve-outs and divestitures are used to concentrate resources where competitive advantage is strongest.



Retail: Consolidate or recalibrate

Home improvement and convenience formats will drive strategic combinations aimed at scale and resilience. Expect selective take-privates in lifestyle and specialty retail as operators seek operational resets and debt relief. Retailers are also prioritizing portfolio optimization and private-label manufacturing to protect margins, while digital enablement and AI-driven forecasting are becoming central to operational resilience and post-deal integration. As macro pressures persist, transaction readiness and supply chain efficiency will remain top priorities.



Private equity: Dry powder deployment and operational transformation

Private equity sponsors are actively seeking opportunities to deploy substantial dry powder accumulated over the past two years, driving appetite for larger transactions. On the operational front, transformation efforts extend beyond cost takeout to include working capital optimization, digital enablement, and business model innovation—both within existing portfolio companies and in new acquisitions. Scenario-based underwriting and exit timing sensitivity continue to shape deal structures, with sponsors favoring carve-outs and assets offering clear levers for value creation.



Strategic buyers: Focus over footprint

Corporates will prioritize portfolio optimization over volume, using targeted acquisitions and divestitures to define category leadership. Integration speed and synergy capture will dominate board agendas, alongside digital enablement and AI-driven forecasting.

Key considerations as we look ahead

C&R industry dealmakers should consider the following factors:

01

Double down on diligence

Expand diligence scope beyond financial and operational checks to include cyber resilience and a thorough assessment of a target's AI strategy, governance, and integration readiness.

02

Quantify value creation

Build cases around executable levers—AI-driven forecasting, cost takeout, supply chain efficiencies, and margin mix improvements.

03

Stay transaction-ready

Maintain pipelines, clear theses, and integration and separation playbooks to act quickly when opportunities arise, avoiding market-timing traps.

04

Integrate for value

Prioritize day-one synergy capture and codify tech and AI use cases to ensure capabilities scale post-close. Incorporate clear measurement practices to provide transparency to stakeholders and track the impact of integration initiatives.

05

Shape the portfolio

Use carve-outs and divestitures to concentrate resources where competitive advantage is strongest.

06

Plan for downside

Pressure-test recession scenarios and align capital structures to protect exit multiples.



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.

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