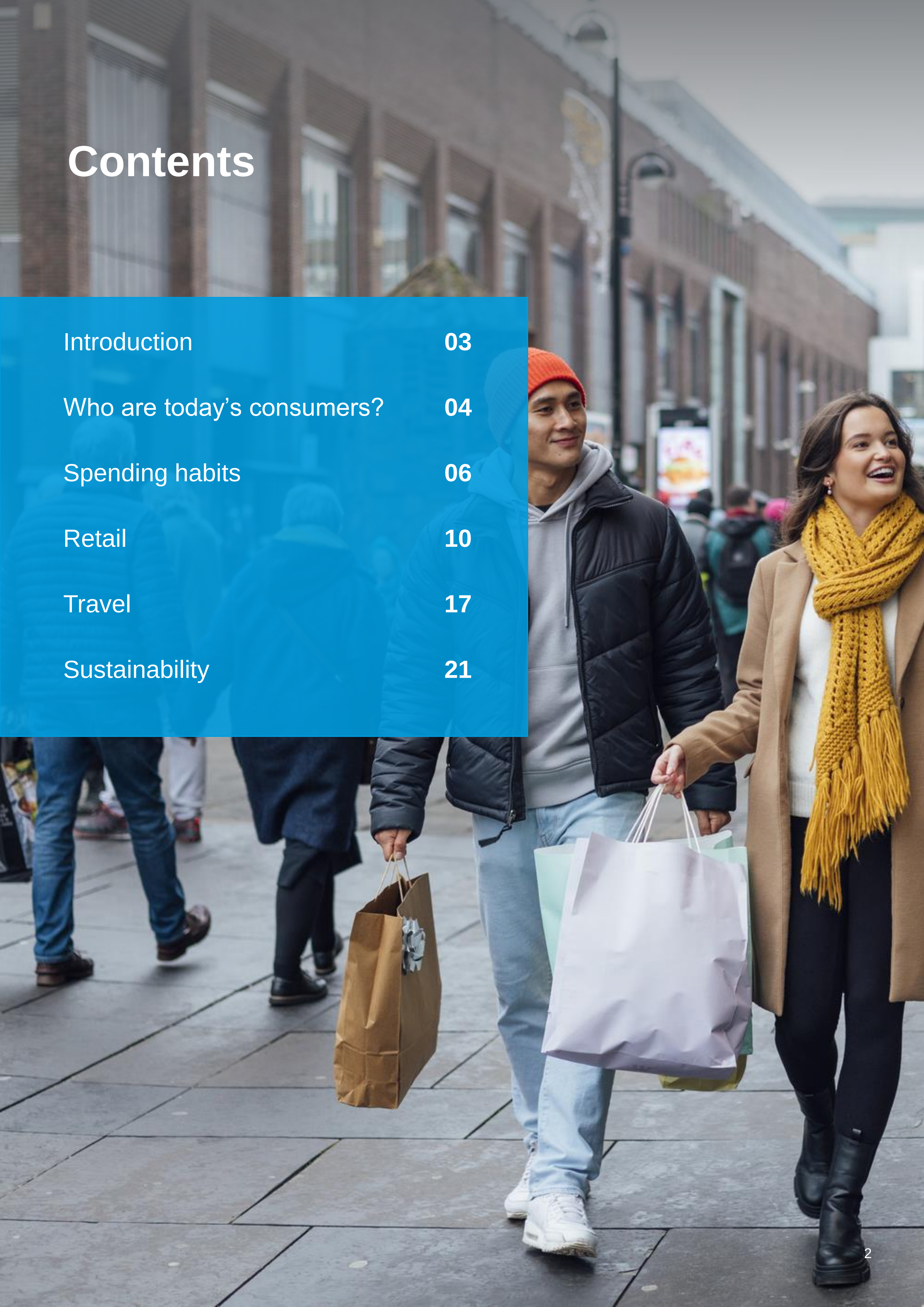
# Consumer Outlook

# 2025

RSM



# Contents

# Introduction

Our latest survey of 2,000 consumers reveals the key trends driving purchasing decisions in 2025. In this report, we explore the evolving shifts in consumer sentiment, uncovering opportunities for businesses to engage with those ready to spend.

While over 52% of consumers report feeling financially comfortable, a cautious mindset persists, with many planning to cut back. For businesses, this presents a clear challenge: how to balance consumer needs with strategies that inspire spending and build brand loyalty.

By focusing on key spending categories and exploring the motivations driving purchasing decisions, this outlook offers actionable insights to help businesses align with changing consumer priorities in the year ahead.

"As consumer priorities shift, this report provides the insights businesses need to **anticipate** change, **adapt** strategies, and **lead** with confidence in a dynamic market".

**JACQUI BAKER**
Head of Consumer Markets and Retail

**About the research**
RSM UK commissioned 3Gem Media Group to carry out a survey of 2,000 consumers across the UK. The survey was in field between 25 September and 2 October 2024. Chart percentages may not equal 100% due to rounding. Gen Z refers to respondents aged 18-24; Millennials refers to those aged 25-44; Gen X refers to those aged 45-54; and Baby boomers refers to those over 55.

# Who are today’s consumers?

## Gen Z

Gen Z, the first generation to grow up with the internet and smartphones, are true digital natives.

The older half of this group is now transitioning into adulthood, starting university, beginning their careers, or even buying their first homes, meaning their purchasing power and disposable income are set to grow.

When shopping, Gen Z places a high value on quality and value for money. Convenience and promotions are key factors in their retail choices, with a strong preference for health and beauty products. In leisure and hospitality, their habits are shifting; they favour restaurants over pubs and nightclubs and often choose short international trips for travel.

## Millennials

Millennials are still feeling the impact of the cost-of-living crisis, with many experiencing increased expenses in housing and energy. However, their outlook is improving, with over half reporting they feel at least somewhat financially comfortable.

Millennial spending is heavily influenced by value; they aim to make their hard-earned money stretch as far as possible.

Socialising and dining out remain high priorities for this group, and travel continues to be a key interest, with many planning more short overseas trips.

# Who are today’s consumers?

## Gen X

Gen X expresses the most concern about rising costs, and their sense of financial comfort has dipped.

Known as the ‘sandwich generation’, many Gen Xers balance caring responsibilities for both children and ageing parents.

This group is the most likely to cut back on dining out and fashion spending, but they still prioritise travel, especially extended trips abroad lasting five days or more.

## Baby boomers

Baby boomers are the least likely to increase spending in 2025. Like Gen X, they are concerned about rising costs, with nearly one-third expecting their financial comfort to decline in the coming months.

While slower to adopt online shopping in the past, that trend is changing. Now, 50% report making online purchases each month.

Travel is a top priority for Baby boomers, and they are less inclined to cut back on this area.

# Spending habits

## NAVIGATING CONSUMER CUTBACKS

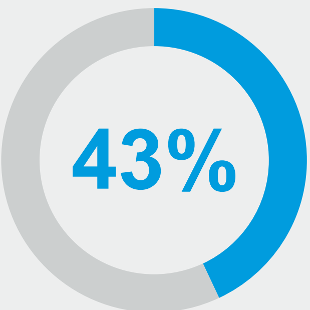
As households begin to feel a modest improvement in financial well-being, the way consumers approach spending is evolving.

While more individuals are finding room in their budgets at the end of each month, the lingering effects of recent economic uncertainty continue to influence attitudes toward discretionary spending.

In our previous consumer outlook, over one-third of people (35%) reported having no money left at the end of the month after covering essential costs. This figure has now decreased to 28%. Despite this positive shift, consumers remain cautious.

Although there is a sense of optimism, it has yet to fully translate into increased spending. Instead, today's consumers are characterised by a more deliberate and thoughtful approach to their purchases.

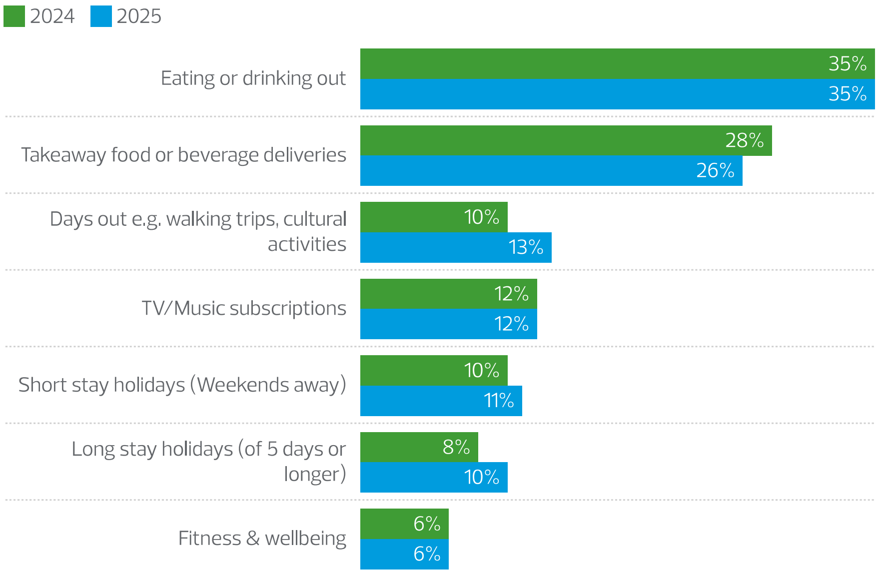
> Eating and drinking out, takeaways, and clothing are key categories where many intend to cut back, reflecting a broader focus on mindful spending.



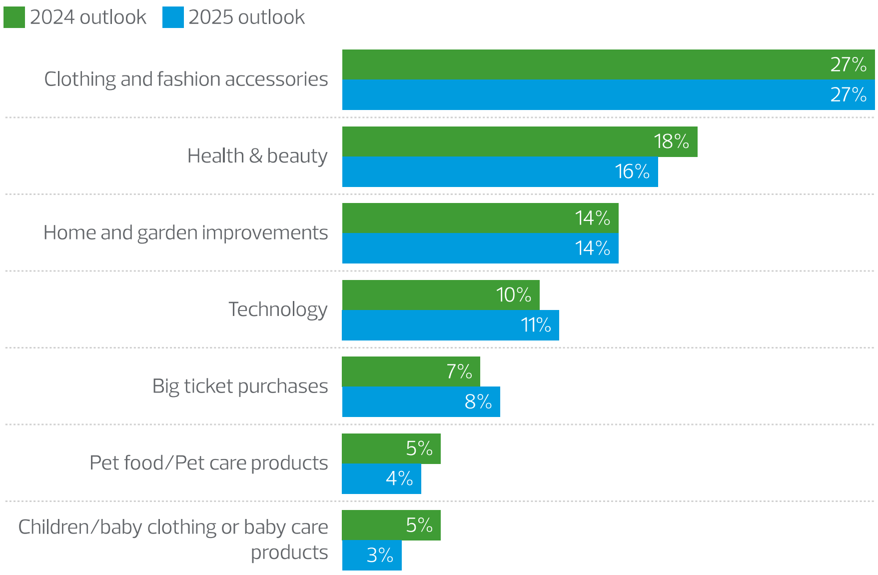

of Gen X consumers plan to cut back on dining and drinking out, leading the trend in cautious spending.

## Categories where consumers will cut back on in the next three months

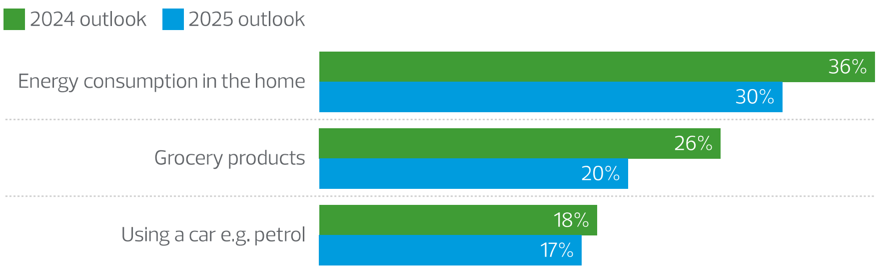
### Leisure time and socialising




### Retail and consumer products



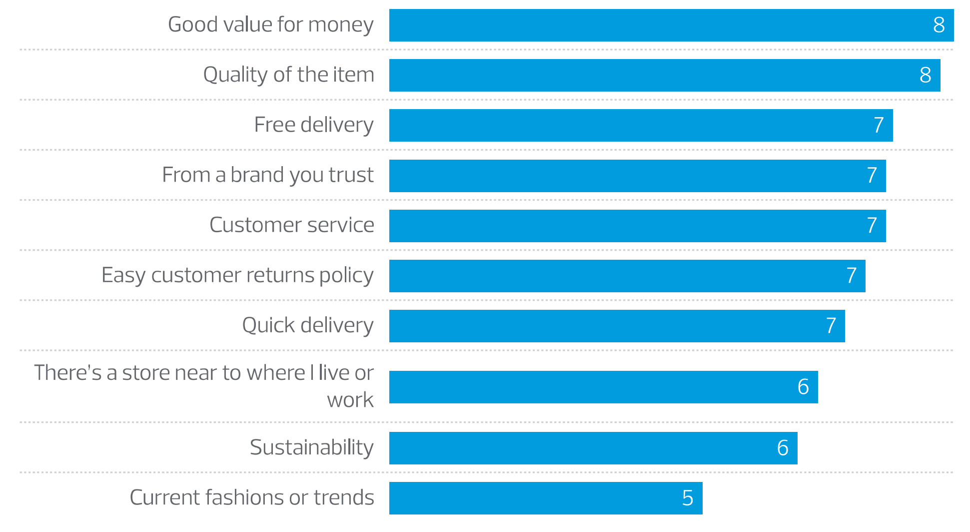

### Essential spending



## DRIVING FORCES BEHIND CONSUMER SPENDING

This year, consumer spending will be influenced by real wage growth, interest rates coming down, and inflation stabilising. While affordability remains a top priority, the demand for quality will also drive decision-making. This shift will force brands to deliver on both affordability and excellence to meet evolving consumer demands.

**When considering a new purchase of something that you buy regularly (that is not food), how important to you are each of the following?**

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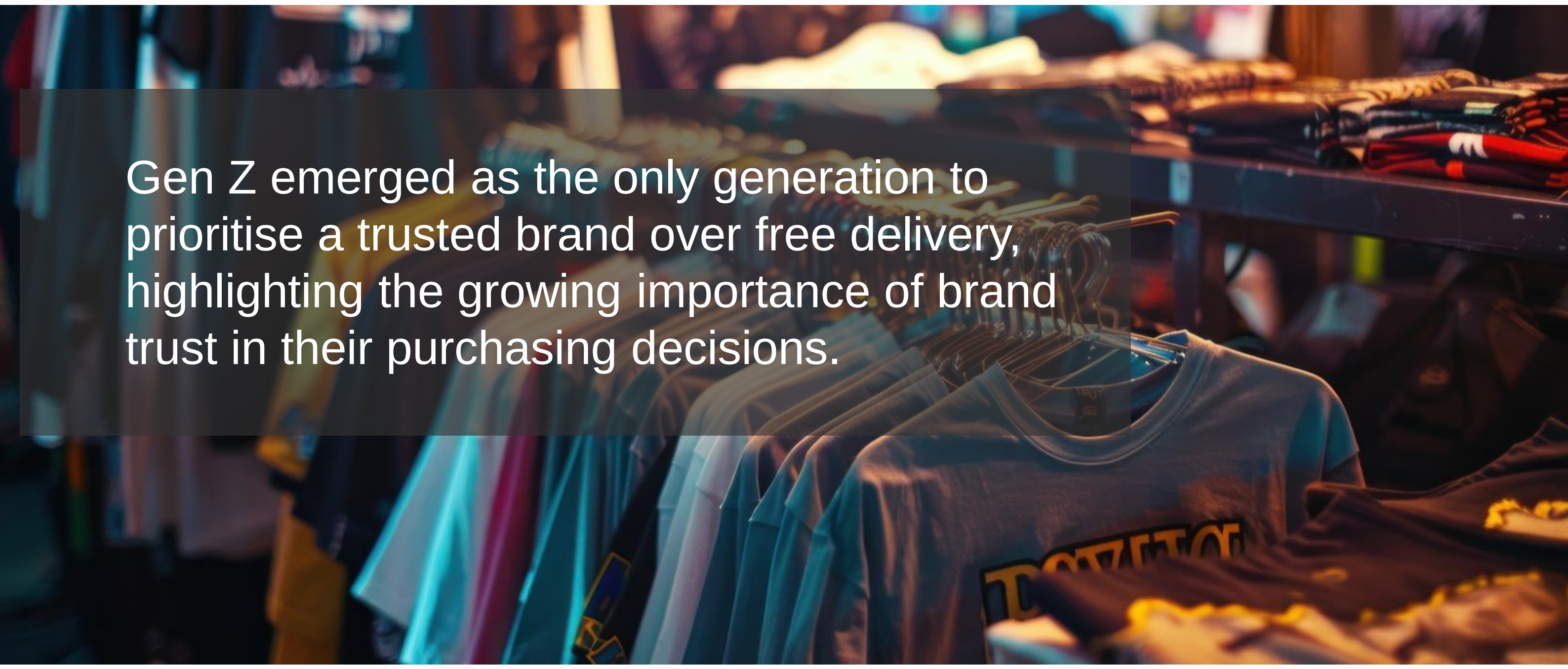
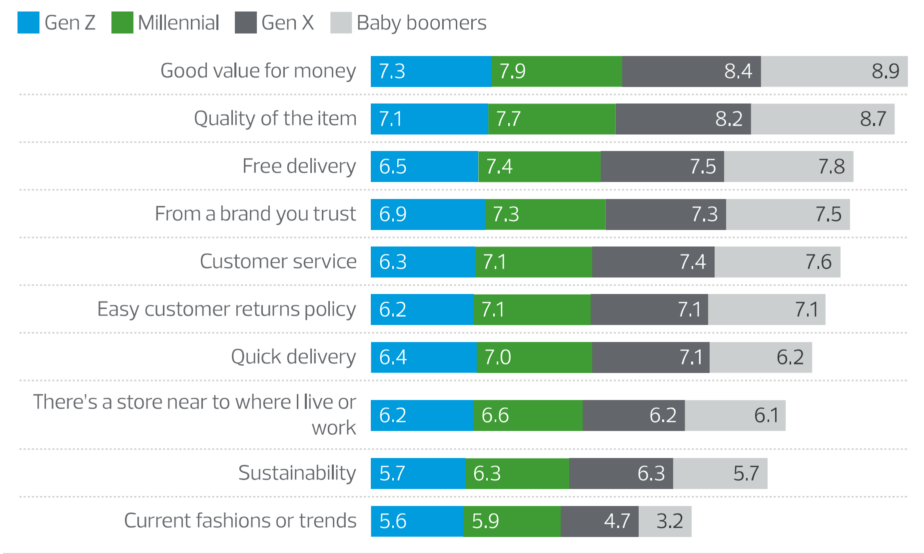


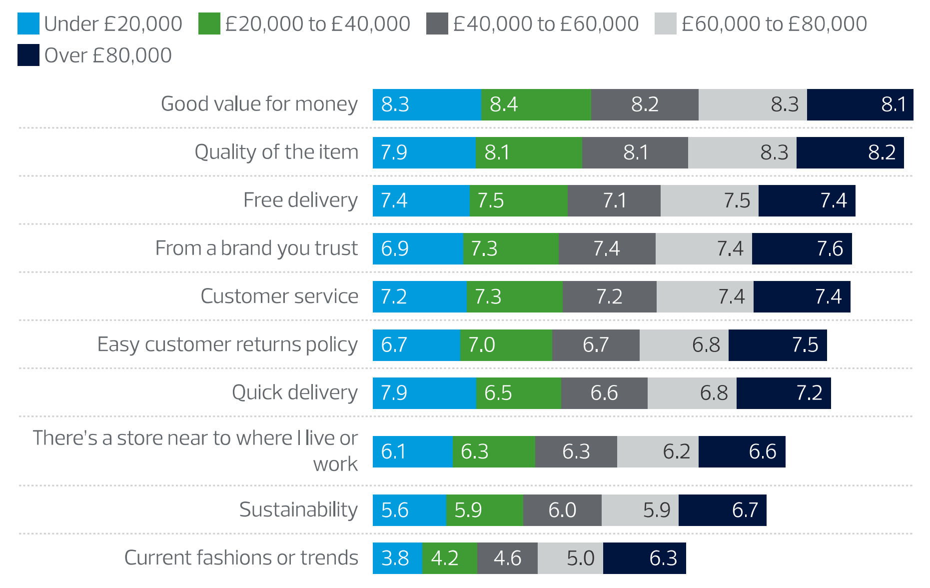
**When considering a new purchase of something that you buy regularly (that is not food), how important to you are each of the following?**

## Age group




Average score out of 10

## Personal income



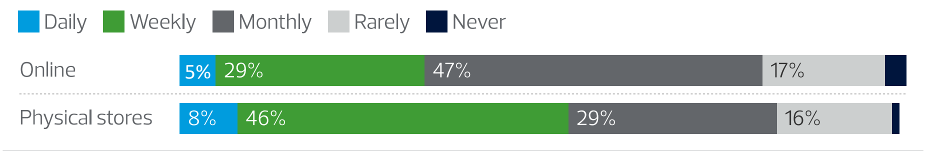

Average score out of 10

# Retail

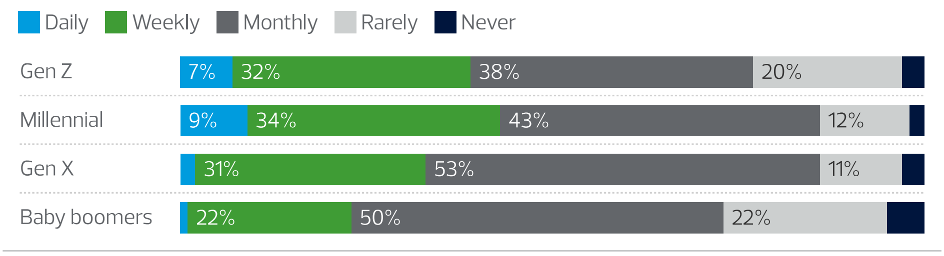
## RETAIL REIMAGINED

Consumers are increasingly seeking the best of both worlds. While in-store visits are dominant for weekly, more frequent purchases, the shift toward online shopping for monthly purchases highlights the growing appeal of convenience, competitive pricing, and broader product options.

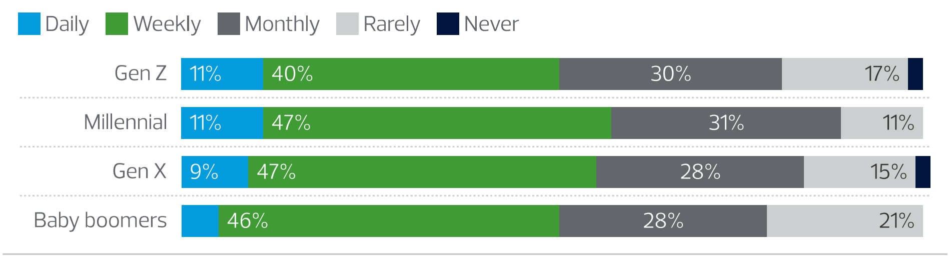
### Thinking about where you do your non-grocery shopping, how often do you currently shop in each of the following?




### Online shopping




### In-store shopping




Across all age groups, shoppers are increasingly integrating both in-store and online channels into their routines.

This hybrid shopping approach reflects a desire for flexibility and a tailored shopping experience.

**81%**

of consumers said they regularly shop online.

**83%**

of consumers still regularly choose the in-store experience.

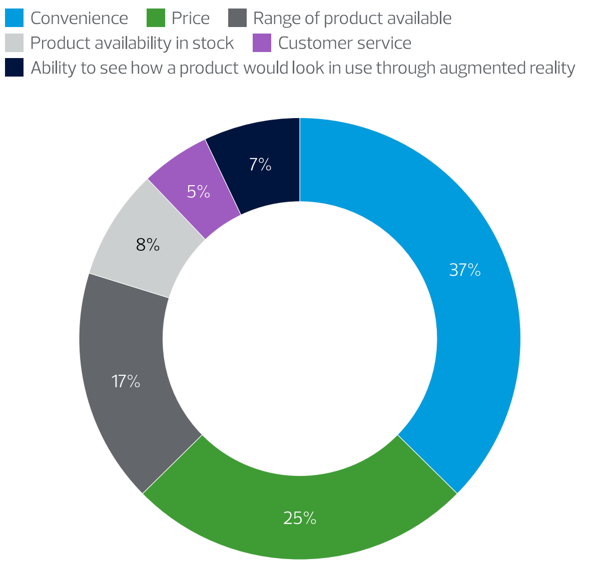
## ONLINE SHOPPING - WHAT'S BEHIND THE CLICK?

Efficiency, value, and choice are the primary drivers of online shopping. Today's consumer expects seamless access to products, making convenience a key factor in their shopping preferences.

Price sensitivity is also driving shoppers online, where they can quickly compare deals and take advantage of digital discounts. The desire for a broad selection highlights the importance of variety, with online platforms offering far more options than most physical stores.

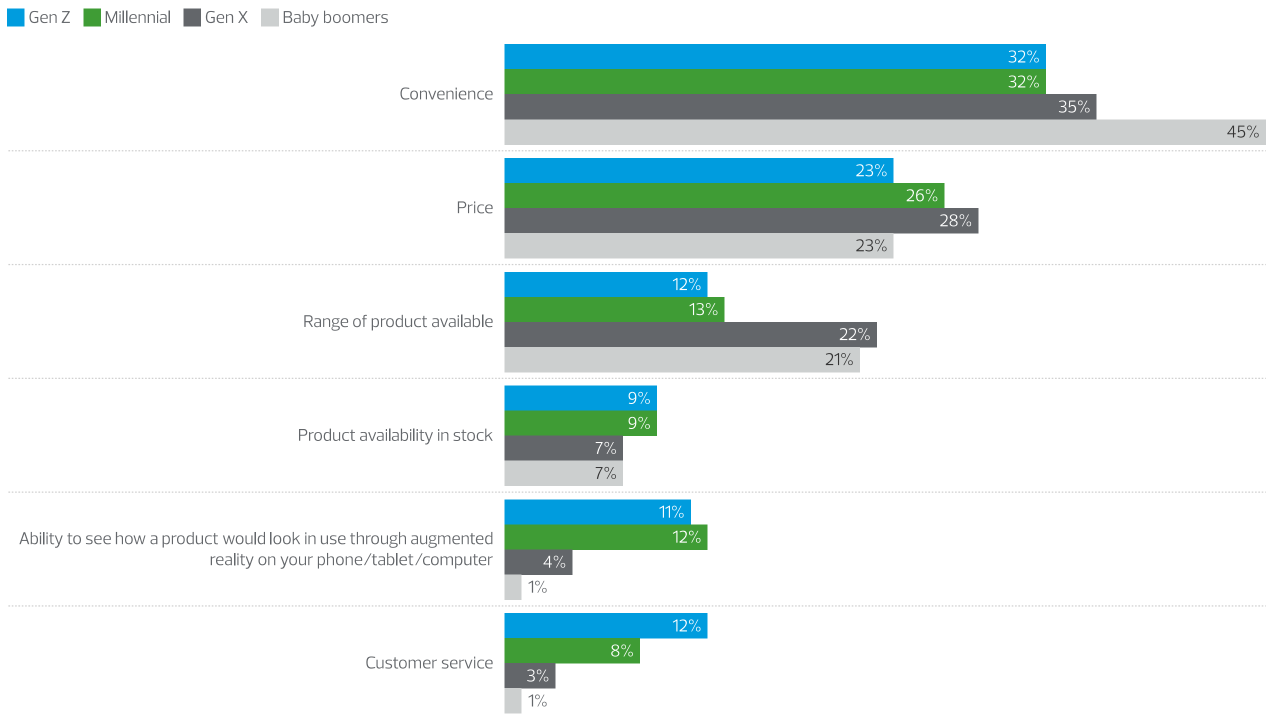
Consumers' reasons for shopping online vary by age demographic. While convenience and price are consistently cited as key drivers across all age groups, older generations are particularly drawn to the wide range of products available.

### When shopping online, what is the main reason you to choose to shop online rather than in-store?




In contrast, younger consumers opt to shop online for features like augmented reality, which allows them to visualise products before purchase.

### Online shopping reasons by age



## DRAWING CONSUMERS BACK TO THE IN-STORE EXPERIENCE

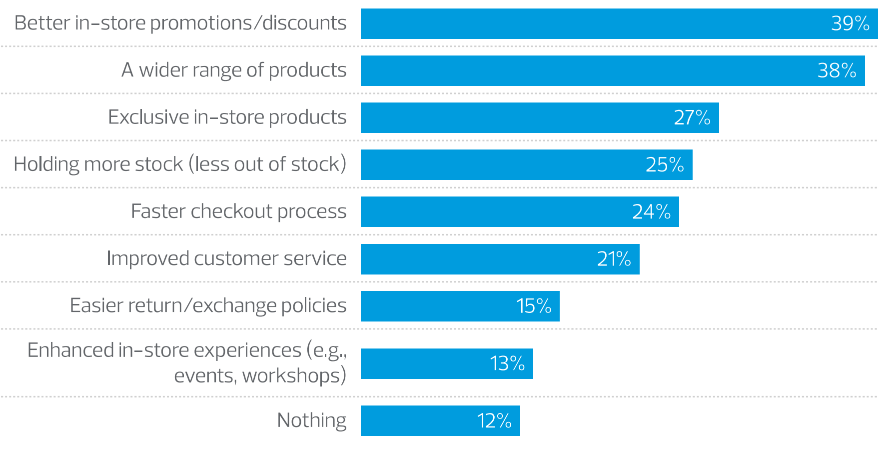
Despite the convenience of online shopping, there is still a strong desire for the experience that only an in-store environment can offer.

Our research shows that better in-store promotions and a wider range of products are top reasons that would encourage more in-store visits, suggesting shoppers value the opportunity for discovery and exclusive deals, making in-store shopping worth the trip.

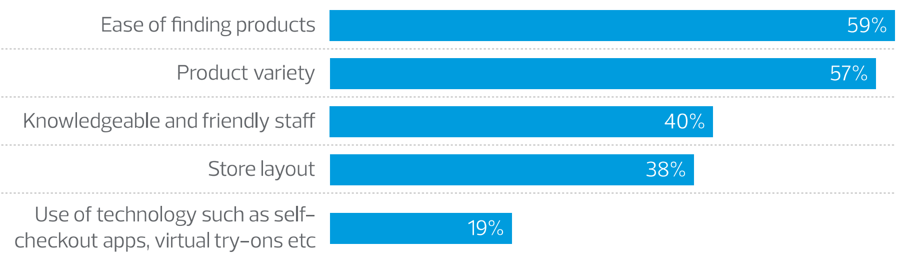
Consumers value the ease of finding what they want and the variety of products when shopping in-store.

Retailers that allow for both convenience and the opportunity for discovery will enhance the overall shopping experience.

### What would encourage you to visit a physical store more often?




### Which aspects of the in-store shopping experience are most important to you?




**60%**

**of Gen X shoppers say product variety is the most important factor when shopping in-store, highlighting their strong preference for a wide selection and the opportunity to explore different options in person.**

# Leisure and hospitality

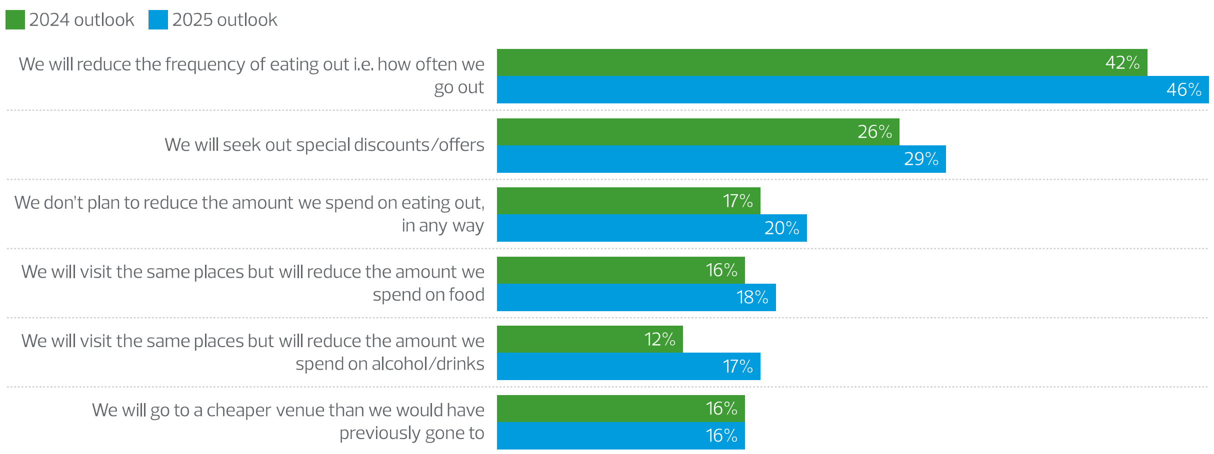
## REDEFINING SOCIAL SPENDING

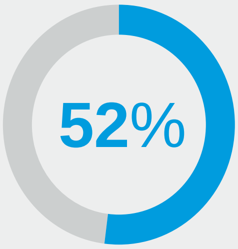
Consumers are exhibiting caution in their social spending. Since our mid-year report in May 2024, the percentage of people planning to cut back on dining and drinking out has increased by 5%, reaching 35%.

Many consumers are adjusting their dining habits to align with their financial priorities, with a significant number planning to dine out less frequently and actively seek discounts or promotions to make outings more affordable.

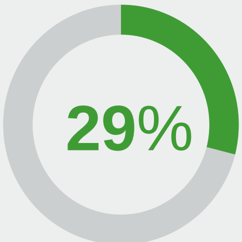
Our research also highlights a resilient segment with 20% of respondents reporting no intention to cut back on dining experiences, up from 17% last year.

**Thinking about the next 6 months, do you plan to reduce the amount you spend on eating/drinking out of the home, in any of the following ways?**




of families plan to reduce their frequency of eating out, with their focus on managing household budgets and redirecting spending toward essentials or experiences.




of Baby boomers do not plan to reduce spend on eating and drinking out, making them the least likely to change their habits.

The rise in discount-seeking behaviour, particularly among families and Gen X, suggests that consumers are more selective with their spending, prioritising savings and deals.

**29%**

of consumers will seek out special discounts and offers.

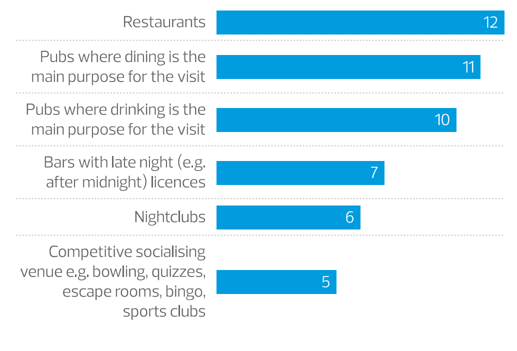
**33%**

Gen X are the most likely group to seek out special offers.

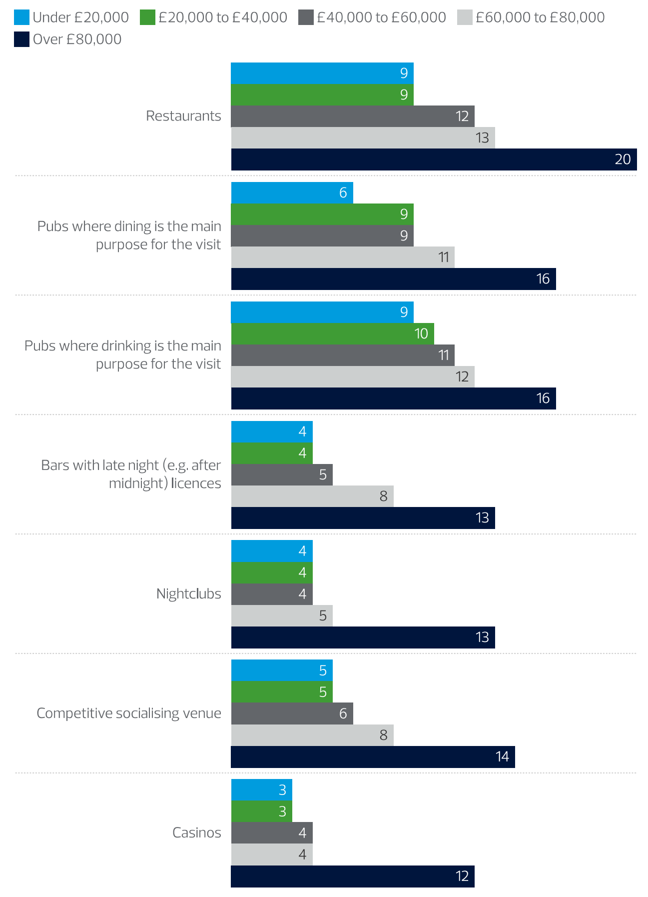
## VENUE CHOICES

Restaurants are set to become the preferred choice of venue for consumers in 2025, a shift from previous years, where pubs have traditionally held that top spot.

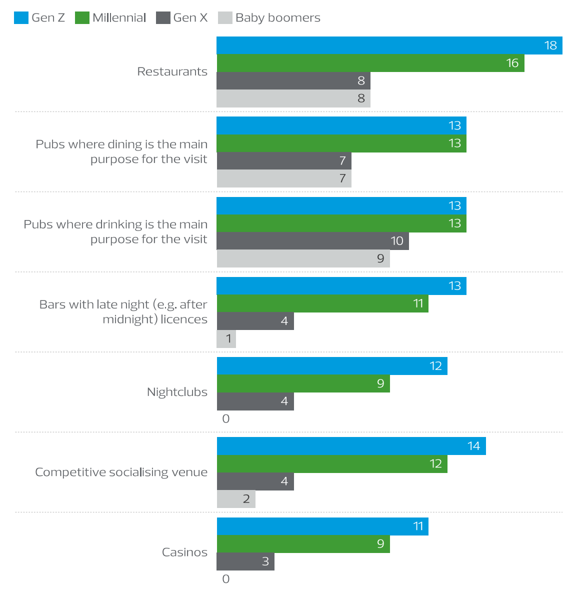
### Thinking about the next 12 months, on average how often, if at all, do you think you will visit the following types of venues?




### Personal income




### Age group




Average score out of 10

Gen Z and Millennials are likely to lead the charge in restaurant traffic this year, with plans to dine out twice as often as other consumers.

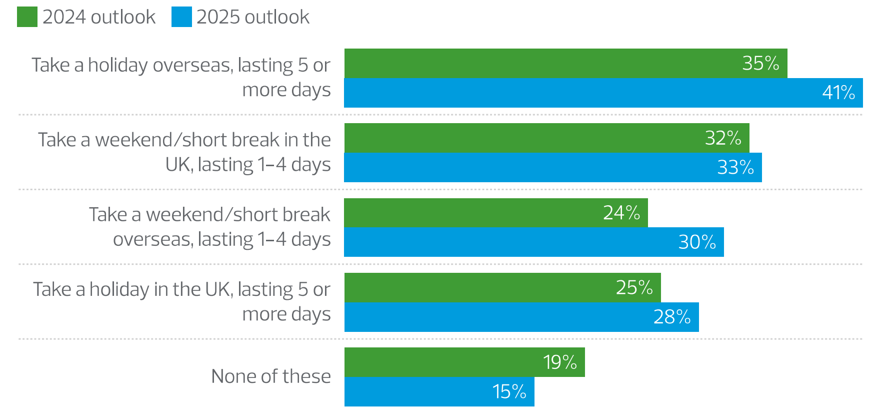
Those with families plan to visit competitive socialising venues twice as often as other consumers, drawn by a craving for interactive and unique social experiences.

# Travel

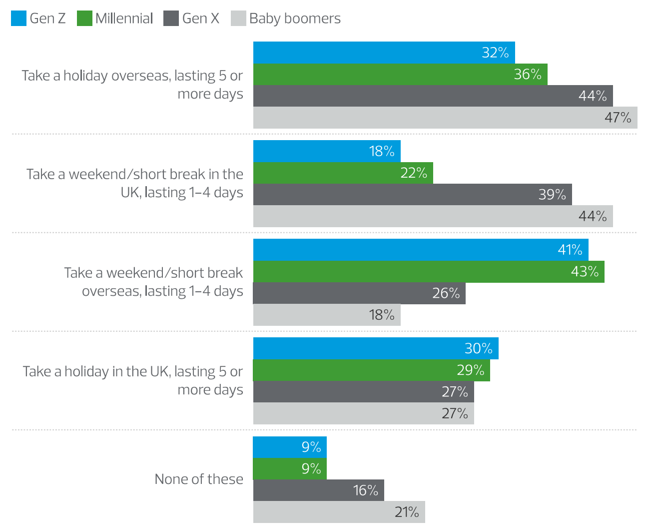
## READY TO ROAM

Travel remains a priority for today's consumer. With people planning longer overseas holidays and short breaks, travel will be an essential part of their lifestyle in 2025. The 6% year-on-year increase in both long (5+ days) and short overseas breaks highlights a strong commitment to travel.

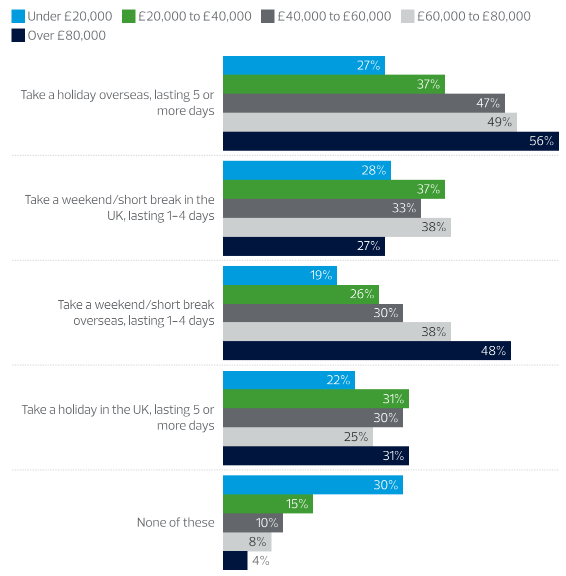
### Which, if any, of the following are you planning to do in the next 12 months?




### Age group




### Personal income



**30%**

Gen Z is likely to lead the UK holiday trend, with 30% planning a holiday in the UK lasting five days or more.

**43%**

of Millennials are planning a short break overseas.

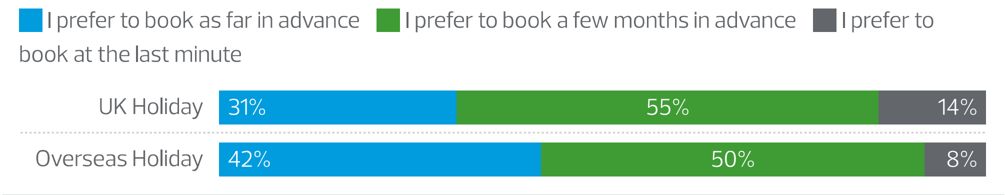
**47%**

of Baby boomers are planning on overseas breaks lasting five days or more.

## BOOKING HABITS

Consumers are becoming more deliberate in their travel planning, preferring to secure their holidays well in advance rather than booking last-minute trips, especially for trips lasting five days or more.

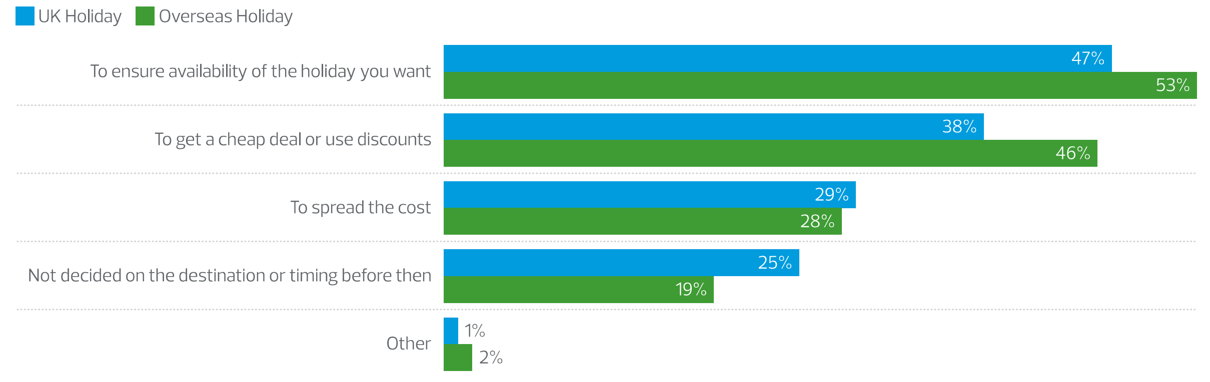
### When planning a holiday in the UK or overseas, lasting 5 days or more, which of the following best describes when you choose to make a booking?




When it comes to last-minute bookings, Baby Boomers are more likely than other generations to book overseas holidays lasting five days or more.

Securing availability is a top priority for consumers when booking holidays, both overseas and within the UK. Travellers are increasingly prioritising certainty, booking early to guarantee their preferred dates, accommodations, and experiences.

### When booking a holiday in the UK or overseas, lasting 5 days or more, why do you choose when to book your break?



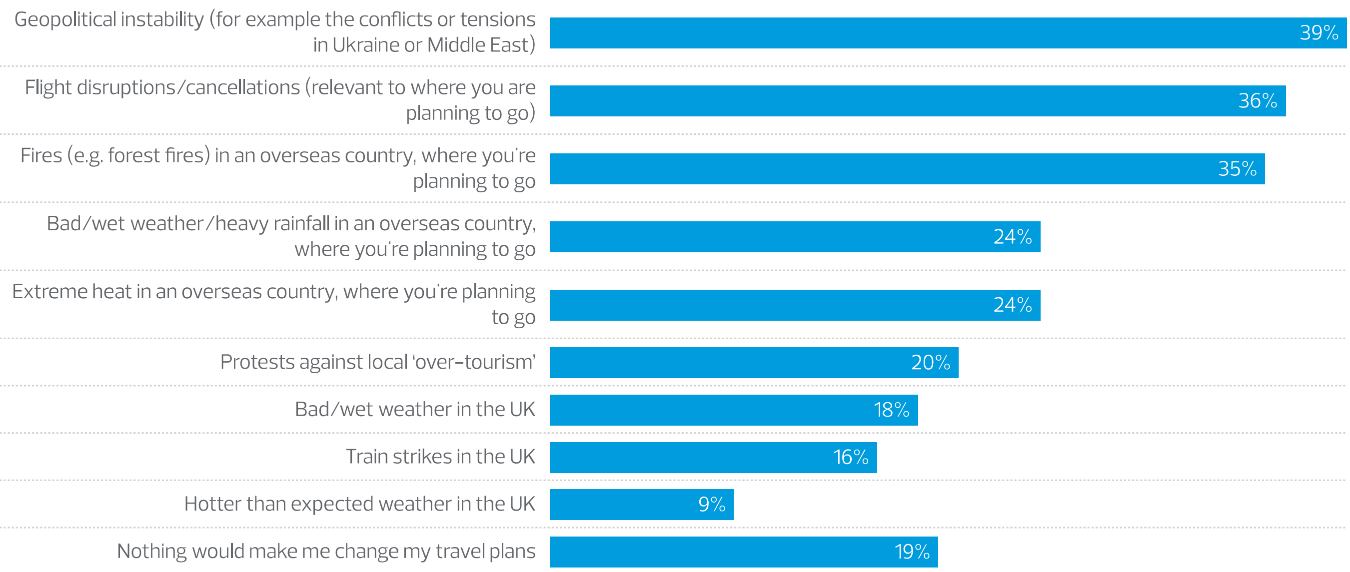

**50%** of those with children prefer to book their overseas holidays as far in advance.

## THE GREAT TRAVEL DISRUPTORS

Consumer confidence in travel is increasingly shaped by disruptors such as geopolitical instability and flight cancellations, as these factors heighten uncertainty and influence travel decisions.

The impact of geopolitical tensions reflects a growing awareness of safety and risk, with consumers more likely to significantly change their travel plans after booking because of it.

### Which of the following events would cause you to significantly change your travel plans after booking?




# Sustainability

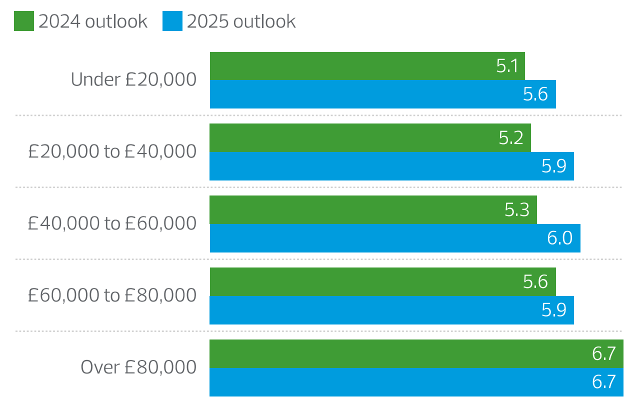
## CONSCIOUS CONSUMERS

The rise of the conscious consumer continues to reshape the market. Today's consumers are more aware than ever of how their choices affect the environment, and many are seeking brands that align with their values.

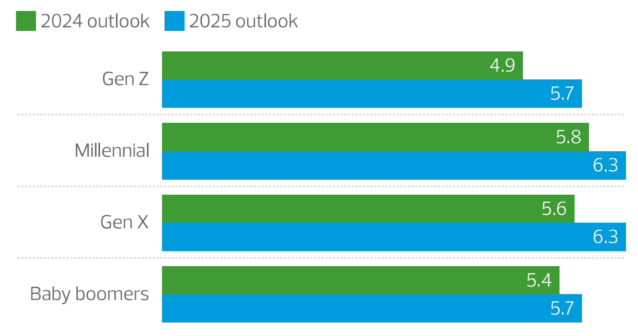
Our survey highlights that the shift toward sustainable preferences is not one-size-fits-all; concerns about sustainability and social impact vary significantly across age groups and income brackets. As the conscious consumer movement grows, brands will need to adapt to meet these diverse expectations.

**When considering a new purchase of something that you buy regularly (that is not food), how important is sustainability to you?**


### Personal income




### Age group




**Average score out of 10**


We have seen a noticeable shift toward consumers willing to pay a premium for sustainable products, particularly among families and younger consumers.

**51%** of those with children said they are willing to pay more for sustainable products.

**56%** of Millennials said they are willing to pay more for sustainable products.

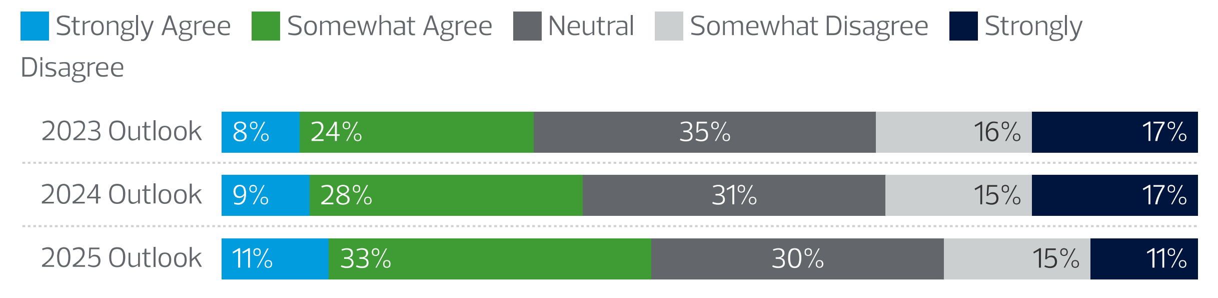
Consumers are willing to spend more on products with eco-friendly packaging, driven by growing environmental awareness. Many are now prioritising sustainability in their purchasing decisions, with packaging being a key factor.

# 50%

of Millennials are interested in the supply chain that services consumer businesses.

While price sensitivity remains a factor, consumers show a willingness to prioritise value-driven, sustainable purchases.

**I would pay more for products that are sustainably produced**




For consumers with greater financial flexibility, particularly those earning £80k or more, there is a growing willingness to pay more for sustainable products.

# Contacts

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