2025 mid-year outlook

# Global M&A trends in consumer markets

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## Tech, tariffs, and tastes: Consumer markets M&A navigates a shifting landscape

By Hervé Roesch

**Caution remains the name of the game for consumer markets dealmakers in a not-so-quiet environment.**

At the start of 2025, cautious optimism underpinned our expectations for a steady recovery in deals activity in consumer markets. Persistent inflationary pressure, higher-than-expected long-term interest rates and tariff uncertainty have weakened both investor conviction and consumer sentiment—key drivers of dealmaking in the sector. As a result, overall M&A activity in the sector remains subdued.

Buoyed by a seemingly perpetual cycle of uncertainty, we believe that investors will take a more measured approach for the rest of the year and that caution will remain the name of the game. Extended deal timelines have become the norm, underscoring the deliberate pace at which companies are conducting portfolio reviews and reshaping strategies. Moreover, valuation gaps pose a persistent hurdle.

> ‘We seem to be in a perpetual cycle of uncertainty, and that is weighing heavily on consumer sentiment. As so often in consumer markets, the voice of the consumer will be decisive for the pace and volume of M&A in the coming months.’
>
> **Hervé Roesch,** Global Consumer Markets Deals Leader, PwC UK

Yet there are reasons for optimism: global deal values in consumer markets have climbed 32% year-over-year, driven by a handful of high-profile transactions that demonstrate continued confidence in long-term consumer demand and the strategic value of scale.

We expect strategic operators will continue to pursue portfolio optimisation and consolidation opportunities. The private equity (PE) exit environment is likely to remain challenging. With holding periods for PE-backed consumer portfolio companies remaining high—and with an increasing need for liquidity—we expect this will play out differently depending on the seller, quality of the asset and underlying sector dynamics.

Among buyers, take-private deals will seize on sustained weakness in public valuations for the sector, and PE operators will focus on bolt-on transactions and on high-quality and longer-term assets. Among sellers, PE firms will continue to evaluate their portfolios for exit opportunities, with quality assets being put up for sale. However, underperforming assets or those directly or indirectly susceptible to tariffs may be held for longer in anticipation of better market conditions, eschewing the increase in PE exits anticipated at the start of the year.

Digital technologies are fuelling strategic M&A activities across the consumer sector as companies race to create integrated digital ecosystems for growth and competitive advantage. Retail technology, in particular, **has the potential to unlock profitable growth across the value chain** while serving as a source of differentiation for retailers and brands. Retail companies are investing in both commercial and operational functions, such as marketing and customer engagement platforms, point-of-sale payment solutions, e-commerce platforms, inventory management and demand planning. Companies that acquire or possess these innovative technologies will develop an edge in this evolving landscape.

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Spotlight on:

## Consumer markets M&A in India

India's M&A landscape in 2025 is experiencing robust growth, positioning the country as a standout performer in the Asia Pacific region. The country is undergoing a transformative shift in its retail ecosystem, with M&A playing an important enabling role. Several factors are making India an attractive destination for strategic M&A and long-term investment, particularly in the consumer sector, including:

**Large and growing consumer base:** A rising middle class, favourable demographics and increasing disposable income make India a strategic market for global consumer-focused investors. Inflation outpacing wage growth has affected consumption, but the 2025 Consumer Confidence Survey published by the Reserve Bank of India reports an improvement in both the current and the expected future consumer outlook. Consumer confidence scores across all categories including spending, income, price levels and the overall economic situation have improved.

**Foreign direct investment:** India allows 100% foreign direct investment (FDI) in many consumer sectors, including manufacturing of consumer goods, retail and e-commerce.

**Regulatory environment:** In recent years, India has taken steps to adopt a more business-friendly stance by reducing regulations, thereby more closely aligning with global standards.

**Beneficiary of a ‘China+1’ approach:** Indian manufacturers in consumer and consumer-derivative sectors such as textiles, consumer electronics, leather goods and toys present a potentially lower-risk alternative or complement to China for global companies seeking to shift or diversify their supply chains. Investors are also attracted by a growing digital infrastructure and government policies, including India’s production linked incentives (PLI) schemes.

**US tariffs:** With respect to the US tariffs, India’s consumer markets trade appears to stand in a relatively favourable position compared with that of China, Vietnam, Taiwan, Bangladesh and others.

**Consolidation continues to drive M&A.** For consumer markets in India, one key theme for deals we expect in the second half of 2025 is consolidation among major players—particularly in the fast-moving consumer goods (FMCG) sector, where more-established corporates are seeking to acquire strategic start-ups to strengthen their market presence and diversify offerings. Examples of recently announced deals which illustrate these themes of consolidation and product diversification are: Hindustan Unilever Ltd's announced acquisition of beauty brand Minimalist in January 2025 and ITC's announced acquisition of frozen food player Prasuma in February 2025 and its increased stake in Mother Sparsh, an Indian baby care brand in April 2025.

**Consumer sector attracts international investors.** Strong interest in Indian consumer companies—both modern and traditional—shown by global PE funds and strategics is another theme we expect to see continue in the second half of the year and beyond. For example, Temasek, Alpha Wave Global and International Holding Company have all made recent investments in a well-known Indian snack and sweets company as part of their latest equity round. In addition, several international investors have made funding commitments in Indian e-commerce company Meesho's latest $550m funding round.



**India's evolving retail landscape.** Organised and unorganised segments coexist in the Indian retail sector, shaped in large part by the country's diverse demographics: while organised retail (comprising licensed, regulated and professionally managed businesses) is projected to grow at a faster pace, the unorganised segment (made up of informal, small-scale and largely family-run enterprises) continues to thrive in semi-urban and rural markets where price sensitivity and local relationships remain key. The growth in organised retail is being propelled by multiple interconnected trends, such as the rise of direct-to-consumer (D2C) and regional brands, a focus on value delivery by eliminating intermediaries, and tech-enabled distribution offering more variety and greater convenience to consumers across the country.

**These trends are particularly pronounced in e-commerce.** Demographic factors (including the large and growing consumer base in tier-two, -three and -four cities), the growing adoption of technology (such as higher smartphone usage and internet penetration), the evolution of India's digital payment infrastructure, and advancements in logistics are all contributing to this rapid growth.

Recent dealmaking activity underscores a trend toward consolidation and strategic expansion within the Indian e-commerce sector. Companies are leveraging acquisitions to enhance technological capabilities, expand user bases, and strengthen market positions. For example, in February 2025, super.money, a unified payments interface (UPI) platform backed by Indian e-commerce company Flipkart, announced the acquisition of BharatX, a checkout financing platform, to gain access to its technology stack and developer capabilities.

## Global M&A trends in consumer markets by sector

Below we outline the key trends we expect to drive M&A activity across the consumer markets sectors during the second half of 2025.

**Food and beverage: What's between farm and table drives M&A**

**Personal care and beauty M&A: Portfolio-focused and consumer-led**

**Apparel: Well-known brands and focused plays drive M&A**

**Retail M&A: Consolidation, portfolio reviews and take-private**

**Hospitality, travel and leisure: M&A as the ticket to future growth**

**Transportation and logistics: Tariff turbulence and focusing on growth**

## Global M&A volumes and values in 2025

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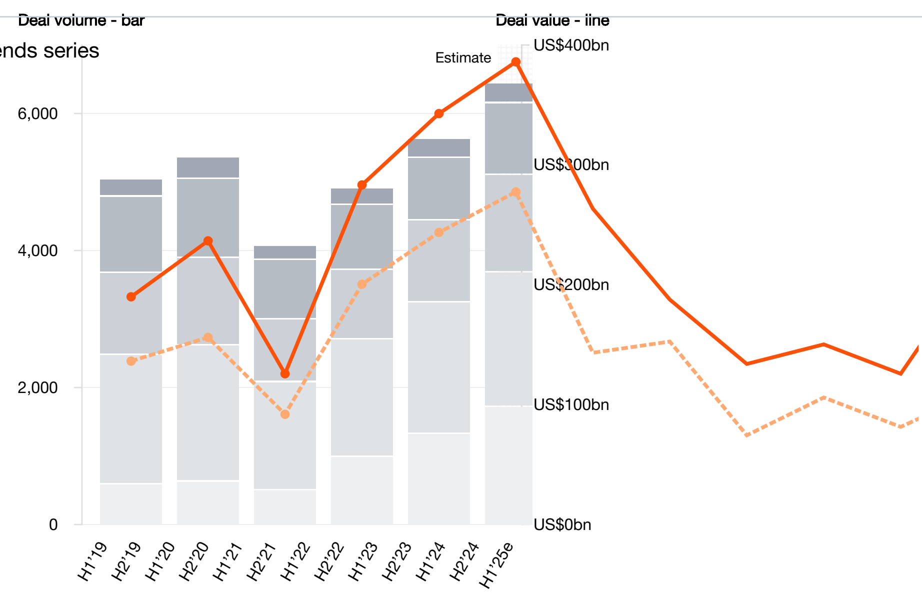
### Consumer markets deal volumes and values, H1’19-H1’25e

Click on the tabs below to view deal volumes and values by region.

Global | Asia Pacific | EMEA | Americas

Retail Consumer Hospitality and leisure Transportation and logistics
Forest, paper and packaging Deal value Deal value (excluding megadeals)




Note: To facilitate meaningful comparisons with prior half-yearly periods, the data for the first half of 2025 (H1'25e) is an estimate based on the first five months of the year, extrapolated to represent a six-month period. Refer to the “about the data” note below for further information.
Sources: LSEG and PwC analysis

M&A volumes in consumer markets decreased between the first half of 2024 and the first half of 2025 by approximately 9%, performing slightly better than the approximate 11% decline in overall global M&A volumes over the same period. Consumer markets’ deal values increased by approximately 32%, primarily because of seven megadeals (deals greater than $5bn in value) announced in the first half of 2025, as compared with four in the prior year period.

M&A trends were not uniform across countries or regions:

**Asia Pacific.** Consumer markets' deal volumes declined by 7%, with India standing out as an exception, recording a 29% increase compared with declines in other countries. Deal values in the region rose by 25%, driven primarily by three large supermarket deals announced in Japan, totalling more than $10bn.

**Europe, the Middle East and Africa (EMEA).** Deal volumes and values declined by 2% and 10%, respectively, affected by macroeconomic and geopolitical conditions, including uncertainty relating to the outcome of recent US tariff announcements.

**Americas.** Deal volumes declined by 22%, though deal values increased 71% over the same period. The US had the most deals and greatest share of deal value in the region, with many of the larger deals involving US companies. While deal volumes in Latin America declined by 4%, deal values rose, driven by the announcement of a major port transaction.

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## M&A outlook for consumer markets in the second half of 2025

Operators present 'in the market', with the ability to act decisively, will capitalise on opportunities linked to depressed valuations and distress situations. We expect take-private deals and consolidations will continue to drive significant M&A activity.

With technology continuing to reshape all sectors—and especially retail and food—the importance of integrating digital capabilities will be a key component of any value creation thesis underpinning investments in the sector.

PE firms are expected to broaden the range of transaction structures they deploy, dipping into strategic, continuation and growth funds to support smaller ventures and minority stakes. This nimbleness allows for participation with a lower risk profile, setting the stage for future IPOs with the backing of cornerstone investors at a later stage.

With volatility expected to persist in the foreseeable future, we expect investors to remain selective in a not-so-quiet market. Successful dealmakers will need to combine a strategic mindset with an ability to operate opportunistically.

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