

Retail and Consumer Packaged Goods Practices

State of the Consumer 2025: When disruption becomes permanent

Five years after the start of the COVID-19 pandemic, consumers' crisis-era habits have lingered. Here's what organizations can do in the new environment to outcompete in the second half of the decade.

This article is a collaborative effort by Becca Coggins, Christina Adams, and Kari Alldredge, with Alyssa Hopcus, Justin Shamoun, and Laura Bucklin, representing views from McKinsey's Retail and Consumer Package Goods Practices.



At the start of the decade, consumers adopted a slew of new behaviors—almost overnight—in response to the COVID-19 pandemic. Remote work, digital connectivity, and solo activities became the norm for life in lockdown.

Today, the world has reopened, but the era of uncertainty and its impact on consumers linger.

Globally, consumer sentiment is still poorer on average than it was at the beginning of 2020, and consumers remain concerned about rising prices and inflation. Despite this persistent uncertainty, they keep spending. In fact, the [relationship between sentiment and spending has weakened](#). Meanwhile, consumers' expectations for value and convenience have them making unexpected trade-offs across categories: trading down in one place while simultaneously splurging on something else. These choices may be confusing to anyone trying to predict what consumers will do next.

It's not that today's consumers are irrational; it's that the old frameworks used to decipher their behavior no longer apply. What once seemed like short-term adaptations born of the COVID-19 pandemic have solidified into lasting behavioral change. As the world heads into the second half of the decade, consumer-facing companies confront new challenges, but knowing how to decipher an unpredictable consumer can help them stay agile and relevant.

From an analysis of the McKinsey ConsumerWise Sentiment Survey and State of the Consumer Market Survey data, we have identified five behavioral forces that will shape the sector in the years ahead and four strategic imperatives to position organizations for growth.¹ (While [growth in emerging markets and global demographic shifts](#), such as an aging global population and lower average birth rates, are also reshaping the consumer landscape, this article focuses on the sticky consumer behavioral changes that we see affecting the world's largest markets.)

Five COVID-19-era dynamics that are *still* shaping the consumer sector

At the beginning of the COVID-19 pandemic, consumers adopted new behaviors extremely quickly, and some of those behaviors have endured. To understand how consumers have changed, McKinsey ConsumerWise Sentiment Survey questioned more than 25,000 consumers in 18 markets that together account for around 75 percent of global GDP.² Their answers, as well as those of participants in the State of the Consumer Market Survey, reveal how today's consumers spend their time, who they trust, and how they ascribe value.

1. People are spending more time alone and online

The behaviors that consumers adopted for coping with life under COVID-19 lockdown—namely, a reliance on digital connectivity and at-home activities—are now permanent parts of their daily lives. Globally, consumers still spend their time and money differently than they did five years ago. They're more intent on immediate gratification and convenience and have a higher focus on self than before.

¹ Unless otherwise mentioned, data in this article come from the McKinsey ConsumerWise Sentiment Survey for the second quarter of 2025. The online McKinsey ConsumerWise Sentiment Survey was in the field for the second quarter of 2025, from April 26 to May 5, 2025, and garnered responses from 25,998 consumers in 18 markets. To adjust for differences in response rates, the data are weighted by the contribution of each respondent's nation to global GDP. The McKinsey State of Consumer Market Survey garnered responses from 2,838 consumers: 1,327 from the United States in a survey fielded April 23 to April 28, 2025; 600 from China in a survey fielded April 30 to May 6, 2025; 572 from Germany in a survey fielded April 28 to April 30, 2025; and 339 from the United Kingdom in a survey fielded April 28 to April 30, 2025.

² *World Economic Outlook: A critical juncture*, International Monetary Fund, April 2025.

Consider this: US consumers in 2025 report that they have over three hours more of free time a week, on average, than those in 2019 reported.³ But they allocate nearly 90 percent of that time to solo activities. The biggest increases are in time spent enjoying hobbies or relaxing independently, shopping, performing fitness activities, and being on social media. Comparatively, the share of time spent with friends, with family, and on in-person cultural activities (such as attending movies, concerts, and the theater) has remained flat—and therefore decreased as a share of total free time.

This isn't to say that consumers intentionally try to maximize their alone time. In many ways, remote work and the acceleration of e-commerce have created additional free time in the week and made staying connected easier to do from home. To be sure, there are variations across markets: Consumers in China report spending more of their free time with friends or family and even more time on self-improvement and shopping for pleasure compared with consumers in the United States.

Consumers are also using e-commerce and food delivery services at high rates. Over 90 percent of Chinese and US consumers in our survey say that they shopped at an online-only retailer in the previous month; the same is true for over 80 percent of surveyed consumers in Germany and the United Kingdom.⁴ Rates for grocery delivery are also high: Nearly 40 percent of German, UK, and US consumers surveyed report that they used grocery delivery in the previous week.⁵ Over one-third of consumers across all four of these regions identify Amazon or Taobao as their go-to shopping destination for all their needs.⁶

This growing demand for convenience has cemented a bring-it-to-me mindset that isn't only reshaping retail but also driving dining and grocery delivery. Food delivery's share of global food service spending rose from 9 percent in 2019 to 21 percent in 2024 (Exhibit 1).⁷

We anticipate that consumer tolerance for friction and inconvenience will continue to decrease while their expectations for service and speed will increase—both within existing categories and beyond them. Consumers will continue to raise the bar: Speed will become table stakes for delivery and e-commerce. Additionally, consumers will add low cost, reliability, and the ability to make returns to their expectations.

2. Digital channels win users but not their trust

Consumers tell us that social media is their least trusted source when making buying decisions, yet it's where they interact with family and friends, who serve as their *most* trusted sources. Even though trust in institutions and media is low, always-on social and digital channels unconsciously influence consumers' purchase decisions and brand perceptions.

The COVID-19 pandemic drove a decade's worth of digital adoption in less than a year, altering the way that consumers engage with brands and media. The power and influence of audience aggregators—including search engines and social, streaming, and gaming platforms—expanded as engagement

³ Survey questions: In an average week (including weekends), approximately how many hours do you have for personal free time (not work, school, or sleep)? What percent of that time do you spend in the following ways? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

⁴ Survey question: In the past month, have you shopped at any of the following types of locations? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

⁵ Survey question: In the past week, which of the following have you purchased or spent money on? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

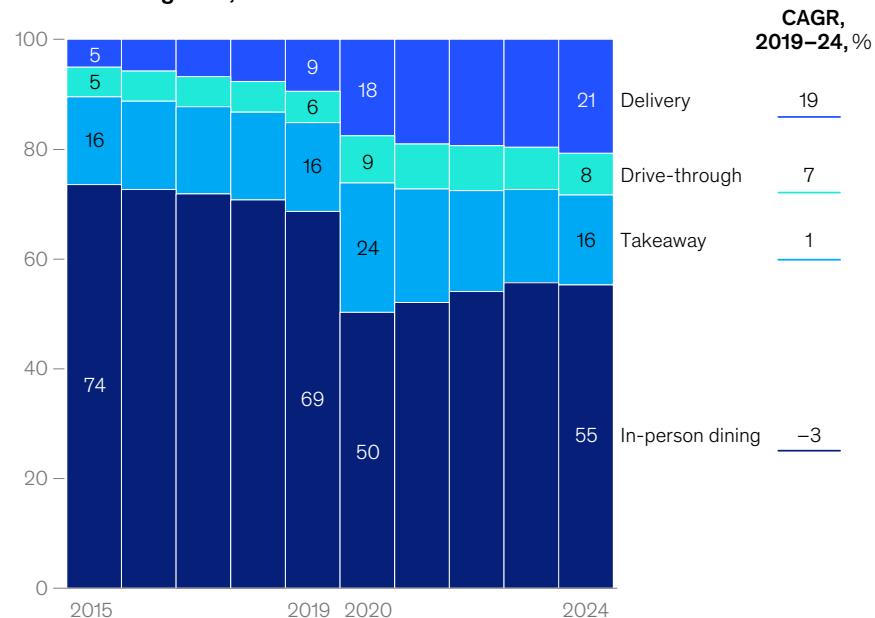
⁶ Survey question: What's your level of agreement or disagreement with the following statements? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

⁷ Euromonitor International database, accessed May 2025.

Exhibit 1

While spending has increased across all food service categories, in-person dining has not rebounded to prepandemic levels.

Global spend on food service categories, % of total



Note: Figures may not sum to 100%, because of rounding.
Source: Euromonitor International

McKinsey & Company

grew and consumer attention became more fragmented. Brands and retailers have followed consumers to these platforms. But broadcasting a brand campaign on digital platforms is hardly enough to sway consumers.

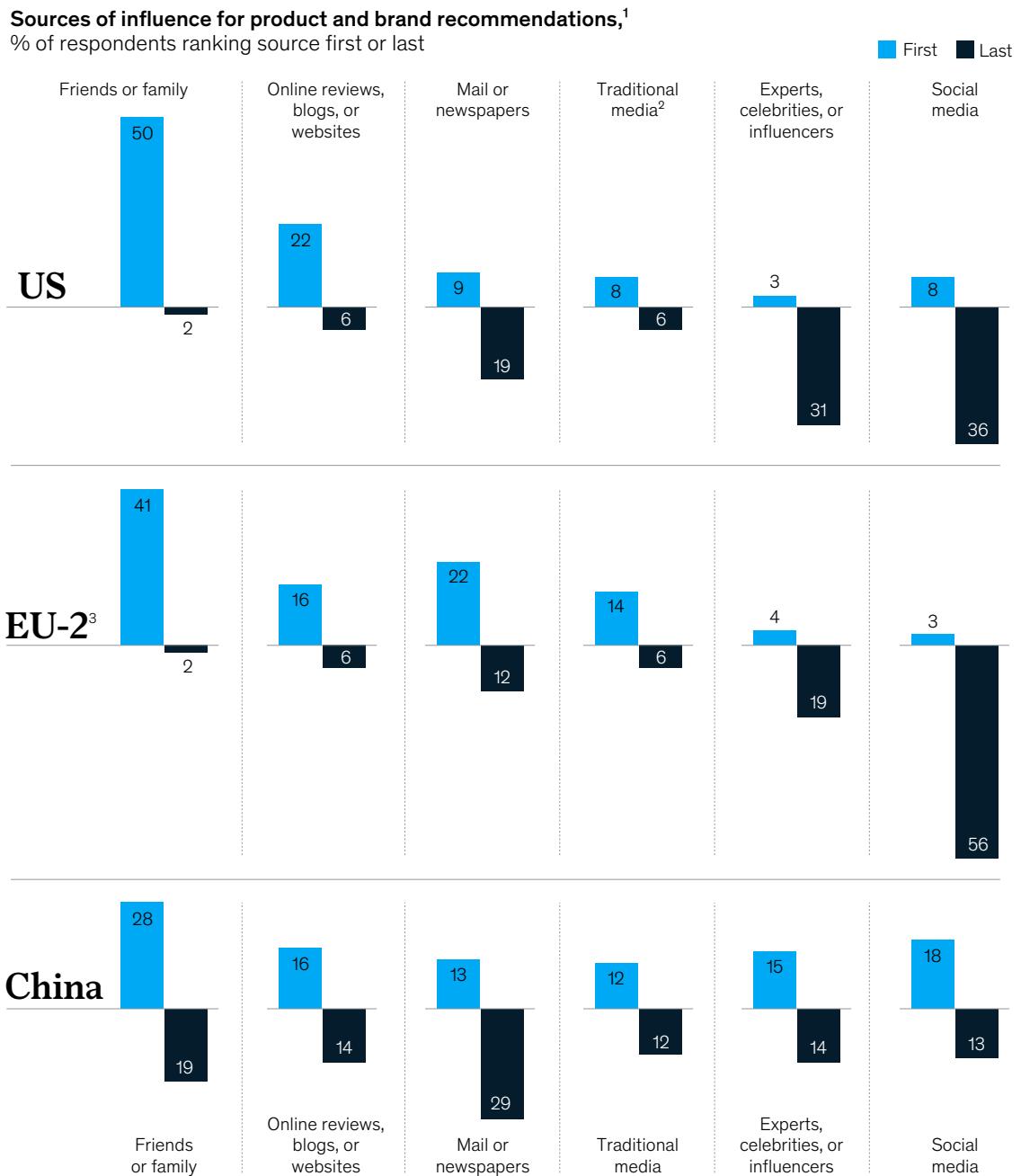
In our research, consumers in Europe and the United States report that social media influences them the least when it comes to brand and product recommendations and that family and friends influence them the most (Exhibit 2). In China, consumers also say that family and friends are their greatest influence, though they also cite several other sources (such as social media and online reviews) as influential.⁸ There are nuances, of course, depending on the category. In the travel category, for example, 38 percent of US survey respondents rank influencers who they follow among their top three trusted sources.⁹ In the snack category, only 13 percent do the same.

⁸ Survey question: In general, which of the following influences you most when deciding on a product or brand? Rank the most influential as number one and the least influential as number six. McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

⁹ Survey question: How do you get information when you are shopping for [category]? Rank the following sources of information in order, with number one being your most trusted source and number nine being your least trusted. McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

Exhibit 2

Consumers say they are most influenced by friends and family and least influenced by social media.



¹Question: In general, who/what influences you most when recommending a product or brand? Please rank, where 1 is most influential and 6 is least influential.
²Traditional media includes linear television and radio.

³EU-2 = Germany and UK.

Source: McKinsey State of the Consumer Market Survey, 2025 (n = 2,838; in the US, n = 1,327; UK, n = 339; Germany, n = 572; China, n = 600)

Still, digital platforms unquestionably influence consumers' purchase journeys. Across markets, we see an increase in social media use for product research (32 percent, on average, compared with 27 percent in 2023). In emerging markets, the figure is especially high: Roughly half of surveyed consumers in India research products on social media before they make a purchase.¹⁰ Meanwhile, 29 percent of surveyed consumers in Germany, the United Kingdom, and the United States say that they have purchased a brand that they learned about through social media.¹¹

Social media use is no longer reserved for younger generations, either: 33 percent of Gen Xers surveyed across Europe and the United States state that they're on TikTok, while 35 percent of baby boomers in those regions report that they're on Instagram.¹² In China, an average of nearly 90 percent of surveyed consumers across age groups say that they're on Douyin and WeChat.

The challenge for brands is to own their messaging—that is, to maintain authentic yet personalized messaging across platforms. Companies must consider multiple sources, including social media, influential voices, product reviews, and ratings, to shape their messaging.

3. Gen Z grows up and spends

Understanding Gen Z consumers and their spending behavior presents one of the single greatest opportunities for consumer brands and retailers. Gen Zers (born between 1996 and 2010) are projected to make up not only the largest generation but also the wealthiest in history. The average 25-year-old Gen Z consumer in the United States has a household income of \$40,000, 50 percent higher than the average baby boomer's at the same age (accounting for government transfers, inflation, and taxes). Gen Z spending, which is growing twice as fast as previous generations' spending did at the same age, is on pace to eclipse baby boomers' spending globally by 2029. By 2035, Gen Zers will add an additional \$8.9 trillion to the global economy.¹³

For brands, understanding what drives Gen Zers is critical for long-term growth. They're the first members of a generation to grow up in a digital world, and they reached adolescence and young adulthood during the COVID-19 pandemic. These experiences have shaped their feelings around traditional markers of adulthood.

According to our survey, Gen Zers across markets are less likely than members of older generations to define themselves based on life stage milestones, such as getting married and having children. They're much more likely, however, to define themselves based on achievements related to financial security, such as career success and creating wealth (73 percent and 36 percent more likely than members of older generations, respectively).¹⁴ This may be due in part to the pressures that they face regarding high living costs and student debt.

¹⁰ Survey question: Where specifically have you researched [category]? "Research" refers to browsing products, making comparisons, researching for more product information or specifications, et cetera. Based on a sample of 991 consumers in India.

¹¹ Survey question: In the past three months, have you purchased a product after seeing it on social media but completed the purchase elsewhere? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

¹² Survey question: Which of the following social media platforms do you use? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

¹³ Spend Z, a joint report from GfK, NielsenIQ, and World Data Lab, 2024.

¹⁴ Survey question: How important are the following life goals for you? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

Gen Z's feelings about the world differ from those of older generations, too. Globally, Gen Z consumers are more optimistic about social issues compared with other generations but less optimistic that inflation will stabilize and prices will come down.¹⁵ About 40 percent of Gen Z respondents across Germany, the United Kingdom, and the United States say that they're worried about their financial futures (compared with 31 percent of members of older generations).¹⁶ This concern, however, isn't universal. In China, only 11 percent of surveyed Gen Zers report that they're worried about their financial futures (this may be because saving money is a habit more common in China than in other places).

In any case, Gen Zers' financial fears aren't holding them back from spending. Half of surveyed US Gen Z consumers (and 35 percent of those in Germany and the United Kingdom, but only 8 percent of those in China) state that they don't have enough money saved to support their lifestyle for more than one month—yet they still prioritize spending.¹⁷ More than one-quarter of surveyed Gen Z respondents report using buy-now-pay-later services to make a purchase, a behavior particularly prevalent among Gen Zers in China (40 percent), India (38 percent), the United Arab Emirates (36 percent), and Australia (35 percent).¹⁸

Despite having a smaller financial cushion, Gen Zers are the surveyed generation members most willing to splurge and take on debt (Exhibit 3).¹⁹ In China, Germany, the United Kingdom, and the United States, 34 percent of surveyed Gen Zers report a willingness to buy on credit, which is about 13 percentage points higher than seen with other generations. Gen Z's desire for financial security, alongside a tendency to splurge, means that brands need to create products and experiences that Gen Z deems splurgeworthy (which may be based on the latest trends or word of mouth). Surveyed Gen Zers tend to splurge on apparel (34 percent) and beauty (29 percent).

One thing that brands should keep in mind: Gen Zers often pay a premium for convenience. Across key markets, a higher share of Gen Zers say that they use grocery and food delivery services compared with members of any other generation.²⁰ Looking ahead, Gen Z consumers will set the tone for broader consumer expectations. Businesses that best understand where Gen Z is prioritizing spending will be positioned for success.

¹⁵ Survey question: What are the greatest sources of optimism for you right now?

¹⁶ Survey question: What's your level of agreement or disagreement with the following statement regarding your financial future? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

¹⁷ Survey question: If you were to lose your income today, how long could your savings support your current lifestyle, making no changes to current spending? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

¹⁸ Survey question: Over the past three months, have you done any of the following regarding purchase and payment? Based on a sample of 1,004 respondents in China, 1,003 respondents in the United Arab Emirates, 991 respondents in India, and 978 respondents in Australia.

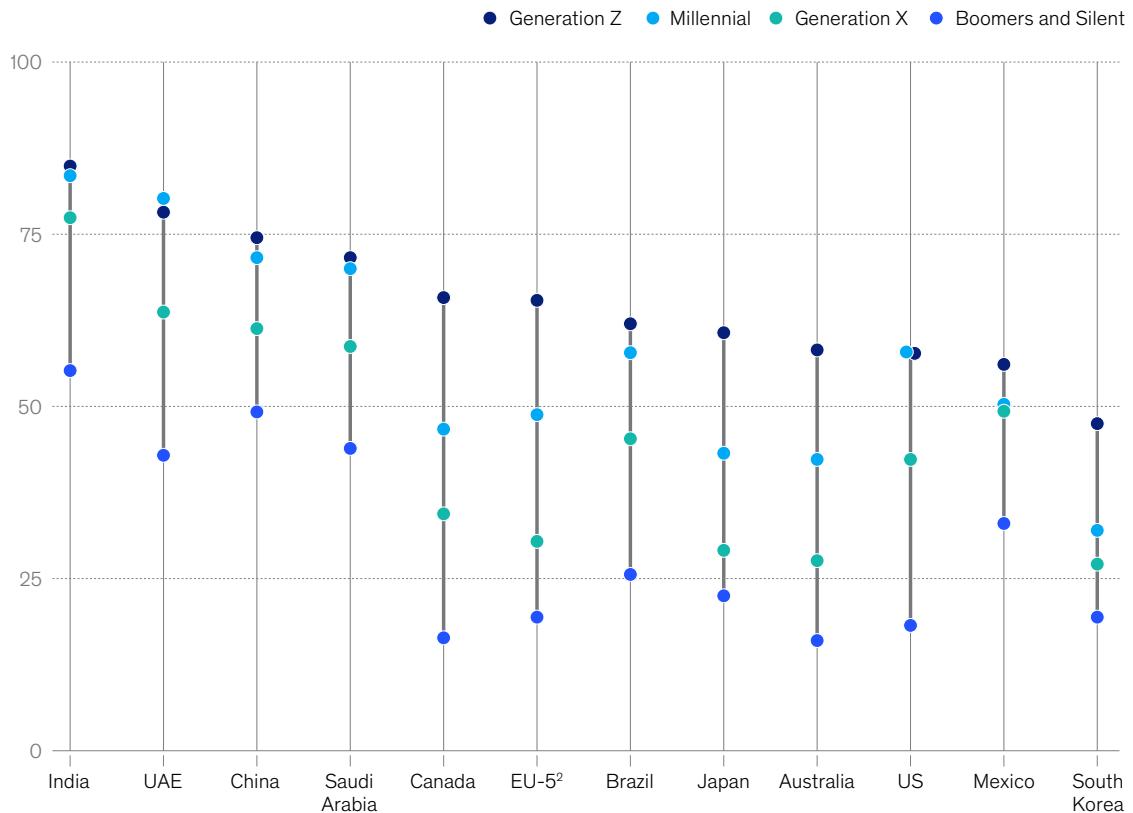
¹⁹ Survey question: What's your level of agreement or disagreement with the following statements regarding purchase and credit? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

²⁰ Survey question: In the past week, which of the following have you purchased or spent money on? McKinsey State of Consumer Market Survey in 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

Exhibit 3

Gen Z consumers are more willing to splurge compared with other age groups.

Intent to splurge,¹ Q2 2025, % of respondents



¹Question: With regard to products and services you will spend money on, do you plan to splurge/treat yourself over the next 3 months? For example, are there categories of products or services where you expect to make more expensive purchases than normal or purchase something to “treat” yourself?

²EU-5 = France, Germany, Italy, Spain, and UK.

Source: McKinsey ConsumerWise Sentiment Survey, Q2 2025 (n = 25,998)

McKinsey & Company

4. Consumers lean local over global

Over the past five years, we have seen disruptor consumer brands encroach on global, multinational brands. That trend has evolved in 2025: As new global trade agreements take shape and disruption continues, consumers are signaling the importance of buying local from their own markets.

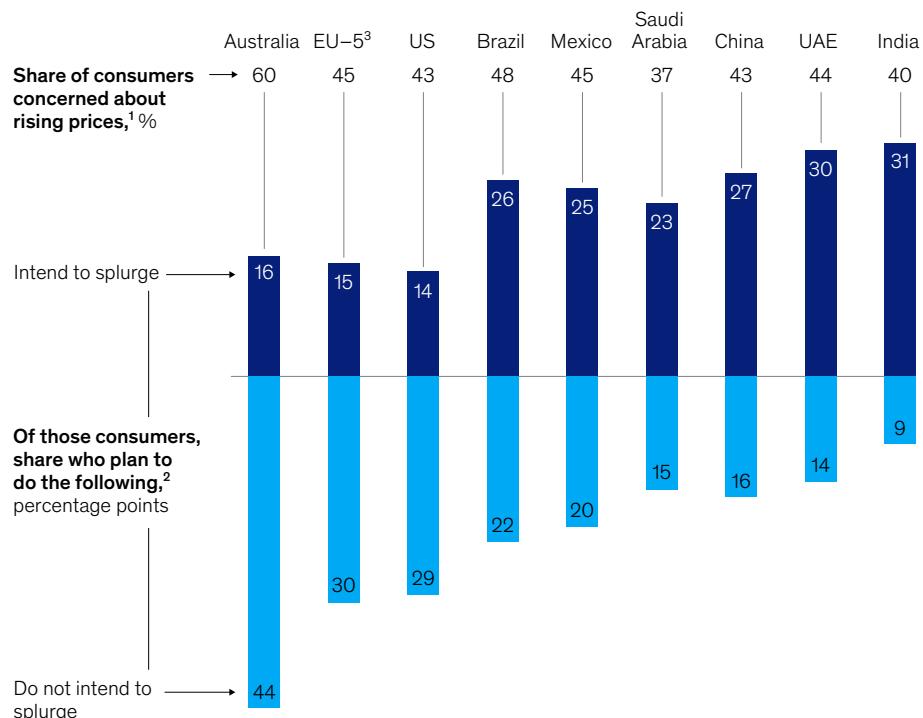
Globally, 47 percent of consumers identify locally owned companies as important to their purchase decision.²¹ In Canada and the United States, in particular, the preference for local brands has jumped meaningfully compared with the first quarter of 2025 (Exhibit 4).

²¹ Survey question: When choosing a product or brand to purchase, how important to your decision are the following factors?

Exhibit 4

Consumers are worried about rising prices, but a large proportion of those same consumers plan to keep splurging.

Concerns about rising prices and how that impacts consumers' plans to splurge



Note: Figures may not sum, because of rounding.

¹Question: What are the greatest source(s) of concern for you right now? (Choose up to 3.)

²Question: With regard to products and services you will spend money on, do you plan to splurge/treat yourself over the next 3 months?

³EU-5 = France, Germany, Italy, Spain, and UK.

Source: McKinsey ConsumerWise Sentiment Survey, Q2 2025 (n = 25,998)

McKinsey & Company

When we asked why consumers across markets prefer local brands, 36 percent say that they want to support domestic businesses.²² For 20 percent, local brands better fit their needs. Only 13 percent say that domestic brands are more affordable.

Some consumers outside the United States are also growing wary of American brands. In Europe, 42 percent of survey respondents report that they have a worse or somewhat worse perception of American brands in May 2025 than they did at the beginning of the year.

US consumers want to shop locally, a desire that's evident in categories such as apparel and household supplies. While this trend is most pronounced in Canada and the United States, we also periodically see it in other markets. In China, for example, six of the top ten beauty brands with the

²² Survey question: Why do you prefer, prioritize, or choose domestic brands? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

most market share growth since 2020 are Chinese (up from only two from 2015 to 2020).²³ In Japan, nine of the top ten snack brands are Japanese.

Looking ahead, multinational companies will have to clear a higher bar to successfully operate beyond their core markets. Tailoring their offerings to local tastes and trends, localizing sourcing where possible, and making strategic portfolio and brand decisions on the ability to win markets will be critical. For some companies, this could mean [refocusing on their core businesses as market and trade conditions remain turbulent](#).

5. Consumers solve the value equation in new ways

Rising prices continue to be the number-one cause for concern among consumers across all 18 of the markets in our survey.²⁴ The issue far outranks the next several leading causes of concern, including climate change, international conflict, and unemployment or job security. As a result, consumers are trading down, sometimes in unexpected ways and across categories rather than only within them.

Globally, 79 percent of surveyed consumers are trading down but not necessarily by purchasing fewer items or seeking discounts at lower-priced retailers (though these actions are still common). Instead, more than half of surveyed consumers across markets say that they look for deals on every purchase, and about 49 percent of US consumers surveyed plan to delay purchases over the next three months.²⁵ When asked about spending plans in the apparel category, 47 percent of US consumers surveyed report that they wait for a sale or promotion (22 percent of respondents in Germany and the United Kingdom report the same).²⁶

Cross-category trade-downs—trading down in one category to afford something in another—are becoming more prevalent. In the first half of 2025, more than one-third of consumers surveyed state that they have traded down in one category while planning to splurge in another.²⁷ More striking is the fact that 19 percent of surveyed consumers globally plan to cut back in a nondiscretionary category but splurge in a more discretionary category.

Some consumers are unwilling to give up indulgences that they became accustomed to during the COVID-19 pandemic. Even among consumers who state that they're concerned about rising prices, over one-third still have plans to splurge (Exhibit 5).²⁸ We see this across regions—most prominently in Brazil, China, and the United Arab Emirates.

²³ Euromonitor International database, accessed May 2025.

²⁴ Survey question: What are the greatest sources of concern for you right now?

²⁵ Averaged across Germany, the United Kingdom, and the United States. Survey question: What's your level of agreement or disagreement with the following statements regarding purchase and bargains? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions). Survey question: Thinking of the next three months, do you expect to delay your purchase for any products or services?

²⁶ Survey question: For your recent purchase in apparel or footwear, did you do any of the following for your purchase? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

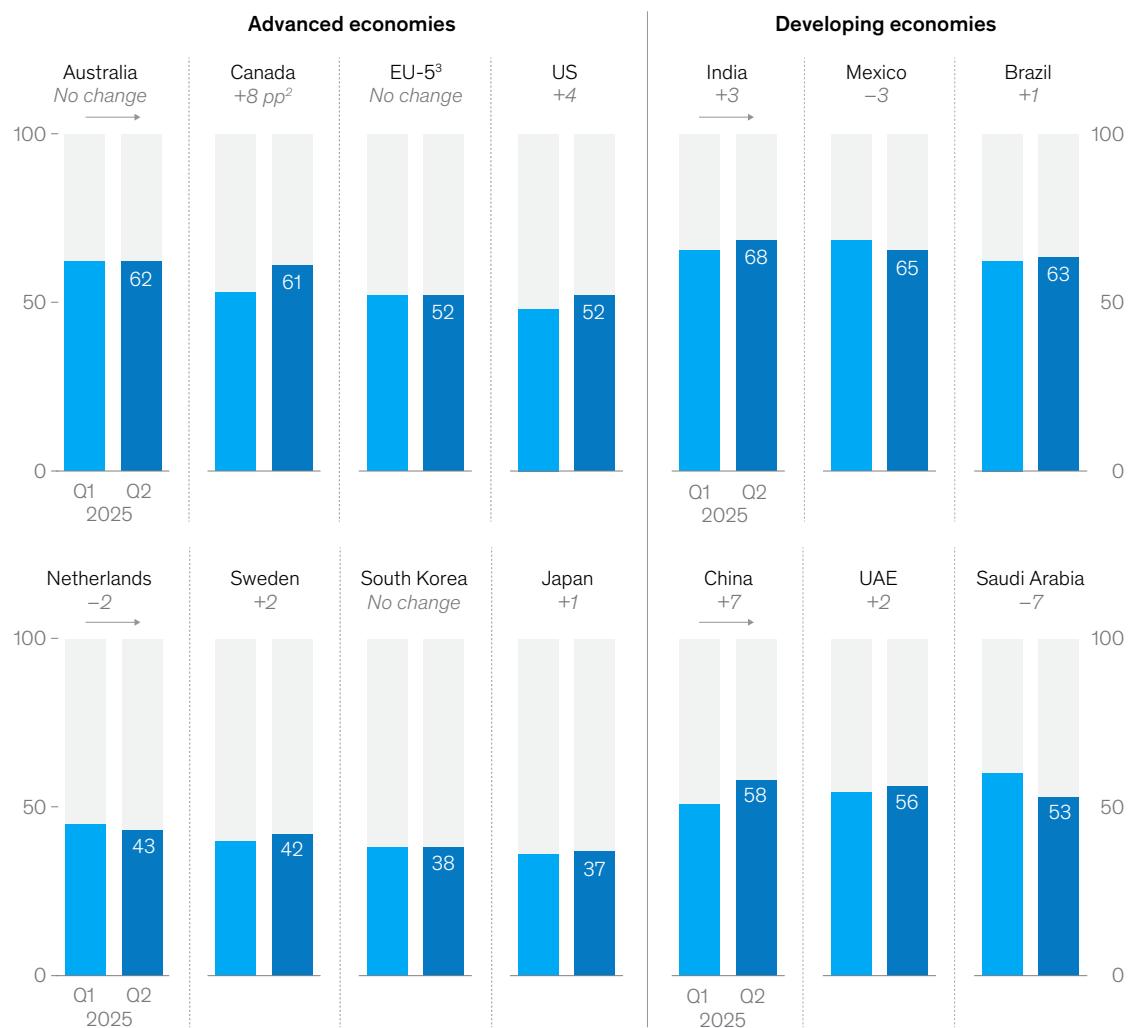
²⁷ Survey questions: Over the next three months, do you expect that you will spend more, about the same, or less money than usual in these categories? For which products or services do you expect to make purchases that are more expensive than normal or are to treat yourself? McKinsey ConsumerWise Sentiment Surveys for the first and second quarters of 2025. The McKinsey ConsumerWise Sentiment Survey for the first quarter of 2025 was in the field from January 21 to February 2, 2025, and garnered responses from 26,284 consumers.

²⁸ Survey questions: What are the greatest sources of concern for you right now? With regard to products and services you will spend money on, do you plan to splurge or treat yourself over the next three months?

Exhibit 5

Consumers across markets place importance on buying local.

Importance of locally owned companies in purchase decision, Q1 2025 to Q2 2025,¹ % of respondents



¹Question: When choosing a product/brand to purchase, how important to your purchase decision are all of the following factors that may be attributed to the product or brand? Share of respondents with "locally owned companies" in top 2 shown.

²Percentage points.

³EU-5 = France, Germany, Italy, Spain, and UK.

Source: McKinsey ConsumerWise Sentiment Survey, Q2 2025 (n = 25,998)

McKinsey & Company

The takeaways? Consumers are redefining what value means to them, which is undoubtedly influencing how they shop. Discount and wholesale channels continue to attract consumers across age groups and income levels (for example, 80 percent of surveyed US Gen Zers report having shopped at a wholesaler in the previous month).²⁹ Brands will need to strategically manage their

²⁹ Survey question: In the past month, have you shopped at any of the following types of locations? McKinsey State of Consumer Market Survey of 2,838 consumers from China, Germany, the United Kingdom, and the United States, April 23 to May 6, 2025 (date range covers differing survey dates in the four regions).

Consumers have become more price aware and deal oriented, and they evaluate trade-offs in broader ways than they did in the past.

marketplace, show up where consumers seek value, and ensure that their sale and promotional tactics drive real value—even if consumers say that they’re delaying purchases to find deals.

Four strategic imperatives that can help consumer players win

A new baseline has emerged for consumer decision-making. Despite a high level of uncertainty—not only in consumer sentiment, but also in geopolitical and economic outlook—there are many areas in which brands can find growth. We have identified four strategic imperatives for consumer players in the year ahead:

- ***Get even closer to the consumer.*** Consumer sentiment is no longer neatly aligned with consumer spending, and simple methods for predicting consumer behavior are insufficient. Companies need to build a 360-degree view of their consumers that enables proactive decision-making. This means leveraging new capabilities, such as AI-powered social-listening tools, and ensuring that the organization has granular behavioral data from its owned site or stores. For consumer goods companies with limited first-party data, building capabilities to gather consumer insights and third-party data beyond their subsector is key.

Still, gathering insights is only half the battle. Consumer companies can deploy machine learning tools to generate both predictive and prescriptive analytics (these include data points, such as churn risk and product preferences, and personalized recommendations, respectively).

Together, a strong insight and analytics backbone allows consumer players to unlock the power of personalization and targeted marketing.

- ***Invest in the revenue-growth-management (RGM) engine.*** Consumers have become more price aware and deal oriented, and they evaluate trade-offs in broader ways than they did in the past. Offering the right product at the right price at the right time has become more important and harder to do than ever, especially as digital platforms enable consumers to comparison shop. For brands, it’s table stakes to get RGM right. This includes using analytics to drive informed pricing decisions, strategically managing trade terms, and conducting regular assortment optimization. Innovating across the RGM ecosystem, however, [can unlock additional value](#). Doing so means building advanced, automated analytical models that use predictive AI, consumer-backed insights, and behavioral-data sources. Making these investments allows consumer players to deploy promotional spending in more personalized ways, reaching consumers at the right moments with the

Find more content like this on the
McKinsey Insights App



Scan • Download • Personalize



right offer. Brands can also rethink their partnerships with retailers, finding ways to connect pricing through retail media activation and collaborating to share data in ways that can further fuel advanced RGM models.

- **Tailor the portfolio for growth.** As disruptive brands, high-velocity trends, and unpredictable consumers continue to define the sector, consumer companies must obsess over their sources of growth. This means leaning into M&A and divestitures (M&A&D) continually. Consumer players should strive to generate 20 to 30 percent new revenue from their portfolio every ten years. Those that leverage M&A&D for growth [generate 2.5 percentage points more TSR](#) than those with organic growth alone do. This also means reinventing business capabilities. E-commerce is poised to be among the [biggest arenas for competition](#). Much of this growth will come from higher penetration in developing economies and the acceleration of new business models, such as social commerce.
- **Rewire tech capabilities.** Even if consumer players manage to achieve each of these strategic imperatives, they will struggle to maintain a competitive advantage without [rewiring their tech capabilities](#), including restructuring their organizations to accommodate technology investments. Among the 140 agentic AI and gen AI use cases that consumer players should prioritize, shaping consumer insights and demand and managing customers and channels [represent the greatest value](#). Consumer businesses that make long-term, transformative investments in rewiring for growth could unlock up to a 15-percentage-point improvement in EBITDA margins.

Outcompeting in the years ahead means anticipating the needs of an often-unpredictable consumer. Brands that can swiftly adapt to the new realities will be well positioned to grow, regardless of the uncertainty ahead.

Becca Coggins is a senior partner in McKinsey's Chicago office, **Christina Adams** is a partner in the Dallas office, **Kari Alldredge** is a partner in the Minneapolis office, **Alyssa Hopcus** and **Laura Bucklin** are consultants in the Bay Area office, and **Justin Shamoun** is an associate partner in the New York office.

The authors wish to thank Andrew Pitakos, Christina Sexauer, and Sandra Cong for their contributions to this article.

This article was edited by Alexandra Mondalek, an editor in the New York office.

Designed by McKinsey Global Publishing
Copyright © 2025 McKinsey & Company. All rights reserved.