



H/L presents: Key 2025 consumer trends

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www.hl.agency

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About H/L

Momentum drives everything we do

Our passion at H/L is to Make Momentum™ in all its forms—whether that’s changing perceptions and building impact for our client partners, fostering environments for H/Lers to do the best work of their careers, or giving back in the communities we call home.

Learn more at www.hl.agency.

About H/L

Why you should read this report

- While other platforms and researchers prioritize only their own data, we take a more holistic view—analyzing dozens of reports, our own client and consumer research, and conversations with other marketers
- We do this to move beyond the surface-level predictions and better understand what's really driving the shifts in consumer behavior—while still being broadly valuable to marketers of any category



Key trends shaping consumer + brand behaviors in 2025

1 Consumer spending update

What happens next?

2 Erosion of trust

Trust in brands, government, each other has declined

3 Focusing and filtering

Consumers demand more tailored experiences, but question use of data

4 The ultimate wellness flex: Longevity

Moving past general wellness and mental health to living longer

5 Treat yourself! (Especially at home)

Offering ourselves short-term luxuries and delights

6 “DEI” has become a four-letter word for brands

Navigating politically charged territory

1. Consumer spending update

2025 will feel a lot like 2024, with consumers pivoting how they spend with brands based on their current perspective of the economy

The economy is actually on solid footing

Tailwinds

- Inflation at **2.7%** for 12 months ending Nov; down from over **3%** in the first half of 2024
- Wage growth was at **5%** for 12 months ending Oct 2024; higher than the rate of inflation
- Holiday consumer spending was strong at **+3.8% YoY**
- Labor participation rate steady around **62.5%**
- Consumer sentiment turned positive (over a 100 index) post-election for the first time since Q2 2021
- Personal savings rates have been between **4-5%** in 2024, up from **2-3%** in 2022

Headwinds

- Nov Unemployment at **4.2%**, up from **3.7%** in Nov 2023
- Wage growth has softened by **0.8%** vs Oct 2023 growth
- Job growth is slowing at almost half of what it was in the first half of 2024 as openings reach close to pre-Covid levels
- Labor costs increasing in 2025 as 23 states increase minimum wages
- Potential impacts on tariffs increasing consumer products

Consumer spending

Yet, “Vibecession” will determine how 2025 plays out

- In November, **45%** of voters said they were financially worse off than they were four years ago; the highest rate since 2008
- Consumers are still sensitive to higher prices and employing cost-saving measures
- 1 in 5 adults reporting they wouldn't be able to pay a hypothetical \$400 unexpected cost
- **87%** of consumers refer to prices above pre-pandemic levels as “inflation”
 - **69%** think inflation is higher than it was a year ago



“ Americans’ lingering frustration with the economy and their personal circumstances appears rooted in the persistently high prices that remain post-pandemic. This makes for daily sticker shocks when buying groceries, getting a burger, paying rent, and filling up the car. ”

Brett House, Economics Professor,
Columbia Business School

Consumer spending

Middle HHI consumers continue to behave like Low HHI, creating a clear barbell economy

Middle and Low consumers continue to pull back or trade down on discretionary spending to offset increases in essential expenses

-4%

Low HHI

-1%

Middle HHI

+3%

High HHI



Consumer spending

Some big-name brands failing to deliver against consumer expectations



Lost share to Walmart even though they slashed prices, they remained **4%-5%** higher on essential items. Reported that while traffic to stores was up in Q3, shoppers were buying less as consumers continue to spend cautiously.

Struggling with a complicated menu, over-reliance on app orders vs in-store customers, high pricing, and staffing issues that have hurt both the worker and customer experience.

Over reliance on core lines, lack of innovation, and its decision to pull back from wholesale opened the door for upstart and rival brands Hoka and On Running. Also failed to capitalize on Olympics with styles not hitting store shelves until next year.

Consumer spending

BNPL is increasingly being used to finance spending of low- and middle-income households

+8.8%

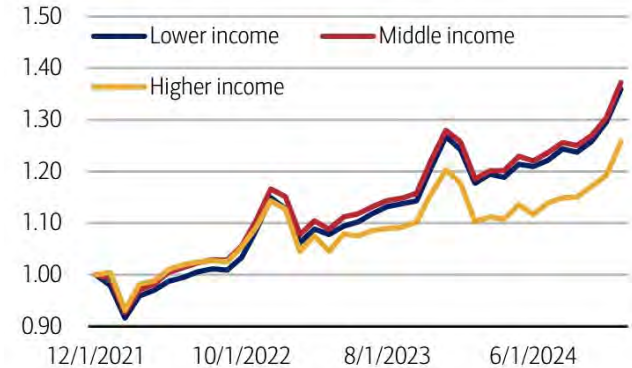
YoY increase in BNPL online sales during Black Friday

+5.5%

YoY increase in BNPL online sales during Cyber Monday

Exhibit 8: BNPL has been adopted by more lower- and middle-income households than higher-income households since December 2022

Percentage share of Bank of America households with a BNPL payment (monthly, index December 2021 = 1)



Source: Bank of America internal data

Source: Axios, "What's next for the "remarkably good" economy", 11/15/2024; Axios, "What Walmart shows about the economy", 11/19/2024; eMarketer, "Black Friday ecommerce sales soar nearly 15%", 11/30/2024; eMarketer, "Cyber Monday sales shattered records", 12/3/2024; Bank of America "Consumer Checkpoint: Resolute in the new year?" Jan 2025

Consumer spending

Value-seeking behaviors will likely continue in 2025

- Consumers will continue to trade down to save money, especially in the food and clothing categories. And while shopping in-store, they'll be checking online to see if that's the best price.
- Mid-tier brand sales will continue to wane as value-oriented retailers race to the bottom to stay competitive
- Wealthy consumers will satisfy occasional desires for culturally relevant brand experiences at high-end retailers, but they will continue to trade down on day-to-day needs to offset those expenses

Source: Axios, "Inflation down, not done", 11/13/2024; Axios, "The economic trends worthy of thanks", 11/26/2024; Axios, "Gas prices are the lowest since 2021", 12/10/2024, Morning Consult, "Quarterly Survey of Household Emergency Expenses and Decision Making," 11/22/2024; Morning Consult, "State of the US Economy Heading into 2025", December 2024



Consumer spending

What it means for brands

The economy is stable, but consumers still don't have a positive vibe about it; prices likely won't see significant declines and (promised) incoming tariffs may further raise prices.

Current spending trends will continue among all demos, with consumers looking for deals to save money and offset higher budgetary costs.

Brands need to determine what side of the barbell their consumer is on and focus messaging on what matters most to that consumer.



2. The erosion of trust

The erosion of trust

Here's a shocker:

People expect brands to deliver on the promises they make to them. But too often now, brands aren't. Why?

- Widening gaps between consumer expectations and experiences delivered
- The sharp rise in costs of goods and services
- Overreliance on technology and reductions in human interactions—requires more efforts from consumers
- Language perceived as bankrupt or meaningless



The erosion of trust

“ Trust is a key issue. In Innova’s Lifestyle and Attitudes Survey, consumers were asked about how their trust changed over the past 12 months... Consumer trust in government and large global brands is declining. ”

Consumer’s top reason why:

“Companies are focusing on profits over consumer benefits.”



The erosion of trust

Case in point: airline consumer fees

- Executives from major US airlines were called to testify to a Senate subcommittee last year regarding the use of so-called “junk fees”—ancillary charges for things like seat selection or checked baggage
- A subsequent Senate report brought to light that collectively, five US airlines collected **\$37B** in ancillary fees between 2018 and 2023





The erosion of trust

Morning Consult: Each generation values honesty, authenticity, and trust less than the generation before it.

In September, **87%** of Gen Z adults said they value honesty—a full 10 points lower than Boomers.

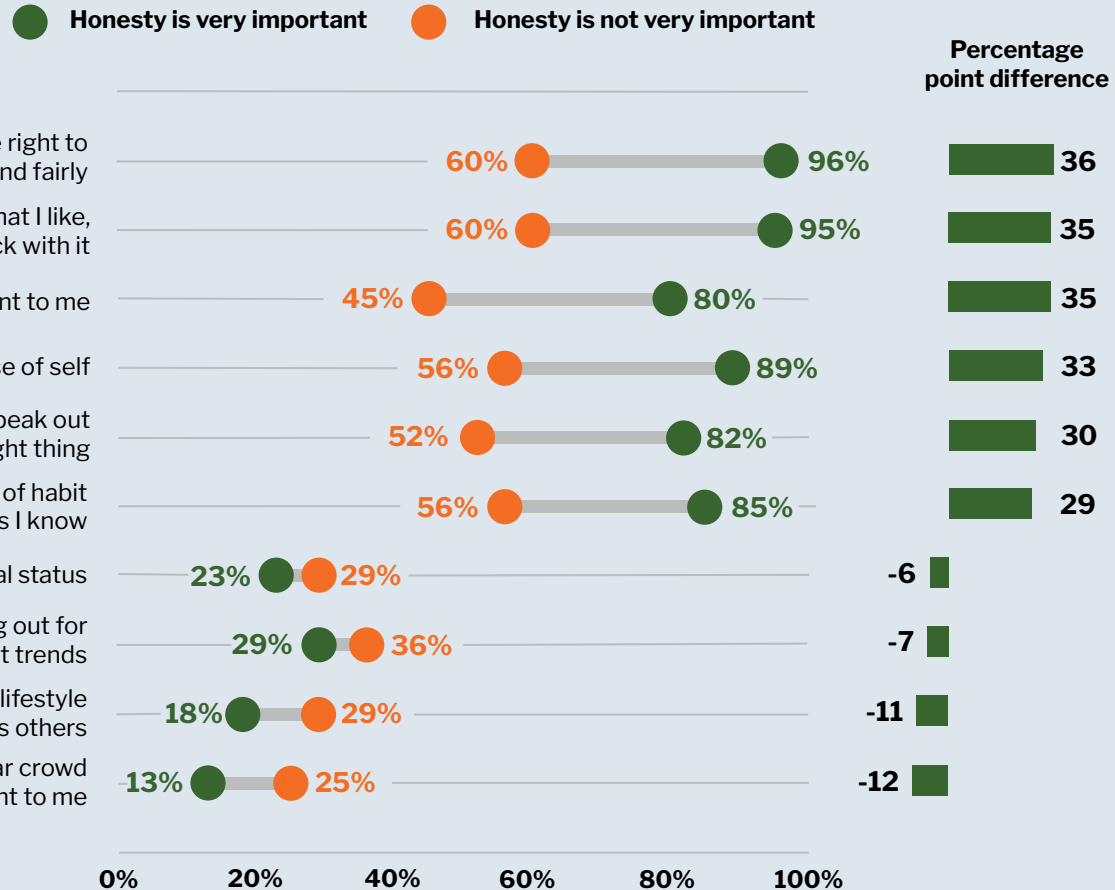
The erosion of trust

“ When asked if honesty and authenticity are very important to them, **each generation is less likely than the last to say yes...**

The confluence of declining honesty, especially among younger people, with the ever-growing importance of social media in our lives and businesses—where anyone can create content saying anything, factual or not, and go viral for it—creates a precarious environment for reputation management. If fewer people are interested in the truth, fewer people will do the additional work to seek it out.”

Claire Tassin, Managing
Director at Morning Consult

The erosion of trust



The erosion of trust

Building trust remains critical for brands' success
(eerily similar data points from two different studies)

62%

Of people say that trust is an important factor when choosing to engage with a brand—*Accenture*

61%

Of consumers prioritize trust when interacting with companies—*QualtricsXM*

The erosion of trust

Feedback fatigue: Consumers aren't providing feedback like they once did

-8%

Since 2021, customer feedback following a bad interaction is down **8%**

-7%

Likewise, the percentage of people who take to social channels to express negative feedback is down **7%**

53%

Of customers will simply cut spending after a bad experience—up **2.7 pts** from 2024



...Making thoughtful VoC programs critical

Small Improvements = Big Impact

★ → ★★ ★★
1— or 2—Stars to 3—Stars/
From Poor to Okay

★★★ → ★★★★★
3—Stars to 4— or 5—Stars/
From Okay to Excellent



Increase in
Likelihood to
Purchase More



Increase in
Likelihood to
Recommend



Increase in
Likelihood to
Trust

The erosion of trust

A return to brilliant basics

“Coming out of the pandemic, Hilton, as well as many others in our industry, saw a decline in some of the core experiences—**things like a great night’s sleep or a relaxing shower**—that drive a positive overall experience. Last year, we built a program that enables our hotels to collect and act on in-stay feedback so they get the basics right for every guest before they leave.”

—*Jessie Harn, Sr. Director, Head of Enterprise Customer Insights at Hilton*



Hilton
— HONORS —

The erosion of trust

What it means for brands

It's harder for large brands to build trust with consumers than it once was, but it remains critical for most paths to purchase.

One important avenue to invest in is strong Voice of Customer (VoC) programming that goes beyond traditional surveying and review requests. Consumers are now less likely to respond to traditional feedback requests.

Another area of importance is reinvesting in and communicating commitment to the brilliant basics to ensure operational effectiveness.

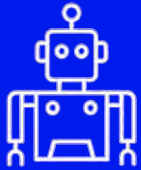


3. Filtering + focusing

Filtering + focusing

The way we seek out or receive information is rapidly evolving

*In the near future, organic website traffic is expected to be reduced by as much as 30% because of the push to AI search.**



Use of AI became more mainstream, but less trusted



Google decided the cookie could stay, after all



TikTok and other platforms became more serious search contenders (despite the expected ban)



The way we interact with search and traditional websites is rapidly evolving

Overwhelmed + inundated

- Consumers express feeling overwhelmed and inundated with notifications, recommendations, and endless choices
- **More than half of consumers** said they needed to extensively research the products and services they purchased last year
- In other words, all of that information we're providing them isn't the information they need to purchase

Self-service/selection leaves us craving more human touch

61%

More than 6 in 10 Americans said they prefer to engage with human customer service *when shopping online*—Statista

42%

More than 4 in 10 consumers made purchases via livestreaming last year because the product or service features were easier to understand—Euromonitor

But here's where marketers are heading:

- **46%** of professionals expect generative AI to allow their company to create more intelligent shopping suggestions in the next 12 months
- **More than 80%** of retail executives predict adopting AI-powered automation tools by 2027



Filtering + focusing

In fact, there's a rush of companies rebranding as "AI-first"

H/L

Zoom rebrands, aims to be known as 'AI-first' company

"Zoom is now about so much more than video meetings," CEO Eric Yuan said.

Published Nov. 26, 2024



Almasi Almasi
Reporter



Zoom founder Eric Yuan speaks before the Nasdaq opening bell ceremony on April 18, 2019 in New York City. Adam Oseltown via Getty Images

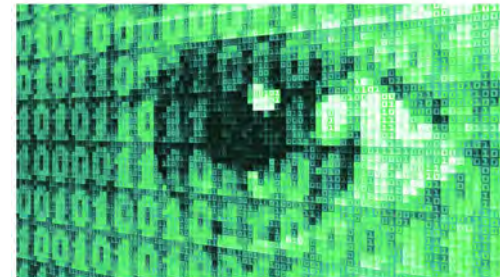


Apple Intelligence

04-13-2024 | TECH

Your 'AI first' company is giving me AI fatigue

Not every company is an AI-first company. Stop trying to force it.



[Photo: polygraphus/Getty Images]



BY MICHAEL GROTHAUS 4 MINUTE READ

We are officially reaching the phase in the tech cycle where a new technology (in this case, artificial intelligence) goes from **truly wondrous** to truly annoying. Every organization now seems to be using it—or the idea of it—to ride the hype wave to achieve

33

Consumer attitudes toward AI grew more negative (But is the root AI, itself, or privacy concerns?)

1 in 4

Only about 1 in 4 people trust organizations to *generally* use AI responsibly...

1 in 2

...But if you tell them specifically how you're using AI + what outcomes it enables, comfort rises to about 1 in 2 people.—QualtricsXM

The tightrope to walk

- 53% of consumers are highly concerned about the privacy of their personal information
- But 64% of consumers prefer to buy from companies that tailor their experiences to their wants and needs



Likewise, Disqo found that the most “irritating” ad channels were the same ones consumers said were most likely to influence their purchase



37%

Social Channels



35%

TV



43%

Social Channels



41%

TV

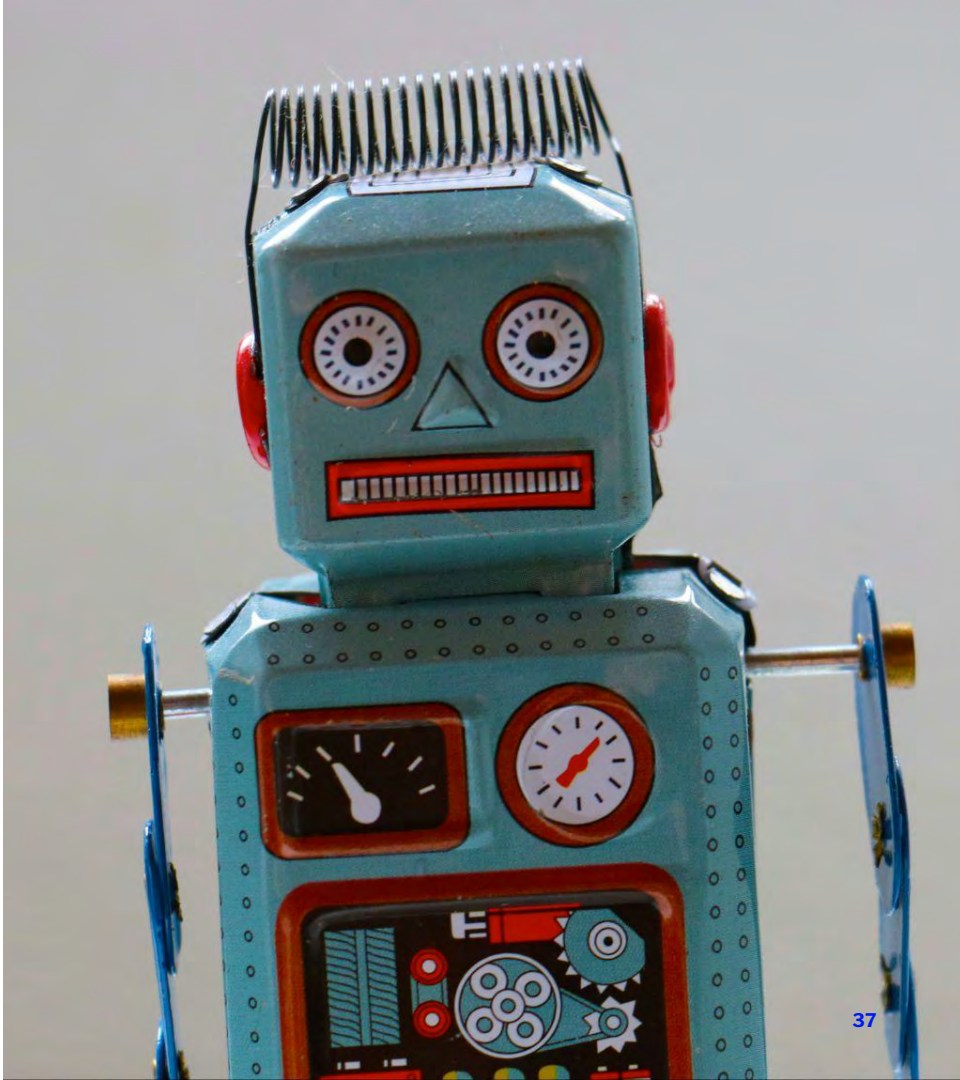
Filtering + focusing

What it means for brands

A little human touch will go a long way in 2025. Look for ways to dial up humanity in your communications *and* your consumer journeys—even in points usually associated with self-service/selection.

Take a critical look at your communications and ensure you're doing everything possible to simplify path to purchase. (Because consumers are telling us it's *not* simple!)

Being an “AI-first” company isn't enough—consumers must understand how your use of AI (or their personal data) enables better outcomes for *them*, not for your business.



4. The ultimate wellness flex: Longevity

The ultimate wellness flex: Longevity



Elmo @elmo · Jan 29

Elmo is just checking in! How is everybody doing?

13K

49K

121K

181M

The ultimate wellness flex: Longevity

“What’s more covetable
than a new lipstick or
face cream?
Living longer.”
—*Vogue Business*



Americans, especially Gen Z and Millennials, are looking to become physically and mentally healthier

- Looking for more connections after growing up “isolated”
- Gravitating to gyms, running clubs, pickleball groups
- Looking to get more sleep to improve energy, attention, and mood
- Trying to eat less UPFs (ultra-processed foods) that have ties to over 30 physical and mental health conditions

Nearly 60% of consumers say they are proactive about their health and are looking for products tailored to their needs.

The ultimate wellness flex: Longevity

Consumers are investing in more personalized “preventative, specialized solutions”

- Food and beverage products with a weight management claim saw a 10% increase globally
- Food, beverage, and supplement products marketed to women saw 18% growth globally in the last year
- Wearable tech adoption increased across generations and provides users with real-time data covering everything from exercise and glucose levels to sleep, hormonal, and stress cycles



The ultimate wellness flex: Longevity

#sobercurious continues to gain traction as studies reveal negative effects of alcohol

- The number of adults under 35 who have never had a drink has increased 10% since the early 2000s
- Advertising to Gen Z and Millennials now has a more healthy lifestyle tone vs. past marketing to Gen X which was more about partying
- Could be shifting to other vices like marijuana that make them “feel” better than getting drunk

Sources: Time, “Why Gen Z Is Drinking Less” 1/1/2025, Forbes, “Heavy Drinking Young Adults Are Cutting Back, Study Suggests: Here’s How The Alcohol Industry Is Still Cashing In”, 5/2/2024, Atrium Health, “Why Are So Many People Going Alcohol-Free?”, 3/25/2024



Dry January has gone mainstream with increased participation across demos

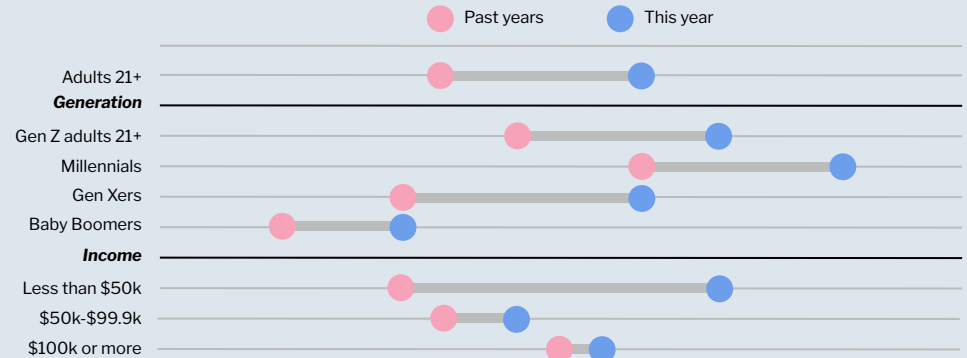
22% of U.S. adults ages 21 and over say they're participating in Dry January this year, up 5pts from prior years

70% said they will consume no alcohol during the month vs. just cutting back

69% of Dry January participants cite health as a reason for taking part

Dry January participation has grown most amongst Gen Xers and low earners

Shares who say they participated in Dry January in part years, and say they are doing so this year



The ultimate wellness flex: Longevity

Living longer starts with a healthier lifestyle and Gen Z is leading the charge

62%

Exercise or play sports on a weekly basis

53%

Rate overall health as “Excellent” or “Good”

27%

Wear trackable devices, +9% from 2020

GenAlpha parents reported that their child is interested in mental and physical activities

76%

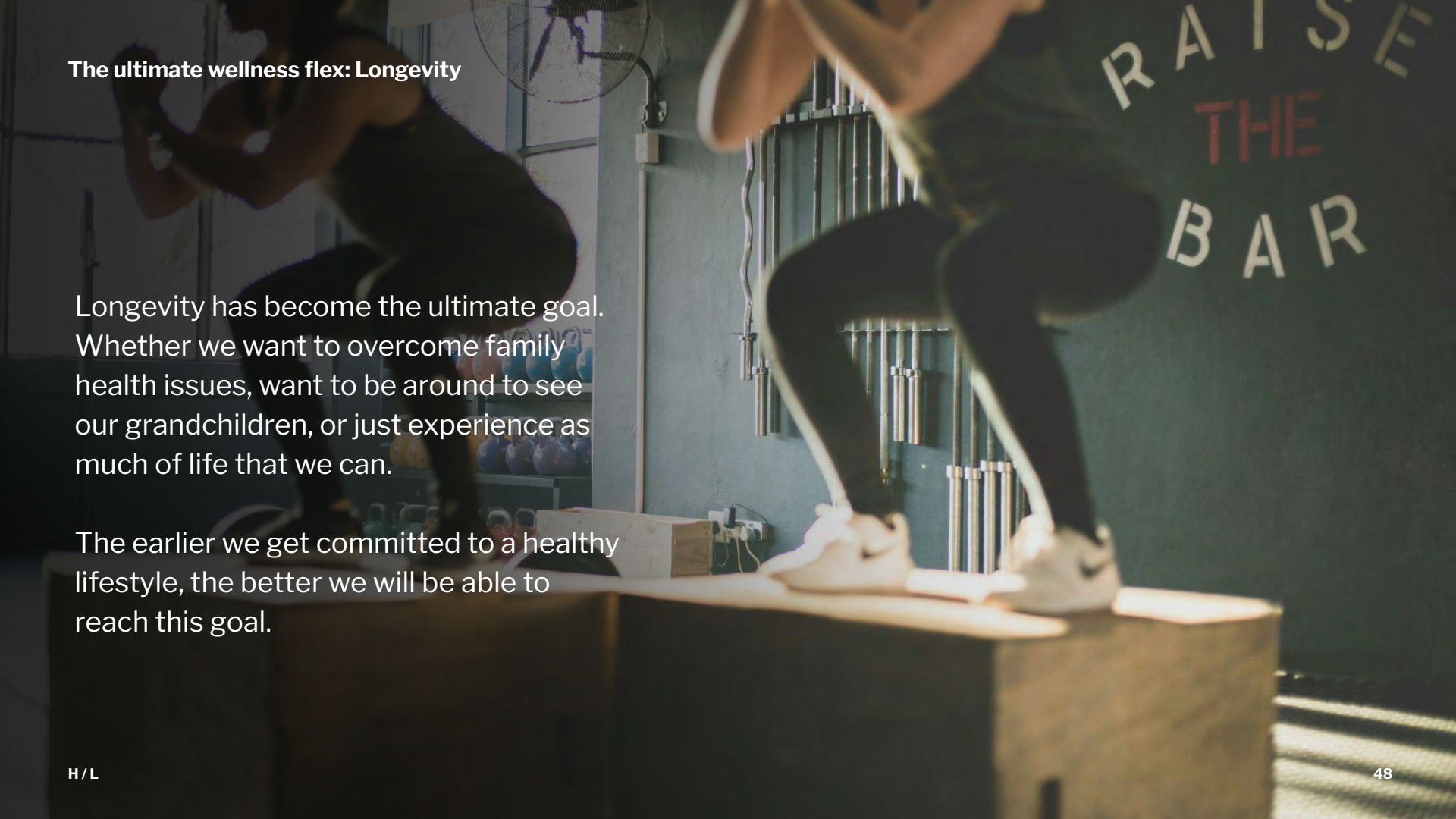
Outdoor play & hiking

73%

Reading

67%

Playing sports

A person in a dark tank top and leggings is captured mid-air, performing a box jump onto a wooden box. The background is a gym with a blue wall, a fan, and a sign that reads 'RAISE THE BAR'. The lighting is dramatic, with strong shadows and highlights.

The ultimate wellness flex: Longevity

Longevity has become the ultimate goal. Whether we want to overcome family health issues, want to be around to see our grandchildren, or just experience as much of life that we can.

The earlier we get committed to a healthy lifestyle, the better we will be able to reach this goal.

The ultimate wellness flex: Longevity

What it means for brands


Younger generations are working on their physical and mental health for the ultimate goal of longevity.

All generations are trying to eat healthier and cut back on alcohol consumption.

As appropriate, brands need to be aware that consumers are looking for help to reach their goals—or at least not to stand in the way of them.

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5. Treat yourself! (Especially at home)

Treat yourself! (Especially at home)

How we got here

A confluence of long-term trends:

- Low expectations of brands' ability to deliver on the promises they make
- Less disposable income after three years of rising prices
- More social occasions in-home vs. out
- More households requiring multiple incomes and delaying or skipping marriage and parenthood

In other words, we're busy—so providing ourselves with luxuries like time, convenience, comfort, and short-term delights become prioritized.

Treat yourself! (Especially at home)

2020–2021



Home as hub,
investing as multipurpose



2022–2023



Get out of home



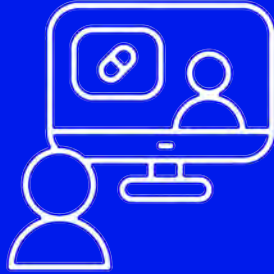
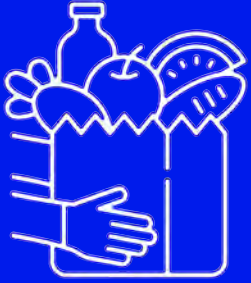
2024–2025



Where we connect more
deeply and treat ourselves



Treat yourself! (Especially at home)



Online grocery
CAGR up **17%** from
2022 to 2025

Searches for “remote
healthcare” up **450%**
in five years

Nearly **two-thirds** of
US homes now have
an air fryer in them

US pet industry
spending is up **62%**
in last five years to more
than \$147B

Subscription fatigue
settling with most
consumers saying they
subscribe to **2-4**
streaming platforms

Treat yourself! (Especially at home)

“People are increasingly seeking depth... and sensory richness in their experiences, aiming to engage with the world in meaningful ways. Reflecting a renewed desire to reconnect with nature and each other, people are seeking balance between technology and moments of joy and well-being.”

—Accenture Life Trends 2025



Treat yourself! (Especially at home)

One way we're treating ourselves: Leisure travel

+1%

Just an additional 1% of Americans said they planned to take a business in trip in 2024...

1 in 3

While a third of Americans said they planned to take a leisure trip in the next three months



Treat yourself! (Especially at home)

More leisure travelers are willing to pay for upgrades

- With fewer business trips to earn loyalty points for hotel perks and flight upgrades, more leisure travelers are willing to pay for an upgrade out-of-pocket (while actively cutting expenses elsewhere in their budgets)
- For example, in 2011, Delta sold just 14% of its first-class seats; in 2024, it sold 88%



Treat yourself! (Especially at home)

What it means for brands

Identify what your brand can do to help people enjoy a moment of simple delight or to enable them to treat themselves—especially if your brand has a role in the home.

Remember that time, convenience, and deepening connections are real luxuries right now. What can you do to bring those about or associate your brand with these moments?



6. “DEI” has become a
four-letter word for brands

“DEI” has become a four-letter word for brands

Disclaimer!

This is a trend that is very fluid and is taking shape *right now*. It’s also very politically charged—so we’ve attempted to remove political slant to objectively report on what’s happening and what’s increasingly being expected of brands. These are difficult waters to navigate.

Meta and Amazon scale back diversity initiatives

5 days ago

Share < Save +

Natalie Sherman
BBC News



Meta and Amazon are scaling back their diversity programmes, joining firms across corporate America that are retreating from hiring and training initiatives criticised by conservatives, citing legal and political risks.

“DEI” has become a four-letter word for brands

Opponents to corporate DEI initiatives claim that:

- DEI forces companies to hire less qualified candidates
- DEI promotes reverse discrimination
- DEI adversely affects business outcomes
- Other so-called “woke” initiatives are put under the umbrella of “DEI”

Opponents believe that DEI is specifically to blame for a myriad of terrible things:

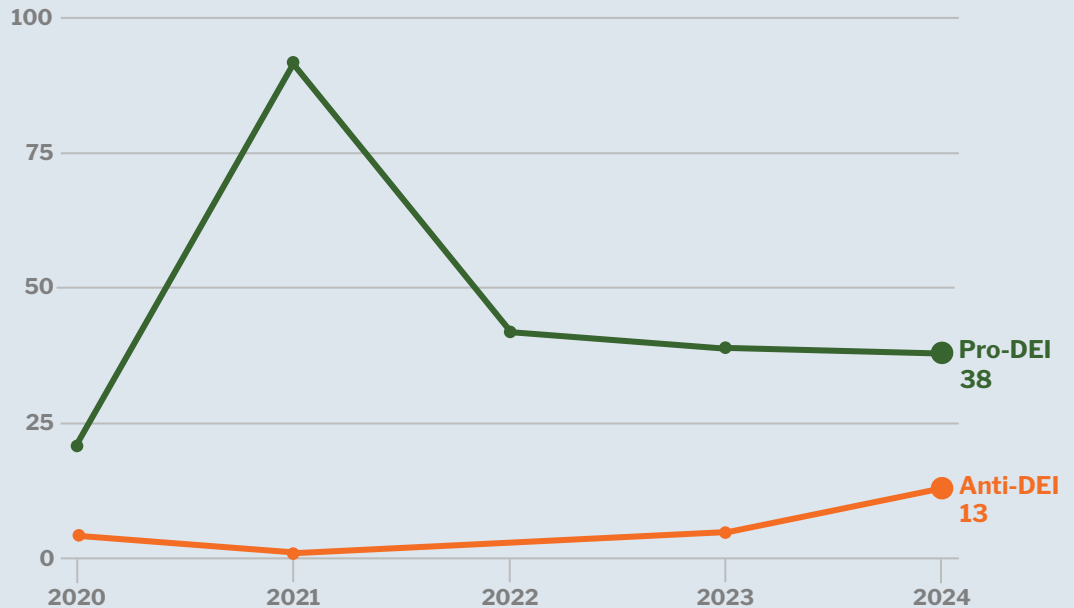
- Response to the LA wildfires
- Counterterrorism response in New Orleans
- The Baltimore bridge collapse
- Boeing’s quality control failings
- The attempted assassination on President Trump
- Inflation
- The college affordability crisis
- A lack of US military readiness
- The Silicon Valley Bank collapse
- Higher taxes
- Elevated unemployment

“DEI” has become a four-letter word for brands

How we got here:

Shareholder proposals files related to DEI

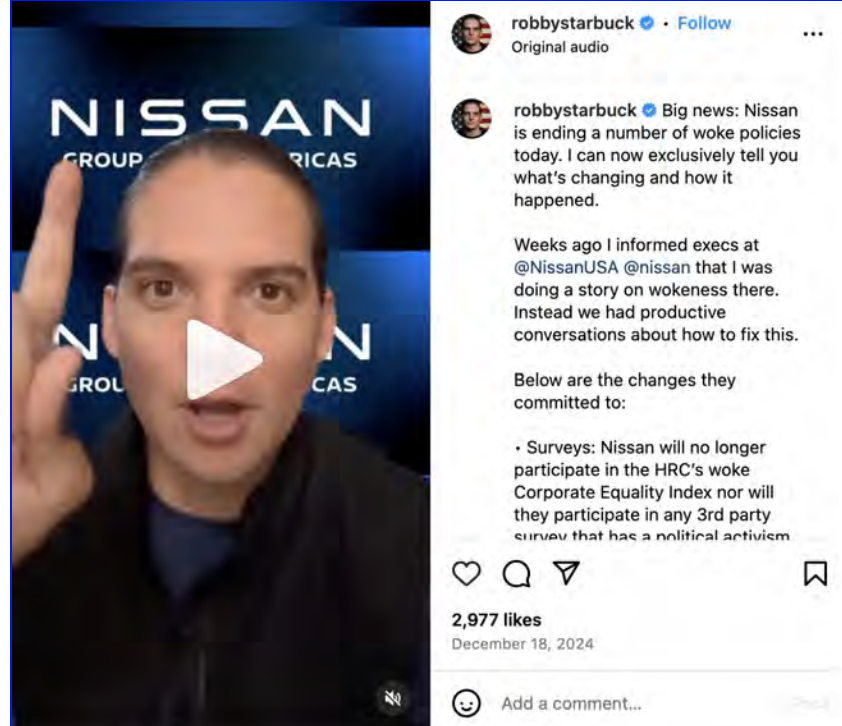
Among Russell 3000; Annually, 2020-2024



“DEI” has become a four-letter word for brands

Some of the companies that have removed or reduced their DEI initiatives in ‘24 or ‘25:

“Anti-DEI proposals typically ask public firms to scrutinize their DEI policies to see if they pose legal, financial, or reputational risks.”—Axios Markets



“DEI” has become a four-letter word for brands

Students for Fair Admissions -vs.- Harvard

- In June 2023, the US Supreme Court ruled that race-based affirmative action programs in college admissions processes violate the Equal Protection Clause of the 14th Amendment
- In a 2024 survey of 70 senior executives of public companies, 69% said this ruling affects *their* DEI policies

“DEI” has become a four-letter word for brands

So, who’s pushing back?



“DEI” has become a four-letter word for brands

Who is pushing back? Costco

- Costco faces pressure from a conservative think tank, the National Center for Public Policy Research, to publish a report on the “financial risks of maintaining its diversity and inclusion goals”
- Costco is publicly standing against this proposal and claims that their business model and success has always been based on their diversity practices
- Robby Starbuck is urging the public to boycott the warehouse retailer, but with Costco’s loyal customers and strong stance on the matter, it seems unlikely that enough members will stop shopping there
- Costco shareholders will be voting on the DEI proposal on 1/23/2025



“DEI” has become a four-letter word for brands

After over a decade of Equality hiring practice, the NFL is under scrutiny

- The NFL's Rooney Rule was established in 2003 to level the playing field in hiring practices for coaching and front-office positions
- This was expanded to vendors in May 2024—now the NFL is facing two lawsuits and a requested investigation by America First Legal, claiming the NFL is practicing “reverse discrimination”
- The NFL is staying true to their policies, wanting to be reflective of their fan base and grow globally, which they state is only possible through their DEI initiatives

NEWS | DIVERSITY, EQUITY AND INCLUSION

The Rooney Rule | “Diversity has made us better,” NFL chief asserts amid DEI backlash



The NFL has doubled down on diversity, equity, and inclusion (DEI) commitments while other employers have rolled back programs and policies, a USA Today report has confirmed.

“DEI” has become a four-letter word for brands

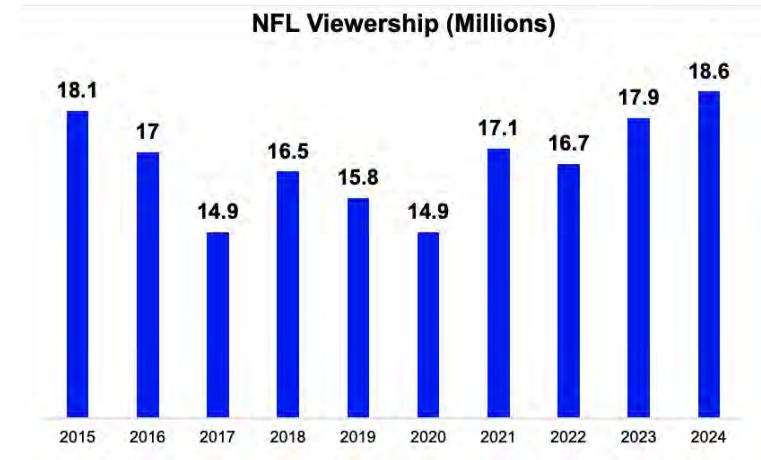
“ The anti-DEI backlash has caused some companies to pause and others to double down on their DEI journey. The companies that stay on track will have a competitive advantage ... The NFL is one of the companies that is steadfast and doubling down on its commitment to equal opportunity.”

Cyrus Mehri, Attorney
(helped craft the league’s Rooney Rule)

“DEI” has become a four-letter word for brands

NFL viewership is the highest it's been in over 10 seasons

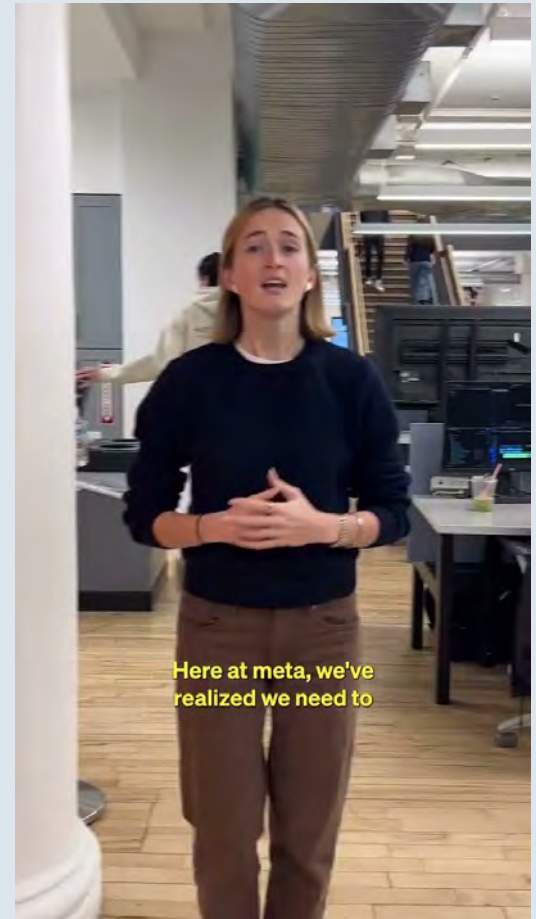
- To appeal to younger audiences, the NFL has innovated their broadcasting strategy by expanding digital offerings and partnerships with streaming services and integrating technology into game viewing experiences
- Last year, the NFL hit its highest record of female viewership of regular season games, and favorability among Gen Z and Millennial women peaked (thanks, T. Swift!)



“DEI” has become a four-letter word for brands

“Meta’s corporate values just *happen* to flip every once in a while”

- There’s no single playbook to follow in this moment—what works for Tractor Supply Company isn’t likely to be the same path forward for the NFL, or vice-versa
- But it’s easy to see how brands can appear trendy for all the wrong reasons (as Morning Brew demonstrates with this Meta satire)



“DEI” has become a four-letter word for brands

What it means for brands

There’s been such a sea change of stances by major brands. Our advice: avoid being labeled as trendy, flip-flopping, or oversteering.

Identify what’s most critical to your brand, your consumer audience, and your employees. Communicate that importance and hold steady. While brands need to ensure relevancy with their audience right now, they also need to endure.



H/L 2025 Consumer Trends Report

Summary: Key trends shaping consumer + brand behaviors in 2025

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Trust in brands, government, each other has declined

3 Focusing and filtering

Consumers demand more tailored experiences, but question use of data

4 The ultimate wellness flex: Longevity

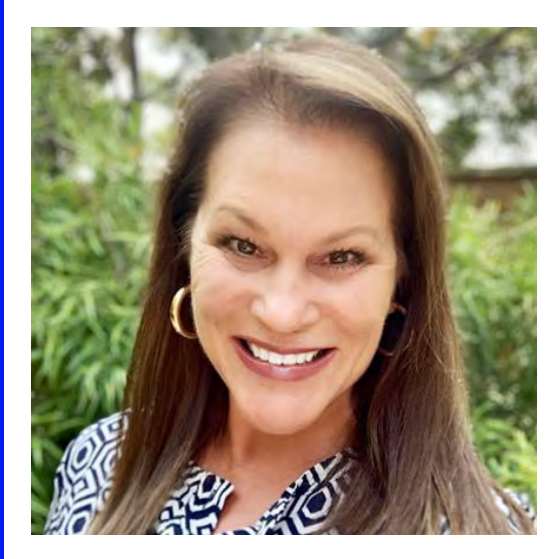
Moving past general wellness and mental health to living longer

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Navigating politically charged territory



See how H/L can
Make Momentum™
for your business

Coleen Karkazis, VP Business Development

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Thank You.

