

NAVIGATING CONSUMER SHIFTS IN 2025



Trinity Ojo
Founder - CEO



TCS

CONSUMER BEHAVIOR IN 2025: ARE YOU TRACKING THE SHIFT?

Businesses are experiencing rapid changes in consumer spending. High highs and low lows are being driven by economic shifts, inflation, and trade policies. With the introduction of tariffs and persistent inflationary pressures, consumer behaviors are evolving in ways that demand closer attention.

Higher costs are squeezing consumer spending.

INFLATION

2.7%

November 2024

2.9%

December 2024

3.0%

January 2025

3.5+%

Q2 Projection 2025



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CONSUMER CONFIDENCE

In February, the U.S. Consumer Confidence Index experienced a significant decline, dropping to 98.3, the lowest level in eight months. This 7-point decrease from January's 105.3 reflects growing consumer concerns over inflation and trade policies, particularly the impact of tariffs on imports. Such economic uncertainty often leads to revenue volatility for businesses, as shifts in consumer spending become more pronounced.

CONSUMER CONFIDENCE

*-7%
YTD*



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CONSUMER SPENDING DECLINE

Middle-income households and younger consumers, particularly Gen Z and Millennials, feel the strain of current economic conditions.

Middle-income earners saw a 2.7% increase in spending from 2022 to 2023 compared to higher-income groups, who experienced a 6.3% rise, primarily in travel, luxury goods, and premium experiences.

However, even affluent consumers are shifting toward value-based shopping, prioritizing affordable luxury, strategic discounts, and high-quality essentials over indiscriminate spending.

Gen Z and Millennials, who make up a large portion of the consumer market, are adjusting their habits. 74% report changing spending behaviors due to inflation, focusing on necessities, high-value experiences, and digital-first shopping over discretionary purchases. With consumer spending driving 68% of the U.S. GDP, understanding these shifts is crucial for businesses adapting to an evolving market.

-4% Q1

Retail Spend

-6%

Hospitality & Travel

-9%

Automotive



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OPPORTUNITIES & STRATEGY

Despite economic challenges, opportunities exist for businesses that adapt to consumer preferences. To capitalize on changing consumer preferences, businesses should implement a value-driven personalization strategy that combines competitive pricing, high-value experiences, and data-driven marketing.

Optimize Discounts & Loyalty Programs – With 74% of consumers being price-conscious and 65% actively using loyalty programs, brands should offer tiered discounting and personalized rewards based on purchasing behavior. This will drive repeat business and increase customer retention.

Enhance Experience-Based Offerings – Since 60% of consumers prioritize spending on travel, dining, and entertainment, companies should bundle value-added experiences (e.g., restaurant discounts with entertainment perks) to attract experience-seekers while maintaining affordability.

Leverage Data-Driven Targeting – Companies that use data-driven strategies are 23x more likely to acquire customers and 6x more likely to retain them. Businesses should invest in AI-driven analytics to predict spending behavior and deliver hyper-personalized offers to the right consumers at the right time.



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THANK YOU

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