

A shaky start to 2025, what's next?

There has been a shaky start to 2025, the economy is weak, consumer sentiment remains muted, and the geo-political landscape remains difficult. As the government moves further into delivery mode, and pledges to develop a food strategy, businesses will be hoping this brings greater clarity, enabling them to plan and invest. The full report provides analysis of Christmas sales, the economic landscape, consumer sentiment, government policy, and possible implications of a Trump presidency.

Trump presidency implications

- Any new tariff disputes would unfold within a global economy weakened by Covid, and in a world with greater geo-political stress
- In [2023](#), the US accounted for about 10% of UK food and drink export sales (mostly alcohol) and 2% of UK imports (mostly beverages and fresh produce)
- Tariffs may threaten the UK food system and result in a general damping down of trade, growth and prosperity

Economic outlook

- Christmas 2024 was disappointing overall with grocery sales down in real terms (after inflation)
- It is hard to envisage sustained strong growth in the UK economy or in household prosperity over 2025. The threat of stagflation is real
- IGD expects food and drink inflation to be between 2.4% and 4.9% over the full year 2025

Consumer sentiment

- Any positive outlook for consumer sentiment may be short-lived with increased concerns about the cost of living
- While fewer are planning to cut spending on food and grocery shopping, more are planning to cut spending on eating out
- Businesses in the food system should expect consumer sentiment to remain muted, particularly in the short term

Policy in 2025

- Domestic political stability provides the government with an opportunity to deliver against its strategic vision
- A new government food strategy will be delivered through a government-wide health mission board
- 2025 will see the first invoices issued for Extended Producer Responsibility, bringing substantial cost to industry. Businesses will be required to look forward and adjust to the new policy landscape