



WHITE PAPER

# Gloomy Outlook: Italian Consumers Reallocating Their Spending

This article is part of the 2025 European Consumer Sentiment Report series, which examines consumers' shopping habits and preferences.

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## Preface

This report is part of BCG's 2025 European Consumer Sentiment series, which explores evolving consumer dynamics across nine key markets.

Between April 2 and 22, 2025, we surveyed approximately 1,800 consumers in each of nine European countries - Denmark, France, Germany, Italy, Norway, Romania, Spain, Sweden, and the UK - covering 12 product categories. Respondents shared their views on current national issues, personal and financial well-being, spending intentions, and purchasing behaviors.

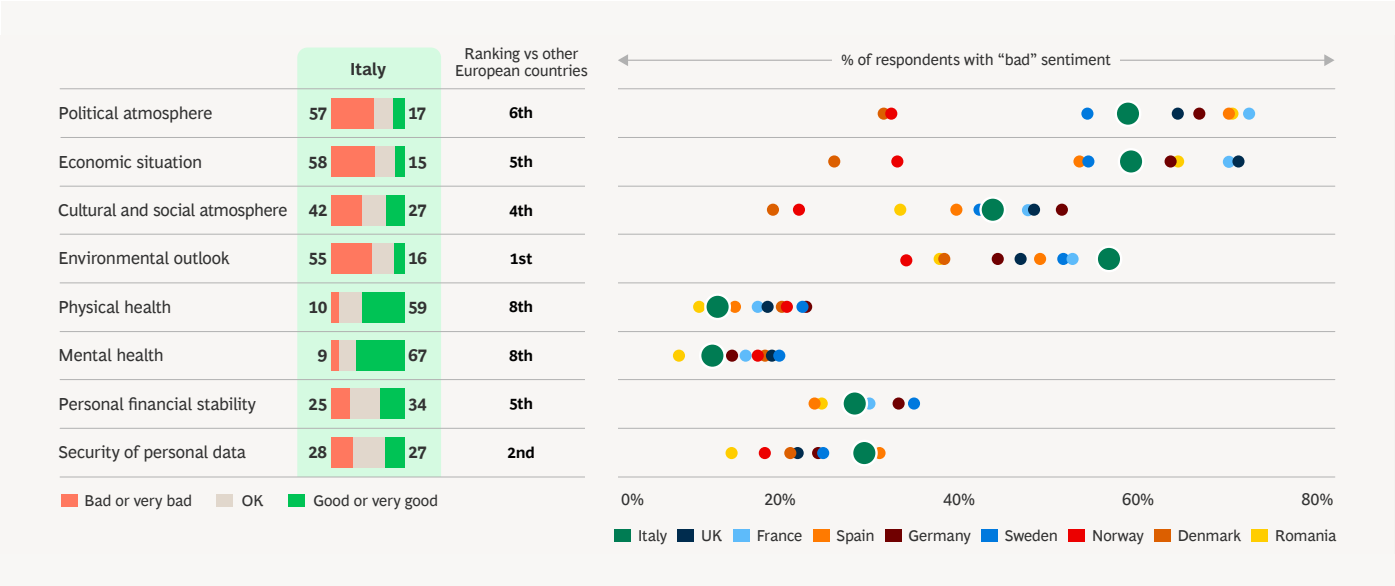
This edition, focuses on the Italian market and its consumers, presenting specific findings within the broader European context. Similar reports are available for the other eight surveyed markets, each providing local insights into how consumers are adapting to inflation, digital transformation, and sustainability pressures.

## Sentiment: Concerns Spreading in a Different Pattern Compared to Other Countries

In absolute terms, **Italians are most concerned about the country's Political atmosphere and Economic situation, with nearly 60% expressing negative sentiment on both fronts.** This places Italy in the middle of the pack, as higher levels of concern were recorded in most other countries surveyed, except for the Nordics.

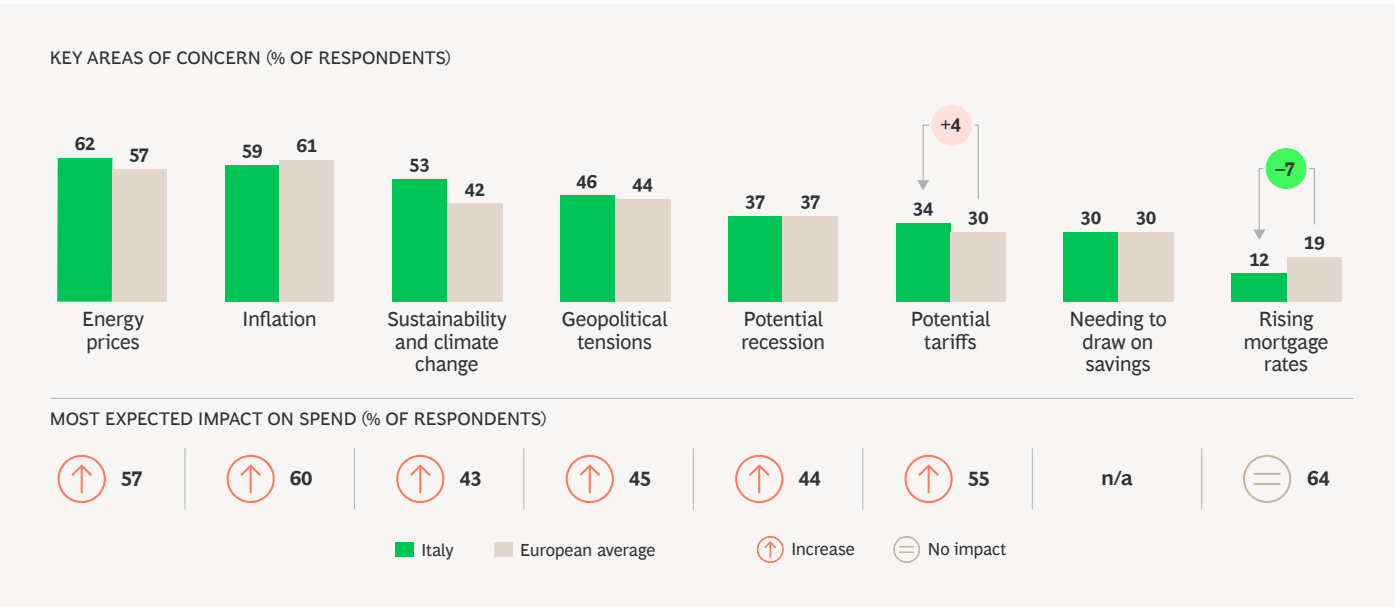
Interestingly, Italians are more of an outlier in other areas. They lead the rankings as the most worried about the Environmental Outlook (55%) and rank second when it comes to the Security of Personal Data (28%). On the other hand, they are among the least worried about both Physical and Mental Health (10% and 9% respectively).

EXHIBIT 1: HOW DO YOU CURRENTLY FEEL ABOUT EACH OF THE FOLLOWING?



When looking at **specific issues**, the level of concern is **generally aligned with the average across other countries, except for two notable differences: concern about Sustainability and Climate Change is significantly higher (+11 percentage points), while concern about Rising Mortgage Rates is markedly lower (-7 percentage points).** Virtually all of these issues are expected to contribute to increased spending going forward.

EXHIBIT 2: WHICH OF THE FOLLOWING ARE YOU CURRENTLY PERSONALLY CONCERNED BY? SELECT ALL THAT APPLY | HOW DO YOU EXPECT THE DEVELOPMENT OF THE FOLLOWING FACTORS TO IMPACT YOUR SPEND IN THE NEXT 6 MONTHS?



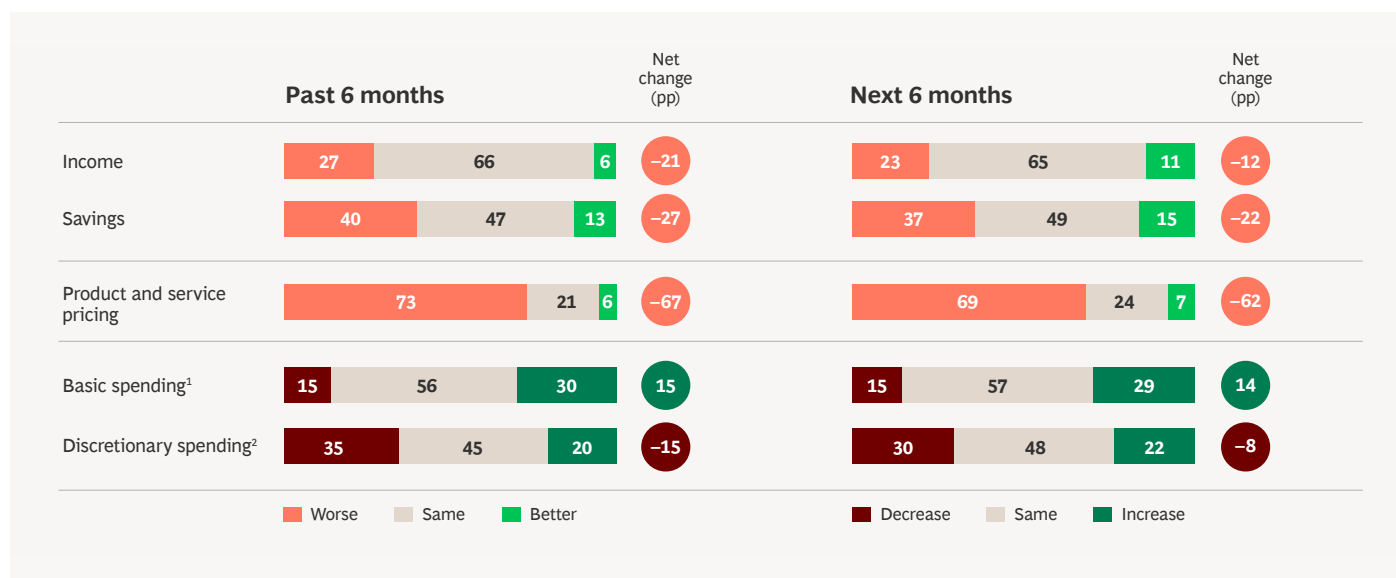


## Spending: Italians Reallocating Budget in Light of a Gloomy Present... and Future

When asked about the past six months across several dimensions, Italians painted a fairly gloomy picture. There was **significant pressure on Income (net -21%)** and **Savings (net -27%)**, coupled with palpable inflation: **73% of Italians reported an increase in the Prices of Products and Services**.

Over the same period, and likely as a consequence of the above, the Italian population ended up reallocating its spending. **Basic spending** (including housing, transport, medication, education, and essential food) saw a **net increase of 15%**, while **Discretionary spending** (such as clothing, dining out, concerts, entertainment) saw a **net decrease of 15%**.

### EXHIBIT 3: WHICH OF THESE STATEMENTS BEST DESCRIBE YOUR [INCOME/SAVINGS/SPENDING/ SENTIMENT ON PRICING] COMPARED TO 6 MONTHS AGO / IN THE NEXT 6 MONTHS?

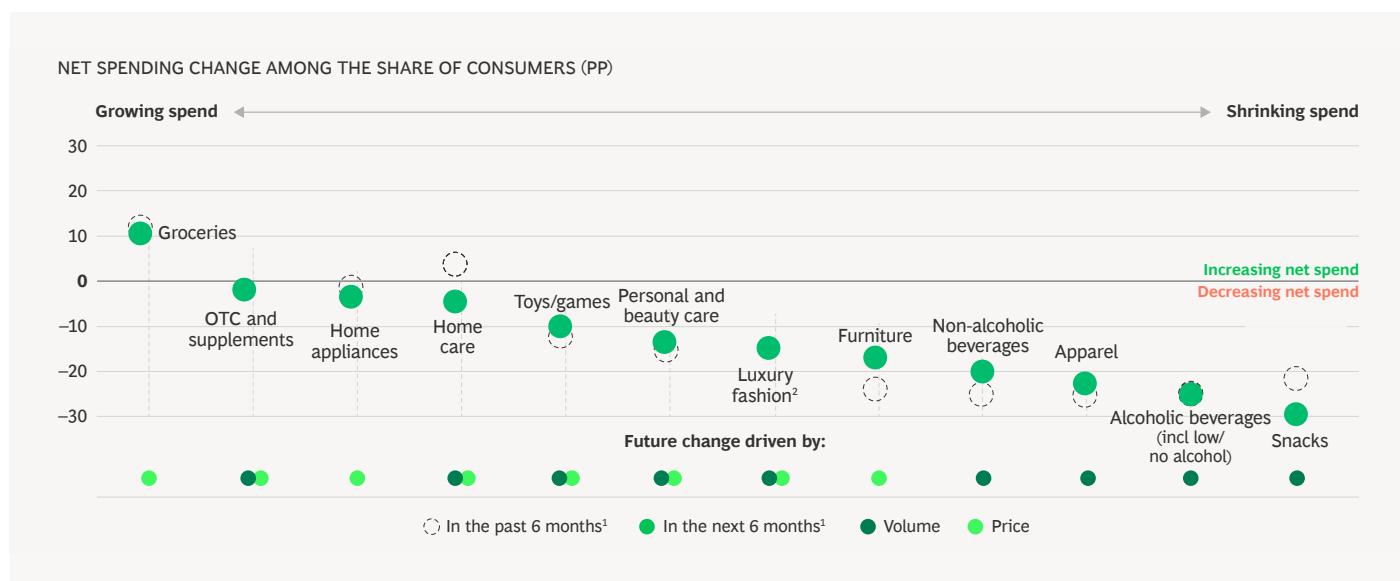


This reallocation is particularly relevant for both CPG companies and Retailers, for two main reasons. First, it does not appear to be a temporary adjustment: **consumers expect an almost identical pattern across all dimensions for the next six months as well.**

Second, **its impact is cutting across categories and is materially reshaping demand. When analyzing the net effect** – that is, the difference between the number of consumers reporting an increase in spending in a given category and those reporting a decrease – **only one out of 12 categories showed a positive balance: Groceries. All others are expected to see spending shrink further over the next six months – and not by negligible amounts.**

While OTC & Supplements, Home Appliances, Home Care and Toys/Games landed at a net effect lower than 10%, Personal & Beauty Care, Luxury Fashion, Furniture, Non-Alcoholic Beverages and Apparel fall within the -10% to -20% range, and Alcoholic Beverages and Snacks in the -20% to -30% one.

**EXHIBIT 4: IN THE PAST 6 MONTHS, HOW MUCH HAS YOUR TOTAL SPEND ON [CATEGORY] CHANGED COMPARED TO 6 MONTHS AGO? | HOW HAS YOUR BUDGET, OR THE AMOUNT YOU'RE WILLING TO SPEND/PAY FOR [CATEGORY] CHANGED OVER TIME? | YOU SAID YOU EXPECT TO SPEND [LESS]/[MORE] ON [CATEGORY] IN 6 MONTHS / NEXT YEAR COMPARED TO TODAY. WHAT DO YOU EXPECT TO CHANGE?**

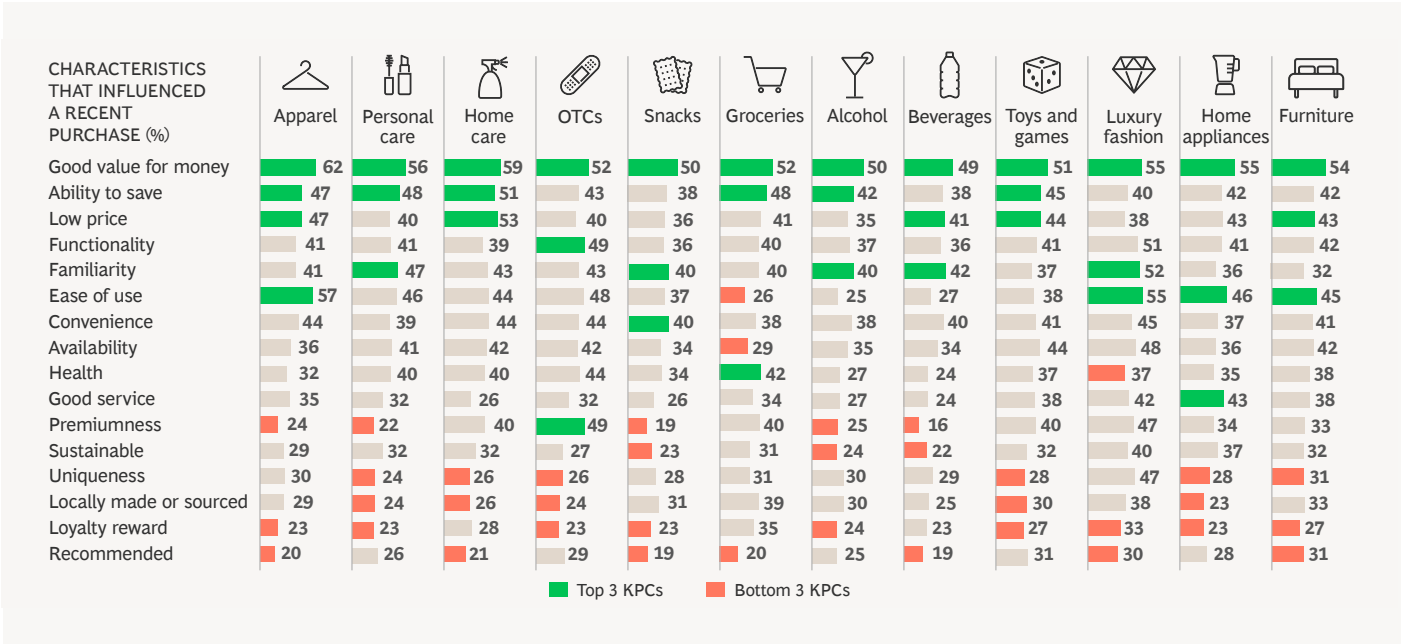


**These decreases will primarily materialize in the form of lower volumes.** This is unsurprising in an inflationary world, where entire categories offer fewer trading-down options than in the past, and where macroeconomic and geopolitical uncertainty is more likely to lead to increased scrutiny and/or postponement of spending decisions, rather than to other types of responses.

## Drivers of Demand: Value-for-Money Above all, Without Neglecting Brands

All investigations of Key Purchasing Criteria (KPCs) deliver fairly de-averaged results across different categories. At this point in time, however, **one commonality clearly stands out and is emblematic of the current situation: Italian consumers identify Value for Money as the top KPC across all 12 categories.**

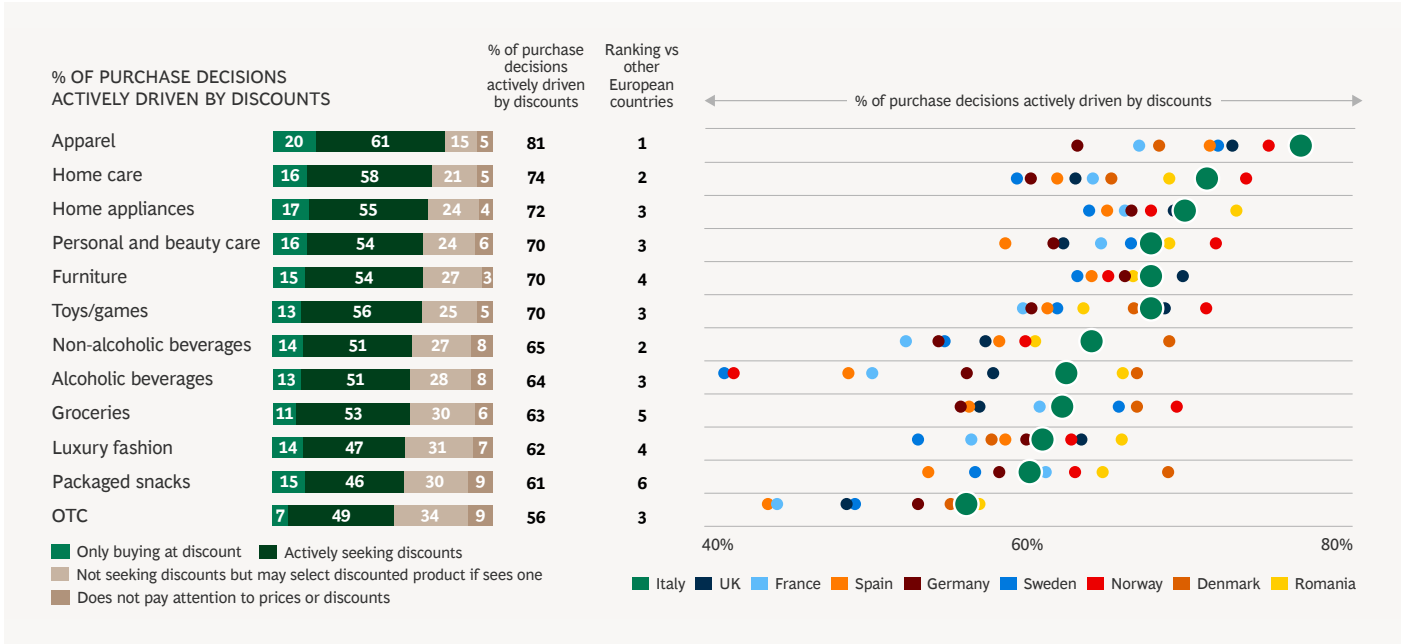
EXHIBIT 5: THINKING ABOUT YOUR MOST RECENT PURCHASE OF [CATEGORY], HOW IMPORTANT WERE EACH OF THE FOLLOWING IN INFLUENCING YOUR CHOICE?



Two additional analyses provide further evidence that **Italian consumers are actively seeking to contain spending, without compromising on quality or making excessive trade-offs.**

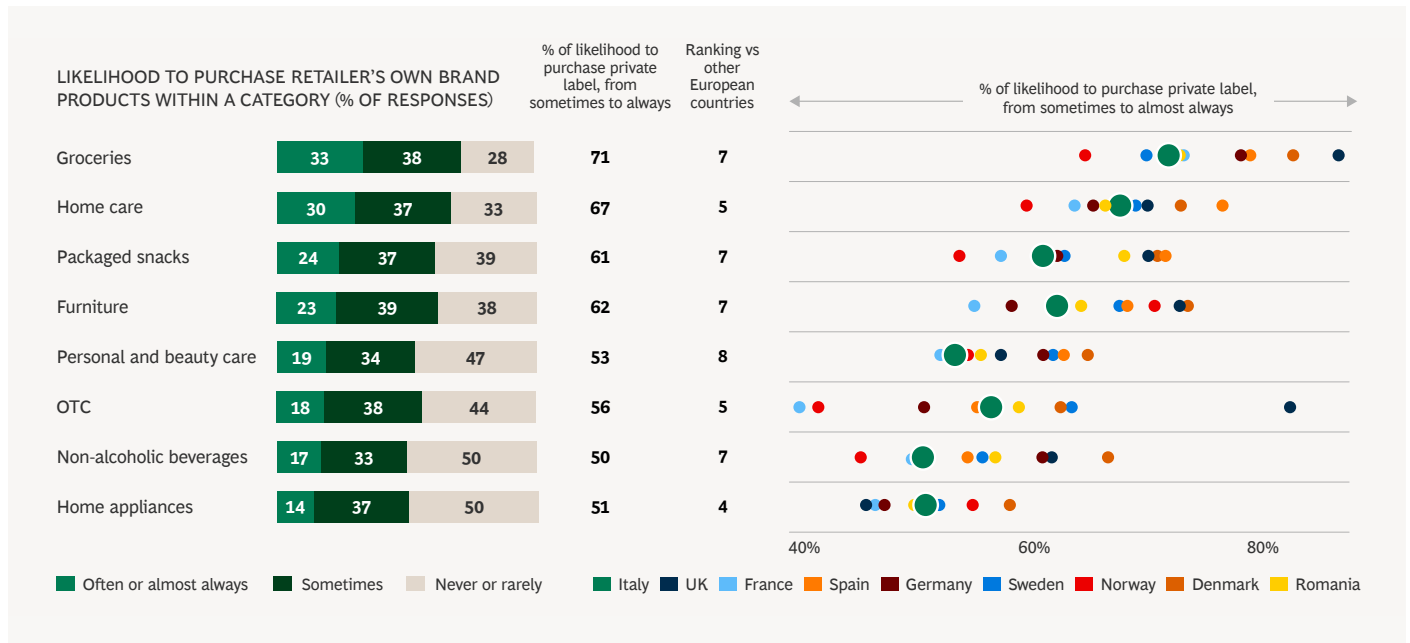
**The first is the relevance of discounts.** The share of consumers who report being actively driven by discounts in their purchasing decisions ranges from 56% in OTC to 81% in Apparel. These figures place **Italian consumers among the top three most discounts-driven countries in 8 out of 12 categories.**

EXHIBIT 6: THINKING ABOUT [CATEGORY], HOW WOULD YOU DESCRIBE YOUR BEHAVIOR REGARDING DISCOUNTS WITHIN [CATEGORY]?



The second is the penetration of private label. While these products enjoy significant uptake -ranging from 51% to 71%, depending on the category-, their penetration **remains consistently below the European average, with Italy never ranking among the top three countries.**

## EXHIBIT 7: THINKING ABOUT [CATEGORY], HOW LIKELY ARE YOU TO BUY UNBRANDED OR RETAILERS' OWN BRAND ITEMS (INSTEAD OF BRANDED ITEMS)?



## Digital: Less Relevant for Italians Compared to Most Other Countries

We've tested digital along two main dimensions: **relevance of the online world as a source of information and inspiration for consumers and its relevance as a purchasing channel** (i.e., e-commerce).

The category-specific picture is not surprising, as it reflects the inherent characteristics of the different sectors. For example, Categories in the Food & Beverage space are structurally less penetrated by e-commerce and consumers tend to draw fewer inputs from the web and social media in these segments compared to others such as Apparel or Luxury & Fashion.

What stands out is that **digital is less relevant than the average of the other Countries in the study on both dimensions, across all categories.**



**EXHIBIT 8: THINKING ABOUT WHEN YOU'RE DECIDING TO PURCHASE [CATEGORY], HOW WOULD YOU TYPICALLY BROWSE, RESEARCH OR LOOK FOR INSPIRATION ON WHAT TO BUY? | THINKING ABOUT WHEN IT COMES TO MAKING A PURCHASE OF [CATEGORY], WHAT PROPORTION OF YOUR SPEND IS MADE ONLINE/DIGITALLY TODAY (INSTEAD OF BUYING PRODUCTS FROM PHYSICAL STORES)?**

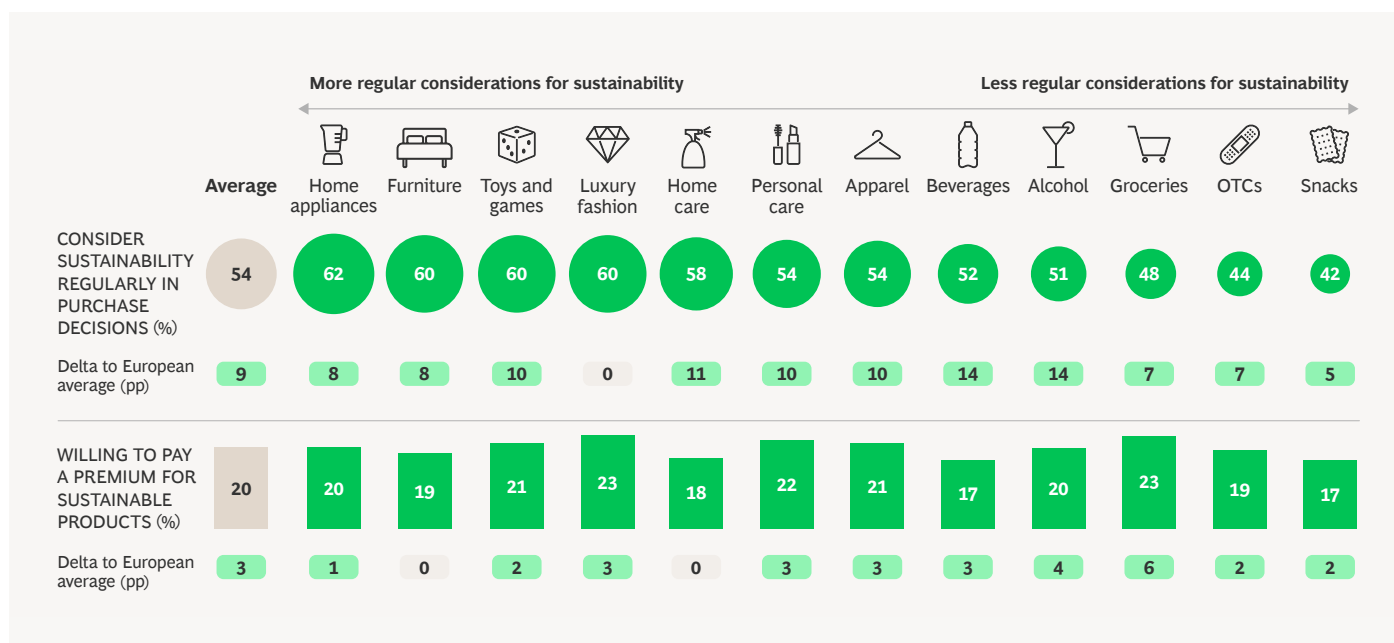


While this is **certainly impacted by the generational composition of the population**—with a smaller proportion of young, digital-native consumers compared to many other European countries— it also reflects a deeper cultural dynamic. **Italy remains a market where physical stores, traditional media, and offline experiences still play a key role for consumers.**

## Sustainability: Italians Ahead of the Curve

The picture on Sustainability stands in stark contrast to the one observed for Digital adoption: Italians express notably high concern for environmental issues, with an average of **54% regularly considering sustainability** in their purchasing decisions, and around **20% willing to pay a premium** for greener alternatives. Both figures are above or in line with the averages recorded across the other surveyed countries in every product category.

**EXHIBIT 9: BEING COMPLETELY HONEST, HOW OFTEN DO YOU THINK ABOUT SUSTAINABILITY WHEN YOU MAKE DECISIONS REGARDING THE PURCHASE OF [CATEGORY]? | HOW MUCH LESS OR MORE WOULD YOU BE WILLING TO PAY IN [CATEGORY] PRODUCTS FOR SUSTAINABLE ALTERNATIVES THAT MINIMIZE YOUR CLIMATE IMPACT (VS NON-SUSTAINABLE ALTERNATIVES)?**



The gap between environmental concern and actual willingness to spend is not to be viewed as bad news. On the one hand, it reflects a simple fact: affordability remains a issue for many households, making premium pricing a barrier. On the other, it may be the signal of evolving consumers' expectations: from sustainability as a plus to sustainability as table-stakes —a standard that brands must meet to remain relevant, rather than a justification for higher prices.

# So What? Several Implications for CPG Companies and Retailers

Italian consumers are actively redefining their purchasing behaviors in response to prolonged economic uncertainty and intensifying price sensitivity, sometimes accelerating secular trends (e.g. environmental awareness), sometimes reversing the flow (e.g. prolonged and meaningful pressure on volumes across multiple categories).

In this context of profound demand reshaping, there are a few truths that apply to CPG companies and retailers alike.

- 1. Deepen Your Demand Understanding.** Shifts are underway. While the overall direction is clear in many domains (e.g. increased spend on essentials, pullback on discretionary), the Italian market remains large and nuanced. Winners will outplay competition through superior mapping of demand spaces – singling out the ones immune from austerity from those more in the eye of the storm – and sharper understanding of demand drivers – i.e. what actually moves market share and what doesn't.
- 2. Stress-test Your Value Proposition – Beyond Price Positioning.** Italians are clear about it: they are not merely seeking the cheapest options, they are looking for the best value for money. Whether you are on the shelf or managing it, provide consumers with a clear reason why. Not all winners will be in the low part of the price-index spectrum.
- 3. Strengthen Your Pricing & Promo Muscle.** With up to 81% of consumers influenced by promotions, discounting isn't about mastering a tactical lever but rather about strategic growth. Companies—especially retailers—must leverage data at scale to step change the quality and effectiveness of their promotions, so that meeting consumers needs and is not at a trade-off with maximizing value creation.
- 4. Invest smartly in Digital: Reduce Frictions, Build Trust.** Italy's digital engagement is still below par, but that represents an opportunity as parts of the gap will be progressively filled. Players should invest in making online experiences easier, safer, and more rewarding. However, this must be done with an eye on the business case: Italians are not going to become digital-pioneers overnight – if ever.
- 5. Make Sustainability Transparent—and Affordable.** Regulatory momentum and societal awareness will keep raising the bar on baseline expectations for sustainability. But only some demand spaces for each category will push it beyond and see disproportionate rewards for green offerings. Affordability will help coping with the first trend, transparency with both.

In a market defined by financial caution, emotional selectivity, and practical values, success will belong to Banners and Brands that stay in tune with shifting realities and finds ways to remain relevant. Italy in 2025 offers no easy wins—but for those who listen closely and act with intention, it offers deep and lasting opportunities.



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