

A woman with dark hair in a bun, wearing a white button-down shirt and dark pants, is looking at a smartphone in her right hand while her left hand touches a display of smartphones on a white stand. The background is a blurred retail store. A large, thick yellow arch graphic spans across the top and left side of the image.

Cost Management Barometer

2025 Outlook Retail & Wholesale Edition

Contents

03 - Executive Summary	15 - Insight 06
05 - Insight 01	17 - Insight 07
07 - Insight 02	19 - Insight 08
09 - Insight 03	21 - Insight 09
11 - Insight 04	23 - Insight 10
13 - Insight 05	25 - Final Observations



Insights, Risks & Actions for Business Leaders

CEO and CFO viewpoints are pivotal in shaping **Retail and Wholesale** strategy.

As input costs rise and global pressures mount, **cost control, commercial discipline, and supply-chain resilience** are more critical than ever. This sector-specific edition of **the Cost Management Barometer** captures insights from **225 senior decision-makers across Retail & Wholesale organisations** - revealing their top concerns, strategic priorities, and actions planned for the year ahead.

Executive Summary

In a year marked by economic complexity, shifting demand, and continuing supply-chain friction, **Retail & Wholesale leaders are doubling down on performance, resilience, and modernization.**

Key findings show that **81.8%** expect revenue growth in 2025, and a striking **94.7%** anticipate an **increase in EBITDA** -underpinned by strong pricing power (**96.0%** expect to pass through cost increases). Optimism is real, but tempered by pressure points such as workforce availability, logistics costs, FX volatility, and the growing burden of ESG and digital compliance.

Leaders are moving from ad-hoc cost cutting to **strategic control**: smarter procurement, agile networks, and targeted investment in **technology, talent, and store/DC productivity**. For many, **cost optimisation is the engine that funds transformation** - from AI-enabled pricing and planning to energy efficiency and packaging reduction.

This sector-specific edition is designed to equip **Retail & Wholesale CEOs, CFOs, and CPOs** with data-driven insight to navigate the next 12–36 months.

Key Findings for Retail & Wholesale Leaders

- Revenue and Profit Momentum Remain Strong**
 Despite ongoing volatility, 81.8% expect revenue growth in 2025, and 94.7% forecast higher EBITDA-among the strongest readings in our Barometer.
- Cost Optimisation + Modernisation = The Operating Thesis**
 Top priorities cluster around improved technology (33.3%), supply-chain optimisation (32.0%), and growth/expansion (29.3%), supported by revenue management (28.9%) and cost management (25.8%).
- Pricing Power Is Back**
 With supply chains normalising and pricing architectures tightening, 96.0% expect to pass cost increases to customers in the next 12 months-most say it's highly likely.
- Funding Focus Is on Execution**
 Firms are actively funding supply chain (32.9%), sales & marketing (32.9%), sustainability (32.4%), and AI/automation (30.7%)-prioritising initiatives that touch the P&L within 12–18 months.
- Where Plans Hit Resistance**
 The biggest obstacles are supply-chain issues (36.4%) and lack of skilled workforce (36.4%), followed by technology limitations (27.6%) and market demand (28.0%).
- Cost Shocks That Hurt Most**
 Over the last 12 months, results were most constrained by materials (28.4%) and supply-chain costs (26.7%), with currency fluctuations (24.4%) an outsized drag versus other sectors.
- Risk Shifts Over Time**
 Concern rotates from profitability (26.7%) in Year 1 to technology (24.4%) and supply chain (22.2%) in Year 2; by Year 3, technology and sustainability tie as top concerns (21.3% each).
- Tariffs Seen as a Net Tailwind**
 96.9% expect tariffs to have a neutral/positive impact in 2025, with 60.4% anticipating a significant positive effect-reflecting advantaged sourcing, private-label expansion, and pricing headroom.





Methodology

The **2025 Retail & Wholesale** edition of the Cost Management Barometer is based on a survey of **225 senior decision-makers** - primarily **CEOs, CFOs, COOs, and commercial/operations leaders** - across a broad spectrum of Retail and Wholesale organisations.

Fieldwork: Conducted in **Q1 2025**, capturing priorities, concerns, and strategic outlook across store, e-commerce, and distribution environments.

Respondent Profile: Executives responsible for financial, operational, procurement, and commercial decisions within **grocery, fashion/apparel, home & DIY, consumer electronics, specialty Retail, e-commerce marketplaces, B2B Wholesalers, and distributors**.

Geographic Scope: Global in perspective with emphasis on EMEA, ensuring relevance across mature and emerging markets.

Data Collection: Structured online questionnaire capturing quantitative benchmarks and sector-specific context.

Data Integrity: All responses anonymised and aggregated to protect confidentiality and provide an unbiased view of prevailing trends.

These findings provide a clear view into how Retail and Wholesale businesses are **managing rising costs, modernising networks, and funding transformation** while protecting margin.

EMEA Relevance

EMEA Retail & Wholesale is uniquely shaped by **multi-country operations, customs regimes, FX exposure, and diverse regulatory demands** (e.g., packaging & ESG rules). This report is designed to be actionable across **Western & Eastern Europe, the Middle East, and Africa**.

Regional Representation: The sample spans Retailers and Wholesalers operating across EMEA, reflecting both common pressures (energy, labour, logistics) and local realities (cross-border VAT/duties, infrastructure constraints).

Contextual Insights: Recommendations consider EMEA-specific issues such as **tariff policy shifts, port and road capacity, labour availability, energy pricing, and currency volatility** that affects landed costs and pricing.

Scalable Strategies: Playbooks emphasise cost visibility, indexed contracts, network optionality, and AI-enabled planning-adaptable from single-country chains to pan-regional distributors.

Language & Accessibility: Written in clear, practical language for executives regardless of scale or digital maturity.

By focusing on the **operational realities of EMEA Retail & Wholesale**, this edition of the Cost Management Barometer aims to help leaders make **informed, resilient, and growth-oriented decisions** - wherever they operate.



Insight 01.

Growth Expectations Remain Strong

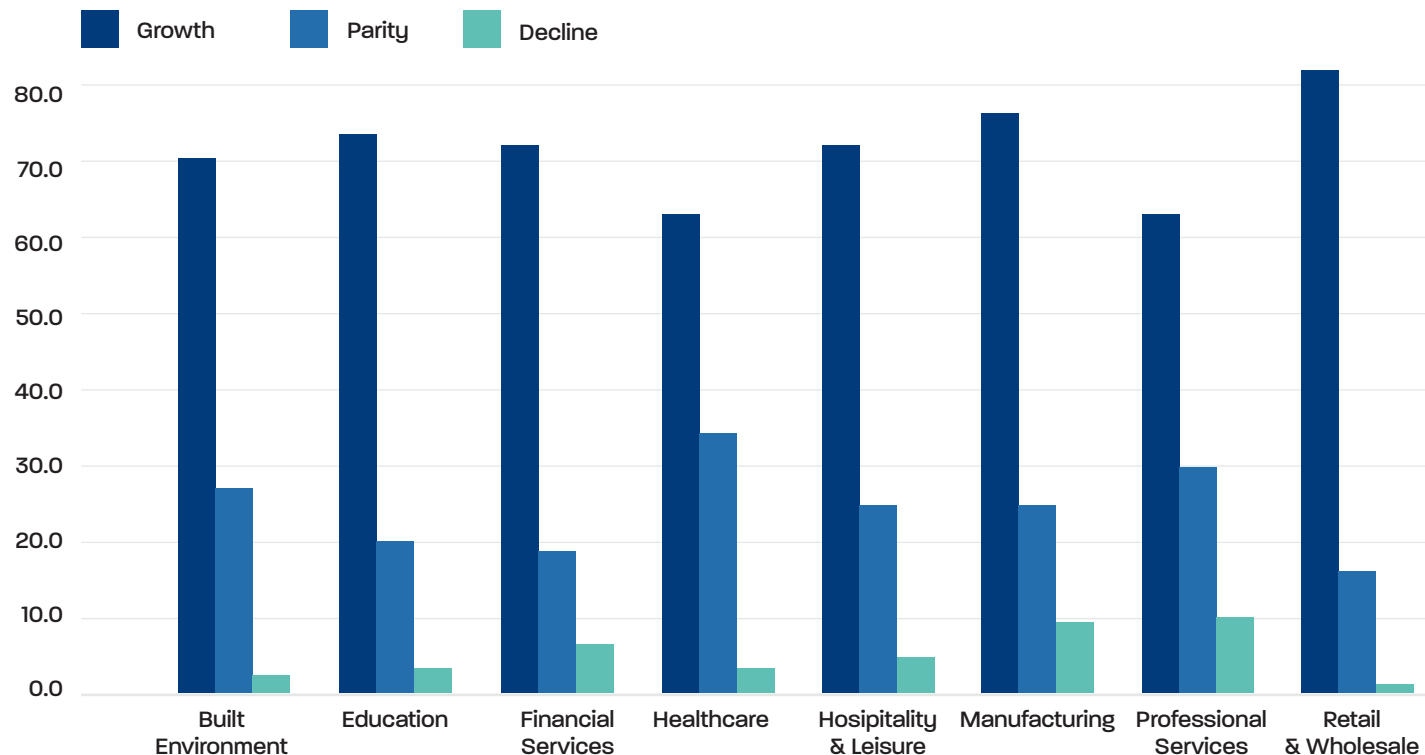
Insight 01. Growth Expectations Remain Strong

81.8% of Retail & Wholesale leaders expect revenue growth in 2025 - well above the all-sector average (73.3%). Only **0.9%** forecast a decline, signalling broad confidence as consumer demand stabilises and omnichannel investments mature.

That said, mid-market firms (c. £50–100m) are more cautious, reflecting pressure from wage inflation, shrink, and logistics surcharges that are harder to pass through.

Forecast	% of Respondents	Count
Growth	81.8%	184
Flat (Parity)	17.3%	39
Decline	0.9%	2

Q1. What Revenue trend is your business forecasting to achieve in 2025 compared to 2024?



Key Takeaways

- **Grow, but guard margins:** Lock pricing/mix plans now; pair promotions with SKU rationalisation to avoid diluting gross margin.
- **Squeeze working capital:** Re-negotiate supplier terms and logistics add-ons while outlook is positive; accelerate slow-moving stock disposal.
- **Close the mid-market gap:** For £50–100m firms, intensify cost visibility in freight, packaging, energy, and store ops; target quick wins with measurable cash release.
- **De-risk the cost base:** Build alternate routes and suppliers for peak periods; contract indexation where exposure (fuel, corrugate, FX) is highest.



Insight 02.

Profitability Set to Improve

Insight 02. Profitability Set to Improve

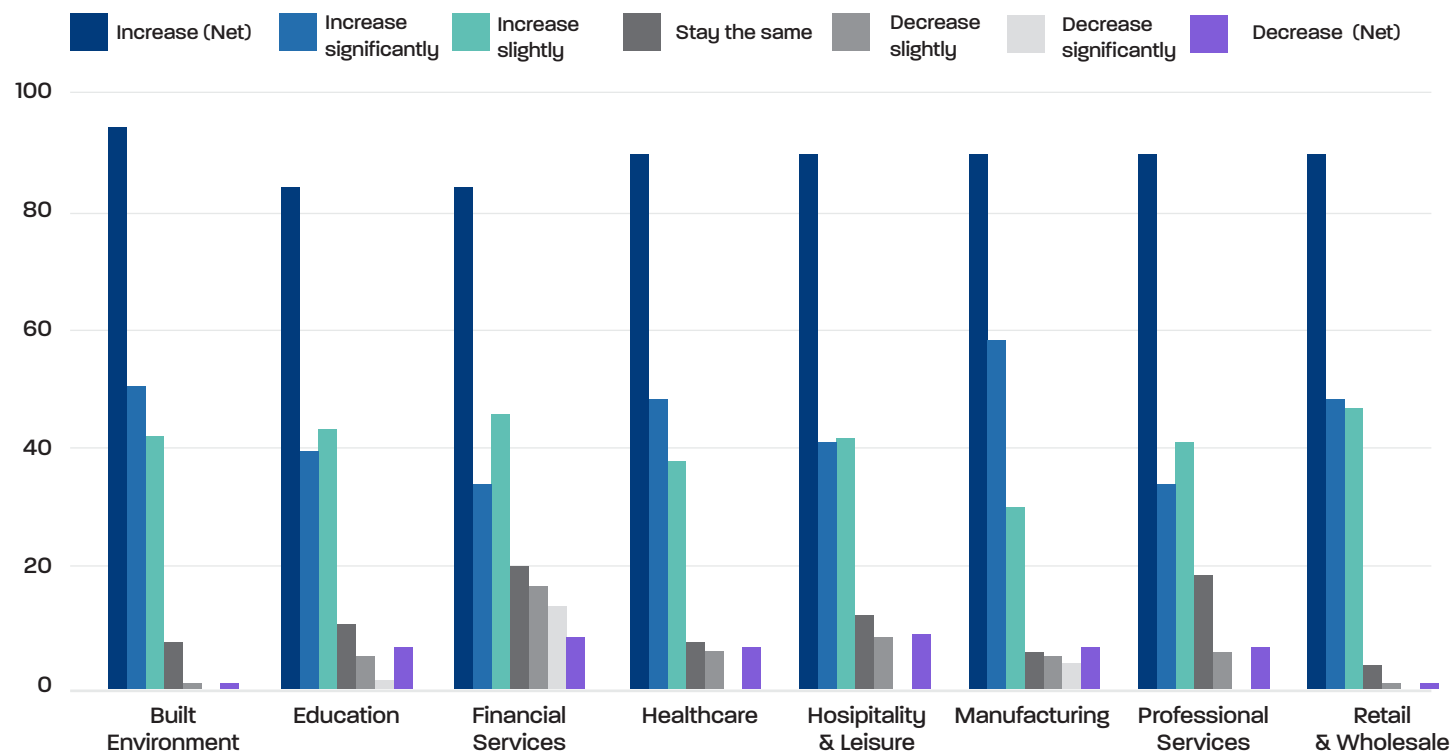
94.7% of Retail & Wholesale leaders expect EBITDA to increase in 2025 - well above the all-sector average (**87.1%**). Nearly half (**47.6%**) anticipate a **significant** improvement, reflecting firmer pricing discipline.

Only 0.9% foresee a decline, suggesting most have levers to defend margin even if volumes fluctuate.

EBITDA outlook	% of Respondents	Count
Increase (Net)	94.7%	213
• Increase significantly	47.6%	107
• Increase slightly	47.1%	106
Stay the same	4.4%	10
Decrease slightly	0.9%	2
Decrease significantly	0.0%	0
Decrease (Net)	0.9%	2

Margin confidence dips in the £50–100m mid-market-where wage inflation, shrink, and surcharge passthrough are harder to manage.

Q2. Are you predicting your EBITDA to increase or decrease in 2025 compared to 2024 (i.e. your business' profit as a net percentage of its revenue)?



Key Takeaways

- **Lock in margin mechanics:** Use price architecture and promo guardrails to protect unit economics; expand private label where elasticity allows.
- **Bank cost wins early:** Re-open freight, corrugate/packaging, and 3PL contracts; codify indexation and minimum-volume clauses before peak.
- **Attack store/DC leakage:** Prioritise shrink reduction, labour scheduling, and energy controls; standardise SOPs and automate low-value tasks.
- **Mid-market playbook:** For £50–100m firms, tighten cash conversion: vendor terms, rebate capture, and slow-mover liquidation; run weekly EBITDA bridges to ensure benefits land in P&L.



Insight 03.

Cost Focus with “Modernise to Grow” Agenda

Insight 03. Cost Focus with “Modernise to Grow” Agenda

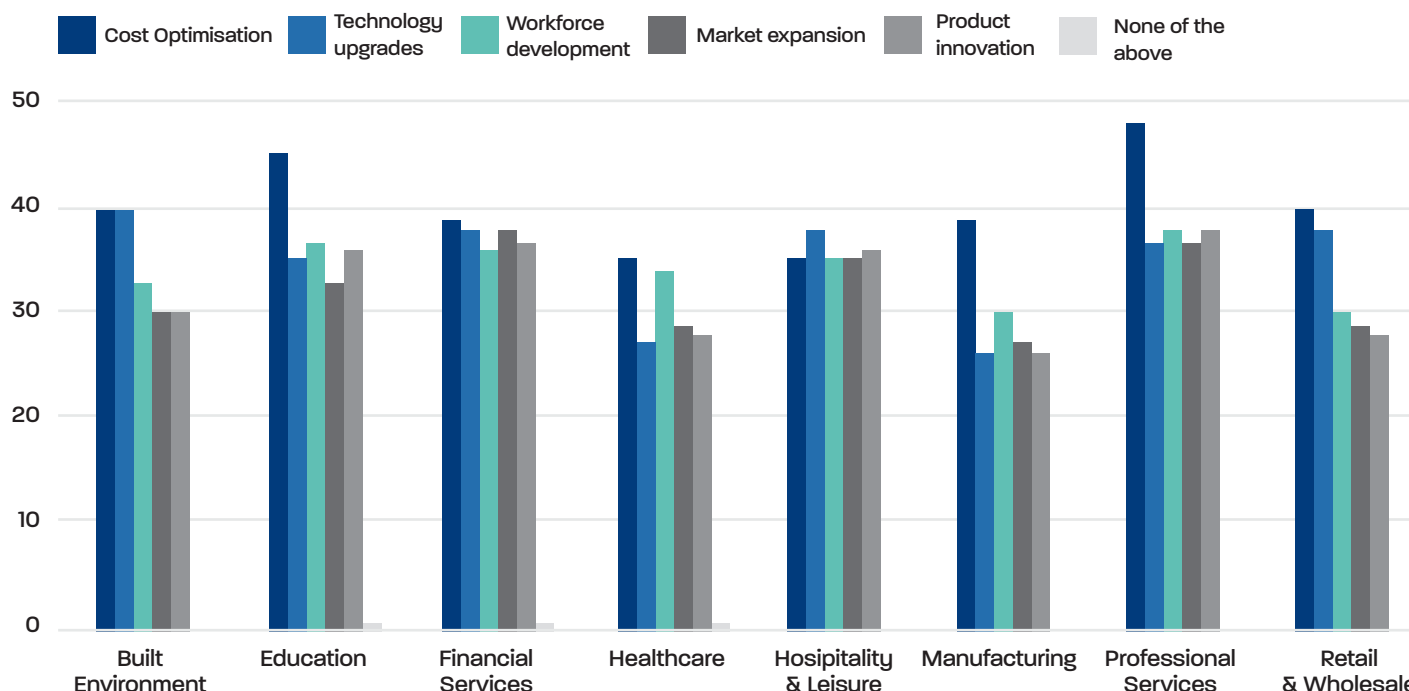
Retail & Wholesale priorities skew to **cost first, modernization second**.

40.0% put cost optimisation in their top three (in line with all-sector **40.4%**), while a near-tie for **technology upgrades (35.6%)** and **workforce development (29.8%)** shows leaders are funding the systems and skills that unlock margin and growth.

Market expansion (29.3%) and **product innovation (28.0%)** round out a balanced playbook - very little appetite for “do nothing” (**0%** selected none).

Top 2025 priorities	%	Count
Cost optimisation	40.0%	90
Technology upgrades	35.6%	80
Workforce development	29.8%	67
Market expansion	29.3%	66
Product innovation	28.0%	63
None of the above	0.0%	0

Q3. Which of the following initiatives, if any, is your business prioritising in 2025? (Select up to 3)



Key Takeaways

- **Sequence the portfolio:** Fund cost optimisation first (freight, packaging, energy, store ops) to release cash, then **ring-fence** a portion for **tech and skills** that improve availability, promo control, and demand forecasting.
- **Make tech pay back fast:** Prioritise upgrades that touch the P&L within 12 months (pricing & promo guardrails, OMS/WMS efficiency, inventory visibility, task automation).
- **Build capability, not dependency:** Pair system changes with front-line training and SOPs-close the adoption gap so savings and service gains actually land.
- **Guard focus:** Cap priorities to a small, high-impact slate; tie each initiative to a monthly EBITDA bridge and a clear owner.



Insight 04.

Pricing Power Is Unusually Strong

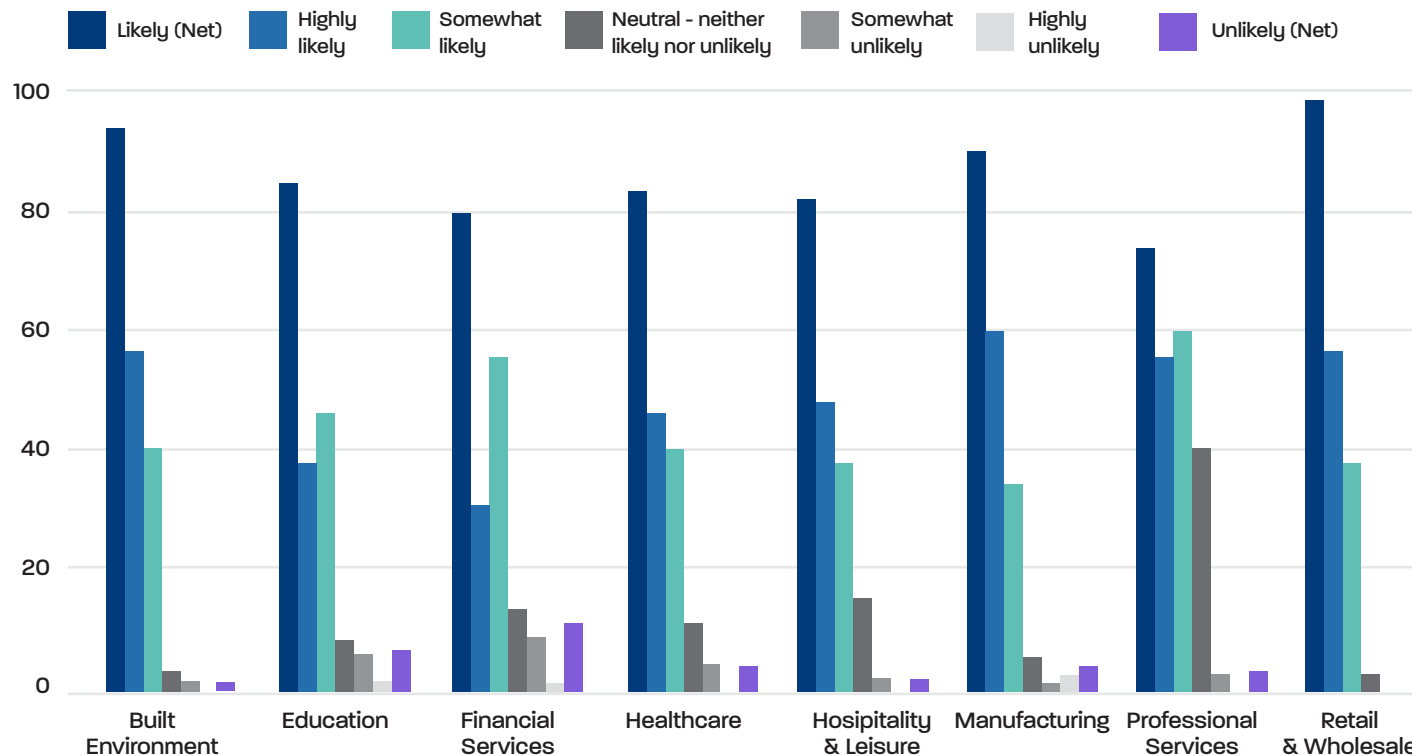
Insight 04. Pricing Power Is Unusually Strong

96.0% of Retail & Wholesale leaders expect to pass cost increases to customers in the next 12 months - a big step above the all-sector average (**86.4%**).

A majority say it's **highly likely** (**57.8%**), reflecting normalised supply chains, customer re-anchoring to new price points, and tighter price/promo governance. Only **4.0%** are neutral and **0%** expect it to be unlikely - clear headroom to defend gross margin if input costs tick up.

Pass-through likelihood	%	Count
Likely (Net)	96.0%	216
• Highly likely	57.8%	130
• Somewhat likely	38.2%	86
Neutral	4.0%	9
Somewhat unlikely	0.0%	0
Highly unlikely	0.0%	0

Q4. How likely or unlikely do you expect the ability to pass on any cost increases to your customers through your pricing to be in the next 12 months?



Key Takeaways

- **Codify indexation:** Bake fuel, corrugate, FX, and wage indices into supplier and customer contracts; time reviews quarterly to avoid step-changes.
- **Protect price architecture:** Pair everyday price integrity with tighter promo guardrails, mix management, and trade-funding discipline.

- **Segment response:** Use elasticity by category/channel to decide where to pass through fully, partially, or via pack-price architecture (sizes, private label).
- **Watch the tipping point:** Track basket size, churn risk, and cross-shop signals; pre-plan "price-value" trade-offs (bundles, loyalty rewards) if demand softens.
- **Enable front line:** Equip sales and store teams with scripts and proof-points (service levels, quality, availability) to support price moves.



Insight 05.

Tech-Led Productivity, with Growth and Supply
Chain Close Behind

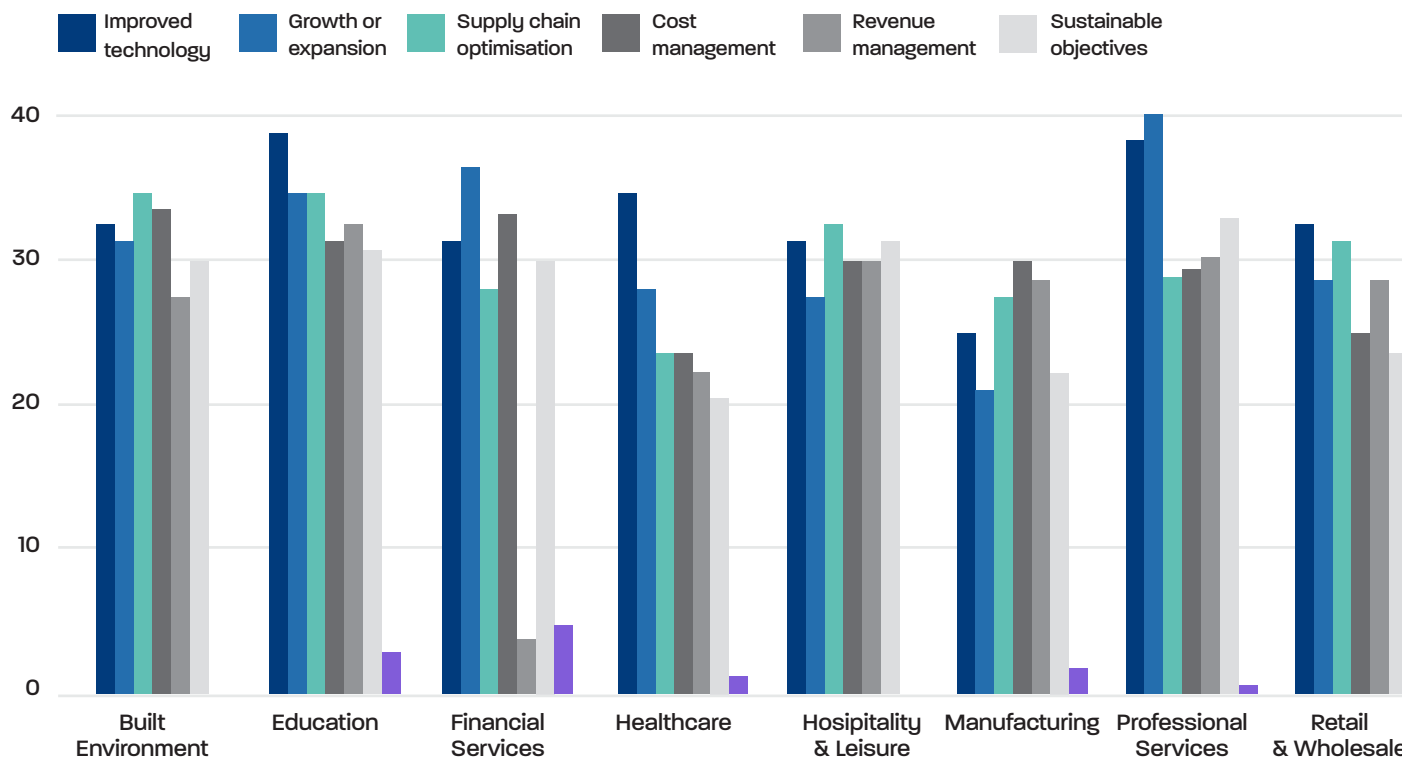
Insight 05. Tech-Led Productivity, with Growth and Supply Chain Close Behinds

Retail & Wholesale leaders are prioritising a **tech-powered operating upgrade** while keeping a tight grip on growth and supply chain execution.

Improved technology (33.3%) tops the list, with **supply chain optimisation (32.0%)** and **growth/expansion (29.3%)** close behind. **Revenue management (28.9%)** and **cost management (25.8%)** remain core enablers-few are pursuing sustainability as a standalone play (**23.6%**), and **no respondents** report having no priorities

Top strategic priorities	%	Count
Likely (Net)	96.0%	216
Improved technology	33.3%	75
Supply chain optimisation	32.0%	72
Growth or expansion	29.3%	66
Revenue management	28.9%	65
Cost management	25.8%	58
Sustainable objectives	23.6%	53
No priorities	0.0%	0
Other	0.0%	0

Q5. What, if anything, are your top strategic priorities for the next 12 months? (Select up to 3)



Key Takeaways

- **Make tech earn its keep:** Prioritise systems with <12-month payback-price/promo governance, inventory visibility (OMS/WMS), and automation that reduces labour variance and shrink.
- **Turn supply chain into a margin lever:** Re-bid freight and packaging, design alternate routes, and standardise service levels with indexation to stabilise landed costs.
- **Tie growth to discipline:** Pair market expansion with revenue management (mix, pack sizes, private label) and working-capital rules to avoid cash creep.
- **Operationalise sustainability:** Embed energy and packaging changes inside cost programs so ESG wins land in the P&L, not as side projects.



Insight 06.

Funding Execution, Not Bets

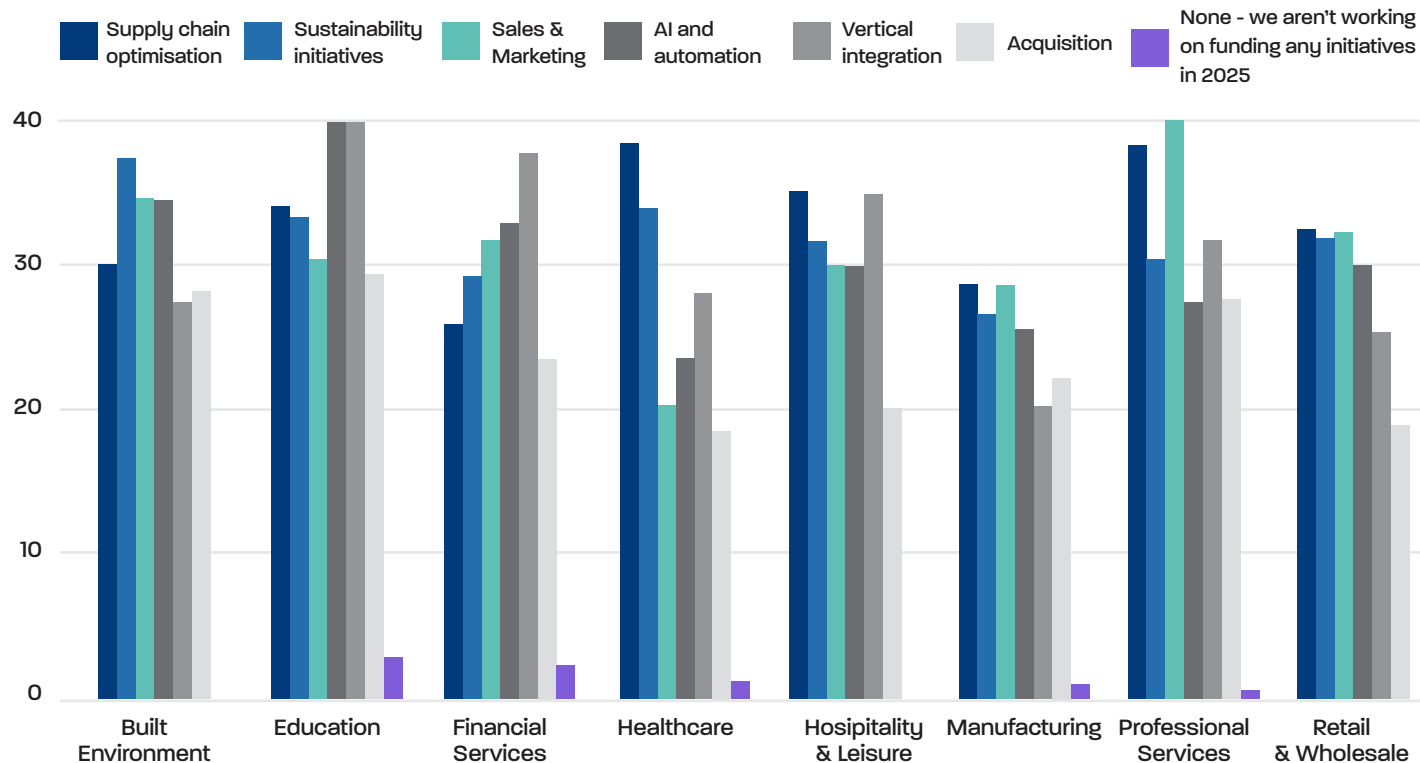
Insight 06. Funding Execution, Not Bets

Retail & Wholesale is spreading capital across **supply chain (32.9%)**, **sales & marketing (32.9%)**, **sustainability (32.4%)**, and **AI/automation (30.7%)** - a pragmatic, operations-first slate that supports margin and growth.

The sector under-indexes vs. all-sector on **vertical integration (24.4% vs. 29.5%)** and **acquisition (16.4% vs. 22.9%)**, signalling a preference to make the core business work harder before pursuing bigger structural moves.

Funding initiatives for 2025	Retail & Wholesale	All sectors
Supply chain optimisation	32.9% (74)	32.2%
Sales & Marketing	32.9% (74)	30.9%
Sustainability initiatives	32.4% (73)	31.1%
AI & automation	30.7% (69)	30.1%
Vertical integration	24.4% (55)	29.5%
Acquisition	16.4% (37)	22.9%
None	0.0% (0)	0.6%

06. What initiatives, if any, are you working on funding in 2025? (Select all that apply)



Key Takeaways

- **Make capital sweat:** Tie each funded initiative to a 12–18-month payback with monthly EBITDA bridges; stop or scale based on realised cash.
- **Prioritise flow over footprint:** Invest first where it reduces landed cost and improves availability (network design, carrier mix, DC productivity, store tasking).

- **AI that touches the P&L:** Start with price/promo governance, demand/supply planning, and labour scheduling before “nice-to-have” pilots.
- **Finance sustainability smartly:** Blend energy efficiency, packaging reduction, and waste contracts into cost programs; pursue rebates/green financing to lower net capex.
- **Keep big moves optional:** If M&A/vertical integration are on the horizon, de-risk now via long-term supply agreements, indexation, and shadow P&Ls.



Insight 07.

Execution Friction-Supply Chain & Skills Top the List

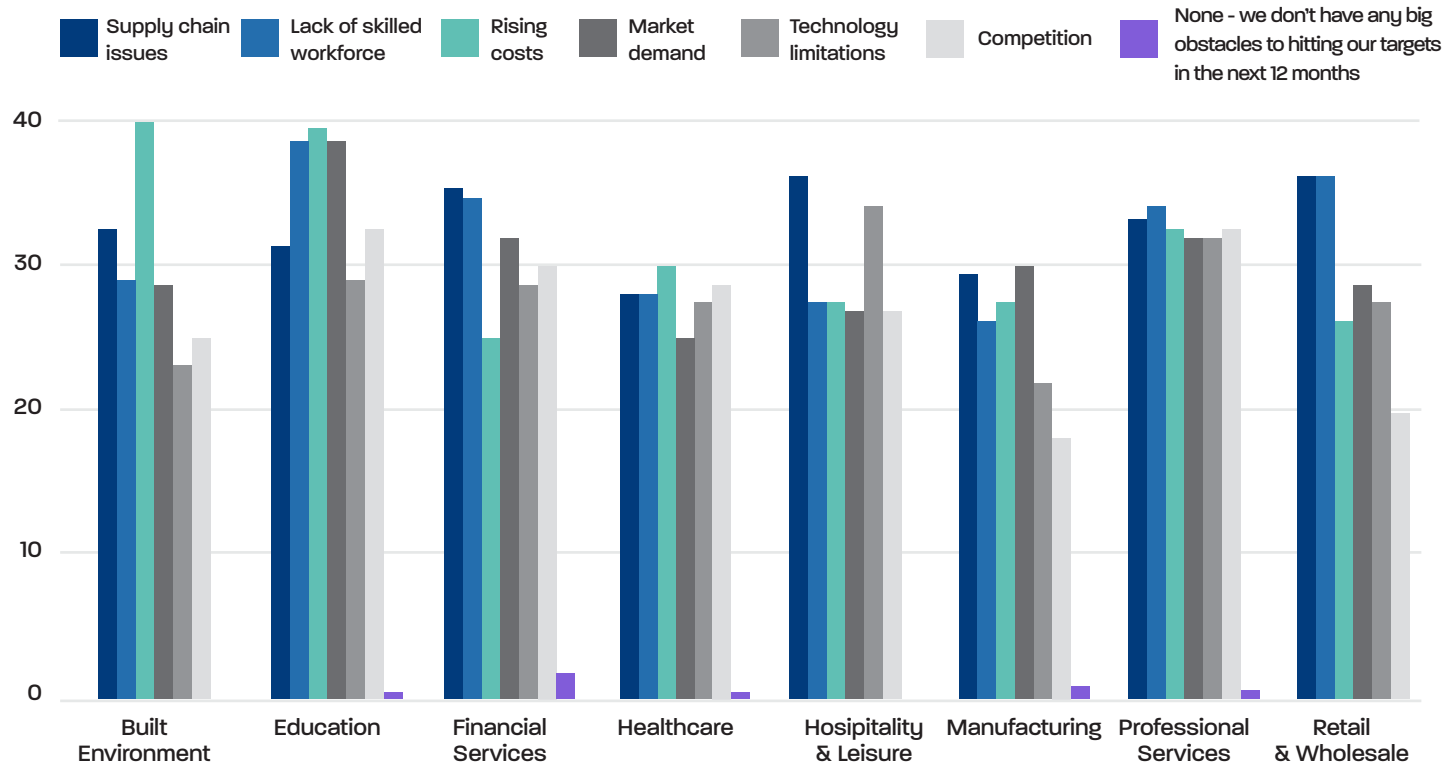
Insight 07. Execution Friction-Supply Chain & Skills Top the List

Retail & Wholesale leaders cite a twin squeeze from **supply chain issues (36.4%)** and lack of skilled workforce (**36.4%**) as the biggest blockers to hitting 12-month targets.

Market demand (28.0%) and **technology limitations (27.6%)** form a second tier, while rising costs (**25.8%**) rank lower than the all-sector average (**30.4%**), reflecting stronger pricing power and cost programs already in flight. Competition (**19.6%**) is comparatively less of a concern, and **no respondents** say there are no obstacles.

Top obstacles	%	Count
Supply chain issues	36.4%	82
Lack of skilled workforce	36.4%	82
Market demand	28.0%	63
Technology limitations	27.6%	62
Rising costs	25.8%	58
Competition	19.6%	44
None	0.0%	0

Q7. What, if anything, are your company's biggest obstacles to hitting its targets in the next 12 months? (Select up to 3)



Key Takeaways

- **De-risk the network:** Add secondary routes/suppliers, re-bid freight and packaging, and use SLAs with indexation to stabilise landed costs.
- **Solve the talent gap pragmatically:** Cross-train store/DC roles, tighten scheduling, and deploy task automation to reduce skilled-hours per task; tie incentives to shrink and availability.

- **Turn tech limits into quick wins:** Prioritise OMS/WMS visibility, promo guardrails, and demand planning before bigger platform overhauls.
- **Keep demand resilient:** Use price-pack architecture, targeted promotions, and loyalty to protect volume where elasticity is highest.
- **Keep cost pressure contained:** Run weekly EBITDA bridges; codify supplier terms, rebates, and energy controls so savings land in P&L.



Insight 08.

Cost Shocks-Materials, Supply Chain,
and FX Lead the Drag

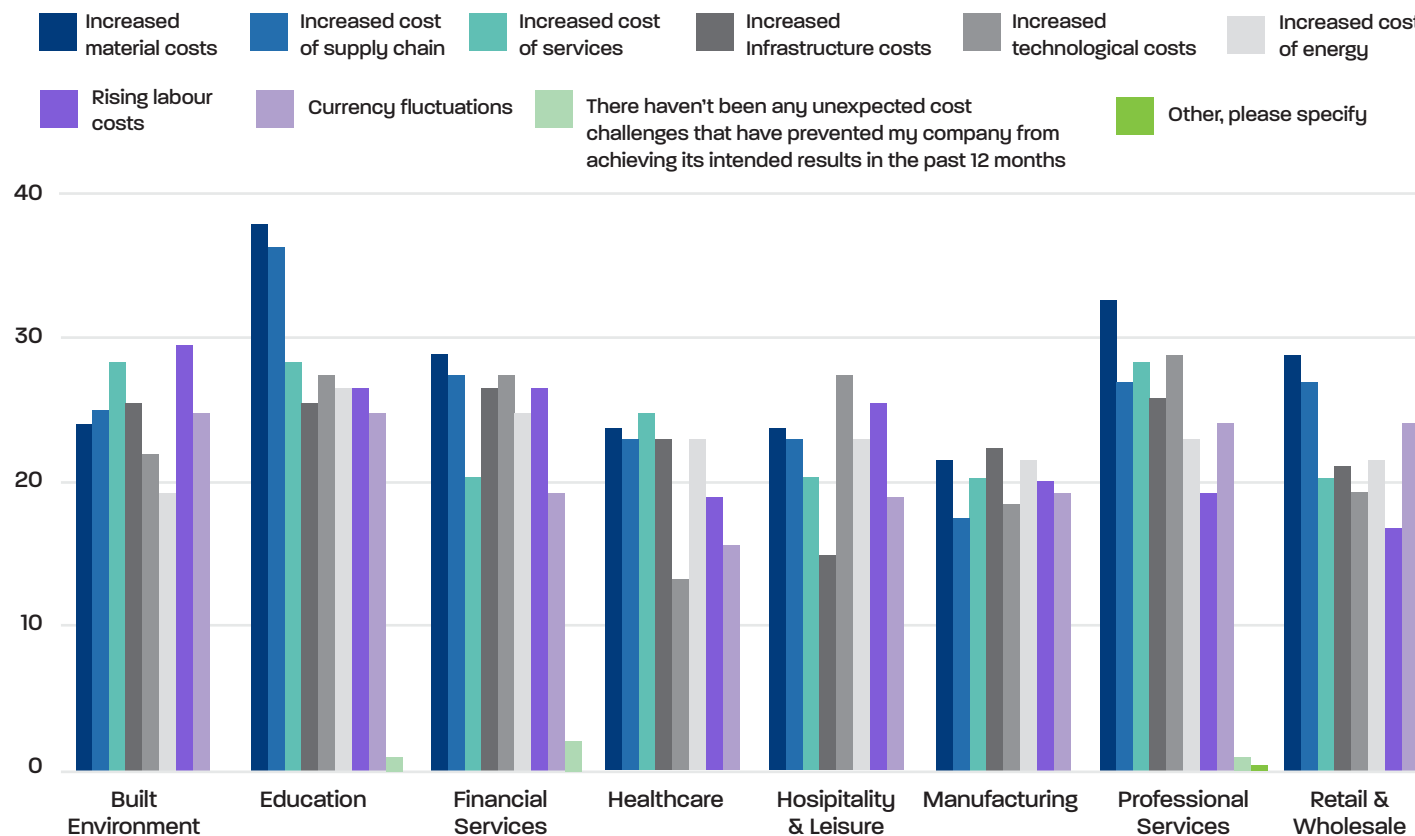
Insight 08. Cost Shocks—Materials, Supply Chain, and FX Lead the Drag

In the past 12 months, Retail & Wholesale performance was most hindered by **increased material costs (28.4%)** and **higher supply-chain costs (26.7%)**, with **currency fluctuations (24.4%)** a standout third-higher than the all-sector average (**20.7%**).

Energy (**21.3%**) and services (**20.4%**) also bit into margin. Labour pressure is relatively contained overall (**16.0%**, below the all-sector 22.2%), but it spikes for some mid-market firms. Notably, **0%** said they faced no unexpected cost challenges.

Unexpected cost challenges	% Count
Increased material costs	28.4% (64)
Increased cost of supply chain	26.7% (60)
Currency fluctuations	24.4% (55)
Increased cost of energy	21.3% (48)
Increased cost of services	20.4% (46)
Increased infrastructure costs	20.9% (47)
Increased technological costs	19.1% (43)
Rising labour costs	16.0% (36)
None	0.0% (0)

Q8. What unexpected cost challenges, if any, have prevented your company from achieving its intended results in the past 12 months? (Select all that apply)



Key Takeaways

- **Materials & services:** Build should-cost models and re-bid top SKUs/categories; convert ad-hoc surcharges into indexed clauses with review cadences.
- **Supply chain costs:** Redesign lanes and carrier mix; consolidate volumes, use multi-stop where feasible, and codify SLAs with fuel/capacity indexation.

- **FX volatility:** Hedge to a policy (e.g., layered forwards), dual-source where practical, and set pack/price “nudges” to maintain price points when GBP moves.
- **Energy & infrastructure:** Lock energy at staged tranches; target DC/store energy controls, maintenance SLAs, and capex with paybacks <24 months.
- **Tech spend discipline:** Rationalise licenses/modules, kill shelfware, and prioritise automations that cut labour variance or shrink.
- **Labour pockets of pressure:** In bands with high labour impact, tighten scheduling, cross-train, and link incentives to availability and shrink reduction.



Insight 09.

Horizon of Risk-Profit Now, Tech Next, ESG End-state

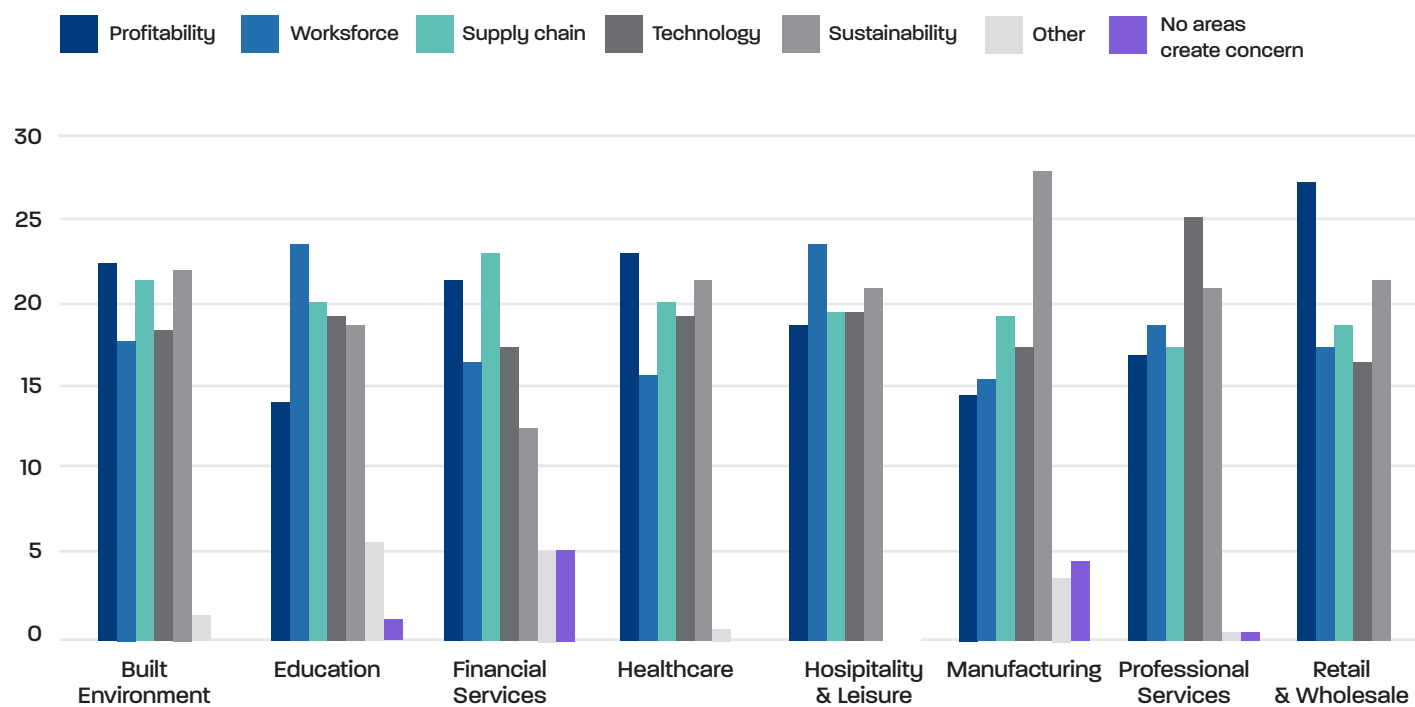
Insight 09. Horizon of Risk-Profit Now, Tech Next, ESG End-state

Risk rotates across the next three years. **In the next 12 months, profitability is the #1 concern (26.7%)** for Retail & Wholesale—well above the all-sector average (19.5%).

Over two years, technology rises to the top (24.4%), with supply chain (22.2%) close behind. **Over three years, technology and sustainability tie for #1 (both 21.3%)**, signalling a shift from near-term P&L defence to capability building and compliance/brand expectations. No respondents report “no areas of concern” at any horizon.

Area creating the most concern	Year 1	Year 2	Year 3
Profitability	26.7% (60)	18.2% (41)	20.0% (45)
Workforce	17.3% (39)	14.7% (33)	19.1% (43)
Supply chain	18.2% (41)	22.2% (50)	16.9% (38)
Technology	16.4% (37)	24.4% (55)	21.3% (48)
Sustainability	21.3% (48)	17.3% (39)	21.3% (48)
Other	0.0% (0)	3.1% (7)	1.3% (3)
No areas create concern	0.0%	0.0%	0.0%

09a. What area of your company, if any, creates the most concern over the following time frames? Over this next 1 year



Key Takeaways

Year 1 - Protect this year's P&L:

- Lock pricing architecture and promo guardrails; renegotiate freight/packaging/energy; run weekly EBITDA bridges to ensure savings land.
- Stabilise labour variance via scheduling, task automation, and shrink reduction.

Year 2 - Modernise the stack:

- Prioritise tech that hits the P&L within 12 months (demand planning, OMS/WMS visibility, price/promo tools).
- Use network redesign and indexed SLAs to contain supply-chain volatility.
- Year 3 - Institutionalise resilience & ESG:
 - Build data trails for ESG scope/packaging compliance; stage energy upgrades with <24-month paybacks.
 - Keep tech roadmaps pragmatic: decommission shelfware, standardise SOPs, and measure adoption so benefits persist.



Tariffs - A Net Tailwind for Retail & Wholesale

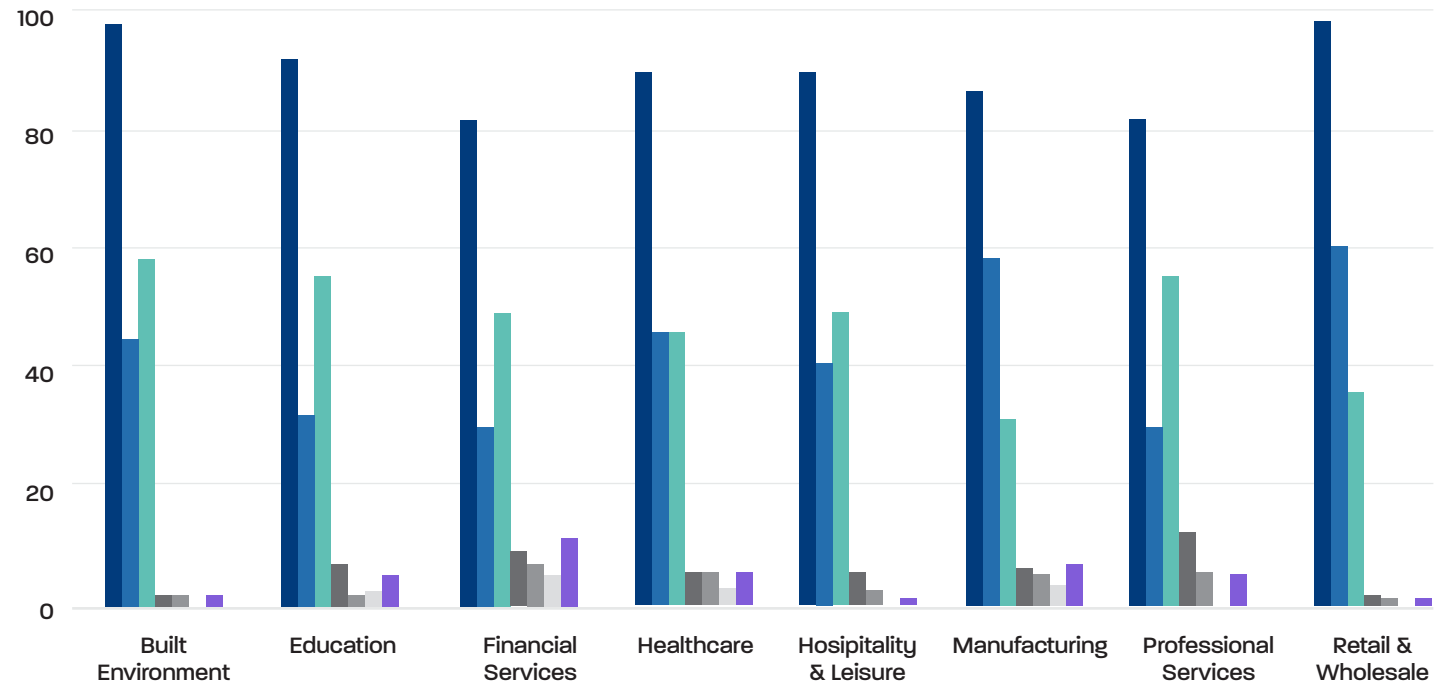
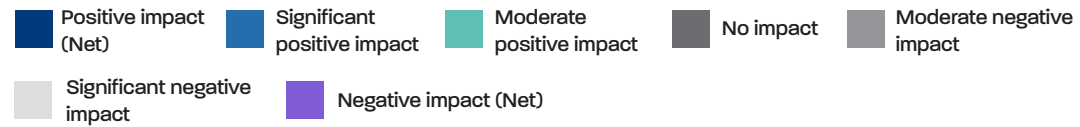
Insight 10. Tariffs

- A Net Tailwind for Retail & Wholesale

96.9% of Retail & Wholesale leaders expect tariffs to have a positive impact in 2025 (all-sector: **89.1%**). Remarkably, **60.4%** expect a **significant** benefit-suggesting pricing headroom, protected categories, or advantaged sourcing footprints. Only **1.3%** anticipate a negative effect and just **1.8%** expect no impact, implying most players see room to defend or expand margins under tariff scenarios

Expected tariff impact (2025)	%	Count
Positive impact (Net)	96.9%	218
• Significant positive	60.4%	136
• Moderate positive	36.4%	82
No impact	1.8%	4
Moderate negative	1.3%	3
Significant negative	0.0%	0
Negative impact (Net)	1.3%	3

Q10. What overall impact, if any, do you expect tariffs to have on your business in 2025?



Key Takeaways

- **Turn tariffs into price architecture, not one-offs:** Pre-plan list and pack-price moves by category/channel; codify trade funding so benefits land in margin.
- **Exploit relative advantage:** Where competitors face higher landed costs, lean into private label, substitution, and targeted promotions to win share without eroding GP.

- **Hedge the exceptions:** For exposed SKUs, use dual-sourcing, forward cover (FX), and indexed supplier contracts; ring-fence margin floors.
- **Track elasticity & basket health:** Monitor unit mix, cross-shop, and churn; deploy loyalty/bundle offers where higher shelf prices risk volume loss.
- **Bank gains in cash:** Tie every tariff-driven uplift to weekly EBITDA and working-capital bridges (inventory turns, payable terms) to ensure value is realised.

Conclusion

Retail & Wholesale enters 2025 with **momentum and means**. Leaders expect **revenue growth (81.8%)** and **higher EBITDA (94.7%)**, underpinned by unusual **pricing power (96.0% can pass through costs)** and a funding mix that favours execution - **supply chain, sales & marketing, sustainability, and AI/automation**. The message is clear: the sector isn't waiting for conditions to improve; it's using cost intelligence to create them.

Yet the path isn't frictionless. **Supply-chain issues and a shortage of skilled talent** remain the biggest obstacles, while **materials, logistics, energy, and FX** continue to deliver cost surprises. Risk rotates over the next three years - **from this year's profitability to technology and sustainability** as the defining capabilities of the medium term. Meanwhile, tariffs are viewed less as a threat and more as an opportunity to **reframe price architecture and capture share**.

Winning Retailers and Wholesalers will pair optimism with operational discipline - **locking in indexed contracts, tightening price/promo governance, accelerating inventory visibility, and standardising store/DC execution** - so that savings and price gains land in the P&L and in cash.

The leadership agenda-next 90 days

- **Bank cost wins:** Re-bid freight/packaging, codify indexation, and close rebate leakage; track benefits in a weekly EBITDA bridge.
- **Modernise where it pays back fast:** Prioritise price & promo guardrails, demand/supply planning, OMS/WMS visibility, and task automation.
- **Harden the network:** Add alternate suppliers/routes, review DC footprint, and stage energy upgrades with <24-month paybacks.
- **Protect demand quality:** Use mix, pack-price, and loyalty to defend basket health as list prices move.

For boards and C-suites, the mandate is to use **cost intelligence to fund growth** - turning today's pricing headroom and operational focus into durable margin, stronger cash conversion, and optionality for whatever comes next.



