



UK Consumer Spending

Q4 2025 Analysis &
2026 Future Outlook



Contents



The world around us.



Q4'25 trading overview.



Category deep dives for Q4'25 spending.



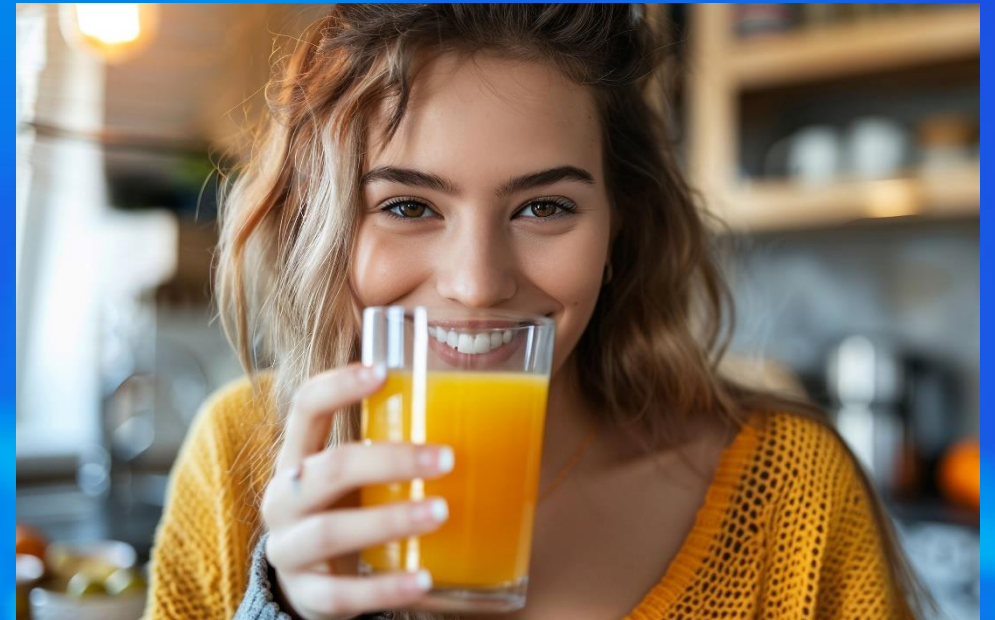
Outlook for 2026.

How we can help you.



01

The world around us

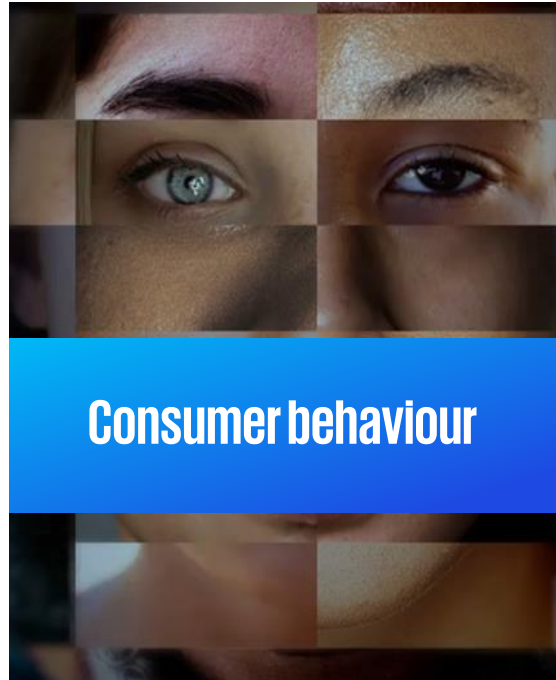


The backdrop to Consumer & Retail is evolving rapidly



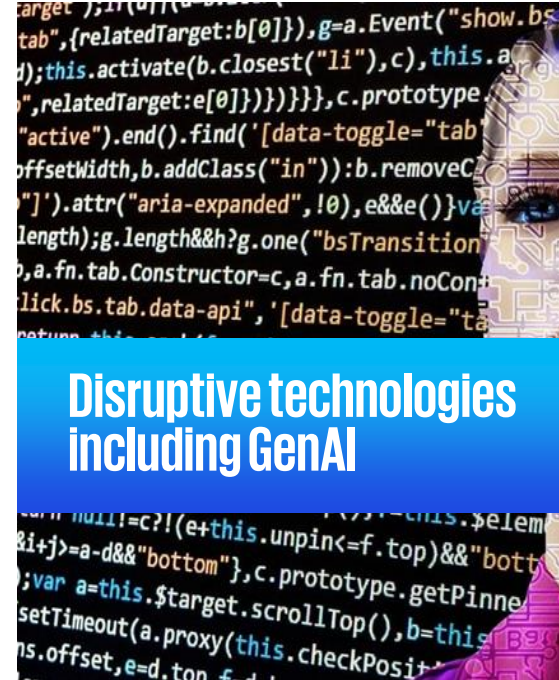
Macroeconomic and geopolitical environment

No consumer-led business is immune to economic and geopolitical turbulence. Global inflation drives input costs and interest rates affect investment. Tariffs are now adding to costs and uncertainty, whilst conflicts continue in the Middle East, Ukraine and Venezuela.



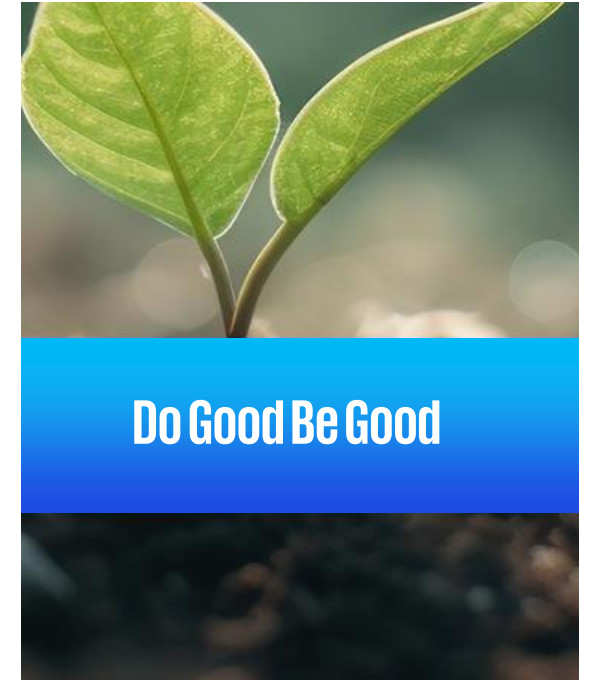
Consumer behaviour

Consumer behaviour continues to evolve, reflecting both longer term trends such as health and digital, and more medium-term variations on the interplay between price, quality and convenience. Social media, smart phones and wearable tech are influencing consumer engagement and purchasing behaviour, as well as modern payment methods such as contactless and BNPL.



Disruptive technologies including GenAI

Technology and AI is transforming all businesses, from customer engagement to predictive supply chains through to reporting and back-office processes. Robust and reliable data can be a competitive advantage if it is leveraged to make better decisions. Agentic AI is increasingly supporting personalisation and seamless experiences. But with new technology comes new cyber threats and risks of outages and skills and capability questions.



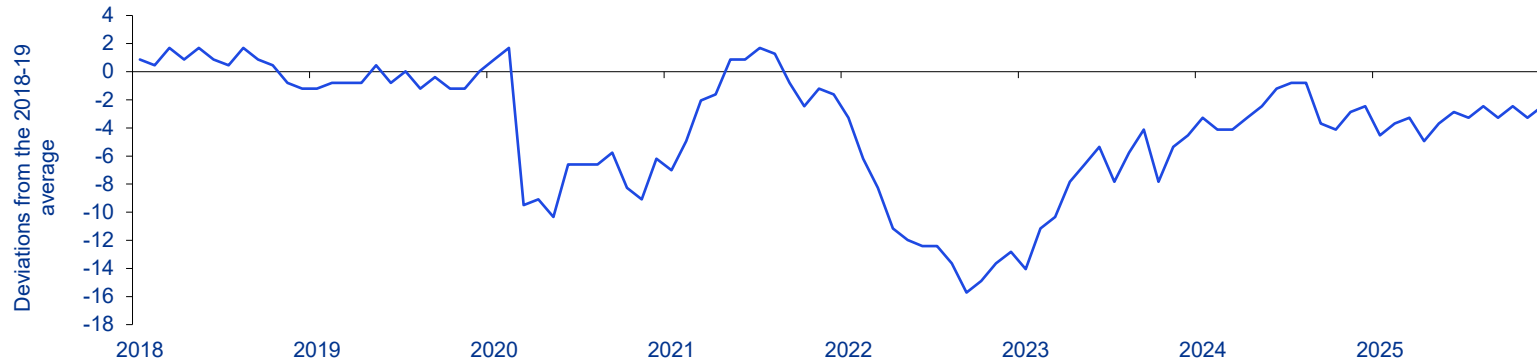
Do Good Be Good

Resilience is the new focus for many businesses, with sustainability and broader ESG being critical to this. Regulatory and reporting requirements have increased. Societal expectations mean getting it wrong can damage brand reputation. But most of all ESG can enable better risk mitigation – such as regenerative agriculture and traceable product flows, as well as cost opportunities, such as reduced energy usage.

Consumer sentiment in the UK economy has stalled in 2025, despite increased confidence in personal finances

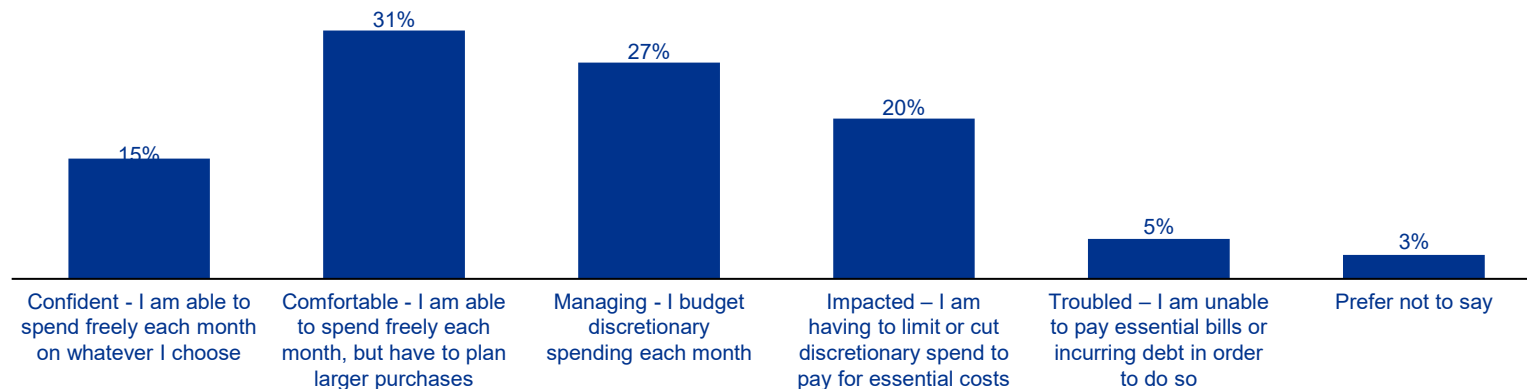
UK consumer sentiment has stalled in 2025 after a period of recovery^(a)

GfK consumer confidence index, 2018 – 2025.



Consumers are feeling more confident about their finances^(b)

“Which, if any, of the following best describes your current financial situation?”



Source: (a) UK GfK Consumer Index, KPMG analysis; (b) KPMG December Consumer Pulse Survey (n = 3000)

Consumer confidence remains subdued, with Q4’25 again pointing to limited signs of a rebound.

The disconnect between personal finances and consumer perception of the broader economy continues to persist, with almost 50% of consumers stating that they feel **confident or comfortable**, and able to **spend freely**^(b).

73% of consumers say they don’t have to limit or cut discretionary spending to cover essentials.

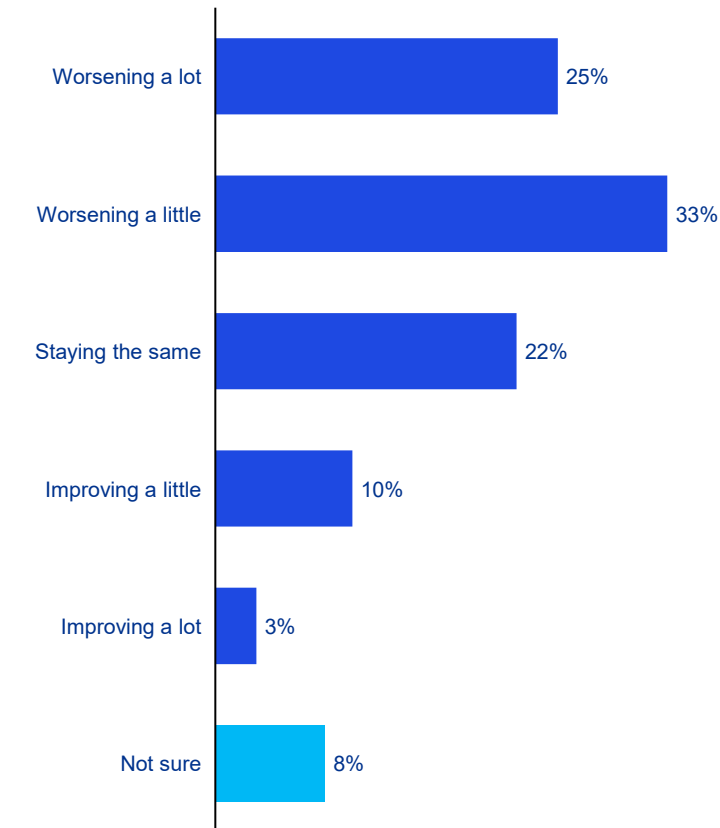
However, **25% of consumers** this quarter stated that they are either **impacted or troubled in paying for essential costs**, up by 2% from Q3’25.

10% of consumers aged 18-24 report themselves as being in a **troubled financial situation**, up from 7% in Q3’25. Another **21%** report themselves as **impacted and having to limit discretionary spending for essential costs**. This continues to highlight financial vulnerability that persists within younger adults who feel the squeeze on both their incomes and in the job market.

Consumers' concerns about the UK economy persist, with perceived costs of essentials the key driver

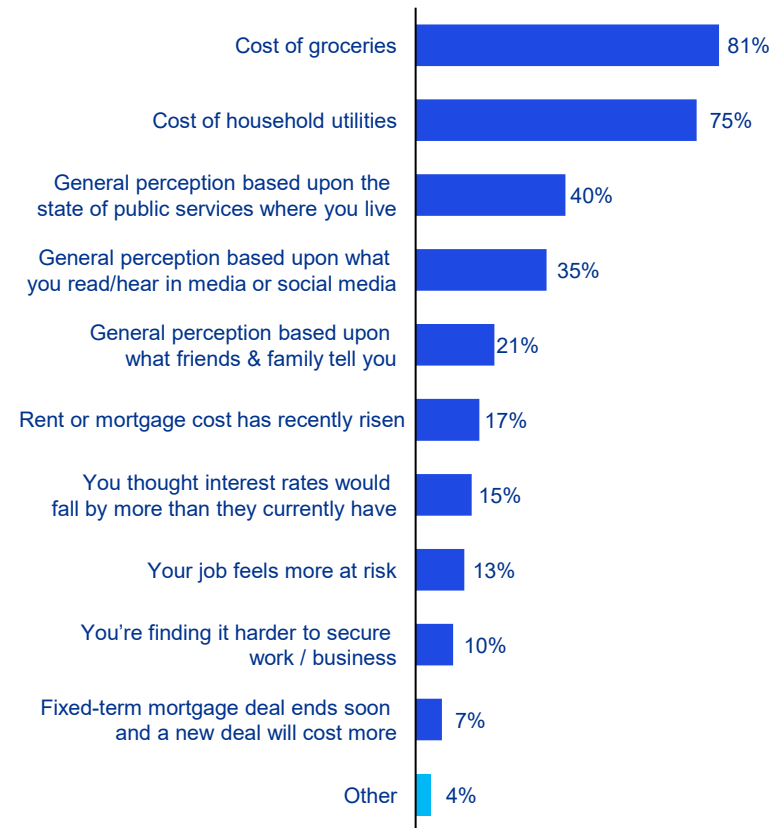
Consumers are pessimistic on the UK economy⁽¹⁾

"Is the health of the UK economy improving or worsening?"



Consumers are wary of rising cost of essentials⁽¹⁾

"What is making you feel that the UK economy is worsening?"



Consumers remain gloomy about the UK economy, with **58% of consumers believing the UK economy is worsening (down from 62% in Q3 2025)**. Just **13% of consumers are expecting improvement**. 80% of consumers feel the situation is either deteriorating or stagnant, pointing to a sustained lack of optimism of the economy.

The perception of the **rising cost of essentials**, particularly **groceries (81%)** and **household utilities (75%)** continues to drive this outlook. Consumers have spent several years finding ways to reduce their spending in these areas - and **these increases continue to be difficult to further reduce or avoid**.

Just 13% of consumers think the UK economy is improving, whilst nearly 60% believe it is worsening.

Almost **50% of consumers** are reacting to their perception of a weakening economy by **reducing their monthly spending on items**. **36% of consumers are deciding to save more as a contingency**. And **34% are deciding to defer making big ticket purchases**.

Source: (a) KPMG December Consumer Pulse Survey (n = 3,000);

02

Outlook for 2026



There are ten prevailing themes in consumer behaviour that will continue, with trust critical to winning in many of them

Choice drivers

Consumers make purchasing choices based on trusting Value, Quality and Convenience. Value is not just about price, it's about what value is relevant for the mission - or the dopamine hit from a great offer!



Multi channel => Seamless Commerce

Physical retail experience is still important, digital is key with online, apps, social media and increasingly agents, it needs to be seamless.



Time expectations

Increasing demand for things to be faster and frictionless – instant answers, easy checkout and rapid delivery.



Personal data vs. personalisation

Consumers give away personal data for offers/deals but also worry about privacy. To be successful and built future trust promotions need to be relevant in when as well as what.



Always on digital

Millennials average ~7 hours on screens per day; plus more and more wearable tech, retail and transport media, making contact constant.



Payment method choices ever increasing

Cash / credit card / debit card / contactless / digital wallets / BNPL
Will shopping agents transacting for us become a widespread reality?



Engaging with brands

Human connection is more important than ever but algorithmic viewing and agentic shopping is making it harder than ever to get seen by new customers. Interactive media – where consumers are contributors – is rising.



Interest in environment & ethics

Consumers want this but don't want any time or cost. For example they recycle only when it's easy. They want to trust brands and retailers to do for them. And get it wrong at your peril.



Focus on personal health

Consumers are increasingly actively managing their health, engaging health retailers, advisers and more; accelerated by availability of GLP-1s.



Budget

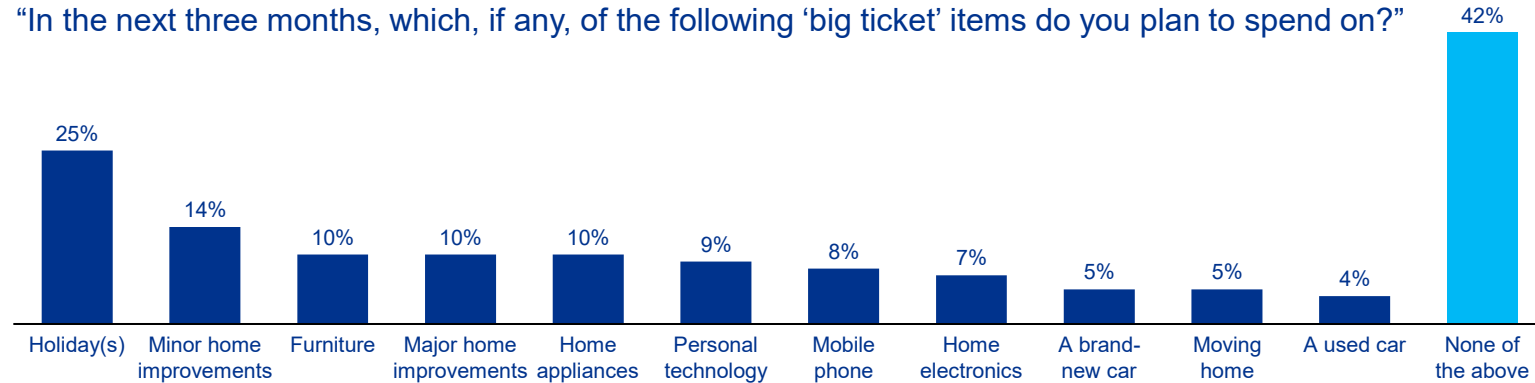
Continued concerns about the future economy, means careful everyday spending with selective indulgence; and a focus on value.



As consumers remain cautious on big ticket items, holidays remain the top choice

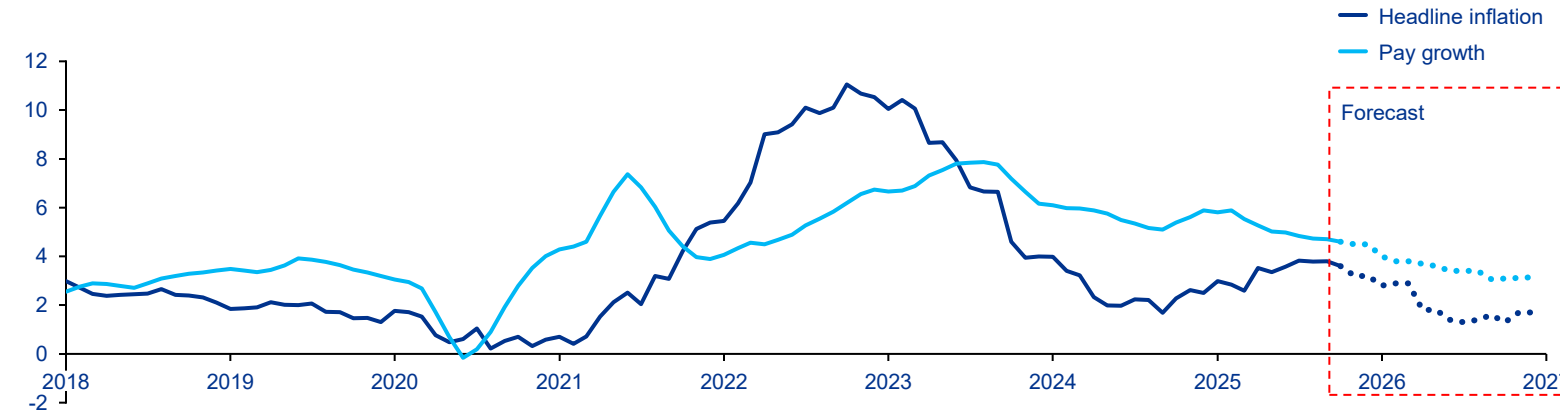
Holidays and home improvements remain the top planned big-ticket purchases in early 2026^(a)

“In the next three months, which, if any, of the following ‘big ticket’ items do you plan to spend on?”



Growth in headline inflation is catching up to pay growth, adding pressure to household budgets^(b)

Headline inflation vs pay growth (2018-2026).



Source: (a) KPMG December Consumer Pulse Survey (n = 3000) (b) ONS, KPMG projections

Holidays continue to be a top priority for consumers, with **25% of consumers planning to spend on holidays, in the next quarter.**

Planned spending on holidays has continued to reduce, and **42% of consumers plan to avoid major purchases altogether**, underscoring a sustained sense of caution.

Despite this the **Travel & Holidays sector continues to grow strongly, at +12% this quarter**, suggesting that while consumers plan to spend less, in practice they continue to increase holiday spend.

25% of consumers say they'll spend on holidays, while others remain cautious amid cost pressures.

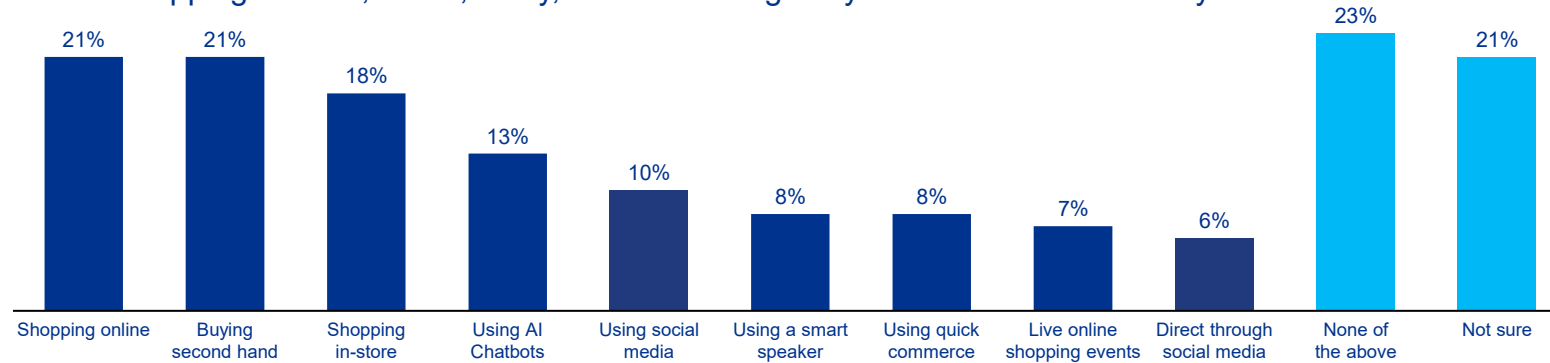
While wage growth has exceeded inflation in 2024 and 2025 the gap between the two seems to be narrowing (+3.1% in 2024 to +1.6% in 2025).

This might result in consumers being more restrained in their expenditures as **real income conditions tighten**. However, as consumers will have more to spend, this is unlikely to add major pressure to their budgets.

Consumers expect easy buying across a range of channels, often unaware of the role of AI

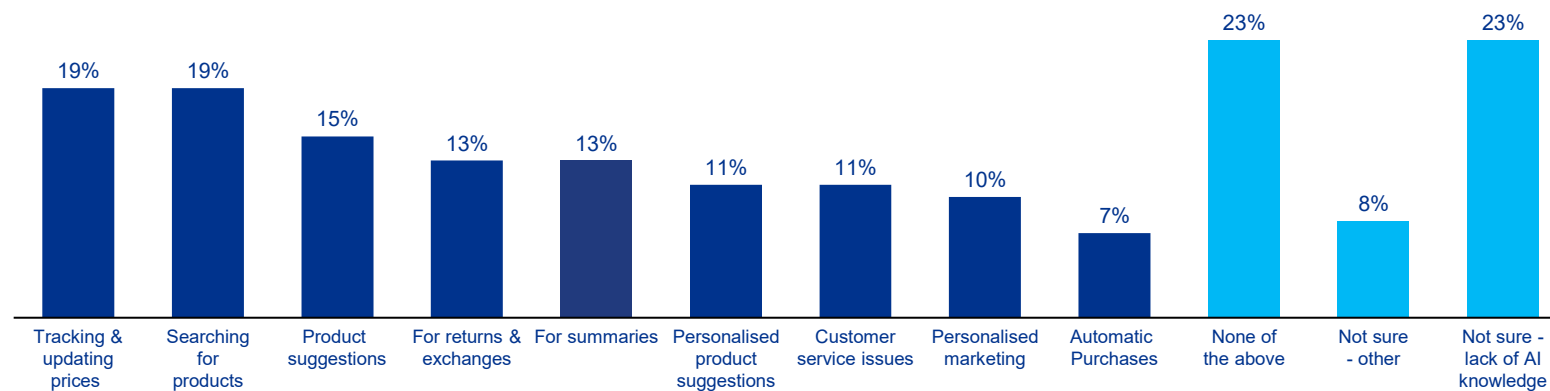
Consumers remain unsure of how they will go about their 2026 purchases^(a)

“When shopping in 2026, which, if any, of the following will you do more of than this year?”



Consumers show a subdued appetite for using AI technology for shopping^(a)

“Which, if any, of the following AI technology would you be happy to use when shopping in 2026?”



Source: (a) KPMG December Consumer Pulse Survey (n = 3000)

Over 1 in 5 consumers state that they will carry out their shopping online, demonstrating the importance of convenience and digitally aligned businesses.

21% of consumers state they will shop second-hand, showing consumers remain value-conscious.

54% of consumers say they are unsure about using or not willing to use, AI technology for shopping

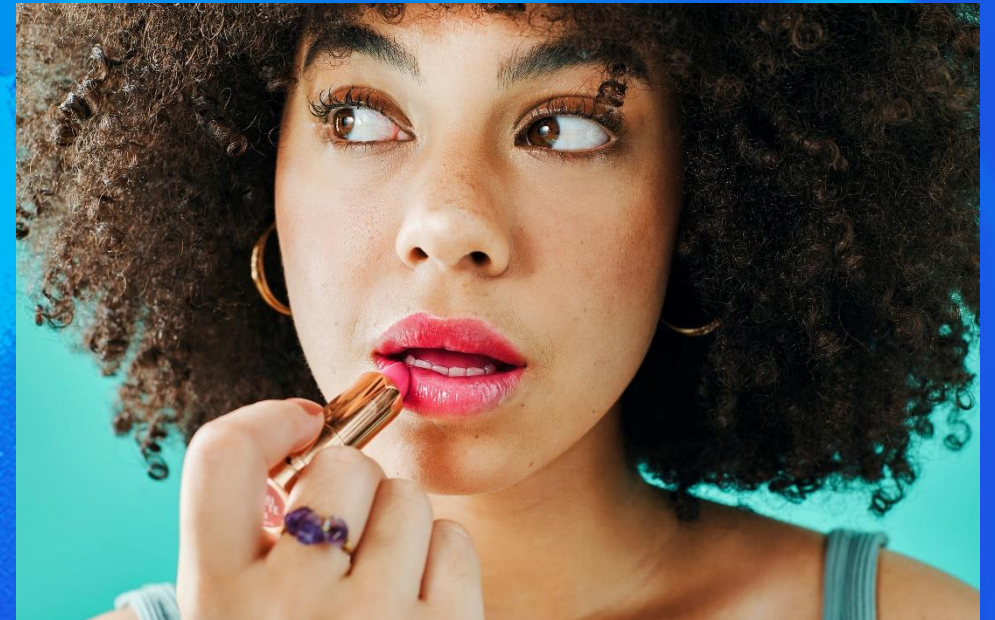
Almost 1 in 4 of consumers state that they would not use AI when shopping in 2026. 23% of consumers state they are unsure due to a lack of knowledge.

In contrast, 19% of consumers indicate that they would be happy to use AI tools to track and monitor prices, highlighting financial caution and value-seeking behaviors.

In practice, much of what is shown to consumers during their purchasing journey will be powered by AI, and many consumers won't even realise they are using AI.

03

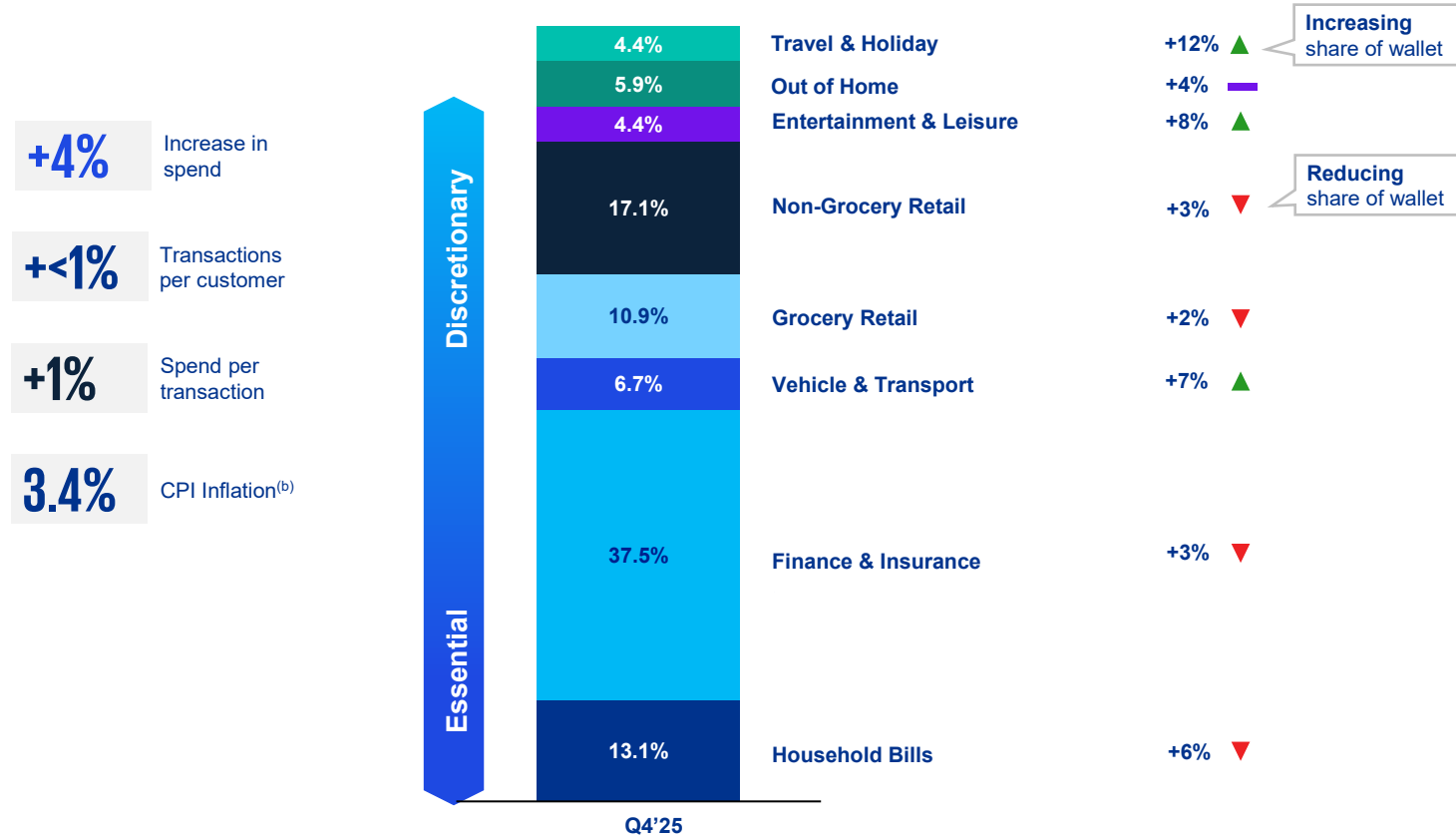
Q4'25 trading overview



Q4 performance: Moderate growth overall with strong performance in Non-Grocery Retail

Change in consumer spend across primary categories

Proportion of spend on Primary Categories, Q4'25 vs Q4'24 and breakdown of growth drivers Q4'25 vs Q4'24^{(1)(a)}



Consumer spend grew by 4% in Q4'25 compared to Q3'24, just outpacing inflation (3%) as both transactions per customer (+<1%) and spend per transaction (+1%) increased.

Growth was led by Travel and Holiday (+12%) increasing their share of wallet, rebounding from a subdued Q4 which showed just 3% growth.

4% year-on-year growth in Q3'25 versus Q3'24 as consumer per transaction spend increased.

In contrast, Grocery Retail (+2%), Non-Grocery Retail (+3%), Finance & Insurance (+3%) and Household Bills (+6%) grew slowly, losing share of wallet — suggesting consumer focus has been on minimising essential costs, allowing spend to grow in other areas. Vehicle and Transport (+7%) saw a growth in share of wallet.

Other experiential categories like Entertainment & Leisure (+8%) remain robust.

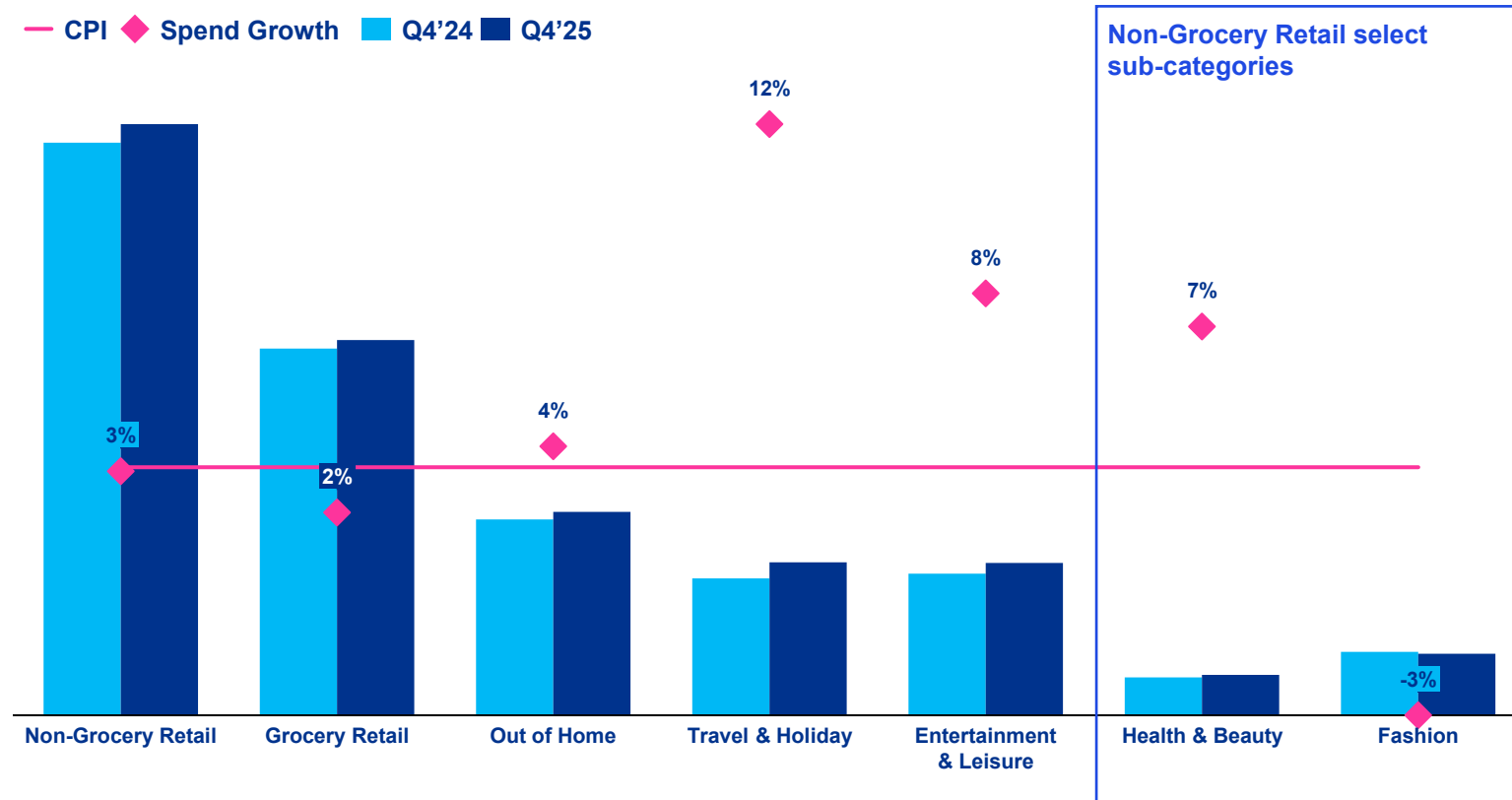
Overall, consumers have shifted their spending towards more discretionary spending this quarter, with essential spending requiring a lower share of wallet.

Note: (1) Quarterly basis: refers to values from the months of October, November, December
 Source: (a) KPMG analysis, Customer card transaction data (n = 143,729); (b) Office for National Statistics;

Q4 performance: Consumers sought value in essential purchases and increased Travel & Holiday spend

Growth in consumer spending varied significantly by category⁽¹⁾

Absolute value and growth rate of Q4'24 vs Q4'25^{(2)(a)}, selected categories and sub-categories shown.



In Q4'25 UK consumers shifted their focus toward **Travel & Holiday (+12%)** and **Health & Beauty (+7%)**; driven by higher customer participation and spend and reflecting sustained interest in everyday wellness and self-care.

Entertainment & Leisure saw a generous growth (**+8%**) driven by digital services, whilst in-person experiences lag behind.

Travel & Holiday saw double-digit growth as consumers increased discretionary spending, exceeding growth in retail.


Growth has softened for **Out of Home (+4%)** and **Non-Grocery Retail (+3%)**, and it remains to be seen if this is a blip or the start of a longer-term challenges to these categories.

Grocery Retail (+2%) fell behind inflation this quarter, pointing to consumer choices to trade down for more value-oriented choices for core spending.

Despite weakening sentiment and a feeling that the economy is worsening, **consumers continue to spend** as demonstrated through the **recent shift back towards Travel & Holiday** and further spending across non-essentials.

Note: (1) The spend values for "Health & Beauty" and "Fashion" sub sectors form part of the overall Non-Grocery Retail number; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Consumer Price Inflation.
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729); (b) Office for National Statistics;


Four winning themes continue to stand out across categories:

 **Scaled players**

Example winners:

Tesco +4%	B&Q +7%
Amazon +5%	McDonalds's +9%

- Scaled players continued to capture growth in categories such as Travel & Holiday, Grocery and Out of Home.
- A common theme amongst the successful scaled players was the deployment of loyalty schemes, promotions and discounts to help attract price conscious consumers.
- This strategy works for scaled players as they are well positioned to utilise data gained from loyalty schemes and invest in effective promotions. Smaller retailers, or those with less frequent purchasing, found this harder as friction of sign-up discourages consumers.

 **Clear value proposition**

Example winners:

Tu Clothing +30%	Temu +42%
Farmfoods +4%	Lidl +14%


- Value is always important. For some categories, and some consumers across categories, that means price as the key purchase consideration.
- Depending on the spending mission, consumers are, however, able and willing to pay for other definitions of Value, provided it is clear. Consumers will also pay for Quality and Convenience, provided these promises are delivered on.
- All this played into the hands of those players with a clear value proposition. Companies with a business model and operating model aligned to their customer proposition on Value, Quality and Convenience were well positioned to take advantage of increasing consumer wallets.

 **Online platforms**

Example winners:

Vinted +34%	Trip.com +98%
MyJuniper +101%	Deliveroo +7%

- Online penetration continues to grow across retail and has held up growth through much of 2024 and 2025 as some in-store purchasing declines.
- This is seen across multiple categories, including Food Retail partnering with delivery providers, Travel & Holiday platforms, or in Entertainment & Leisure.
- Marketplaces are proving successful business models for some, with traditional retailers launching their own platforms to both leverage and capture broader customer data.
- Key to platform success is the supply chain and the delivery of the promise to the customer, in line with the brand.

 **Industry disruptors**

Example winners:

Numan +45%	TikTok +27%
Simmer +32%	ChatGPT +125%

- Disruptors often show rapid growth. Some of these have found new business models that capture the consumer, such as social commerce leveraging consumer data to personalise ads and then offer a seamless shopping experience.
- Others are capturing smaller markets of consumers, with greater spending power, looking for brands that resonate with their personal values – whether that is ethical beauty products or pre-owned items.
- But with the rise and fall of some disruptors, such as meal kits who had a challenging 2024 but have rebounded in 2025, the question for these fast-growth players is whether the novelty will wear off for consumers or be here to stay.

The lowest income consumers decreased essential spend through a lower spend per transaction

Breakdown in growth in spend by age group and spend driver
Q4'25 Vs Q4'24

	1 st (lowest)	2 nd	3 rd	4 th (highest)
Total spend	-1.7%	2.1%	2.7%	4.2%
Number of customers	0.1%	0.3%	-0.1%	0.2%
Transactions per customer	0.7%	1.7%	1.9%	1.0%
Spend per transaction	-2.5%	0.2%	0.9%	3.0%

Breakdown in growth in spend by age group and spend driver
Q4'25 Vs Q4'24

	1 st (lowest)	2 nd	3 rd	4 th (highest)
Total spend	0.9%	3.6%	6.3%	2.5%
Number of customers	2.1%	3.6%	3.4%	1.9%
Transactions per customer	-1.3%	-2.1%	-1.9%	-0.9%
Spend per transaction	0.1%	2.2%	4.8%	1.5%

Note: Spending excludes the General category. Categorization of 'discretionary' and 'non-discretionary' is done by the consumer
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729)

UK consumers in the lowest income quartile decreased their total non-discretionary spend by 1.7% this quarter. Driven mainly by a decrease in spend per transaction of 2.5%.

Those in the highest income quartile increased their non-discretionary spend by 4.2%, being the only income group to increase spend by more than inflation this quarter. With this increase driven by an increase in spend per transaction of 3.0%, this suggest this group is not 'trading down' as prices rise for their essential spend.

With the lowest income consumers trading down for essentials, the cost-of-living crisis continues for some.

Consumers in middle income quartiles increased their discretionary spend at more than inflation. With less transactions per customer, this suggest deliberate spending on key items where value is more than just price.

04

Category deep dives for Q4'25 spending



Grocery Retail: The limited growth was captured by scaled players and discounters

	Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q4'25 Vs Q4'24	+2%		+1%		-1%		+2%

Category top winning players⁽³⁾

Absolute increase and growth rate of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Category top lagging players⁽³⁾

Absolute decrease of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Note: (1) Total spend = Customer Participation x Average transactions per customer x Average transaction value; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729)

Grocery Retail saw modest growth in Q3'25, rising 2% year-on-year. Growth was driven by increases in customer numbers (+1%), and transaction value (+2%), reflecting a slightly lagging quarter for the category.

Tesco continues to maintain its leadership with strong performance, whilst the discounters Lidl and Farmfoods performed well, maintaining momentum through value-focused propositions.

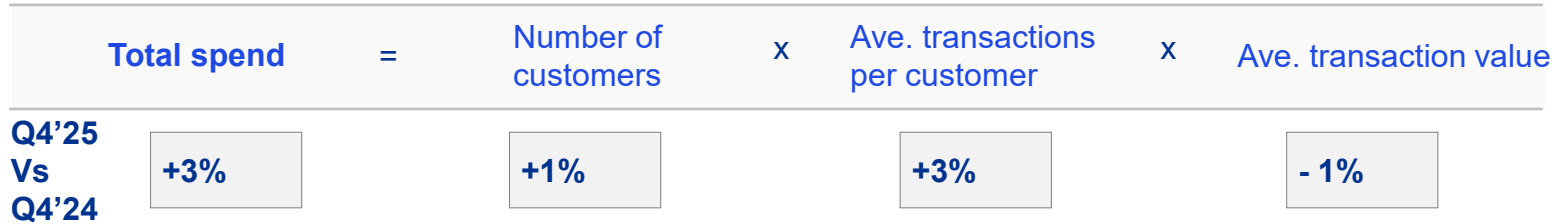
Lidl continues to have drive strong growth with double digit growth, outperforming most major supermarkets.

Sainsbury's and Aldi posted just-below-CPI growth rates in Q4, both growing around 3%, with Sainsbury's having a weaker November followed by a stronger festive period.

ASDA has remained among the lagging players continuing to lose market share, with Spar and Co-op also lagging.

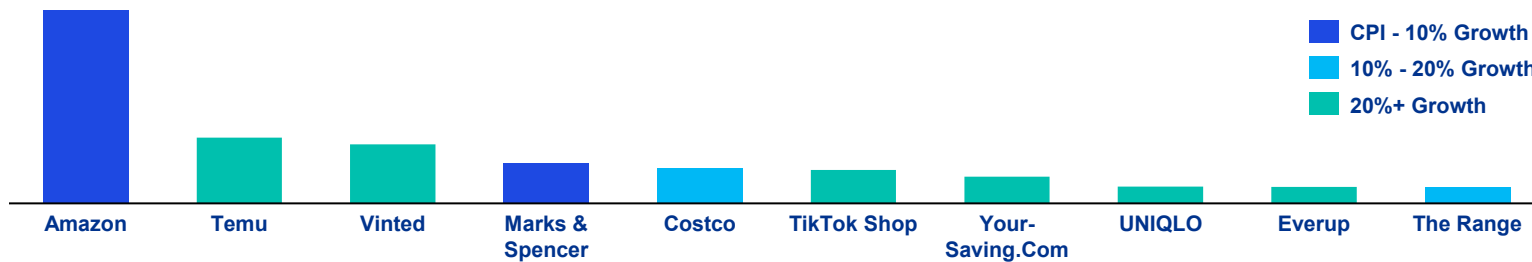
This quarter saw both HelloFresh and Gusto experience declines in sales, whilst competitor Simmer continues to appear a top winning player in the meal delivery space, on the back of their continued aggressive online marketing campaigns.

Non-Grocery Retail: Digitally focused players continue to capture modest growth



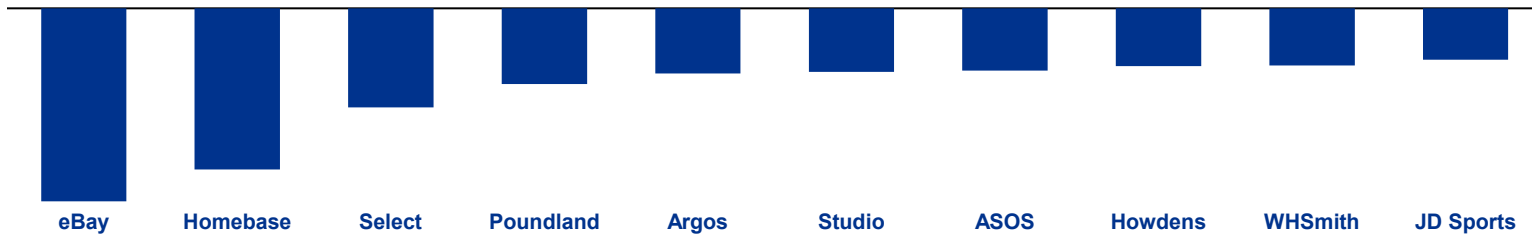
Category top winning players⁽³⁾

Absolute increase and growth rate of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Category top lagging players⁽³⁾

Absolute decrease of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Note: (1) Total spend = Customer Participation x Average transactions per customer x Average transaction value; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729)

Q4'25 proved to be a modest quarter for **Non-Grocery Retail**, rising **3% year-on-year**. Growth was driven by increases in **customer numbers (+1%)**, and **average transactions (+3%)**. Whilst average transaction values lagged behind **(-1%)**.

Amazon continues to lead the category again with standout growth, continuing their dominance in the category.

Digital disruptors like **Temu**, **Vinted**, and **TikTok Shop**, all continued to see 20%+ gains, reflecting how consumer appetite for value, convenience, and digitally native experience continues to remain.

Online marketplaces had a strong quarter, continuing to be popular channels with consumers.

Many retailers, including **Home Improvement** players and **Online Marketplaces** such as **eBay** continue to face headwinds during these challenging times.

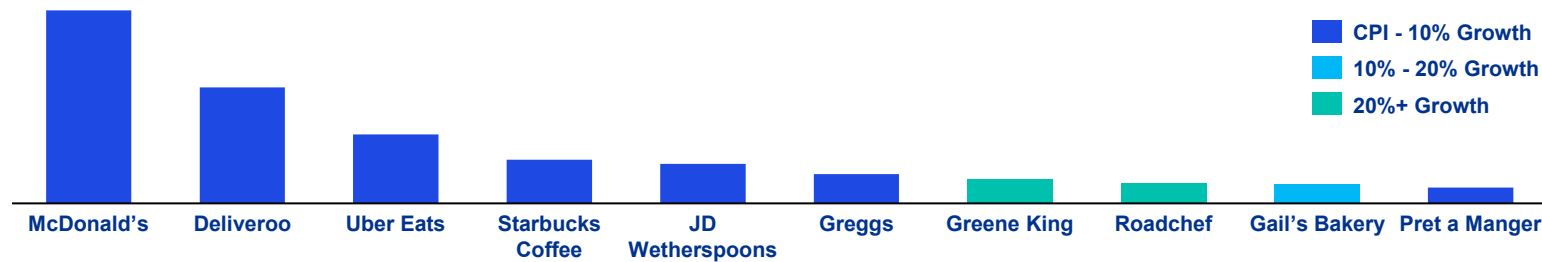
Despite these challenges for some, **scaled and digital-first retailers** continued to capture share, reinforcing strong momentum across the category.

Out of Home: Digital natives continue to succeed in a somewhat challenging market

	Total spend	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q4'25 Vs Q4'24	+4%	- 1%		+<1%		+5%

Category top winning players⁽³⁾

Absolute increase and growth rate of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Category top lagging players⁽³⁾

Absolute decrease of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Note: (1) Total spend = Customer Participation x Average transactions per customer x Average transaction value; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729)

Out of Home proved to have a strong Q4'25, with an above inflation spend increase of **4% year-on-year**. Growth was driven by increases in **average transactions values (+5%)** and **average transactions per customer (+<1%)**. Whilst the **number of customers declined (-1%)**.

Growth in the category still lagged behind other experience-led sectors such as, **Travel & Holiday** and **Entertainment & Leisure**.

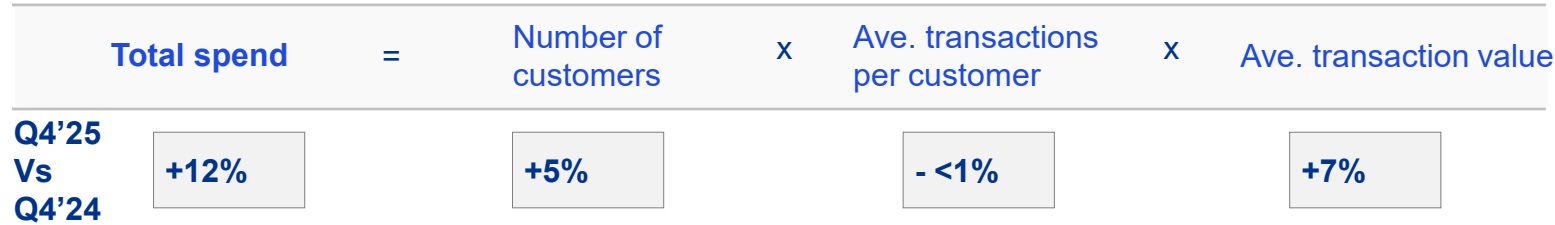
Aggregator platforms continue to see mixed results, as value focused fast-chains see big wins.

This quarter saw aggregator platforms experience a small decline. Performance between players varied, with **Uber Eats** and **Deliveroo** continuing to lead the category whilst **Just Eat** and **Foodhub** encountered declines.

This quarter saw casual dining and fast-food chains experience a mixed bag of results. **McDonald's**, **JD Wetherspoons** and **Greggs** had a positive quarter, potentially reflecting consumers leaning into convenience and value-conscious purchasing.

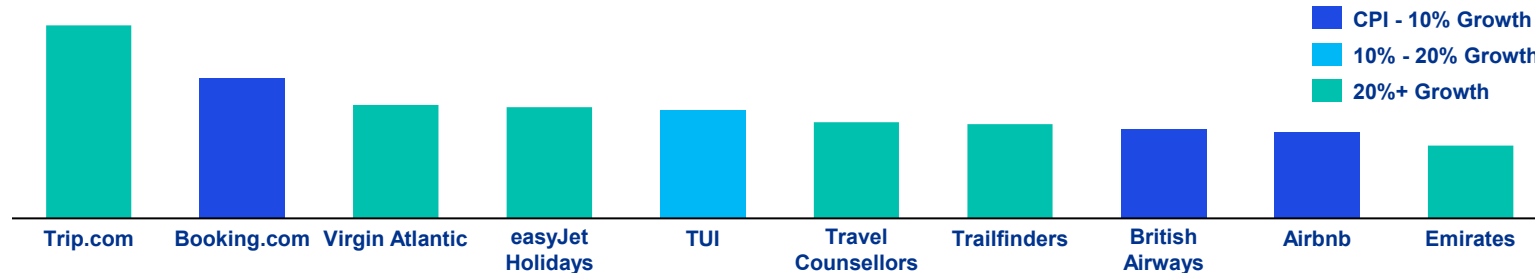
Other established players such as **Subway**, **Pizza Hut** and **Wagamama** all continued to underperform.

Travel & Holiday: A strong quarter for digital natives and aggregator platforms



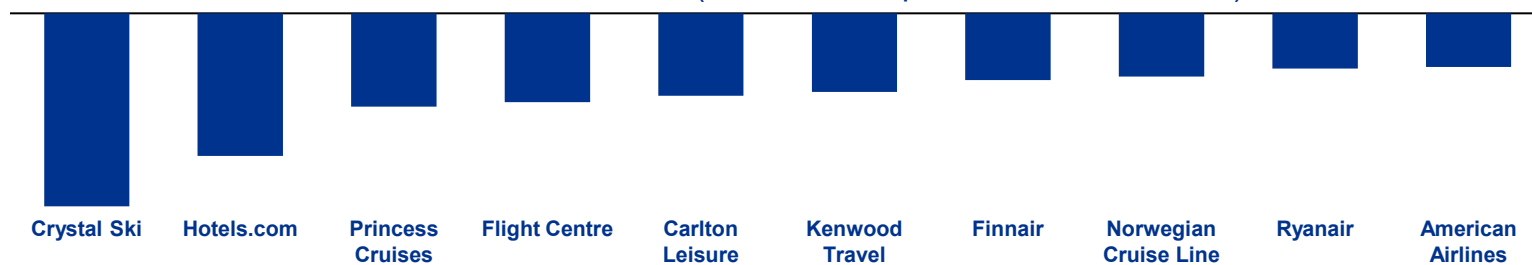
Category top winning players⁽³⁾

Absolute increase and growth rate of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Category top lagging players⁽³⁾

Absolute decrease of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Note: (1) Total spend = Customer Participation x Average transactions per customer x Average transaction value; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel
 Source: (a) KPMG analysis, Customer card transaction data (n = 143,729) (b) KPMG December Consumer Pulse Survey (n=3000)

Travel & Holiday strengthened in Q4'25, with total spend up 12% year-on-year, driven by a 5% rise in customers and a notable 7% rise in average transaction values, suggesting that consumers are willing to spend meaningfully more on Travel & Holiday.

This is further demonstrated with our December consumer survey, as 32% of consumers stated that if they have extra discretionary spending ability, then they would spend this on Holiday(s).^(b) Further emphasising that consumers still continue to value experience-led activities.

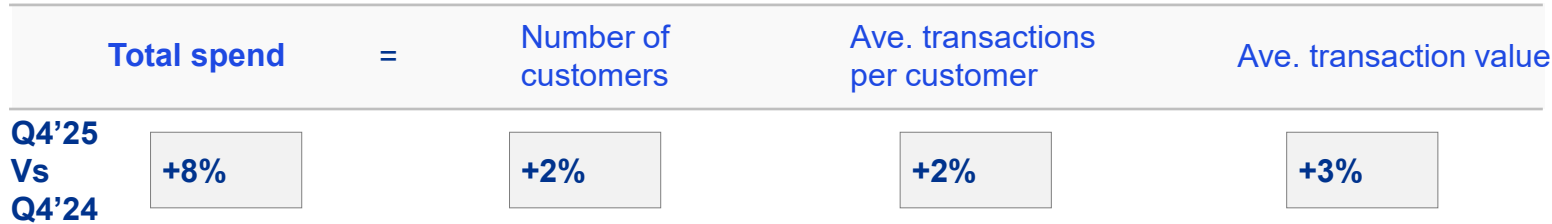
Q4'25 proved to be a successful quarter for Travel & Holiday, rebounding from Q3'25 in which growth was modestly at 3%.

Travel aggregators soared in Q4 whilst cruise lines continued to struggle in comparison.

Trip.com continues to lead the category, alongside other value searching options like Booking.com.

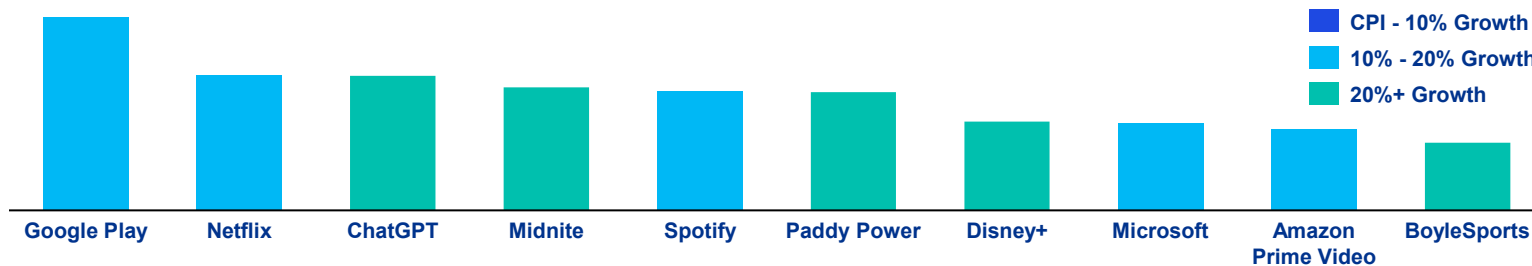
In contrast, Princess Cruises, American Airlines and Norwegian Cruise Line lagged, as consumers continue to prefer value players and aggregator platforms rather than direct bookings.

Entertainment & Leisure: Digital services continue to fuel growth as in-person experiences lag behind



Category top winning players⁽³⁾

Absolute increase and growth rate of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Category top lagging players⁽³⁾

Absolute decrease of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Note: (1) Total spend = Customer Participation x Average transactions per customer x Average transaction value; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729)

Entertainment & Leisure delivered solid growth in Q4'25, with total spend up **8% year-on-year**. Growth was supported by increases in **customer participation (+2%)**, **transactions (+2%)**, and **transaction value (+3%)**, showing balanced consumer engagement across the category.

Growth was driven by **tech-native and digital-first players** like **Microsoft, Google Play, and ChatGPT**, along with platforms such as **Amazon Prime** and **Netflix**; reflecting strong demand for on-demand and digitally enabled experiences.

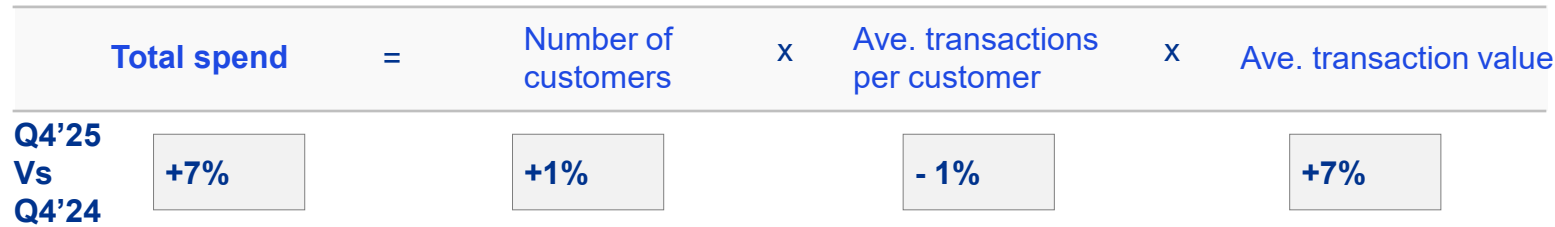
Digital Services had a successful quarter, continuing to outperform in-person experiential spend.

The **Gambling** sector proved to struggle this quarter with **Betfair, Sky Bet** and **Jackpotjoy** seeing declines.

Likewise, the large live entertainment booking platforms also saw declines, with **Ticketmaster** showing a drop in sales.

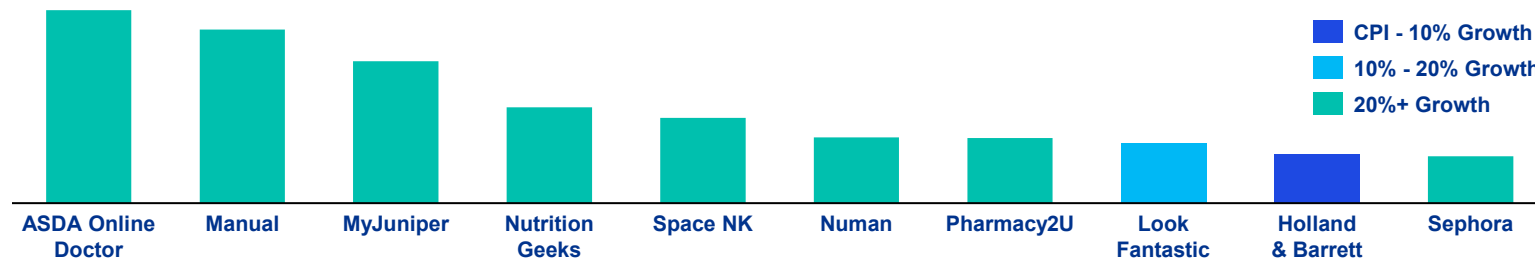
Cinemas also struggled this quarter, with **Cineworld** and **Odeon** lagging, highlighting how consumers are prioritising their experiential spend towards digitally enabled services.

Health & Beauty: Innovative players continue to lead the way, whilst well-established brands lag behind



Category top winning players⁽³⁾

Absolute increase and growth rate of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Category top lagging players⁽³⁾

Absolute decrease of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Note: (1) Total spend = Customer Participation x Average transactions per customer x Average transaction value; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729)

Health & Beauty had another strong quarter in Q4'25, with total spend up 7% year-on-year, driven by a 1% rise in customers and a 7% increase in transaction value, perhaps indicating a continued premiumisation of the category, whilst average number of transactions per customer dipped slightly.

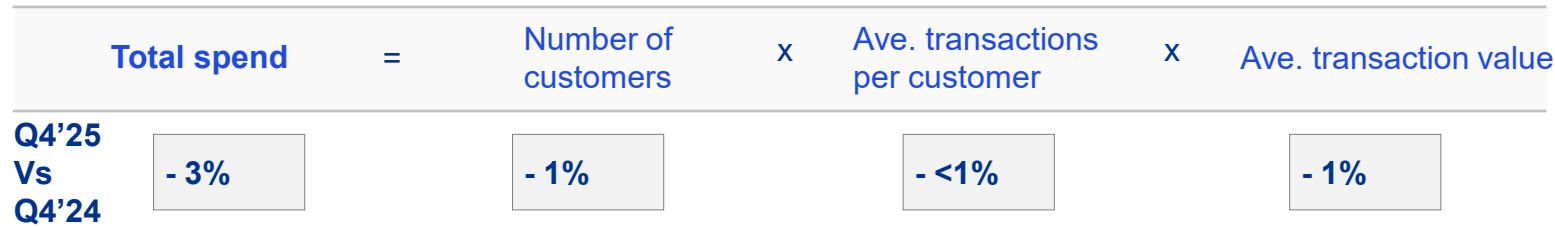
Digital health platforms experienced strong performance, with players such as ASDA Online Doctor, MyJuniper and Pharmacy2U all performing strongly. This reflects the continuing shift towards direct-to-consumer healthcare models.

Digital health platforms continue to soar in Q4, whilst established high street players continue to decline.

This sector saw well-established beauty and wellness brands lag behind online players, with Superdrug, Vision Express and Lush all seeing declines. Boots performed better and managed to grow at below-CPI rates.

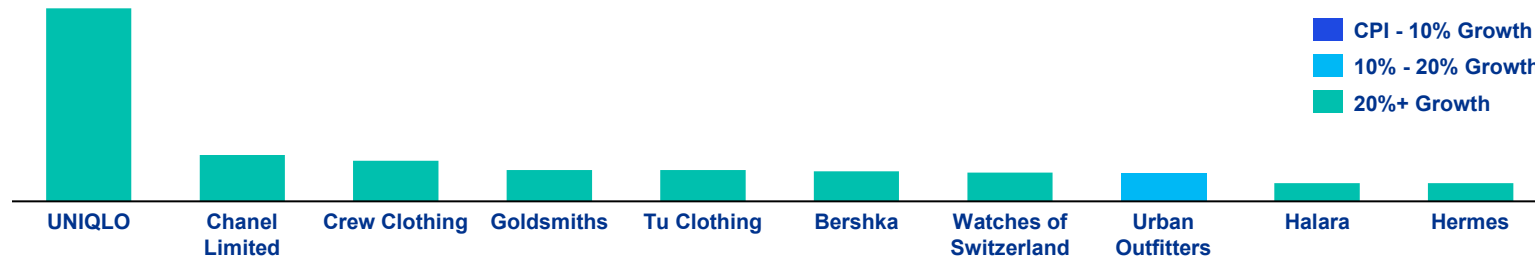
This quarter reaffirmed the strength of accessible healthcare and e-commerce beauty, while signalling continued challenge for physical retailers.

Fashion: Jewellery remains resilient in a contracting market with online players struggling to succeed



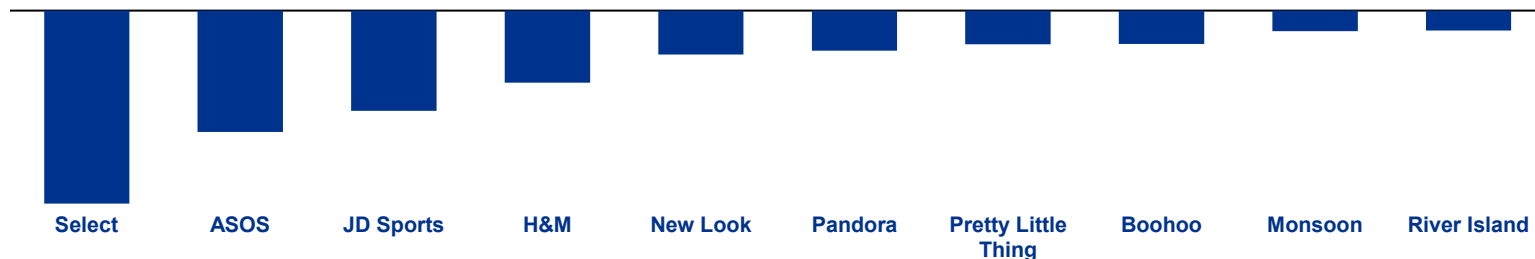
Category top winning players⁽³⁾

Absolute increase and growth rate of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Category top lagging players⁽³⁾

Absolute decrease of sales, Q4'24 vs Q4'25^{(2)(a)} (scale not comparable between charts).



Note: (1) Total spend = Customer Participation x Average transactions per customer x Average transaction value; (2) Quarterly basis: refers to values from the months of October, November, December; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel
Source: (a) KPMG analysis, Customer card transaction data (n = 143,729)

Fashion continued to underperform in Q4'25, with total spend declining 3% year-on-year.

Driven by decreases in customer numbers (-1%), transaction frequency (<-1%) and transaction value levels (-1%), pointing to more cautious shopping behaviours within the sector.

This quarter saw strong performance from well-established brands such as **UNIQLO** and **Berksha**. Other top players included premium brands such as **Hermes** and **Watches of Switzerland**, as well as **Tu Clothing** (located within Sainsbury's) as a value option.

Jewellery continues to register resilient growth whilst online players struggled in comparison.

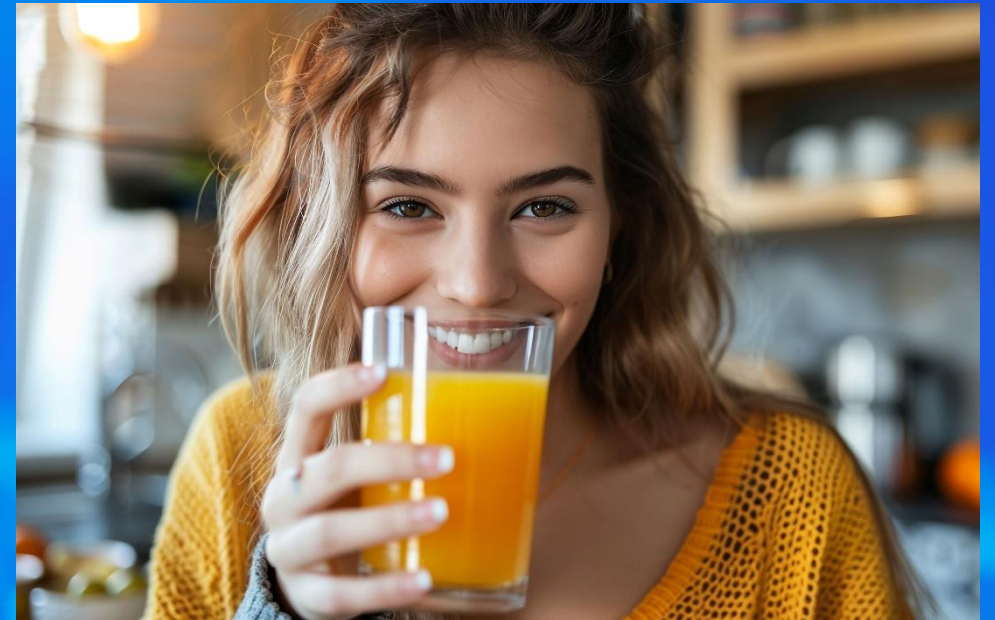
Big name online players continue to lag behind, with **ASOS**, **Boohoo** and **Pretty Little Thing** all seeing declines as the pressure across mainstream brands remains.

This quarter continues to demonstrate a growing divide, with many high street retailers lagging due to structural and consumer headwinds, whilst premium players showed higher levels of growth.

05


Looking for further insights?

We can help



We have used this data set on a number of projects recently to help our clients answer key strategic questions that their businesses are facing

Customer segmentation



Example: Identifying different purchasing preferences and behaviours across different consumer demographic dimensions to create distinct consumer segments.

Category strategy



Example: Highlighting categories your consumer base has an affinity to and strategising how to leverage this (e.g. Marketplace and Retail Media).

Channel strategy

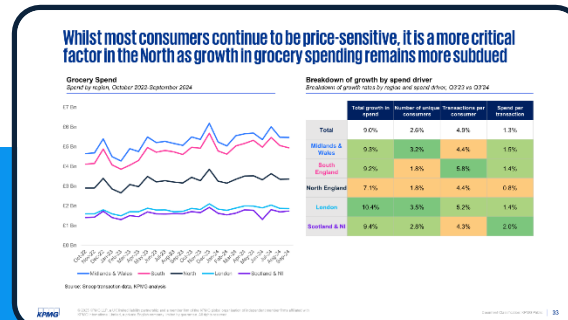
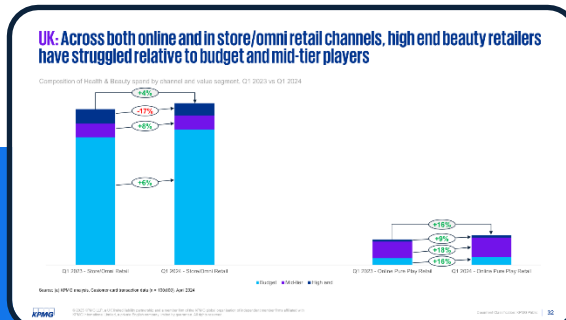
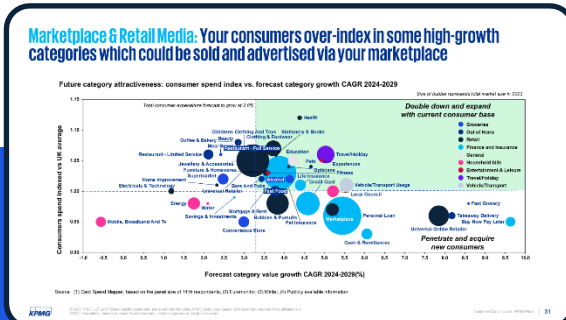
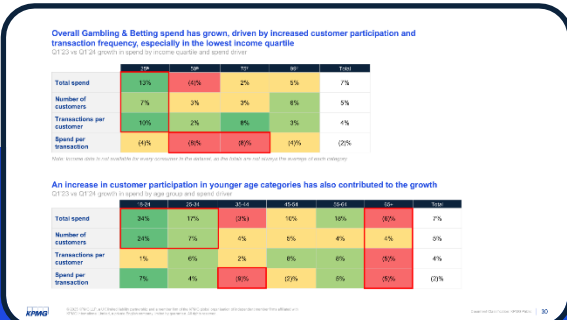


Example: Assessing different channel dynamics and consumer behaviour across omni-channel players, digital natives and D2C players.

Location strategy



Example: Exploring how regional purchasing behaviours vary within and across categories, and translating this into business/operating model implications.



Our analysts can use our detailed data sets to help answer your key strategic questions

Insights on the consumer and your customer base

We can use our **extensive data sets** to help you break down your customers into **demographic dynamics by sub-sector**, including by age, income, and regions.

This level of detail allows you to understand the **unique characteristics and preferences of different customer groups**.

Our **data-driven insights** can help you gain a **deeper understanding of consumer behaviour, identify emerging trends, and anticipate changes** in the market.

Insights on you and your competitors

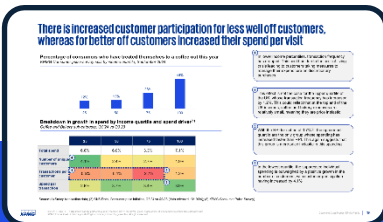
Staying ahead of the competition requires a thorough understanding of the competitive landscape. Our analysts can offer **insights into your competitors' performance, strengths, and weaknesses**.

This information can help you **identify opportunities for differentiation and areas where you can improve your own offerings**.

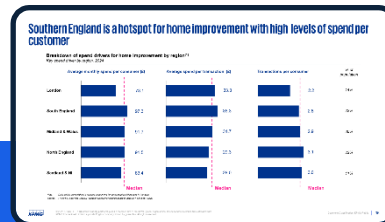
By **analysing market trends and competitor performance**, you can make strategic decisions that **enhance your competitive advantage and drive business growth**.



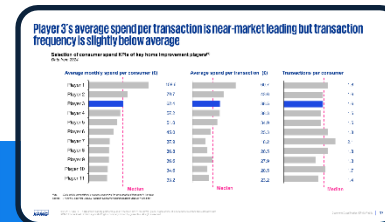
Age



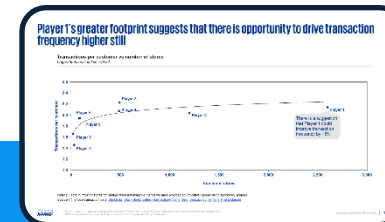
Income



Region



Opportunities vs your competitors



Spend drivers

06

Methodology and additional insights

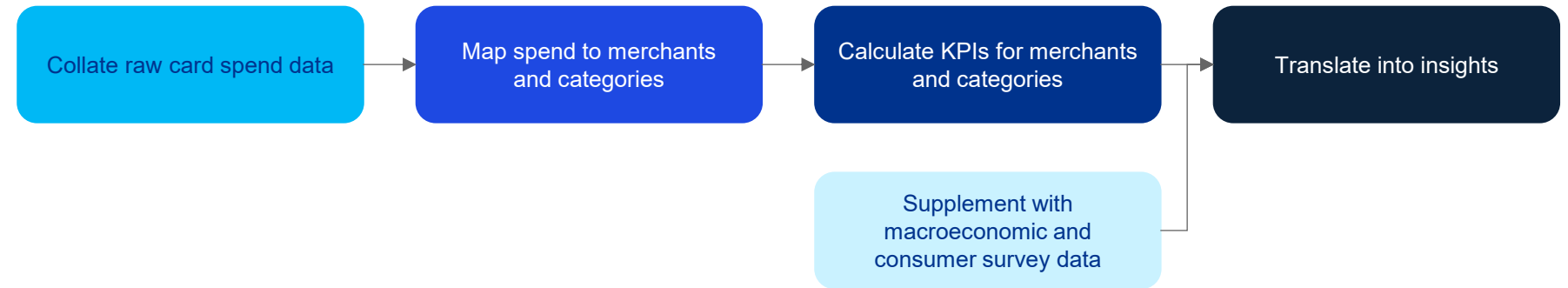





UK consumer spending insights




snoop

- Sample of 144k UK consumer transactions from Q1'24 to Q4'25, scaled to be representative across age, income and region.
- Consumer spending, number of transactions and unique consumers for top 2,000 retailers/merchants (by spend).
- Categorized, tracked and evaluated.
- Supplemented by KPMG Consumer Polling data: quarterly survey of representative sample of 3k UK consumers.
- Consumer spending habits and sentiment in various categories.
- Data Version: January 2026.

Methodology: Our approach to understanding consumer behaviour



- 
144,000 UK users to create a **nationally representative⁽¹⁾** data set, tracking spend across all their credit/debit cards.
- 
 Data can be analysed by **region, age and income quartile**.
- 
Tracking of top 2,000 merchants who can be analysed individually.

- 
 Trading **results focus on sales and not margins**, given the nature of the data set.
- 
 Category mapping is **inferred by type of merchant**, and isn't as effective for merchants selling a wide variety of categories (e.g. marketplaces).
- 
Smaller and more premium merchants, and some demographics sometimes have **small sample sizes**.

Note: (1) Base data is scaled up from the sample to be nationally representative. This is done across age, income and regional demographics.

More insights for you

01

[AI In Retail: Global lessons from strategy to storefront](#)

Date released: January 2026.

02

[KPMG & Worldpanel: Grocery Resolutions; examining Q4 Grocery performance and what it means for the year ahead.](#)

Date released: January 2026.

03

[Retail Sales Monitor with the BRC](#)

Monthly update.

04

[Retail Think Tank – Q1 2026 outlook](#)

Date released: January 2026.

05

[UK Economic Outlook – December 2025](#)

Date released: December 2025.



Want to hear more? Get in touch with our team



Linda Ellett

Industry Lead Consumer
Retail & Leisure

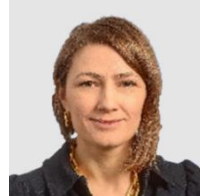
E: linda.ellett@kpmg.co.uk



Will Hawkley

Head of Leisure

E: will.hawkley@kpmg.co.uk



Oxana Miroshnichenko

Consumer and Beauty
The Strategy Group

E: oxana.miroschnichenko@kpmg.co.uk



Simon Harden

Grocery & Food
The Strategy Group

E: simon.harden@kpmg.co.uk



Richard Potter

Out of Home, Travel & Leisure
The Strategy Group

E: richard.potter@kpmg.co.uk



Suzanne Hartnell

Consumer, Retail and Leisure
Sector Marketing and Market
Research

E: suzanne.hartnell@kpmg.co.uk



David Larsson

Consumer, Retail & Leisure
Growth & M&A

E: david.larsson@kpmg.co.uk



Hugh Ayling

E-Commerce and Online Retail
The Strategy Group

E: hugh.ayling@kpmg.co.uk



Tom Williamson

Consumer & Retail
The Strategy Group

E: tom.williamson@kpmg.co.uk



Ashley Rolls

Retail Partner
Consumer & Retail Industry

E: ashley.rolls@kpmg.co.uk



Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.



kpmg.com/uk

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Document Classification: KPMG Public

Create | CRT165288A | January 2026