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UK'S LEADING MANAGEMENT CONSULTANTS 2026
Consumer Goods & Retail

UK Consumer Spending

Q2 2026 Analysis &
2026 Future Outlook

KPMG. Make the Difference.

July 2026

Executive summary - consumers are still spending, but only where they perceive value

UK consumer spending entered the second half of 2026 with more underlying resilience than headline confidence indicators suggest, but demand remains highly selective. Total category spending grew 6.8% year-on-year in Q2'26 driven primarily by higher spend per transaction (+4.4%) rather than increased activity (+1.6% transactions per customer).

Confidence remains fragile: 60% of consumers believe the UK economy is worsening with essentials inflation, groceries (82%) and utilities (79%), the primary pressure points. Yet almost 47% describe themselves as confident or comfortable financially, and 80% say they do not need to cut discretionary spend to cover essentials. This has created a market defined by contradiction: cautious sentiment, but continued willingness to spend on categories that deliver convenience, experience, health, digital utility or clear value.

Winning players are increasingly scaled, data-led, digitally enabled or sharply positioned; laggards are those exposed to discretionary trade-down, weak differentiation, operational friction or category fatigue. For leaders, the mandate is clear: defend trust, sharpen value propositions, invest in seamless commerce, and allocate capital toward categories and channels where consumers are still choosing to trade up.

Essentials pressure shapes spend behaviour

The increased cost of essentials remains the dominant driver of consumer anxiety – even though it is a reducing share of wallet. Consumers are responding by seeking to reduce monthly spending, saving more as a contingency, and deferring big-ticket purchases.

Spend is shifting, not stopping

Share of wallet shifted meaningfully across categories. Growth was strongest in Entertainment & Leisure, Health & Beauty, Non-Grocery Retail, while Travel & Holiday, Out of Home, Grocery and Fashion were more subdued.

Value is broader than price

The strongest performers are not simply the cheapest operators; they are those with a clear proposition across value, quality and convenience. Scaled players, discounters and loyalty-led retailers all performed well.

Digital commerce is becoming discovery-led

Digital platforms and marketplaces continue to outperform, with Amazon leading Non-Grocery Retail growth and disruptors such as Vinted, TikTok Shop and Whatnot delivering strong momentum, suggesting growing appetite for digitally native, entertainment-led retail experiences.

82%

cite grocery prices as a reason for feeling the economy is worsening

9%

growth in Entertainment and Leisure spending

22%

of consumers used retailer loyalty schemes more often this quarter for lower prices

33%

of consumers have sold an item on a resale platform this year

Contents

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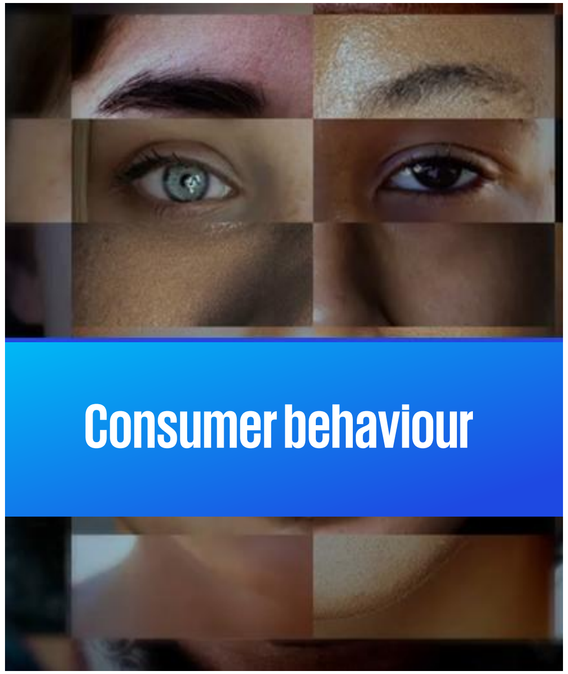
The world around us

The backdrop to Consumer & Retail is evolving rapidly

Macroeconomic and geopolitical environment

No consumer-focused business is insulated from economic or geopolitical volatility. Although inflation has moderated, UK consumers remain cautious due to high borrowing costs and persistent cost-of-living pressures. Political uncertainty following Kier Stamer’s resignation, alongside ongoing tensions in the Middle East and global trade disruptions, is further weighing on consumer confidence. As a result, consumers are prioritising value and spending selectively.

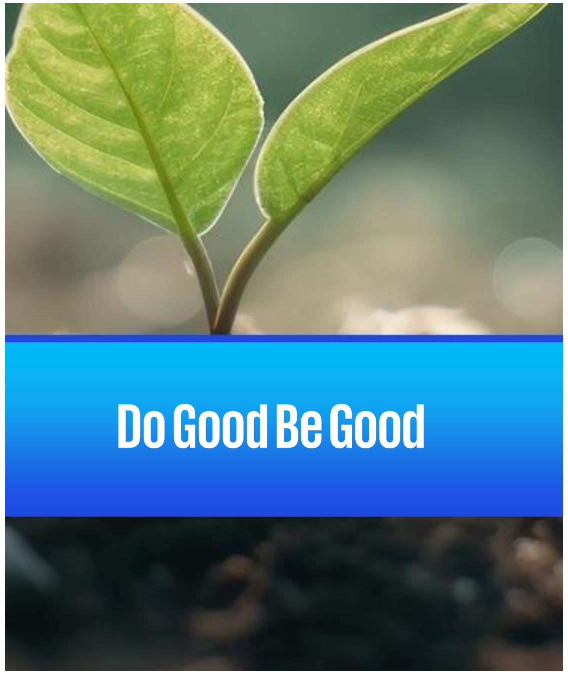


Consumer behaviour

Consumers are becoming more value-conscious and selective, prioritising essential purchases, seeking deals and comparing prices more actively. Brand loyalty is weakening as shoppers increasingly switch for better value, while digital channels play a growing role in discovery and purchasing. Spending is also shifting toward convenience, personalised experiences and offerings that deliver greater perceived value.

Disruptive technologies including GenAI

Technology and AI are transforming all businesses, from customer engagement to predictive supply chains through to reporting and back-office processes. Robust and reliable data is a competitive advantage but only if it is leveraged to make better decisions. AI and agentic AI is driving next level personalisation and seamless experiences. However, new technology brings greater cyber threats, outage risks, and skills and capability challenges.



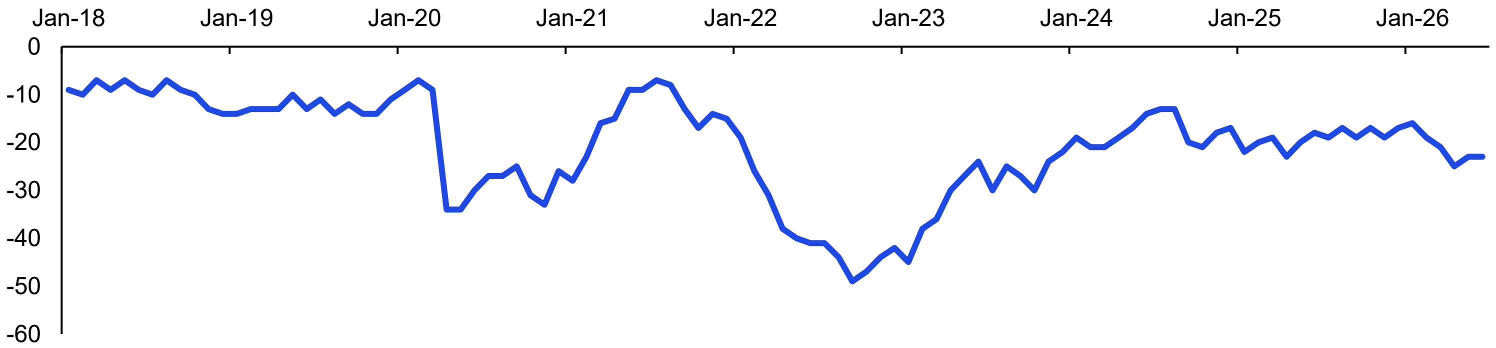
Do Good Be Good

Resilience is a critical focus for many businesses, with sustainability and broader ESG supporting risk mitigation, such as regenerative agriculture and traceable product flows. Regulatory and reporting requirements have increased the requirement and value of ESG actions. Societal expectations mean getting it wrong can damage brand reputation. And ESG can align to cost opportunities, such as optimised logistics energy usage.

UK consumer sentiment remains subdued in 2026, despite improved confidence in personal finances

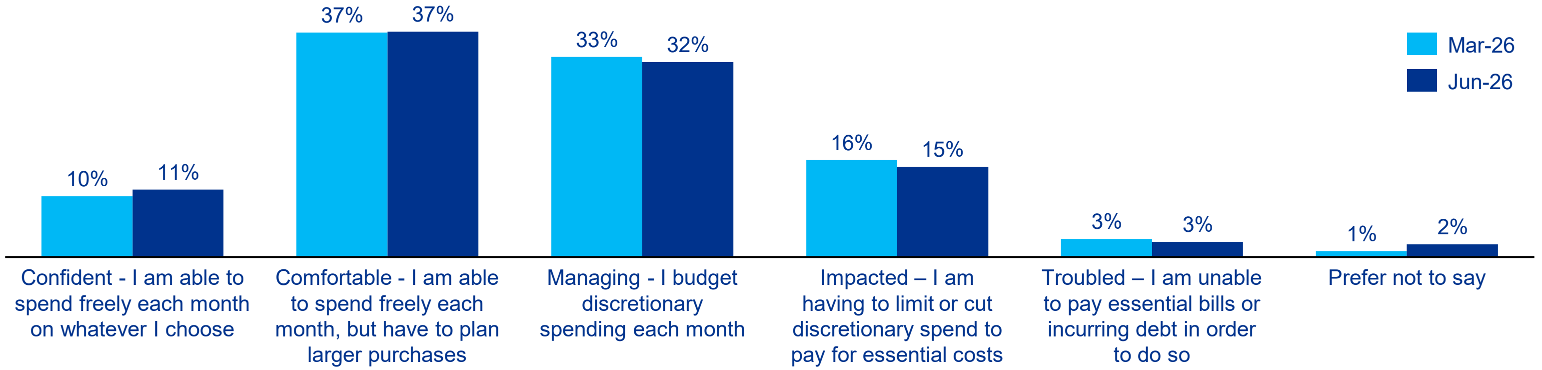
UK consumer sentiment has faltered in 2026 after a period of recovery[(a)]

GfK consumer confidence index, 2018 – 2026.



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 March Consumer Pulse Survey (n = 3000)

Consumer confidence remains fragile, with confidence declining in 2026 so far.

The disconnect between personal finances and consumer perception of the broader economy has increased, with almost **48%** of consumers stating that they feel **confident or comfortable,** and able to **spend freely[(b)].**

80% of consumers say they don't have to limit or cut discretionary spending to cover essentials.

15% of consumers this quarter stated that they are having to limit their discretionary spend, **down by 1 percentage point** from **Q2'26,** suggesting gradual improvement in near term affordability.

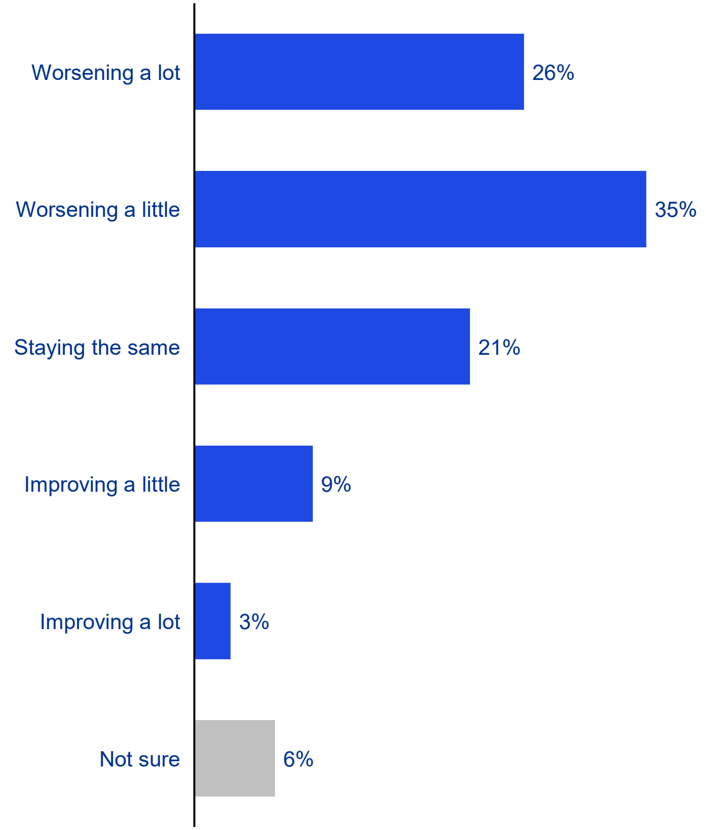
4% of consumers aged 18-24 report themselves as being in a **troubled financial situation**, down from 6% in Q2'26.

These data continue to highlight that pockets of financial vulnerability persists across the UK, including amongst younger adults, many of whom are concerned about employment opportunities.

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

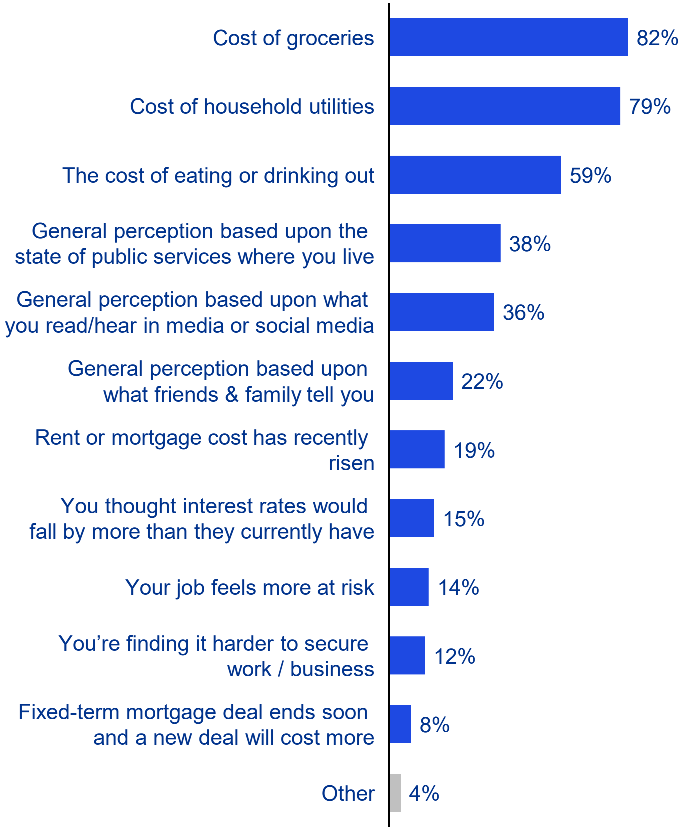
Consumers are pessimistic on the UK economy[1]

"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?"



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

Consumers remain gloomy about the UK economy, with **60% of consumers believing the UK economy is worsening (slightly down from 62% in Q22026). Just 9% of consumers are expecting improvement**.

The **rising cost of essentials,** particularly **groceries (82%) and household utilities (79%)** along with **cost of eating or drinking out (59%),** continues to drive this outlook.

Consumers have spent several years finding ways to reduce spending in these areas, and **these cost increases are now increasingly difficult to avoid.**

82% of consumers feel the economic situation is either deteriorating or stagnant.

Reacting to their concerns about the economy, **half of consumers are seeking to reduce their monthly** spending. **About 4-in-10 are saving more** as a contingency and **about 4-in-10 are deferring big ticket purchases**.

02

Outlook for the rest of 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 not at the expense of time or cost. For example, they recycle only when it's easy. They want to trust brands and retailers to do it 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.

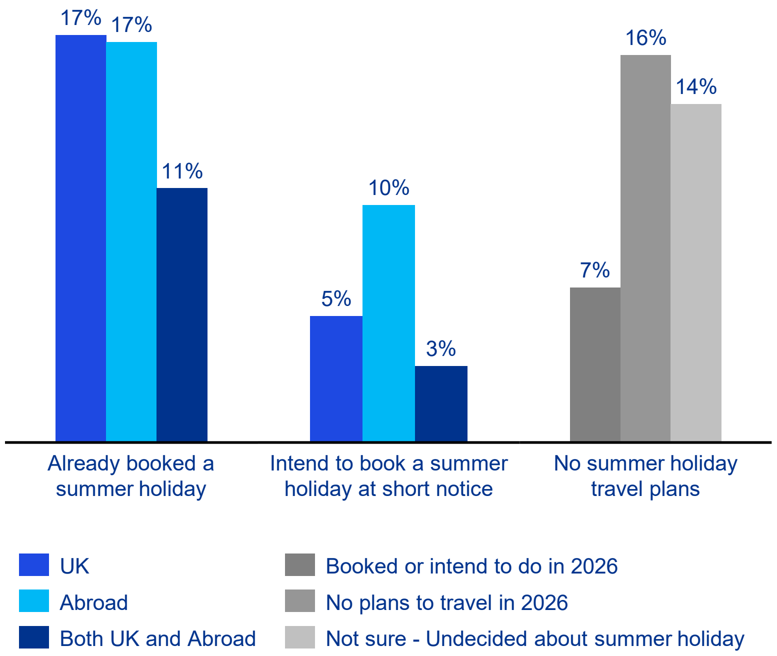
Budget

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

Consumers' concerns about holiday travel persist, with rising costs and disruption risks shaping decisions

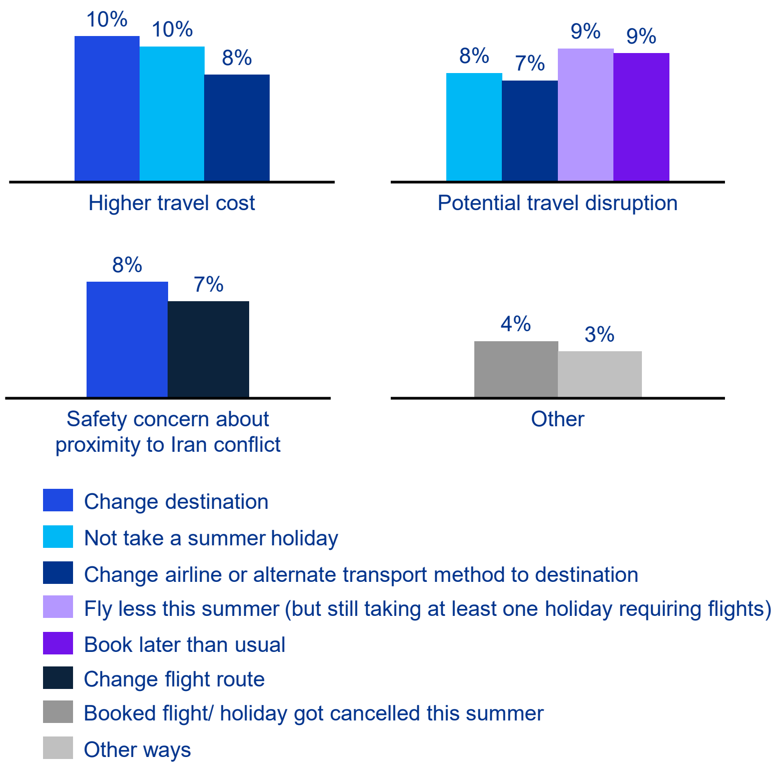
Consumers have not abandoned holiday travel, but are becoming more cautious and flexible in how they plan trips[(a)]

"Which of the following best applies to your summer holiday plans (June/July/August) this year?"



High travel cost and potential travel disruption concerns are having the greatest influence on holiday decisions[(a)]

"How, if at all, has the Iran conflict influenced your summer holiday decision this year?"



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

While many consumers still intend to travel, **37% are either undecided (30%) or do not intend to take a summer holiday (7%), highlighting consumer caution around travelling this summer.**

The high cost of travel is the most influential factor shaping holiday decisions. Around **3-in-10 consumers report changing destinations, altering travel arrangements, or deciding against a summer holiday** altogether as a result.

In response to ongoing affordability concerns however, consumers are becoming more flexible rather than abandoning travel plans entirely. **Many are adapting by changing destinations (10%), switching travel methods (8%), or modifying holiday timings (7%)**.

Only 45% of consumers have already booked their summer holiday.

Reacting to their concerns about the Middle-East conflict, **15% of consumers have a perceived travel safety risk about their proximity and exposure to Iran conflict**.

03

Q2'26 trading overview

Q2 performance: Robust growth overall albeit with notable shifts in share of wallet

Change in consumer spend across primary categories

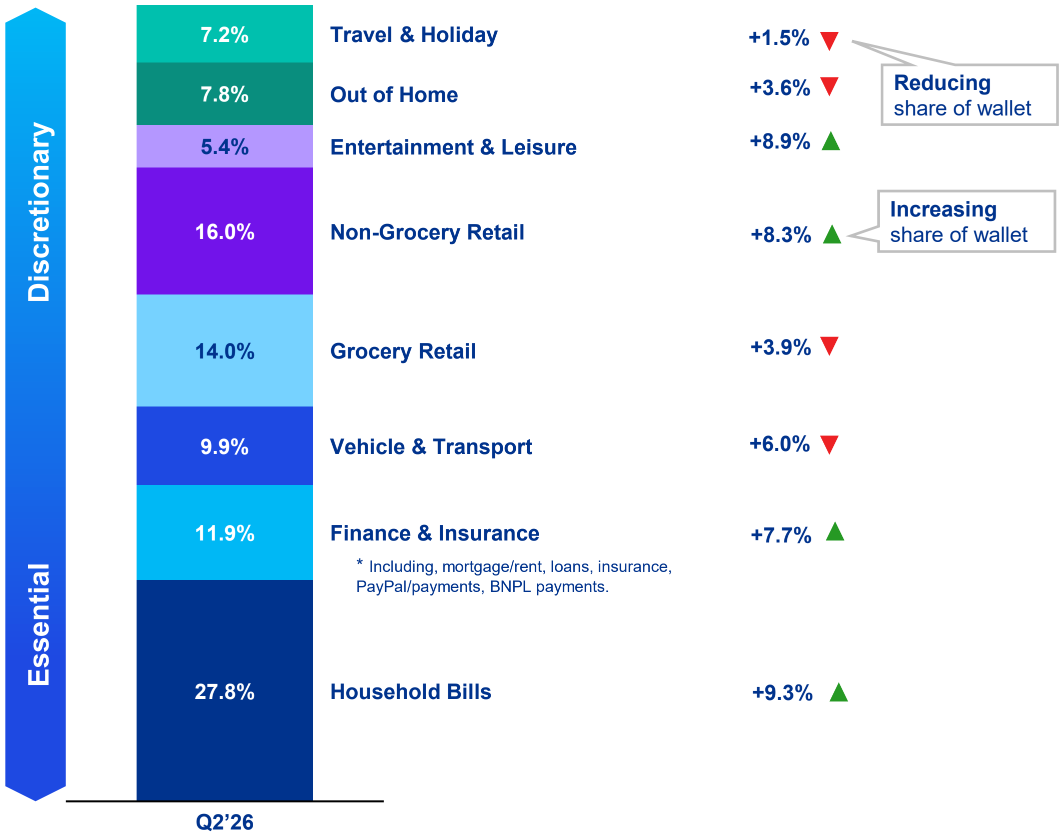
Proportion of spend on Primary Categories, Q2’25 vs Q2’26 and breakdown of growth drivers Q2’25 vs Q2’26[(1)(a)]

+6.8% Increase in spend

+1.6% Transactions per customer

+4.4% Spend per transaction

2.8% CPI Inflation[(b)]



Note: (1) Quarterly basis: refers to values from the months of April, May, June
Source: (a) KPMG analysis, Customer card transaction data (n = 154,218); (b) Office for National Statistics

Consumer spending growth was relatively strong in Q2’26, though category-level performance varied significantly as consumers continued to rebalance their spend.

Consumer spending on essentials was driven by Household Bills (+9.3%) and Finance & Insurance (+7.7%), with both categories increasing their share of wallet in Q2’26. However, Grocery and Transport lost share of wallet, with consumers appearing to rebalance their essential spend.

Growth in more discretionary categories was led by Entertainment & Leisure (+8.9%) and Non-Grocery Retail (+8.3%), both increasing their share of wallet.

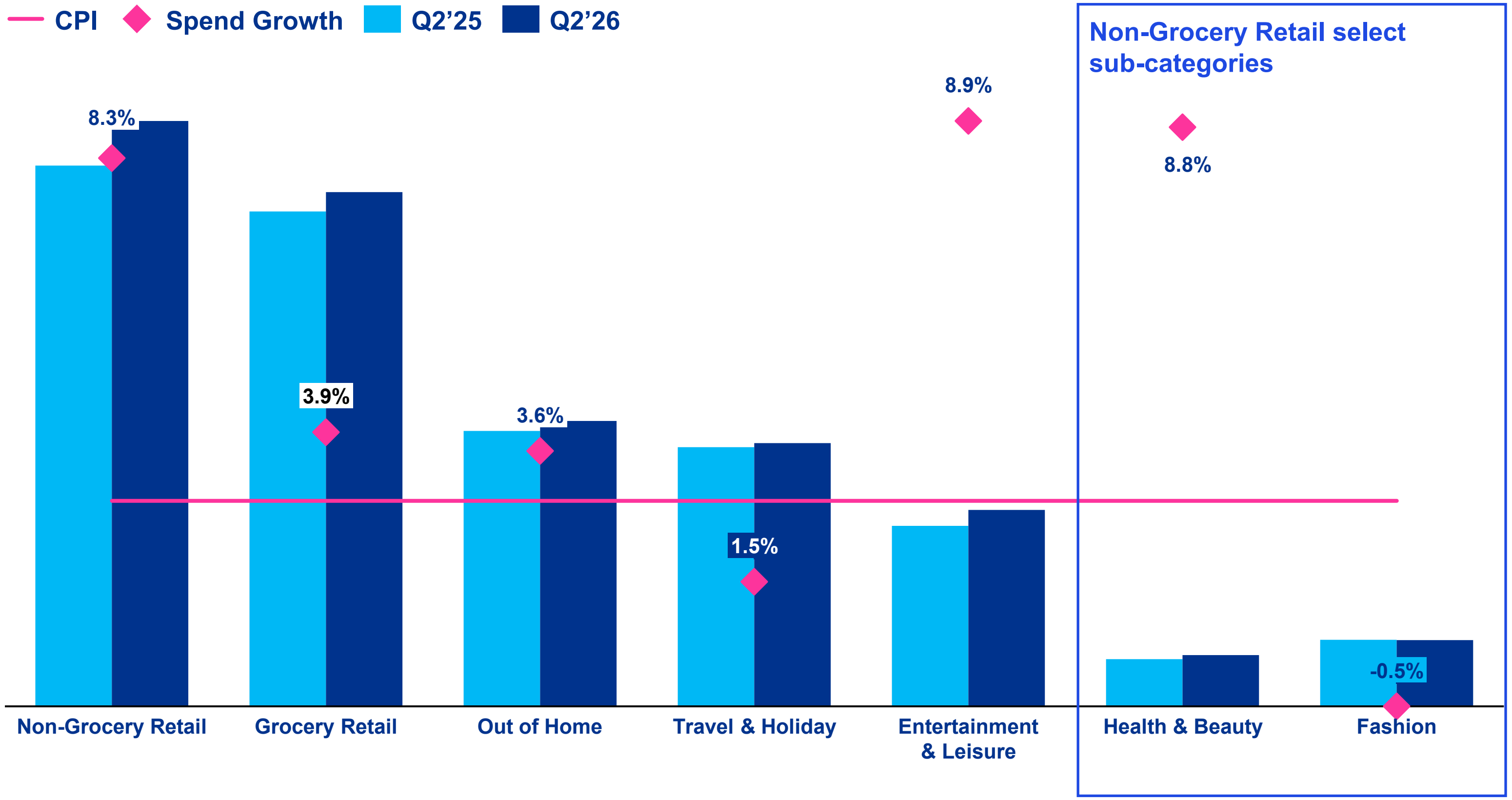
6.8% year-on-year growth in all category spending and saving, underpinned by CPI inflation of 2.8%.

After a strong few years of growth, Travel & Holiday has faltered in 2026, with consumer confidence impacted by conflict in the Middle East and rising costs of travelling, as seen in the previous sector.

Q2 performance: Consumers looked to treat themselves in Entertainment & Leisure and Beauty

Growth in consumer spending varied significantly by category[1]

Absolute value and growth rate of Q2'25 vs Q2'26[2][a], selected categories and sub-categories shown.



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 April, May, June; (3) Consumer Price Inflation

Source: (a) KPMG analysis, Customer card transaction data (n = 154,218); (b) Office for National Statistics

Whilst Q2'26 saw strong growth in non-grocery retail; there was a stark difference in sub-category performance. For example, **Health & Beauty continued its long run performance** with +8.8% (see page 21) where **Fashion Retail continued to be challenged** with -0.5% (see page 22).

As consumers increase their discretionary spending they continue to show preference for experiences, with the **Entertainment & Leisure category growing +8.9%**, which includes both out of home and in-home entertainment choices (see page 20).

Non-Grocery Retail and Entertainment drove growth in Q2'26, supported by continued strength in discretionary spend.

However, Travel, Grocery and Out of Home (Bars and Restaurants) saw much more subdued growth.

Four winning themes continue to stand out across categories:

Scaled players

Example winners:

Tesco +4%	Booking.com +5%
Amazon +13%	Apple +13%

- Scaled players continued to capture growth in categories such as Travel & Holiday, Grocery and Out of Home.
- A common theme among 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 these loyalty schemes and invest in effective personalised promotions. Smaller retailers, or those with less frequent purchasing, found this harder as friction of sign-up discourages consumers.

Clear value proposition

Example winners:

Uniqlo +15%	Greggs +19%
Farmfoods +14%	Lidl +9%

- Value is always important to consumers. For some categories, and some consumers, value means price.
- Depending on the spending mission, the majority of consumers are able and willing to pay for other definitions of value. Typically, a decision is made on preferred quality and convenience, and at that point the consumer wants to feel like they've got a good price, or a deal.
- 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 +30%	Trip.com +25%
MyJuniper +28%	Deliveroo 11%

- 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:

Manual +96%	TikTok +28%
WhatNot +348%	Claude.ai +1045%

- 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.
- As disruptors mature, success is increasingly defined by sustainable growth, profitability, and customer loyalty rather than novelty alone. The key question is which brands can convert early momentum into enduring market leadership.

04

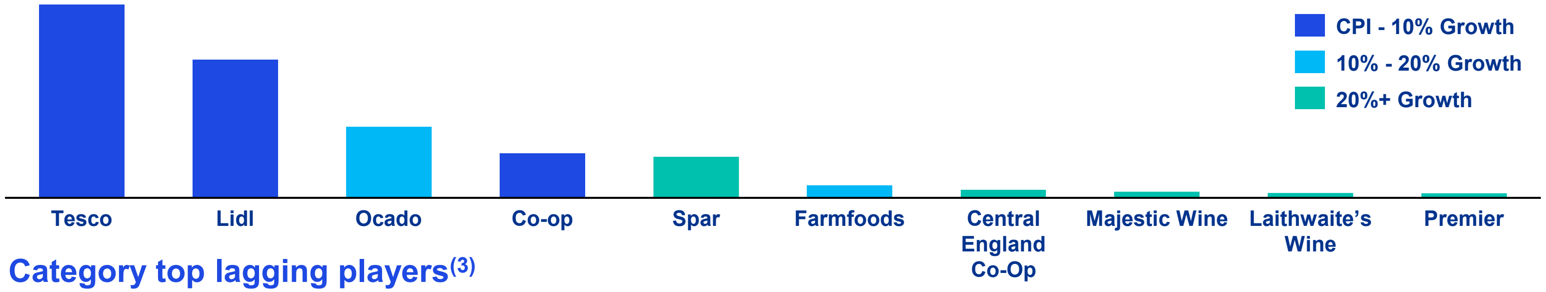
Category deep dives for Q2'26 spending

Grocery Retail: The limited growth was concentrated among scaled players, discounters and some specialists

	Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q2’25 Vs Q2’26	+3.9%		-0.1%		-0.3%		+4.4%

Category top winning players(3)

Absolute increase and growth rate of sales, Q2’25 vs Q2’26(2)(a) (scale not comparable between charts).



Category top lagging players(3)

Absolute decrease of sales, Q2’25 vs Q2’26(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 April, May, June; (3) Top winning and lagging players defined by highest increase/decrease in absolute spend in the category/channel; (4) See Consumer Pulse survey for more detail
Source: (a) KPMG analysis, Customer card transaction data (n = 154,218); (b) KPMG June Consumer Pulse Survey

Grocery Retail saw modest growth in Q2’26, rising **3.9% year-on-year, which was slightly above inflation.** Growth was primarily driven by an increase in **average transaction value (+4.4%) but saw a decline in transaction frequency**, suggesting consumers feel marginally more comfortable in doing more shopping in one go.

Competition remained fierce, keeping price increases subdued despite external cost pressures. Although concerns over potential **government intervention on grocery price controls in this quarter in May added pressure to the sector, these did not materialise**.

Tesco strengthened its leadership, while Lidl sustained strong growth through its value proposition. With **22% of consumers using retailer loyalty schemes more this quarter lower prices**(b), scale continues to amplify retailers’ ability to drive retention and spend.

Asda’s well-documented struggles persisted, and Tesco continued to cement its dominance.

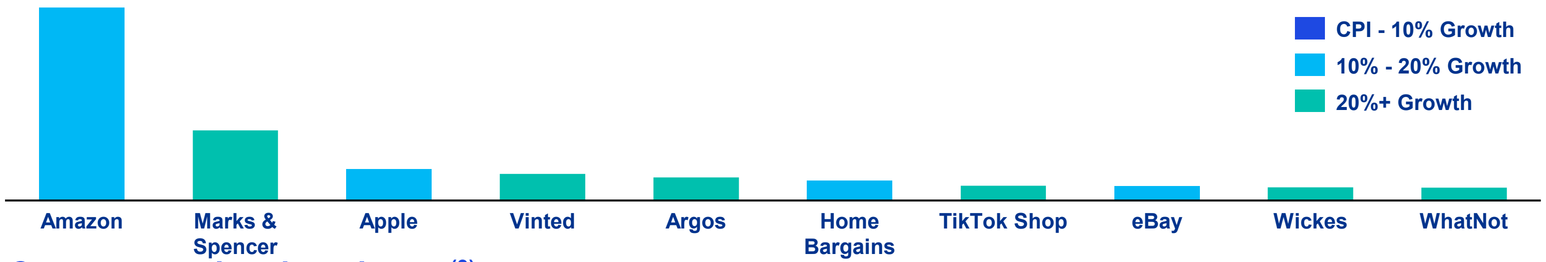
ASDA has remained among the lagging players continuing to lose market share, with **Aldi, McColl’s** and **Booker** also lagging.

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

Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q2’26 Vs Q2’25: +8.3%		+0.0%		+4.1%		+4.0%

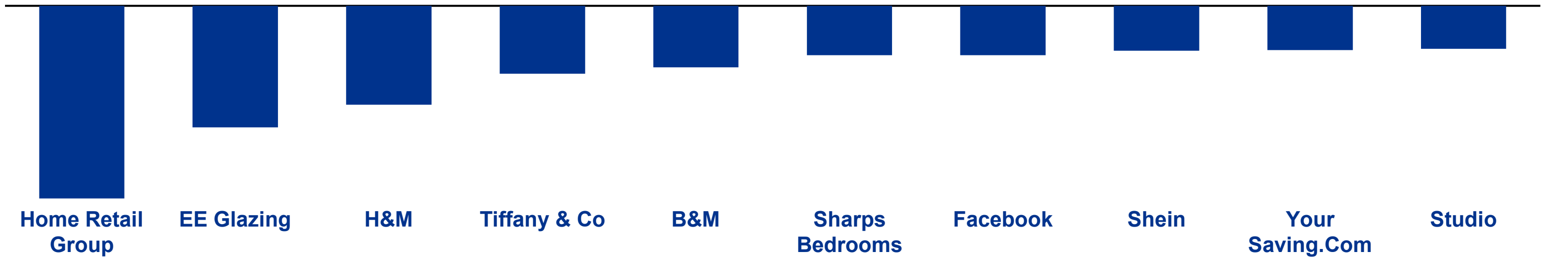
Category top winning players[3]

Absolute increase and growth rate of sales, Q2’25 vs Q2’26[2][a] (scale not comparable between charts).



Category top lagging players[3]

Absolute decrease of sales, Q2’25 vs Q2’26[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 April, May, June; (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 = 154,218); (b) KPMG June Consumer Pulse Survey

Q2’26 proved to be a strong quarter for **Non-Grocery Retail**, with spend rising **8.3% year-on-year.** Growth was primarily driven by an **increase in transaction frequency and transaction value.**

Amazon continues to lead the category again, suggesting consumers value convenience of choice, delivery and returns experience.

Whilst Retail is a broad and diverse category, digital disruptors such as **Vinted, TikTok Shop and Whatnot** all delivered 20%+ growth. The common thread is consumers' growing appetite for digitally native, discovery-led shopping experiences; whether through the treasure hunt of resale platforms or content-driven social commerce. As retail increasingly blends entertainment with convenience, engagement continues to rise, **with 33% of consumers having sold an item on a resale platform this year.**[b]

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

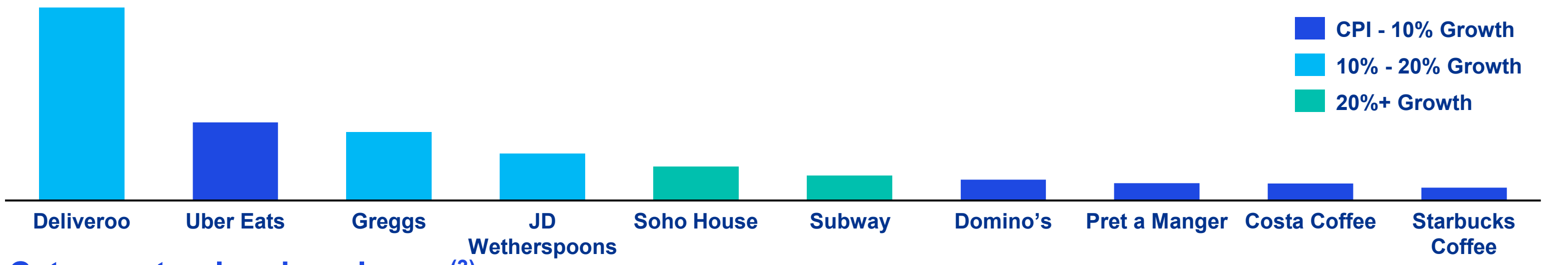
However, many retailers, including **Home Improvement** players and **Fashion Retailers** such as **H&M** continue to face headwinds during these challenging economic times.

Out of Home: A modest quarter as those who say they are cutting back on eating out jumps 5 ppts[b]

	Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q2’26 Vs Q2’25	+3.6%		-2.3%		+2.0%		+3.9%

Category top winning players[3]

Absolute increase and growth rate of sales, Q2’25 vs Q2’26[2][a] (scale not comparable between charts).



Category top lagging players[3]

Absolute decrease of sales, Q2’25 vs Q2’26[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 April, May, June; (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 = 154,218); (b) KPMG June Consumer Pulse Survey - percentage point change

Out of Home had a modest quarter with **3.6% year-on-year growth** in Q2’26. Whilst there was an increase in **average transactions per customer (+2.0%)** and **average transaction value (+3.9%)**, there was **decline** in the **customer participation and transaction frequency.**

Compared to other experience-led categories, it outperformed **Travel & Holiday,** but lagged significantly behind **Entertainment & Leisure.**

Pubs saw double digit growth in June as the World Cup kicked off, providing a welcome boost.

Consumers appeared to trade down compared to last quarter with Fast Food and Cafes the best performing sub-categories (outside of pubs). Growth in this quarter was driven by increases in the average transaction value and transactions per customer, indicating consumers went for more frequent and higher-value occasions among existing diners, rather than expansion in participation.

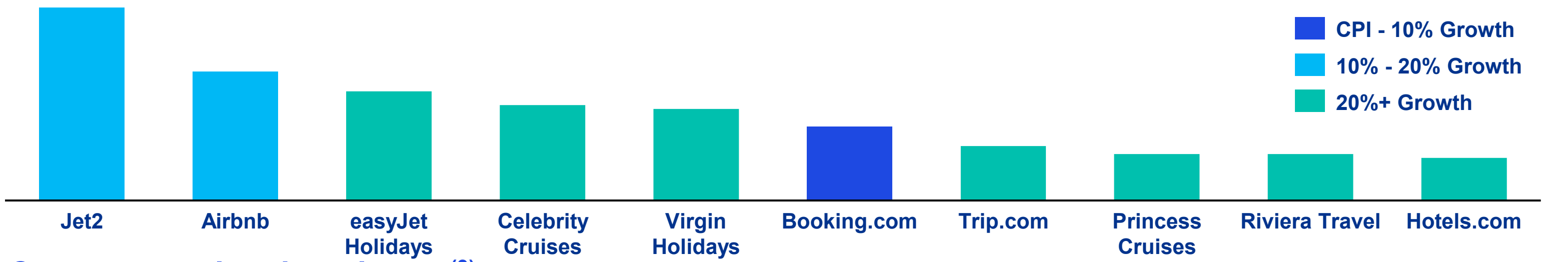
Noticeably many of the underperformers have been undergoing ownership changes recently, with differing degrees of distress and investment requirements.

Travel & Holiday: Sluggish growth for a sector facing significant uncertainty

	Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q2'26 Vs Q2'25	+1.5%		+0.1%		+6.6%		-4.9%

Category top winning players[3]

Absolute increase and growth rate of sales, Q2'25 vs Q2'26[2][a] (scale not comparable between charts).



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Source: (a) KPMG analysis, Customer card transaction data (n = 154,218); (b) KPMG June Consumer Pulse Survey

Travel & Holiday saw slow below-inflation growth in Q2'26, with total spend **up 1.5% year-on-year,** driven by increases in **customers** and **transactions,** offset by a decline in **average transaction value**.

Travel demand remains resilient, with rising travel costs and concerns over potential disruption are increasingly **influencing holiday choices for 61% consumers**[b], resulting in more caution.

Cruises saw double digit growth as consumers steered away from Airlines in response to Middle East conflict.

While last time the growth was led by aggregator and digital-first platforms. This time **Booking.com, Trip.com and Airbnb continue the momentum**, reflecting continued consumer preference for comparison-led booking, offering value and convenience.

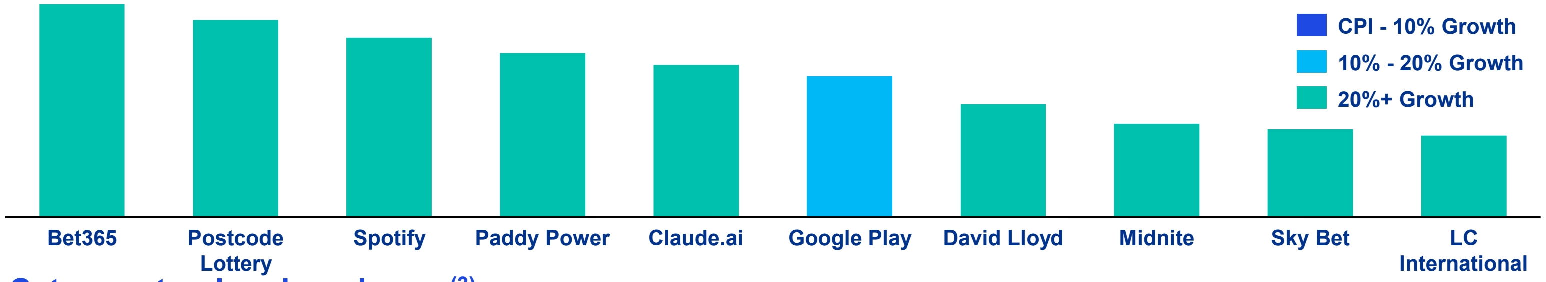
The rising geopolitical tensions are a concern for this sector, as expressed by 15% consumers[b]. Both Airlines and Travel Agents down vs the prior year, indicating erstwhile delayed bookings now potentially lost as we reach summer.

Entertainment & Leisure: Digital services and fitness continue to fuel growth

	Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q2'26 Vs Q2'25	+8.9%		+3.7%		+0.5%		+4.5%

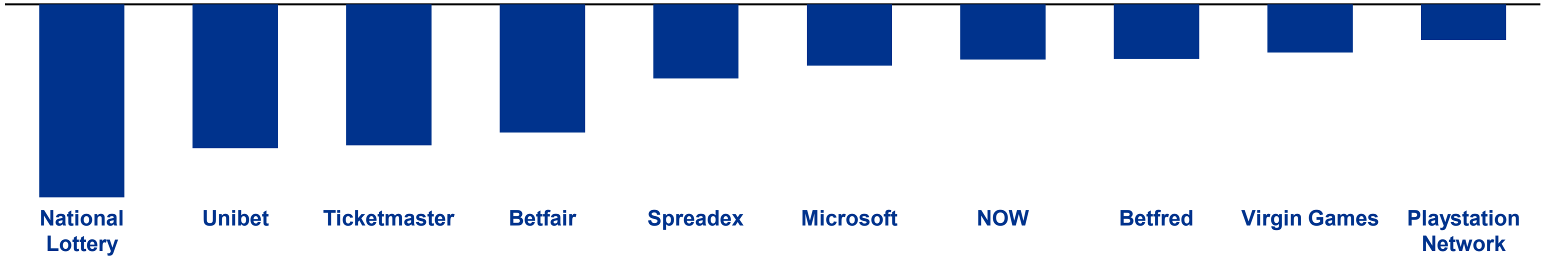
Category top winning players[3]

Absolute increase and growth rate of sales, Q2'25 vs Q2'26[2][a] (scale not comparable between charts).



Category top lagging players[3]

Absolute decrease of sales, Q2'25 vs Q2'26[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 April, May, June; (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 = 154,218)

Entertainment & Leisure delivered strong growth in Q2'26, with total spend **up 8.9% year-on-year.** Growth was supported by increased customer participation, transaction frequency and transaction value. This has been **a consistent trend for over a year now** as consumers have continued to 'treat' themselves in this category.

Growth was led by digital-first platforms, gaming and betting operators such as **Bet365, Spotify, Claude.ai and Google Play**, reflecting continued consumer demand for digitally enabled experiences and subscription-based services.

Digital Services continue to drive growth, outperforming in-person experience spend.

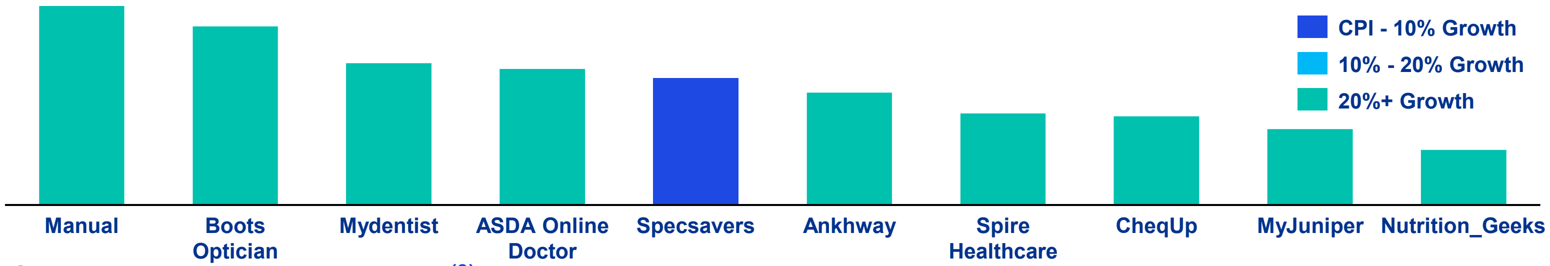
Despite strong growth in digitally-led experiences, **Fitness was the fastest growing sub-category** this quarter. Whist traditional and in-person-led experiences, including **cinemas and live entertainment,** were the slowest growing sub-category.

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

Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q2'26 Vs Q2'25						
+8.8%		-2.3%		-1.1%		+12.6%

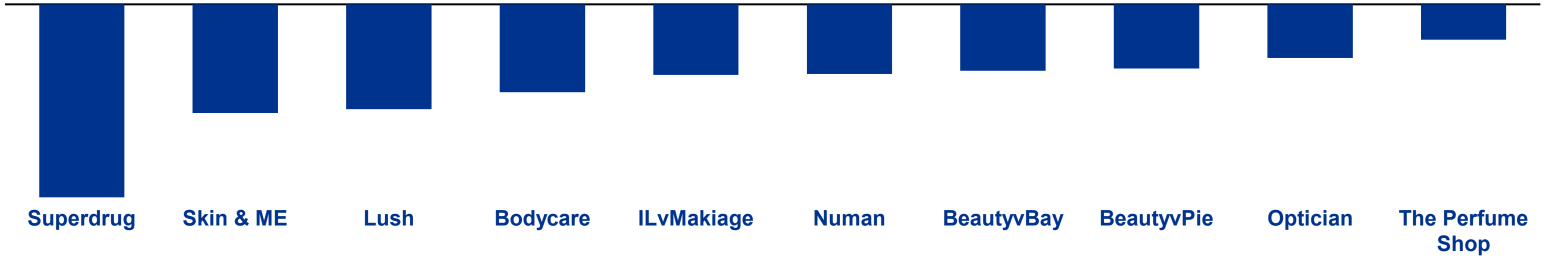
Category top winning players[3]

Absolute increase and growth rate of sales, Q2'25 vs Q2'26[2][a] (scale not comparable between charts).



Category top lagging players[3]

Absolute decrease of sales, Q2'25 vs Q2'26[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 April, May, June; (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 = 154,218)

Health & Beauty continued to perform strongly in Q2'26, with total spend increasing by 8.8% year-on-year, primarily driven by a significant increase in average transaction value (+12.6%), despite a decline in number of customers and transactions per customer, suggesting **consumers trading up to higher-value products per transaction**.

Health appeared to triumph over Beauty, with innovative health brands and digital-first players performing well. Brands such as **Manual, Boots Optician, Mydentist and ASDA Online Doctor** delivered robust growth, potentially reflecting increased demand linked to **GLP-1 treatments and broader direct-to-consumer healthcare solutions.**

Innovative and digital-first players continue to outperform, driving growth in Health & Beauty.

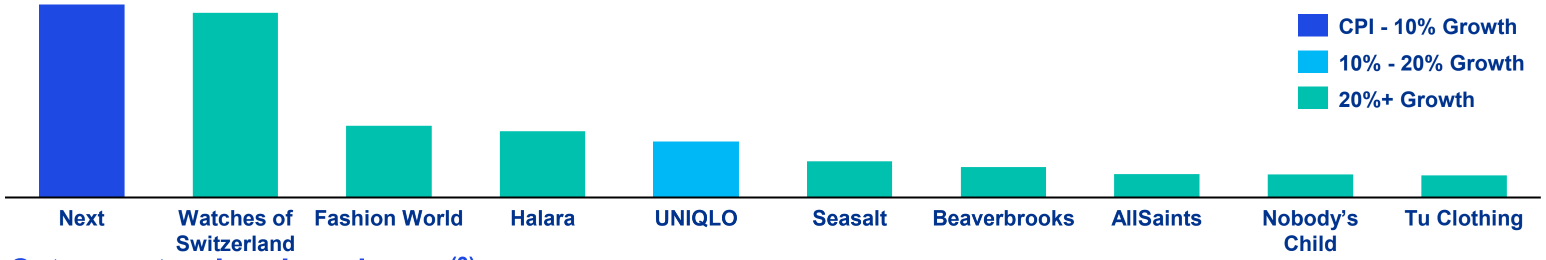
In contrast, well-established beauty-focussed high street brands including **Superdrug, Skin & Me and Lush** lagged behind, with several players seeing declines. This marks a **shift in the category**, with Beauty having been a key driver of growth in recent years when consumer budgets were more constrained.

Fashion: Another sluggish quarter as consumers continue to direct their discretionary spend elsewhere

Total spend	=	Number of customers	x	Ave. transactions per customer	x	Ave. transaction value
Q2’26 Vs Q2’25: -0.5%		-3.6%		-0.4%		+3.6%

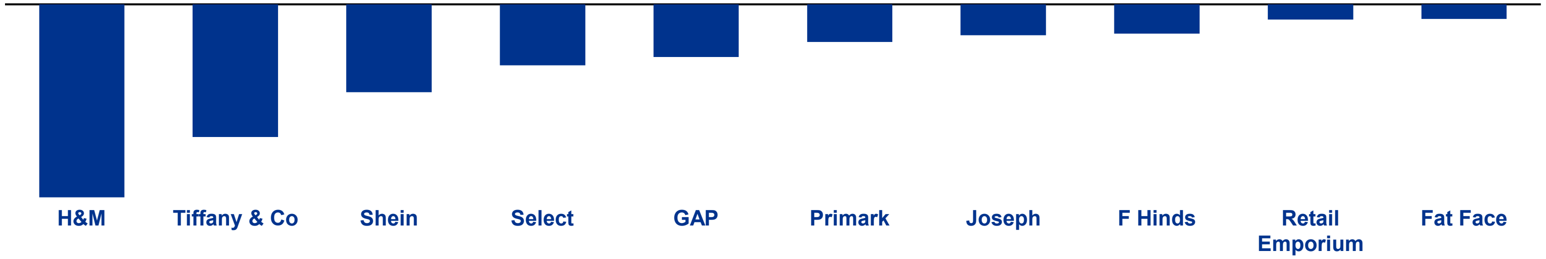
Category top winning players[3]

Absolute increase and growth rate of sales, Q2’25 vs Q2’26[2][a] (scale not comparable between charts).



Category top lagging players[3]

Absolute decrease of sales, Q2’25 vs Q2’26[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 April, May, June; (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 = 154,218)

Fashion continued to underperform in Q2’26, with total spend **declining by -0.5% year-on-year.**

This was driven by declines in **customer numbers (-2.3%)** and **transaction frequency (-1.2%),** partially offset by increase in **average transaction value (+3.6%),** pointing to continued caution among consumers.

Strong performance was seen among select brands such as **Watches of Switzerland** and **Fashion World,** alongside value-led and niche players including **Tu Clothing** and **Nobody’s Child.**

Menswear was the fastest growing sub-category, with most others struggling to grow in a challenging market.

Growth was concentrated among value-led and specialist fashion retailers, alongside select accessories players, while several mainstream apparel and jewellery brands struggled.

Major online players including **Shein, H&M and GAP** are lagging, reflecting continued pressure across parts of the fashion market.

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

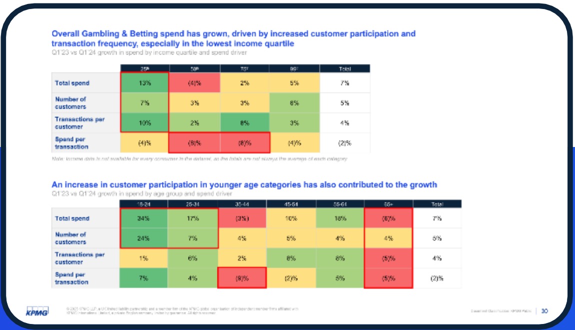
Example: Highlighting categories your consumer base has an affinity to and strategising how to leverage this (e.g. Marketplace and Retail Media).

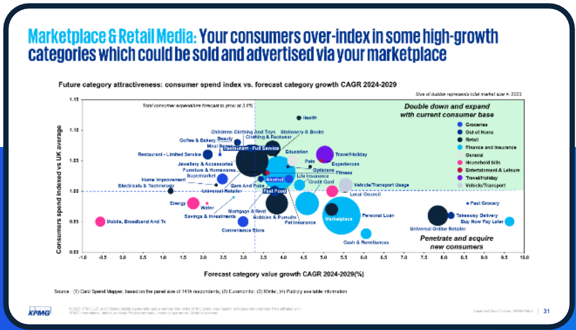
Channel strategy

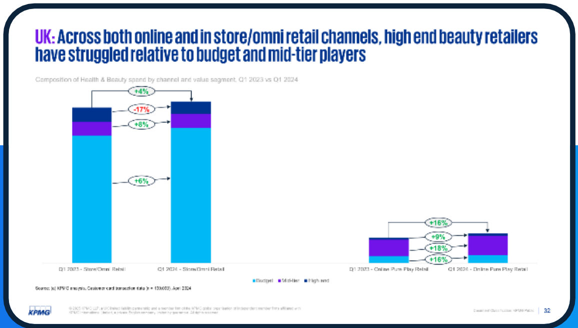
Example: Assessing different channel dynamics and consumer behaviour across omni-channel players, digital natives and D2C players.

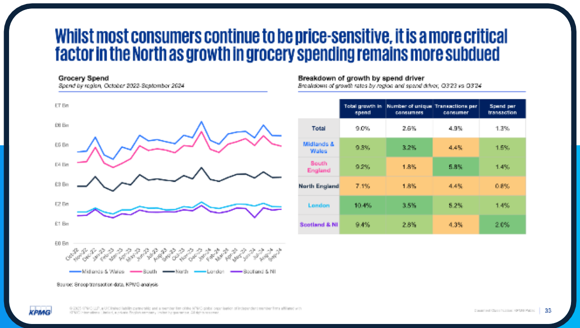
Location strategy

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** to determine potential growth opportunities.

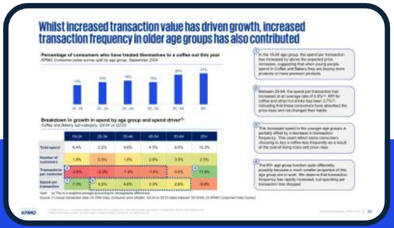
Our **data-driven insights** can help you gain a **deeper understanding of consumer behaviour, identify emerging trends, and anticipate changes** in the market.

Insights on you and your competitors

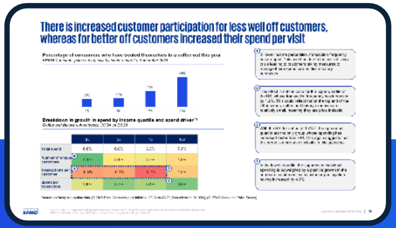
Staying ahead of the competition requires a thorough understanding of the competitive landscape. Our analysts can offer **insights into your competitors' performance, strengths, and weaknesses**.

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

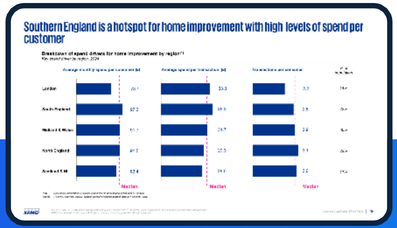
By **analysing market trends and competitor performance**, you can make strategic decisions that **enhance your competitive advantage** and drive business growth.



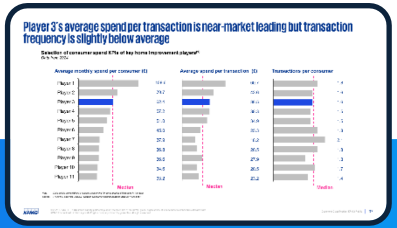
Age



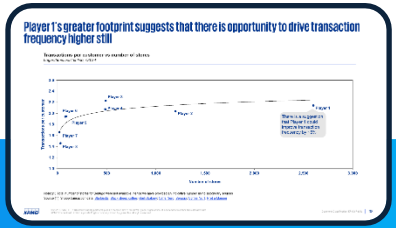
Income



Region



Opportunities vs your competitors



Spend drivers

06

Methodology and additional insights

UK consumer spending insights

snoop

- Sample of 154k UK consumer transactions from Q3’24 to Q2’26, 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).
- Categorised, 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: July 2026.

Methodology: Our approach to understanding consumer behaviour

Collate raw card spend data → Map spend to merchants and categories → Calculate KPIs for merchants and categories → Translate into insights

Supplement with macroeconomic and consumer survey data → Translate into insights

154,000 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 **Owning the Unknowns and no regret decisions for Consumer leaders**

Date released: March 2026.

02 **Retail Sales Monitor with the BRC**

Monthly update.

03 **KPMG X The Grocer: Tech under pressure - navigating tough trade-offs amid rising costs**

Date released: May 2026.

04 **KPMG X The Grocer: Spotlight on tax - how to turn obligation into opportunity**

Date released: June 2026.

05 **KPMG X The Grocer: Leaning into loyalty - driving growth through supermarket programmes**

Date released: July 2026.

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