



AIB

For the life
you're after

AIB retail spend outlook report

Q1 2026

AIB's detailed look at the retail sector,
highlighting trends and insights for Q1 2026

Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland

Retail sector spending up 2.7% in Q1 2026

Q1 2026 Retail Card Spend growth of 2.7% supported by stronger online sales

In Q1 2026, overall retail card spend increased by 2.7% in value year-on-year, reflecting continued growth across the retail sector. This increase was supported by stronger performance in online channels of 12.1%, while in-store spending was broadly stable. Retail sales transaction volumes rose by 2% overall, with growth evident across both channels, and particularly online, while in-store volumes increased modestly. Taken together, this points to an ongoing evolution in consumer purchasing behaviour, with digital channels playing an increasingly important role alongside physical retail.

Essential categories continued to demonstrate resilience. Groceries spending increased by 2.2% in value, supported by growth in both in-store and online channels. The number of grocery transactions rose by 1.5% overall, highlighting the defensive and non-discretionary nature of grocery retail. Pharmacies also delivered solid value growth of 6.2%, with positive momentum across both in-store

and online channels, while volumes increased modestly by 0.7%. Electrical goods recorded value growth of 7.3% overall, supported primarily by online sales of 16.9%, while compensating for some in-store sales declines against the same quarter in 2025. Volumes increased strongly indicating continued demand in the category, albeit with a preference for online purchasing.

The homeware and hardware sector experienced moderate value growth of 2.5%, with gains across both in-store and online channels of 1.1% and 4.8%, respectively. Volume growth of 1.2% overall suggests a period of stabilisation following stronger growth in prior periods.

More discretionary categories showed divergent trends. Clothing value growth was limited to 0.5% overall, with weaker in-store performance partially offset by online growth. Volumes declined slightly by 0.4% overall, pointing to some softening in category demand. Sporting goods experienced a broader contraction, with value spend down by 8.4%. By contrast,

jewellery performed strongly, with value growth of 8.8% and volume growth of 2.9%, supported by both channels.

Overall, Q1 2026 reflects a retail sector that continues to expand in aggregate, though performance remains uneven across categories and channels. Both physical and digital channels continue to play important roles, with outcomes increasingly influenced by category mix, operational efficiency and cost control, as the sector navigates a more challenging inflationary and operating environment during 2026.



Ciaran Foley
AIB Retail
Sector Specialist



Industry View

Online spending drives modest retail growth

Q1 delivered modest retail value growth of 2.7%, with the sector's performance underpinned by online sales, which rose 12.1%, while instore trading was flat. That pattern suggests consumers are still willing to spend, but are increasingly selective and convenience-led, with digital channels continuing to capture a growing share of demand. Overall transaction volumes were also up 2%, indicating that spending remained resilient, even if basket values were constrained.

The quarter started strongly in January, before growth normalised in February and flattened in March. This monthly pattern may reflect a combination of softer consumer confidence, more cautious discretionary spending, and the influence of external pressures such as geopolitical uncertainty, higher energy costs and lingering cost-of-living pressures. While it is too early to draw firm conclusions, these factors may be encouraging households to delay non-essential purchases or trade down where possible.

By sector, grocery stores remained relatively robust, with overall value sales up 3.4%, supported by 2.1% instore growth and particularly strong online performance at 26.8%. This reflects the continued strength of convenience-led and repeat purchase categories. Homeware and hardware also performed positively overall,

up 2.5%, likely helped by practical spending and seasonal home-improvement demand, although performance varied by subcategory.

Clothing was broadly flat overall at 0.5%, masking a clear split between weak instore sales (-7.8%) and stronger online growth (+11%). This suggests consumers remain cautious on discretionary fashion spend, while online continues to gain share. Overall, the data points to a retail market that is still growing, but with demand increasingly concentrated online and with discretionary categories facing the greatest pressure.



Jean McCabe
CEO
Retail Excellence



Key Trends

↔ **0%**
Instore retail

↑ **2.7%**
Overall retail spending

↑ **12.1%**
Online retail

Based on AIB personal customer card spend data for Q1 2026

Retail

Retail +2.7%

Year-on-year sales by value for the wider retail sector increased in Q1 2026 by 2.7%, driven by higher online sales of 12.1% and instore sales remaining stable - no change, versus the same period in 2025. Total transaction numbers rose by 2% with average spend per transaction remaining stable, €37.16, in the period, pointing to normalising price inflation. Spending by value rose in seven of the eight sectors. Expenditure in sporting goods stores saw the sharpest decline during the quarter of 8.4% in-store purchases of 13.8%, and a fall in online sales of 2%.

Consumers continued to increase spending on essential and inelastic categories such as groceries and pharmacies, with sales growing

by 2.2% and 6.2% respectively, supported by strong online gains of 16.0% and 28.1%.

Sectors with more discretionary items showed mixed performance. Jewellery saw strong growth of 8.8% overall, driven by online spending of 19.7%, while clothing posted modest overall growth of 0.5%. Department stores recorded solid overall growth of 6.6%, supported by strong online spending which increased by 29.4%, compared to the same 2025 period.

Consistent with last year, hardware and electrical goods continued their increased spending trend, up 2.5% and 7.3% overall, driven by strong online growth of 4.8% and 16.9%.

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Groceries	2.2%	1.1%	16.0%
Electrical Goods	7.3%	-7.8%	16.9%
Hardware	2.5%	1.1%	4.8%
Pharmacies	6.2%	4.6%	28.1%
Clothing	0.5%	-7.8%	11.0%
Department Stores	6.6%	-2.4%	29.4%
Sporting Goods Stores	-8.4%	-13.8%	-2.0%
Jewellery	8.8%	3.9%	19.7%

For the purposes of this report, we've used our data across these eight categories to analyse retail spend trends.

Based on AIB personal customer card spend data for Q1 2026



Grocery

Overall Grocery Stores +3.4%

When referring to the grocery sector, we are discussing the retail categories listed in the table below. The grocery sector overall saw spend value increase by 3.4% in Q1 2026, with in-store channels seeing an increase of 2.1%, whilst online sales increased by 26.8%. The number of transactions in the quarter increased for in-store by 3.6% and 31.5% for online transactions. Online sales represented 6.3% of total value grocery sales in the quarter.

Pet shops & supplies delivered the strongest performance in Q1, with spend up 5.4% overall, driven by a 3.8% increase in-store and a 9.1% rise online.

Bakeries recorded broadly flat growth overall of 1.1%, with performance supported by modest in-store growth of 0.9% and a stronger online uplift of 3.8%.

In contrast, off licence / liquor stores recorded the steepest decline, down by 8.8% overall, in-store sales of 11.8%, while online sales were broadly flat at 0.4%.

Miscellaneous food stores (such as convenience stores and speciality markets) saw a decline of 4.8% overall, driven by a continued contraction in in-store sales of 6.6%, which offset positive online growth of 5.4%.

Category	Overall	Instore	Online
Grocery Stores	3.4%	2.1%	26.8%
Miscellaneous Food Stores	-4.8%	-6.6%	5.4%
Pet Shops and Supplies	5.4%	3.8%	9.1%
Off License / Liquor Stores	-8.8%	-11.8%	0.4%
Bakeries	1.1%	0.9%	3.8%

Based on AIB personal customer card spend data for Q1 2026



Homeware / Hardware

Overall Homeware / Hardware +2.5%

Overall, this group of subsectors (including furniture stores, home supply stores, hardware stores, nurseries, lawn and garden centres, floor covering stores and lumber and building material stores) saw a 2.5% increase in value spend in Q1 2026, with a 1.1% in-store spend increase and a 4.8% increase to the online channel. Card spend by number of transactions was up by 1.2% against the same period in 2025. Three categories, 'furniture, home furnishings', 'hardware stores' and 'lumber, building material stores' continue to make up the majority of spend to this sector.

Floor covering stores delivered the strongest performance in the quarter, with spend increasing by 9.3% overall, supported by robust growth across both in-store of 7.9% and online channels of 11.3%.

Home supply warehouse stores were another key contributor, recording growth of 6.8%, driven by strong in-store performance 6.4%, and continued online growth of 9.2%. Hardware stores recorded modest growth overall of 1.6%, while in-store declined by 2.5%, offset by strong online growth of 15.3%, while lumber and building material stores posted marginal growth.

In contrast, nurseries, lawn and garden centres saw a slight decline overall of 0.4%, driven by a contraction in in-store sales of 7.6%, despite continued strength in the online channel of 16.4%.

Furniture and home furnishings also declined by 2.0%, reflecting continued in-store weakness of 3.7%, which outweighed modest online growth of 0.7%.

Category	Overall	Instore	Online
Furniture, Home Furnishings etc	-2.0%	-3.7%	0.7%
Hardware Stores	1.6%	-2.5%	15.3%
Nurseries, Lawn and Garden Supply Stores	-0.4%	-7.6%	16.4%
Floor Covering Stores	9.3%	7.9%	11.3%
Lumber, Building Materials Stores	0.6%	-1.1%	2.9%
Home Supply Warehouse Stores	6.8%	6.4%	9.2%



Clothing / Department Stores / Jewellery

Overall Clothing +0.5%

This category of subsectors such as shoe stores, sports and riding apparel stores, family clothing stores, men's, women's clothing stores and women's ready-to-wear stores saw an overall slight increase in value spend of 0.5% for the quarter, with volume sales down by 0.4%.

Clothing - Family clothing stores achieved the strongest growth in the category, up 21.1% overall, driven by significant online growth. Sports and riding apparel stores also saw growth of 7.2% in value spend, with in-store also up by 11.2%.

Overall department stores +6.6% - Overall spend in department stores increased by 6.6% in Q1, driven by an increase in online sales of 29.4% despite a marginal drop in in-store of 2.4%. Reduced in-store activity and lower average transaction sizes across both channels contributed to the decrease.

Overall jewellery +8.8% - Overall spend on jewellery increased by 8.8% in Q1, continuing the positive trend from last year. Growth was supported by gains across both channels, with in-store sales up 3.9% and online sales rising by 19.7%.

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Shoe Stores	-1.5%	-4.4%	3.6%
Sports & Riding Apparel Stores	7.2%	11.2%	4.5%
Family Clothing Stores	21.1%	1.9%	73.6%
Men's, Women's Clothing Stores	-8.7%	-1.5%	-14.4%
Women's Ready-To-Wear Stores	-13.3%	-23.8%	3.3%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Department Stores	6.6%	-2.4%	29.4%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Jewellery	8.8%	3.9%	19.7%



Contact us



Ciaran Foley

AIB Retail Sector
Specialist

+353 87 056 3880

ciaran.c.foley@aib.ie



Charlene Harte

AIB Retail Sector Analyst

+353 87 983 3105

charlene.j.harte@aib.ie



Jean McCabe

CEO
Retail Excellence Ireland

+353 65 68 469 27

jean@retailexcellence.ie

→ aib.ie/business/sector-expertise/retail-ecommerce

Allied Irish Banks, p.l.c is regulated by the Central Bank of Ireland.

