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# AIB retail spend outlook report

## Q2 2025

AIB's detailed look at the retail sector,  
highlighting trends and insights for Q2 2025.

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# Strong increase in Retail sector spending up 5% in Q2 2025

**In Q2 2025, instore spending increased by 4.1% and online spending by 8.1% compared to Q2 2024**

Consumer spending in the sector increased in comparison to recent sector growth rates of +1.7% in Q1 2025 and +2.9% in Q4 2024, driven by an increased frequency of instore grocery visits resulting in volume spend up 4.4%. Consumers in Q2 had more transactions in seven out of our eight tracked categories which makes up our retail spend analysis. The largest year on year value growth was in electrical goods (+9.1%), hardware (+6.9%) and Jewellery (+7.6%) with only department stores seeing flat spend (-0.2%) against 2024.

Weather conditions in the first half of 2025 have proven to be milder than the period in 2024 and has likely helped consumer in-store spend growth. Q2 saw increased spending on the home with Hardware sector growth of 6.9% in the quarter. The largest sub-sector growth rates were in 'nurseries, lawn and garden supply stores' as well as 'home supply stores' and 'lumber, building material stores'.

According to the CSO average weekly earnings for Q1 2025 increased by 5.6% against Q1 2024 outpacing consumer price inflation for the quarter. Consumer price inflation for the quarter has averaged at 1.9% compared to the same period in 2024, pointing to an increase in real household income. This increase in real income likely supporting consumer capacity to spend into Q2.

Despite global uncertainty, the domestic economy looks strong in the near to medium term. Unemployment remains low and inflation stable. Consumer spending stays robust, with retail growth steady in both Q1 and Q2.



**Ciaran Foley**  
AIB Retail  
Sector Specialist





# Industry View

## Warm Spring brings welcome boost in spending to the Retail Industry

The retail market in Ireland in the second quarter of 2025 benefited from a welcome boost in spending across many categories, with overall retail sales up 5%. The extended period of mild weather throughout the quarter was the key driver behind the increase in consumer spending. Garden, hardware, and DIY stores reported shortages of plants as consumers sought to improve their gardens. Electrical goods also performed strongly, with 9.1% growth driven by home refurbishments, the purchase of new appliances, and increased sales of fans and cooling equipment due to the hot weather. The fine weather also helped boost the sales of sun cream and other sun-related products in the pharmacy sector, which saw over 6% growth. The high price of gold and the continued increase in the number of weddings were seen as tailwinds for the jewellery sector, which experienced a 7.6% increase in sales.

On the other hand, the fine weather deferred consumers from shopping for clothing and footwear. Footfall was reported to be down in many key shopping centres and areas, as

consumers headed for the beaches during the fine weather weekends. Online sales for many retail sectors performed well this quarter, compared to low levels of online sales last year.

Looking ahead to Q3 2025, many retailers have already reported a slowdown in sales in July. Continued global uncertainty, the high cost of living, and potential budget impacts will no doubt defer discretionary spending until later in the year. The continued cost increases on businesses is a concern for many SME's right now. It will be crucial for the government to produce a pro-business budget in the autumn to ensure the domestic economy can weather any upcoming storm.



**Jean Mc Cabe**  
CEO  
Retail Excellence





# Key Trends

↑ **4.1%**

Instore retail

↑ **5.0%**

Overall retail spending

↑ **8.1%**

Online retail



# Retail

## Retail +5.0%

Year on year sales by value for the wider retail sector increased in Q2 2025 by 5.0%, driven by increased instore sales of 4.1% and an uplift in online sales of 8.1% versus the same period in 2025. Total transaction numbers rose by 3.9% with average spend per transaction remaining relatively stable in the period pointing to normalising price inflation.

As shown in the adjacent table, spending by value rose in seven of the eight sectors. Expenditure in department stores saw a slight decline during the quarter, affected by a drop in in-store purchases, which was offset by a 6% rise in online sales.

In Q2, consumers continued to increase spending on more essential and inelastic categories such as groceries and pharmacies, with sales growing by 5.6% and 6.2% respectively.

Sectors with more discretionary items, like jewellery, sporting goods stores, and clothing, showed varied results in the quarter compared to 2024.

Consistent with Q1, both hardware and electrical goods stores experienced increased spending, with online sales channels making a notable contribution.

### Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Groceries	5.6%	5.2%	9.7%
Electrical Goods	9.1%	-1.5%	15.9%
Hardware	6.9%	6.5%	7.5%
Pharmacies	6.2%	4.9%	25.6%
Clothing	0.5%	-2.7%	4.9%
Department Stores	-0.2%	-2.0%	6.0%
Sporting Goods Stores	2.4%	11.8%	-9.4%
Jewellery	7.6%	5.2%	14.0%

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





# Grocery

## Overall Grocery +5.6%

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 5.6% in Q2 with instore channels seeing an increase of 5.2%, whilst online stores went up by 9.7%. The number of transactions in the quarter increased for instore by 4.4% and a comparative 6.2% for online transactions. Online sales represented 8% of total value grocery sales in the quarter.

Grocery stores were the main driver of growth in the quarter with spend up 6.5% driven by increases to both instore and online sales.

Category	Overall	Instore	Online
Grocery Stores	6.5%	6.1%	13.8%
Miscellaneous Food Stores	3.2%	1.8%	12.5%
Pet Shops and Supplies	1.3%	-0.9%	6.4%
Off License / Liquor Stores	-5.4%	-7.7%	2.1%
Bakeries	17.2%	17.0%	18.9%

Miscellaneous food stores such as convenience stores and speciality markets saw value spend increase by 3.2% which is in contrast from the 1% decrease in Q1 2025.

In Q2 spend across the pet shops and supplies category slowed from the significant increases seen in previous quarters with spend up 1.3% in the quarter.

Off License / Liquor Stores saw value spend decrease by -5.4% in Q2 2025 driven by reduced instore sales down 7.7%.





# Homeware / Hardware

## Overall Homeware / Hardware +6.9%

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 6.9% increase in value spend in Q2, with a 6.5% instore spend increase and a 7.5% increase to the online channel. Card spend by number of transactions was up by 5.8% against the same period in 2024. Three categories, 'furniture, home furnishings', 'hardware stores' and 'lumber, building material stores' make up the majority of spend to this sector.

As consumers focused on enhancing their home comfort, sales of furniture and home furnishings rose by 3.5%. Additionally, with milder weather conditions in Q2 compared to the previous year, sales at nurseries and garden centres increased by 13.1%.

Despite overall strong growth, spending at hardware stores declined during the quarter, with decreases observed in both in-store and online sales. In contrast, expenditure at lumber and building materials stores saw a notable rise, driven by growth across both online and physical retail channels.

Category	Overall	Instore	Online
Furniture, Home Furnishings etc	3.5%	3.6%	3.5%
Hardware Stores	-2.4%	-3.0%	-0.5%
Nurseries, Lawn and Garden Supply Stores	13.1%	9.1%	7.6%
Floor Covering Stores	3.6%	0.8%	27.0%
Lumber, Building Materials Stores	21.5%	22.5%	20.1%
Home Supply Warehouse Stores	13.3%	21.1%	21.2%





# 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 uptake in value spend of 0.5% for the quarter.

**Clothing** – Sports and riding apparel achieved the strongest rate of growth +6.8% in the clothing category, across both instore and online. 'Shoe stores' and 'Women's ready to wear stores' saw similar spend declines in the quarter down 4.4% and 4.8% respectively.

**Overall department stores -0.2%** – Department stores spend was down marginally for the period. Decreased average transaction sizes both instore and online, as well as reduced instore spend, can be attributed to the decrease.

**Overall jewellery +7.6%** – Consumer spending on jewellery gained pace following on from growth in Q1 against 2024. Spending on jewellery was up strongly in both instore and online spend

Category	Overall	Instore	Online
Shoe Stores	-4.4%	-4.8%	-3.6%
Sports & Riding Apparel Stores	6.8%	8.5%	5.5%
Family Clothing Stores	3.1%	0.6%	8.5%
Men's, Women's Clothing Stores	-1.2%	-4.5%	2.4%
Women's Ready-To-Wear Stores	-4.8%	-3.5%	-6.9%

### Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Department Stores	-0.2%	-2.0%	6.0%

### Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Jewellery	7.6%	5.2%	14.0%





# Contact us



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