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AIB retail spend outlook report

Q1 2025

AIB's detailed look at the retail sector,
highlighting trends and insights for Q1 2025.

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Retail sector spending increased by 1.7% in Q1 2025

In Q1 2025, instore spending increased by 2% and online spending by 0.6% compared to Q1 2024

Although consumer spending in the sector slowed compared to recent quarters, Q1'25 saw positive growth. Consumers continued to spend on both discretionary items like electrical goods and jewellery, and non-discretionary areas such as grocery and pharmacy.

Comparing retail card spend data for Q1 against the same period in 2024, spend value and spend volume was up 1.7% and 0.8% respectively. The number of transactions was up 1% instore with the number of online transactions conversely down 1%.

Similar to trends witnessed in our year end 2024 report, consumer spending has been up in Q1 in the majority of our retail subsectors. Instore sales were up in seven of our eight subsector categories which is positive for the network of retail store operators. Milder and more shopping friendly weather conditions at the

start of 2025 when compared to 2024 has helped with instore sales.

In Q1, consumers continued to spend the most on groceries which is well ahead of any other retail subsector. After groceries, the next highest spend by value was to the homeware / hardware subsector. Spend to this sector peaked during the pandemic as alternative spending options were limited. Post pandemic spend normalised however spending to the sector has been growing in each of the past three quarters as consumers invest in their homes which is a trend we expect to see continue into 2025.

Q1 2025 has started positively for retail spending, but recent geopolitical uncertainty and fears of trade disputes may affect consumer sentiment and spending patterns. While the domestic economy is expected to grow and retail spending continues to rise, significant headwinds suggest cautious optimism.

High employment rates and a decreasing interest rate environment are mitigating factors supporting continued spending growth despite these challenges.



Ciaran Foley
AIB Retail
Sector Specialist



Industry View

As consumer habits recalibrate post-peak season, physical retail emerges as a resilient force in a cooling market.

The Q1 2025 retail data reveals a moderation in growth compared to the stronger Q4 2024 performance, with overall retail sales up 1.7% year-on-year. This represents a cooling from the 2.9% growth seen in Q4, suggesting a recalibration of consumer spending patterns following the holiday season and one-off government support measures.

Hardware/Homeware continues to be the standout performer, maintaining steady momentum with 4.3% growth and particularly strong in-store performance (+6.1%). This consistency of growth indicates sustained consumer investment in home improvement, a trend that began during the pandemic and continues to show resilience despite broader economic uncertainties.

The channel shift toward physical retail observed during Christmas has persisted into 2025, with in-store sales (+2.0%) outperforming flat online growth (0.6%). This reinforces the pattern in which consumers have shown a renewed preference for physical shopping experiences. Notably, online clothing sales have declined more sharply in Q1 (-6.3%) compared to Q4 (-1.8%), suggesting consumers are increasingly returning to stores for fashion purchases. Grocery has experienced a significant moderation, with growth slowing to 1.2%. The sector's online performance has reversed

dramatically from +7.4% in Q4 to -1.2% in Q1, indicating a possible normalisation of shopping behaviours as pandemic-era habits continue to evolve. Looking ahead, the political landscape across the Atlantic introduces uncertainty to Ireland's economic outlook for 2025.

This global uncertainty, coupled with the cooling domestic growth trends, signals a potential period of consumer caution. However, the consistent strength in physical retail channels offers some light for Irish retailers.

As online sales plateau or decline across multiple sectors, the in-store shopping experience is emerging as a key differentiator and growth driver. This resurgence of physical retail underscores a meaningful shift in consumer preferences that appears to be gaining momentum beyond the seasonal Christmas period.



Jean Mc Cabe
CEO
Retail Excellence



Key Trends



↑ **2.0%**

Instore retail

↑ **1.7%**

Overall retail
spending

↑ **0.6%**

Online retail

Retail

Retail +1.7%

Year on year sales by value for the wider retail sector increased in Q1 2025 by 1.7%, driven by increased instore sales of 2.0% with only marginal uplift in online sales of 0.6% versus the same period in 2024. Total transaction numbers rose by 0.8% with average spend per transaction remaining stable in the period pointing to normalising price inflation.

As can be seen in the below table, spend by value increased for six of the eight sectors. Spending to the grocery category grew however at a slower pace than seen through 2024. This

outcome is likely a result of more normalised price inflation levels returning with overall transactions numbers increasing by 0.9% in the quarter. Demands for pharmacy dispensary items and services were up in Q1 by +5.0% with both instore and online sales increasing albeit 97% of sales transactions recorded were instore.

Jewellery sales experienced a 5.2% increase in Q1, primarily due to a 6.5% rise in the number of transactions compared to Q1'24. Clothing and sporting goods stores saw declines during the period due to a drop in online transactions.

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Groceries	1.2%	1.4%	-1.2%
Electrical Goods	3.7%	1.9%	4.8%
Hardware	4.3%	6.1%	1.5%
Pharmacies	5.0%	4.8%	7.5%
Clothing	-1.9%	1.9%	-6.3%
Department Stores	2.5%	-5.6%	30.9%
Sporting Goods Stores	-3.2%	4.0%	-10.4%
Jewellery	5.2%	2.4%	12.2%

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



Grocery

Overall Grocery +1.2%

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 1.2% in Q1 with instore channels seeing increase of 1.4%, whilst online stores declined by -1.2%. The number of transactions in the quarter increased by 0.9% with instore transactions up 1.0% and with online transactions down 1.5%.

Online sales represented 7.8% of total value grocery sales in the quarter. In Q1 spend across the petshops and supplies category continued its increased spend performance following a buoyant Q4'24 period against 2023.

Increased average transaction size coupled with increased instore visits and the addition of some new store openings in the sector in 2025 have driven double digit spend growth in the quarter against 2024.

Miscellaneous food stores such as convenience stores and speciality markets saw value spend decrease by 1% in Q1 2025.

The number of transactions in this category decreased by 1.9% instore, the average transaction size decreased by -2.9% pointing to some price deflation or customer looking for greater value per transaction.

Category	Overall	Instore	Online
Grocery Stores	2.0%	2.2%	-2.8%
Miscellaneous Food Stores	-1.0%	-2.6%	9.9%
Pet Shops and Supplies	15.7%	24.5%	-0.6%
Off License / Liquor Stores	-11.9%	-11.2%	-14.1%
Bakeries	9.3%	9.2%	10.2%



Homeware / Hardware

Overall Homeware / Hardware +4.3%

Overall, this group of subsectors (including furniture stores, home supply stores, hardware stores, nurseries, lawn and garden centres, floor covering stores and lumber, building material stores) saw a 4.3% increase in value spend in Q1, with a 6.1% instore sales increase and a

1.5% increase to the online channel.

Card spend by number of transactions was up by 4.3% 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 invested in home comforts, furniture and home furnishing sales were up 1.6%. With milder weather conditions experienced in Q1 compared to last year, nurseries and garden centre sales were up 14.8%.

While strong growth overall, hardware store sending was down in the quarter as was spend for floor covering stores. Contrastingly spend to the lumber & building materials stores increased significantly in the period driven by growth across both online and instore channels.

Category	Overall	Instore	Online
Furniture, Home Furnishings etc	1.6%	2.7%	0.1%
Hardware Stores	-4.8%	-0.7%	-16.1%
Nurseries, Lawn and Garden Supply Stores	14.8%	15.5%	13.0%
Floor Covering Stores	-12.2%	-18.4%	-1.4%
Lumber, Building Materials Stores	33.1%	39.4%	25.5%
Home Supply Warehouse Stores	8.7%	8.9%	7.1%



Clothing / Department Stores / Jewellery

Overall Clothing -1.9%

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 decline in value spend of 1.9% for the quarter.

Clothing - Sports and riding apparel was the only clothing category achieving material growth in the quarter, with growth of 8.4% generated. Family clothing stores saw the largest category spend decline down 8.1% driven in the main by a drop off in online sales for the period but also overall average transaction value reducing.

Overall department stores +2.5% - Department stores spend was up for the period driven by significant increased online spending in the period. Increase in number of transactions coupled with increased in average transaction size supported the overall value sales increase.

Overall jewellery +5.2% - In a positive start to the year for jewellery store sales, card spend saw growth across instore and online sales channels in Q1 2025, following on from similar increases seen in the previous quarter in 2024.

Category	Overall	Instore	Online
Shoe Stores	-7.1%	-8.1%	-5.3%
Sports & Riding Apparel Stores	8.4%	8.0%	8.6%
Family Clothing Stores	-8.1%	5.0%	-31.6%
Men's, Women's Clothing Stores	0.2%	-8.2%	7.9%
Women's Ready-To-Wear Stores	-5.4%	0.8%	-13.8%
Home Supply Warehouse Stores	8.7%	8.9%	7.1%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Department Stores	2.5%	-5.6%	30.9%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Jewellery	5.2%	2.4%	12.2%



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