



# Food and Drink Sector H2 2025 Insights and H1 2026 Outlook

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## H2 2025 Insights

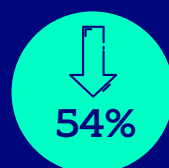
- Food and drink exports reached **€19bn in 2025, up 12% vs 2024**.<sup>1</sup> Price inflation contributed to growth. Despite uncertainty in H1 due to U.S. export tariffs, global exports held up well throughout the year. Sales to the largest market, UK, were +14%, EU sales +16% and North America +11%.<sup>2</sup>
- The sector continued to face macroeconomic pressures, global instability and elevated costs. Food inflation in December 2025 was:
  - EU 2.7%, ROI 4.1%, UK 4.5%,<sup>3</sup> with dairy, beef, chocolate, and coffee particularly impacted.
  - The United Nations Food Price Index (FFPI) fell to **124.3** in December 2025 following several monthly declines, though the **annual average** reached **127.2**, up **4.3%** from 2024.<sup>4</sup>
  - Implementation of the **EU Deforestation Regulation (EUDR)**, originally due in December 2025,
- was delayed by 12 months with simplification planned.<sup>5</sup> (Detail on products affected in Market Dynamics section below).
- The EU and UK agreed new **2026 fishing quotas last December** for some pelagic, nephrops (prawns) and demersal fish.<sup>6</sup> Significant reductions for **mackerel -70% and blue whiting -41%** which will affect trawling and seafood processing.



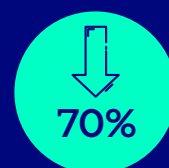
↑ Growth in food and beverage exports (2025 vs 2024)



↑ Across ROI, UK and EU



Drop in cocoa bean prices over the past year



Reduction in Mackerel Quotas in 2026

## Key Trends

- Automation is accelerating:** packaging lines, robotics, and bringing outsourced production in-house are being adopted to offset cost pressures and staff shortages, with existing staff being upskilled.
- Dairy and meat exports**, which account for over 64% of total exports, grew 14% and 18% respectively, driven by price increases.
- Prepared consumer foods (PCF)** – prepared meals, snacks, bakery and confectionery – exports grew 9% to €3.6Bn in 2025, now the third largest sub sector after dairy and meat.<sup>8</sup>
- The global spirits market** remains highly competitive. Export value held at **€2bn**,<sup>9</sup> but distilleries diversified ranges, such as innovative blending, Ready to Drink offerings and new packaging e.g. pouches. To lessen dependence on the U.S. market, drinks operators are shifting their attention toward growth opportunities in Canada, India, and Mexico.



<sup>1,2,7,8,9</sup> [www.bordbia.ie/industry/news/press-releases](http://www.bordbia.ie/industry/news/press-releases) <sup>3</sup> [www.tradingeconomics.com/country-list/food-inflation](http://www.tradingeconomics.com/country-list/food-inflation) <sup>4</sup> [www.FAO.org/food-price-index](http://www.FAO.org/food-price-index) | Food and Agriculture Organization of the United Nations <sup>5</sup> [www.europarl.europa.eu/news/en/press-room/20251211IPR32168](http://www.europarl.europa.eu/news/en/press-room/20251211IPR32168) <sup>6</sup> Fishing opportunities for 2026 in EU and non-EU waters; Council secures agreement - Consilium



## Key Trends (Cont.)

- **Low & zero alcohol** sales continued to grow. Worldpanel shows 15.3% of Irish households bought no/low alcohol drinks in 4 weeks to 28 Dec 2025 vs 9% LY.<sup>10</sup> The European Court of Justice ruled in November 2025 that **non alcoholic drinks cannot be labelled as “gin”**,<sup>11</sup> impacting future marketing strategies. The change applies to the ‘gin’ category but this sets a precedent for spirits.
- The cost of living and **food inflation** means consumers are increasingly value-conscious. In the UK market in the 4 weeks to Sep 2025, Worldpanel by Numerator data showed 52.3% of grocery lines were private label products.<sup>12</sup>
- **Grocery sales** in the UK grew +3.5% in 12 weeks to 28 Dec 2025 to a record £13.8Bn. Tesco grew to 28.5% share, Sainsburys 16.3% share, whilst Asda sales were -4.2% and it continues to lose market share, back to 11.4%. Aldi has 10.1% share and Lidl grew 10% to achieve 7.8% market share.<sup>13</sup>
- In ROI, in 12 weeks to 30 Nov 2025, Dunnes held 24.8% market share +5.2% growth, Tesco 24% and 7.2% growth, SuperValu share 19.3%, Lidl 13.5% with 9.4% growth and Aldi 10.9%.<sup>14</sup>



## Market Dynamics, Conditions & Drivers



- **Strong international demand** for Irish food and beverages continued: Bord Bia reported + 12% in export value, bringing sales to a record €19 billion in 2025.<sup>15</sup> The Irish grocery market had a solid Christmas with sales of €1.5Bn at +6% in 4 weeks to 28 Dec,<sup>16</sup> and sales in UK market were +3.8% in 12 weeks to 28 Dec 2025.<sup>17</sup>
- Rising **private label** penetration has led producers to increase collaboration with retailers to meet demand across many sub sectors from cereals and baked goods to ready meals and salads and suppliers see it as a growth opportunity.
- **Commodity trends: cocoa** prices eased in late 2025, and went as low as \$4.2k per tonne in late January 2026, due to favourable weather conditions in West Africa.<sup>18</sup> **Coffee** prices remained volatile in late 2025 due to concerns over crop yields and geopolitical developments in producer countries. However the 2026/27 yield outlook for Brazil, the world's largest producer, is generally positive, due to good weather, indicating lower prices.<sup>19</sup>
- The advent of **GLP-1** appetite-suppressing drugs is evolving consumer diets towards nutrient-dense foods. In response industry is recognising the need for product innovation.
- **Sustainability** remains a priority, although producers aim to balance the short term cost of sustainable initiatives with the need to keep prices competitive and manage margins. CSRD reporting delays for smaller operators reduced focus for some, but many producers are still advancing their ESG efforts. This is driven by retailers pushing sustainability goals, new EU packaging rules, and growing consumer demand for sustainable products.
- The **EU Anti-Deforestation regulation (EUDR)**, where products entering the EU need proof they were not from land deforested or degraded after December 31, 2020, was delayed. The legislation will take effect from Dec 2026 for large and medium operators, and from June 2027 for micro and small operators. Products affected include cattle-beef, leather-, coffee, cocoa, palm oil, soy and wood, e.g. barrels.<sup>20</sup>
- Other **EU legislation** is Regulation 2025/40, an EU-wide rule to cut packaging waste, boost recycling, and make labels easier for everyone to understand. It's in place since Feb 2025 and will apply from August 2026,<sup>21</sup> and will require producers to alter packaging for their product ranges.
- In **M&A activity**, Valeo Foods acquired three European confectionery and sweet bakery businesses to broaden its portfolio, while divesting New World Foods to Kepak. This sees Kepak add high protein meat snacks to its portfolio whilst the Greencore Group purchased UK-based Bakkavor prepared foods business.



<sup>10</sup> Irish Shoppers Spent Record €1.5bn On Groceries In December: Worldpanel | FSM Magazine. <sup>11</sup> European Union court rules non-alcoholic beverages cannot use the term 'gin' - Global Drinks Intel. <sup>12</sup> Tesco Wins Most Market Share: Battle Between Own-Label And Brands Continues - KamCity. <sup>13,14</sup> Promotions, premium own label and no alcohol options: inside Britain's £13.8bn Christmas grocery shop. <sup>15</sup> www.ExportPerformance & Prospects 2025 -2026. <sup>16</sup> Irish Shoppers Spent Record €1.5bn On Groceries In December: Worldpanel | FSM Magazine. <sup>17</sup> Promotions, premium own label and no alcohol options: inside Britain's £13.8bn Christmas grocery shop. <sup>18</sup> www.tradingeconomics.com/commodity/cocoa. <sup>19</sup> www.tradingeconomics.com/commodity/coffee. <sup>20</sup> www.wri.org/insights/explain-eu-deforestation-regulation. <sup>21</sup> www.Packaging and packaging waste (from 2026) | EUR-Lex





# Market Dynamics, Conditions & Drivers (Cont.)



- Dawn Meats took a majority stake in New Zealand's Alliance Group to secure year round supply of grass fed meat.<sup>22</sup> Consolidation also took place in bakery, with Ceres Group acquiring Pat the Baker and Irish Pride, adding to its Promise and Gallaghers Bakehouse brands.
- Staffing: increasing staff costs and the ability to recruit into the food sector remains challenging. A combination of increases in wages, and associated staff costs has led to further automation.
- Whilst the export value of seafood grew 9% to €635m in 2025, volumes grew 22% which offset lower pricing in a challenging global environment.<sup>23</sup> The significant drop in some fish quotas, (see Insights), will impact the sector in 2026 requiring trawlers and processors to pivot to different species, where possible.

Table 1 – Food & Drink Exports 2025 (€19Bn)

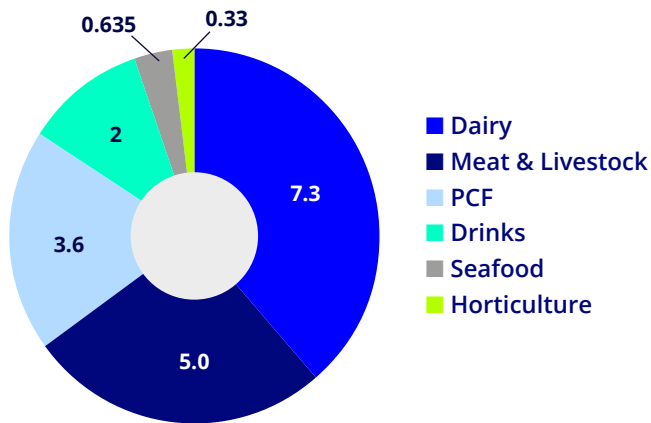


Table 1: CSO est. data for 2025

Table 2 – FAO Food Commodity Price Indices

2014-2016=100

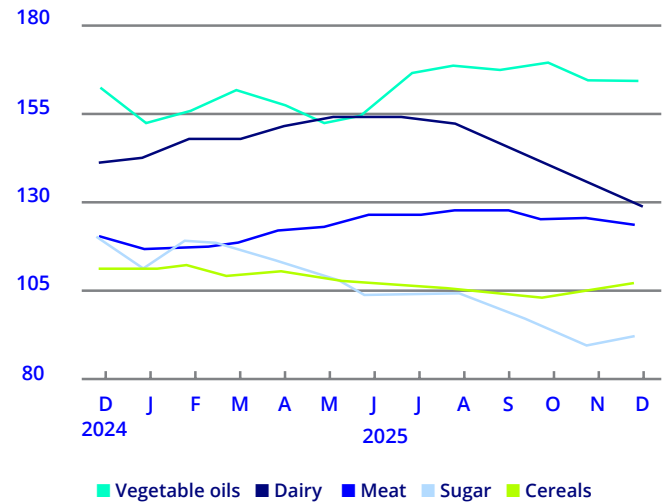


Table 3 – Food Price Index

2014-2016=100

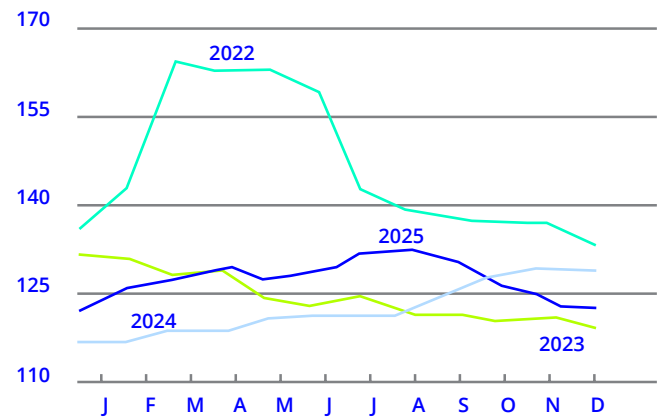


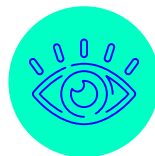
Table 2 & 3: FAO Food Price Index | World Food Situation | Food and Agriculture Organization of the United Nations



<sup>22</sup> Dawn Meats agrees deal with New Zealand's Alliance Group <sup>23</sup> [www.bordbia.ie/industry/news/press-releases](http://www.bordbia.ie/industry/news/press-releases)



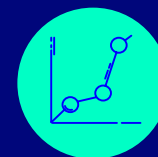
## Outlook H1 2026



- **Food inflation** will likely remain elevated in early 2026. Whilst some commodity prices are lower, costs remain high and will continue to impact consumer prices. Beer prices will increase, with Diageo and Heineken having both signalled price increases for February 2026.
- **Innovation** in food and drink will intensify as consumer demand for a wider variety of foods, including nutrient-dense foods for those on weight-loss drugs increases. More retailers will add products for those taking GLP-1 drugs, to their ranges, akin to Morrisons, Marks and Spencer and The Coop.<sup>24</sup>
- With **Research & Development supports** key to continue innovation success to date, the government's change in the R&D tax rate from 30% to 35% this year will provide some extra support.<sup>25</sup>
- **Staffing costs continue to rise**, with minimum wage +5% to €14.15 p.h. in January, and additional pension and PRSI costs. Whilst some operators have increased automation and other labour-saving initiatives to help mitigate, staffing costs remain a big focus for the sector and will affect Ireland's global competitiveness if not carefully managed.
- A continued focus on export opportunities, and further development of **food tourism** within Ireland Inc's tourism focus as a 'foodie' destination, with food trails and distillery tours on the rise, will cultivate more food and beverage opportunities for the island.



## Strategic implications and action points



- It can be valuable for businesses to keep a clear focus on their core strengths, using innovation to enhance ROI while managing costs in a balanced, disciplined way.
- Exploring how AI can simplify processes and support the development of practical automated systems can free teams to spend more time on higher value, strategic work.
- Establishing a clear, long term decarbonisation plan will play an increasingly important role in building a more sustainable food system as 2030 approaches.
- Taking steps to expand into new channels, customer groups, and markets—while staying grounded in core business priorities and maintaining good margins can help support long term resilience and growth.

<sup>24</sup> [www.Weight-loss med craze driving UK, European retail food innovation | PLMA](https://www.weight-loss-med-craze-driving-uk-european-retail-food-innovation-plma) <sup>25</sup> [www.enterprise.gov.ie/en/news-and-events/department-news/2025/october/20251008.html](https://www.enterprise.gov.ie/en/news-and-events/department-news/2025/october/20251008.html)







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