



Retail Sector H2 2025 Insights and H1 2026 Outlook

January 2026



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H2 2025 Insights

- Strong performance in take-home grocery sales continued. Irish grocery inflation remained elevated at c6% in November/December 2025¹
- Renewed focus from Irish Government/media in respect of average trolley/basket price led to review on sector pricing strategy from the Competition and Consumer protection commission ("CCCP") being initiated by the Department of Enterprise, Trade and Employment/Minister Alan Dillon. CCCP review issued in August 2025 outlined that no evidence of excessive profits being generated/lack of competition in the Irish grocery market.²
- Dunnes Stores and Tesco continue to vie for the number 1 position in respect of grocery market share. This has been driven by a particularly strong performance by Dunnes in the wider Dublin region whilst Tesco's increased market share reflects an increased level of new store openings over the past 24 months.
- As consumers seek to manage the cost of their trolley/basket shop, all leading grocery brands recognise that a strong own-brand offering is now critical to maintain customer engagement. This has led to increased promotion/prominence of own brand products in-store and a discernible improvement in own-brand range/options across the sector. This has been supported by targeted advert campaigns and voucher offers being strongly promoted.



Anniversary
celebrated by Lidl
Ireland in 2025.



Annual Pre-tax profits
announced by BWG in
September 2025



Number of new stores
opened by Tesco
Ireland as part of
€40m investment



Key Trends

- A significant level of new store openings/extensive store revamps continued in 2025 across all regions supporting job creation and the wider Irish business eco-system. This reflects both the competitive nature, robust financial health and positive outlook of the leading brands in respect of the Irish market.
- The increased cost and regulatory burden presented by the continued increments to the minimum wage, pension auto-enrolment and insurance in a competitive environment has led to an up weighted focus on margin development/preservation from retailers, wholesalers, and their advisors. Recruitment and retention of personnel in a "full employment" environment continues to be a key challenge for the sector.
- Consolidation and cross-sectoral partnerships remain a feature of the wider Irish grocery/convenience/forecourt market. Tesco adding several new Express format stores to their network and Maxol purchasing three Dublin forecourts from the Brady group being just a flavour of transactions/activity in the market. Individual store sale activity increased significantly linked to succession planning, landlord de-leveraging and independent retailers expanding their store portfolios.³



¹ Kantar – Irish grocery market share – 12th January 2026. ² Updated high level analysis of the Irish grocery retail sector – August 2025; CCPC. ³ Shelflife magazine/Press releases from Tesco Ireland and Maxol Group.



Key Trends (Cont.)

- Retailers are continuing to implement pragmatic succession planning structures to ensure that appropriate long-term value is delivered from their business. Future options in respect of both ownership and operational model are being examined in detail.
- Food price increases came into sharp focus for consumers in 2025. These increases can be linked to a range of issues reflecting the inter-connected supply-chain underpinning not alone the Irish but the wider European grocery sector. These factors include but are not limited to the following: higher global commodity prices for wheat, sugar and cocoa (linked to higher demand and weaker export/production volumes of same), an increased overhead profile for retailers and their suppliers – personnel, energy, insurance etc, rising farm gate prices across beef, dairy and poultry and finally global trade uncertainty and its impact on a finely-tuned/price sensitive international supply-chain system.



⁴ Environmental Protection Agency ("EPA") – Report issued – December 2025

Market Dynamics, Conditions & Drivers

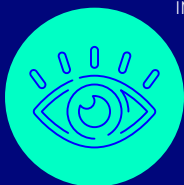


- The acute shortage of personnel is a critical issue for the sector at present. A well-established pathway to store-ownership in Ireland had traditionally attracted dynamic/entrepreneurial people to the sector. However, a combination of increased consolidation and elevated store values has created a barrier to entry and a knock-on impact on the attractiveness of the sector from a next-gen perspective. It has prompted a dual-approach from progressive retailers – the development of flexible/proactive employee development plans incorporating up-skilling/management/sub-lease opportunities along with increased automation of manual intensive tasks.
- Recent studies across Europe have demonstrated that saving money on food remains a top priority across all income groups. This has led to increased engagement with own brand products and a discernible improvement in own-brand range/options across the sector. The proactive delivery of premium, healthy and sustainable products across the own-brand range will be required to meet customer expectations and preserve retailer margins.
- Increased levels of crime/shop-lifting etc have been reported across the sector leading to the development of Stop Crime against Retailers ("SCAR") a joint initiative by Shelflife magazine and the CSNA. This campaign resulted in a high-profile RTÉ Frontline special feature driving increased awareness for the topic.
- In Ireland, the number of people aged over 65 has doubled in the last twenty years from c400k to c800k in 2023 equating to c15% of the population. This statistic is expected to rise towards c1.5 million by 2050. At a European level, the "silver economy" is set to represent more than 35% of spending consumption by 2030. Given this exponential growth, meeting the needs of our senior shoppers should be a key focus area for all Irish retailers.
- Irish retailers are cognisant that a robust strategy for the de-carbonisation of their business model is required to meet Government, investor and consumer expectations/requirements into the future. Corporate social responsibility linked to sustainable and environmentally friendly in-store activities will therefore be a key area of focus for all retailers – energy efficient equipment, elimination of single-use plastic, improved recycling facilities and reduction of food waste. Irish households are estimated to collectively dispose of €1.2 billion annually in salvageable food.⁴ The Environmental protection agency (EPA) and leading retailers are engaged to reduce same in a consultative manner via education, smaller portion sizes etc. Given the knock-on impact on carbon footprint, it is imperative that retailers proactively work to address same. This will enable an improved cost base whilst meeting consumer expectations in respect of ethical trading.



H1 2026 Outlook

- Significant revamp programmes will continue to be rolled out in 2026 nationwide by leading grocery operators as the ever more discerning consumer seeks excellence in store standards. Any movement on revamp costs linked to a fluctuating material supply base to be monitored closely in the months ahead.
- Consolidation and inter-brand partnerships will continue to emerge across the sector with activity levels particularly focused upon the road-side retail/forecourt sub-sector. This reflects the evolution/transformation of same to a more comprehensive food/convenience driven proposition. In 2025, we witnessed the entry of international brands such as Wendy's (via Corrib Oil) and Taco Bell (via Applegreen) – the continued roll-out of same will develop in 2026.⁵
- Consistent with the wider European model, the digital transformation of the Irish grocery sector has been fragmented to date leading to cost/operational inefficiencies and delays in the delivery of improved supply-chain, analytics and omnichannel models across the sector. Retailers recognise that appropriate investment in this area is a key step in preserving profitability – ensuring that investment can be continued in the traditional areas of personnel, store design and product offering.



Anniversary celebrated by Musgrave Group in 2026



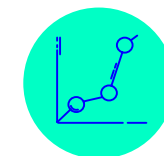
Record level of grocery sales recorded in December 2025



Number of worldwide outlets held by Wendy's who have commenced an Irish expansion plan with Corrib Oil.



Strategic implications and action points



- Investment activity to remain focused upon store purchase strategies, linked to both succession and consolidation across the market. Funding in respect of store revamps to continue with a particular focus on energy efficient equipment and processes.
- Given the strength of freehold store valuations, increased volumes of leasehold focused transactions to continue as retailers seek to take the first steps into store ownership via key-money/recurring rental negotiations/agreements.
- The use of electronic shelf labels, self-scan checkouts and smart rostering systems can be instrumental in driving a better work environment when balanced appropriately with maintaining the customer service values of the business – retailers will continue to invest in same to future-proof their business.
- Detailed analysis from retailers pre and post revamp will be an imperative to ensure that a maximum return on investment is delivered via sales mix improvement, margin growth and cost saving.
- The smart use of robots/internet of things will facilitate pricing that is dynamically adjusted through automation, reduced out-of-stock situations, more efficient re-ordering, better on-shelf merchandising, less waste/shrink and improved execution of promotions – all supporting a sustainable margin in a high-volume, low margin setting.
- Artificial Intelligence ("AI") has the potential to become a transformative force across a range of touchpoints within the sector. Already, many progressive retailers are leveraging AI to drive more efficient stock management, to streamline their supply chains, and to anticipate market trends. The logical next step is to utilise AI to create a more personalised experience for their customers bringing together shopping history, individual preferences etc in a seamless manner.

⁵ Corrib Oil and Applegreen press releases - 2025





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