

UK Retail Christmas Trading 2025

UK Retail & Leisure – January 2026



UK retailers deliver resilient performance amid consumer caution

Resilient performance

Christmas trading results across the major UK retailers—reported across differing time periods and definitions of the festive trading window—paint a broadly resilient picture for Q4, with performance concentrated in food and value led propositions. While each operator defines its Christmas period slightly differently (ranging from four weeks to six weeks and beyond), the overall trend reveals a sector that benefitted from typical seasonal uplift but remained shaped by the economic headwinds that influenced consumer behaviour throughout 2025.

Strong performance led by grocers and discounters

The sharpest growth continued to come from the grocers, where demand for fresh food, premium own label, and convenience shopping supported strong results. Discounters again proved dominant, with Lidl reporting a standout +10% rise in sales and record footfall, while Aldi delivered +3% growth despite indications of underlying volume pressure. The major full-line grocers also traded well: Sainsbury's achieved +4.6% growth and gained market share for the sixth consecutive Christmas, while Tesco's solid +3.2% LFL growth was strong enough for the retailer to guide full year profits to the top of its range. M&S also reported a successful festive period, with food up +6.6% and achieving volume growth

—a notable achievement in a year marked by persistent food inflation. Morrisons also delivered a strong festive performance, with like for like sales up +3.4% in the six weeks to 4 January 2026—marginally ahead of Sainsbury's on a comparable timeframe—demonstrating the value of its renewed focus on fresh food quality and its premium own label.

Inflation-driven growth and changing consumer priorities

Sales growth across parts of the sector was likely driven more by inflation than by meaningful increases in volumes, reflecting the continued pressure of rising food prices through December (food price inflation rose to 4.5% in the year to December 2025, up from 4.2% the month previous). In contrast, the best performing operators were those whose growth clearly exceeded inflation, supported not by higher customer numbers but by premiumisation, stronger product mix, and higher spend per transaction. In this context, grocery Christmas trading was therefore consistent with the consumer behaviour that shaped 2025 where value consciousness remained elevated. Consumers continued to spend selectively, prioritising food, premium own-label “treat” ranges, and modest gifting, reflecting consumers' willingness to trade up in areas of emotional significance over the festive period, while maintaining a cautious stance towards higher-ticket discretionary purchases.

Key takeaways

- **Grocers and discounters led the market, with strong performance driven by fresh food, premium own label, and convenience, while Lidl, Aldi, and full-line grocers consistently outperformed.**
- **Value consciousness remained elevated, with shoppers willing to trade up only in emotionally significant areas such as premium food but remaining cautious on higher-ticket discretionary categories.**
- **Non-food performance was more polarised, with retailers in big-ticket and general merchandise facing headwinds while value-focused apparel propositions continued to gain share.**
- **Omnichannel execution was a major differentiator, with the strongest results coming from retailers who integrated stores and digital effectively—boosting fulfilment efficiency, convenience, and incremental missions.**
- **Specialist and niche value retailers showed resilient demand, while operators undergoing operational resets or facing digital execution challenges delivered weaker outcomes.**



Central to outperformance was not digital alone, but the integration of digital with store infrastructure

Sam Arrowsmith – Commercial Research Director



Divergence between food and non-food

This selective behaviour was visible in the divergence between strong grocery performance and softer general merchandise results, with non-food categories in particular showing more polarised outcomes. Next delivered a consistently strong quarter with full-price sales up +10.6%, further reinforcing the strength of its omnichannel model. In contrast, retailers exposed to big-ticket discretionary categories faced headwinds. Sainsbury’s general merchandise and clothing sales declined 1%, Argos fell 2.2%, and Dunelm’s sales grew only 1.6% amid heavy digital competition and deeper promotional activity. These results point to a consumer environment that prioritised value, essentials, and small, affordable treats, while larger and non-essential purchases were deferred.

Apparel and athleisure: Mixed but selective demand

A similar pattern played out in apparel with the sports and athleisure segment exhibiting the same uneven trends. JD Sports saw UK like-for-like sales fall 5.3% in the nine weeks to 3 January 2026. While demand held up strongly over Black Friday and peak trading, weaker early-December traffic proved difficult to offset. Even so, the retailer maintained its full-year profit guidance, signalling confidence in the underlying category despite near-term volatility.

Primark delivered a steady UK performance, with total sales up 3% and like-for-like growth of 1.7% in the 16 weeks to 3 January 2026. Its progress was underpinned by improvements in product quality, stronger value perception, and increased digital engagement such as Click & Collect—reinforcing the broader theme that clear value propositions continue to win share even in a cautious market.

Mixed results for those undergoing strategic reset

B&M’s Q3 trading further illustrates the challenging backdrop for value-orientated players navigating operational change. Group revenue grew modestly, but UK like-for-like sales fell slightly and only partially recovered in December. Reduced availability, pressure on value perception, and the early stages of its “Back to Basics” operational reset weighed on performance. The decision to lower full-year EBITDA guidance highlighted the cost of driving structural improvements during peak trading. Although B&M remains committed to sharpening execution, its current proposition lacks the clarity and consistency of value messaging seen from the leading grocers.

Similarly, The Works saw total UK like for like sales decline 4.2%, with in store LFL growth of 1.2% offset by a 51.8% decline in online sales due to operational challenges with its new fulfilment partner.

Ecommerce acceleration and omnichannel strength

A defining theme of the quarter was the acceleration of ecommerce activity, which was a critical growth lever for multiple UK retailers including ProCook (+30% online), Next (+9.1% online), and Dunelm, whose digital penetration reached 42%. However, the standout performers were those who combined digital capability with strong physical estate execution. Tesco’s success was partly driven by an expanded Christmas Eve delivery offering that leveraged its nationwide store network as fulfilment hubs. Sainsbury’s delivered record convenience performance during last minute trading days such as Christmas Eve and Boxing Day—behaviours that often feed directly into online top ups and click and collect missions.

Next’s uplift in store sales (+1.4%) showed that the physical estate continues to support online sales through returns, collection, fit-to-home confidence, and brand presence, with returns and click-and-collect in particular helping to drive additional in-store purchases at the point of collection. Across the sector, the most successful outcomes came from retailers where stores and digital platforms worked in tandem rather than in isolation. Stores remain central to online growth because they reduce fulfilment costs, support faster delivery propositions, and deepen customer engagement at moments when digital channels alone struggle to capture incremental missions.



+10%
YoY sales revenue
4 wks to 24/12/2025

Sainsbury’s

+4.6%
YoY sales
6 wks to 03/01/2026



+3.2%
UK LFL sales
6 wks to 03/01/2026

M&S

+6.6%
YoY food sales
13 wks to 27/12/2025

NEXT

+10.6%
Full price sales
9 wks to 27/12/2025



Overall, the Christmas trading period capped off 2025 with performance that largely reinforced the year's prevailing trends.

Alan Spencer – Head of UK Retail

0.9% and customer numbers up 10.9% in the five weeks to 29 December, This marked its biggest Christmas in 45 years, supported by strong demand for fine wine, champagne, and sparkling and aligning with the previously noted trend toward premiumisation.

Electricals also performed more strongly compared to recent years. Currys delivered UK & Ireland like for like growth of +3% in the 10 weeks to 10 January 2026, with UK omnichannel sales growing +11%, reflecting improved supply chain conditions, stronger conversion, and better peak execution.

trends. UK consumers remained selective but engaged, rewarding retailers who balanced value, convenience, and quality with strong omnichannel execution. Grocers, value specialists, and digitally enabled operators with strategically utilised store estates emerged as the clearest competitive winners of both the quarter and the year, while those undergoing strategic resets or facing operational challenges delivered more subdued outcomes. The festive period did not fundamentally shift the trajectory of 2025, but it magnified the advantages of operators already aligned with the needs of a highly value conscious UK market.

Specialist retailers remain resilient

Specialist retailers provided further evidence of resilient, value led demand. ProCook delivered +28% revenue growth supported by new stores and stronger online conversion; Jollyes achieved +10.4% total sales as pet care remained a protected spending category; Topps Tiles delivered stable gains; and Greggs reported +7.4% growth while continuing its store expansion towards 2,800 UK sites. Majestic Wine also reported a strong festive period, with total sales up

In home and furniture, DFS reported a strong first half, with UK gross sales up 8.7% in the 26 weeks to 28 December 2025 and order intake up 2.3% against strong comparatives. Winter sale trading began in line with expectations, enabling the retailer to raise full year profit guidance.

A year reinforced, not redefined

Overall, the Christmas trading period capped off 2025 with performance that largely reinforced the year's prevailing



+3%
UK & ROI LFL sales
10 wks to 10/01/2026



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