European retail in 2025 and 2026

Study on key retail indicators in Europe

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Publisher:
GfK GeoMarketing GmbH
Werner-von-Siemens-Str. 2-6 |
Building 5109
76646 Bruchsal | Germany
T +49 911 395 2222 | F +49 911 395 2929
www.nielseniq.com/geomarketing
geomarketing.gfk@smb.nielseniq.com

Management: Doris Steffen

Study lead: Dr. Philipp Willroth

Contributors: Desislava Georgieva, Marisa Göb, Jasmin Schlenk, Monika Hufnagel, Thomas Muranyi

Press contact: Thomas Muranyi

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Trend analyses from Eurostat may be adjusted retrospectively.

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Editorial

European retail between rising incomes and changing consumer priorities

Dear readers,

The European retail landscape in 2025 and 2026 is characterized by a remarkable contradiction. Across much of Europe, purchasing power increased, inflation moved closer to the European Central Bank’s target in 2025, and labor markets remained resilient. At first glance, the conditions for stronger consumer spending appeared to be improving. Yet consumer sentiment remained subdued, and retail growth continued to lag behind income growth, highlighting that rising incomes do not automatically translate into stronger consumer spending.

The events of recent years have left a lasting mark on European consumers. The period between 2020 and 2024 was characterized by a series of exceptional shocks, including the pandemic, inflation, geopolitical conflicts, supply chain disruptions, and economic uncertainty. Many assumptions that consumers had previously taken for granted – stable prices, predictable shopping routines, and permanently available goods – no longer seemed certain. As a result, households developed new strategies to cope with higher living costs and growing uncertainty.

This transformation continues to shape consumer behavior today. Even as economic conditions improve, many Europeans remain cautious. Around 40 percent of Europeans in mid-2025 still felt financially worse off than a year earlier, despite a significantly more favorable economic environment.

At the same time, Europe is increasingly characterized by value-driven consumption. Purchasing power is no longer defined solely by disposable income, but also by the perceived value consumers receive in return for their spending. Consumers are not necessarily looking for the cheapest option. Instead, they seek products and services whose price they consider justified. Quality, convenience, functionality, and trusted brands are becoming increasingly important alongside affordability.

Despite permanently higher price levels across many categories, there is little evidence of a broad decline in consumption. Consumers continue to spend, but they do so more deliberately than before. Promotions play a greater role, retailer loyalty is declining, and proximity, accessibility, and convenience are becoming increasingly important. As a result, neighborhood-oriented formats, supermarkets, discounters, and convenience concepts continue to gain relevance, while larger shopping trips increasingly give way to smaller and more frequent purchases.

This study examines these developments from different perspectives. It provides insights into purchasing power, retail turnover, retail share of private consumption, and inflation across Europe. Together, these indicators help explain how rising incomes, changing spending priorities, and renewed inflationary pressures are shaping European retail in 2025 and 2026.

I hope you enjoy reading it!

Kind regards,

Philipp Willroth
Study lead, NIQ Geomarketing

Purchasing Power 2025

Purchasing power continues to rise despite ongoing economic uncertainty

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Purchasing Power 2025

Purchasing power continues to rise despite ongoing economic uncertainty

Average purchasing power in the EU-27 reached 22,425 euros per inhabitant in 2025, representing an increase of 3.3 percent compared to the revised 2024 value. Despite persistent geopolitical tensions and elevated inflation in parts of Europe, household incomes continued to develop positively. As a result, total purchasing power across the European Union amounted to approximately 10.1 trillion euros, available for spending on food, housing, services, energy, private pensions, insurance, vacations, and mobility.

Growth remained uneven across the EU. While many high-income European countries recorded only modest growth or stagnation, middle- and lower-income European countries continued their catch-up process. Poland recorded the strongest increase in purchasing power (+8.8 percent), followed by Lithuania (+8.3 percent), Romania (+7.7 percent), and Bulgaria (+7.3 percent). Poland continued to benefit from robust economic growth and its ongoing economic convergence with Western Europe. Countries such as Portugal, Spain, and the Czech Republic also moved closer to the European average, underlining the broader catch-up process visible across parts of Southern and Eastern Europe.

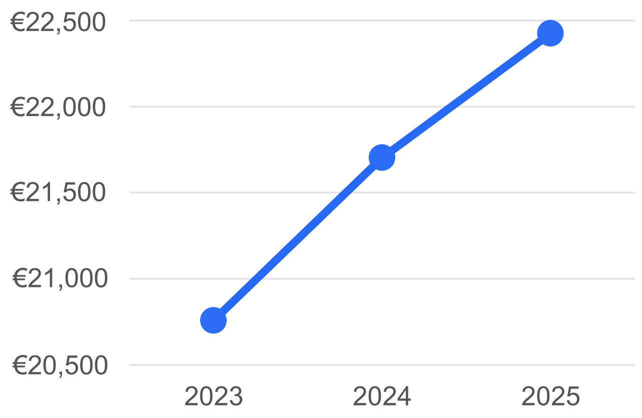
+3.3%

purchasing power
in the EU-27 in 2025

Ireland, meanwhile, recorded the largest improvement within the EU 27 top 10 purchasing power ranking, moving from seventh to third place. The country continues to benefit from the presence of major multinational companies in sectors such as technology, pharmaceuticals, finance, and consulting, which support strong income growth and attract highly qualified workers from across Europe. Despite this concentration of international businesses and highly skilled immigration, income distribution remains broadly comparable to that of other Western European countries. At the other end of the growth ranking, Norway and Finland recorded increases of around 1 percent. As mature, highly developed markets, they naturally have less headroom for rapid further growth.

Beyond individual country rankings, the data points to a continued convergence process across Europe. Several Southern and Eastern European markets recorded growth well above the European average, gradually narrowing the gap to Western Europe. The Czech Republic increased its purchasing power level to almost 80 percent of the European average, while Romania and Bulgaria both achieved a growth rate above 7 percent. Although income levels in many of these markets remain below the European average, the pace of improvement remains strong.

Per capita purchasing power (EU-27)



The regional perspective further reinforces this convergence trend. Within Central Europe, the strongest purchasing power increase was measured in the Polish region of Mazowiecki, surrounding Warsaw, with growth of around 14 percent. More generally, many of Europe's fastest-growing regions are now located in Southern, Central, and Southeastern Europe rather than in the continent's traditional economic core.

Germany illustrates the difference between growth dynamics and purchasing power levels. While no German region ranks among Europe's fastest-growing regions, all German regions rank among the 100 wealthiest regions in Europe. Oberbayern (Upper Bavaria) remains one of the continent's leading purchasing power regions, while even Bremen, the lowest-ranked German region, still performs strongly in a European comparison. This underlines the country's comparatively balanced regional structure despite a period of weaker economic growth.

Looking beyond the EU-27, Türkiye technically ranked among the fastest-growing countries in Europe (+18.9 percent). However, the strong increase was largely driven by inflation-related wage adjustments, including substantial increases in the minimum wage, which was raised by 30 percent in 2025 and a further 27 percent in 2026. On a regional level, all Turkish regions recorded purchasing power growth higher than the European average, placing them among the fastest-growing regions in Europe.

Overall, purchasing power continued to increase across most European markets in 2025, while the income gap between many Southern and Eastern European countries and Western Europe narrowed further.

Purchasing power ranking EU-27 (Top 10)

2025 ranking (previous year)	Country	Inhabitants	2025 per capita purchasing power in €	2025 purchasing power index
1 (1)	Luxembourg	681,973	38,929	173.6
2 (2)	Denmark	5,992,734	33,211	148.1
3 (7)	Ireland	5,439,898	30,205	134.7
4 (3)	Austria	9,197,213	29,852	133.1
5 (4)	Germany	83,577,140	29,566	131.8
6 (6)	Belgium	11,825,551	28,561	127.4
7 (5)	Netherlands	18,044,027	28,535	127.2
8 (10)	Sweden	10,587,710	25,648	114.2
9 (9)	France	68,605,616	25,147	112.1
10 (8)	Finland	5,635,971	25,015	111.5
	EU-27 total	**451,776,000**	**22,425**	**100.0**

Source: NIQ Purchasing Power Europe 2025

Exchange rate for non-euro countries: 2025 prognosis of the European Commission from June 10, 2025

* Index per inhabitant: EU-27 average = 100

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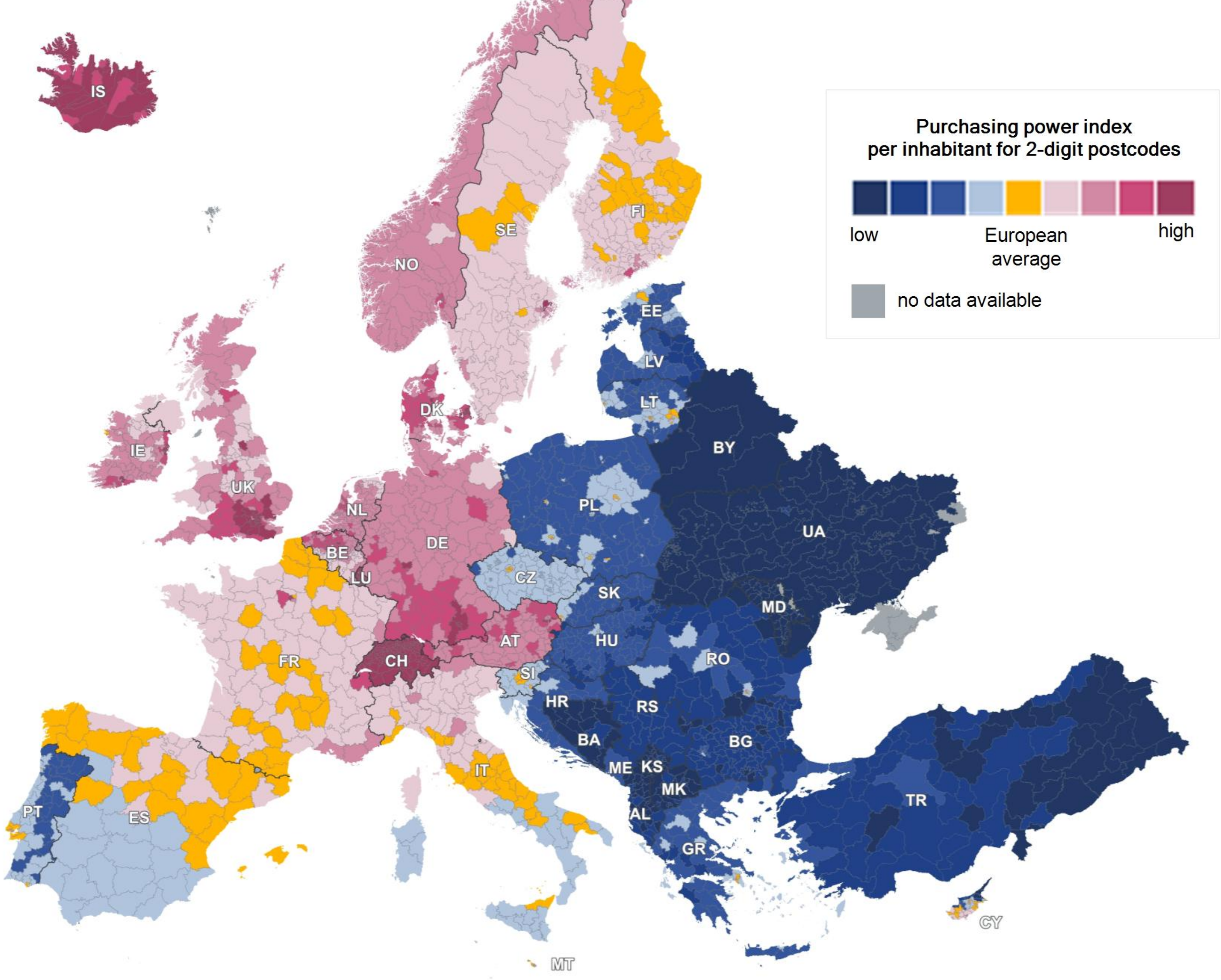

Source: NIQ Purchasing Power Europe 2025

Retail Turnover 2025

Growth slows further as uncertainty weighs on consumption

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Retail Turnover 2025

Growth slows further as uncertainty weighs on consumption

Retail turnover in the EU-27 reached around 3.15 trillion euros in 2025, growing by 2.1 percent compared to the previous year. This confirms the continued slowdown after 3.0 percent growth in 2024 and 5.5 percent in 2023. Overall, the strong post-pandemic recovery phase is clearly fading, and retail is moving into a period of more moderate expansion. Although household incomes increased across much of Europe, retail growth failed to keep pace. Rising expenditure on services and other non-retail categories, combined with a more selective approach to discretionary purchases, influenced the amount of income flowing into retail.

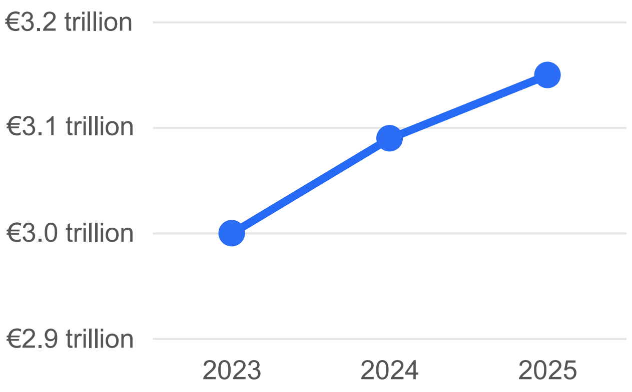
Retail performance differs strongly across Europe. Growth was strongest in Northern and Eastern Europe, where Norway (13.1 percent) and Lithuania (10.5 percent) recorded double-digit increases, while Sweden (+8.9 percent), Bulgaria (+8.2 percent), and Slovakia (+8.0 percent) also performed clearly above the European average. In these regions, rising wages and improving purchasing power continue to support consumption. Moreover, in the Scandinavian countries, stable labor markets and relatively strong income development reinforce retail growth, while Norway additionally benefits from its role as an energy exporter. Lithuania combines several characteristics that support strong retail growth. Rising real incomes and continued economic convergence have strengthened household purchasing power, while consumer sentiment remains comparatively resilient. A relatively high retail intensity and a diversified spending structure further support growth, helping Lithuania outperform the European average.

+2.1%

retail turnover in the EU-27 in 2025

A comparison of retail growth and consumer sentiment suggests that confidence alone cannot fully explain differences in retail performance across Europe. While Lithuania and Sweden combine strong retail growth with comparatively positive consumer sentiment, Bulgaria and Slovakia continue to record robust retail expansion despite weak confidence indicators. This suggests that rising real incomes remain the most consistent driver of consumption. Norway occupies a middle position between these two patterns: traditional sentiment indicators remain broadly neutral, but consumers generally hold more optimistic expectations regarding their future incomes and personal finances. Taken together, these patterns suggest that real income growth remains the primary driver of retail demand, while consumer confidence influences how and where consumers spend their money.

Retail turnover (EU-27)



By contrast, large Western European markets remain weak and continue to hold back overall growth. The United Kingdom recorded a decline of -0.6 percent, while Italy and Switzerland each grew by around +1 percent. Germany (+1.2 percent) and Belgium (+1.7 percent) also show only limited

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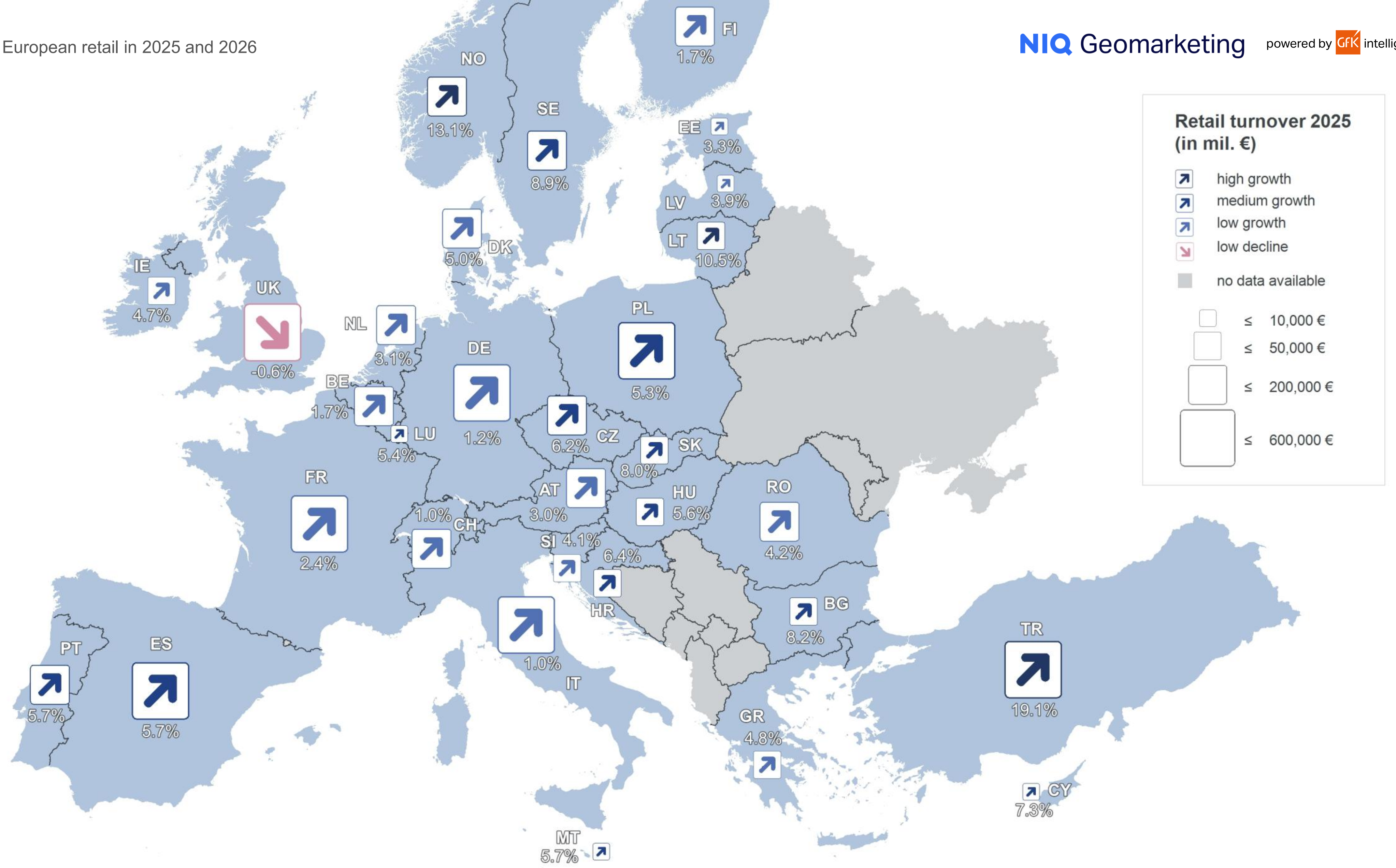


Source: GfK GeoMarketing GmbH calculations on the basis of publications from Eurostat and the European Commission, values from official bureaus of statistics and our retail database expansion. Given their large share of total European retail turnover, this weak performance has a significant impact on the overall result. Germany is a key example in this context: economic growth remains very low at around +0.2 percent, unemployment has already reached 6.4 percent in summer 2026, and consumer confidence is subdued. As a result, households remain cautious and limit discretionary spending. Nevertheless, parts of consumer spending were supported by lower interest rates and the gradual release of previously postponed purchases. This effect was particularly visible in larger household purchases, where pent-up demand provided temporary support despite the generally cautious consumer environment.

This cautious behavior is also reflected in the development of retail categories. At EU level, non-food grew by 2.6 percent in 2025, while FMCG increased by 1.5 percent. However, regional differences are pronounced. In Northern Europe, non-food clearly acts as the main growth driver: for example, Norway recorded +16.1 percent in non-food compared to +10.3 percent in FMCG, while Sweden (+10.3 percent vs. +7.4 percent) and Denmark (+6.3 percent vs. +3.7 percent) show a similar pattern. This points to a greater willingness to spend on discretionary categories. Finland, however, represents an exception, as total retail growth remains low at +1.7 percent, and FMCG (+1.9 percent) slightly outpaces non-food (+1.3 percent), pointing to more cautious consumers.

+2.6%

non-food growth
in the EU-27 in 2025

At the same time, retail accounts for a comparatively large share of household expenditure in catching-up European markets. As a result, rising incomes tend to translate more directly into retail spending.

In Western Europe, meanwhile, the pattern is reversed. Here, FMCG consistently outperforms non-food, reflecting a stronger focus on essential spending. Germany again shows the clearest divergence, with FMCG growing by +3.9 percent while non-food declines by -1.4 percent. Similar trends, albeit less pronounced, can be observed in Italy, France, Switzerland, and Austria. This suggests that households continue to prioritize everyday necessities, while spending on discretionary retail categories remains more restrained.

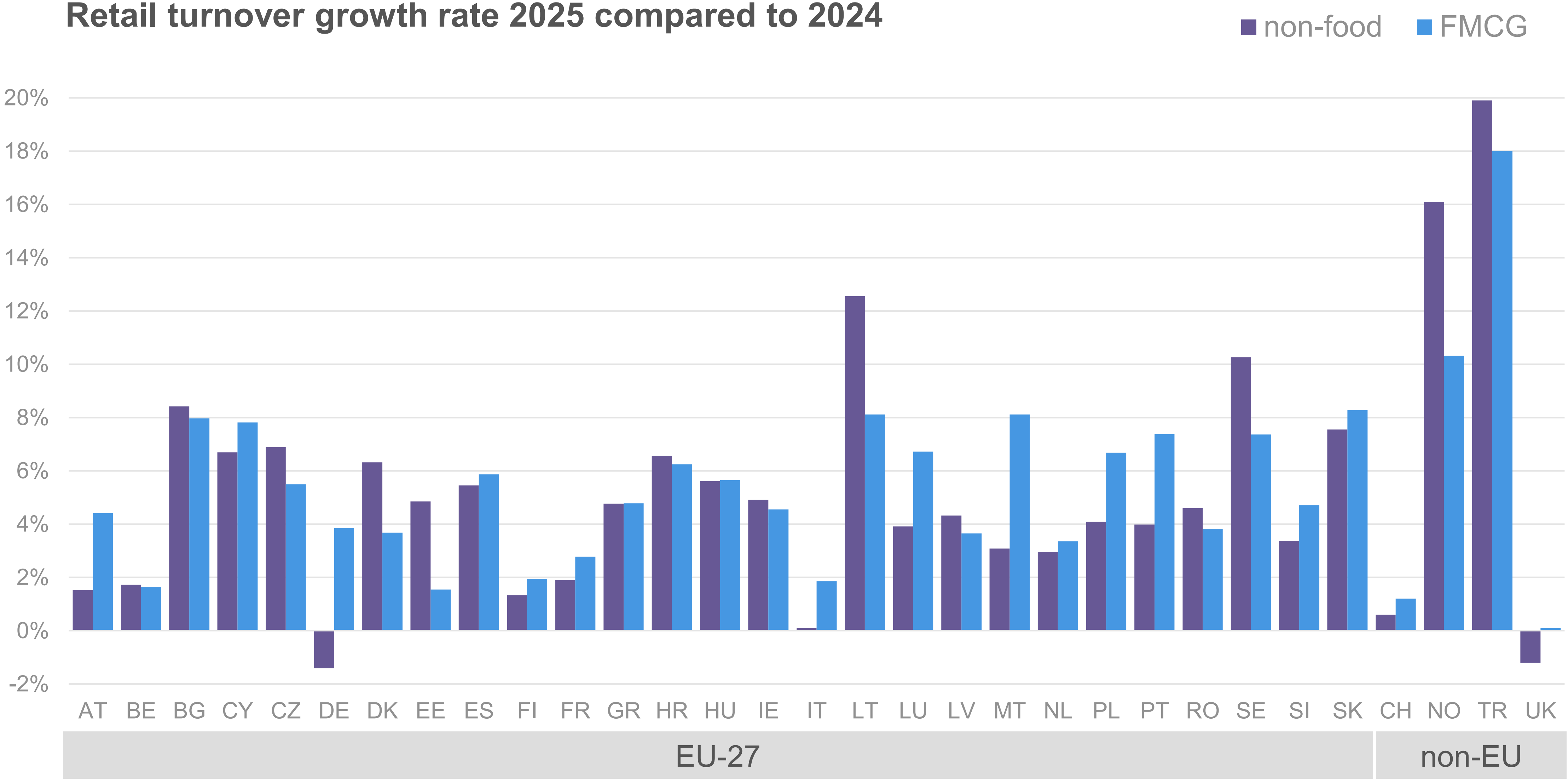
Food remains the largest retail category across Europe, accounting for 46.3 percent of total turnover. However, retail structures differ considerably between countries. In markets such as Finland and Slovakia, food accounts for more than half of retail turnover, indicating that a larger share of retail expenditure is allocated to FMCG. By contrast, the Netherlands and Lithuania allocate a substantially smaller share of retail expenditure to food, reflecting a more diversified retail basket with a larger role for non-food categories.

Similar differences are visible across other retail segments. Fashion plays a comparatively important role in countries such as Poland, Italy, and Spain, while its share is significantly lower in Finland. DIY spending is particularly strong in the Baltic states and parts of Central and Eastern Europe. This reflects both high homeownership rates and the continued modernization of an aging housing stock, including renovations and energy-efficiency upgrades.

+1.5%

food growth
in the EU-27 in 2025

Retail turnover growth rate 2025 compared to 2024



Source: Calculations (euro values) by NIQ Geomarketing based on publications by Eurostat and statistical offices; values for Germany based on consumer panel data
All rates of change refer to nominal values, i.e. they have not been adjusted for inflation.

Retail Share of Private Consumption 2025

Retail continues to lose share for the fourth consecutive year

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Retail Share of Private Consumption 2025

Retail continues to lose share for the fourth consecutive year

The share of retail in total private consumption in the EU-27 declined further to 31.9 percent in 2025, down from 32.7 percent in 2024. This marks the fourth consecutive year of decline since the pandemic peak of 35.3 percent in 2021. While part of this development reflects the normalization of spending patterns after the pandemic, it also points to a broader structural trend. As living standards rise, households typically allocate a growing share of their budgets to services such as travel, leisure, healthcare, housing, and digital services, reducing the relative importance of retail within overall consumption.

Meanwhile, regional differences remain striking. In Eastern and Southeastern Europe, retail still accounts for a much larger share of household spending. Croatia leads the EU with 48.3 percent, followed by Lithuania at 45.7 percent, Bulgaria at 44.0 percent, and Hungary at 43.2 percent. In these markets, lower income levels mean that a larger share of household spending is directed toward essential goods such as food, clothing, and everyday necessities, which are typically purchased through retail channels.

31.9%

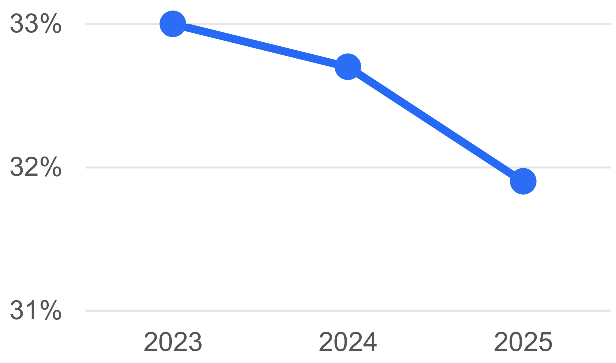
2025 retail share of private consumption in the EU-27

In Western Europe, the picture looks very different. Germany records the lowest retail share in the EU at 22.2 percent in 2025, down from 25.1 percent in 2024, which means that fewer than one in four euros of private consumption now flows through retail. Belgium also saw a strong decline (-4.4 percentage points to 31.1 percent), while Denmark moved in the opposite direction (+3.8 percentage points to 37.7 percent). Overall, even within a broader downward trend, national developments still diverge.

Consumer confidence in the EU remains fragile and below its long-term average. Concerns about inflation, rising living costs, and the broader economic outlook remain widespread among European consumers. As a result, many households remain cautious in their spending decisions.

At the same time, consumers do not respond uniformly to higher prices. Demand often remains resilient in categories that offer a clear value proposition, whether through health benefits, convenience, functionality, or strong brand relevance. In some markets, demand is increasingly influenced by health and wellness trends, while in others, social media-driven trends continue to shape purchasing behavior. Consumers therefore tend to reduce spending selectively rather than uniformly across all retail categories.

Retail share of private consumption (EU-27)



Meanwhile, the recovery in services consumption has gained momentum following the pandemic, with spending on travel, restaurants, and leisure increasing more strongly than goods-related expenditure. Together, these developments help explain why retail is losing share within total private consumption, even as overall consumption stabilizes.

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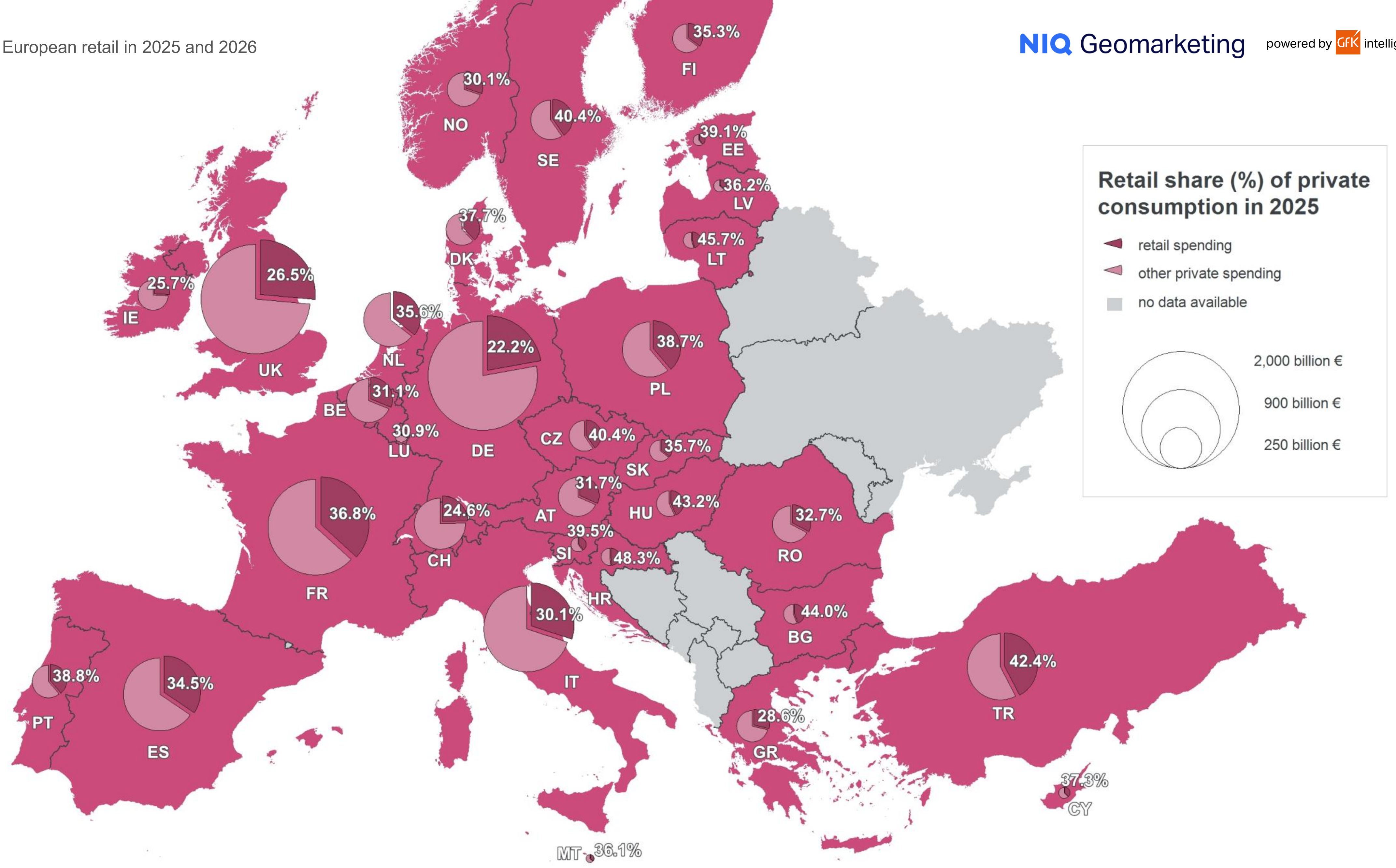

Source: GfK GeoMarketing GmbH calculations on the basis of publications from Eurostat and the European Commission, values from official bureaus of statistics and our retail database

Development of Consumer Prices in 2025 and 2026

Inflation accelerates again as energy prices rebound

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Development of Consumer Prices in 2025 and 2026

Inflation accelerates again as energy prices rebound

With average inflation at 2.5 percent, the European Central Bank's target was almost reached in 2025. Compared to the years following the 2022 energy crisis, price developments across Europe had largely stabilized, supported by lower energy costs and easing supply-side pressures. This environment contributed to improving household purchasing power across most European markets and supported a gradual recovery in consumer spending.

Despite this improvement, important regional differences remained. Inflation was highest in Eastern Europe and the Baltic region, including Romania (6.8 percent), Estonia (4.8 percent), Hungary (4.4 percent), Croatia (4.4 percent), and Slovakia (4.2 percent). In these markets, strong wage growth, labor shortages, and ongoing economic convergence continued to fuel price increases.

By contrast, France recorded one of the lowest inflation rates in Europe at 0.9 percent, supported by weaker domestic demand and a comparatively favorable energy mix. More broadly, Europe has become better positioned to absorb energy shocks than during the 2022 crisis, supported by the expansion of renewable energy capacity and a weaker link between gas and electricity prices.

+2.5%

inflation in the EU-27 in 2025

This picture changed in 2026. According to the European Commission's Spring 2026 Economic Forecast, average inflation in the EU-27 is expected to increase to 3.1 percent. The primary driver is renewed pressure on energy markets following the conflict in the Middle East, which led to higher oil and gas prices and increased transportation and production costs across Europe.

At the same time, Europe experienced one of its hottest summers in recent years. Extreme heat and drought conditions affected agricultural production across several countries, increasing the risk of lower harvests and higher food prices. Low water levels on important transport routes such as the Rhine and Danube additionally raised logistics costs and created further inflationary pressure within supply chains.

While Europe today is better prepared for energy disruptions than during the 2022 crisis, both energy markets and weather-related risks have become increasingly important factors shaping inflation developments.

+3.1%

expected inflation in the EU-27 in 2026

Recent findings from the NIQ EU5 Inflation Barometer highlight considerable differences in price sensitivity across European markets. Consumers in Southern Europe generally respond more strongly to price changes and promotional activities than consumers in Northern Europe. This underlines that inflation does not affect consumer behavior uniformly across Europe. While some consumers react quickly to higher prices by adjusting their purchasing behavior, others remain relatively resilient. As a result, retailers increasingly need country-specific pricing and promotional strategies to address differing consumer responses to inflation.

The developments of 2025 and 2026 highlight that inflation remains a key factor shaping consumer behavior across Europe. While household incomes continue to rise in many markets, energy costs, food prices, and broader economic uncertainty increasingly influence how consumers allocate their budgets.

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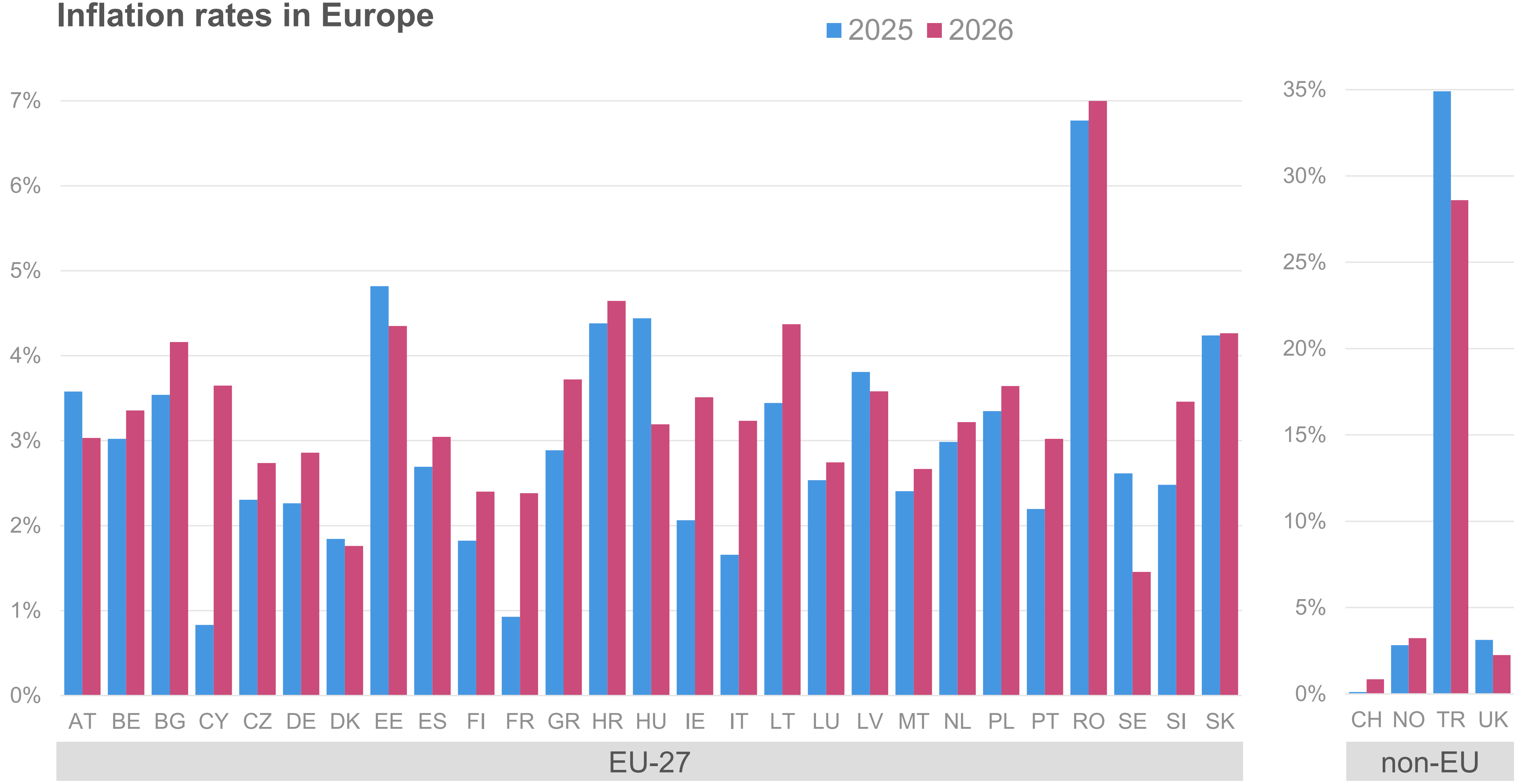
Inflation rates in Europe



Source: European Commission and International Monetary Fund

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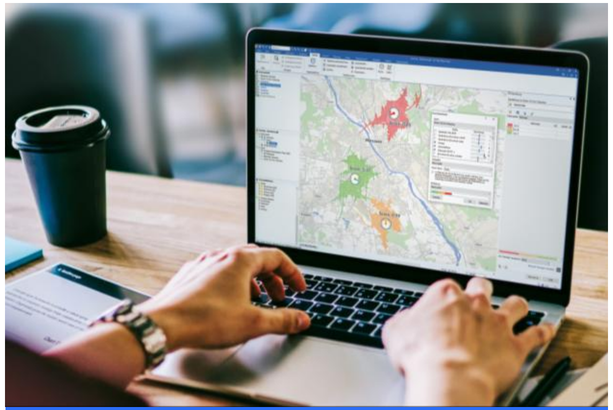
Turn data into location intelligence: Digital maps are essential for analyzing and visualizing data with geographic context. Our high-precision boundary data helps you uncover location-based insights that answer your most pressing business questions.

Find out more



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Visualize your company data on digital maps: Our geomarketing software helps you connect the dots in your data to get deeper insights into customer distribution, evaluate your sales structure or location network, and uncover hidden market potential.

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Continual changes in retail require making the right decisions today that will positively impact business tomorrow and beyond. Project developers, investors and retailers also must strategically respond to ever evolving consumer expectations.

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Questions?
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+49 911 395 2600
geomarketing.gfk@smb.nielseniq.com

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About NIQ

NielsenIQ (NYSE: NIQ) is a leading consumer intelligence company, delivering the most complete and trusted understanding of consumer buying behavior and revealing new pathways to growth. By combining an unmatched global data footprint and granular consumer and retail measurement with decades of AI modeling expertise, NIQ builds decision systems that help companies turn complex data into confident action.

With operations in more than 90 countries, NIQ covers approximately 82% of the world's population and more than $7.4 trillion in global consumer spend. Through cloud-based platforms, advanced analytics and AI-driven insights, NIQ delivers The Full View™—helping brands and retailers understand what consumers buy, why they buy it, and what to do next.

For more information, please visit www.niq.com.