

Cardlytics Analysis

**Q1 2026 State of
Spend:**

**The controlled
consumer**



The Controlled Consumer:

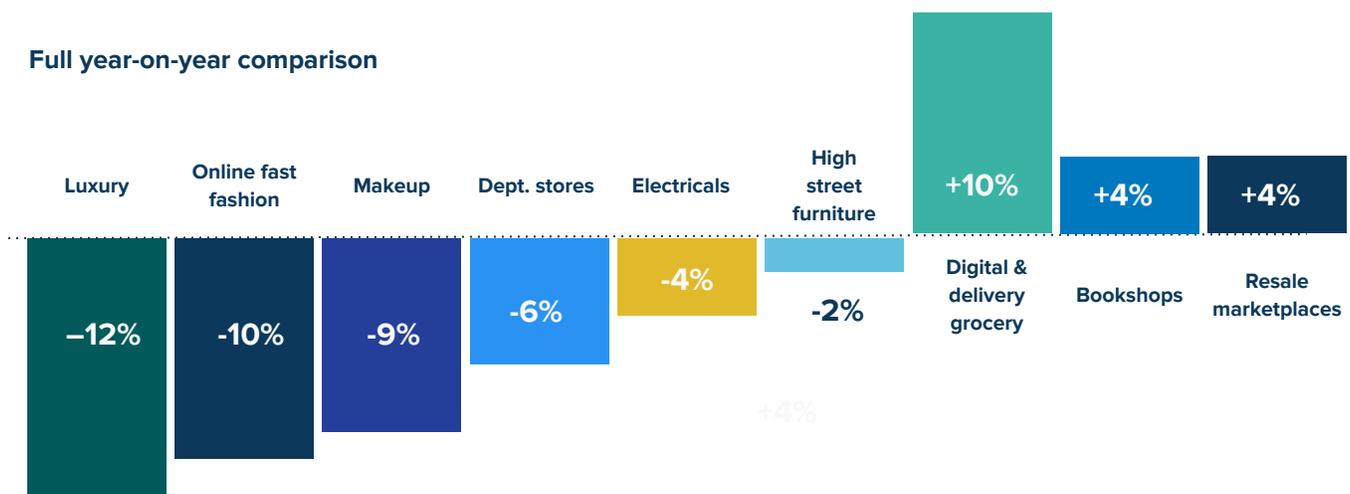
Why UK shoppers entered 2026 already spending with intent

The New Year value hunt started before Christmas.

Cardlytics' State of Spend analysis of Q4 2025 and early Q1 2026 shows that UK consumers did not loosen their spending habits over the festive period. Instead, they became more deliberate about how and where they spent. Drawing on card-based transaction data from over 23 million bank accounts, the analysis points to a shift toward a more controlled approach to spending that is now shaping behaviour into 2026.

The last [State of Spend](#) showed that UK consumers had returned to the market, but with conditions. Spending resumed, but cautiously. Shoppers scrutinised price, convenience and perceived quality, pulling back when expectations were not met. Consumers would still spend, but largely when prompted by the right offer or moment.

The latest data shows that this scrutiny has since become embedded in shoppers' habits. December revealed how consumers were already operating under tighter decision-making rules as they approached the new year.



With inflation ticking up again at the end of the year, cost pressures remained firmly in place. Rather than retreating from spending altogether, consumers adapted — switching formats, trading down and filtering purchases more aggressively. Festive spending held, but it was more controlled, with loyalty weakening and defaults increasingly questioned. As a result, consumers entered Q1 already spending more selectively.

Even at Christmas, **grocery** followed the value rules

Year-on-year changes for grocers across different measurements



December data confirms that the value-led behaviour seen throughout 2024 did not ease at Christmas — it intensified. The most emotionally driven point of the retail calendar became the clearest test of whether seasonal behaviour would override price discipline, and it did not.

This was most visible in the grocery store. In the week commencing 18 December, spend at discounter grocers rose **3% year-on-year**, while big grocers declined **2%**. Crucially, this gap did not narrow as Christmas approached, indicating that value continued to outweigh convenience and familiarity even at peak seasonal moments.

That divergence persisted across the full month. Discounter grocery finished December **up 1% year-on-year**, while big grocers fell **2%**, and overall consumer spend declined **1%** despite festive trading. Consumers did not abandon Christmas grocery spending, but constrained it — allocating spend more selectively and moving away from higher-cost defaults

“Christmas used to be the moment when grocery shoppers relaxed their usual spending rules. This year, that didn’t happen. Even at peak season, consumers stuck with price-led formats — which changes how grocers need to think about value, timing and loyalty.”

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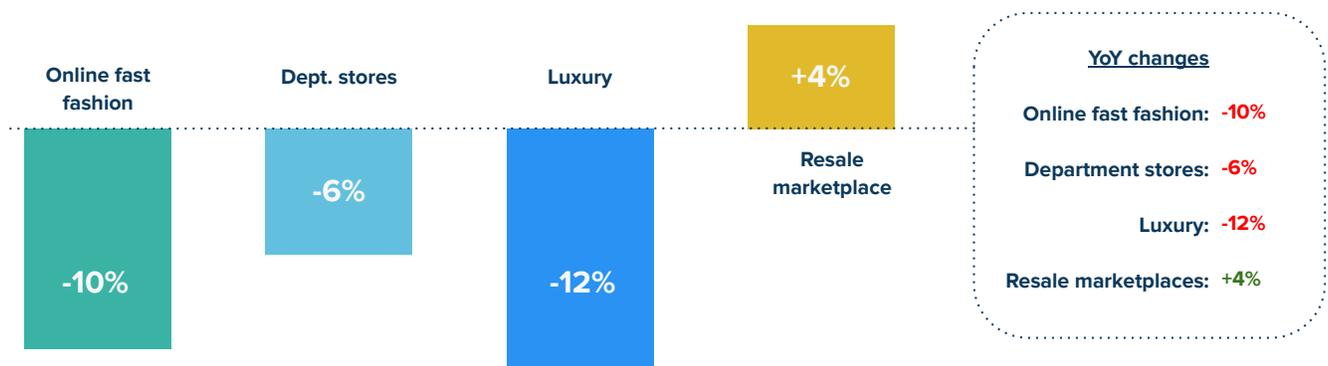
December was a clear proof point of increasing value prioritisation. Overall spend declined, but gaps between grocery formats widened, showing that Christmas did not restore power to higher-priced grocers. Price-led formats continued to gain share across the category, even at the most pressure-tested moment of the year.

This controlled approach to grocery spending carried directly into Q1 and is likely to continue shaping behaviour through 2026.

The fashion ladder: Moving down and opting out

As inflation rose again in December 2025, consumers entered the festive period more alert to pressure on household budgets and more willing to reassess where spending still made sense. But the data suggests this was not a simple shift down the fashion ladder.

In December, luxury and designer fashion spend fell **12% year-on-year**, while department stores declined **6%**. Even online fast fashion, typically resilient during periods of constraint, dropped **10%**, failing to benefit from last-minute festive demand in the way these categories have historically.



At the same time, resale marketplaces such as Depop and Vinted grew **4%** in December alone. Rather than trading down within the same hierarchy, many consumers opted out of it altogether — choosing second-hand and “new-to-me” purchases that felt more intentional, affordable and easier to justify within tighter budgets.

Cardlytics analysis:

This pattern points to a deeper recalibration in fashion spend. Consumers are not simply chasing the lowest price; they are reassessing what feels worth participating in. Both high-cost luxury and high-turnover fast fashion are losing ground, while resale offers a way to stay engaged without financial overreach.

As inflation pressures persist into 2026, this breakdown of the traditional fashion ladder looks increasingly structural rather than cyclical.

What's striking isn't just that consumers are trading down — it's that the traditional fashion ladder is breaking. With budgets under pressure, shoppers are stepping away from both luxury and fast fashion and choosing alternatives that feel easier to justify."

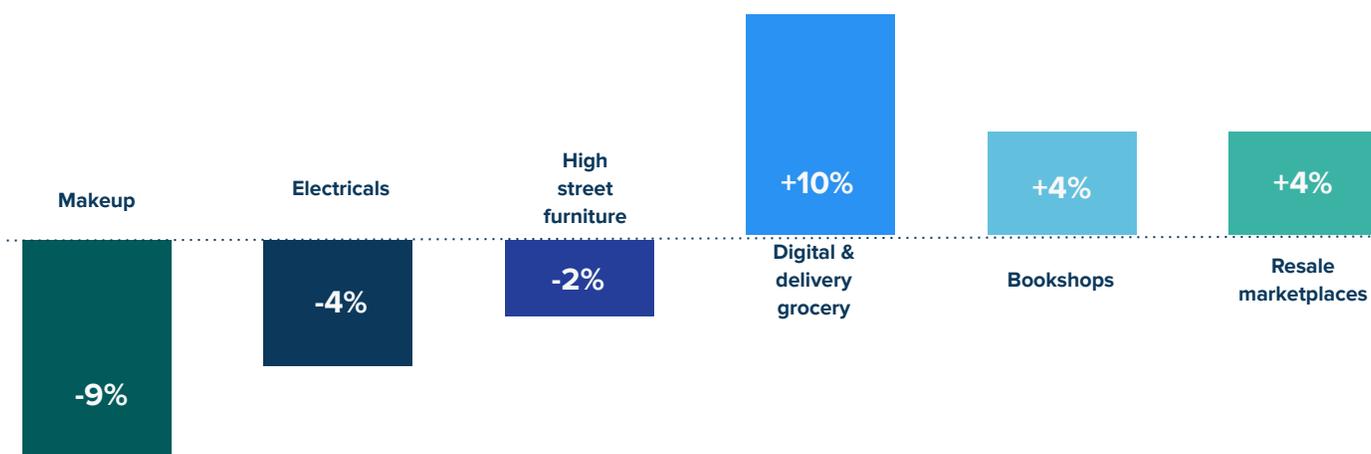
Smaller baskets, deliberate choices

This shift toward more controlled spending is now clearly visible at the basket level. Rather than pulling back entirely, consumers are staying engaged through smaller, lower-commitment purchases that feel easier to justify and manage within tighter budgets.

Shoppers are planning further ahead, budgeting more carefully and reducing impulse-led decisions. **The move toward discounters, resale platforms and delivery models reflects a shift toward formats that feel easier to justify and manage, rather than impulse-led or high-commitment spending.** Trading down is no longer confined within categories; consumers are switching formats altogether in search of spend that feels simpler to manage and defend.

This behaviour change is also evident in what consumers choose to buy. Instead of splurging on big-ticket or perceived luxury items, engagement is increasingly concentrated in categories that allow participation without over-committing financially.

Compared with December 2024, bookshop spend rose **4%**, adding nearly **£800k**, with average basket values of **£22**. Resale marketplaces, including Depop, Vinted and eBay, also grew **4%**, contributing almost **£8m** in incremental spend despite modest average basket values of **£21**. By contrast, higher-commitment categories continued to soften, with makeup down **9%**, electricals down **4%** and high street furniture down **2%**. Digital and delivery grocery rose **10%**, reinforcing the preference for planned, necessity-led spending.



Cardlytics analysis:

Consumers are not disengaging from spending — they are managing risk by limiting commitment. Purchases that feel sensible and measured continue to attract spend, while higher-commitment or aspirational categories remain under pressure.

“We’re seeing consumers stay engaged, but on their own terms. Smaller baskets and lower-commitment purchases allow people to participate without stretching themselves — and that mindset is reshaping what growth looks like across retail.”

What this means for Q1 and beyond

The data confirms that value-seeking is a more structural shift in how households manage their spending. This behaviour was already visible in the Golden Quarter, where festive spend increasingly spread into October and November rather than concentrating in December. Consumers acted earlier, paced their spending more evenly and avoided late-season splurges as part of tighter budget management.

This earlier engagement reflects a broader desire for control. Shoppers are planning further ahead, making more deliberate decisions and opting out of purchases that do not feel clearly justified. As a result, traditional peak moments and short, high-intensity promotional spikes are becoming less effective, while sustained engagement and clarity of value across longer periods are gaining importance.

For businesses, this changes the nature of the challenge in Q1 and beyond. Planning should assume continued value-led behaviour rather than a rapid rebound in discretionary spend. Growth is more likely to favour sectors and formats that earn a consistent place in everyday budgets, while categories positioned as non-essential or easily deferred remain under pressure.

Value will also need to be delivered in different ways for different audiences. For some, that means sharper pricing or clearer deals. For others, it may be convenience, flexibility, transparency or reassurance that a purchase is sensible rather than indulgent. The common thread is confidence at the point of decision.

Businesses that help customers feel in control through clear propositions, planning-friendly experiences and relevant, well-timed rewards will be better placed to retain spend through Q1 and beyond. The focus is shifting away from short-term demand recovery and toward longer-term relevance, as brands compete to remain part of consumers' essential spending decisions.

“These findings put the onus back on businesses to earn every transaction. Consumers are no longer responding automatically to big moments, big brands or big discounts. They’re responding to clarity, relevance and reassurance. The businesses that adapt to that reality will be better positioned than those waiting for spending patterns to ‘bounce back’.”

About Cardlytics

Cardlytics (NASDAQ: CDLX) is a commerce media platform, powered by our publishers' first-party purchase data, that makes commerce smarter and more rewarding for everyone. We offer a range of solutions to help advertisers and publishers grow and strengthen customer loyalty. With visibility into approximately half of all card-based transactions in the U.S. and a quarter in the U.K., Cardlytics enables advertisers to engage consumers at scale and drive incremental sales through our industry-leading card-linked offer network. Publisher partners can enhance their platforms with relevant and personalized offers that improve the shopping experience for their customers. Cardlytics also offers identity resolution capabilities through Bridg, which helps convert anonymous shoppers into known and reachable customers. Learn more at www.cardlytics.com or follow us on [LinkedIn](#).