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The £2.2bn Switch

Where UK spending went in the first half of 2026, and where the data says it goes next.

While spending fell for the first time, consumers didn't pull back

UK tracked card spend fell 1.2% year-on-year in H1 2026, to £71.5bn which is the first decline in the last four years.

This report shows how money is being redirect: households paid £2.2bn less to utility and broadband providers, re-spent most of the saving, and banked the rest. If bills are stripped out, spending rose 2.4%.

-1.2%

Total tracked spend YoY — the first decline in the series.

+2.4%

Spend growth once household bills are stripped out

-£2.2bn

Handed back by energy & broadband bills in H1

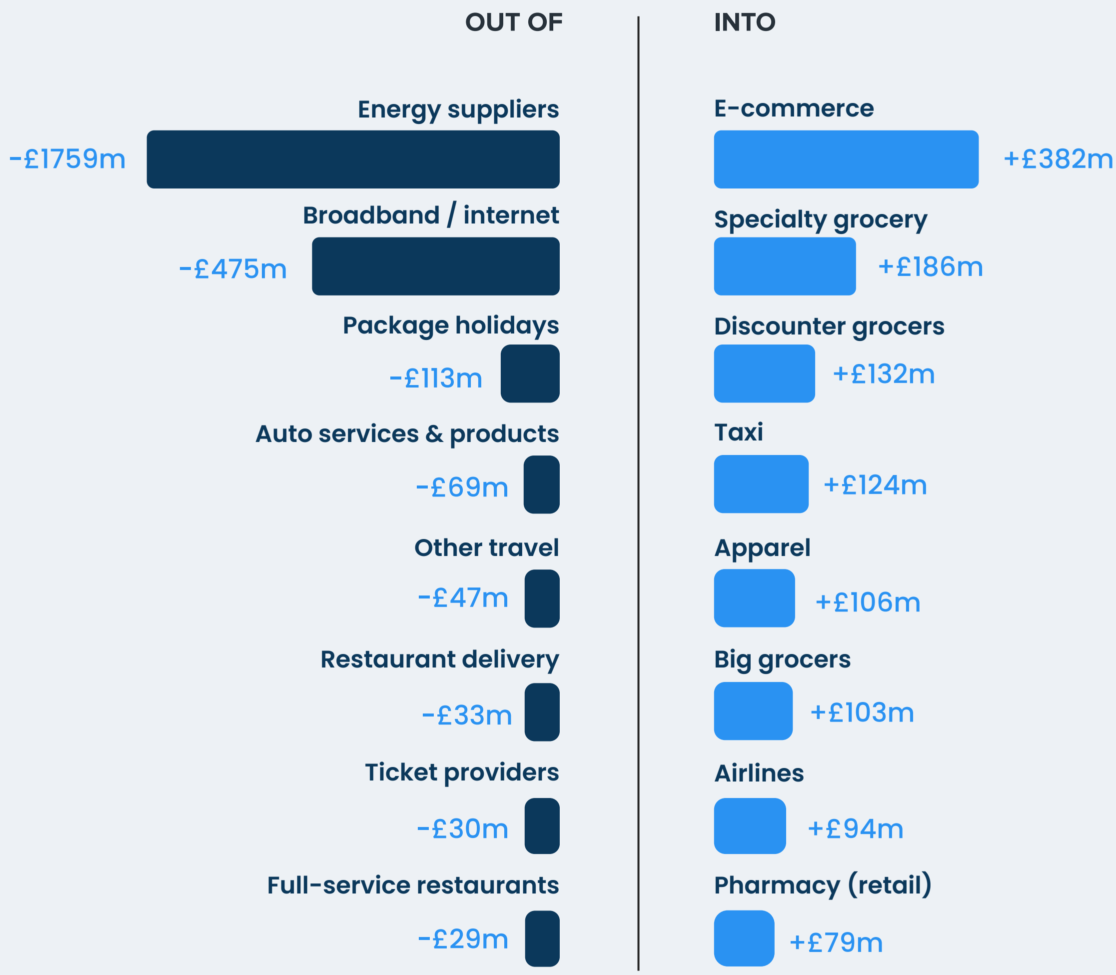
60p

Of every £1 saved on household bills was re-spent elsewhere — flowing to e-commerce, grocery and everyday treats. The remaining 40p was banked.

Retail is now the UK's biggest tracked category, at 29.3% of wallet vs Grocery's 28.3%. Utilities has fallen from 26.4% of wallet in 2023 to 20.5% — a six-point structural handback in three years, and the biggest shift in the dataset.

Where money came from — and where spend went

Below shows the change in H1 spend, 2026 vs 2025 (£m). The left side dominates: falling energy prices and broadband switching. The other side shows a consumer re-deploying that money deliberately… into online retail, value and premium grocery, and everyday convenience.



Cardlytics analysis

Bars drawn to the same scale: nothing consumers gained comes close to what bills gave back. Of the £2,193m released by utilities, £1,343m re-appeared across other categories (+2.4%) and ~£850m left tracked spend altogether — saved, or spent beyond the panel.

The eight behaviours often seen in one wallet

Category	Spend	Trips	ATV	Behaviour
Utilities	-13.0%	-7.3%	-6.2%	The great giveback
Retail	+3.8%	+4.2%	-0.4%	Shopping more, paying less
Grocery	+2.8%	+0.8%	+1.9%	Quiet inflation returns
Travel	+0.6%	+1.3%	-0.7%	The boom stalls
Restaurant	+0.3%	-1.7%	+2.0%	Paying more, going less
Entertainment	-0.7%	+1.5%	-2.2%	Big tickets rationed
DTC / Subscription	-5.7%	-10.0%	+4.8%	Box-cancelling
Services	-9.2%	-21.0%	+15.0%	Retrenchment

Our take

Retail is the only category growing the healthy way — more visits at steady prices. Restaurant growth is entirely price on falling traffic. Grocery basket inflation is re-accelerating (+1.9% ATV vs +0.6% in each of the two prior years). And subscription trips are down 10%: box-cancelling is real.

Discretionary growth is slowing too

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The grocery barbell: Value and premium both win

Grocery added £544m **(+2.8%)**, but the growth sits at the two ends of the market. Discounters and high-end grocers are both growing visits at **~7%,** while the Big Grocers lose trips and hold spend only through bigger baskets.

Segment	Spend	Trips	ATV	Share of grocery, 2023 → 2026
Discounter grocers	+7.7%	+6.4%	+1.2%	7.8% → 9.2%
High-end grocers	+3.8%	+6.9%	-2.9%	11.3% → 12.0%
Digital delivery platforms	+10.6%	-4.3%	+15.5%	1.1% → 1.4%
Specialty grocery	+3.0%	+0.9%	+2.1%	32.8% → 31.7%
Convenience	+2.1%	+2.8%	-0.7%	1.6% → 1.5%
Big grocers	+1.2%	-1.4%	+2.6%	45.6% → 44.1%

+6.4% / +6.9%

trip growth at discounters AND premium grocers — both ends of the barbell are taking visits from the middle.

−1.4% trips

at the Big Grocers. Spend is held up by basket inflation alone (+2.6% ATV) — the loyalty-pricing battleground for H2.

−1.4% trips

discounter growth, January to June. Share gains continue, but the land-grab phase is maturing.

Meanwhile grocery inflation is creeping back: category ATV rose **+1.9%,** three times the pace of the two prior years, and meal kits sold *through* grocers grew **+23.8%** even as DTC meal-kit subscriptions fell **−5.5%.**

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What consumers cut

The mid-priced, committed, book-ahead purchases are the spending casualties. Things like the £30 sit-down meal, the package holiday, the monthly box, the big family day out. Consumers did not cut essentials out in the same way we've seen in the past.

−3.2%

Package holidays

Tour operators, which is travel's biggest line, saw negative growth with prices deflating (ATV −4.2%), while airlines grew +5.6%. Travellers are self-assembling trips.

−6.1%

Full-service restaurants

This was the second consecutive decline. Share of restaurant spend down from 11.7% (2023) to 9.9%. The sit-down meal is the clearest casualty in the data.

−5.7%

Subscription boxes

DTC trips fell 10%. Beauty DTC collapsed −36.9%; meal-kit DTC fell 5.5%. Only needs-based subscriptions held: pets +4.3%, health +4.7%.

−21.1%

Big days out

Amusement parks down a fifth; museums & parks −3.4%; ticket providers −17.5% against 2025's blockbuster tour calendar.

The fragile winner

Fast food grew **+5.3%,** but that growth can be attributed entirely to price: trips fell **−4.2%** while transaction values rose **+9.9%.** Growth built on charging fewer visitors more is a churn risk, not a success story. H2 can expect a war on value.

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What does this say about H2?

Monthly year-on-year growth through H1 2026 shows where each story is heading. The utilities drag is fading into the base; e-commerce is accelerating into peak season; apparel is decelerating hard.

Monthly YoY	Jan	Feb	Mar	Apr	May	Jun	Direction
Total spend	−2.1%	−2.8%	−2.6%	+0.3%	+0.1%	+0.1%	Turning positive
Utilities	−18.5%	−19.0%	−16.8%	−6.4%	−5.8%	−9.0%	Drag fading
E-commerce	+10.6%	+5.1%	+6.1%	+7.5%	+6.3%	+10.3%	Accelerating
Apparel	+7.8%	+5.9%	+4.3%	+1.0%	+0.3%	−0.2%	Decelerating
Discounters	+9.8%	+8.6%	+8.4%	+8.6%	+5.5%	+5.8%	Normalising
Airlines	+2.1%	+3.9%	+7.0%	+2.6%	+0.5%	+13.5%	Booking late

Six Predictions For H2

1 **Headline spend turns positive in Q3** as 2025's energy price cuts annualise out of the comparison and the June drag (−9%) roughly halves.

2 **E-commerce owns peak season**
Six straight months of acceleration into Prime Day➔Black Friday➔Christmas; Retail holds >29% of wallet.

3 **Apparel goes negative without intervention**
An eight-point deceleration in six months, with baskets already shrinking (ATV −4.4%).

4 **The value war spreads**
Big Grocers escalate loyalty pricing to defend trips; QSR discounts to win back lost visits.

5 **Travel books later and shorter**
The time to watch is October half-term as demand exists and commitment windows compress.

6 **Pharmacy keeps compounding**
growing 65–75% in every month of H1 and is on track to roughly double 2024 levels by year-end.

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WHAT TO DO NEXT

Six actions to win during the £2.2bn switch

Here's where Card-Linked Offers and Cardlytics Insights should focus leading into the holiday season and while consumer show they are still spending deliberately.

GROCERY

Fight on trips, not baskets.

Big Grocers' spend is held up by inflation alone. Use offers to defend visit frequency against both discounters and premium switchers as both ends are taking trips.

Big Grocers trips −1.4% · barbell trips +6.4% / +6.9%

RETAIL

Start peak season early.

E-commerce momentum (+10.3% in June) says pull Q4 acquisition forward. Apparel brands need conquesting and basket-building now, before the decline hardens.

E-commerce +£382m · Apparel Jun −0.2%

RESTAURANTS

Buy back the lost visit.

QSR is raising prices on falling traffic; sit-down is losing share. Frequency-based offers directly attack the trips problem.

Restaurant trips −1.7% · QSR trips −4.2%

TRAVEL

Move offers closer to departure.

Late booking means compressed campaign windows. Target lapsed package-holiday spenders with DIY trip components like flights, stays, taxis.

Airlines Jun +13.5% · packages −3.2%

SUBSCRIPTIONS

Retention beats acquisition.

With trips down 10%, churn-saving offers are the priority. Pets and health prove needs-based propositions retain.

DTC trips −10% · beauty DTC −36.9%

EVERYONE

Court the wellness wallet.

Pharmacy is the fastest-growing high-value audience and is relevant to health, beauty, fitness and grocery advertisers alike.

Methodology & source audit

About This Data

Findings draw on Cardlytics UK card-spend data across a panel of 2,195 tracked brands, mapped to 8 categories and 58 subcategories: Grocery, Retail, Utilities, Travel, Restaurant, Entertainment & Amusement, DTC/Subscription and Services. The analysis covers January–June (H1) of 2023, 2024, 2025 and 2026 at weekly and monthly grain, on three metrics: spend (£), trips (transactions) and average transaction value (ATV). All ATV figures are computed as spend ÷ trips, weighted at the level quoted. Year-on-year comparisons are H1 2026 vs H1 2025 unless stated. Easter fell in week 14 in 2026 vs week 16 in 2025; weekly comparisons around those weeks reflect timing, not demand.

Source Audit

20260708 State of Spend H1 Data (Google Sheets) — primary source. All figures recomputed from the raw weeklyData and monthlyData tabs; pivot-sheet ATVs not used (they average subcategory ATVs unweighted).

SoS_Data_Ask_AllIndustries_H1_2026.docx — category and brand scope definitions.

SoS_H1_2026_Deep_Dive_and_Story_Arc.docx — full analysis, data-quality flags and verification notes (internal companion to this report).

Brand assets: Cardlytics Logo Library and brand blue (#54C0E8), Brand Design Materials drive.

Internal note: pharmacy (+70.7%) and deflation-vs-volume claims should be sense-checked against brand-level data and Ofgem/ONS references before media distribution. Cashback-redemption data (per the original data ask) is not yet included.