

# ***Market Overview- Retail Industry***

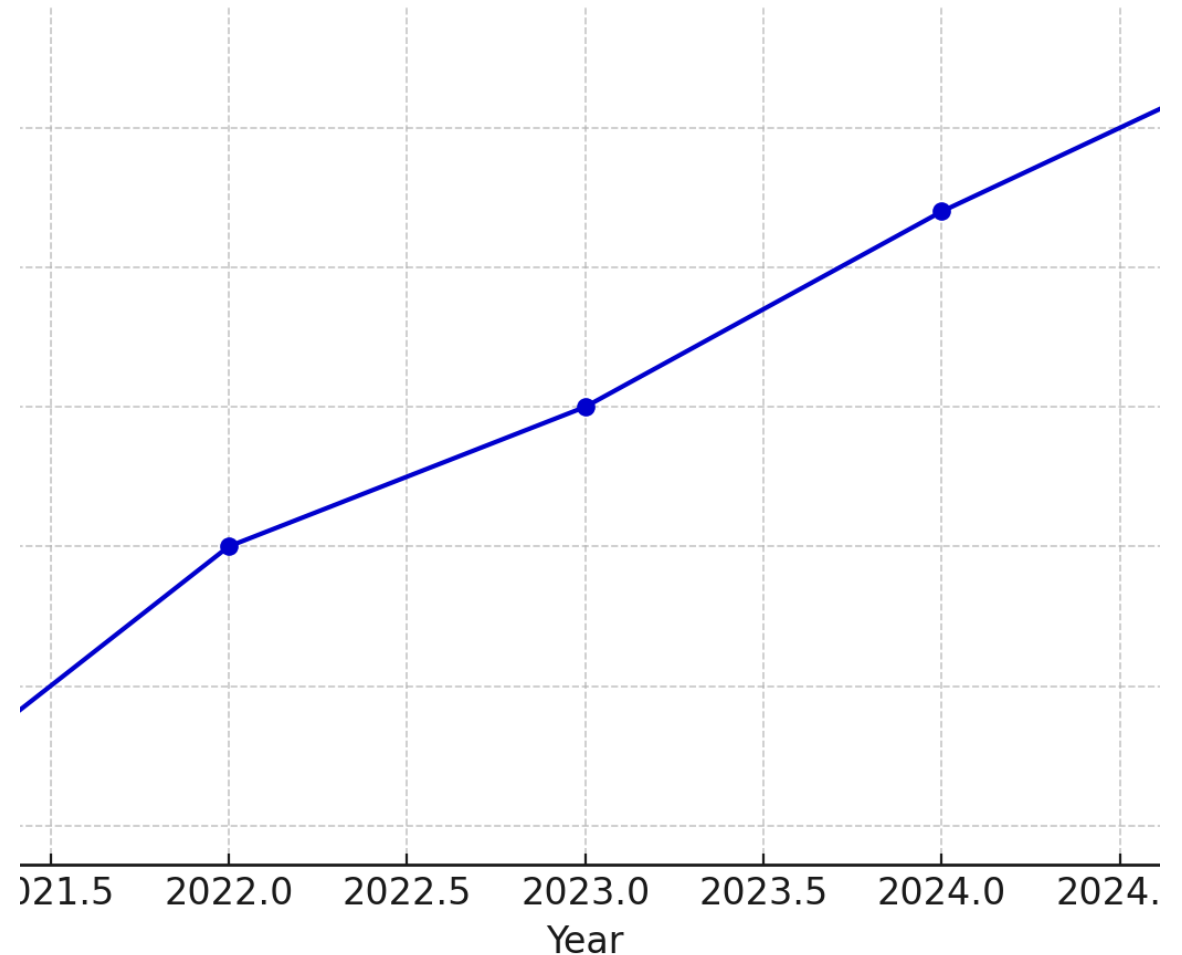
In 2025, the UK retail sector is navigating a complex landscape marked by economic uncertainty, shifting consumer behaviours, and technological advancements. While certain segments show resilience, the industry as a whole faces challenges from rising operational costs, evolving shopping preferences, and increased competition from online platforms.



## ***Economic Contributions & Employment***

The UK retail industry contributes significantly to the national economy, with total sales reaching approximately £478 billion in the 12 months to February 2025. The sector employs around 2.84 million individuals, accounting for close to 10% of the UK's workforce. However, the industry is under pressure from increased business rates, higher National Insurance contributions, and rising minimum wages, leading to predictions of 17,350 store closures and up to 202,000 job losses in 2025.

UK Retail Industry Revenue (2021–2025)



# Current Trends & Challenges

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## **Hybrid Shopping Models:**

Consumers increasingly demand seamless integration between online and in-store experiences, prompting retailers to invest in omnichannel strategies.

## **Operational Cost Pressures:**

The phasing out of business rate relief and increased employment costs are squeezing profit margins, particularly for small and independent retailers.

## **E-commerce Competition:**

Online sales continue to capture a significant share of the market, with internet sales accounting for 26.5% of all retail sales as of February 2025.

## **Store Closures:**

Major retailers and independent shops alike are closing locations due to declining foot traffic and financial pressures, contributing to the anticipated high number of closures in 2025.

Source: [UK Retail Closures Predicted in 2025](#)

