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THE NETHERLANDS

Discounters thrive as Dutch consumers remain cost-conscious

Retail sales across the Netherlands should rise 4% this year, in our view, with all segments contributing to this increase. Although purchasing power is improving, consumers remain price-conscious with their spending on the high street. ING transaction data shows that discount retailers continue to outperform and gain market share



ING data shows that discount retailers continue to outperform and gain market share

Further shift to the online channel

Retail revenue is expected to grow by 4% this year. Although this is higher than the 2% growth in 2024, it is still not exuberant - certainly not given the improved purchasing power this year. All segments are contributing to revenue growth in 2025, unlike last year, when the food segment saw a slight contraction.

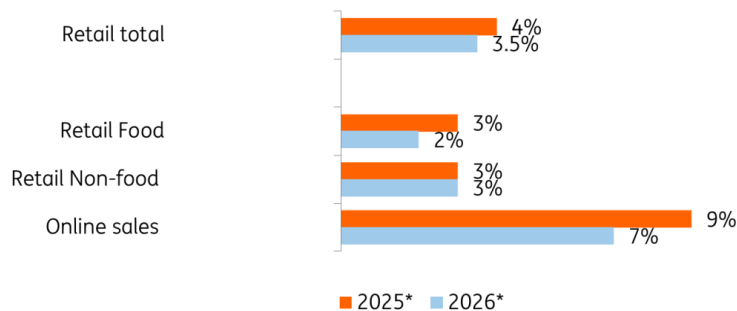
This year, revenue is expected to grow by 3% in both the food and non-food segments, while the online segment is expected to see a stronger increase of 9%. Online sales now account for approximately 20% of total retail sales, compared to 12% in 2019. This comes at the expense of both physical food and non-food sales.

A further shift from physical to online sales channels is expected in the coming years. This is

not only because consumers continue to appreciate the convenience of online shopping, but also due to a more extensive range of products available online.

Dutch retail sales volumes up 4% in 2025

Retail sales volumes in the Netherlands, year-on-year



Source: CBS, *forecasts 2025 and 2026 ING Research

Around 4% increase in food prices expected in 2025

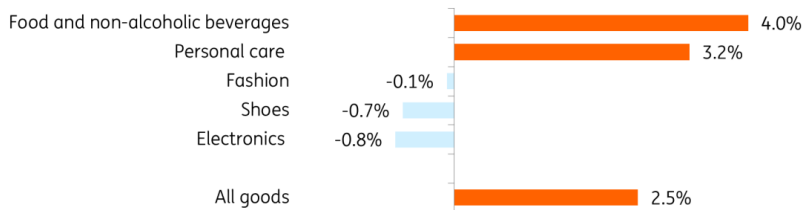
Although inflation remains relatively high, the largest price increases in retail are now behind us. In the first seven months of 2025, goods became 2.5% more expensive on average than in the same period a year earlier. This increase was mainly driven by essentials, such as food (+3.6%) and personal care products, such as shampoo and perfume (+3%).

Food products, in particular, are expected to rise by around 4% in 2025, which is above average. Beef, chocolate and coffee prices are mostly to blame for persistent food inflation.

On the other hand, non-essentials such as shoes (-0.7%) and electronics (-0.8%) became slightly cheaper than a year earlier. Consumer electronics prices may fall further in the near future. Due to US trade tariffs, China may export more to Europe at lower prices, which could lead to price drops for items like televisions, washing machines and coffee makers.

Inflation hits essentials, not luxuries

Consumer price development, January to July 2025, year-on-year



Source: CBS, ING Research

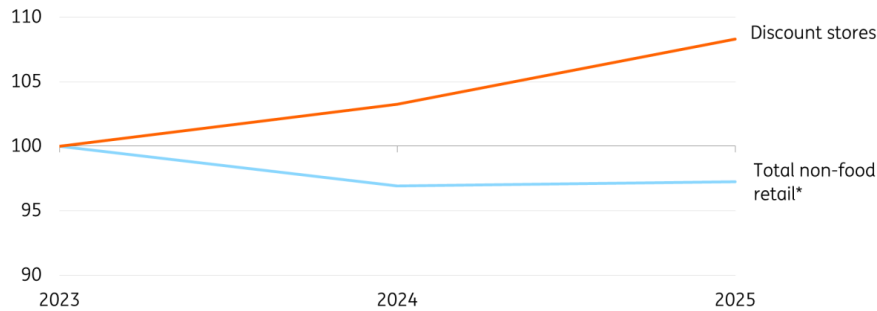
Discounters are performing well in both food and non-food retail...

Despite higher disposable incomes, many Dutch consumers remain highly price-conscious – driven in part by persistently high inflation. This is also clearly reflected in supermarket share indicators. ING transaction data shows that within food retail, discounters are gaining market share at the expense of full-service supermarkets.

A similar trend is visible in non-food retail. Since 2023, debit card sales at the largest non-food discounters in the Netherlands have increased much more sharply than in the overall non-food retail sector (excluding electronics stores, drugstores and pharmacies). For example, in the first half of 2025, debit card sales at discounters were about 8% higher than in the first half of 2023. During the same period, the value of debit card payments in the total non-food retail sector slightly declined by 3%.

Discounters continue to outperform traditional non-food retailers

Value of debit card payments in the first half of the year, index (January to June 2023 = 100)



Source: ING Transaction data, * Excluding electronics stores, drugstores and pharmacies

...thanks to economies of scale, a low cost structure and efficient procurement

Strong growth among discounters in the non-food segment can only partly be explained by the expansion of the number of outlets in the Netherlands. Although many new discount stores have opened in recent years, several major chains have also disappeared from the high street. The strength of discounters lies mainly in their economies of scale, a low cost structure due to minimal overhead at headquarters and stores located in secondary locations, and extremely efficient procurement. This allows products to be sold in stores at the lowest possible prices. Other retailers can't compete.

Investing in innovation is essential

However, in this dynamic retail market, there are still plenty of retailers demonstrating that success remains possible. They do so by adapting smartly and promptly to a changing market. Retailers who continue doing business as they do today will likely lose relevance in a few years - especially now that customers increasingly value seamless integration between online and offline channels, with physical stores evolving into destinations for atmosphere, experience and brand engagement. To remain competitive and future-proof, retailers must prioritise investments in technology and customer-centric service models.

Author

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

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