

Rising UK Food Costs Drive Shoppers Away from High Street

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British retailers faced a challenging July as the rising cost of essential groceries, particularly meat and butter, strained household budgets and kept shoppers from the high street.

According to the latest figures from the British Retail Consortium (BRC), food prices climbed 4% in July compared to the same month in 2024. This marks an increase from 3.7% in June and surpasses the three-month average of 3.5%. Fresh vegetables and fruit inflation held

steady at 3.2%, but pantry staples saw sharper increases, with cupboard food prices rising 5.1% year-on-year, up from 4.3% the previous month.

Meat prices surged 17% in the year to June, while butter prices, which had been falling between 2023 and 2024, jumped by 18.2% over the past year. The British Retail Consortium attributed much of the upward pressure to tighter global supplies affecting key goods such as meat and tea.

A separate survey by the Confederation of British Industry (CBI) revealed that uncertainty over the economic outlook continued to weigh on consumer spending. The proportion of retailers reporting declining sales improved slightly from a balance of -46% in June to -34% in July, but expectations remain subdued for the coming month.

Martin Sartorius, principal economist at the Confederation of British Industry, noted that higher price pressures driven in part by rising labour costs, combined with a cautious economic climate, have been suppressing demand since October 2024. This has led many households to prioritise saving over spending, adding pressure to both brick-and-mortar and online retailers.

Helen Dickinson, chief executive of the British Retail Consortium, said, “The rising price of some staple foodstuffs, including meat and tea, has pushed overall food price inflation higher for a sixth consecutive month.”

Total shop price inflation, which includes non-food items, rose to 0.7% in July compared to 0.4% in June, underscoring the persistent upward trend in costs that continues to challenge both businesses and consumers.