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## Food Prices Set to Increase by 6% Before Christmas

August 3, 2025

– Categories: Finance



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Food prices in the UK are expected to rise by six per cent by the end of the year compared to last year, signalling a significant challenge for both consumers and major supermarkets ahead of the Christmas period. The British Retail Consortium (BRC), a trade association representing more than 9,000 shops, including major supermarkets such as Tesco and Sainsbury's, has issued warnings about escalating costs and the potential impact on employment and retail investment.

According to recent BRC research, 56 per cent of retail finance directors, senior financial decision-makers, hold a pessimistic outlook for the sector in the coming year. The majority, 85 per cent, reported having to increase prices following the previous budget's rise in employer National Insurance (NI) contributions and the National Living Wage, while 65 per cent expect further price hikes. Currently, food inflation stands at around four per cent, but the BRC forecasts this will climb to six per cent by Christmas, straining household budgets during a traditionally costly time.

The financial pressure on retailers is evident, with 42 per cent of finance directors having paused hiring and 38 per cent reducing in-store staff numbers. Employment data reflects these trends, showing nearly 100,000 fewer retail jobs in the first quarter (Q1) of 2025 compared to the same period the previous year. Additionally, 38 per cent of Chief Financial Officers (CFOs) reported cutting community investments, and 15 per cent have delayed opening new stores.

Helen Dickinson, BRC's chief executive, emphasised the impact of recent government policies on the retail sector: "Retail was squarely in the firing line of the last budget, with the industry hit by £7 billion in new costs and taxes." She added, "Retailers have done everything they can to shield their customers from higher costs, but given their slim margins and the rising cost of employing staff, price rises were inevitable."

Dickinson further stressed that many households are already feeling the effects as they struggle with the rising cost of groceries. She called on the Chancellor of the Exchequer to consider whether to ease inflationary pressures or risk worsening the strain on the high street and local jobs.

Market research from Worldpanel by Numerator, formerly known as Kantar, reveals the sharpest rise in grocery prices in 18 months. Grocery inflation surged to 5.2 per cent in the four weeks leading up to 13 July, up from 4.7 per cent the previous month, marking the steepest increase since January 2024. This trend translates to an average additional cost of approximately £275 on annual grocery bills for shoppers.