The Independent Retailers Confederation

The Heartbeat of Indie Retail: Q1 2026

About the Independent Retailers Confederation (IRC)

The Independent Retailers Confederation (IRC) is a collective of UK trade associations representing independent retailers across multiple sectors. The IRC exists to provide a unified voice for independent retail, sharing evidence from the sector, supporting collaboration between associations, and ensuring that policymakers and stakeholders understand the realities facing the UK's small and independent businesses.

By drawing together insight from across its membership, the IRC helps highlight common challenges, emerging trends, and areas where policy and practical support are most needed.

About this report and research

This report presents findings from the IRC Quarterly Heartbeat Survey for Q1 2026 (January–March 2026), combining quantitative results with qualitative retailer feedback to assess trading performance, confidence, and sector pressures.

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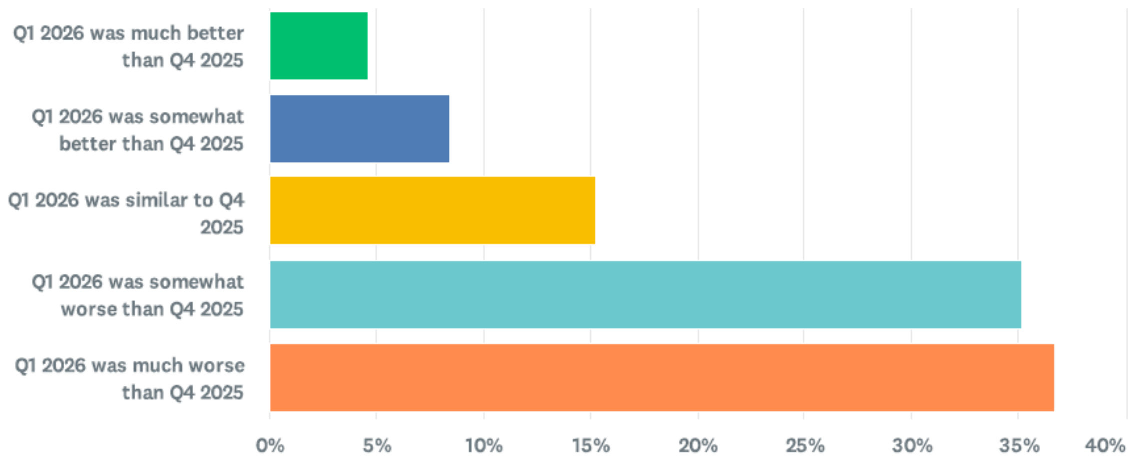
Executive Summary

Independent retailers experienced a challenging start to 2026, with trading generally but predictively weaker than the previous quarter. Reduced footfall, poor weather, and cautious consumer spending were widely reported. Performance compared with the same period last year was mixed, suggesting resilience despite continued pressure. Confidence remains cautious overall.

1. Trading performance compared with previous quarter



Key Insights

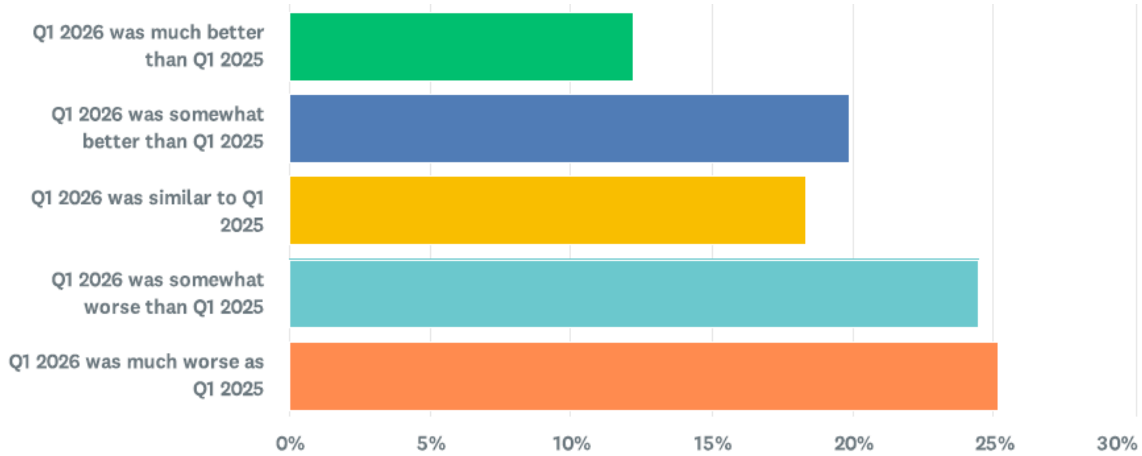
- Trading was widely weaker than Q4 2025
- Reduced footfall was a consistent issue
- Seasonal slowdown and poor weather impacted sales

What businesses said:

Retailers overwhelmingly described Q1 trading as weaker than Q4, with most attributing this to normal post-Christmas seasonality. However, the downturn was often described as more severe than usual. A consistent theme was reduced footfall, with many businesses noting fewer visitors despite stable or slightly higher basket spend. Poor weather, particularly prolonged wet conditions, was frequently cited as an additional factor depressing sales. Retailers also pointed to weak consumer confidence, rising costs, and global uncertainty as influencing customer behaviour. Competition from online retail and discounted pricing by larger operators further compounded pressures. Overall, businesses described a “perfect storm” of seasonal slowdown and structural challenges affecting performance.

Interpretation: Seasonal volatility and weak consumer confidence continue to drive uneven performance.

2. Trading compared with the same period last year



Key Insights

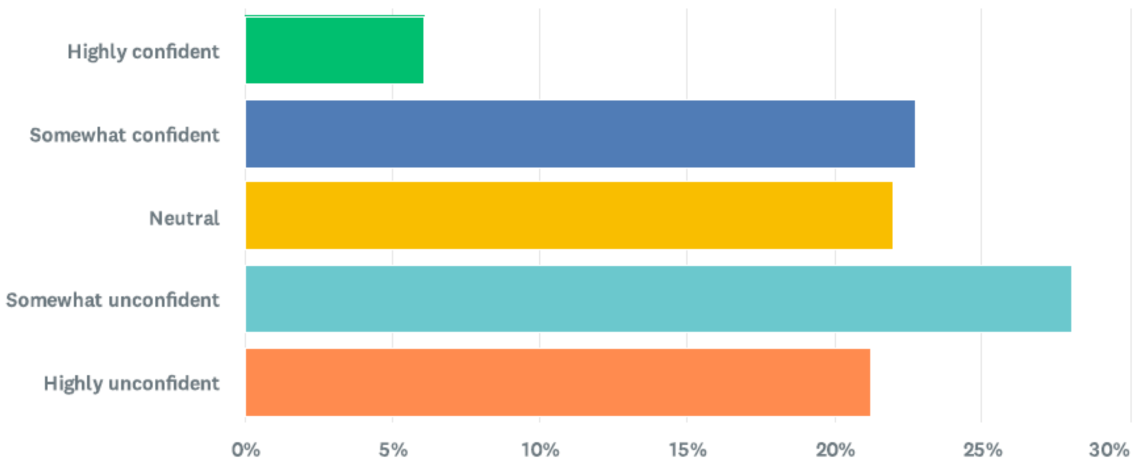
- Performance versus Q1 2025 was mixed but leaning towards a worse outcome
- Footfall and spending remained subdued
- Some growth linked to local or operational changes

What businesses said:

Responses comparing Q1 2026 with Q1 2025 were mixed, reflecting uneven performance across the sector. Many retailers again highlighted reduced footfall and cautious consumer spending as key challenges, with customers buying less frequently or reducing discretionary purchases. Cost-of-living pressures were frequently mentioned, alongside higher business costs. However, some businesses reported improved performance driven by stronger brand awareness, better marketing, or gaining customers after competitors closed. Others noted increases in average transaction value despite fewer shoppers. External factors such as weather, road disruptions, and rising parking charges were also seen as negatively impacting high street activity. Overall, the picture was one of resilience but continued fragility.

Interpretation: Retailers show resilience, but demand constraints remain a limiting factor.

3. Confidence about Q2



Key Insights

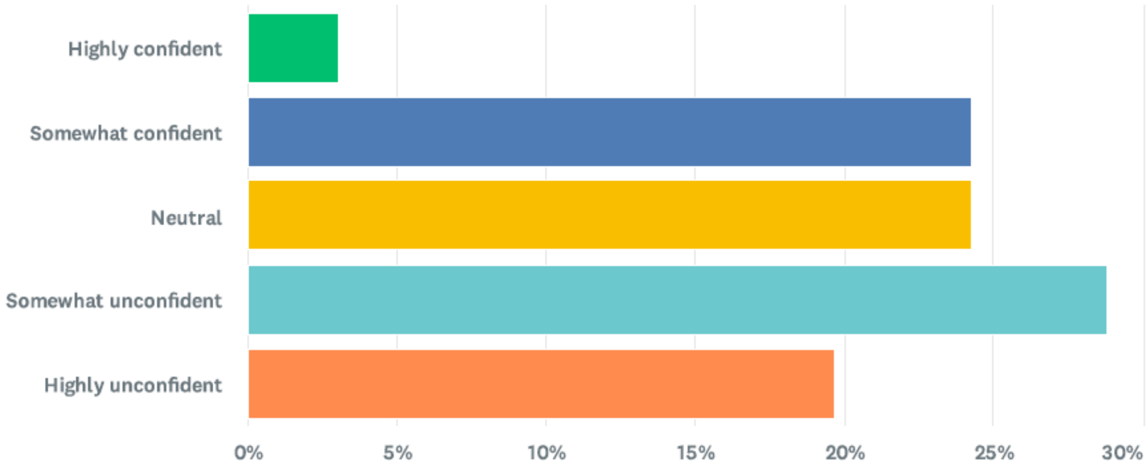
- Confidence is broadly cautious
- Costs remain a key concern
- External uncertainty is influencing outlook

What businesses said:

Retailers' commentary on confidence for Q2 reflects widespread uncertainty and caution. Many highlighted rising operating costs—particularly wages, energy, fuel, and business rates—as a major constraint on profitability. Consumer behaviour was a key concern, with respondents reporting that customers are increasingly cautious, worried about mortgages, job security, and wider economic instability. Global events, including geopolitical tensions and rising fuel costs, were frequently cited as negatively affecting sentiment. Local factors such as reduced parking, town centre changes, and declining footfall also influenced outlook. While some businesses expressed cautious optimism tied to seasonal uplift or tourism, the dominant tone was one of unpredictability and concern.

Interpretation: Businesses are steady but wary of further economic pressure.

4. Confidence for the Rest of 2026



Key Insights

- Confidence is cautious at best, with widespread concern about rising costs and profitability
- External uncertainty (economic, political, and global) is strongly influencing outlook
- Resilience remains, but increasingly defensive strategies are being adopted

What businesses said:

Longer-term confidence comments were broadly cautious, with many retailers expressing concern that current pressures will persist. Rising costs—wages, energy, rates, and supply—were consistently identified as eroding margins and making growth difficult. Several respondents highlighted declining confidence in government policy and lack of support for small businesses. Ongoing global instability and its impact on inflation and consumer spending were also key concerns. While some businesses remain optimistic due to loyal customer bases, tourism, or planned investments, others expect continued stagnation or even business closure. Overall, retailers conveyed a sense of resilience but emphasised that trading conditions remain fragile and uncertain.

5. Conclusion

Independent retailers entered 2026 facing continued pressure but demonstrating resilience. Trading in Q1 was generally weaker than the previous quarter, largely due to seasonal patterns, reduced footfall, and cautious consumer spending. Year-on-year performance was more mixed, indicating that many businesses are adapting despite ongoing challenges. Confidence across the sector remains cautious rather than pessimistic, with rising costs, economic uncertainty, and global instability shaping outlook. Retailers are increasingly focused on managing costs, maintaining customer loyalty, and adapting to changing demand. Overall, the sector remains fragile but stable, with resilience evident alongside a shift toward more defensive, sustainability-focused business strategies.

6. Recommendations for retailers

Recommendations for Members

- **Focus on driving footfall through local engagement and visibility**
  With reduced footfall consistently identified as a major challenge, members should prioritise local marketing, events, and community engagement initiatives to bring customers back into store and strengthen their position on the high street.

- **Maintain tight control of costs and protect margins**
  Rising costs—including wages, energy, and business rates—are significantly impacting profitability. Members should regularly review cost structures, pricing strategies, and operational efficiency to maintain sustainable margins.

- **Adapt to cautious consumer behaviour**
  With customers increasingly selective in their spending, retailers should focus on value, product differentiation, and customer experience to encourage spending and build loyalty.

- **Plan for continued uncertainty and seasonal volatility**
  Trading conditions remain unpredictable, influenced by economic factors, weather, and global events. Members should adopt flexible planning approaches and manage cashflow carefully to navigate fluctuations.

- **Explore incremental improvements rather than major investment**
  Given ongoing uncertainty, small, targeted improvements—such as merchandising, digital presence, or service enhancements—are often more effective and lower risk than large-scale investments.

- **Build resilience through customer loyalty and diversification**
  Businesses that reported stronger performance often highlighted loyal customer bases or diversified revenue streams. Members should look to strengthen repeat business and explore complementary products or services.

- **Continue to share insight by contributing to future Heartbeat surveys**
  Member responses are critical in ensuring the IRC and its associations can accurately represent the sector and influence policy, support, and advocacy. Completing future surveys when invited helps build a stronger, evidence-based voice for independent retail and ensures member challenges are clearly understood and acted upon.

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