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Tesco Expects Britons to Buy Less Alcohol at Christmas

Chief Executive Ken Murphy said resilient shoppers were shifting some festive spending toward low- and no-alcohol products.

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Tesco said British shoppers are likely to celebrate Christmas this year but may do so with slightly less alcohol, as the country’s biggest supermarket pointed to stronger interest in healthier food and drink choices even as household budgets remain under pressure.

Speaking as the retailer reported first-half results, Tesco chief executive Ken Murphy said consumers in the UK had remained resilient despite geopolitical uncertainty and the continued strain from living costs. He said shoppers were still expected to mark the festive season, but the balance of spending could shift modestly toward lower-alcohol and alcohol-free products.

Murphy said he expected customers to want to enjoy Christmas “given all that’s going on in the world around them,” while also suggesting the season could be “marginally healthier” than in past years. He said customers still like to indulge, but added that Tesco was seeing growing demand for low and no-alcohol options and a broader pattern of healthier living.

That view comes as Tesco said it was preparing for a more moderate Christmas from an alcohol standpoint. The company did not suggest a sharp pullback in festive spending overall. Instead, its comments indicate that some shoppers may continue to spend for celebrations while adjusting what they buy, especially in drinks.

That shift matters across the beverages business because Tesco’s outlook can influence how suppliers, wholesalers, and rival retailers plan seasonal assortments, purchasing, and stock levels for wine, beer, spirits, and alcohol-free alternatives. If the trend holds, producers and sellers of low and no-alcohol drinks could see stronger demand during one of the most important trading periods of the year, while traditional alcohol categories may face a softer mix than usual.

Tesco’s update came alongside improved financial guidance. For the six months to August 29, the company said sales excluding fuel and VAT reached £33.8 billion. On a like-for-like basis, sales rose 1% from the same period a year earlier, with UK sales up 1.5%.

The retailer also reported strong growth in online channels. UK online sales increased by 8.4%, helped by larger average grocery orders. Sales through Whoosh, Tesco’s rapid delivery service, rose by 37%, showing continued demand for convenience as shoppers combine store visits with digital orders.

Murphy said food inflation was running well below wage inflation, which he described as a positive sign for consumers. He also said the highly competitive grocery market was helping keep a lid on food price growth. Those comments suggest Tesco sees some relief for shoppers after a period when rising prices heavily affected household decisions.

At the same time, the company said it had continued investing in new products. Tesco launched about 800 new or improved items in the first half, including products aimed at healthier eating. Murphy highlighted additions such as fiber-enriched bakery products, higher-protein yogurts, and more nutritious ready meals as examples of the changes it is making to meet customer demand.

He said the move toward healthier living appeared to be part of a wider consumer trend that gathered pace during the Covid period and has continued since then. According to Murphy, such trends often begin with younger consumers and then spread more broadly across the population.

The company’s comments suggest that health-focused choices are no longer limited to niche categories. In grocery retail, that can affect what people put in their baskets across several departments, including prepared food, snacks, soft drinks, and alcoholic beverages. For drinks companies, that means the Christmas period may not only be about total spending, but also about changing preferences within the category.

Even with expectations of lower alcohol consumption, Tesco said it was still getting ready for the festive season with new party food and desserts. The company also said sales of its premium Finest range rose 9% year over year in the first half, indicating that many shoppers continue to spend on higher-end products for eating at home.

That combination of resilience and selectivity has become a central feature of UK grocery shopping. Customers may still pay for treats and celebrations, but they appear to be making more deliberate choices about value, health, and convenience. Tesco’s numbers point to that balance: stable underlying sales, stronger online demand, and continued growth in ranges linked to both indulgence and wellness.

The group also reported that fuel sales climbed by nearly a fifth, which it attributed to higher oil prices that increased costs for consumers. Although fuel is separate from grocery trends, the increase shows that households are still dealing with pressure in other parts of their budgets even as supermarket food inflation has eased.

Tesco said its stronger first-half performance had led it to raise its full-year profit expectations. The company now expects annual profit of between £3.15 billion and £3.3 billion, compared with previous guidance of £3 billion to £3.3 billion.

For retailers and drinks suppliers, the company’s Christmas outlook will be closely watched because Tesco’s scale gives it a broad view of what many UK households are doing. A festive season with steady overall spending but a more restrained approach to alcohol would signal a meaningful shift in consumer behavior, especially if demand continues to move toward low and no-alcohol products rather than away from celebration spending altogether.