INDUSTRY RESEARCH REPORT EUROPE EDITION NOVEMBER 2026

Europe's squeezed workers buy Aldi groceries to pay for gigs, trips and pets

Real wages are recovering, saving is high and confidence fell again in 2026. Europe’s employed consumers moved routine spending to discounters and own labels, then concentrated what they saved on a few planned experiences. This report tests that pattern against official statistics, company results and trade data, and grades every claim.

A joint research output of Wanyouzhiliu Technology & Claude Code

Research cutoff 2026-11-17 UK · Germany · France · euro area

Evidence: Strong / Moderate / Weak / Inference

38.8%
Private label share of European grocery value
Record, 2025 · PLMA/NielsenIQ

14.4%
Euro-area household saving rate
Q4 2025 · Eurostat

+12.9%
UK consumer spend on live music
£7.6bn in 2025 · LIVE

£958m
UK workers’ own spend on AI tools for work
Per year · Deloitte UK 2026

About this report

Produced by. A joint research output of Wanyouzhiliu Technology & Claude Code.

Scope. Employed consumers in the United Kingdom, Germany, France and the euro area, 2022–2026, following the cost-of-living squeeze. The report examines where "trade-up" demand migrated after households traded down overall, with reference to international analogues (Japan, the US, Korea), the behavioural-economics literature, and AI pressure on knowledge work. Its structure mirrors the companion China and US editions of this series to allow comparison.

Sources. Official statistics (Destatis, ONS, Eurostat, European Commission), regulators (UK Gambling Commission), company results, industry and trade bodies (PLMA, FEDIAF, LIVE, UK Music, European Travel Commission, Video Games Europe, World Gold Council), market-research firms (Kantar, Circana, NielsenIQ, GfK/NIM), professional-services surveys (Deloitte UK), charities and foundations (Sutton Trust, Bertelsmann Stiftung), and peer-reviewed research. Some figures were obtained through reputable secondary reporting of primary data rather than from the original publications; these are marked as secondary.

Evidence grading. Strong official statistics, company annual results, peer-reviewed work or large primary samples. Moderate primary data with limited scope, or a credible second-hand report of primary data. Weak a single second-hand source, vendor or trade-body self-report, survey extrapolation, or conflicting definitions. Inference drawn by this report from several pieces of evidence and not directly measured. A qualifier sometimes follows inside the bracket (for example Strong, primary).

Research cutoff. 2026-11-17.

Coverage limitation. The evidence base is UK-heavy, and **data for France and Germany are thinner**. For several categories (live music, prestige beauty, tutoring, self-funded AI) the only hard European figures are British.

Bottom line. European employed consumers did not stop trading up after 2022. They narrowed it. Most of the basket moved down: Aldi and Lidl gained share in Britain, private label reached a **record 38.8% of European grocery value in 2025**, and the non-food discounter Action grew sales **16.1%** on more stores and more shoppers. What was saved there flowed to a small number of categories where **spend per person, not just headcount, is rising**: live music (UK consumer spend **£7.6bn, +12.9% in 2025**), travel (fewer people planning trips, **bigger budgets per trip**), and prestige beauty (**UK +8% in 2025**). Several other "growth" categories turn out to be price rather than demand: pet food value rose 4% on volume of only 1%, and food-delivery basket values rose while orders fell. Hedging and chance purchases (German gold bars and coins, UK online gambling) grew, but gold went through a sharp boom and bust (**185 tonnes in 2022, 47 in 2023**). Two newer layers are small but distinctive: British workers spend about **£958m a year of their own money on generative-AI tools for work**, and private tutoring has kept spreading in England through the squeeze. Europe differs from China and the US in one important way. In the companion China edition, concerts and travel grew on headcount while spend per person fell. In the US edition, travellers took more trips on flat budgets. In

Europe, the experience categories show **fewer or similar participants spending more each**. That fits a high-saving, confidence-poor population which cuts routine spending hard and then concentrates the surplus on a few planned, lumpy experiences. One caveat governs the whole report: **no study directly shows that the same squeezed households cut groceries and raised spending on gigs or trips**. The link is assembled from macro and category data.

Context first: real wages are recovering, but Europeans are saving rather than spending

European incomes are not shrinking. In Germany, real wages rose **3.1% in 2024**, the strongest gain since the series began in 2008, and **1.9% in 2025** (nominal +4.2%, CPI +2.2%) Strong, primary (Destatis, 2026-02-27; Destatis 2024 release). One analysis concludes that German purchasing power in 2025 was "almost back" to its pre-crisis level, which means the 2022–23 losses had still not been fully recovered Moderate, secondary (statistiken-aktuell, 2026-03). In Britain, real regular pay growth has slowed to near zero: **+0.7% year on year in April–June 2026 and +0.6% in May–July 2026** Strong, primary (ONS, August 2026; ONS, September 2026). The accurate description is therefore that **incomes are growing again, but the hole from 2022–23 is only partly refilled and British pay momentum has nearly stalled**. They are not falling outright. No up-to-date French real-wage or saving series (INSEE) was available for this report.

The more important change is behavioural. Euro-area households saved **15.2% of disposable income in Q1 2025, 15.4% in Q2, 14.8% in Q3 and 14.4% in Q4**. The Q4 dip happened because consumption grew faster than income Strong, primary (Eurostat, 2026-04-09; Eurostat, 2025-10-07). The often-quoted pre-2019 norm of roughly 12–13% was not re-verified for this report Inference. The UK household saving ratio was **8.9% in Q1 2026 and 8.8% in Q2**, and real household disposable income per head moved from −0.8% in Q1 to +1.0% in Q2 Strong, primary; check exact values against ONS (ONS sector accounts Q2 2026; Q1 2026). The UK ratio is measured differently from the euro-area gross ratio, so **only trends, not levels, should be compared**.

Confidence has weakened again. The European Commission's flash euro-area consumer confidence indicator fell to **−17.9 in October 2026**, from −16.5 in September, its lowest since May; a year earlier it stood at −14.2 Moderate, EC data via secondary reports (Trading Economics; Newsquawk; October 2025 figure). In Germany, the GfK/NIM consumer climate stood at **−30.6 in October 2026**, with −30.8 forecast for November. The willingness to save reached its highest level since the 2008 financial crisis in both February and September 2026, mainly because of energy prices, and German inflation was 3.3% in September 2026 Moderate, secondary (NIQ news centre; Lebensmittelpraxis; cash-online). Search results attribute the 2026 energy-price rise to an Iran-related conflict. If so, it is a second squeeze following the 2022 energy shock, and 2026 data should be read against it. This framing comes only from secondary reports Weak .

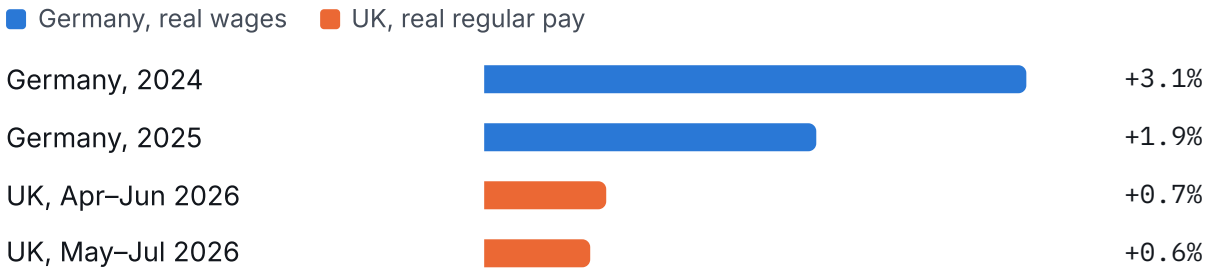
Work strain is real but measured imprecisely. Eurofound's European Working Conditions Survey 2024 (35 countries, more than 36,000 respondents, published 2025) finds that **13% of EU workers feel emotionally exhausted "always or most of the time"**, with higher rates for women. Work intensity worsened for women and improved for men Moderate, primary; "burnout" is a media term, the survey measures exhaustion and intensity (Eurofound EWCS 2024 first findings; Eurofound press release). Direct European evidence that AI is adding to workloads is thin. The best available survey is Upwork's 2024 study of 2,500 workers in the US, UK, Australia and Canada. Among employees using AI, **77% said it had added to their workload in at least one way**, citing time spent reviewing AI output (39%) and being asked to do more (21%) Moderate, primary; sample is AI users and only partly European (Upwork, 2024-07). Atlassian's 2026 developer report found that the share of developers saving more than 10 hours a week with AI fell from 68% in 2025 to 26% Moderate, secondary, global sample (SD Times). No Eurofound or Eurostat data on AI-related workload were found.

Comparison with China and the US. All three regions share the pattern of "income recovering, security not". The mechanics differ. China's squeeze is mainly about expectations: a record share of savers alongside positive real income growth. The US runs the opposite way, with a personal saving rate of only **3.8% in September 2026** and real hourly earnings turning negative (−0.7% year on year) Strong, primary (BEA, September 2026; BLS real earnings, 2026-10-14). Europe sits between them: real wages positive, saving very high, confidence falling. That combination predicts

disciplined, concentrated discretionary spending rather than either China-style cheaper-but-more-frequent consumption or US-style credit-funded spending Inference .

FIGURE 1 **Real pay is growing again, but slowly in Britain**

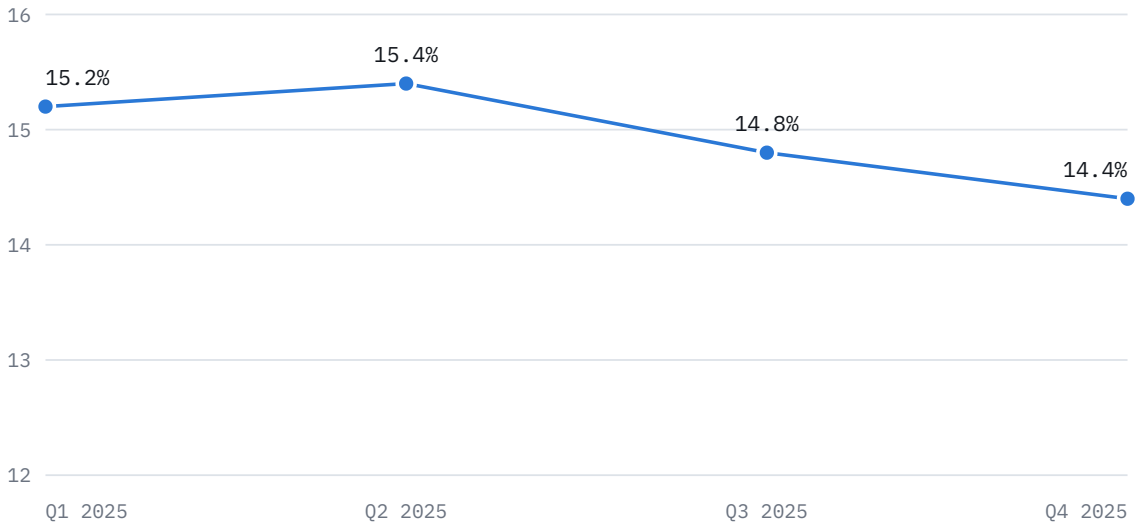
Year-on-year real growth, %



Source: Destatis, 2026-02-27; ONS, Sept 2026. Strong, primary

FIGURE 2 **Euro-area households still save about one euro in seven**

Household saving rate, % of disposable income (axis starts at 12)



Source: Eurostat, 2026-04-09. UK ratio (8.9% Q1 2026) uses a different definition and is not shown. Strong, primary

FIGURE 3 **Confidence weakened again in 2026**

Index points; each panel has its own scale



Source: European Commission flash estimate via Trading Economics; GfK/NIM via NIQ.
Moderate, secondary

Trade-down is the main story, and the discount channels themselves are now the growth category

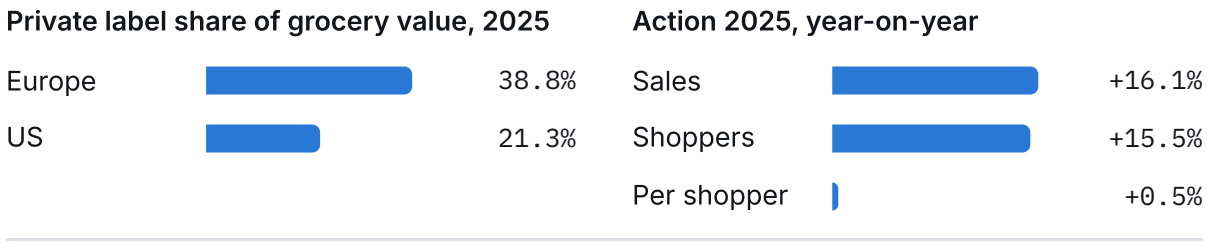
Trading down is the dominant and still-deepening pattern. In Britain, Aldi held **11.0%** of the grocery market and Lidl **7.8%** in the 12 weeks to 23 March 2025, with sales up 5.6% and 9.1% respectively. By mid-June 2025 Lidl had reached 8.1% (+0.4 points year on year) Moderate, Kantar data via trade press (Grocery Gazette, 2025-04; Grocery Gazette, 2025-06). On a food-and-drink measure Lidl overtook Morrisons as Britain's fifth-largest grocer (7.7%, 52 weeks to 13 July 2025) Moderate, secondary, different measure from Kantar total grocery (Grocery Gazette, 2025-08). The Grocer reported in 2026 that discounter growth was "accelerating again" as household finances tightened, but no figures were obtained Weak (The Grocer). Current German discounter shares were not obtained, which is another gap in the German evidence.

Private label is the clearest structural signal. Across 17 European countries, own-brand products took a **record 38.8% of grocery value in the 52 weeks to week 52 of 2025** (+0.33 points), with sales of about **€387bn** (+€15.3bn). Share rose in 12 of the 17 countries, and exceeds 50% in Switzerland and 48.2% in Portugal Strong, primary, PLMA/NielsenIQ (PLMA). The 2024 baseline is reported as both 38.1% and 38.5% depending on the source, so the year-on-year gain is small and its exact size uncertain Moderate (RetailDetail). For comparison, US private label reached only **21.3%** of value in 2025 Strong, primary (PLMA US). European shoppers trade down further and more structurally than Americans.

Action, the Dutch non-food hard discounter, shows the mechanics. In 2025 it posted net sales of **€16.0bn (+16.1%)**, like-for-like growth of 4.9%, and **21.6m weekly customers, up from 18.7m**. It opened 384 stores and ended the year with 3,302 stores in 14 countries Strong, primary (Action, 2026-01-29; ESM Magazine). Weekly customers grew about 15.5%, almost as fast as sales, which implies **spend per weekly customer was roughly flat, at about +0.5%** Inference, computed from company figures . This is the European form of "volume up, price per head flat". In Europe that pattern shows up mainly in the trade-down channel itself, not in experiences. It is also showing limits. Like-for-like growth slowed from 6.8% in H1 2025 to 4.9% for the year, and **in France it was just 1.3%** (7.2% excluding France) Strong, primary (Action). The first 12 weeks of 2026 brought sales of €3.7bn (+14.5%) and like-for-like growth of 4.0% Moderate, secondary (Discount Retail Consulting). France's near-stagnant like-for-like figure is the strongest available hint that **French discretionary demand is the weakest of the big three**, and that even discount channels can saturate Inference .

FIGURE 4 **Trade-down is structural and deeper than in the US**

Each panel has its own scale



Source: PLMA Europe, PLMA US; Action, 2026-01-29. Spend per shopper is computed. Strong, primary

The five-layer framework: only a few categories show genuine per-head trade-up

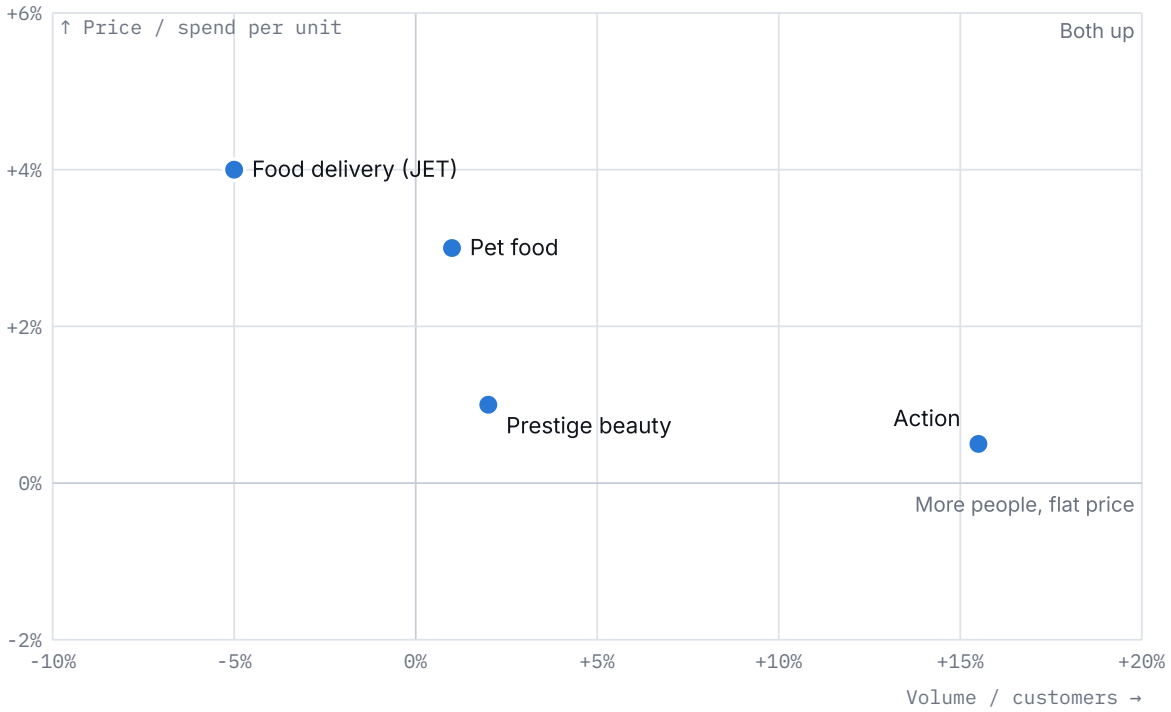
The test here is not whether a category's total grew. It is whether **spend per person or per transaction rose in real terms, and whether volume rose with it**. The layers have been re-cut from the companion China edition of this series to fit European evidence. In particular, China's "recovery and time-buying" layer barely exists in Europe, and Europe needs a separate layer for hedging and chance spending.

Layer	Category	Volume	Price / per-capita	Reading	Strength
(a) Per-head trade-up	Live music (UK)	Music tourists 24.7m (2025, record)	Spend £7.6bn, +12.9% (2025)	Spend outpaces any plausible attendance growth	Moderate
(a)	Travel (intra-European, intentions)	Intent to travel 72%, −3 pts (spring 2025)	30% plan €1,501–2,500 per trip, +7%	Fewer trips planned, bigger budgets per trip	Moderate (intentions)
(a)	Prestige beauty	Europe units +2% (2025 to Oct)	Europe value +3%; UK prestige +8% (2025)	Mild price/mix upgrade; UK strongest	Moderate
(b) Price, not people	Pet food (Europe)	+1% (2024)	Value +4%; about €210 per pet-owning household (computed)	Nominal growth largely from price	Strong
(b)	Food delivery (Just Eat Takeaway)	Orders −5% (H1 2024)	AOV €29.71, +4%	Fewer orders, inflation-led basket value	Strong
(b)	Video games	54% of 6–64s play	Revenue €26.8bn, +1% to +4% (2024); Germany −6%	Flat; no home-entertainment boom	Moderate
(c) Hedges and chance	Gold bars & coins (Germany)	185t (2022) → 47t (2023) → <5t (H1 2024)	Driven by gold price and fear	Boom-bust, not steady trade-up	Strong
(c)	Gambling (UK)	n/a	GGY ex-lottery £12.6bn, +9.3% (FY 2024–25)	Online slots-led growth, slowing quarterly	Strong
(d) Self-funded productivity	Generative AI for work (UK)	17% of users pay for at least one tool	About £958m a year; ~£300 per payer (media estimate)	Workers buying output and job security	Strong (UK only)

Layer	Category	Volume	Price / per-capita	Reading	Strength
(e) The child floor	Private tutoring (England & Wales)	29% of secondary pupils ever tutored (18% in 2005)	Market up to ~£2bn; ~£24/hour	Penetration rising through the squeeze	Strong (UK); weak (DE, FR)

FIGURE 5 **Volume vs price: several "growth" categories are price, not people**

Horizontal: volume or customers. Vertical: price or spend per unit. Periods differ, see note



Source: FEDIAF via PetWorldwide; Just Eat Takeaway H1 2024; Circana Europe; Action. Price change computed as (1 + value growth) ÷ (1 + volume growth) − 1. **Moderate, includes computed values**

(a) Genuine per-head trade-up: live music, travel and prestige beauty

Live music is the clearest European trade-up category. UK consumer spending on live music reached **£7.6bn in 2025, up 12.9%**, after £6.68bn (+9.5%) in 2024, according to the industry body LIVE **Moderate, trade body** (Access All Areas; CMU, 2025-09). UK Music counted a record **24.7m music tourists in 2025**, with total music-tourism spending of £11.2bn and direct spending of £5.7bn covering tickets, on-site spend, transport, accommodation and food. That is up from £10.0bn in 2024

(+11.3%) Moderate, trade body, includes multiplier effects (Hospa citing UK Music; UK Music year in review 2025). Dividing direct spending by visitors gives roughly **£230 per music tourist** Inference, computed . Per-head survey figures are weaker: Gen Z fans reportedly spend £425 a year on live music, and another survey puts average annual concert spend at £318, with 79% saying ordinary fans are being priced out Weak, commercial surveys (Music Week; MyVoucherCodes). The 79% figure matters. It suggests the trade-up is **real but narrow**: the people still going spend more, while a share of the audience is excluded. A promoter-commissioned AEG Europe survey reports that only 22% would give up live entertainment if financially squeezed Weak, commissioned survey (AEG Europe). No comparable German or French totals were found.

Travel shows the European pattern most clearly: fewer trips planned, bigger budgets. In the European Travel Commission's spring–summer 2025 wave, intent to travel fell to **72% (−3 points)**, but **30% planned to spend €1,501–2,500 per person per trip (+7%)** and 17% planned more than €2,500. Travellers choosing less-visited destinations budgeted more Moderate, trade-body intentions survey (ETC press release PDF; CAPA). The June–November 2025 wave showed 77% planning to travel, 62% keeping budgets flat and 22% raising them. The most common per-trip budget was €1,500–2,000, with accommodation taking 32% and food 24% Moderate, secondary (Euronews, 2025-07-24). These are **intentions, not receipts**. No Eurostat per-trip expenditure series was obtained. Even so, the direction contrasts sharply with the other two regions. US summer travellers planned **3.1 trips versus 2.3** the previous year on a roughly flat longest-trip budget Moderate, primary survey (Deloitte 2025 summer travel). Chinese domestic trips rose **16.2% in 2025 while spend per trip fell about 5.6%** Strong, secondary; per-trip figure computed by a third party (People's Daily Online, 2026-06-02). Europeans consolidate. Americans and Chinese fragment Inference .

Prestige beauty is a mild upgrade, strongest in Britain. Circana reports UK prestige beauty **+8% in 2025**, ahead of mass beauty and other fast-moving consumer goods. In Europe-wide prestige beauty to October 2025, value grew 3% and units 2%, led by Spain, the UK and Italy Moderate, Circana via secondary (CEW UK; Circana Europe). That implies an average price/mix gain of only about 1% Inference, computed . L'Oréal's European sales reached **€14.86bn in 2025, up 4.4% like-for-like**, above the group's 4.0%, with Iberia and DACH strongest and e-commerce the driver Strong, primary (L'Oréal 2025 annual results). Circana describes the UK growth in

terms of "self-care and wellness". That places beauty on the border between trade-up and recovery spending. Academic work offers two readings. Hill et al. (2012) find experimentally that recession cues raise women's demand for appearance-enhancing products Moderate, peer-reviewed, mostly student samples (JPSP 2012 PDF). Netchaeva and Rees (2016) attribute the effect partly to **professional and job-seeking motives** Moderate, peer-reviewed (Psychological Science). Taken together with Eurofound's finding that women's work intensity worsened, the professional reading looks more plausible for employed European women than the "cheap indulgence" story Inference. Neither reading has been tested on European data.

FIGURE 6 **Live music: the clearest per-head trade-up in Europe**

UK, £bn



Source: LIVE via Access All Areas; UK Music via Hospa. Trade-body figures; music tourism includes multiplier effects. Moderate

(b) Price, not people: pets, food delivery and games

Pets are rigid but price-led. FEDIAF's 2026 edition (2024 data) counts **140m European households (49%) with pets**, 306m animals, and pet-food sales of **€29.4bn on about 8.6m tonnes**. Volume rose **1%** and value **4%** Strong, primary trade body (PetWorldwide citing FEDIAF; FEDIAF Facts & Figures 2026 PDF). That works out at about **€210 per pet-owning household per year on food** Inference, computed. The 2025 edition's 9% growth figure for 2023 is not comparable because the method changed Moderate (FEDIAF 2025). Pet owners are not visibly upgrading. They are **absorbing price increases rather than cutting**, which is resilience, not expansion. Japan shows the long-run version: the dog population fell from about 7.05m in 2022 to 6.82m in 2025 while the pet market kept growing Moderate, secondary (METI; Yano Research).

Food delivery is shrinking in volume. Europeans are not "buying time" through it. Just Eat Takeaway's H1 2024 average transaction value rose to **€29.71 (+4%)** while total orders fell **5% to 446m**. The company attributed the higher baskets to food inflation and fee optimisation Strong, primary (JET H1 2024; JET FY2024). This is the reverse of the time-buying hypothesis. Whillans et al. (2017) show that spending on time-saving services raises well-being across income levels Strong, peer-reviewed (PNAS abstract). European consumers nevertheless **cut the most visible time-buying service** while keeping planned experiences. In China, by contrast, delivery growth was inflated by platform subsidies, and in the US delivery grew mainly through more users Inference. No 2025 European AOV data (Delivery Hero, JET) were obtained.

Games are flat, so there is no European home-entertainment boom. Video Games Europe reports 2024 revenue of **€26.8bn (+4%)** for its five-major-market panel, though another reading puts PC and console at only +1%. 54% of 6–64-year-olds play, and about 90% of spending is digital. **Germany's market, about €9.4bn, fell 6% in 2024** Moderate, primary trade body, definitions conflict (Video Games Europe; VGC; game.de). A headline claiming European revenue reached €30bn in 2025 is unverified Weak (gamedev.net). China is the outlier here: revenue rose 12.17% against 0.82% user growth in H1 2026 Moderate, secondary (Xinhua, 2026-07-30). US spending managed +1.4% in 2025 Moderate, primary (ESA). Spending on staying in has not replaced going out in Europe. If anything, the reverse holds Inference.

(c) Hedges and chance: German gold and British gambling

German gold demand is a fear trade, not a steady upgrade. Net German demand for gold bars and coins hit **185 tonnes in 2022** during the energy crisis, then collapsed to **47 tonnes in 2023** (−75%, computed) and **below 5 tonnes in H1 2024** Strong, primary, World Gold Council (WGC Gold Focus, 2024-10; BullionVault). Global bar and coin demand then set a value record of **$154bn on 1,374 tonnes in 2025**, and European net investment doubled to 28 tonnes in Q2 2025 Strong/Moderate, primary (WGC Gold Demand Trends FY2025). By Q3 2026, global bar and coin demand was a four-year low of 268 tonnes, though the first nine months (1,053 tonnes) were the strongest since 2013 Strong, primary (WGC Q3 2026). German 2025 tonnage was not obtained. Compare China, where 2025 bars and coins rose 35.1% and overtook jewellery Strong, secondary (Xinhua, 2026-02-05). German gold behaves like an

emergency hedge that switches on in a shock and off afterwards. The renewed 2026 energy shock and record saving intentions make it worth watching. Nothing obtained here shows a 2026 German spike Inference .

British gambling grew on online slots. The Gambling Commission reports total gross gambling yield of **£16.8bn for April 2024–March 2025 (+7.3%)**, or **£12.6bn excluding lotteries (+9.3%)**, with online casino, betting and bingo at £7.8bn Strong, primary (UKGC FY 2024–25). Quarterly online GGY growth peaked at +21% in Q3 of that year and slowed to +7% in Q4. Those quarterly figures include free bets and do not cover all operators Moderate (UKGC market impact data). GGY measures operator winnings, not the number of gamblers or spend per gambler, so it cannot show who is spending more. Gambling and gold together form a **"small bet on escape" layer**, and it should not be counted as healthy discretionary expansion Inference .

(d) Self-funded productivity: Britain's £958m BYOAI bill

This is the layer most directly tied to AI pressure on knowledge work. Deloitte UK's GenAI workforce survey (fieldwork by Ipsos, 7 May–10 June 2026, 25,000 workers aged 18–70) estimates that **British workers spend about £958m a year of their own money on generative-AI tools for work**. **17% of users pay for at least one tool themselves**, **31% use AI without their employer's knowledge**, about half have had no formal training, and 65% say leadership offers little guidance Strong, primary press release (Deloitte UK; Consultancy.uk). Raconteur's derived figure of **about £300 a year per paying worker** is a media estimate, not a Deloitte figure Weak (Raconteur). £300 is roughly the annual cost of one consumer AI subscription. This is **individual subscription spending, not enterprise procurement**, and it is a cost of staying productive that employees have absorbed Inference . The US comparison uses a different measure: 26% of employed US adults used a paid AI service for work in the previous week, without saying who paid Moderate, primary (Epoch AI). China has only anecdotes. **No German or French survey of self-funded AI was found.** That is a major gap given Germany's large white-collar manufacturing workforce.

FIGURE 7 **British workers fill the AI gap themselves**

UK workers using generative AI, % (Deloitte UK, 25,000 respondents, 2026)



Source: Deloitte UK press release, 2026. Total self-funded spend about £958m a year. Strong, primary

(e) The child floor: tutoring keeps spreading

Education spending is the budget families defend, though in Europe it is far smaller than in China. The Sutton Trust's *Private Tutoring 2026* (3,214 pupils aged 11–17, surveyed in 2025) finds that **29% of secondary pupils in England and Wales have ever had private tuition, up from 18% in 2005**, and 11% received it in 2025 itself. **45% of London pupils** have been tutored, against 27% elsewhere in England. Even among the least affluent families the figure is 23%, against 30% for the most affluent Strong, primary; "ever" and "this year" are different measures (Sutton Trust PDF). The Trust puts the UK private tutoring market at up to about **£2bn**, at roughly **£24 an hour** (publication year of the hourly figure not verified) Moderate (Sutton Trust £2bn; Sutton Trust £24/hour). German estimates range from **€0.94–1.47bn a year (Bertelsmann, older)** to **about €4bn, of which €2.5–3bn is informal (Hans-Böckler analysis via GEW)**. These rest on different years and methods and cannot be combined Moderate/Weak (Bertelsmann PDF; GEW). Austria's 2026 barometer offers a German-speaking reference point: **about 32% of pupils tutored, at about €720–800 per child per year** Moderate, primary (AK Wien 2026 PDF). France's tax-credited *soutien scolaire* market was not sized. **No European data on paid AI tutoring adoption were found**, so China's AI-learning-device cycle (sales +25.5% in 2024, falling from September 2025) has no observable European counterpart Inference .

FIGURE 8 **Private tutoring kept spreading through the squeeze**

Secondary pupils in England and Wales who have ever had private tuition, %



Source: Sutton Trust, Private Tutoring 2026. 11% received tuition in 2025 itself. Strong, primary

Hype cycles versus persistent categories

Lined up over 2022–2026, several European curves are cycles rather than trends. German gold went **185 → 47 → under 5 tonnes** within two years. The Eras Tour summer of 2024 was a one-off spike, and its widely quoted economic impact is a forecast (see "Common misreadings"). UK online gambling growth decelerated from +21% to +7% across one fiscal year. Even the trade-down winner is slowing: Action's like-for-like growth went from 6.8% in H1 2025 to 4.9% for the year and 4.0% in early 2026, and **France has nearly stalled at 1.3%**. As in China, where nearly every 2025 star curve decelerated in 2026, **European growth rates should not be extrapolated in straight lines** Inference .

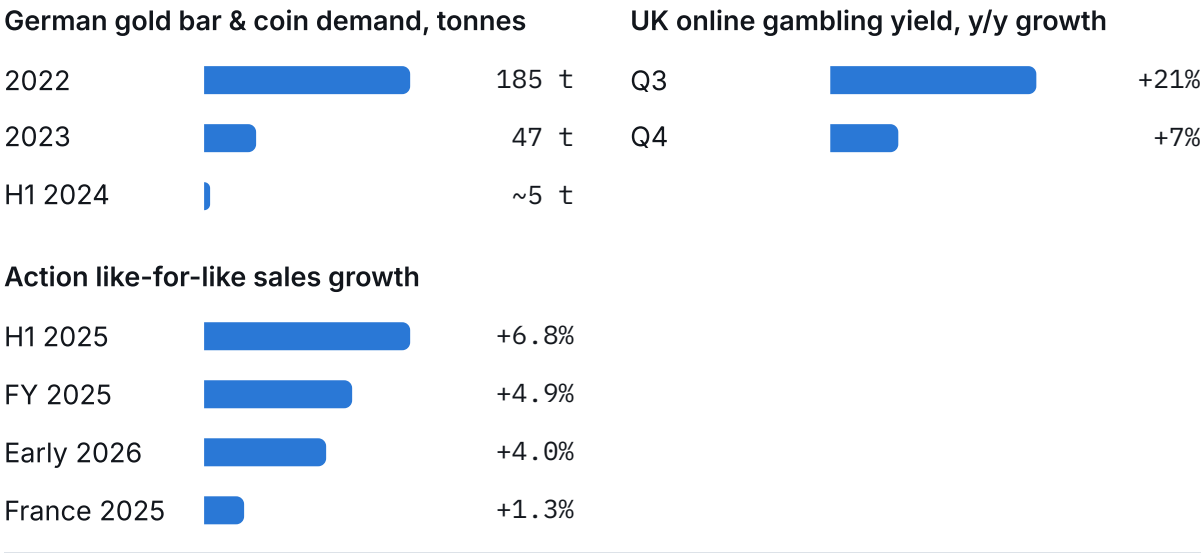
The categories that persist share recognisable traits. Each one listed below meets at least three Inference, generalised from European, Japanese, US and Chinese evidence, not model-tested . First, **scarcity or presence**: a gig or a trip cannot be digitised or traded down without losing the point, which is why live music and travel hold up while games and delivery do not. Second, **planned and lumpy rather than impulsive**: Europeans appear to save routinely and then commit to one or two large experiences, the opposite of China's small, frequent "little treats". Third, **dependents**: pets and children generate rigid spending (pet food absorbing price rises, tutoring penetration rising since 2005). Fourth, **a private or professional return rather than a display return**. Kamakura and Du's study of 66,000 US households found that in contractions, positional spending (clothing, entertainment, travel) falls by more than

income alone explains Strong, peer-reviewed, data to 2003 (JCR 2012, IDEAS). Europe's continued travel spending is a partial exception that the theory does not predict, so travel's positional role in Europe deserves caution. Fifth, **asset or hedge character** (gold), which persists only while the fear lasts. Sixth, **job protection** (self-funded AI). What gets cut first in Europe is visible in the data: branded groceries, takeaway frequency, and casual home entertainment.

Japan is the obvious analogue for a high-saving, slow-income society. Its 100-yen-shop market passed **¥1 trillion in FY2023**, about 1.5 times its size a decade earlier Moderate, secondary, Teikoku Databank (J-CAST, 2024-05). Of 17 otaku categories, 15 grew in FY2024, with anime +17.4% Moderate, primary, Yano (Yano, 2026-01). The parallel to Action plus live music is clear: **cheap channels for routine needs, intensity for identity categories** Inference. Japan's emotional categories expanded under **low unemployment and strong social insurance**, and the same applies to Europe. US evidence shows non-durable spending falls about 6% at job loss and about 12% when unemployment benefits run out Strong, peer-reviewed (Ganong & Noel, NBER w25417). Europe's stronger safety nets probably make its consumption more resilient to AI-driven job loss than America's. If AI pressure turns from slow wage growth into a wave of white-collar redundancies, the experience layer is the most exposed: it is large-ticket, deferrable and planned Inference. Habit formation offers some cushion. A meta-analysis of 597 estimates puts average habit strength at about 0.4 Strong, peer-reviewed (Havránek et al. 2017, European Economic Review).

FIGURE 9 **Hedges, bets and even discounters run in cycles**

Each panel has its own scale and unit



Source: World Gold Council; UK Gambling Commission; Action, Discount Retail Consulting.

Strong / Moderate

Commercial implications: sell the occasion, not the routine

The first implication is that **European trade-up money is concentrated, planned and experiential**. Pricing power exists in moments people save up for. It does not exist in routines they now buy from discounters. The second is that **discount channels are themselves maturing**. France shows that a trade-down format can saturate, so growth from "more of the same, cheaper" is not unlimited. The third is that **the AI-tool layer is paid for by anxious individuals filling a gap left by employers**. That is a real but fragile revenue base.

Type	European examples	Who pays, from what	Compounding verdict
Concentrated experience	Live music, longer or less-touristed trips	Households cutting routine spending to fund planned events	Durable while employment holds; most exposed to job loss; pricing power real but audience narrowing
Price-absorbing rigid spend	Pet food, tutoring	Owners and parents absorbing inflation	Slow, steady, compounding; volume growth limited

Type	European examples	Who pays, from what	Compounding verdict
Trade-down channel	Aldi/Lidl, private label, Action	Everyone, as routine substitution	Structural share gain; like-for-like growth slowing and saturating (France)
Hedge / chance	German gold, UK online gambling	Fear, escape, the gold price	Cyclical; regulatory and reputational risk; does not compound
Gap-filling productivity	Self-funded AI tools (UK)	Workers' own pockets while employers lag	Strong motive; at risk of being replaced when employers procure centrally
Contracting convenience	Food delivery	Fewer orders at inflated baskets	Not a growth story in Europe on current evidence

The companion China edition of this series proposed six checks for whether paid demand is real. They need European adjustments.

Check	Failing signal	European example
Is spend per head rising, or just the price?	Value up, volume flat	Pet food (+4% value, +1% volume); delivery AOV
Is the payer the beneficiary?	Worker pays for employer's productivity	BYOAI: 17% self-pay, 31% shadow use
Has the category survived a slowdown?	Only boom-phase data	German gold; Eras Tour summer
Is it intentions or receipts?	Survey of plans, not transactions	ETC travel budgets
Is growth broad or a narrowing elite?	Total spend up, many priced out	Live music: 79% say fans priced out (weak)
Does it hold in France and Germany, not just the UK?	UK-only evidence	Prestige beauty, tutoring, BYOAI

For AI products specifically, Europe's evidence points to three positions Inference. **Worker-facing AI tools** have the clearest paying European audience, but the payer is subsidising the employer. A product that compounds should therefore plan to convert from personal subscription to team procurement rather than depend on shadow use. Deloitte's finding that roughly half of users have no training suggests

the gap is in guidance and workflow as much as model access. **AI tutoring** sits next to the most defended household budget (tutoring penetration rising, with London at 45%), but no European adoption data exist. A product here would have to prove learning outcomes to parents who are already paying about £24 an hour for a human. **Experience-adjacent services** that help consumers plan, budget for and get more from the few big events they still fund match the observed behaviour of consolidating spending into fewer, better occasions better than "little treats" models imported from the US or China do.

Common misreadings

"The Eras Tour proved Britons spend about £848 each on a concert." The £848 per-fan figure and the "nearly £1bn" UK boost were **pre-tour forecasts by Barclays**, not measured outcomes, and later analysis notes that much of the spending displaced other spending rather than adding to it Weak/Moderate, forecast (University of Birmingham; London Assembly FOI).

"Europe has a lipstick effect." No quantified UK or EU lipstick-specific data were found. The nearest European evidence is prestige beauty as a whole (UK +8%), and the most cited category evidence is American (lip was the top prestige makeup contributor in H1 2025) Weak, gap (Retail Dive).

"European incomes are shrinking." German real wages rose 3.1% in 2024 and 1.9% in 2025, and UK real regular pay is still marginally positive. The accurate wording is "partly recovered, momentum stalling, confidence falling".

"Europeans are saving because they are broke." High saving alongside positive real wages points to precaution, not destitution. Also, the UK (about 9%) and euro-area (about 14–15%) saving ratios use different definitions and cannot be compared as levels.

"The average European trip costs €2,500." This is a media simplification of ETC intention bands Weak (TravelExtra). The most common planned band was €1,500–2,000.

"Pet spending is booming." Value grew 4% on 1% volume. FEDIAF's 9% (2023) and 4% (2024) figures come from different methodologies and should not be presented as a slowdown or a boom.

"Britons spend £300 a year each on AI." £958m is Deloitte's figure. The £300 per payer is Raconteur's estimate. Neither means £300 per worker.

"29% of British children are tutored." 29% have *ever* been tutored. 11% were tutored in 2025.

Further misreadings: a **German household saving rate of 9.6% in Q2 2026** appeared in one secondary summary and conflicts with Destatis's usual level of about 11%, so it was excluded. The **2024 private-label baseline** is reported as both 38.1% and 38.5%. **European games revenue** growth for 2024 is quoted as both +4% and +1%.

Methods and limitations

This report synthesises published evidence available at the cutoff of 2026-11-17. A substantial share of figures were obtained through reputable secondary reporting of primary data. Figures labelled Strong come from statistical offices, regulators, company results or peer-reviewed papers, but in many cases they were not checked page by page against the original publication. Five limitations matter most. First, **the evidence is UK-heavy**. Live music, prestige beauty growth, gambling, self-funded AI and tutoring are all measured in Britain, and **France and Germany are thinly covered**: no INSEE income or saving series, no German discounter shares, no German 2025 gold tonnage, no French tutoring market size, and no German or French BYOAI survey. Second, **no panel links the same households across categories**. The claim that squeezed workers trade down on groceries to fund gigs and trips is an inference from aggregate data, and the experience categories may be driven by higher-income or younger households who were never squeezed. Third, several key series are **trade-body figures** (LIVE, UK Music, ETC, FEDIAF, Video Games Europe) with an interest in showing growth, and the travel data are **intentions, not spending**. Fourth, the **2026 energy shock** is documented only through secondary reports. Fifth, the AI-workload link rests on surveys that are only

partly European (Upwork) or global (Atlassian). For coffee, energy drinks, small-treat categories and wellness services, no reliable European data were identified, so they are absent rather than shown to be flat.

Conclusion

The European story is a **budget reshuffle under precaution**, not a consumption slump and not a "lipstick boom". The companion China edition of this series found trade-up demand spread thin across many cheaper, more frequent purchases. The European data instead show households pushing routine spending into discounters and own labels, then **concentrating what they save on a few planned, high-value experiences** such as gigs and longer or more distinctive trips, while letting time-buying conveniences such as delivery shrink. Rigid commitments to pets and children continue mostly at higher prices rather than higher volumes. Hedging behaviour, in German gold and British online gambling, rises and falls with fear.

The commercial lesson is that European pricing power now sits in **occasions consumers save up for**, not in routines, and that the trade-down channels have started to saturate, beginning in France. The AI-era addition is that knowledge workers have begun paying out of pocket to keep up at work, a sign of both genuine demand and employer neglect. The boundary condition is employment. Every expanding category identified here grew while European unemployment and social insurance held. If AI pressure shifts from stalled pay to job loss, the planned-experience layer that defines Europe's trade-up is the most deferrable item in the budget.

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Data verification

Before publication, the figures used in this report's charts and headline findings were re-checked in November 2026 against primary releases or consistent reprints of them. Confirmed: PLMA/NielsenIQ private-label share (38.8%, €387bn, 17

markets); Eurostat euro-area household saving rate (14.8% in Q3 2025, 14.4% in Q4 2025); Destatis German real wages (+1.9% in 2025; nominal +4.2%, CPI +2.2%); Deloitte UK self-funded generative-AI spending (about £958m a year; 17% of users pay; 31% shadow use; 25,000 respondents, fieldwork 7 May–10 June 2026); Action 2025 results (sales €16.0bn, +16.1%; like-for-like +4.9%; weekly customers 18.7m → 21.6m); LIVE's UK live-music consumer spend (£7.6bn, +12.9%, single published source); Sutton Trust tutoring shares (29% ever tutored vs 18% in 2005; London 45%; least and most affluent 23% and 30%, consistent across reprints); German bar and coin demand (185t in 2022, 47t in 2023, via World Gold Council data in secondary reporting; one source gives 196t for 2022 on a different basis). Action's French like-for-like figure (+1.3%) is confirmed through investor (3i) materials and trade press, not Action's own release. Other figures are cited as published, with their evidence grade.

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This report is based on public information available up to 2026-11-17. It is for research and discussion only and is not investment advice.

Values marked “computed” are derived from published figures; the method is given in the figure note. Please cite the original data sources.