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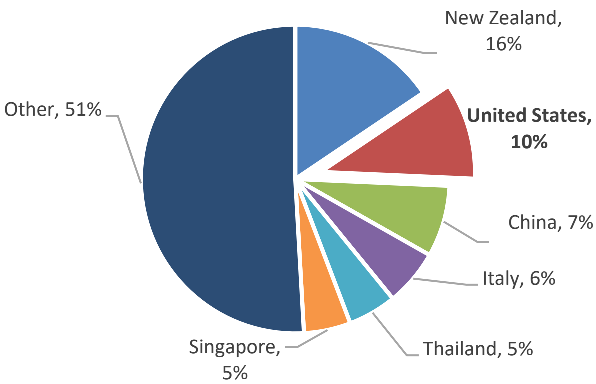
Report Highlights:

Australian consumers are prioritizing value and convenience, compelling retailers to become more competitive by focusing on price, loyalty programs, and online sales. Despite facing inflationary pressures with significant price rises in food and beverages, the sector has boosted revenue through technology and efficiency. Consumers are feeling the pinch, with a large portion of households experiencing higher prices for staples like dairy and vegetables. To combat this, supermarkets are leveraging private-label brands while facing growing pressure from discounters like Aldi and Costco. Recent government findings have highlighted a need for greater transparency in the market, as supermarket profits remain high while other parts of the supply chain struggle. These market shifts are also reflected in changing consumer habits, including a decrease in demand for premium dairy and red meat in favor of eggs, and a growing preference for fresh produce over packaged goods.

Market Fact Sheet: Australia

Executive Summary
Australia possesses a substantial economy, ranking 14th globally, and enjoys a high level of prosperity, evidenced by its high per capita GDP and second-highest median wealth per adult worldwide (UBS 2024). The U.S.-Australia Free Trade Agreement further benefits U.S. exporters by eliminating tariffs on many food products.

Consumer-Oriented Agricultural Imports
In 2024, Australia imported $13.6 billion worth of consumer-oriented products with the United States' market share at 10 percent of the total imports ($1.4 billion). Most of Australia's imports in this sector are sourced from New Zealand with 16 percent of the market share.



Source: Australian Bureau of Statistics

Food Retail Industry
Australia is currently grappling with a cost-of-living crisis fueled by rising inflation, which is changing how people shop. Consumers are increasingly prioritizing sustainability, waste reduction, food quality, and healthy eating when making purchasing decisions. In 2024, Australia imported US$15.3 billion worth of consumer-oriented foods (including snacks, breakfast items, meat, dairy, produce, and beverages), fish, and seafood. The United States is the second-largest supplier in these categories, accounting for US$1.4 billion (9 percent) of Australia's total food imports, while New Zealand leads as the primary source. For more information, please see the Retail Foods report.

Food Processing Industry
Australia's food processing industry is the largest manufacturing sector in the country. In 2022-2023, the sector grew 11 percent. The food manufacturing turnover was US$ 107 billion. The sector's revenue is mainly generated by large companies.

Food Service Industry
High inflation and living costs have constrained Australia's consumer foodservice industry in 2023-24. Consumers, facing rising prices, cut discretionary spending, reducing demand for full-service restaurants and favoring cheaper, limited-service options like fast food. This shift has slowed the sector's growth after its post-pandemic recovery. For more information, please see the Food Service Report,

Quick Facts CY 2024

Total Imports of Consumer Oriented Products - $13.6 billion

Australia's Top Consumer-Oriented Growth Products

1) Bakery Goods	6) Pork & Pork Products
2) Food Preparations	7) Condiments & Sauces
3) Processed Vegetables	8) Non-alcoholic beverages
4) Chocolate & Cocoa Products	9) Dog & Cat Food
5) Processed Fruit	10) Coffee

Food Industry by Channels ($ billion)

Retail Food Industry	$141.1
Food Service – HRI	$40.9
Food Processing (2022-2023 latest available data)	$107
Food and Agriculture Exports	$47.7

Top Australian Food Retailers

1) Woolworths	4) Metcash/IGA
2) Coles (Wesfarmers)	5) Costco
3) Aldi	6) Australian United Retailers Ltd

GDP/Population
Population (millions): 27.2 (June 2024)
GDP (billions USD): $1.73
GDP per capita (USD): $64,820

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
• U.S. products have excellent image and acceptance. • Northern hemisphere seasonal advantage for fresh foods, e.g. fruit and vegetables.	• Australia has strict quarantine requirements f fresh products. Import permits are required for fresh produce and some products are prohibited. • Australian labeling and advertising laws are different from the United States, which may require some changes to food labels.
Opportunities	**Threats**
• The U.S./Australia Free Trade Agreement enables many U.S. products to enter Australia tariff free. • Australian consumers are experimental and desire new and innovative products.	• Most categories have substantial market leaders • Country of origin labeling is compulsory, and many Australian-made products bear the "Australian Made logo.

Data Sources: Trade Data Monitor; Australian Bureau of Statistics; Euromonitor; IBISWorld; Trading Economics
Contact: FAS Canberra, Australia; AgCanberra@usda.gov

SECTION I. MARKET SUMMARY

Australian consumers are increasingly focused on value and convenience. Leading retailers to become more competitive to attract customers by offering better prices and more convenient options. This has led to a greater focus on loyalty programs and online sales. Despite facing challenges like rising inflation, the sector has boosted its revenue by using technology to become more efficient and enhance the customer experience.

According to the Australian Bureau of Statistics (ABS), the Consumer Price Index (CPI) increased by 2.1 percent from June 2024 to June 2025. Among the most significant price rises were housing (1.2%), food and non-alcoholic beverages (1.0%), and health (1.5%).

Facing rising food and fuel costs, supermarkets are working to keep customers and profits. They're using private-label brands to offer lower prices, and discount retailers like Aldi and Costco are putting pressure on established stores like Coles and Woolworths.

The Australian Competition and Consumer Commission (ACCC) investigation on supermarkets concluded in February 2025. It revealed that while supermarkets like Coles, Woolworths, Metcash, and Aldi are maintaining high profits, other parts of the food supply chain are struggling. Supermarkets claim their profit margins are in line with global standards, especially because of the challenges of operating in Australia's less-populated areas. However, the ACCC's findings highlight the need for greater transparency and fairness in the market. The report recommends that supermarkets adopt clearer pricing practices, improve the Food and Grocery Code, and share sales forecasts more effectively to help suppliers.

The value of Australian consumer-oriented products (i.e., snack foods, breakfast cereals, meat and poultry, dairy, eggs and related products, fresh fruit and vegetables, processed fruit and vegetables, fruit and vegetable juices, nuts, wine, beer, nursery products, pet food, etc.), fish, and seafood imports totaled US$15.4 billion in 2024. The United States accounted for US$1.4 billion or 9 percent of Australia’s total food-related imports. Most of Australia’s imports in these sectors are from New Zealand, with the United States being the second largest supplier.

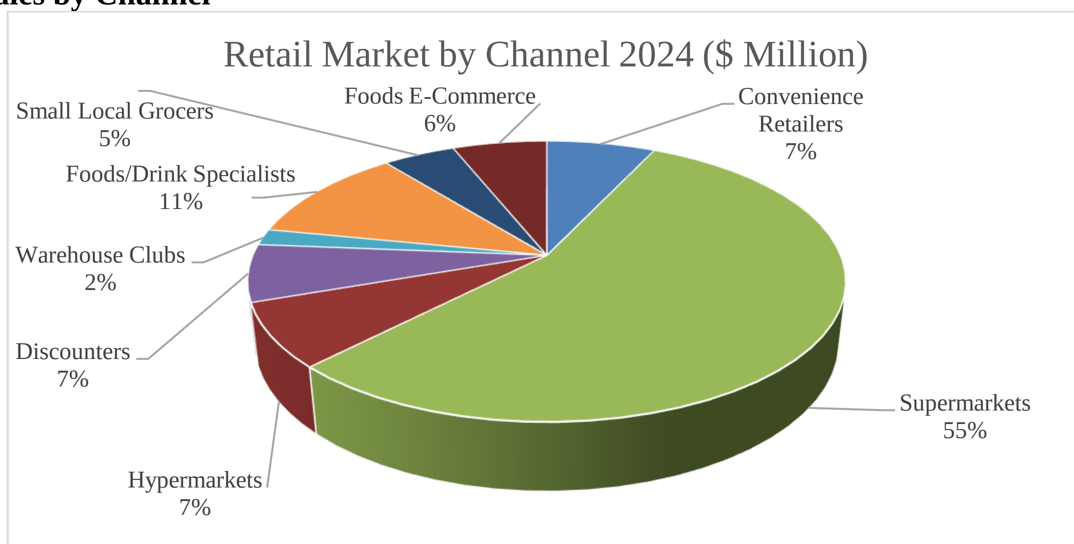
The value of food and liquor retailing in Australia in 2024 totaled A$239 billion (US$157 billion), an increase of 3 percent compared to the previous year. Supermarket and grocery expenditures continue to account for the bulk of food retailing purchases with a share of 60 percent.

Several shifts in Australian consumer trends are influencing what stores stock. Shoppers are more price-conscious, purchasing fewer premium dairy products and tobacco sales have seen a significant decrease. There has also been a slight decrease in the consumption of red meat, with consumers shifting to greater purchases of eggs.

Supermarket giants are seeing an increase in fresh food prices. This is partly due to the rising cost of livestock, which has also driven up Australian meat prices and is influencing how consumers shop. At the same time, a growing preference for healthier and fresher foods is causing a decline in demand for packaged goods. In response, supermarkets are adjusting their product selections to meet the needs of both price-conscious and health-focused shoppers.

Advantages	Challenges
U.S. culture is well accepted and similar to Australia	Strong emphasis on “Australian Made” campaign
No language barriers to overcome.	Strict quarantine regulations for fresh produce, meat, and dairy products.
The United States and Australia have a free trade agreement that minimizes import tariffs.	An increasing number of low-cost foods ingredients are available from developing countries.
Counter-seasonal production and marketing seasons between Australia and the United States mean that some fruit and vegetable imports do not compete with locally produced fruit and vegetables.	Need to produce innovative food products to break into highly competitive retail food sector as most categories have substantial market leaders.
Strong market dominance by two main retailers, with well established distribution systems.	
Many of the major trends in flavoring ingredients used in Australia have their origins in the United States.	

Retail Sales by Channel



Source: Euromonitor International

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

The best way to enter the market is through a distributor, importer, agent, or broker who targets specific food categories or merchandise managers at major wholesalers and major supermarket chains. Major chains and wholesalers have their own distribution centers and national coverage. Working through an experienced agent/distributor and/or wholesaler will increase the likelihood of your product being successfully adopted in major grocery chains.

Once the products are in the market, product launches for supermarkets are popular and effective. Provide agent/distributor with promotional material and products suitable for in-store demonstrations. Exporters should also consider combining promotional advertising such as in-store displays and store catalogs, major industry magazines (e.g., Retail World), newspapers, television, radio, and public transport.

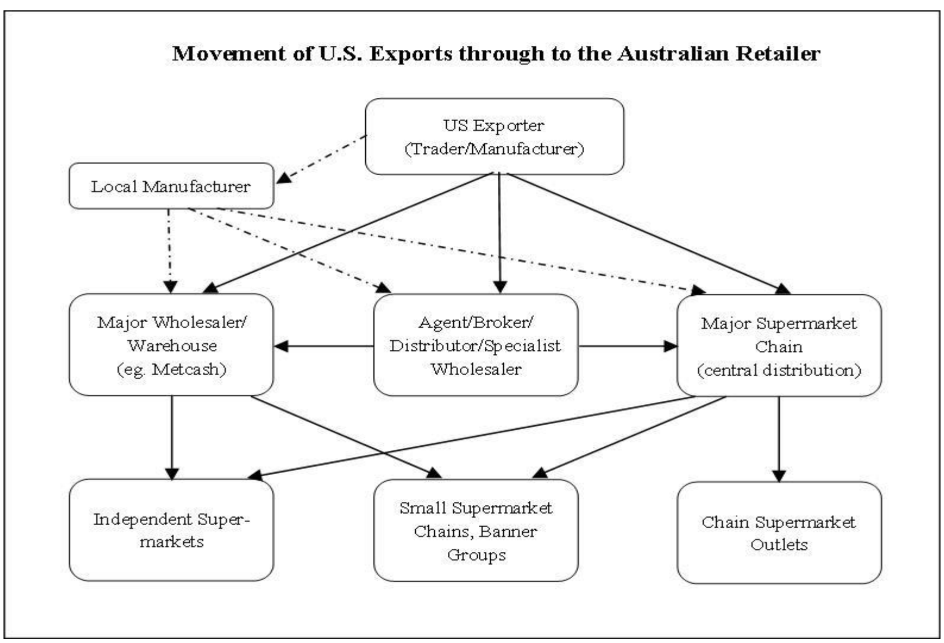
A great way to meet buyers, distributors, and importers is to exhibit at Australian food shows. Fine Food Australia is the premier international food, drink, and equipment exhibition in Australia. The show is endorsed by the U.S. Department of Agriculture and is held in September each year, alternating between Sydney and Melbourne (see http://www.finefoodaustralia.com.au/ for more information). Major buyers and importers from all over the country and region attend. Due to Australia's large geographic size and the high cost of internal airfares and transport, exhibiting at trade shows such as Fine Food is the most cost-effective way for U.S. companies to meet potential partners and customers for consumer-oriented food products in Australia.

U.S. exporters can contact their U.S. State Regional Trade Groups (SRTG) to obtain additional support. STRGs are a non-profit trade development group funded by USDA/FAS and private industry. The STRGs help U.S. companies with creating and expanding export markets for value-added food and agricultural products.

Market Structure

Distribution Channels

Distribution centers and wholesalers are the two main channels to enter major supermarkets and smaller supermarket chains. Distribution points in Australia are centralized. All major supermarket chains and warehouse/wholesale clubs operate their own network of national and regional distribution centers. Food products will be stored in warehouses prior to delivery. Transport between distribution centers in Australia is predominantly by road.



Product flows are similar for the major supermarket chains, which operate central distribution centers. Independent supermarkets and smaller supermarket chains purchase their food products through the major wholesalers or direct from manufacturers. The larger chains are also direct importers.

Many independent retailers use banner groups, such as the Independent Grocers of Australia (IGA), to improve the buying, advertising, and competitive power of smaller grocery and convenience stores. Under banner groups, retailers can negotiate better prices, coordinate marketing campaigns, and collaborate to establish new programs that benefit consumers.

Company Profiles & Top Host Country Retailers

Retailer Name	# of Outlets	Market Share (2025)	Website
Woolworths (Woolworths & Woolworths Metro) Supermarkets & Express Stores	1,130	38.7%	https://www.woolworths.com.au/
Coles Supermarkets	850	29.5%	https://www.coles.com.au/
Aldi Discounter Supermarkets	600	10%	https://www.aldi.com.au/
Metcash (IGA, Foodland, Friendly Grocer) Independent Small Grocers	1,300	6.6%	https://www.metcash.com/
Costco Warehouse Membership	15	4.3%	https://www.costco.com.au/

Source: IBISWorld, Supermarket websites

The following table summarizes total food retail sales and sector shares for the past five years.

Description	2020	2021	2022	2023	2024
Total Food and Liquor Retailing (A$m)	**$191,093**	**$198,093**	**$218,710**	**$232,434**	**239,016**
Supermarkets and Grocery Stores Food Retailing	$125,274	$125,850	$132,754	$139,197	$143,396
Percent of Total Food and Liquor Retailing	66 %	63 %	61 %	60%	60%
Cafes, Restaurants & Takeaway Food Retailing	$39,749	$45,783	$58,154	$63,986	$65,411
Percent of Total Food and Liquor Retailing	21 %	23 %	27 %	28%	27%
Liquor Retailing	$15,625	$15,927	$16,594	$17,967	$17,981
Percent of Total Food and Liquor Retailing	8 %	8 %	8 %	8%	8%
Other Specialized Food Retailing	$10,446	$10,776	$11,207	$11,284	$12,227
Percent of Total Food and Liquor Retailing	5 %	5 %	5 %	5%	5%

Source: ABS Cat. No. 8501.0; Retail Trade, Australia

Total turnover in **US$m** is:

Description	2020	2021	2022	2023	2024
Total Food and Liquor Retailing	**$132,695**	**$148,689**	**$151,653**	**$154,290**	**$157,238**

Retail Outlets

Supermarkets are navigating a challenging economic landscape. Rising food costs are contributing to the current inflationary environment. Despite these pressures, many essential grocery items have an inelastic demand.

Australians are feeling the pinch, with significant price hikes of 15 percent to 25 percent on staples like dairy and fresh vegetables. These increases are particularly impactful, with about 32 percent of households now facing food insecurity. To help manage these rising costs, supermarkets are focusing more on their private-label brands and adopting new wholesale strategies.

Warehouse clubs
The arrival of Costco in Australia in 2009 marked the introduction of warehouse clubs to the market. With stores now in major cities across the country, Costco poses a new challenge to supermarkets, particularly regarding value. As the sole warehouse club in Australia, Costco offers a unique mix of U.S. and Australian products.

Convenience stores that provide a quick and easy shopping experience rely on freshly prepared food and drinks to attract time-constrained customers. While the industry is highly fragmented, many owner-operated stores, banner groups and franchises are also common. In Australia, convenience stores face increasing competition from smaller-sized supermarkets like Woolworths Metro and Coles Local. These smaller outlets, often located in busy urban areas, offer lower prices and target the same time-pressed consumers as convenience stores. Some smaller supermarkets also serve as "click and collect" points for online grocery shopping.

Independent small grocers have faced significant challenges in recent years due to intense industry competition. The shift towards home delivery and click-and-collect services, which smaller grocers often cannot provide, has further disadvantaged them. As a result, many independent grocers have exited the market. These businesses are at a competitive disadvantage due to their weaker buying power, lack of economies of scale, and limited marketing budgets compared to larger supermarket chains.

Grocery Sales by Retailer Type: U$m

Retailer Type	2020	2021	2022	2023	2024
Convenience Retailers	$7,708	$8,562	$9,505	$9,105	$9,167
Supermarkets	$68,993	$72,828	$71,294	$71,468	$73,872
Hypermarkets	$8,368	$9,334	$9,535	$9,851	$9,986
Discounters	$7,435	$8,024	$8,114	$8,456	$8,055
Warehouse Clubs	$1,796	$2,154	$2,223	$2,473	$2,883
Food/Drink/Tobacco Specialists	$14,892	$15,593	$15,244	$14,800	$14,575
Small Local Grocers	$5,753	$6,024	$5,917	$6,073	$6,118
Foods E-Commerce	$5,100	$7,149	$7,262	$7,787	$9,573
All Grocery Retailers	**$120,046**	**$129,667**	**$129,094**	**$130,012**	**$134,230**

Source: Euromonitor International, Retailing in Australia

Key Market Drivers and Consumer Trends
Value and Cross-shopping – Grocery shopping is no longer a one-stop-shop experience. Instead of sticking to a single supermarket for their weekly shop, a growing number of Australians are engaging in "cross-shopping"—visiting multiple stores to find the best value and specific products. This shift is a direct response to rising living costs, with consumers becoming more discerning and less brand loyal. They are willing to put in the extra effort to compare prices on essentials like fresh produce and dairy across different retailers. For many, this means a trip to a major supermarket like Coles or Woolworths for their main shop, followed by a visit to a discount retailer like Aldi or Costco for bulk purchases or specific private-label items that offer a better price point.

Technology - Grocery stores are increasingly using technology to enhance customer experience and improve operational efficiency. This includes everything from online shopping platforms and mobile apps for a seamless omnichannel experience, to AI-powered loyalty programs that provide personalized recommendations and offers. In-store, innovations like Scan & Go and electronic shelf labels are streamlining the shopping process and ensuring accurate pricing.

R**ise of private-label** brands in Australian supermarkets is a significant trend driven by a combination of consumer behavior and retailer strategy. Shoppers, particularly in the face of rising inflation and a high cost-of-living, are becoming increasingly price-conscious and are looking for ways to save money. This has led to a major shift away from traditional, well-known brands towards supermarkets' own brand products.

SECTION III. COMPETITION

Imported products will have to compete with "Australian Made" products. Australian consumers are increasingly aware of the importance of buying locally produced goods, but price often takes precedence. While most Australians express a preference for Australian-made products, their purchasing habits often reflect a focus on price, convenience, and quality. Despite the growing trend of local sourcing, foreign-made goods continue to compete effectively in the Australian market, mainly due to lower prices and wider availability.

The value of total Australian imports of consumer-oriented products (i.e., snack foods, breakfast cereals, meat and poultry, dairy, eggs, and products, fresh fruit and vegetables, processed fruit and vegetables, fruit and vegetable juices, nuts, wine, beer, nursery products, pet food, etc.), fish, and seafood imports was US$15.4 billion in 2024. The United States is the second largest supplier (behind New Zealand) of imported consumer-oriented foodstuffs to the Australian market, holding a 9 percent share in 2024 valued at almost $1.4 billion. The U.S./Australia Free Trade Agreement signed in 2005 allows nearly all U.S. products to enter the Australian market tariff-free.

Foreign brands play a significant role in the Australian grocery market, providing supermarkets with a wider range of products at competitive prices. To attract new customers, supermarkets have expanded their offerings beyond traditional staples to include specialty items often found in smaller, niche retailers. This situation has increased reliance on international suppliers and distributors to source these products. To compete with the growing number of discount retailers, imported goods must be priced competitively and offer unique, innovative features that differentiate them from existing products.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Top Consumer Oriented Products Imported from the World

Product Category **Total Australia Import**	**Main Supplies in Percentage**
Seafood Products **1.8 billion USD**	1. Vietnam – 20% 2. Thailand – 19% 3. China – 16%
Bakery Goods **$1.6 billion USD**	1. Thailand – 11% 2. New Zealand –

	10% 3. Italy – 9%
Food Preparations **$1.6 billion USD**	1. Singapore – 27% 2. New Zealand – 17% 3. **USA – 8%**
Dairy Products **$1.5 billion USD**	1. New Zealand – 47% **2. USA- 11%** 3. Italy – 6%
Processed Vegetables **$1.05 billion USD**	1. Italy – 17% 2. China – 16% **3.** Belgium – 12%

Top Consumer Oriented Products from the United States

Product Category	Australian Imports from the United States 2024 ($million)	Percent Change 2023-2024
Pork & Pork Products	304.4	+45%
Dairy Products	167.5	-19%
Food Preparations	131.5	0
Distilled Spirits	122.8	-8%
Dog & Cat Food	122.3	+27%
Fresh Fruit	81.3	+13%
Baked Goods, Cereals & Pasta	68.4	+11%
Processed Vegetables	58.7	-18%
Processed Fruit	58.6	+19%
Chocolate & Cocoa Products	49.6	+9%
Tree Nuts	49.0	+14%
Non-alcoholic Beverages	45.9	+15%

Source: Australia Bureau of Statistics (ABS)

Products Present in the Market which have Good Sales Potential
Distilled Spirits, Cheese, Dog & Cat Food, Baked Snack Foods (Pastries, Pretzels, etc), Chocolate

Products Not Present in the Market in Significant Quantities which have Good Sales Potential
Ice Cream, Wine, Beer, Tea, Non-Alcoholic Beverages

Products Not Present Because They Face Significant Barriers
Cooked Turkey, Apples

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Post Contact

Office of Agricultural Affairs
U.S. Embassy
Canberra, Australia
Tel: +61 2 6214 5854

E-Mail: AgCanberra@usda.gov

Import Regulations
See the Department of Agriculture, Fisheries and Forestry biological import conditions (BICON) database to identify whether your product is prohibited entry to Australia.

Australia's Food Labeling Regulations
The Foreign Agricultural Import Regulations and Standards (FAIRS) report from this office contains detailed information on the Food Standards Code and other food regulations. This report is updated each year, and a copy is available on the FAS website.

Trade Shows
Fine Food is the largest food, beverage, and equipment show in Australia and this region and presents U.S. exporters with the most efficient and cost-effective way to enter the Australian market. Australia is a very large country, and internal transportation is expensive and time consuming. Fine Food allows U.S. exporters to access a 'one-stop-shop' for entry to the Australian market because many the major importers, distributors, etc., exhibit at the show and at times represent other companies. This presents an ideal opportunity for U.S. exhibitors to meet with many of the big players in this market in one place. The show occurs every September, alternating between Melbourne and Sydney. In 2026, the show is in Melbourne on August 31-September 3, 2026. Fine Food is a U.S. Department of Agriculture endorsed show. For information on participating in the U.S. Pavilion at Fine Food, please contact the Office of Agricultural Affairs listed above.

INDUSTRY INFORMATION
Australian Food and Grocery Council
Email: info@afgc.org.au
Web: www.afgc.org.au

Food and Beverage Importers Association
Email: info@fbia.org.au
Web: http://www.fbia.org.au

Attachments:

No Attachments