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Report Highlights:

Australian consumers continue to prioritize value and convenience, driving a notable shift toward fresh produce, eggs, and private-label brands while trimming spending on premium dairy and red meat. To stay competitive against emerging discount retailers such as Aldi and Costco, major retailers are sharpening their focus on keen pricing, enhanced loyalty programs, and digital sales channels, boosting overall sector revenue through tech-driven efficiencies. Recent Australian Competition and Consumer Commission findings underscore growing market tension marked by household budgets being pinched by elevated food and beverage costs, while supermarket profits remain elevated even as supply-chain operators continue to struggle, prompting calls for greater industry transparency.

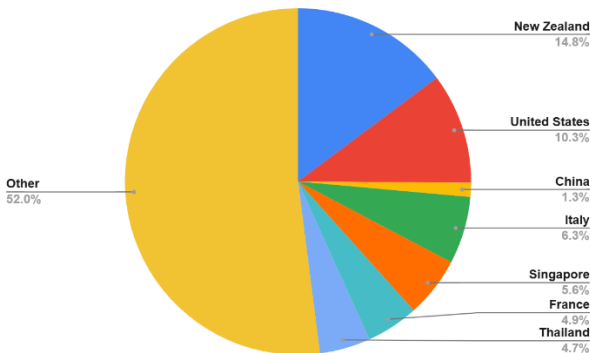
Market Fact Sheet: Australia

Executive Summary

Australia possesses a substantial economy, ranking 15th globally, and enjoys a high level of prosperity, evidenced by its high per capita GDP and second-highest median wealth per adult worldwide (UBS Global Wealth Report 2025). The U.S.-Australia Free Trade Agreement further benefits U.S. exporters by eliminating tariffs on many food products.

Consumer-Oriented Agricultural Imports

In 2025, Australia imported \$14.4 billion worth of consumer-oriented products with the United States’ market share at 10 percent of the total imports (\$1.5 billion). New Zealand ranks as the top supplier of these imports to Australia with 15 percent of market share.



Source: Australian Bureau of Statistics

Food Retail Industry

Australian consumers continue to prioritize value and convenience through greater use of price discounts, loyalty programs, and online purchases. The sector has boosted revenue through technology and efficiency. Supermarkets are leveraging private-label brands while facing growing pressure from discounters like Aldi and Costco. Market shifts are also reflected in changing consumer habits, including a decrease in demand for premium dairy and red meat in favor of products like eggs, and a growing preference for fresh produce over packaged goods.

Food Processing Industry

Australia’s food processing industry is the largest manufacturing sector in the country. In 2023-2024, the sector grew 5 percent. This sector’s turnover was US\$ 112 billion with most revenue generated by large companies.

Food Service Industry

The Australian foodservice sector is demonstrating resilience and innovation by overcoming rising costs and labor shortages through strategic adaptation. Capitalizing on consumer demand for unique, ethical, and high-quality experiences, the industry is transforming its operations. Despite current cost-sensitivity pushing consumers toward value-driven take out, the sector is rapidly adopting AI, automation, and advanced digital systems to boost efficiency and personalization. This technological focus ensures the industry is well-prepared to deliver both premium experience and efficient, value-focused service for sustained growth as the economy improves and consumption recovers.

Quick Facts CY 2025

Total Imports of Consumer Oriented Products - \$14.4 billion

Australia’s Top Consumer-Oriented Growth Products

- | | |
|-------------------------------|----------------------------|
| 1) Chocolate & Cocoa Products | 6) Fruit & Vegetable Juice |
| 2) Dairy Products | 7) Eggs |
| 3) Coffee | 8) Distilled Spirits |
| 4) Tree Nuts | 9) Cut Flowers |
| 5) Fresh Fruit | 10) Food Preparations |

Food Industry by Channels (\$ billion)

Retail Food Industry (2024)	\$157.2
Food Service – HRI	\$40.9
Food Processing (2023-2024 latest available data)	\$112
Food and Agriculture Exports	\$52.4

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): 27.7 (September 2025)
GDP (billions USD): \$1.83
GDP per capita (USD): \$65,946

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 for 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 most 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 consumer habits continue to center heavily around value and convenience, prompting retailers to intensify competition through sharper pricing strategies and expanded multi-channel fulfillment. This shift has accelerated the reliance on data-driven loyalty ecosystems and online grocery sales. Despite persistent headwinds from cost-of-living pressures and high operational expenses, sector revenues have proven resilient as retailers leverage technology to streamline supply chains, reduce fulfillment overhead, and personalize the shopping experience.

According to the Australian Bureau of Statistics (ABS), the Consumer Price Index (CPI) rose 3.8 percent from June 2025 to June 2026. Among the most significant price rises were housing (+6.8%), recreation and culture (Vacation and travel) (+3.3%), and transport (+0.1%).

Under persistent pressure from elevated food, transport, and energy expenses, major Australian supermarkets are working to keep customers without sacrificing profit margins. Chains are heavily expanding their private-label ranges to provide cheaper alternatives, while hard-discount retailers like Aldi and wholesale formats like Costco continue to exert strong competitive pressure on established industry giants Coles and Woolworths.

In early 2025, the Australian Competition and Consumer Commission (ACCC) concluded its year-long supermarket sector inquiry. The [findings](#) revealed a clear structural imbalance: major retailers such as Coles, Woolworths, Metcash, and Aldi maintained solid margins, while primary producers and suppliers further down the supply chain absorbed the brunt of rising input costs. Major retailers indicate their profit levels remain consistent with international benchmarks given the logistical costs of serving Australia's geographically dispersed population. Nonetheless, the ACCC stressed an urgent need for fairer market dynamics and greater pricing transparency.

Since the release of the inquiry's findings, several key reforms recommended in the report have come into effect:

- **Mandatory Food & Grocery Code:** The Food and Grocery Code of Conduct was made mandatory for major supermarkets, introducing strict penalties for non-compliance and establishing heavier protections for suppliers against unilateral contract changes or unfair practices.
- **Prohibition on Excessive Pricing** (Effective July 2026): New regulations under the Food and Grocery Code explicitly ban very large retailers (those with annual grocery revenue exceeding AU\$30 billion) from charging "significantly excessive" prices relative to supply costs and a reasonable margin. The ACCC actively monitors compliance and enforces penalties.
- **Transparency & Unit Pricing:** The government introduced measures to strengthen the Unit Pricing Code to combat hidden unit-price increases and "shrinkflation," while funding independent monitoring to give consumers clearer price visibility.

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\$16.1 billion in 2025. The United States accounted for US\$1.5

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 as the second largest supplier.

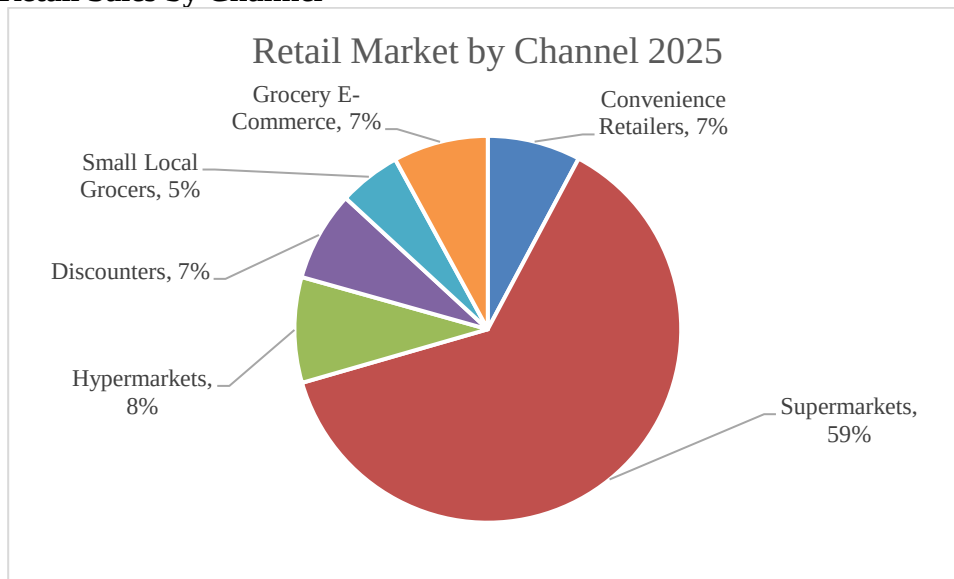
Supermarket and grocery store (including alcoholic beverage sales) revenue in Australia totaled A\$145.2 billion (US\$93.7 billion) in 2025, an increase of 1.7 percent over previous year. Supermarket and grocery expenditures continue to account for the bulk of food retail purchases.

Prominent shifts in Australian consumer trends continue to reshape supermarket inventory strategies. Driven by ongoing cost-of-living pressures, shoppers have become far more price-sensitive. This behavior has led to noticeable cutbacks on non-essential premium items. Consumption patterns in protein have also adjusted, with consumers scaling back red meat purchases in favor of more affordable alternatives like eggs, poultry, and pork.

At the same time, major retailers are navigating fresh food price increases. Higher farmgate livestock prices have passed through the supply chain, elevating retail meat prices and influencing consumer choices at the butcher counter. Despite these cost pressures, consumer preference continues to lean toward healthier, fresh ingredients over heavily processed packaged goods. In response, major supermarkets are rebalancing their shelves to simultaneously cater to budget-conscious shoppers and those prioritizing health and fresh produce.

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. To lower market-entry risks, brands can use an agent or distributor to navigate major Australian chains and select the right states for launch. Specialist distributors or wholesalers may also be approached as a market entry strategy.

Once the products are in the market, product launches for supermarkets are popular and effective. It is highly recommended for exporters/suppliers to supply their 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.

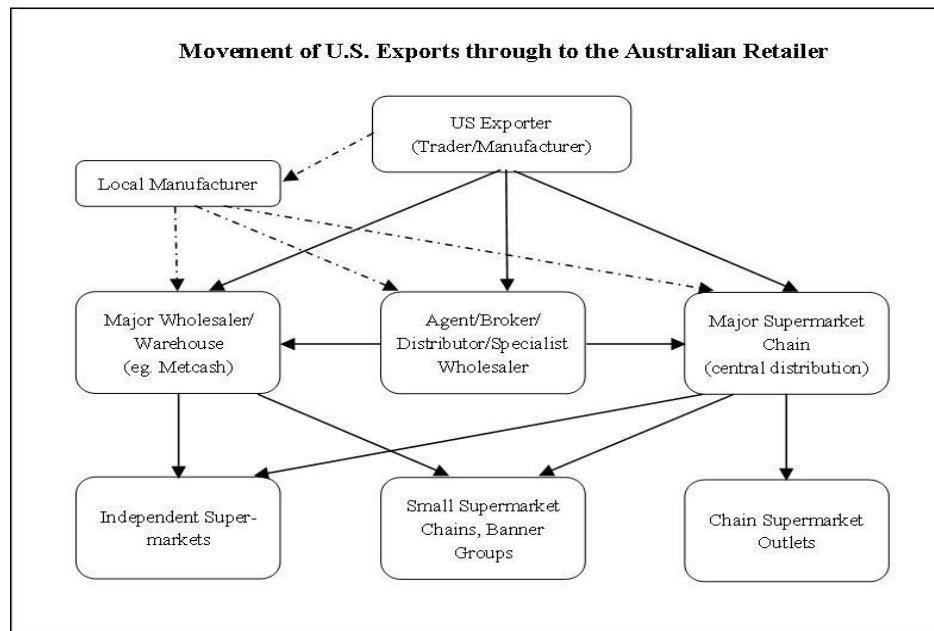
A great way to meet buyers, distributors, and importers is to exhibit at Australian food shows. Fine Food Australia is the premier international food, drink, and equipment exhibition in Australia. The show is endorsed by the U.S. Department of Agriculture and is held in September each year, alternating 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	Revenue US\$M (2025)	Market Share (2025)	Website
Woolworths (Woolworths & Woolworths Metro) Supermarkets & Express Stores	1,141	\$35,924.7	38.3%	https://www.woolworths.com.au/
Coles	875	\$27,919.6	29.8%	https://www.coles.com.au/

Supermarkets				
Aldi Discounter Supermarkets	600	\$8,477.5	9%	https://www.aldi.com.au/
Metcash (IGA, Foodland, Friendly Grocer) Independent Small Grocers	1,596	\$6,347.6	6.8%	https://www.metcash.com/
Costco Warehouse Membership	15	\$3,928.0	4.2%	https://www.costco.com.au/

Source: IBISWorld, Supermarket websites

Retail Outlets

Australia's supermarket sector is defined by a powerful duopoly dominated by Woolworths and Coles, which together control approximately two-thirds of the national grocery market. Operating vast physical retail networks and deeply integrated supply chains, these two giants wield immense commercial leverage over suppliers and exert significant influence over food pricing nationwide. Facing heightened cost-of-living pressures and intense public and regulatory scrutiny over profit margins and pricing practices, both retailers are focusing heavily on expanding their budget-friendly private-label ranges to retain price-sensitive shoppers.

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 provide a quick and easy shopping experience relying 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 and consolidation. 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: US\$M

Retailer Type	2021	2022	2023	2024	2025
Convenience Retailers	\$8,562	\$9,505	\$9,105	\$9,167	\$9,132.5

Supermarkets	\$72,828	\$71,294	\$71,468	\$73,872	\$73,318.9
Hypermarkets	\$9,334	\$9,535	\$9,851	\$9,986	\$10,184.6
Discounters	\$8,024	\$8,114	\$8,456	\$8,055	\$8,770.5
Small Local Grocers	\$6,024	\$5,917	\$6,073	\$6,118	\$6,072.70
Foods E-Commerce	\$7,149	\$7,262	\$7,787	\$9,573	\$9,280.96
All Grocery Retailers	\$129,667	\$129,094	\$130,012	\$134,230	\$125,706

Source: Euromonitor International, Retailing in Australia

Key Market Drivers and Consumer Trends

Value Seeking and Private Label Growth – Driven by persistent inflation, Australian consumers have become highly price-sensitive, actively cross-shopping between major supermarkets like Coles and Woolworths and discount operators like Aldi and Costco to find the cheapest basket. To retain these budget-conscious shoppers, grocers are expanding their private-label ranges across both economy and premium tiers, driving volume growth as consumers substitute name-brand packaged items for store brands.

Rapid E-Commerce - The expansion of Australian online grocery and quick-commerce is transforming shopping from an occasional convenience into a routine habit, with major supermarket chains reporting strong annual online sales growth of 15 percent to over 25 percent. Driven by consumer demand for speed, quick-commerce options and supported by on-demand partners like Uber Eats and DoorDash alongside automated fulfillment, retailers now routinely deliver a significant share of digital orders within two hours. To support this high order volume efficiently and keep picking costs down, major retailers are investing heavily in automated micro-fulfillment and customer fulfillment centers nationwide.

Shift Toward Health & Fresh Staples - Australian consumer behavior in 2026 reflects a distinct reallocation of grocery budgets away from non-essential processed goods toward fresh, unrefined staples and functional foods. Driven by health awareness and budget pressures, shoppers are curbing discretionary spending on premium packaged treats while prioritizing organic produce, fresh ingredients, and nutrient-dense items like gut-health and plant-based protein products.

SECTION III. COMPETITION

Imported goods must directly compete with "Australian Made" products for consumer market share. While Australians consistently express a strong emotional preference and national pride for locally produced goods, practical purchasing decisions are heavily dictated by price, convenience, and availability. As a result, lower-priced foreign imports continue to maintain a strong presence across retail categories.

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\$16.1 billion in 2025. 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 2025 valued at \$1.5 billion. The U.S.-Australia Free Trade

Agreement signed in 2005 allows almost all U.S. products to enter the Australian market tariff-free.

Foreign brands continue to play an essential role in Australia's grocery landscape, providing major supermarkets with product variety and competitive price points. To expand customer reach and drive basket sizes, major grocers have broadened their inventory beyond traditional household staples to include multicultural, functional health, and specialty foods, categories historically dominated by local delis and niche ethnic grocers. This expansion has deepened supermarket reliance on international supply chains, global distributors, and direct-sourcing networks. To compete effectively against established domestic options and expanding discount operators like Aldi and Costco, imported goods must offer sharp, competitive pricing alongside distinct features, such as unique flavor profiles or functional health benefits.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Top Consumer Oriented Products Imported from the World

Product Category Total Australia Import	Main Supplies in Percentage
Dairy Products 1.8 billion USD	1. New Zealand – 45% 2. USA – 16% 3. Italy – 6%
Food Preparations \$1.7 billion USD	1. Singapore – 30% 2. New Zealand – 15% 3. USA – 8%
Bakery Goods \$1.6 billion USD	1. Italy – 10% 2. Thailand – 10% 3. New Zealand – 10%
Chocolate & Cocoa Products \$1.4 billion USD	1. Malaysia – 18% 2. Singapore – 17% 3. Indonesia – 13%
Processed Vegetables \$992 million USD	1. Italy – 17% 2. China – 16% 3. Belgium – 11%

Top Consumer Oriented Products from the United States

Product Category	Australian Imports from the United States 2025 (\$million)	Percent Change 2024-2025
Dairy Products	287.0	+71%
Pork & Pork Products	273.9	-10%
Distilled Spirits	132.3	+8%
Food Preparations	129.4	-2%
Dog & Cat Food	119.2	-2%
Fresh Fruit	90.0	+11%
Processed Fruit	64.0	+9%

Baked Goods, Cereals & Pasta	62.9	-8%
Processed Vegetables	57.2	-3%
Non-alcoholic Beverages	53.4	+16%
Chocolate & Cocoa Products	50.0	+1%
Tree Nuts	48.0	-2%

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 2027, the show is in Sydney on September 6-9, 2027. 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