

Australia Grocery Retail Market 2026 | Share, Supermarket and Grocery

Australia grocery retail market reached USD 54.3 billion in 2025 and is projected to hit USD 79.2 billion by 2034, growing at a CAGR of 4.16% in 2026–2034.

AUSTRALIA, May 14, 2026
/EINPresswire.com/ --

Market Overview:

The [Australia grocery retail market](#) is experiencing steady expansion, driven by rapid population growth, increasing urbanization, the proliferation of private-label brands, and accelerating digital transformation across supply chains and consumer shopping channels. The market reached USD 54.3 Billion in 2025 and is projected to attain USD 79.2 Billion by 2034, registering a compound annual growth rate (CAGR) of 4.16% during 2026-2034. The expansion is being fueled by rising consumer demand for convenience and online grocery delivery, growing health-consciousness driving organic and plant-based product adoption, intensifying competition among major supermarket chains, sustainability initiatives transforming packaging and sourcing practices, the growing prominence of discount retailers, increasing multicultural demographics broadening product diversity, and technological innovations including AI-powered smart trolleys and automated fulfilment centres that are reshaping the in-store and digital grocery shopping experience.

Why is Hot Today Australia Grocery Retail Market?

The Australia grocery retail market is generating significant attention as intensifying competition, regulatory scrutiny, and technological disruption are converging to reshape the sector's competitive dynamics. A mandatory merger notification regime commencing in 2026 is requiring major supermarkets to notify acquisitions of supermarket businesses or land, increasing scrutiny on market consolidation. Instacart and Coles are introducing AI-powered Caper Cart smart trolleys at Melbourne stores, allowing customers to shop, bag, and pay seamlessly without traditional checkout. Woolworths Group is committing to its Moorebank Customer Fulfilment Centre in Sydney, targeting processing of over 60,000 online orders per week. Coles is



broadening its partnership with Uber Eats, boosting available items by more than 50% for rapid delivery. Meanwhile, 91% of Australian retail businesses are now investing in generative AI, signalling a sector-wide technological transformation.

Australia Grocery Retail Market Summary:

- Hypermarkets and supermarkets are dominating the distribution landscape, with Woolworths and Coles collectively commanding approximately 65% of the grocery market share, while four major retailers are controlling over 80% of total grocery sales across Australia.
- Online grocery retail is emerging as the fastest-growing distribution channel, with the online grocery segment projected to reach USD 96,585 million by 2034 at a CAGR of 20.37%, driven by expanding same-day delivery options, click-and-collect services, and automated fulfilment infrastructure.
- Private-label brands are experiencing accelerating consumer adoption across value and premium tiers, as cost-of-living pressures are driving shoppers toward store-brand alternatives, with both Coles and Woolworths significantly expanding their home-brand portfolios and shelf allocation.
- Discount retail is gaining momentum as ALDI continues expanding its Australian footprint to over 602 stores with annual sales exceeding AUD 13.3 billion, intensifying price competition and encouraging cross-shopping behavior among increasingly value-conscious consumers.
- Health-conscious and sustainability-driven consumer preferences are transforming product assortments, with rising demand for organic foods, plant-based alternatives, free-range products, and sustainably packaged goods reshaping merchandising strategies across major grocery retailers.
- Locally produced and Australian-made goods are commanding growing shelf space as consumers are prioritizing food provenance, traceability, and support for local economies, with retailers incorporating farm-to-shelf narratives and regional sourcing partnerships into their brand positioning.
- New South Wales and the Australian Capital Territory are commanding the largest regional share of grocery retail revenue, supported by dense population concentration, high urbanization rates, extensive supermarket networks, and strong adoption of online grocery delivery services in metropolitan Sydney.

How AI is Reshaping the Australia Grocery Retail Market:

Artificial intelligence is rapidly transforming Australia's grocery retail landscape, with 91% of retail businesses now investing in generative AI and the AI retail market projected to grow from AUD

310.9 million in 2024 to AUD 1,990.6 million by 2030. Retailers implementing AI and machine learning solutions are reporting approximately 8% higher annual profits compared to non-adopting competitors, driving industry-wide acceleration of technology investments across supply chain optimization, customer engagement, and store operations.

- **AI-Powered Smart Trolleys and Autonomous Checkout:** Coles is deploying Instacart's Caper Cart AI-powered smart trolleys that use computer vision and sensor fusion to allow customers to shop, bag, and pay without visiting a traditional checkout lane, while automated self-service systems are reducing wait times and improving the in-store shopping experience across Australian supermarkets.
- **Predictive Demand Forecasting and Inventory Optimization:** AI-driven demand forecasting algorithms are analyzing historical sales data, weather patterns, seasonal trends, and local events to optimize inventory levels across store networks, with 71% of retailers prioritizing supply chain and stock management improvements through AI integration to minimize waste and prevent stockouts.
- **Automated Fulfilment Centres and Robotic Warehouse Operations:** Coles' Witron-powered automated facility in Truganina, Victoria, is processing tens of thousands of automated daily order picks at substantially reduced operational costs, while Woolworths' Moorebank Customer Fulfilment Centre is targeting over 60,000 online orders per week, establishing new benchmarks for AI-driven grocery logistics.
- **Personalized Marketing and Dynamic Pricing Intelligence:** Machine learning models are analyzing customer purchase histories, loyalty program data, and browsing behavior to deliver personalized product recommendations, targeted promotions, and dynamic pricing strategies that are improving customer retention and basket sizes across digital and physical grocery channels.
- **Computer Vision for Shelf Management and Food Safety Compliance:** AI-powered computer vision systems are monitoring shelf inventory in real time, detecting out-of-stock items, verifying planogram compliance, and supporting food safety inspections, while automated shelf scanning robots are reducing manual auditing workloads and improving product availability across supermarket networks.

Request a Business Sample Report for Procurement & Investment Evaluation:
<https://www.imarcgroup.com/australia-grocery-retail-market/requestsamplereport>

Market Trends and Insights:

- The rapid expansion of online grocery delivery and click-and-collect services is fundamentally reshaping consumer shopping behavior, with major retailers investing heavily in automated fulfilment centres, rapid delivery partnerships, and digital platform enhancements to capture the

accelerating shift toward e-commerce grocery purchasing.

- Cross-shopping behavior is intensifying as cost-of-living pressures are driving consumers to visit multiple retailers in pursuit of best value, reducing brand loyalty and compelling supermarket operators to invest in competitive pricing strategies, loyalty rewards programs, and promotional campaigns.
- Ready-to-eat meals, meal kits, and pre-packaged convenience foods are experiencing strong demand growth as time-pressed consumers are prioritizing speed and convenience, prompting retailers to expand their fresh-prepared food sections and partner with meal delivery platforms.
- Sustainability is becoming a defining competitive differentiator, with retailers committing to reduced plastic packaging, carbon-neutral supply chains, food waste reduction through apps like Gander, and ethical sourcing practices that are resonating with environmentally conscious Australian consumers.
- The growing multicultural composition of Australia's population is diversifying grocery product assortments, with retailers expanding international food sections, ethnic cuisine ingredients, and culturally specific product ranges to serve increasingly diverse consumer demographics in metropolitan markets.
- Increased regulatory scrutiny on supermarket pricing practices, supplier relationships, and market concentration is reshaping competitive dynamics, with the mandatory merger notification regime commencing in 2026 introducing greater transparency and accountability across the grocery supply chain.

Market Growth Drivers:

Population Growth, Urbanization, and Multicultural Consumer Demographics

The Australia grocery retail market is primarily driven by robust population growth and accelerating urbanization that are expanding the consumer base and intensifying demand for accessible grocery retail infrastructure. The increasing concentration of population in major metropolitan areas including Sydney, Melbourne, Brisbane, and Perth is driving investment in new supermarket developments, shopping centre expansions, and convenience store networks. Australia's growing multicultural demographics are broadening product diversity requirements, compelling retailers to expand their international food offerings, ethnic cuisine ingredients, and culturally specific product ranges. The rising number of households, coupled with evolving family structures and changing dietary preferences, is sustaining baseline demand growth across fresh food, packaged food, beverages, and non-food household essentials.

E-Commerce Expansion, Digital Innovation, and Omni-Channel Retail Transformation

The rapid growth of online grocery shopping is serving as a critical growth catalyst, with the online segment projected to advance at a CAGR of 20.37% through 2034 as consumers increasingly embrace digital channels for convenience and time savings. Major retailers are investing heavily in automated fulfilment infrastructure, with Woolworths committing to processing over 60,000 online orders per week at its Moorebank centre and Coles deploying Witron-powered automation in Truganina. Partnerships with delivery platforms like Uber Eats are extending rapid grocery delivery capabilities. AI-powered in-store technologies including smart trolleys, automated checkout systems, and computer vision shelf management are bridging the digital-physical divide. The convergence of online and offline channels into seamless omni-channel experiences is becoming essential for customer retention and competitive positioning.

Private-Label Growth, Health Consciousness, and Sustainability Commitments

The accelerating adoption of private-label brands across value and premium tiers is driving revenue growth and margin expansion for major grocery retailers, as cost-of-living pressures are compelling consumers to seek quality alternatives at lower price points. Both Woolworths and Coles are significantly expanding their home-brand portfolios, with Coles streamlining shelf assortments to increase private-label visibility. Rising health-consciousness is transforming consumer purchasing patterns, with growing demand for organic, plant-based, free-range, and functional food products expanding premium grocery categories. Sustainability initiatives including reduced plastic packaging, food waste reduction programs, carbon-neutral supply chain commitments, and ethical sourcing practices are becoming essential competitive differentiators that are influencing consumer brand preference and loyalty across the Australian grocery retail landscape.

Market Segmentation:

IMARC Group's research categorizes the Australia grocery retail market as follows:

By Product:

Food and Beverages:

- Fresh Food
- Packaged Food
- Beverages

Non-Food Items:

- Household Cleaning Products
- Personal Care Products
- Pet Care Products

By Distribution Channel:

- Hypermarkets and Supermarkets
- Convenience Stores
- Discount Stores
- Online
- Others

By Region:

- Australia Capital Territory & New South Wales
- Victoria & Tasmania
- Queensland
- Northern Territory & Southern Australia
- Western Australia

Speak to an Analyst: <https://www.imarcgroup.com/request?type=report&id=24664&flag=E>

Key Players:

The competitive landscape of the Australia grocery retail market is highly concentrated, with a small number of major players commanding significant market share. Key companies operating in the market include Woolworths Group Limited, Coles Group Limited, ALDI Australia, Metcash Limited (IGA), Costco Wholesale Australia, Harris Farm Markets, Drakes Supermarkets, FoodWorks, Amazon Australia, and Uber Eats (grocery delivery), among others. These companies are continuously investing in store network expansion, private-label development, digital platform enhancement, automated fulfilment infrastructure, and sustainability initiatives to strengthen their competitive positions and capture evolving consumer demand across physical and online grocery channels.

Recent News and Developments:

December 2025: Coles revealed a broadened partnership with Uber Eats, boosting available Coles items by more than 50% for rapid delivery, significantly expanding the supermarket's quick commerce capabilities and meeting growing consumer demand for on-demand grocery delivery services.

June 2025: Woolworths Group confirmed its commitment to the Moorebank Customer Fulfilment Centre in Sydney, targeting processing of over 60,000 online orders per week through advanced automation technology to support the rapid expansion of its online grocery delivery operations.

February 2025: Instacart and Coles Supermarkets introduced Caper Carts, AI-powered smart trolleys, at Coles' Richmond Traders location in Melbourne, enabling customers to shop, bag, and pay seamlessly using computer vision and sensor fusion technology without visiting a traditional checkout.

November 2024: Coles commissioned its Witron-powered automated distribution facility in

Truganina, Victoria, unlocking capacity for tens of thousands of automated daily order picks at substantially reduced operational costs and establishing new benchmarks for grocery supply chain efficiency.

2024: Woolworths launched a major price drop campaign, cutting prices on over 800 essential grocery items to help consumers cope with rising living costs, reinforcing its competitive positioning and value proposition in an increasingly price-sensitive market environment.

2024: ALDI Australia opened a new store in Woollooware Bay, NSW, as part of the Bay Central shopping centre development, creating 15-20 new jobs and continuing its strategic store network expansion across metropolitan and suburban Australian communities.

Browse Full Report with TOC & List of Figures: <https://www.imarcgroup.com/australia-grocery-retail-market>

Other Trending Reports by IMARC Group:

Australia Air Freshener Market 2026: <https://www.imarcgroup.com/australia-air-freshener-market>

Australia Skin Care Products market 2026: <https://www.imarcgroup.com/australia-skin-care-products-market>

Australia Toaster Market 2026: <https://www.imarcgroup.com/australia-toaster-market>

Australia Broom and Mop Market 2026: <https://www.imarcgroup.com/australia-broom-mop-market>

Australia Perfume Market 2026: <https://www.imarcgroup.com/australia-perfume-market>

About Us

IMARC Group is a global management consulting firm that helps the world's most ambitious changemakers to create a lasting impact. The company provides a comprehensive suite of market entry and expansion services. IMARC's offerings include thorough market assessment, feasibility studies, company incorporation assistance, factory setup support, regulatory approvals and licensing navigation, branding, marketing and sales strategies, and partner identification and procurement. From conducting thorough market research to assisting with factory establishment, IMARC Group is the trusted partner for businesses looking to establish a strong presence in international markets.

Contact Us

IMARC Group

134 N 4th St., Brooklyn, NY 11249, USA

Email: sales@imarcgroup.com
Tel. No.: (D) +91 120 433 0800
United States: +1-201-971-6302

Elena Anderson
IMARC Services Private Limited
+ +1 201-971-6302
[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/912456729>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2026 Newsmatics Inc. All Right Reserved.