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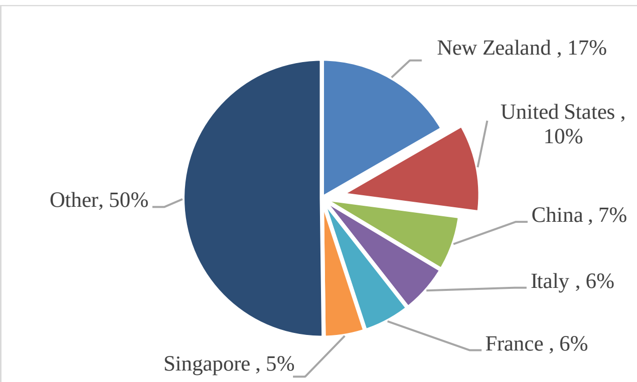
Report Highlights:

In 2023, Australia's foodservice industry was worth A$59 billion (US$39.1 billion). However, rising inflation and the overall cost of living have hindered its growth in 2023 and 2024. While delivery services have leveled off, consumer focus on sustainability and social responsibility is increasing. As the Australian economy stabilizes, the industry's future looks promising.

Market Fact Sheet: Australia

Executive Summary
Australia is the world's 14th-largest economy. It has one of the highest levels of per capita GDP in the world and is ranked second for median wealth per adult according to UBS's 2023 Global Wealth Report. The U.S. - Australia Free Trade Agreement provides advantages for U.S. products as tariff rates for many U.S. food products exported to Australia are zero.

Consumer-Oriented Agricultural Imports
In 2023, Australia imported $12.3 billion of consumer-oriented products with the United States' market share at 10 percent of the total imports ($1.3 billion). Most of Australia's imports in this sector are sourced from New Zealand, which has 17 percent of the market share.



Source: Australian Bureau of Statistics

Food Retail Industry
Australia's rising cost of living and shifting consumer trends are driving changes in shopping habits. Sustainability, health, and food quality are key factors influencing product choices. In 2023, Australia imported US$13.9 billion worth of consumer-oriented food and seafood products, with the US contributing US$1.3 billion (10%). New Zealand remains the top supplier, followed by the US. 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. It comprises over 16,000 enterprises and employs over 272,000 people. The sector's revenue is mainly generated by large companies. The food manufacturing turnover for 2021-2022 was US$ 95.1 billion. For more information, please see the Food Processing Ingredients report.

Food Service Industry
Soaring inflation and the rising cost of living have hindered the growth of Australia's A$59 billion (US$39.1 billion) foodservice industry in 2023. Consumers, facing budget constraints due to rising essential costs, view dining out and food delivery as luxuries. This has led to a decline in spending and a shift towards cheaper dining options. The industry's momentum from the post-lockdown surge in 2022 has slowed down.

Quick Facts CY 2023

Total Imports of Consumer Oriented Products - $12.3 billion

Australia's Top Consumer-Oriented Growth Products

1)Pork & Pork Products	6) Dog & Cat Food
2) Dairy Products	7) Processed Fruit
3) Distilled Spirits	8) Coffee
4) Bakery Goods	9) Chewing Gum & Candy
5)Chocolate & Cocoa Products	10) Wine

Food Industry by Channels ($ billion)

Retail Food Industry	$137.6
Food Service – HRI	$39
Food Processing (2021-2022 latest available data)	$95.1
Food and Agriculture Exports	$50.3

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): 26.6
GDP (billions USD): $1.7
GDP per capita (USD): $60,993

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 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@fas.usda.gov

SECTION I. MARKET SUMMARY

The rapid escalation of inflation and the overall cost of living have posed significant challenges to the expansion of Australia's consumer foodservice industry throughout 2023 and 2024. Faced with rising prices for essential goods and services, consumers have reduced their discretionary spending. As a result, dining out or food delivery has been perceived as a luxury, leading to a decline in demand for full-service restaurants. Consumers have increasingly opted for more affordable, limited-service restaurants, like fast-food chains. This shift in consumer behavior has contributed to a slowdown in the growth momentum of the consumer foodservice sector in 2023, following a period of recovery from pandemic-related lockdowns.

Cafés and bars, primarily in Central Business Districts, encountered distinct challenges in 2023. Despite the uptick in office worker traffic due to increased hybrid and full-time work arrangements, the escalating costs of beverages presented a significant hurdle. Consumers seeking to mitigate the impact of rising living costs opted to decrease their consumption of non-essential items, including daily coffee purchases.

The Australian consumer foodservice industry was valued at A$59 (US$39.1) billion in 2023. Food and non-alcoholic beverage price inflation was significantly lower in 2023 compared to 2022. Food prices rose 3.3%, and meals out and takeaway foods were up 0.8% in the last year.

Australia's foodservice industry is dominated by independent limited-service, full-service, and café/bar establishments. Unlike the US and UK, Australian consumers favor the eclectic food offerings of independent restaurants, influenced by the country's diverse cultural heritage. This preference, coupled with the growing popularity of casual dining, has increased sales for suburban bars, pubs, and restaurants. Even during economic downturns, Australians tend to trade down rather than completely forgo dining out. In this competitive market, independent operators focus on unique menus, ambiance, and service levels to differentiate themselves.

Trends:

- **Delivery services plateau:** The expansion of delivery services has plateaued, with demand stabilizing but not accelerating. Price-conscious consumers are driving a shift away from delivery services. After a period of rapid growth, the sector has reached a plateau. As people return to dining out and face economic pressures, they increasingly opt for takeout to avoid additional delivery fees**.**

- **Developing and maintaining sustainable goals:** As consumers become increasingly conscious of their environmental and social footprint, businesses must align their practices with these values. Openly advertising a commitment to sustainability and social responsibility is crucial for attracting and retaining customers.

What lies ahead of the foodservice industry:

- The future of dining is digital. As technology advances, the industry must adapt to meet evolving consumer expectations. QR code menus provide a seamless and efficient way to alleviate staffing pressures and improve customer satisfaction. For chains, mobile apps are indispensable tools for driving growth and engagement. By embracing these technologies, businesses can position themselves for long-term success.

- As the Australian economy begins to stabilize, the outlook for the foodservice industry is optimistic. Although inflation and interest rates will continue to impact consumer spending, the easing cost of living is expected to drive increased demand for independent and chain restaurants. While the recovery may be slower than the rapid rebound seen in late 2021 and 2022, the long-term trajectory for the industry remains positive.

Major Advantages and Challenges for U.S. Exports

Advantages	**Challenges**
U.S. culture well accepted and similar to Australia.	Australia has strict quarantine requirements for fresh products. Import permits are required for fresh produce and some products are prohibited.
U.S. products have excellent image and acceptance.	Australia is a significant producer of a similar variety of agricultural products.
Northern hemisphere seasonal advantage for fresh foods, e.g., fruit and vegetables.	Australian labeling and advertising laws are different from the United States, which may require some changes to food labels.
The U.S./Australia Free Trade Agreement enables most U.S. products to enter Australia tariff free.	“Buy Australian” campaign is significant.
Australian consumers constantly seeking new tastes and cuisines.	A focus on purchasing fresh local food by many restaurants and cafés provides advantages to local producers and suppliers.
Strong dining out culture provides opportunities to supply the consumer foodservice sector with new products.	
Ageing population presents opportunities in the institutional foodservice sector.	

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

FAS Canberra recommends that U.S. exporters establish partnerships with local distributors, importers, agents, or brokers who deeply understand the Australian market and can effectively target specific food categories or merchandise managers at major wholesale and supermarket chains. Additionally, engaging with specialist distributors or wholesalers can be beneficial.

Due to Australia’s significant geographic expanse and high transportation costs, participating in trade shows represents the most cost-effective strategy for U.S. companies to identify and connect with potential partners and customers within the Australian market.

- Fine Food Australia is recognized as the foremost international exhibition for the food, beverage, and equipment industries in the Southern Hemisphere. Endorsed by the U.S. Department of Agriculture, this annual event rotates between Sydney and Melbourne each September. The exhibition draws a significant number of major manufacturers, buyers, and importers from throughout the region. The 2025 edition is scheduled to take place in Sydney, from September 8 to 11. Contact IMEX Management for information on exhibiting in the USA Pavilion.

- Foodservice Australia is a show explicitly targeted at the foodservice industry which also alternating between Sydney and Melbourne in the opposite years to Fine Food. The 2025 show will be held in Melbourne from May 18 to 20.

Market Structure

Restaurants: The Australian restaurant industry is characterized by a large number of small, independent operators. This fragmented landscape makes it highly competitive, with businesses facing pressure from both other restaurants and establishments in related sectors, such as cafes and pubs.

The restaurant industry has experienced substantial growth in recent years, driven by evolving consumer preferences and behaviors. As individuals face increasingly busy lifestyles and demanding work schedules, restaurants have emerged as convenient and enjoyable dining solutions. The COVID-19 pandemic, while presenting significant challenges, ultimately accelerated the adoption of digital technologies and delivery services. The subsequent relaxation of restrictions has led to a surge in dine-in patronage, further bolstering industry revenue.

Australia's reputation as a food-loving nation and its increasing consumer awareness of health and wellness, present a favorable environment for restaurant businesses. As the economy recovers, there is potential for significant growth. However, restaurateurs must contend with intense competition from various foodservice providers, including fast-food outlets, pubs, cafes, and pre-packaged meals from supermarkets.

Cafes and Coffee Shops: Australia's strong coffee culture has provided a consistent revenue stream for the coffee industry, even during economic uncertainty. Despite coffee and takeaway food being classified as discretionary spending, many consumers prioritize coffee as an affordable luxury, ensuring the industry's resilience. However, the rising cost of living has led consumers to reduce the frequency of their cafe and coffee shop visits over the past two years.

The cafe and coffee shop industry has faced considerable challenges, including soaring inflation and elevated interest rates. These factors have forced many businesses to close their doors or increase prices to maintain profitability. Despite increased demand driven by busy consumer lifestyles, the industry faces intense competition from other fast-food outlets. To differentiate themselves, cafes focus on offering high-quality, premium food and beverage options to appeal to discerning customers.

Fast Food and Takeaway: The fast food and takeaway food sector faces increasing competition from restaurants, supermarkets, convenience stores, and healthy meal delivery services. As consumers prioritize health and food quality, the industry is adapting by offering healthier options and emphasizing premium ingredients. This shift in consumer preferences has changed in the market landscape, with restaurants gaining market share in takeaway sales and supermarkets expanding their ready-to-eat meal offerings.

The Fast Food and Takeaway Service industry is poised for significant transformation in the coming years. Key trends include a shift towards healthier, premium offerings, the emergence of plant-based alternatives, and a growing trend of refranchising.

Pubs, Bars and Nightclubs: The decline in per capita alcohol consumption puts pressure on many traditional pubs and clubs. In response to changing consumer preferences, many pubs have upgraded their food and beverage offerings, transforming into gastro-pubs. To stay competitive, operators must continue to adapt to evolving consumer trends by creating more family-friendly environments, offering high-quality menus, and diversifying their liquor offerings to include craft beverages. Australia also has a significant number of 'clubs' operated by community sporting and service organizations. These establishments typically include bars, restaurants, and poker machines, and patrons are required to pay a membership fee.

Hotels and Resorts: Most hotels generate a substantial portion of their revenue from non-accommodation sources, with on-site food and beverage sales being a primary income stream for larger hotels and resorts. However, rising inflation in food and beverage costs has increased prices, negatively impacting demand and reducing the share of revenue generated from food service. These include Accor Asia Pacific, the industry's largest operator; Event Hospitality and Entertainment Ltd (Rydges, QT, and Atura brands); Hilton International Australia; Holiday Inns Holdings (Australia) Pty Ltd (Australian subsidiary of InterContinental Hotels Group); Marriott International Inc.

Corporate Catering: Corporate caterers provide a wide range of catering services to businesses and government agencies, including one-off events like seminars, meetings, and conferences. They also offer comprehensive, full-service contracts encompassing catering, facilities management, and cleaning services. Larger catering companies typically secure these lucrative contracts, while smaller caterers specialize in catering lunches for small businesses within specific geographic areas. The pandemic significantly impacted the industry, with weakened demand leading to a decline in corporate caterers during 2019-20. Large players in this sector are: Compass Group (Australia) Pty Ltd; Sodexo Australia; and The Big Group.

Consumer Foodservice: Independent vs Chain Restaurants by Percent Value

	2018	2019	2020	2021	2022	2023
Chain Foodservice	26.2	25.9	28.5	30.5	31.6	32.2
Independent Foodservice	73.8	74.1	71.5	69.5	68.4	67.8
	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International

Consumer Foodservice: Independent vs Chain Restaurants by Type (Number) 2023

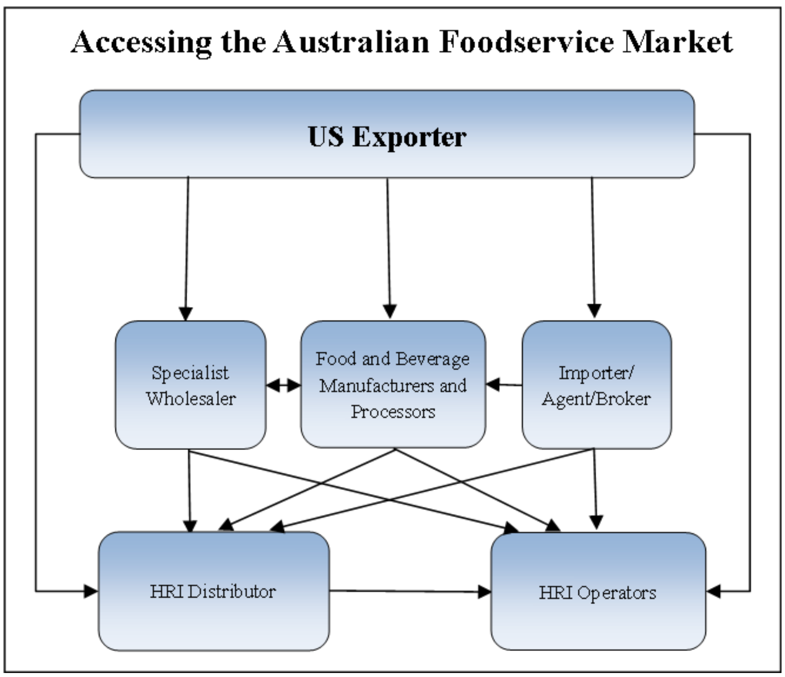
Outlet Type	Independent	Chain	Total

Cafes/Bars	11,321	3,000	14,321
Full-Service Restaurant	21,410	330	21,740
Limited-Service Restaurant	13,545	10,999	24,544
Self-Service Cafeterias	13	10	23
Street Stalls/Kiosks	3,065	285	3,350
Total Consumer Foodservice	49,354	14,624	63,978

Source: Euromonitor International

Distribution

Distribution centers and wholesalers are the two main distribution channels. Distribution points in Australia are centralized. Food products are stored in warehouses prior to delivery. Transport between distribution centers in Australia is predominantly by road. Major players are: [Metcash Ltd](), [Bidfood Australia Ltd](), and [PFD Food Services Pty Ltd]().



Sub-Sector Profiles

Leading Chain Consumer Foodservice Brands by Number of Outlets (2023)

Rank	**Operator**	**Main Sector**	**Global Brand Owner**	**No. of Outlets**
1	Subway	Fast Food/Takeaway	Doctor's Associates Inc.	1,217
2	McCafé	Café/Coffee Shops	McDonald's Corp	1,029
3	McDonald's	Fast Food/Takeaway	McDonald's Corp	1,029
4	KFC	Fast Food/Takeaway	Yum! Brands Inc	740
5	Domino's Pizza	Fast Food/Takeaway	Domino's Pizza Inc	737
6	Hungry Jack's	Fast Food/Takeaway	Restaurant Brands International Inc	452

7	Red Rooster	Fast Food/Takeaway	Craveable Brands Ltd	322
8	Boost Juice	Fast Food/Takeaway	Retail Zoo Pty Ltd	270
9	Pizza Hut	Fast Food/Takeaway	Yum! Brands Inc	260
10	The Coffee Club	Café/Coffee Shops	Minor International PCL	242

Source: Euromonitor

SECTION III. COMPETITION

Imported products must contend with the popularity of domestically produced 'Australian Made' goods, especially in the retail sector where country-of-origin labeling is mandated. While this factor is less prominent in the hospitality industry, a significant proportion of Australian consumers (over two-thirds) value restaurants using locally sourced ingredients. Recent initiatives have emphasized increased transparency in food sourcing, including disclosing products' origin. Nevertheless, higher prices for local and imported goods can pose a significant challenge.

Australia's stringent quarantine regulations and distinct import and food labeling requirements diverge from U.S. standards. The Food and Agriculture Import Regulations and Standards (FAIRS) report offers comprehensive information on Australian import and labeling regulations. The latest copy of the FAIRS report is available on the FAS website.

The value of Australian consumer-oriented food imports totaled $12.3 billion in 2023. The United States accounted for $1.3 billion, or 10 percent of total imports. Australia sources most food imports from New Zealand, with the United States the second largest supplier. U.S. products are well regarded as safe and an excellent value for money. See the Exporter Guide Report for Australia, available on the FAS website.

The U.S.-Australia Free Trade Agreement, ratified in 2005, has facilitated the duty-free entry of most U.S. products into the Australian market.

Leveraging economies of scale, U.S. manufacturers possess the capacity to develop a diverse range of innovative products that surpass the capabilities of smaller Australian manufacturers. This advantage enables U.S. exporters to introduce unique product lines that are not readily available from domestic producers.

The Australian market exhibits a strong affinity for American brands and products, with many food categories aligning well with local preferences. Over the years, numerous American brands have achieved substantial success within the Australian market.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Products Present in the Market with have Good Sales Potential

- **Pork and Pork Products:** cooked bacon, sausage in casings
- **Dairy Products:** cheese, whey, ice cream
- **Distilled Spirits:** whisky, vodka, gin
- **Processed Products:** snack foods, bread, pastry, mixes and doughs

Top Consumer Oriented Products Imported from the World

Product Category Total Australia Import	Main Suppliers in Percentage
Food Preparations $1.5 billion USD	1. Singapore – 27% 2. New Zealand – 15% 3. **USA-9%**
Dairy Products $1.6 billion USD	1. New Zealand – 49% 2. **USA – 13%** 3. Italy – 5%
Bakery Goods, Cereals & Pasta $1.4 billion USD	1. New Zealand – 11% 2. Thailand – 10% 3. Italy – 9%
Processed Vegetables $965 million USD	1. Italy – 15% 2. Belgium – 14% 3. China – 14%
Distilled Spirits $666 million USD	1. United Kingdom – 31% 2. USA – 20% 3. France – 10%

Source: Australian Bureau of Statistics

Top Consumer Oriented Products Imported from the United States

Product Category	Total Australia Import
Pork and Pork Products	$209 million USD
Dairy Products	$207 million USD
Distilled Spirits	$133 million USD
Food Preparations	$131 million USD
Dog & Cat Food	$96 million USD
Processed Vegetables	$72 million USD
Fresh Fruit	$72 million USD
Bakery Goods, Cereals & Pasta	$62 million USD
Processed Fruit	$49 million USD
Chocolate & Cocoa Products	$46 million USD

Source: Australian Bureau of Statistics

Products Not Present in Significant Quantities but which have Good Sales Potential

- Wine
- Non-alcoholic beverages
- Candy and chocolate

Products Not Present because they Face Significant Barriers

- Fresh Apples
- Cooked Turkey
- Beef and beef products
- Fresh/frozen poultry

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 permitted entry to Australia.

Australia's Food 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.
- The entire Australia New Zealand Food Standards Code is available through FSANZ website.

Other Relevant Reports

Copies of other relevant reports from this office can be found by searching at: https://gain.fas.usda.gov/#/search.

- Exporter Guide (search in the Exporter Assistance category).
- Food Ingredients Report (search in the Exporter Assistance category).
- Retail Report (search in the Exporter Assistance category)

Industry Information

- Foodservice Suppliers Association of Australia Inc.
- NAFDA – Australian Foodservice Distribution
- Food and Beverage Importers Association

References

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IBISWorld, Hotels and Resorts in Australia
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IBISWorld, Cafes and Coffee Shops in Australia
IBISWorld, Catering Services in Australia
IBISWorld, Pubs, Bars and Nightclubs in Australia

Attachments:

No Attachments