Grocery report summary

August 2025

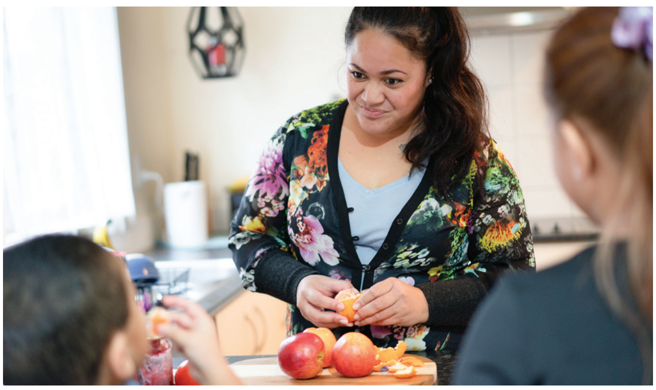
COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

What's changed?

Over the last five years Woolworths has lost market share while Pak'nSave has gained. Between 2019 and 2024, Woolworths' national market share has dropped from 30% to 27% while Pak'nSave's share has increased from 23% to 25%.

Grocery retailers have launched or expanded their partnerships with food delivery apps (UberEats, DoorDash, MilkRun) to enable rapid home delivery of groceries.

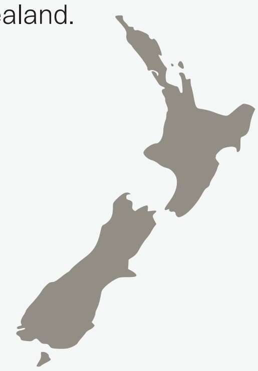
Major supermarkets have 8 less stores across the country – mostly because Foodstuffs South Island (FSSI) is closing their Raeward Fresh brand stores and some stores under their On the Spot convenience store banner have left the co-operative to trade independently.



10% of grocery suppliers account for **90%** of wholesale grocery purchases by major supermarkets.

Access and choice

- 90% of Kiwis are within 10 minutes' drive to a Woolworths New Zealand (WWNZ) or a Foodstuffs (FSNI or FSSI) store.
- Only 79% of the population have the choice between a WWNZ and a Foodstuffs (FSNI or FSSI) store within 10 minutes drive.
- In some parts of New Zealand access is particularly low, for example, Otorohanga District in the Waikato or Wairoa District in the Hawke's Bay.
- In Auckland the major supermarkets hold 71% of the market compared to 88% in the rest of New Zealand.



New Zealand consumers continue to spend more on groceries than their Australian and UK counterparts.

Price and profit

- In 2024 retail grocery prices appeared to have stabilised after years of significant growth.
- Both higher prices and higher input costs constrained the major supermarket's gross margin growth.
- Average gross margins for non-fresh products declined slightly while average gross retail margins for fresh products slightly increased in 2024.
- FSNI and FSSI continued to earn relatively high profit margins[1], while WWNZ's profit margins have declined significantly in the last couple of years.
- Food price inflation in New Zealand has eased relative to other common household bills.
- New Zealand grocery prices remain higher than the OECD average, but this gap is closing.
- Grocery expenditure per capita in New Zealand is the fifth highest in the OECD[2].

1 Compared to the same international peers used by the ACCC in their supermarket inquiry

2 In 2023, unchanged from 2022

Promotions

- Weekly prices in New World, Pak'nSave, and Woolworths stores change frequently for some products, following a high-low pattern.
- FSNI New World stores demonstrated high-low pricing the most, with up to a third of products we analysed on special for half the year. In other words, more often than not, the price of these products changed from the previous week.
- The products that had the most price changes were branded snacks, soft drinks, juice, alcohol, ice cream, and yogurt products.

Between 2021 and 2024 it took on average **18 months** and cost

$1 million

to get a resource consent for a new supermarket.

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