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2025 Pūrongo ā-Tau mō te Kai

2025 Annual Grocery Report

2 June 2026

Whakarāpopotonga matua Executive summary

This is the Commerce Commission's third Annual Grocery Report, tracking the state of competition in the grocery industry in 2025.

There has been little observable change in core competition metrics over the year. The major grocery retailers' combined market shares remain at 82%, indicating that the industry continues to be highly concentrated. In Auckland, RGRs continue to hold 71% of the market, making it the place with the most grocery competition in the country. We may see changes in market share in Auckland and Waikato once the recently announced Costco store opens in Drury. Margins and profitability have also shown limited movement: Foodstuffs South Island increased its margins, while Foodstuffs North Island and Woolworths recorded small decreases.

We observed more activity from smaller and independent retailers in 2025, with new stores opening and several speciality grocers expanding their footprints, particularly in Auckland and Christchurch. These are gradual improvements in the diversity of the retail landscape, but they will need the support of suppliers and consumers to survive in the market. It will take time before these small changes reach a scale that can meaningfully improve retail competition nationwide (and as such be reflected in our core competition metrics).

In our engagement with independent retailers some have told us that they see opportunities to operate in areas large chains do not or cannot replicate, while others report that competing head-to-head on standard grocery ranges remain systemically challenging. Structural challenges such as lack of access to rebates, discounts and payments, strong incumbent brands, and economies of scale continue to constrain the ability of independent retailers to grow to a level where they can compete with the major supermarkets.

Rebates, discounts and payments between major grocery retailers and suppliers are financially significant, in FY25 they were worth approximately $6 billion representing 26% of combined major grocery retailer sales revenue.

Online grocery sales grew in 2025 to 8% of major grocery retailers' sales revenue (up from 7% in 2024), supported by ongoing retailer investment. Click-and-collect sales exceeded delivery sales, potentially reflecting consumers' price consciousness in recent years.

The major grocery retailers collectively invested $595 million over the year, with 62% of this investment directed toward retail stores. Foodstuffs North Island has expanded its store network; Woolworths maintained its overall footprint but has been converting Woolworths stores to FreshChoice. In contrast, Foodstuffs South Island's store network contracted, reflecting smaller format (Four Square, On the Spot) stores closing or becoming independent stores.

Food price inflation eased in 2024 but has picked up again in 2025, with retail food prices increasing 4.6% in the year to December 2025. The developing conflict in the Middle East is expected to place additional cost pressures on grocery products globally in 2026. Given the lack of competition in New Zealand's grocery industry, we are concerned that this will amplify the negative effects of this situation. Our expectation on industry is that prices should come down when the crisis is resolved and that the situation should not be used as a cover for increasing margins. We will act on anything of concern that we observe or is brought to our attention.

Since 2022 there have been several regulatory changes to the grocery industry aimed at promoting competition and efficiency for the benefit of consumers, for example:

- the prohibition of restrictive and exclusive land and lease covenants which inhibit retail grocery store development;
- the creation and revision of the Grocery Supply Code which sets out rules for the conduct of the major grocery retailers when dealing with grocery suppliers;
- reforms to planning and consenting processes aimed at making the process of developing land for new supermarkets more streamlined;
- mandated display of clear unit pricing both in-store and online; and
- creation of the Consumer Complaints Disclosure Standard which requires publication and display of refund policies, and disclosure of price-integrity issues, promotional errors, and unit pricing issues to the Commission.

Together these measures have created a more supportive environment for market entry and expansion, and for consumers to compare value and resolve issues. However, the grocery industry (both retailers and suppliers) is still adjusting to being regulated and under current regulatory settings it will likely take several years to see a significantly more competitive market in New Zealand.

Maintaining strong and consistent scrutiny of the industry therefore remains essential. We will continue to monitor how competition is developing, track areas of potential concern, conduct proactive compliance activities, and investigate issues that are brought to our attention.

Breaches in the grocery sector was a priority area for enforcement for the Commission in 2024/25 and continues to be in 2025/26.

- Over the past year we have investigated several potential breaches of the Grocery Industry Competition Act 2023 by Foodstuffs North Island, Foodstuffs South Island, and Woolworths New Zealand. These investigations have resulted in several warnings being issued along with compliance advice letters being sent.[1]
- Under the Commerce Act 1986 we have filed civil proceedings against Foodstuffs North Island and Gilmours Wholesale for alleged cartel conduct (market allocation). The parties are defending the case, and we expect the trial to be held in February 2027.
- Under the Fair Trading Act, two Pak'nSave stores and Woolworths are facing criminal charges for alleged pricing inaccuracies and misleading specials. These litigation matters are ongoing.

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[1] Further details of these investigations can be found on the Commission's public case register: https://www.comcom.govt.nz/case-register/?q=&size=10&filters%5Bindustry%5D=Retail+%E2%80%93+food

Rārangi Kupu List of defined terms

Act	Grocery Industry Competition Act 2023
AGR2	Second Annual Grocery Report
Banner	Grocery store brands/names RGRs sell under (eg, New World, Pak‘nSave, Woolworths, FreshChoice)
Code	Grocery Supply Code
Commission	Commerce Commission
De-bannering	De-bannering refers to situations where a retail store leaves an RGR's store network; eg, to become an independent store or join a non-RGR store network.
EBIT	Earnings before interest and tax
FPI	Food Price Index
Groceries	Defined in the Act as goods in any of the following categories: fresh produce; meat, seafood, or meat substitutes; dairy products; bakery products; chilled or frozen food; pantry goods or dry goods; manufacturer-packaged food; non-alcoholic drinks; personal care products; household consumables; and pet care products.
FSNI	Foodstuffs North Island Limited
FSSI	Foodstuffs South Island Limited
HHI	Herfindahl-Hirschman Index
Inquiry	Wholesale Supply Inquiry
Market Study	Market study into the retail grocery sector conducted by the Commerce Commission under the Commerce Act 1986. The final report of the Market Study was published 8 March 2022.
NPAT	Net profit after tax
Other retailer	Grocery retailers other than the Regulated Grocery Retailers (Foodstuffs North Island Limited, Foodstuffs South Island Limited and Woolworths New Zealand Limited), including independent supermarkets and smaller grocery retailers such as dairies.
Product categories	Groups of products sold by grocery retailers that are of a similar type
RGR	Regulated Grocery Retailer. Currently defined in the Act as Foodstuffs North Island Limited; Foodstuffs South Island Limited; and Woolworths New Zealand.[2] These retailers are also often referred to as 'major supermarket chains' or 'major grocery retailers'.
SKU	Stock-keeping unit. A distinct item for sale, which may be distinguished by a scannable bar code.
Supermarkets	Large grocery retailers selling a wide variety of foods (such as dry groceries, fresh produce), household goods, non-alcoholic beverages, and usually some alcoholic beverages
WWNZ	Woolworths New Zealand Limited

2 This definition includes all franchises and interconnected bodies corporate of the listed companies.

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WĀHANGA 1 CHAPTER 1

Tō te whakataetaetanga āhua

State of competition

Chapter 1 outlines the key metrics used to assess competition in grocery markets and recent industry developments.

Trends and developments in competition

In the past few years there have been several changes in the regulatory landscape for groceries in New Zealand. Despite this, the industry continues to be highly concentrated compared to overseas markets, with the regulated grocery retailers (**RGRs**) retaining 82% of the national market, which is not conducive to strong competition.[3] Structural challenges such as volume discounts, strong incumbent brands, and economies of scale continue to constrain the ability of new retailers to grow to a level where they can compete with the major supermarkets.

We are starting to observe more activity from smaller and independent retailers in 2025, with new stores opening and several specialty grocers expanding their footprints, particularly in Auckland. These gradual improvements in the diversity of the retail landscape are giving consumers access to a wider range of price points, products and shopping experiences.

Legislative changes introduced following the Market Study have helped reduce some of the barriers that previously made new grocery store development difficult.[4] These changes may be contributing to the opening of new bricks and mortar grocery stores. Broader reforms to planning and consenting processes aim to make development pathways less restrictive and further improve access to suitable sites for potential entrants.[5] While these developments are still modest and have not shifted the key competition metrics, they signal the potential for greater competitive pressure to build over time. For these emerging retailers to develop and grow they will need to continue innovating and will also need to be supported by consumers and suppliers. We will continue monitoring these developments and, where necessary, enforcing competition rules to ensure conditions allow these firms to have a greater impact over time.

Recent entry and expansion

Since our assessment in our second annual grocery report (**AGR2**), several retailers have entered the market, and smaller chains have expanded their store networks. These retailers play a crucial role in the grocery industry, often offering consumers a different range of products or a different shopping experience to the RGRs. These are small positive signs for a potentially more dynamic and diverse grocery industry over time, but they will need support from both

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3 Commerce Commission analysis of sales revenue provided by industry participants and Statistics New Zealand data.

4 For example, the Commerce (Grocery Sector Covenants) Amendment Act 2022 inserted a new Section 28A into the Commerce Act 1986. This new section sets out that land and lease covenants which inhibit retail grocery store development are prohibited, and any existing covenants are unenforceable.

5 This includes the Fast-track Approvals Act 2025 as well as the new single building consent process which aims to deliver a more predictable and efficient pathway for new entrants seeking to establish standalone supermarkets. Reforms to the Overseas Investment Act 2005 aim to encourage more overseas investment in New Zealand including in the grocery sector. See https://www.mbie.govt.nz/business-and-employment/business/competition-regulation-and-policy/supermarket-competition.

suppliers and consumers to ensure they do not exit the market, as we have seen with Supie and other entrants.

Recent entry and expansion

- New independent retailers Kai Co and Harvest Market opened in Christchurch, in January and April 2026 respectively.[6] Both supermarkets offer fresh produce, meat, and general grocery items.

- Plenty Foods, another new independent retailer, opened a supermarket in November 2025 in Upper Hutt, Wellington.[7]

- Asian grocers continue to expand their presence with several stores opening, including a new Yogijis store in Nelson, Medol opening in Panmure, Auckland, Wang Korea Food Market opening its first South Island store in Christchurch, and Golden Apple taking over the lease of a former Woolworths store in Blockhouse Bay, Auckland.[8]

- Farro Fresh plans to open an eighth store in Newmarket, Auckland, in late 2026. Though their smaller concept Commercial Bay store in Auckland CBD closed during 2025.

- Clearance grocery stores continue to expand their store networks with Reduced to Clear opening a store in New Plymouth and Save More opening a store in Timaru.

- Chemist Warehouse continues to grow its network, adding nine stores in 2025 largely in Auckland and Christchurch.

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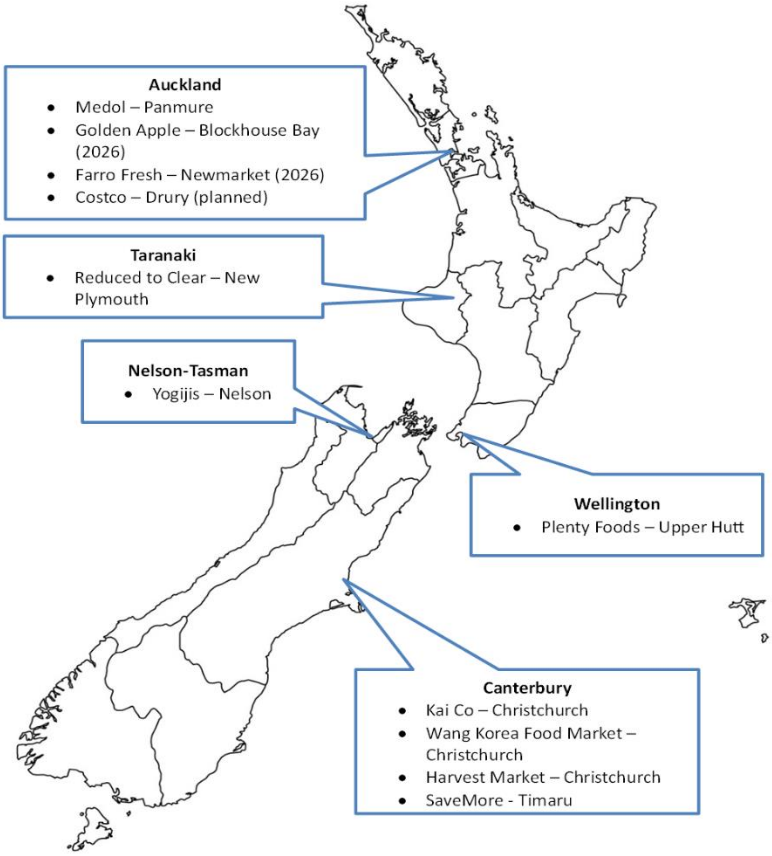
6 NZ Herald “Christchurch supermarket Kai Co launched by father and so, promising cheaper food and ‘fairness’” (6 January 2026), https://www.nzherald.co.nz/nz/christchurch-supermarket-kai-co-launched-by-father-and-son-promising-cheaper-food-and-fairness/5XGBXVDMFVGLRJYK7DKQZX4GCE/ and The Press “’You can’t beat those prices’: Christchurch families flock to new Harvest Market supermarket” (9 April 2026), https://www.thepress.co.nz/nz-news/360981761/independent-low-cost-supermarket-opens-former-mad-butcher-site

7 RNZ “Independent supermarket Plenty foods hopes to challenge duopoly in Upper Hutt” (7 November 2025), https://www.rnz.co.nz/news/business/578186/independent-supermarket-plenty-foods-hopes-to-challenge-duopoly-in-upper-hutt

8 Yogiji’s Food Mart Christchurch, Facebook, (28 July 2025), https://www.facebook.com/yogijischristchurch/posts/-our-new-store-is-opening-soon-in-nelson-stay-tuned-for-the-grand-opening-and-ex/1148986257251798/ and Auckland Malayalees, Facebook, (6 June 2025), https://www.facebook.com/groups/aklmalayalees/posts/24555204414081683/ and The Press “Chain food market opening first South Island store in former Smiths City premises: (18 September 2025), https://www.thepress.co.nz/nz-news/360827543/chain-food-market-opening-first-south-island-store-former-smiths-city-premises and RNZ “Asian supermarkets takes over former Woolworths site in Auckland (2 December 2025), https://www.rnz.co.nz/news/chinese/580627/asian-supermarket-takes-over-former-woolworths-site-in-auckland

Figure 1: Recent and planned store openings by region – other retailers



Source: Commission analysis of publicly reported announcements and news articles

Two new independent supermarkets opening, along with a specialist retailer being able to expand their network to a former RGR site are encouraging signs for future competition in these parts of the country.

Along with bricks and mortar store expansion, we have seen online retailers widen the range of grocery products they sell. With fruit and vegetable delivery service Wonky Box launching "Good Groceries by Wonky" which includes meat, cheese, and refillable grains.[9] This is another promising sign for competition, offering consumers more choice.

Costco continues to grow, signals future expansion

Costco has continued to expand its presence in the Auckland market, with growing revenue profitability, and members. In 2025, its revenue grew by 6.5%, gross profit grew by 27.5%, and it now has 250,000 members.[10] Costco's market share has remained stable at 4% of the

9 NZ Herald "Wonky Box expands with new meat, cheese and refillable grain range" (17 October 2025), https://www.nzherald.co.nz/business/companies/retail/wonky-box-expands-with-new-meat-cheese-and-refillable-grain-range/QOOPIINAJJCK3ODI6K5D33MS7I/

10 Costco Wholesale New Zealand "Annual financial report for the 52 weeks ended 31 August 2025", https://app.companiesoffice.govt.nz/companies/app/service/services/documents/61BB9FA88DE1069D74FDE2419D17E76C; Beehive "Costco announcement great news for shoppers" (12 November 2025), https://www.beehive.govt.nz/release/costco-announcement-great-news-shoppers.

Auckland market but this may change in the future given the planned opening of a store in Drury, south of Auckland.[11]

The simplicity of Costco's high-volume, low margin operating model may appeal to suppliers. Costco's low prices with bulk pack size products and its private label range appeals to certain types of consumers, it is a destination shop for some who are willing to travel longer distances than others typically would for a grocery shop. As Costco grows its presence in Auckland, we expect this to put pressure on supermarkets in Auckland, particularly those closest, to lower their prices and improve their retail offering.

The Warehouse optimising its grocery offering

For FY25, The Warehouse reported that fast-moving consumer goods (which includes grocery and other products like health and beauty) made up an increasing amount of its revenue, increasing by 7.7% from the year prior.[12] The Warehouse recently reported "improved margin on [fast-moving consumer goods] by increasing health and beauty and optimising the grocery offering."[13] Part of this optimisation appears to be the discontinuation of its fresh produce trial.

Competitive dynamics between the RGRs

Overall, competition between the RGRs remains characterised by highly concentrated local markets dominated by the major grocery retailers, shaped by clear differentiation in brand positioning. The major banners are Pak'nSave and New World, operated by Foodstuffs, and Woolworths (formerly Countdown), operated by WWNZ.

Pak'nSave competes primarily on price through a warehouse-style format.[14] Its more limited-range, high-volume model and buying strategies have strengthened its appeal to price-sensitive consumers, particularly during recent cost-of-living pressures.[15] Pak'nSave is generally positioned as a lower-priced supermarket format relative to New World and Woolworths.

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11 Commerce Commission analysis of sales revenue provided by industry participants and Statistics New Zealand data.

12 The Warehouse Group "The Warehouse Group Annual Report 2025" (2 October 2025), pg 24, https://api.nzx.com/public/announcement/459927/attachment/453509/459927-453509.pdf

13 The Warehouse Group "2026 Interim Results Investor Presentation" (27 March 2026), slide 14 https://api.nzx.com/public/announcement/470005/attachment/465454/470005-465454.pdf

14 Foodstuffs North Island "Our store brands" (accessed 20 May 2026), https://www.foodstuffs.co.nz/our-brands/our-store-brands.

15 Commerce Commission analysis of industry information and Foodstuffs North Island "Our store brands" (accessed 20 May 2026), https://www.foodstuffs.co.nz/our-brands/our-store-brands.

New World is positioned as a premium, full-service supermarket with a focus on fresh food, service quality, and locally tailored ranging.[16] It competes most closely with Woolworths New Zealand on a mix of service dimensions including range, quality, and shopping experience as well as price. It is not as price focused as Pak'nSave. Operating within the same cooperative structure, Pak'nSave and New World are deliberately differentiated in brand positioning and retail format which may influence the nature and intensity of competition between the two formats, but does not remove the potential for direct local competition where stores overlap.

Woolworths is operated by WWNZ under a centrally owned and managed corporate model, with a largely uniform national banner. This approach is intended to appeal to a broad range of consumers, emphasising national consistency and the ability to serve a wide range of budgets and shopping missions rather than targeting distinct price segments through multiple banners.

In terms of bricks and mortar store numbers, there are 148 New World, 59 Pak'nSave, and 191 Woolworths stores across the country. And the majority of RGRs' investment remains in their bricks and mortar stores.[17]

Outside of the major banners, the RGRs also make use of smaller banners, including Four Square (Foodstuffs), and Fresh Choice and SuperValue (WWNZ). These tend to be smaller format stores with higher prices and varying product ranges depending on store size and location. WWNZ has stated that their Woolworths model focuses on larger stores and a broader customer segment while their FreshChoice franchise model is best for stores that are tailored for local customers.[18]

RGR store network changes

Relative to AGR2, FSNI's store network has expanded, WWNZ's has largely stayed the same, and FSSI's has shrunk notably. FSSI's falling store numbers relate to its smaller format banners so the impact on other metrics such as market shares has been minimal.

WWNZ finalised its major re-branding programme at the end of 2025 when it transitioned its last Countdown store to Woolworths in Botany, Auckland.[19]

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16 Foodstuffs North Island "Our store brands" (accessed 20 May 2026), https://www.foodstuffs.co.nz/our-brands/our-store-brands.

17 Commerce Commission analysis of industry information.

18 Supermarket News "Woolworths Store To Become FreshChoice Ōtaki" (3 March 2025), https://supermarketnews.co.nz/news/woolworths-otaki-to-become-freshchoice-otaki/.

19 NZ Herald "Countdown Botany completes Woolworths rebrand as chain ends 14-year era" (8 December 2025), https://www.nzherald.co.nz/business/companies/retail/countdown-botany-completes-woolworths-rebrand-as-chain-ends-14-year-era/KD47TSWSVREYPCI7Y2RGRACU3M/.

Table 1: Store changes by banner between 1 July 2024 to 1 October 2025

RGR	Banner	Closed	Opened	Net Change	# of stores
FSNI	Four Square	3	5	2	162
	New World	1	4	3	105
	PAK'nSAVE	-	1	1	47
FSSI	Four Square	4	-	-4	57
	New World	-	-	0	43
	On The Spot	11	-	-11	62
	PAK'nSAVE	-	-	0	12
	Raeward Fresh	3	-	-3	0
WWNZ	Countdown/Woolworths	5	1	-4	191
	SuperValue/FreshChoice	-	5	5	78
	Combined RGR Total	**27**	**16**	**-11**	**757**

Source: Commission analysis of information provided by RGRs

Store closures led by On the Spot de-bannering

The most common reason for store closure during the period was stores re-branding, including leaving RGR networks, rather than ceasing operation. For example, of the five Countdown/Woolworths closures, three were stores that have rebranded to WWNZ's franchise brand FreshChoice.[20]

For the other two Countdown/Woolworths closures, one was Wanaka Metro which has closed due to declining demand; however, a new full-service WWNZ supermarket is due to open in the area in 2027.[21] The other was a store in Te Atatu (Auckland) where the landlord sold the property to Foodstuffs, who are building a new New World store at the site.[22]

Three FSNI and one FSSI closure relates to store relocations or temporary closures.[23] For example, we have treated the New World Victoria Park (Auckland) as a closure while it is being rebuilt following a fire at the site.[24]

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20 Commerce Commission analysis of information provided by RGRs.

21 The Wānaka App "Woolworths Metro to close in three weeks" (6 August 2025),https://wanakaapp.nz/NewsStory/woolworths-metro-to-close-in-three-weeks/6892e0c90292520043449603

22 Inside Retail "Foodstuffs buys Woolworths site to open New World store on Te Atatu Peninsula" (17 March 2025), https://insideretail.co.nz/2025/03/17/foodstuffs-buys-woolworths-site-to-open-new-world-store-on-te-atatu-peninsula/.

23 Commerce Commission analysis of information provided by RGRs.

24 Foodstuffs North Island "New World Victoria Park rebuild planning underway" (12 December 2025), https://www.foodstuffs.co.nz/news-room/2025/New-World-Victoria-Park-rebuild-planning-underway.

As shown in Table 2, several smaller convenience stores (Four Square and On the Spot) de-bannered from Foodstuffs. These have become independent stores or have joined other retailer store networks (eg, Night'nDay, MetroMart).

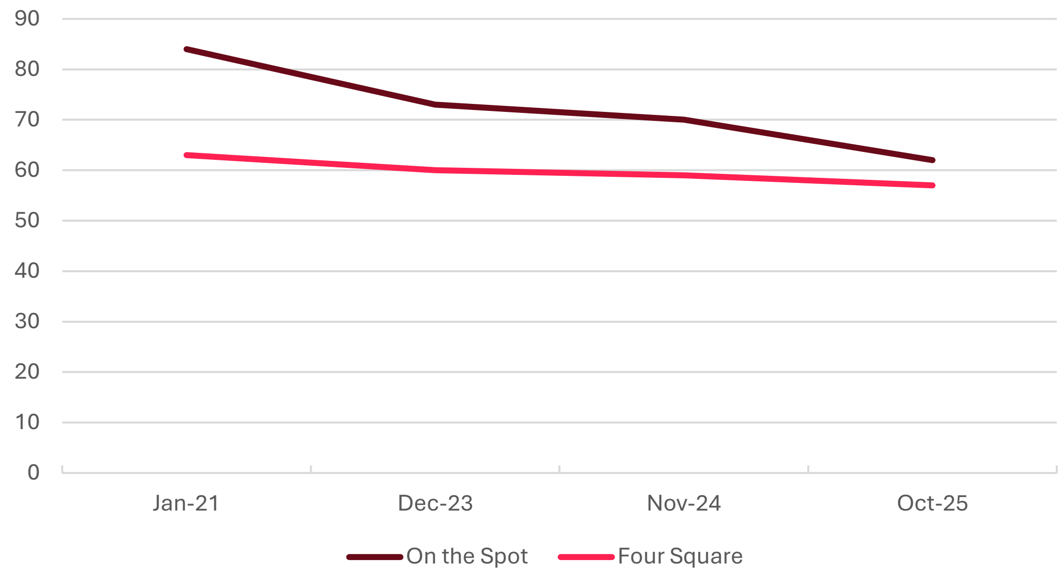
Table 2: Store de-bannering between 1 July 2024 to 1 October 2025

RGR	Banner	De-bannered
FSNI	Four Square	2
FSSI	Four Square	3
	Raeward Fresh	1
	On the Spot	10
	Total store de-bannerings	**16**

Source: Commission analysis of information provided by RGRs

The loss of eleven On the Spot stores (~15% of the total banner) within the period reflects an ongoing trend of exits across the South Island.

Figure 2: FSSI Four Square and On the Spot store count - 2021 to 2025



Source: Commission analysis of information provided by FSSI

Permanent closures where a grocery store no longer operates and there are no plans for a replacement or relocation nearby were not common over the period and solely occurred in the South Island. In total there were two On the Spot stores and two Raeward Fresh stores where this is the case, though all four of these stores do have an alternative FSSI banner store nearby.

Multiple drivers of store openings

There have been several reasons for store openings during the period. Alongside the store replacements and relocations mentioned above, stores have opened in new locations where consumers previously had no nearby full-service supermarket options in their town/suburb, such as in Snells Beach, Lake Hawea, and Taupo South.[25] In addition, RGRs have opened new infill stores in major centres in the North Island not too far from their current stores, and FSNI has opened three stores where they previously had no presence in the immediate area.[26]

Regionally, Auckland and Waikato saw the highest number of brand-new stores while 'openings' in other regions were often store replacements.[27]

Conditions of entry and expansion

New Zealand's small market size and dispersed population make large-scale retail entry difficult, as there are few locations with enough demand to support a profitable store.[28] Reforms to planning and consenting processes, such as the Fast-Track Approvals Act 2025, aim to make the process of developing land for new supermarkets more streamlined.[29]

Strong existing brands also create challenges for new entrants. Significant economies of scale across the grocery supply chain mean smaller retailers face proportionately higher capital costs than larger retailers and volume discounts give large retailers a significant variable cost advantage.

We invite stakeholders to contact us with concerns about sites and anti-competitive behaviour in relation to the RGRs' land holdings or restrictive covenants and can investigate further if appropriate.[30] We can also expand our monitoring to other areas or industry participants.

Lease covenants continue to decline

Following the 2023 legislative changes, land and lease covenants that restrict grocery store development are prohibited and any existing covenants are unenforceable. [31] Although unenforceable, their removal is still preferable as it avoids future risks of attempted enforcement. These reforms reduced a structural barrier to accessing suitable sites and limited the ability of incumbents to block new development.

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25 Commerce Commission analysis of information provided by RGRs.

26 Commerce Commission analysis of information provided by RGRs.

27 Commerce Commission analysis of information provided by RGRs.

28 See Commerce Commission "Market study into the retail grocery sector – final report" (8 March 2022), p.197, https://www.comcom.govt.nz/assets/pdf_file/0024/278403/Market-Study-into-the-retail-grocery-sector-Final-report-8-March-2022.pdf.

29 The Fast-Track Approvals Act 2025 allows grocery developers to apply directly to the Minister for Infrastructure for referral to a centralised fast-track expert panel for efficient consent decisions.

30 Stakeholders can contact us through an enquiry or complaint via our website, or via our anonymous reporting tool https://www.comcom.govt.nz/report-a-concern/.

31 The Commerce (Grocery Sector Covenants) Amendment Act 2022.

From February 2025 to October 2025 the total number of lease covenants has reduced by 10% through the removal of 18 covenants, leaving 163 active. For 96% of the remaining lease covenants, RGRs have already taken or planned action for removal.

Table 3: Reduction in lease covenants – Feb 2025 to Oct 2025

RGR	Feb-25	Oct-25	Number change	% change
FSNI	6	6	0	0%
FSSI	7	6	-1	-14%
WWNZ	168	151	-17	-10%
Total	**181**	**163**	**-18**	**-10%**

Source: Commission analysis of information provided by RGRs

There was no change in land covenants between February 2025 and October 2025 with 16 covenants still in place. Fifteen are held by FSNI and one by FSSI, all of which are awaiting a response/action from a third party.[32] Removing covenants can be a lengthy process when progress depends on action by third parties. We expect covenant numbers will continue to decline over time as third parties complete the steps required for their removal. We also note that the updated reporting for this period covers a shorter timeframe than previous reports, which may result in smaller observed changes.[33]

Ongoing monitoring of RGRs' strategic property holdings

In AGR2 we reported that the RGRs held 218 properties (owned or leased) that are not retail supermarkets. 47 of those properties were used for wider operations (eg, distribution centres and offices) or future supermarkets that were under construction. The remaining 171 sites were our focus as they could potentially be used to obtain a competitive advantage, for example, land banking or refusing to sell, lease or sub-let to close competitors.[34] However, we were satisfied with the RGRs' explanations for holding these sites – eg, they represented empty land where supermarket development was yet to commence, or properties that may be used for future expansion. Relative to AGR2, this number has decreased from 171 to 167, reflecting a modest overall reduction in the portfolio.

Overall, RGRs have acquired four sites, and progressed six sites through development resulting in five retail stores. They have also divested six sites and have a further 27 sites planned for divestment.[35]

32 Commission analysis of information provided by RGRs.

33 This is due to the difference is because our reporting on covenants for AGR2 covered the period August 2023-February 2025, whereas this report covers the period February-October 2025.

34 Commerce Commission "Annual Grocery Report 2024" (6 August 2025), at p. 117, https://www.comcom.govt.nz/__data/assets/pdf_file/0028/368047/Annual-Grocery-Report-2024-6-August-2025-.pdf.

35 Commission analysis of information provided by RGRs.

Table 4: Strategic property holdings – Feb 2025 to Oct 2025

RGR	Feb-25	Oct-25	Number change
FSNI	73	75	+2
FSSI	48	44	-4
WWNZ	50	48	-2
Total	**171**	**167**	**-4**

Source: Commission analysis of information provided by RGRs

Table 5: Sites acquired, developed and divested – Feb 2025 to Oct 2025

RGR	Acquired	Developed	Divested
FSNI	3	4	0
FSSI	0	1	4
WWNZ	1	1	2
Total	**4**	**6**	**6**

Source: Commission analysis of information provided by RGRs

After analysing this information, our current view is that we do not have any significant concerns about the RGR's current property holdings, but we will continue to monitor their holdings and the impact on potential competitors.

Wholesale access regime sales improving slowly

A route for other retailers to access groceries for resale is through their wholesale offers provided by the RGRs. The wholesale access regime under Part 3 of the Act is intended to allow other retailers to benefit from the RGRs' scale and efficiency in buying and distributing groceries. However, our Wholesale Supply Inquiry Preliminary Findings Report found that wholesale pricing is frequently uncompetitive and there are significant gaps in the range of products available.[36] More information on our ongoing Wholesale Supply Inquiry can be found in Chapter 4.

Wholesale sales volumes have continued to grow steadily since the regime's implementation. While sales can fluctuate month to month, we have seen that overall sales have increased since last year, and July 2025 had the highest combined monthly sales volume since the start of the wholesale regime.

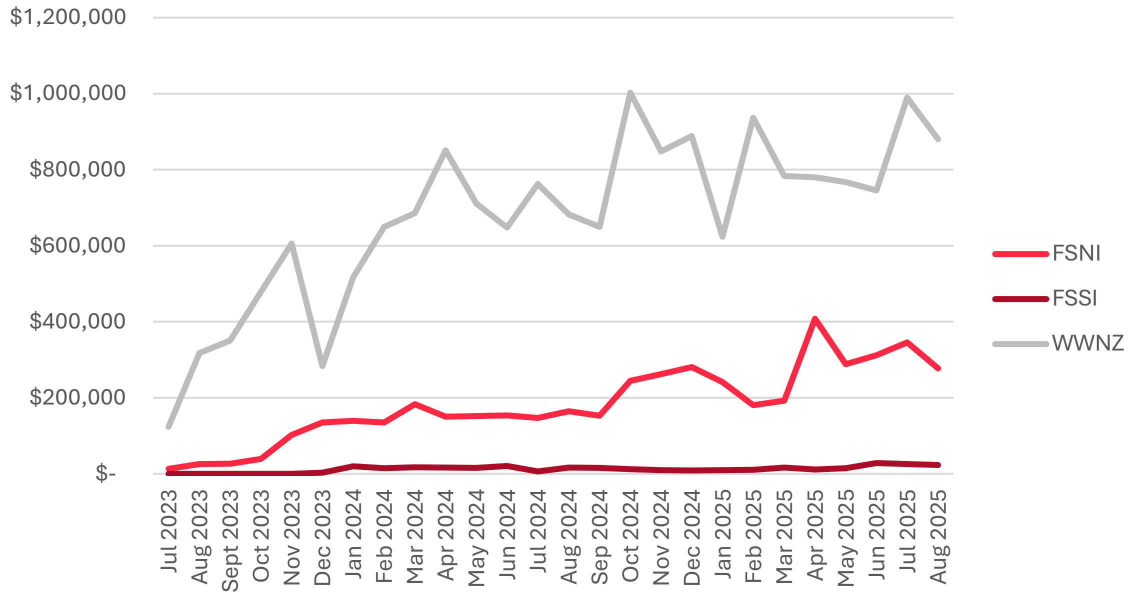
While RGRs' wholesale sales have continued to grow in 2025, this channel is still very modest, with total reported RGR sales between July 2023 and August 2025 of around $22 million. WWNZ

[36] Commerce Commission "Wholesale Supply Inquiry: Preliminary Findings Paper" (5 June 2025), https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

had the most by far with 78% of total wholesale sales, with 21% from FSNI, and 1% from FSSI. Between July 2023 and December 2025, RGRs accepted 234 wholesale customers.[37]

We are also aware of wholesale arrangements which are not being currently reported to the Commission. We are currently investigating FSNI and their wholesale business Gilmours and concurrently FSSI and their wholesale business Trents.[38] In March 2026 we exercised our corrective notice powers under the Grocery Industry Competition Act 2023, to ensure onward reporting and enable us to assess the total wholesale market.

Figure 3: Monthly wholesale sales - July 2023 to August 2025



Source: Commission analysis of wholesale sales revenue provided by RGRs

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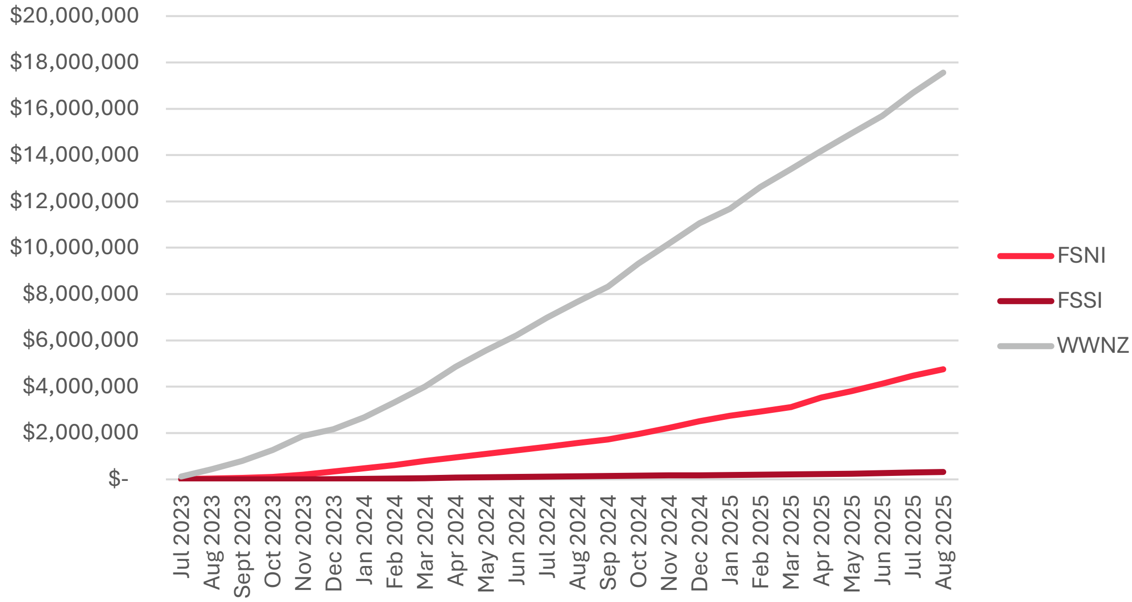
37 Commission analysis of industry information.

38 Commerce Commission "Case register" (accessed 20 May 2026), https://www.comcom.govt.nz/case-register/case-register-entries/foodstuffs-north-island-limited2/ and https://www.comcom.govt.nz/case-register/case-register-entries/foodstuffs-south-island/.

Figure 4: Cumulative wholesale sales - July 2023 to August 2025



Source: Commission analysis of wholesale sales revenue provided by RGRs

Emerging retailers' perspectives on competition and growth

We have analysed new, and expanding grocery retailers' perspectives using insights gained through direct engagement, as well as feedback on the Government's 2025 Request for Information (**RFI**) process and accompanying public statements.[39] Overall, retailers described a divided landscape, with opportunities for some, but systemic challenges for those competing head-to-head on standard grocery ranges.

Retailers who responded to the RFI highlighted strong interest in entering or expanding in the New Zealand market, but noted that structural barriers continue to inhibit progress, particularly zoning restrictions, slow consenting processes, and difficulties securing suitable sites. Several RFI respondents described "widespread frustration" with these barriers, noting that they make it extremely difficult for new competitors to establish a foothold.

RFI responses also emphasised that further regulatory changes are still required to make entry and expansion more achievable at scale. This work fed into reforms to planning and consenting processes, which aim to make development pathways less restrictive, as outlined above.

A recurring theme across feedback was that major retailers continue to hold a dominant competitive advantage, supported by economies of scale, established supply chains, strong brand recognition, and access to favourable commercial terms. Smaller and emerging retailers stressed that ongoing regulatory pressure is needed to rebalance the market, particularly in relation to wholesale access, supplier practices, and property acquisition.

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39 Ministry of Business, Innovation & Employment "Request For Information opened for grocery sector competitors and investors" (15 March 2025), https://www.mbie.govt.nz/about/news/request-for-information-opened-for-grocery-sector-competitors-and-investors.

Some retailers indicated that RGRs' wholesale offers were a useful way to access a broader range of products while their businesses were growing and supplier relationships were developing. Others reported challenges accessing a competitive range, including market-leading brands, private-label products, or similarly low-priced alternatives, which limited their ability to compete in categories dominated by private labels. Reported access challenges included minimum order quantities, spend thresholds, and delivery requirements.

Many retailers reported dissatisfaction with wholesale pricing, both through RGRs and direct supply. Some described purchasing certain products at retail when promotions made this more cost-effective. Retailers also reported limited access to rebates, discounts and payments, which reduced their ability to compete on promotional pricing.

Several retailers told us that growth is achievable where they can differentiate their offer, but that competing directly on core grocery lines remains structurally challenging.[40] Retailers with distinct formats or product focuses expressed greater confidence in their growth prospects, while small general-purpose retailers without a clear niche reported persistent constraints, particularly in accessing competitive supply terms and essential everyday products.

Key competition metrics

This section outlines the key competition metrics we use to understand how the grocery industry is changing over time. By monitoring these metrics each year, we can assess whether competitive conditions are improving, staying the same, or weakening, and identify where further action may be needed to support effective competition in the industry.

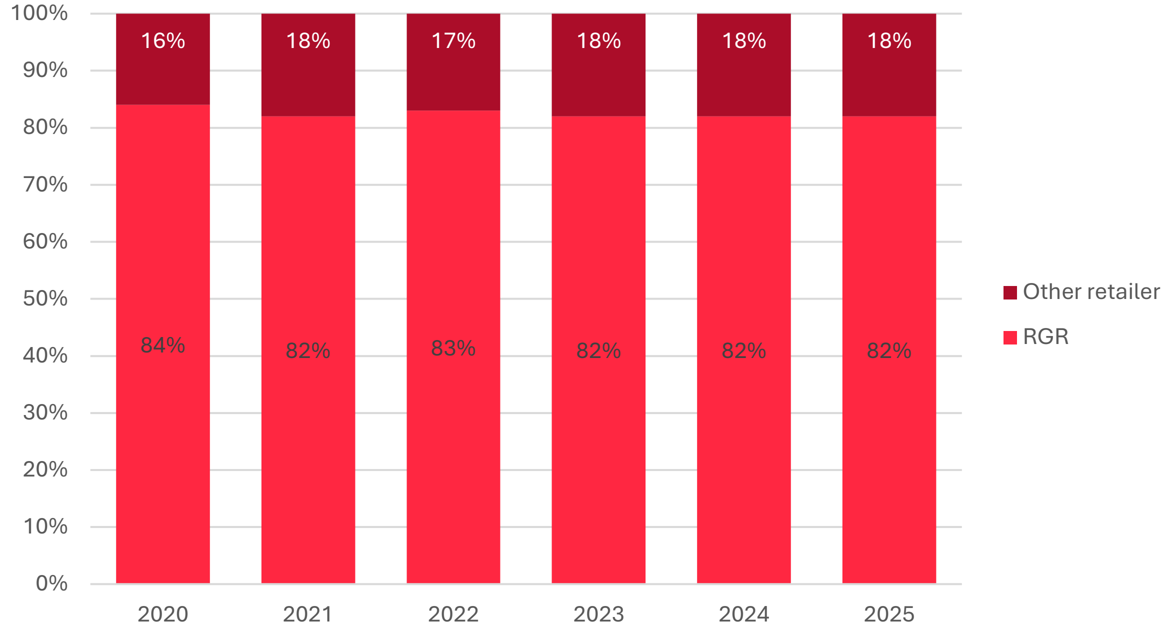
The key metrics show that competition in the grocery industry remains weak, with only very early signs of potential change. They point to a market that remains concentrated and relatively static, with limited competitive constraints on the major retailers. There are some small positive signs, such as new stores and new models emerging, but these are not yet large enough to shift market shares, margins, or profitability.

The retail grocery market remains highly concentrated

Measures of market shares and market concentration, and in particular changes in these measures over time, can indicate the extent to which firms in a market are subject to competitive constraints.

40 Commerce Commission analysis of information provided by industry participants.

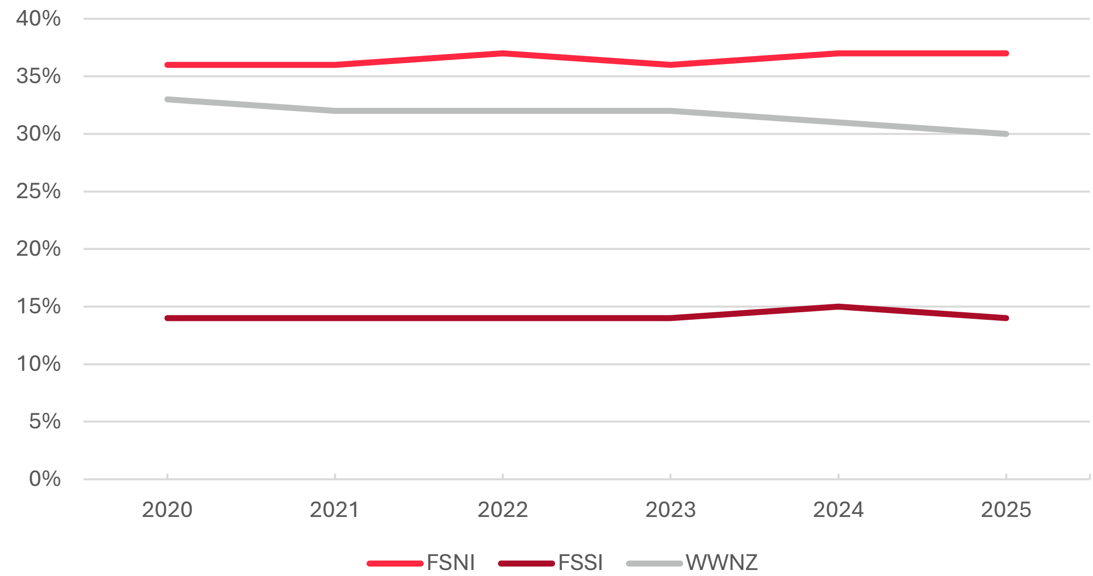
Figure 5: National market shares - 2020 to 2025



Source: Commission analysis of sales revenue provided by industry participants and Statistics New Zealand data

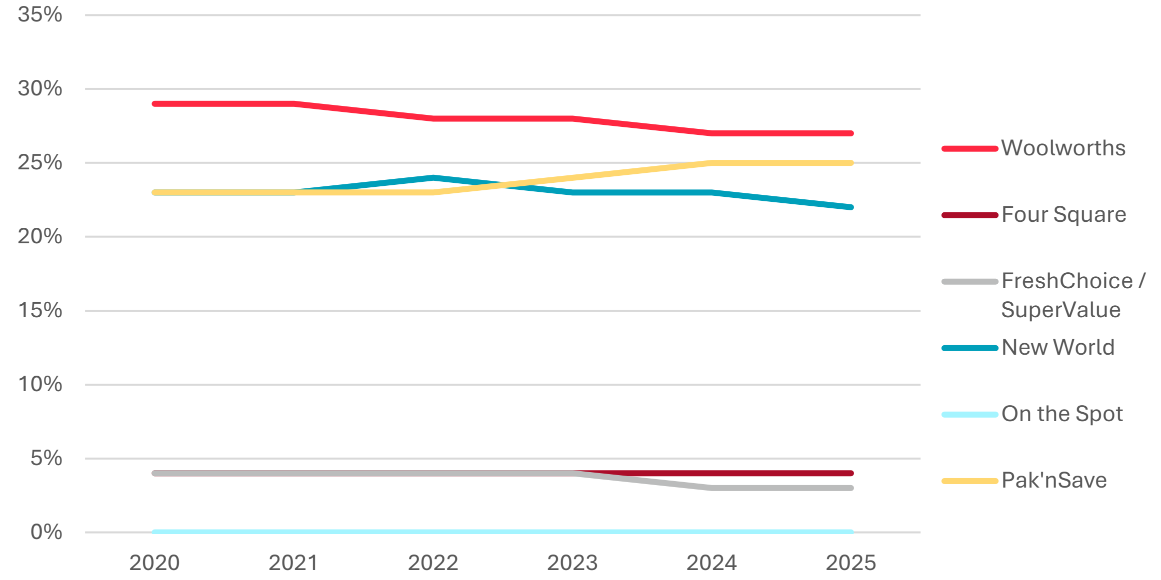
These measures show that New Zealand's retail grocery market remained highly concentrated in 2025. Changes in the grocery industry have not had an impact on the RGRs' market position, with RGR national market share remaining unchanged at 82%.

Figure 6: Market share of each RGR - 2020 to 2025



Source: Commission analysis of sales revenue provided by industry participants and Statistics New Zealand data

Figure 7: National market share by RGR banner - 2020 to 2025



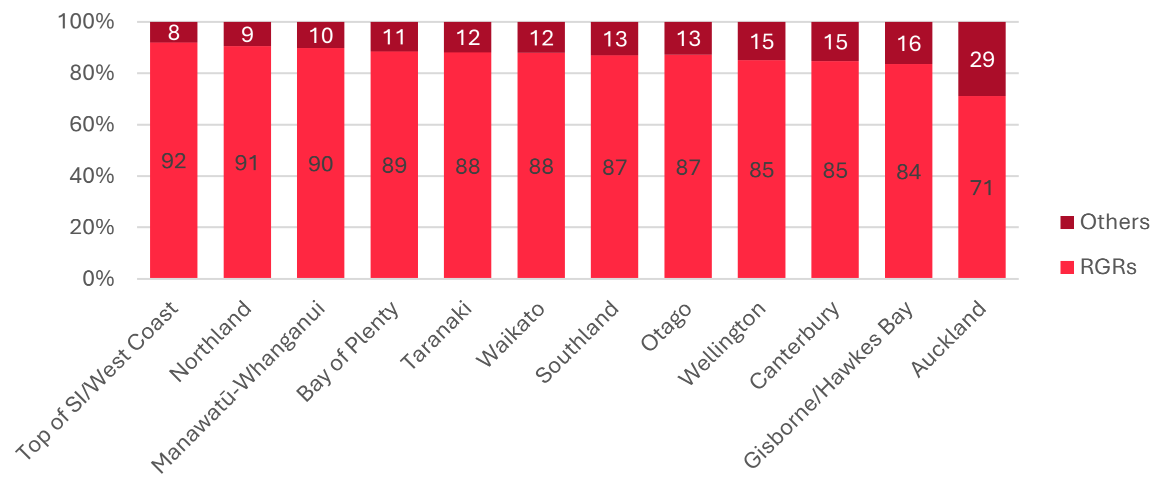
Source: Commission analysis of sales revenue provided by industry participants and Statistics New Zealand data

By RGR retail banner, Woolworths continued to have the largest share nationally at 27%, followed by Pak'nSave at 25% and New World at 22%. A one percentage point decrease for New World this year may reflect that consumers are still feeling the pressure of inflation. Pak'nSave had been slowly gaining market share from WWNZ as inflation was driving consumers to search for value, but this has stabilised in 2025, with only 2% now separating the two.

Regional market shares

At the regional level, market shares in the North Island stayed steady. In the South Island, other retailers gained one percentage point, with a corresponding one-point decrease for the RGRs.

Figure 8: Market share by region - 2025

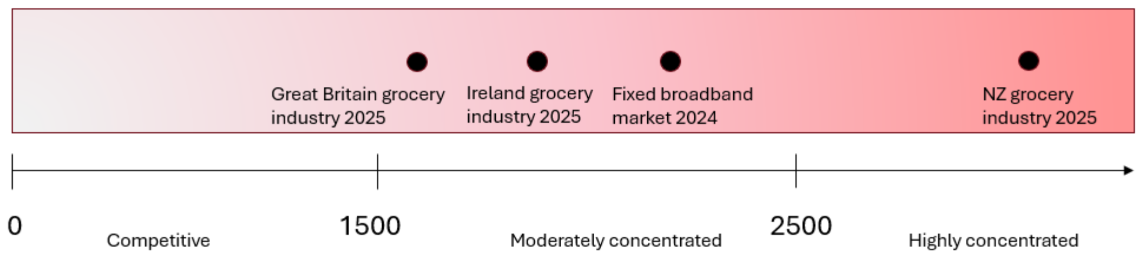


Source: Commission analysis of sales revenue provided by industry participants and Statistics New Zealand data

As with last year, RGRs held 71% of the Auckland market, making it the place with the most grocery competition in the country. We may see changes in market share in Auckland and Waikato once the recently announced Costco store opens in Drury.

Herfindahl-Hirschman Index (HHI)

An alternative measure of market concentration is the Herfindahl-Hirschman Index (**HHI**) which takes the market shares of each firm in a market.



New Zealand's grocery industry HHI for 2025 was 3,585 which indicates limited competitive pressure.[41] Concentration in Auckland also remains high, with the HHI increasing to 2,635 in 2025, from 2,561 in 2024.[42] By comparison, international benchmarks show little change, with the United Kingdom and Ireland continuing to sit within the moderately concentrated range, with HHI scores of 1,515 and 1,934 respectively.[43]

Measures of margins and profitability have remained stable

Margins and profitability have remained largely stable suggesting that competitive pressure is not meaningfully increasing. While FSNI and WWNZ experienced small margin decreases, FSSI's margins rose across both fresh and non-fresh categories, and FSNI and FSSI continue to sit at the top end of international profitability benchmarks.[44] These patterns are not what we would expect in a market experiencing increasing competition, where sustained downward pressure on margins would be more likely.

Foodstuffs South Island's margins increased

New Zealand consumers have experienced rising prices for many grocery goods over the past few years which may in part be explained by rising input costs, increased margins, or both. FSSI's margins increased in both fresh and non-fresh departments, whereas FSNI and WWNZ both saw their margins decrease between 2024 and 2025.

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41 Commerce Commission analysis of industry information.

42 Commerce Commission analysis of industry information.

43 Worldpanel by Numerator "Grocery Market Share Great Britain" (12 weeks ending 28 December 2025), https://market.worldpanelbynumerator.com/grocery-market-share/great-britain/snapshot; Worldpanel by Numerator "Grocery Market Share Ireland" (12 weeks ending 28 December 2025), https://market.worldpanelbynumerator.com/grocery-market-share/ireland/snapshot.

44 Commerce Commission analysis of industry information.

For fresh departments, the gross margin aggregated over all five RGR banners decreased by 0.81 percentage points in 2025.[45, 46] For non-fresh departments the gross margin aggregated over all five RGR banners decreased by 0.23 percentage points in 2025.

Table 6: Changes in gross margins for fresh and non-fresh product categories by RGR and banner from FY24 to FY25[47]

RGR	Banner	Change in price-cost margins (fresh)	Change in price-cost margins (non-fresh)
FSNI	New World	0.64 percentage point decrease	0.24 percentage point decrease
FSNI	Pak'nSave	1.28 percentage point decrease	0.96 percentage point decrease
FSSI	New World	0.25 percentage point increase	0.82 percentage point increase
FSSI	Pak'nSave	0.03 percentage point increase	0.78 percentage point increase
WWNZ	Woolworths	0.88 percentage point decrease	0.13 percentage point decrease

Source: Commerce Commission analysis of industry information

We analyse fresh and non-fresh product categories separately because their costs are recorded differently. For non-fresh products we used detailed SKU-level data, while for fresh products we used aggregated department-level data, as SKU-level information is not available. We do not compare gross margin levels across RGRs because each uses a different definition of cost of goods sold. However, comparing margins over time within each RGR is appropriate, as their cost definitions remain consistent throughout the period analysed.

Looking ahead to 2026

The developing conflict in the Middle East is expected to place additional cost pressures on grocery products in 2026, as well as concerns about the availability of certain products, particularly products that rely heavily on imports or transport-intensive supply chains. As well as impacting fuel prices, the conflict has led to surging fertiliser prices due to shipping disruptions, which could affect the costs associated with agricultural products.[48]

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45 The five fresh departments are bakery, butchery, produce, seafood, service deli.

46 The five RGR banners that were analysed are FSNI New World, FSNI Pak'nSave, FSSI New World, FSSI Pak'nSave, and Woolworths.

47 The methodology for this analysis is the same as previous years. See page 67 of the second annual grocery report. https://www.comcom.govt.nz/__data/assets/pdf_file/0028/368047/Annual-Grocery-Report-2024-6-August-2025-.pdf.

48 Food and Agriculture Organisation of the United Nations "FAO Chief Economist warns of severe global food security risks from disruption to Strait of Hormuz trade corridor" (26 March 2026), https://www.fao.org/newsroom/detail/fao-chief-economist-warns-of-severe-global-food-security-risks-from-disruption-to-strait-of-hormuz-trade-corridor/en.

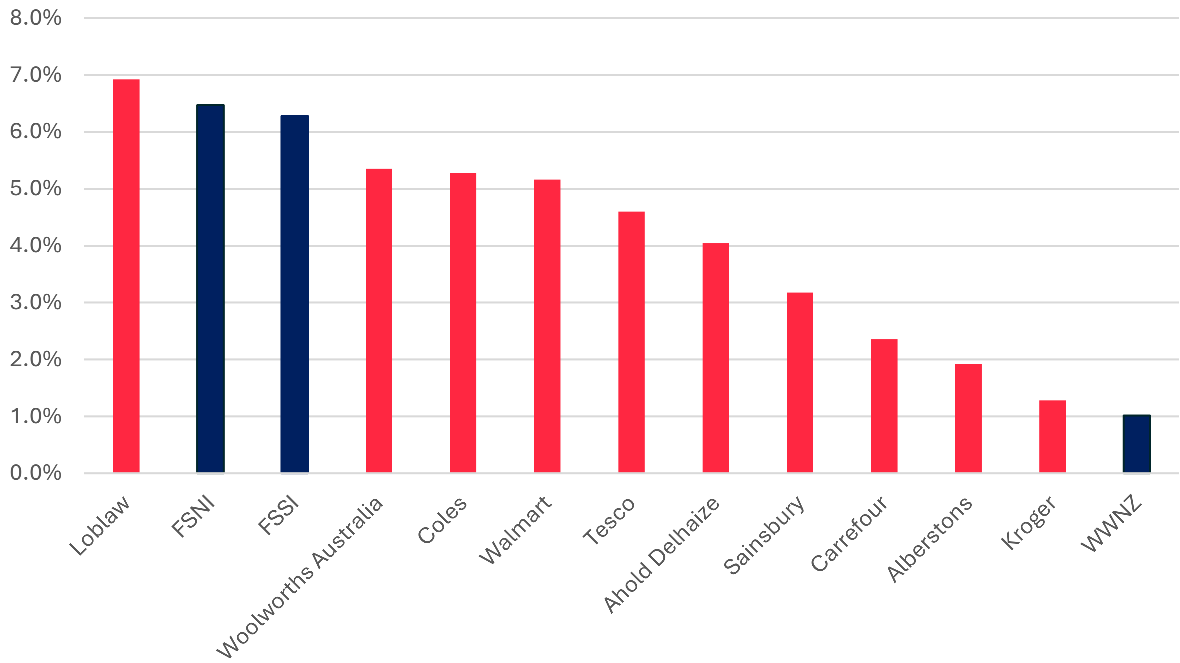
We will continue to monitor the margins of the RGRs and have set expectations with them that, as these cost increases flow through to retail prices, they are not used as an opportunity to widen margins, and that prices come down quickly when costs reduce. We also intend to explore options to further enhance our analysis of margins in the industry.

Profitability

While gross margin analysis focuses on the difference between the revenue earned from products and the cost to the RGRs of purchasing those products from suppliers, it does not include the operational or overhead costs of running the business. Earnings before interest and tax (**EBIT**) and net profit after tax (**NPAT**) provide a broader view of supermarket profitability because they reflect a wider set of operating costs.

Foodstuffs have maintained strong profitability, with FSNI and FSSI continuing to sit at the top end of the EBIT and NPAT margin range against international comparators. WWNZ's EBIT and NPAT margins steadily fell between FY21 and FY24 while the company invested in its transformation plans. In FY25 their EBIT and NPAT margin stabilised, and early indications are that these will rebound in FY26, with their FY26 half year results showing a 22.4% increase in EBIT "on the back of strong sales and cost efficiencies."[49]

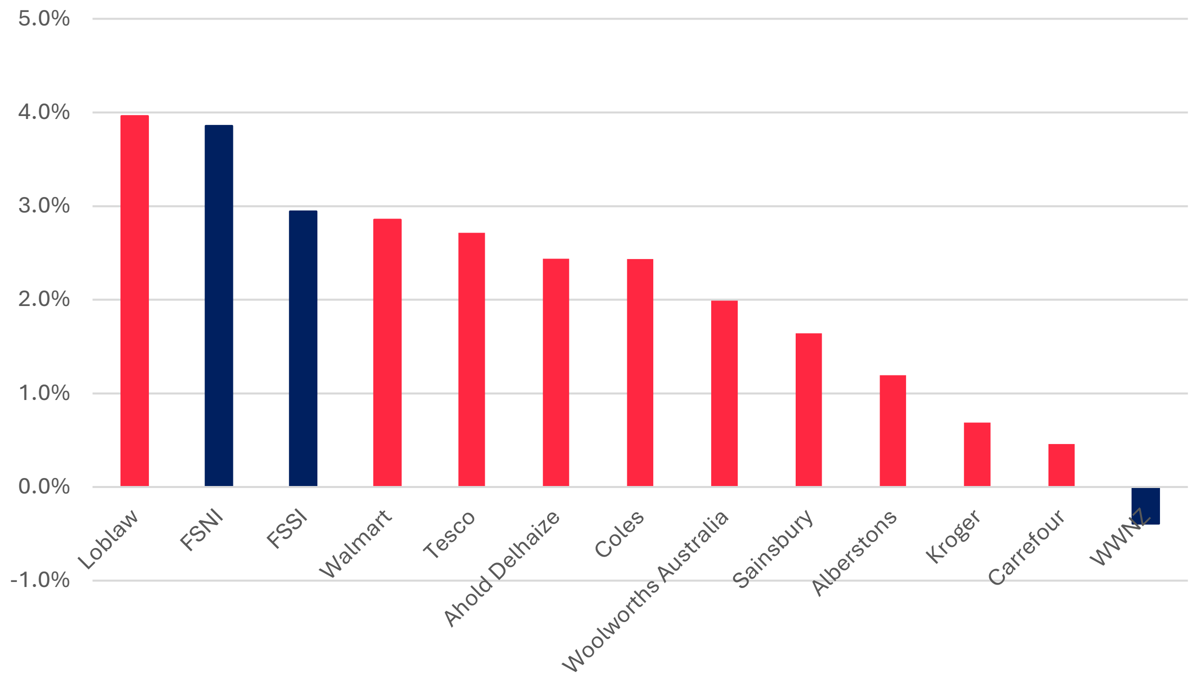
Figure 9: EBIT margins for NZ and overseas grocery retailers - 2025



Source: Commerce Commission analysis of company annual reports and industry information

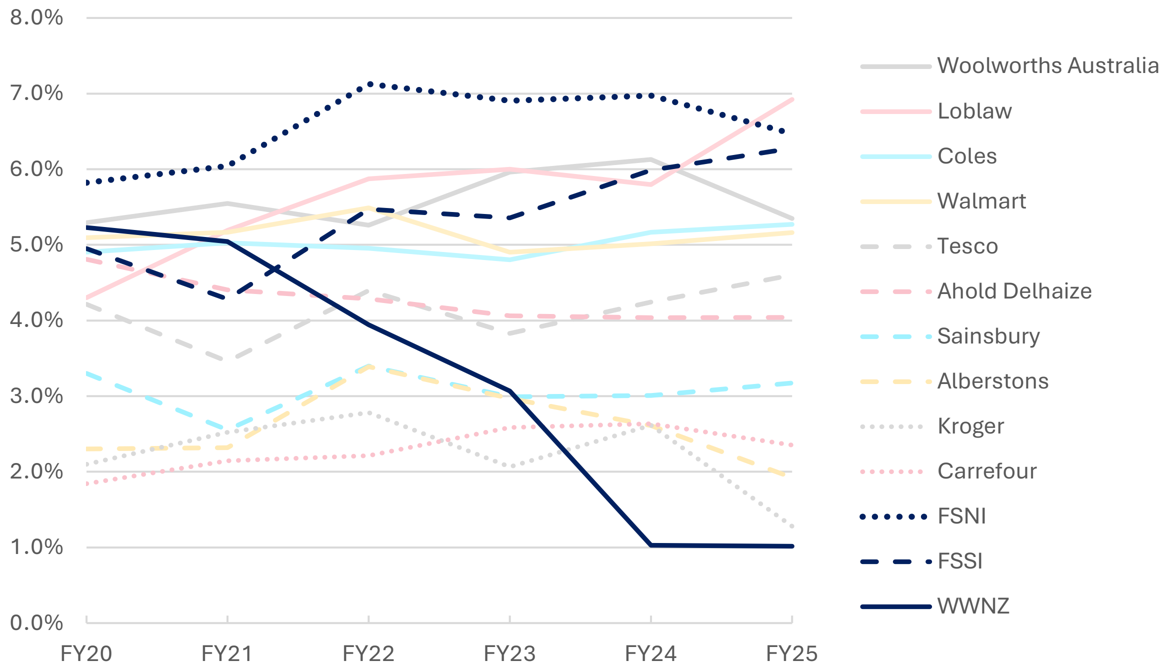
[49] Woolworths Group "F26 Half-Year Profit and Dividend Announcement" (25 February 2026), https://www.woolworthsgroup.com.au/content/dam/wwg/investors/reports/f26/h26/3029540.pdf.

Figure 10: NPAT margins for NZ and overseas grocery retailers - 2025



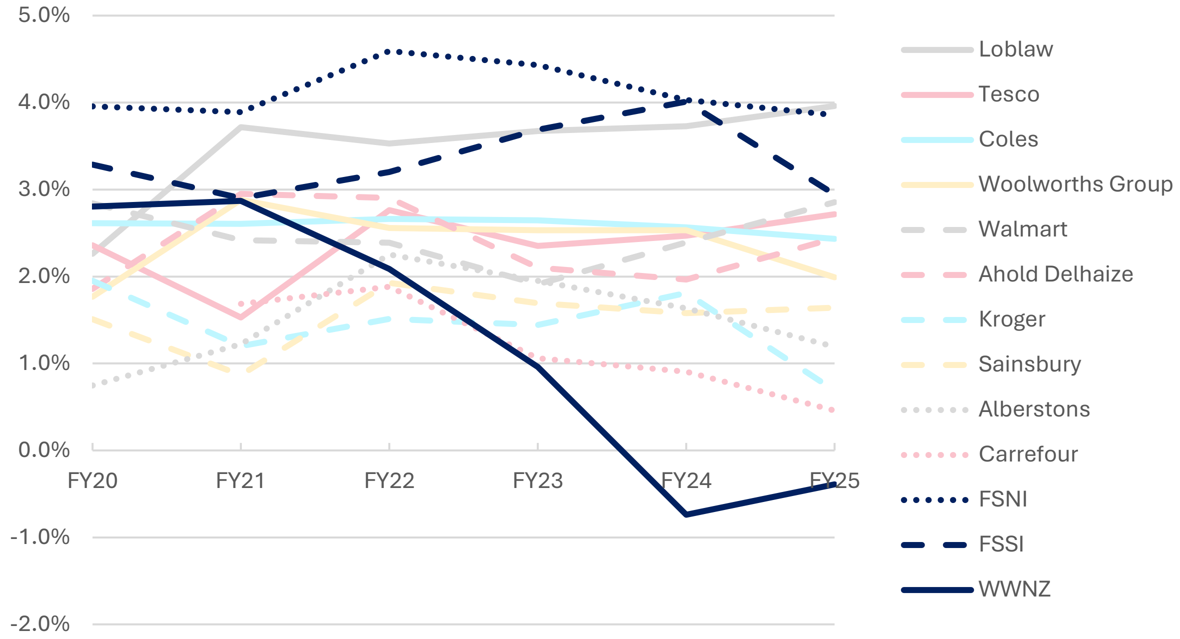
Source: Commerce Commission analysis of company annual reports and industry information

Figure 11: EBIT margins for New Zealand and overseas grocery retailers - 2020 to 2025



Source: Commerce Commission analysis of company annual reports and industry information

Figure 12: NPAT margins for New Zealand and overseas grocery retailers - 2020 to 2025



Source: Commerce Commission analysis of company annual reports and industry information

Majority of investment in bricks and mortar stores

Measuring investment and innovation helps indicate how effectively competition is working. Competition increases incentives for firms to invest, innovate, and differentiate. In workably competitive environments, firms invest across a broad range of assets not just physical infrastructure to gain an edge. Conversely where firms face limited competitive constraint, they tend to under-invest or focus on low-risk, maintenance-type capital rather than growth-oriented or innovative investment.

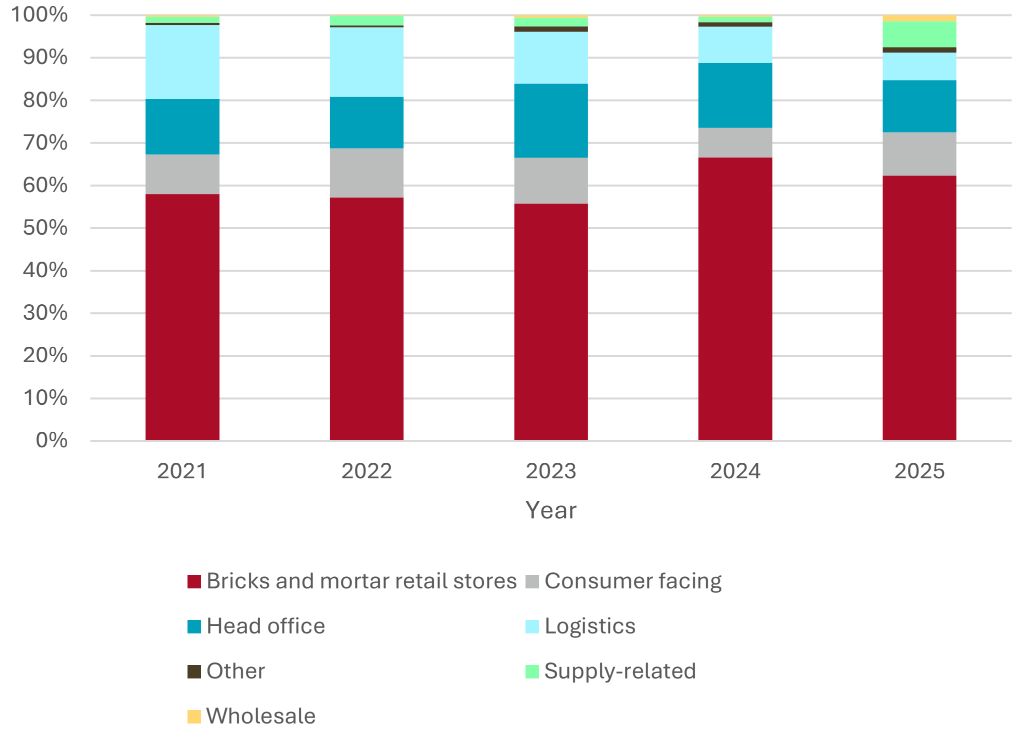
In 2025 the RGRs collectively invested $595 million, which was broadly in line with investment over the past five years.[50] While annual investment levels fluctuated, a consistent pattern was observed across the RGRs, with WWNZ typically recording the highest investment (likely as a result of its ongoing transformation programme), FSNI investing at moderately lower levels, and FSSI investing at less than half the level of the other two.[51]

Over the past five years, investment has predominantly been directed toward bricks-and-mortar infrastructure. On average between 2021 to 2025, 60% of total RGR investment spend has been on bricks and mortar retail stores, and in 2025, bricks-and-mortar accounted for 62% of RGRs' investment spend.[52]

50 Commission analysis of information provided by RGRs.
51 Commission analysis of information provided by RGRs.
52 Commission analysis of information provided by RGRs.

No other investment category accounted for more than 17% of total RGR spend in any given year. An exception was FSSI's supply-related investment in 2025, which reflected expenditure on an automated freezer facility and accounted for 27% of its total investment.[53] Outside of this, supply-related, wholesale and other investment categories were consistently low, typically representing only single-digit shares of investment for each RGR.[54]

Figure 13: Each category as % of total investment RGRs combined - 2021 to 2025



Source: Commerce Commission analysis of industry information

Food price inflation remains elevated

Retail food prices reflect the net effect of retail competition and changes in the cost to retailers of acquiring and selling food. Annual food price inflation has generally been over 5% per annum for the last 4 years, so many consumers are now much more tightly constrained.[55] Although inflation is influenced by global factors, the lack of competitive pressure reduces the ability of the market to temper prices when cost pressures ease.

Food price inflation eased in 2024 but has picked up again in 2025, with retail food prices increasing 4.6% in the year to December 2025.[56] Retail food prices continue to sit well above pre-inflation levels, and volatility across food categories persists, indicating that elevated food prices are likely to remain an issue into 2026.

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53 Commission analysis of information provided by RGRs.

54 Commission analysis of information provided by RGRs.

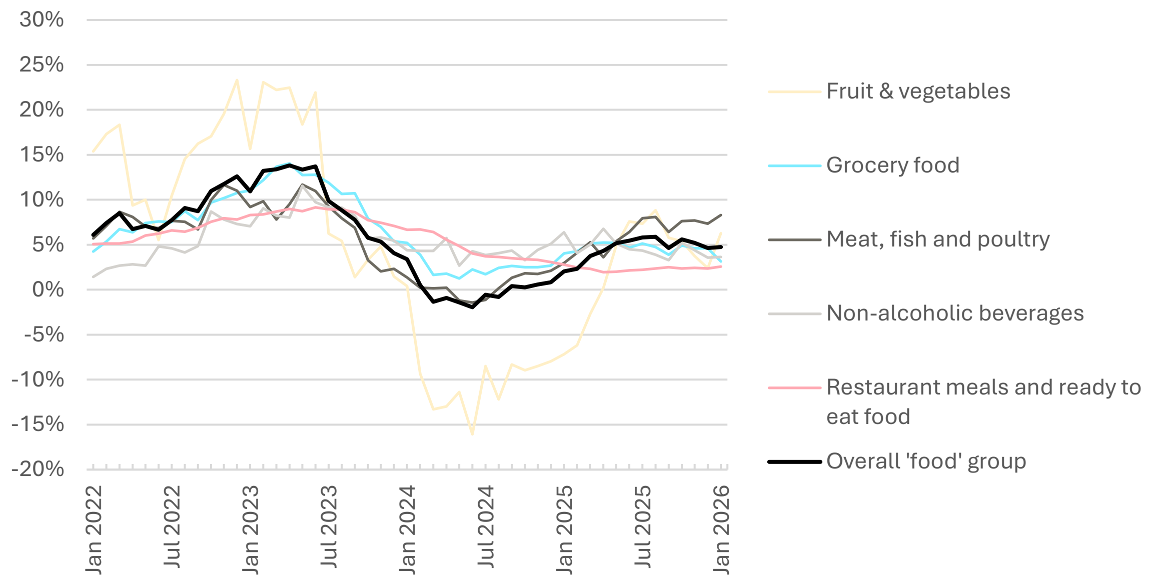
55 Based on the bespoke FPI which was generated by Statistics New Zealand. It is calculated as the FPI excluding the 'restaurant meals and ready to eat food' sub-group.

56 Commerce Commission analysis of Statistics New Zealand bespoke FPI index.

Compared with international comparators, New Zealand's food price inflation in 2025 tracked closely with the United Kingdom and Australia, with all three countries recording inflation in the 3–5% range – slightly higher than in 2024. New Zealand broadly mirrored pricing trends in the United Kingdom, while Australia experienced lower and more stable movements.[57] Fruit and vegetables were the most volatile subgroup in 2025, while meat, fish and poultry recorded the strongest increases, peaking at around 9% in early 2026. Most other food categories remained steadier, generally within the 2–5% range.

Over the longer term, all food price index subgroups have risen substantially, now sitting 24–32% above 2016 levels and 3–8% above 2025 levels.[58] In 2025, food price inflation grew more slowly than household energy and telecommunications costs but faster than insurance and rental housing.[59]

Figure 14: FPI overall group and subgroups annual % change - 2022 to 2026



Source: Statistics New Zealand Food Price Index[60]

[57] Australian Bureau of Statistics "Consumer Price Index, Australia" (28 January 2026), https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/dec-2025#data-downloads; Office for National Statistics "Consumer price inflation tables" (22 April 2026), https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation; Statistics New Zealand "Consumers price index: December 2025 quarter" (23 January 2026), https://www.stats.govt.nz/information-releases/consumers-price-index-december-2025-quarter/.

[58] Statistics New Zealand "Selected price indexes: February 2026" (17 March 2026), https://www.stats.govt.nz/information-releases/selected-price-indexes-february-2026/.

[59] Commission analysis of Statistics New Zealand Consumers Price Index and bespoke Food Price Index. Statistics New Zealand "Consumers price index: December 2025 quarter" (23 January 2026), https://www.stats.govt.nz/information-releases/consumers-price-index-december-2025-quarter/.

[60] 'Overall food group' and all sub-group data, except 'Grocery food', come from the Statistics New Zealand Food Price Index. 'Grocery food' data comes from a bespoke FPI generated by Statistics New Zealand. It is calculated as the FPI excluding the 'restaurant meals and ready-to-eat food' sub-group.

International comparisons – price and expenditure

In previous AGRs, we have included international price benchmarking using OECD countries as comparators, based on the methodology developed for the Market Study. Following further reflection on this approach, changes to the underlying OECD dataset, and feedback from stakeholders, we are currently updating our international benchmarking methodology. International price comparisons can be affected by a range of factors, including differences in food taxation, and we are seeking expert advice to develop a more robust, timely, and consistent method for comparing the cost of a standard basket of grocery items across countries. Once the revised methodology is finalised, we will provide an update to interested stakeholders and apply it in future AGRs. We also expect to publish a separate report on international price comparisons using the new methodology in the coming months.

Te aro ki ngā kiritaki

Focus on consumers

Chapter 2 outlines what is driving New Zealanders' shopping decisions, and actions taken to improve consumer outcomes.

The changing consumer experience

The drivers of New Zealanders' grocery decisions have remained broadly consistent with previous years, with most consumers still driven by price and convenience. 2025 saw a steady rise in online grocery shopping, reflecting improvements made by retailers to their online services. This may create opportunities for alternative retailers to target online shoppers, or for online-only retailers to expand to offering grocery products for sale.

Measures to improve consumer outcomes over 2025, such as the new Consumer Complaints Disclosure Standard, which requires publication of refund policies, along with the rollout of online unit pricing, strive to strength transparency and make it easier for consumers to compare offers, understand value, and resolve issues. These changes, alongside ongoing scrutiny of pricing integrity and promotional claims, signal slow but positive progress toward a more consumer-centric grocery market.

Price consciousness and convenience shape consumer behaviour

Recent consumer research shows that New Zealanders' grocery shopping choices continue to be driven by price and convenience.[61] Almost all consumers are driven by price when making grocery shopping decisions, 55% of consumers are budget constrained (have a fixed and limited budget to spend on food) and a further 33% of consumers are value conscious (seek to maximise overall value for money) – only a minority (12%) of consumers do not cite price as their primary motivator when shopping.[62]

Time saving and convenience also drive consumers, with 62% of consumers choosing where to shop based on how quickly they can get their shopping done.[63] This alongside RGRs' investment in online offerings has resulted in growing uptake of online shopping.

Continued growth in online sales

Online grocery sales have continued to grow, increasing from 7% of RGR sales revenue in 2024 to 8% in 2025.[64] This aligns with consumer research showing that consumers are increasingly valuing convenience. Individually each of the RGRs experienced online sales growth in the last year, ranging from 16% to 21%.[65] WWNZ's early launch of online services and focus in this area means that their online sales (as a percentage of their total revenue) is much higher than the other RGRs, sitting at 16% in 2025.[66]

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61 See Commerce Commission "2024 Annual Grocery Report" (6 August 2025), page 22, https://www.comcom.govt.nz/__data/assets/pdf_file/0028/368047/Annual-Grocery-Report-2024-6-August-2025-.pdf for previous findings on consumers' shopping preferences.

62 Consumer research (2024 – 2026) commissioned by FSSI.

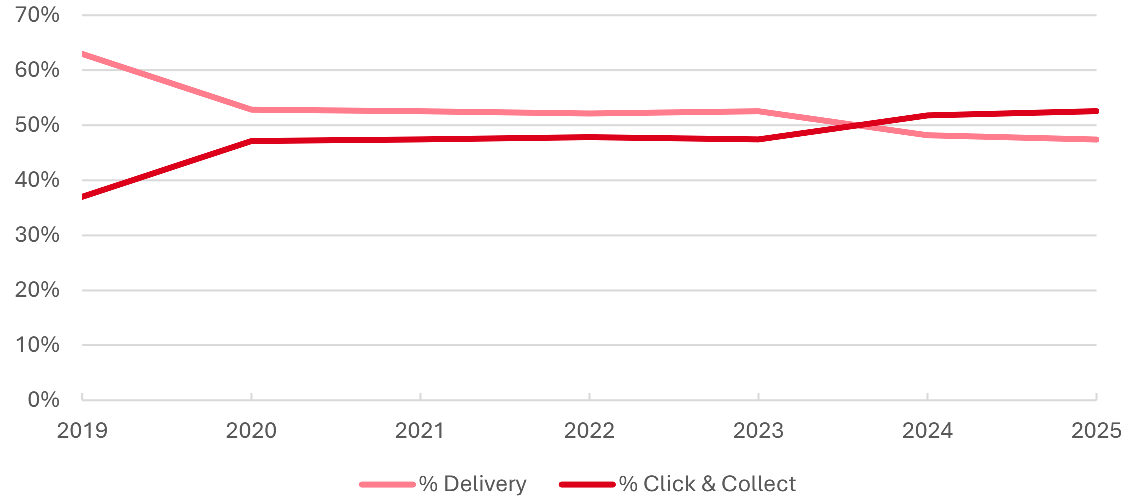
63 Consumer research (2024 – 2026) commissioned by FSSI.

64 Commerce Commission analysis of industry information.

65 Commerce Commission analysis of industry information.

66 Commerce Commission analysis of industry information.

Figure 15: RGR online sales by method - 2019 to 2025



Source: Commerce Commission analysis of industry information

Among online sales methods, click-and-collect remained the most used online fulfilment option in 2025, making up 53% of online sales, compared with 47% from delivery. All RGRs saw growth in both services, though click-and-collect is growing faster than delivery.[67] This could reflect consumers' price consciousness in recent years, since click-and-collect tends to be cheaper than delivery.

Usage of online services varies by age-group, with survey results from Perceptive showing that Millennials lead usage of online grocery services in New Zealand, as Millennials mainly value convenience and the ability to manage their spending more easily, including through running totals and simpler price comparison. [68]

Consumers take-up of online services has been supported by RGRs investments in this area. In 2025, there was a particular emphasis on rapid delivery speed, with WWNZ expanding services such as Express Delivery, MILKRUN and Direct to Boot, increased item limits for fast-fulfilment, and shortened delivery windows to one hour. FSSI added same-day delivery to most New World stores and upgraded its online search and ordering tools. FSNI invested in faster delivery options and upgraded the New World online platform.[69]

As RGRs expand and enhance their online offerings, this may influence the opportunities available to other retailers operating online channels. At the same time, improvements in online platforms make it easier for consumers to compare options across retailers. We will continue to monitor whether all retailers, including online-only retailers, are responding to consumer demands for innovation as we would expect to see in a competitive market.

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67 Commerce Commission analysis of industry information.

68 Perceptive "Trends in Consumer Behaviour" (11 December 2025), p. 18. https://www.perceptive.co.nz/hubfs/Resources_and_Articles/Inbound_Resources/campaign_27_Trends/PDFs/C27_Trends-in-NZ-Consumer-Behaviour-Report.pdf?hsCtaTracking=993a379c-45f1-4fe7-ba15-8c2b10efa29f%7C21c15aac-d9b9-45a4-91a8-465b79969486.

69 Commission analysis of information provided by RGRs.

Actions taken to improve outcomes for consumers

Over the past year, the Commission has taken several steps to strengthen consumer outcomes in the grocery industry aimed at improving transparency, ensuring accurate pricing, and supporting informed decision-making. Together, these initiatives strive to strengthen consumer protections, promote transparency, and help ensure that retailers compete fairly and responsibly in ways that deliver better outcomes for shoppers.

Consumer complaints disclosure standard introduced

In August 2025, we published the Consumer Complaints Disclosure Standard 2025 (**the Disclosure Standard**).[70]

The Disclosure Standard strengthens our oversight of price-integrity issues, promotional errors, and unit pricing issues. It also ensures that RGRs, both at head office and store level, maintain detailed records of complaints and refunds so they can identify emerging issues and take action to improve in-store experiences for consumers.

Under the Disclosure Standard, all three RGRs must provide to the Commission disaggregated, store-level data every six months on the number of consumer complaints and the number and value of refunds. New World, Pak'nSave, and Woolworths must also publish their price-integrity refund policies online, provide these to the Commission, and display a one-page summary of the policies in their stores.

The first interim disclosure of complaints and refund information, covering the three-month period from 1 April to 30 June 2026, is due in August 2026. This will give us an early snapshot and allow us to give feedback to the RGRs.

Refreshed RGRs refund policies improve outcomes for consumers

Engagement with RGRs throughout the development of the Disclosure Standard has already led to improvements. After raising concerns about the clarity and visibility of refund policies, FSSI and WWNZ made their policies more accessible to consumers, and both FSNI and FSSI introduced new refund policies that offer better refund outcomes for consumers.[71]

Helping consumers make informed decisions

When consumers can easily compare competing offers, they can make more informed choices and better assess value over time. This encourages retailers to improve their offers to attract

70 For more information see: https://www.comcom.govt.nz/regulated-industries/projects/consumer-complaints-disclosure-standard/?section=documents.

71 Commerce Commission "Consumer Complaints Disclosure Standard 2025: Decisions and Reasons Paper." (29 August 2025), para 2.28 & 2.30, https://www.comcom.govt.nz/assets/Documents/consumer-complaints-disclosure-standard/Consumer-Complaints-Disclosure-Standard-Reasons-Paper-29-August-2025.pdf.

customers. When comparisons are difficult, consumers may be less informed and less likely to shop around, which can weaken price competition.

Unit pricing

Supporting consumers to make informed choices remains a key focus. Unit pricing regulations, which now fully apply following the end of the transition period, require eligible retailers to clearly display unit prices both in-store and online.[72] This helps consumers compare value between products and across retailers, promoting more effective shopping decisions and supporting competitive pressure.

Consumer NZ unit pricing research

We commissioned Consumer NZ to assess how New Zealanders are engaging with the new unit pricing regulations and how understanding can be strengthened. The two phase research programme, including two nationally representative surveys and supporting consumer education materials, found high awareness but variable understanding, with some shoppers confusing unit price with overall price – particularly for bulk or multipack items.

Most respondents reported that unit pricing helps them save money and informs their choices, though a minority seldom use it due to unclear labelling, inconsistent units and complexity for variable weight products. The research also showed that decisions are often influenced by factors such as quality, specials, loyalty benefits and brand preference, and highlighted opportunities to improve usability through clearer labelling, highlighting lowest unit prices, and enhanced online filtering.[73]

Price comparison tools

Technology that helps consumers compare prices, such as independent price comparison sites or apps, can help consumers in their search for value. Not only can these tools lead to savings for consumers, but they can also encourage supermarkets to adopt more transparent pricing. Examples include Grocer app, Grosave app, and the PricePulse website.[74]

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72 New Zealand Legislation "Consumer Information Standards (Unit Pricing for Grocery Products) Regulations 2023" (31 July 2023), https://www.legislation.govt.nz/regulation/public/2023/0185/latest/LMS824115.html. Further information can be found on our website: https://www.comcom.govt.nz/regulated-industries/grocery/information-for-retailers-unit-pricing/.

73 Further detail available at: https://www.consumer.org.nz/articles/stretch-your-christmas-budget-further-trust-the-unit-price-not-the-promotion; https://www.consumer.org.nz/articles/unit-pricing-the-secret-to-saving-at-the-supermarket.

74 For further information on price comparison tools see pages 103 to 105 of AGR 2 (https://www.comcom.govt.nz/__data/assets/pdf_file/0028/368047/Annual-Grocery-Report-2024-6-August-2025-.pdf); and Consumer NZ "The 3 best grocery price comparison tools in New Zealand" (12 December 2025), https://www.consumer.org.nz/the-3-best-grocery-price-comparison-tools-in-new-zealand.

Consumers have the right to accurate pricing

Consumers have a right to accurate pricing. Pricing inaccuracies have been the cause of significant volumes of complaints over many years. Even small price discrepancies can lead to significant loss to New Zealand consumers due to the volume of goods sold.

Under the Fair Trading Act 1986 (**Fair Trading Act**), it is unlawful for businesses to make misleading representations about goods and services, which includes representations about price. Businesses must also have a reasonable basis to make a promotional claim.[75] As such, RGRs must ensure that the representations they make about their prices are clear, accurate and unambiguous. Consumers have a right to accurate pricing under the law, and we expect that supermarkets invest the time and effort to get pricing and promotions right.

In March 2025, we announced that two Pak'nSave stores (Silverdale and Mill Street) were now facing criminal charges laid under the Fair Trading Act for alleged pricing inaccuracies and misleading specials and in May 2025, charges were also laid under the Fair Trading Act against WWNZ.[76] Those litigation matters are ongoing – both Pak'nSave stores have pled guilty and a sentencing decision is reserved until at least 15 June 2026.[77] Other investigations concerning supermarket operators under the Fair Trading Act are in train.

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75 See the Commission's Fair Trading Act Pricing Fact Sheet for further information, https://comcom.govt.nz/__data/assets/pdf_file/0026/90746/Pricing-Fact-sheet-June-2017.pdf.

76 Radio New Zealand "Charges filed against two Pak'nSaves for 'misleading specials'" (4 March 2025), https://www.1news.co.nz/2025/03/04/charges-filed-against-two-paknsaves-for-misleading-specials/; Stuff NZ "Criminal charges against Woolworths NZ filed by Commerce Commission" (6 May 2025), https://www.stuff.co.nz/business/360679585/criminal-charges-against-woolworths-nzfiled-commerce-commission.

77 Waikato Times "Two Pak'nSave supermarkets plead their case against heavy fines for misleading pricing" (8 May 2026). https://www.waikatotimes.co.nz/business/361000410/two-paknsave-supermarkets-plead-their-case-against-heavy-fines-misleading-pricing.

WĀHANGA 3 CHAPTER 3

Te aro ki ngā kaiwhakarato

Focus on suppliers

Chapter 3 outlines the role suppliers play and the rules regarding their relationships with retailers.

Supplier-retailer relationships shape competition

RGRs and other grocery retailers source products from a wide range of New Zealand and international suppliers, including small local growers, craft and specialty producers, iwi-owned businesses, and large multinational firms. As the largest grocery buyers in the country, the RGRs are a critical route to market for many of these suppliers. Because suppliers compete for limited shelf space, RGRs consider factors such as product range, reliability of supply, target margins, ease of operations, and substitutability when deciding which products to stock.

Suppliers are generally far more dependent on RGRs than RGRs are on any individual supplier, which creates a significant imbalance in bargaining power. This imbalance can influence negotiations on matters such as supply agreements, decisions to list or delist products, and expectations around promotional activity. Although large suppliers do face some of the same challenges as smaller suppliers, they are generally in a stronger position to negotiate.

Ensuring that suppliers can negotiate fairly and in good faith with the RGRs is essential, not only to prevent suppliers being locked into arrangements that restrict their ability to work with other retailers, but also to support a competitive, diverse supply base. A healthy mix of suppliers ultimately benefits consumers by providing more choice, access to new products, and stronger price competition across the market.

Grocery supplier characteristics

Total supplier spend across the RGRs in 2025 was $18.6 billion, an increase from $18.3 billion reported in AGR2. The total number of suppliers has increased to 3,300, with FSNI and WWNZ having increased to 1,700 and 1,900 suppliers respectively, while FSSI has experienced a small reduction to 1,500 suppliers.[78]

Despite this increase in overall supplier numbers, the market continues to be characterised by a high concentration of spend among a relatively small group of suppliers. A total of 321 suppliers account for 90 per cent of total supplier spend across the RGRs, indicating that the top 10 per cent of suppliers receive the majority of RGRs' supplier spend.[79]

Use of rebates, payments and discounts

Rebates, discounts and payments (**RDPs**) between the RGRs and suppliers are financially significant, in FY25 they were worth approximately $6 billion representing 26% of combined RGR sales revenue.[80]

RDPs work for some suppliers who are set up to maximise their benefits. For these suppliers RDPs can be used to fund activities such as marketing activities, new product trials or clearance of end-of-stock lines for their benefit.

[78] Commerce Commission analysis of industry information.
[79] Commerce Commission analysis of industry information.
[80] Commerce Commission analysis of industry information.

For other suppliers RDPs are complex and it can be unclear to them what benefits they receive. There is also a concern that RDPs are being imposed or strongly requested by RGRs, for instance to externalise risks to and costs of the their businesses.

Compliance monitoring of RDPs under the Grocery Supply Code

The Grocery Supply Code (**Code**) includes rules to mitigate the harmful impacts of RDPs. Following the 2025 review of the Code, we undertook a compliance monitoring project to evaluate the extent to which the RGRs practices regarding RDPs align with the rules in the Code. Our findings from this project will assist us in reaching a view on whether limitations on RDPs in the Code are having the desired effect, identify compliance issues for further investigation and inform opportunities for stakeholder education.

Commerce Commission supplier survey

The Commission conducted its second grocery supplier survey in 2026, building on the baseline established by the inaugural survey completed in 2024. The survey is designed to track changes over time and provide updated evidence on supplier relationships, commercial practices, and emerging issues in the grocery sector.

A public report presenting the results of the second grocery supplier survey was published alongside this report and is available on the Commission's website.[81]

Supplier concentration

We recently initiated a project to analyse and interpret data on supplier concentration. We are looking at whether there are product categories in RGR stores that have a high supplier concentration, and what may be causing and reinforcing this concentration.

We intend to provide an update later in 2026. We invite retailers, suppliers, and other stakeholders to share their insights on grocery supplier concentration with the Commission to help inform this project. You can contact us through an enquiry or complaint via our website, or via our Anonymous Reporting Tool https://www.comcom.govt.nz/report-a-concern/.

81 The public report can be found here: https://www.comcom.govt.nz/regulated-industries/grocery/information-for-suppliers/.

Grocery Supply Code

The Grocery Supply Code sets out rules for the conduct of RGRs when dealing with grocery suppliers. It addresses the imbalance in bargaining power between RGRs and their suppliers. Its purpose is to promote competition and efficiency in the grocery industry by:

- promoting fair conduct, and prohibiting unfair conduct;
- promoting transparency and certainty about the terms of agreements; and
- contributing to a trading environment that supports competition, confident participants and a diverse range of suppliers in the grocery industry.

Review of the Grocery Supply Code

In line with our statutory duties, the first review of the operation and effectiveness of the Grocery Supply Code was completed in September 2025.[82] As a result of this review, a new code was made on 16 October 2025 and came into force on 1 May 2026.[83] The Code changes remove the ability for retailers to charge suppliers for groceries that become unfit for sale while under the retailer's control, such as when products are damaged or spoiled in-store. It also introduces new record-keeping requirements, including for unilateral variations, promotion funding, and payments required as a condition of supplying a new product.

Other changes to the Code include a provision addressing supplier concerns about potential retaliation. It also introduces changes to prevent "investment buying," where a retailer purchases excess stock at a promotional price and sells it after the promotional period has ended.[84]

Overview of investigation and enforcement activity

Breaches in the grocery sector was a priority area for enforcement for the Commission in 2024/25 and continues to be in 2025/26. This includes focusing on compliance by retailers and suppliers with codes and other obligations with an emphasis on anti-competitive behaviour and breach of obligations to act in good faith. We use our enforcement criteria when making decisions on whether to open an investigation, and what enforcement action to take at the end of an investigation.

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82 Commerce Commission "Review of the Grocery Supply Code" (accessed 1 April 2026), https://www.comcom.govt.nz/regulated-industries/projects/review-of-the-grocery-supply-code/.

83 Commerce Commission "Grocery Supply Code 2025" (16 October 2025), https://www.comcom.govt.nz/assets/Documents/review-of-the-grocery-supply-code/Grocery-Supply-Code-2025-16-October-2025.pdf.

84 Commerce Commission "Grocery Supply Code 2025" (16 October 2025), https://www.comcom.govt.nz/assets/Documents/review-of-the-grocery-supply-code/Grocery-Supply-Code-2025-16-October-2025.pdf

Since our last update in AGR2, we have investigated several potential breaches of the Act and Grocery Supply Code. For example:

- we issued a warning to FSNI for failing to deal with a supplier's price increase request in good faith and within prescribed timeframes;[85]
- in January 2026 we issued WWNZ with a warning for failing to inform suppliers of their right to request the retailer to review a decision to delist;[86]
- we have issued RGRs with several compliance advice letters in relation to supplier de-listings;[87] and
- we currently have investigations underway into FSNI and FSSI under sections 26, 31, 40 and 41 of the Act. These investigations relate to their wholesale obligations, including their obligation to notify the Commission about the operation of their wholesale offers. We have issued corrective notices on this matter.[88]

In terms of investigations under the Commerce Act 1986, in July 2025, we filed civil proceedings against FSNI and Gilmours Wholesale Limited for alleged cartel conduct (market allocation), as well as alleged breaches of the Grocery Industry Competition Act.[89] Our investigation found that FSNI and Gilmours entered into agreements with a national grocery supplier regarding the supply of products to a hospitality customer. The supplier and the customer both had considerable volumes of business with FSNI/Gilmours. When FSNI/Gilmours discovered the supplier and customer had established a direct trading relationship, they persuaded the supplier to re-route that business through them. FSNI/Gilmours are defending the case and we expect the trial to be held in February 2027. We have outlined current Fair Trading investigations in the grocery sector in Chapter 2 above. Details of other past and current investigations can be found of the Commission's Case Register: https://www.comcom.govt.nz/case-register/

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85 Commerce Commission "Case register" (accessed 20 May 2026), https://www.comcom.govt.nz/case-register/case-register-entries/foodstuffs-north-island-limited2/.

86 Commerce Commission "Case register" (accessed 20 May 2026), https://www.comcom.govt.nz/case-register/case-register-entries/woolworths-new-zealand-limited-2/.

87 Commerce Commission "Case register" (accessed 20 May 2026), https://www.comcom.govt.nz/case-register/case-register-entries/foodstuffs-north-island-pak-n-save-mt-albert/?section=documents; https://www.comcom.govt.nz/case-register/case-register-entries/woolworths-new-zealand-fresh-choice-flatbush-fresh-choice-otahuhu/.

88 Commerce Commission "Case register" (accessed 1 April 2026), https://www.comcom.govt.nz/case-register/case-register-entries/foodstuffs-north-island2/?section=media; https://www.comcom.govt.nz/case-register/case-register-entries/foodstuffs-south-island/?section=media.

89 Commerce Commission "Commerce Commission to file proceedings against Foodstuffs North Island and Gilmours, alleging cartel conduct" (15 July 2025), https://www.comcom.govt.nz/news-and-media/news-and-events/2025/commerce-commission-to-file-proceedings-against-foodstuffs-north-island-and-gilmours-alleging-cartel-conduct/.

Grocery Industry Dispute Resolution

The Grocery Industry Dispute Resolution Scheme (**Scheme**) is an independent out-of-court process set up under the Act and is designed to quickly and fairly resolve disputes about the supply of groceries. The Scheme has recently issued its first determination under the Act. [90]

[90] Further information on the Scheme can be found at: https://nzdrc.co.nz/gica-and-the-dispute-resolution-scheme-in-action/.

Ngā mahi e haere ake nei
Upcoming work programme

Chapter 4 outlines the Commission's upcoming grocery work programme.

Grocery regulation

This section outlines key projects in our ongoing work programme that we will continue to progress. The grocery industry remains complex, and our work will evolve as new developments or issues emerge.

Ongoing work programme

Our strategic focus in the grocery industry centres on strengthening supplier relationships, improving competitive conditions among retailers, and ensuring better outcomes for consumers:

- For suppliers, we prioritise clearer expectations under the Grocery Supply Code, improved transparency around cost pressures, and more effective dispute-resolution pathways;
- We expect suppliers and RGRs to offer other retailers a reasonable access to the range of products they demand at competitive prices which reflect efficient cost to serve, and non-discriminatory access to RDPs; and
- For consumers, our priorities include improving price clarity, reducing the complexity of promotional practices, and deepening insight into consumer behaviour to support fairer, more transparent market outcomes.

Wholesale Supply Inquiry

In September 2024 the Commission commenced an Inquiry under s 56 of the Act into the wholesale supply of groceries to consider whether additional regulation is needed.

In June 2025 we published our Preliminary Findings Paper which found that the wholesale supply regime is not having a material impact, and that there are issues with price, range, access and other issues.[91] For example, limited access to promotional funding from suppliers is making it difficult for competing retailers to match the promotional offers made by the RGRs, which makes it difficult for these retailers to compete on price.

Our preliminary view was that we have enough evidence to meet the threshold required by the Act to impose or recommend additional regulation to promote the purpose of the wholesale regime. However, at that stage we stated a preference for industry-led solutions to mitigate the need for additional regulation.

To allow time for industry to enact these changes our Preliminary Findings Paper extended the timeframes of the Inquiry. We are currently working closely with industry participants to understand actions that have been taken or are planned to improve wholesale supply.

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91 Commerce Commission "Wholesale Supply Inquiry" (5 June 2026), https://www.comcom.govt.nz/__data/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

The information provided by industry will contribute to our assessment of whether further intervention is needed.

We plan to publish a draft Inquiry Report in mid-2026.

How to get in touch

More information is available on our work on the grocery industry at https://comcom.govt.nz/regulated-industries/grocery and updates will be published through our social channels. You can find out more about how to subscribe and follow us at https://www.comcom.govt.nz/news-and-media/subscribe-and-follow-us/. You can make an enquiry or complaint on our website or contact us directly at contact@comcom.govt.nz.

If you are at all concerned about revealing your identity, our Anonymous Reporting Tool provides a secure channel for people to remain anonymous when coming forward to the Commission. Find out more about our Anonymous Reporting Tool on our website https://comcom.govt.nz/make-acomplaint.

About this report

This is the third of our annual grocery reports released under section 175 of the Act. This report forms part of the Commerce Commission's responsibilities under the Act, which requires us to monitor competition and efficiency in the grocery industry and report annually on how the industry is developing over time. It builds on the baseline established in our earlier reports and provides an updated assessment of the state of competition, including market structure, retailer conduct, consumer outcomes, and the impact of regulatory measures introduced since the Market Study.

The purpose of an annual report is to report on the state of competition in the grocery industry, raise awareness of emerging trends, inform the public (and Government) about the exercise of our powers under the Act and to demonstrate how any Government direction given to us has been considered in the performance of our powers under the Act.[92]

The report draws on data and information from RGRs and other industry participants, as well as our own monitoring, enforcement, and broader regulatory work, to evaluate whether the industry is becoming more competitive and delivering long-term benefits for consumers. We thank all those who have provided information underlying this report for their assistance.

This report primarily refers to the 2025 financial year. We have used the most up-to-date information reasonably available to us at the time of drafting this report, noting that the relevant time periods for analysis differ between metrics.

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92 Grocery Industry Competition Act 2023, section 175(2), (accessed 1 May 2026), https://www.legislation.govt.nz/act/public/2023/31/en/2023-06-26/#LMS743553.

We welcome feedback | Nau mai he kōrero

We welcome feedback on the format and content of this report, including on what might be missing and where improvements could be made for future reports. Your feedback will help ensure that we maximise the relevance and usefulness of the report for all stakeholders going forward. Feedback can be provided to Grocery.Regulation@comcom.govt.nz with the subject line “Annual grocery report feedback”.

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