

Required Report: Required - Public Distribution

Date: October 02, 2026

Report Number: NZ2026-0014

Report Name: Retail Foods Annual

Country: New Zealand

Post: Wellington

Report Category: Retail Foods

Prepared By:

Approved By: Lazaro Sandoval

Report Highlights:

U.S. food and agricultural products continue to experience strong demand in New Zealand. In 2025, U.S. agricultural exports to New Zealand increased by 22 percent to US \$626 million, reflecting rising demand for dairy ingredients, fresh and processed fruit, tree nuts, and feed products. New Zealand consumers continue to face relatively high food prices, which is impacting buying decisions and preferences. Grocery sector reforms and measures are facilitating the development of new retail outlets to support greater competition and lower cost for consumers. FAS/Wellington expects demand for consumer-oriented food products to continue to grow, creating opportunities for high-value imported food products from the United States.

Executive Summary:

New Zealand is an upper middle-income country with a GDP per capita of US\$49,000. In 2025, New Zealand's GDP reached US\$263 billion, making it the 51st largest economy in the world. The country is the world's 15th largest agricultural exporter by value and the second-largest dairy exporter.

Consumer-Oriented Agricultural Imports

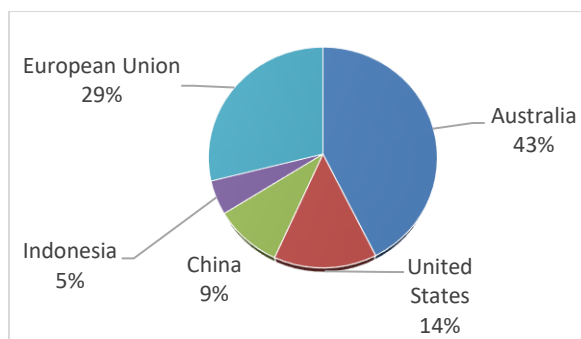


Chart 1: Top Exporting Countries to New Zealand 2025

Food Retail Industry:

New Zealand's food retail market remains highly concentrated, with Foodstuffs and Woolworths New Zealand collectively accounting for approximately 82 percent of the national grocery market with annual purchases of US\$10 billion.

Food Processing Industry:

New Zealand's food and beverage industry is the country's largest manufacturing sector, accounting for approximately one-third of total manufacturing. The fresh and processed produce industry generated US\$3.85 billion in exports in the year ending June 2025, including US\$414 million in vegetable exports. Consumers continue to value fresh, nutritious foods, supporting demand for high-quality fresh produce.

Food Service Industry:

In 2025, New Zealand's foodservice sector showed signs of recovery, with total hospitality sales reaching a record US\$9 billion for the year ended June 2025, up 1.4 percent. Growth strengthened toward the end of the year, including cafés and restaurants growth of 5.1 percent. High food, labor, rent, and other operating costs continued to constrain profitability. Takeaway foodservice was the strongest-performing segment for the year, growing 3.2 percent, while improving international tourism also supported demand.

Quick Facts CY 2025

Imports of Consumer-Oriented Products (US \$million)

US\$ 5.96 billion – Agricultural Products

US\$ 3.7 billion – Consumer Food Products

List of Top 10 Growth Products in New Zealand

- 1) Food preparations
- 2) Pet food
- 3) Pork
- 4) Bread and Confectionary Products
- 5) Coffee
- 6) Sauces & seasonings
- 7) Wine
- 8) Bananas
- 9) Grapes
- 10) Chocolate and Cocoa Products

Food Industry by Channels (U.S. billion)

Retail Food Industry	\$17
Food Service-HRI	\$13
Food and Agriculture Exports	\$36

Top 10 New Zealand Retailers

- 1) New World (Foodstuffs)
- 2) Pak n Save (Foodstuffs)
- 3) Woolworths NZ
- 4) The Warehouse
- 5) Four Square (Foodstuffs)
- 6) Super Value
- 7) Fresh Choice

GDP/Population

Population (millions): 5.3

GDP (billions USD): \$263

GDP per capita (USD): \$49,000

Sources: Trade Data Monitor LLC, ibisworld.com, Statistics New Zealand

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
- Minimum barriers to trade including low tariffs ranging from 0-5 percent.	- Strict biosecurity regulations on fresh produce. - High transportation costs due to long distance from United States.
Opportunities	Threats
- Strong consumer demand for value, high-quality products. - Produce from the United States is counter-seasonal. - Transportation costs are decreasing back to pre-COVID levels.	- High competition from neighboring countries e.g. Australia. - New Zealand importers prefer purchasing from countries with existing free-trade agreements in place.

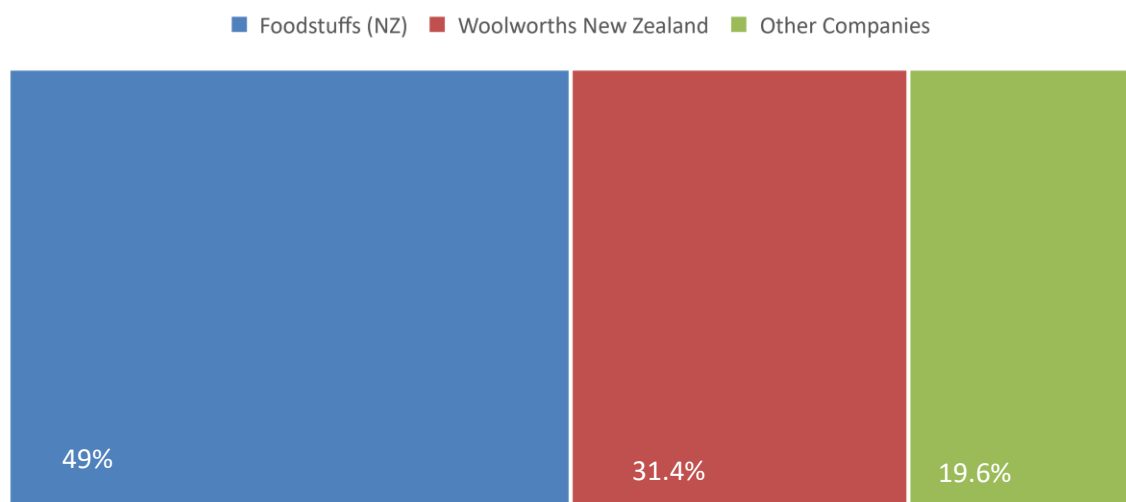
Section 1: Market Summary

New Zealand's grocery industry remains highly concentrated, with Foodstuffs and Woolworths continuing to dominate the market. In 2025, Foodstuffs North Island, Foodstuffs South Island and Woolworths together accounted for approximately 82 percent of the national grocery market. Foodstuffs operate as two cooperatives and encompasses the New World, PAK'nSAVE and Four Square brands, while Woolworths New Zealand operates Woolworths supermarkets as well as the FreshChoice and SuperValue smaller-store formats. Within the major supermarket segment, Woolworths held approximately 27 percent of the national market in 2025, followed by PAK'nSAVE at 25 percent and New World at 22 percent. The remaining market is made up of The Warehouse and other general retailers, independent and specialty grocers, convenience stores and other smaller operators.

Foodstuffs' cooperative structure is distinctive, with individual stores generally owned and operated by members of the cooperative, while purchasing, distribution and much of the marketing infrastructure is centrally coordinated. This gives Foodstuffs significant purchasing power while allowing individual operators some flexibility in sourcing and merchandising. Woolworths, which rebranded its Countdown stores in 2023, is part of the Australian-owned Woolworths Group and benefits from greater alignment of products and private-label ranges across Australia and New Zealand. For U.S. suppliers, access to these major supermarket groups is particularly important, as their combined market presence means securing distribution through a major retailer can provide significant national exposure.

Competition is gradually increasing with new retail entrants, particularly in Auckland, although it has not yet significantly changed the national market structure. Costco's Auckland operation generated US\$216 million in revenue in the years August 2024 to August 31, 2025, up 6.5 percent from the previous year, and recorded its first New Zealand profit of US\$95.4 million, demonstrating strong demand for the warehouse-club model. The Commerce Commission reported that the major supermarkets held 71 percent of the Auckland market in 2025, compared with 88 percent across the rest of New Zealand, while smaller and independent retailers continue to expand in Auckland and Christchurch.

Graph 1. Industry Market Share by Company 2025



Source: ibisworld.com

New Zealand's highly concentrated grocery sector continues to contribute to concerns about food affordability, alongside other structural factors including New Zealand's geographic isolation, freight and distribution costs, input costs and international commodity prices. Food-price inflation accelerated during 2025, with food prices rising 4.6 percent in the year January to July 2025. Prices continued to increase through early 2026, although the pace varied considerably by category. By June 2026, food prices were 2.5 percent higher than a year earlier, with grocery food prices up 1.9 percent and meat, poultry and fish up 6.2 percent.

Long-term affordability remains challenging for New Zealand households. According to the Commerce Commission, food prices in 2025 were approximately 24-32 percent higher than in 2016 across the major food categories, meaning that even when annual inflation moderates, consumers are paying substantially more than they did a decade ago. The Commission also found that New Zealand's food-price inflation in 2025 broadly tracked Australia and the United Kingdom, while noting that fruit and vegetables were particularly volatile, along with meat, fish and poultry, which recorded some of the strongest increases.

High grocery prices remain a significant political and consumer issue, increasing pressure for greater competition and more choice in the grocery sector. The National Government and Commerce Commission continue to focus on improving competition, reducing barriers to new entrants and making it easier for smaller retailers and alternative grocery models to compete. For U.S. food exporters, however, high consumer prices present both a challenge and an opportunity: consumers are increasingly price-conscious, but there is still demand for differentiated imported products that can demonstrate clear value, quality or innovation.

Grocery prices began rising again in 2025, and prices remain higher than the OECD average. The Commerce Commission (TCC), New Zealand's independent competition regulator, continues to monitor the sector through its [Annual Grocery Report](#), which assesses competition, efficiency, pricing, supplier relationships, and developments affecting consumers and market participants. The Commission's second Annual Grocery Report, released in August 2025, found that the major supermarket groups continued to account for approximately 82 percent of the national grocery retail market, demonstrating that New Zealand remains highly concentrated compared with overseas markets.

The Government's grocery competition reforms stem largely from the Commerce Commission's 2022 market study, which made 14 recommendations to improve competition, consumer transparency, supplier relationships, and market entry. The Government accepted 12 of the recommendations and pursued stronger measures on the remaining two. Key reforms implemented or underway by 2025 include:

1. The Grocery Industry Competition Act 2023 (GICA), establishing a framework for monitoring and regulating grocery competition and creating a wholesale supply regime intended to make it easier for new and existing retailers to access grocery products;
2. Amendments to the Commerce Act and Fair Trading Act, strengthening protections against anti-competitive conduct and unfair commercial practices;
3. Mandatory unit pricing, introduced in 2023 to make it easier for consumers to compare prices across different pack sizes and brands;
4. A mandatory Grocery Supply Code of Conduct, establishing rules governing relationships between the

major regulated grocery retailers and their suppliers and providing greater transparency and protection against unfair conduct;

5. A Grocery Industry Dispute Resolution Scheme, providing mechanisms for resolving disputes between grocery retailers and suppliers; and
6. Measures to facilitate new supermarket development, including amendments to the Fast-track Approvals Act to make qualifying supermarket developments that improve national or regional competition eligible for accelerated consenting.

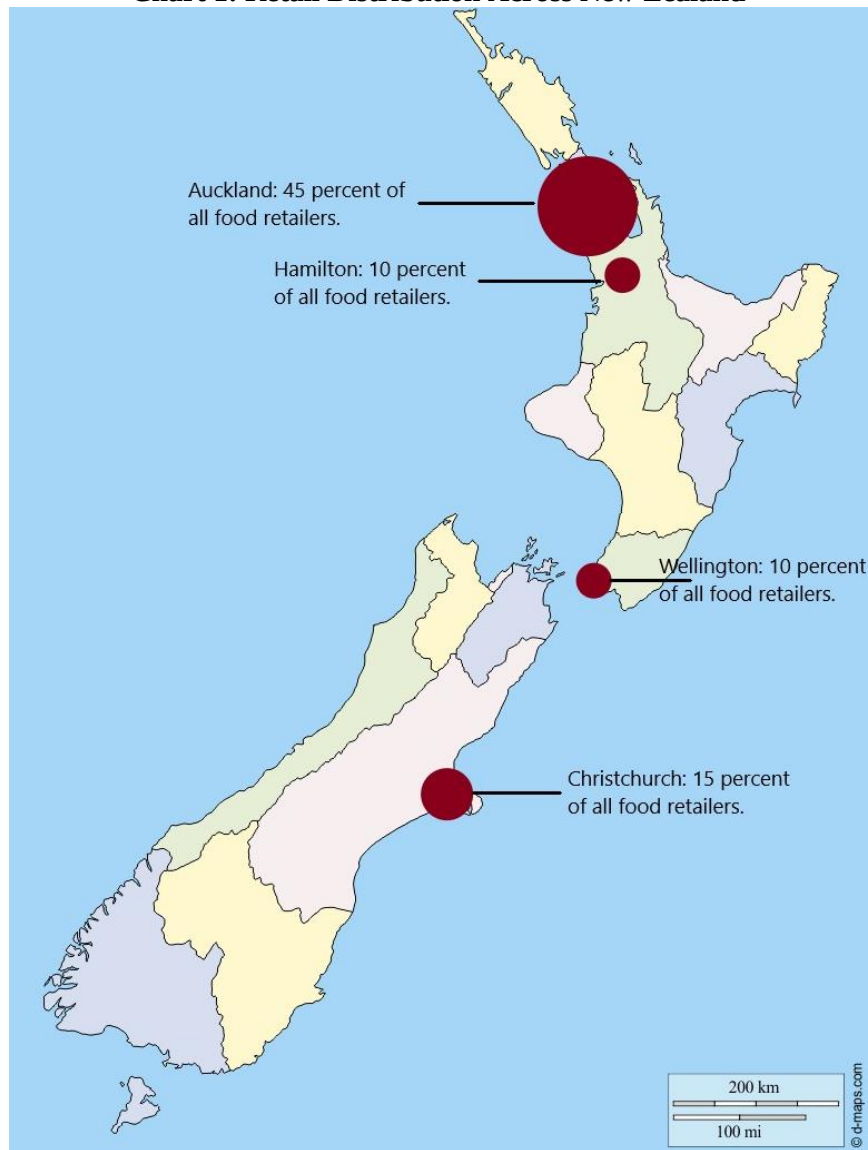
The Government intensified its efforts to attract new grocery competitors in 2025. A Request for Information (RFI), conducted from March 30 to May 12, 2025, received 24 responses from existing retailers, prospective competitors, industry groups, and other stakeholders. The process identified five prospective domestic competitors with credible plans to expand, as well as growth aspirations among several existing retailers. Major European chains Aldi and Lidl did not participate in the RFI. Meanwhile, Costco, which operates a store in West Auckland, confirmed that the government's proposed fast-track consenting approach would support its future expansion plans and identified opportunities for additional New Zealand stores.

In August 2025, the government subsequently announced an "express lane" for new supermarkets. Under the proposed changes, supermarket developments that improve regional or national grocery competition can qualify for the fast-track approval process. The government is also working to streamline building consents through a single consenting authority for eligible supermarket developments and to facilitate the use of standardized, pre-approved building designs. These measures are intended to reduce the regulatory and consenting barriers that have historically made supermarket development slow and costly; the government has indicated that qualifying developments could potentially be approved in under a year, compared with an average resource-consent period of approximately 18 months.

Despite these reforms, New Zealand's grocery retail market remains highly concentrated. The major regulated grocery retailers - Foodstuffs North Island, Foodstuffs South Island, and Woolworths New Zealand - collectively maintained approximately 82 percent of the national grocery retail market in 2025. The Commerce Commission noted that smaller and independent retailers have begun to expand, particularly in Auckland, but structural barriers such as economies of scale, incumbent brands, and wholesale access continue to constrain new entrants.

Auckland remains the country's largest and most important retail market. The Auckland region has an estimated population of approximately 1.55 million, representing about 29 percent of New Zealand's population. Auckland also has higher median personal income than the national average, at approximately NZ\$44,600 compared with NZ\$41,500 nationally. The region's large population, relatively high incomes, diverse consumer base, and concentration of retail infrastructure make Auckland the primary market for introducing new food and beverage products. Auckland is also becoming an increasingly important location for grocery innovation and new retail formats. The Commerce Commission reported increased activity among smaller and independent retailers in 2025, particularly in Auckland, providing consumers with greater access to different price points, products, and shopping experiences.

Chart 1: Retail Distribution Across New Zealand



Source: ibisworld.com

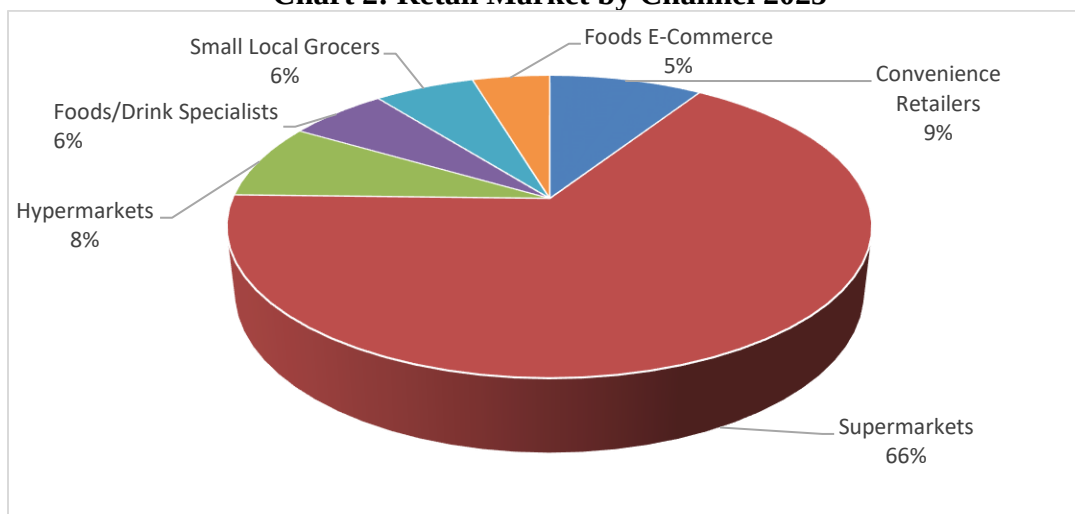
For U.S. food exporters, Auckland should therefore remain the primary target market, followed by Wellington and Christchurch/Canterbury. These markets combine large population centers, established retail and food service infrastructure, and relatively diverse consumer preferences. While Auckland offers the greatest potential sales volume, Wellington provides a strong market for premium, specialty, and differentiated products, while Christchurch and the wider Canterbury region provide an important South Island distribution and retail hub.

Geographically, the North Island remains the dominant retail market, accounting for roughly three-quarters of New Zealand's retail sales, with the South Island accounting for approximately one-quarter. This concentration reinforces the importance of Auckland and other major North Island centers for U.S. exporters seeking initial market entry, while Christchurch provides an important gateway for expanding distribution throughout the South Island.

Advantages and Challenges

ADVANTAGES	CHALLENGES
Affluent, sophisticated consumers: Consumers are generally receptive to premium, innovative, health-oriented and convenience products. There is opportunity for U.S. products positioned around quality, innovation, functionality, sustainability and value.	Highly concentrated retail sector: Foodstuffs and Woolworths control majority of grocery sales, meaning access to a major retailer is critical but difficult. A decision by one major buyer can have a significant impact on an exporter's potential sales.
Familiar market for U.S. companies: New Zealand has a transparent, English-speaking business environment and consumers are familiar with U.S. brands and products. This reduces some of the cultural barriers exporters face in less familiar markets.	Small market size: With a population of about 5.3 million, exporters need to assess whether expected sales justify the costs of registration, compliance, shipping, distributor margins and marketing.
Counter-seasonal opportunities: New Zealand's growing seasons are opposite those of the United States, creating opportunities for products that can complement domestic supply during New Zealand's off-season.	Long distance and freight costs: Shipping from the United States adds cost and complexity, especially for refrigerated, frozen or low-value/high-volume products.
Potentially strong margins for differentiated products: Because the market is relatively small, niche products can establish a following without needing enormous volumes. Products in categories like snacks, breakfast foods, sauces, functional beverages, nuts, specialty ingredients and premium packaged foods can fit well.	Strict food safety and biosecurity requirements: Imported food must comply with New Zealand's Food Act, Food Standards Code and MPI requirements. All food sold in New Zealand must be imported by a registered food importer, and labeling requirements can differ from those used in the United States.
Retail competition is slowly increasing: The government is actively trying to increase competition in grocery retail, while Costco and smaller retailers are creating additional channels beyond the traditional supermarket duopoly.	Australia is a major competitor: Australian products benefit from proximity, established supply chains and the Australia–New Zealand food regulatory environment, making Australian suppliers particularly competitive on many grocery products.

Chart 2: Retail Market by Channel 2025



Section 2: Road Map for Market Entry

Market entry

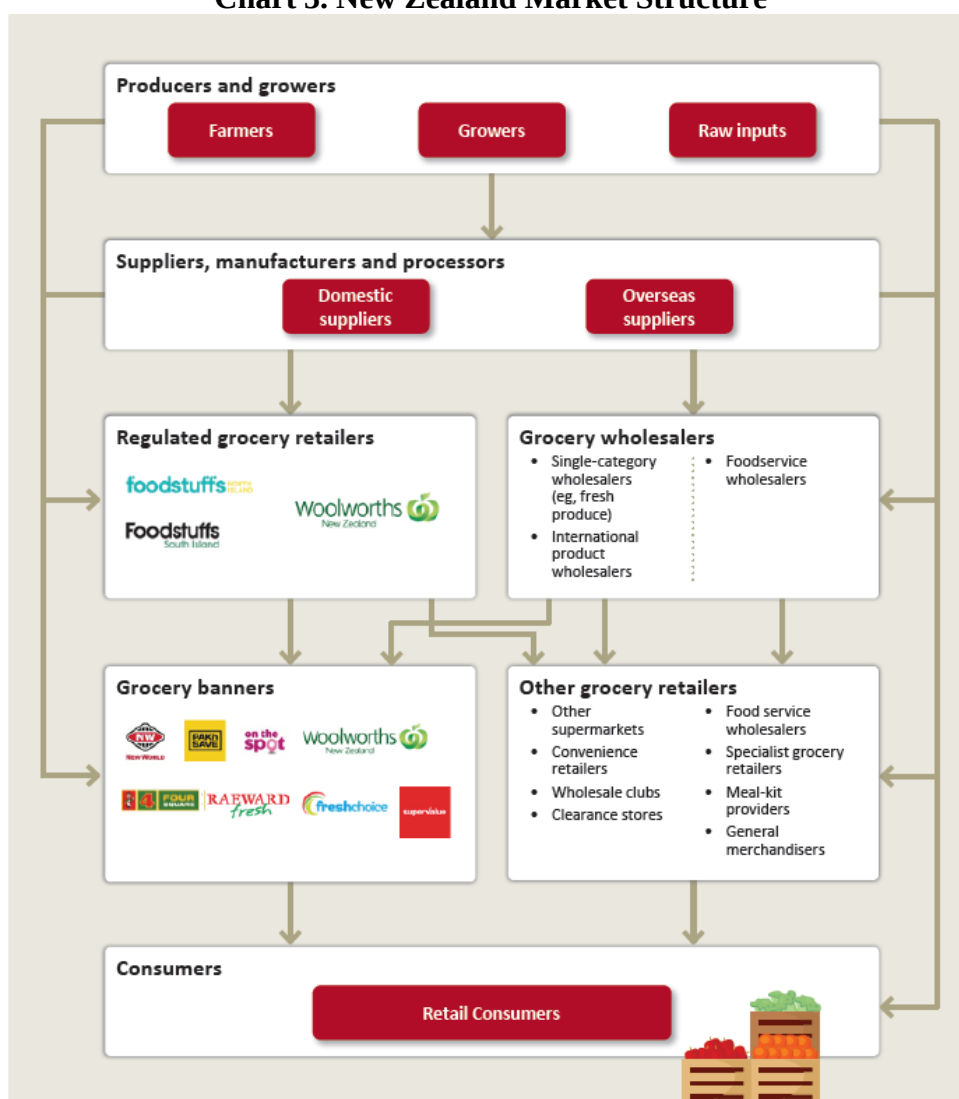


With the introduction of the “Fast-Track Act,” now is the ideal time for foreign retailers to invest in the New Zealand market through by expansion and/or a new establishment. Exporters should consider entering the New Zealand market through a distributor, importer, agent, or broker, and explore opportunities to localize global products by leveraging their brand strength while tailoring offerings to local tastes. New Zealand distributors maintain strong relationships with both independent retailers and supermarket chains. In most cases, particularly with large supermarket groups, retailers source exclusively from approved suppliers and pre-set catalogues. By partnering with a distributor who already understands these systems and has established connections, exporters can more effectively position their products with category managers and buyers at major wholesalers and supermarket chains.

New Zealand distributors need marketing support from product owners to make a strong impact in the market. For example, assisting the distributor with promotional material and suitable content for digital campaigns is advised. Prior to making any arrangement with a distributor, discussing promotions and marketing expectations is advised to ensure mutually beneficial outcomes. Due to the concentrated supermarket space, specialist knowledge from distributors of the regulations around in-store promotions, including in the digital space, needs to be utilized.

It is also possible for exporters to exhibit their products at New Zealand food shows. [Fine Food New Zealand](#) is a bi-annual event which brings together major buyers and importers from all over the country and region. The next scheduled event is June 21-23, 2027.

Chart 3. New Zealand Market Structure



Source: The Commerce Commission Annual Grocery Report

Sector Trends

Online grocery sales increased from 7 percent of major grocery retailers' sales revenue in 2024 to 8 percent in 2025, with individual retailers recording 16–21 percent growth. Click-and-collect accounted for 53 percent of online sales, compared with 47 percent for delivery, reflecting both demand for convenience and consumer price sensitivity. The major retailers continue to invest in faster delivery, same-day fulfilment, and improved online platforms.

New Zealand households spend just over 22 percent of income on food, making consumers increasingly selective and focused on value and essential purchases. Products with a clear point of difference, strong quality proposition, or significant health benefit continue to attract interest, while consumers are increasingly turning to private-label products to reduce costs.

Foodstuffs and Woolworths operate extensive private-label ranges across most food categories, with retailers

reporting that private-label products can generate margins approximately 8–10 percent higher than comparable branded products. For U.S. suppliers, opportunities remain for products offering clear value, quality, health, or innovation, as well as private-label supply arrangements.

Table 2. Company Profiles in the New Zealand Retail Space

Supermarket Group	Ownership	Market Share (approximate)	Store Names
Foodstuffs (NZ) Ltd	New Zealand owned; made up of three independently owned co-operatives	49 percent	New World - Full-service supermarkets
			Pak N Save - Retail food warehouses
			Gilmour's - Wholesale food warehouses
			Trent's - Wholesale food warehouses
			Liquor Land - Alcohol retailer
			Four Square- Convenience grocery stores
Progressive Enterprises	Owned by Woolworths Limited (Australia)	27 percent	Woolworths- Full-service supermarkets
			SUPERVALU - Convenience grocery stores
			Fresh Choice -Fresh and gourmet food stores
Warehouse Group	New Zealand Owned	10 percent	The Warehouse
Other independent and convenience stores	New Zealand Owned	9 percent	E.g. Night N Day
Farro Fresh New Zealand	New Zealand Owned	2 percent	Farro Fresh
Moore Wilson's	New Zealand Owned	>1 percent	Moore Wilsons

Section 3: Competition

New Zealand is a sophisticated market for imported food and agricultural products, but U.S. exporters face strong competition from geographically closer suppliers, particularly Australia and Asian countries, which benefit from shorter shipping distances, lower freight costs, and established regional trade relationships. Competition also comes from New Zealand's substantial domestic food production, particularly in meat, dairy, and fresh produce. For U.S. exporters, the strongest opportunities are products that can overcome the disadvantage of distance and freight costs through quality, innovation, premium positioning, strong branding, or unique product attributes.

Key U.S. opportunities include prepared foods, pet food, pork, fresh fruit, nuts, sauces and seasonings, and specialty beverages. Australia is the primary competitor across many consumer-oriented categories, while the European Union, China, Thailand, and other Asian suppliers compete strongly in processed foods, beverages, snacks, and specialty products.

U.S. product/category	Main competitors in New Zealand	Competitive advantage for U.S.
-----------------------	---------------------------------	--------------------------------

Pork	New Zealand, Australia, Canada, EU	Product quality, availability, U.S. genetics
Beef	New Zealand, Australia	Grain-fed, marbling, premium positioning
Nuts	Australia, China, Vietnam	Quality, variety, established U.S. supply
Prepared/processed foods	Australia, EU, China, Thailand	Innovation, brands, unique products
Snacks & confectionery	Australia, EU, Asia	U.S. brands, flavors, innovation
Breakfast cereals	Australia, EU	Product innovation, health/functional positioning
Pet food	Australia, EU, domestic NZ	Premiumization, specialized formulations
Wine	Australia, France, Italy, Chile	Variety, premium positioning, regional differentiation
Craft beer / hops	Australia, New Zealand, EU	U.S. hops, brewing innovation, distinctive styles
Dairy ingredients	New Zealand, Australia, EU	Specialty ingredients and formulations
Specialty/organic foods	Australia, EU, Asia	U.S. innovation and broad product range

Section 4: Best Product Prospects

Top Consumer-Oriented Products Imported from the World (\$US millions)

Product	2024	2025	Percentage Change
Food Preparations	424	458	8%
Pork Meat	165	162	-2%
Pet Food	201	186	-7%
Bread, Pastry, Cakes, Biscuits, and Similar Baked Products	151	152	0.5%
Lactose And Lactose Syrup	89	120	35%
Cocoa Preparations	103	113	10%
Sauces and Preparations	103	98	-5%
Non-alcoholic Beverages	88	86	-1%
Sugar and Confectionary Products	85	94	10%
Bananas, Fresh or Dried	56	59	6.6%

Top Consumer-Oriented Products Imported from the United States (\$US millions)

Product	2024	2025	Percentage Change
Lactose and Lactose Syrup	50	84	68%
Food Preparations	62	58	-7%
Pork Meat	33	24	-27%
Pet Food	23	20	-13%
Whiskies	19	17	-9%
Fresh Oranges	6.1	5.6	-9%
Waters, including Mineral Waters	6.6	9	35%
Almonds, Fresh Or Dried, Shelled	5.4	8.4	56%
Tomatoes	8	5.3	-35%
Cheese	7.4	6.7	-9%

United States exports of lactose, almonds, and other specialty ingredients to New Zealand have benefited from demand from New Zealand's food-processing and dairy industries. The United States supplies more than [55 percent of New Zealand's lactose imports](#), which are primarily used in milk-powder production, while U.S. almonds benefit from strong demand for use in products such as confectionery and almond milk. For water and other premium beverages, growth in demand is likely more product and brand-specific than for lactose and almonds.

Products Present in Market with Good Sales Potential

At present, products with good sales potential are: pork, beef, tree nuts, grapes and other selected fruit, wine, coffee, chocolate/cocoa, snack foods, sauces and seasonings, pet food, food preparations and specialty ingredients, breakfast products, premium/functional foods and beverages.

Products Not Present in Market with Good Sales Potential

If these products were in the market or if their presence expanded, they would have good sales potential: functional beverages, high-protein breakfast foods and snacks, specialty U.S. sauces, rubs and BBQ products, specialty grains and pulses, premium U.S. snack products, specialty baking ingredients, regional U.S. food products, premium pet treats, selected craft beer and spirits, and innovative health/wellness foods.

Product Not Present in Market due to Significant Barriers

Certain fresh fruits and vegetables without an established import protocol along with certain fresh/chilled poultry, selected dairy products, certain seafood/shellfish, live plants and planting material, certain seeds, live animals and animal genetic material, unprocessed agricultural commodities without an established import protocol.

Section 5: Key Contacts and Further Information

Name	Function
Commerce Commission	Consumer protection authority
Food Standards Australia New Zealand (FSANZ)	Governing code for food regulation
Import Health Standards (IHS)	Outlines the biosecurity requirements
Ministry of Business Innovation & Employment	Governing body of business in NZ
Ministry of Primary Industries (MPI)	Governing body of exports and primary sector
NZ Customs Service	Governing body for protecting NZ's borders

Agricultural Affairs Office Embassy of the United States of America 29 Fitzherbert Terrace, Thorndon, Wellington 6011 New Zealand http://www.fas.usda.gov	Phone: +64 (4) 462 6030 Email: agwellington@usda.gov
---	--

Attachments:

No Attachments