

# FROM AISLES TO OLIGOPOLIES: NEW INSIGHTS ON SUPERMARKET COMPETITION IN AUSTRALIA

Matthew Elias

Australia's supermarkets are highly concentrated, relative to other industries in Australia and the same industry overseas. The recent period of high inflation has renewed concerns about the state of competition in the sector, particularly in terms of the dominance of Coles and Woolworths. In this research, I assess sales concentration and consumer inertia within local areas and at individual stores. This evidence reflects the local nature of competition in grocery retailing. I find:

- Sales are often very highly concentrated towards Coles and Woolworths at the local level.
- High concentration is not primarily driven by a lack of brand choice. Many local areas with high concentration have stores from all four major brands. There are exceptions to this, such as some local monopolies in regional areas.
- Consumers display long lasting inertia in their choice of supermarket – many do not vary the location of their largest valued shops month-to-month and that persists over long periods of time. This behaviour is likely to be reducing the degree of competitive rivalry between supermarkets.

I show differences across local areas that highlight the importance of considering local conditions and consumer behaviour when assessing supermarket competition. Furthermore, policymakers concerned about supermarket competition should note the importance of consumer inertia and consider promoting demand-side interventions – such as price comparison platforms – to promote competition and help Australians find the best deals.

## 1. A renewed focus on supermarket competition in Australia

Competition is a force for good. It spurs innovation amongst firms and leads to higher quality goods and services and lower prices for consumers. But there is evidence of declining market dynamism in Australia, with rising markups and the top firms remaining at the top for longer (Andrews, Dywer, & Triggs, 2023; Hambur, 2023; Hambur & La Cava, 2018).

Australia's supermarket sector is one of the most concentrated industries in Australia and is more concentrated than in other high-income economies (Figure 1a).<sup>1</sup> The sector is dominated by two major supermarket chains, Coles and Woolworths, collectively accounting for over 70% of grocery sales (Minifie et al., 2017). Furthermore, rising grocery prices have been a particularly salient part of the high inflation environment of recent years (Figure 1b). This combination of high concentration and price inflation has focused attention on supermarket competition and led to accusations of "price-gouging".<sup>2</sup>

Earlier this year, the Federal Government directed the ACCC to conduct a 12 month inquiry into the supermarket sector. An interim report was released in late September.<sup>3</sup> The ACCC's report covers a wide range of issues, based on analysis of a range of evidence including a consumer survey, data obtained from the major supermarkets and stakeholder feedback.

This research fills two remaining gaps in the evidence base on Australian supermarket competition by constructing a new data source – consumer bank transactions linked to individual store locations – which provides a more granular perspective on grocery market dynamics.

First, I present the first systematic assessment of supermarket concentration at the local level - i.e. the level that consumers actually experience. Whilst national indicators are useful, supermarkets do not compete for customers nationally. Most grocery expenditure still occurs at a physical store, despite the growth of online shopping.<sup>4</sup> The inconvenience and cost of commuting means consumers travel short distances for their supermarket shopping, typically only a few kilometres.

Second, I follow individual consumers over time to see how the store of their primary grocery shop changes. I find evidence of persistent consumer inertia, with many consumers shopping at the same brand month-to-month.

I conclude with a discussion of government policy, highlighting the potential for demand-side interventions to promote competition (in addition to interventions to address the supply-side barriers that are often discussed).

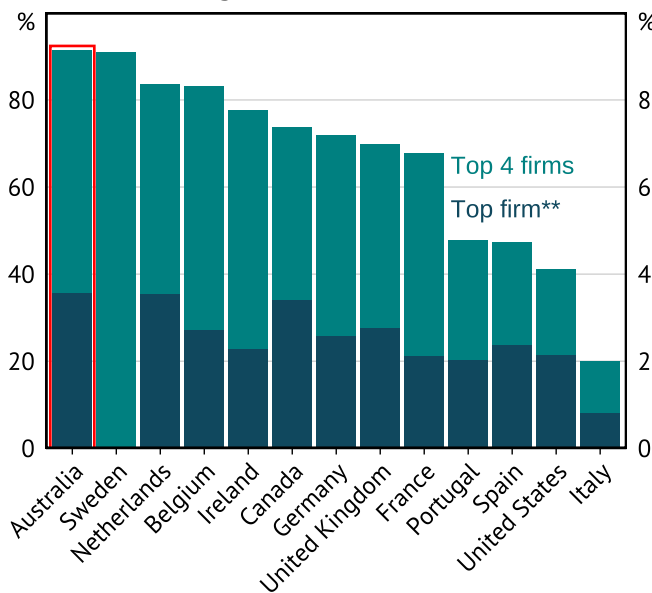
1 Supermarkets ranks 17th most concentrated out of 77 three-digit ANZSIC industries, from Table 8.1 of Bakhtiari (2019).

2 Supermarket spending accounts for 10% of total household consumption (Australian Bureau of Statistics [ABS], 2022).

3 A separate inquiry into the Food and Grocery Code of Conduct was released in June, focused on the relationship between supermarkets and their suppliers. Earlier, in May, a Senate Select Committee on Supermarket Prices released its final report. Separately, the Federal opposition has proposed the introduction of new powers to allow the breaking-up of the major supermarket chains.

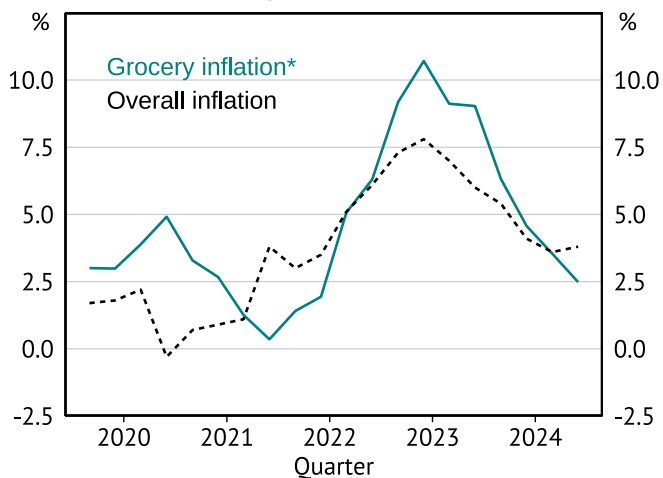
4 Australian Competition & Consumer Commission (ACCC, 2024) reports that 85% of consumers primarily shop for groceries in-store.

**Figure 1a: Supermarket concentration across high-income countries\***



\* Constructed using data from Minifie (2017), which is not always the same year across countries. Years range from 2010-2017  
 \*\* Data on largest firm's market share was not available for Sweden  
 Source: Minifie (2017)

**Figure 1b: Year ended price inflation by price index**



\* Grocery price index series constructed using food and non-alcoholic beverages, excluding meals out and takeaway & fruit and vegetables, with appropriate re-weighting.  
 Sources: ABS; e61

## 2. Sales concentration between local supermarkets is generally high

Measurement of a firm's market power typically starts with estimates of how concentrated sales are amongst particular firms within a market. This involves firstly defining the market - identifying firms that are close substitutes of one another and the geographic scope - then calculating each firm's share of total sales.

To date, statements about Coles' and Woolworths' market power have typically relied upon concentration measures that use data aggregated at the national level. Coles and Woolworths operate the largest networks of stores and collectively account for a large share of national sales.<sup>5</sup> But it is not clear how this translates to the local level since not every brand operates a store in every locality.

Recent overseas evidence has highlighted differences in interpreting changes in market concentration over time depending on the size of geographic market chosen (Autor et al., 2023; Rossi-Hansberg et al., 2021). This research note provides the first systematic assessment of the cross-sectional distribution of local sales concentration in Australia using a novel source of micro data. I construct a consumer-store panel dataset built from bank transactions occurring in the 2022 calendar year where I am able to identify the geographic location of the store associated with each individual supermarket transaction.<sup>6</sup>

For a given store, a local market is constructed around it encompassing the set of grocery stores located within a fixed distance, defined by evidence from ACCC (2008b) on consumer's willingness to travel. This proxies the set of nearby competitors the store faces.<sup>7</sup> I focus on supermarkets located in NSW and the ACT, allowing for analysis over a wide geographic area whilst balancing the time cost of geocoding the transactions.

Within each local market, I calculate the share of total spending that each supermarket brand receives. Sales concentration is then estimated using the Herfindahl-Hirschman Index (HHI), calculated as the sum of squared market shares for supermarket brands ( $m_b$ ).

$$HHI = 10000 \times \sum_{b \in L} m_b^2 \text{ where } L \text{ is the set of brands operating in the local market.}$$

<sup>5</sup> Coles and Woolworths respectively operate 840 and 1095 grocery stores nationwide respectively, whilst Aldi operates 590 (Aldi, 2024; Coles Group, 2024; Woolworths Group, 2023)

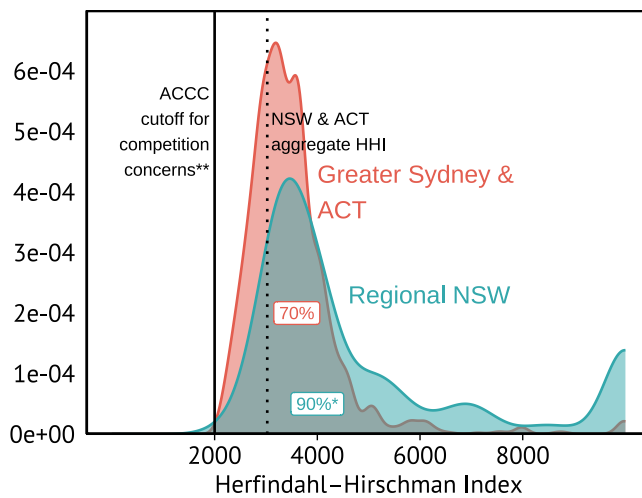
<sup>6</sup> See Appendix A for the details on how the data was constructed.

<sup>7</sup> See Appendix B for additional details on local market construction and the estimation of market shares.

Taking values between 0 and 10,000, larger HHI values correspond to higher market concentration, with 10,000 representing a local monopoly. The distribution of HHI estimates are plotted in Figure 2a.

**Figure 2a: Distribution of local sales concentration for supermarket brands**

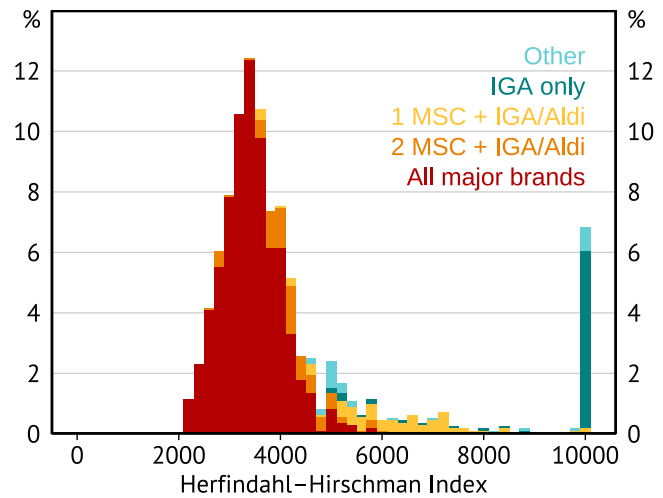
For local markets located in NSW & ACT, by region



\* Percentage denotes proportion of local market areas where concentration is higher than the NSW & ACT aggregate HHI level.  
\*\* See ACCC Merger Guidelines for information on the 2000 HHI cutoff.

**Figure 2b: Histogram of local market sales concentration**

By composition of brands operating in local market\*



\* This analysis focuses only on the presence of Australia's four largest brands: Coles & Woolworths (MSCs), Aldi and IGA.

## Supermarket concentration at the local level is generally high, especially in regional areas

I find considerable variation in the degree of sales concentration across local markets. Every local market under study possessed a HHI value high enough to raise potential competition concerns with the ACCC.<sup>8</sup> 95% of local markets could be considered “highly concentrated” under the US Department of Justice’s HHI threshold.<sup>9</sup> If the level of concentration suggested by national data is cause for concern, 77% of local markets are more concentrated relative to the aggregate HHI value for NSW and the ACT.<sup>10</sup>

Segmenting this by region, 70% of local markets within Greater Sydney and the ACT are more concentrated than the statewide level of concentration. Concentration is even higher in regional NSW, where 90% of local markets are more concentrated than the statewide estimate. Moreover, 5% of local markets are characterised as local monopolies, almost all in regional areas.

## High supermarket concentration exists even in many local areas that contain all four major brands

Although there is substantial variation in the level of sales concentration (as measured by HHI), this is not fully accounted for by differences in the number of supermarket brands operating in each market. I proceed by decomposing the relationship between sales concentration and the composition of firms operating within each local market (Figure 2b). Within each local market, I focus on the presence (or not) of Australia’s largest four supermarket brands (Aldi, Coles, IGA and Woolworths) which collectively account for approximately 90% of sales at the national level (Minifie et al., 2017).

As one would expect, the level of concentration increases in local markets where there are fewer competitors. A limited pool of competing brands is more common in regional NSW. That said, the overwhelming majority of markets contain at least one store from all four of Australia’s large brands. This suggests that the distribution of sales between local market participants is

8 The ACCC frequently makes reference to HHI in merger analysis, with a post-merger value of 2,000 or below less likely to raise horizontal competition concerns (ACCC, 2008a).

9 In the US, the Department of Justice defines a market with a HHI greater than 2,500 as highly concentrated (Department of Justice and Federal Trade Commission, 2010).

10 I estimate the aggregate HHI value for NSW/ACT to be 3025. Sales concentration is not necessarily mechanically higher at the local level than the national level. It can be higher, through excluding some brands that are geographically segregated. Moreover, it is possible that local sales are more equally distributed relative to the national level as is shown in Figure 2a.

playing an important role in driving high sales concentration, not just the physical availability of the different brands within the local market. Two factors endogenously determine inequality in sales between brands at the local level:

- **Quantity and size of stores:** Coles and Woolworths often operate multiple store locations in close proximity, increasing the share of sales they receive in a local market.<sup>11</sup> Their supermarkets tend to be larger and offer a wider range of product types and brands (ACCC, 2024). These factors may mean that some stores, particularly independent merchants, may not always be considered as substitutes by consumers for a Coles or Woolworths store. The ACCC has previously raised concerns over Coles' and Woolworths' dominance in operation of large supermarket locations (greater than 2000 m<sup>2</sup>) as an advantage in attracting consumer's high-valued primary shopping trips (ACCC, 2008b, 2024).
- **Consumer preferences towards brands:** Supermarkets tailor various aspects of their 'retailing offering' to attract customers to their stores. Previous research by the ACCC has shown that in addition to prices, the majority of consumers also highly rate factors like onsite parking, food quality, product range and shorter distances to travel (ACCC, 2008b, 2024).

### High concentration does not necessarily mean low competition

While estimates of local concentration are high, this doesn't necessarily imply that Australia's supermarkets are not competitive. Oligopolistic markets are a common experience amongst countries with small, geographically dispersed populations like Australia (Bresnahan & Reiss, 1991). Effective competition can exist between a small number of firms when there is:

- credible threats of new entry, or
- sufficiently strong 'rivalry' between incumbent firms.

The ACCC has previously assessed supermarkets as "workably competitive", however noted a number of factors restrict the level of competition. This includes high barriers to entry (particularly around the availability of locations suitable for stores), and limited incentives for price competition between the largest two retailers Coles and Woolworths (ACCC, 2008b). What price competition does exist tends to be on easily comparable and regularly purchased products, such as milk, in order to attract consumers' primary shopping trips (ACCC, 2008b).

Ideally, we would assess market power by estimating product level markups: how much each firm can price its products above their costs. This is not possible with our data. Instead we present empirical insights on consumer behaviour. The extent of rivalry between firms, and their incentives for price competition, depend in part on consumer behaviour. If consumers are willing - and able - to change how much they spend at each store, then stores will compete more vigorously to keep customers.

## 3. Consumers exhibit persistent inertia in the location of their large weekly shops, predominantly towards Coles and Woolworths

A large literature in economics has documented the importance of consumer inertia for competitive outcomes. If consumers are likely to regularly repurchase from the same firm for reasons unrelated to the firm's conduct, this can confer market power to firms. Since the seminal work of Stigler (1961), a large body of research has highlighted the importance of imperfect information and switching costs for consumers. Even when products are identical, a small degree of search costs can cause the failure of Bertrand's law of one price, resulting in prices well above marginal cost (Stahl, 1989).

Search and switching costs are likely to be salient issues in the context of supermarkets. The advent of online shopping has meant that consumers are increasingly paying attention to prices.<sup>12</sup> Yet price comparison between supermarkets can be difficult for a basket of groceries and the complexity grows with the length of the shopping list. Costs to switching can also encourage inertia. In the context of supermarkets, this can arise through reasons exogenous (e.g. habit formation) or endogenous to the firm's conduct (e.g. brand loyalty programs). Recent US research has demonstrated an empirical link between consumer inertia, household concentration and market power (Leung & Li, 2024; MacKay & Remer, 2024).

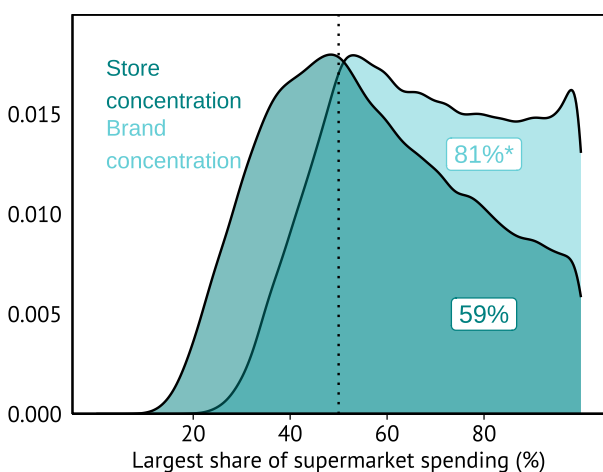
Motivated by these potential sources of inertia, I start by examining how consumers concentrate their spending between the supermarkets available to them, over the period of time that I observe their spending history. For each consumer, I calculate

<sup>11</sup> See Figures B.2 and B.5 in Appendix B.

<sup>12</sup> The ACCC reports that the percentage of consumers who never compare prices between supermarkets before they shop has decreased from 55% in 2008 to 15% in 2024 (ACCC, 2024)

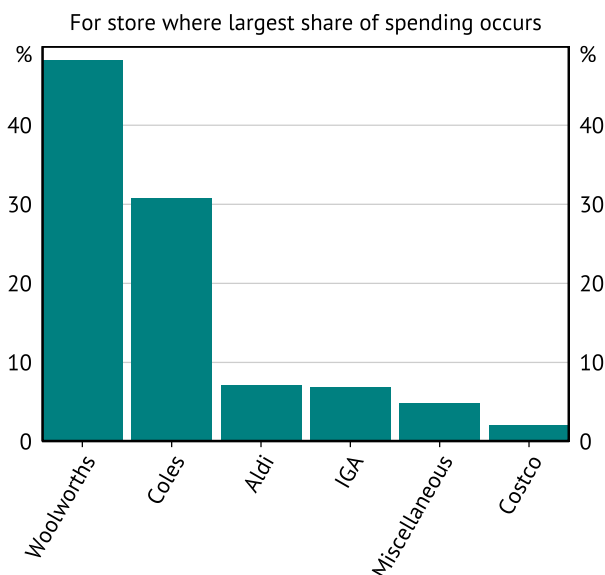
the largest share that a single store constitutes as a proportion of their total supermarket expenditure. I then repeat this exercise aggregating across stores of the same brand. The distribution of store (and brand) concentration across consumers is plotted in Figure 3a.

**Figure 3a: Distribution of spending concentration across consumers**  
Largest share of spending in a single supermarket store or brand



\* Percentage denotes percentage of households that concentrate more than 50% of total spending in a single store/brand.

**Figure 3b: Percentage of consumers by brand of store**



I find that most consumers (59%) concentrate more than half of their total grocery expenditure at a single store. When examined at the brand level, 81% of consumers concentrate more than half of their spending at a single supermarket brand. The difference reflects that many consumers shop at multiple stores of the same brand.

Individuals overwhelmingly concentrate their spending at stores belonging to the two major supermarket chains - Coles and Woolworths (Figure 3b). 78% of consumers concentrate the largest share of their total supermarket spending at one of these brands. This holds true regardless of whether you examine concentration at the store or brand level. For almost all consumers, the brand is the same across either measure.

These results suggest that individuals are repeatedly revisiting the same store locations for their large-valued primary shopping trips, which could be suggestive of significant inertia towards the major brands. I explore the pattern of repeat visits in the next section.

## New estimates suggest consumers exhibit inertia in their choice of supermarket brand

Rivalry between supermarkets depends on whether consumers are willing and able to take their spending to an alternative store. I explore this by analysing state dependence of consumer's choice over brands: how likely they are to revisit the same brand they shopped at in the past. Here, I focus on where consumers visit for their large valued primary shopping trips in each month (see Box 1).

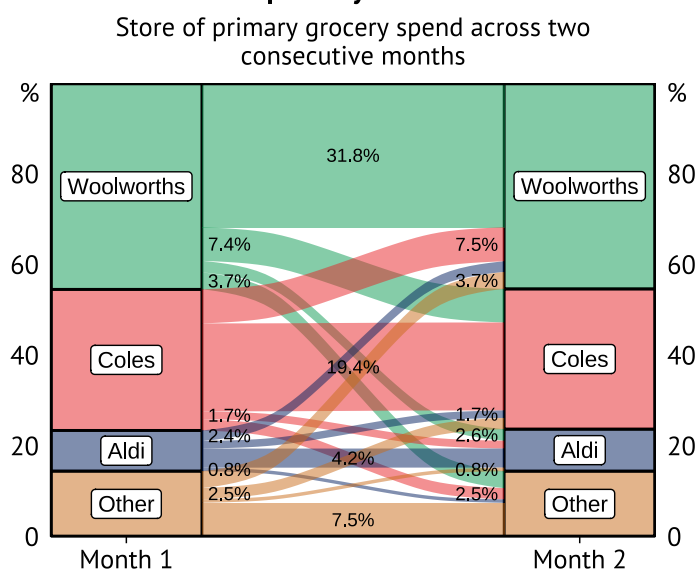
### Box 1: Why focus on consumer's primary shops?

Most shoppers conduct a single large 'primary' shop every week.<sup>a</sup> Some conduct additional, smaller valued 'top up' shops of convenience. The preference for bundling groceries into a single large valued shop reflects the fixed cost to consumers (in terms of both time and commuting costs) of visiting the store. Individual's choices over primary shops generates the most pro-competitive effects (Thomassen et al., 2017). This is because of cross-product elasticities: whenever the price of a single good is raised excessively, consumers take all of their spending elsewhere. Given the importance of primary shops, and the lack of basket-level information, I proxy primary shops by the store where the largest average transaction value was conducted in a month.<sup>b</sup>

<sup>a</sup> ACCC (2024) estimates that 73% of consumers engage in one large primary shop each week.

<sup>b</sup> I drop months where the individual's financial history is not observed for the full month.

**Figure 4: Proportion of consumers by brand of primary store**



I start by analysing consumer's choice over stores for their primary shop (henceforth, primary store) across two consecutive months. Within a given month, the majority of consumers (76%) choose either a Coles or Woolworths store for their primary shop. This share is fairly stable over time.<sup>13</sup>

Examining consumers' choice of primary store over time, existing Coles and Woolworths customers exhibit inertia - i.e. they are extremely likely to continue shopping at the same brand relative to other customers. Amongst customers who visited Coles or Woolworths for their primary store in the first month, 67% continued to shop with the same brand in month 2 compared to only 47% of Aldi customers.<sup>14</sup> For the Coles and Woolworths customers that continue with the same brand for their primary shop, 75% revisit the same store. Moreover, Coles and Woolworths are the most popular choice of stores to switch towards. Amongst consumers that change the brand of their primary store, 68% substituted towards either a Coles or Woolworths.

### Consumer inertia persists well beyond consecutive months

It would also be interesting to know how much the inertia of brand choice in Figure 4 persists to other subsequent months. For example, taking a consumer that does their primary shop at Woolworths in month 1 but then switches to Coles in month 2: are they more likely to switch back to Woolworths in month 3 than the typical Coles customer? If so, this would be indicative of longer-lasting brand inertia. If instead this consumer were to start acting like the typical Coles customer from month 2, then the results in Figure 4 would only be indicative of state-dependence.

I examine a subset of individuals who can be observed for six consecutive months. Grouping these consumers by the brand of primary store they visited in the first month, I calculate their propensity to revisit a primary store of the same brand in the subsequent five months. Taking a Woolworths customer for example, and considering the relationship between their shops in month 1 and month 6 ( $M1 \rightarrow M6$ ), this equates to the conditional probability:

$$\Pr(\text{Woolworths}_6 \mid \text{Woolworths}_1) = \frac{\text{Count of customers that shopped at Woolworths in both months 1 and 6}}{\text{Count of customers that shopped at Woolworths in month 1}}$$

To assess the extent of persistence over time, I compare these results to a benchmark for what shorter-lasting brand inertia would look like. Specifically, the benchmark is the probabilities generated by a Markov process, using the average month-to-month transition probabilities (as described by Figure 4) over the six months. In plain English, a Markov process is a statistical process where the brand you choose for your primary store this month depends only upon your choice of primary store in the

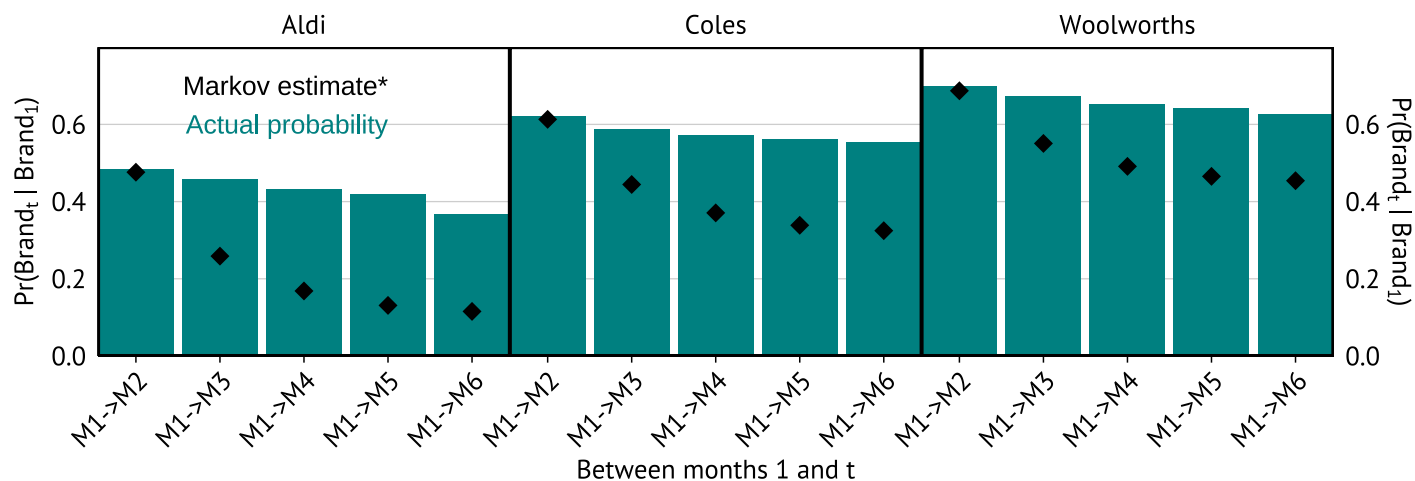
<sup>13</sup> See Figure B.7 in Appendix B.

<sup>14</sup> These proportions correspond to the conditional probability:  $\Pr(\text{Remained a Coles or Woolworths customer} \mid \text{Coles or Woolworths customer in month 1}) = \frac{31.8+19.4}{76}$  and the equivalent formulation for Aldi.

previous month (and not on your choice of primary store two, three or more months ago). In practical terms, a Markov process means that brand choice in month 1 should only be a good predictor of brand choice for a short period of time.

**Figure 5: Probability of revisiting the same brand t months later**

Across six consecutive months, conditional on brand of primary store visited in month 1



\* Markov probabilities estimated using average monthly transition probability across the six months

Figure 5 shows that, in fact, we find evidence of longer-lasting brand inertia. Brand choice in month 1 remains highly predictive of brand choice in month 3, month 4 and beyond. The degree of inertia is higher relative to the benchmark estimates provided by the Markov process (shown by the black diamonds). For example, more than 60% of customers that did their primary shop at Woolworths in month 1 also did their primary shop at Woolworths in month 6. By contrast, the Markov benchmark predicts around 45% of customers would revisit the same brand for their primary shop. A similar gap between the actual probability and the Markov benchmark is apparent for Coles and Aldi customers. These results suggest that there is a subset of Coles, Woolworths and Aldi customers that possess a long term connection towards a certain brand across time.

## Possible causes of consumer inertia at Australian supermarkets

This research establishes that some consumers exhibit a lasting degree of inertia in supermarket brand choice, particularly towards Coles and Woolworths, but does not provide conclusive evidence about the underlying causes of the inertia. Inertia could reflect:

- Spatial frictions (such as commuting costs or public transport routes) which create a lack of competitive alternatives within a reasonable distance (Eizenberg et al., 2021). Although Figure 2b documents that most local areas contain at least one store from all four major brands, some brands may be able to place their stores in more 'desirable' locations (e.g. in large shopping centres).
- Imperfect information about prices with costs to search.
- Costs to switching which lock in consumers. This can be due to psychological costs (e.g. habit formation), learning costs (e.g. learning a new store layout) or rewards for brand loyalty (e.g. Flybuys or Everyday Rewards).
- Intrinsic preference towards brands. This can be due to spatial variation (i.e. Coles or Woolworths is my most convenient store) or a preference towards their retail offering (e.g. due to product exclusivity (Neiman & Vavra, 2023) or perceptions of quality).

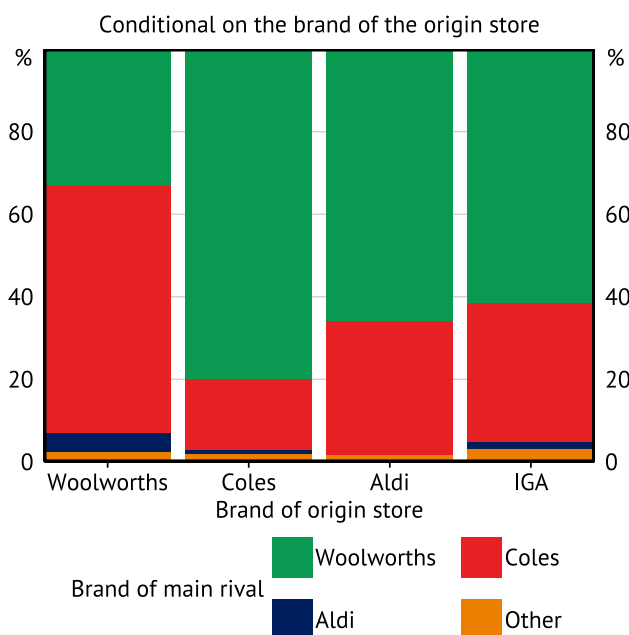
These factors can also interact with one another. Future research which sheds light on the relative roles of these factors would be useful.

## 4. Consumer inertia impacts the field of competitive rivalry between stores

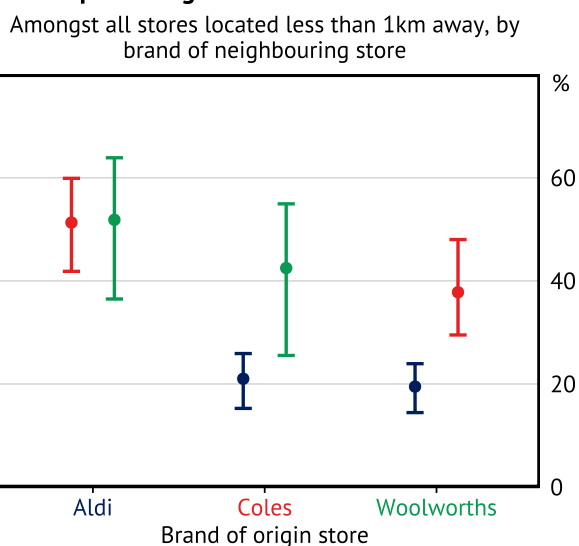
Which stores are the strongest competitive rivals? Using the locations that consumers visit for their primary shops over time, I build a network of stores linked by the customers that they share.<sup>15</sup> This provides a non-parametric estimate of the 'field of competitive rivalry' between stores, generated by revealed preference of stores visited by consumers. If stores share a larger proportion of customers (as a proportion of total customers who ever visited the store for a primary shop) this may reflect strong competitive rivalry, with stores repeatedly poaching customers' primary shops off one another.

First, I focus on the concept of a store's 'main rival'. For a given store (the origin store), I define the main rival to be the store that shares the largest proportion of its customer base. The distribution of main rivals are plotted in Figure 6a. Reflecting their dominant market position, Coles and Woolworths tend to be the strongest rivals for every brand of store. Coles is the main rival for 60% of Woolworths stores and Woolworths is the main rival for 80% of Coles stores.

**Figure 6a: Proportion of main rivals, by main rival's brand**



**Figure 6b: Median and interquartile range of percentage of shared customers**



Models of competition predict that a firm will possess stronger market power whenever customers would rather switch towards another one of the firm's stores than to different brand (Smith, 2004). Providing evidence of this dynamic in Australia, for 33% of Woolworths stores its strongest rival is another Woolworths store. This is twice the equivalent proportion of within-brand rivals for Coles stores (17%). This suggests that some Coles and Woolworths stores are operating in clusters that reduce the competitive constraint provided by alternative brands in the same local area.

From the perspective of Aldi stores, their main rival is almost always a Coles or Woolworths store often located within a very short distance (less than 700m on average). By co-locating their stores nearby to their major competitors, Aldi is lowering the cost to switching for price-sensitive Coles and Woolworths customers.

Given the importance of distance for rivalry, I examine customer overlap between stores within a narrow geographic area where we expect competitive rivalry to be strongest. Figure 6b plots the distribution of overlap between pairs of stores within 1km of each other. The median Aldi store shares more than half of their customer base with a Coles or Woolworths store. However, the shared customers who shop at Aldi only make up a small proportion (often less than one-fifth) of Coles' and Woolworths' total customer base. From the perspective of Coles stores, a greater proportion of its customers reveal a preference to switch to a nearby Woolworths than to an equivalently distanced Aldi. This may indicate that Aldi's choice of

<sup>15</sup> To provide sufficient information to build the network, in this section I define the primary shop as the largest supermarket transaction conducted each week. See Appendix B for the detail behind the construction of the store-to-store network.

retail offering, which includes a limited variety of products, means that only a minority of Coles and Woolworths customers consider Aldi as a potential substitute location for their primary shopping trip.

## 5. What role can policy play?

This research note presents new evidence on supermarket concentration and consumer inertia in Australia, but does not reach definitive conclusions about the state of competition in the supermarket sector. Policymakers that are concerned about the state of supermarket competition ought to develop a view on the underlying causes. For example, a concern about supply-side barriers to entry warrants a different policy response to concerns about demand-side factors such as limited search behaviour.

The evidence in this note is consistent with the idea that supply-side barriers that limit consumers physical access to different brands - barriers to entry or anti-competitive mergers and acquisitions - are influencing the competitive landscape but are not the only potential concern for supermarket competition. High supermarket concentration exists even in many local areas that contain all four major brands. Nonetheless, traditional antitrust analysis has a role to play to prevent anti-competitive mergers and acquisitions that may allow firms to consolidate localised market power, particularly through the cumulative effect of creeping acquisitions as highlighted by the proposed reforms to the merger guidelines (Andrews & Dwyer, 2023; Australian Government Treasury [Treasury], 2024).<sup>16</sup> Competition bodies should seek to use emerging data sources to supplement their analysis. I demonstrate in Appendix C how the data presented in this research note could be applied to a recent ACCC assessment.

One promising option for reform to supply-side barriers is land-use policies. Past reviews have identified barriers to entry to the supermarket sector from land-use policies (ACCC, 2008b; Harper et al., 2015; SGS Economics & Planning, 2010). The Productivity Commission (PC, 2011) has previously described the barriers generated by the planning and zoning system as “complex, excessively prescriptive and often anti-competitive”. Planning bodies should consider the public interest test wherever regulation exists that might impede competition. Planning decisions should be transparent and timely. Restricting developments based on the proximity or number of existing businesses or the impact of new entry on those businesses are not appropriate planning considerations (Harper et al., 2015).

Policymakers may instead be concerned about the influence of demand-side factors on competition, based in part on the evidence in this note on consumer inertia. Interventions which lower costs to consumer search may offer a promising avenue for policymakers. The Federal Government has already commissioned consumer advocacy group Choice to conduct quarterly reports on price comparisons over the next three years (Leigh, 2024). Another policy option would be to enable price comparison platforms which provide consumers with transparent price comparisons for a tailored basket of groceries for stores in their local area. Although some supermarkets currently post prices online, not all do and it remains cumbersome for consumers to navigate across multiple websites. This technology could be facilitated by private developers using information from APIs collected via mandatory disclosure from supermarkets. Similar online platforms for retail electricity (e.g. Energy Made Easy) and petrol (e.g. FuelCheck NSW) have improved market outcomes both in Australia and overseas by reducing search costs and allowing firms to monitor pricing decisions of rival stores (Montag et al., 2024). Such a platform has been successfully implemented for Israeli supermarkets, resulting in price declines driven by previously high-priced firms (Ater & Rigbi, 2023).

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<sup>16</sup> 6% of all M&As reviewed by the ACCC between 2002-2023 involved Coles or Woolworths, from e61 analysis of Purpose Bureau data (Andrews, Dwyer, Gibbons, et al., 2023).

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