

Australia Retail Bags - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Australia Retail Bags Market size is estimated at USD 1.58 billion in 2025, and is expected to reach USD 2.00 billion by 2030, at a CAGR of 4.83% during the forecast period (2025-2030).

Retail bags can be made from paper, natural fabric, and plastic (HDPE, LDPE, PP, rPET, etc.) Due to rising customer and brand demand for eco-friendly goods, paper and natural fabric are being used more frequently as packaging.

Key Highlights

- Australia's consumer demand for retail bags has significantly been fueled by the quickly rising number of shopping centers, supermarkets, and developed retail sectors. Owing to expanding retail sectors connected to customers' increased preference for eco-friendly packaging, the market for retail bags is expanding dramatically. Bags of different formats have assisted consumers in shopping for goods for the past few decades. Consumers often choose single-use retail bags in supermarkets in developed countries, which are considered major plastic use areas.
- Retail stores have also opted for unit bags for small purchases and offer their customers paper and natural fiber bags. The increasing online expenditure by Australians on homeware and appliances, department stores, grocery and liquor, personal and recreational, fashion, and takeaway food is expected to support market demand. According to the Australian Bureau of Statistics, the homeware and appliances category accounted for about 21.3% whereas, department stores, grocery, liquor, fashion, and takeaway food accounted for 17.10%, 15.60%, 10.70%, and 7.90%, respectively.
- Moreover, the market is supported by the increased spending on clothing, footwear, and personal accessory, as these sectors also utilize unit packaging for product packing. As per the Australian Bureau of Statistics, the annual revenue generated from the above products reached AUD 34.73 billion (~USD 23.21 billion) in 2022 from AUD 28.1 billion (~USD 18.8 billion) the year before.
- Factors such as the region's rising income levels and living standards have increased the demand for retail bags. The advent of

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biodegradable bags (paper) has dramatically aided businesses in meeting the need for environment-friendly products. Furthermore, companies are incorporating recyclable (recyclable pulp) materials to lower their carbon footprint by manufacturing unit-size retail bags, such as paper and natural fibers.

- This price volatility could potentially impact manufacturers of retail bags who rely on mechanical wood pulp as a raw material. If the price of mechanical wood pulp increases, it could lead to a rise in the cost of production for manufacturers of retail bags. As a result, these manufacturers may have to increase the prices of their bags to maintain their profit margins, which could potentially impact demand, causing them to look for other solutions/substitutes, such as cotton bags, jute bags, and hemp bags.

- Since the pandemic and Post COVID-19, online shopping has become a new trend, be it clothing, groceries, or personal care products. In line with the same, according to ABC Australia, As of the third quarter of 2023, grocery retailer Woolworths held the largest share of Australia's online grocery retail spend, with a share of almost 45 percent. Supermarket rival, the Coles Group, came in second, with a share of approximately 29 percent.

Australia Retail Bags Market Trends

Paper and Natural Fabric to Witness Significant Growth

- Paper and paperboard packaging accounts for more than half a portion of the overall packaging consumed in Australia, as paper packaging showcase higher recovery and recycling rates. According to the Australian Packaging Covenant Organization (APCO), the paper and paperboard packaging consumption in 2019 was 55% of the overall packaging consumed. The increasing paper packaging consumption is projected to fuel the demand for retail paper bags.

- Australia's 2025 national packaging target supported by the Australian industry and government includes 100% reusable, recyclable, or compostable packaging, 70% of plastic packaging being recycled or composted, 50% of average recycled content contained in the packaging, and the phase-out of problematic and unnecessary single-use plastics packaging to deliver a new and sustainable approach to packaging in Australia. These packaging target drives the demand for paper and natural fabric retail bags as these bags are recyclable, compostable, or reusable.

- According to the Australian Bureau of Statistics 2023, the annual retail turnover amounted to approximately USD 31.78 billion in Western Australia. This marked an increase in annual retail turnover in the state from the previous year. The increased retail turnover positively impacts the paper and natural fabric retail bags market.

- The increasing retail turnover across the various states of Australia creates growth opportunities for retail packaging manufacturers, including retail bags. The increased turnover indicates increased sales which result in demand for packaging solution. This supplements the sales of paper and natural fabric retail bags in Australia. The retail turnover in February 2023 increased compared to the retail turnover in February 2022 in different states of Australia. The retail turnover in New South Wales in February 2022 was USD 9.201 billion, which increased to USD 9.8186 billion in February 2023. The increased retail turnover positively impacts the paper and natural fabric retail bags market.

Foodservice Industry to Hold Major Market Share

- The food service industry in Australia is dynamic and evolving with the changing consumer lifestyle. The industry includes fast-food outlets, cafes, caterers, full-service restaurants, and other places which prepare, serve, and sell food to consumers for a profit. This industry contributes more to the Australian economy than food retailing. Australian propensity to eat out is high in the world. The expanding food service industry in Australia is expected to fuel the demand for sustainable packaging solutions, including paper retail bags.

- According to the US Department of Agriculture, the value of the Australian consumer food service sector was AUD 54 billion

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(USD 41 billion) in 2021. Australia's institutional food service industry (aged care, hospitals, etc.) continues to expand due to an aging population as more senior citizens rely on institutional food services. This expanding sector presents growth opportunities for retail bag manufacturers in Australia.

- The growing trend can be observed in terms of turnover compared to the previous year in each state of Australia. The rising urban population and the shifting trend toward outside eating bolstered the growth of cafes and restaurants, which resulted in an increased number of cafes and restaurants in Australia.

- The number of cafes and restaurants in Australia is growing, further fueling the demand for retail bags. Over 51.9 thousand cafes and restaurants were open across Australia as of the end of the fiscal year 2022, according to the Australian Bureau of Statistics. The surge in the number of cafes and restaurants in Australia boosts the demand for retail bags to deliver food and beverage products to the consumer.

- The fast-food chains in Australia, such as McDonald's, KFC, Subway, and others, focus on sustainable takeaway or delivery packaging solutions to achieve sustainability goals and cater to government regulations. Adopting eco-friendly packaging solutions by fast-food chains in Australia fuels the demand for retail paper bags. According to ScrapeHero, as of January 2024, New South Wales boasted the largest number of McDonald's outlets in Australia, housing 331 stores. In stark contrast, Tasmania had a mere 16 McDonald's establishments during the same period. The total tally of McDonald's stores operational in Australia in 2024 stood at 1,039.

Australia Retail Bags Industry Overview

The Australian retail bags market is fragmented. The COVID-19 outbreak resulted in a surge in demand for flexible packaging, aided by growing demand from food and e-commerce. Likewise, the manufacturing capability is expected to see a shift in production toward such trends, strengthening the competitive rivalry. Some major players in the market include Detmold Group, United Paper, Gispac, Pacific National Industries Pty Ltd, and Bag People Australia.

- December 2022 - The Detmold Group developed and launched a new range of sustainable packaging solutions for fresh produce products to replace traditional plastic packaging used for fresh produce products.

- August 2022 - Woolworths announced that all its South Australian and the Northern Territory stores would voluntarily phase out the 15-cent reusable plastic shopping bags. The move is significant because it results in the annual removal of over 916 tons of plastic from South Australia and the Northern Territory. This is similar to a change in Western Australia later this year, removing over 800 tons of plastic from landfills annually.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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