

Australia Retail Bags - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Australia Retail Bags Market Analysis

Australian retail bags market size in 2026 is estimated at USD 1.09 billion, growing from 2025 value of USD 1.03 billion with 2031 projections showing USD 1.41 billion, growing at 5.32% CAGR over 2026-2031. Legislative pressure against single-use plastics, the acceleration of e-commerce, and rising corporate sustainability mandates together define the current trajectory of the Australian retail bags market. Statewide bans that began in South Australia in 2009 and culminated with New South Wales' comprehensive restrictions in 2022 forced retailers to pivot rapidly toward compliant alternatives, cementing long-term demand for reusable and paper-based formats. Supply dynamics shifted in tandem: input cost surges of 500-700% during the pandemic spurred manufacturing efficiency campaigns, while the April 2025 Berry-Amcor merger compressed the supplier base and unlocked synergies aimed at scaling sustainable material R&D. Queensland's early regulatory adoption put it ahead on circular-economy infrastructure, positioning the state as a springboard for innovation pilots ranging from home-compostable coatings to bag-sharing libraries.

Australia Retail Bags Market Trends and Insights

Surge in Single-Use Plastic Bans Across Australian States

Comprehensive restrictions that swept through Australia over the past decade fundamentally rewired purchasing behavior and packaging procurement. Queensland's July 2018 law provided an early blueprint that local supply chains quickly scaled, while New

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South Wales' 2022 ban synchronized the rest of the country under a cohesive compliance framework. National coverage sharply reduced the volume of single-use HDPE and LDPE carriers and generated a structural demand spike for compliant substitutes across grocery, hospitality, and industrial channels. Early-adopter states leveraged the transition to build resilient networks of converters and material suppliers, placing lagging regions at a temporary disadvantage on cost and availability. The uniform ban now gives retailers economies of scale for reusable and paper alternatives and lowers consumer confusion at interstate borders, accelerating mainstream adoption of new bag formats.

Growth of Online Food Delivery Demanding Takeaway Packaging

E-commerce sales remained elevated after the pandemic, with food-delivery platforms cementing demand for durable, leak-proof packaging that protects temperature and brand integrity during transit. Restaurants and aggregators favor multi-layer or barrier-coated paper that resists moisture and grease, a specification that regular grocery carriers seldom meet. Manufacturers capable of offering printable surfaces, insulation properties, and tamper-evident seals are capturing premium orders even as per-unit volumes stay small relative to grocery. The Australian retail bags market benefits because food delivery often bundles ancillary branded bags for loyalty or promotional purposes, further embedding sustainable packaging into on-demand commerce ecosystems.

Volatility in Kraft Paper and Resin Prices

Pandemic-era supply shocks lifted kraft paper by 40-60% and sent PE resin soaring 500-700%, a squeeze sharpened by the closure of Qenos' domestic production facility. Converters hedged with multi-month inventory but soon faced working-capital strain as purchase volumes climbed to secure supply. Some producers shifted toward localized fiber sourcing to blunt currency swings, but resin alternatives remained import-dependent. Margin compression persisted even as prices stabilized, pushing the Australian retail bags market toward process automation, thinner-gauge designs, and contract indexation clauses that pass variability to buyers.

Other drivers and restraints analyzed in the detailed report include:

Retail Sector Shift Toward Sustainable Branding Initiatives
Rising Adoption of Bag-Sharing Libraries in Metropolitan Areas
Dominance of Imported Low-Cost Alternatives from Asia

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Paper and natural fabric secured 60.12% of the Australian retail bags market share in 2025, underpinned by ban-driven demand for non-plastic carriers. Within that dominance, the segment alone represented USD 619 million of the Australian retail bags market size in 2025 and is set to advance at a 5.75% CAGR to 2031. Manufacturers differentiate through barrier-coated variants that withstand the production of moisture and hot-food condensation. The Australian retail bags market benefits as fiber-based packaging dovetails with retailers' scope-3 emission targets. Parallel R&D in compostable coatings widens end-use cases without sacrificing recyclability.

Innovation extends competitive moats: Visy Industries leverages 905,000-ton fiber capacity to offer closed-loop collection, while boutique providers integrate post-consumer pulp for circularity claims. Plastic formats, although shrinking in volume, continue to serve heavy-duty industrial orders requiring puncture resistance, and recycled-content HDPE bags gain acceptance among commercial users looking for lower-carbon alternatives.

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Reusable carriers held 61.05% of the category share in 2025, translating to nearly USD 629 million of the Australian retail bags market size. The segment moves forward at a 5.84% CAGR as consumers internalize the habit of bringing bags or paying per-use fees. Fabric improvements thicker non-woven PP, rPET blends, and washable cotton, extend lifespan, driving down cost per use and strengthening value perceptions.

Disposable counterparts still dominate in quick-service foodservice, where hygiene trumps reuse, but unit volumes stagnate. Strategic partnerships between retailers and community groups create feedback loops that test durability thresholds, informing iterative design upgrades. Limited-edition prints tied to events or loyalty schemes keep the reusable category vibrant and support premium pricing.

The Australian Retail Bags Market Report is Segmented by Material (Paper and Natural Fabric and Plastics), Bag Type (Reusable Bags and Disposable Bags), Distribution Channel (Offline Retail and Online Retail), Size (Unit-Sized, Mid-Sized, and Large), End-User Industry (Foodservice, Grocery and Convenience Stores, and More), and Region. The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Detmold Group Pty Ltd. United Paper Pty Ltd. Gispac Pty Ltd. Pacific National Industries Pty Ltd. Bag People Pty Ltd. Polypac Converting Pty Ltd. Primepac Industrial Ltd. JB Packaging Pty Ltd. Berry Global Group Inc. PakPlast International Pty Ltd. Huhtamaki Australia Pty Ltd. Visy Industries Holdings Pty Ltd. Opal Packaging Australia Pty Ltd. Amcor plc BioPak Pty Ltd. Better Packaging Co. Ltd. Ecobags New Zealand Ltd. R-J Packaging Pty Ltd. Pepper Packaging Pty Ltd. Sealed Air Australia Pty Ltd.

Additional Benefits:

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

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