IBISWorld

Accommodation and Food Services • H4511a

Restaurants in Australia

Bill, please: Even amid cost-of-living pressures, Australians have viewed restaurant meals as an affordable indulgence, heating up restaurant spending

Disha Kartik Jeswanth
Published: November 2025

2025 IBISWorld. All Rights Reserved

About

IBISWorld specializes in industry research with coverage on thousands of global industries. Our **comprehensive data and in-depth analysis** help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions

Table of Contents

Standard Report

1. About This Industry 1
Definition 1
Codes 1
What's Included 1
Companies 1
Related Industries 1
Related Terms 2
Additional Resources 2
2. At a Glance 3
Highlights 3
Major Players 3
Products and Services 3
Key External Drivers 3
Key Takeaways 3
SWOT 4
Industry Structure 4
Executive Summary 4
3. Performance 5
Key Takeaways 5
Performance Snapshot 5
Current Performance 7
Volatility 9
Outlook 10
Life Cycle 11
4. Products and Markets 13
Key Takeaways 13
Highlights 13
Products and Services 13
Major Markets 14
International Trade 15
5. Geographic Breakdown 16
Key Takeaways 16
Business Locations 16
6. Competitive Forces 18
Key Takeaways 18
Concentration 18
Barriers to Entry 19
Substitutes 19
Buyer & Supplier Power 21
7. Companies 23
Key Takeaways 23
Market Share 23
Companies 23
8. External Environment 27
Key Takeaways 27
Highlights 27
External Drivers 27
Regulation & Policy 28
Assistance 28
9. Financial Benchmarks 30
Key Takeaways 30
Highlights 30
Cost Structure 30
Financial Ratios 32
Key Ratios 34
10. Key Statistics 36
Industry Data 36
11. Key Success Factors 38

About This Industry

Definition

Restaurants mainly provide food and beverages for consumption on the premises. The industry includes licensed, unlicensed and BYO restaurants. The industry excludes cafes and coffee shops, theatre restaurants, catering services and shops that primarily offer takeaway food services.

Codes

2006	4511-Cafes and Restaurants

What's Included

- Premium dining
- Mid-range dining
- Low-cost dining

Companies

- Hunter St. Hospitality
- The Lucas Group

Related Industries

Domestic industries

Competitors

- Pubs, Bars and Nightclubs in Australia
- Fast Food and Takeaway Food Services in Australia
- Cafes and Coffee Shops in Australia

Complementors

- Fruit and Vegetable Retailing in Australia
- Meat, Poultry and Smallgoods Wholesaling in Australia

International industries

- Chain Restaurants in the US
- Single Location Full-Service Restaurants in the US
- Italian Restaurants in the US
- Mexican Restaurants in the US
- Sushi Restaurants in the US
- Premium Steak Restaurants in the US
- Pizza Restaurants in the US
- Full-Service Restaurants in Canada
- Cafes and Restaurants in New Zealand
- Full-Service Restaurants in the UK
- Restaurants and Takeaways in Ireland
- Full-Service Restaurants in China

Related Terms

FOODIE

A person with a high level of interest in food, especially in eating or cooking.

FOOD HANDLING

Close monitoring of food purchasing, preparation, storage and serving to ensure quality at each stage, from farm gate to plate.

COOK-CHILL

A food preservation method that uses technology to prepare, portion, cook and then chill food to 3 degrees Celsius. This method preserves food for up to four days before it is reheated for eating.

Additional Resources

- Australian Bureau of Statistics
- Hospitality Magazine
- Restaurant & Catering Australia

At a Glance

Revenue	**$26.2bn**	'21-'26	↑ 8.2 %
		'26-'31	↑ 2.0 %
Employees	**184k**	'21-'26	↑ 2.8 %
		'26-'31	↑ 1.8 %
Businesses	**29,765**	'21-'26	↑ 2.1 %
		'26-'31	↑ 2.0 %
Profit	**$733.0m**	'21-'26	↓ 2.9 %
Profit Margin	**2.8%**	'21-'26	↓ 2.0 pp
Wages	**$6.8bn**	'21-'26	↑ 3.3 %
		'26-'31	↑ 4.7 %

Five-year growth rates display historic and forecast CAGRs

Major Players

Company	Revenue	Market Share
Hunter St. Hospitality	$299.2m	1.1%
The Lucas Group	$71.7m	0.3%
Other Companies	$25.8bn	98.6%

Products and Services

Item	Revenue	Market Share
Mid-range dining	$13.8bn	52.7%
Low-cost dining	$6.6bn	25.3%
Premium dining	$5.8bn	22%

Key External Drivers

Key External Drivers	Impact
Real household discretionary income	Positive
Health consciousness	Positive
Demand from fast food and takeaway food services	Negative
Average weekly hours worked	Positive
Consumer sentiment index	Positive

Key Takeaways

Performance

- Despite cost-of-living pressures, Australians view dining out as an affordable indulgence, with younger generations, especially Generation Z, driving increased restaurant patronage. Restaurants are capitalising on this trend by offering diverse options and loyalty programs to attract and retain these consumers.
- Restaurants are diversifying their revenue streams by adopting dynamic pricing, expanding their service offerings and forming strategic partnerships to enhance customer loyalty. Regional dining and personalised loyalty programs present opportunities to attract and retain consumers in a competitive market.

Products and Markets

- Demand for low-cost dining has risen amid significant economic volatility. Due to affordability concerns, consumers have been reining in their spending at expensive restaurants, with their preferences shifting to low-cost dining.
- Demand for restaurants from the fourth income quintile has expanded. Consumers in this segment enjoy having many choices and are making the most of better quality options as foodie culture grows.

SWOT

Strengths	**Low Imports**
	Low Customer Class Concentration
	Low Capital Requirements
Weaknesses	**Low & Steady Barriers to Entry**
	Low & Steady Level of Assistance
	High Competition
	High Volatility
	Low Profit vs. Sector Average
	High Product/Service Concentration
	Low Revenue per Employee
Opportunities	**High Revenue Growth (2020-2025)**
	High Performance Drivers
	Health consciousness
Threats	**Low Revenue Growth (2025-2030)**
	Consumer sentiment index

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Mature	
Revenue Volatility	High	
Assistance	Low	Steady
Competition	High	Increasing
Innovation	Moderate	

Executive Summary

Bill, please: Even amid cost-of-living pressures, Australians have viewed restaurant meals as an affordable indulgence, heating up restaurant spending

Shifting social trends have significantly influenced the Restaurants industry's performance over recent years. Consumers' busy lifestyles and high workloads have driven demand for restaurant meals, as well as takeaway and delivery services. Restaurants allow consumers to combine dining with leisure and avoid spending time on food preparation. Rising demand for food delivery platforms like Uber Eats, which enable time-poor consumers to purchase home-delivered, restaurant-quality food, has also supported industry revenue.

Despite tight discretionary incomes and recent cost-of-living pressures, Australian consumers have continued to prioritise eating restaurant meals, as they view them as affordable indulgences. However, industry businesses are struggling with elevated operational costs, including high input, rent and energy expenses. Labour shortages have also plagued the industry, with restaurants facing significant retention gaps. These challenges, along with intense competitive pressures, have eroded the industry's profitability, compelling some businesses to exit the industry. Nonetheless, the total number of enterprises in the industry has increased over the past five years as dynamic consumer preferences have created several niches for restaurants to cater to. Overall, industry revenue is expected to have soared at an annualised 8.2% over the five years through 2025-26 to $26.2 billion. This includes a moderate anticipated rise of 0.4% in 2025-26.

Reeling from the economic challenges of the past five years, restaurants are set to diversify their revenue streams by expanding their service offerings to include merchandise and live events over the coming years. Restaurants are forecast to focus on improving operational efficiencies to limit costs and boost their profit margins. This includes adopting integrated technological advancements that will enhance the overall dining experience for customers. There will also be a focus on sustainability efforts as Australian consumers become more discerning about their environmental choices. Overall, industry revenue is projected to increase at an annualised 2.0% over the five years through 2030-31 to reach $28.9 billion.

Performance

Key Takeaways

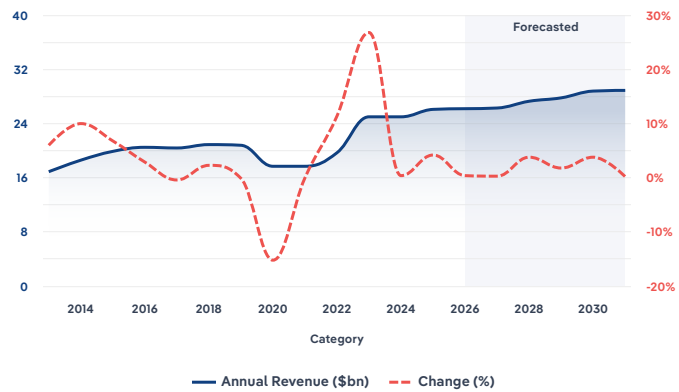
Despite cost-of-living pressures, Australians view dining out as an affordable indulgence, with younger generations, especially Generation Z, driving increased restaurant patronage. Restaurants are capitalising on this trend by offering diverse options and loyalty programs to attract and retain these consumers.

Restaurants are diversifying their revenue streams by adopting dynamic pricing, expanding their service offerings and forming strategic partnerships to enhance customer loyalty. Regional dining and personalised loyalty programs present opportunities to attract and retain consumers in a competitive market.

Performance Snapshot

Revenue

Total value ($) and annual change from 2013 – 2031. Includes 5-year outlook.



Revenue
$26.2bn
'21-'26 ↑ 8.2 %
'26-'31 ↑ 2.0 %

2026 Revenue Growth
0.4 % Increasing

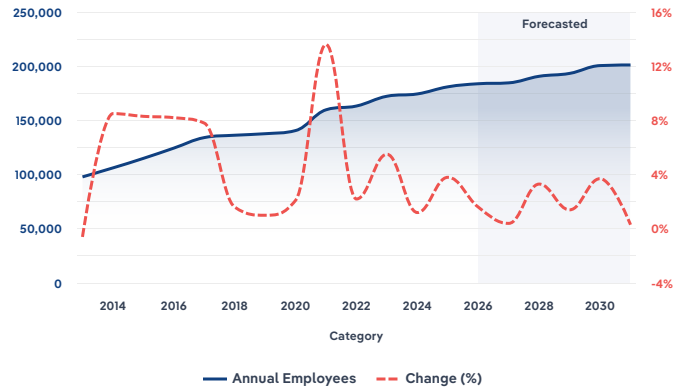
Revenue Volatility
High

IBISWorld

Source: IBISWorld

Employees

Total number of employees and annual change from 2013 – 2031. Includes 5-year outlook.



Source: IBISWorld

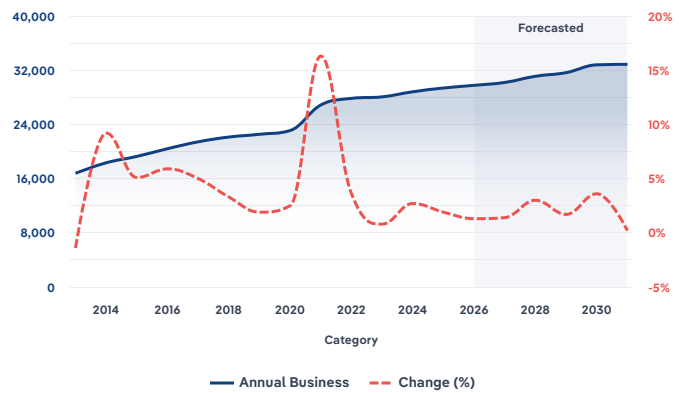
Employees
184k
'21-'26 ↑ 2.8 %
'26-'31 ↑ 1.8 %

Employees per Business
6
'21-'26 ↑ 0.8 %
'26-'31 ↓ 0.2 %

Revenue per Employee
$142k
'21-'26 ↑ 5.2 %
'26-'31 ↑ 0.2 %

Business

Total number of businesses and annual change from 2013 – 2031. Includes 5-year outlook.



Source: IBISWorld

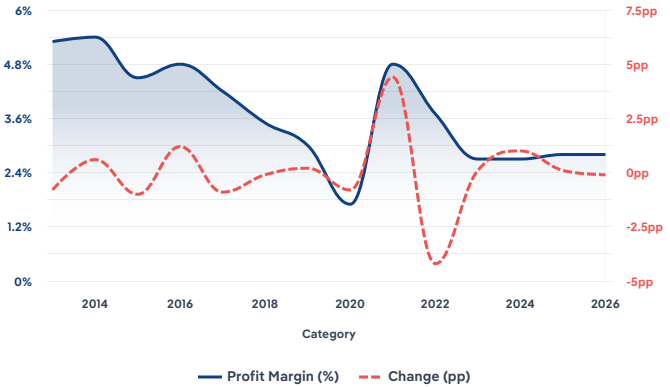
Businesses
29,765
'21-'26 ↑ 2.1 %
'26-'31 ↑ 2.0 %

Employees per Business
6
'21-'26 ↑ 0.8 %
'26-'31 ↓ 0.2 %

Revenue per Business
$879.5k
'21-'26 ↑ 6.0 %
'26-'31 ↓ 0.0 %

Profit Margin

Total profit margin (%) and annual change from 2013 – 2031



Total Profit
$733.0m '21-'26 ↓ 2.9 %

Profit Margin
2.8% '21-'26 ↓ 2.0 pp

Profit per Business
$24,627

IBISWorld

Source: IBISWorld

Current Performance

↑ 2021-26 Revenue CAGR +8.2%

What's driving current industry performance?

Cost-of-living pressures aren't stopping spending at restaurants

- Over the past year, Australians have been spending on dining at restaurants despite tight discretionary incomes. Consumers are viewing eating out as a relatively affordable indulgence.
- According to a Money.com.au survey, 32% of Australians were likely to overspend on a restaurant meal. This includes 40% of Generation Z consumers, 37% of millennials, 26% of those in Generation X and 21% of baby boomers. The results highlight that many consumers aren't willing to cut back on their restaurant spending, despite cost-of-living pressures, with busier lifestyles contributing to this unwillingness.
- According to data compiled by Square, a hospitality technology platform, 10% of Australians frequent restaurants more than once a week. This includes 19% of Generation Z individuals and only 5% of baby boomers. Additionally, 23% of Generation Z consumers are eating out more often than they did a year ago.
- Restaurants are capitalising on younger demographics' restaurant spending by offering diverse and convenient dining options that appeal to younger consumers. Additionally, creating attractive loyalty programs and promoting value can further encourage repeat visits and spending.

Restaurants are facing intensifying competition and labour shortages

- Restaurants in Australia are facing intense internal competition from other restaurants and significant external competition from establishments in other hospitality industries, like cafes, pubs and fast food joints. These food establishments have strengthened their competitive edge against restaurants, especially in capturing the lucrative inner-city white-collar market.
- According to Lightspeed's 2025 research, the gap between the monthly average spend at cafes and restaurants is narrowing, sitting at $116 for restaurants and $110 for cafes. Consumers resonate with the casual dining style that cafes offer, with an increasing number of restaurants adopting the same service structure.
- Price and quality are the primary areas of competition for food and beverage service establishments. Consumers typically have access to many restaurants, which increases internal competition.
- Many restaurants have entered and exited the industry, but enterprise and establishment numbers have grown overall since 2020-21. As the industry is highly price-competitive, many restaurants have been unable to pass on increased operating costs to consumers, which has driven several businesses out of the industry.
- Apart from price competition, staff shortages are another issue plaguing the industry. ABS's Job Vacancies data states that there were 37,700 vacant roles in the Accommodation and Food Services sector as of August 2025, a 19% year-on-year increase. Staff shortages have

also been a reason behind restaurant closures or downsizing in recent years.

- To counter the shortcomings of intense competition, restaurants are focusing on differentiating themselves by offering unique dishes and experiences. To combat labour shortages, restaurants are increasingly investing in automation tools that streamline administrative and repetitive tasks. Some examples include automated scheduling for rostering, QR-code-backed digital menus for ordering and payment, and robots for food running.

Rising demand for takeaway and online delivery platforms has boosted industry revenue

- To capitalise on growing takeaway and delivery demand, many restaurants have collaborated with food delivery platforms like Uber Eats. This strategy allows them to maximise delivery revenue, expand their access to customers and compete with fast food chains.
- Food delivery services' popularity has boosted demand for takeaway offerings from low-cost and mid-range restaurants. Even some fine dining restaurants have pivoted their businesses towards takeaway options to make up for lost demand. According to the Pulse Check Restaurants Report 2024, 42% of restaurants claimed that online food delivery services led to a 21% to 40% uplift in their revenue, while 27% of restaurants said delivery services boosted their revenue by 41% to 60%.
- Data from Uber Eats revealed that there was double-digit growth in the number of restaurants signing up to the platform in 2024. The number of orders during breakfast and lunch times also increased.
- According to Lightspeed's 2025 Hospitality Report, Australians spend 38% of their monthly dining budget on takeaway and delivery orders. Takeaway orders have displayed year-on-year growth of 34%, significantly outpacing 7% growth in delivery. This is likely a result of consumers becoming more aware of high delivery fees and wait times.
- As delivery is still a significant revenue stream for restaurants, excelling in delivery is crucial. Food must arrive in optimal condition and the experience should be cohesive, featuring travel-optimised menus and packaging.

Consumers are becoming more discerning about menu options

- Heightened public awareness of the health risks associated with a poor diet has shifted demand towards healthier eating. Media coverage and public health campaigns highlighting the dangers of obesity and diabetes have supported the shift towards healthier menu options.
- Rising health consciousness has made restaurants with healthy options more popular while enticing others to add more nutritionally wholesome options to their menus.
- A 2025 survey conducted by the Foodservice Association of Australia (FSAA) revealed 71% of Australians are looking for healthier options in menus and 42% take into account sustainability when choosing a restaurant.
- One major trend being seen in restaurants is the increase in non-alcoholic beverages offered. Rising health consciousness has prompted restaurants to include innovative fresh-flavoured drinks, fermented beverages and broths into their menus. This trend is intensifying as younger demographics consume less alcohol.
- Rising health consciousness and demand trends have provided an opportunity for new restaurants to enter the industry and target particular dietary requirements, like by offering paleo or gluten-free options. Some restaurants are also introducing menu items based on popular superfoods. These types of offerings can often command significant premiums, benefiting the restaurant's margins.

Volatility High

What influences industry volatility?

Consumers' financial situations impact industry revenue

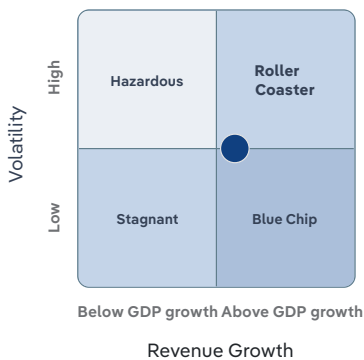
- Variations in household income, consumer sentiment and general economic activity have influenced revenue movements.
- Spending at restaurants is highly discretionary and can easily be substituted for less expensive options like home-cooked meals or fast food.
- Changes in factors that affect income, like tax rates and interest rates, directly influence industry revenue.
- Typically, the recent cost-of-living crisis, backed by high inflation and stubborn interest rates, would shrink demand for the industry. However, it has contributed to revenue volatility within the industry as Australians have increased their demand for low-cost restaurants, perceiving them as an affordable indulgence.

Changes in consumer preferences and lifestyles can add to revenue volatility

- Fluctuations in consumer dining trends contribute to industry revenue volatility. Restaurant dining has become increasingly fashionable, boosting industry revenue.
- Different trends and preferences, like dietary fads, cause fluctuations in industry revenue from time to time.
- Rising health consciousness has led to scrutiny over the amount of fat, sugar and salt in restaurant dishes, which has weighed on industry demand.
- To capitalise on consumers' increasing desire for healthy restaurant food, some restaurants have offered healthier menus.

Roller Coaster

Industry volatility vs. revenue growth (2021-2026 CAGR)



IBISWorld

Source: IBISWorld

☆ Key Success Factors

How do successful businesses overcome volatility?

Ensure appropriate pricing policy

Restaurants must ensure that their prices align with those of equivalent offerings in the industry to maintain demand and mitigate volatility, as price is a primary competitive factor – especially as cost-of-living pressures strain consumers' finances.

Alter goods and services produced in favour of market conditions

To maintain customer flow and contain revenue volatility, restaurants must be able to alter their menus to respond to consumers' changing tastes and preferences, like rising demand for healthier menu options.

Outlook

↑ 2026-31 Revenue CAGR +2.0%

What's driving the industry outlook?

Restaurants are focusing on diversifying their revenue streams

- According to OpenTable, an online restaurant-booking service, many restaurants are implementing peak-season surcharges of 10% to 20% on bills during high-demand periods like holidays and festivals. This demand-based pricing helps cover increased labour and input costs, allowing restaurants to maximise revenue when customer demand surges. To succeed, businesses must communicate surcharges clearly and deliver exceptional service to justify the added cost.
- Alongside pricing innovations, restaurants are expanding their offerings to include retail packaged goods, cooking classes and event catering. These options create additional income streams and provide flexibility amid fluctuations in demand. Collaborations with non-competing brands are another way of diversifying revenue.
- Regional dining will become more popular over the coming years as consumers become interested in destination-centric experiences, boosting demand and revenue for regional restaurants. Providing authentic and local flavours and ingredients will encourage an increasing number of Australians to travel domestically. Premium tastings, chef's tables and winery collaborations will also become more popular.
- With consumers becoming more selective about their dining choices, well-designed loyalty programs will gain traction over the coming years. These programs, which are currently less prevalent in the Restaurants industry than in the overall sector, present a significant opportunity to attract and retain customers. Future loyalty programs will likely be more personalised and curated than the classic stamp card, offering birthday specials and bonus gifts to increase engagement.

Growth in disposable incomes will boost revenue and profitability

- As consumer sentiment improves and real household disposable incomes expand, consumers will have more money to spend on dining out. Consumables expenditure is on track to increase over the coming years, supporting industry revenue as consumers spend more on goods and services, including restaurant meals.
- With disposable incomes growing, restaurants' improved ability to sell higher-priced food and additional meal options, like dessert and wine, will be critical for maintaining and expanding their profit margins.
- Restaurants will focus on providing one-of-a-kind experiences, including events like trivia nights, art shows, live music and live cooking attractions. For example, OpenTable has launched an 'Experiences' function where restaurants can showcase bookable events on a single platform to maximise consumer reach and revenue.
- Part of a unique experience is also an innovative menu. Restaurants will likely offer dynamic menus on a daily or weekly basis, featuring themed cuisines, fusion foods and limited-time-only dishes.
- Australian consumers, especially younger demographics, are demanding more seamless dining experiences. According to Square's research, 82% of consumers say that well-integrated technology, which streamlines operations and allows staff to provide personalised services, is key to their decision to return to the restaurant. As a result, restaurants will need to invest in technology that enhances their service.

Reliable staff will be key to restaurants' performance

- Population growth and low barriers to entry will cause a rise in industry participation and, in turn, employment. According to Jobs and Skills Australia, the hospitality sector is set to see one of the highest employment growth rates over the next decade.
- Restaurants will continue shifting towards casual employment to improve their flexibility and control wage costs. However, relying on casual employment makes it hard for venues to retain staff.

- Strong service quality is an important aspect of providing a positive customer experience. Businesses that lose experienced staff will likely have poorer service quality, negatively affecting patronage.
- Restaurants will need to bump up wages to attract and retain staff. This will boost the average wage and wages' share of industry revenue over the coming years.
- Staff training will be crucial to creating a positive customer experience and maintaining industry standards. Restaurants must provide high-quality service or risk losing customers to a growing number of competitors as the market heats up.
- To help the industry with staff shortage problems, R&CA is lobbying to formulate a national workforce strategy for the hospitality sector and encourage priority processing of visas for hospitality-related occupations, which are suffering from severe shortages.

Convenience and sustainability trends will continue to gain traction

- Consumers' lifestyles are set to remain busy, so many will have less leisure time to spend cooking, boosting demand for dining out. With a smaller amount of time for sit-down dining, consumers will opt for more casual and convenient dining or takeaway options. According to recent research by Square, 58% of consumers prefer casual dining over more formal, sit-down settings.
- Restaurants will embrace casual dining trends, which will become a growth opportunity. Menus offering smaller, tapas-style options, share plates and street food will gain popularity.
- Most casual restaurants fall under the mid-range segment, so thriving casual dining trends will place pressure on premium restaurants. In response, premium restaurants will need to back themselves up by offering the best quality food and unique dining experiences that can't be experienced elsewhere.
- Restaurants will place added focus on sustainable operations. Hospitality businesses won't just look into recycling waste but also into consciously consuming less. Many restaurants will seek to minimise paper waste by substituting receipts and dockets with digital alternatives.
- Many restaurants are on track to become plastic-free venues by replacing plastic straws and takeaway packaging with more sustainable options. Some other ways restaurants will commit to sustainability efforts include participating in environmental initiatives, sourcing produce locally and curbing food waste.

Life Cycle

Mature

Why is the industry mature?

Contribution to GDP

Industry value added (IVA), a measure of an industry's contribution to GDP, is outpacing the overall economy. Australians are increasingly dining out despite cost-of-living pressures, as they perceive restaurant meals as a more affordable indulgence. The enormous growth the industry experienced right after pandemic restrictions were lifted has also supported IVA.

Market Saturation

The market is largely saturated, with restaurants competing fiercely for prime locations and customer numbers. However, growth in demand for healthy menu options has encouraged new establishments to enter the industry. Australians are constantly seeking new and unique experiences, creating niche opportunities for restaurants with innovative concepts.

Innovation

The industry's product segments have evolved in response to shifts in consumer trends towards higher food quality and enhanced dining experiences. Restaurants are focusing on offering healthier and more nutritious food to satisfy health-conscious customers. Restaurants are also curating Instagrammable dishes to cater to social media influencers and the general public.

Consolidation

The industry is highly fragmented, comprising numerous small businesses. Mergers and acquisitions among restaurants are rare, making it difficult for a single business to gain substantial market share. Restaurants often shy away from expanding into multiple premises because maintaining consistent service and quality is difficult.

Technology & Systems

Restaurants have exhibited low technological change, with technology mainly used to boost operational efficiencies. More and more restaurants are using artificial intelligence to tackle repetitive and predictive tasks, freeing up space for chefs to focus on creative aspects and other staff to concentrate on customer service.

Life Cycle

Indication of the industry's stage in its life cycle compared to similar industries



*Growth is based on change in share of economy combined with change in establishment numbers

IBISWorld

Source: IBISWorld

Products and Markets

Key Takeaways

Demand for low-cost dining has risen amid significant economic volatility. Due to affordability concerns, consumers have been reining in their spending at expensive restaurants, with their preferences shifting to low-cost dining.

Demand for restaurants from the fourth income quintile has expanded. Consumers in this segment enjoy having many choices and are making the most of better quality options as foodie culture grows.

Largest Market
$13.8bn Mid-range dining

Product Innovation
Moderate

Products and Services

How are the industry's products and services performing?

Greater takeaway possibilities have supported demand for low-cost dining

- Low-cost restaurants rely on quick service, high table turnover and low-price food. These restaurants offer value-based meals with few extras. They have lower operating costs and higher takeaway revenue.
- Low-cost dining offers greater options for takeaway food, less costly meals and lower fixed costs, and these qualities have expanded the segment's share of industry revenue over the past few years. The increasing popularity of casual dining has also supported this segment's performance.
- The cost-of-living crisis has benefited low-cost restaurants, as people have preferred them over mid-range and premium restaurants amid financial pressures.

Mid-range dining has benefited from social media marketing

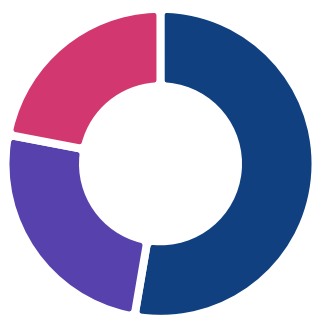
- The mid-range dining segment offers good-quality, moderately priced food and a growing range of takeaway options. Its wide variety of food styles appeals to all consumer groups.
- Mid-range restaurants have benefited from consumers seeking a middle ground between premium and low-cost restaurants.
- A more prominent foodie culture has supported this segment, as fashionable new restaurants often fall into this category.
- Social media platforms like Instagram have enabled trendy restaurants to attract new customers and build their brands. However, low-cost restaurants have largely absorbed the excess demand resulting from people overspending on dining out, despite cost pressures. As a result, this segment has shrunk as a share of industry revenue.

A pivot in consumer demand towards inexpensive options has weighed on premium dining

- The premium dining segment offers high-quality service, luxury settings and quality food and ingredients.
- Customers are increasingly choosing less costly restaurants and ordering fewer courses, causing this segment's share of revenue to have slumped over the past few years.
- Since premium restaurants predominantly work as dine-in venues, they're losing out on the lucrative takeaway service revenue stream.
- To remain viable, premium restaurants have adopted strategies like reviewing menu items and prices, changing portion sizes and curbing costly inputs, which has put them in increasing competition with mid-range restaurants.

Products & Services Segmentation

Industry revenue in 2026 broken down by key product and service lines.



- **Mid-range dining ($13.8bn)** 52.7%
- **Low-cost dining ($6.6bn)** 25.3%
- **Premium dining ($5.8bn)** 22.0%

IBISWorld

Source: IBISWorld

What are innovations in industry products and services? Moderate

Restaurants are making their food more nutritious and sustainable

- Consumer trends and preferences are changing rapidly, with customers demanding better quality food and dining experiences.
- Mounting public concern over health and nutrition is seeing consumer lifestyle trends change. Customers are shifting away from high-fat, deep-fried or super-sized meals and opting for healthier options instead.
- To capitalise on rising health consciousness, restaurants are innovating their menus and introducing healthier offerings. Some new entrants are specialising in health food to cash in on this trend.
- Restaurants are focusing on sustainable offerings, with nearly 20% of restaurants sustainably sourcing ingredients, according to Pulse Check, a Restaurant report made in association with Uber Eats, Mastercard and R&CA.

Restaurants have implemented technology to improve their products and customer service

- Restaurants are facing ongoing pressure to expand the food choices on their menus.
- Some premium restaurants are using the cook-chill method and advanced computer-controlled technology to increase food preservation time by cooking, heating, bagging, sealing and snap-freezing foods.
- Restaurants need to focus on customer satisfaction and a quick turnaround to build and maintain a reputation. Several restaurants have introduced new layouts, specialised dish selections and websites offering table bookings for this purpose.

Restaurants are increasingly using artificial intelligence to enhance operational efficiencies

- Restaurants are using AI to streamline tasks and personalise guest experiences, significantly enhancing their operations. Integrated into POS systems, AI is automating processes like inventory management and providing data-driven menu insights.
- Location-based apps allow personalised guest experiences by tracking preferences, leading to tailored suggestions.
- AI chatbots are managing reservations and allowing restaurant staff to focus on the more human element of hosting.
- By optimising scheduling and forecasting demand, AI is helping to control costs and maintain service quality.

☆ Key Success Factors

What products or services do successful businesses offer?

Alter goods and services produced in favour of market conditions

To maintain customer flow, restaurants must be able to alter menus to respond to consumers' changing tastes and preferences, like for plant-based and healthier options.

Produce a differentiated product

Offering unique menu items can set restaurants apart from their competitors, attracting customers seeking exclusive dining experiences. This strategy can boost a restaurant's performance.

Major Markets

What's influencing demand from the industry's markets?

The highest income quintile is spending less at premium restaurants

- This segment comprises the 20% of Australia's population with the highest incomes. Households in this segment have expansive funds to spend at restaurants.
- High-income earners frequently visit premium restaurants, which have a higher average spend per establishment than any other segment.
- This market has contracted as a share of industry revenue over the past few years. Consumers in the highest income quintile have increasingly limited their spending on premium restaurants and opted for trendy, mid-range restaurants that offer new and unique food and experiences, which has shrunk their average spend.

Demand from the fourth income quintile has remained steady despite intense external competition

- Consumers in this quintile are an essential market for the industry.
- This market spends mainly at mid-range restaurants and a fair bit at premium restaurants.
- An expanding number of quality mid-range restaurants and rising

disposable incomes among households in this segment have driven an uptick in this market's revenue share. Consumers in this market are also less affected by the cost-of-living crisis than those in the lower income quintiles.

Better quality takeaway options have boosted the third income quintile's contribution to revenue

- Consumers in the third income quintile represent the median income range.
- Consumers in this market prefer visiting restaurants with a range of higher priced food options and takeaway menu items. Restaurants' takeaway options have improved in quality, making these products more appealing to consumers in the third income quintile.
- As consumers in the third income quintile have increased their takeaway purchases from restaurants, aided by restaurants' increasing integration with food delivery services, this market's revenue share has expanded.

The second income quintile is less bogged down by inflationary pressures, opting to dine out

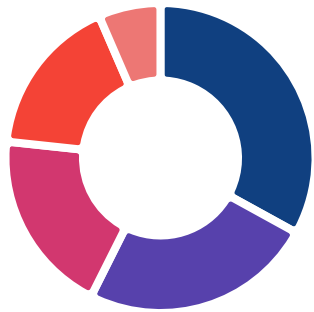
- Consumers in the second income quintile mainly frequent low-cost restaurants and occasionally visit mid-range restaurants.
- Despite inflationary pressures, customers in the second income quintile have increasingly frequented restaurants with affordable options that offer inexpensive deals.
- These consumers have started viewing dining out as an affordable luxury and have increased their monthly expenditure at restaurants. As a result, this market's share of industry revenue has increased over the past five years.

Tight discretionary incomes have shrivelled the lowest income quintile's spending

- This segment comprises the 20% of Australia's population with the lowest incomes.
- This market is the most price-sensitive and is willing to opt for inexpensive fast foods or homemade meals during economic uncertainty.
- These customers frequently visit inexpensive restaurants, which have a lower average spend than other establishments. This means the average spend per visit for consumers in this market is lower than it is in other markets.
- Volatile consumer sentiment and the cost-of-living crisis have had a greater impact on this segment than other segments, contracting this market's revenue share.

Major Markets Segmentation

Industry revenue in 2026 broken down by key markets



- Highest income quintile ($8.6bn) 33.0%
- Fourth income quintile ($6.4bn) 24.4%
- Third income quintile ($5.1bn) 19.3%
- Second income quintile ($4.4bn) 16.8%
- Lowest income quintile ($1.7bn) 6.5%

IBISWorld

Source: IBISWorld

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Key Takeaways

Restaurants are concentrated in areas with a high population. For this reason, New South Wales, Victoria and Queensland house more than four-fifths of Australia's restaurants.

The number of restaurants in Queensland has risen significantly. The state's ability to attract tourists and migrants has catalysed this growth.

Business Locations

State/Territory	Estab. Units	Estab. %	Population %
NSW	11,193	34.5	31.2
VIC	10,447	32.2	25.7
QLD	5,256	16.2	20.6
WA	2,466	7.6	10.8
SA	1,687	5.2	6.9
ACT	649	2.0	1.7
TAS	616	1.9	2.1
NT	130	0.4	0.9

You can access and download additional years of data, including LGA-level data, at my.ibisworld.com.

Where are industry businesses located?

Restaurants prefer to be located in densely populated areas

- The Restaurants industry is generally spread according to the population share by state and territory. Within individual cities, there tends to be a greater concentration of establishments in areas with higher-than-average household incomes and central business districts (CBDs).
- The population level of each state has a direct influence on the number of restaurant consumers. Therefore, more densely populated states have a higher proportion of restaurants to service consumer demand.
- The bulk of the population resides in Australia's eastern states, which have consequently accounted for over 80% of businesses in the Restaurant industry over the last decade.
- The overwhelming share of industry revenue, employment and establishments in the eastern region is attributed to Australia's most populous states – Victoria, Queensland and New South Wales.
- According to Money.com.au's 2025 survey, 32% of people in New South Wales and 34% of Victorians and Queenslanders were more likely to overspend on dining out. This is also a contributing factor to the greater concentration of restaurants in these states.

New South Wales and Victoria favour trendier restaurants

- The proportion of restaurants in New South Wales and Victoria is over-represented compared to the states' populations. This is mainly due to greater demand for fashionable restaurants in these states, as well as the melting pot of different cultures demanding multicultural cuisines.
- Restaurants are heavily concentrated in the major capital city central business districts of Sydney and Melbourne.
- Victoria's share of total industry revenue has grown steadily over the last decade alongside growing employment and business numbers, with Melbourne widely regarded as Australia's food capital, housing several globally recognised restaurants and high-profile restaurateurs.

High migration to and tourism in Queensland attracts restaurants, while ACT restaurants are struggling

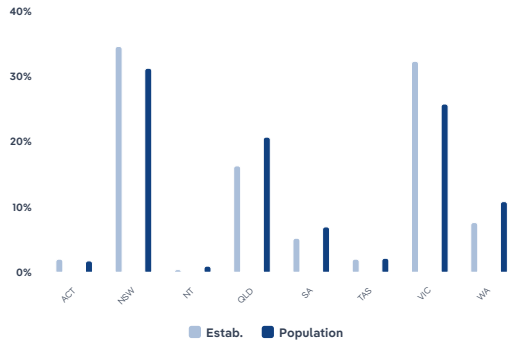
- The number of restaurants in Queensland has been swelling. The concentration of restaurants in the state is due to the high level of tourism Queensland attracts.
- There has been increased migration to Queensland because of the state's comparative affordability and climate advantages. There is also the overall trend of individuals moving to the northern states of Australia.
- Restaurants in the Australian Capital Territory have been struggling to stay afloat over the past few years, with many shutting shop or

downsizing.

- Similar factors affecting restaurants across the country have impacted ACT restaurants. These include rising costs and wage shortages. According to the CEO of the Australian Restaurant and Cafe Association, nearly 20% of hospitality workers are visa holders. This number could be as high as 50% for a state like the ACT. Changes to immigration rules and existing staff shortages are exacerbating operational difficulties for restaurants.

VIC has the largest spread of businesses compared to its population

Share of Estab. (%) vs. share of population (%)



IBISWorld

Source: IBISWorld

☆ Key Success Factors

How do businesses use location to their advantage?

Alter goods and services produced in favour of market conditions

Restaurants must be able to adjust their menus to respond to consumers' changing tastes and preferences in the locations where they operate, thereby maintaining a steady customer flow.

Operate in a highly visible location

Visibility increases foot traffic and ensures the restaurant attracts more customers. This can boost overall patronage and revenue for the restaurant.

Competitive Forces

Key Takeaways

Industry competition is intensifying. New restaurants are entering the industry to provide unique and trendy food options that fulfil Australia's expanding foodie culture.

Restaurants are facing fierce competition from cafes and fast food chains, which are increasingly offering restaurant-style food. These establishments have been somewhat successful in capturing inner-city diners.

Concentration Low

What impacts the industry's market share concentration?

Expansion is difficult because of the significant effort required from owners

- The industry is highly fragmented and dominated by small, individual, owner-operated businesses.
- Owner-operators often invest a significant amount of their time and effort into running their restaurants, which discourages widespread expansion, as owners may be unable to manage multiple premises.
- The most significant obstacle to expansion is maintaining consistent quality and service across locations, as doing so requires rigorous controls and effective training.
- The Restaurants industry typically has lower barriers to entry compared to other sectors, making it relatively easier for new players to enter the market. However, achieving economies of scale can be difficult due to the costs associated with maintaining consistency.

Restaurants focus on unique selling points as opposed to expansion

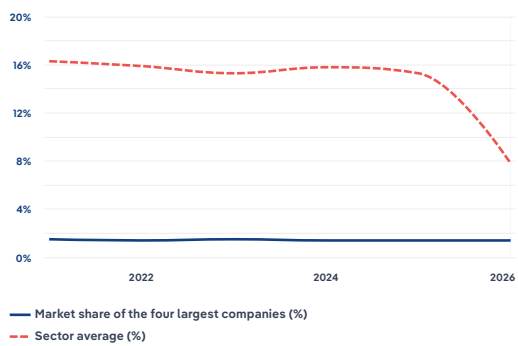
- The industry's influence is not represented by market share but by fashionable restaurants and celebrity chefs.
- Restaurants focus on unique meal experiences, ambience and food quality to capture the market, since chain and franchised restaurants are usually less popular than individual boutique establishments.
- Most businesses with more than one location open new restaurants under different brands to avoid being perceived as a chain.
- Celebrity chefs often act as a unique selling point for restaurants, allowing them to promote themselves as a brand.

Diverse and localised demand supports low concentration

- Many chefs and restaurateurs prefer to maintain a close connection with their community and focus on delivering high-quality, locally sourced cuisine that reflects regional tastes and preferences.
- Australia's dining culture is diverse, with significant demand for a wide variety of cuisines. This diversity in consumer preferences allows for numerous niche and specialised establishments to thrive, rather than enabling a few large chains to dominate the market.
- Restaurants are increasingly emphasising food quality, freshness and supporting local producers, which favours more minor, more agile operations that can tailor their offerings to meet these demands. As a result, establishments tend to focus on offering single operations.

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld Source: IBISWorld

Key Success Factors

How do successful businesses handle concentration?

Develop a skilled labour force

Restaurants with a skilled team of casual and permanent waitstaff, cooks, chefs and kitchen hands can better maintain the high level of service that consumers expect and boost their market share.

Optimise operating capacity

Efficiently managing resources and processes ensures high-quality service and cost control, which are essential for maintaining competitiveness, including pricing and market share in the Restaurants industry.

Barriers to Entry

Low | Steady

What challenges do potential industry entrants face?

Legal

- New entrants must follow several regulations and train their staff on food handling, safety and serving liquor. Food Standards Australia New Zealand has developed a national food-hygiene system for all food businesses covered by the Australia New Zealand Food Standards Code.

Start-Up Costs

- New restaurateurs can enter the market with minimal setup costs by leasing premises, equipment, furniture and fixtures, thereby limiting the initial capital outlay. No formal qualifications are required to operate in the industry. However, experience and training in hospitality are desirable and can contribute to profitability.

Differentiation

- New entrants can differentiate themselves from existing restaurants by offering unique dining experiences and cuisines, as consumers' palates have outgrown conventional tastes. Low industry concentration means new entrants can acquire market share relatively quickly without being encumbered by dominant major players. Chains have been largely unsuccessful in the industry as consumers prefer unique experiences.

Labour Expenses

- Restaurants need substantial labour input across all operations, including food ordering and preparation, cooking, serving and cleaning. Restaurants can employ well-trained staff to ensure excellent customer service, retain customers and enhance dining experiences. High-quality service helps new players build a solid reputation through word-of-mouth recommendations.

Key Success Factors

How can potential entrants overcome barriers to entry?

Secure distribution channels

New restaurants can form strategic partnerships with reliable suppliers to surmount barriers to entry. This ensures a consistent flow of quality ingredients and supplies, facilitating smooth operations and allowing new entrants to meet customer demands effectively.

Generate positive word-of-mouth recommendations

By delivering exceptional service and culinary experiences, new restaurants can encourage satisfied customers to share their positive experiences with others. This organic marketing builds reputation and trust, helping overcome the initial barriers of attracting a loyal customer base.

Substitutes

High | Increasing

What are substitutes for industry services?

Cafes and Coffee Shops

- Cafes and coffee shops have increasingly adapted themselves to suit the fast-paced lifestyle of time-poor inner-city customers who demand more on-the-go coffee and meals.
- Customers' busy lifestyles have adversely affected many inner-city restaurants offering full-service meals.
- Time-poor consumers have preferred to go for quick cafe-style and takeaway meals.
- Several cafes have emulated the menu offerings and dining experiences of restaurants, making them a viable substitute for industry businesses.

Fast Food and Takeaway Food Services

- Some fast food chains have expanded their menu range to include restaurant-quality meals for quality-conscious consumers.
- Fast food chains like Grill'd are now offering alcoholic beverages on-premises, intensifying competition for restaurants.
- Several fast food businesses like Guzman y Gomez are focusing on the health quotient in their meals, appealing to health-conscious consumers.
- Lower discretionary incomes have led to cash-strapped consumers opting for relatively less expensive fast food options over restaurants.

Do it yourself

- Consumers can easily substitute restaurant meals with home-cooked meals. Meal kits like HelloFresh have entered the market in recent years and offer easy-to-follow recipes with pre-portioned ingredients.
- Meals made at home are often healthier and can be portion-controlled.
- While eating at home can help save money, as home-cooked meals cost less per serving compared to restaurant meals, especially when cooking for families or multiple servings, people's increasingly busy lifestyles have prompted them to dine out to save time.

☆ Key Success Factors

How do successful businesses compete with substitutes?

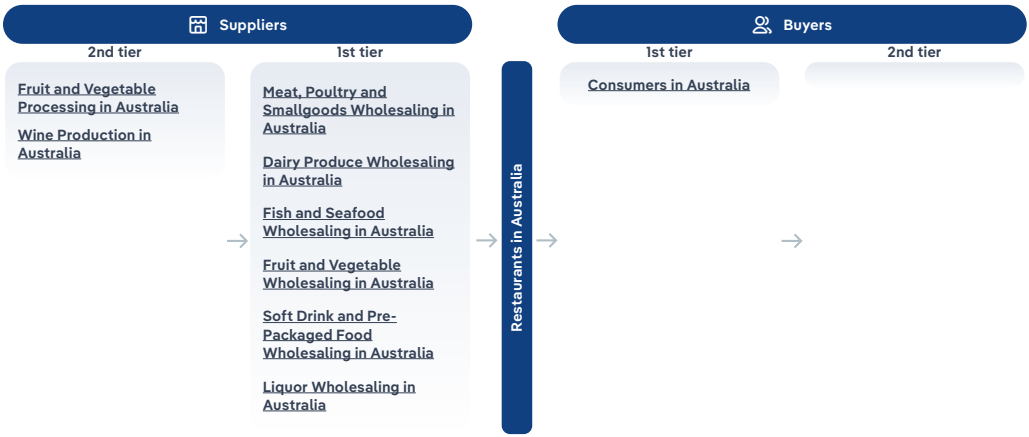
Ensure appropriate pricing policy

Restaurants must ensure that their prices align with the industry to maintain demand and prevent consumers from switching to substitute food-service establishments, as price is a primary competitive factor.

Develop a skilled labour force

Restaurants with a skilled team of casual and permanent waitstaff, cooks, chefs and kitchen hands can better maintain the high level of service that consumers expect and compete with substitute establishments.

Buyer & Supplier Power



IBISWorld

Source: IBISWorld

What power do buyers and suppliers have over the industry?

High | Increasing

Buyers: limitless choices and the ability to easily switch

- Consumers have endless choices when it comes to restaurants, especially in CBDs and inner-city areas. With a variety of dining options available, customers can easily switch to competitors if dissatisfied, making it crucial for restaurants to prioritise customer satisfaction and loyalty.
- Consumers' ability to easily switch means restaurants often face substantial pricing pressures at the lower end of the spectrum. If a restaurant raises prices excessively, price-conscious diners may opt for more affordable alternatives, which forces restaurants to maintain competitive pricing.
- To justify higher prices, restaurants must aim to offer outstanding menu options or one-of-a-kind dining experiences.
- With online reviews and social media, customers have access to extensive information about dining experiences, influencing their choices and further boosting buyer power.

High | Increasing

Suppliers: provide critical inputs and can be larger in size

- Restaurants purchase fruit, vegetables, dairy, meat, poultry and seafood from wholesalers.
- A steady and timely supply of good-quality ingredients is critical for any restaurant to function smoothly.
- Switching suppliers can cause delays in input delivery and problems in consistency, quality and taste, considerably affecting restaurants' operations. This substantially augments suppliers' negotiating power.
- Individual restaurants are considerably smaller than their suppliers, which adds to supplier power. Suppliers can dictate prices, eroding restaurants' profitability.

Key Success Factors

How do successful businesses manage buyer & supplier power?

Establish long-term working relationships with raw material suppliers

Building strong, ongoing relationships with suppliers ensures restaurants have consistent access to a quality supply of inputs. This stability can help mitigate supplier power and enable better negotiation of terms, thereby reducing costs during fluctuations.

Offer a competitively priced product

By maintaining competitive pricing, restaurants can enhance their appeal to price-conscious consumers, mitigating buyer power. This approach can cultivate customer loyalty and help sustain revenue in an increasingly competitive market landscape.

Companies

Key Takeaways

The industry has no major players, as it's highly fragmented and comprises many small restaurants. Restaurants focus on unique meal experiences because chain establishments are generally less popular than standalone boutique restaurants.

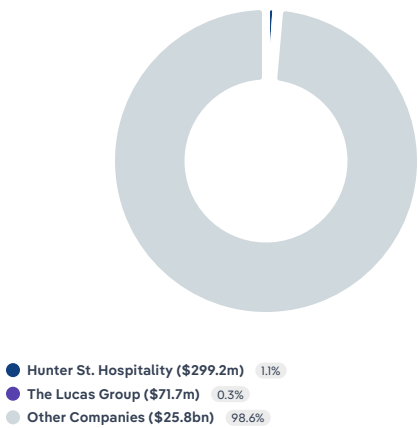
Major Players

Company	Revenue	Market Share
Hunter St. Hospitality	$299.2m	1.1%
The Lucas Group	$71.7m	0.3%
Other Companies	$25.8bn	98.6%

Market Share

Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue



IBISWorld

Source: IBISWorld

Companies

Company	Market Share (%) 2026	Revenue ($m) 2026
Hunter St. Hospitality	1.1 ↘	299.2 ↗
The Lucas Group	0.3 ↗	71.7 ↗

Hunter St. Hospitality

Company Details

Registered Name	Pacific Hunter Group Pty Ltd
Industry Specific Revenue (2026)	$299.2m
Industry Profit (2026)	N/A
Company Employees (2026)	N/A
Market Share (2026)	1.1%

Description

Pacific Hunter Group Pty Ltd is a locally owned proprietary company that operates restaurants and other hospitality venues. The company employs approximately 2,500 people and is administered from its headquarters in The Rocks, New South Wales. Some well-known brands operated by the group include Rockpool Bar & Grill, Spice Temple, Sake Restaurant & Bar, The Cut Bar & Grill, Bar Patron, El Camino Cantina, Fratelli Fresh, Slice and The Bavarian.

Brands & Trading Names

- The Bavarian
- Fratelli Fresh
- Spice Temple
- Rockpool Bar & Grill
- The Cut Bar & Grill
- Munich Brauhaus
- Slice
- El Camino Cantina
- Winghaus
- Sake Restaurant & Bar
- Bar Patron

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2018	1.6	256.5
2019	1.8	293.2
2020	1.7	236.5
2021	1.3	182.9
2022	1.1	188.0
2023	1.2	268.5
2024	1.2	277.9
2025	1.1	284.2
2026	1.1	299.2

What's impacting Hunter St. Hospitality's performance?

The Pacific Hunter Group has switched ownership

- In October 2024, Pacific Hunter's portfolio of restaurant brands owned by Quadrant Private Equity was taken over by lenders, with Metrics Credit Partners assuming full control. Metrics, a major private credit fund, was a key lender to Pacific Hunter.
- Despite generating more than $250 million annually, Pacific Hunter struggled with debt it couldn't refinance. The group suffered a loss of $76 million in 2022 and had to shut down 16 venues in 2023-24.
- Since the takeover, Metrics has made changes to Pacific Hunter's management. Frank Tucker, formerly the Chief Operations Officer, has

been appointed as the CEO.

- Under new ownership by Metrics, Rockpool is undergoing changes to enhance the customer experience. These include offering more affordable wine options, live music and additional tables and lounge spaces. Additionally, Pacific Hunter has refurbished Rockpool and Spice Temple and reopened The Cut steakhouse, aiming to cater to a broader audience.

The Lucas Group

Company Details

Registered Name	The Lucas Group Services Pty Ltd
Industry Specific Revenue (2026)	$71.7m
Industry Profit (2026)	N/A
Company Employees (2026)	N/A
Market Share (2026)	0.3%

Description

The Lucas Group Services Pty Ltd is a proprietary company that generates revenue through the operation of hospitality venues. Founded in 1995, the company is headquartered in Melbourne and employs over 970 people. The company operates venues including Baby Pizza, Carlotta, Chin Chin, Grill Americano, Hawker Hall, Kisume, Maison Batard, Society, Tombo Den and Yakimono.

Brands & Trading Names

- Maison Batard
- Yakimono
- Grill Americano
- Baby
- Tombo Den
- Hawker Hall
- Society
- Lillian
- Carlotta
- Kisume
- Chin Chin

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2017	0.1	19.3
2018	0.2	33.4
2019	0.2	33.3
2020	0.2	30.6
2021	0.2	35.8
2022	0.3	47.5
2023	0.3	68.6
2024	0.3	62.2
2025	0.3	66.5
2026	0.3	71.7

You can view and download more company details on my.ibisworld.com.

External Environment

Key Takeaways

Expenditure at restaurants is heavily dependent on real household discretionary incomes. Despite recent cost-of-living pressures, consumers have increased their frequency of visiting and average spend at restaurants, especially low-cost venues.

Rising health consciousness has prompted a shift in restaurant menus. Some restaurants are providing special meals catering to specific diets, like veganism or vegetarianism, or incorporating healthier ingredients to capitalise on current lifestyle trends.

Regulation & Policy
Moderate Steady

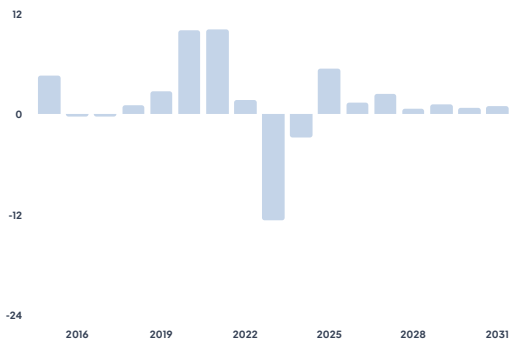
Assistance
Low Steady

External Drivers

What demographic and macroeconomic factors impact the industry?

Real household discretionary income

Growth

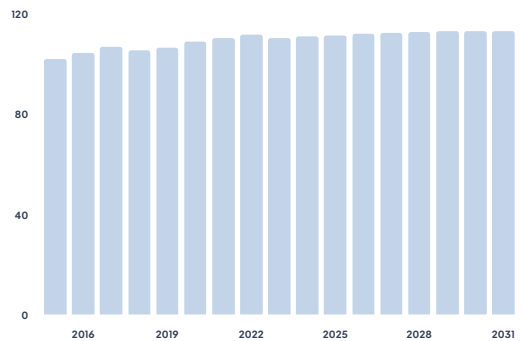


IBISWorld Source: IBISWorld

Changes in real household discretionary incomes can substantially impact the industry's growth and performance. Dining out at restaurants is considered a discretionary activity, so higher household incomes tend to boost industry demand. On the other hand, declines in real household discretionary income can limit consumer spending and constrain industry revenue.

Health consciousness

Index



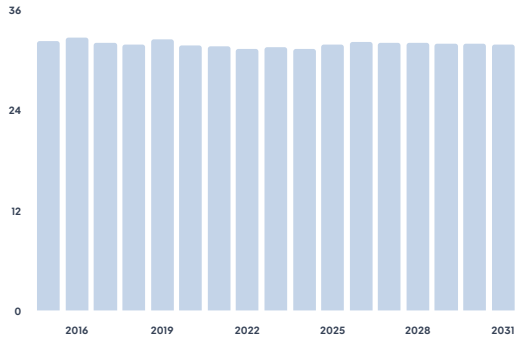
IBISWorld Source: IBISWorld

Consumers are becoming more aware of the health issues associated with poor diets and obesity. This trend is reducing demand for the unhealthy food and drink products that many restaurant competitors offer, particularly fast food chains. Rising health consciousness presents restaurants with an opportunity to expand by providing healthy food and drink options.

Fast food is a major and growing source of competition for restaurants. As consumers lead busier lifestyles, fast food offers an affordable and convenient alternative to dining out, especially as many of these establishments have introduced healthier alternatives like salads and wraps on their menus. Rising demand for fast food can lead to a decline in demand for restaurants.

Average weekly hours worked

Hours per week

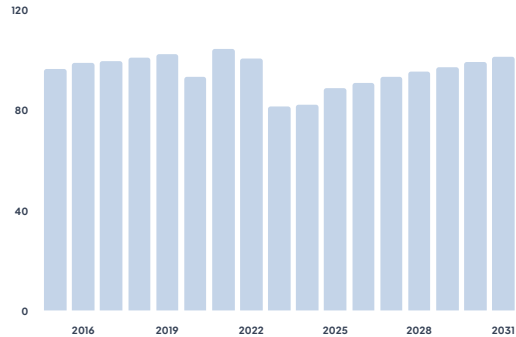


IBISWorld Source: IBISWorld

A substantial increase in the average weekly hours worked has a positive impact on spending at restaurants. As consumers become busier, they tend to eat at restaurants more often instead of cooking at home. Dining at restaurants also allows consumers to combine meals with social activities. Hence, time-poor consumers can boost industry performance.

Consumer sentiment index

Percentage



IBISWorld Source: IBISWorld

The Consumer Sentiment Index measures how people feel about their current financial situation and overall economic conditions. Consumers tend to dine out at restaurants when consumer sentiment is positive. Conversely, negative consumer sentiment can threaten industry revenue growth as households look to save money by cooking more meals at home.

Regulation & Policy

Moderate Steady

What regulations impact the industry?

Australia New Zealand Food Standards Code

Since the industry is involved in food sales, it has to adhere to many preparation and storage requirements. Food Standards Australia New Zealand (FSANZ) has developed a national food-hygiene system for all food businesses covered under the Australia New Zealand Food Standards Code. The code stresses self-regulation, with restaurants taking greater responsibility for their food. The code analyses hazards and identifies critical control points to monitor these hazards.

Food Safety Program

The state of Victoria has instituted compulsory Food Safety Programs since 2022. These are written plans where food businesses list out their safety measures, placing the onus on restaurants to minimise food hazards. Certified owners' training in food safety and handling procedures is also required as part of councils' registration process under Victorian health regulations. Other states have introduced similar regulations, leading to a largely uniform system across Australia.

Modern Slavery Act 2018

The Modern Slavery Act 2018 has only a minor influence on the Restaurants industry. As the industry is highly fragmented, most restaurants don't generate sufficient revenue to file a compulsory report. Restaurants must still ensure that modern slavery isn't found in their extended supply chains, especially if their ingredients are imported.

Assistance

Low Steady

What assistance is available to this industry?

Government
Promotion of tourism

The Restaurants industry receives minimal direct support, with no significant government assistance in place other than one-off Government schemes like the Victorian Dining and Entertainment Program (ended in 2022) that encourage spending at restaurants through refunds to

consumers. However, advertising of Australian restaurants by state and national tourism bodies provides some support for demand, particularly given the high proportion of tourists who dine at restaurants while travelling. THRIVE 2030 is one such campaign that aims to boost the visitor economy in Australia to achieve visitor expenditure of $230.0 billion by 2030. This would indirectly uplift demand for restaurants.

Non-government
Restaurant & Catering Australia

Industry groups provide information and advice that supports restaurants. Online resources providing up-to-date information on the latest issues and trends in the hospitality sector include sites like Hospitality Magazine. Restaurant & Catering Australia (R&CA) is the industry's peak association. R&CA's primary focus is to ensure that businesses in the Australian hospitality sector remain relevant and profitable. To make this happen, the association provides access to supplier deals and discounts, as well as specialist advice on workplace relations, employment laws and immigration.

Financial Benchmarks

Key Takeaways

Restaurants are experiencing difficulties in maintaining their margins. Inflationary pressures have been hiking restaurants' operational costs, including purchase costs, rent and energy expenses.

Mounting input prices have seen restaurants' purchase costs rise. High inflation is raising the cost of major inputs like meat and vegetables.

Profit Margin	Average Wage	Largest Cost
2.8 % Higher than sector	$37,096 Lower than sector	Purchases 34.9% of Revenue

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2026



IBISWorld Source: IBISWorld

Cost Structure Benchmarks

Operating costs	Industry (%)	Sector (%)
Purchases	34.9	34.67
Other	100	-
Wages	26	25.62
Commissions	1.5	-
Employee Insurance	0.5	-
Other	98	-
Rent	8.5	8.27
Other	100	-
Depreciation	2.9	2.79

Operating costs	Industry (%)	Sector (%)
Profit	2.8	2.72
Utilities	1.6	1.49
Other Costs	23.3	24.43
Repair and Maintenance	1.1	-
Vehicle Costs	0.4	-
Other	98.5	-

What trends impact industry costs?

Restaurants are struggling to maintain margins amid inflationary and cost-of-living pressures

- Profitability varies depending on a restaurant's size. Large restaurants benefit from economies of scale, while smaller establishments can improve profitability through increased efficiency, premium menus and personalised customer service.
- Well-known, trendy restaurants are usually highly profitable, as they can charge premium prices.
- The industry's profitability has shrunk over the past five years, as inflationary pressures have boosted restaurants' operational costs. These include ingredient and rent costs in particular.
- Several restaurants are revising their menu prices and portion sizes, prioritising high-margin dishes, regulating inventory controls and monitoring wage and other operational costs closely in an attempt to maintain margins.

Soaring input prices have hiked purchase costs

- Restaurants purchase meat, fruit, vegetables, dairy and many other ingredients from wholesalers and producers.
- High inflation has caused the domestic prices of several input ingredients to surge, which has led to a spike in purchase costs' revenue share over the past five years.
- Despite escalating input prices, the industry's highly competitive nature means restaurants often can't shift the entire price burden onto their customers. Tighter discretionary spending over the past five years has also limited restaurants' ability to pass on costs. These factors have weighed on restaurants' margins.

A rising national minimum wage has inflated restaurants' wage costs

- Restaurants rely on employees for various tasks like customer service, preparing food, cleaning and managing inventory.
- Many hospitality workers receive the national minimum wage or a similar award rate.
- An increasing national minimum wage has contributed to an upswing in wage costs over the four years through 2025-26. In July 2023, the minimum wage was increased to $23.23 per hour, representing a 5.75% rise from the previous year. In July 2024, the rate was raised to $24.10 per hour, and in July 2025, it increased to $24.95 per hour. From the start of 2025, underpaying employees has also been criminalised in Australia.
- Overall, wage costs have decreased as a share of industry revenue over the past five years, mainly because of the large base-year value. Government support allowed restaurants to pay wages to employees over the two years to 2020-21, boosting wages' revenue share.

High rental prices are impacting restaurant costs

- Rent reflects the cost of leasing premises for restaurant operations. Competition for desirable real estate in inner-city locations is intense as restaurants benefit from high volumes of passing foot traffic.
- Demand for restaurant space in areas with high average incomes is robust, with restaurants willing to pay more for these locations.
- Rent has grown as a share of industry revenue over the past five years due to the consistent price growth in retail rental markets. Some landlords are also linking rental costs to turnover.

Investments in new fit-outs are increasing depreciation costs, but margin pressures are limiting this growth

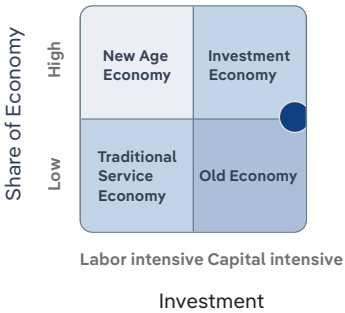
- Depreciation accounts for a small portion of industry revenue, with restaurant businesses focused more on labour than capital investment.
- Capital expenditure in the industry includes fitting out the restaurant by installing a commercial kitchen and providing tables, chairs, crockery and cutlery.
- Depreciation has increased slightly as a proportion of industry revenue over the three years through 2025-26 as restaurants have been investing in expensive fit-outs to tackle competition. However, growth has been slow, as restaurants have also struggled to maintain their margins.

Skyrocketing energy prices are pushing up utility costs for restaurants

- Utility expenses for restaurants vary significantly based on factors like size, location and energy efficiency. In general, restaurant utility expenses include electricity, gas and water costs for heating, cooling, cooking and other miscellaneous tasks.
- On average, a small restaurant spends about $10,000 annually on electricity, according to energy retailer Next Business Energy and around $3,000 annually on gas, according to energy provider comparison service Connect Market.
- According to UberEats' Pulse Check Report 2024, increased utility costs were among restaurants' top five concerns. Over the past few years, restaurants have struggled to keep up with surging energy prices, which have pushed up utilities as a share of industry

revenue.

Share of economy vs. Investment



IBISWorld Source: IBISWorld

Financial Ratios

Debt / Net Worth
1.4 Higher than sector

Trade Receivables (%)
1.7 Higher than sector

Cash Flow Coverage Ratio
-0.1 Lower than sector

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash Ratio	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Current Ratio	0.8	0.8	0.9	0.9	0.8	0.9	0.8
Days' Payables	29.0	32.1	30.9	31.5	27.0	29.8	30.1
Days' Inventory	15.2	16.4	14.6	14.4	12.6	13.9	14.6
Days' Receivables	3.0	2.9	3.0	3.5	3.4	3.3	3.2
Inventory Turnover	24.1	22.3	24.9	25.3	29.0	26.4	25.1
Payables Turnover	12.6	11.4	11.8	11.6	13.5	12.3	12.2
Quick Ratio	0.7	0.7	0.8	0.8	0.7	0.8	0.8
Trade Receivables Turnover	123.1	123.8	120.0	102.9	107.2	110.0	115.4
Working Capital Turnover	-20.2	-19.1	-55.6	-35.0	-26.7	-39.1	-31.3

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash Flow Coverage Ratio	-0.3	-0.2	0.6	0.2	-0.1	0.2	0.0
Cash Flow Margin Ratio	N/A	N/A	0.1	N/A	N/A	0.0	0.0
Current Liability Coverage Ratio	-0.1	-0.1	0.3	0.1	N/A	0.1	0.0
Interest Coverage	1.0	-0.6	7.2	3.1	2.1	4.2	2.6

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Debt / Net Worth	2.5	3.4	2.0	0.4	1.4	1.3	1.9
Fixed Assets / Net Worth	8.4	13.3	7.6	2.4	6.4	5.4	7.6
Net Worth ($ million)	N/A	N/A	N/A	N/A	1135.2	1135.2	1135.2
Net Worth Ratio	4.3	-4.7	1.0	10.2	3.1	4.8	2.8

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Asset Turnover	1.8	1.4	1.5	1.2	1.8	1.5	1.6
Cash & Equivalents (%)	23.6	23.1	27.6	22.9	26.9	25.8	24.8
Fixed Asset Turnover	2.7	2.1	2.4	1.7	2.9	2.3	2.3
Return on Total Assets (%)	1.9	-1.1	8.7	2.9	3.2	4.9	3.1

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Fixed Assets (%)	67.2	68.4	62.9	70.0	64.0	65.6	66.5
Inventory (%)	3.2	2.6	2.7	2.1	2.8	2.5	2.7
Total Assets ($ million)	N/A	N/A	N/A	N/A	11322.5	11322.5	11322.5
Total Current Assets (%)	28.3	26.8	31.5	26.2	31.3	29.7	28.8
Trade Receivables (%)	1.5	1.1	1.2	1.2	1.7	1.4	1.3

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Long Term Debt (%)	54.6	60.7	57.5	41.1	51.8	50.1	53.1
Short Term Debt (%)	3.2	2.6	2.7	2.1	2.8	2.5	2.7
Total Current Liabilities (%)	37.3	34.2	34.2	29.6	38.2	34.0	34.7
Total Liabilities & Net Worth ($ million)	N/A	N/A	N/A	N/A	11322.5	11322.5	11322.5
Trade Payables (%)	5.8	5.1	5.3	4.4	5.6	5.1	5.2

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Expense / Income Ratio	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Gross Profit Margin (%)	63.0	64.0	65.0	64.0	62.0	63.7	63.6
Mark Up (%)	151.3	142.0	139.4	138.7	141.5	139.8	142.6
Net Profit (%)	-3.0	-3.0	2.0	N/A	-1.0	0.3	-1.0
Return on Net Worth (%)	4.4	-49.1	94.2	7.4	20.3	40.6	15.4

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash & Equivalents ($ million)	N/A	N/A	N/A	N/A	3043.1	3043.1	3043.1
EBIT ($ million)	N/A	N/A	N/A	N/A	361.0	361.0	361.0
Fixed Assets ($ million)	N/A	N/A	N/A	N/A	7246.6	7246.6	7246.6
Operating Cashflow ($ million)	N/A	N/A	N/A	N/A	-156.5	-156.5	-156.5

Valuation Multiples

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
EV/Revenue	-0.1	-0.1	N/A	0.1	N/A	0.0	0.0
EV/EBITDA	-2.6	-3.4	-0.6	3.0	-0.8	0.5	-0.9
EV/EBIT	8.0	3.4	-1.5	20.5	30.7	16.6	12.2

Key Ratios

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2007-08	162,610	1.0	5.6	6.2	41,071	25.3	1.1	30.9
2008-09	160,902	0.9	5.2	5.8	40,794	25.4	1.1	33.4
2009-10	168,534	1.0	5.1	5.7	34,684	20.6	1.1	29.0
2010-11	163,151	0.9	5.1	5.7	39,775	24.4	1.1	32.6
2011-12	162,176	0.9	5.2	5.8	41,289	25.5	1.1	33.9
2012-13	173,000	1.0	5.3	5.8	45,119	26.1	1.1	34.2
2013-14	175,487	1.0	5.3	5.8	45,408	25.9	1.1	34.0
2014-15	173,052	1.0	5.5	6.0	46,060	26.6	1.1	33.8
2015-16	164,517	1.0	5.6	6.1	43,868	26.7	1.1	34.3
2016-17	151,991	1.0	5.7	6.3	40,396	26.6	1.1	33.7
2017-18	153,025	0.9	5.7	6.2	40,908	26.7	1.1	33.7
2018-19	151,336	0.9	5.6	6.1	40,186	26.6	1.1	32.3
2019-20	125,611	0.8	5.6	6.1	40,677	32.4	1.1	38.3
2020-21	110,506	0.7	5.5	5.9	36,245	32.8	1.1	41.5
2021-22	120,502	0.7	5.4	5.9	35,940	29.8	1.1	36.8
2022-23	144,815	0.9	5.6	6.1	34,936	24.1	1.1	29.5
2023-24	143,576	0.9	5.5	6.1	35,740	24.9	1.1	30.3
2024-25	144,137	0.9	5.7	6.2	35,986	25.0	1.1	30.6
2025-26	142,418	0.9	5.7	6.2	37,096	26.0	1.1	31.7
2026-27	142,223	0.9	5.6	6.1	38,330	27.0	1.1	32.9

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2027-28	142,977	0.9	5.6	6.1	39,440	27.6	1.1	33.7
2028-29	143,618	0.9	5.6	6.1	40,555	28.2	1.1	34.4
2029-30	143,675	0.9	5.7	6.1	41,570	28.9	1.1	35.4
2030-31	143,612	0.9	5.6	6.1	42,584	29.7	1.1	36.3
2031-32	143,475	0.9	5.6	6.1	43,419	30.3	1.1	37.1

Key Statistics

Industry Data

Values

Year	Revenue ($ Million)	IVA ($ Million)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Wages ($ Million)
2007-08	14,678.6	4,535.3	16,245	14,511	90,269	3,707.5
2008-09	13,870.3	4,631.7	16,604	14,826	86,203	3,516.6
2009-10	15,068.8	4,367.1	17,493	15,726	89,411	3,101.2
2010-11	15,254.6	4,973.8	18,319	16,525	93,500	3,718.9
2011-12	15,977.2	5,417.6	18,926	17,034	98,518	4,067.7
2012-13	16,934.2	5,786.7	18,334	16,788	97,886	4,416.5
2013-14	18,633.6	6,341.5	19,987	18,334	106,182	4,821.5
2014-15	19,894.4	6,724.5	21,057	19,275	114,962	5,295.2
2015-16	20,471.7	7,029.8	22,295	20,415	124,435	5,458.7
2016-17	20,387.8	6,877.0	23,385	21,428	134,138	5,418.7
2017-18	20,860.5	7,038.0	24,096	22,131	136,321	5,576.7
2018-19	20,842.2	6,740.3	24,526	22,542	137,721	5,534.5
2019-20	17,665.5	6,771.7	25,147	23,102	140,637	5,720.7
2020-21	17,657.0	7,335.5	29,290	26,867	159,784	5,791.3
2021-22	19,675.0	7,247.8	30,289	27,841	163,275	5,868.1
2022-23	24,950.1	7,372.0	30,618	28,065	172,290	6,019.1
2023-24	25,043.3	7,592.6	31,438	28,816	174,425	6,234.0
2024-25	26,084.7	7,978.6	32,008	29,372	180,972	6,512.4
2025-26	26,178.9	8,308.5	32,443	29,765	183,817	6,818.8
2026-27	26,259.7	8,627.7	32,909	30,194	184,638	7,077.2
2027-28	27,265.4	9,178.0	33,915	31,106	190,698	7,521.2
2028-29	27,768.9	9,560.0	34,494	31,640	193,353	7,841.4
2029-30	28,816.1	10,190.0	35,389	32,794	200,564	8,337.5
2030-31	28,885.4	10,487.3	35,751	32,862	201,135	8,565.2
2031-32	29,732.5	11,032.1	36,786	33,826	207,231	8,997.7

Note

Figures are inflation adjusted to 2025-2026

Industry Data

Annual Change

Year	Revenue %	IVA %	Estab. %	Enterprises %	Employment %	Wages %
2007-08	N/A	N/A	N/A	N/A	N/A	N/A
2008-09	-5.5	2.1	2.2	2.2	-4.5	-5.1
2009-10	8.6	-5.7	5.4	6.1	3.7	-11.8
2010-11	1.2	13.9	4.7	5.1	4.6	19.9
2011-12	4.7	8.9	3.3	3.1	5.4	9.4
2012-13	6.0	6.8	-3.1	-1.4	-0.6	8.6
2013-14	10.0	9.6	9.0	9.2	8.5	9.2
2014-15	6.8	6.0	5.4	5.1	8.3	9.8
2015-16	2.9	4.5	5.9	5.9	8.2	3.1
2016-17	-0.4	-2.2	4.9	5.0	7.8	-0.7
2017-18	2.3	2.3	3.0	3.3	1.6	2.9
2018-19	-0.1	-4.2	1.8	1.9	1.0	-0.8
2019-20	-15.2	0.5	2.5	2.5	2.1	3.4
2020-21	0.0	8.3	16.5	16.3	13.6	1.2
2021-22	11.4	-1.2	3.4	3.6	2.2	1.3
2022-23	26.8	1.7	1.1	0.8	5.5	2.6
2023-24	0.4	3.0	2.7	2.7	1.2	3.6
2024-25	4.2	5.1	1.8	1.9	3.8	4.5
2025-26	0.4	4.1	1.4	1.3	1.6	4.7
2026-27	0.3	3.8	1.4	1.4	0.4	3.8
2027-28	3.8	6.4	3.1	3.0	3.3	6.3
2028-29	1.8	4.2	1.7	1.7	1.4	4.3
2029-30	3.8	6.6	2.6	3.6	3.7	6.3
2030-31	0.2	2.9	1.0	0.2	0.3	2.7
2031-32	2.9	5.2	2.9	2.9	3.0	5.0

Note

Figures are inflation adjusted to 2025-2026

Key Success Factors

How do successful businesses overcome volatility?

Ensure appropriate pricing policy

Restaurants must ensure that their prices align with those of equivalent offerings in the industry to maintain demand and mitigate volatility, as price is a primary competitive factor – especially as cost-of-living pressures strain consumers' finances.

Alter goods and services produced in favour of market conditions

To maintain customer flow and contain revenue volatility, restaurants must be able to alter their menus to respond to consumers' changing tastes and preferences, like rising demand for healthier menu options.

What products or services do successful businesses offer?

Alter goods and services produced in favour of market conditions

To maintain customer flow, restaurants must be able to alter menus to respond to consumers' changing tastes and preferences, like for plant-based and healthier options.

Produce a differentiated product

Offering unique menu items can set restaurants apart from their competitors, attracting customers seeking exclusive dining experiences. This strategy can boost a restaurant's performance.

How do businesses use location to their advantage?

Alter goods and services produced in favour of market conditions

Restaurants must be able to adjust their menus to respond to consumers' changing tastes and preferences in the locations where they operate, thereby maintaining a steady customer flow.

Operate in a highly visible location

Visibility increases foot traffic and ensures the restaurant attracts more customers. This can boost overall patronage and revenue for the restaurant.

How do successful businesses handle concentration?

Develop a skilled labour force

Restaurants with a skilled team of casual and permanent waitstaff, cooks, chefs and kitchen hands can better maintain the high level of service that consumers expect and boost their market share.

Optimise operating capacity

Efficiently managing resources and processes ensures high-quality service and cost control, which are essential for maintaining competitiveness, including pricing and market share in the Restaurants industry.

How can potential entrants overcome barriers to entry?

Secure distribution channels

New restaurants can form strategic partnerships with reliable suppliers to surmount barriers to entry. This ensures a consistent flow of quality ingredients and supplies, facilitating smooth operations and allowing new entrants to meet customer demands effectively.

Generate positive word-of-mouth recommendations

By delivering exceptional service and culinary experiences, new restaurants can encourage satisfied customers to share their positive experiences with others. This organic marketing builds reputation and trust, helping overcome the initial barriers of attracting a loyal customer base.

How do successful businesses compete with substitutes?

Ensure appropriate pricing policy

Restaurants must ensure that their prices align with the industry to maintain demand and prevent consumers from switching to substitute food-service establishments, as price is a primary competitive factor.

Develop a skilled labour force

Restaurants with a skilled team of casual and permanent waitstaff, cooks, chefs and kitchen hands can better maintain the high level of service that consumers expect and compete with substitute establishments.

How do successful businesses manage buyer & supplier power?

Establish long-term working relationships with raw material suppliers

Building strong, ongoing relationships with suppliers ensures restaurants have consistent access to a quality supply of inputs. This stability can help mitigate supplier power and enable better negotiation of terms, thereby reducing costs during fluctuations.

Offer a competitively priced product

By maintaining competitive pricing, restaurants can enhance their appeal to price-conscious consumers, mitigating buyer power. This approach can cultivate customer loyalty and help sustain revenue in an increasingly competitive market landscape.

Call Prep Questions

Role Specific Questions

Sales & Marketing

What are the major markets your restaurant targets?

- The highest income quintile accounts for over 35% of all expenditure in the industry.
- Consumers in the lowest income quintile are less likely to visit restaurants than other consumers, with less than 7% of revenue generated by this segment.

What are the main competition factors your company can focus marketing on to attract more customers?

- Price and quality are the primary elements of internal competition in the industry.
- Menu offerings, customer service and the location of a restaurant are also significant factors.

Strategy & Operations

How close to customers is your business located?

- Most restaurants are located in the three most populous states: New South Wales, Victoria and Queensland.
- As a retail industry, restaurants need to be located close to consumers.

How does your business minimise input costs?

- Purchase costs are expected to account for over 35% of revenue in the current year, and have a significant influence on the industry's performance.
- Purchase expenses have risen as a share of industry revenue over the past five years. Meanwhile, many restaurants have implemented stricter cost controls to minimise purchase expenses.

Technology

How does your company keep up to date with the latest ordering systems?

- The introduction of ordering systems linking waiters directly to the kitchen have become common over the past decade in mid-to-premium restaurants.
- This trend has been followed by the introduction of tablet menus and ordering, which provide customers with more information such as wine matching and photos.

What technologies and processes have been implemented to reduce your restaurant's reliance on labour?

- Labour-saving processes have become integral to restaurant success, with cook-chill methods becoming widespread.
- Large premium operators use the cook-chill method to increase food preservation time by cooking, heating, bagging, sealing and snap-freezing foods to the required temperature with minimum handling.

Compliance

What industry groups is your business aligned with?

- Industry groups provide information and advice that supports industry players.
- Restaurant & Catering Australia is the national association that represents restaurants, cafes and catering businesses. The association represents the industry's interest in areas such as tax, workplace relations and employment laws.

What type of base regulations are restaurants expected to comply with?

- The most important regulations for restaurants are those relating to food safety and health. Food Standards Australia New Zealand (FSANZ) is the regulatory body for food safety standards in Australia.
- Operators are required to adhere to relevant legislation and maintain required documentation regarding food safety and health.

Finance

How do your restaurant's profit margins compare with those of your competitors? How has this changed over the past five years?

- Industry profit margins have fallen over the past five years, due to strong competition, and rising purchase costs.
- Additionally, extended periods of COVID-19 lockdown restrictions have limited customer volumes while fixed costs have continued to mount. This has constrained profitability.

What initiatives has your business taken to improve profitability?

- Restaurants have implemented stricter cost controls to improve profitability. Many industry players have kept waste to a minimum by managing stock on hand to avoid large inventories and expired food.

External Impacts Questions

Consumer sentiment index

How do changes in consumer sentiment affect demand for your restaurant?

- Consumer sentiment influences consumers' purchasing decisions.
- When consumer sentiment is negative, it may indicate lower spending on luxuries such as restaurant dining.

Real household discretionary income

How have fluctuations in household income affected demand for your restaurant over the past five years?

- When incomes fall, spending on discretionary items such as dining out at restaurants may be restricted as consumers become more cautious with their finances.

Health consciousness

How is your restaurant catering to health-conscious consumers?

- An increase in health consciousness gives restaurants that provide high-quality and healthy menu options an opportunity to boost revenue.

Internal Issues Questions

Ability to alter goods and services produced in favour of market conditions

What is the cost of altering your restaurant's menus to adjust to changing food trends?

- Restaurants require flexibility to alter menus and adjust to changing food trends.

Access to niche markets

What niche markets are available to your business?

- Industry operators that provide differentiated products can reduce direct competition. This can help maintain market share and increase revenue.

Effective cost controls

What cost-control measures does your restaurant use to maximise profit?

- Successful restaurants must have effective cost controls to minimise costs and maximise profit.

IBISWorld

IBISWorld helps you find the industry information you need - fast.

Disclaimer

This publication has been supplied by IBISWorld Inc. and its Affiliates ('IBISWorld') solely for use by its authorized licensee and strictly in accordance with their agreement with IBISWorld. The publication is provided on an “as-is” and “as available” basis, and IBISWorld makes no representations or warranties, express or implied, regarding the merchantability, fitness for a particular purpose, completeness, or accuracy of the data or information contained herein. This publication is not intended to be advice and should not be relied upon as such. To the extent permitted by law, IBISWorld disclaims all liability for loss or damage, direct and indirect suffered or incurred by any person resulting from the use of, or reliance upon, the data in this publication.

Copyright to this publication is owned by IBISWorld. All data, information, articles, graphs, and content contained in this publication are copyrighted works and IBISWorld hereby reserves all rights. The product is sold on the basis that the licensee agrees not to copy, reproduce, republish, upload to a third party, or distribute the content or any trade or service mark displayed within the product except in accordance with the agreement. In the event that the licensee is given written permission by IBISWorld to use or quote excerpts from the product, it will be sourced to IBISWorld.

2025 IBISWorld. All Rights Reserved

IBISWorld

Accommodation and Food Services • H4511b

Cafes and Coffee Shops in Australia

Liquid gold: Continuous demand for coffee has kept revenue pouring in

Disha Kartik Jeswanth
Published: October 2025

2025 IBISWorld. All Rights Reserved

About

IBISWorld specializes in industry research with coverage on thousands of global industries. Our **comprehensive data and in-depth analysis** help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions

Table of Contents

Standard Report

1. About This Industry 1
Definition 1
Codes 1
What's Included 1
Companies 1
Related Industries 1
Related Terms 2
Additional Resources 2
2. At a Glance 3
Highlights 3
Major Players 3
Products and Services 3
Key External Drivers 3
Key Takeaways 3
SWOT 4
Industry Structure 4
Executive Summary 4
3. Performance 5
Key Takeaways 5
Performance Snapshot 5
Current Performance 7
Volatility 9
Outlook 10
Life Cycle 11
4. Products and Markets 13
Key Takeaways 13
Highlights 13
Products and Services 13
Major Markets 14
International Trade 15
5. Geographic Breakdown 16
Key Takeaways 16
Business Locations 16
6. Competitive Forces 18
Key Takeaways 18
Concentration 18
Barriers to Entry 18
Substitutes 19
Buyer & Supplier Power 21
7. Companies 23
Key Takeaways 23
Market Share 23
Companies 23
8. External Environment 26
Key Takeaways 26
Highlights 26
External Drivers 26
Regulation & Policy 27
Assistance 27
9. Financial Benchmarks 29
Key Takeaways 29
Highlights 29
Cost Structure 29
Financial Ratios 31
Key Ratios 33
10. Key Statistics 35
Industry Data 35
11. Key Success Factors 37

About This Industry

Definition

The industry includes cafes and coffee shops that serve food and beverages to customers on premises. Customers generally order and are served while seated and pay after eating. The industry excludes operators mainly engaged in takeaway food services, restaurant and catering services, the operation of theatre restaurants and selling alcohol for consumption on and off premises.

Codes

2006	4511-Cafes and Restaurants

What's Included

- Coffee
- Food
- Milkshakes
- Tea
- Bottled water
- Soft drinks

Companies

- RFG

Related Industries

Domestic industries

Competitors

- Pubs, Bars and Nightclubs in Australia
- Catering Services in Australia
- Fast Food and Takeaway Food Services in Australia
- Restaurants in Australia

Complementors

- Tea, Coffee and Other Food Manufacturing in Australia
- Tourism in Australia

International industries

- Coffee & Snack Shops in the US
- Bakery Cafes in the US
- Coffee & Snack Shops in Canada
- Cafes and Restaurants in New Zealand
- Cafes & Coffee Shops in the UK
- Cafes, Bars & Other Drinking Establishments in China

Related Terms

FAIR TRADE

Coffee sourced from developing nations at fair prices, ensuring better wages and conditions for workers.

FOOD SERVICE

Providing meals for customers, usually accompanied by alcoholic or non-alcoholic beverages.

COFFEE CHAINS

National or multinational networks of coffee shops that often feature seating and a range of snacks and hot and cold beverages.

Additional Resources

- Australian Bureau of Statistics
- Hospitality Magazine
- Australian Coffee Traders Association

At a Glance

Revenue	$15.9bn	'21-'26	↑ 5.4 %
		'26-'31	↑ 1.4 %
Employees	146k	'21-'26	↑ 2.4 %
		'26-'31	↑ 1.7 %
Businesses	28,154	'21-'26	↑ 4.5 %
		'26-'31	↑ 1.6 %
Profit	$412.6m	'21-'26	↓ 4.7 %
Profit Margin	2.6%	'21-'26	↓ 1.7 pp
Wages	$4.0bn	'21-'26	↑ 5.0 %
		'26-'31	↑ 3.9 %

Five-year growth rates display historic and forecast CAGRs

Major Players

Company	Revenue	Market Share
RFG	$198.1m	1.3%
Other Companies	$15.7bn	98.8%

Products and Services

Item	Revenue	Market Share
Coffee	$9.8bn	61.5%
Food	$3.0bn	18.8%
Other beverages	$3.1bn	19.7%

Key External Drivers

Key External Drivers	Impact
Real household discretionary income	Positive
Expenditure on recreation and culture	Positive
Demand from restaurants	Negative
Consumer sentiment index	Positive

Key Takeaways

Performance

- Australia's vibrant coffee culture is driving intense competition, pushing cafes to optimise pricing and quality. Many are focusing on premium offerings to attract discerning customers.
- The growing demand for convenience and premium offerings will fuel industry expansion. Businesses will focus on drive-through models and fresh ingredients while adopting automation and sustainability practices to meet consumer expectations and enhance efficiency.

Products and Markets

- A focus on premium quality coffee has boosted the coffee segment's share of revenue. Additionally, some customers view coffee as a necessity, making it less discretionary than spending on food.
- People aged 15 to 34 are more likely to consume coffee at cafes than their older counterparts. This trend, along with their propensity to buy beverages with higher-priced milk alternatives, has boosted this segment's share of revenue contribution.

SWOT

Strengths	Low Imports
	Low Customer Class Concentration
	Low Capital Requirements
Weaknesses	Low & Steady Barriers to Entry
	Low & Steady Level of Assistance
	High Competition
	Low Profit vs. Sector Average
	High Product/Service Concentration
	Low Revenue per Employee
Opportunities	High Revenue Growth (2020-2025)
	High Performance Drivers
	Expenditure on recreation and culture
Threats	Low Revenue Growth (2025-2030)
	Demand from restaurants

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Mature	
Revenue Volatility	Moderate	
Assistance	Low	Steady
Competition	High	Increasing
Innovation	Low	

Executive Summary

Liquid gold: Continuous demand for coffee has kept revenue pouring in

Australia's vibrant coffee culture has supported the industry even during difficult trading conditions. Despite coffee and takeaway foods at cafes and coffee shops being considered discretionary, many consumers treat coffee as an affordable luxury, allowing the industry to remain resilient to movements in household income. This trend has provided a steady revenue base for the industry. Given the industry's well-established nature, revenue is bound to rise under most circumstances, either due to increasing consumption or upward price adjustments that businesses have to make to sustain. However, the main pain point for the industry is its thin margins. Overall, industry revenue is expected to rise at an annualised 5.4% over the five years through 2025-26 to total $15.9 billion. This includes an anticipated 1.3% increase in 2025-26.

Artisan bakeries and patisseries are increasingly repositioning themselves as cafes – partly because brunch culture has been gaining popularity – and entering the industry. These new entrants are selling coffee alongside gourmet pastries and other baked goods, improving the quality of the industry's food offerings and intensifying competition within the industry. With an increasing number of businesses in the highly competitive industry, many cafes and coffee shops have been forced to maintain competitive prices, which has caused some to shut up shop and sell their operations amid high operating costs. Skyrocketing global coffee prices have caused purchase costs to surge, placing downward pressure on industry profit margins. Cafes and coffee shops are reconsidering their pricing strategy to remain afloat.

Greater consumer demand for high-quality and convenient food and beverages will expand industry revenue. Cafes and coffee shops will focus on premium ingredients and gourmet cafe-style meals, like acai and smoothie bowls with artisan coffee blends, to boost sales of higher-margin products. Although competition will heighten, premiumisation trends and ongoing consumer interest in health and ethical consumerism will support profitability as people demand ethically sourced, fair trade coffee in environmentally friendly packaging. More coffee shops will offer discounts for customers carrying their own cups. Overall, industry revenue is forecast to grow at an annualised 1.4% over the five years through 2030-31 to total $17.1 billion.

Performance

Key Takeaways

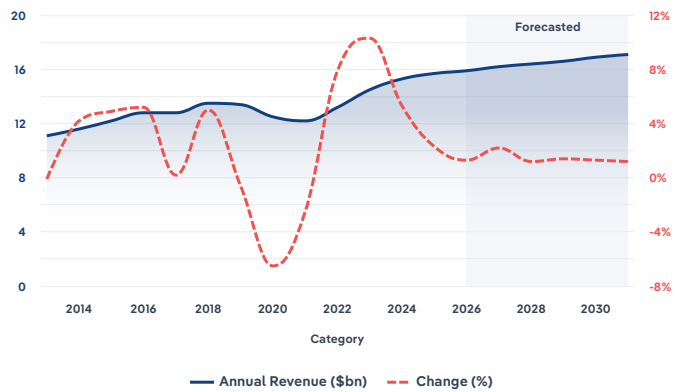
Australia's vibrant coffee culture is driving intense competition, pushing cafes to optimise pricing and quality. Many are focusing on premium offerings to attract discerning customers.

The growing demand for convenience and premium offerings will fuel industry expansion. Businesses will focus on drive-through models and fresh ingredients while adopting automation and sustainability practices to meet consumer expectations and enhance efficiency.

Performance Snapshot

Revenue

Total value ($) and annual change from 2013 – 2031. Includes 5-year outlook.



Revenue

$15.9bn

'21-'26 ↑ 5.4 %

'26-'31 ↑ 1.4 %

2026 Revenue Growth

1.3 % Increasing

Revenue Volatility

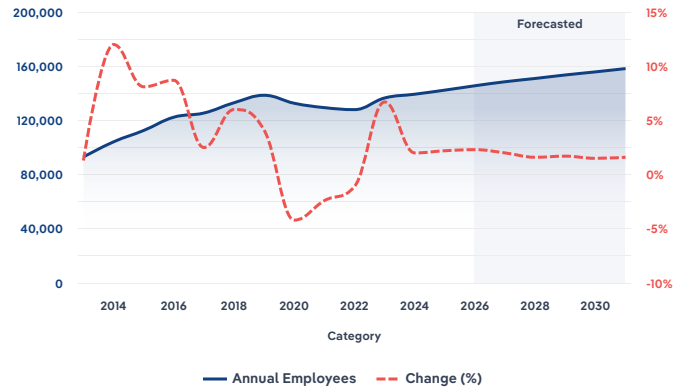
Moderate

IBISWorld

Source: IBISWorld

Employees

Total number of employees and annual change from 2013 – 2031. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

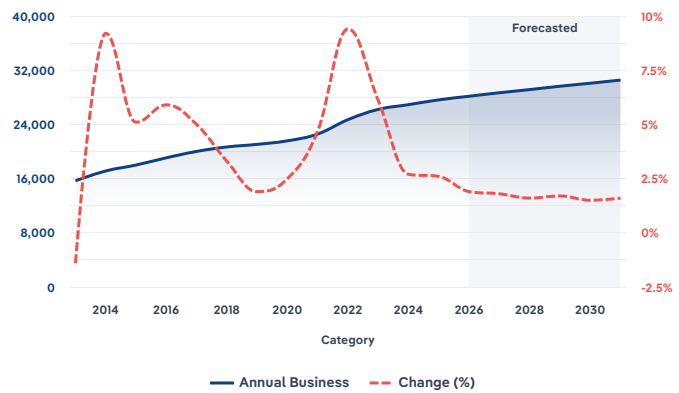
Employees
146k
'21-'26 ↑ 2.4 %
'26-'31 ↑ 1.7 %

Employees per Business
5
'21-'26 ↓ 2.0 %
'26-'31 ↑ 0.0 %

Revenue per Employee
$109k
'21-'26 ↑ 2.9 %
'26-'31 ↓ 0.2 %

Business

Total number of businesses and annual change from 2013 – 2031. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

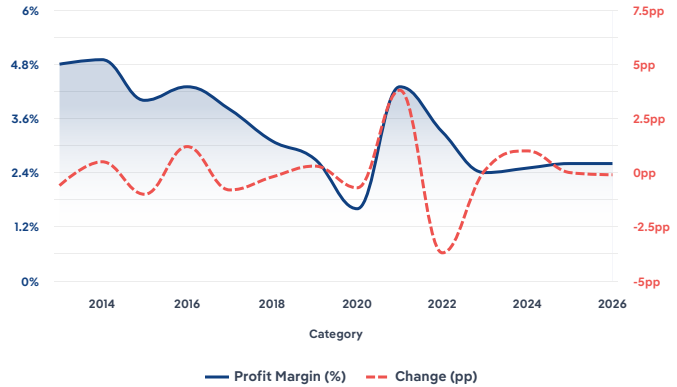
Businesses
28,154
'21-'26 ↑ 4.5 %
'26-'31 ↑ 1.6 %

Employees per Business
5
'21-'26 ↓ 2.0 %
'26-'31 ↑ 0.0 %

Revenue per Business
$563.7k
'21-'26 ↑ 0.8 %
'26-'31 ↓ 0.2 %

Profit Margin

Total profit margin (%) and annual change from 2013 – 2031



Total Profit
$412.6m '21-'26 ↓ 4.7 %

Profit Margin
2.6% '21-'26 ↓ 1.7 pp

Profit per Business
$14,656

IBISWorld

Source: IBISWorld

Current Performance

↑ 2021-26 Revenue CAGR +5.4%

What's driving current industry performance?

Cafes and coffee shops are paying attention to profit margins to stay afloat

- Industry businesses have struggled to procure basic input materials like coffee, milk and other ingredients amid high food inflation and have also been hit by surging energy bills.
- Several cafes and coffee shop owners have been unable to maintain margins, forcing them to shut up shop. However, the number of businesses in the industry hasn't taken a hit, as many of these struggling businesses have passed on operations to suitable buyers who are able to invest sufficiently in sustaining the store.
- The only way for cafes and coffee shops to survive has been to significantly raise their menu prices. A cup of coffee that used to cost $4.00 on average pre-pandemic now sits at around $5.50.
- While the increase in coffee prices might seem significant, when compared to international standards, Australian coffee is still underpriced. Comparable beverages are priced close to $10.00 in countries like Singapore, the UAE and Switzerland.
- Across Australian cafes, trade typically surges in the early morning, softens through mid-morning, then sees a smaller rebound before tapering off later in the day. To capitalise on these rush windows, businesses engineer rosters, layouts and service flows to maximise revenue when demand peaks. Because staff levels and machine capacity can't be dialled up and down by the hour, a significant share of operating expenses behaves like semi-fixed overhead. Workforce rules like minimum shift lengths further constrain micro adjustments to scheduling, so planning is built around peak periods rather than constant hour-to-hour tuning.
- When cafes and coffee shops focus on maximising revenue and quantity, they risk compromising on quality. A better course of action is to maintain quality and instead focus on maintaining sustainable margins. This includes optimising pricing strategy to attract the appropriate type and quantity of customers.

The industry's well-established and competitive nature has shifted focus to pricing optimisation

- Australia's strong coffee culture has supported the long-term boost in the number of industry establishments. This trend has skyrocketed competition within the industry, making pricing an important topic of discussion.
- Industry demand is being maintained by people who are habituated to coffee. According to research conducted by Seven Miles Coffee Roasters in partnership with Lightspeed Research, 84% of Australians said they would maintain or increase their expenditure on coffee in the 2025 calendar year. This could be as a result of menu price rises as well as increased consumption.
- The research found that $5.50 for a small coffee is the average expectation for consumers. However, more than half of the survey respondents said they would not buy from a coffee shop if the price exceeded $6.65.

- While lower pricing might attract consumers, if it is associated with a drop in the quality of coffee, Australians would not choose that option. They would rather increase their at-home consumption of good-quality coffee. According to coffee bloggers, Corner Coffee Store, 65% of Australians own a coffee machine. The rise in popularity of coffee pod machines, alongside the accessibility of automatic and semi-automatic coffee makers designed for home use, has led to an increasing number of households acquiring these machines.
- Due to the dual competitive and pricing pressures, industry businesses must focus on delivering value through quality and optimum pricing to retain customers. Exploring options like loyalty programs can help differentiate businesses. Research by Lightspeed states that 64% of consumers would return to a café or coffee shop with a loyalty program.

Cafes and coffee shops have been on top of menu updates

- Many cafes and coffee shops are changing their product mix to reflect trends favouring premium food options like gourmet toasties, avocado toast variations and brunch specials. These shops are repositioning themselves to target more discerning customers and improve the quality of their food offerings.
- Stores have shifted their menus from traditional snacks and breakfast items to more gourmet equivalents like organic and gluten-free options, as well as acai and smoothie bowls, which command higher margins. According to Hospitality Magazine, cafes made the most menu changes in 2024 compared with other hospitality businesses like pubs, bars and restaurants.
- Cafes and coffee shops face significant competition in the lower end of the price spectrum, especially from supermarkets offering sandwiches and snacks for a much lower price than cafes and coffee shops can afford to match. As a result, industry businesses are focusing on targeting the premium end of the market.
- Rising demand for premium food has encouraged many artisan bakeries and patisseries offering niche food and beverage items to transition into cafes, entering the industry. This trend has supported an increase in enterprise numbers despite the industry's cost struggles and slim margins.

Australia's strong coffee culture has contributed to the success of independent coffee stores

- Although spending in cafes and coffee shops is discretionary, many consumers consider coffee to be an affordable luxury and a daily routine.
- An emphasis on quality across the industry has led independent coffee houses to grow at a faster rate than coffee chains, as many consumers perceive independent establishments to be of a higher quality.
- Starbucks, a world-leading coffee chain, has struggled to make a mark in the Australian market due to the widespread consumer perception of its inferior quality. However, Starbucks recorded its first profit in 2023 since its entry into Australia in 2000. This was mainly backed by younger customers' increasing demand for iced drinks.
- In 2024, Starbucks clocked a loss again as consumers cut back on discretionary spending. This trend was especially true for their major market, younger Australians, who were hit the worst by cost-of-living woes. As a result, this market shied away from expensive drinks at Starbucks and instead favoured home brews.
- Despite consistent setbacks, Starbucks aims to continue expanding its store network and is committed to improving its menu and customer experience. However, if consumer perceptions about chain coffee stores don't shift, it will prove challenging for the brand to succeed in the Australian market.
- Retail Food Group, which runs chain stores like Gloria Jean's, is consolidating its portfolio and rebranding underperforming brands into its core brands in an attempt to maintain market share.

Volatility Moderate

What influences industry volatility?

Changes in household incomes affect food revenue more than coffee revenue

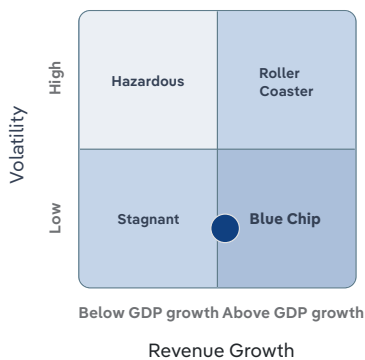
- Industry revenue is slightly sensitive to changes in household income and other economic factors.
- Australia's vibrant coffee culture has built relative resistance to income fluctuations, as coffee is perceived to be an affordable luxury.
- The meals the industry retails are more sensitive to income and economic changes than its coffee, adding to revenue volatility.
- Cost-of-living pressures over the past few years drove some consumers to opt for affordable substitutes like convenience stores or brewing at home, dampening industry revenue. However, consumers are back to demanding good quality coffee as the inflationary environment eases.

Volatility typically depends on the product being sold

- Coffee is the only staple product in the industry, accompanying products like cakes and other baked goods. As a result, purchase costs and prices charged for products beyond coffee contribute to overall volatility.
- Industry revenue is supported by the popularity of coffee and consumers' desire for convenient food and beverages.
- Changes in consumer preferences and lifestyles can increase volatility. For example, increases in health consciousness have led to healthier eating patterns. This trend benefits businesses that can cater to customers seeking healthier options.
- Healthy eating may also negatively impact coffee shops that primarily sell high-sugar and carb products like sweets and cakes.

Blue Chip

Industry volatility vs. revenue growth (2021-2026 CAGR)



IBISWorld

Source: IBISWorld

☆ Key Success Factors

How do successful businesses overcome volatility?

Secure a flexible workforce

Cafes and coffee shops require access to many skilled, casual and permanent baristas, waitstaff, cooks, chefs and kitchenhands to maintain quality customer service, especially during periods of peak demand. Having a flexible workforce can limit revenue volatility.

Develop a loyal customer base

By remembering regular customers' orders, cafes and coffee shops can build a loyal customer base and minimise revenue volatility. Loyalty programs and stamp cards that reward customers with free coffees after a set number of orders further build this loyalty.

Outlook

↑ 2026-31 Revenue CAGR +1.4%

What's driving the industry outlook?

Consumers' desire for convenience will drive demand for cafes and coffee shops

- Increasing household discretionary incomes will encourage more spending on dining out in the coming years, benefiting industry businesses.
- Demand for convenient food and beverages will drive industry expansion as consumers continue to live increasingly busy lives. To capitalise on this, cafes will expand their drive-through-only stores and offer a broader range of fast and convenient meals catering to lunchtime traffic.
- Zarraffa's intends to open 200 drive-through stores by 2032 and has already entered the Victorian market in late 2025, while Starbucks opened a dozen drive-through stores in Perth in 2024 and has continued to expand in 2025. If executed well, the new stores will help boost sales volumes for these chain businesses over the coming years. However, these sites will face significant competition from the drive-through operations of fast food giants McDonald's (McCafe) and Hungry Jack's (Jack's Cafe).
- Cafes will capture some market share from restaurants as many consumers move away from formal dining and towards more convenient cafe-style meals and snacks.
- To retain and win back customers, restaurants will expand their cafe-style operations, including through a diverse menu, counter service and a focus on coffee, creating strong external competition for cafes and coffee shops.

An emphasis on fresh and premium ingredients will benefit industry revenue

- Consumer demand for healthy and premium food and beverages is set to support the industry's performance over the coming years.
- As consumers search for quality, cafes offering diverse menus with premium brunch options, like eggs Benedict and chilli scramble, that emphasise fresh and premium ingredients will perform the best.
- Consumers can easily access review websites to compare and rate cafes for their quality and service. An emphasis on quality and access to review websites will encourage cafes and coffee shops to allocate more funds to higher-quality coffee blends and premium meal ingredients.
- The industry's focus on quality will be particularly pronounced for coffee products because of increasingly discerning customers. However, industry demand will also be subject to global coffee pricing.
- Global warming will significantly impact coffee pricing. With coffee consumption surging worldwide and global warming set to reduce the land suitable to grow coffee, especially the Arabica variety, coffee prices are poised to skyrocket. For example, coffee prices hit a record high in 2025. This trend is likely to hinder industry sales. As a result, cafes and coffee shops will have to streamline their menus to include high-margin offerings and target customers through attractive loyalty programs and bundled deals.

An increased focus on technology and automation will boost depreciation costs

- The industry will remain highly fragmented, with businesses seeking to differentiate themselves through their product offerings and barista skills to drive sales.
- To enhance efficiency and quality, coffee shops will increasingly integrate advanced automation technologies. Fully automated coffee systems will mechanise the coffee-making process, freeing up baristas to concentrate on customer service. Businesses' growing adoption of grind-by-weight grinders, which are set to become the norm, will complement this shift. These technologies address labour shortages and maintain consistent quality, albeit at the cost of increasing depreciation expenses due to investments in high-tech equipment. However, this

will be accompanied by higher sales volumes and prices, moderating depreciation costs' impact as a share of industry revenue.

- In addition to brewing technologies, sustainability-driven equipment, designed with energy-saving modes, will reflect a commitment to environmental responsibility and help mitigate rising energy expenses.
- Advancements in milk frothing technology will enable employees to maintain consistency even with different milk options. Collectively, these investments will mark a significant shift in coffee shop operations, emphasising efficiency and sustainability at the expense of increased depreciation costs.

Ethical sourcing and sustainability will continue gaining popularity

- Greater focus on ethical consumerism will provide opportunities for cafes and coffee shops. In the coming years, more cafes and coffee shops will promote ethical business practices using fair trade coffee and food products.
- The fair trade certification process ensures that multinational corporations aren't exploiting coffee growers and food producers in the developing world. Fair trade growers and farmers have better working conditions, obtain higher prices for their products and receive education about sustainable agricultural practices.
- Cafes and coffee shops will increasingly adopt practices like compostable or recyclable packaging and waste reduction initiatives. Currently, about 4.5% of the price paid for a cup of coffee is for its packaging. By implementing reusable cup programs and offering discounts to minimise single-use waste, businesses align with consumer expectations for environmental responsibility, while also saving on expenditure.
- Eco-friendly efforts not only cater to growing demand for sustainable practices but also enhance brand image and attract environmentally conscious customers, which fosters customer loyalty and differentiates cafes and coffee shops in a competitive market.

Life Cycle

Mature

Why is the industry mature?

Contribution to GDP

The Cafe and Coffee Shops industry is outpacing the overall economy as coffee demand is relatively less discretionary. Australia's deep-rooted coffee culture is representative of the industry being mature. This trend also helps the industry remain resilient during challenging economic scenarios.

Market Saturation

The market for cafes and coffee shops is saturated. Despite some coffee shops having to shut shop due to low margins, enterprise numbers keep growing as new businesses enter the industry and demand for good coffee and innovative brunch experiences intensifies.

Innovation

Australia's rising coffee culture has caused consumers to become more sophisticated with their coffee choices, boosting demand for black coffee and innovative products like cold brews and nitro brews. Organic products and fair-trade coffee are also widespread across the country.

Consolidation

Some consolidation has occurred in the industry, with the Retail Food Group acquiring Gloria Jean's Coffee in 2014 and, more recently, acquiring CIBO Espresso in the second half of 2024-25. Besides this, the industry is highly fragmented as most cafes and coffee shops are owner-operated and have a single establishment.

Technology & Systems

The Cafe and Coffee Shops industry's technological change has focused on efficiency gains with a focus on smart coffee machines. The industry has also turned to technology for marketing and promotion, with cafes and coffee shops building a solid online presence through company websites and social media.

Life Cycle

Indication of the industry's stage in its life cycle compared to similar industries



*Growth is based on change in share of economy combined with change in establishment numbers

IBISWorld

Source: IBISWorld

Products and Markets

Key Takeaways

A focus on premium quality coffee has boosted the coffee segment's share of revenue. Additionally, some customers view coffee as a necessity, making it less discretionary than spending on food.

People aged 15 to 34 are more likely to consume coffee at cafes than their older counterparts. This trend, along with their propensity to buy beverages with higher-priced milk alternatives, has boosted this segment's share of revenue contribution.

Largest Market
$9.8bn Coffee

Product Innovation
Low

Products and Services

How are the industry's products and services performing?

Demand for coffee is relatively inelastic, supporting its revenue contribution

- Industry businesses offer a variety of coffees, including long blacks, flat whites, cappuccinos and lattes. Coffee strength, preparation style and bean types can vary across establishments.
- Consumers are increasingly focusing on coffee beans' origin, flavour profile and roast, with demand growing for fair trade and organic blends.
- A preference for high-quality coffee has fuelled premium pricing, causing the coffee segment to expand as a share of industry revenue.
- Growing consumption of coffee with non-dairy milk (soy, almond) has supported revenue growth, as these alternatives cost more than regular coffees, allowing cafes and coffee shops to charge $0.50 to $1.50 per cup, depending on the type of milk.

Higher prices have curbed food sales

- Cafes and coffee shops sell breakfast and lunch items (like eggs, toast, burgers, sandwiches and wraps) and sweets (like muffins, tarts, cookies and cakes).
- Coffee shops usually sell a greater range of sweets than cafes, while cafes offer more extensive menus that include both sweet and savoury options.
- To remain viable in an environment with thin margins, cafes and coffee shops have upgraded the pricing on their food less cautiously than they've been with coffee. This has discouraged spending on food items, as they are more of a discretionary spend than coffee. As a result, this segment has shrunk as a share of industry revenue.

Coffee's robust popularity has curtailed other beverages' contribution to revenue

- Cafes and coffee shops sell several beverages other than coffee, including milkshakes, tea, hot chocolate, chai, bottled water, juices and carbonated drinks.
- Beverage sales can be seasonal. Hot drinks are more popular during cold seasons and vice versa.
- This segment has declined as a share of industry revenue as coffee has become increasingly popular and remained the consumers' preferred beverage choice.
- Demand for this segment is set to grow over the coming years because the younger generation is more adventurous in their drink choices, like iced matcha, chocolate drinks and other flavoured drinks.

Products & Services Segmentation

Industry revenue in 2026 broken down by key product and service lines.



IBISWorld

Source: IBISWorld

What are innovations in industry products and services? Low

Cafes and coffee shops are offering innovative and customisable drinks and services

- A rising number of people with a dairy-free diet has encouraged several coffee shops to allow customers to select alternative milks, like soy or almond, for their coffees and other drinks.
- Some cafes offer nitro brews, a variation of cold brew coffee that includes nitrogen to add a creamier texture.
- Several cafes and coffee shops are innovating with flavour profiles, including yuzu-infused cold brews and coffee mocktails.
- In terms of service offerings, some coffee shops are offering sparkling water free of cost as an incentive to attract customers.

☆ Key Success Factors

What products or services do successful businesses offer?

Alter goods and services produced in favour of market conditions

Cafes that research and understand consumer taste trends can include diverse and in-demand items on their menus to capitalise on changing consumer preferences.

Leverage product design, quality and brand strengths

Cafes and coffee shops must emphasise superior product design and quality to build a strong and recognisable brand that can create a lasting impression and build a loyal customer base, especially as consumers increasingly favour high-quality coffee.

Major Markets

What's influencing demand from the industry's markets?

Higher propensity to spend at cafes has boosted revenue from people aged 15 to 34

- This market includes school and university students and individuals beginning their careers. This age group has relatively lower discretionary incomes, but many consumers view coffee as an affordable and essential part of their routine. This segment is also more inclined to frequent cafes with friends.
- Many people in this market are transitioning into the workplace, which boosts their demand for coffee and meals. According to the 2025 report by Seven Miles Coffee Roasters in partnership with Lightspeed Research, 86% of young out-of-home coffee drinkers visit cafes frequently. Younger Australians also tend to tolerate higher coffee prices than their older counterparts. These trends have supported segment growth as a share of industry revenue.
- Younger customers are also twice as likely to order beverages with milk alternatives, which command higher prices than dairy-based milk. This also pushed up their contribution to industry revenue.

People aged 35 to 54 are more likely to consume coffee at home

- Individuals in this age group typically have well-established careers and steady discretionary incomes. By this point, coffee is often entrenched in these consumers' daily lives.
- The 2025 report by Seven Miles Coffee Roasters and Lightspeed Research states that people in this age group focus more on convenience than their younger counterparts. As a result, they are more likely to have coffee machines at home.
- This market has shrunk as a share of industry revenue over the past few years due to the growing popularity of capsule coffee machines in homes and offices.

People aged 55 and older value coffee less than their younger counterparts, curbing revenue contribution

- Consumers in this age group are mainly retired or approaching retirement. People in this demographic have a limited representation in the workforce, making it less likely for them to buy a daily cup of coffee during work hours.
- People in this market often make coffee at home, which limits demand. Seven Miles and Lightspeed Research's 2025 report states that people aged 55 and older anticipate paying 50 to 60 cents less than people younger than 34, for the same coffee.
- This segment has fallen as a share of industry revenue over the past five years. The same research findings also stated that only 34% of people aged 55 and over treated buying coffee as a treat compared to 47% of people aged 18 to 34.

Major Markets Segmentation

Industry revenue in 2026 broken down by key markets



- **People aged 35 to 54 ($5.9bn)** 37.4%
- **People aged 15 to 34 ($5.5bn)** 34.7%
- **People aged 55 and over ($4.4bn)** 27.9%

IBISWorld

Source: IBISWorld

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Key Takeaways

Cafe distribution depends on income distribution. More businesses are located in New South Wales and Victoria, where average incomes are higher.

Densely populated areas attract more cafes and coffee shops. Most industry businesses are located on the eastern seaboard, as it has a larger target market.

Business Locations

State/Territory	Estab. Units	Estab. %	Population %
NSW	9,973	33.0	31.2
VIC	9,127	30.2	25.7
QLD	5,228	17.3	20.6
WA	2,539	8.4	10.8
SA	1,843	6.1	6.9
TAS	786	2.6	2.1
ACT	544	1.8	1.7
NT	181	0.6	0.9

You can access and download additional years of data, including LGA-level data, at my.ibisworld.com.

Where are industry businesses located?

Population distribution significantly influences the spread of cafes and coffee shops

- The geographic spread of the cafes and coffee shops industry is directly correlated with Australia's population distribution.
- A large number of cafes and coffee shops are located in the heavily populated eastern seaboard states, as more than three-quarters of Australia's population is concentrated in this area.
- As a result, New South Wales, Victoria and Queensland collectively account for more than 80.0% of cafes and coffee shops in the country.

Higher incomes attract more cafes and coffee shops

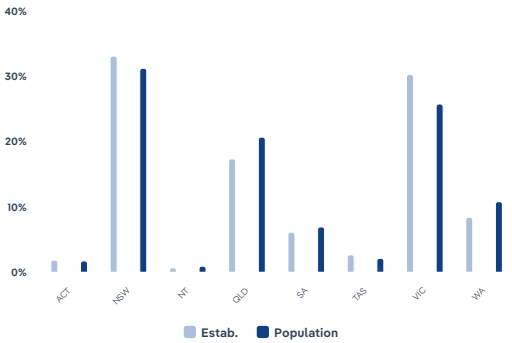
- Income distribution affects the location of cafes and coffee shops.
- The industry is over-represented in Victoria compared with the state's population share, as the higher average incomes in the state result in greater demand for cafe meals and beverages. Melbourne's deep-rooted coffee culture has led many new cafes and coffee shops to open in inner-city areas.
- New South Wales's high representation in the industry is also partly due to higher average incomes in the state. People with higher incomes are more likely to purchase beverages at cafes and coffee shops, and their average order value is also likely to be higher.

Queensland's thriving tourism sector encourages cafes and coffee shops to establish in the state

- As tourists usually don't have access to home-cooked meals while travelling, they're reliant on food retailing industries.
- Increased tourism and migration to Queensland have encouraged several cafes and coffee shops to set up their businesses in the state. This has supported the state's concentration of cafes and coffee shops.
- The number of cafes and coffee shops in Queensland is set to grow over the coming years as drive-through coffee shops become increasingly popular. Zarraffa's plans are to open nearly 200 drive-through stores by the 2032 Brisbane Olympics.

VIC has the largest spread of businesses compared to its population

Share of Estab. (%) vs. share of population (%)



IBISWorld

Source: IBISWorld

☆ Key Success Factors

How do businesses use location to their advantage?

Operate in a location that is close to transport

Cafes and coffee shops rely heavily on foot traffic during the weekday. Being close to public transport allows exposure to workers who walk past to conveniently purchase a beverage.

Operate in a location that is close to key markets

Cafes and coffee shops must strategically place themselves near business districts, shopping centres, or residential areas with high foot traffic to maximise customer access.

Competitive Forces

Key Takeaways

Fast food restaurants and convenience stores have increasingly offered coffee and snacks. External competition has intensified as these establishments sell products at lower prices than cafes and coffee shops.

The industry has low barriers to entry, allowing many new businesses to enter the market. This trend has boosted internal competition for cafes and coffee shops.

Concentration Low

What impacts the industry's market share concentration?

The industry is highly fragmented

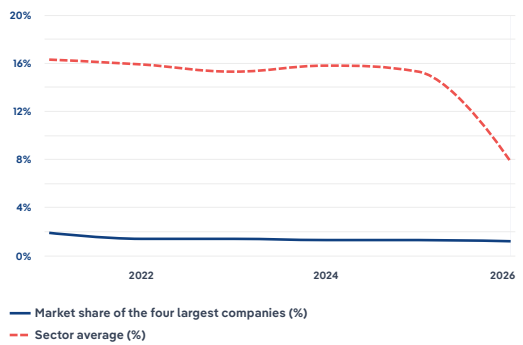
- Small individual businesses dominate the industry. Most cafes and coffee shops tend to focus on quality over quantity to cater to customers, the majority of whom are very particular about their coffee orders.
- Australian consumers typically prefer independent cafes and coffee shops over chain stores for greater choice, tailored coffee and unique product offerings, as they're picky about the origin of their coffee in terms of the region it comes from, the roast, as well as whether it is organic.
- The specificity of consumer preferences and trends has fuelled the popularity of smaller coffee shops and niche providers.

Franchised coffee shops have shown little power in influencing market share

- Australia's strong independent coffee culture emphasises quality over quantity, restricting significant demand growth for international chain stores like Starbucks.
- Although coffee chains operate many stores, they have limited power and cannot influence the industry on price or product trends. This has caused franchised coffee chains to lose market share.
- A trend of artisan bakeries and patisseries transitioning into small coffee shops has weighed on coffee chains, with consumers opting for coffee alongside specialty baked goods over the standard pastries and coffee sold at franchised coffee shops.

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld Source: IBISWorld

Key Success Factors

How do successful businesses handle concentration?

Leverage product design, quality and brand strengths

Differentiated, high-quality products can create strong brand loyalty for cafes and coffee shops and, in turn, boost market concentration in a fragmented market.

Conduct market research

Understanding customer preferences and market trends allows cafes and coffee shops to adapt their offerings and marketing strategies, ensuring they stay relevant and boost market share.

Barriers to Entry Low Steady

What challenges do potential industry entrants face?

Legal

- Regulation mainly concerns food safety, service and hygiene. New entrants seeking to convert existing premises into cafes must also adhere to planning laws that govern how building work can be carried out safely. These regulations determine whether the location is appropriately zoned for use as a cafe.

Start-Up Costs

- Many cafes and coffee shops lease both their premises and much of their equipment to lower the initial capital outlay. The costs for initial setup and the types of equipment needed can differ greatly between larger cafes and smaller coffee vendors. Many upstream coffee manufacturers supply complimentary branded items like windbreaks, umbrellas, signs, cups and plates, further easing start-up costs.

Differentiation

- Cafes and coffee shops face intense competition and must differentiate themselves to obtain market share. Businesses differentiate themselves based on their coffee quality, premium product offerings and ethical sourcing. Price is often not a differentiator in the industry, as consumers would rather pay a slight premium for good quality coffee than gain a discount for a subpar beverage.

Labour Expenses

- Cafes and coffee shops need substantial labour to serve coffee and food, cook and clean. Most positions are unskilled, with some training required for roles like coffee making. A skilled barista is especially important for cafes and coffee shops serving specialty coffee.

☆ Key Success Factors

How can potential entrants overcome barriers to entry?

Leverage business expertise

Cafes and coffee shops require staff with business expertise, like experience in hospitality or retail, to enter and succeed in an industry with low profitability and a high risk of losses.

Develop effective cost controls

New entrants who can minimise costs and wastage, especially regarding food inputs, can curtail purchase costs and maximise their profit margins.

Substitutes High Increasing

What are substitutes for industry services?

Restaurants

- Cafes are particularly exposed to competition from restaurants, as they also serve coffee and meals.
- Coffee's popularity has led many restaurants to include high-quality coffee and light meal options like sandwiches, salads and pastries on their menus, catering to customers who might otherwise visit a cafe.
- Restaurants with breakfast or brunch menus directly compete with cafes for morning and mid-day customers.
- Cafes have focused on customer convenience and expanded their menus to compete with restaurants.

Fast Food and Takeaway Food Services

- Many major fast food businesses like McDonald's (McCafe) and Hungry Jack's (Jack's Cafe) have their own cafe operations that offer the same products as industry establishments at much lower price points.
- Fast food restaurants have marketed themselves as convenient and cheap to capture a significant section of the coffee-drinking market.
- Fast food operations' drive-through operations add an extra layer of convenience for customers who want a coffee and a snack on the go.

Do-it-yourself

- Coffee can easily be made at home with minimal equipment and resources.

- Many coffee drinkers have purchased coffee pod machines to reduce their dependence on buying coffee from cafes and coffee shops. These are also becoming increasingly popular in offices, discouraging employees from purchasing beverages from cafes and coffee shops.
- Coffee enthusiasts have the option to purchase specialty coffee beans that are higher in quality than those found in some coffee shops but are cheaper overall to produce at home.

Convenience Stores and Fuel Retaillers

- Convenience stores have increasingly sold coffee at lower prices than coffee shops.
- Convenience store coffees are either the same price or less expensive than brewing at home. However, they lack the quality and customisation that home brewing offers.
- Notable large convenience stores like 7-Eleven and EzyMart have a large cluster of establishments in city centres targeting professionals looking for an affordable and convenient substitute to cafes and coffee shops.
- Fuel retailers like 7-Eleven and Coles Express provide cheap coffee services in gas stations. These brands, with convenience stores and gas stations, incentivise brand loyalty by offering rewards like free snacks and coffees for multiple purchases via apps.

☆ **Key Success Factors**

How do successful businesses compete with substitutes?

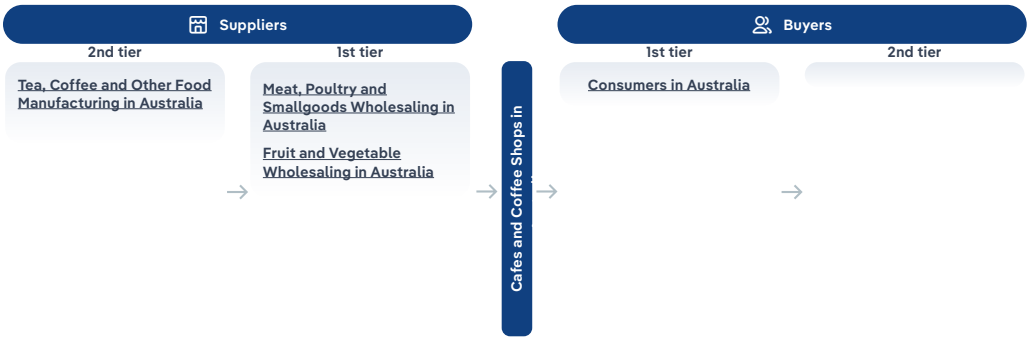
Produce a differentiated product

Cafes and coffee shops in Australia can compete with substitutes by focusing on producing differentiated products that provide unique experiences customers can't find elsewhere.

Leverage the company's business expertise

Cafes and coffee shops require staff with business expertise, like experience in hospitality or retail, to succeed in an industry with low profitability and a high risk of losses. This can discourage customers from buying coffee from substitute establishments.

Buyer & Supplier Power



IBISWorld Source: IBISWorld

What power do buyers and suppliers have over the industry?

High Increasing

Buyers: intense competition

- The number of establishments in the industry is ever-increasing, boosting competition. A rising number of cafes and coffee shops is pushing up buyer power as people have more options.
- Coffee shops are forced to pass on a considerable amount of input price hikes to their customers, and people's expectations of the quality of their coffee rise with higher prices. As a result, cafes and coffee shops must provide premium-quality coffee and food to differentiate themselves and restrain buyer power.
- Cafes and coffee shops are typically located in populous areas with many similar establishments nearby for consumers to choose from. Consumers prefer to frequent one place regularly, so industry establishments must build a rapport with their buyers through loyalty programs, discounts and good service.
- The industry faces external competition from inexpensive alternatives at convenience stores and fast food restaurants. This dynamic boosts buyer power, especially among cash-strapped consumers.

High Increasing

Suppliers: fluctuating input costs

- More than half of Australia's coffee imports come from Brazil, Switzerland, Colombia, the Netherlands and Vietnam. Coffee prices can be very volatile, as the weather conditions in coffee-producing countries like Brazil and Vietnam dictate coffee supply. Coffee prices also depend on world consumption patterns. For instance, according to the United States Department of Agriculture, Chinese coffee consumption has skyrocketed 150% over the decade through 2024-25, with imports satisfying most of this demand. Higher coffee consumption trends have significantly pushed up coffee prices.
- Fluctuating coffee prices have boosted supplier power. Industry businesses need to source their inputs regardless of prices, and because of the industry's fierce competition, cafes and coffee shops aren't able to pass on price rises to customers as easily.
- Cafes and coffee shops that sell specialty coffee need to have contracts with suppliers to maintain a steady supply of beans, further boosting supplier power.

Key Success Factors

How do successful businesses manage buyer & supplier power?

Establish long-term working relationships with raw material suppliers

Cafes and coffee shops that build strong, long-term relationships can secure a consistent supply of quality inputs at stable prices, reducing supplier power.

Develop effective quality control

Cafes and coffee shops must consistently prepare, present and serve high-quality coffee and food items to maintain customer loyalty and control buyer power.

Companies

Key Takeaways

The industry has no major players. Industry businesses are often owner-operators that have one establishment. Coffee chains don't dominate the industry, as consumers associate independent stores with better quality.

Major Players

Company	Revenue	Market Share
RFG	$198.1m	1.3%
Other Companies	$15.7bn	98.8%

Market Share

Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue

IBISWorld

Source: IBISWorld

Companies

Company	Market Share (%) 2026	Revenue ($m) 2026
RFG	1.2 ↘	198.1 ↗

RFG

Company Details

Registered Name	Retail Food Group Limited
Industry Specific Revenue (2026)	$198.1m
Industry Profit (2026)	N/A
Company Employees (2026)	N/A
Market Share (2026)	1.2%

Description

Retail Food Group (RFG) is a publicly listed franchisor and owner of several food retailing businesses, including Brumby's Bakeries, Donut King, Beefy's and Gloria Jean's. The company was incorporated in 2003 and has its headquarters in the Gold Coast, QLD.

Brands & Trading Names

- Crust
- Gloria Jean's
- Beefy's
- Donut King
- Brumby's Bakeries

Other Industries

- Bread and Cake Retailing in Australia
- Coffee Shops in Australia
- Coffee Bean Distributors in Australia
- Bakery Product Manufacturing in Australia
- Pizza Restaurants and Takeaway in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2019	2.4	247.5
2020	2.0	199.1
2021	1.9	188.0
2022	1.5	166.8
2023	1.4	186.9
2024	1.3	191.3
2025	1.3	196.7
2026	1.2	198.1

What's impacting RFG's performance?

The company is streamlining its cafe, coffee and bakery divisions to improve operational efficiencies

- Retail Food Group has focused on consolidating its underperforming businesses with its core brands to maximise sales from its smaller brands. The project included consolidating The Coffee Guy and Cafe2U into the Gloria Jean's brand.
- In the second half of 2024-25, RFG acquired CIBO Espresso, an Adelaide-based boutique coffee franchise. The acquisition will help RFG expand in South Australia, and it will rebrand CIBO's 22 locations to Gloria Jean's to enhance brand presence. Seven stores are slated to be

converted in the first half of 2025-26.

- The company has benefited from successful marketing campaigns like value bundles and outlet improvements, including digital menus and in-store kiosks. The company aims to refurbish 50% of its Gloria Jean's stores in 2025-26.

You can view and download more company details on my.ibisworld.com.

External Environment

Key Takeaways

Changes in discretionary incomes influence the food segment more than the coffee segment. Even when discretionary incomes fall, consumers often consider coffee to be an affordable luxury.

Expenditure on recreation and culture can affect the industry's performance. Recreation and culture spending has increased after the pandemic, which has boosted cafes and coffee shops' popularity as places to spend leisure time.

Regulation & Policy
Moderate Steady

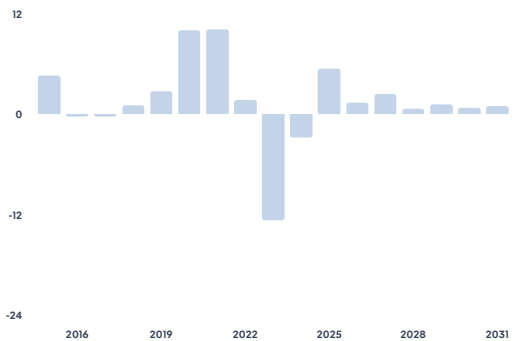
Assistance
Low Steady

External Drivers

What demographic and macroeconomic factors impact the industry?

Real household discretionary income

Growth



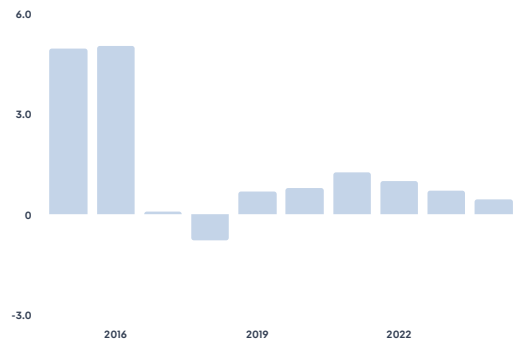
IBISWorld Source: IBISWorld

Given that spending at cafes and coffee shops is highly discretionary in nature, higher discretionary incomes allow consumers to allocate more money towards the industry. Conversely, a drop in discretionary incomes reduces spending capacity, shrinking industry revenue. Nonetheless, the coffee segment, in particular, is relatively resistant to income fluctuations as many consumers perceive coffee to be an affordable luxury.

Cafes are becoming increasingly popular places for consumers to spend their leisure time. This is why increasing expenditure on recreation and cultural activities like sporting events and art galleries that have cafes and coffee shops attached to the venue supports industry revenue growth, providing an opportunity for industry expansion. However, cafes must compete with entertainment activities and other leisure and recreational pursuits for a share of discretionary household expenditure.

Demand from restaurants

Growth

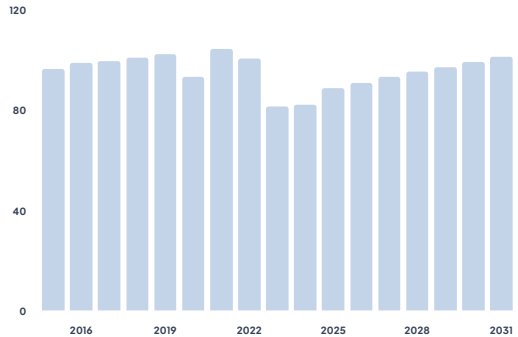


IBISWorld Source: IBISWorld

Restaurants are a major source of competition for cafes and coffee shops. Rising demand for restaurants can place significant pressure on demand for coffee shops and cafes, as the two types of establishments often act as substitutes for one another. As a result, rising demand from restaurants can potentially threaten industry revenue.

Consumer sentiment index

Percentage



IBISWorld Source: IBISWorld

The Consumer Sentiment Index measures people's feelings about their current financial situation and the broader economic conditions. When consumer sentiment is positive, consumers are more willing to spend on non-essential purchases, including eating at cafes. When consumer sentiment is negative, consumers reduce spending on non-essential items like coffee and muffins.

Regulation & Policy

Moderate Steady

What regulations impact the industry?

Food Standards Australia New Zealand (FSANZ)

Regulation is primarily directed towards food safety, service and hygiene. The Food Standards Code governs food hygiene in Australia and was developed by FSANZ. This code emphasises self-regulation, making cafes and coffee shops responsible for ensuring optimal hygiene. Inspections by officers do occur, with a focus on educating businesses and identifying health and safety concerns. Victoria has gone a step further, requiring compulsory Food Safety Plans since 2002. This again emphasises self-regulation as businesses must demonstrate that they have suitable food safety plans for their establishment.

Modern Slavery Act 2018

The Modern Slavery Act hasn't significantly impacted the Cafes and Coffee Shops industry because it's dominated by numerous smaller businesses. However, the act can indirectly influence where cafes and coffee shops source their food and drink products. To comply with the act, cafes and coffee shops must ensure that modern slavery isn't found in their supply chains.

Assistance

Low Steady

What assistance is available to this industry?

Government
Public support doesn't apply to the industry

The Cafes and Coffee Shops industry doesn't receive any public sector support.

Non-government
Restaurant & Catering Australia

Restaurant & Catering Australia (R&CA) is the industry's peak association. The organisation represents thousands of hospitality businesses across Australia, including several cafes, coffee shops, restaurants and catering businesses. R&CA's primary focus is to ensure that businesses in the Australian hospitality sector remain relevant and profitable. To this end, the association provides its members with access to supplier

deals and discounts and specialist advice on workplace relations, employment laws and immigration.

Financial Benchmarks

Key Takeaways

Industry wage costs have fallen as a share of revenue. Cafes and coffee shops have cut back on labour costs to stay afloat amid cost pressures.

Soaring world coffee prices have significantly boosted industry purchase costs. Cafes and coffee shops have found it increasingly difficult to maintain margins amid significant input cost rises.

Profit Margin	Average Wage	Largest Cost
2.6 % Lower than sector	$27,204 Lower than sector	Purchases 34.3% of Revenue

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2026



IBISWorld

Source: IBISWorld

Cost Structure Benchmarks

Operating costs	Industry (%)	Sector (%)
Purchases	34.3	34.67
Other	100	-
Wages	25	25.62
Commissions	1.2	-
Employee Insurance	0.4	-
Other	98.4	-
Rent	7.9	8.27
Other	100	-
Profit	2.6	2.72

Operating costs	Industry (%)	Sector (%)
Depreciation	2.6	2.79
Utilities	1.3	1.49
Other Costs	26.3	24.43
Repair and Maintenance	1.1	-
Vehicle Costs	0.4	-
Other	98.5	-

What trends impact industry costs?

Rising cost pressures and competition have shrunk profit margins

- Industry activity has substantially bounced back from the pandemic-induced dip, boosting sales. However, due to the highly inflationary environment, several industry businesses have struggled to keep up with rising costs for inputs, including energy and food, over recent years.
- Rising prices and intensifying internal and external competition have forced cafes and coffee shops that have had difficulty staying afloat to sell operations or shut up shop. The remaining businesses have managed to balance rising costs by passing on price hikes to customers to maintain margins at a bare minimum. Overall, the industry's profitability has fallen over the past five years.
- Chain stores have tried to maintain margins by increasing order value through bundle deals rather than offering discounts.
- Compared to the wider hospitality sector, cafes and coffee shops have slimmer margins than pubs or bars, which have significantly higher mark-ups.

A surge in coffee and milk prices has boosted purchase costs

- The industry's purchases include coffee beans, food items and other ingredients and beverages for resale.
- Cafes and coffee shops purchase pre-packaged items like soft drinks and bottled water from wholesalers and source cakes, pastries and savoury items from local suppliers and bakers, with some premium items prepared onsite.
- The world price of coffee peaked in 2024-25, reaching 301.8 US cents per pound, largely because drought conditions in Brazil and floods in Vietnam significantly impacted supply. Domestic milk prices have also remained high over the past five years due to weak domestic milk production and high global demand, spiking particularly over the two years through 2022-23.
- Skyrocketing coffee and milk prices have contributed to an expansion in purchase costs' revenue share.

Industry businesses have had to cut down on wage spend amid rising operational cost pressures

- All aspects of cafe operations require manual labour, including preparing food, making coffee, cooking, cleaning and providing customer service.
- The industry is highly labour-intensive, which is typical of most hospitality industries. However, cafe and coffee shop baristas are often paid higher wages than other, less-skilled workers in the hospitality sector.
- Many cafes and coffee shops reduced their staff during the pandemic, constraining wage growth. This trend has persisted to date.
- Wage costs have fallen as a share of industry revenue in recent years due to persistent labour shortages in the hospitality sector.

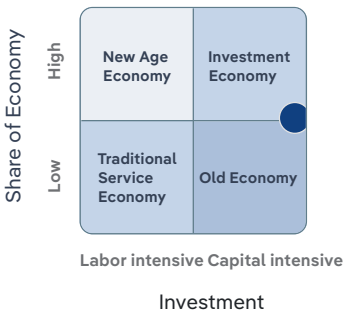
Substantial competition for prime locations is boosting rent costs

- Rental costs involve leasing premises for cafe operations and are a significant expense for most industry businesses. Rent prices vary greatly according to location and are highest in major capital cities like Sydney and Melbourne.
- Desirable locations usually have significant passing traffic, which enables establishments to attract customers looking for a convenient place to buy their coffee.
- Increasing industry establishment numbers are making desirable locations more difficult to find. Competition for locations has caused rent costs to increase as a share of revenue over the past five years. As a result, new industry entrants are increasingly choosing smaller locations to establish their businesses.

Depreciation costs are rising over the long term as businesses invest in technology

- Depreciation costs reflect capital expenditure, including on fit-outs for cafes and coffee shops. Industry businesses have increasingly leased equipment like expensive coffee machines to limit start-up costs. Leasing equipment has also increased the ease with which new players can enter or exit the industry.
- Historically, depreciation costs for the Cafe and Coffee Shops industry have been lower than sector averages, as industry businesses require less equipment than a full-service restaurant or a fast food kitchen.
- Depreciation costs were inflated over the two years through 2021-22 due to the pandemic's impact on sales. However, costs have stabilised at their long-term average over the past three years.
- Cafes and coffee shops have tried to differentiate themselves through high-quality coffee and customer service. This trend has boosted investment in digital ordering systems, as well as automation in the form of smart grinders that can grind by weight and set themselves up for the optimal brewing experience.

Share of economy vs. Investment



IBISWorld Source: IBISWorld

Financial Ratios

Debt / Net Worth
1.4 Higher than sector

Trade Receivables (%)
1.7 Higher than sector

Cash Flow Coverage Ratio
-0.1 Lower than sector

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash Ratio	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Current Ratio	0.8	0.8	0.9	0.9	0.8	0.9	0.8
Days' Payables	29.0	32.1	30.9	31.5	27.0	29.8	30.1
Days' Inventory	15.2	16.4	14.6	14.4	12.6	13.9	14.6
Days' Receivables	3.0	2.9	3.0	3.5	3.4	3.3	3.2
Inventory Turnover	24.1	22.3	24.9	25.3	29.0	26.4	25.1
Payables Turnover	12.6	11.4	11.8	11.6	13.5	12.3	12.2
Quick Ratio	0.7	0.7	0.8	0.8	0.7	0.8	0.8
Trade Receivables Turnover	123.1	123.8	120.2	102.9	107.2	110.1	115.4
Working Capital Turnover	-20.2	-19.1	-55.6	-35.0	-26.7	-39.1	-31.3

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash Flow Coverage Ratio	-0.3	-0.2	0.6	0.2	-0.1	0.2	0.0
Cash Flow Margin Ratio	N/A	N/A	0.1	N/A	N/A	0.0	0.0
Current Liability Coverage Ratio	-0.1	-0.1	0.3	0.1	N/A	0.1	0.0
Interest Coverage	1.0	-0.6	7.2	3.1	2.1	4.2	2.6

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Debt / Net Worth	2.5	3.4	2.0	0.4	1.4	1.3	1.9
Fixed Assets / Net Worth	8.4	13.3	7.6	2.4	6.4	5.4	7.6
Net Worth ($ million)	N/A	N/A	N/A	N/A	1135.2	1135.2	1135.2
Net Worth Ratio	4.3	-4.7	1.0	10.2	3.1	4.8	2.8

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Asset Turnover	1.8	1.4	1.5	1.2	1.8	1.5	1.6
Cash & Equivalents (%)	23.6	23.1	27.6	22.9	26.9	25.8	24.8
Fixed Asset Turnover	2.7	2.1	2.4	1.7	2.9	2.3	2.3
Return on Total Assets (%)	1.9	-1.1	8.7	2.9	3.2	4.9	3.1

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Fixed Assets (%)	67.2	68.4	62.9	70.0	64.0	65.6	66.5
Inventory (%)	3.2	2.6	2.7	2.1	2.8	2.5	2.7
Total Assets ($ million)	N/A	N/A	N/A	N/A	11322.5	11322.5	11322.5
Total Current Assets (%)	28.3	26.8	31.5	26.2	31.3	29.7	28.8
Trade Receivables (%)	1.5	1.1	1.2	1.2	1.7	1.4	1.3

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Long Term Debt (%)	54.6	60.7	57.5	41.1	51.8	50.1	53.1
Short Term Debt (%)	3.2	2.6	2.7	2.1	2.8	2.5	2.7
Total Current Liabilities (%)	37.3	34.2	34.2	29.6	38.2	34.0	34.7
Total Liabilities & Net Worth ($ million)	N/A	N/A	N/A	N/A	11322.5	11322.5	11322.5
Trade Payables (%)	5.8	5.1	5.3	4.4	5.6	5.1	5.2

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Expense / Income Ratio	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Gross Profit Margin (%)	63.0	64.0	65.0	64.0	62.0	63.7	63.6
Mark Up (%)	151.3	142.0	139.4	138.7	141.5	139.8	142.6
Net Profit (%)	-3.0	-3.0	2.0	N/A	-1.0	0.3	-1.0
Return on Net Worth (%)	4.4	-49.1	94.2	7.4	20.3	40.6	15.4

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash & Equivalents ($ million)	N/A	N/A	N/A	N/A	3043.1	3043.1	3043.1
EBIT ($ million)	N/A	N/A	N/A	N/A	361.0	361.0	361.0
Fixed Assets ($ million)	N/A	N/A	N/A	N/A	7246.6	7246.6	7246.6
Operating Cashflow ($ million)	N/A	N/A	N/A	N/A	-156.5	-156.5	-156.5

Valuation Multiples

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
EV/Revenue	-0.1	-0.1	N/A	0.1	N/A	0.0	0.0
EV/EBITDA	-2.6	-3.4	-0.6	3.0	-0.8	0.5	-0.9
EV/EBIT	8.0	3.4	-1.5	20.5	30.7	16.6	12.2

Key Ratios

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2007-08	156,096	0.7	4.3	4.8	38,695	24.8	1.1	29.8
2008-09	136,877	0.7	4.6	5.1	33,963	24.8	1.1	32.0
2009-10	128,651	0.7	4.9	5.3	30,565	23.8	1.1	31.3
2010-11	122,756	0.7	5.2	5.6	31,198	25.4	1.1	32.8
2011-12	121,395	0.7	5.3	5.8	31,229	25.7	1.1	33.3
2012-13	119,756	0.7	5.5	5.9	31,005	25.9	1.1	33.2
2013-14	111,462	0.7	5.6	6.1	28,799	25.8	1.1	33.1
2014-15	108,246	0.7	5.8	6.3	28,177	26.0	1.1	32.5
2015-16	104,733	0.7	5.9	6.4	27,274	26.0	1.1	32.9
2016-17	102,402	0.6	5.8	6.3	26,646	26.0	1.1	32.4
2017-18	101,421	0.7	6.0	6.4	26,429	26.1	1.1	32.4
2018-19	96,784	0.6	6.1	6.6	25,046	25.9	1.1	31.1
2019-20	94,474	0.6	5.7	6.1	24,944	26.4	1.1	31.7
2020-21	94,359	0.5	5.3	5.7	23,926	25.4	1.1	33.3
2021-22	103,000	0.5	4.8	5.2	26,107	25.3	1.1	31.6
2022-23	106,453	0.6	4.8	5.2	26,761	25.1	1.1	30.0
2023-24	109,866	0.6	4.8	5.2	27,154	24.7	1.1	29.7
2024-25	110,022	0.6	4.8	5.2	27,188	24.7	1.1	29.8
2025-26	109,021	0.6	4.8	5.2	27,204	25.0	1.1	30.2
2026-27	109,203	0.6	4.8	5.2	27,985	25.6	1.1	31.0

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2027-28	108,726	0.6	4.8	5.2	28,881	26.6	1.1	32.0
2028-29	108,353	0.6	4.8	5.2	29,472	27.2	1.1	33.0
2029-30	108,192	0.6	4.8	5.2	29,902	27.6	1.1	33.6
2030-31	107,760	0.6	4.8	5.2	30,269	28.1	1.1	34.2
2031-32	107,621	0.6	4.8	5.2	30,612	28.4	1.1	34.6

Key Statistics

Industry Data

Values

Year	Revenue ($ Million)	IVA ($ Million)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Wages ($ Million)
2007-08	10,134.0	3,023.8	14,931	13,553	64,922	2,512.2
2008-09	9,639.5	3,084.0	15,256	13,847	70,425	2,391.8
2009-10	10,050.7	3,150.2	15,995	14,687	78,124	2,387.8
2010-11	10,579.5	3,468.5	16,727	15,434	86,183	2,688.8
2011-12	11,150.0	3,709.4	17,307	15,909	91,849	2,868.4
2012-13	11,140.1	3,694.7	17,032	15,680	93,024	2,884.2
2013-14	11,611.4	3,845.6	18,548	17,123	104,174	3,000.1
2014-15	12,184.2	3,957.6	19,504	18,002	112,561	3,171.6
2015-16	12,815.5	4,213.1	20,649	19,067	122,363	3,337.3
2016-17	12,845.5	4,164.3	21,615	20,012	125,442	3,342.6
2017-18	13,490.8	4,375.7	22,299	20,670	133,017	3,515.5
2018-19	13,407.0	4,165.0	22,655	21,053	138,526	3,469.5
2019-20	12,531.0	3,977.3	23,237	21,577	132,640	3,308.6
2020-21	12,212.5	4,063.1	24,356	22,583	129,426	3,096.6
2021-22	13,179.3	4,169.1	26,527	24,702	127,954	3,340.5
2022-23	14,535.0	4,360.9	28,212	26,212	136,539	3,653.9
2023-24	15,306.7	4,544.0	28,918	26,913	139,321	3,783.1
2024-25	15,660.3	4,669.5	29,661	27,623	142,338	3,869.9
2025-26	15,869.7	4,795.9	30,221	28,154	145,565	3,959.9
2026-27	16,219.7	5,028.9	30,759	28,671	148,528	4,156.6
2027-28	16,412.4	5,253.3	31,233	29,139	150,952	4,359.7
2028-29	16,635.7	5,493.4	31,754	29,634	153,533	4,524.9
2029-30	16,857.4	5,659.3	32,202	30,074	155,810	4,659.1
2030-31	17,051.9	5,836.3	32,688	30,546	158,239	4,789.8
2031-32	17,209.2	5,961.7	33,015	30,869	159,906	4,895.0

Note

Figures are inflation adjusted to 2025-2026

Industry Data

Annual Change

Year	Revenue %	IVA %	Estab. %	Enterprises %	Employment %	Wages %
2007-08	N/A	N/A	N/A	N/A	N/A	N/A
2008-09	-4.9	2.0	2.2	2.2	8.5	-4.8
2009-10	4.3	2.1	4.8	6.1	10.9	-0.2
2010-11	5.3	10.1	4.6	5.1	10.3	12.6
2011-12	5.4	6.9	3.5	3.1	6.6	6.7
2012-13	-0.1	-0.4	-1.6	-1.4	1.3	0.6
2013-14	4.2	4.1	8.9	9.2	12.0	4.0
2014-15	4.9	2.9	5.2	5.1	8.1	5.7
2015-16	5.2	6.5	5.9	5.9	8.7	5.2
2016-17	0.2	-1.2	4.7	5.0	2.5	0.2
2017-18	5.0	5.1	3.2	3.3	6.0	5.2
2018-19	-0.6	-4.8	1.6	1.9	4.1	-1.3
2019-20	-6.5	-4.5	2.6	2.5	-4.2	-4.6
2020-21	-2.5	2.2	4.8	4.7	-2.4	-6.4
2021-22	7.9	2.6	8.9	9.4	-1.1	7.9
2022-23	10.3	4.6	6.4	6.1	6.7	9.4
2023-24	5.3	4.2	2.5	2.7	2.0	3.5
2024-25	2.3	2.8	2.6	2.6	2.2	2.3
2025-26	1.3	2.7	1.9	1.9	2.3	2.3
2026-27	2.2	4.9	1.8	1.8	2.0	5.0
2027-28	1.2	4.5	1.5	1.6	1.6	4.9
2028-29	1.4	4.6	1.7	1.7	1.7	3.8
2029-30	1.3	3.0	1.4	1.5	1.5	3.0
2030-31	1.2	3.1	1.5	1.6	1.6	2.8
2031-32	0.9	2.1	1.0	1.1	1.1	2.2

Note

Figures are inflation adjusted to 2025-2026

Key Success Factors

How do successful businesses overcome volatility?

Secure a flexible workforce

Cafes and coffee shops require access to many skilled, casual and permanent baristas, waitstaff, cooks, chefs and kitchenhands to maintain quality customer service, especially during periods of peak demand. Having a flexible workforce can limit revenue volatility.

Develop a loyal customer base

By remembering regular customers' orders, cafes and coffee shops can build a loyal customer base and minimise revenue volatility. Loyalty programs and stamp cards that reward customers with free coffees after a set number of orders further build this loyalty.

What products or services do successful businesses offer?

Alter goods and services produced in favour of market conditions

Cafes that research and understand consumer taste trends can include diverse and in-demand items on their menus to capitalise on changing consumer preferences.

Leverage product design, quality and brand strengths

Cafes and coffee shops must emphasise superior product design and quality to build a strong and recognisable brand that can create a lasting impression and build a loyal customer base, especially as consumers increasingly favour high-quality coffee.

How do businesses use location to their advantage?

Operate in a location that is close to transport

Cafes and coffee shops rely heavily on foot traffic during the weekday. Being close to public transport allows exposure to workers who walk past to conveniently purchase a beverage.

Operate in a location that is close to key markets

Cafes and coffee shops must strategically place themselves near business districts, shopping centres, or residential areas with high foot traffic to maximise customer access.

How do successful businesses handle concentration?

Leverage product design, quality and brand strengths

Differentiated, high-quality products can create strong brand loyalty for cafes and coffee shops and, in turn, boost market concentration in a fragmented market.

Conduct market research

Understanding customer preferences and market trends allows cafes and coffee shops to adapt their offerings and marketing strategies, ensuring they stay relevant and boost market share.

How can potential entrants overcome barriers to entry?

Leverage business expertise

Cafes and coffee shops require staff with business expertise, like experience in hospitality or retail, to enter and succeed in an industry with low profitability and a high risk of losses.

Develop effective cost controls

New entrants who can minimise costs and wastage, especially regarding food inputs, can curtail purchase costs and maximise their profit margins.

How do successful businesses compete with substitutes?

Produce a differentiated product

Cafes and coffee shops in Australia can compete with substitutes by focusing on producing differentiated products that provide unique experiences customers can't find elsewhere.

Leverage the company's business expertise

Cafes and coffee shops require staff with business expertise, like experience in hospitality or retail, to succeed in an industry with low profitability and a high risk of losses. This can discourage customers from buying coffee from substitute establishments.

How do successful businesses manage buyer & supplier power?

Establish long-term working relationships with raw material suppliers

Cafes and coffee shops that build strong, long-term relationships can secure a consistent supply of quality inputs at stable prices, reducing supplier power.

Develop effective quality control

Cafes and coffee shops must consistently prepare, present and serve high-quality coffee and food items to maintain customer loyalty and control buyer power.

Call Prep Questions

Role Specific Questions

Sales & Marketing

How are changing consumer purchase habits affecting your business?

- Consumers are increasingly demanding rarer types of coffee, such as fair trade and organic coffee beans.
- Rapid consumer uptake of fair trade and organic coffees over the past five years has provided a strong area of growth for the industry, which is forecast to continue over the next five years.

How does your company market itself to customers?

- Food and beverage ranges and quality among cafes and coffee shops have traditionally been key competition factors.
- Locations with greater traffic volumes can generate substantially higher revenue, but will significantly increase rent costs.

Strategy & Operations

How close is your business located to significant foot traffic?

- Most coffee shops are located across the three most populous states: New South Wales, Victoria and Queensland.
- As a retail industry, cafes and coffee shops need to be located close to consumers.

How does your business minimise input costs?

- Purchase costs significant affect industry performance.
- The world price of coffee has increased over the past five years, causing purchase costs to rise as a share of industry revenue.

Technology

How does your company keep up to date with the latest ordering systems?

- Most technological advancements in the industry aim to improve systems and procedures, providing better quality service and reducing customer wait times.
- Wireless electronic ordering systems that link front-of-house orders to the kitchen are an example of such innovation.

How does your company keep up to date with the latest coffee machines?

- Improvements in coffee machine technology are aimed at increasing their operational capacity and efficiency, while minimising any detrimental effects to coffee quality.

Compliance

How are coffee shops expected to comply with major regulations?

- The most important regulations for coffee shops are those relating to food hygiene and preparation.
- Food Standards Australia New Zealand (FSANZ) is the regulatory body for food safety standards in Australia.

How are industry operators expected to comply with other regulations?

- Other regulations for operators include council regulations pertaining to business licensing, outdoor seating and street advertising.
- Operators must also adhere to regulations regarding playing recorded music in establishments.

Finance

How does your company's profitability compare with that of its competitors?

- Operators that focus on high-margin premium food products tend to yield better profit margins in the industry.

How have wage costs affected your company's profit margins?

- Several industry workers are employed on a part-time or casual basis.
- A rise in minimum wages can place upward pressure on wage costs.

External Impacts Questions

Demand from restaurants

How vulnerable is your shop to competition from restaurants?

- Restaurants represent a significant source of competition for cafes and coffee shops.

Expenditure on recreation and culture

How has increased consumer expenditure on recreation activities affected your business?

- Cafes are becoming increasingly popular places for consumers to spend their leisure time or to enjoy as part of other leisure activities.
- Therefore, increased expenditure on recreation and culture supports industry revenue growth.

Real household discretionary income

How have trends in real household discretionary income affected your business?

- Changes in real household discretionary income directly affect the industry.
- Any contraction in discretionary income limits consumer spending capacity, especially for food but less for coffee.

Internal Issues Questions

Effective cost controls

How does your business use cost control measures to maximise profitability?

- Successful cafes and coffee shops have effective cost controls to minimise expenses and maximise profit margins.

Effective quality control

How does your company measure the quality of its coffee?

- High quality is required to prepare, present and serve coffee that satisfies customer expectations and maintains positive word-of-mouth referrals.

Access to multiskilled and flexible workforce

How difficult is it for your business to access skilled baristas?

- Industry operators need skilled baristas to maintain the high quality of coffee that consumers expect from niche operators.

IBISWorld

IBISWorld helps you find the industry information you need - fast.

Disclaimer

This publication has been supplied by IBISWorld Inc. and its Affiliates ('IBISWorld') solely for use by its authorized licensee and strictly in accordance with their agreement with IBISWorld. The publication is provided on an “as-is” and “as available” basis, and IBISWorld makes no representations or warranties, express or implied, regarding the merchantability, fitness for a particular purpose, completeness, or accuracy of the data or information contained herein. This publication is not intended to be advice and should not be relied upon as such. To the extent permitted by law, IBISWorld disclaims all liability for loss or damage, direct and indirect suffered or incurred by any person resulting from the use of, or reliance upon, the data in this publication.

Copyright to this publication is owned by IBISWorld. All data, information, articles, graphs, and content contained in this publication are copyrighted works and IBISWorld hereby reserves all rights. The product is sold on the basis that the licensee agrees not to copy, reproduce, republish, upload to a third party, or distribute the content or any trade or service mark displayed within the product except in accordance with the agreement. In the event that the licensee is given written permission by IBISWorld to use or quote excerpts from the product, it will be sourced to IBISWorld.

2025 IBISWorld. All Rights Reserved

IBISWorld

Accommodation and Food Services • H4512

Fast Food and Takeaway Food Services in Australia

Taking the affordable way: Under cost-of-living pressures, consumers are trading down from restaurants to fast food outlets, serving up revenue growth

Joshua Campbell
Published: March 2025

2025 IBISWorld. All Rights Reserved

About

IBISWorld specializes in industry research with coverage on thousands of global industries. Our **comprehensive data and in-depth analysis** help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions

Table of Contents

Standard Report

1. About This Industry 1
Definition 1
Codes 1
What's Included 1
Companies 1
Related Industries 1
Related Terms 2
Additional Resources 2
2. At a Glance 3
Highlights 3
Major Players 3
Products and Services 3
Key External Drivers 3
Key Takeaways 3
SWOT 4
Industry Structure 4
Executive Summary 4
3. Performance 5
Key Takeaways 5
Performance Snapshot 5
Current Performance 7
Volatility 9
Outlook 10
Life Cycle 11
4. Products and Markets 13
Key Takeaways 13
Highlights 13
Products and Services 13
Major Markets 15
International Trade 16
5. Geographic Breakdown 17
Key Takeaways 17
Business Locations 17
6. Competitive Forces 19
Key Takeaways 19
Concentration 19
Barriers to Entry 20
Substitutes 20
Buyer & Supplier Power 22
7. Companies 24
Key Takeaways 24
Market Share 24
Companies 24
8. External Environment 33
Key Takeaways 33
Highlights 33
External Drivers 33
Regulation & Policy 34
Assistance 34
9. Financial Benchmarks 36
Key Takeaways 36
Highlights 36
Cost Structure 36
Financial Ratios 38
Key Ratios 40
10. Key Statistics 42
Industry Data 42
11. Key Success Factors 44

About This Industry

Definition

Industry firms primarily provide fast food, including burgers, pizza, sandwiches and takeaway for immediate consumption. Customers order or select items and pay before eating. Food is usually provided in takeaway containers or packaging and is consumed on the premises, taken away or delivered. The industry also includes fast food sold in food halls and food courts.

Codes

2006	4512-Takeaway Food Services

What's Included

- Burgers
- Chicken-based fast food
- Pizza
- Fish and chips retailing
- Sandwiches, salads and juices
- Desserts and confectionery
- Pies
- Sausage rolls

Companies

- McDonald's
- Competitive Foods
- Yum! Restaurants Australia
- Domino's
- Collins Foods
- PAGAC Chicken Tenders Holdings
- Subway

Related Industries

Domestic industries

Competitors

- Convenience Stores in Australia
- Restaurants in Australia
- Cafes and Coffee Shops in Australia

Complementors

- Franchising in Australia
- Fruit and Vegetable Wholesaling in Australia
- Online Food Ordering and Delivery Platforms in Australia

International industries

- Global Fast Food Restaurants
- Fast Food Restaurants in the US
- Mexican Restaurants in the US
- Doughnut Stores in the US
- Pizza Restaurants in the US
- Fast Food Restaurants in Canada
- Fast Food and Takeaway Food Services in New Zealand
- Takeaway & Fast-Food Restaurants in the UK
- Pizza Delivery & Takeaway in the UK
- Restaurants and Takeaways in Ireland
- Fast-Food Restaurants in China

Related Terms

POINT-OF-SALE SYSTEMS

Computerised systems used in retail sales to complete transactions.

ONLINE DELIVERY PLATFORMS

An online business that submits food orders from consumers to participating food facilities and arranges the delivery of the order to the consumer.

FRANCHISE

Permission granted by a brand owner to a franchisee to sell the brand's products.

Additional Resources

- Inside Retail
- Australian Food News
- Retailbiz
- Hospitality Magazine
- Restaurant and Catering Association

At a Glance

Revenue	$29.7bn	'20-'25	↑ 2.6 %
		'25-'30	↑ 4.3 %
Employees	227k	'20-'25	↑ 1.2 %
		'25-'30	↑ 5.3 %
Businesses	26,824	'20-'25	↑ 0.6 %
		'25-'30	↑ 3.8 %
Profit	$2.4bn	'20-'25	↑ 6.6 %
Profit Margin	8.1%	'20-'25	↑ 1.4 pp
Wages	$6.8bn	'20-'25	↑ 1.6 %
		'25-'30	↑ 5.7 %

Five-year growth rates display historic and forecast CAGRs

Major Players

Company	Revenue	Market Share
McDonald's	$5.7bn	19.3%
Competitive Foods	$2.8bn	9.3%
Yum! Restaurants Australia	$2.2bn	7.5%
Domino's	$1.2bn	4.2%
Other Companies	$17.7bn	59.7%

Key External Drivers

Key External Drivers	Impact
Real household discretionary income	Positive
Health consciousness	Negative
Demand from online food ordering and delivery platforms	Positive
Demand from restaurants	Negative
Median age of the population	Negative

Products and Services

Item	Revenue	Market Share
Burgers	$13.0bn	43.8%
Chicken-based fast food	$6.1bn	20.4%
Pizza	$4.3bn	14.5%
Sandwiches, salads and juices	$2.4bn	8.1%
Desserts and confectionery	$2.3bn	7.7%
Other fast food	$1.6bn	5.5%

Key Takeaways

Performance

- The trading down trend is benefiting the industry during a cost-of-living crisis. Consumers are trading down their choice of eating at expensive restaurants in favour of affordable fast food outlets, fuelling revenue growth.
- The dark kitchen model caters to consumers' growing demand for delivery services. As online food delivery continues to surge, dark kitchens allow brands to meet this demand more efficiently without the significant costs associated with traditional dine-in locations.

Products and Markets

- Chicken menu items are seen as healthier, driving demand. Consumers opt for chicken-based fast food due to its perceived health benefits, including lower fat content than beef. This shift is pushing major brands to innovate and diversify their chicken offerings.
- Demand from consumers aged 25 to 34 is increasing. Weak discretionary incomes among this demographic have been forcing them to spend more often on fast food rather than on expensive restaurant meals.

SWOT

Strengths	Low & Increasing Level of Assistance
	Low Imports
	High Profit vs. Sector Average
	Low Customer Class Concentration
	Low Product/Service Concentration
Weaknesses	High Competition
	Low Revenue per Employee
	High Capital Requirements
Opportunities	High Revenue Growth (2020-2025)
	High Revenue Growth (2025-2030)
	High Performance Drivers
	Real household discretionary income
Threats	Demand from restaurants

Industry Structure

Characteristic	Level	Trend
Concentration	Moderate	
Barriers To Entry	Moderate	Steady
Regulation and Policy	Low	Steady
Life Cycle	Mature	
Revenue Volatility	Moderate	
Assistance	Low	Increasing
Competition	High	Increasing
Innovation	Moderate	

Executive Summary

Taking the affordable way: Under cost-of-living pressures, consumers are trading down from restaurants to fast food outlets, serving up revenue growth

Consumers' growing awareness of fast food's nutritional content and shift towards healthier eating habits have challenged demand for fast food and takeaway food services. In response, fast food brands have expanded their menus to include more nutritious, premium options with reduced fat, sugar and salt. Major companies have adapted to this trend, with McDonald's expanding its premium burger range and KFC focusing on fresh, locally sourced ingredients. The number of chicken-based fast food, which is considered healthier than traditional fast food, is also increasing. The recent cost-of-living crisis has had a mixed impact on the industry as consumers 'trade down.' Although people are refraining from overspending on eating out, they're preferring to spend on fast food meals instead of paying for full meals at restaurants. Industry revenue is expected to have grown at an annualised 2.6% over the five years through 2024-25 to $29.6 billion. This trend includes an anticipated 2.9% jump in 2024-25.

Consumers' surging reliance on online delivery platforms during the pandemic boosted industry revenue but also pressured profitability, since online delivery platforms charge commissions per order. Rising food inflation has led businesses to increase menu prices to offset higher purchasing costs, with most major franchises able to pass on costs downstream to consumers, which has driven profitability growth over the five years through 2024-25.

Shifting consumer preferences and evolving business models will drive industry growth over the coming years. Companies will increasingly focus on offering plant-based alternatives, reshaping their menus, with major brands set to expand their vegetarian and vegan options to capture rising demand for sustainable, health-conscious meals. Refranchising will also improve industrywide profitability, as fast food giants will reduce their operational costs by shifting company-owned stores to franchisees. This model allows brands to focus on marketing and innovation while franchisees manage day-to-day operations. These strategies, alongside international expansion, will boost competition and industry growth. Revenue is forecast to rise at an annualised 4.3% over the five years through 2029-30 to reach $36.6 billion.

Performance

Key Takeaways

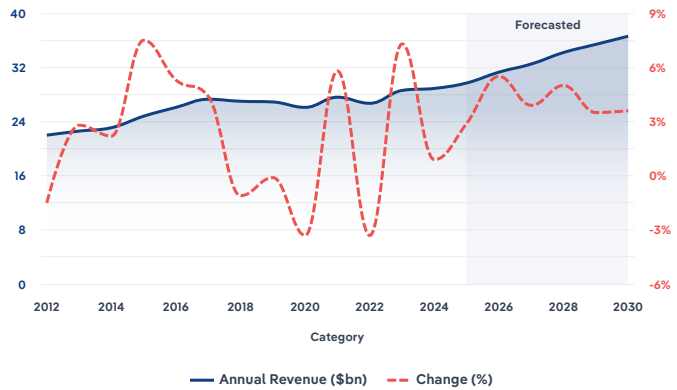
The trading down trend is benefiting the industry during a cost-of-living crisis. Consumers are trading down their choice of eating at expensive restaurants in favour of affordable fast food outlets, fuelling revenue growth.

The dark kitchen model caters to consumers' growing demand for delivery services. As online food delivery continues to surge, dark kitchens allow brands to meet this demand more efficiently without the significant costs associated with traditional dine-in locations.

Performance Snapshot

Revenue

Total value ($) and annual change from 2012 – 2030. Includes 5-year outlook.



Revenue
$29.7bn
'20-'25 ↑ 2.6 %
'25-'30 ↑ 4.3 %

2025 Revenue Growth
2.9 % Increasing

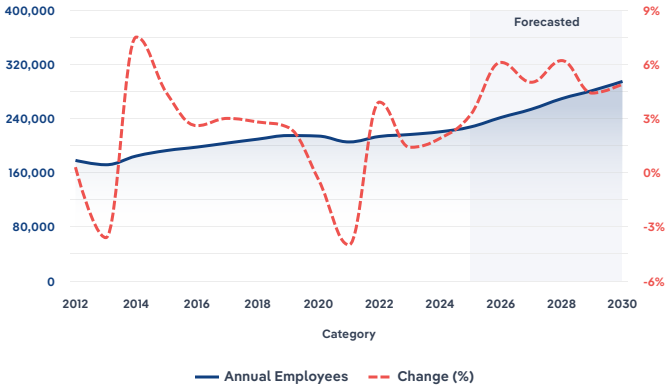
Revenue Volatility
Moderate

IBISWorld

Source: IBISWorld

Employees

Total number of employees and annual change from 2012 – 2030. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

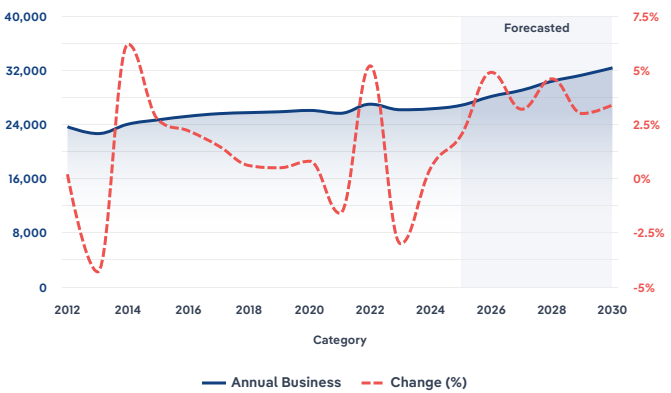
Employees
227k
'20-'25 ↑ 1.2 %
'25-'30 ↑ 5.3 %

Employees per Business
8
'20-'25 ↑ 0.6 %
'25-'30 ↑ 1.4 %

Revenue per Employee
$131k
'20-'25 ↑ 1.4 %
'25-'30 ↓ 1.0 %

Business

Total number of businesses and annual change from 2012 – 2030. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

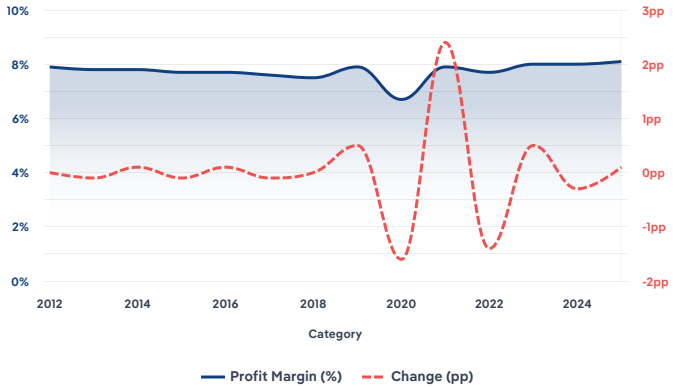
Businesses
26,824
'20-'25 ↑ 0.6 %
'25-'30 ↑ 3.8 %

Employees per Business
8
'20-'25 ↑ 0.6 %
'25-'30 ↑ 1.4 %

Revenue per Business
$1.1m
'20-'25 ↑ 2.0 %
'25-'30 ↑ 0.4 %

Profit Margin

Total profit margin (%) and annual change from 2012 – 2030



Total Profit
$2.4bn '20-'25 ↑ 6.6 %

Profit Margin
8.1% '20-'25 ↑ 1.4 pp

Profit per Business
$89,674

IBISWorld

Source: IBISWorld

Current Performance

↑ 2020-25 Revenue CAGR +2.6%

What's driving current industry performance?

Leading fast food brands have innovated with technology to enhance revenue

- Leading fast food chains like Domino's, McDonald's and Hungry Jack's have embraced digital technologies to enhance the customer experience, improve operational efficiency and drive long-term revenue growth. As consumers increasingly demand convenience, these companies have implemented cutting-edge technologies, including mobile apps, self-order kiosks and online ordering systems.
- McDonald's has invested heavily in digital tools, rolling out its new mobile app, MyMacca's, and self-service kiosks in stores. These innovations streamline the ordering process, particularly during peak hours, by reducing wait times and increasing efficiency. Self-service kiosks have improved the company's operational productivity, contributing to its ability to keep pace with customer expectations for speed and convenience.
- Domino's AnyWare ordering platform allows customers to place orders through multiple digital channels, including smart speakers and social media. This multichannel approach has contributed to a 1.25% increase in the company's same-store sales for 2023-24, with online sales surging 11.8% to $1.71 billion. The platform has improved convenience, enhanced customer satisfaction and driven revenue. As consumer reliance on digital solutions grows, other fast food brands will need to follow suit or risk falling behind competitors already reaping the rewards of technology-driven growth.

Cost-of-living pressures have driven consumers to trade down to fast food and takeaway

- The Fast Food and Takeaway Services industry has seen a boost in demand as consumers increasingly trade down from expensive restaurant meals to more affordable fast food and takeaway options. This shift, driven by cost-of-living pressures, creates opportunities and challenges for the industry as consumers seek value without sacrificing convenience. During the pandemic, restaurants began to capture a significant share of takeaway sales, increasing competition from online food delivery platforms, which expanded their reach to include more dining establishments.
- Recent economic conditions, particularly rising living costs and inflation, have discouraged consumers from spending excessively at restaurants, which generally charge higher meal prices. Many consumers are opting for fast food and takeaway alternatives. This trend of 'trading down' is particularly visible in the breakfast segment, where consumers are increasingly choosing inexpensive breakfast options at fast food outlets instead of more elaborate morning meals. However, consumers are opting out of side orders and desserts to manage costs, which is constraining the industry's overall revenue growth.
- Fast food chains are focusing on value deals to attract budget-conscious consumers. For example, McDonald's Australia launched the McSmart Meal, priced at $6.95, in January 2025. This meal includes a Cheeseburger, Small Fries, a Small Soft Drink and a choice of a regular sundae, Chicken n Cheese, Chicken McNuggets or a second Cheeseburger. The move aims to appeal to price-sensitive customers and help McDonald's maintain its market share despite economic pressures. As consumer price sensitivity grows, fast food brands must continue

prioritising value to stay competitive.

Food quality is becoming more important for fast food and takeaway food services

- Australia's evolving food culture pushes fast food chains to emphasise premium meals and high-quality ingredients. The growing foodie culture and increased consumer demand for healthier, gourmet options have led to the growth of smaller fast food brands like Grill'd. These brands differentiate themselves by offering higher quality ingredients and more sophisticated menu options once only seen in restaurants.
- The shift towards premium meals supports fast food establishments, as consumers are willing to pay more for meals that align with their expectations of quality and taste. However, this trend is also being embraced by restaurants and cafes, which has led to increased competition in the broader food service sector. Fast food chains face challenges in maintaining growth in demand as the lines between fast food and casual dining continue to blur.
- Despite the industry's growing emphasis on premium meals and high-quality ingredients, some companies have struggled to keep up. Subway, for example, has struggled to capitalise on these shifts in consumer preferences. The brand's reliance on processed meats and refined bread, coupled with an image that still leans heavily towards traditional fast food, has made it harder to appeal to the increasingly health-conscious Australian consumer. While Subway has introduced healthier menu options, including plant-based choices and fresh-fit alternatives, these efforts haven't been enough to overcome perceptions of the brand as being less focused on fresh, organic and minimally processed ingredients than newer, health-oriented competitors.

'Dark kitchens' and virtual brands are emerging, reshaping the fast food landscape

- The rise of dark kitchens, also known as ghost kitchens, is removing the need for traditional storefronts, reshaping the industry. Dark kitchens focus solely on fulfilling online orders, which allows these fast food businesses to reduce overhead costs, including rent and instore staff. This model caters to consumers' growing demand for food delivery, which has been a major driver of industry growth. This trend is evident in the explosive revenue growth the Online Food Ordering and Delivery Platforms industry has experienced over recent years.
- Virtual brands exist only on delivery platforms and are emerging as a key part of the industry's changing landscape. These brands can operate with highly specialised, niche menus that cater to specific dietary preferences, allowing them to attract targeted customer segments. They capitalise on existing kitchen spaces, which reduces costs and operational complexity. To stay competitive, fast food franchises must explore these models. Failure to do so could result in losses of market share to nimbler, tech-driven competitors in the increasingly delivery-driven landscape.
- As more fast food brands adopt these models, the market becomes increasingly competitive. Traditional fast food chains and new entrants use dark kitchens and virtual brands to quickly expand their reach without the significant investment required for physical outlets.

Volatility

Moderate

What influences industry volatility?

Changing consumer trends, like an increasing preference for healthier meal options, have impacted revenue volatility

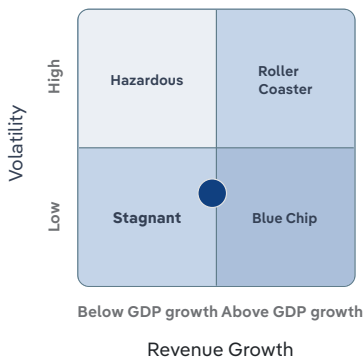
- As consumers become more health-conscious and discerning, demand for fast food has declined in favour of gourmet options. This shift is particularly evident in consumers' growing preference for gourmet burgers over traditional fast food versions.
- To maintain customer loyalty, fast food providers have diversified their offerings to include healthier meal options, including salads and wraps. These menu updates are an effort to align with restaurant trends, which has resulted in revenue fluctuations as brands try to keep up with changing preferences.

Industry recovery, convenience and inflationary pressures drove revenue to spike in 2022-23

- The fast food industry experienced a notable revenue spike in 2022-23 as consumer confidence and foot traffic recovered following pandemic-related lockdowns and restrictions. A surge in takeaway and delivery orders surge significantly underpinned this growth, as consumers increasingly relied on fast food options due to convenience and safety concerns.
- Inflation and supply chain disruptions caused ingredient price increases, which were often passed on to consumers. Despite these higher prices, elevated demand for convenience helped sustain revenue growth as customers prioritised quick, affordable meals over preparing food at home.

Stagnant

Industry volatility vs. revenue growth (2021-2026 CAGR)



IBISWorld

Source: IBISWorld

Key Success Factors

How do successful businesses overcome volatility?

Generate repeat customers

Fast food establishments can focus on customer loyalty programs and excellent service to ensure a steady stream of repeat business, which can help stabilise revenue.

Leverage economies of scale to lower unit costs

Reducing per-unit costs through bulk purchasing and efficient production methods can help industry businesses maintain profitability, even during periods when revenue fluctuates.

Outlook

↑ 2025-30 Revenue CAGR +4.3%

What's driving the industry outlook?

Online food ordering and delivery platforms will drive fast food demand growth

- Online food ordering and delivery platforms are set to continue driving growth in Australia's fast food landscape. The shift towards convenience and quality has been accelerated by rising technology adoption, particularly among younger consumers, but older demographics are now increasingly using these platforms, broadening the customer base. As Generation Z's spending power increases and technological infrastructure improves, demand is set to continue rising.
- Despite significant growth, competition within the delivery space remains intense. Major delivery platforms like Uber Eats, DoorDash and Menulog dominate the market, but these companies have faced substantial financial challenges, including high operational costs and marketing expenses. Competition among delivery platforms may lead to higher commission fees, further eroding margins. Larger chains can negotiate better rates or build their own delivery networks, while smaller operators face growing profitability challenges. This could potentially accelerate industry consolidation in favour of more resilient, well-resourced businesses.
- Rising operational costs, driven by supply chain disruptions and higher rent prices, pose challenges to the industry's expansion. As the cost of doing business rises, many food establishments have been forced to shut down, and some larger fast food chains will need to adapt to maintain growth in a market that's increasingly demanding high-quality, efficient service.

Refranchising will gain popularity as fast food stores try to maintain profit margins

- Refranchising is poised to become a key strategy for fast food businesses looking to enhance profitability as competition intensifies. With US brands like Wendy's planning to enter the Australian market and establish more than 200 outlets by 2034, fast food chains will face mounting pressures to cut costs and streamline operations. Refranchising allows brands to sell licences for their corporate-owned stores to franchisees, significantly reducing operational expenses like wages, rent and utilities.
- To manage cost pressures, fast food chains will need to focus on effectively overseeing their franchise networks. This may include investing in technology that ensures consistency across locations and training franchisees to align with the company's brand standards. With a careful balance, refranchising can be a successful strategy that mitigates costs while maintaining the quality and customer satisfaction needed for long-term growth.
- While franchising can improve margins, it also comes with challenges. Losing direct control over franchised stores can lead to variations in service quality and product consistency. Franchisees may have different operational approaches, impacting the overall customer experience and brand reputation. Adjusting pricing in response to market conditions may become more complicated, as franchisees can be less flexible than corporate-owned stores.

Plant-based alternatives are set to become more popular

- Consumers' diets are evolving beyond conventional food groups. Growing concerns over health, animal welfare and environmental sustainability are weighing on per capita meat consumption growth and driving demand for plant-based diets. This will encourage several fast food brands to adapt to this trend and introduce or widen their plant-based range.
- Many Australians have adopted vegetarian, vegan and dairy-free diets, pushing industry businesses to follow suit and offer products that meet these requirements. Brands that embrace plant-based alternatives early will tap into a growing market segment and strengthen their brand's alignment with contemporary consumer values around sustainability and health.
- Jack Cowin, the owner of Hungry Jack's, has been a significant proponent of plant-based alternatives in Australia's Fast Food and Takeaway Food Services industry. Through his investment in v2food, a company specialising in plant-based meat substitutes, Cowin has facilitated the introduction of meat-free options in major fast food chains. Hungry Jack's launched the 'Rebel Whopper,' a plant-based burger developed in collaboration with v2food, in late 2019, catering to the growing demand for vegetarian and vegan choices.

Competition from supermarkets and the hospitality sector will intensify

- Supermarkets and grocery stores are expanding their prepared meal ranges as cost pressures ease, allowing them to invest in higher-quality, convenient options. At the same time, restaurants and cafes are capturing a growing share of the quality-conscious consumer market. Cafes are targeting the lunchtime market by offering healthy, convenient meals like sandwiches and wraps, which consumers often view as superior to traditional fast food, even at similar prices.
- Restaurants are expanding their takeaway options to maximise sales and capture demand traditionally met by other establishments. The Cafes and Coffee Shops industry's revenue is projected to grow through 2029-30, highlighting a shift towards premium, health-focused dining. This trend reflects consumers' increasing preference for nutritious and convenient meals.
- Fast food chains must review and enhance the quality of their menu offerings to differentiate themselves from competitors. These chains can recapture market share and drive profitability by introducing enhanced menu options and adapting to evolving consumer preferences. Embracing quality improvements will add value, ensuring long-term growth and a sustainable competitive edge in a rapidly evolving market. This proactive strategy will drive industry success and profitability.

Life Cycle

Mature

Why is the industry mature?

Contribution to GDP

The fast food and takeaway services industry contributes significantly to Australia's GDP, driven by strong consumer demand and its integral role in the broader food service sector. Despite economic challenges, the industry remains resilient due to its consistent performance catering to time-poor consumers seeking affordable, convenient meals.

Market Saturation

The industry is experiencing high market saturation levels, with numerous brands operating across urban and regional areas. As more businesses enter the sector, competition intensifies, making it harder for new entrants to gain substantial market share. Established brands, however, continue to dominate through strong brand loyalty and large-scale operations.

Innovation

Increasing health consciousness has placed pressure on the industry. To combat this, innovation is occurring at the premium end of the market and for new and healthier fast food options. Menu diversification and product innovation allow companies to maintain consumer interest and appeal to a broader audience.

Consolidation

New fast food and takeaway services have increasingly entered the industry, capitalising on growing demand and evolving consumer preferences. However, unprofitable businesses have exited and cannot compete with more established brands. The larger establishments typically operate under a franchise model, enabling rapid expansion and brand consistency.

Technology & Systems

Technological advancements, including online ordering platforms, mobile apps and delivery services, are reshaping the industry. Automation in food preparation and order processing is increasing efficiency and reducing costs. The rise of digital ordering systems also aligns with evolving consumer expectations for convenience and fast service.

Life Cycle

Indication of the industry's stage in its life cycle compared to similar industries



*Growth is based on change in share of economy combined with change in establishment numbers

IBISWorld

Source: IBISWorld

Products and Markets

Key Takeaways

Chicken menu items are seen as healthier, driving demand. Consumers opt for chicken-based fast food due to its perceived health benefits, including lower fat content than beef. This shift is pushing major brands to innovate and diversify their chicken offerings.

Demand from consumers aged 25 to 34 is increasing. Weak discretionary incomes among this demographic have been forcing them to spend more often on fast food rather than on expensive restaurant meals.

Largest Market
$13.0bn Burgers

Product Innovation
Moderate

Products and Services

How are the industry's products and services performing?

Burgers thrive with the premiumisation trend and evolving consumer preferences

- Burgers have grown as a revenue share in the fast food industry despite rising competition from other segments and healthy eating trends. Traditional options like hamburgers and cheeseburgers remain a staple, with many vendors expanding their product ranges to include healthier, leaner burgers and plant-based alternatives. This shift has helped mitigate demand declines, particularly among health-conscious consumers seeking customised, high-quality meals.
- The premiumisation trend has boosted demand for gourmet and customised burgers, with younger consumers – particularly those aged 15 to 24 – contributing to this growth. While competition from cafes and restaurants offering gourmet burgers remains strong, fast food chains like McDonald's and Hungry Jack's have responded by offering premium and plant-based options, catering to evolving consumer preferences.

Pizza sales weaken as price sensitivity and competition rise

- Pizza has experienced a decline in consumer spending, largely due to increased competition from other fast food segments and restaurant-style offerings. As price sensitivity rises in the current economic climate, pizza is often perceived as less affordable than other fast food options, constraining demand. The growing availability of restaurant home delivery services has also pressured pizza sales.
- Pizza chains like Domino's are adapting by offering value meal options, but challenges persist as consumer behaviour shifts. Strong growth in healthier fast food options has also weakened pizza's revenue share as consumers opt for lighter, more nutritious choices.
- While new pizza stores have helped boost demand, intense price competition among key franchises has shrunk revenue. Restaurants offering high-quality wood-fired pizzas draw consumers away, intensifying competition in this segment.

Some chicken products are perceived to be healthy, driving demand for chicken-based fast food

- Chicken-based fast food includes fried and grilled chicken products like chicken burgers. KFC is the key player in this segment. Some other companies in the segment include Red Rooster, Nando's and Oporto.
- Chicken products' perceived healthiness over other fattier meats has helped strengthen this segment's revenue share, particularly as chicken is considered a leading source of protein and an important macronutrient. Several fast food services have expanded their menu to include chicken-based products, like grilled chicken, which is healthier than traditional options like cheeseburgers.

Healthy fast food options like sandwiches, salads and juices maintain their revenue share

- Sandwiches, salads and juices have held steady as a share of industry revenue, driven by increasing consumer demand for healthier fast food options. The steady performance of sandwiches and salads is largely attributed to growing health-consciousness among consumers, with many opting for lighter, more nutritious meals. Fast food outlets offering fresh, customised ingredients have seen consistent sales in these categories, with the rise in plant-based eating boosting interest in vegetarian options.
- Juices have remained stable as consumers increasingly seek beverages that complement healthier meal choices like salads and wraps. Cold-pressed and freshly made juices have grown in popularity, aligning with broader trends towards natural, health-focused products.
- Notable brands like Subway, Sandwich Chefs and Boost Juice have capitalised on robust demand by expanding their healthy product ranges, positioning themselves to meet shifting consumer preferences.

Desserts have been underperforming as consumers shift focus to healthier options

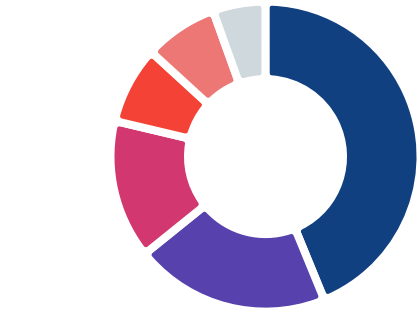
- Dessert sales have declined as consumers shift towards healthier eating habits, with fewer opting for indulgent treats. Lighter alternatives, like fruit-based desserts, dairy-free options and yoghurts, have become more popular, impacting traditional fast food dessert categories. While seasonal promotions and new menu offerings can generate short-term interest, overall demand is dropping.
- Businesses are introducing options perceived to be healthier, including yoghurts and premium gourmet desserts, to sustain revenue. However, competition from supermarkets limits growth, as consumers increasingly purchase take-home ice cream tubs, yoghurts and pastries at lower prices.
- While major chains like McDonald's continue to experiment with healthier dessert options, demand remains subdued, reflecting broader shifts in consumer preferences towards more balanced and nutritious choices.

Other fast food products are facing declining demand due to changing preferences

- The other fast food category, which includes fish and chips, wraps, pies, sausage rolls and ethnic-inspired meals, has experienced declining sales as consumers shift towards healthier and more premium fast food options. Growing awareness of balanced diets and healthy lifestyles has made this segment's traditional offerings less appealing, eroding its revenue share.
- Independent outlets specialising in niche products face greater challenges adapting to evolving consumer tastes. However, fast food businesses have responded by expanding their range of accompaniments, including loaded fries, cheese and garlic scrolls, hash browns and mozzarella sticks.
- Offering side options has helped limit the segment's slump, as consumers frequently purchase these alongside main meals. Despite this, shifting preferences continue to challenge demand for many traditional fast food staples in this category.

Products & Services Segmentation

Industry revenue in 2025 broken down by key product and service lines.



- **Burgers ($13.0bn)** 43.8%
- **Chicken-based fast food ($6.1bn)** 20.4%
- **Pizza ($4.3bn)** 14.5%
- **Sandwiches, salads and juices ($2.4bn)** 8.1%
- **Desserts and confectionery ($2.3bn)** 7.7%
- **Other fast food ($1.6bn)** 5.5%

IBISWorld

Source: IBISWorld

What are innovations in industry products and services? Moderate

Fast food businesses are expanding their healthier product ranges

- To meet rising consumer demand for nutritious options, fast food businesses are expanding their range of healthier products. Many chains now offer customisable meals, allowing customers to choose from various buns, proteins, toppings and premium ingredients.
- This trend caters to health-conscious consumers seeking personalised and balanced meals. For example, chains like Grill'd and Soul Origin have built their menus around fresh, wholesome ingredients, offering a variety of salads, soups and grain bowls that can be tailored to individual preferences.
- Fast food premiumisation trends have led fast food businesses to include higher quality ingredients and innovative menu items, appealing to those willing to pay a bit more for a healthier dining experience.

Fast food retailers are improving their online ordering options like website and mobile apps

- Fast food retailers are increasingly enhancing their digital ordering platforms to meet consumer demand for convenience and efficiency. Many providers have developed user-friendly websites and mobile applications, enabling customers to place orders, make payments and access exclusive deals seamlessly.
- Major chains like Domino's and McDonald's have pioneered this trend by offering sophisticated apps that feature rewards programs and personalised offers. For instance, McDonald's Australia's 'MyMacca's' app allows users to customise orders and benefit from loyalty incentives.
- Domino's offers real-time order tracking and special deals through its app. These tools make ordering faster and help keep customers coming back. As more people prefer online ordering, fast food companies are focusing on technology to meet customer expectations.

Dark kitchens have formed to meet increasing demand for online food services

- Dark kitchens, also known as ghost or cloud kitchens, are commercial facilities dedicated solely to preparing food for delivery without a

traditional dine-in area. This model has gained traction in Australia, driven by consumers' increasing demand for online food delivery services.

- By eliminating the need for customer-facing spaces, dark kitchens can operate with lower overhead costs and greater flexibility. They often house multiple brands under one roof, allowing efficient resource utilisation. However, these establishments' rapid expansion has prompted regulatory attention. In New South Wales, authorities have identified more than 130 unregistered dark kitchens operating without proper oversight, raising concerns about food safety and compliance

☆ Key Success Factors

What products or services do successful businesses offer?

Alter goods and services produced in favour of market conditions

Fast food retailers need to have flexible operations and adjust to changing food trends to remain relevant and maintain their market share and profitability.

Supply a diverse range of products

Catering to varied tastes and dietary requirements, like consumers' growing desire for healthier options, ensures fast food businesses have a broad appeal, which enhances customer satisfaction and encourages repeat business.

Major Markets

What's influencing demand from the industry's markets?

Young consumers aged 15 to 24 shift spending away from fast food

- This segment comprises high school and university students and individuals who have recently entered the workforce. These consumers are typically less health-conscious than older demographics and prefer the convenience of fast food over home-cooked meals.
- Premiumisation trends have had a mixed impact on demand from this segment. While interest in higher-quality fast food remains, many consumers aged 15 to 24 are shifting their spending towards cafes and restaurants. This reflects changing preferences, with younger consumers increasingly valuing the dining experience and social aspect of eating out.
- Cost-of-living pressures have encouraged budget-conscious consumers in this market to seek premium fast food options that offer better quality and lower prices than restaurant meals. Despite these trends, this market's revenue share has declined, suggesting that other age groups have been driving demand growth for premium fast food.

The cost-of-living crisis has pushed consumers aged 25 to 34 to pivot to fast food

- This market comprises young professionals, tradespeople and young parents. Consumers in this age segment are typically more health-conscious than their younger counterparts.
- This segment has strengthened as a share of revenue over the past five years, primarily because consumers have chosen to spend at fast food outlets instead of purchasing expensive restaurant meals amid a cost-of-living crisis and falls in discretionary incomes. This trend of trading down highlights the growing demand for value-driven, nutritious options within the industry.

Revenue from consumers aged 35 to 44 has been overshadowed by stronger growth in other markets

- Major fast food retailers frequently promote family-value packs to cater to this market. These promotions appeal to families with young children and offer a convenient and affordable dining option.
- Despite targeted promotional efforts, this segment's revenue share has declined through the end of 2024-25. This dip can be attributed to the faster growth of other segments, including health-conscious young professionals and the premiumisation trend, which has shifted consumer spending away from budget-oriented family options.
- Families increasingly seek healthier, value-driven meals, prompting fast food outlets to adjust their offerings to maintain relevance in this competitive space. This shift requires businesses to balance affordability with nutritional options to meet evolving consumer expectations.

Demand from consumers aged 45 to 54 is falling as they're increasingly preferring restaurants

- This market mainly includes health-conscious but time-poor parents with children. Due to their higher discretionary incomes and savings, they're often the least price-sensitive segment.
- This segment's revenue share has decreased, primarily because this demographic has increasingly gravitated towards restaurants. Despite the rising use of food delivery services, demand from consumers in this age group is unlikely to increase, as they tend to order from restaurants instead of fast food outlets.

Expanded offerings of healthy fast food are driving demand from consumers aged 55 to 64

- Consumers aged 55 to 64, including adults near or at retirement age, tend to be quite health-conscious. This segment perceives traditional fast foods like hamburgers, pizza and fried chicken to be treats. These consumers are more inclined to buy healthier

alternatives like rolls, focaccias, wraps and salads.

- The industry's expanded range of healthier product options has boosted this segment's revenue share. Australia's ageing population has also expanded this market's relative size, bolstering its revenue contribution.

Demand from consumers aged 65 and over is stable, as they rarely purchase fast food

- Consumers aged 65 and over are mainly retirees who tend to make homemade meals instead of spending money on fast food. This age group purchases fast food as a treat rather than as a regular dietary staple. While this market hasn't traditionally been a major fast food consumer, its market share has increased as Australia's ageing population grows.
- The increased uptake of online food delivery platforms is unlikely to substantially impact this segment, as older people are typically more reluctant to adopt new technologies than younger individuals.

Major Markets Segmentation

Industry revenue in 2025 broken down by key markets



- Consumers aged 15 to 24 ($6.7bn) 22.7%
- Consumers aged 25 to 34 ($6.4bn) 21.4%
- Consumers aged 35 to 44 ($5.2bn) 17.4%
- Consumers aged 55 to 64 ($4.6bn) 15.5%
- Consumers aged 45 to 54 ($4.1bn) 13.7%
- Consumers aged 65 and over ($2.8bn) 9.3%

IBISWorld

Source: IBISWorld

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Key Takeaways

Victoria's fast food presence has significantly contracted due to cost pressures. Rising food, energy and labour costs have strained profit margins, leading to closures and market exits, which has prompted a decline in the state's share of establishments.

Urban centres in high-population states offer a better market for fast food expansion. States like New South Wales, Victoria and Queensland account for nearly 80% of fast food outlets, benefiting from greater customer bases, high foot traffic and economies of scale.

Smaller states and territories provide limited opportunities for growth in fast food establishments. With fewer customers and lower economic activity, fast food chains struggle to maintain profitability in these areas, resulting in fewer establishments and a reduced share of revenue.

Business Locations

State/Territory	Enterprises (Units) 2026	Enterprises (%) 2026	Enterprises (YoY Growth %) 2026	Population (%) 2026
Victoria	7400	26.3	-1.1	25.7
New South Wales	8463	30.1	0.4	31.2
Western Australia	3127	11.1	0.4	10.8
Queensland	5720	20.3	0.4	20.6
Australian Capital Territory	534	1.9	1.2	1.7
South Australia	1989	7.1	0.2	6.9
Tasmania	610	2.2	0.3	2.1
Northern Territory	290	1.0	0.5	0.9

You can access and download additional years of data, including LGA-level data, at my.ibisworld.com.

Where are industry businesses located?

Fast food establishments in Victoria dip with cost pressures

- Victoria's presence in the industry has contracted significantly, with the state's share of national industry establishments declining from 30% in 2021 to 25% in 2024. Rising input costs, including food and energy price inflation, alongside increasing labour and rental expenses, have compressed profit margins for fast food franchises. These financial pressures have forced some businesses to scale back operations or exit the market entirely.
- Changing consumer preferences have weighed on industry performance. A heightened focus on health-conscious eating and premium dining experiences, coupled with cost-of-living pressures, has reduced demand for traditional fast food. Consumers are increasingly preparing meals at home or opting for more affordable casual dining alternatives, particularly in regional Victoria. Local pubs and family-owned restaurants have continued to capture market share as they offer competitive pricing and a broader dining experience.
- Market exits have reflected these pressures, with several fast food closures reported nationwide. In Ballarat, four fast food outlets ceased operations in 2024 due to declining discretionary spending on hospitality. The collapse of the Carl's Jr. master franchisee highlighted market fragility, with locations in Ballarat, Thomastown and Wodonga among those forced to close amid reduced consumer spending and unsustainable operational costs.

Small populations in Tasmania, ACT and the Northern Territory limit establishments

- Tasmania, the Australian Capital Territory (ACT) and the Northern Territory (NT) have significantly fewer fast food and takeaway establishments than larger states due to their lower population densities and economic activity levels. These states account for a minimal share of industry revenue and store networks.
- The highly dispersed populations in these regions create challenges for fast food chains, as lower customer volumes reduce the viability of new store openings. Unlike urban centres in larger states, where high foot traffic supports sustained demand, many Tasmania, ACT and NT areas struggle to maintain profitability for franchise operations.
- Fast food brands tend to concentrate in high-density areas such as Hobart, Darwin and Canberra, where demand is stronger. However, the overall market in these states remains small, limiting expansion opportunities. While major fast food chains have limited presence

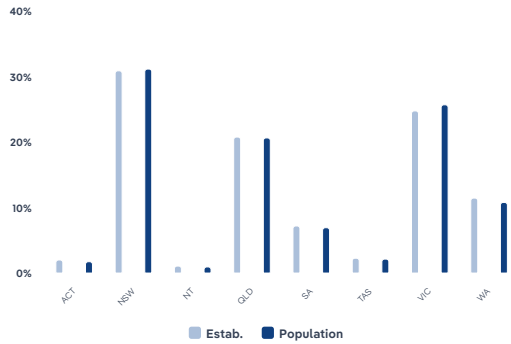
in these states, independent takeaway businesses catering to local tastes, including fish and chips shops in Tasmania or café-style takeaway in the ACT, are more prevalent. These businesses typically operate on a smaller scale than national franchise models.

More populated states attract new outlets because of a greater target market

- With their high population densities, New South Wales, Victoria and Queensland offer a vast consumer base for fast food and takeaway services. These states account for nearly 80% of fast food outlets in Australia, providing a larger target market that enables new entrants to gauge public perception more accurately.
- Urban centres in these regions exhibit high foot traffic and dynamic demographics, making them ideal for franchised operations. Such environments facilitate rapid customer feedback, which is critical for refining product offerings and enhancing service delivery to meet evolving consumer needs.
- Larger states provide better infrastructure and robust support networks for franchised operations, allowing fast food brands to benefit from economies of scale. With a larger consumer pool, franchisors can deploy aggressive mass advertising campaigns, strengthening brand recognition and accelerating store network expansion. Expert insight from market analysts emphasises that this concentrated market presence reduces risk for new entrants and offers a sustainable path to long-term growth.

WA has the largest spread of businesses compared to its population

Share of Estab. (%) vs. share of population (%)



IBISWorld

Source: IBISWorld

Key Success Factors

How do businesses use location to their advantage?

Provide easy access for clients

Fast food outlets benefit from offering ample parking and easy store access, which make the dine-in, pick-up or takeaway experience as convenient as possible.

Operate in a location close to key markets

Being located in high-volume traffic areas benefits fast food businesses. This can maximise their exposure to impulse shoppers and a broader pool of consumers.

Competitive Forces

Key Takeaways

The wide range of fast food options means consumers wield significant buyer power. With access to various brands and online delivery platforms, consumers can easily compare prices, quality and convenience, giving them more choice and intensifying price competition.

Competition from supermarkets and convenience stores is intensifying. Consumers can purchase fast food products at these stores while also having the option of buying household staples like bread and milk at the same time.

Switching suppliers can be costly for fast food businesses. Many fast food outlets have long-term contracts and supplier relationships through franchising, which limits their ability to change suppliers.

Concentration Moderate

What impacts the industry's market share concentration?

Intense competition limits market share concentration for major companies

- The Australian Fast Food and Takeaway Food Services industry is highly fragmented, with a mix of large multinational chains, national brands and independent franchises. No single player dominates the market, as consumer preferences vary across demographics and regions.
- While major brands like McDonald's, KFC and Domino's benefit from brand recognition and extensive store networks, independent franchises and niche fast food businesses capture market share by offering unique menu options, healthier alternatives or locally tailored products.
- Price competition constrains market share concentration. New entrants and established brands continually adjust pricing and offer promotions to attract customers, reducing any single industry franchise's dominance.

Major fast food operations have expanded their menus, boosting market share concentration

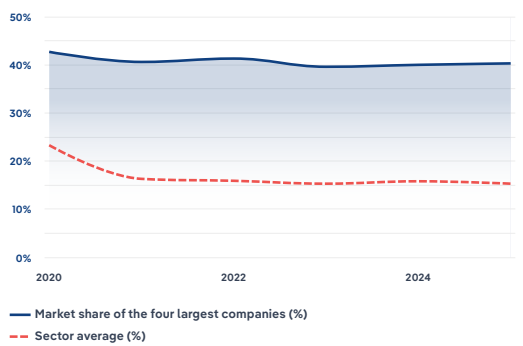
- Leading fast food brands have expanded their menus to cater to evolving consumer preferences, particularly demand for healthier, premium, plant-based options. This has helped them retain and attract customers, heightening market share concentration.
- Although demand has shifted from traditional fast food towards healthier options, the major enterprises have updated their menus to incorporate this shift. These key franchisees have also increased store numbers, which has prevented market share concentration from weakening.

Store expansion and franchising drive market share stability

- Major franchises have expanded their store networks through franchising and corporate-owned locations, increasing accessibility and reinforcing their brand presence across urban and regional areas.
- McDonald's Australia operates more than 1,050 restaurants, the majority of which are franchised. The company has continued expanding in suburban and regional areas, securing prime locations and leveraging strong supply chain agreements to maintain its market dominance.
- Major franchises' expansion strategies limit opportunities for smaller entrants, as well-established brands secure prime retail locations and benefit from strong supply chain networks. While new brands continue to enter the industry, the rapid expansion of major chains has upheld market share concentration.

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld

Source: IBISWorld

Key Success Factors

How do successful businesses handle concentration?

Adopt a high-volume, low-margin strategy

Leading fast food and takeaway chains thrive by prioritising high sales volumes with competitive pricing. They streamline operations, optimise supply chains and use value deals to drive frequent purchases, ensuring profitability.

Use aggressive marketing techniques

Fast food businesses must implement effective advertising and promotional campaigns to attract and retain a large customer base, helping to manage concentration and absorb business from competitors.

Barriers to Entry

Moderate | Steady

What challenges do potential industry entrants face?

Legal

- Fast food retailers require a food business licence to operate. Industry entrants must comply with food safety regulations, council permits and workplace health and safety laws, which can vary by state. Franchising agreements may also restrict new entrants looking to operate under established brands.

Start-Up Costs

- An initial investment is required to establish and fit out new stores, covering expenses such as leasing, kitchen equipment, signage and interior design. New businesses that enter the industry as part of a franchise model can reduce upfront costs by leasing premises, equipment, furniture and fittings from the franchisor.

Differentiation

- Well-defined product segments and established consumer markets mean new entrants may struggle to differentiate themselves from existing franchises. However, new entrants in growing segments like sushi may compete on product freshness, perceived health benefits and unique menu innovations to attract customers.

Labour Expenses

- Labour costs are a significant part of daily operations. The industry is labour-intensive, with wages making up a significant share of operating costs due to award rates and penalty rates under Fair Work legislation. Staff turnover is high, increasing recruitment and training expenses for new entrants.

Key Success Factors

How can potential entrants overcome barriers to entry?

Secure economies of scale

New industry businesses can reduce costs by bulk purchasing ingredients and optimising production processes, which makes their operations more cost-effective and competitive.

Operate in a highly visible location

Choosing strategic, high-traffic locations ensures increased foot traffic and higher visibility, helping new services to attract customers and effectively overcome initial market entry barriers.

Substitutes

High | Steady

What are substitutes for industry services?

Supermarkets and Grocery Stores

- Fast food retailers face intense competition from supermarkets that stock a range of ready-to-eat options that are direct substitutes for fast food. Ready-to-eat meals are often healthier than fast food, as they're portion-controlled.
- Supermarkets sell other items like yoghurts, pre-packed sandwiches, salads and fresh fruit mixes, which fast food retailers also sell. Consumers seeking quick and easy alternatives to fast food, with the added convenience of purchasing household staples like bread and milk, are pushing demand away from fast food stores and towards supermarkets.

Cafes and Coffee Shops

- Cafes and Coffee shops have become substitutes for fast food outlets by expanding their menus to include pre-packed and made-to-order options like sandwiches and brunch items, like eggs benedict burgers.
- The perception that cafe food is fresher and of better quality, despite being sold at similar prices, is a significant factor in the rise of cafes as alternatives to fast food. Many consumers now associate cafes with healthier, more satisfying options, which is driving this trend.
- Fast food outlets face increasing competition from cafes and coffee shops, offering similar convenience but a more refined dining experience. This shift in consumer preference is placing downwards pressure on demand for traditional fast food and takeaway services.

Do it yourself

- Health-conscious consumers increasingly turn to home-cooked meals as a substitute for fast food, driven by health benefits and cost savings. While fast food is designed for time-poor individuals seeking convenience, cooking at home offers a healthier, more affordable alternative.
- Home-cooked meals allow better control over ingredients, making them more appealing to nutrition-minded consumers. As this trend grows, it poses a challenge to the industry, as consumers opt to invest time in preparing meals at home rather than rely on convenience foods that may be perceived as less healthy or more expensive.

☆ Key Success Factors

How do successful businesses compete with substitutes?

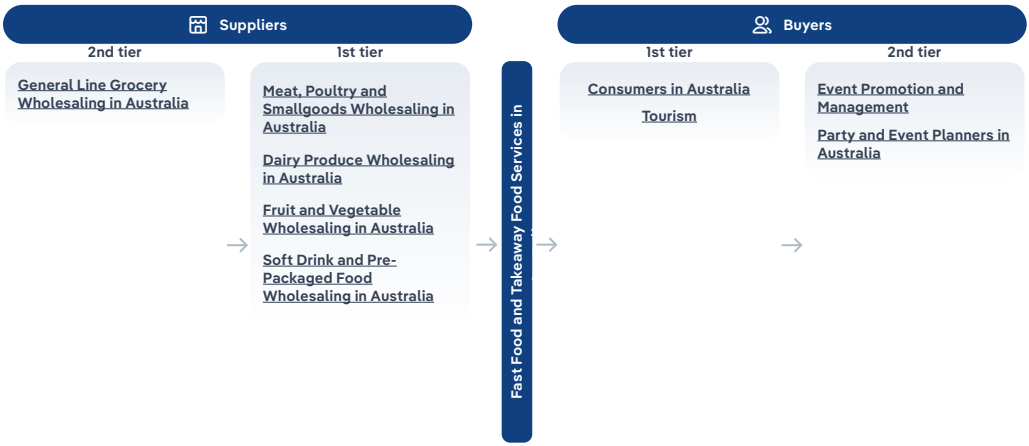
Market differentiated products

Fast food businesses compete with substitutes by offering fast service, drive-thru options, mobile ordering, and delivery partnerships. By prioritising accessibility and speed, they maintain an edge over home-cooked meals and dine-in restaurants.

Produce high value-added goods

Businesses counter substitutes by offering budget-friendly meal deals and competitive pricing. They maintain a steady customer base even during economic downturns by making fast food a cost-effective alternative to home cooking or full-service dining.

Buyer & Supplier Power



IBISWorld

Source: IBISWorld

What power do buyers and suppliers have over the industry?

High | Increasing

Buyers: Many options create price competition

- Consumers have numerous options for fast food, with the ability to choose between brands based on product offerings, price range, quality of ingredients and convenience. Growing demand for healthier and more diverse choices has empowered consumers to seek out alternatives that align with their preferences.
- Online delivery platforms' increased popularity means consumers now have access to a much wider range of retailers. These platforms allow consumers to browse multiple menus, compare prices and read reviews, enhancing their ability to shop around for the best deal.
- Fast food stores are typically located in areas with high foot traffic, where they're exposed to external competition from other fast food chains and local eateries. This intensifies buyer power, as consumers can easily walk away from one option and choose another.

Moderate | Steady

Suppliers: Switching suppliers can be costly

- Many fast food businesses have long-lasting contracts with their ingredient suppliers. Changing suppliers can be an arduous task that significantly affects operations, which deters many businesses from doing so.
- Several fast food outlets operate as part of a franchise, allowing them to capitalise on their economies of scale and supplier relationships with their brand. This trend can essentially limit supplier power.
- A downside of being a franchisee of a famous brand is that the brand often has a list of preferred suppliers that they believe can maintain quality and brand image. This limits fast food retailers' ability to switch suppliers.

☆ Key Success Factors

How do successful businesses manage buyer & supplier power?

Develop links with suppliers

Successful fast food businesses negotiate bulk purchasing agreements and establish long-term supplier contracts to secure stable pricing and supply reliability. Strategic partnerships help mitigate cost fluctuations and ensure consistent ingredient quality, strengthening their competitive edge.

Leverage brand recognition, referrals and store layout to boost sales

Established fast food chains use strong branding, loyalty programs and marketing to maintain customer demand. By creating habitual purchasing behaviour, they reduce buyer price sensitivity and increase pricing flexibility without losing market share.

Companies

Key Takeaways

Major fast food brands like Domino's Pizza and Hungry Jack's are attempting to capitalise on evolving consumer preferences. These companies are expanding their product ranges to offer healthier meals and plant-based options.

KFC and McDonald's are employing innovative marketing strategies to market their brands. These strategies include promotional and interactive mobile apps and collaborations with sports teams.

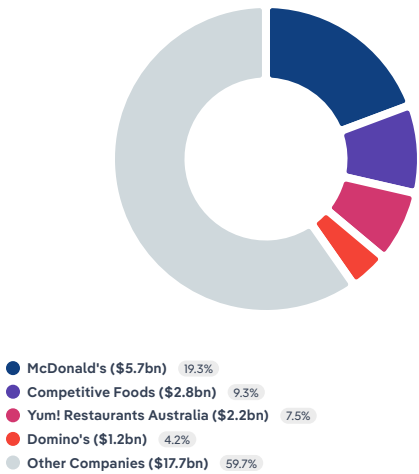
Major Players

Company	Revenue	Market Share
McDonald's	$5.7bn	19.3%
Competitive Foods	$2.8bn	9.3%
Yum! Restaurants Australia	$2.2bn	7.5%
Domino's	$1.2bn	4.2%
Other Companies	$17.7bn	59.7%

Market Share

Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue



IBISWorld

Source: IBISWorld

Companies

Company	Market Share (%) 2025	Revenue ($m) 2025
McDonald's	19.3 ↘	5,731.4 ↗
Competitive Foods	9.3 ↗	2,768.4 ↗
Yum! Restaurants Australia	7.5 ↘	2,226.8 ↗
Domino's	4.2 ↘	1,232.5 ↗

Company	Market Share (%) 2025	Revenue ($m) 2025
Collins Foods	4.1 ↗	1,231.1 ↗
PAGAC Chicken Tenders Holdings	3.3 ↘	978.4 ↗
Subway	3.2 ↘	963.9 ↗

McDonald's

Company Details

Registered Name	McDonald's Australia Holdings Pty Limited
Industry Specific Revenue (2025)	$5.7bn
Industry Profit (2025)	N/A
Company Employees (2025)	N/A
Market Share (2025)	19.3%

Description

McDonald's Australia Holdings Pty Limited entered the Australian market in 1971. The company has since expanded rapidly to over 1000 stores in Australia and employs close to 6,000 full-time workers. Headquartered in Sydney, the company derives revenue from the establishment and operation of the McDonald's chain of family restaurants. The company is a wholly-owned subsidiary of the McDonald's Corporation, a US-based fast food establishment company.

Brands & Trading Names

- McDonald's

Other Industries

- Fast Food Burger Shops in Australia
- Franchising in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2013	20.7	3,320.0
2014	20.5	3,400.0
2015	20.5	3,633.3
2016	20.4	3,776.8
2017	19.0	3,808.0
2018	19.9	4,024.0
2019	19.8	4,139.9
2020	20.8	4,292.9
2021	20.6	4,628.1
2022	21.5	5,014.1
2023	19.8	5,264.3
2024	19.4	5,422.3
2025	19.3	5,731.4

What's impacting McDonald's's performance?

McDonald's has expanded its market share by adapting its menu to changing trends

- The fast food giant has altered its menu to cater to rising health consciousness, offering products like wraps and salads.
- McDonald's has reduced the sugar and salt content in its foods, included nutritional labelling on packaging and added kilojoule labelling to menu boards.
- Despite initiatives to provide healthier fast food, McDonald's has faced intense competition from premium fast food providers like Grill'd, which offer burgers that are perceived to be healthier and use premium ingredients.
- In 2025, the company reintroduced the popular 'Snack Wrap' and introduced new chicken offerings, including a limited-time Chicken Big Mac, to capitalise on growing demand for chicken products.

McDonald's has invested in technology and systems to improve consumer convenience

- To increase customer convenience, McDonald's introduced the MyMacca's app in May 2017, a mobile ordering app that allows users to pre-order and pay for their meals.
- Over the past few years, the company has partnered with platforms like Uber Eats and Menulog to deliver its food.
- McDonald's has launched its own McDelivery service, which allows customers to get their food delivered to their doorstep when they order via the MyMacca's app while also earning and redeeming reward points.
- McDelivery is now widely available across Australia through platforms like Uber Eats, Menulog, and DoorDash, with availability varying by location.

McDonald's is expanding its network through a $1 billion investment

- McDonald's aims to use its delivery platform, drive-throughs and McCafé to enhance its online presence and capitalise on the brand's rising popularity.
- McDonald's is investing $600 million in opening 100 new stores and $450 million in refurbishments and updates of existing stores.
- The company's Australian CEO, Antoni Martinez, noted in 2023 that customers are eager for more McDonald's locations in their communities, highlighting the franchisee-owned model, which accounts for 85% of all McDonald's stores.

Competitive Foods

Company Details

Registered Name	Competitive Foods Australia Pty Ltd
Industry Specific Revenue (2025)	$2.8bn
Industry Profit (2025)	N/A
Company Employees (2025)	26,000
Market Share (2025)	9.3%

Description

Competitive Foods Australia Pty Ltd operates the Hungry Jack's brand. Hungry Jack's stores function through a master franchise agreement with the Burger King Corporation. Competitive Foods previously ran a chain of KFC stores in Western Australia and the Northern Territory but sold them to Collins Foods Limited in 2014. Hungry Jack's was launched in Australia in 1971 and opened its first store in Perth. Headquartered in Sydney, Hungry Jack's has more than 460 stores nationally.

Brands & Trading Names

- Hungry Jack's

Other Industries

- Fast Food Burger Shops in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2013	6.9	1,110.0
2014	6.6	1,100.0
2015	7.1	1,251.9
2016	7.2	1,337.8
2017	7.2	1,439.2
2018	7.3	1,482.0
2019	8.0	1,670.8
2020	9.3	1,919.1
2021	7.9	1,770.2
2022	8.0	1,871.1
2023	7.9	2,115.9
2024	8.9	2,469.6
2025	9.3	2,768.4

What's impacting Competitive Foods's performance?

Hungry Jack's faces difficulties with expansion plans

- Hungry Jack's has encountered challenges related to building approvals, which have impacted its expansion plans. In August 2024, the Newcastle City Council rejected a proposed $2.5 million Hungry Jack's development in Wallsend, NSW, citing concerns over traffic, land contamination and public interest.
- In October 2024, Hungry Jack's announced plans to open 50 new outlets across Australia over the next two years. However, the rollout faced significant hurdles, with several planned openings in metropolitan areas encountering delays due to zoning issues and local government regulations
- Jack Cowin, owner of Hungry Jack's, has expressed concerns about the slow and costly construction approval process, noting that the increasing expenses and delays are affecting the profitability of many fast-food chains and leading some to collapse.

Hungry Jack's has flourished, with sales surging in 2022-23 despite the cost-of-living crisis

- Hungry Jack's achieved a milestone of $2.0 billion in sales in 2022-23, showing resilience to economic fluctuations and a cost-of-living crisis. The shift in consumers' perception of fast food from being a luxury outing to a regular dining option underpinned this resilience.
- The company's passing on of rising costs to consumers through menu price adjustments contributed to surging sales, as did increased customer orders.
- Despite thriving sales, rising costs, including for raw materials and wages, hurt the company's profitability. Building costs were also high, as the company opened multiple new stores.

The company is investing in bettering its human resource operations

- Hungry Jack's has partnered with Workday to enhance its HR operations. By implementing Workday's Human Capital Management (HCM) module, Hungry Jacks aims to optimise recruitment, retention and talent development.
- With over 460 branches and 22,000 employees, the chain serves more than 2.0 million customers weekly and continues to expand its network and product offerings, prompting investment in workforce development.
- The company's integration of Workday HCM will streamline processes, provide real-time insights and automate paperwork. This system will also centralise employee data and support workforce nurturing.

Yum! Restaurants Australia

Company Details

Registered Name	A.C.N 054 055 917 Pty Limited
Industry Specific Revenue (2025)	$2.2bn
Industry Profit (2025)	N/A
Company Employees (2025)	N/A
Market Share (2025)	7.5%

Description

A.C.N 054055917 Pty Ltd is the parent entity of Yum! Restaurants Australia Pty Limited, one of the franchisors of KFC in Australia. Headquartered in Frenchs Forest, NSW, the company is a subsidiary of the US-based Yum! Brands Inc. Yum! Restaurants Australia previously operated the Pizza Hut chain of restaurants before selling the franchise to private equity company Allegro in September 2016. KFC was launched in Australia in 1968.

Brands & Trading Names

- Kentucky Fried Chicken (KFC)

Other Industries

- Takeaway Chicken Shops in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2016	7.8	1,438.2
2017	7.1	1,419.2
2018	7.1	1,434.4
2019	7.8	1,636.2
2020	7.7	1,585.2
2021	7.3	1,646.6
2022	7.1	1,652.7
2023	7.6	2,030.9
2024	7.4	2,074.9
2025	7.5	2,226.8

What's impacting Yum! Restaurants Australia's performance?

KFC is expanding its brand presence by partnering with prominent sports teams

- KFC is increasing its brand visibility by partnering with various sports teams across Australia. Given Australia's large sports viewership, this strategy is poised to enhance its brand reputation.
- KFC Australia has signed a five-year partnership with the Richmond Tigers' AFL and AFLW teams, lasting till the end of the 2027 season. KFC's logo will appear on the AFL shorts and guernseys. KFC's partnership with the National Rugby League has also been extended till 2027.

Yum! Restaurants sold some of its KFC stores, constraining its growth

- Yum! Restaurants holds the master agreement to franchise KFC stores in Australia. The company either owns or is the franchisor for more than 400 KFC stores in the country.
- The company sold 28 KFC stores to Collins Foods in June 2017 for $110.2 million and a further 10 stores to New Zealand's Restaurant Brands for $27.5 million two months later.
- Collins Foods' strategy to acquire more KFC franchises over the coming years may weigh on Yum! Restaurants' store network.

Yum! Brands has launched the AI-powered Byte platform to enhance its restaurant operations

- In February 2025, Yum! Brands launched Byte by Yum!, an AI-powered, cloud-based platform aimed at enhancing restaurant operations across its global chains, including KFC, Taco Bell and Pizza Hut.
- The platform integrates various functions, including online and mobile ordering, point-of-sale systems, kitchen and delivery optimisation, menu management, inventory and labour management, and team member tools.
- The company's implementation of the platform is set to enable faster and more impactful AI adoption across the company's brands.

Domino's

Company Details

Registered Name	Domino's Pizza Enterprises Limited
Industry Specific Revenue (2025)	$1.2bn
Industry Profit (2025)	N/A
Company Employees (2025)	3,233
Market Share (2025)	4.2%

Description

Domino's Pizza Enterprises Limited is regarded as the world's largest franchisee for the Domino's Pizza brand. The company is a publicly-listed entity in Australia that operates as a franchisor of Domino's stores in Australia, New Zealand, Japan, Belgium, France, the Netherlands, Luxembourg, Denmark and Germany. Headquartered in Auckland, Domino's entered the New Zealand market in 2003 and has since expanded to approximately 150 locations nationwide.

Brands & Trading Names

- Domino's Pizza

Other Industries

- Fast Food and Takeaway Food Services in New Zealand
- Pizza Restaurants and Takeaway in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2013	3.0	485.8
2014	3.4	560.9
2015	3.5	623.6
2016	4.2	775.9
2017	4.5	894.4
2018	4.7	945.2
2019	4.7	991.9
2020	5.0	1,023.0
2021	4.8	1,081.6
2022	4.8	1,110.5
2023	4.3	1,144.3
2024	4.2	1,180.9
2025	4.2	1,232.5

What's impacting Domino's's performance?

Domino's has focused on improving consumer convenience and offering value deals, driving sales growth

- Domino's has adopted new digital ordering methods and improved its delivery service.
- The company's technological improvements include rolling out GPS driver tracking technology, online ordering services compatible with Apple Smart Watches and a 20-minute delivery guarantee at a cost.
- The company offers exciting deals on online deliveries, with offers changing daily. However, the brand has had to reconsider its pricing model and increase delivery fees where necessary to be able to remain viable and maintain margins.

Domino's restructures its network as same-store sales rise in early 2025

- Domino's Pizza Enterprises Australia has surged forwards with a strategic focus on streamlining its network through targeted store closures.
- Domino's has announced plans to close 205 underperforming stores globally, with most closures occurring in Japan. However, the impact on the Australia-New Zealand region is minimal, with only four stores shutting down.
- This move is projected to save around $15.5 million annually and boost operating earnings by an estimated $10 to $12 million per year.
- During the first five weeks of the second half of 2024-25, same-store sales increased 4.3%, indicating that Domino's is making progress in operational performance.

Elevated input costs challenged the company's business model

- Domino's has struggled with rising food prices and fuel prices over the past five years. Food prices have been rising strongly over the period, while fuel prices spiked at the start of the Russia-Ukraine conflict.
- The company saw a significant drop in profitability in 2022-23 due to rising prices. Efforts to increase prices through the introduction of a 6.0% service fee saw sales weaken significantly, leading Domino's to abandon these initiatives.
- Company profitability strengthened in 2023-24. Domino's Australia reported a 10.4% increase in underlying EBIT for the Australia/New Zealand region, reaching a record $124.1 million.

Collins Foods

Company Details

Registered Name	Collins Foods Limited
Industry Specific Revenue (2025)	$1.2bn
Industry Profit (2025)	N/A
Company Employees (2025)	18,773
Market Share (2025)	4.1%

Description

Collins Foods is a locally owned company that generates revenue from operating KFC and Taco Bell restaurants in Australia. The company also operated Sizzler restaurants in the country until their closure in November 2020. Collins Foods operates over 280 KFC stores and 30 Taco Bell stores. Incorporated in 2011, the company is headquartered in Brisbane.

Brands & Trading Names

- Kentucky Fried Chicken (KFC)

Other Industries

- Takeaway Chicken Shops in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)
2015	2.7	483.1
2016	2.7	501.6
2017	2.7	549.5
2018	3.1	626.6
2019	3.5	728.9
2020	3.9	811.6
2021	4.1	928.5
2022	4.2	991.3
2023	4.1	1,099.9
2024	4.2	1,175.4
2025	4.1	1,231.1

What's impacting Collins Foods's performance?

The company has grown through acquisition of KFC stores

- Collins Foods acquired Competitive Foods' network of KFC stores across Western Australia and the Northern Territory in 2014.
- In 2016, Collins Foods acquired 13 KFC restaurants in New South Wales and Victoria for $25.4 million. In June 2017, the company acquired another 28 KFC restaurants in Western Australia, South Australia and Tasmania from Yum! Brands for $110.2 million.
- In June 2024, the company announced its intentions to expand its store network by opening new stores and acquiring existing franchises. More recently, the company reviewed its global fast food operations, which highlighted Australia's strong profitability. Collins Foods plans to grow organically through same-store sales and by opening new outlets.

Collins Foods has halted expanding Taco Bell stores following impairment costs

- Collins Foods' Taco Bell stores have shown impairment indicators, which is a permanent reduction in the value of a company's assets and deters investment.
- Collins Foods faced a $49.1 million impairment charge for its Taco Bell stores in 2022-23.
- The company has paused new restaurant builds, other than the ones already in the pipeline, to regain a grip on sales before scaling the brand.
- The company is focusing on improving its marketing, portioning and product quality to improve sales.

You can view and download more company details on my.ibisworld.com.

External Environment

Key Takeaways

Rising health consciousness is steadily transforming the industry. While people are demanding less traditional fast food options, fast food businesses are expanding their range of healthier offerings to maintain market share.

A fall in discretionary income has had a mixed impact on the industry. Although weak discretionary incomes typically shrink industry revenue, people are opting to substitute expensive restaurant outings with fast food meals, benefiting the industry.

Regulation & Policy
Low Steady

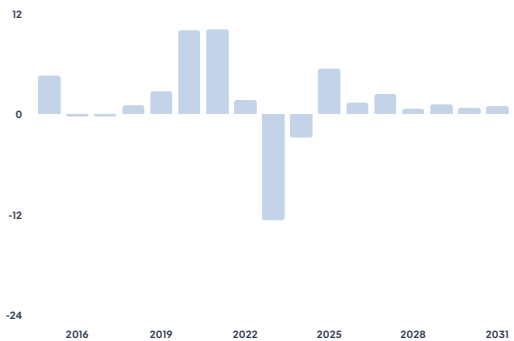
Assistance
Low Increasing

External Drivers

What demographic and macroeconomic factors impact the industry?

Real household discretionary income

Growth



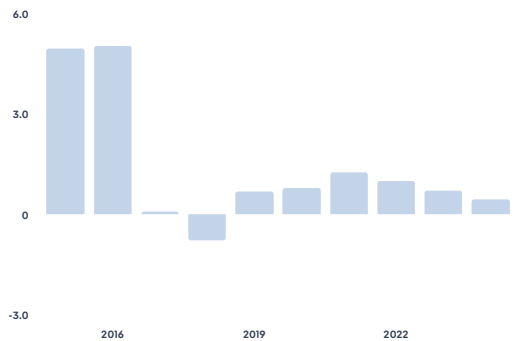
IBISWorld Source: IBISWorld

A hike in discretionary income allows consumers to spend more money on takeaway meals and fast food. This provides fast food and takeaway food services an opportunity to boost revenue. Conversely, a fall in discretionary income prompts households to cook more meals at home instead of eating out, reducing demand. An improvement in household discretionary income represents an opportunity for the industry.

The perceived health and nutritional value of fast food influences demand for fast food and takeaway food services. Increasing health consciousness curbs demand for traditional fast food like pizzas and burgers, which are perceived as unhealthy. Meanwhile, rising health consciousness can encourage consumers to opt for healthier fast food options, somewhat offsetting the downturn in demand for less healthy fast food.

Demand from restaurants

Growth



IBISWorld Source: IBISWorld

Fast food stores compete with restaurants for consumer expenditures. When consumers spend more at restaurants, they limit their expenditures on fast food services. Restaurant competition has intensified as they have expanded their takeaway ranges and partnered with online food delivery services. This can pose a threat to industry revenue expansion.

The age of consumers partly drives demand for fast food as older age groups consume less traditional fast food. As the median age increases, demand for fast food drops. Yet, older age groups often substitute conventional fast food for healthier fast food options, offsetting the negative effect of an ageing population.

Online food ordering and delivery platforms demand benefits for fast food and takeaway services. When demand rises, restaurants encounter increased order volumes, leading to higher sales and revenue. This surge can drive operational efficiencies and encourage menu diversification to cater to a broader customer base. Conversely, a slump in demand may result in reduced sales, prompting restaurants to reassess their delivery strategies and potentially scaling back services.

Regulation & Policy

Low | Steady

What regulations impact the industry?

Competition and Consumer Act 2010

The key regulation that affects the Fast Food and Takeaway Food Services industry is the Competition and Consumer Act 2010. This act regulates various aspects of trading standards, including fair pricing practices and the prohibition of deceptive conduct. Its primary goal is to improve the welfare of Australians by promoting competition and ensuring fair trading across industries. The act also safeguards customers from unfair business practices, misleading advertising and exploitation, creating a more transparent and equitable marketplace.

Fast Food Industry Award 2010

Fast food providers in Australia must comply with the Fast Food Industry Award 2010, which outlines the industry's workplace entitlements, obligations and minimum wage requirements. The award establishes different pay rates based on age and experience, with lower wages for younger workers, which has led many fast food and takeaway service businesses to prioritise employing younger age groups. This practice has made it more cost-effective for franchises to hire younger employees, particularly for entry-level positions. However, it has also raised concerns about wage fairness and the treatment of young workers, prompting discussions on potential reforms to ensure equitable working conditions across the sector.

Food Standards Australia and New Zealand

Food Standards Australia and New Zealand (FSANZ) is an independent statutory authority responsible for developing food standards that cover key aspects like food composition, labelling and contamination controls and microbiological limits. Fast food businesses must comply with FSANZ's comprehensive food safety standards, which address critical issues like food poisoning prevention, personal hygiene and cross-contamination. The standards also govern receiving, storing and preparing food and cleaning and sanitation practices to maintain a safe food environment. FSANZ sets regulations for displaying food for sale and serving food safely to ensure that food outlets meet high health and safety standards, protecting consumers and workers.

Assistance

Low | Increasing

What assistance is available to this industry?

Government
Public sector support doesn't apply to the industry

The Fast Food and Takeaway Food Services industry doesn't receive any public support.

Non-government
National Retail Association

The National Retail Association (NRA) is a not-for-profit organisation representing the interests of retailers across Australia, including those in the fast food and takeaway services industry. The NRA works with government bodies at all levels to roll out campaigns that benefit quick-service restaurants. Services offered to industry members include a retail hotline, workplace relations, legal support and access to industry insights and networking events designed to help fast food franchises navigate challenges and stay informed on trends and regulations.

Non-government
Franchise Council of Australia

The Franchise Council of Australia (FCA) is the peak industry body representing franchisors, franchisees and suppliers across Australia, including those in the fast food and takeaway services sector. The FCA offers various services to support industry members, including advocacy, legal guidance and training programs. The council is vital in promoting best practices, upholding franchise standards and ensuring

compliance with the Franchise Code of Conduct. It also offers valuable resources such as market research, networking opportunities and industry events to help fast food franchises expand. The FCA works closely with policymakers to shape legislative changes that impact the franchising sector, ensuring the long-term sustainability and success of the industry.

Non-government

Australian Foodservice Advocacy Group (AFAG)

The Australian Foodservice Advocacy Group (AFAG) represents the interests of food service enterprises across Australia, including fast food and takeaway businesses. AFAG is crucial in advocating for fair regulations, industry standards and government support tailored to the food service sector. The group provides resources, including market insights, policy updates and legal advice to help businesses stay compliant and competitive. AFAG also supports its members through training initiatives and networking events, fostering collaboration within the industry.

Financial Benchmarks

Key Takeaways

Wages have declined as a share of revenue due to limited employment growth and rising revenue. Fast food outlets are increasingly relying on casual staff, which offers flexibility in staffing while reducing pressure on wages as revenue outpaces employment growth.

Rising food inflation and operational costs have pushed fast food outlets to raise menu prices. Larger franchises with established brand loyalty are better positioned to pass on increased costs to consumers without significantly harming demand, maintaining profit margins.

Investments in energy efficiency and streamlined operations are reducing utility and marketing costs. Fast food businesses are adopting digital marketing strategies and sustainable technologies like energy-efficient equipment, helping to reduce operating costs while maintaining competitiveness.

Profit Margin
8.1 % Higher than sector

Average Wage
$30,028 Lower than sector

Largest Cost
Purchases 33.0% of Revenue

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2025



IBISWorld

Source: IBISWorld

Cost Structure Benchmarks

Operating costs	Industry (%)	Sector (%)
Purchases	33	29.47
Other	100	-
Wages	23	25.93
Commissions	1.2	-
Employee Insurance	0.4	-

Operating costs	Industry (%)	Sector (%)
Other	98.4	-
Profit	8.1	6.60
Rent	6	6.85
Other	100	-
Depreciation	4.3	4.50
Utilities	2.5	2.42
Other Costs	23.1	24.22
Repair and Maintenance	1.1	-
Vehicle Costs	0.4	-
Other	98.5	-

What trends impact industry costs?

Fast food businesses are forced to pass on food inflation to consumers to maintain margins

- Profit margins vary depending on a company's scale of operations and product offerings. Larger outlets focusing on premium and healthier products typically report higher profit margins due to their higher prices and ability to attract health-conscious consumers willing to pay more for quality options.
- Passing on rising food and operational costs to customers has been crucial for fast food businesses to maintain or improve their profit margins. Many franchises have raised menu prices in response to food inflation, successfully transferring some of the cost burden to consumers without significantly affecting demand.
- Franchises in the fast food industry are often better positioned to pass on costs due to their established brand loyalty and widespread customer base. As franchisees operate under a proven business model, they can implement price increases with less risk of losing customers, as many consumers are willing to accept higher prices for familiar, trusted brands.

Escalating prices for fresh produce and a focus on food quality have increased purchase costs

- Purchase costs have increased as a share of industry revenue because of the rising cost of fresh produce and fast food businesses' growing focus on food quality. As consumers increasingly demand higher quality, healthier food options, businesses are turning to premium ingredients with a higher price tag. This has increased operational costs, especially for chains emphasising fresh, locally sourced produce.
- The domestic prices of primary inputs like eggs, meat, fruit and vegetables have risen over the past five years. These costs are partly reflected in consumers' final prices, limiting the impact of higher prices on fast food outlets. However, some fast food businesses have struggled to pass on these costs in full to already cash-strapped consumers.

Limited employment growth has eased wage pressures

- Fast food and takeaway food outlets depend heavily on labour, making wages a significant industry expense. The number of casual staff is increasing compared with part-time and full-time staff, ensuring greater flexibility in working conditions and helping meet seasonal staffing needs.
- Wages have declined as a revenue share since 2019-20, as revenue growth has outpaced employment expansion. However, a rising minimum wage, including a 3.75% increase from July 2024, has lifted the industry's average wage. Fast food businesses remain under greater wage pressure than sectors like retail and hospitality because of high staff turnover and reliance on low-skilled labour, intensifying cost challenges despite overall wage share declines.

Rising commercial property prices are pushing up rent costs

- Rent is a major expense for fast food outlets, particularly in high-traffic urban areas. Rising expenses for prime locations can squeeze fast food businesses' profit margins.
- For many fast food businesses, especially smaller chains, rent can make up a significant portion of operating costs. As a percentage of revenue, this share has been rising over recent years due to escalating commercial property prices.
- Larger chains are better able to absorb rent increases because of their economies of scale and high store volumes, allowing them to maintain profitability. Smaller chains may face more pressure to pass on costs to consumers or scale back expansion plans.

Depreciation costs have grown in line with store upgrades and greater investment in technology

- Depreciation of assets like kitchen equipment, vehicles and leasehold improvements contributes significantly to fast food outlets' ongoing operational costs. As businesses invest in modernising and expanding their operations, the depreciation of high-cost items like ovens and refrigeration units becomes a notable expense.
- Adopting advanced digital ordering systems, self-service kiosks and delivery infrastructure has increased depreciation costs. As fast food franchises compete on convenience and efficiency, ongoing investment in technology results in a continuous cycle of asset renewal, increasing depreciation expenses over time.

Utilities costs decline as energy efficiency improves

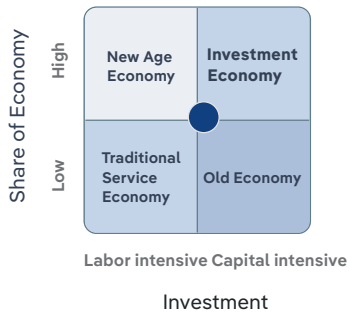
- Utilities account for a small share of industry revenue and have declined as fast food enterprises invest in energy-efficient equipment and renewable energy sources. After record highs in electricity prices in 2022, wholesale electricity prices dropped significantly in 2023, benefiting utility costs.
- Many fast food businesses have adopted LED lighting, energy-efficient fryers and optimised refrigeration systems, reducing their electricity consumption and operating expenses. Major chains like McDonald's and Hungry Jack's have implemented sustainability initiatives, including solar panels and energy management systems, which have lowered energy costs.

Streamlined operations and digital efficiency reduce other costs

- Other costs for the Fast Food and Takeaway Food Services industry include marketing, insurance and delivery platform fees. Waste disposal, administrative fees and legal fees are also included.
- Marketing costs have fallen as social media and digital advertising provide less costly, more targeted campaigns than traditional media. Loyalty apps also reduce reliance on costly broad-scale promotions. Delivery platform costs are also easing, with businesses negotiating better commission rates or investing in their delivery infrastructure.

Investment Economy

Share of economy vs. Investment



IBISWorld

Source: IBISWorld

Financial Ratios

Debt / Net Worth
0.6 Higher than sector

Trade Receivables (%)
3.0 Higher than sector

Cash Flow Coverage Ratio
0.4 Higher than sector

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash Ratio	0.3	0.2	0.3	0.2	0.2	0.2	0.2
Current Ratio	1.2	1.0	1.1	1.0	1.0	1.0	1.1
Days' Payables	37.2	37.7	40.0	34.6	34.7	36.4	36.9
Days' Inventory	14.8	13.4	12.5	12.9	13.7	13.0	13.5
Days' Receivables	13.1	13.6	13.5	13.4	12.7	13.2	13.3
Inventory Turnover	24.6	27.3	29.2	28.3	26.7	28.1	27.2
Payables Turnover	9.8	9.7	9.1	10.5	10.5	10.1	9.9
Quick Ratio	1.2	0.9	1.0	0.9	0.9	0.9	1.0
Trade Receivables Turnover	27.8	26.9	27.0	27.2	28.7	27.6	27.5
Working Capital Turnover	21.7	-394.0	48.8	471.5	-82.9	145.8	13.0

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash Flow Coverage Ratio	0.6	0.4	0.6	0.5	0.4	0.5	0.5
Cash Flow Margin Ratio	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Current Liability Coverage Ratio	0.9	0.4	0.6	0.5	0.3	0.5	0.5
Interest Coverage	10.1	6.0	8.3	9.4	6.9	8.2	8.1

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Debt / Net Worth	0.6	0.7	0.6	0.5	0.6	0.6	0.6
Fixed Assets / Net Worth	1.7	2.7	2.3	2.4	2.6	2.4	2.4
Net Worth ($ million)	3306.3	3501.5	3759.4	4115.1	4177.0	4017.2	3771.9
Net Worth Ratio	3.8	4.2	3.6	3.8	3.9	3.8	3.9

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Asset Turnover	1.0	0.7	0.8	0.8	0.9	0.8	0.8
Cash & Equivalents (%)	18.1	13.9	17.0	13.9	15.8	15.6	15.7
Fixed Asset Turnover	1.4	0.9	1.0	1.0	1.1	1.1	1.1
Return on Total Assets (%)	11.3	6.9	8.9	8.6	7.8	8.4	8.7

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Fixed Assets (%)	73.6	80.0	76.0	79.1	76.5	77.2	77.0
Inventory (%)	1.7	1.1	1.1	1.3	1.5	1.3	1.3
Total Assets ($ million)	7636.3	12013.6	11626.5	12682.2	13947.4	12752.0	11581.2
Total Current Assets (%)	23.4	17.6	21.1	18.1	20.4	19.9	20.1
Trade Receivables (%)	3.6	2.6	2.9	2.9	3.0	3.0	3.0

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Long Term Debt (%)	37.9	53.0	48.2	49.6	48.6	48.8	47.5
Short Term Debt (%)	1.7	1.1	1.1	1.3	1.5	1.3	1.3
Total Current Liabilities (%)	18.8	17.8	19.4	18.0	21.4	19.6	19.1
Total Liabilities & Net Worth ($ million)	7636.3	12013.6	11626.5	12682.2	13947.4	12752.0	11581.2
Trade Payables (%)	4.1	3.1	3.6	3.1	3.5	3.4	3.5

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Expense / Income Ratio	1.1	1.1	1.0	1.1	1.1	1.1	1.1
Gross Profit Margin (%)	62.0	62.0	63.0	61.0	60.0	61.3	61.6
Mark Up (%)	150.1	137.2	139.8	141.8	138.5	140.0	141.5
Net Profit (%)	-2.0	-1.0	3.0	1.0	N/A	1.3	0.2
Return on Net Worth (%)	24.1	20.8	24.9	24.3	23.2	24.1	23.5

Ratio	2019	2020	2021	2022	2023	3 Year Average	5 Year Average
Cash & Equivalents ($ million)	1382.3	1671.8	1973.7	1764.9	2207.4	1982.0	1800.0
EBIT ($ million)	860.1	827.4	1033.6	1091.9	1083.9	1069.8	979.4
Fixed Assets ($ million)	5618.5	9608.8	8832.0	10030.3	10672.6	9844.9	8952.4
Operating Cashflow ($ million)	1233.8	868.6	1293.9	1157.2	1033.6	1161.6	1117.4

Key Ratios

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2007-08	104,876	0.9	5.8	8.1	22,714	21.7	1.4	32.6
2008-09	118,455	0.9	5.5	7.6	25,708	21.7	1.4	33.4
2009-10	132,420	1.0	5.4	7.5	26,058	19.7	1.4	31.4
2010-11	125,636	0.9	5.5	7.5	28,718	22.9	1.4	34.6
2011-12	123,349	0.9	5.5	7.5	28,930	23.5	1.4	35.2
2012-13	131,650	1.0	5.6	7.6	31,292	23.8	1.4	35.5
2013-14	125,197	1.0	5.7	7.7	29,635	23.7	1.3	35.3
2014-15	128,879	1.0	5.9	7.8	30,979	24.0	1.3	35.5
2015-16	132,150	1.0	5.7	7.8	31,796	24.1	1.4	35.7
2016-17	133,925	1.1	5.8	8.0	32,169	24.0	1.4	35.5
2017-18	128,845	1.0	6.0	8.1	31,043	24.1	1.4	35.5
2018-19	125,535	1.0	6.1	8.3	29,985	23.9	1.4	35.3
2019-20	121,887	1.0	6.0	8.2	29,417	24.1	1.4	35.0
2020-21	134,334	1.1	5.9	8.0	31,064	23.1	1.4	35.1
2021-22	125,028	1.0	5.8	7.9	28,916	23.1	1.4	34.4
2022-23	132,320	1.1	6.0	8.3	29,884	22.6	1.4	34.6
2023-24	131,029	1.1	6.1	8.4	30,043	22.9	1.4	35.2
2024-25	130,595	1.1	6.2	8.5	30,028	23.0	1.4	35.4

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2025-26	129,772	1.1	6.2	8.6	30,161	23.2	1.4	35.9
2026-27	128,322	1.1	6.3	8.7	30,296	23.6	1.4	36.5
2027-28	126,923	1.1	6.4	8.9	30,389	23.9	1.4	37.0
2028-29	125,832	1.1	6.4	9.0	30,485	24.2	1.4	37.4
2029-30	124,307	1.1	6.5	9.1	30,532	24.6	1.4	38.0
2030-31	122,609	1.1	6.5	9.2	30,558	24.9	1.4	38.5

Key Statistics

Industry Data

Values

Year	Revenue ($ Million)	IVA ($ Million)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Wages ($ Million)
2007-08	19,734.0	6,426.1	32,257	23,140	188,165	4,273.9
2008-09	20,311.6	6,780.6	31,274	22,478	171,471	4,408.1
2009-10	22,991.2	7,214.3	32,097	23,228	173,623	4,524.3
2010-11	22,302.6	7,706.5	32,503	23,603	177,517	5,097.9
2011-12	21,964.3	7,732.5	32,382	23,654	178,067	5,151.5
2012-13	22,589.0	8,023.3	30,755	22,641	171,584	5,369.1
2013-14	23,094.8	8,162.1	32,188	24,035	184,467	5,466.7
2014-15	24,815.9	8,803.2	32,744	24,675	192,552	5,965.1
2015-16	26,119.5	9,333.8	34,431	25,210	197,650	6,284.4
2016-17	27,275.3	9,687.7	34,878	25,583	203,662	6,551.5
2017-18	26,978.5	9,567.0	34,994	25,739	209,387	6,499.9
2018-19	26,947.6	9,519.5	35,130	25,863	214,663	6,436.7
2019-20	26,070.6	9,132.9	35,426	26,061	213,892	6,292.0
2020-21	27,571.0	9,667.0	35,022	25,638	205,242	6,375.6
2021-22	26,671.4	9,179.0	36,473	26,980	213,323	6,168.4
2022-23	28,609.1	9,899.8	35,767	26,162	216,212	6,461.2
2023-24	28,861.6	10,152.0	35,973	26,300	220,269	6,617.5
2024-25	29,696.5	10,517.7	36,765	26,824	227,394	6,828.2
2025-26	31,320.1	11,248.7	38,677	28,133	241,348	7,279.3
2026-27	32,533.5	11,863.8	40,086	29,047	253,531	7,681.0
2027-28	34,162.9	12,627.4	42,057	30,371	269,163	8,179.6
2028-29	35,354.5	13,228.4	43,672	31,285	280,965	8,565.1
2029-30	36,620.4	13,926.5	45,470	32,348	294,597	8,994.5
2030-31	36,851.2	14,191.9	46,128	32,519	300,559	9,184.4

Note

Figures are inflation adjusted to 2024-2025

Industry Data

Annual Change

Year	Revenue %	IVA %	Estab. %	Enterprises %	Employment %	Wages %
2007-08	N/A	N/A	N/A	N/A	N/A	N/A
2008-09	2.9	5.5	-3.0	-2.9	-8.9	3.1
2009-10	13.2	6.4	2.6	3.3	1.3	2.6
2010-11	-3.0	6.8	1.3	1.6	2.2	12.7
2011-12	-1.5	0.3	-0.4	0.2	0.3	1.1
2012-13	2.8	3.8	-5.0	-4.3	-3.6	4.2
2013-14	2.2	1.7	4.7	6.2	7.5	1.8
2014-15	7.5	7.9	1.7	2.7	4.4	9.1
2015-16	5.3	6.0	5.2	2.2	2.6	5.4
2016-17	4.4	3.8	1.3	1.5	3.0	4.3
2017-18	-1.1	-1.2	0.3	0.6	2.8	-0.8
2018-19	-0.1	-0.5	0.4	0.5	2.5	-1.0
2019-20	-3.3	-4.1	0.8	0.8	-0.4	-2.2
2020-21	5.8	5.8	-1.1	-1.6	-4.0	1.3
2021-22	-3.3	-5.0	4.1	5.2	3.9	-3.3
2022-23	7.3	7.9	-1.9	-3.0	1.4	4.7
2023-24	0.9	2.5	0.6	0.5	1.9	2.4
2024-25	2.9	3.6	2.2	2.0	3.2	3.2
2025-26	5.5	7.0	5.2	4.9	6.1	6.6
2026-27	3.9	5.5	3.6	3.2	5.0	5.5
2027-28	5.0	6.4	4.9	4.6	6.2	6.5
2028-29	3.5	4.8	3.8	3.0	4.4	4.7
2029-30	3.6	5.3	4.1	3.4	4.9	5.0
2030-31	0.6	1.9	1.4	0.5	2.0	2.1

Note

Figures are inflation adjusted to 2024-2025

Key Success Factors

How do successful businesses overcome volatility?

Generate repeat customers

Fast food establishments can focus on customer loyalty programs and excellent service to ensure a steady stream of repeat business, which can help stabilise revenue.

Leverage economies of scale to lower unit costs

Reducing per-unit costs through bulk purchasing and efficient production methods can help industry businesses maintain profitability, even during periods when revenue fluctuates.

What products or services do successful businesses offer?

Alter goods and services produced in favour of market conditions

Fast food retailers need to have flexible operations and adjust to changing food trends to remain relevant and maintain their market share and profitability.

Supply a diverse range of products

Catering to varied tastes and dietary requirements, like consumers' growing desire for healthier options, ensures fast food businesses have a broad appeal, which enhances customer satisfaction and encourages repeat business.

How do businesses use location to their advantage?

Provide easy access for clients

Fast food outlets benefit from offering ample parking and easy store access, which make the dine-in, pick-up or takeaway experience as convenient as possible.

Operate in a location close to key markets

Being located in high-volume traffic areas benefits fast food businesses. This can maximise their exposure to impulse shoppers and a broader pool of consumers.

How do successful businesses handle concentration?

Adopt a high-volume, low-margin strategy

Leading fast food and takeaway chains thrive by prioritising high sales volumes with competitive pricing. They streamline operations, optimise supply chains and use value deals to drive frequent purchases, ensuring profitability.

Use aggressive marketing techniques

Fast food businesses must implement effective advertising and promotional campaigns to attract and retain a large customer base, helping to manage concentration and absorb business from competitors.

How can potential entrants overcome barriers to entry?

Secure economies of scale

New industry businesses can reduce costs by bulk purchasing ingredients and optimising production processes, which makes their operations more cost-effective and competitive.

Operate in a highly visible location

Choosing strategic, high-traffic locations ensures increased foot traffic and higher visibility, helping new services to attract customers and effectively overcome initial market entry barriers.

How do successful businesses compete with substitutes?

Market differentiated products

Fast food businesses compete with substitutes by offering fast service, drive-thru options, mobile ordering, and delivery partnerships. By prioritising accessibility and speed, they maintain an edge over home-cooked meals and dine-in restaurants.

Produce high value-added goods

Businesses counter substitutes by offering budget-friendly meal deals and competitive pricing. They maintain a steady customer base even during economic downturns by making fast food a cost-effective alternative to home cooking or full-service dining.

How do successful businesses manage buyer & supplier power?

Develop links with suppliers

Successful fast food businesses negotiate bulk purchasing agreements and establish long-term supplier contracts to secure stable pricing and supply reliability. Strategic partnerships help mitigate cost fluctuations and ensure consistent ingredient quality, strengthening their competitive edge.

Leverage brand recognition, referrals and store layout to boost sales

Established fast food chains use strong branding, loyalty programs and marketing to maintain customer demand. By creating habitual purchasing behaviour, they reduce buyer price sensitivity and increase pricing flexibility without losing market share.

Call Prep Questions

Role Specific Questions

Sales & Marketing

How much of an effect has rising health consciousness had on your company's sales?

- Rising health consciousness over the past five years has hindered demand for traditional fast food.
- However, many players have been introducing healthier menus that include salads and wraps, to improve the industry's health credentials.

How do you market yourself to customers?

- In the case of internal competition, price, product range, marketing, size of operations and reputation form the main bases of competition.
- Retailers have also been affected by changing consumer tastes and preferences, and growing consumer awareness about the fat content of fast food.

Strategy & Operations

How does your business minimise input costs?

- Purchase costs have increased as a share of revenue over the past five years, due to higher prices of primary inputs, such as meat and vegetables.
- More operators have also used fresh, higher quality ingredients in line with premiumisation trends.

How close is your business to customers?

- The industry is highly reliant on passing foot traffic, as convenience is an important factor for consumers.
- As a result, highly populated areas are particularly attractive to industry operators.

Technology

How does your company invest in technology, such as point-of-sale (POS) ordering systems, to establish a competitive edge over your competitors?

- Larger operators have employed more sophisticated technology such as POS ordering systems.
- Major players use these systems to facilitate transactions with clients and to transmit information to headquarters for analytical purposes.

How have you developed an app or mobile site tailored specifically to your business operations? What advantages are there associated with using a directory service?

- Larger operators can invest in attractive websites and apps tailored to their brands.
- Smaller fast food restaurants have benefited from online ordering websites such as Uber Eats.
- These services allow consumers to order online, and permit lesser known operators to reach a wider consumer base.

Compliance

What type of base regulations are industry operators expected to comply with?

- The most important regulations for operators relate to food safety and health. Food Standards Australia New Zealand is the regulatory body for food safety standards in Australia.
- Operators are required to adhere to the relevant legislation and maintain required documentation regarding food safety.

What other minor regulations are industry operators expected to comply with?

- Industry operators are also subject to regulations such as the Competition and Consumer Act 2010, which requires operators to adhere to marketing and product claims, and not make false or misleading claims.
- Failure to adhere to relevant regulations can result in financial penalties.

Finance

How strong are your profit margins compared with those of your competitors, and how have they fared over the past five years?

- Industry profit margins have declined over the past five years.
- Increasing reliance on online delivery platforms has contributed to this decline, due to high commissions charged.

How have wages costs affected your profit margins?

- The entry of new players has lifted employment numbers over the past five years, causing wages to increase as a share of industry revenue.
- Higher labour expenses, combined with rising competition and commissions payable to online food delivery operators, have weighed on profitability over the period.

External Impacts Questions

Demand from restaurants

To what extent is your business vulnerable to competition from restaurants?

- Restaurants compete with fast food operators for consumer expenditure.
- Rising popularity of online food delivery platforms is intensifying external competition from restaurants.

Health consciousness

How has your business catered to health-conscious consumers?

- Increasing health consciousness allows industry operators providing high-quality and healthy menu options to boost revenue.

Real Household Discretionary Income

How do fluctuations in real household discretionary income affect demand for your business?

- Discretionary incomes influence consumer purchase decisions.
- When incomes decrease, spending on discretionary items may be restricted as consumers become more cautious with their finances.

Internal Issues Questions

Ability To Alter Goods And Services Produced In Favour Of Market Conditions

What is the cost of altering menus to adjust to changing food trends?

- Fast food operators require flexibility to alter menus and adjust to changing food trends.
- By staying abreast of emerging trends, players can charge higher final prices on new menu items.

Easy Access For Clients

How accessible is your business to customers?

- Takeaway food operators should be located in areas that are easily accessible for consumers.
- Although the use of online food delivery platforms boosts the accessibility of industry players, most platforms only display food establishments that are in geographic proximity to consumers.

Ability to control stock on hand

What cost controlling measures does your business use to maximise profit?

- Successful fast food operators have effective cost controls to minimise costs and maximise profitability.
- Many firms have entered into fixed-price supply contracts with upstream suppliers to minimise the effects of price volatility.

IBISWorld

IBISWorld helps you find the industry information you need - fast.

Disclaimer

This publication has been supplied by IBISWorld Inc. and its Affiliates ('IBISWorld') solely for use by its authorized licensee and strictly in accordance with their agreement with IBISWorld. The publication is provided on an “as-is” and “as available” basis, and IBISWorld makes no representations or warranties, express or implied, regarding the merchantability, fitness for a particular purpose, completeness, or accuracy of the data or information contained herein. This publication is not intended to be advice and should not be relied upon as such. To the extent permitted by law, IBISWorld disclaims all liability for loss or damage, direct and indirect suffered or incurred by any person resulting from the use of, or reliance upon, the data in this publication.

Copyright to this publication is owned by IBISWorld. All data, information, articles, graphs, and content contained in this publication are copyrighted works and IBISWorld hereby reserves all rights. The product is sold on the basis that the licensee agrees not to copy, reproduce, republish, upload to a third party, or distribute the content or any trade or service mark displayed within the product except in accordance with the agreement. In the event that the licensee is given written permission by IBISWorld to use or quote excerpts from the product, it will be sourced to IBISWorld.

2025 IBISWorld. All Rights Reserved