Woolworths Trolley Tracker

The State of the Australian Grocery Customer - November 2024

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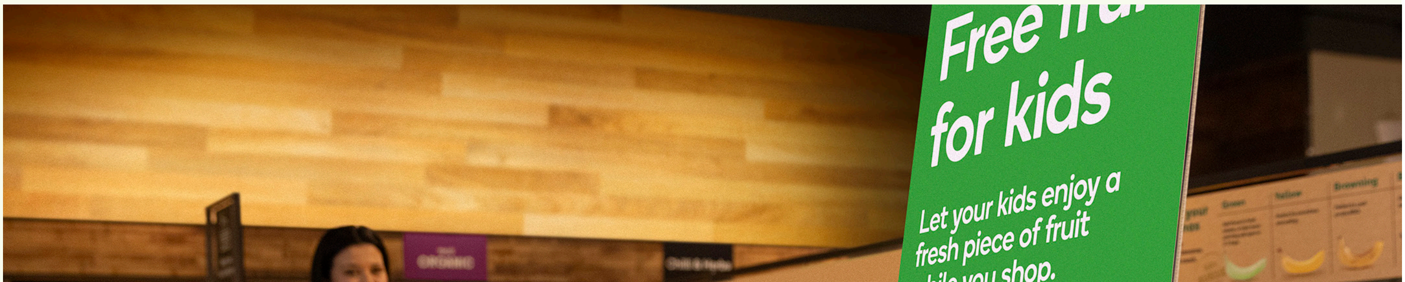
Woolworths
The fresh food people

The State of the Australian Grocery Customer

Welcome to the latest edition of the Woolworths Trolley Tracker Report

We know many Australians are still feeling the impact of cost of living pressures. This report covers the purchasing habits of Australian grocery customers and food inflation trends over the quarter. We will continue to update this report to reflect the evolving nature of the purchasing behaviour of Woolworths grocery customers.

The report is based on customer insights gathered by Wiq, part of Woolworths Group.



Report summary findings

Housing costs continue to strain household budgets

This is leading to heightened value seeking by grocery customers

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The net result of the value seeking and slowing inflation is that the cost of the grocery basket at Woolworths is continuing to moderate

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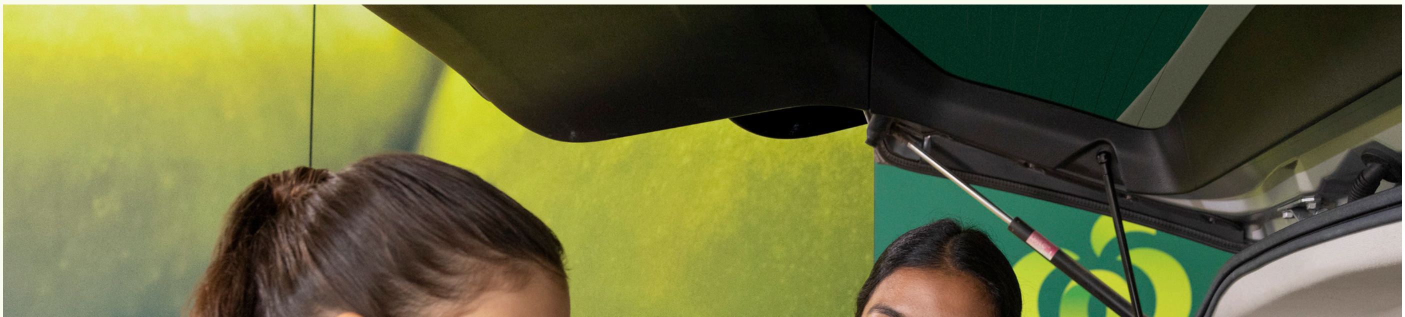
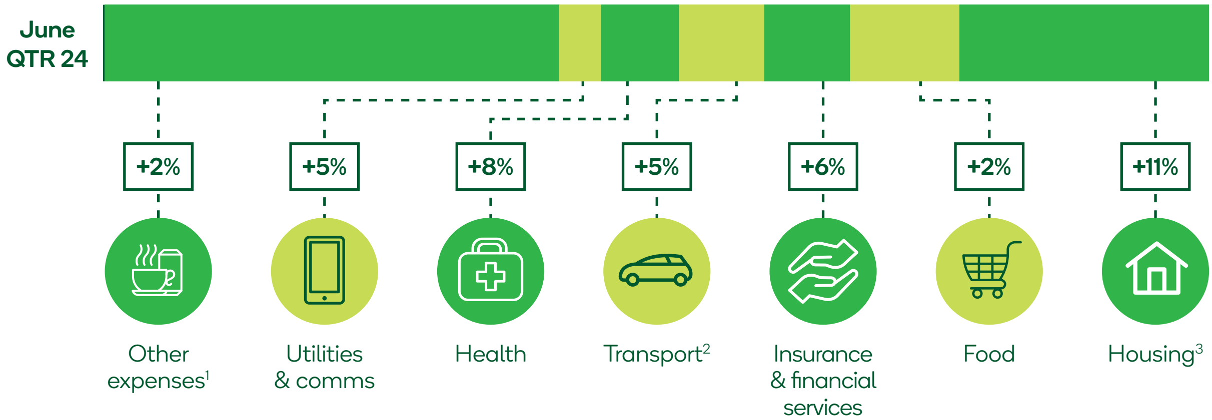
Increased housing costs continue to be the largest expense

Housing is the largest expense for Australian customers on average, and represents a significantly higher proportion of expenses for younger customers (both families and younger singles and couples) - driving much of the incremental cost of living strain for those cohorts. Housing costs have also grown at the fastest rate of all major expenses over the past year as rental rates have increased (driven by housing supply constraints) and mortgage repayments have strongly grown.



Share of Australian household spending by major category

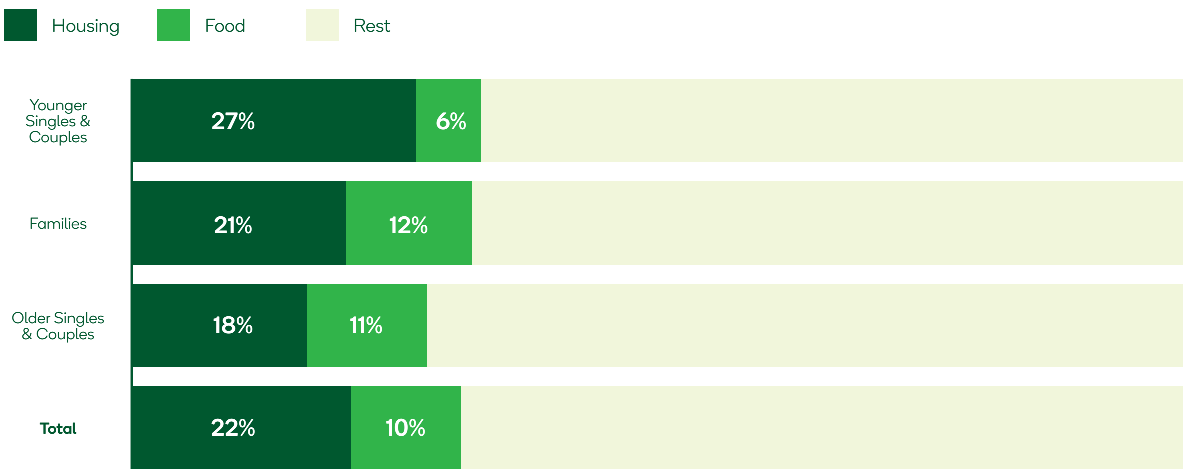
Current prices, June qtr, 2024, %



Category spending annual growth[4] June qtr, 24 vs June qtr 23, %. Excludes mortgage interest payments approximately 24% vs LY (June qtr, 24 vs June qtr, 23)

Share of Australian household spending breakdown by lifestage

Last 12 months, %



Notes

Source: 1. Other expenses include Recreation and culture, Education, Hotels, cafes and restaurants, Alcoholic beverages, Cigarettes and tobacco, Clothing and footwear, Furnishings and household equipment, Purchase of vehicles, other goods and services; 2. Transport services and operation of vehicles; 3. Housing include Rent and other dwelling services (actual and imputed rents & water and sewerage services); Does not include mortgage interest payments; 4. AU National household consumption growth in each category; Source: ABS Australian National Accounts, Current prices, Seasonally Adjusted quarterly data, wiqConsumer

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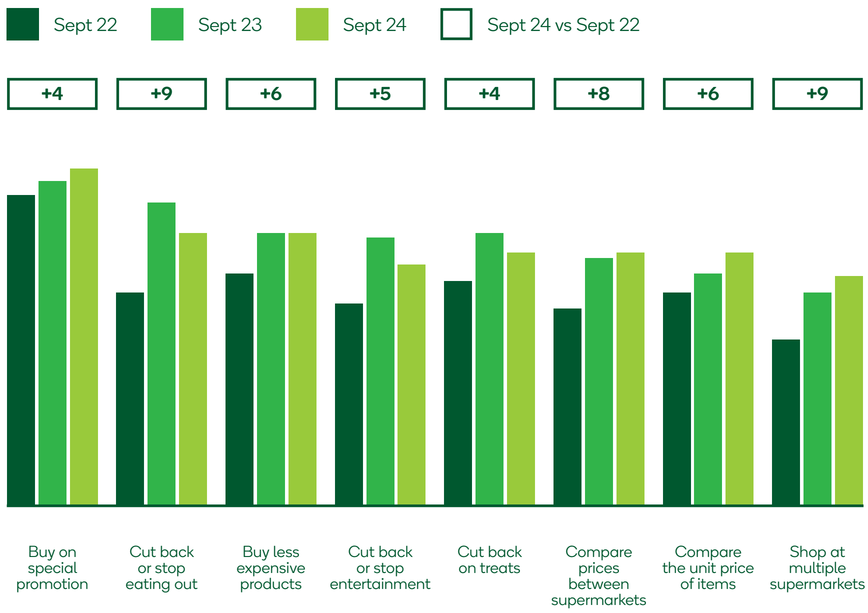
Customers are looking for more ways to save

As cost of living pressures have increased, customers have continued to leverage 'value-seeking behaviours' in order to stretch their spend. Value-seeking behaviours such as buying on special have always been significant and have continued to step up markedly over the past two years. Buying less expensive products - which most notably include private label offerings - has also become increasingly prominent. Other value seeking behaviours that have historically been more moderately used - including shopping around between supermarkets and comparing prices between supermarkets - have similarly grown over the past two years as customers have sought to maximise their spend, including through 'shopping the specials' across different grocery businesses.

Percentage of customers using ways to save, %



Special

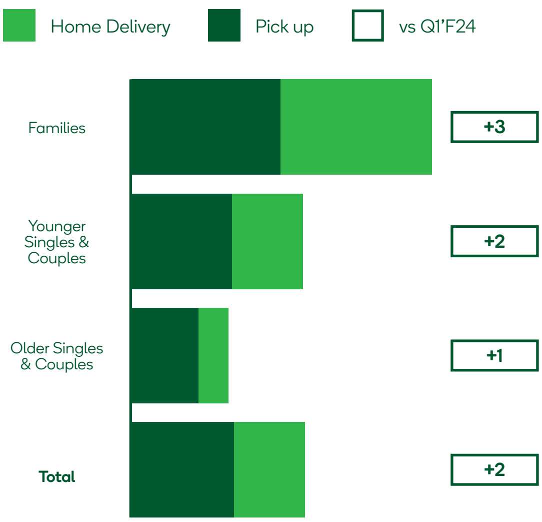
Source: wiq survey September 2024: Q: In response to increasing prices of food, products and services, are you doing any of the following more than usual?

Customer lifestage is a factor in how they find value

Our younger customers have been most impacted by cost of living pressures and have been looking for ways to save. Being more digitally savvy, e-commerce and digital mechanisms have been used to a disproportionately high extent by our younger customers in order to realise value. Families seek value through the convenience of online delivery and pickup

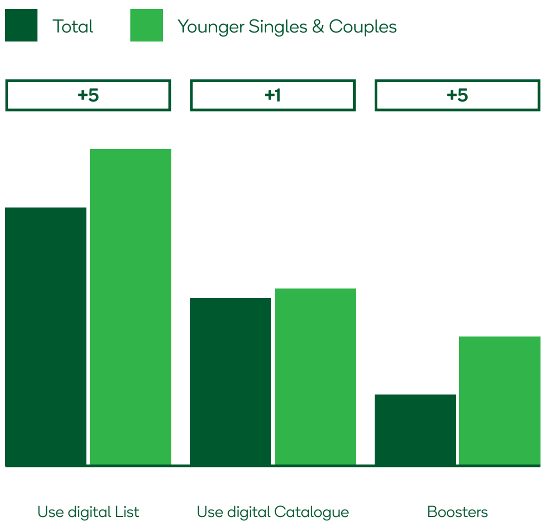
Online sales penetration by lifestage

%, Q1'F25



Digitally engaged Everyday Rewards member growth

% Members, Q1'F25 vs Q1'F24



Source: Woolworths Supermarkets

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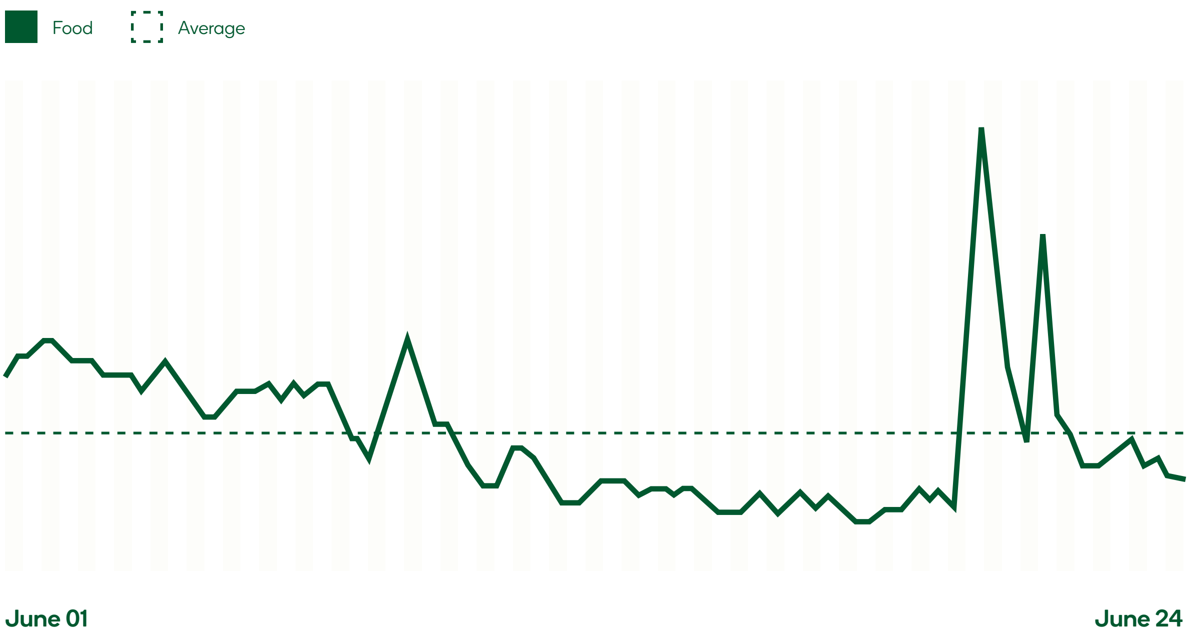
Household spend on food is declining

The proportion of household spend on food continues to moderate. Importantly, food inflation has continued to moderate in Woolworths Group's Australia and New Zealand food businesses with average prices in Q1 below the prior year for the third consecutive quarter.

Share of average Australian household total expenditure on food

Current prices, qtrly

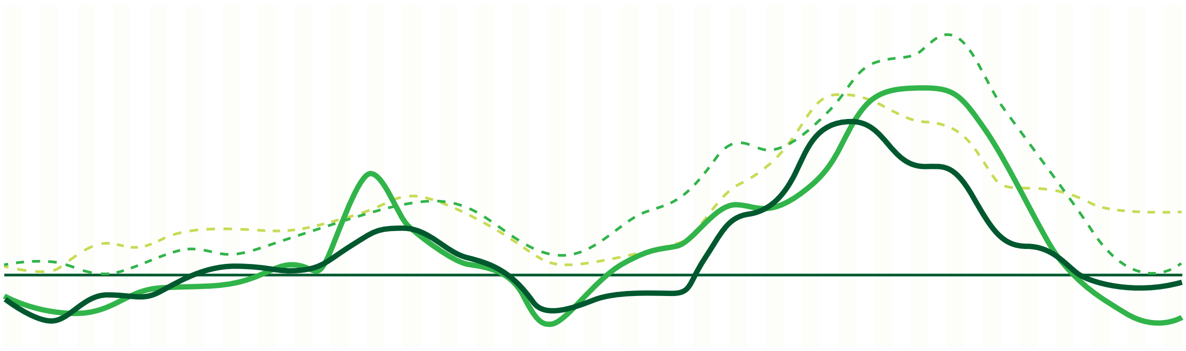


Source: ABS Australian National Accounts, Current prices, Seasonally Adjusted quarterly data.

Australian and New Zealand food inflation

(Avg. price change in AU Food and NZ Food businesses vs Food CPI), Qtrly, %

Australian Food | ABS CPI: Food | New Zealand Food | Stats NZ CPI: Food



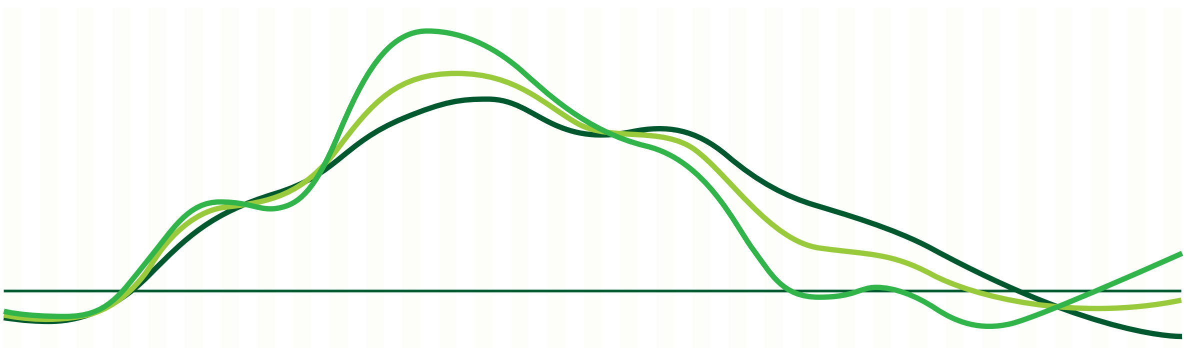
March 18 — September 24

Source: ABS Consumer Price Index: Food and Non-Alcoholic Beverages; Statistics New Zealand Consumer Price Index: Food

Average grocery price change

In AU Food, Qtrly, %

Total Long Life | Total Food | Total Fresh



Q1'F21 — Q1'F25

Source: Woolworths Supermarkets.

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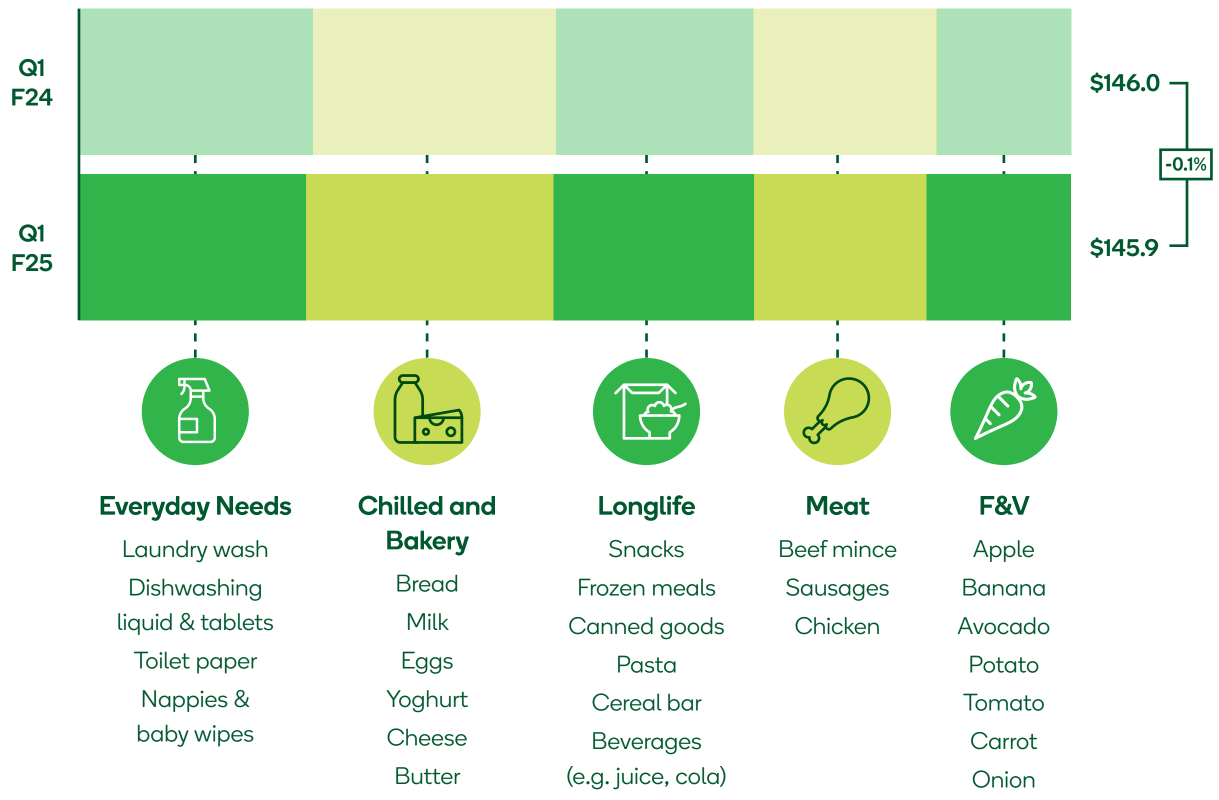
A typical Woolworths food trolley is the same price as a year ago

Strong moderation of inflation has led to stabilisation of grocery spend over the past year - including across most major categories of spend. The average price for the trolley in Q1 F25 was $145.90 which is flat compared to Q1 last year and flat compared to the prior quarter.

Fruit & Vegetables moved back into modest inflation in the quarter due to cycling a period of abundant supply in the prior year. This was partially offset by Meat where prices were below the prior year reflecting lower livestock prices passed on to customers.

Average price of a typical Woolworths food trolley $



Source: Woolworths Supermarkets. Lines selected are based on high penetration lines, top 10% in our selected categories.

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