Coles Every Day High Profits

Introduction

Coles Group operates one half (or slightly less, depending on how one measures) of the Australian supermarket duopoly. As such it has recently been the subject of media and regulatory attention in the wake of post-pandemic inflation and an ongoing cost of living crisis.

This has exposed a profound disjuncture between a public which sees something clearly amiss, a duopoly which argues that it is in fact operating at the highest possible equitable efficiency, and a public regulatory apparatus which is empowered to regulate only a kind of market which does not exist in the real world.

Analysis

Overview

The first Coles Variety Store opened in 1914, but it would not be until 1960 that its first self-service supermarket opened. Through the 1980s, Coles acquired liquor stores and merged with the Myer department store chain to become Coles Myer Limited. It began trialling it's first online service in 1999, and in 2007 Coles Group — then incorporating non-supermarket retailers Kmart, Target, and Officeworks — was acquired by Wesfarmers Limited. In 2018, Coles Group demerged from Wesfamers, retaining 50% ownership of the Flybuys customer loyalty brand. (Coles Group Limited, 2019). Coles currently boasts a "a full service omnichannel experience" including supermarkets, Coles Online, Coles Financial Services, Coles 360 retail media, and liquor (Coles Group Limited, 2024, p. 15). It counts among its core competencies "merchandising, product development and supplier relationships, marketing, customer service and maintaining and operating a national store and online network", with "an integrated supply chain, including logistics, and a national distribution centre network" (Coles Group Limited, 2022, p. 25).

Supermarkets in Australia are governed by a combination of legislation and industry specific codes. High, or even “excessive” pricing is not illegal, except where it involves “misleading, deceptive or unconscionable conduct” (Commonwealth of Australia, 2024b), or where there is explicit unlawful collusion; implicit price coordination is not prohibited (Fels, 2024).

The Australian Competition and Consumer Commission (ACCC) considers the supermarket industry “highly concentrated”, with Coles and Woolworths holding two-thirds of the market between them, and their most significant (but distant) competitors being “hard discounter” ALDI, which entered the Australian market in 2001, and Metcash, a wholesale supplier to a number of independent retailers (ACCC, 2025, p. 1). However only Coles and Woolworths have the product range to offer a “one stop shop”; having a floor area of 1,500–4,000㎡ per store stocking 15,000–25,000 SKUs versus ALDI’s average 1,000㎡ and 1,800–2,000 SKUs (ACCC, 2024a, pp. 140-141).

The 2018 demerger provided Coles Group with fresh tactical latitude. Immediate products of this were the standardisation of demographically-targeted store layouts, and a number of technology partnerships. German logistics company Witron was engaged to develop two automated distribution centres (ADCs) in Queensland and New South Wales, and an “exclusive partnership” with UK online retail firm Ocado would “provide Coles customers with a market-leading online customer experience” via Ocado’s software platforms and two new automated customer fulfilment centres (CFCs) in Victoria and New South Wales. Coles “also partnered with SAP and Optus to improve our systems and streamline our business” (Coles Group Limited, 2019, p. 9).

Pandemic and “Reputational Damage”

FY20 (the financial year of 2019-2020) saw supply chain disruption and consequent cost/price increases, initially due to extreme weather events (drought, bushfire, and storms), and then to COVID-19. Coles responded by “sourcing alternative supply arrangements, scaling up production and distribution of substitute goods […], and removal of promotions to suppress demand of impacted lines” (Coles Group Limited, 2020, p. 56), as well as imposing “product limits on the most in-demand products so that more customers could access essentials” (Coles Group Limited, 2020, p. 22) . Lockdown closures of on-premise licensed venues drove an increase in liquor sales, and the purchase of a convenience food manufacturing facility from supplier Jewel Fine Foods to supply the new Coles Kitchen range proved timely (Coles Group Limited, 2020). While panic buying decreased over FY21, and the frequency of in-store shopping trips began to increase, online sales (and investment in online capacity) continued to grow substantially (Coles Group Limited, 2021).

In FY22, Coles was listed by market research firm Roy Morgan as “one of the most trusted consumer brands in Australia for the third year in a row” (Coles Group Limited, 2022, p. 26). However public sentiment soon soured. Over FY23, Coles’ supermarket price inflation was 6.7% (Coles Group Limited, 2023, p. 9). Industry-wide, from 2018 to late 2021 prices increased in line with wages, but over late 2022 and early 2023 increased at more than twice the rate of wage growth. Between the March 2019 and December 2024 quarters, grocery prices had grown by about 24% (ACCC, 2025). The Australian National Dictionary Centre named “Colesworth” their 2024 Word of the Year, reflecting a spike in usage of the derogatory nickname for Coles and its (allegedly too) close competitor (Basta, 2024).

In February 2020, Coles announced a review of pay arrangements for full-time salaried supermarket and liquor workers (a minority of the workforce; mainly store and department managers), and set aside $20 million “in relation to expected remediation costs” (Coles Group Limited, 2020, p. 39). A subsequent investigation by the Fair Work Ombudsman (FWO), found that Coles had “underpaid 7,812 employees a total of $115.2 million between the start of 2017 and 31 March 2020” (Yoo, 2021), ultimately triggering legal proceedings from the FWO and a concurrent class action which at the time of writing remain to be resolved (Hutchens, 2021; Adero Law, 2025). Media coverage highlighted the pressure upon employees to work considerable additional unpaid hours in order to meet performance targets (McGrath et al., 2021).

In late 2021, Coles temporarily shut down its Smeaton Grange distribution centre in response to industrial action. Smeaton Grange was one of five centres due to be closed in NSW and Qld. and replaced by the first two Witron ADCs (Fair Work Commission, 2024). Workers were seeking a right to a job at the new ADC, and improved redundancy provisions in anticipation of this (Amin, 2020). Coles declared it’s intention to close Smeaton Grange for three months, and United Workers

Union (UWU) leadership ultimately capitulated in week ten of the lockout (Adelpour, 2021). The Qld ADC opened in FY23, followed by the NSW ADC in FY24. In FY25, Coles announced the development of a third ADC in Victoria in order to “deliver full automation of our ambient distribution center network across the Eastern Seaboard” (S&P Capital IQ, 2025, p. 5). Both of the automated Ocado CFCs also commenced operation in FY25 (Coles Group Limited, 2024).

A more customer-facing embarrassment for Coles was the end of its partnership with soft plastics recycler REDcycle. While Coles had boasted that “millions of pieces of soft plastic returned to our supermarkets have been put to good use including in sanitiser stations used in some of our supermarkets, playground equipment, fence posts and even in Coles supermarket carparks” (Coles Group Limited, 2021, p. 25), it subsequently turned out that REDcycle had stockpiled 11,000 tonnes of plastic across 44 warehouses (Dumas, 2024). For Coles, this was “one of the most significant challenges” of FY23 (Coles Group Limited, 2023, p. 18).

These and broader cost-of living concerns led to an atmosphere of “heightened political and regulatory scrutiny of the retail sector, with four notable reviews and inquiries into supermarket practices announced during FY24” (Coles Group Limited, 2024, p. 31). The first of these to produce a final report (in February 2024) was the Inquiry Into Price Gouging and Unfair Pricing Practices (Fels, 2024), commissioned by the ACTU and chaired by former ACCC chairman Allan Fels. This was not limited to the grocery sector, but is of interest because the inquiry received more than twice as many submissions concerning the practices of supermarkets than any other sector (Fels, 2024, p. 52), and the report makes frequent explanatory excursions into the economic theory underlying their analysis.

This was followed in May by report of the Senate Select Committee on Supermarket Prices (Commonwealth of Australia, 2024b), which is notable for its rather more broad terms of reference than the others, and for being the only one of the four to give substantial consideration to labour (beyond cost and supply) and related workplace issues. In June 2024 the final report of the Independent Review of the Food and Grocery Code of Conduct, led by economist and former Labor MP Craig Emerson was published (Commonwealth of Australia, 2024a). This code was established in 2015 as a voluntary agreement between supermarkets and wholesalers “to set minimum standards for behaviour by supermarkets towards their suppliers, and to provide an avenue for dispute resolution that is free of the fear of retribution" (Commonwealth of Australia, 2024a), and the review was established to determine whether it should be amended, repealed, or replaced. The largest of these ventures was the ACCC Supermarkets Inquiry whose final report was published in February 2025 (ACCC, 2025), and which had the advantage of the ACCCs compulsory powers to gather evidence, but the disadvantage of rather narrow terms of reference.

Some common themes emerged from submissions and testimony to each of these inquiries. The social equity consequences of food price inflation were a concern because, as the Australia Institute submitted, "low-income households spend a bigger proportion of their income on food" (Commonwealth of Australia, 2024b, p. 9). Of consumer survey responses to the ACCC, 76% of those in the lowest income quintile reported "spending at least 20% of their post-tax income on groceries, and 28% reported they spend at least 40% of their post-tax income on groceries" ACCC, 2024a, p. 13.

The Public Health Association of Australia pointed out that beyond the direct impact of food inflation, public health is also indirectly affected by reducing the available budget for other expenses. They further cited research showing that in the supermarket duopoly, "unhealthy foods are discounted twice as often and with a larger discount compared to healthier foods and beverages, and that sugary drinks make up approximately two thirds of all price-promoted beverages in any given week" (Commonwealth of Australia, 2024b, pp. 36-37). The developers of price comparison app UpUp submitted to the ACCC (2024, p. 165) that the practice of weekly high-low special pricing "allows for price competition without permanently dropping prices across the board in a way that erodes long term profits".

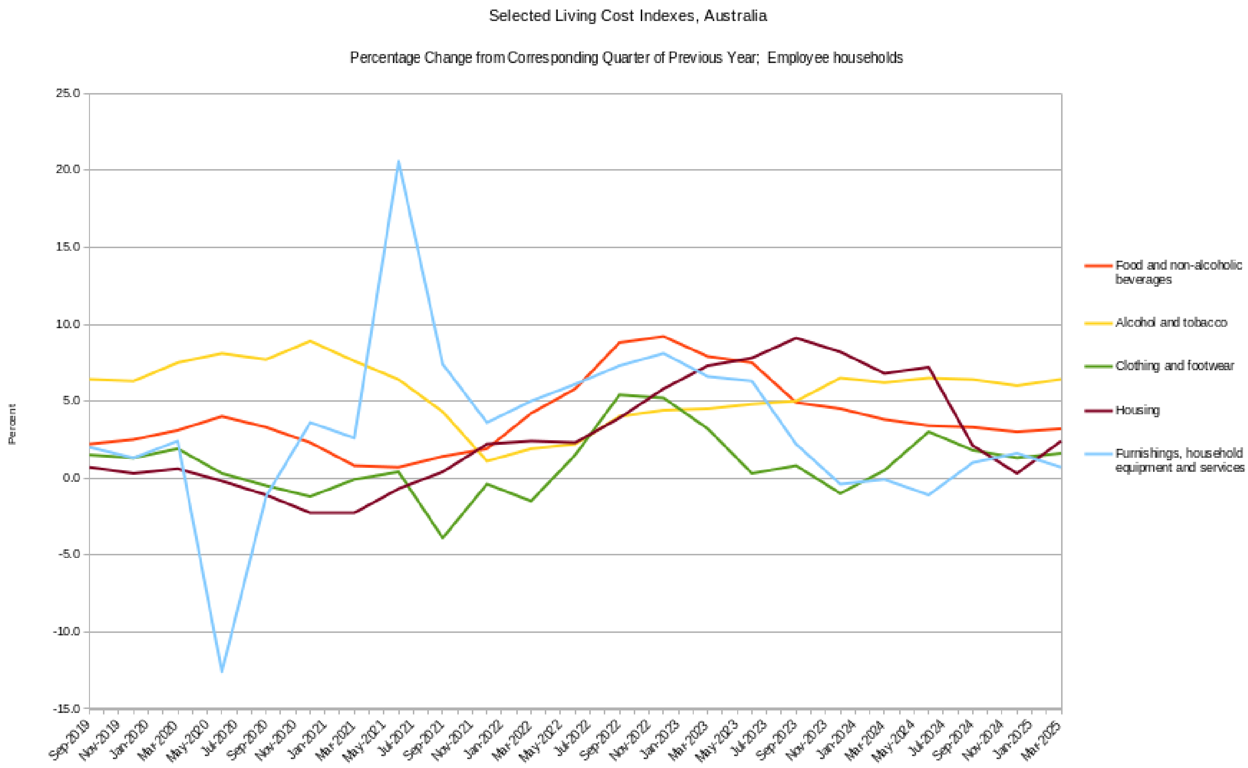
The ACCC (2024, p. 201) found "the notion of risk- and cost-shifting to suppliers" a recurring issue in submissions, and the Senate Committee (Commonwealth of Australia, 2024b, p. 60) heard from agricultural producers that while supermarkets were redeeming reputational damage by lowering prices, the loss in revenues were being passed down to their suppliers to preserve their margins. In the other direction, supplier cost increases were said to be accepted by the supermarkets if "accompanied by an increase in trade spend (such as rebates paid to the supermarket or additional funding for promotional activities), otherwise the proposed cost increase may only be partially accepted” (ACCC, 2024a, p. 17).

Trade association AUSVEG submitted to the ACCC (2024, p. 31) that “78% of retail fresh vegetables are sold through ALDI, Coles and Woolworths”. The Senate Committee (Commonwealth of Australia, 2024b, p. 50) heard from multiple sources that the negotiating position of farmers was compromised by “a range of issues, including:

- unenforceable contract terms;
- time limited negotiations of perishable products;
- data asymmetry on markets prices;
- lack of alternative markets;
- unrealistic quality expectations;
- forced involvement in supermarkets’ specials; and
- retribution resulting from the arbitration and complaints process.”

The National Farmers Federation said that “there are almost no pre-existing contracts in place. All price and volume is determined literally in the last week before it goes to sale. […] The growers bear all of the risk in this process” (Commonwealth of Australia, 2024b, p. 51). Craig Emerson testified to the Senate Committee (Commonwealth of Australia, 2024b, pp. 63-64) that : “I think it's an unsatisfactory situation where many are on such tight margins that they're not necessarily closing tomorrow, they've got enough just to survive, but definitely not enough to invest in those sorts of technologies to improve quality and reduce price”.

How and Why



Source: Australian Bureau of Statistics

Figure 1 above is derived from the Australian Bureau of Statistics Cost of Living Indices, showing several categories of expenses for an employee household as the percentage change over the previous year. The annual increase in food and non-alcoholic beverages expenditure over the pandemic inflation period is significantly more pronounced than for any category other than housing. Table 1 below summarises Coles income statements from FY20 to FY24, showing that gross profit, earnings before income and tax (EBIT), and net profit after tax (NPAT) as a percentage of revenues remained quite constant over the period, meaning that by arithmetical necessity any pandemic cost increases were more than compensated for at the checkout.

Coles Income Statements FY20 – FY24
$millions

Year ending	Total operating revenue	Cost of sales	Gross profit	Gross margin (%)	Administration expenses, etc.	Earnings before interest & taxation (EBIT)	EBIT margin (%)	Financing	Income tax	Profit from discontinued operations	Profit	Profit margin (%)
2020 (52 weeks)	**37,408**	-28,043	**9,365**	**25.03**	-7,603	**1,762**	**4.71**	-443	-341	0	**978**	**2.61**
2021 (52 weeks)	**38,562**	-28,773	**9,789**	**25.39**	-7,916	**1,873**	**4.86**	-427	-441	0	**1,005**	**2.61**
2022 (52 weeks)	**38,341**	-28,396	**9,945**	**25.94**	-8,118	**1,827**	**4.77**	-360	-422	3	**1,048**	**2.73**
2023 (52 weeks)	**40,591**	-30,034	**10,557**	**26.01**	-8,698	**1,859**	**4.58**	-394	-423	56	**1,098**	**2.71**
2024 (53 weeks)	**43,684**	-32,299	**11,385**	**26.06**	-9,328	**2,057**	**4.71**	-442	-487	-10	**1,118**	**2.56**

An anonymous submission to the Senate Committee (Commonwealth of Australia, 2024b, p. 98) asserted that during 2022 Coles received an "unprecedented amount of cost increase requests from suppliers", explaining that:

> "Coles then decides how much of that cost increase to pass on to consumers – in my experience this was always 100%. In addition, they would increase the price by more than 100% to ensure they were holding gross margin % [ensuring that the gross margin % does not change even though the absolute gross profit $ may change]."

In its FY23 Annual Report, under "External and Strategic Risks", Coles listed potential changes to workplace regulations "regarding casual employment, labour hire, gig economy and wage theft" (Coles Group, 2023, p. 40). The Senate Committee heard from Coles that 40% of its workforce earned less than $500 per week. The upstart Retail and Fast Food Workers Union (RAFFWU) noted that although the duopoly pay above minimum wage, the difference is "a matter of cents" (Commonwealth of Australia, 2024b, p. 76) , and that in addition to struggling to afford the groceries that they sell, in the minds of customers workers serve as the public face of the company. Coles received around 8000 reports of worker abuse between June 2013 and March 2024 — likely an undercount, according to RAFFWU (Commonwealth of Australia, 2024b, p. 78). The Shop, Distributive & Allied Employees' Association (SDA) emphasised "use of technology and automation to extract cost savings from consumers and employees" (Commonwealth of Australia, 2024b, p. 79). In addition to recently introduced "skip scan", "bottom of trolley", and "smart gate" theft prevention measures, the Sydney Morning Herald reports (Yun, 2024) that Coles is requiring that customer service (not security) staff "assist" customers at self-checkouts with scanning bulky items. Coles told the Herald that "This is all about providing great service to our customers and helping them get through the checkouts quickly and efficiently," however RAFFWU countered "This is about stock loss. That just increases the chances of confrontation and conflict, and that's what we don't like."

Also passing without mention in the corresponding annual report was a partnership with Palantir Technologies to "connect [Coles] C-Suite to the shelf-edge in stores across its more than 840 supermarkets" with a "suite of workforce tools will identify opportunities over 10 billion rows of data, comprising each store, team member, shift and allocation across all intervals in a day, every day" (Palantir Technologies Inc., 2024). Luke Munn (2024) writes in the Conversation that Coles thus continues the "extractive trajectory" of recent years, and that "By placing Palantir at the heart of its operations, Coles quietly smuggles in several key assumptions: that food is a commodity to be optimised, that paying for labor is a risk rather than a responsibility, and that data can capture everything of importance."

The crucial point that such critiques miss is that the extractive trajectory has not been "smuggled in" from big tech and the gig economy but, in the Australian context at least, algorithmic management *began* with the grocery sector. As O'Neill et al. (2025) relate, in the late 1980s and early 1990s, the five (as opposed to today's four) grocery firms with substantial logistics infrastructure together engaged a small phalanx of American consultancies to rationalise their warehouse operations under the rubric of Engineered Standards. This introduction of "neo-Taylorism" and levers of algorithmic management such as key performance indicators (KPIs) to the Australian workplace is by now so well-established that as Kelly (2024) argues, far from displacing dominant grocery firms, app-based gig work is being subsumed into them due to the supermarkets decades of first-mover advantage.

Heterodox Theory

In heterodox economic theory markets do not perform the coordinating role asserted by neoclassical economists. For the most part, modern markets have evolved into a centrally planned system where "economic planners, in large measure, coordinate price, quantity, and resource allocation, from a systemwide perspective" (Munkirs & Knoedler, 1987, p. 1684), independent of any imagined price-determining conjunction of supply and demand. As Lee (2017, p. 164) puts it, "one factor relevant to shaping markets is the enterprise's own vision of its future and the power it has to make 'markets' conform to it. […] markets do not coordinate economic activity or force directions on enterprises. Rather, enterprises with varying degrees of power strive to achieve their goals by shaping and governing the market." Even the éminence grise of Australian competition regulation concedes as much:

> "Of course, the real world does not much resemble that idealised vision of perfect competition. Other than a few exceptional cases of anonymous, market-clearing competition between large numbers of buyers and sellers, most markets tend to feature a limited number of participants. Their interactions are strategic, not anonymous: participants anticipate competitors' actions, and try to gain advantage over a limited number of known agents. Market power can be directed against consumers, suppliers, or workers by large companies which exercise pro-active influence over prices for both inputs and outputs. Competition can be intense, but not in the manner envisioned by neoclassical perfect competition." (Fels, 2024, p. 22)

Crucially, slumps in demand do not result in lower prices, because the first firm in the market to lower prices will be matched by all others, simply resulting in decreased profit margins for all with no change in market share (Lee, 2017, p. 160). Firms will respond in other ways, such as increased promotional activity, but not a price war (Weber & Wasner, 2023, p. 189). Hence enterprises operate within a set of stability-enhancing social norms, regardless of the number of firms in, or barriers to entry to, the market (Lee, 2017, p. 162). As Lee (2017, p. 152) puts it, "market competition does not 'manage' enterprises, but enterprises manage competition"; competition may be pervasive, but not cut-throat.

> "MS SHARP: Do you accept that the Australian supermarket industry is an oligopoly?
> MS WECKERT: If an oligopoly implies that there is a lack of competition then, no, I don't. I believe that the Australian grocery market is highly competitive.
> MS SHARP: Well, there is very much a situation where there are two dominant retailers, isn't there?
> MS WECKERT: There are two large retailers, but the important piece is do they compete. And having been at Coles for 13 years, I can assure you that competition is very fierce." (ACCC, 2024b, pp. 673-674).

Weber and Wasner (2023) explain how firms can implicitly coordinate price rises through shared pricing strategy:

> "[…] since all firms want to protect their profit margins and know that the other firms pursue the same goal they can increase prices, relying on other firms following suit. If firms deviate from this price hike strategy, the threat of share sell-offs by financial investors can enforce compliance with such implicit agreements. Bottlenecks can create temporary monopoly power which can even render it safe to hike prices not only to protect but to increase profits." (Weber & Wasner, 2023, p. 186).

Fels (2024, p. 22) concurs, saying "Once the unrealistic assumption of perfect competition is rightfully abandoned […] the possibility of profit-led inflation is not a surprise".

> "CHAIR: Is it right to observe, however, that organisations like Coles and Woolworths have relatively stable, albeit growing revenue streams on a year to-year basis?
> MS WECKERT: We are definitely - we would describe ourselves as a non-discretionary business, which means that regardless of the macroeconomic environment, there is a need for consumers to eat and to come and shop with us, absolutely. But it is also one of the reasons that, given we do provide an essential service, that you do have stability and sustainability in profit for these businesses. You wouldn't want them to fluctuate around, because when times do get tough and you do get cost increases coming through, you want the business to continue to be able to do what it needs to do." (ACCC, 2024b, p. 666)

> "MS SHARP: Based upon market intelligence and other material available to Coles, do you consider that Coles has a different pricing strategy to Woolworths? Or the same pricing strategy as Woolworths?
> MS WECKERT: I don't know what their strategy is. I couldn't comment on it, I'm sorry." (ACCC, 2024b, p. 678)

Price leadership is another important factor in market governance. A large firm will generally enjoy a cost advantage over smaller rivals, as well as access to finance under more favourable terms. The dominant firm(s) in a market will therefore be able to set prices at a level that smaller firms cannot match without accepting a lower profit margin. So dominant firm(s) will have greater capacity to invest and expand, and be better positioned to weather cyclical downturns and other shocks without reducing margins or investment (Lee, 2017). Therefore the natural tendency of markets under current conditions is toward concentration. The ACCC practically concedes as much:

> "Coles and Woolworths continue to increase the volumes of groceries they supply to consumers, often resulting in greater efficiencies and increased access to capital facilitating further investment and expansion.
>
> "The market's barriers to entry and expansion and advantages held by Coles and Woolworths mean that the fundamental dynamics of competition in this sector and associated outcomes appear set to continue for the foreseeable future." (ACCC, 2025, p. 17).

In this context, it is interesting to consider the case of ALDI. As a privately-held firm it is less exposed than its Australian competitors to investor retaliation for achieving growth at the expense of profit. However, after 20 years of bricks-and-mortar expansion as the sole "hard discounter" in the market, it testified to the ACCC (2025), that it has no significant plans for further expanding its store network, nor to compete against Coles and Woolworths in the online market. The ACCC (2025, p. 375) notes that between FY20 and FY24, ALDI's average product margin increase (1.9%) was nearly equal that of Woolworths (2%) and greater than that of Coles (1.5%). In nominal terms, ALDI's product margin increase was considerably higher than either (49% versus 29% and 25%), perhaps suggesting that capitalising on the existing material footprint and following the price leaders is seen as a wiser strategy than continuing expansion and challenging them to a price war at scale.

The Decline of Countervailing Forces

The perennial challenge for the enterprise as a going concern is to legitimise prices charged to the consumer, and the distribution of that income to suppliers and workers versus the cost of financing (including shareholder returns) necessary to invest in maintaining and enhancing market power. In this regard, Australian business has benefited from social and political change over the neoliberal period, which has eliminated, or at least severely attenuated, policies and institutions which provided countervailing power. In terms of broad public policy this has included pro-cyclical tight fiscal policy, financial deregulation, central bank inflation targeting, and redistribution of the tax burden from businesses to households (Chester, 2010).

In the case of organised labour, the Federal Government's industrial relations changes from the 1980s onward encouraged the amalgamation of trade unions into "mega-unions" and had the effect of redistributing power from more militant local branches to top bureaucrats and the Australian Council of Trade Unions (O'Neill, et al., 2025). However, by even contemporary standards, the Shop, Distributive and Allied Employees Association (SDA), which represents the majority of supermarket workers in Australia, is a conservative outlier. It pursues a conciliatory partnership model with employers, leading to poor rates of pay and "a workforce that is, in practice, unorganized" (Kelly, 2024, p. 1241). While workers at Coles' new CFCs (and Woolworths' smaller "dark stores"), are considered retail workers covered by the SDA, workers at other warehouses represented by the United Workers Union enjoy substantially higher rates of pay. Kelly (2024, p. 1244) argues that rather than stifling competition, "the supermarket duopoly strengthens cooperation among supermarkets and large employers, the gig economy and partner unions, while intensifying competition between groups of workers."

Agricultural co-operatives, an organisational form which peaked in the 1950s and declined sharply in the last decades of the century, allowed farmers to collectively pool risk, bulk purchase supplies, and eliminate intermediaries by marketing and distributing their own goods. However, as Patmore et al. (2021, p. 1) put it, with the rise of neoliberalism, "An emphasis was placed on economic performance over the benefits that arise from consumers, farmers, and others having direct control over their economic fortunes." In 1995 Allan Fels, as chair of the ACCC, criticised co-operatives as anti-competitive. In addition, governments terminated agricultural income stabilisation schemes, deregulated and eventually privatised state based bulk handlers and single desk marketing boards, and abolished minimum price regulations and production quotas. (Patmore et al., 2021, p. 11).

Regulation as a Public/Private Partnership

> "An important tenet of the Australian business landscape has been a stable framework in which companies have invested to deliver long-term value for customers, communities

> and shareholders. The maintenance of a clear and consistent framework is vital to build our future national prosperity. We support strong competition and policy settings which encourage long-term investment." — Coles Group Chairman James Graham (Coles Group Limited, 2024, p. 8)

Although government regulation is considered a source of risk by Coles (eg. Coles Group, 2024, p. 36), it is not unusual for firms to welcome, or even invite, regulation (Lee, 2017, p. 182), provided it is the right kind of regulation. As a rule, Australia's mode of regulation "governs, guides, supports and secures the process of accumulation" (Chester 2010, p. 314). The Senate Committee's report is of interest as an outlier in this respect. It was alone in considering the interests of supermarket workers (Commonwealth of Australia, 2024b, pp. 93-98), it recommended amending consumer law to create divestiture powers to counter misuse of market power or "unconscionable conduct" (Commonwealth of Australia, 2024b, p. vii) — the Emerson report was the only other to consider divestiture, and strongly opposed it (Commonwealth of Australia, 2024a, pp. 88-89) — and it recommended a further amendment to prohibit the charging of excess prices (Commonwealth of Australia, 2024b, p. vii).

The ACCC performs a valuable role for business here by maintaining that "retail prices and margins are not susceptible to confident assessments of whether they are 'excessive'" (ACCC, 2025, p. 397). That is, only perfectly competitive markets are truly capable of arriving at correct prices, so the most one can say with confidence is "If there were a greater degree of competition between supermarkets, we would expect margins to be lower, either by way of lower retail prices, or higher costs incurred to improve quality of service, or both" (ACCC, 2025, p. 398). Moreover "a credible threat of new entry alone may prevent any attempt to exercise market power in the first place" (ACCC, 2024a, p. 174). They do of course recognise that no such credible threat exists, as ALDI has taken 20 years to capture 10% of the market (ACCC, 2024a, p. 175) and has no reasonable prospect, or indeed intention, of directly competing with the duopoly at the same scale and scope of operation (ACCC, 2024a, p. 279). Yet the ACCC insists that the best that regulation can do is increase market transparency and reduce barriers to entry until perfect competition arrives. The ACCC is to all intents and purposes a competition cargo cult. It is hardly surprising that with the release of the ACCCs recommendations, supermarket share prices “surged” (Chalmers et al., 2025) at the news that market stability had been preserved.

Conclusion

Looking at the practices of the supermarket sector, it cannot be concluded that the fundamental goal of firms — to sustain and grow the business over time — have changed over the neoliberal period, and nor — at an abstract level — have their pricing and competitive strategies. What has changed is the balance of power (and consequently of fortune) in society: between the public and private sector, between financial and non-financial business, between firms and their customers, suppliers, and workers, and consequently in the distribution of the social surplus. In the absence of restraints on cost-shifting which existed in the pre-neoliberal era, historically high profit margins are a cause, not a consequence, of market concentration.

As Carey (1995) describes, a necessary prerequisite for this development was a large and sustained program of “grassroots” (aimed at the general public) and “treetops” (aimed at academia and policymakers) propaganda to promulgate the neoclassical understanding of economics in defence of pro-market regulation. The result is a public baffled and outraged by an apparent sudden outbreak of corporate greed, a corporate executive elite which genuflects toward the “ceremonial verities” of laissez-faire while operating a centralised autocracy (Munkirs & Knoedler, 1987, p. 1702), and a public regulatory apparatus which has never seen a price it doesn’t like.

> “The power of a few to manage the economic life of the nation must be diffused among the many or be transferred to the public and its democratically responsible government. If prices are to be managed and administered, if the nation's business is to be allotted by plan and not by competition, that power should not be vested in any private group or cartel, however benevolent its professions profess to be.” (Roosevelt, 1938).

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