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Woolworths Store Tiers Affect Product Availability

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Woolworths supermarkets across Australia maintain uniform pricing for identical products, with the exception of Metro outlets. However, consumers may still experience differences in product availability depending on the type of store they visit.

Woolworths operates under a three-tier system: Value, Core, and Up, which determines which products are stocked at specific locations. While this segmentation strategy is not publicly disclosed in-store signage or promotional materials, it directly influences the grocery shopping experience.

Former Woolworths CEO Brad Banducci noted in 2023 that store segmentation was progressing well, with Up stores growing at the fastest rate. These tiers are designed to tailor offerings to different community needs, but Woolworths has since reduced public references to the segmentation model.

Value stores typically stock lower-cost items, such as Woolworths Essentials pasta, priced at just 90 cents for 500 grams. These products are not always found in Up-tier stores, which tend to offer premium items like Swedish black caviar (\$6 for 50 grams) and high-end cheeses such as Cremeux d'Argental (\$65/kg).

An example of this difference is seen in Melbourne's Fitzroy and Toorak suburbs, where Woolworths stores stock prestige items like bronze-extruded penne rigate but do not carry the cheapest pasta varieties. In contrast, Value-tier stores in suburbs like Deer Park are more likely to carry budget products while omitting luxury items.

Core stores fall between the two, often offering a broad range that includes both affordable and premium items. Spotswood in inner Melbourne is one such example, where shoppers can find products from both ends of the pricing spectrum.

Woolworths is not alone in this approach. Coles also segments its stores, using a clearer labeling system that includes Format A, B, C, and Coles Local.

The Metro format, initially reserved for small stores, is now being used in larger outlets as well. Some consumer advocates have speculated that rebranding stores as Metro could be a strategy to support higher price points in certain areas. However, consumer group CHOICE found no significant pricing changes in most Metro stores, excluding those in CBDs and transit locations.

In addition to store segmentation, Woolworths uses a customer profiling system called CREST, which categorises shoppers into five types: Conscious, Refined, Essentials, Saver, and Traditional. The system is based on purchasing behaviour and demographics and helps inform product offerings.

While Woolworths has declined to publicly confirm which stores fall into which category, the shopping experience across its network suggests clear differentiation aligned with customer affluence and location.

Woolworths has been contacted for further comment.

