Authored by Hey You | Powered by Westpac Datax

AUSTRALIA'S DAILY BREW 2026

Prices, states, spenders, and the quiet tricks keeping the cost of your daily cup almost exactly where it was.
July 2025 - June 2026

CONTENT

If you would like to learn more about how Hey You can help you, please visit heyyou.com.au or contact support@heyyou.com.au

If you would like more insights on your sector or business from this and other Westpac data, please visit Westpac DataX or contact datax@westpac.com.au

INTRODUCTION

Australia's café economy is undergoing a quiet recalibration. The category contracted 1.4% year-on-year in June 2026. The decline was driven by a combination of fewer customers and visits through cafe doors, rather than existing customers spending less once they were there. Adding pain to cafe operators, headline coffee prices are rising at their slowest annual pace since the pandemic — up just 1.65% year-on-year to an average of $4.69 a cup — rising at roughly 60% of the pace of broader inflation.

Beneath these headline numbers lies further movement: **younger customers are visiting less** often while **older customers visit more** and spend more per visit, **venues are discounting harder**, **online is the fastest-growing channel, and matcha is booming.**

Some parts of the country are growing, while others are declining.

COFFEE PRICES ARE STILL RISING, BUT THEY ARE RISING SLOWER THAN ALMOST EVERYTHING ELSE IN AUSTRALIA.

THE COFFEE MARKET

The Australian café category is worth an estimated $10.15 billion annually. Total spend fell 1.4% to $750 million in June alone, on 2.6% fewer transactions and 1.3% fewer active customers.

Critically, average monthly spend per customer was essentially flat over the same period ($87.73 versus $87.79 a year earlier) — meaning this is not a story of customers spending less when they go out. It is a foot traffic story: fewer people are visiting cafés, and/or not visiting as frequently, and the decline in customer numbers accounts for a proportion of the decline in category revenue. Orders per customer fell from 4.96 to 4.90 (-1.3% YoY), while average order value rose from $17.68 to $17.90 (+1.2%).

The practical interpretation is straightforward — Australians are not abandoning their café habit, but among the customers who remain, spend per visit is doing more of the work than visit frequency, and the effect is a modest one rather than a dramatic shift.

This was reflected in our survey sent to over 600 cafes across Australia, where 83% of cafe owners have noticed a drop in cafe visits. We also asked venue operators how they're feeling about the year ahead. The answer: **cautious resilience. Half are concerned about the next 12 months, while a third remain optimistic.**

As most cafes are nervous about customers spending patterns and are absorbing rising costs — from ingredients and wages to the RBA surcharge ban — rather than raising prices. It reinforces that the next 12 months will be a tricky one for the cafe industry.

THE CAFE MARKET SNAPSHOT

$750M

Total café spend, June 2026 — down 1.4% YoY

-1.3%

Active customers, YoY — partially explains the sales decline

Metric	June-26	June-25	YoY
Total Spend	$749.9M	$760.6M	-1.4%
Total Transactions	41.9M	43.0M	-2.6%
Customers	8.5M	8.7M	-1.3%
Spend / Customer	$87.73	$87.79	~flat
Orders / Customer	4.90	4.96	-1.3%
AOV	$17.90	$17.68	+1.2%

THE CAFE MARKET SNAPSHOT BY STATE

National averages conceal considerable regional variation. Year-on-year coffee price movements range.

REGION	SPEND	YoY	AVG. SPEND	ORDERS / MONTH
SYDNEY	$167.5M	-3.2%	$16.17	5.73
MELBOURNE	$149.8M	+1.1%	$17.50	5.04
BRISBANE	$78.5M	-1.3%	$17.54	4.98
REGIONAL QLD	$75.9M	-3.5%	$19.71	4.48
REGIONAL NSW	$72.7M	-2.3%	$18.95	4.40
PERTH	$67.1M	-2.7%	$17.89	4.73
REGIONAL VIC	$43.1M	+0.3%	$19.88	4.40
ADELAIDE	$34.0M	+1.4%	$18.85	4.16
ACT	$17.3M	-3.4%	$16.62	5.85

YOUR CUP OF COFFEE PRICE VS. INFLATION

The average cup of coffee in Australia reached $4.69 in June 2026, up 1.65% on the same month a year earlier — the smallest annual increase recorded since 2020.

$4.69

Average cup, June 2026 — up 1.65% YoY

~60%

Slower price growth than headline inflation

Set against the cost of living, that rise is roughly 60% slower than headline inflation. But the headline price doesn't tell the whole story, cafés are competing harder on discounts, and customers are increasingly skipping upsizes and paid modifiers. Together, these shifts are quietly repricing the category without ever touching the menu board.

+90%

More discounted orders, YoY

-1%

Fewer orders with upgrades

-2%

Fewer orders with milk modifiers

The takeaway for merchant strategy: menu price tells only part of the story. Discounting harder, upsizing less, and skipping paid modifiers are each small moves on their own — but together they add up to real margin pressure that operators are quietly absorbing, without ever raising a number on their menu.

YOUR CUP OF COFFEE PRICE BY STATE

Several local patterns are worth drawing out beneath the simple national comparison:

- Australia's two largest café markets, NSW and Victoria, recorded the smallest price rises. This is plausibly linked to competitive intensity. These two states are widely seen as having the highest density of independent cafe operators
- Queensland, with a far smaller café footprint than NSW or Victoria, still posted a +7.81% increase — above both southern neighbours.
- On absolute pricing, **Tasmania had the priciest average cup in the country at $5.44**, while Victoria — the slowest-rising state — also has the country's cheapest average cup at $4.61.

REGION	AVG. PRICE	YoY
QLD	$4.79 vs. $5.17	**+7.81%**
WA	$4.96 vs. $5.22	**+5.28%**
TAS	$5.26 vs. $5.44	**+3.29%**
SA	$4.62 vs. $4.70	**+1.69%**
NSW	$4.60 vs. $4.66	**+1.29%**
VIC	$4.56 vs. $4.61	**+1.11%**

CARD SURCHARGES: OPERATOR'S VIEW

Café owners aren't panicking about the surcharge ban — they're quietly adapting.

Our survey found a split response to the RBA's card surcharge ban: 33.3% of operators had already adjusted prices to absorb the cost, while 66.7% don't plan to change pricing at all. Rather than reacting, they're treating the ban like any other cost pressure, managing it alongside wages and ingredients.

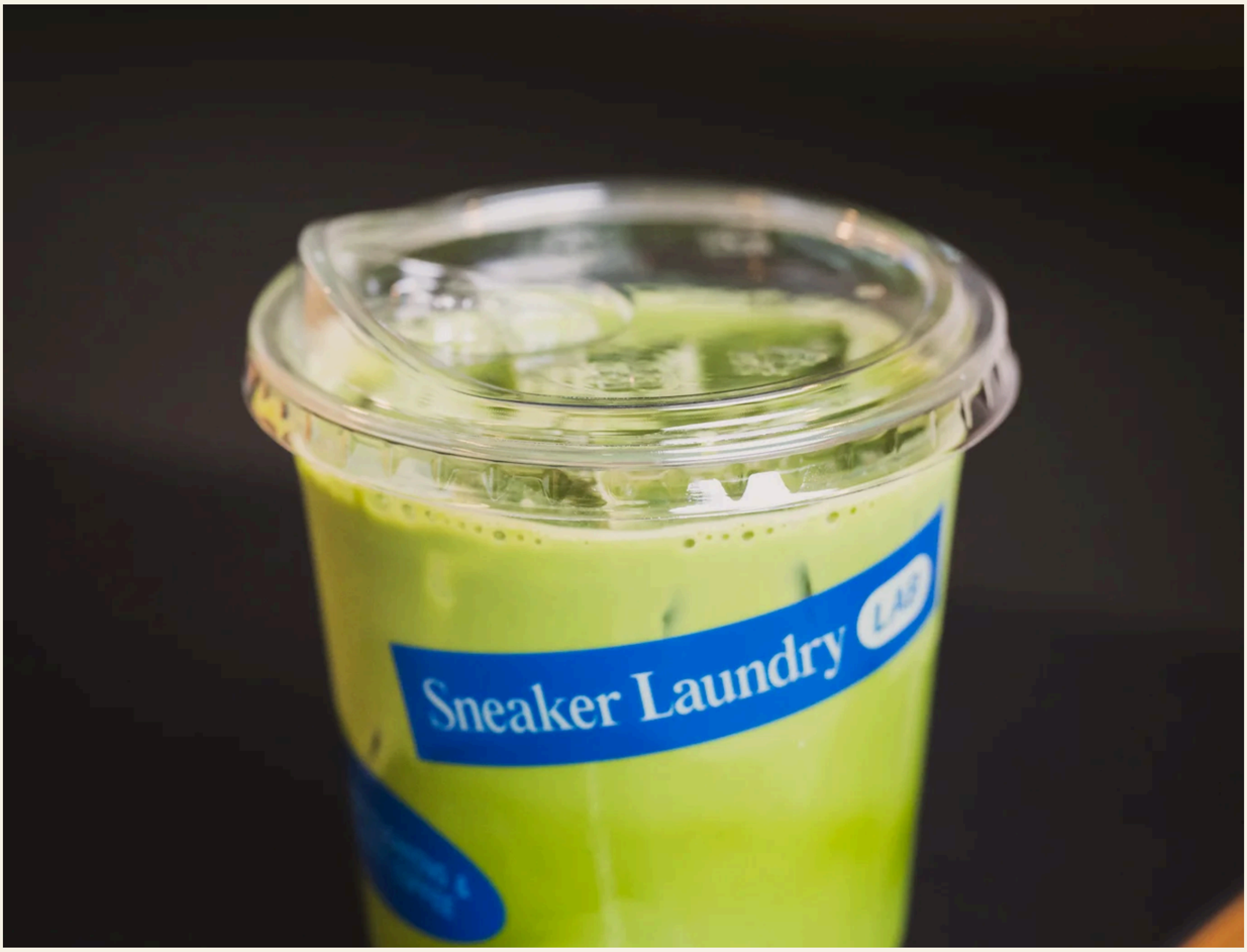
Whether they raised prices or held steady, the approach was deliberate. For many, avoiding another visible price increase matters more than recovering every cost. The result is the same: café owners continue to absorb policy and operating pressures long before customers notice them. This is a directional finding, but it reflects a measured, not reactive, response.

> **WE UNDERSTAND WHY CUSTOMERS DISLIKE SURCHARGES. BUT WITH CAFÉS OPERATING ON TIGHT MARGINS, MANY WILL SIMPLY NEED TO INCLUDE THOSE COSTS IN MENU PRICES TO KEEP SERVING GREAT COFFEE, FOOD, AND EXPERIENCES.**
>
> **— GEOFF, HESTER'S & JUNE'S SHOPPE**

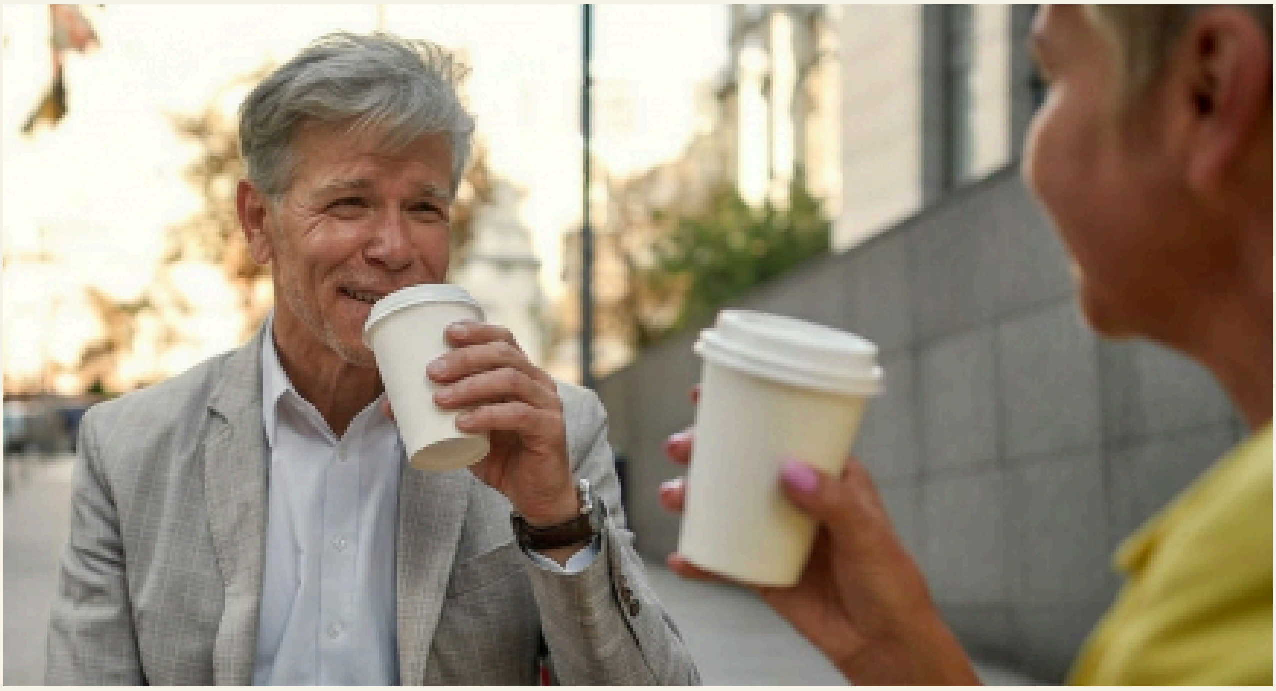
THE MATCHA CRAZE

Matcha has emerged as the fastest-growing drink item on the Hey You platform with a 133% YoY increase. More venues are adding it to their menus, driven by two reinforcing factors: healthier margins for operators, and rising customer demand, particularly among younger consumers. This trend is being driven almost entirely by demand from customers under 35 — the same cohort that is otherwise reducing its visit frequency.

The strategic significance of matcha is less about its current share of total orders, which remains modest, and more about what it signals: a younger customer base that is willing to experiment with new formats and price points, even as its overall visit frequency declines. Menu innovation of this kind may be an effective lever for re-engaging this segment without relying on price discounting alone.



GENERATIONAL CAFE DIVIDE



Age-band data reveals a clear and consistent divergence in café behaviour.

Every age group under 55 is trending down on visit frequency, with the steepest decline among under-35s: transactions among 18–24 year-olds fell from 5.05 million to 4.72 million from June 2025 to June 2026, while the 25–34 band fell from 9.91 million to 9.50 million.

By contrast, the 65+ cohort is expanding its routine — visits among 65–74 year-olds are up 1.9% year-on-year, and over-75s are up 4.0%

$21.81

Average transaction spend, 75+ age group

$15.98

Average transaction spend, 18 to 24 age group

GENERATIONAL CAFE DIVIDE

This is not simply a story of frequency. Average transaction value is rising across every age band, but older customers spend markedly more per visit: as at June 2026, the 75+ cohort averages $21.81 per visit compared with $15.98 for 18–24 year-olds — a gap of $5.83, or roughly 36%.

At a category level, the 55+ group now accounts for approximately 31% of total café spend, up from around 30% a year earlier, while the 25–44 cohort holds a steady ~42% share.

Under-35s are shaping the menu conversation, but over-65s are the ones putting more money on the counter, visit after visit. Loyalty and retention strategy should be designed with this distinction in mind, rather than assuming trend-driven engagement automatically converts to the highest-value spend.

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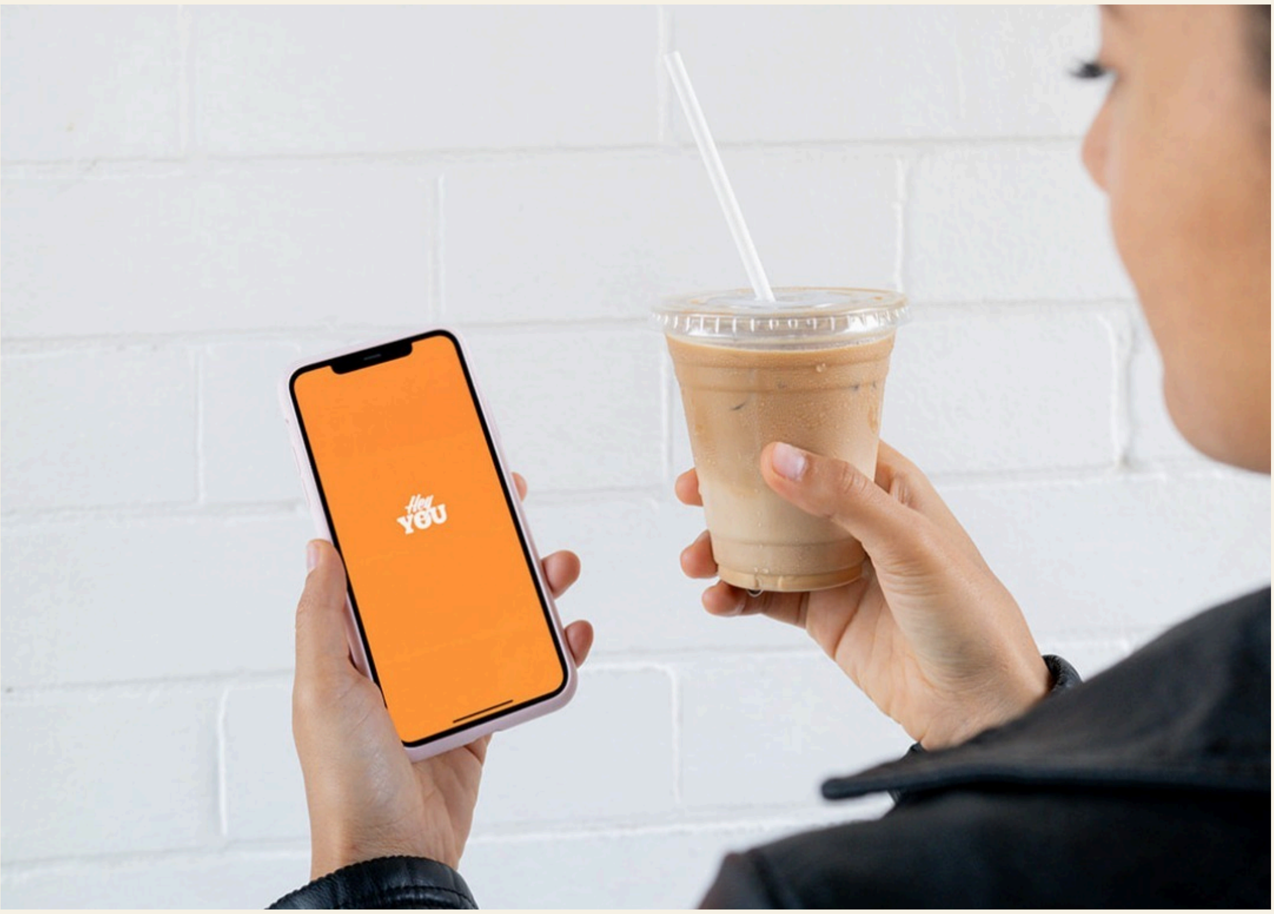
THE COMMERCIAL IMPLICATION IS STRAIGHTFORWARD: THE CUSTOMER SETTING THE TREND AND THE CUSTOMER GENERATING THE MOST RELIABLE REVENUE ARE NOT THE SAME PERSON.

CHANNEL INSIGHTS



+4.1%
YoY online transactions growth

2.8X
Average spend in online transactions ($47 vs. $17)

The café category remains overwhelmingly an in-person occasion: 93% of spend in June 2026 was transacted in person, a proportion that has held steady (between 93% and 93.5%) throughout the 13-month period. Online ordering — the channel in which Hey You directly competes — accounts for the remaining 7% of spend, ranging between 6.5% and 7.3% month to month.

CHANNEL INSIGHTS

Online is a small slice of the category today, but it is the only channel showing year-on-year growth, up 4.1% in June 2026 versus the prior year, against a backdrop of declining overall transaction volumes. **Online orders also carry a materially higher average value: $47 per order in June 2026**, nearly three times the $17 average for in-person transactions — consistent with larger, delivery-style or bulk/office orders rather than single-cup purchases.

This combination — a small but growing channel with a materially larger basket size — represents a disproportionate growth opportunity relative to its current share, particularly for platforms, like Hey You, built around pre-ordering and group or workplace occasions where higher basket sizes are the norm rather than the exception.

APP ORDERS HAVE CHANGED HOW OUR MORNINGS RUN. CUSTOMERS ORDER ON THE WAY IN, WE HAVE IT READY, AND THEY'RE STRAIGHT BACK OUT. NO QUEUE, NO WAITING. IT'S BECOME A CORE PART OF HOW WE OPERATE — AND IT SHOWS IN HOW OFTEN OUR REGULARS COME BACK.

— DANIEL, HILLS BROS CAFE

STAYING AHEAD

The data in this report points to concrete, practical moves independent café operators can make now — largely without waiting on broader economic conditions to improve. The following recommendations are drawn directly from the patterns identified.

COMPETE ON OFFERS, NOT LIST PRICE.	Promotional orders are up 90% year-on-year, showing cafés are increasingly competing through offers, not menu prices. Smart, targeted promotions can drive volume without lowering headline pricing.
MAKE THE STANDARD SIZE GENUINELY APPEALING	Upsize and paid-modifier rates are falling, suggesting cafés should ensure their standard offering delivers strong value without relying on add-ons.
BUILD LOYALTY MECHANICS AROUND YOUR REGULARS	Over-65s visit more often and spend more than any other age group, making loyalty and customer recognition more valuable than discounts aimed at new and younger customers.

STAYING AHEAD

USE TREND ITEMS TO OPEN THE DOOR

Use trend drinks like matcha to attract younger customers, then convert them into regulars with loyalty rewards and follow-up offers.

CHECK YOUR PRICING AGAINST YOUR LOCALS

Regional price differences mean local benchmarking is more valuable than relying on state and national averages.

MAKE PRE-ORDERING AND ONLINE GENUINELY EASY

Online ordering is the fastest-growing channel and delivers nearly three times the average order value, making pre-order essential for capturing larger workplace and group orders.

STAYING AHEAD

Running a café or restaurant in 2026 means navigating rising costs, shifting customer habits and fierce competition, all while trying to deliver a bloody great experience, every time.

That's where Hey You and Westpac DataX come together.

Here's what you get:

Hey You gives you rich, real-time insights into what your customers are ordering, when they visit and how they behave — right down to the suburb and store.

Westpac DataX complements that with high-level trends from millions of anonymised card transactions, showing how your venue stacks up against the broader market.

What You Can Learn:

- **How your pricing compares to similar cafés** and restaurants in your area or state
- **Where visit frequency is dropping** and what's driving that change
- **How your loyalty and repeat business** is tracking over time
- **Which drinks or menu items are trending up or down** — from flat whites to matchas
- **Where price sensitivity is emerging,** helping you fine-tune offers and avoid friction

THE FINAL SIP

The Australian café market isn't shrinking—it's evolving. Prices have remained relatively restrained despite inflation, with growth increasingly driven by promotions rather than permanent price rises.

Visit frequency is softening across most demographics, while over-65s have become the category's most reliable customers. At the same time, younger Australians continue to shape trends without matching spend, and regional differences mean there's no single national story.

While cafés remain overwhelmingly an in-person experience, online ordering is the only channel still growing.

For cafés, the opportunity is clear—reward loyal customers, adapt to local market conditions, and use menu innovation to turn younger visitors into long-term regulars.

That's where Hey You and Westpac DataX come in. By combining transaction data with real-world ordering behaviour, we help cafés understand how they compare with the wider market so they can make smarter decisions today and stay ahead of customer want.