

Statement of Issues

Godfrey Hirst / Bremworth

23 December 2025

Introduction

1. On 24 October 2025, the Commerce Commission registered an application (the Application) from Mohawk Industries, Inc (Mohawk) seeking clearance for it, or any interconnected body corporate of Mohawk, to acquire 100% of the shares of Bremworth Limited (Bremworth) (the Proposed Acquisition).¹ In New Zealand, Mohawk's interconnected bodies corporate include Godfrey Hirst New Zealand Limited (Godfrey Hirst) and Floorscape Limited (Floorscape).²
2. As required by the Commerce Act 1986 (the Act), we assess mergers and acquisitions using the substantial lessening of competition test, which we describe further below.
3. To grant clearance for the Proposed Acquisition, we must be satisfied that it will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.
4. This Statement of Issues (Sol) sets out the potential competition issues we have identified following our initial investigation. This is so Godfrey Hirst, Bremworth (the Parties) and other interested parties can provide us with submissions and further information relating to those issues.
5. In reaching the preliminary views set out in this Sol, we have considered information provided by the Parties and other industry participants. We have not yet made any final decisions on the issues outlined below (or any other issues) and our views may change, and new competition concerns may arise, as the investigation continues.

The issues we are continuing to investigate

6. On the basis of the evidence collected to date, we are currently not satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in one or more relevant markets.
7. Our preliminary view is that the most appropriate market with which to assess the effect of the Proposed Acquisition on competition is a national market for the

¹ A public version of the Application is available on our website at:

<https://www.comcom.govt.nz/caseregister/>

² Unless the context requires otherwise, for purposes of this Sol, we refer to Godfrey Hirst as the relevant Mohawk party that we are engaging with, and receiving and seek submissions from, as part of our investigation.

manufacture or import and wholesale supply of soft flooring. Such a market would include the supply of all types of carpets to all types of customers.³

8. Regardless of the boundaries of the relevant market, the Act requires us to ask whether competition will be substantially lessened in a market. A lessening of competition does not need to be felt across an entire market, or relate to all dimensions of competition in a market, for that lessening to be substantial.
9. At this stage, we are currently not satisfied that the Proposed Acquisition would not substantially lessen competition due to unilateral effects, enabling the merged entity to profitably increase carpet prices charged to retailers (and end-customers) above the level that would prevail without the Proposed Acquisition, or decrease the quality of service below the level that would prevail absent the Proposed Acquisition. As a result, we are continuing to assess:
 - 9.1 the closeness of competition between Godfrey Hirst and Bremworth, and the extent to which any competition may be likely to change in the future;
 - 9.2 the constraint on the merged entity from competing domestic manufacturers;
 - 9.3 the constraint that importers of synthetic and wool carpets would place on the merged entity;
 - 9.4 the ability of new imports to constrain the merged entity;
 - 9.5 whether large customers would have a sufficient degree of countervailing power over the merged entity;
 - 9.6 whether any efficiencies arising from the Proposed Acquisition would prevent customers in the soft flooring market from being adversely affected in a material way so that the merger would be unlikely to substantially lessen competition; and
 - 9.7 the level of constraint that products from outside the soft flooring market (ie, hard flooring products) would have on the merged entity.
10. As part of assessing the potential for unilateral effects in the soft flooring market, we are also considering whether any lessening of competition between Godfrey Hirst and Bremworth in the supply of a particular type of carpet (such as wool carpet or synthetic carpet) would adversely affect a significant section of the soft flooring market and whether this would be enough to amount to a substantial lessening of competition.
11. In addition, we are currently not satisfied that the Proposed Acquisition would not substantially lessen competition due to conglomerate (or portfolio) effects in one or

³ In the remainder of this Sol, we refer to 'carpet' and 'soft flooring' interchangeably because both of these terms are used by industry participants.

more relevant markets, impacting the balance of negotiating power between Mohawk (through Godfrey Hirst and Floorscape) and its customers, and/or enabling Mohawk (through Godfrey Hirst and Floorscape) to foreclose its competitors. As a result, we are continuing to assess whether the Proposed Acquisition has the potential to give rise to conglomerate (or portfolio) effects, for example, by:

- 11.1 strengthening Mohawk (through Godfrey Hirst and Floorscape)'s negotiating position in its commercial arrangements with retailers in the supply of soft and/or hard flooring; and/or
 - 11.2 increasing barriers for other suppliers of soft and/or hard flooring to supply to retailers by limiting their access to retail floor space.
12. In considering the issues outlined above, at this stage of our investigation, we consider it likely that any ultimate decision by the Commission will require us to determine the likely competitive constraint that imports of carpet would impose on the merged entity across the entire price/quality spectrum of the different carpet products. As set out further below in this Sol, we seek further information and/or submissions from industry parties on the extent of this constraint.

The issues that do not currently raise concerns

13. We are currently of the view that the Proposed Acquisition would not be likely to substantially lessen competition due to coordinated effects in a national market for the manufacture or import and wholesale supply of soft flooring. At this stage, it appears that this market would not be vulnerable to coordination because prices, volumes and other terms of sale are not transparent and products are differentiated, making it more difficult to identify a focal product for coordination.
14. In addition, in assessing the potential for vertical effects, we are currently of the view that the Proposed Acquisition would not be likely to substantially lessen competition in any markets upstream or downstream of the wholesale supply of soft flooring products.
- 14.1 In order to manufacture carpet, both Godfrey Hirst and Bremworth need to acquire the necessary fibres from upstream suppliers and both parties acquire New Zealand grown wool. However, we understand that, post-acquisition, the merged entity would be in competition with, and constrained by, a variety of domestic and overseas purchasers of the New Zealand wool that can be used to manufacture carpets.
 - 14.2 In order to supply carpet to end-customers, both Godfrey Hirst and Bremworth tend to sell their products through flooring retailers or other third parties. As such, there is no relevant downstream overlap in the supply of carpet.
15. We do not consider the potential for coordinated or vertical effects further in this Sol but welcome submissions on this.

Process and timeline

16. We have agreed with Godfrey Hirst to extend the period in which to make a decision until **13 March 2026**. Further extensions may be agreed between the Commission and Godfrey Hirst.
17. We invite timely submissions and supporting evidence from the Parties and other interested parties on the issues raised in this Sol. We request responses by close of business on **2 February 2026**, including a confidential and public version of any submission made where relevant.
18. All submissions received will be published on our website with appropriate redactions.⁴ All parties will have the opportunity to cross-submit on the public versions of submissions received from other parties. Cross-submissions must be received by close of business on **10 February 2026**.
19. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with the Commission at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.
20. The Commission aims to assess merger clearance applications in a timely and efficient manner, and therefore expects submissions to be prepared and filed in a timely fashion. The clearance process is designed to enable any interested parties to participate. It is important that all parties involved endeavour to comply with the timeframes set out above.

Our framework

21. As noted in our Statement of Preliminary Issues (SoPI)⁵ and earlier in this Sol, the Act requires us to assess mergers and acquisitions using the substantial lessening of competition test. The Act, together with relevant case law, governs the way in which we consider all mergers, including the Proposed Acquisition. Our approach to this assessment is also based on the principles set out in our Mergers and Acquisitions Guidelines (Guidelines).⁶
22. We determine whether a merger or acquisition is likely to substantially lessen competition in a market by considering what would change with a merger. We do so by comparing the likely state of competition if a merger proceeds (the scenario with a merger, often referred to as the factual), with the likely state of competition if a merger does not proceed (the scenario without a merger, often referred to as the

⁴ Confidential information must be clearly marked (by highlighting the information and enclosing it in square brackets). Submitters must also provide a public version of their submission with confidential material redacted. At the same time, a schedule must be provided which sets out each of the pieces of information over which confidentiality is claimed and the reasons why the information is confidential (preferably with reference to the Official Information Act 1982).

⁵ The SoPI dated 28 October 2025 is available on our case register alongside all submissions received on the SoPI.

⁶ Commerce Commission, *Mergers and Acquisitions Guidelines* (May 2022). Available on our website at www.comcom.govt.nz

counterfactual).⁷ This allows us to assess the degree by which the Proposed Acquisition might lessen competition.

23. Whether or not a lessening of competition as a result of a merger is substantial depends on the particular circumstances.⁸ It is the degree to which competition has been lessened which is critical. A lessening of competition does not need to be felt across an entire market, or relate to all dimensions of competition in a market, for that lessening to be substantial. A lessening of competition that adversely affects a significant section of the market may be enough to amount to a substantial lessening of competition.⁹ Further, in markets that are already concentrated, a smaller change in competition with a merger may amount to a substantial lessening of competition than would be the case in markets that are less concentrated to begin with.¹⁰
24. In considering the Application and assessing whether the Proposed Acquisition is likely to substantially lessen competition, our focus is on what would change with the Proposed Acquisition. Unless we are satisfied that any lessening of competition as a result of the Proposed Acquisition is not likely to be substantial, we cannot give clearance.

The Parties

25. Godfrey Hirst manufactures and supplies a range of carpet and hard flooring products to residential and commercial customers across Australia and New Zealand. It is ultimately owned by Mohawk, which operates a range of flooring businesses in different parts of the world. In New Zealand, Mohawk operates via:
 - 25.1 Godfrey Hirst, which supplies carpet made from both wool and synthetic fibres under brand names such as Godfrey Hirst, GH Commercial and Feltex; and
 - 25.2 Floorscape, which supplies a range of hard flooring products made from materials such as sheet vinyl, Luxury Vinyl Tile (LVT) and laminates under brand names such as Quick-Step and Pergo.
26. Bremworth manufactures and supplies a range of carpet products to residential and commercial customers across Australia and New Zealand. In New Zealand, Bremworth primarily supplies wool carpet under its 'Bremworth' brand. Bremworth ceased supplying synthetic carpet several years ago but, following a strategic review, it is in the process of introducing a new range of synthetic carpet.

⁷ *Commerce Commission v Woolworths Limited* (2008) 12 TCLR 194 (CA) at [63].

⁸ *ANZCO Foods Waitara Ltd v AFFCO NZ Ltd* (2005) 11 TCLR 278 at [240] (CA).

⁹ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888.

¹⁰ M Sumpter, *New Zealand Competition Law and Policy* (CCH, Auckland, 2010) at 186-187, discussing the decision in *Air New Zealand v Commerce Commission* (2004) 11 TCLR 347 (HC).

Relevant industry background

27. This section summarises some of the key industry information about the supply of carpet in New Zealand, including:
 - 27.1 where the carpet is manufactured;
 - 27.2 the type of fibre used to make the carpet;
 - 27.3 how carpet is wholesaled in New Zealand and supplied to end-customers; and
 - 27.4 past assessments by the Commission.
28. Both Godfrey Hirst and Bremworth have carpet manufacturing operations in New Zealand and supply their carpets to customers in New Zealand as well as to customers located overseas. The only other domestic manufacturer of carpet is Carpet Mill.
29. In addition to domestic manufacturers of carpet, carpet is imported into New Zealand, both directly and indirectly, from manufacturers located across the world.
 - 29.1 In some cases, overseas carpet manufacturers have their own sales representatives based in New Zealand. These manufacturers include Belgotex New Zealand Limited (Belgotex), and The Victoria Carpet Company Proprietary Limited (Victoria Carpet).
 - 29.2 Alternatively, some carpet suppliers wholesale carpet that is sourced from an overseas manufacturer to New Zealand customers. In some cases, this wholesale supply is under the label (or the brand) of the manufacturer, and in other cases, the carpet is contract manufactured for a New Zealand-based wholesaler, which then supplies the carpet under its own brand. Suppliers that wholesale imported carpet include Wools of New Zealand Holdings Limited (Wools of NZ) and Robert Malcolm Limited (Robert Malcolm). We understand that retailers can also import product directly.
30. The carpet that is supplied in New Zealand tends to be made from three main types of fibres, namely:
 - 30.1 wool, which is a natural fibre known for its insulation and hypoallergenic properties. We understand that wool carpet tends to be a more 'high end' product in terms of price and quality although there are a number of different price points for wool carpet;
 - 30.2 solution dyed nylon (SDN), which is a synthetic fibre known for being stain resistant and durable. We understand that SDN carpet tends to be a more 'mid-range' product although, like wool, there are a number of different price points for SDN carpet; and

- 30.3 polyester, which is a synthetic fibre known for its stain resistance and value. We understand that polyester carpet tends to be a more 'low end' product in terms of price and quality.
31. In addition, the carpet can be produced by two different processes: either by the tufting process; or the weaving process. Because each process is different, the total cost to produce a particular volume of carpet can vary significantly between the two processes.¹¹
- 31.1 Tufted carpet is produced by inserting strands of yarn into a backing using a needling technique, forming loops of tufts at the required length. A latex coating is applied to the reverse side, anchoring tufts in position. A secondary backing is used in the finishing process to add strength and stability.
- 31.2 Woven carpet is produced on a loom similar to woven cloth. Typically, many coloured yarns are used and this process is capable of producing intricate patterns from pre-determined designs.
32. The format in which the carpet is produced and supplied can also vary. Broadloom carpets are supplied in rolls that enable the carpet to be installed seamlessly across a floor. Alternatively, carpet tiles are supplied in a pre-cut modular form, which enables the carpet to be more easily repaired and/or replaced than a broadloom carpet. Because each format is installed differently, the total cost to install the carpet can vary significantly between the two formats.¹²
33. In New Zealand, there are multiple channels through which carpet is installed in buildings.
- 33.1 There are a variety of flooring retailers across the country and these retailers typically stock a range of carpet and other flooring products. The scale of retailers varies from one off independent stores, all the way up to retail chains with a large footprint of stores across New Zealand. Retailers generally stock a range of carpet products at different price points and across fibre types to serve a wide range of customers. Most retailers will also perform the installation of carpet for the end-customers (such as residential homeowners or commercial businesses).
- 33.2 In addition to flooring retailers, there are some large commercial customers that source carpet directly from manufacturers and wholesalers. We understand that, in some circumstances, these customers can be referred to as 'pure' commercial customers because they might purchase large volumes of carpet for specific commercial projects such as an office, a retail store or a hospitality venue. Alternatively, there are also other types of customers purchasing large volumes of carpet but whose purchasing decisions may align more with the needs of residential end-consumers. For example, group home

¹¹ The processes for making hard flooring products are also very different.

¹² Based on Stats NZ import data, we understand that a significant percentage of the carpet that is imported into New Zealand is in the form of carpet tiles.

builders or rest home developers might require similar types of carpet as a residential homeowner but in much greater volumes as they are installing carpet across multiple sites or locations.

34. At this stage, we understand that the majority of the carpet volumes supplied in New Zealand are made from synthetic fibres although, as discussed further below, we are seeking further information about these volumes. We understand that one of the reasons for this is that synthetic carpet, and polyester carpet in particular, tends to be cheaper to produce than wool carpets. Synthetic carpet also tends to be the preferred fibre for carpet installed in commercial settings in New Zealand.
35. Industry participants advised that the majority of end-customers purchase carpet for residential homes, with these customers predominantly purchasing their carpet from a retailer. In this scenario, retailers typically source carpet from a manufacturer and/or wholesaler and then provide the necessary installation services for the end-customer. To this extent:
 - 35.1 the end-customer only has an indirect relationship with the carpet manufacturer via the retailer; and
 - 35.2 because they are responsible for the installation, retailers tend to only stock carpets that meet their preferred quality and service standards.
36. In 2006 and 2007, the Commission considered clearance applications relating to the supply of carpet.¹³
 - 36.1 In both these cases, we assessed the supply of wool and synthetic carpet together in what we considered to be a differentiated product market for the supply of carpet.
 - 36.2 In both these cases, there were several large domestic manufacturers of carpet and the presence of these domestic manufacturers was one of the main factors in the Commission's decision to grant clearance.

Market definition

37. Market definition is a tool that helps to identify and assess the close competitive constraints a merged firm is likely to face. Determining the relevant market(s) requires us to judge whether, for example, two products are sufficiently close substitutes as a matter of fact and commercial common sense to fall within the same market.¹⁴
38. We define markets in the way that we consider best isolates the key competition issues that arise from the Proposed Acquisition. In many cases this may not require

¹³ See Commerce Commission - Godfrey Hirst NZ Limited and Feltex Carpets Limited (Decision 587, 31 August 2006) and Commerce Commission - Cavalier Corporation Limited and Norman Ellison Holdings Limited (Decision 628, 14 November 2007).

¹⁴ *Mergers and Acquisitions Guidelines* above n6 at [3.7-3.8].

us to precisely define the boundaries of a market. A relevant market is ultimately determined as a matter of fact and commercial common sense.¹⁵

39. There may not be a bright line that separates those products that are within a market from those outside that market. A product may compete more closely (be a closer substitute) with some products than with others. This is particularly the case where products are differentiated, such as with branded products.¹⁶
40. We have yet to form final views on the scope of the relevant markets. For the purposes of this Sol, we consider the competitive effects of the Proposed Acquisition would be best isolated by defining a national market for the manufacture or import and wholesale supply of soft flooring (the soft flooring market).
41. In defining a soft flooring market, we have focused our consideration on the potential product and customer dimension of the market because we have consistent feedback on the relevant functional and geographic dimension of the likely market.
 - 41.1 Godfrey Hirst and Bremworth compete at the wholesale level of the supply chain, so the relevant functional dimension is the wholesale supply of carpets by domestic manufacturers and importers of carpets made overseas.
 - 41.2 Any relevant market would be national given that suppliers are able to supply nationwide.

Godfrey Hirst's submissions

42. Godfrey Hirst noted that, while the Commission has previously considered there to be a discrete product market for carpet (that includes a broad spectrum of both synthetic and wool carpet), market dynamics have changed over time and there is now a broader market that includes all flooring solutions and so soft flooring and hard flooring products as well as rugs are included in the same market.¹⁷ In Godfrey Hirst's view:¹⁸
 - 42.1 soft flooring products can include carpet made from synthetic fibres, such as SDN and polyester, as well as from wool fibres; and
 - 42.2 hard flooring products can include ceramic tiles, sheet vinyl, LVT, timber (including bamboo and cork), laminates as well as 'Hybrids', which blend laminates with vinyl.

¹⁵ Commerce Act, Section 3(1A). See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81] and *Mergers and Acquisition Guidelines* above n6 at [3.7-3.10]

¹⁶ *Mergers and Acquisition Guidelines* above n6 at [3.11].

¹⁷ The Application at [47-51] and [57-70] with reference to Commerce Commission - Godfrey Hirst NZ Limited and Feltex Carpets Limited (Decision 587, 31 August 2006) and Commerce Commission - Cavalier Corporation Limited and Norman Ellison Holdings Limited (Decision 628, 14 November 2007), and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [21], [55], and [63].

¹⁸ The Application at [60-62].

43. Godfrey Hirst submits that consumers currently have a diverse range of flooring solutions to choose from, and this significant product differentiation means that soft flooring solutions and hard flooring solutions should be included in the same product market.¹⁹ For example, Godfrey Hirst submits that increasingly, consumers include flooring solutions other than carpet to cover their floor, with carpet often confined to the bedrooms in residential application. Everywhere else in the house, consumers can substitute timber, lino, laminate, rugs and other floor coverings instead of carpet.²⁰
44. Godfrey Hirst submits that the real issue facing carpet manufacturers is that carpet sales volumes are declining, as customers are shifting to other flooring solutions. In Godfrey Hirst's view other flooring options can be recognised as a competitive constraint on the supply of carpet, regardless of whether carpet and hard flooring products are included in the same market or not.²¹
45. In a report prepared for Chapman Tripp, NERA submits that, at the very least, there is a single wholesale market for carpet that would include wool and synthetic fibre carpet types.²² To support this, NERA presents Godfrey Hirst sales data over the period 2019-2024, and observes that:
 - 45.1 in relation to average prices for Godfrey Hirst residential carpet products by fibre type, "the gap between SDN and wool has generally been slightly smaller than the gap between SDN and polyester"²³ and "there is no more of a brightline distinction between synthetic and wool carpets than there is between different types of synthetic carpets";²⁴
 - 45.2 looking at prices for a sample of SKUs for SDN and wool fibre carpets, "it can be seen that there is a degree of overlap and certainly proximity between wool and SDN carpets";²⁵ and
 - 45.3 on the demand-side, "the pricing evidence is consistent with a chain-of-substitution".²⁶

Our current view

46. The conceptual framework we use when we define the relevant market in a merger is the 'hypothetical monopolist test'. We ask whether a hypothetical monopolist could profitably impose a small, but significant, non-transitory increase in price (a

¹⁹ The Application at [63].

²⁰ The Application at [69].

²¹ See the Application at [75] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at page 28 and [84].

²² The Application at Attachment F - NERA Report prepared for Chapman Tripp at [3-15].

²³ The Application at Attachment F - NERA Report prepared for Chapman Tripp at [9].

²⁴ The Application at Attachment F - NERA Report prepared for Chapman Tripp at [11].

²⁵ The Application at Attachment F - NERA Report prepared for Chapman Tripp at [15].

²⁶ The Application at Attachment F - NERA Report prepared for Chapman Tripp at [8].

SSNIP) for at least one of a merged firm's products or services. This will be the case when there are few good substitutes to the product or service in question.²⁷

47. We consider substitution by both customers and suppliers and ask, if prices increased, whether:
 - 47.1 customers would switch sufficient purchases to alternative products, services or locations so that a SSNIP is not profitable (customer or demand-side substitution); and/or
 - 47.2 rival firms would easily, profitably and quickly (generally within one year) switch production to the products, services or locations in question without significant cost so that a SSNIP is not profitable (supplier or supply-side substitution).

Product dimension

48. As outlined above, Godfrey Hirst submits that there is some degree of demand-side substitutability between carpet and other floor coverings and that the product market should extend to include hard flooring options.²⁸
49. Our current view is that it would not be appropriate to expand our market to include hard flooring options. Market feedback from our investigation so far indicates that:
 - 49.1 it is unlikely that there is significant demand-side substitution between soft and hard flooring, and that where it does take place, this substitution generally occurs at the project design stage;²⁹
 - 49.2 the use cases for hard flooring are often different – we have heard that hard flooring is chosen for its aesthetic, ability to be cleaned and water resistance, especially in kitchens, bathrooms, entrances and high-traffic zones, while carpet is chosen for warmth, acoustic comfort and softness for areas like bedrooms, lounges and chairs;³⁰ and

²⁷ *Mergers and Acquisitions Guidelines* above n6 at [3.17-3.18]. In this case, our current view is that the hypothetical monopolist test is well equipped to identify close substitutes. By contrast, a framework involving chains of substitution may not properly focus on the closeness of substitution and may result in the inclusion of distant substitutes.

²⁸ See the Application at [57] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [21], [55], and [63].

²⁹ For example, see Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.6], Commerce Commission interview with [] (11 November 2025) and Cowes Bay Group – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [9].

³⁰ For example, see Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.6] and Anonymous C – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (18 November 2025) at [2.2].

- 49.3 many modern homes combine both hard flooring in living, kitchen and dining areas and carpet in bedrooms.³¹
50. As such, we expect that a SSNIP imposed by a hypothetical monopolist supplier of carpet would be profitable as most customers would not switch to a hard flooring alternative in response to a 5-10% increase in the price of carpet.
51. While Godfrey Hirst submits there is a broad product market encompassing both soft and hard flooring, it also considers that, at a minimum, there is a broad spectrum of overlapping substitutable bands in the supply of carpet (or soft flooring).³² We are still investigating whether it may be appropriate to define separate product markets for specific fibre types (such as wool) or for different price points within a soft flooring product market, or whether it would be more appropriate to define a single differentiated product market.
52. In determining whether it is appropriate to define more narrow markets, we will consider the:
- 52.1 extent of any demand-side substitution by customers; and
- 52.2 ability of suppliers to produce a range of products using different fibre types with the same equipment and inputs.
53. Our investigation so far indicates there is a wide range of soft flooring products and prices. Soft flooring products include carpet made from synthetic fibres, such as SDN and polyester, as well as from wool fibres. Each fibre type has slightly different comfort and performance attributes that can make them suitable for different uses. There is also some overlap between fibre types, particularly at mid-range price points.
54. On the demand side, we have heard that:
- 54.1 the main factors that are important for end-consumers when selecting a carpet tend to be price, performance/durability and colour, and for some customers, fibre type;³³

³¹ For example, see Anonymous C – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (18 November 2025) at [2.2] and Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.6].

³² The Application at [51].

³³ For example, see Commerce Commission interview with [] (13 November 2025), Commerce Commission interview with [] (14 November 2025), Commerce Commission interview with [] (11 November 2025), Commerce Commission interview with [] (2 December 2025) and Matthews Law – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (27 November 2025).

- 54.2 many residential customers will consider a range of fibre types, and for these customers, wool and various synthetic carpets may be closely substitutable within a given price and colour range;³⁴
- 54.3 some customers will have a strong preference for wool. For example, high-end residential customers or those wanting wool for sustainability reasons are less likely to find synthetics substitutable;³⁵
- 54.4 some customers have a strong preference for SDN or polyester. For example, investors may want SDN or polyester for rental properties due to price and perceived stain resistance properties;³⁶ and
- 54.5 commercial customers often procure products to strict performance specifications based on a range of factors, of which price is just one.³⁷ Some commercial customers will also have special use case requirements, for example relating to high-wear-and-tear hospitality spaces.
55. On the supply side, we have heard that synthetic carpet and wool carpets are close substitutes. Most carpet manufacturers currently make (or are able to make) a combination of wool and synthetic carpets using largely the same production facilities and with little or no additional investment.³⁸ For example:
- 55.1 Godfrey Hirst produces a wide range of wool, SDN and polyester carpet products across price points and submits that a plant can be readily switched from wool to SDN production;³⁹ and
- 55.2 Bremworth has recently reintroduced SDN carpets into its product range with its existing manufacturing equipment;⁴⁰ although
- 55.3 we have heard that wool carpet manufacturing is a more time-consuming process due to the non-uniform nature of natural fibres.⁴¹

³⁴ For example, see Commerce Commission interview with [] (11 November 2025) and Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.5].

³⁵ For example, see Commerce Commission interview with [] (11 November 2025) and Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.5].

³⁶ For example, see Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.5] and Commerce Commission interview with [] (11 November 2025).

³⁷ For example, see Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.5] and Commerce Commission interview with [] (13 November 2025).

³⁸ For example, see Commerce Commission interview with [] (5 November 2025) and Commerce Commission interview with [] (8 October 2025).

³⁹ For example, see Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cows Bay and Anonymous A-D) – 8 December 2025 at [83] and [92].

⁴⁰ Bremworth ‘Reintroduce Synthetic Carpet to Meet Market Demand’ (9 May 2025).

⁴¹ For example, see the Application at Attachment B – Bremworth Information Memorandum [] and Commerce Commission interview with [] (5 November 2025).

56. Based on the evidence from our investigation to date, our current view is that it would be appropriate to define a single differentiated product market for carpet.

Next steps in assessing the product dimension

57. We invite further information and/or submissions on our approach to the product dimension. In particular, we are interested in:
- 57.1 information and/or data that illustrates how much of the carpet volumes supplied in New Zealand are wool carpets versus synthetic carpets;
 - 57.2 information and/or data that illustrates any trends related to the supply of wool carpets and synthetic carpets in New Zealand;
 - 57.3 the extent to which end-customers consider different carpet products to be close substitutes for one another across the spectrum of carpet products, fibre types and price points;
 - 57.4 evidence that indicates, or would enable an estimate of, the proportion of end-customers that do not consider different carpet products to be substitutable (for example, the proportion of end-customers who would only ever purchase wool carpet); and
 - 57.5 the extent to which imported wool carpet products are considered a close substitute for locally manufactured wool carpet products, and if so, which wool carpet brands are most closely substitutable for Bremworth and Godfrey Hirst/Feltex branded wool carpet products.

Customer dimension

58. Where relevant, we may define separate markets for different customer groups. This would be appropriate if the competitive conditions differ across customers. For example, if large customers have substantially different requirements and can only be served by certain suppliers.
59. The main channels to market for carpet are through flooring retailers and direct to customer (eg to 'pure' commercial customers and group home builders (or similar)). We are still considering whether it would be appropriate to define separate customer markets for any particular customer group.
60. On the supply side, market feedback to date suggests that many carpet suppliers service both commercial and retail customers, although their relative presence, including the nature of products sold and shares of supply in each channel may vary.
61. On the demand side, the requirements of some commercial customers appear to differ from those of retailers and group home builders.
- 61.1 As noted above, commercial customers may have special use case requirements that drive their demand for a particular carpet product and/or fibre type. As one example, customers with a large portfolio of residential

assets may have an ongoing need to replace carpet with the same carpet product over time, to retain the standard look and feel. These requirements may have a bearing on the carpet supplier and carpet products sought by the customer.⁴²

- 61.2 Commercial customers appear to be the only customers that buy carpet tiles rather than broadloom carpet. We understand that carpet tiles are better for managing wear and tear.
- 62. The way carpet is commonly purchased appears to be different for (some) commercial customers. Commercial customers typically have a procurement process which could involve a competitive tender and may take place through a specification process with architects, designers, and/or quantity surveyors.⁴³
- 63. For these reasons, it may be appropriate to define separate markets for commercial, group home builders and retailer customers.
- 64. Based on the evidence we have collected to date, we do not have sufficient basis to define the precise boundaries of any customer markets. Therefore, at this stage, we will consider any differences in the constraints imposed on the merging parties for different customer groups in our competitive assessment.

Next steps in assessing the customer dimension

- 65. We invite further information and/or submissions on our approach to the customer dimension. In particular, we are interested in:
 - 65.1 the extent to which existing suppliers are currently serving all potential wholesale customers and/or customer groups;
 - 65.2 the ability of suppliers to serve all potential customer groups in the future, and over which time horizon;
 - 65.3 the ability of the merged entity to price discriminate by charging different prices to particular wholesale customers and/or customer groups (such as flooring retailers); and
 - 65.4 whether our proposed approach of not defining discrete customer dimensions, groups and/or segments would result in any material gaps in our assessment of the potential competitive effects of the Proposed Acquisition.

⁴² For example, one customer noted that it is important for it to have the same carpet across all its sites and that the reliability of ongoing supply and availability of the specific carpet needed at the time that it is needed is a big driver of choice of supplier. Commerce Commission interview with [] (13 November 2025).

⁴³ For example, see Commerce Commission interview with [] (13 November 2025) and Commerce Commission interview with [] (2 December 2025).

Other markets considered by the Commission

66. We also consider that there are two other potential markets that may be affected by the Proposed Acquisition, being:
- 66.1 a market involving the acquisition of New Zealand grown wool; and
 - 66.2 a market involving the wholesale supply of hard flooring products in New Zealand.
67. At this stage, we do not consider it necessary to undertake a formal market definition exercise in respect of each of these markets, because:
- 67.1 in respect of a market involving the acquisition of New Zealand grown wool, we do not currently have concerns about the competitive effect of the Proposed Acquisition at this functional level. Currently, the merging parties purchase only a small proportion of this wool, in competition with domestic and overseas buyers and so any market for the acquisition of wool is unlikely to be impacted significantly by the Proposed Acquisition; and
 - 67.2 in respect of a market involving the wholesale supply of hard flooring products in New Zealand, the parties do not currently overlap. However, as discussed below, we are considering whether a market involving the wholesale supply of hard flooring products in New Zealand may be affected by the Proposed Acquisition through the potential for conglomerate (or portfolio) effects.
68. We welcome submissions on these views.

With and without scenarios

69. Assessing whether a substantial lessening of competition is likely requires us to:
- 69.1 compare the likely state of competition if the Proposed Acquisition proceeds (the scenario with the acquisition, often referred to as the factual) with the likely state of competition if it does not (the scenario without the acquisition, often referred to as the counterfactual); and
 - 69.2 determine whether competition is likely to be substantially lessened by comparing those scenarios.

With the acquisition scenario

70. With the Proposed Acquisition, Mohawk would acquire all of the carpet assets and branding relating to Bremworth and so it would remove Bremworth as an independent competitor to Godfrey Hirst in the soft flooring market. In this scenario, we understand that the merged entity would be the largest domestic manufacturer of wool and synthetic carpet.

Without the acquisition

71. As a practical matter, we usually focus our analysis on the likely without-the-merger scenario we consider the most competitive. At this stage, we consider it is appropriate to assess the impact of the Proposed Acquisition against a counterfactual scenario where Bremworth operates independently of Godfrey Hirst.

Godfrey Hirst's submission

72. Godfrey Hirst considers there are several potential counterfactual scenarios including a status quo scenario and a new owner scenario.⁴⁴ However, it also submits that:
- 72.1 regardless of counterfactual scenario, there would be no effective change to the competitive factors such as the competition from imports, the reduction in the barriers to imports, the constraint from local manufacturing and new entry via imports, the countervailing constraint from retailers and the constraint from other flooring solutions;⁴⁵
 - 72.2 the Commission must not speculate as to possible alternative purchasers if the facts show that none exist;⁴⁶
 - 72.3 while Bremworth has publicly announced the reintroduction of synthetic carpet manufacturing, it is clear that the Bremworth Board considers seeking alternative ownership to be the best option for the business's longevity and it is incorrect to assume that the introduction of a new SDN carpet line is likely to reverse Bremworth's decline;⁴⁷ and
 - 72.4 if the Proposed Acquisition does not proceed, any alternative purchaser presumably would make a less attractive offer to shareholders and there is no assurance that an alternative purchaser would have the manufacturing expertise or investment capacity to turn around Bremworth's performance and ensure its future success.⁴⁸

Our current view

73. Based on our current assessment, we consider the most competitive likely counterfactual scenario is the status quo, with Bremworth continuing to operate as a going concern. In this scenario, Bremworth would likely be:
- 73.1 manufacturing and distributing a range of wool carpet; and

⁴⁴ The Application at [79].

⁴⁵ The Application at [81].

⁴⁶ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [19].

⁴⁷ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [78-79].

⁴⁸ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [61].

- 73.2 manufacturing and distributing a range of synthetic carpet, consistent with its recent announcements about its re-entry into synthetic carpet.⁴⁹
74. It is widely known that Bremworth has faced some financial and performance issues in the recent past resulting in a change in leadership and a strategic review.⁵⁰ However, more recently, Bremworth announced that it is “building a business that can compete, grow and create value for shareholders over the long term” under its current structure or as part of the Proposed Acquisition.⁵¹
75. Nevertheless, we recognise that there has been recent discussions in relation to the challenging future that Bremworth faces.⁵² In assessing the without the acquisition scenario, we are required to assess the possible scenarios that might arise and discard those that are unlikely (or not a real chance).
76. At this stage, we cannot exclude the real chance that, absent the Proposed acquisition, Bremworth would continue as a going concern and compete, in some form, with Godfrey Hirst in the supply of wool and synthetic carpet.
77. We invite further information and/or submissions on the likely without the acquisition scenarios.

Summary of the competition issues we are continuing to investigate

78. At this stage, we are currently not satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in one or more relevant markets due to the potential for unilateral effects and/or conglomerate (or portfolio) effects.
- 78.1 Unilateral effects arise when a firm merges with a competitor that would otherwise provide a significant competitive constraint (particularly relative to remaining competitors) such that the merged firm can reduce quality or profitably increase price above the level that would prevail without the merger, without the profitability of that increase being thwarted by rival firms’ competitive responses.⁵³
- 78.2 A merger between suppliers (or buyers) who are not competitors but who operate in related markets can result in a substantial lessening of competition through ‘conglomerate effects’. Conglomerate effects can occur if the merger gives the merged firm a greater ability or incentive to engage in conduct that

⁴⁹ Bremworth ‘Reintroduce Synthetic Carpet to Meet Market Demand’ (9 May 2025).

⁵⁰ See Bremworth ‘Bremworth announces strategic review’ (17 February 2025), Bremworth ‘Reintroduce Synthetic Carpet to Meet Market Demand’ (9 May 2025), and Bremworth ‘Update on strategic review’ (21 July 2025).

⁵¹ Bremworth ‘CEO’s Address Craig Woolford, Annual meeting speech’ (12 November 2025).

⁵² For example, see NBR “Bremworth’s board warns of challenging future in closed meeting’ (12 November 2025).

⁵³ *Mergers and Acquisitions Guidelines* above n6 at [3.62].

prevents or hinders rivals from competing effectively, or where the merger increases the likelihood of coordinated behaviour between firms.⁵⁴

Summary of the unilateral effects issues we are continuing to investigate

79. We are currently not satisfied that the loss of existing and potential competition between Godfrey Hirst and Bremworth would not give rise to unilateral effects.
 - 79.1 Industry participants consider Godfrey Hirst and Bremworth to be the two most prominent domestic manufacturers of carpet in the soft flooring market although each is facing competition from suppliers of carpet from manufacturers located overseas.
 - 79.2 We are still assessing what would constrain the merged entity. In particular, we have received mixed feedback on the likely constraint from importers of carpet, particularly in relation to the supply of wool carpet, and whether imports of carpet would be sufficient to constrain the merged entity and remove the potential for unilateral effects. These imports could come from existing or new competitors or retailers/customers importing directly.
80. Industry participants advised that imports of synthetic carpet make up a large portion of the supply in the soft flooring market. Godfrey Hirst consider these imports would be sufficient to constrain the merged entity from increasing the price, or reducing the quality, of the carpets it would supply.
81. However, other industry participants told us that wool carpet is an important part (or section) of the soft flooring market. However, we understand that there are fewer existing suppliers of wool carpet compared to synthetic carpet.⁵⁵ Because of this, Godfrey Hirst and Bremworth tend to compete closely in the supply of wool carpet and this competition would be lost as a result of the Proposed Acquisition.
82. We are continuing to investigate the extent to which imported carpet products may act as an effective competitive constraint across the full range of carpet products. In particular, we are interested in understanding the extent to which competition from imported SDN or other synthetic carpet products would constrain the merged entity from increasing its prices for wool carpet products.
83. We also note that Bremworth is in the process of re-commencing its supply of synthetic carpets which may have an impact on how Bremworth and Godfrey Hirst would compete with one another absent the Proposed Acquisition.
84. As outlined above, only a lessening of competition that is substantial is prohibited under the Act. A lessening of competition does not need to be felt across an entire

⁵⁴ *Mergers and Acquisitions Guidelines* above n6 at [5.1-5.15]. Conglomerate effects relate to a merger between firms that supply products that may relate to each other (for example, complementary products).

⁵⁵ For example, see Commerce Commission interview with [] (2 December 2025) and Commerce Commission interview with [] (13 November 2025).

market, or relate to all dimensions of competition in a market, for that lessening to be substantial.⁵⁶

85. Accordingly, we are continuing to assess whether any lessening of competition between Godfrey Hirst and Bremworth, such as in the supply of wool or in the supply of synthetic carpet, would adversely affect a significant section of the soft flooring market and whether this would be enough to amount to a substantial lessening of competition.⁵⁷

Summary of the conglomerate effects issues we are continuing to investigate

86. Flooring retailers typically offer a range of soft and hard flooring solutions. Our market feedback to date suggests that Mohawk, through Godfrey Hirst and Floorscape, is currently an important trading partner for flooring retailers and that this importance would increase if Mohawk was to acquire Bremworth.
87. Given this feedback, we are continuing to consider whether the Proposed Acquisition has the potential to give rise to conglomerate (or portfolio) effects, for example, by:
- 87.1 strengthening Mohawk (through Godfrey Hirst and Floorscape)'s negotiating position in its commercial arrangements with retailers in the supply of soft and/or hard flooring. For example, Mohawk potentially leveraging its position in one product segment in order to boost sales in another product segment; and/or
 - 87.2 increasing barriers for other suppliers of soft and/or hard flooring to supply to retailers by limiting their access to retail floor space. For example, by Mohawk (through Godfrey Hirst and Floorscape) offering pricing and rebate structures to reward retailers for using Mohawk as a preferred supplier.
88. We explain our reasons for our current views below and invite further information and submissions on them.

Unilateral effects

89. We are currently not satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in one or more relevant markets due to unilateral effects.

⁵⁶ More generally, the courts have recognised that it “cannot be the case that competition in a market is not substantially lessened unless competition across the whole of the market is lessened”, see *Port Nelson Ltd v Commerce Commission* (CA) (1996) 7 TCLR 217, at 235; and that it is the “degree to which competition has been lessened that is critical”, rather than the proportion of that lessening to the whole of competition which exists in the total market, see *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888. *Mergers and Acquisitions Guidelines* above n6 at [2.24-2.25].

⁵⁷ See *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888; *Commerce Commission v Port Nelson Ltd* (HC) (1995) 6 TCLR 406, 436.

90. In a differentiated product market like carpet, some products will be closer substitutes and compete more vigorously with each other than other products. Unilateral effects are more likely to arise when the products the merging firms supply are relatively close substitutes.⁵⁸
91. In this section we assess whether unilateral effects are likely to arise from the Proposed Acquisition by considering:
 - 91.1 the closeness of competition between Godfrey Hirst and Bremworth, and the extent to which any competition may be likely to change in the future;
 - 91.2 the constraint on the merged entity from competing domestic manufacturers;
 - 91.3 the constraint that importers of synthetic and wool carpets would place on the merged entity;
 - 91.4 the ability of new imports to constrain the merged entity;
 - 91.5 whether large customers would have a sufficient degree of countervailing power over the merged entity;
 - 91.6 whether any efficiencies arising from the Proposed Acquisition would prevent customers in the soft flooring market from being adversely affected in a material way so that the merger would not be likely to substantially lessen competition; and
 - 91.7 the level of constraint that products from outside the soft flooring market (ie, hard flooring products) would have on the merged entity.

Chains of substitution in soft flooring products

92. As set out earlier in this Sol, NERA concludes that “on the demand-side, the pricing evidence is consistent with a chain-of-substitution.”⁵⁹
93. ‘Chains of substitution’ arise in circumstances where there is a continuous chain of substitutable products. In these circumstances, it is sometimes argued that the relevant market must include the entire chain, and that competition ripples through the chain so that, for example, intense competition at one end of the chain (in this case, imported mid-range SDN products) will constrain prices across the whole chain (including for high-end wool carpet products).
94. Our current view is that the closer the products are in terms of quality, brand and price, the more closely the products compete and therefore stronger the competitive constraint. As the distance between products increases, for example from a high-end Bremworth wool carpet to a mid-range Godfrey Hirst SDN carpet,

⁵⁸ *Mergers and Acquisitions Guidelines* above n6 at [3.71].

⁵⁹ The Application at Attachment F - NERA Report prepared for Chapman Tripp at [8].

and further to a low-cost imported polyester carpet, the competitive influence weakens.

95. In our investigation, we will continue to assess the competitive constraints that the merged entity would face across the range of carpet products that Godfrey Hirst and Bremworth supply. The strength of these constraints may vary across the spectrum of price/quality/fibre types.
96. Ultimately, the precise point where the chain breaks or the exact market boundaries matter less. What is important is the closeness of competition between the parties and whether there is sufficient aggregate constraint from imports, potential entry/expansion, and countervailing power to prevent price increases or quality reductions.

Godfrey Hirst's submissions

97. Godfrey Hirst submits that the Proposed Acquisition would not be likely to substantially lessen competition due to unilateral effects. In its view, this is because the merging parties are not each other's closest competitor and because the merged entity would be constrained by:
 - 97.1 domestic-based carpet manufacturers and suppliers such as Carpet Mill and Wools of NZ;⁶⁰
 - 97.2 carpet manufacturers based overseas - Godfrey Hirst estimates that approximately 50% of all the carpet purchased and installed in New Zealand is imported and these imports would impose a significant constraint on the merged entity;⁶¹
 - 97.3 potential entry - Godfrey Hirst considers that there are no barriers restricting overseas carpet manufacturers, with no existing import presence in New Zealand, from importing their carpets into New Zealand;⁶²
 - 97.4 the countervailing power of customers - Godfrey Hirst submits that many retailers operate as buying groups and, because carpet is usually sold through retailers, these retail buying groups have the ability to sponsor entry and expansion from overseas carpet manufacturers;⁶³ and
 - 97.5 flooring substitutes such as hard flooring and/or rugs - Godfrey Hirst considers that consumer preferences for soft flooring options like carpet are changing and so many customers consider hard flooring solutions (such as

⁶⁰ The Application at [84-90].

⁶¹ See the Application at [91-99] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [32-33], [51], [54], [57], [85] and [103], and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Matthews Law and Link Economics) – 10 December 2025 at [45] and [69].

⁶² The Application at [100-104] and [107-108].

⁶³ See the Application at [118-131] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [62] and [66].

ceramics, timbers, laminates, sheet vinyl and/or vinyl tiles) are an alternative to carpet.⁶⁴

98. Godfrey Hirst also submits that the presence of alternative suppliers would mean that the efficiency gains (some of which are variable cost savings) arising from the Proposed Acquisition would be passed on to retailers (and ultimately carpet consumers).⁶⁵
99. We discuss these submissions and our current thinking on them below.

Our current view – closeness of competition between the parties

100. Godfrey Hirst and Bremworth are the two largest (out of three) domestic carpet manufacturers in New Zealand. They each have a long history of manufacturing and supplying carpets in New Zealand and have strong brand recognition among flooring retailers and end-consumers.
101. Godfrey Hirst submits that it has experienced declining competition from Bremworth over the last five years. However, it does acknowledge that, if Bremworth's re-entry into synthetic carpets is successful and it were to manage to return to participating in all carpet segments as previously, both Bremworth and Godfrey Hirst would sell products into the carpet retailers for residential sales and try to win contracts or projects across the various commercial segments.⁶⁶ Nonetheless, it does not consider that Godfrey Hirst and Bremworth are each other's closest competitor because:
 - 101.1 Bremworth's market share is declining and must be contrasted with growing market share from imports (who are Godfrey Hirst's closest competitors and the source of intense competition);⁶⁷
 - 101.2 there is no vigorous price competition between Godfrey Hirst and Bremworth;⁶⁸ and
 - 101.3 the suggestion that the Proposed Acquisition will remove a potential synthetic carpet manufacturer is fatuous/not logical given the volume of synthetic carpet already imported and Bremworth's small re-start operation.⁶⁹

⁶⁴ The Application at [60-76].

⁶⁵ See the Application at [140] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [49] and page 28.

⁶⁶ The Application at the Addendum at [26] and [28].

⁶⁷ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [32-33] and [54], and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Matthews Law and Link Economics) – 10 December 2025 at [28] and [47].

⁶⁸ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [34].

⁶⁹ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [34], and Chapman Tripp (on behalf of Godfrey Hirst) –

102. At a high level, industry participants have indicated that Godfrey Hirst and/or Bremworth have the strongest brand recognition.⁷⁰ For some retailers, Godfrey Hirst and/or Bremworth take up a large proportion of sales volumes.⁷¹ We have also received some feedback that they tend to respond to each other's price changes/supply decisions.⁷²
103. We are still assessing the closeness of competition between Godfrey Hirst and Bremworth. However, based on the evidence gathered to date, we consider that Godfrey Hirst is likely to be Bremworth's closest competitor, particularly for the supply of wool carpets. This is primarily because the parties are the two key domestic manufacturers of wool carpets in New Zealand which, until recently, has been Bremworth's sole focus. As discussed further below, we also understand that wool carpets have, at least historically, accounted for a relatively small proportion of all imported carpet products.
104. For the reasons above, we also consider that Bremworth could be appropriately described as Godfrey Hirst's closest competitor. However, we note that this is not entirely clear cut in light of Bremworth – until recently – being solely focused on the supply of wool carpets while Godfrey Hirst has consistently offered a broader range of flooring products (including synthetic carpets and hard flooring). Further, in addition to the matters raised by counsel for Godfrey Hirst (summarised above):
- 104.1 some market feedback to date indicates that Bremworth has been experiencing supply and/or quality issues in recent years;⁷³ and
- 104.2 some market participants have indicated that Bremworth has not in recent years been as much of a significant player as it used to be.⁷⁴
105. That said, as noted elsewhere, Bremworth has recently re-commenced the manufacture of synthetic carpets and appointed new leadership/management and this could impact on the level of competition between Bremworth and Godfrey Hirst in the counterfactual scenario. For example:

Comments on submissions on SoPI (Matthews Law and Link Economics) – 10 December 2025 at [12.7-12.8].

⁷⁰ For example, see Commerce Commission interview with [] (11 November 2025). Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (14 November 2025) and Commerce Commission interview with [] (2 December 2025).

⁷¹ For example, see Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (11 November 2025).

⁷² Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (14 November 2025).

⁷³ For example, see Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (11 November 2025) and Commerce Commission interview with [] (14 November 2025).

⁷⁴ For example, see Commerce Commission interview with [] (7 November 2025) and Commerce Commission interview with [] (13 November 2025).

- 105.1 some market feedback to date indicates that retailers supported the leadership change and were seeing positive signs following the change;⁷⁵ and
- 105.2 some market participants consider that Bremworth's re-entry into synthetic carpet resulted in a strong competitive response from Godfrey Hirst.⁷⁶
- 106. To this extent, we are continuing to assess whether these recent changes at Bremworth would mean that it would be a closer and more effective competitor to Godfrey Hirst in the future when compared to the recent past, in relation to both wool and synthetic carpets.⁷⁷

Next steps in assessing the closeness of competition in the soft flooring market

- 107. We are continuing to explore the closeness of competition between Godfrey Hirst and Bremworth, and whether the degree of that closeness may be likely to change in the future. We invite further information and/or submissions on this point. In particular, we are interested in:
 - 107.1 how closely Godfrey Hirst and Bremworth compete and the extent of competition that would be lost with the Proposed Acquisition;
 - 107.2 whether any closeness of competition between Godfrey Hirst and Bremworth varies depending on any particular factor (such as price, quality, service, customer type, customer preference etc);
 - 107.3 any evidence to show that Godfrey Hirst and Bremworth's closest competitors are, or are not, importers rather than each other;
 - 107.4 how Godfrey Hirst and Bremworth have competitively reacted to each other in the past including after price increases, quality decreases and/or supply shocks;
 - 107.5 internal pricing documents from Godfrey Hirst and Bremworth illustrating how they each set their prices across the spectrum of carpet products, and the extent to which their prices across of price/quality spectrum relate to one another (including any assessment of any pricing relationships across the spectrum of their differentiated carpet products);
 - 107.6 internal documents from retailers illustrating how the pricing set by Godfrey Hirst and/or Bremworth compares across the spectrum of carpet products, and the extent to which Godfrey Hirst's and/or Bremworth's prices across the price/quality spectrum relate to one another; and

⁷⁵ For example, see Commerce Commission interview with [] (14 November 2025) and Commission interview with [] (11 November 2025).

⁷⁶ Link Economics (prepared for Matthews Law) – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (27 November 2025) at [7].

⁷⁷ See Bremworth 'Bremworth announces strategic review' (17 February 2025), Bremworth 'Reintroduce Synthetic Carpet to Meet Market Demand' (9 May 2025), and Bremworth 'Update on strategic review' (21 July 2025).

107.7 the extent to which Bremworth's re-entry into synthetic carpets has impacted, or may impact in the future, on the degree of competition between Godfrey Hirst and Bremworth.

Our current view – existing competition and expansion from domestic manufacturers

108. We are currently not satisfied that the merged entity would be materially constrained by Carpet Mill, the only other domestic manufacturer of carpet.⁷⁸
109. Godfrey Hirst submits that Carpet Mill would continue to provide meaningful competition as a local manufacturer, with a unique retail service.⁷⁹
110. However, based on the evidence gathered to date, we consider that we can likely only place limited weight on Carpet Mill constraining the merged entity and that this is likely to be limited to synthetic carpets. This is primarily because we understand that Carpet Mill:
- 110.1 has a different business model to the merging parties in that it primarily supplies its products direct to consumers (rather than through retailers);⁸⁰
- 110.2 is smaller in scale than the merging parties;⁸¹ and
- 110.3 predominantly supplies synthetic carpets.⁸² As a result, Carpet Mill is less likely to be significant constraint for customers wanting wool carpet.

Next steps in assessing existing competition from domestic manufacturers

111. We invite further information and/or submissions on the likely constraint that Carpet Mill would provide on the merged entity. In particular we are interested in:
- 111.1 how the price, quality and breadth of Carpet Mill's carpet range compare to the carpet ranges of Godfrey Hirst and Bremworth; and
- 111.2 the extent to which consumers view Carpet Mill as a strong competitive alternative to Godfrey Hirst and Bremworth, and if so, for what types of products/projects.

⁷⁸ Because it manufactures its products outside of New Zealand, Wools of NZ is discussed below under the heading 'Our current view – existing competition from importers'.

⁷⁹ The Application at [84].

⁸⁰ <https://www.carpetmill.co.nz/about/the-carpet-mill-difference/>.

⁸¹ [].

⁸² For example, see [].

[

].

Our current view – existing competition and expansion from importers

112. We are currently not satisfied that the merged entity would be materially constrained by imported carpet products. We set out our current thinking below, delineated by wool and synthetic carpets because the level of and constraint from imports appears as though it may differ by fibre type.
113. As noted above, Godfrey Hirst estimates that approximately 50% of all the carpet purchased and installed in New Zealand is currently imported and these imports would impose a significant constraint on the merged entity.⁸³
- 113.1 The evidence received to date is broadly consistent with Godfrey Hirst's estimates that imports make up approximately 50% of the total volume of carpet that is supplied in New Zealand.⁸⁴
- 113.2 Consequently, we consider one of the key questions for the Commission at this stage is not the degree to which carpet imports exist, but rather, the extent to which imported products would materially constrain the merged entity and can be relied on (either in isolation or in combination with other potential constraints) to prevent a substantial lessening of competition in all or part of the soft flooring market.
114. Godfrey Hirst submits that:
- 114.1 it is not necessary for one importer to supply everything and in fact the import market is so competitive because there are many specialist suppliers who can each focus on one key product or fibre, be cost effective at producing it and send it to New Zealand in bulk, which gives the volume to fill their plants;⁸⁵
- 114.2 it is recognised that importers do have practical issues that need to be resolved, as do all suppliers from time to time, but against that shipping costs and lead-in times have reduced, travel costs and communication costs have lessened, product quality has improved, and tariffs have mostly disappeared;⁸⁶ and

⁸³ See the Application at [91-99], Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [32-33], [51], [54], [57], [85] and [103] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Matthews Law and Link Economics) – 10 December 2025 at [45] and [69].

⁸⁴ Based on internal calculations completed by comparing Stats NZ import data to revenues of domestic manufacturers.

⁸⁵ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [41].

⁸⁶ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [46]. See also similar feedback in paragraphs [73] and [85].

114.3 imports – like locally manufactured product – must comply with New Zealand legal requirements, satisfy consumer preference and affordability, and be able to provide satisfactory delivery.⁸⁷

115. As noted above, the business models of carpet importers vary. For example, overseas carpet manufacturers may have their own sales representatives in New Zealand. Alternatively, New Zealand based businesses can wholesale carpet to retailers by contracting with overseas manufacturers. In some situations, retailers can import directly from overseas manufacturers. We are still considering the significance of each of these routes to market for imported products.

Imported synthetic carpets

116. We understand that, in recent years, most imported carpets in New Zealand have been synthetic carpets.⁸⁸ Companies that import synthetic carpets into New Zealand include, but are not limited to, Jacobsen Creative Surfaces Limited (Jacobsen), Belgotex, Robert Malcolm and Victoria Carpet.

117. As part of our investigation to date, we have received mixed feedback on the price and quality of imported synthetic carpets as compared to Godfrey Hirst's products.⁸⁹ We suspect that this is because there is a wide range of imported synthetic carpets that span the price/quality spectrum.

118. However, we have also received feedback that importers can face some practical issues when supplying their product in New Zealand. We understand these can include the fact that:

118.1 importing involves extra costs such as shipping costs (which can be volatile);⁹⁰

118.2 importers are exposed to exchange rate volatility;⁹¹

⁸⁷ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Matthews Law and Link Economics) – 10 December 2025 at [35].

⁸⁸ For example, see the Application at [25], Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (14 November 2025). As noted above, based on Stats NZ import data, we understand wool carpet accounted for less than 10% of carpet that was imported into New Zealand 2024 (by volume).

⁸⁹ For example, see Commerce Commission interview with [] (7 November 2025), Commerce Commission interview with [] (2 December 2025), Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (11 November 2025) and Commerce Commission interview with [] (11 November 2025).

⁹⁰ For example, see Commerce Commission interview with [] (11 November 2025), Commerce Commission interview with [] (2 December 2025), Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (28 November 2025) and Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [3.4].

⁹¹ For example, see Commerce Commission interview with [] (11 November 2025) and Commerce Commission interview with [] (28 November 2025).

- 118.3 in some instances, imported products have longer lead times (although we understand this can be mitigated by importers holding stock in New Zealand);⁹²
- 118.4 importers often have a narrow range and/or tend to offer more niche products;⁹³
- 118.5 imported products are sometimes tailored more towards overseas markets and may not be the correct colour palette for New Zealand consumers;⁹⁴ and
- 118.6 retailers may be hesitant to stock imported products if they do not offer the same level of warranty/after sales service that is offered by the merging parties.⁹⁵
119. As well as seeking further information on the price and quality of imported synthetic carpets, we are still assessing how these practical issues have changed over time and whether they materially impact the reliance we can place on importers of synthetic carpets.

Imported wool carpets

120. While we understand that most imported carpet products in recent years have been synthetic carpets, we have heard that there are an increasing number of entities importing wool carpets.⁹⁶ We understand that this may be because demand for wool carpets by end-consumers has grown slightly in recent years (but is a smaller proportion of the market compared to synthetics).⁹⁷ Companies that import wool carpets into New Zealand include but are not limited to, Wools of NZ, Jacobsen, Belgotex, Robert Malcolm and Victoria Carpet.
121. We understand that importers of wool carpet products likely face the same practical issues described above. To date, we have also received mixed feedback on the price and quality of imported wool carpet. For example, some industry participants have indicated that imported wool carpets are not of comparable quality to the merging

⁹² For example, see Commerce Commission interview with [] (11 November 2025), Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [3.4] and Anonymous C – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (18 November 2025) at [3.5]

⁹³ For example, see Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (13 November 2025) and Cowes Bay Group – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [29].

⁹⁴ For example, see Commerce Commission interview with [] (11 November 2025).

⁹⁵ For example, see Commerce Commission interview with [] (14 November 2025).

⁹⁶ For example, see Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (28 November 2025). Many importers of wool carpets use New Zealand grown wool even if the product is manufactured overseas.

⁹⁷ Based on Stats NZ import data (by volume), we understand that in 2019 about 4% of the carpet that was imported in New Zealand was wool carpet whereas in 2024, this figure was about 10%.

parties' products.⁹⁸ However, we have also received some feedback to suggest that imported wool carpets have been enjoying some success in New Zealand.⁹⁹

122. Overall, however, the general feedback we have received is that there may be fewer high quality imported wool carpet options for retailers (and end-customers) than there are imported synthetic carpet options. Therefore, as well as seeking further information on the price and quality of imported wool carpets and whether or not the practical issues materially impact the reliance that can be placed on importers of wool carpets, we are also assessing:

122.1 the ability of existing wool suppliers to expand their presence in New Zealand through retailers, as well as the appetite for retailers to supply more imported wool carpet products; and

122.2 whether any price/quality impact in wool supply would adversely affect a significant section of the market to amount to a substantial lessening of competition.

Next steps in assessing the competitive constraint from imports

123. We invite further information and/or submissions on the likely constraint that importers of synthetic and wool carpets would place on the merged entity. In particular, we are interested in:

123.1 how imported synthetic and wool carpets compare to and/or are substitutes for the merging parties' products in terms of factors such price, quality, range and (after-sales) service;

123.2 whether existing importers could easily, and in a timely manner, increase the volumes of carpet they are supplying in New Zealand;

123.3 whether the business model of importers impacts the competitive constraint each importing entity provides on the merging parties;

123.4 any different regulatory requirements applying to domestically manufactured carpets as compared to imported carpets;

123.5 any similarities and/or differences in the manufacturing costs between domestic carpet manufacturers and those manufacturers based overseas;

123.6 the differences in the supply and/or logistics costs between sourcing carpets from an overseas supplier compared to a domestic carpet manufacturer (being the 'landing' costs that are in addition to manufacturing costs such as shipping and/or storage costs as well as exchange rates costs/risks etc);

⁹⁸ For example, see Commission interview with [] (14 November 2025), Commerce Commission interview with [] (28 November 2025) and Anonymous A - Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (9 November 2025) at [5].

⁹⁹ For example, see Commission interview with [] (28 November 2025).

- 123.7 the extent to which New Zealand end-customers value 'New Zealand made' carpets;
- 123.8 the extent that any constraint on the merged entity from imported carpets products would vary based on wholesale customer type;
- 123.9 the willingness (or otherwise) of flooring retailers to increase their sales to end-customers using imported synthetic and wool carpets;
- 123.10 whether flooring retailers would switch a material portion of their purchases to imported product if faced with a significant price increase from the merged entity and any risks and/or related costs in doing this;
- 123.11 any similarities and/or differences between a flooring retailer having a high reliance on imported carpet products compared to high reliance on domestically produced carpet products; and
- 123.12 the likely constraint that imported products would provide on the merged entity across the full range of products that Godfrey Hirst and Bremworth currently supply.

Our current view - potential entry or expansion

- 124. We are currently not satisfied that potential new entry or expansion would provide a material constraint on the merged entity in the soft flooring market.
- 125. Entry or expansion must be likely, as well as timely and of sufficient scale, before it could constrain the merged firm and prevent a substantial lessening of competition. In other words, we assess whether entry by new competitors or expansion by existing competitors is likely to be sufficient in extent in a timely fashion (generally within two years) to constrain the merged firm and prevent a substantial lessening of competition. This is referred to as the 'LET test'.¹⁰⁰
- 126. Based on the evidence currently before us, we do not consider entry by a new domestic manufacturer is likely, primarily due to costs.¹⁰¹
- 127. However, Godfrey Hirst considers that there are no barriers restricting overseas carpet manufacturers, with no existing import presence in New Zealand, from importing their carpets into New Zealand.¹⁰²
- 128. As noted above, there are already a variety of overseas carpet manufacturers and/or importers with an existing presence in New Zealand and we are assessing further their ability to expand because we have received at least some feedback that

¹⁰⁰ *Mergers and Acquisitions Guidelines* above n6 at [3.95].

¹⁰¹ For example, see Commerce Commission interview with [] (7 November 2025), Commerce Commission interview with [] (13 November 2025) and Anonymous A - Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (9 November 2025) at [6]. We discuss the likelihood of expansion by the only other domestic manufacturer of carpets, Carpet Mill, above.

¹⁰² The Application at [100-104] and [107-108].

importers could increase the volume of carpets they are manufactured/getting manufactured.¹⁰³

129. We are also assessing where overseas manufacturers (particularly of wool carpets) that do not have an existing presence in New Zealand would be likely to sit on the price/quality spectrum.
130. Any increase in the level of imported carpet products in New Zealand would also raise the same questions previously discussed, ie, the ability of imported products to constrain the merged entity.

Next steps in assessing potential entry

131. We are continuing to consider the ability of new imports to constrain the merged entity in the soft flooring market but particularly for wool carpet and SDN carpet. We invite submissions on this point. In particular, we are interested in:
 - 131.1 where the overseas manufacturers (particularly of wool and/or SDN carpets) that do not have an existing presence in New Zealand would be likely to sit on the price/quality spectrum;
 - 131.2 the costs required to enter, and the likely length of time it would take for a supplier of wool carpet and/or SDN carpet with no presence in New Zealand to begin offering their products in the soft flooring market;
 - 131.3 the scale required by a new entrant for it to be able to offer a viable competitive alternative to the merged entity in the supply of wool carpet and/or SDN carpet; and
 - 131.4 whether there would be sufficient demand for wool carpet and/or SDN carpet in New Zealand to attract a prospective new entrant.

Our current view - countervailing power

132. We are currently not satisfied that any countervailing power that large retail customers might have would provide a material constraint on the merged entity.
133. A merged entity's ability to profitably increase prices may be constrained by certain customers' ability to exert substantial influence on negotiations. Countervailing power is more than the ability of customers to switch from a merged entity to competing suppliers. The size and importance of a customer is also not sufficient by itself to amount to countervailing power. Countervailing power exists when a customer possesses a special ability to substantially influence the price the merged entity charges.¹⁰⁴

¹⁰³ For example, see Commerce Commission interview with [] (13 November 2025).

¹⁰⁴ *Mergers and Acquisitions Guidelines* above n6 at [3.113-3.115].

134. In this case, countervailing power would exist if a large carpet customer possesses a special ability to substantially influence the price the merged entity would charge through the ability to:
- 134.1 sponsor entry and/or expansion in New Zealand of an importer of carpet in New Zealand; or
 - 134.2 self-supply their soft flooring requirements through sourcing a ‘white label’ carpet range from a contract manufacturer overseas or directly importing such a range from an overseas manufacturer.
135. Godfrey Hirst considers that many retailers operate as buying groups and, because carpet is usually sold through retailers, these retail buying groups have the ability to sponsor entry and expansion from overseas carpet manufacturers.¹⁰⁵ In this respect, Godfrey Hirst submits that:
- 135.1 the Commission has previously assessed that retailers of carpet hold a degree of countervailing power when negotiating supply terms, including prices, with manufacturers due to the ease with which these retailers, particularly the large buying groups, could switch to alternative manufacturers or to imports;¹⁰⁶ and
 - 135.2 given the commercial reality of imports, it is entering into onerous rebates and other supply obligations with retailers to address the threat of retailer groups switching more supply to overseas manufacturers. Nevertheless, despite Godfrey Hirst’s endeavours to counter imports with generous rebates and other incentives, imports of soft flooring into New Zealand continue to increase.¹⁰⁷
136. As outlined above, carpet products are often sold through retailers but some large customers also buy their products direct from the manufacturer or wholesaler. We are currently not satisfied that these customers would have a sufficient degree of countervailing power in the soft flooring market.
- 136.1 We are still considering the ability and incentive for flooring retailers (particularly large retailer groups) to exercise countervailing power by self-supply or sponsorship. At this stage, we understand that flooring retailers value consistency of supply in addition to price and quality factors because, unlike sales for large one off projects, they are selling to end-customers all the time.¹⁰⁸ To this extent, it may take a significant price increase (or a

¹⁰⁵ See the Application at [118-131] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [62] and [66].

¹⁰⁶ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Matthews Law and Link Economics) – 10 December 2025 at [50-52].

¹⁰⁷ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Matthews Law and Link Economics) – 10 December 2025 at [53-61].

¹⁰⁸ For example, see Commerce Commission interview with [] (14 November 2025) and Commerce Commission interview with [] (11 November 2025). Commerce Commission interview with [] (28 November 2025).

significant supply issue) by an existing supplier (such as Godfrey Hirst or Bremworth) before a flooring retailer would contemplate sponsorship or self supply to an extent that would constraint the merged entity.¹⁰⁹

- 136.2 While countervailing power means more than a customer's ability to switch suppliers, we have some evidence that a large commercial end-customer of soft flooring, particularly those seeking large volumes of carpet for a single project, would have some ability to source soft flooring products from an overseas supplier, including from a supplier with no existing presence in New Zealand. To this extent, a large commercial customer could potentially discipline the merged firm by switching, or credibly threatening to switch to, an alternative supplier in the face of a price increase.

Next steps in assessing countervailing power

137. We invite further information and/or submissions on the countervailing power of customers. In particular, we are interested in:

- 137.1 the ability and the incentive of flooring retailers to import carpet product directly for self-supply (such as by introducing a 'white label' product or range);
- 137.2 the volume of wool and synthetic carpet products that are currently being imported directly by flooring retailers, and whether this direct importing is from large retail buying groups and/or independent retailers;
- 137.3 whether an exercise of countervailing power, or the threat of an exercise of countervailing power, by any type of wholesale customer would affect other wholesale customers;
- 137.4 specific examples of when flooring retailers have (or have not) successfully been able to exert substantial influence in negotiations with Godfrey Hirst and/or Bremworth in terms of the price, or other supply terms, for soft flooring products; and
- 137.5 specific examples of when a wholesale flooring customer, whether a flooring retailer or another type of customer, have (or have not) successfully switched carpet supply from a domestic manufacturer to an importer and/or a contract manufacturer.

Our current view - approach to efficiencies

138. We are currently not satisfied that the efficiencies claimed by Godfrey Hirst would be sufficient to address the issues we are continuing to assess about the potential for unilateral effects in the soft flooring market.

¹⁰⁹ For example, see Commerce Commission interview with [] (14 November 2025) and Commerce Commission interview with [] (11 November 2025), Commerce Commission interview with [] (11 November 2025).

139. Godfrey Hirst submits that there are efficiency gains arising from the Proposed Acquisition.¹¹⁰ In its view, under the ownership of Mohawk, Bremworth would be able to compete more strongly against imported carpet and this would benefit consumers because:
- 139.1 there will be synergies from the Proposed Acquisition and, due to the constraint from importers, these cost savings will be passed on to retailers (and ultimately carpet consumers) in the form of lower prices;¹¹¹ and
- 139.2 Mohawk has a global reach with the resources needed to pursue research, design and innovation. This is in contrast to Bremworth's current size and its limited resources, which has resulted in it struggling to compete both domestically against imported carpet and also in export markets.¹¹²
140. The substantial lessening of competition test is a "net" test in each relevant market. That is, we must consider any pro-competitive outcomes of a merger and balance these against any anticompetitive outcomes. For example, a merger could make a firm more competitive (through economies of scale, reducing information asymmetries, etc), or more innovative, in such a way that it becomes a more vigorous and effective competitor. In such a scenario, we would net off those pro-competitive outcomes against any lessening of competition arising from the competitive aggregation, and form an overall view on whether competition would be substantially lessened in that market.¹¹³
141. While efficiencies tend to be most relevant in the context of an authorisation, efficiencies may be relevant to our assessment of whether the Proposed Acquisition would be likely to substantially lessen competition in a market. However, in a clearance application process, efficiency gains are rarely of the required type, magnitude and credibility.¹¹⁴
142. In assessing Godfrey Hirst's claims of efficiencies, we must be satisfied that efficiencies would be realised in a timely fashion, that they would not likely be realised without the Proposed Acquisition, and that they would be passed on to buyers sufficiently to prevent a finding of a substantial lessening of competition.¹¹⁵
143. Several parties mentioned there would be benefits from the Proposed Acquisition because it would ensure the long term survival of the Bremworth brand, which, according to some parties, is one of the most trusted and well known commercial brands in New Zealand.¹¹⁶ At this stage, we are not considering this potential benefit

¹¹⁰ The Application at [140].

¹¹¹ The Application at [141.1-141.2].

¹¹² The Application at [141.3-141.4].

¹¹³ See for example, [2024] NZCC 24 Foodstuffs merger – clearance determination (30 September 2024) at [431] referencing *ANZCO v Affco* (CA) at [249] and *Fisher & Paykel* [1990] 2 NZLR at 740.

¹¹⁴ *Mergers and Acquisitions Guidelines* above n6.

¹¹⁵ *Mergers and Acquisitions Guidelines* above n6.

¹¹⁶ For example, see Commerce Commission interview with [] (14 November 2025), Commerce Commission interview with [] (2 December 2025), Commerce Commission interview with [] (28 November 2025).

because, as noted above, we consider we cannot exclude the real chance that Bremworth would continue as a growing concern absent the Proposed Acquisition.

Next steps in assessing efficiencies

144. We are still considering whether any efficiencies from the Proposed Acquisition would prevent customers in the soft flooring market from being adversely affected in a material way. We invite further information and/or submissions on this point and the extent to which any efficiencies can be specifically attributed to the Proposed Acquisition in our assessment of the Application.

Our current view - constraints from outside the soft flooring market

145. We are currently not satisfied that suppliers with products that fall outside the soft flooring market (particularly, hard flooring products) would provide a material constraint on the merged entity.
146. As per our Guidelines, products that fall outside the market can still impose some degree of competitive constraint on a merged entity.¹¹⁷ Godfrey Hirst considers that consumer preferences for soft flooring options like carpet are changing and so many customers consider hard flooring solutions (such as ceramics, timbers, laminates, sheet vinyl and/or vinyl tiles) are an alternative to carpet. Suppliers of these hard flooring products would therefore provide a constraint on the merged entity.
147. We recognise that hard flooring products are an increasingly popular option for some end-customers, reflecting changing consumer preferences and design trends.¹¹⁸
148. However, most industry participants consider that residential customers typically adopt a mixed approach, installing hard flooring products in the kitchen and bathroom and installing soft flooring products in the bedrooms. To this extent, we have received consistent feedback from industry participants that hard flooring products generally complement rather than replace soft flooring products, as many residential customers use a mix of both soft flooring and hard flooring products to achieve desired aesthetics and functionality.¹¹⁹ The Commission has also received similar feedback in relation to commercial end-customers.¹²⁰
149. Further, several retailers noted that, while a residential customer may select a mix of soft flooring and hard flooring products for a new residential project, many residential customers are seeking a replacement product and, in almost all cases, the

¹¹⁷ *Mergers and Acquisitions Guidelines* above n6 at [3.12].

¹¹⁸ Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (14 November 2025).

¹¹⁹ For example, see Commerce Commission interview with [] (11 November 2025) and Commerce Commission interview with [] (11 November 2025).

¹²⁰ For example, see Commerce Commission interview with [] (13 November 2025), Commerce Commission interview with [] (2 December 2025).

replacement is with a 'like for like' products (ie, new carpet replacing the existing carpet).¹²¹

150. At this stage, we consider it is likely that suppliers with hard flooring products would provide some constraint on the merged entity but that any constraint would be relatively limited. While changing aesthetic trends may have made some areas of a home more amenable to a decision to switch between hard and soft flooring (such as hallways and dining areas), we understand that there are still areas where aesthetic preferences remain sufficiently strongly weighted in favour of soft flooring.
151. In addition, Mohawk is one of the more prominent suppliers of hard flooring products in New Zealand, through Floorscape, which is also likely to impact on the level of constraint that suppliers of hard flooring product would have on the merged entity.¹²²

Next steps in assessing the constraint from outside the soft flooring market

152. We invite further information and/or submissions on the constraint on the merged entity from outside of the soft flooring market. In particular, we are interested in:
 - 152.1 the extent to which the total price of wool carpet (including the purchase price and the installation cost) compares to the cost of installing hard flooring products;
 - 152.2 the extent to which the total price of SDN carpet (including the purchase price and the installation cost) compares to the cost of installing hard flooring products;
 - 152.3 specific examples of residential end-customers exclusively installing hard flooring products in a new build project; and
 - 152.4 specific examples of residential end-customers switching from a wool carpet (or a SDN carpet) to a hard flooring product as part of a refurbishment project.

Conglomerate effects

153. At this stage, we are currently not satisfied that the Proposed Acquisition would not substantially lessen competition due to conglomerate (or portfolio) effects in one or more relevant markets.
154. A conglomerate merger is a merger between firms that supply products that may relate to each other, for example, complementary products. A merger between suppliers of complementary products may increase a merged firm's ability and/or incentive to foreclose competitors.¹²³

¹²¹ For example, see Commerce Commission interview with [] (11 November 2025).

¹²² For example, see Commerce Commission interview with [] (11 November 2025) and Commerce Commission interview with [] (14 November 2025).

¹²³ *Mergers and Acquisitions Guidelines* above n6 at [5.11-5.12].

- 154.1 Foreclosure could arise if, for example, a merged firm may provide bundled discounts where customers buy products together rather than separately, or may refuse to sell one product to customers unless they also buy a second product from it (tying).¹²⁴
- 154.2 Such bundled discounts or tying may mean that competitors that cannot sell the same range of products as the merged firm may be foreclosed. This means they would not provide a competitive constraint on the merged firm for the product both firms sell. This could occur where, for example, as a consequence of bundled selling, a competitor is denied access to sufficient market demand to achieve competitive scale.¹²⁵

Godfrey Hirst's submissions

155. Godfrey Hirst considers that there is no potential for the Proposed Acquisition to result in any conglomerate (or portfolio) effects because Godfrey Hirst and Bremworth supply competing (rather than complementary) products. In summary, Godfrey Hirst also submits that:
- 155.1 it does not currently have market power or a dominant position, and Bremworth will not enhance the merged entity's 'must have' position, such that there will be no market power for the merged entity to leverage and no material shift in the relative balance of bargaining power;¹²⁶
- 155.2 it has always been assiduous to ensure compliance with restrictive trade practice legislation and if it were to endeavour to impose unfair trading conditions, remedies would be available either by direct action or via complaint to the Commission;¹²⁷
- 155.3 given the availability and volumes of imports across all product lines, there can be no conglomerate effects and it would not be practicable for the merged firm to foreclose supply of any product line;¹²⁸
- 155.4 the claim that the merged entity could force retailers and distributors to accept bundled soft flooring and hard flooring products is incorrect because there are too many alternative suppliers of both ranges for enforced bundling to occur;¹²⁹ and
- 155.5 given the substantial constraint and opportunities presented by imports, independent retailers retain complete discretion over which products they

¹²⁴ *Mergers and Acquisitions Guidelines* above n6 at [5.13].

¹²⁵ *Mergers and Acquisitions Guidelines* above n6 at [5.14].

¹²⁶ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [12], [13], [20], [66], [68] and [96].

¹²⁷ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [12] and [43].

¹²⁸ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [87] and [96].

¹²⁹ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [71] and [72].

choose to stock and how those products are displayed in-store and on their website.¹³⁰

Our current view

156. Although there are direct sales, we understand the vast majority of flooring products are supplied to end-customers via retailers, as outlined in the Application.¹³¹ To date, we have received consistent feedback that Mohawk, through Godfrey Hirst in soft flooring and Floorspace in hard flooring, is the leading supplier of flooring solutions in New Zealand, with some parties considering Mohawk's products to be a "must have" for any flooring retailer.¹³² Some industry participants consider this presence would be exacerbated if Mohawk was to acquire (in Bremworth) one of the few suppliers with significant national presence and brand awareness.¹³³
157. Further, flooring retailers compete with one another on price, quality and range of offerings and, as a result, we understand that retailers can view the flooring ranges of different suppliers as complementary.¹³⁴
158. Given Bremworth's recent supply/performance issues, we have received mixed feedback to date on the importance of supply from Bremworth to a flooring retailer.¹³⁵ However, industry participants have emphasised that Bremworth is one of the few flooring suppliers with high brand recognition.¹³⁶
159. In addition, retailers that we have spoken with advised us that it is important for a retailer to be able to offer wool carpet and that, although there is demand for synthetic carpet, a wool carpet offering is a 'must have' for any retailer.¹³⁷ At

¹³⁰ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on SoPI (Cowes Bay and Anonymous A-D) – 8 December 2025 at [72].

¹³¹ The Application at the Addendum at [2].

¹³² For example, see Commerce Commission interview with [] (11 November 2025) and Commerce Commission interview with [] (14 November 2025).

¹³³ For example, see Commerce Commission interview with [] (11 November 2025), Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025), Cowes Bay Group – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) and Link Economics (prepared for Matthews Law) – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (27 November 2025).

¹³⁴ Link Economics (prepared for Matthews Law) – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (27 November 2025) at footnote 15 and the Application at Attachment H – 2025 IBISWorld Industry Report on Flooring Coverings Retailing in Australia at page 10. Also see Commission interview with [] (11 November 2025) and Commerce Commission interview with [] (14 November 2025).

¹³⁵ For example, we understand that some retailers sell a high volume of Bremworth products whereas some retailers do not currently supply Bremworth products. For example, see Commerce Commission interview with [] (2 December 2025), Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (14 November 2025).

¹³⁶ For example, Commerce Commission interview with [] (11 November 2025), Anonymous D – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (25 November 2025), Commerce Commission interview with [] (2 December 2025) and Commerce Commission interview with [] (11 November 2025).

¹³⁷ For example, Commerce Commission interview with [] (11 November 2025) noted that demand is growing for wool carpet and people are more environmentally conscious.

present, Godfrey Hirst (through its Feltex brand) and Bremworth are the two most prominent brands of wool carpet in the soft flooring market.

160. Further, we understand that one of the other flooring suppliers with significant brand recognition in New Zealand is Floorscape with its 'Quick-Step' range of hard flooring products.¹³⁸
161. To this extent, we consider that Mohawk, through Godfrey Hirst and Floorscape, would be an important trading partner for any flooring retailer and this importance would likely increase if Mohawk was to acquire Bremworth.
162. Given this feedback, in addition to the unilateral effects outlined above, we are continuing to consider whether the Proposed Acquisition has the potential to give rise to conglomerate (or portfolio) effects, for example, by:
 - 162.1 strengthening Mohawk (through Godfrey Hirst and Floorscape)'s negotiating position in its commercial arrangements with retailers in the supply of soft and/or hard flooring. For example, by Mohawk potentially leveraging its position in one product segment in order to boost sales in another segment; and/or
 - 162.2 increasing barriers for other suppliers of soft and/or hard flooring to supply to retailers by limiting their access to retail floor space. For example, by Mohawk (through Godfrey Hirst and Floorscape) offering pricing and rebate structures to reward retailers for using Mohawk as a preferred supplier.
163. There is some suggestion in the internal documents of the merging parties that Mohawk (through Godfrey Hirst and Floorscape) may have the ability and/or incentive to act in a way that could give rise to conglomerate (or portfolio) effects.¹³⁹
164. Of potential relevance to the merged entity's likely importance to retailers, some industry participants expressed a reluctance to engage with the Commission or to comment on the importance, or otherwise, of supply from Godfrey Hirst. We are interested in further information on the reason for this reluctance, including the extent to which this reluctance may be due to a perceived risk of an adverse response from Mohawk/Godfrey Hirst.

¹³⁸ For example, see Commerce Commission interview with [] (11 November 2025)
Commerce Commission interview with [] (11 November 2025).

¹³⁹ For example, []

[] attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025). []

[]. See [] attached to Email from Russell McVeagh (on behalf of Bremworth) to Commerce Commission (31 October 2025).

Next steps in assessing the potential for conglomerate (or portfolio) effects

165. We invite further information and/or submissions on the potential for conglomerate effects. In particular, we are interested in:
- 165.1 whether the Mohawk (through Godfrey Hirst and Floorscape) and/or Bremworth brands are considered ‘must-have’ brands by flooring retailers;
 - 165.2 how Mohawk (through Godfrey Hirst and Floorscape) and other suppliers negotiate with flooring retailers in order to have their products displayed prominently in retail store and van offerings;
 - 165.3 the nature of rebate and tying/bundling arrangements in the flooring industry, and their effect on retailer’s supplier and purchasing decisions;
 - 165.4 how flooring retailers would respond if the merged entity sought to supply some or all of its products in a bundle; and
 - 165.5 whether the Proposed Acquisition (and the addition of Bremworth products) would give Mohawk (through Godfrey Hirst and Floorscape) stronger bargaining strength in its commercial arrangements with flooring retailers, and how this would play out in practice for retailers.

Next steps in our investigation

166. The Commission is currently scheduled to make a decision on whether to give clearance to the Proposed Acquisition by **13 March 2026**. However, this date may be extended with the agreement of Godfrey Hirst if the material before the Commission at that time does not allow it to be satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.¹⁴⁰
167. As part of our investigation, we will be identifying and contacting parties that we consider will be able to help us assess the preliminary issues identified above.

Making a submission

168. We are continuing to undertake inquiries and seek information from industry participants about the impact of the Proposed Acquisition. We welcome any further evidence and other relevant information and documents that Godfrey Hirst, Bremworth or any other interested parties are able to provide regarding the issues identified in this Sol.
169. In Attachment A, we summarise the matters that we are interested in receiving submissions on.
170. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference ‘Godfrey Hirst/Bremworth’ in the subject line of your email, or by

¹⁴⁰ The Commission maintains a clearance register on our website at <https://www.comcom.govt.nz/case-register/> where we update any changes to our deadlines and provide relevant documents.

mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on **2 February 2026**.

171. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with the Commission at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible. We note however that in order to ensure the timeliness of our process, where submissions are provided after the submission date, we may need to consider what weight we put on those submissions.
172. Please clearly identify any confidential information contained in your submission and provide both a confidential and a public version. We will be publishing the public versions of all submissions on the Commission's website. If you make a submission and we do not acknowledge receipt of that submission within two working days, you should resubmit your submission.
173. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would unreasonably prejudice the supplier or subject of the information.

Attachment A: Matters on which we are interested in receiving further information and/or submissions on

A1. The table below sets out the key issues which we consider are most likely to be determinative of our assessment of the Proposed Acquisition as well as the questions that we are interested in receiving further information and/or submissions on.

Market/issue		Matters/questions
Market definition	Product dimension	<ul style="list-style-type: none"> information and/or data that illustrates how much of the carpet volumes supplied in New Zealand are wool carpets versus synthetic carpets; information and/or data that illustrates any trends related to the supply of wool carpets and synthetic carpets in New Zealand; the extent to which end-customers consider different carpet products to be close substitutes for one another across the spectrum of carpet products, fibre types and price points; evidence that indicates, or would enable an estimate of, the proportion of end-customers that do not consider different carpet products to be substitutable (for example, the proportion of end-customers who would only ever purchase wool carpet); and the extent to which imported wool carpet products are considered a close substitute for locally manufactured wool carpet products, and if so, which wool carpet brands are most closely substitutable for Bremworth and Godfrey Hirst/Feltex branded wool carpet products.
	Customer dimension	<ul style="list-style-type: none"> the extent to which existing suppliers are currently serving all potential wholesale customers and/or customer groups; the ability of suppliers to serve all potential customer groups in the future, and over which time horizon; the ability of the merged entity to price discriminate by charging different prices to particular wholesale customers and/or customer groups (such as flooring retailers); and whether our proposed approach of not defining discrete customer dimensions, groups and/or segments would result in any material gaps in our assessment of the potential competitive effects of the Proposed Acquisition.
Counterfactual	General	<ul style="list-style-type: none"> whether the most competitive likely counterfactual scenario is the status quo, with Bremworth continuing to operate as a going concern.
Unilateral effects	Closeness of competition	<ul style="list-style-type: none"> how closely Godfrey Hirst and Bremworth compete and the extent of competition that would be lost with the Proposed Acquisition;

Market/issue	Matters/questions	
		<ul style="list-style-type: none"> • whether any closeness of competition between Godfrey Hirst and Bremworth varies depending on any particular factor (such as price, quality, service, customer type, customer preference etc); • any evidence to show that Godfrey Hirst and Bremworth's closest competitors are, or are not, importers rather than each other; • how Godfrey Hirst and Bremworth have competitively reacted to each other in the past including after price increases, quality decreases and/or supply shocks; • internal pricing documents from Godfrey Hirst and Bremworth illustrating how they each set their prices across the spectrum of carpet products, and the extent to which their prices across of price/quality spectrum relate to one another (including any assessment of any pricing relationships across the spectrum of their differentiated carpet products); • internal documents from retailers illustrating how the pricing set by Godfrey Hirst and/or Bremworth compares across the spectrum of carpet products, and the extent to which Godfrey Hirst's and/or Bremworth's prices across the price/quality spectrum relate to one another; and • the extent to which Bremworth's re-entry into synthetic carpets has impacted, or may impact in the future, on the degree of competition between Godfrey Hirst and Bremworth.
	Existing competition – domestic manufacturers	<ul style="list-style-type: none"> • how the price, quality and breadth of Carpet Mill's carpet range compare to the carpet ranges of Godfrey Hirst and Bremworth; and • the extent to which consumers view Carpet Mill as a strong competitive alternative to Godfrey Hirst and Bremworth, and if so, for what types of products/projects.
	Existing competition – importers	<ul style="list-style-type: none"> • how imported synthetic and wool carpets compare to and/or are substitutes for the merging parties' products in terms of factors such price, quality, range and (after-sales) service; • whether existing importers could easily, and in a timely manner, increase the volumes of carpet they are supplying in New Zealand; • whether the business model of importers impacts the competitive constraint each importing entity provides on the merging parties; • any different regulatory requirements applying to domestically manufactured carpets as compared to imported carpets;

Market/issue	Matters/questions
	<ul style="list-style-type: none"> • any similarities and/or differences in the manufacturing costs between domestic carpet manufacturers and those manufacturers based overseas; • the differences in the supply and/or logistics costs between sourcing carpets from an overseas supplier compared to a domestic carpet manufacturer (being the 'landing' costs that are in addition to manufacturing costs such as shipping and/or storage costs as well as exchange rates costs/risks etc); • the extent to which New Zealand end-customers value 'New Zealand made' carpets; • the extent that any constraint on the merged entity from imported carpets products would vary based on wholesale customer type; • the willingness (or otherwise) of flooring retailers to increase their sales to end-customers using imported synthetic and wool carpets; • whether flooring retailers would switch a material portion of their purchases to imported product if faced with a significant price increase from the merged entity and any risks and/or related costs in doing this; • any similarities and/or differences between a flooring retailer having a high reliance on imported carpet products compared to high reliance on domestically produced carpet products; and • the likely constraint that imported products would provide on the merged entity across the full range of products that Godfrey Hirst and Bremworth currently supply.
Potential competition	<ul style="list-style-type: none"> • where the overseas manufacturers (particularly of wool and/or SDN carpets) that do not have an existing presence in New Zealand would be likely to sit on the price/quality spectrum; • the costs required to enter, and the likely length of time it would take for a supplier of wool carpet and/or SDN carpet with no presence in New Zealand to begin offering their products in the soft flooring market; • the scale required by a new entrant for it to be able to offer a viable competitive alternative to the merged entity in the supply of wool carpet and/or SDN carpet; and • whether there would be sufficient demand for wool carpet and/or SDN carpet in New Zealand to attract a prospective new entrant.
Countervailing power	<ul style="list-style-type: none"> • the ability and the incentive of flooring retailers to import carpet product directly for self-supply (such as by introducing a 'white label' product or range); • the volume of wool and synthetic carpet products that are currently being imported directly by flooring retailers, and whether this direct importing is from large retail buying groups and/or independent retailers;

Market/issue		Matters/questions
		<ul style="list-style-type: none"> • whether an exercise of countervailing power, or the threat of an exercise of countervailing power, by any type of wholesale customer would affect other wholesale customers; • specific examples of when flooring retailers have (or have not) successfully been able to exert substantial influence in negotiations with Godfrey Hirst and/or Bremworth in terms of the price, or other supply terms, for soft flooring products; and • specific examples of when a wholesale flooring customer, whether a flooring retailer or another type of customer, have (or have not) successfully switched carpet supply from a domestic manufacturer to an importer and/or a contract manufacturer.
	Efficiencies	<ul style="list-style-type: none"> • the extent to which any efficiencies can be specifically attributed to the Proposed Acquisition in our assessment of the Application.
	Out of market constraints	<ul style="list-style-type: none"> • the extent to which the total price of wool carpet (including the purchase price and the installation cost) compares to the cost of installing hard flooring products; • the extent to which the total price of SDN carpet (including the purchase price and the installation cost) compares to the cost of installing hard flooring products; • specific examples of residential end-customers exclusively installing hard flooring products in a new build project; and • specific examples of residential end-customers switching from a wool carpet (or a SDN carpet) to a hard flooring product as part of a refurbishment project.
Conglomerate effects	General	<ul style="list-style-type: none"> • whether the Mohawk (through Godfrey Hirst and Floorscape) and/or Bremworth brands are considered 'must-have' brands by flooring retailers; • how Mohawk (through Godfrey Hirst and Floorscape) and other suppliers negotiate with flooring retailers in order to have their products displayed prominently in retail store and van offerings; • the nature of rebate and tying/bundling arrangements in the flooring industry, and their effect on retailer's supplier and purchasing decisions; • how flooring retailers would respond if the merged entity sought to supply some or all of its products in a bundle; and

Market/issue		Matters/questions
		<ul style="list-style-type: none"> whether the Proposed Acquisition (and the addition of Bremworth products) would give Mohawk (through Godfrey Hirst and Floorscape) stronger bargaining strength in its commercial arrangements with flooring retailers, and how this would play out in practice for retailers.