

Statement of Unresolved Issues

Godfrey Hirst / Bremworth

14 April 2026

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. 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.
3. Since registering the Application from Godfrey Hirst, we have published:
 - 3.1 a Statement of Preliminary Issues (SoPI) setting out the issues that we considered important at the start of our investigation in deciding whether or not to grant clearance; and
 - 3.2 a Statement of Issues (SoI) setting out the potential competition issues we had identified following our initial investigation.
4. This Statement of Unresolved Issues (SoUI) sets out the Commission's further views on the potential competition issues that have not been resolved to date and that we therefore continue to test. This is so Godfrey Hirst and Bremworth (the Parties), and other interested parties, have an opportunity to comment and provide us with additional information.
5. In reaching the views set out in this SoUI, 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.

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 statement, 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.

6. We invite interested parties to provide comments on the likely competitive effects of the Proposed Acquisition. We request that parties who wish to make a submission do so by **29 April 2026**.
7. The matters on which we are interested in receiving further information and/or submissions are set out in each section and aggregated in Attachment A.

The unresolved issues we continue to test

8. Based on the information currently before us, we are not currently 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.
9. While we are still investigating and have made no final decisions, we are concerned about the impact of the Proposed Acquisition on the national market for the manufacture or import and wholesale supply of soft flooring products, and that this would potentially enable the merged entity to profitably increase price above (and/or reduce quality or innovation below) the competitive level that would prevail without the merger.³
10. There are two main types of soft flooring products, namely synthetic carpet and wool carpet.⁴ Based on the further investigative work we have completed since the Sol, we remain concerned that the Proposed Acquisition would substantially lessen competition in the soft flooring market because:
 - 10.1 the Parties appear to be each other's closest competitor (potentially also becoming closer competitors as Bremworth recommences synthetic carpet production), and have consistently been the two largest suppliers of carpets - particularly wool carpet - in New Zealand for at least the last four years;⁵
 - 10.2 while imported synthetic and wool carpet products are currently available for flooring retailers to supply, and for end-consumers to buy, we consider that these importer competitors likely provide the strongest competitive constraint in the wholesale supply of synthetic carpets and currently provide minimal constraint in the wholesale supply of wool carpets, such that they would likely need to expand their supply of wool carpets significantly in order to provide sufficient constraint on the merged entity in the soft flooring market. In addition, we are also still considering the likely constraint the

³ As discussed further below, most soft flooring products supplied by the Parties and their competitors are sold via flooring retailers. Consequently, we focus on the wholesale supply of soft flooring products to flooring retailers (rather than to end-consumers or commercial customers that buy directly from the Parties) in this SoUI.

⁴ Soft flooring and carpet are two common industry terms which industry participants use interchangeably. The Commission is also taking this approach in this SoUI.

⁵ The difference in scale in New Zealand between the Parties and the other wholesalers of carpet - particularly wool carpet - are described in more detail later in this document, including with reference to market share estimates. The four years referred to in the text above are FY21-FY24.

merged entity would face for higher quality synthetic carpets, such as solution dyed nylon (SDN) carpet;

- 10.3 at this stage, we are not currently satisfied that, following the Proposed Acquisition, importers of carpet - particularly wool carpet - would likely expand to a level that would sufficiently constrain the merged entity; and
- 10.4 flooring retailers do not appear likely to have sufficient countervailing power, particularly in respect of the supply of wool carpets, to effectively constrain the merged entity.
11. Given these concerns, we are not currently satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in the soft flooring market. Our concerns about the Proposed Acquisition are particularly acute in respect of the wholesale supply of wool carpet but we are also still considering the likely constraint the merged entity would face for higher quality synthetic carpets, such as SDN carpets.
- 11.1 In regard to wool carpets, the evidence collected to date indicates to us that the wholesale supply of wool carpets makes up a significant section of the soft flooring market, with sales of wool carpet since FY22 representing approximately 20-25% of all total soft flooring sales annually. This supply represents approximately \$60-\$70 million in sales per annum. We understand that this is a smaller share of overall carpet sales than in the past where wool carpet was historically more prevalent than synthetic carpet.⁶ For example, we have been told that wool carpet was the most popular fibre type in the 1970s and 1980s.⁷
- 11.2 However, industry participants also told us they have been observing increasing demand for wool, and/or forecasting demand for wool carpet to grow, particularly as end-consumers place increased importance on environmental and/or sustainability factors.⁸ This aligns with our market share calculations that show a slight increase in wool carpet sales from FY21 to FY24, at the same time as synthetic carpet sales have been decreasing. The New Zealand Government has also mandated the use of woollen fibres in government buildings, where practical and appropriate.⁹

⁶ Commerce Commission interviews with [] (14 November 2025), [] (7 November 2025), and [] (28 January 2026).

⁷ Commerce Commission interview with [] (28 January 2026).

⁸ Commerce Commission interviews with [] (28 November 2025), [] (11 November 2025), [] (2 December 2025), [] (2 February 2026), and [] (29 January 2026), page 1 of document titled “[]” attached to email from [] to the Commerce Commission (4 February 2026), and pages 4-5 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

⁹ <https://www.procurement.govt.nz/about-us/news/new-construction-procurement-guide-use-of-woollen-fibres-in-government-buildings/>.

12. In assessing whether the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in the soft flooring market, we recognise that the lessening of competition does not need to be felt equally across an entire market for that lessening to be substantial.¹⁰ It is sufficient if there is an appropriate degree of a lessening of competition in a significant section of a broader market (eg, wool carpet) for there to be a substantial lessening of competition in the broader soft flooring market.¹¹
13. Accordingly, we continue to assess the impact of the Proposed Acquisition on the wholesale supply of soft flooring products but particularly in relation to wool carpet supply. As set out further below in this SoUI, we seek further information and/or submissions from industry parties on the significance of wholesale wool carpet supply within a soft flooring market. At this stage, any final decision by the Commission would likely require us to determine:
- 13.1 the extent to which a sufficient number of end-consumers would be likely to view synthetic carpets, particularly higher quality synthetic carpets, as a viable substitute to wool carpet such that the merged entity would be constrained in the price and/or quality of its wool carpets;
 - 13.2 whether wool carpet makes up a significant section of the soft flooring market;
 - 13.3 the likely degree of expansion by wool carpet importers post-merger and whether the Proposed Acquisition may raise the barriers to expansion at scale; and
 - 13.4 whether expansion from importers would reach the scale to provide a meaningful constraint on the merged entity in the supply of wool carpet.

Process and timeline

14. We have agreed with Godfrey Hirst to extend the period in which to make a decision until **29 May 2026**. Further extensions may be agreed between the Commission and Godfrey Hirst.
15. We invite timely submissions and supporting evidence from the Parties and other interested parties on the issues raised in this SoUI. We request responses by close of

¹⁰ Commerce Commission *Mergers and Acquisitions Guidelines* (2022) at [2.25]. See also *Port Nelson Ltd v Commerce Commission* (CA) (1996) 7 TCLR 217, 235; “Taken more broadly, however, it cannot be the case that competition in a market is not substantially lessened unless competition across the whole of the market is lessened”; *Commerce Commission v Port Nelson Ltd* (HC) (1995) 6 TCLR 406, 436: “It is possible, however, as a matter of law, to do so by showing (s 27) an appropriate degree of lessening of competition in a “significant section” of that market”.

¹¹ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888; “Although the words ‘substantially lessened in a market’ refer generally to a market, it is the degree to which competition has been lessened which is critical, not the proportion of that lessening to the whole of the competition which exists in the total market. Thus a lessening in a significant section of the market, if a substantial lessening of otherwise active competition may, according to circumstances, be a substantial lessening of competition in a market.”

business on **29 April 2026**, including a confidential and public version of any submission made where relevant.

16. All submissions received will be published on our website with appropriate redactions.¹² 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 **7 May 2026**.
17. 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.

The Parties

18. 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:
 - 18.1 Godfrey Hirst, which supplies carpet made from both wool and synthetic fibres under brand names such as Godfrey Hirst, GH Commercial and Feltex. Godfrey Hirst also supplies hard flooring products such as timber, hybrid, laminate, vinyl plank and vinyl sheet under its Godfrey Hirst brand;¹³ and
 - 18.2 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.
19. 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 in May 2021 but, following a strategic review, has recently introduced a new range of synthetic carpet in 2025.

Relevant industry background

20. In the Sol, we summarised some of the key industry information about the supply of carpet in New Zealand.¹⁴ We have not considered it necessary to repeat all of this information in this SoUI. To this extent, this section briefly summarises:

¹² 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).

¹³ <https://www.godfreyhirst.com/nz/product-search/carpet>; and <https://www.godfreyhirst.com/nz/product-search/hard-flooring>.

¹⁴ Sol at [27-36].

- 20.1 the other main suppliers of carpet in New Zealand, in addition to the Parties; and
- 20.2 the main sales channel through which carpet is sold and installed in New Zealand, which is via flooring retailers.

Other suppliers of carpet

- 21. In addition to Godfrey Hirst and Bremworth, there are several suppliers of carpet in New Zealand although their presence and operations in New Zealand vary significantly. These suppliers fall into three main groups: domestic manufacturers; overseas-based carpet manufacturers; and New Zealand-based carpet wholesalers.
- 22. Carpet Mill is the only domestic manufacturer of carpet other than the Parties. Unlike Godfrey Hirst and Bremworth, Carpet Mill does not manufacture large volumes of wool carpet nor does it predominately supply its carpet directly to flooring retailers. Rather, it has a 'direct to end customer model' and operates its own retail network of mobile showrooms that primarily stock synthetic carpets.¹⁵
- 23. Overseas-based carpet manufacturers are suppliers that manufacture product themselves overseas and have their own sales representatives based in New Zealand. Similar to the Parties, these suppliers seek to have both their synthetic carpets and wool carpets stocked in various flooring retailers. Overseas-based carpet manufacturers include suppliers such as:
 - 23.1 Belgotex New Zealand Limited (Belgotex), whose carpet products are manufactured in South Africa; and
 - 23.2 The Victoria Carpet Company Proprietary Limited (Victoria Carpets), whose carpet products are manufactured in Australia.
- 24. New Zealand-based carpet wholesalers are suppliers that source product from an overseas manufacturer for distribution in New Zealand. Similar to the Parties, these suppliers seek to have their synthetic carpets and wool carpets stocked in various flooring retailers. Carpet wholesalers include suppliers such as:
 - 24.1 Wools of New Zealand Holdings Limited (Wools of NZ);
 - 24.2 Jacobsen Creative Surfaces Limited (Jacobsen); and
 - 24.3 Robert Malcolm Limited (Robert Malcolm).

Flooring retailers and the retail sales channel in New Zealand

- 25. We understand that most carpet in New Zealand is sold to end customers through a flooring retailer.¹⁶ There are a variety of flooring retailers across the country and these retailers typically stock a range of soft flooring products (including carpet made

¹⁵ <https://www.carpetmill.co.nz/about/the-carpet-mill-difference>.

¹⁶ See the Addendum to the Application at [2] and Sol at [35].

from synthetic fibres, such as SDN and polyester, as well as from wool fibres) and hard flooring products (such as sheet vinyl, LVT and laminates).

26. The flooring retailer will typically source carpet from a supplier and then provide the necessary installation services for the end-consumer. To this extent:
 - 26.1 the end-consumer only has an indirect relationship with the wholesaler of the carpet via the flooring retailer; and
 - 26.2 because they are responsible for the installation, flooring retailers tend to only sell carpets that meet their preferred quality and service standards.

27. 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. The Application highlights some of the types of flooring retailers, which include:¹⁷
 - 27.1 large retailer groups that operate a nationwide chain of stores, such as Carpet Court and Flooring Xtra;
 - 27.2 smaller retailer groups that operate several stores at a more regional level, such as Flooring Design (in various locations across the North and South Islands);
 - 27.3 retailers that operate a single store; and
 - 27.4 Carpet Mill and Harrisons, which both operate nationwide retail networks of mobile showrooms.

28. While retailers that operate a nationwide chain of stores may generally make purchasing decisions at a national level, larger retailer groups such as Carpet Court, Flooring Xtra, Harrisons and Flooring Design operate a franchise or co-operative model where each store is owned by an individual operator. In these instances, prices are negotiated, at least with Godfrey Hirst, on an individual store basis.¹⁸

29. Further, as outlined in the Application, there is a very large number of flooring retailers throughout New Zealand that are considered to be “independent” in that they are owner-operated stores that are not affiliated with a banner group. One way these independent stores try to increase their purchasing power with suppliers is to become part of a buying group (or similar). In New Zealand, some of these buying groups were formed by suppliers rather than the retailers. For example:
 - 29.1 Bremworth previously operated an ‘Indy Club’, offering certain purchasing and stocking arrangements to a select group of independent retailers;¹⁹ and
 - 29.2 Godfrey Hirst operates an entity called the Flooring Foundation. We understand that the Flooring Foundation is a network of selected

¹⁷ See the Application at [84] and [120] and Addendum to the Application at [76].

¹⁸ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoPI (10 December 2025) at [14].

¹⁹ See the Addendum to the Application at [79.3].

independent flooring retailers that each have arrangements with Godfrey Hirst. Listed benefits to retailers include: appearing on The Flooring Foundation website; promotional activity support; rebates on carpet purchases; and attending an annual network event.²⁰ Further information on Godfrey Hirst's arrangements with members of The Flooring Foundation and with other flooring retailers is included in Attachment B.

Market definition

30. 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.²¹
31. 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 us to precisely define the boundaries of a market. A relevant market is ultimately determined as a matter of fact and commercial common sense.²²
32. After reviewing the additional information and submissions we received since the Sol, we continue to consider it appropriate to consider the impact of the Proposed Acquisition by assessing a single, differentiated, national market for the manufacture or import and wholesale supply of soft flooring products (the soft flooring market).
 - 32.1 The soft flooring market is differentiated by features including price, performance/durability, colour and fibre type.
 - 32.2 In differentiated product markets, a product may compete more closely (be a closer substitute) with some products than with others.²³ This is particularly the case with soft flooring products because these products exist on a spectrum of price, quality, fibre type, brand, and fitness for use.
33. In this section, we set out:
 - 33.1 Godfrey Hirst's submission on the Sol in relation to market definition;
 - 33.2 Bremworth's submission on the Sol in relation to market definition; and
 - 33.3 why we continue to consider a soft flooring market is the appropriate market for considering the competitive effects of the Proposed Acquisition.

²⁰ Chapman Tripp (on behalf of Godfrey Hirst) cross-submission on Sol (19 February 2026) at [58-59].

²¹ *Mergers and Acquisitions Guidelines* above n10 at [3.7-3.8].

²² Commerce Act, Section 3(1A). See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81] and *Mergers and Acquisitions Guidelines* above n10 at [3.7-3.10].

²³ *Mergers and Acquisitions Guidelines* above n10 at [3.11].

Godfrey Hirst's submission on the Sol

34. In responding to the Sol, Godfrey Hirst contends, while acknowledging the Commission's position in the Sol, that there is substitutability between carpet and hard flooring and so soft flooring and hard flooring products should be included in the same market.²⁴
35. Given the high degree of product differentiation involved with flooring products generally, Godfrey Hirst considers that the Commission should follow the direction from the High Court in *Brambles* and make a "common sense assessment" that includes soft flooring and hard flooring products in the same product market given that neither the retailer nor the consumer treats them as comprising discrete markets.²⁵ For example, Godfrey Hirst considers that:
- 35.1 soft flooring accounts for over 50% of total flooring products and that share is predicted to decline further in response to practicality and evolving consumer preferences, as well as price;²⁶ and
- 35.2 retailers expect, and demand, wholesale supply of hard flooring products to complete their flooring range. At the retail level, hard flooring products are displayed and promoted in-store by retailers alongside soft flooring.²⁷
36. In regard to soft flooring products, Godfrey Hirst considers that, for most consumers, all soft flooring products serve the same functional applications, whether made from synthetic fibres, such as SDN and polyester, or made from wool. While environmental and/or political considerations may affect the purchasing preferences of some consumers as to fibre type, as a "matter of fact and commercial sense", carpet of all fibre types serve the same function and comprise the same differentiated product market.
- 36.1 In support of this, Godfrey Hirst provided analysis from NERA that shows material price overlap between SKUs made from synthetic fibre and wool carpet.²⁸
- 36.2 This analysis relates to NERA's earlier presentation of average Godfrey Hirst residential carpet prices by fibre type (where NERA notes that the average price differences between fibre types over time are statistically significant) and prices for a sample of SDN and wool fibre SKUs, where NERA observes "that there is a degree of overlap and certainly proximity between wool and SDN carpets".²⁹

²⁴ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [14].

²⁵ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [24-26]. Chapman Tripp cites *Brambles New Zealand Ltd v Commerce Commission* (2003) 10 TCLR 868 (HC) at [81], [135] and [132].

²⁶ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [21].

²⁷ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [23].

²⁸ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [17].

²⁹ The Application at Attachment F – NERA Report prepared for Chapman Tripp at [9, 11, 12 and 15].

Bremworth's submission on the Sol

37. In responding to the Sol, Bremworth submits that there is, at its most narrow, a single market for carpet in New Zealand. In its view, customers readily switch between fibre types and sources of manufacture and so there is both demand-side and supply-side evidence that shows that wool and synthetic carpets constrain each other as part of a single differentiated product market.³⁰
38. However, Bremworth submits that, in the Sol, the Commission improperly minimises the competitive constraint on soft (carpet) flooring from hard flooring products. In particular, Bremworth submits that:
- 38.1 if substitution between soft flooring and hard flooring is occurring, whether at the project design stage or at a different stage, this demonstrates that the two products are substitutable as a matter of fact and commercial common sense;³¹
- 38.2 while there may sometimes be differences in use cases between soft flooring and hard flooring, it is also the case that customers frequently are choosing between using soft flooring or hard flooring in the same areas of their house by considering a range of factors such as price, quality, and aesthetics;³² and
- 38.3 at the very least, there are cohorts of customers that can and do switch between soft flooring and hard flooring and there is a range of hard flooring competitors that are actively seeking to encourage such switching. In this context, it is not relevant that a proportion of customers may have a preference for soft flooring. Rather, if a sufficient proportion of customers would switch between soft flooring and hard flooring (even if for just certain use cases), then that switching would constrain the prices of soft flooring.³³
39. To this extent, Bremworth considers that, irrespective of how the Commission ultimately chooses to define the market, the Commission needs to properly account for the competitive constraint on soft flooring products that comes from the presence of (and increasing consumer switching to) hard flooring products.³⁴

Our current view on the relevant market

40. We continue to consider it appropriate to define a soft flooring market, which was our position in the Sol.³⁵ Consistent with the Sol, we consider that the soft flooring market is national given all suppliers are able to supply nationwide. We also do not consider that it is necessary to define any customer markets or dimensions because most soft flooring products are supplied through flooring retailers and any differences between various customers' needs and preferences (eg, commercial

³⁰ Bremworth submission on Sol (11 February 2026) at [5c].

³¹ Bremworth submission on Sol (11 February 2026) at [32(a)].

³² Bremworth submission on Sol (11 February 2026) at [32(b)].

³³ Bremworth submission on Sol (11 February 2026) at [32(b)(ii)].

³⁴ Bremworth submission on Sol (11 February 2026) at [33].

³⁵ Sol at [56].

customers or residential customers) can be considered as part of our competition assessment. Consequently, our discussion below focusses on the product dimension of the soft flooring market.

41. In the Sol, we set out a series of questions to assist us in assessing the most relevant product market with which to assess the impact of the Proposed Acquisition. These questions included requests for information and/or data that:
 - 41.1 illustrate the volumes and trends related to the supply of wool carpets and synthetic carpets in New Zealand;
 - 41.2 show the extent to which end-consumers consider different carpet products to be close substitutes for one another; and
 - 41.3 indicates the proportion of end-consumers that do not consider different carpet products to be substitutable (for example, the proportion of end-consumers who would only ever purchase wool carpet).

42. In considering the submissions to the Sol, as well as the additional information we received, we have focused our assessment on three main considerations, namely:
 - 42.1 whether hard flooring products should be included in the same product market as soft flooring products;
 - 42.2 the relevant demand side considerations in assessing the substitutability of wool carpet with synthetic carpet products; and
 - 42.3 the relevant supply side considerations in assessing the substitutability of wool carpet with synthetic carpet products.

Should hard flooring product be included in the same product market as soft flooring products?

43. In its submission on the Sol, Godfrey Hirst considers we should expand the market in to include both soft flooring and hard flooring products.³⁶ However, other than Godfrey Hirst's submissions, and similar feedback from Bremworth, no other party considers that we should include hard flooring products in the same product market as any soft flooring product.³⁷

44. In assessing whether hard flooring products are an alternative to soft flooring products, the Commission has to assess whether a material number of soft flooring customers would switch their purchases to a hard flooring product/s in the face of a price increase.

³⁶ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [19-26].

³⁷ See, for example, Matthews Law cross-submission on Sol (19 February 2026) at [85-87] and Cowes Bay Group cross-submission on Sol (19 February 2026) at [6].

- 44.1 However, neither Godfrey Hirst nor Bremworth have provided evidence to quantify the likely level of switching from soft flooring products to hard flooring products in response to a price increase.³⁸
- 44.2 Our other enquires with industry participants since the Sol is consistent with the feedback we outlined in the Sol that indicated that hard flooring products, while potentially growing in popularity, generally complement rather than replace soft flooring products, as many end-consumers use a mix of both soft flooring and hard flooring products to achieve desired aesthetics and functionality.³⁹
- 44.3 Further, from a supply-side perspective, the manufacturing processes for soft flooring products and for hard flooring products are very different.⁴⁰
- 45. In addition, in its reports prepared for Chapman Tripp, NERA agrees with the Commission that there is a single differentiated product for {soft flooring}.⁴¹ NERA submits there are both demand side and supply side reasons for taking such an approach and provided internal pricing data from Godfrey Hirst that, in its view, show a material price overlap between SKUs made from synthetic carpet fibres such as polyester and SDN, and SKUs made from wool.
- 46. Further, Godfrey Hirst’s internal documents also
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- 47. To this extent, we continue to consider that hard and soft flooring products appear in many cases to be complementary products rather than substitutable products, and, therefore, they should not be assessed in the same product market.

³⁸ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [181-186], and Bremworth submission on Sol (11 February 2026) at [32-33].

³⁹ For example see: Matthews Law cross-submission on Sol (2 February 2026) at C.

⁴⁰ Anonymous B submission on SoPI (12 November 2025) at [20.4] and Anonymous C submission on SoPI (18 November 2025) at [2.4].

⁴¹ The Application at Attachment F – NERA Report prepared for Chapman Tripp at [7-15] and NERA Report prepared for Chapman Tripp – Godfrey Hirst/Bremworth review of Sol (5 February 2026) at [2-4].

⁴² [

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⁴³ [

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Demand side considerations in assessing the substitutability of wool carpet with synthetic carpet products

48. In assessing the product dimension, we do not consider that the evidence presented by NERA showing an overlap or proximity in prices between fibre types alone is strong evidence of a single soft flooring product market because it does not speak to whether customers would substitute between them in response to a price rise. Instead, we look for evidence showing which products customers regard as close substitutes, and whether they would switch sufficient purchases to those products to make a small, but significant, non-transitory increase in price (SSNIP) unprofitable.⁴⁴ In regard to carpet, this requires us to consider factors such as:
- 48.1 end-consumer preferences and the extent to which end-consumers of carpet have previously switched between wool and synthetic carpet in response to changes in price;
 - 48.2 the characteristics of both wool and synthetic carpet; and
 - 48.3 sales, pricing and marketing strategies of the merging firms and other soft flooring suppliers.
49. As noted above, flooring retailers typically stock a range of soft and hard flooring products. From an end-consumer perspective, we understand from speaking to flooring retailers and suppliers that:
- 49.1 there is a wide range of soft flooring products available to purchase at different price points. Each fibre type has slightly different comfort and performance attributes that can make them suitable for different uses, however there is also some overlap in end-consumer preferences across fibre types;⁴⁵
 - 49.2 end-consumers consider a range of factors when choosing a carpet, with the main factors tending to be price, performance/durability and colour, with substitutability across fibre types (and other features) varying from customer to customer – to this end, while there are exceptions, we understand that customers such as landlords, developers and commercial customers tend to prioritise factors such as price and durability, and will typically use synthetic carpets, while individual residential customers, especially those building high-end homes, in conjunction with an architect, may be more likely to prioritise factors such as colour, style and service;⁴⁶ and

⁴⁴ *Mergers and Acquisitions Guidelines* above n10 at [3.29].

⁴⁵ Sol at [53]. See also email from [] to the Commerce Commission (18 December 2025), Anonymous B submission on SoPI (12 November 2025) at [20.5], and Commerce Commission interviews with [] (28 January 2026) and [] (2 February 2026).

⁴⁶ Sol at [54.1-54.5]. See also Commerce Commission interviews with [] (5 November 2025), [] (11 November 2025), [] (29 January 2026), [] (28 January 2026) and [] (28 January 2026).

- 49.3 at point of sale with an end-consumer, all carpet products under consideration by the consumer are substitutes, rather than complements.
50. However, we also understand that there are some end-consumers that are only interested in wool carpet (or are only interested in synthetic carpet) and these customers may not readily switch to another fibre type.⁴⁷ In addition, a significant proportion of wool carpets are priced at a premium to synthetic carpet.⁴⁸
51. Nevertheless, while some industry participants undertake research to identify the key drivers of consumer choice, we are not aware of any participants calculating, and we expect it is very difficult to accurately estimate, the proportion of customers that are only willing to purchase a carpet of a particular fibre type and therefore would not consider synthetic and wool carpets to be close substitutes.⁴⁹
52. Consequently, we do not consider we have sufficient evidence at this stage to determine whether a SSNIP imposed by a hypothetical monopolist of either wool or synthetic carpets would be profitable (based on demand side substitution), such that wool carpets and synthetic carpets should be considered in separate product markets, from a demand-side perspective.

Supply side considerations in assessing the substitutability of wool carpet with synthetic carpet products

53. When producers that are currently supplying one product have the skills and assets to switch production to another product profitably and in a short period of time without significant additional investment and at sufficient scale in response to a price rise, these producers may be able to defeat a SSNIP by a hypothetical monopolist.
54. In the present context, consideration of supply-side substitution involves asking the question: would wholesalers of synthetic carpet in New Zealand switch quickly and easily to the manufacture/import and wholesale supply of wool carpet in response to a SSNIP of wool carpet (and vice versa)? To answer that question, we consider factors such as:⁵⁰

⁴⁷ Sol at [54.3 and 54.4]. See also Commerce Commission interviews with [] (29 January 2026), [] (29 January 2026), and [] (28 January 2026), and page 1 of response attached to email from [] to the Commerce Commission (4 February 2026).

⁴⁸ See for example [].

⁴⁹ For example, page 1 of response attached to email from [] to the Commerce Commission (4 February 2026) and page 2 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

⁵⁰ *Mergers and Acquisitions Guidelines* above n10 at [3.27]. Also see Motta, Massimo (2004), *Competition Policy: Theory and Practice*, Cambridge University. Pres, competition policy: theory and practice, p 104 {In particular,} switching production must be easy, rapid and feasible. The producer of another good must already have the skills and assets required to produce the product under consideration, it should not incur considerable sunk costs, and any barriers to entry must be surmountable in a rapid and relatively cheap way.

- 54.1 the costs and time involved in switching production from synthetic carpet to wool carpet (and vice versa);
- 54.2 the production processes involved and the extent to which potential suppliers have spare production capacity to switch from synthetic carpet to wool carpet (and vice versa); and
- 54.3 the degree to which any suppliers have switched production from synthetic carpet to wool (and vice versa) in the past.
55. From a supplier perspective, we continue to consider there are some supply-side factors that indicate there is a single differentiated product market for soft flooring products. For example:
- 55.1 the manufacturing equipment for making wool carpet and synthetic carpet are similar. In particular, we understand that existing manufacturers use the same equipment for tufting and backing both synthetic and wool carpets. For example, we understand that each of Bremworth, Godfrey Hirst, Belgotex, Victoria Carpets and Carpet Mill have the production capability to make both wool and synthetic carpets and all of them do make both types of carpet;⁵¹ and
- 55.2 because many existing carpet suppliers in New Zealand are importers that currently supply both synthetic and wool carpet, any issues with their ability to expand at sufficient scale into supplying more wool (or synthetic) carpet in response to a price increase could be considered as part of the Commission's competition assessment.⁵²
56. However, there are some other supply side factors that suggest that wool carpet could be assessed in a discrete product market.
- 56.1 We have received some evidence that indicates that supply-side-substitution between fibre types may be asymmetric, with it being more difficult to switch from synthetic fibres towards wool carpet production. Because wool is a natural fibre, we understand there is an extra learning curve for a manufacturer to understand how woollen yarn responds under pressure and heat.⁵³ We understand it is also a slower, more difficult process for tufting wool compared to synthetic yarns.⁵⁴ One supplier of carpet told us that for

⁵¹ We also understand that Jacobsen and Robert Malcolm, who are wholesale distributors without manufacturing capability in-house, have each recently entered the wholesale supply of wool carpets in New Zealand.

⁵² Some of these importers have their own manufacturing facilities while others are distributors supplying carpet made by third party contractors.

⁵³ Response to request for information from [] (received 25 February 2026).

⁵⁴ [], and Commerce Commission interviews with [] (7 November 2025), [] (13 November 2025), and [] (5 November 2025).

every 1000m of synthetic carpet its machinery can produce in one day, that same machinery would only be capable of producing 200m of wool carpet.⁵⁵

- 56.2 While there has been some recent new entry into wholesale wool carpet supply, we have limited direct evidence of suppliers switching from synthetic carpet to wool carpet at scale in response to relative price changes. However, we do have evidence of some wholesalers decreasing the share of synthetic carpet and increasing the share of wool carpet offerings over the last four years (by sales revenue).⁵⁶ This may suggest that these suppliers have flexed their production in response to changes in relative demand.
- 56.3 Suppliers of synthetic carpet may need to make significant (sunk) investments into product development and testing, advertising and marketing campaigns and developing relationships with specifiers, architects, interior designers and retailers in order to access more customers that demand premium wool carpet products.⁵⁷ Supply side substitution requires there to be very little investment in sunk costs, suggesting that it may be appropriate to define a separate market for wool carpet.

Conclusion on relevant market

57. As outlined at the start of this section, we define markets in the way that we consider best isolates the key competition issues that arise from a merger. In some cases, it may not be possible to precisely identify the market's boundaries, and which products are within the market and which are outside. We consider such an approach is particularly relevant to this case given the differentiated nature of soft flooring products.
58. As set out in the Sol, soft flooring products can include carpet made from synthetic fibres, such as SDN and polyester, as well as from wool fibres, with each fibre type having slightly different comfort and performance attributes that can make them suitable for different uses.
- 58.1 On the demand side, there are several main factors that are important for end-consumers when selecting a carpet including price, performance/durability and colour, and for some customers, fibre type. For example, many customers will consider a range of fibre types, and for these

⁵⁵ Commerce Commission interview with [] (5 November 2025).

⁵⁶ Response to request for information from [] (received 27 November 2025). See also [] response to request for information (received 10 December 2025) [].

⁵⁷ Anonymous B described the switching costs between carpets as requiring: "strategic planning, new SKUs, marketing, compliance tests and stock build" and that "while some shared machinery can process both fibres, switching is neither costless nor quick, and it represents a strategic investment rather than routine flexibility". See Anonymous B submission on SoPI (12 November 2025) at [20.3].

customers, wool and various synthetic carpets may be closely substitutable within a given price and colour range.⁵⁸

- 58.2 On the supply side, many carpet manufacturers currently make (or may be able to profitably make within a relatively short period of time and without significant additional investment) a combination of wool and synthetic carpets using largely the same production facilities, although wool carpet manufacturing is a more time-consuming process due to the non-uniform nature of natural fibres.⁵⁹
59. As outlined above, we have received contrasting feedback indicating that we could either widen or narrow our approach to market definition. After reviewing this feedback, we continue to consider there are appropriate demand-side and supply-side reasons for us to define a soft flooring market.
- 59.1 End-consumers consider a variety of factors when selecting carpet products such that it is appropriate to assess the main types of carpet (synthetic and wool carpet) in the same market.
- 59.2 Many existing manufacturers/importers currently supplying carpet in New Zealand supply both synthetic and wool carpet.
60. However, much of the Commission's considerations in the competition assessment below focuses on wool carpet because this appears to be the part of the soft flooring market where the competitive constraints on the merged entity would likely be weakest.
61. Regardless, at this stage, we do not consider that any final assessment of the Proposed Acquisition would be affected by whether we define a broader soft flooring market or a narrower market (such as one for the supply of wool carpet). Any final decision on the Proposed Acquisition would take into account constraints from all sources, whether they are ultimately found to be located inside or outside the relevant market. What matters is that we consider all relevant competitive constraints and the extent of those constraints.

Next steps in assessing the market definition

62. We invite further information and/or submissions on our view that we should define a soft flooring market, which would include both wool carpet and synthetic carpet in the same market.
63. As part of our demand side considerations, we welcome any further information that industry participants are able to provide that discusses, indicates or shows:

⁵⁸ Sol at [54].

⁵⁹ Sol at [55].

- 63.1 the proportion of end-consumers that are willing to substitute a soft flooring product, but particularly a wool carpet proposed for a common living space or a bedroom, for any type of hard flooring product;
 - 63.2 the proportion of end-consumers that are only willing to purchase a particular type of carpet, particularly wool carpet, and would not be prepared to switch to another type of carpet in response to price or other changes; and
 - 63.3 the extent to which end-consumer decisions on whether to buy a synthetic carpet or a wool carpet are impacted by changes in price (for example, if the number of consumers buying wool carpet reduces as the price of wool carpet increases or the relative price of synthetic carpet reduces).
64. As part of our supply side considerations, we are interested in any further information that industry participants are able to provide on the specific costs that manufacturers/importers would likely face in order to commence supply of wool carpet or increase their existing supply of wool carpet to customers in New Zealand, such as:
- 64.1 the costs and/or requirements involved in increasing the volume of yarn/fibre manufacturers/importers use and/or source;
 - 64.2 the degree to which existing manufacturers of synthetic and/or wool carpets have spare/excess production capacity to start producing or produce additional wool carpets for supply in New Zealand;
 - 64.3 how manufacturers/importers of wool and synthetic carpet manage their production runs of each product and the extent to which an increase in supply of one type of product (say wool carpet) would impact on their supply of another product (say synthetic carpet);
 - 64.4 the likely costs and time involved in switching the yarn used in a tufting production line and whether there are any minimum production volumes/runs that impact on a supplier's incentive and/or willingness to switch production between different yarns;
 - 64.5 the extent to which manufacturers have previously changed their product mix (eg, to produce more or less wool or synthetic carpet) in response to relative price changes by competitors;
 - 64.6 estimates for how much synthetic carpet can be produced in the same amount of time it takes to make a certain amount of wool carpet (for example, a comparison between how much synthetic carpet or wool carpet can be produced using the same machinery in a one hour period, or how much synthetic carpet could be produced for every square metre of wool carpet produced in the same time period using the same machinery);
 - 64.7 how the margins earned by manufacturers and/or wholesalers in synthetic carpet compare with those earned by manufacturers and/or wholesalers of

wool carpet (and vice versa) and the extent to which margin considerations can, and do, impact on production and/or supply decisions; and

- 64.8 in addition to any production considerations, the likely costs and time involved in order for manufacturers/importers to either enter/or expand their sales of wool carpet in New Zealand (such as for product development, branding, marketing and/or distribution relationships).
65. While the above questions relate to our further considerations of the products that would likely fall within a soft flooring market, we would also welcome any relevant evidence that any industry party is able to provide that would show that a type (or types) of hard flooring product should be included in the same market as any soft flooring product.

With and without scenarios

66. Assessing whether a substantial lessening of competition is likely requires us to:
- 66.1 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
- 66.2 determine whether competition is likely to be substantially lessened by comparing those scenarios.

With the acquisition scenario

67. 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 supply of wool and synthetic carpet. In this scenario:
- 67.1 the Proposed Acquisition would remove any existing and potential competition between Godfrey Hirst and Bremworth;
- 67.2 the merged entity would be the largest domestic manufacturer of wool and synthetic carpet; and
- 67.3 the merged entity would be the primary supplier of wool and synthetic carpet to many flooring retailers across New Zealand. To this end, we are not aware of any flooring retailers that do not supply either or both of Godfrey Hirst and Bremworth's products.

Without the acquisition

68. As a practical matter, we usually focus our analysis on the likely without the acquisition scenario we consider the most competitive.
69. At this stage, we continue to consider it is appropriate to assess the impact of the Proposed Acquisition against a counterfactual scenario where Bremworth operates

as a going concern independently of Godfrey Hirst (either under its current structure or under new ownership).

What we said in the Sol

70. In the Sol, we set out our view that the most competitive likely counterfactual scenario would be the status quo, with Bremworth continuing to operate as a going concern.⁶⁰ In this scenario, Bremworth would likely be:
- 70.1 manufacturing and distributing a range of wool carpet; and
 - 70.2 manufacturing and distributing a range of synthetic carpet, consistent with its recent announcements about its re-entry into synthetic carpet.
71. As part of this assessment, we noted recent discussions in relation to the challenging future that Bremworth faces, but that 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). Given this, we considered that we could not 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 soft flooring market.⁶¹

Godfrey Hirst's submissions on the Sol

72. In responding to the Sol, Godfrey Hirst submits that Bremworth's financial position is one of a loss-making entity, with sustained losses over a number of years and that there would continue to be significant challenges to the business as a 'going concern'.⁶²
73. In this respect, Godfrey Hirst considers that Bremworth continuing as a going concern and competing in some form with Godfrey Hirst is an unrealistic scenario. This is because Bremworth's shareholders have endured over a decade of no dividends, a falling share price, declining revenue and profits, and failure to achieve a financial position from which it is able to pay any dividends to its shareholders.⁶³ Further, Godfrey Hirst submits that:
- 73.1 in regard to wool carpets, while Bremworth experienced some increased wool carpet sales initially, these sales started to decline again as importers increased their supply of woollen carpets;⁶⁴ and
 - 73.2 in regard to synthetic carpets, its re-entry strategy exposes Bremworth to considerable commercial risks including subdued trading conditions in New Zealand and Australia, constrained consumer spending, and intensifying competitive pressure from imports. There is also significant execution risk involved in efficiently and appropriately adjusting staffing and equipment for

⁶⁰ Sol at [73].

⁶¹ Sol at [74-76].

⁶² Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [5].

⁶³ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [9].

⁶⁴ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [54].

synthetic production.⁶⁵ In particular, there is no certainty that Bremworth’s attempted re-entry into manufacture and supply of synthetic carpet will be successful especially as that segment of the market faces significant competition from imported carpet and is extremely price sensitive.⁶⁶

74. Therefore, Godfrey Hirst considers that the minimum threshold for any counterfactual is that the relevant scenario must be shown as at least likely to occur. In Godfrey Hirst’s view, the likelihood is that, without the Proposed Acquisition, Bremworth’s mere survival will continue to be “challenging”.⁶⁷

Bremworth’s submissions on the Sol

75. In responding to the Sol, Bremworth provided information on the likely counterfactual although much of this is commercially sensitive information. The key extracts from Bremworth’s submission are included in Attachment C. In summary, Bremworth considers that:⁶⁸

75.1 [

75.2

75.3

].

76. In any event, Bremworth’s submission emphasised that in any likely scenario, whether in the factual scenario or in any counterfactual scenario:

76.1 there would be numerous competitive constraints on the performance of Bremworth and Godfrey Hirst; and

76.2 there are no practical impediments to import competition.

Our current view on the counterfactual

77. Based on the further investigative work we have completed since the Sol and after reviewing the submissions from the Parties, our current view is that we cannot

⁶⁵ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [57].

⁶⁶ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [62].

⁶⁷ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [66-67]. In these paragraphs, Chapman Tripp notes that [

] and that [].

⁶⁸ Bremworth submission on Sol (11 February 2026) at [5(b)].

exclude the real chance that, absent the Proposed Acquisition, Bremworth would operate as a going concern and compete, in some form, with Godfrey Hirst.

78. As set out in our Guidelines and in the Sol, 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).⁶⁹
79. In this case, both Godfrey Hirst and Bremworth consider that the carpet industry is undergoing significant changes and domestic carpet manufacturers are facing increasing competition from importers of carpet.
80. It is widely known that Bremworth is facing challenges and this has continued to be the case since the Commission released the Sol. For example, in February this year, Bremworth released its half year results, which noted the following:⁷⁰

Trading conditions have remained challenging and the improvement in sales performance the Board had anticipated has not come through, resulting in continued losses and cash flows during the half ...

Sales of premium wool and synthetic carpet fell short of expectation. This is primarily because of the ongoing subdued demand for consumer durables like carpet both in the New Zealand and Australian markets and delays in the reinstatement of the Napier plant and the reintroduction of synthetic carpets into our product mix ...

{the Proposed Acquisition} is the best option for shareholders to realise value from their investment in Bremworth. If the {Proposed Acquisition} does not proceed it is likely that the deterioration in Bremworth's cash position will continue.

81. However, the additional information that we have received since the Sol indicates that, while Bremworth is facing challenges, we cannot rule out the likelihood that Bremworth would, absent the Proposed Acquisition, continue to operate as a going concern for the foreseeable future. Bremworth also publicly stated that it does not expect to lose its going concern status in the foreseeable future. For example, in February this year, Bremworth released its half year results, which noted the following.⁷¹

The Board is fully committed to the {Proposed Acquisition} while also maintaining its commitment to the future of the existing carpet business, with a number of decisions taken in the latter part of the financial year to better position the company's market position and prospects ...

Although there are uncertainties relating to these forecasts {about its financial performance}, these uncertainties are not significant enough to lead to a material uncertainty relation to the going concern for the foreseeable future given the cost position from the insurance settlement. The Board expect that sufficient funds are available to fund the Group's operation if the {Proposed Acquisition} does not proceed to implementation.

⁶⁹ *Mergers and Acquisitions Guidelines* above n10 at [2.35- 2.36].

⁷⁰ Bremworth 'Half Year Review to 31 December 2025 – Directors Commentary' (25 February 2026) Pages 1-2.

⁷¹ Bremworth 'Half Year Review to 31 December 2025 (25 February 2026) Page 14.

82. Accordingly, after reviewing the submissions from Godfrey Hirst and Bremworth, as well as information from other industry participants, we cannot exclude the real chance that, absent the Proposed Acquisition, Bremworth would operate as a going concern and compete, in some form under ownership independent of Godfrey Hirst, with Godfrey Hirst in the soft flooring market.
- 82.1 For example, as part of its strategic review, Bremworth engaged with a number of potential parties in New Zealand and overseas before entering into the Proposed Acquisition. As part of its assessment, the Commission received information from Bremworth and from some of these potential purchasers about what would likely happen with Bremworth if the Proposed Acquisition did not go ahead.⁷²
- 82.2 Much of the information we received is commercially sensitive although key extracts from this information are included in Attachment C. Although confidential, the Commission considers this information indicates that, absent the Proposed Acquisition, there would likely be parties interested in purchasing Bremworth and operating it as a going concern.
- 82.3 Given this, we cannot exclude, at this stage, that either Bremworth would continue to operate under its current structure or that an alternative party would consider that Bremworth, absent the Proposed Acquisition, would be a business that it would purchase and operate as a going concern. We consider this is consistent with Bremworth's recent public statement that, while there are uncertainties with Bremworth's forecasted performance, any uncertainties are not significant enough to lead to a material uncertainty relating to Bremworth operating as a going concern absent the Proposed Acquisition.
83. However, we recognise that, when industry participants are facing challenges, as is the case with Bremworth, this can affect the level of competition that the party would provide in the counterfactual scenario. To this extent, we consider it appropriate to take the current challenges facing Bremworth into account in assessing the level of competition that Bremworth would provide as a going concern, absent the Proposed Acquisition.

Next steps in assessing the likely counterfactual scenario

84. We invite further information and/or submissions on our view that we cannot exclude as a likely scenario that Bremworth, absent the Proposed Acquisition, would operate as a going concern independently of Godfrey Hirst (either under its current structure or under new ownership).

⁷² Commerce Commission interviews [].

Competition assessment - summary of the competition issues we are continuing to investigate

85. As noted above, while we are still investigating and have made no final decisions, we are concerned about the impact of the Proposed Acquisition on the soft flooring market, and that this would potentially enable the merged entity to profitably increase prices above (and/or reduce quality or innovation below) the competitive level that would prevail without the merger.⁷³
86. As explained previously, there are two main types of soft flooring products, namely synthetic carpet and wool carpet. Based on the further investigative work we have completed since the SoI, we remain concerned that the Proposed Acquisition would substantially lessen competition in the soft flooring market because:
- 86.1 the Parties appear to be each other's closest competitor (potentially also becoming closer competitors as Bremworth recommences synthetic carpet production), and have consistently been the two largest suppliers of carpets - particularly wool carpet - in New Zealand for at least the last four years;⁷⁴
- 86.2 while imported synthetic and wool carpet products are currently available for flooring retailers to supply, and for end-consumers to buy, we consider that these importer competitors likely provide the strongest competitive constraint in the wholesale supply of synthetic carpets and currently provide minimal constraint in the wholesale supply of wool carpets, such that they would likely need to expand their supply of wool carpets significantly in order to provide sufficient constraint on the merged entity in the soft flooring market. In addition, we are also still considering the likely constraint the merged entity would face for higher quality synthetic carpets, such as SDN carpet;
- 86.3 at this stage, we are not currently satisfied that, following the Proposed Acquisition, importers of carpet - particularly wool carpet - would likely expand to a level that would sufficiently constrain the merged entity; and
- 86.4 flooring retailers do not appear likely to have sufficient countervailing power, particularly in respect of the supply of wool carpets, to effectively constrain the merged entity.
87. Given these concerns, we are not currently satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in the soft flooring market. Our concerns about the Proposed Acquisition are particularly acute in respect of the supply of wool carpet but we are

⁷³ As discussed elsewhere, most carpets supplied by the Parties and their competitors are sold via flooring retailers. Consequently, we focus on supply to flooring retailers (rather than to end-consumers or commercial customers that buy directly from the Parties) in this SoUI.

⁷⁴ The difference in scale in New Zealand between the Parties and the other wholesalers of carpet - particularly wool carpet - are described in more detail later in this document, including with reference to market share estimates. The four years referred to in the text above are FY21-FY24.

also still considering the likely constraint the merged entity would face in the supply of higher quality synthetic carpets, such as SDN carpets.

- 87.1 In regard to wool carpets, the evidence collected to date indicates to us that the wholesale supply of wool carpets makes up a significant section of the soft flooring market, with sales of wool carpet since FY22 representing approximately 20-25% of all total soft flooring sales annually. This supply represents approximately \$60-\$70 million in sales per annum with some industry participants forecasting demand for wool carpet to increase. We understand that this is a smaller share of overall carpet sales than in the past where wool was historically more prevalent than synthetic carpet.⁷⁵ For example, we have been told that wool carpet was the most popular fibre type in the 1970s and 1980s.⁷⁶
- 87.2 However, industry participants also told us they have been observing increasing demand for wool, and/or forecasting demand for wool carpet to grow, particularly as end-consumers place increased importance on environmental and/or sustainability factors.⁷⁷ This aligns with our market share calculations that show a slight increase in wool carpet sales from FY21 to FY24, at the same time as synthetic carpet sales have been decreasing. The New Zealand Government has also mandated the use of woollen fibres in government buildings, where practical and appropriate.⁷⁸
88. In assessing whether the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in the soft flooring market, we recognise that the lessening of competition does not need to be felt equally across an entire market for that lessening to be substantial.⁷⁹ It is sufficient if there is an appropriate degree of a lessening of competition in a significant section of a broader market (eg, wool carpet) for there to be a substantial lessening of competition in the broader soft flooring market.⁸⁰

⁷⁵ Commerce Commission interviews with [] (14 November 2025), [] (7 November 2025), and [] (28 January 2026).

⁷⁶ Commerce Commission interview with [] (28 January 2026).

⁷⁷ Commerce Commission interviews with [] (1 December 2025), [] (11 November 2025), [] (2 December 2025), [] (2 February 2026), and [] (29 January 2026), page 1 of document titled [] attached to email from [] to the Commerce Commission (4 February 2026), and pages 4-5 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

⁷⁸ <https://www.procurement.govt.nz/about-us/news/new-construction-procurement-guide-use-of-woollen-fibres-in-government-buildings/>.

⁷⁹ *Mergers and Acquisitions Guidelines* above n10 at [2.25]. See also *Port Nelson Ltd v Commerce Commission* (CA) (1996) 7 TCLR 217, 235; “Taken more broadly, however, it cannot be the case that competition in a market is not substantially lessened unless competition across the whole of the market is lessened”; *Commerce Commission v Port Nelson Ltd* (HC) (1995) 6 TCLR 406, 436: “It is possible, however, as a matter of law, to do so by showing (s 27) an appropriate degree of lessening of competition in a “significant section” of that market”.

⁸⁰ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888; “Although the words ‘substantially lessened in a market’ refer generally to a market, it is the degree to

89. Accordingly, we continue to assess the impact of the Proposed Acquisition on the wholesale supply of soft flooring products but particularly in relation to wool carpet supply. As set out further below in this SoUI, we seek further information and/or submissions from industry parties of the significance of wholesale wool carpet supply within a soft flooring market. At this stage, any final decision by the Commission would likely require us to determine:
- 89.1 the extent to which a sufficient number of end-consumers would be likely to view synthetic carpets, particularly higher quality synthetic carpets, as a viable substitute to wool carpet such that the merged entity would be constrained in the price and/or quality of its wool carpets;
 - 89.2 whether wool carpet makes up a significant section of the soft flooring market;
 - 89.3 the likely degree of expansion by wool carpet importers post-merger and whether the Proposed Acquisition may raise the barriers to expansion at scale; and
 - 89.4 whether expansion from importers would reach the scale to provide a meaningful constraint on the merged entity in the supply of wool carpet.

Approach to assessing unilateral effects in the soft flooring market

90. We are currently concerned that the Proposed Acquisition would have, or would be likely to have, the effect of substantially lessening competition due to unilateral effects in the soft flooring market, such that the merged entity would potentially be able to profitably increase price above (and/or reduce quality or innovation below) the competitive level that would prevail without the merger.
91. At this stage, we are equally considering the potential for a quality decrease as we are a price increase. Reductions in quality may be more difficult for competitors and customers to discipline than a price increase. Reductions in quality in this instance could include dimensions of competition like range consolidation and reduced innovation.
- 91.1 Range consolidation would mean that retailer customers (and subsequently end-consumers) have less product variety to sell (and buy). [],⁸¹ and we have received feedback that previous carpet mergers have led to range consolidation.⁸²

which competition has been lessened which is critical, not the proportion of that lessening to the whole of the competition which exists in the total market. Thus a lessening in a significant section of the market, if a substantial lessening of otherwise active competition may, according to circumstances, be a substantial lessening of competition in a market.”

⁸¹ See [] presentation attached to an email from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (17 October 2025).

⁸² Commerce Commission interview with [] (11 November 2025).

91.2 Any reduction in the levels of product innovation would mean that retailer customers (and subsequently end-consumers) do not enjoy the benefit of newly-developed carpet products. On this point, Godfrey Hirst submits that Mohawk has a global reach with the resources needed to pursue research, design and innovation, and that this will in fact enhance Bremworth's ability to remain as a competitor.⁸³ However, we have also received feedback that Bremworth is a 'leader' in terms of product innovation, and some parties have raised concerns that innovation will be lost with the Proposed Acquisition.⁸⁴ These concerns relate to the loss of Bremworth specifically, as an independent and innovative competitor, and also the potential reduction in innovation arising due to the loss of competitive tension between Godfrey Hirst and Bremworth.

Overview of the supply of soft flooring products

92. The Commission's estimates of current wholesalers' share of supply (by revenue) in the supply of soft flooring products are set out in Tables 1 to 3 below.⁸⁵ More fulsome information is included in Attachment D.
93. As noted previously, the soft flooring market is differentiated, with carpets supplied across a spectrum of price and quality points and in a range of different formats (eg, broadloom carpet or carpet tiles), fibre types (eg, wool or synthetic), colours and textures. Some wholesalers supply both synthetic carpet and wool carpet⁸⁶ while other wholesalers only supply one type. In addition, there are several different types of synthetic fibres such as SDN and polyester. Where appropriate, we have grouped the carpets made from the different synthetic fibres together for discussion purposes.
94. Table 1 below sets out the total wholesale revenues from carpet sales disaggregated by synthetic carpet and wool carpet in FY24. The table indicates that:

⁸³ The Application at [141.4].

⁸⁴ Anonymous B submission on SoPI (12 November 2025) at [3.5], Anonymous E submission on Sol (30 January 2026) at [4], Matthews Law cross-submission on Sol (19 February 2026) at [141], page 8 of response attached to email from [] to Commerce Commission (4 February 2026), and Commerce Commission interviews with [] (28 January 2026) and [] (28 January 2026).

⁸⁵ We expect that market shares calculated by volume would be slightly different given the broad range of carpet products on offer at varying price points. In particular, we would expect Godfrey Hirst's volume-based market share to be slightly higher than its revenue-based market share (because it has a large range of synthetic carpets), and Bremworth's volume-based share to be slightly lower than its revenue-based market share (because its sales are predominately 'premium' wool carpets).

⁸⁶ While some wholesalers supply both synthetic carpet and wool carpet, this is typically not in equal proportions. Rather, industry feedback suggests that most wholesalers that supply both wool and synthetic carpet have wider ranges of, and sell more, synthetic carpets. In some cases, the amount of wool carpet supplied by a competitor to the Parties is nominal when compared to its synthetic carpet sales/offering.

- 94.1 synthetic carpet sales account for the majority of all carpet sales in FY24 accounting for approximately [] of carpet sales compared to [] for wool;
 - 94.2 most imported carpet is synthetic carpet with imported synthetic carpet accounting for over [] of all imported carpet in FY24 (based on import cost data);
 - 94.3 Godfrey Hirst is the only supplier that has material sales in both synthetic carpet and wool carpet. When combined with direct sales from its parent company, Mohawk, Godfrey Hirst accounted for approximately [] of all carpet sales in FY24; and
 - 94.4 while Bremworth has only recently started supplying synthetic carpet again, it is still one of the largest single suppliers of carpet in New Zealand and its wool sales accounted for approximately [] of all carpet sales in FY24.
95. We have sought to identify the key wholesalers of carpet in New Zealand, including those that import carpet. However, there remains a proportion of the total carpet imports (according to Stats NZ data) that do not appear to be imports controlled by this group of key wholesalers. We have not been able to identify the extent to which the remaining carpet imports represent material competitive constraints in the soft flooring market, and take the conservative approach of including all of these volumes in the 'other imports' row in our tables. However, we expect that this approach may over-estimate the total size of the market, overstate the value of total imports and therefore understate the relative shares of supply held by known suppliers.

Table 1: Sales split between synthetic and wool carpet by supplier in FY2024

Supplier	Synthetic	Wool	All carpet	Total Share
	Revenue	Revenue	Total	
Godfrey Hirst				
Bremworth				
Mohawk direct				
Merged entity				
Carpet Mill				
Other Imports				
	<i>Belgotex</i>			
	<i>Jacobsen</i>			
	<i>Robert Malcolm</i>			
	<i>Victoria Carpets</i>			
	<i>Wools of NZ</i>			
	<i>Carpet Court direct</i>			
	<i>Other imports</i>			
Carpet Total				100%

Source: Attachment D

96. Table 2 below sets out the share of sales that wholesalers have in the supply of synthetic carpet (from FY21-FY24). The table indicates that:
- 96.1 because Bremworth only recently re-introduced synthetic carpet, there has until recently only been two domestic manufacturers of synthetic carpet (Godfrey Hirst and Carpet Mill). The majority of synthetic carpet that has been recently supplied in New Zealand has therefore been imported; however
- 96.2 overall sales of synthetic carpet have been decreasing, with total sales of over [] million in FY21 decreasing to less than [] million in FY24.

Table 2: Share of revenue – synthetic only

Synthetic supplier	FY21	FY22	FY23	FY24
	Share	Share	Share	Share
Godfrey Hirst				
Bremworth				
Mohawk direct sales				
<i>Merged entity</i>				
Carpet Mill				
Other Synthetic Imports				
<i>Belgotex</i>				
<i>Jacobsen</i>				
<i>Robert Malcolm</i>				
<i>Victoria Carpets</i>				
<i>Carpet Court direct</i>				
<i>Other</i>				
Synthetic Carpet Total	100%	100%	100%	100%

Source: Attachment D

97. Table 3 below sets out the share of sales that wholesalers have in the supply of wool carpet (from FY21 to FY24). The table indicates that:
- 97.1 Godfrey Hirst and Bremworth each have a significant presence in the supply of wool carpet and collectively supply a significant amount of the wool carpet sold in New Zealand;
 - 97.2 unlike in synthetic carpet, wholesalers importing wool carpet only account for approximately []% of recent sales; and
 - 97.3 while synthetic carpet sales have declined in recent years, wholesale wool carpet sales have been flat since FY22 but increased on FY21 revenues, although overall wool carpet sales are still smaller than synthetic carpet sales.
98. Since FY24, two importers of synthetic carpet, Jacobsen and Robert Malcolm, have begun wholesaling wool carpet in New Zealand.

Table 3: Share of revenue – wool only

Wool supplier		FY21	FY22	FY23	FY24
		Share	Share	Share	Share
Godfrey Hirst					
Bremworth					
Merged entity					
Carpet Mill					
Wool Imports					
	<i>Belgotex</i>				
	<i>Victoria Carpets</i>				
	<i>Wools of NZ</i>				
	<i>Other[^]</i>				
Wool Carpet Total		100%	100%	100%	100%

Source: Attachment D

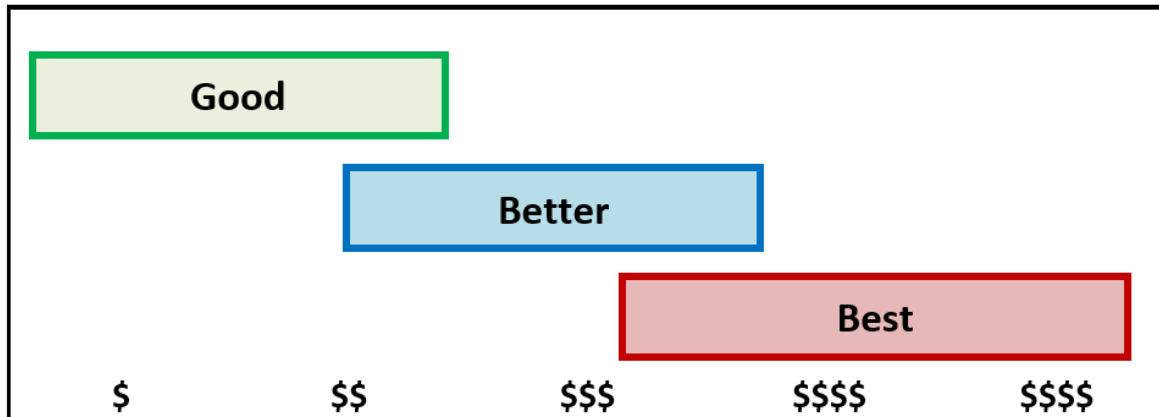
The differentiated nature of soft flooring products

99. As discussed above, there is a wide range of soft flooring products available to purchase at different price and quality points. Soft flooring products also come in different fibre types, where each fibre type has slightly different comfort and performance attributes that can make them suitable for different uses and consumer preferences.
100. As a result, flooring retailers tend to offer a broad range of soft flooring products, and given the different options, flooring retailers and suppliers provide information and guidance to consumers on the different options.⁸⁷ We understand from this type of information that it is common in the industry to group the different options into three general categories and refer to them as “Good, Better, Best”.
- 100.1 “Good” carpets tend to be synthetic carpet (often made from polyester fibres) that target the budget or lower end of the soft flooring market. Polyester carpets are known for their stain resistance and for their soft and luxurious feel which make them suitable for low traffic areas.
- 100.2 “Better” carpets tend to be synthetic carpet (often made from SDN fibres) that target the middle of the soft flooring market. SDN carpets are known for their stain resistance, colourfastness, and durability.
- 100.3 “Best” carpets tend to be wool carpet and some synthetic carpets (such as SDN or Triexta fibres) that target the higher end of the soft flooring market. Best carpets offer a more luxurious flooring product than other types of carpet and provide a combination of comfort, performance, longevity, and stain resistance.

⁸⁷ For example, see Harrisons: “The 3 Things That Matter Most When You’re Buying Carpet” and “Wool Carpet. The pros and cons revealed”, Flooring Xtra: “Our Guide To Carpet”, and Godfrey Hirst: “7 Simple Steps To Choosing The Right Carpet” and “How to Choose the Perfect Carpet for Your Home”.

101. However, as is the nature of differentiated product markets, there is no bright line that distinguishes a Good carpet from a Better carpet from a Best carpet. The following simplistic figure tries to illustrate some of the feedback from industry participants about the cross over in price between the different general categories of carpet.

Figure 1: Categories of soft flooring products



Source: Industry participants

102. In addition, we also received consistent feedback that there are some end-consumers that are only interested in wool carpet and these end-consumers may not readily switch to another fibre type. However, feedback from industry participants indicates that it is very difficult to accurately estimate this proportion of end-customers. The table below sets out some of the feedback we have received to date from flooring retailers on their understanding of end-consumer preference for synthetic and wool carpet.

Table 4: Consumer preference for synthetic and wool carpet

Retailer	Consumer preference for synthetic and wool carpet
[] ⁸⁸	View there as being three categories of customers: (1) customers who have no idea what they are after and want education, (2) customers who definitely want a synthetic carpet (although this is a small category that is starting to fade away), and (3) customers who are 100% wanting a wool carpet.
[] ⁸⁹	Considers that there are some customers who know what they want, and others that will ask the salesperson’s opinion. Estimates that ~70% of customers will know what fibre they want (ie, wool or synthetic) and 30% will not know what fibre they want. Either way, its salespeople want customers to be happy with their decisions in the long term so will talk them through the pros and cons of each fibre type to ensure they make an informed decision. In this retailer’s view, customers can be swayed between fibre types. For example, some customers might say they want a wool carpet but

⁸⁸ Commerce Commission interview with [] (11 November 2025).

⁸⁹ Commerce Commission interview with [] (28 January 2026).

	then also say they want something that is low maintenance. That customer might therefore end up buying synthetic carpet. Alternatively, a customer might say they want synthetic carpet, but then fall in love with a wool product.
[] ⁹⁰	Considers that customers come in with different mindsets, and most of the time it will explain the benefits of each different type of carpet to see what carpet is best for their home. In this retailers' view, some customers demand wool because they have either always had wool carpet and do not want anything else, or they have never had wool carpet but like the idea of it.
[] ⁹¹	Considers that even when SDN became more popular than wool carpet in New Zealand, it still maintained a big wool presence and wool carpet is an important part of its business.
[] ⁹²	Considers that some customers are 'die hard' wool people, some are 'die hard' synthetic people, and then there are customers in the middle that are happy to review their options once the salesperson understands their way of living. In this instance, a customer will weigh up the pros and cons of wool carpet vs synthetic carpet.
[] ⁹³	Would always lead with wool carpet as a first choice, but would use synthetic carpet at the customer's request. Considers that wool carpets have textures and colours that cannot be reproduced with SDN, and for half of its clients, price is the last thing they consider when selecting a carpet.

Source: Industry participants.

Summary of our current view

103. For the reasons set out below, we are not currently satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition due to unilateral effects in the soft flooring market. We set out this view in more detail below, by considering in turn:

- 103.1 the closeness of competition between Godfrey Hirst and Bremworth;
- 103.2 the current and potential future constraint on the merged entity from competing domestic manufacturers;
- 103.3 the current constraint on the merged entity from importers of carpets;
- 103.4 the constraint from potential entry and expansion from importers of carpets;
- 103.5 whether large customers would have a sufficient degree of countervailing power over the merged entity;

⁹⁰ Commerce Commission interview with [] (28 November 2025).

⁹¹ Commerce Commission interview with [] (2 December 2025).

⁹² Commerce Commission interview with [] (14 November 2025).

⁹³ Commerce Commission interview with [] (29 January 2026).

103.6 whether any efficiencies arising from the Proposed Acquisition would prevent soft flooring customers from being adversely affected in a material way so that the merger would not be likely to substantially lessen competition; and

103.7 the level of constraint that products from outside the market (ie, hard flooring products) would have on the merged entity.

104. While we have assessed each potential constraint individually in the discussion below, we have also considered whether each of these individual constraints would be likely, in aggregate, to constrain the merged entity to a sufficient degree to prevent a substantial lessening of competition in the soft flooring market. We are not currently satisfied that this is likely to be the case given the limited competitive constraint we consider the merged entity would face from each individual factor.

Closeness of competition between the Parties in the soft flooring market

105. We currently consider that Godfrey Hirst and Bremworth are close competitors, particularly for the supply of wool carpet in New Zealand. However, Bremworth has recently re-entered synthetic carpet manufacturing and so now competes more directly with Godfrey Hirst across a broader range of products within the soft flooring market. This competition would be lost as a result of the Proposed Acquisition.

What we said in the Sol about closeness of competition between the Parties

106. In the Sol, we said that, based on the evidence gathered at the time, 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.⁹⁴ As part of this assessment, we noted that:

106.1 Godfrey Hirst and Bremworth have a long history of manufacturing and supplying carpets in New Zealand and have strong brand recognition among flooring retailers and end-consumers;⁹⁵ and

106.2 for some retailers, Godfrey Hirst and/or Bremworth account for a large proportion of sales volumes, and that they tend to respond to each other's price changes/supply decisions.⁹⁶

107. However, we also noted that, given Bremworth's focus - until recently - was solely the supply of wool carpets, it was less clear whether Bremworth is likely to be Godfrey Hirst's closest competitor, given that Godfrey Hirst offers a broader range of flooring products (including synthetic carpets and hard flooring).⁹⁷

⁹⁴ Sol at [103].

⁹⁵ Sol at [100].

⁹⁶ Sol at [102].

⁹⁷ Sol at [104].

Godfrey Hirst's submissions on the Sol

108. In responding to the Sol, Godfrey Hirst submits that just because both the Parties are located within New Zealand, this does not ensure closeness in performance as a competitive constraint. It considers that there is no basis for the suggestion that Godfrey Hirst and Bremworth are in closer competition with each other than they are with importers.⁹⁸
109. Godfrey Hirst considers that, given its view about the comparative ease with which carpet now may be imported (including carpet that has been manufactured elsewhere using New Zealand wool and reimported), it is not accurate to claim that Godfrey Hirst and Bremworth tend to compete more closely in the supply of wool carpet.⁹⁹ To this extent, Godfrey Hirst submits:
- 109.1 there is strong evidence that indicates that wool carpet importers are at least as competitive with Bremworth as Godfrey Hirst is, because when Bremworth's wool carpet output dropped in 2023 and 2024, the fall in sales was originally taken up by both Godfrey Hirst and imports, and then primarily by imports;¹⁰⁰
- 109.2 rather than the presence of Bremworth, its pricing is affected by changes to raw material input costs and its analysis of pricing by all competitors;¹⁰¹ and
- 109.3 there are fewer suppliers of wool carpet because the demand for wool carpet currently is significantly less than for synthetic carpet. To the extent that demand for wool carpet is increasing, wool supply will increase to meet that demand and this supply will come from imports rather than from Bremworth.¹⁰²

Bremworth's submissions on the Sol

110. In responding to the Sol, Bremworth submits that customers readily switch from Bremworth to imported and synthetic products demonstrating that the constraint on Bremworth comes from many competitors and in many forms, not just from Godfrey Hirst.¹⁰³
111. However, Bremworth also submits that, even if it were the case that Godfrey Hirst and Bremworth are closer competitors to one another in particular sections of the broader soft flooring market, any lessening of competition must still be "substantial" in the context of the overall "market".¹⁰⁴ This is because, in Bremworth's view, the plethora of other carpet competitors would mean that there is no prospect of the Proposed Acquisition resulting in a sustainable, durable and substantial market price

⁹⁸ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [70].

⁹⁹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [78].

¹⁰⁰ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [70].

¹⁰¹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [78].

¹⁰² Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [81].

¹⁰³ Bremworth submission on Sol (11 February 2026) at [5].

¹⁰⁴ Bremworth submission on Sol (11 February 2026) at [35].

increase across the New Zealand carpet (or flooring) market (or an equivalent reduction in quality).¹⁰⁵

Our current view

112. We remain of the view that Godfrey Hirst and Bremworth are each other's closest competitor, particularly for the supply of wool carpet in New Zealand. However, Bremworth has recently re-entered synthetic carpet manufacturing and so now competes more directly with Godfrey Hirst across a broader range of products within the soft flooring market.
113. To this extent, we disagree with the submissions from both Godfrey Hirst and Bremworth that they compete more closely with other suppliers than with each other. Set out below are the main reasons why we consider Godfrey Hirst and Bremworth are close competitors, which include:
- 113.1 Godfrey Hirst and Bremworth being the only two domestic manufacturers and wholesalers (at scale) of wool carpet;
- 113.2 our review of the internal documents we have received from both Godfrey Hirst and Bremworth;
- 113.3 feedback from almost all industry participants, other than Godfrey Hirst and Bremworth, who consider that the Parties are each other's closest competitors, particularly in relation to wool carpet; and
- 113.4 while the competitive effects are yet to emerge clearly, Bremworth's re-entry into SDN carpet having the potential to increase the closeness of competition between Godfrey Hirst and Bremworth.
114. The closeness of competition in the supply of carpet arises particularly because Godfrey Hirst and Bremworth are the only suppliers of wool carpet in New Zealand at scale and have consistently been the two largest and most well-known suppliers of carpets in New Zealand for at least the last four years.¹⁰⁶
115. Internal documents from Godfrey Hirst
[]:¹⁰⁷

¹⁰⁵ Bremworth submission on Sol (11 February 2026) at [36].

¹⁰⁶ The mere fact that both Godfrey Hirst and Bremworth are domestic manufacturers does not automatically result in them being close competitors. However, we consider that it does contribute to similarities between them in a number of ways. For example, their distribution systems, retailer relationships and brand-positioning (offering 'New Zealand-made' products) are likely more similar to each other than to an importer.

¹⁰⁷ See [] attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025).

115.1 [];

115.2 [];

115.3 []; and

115.4 [].

116. As shown in the market share tables above and in Attachment D, since at least FY21, Godfrey Hirst's approximate market share (by revenue) for wool carpet supply has been between []% and []%. For the same period, Bremworth's approximate market share (by revenue) has been between []% and []%. This means that the Parties have, since FY21, had an approximate combined market share (by revenue) for wool carpet supply of between []% and []%.
117. In terms of range, the Parties both have significantly larger ranges of carpet than other suppliers of carpet. While range does not automatically imply closeness of competition, we consider it is relevant for our closeness of competition assessment because it may mean the Parties:
- 117.1 compete for more of the same customers/end-consumers;
- 117.2 are each other's closest substitutes across many dimensions, increasing the likelihood that diversion ratios between the Parties are high (such that the merged entity would find it profitable to worsen price, quality or service); and
- 117.3 smaller rivals may only provide partial competitive constraint in limited sections of the market and cannot replicate the competitive pressure lost from the Proposed Acquisition.
118. Again, this difference in range between the Parties' products and their competitors' products is particularly acute for wool carpet. Table 5 below sets out the approximate size of the Parties soft flooring ranges as compared to some of their competitors.

Table 5: Approximate number of broadloom products by supplier

Supplier	Synthetic broadloom	Wool broadloom	Total broadloom
Godfrey Hirst			
Bremworth			
Mohawk			
Merged entity			
Carpet Mill			
Victoria Carpets			
Wools of NZ			
Belgotex			
Robert Malcolm			
Jacobsen			
Urban Flooring			
Euroflor			

Source: Feedback from the industry participants and websites.¹⁰⁸

119. Discussion in the internal documents we have received from the Parties also indicate to us that that Godfrey Hirst and Bremworth are close competitors.

119.1 Godfrey Hirst's internal emails and documents indicate that

[].¹⁰⁹ There is also specific reference [].¹¹⁰ Mohawk's acquisition documents also reflect this view. For example, an internal document []¹¹¹

¹⁰⁸ All numbers are approximate and included for illustrative purposes only. These numbers indicate separate product lines, and we have not separately counted all colours within each product line. As a result, all suppliers' numbers would be higher if we separately counted all colours within a product line, as most suppliers offer the same product line in a selection of colours. Some of the figures have been estimated from our review of the relevant supplier's website and some of the figures have been provided directly to us by the relevant supplier. The number of product ranges on offer can also vary over time as new ranges are deleted and added. Other than websites, sources include responses to requests for information from:

[

].

¹⁰⁹ This view is formed from our review of the internal documents provided in response to our request for information on 24 December 2025. See for example

[

] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026).

[

]

¹¹⁰ See [] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026).

¹¹¹ [

]

].¹¹²

119.2 Bremworth internal documents

[

].

120. Further, almost all industry participants we have spoken with, or received submissions from, indicate that Godfrey Hirst and Bremworth are each other's closest competitor.¹¹³ As a result of Bremworth only recently re-introducing synthetic carpets, much of the feedback we have received regarding the closeness of competition between the parties is naturally centred around the supply of wool carpets. However, Bremworth re-entering synthetic carpet manufacturing means it now competes directly with Godfrey Hirst across a broader range of products within the soft flooring market.
121. We have also received some specific feedback on the nature of competition between Godfrey Hirst and Bremworth. For example, in addition to what is noted in the Sol:
- 121.1 one retailer told us that the Parties are particularly close competitors in the mid-to-premium residential and commercial segments where wool and premium synthetic carpets are specified and compared. This retailer also explained that Godfrey Hirst and Bremworth are frequently benchmarked against one another during pricing, range selection and tender processes, and customers are often choosing between Godfrey Hirst and Bremworth at the point of sale. In this retailer's view, customers frequently compare Bremworth directly with Godfrey Hirst rather than lower-priced suppliers/imports;¹¹⁴
- 121.2 another retailer told us that the sales representatives of Godfrey Hirst and Bremworth will often ask what the other is doing and look at what the other has put on the stands in store. This same retailer also noted that Godfrey Hirst and Bremworth both have felted wool carpets that smaller companies

¹¹² See Mohawk's [] attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025).

¹¹³ See for example Commerce Commission interviews with [] (14 November 2025, [] (28 January 2026), [] (7 November 2025), [] (23 February 2026), [] (29 January 2026), [] (28 January 2026), submissions on SoPI from Cowes Bay Group (11 November 2025), Anonymous A (9 November 2025), Anonymous C (18 November 2025), Anonymous D (25 November 2025), Matthews Law (27 November 2025), submissions on Sol from Cowes Bay Group (19 February 2026), Anonymous D (26 January 2026), Anonymous E (30 January 2026), page 5 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026) and page 1 of response attached to email from [] to the Commerce Commission (4 February 2026).

¹¹⁴ Pages 1 and 2 of response attached to email from [] to the Commerce Commission (4 February 2026).

do not have, as well as weaves and textures that are “above” the smaller companies,¹¹⁵

- 121.3 another retailer told us that Godfrey Hirst and Bremworth are each other’s biggest rivals, with all others the next tier down and nowhere near the scale and volume of the Parties;¹¹⁶
- 121.4 Anonymous D submits that even where products differ by fibre or price point, Godfrey Hirst and Bremworth are competing for the same retail space, respond to each other’s pricing and range decisions, and provide retailers with a credible alternative when negotiating supply, pricing and service;¹¹⁷
- 121.5 Godfrey Hirst and Bremworth have been referred to by interested parties as both being important brands for retailers to stock for reasons such as: the high proportion of purchase volumes they make up, their brand awareness amongst end-consumers, the fact that large commercial customers may either specify, or prefer, one or either of these brands, and the breadth of range that each company offers.¹¹⁸ We have not received this same feedback about other wool carpet importers and we are not aware of any flooring retailers that do not supply either or both of Godfrey Hirst and Bremworth’s products.
122. Godfrey Hirst submits that there are other suppliers of carpet (including wool carpet) in New Zealand and that these suppliers are either already the Parties’ closest competitors (particularly for synthetics) and could grow if demand increased (particularly for wool).
- 122.1 However, each other supplier of imported carpet currently has a significantly more limited range than Godfrey Hirst and Bremworth, is of much smaller scale in New Zealand (particularly for wool carpet supply), and does not appear to have the same degree of brand recognition loyalty/relationships with retailers and end-consumers.
- 122.2 We therefore do not consider that these competitors compete as closely with Godfrey Hirst and Bremworth as compared to how Godfrey Hirst and Bremworth currently compete against each other.
123. As noted in the Sol, we also received some feedback that Bremworth is not as strong a competitor as it used to be and that it is currently facing challenges.¹¹⁹ This aligns with a reduction in Bremworth’s market share from []. Further, Godfrey Hirst

¹¹⁵ Commerce Commission interview with [] (28 January 2026).

¹¹⁶ Commerce Commission interview with [] (29 January 2026).

¹¹⁷ Submission on Sol from Anonymous D (26 January 2026).

¹¹⁸ Email from [] to the Commerce Commission (4 February 2026) and email from [] to Commerce Commission in response to s98 notice (9 March 2026).

¹¹⁹ Commerce Commission interview with [] (7 November 2025) and [] (5 November 2025).

considers that when Bremworth's share reduced, the fall in sales was taken up primarily by imports rather than by Godfrey Hirst.

124. However, we do not consider this reduction in share means Bremworth is not Godfrey Hirst's closest competitor. This is largely driven by its position as a prominent and long standing carpet supplier and the largest supplier of wool carpet in New Zealand. We have also received feedback from multiple retailer customers that Bremworth's wool carpet products are the highest quality wool carpets.¹²⁰ As discussed further below, we also do not consider that the slight increase in total imported wool carpet coinciding with a fall in Bremworth's sales output proves that Godfrey Hirst and Bremworth are not close competitors.
125. We understand Bremworth's recent re-entry into synthetic carpet production is with, at this stage, a limited range of products. Bremworth also submits that its entry is de minimis, and that []¹²¹
126. Nevertheless, for purposes of our closeness of competition assessment, Bremworth re-entering synthetic carpet manufacturing means it now competes directly with Godfrey Hirst across a broader range of products within the soft flooring market.
- 126.1 For example, Bremworth states that its re-entry into SDN carpet provides it "greater relevance to our retail partners and ultimately our consumers as we have a wider range of consumer-relevant products to offer in our range" and that this re-entry has "changed the conversation with customers and re-established our relevance in the market."¹²² This feedback from Bremworth is also consistent with the feedback that the Commission received from industry participants.¹²³
- 126.2 In addition, Bremworth considers that additional volume and scale associated with the re-entry to SDN, would over time, enable it to harness economies of scale to lower its fixed production overheads per lineal metre of carpet.¹²⁴ In our view, lower average costs would theoretically improve Bremworth's competitive position across its full range of carpet products, including SDN and wool carpets.

¹²⁰ Commerce Commission interviews with [] (29 January 2026), [] (28 January 2026), and [] (28 January 2026).

¹²¹ Bremworth submission on Sol (11 February 2026) at [5(e)].

¹²² Bremworth 'Annual meeting speeches' (12 November 2025).

¹²³ For example, see Commerce Commission interview with [] (14 November 2025) and Anonymous D submission on Sol (26 January 2026) at [1].

¹²⁴ Bremworth [] attached to email from Russell McVeagh (on behalf of Bremworth) to Commerce Commission (20 February 2026).

126.3 Further, while Bremworth submits that its re-entry to SDN carpet has had a de minimis effect to date, we consider that there is the potential for its presence in synthetic carpets to grow.

127. In our view, Bremworth's re-entry into SDN carpet has the potential to increase its current competitive position in the soft flooring market due to its ability to supply flooring retailers across a broader product range that includes both SDN and wool carpet. Therefore, at this stage, we are not yet satisfied that there is no real or substantial prospect that Bremworth's expansion into SDN carpets would not translate to a meaningful competitive constraint on Godfrey Hirst's synthetic carpet products.

Next steps in assessing the closeness of competition between Godfrey Hirst and Bremworth

128. We invite further information and/or submissions on our view that Godfrey Hirst and Bremworth are each other's closest competitor in the soft flooring market. As noted above, we consider this closeness is particularly acute for the supply of wool carpet but that Bremworth's re-entering synthetic carpet manufacturing means it now competes directly with Godfrey Hirst across a broader range of products within the soft flooring market.

129. In particular, we are interested in further evidence and examples on the extent to which customers, end-consumers and competitors have reacted to actions from Godfrey Hirst and/or Bremworth including specific information on:

129.1 extent to which Godfrey Hirst's and Bremworth's pricing and/or quality decisions relate to each other's decisions or actions (as opposed to other factors such as changes in input costs);

129.2 the extent to which Godfrey Hirst's and Bremworth's pricing decisions relate to other competitors in the soft flooring market (as opposed to each other);

129.3 the extent to which flooring retailers (and end-consumers) switch between the Parties and other competitors in response to price changes. For example, over recent years, we are aware of announcements by some suppliers of proposed wholesale price increases for certain carpet types and we are seeking further information and analysis that shows the specific impact of any subsequent price increases; and

129.4 the extent to which flooring retailers (and end-consumers) switch between the Parties and other competitors in response to non-price changes such as changes in product quality, level of service or supply terms and/or the level of innovation and product development.

Existing competition and expansion from domestic manufacturers

130. The only other domestic manufacturer of carpet in New Zealand is Carpet Mill. We are not currently satisfied that the merged entity would be materially constrained by Carpet Mill, particularly in the wholesale supply of wool carpet.

What we said in the Sol

131. In the Sol, we said that, based on the evidence gathered at the time, we can likely only place limited weight on Carpet Mill constraining the merged entity. This is primarily because we understand that Carpet Mill:¹²⁵
- 131.1 has a different business model to the Parties in that it primarily supplies its products direct to consumers (rather than through retailers);
 - 131.2 is smaller in scale than the Parties; and
 - 131.3 predominately supplies synthetic carpets. As a result, the potential for end-consumers to purchase carpet from Carpet Mill is unlikely to constrain the pricing of wholesalers in respect of the wool carpet products they supply to retailers.

Godfrey Hirst's submissions on the Sol

132. In responding to the Sol, Godfrey Hirst submits that none of the Commission's reservations about Carpet Mill being an effective competitor are valid. Godfrey Hirst considers that Carpet Mill has a stable demand for its flooring products and related services and has fared better than Godfrey Hirst and Bremworth in responding to the growing threat from imports.¹²⁶
133. To this extent, Godfrey Hirst considers that the Commission cannot dismiss the prospect of the merged entity being materially constrained by Carpet Mill as a local, long-standing manufacturer, with a steady market share and a reputation for stability of supply.¹²⁷

Bremworth's submissions on the Sol

134. In responding to the Sol, Bremworth considers Carpet Mill to be one of the plethora of other carpet competitors that would provide a constraint on the merged entity. They note that Carpet Mill actively markets its presence in New Zealand across a range of flooring types, including carpets made of wool or synthetic to vinyl planking or hybrid floating floors, and that Carpet Mill consider itself to be one of the largest and most trusted flooring companies in New Zealand.¹²⁸

Our current view

135. Based on our further investigation since the Sol and after testing the submissions from the Parties, at this stage, we are not currently satisfied that the merged entity would be materially constrained by Carpet Mill, particularly for the supply of wool carpets.
136. In addition to the Parties, Carpet Mill is the only other domestic manufacturer of carpet in New Zealand. We agree with Godfrey Hirst and Bremworth that Carpet Mill

¹²⁵ Sol at [110].

¹²⁶ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [89].

¹²⁷ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [94].

¹²⁸ Bremworth submission on Sol (11 February 2026) at [36(b)].

has a long-standing presence and reputation in the supply of carpet in New Zealand. However, we disagree with the Parties on the level of constraint that Carpet Mill would provide on the merged entity.

137. In the application, Godfrey Hirst estimates that Carpet Mill has a market share of approximately []. Our calculations indicate Carpet Mill has consistently held a []% soft flooring market share since FY21.¹²⁹

138. However, Carpet Mill's presence predominately comes from its production and sales of synthetic carpets, as we understand synthetic carpets make up []% of Carpet Mill's carpet volumes. To this extent, in regards to wool carpet, Carpet Mill currently manufactures

[].¹³⁰ As also discussed in the Sol, industry players generally:

138.1 see Carpet Mill as a synthetic carpet manufacturer only, with the view that Carpet Mill does not make wool carpet or only makes a very small amount;¹³¹

138.2 describe Carpet Mill as a small-scale operator;¹³² and/or

138.3 do not mention Carpet Mill at all when discussing key competitors, particularly with respect to wool carpet supply.

139. Carpet Mill

[].
[]

]".¹³³

140. As such, while we consider that the retail supply of carpet by Carpet Mill would likely provide some constraint on the merged entity for the wholesale supply of synthetic carpets, we do not consider this is likely to strong, nor do we consider it is likely to be the case across the entire spectrum of soft flooring products and particularly not for wool carpets.

¹²⁹ We included Carpet Mill in our market share estimates to reflect its relative scale. However, this may not be entirely representative of its share in the wholesale soft flooring market because its vertically integrated business model may mean its revenues are better characterised as retail sales.

¹³⁰ Commerce Commission interview with [].

¹³¹ Commerce Commission interview with [] (11 November 2025) and submission on SoPI from Anonymous B (12 November 2025).

¹³² Commerce Commission interview with [] (11 November 2025), submissions on SoPI from Cowes Bay Group (12 November 2025) and Anonymous C (18 November 2025), and submissions on Sol from Matthews Law (10 February 2026) at 18 and (19 February 2026) at 46.

¹³³ See Godfrey Hirst [] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026).

141. That said, we have also considered whether Carpet Mill could expand to become a more significant competitor, particularly in the retail or wholesale supply of wool carpets, following the Proposed Acquisition. We do not consider this is likely to be the case.

141.1 As set out in our Guidelines, we assess whether entry by new competitors or expansion by existing competitors is likely to be sufficient in extent in a timely fashion to constrain the merged firm and prevent a substantial lessening of competition. This is referred to as the ‘LET test’. In order to satisfy the ‘extent’ limb, entry or expansion must be of a sufficient extent to constrain the merged entity and prevent a substantial lessening of competition. In order to satisfy the ‘timeliness’ limb, entry or expansion must also be likely to occur within a reasonably short time period following a price increase or other exercise of market power. The appropriate timeframe may vary from market to market but, in general, we consider entry and expansion within two years is sufficiently timely.¹³⁴

141.2 Carpet Mill

[

].¹³⁵ However,

[

]. For

these reasons,

[

].¹³⁶

141.3 Consequently, we consider it likely that Carpet Mill

[

]. However, we do not consider we can place weight on Carpet

Mill substantially expanding its supply of wool carpets, either in a timely manner or to a sufficient extent, even in response to a price increase after the Proposed Acquisition.

141.3.1 In our view, market demand would have to skew significantly towards wool for Carpet Mill to expand its supply of wool carpets. We do not

¹³⁴ *Mergers and Acquisitions Guidelines* above n10 at [3.93-3.106]. The key difference between an analysis of supply-side substitution for market definition purposes, and an analysis of the potential entry and/or expansion by competitors for purposes of assessing competitive constraint, is that a supply-side substitution analysis asks whether firms would easily, profitably and quickly (generally within one year) switch production to the products or locations in question without significant cost, while the entry and/or expansion analysis asks whether entry by new competitors or expansion by existing competitors is likely to be sufficient in extent in a timely fashion to constrain the merged firm and prevent a substantial lessening of competition.

¹³⁵ Commerce Commission interview with [].

¹³⁶ Commerce Commission interview with [].

consider this is likely to be the case in the next two years. While we have received feedback that demand for wool is growing and demand for synthetic is falling, our market share calculations show only a [] increase in total wool carpet sales from FY21 – FY24, and flat sales from FY22 to FY24.

141.3.2 Further, as noted above, Carpet Mill is known industry wide as a predominately synthetic carpet supplier that makes most of its sales direct to the end-consumer. As such, for Carpet Mill to expand significantly into wholesale wool carpet sales, this may require substantial investment into brand awareness and marketing (so that it is seen as reliable and high-quality wool carpet manufacturer, rather than a supplier that focuses on synthetic carpets), as well as a potential business model change (discussed below).

142. We also note that Carpet Mill’s business model is for consumers to “deal directly with the manufacturer”.¹³⁷ [].¹³⁸ As a result, while Carpet Mill would be competing with the merged entity for end-consumer choice, the degree of constraint that the merged entity would directly face from Carpet Mill in the wholesale supply of carpets - including synthetic carpets - should not be overstated. This also means that, even if Carpet Mill did expand its supply of synthetic or wool carpets, it would likely be predominately supplying these products directly to consumers and not via the wholesale channel. This means, unless it was to change its business model, it is not likely to be a viable alternative supplier for many flooring retailers.

Next steps in assessing existing competition from domestic manufacturers

143. We invite further information and/or submissions on our view that the merged entity would not be materially constrained by Carpet Mill, particularly in the supply of wool carpets. As part of this, we welcome further evidence and specific examples on:
- 143.1 the extent to which carpet suppliers have recently lost sales to Carpet Mill, particularly sales of wool carpet;
 - 143.2 the extent to which flooring retailers have recently lost consumers to Carpet Mill, particularly for sales of wool carpet; and
 - 143.3 the extent to which Carpet Mill is a close competitor to Godfrey Hirst and/or Bremworth.

Existing competition from carpet importers in the soft flooring market

144. We are currently not satisfied that the merged entity would be materially constrained by imported carpet products, particularly for the supply of wool carpets.

¹³⁷ <https://www.carpetmill.co.nz/about/the-carpet-mill-difference>.

¹³⁸ Commerce Commission interview with [].

What we said in the Sol

145. In the Sol, we said that, 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. We identified companies that import carpets into New Zealand, including wool carpets, as including but not being limited to Wools of NZ, Jacobsen, Belgotex, Robert Malcolm and Victoria Carpet.¹³⁹
146. However, we noted that importers of carpet products likely face some practical issues when supplying their product in New Zealand and these issues may have an impact on the constraint that importers of carpet might have on the merged entity. These issues included:¹⁴⁰
- 146.1 extra costs from importing such as shipping costs and exposure to exchange rate volatility;
 - 146.2 imported products having longer lead times; and
 - 146.3 a potential reluctance of retailers to stock imported products if they do not offer the same level of warranty/after sales service that is currently offered by the Parties.

Godfrey Hirst's submission on the Sol

147. In responding to the Sol, Godfrey Hirst submits that it is wrong for the Commission to claim that Godfrey Hirst and Bremworth tend to compete more closely. Rather, the closeness of competition comes from imports, too.¹⁴¹ In Godfrey Hirst's view, imports have fundamentally transformed the competitive landscape of the New Zealand carpet sector and this reflects not only changing consumer preferences, improved quality, cost advantages and increasingly favourable trade conditions, but also a decisive move by retailers to prioritise imported products over domestic alternatives. Further, imports are now reshaping the wool carpet sector, absorbing market share and setting new benchmarks for price and quality.¹⁴²
148. Godfrey Hirst considers that the sustained rise of imports, including for wool carpets, leaves no doubt that they are a powerful and ever-increasing constraint on local manufacturers.¹⁴³ Godfrey Hirst considers there are four main reasons for this view on the constraint from imports, namely:
- 148.1 imports are of good quality and are lower cost to make;¹⁴⁴
 - 148.2 overseas importers have lower manufacturing costs;¹⁴⁵

¹³⁹ Sol at [120].

¹⁴⁰ Sol at [121].

¹⁴¹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [2.6].

¹⁴² Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [122].

¹⁴³ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [122].

¹⁴⁴ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [95-100].

¹⁴⁵ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [101-105].

148.3 importing is a straightforward, well-established practice;¹⁴⁶ and

148.4 constraint from imports will increase.¹⁴⁷

Bremworth's submission on the Sol

149. In responding to the Sol, Bremworth set out its view that customers readily switch from Bremworth to imported and synthetic products and this demonstrates that the constraint on Bremworth comes from many competitors, including importers and not just from Godfrey Hirst.¹⁴⁸

150. In Bremworth's view, there are no practical impediments to import competition and none of the issues that the Commission consider that importers face are material impediments to competition from importers or could be considered unique to importers compared to domestic manufacturers.¹⁴⁹ For example:

150.1 a number of Bremworth's inputs are sourced from overseas suppliers and the cost of locally sourced inputs, such as wool and electricity, frequently vary. So managing exchange rates, lead time considerations, and fluctuations in input costs is simply a fact of business for any competitor – irrespective of whether they manufacture in New Zealand or overseas;¹⁵⁰

150.2 it is relatively easy for an importer to manage lead times equivalent to a domestic manufacturer by establishing an "on the ground" presence in New Zealand with their own warehousing facilities or using those of a third party logistic provider;¹⁵¹

150.3 because the Commission might have had some feedback that "imported products are sometimes tailored more towards overseas markets and may not be the correct colour palette for New Zealand consumers" this is not a sound reason to dismiss the competitive constraint of imported carpet. In its view, importers have a good understanding of the colours, specs and styles demanded by New Zealand customers such as imports from Australia, which has a similar colour palette profile to New Zealand;¹⁵² and

150.4 there are no material differences in the warranty/after sales service of importers compared to domestic manufacturers given that many of the larger existing importers of carpets are longstanding competitors in the New Zealand spanning multiple decades.¹⁵³

¹⁴⁶ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [106- 113].

¹⁴⁷ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [114-121].

¹⁴⁸ Bremworth submission on Sol (11 February 2025) at [5(e)].

¹⁴⁹ Bremworth submission on Sol (11 February 2026) at [45-46].

¹⁵⁰ Bremworth submission on Sol (11 February 2026) at [46a]].

¹⁵¹ Bremworth submission on Sol (11 February 2026) at [46b]].

¹⁵² Bremworth submission on Sol (11 February 2026) at [46c]].

¹⁵³ Bremworth submission on Sol (11 February 2026) at [46d]].

Our current view on the constraint from existing importers

151. Based on our further investigation since the Sol and after testing the submissions from the Parties, at this stage, we are not currently satisfied that existing suppliers of imported carpets would materially constrain the merged entity, particularly for wool carpets. To this extent, set out below are the main reasons why we currently disagree with Godfrey Hirst and Bremworth on the level of constraint that existing importers would provide on the merged entity. Our current view is that:

151.1 the constraint from imports is not uniform across the soft flooring market, particularly in respect of wool carpet;

151.2 the importing of wool carpet does not appear to be as straightforward as claimed by Godfrey Hirst; and

151.3 it is unclear the extent to which Bremworth's recent decline in wool carpet sales were lost to imports.

152. As outlined above, with Bremworth's recent re-entry into the supply of SDN carpet, both Godfrey Hirst and Bremworth offer a wide range of soft flooring products that are manufactured in New Zealand and then distributed to consumers via flooring retailers. The Proposed Acquisition would mean that the primary constraint on the merged entity would be from importers of soft flooring products.

152.1 As discussed further below, importing introduces additional uncertainties and risks that domestic manufacturers may not have to face. Recent events in the Middle East are a current example of uncertainties that could, potentially, impact importers and domestic manufacturers differently. To this extent, domestic carpet manufacturing has some natural advantages over importing.

152.2 Godfrey Hirst and Bremworth both have a long history of designing, manufacturing, and supplying soft flooring products for New Zealand end-consumers. This is contrast to overseas manufacturers who, even if they have a presence in New Zealand via sales staff/distributors, are often focussed on or targeting other markets and may not see New Zealand end-consumers as their primary customers.

153. While importers may be able to manage some of these uncertainties, risks and domestic preferences, in making its assessment the Commission considers it needs to be satisfied that importers would be able to provide an enduring constraint on the merged entity for any constraint to be material. For the reasons discussed below, we are currently not satisfied that existing suppliers of imported carpets would materially constrain the merged entity, particularly for wool carpets.

The constraint from imports is not uniform across the soft flooring market

154. We agree with Godfrey Hirst and Bremworth that there are many overseas manufacturers and domestic distributors that import soft flooring for supply in New Zealand. These include but are not limited to Victoria Carpets, Belgotex, Robert

Malcolm, Jacobsen, Wools of NZ, Signature Flooring, Urban Flooring, Heritage Carpets, Nodi, Brintons, and Euroflor.

155. Imported carpets cover a wide range of varying price points and quality levels, and we have received some feedback from customers that they could increase their reliance on imports if faced with a price increase from the merged entity.¹⁵⁴ As noted previously and indicated in Table 1, we understand that most of the imported carpet in New Zealand is made with synthetic fibres¹⁵⁵ and much of the feedback to date tends to indicate that across the price/quality spectrum in the soft flooring market, the merged entity would face the strongest comparative constraint for the supply of synthetic carpet (compared to wool carpets).

155.1 For example, imported carpet includes a large amount of carpet tiles for use in commercial settings, rather than broadloom carpet that is typically used in residential settings. To date, we have received very limited concerns about the impact of the Proposed Acquisition on the supply of carpet tiles, as well as the low value polyester carpet, because these types of soft flooring products are not products that the Parties compete closely with one another to supply, and are produced at a relatively large scale overseas.¹⁵⁶

155.2 There are also a number of existing importers supplying SDN carpet including Jacobsen, Belgotex, Victoria Carpets and Robert Malcolm. Because Bremworth has not been supplying any SDN carpet until very recently, we understand that these suppliers have been providing some competitive tension on Godfrey Hirst in the supply of SDN carpet.

156. However, we continue to receive contrasting feedback from industry participants about the presence of imported wool carpet compared to the presence of imported synthetic carpet. To this end, we are concerned that there is likely to be much less import constraint on the merged entity at the high end of the soft flooring market, for the supply of wool carpet. However, we are also still considering the likely constraint the merged entity would face for higher quality synthetic carpets, such as SDN carpet. As set out below and shown in Tables 1-3 and in Attachment D, we understand that a more limited volume of wool carpet is being imported into New Zealand.

156.1 Looking at the supply of wool carpet from the main importer suppliers identified as part of our investigation, their combined supply is around []% (whereas for the supply of synthetic carpets, this group collectively represents []% of supply). This raises a query as to what makes up the unknown 'other' wool carpet imports that make up the Stats NZ data and to

¹⁵⁴ See for example Commerce Commission interview with [] (29 January 2026).

¹⁵⁵ For example, we understand that

[]
[]

¹⁵⁶ For example, Commerce Commission interview with [] (14 November 2025).

what extent these products would be competing with the merged entity's products.

- 156.2 As shown in Table 1 above, our investigation has revealed that around []% of all wool carpets sold in New Zealand (by value) were imported in FY24.
- 156.3 Stats NZ data shows that the volume of imported wool carpet has increased since 2019. Notably, however, although the proportion of all carpet imports that are wool has increased in 2024, the actual total volume of imported wool carpet in 2024 is still less than it was in 2021. However, the value of imported wool carpet is higher in 2024 compared to 2021. The value of total wool carpet imports have been increasing slowly since 2015, with a step-change increase from around \$6.6 million in 2020 to \$13.5 million in 2021, then flattened out with import value of just under \$13 million in 2022 and 2023, before increasing again to \$16.2 million in 2024. These figures remain small relative to synthetic carpet imports, representing less than 12% of total soft flooring imports.
- 156.4 Further, as shown in Table 5, the number of products of imported wool carpet available from each individual importer supplier is substantially smaller than the number of products on offer by each of Godfrey Hirst and Bremworth. We consider this is important because retailers (and end-consumers) value having a broad range of carpet to sell (and choose from).
157. Feedback from industry parties on the varying levels of constraint from imports includes for example:
- 157.1 one competing wholesaler of wool carpets considers that while it may provide slight competition, it is of much smaller scale to Godfrey Hirst and Bremworth;¹⁵⁷
- 157.2 one retailer considers that while Godfrey Hirst competes with multiple suppliers, the nature and intensity of competition differs, with entry-level Godfrey Hirst products competing primarily with other synthetic suppliers, and Godfrey Hirst's premium and wool ranges competing most directly with Bremworth. This is due to the products being similar fibre composition, comparable in quality, and having brand credibility, with other suppliers often perceived as other lower-priced but lower-quality substitutes or niche or boutique suppliers with limited scale;¹⁵⁸ and
- 157.3 one retailer advised that it has observed carpets being imported to New Zealand from every point across the price/quality spectrum, but that the import activity is much larger and extensive in synthetic carpet than in wool carpets. This retailer also noted that typically, synthetic carpets have been imported in the 'mid-weight' segment, and that switching a material proportion of wool carpet supply to imports would require a much more

¹⁵⁷ Commerce Commission interview with [] (23 February 2026).

¹⁵⁸ Page 6 of response attached to email from [] (4 February 2026).

significant price increase that in the synthetic category (including because the raw material fibre is from New Zealand and there would be a long supply chain highly exposed to exchange rate volatility). This retailer also noted there is a high correlation between the wholesale price imported carpet is offered and the level of service that is provided, that importers often only have very small ranges of carpet, and that importers tend to not be able to provide detailed documentation. In this retailer’s view, these limitations mean that these importers are not part of the consideration set for a large segment of end customers.¹⁵⁹

158. Consequently, we consider that the merged entity would likely face varying levels of constraint from imported carpet products across the entire soft flooring market and that most of this constraint would concentrate in the supply of synthetic carpets and carpet tiles.

The importing of wool carpet does not appear to be straightforward

159. Table 6 below summarises our current understanding of existing key wool carpet importers. We estimate that the combined share of wool carpet sales from suppliers other than the Parties has varied between [] in recent years.

Table 6: Overview of key wool carpet importers in New Zealand

Wool Importers	Current presence in New Zealand
Wools of NZ	Wools of NZ established itself in 2021 to “deliver exceptional wool products and unparalleled value to the customer, while simultaneously strengthening the business of [its] grower shareholders.” ¹⁶⁰ It currently has a range of [] wool carpets in a range of colours. ¹⁶¹ Its products are stocked in retailers nationwide, including Flooring Xtra and Harrisons. ¹⁶² However, we have heard from industry parties that it encountered some quality and supply issues with its overseas contract manufacturer and we understand this has impacted on both its sales and its reputation with flooring retailers. ¹⁶³ Since it started supplying wool carpets, its sales have [] of the annual sales of wool carpet in New Zealand. []

¹⁵⁹ Pages 12 to 14 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

¹⁶⁰ <https://woolsnz.co.nz/our-story/>

¹⁶¹ [].

¹⁶² <https://woolsnz.co.nz/wool-carpet-stores-new-zealand/>.

¹⁶³ Commerce Commission interviews with [] (11 November 2025), [] (28 November 2025), and [] (28 January 2026).

Wool Importers	Current presence in New Zealand
]. ¹⁶⁴
Victoria Carpets	After Godfrey Hirst and Bremworth, Victoria Carpets has the next largest range of wool carpets. Its website displays approximately 25 ranges of wool carpet in a range of colours and shows that Victoria Carpets is stocked in retailers such as Flooring Xtra, Harrisons, Choices and Carpet Court. ¹⁶⁵ Victoria Carpets has [] sales over the period FY21 – FY24. Despite this, it continues to be fairly small in New Zealand, accounting for around [] of total wool carpet sales in []. While we have not heard any concerns about the quality of Victoria Carpets’ wool carpets, some industry participants noted New Zealand end-consumers have tended to favour the colour palettes/styles of Godfrey Hirst and Bremworth over Victoria Carpets’ range, which some customers consider is more tailored to Australian consumer preferences (where Victoria Carpets is based). ¹⁶⁶
Nodi	Nodi recently started importing wool carpets and rugs. Nodi tends to supply handwoven wool carpets, which we understand are quite different to the broadloom carpets supplied by the Parties and the other importers of wool carpet. Its website shows 4 types of wool carpet in a range of colours. Nodi has an Auckland showroom and also partners with a select network of trusted retailers across New Zealand. ¹⁶⁷
Belgotex	Belgotex currently has [] types of wool carpet available in New Zealand. ¹⁶⁸ Belgotex’s products are available in a range of retailers and it has three showrooms. ¹⁶⁹ However, Belgotex only wholesales a limited volume of wool carpet which accounts for [] of wool carpet sales in New Zealand over the last four years. This aligns with industry feedback we have received that indicates that Belgotex is predominately a supplier of synthetic carpets. ¹⁷⁰
Jacobsen	Jacobsen only recently started supplying wool carpet in New Zealand and it currently has [] types of wool carpet in a variety of colours. ¹⁷¹ Its products are available at a range of retail stores. ¹⁷²
Robert Malcolm	Robert Malcolm recently started supplying wool carpet in New Zealand in 2025 and currently has [] types of wool carpet in a variety of colours. ¹⁷³

¹⁶⁴ []

¹⁶⁵ See <https://victoriacarpets.co.nz>.

¹⁶⁶ See Commerce Commission interviews with [] (11 November 2025), and [] (14 November 2025).

¹⁶⁷ <https://nodi.co.nz/>.

¹⁶⁸ [].

¹⁶⁹ <https://belgotex.co.nz/find-a-retailer>.

¹⁷⁰ Pages 7 and 8 of letter attached to email from [] (received 9 March 2026), and Commerce Commission interviews with [] (11 November 2025), [] (28 January 2026), [] (29 January 2026) and [] (28 January 2026).

¹⁷¹ [].

¹⁷² <https://jacobsen.co.nz/residential/retailers/>

¹⁷³ [].

Wool Importers	Current presence in New Zealand
	Its products are available at a range of retail stores. ¹⁷⁴ []. ¹⁷⁵
Brintons (via Ecofloor)	We understand that Brintons carpets are an option for some commercial customers. This is because it offers an 'Axminster' woven carpet that can be used in high-traffic commercial environments such as those in public spaces. ¹⁷⁶ To this extent, []. ¹⁷⁷

Source: Industry participants

160. We recognise that the list of importers in the above table is not exhaustive and we are aware of other importers of wool carpet, such as Signature Floors and Euroflor. However, since the Sol, we have continued to receive feedback that:
- 160.1 no other importer of wool carpets has the range and breadth of offering that Godfrey Hirst and/or Bremworth have;¹⁷⁸ and
- 160.2 there can be some complicating logistics for importers, such as extra costs (eg, international freight and exchange rate volatility), longer lead times, and fewer warranties/after sales service capability.¹⁷⁹ While we understand it is often the wholesaler that is responsible for managing these logistics, rather than the retailer or end-consumer, they are still relevant dynamics for retailers and end-consumers to the extent they impact the ultimate price or quality of the product, or impact the customers' willingness to rely on or purchase these products.
161. We understand that these importing dynamics are more relevant to wool carpet than other types of soft flooring because, compared to New Zealand, the demand for wool carpet is comparatively lower in the countries where these importers have their manufacturing facilities and so their focus tends to be on synthetic carpet. We also envisage that New Zealand is likely to represent a small proportion of overseas manufacturers' overall volumes, which may impact their incentives to invest time and cost to understand and cater to local demand. We also note that given the

¹⁷⁴ <https://www.robertmalcolm.co.nz/contact-us/retailers/>.

¹⁷⁵ Commerce Commission interview with [] (1 December 2025).

¹⁷⁶ <https://www.ecofloors.co.nz/brintons-axminster-nz-exclusive-agent>

¹⁷⁷ Email from [] to the Commerce Commission (8 March 2026).

¹⁷⁸ Commerce Commission interviews with [] (29 January 2026), [] (28 January 2026), [] (28 January 2026) and page 9 of response attached to email [] (4 February 2026).

¹⁷⁹ Commerce Commission interview with [] (29 January 2026), and submission on Sol from Anonymous D (26 January 2026).

industry-wide perception that wool carpet made with New Zealand wool is higher quality than wool carpet made with non-New Zealand wool, many, if not most, overseas manufacturers of wool carpet use New Zealand wool. This means they face extra costs relative to Godfrey Hirst and Bremworth to ship that NZ wool overseas before also having to ship the finished product back to New Zealand. This is different to synthetic carpet as we understand no synthetic yarn is produced in New Zealand.

162. As noted previously, Godfrey Hirst and Bremworth have been referred to by interested parties as both being important brands for retailers to stock for reasons such as: the high proportion of purchase volumes they make up; their brand awareness amongst end-consumers; the fact that large commercial customers may either specify, or prefer, one or either of these brands; and the breadth of range that each company offers.¹⁸⁰ We have not received this same feedback about carpet importers and we are not aware of any flooring retailers that do not supply either or both of Godfrey Hirst and Bremworth products. Wool carpet importers also do not appear to have the same degree of brand recognition with Bremworth, in particular, being a trusted household brand name synonymous with wool carpets.¹⁸¹
163. The potentially limited competitive constraint that importers of wool carpet in New Zealand provide is also reflected in the internal documents of the Parties. For example, importers such as Belgotex, Victoria Carpets, Robert Malcolm, Jacobsen, and Wools of NZ []. However:

163.1 [].¹⁸²

163.2 [].¹⁸³

Unclear the extent to which Bremworth recent decline in wool carpets sales were lost to imports or synthetic carpets

164. Bremworth's financial challenges and recent sales performance are reflected in lower than forecasted sales of wool carpet. However, in looking at selected retailer's

¹⁸⁰ Email from [] to the Commerce Commission (4 February 2026) and email from [] to Commerce Commission in response to s98 notice (9 March 2026).

¹⁸¹ For example, Bremworth won "Most Trusted Carpet Brand" in Reader's Digest Most Trusted Brands Awards, 2012-2024: see, <https://www.trustedbrands.co.nz/results/> and <https://bremworth.co.nz/blogs/wool-carpet/bremworth-wins-most-trusted-carpet-brand-for-the-12th-consecutive-year>.

¹⁸² See for example [], [], [], and [] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026).

¹⁸³ See for example [] and [] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026).

purchase data, we do not consider it is clearly the case that Bremworth’s lower than forecast sales volumes and revenues are predominately being lost to imported and/or synthetic carpets.

164.1 [

].¹⁸⁴

164.2 [

].¹⁸⁵

165. We recognise that the examples above do not capture the entire market, and that we have not assessed sales data for all retailers.¹⁸⁶ However, we do not have any other direct evidence that we consider clearly shows that Bremworth’s volumes are being lost to importers rather than to Godfrey Hirst. To this end, while Godfrey Hirst’s revenues from wool carpet sales [] by around [] over the FY21-FY24 period, none of the individual importers of wool carpet on which we have revenue

¹⁸⁴ See [].

¹⁸⁵ See [].

¹⁸⁶ In FY24, we estimate that [].

data had a market share greater than [] in FY24, and we are not aware of any individual importer of wool carpet's market share growing by more than [] percentage points from FY21 to FY24 (except for Wools of NZ, which entered in 2022 and has a current share of around []%).¹⁸⁷

Next steps in assessing existing competition from carpet importers

166. We invite further information and/or submissions on our view that the merged entity would not be materially constrained by existing suppliers of imported carpets particularly in the supply of wool carpets. As part of this, we welcome further evidence and specific examples on:
- 166.1 the level of constraint that existing importers, with a limited number of SKUs of wool carpet, currently provide on either Godfrey Hirst or Bremworth, who each offer a large number of SKUs of wool carpet;
 - 166.2 the reactions and/or responses from Godfrey Hirst and/or Bremworth to the introduction of a new wool carpet product from an existing importer;
 - 166.3 the extent to which the merged entity would be constrained in the wholesale supply of both SDN carpet and wool carpet by importers of SDN carpet using their existing product ranges; and
 - 166.4 the extent to which the merged entity would be constrained in the wholesale supply of both SDN carpet and wool carpet by importers of wool carpet using their existing product ranges.

Potential entry and expansion in the soft flooring market

167. We are not currently satisfied that entry or expansion from new or existing wholesale suppliers of imported carpets would materially constrain the merged entity in the soft flooring market, particularly for wool carpets.

What we said in the Sol

168. In the Sol, we said that we do not consider entry by a new domestic manufacturer is likely, primarily due to costs. In addition, we said that any new importers of carpet products likely face some practical issues when entering and/or expanding in New Zealand and these issues may have an impact on the constraint that importers of carpet products might have on the merged entity.¹⁸⁸

Godfrey Hirst's and Bremworth's submissions on the Sol

169. As set out above, both Godfrey Hirst and Bremworth consider that the supply of soft flooring products from importers, whether an existing importer or potential entrant, would place a strong constraint on the merged entity in the soft flooring market.¹⁸⁹

¹⁸⁷ As noted previously, while not included in discussions for this time period, Robert Malcolm and Jacobsen have also recently introduced wool carpet ranges.

¹⁸⁸ Sol at [120-121].

¹⁸⁹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [122] and Bremworth submission on Sol (11 February 2025) at [5(e)].

For example, 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.

Our view on the potential entry and expansion in the soft flooring market

170. In assessing the potential for entry and expansion, the Commission is focusing its assessment on the existing wholesale competition from importers of carpet, and the potential for entry and/or expansion in the wholesale supply of carpet from importers. This is because we consider that, given the likely costs involved, new entry in any type of soft flooring product by a domestic carpet manufacturer is highly unlikely.
171. Our discussion below also focuses on the potential expansion by wool carpet importers rather than overall wholesale carpet supply. This is because wholesale wool carpet supply is the part of the soft flooring market where it appears the merged entity would face the fewest competitive constraints and where we consider that, in order to grant clearance, we would likely need to be satisfied that suppliers would expand at scale in order to constrain the merged entity.

The conditions for entry and/or expansion

172. The key conditions for entry into the soft flooring market appear to be:
- 172.1 manufacturing or procuring soft flooring products for sale in New Zealand; and
 - 172.2 forming relationships with flooring retailers to stock and sell those products.
173. These entry conditions do not appear insurmountable, with a variety of overseas manufacturers and New Zealand-based wholesalers supplying carpet products in New Zealand. There has also been recent entry by Jacobsen and Robert Malcolm into supplying wool carpets. While the competitive effects of this are too early to be determined, this suggests that the conditions of entry into the wholesale supply of carpets in New Zealand (including for the supply of wool carpets) are not overly high.
174. However, for entry and expansion at scale, we consider that carpet importers would likely need (alongside offering a product range that is attractive to retailers and end-consumers and has a strong value proposition relative to the existing products in the market) to:
- 174.1 form or expand upon existing relationships with retailers to stock and sell their products, so that these retailers would for example:
 - 174.1.1 provide suitable shelf space in retail stores in order to compete with existing suppliers' carpet products;
 - 174.1.2 support and promote these suppliers' products in store to customers; showing them the samples, and actively promoting the products; and

174.1.3 increase those carpet importers' brand exposure to end-consumers in New Zealand.

175. Nevertheless, we are concerned that the conditions for expansion at scale may be different depending on the type of carpet. For example, we have recent evidence of expansion at a scale in synthetic carpet but we have not seen the same evidence in regards to wool carpet. This may be because:
- 175.1 there is more demand for synthetic carpet compared to wool, which may incentivise an importer to focus on synthetic carpets, as the largest part of the soft flooring market;
- 175.2 Bremworth, Feltex and Godfrey Hirst are strong existing brands and quality reputations, which may incentivise an importer to focus on synthetic carpets, where brand recognition appears less critical; and
- 175.3 there may be advantages for domestic manufacturers in procuring New Zealand wool domestically, which may incentivise an importer to focus on synthetic carpets where it can more easily and cost effectively source the relevant yarn.
176. Against this backdrop of existing (comparatively) low levels of imported wool carpets, we also discuss below some factors relating to market dynamics that we consider could further impact the ability and incentive for importers (including of wool carpets) to enter and/or expand at scale. In summary, we are continuing to assess whether:
- 176.1 the current offering, strength and bargaining position of Mohawk/Godfrey Hirst may already incentivise flooring retailers not to materially expand their working relationships (including dedicated shelf space or level and share of overall sales support) with competitors to Mohawk/Godfrey Hirst, so as to not impact the flooring retailer's overall supply or commercial terms received from Mohawk/Godfrey Hirst; and
- 176.2 whether this dynamic may be exacerbated by the Proposed Acquisition by the addition of the Bremworth brand and portfolio of products.
177. We invite further information and/or submissions on our view that the current conditions of expansion at scale in wool carpet are higher than for expansion at scale for synthetic carpet.

Current market position of Mohawk / Godfrey Hirst

178. As outlined earlier in this SoUI, Mohawk (via its Godfrey Hirst and Feltex brands) is the largest wholesale supplier of soft flooring products in New Zealand and some flooring retailers advised the Commission that Godfrey Hirst is their largest or most important supplier.¹⁹⁰ In other instances, where Godfrey Hirst is not a retailer's

¹⁹⁰ Commerce Commission interviews with [] (28 November 2025), [] (14 November 2025), [] (29 January 2026), and [] (28 November 2025). See

largest supplier, it is typically Bremworth that is.¹⁹¹ Overall, our estimates of wholesale carpet revenues in New Zealand, indicate that:

178.1 Godfrey Hirst is the largest wholesale supplier of carpets in New Zealand, with revenue of [].¹⁹²

178.2 Godfrey Hirst’s wholesale sales are roughly [] times the size of the next largest suppliers. This difference in scale has been largely consistent over the last four years.

178.3 As per Table 5 above, Godfrey Hirst also has the largest range of carpet products in New Zealand.

179. Reflecting its position as the largest wholesale carpet supplier in New Zealand, we observe that Godfrey Hirst has a strong bargaining position with retailers. Our investigation to date indicates that:

179.1 notifications of price changes are generally unilateral, without scope for substantive negotiations;¹⁹³

179.2 retailers appear to have limited countervailing power, particularly with respect to wool carpet (as discussed below);¹⁹⁴ and

179.3 there appears to be a perception from some retailers that Godfrey Hirst may take punitive action in response to retailers who prioritise other suppliers or substitute some carpet purchase volumes away from Godfrey Hirst. For example:

179.3.1 One industry participant considers that independent carpet retailers are already dictated terms by Godfrey Hirst and are already fearful of losing supply or facing increased prices.¹⁹⁵

[] and
[].

¹⁹¹ See for example Commerce Commission interviews with [] (28 January 2026) and [] (28 January 2026).

¹⁹² Mohawk also supplies soft flooring carpets directly from its related party in the USA [].

¹⁹³ For example,
[]

].

¹⁹⁴

[].

¹⁹⁵ Commerce Commission interview with [] (28 January 2026).

179.3.2 Some industry participants recalled a scenario when Godfrey Hirst withdrew supply to Carpet Court stores when Carpet Court prioritised an imported product over one of its products. These participants were concerned that such a scenario could happen to them.¹⁹⁶

179.3.3 In addition,

[

].¹⁹⁷

180. In addition to soft flooring, we understand that Mohawk (through Godfrey Hirst and Floorscape) is one of the largest suppliers in New Zealand for hard flooring, with collective sales of around [] per annum.¹⁹⁸ These sales are to the same or similar set of flooring retailers. For example:¹⁹⁹

180.1 [

];

180.2 [

]; and

180.3 [

].

181. We understand that Godfrey Hirst's existing wholesale offerings to retailers are set with a whole-of-portfolio view covering its full range of soft flooring products. For example, [].²⁰⁰

182. In addition, because many retailers buy both hard and soft flooring products from Godfrey Hirst (and other flooring suppliers), there may be some level of interdependency in pricing, promotional activity and retail floor offerings across hard and soft flooring products. For example,
[

¹⁹⁶ For example, see Commerce Commission interview with [] (28 November 2025).
[

].

¹⁹⁷ Commerce Commission interview with [] (14 November 2025).

¹⁹⁸ [] presentation attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025) p 27.

¹⁹⁹ Response to request for information from [] (10 December 2025).

²⁰⁰ Response to request for information from [] (10 December 2025).

183. With many flooring retailers already purchasing large volumes of soft and hard flooring products from Mohawk/Godfrey Hirst, Mohawk/Godfrey Hirst appears to be an important supplier that flooring retailers may already currently not have the option of bypassing supply from. For example:

183.1 Some flooring retailers have explicitly referred to Godfrey Hirst (and Bremworth) as “must-have” suppliers.²⁰²

183.2 [] explained that “While negotiations are conducted commercially, the relative bargaining positions are clearly influenced by brand importance: The scale and customer pull of Bremworth and Mohawk brands limits our ability to credibly threaten volume reallocation... Range or pricing decisions by these suppliers have a direct and immediate impact on our sales performance.... This dynamic already places the suppliers in a strong negotiating position relative to retailers.”²⁰³

183.3 [

].²⁰⁴

183.4 [

].²⁰⁵

183.5 [

].²⁰⁶

²⁰¹ [] presentation attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025).

²⁰² See page 11 of response attached to email from [] to the Commerce Commission (4 February 2026) and page 15 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

²⁰³ Email from [] to the Commerce Commission (4 February 2026).

²⁰⁴ Commerce Commission interview with [] (14 November 2025).

²⁰⁵ Commerce Commission interview with [] (14 November 2025).

²⁰⁶ Commerce Commission interview with [] (28 November 2025).

184. We discuss in Attachment B the current commercial arrangements (including as they relate to rebates and loyalty) that Godfrey Hirst has with some of its retailer customers. In summary, we consider that some of Godfrey Hirst’s current commercial arrangements are likely to incentivise flooring retailers to prioritise purchasing from it over purchasing products from other existing or potential suppliers.²⁰⁷ For example, []:²⁰⁸

184.1 []
]; while

184.2

].

185. For retailers outside The Flooring Foundation:

185.1 Some appear to have straight-forward terms [], for example:

185.1.1 [].²⁰⁹
[]
];²¹⁰ and

185.1.2 [].²¹¹

185.2 For other retailers, there are more complex arrangements []:

185.2.1 [];²¹² and

²⁰⁷ As discussed below, the discussion of Godfrey Hirst’s current arrangements are illustrative only, and while it is not possible to predict the terms of supply the merged entity would likely negotiate, the merged entity would have an enlarged set of products to offer similar terms across.

²⁰⁸ Commerce Commission interview with [] (14 November 2025).

²⁰⁹ Response to request for information from Godfrey Hirst (10 December 2025).

²¹⁰ Commerce Commission interview with [] (28 November 2025).

²¹¹ Response to request for information from Godfrey Hirst (10 December 2025).

²¹² Response to request for information from Godfrey Hirst (10 December 2025).

185.2.2[
].²¹³

186. While preferential supply arrangements and/or rebate arrangements are common in many industries, the Commission is aware that in some situations they can and do impact on the barriers to entry and expansion of competitors. At this stage, we have some indication that Mohawk’s supply arrangements, pricing strategies and rebate structures are effective in obtaining preferential status for Godfrey Hirst. For example,
 [

].²¹⁴

187. In our view, rebates can also increase barriers to entry and expansion to the extent that they are funded by an incumbent supplier’s margin associated with a strong market position. In such a scenario, an entrant or small supplier may not have the funds to compete on these terms while looking to expand its supply.

Proposed Acquisition may increase the barriers to entry and expansion

188. As outlined above, there are already numerous existing carpet manufacturers based in other countries and many of these manufacturers currently supply soft flooring products into New Zealand. However, these importers supply limited volumes of wool carpets.

189. At this stage, we are concerned that the Proposed Acquisition may increase the barriers to expansion (particularly at scale) in the soft flooring market. This is because we consider that adding Bremworth’s business to its portfolio would likely strengthen Godfrey Hirst’s position in the industry, including its negotiation position with flooring retailers, to the detriment of other suppliers.

190. As indicated above, Bremworth’s current supply represents about [] of all soft flooring products sold in New Zealand. However, for many flooring retailers, Bremworth currently plays a more significant role than this [] figure suggests. For example:

190.1 for [], Bremworth is the second largest supplier of carpet products (and was the largest supplier from 2019-2022);²¹⁵

²¹³ Response to request for information from Godfrey Hirst (10 December 2025).

²¹⁴ Commerce Commission interview with [] (28 November 2025).

²¹⁵ See time series purchase data attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

190.2 for [], Bremworth is the second largest supplier of carpet products (with a similar volume of sales to that of the leading supplier, Godfrey Hirst);²¹⁶ and

190.3 for [].
217

191. We have also received feedback that, often due to history and longstanding relationships, some smaller independent retailers may be in the “Godfrey Hirst camp” or the “Bremworth camp”. As a result, there are some retailers, particularly those that have a focus on wool carpet, for whom Bremworth makes up a large proportion of sales and is a key supplier.²¹⁸
192. In addition, in terms of total range, after Godfrey Hirst, Bremworth has the second largest product range of suppliers in New Zealand. Bremworth is also, arguably, the most recognised carpet brand in New Zealand, particularly with respect to wool carpet.²¹⁹ If looking at wool carpet only, Bremworth again has the second largest product range behind Godfrey Hirst.
193. To this extent, the combined size and scale of the merged entity, including the combined portfolio of flooring products held by the merged entity across Godfrey Hirst, Feltex, and Bremworth brands, would be significantly larger than the product range of any other soft flooring supplier.
194. As indicated above, many flooring retailers already consider that Godfrey Hirst is an important and/or unavoidable trading partner for them²²⁰ and so, at this stage, we are of the view that the Proposed Acquisition (by adding Bremworth’s brand and products to the fold) would likely strengthen Godfrey Hirst’s importance to, and negotiation position with, flooring retailers.
195. As a result, we are concerned that the Proposed Acquisition may make it harder for importers to expand at scale, in a timely manner and to a sufficient extent, because it:
- 195.1 would entrench Mohawk’s existing bargaining position with flooring retailers due to the additional scale and breadth of product range (in light of there

²¹⁶ See time series purchase data attached to email from [] to the Commerce Commission (4 February 2026).

²¹⁷ See [].

²¹⁸ See for example Commerce Commission interview with [] (28 January 2026) and [] (29 January 2026).

²¹⁹ For example, Bremworth won “Most Trusted Carpet Brand” in Reader’s Digest Most Trusted Brands Awards, 2012-2024: see, <https://www.trustedbrands.co.nz/results/> and <https://bremworth.co.nz/blogs/wool-carpet/bremworth-wins-most-trusted-carpet-brand-for-the-12th-consecutive-year>.

²²⁰ Commerce Commission interviews with [] (11 November 2025), [] (11 November 2025), [] (14 November 2025), [] (28 November 2025), and [] (28 November 2025).

being a lack of sufficiently reliable, strong alternatives to supply the full carpet product range alongside hard flooring products); and

- 195.2 may increase the incentive for flooring retailers to devote a large and increasing proportion of their purchases of all soft flooring products to Mohawk.
196. With a very large share of purchases coming from the merged entity, flooring retailers may be dis-incentivised from sourcing some soft flooring products from alternative suppliers as this could either put at risk their supply relationship with the merged entity or limit that retailer’s ability to receive benefits (such as volume-based rebates or discounts) from the merged entity.
- 196.1 For example, Godfrey Hirst’s existing relationships with flooring retailers enable it to offer [].
- 196.2 We consider that the ability for the merged entity to do this, and, for example, [], would increase as a result of the Proposed Acquisition.
197. We have also received some specific concerns of this nature as part of our investigation. For example:
- 197.1 Anonymous E submits that the removal of Bremworth would strengthen Mohawk’s already significant bargaining power with retailers and distributors and limit the ability of alternative suppliers to access retail channels;
- 197.2 one retailer noted that the merged entity could be its only substantial account, which would mean it would have to accept whatever price the merged entity proposed. It considers it could buy from importers, but this is “not ideal”,²²¹
- 197.3 another retailer noted its fear that given the scale of the merged entity, it could force other suppliers out and “dominate” the marketplace. In this retailer’s view, the Proposed Acquisition would give the merged entity product across every category that other suppliers do not have;²²² and
- 197.4 another retailer advised that a “merger between Mohawk (via Godfrey Hirst, Feltex, and Floorscape) and Bremworth would: Combine multiple must-have brands under a single supplier... Remove internal competitive tension between key brands... Further weaken retailer bargaining power, and...Increase the risk of less favourable pricing, trading terms, and reduced flexibility”. It also noted that it “could not credibly delist Bremworth or

²²¹ Commerce Commission interview with [] (28 January 2026).

²²² Commerce Commission interview with [] (29 January 2026).

Godfrey Hirst/Feltex without materially harming our competitiveness.... No single alternative supplier, or combination of smaller suppliers, could replace: The breadth of range... Brand recognition... Specification acceptance..."²²³

198. Further, by increasing the barriers to expansion, we are concerned that the Proposed Acquisition could lower existing suppliers' (who would almost all be importers) incentives to invest in supplying all of their soft flooring products into New Zealand. If this was the case, then this would further weaken the price and non-price competition faced by the merged entity in a way that substantially lessens competition in the supply of soft flooring products in New Zealand. For example, if the merged entity was able to increase barriers to expansion for importer rivals, this could impact on their current scale and their unit costs (due to the fixed costs and likely economies of scale in carpet wholesale operations) which could then further reduce their ability to compete over time.

Any expansion would be unlikely to be of sufficient extent to constrain the merged entity

199. As set out in our Guidelines, we assess whether entry by new competitors or expansion by existing competitors is likely to be sufficient in extent in a timely fashion to constrain the merged firm and prevent a substantial lessening of competition. This is referred to as the 'LET test'.²²⁴
200. Any expansion must be of a sufficient extent to constrain the merged firm and prevent a substantial lessening of competition. Small scale entry is unlikely to pose a sufficient competitive constraint on the merged firm.²²⁵
201. At this stage, in the face of the merged entity supplying approximately of [] of wholesale wool carpet (by revenue), we consider that individual importers would likely need to expand at scale in order for them to collectively provide a sufficient competitive constraint on the merged entity to prevent an increase in price and/or a decline in quality and innovation.
- 201.1 As noted above, we consider that to expand at scale, wool carpet importers, at the very least, would likely need to access significantly more shelf space in retail stores (or more prominent shelf space), receive higher levels of support from retailers (by retailers informing customers of the brand, showing them the samples, and actively promoting the products), and increase their brand awareness with end-consumers.
- 201.2 However, as we also discussed above, against the backdrop of comparatively lower levels of imported wool carpets compared to synthetic carpets, we are continuing to consider the extent to which the Proposed Acquisition is likely to increase the barriers to expansion at scale for importers. In this respect,

²²³ Pages 12 and 13 of response attached to email [] to the Commerce Commission (4 February 2026).

²²⁴ *Mergers and Acquisitions Guidelines* above n10 at [3.95] and [3.96]. Further information on how we assess likelihood, extent and timeliness of entry or expansion is discussed at [3.98] – [3.112].

²²⁵ *Mergers and Acquisitions Guidelines* above n10 at [3.103].

the commercial arrangements Godfrey Hirst currently has in place with flooring retailers are illustrative.

201.2.1 While it is not possible to predict the terms of supply the merged entity would likely negotiate with flooring retailers, we don't anticipate that the Proposed Acquisition would make it more difficult for similar commercial arrangements to be deployed to exclude rivals from accessing volume or space in flooring retailers.

201.2.2 Rather, the merged entity would have an enlarged set of products to offer similar commercial arrangements across, potentially making it more difficult for rival importers to increase their presence and/or gain a foothold in the soft flooring market.

202. Finally, we observe that importers are at an ongoing competitive disadvantage to domestic manufacturers of wool carpet, as set out earlier in this document. This is described by Godfrey Hirst as being due to.²²⁶

202.1 [

202.2

202.3]

203. We expect that this strategic disadvantage faced by importers and distance from the local wholesale market would contribute to challenges in expanding the presence of importer brands in the soft flooring market, particularly as it relates to wool carpet supply. We do not yet consider the evidence we have received to date satisfies us that wool carpet suppliers would be likely to expand in any meaningful and timely way that would satisfy the 'LET test' and prevent a substantial lessening of competition.

203.1 Attachment E sets out some of the feedback we received to date on the ability and incentive of existing importers to expand their supply of wool carpet in New Zealand, much of which is commercially sensitive information. In summary, we do not consider that we have sufficient evidence to be satisfied that importers would be likely to expand at scale in relation to wool carpet supply in a manner which would be likely to materially constrain the merged entity.

²²⁶ [] attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025).

- 203.2 If existing wool importers (or others) did attempt to expand at scale post-merger, the likely strength of the merged entity may complicate these efforts, potentially making timely expansion to a sufficient extent unlikely.
204. Further, while the Parties consider that there are no barriers to expansion from importers, they are also aware of the commercial risks with expansion at scale.
- 204.1 Godfrey Hirst submits that that there is significant execution risk involved in Bremworth re-entering synthetics, particularly related to it efficiently and appropriately adjusting staffing and equipment for synthetic production.²²⁷
- 204.2 Godfrey Hirst submits that there is no certainty that Bremworth's attempted re-entry into manufacture and supply of synthetic carpet will be successful.²²⁸
- 204.3 Bremworth has publicly stated that its re-entry into synthetic carpet as part of its recent strategic investments has been more difficult than anticipated.²²⁹
205. We consider these risks are consistent with our current concern about the extent to which expansion of imports would constrain the merged entity.

Next steps in assessing the potential for entry and expansion in the soft flooring market

206. We invite further information and/or submission on our view that the Proposed Acquisition would raise the barriers to expansion in the supply of soft flooring products and that, while some small-scale entry may be likely, entry and expansion would not be likely to provide sufficient constraint on the merged entity, particularly in the supply of wool carpet. In particular, we would be interested in specific evidence and examples on:
- 206.1 the extent to which Godfrey Hirst's existing conduct, including (but not limited to) its existing commercial arrangements with flooring retailers does, or does not, create incentives for a significant proportion of retailers' sales to be allocated to Godfrey Hirst products;
- 206.2 the extent to which recent entrants in wool carpet supply (such as Jacobsen and Robert Malcolm) are strongly competing with Godfrey Hirst and Bremworth;
- 206.3 whether any existing barriers to expansion are significantly different for wool carpet compared to synthetic carpet. For example, whether importers have particular reasons for importing synthetic carpets at scale instead of wool carpet, such as different supply and/or stocking arrangements with flooring retailers for wool carpets compared to synthetic carpets;

²²⁷ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [57].

²²⁸ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (19 February 2026) at [62].

²²⁹ Bremworth 'Half Year Review to 31 December 2025 – Directors Commentary' (25 February 2026).

- 206.4 why Godfrey Hirst's existing conduct and commercial arrangements do not create barriers to expansion in the supply of synthetic carpet and/or wool carpet;
- 206.5 the impact of the Proposed Acquisition on any existing barriers to expansion including whether, post acquisition, any commercial arrangements between Godfrey Hirst and flooring retailers, would increase the barriers to entry and expansion for importers of synthetic carpet and/or wool carpet; and
- 206.6 the extent, or scale, that new entry or expansion would need to reach for it to provide a meaningful constraint on the merged entity in the supply of wool carpet.

Countervailing power in the soft flooring market

207. We are currently not satisfied that any countervailing power that large retail customers might have would provide a material constraint on the merged entity.

What we said in the Sol

208. In the Sol, we said that, based on the evidence before us at the time, we were not satisfied that wholesale customers would have a sufficient degree of countervailing power.²³⁰
- 208.1 We noted that sponsorship or self-supply could be an option for wholesale customers seeking large volumes of carpet for a single project. However, the main wholesale customers of carpet are flooring retailers and the Sol set out 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-consumers all the time.
- 208.2 To this extent, we considered that it may take a significant price increase (or a 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 constrain the merged entity.

Godfrey Hirst's submission on the Sol

209. In responding to the Sol, Godfrey Hirst submits that an increasing prevalence of imports has enhanced the countervailing power of large retailers. In its view, retailers are currently exercising their countervailing power through increasing the volume of imported carpet product they stock and this ongoing behaviour would materially constrain the merged entity.²³¹
210. In support to this, Godfrey Hirst provides some commercially sensitive examples to show that flooring retailers use their ability to switch to imports to their advantage in supply negotiations with Godfrey Hirst. To this extent, Godfrey Hirst submits that flooring retailers are not hesitating to use both the threat and reality of withdrawing

²³⁰ Sol at [136].

²³¹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [2.7] and [135].

support to secure the most advantageous terms and outcomes from Godfrey Hirst.²³²

211. Therefore, Godfrey Hirst submits that the circumstances required for countervailing power clearly exist because, rather than being passive market participants, flooring retailers are actively shaping supply arrangements and market outcomes by leveraging both the threat and reality of switching suppliers.²³³

Bremworth's submission on the Sol

212. In responding to the Sol, Bremworth submits that flooring retailers hold significant influence to convert customers into purchasing products that align with the retailer's product and fibre type preferences, and this is reflected by the significant increase in imports in recent years. For example,
[
].²³⁴

Our current view

213. A merged entity's ability to increase prices profitably may be constrained by the ability of certain customers to exert substantial influence on negotiations (ie, if certain customers have countervailing power). As noted in the Sol, countervailing power is more than a customer's ability to switch from buying products from the merged firm to buying products from a competitor, but exists when a customer possesses a special ability to substantially influence the price the merged entity would charge. In this case, flooring retailers may have countervailing power if they could:
- 213.1 switch or credibly threaten to switch to suppliers of other products it acquires from the merged entity;
 - 213.2 take action to reduce the merged entity's sales by, for example, giving less favourable retail placement to the merged entity's products;
 - 213.3 sponsor new entry and/or expansion in New Zealand of an importer of carpet in New Zealand; and/or
 - 213.4 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.
214. For the reasons discussed above, we consider the Proposed Acquisition would increase the overall importance of Godfrey Hirst to flooring retailers. This is because

²³² Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) [136-140].

²³³ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) [142] and [148].

²³⁴ Bremworth submission on Sol (11 February 2026) at [41] and [43-44].

the merged entity would have a broad portfolio of potentially ‘must have’ products that retailers may not be able to successfully operate without.

- 215. As a result, we do not currently consider it likely that retailers would be able to exercise countervailing power by switching, or credibly threatening to switch, away from products from the merged entity to suppliers with comparable products or taking action to reduce the merged entity’s sales by, for example, giving less favourable retail placement to the merged entity’s products. This dynamic may also impact the incentives for flooring retailers to self-supply or sponsor new entry, given it appears unlikely that any self-supply or sponsorship could sufficiently replace the portfolio of the merged entity.
- 216. With respect to self-supply and sponsoring new entry, there are previous examples of flooring retailers directly importing synthetic carpet products. For example, Carpet Court has been directly importing synthetic carpet under the Rhino brand for self-supply for a significant period of time. In addition, [],²³⁵
- 217. We understand that the benefits of self-supply can include having access to an exclusive range in New Zealand, and a diversified portfolio to improve a retailer’s customer offering. We also understand that self-supply can enable a flooring retailer to bring product innovations to market faster and provide greater flexibility in responding to market changes and preferences.²³⁶
- 218. However, we also understand that there are complexities and cost considerations for retailers who are considering self-supply or sponsorship. For example, we understand that self-supplying gives rise to increased workload for the relevant retailer, is higher risk (including logistic and supply chain risks, warranty and quality risk, and foreign exchange risk), and gives rise to additional significant costs (with cash commitments needed in advance).²³⁷ We understand these cost complexities and cost considerations are particularly acute for wool carpets, and further information we have received about what is involved in self-supply and/or sponsorship is set out in Attachment F.
- 219. Nevertheless, self-supply and direct importing synthetic carpets does appear to be an option for large retailers, at the very least to supplement the range of product it is getting from New Zealand-based wholesalers such as the Parties.
- 220. However, we are not aware of any flooring retailer self-supplying wool carpets (even in response to price increases by suppliers). This may be because:
 - 220.1 as noted above, we have received feedback that wool carpet is more prominent in New Zealand than overseas and is only a small part of the

²³⁵ []

²³⁶ []

²³⁷ []

carpet category outside of New Zealand. We have been told that this means there are very limited international supply options for wool carpet;²³⁸ and

220.2 we have received feedback that it is not as economically viable to import wool carpet for self-supply relative to other types of carpet such as SDN carpet. This is because, as noted previously, New Zealand wool (which is known as being superior to overseas wool for carpet production) would need to be shipped overseas, and then international freight would need to be paid for again when importing the finished costs back to New Zealand. This would be on top of other costs such as inventory hold costs.²³⁹ However, we have also heard that this could change following price increases from Godfrey Hirst.²⁴⁰

221. In any event, our investigation indicates that self-supply and sponsoring entry is only likely to be a realistic option for a large retail group, not a small retail group or independent retailer. Key reasons for this include the capital outlay required (eg, to buy the stock and warehouse it) and the potential associated risks which may be out of reach or overburdensome for a smaller group or entity.²⁴¹

222. We also analysed the wholesale prices that Godfrey Hirst charges to its top 10 flooring retailer customers to understand whether there is a relationship between the volume of retailers’ purchases and the wholesale prices they obtain from Godfrey Hirst.

222.1 [, as shown by Figure 2 below. []].

222.2 As noted above, []²⁴² []²⁴³ []

238 []
239 []
240 []
241 Commerce Commission interviews with [] (29 January 2026) and [] (28 January 2026).
242 []
243 []

]. As such, we do not currently have evidence to agree with Godfrey Hirst’s submissions that [].

222.3 In any event, [] even if an exercise of countervailing power by a large retail group could positively impact that group’s prices, this would not be likely to protect other retailers.

Figure 2: Wholesale pricing comparison for Godfrey Hirst’s top 10 retailer customers [

]

223. Our methodology in creating the above figure and additional commentary, is set out in Attachment G.

224. Our review of Godfrey Hirst’s internal documents also indicates that [].²⁴⁴

²⁴⁴ See for example [], [], and [] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026).

225. In reaching this current view on countervailing power, we recognised that this could be considered to be in contrast to Commission’s position in 2006 when it noted 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.”²⁴⁵
226. However, as many industry participants have pointed out, there have been some significant developments and changes in the carpet industry in New Zealand over the past 20 years. These changes include a reduction in the number of domestic carpet manufacturers and changes in the degree of vertical integration in relation to wool scouring, yarn supply and carpet manufacturing.²⁴⁶
227. Further, the Commission currently considers that flooring retailers do hold some degree of countervailing power. For example, we have evidence that indicates that some flooring retailers (particularly larger flooring retailer groups) as well as commercial customers hold a degree of countervailing power in respect of certain types of soft flooring products and/or for certain types of carpet installations (such as for one-off projects).²⁴⁷
228. However, to date the Commission has received consistent feedback that the Proposed Acquisition would result in a significant change to the current options that flooring retailers would have particularly in relation to wool carpet supply. In addition, we have had no recent evidence of a flooring retailer, which typically requires a regular and consistent supply of wool carpet, self-supplying these requirements.
- [
-]. Given this, we are concerned that flooring retailers would only have a limited degree of countervailing power in relation to their negotiation with the merged entity particularly in regard to wool carpet.

Next steps in assessing countervailing power

229. We invite further information and/or submissions on our view that any countervailing power that large retail customers might have would not likely provide a material constraint on the merged entity. In particular, we would be interested in specific evidence and examples of:
- 229.1 a flooring retailer self-supplying its entire wool carpet requirement using an importer or importers;

²⁴⁵ Commerce Commission - Godfrey Hirst NZ Limited and Feltex Carpets Limited (Decision 587, 31 August 2006).

²⁴⁶ For example, see Matthews Law submission on Sol (2 February 2026).

²⁴⁷ This includes evidence of direct imports of carpet tiles and of synthetic carpet for commercial installations. Carpet Court is also a long-time importer of its Rhino range of synthetic carpets.

- 229.2 a flooring retailer, currently self-supplying any type of synthetic carpets, using this supply to its advantage in pricing negotiations with a domestic manufacturer for any type of carpet;
- 229.3 price increases from a domestic carpet manufacturer being passed on, or incorporated into, the final price paid by the end-consumer, particularly in regard to wool carpet; and
- 229.4 a domestic carpet manufacturer revising or withdrawing a proposed price increase to a flooring retailer in response to feedback from the retailer, particularly in regard to wool carpet.

Assessment of efficiencies in the soft flooring market

230. 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.

What we said in the Sol

231. In the Sol, we said that we were 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 a soft flooring market.²⁴⁸
232. At the time, several parties had 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.²⁴⁹ At the time of the Sol, we did not consider this as a potential benefit because our counterfactual assessment was that we could not exclude the real chance that Bremworth would continue as a going concern absent the Proposed Acquisition.

Godfrey Hirst's submission on the Sol

233. In responding to the Sol, Godfrey Hirst submits that there would be obvious efficiencies from the Proposed Acquisition and that these efficiencies would be passed on to end consumers.
234. The efficiencies that Godfrey Hirst consider would result from the Proposed Acquisition include:
- 234.1 gains from the acquisition of Bremworth's carpet tufting and yarn making plant and operations as a going concern and this would enhance Godfrey Hirst's (and Mohawk's) production capacity and capability within New Zealand that would better enable the merged entity to compete against the increasing volume and value of imported carpet;²⁵⁰

²⁴⁸ Sol at [138].

²⁴⁹ Sol at [143].

²⁵⁰ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [176].

- 234.2 the real risk that, without the Proposed Acquisition, the iconic Bremworth brand would be lost to New Zealand forever and Bremworth’s manufacturing capacity and manufacturing jobs will also be lost;²⁵¹ and
- 234.3 because free trade arrangements have resulted in New Zealand carpet manufacturers being disadvantaged in terms of scale, labour costs, distance from markets and overt government support, the Proposed Acquisition would offset some of those disadvantages to the benefit of the merged entity, Bremworth’s current shareholders and employees and New Zealand consumers for whom competition will be enhanced.²⁵²
235. Godfrey Hirst submits that the above efficiencies would be relevant to the Commission’s assessment of the Proposed Acquisition because, consistent with the Commission’s own guidelines, the efficiencies would lower the merged entity’s marginal costs and/or result in product enhancements that will increase demand and these savings and improvements would prevent customers from being materially adversely affected by the Proposed Acquisition.²⁵³

Our current view on efficiencies from the Proposed Acquisition

236. As outlined in the Sol and elsewhere, 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.²⁵⁴
237. After reviewing the additional information that we have received since the Sol, we remain not yet satisfied that the efficiencies claimed by Godfrey Hirst would offset the lessening of competition that may arise from the competitive aggregation of the Proposed Acquisition. As part of this, we do not consider we have evidence to conclude that the claimed efficiencies:
- 237.1 would not likely be realised without the Proposed Acquisition; and
- 237.2 would be passed on to customers sufficiently to prevent a finding of a substantial lessening of competition.
238. As discussed above, we cannot exclude the real chance that Bremworth would operate independently of Godfrey Hirst as a going concern, absent the Proposed Acquisition. Therefore, in this scenario, Bremworth’s manufacturing capacity, its

²⁵¹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [177].

²⁵² Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [178].

²⁵³ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [175].

²⁵⁴ 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.

manufacturing jobs and its iconic Bremworth brand would not be 'lost' and so we are not able to place weight on any efficiencies relating the merged entity using Bremworth existing manufacturing facilities and supplying Bremworth branded products.

239. Further, as discussed above, we have concerns about the competitive constraints on the merged entity for the supply of carpets, with those concerns most acute in the supply of wool carpets. As discussed further above, we are also concerned about what the Proposed Acquisition may do to the merged entity's position as a key supplier to many flooring retailers and how this may impact the conditions of entry/expansion for competing suppliers. As a result of these concerns, we do not consider the Commission is able to grant clearance to the Proposed Acquisition based on the potential for it to enable the merged entity to better compete with imports.
240. We are also not yet satisfied that there would be sufficient competitive constraints on the merged entity to ensure any potential efficiencies from the Proposed Acquisition would be passed on to customers.
- 240.1 We recognise in our Guidelines that even a monopoly that experiences a decrease in its marginal costs will have an incentive to lower its price and, as a consequence, if a merger reduces a firm's marginal cost, customers may not be materially adversely affected by the merger.²⁵⁵
- 240.2 However, in this case, even if the Proposed Acquisition was to impact on Godfrey Hirst's marginal costs, as Godfrey Hirst's submits, our concerns about the lack of sufficient constraints on the merged entity, most acutely in the supply of wool carpet, means that, based on the evidence we have received, we are also concerned about the extent to which any efficiencies from the Proposed Acquisition would be passed on to customers.

Next steps in assessing the potential for efficiencies from the Proposed Acquisition

241. We invite further information and/or submissions on our view that any potential efficiencies from the Proposed Acquisition would not be sufficient to address the unilateral concerns in the soft flooring market that we have outlined above. In order for us to place weight on Godfrey Hirst's efficiencies submissions, we would be interested in further information and/or supporting evidence on:
- 241.1 the extent to which the price of wool carpet is linked to the cost of production;
- 241.2 whether Godfrey Hirst and/or Bremworth have previously reduced the price of their wool carpets in response to cost reductions;
- 241.3 whether price increases by Godfrey Hirst and/or Bremworth are being driven by increased costs;

²⁵⁵ *Mergers and Acquisitions Guidelines* above n10 at [3.122-3.123].

- 241.4 how closely the wholesale pricing decisions for synthetic carpet align with, or are linked, to those for wool carpet; and
- 241.5 how any constraint from a competing supplier of synthetic carpet would impact on the production and/or pricing decisions of the merged entity in the supply of any type of wool carpet.

Constraints on the merged entity from outside of the soft flooring market

242. We are currently not satisfied that suppliers with products that fall outside the soft flooring market (particularly, hard flooring products) would provide sufficient constraint on the merged entity to address the issues we are continuing to assess about the potential for unilateral effects in the soft flooring market.

What we said in the Sol

243. In the Sol, we said that we were not satisfied that the constraints on the merged entity from hard flooring products would be sufficient to address potential for unilateral effects in the soft flooring market.²⁵⁶
244. In the Sol, we recognised that hard flooring products are an increasingly popular option for some end-consumers, reflecting changing consumer preferences and design trends. However, most industry participants advised us at the time that customers typically adopt a mixed approach when selecting flooring products. For example, installing hard flooring products in the kitchen and bathroom and installing soft flooring products in the bedrooms. To this extent, we considered that hard flooring products generally complement rather than replace soft flooring products.²⁵⁷
245. Given this, we considered suppliers with hard flooring products would provide some constraint on the merged entity in a soft flooring market 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 considered that there are still areas where aesthetic preferences remain sufficiently strongly weighted in favour of soft flooring.²⁵⁸

Godfrey Hirst's submission on the Sol

246. In responding to the Sol, Godfrey Hirst submits that, even if the Commission excludes hard flooring products from the relevant market, it must acknowledge that these products exert a significant constraint on soft flooring options.²⁵⁹ In particular, Godfrey Hirst noted that:

²⁵⁶ Sol at [145].

²⁵⁷ Sol at [148].

²⁵⁸ Sol at [150].

²⁵⁹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [181].

- 246.1 the Court has directed the Commission to look beyond rigid market boundaries and assess the real-world constraints that alternative products impose;²⁶⁰
- 246.2 flooring consumers currently have an extensive range of hard and soft flooring products, reflecting evolving consumer preferences and market diversity. As a result, there is a substantial degree of substitutability between carpet and hard flooring products;²⁶¹ and
- 246.3 hard flooring products, due to their widespread adoption and strong consumer appeal, represent a substantial constraint on the soft flooring segment and it is appropriate to take these constraints into account when assessing the competitive effects of the Proposed Acquisition.

Bremworth's submission on the Sol

247. In responding to the Sol, Bremworth submits that the Commission improperly minimises the competitive constraint on soft (carpet) flooring from hard flooring. In particular, Bremworth submits that:
- 247.1 if substitution between soft flooring and hard flooring is occurring, whether at the project design stage or at a different stage, this demonstrates that the two products are substitutable as a matter of fact and commercial common sense;²⁶²
- 247.2 while there may sometimes be differences in use cases between soft flooring and hard flooring, it is also the case that customers frequently are choosing between using soft flooring or hard flooring in the same areas of their house by considering a range of factors such as price, quality, and aesthetics;²⁶³ and
- 247.3 at the very least, there are cohorts of customers that can and do switch between soft flooring and hard flooring and there is a range of hard flooring competitors that are actively seeking to encourage such switching. In this context, it is not relevant that a proportion of customers may have a preference for soft flooring. Rather, if a sufficient proportion of customers would switch between soft flooring and hard flooring (even if for just certain use cases), then that switching would constrain the prices of soft flooring.²⁶⁴
248. To this extent, Bremworth considers that, irrespective of how the Commission ultimately chooses to define the market, the Commission needs to properly account for the competitive constraint on soft flooring products that comes from the presence of (and increasing consumer switching to) hard flooring products.²⁶⁵

²⁶⁰ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [182].

²⁶¹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [183].

²⁶² Bremworth submission on Sol (11 February 2026) at [32(a)].

²⁶³ Bremworth submission on Sol (11 February 2026) [32(b)].

²⁶⁴ Bremworth submission on Sol (11 February 2026) at [32(b)(ii)].

²⁶⁵ Bremworth submission on Sol (11 February 2026) at [33].

Our current view on the constraints on the merged entity from hard flooring products

249. Based on our further investigation since the Sol and after testing the submissions from the Parties, we are still not satisfied that suppliers with products that fall outside the soft flooring market (most notably, hard flooring products) would provide a material constraint on the merged entity.
250. Consistent with the Sol, the Commission understands that hard flooring products are an increasingly popular option for some end-consumers, which reflects changing consumer preferences and design trends. In addition, as outlined above in the market definition section, understanding consumer preferences can be very complicated.
251. As also discussed in the market definition section, we do not consider it likely that a sufficient number of soft flooring end-consumers would switch their purchases to hard flooring product/s in the face of a price increase such that soft flooring and hard flooring products should be assessed in the same product market.
252. Through the Sol process, we sought evidence to demonstrate the constraint from hard flooring, such as examples of end-consumers exclusively installing hard flooring products, such as in new residential builds, or customers switching from carpet to hard flooring as part of residential refurbishment projects. We did not receive any compelling evidence to indicate that hard flooring products, and/or hard flooring suppliers, would provide a material constraint on the merged entity in the soft flooring market.
253. However, we continue to recognise that hard flooring products would be an alternative for some soft flooring end-consumers. As both Godfrey Hirst and Bremworth point out, flooring retailers tend to stock a full range of hard flooring products in addition to their range of soft flooring products and we accept that end-consumers can often take a mixed approach, or be open to alternative flooring options, when selecting their total flooring requirements.
254. Where we disagree with both Godfrey Hirst and Bremworth is the extent to which constraint from hard flooring products on the merged entity would be material. Godfrey Hirst and Bremworth consider the constraint would be material but based on the information we have gathered to date, we do not consider it would be material. As outlined above, the feedback from industry participants, as well as our review of the internal documents and data we have received to date, indicate that:
- 254.1 suppliers and end-consumers tend to consider hard flooring products and soft flooring products more as complements rather than direct alternative to one another; and
- 254.2 it appears unlikely that a material number of soft flooring end-consumers would switch their purchases to hard flooring product in the face of a price increase by the merged entity.

255. Accordingly, we are currently not satisfied that suppliers with products that fall outside the soft flooring market (particularly, hard flooring products) would provide sufficient constraint on the merged entity to address the issues we are continuing to assess about the potential for unilateral effects in the soft flooring market.

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

256. We invite further information and/or submissions on our view that products from outside the soft flooring market would not provide sufficient constraint on the merged entity to address the unilateral concerns in the soft flooring market that we have outlined above.
257. In order for us to place weight on Godfrey Hirst's and Bremworth's views that hard flooring would provide a constraint on the merged entity in the supply of soft flooring products, we would be interested in specific evidence and examples on:
- 257.1 the extent to which end-consumers compare the price of hard and soft flooring when making purchasing decisions;
 - 257.2 the extent to which decisions on the production of synthetic and/or wool carpet have related to the supply and/or prices of any hard flooring product; and
 - 257.3 the extent to which wholesale pricing decisions in the supply of synthetic and/or wool carpet have related, or responded, to the supply and/or price of any hard flooring products.

Provisional conclusion – assessing substantiality in a significant section of the soft flooring market

258. For the reasons outlined above, we are not currently 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.
259. As outlined in the market definition section, we have assessed the competitive effects of the Proposed Acquisition on the basis of a differentiated soft flooring market that includes synthetic and wool carpet.
260. We remain of the view that Godfrey Hirst and Bremworth are each other's closest competitors in the soft flooring market, and currently compete most closely in the supply of wool carpet (potentially also becoming closer competitors as Bremworth reintroduces synthetic carpet production). Our competition analysis, which takes into account all constraints in the broader soft flooring market, indicates that neither entity is significantly constrained by domestic wool carpet manufacturers or by those supplying imported wool carpet into New Zealand. We are also still considering the likely constraint the merged entity would face for higher quality synthetic carpets, such as SDN carpet.
261. In regard to wool carpets, evidence received to date suggests that wool carpets make up a significant section of the soft flooring market, being 20-25% and around

\$60-70 million of sales per annum. Further, we are aware of public statements, as well as some internal documents of the Parties, that indicate to us that both Godfrey Hirst and Bremworth consider wool carpet supply to be an important, and significant, part of the soft flooring market.²⁶⁶

262. A lessening of competition does not need to be felt equally across an entire market for that lessening to be substantial.²⁶⁷ It is sufficient if there is an appropriate degree of a lessening of competition in a significant section of a market for there to be a substantial lessening of competition in the broader soft flooring market.²⁶⁸
263. In making this assessment, we would also take into account any reduction in competition with respect to the supply of soft flooring that is not wool carpet. As such, we would assess the competitive impact of the Proposed Acquisition with respect to the supply of wool carpet in combination with any competitive impact of in the supply of other soft flooring products (ie, the removal of Bremworth as a newly entered supplier of synthetic carpet).
264. We continue to assess the cumulative impact of the degree of the lessening of competition in both the synthetic and wool sections of the broader soft flooring market, but our current view is that any substantial lessening of competition with respect to the supply of wool carpets would likely constitute a substantial lessening of competition in any appropriately defined differentiated soft flooring market. It is the degree to which competition has been lessened that is critical, not the proportion of that lessening to the whole of competition which exists in the soft flooring market.²⁶⁹

²⁶⁶ For example, last year Bremworth noted that “[w]ool has been and will always be a fundamental cornerstone of Bremworth’s market offering” and that “SDN and wool can co-exist under the Bremworth brand”. See Bremworth FY25 Annual Report (7 October 2025) and Bremworth 2025 Annual meeting speeches (12 November 2025). In addition, in a presentation about the Proposed Acquisition, Godfrey Hirst noted that

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

²⁶⁷ *Mergers and Acquisitions Guidelines* above n10 at [2.25]. See also *Port Nelson Ltd v Commerce Commission* (CA) (1996) 7 TCLR 217, 235; “Taken more broadly, however, it cannot be the case that competition in a market is not substantially lessened unless competition across the whole of the market is lessened.” ; *Commerce Commission v Port Nelson Ltd* (HC) (1995) 6 TCLR 406, 436: “It is possible, however, as a matter of law, to do so by showing (s 27) an appropriate degree of lessening of competition in a “significant section” of that market”.

²⁶⁸ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888; “Although the words ‘substantially lessened in a market’ refer generally to a market, it is the degree to which competition has been lessened which is critical, not the proportion of that lessening to the whole of the competition which exists in the total market. Thus a lessening in a significant section of the market, if a substantial lessening of otherwise active competition may, according to circumstances, be a substantial lessening of competition in a market.”

²⁶⁹ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888.

Next steps in assessing substantiality in a significant section of the soft flooring market

265. We invite further information and/or submissions on our approach to assessing substantiality in a significant section of the soft flooring market. In particular, we are interested in evidence and/or submissions on:
- 265.1 the proportion of the soft flooring market that wool carpet sales currently account for and any expected changes to this proportion;
 - 265.2 why the Commission should, or should not, consider that wool carpet makes up a significant section of the soft flooring market; and
 - 265.3 the implication of an assessment of a substantial lessening of competition in a significant section of a market for the Commission's overall assessment of the Application which is that, in order to grant clearance, we must 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.

Next steps in our investigation

266. The Commission is currently scheduled to make a decision on whether to give clearance to the Proposed Acquisition by **29 May 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.²⁷⁰
267. As part of our investigation, we will continue to identify and contact parties that we consider will be able to help us assess the issues identified above.

Making a submission

268. 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 SoUI.
269. 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 mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on **29 April 2026**.
270. 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

²⁷⁰ 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.

process, where submissions are provided after the submission date, we may need to consider what weight we put on those submissions.

271. 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.
272. 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

Market/issue		Matters/questions
Market definition	Demand side considerations	<ul style="list-style-type: none"> the proportion of end-consumers that are willing to substitute a soft flooring product, but particularly a wool carpet proposed for a common living space or a bedroom, for any type of hard flooring product; the proportion of end-consumers that are only willing to purchase a particular type of carpet, particularly wool carpet, and would not be prepared to switch to another type of carpet in response to price or other changes; and the extent to which end-consumer decisions on whether to buy a synthetic carpet or a wool carpet are impacted by changes in price (for example, if the number of consumers buying wool carpet reduces as the price of wool carpet increases or the relative price of synthetic carpet reduces).
	Supply side considerations	<ul style="list-style-type: none"> the costs and/or requirements involved in increasing the volume of yarn/fibre manufacturers/importers use and/or source; the degree to which existing manufacturers of synthetic and/or wool carpets have spare/excess production capacity to start producing or produce additional wool carpets for supply in New Zealand; how manufacturers/importers of wool and synthetic carpet manage their production runs of each product and the extent to which an increase in supply of one type of product (say wool carpet) would impact on their supply of another product (say synthetic carpet); the likely costs and time involved in switching the yarn used in a tufting production line and whether there are any minimum production volumes/runs that impact on a supplier's incentive and/or willingness to switch production between different yarns; the extent to which manufacturers have previously changed their product mix (eg, to produce more or less wool or synthetic carpet) in response to relative price changes by competitors; estimates for how much synthetic carpet can be produced in the same amount of time it takes to make a certain amount of wool carpet (for example, a comparison between how much synthetic carpet or wool carpet can be produced using the same machinery in a one hour period, or how much synthetic carpet could be produced for every square metre of wool carpet produced in the same time period using the same machinery);

Market/issue		Matters/questions
		<ul style="list-style-type: none"> • how the margins earned by manufacturers and/or wholesalers in synthetic carpet compare with those earned by manufacturers and/or wholesalers of wool carpet (and vice versa) and the extent to which margin considerations can, and do, impact on production and/or supply decisions; and • in addition to any production considerations, the likely costs and time involved in order for manufacturers/importers to either enter/or expand their sales of wool carpet in New Zealand (such as for product development, branding, marketing and/or distribution relationships).
Counterfactual	General	<ul style="list-style-type: none"> • any further information and/or submissions on our view that we cannot exclude as a likely scenario that Bremworth, absent the Proposed Acquisition, would operate as a going concern independently of Godfrey Hirst (either under its current structure or under new ownership).
Unilateral effects	Closeness of competition between the Parties	<ul style="list-style-type: none"> • extent to which Godfrey Hirst's and Bremworth's pricing and/or quality decisions relate to each other's decisions or actions (as opposed to other factors such as changes in input costs); • the extent to which Godfrey Hirst's and Bremworth's pricing decisions relate to other competitors in the soft flooring market (as opposed to each other); • the extent to which flooring retailers (and end-consumers) switch between the Parties and other competitors in response to price changes. For example, over recent years, we are aware of announcements by some suppliers of proposed wholesale price increases for certain carpet types and we are seeking further information and analysis that shows the specific impact of any subsequent price increases; and • the extent to which flooring retailers (and end-consumers) switch between the Parties and other competitors in response to non-price changes such as changes in product quality, level of service or supply terms and/or the level of innovation and product development.
	Existing competition from domestic manufacturers	<ul style="list-style-type: none"> • the extent to which carpet suppliers have recently lost sales to Carpet Mill, particularly sales of wool carpet; • the extent to which flooring retailers have recently lost consumers to Carpet Mill, particularly for sales of wool carpet; and • the extent to which Carpet Mill is a close competitor to Godfrey Hirst and/or Bremworth.
	Existing competition from carpet importers	<ul style="list-style-type: none"> • the level of constraint that existing importers, with a limited number of SKUs of wool carpet, currently provided on either Godfrey Hirst or Bremworth, who each offer a large number of SKUs of wool carpet; • the reactions and/or responses from Godfrey Hirst and/or Bremworth to the introduction of a new wool carpet product from an existing importer;

Market/issue		Matters/questions
		<ul style="list-style-type: none"> the extent to which the merged entity would be constrained in the wholesale supply of both SDN carpet and wool carpet by importers of SDN carpet using their existing product ranges; and the extent to which the merged entity would be constrained in the wholesale supply of both SDN carpet and wool carpet by importers of wool carpet using their existing product ranges.
	Potential entry and expansion	<ul style="list-style-type: none"> further information and/or submissions on our view that the current conditions of expansion at scale in wool carpet are higher than for expansion at scale for synthetic carpet; the extent to which Godfrey Hirst's existing conduct, including (but not limited to) its existing commercial arrangements with flooring retailers does, or does not, create incentives for a significant proportion of retailers' sales to be allocated to Godfrey Hirst products; the extent to which recent entrants in wool carpet supply (such as Jacobsen and Robert Malcolm) are strongly competing with Godfrey Hirst and Bremworth; whether any existing barriers to expansion are significantly different for wool carpet compared to synthetic carpet. For example, whether importers have particular reasons for importing synthetic carpets at scale instead of wool carpet, such as different supply and/or stocking arrangements with flooring retailers for wool carpets compared to synthetic carpets; why Godfrey Hirst's existing conduct and commercial arrangements do not create barriers to expansion in the supply of synthetic carpet and/or wool carpet; the impact of the Proposed Acquisition on any existing barriers to expansion including whether, post acquisition, any commercial arrangements between Godfrey Hirst and flooring retailers, would increase the barriers to entry and expansion for importers of synthetic carpet and/or wool carpet; and the extent, or scale, that new entry or expansion would need to reach for it to provide a meaningful constraint on the merged entity in the supply of wool carpet.
	Countervailing power	<ul style="list-style-type: none"> evidence and examples of a flooring retailer self supplying its entire wool carpet requirement using an importer or importers; evidence and examples of a flooring retailer, currently self supplying any type of synthetic carpets, using this supply to its advantage in pricing negotiations with a domestic manufacturer for any type of carpet; price increases from a domestic carpet manufacturer being passed on, or incorporated into, the final price paid by the end-consumer, particularly in regard to wool carpet; and

Market/issue		Matters/questions
		<ul style="list-style-type: none"> evidence and examples of a domestic carpet manufacturer revising or withdrawing a proposed price increase to a flooring retailer in response to feedback from the retailer, particularly in regard to wool carpet.
	Efficiencies	<ul style="list-style-type: none"> the extent to which the price of wool carpet is linked to the cost of production; whether Godfrey Hirst and/or Bremworth have previously reduced the price of their wool carpets in response to cost reductions; whether price increases by Godfrey Hirst and/or Bremworth are being driven by increased costs; how closely the wholesale pricing decisions for synthetic carpet align with, or are linked, to those for wool carpet; and how any constraint from a competing supplier of synthetic carpet would impact on the production and/or pricing decisions of the merged entity in the supply of any type of wool carpet.
	Out of market constraints	<ul style="list-style-type: none"> the extent to which end-consumers compare the price of hard and soft flooring when making purchasing decisions; the extent to which decisions on the production of synthetic and/or wool carpet have related to the supply and/or prices of any hard flooring product; and the extent to which wholesale pricing decisions in the supply of synthetic and/or wool carpet have related, or responded, to the supply and/or price of any hard flooring products.
Provisional conclusion	Assessing substantiality in a significant section of a market	<ul style="list-style-type: none"> the proportion of the soft flooring market that wool carpet sales currently account for and any expected changes to this proportion; why the Commission should, or should not, consider that wool carpet makes up a significant section of the soft flooring market; and the implication of an assessment of a substantial lessening of competition in a significant section of a market for the Commission's overall assessment of the Application which is that, in order to grant clearance, we must 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

Attachment B: Godfrey Hirst's commercial arrangements

B1. Godfrey Hirst owns a company called The Flooring Foundation. The Flooring Foundation has agreements in place with select retailers (members of The Flooring Foundation) which include (for example):²⁷¹

B1.1 [];

B1.2 [];

B1.3 []; and

B1.4 [].

B2. In exchange, retailers in The Flooring Foundation are contractually bound to:²⁷²

B2.1 [];

B2.2 []; and

B2.3 [].

B3. []. However, we understand from [].²⁷³ We expect that []

B4. Because the [], Godfrey Hirst would theoretically be able to [].

B5. []

²⁷¹ See for example [].

²⁷² See for example [].

²⁷³ Commerce Commission interview with [].

B6. As such, for a rival carpet supplier to expand their supply through retailers in The Flooring Foundation, it would likely not be sufficient to offer a slightly better carpet product (on price or quality) alone, because [].

B7. This may have the effect of requiring the rival supplier to:

B7.1 [

B7.2

B7.3

]

B8. Internal Godfrey Hirst documents

[

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].

B9. Through these terms, members of The Flooring Foundation are incentivised to promote Godfrey Hirst/Feltex products over that of other suppliers. These incentives

[

]

B10. Feedback from retailers involved in The Flooring Foundation generally reflect these incentives, although the evidence is mixed:

B10.1 [

].²⁷⁵

B10.2 [

].²⁷⁶

B10.3 [

²⁷⁴ [

]

²⁷⁵ Commerce Commission interview with [] (28 November 2025).

²⁷⁶ Commerce Commission interview with [] (29 January 2026).

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].²⁷⁸

B10.4 [

].²⁷⁹

B11. For other retailers, there is some potential for a loyalty-inducing effect

[.]

B11.1 [

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].

B11.2 [

281

].

B11.2.1[

].²⁸²

²⁷⁷ [

]

²⁷⁸ Commerce Commission interview with [] (14 November 2025).

²⁷⁹ Commerce Commission interview with [] (2 December 2025).

²⁸⁰ []

²⁸¹ []

²⁸² [].

B11.2.2 Pricing analysis by the Commission suggests that,
[
].

B11.3 [
].
[
].

B12. [
].²⁸³ [
].²⁸⁴

B13. Most of the remaining retailers in Godfrey Hirst’s top ten retailer data set are
[
]These retailers receive
[
]on purchases.

B13.1 Pricing analysis by the Commission suggests that
[
].

B13.2 [
]

B14. Overall, it appears that Godfrey Hirst has a range of individualised pricing and rebate
arrangements with retailers, some of which may have the effect of raising barriers to
entry and expansion for other suppliers:

B14.1 For large retailers outside of The Flooring Foundation -
[
]; and

B14.2 for members of The Flooring Foundation -
[
].

²⁸³ [
²⁸⁴ [
].
].

Attachment C – information relating to the counterfactual

- C1. In considering the likely counterfactual scenarios, the Commission received commercially sensitive information from several parties. This information included:
- C1.1 Bremworth’s assessment on its current challenges and what it would likely do absent the Proposed Acquisition; and
 - C1.2 feedback from some of the potential purchasers, other than Godfrey Hirst, that were contacted by Bremworth and its advisers as part of Bremworth’s recent strategic review.
- C2. Relevant extracts and summaries of some of this confidential information are included below. In summary, the Commission considers that the information we have received to date about what would happen if the Proposed Acquisition did not go ahead indicates that Bremworth would likely operate as a going concern under ownership independent of Godfrey Hirst.

Bremworth’s submission on the Sol on the counterfactual

- C3. In responding to the Sol, Bremworth outlined its view that its recent financial performance demonstrates the significant competitive constraints that Bremworth faces. Bremworth submits that it has experienced long-term declining carpet sales – demonstrating significant competitive alternatives and constraints and a failed strategy in responding to those constraints.²⁸⁵
- C4. In support of this submission, Bremworth set out the following confidential information in relation to the likely counterfactual.

[_____]

²⁸⁵ Bremworth submission on Sol (11 February 2025) at [7].

]

Our current view of Bremworth's submission on the counterfactual

- C5. While we recognise that Bremworth is facing challenges and there are uncertainties about its forecasted performance, Bremworth has also publicly stated recently that it does not expect to lose its going concern status in the foreseeable future.
- C6. Accordingly, we consider that the additional information that we have received from Bremworth in response to the Sol does not enable us to rule out, at this stage, the likelihood that Bremworth would, absent the Proposed Acquisition, continue to operate under its current ownership as a going concern for the foreseeable future, which is the test that we have to apply.²⁸⁶

Feedback from some of the potential purchasers of Bremworth

- C7. As part of its recent strategic review, Bremworth and its advisors contacted a range of potential purchasers in addition to Godfrey Hirst. In assessing the Application and

²⁸⁶ *Mergers and Acquisitions Guidelines* above n10 at [2.31].

the likely counterfactual scenario, the Commission contacted a number of these potential purchasers about what would likely happen with Bremworth, if the Proposed Acquisition did not go ahead and some of the feedback from these parties, much of which is confidential, is outlined below.

- C8. We consider that this feedback and the information that we have received from industry participants, other than Godfrey Hirst and Bremworth, indicates that we cannot exclude, at this stage, that no party would consider that Bremworth, absent the Proposed Acquisition, would not be a business that would be able to be purchased and operated as a going concern.

Views on Cowes Bay Group as a potential purchaser

- C9. One party that publicly expressed an interest in acquiring Bremworth is Cowes Bay Group. In contrast to Godfrey Hirst, Cowes Bay Group (or CBG) submits that sale to another party is the most likely counterfactual, outlining the following.²⁸⁷

17. Outside the Board's Strategic Review process, CBG (and perhaps other interested parties) has expressed to the Board its strong interest and capability to invest in and deliver an alternative pathway for Bremworth as a domestic manufacturer of wool and synthetic carpets. This included a willingness to make a substantial future financial investment in the business to enable it to prosper to support the wider stakeholder group and to continue serving as an important competitive constraint on the already dominant Mohawk.

18. As CBG noted in its previous submission, a decision by one or more parties not to participate at a particular stage of the Board's Strategic Review process does and should not be interpreted as "evidence" of an absence of interest in or capacity to invest in Bremworth and provide an alternative future for the company.

19. The only inferences that can and should be drawn by the Commission and other parties from the announced outcome of the Strategic Review process are:

(a) The design and implementation of the Strategic Review process by the current Board, at least for CBG, was not considered a viable method by which to productively engage with the Board.

(b) The Bremworth Board chose Mohawk as its preferred buyer of Bremworth.

- C10. [

288

²⁸⁷ Cowes Bay Group cross-submission on Sol (19 February 2026).

²⁸⁸ []

]

C11. []²⁸⁹

C11.1 []

C11.2 []

C11.3 []

C11.4 []

²⁸⁹ []

C12. [290]

C12.1 [

].

C12.2 [

].

C12.3 [

].

[]

C13. []

C14. Bremworth advised that,
[

]. 291

290 []
291 [].

C15. []²⁹²

C16. [

293

].

²⁹² []
²⁹³ []

Attachment D– share of sales revenue by supplier

Table D1: Revenue from carpet sales (all fibre types)

Supplier	FY21		FY22		FY23		FY24	
	Revenue	Share	Revenue	Share	Revenue	Share	Revenue	Share
Godfrey Hirst								
Bremworth								
Mohawk direct sales*								
Merged entity								
Carpet Mill#								
Other Imports								
Breakdown of Total Imports by supplier	Belgotex							
	Jacobsen							
	Robert Malcolm							
	Victoria Carpets							
	Wools of NZ							
	Carpet Court direct Other^							
Carpet Total		100%		100%		100%		100%

Notes: All figures actuals direct from supplier unless noted. Percentage totals may not sum to 100% due to rounding in presentation of share percentages. ^ Estimate for 'other imports' calculated using Stats NZ data, data provided by NERA and supplier production data. The available Stats NZ data does not provide sufficient detail to identify the end-use of imported carpet. As a result, it is not possible to determine precisely the extent to which these imports relate to sales in the wholesale carpet market. To avoid understating the role of imports, we have taken a conservative approach by including all carpet imports within the wholesale market. A substantial portion of these imports is therefore reported under 'other imports' in the table. Around 23-27% of carpet imports relate to nylon tiles for commercial use over the period 2021-2024.

*[]. #

[].

Table D2: Revenue from carpet sales (synthetic only)

Supplier	FY21		FY22		FY23		FY24	
	Revenue	Share	Revenue	Share	Revenue	Share	Revenue	Share
Godfrey Hirst								
Bremworth								
Mohawk direct sales*								
<i>Merged entity</i>								
Carpet Mill#								
Other Synthetic Imports^								
<i>Breakdown of Total Imports by supplier</i>	<i>Belgotex</i>							
	<i>Jacobsen</i>							
	<i>Robert Malcolm</i>							
	<i>Victoria Carpets</i>							
	<i>Carpet Court direct imports</i>							
	<i>Other^</i>							
Synthetic Carpet Total		100%		100%		100%		100%
Synthetic Total as proportion of All Carpet Sales		81%		78%		76%		75%
Total Synthetic Imports as a proportion of All Carpet Sales		43%		45%		41%		44%

Notes: All figures are actuals direct from supplier unless noted. Percentage totals may not sum to 100% due to rounding in presentation of share percentages. ^Estimates for synthetic imports and 'other' draw on Stats NZ data, data on Godfrey Hirst and Mohawk's direct imports provided by NERA, and supplier production data. We follow NERA's methodology for estimating wholesale values for imports by first excluding direct known imports at cost and applying a mark-up of 20%, applied to 40% of the remaining imports (this departs from NERA's assumption that the mark-up applies to 20% of remaining imports based on information on total market available to the Commission. Our departure is consistent with NERA and Chapman Tripp comments that acknowledge that the 20% is a conservative assumption). #

[

]

Table D3: Revenue from carpet sales (wool only)

Supplier		FY21		FY22		FY23		FY24	
		Revenue	Share	Revenue	Share	Revenue	Share	Revenue	Share
Godfrey Hirst									
Bremworth									
<i>Merged entity</i>									
Carpet Mill#									
Wool Imports[^]									
<i>Breakdown of Total Imports by supplier</i>	<i>Belgotex</i>								
	<i>Victoria Carpets</i>								
	<i>Wools of NZ</i>								
	<i>Other[^]</i>								
Wool Total			100%		100%		100%		100%
Wool Total as proportion of All Carpet Sales			19%		22%		24%		26%
Total Wool Imports as a proportion of All Carpet Sales			4%		4%		5%		7%

Notes: All figures actuals direct from supplier unless noted. [^] Includes wool blends. Estimate for 'other imports' calculated using Stats NZ data, data provided by NERA and supplier production data.

#[

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Attachment E - feedback on the ability of importers to expand in wool supply

E1. To assist our assessment of likely expansion at scale, particularly for wool carpets, we have received feedback from some of the existing (importer) suppliers of wool carpet on their:

E1.1 manufacturing capacities (manufacturers only); and

E1.2 appetites to expand at scale.

Incumbent position of the Parties

E2. Before considering the manufacturing capacities of existing and potential competitors to the Parties/the merged entity and their appetites to expand at scale, we recognise that any competitor would likely take into consideration the presence of the merged entity, particularly in regards to wool carpet. Included below is Godfrey Hirst's own assessment of its presence and those of other suppliers in wool carpet in New Zealand, when it was contemplating the Proposed Acquisition last year.²⁹⁴ This shows that,

[

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[

]

[

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•

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]

²⁹⁴ Mohawk '[] presentation attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025).

Existing production capacity

- E3. [] estimated its spare capacity at around [], which translates to around [].²⁹⁵This represents less than [] of Godfrey Hirst and Bremworth’s combined FY25 carpet production.
- E4. [] said that it could increase production significantly ([] over a 9-12 month period).²⁹⁶ This would represent around [] of Godfrey Hirst and Bremworth’s combined FY25 production (although these numbers represent synthetic carpet capacity which is likely to be higher than wool carpet capacity given wool carpet is more time consuming to manufacture).
- E5. Belgotex is described as “Africa’s leading carpet and artificial grass manufacturer”²⁹⁷ so it is conceivable that it could expand its production volumes for New Zealand.

Likelihood of expansion

- E6. With this in mind, we also received some feedback from existing suppliers on their appetites to expand their supply of wool carpets.
- E7. [] advised that it has the intention to [].²⁹⁸
[]

].²⁹⁹

Consequently, we do not rule out the potential for [] to grow its sales in wool carpets, but are still exploring whether potential expansion by [], in conjunction with potential expansion by other suppliers, would be likely to occur to a sufficient extent to constrain the merged entity.

- E8. [] is considering [].³⁰⁰ It considers []

²⁹⁵ Response to request for information from [] (received 27 November 2025).

²⁹⁶ Commerce Commission interview with [] (6 November 2025).

²⁹⁷ <https://belgotex.com/>.

²⁹⁸ Commerce Commission interview with [] (7 November 2025).

²⁹⁹ []

³⁰⁰ Commerce Commission interview with [] (13 November 2025) and response to request for information from [] (received 25 February 2026).

] However, it also advised
[].

[
301

[
].

[]³⁰²
[

].

E9. [] advised us that

[
].³⁰³ [] further advised that

[
] It further explained that

[
].³⁰⁴ Consequently,
we observe that there may be some scope for expansion by [], particularly if
the opportunity arose post-merger. However, even if
[]
].

E10. [] advised that “a lot of the smaller wool wholesalers all now increasing their
wool offering, including us.”³⁰⁵

E11. [] advised that it has a goal to expand its current wool carpet offering from
[]³⁰⁶

³⁰¹ Response to request for information from [] (received 25 February 2026).

³⁰² See [] .

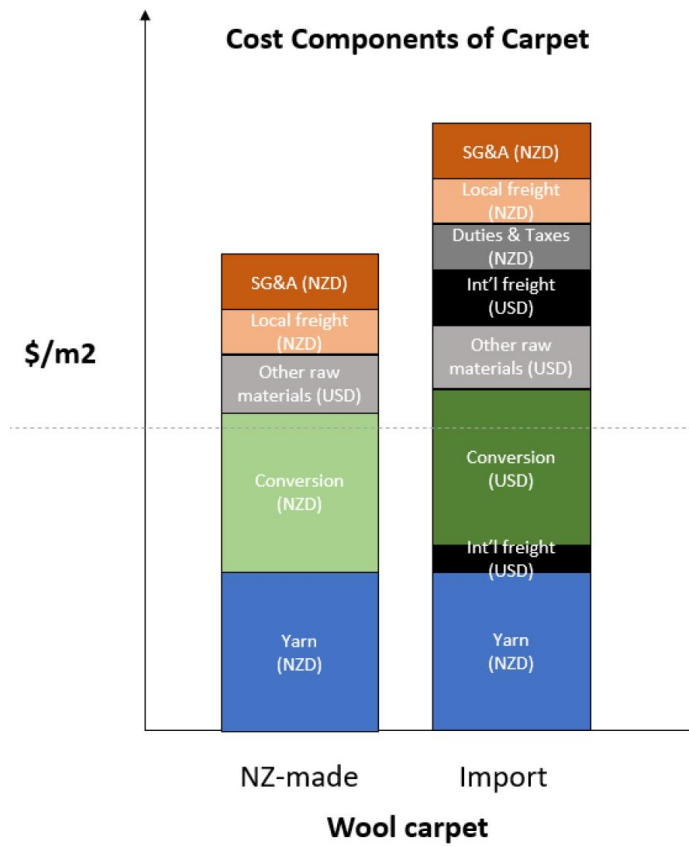
³⁰³ Commerce Commission interview with [] (1 December 2025).

³⁰⁴ Response to request for information from [] (received 25 February 2026).

³⁰⁵ Response to request for information from [] (received 18 December 2025).

³⁰⁶ Commerce Commission interview with [] (23 February 2026).

Figure F1 – Matthews Law chart of the cost-components of imported NZ-wool carpets.



Source: Matthews Law

[F5.

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309 []

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F6. [

310

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310 [

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F7. [

311]

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F8.

312

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311 []
312 []

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F9. [].

F9.1 [].

F9.2 [

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Attachment G – methodology for Figure 2 under countervailing power

G1. [

313

314

G2.

G2.1

G2.2

G3.

G4.

G4.1

G4.2

G4.3

G5.

G6.

G7.

³¹³ [
³¹⁴ [

]

]

G8.

G9.

G10.

G11.

G12.

G13.

]