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## IMPORTER/RETAILER MEETING MINUTE

**Case** Case 355 – Steel Shelving Units **Date of Meeting:** 21 September 2016  
**Time/Duration:** 10.00 – 12.30

**Location:** Bunnings Group  
16 – 18 Cato Street  
HAWTHORN EAST VIC

**Attendees:** *Jukka Mäntynen (ADC)* *Sharyn Petrzela (Bunnings)*  
*Chris Hill (ADC)* *Daniel Gibney (Bunnings)*  
*Maria Themistocleous (ADC)*  
*Adam Hourigan (ADC)*

### 1. Meeting purpose:

The Anti-Dumping Commission (the Commission) identified Bunnings as an importer of steel shelving based on the import database of the Australian Border Force and provided Bunnings with an importer questionnaire to complete. The Commission also identified Bunnings as a significant retailer of steel shelving from information provided by other importers in the Australian market. The Commission met with Bunnings to discuss a number of aspects relevant to the investigation, including the goods and like goods, and how the Australian market operates.

### 2. Discussion:

#### Introduction

The Commission explained the anti-dumping system and the investigation process.

#### The goods and like goods

Bunnings commented that the term 'industrial' in the exclusions list of the goods description is unclear and can be interpreted in many ways. Bunnings noted its confusion as to whether certain *Rack It* products (types of boltless steel shelving) that it sells would be considered 'industrial', however, it does not target the industrial market. Bunnings commented that the shelving product that Summit manufactures and describes as being industrial is highly similar to most types of shelving people have in their garage, including many *Rack It* products.

Similar to the term 'industrial', Bunnings viewed the term 'slotted angle' in the goods description to be vague and understood it to be a type of fixture system used in steel shelving. Bunnings commented that the slotted system is viewed by the market as an old style of shelving fixture. Bunnings explained that a majority of steel shelving now uses keyhole fixture system in which a rivet fits into a keyhole-shaped slot. Bunnings viewed this was likely to be due to the ease of assembly and adjustment which is not present in slotted shelving systems.

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### Market trends

Bunnings claimed that the steel shelving market has shifted for a number of reasons.

First, Bunnings stated that there has been a declining consumer preference for galvanised compared to powder coated steel shelving. Bunnings stated that a few years ago it offered six galvanised product types, but four of these product types have been discontinued due to low consumer demand. Bunnings suggested some reasons for the shift towards powdered coated units, including that unless the steel is hot dipped galvanised post the cutting process there is a potential for rust, and that some galvanised steel shelving units have MDF shelves which swell in moisture. Bunnings claimed that customers appear to buy the galvanised product over the powder coated product only in instances when the former is significantly lower priced. Bunnings added that some customers may prefer the galvanised over the powder coated product in a limited number of instances, such as for aesthetic reasons.

Bunnings stated that its last 'range review' for steel shelving was triggered by the need to reduce duplication in its product offering and to reduce the number of galvanised shelving units. Bunnings noted that it doesn't delete a product from its range just because it becomes too expensive to purchase or too cheap to sell, but rather, it aims to have the widest range of products that are demanded by customers.

Second, Bunnings noted that over the last several years, customers have been moving towards larger-sized steel shelving.

Third, Bunnings stated that over time the market has also moved towards offering customers with 'complete solutions', which involves customers purchasing multiple flexible products and often *making over their garage completely*. Bunnings mentioned that an example of a product within a 'complete solution' is the corner shelf unit that enables customers to fit together multiple shelving products.

Fourth, Bunnings advised that its shelving product offering has transitioned from slotted to keyhole fixtures (see section 'The goods and like goods'). Bunnings noted that the US market also has keyhole shelving.

In relation to Summit's claims within its application, Bunnings contested that it has driven down the price of steel shelving products. Rather, Bunnings claimed that consumers have turned away from galvanised, lower duty shelving and towards powder coated, heavier duty and more customisable shelving.

Bunnings considers that branding is not critical to garage storage products, but that customers value the full range and complete solutions that Bunnings offer.

Bunnings classify the goods as part of their garage storage department.

### Bunnings' requirements of suppliers

Bunnings stated that price is not the only factor in setting up supply arrangements. Bunnings advised that a significant part of its business relationships relates to the services that suppliers can offer, not simply the price. Bunnings claimed that its business relationships with suppliers have grown over time and that it values long-term supplier relationships. Bunnings do not view shelving as a commodity product. Bunnings claimed that it has, in some cases, selected suppliers that offer higher prices, but can provide superior business services.

Bunnings maintain two nationally advertised claims regarding their business, being 'the widest range' and 'every day low prices'.

Bunnings require their vendors in the garage shelving area to provide a very high level of servicing, including:

- In store ordering by supplier representatives
- Training of merchandise staff

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- Merchandising and facing the goods for display
- Following up any out of stock items
- Demand management, and
- Building display units for new models.

Bunnings require a set level of information regarding a product offer from suppliers before it will consider a range review, and no suppliers (domestic or international) have provided information which has been sufficient for Bunnings to consider a range review.

Bunnings undertake monthly analysis of all suppliers' key performance indicators to ensure that it are able to identify any efficiencies or risks and continuously improve its business processes.

Bunnings added that its suppliers of steel shelving have undertaken continual product development and design innovation, which has led to new and increased range of products.

### Business with the applicant

Bunnings stated that it did not currently have an ongoing business relationship with the applicant, however its buyers operate under an open door policy whereby offers to supply can lead to Bunnings undertaking a range review.

There was a review in 2012 but it was limited to current suppliers to remove duplication from store, rather than looking to find a new supplier.

Bunnings stated it had received limited offers from the applicant, though these happen on an inconsistent basis and have not yet provided the level of detail required for Bunnings to appropriately assess them.

### Other information

Bunnings added that it understood that there were challenges 'across the board' for Australian manufacturing, and that as a business Bunnings take into consideration the importance of Australian manufacturers.