

MEDIA RELEASE

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Bunnings market share is 70% – why Bunnings' lowball claim is wrong

Greenlife Industry Australia (GIA) continues to call on the Federal Government to protect greenlife growers from unfair trading practices by including Bunnings in the Food & Grocery Code of Conduct and to make the Code mandatory.

In recent weeks, Bunnings has claimed its market share is 25–30% of plant retail sales. This is not correct.

Bunnings is the biggest plant retailer in Australia. Greenlife Industry Australia estimates that Bunnings' share of the plant retail market is 70% of the national total.

Coles and Woolworths together account for 65% of the grocery retail market and are recognised as a duopoly.

GIA CEO Joanna Cave said, "Bunnings bases its market share calculations on the entire Australian nursery plant production sector – including multiple nursery plant supply chains made up of retail, farmers, landscape, revegetation and forestry. However, it is only the retail component that is relevant to Bunnings' market share."

Plant retail means plant sales to the public for their homes, gardens and veggie patches.

The entire Australian nursery production sector farm gate* value is \$2.9b. This figure takes into account nursery plant products sold into retail, farming, landscape, revegetation and forestry. GIA's industry data supports this figure and government agencies widely accept it as accurate.

The same industry data values the plant retail sector at much less – \$1.4b.

Ms Cave said, "Bunnings agrees that the Australian nursery production sector farm gate value is \$2.9b. In fact, Bunnings bases its claim of a 25–30% market share on this figure.

"However, only the retail component of the sector is relevant to calculating Bunnings' market share because the issue at hand is Bunnings' share of the market in *plant retail* (not landscaping, forestry or farming, for instance).

"When Bunnings' own calculations are applied to the correct data (\$1.4b – the farm gate value of the plant retail sector), its share of the market lies between 52% and 62% – which is much closer to GIA's estimate than to Bunnings'.

Further, Bunnings bases its market share calculations on data from Ibis World Data (a commercial data aggregator). We don't regard this data as accurate or up to date. However Ibis World Data says 68% of retail nursery stock is sold through hardware stores. Once again, this is much closer to 70% than it is to 25%.

*Farm gate' describes the price of goods sold by growers to retailers without markup added by retailers.

Growers selling plants into the retail supply chain agree that Bunnings' market share is 70% or higher.

Bunnings refers to its market as 'greenlife supplies' or 'horticultural products'. These categories include products besides plants (like garden gnomes and pesticides) which are not relevant to the debate.

Bunnings suggests that plant retail and landscaping should be considered as one, and that landscaping is an alternative market for growers. Production nurseries growing plants for the retail supply chain cannot simply pivot and sell their plant products into farm, landscape, revegetation or forestry supply chains.

The plants produced for nursery industry sectors (like retail or landscaping) are specific to each supply chain. They need different cropping infrastructure, investments, plant varieties, conditions, lead times, networks, containers and expertise. Rarely, if ever, are these supply chains interchangeable – nor do supply chains intersect in the way that Bunnings suggests.

"If Bunnings asks a grower to produce plants and then declines to take the plants, which they reserve the right to do, the grower is left with very few options. No other plant retailers want – or can take – the same volumes of plants as Bunnings can, and there is no export market for plants. If Bunnings says no to a plant order, it is most likely that the grower will have to throw the plants away. This can mean huge losses," said Ms Cave.

GIA's aim in asking the government to extend the Food and Grocery Code of Conduct to greenlife is to encourage a reasonable and fair trading environment for growers. Once included in the Code, Bunnings will need to change how they do business, just as Coles and Woolworths have.

"We have no doubt the big box retailer will take this in its stride and generate great profit and strong returns for its investors," said Ms Cave. "Meanwhile, greenlife growers protected under a strengthened Code of Conduct will be able to trade with Bunnings with more confidence. Now that's a win-win relationship."

Those in support of including Bunnings in the Code of Conduct can sign GIA's petition at:
www.change.org/growerprotection

Greenlife industry Australia (GIA) is the national peak body representing commercial growers of plants (known as greenlife products) across all states and territories of Australia. The greenlife industry employs over 25,000 people and generates a farm gate value of \$2.8 billion a year.

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More information

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Available for interview

- Joanna Cave, CEO
- Greenlife growers – Tasmania, Queensland, South Australia and New South Wales