HI NEWS

Vol. 9 No. 3

SENIX TRADE TOOLS

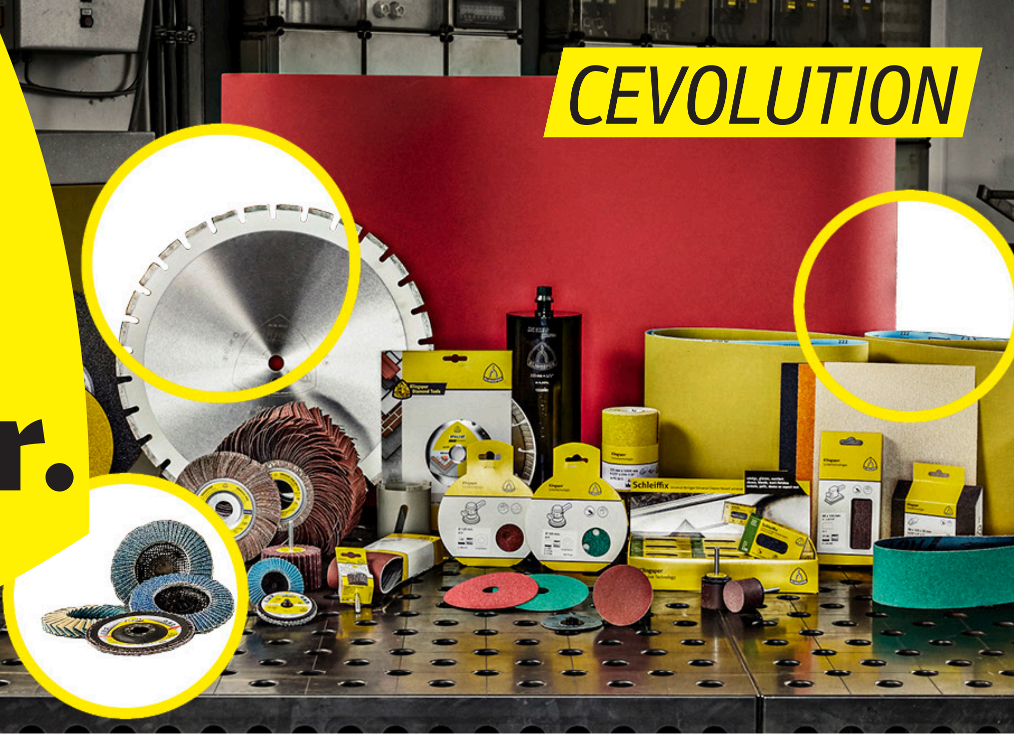
HBT NATIONAL BUYING GROUP 2025 CONFERENCE REPORT

VIDA WOOD AUSTRALIA EXPANDS

BUNNINGS FY2025 RESULTS

SGI ACQUIRES HBT

Good.
Safe.
Klingspor.



Ceramic range.

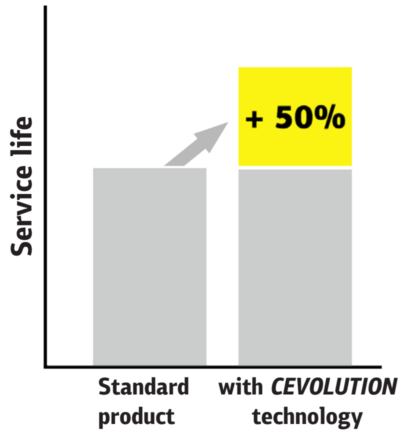
Klingspor presents the CEVOLUTION technology

More than “just” ceramics!

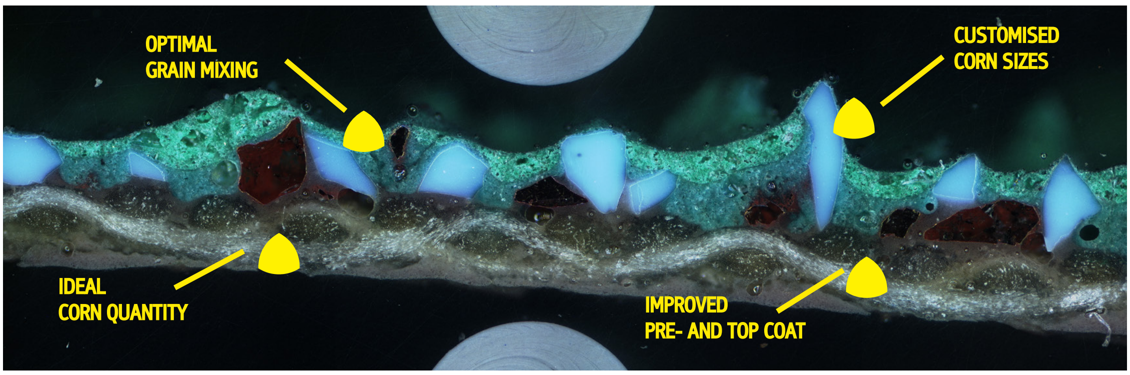
Klingspor products with CEVOLUTION technology are more powerful than comparable ceramic abrasives. Depending on the product and application, they offer the user more aggressiveness, a longer service life or even both.

The increased performance of products with CEVOLUTION technology results from the combination of an aggressive, self-sharpening ceramic grain with Klingspor’s unique expertise in

- Grain mixture
- Grain sizes
- Grain quantities
- Formulation of undercoat and topcoat
- Multibinding
- and special manufacturing processes.



All of these individual components are combined by Klingspor’s R & D department for each different product. This results in optimised abrasives that meet the respective user requirements to a very high level.



“Our development department takes a holistic approach to the new CEVOLUTION technology: it optimises the grit mix, grit sizes, grit quantities, the formulation of the pre-coat and top coat, and relies on multi-bonding or special manufacturing processes. Only when the abrasives offer a genuine increase in performance do they receive the coveted CEVOLUTION seal of approval“

Ibraim Lapa, Head of Business Development

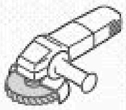
CEVOLUTION

Made by Klingspor

SMT 975 *SPECIAL* Trimmable ceramic flap disc

High and fast stock removal due to newly developed abrasive with self-sharpening ceramic grain. Easy mounting due to integrated ***M14 thread***. Very long tool life due to the trimmable backing plate. The SMT 975 includes the new *CEVOLUTION* technology.

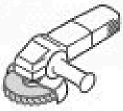
Video



Diameter & bore in mm	Grit	Packing unit	Order code
125 x 22	40	10	369301
125 x 22	60	10	369303
125 x 22	80	10	369304

SMT 974 *SPECIAL* Ceramic flap disc

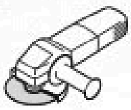
Newly developed abrasive material for demanding grinding tasks. Optimal tool for edge and weld seam finishing. Highly economical on powerful angle grinders. The SMT 974 includes the new *CEVOLUTION* technology.

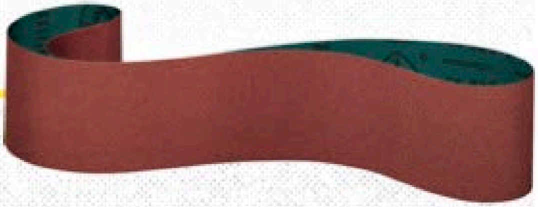


Diameter & bore in mm	Grit	Packing unit	Order code
125 x 22	40	10	369280
125 x 22	60	10	369279
125 x 22	80	10	369278

FS 964 ACT Ceramic fibre disc

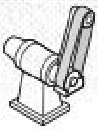
Premium product with excellent performance for working on steel. High aggressiveness thanks to self-sharpening ceramic grains throughout the service life. Outstanding grit adhesion. Advanced coating technology (ACT) for extraordinary grain adhesion and extended service life.

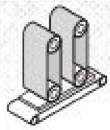


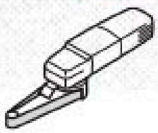


CS 922 Y ACT Ceramic abrasive cloth belts

Continuously aggressive grinding behaviour. Long service life due to self-sharpening ceramic grit. Very high grain adhesion thanks to Advanced Coating Technology and highly tear resistant polyester backing. The CS 922 Y belt includes the new CEVOLUTION technology.







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Central Purchasing Announces Changes

Well-known West Australian business streamlines its business brand structure for a seamless future

After 45 years in business, Central Purchasing streamlines its business structure for better outcomes. The company, which is comprised of three separate buying groups, has introduced a new brand structure to improve operations whilst maintaining its diverse business units.

Beginning as a hardware and building materials co-operative in Western Australia, the business has undergone a significant transformation since acquiring the TradeSmart Industrial Group in 2015 and the Paint Place group in 2022. It is now a national industrial, paint, building and hardware business, in addition to a leading member-owned buying group.

With steady growth over the last decade, CEO Stephen Wren says "Market awareness of the company's structure remained low. While people are aware of the three brands-TradeSmart, CPS Chargeback, and Paint Place-they are often unaware of the relationship between them.

"Under the new collective banner of Central Purchasing, we believe people will better understand our commitment to retaining the segregation of each group while also seeing the benefits of our buying power."

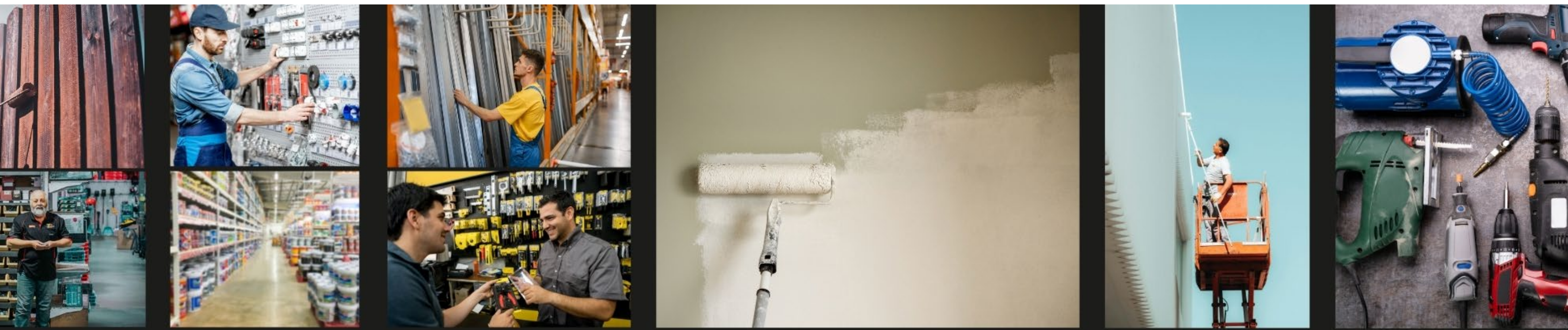
According to Wren, keeping the three business channels as separate groups has been key to their success. "This approach often seems counterintuitive to people," he says. "They'll say it would be easier to combine the three groups into one. While that would be easier for us to manage, it's not in the best interest of our members."

Each group's offerings and member needs differ significantly. To cater to this uniqueness, each business determines its own priorities for suppliers, membership, and offerings. The company is committed to maintaining the separation of the market channels, housing each group in a different state and operating them as separate companies. The key change was to maintain a strong parent brand Central Purchasing whilst keeping the sub brands as three strong entities.

The key benefit of the structure includes shared services like financial infrastructure, data processing, IT, marketing and the member-elected board, centrally managed in Applecross, Western Australia. These functions are homogenous across all groups, they do not impact the individuality of each group, but has to power to cross pollinate essential services and continue to innovate.

"Each group, each market, has its own DNA," Wren emphasises. The strategy was to re-brand its parent company and upgrade all digital assets, including a website for the group operations at:
centralpurchasing.com.au.

Customers can look to Central Purchasing for a reliable service to support their retail stores or/and building requirements under one roof for incredible rebates, clarity and support.



CENTRAL PURCHASING

Harnessing the power of group buying

CPS Chargeback

TradeSmart INDUSTRIAL GROUP
STRENGTH IN NUMBERS

paint place
painting Australia

publisher's note

If you attended one of HBT's earliest events back in the early aughts in the foyer of a Novotel hotel in NSW, the last thing on your mind would be the group being part of a larger, listed one.

We've come a long way since then but not that far from HBT's original mission as a buying group. Instead of taking a traditional trip down memory lane, allow me to mark what we consider to be a number of inflection points in the history of HBT and what we've managed to capture.

In 2017, we produced the largest HBT conference edition at over 100 pages and created the Pink Pages to reflect its partnership with the McGrath Foundation that year. In this issue, we wrote the following:

The approach that HBT is taking is to start by saying to its suppliers, well, don't we all, in the end, want to get to the same place? Don't we want to have an industry that is profitable for everyone, with fair prices reflective of value delivered for both suppliers and retailers?

The question that HBT is asking suppliers isn't 'How low can you go on prices?' Rather, it is 'How engaged with our group are you willing to become?' That engagement means looking not just at prices, but also service, supply, and even product design and availability.

What is really interesting, however, is the role that HBT seems to be moving into, the way in which it is seeking to facilitate this movement to a closer embrace between suppliers and retailers. Changes such as this carry all kinds of risks. Suppliers worry that they will gear up for the retailers, and then be disappointed by the orders they receive. Retailers worry that in deserting their 'traditional' suppliers for those more willing to engage deeply with HBT they will find themselves treated as second-class customers.

There is risk everywhere, and, normally, that risk level would slow, or even block, the capacity for the market to change in this way.

Except.

Except that the brilliant move HBT seems to be taking is to become what we could best describe as a kind of "risk buffer".

For its retailers the message (as interpreted by our retail sources, not from HBT management, who naturally prefer to keep deep strategy private) is that any concerns about customer treatment will be handled by the group as a whole. They are effectively guaranteeing they can make sure that retailers, even if they are new to a supplier, will get fair and even treatment.

To the supplier, the message from HBT is similar: we will get you the order numbers. Don't ask them how, because HBT has never been about "strong arming" anyone. But they do know how to persuade, to explain, to be considerate and clear.

Perhaps the most important aspect of this is that HBT members trust HBT. They don't expect them to get everything right all the time, but they do very much expect two things from them: they will listen to any and all complaints and suggestions; and they will act with consideration, and a wide view of a situation, not just do whatever is convenient at the moment.

HBT is taking a risk. It's brilliant, and it could be rough at times. But it is, in many ways, the only good way forward.


The Pink Pages

Under current CEO Greg Benstead, focusing on HBT's fundamentals has been a winning strategy. In 2018, he told us:

I could see that this business had been successful for 21 years on the back of being true to what its mission is, which is to get the best deal for the members, looking after suppliers, and putting the two together. If you can stay true to that model in a low-cost operation, you can't help but be successful because it becomes this word-of-mouth situation. People say, why wouldn't I go that way? Why wouldn't you do that?...

So I see my role as being simply to introduce a few more processes and systems to make sure things are as robust as they can be, but also I think add some outside opportunities that I see. There are opportunities in the way we go about category reviews, supplier reviews and also member engagement.


The Pink Pages

Back then, Greg understood the central issue of HBT as a buying group is to gain order volume to drive down supply price. He told us:

It's a two-way street. We have to get the best deals and it's like this endless loop. If we can get our members to get on board with the deal offers, then we get you better deals! So that's the challenge.

In 2025, not a lot has changed. He had this to say at this year's conference:

I can tell you that HBT is the best place I've ever worked because it's the only place that I actually feel that we're trying to do the right things.

HBT is about how we can influence businesses to do better and the better that you guys do, the better HBT goes. And that to me is a great synergy.

Community

One of my favourite editions on HBT was when we featured its virtual conference because we got the chance to represent how it provided an effective communications platform for members and suppliers. It helped maintain contact during isolating times of the COVID shutdowns.

More importantly, it is one of the best examples of how HBT kept its own community together through digital and video platforms that helped businesses feel less alone during the COVID shutdowns. This is how Greg explained it:

> First thing, we wanted to make sure that for our suppliers and members, even though we didn't have a conference, we could still have some way of communicating between the two. And secondly was to basically tell our suppliers that our members are waiting and want to know what's going on, still.
>
> It also was a way for a lot of [suppliers] to get out of their bubble and come out to the place where we did the filming.
>
> Also, we went and filmed at a lot of sites. And I think that was beneficial because they said, 'Oh yeah, you can do this if it's in a safe environment and with all the normal social distancing, and all the things we had to do correctly. But it could be done and we can still operate that way'. So I think that was very reassuring.
>
> We used a film crew to do it all properly … I think we probably improved our relationship with our suppliers even further by doing that. Particularly in view of the fact that we didn't charge for what we did, for that particular event, not anything, because we saw it really as a service to our members, and we really needed to get it done that way. That certainly wasn't the case for a number of other groups that used it as a fundraiser. Believe it or not. But we didn't do that.

The virtual conference worked, largely, where others failed.

Obviously we would be remiss if we don't mention Tim Starkey in this look back at HBT. (The list of key contributors to its success is too long to mention here but we know who you are, Mitch, Lawrie, Gavin and many, many more.) In my mind, Tim is probably having a large glass of red somewhere having a laugh.

We've always regarded HBT as partners in an ongoing endeavour to make the hardware retail industry a better place for all. We hope we can continue it now that it will be part of Stealth Group.

Betty Tanddo
Publisher

comment

There is something of an interesting collision in this edition of HI News between our story on the acquisition of Hardware & Building Traders (HBT) by Stealth Global Holdings (ASX:SGI) and the current business strategies of the Wesfarmers-owned Bunnings.

The question we ask in the Bunnings article is whether Bunnings' shift to gain marketshare with trades and builders really makes all that much sense from a performance perspective. The company has had trouble, it would seem, boosting the share of its revenue for that sector much above 38%, despite declaring its goal is 50%. Negative EBIT growth followed by low EBIT growth for FY2025 suggests it hasn't worked all that well — and a recent return to positive growth could be driven by expansions in the DIY area.

We boil down the core question to this: is the goal of Bunnings to become the best Bunnings it can be, or the best retailer? Would it do better if it made the design and model of its stores more modern, more in-tune with younger generations, to boost DIY sales? Or is it going to continue "tradition", and find markets more amenable to that, such as trades and builders?

SGI in many ways raises similar questions — not only for its most direct competitor in hardware, Metcash's hardware division, now known as the Total Tools and Hardware Group (TTHG), but also for other hardware buying groups in Australia.

There is a mention in the remarks by the CEO of SGI, Mike Arnold, that the company could look at consolidating further buying groups along with HBT.

An element that could help boost this is that we think one of SGI's hidden "hole cards" is going to be penetration into the industrial market. That's an area that both TTHG and Bunnings have long neglected, but which buying groups (in particular HBT) have serviced very well.

This is what post-post-COVID perhaps will look like, as supplychains shift, and the construction industry comes to terms with the fact that demand, it turns out, is not everything.

Vida Wood Australia
a secure future for timber

The timber industry is coming under multiple pressures, including new regulatory changes. Vida offers the security only a total resource can deliver.

Australia's timber industry is set to evolve in 2026, as the effects of changes to legislation flow through the supplychain. The biggest single change is a crackdown on the importation of illegally logged timber. It is estimated that some 10% of imported timber has come from these sources.

A major reason for these changes is to ensure that Australia manages its obligations in the global timber industry, so that it can continue to participate in this vital sector. That's important, because Australia will rely on imported wood sources for decades to come. According to the 2025 Australian Wood Volumes Analysis by Australia's Department of Agriculture, Forestry and Fisheries (DAFF):

> The ability to access an international market for forest and wood products is important to help manage the ups and downs in domestic supply and demand. A diversified supply chain, which includes domestic and multiple international options for imported inputs and export markets, allows for risk mitigation and continuity of supply as well as boosting competitiveness and market performance.

Jacinta Colley, VWA sales director

That's the "macro" view of how the timber markets work, but there is also a "micro" view, from the level of hardware/timber retailers and their key customers, the individual builders. In practical terms, especially given the affordable housing crisis, the micro is every bit as important. With growing demand for timber worldwide, retailers need to secure reliable sources of supply so that they can adequately service these clients.

That pretty much defines the market niche that Vida Wood Australia (VWA) has been developing since it entered the Australian market in 2014. Speaking on the "Pryda Pod" podcast in March 2024, Kurt Schrammel, the managing director of VWA, offered this viewpoint on the Australian market and relationships between retailers and suppliers:

> It is important, and I would actually recommend to every one of our customers to really carefully look into where are [their] timber sources, where are they coming [from] today, and start to really form close and tight connections with [their] supplier to make sure that [they] also have guaranteed supplies going forward.
>
> In most of the cases, I would say it very much depends on the individual company, how [it] builds its strategy when it comes to raw material supply, and ... which supplier [it] picks, and how [it] actually develops a mix between, in Australia in particular, between domestic and imported [timber].

Pryda Pod: Understanding imported timber with Kurt Schrammel, 20 Mar 2024. (Link)

As VWA's sales director, Jacinta Colley, puts it:

> Many retailers now have hardened sourcing rules, such as requiring FSC/PEFC certification, which we are ideally placed to meet. At Vida, our direct, detail-first approach, linked with our certified global supply means we can reduce retailer risk, as well as the friction generated by growing admin requirements, especially those related to due diligence.

The timber future

If you wanted to sum up the recent changes to Australia's timber industry — the full force of which hit the industry just recently, in September 2025 — it comes down, pretty much, to one word: "proof".

The culture of certification for timber as being not only legally logged, but also produced through sustainable processes, has moved from blanket certifications, to proof of origin and type, administered on an individual basis.

The mechanism behind the shift to proof is the development of better (and cheaper) techniques that enable more accurate determination of both species and origin of timber. Coupled with harsher penalties, this means getting involved with "dodgy" timber in 2026 could literally ruin some businesses.

The full consequence of this shift will likely take much of 2026 to work its way through the supplychain. One emerging trend is that companies which can deliver all of the supplychain are going to rapidly become industry leaders.

That's because non-conformance typically occurs in the "junctions" of the system. If the forest is managed by one company, the logging by another, a third runs the sawmill and a fourth handles export shipping, the possibility of illegally logged timber "magically" appearing in that supplychain is substantial.

In situations where the "blame" for introducing non-certified timber into a certified supplychain is hard to track down, the responsibility gets shifted to the very end of the supplychain. To avoid trouble, the compliance costs for smaller companies handling only one section of the supplychain can go up considerably. Those costs are going to be passed on to retailers.

And if there is one thing that is true of all house builders these days, it's that they are vitally concerned about material cost — both in the present and in the future of their supply relationships.

While that all might seem fairly harsh, the reality is that the illegally logged timber trade has been a source of income for both highly exploitive companies and organised crime for some decades. These changes are designed to reward both the suppliers and purchasers of legally logged timber.

The Vida Solution

It would be difficult to find, world-wide, a company that has been more compliant, and more concerned with the sustainability of timber than Vida AB. A Swedish company with origins going back to the 1860s, it is now majority owned by Canadian company Canfor Corporation, combining European sourcing and know-how with North American industrial resources to produce something of a super-company for this new age of timber production.

VWA has been up and running in Australia since 2014. Currently based in Brisbane, with a secondary facility near Melbourne, it is planning further expansion both into New South Wales and Western Australia, as the market continues to grow. Concentrating primarily on the vital market of structural framing, the company is able to deliver both security of ongoing supply and some of the best certification processes in the world.

As Jacinta puts it:

> In a market that wants homes faster and with lower carbon, VIDA pairs certified Scandinavian supply with Australian-ready logistics.
>
> My goal is to combine that with straight-talk leadership to make that reliability visible at every step.

The Swedish approach

It's not surprising that forests are so central to culture when you discover that some 70% of the surface of Sweden consists of forests — adding up to around 87 billion individual trees. As opposed to most other industrialised nations, Sweden now has twice the amount of available wood as it did in the 1920s.

It's estimated that 1% of the national forest resource is felled every year. Sweden's proud claim is that, however, for every tree felled, two are planted. That is in large part due to the country closely aligning environment goals with production targets — something that was solidified into law all the way back in 1993, with the updated Swedish Forestry Act.

Much of the nation's forest is in private hands. It's estimated that family enterprises own close to half of all forest land, while about a quarter is owned by industrial forest enterprises, and around 22% by the government.

Some 88% of Vida's sawn wood products are exported to the USA, Europe and Australia, as well as to Asia and the African continent. The majority of the company's source timber comes from private landowners in Sweden, a relationship managed through Vida Forest.

With its origins back in the 1860s — just as the second industrial revolution opened up new opportunities through steam power — the company's purchase in 2002 of the Anderssons sawmill in Borgstena consolidated its export markets in the UK. That has continued to the present day, with the company stating that it has a 50% share of the UK's roof truss market.

In 2019 Canadian company Canfor Corporation acquired a 70% share of Vida AB, which was extended to a 77% share in December 2024 through purchase from minority shareholders. Since the acquisition, Vida has acquired many more sawmills throughout Sweden, increasing both its capacity and diversity of supply.

Vida's most recent acquisition in September 2025 was of AB Karl Hedin Sågverk. This has brought Vida's annual production capacity up to 3.2 million cubic metres a year. Production for Canfor, including Vida, is around 10 million cubic metres a year.

To give some perspective on that, total Australian consumption of softwood runs at around 4.0 million cubic metres a year.

The changes

The timber industry has long held something of a "double valence" when it comes to the environment. On one hand, it's almost an ideal way of sequestering carbon. On the other hand, if logging is poorly managed, it can lead to local environmental damage, and severe negative effects on local populations.

Vida Wood Australia team (l-to-r): Hamish Suttie, Trevor Dixon, Karl-Johan Lowenadler, Jacinta Colley, Måns Johansson (Canfor), Alicia Nagel, Ian Brett, Stephen Mackie (Canfor), Kurt Schrammel, Tim Wardle

As one academic summed up the situation:

> Illegal logging and trade in illegal timber is a major cause of deforestation, which contributes to the global impact of climate change, depletion of natural resources and decreasing biodiversity, thereby frustrating efforts towards sustainable forest management. It further negatively effects countries' socio-economic growth, food security, and poverty alleviation efforts, in particular local communities who depend on forests for their livelihood.

In 2024 Australia acknowledged that illegal logging made up around 10% of its annual timber and wood-based imports. It's also estimated that illegal logging has reduced the price for legal timber by between 7% and 16%.

In other words, illegal logging was a substantial competitor in global markets, and undermined the investments being made by compliant timber producers.

That led to the announcement in March 2024 of the Illegal Logging Prohibition Amendment (Strengthening Measures to Prevent Illegal Timber Trade) Bill 2023.

Speaking at the time regarding the Bill, the then Minister for Agriculture, Fisheries and Forestry, Murray Watt, stated that:

> Australia's illegal logging laws support a sustainable forestry industry and reduce the risk of it being undercut by illegal products. Australia was among the first country in the world to introduce laws targeting illegal timber and trade in 2012. Australia is not immune, with trade in low-priced illegally sourced timber undermining supply chains, business decisions, industry profitability, investment, and jobs in the Australian economy.

> Modernising Australia's laws will help make Australia an even less attractive destination for illegally sourced timber and further protect our international reputation as a supplier of sustainable and legally sourced timber. The Bill will allow us to continue to lead global efforts to combat illegal logging now and into the future.

The changes brought in by the regulations are largely about "due diligence". In particular the Bill develops two new diligence "pathways". A simplified due diligence pathway has been created for certified products/raw logs. The second pathway is much more onerous. It requires a full risk assessment approach for non-certified products.

Importantly, there is an exemption for processors that are also the harvesters of the raw timber.

These changes have been backed up by increasing the enforcement powers as well. DAFF can now take, test and analyse samples of any products on premises, then use timber identification technologies to verify specifies and origin claims.

Penalties are quite severe. Non compliance may attract a penalty of up to $19,800. Fault-based offenses attract up to five years imprisonment or a penalty of up to $165,000 or both. Civil penalties of up to $33,000 may also apply. Also DAFF can publish details of these offenses, including the identity of the businesses involved.

In the lead up to introducing these changes, DAFF conducted some testing of the existing supplychain. Results from the trial, which involved sending timber samples to third-party laboratories for testing, indicated that 25% of the samples did not match their declared species and/or origin. While that doesn't mean they were necessarily illegally logged, that can indicate failures in due diligence.

The perfect partner

One of the major purposes of this legislation is not only to block companies operating in what we might term "bad faith", with poor control for illegal logging, but also to reward companies such as Vida which have an outstanding record in compliance.

Global certification of timber takes place through a combination of two organisations. The Forest Stewardship Council (FSC) is a single, global organisation that uses globally recognised rules, while supporting local standards.

The Programme for the Endorsement of Forest Certification (PEFC) is an organisation that endorses the certification systems used by different nations. It relies on internationally recognised requirements defined by ISO and IAF.

In very general terms, FSC concentrates mainly on the forestry aspects of timber production, while PEFC is more concerned with the total supplychain. FSC is often regarded as being biased to managing timber production in tropical environments. PEFC was largely created to better suit timber production as it took place in Europe.

Vida actively pursues FSC and PEFC forest-landowner certifications, and the company constantly works to increase the proportion of FSC and PEFC certified timber it produces. Certified materials are packed and labelled at the sawmill.

All Vida shipments to Australia come with FSC and PEFC certification. Additionally, Vida can deliver local Hazard Class 2 (H2) treatments through its own facilities — ensuring both environmental compliance and flexibility.

Local smarts

Being a great European company is one thing, but there's also the matter of how that gets translated into customer relations on the ground in Australia.

Vida Wood has celebrated its 10th anniversary in Australia. It's been a decade of solid growth supported by Vida's commitment to quality and transparency, backed-up by strong logistics. The local operation's community engagement and corporate responsibility can be seen with its profile at both the Australian Timber Importers Federation (ATIF) and Forest and Wood Products Australia (FWPA).

Jacinta is a former chair of the ATIF, and she's passionate about some of the work being done by the FWPA, especially as regards sustainable timber framing. As she points out "Timber is way better for carbon sequestration than steel — you just can't beat it."

With over 20 years of experience in Australia's timber industry, including stints at such stalwarts as Meyer Timber, Carter Holt Harvey and Simmonds Lumber, Jacinta really knows what retailers need and how to deliver to their expectations.

She calls her approach a "partner, not just supplier" stance, which includes clear data, certifications and logistics transparency. Importantly, she focuses on some of the deeper issues that are emerging in timber supply, including the seemingly elusive Green Star points, as well as the developing picture of compliance leaning towards upfront reporting/limits in codes and ratings.

Jacinta is keeping her eye on the future as she helps steer clients towards longer-term solutions.

> Timber demand tracks housing completions – governments are pushing prefabrication to meet supply gaps. VIDA's consistent grades/specs and national distribution fit builders and hardware groups targeting repeatable, modular systems. It's an emerging market, but for clients looking for the next big growth opportunity, this is something we need to watch.

Overall, though, Jacinta is very much value-focused, both on delivering value to Vida Wood clients, as well as ensuring those clients can deliver above and beyond to their customers.

> For example, our FSC, PEFC and Responsible Wood certifications on timber lines reduce audit risk and speed up internal approvals.
>
> We know that both stock-outs and last-minute spec swaps are the bane of the industry for retailers who need to deliver to builders on tight timelines. We feature reliable, national replenishment, coupled with local value-add treatments and processing. But most importantly, we highly value both clear communication and responding quickly to client needs.
>
> Also, when it comes to dealing with projects where Green Star is very important, Vida just has the best story to tell regarding sustainability. It's not some public relations add-on for us. It's been central to the way Vida does business for a long time.

In a way, the sheer size and capability of Vida is difficult for the Australian market to grasp.

> Vida is here for the long haul. People sometimes look at us as the wholesaler – but we're much more than that. We are the resource, from the forest, to the pallet of wood drop in your yard. And we are owned by the world's largest producer of wood fibre. We are the resource and we are the sawmill.
>
> In Brisbane we are holding around 11,000 cubic metres. In Melbourne we have between 5000 and 6000 cubic metres. In 2026 we will have full warehouse capacity in Perth, and we're also putting in a treatment plant in Perth as well.
>
> That is the kind of resource base you need today in the timber business in Australia. At the end of the day, whether you are a merchant or a retailer, you need to be aligned with a domestic producer or an importer who is the resource.

Central Purchasing Announces Changes

Well-known West Australian business streamlines its business brand structure for a seamless future

After 45 years in business, Central Purchasing streamlines its business structure for better outcomes. The company, which is comprised of three separate buying groups, has introduced a new brand structure to improve operations whilst maintaining its diverse business units.

Beginning as a hardware and building materials co-operative in Western Australia, the business has undergone a significant transformation since acquiring the TradeSmart Industrial Group in 2015 and the Paint Place group in 2022. It is now a national industrial, paint, building and hardware business, in addition to a leading member-owned buying group.

With steady growth over the last decade, CEO Stephen Wren says "Market awareness of the company's structure remained low. While people are aware of the three brands-TradeSmart, CPS Chargeback, and Paint Place-they are often unaware of the relationship between them.

"Under the new collective banner of Central Purchasing, we believe people will better understand our commitment to retaining the segregation of each group while also seeing the benefits of our buying power."

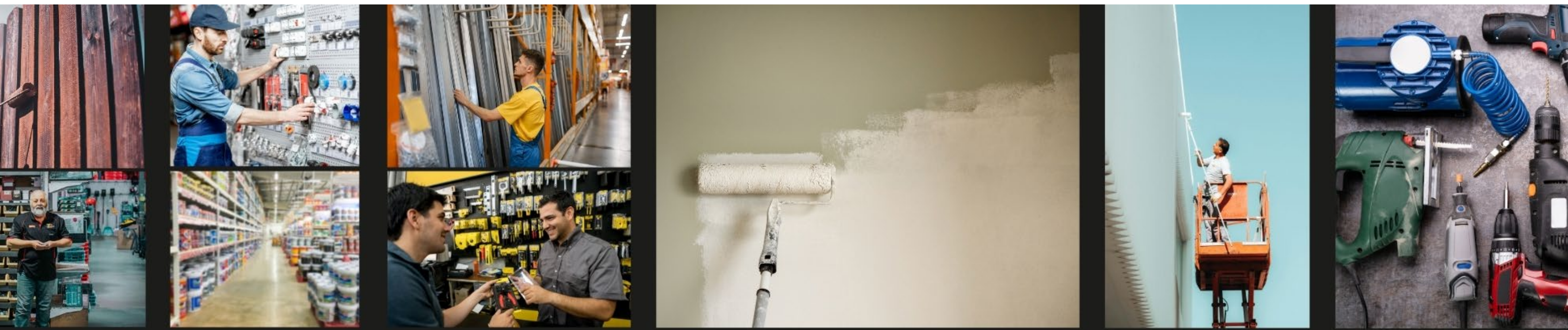
According to Wren, keeping the three business channels as separate groups has been key to their success. "This approach often seems counterintuitive to people," he says. "They'll say it would be easier to combine the three groups into one. While that would be easier for us to manage, it's not in the best interest of our members."

Each group's offerings and member needs differ significantly. To cater to this uniqueness, each business determines its own priorities for suppliers, membership, and offerings. The company is committed to maintaining the separation of the market channels, housing each group in a different state and operating them as separate companies. The key change was to maintain a strong parent brand Central Purchasing whilst keeping the sub brands as three strong entities.

The key benefit of the structure includes shared services like financial infrastructure, data processing, IT, marketing and the member-elected board, centrally managed in Applecross, Western Australia. These functions are homogenous across all groups, they do not impact the individuality of each group, but has to power to cross pollinate essential services and continue to innovate.

"Each group, each market, has its own DNA," Wren emphasises. The strategy was to re-brand its parent company and upgrade all digital assets, including a website for the group operations at:
centralpurchasing.com.au.

Customers can look to Central Purchasing for a reliable service to support their retail stores or/and building requirements under one roof for incredible rebates, clarity and support.



CENTRAL PURCHASING

Harnessing the power of group buying

CPS Chargeback

TradeSmart INDUSTRIAL GROUP

STRENGTH IN NUMBERS

paint place

painting Australia

SENIX Australia

SENIX brings a fresh perspective to trade power tools

One of SENIX's innovations is a hybrid-powered ride-on mower – quiet operation and low emissions combined with range.

Every independent retailer in Australia knows about the Power Tool Paradox. What seems like a great sales opportunity instead turns out to be more of a "convenience" sale to tradies, because major retailers have all but wiped out the potential for small independent businesses to compete.

Until now that is. There is a new wave of power tools coming to the Australian market that promises to help revive this important market sector for independent retailers, and SENIX is one of the main offerings.

Originally launched in the US market back in 2017, and manufactured both in China and Mexico, the brand has gone global at least since 2024. According to SENIX senior product manager Jack Johnson, "We've got quite a big global presence now, across the US, Central America and into Europe".

While some potentially have a pre-conceived perception of SENIX as a new brand in the Australian market, SENIX is distinctly a Pro-Trade brand. As Jack told HardwareNews:

Our tools are for the tradie and our specifications supports that. We offer genuine trade-spec performance at a price that is very accessible.

SENIX's reputation for trade quality innovation has been acknowledged by some very credible awards in the US. SENIX received a 2024 Pro Tool Innovation Award (PTIA) for its X6 60V (CSPX6-M) Pole Saw and a Green Industry Pros 2024 Editor's Choice Award for its SENIX X6 Cordless series. Most recently, it received a PTIA awards for its Hybrid ZTR Lawn Mower and X6 60V Backpack Blower.

For hardware retailers in Australia, SENIX has all the core products that tradies need as well as the OPE/garden tool products, across three different battery platforms. Jack said:

> What makes SENIX really appealing for a store owner is the price point. There are a lot of tradies that don't really have a choice but to spend $400 for an impact driver [from competitors that are established brands], whereas we can match that spec at a lower price. So it's a much easier sell for the store owner to be able to do that.

On the ground

For independents, SENIX offers a trade-specified product at an accessible price point, that does not compete directly with big box chain retailers. The SENIX team is intent on growing its base in Australia by focusing on relationships with individual independent store owners, who may have been overlooked by established brands. As Jack says:

> They can call our guys any time who can lend support, whether that's putting in new stands or merchandising and that type of retail support. It's relationship building with small and medium businesses.

That's borne out by the experience of Gus Gray, the sales manager of Ace Industrial, located in Warragul, Victoria.

> Ben Shaw came in to see us. We're part of HBT Buying Group and obviously they had joined the group as a supplier … and it was suggested they come out and talk to us.

The SENIX displays are doing well across Ace Industrial stores too, according to Gus. He said:

> So we've got three stores and we've got two bays in Bairnsdale, two bays in Leongatha. We've got three bays here in Warragul and a fourth bay at the back ready to go in. It's been doing pretty well. Obviously it's not a known brand yet…
>
> But we had to pick a horse [in the race] because we have another competing store about to open up nearby. It gives our customers an option. We are a huge industrial supplier, but we don't sell a lot of power tools because there's not much money in it unless you sell a lot of established brands.
>
> It's all backend rebates and busting kits up and

we just don't have the manpower to be breaking kits up and doing all the wheeling and dealing. All it would do is tie cash up for us.

This time of year, we need to be buying more chains and belts and hydraulics and all that sort of stuff.

We like the fact that Ben came in and said, 'I'm going to keep coming because I believe in the product'. It wasn't like one of your pushy reps that came in and just in your face all the time. He said, 'I know it's a good fit for your business and a hundred percent, I trust the brand and these products are going to work for you and your customers'.

So it was good because he was persistent but very polite about it. He is pretty engaged with our guys. Some of our guys … it can be a bit intimidating coming to some of our stores. He certainly wasn't intimidated, and he just got a trolley with all his tools and presented to all our staff members, he did all that to all the stores. We didn't have Bairnsdale at that stage, just the two stores. Then we agreed to take Senix to Farm World, which is a big field day event and they did a cracking job out there.

We sold about 30, 40 chainsaws for the three days along with a heap of other Senix skins and kits and more in the follow-up. So it's starting to get a bit to get a bit of a foothold now. Customers are starting to ask about it. A lot of our staff have actually bought it. I've got the chainsaw and some bits and pieces and the stuff's awesome. I can't fault it.

SENIX also backs up its products with a high level of after sale service. As Gus puts it:

They've been so easy to get along with. So flexible, understanding of our needs and that we've got other suppliers we need to spend money on as well. Ben was just in this morning actually, we're talking about Farm World for next year and we discussed what sort of hot offers and packages we needed to make 2026 another great success. He's gone away and he said, 'I'll get something to you by the end of the week'. And he's been doing the in-store demos and put out his marquee outside the stores doing staff and customer training.

I don't know how he's managed to get it all done because he's pretty much on his own. So yeah, service has been good.

SENIX displays at Ace Industrial.

About Ace Industrial

The business began out of BJ Bearings which was launched by owners Bill and Brenda Whitehead who initially owned nine stores in Victoria. BJ Bearings was sold and became part of the Inenco Group of businesses — now called Motion Asia Pacific (Motion) — after the Genuine Parts Company completed its full acquisition of the group in 2019.

Following the acquisition, Inenco Group changed its name to Motion Asia Pacific in July 2020, and the integration of brands like BJ Bearings began. There are just two stores left in the original BJ Bearings network, according to Gus. He explains how Ace Industrial got its start:

We opened up a store a couple of doors up from BJ's in Warragul, and it just went from strength to strength based on good service and good product. Great knowledge was the main difference. So that went along nicely for five years or so. Then we decided to open the Leongatha branch.

Since then we've actually moved back into the BJ buildings in Warragul and Leongatha. They've

> closed them all down in the area. And we've had massive growth with our level of service and vast array of industrial supplies including hydraulics and hydraulic repairs, power transmission supplies, bearings, welding gas and consumables, and not to mention our three massive showrooms with all the tools and supplies you will ever need.

In addition to the Warragul and Leongatha branches, the latest Ace Industrial store opened in Bairnsdale in March this year.

Professional end users

For end-users who work on residential and commercial jobsites, SENIX offers genuine innovation in its power tools. As Jack explains:

> SENIX offers a wide range of tools across two main battery platforms. We've got our X2 18V platform which offers both Power Tools and OPE, and for those needing a little extra grunt with their OPE we offer our 2X2 36V range with the same batteries.
>
> Then we have our X6 60V range of OPE which really pushes up into pro-grade performance. Lastly, we can't forget our 1100W AC Corded Grinder and 1300W AC Corded Scarifier which are proving hugely popular in the channel.

One of its best performing products to date this year has been the newly released world's first Hybrid Zero Turn Ride On Mower. Jack said:

> We're continuing to push the boundaries with innovation. We're always developing new products and working on improvements to existing products that can make a real difference to people's lives.

Since entering the Australian market, SENIX has worked hard to execute on its tagline, "We aim to deliver premium performance at exceptional value."

Based on the experience at Ace Industrial, it looks like it is making great progress.

ASX-listed small-cap distribution conglomerate Stealth Global Holdings (ASX:SGI) acquired Hardware & Building Traders (HBT) for $22 million on 10 November 2025. While it is early days in terms of knowing how that is going to operationally play out for both HBT and SGI, it's helpful to take a good look at SGI and how it meshes with HBT.

In most acquisitions you find there are points of connection that yield one or two benefits of some note. With this acquisition, it's more like there are five or six benefits at each connection point. One indication of this is that post-acquisition SGI lifted its target for revenue in FY2028 from $300 million to $500 million.

The CEO of SGI, Mike Arnold, summarised the potential in this acquisition at the company's annual general meeting (AGM) on 14 November 2025:

> So from an industry point of view … we have a fully integrated national platform. It's industry defining. We are disruptive to the market and we're really excited that we're embryonic in terms of the beginning of our journey in this with significant upside to come.

That's testament in part to the ability of SGI and HBT to get together and effectively harvest these potentials. It's also an indication of just how much underinvestment there has been in the independent side of the hardware wholesale and retail sector in Australia. There is just a lot of growth through innovation potential available.

As HardwareNews has written previously, there is a great deal of value in all the hard work the HBT team has put into making HBT one of the easiest buying groups to work with, along with a very diverse range of great deals they have developed with suppliers.

However, the major value for SGI is in the relationship HBT has with its members. It has really proven itself as a collection of individual stores, across a wide area, that have been willing to invest in their group to drive better bargains for everyone.

SGI Background

The best way to understand the background of SGI is through the career of Mr Arnold. His background is largely in supplychain and logistical operations. He started his career at the Bell Group in Western Australia (WA), then went on to form his own company, the Lakewood Logistics Group, in 2000. This was something of a joint venture with Australia Post, which eventually assumed full control.

Mr Arnold was subsequently introduced to more international logistics while executive director and chief operating officer for ADG Global Supply. ADG went from $32 million in annual revenue to $83 million in two years, during his managerial period.

SGI share price chart, monthly/candlestick. The share price has increased by multiples since early 2024.

He went on to be CEO at what was at the time Stealth Global Industries, in 2014. Mr Arnold retained that position when the company was listed as Stealth Global Holdings in 2018, with an initial target share price of $0.20.

One way of understanding the shift from ADG to SGI is that Mr Arnold realised that there were opportunities offered by global supply chains which were simply not being fully realised by existing businesses. He effectively added a final, vital link to those supplychains, so that Australian customers could interact with global suppliers as easily as they did with domestic suppliers.

SGI operations

At the moment, SGI presents itself as having two basic divisions, industrial distribution and consumer products. Industrial represented 50% of its sales for FY2025, consumer was 29%, safety equipment 14%, with the rest made up of workplace and automotive. Direct-to-customer sales made up 61% of sales, while sales to retailer resellers were 22%, and online sales were 9%.

In terms of financial performance, sales of $145.1 million in FY2024/25 represented a 27.6% boost on the previous corresponding period (pcp), which was FY2023/24. Earnings before interest and taxation (EBIT) were $6.5 million, up 101.1% on the pcp. Net profit after tax was $3.1 million, up by 130.3% on the pcp.

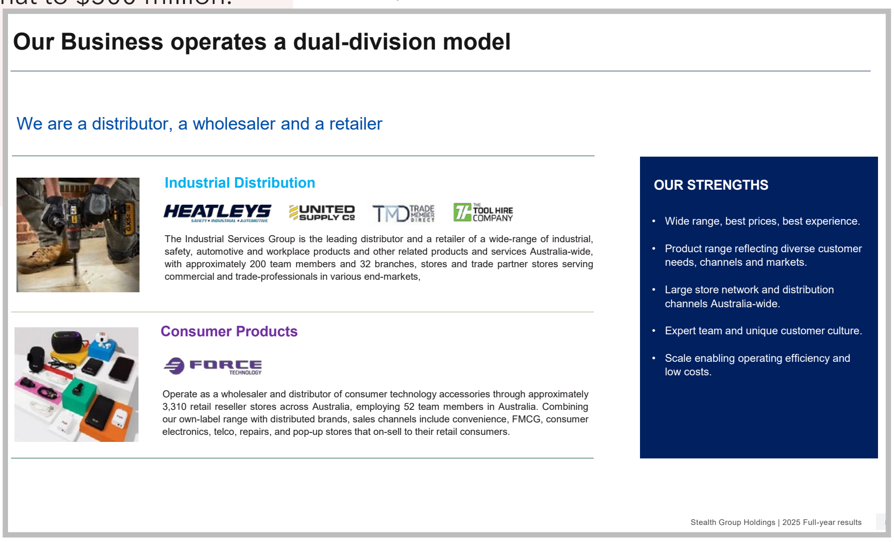
Much of this improvement has been driven by the acquisition of Force Technology in FY2024. In addition to Force, there are another six brands in the industrial area. However each of those brands contain sub-brands, some external and some own-brands.

Mr Arnold has consistently presented SGI to investors as aiming to achieve certain performance goals by FY2028. The acquisition of HBT has been very significant for SGI in terms of this projected future performance. Speaking at the AGM, he detailed how those goals have changed since the acquisition:

> So just wanted to reinforce this as we've come out with earlier on the market. From a sales point of view, sales from $300 million in FY 28, we've now upgraded that to $500 million. Our range of EBITDA is now 8% to 12%, whereas previously it was 8%. Our net profit after tax is 5% to 8% range. Previously that was 5%. So significant uplift across all those made on the back of the HBT acquisition.

Concretely, the revenue goal is up 66% to $500 million, and the upside on EBITDA and NPAT has added a potential further 4% and 3%. That's quite an uplift.

From SGI Full year results for FY2025 presentation slide deck.



Consumer

While the consumer products area is likely to have only an incidental effect on HBT, it's worth briefly outlining what that is.

At the SGI FY2025 results announcement, Mr Arnold described the consumer products division like this:

> Our consumer business today is predominantly in mobile accessories. That will be expanding into safety products for the convenience stores and supermarkets, which is the Rivo brand that we announced not long ago. That product is in production now.
>
> We've partnered with PIP Global Safety who are the world's largest and leading manufacturer of safety products and that gives us certification behind our products immediately. That is certification of the factories, everything is aligned with standards and we have an excellent product and promotional launch campaign that is about to hit the market.

The brand partners for Force Technology include: Belkin, Case Mate, EFM, Otterbox, Ember, Casetify and Dull Co. It's worth noting that Otterbox is regarded as a premium brand for mobile phone cases, and Belkin has an established reputation for phone and computer accessories. (Belkin is owned by a subsidiary of Foxconn, the Chinese company that assembles the majority of Apple's iPhones. It was acquired for something like USD866 million in March 2018.)

While these brands represent minor markets for HBT, it seems likely there will still be room for some integration.

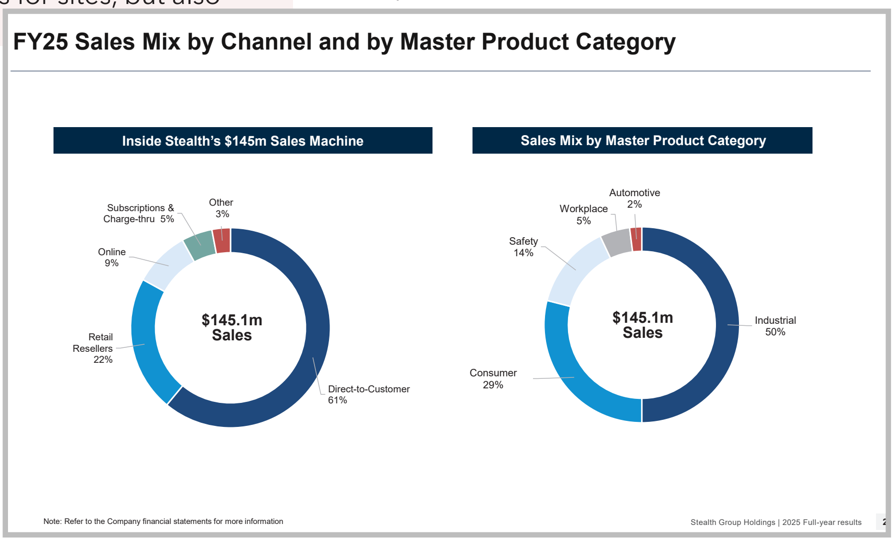
Industrial

At the FY2025 results presentation, Mr Arnold summarised the industrial part of the business:

> Our industrial business has a whole bucket of different products from power tools to hand tools to gardening tools to hardware type of tools to materials handling and beyond. Our safety products are head to toe coverage, from clothing to eyewear, footwear, ear, head protection and a whole range. And that part of the market is becoming an evolving opportunity as our business customers have more stringent occupational health and safety requirements for sites, but also [applies] in any workplace.

The main SGI brands in industrial are: Heatleys; United Supply Co. and United Tools; Trade Member Direct; C & L Tool Centre; and The Tool Hire Company. (SGI also registered business names HireOne Tool and Equipment Rental, and Wear2Work in 2025.)

From SGI Full year results for FY2025 presentation slide deck.



The brands of most significance to the HBT acquisition would be Heatleys, United Supply Co. and Trade Member Direct.

Heatleys

Heatleys covers safety, industrial and automotive supplies. It has a 30 year history, and was acquired by SGI in October 2018. Located in WA, it serves over 3000 customers, with warehouse facilities mainly in WA, plus one in South Australia. The brands it distributes include 3M, Flexovit, Bisley Workwear, ITM, Steel Blue, Sutton tools, Metabo and Milwaukee. That's just a small sample, with its website listing 38 brands in total. There is also a degree of overlap with consumer, as Heatleys sells brands such as EFM, which provides mobile phone accessories.

Heatleys has a developed online presence through a customer portal it calls "The HUB". According to Heatleys:

> The HUB is a new and innovative platform that enables you to efficiently manage all your purchasing and inventory management functions. The HUB provides unique features designed by Heatleys to improve your overall customer experience, workflow and efficiency.

Heatleys online link

United Supply Co.

United Supply was formed by joining together two networks, United Tools and the Industrial Supply Group.

According to its website:

> The United Supply Company is a buying group that provides independent tool stores with the opportunity to gain access to great buying opportunities, general business, and marketing support 24/7 all while remaining independent. We are an organisation that is passionate about the independent tool space by ensuring your business thrives up against its competition.

Its range of suppliers includes: power tools, tool repairs, hand tools, air tools, cordless tools, combo kits, tool hire, compressors, tool shop, cordless tools, air tools, gardening, tool storage, welding, safety equipment, power tool accessories, machinery and workshop, generators, ladders, and automotive.

Heatleys has five locations in WA and one in SA.

Trade Member Direct

Based in Stirling, WA, Trade Member Direct is a member-based wholesale supplier direct to companies. According to its website:

> Trade Member Direct is a specialised wholesale division that manages large supplier contracts leveraging network buying power for the group's operations. In addition, it operates a member-based subscription model for independent retailer and B2B operators, providing services such as merchandising, marketing, inventory demand planning, technology platform and commercial support services.

The market shift

The two major players in the trade, building and DIY hardware market in Australia are the Wesfarmers-owned Bunnings and Metcash's hardware division, now known as the Total Tools and Hardware Group (TTHG).

To gain insight into that market, it's helpful to ask a simple question of the competitors to SGI and HBT, namely: where will their future growth come from?

As we detail in the article on Bunnings' FY2025 results in this issue, growth seems to have been expected from a revitalised housing market — but that has yet to eventuate. Additionally, Bunnings is finding it difficult to increase the trade portion of its business above 38% of overall sales. Instead, the retailer is boosting the DIY part of its retail business by adding new categories, in an effort to take better advantage of the foot traffic to its stores.

If we look at Metcash, its growth strategy has been to increase the pure-play retail portion of its business, by increasing the number of joint-venture and wholly-owned stores. Like Bunnings, it's also relying on an improvement in the house building industry.

These are not very good growth strategies. Continuing to add categories has an obvious end-point, unless Bunnings also shifts to building mammoth stores. Metcash is already experiencing the downside of increasing its retail exposure, as it accrues losses from supporting more fixed assets and fixed minimum expenditures in a down market.

United Supply Co. member/partners are located around Australia.

At SGI's AGM Mr Arnold went to some lengths to very specifically state the SGI is not interested in getting into retail because of those problems. SGI has no intention, in other words, of buying stores from HBT members. He stated, in particular:

> So our strategy with that is collectively with the Stealth assets and company owned operations merged with the benefits of obviously independent operators gives us not only the network reach and the buying reach, but what it also does is positions us with a point of difference in the market by having a largely variable cost structure.
>
> What I mean by that is we have a fixed infrastructure in terms of our company owned operations, but we can actually leverage scale up and scale down as the economy moves. Therefore what you're not going to get from us as a company is investing heavily into stores only to impair those or close those down in three or four years time, which is a typical cycle of a large company that has multiple assets unless their market leader in its own right.

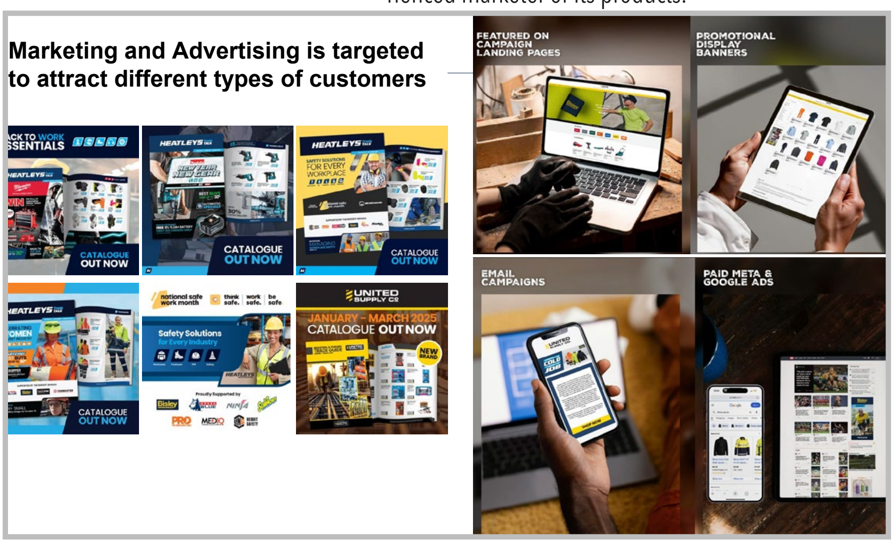
How did SGI find all this potential for growth, while the major players continue to struggle? At a deep level, the answer rests in some fundamental shifts in markets associated with hardware. What has happened is that some goods that were once heavily differentiated have now become much more commodified.

When goods commodify, the potential sales volume increases, but their sales margin decreases. If these commodified goods can work as substitutes for higher margin goods, then there is a disincentive for established retailers to support them, as they will erode overall profit margins.

For new entrants, however, that process of commodification creates a market entry point. It introduces new competitive advantages. What is brilliant about the acquisition of HBT is that SGI has realised that the buying group stands to benefit considerably from having near-exclusive access to these newly commodified products. That's because they affect many categories where margins have been historically low, such as power tools, for independent hardware retailers.

The best way to see how this works is to look at one of SGI's premium offerings for HBT, CAT Power Tools.

From SGI Full year results for FY2025 presentation slide deck. SGI is an experienced marketer of its products.



The CAT equation

CAT Power Tools are manufactured by the Positec Group, which is located in Suzhou, China. Positec was founded by Don Gao in 1994. Its name is derived from the phrase “positive technology”. Its original brand is WORX, launched in 2004. WORX helped to pioneer electric string trimmers in the US market, initially through a unique, direct-to-market sales distribution.

The best introduction to the market positioning of CAT is to look at one of its standard offerings, the DX1130 18V 80N.m Impact Drill. This has the standard features of these drills, including a variable impact rate from 0 to 10450 beats-per-minute (bpm), and a max rate of 41,800 bpm. Its torque power — the conventional measure for drills — is 80 Newton-metres (Nm).

If we compare that with the Milwaukee Tool, the base level, standard M18 hammer drill (M18BLP-DRC0), this delivers 62Nm of torque. However, the top-of-the-range M18 FUEL hammer drill delivers an outstanding 158Nm of torque.

Similarly with Makita, its 18V Brushless Hammer Driver Drill (DHP485Z) produces 65Nm of torque, while its high-end 18V Brushless Heavy Duty Hammer Driver Drill (DHP486Z) gets up to 141Nm torque.

Torque numbers are not, of course, everything, but this does give some guidance as to where CAT is positioning its tools in the marketplace. Basically they are the equivalent of the ordinary, mid-range tools produced by the premium brand manufacturers.

What is at the core of this is that not only has the design of brushless motors become commodified, but also their manufacturing processes as well. Brushed motors have always been somewhat easy to produce, as the timing on the electromagnets at the heart of the motor is delivered by a metal brush making contact at subsequent points. It’s mechanical.

Brushless motors rely instead on timing via microchips to switch the electromagnets on and off sequentially. There is a whole additional layer of prod-

CAT Power Tools offers a catalogue of its full range.
Online.

uct development and manufacturing that goes into those timing mechanisms. The benefits, as listed by CAT itself, are 25% more power, 50% better efficiency (longer battery life), and up to 10 times the motor life.

What's interesting here is why we haven't seen these tools more widely distributed in Australia, if not by Bunnings, then why not Mitre 10? Part of the answer may be that strategically they would undercut the profits from that sector for those retailers. The tools would be less expensive, and sell at potentially lower margins.

The second part of this is that CAT Power Tools simply don't have the same marketing as Milwaukee Tool and Makita, nor the same long-standing reputation. This is, however, a speciality of SGI, and something they have done with a number of their distributed brands. By adding HBT to the company, they can, for instance, really ramp-up in-store marketing, with great displays and signage, directly informing HBT customers of the low-cost, performative, quality product CAT promises to be.

The promotion aspect helps to demonstrate what HardwareNews means about the points of connection that in most acquisitions yield one or two meaningful links, but in the case of SGI and HBT typically yield five or six — going in both directions.

Tool hire

The tool hire business is a new one for SGI. It's possible its launch in FY2026 Q1 was delayed by the HBT acquisition. Mr Arnold explained this business at the presentation on FY2025 results by saying:

> Our margins will obviously continue to grow. We've got a number of things rolling up like our tool hire business, which has an 85% margin return payback period of eight to 11 weeks. It's incremental based on our existing customers and offer to them, but it's also to look at winning new tradies and new customers.

He expanded on that by saying:

> [We] mentioned the tool hire business, [which] has had a soft launch. That will be in nine stores in the very near period. And that's a store-in-store model.

It's not clear, of course, if tool hire is going to be made available to HBT members — more will be known in 2026. But the prospect of such a business, especially as a store-in-store, is very encouraging.

Again, this is he sort of innovative business development that be best realised by the combination of

M18 13mm Brushless Hammer Drill/ Driver (M18blpdrc0)
Online

18V Brushless Hammer Driver Drill (DHP485Z)
Online

18V 80N.m Impact Drill (DX1130)
Online

the resources of SGI and the distribution/management channel provided by HBT members.

One of the essentials of tool hire is that it is very much a service business — though it does require substantial initial CapEx in terms of obtaining the tools for hire, which SGI would supply. The advantages of service supply for retailers is that as they are the sole producers of the service, they also stand to reap direct full margin benefits from this.

These types of services also tend to be recurrent. They lead to establishing stronger ties with customers, and they generally require at least two store visits per hire interaction — one to pick up the tool, another to return it.

The combination delivers both better customer loyalty and the potential for a steady, constant cashflow into the business, usually by making use of excess staff time, or lower-value staff time, as the work is administrative rather than knowledge-based.

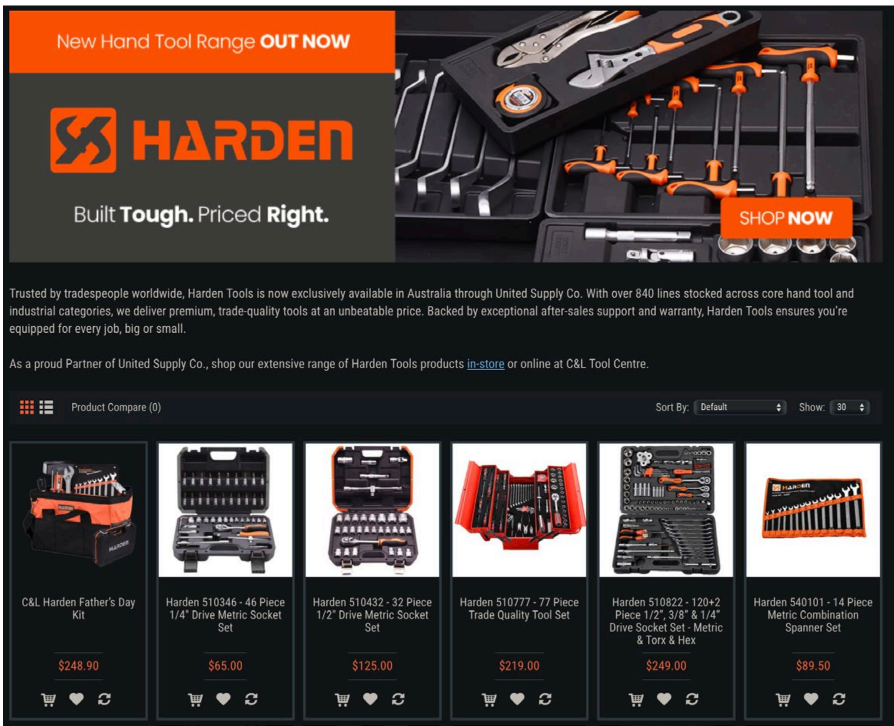
We'd note that tool hire is a path US-based big-box retailer The Home Depot has taken, through its acquisition of Power Equipment Rentals in 2017 (see our article at online).

In Australia, however, it seems very unlikely that either Bunnings or TTHG will move into this area. Their business models are intensely focused on selling products and margins. This means that, for SGI (and HBT members) this could in the medium terms represent a considerable competitive advantage.

Think also about how this could interact with SGI's substantial online ordering platforms and its customer loyalty systems. Trades and builders could logon to the hire platform, order their tools then pick them up from the HBT member that is closest to their worksite.

Over the next two to three years, this could develop as having very significant potential.

Harden Tool listings on the C&L Tool Centre website.



Analysis

What SGI really represents to the Australian wholesale/retail hardware industry is something of a new business model. In a sense, it takes some components from both the Bunnings model and the TTHG model, then combines them.

From Bunnings it adopts the idea of exclusive and own brands. The goal of such brands is to limit in-market competition and provide direct access to better pricing and hence better margins.

From TTHG SGI takes the idea of integrating with independent hardware retailers, and — in SGI's case at least — providing attractive incentives for those retailers to stock the brands over which SGI has some control.

What is truly different, however, is that SGI is taking advantage of factors such as the commodification of the production of brushless electric motors. That means that where both Bunnings and TTHG are reliant on volume to achieve lower prices/higher margins, SGI is more reliant on its supplychain.

The move by SGI into tool hire is really a logical extension of this. Tool hire really is supplychain. It's distribution and re-distribution of concrete assets to provide availability services to customers.

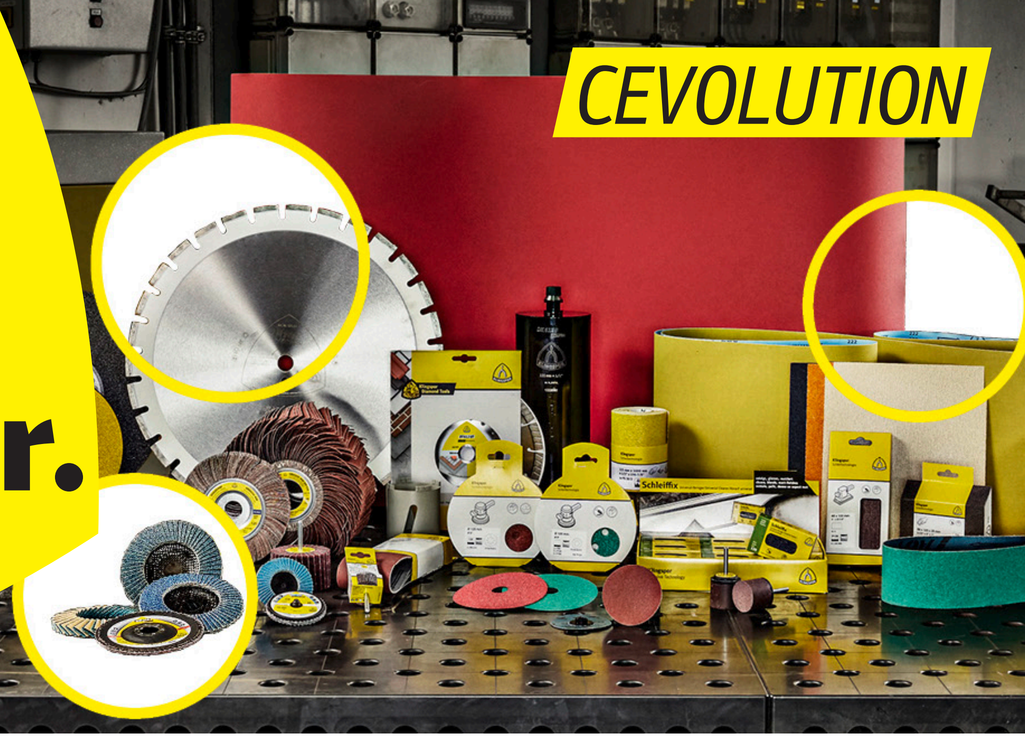
The "barrier to entry" — the reason why neither Bunnings nor TTHG can easily adopt much of the SGI model — is that SGI's model would be, in the short term, destructive to earnings by the existing retailers. Commodified products would undercut pricing and margins on existing sales. Tool hire, likewise, would undercut warehouse-based businesses by lowering order volumes.

One way of looking at this overall shift is that self-owned independent hardware stores have for the past 20 years said that their chief advantage was in service. As HardwareNews has pointed out in the past, that service excellence has, really unfortunately, not translated into better earnings.

With SGI, and the advent of new endeavours such as tool hire, there is the direct possibility of capitalising on that service excellence — because service is the product itself, what is being sold, it's not just an adjunct to buying others goods.

Good.
Safe.
Klingspor.

Ceramic range.



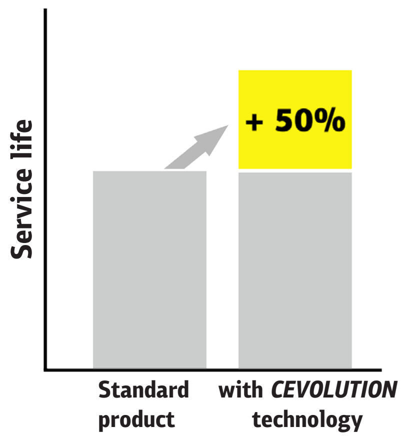
Klingspor presents the CEVOLUTION technology

More than "just" ceramics!

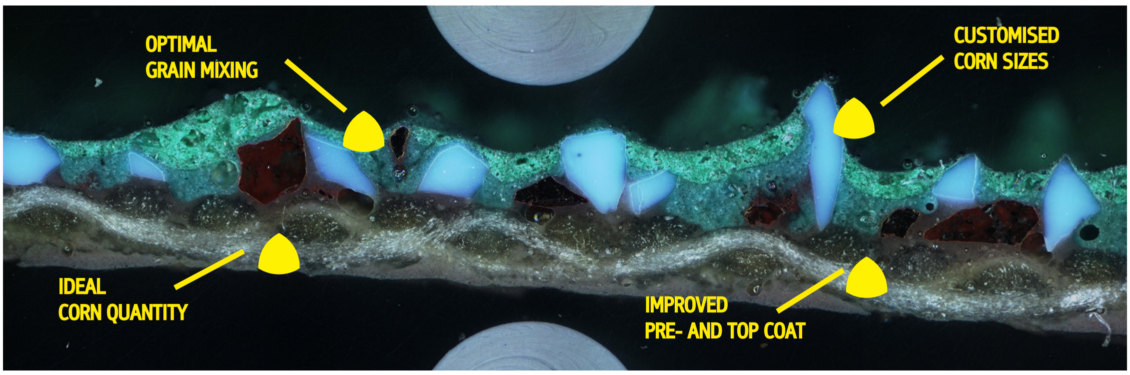
Klingspor products with CEVOLUTION technology are more powerful than comparable ceramic abrasives. Depending on the product and application, they offer the user more aggressiveness, a longer service life or even both.

The increased performance of products with CEVOLUTION technology results from the combination of an aggressive, self-sharpening ceramic grain with Klingspor's unique expertise in

- Grain mixture
- Grain sizes
- Grain quantities
- Formulation of undercoat and topcoat
- Multibinding
- and special manufacturing processes.



All of these individual components are combined by Klingspor's R & D department for each different product. This results in optimised abrasives that meet the respective user requirements to a very high level.



"Our development department takes a holistic approach to the new CEVOLUTION technology: it optimises the grit mix, grit sizes, grit quantities, the formulation of the pre-coat and top coat, and relies on multi-bonding or special manufacturing processes. Only when the abrasives offer a genuine increase in performance do they receive the coveted CEVOLUTION seal of approval"

Ibraim Lapa, Head of Business Development

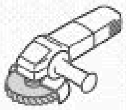
CEVOLUTION

Made by Klingspor

SMT 975 *SPECIAL* Trimmable ceramic flap disc

High and fast stock removal due to newly developed abrasive with self-sharpening ceramic grain. Easy mounting due to integrated ***M14 thread***. Very long tool life due to the trimmable backing plate. The SMT 975 includes the new *CEVOLUTION* technology.

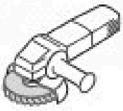
Video



Diameter & bore in mm	Grit	Packing unit	Order code
125 x 22	40	10	369301
125 x 22	60	10	369303
125 x 22	80	10	369304

SMT 974 *SPECIAL* Ceramic flap disc

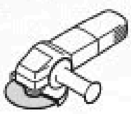
Newly developed abrasive material for demanding grinding tasks. Optimal tool for edge and weld seam finishing. Highly economical on powerful angle grinders. The SMT 974 includes the new *CEVOLUTION* technology.

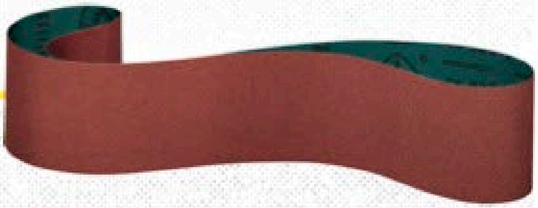


Diameter & bore in mm	Grit	Packing unit	Order code
125 x 22	40	10	369280
125 x 22	60	10	369279
125 x 22	80	10	369278

FS 964 ACT Ceramic fibre disc

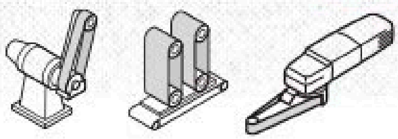
Premium product with excellent performance for working on steel. High aggressiveness thanks to self-sharpening ceramic grains throughout the service life. Outstanding grit adhesion. Advanced coating technology (ACT) for extraordinary grain adhesion and extended service life.





CS 922 Y ACT Ceramic abrasive cloth belts

Continuously aggressive grinding behaviour. Long service life due to self-sharpening ceramic grit. Very high grain adhesion thanks to Advanced Coating Technology and highly tear resistant polyester backing. The CS 922 Y belt includes the new CEVOLUTION technology.



HBT CELEBRATES CHANGES

L-R: Greg Benstead, Jody Vella, Mike LoRicco

The HBT National Buying Group conference held at Brisbane in August 2025 was, it turns out, the last conference held by HBT under the control of its founding owners. As most readers will know, HBT was acquired by Western Australia (WA) based small-cap distribution conglomerate Stealth Global Holdings (ASX:SGI) for $22 million.

While much will continue as before with HBT, SGI represents a really welcome opportunity to enhance the security of retail businesses associated with the group. SGI brings not only capital investment in the business, but also a range of both exclusive product ranges and market capabilities it has honed over its 11-year history.

HardwareNews actually was a little puzzled by some aspects of the conference at the time. With hindsight, it's evident that HBT CEO Greg Benstead and other members of the management team were fully aware of the coming acquisition. They were balanced at an awkward moment, not wanting to in any way mislead HBT members, but also — obviously — not able to let on to what was happening behind the scenes.

That was why, for example, Greg's opening speech to the conference was both reflective, and really something of a summary of what HBT is really all about. He also wanted to really clarify the values of HBT.

So from that perspective, I really find that HBT is a really good business because ultimately – well, let's start with something very simple. It is your buying group. We fight for you and we never forget that we work for you, you guys. Ultimately we don't do any sales whatsoever. We simply negotiate the deals off the back of you guys with all of our great suppliers.

From that perspective, we fully, let's be honest, we understand that independents are under a lot of pressure. It doesn't matter where you are, you're up against Bunnings and IHG and Mitre 10 and all sorts of other competitors out there. A lot of corporates with deep pockets, house brands, national TV campaigns.

But one of the things that we've got is flexibility. Independents can be flexible, you can have local trust. Speed, which is a consideration, services is a key consideration, but really importantly, deep community connections, which I think is really important. And now, more than ever, we've got HBT working for you as well. And independence does matter.

l-r: Mike LoRicco, Blake and Tayla Hoadley (Hoadleys Hardware)

Across Australia there's hundreds of towns, communities and suburbs where independents can make a difference. Because if not, people have to drive a lot further to buy their timber, their tools, garden gear and building supplies.

With you guys in the communities that you're in, the difference is that you guys are spending money back in your community. You buy a car, you're buying it for a local guy, you're buying houses, you're using local traders, you're doing all of the things locally – the money is staying in the towns or in the suburbs that everyone's working in, which to me is a significant difference to what's happening with the corporates.

You keep your money flowing where it's actually earned and that's something that the corporates can't claim. And our purpose has never changed. And this is true from the moment I started. Our purpose was to give our members' stores the tools and support they need to not just survive but thrive because independent businesses make communities stronger and I genuinely believe that.

Greg went on to characterise the task of HBT as he sees it:

We know that you guys are going to run the business and we're there to try and help in the background for the things that you don't normally get a type chance to do From that perspective, your job, as I said, is running that great business, but what we are about is how do we better the pricing that you've got and how do we assist you with more sales? That's kind of the territory. And within each of those areas, there's many things we do. We try not to waste your time. We deliver catalogues, we deliver smart marketing ideas tailored to your store. Hopefully we've spoken about HBT signage recently and the reason for that is because we're starting to for the first time, take a step forward to the marketplace.

Greg also outlined a strategy to concentrate on specific areas for HBT members:

We're not just HBT, as this big buying group. We are multiple groups. We've got a buyer that looks after specifically building, one for industrial, one for hardware, paint, rural, pet, et cetera, et cetera. So that we are targeting very closely into those particular areas and we think that's the opportunity to make sure that we are subject matter experts in each of these particular areas.

HBT has also made some changes to its structure.

We improve deals for our members in two ways. We've had a business manager focused on supplier engagement and deals, but we also have had a team on the road. We wanted to channel that a little bit harder so that we buddy these two up. We ended up with a member support manager that's on the road that's a specialist, for example, in industrial, and another guy that's a specialist in the hardware building area. Another one that specialises in rural, et cetera. So the two can work together, better to get information from suppliers through the stores and from stores back to suppliers.

The main hint that was there in Greg's speech to what would happen a few months later with the acquisition, was his mention of the need for buying groups to consider some kind of consolidation.

We are at a crossroads because there's multiple buying groups out there, and everyone's feeling the pressure to try to get bigger and get better deals. That puts pressure on our suppliers as well.

> …
> A supplier's going to have an account manager that's talking to 17 different buying groups and that adds cost … If we can have the supplier dealing with one group, that can then channel that out to all these independents. To me that's definitely the way to go.
> But we're a hundred percent committed to the success of independent Australian businesses. That's sort of our core directive.

Analysis

How the acquisition by SGI plays out is quite uncertain at the moment. As we detail in our article on SGI in this issue, this isn't just a case of a company acquiring a buying group, it really introduces a whole new structure to the hardware wholesale and retail markets.

Probably what's really needed at the moment is less a consolidation and combination of buying groups, and more the formation of some kind of affiliation. What might emerge from such an affiliation would be agreements to get together on specific orders from specific suppliers to obtain the best deals possible, largely through lowering costs for the suppliers themselves.

The road towards that affiliation might be some kind of "super conference" — a conference of conferences almost — where the management teams of different buying groups could get together with each other, and find commonalities.

Before that happens, however, there is likely going to be a couple of years as the industry absorbs the changes that the entry of SGI into the marketplace will bring.

HBT NATIONAL BUYING GROUP

CONFERENCE 2025

CONFERENCE 2025

Supplier Awards

1 Timber Supplier of the Year – Hume Doors & Timber
2 Industrial Supplier of the Year – Klingspor
3 Building Supplier of the Year – Beaver Brands
4 Supplier of the Year – Haymes Paint
5 Overall Supplier of the Year – ITI Australia

Member Recognition Awards

6 NSW – MBS Building Supplies
7 QLD – Busteed Building Supplies
8 SA – Bordertown Hardware
9 WA – Beyond Tools
10 VIC – Fastener Factory
11 TAS – Hicksy's Hardware Garden & Landscape

HBT NATIONAL BUYING GROUP

CONFERENCE 2025

HBT NATIONAL BUYING GROUP

CONFERENCE 2025

BUNNINGS DEFINES ITS FUTURE
RESULTS OR CULTURE?

The tool sales area in Bunnings warehouse, Epping, Victoria. Bunnings says the redesign has boosted sales, even though the number of completed redesigns did not meet earlier targets.

It's worthwhile taking something of a deeper dive into the Wesfarmers/Bunnings results for FY2024/25. Not only is Bunnings at something of a crucial point in its development — much of the hardware/home improvement retail industry is as well.

Calendar 2026 is going to be the first year when world economies are not only over COVID, but have also moved past the (understandable) over-stimulus of the COVID years.

From the viewpoint of most forecasters, the hardware retail industry seems to have a bright future. These rosy forecasts are made up of predictions of growing population (at least in Australia), rapid household formation, increased demand for housing in general, and a willingness by many families to spend more on their habitat.

Forecasters have all but set aside the post-COVID slump that many hardware markets have suffered, as high interest rates and other economic features have limited growth. It's all going to go great, they suggest, in just another year or two.

In terms of the actual performance of Bunnings post-COVID, it has not managed to deliver encouraging growth in earnings before interest and taxation (EBIT) over recent years. That trend began in FY2021/22, and was continued in its current results for FY2024/25.

Of course, the curious effects of the pandemic years, which effectively moved forward purchases, have to be taken into account. However, Bunnings certainly has been clear of those effects for at least the past five half-years, and the results remain disappointing.

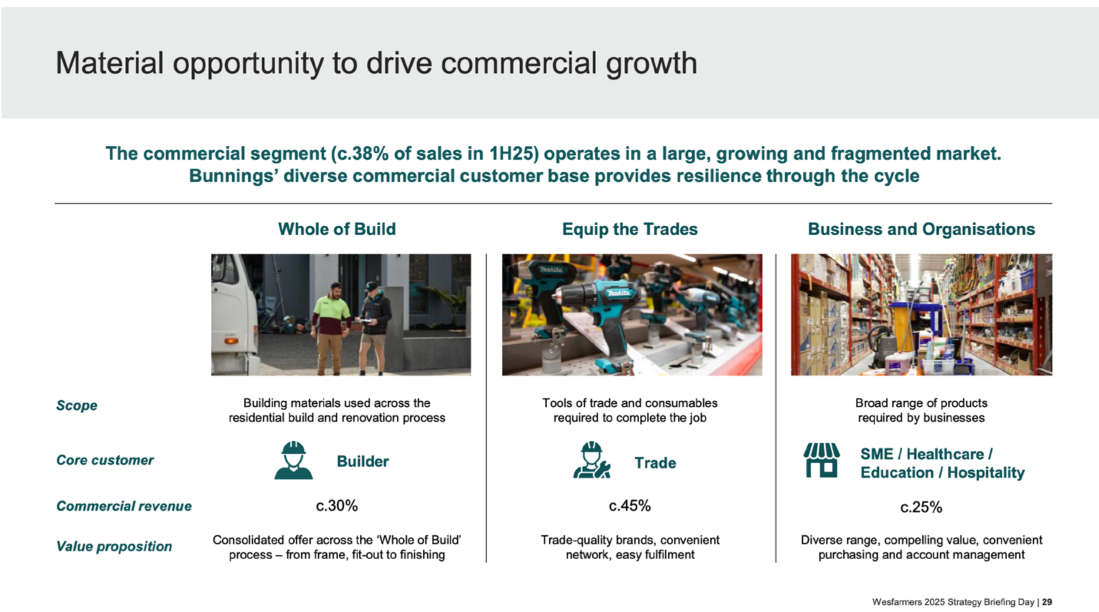
This raises the question as to whether there is something wrong with the core strategies of the big-box retailer. In particular, has the strategy to ramp up its share of the house construction market, including builders and trades, been such a good idea?

An indication of just how hard it has been grow its market share is that Bunnings has remained stuck for some years at around 38% of its revenue coming from that source, despite its announced intent to reach a 50% share.

Would profits would have been better if Bunnings concentrated on its core DIY/home improvement business instead? Or, at very least, better shared resources between the two markets?

One indication these concerns may be valid is that the improved performance by Bunnings in FY2024/25 seems to have been driven by category expansion into DIY/consumer categories such as pets. Though a strategy of growth based on endless "add-ons" is evidently going to be somewhat limited.

While this shows the retailer might be belatedly hedging its bet on the trades and builders market, the reality is that Bunnings has taken on something of a major risk with this strategy. The company may have set itself up to (hopefully) benefit from an expected surge in the housing market in 2026, but there is



no guarantee that such a surge will take place. Nor is there a guarantee that Bunnings will be a substantial beneficiary of any surge that does take place.

One key question behind this is whether Bunnings really gains much of an advantage from its scale and capital resources in these business-to-business (B2B) markets. Several of its strategies in B2B seem to emulate those of its much smaller competitors — for example, “whole of build” and its engagement (after an initial dismissal) in frame and truss manufacturing.

Perhaps, though, it’s not all about revenue and profits. The concern is that the choice to pursue B2B may have more to do with company culture than the need to return value to shareholders.

It has become increasingly evident that the DIY market is evolving, becoming more involved with aspects of interior design and gardening than structural construction. In order to capture a greater share of that market, Bunnings would have needed to re-examine some of its core values, such as employing ex-tradies as staff.

The more static B2B markets require no such change — in fact, you could say they have always represented an even more “Bunnings” market than DIY.

The question Wesfarmers is facing seems to be this: should the main goal of Bunnings be to become the very best Bunnings, or the very best retailer it can be?

The results

In FY2024/25 for Wesfarmers overall, revenue increased by 3.4% on FY2023/24, the previous corresponding period (pcp), to $45.7 billion, while earnings before interest and taxation (EBIT) grew by 11.9% on the pcp to $4.47 billion. Excluding significant items (non-organic sources of income) net profit after tax (NPAT) was $2.7 billion, up 3.8% on the pcp.

Bunnings recorded revenue of $19,595 million, up by 3.3% on the pcp. EBIT came in at $2472 million, up 4.1% on the pcp. Capital expenditure at Bunnings grew by a significant amount over FY2025, rising to $416 million, an increase of 55% on the pcp — an extra $148 million.

BUNNINGS	FY2025	FY2024	% change
Revenue	$19,595	$18,968	3.31%
Ebit	$2472	$2374	4.13%
EBIT Margin	12.62%	12.52%	0.10%
Store-On-Store Revenue	3.5%	2.1%	1.4%
Total store sales growth	3.6%	2.6%	1.0%

However, the picture is a little different if we look at estimated inflation-adjusted numbers for EBIT. In inflation-adjusted terms (FY2025 dollars), EBIT growth was just 2.1%, and that followed three years of decline. The average estimated inflation-adjusted growth for FY2021/22 through to FY2024/25 was -2.49%. If we skip over the two main COVID years, the same growth metric for FY2015/16 through to FY2018/19 was 9.9%, and in the four years before that, FY2011/12 to FY2014/15, it was 4.8%.

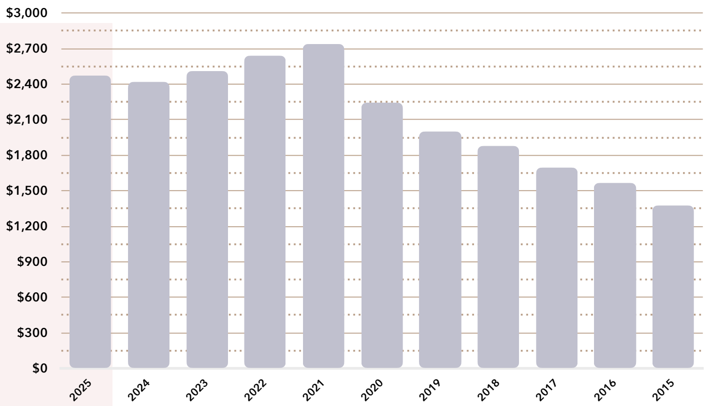
Possibly you can excuse contractions for FY2021/22 and FY2022/23, as estimated inflation-adjusted EBIT grew by a considerable 22.2% in FY2020/21, and you have to expect a decline after that kind of peak. The low estimated inflation-adjusted EBIT growth numbers for the two most recent financial years are more concerning.

Prepared statements

Not surprisingly, statements from Wesfarmers were very positive about the Bunnings result. Wesfarmers chief financial officer, Anthony Gianotti, offered this summary in his prepared remarks:

> In Bunnings, sales growth of 3.3% was supported by its lowest price positioning, which underpinned growth in sales transactions and units sold across both consumer and commercial segments. Consumer sales growth was supported by robust demand for home repair and necessity products while range innovation and expansion attracted higher store visitation and drove strong sales growth in the tools, outdoor living, smart home and paint categories.
>
> Growth in commercial sales reflected resilient demand from trades, organisations and business customers, but [was] partially offset by lower demand from builders, where we saw continued softness in residential building activity.

Bunnings Inflation-Adjusted EBIT
FY2025 dollars

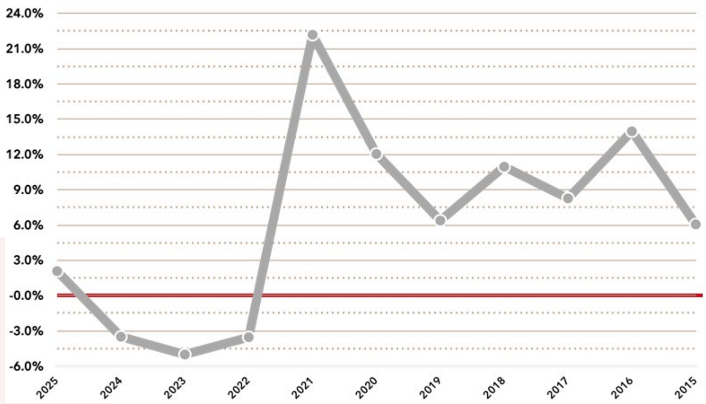


Analyst questions

As has been the case quite often, the "baseline" question regarding Bunnings at the results presentation came from Bank of America analyst David Errington. He posed a skilfully worded question regarding EBIT growth to Bunnings MD Mike Schneider:

> Mike, I know you reinvest a lot back into your business and I know you get asked this question about leverage, but it's really front of my mind going forward in the next two to three years – about the operating leverage of Bunnings or at the moment the relatively distinct lack of it …

Bunnings Inflation-Adjusted EBIT
FY2025 dollars — % Change



There's not a bigger fan in the world of this business, [for] Bunnings, than me, but I'd like to see either one, higher sales growth or stronger leverage. I mean when I look at Kmart, they're doing 3.5% – kudos to Aleks – 3.5% sales and 9% EBIT growth.

But Bunnings is only about 3.5% sales, 4% EBIT growth ... We either want higher sales or higher leverage. Because at the moment, 3% and 4% is just not getting the job done for us. So can you go into please some of the things that you're clearly reinvesting in? ... Can you call that out please? So that then that might give us a bit of confidence that your sales growth will be a lot stronger in the next couple of years than what it currently is.

Mr Schneider supplied a detailed response:

I definitely think that in terms of driving sales growth, recovery in the building sector will be something that Bunnings plays a really important role in. We're really geared to optimise that and we've been really pleased by the relative performance of the builders' part of our commercial business in what has been a challenging market.

We've got very strong growth ambitions across energy, across automotive, with the second part of that automotive category expansion, just about to commence the third iteration of our pet categories. Space productivity is something that we spoke to quite a bit [during] the two strategy days. On the productivity side, that is definitely something that we continue to stay really focused on. We've got opportunities across our transport delivery and fulfilment capabilities in supply chain with really distinct projects to deliver great outcomes across each of those.

We are in the early stages now of the optimisation piece for our store rostering model, which will allow us to not only enhance the customer experience, but drive further productivity across our store network and in our support function. We've now got the opportunity because we're on the other side of some of the more significant investments we've made in the technology space to start to optimise some of those not only to improve the customer experience through online fulfilment – as one example – but also through inventory management with our demand and replenishment capabilities we've invested in.

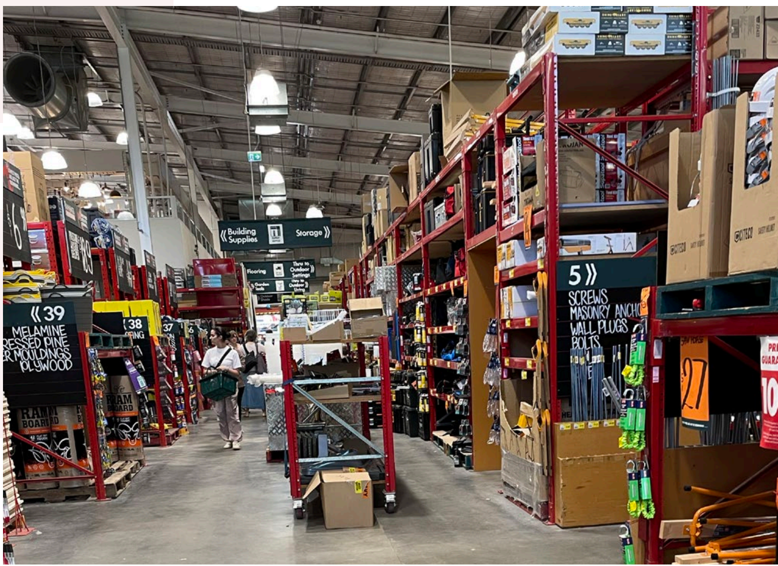
On price, it is something that we are incredibly committed to. In the financial year just finished, we invested over $200 million into price, which I think does demonstrate some of the productivity benefits that we are getting. We are investing to make sure that our offer is compelling and it's a winning offer so that we continue to earn the right to be chosen by customers.

So it really is a full court press across the growth ambition of the business, the productivity ambition, but also making sure that along the way the customer is front of mind for us.

Mr Errington asked two follow-up questions:

When do you think we could start seeing some improvement in the building industry? And secondly, what would be the ideal outlook or the ideal thing for you in terms of sales to EBIT growth? Is it sales equaling EBIT growth but offer higher sales growth, or is it a little bit more leverage there?

Bunnings has to some extent prided itself on making cost savings through providing a lower-amenity floor space. But when does this go a little too far? In this image, the in-aisle rack is offset so as to provide a clear passage on the left. However, this creates a very narrow space on the right.
While some of the better space utilisation can work in Bunnings' larger warehouse retail spaces, in smaller spaces, such its Hawthorn, VIC store, there are limitations.



Mr Schneider responded to these questions:

To the point around recovery in the building sector, we are really hopeful that we are seeing that later in this financial year [FY2026]. We see strong resilience in trade ... The challenging environment on the commercial side has meant that we've been able to really drive efficiency in our commercial sales team [and] our manufacturing team, so that as that market swings around, we are really well placed to not only drive growth, but drive very profitable growth out of that sector.

On the leverage piece, my view is there needs to be stronger leverage out of the Bunnings business. That's something that we've talked about as a team. It's something we talk about with Rob [Scott] and Anthony [Gianotti]. We believe that we've got the sort of tools in the toolkit, but also the strategies to be able to deliver on that not only in this financial year but in financial years to come as well.

Andrew Lemme of Citi asked about the tool areas:

With the Bunnings tool shop expansion, I think you were planning for 190 to be completed by June [2025] versus the 175 being reported. We've heard in the trade that you've been going back and making some further refinements to the initial stores that were done, and that in the ones that have been rolled out, you're seen very strong growth at maybe double digits [percentage] in tool sales. So can you talk to the initial success of the format? Is that the kind of key delta in terms of the sales improvement we're seeing in Bunnings overall and how's the format been refined please?

Mr Schneider responded:

We're really pleased with the performance of the tool shop. I think one of the things that's been particularly successful has been the growth in the commercial side.

So if you sort of think about our commercial strategy, we focus on builders, organisations and trades. The work that we've done on the tool shop has really lent into that trades section of our commercial portfolio. Commercial brands like Makita and DeWalt have performed very, very well for us in the new ranges that they've put into those stores.

The changes that we've made that we've sort of gone back on have been very minor. They've actually mostly been driven by increasing range and driving space intensity in the tool shop. What's been a really important driver for tool shop growth is the increased range and also the opportunity to take some of the automotive range out of the tool shop and create its own department elsewhere in the store, which has been performing very well.

Also, we were just delayed really through some resourcing constraints internally ... I think by the end of October [2025] all tool shops will be completed ... But performance has been strong. It's certainly one of the contributing factors to our stronger trading performance.

Analyst Ben Gilbert of Jarden asked about the focus on trade and DIY sales:

It feels that the Bunnings business is changing a little bit now in the sense it is leaning a bit more into consumer focus. I appreciate it's

Bunnings has pointed to its redesigned tool area – based largely on those in its Tool Kit Depot stores – as boosting sales. However, it is evident that there are disadvantages as well, especially with DIY tools. In the old format (bottom) there is greater in-store visibility, while in the new format (top) the aisles are much more closed-off.

It's interesting that where retailers such as Lowe's in the US design spaces specifically for DIY customers, Bunnings really doesn't.

always been from front to back of the house, but you look at a lot of the FMCG products you're putting in which [are] obviously natural extensions.

Mr Schneider responded (in part):

I think ... seeing the business strike a really good balance between consumer and commercial is still our aspiration. Commercial is now a higher penetration into overall earnings. I think we're up to about 37% of our sales coming from commercial and as the market improves, we ... want to continue to optimise that opportunity.

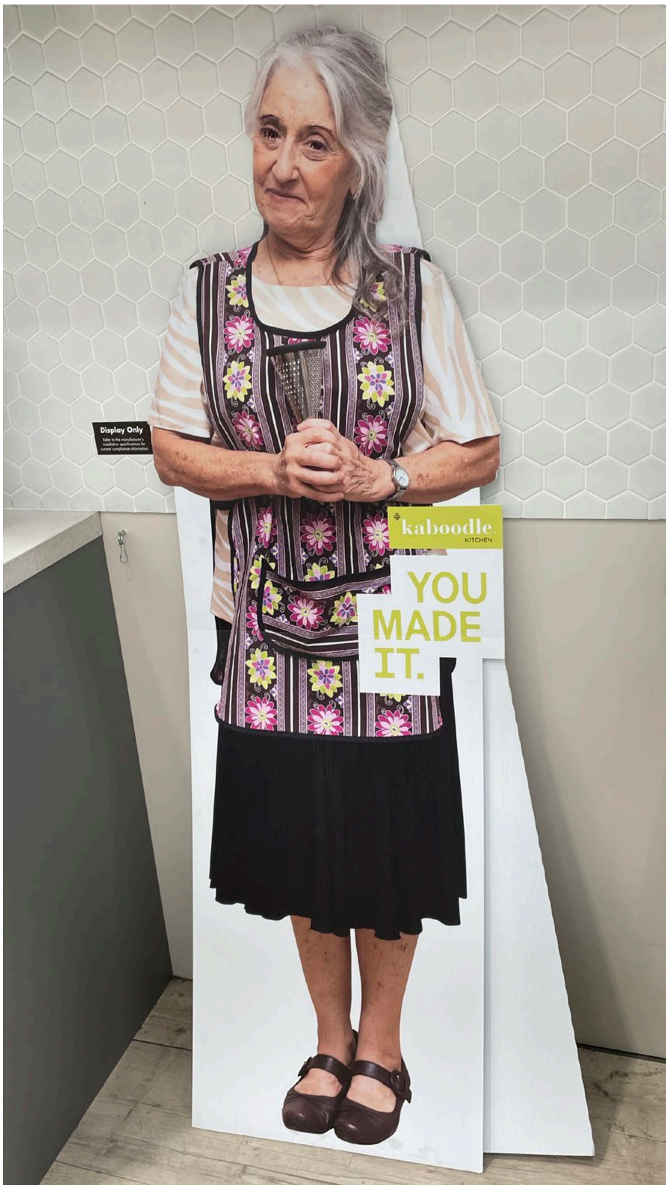
I think what we've been able to demonstrate with automotive and tools, these are sort of core categories not only for the consumer customer but the commercial customer ... And we've got strong ambitions in energy, which I think plays heavily into the electrical market, home automation, home electrification, they're all very trade focused. We've got some really great opportunities in plumbing as well where we see some really strong positioning as we transition into lead free categories for tapware and those sorts of things.

Strategy

Before we get to analysis, it's worthwhile taking a look back through the strategies Bunnings has followed since FY2018, the year it pulled out of the UK and Ireland markets. Note that we have skipped FY2019/20, as there was no Strategy Day that year, and the overwhelming strategic focus was the COVID pandemic.

For each FY we've pulled out what we consider to be the five core strategies, backed up by quotes from Bunnings (almost all from Mr Schneider). We've also quoted commentary on that year's strategy, from HardwareNews and Wesfarmers.

It probably looked great on the whiteboard ... Not really sure what the marketing strategy is here with this cardboard cut-out from Kaboodle at Bunnings Epping, but it doesn't exactly say "stylish modern kitchen".



BUNNINGS STRATEGY: 2018

In the wake of Bunnings' exit from the UK market, Wesfarmers seeks to reset strategy

Wesfarmers had undergone a somewhat "rocky" FY 2017/18, with the need to shut down an attempt to enter the European market through its Bunnings United Kingdom and Ireland (BUKI) operations. Shutting down these operations solidified an overall direct loss of over $1.25 billion for Wesfarmers.

That major shift in strategy came as Rob Scott assumed the role of managing director (MD) for Wesfarmers, replacing the incumbent, Richard Goyder. Michael Schneider had been promoted to MD, Bunnings Group.

As Mr Scott stated during his prepared remarks at the start of the Strategy Day:

> Just to be really clear, we do not rely solely on mergers and acquisitions to deliver superior returns to shareholders. In fact, the outcome would need to be very compelling, in order to justify investing a significant amount of capital on a significant investment.

The question that HardwareNews asked at the time was, where would investment go, if not into "inorganic" growth through acquisitions? We quoted Mr Scott as supplying this answer:

> Wesfarmers has enormous potential to develop and better utilise extensive data and digital assets, and it is also clear that this is an area that supports group-wide investment and collaboration.

The basic statement of strategy by Mr Schneider at the time was this:

> Leveraging our physical platform, embracing technology, and the commitment to make our business even more simple to run, are focus areas that strengthen the core of our business, and allow us to invest in service, value and growth initiatives.

In the conclusion to the HardwareNews analysis of the Wesfarmers Strategy Day, we had this to say about the future prospects of Bunnings:

> If these strategies deliver the expected results over the next three to four years, it means Australia's hardware retail industry will need to contend with a Bunnings that controls almost $20 billion a year in topline sales. That's going to place some severe stresses on Metcash's Independent Hardware Group (IHG), and independent retail buying groups as well.

5 RETAIL STRATEGIES

01 Commercial/Trade

"We are really excited about the opportunities in the commercial side of our business. The width of range, sites, long trading hours, all create a very convenient offer for trade customers."

02 Seasonality

"We are challenging ourselves to think more about seasonality in the business. And this will open up both new category opportunities, but also enable us to offer better service by segment and market."

03 Services

"We can see opportunities to explore how our services offer can be extended. We have established a fantastic kitchen specialist business ... [With] other projects, such as bathroom and wardrobe design, it is easy to see how this service can be expanded."

04 Smarthome

"We see an exciting step towards a change in the use of smarthome technology, as consumers become more aware of their uses and choose to adopt the easy to use technologies that improve their lives and homes."

05 Digital

"We are accelerating and ... evolving our digital capabilities, to ensure the fantastic value our customers and local communities know us for are even stronger and more accessible than ever. This stretches our thinking both on markets and on channels."

BUNNINGS STRATEGY: 2019

Innovation, disruption and continuation of the core Bunnings culture, while expanding trade

While the 2019 Strategy Day was very much about recovery from BUKI, for FY2019, Bunnings offered two strategy sessions: a March "Tour Day" and the usual June Strategy Day. We began our coverage with a framing statement Mr Schneider made at the end of the Strategy Day, answering an analyst's question about the company's next 10 years:

> I think, you know, the thing we've always said is we want to outperform the market. And the way we do that is to go really hard at our strategic pillars around price, range and service. If we do those things right, stay relevant to the customer, through the way we go to market ... but also the products and services we're offering them, we'll be chosen more, and we will continue to outperform the market.
>
> So, that's the thing we stay particularly focused on. You know, it is nice to sort of look at the growth over time and say that's a fantastic achievement — but we don't. That is the past. We are very focused on the future, and it's a long term future with sustainable growth driven by the sort of ingredients we've touched on.

On the store tour day, Mr Schneider stated:

> Our focus on growth isn't at the expense of who we are and [what] we've built up over the last 25 years of the Bunnings Warehouse format. It's about preserving the core, the culture, the operating model of the business, the strategic pillars that I touched on before, but stimulating progress. Stimulating progress in the market, stimulating progress with our suppliers in product innovation, and stimulating experiences for our customers going forward.

The strategy sessions were full of references to disruption and growth, along with some more radical ideas, including a design studio concept that would extend beyond kitchens:

> What you can see here is a concept. It's a specialist studio around kitchen and bathroom and wardrobe design, studios and al-frescos, under the Kaboodle brand. Kaboodle are one of our suppliers, they provide our kitchens. They are a fantastic, long term supplier.
>
> The idea is whether ... we can establish in partnership with them a number of specialist studios, where customers can go to be inspired to work solely on the project that they're looking at, at a different price point proposition in terms of value, with different products and services available including installation.

5 RETAIL STRATEGIES

01 Commercial/Trade growth

"How can our trade team deepen the relationship they have with builders to increase our participation in the number of housing starts and widen the range of products that we're seeing being provided to those homes?"

02 Category share growth

"Identify the categories in which we have low market share ... and look at how we can bring ... real value creation to that market ... Grow the market, and then grow share. Growing the market comes from product innovation and product development."

03 Develop adjacent categories

"Years ago if someone had said to me that Bunnings would be selling drones, I would have said that's a bit of a pipe dream. But the reality is these are the sorts of products that our trade customers are now looking for to manage workplace safety."

04 Link trades to customers

"Referrals are all about how we can connect our customers with the right trades to do jobs that are either projects that are beyond DIY, where customers at time poor, or perhaps just happy to outsource a [job] or a project."

05 Transactional website

"Digital and data is all about the opportunities for our customers and our team members and our suppliers alike. So it's simply not about selling more products online ... It's also about efficiencies within the business."

BUNNINGS STRATEGY: 2021

High hopes for new acquisitions, as well as changes to store layout, market segments and online

The Strategy Day was skipped the previous year, with the focus turned to COVID.

The big news in 2021 were two acquisitions, of Beaumont Tiles and Adelaide Tools. On Adelaide Tools, later to become Tool Kit Depot, Mr Schnieder said:

> We'll open our first stores outside of Adelaide later this calendar year. These will be in Western Australia where we see strong prospects for growth with a new brand that will be announced in the next few months. A staged rollout across Australia and New Zealand will follow over the next 12 to 18 months.

In response to an analyst's question, he expanded on the plans for Adelaide Tools:

> The challenge that we've always sort of understood from a Bunnings point of view is that there's certain brands and certain types of trades that probably wouldn't consider Bunnings Warehouse as the most or Bunnings as the most appropriate place to purchase their tools.
>
> We see a very strong segment-based approach or category-based approach to the way that some brands sort of operate. So for us, it'll be about scaling Adelaide Tools, and what we name it outside of South Australia, into a network across Australia, New Zealand. It's probably going to be somewhere in the vicinity of 75 or so stores in the medium term.
>
> So the next sort of three to five years, but it's clearly an opportunity for us to deepen the connection with specialist trades in those categories, and provide a differentiated service experience, as well as offer them the brands and products that are important in the segments that they work in.

At the time, Beaumont Tiles was not quite a "done deal".

> Beaumont Tiles operates in a large competitive category that has the opportunity for strong growth. And this acquisition would allow us to build on the success of the Beaumont Tiles business and invest in its future growth. It's also a great opportunity to better address the needs of our builder customers and flooring trades as we help them with more of their build.

5 RETAIL STRATEGIES

01 Quality ranging

"Our focus is ensuring we have a true ranging diamond — entry, good, better and best — introducing products in line with customer aspirations and needs."

02 Style

"We're upping our focus on stylish on-trend products, recognising our customers desire not only to access essential products for home repair or maintenance, but also to be inspired to undertake more diverse projects."

03 Store layout

"[For example], we've located all the products a customer needs to move their home or business in one aisle. This space optimisation work is enabling us to introduce inspiring new store layouts

04 Market segmentation

"We take a segmented approach to the market, with our three primary commercial customer groups. Regardless of the segment, we ensure we use a mix of leading brands and channels to serve our customers."

05 Digital and supply chain

"Our upcoming trial of a rapid fulfilment centre in the western suburbs of Melbourne [will] test ... more efficient online fulfilment for our customers. The site will also trial the central dispatch of items customers purchase in store."

BUNNINGS STRATEGY: 2022

Growth was the main topic, with a focus on commercial/trade and DIY category expansion

The 2022 Strategy Day had a strong focus on growth. Mr Schneider stated at the start:

> The thing we've always been really conscious of at Bunnings is making the right strategic choices and investments to achieve long term, sustainable financial performance. We're focused on profitable growth, engaging our customers more to earn the right to be chosen first. We grow the market and we grow our participation. This disciplined approach has helped our business and team remain resilient through housing and economic cycles.

The two main areas of growth were in commercial/trade and category expansion. Speaking about trade, Mr Schneider said:

> Our commercial business continues to be a strong growth engine with a well-embedded strategy that's helping us to be a better partner to builders, trades and organisations and to service more of their business. And we've been strengthening the offer.
> This means creating more convenient store experiences, with the rollout of the new trade Service Desk design and time saving options such as self checkout, via the Power Pass app, and load-n-go.
> We're stocking more of the brands and products that trade customers need. This includes expanding our offer in commercial landscaping workwear, tools and timber.

Mr Schneider described category expansion:

> We're focused on growth across all of our product categories, with some specific examples including expanding our room furniture solutions to help our customers organise their homes, strengthening our garden and garden decor offer by extending and localising our plant ranges and improving service in our nurseries. Further, in kitchen and bathroom, we're increasing our range of customisable and modular products and introducing more complementary accessories.
> We're pursuing all new categories too. We're seeing strong interest for in-home services, where Bunnings designs, assembles and installs solutions for our customers. For the first time, we're introducing design consultants to help our customers design their dream bathrooms.
> We're already a destination for pet enclosures. So there's a natural opportunity to expand our pet offering. And we're introducing new pet categories from collars, toys, bowls and beds through to smart pet products. And we're lining up a new range of products to help caravan and RV owners maintain their home on wheels.

5 RETAIL STRATEGIES

01 Commercial/Trade goals

"Our aspiration in time ... is to get the two businesses [DIY and Trade] roughly 50/50 ... But that's not at the expense of consumer growth. So commercial is ... tracking towards 40% at the moment. So the commercial team have got a big job in front of them."

02 Tool Kit Depot expansion

"Tool Kit Depot is now established in Western Australia with four stores and a refresh of all stores in South Australia is almost complete. And our network planning for national coverage is shaping up really well."

03 Category growth

"We've identified a range of opportunities to optimise and expand our existing offer to cater to strong customer interest, including smart security, outdoor furniture and cleaning with a renewed focus on healthy homes."

04 Own/exclusive brands

"Our own-brand range continues to grow and has never been stronger, with names such as All Set and Garden Basics giving customers incredible prices and names such as Full Boar, Matador and Mimosa providing outstanding value."

05 Store growth

"If we consider the next five years we see lots of runway ahead for network growth and upgrading existing sites. We're forecasting 15 to 20 expansions, upgrades or new Bunnings warehouses and small formats per year."

Growth through expansion in markets

The focus was once again on the commercial/trade business, with Mr Schneider stating in his opening remarks:

> We also see a lot of growth prospects for us in the commercial business. We have a highly diversified customer base spanning trade small builders, and a range of businesses both large and small.
> For our builders, our focus is on the "whole of build" building capability to service customers with a strong offer at every stage of the build, from the frame to fix to fit out. And of course, the finishing stage of the build as well. In terms of frame to fix, the customer here for us is the builder.
> So it's all about connecting early in the building project, maximizing the opportunities to build an understanding of the project, and to be chosen as a partner of choice for that whole of build.
> The way we're growing our frame and truss offer is a deliberate initiative to reach customers early, and it gives us the opportunity to really understand the products of building needs for their entire project, and consider how we can best provide these.

In response to a question from a Goldman Sachs analyst, Mr Schneider went into more detail on the trade market:

> So commercial is sort of getting close to 40% of our overall revenue. I think the last time we spoke it was sort of 35% to 36% and probably more 37% to 38% now. The margin mix of that is very similar to what we see on the consumer side. We do see a good runway for growth because that pipeline is there. You can sort of see it a little bit more clearly than consumer, because people are signing contracts and doing those projects.

He further detailed the makeup of this market:

> We're talking about small to medium builders and trades and hire a hubby, the Jim's franchise group, those sorts of things who are buying across a really broad assortment of products in the store, not just in one or two narrow categories.

In terms of TKD, Mr Schneider further defined that market:

> The customer we're looking at with TKD is a trade that's looking for more specialist tools beyond a range. So, we might have 200 Makita lines at Bunnings warehouse, but a Tool Kit Depot might have 300 … the other customer … is all the "fluoros" that you see in the CBDs doing that construction work. That's a very different customer to the builder.

5 RETAIL STRATEGIES

01 Range optimisation

"Through analytics and space optimisation, we can better understand the ranges and categories … adjusting core lines at each store. We can also optimise stock weight and positioning to ensure key items are held in project quantities."

02 Expansion ranges

The launch of our pet range is a great example that's been our most significant category reshape in two decades. We're seeing an excellent response not only from customers, but also suppliers."

03 Own brand expansion

"Our newest brand, CITECO, is a great example of where our team identified an opportunity in the market to build range authority, and offer customers really attractive price points across ladders, site safety and PPE."

04 Trade paint

"We're increasingly interested in the commercial paint space. And we'll explore opportunities with paint suppliers across the market to build a credible, trusted and value accretive offer."

05 Final kilometre delivery

"We're piloting our own last mile delivery by having team members at selected stores complete same day and next day deliveries as part of their broader store duties … Our ability to recover the cost on that is better than it is with existing third parties."

Incrementalism and market dominance

This remains one of the more puzzling Strategy Days for Bunnings. As Hardware-News wrote at the time:

> This year — more so than in the previous six years — understanding what Bunnings is doing strategically is a little difficult. Listening to the presentation by Mr Schneider, what is most striking is how conservative the hardware retailer's approach has become for FY2024/25.
> In reaching for some description of that strategy, one which acknowledges some continuity with the past, we've hit on describing it as a strategy of "incrementalism".
> The competitive advantage of Bunnings is, first and foremost, its scale and size. Incrementalism is all about building competency based on refining current practices, expanding current markets and expansion into closely adjacent markets. It is, pure and simple, finding the best way to utilise scale and size to dominate markets.

We quoted Mr Schneider as stating:

> Our business model leverages our scale and finds cost savings through operational efficiency from the unique design and layout of our stores to our service model so we can invest in price and service.

Part of this may be that the strategy was widely spread over a range of smaller changes, which included:

- The introduction of the pet accessories range
- Expansion of products for rural living
- Expansion of automotive accessories range
- Expansion of bulk-sized offers for products such as light globes
- Smart home expansion, with an emphasis on security
- Cladding, joinery and window installation packages
- Development of products in captive brands, such as Matador barbecues, and Citeco ladders and PPE
- Further investment in frame and truss plants
- Localised delivery of goods from Bunnings stores via a fleet of specialised utes

5 RETAIL STRATEGIES

01 Space optimisation

"We've been trialing localising and curating range based on geographies, climate, customer demographics and trends. The results are promising. We'll keep on building this so that we can compare the performance of our ranges and offer across our network."

02 Retail media

"We've been encouraged by the early uptake of our trials of a retail media offering. Our suppliers have embraced the opportunity to more meaningfully communicate with our sizable and relevant customer audience."

03 Trade Assist service

"We've set up a trade assist line, which is a new phone, text, email, and chat service to make it easier for trades to order. Since its full rollout, we've seen increased use from trades using it to transact more frequently and pleasingly select more items."

04 Final kilometre delivery

"Bunnings store teams use a fleet of special utes for parcel boot load and bulky product deliveries to retail and commercial customers and we've had great feedback from our initial trials and are rolling this now out to 50 stores."

05 Frame and truss plants

"Our investment in our frame and truss plants comes as a residential construction industry is facing labor shortages and a need for efficiency, which creates growing demand for prefab products delivered direct to site."

Category expansion and space optimisation

As with 2019, Bunnings made a store tour presentation in addition to the Strategy Day. Overall, the intention seems to have been to highlight the business as a business, and its success on an operational level.

In terms of strategy, this was pretty much dominated by the two interrelated moves of expanding ranges and optimising selling space in the Bunnings warehouse format.

> I'd like to share some perspectives on how we think about the significant opportunity in terms of space and space optimization. We've had a lot of success over many years improving our return on space and we see space optimization as a material opportunity for Bunnings in the future. This was a result of relentless focus on category overhauls to ensure the strongest possible offers for our customers with new categories, category expansion and ranging optimization, the significant investments into digital and personalization.
>
> We've grown overall sales density as well as gross margin return on space, and we're accelerating these opportunities. This acceleration is enabled by our more recent investments in core space planning capability. This capability is powered by tech and data that provides us with a lot more sophistication to determine ranging layouts and spacing. This provides the ability to tailor ranging to local catchments and refine ranges for our smaller stores. The range refinement in our smaller stores is delivering growth through higher sales of core ranges while leveraging our online offer for the wider product needs of our customers.
>
> Despite these improvements over the last decade, we know from our relationships with global peers that the space opportunity ahead of us does remain significant … It's important to acknowledge the significant differences in local market characteristics and operating models that go a long way to driving some of these outcomes.
>
> Similarly, we don't intend to narrowly fixate on a single metric like sales per square meter. If we did that, we may not always make the best decisions for long-term shareholder value creation.

5 RETAIL STRATEGIES

01 Space optimisation

"In the last decade, sales and earnings have grown well ahead of space growth. From FY 15 to FY 24, we delivered a 99% increase in sales while space grew by just 27%."

02 EV charging/home batteries

"We've now completed phase one of our EV charging trials and are already rolling this off out to our wider network. We're making strong progress on our ambitions to become a leading provider of household renewable solutions."

03 Installation/repair services

"Our supply chain strategy is focused on a couple of key areas … Firstly, we're focused on enhancing our direct import distribution centre network operations. We're also … consolidating and flowing stock into our stores more efficiently."

04 Renewal of tool shop

"We've reinvigorated our tool shop layout, ranging and displays to bring a more compelling offer to our … customers … This makes better use of our space in store, taking advantage of vertical space by using higher racking." (Ryan Baker)

05 Rural supplies

"We're excited to be trialing an expanded rural range across some stores. This offers more assortment to our rural and regional customers, spanning extended fencing and irrigation ranges, a wider selection of stock feeds."

Strategy overview

The standout year in all of these summaries is FY2020/21. While the "big news" was the acquisitions of Adelaide Tools and Beaumont Tiles, much of the strategic focus was on the DIY market, with quality ranging, store layout and a boost to digital. FY2021/22 saw a return to a strong focus on commercial/trade, including plans for TKD's network expansion. This was continued into FY2022/23, with a sketch view of the typical TKD customer.

It's possible that FY2023/24 might have been the year Bunnings came to the conclusion its earlier plans for TKD might not work. There was a very broad strategy HardwareNews described as "incrementalism", which touched on improvements to multiple categories.

In the most recent year, FY2024/25, at both strategy events, there was a settled approach that combined category expansion with space optimisation. Bunnings acknowledged that TKD would not grow as previously planned to 75 outlets. However, the company stated, lessons from TKD were used in the reformatting of the floor space for selling power tools.

Analysis

Perhaps the best analogy for Bunnings right now is that it's like a sailing ship that is truly spick and span, fully sorted out, with the best gear, the strongest masts and sails, an experienced and well-trained crew, all set to go — only there just isn't that much wind. The message from Wesfarmers is that (pushing the analogy) as soon as the weather improves (the housing market recovers), Bunnings is going to slice through the waves like some kind of retail Cutty Sark.

This is a somewhat uncertain position in which to leave a major retail operation. There is no guarantee the "weather" will improve. At this stage, most economists would agree that Australia's retail fortunes do not rest on just one or two reductions in interest rates. A glance at the relevant stats in the RBA's helpful chart pack will support this.

It's also questionable whether it's a good idea to tie the fortunes of a retailer to what has become a volatile, highly cyclical sector of the market.

Bunnings’ problem with wayfinding

Wayfinding is the area of customer interaction that best illustrates the dilemma Bunnings faces in further developing its retail operations. Wayfinding relates both to the design of a store’s layout, and how signage and other visual cues help customers navigate that layout.

As the illustration below shows, the primary Bunnings wayfinding element is the end-of-aisle banner which displays the aisle number and a list of products displayed in the aisle’s bays. The text seems to be drawn in white paint over a black background. The signs appear to be hand-drawn in all-caps, as there is considerable variation in letterforms. Along with the lines of text being very close together, readability is poor. It’s quite odd.

Contrast that with the more standard signage used by The Home Depot. The banners are printed, use upper- and lowercase letters, and feature helpful icons to identify the products. The banners are also high-set, so that they can be seen more easily over longer distances and obstacles (such as other customers). The up-high position also opens space for in-store promotional banners underneath them.

Why?

When the Bunnings warehouse was a new concept, it’s possible that its aisle-end banners were chalkboards scrawled with white chalk. The current design aesthetic seems meant to reproduce this.

What this creates in present-day usage is something of a paradox. When originated, these banners were a signal about the warehouses being low cost (like a farmers’ market), and without the “retail theatrics” of, say, a McEwen’s hardware store.

Today the banners are actually ultra-theatrical, and possibly more expensive than alternatives (hand-lettering costs). They seem less effective in guiding customers through stores than standardised banners. This will probably become worse as Bunnings ratchets up its space optimisation.

This illustrates one of the core problems Bunnings faces. Yes, there are the “rusted-on” Bunnings fans, who want nothing to change. But there is perhaps a potential cohort of younger customers — Gen Z and younger Gen Y — for whom none of this makes sense. It’s simply not very good signage, reflecting some 1990s sensibility they don’t share.

At one time there was a contra-cyclical aspect to the housing market, as when housing approvals went down, renovations (alterations and additions) went up. Yet back in August 2023, HardwareNews pointed out this had become much less the case. Writing about the Australian Bureau of Statistics (ABS) stats on alterations and additions (alt-adds) we stated:

> The dominant sensibility running through most of these stats is that the alt-adds market is undergoing some kind of a change. The post-pandemic currents that have been driving it through FY2021/22 and FY2022/23 are fading out. Rising interest rates are likely to see the property market start to fade, and it is simply unclear whether that will translate into greater activity in alt-adds.

As post-COVID economic forces increased cost-of-living expenses, it was no longer a case of families allocating funds between “move or improve”. They simply had less funds to allocate anywhere.

The real mystery here is, why pursue such a risky strategy? Why concentrate on expanding the commercial/builder market against the considerable opposition raised by thousands of independent hardware retailers with often long-standing, well-established relationships with builders and trades?

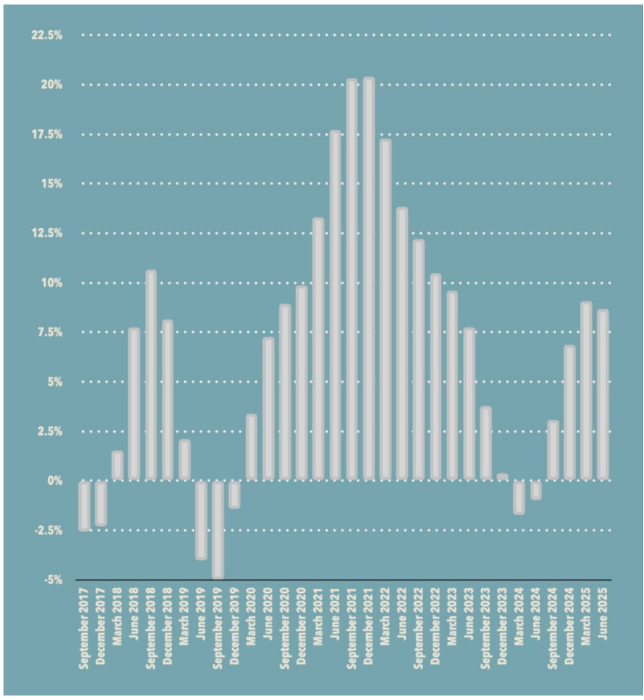
Why not concentrate instead on expanding the existing market in DIY/consumer, where Bunnings holds a dominant position?

As far as HardwareNews can make out, the answer probably has more to do with culture than it does sound strategic planning — not that those don’t connect at some point (in our opinion). The core statement we would point to is quoted above in the strategy summary for FY2019:

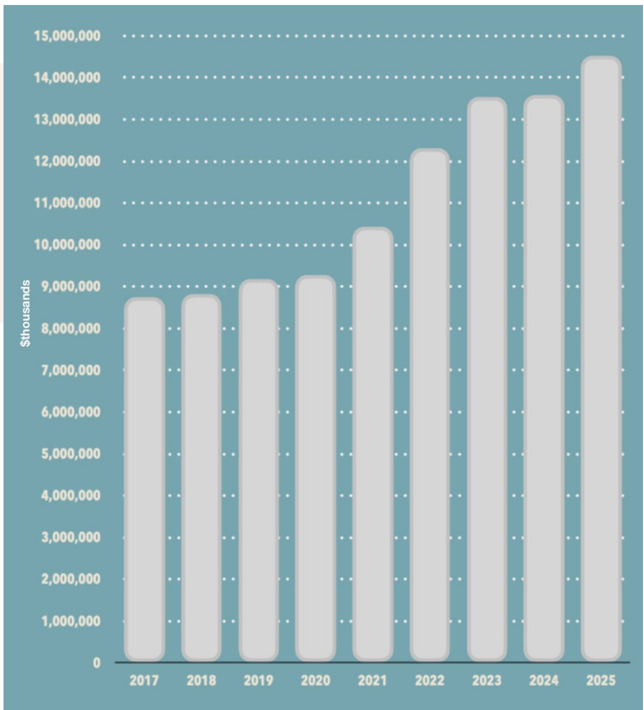
> Our focus on growth isn’t at the expense of who we are and [what] we’ve built up over the last 25 years of the Bunnings Warehouse format. It’s about preserving the core, the culture, the operating model of the business, the strategic pillars that I touched on before, but stimulating progress. Stimulating progress in the market, stimulating progress with our suppliers in product innovation, and stimulating experiences for our customers going forward.

That statement by the Bunnings MD was a very good one to make in June 2019, as Bunnings continued to recover from the debacle of BUKI. The irony is Mr Schneider did such a good job getting the retailer past the problem, that his admonitions about continuity no longer really apply.

ABS: Building Work Done
Alterations-Additions % change quarter-on-corresponding-quarter



ABS: Building Work Done
Alterations-Additions Financial Years $thousands



Arguably, from the point of view of Wesfarmers — and its shareholders — if growth has to come at the expense of "the past 25 years" of company culture, well, then so be it. Culture is only an objective insofar as it supports growth.

This is what HardwareNews means when we ask whether the goal of Bunnings is to become the best Bunnings it can be, or instead the best possible retailer.

To put that in a slightly different way, it can also be seen as a choice between two different model/market relationships. You can take a set model, then find markets that match that model. Or you can take a market and establish a model that maximises returns from that market.

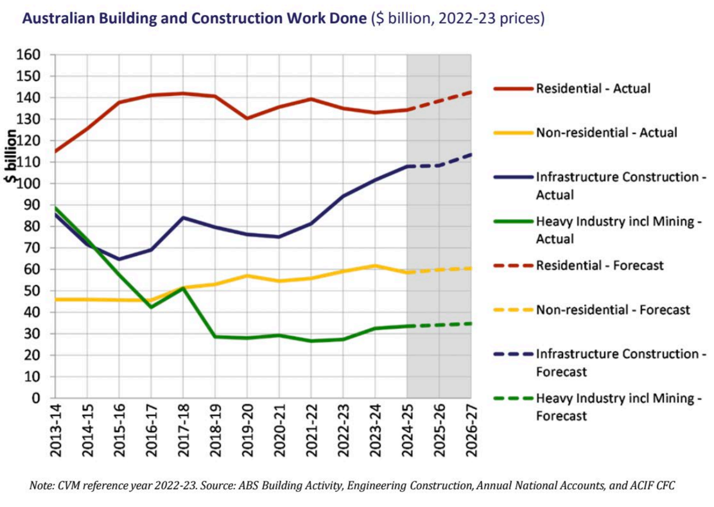
Most retail is a combination of these two. Over time, however, the mix tends to go one way or the other. In Bunnings' case, it's our opinion it has moved significantly to finding a market that matches its model. The problem with this is that the newer markets are not really as good as the older markets.

The original, fin de siécle culture of Bunnings was largely built on ex-tradies selling goods to the more cash-strapped clans of Australia who largely worked with their hands in factories and many service industries. Bunnings stripped out all the amenities of the middle-class McEwans, and instead provided access to goods at often unbelievably low price points — helped by access to manufactured goods in China, the near elimination of tariffs and the floating of the Australian dollar. It was a genius move.

While there is definitely a similar market still out there in Australia today, it is — proportionately — much smaller than it was 30 or 20 years ago. Yet Bunnings would seem to remain focused predominately on that market — a market that seems exemplified by the users of its Workshop social media channel.

It's not hard to find areas in its DIY/consumer business that need improvement. Wayfinding, especially in the larger stores, remains quite poor. Being able to use the Bunnings website or app to locate a product in a store is great, but it's almost an admission of failing at a key function of a physical store. It also is better to clearly mark aisle numbers,

These forecast numbers from the Australian Construction Industry Forum (ACIF) indicate that in FY2026 residential construction levels are expected to return to levels slightly below that of FY2018. For more details:
ACIF Forecast link



as well as clearly numbering the bays in the aisle — which Bunnings does not do. It's hard to determine which is bay one, directionally.

In-store promotions also remain relatively primitive. Scribbling in chalk on blackboards has a kind of "poverty chic", perhaps, but increasingly it seems more time warp-y. It ends up being a confusing mix when combined with more modern "retail media".

Where the cultural "legacy" really hits hard is on the Bunnings website. According to Wesfarmers, Bunnings has a 6.5% share of sales through online, (though this includes the all-online third-party Marketplace). The Australian average, according to National Australia Bank (NAB) reports, is 14.8%.

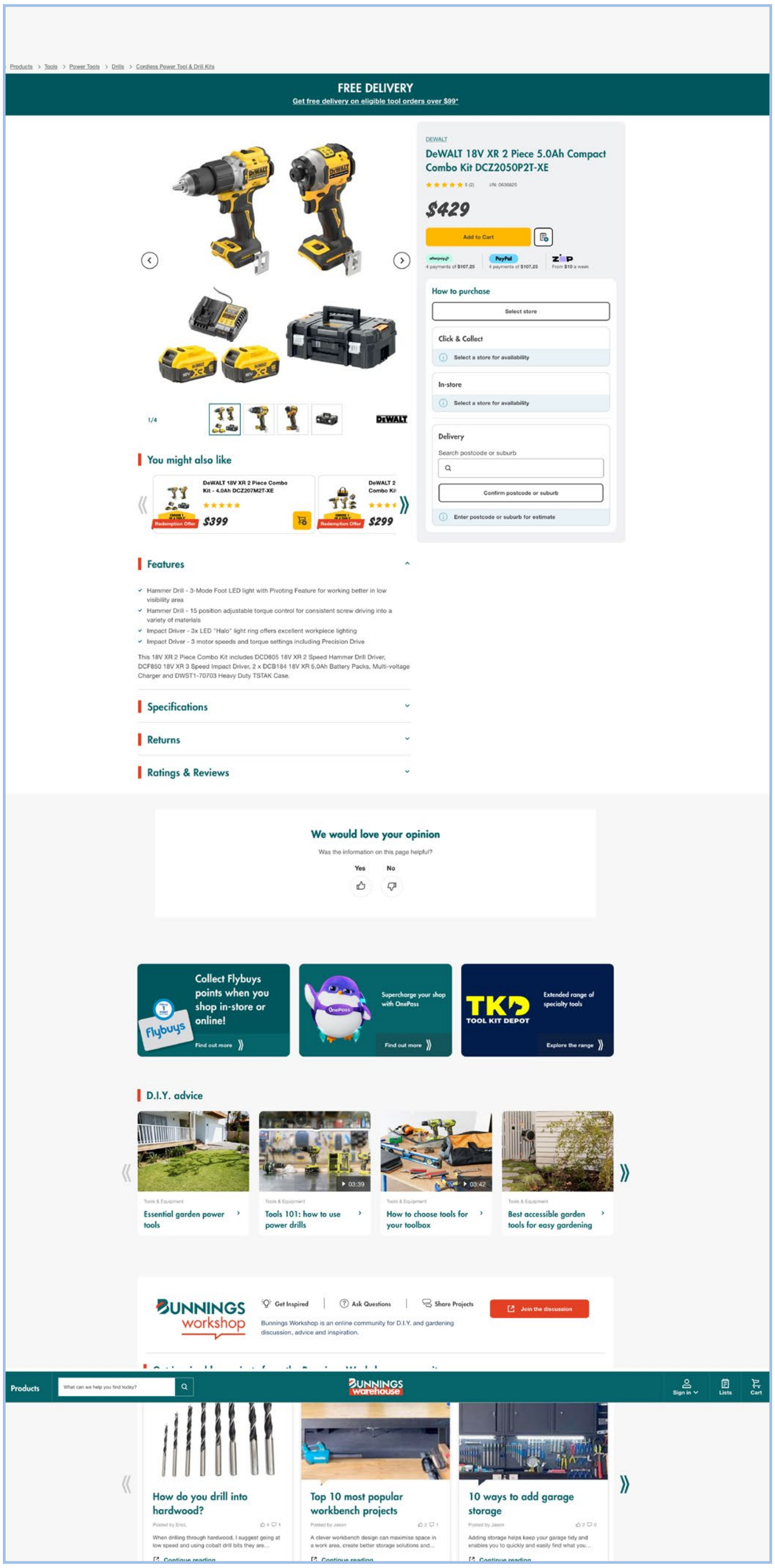
This is despite a SimilarWeb estimate that the Bunnings site receives over 300 million visits a year, and is ranked 29th in popularity for Australia, just ahead of Auspost and below the Bureau of Meteorology (amazon.com.au is ranked ninth).

There's a curious disconnection in these numbers. They indicate a very poor conversion rate (number of purchasers divided by total visitors). Woolworths is ranked 35th (though it has a popular mobile app not represented in that ranking) with ecommerce share of over 15%. Kmart comes in at 37th (its app is growing in popularity) and has online penetration of 9.5%. Officeworks has a 35.1% online penetration (which shows a lot of hard work).

HardwareNews has written at some length about what seems less than optimal on the Bunnings website. To condense this as much as possible, let's just look at a product page on the Bunnings site, and a product page on US big-box home improvement retailer Lowe's.

Click to view Bunnings

Click to view Lowe's



This is a listing of what is on each page:

Bunnings

- Images: 4
- You might also like: 9 products
- Links to DIY advice
- Links to Bunnings Workshop

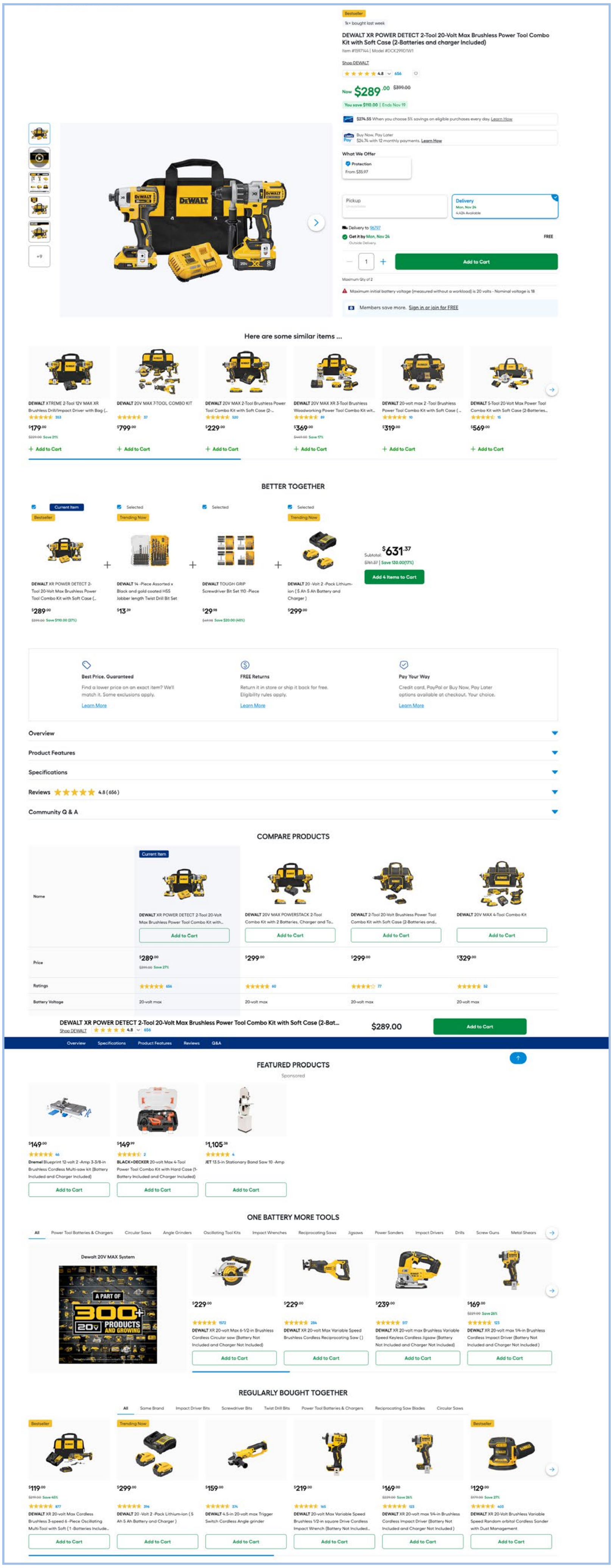
Lowe's

- Images: 13 + 1 video
- Here are some similar items: 36 products
- Better Together: Current item + 3 accessories
- Comparison products: Original product + 5 compares
- Featured products (sponsored): 4 products
- One Battery More Tools: 24 products
- More to Explore: 32 products
- Regularly bought together: 18 products
- Previous viewed listing
- Related searches listing

Bunnings provides a very narrow view into products. One Lowe's page delivers access to over 120 product links (though there are, of course, duplicates). Lowe's website receives over 1.3 billion visitors a year, with digital making up over 12% of sales — which is growing significantly. Online growth is a core strategy for the company.

In trying to understand why Bunnings, struggling with both sales growth and earnings growth, wouldn't consider enhancing its website, the only speculative conclusion that HardwareNews has been able to reach is that there are cultural forces at work here as well.

What Bunnings seems to want, more than anything, is to get more people to visit its physical stores. Much of the strategy revealed in FY2025 is intensely store-centric: more product ranges allied with more intense use of store space. The greater the foot-traffic, the greater the revenue from incidental purchases beyond the customer's initial intent.



The risk, though, is that they are excluding younger, more educated markets which prefer to shop online. These sales aren't being switched from online to in-store, they are simply getting lost.

Beyond that, though, there is this odd confrontation between the "poverty chic" design of the Bunnings warehouse format, and how you make a website work. Poverty chic just doesn't work online; if you try, all you get is a bad website. One set of pixels doesn't cost more than another set of pixels. What really does cost is a design that does not encourage visitors to make several purchases.

Though, to be fair, this might be as much a Wesfarmers problem as a Bunnings problem. While 10 years ago it made sense to divide up website development into divisional siloes, that's much less the case today — especially when it comes to leveraging AI-driven data analysis. Wesfarmers still sees its data and technology divisions as rendering a service to other siloes, and not as a business in its own right. There is just a little too much attention to how far the company has come since 2020, and too little attention to how far it is behind when it comes to 2030.

If HardwareNews is right, and this kind of cultural viewpoint is as pervasive as it seems, then it's easy to see why pursuing commercial/builder markets suits Bunnings so well. Those trade sales basically recreate the same customer relationships from the original late 1990s Bunnings. It affirms that basic culture.

Which is understandable. But it's difficult to see this as a fully risk-aware strategy that takes the best path to higher sales and higher profits.