



# **Australian Nuffield Farming Scholars Association**

C/- The Royal Agricultural Society of Victoria  
Royal Showgrounds, Epsom Road  
Ascot Vale, 3032  
Telephone (03) 9281 7424

**Subject:**  
**“A Holistic Approach to the Wool Industry”**

**by**

**KERRIE RICHARDS**

**1997 AUSTRALIAN NUFFIELD FARMING  
SCHOLAR**

**Sponsored by Qantas Airways Limited  
and the  
Merlyn Myer Fund**



## THE ASSOCIATION'S MISSION

**The Australian Nuffield Farming Scholars Association promotes excellence in all aspects of Australian agricultural production, distribution and management through the adoption of local and international best practice and the continuous development of a unique network of industry leaders and innovators.**

## CONTENTS

- 0.0 INTRODUCTION
- 1.0 OFF THE SHEEPS BACK
- 1.1 EDUCATION
  - 1.1.1 Business Management & Marketing
  - 1.1.2 Textile & Fibre Workshops
- 1.2 EFFICIENT & CONSISTENT SUPPLY OF RAW WOOL
  - 1.2.1 Co-operatives / Wool Groups
  - 1.2.2 End Market Knowledge
  - 1.2.3 Quality Management
  - 1.2.4 Supply Management
  - 1.2.5 Linkages with other Wool Groups
  - 1.2.6 On-Farm Value-Adding
  - 1.2.7 Off-Farm Value- Adding
- 1.3 SHEARING INDUSTRY
  - 1.3.1 Shearing Competitions
  - 1.3.2 Incentives for Better Shed Hands
  - 1.3.3 Quality Assurance in Shearing Sheds
- 2.0 PROCESSORS
- 2.1 DEALING DIRECT
  - 2.1.1 Closer Links between Woolgrowers & Processors
  - 2.1.2 Feedback & Traceability
  - 2.1.3 Value-Adding Opportunities in Australia
  - 2.1.4 Wool Technology Districts
  - 2.1.5 Industry Support
- 3.0 MANUFACTURERS
- 3.1 BENEFITS OF CLOSER LINKS & BETTER COMMUNICATION
  - 3.1.1 Yarn Testing
  - 3.1.2 Competitive Advantage
  - 3.1.3 Value-Adding by Woolgrowers
- 4.0 CONSUMERS
- 4.1 SHOPPING PATTERNS
  - 4.1.1 Convenience Shopping
  - 4.1.2 Direct Selling
- 4.2 VALUE FOR MONEY
  - 4.2.1 Performance
  - 4.2.2 Natural Fibres
  - 4.2.3 Blended Fibres
- 5.0 MARKETING & PROMOTION
- 5.1 WOOL MARKETING BODY
  - 5.1.1 Current Problems
  - 5.1.2 Organisational Structure
- 5.2 PROMOTION OF WOOL
  - 5.2.1 Domestic Promotion
  - 5.2.2 Tourism
  - 5.2.3 Agricultural Shows
  - 5.2.4 Direct Marketing & Selling
  - 5.2.5 Wool Concept Shop
  - 5.2.6 Overseas Wool Promotion
- 5.3 BRANDING
  - 5.3.1 Country of Origin
  - 5.3.2 Woolmark License
- 5.4 MEASUREMENT OF PROMOTIONS
  - 5.4.1 Communications & Accountability
  - 5.4.2 Dissemination of Information
- 6.0 CONCLUSION
- 6.1 EFFICIENT, TIMELY & CONSISTENT SUPPLY OF WOOL
- 6.2 WORKING WITH DOWN STREAM PROCESSORS
- 6.3 REMOVE LAYERS OF BUREAUCRACY
- 6.4 OVERHAUL THE WOOL MARKETING BODY
- 6.5 EFFECTIVE MARKETING OF WOOL
- 6.6 DOMESTIC MARKETING OF WOOL & VALUE-ADDING
- 6.7 NICHE MARKETING

## A Holistic Approach to the Wool Industry.

### 0.0 INTRODUCTION

As a Woolgrower and Managing Director of Merino Country Pty Ltd, I am involved in every aspect of production from getting the wool off the sheep's back, processing of the fabric, design and manufacturing of the garments, to marketing of the finished product.

My love of wool and commitment to the wool industry stems from my involvement with my family's sheep and cattle station in Western Queensland and also a number of woolgrower groups. My business has grown out of the need to not only promote wearable wool but to also make lightweight, machine washable wool readily available to consumers.

My passion is to promote wool and the wool industry as a whole. I am in constant contact with people from all sectors of the industry from shearers and woolgrowers right through to executives in multinational companies and most importantly - consumers. I have a huge network of people whom I can call upon for advice or assistance whatever the field may be.

The Nuffield Farming Scholarship has allowed me to extend this network into a more global base. I can honestly say that my Nuffield Scholarship has been a huge turning point for me and has had a fairly major effect on my life. It allowed me to take 5 months out of my business and look at what is going on not only in my particular industry but I also had the luxury of looking at many other businesses and industry with people very willing to divulge often quite sensitive information.

My Nuffield study topic was **Processing & Marketing of Wool and Primary Producer Co-operatives**. The people and businesses I made contact with during my travels were extremely diverse but allowed me to gain insights into a very complex industry from quite different angles. I met with farmers, fibre marketing boards, processors, manufacturers, retailers, journalists, fashion designers, academics and many others.

It is very difficult to condense five very intense and interesting months into a few pages. There are many things I would have liked to include in this report but haven't. I have concentrated on the Wool Industry, the problems it faces and in my view some solutions. I was extremely interested in what many of the countries were doing in regard to the urban drift and aging population of farmers and what was being done to keep young farmers on the land.

Subsidies in Europe and the UK were a great fascination and I also spent a lot of time looking at different primary producer co-operatives and marketing bodies and why they have or haven't worked.

I hadn't intended to spend too much time with IWS (or as it is now known the Woolmark Company) people, however, where ever I went and who ever I spoke with they would invariably be mentioned. Some were good stories, however, many quite disappointing.

I have been involved with the wool industry in a number of different capacities for many years and my Nuffield Farming Scholarship has reinforced many ideas and given me a much better view and understanding of a very complex industry. I believe that with the skills and experience I have gained that I have much to offer to the ongoing future and viability of an industry in deep distress.

The world does want Australian Merino Wool, however, the basic problems are the way wool is marketed and the lack of communication between the different links in the production chain.

## 1.0 OFF THE SHEEPS BACK

### 1.1 EDUCATION

A big problem faced by woolgrowers worldwide seems to be a lack of understanding of what happens to their product after it leaves the farm gate, the world markets in which our product is sold and the competition our raw product competes with. I believe that in order for our industry to survive into the next century, this generation and the next generation of woolgrowers must become more informed and educated.

#### 1.1.1 Business Management & Marketing

There are an amazing amount of opportunities available to young people in the wool industry, however, it is a matter of identifying them and having the skills and ability to fulfill them. My suggestions for any young farmers thinking of doing further studies after school is to look at Business Management and Marketing (particularly International Marketing) courses. There are also many short courses available for woolgrowers looking at improving their skills without having to do years of study.

#### 1.1.2 Textile & Fibre Workshops

In the early days of the Australian Wool Industry, Elizabeth McArthur sent her husband and son to Germany to work in wool processing plants so that they could understand exactly what sort of quality and type of wool the market wanted. Elizabeth then spent two years traveling through Europe using some of the first quantitative measuring of wool to put together a high quality flock which formed the basis of Australia's sheep flock today.

Woolgrowers don't have the time to go and work for a number of years in a processing or manufacturing plant, but they still need an understanding of the downstream wool processing and manufacturing industry and there are some excellent short courses and workshops to do this. The Royal Melbourne Institute of Textiles offers a series of short courses at their facilities in Melbourne or can also structure workshops for groups in other states. These courses are designed to give participants an insight and understanding of what happens to different fibres from the raw product right through to the finished garment.

## 1.2 EFFICIENT & CONSISTENT SUPPLY OF RAW WOOL

Woolgrowers tend to concentrate their efforts on what they do best, which is growing the best quality wool possible. However, what is the point if the market doesn't want that type of wool, doesn't distinguish between "good" quality and "inferior" wools, and the wool is blended with other types of wool. One of the first things woolgrowers have to do is find out what their wool is being used for and who is using it. There are many external factors, which effect the wool industry which woolgrowers don't have any control over. However, there are a number of actions that they can take which will increase the consistency and efficiency in the way woolgrowers supply raw wool and will create marketing advantages and opportunities, ultimately contributing to better returns from wool production.

#### 1.2.1 Co-operatives / Wool Groups

"Co-operatives are the Daughters of Distress" is how an Irishman described the reason for the start of most co-operatives. There are definite advantages of working together in times of duress. The benefits of wool producer groups or co-operatives are not only to supply wool in a more efficient and effective manner but to have some clout in the wool industry.

In the last few years a number of woolgrower groups have grown out of the frustration of declining returns from wool. Some of these include Quality Wool Suppliers, Traprock, Homestead, Pinnacle, Elite to name but a few. All are to be commended as there is a great need for growers to be more involved and have a better understanding of their product after it leaves the farm gate.

As it stands, individual woolgrower entities do not carry a lot of clout in the market place, neither do small wool groups. From my experience with processors, they do want to deal directly with woolgrowers but they need consistent supply and consistent quality of product, which means they would prefer to deal with larger groups who are well organised. (eg groups with 5-10,000 tonne capacity or 25,000 - 50,000 bales). In order to be able to capitalize on this woolgrowers must first of all put in place procedures to ensure quality and on-going supplies of wool. Some of the actions that wool producers need to implement to be able to fulfill processors' requirements are as follows

### 1.2.2 End Market Knowledge

Become aware of what happens to the raw product beyond the farmgate to understand the quality requirements for your product, the difficulties that processors face and trends in demand for finished wool products that may impact on woolgrowers' marketing opportunities.

Wool competes with a range of fibres to maintain a significant role in the global textile markets. The market for wool is rapidly changing and in the medium to long term will take on a radically different appearance to that at present

The trend to direct sale of wool to overseas and local processors will increase in its importance over the conventional route through the central auction system, which is subject to "spot" market fluctuations.

As such, there will be an increasing level of demand for wool, which is produced to processor requirements, which in turn meeting the requirements of the textile market. Processors want to be much closer to wool producers who demonstrate a commitment to quality and consistency. This will require growers to have a higher commitment to consistency and fleece quality.

### 1.2.3 Quality Management

Adoption of quality assurance programs by wool groups per se will not improve returns to growers, but as part of a marketing strategy to differentiate their wool in the marketplace it will be a very important factor in providing a consistent quality product.

### 1.2.4 Supply Management - Computerization of Wool Records

Most woolgrowers have detailed historical data regarding their wool clips, sheep mobs, weather records etc, which can be utilised to assist in marketing their product. By using software systems such as e-wool TM wool, which provide Clip Analysis, Sheep Plans, Production Planning, Full Clip Forecast, Cost of Production Modeling and Target Price Setting Systems this type of information is a very powerful marketing and sales tool.

### 1.2.5 Linkages with other wool groups.

In order to be able to supply wool consistently and on a timely basis, it is vital to be able to work with other wool groups in different regions to be able to overcome problems such as *quantities of wool???*, weather conditions and wool quality

### 1.2.6 On-farm Value-Adding

Value adding doesn't necessarily mean that producers get involved in making jumpers. From my experience it is definitely not an easy road to travel. However, value-adding does mean "giving value" to your product in order to get better returns. Following are a few things that producers have control over and can implement on-farm to give more value to the raw product (*from Quality Wool Suppliers Supply Management Manual*).

- a) **Lambing Percentage for structured flock improvement** - improving lambing percentages can significantly improve financial returns
- b) **Setting micron goals to develop marketing options**  
Shifting micron can improve overall returns.

- c) **Selecting a 'High Performance' flock to set and monitor benchmarks**  
Select a mob of high performing sheep and use this mob as a benchmark for the rest of the flock.
- d) **Ram selection to meet micron and productivity goals**  
Selecting rams that best meet production and quality objectives can significantly improve returns.
- e) **Optimise stocking rates**  
Lower stocking rates can result in the same or improved productivity.
- f) **Costs of Production and Setting Target Prices**  
Knowing your costs of production is important to manage effectively.
- g) **Animal Husbandry Information / Innovation**  
Proactively seek out information to assist in setting benchmarks and objectives and keep up to date with the latest products and technology advancements. Discussion amongst local graziers is often extremely productive and inexpensive.

### 1.2.7 Off-Farm Value-Adding

As mentioned previously value adding is not just making an end product, but is about giving value to a product. This means highlighting the benefits of using particular wools from particular areas and the benefits processors, manufacturers and retailers will receive from doing so.

#### a) **Niche Marketing**

In the past wool has been seen simply as a commodity and traded as such. It has also been promoted as an elite fibre. However, wool should be regarded as a unique fibre and it's qualities and market differences highlighted. In particular wool groups from different regions have benefits, which other areas do not have and these can be used as intrinsic marketing tools. Eg. Wool grown in Western Queensland is relatively chemical-free, has low vegetable matter and is white and bright.

#### d) **Direct Links with Processors / Manufacturers and Retailers.**

Knitters and weavers are increasingly interested in improving the reliability and consistency of yarn raw material -they believe they can extract higher margins from products which require greater control over fibre consistency. Customers want to be protected from fluctuations in raw material pricing to their operations, and are prepared to forward-contract requirements to ensure quality fibre. With increasing interest and market requirement (driven from the retail market) for tractability and ISO-standard systems of quality assurance, woolgrowers have the opportunity to move closer to the users of their product. Not only will this provide benefits to processors but it will also take some of the handling costs out of the supply chain.

#### c) **Own Product Range**

The last few years has seen the emergence of some incredibly innovative wool products which have invariably originated from woolgrowers who out of frustration have set up their own labels and ventured into manufacturing wool garments. This is not for the lighthearted and is fraught with much frustration and outlay of capital. Some of the woolgrower based labels who have been successful include: Laincot – 30% Wool/70% Cotton Jeans by Bruce Forster & Sue Rapley, Tasmania; Merino Country – lightweight, machine washable casual wool clothing – Kerrie Richards (and the new WUNDIES -100% wool underpants for the working man!!), Queensland; Toorallie – colourful, machine washable wool jumpers – Claire & Peter Smith, New South Wales; Casaveen – Classic Style Knitwear - Claire McShane, Tasmania. There are many more successful woolgrowers that have gone down this track, however, all will tell you of the many

pitfalls and the persistence and determination needed to pursue this avenue. Especially when there is little support from the industry body who cannot see that from small ventures arise big things.

### 1.3 SHEARING INDUSTRY

Efficiency and quality of the harvesting of wool by shearers' impacts upon every link in the marketing chain in terms of costs of production, contamination costs, downtime in machinery and end-product quality issues.

#### 1.3.1 Shearing Competitions

The shearing industry has been a neglected but very vital part of the production system. In the last few years there has been an emergence of shearing competitions on a regional, state, national and world basis.

Competitions such as the Sportsshear, Quickshear, Diamond Shears and the Golden Shears are highlighting the levels of skill and professionalism in the shearing industry. I have been involved in many shearing competitions in Australia, but have also spoken with a number of shearers and roustabouts in New Zealand, the UK, Ireland, Scotland and the general feeling is that these competitions provide a great platform to not only benchmark skills but provide an important arena for keeping the shearing culture alive.

#### 1.3.2 Incentives for Better Shed Hands

Having worked in shearing sheds and also as a roustabout myself, I believe that the remuneration for shed hands is not fair or equitable. It doesn't matter whether or not you are a top roustabout or a learner, the wage is the same. There is no incentive to stay in the position of a shedhand. However, they are vital to the smooth running of the shed and even to the quality of the clip and there should be incentives and recognition from the industry of the important and vital role the roustabout plays.

#### 1.3.3 Quality Assurance in Shearing Sheds

Shearing Competitions, Industry Training, Communication and Feedback to Shearers & Roustabouts, Recognition and Fair Remuneration for Skills are important in creating and maintaining a professional standard in the shearing industry which contributes to the Quality Assurance Systems put in place on-farm.

## 2.0 PROCESSORS

As mentioned before one of the biggest problems with the wool industry is the lack of communication and understanding of each stage of the supply chain. This was demonstrated to me on a number of occasions when I met with processors in the UK and Europe and is a reflection of what is apparent here in Australia. Most early stage processors of wool in the UK tend to buy their raw wool through agents in that country who buy from agents in Australia, New Zealand and South Africa.

### 2.1 DEALING DIRECT

Many processors would deal directly with woolgrowers, however, they don't know how to go about it and they don't fully understand the benefits available to them as well as to woolgrowers by doing so. They don't want to deal with individuals or small groups with limited amounts of wool - they want large quantities of quality assured wool which is consistent and delivered in a timely and efficient manner.

#### 2.1.1 Closer Links between Woolgrowers & Processors

It is in the best interest of woolgrowers, early stage processors and downstream processors to become more familiar with each other's activities and to have a better understanding of the requirements at each stage. The wool industry is shrinking and to remain competitive in the world textile market it is vital that closer links are forged.

#### 2.1.2 Feedback & Traceability

I believe that woolgrowers should be forming alliances with processors on a supply and marketing level, which will give benefits to not only woolgrowers and processors but also the downstream users of the product. There is a need for greater investment by processors in supply reliability and there is the opportunity for woolgrowers to plan and manage their production so as to meet processor specifications. Feedback to woolgrowers on the performance of their wool and control of it through the processing chain is an important part in guaranteeing a quality end product. Traceability of products is something that is becoming more prevalent in the agricultural industry and being able to identify the source of raw products and track it through the processing chain will take on more importance in the future as will quality assurance issues.

#### 2.1.3 Value Adding Opportunities in Australia

Something I found quite amusing (but serious) was the fact that many of the processors that I met with in Europe and the UK just couldn't understand why we send our raw product away for processing - they actually think that we are quite stupid and wonder why we aren't doing more processing in Australia.

I believe that there are opportunities for more processing facilities in Australia and that as processing tends to be more capital intensive rather than labour intensive that we can compete with other countries. We have the raw product, we have the space, we have the technology and with the growing problems in Europe and Asia of waste disposal and environmental issues, we have the opportunities to develop alliances to secure end markets and put in place processing facilities in regional areas in Australia.

#### 2.1.4 Wool Technology Districts

This idea is supported by Y.Li from the Institute of Textiles and Clothing, Hong Kong Polytechnic University who wrote a paper in 1997 titled *Technology Districts: A Growth Path for the Australian Wool Industry*. His model suggests that "the Australian wool industry should be able to improve its competitiveness by establishing wool-technology districts with essential industrial infrastructure". Dr Mark Dolling followed up with a discussion paper based on Y.Li writings with a strategy based on Technology Districts within Australia "featuring wool production, topmaking, research & development, training, fabric finishing, garment manufacture, and high value retail exports."

#### 2.1.5 Industry Support

There is an unfortunate attitude from our industry body that there shouldn't be any domestic promotion of wool as we don't have the population to make it worthwhile. However, in order to create further export opportunities for wool in value-added stage we need to be increasing domestic use. By encouraging consumers to buy Australian Grown and Made wool products it is assisting local manufacturers to stay in existence and to expand.

HOW can small businesses expand into big businesses if they don't start with the local market? We produce world quality wool fabrics and products right here in Australia and the Woolmark Company should be helping local businesses to grow through marketing and promotional support whether they are woolmark licensees or not.

I find it absolutely incredible that consumers (both retail and wholesale) can't even obtain comprehensive information from Woolmark about where to purchase particular products. I have heard of many examples where people ring Woolmark to locate product and are told that that information is not available. I especially am appalled at many (not all) of the Woolmark employees negative attitudes to woolgrowers who are trying to get involved in value-adding and marketing of wool themselves.

### 3.0 MANUFACTURERS

Many knitters and weavers are gearing their operations to use other fibres, both natural and man-made as well as wool and are looking to cut costs by using blends and using their equipment for other purposes. There was only one company I saw in the UK that had made a conscious decision to use only 100% wool. They had been using synthetics and blends but decided that they needed something that made them unique and their strength lay in producing very good quality wool products and they were going to use that strength to position themselves in the marketplace.

#### 3.1 BENEFITS OF CLOSER LINKS AND BETTER COMMUNICATION

It was quite clear to me that many knitters and weavers I came across do not have a really good understanding of the product that they use and in many cases relied on their suppliers to recommend the qualities of yarns they should be using. There weren't too many manufacturers that understood terms

such as co-efficient of variation in micron and the benefits that are to be gained by using straight fleece lines of wool from particular areas. These benefits are reflected in such things as higher yields, less down time on machinery, better quality end products.

I believe that it is up to Woolgrowers to make sure that manufacturers know the benefits of working closely with woolgrowers and processors. In my own business, I've demonstrated the difference in the quality of my fabrics by using straight fleece lines versus blended tops and by having the yarn from different mills tested before I use them. If woolgrowers can convince manufacturers of the benefits, and work with the processors to provide this type of product, it will eventually be beneficial for all concerned.

##### 3.1.1 Yarn Testing

The testing of yarns before they are used is an important tool that manufacturers can use to quantify their decisions for using a particular yarn. The quality of the yarn has a great impact on the end product and acceptable parameters can be set, samples tested and decisions made on quality. Knitters and Weavers need to test the aspect parameters (Uniformity, Hairiness, Imperfections) and the geometrical parameters (Tenacity and Elongation) and use industry standards to determine what is acceptable for their needs.

##### 3.1.2 Competitive Advantage

In this extremely competitive textile industry any advantage that can be gained should be utilised. By identifying where the wool comes from and using this in advertising, marketing and even branding of products manufacturers can use this point of difference to differentiate from other wool products and even textiles. By working closely with woolgrowers, manufacturers can utilise such aspects as regional groups environmental and ecological factors, and wool quality and even the farm or farms the wool came from, eg. "This is Farmer Joe and his dog Rover, the wool you're wearing comes from their farm on open plains of outback of Australia where the air is clean and....etc ....etc." giving the product a history and identity and something the consumer can associate with.

##### 3.1.3 Value-Adding by Woolgrowers

It seems that many of the people behind the new types of casual, washable and wearable wool products are woolgrowers who have become so frustrated with the performance and attitudes of the IWS (Woolmark Company) that they have decided to "give it a go" themselves. Most of these products are aimed at the "average" person to be worn as everyday garments. Many of these woolgrowers have gone on "the Show Circuit" to sell their wares which is extremely hard work but gets to an incredible amount of people in a short time with a relatively small budget.

Not only is Australia a wool leader in the production of wool but we are also producing some incredible innovative wool and wool-blend products which are not readily available in the countries that I visited on my study trip including: England, Ireland, Scotland, France, Germany, Italy, Singapore, Malaysia and Thailand. Some of these products include: wool underwear and lingerie, the wool/cotton jeans, wool t-shirts, rugby jerseys and other casual, everyday garments, and surprisingly enough, machine washable, prickle-free wool jumpers.

There are an incredible amount of opportunities available to Australian manufacturers of wool products in the overseas markets. However, from experience there is the need to reach economy of scale within our local market in order to be able to tap in to the bigger picture with consistent quality and timely delivery of product.

### 4.0 CONSUMERS

Ultimately it is the consumers' needs we should be fulfilling and to not assume what it is that they want or their perceptions of our product - wool. The problems that wool faces are that many consumers still have huge misconceptions about its comfort and performance ability. With the advance of technology wool is now user-friendly and is machine-washable, doesn't prickle, is not just big heavy jumpers and overcoats and can be worn all year round. Consumers need to know why wool is so good to wear as an everyday item and the qualities it has that other fibres do not.

#### 4.1 SHOPPING PATTERNS

Consumers shopping patterns are changing and the wool industry needs to recognise this in order to take advantage of it.

In this age of mass markets and advertising, people want to be recognised and treated as individuals. People shop for basically two reasons -

\* *specifically for an item; or*

\* *for leisure.*

##### 4.1.1 Convenience Shopping

If a consumer is shopping specifically for an item there are a number of things which are important - convenience - parking / location of shop / ease of finding product in the store / choice of product available. If they are shopping for leisure other factors such as aesthetics, variety of shops, and service become a priority - their shopping experience is about enjoyment and it is not so much about the items purchased but the pleasure and ease the shopper has had in doing so.

In Germany for example, huge shopping centers have been built outside of the usual shopping areas near major intersections of autobahns. The idea of this is convenience, ease of parking and a huge variety of stores in one spot.

Shopping centers are trying to make the whole shopping experience a lot easier for consumers and some of the services being offered include: childminding, personalised fittings, customer service, return policies, branding, value-for-money.

##### 4.1.2 Direct Selling

Direct selling or even personalized selling is becoming very popular all over the world. It offers a whole new experience for the consumer with convenience being an important factor. Once consumers become familiar and comfortable with the concept of shopping from home, they do a lot more of it with different products. Dealing directly with manufacturers has a great advantage for both the suppliers and users of product including direct feedback on style, quality and performance and often-lower prices as it cuts out the middleman and the need for costly retail outlets.

Mail Order Shopping offers the convenience of shopping from home, a wide selection of goods, prompt service and return policies in order that if products aren't suitable they're sent straight back.

Home Presentations or Party Plan are a growing industry, which brings in a very social aspect to shopping and is fun, a pleasant experience with extremely personalized service. It also offers individuals the opportunity to make money without huge outlays.

The Internet also offers the same type of service whereby people can shop from the ease of their armchair. Wool websites and Internet shopping malls offer a whole new marketing challenge for the wool industry, which should be embraced.

#### 4.2 VALUE FOR MONEY

People want value for money and want clothing that is versatile and that can be worn for a variety of occasions including work and weekend wear. There is only a certain amount of disposable income that people can afford to part with and people are tending to spend more of it on leisure activities such as dining out and holidays. However, it means that consumers want their clothing to last longer and even though overall they may spend less money on their wardrobes, they are spending more money on individual items of clothing and want quality, value-for-money items, which will last longer and perform better.

##### 4.2.1 Performance

With the hectic pace of today many people have extremely busy lifestyles with little time for shopping or hard to wash clothing. The average person wants easy-care, machine washable, tumble dry clothing that looks good without having to do much to it. eg. ironing, drycleaning. With the advent of technology wool is now more user-friendly than it ever was and not only meets all these requirements but has other performance qualities which make it a desirable product for the busy individual.

##### 4.2.3 Natural Fibres

It seems that now more than ever people are more concerned with environmental and health issues, eating natural or organic foods, using natural medicines and alternative healing methods and wearing natural fibres such as cotton, silk, linen, wool.

Many specialty stores and manufactures that concentrate on using natural fibres or blended natural fibres are becoming more prevalent because there is a demand for such products. Wool is a renewable resource and this marketing aspect should be highlighted especially when compared to cotton which has huge problems associated with chemicals at the growth phase and the non-renewable, petroleum based synthetics.

##### 4.2.4 Blended Fibres

With the capabilities of being able to successfully blend fibres, new fabrics and opportunities are endless. Such products as the new wool/cotton fabrics mean that by blending two natural fibres you are getting the best of both fibres and creating new markets eg. Wool jeans.

#### 5.0 MARKETING & PROMOTION

##### 5.1 WOOL MARKETING BODY

For many years woolgrowers have relied on their industry body to promote and market their woolclip to create a demand for their raw product. However, something has gone terribly wrong but there is no use throwing the baby out with the bathwater and getting rid of the Woolmark. However, our wool marketing body and marketing strategies need to be completely overhauled and to be much more efficient and effective. Who is really benefiting from the Woolmark Company (formerly IWS International, formerly the International Wool Secretariat, formerly the Australian Wool Corporation, etc etc.) and who has ownership of the woolmark??? The recognition level of our (???) woolmark overseas is quite high and there is no point in getting rid of it - however it does have to be managed and marketed more effectively as it does not necessarily mean quality anymore and its relevance is declining.

##### 5.1.1 Current Problems

Some of the problems that our wool marketing body, currently known as the Woolmark Company, are: bureaucracy, not in touch with market trends, out of touch with consumer needs, inefficient and ineffective marketing, not focused enough, no real direction, doesn't seem to be any strategy or plan for the future of the industry, proactive rather than reactive, too many ineffective people working for it, wastage of money.

I have spent a lot of time with many different members of the Woolmark Company with the majority of them being quite committed to wool, however, they may be very committed and efficient at their job, but this does not mean that what they do is effective in the scheme of things. There seems to be major communication and directional problems within the organisation which is translated into the fact that at this point in time wools' share of the global textile market is at an all time low and so are wool prices.

I find the pervading attitude of the Woolmark company as being quite pompous, condescending and often elitist. I do not include all employees in this statement, however, it is the general feeling that the body exudes.

However, the problems are not just with our industry body - it starts at the ground roots level with the archaic attitudes of some woolgrowers - our industry is a very "traditional" one and it is very difficult for many people to accept change. Some of the intrinsic problems extend to the fact that for many years the price being received for wool was incredibly high and many woolgrowers just waved goodbye to their product at the farmgate and let other people be responsible for the actual selling of their product. This created a situation whereby there have been an incredible amount of middlemen taking a bite of the cherry creating a very expensive end product. The very people who were once working for the industry are now the ones controlling it and they do not want to lose their jobs.

##### 5.1.2 Organisational Structure

The current organisational structure of the industry is unwieldy, undemocratic, has too many layers of beauracracy and there are too many so-called "representative" bodies for the different players in the industry with vastly different agendas.

The Woolmark Company, (or known as The Wool Board, The Australian Wool Board, The AWC, The Australian Wool Corporation, The International Wool Secretariat, IWS International etc etc!!!) needs to decide exactly what it's role in the industry is and how it can best fulfill this. At this point in time they seem to be trying to fulfill a number of very different roles which is diluting their efforts and funding in all areas. It seems to me that in a lot of cases the Woolmark Company is actually duplicating research and development work already being carried out in the industry by commercial enterprises.

There are no easy or instant answers to the problems the wool industry is facing at the moment. What we need is strong leadership, unity, communication and a simple, workable strategic plan that will take wool into the next century and more importantly as a fibre of the next millennium. I look forward to the release of Ian McLachlan's report.

##### 5.2 PROMOTION OF WOOL

When any business (large or small) puts money into promotion and research there should be one of either two outcomes (or both):

1. *an increase in sales of the product, or*
2. *an increase in the price received for the product.*

This should result in a return on the money invested and if neither of these objectives are achieved, then policies have to be reviewed and changed or the people involved removed and someone else given the task of achieving results.



For various reasons wool has been promoted in the top end of the textile market as an "upmarket" product. However, I believe that with new technologies and blends that wool is a much more versatile product than it has ever been before and as an industry we should be taking advantage of these factors by:

- **Promoting wool as a unique fibre not an elite fibre**
- **Promoting the natural qualities of wool and why it is so good to wear ie. *breathability, absorbancy, durability, insulative properties, flame and soil resistance, etc***
- **Promoting the new types of wool ie. *User-friendly, Lightweight, Prickle-Free, Casual, Machine Washable and Woolblends (most people's immediate reaction to wool is that its' heavy, prickly and shrinks)***

The amount of money spent in the past on marketing wool is just incredible and what is even worse is how ineffective and inefficient it has been. It is possible to be innovative and imaginative and get results without spending huge wads of cash. A case in point is the Spinning Yarns wool parades held at the 1998 Queensland Royal Show - the feedback from this has been that it is the best wool promotion that many people have ever seen - it was informative, educational and entertaining, showed off the versatility of wool products incorporating wool gear for everyday wear but also with a touch of glamour. Promotion of wool should be about why it is such a good product to use and wear and the benefits the user or wearer receives. Even the very simple act of walking three sheep down the street in New York got more publicity in America than any promotional campaigns that have recently been run over there.

#### **5.2.1 Domestic Promotion**

There are virtually no funds being spent in Australia on the promotion of wool nationally. I have had many discussions with numerous

IWS employees regarding this issue and the basic argument has always been that our markets here aren't big enough to justify the expenditure. We have a population of approximately nineteen million people and we have a very high standard of living along with a thriving tourism industry, which constitutes a sizable market for most manufacturers. Why should the rest of the world wear our product if we don't?

Woolmark did sponsor the Melbourne Fashion Week but it seems to me to once again to be misspent funds. It is important to have a presence at this event but I don't believe that being the major sponsor was at all effective in promoting wool and more importantly improving sales of wool.

#### **5.2.2 Tourism**

Small countries such as Ireland, Scotland and New Zealand use sheep and wool as part of their heritage and tourism industry. Wool products are very much souvenirs and woollen mills are much seen attractions in those countries. Ireland - hand knitting, cottage industry. Much of the time the wool being used in many of their products is actually Australian Wool as their wool types (usually more carpet wools) are not suitable for apparel wear, however, the average punter thinks that the beautiful fine Pringle jumpers in Scotland for example, comes from the sheep they see on the sides of the mountains in the highlands.

We need to have an active promotional program within Australia in order to develop a wool culture in our own country so that every time an Australian goes overseas they are an ambassador for wool and every visitor that comes to our country leaves with a wool product as a reminder of their stay or as a gift. The Australian Wool Industry has the opportunity to capitalise on tourism, the way New Zealand, England, Ireland and Scotland have. This could be done by promoting sheep and wool, as part of our history and heritage and also, as part of our life now.

We are producing some incredibly innovative wool products in Australia and they are gifts which tourists will take great pride in taking home. There is also great potential to capitalise on farm-stays, shearing etc.

#### **5.2.3 Agricultural Shows**

The Woolmark Company has stopped being involved with the promotion of wool at the major Royal Agricultural Shows. This is a great shame as these offer great opportunities to promote and educate the general public about wool, and wool parades in conjunction with wool trade exhibits mean direct sales and instant feedback from the public. Many of the Royal Show Committees are struggling to keep their wool parades afloat due to the expenses involved and what they feel is the lack of support from the Wool Industry. The cotton parades are backed by the Australian Cotton Foundation and are extremely successful with the same format being used at most of the major shows.

There are great opportunities for the Woolmark Company to get behind the Royal Agricultural Show wool parades again. This could be done by the allocation of a certain amount of funds to the production of a wool parade that would be performed in each state at their Royal Show with each committee contributing funds, this could then be used as a base to attract, if necessary, further sponsorship. The costs of production etc. could be amortised over the seven or so major Royal Shows. My company, Merino Country, co-ordinated the Wool Parades at the Brisbane Royal Show in Brisbane in 1998 and will be do so again in 1999 along with the Melbourne Sheep & Wool Show and Melbourne Royal Show parades. I am fully aware of the pressures being placed on the Show committees but also of the opportunities available not only on the domestic market but also in the international arena. Agricultural Shows overseas could also provide a great platform for the promotion of wool.

#### **5.2.4 Direct Marketing & Selling**

Some of these opportunities included a Wool Mail Order brochure with a variety of products, which could be a joint venture with manufacturers and retailers. With many consumers now quite comfortable with shopping from home this concept could be extended to the internet with an extensive range of wool products available to consumers in their own homes.

#### **5.2.5 Wool Concept Shop**

With the Olympic Games attracting huge numbers of overseas visitors to our country, the idea of a Wool Concept Shop in Sydney (similar to the Cotton one) with products being put in on consignment in order that the funds are not tied up in stock. Not only would a wide variety of wool products be on sale but information about the availability of other wool products, fabrics, raw wool, farm-holidays etc.(anything to do with the sheep and wool industry) should also be promoted. In order to get this going it could be established on a co-operative basis and be closely linked with the idea of a Wool Mail Order Brochure and a Wool Web Page on the Internet.

#### **5.2.6 Overseas Wool Promotion**

The last few Woolmark campaigns have not had the desired effects or results - hopefully the 1999 campaign will prove to be more successful and more relevant to consumers. There are an incredible amount of opportunities that the Woolmark company can capitalise upon, however, I believe the answers lie in niche marketing. This applies to not only the end product but also to the raw product and there is plenty of scope to be niche marketing and promoting Australian Merino Wool to spinners and weavers, paving the way for closer relationships between woolgrowers and processors.

### **5.3 BRANDING**

Wool is currently promoted as a generic product, however, the opportunities are quite vast in regards to branding wool for certain markets with aspects such as AUSTRALIAN MERINO WOOL, MERINO WOOL, QUEENSLAND WOOL, TASMANIAN

WOOL etc. etc. During my investigations in the UK and Europe I found that this concept has worked extremely well for both New Zealand and British Wool and that they have benefited by promoting not only the benefits of using wool grown in their country but have also used the images of their environment as a marketing tool.

I attended a number of yarn and textile trade shows whilst in Europe and it was interesting to see that many spinners were under the impression that New Zealand Merino wool was quite superior to any other type of merino wool. This was not just the result of branding but with consistent and regular contact being made with spinners by representatives from MerinoNZ who are based in Scotland but are constantly in touch with relevant processors.

### 5.3.1 Country of Origin

Branding by country of origin may not be relevant for all scenarios, however, I did see some very good examples of retail outlets in the UK promoting merino products with information about Australia and where the product had originated from. This concept seemed to be working as it gave the garments a point of difference; a history, information about a country that consumers could relate to, and highlighted the quality of the product – “everybody knows that Australia grows the best and finest wool in the world and we only use the best”. Australian Merino Wool is held in high esteem and we should be capitalizing on our unique qualities. This is not just the raw product but also value-added products as well.

With my own company, Merino Country, I use the expression “*From the Heart of the Outback - Australian Merino Wool*”. I do not use the woolmark symbol but instead have flags on the outside of the garments with either “Australian Wool” or “Merino Wool” with those simple words stating the quality of my product.

### 5.3.2 Woolmark License

In my discussions with many manufacturers (both Domestic and Overseas) who were Woolmark Licensees there were not many who felt that they were getting any real benefit besides having the use of the Woolmark Logo on their products. Many felt that because they weren't really big enterprises (this included one company that produced a million units of wool jumpers a year) that the Woolmark Company couldn't be bothered with them. The feedback I have received from numerous manufacturers and processors is that there is a general feeling that the Woolmark Company attitudes are tinged with arrogance and a sense of elitism.

Many comments were also made about the timeliness and relevance of information distributed by the Woolmark Company. Many of its projects and trials have often already been carried out by commercial enterprises who after using economic rationalisation have not proceeded with them, or often they are already using particular methods long before the Woolmark Company even thought of them. There was very much a general feeling that the Woolmark Company was shutting the gate after the horse had bolted with many of its activities.

However, some of the larger companies who were not only licensees but who were also involved in some sort of joint-ventures with the Woolmark Company felt that they received a great service from the Woolmark Company in terms of information on fashion and colour trends, technical details etc – this was very much the minority.

In regard to the Woolmark logo itself – it does have relevance in certain markets and is recognised as a mark of quality. The problem is that it has been prostituted and a scratchy, prickly badly made sweater carries the same mark as a top quality, fine suit. There is no point in “throwing the baby out with the bathwater” and getting rid of the Woolmark logo, however, there is a need to overhaul the system.

I don't believe that charging the very high amount for the use of the logo is the answer, as this is simply a revenue raising activity

and is not about endorsing quality products. Due to the very high costs of becoming a licensee and the fact that it doesn't have the value that it once did, many businesses do not use the logo, preferring to put that money into promoting their own brand. With the last wool promotion campaign the IWS ran, the basis of it was “Trust the Wool that Wears the Woolmark”, which was not promoting wool itself but the actual logo and disadvantaging companies that weren't using the woolmark.

## 5.4 MEASUREMENT OF PROMOTIONS

From my discussions with various members of the IWS (Woolmark Company), market research carried out by Mills & Brown (world's largest monitoring service and advertising auditors) on the effects of consumer advertising basically show that there is a high consumer awareness of the woolmark logo amongst a lot of other qualitative perceptions and trends. I would like to see what these results are based upon, how they are obtained and what they are compared to - it is very easy to manipulate statistics to get a favorable result. When I asked if it is possible to obtain more detailed reports from Mills & Brown on their analysis of the advertising agency Abbot Mead Vicors wool promotion campaigns I was told that this sort of information was not available.

I was told that there is no actual monitoring of sales of wool - raw or value-added products in regard to these promotions. I would like to know exactly how these campaigns are audited and would like to see results which actually justify the expenditure - the bottom

line is that there must be some return on the investments made and the Woolmark Company must be accountable for it's actions.

### 5.4.1 Communication & Accountability

A very big problem that the Woolmark Company has is that not lots of people really understand its function or know what projects and trials it is involved with. Better communication with its shareholders (woolgrowers) and licensees is absolutely vital in order to let their major stakeholders know exactly where their money is being spent and what they are getting for it.

### 5.4.2 Dissemination of Information

I recently attended a field day put on by the Dairy Research Corporation in New Zealand and was extremely impressed with the way they got a lot of information in an entertaining and informative format across to dairy farmers. Instead of holding a series of seminars in a hall and sitting in one spot for hours, a series of information billboards were erected on their research farm and in an organised manner small groups (20-30 at a time) of farmers were escorted to approximately 12 of these sites whereby presentations were given on particular research projects and their outcomes, farmers had the chance to ask questions and information booklets were provided - very effective way for farmers to see how their R& D levies were being spent.

A similar sort of presentation could be done by the Woolmark Company on a state by state basis in conjunction with the Royal Shows to ensure getting to as many woolgrowers as possible. Another suggestion is a monthly activity statement / newsletter which is quite condensed in conjunction with the Wool magazine stating the current research projects, their costs and the reason for carrying them out and what it is that they hope to achieve.

## 6.0 CONCLUSION

In my opinion there is a bright future for wool, however, changes are needed to take the industry into the next millenium.

**The answers to some of the problems of the wool industry are extremely clear:**

1. **Efficient & Consistent Supply of Raw Wool**
2. **Direct links with both early-stage and down-stream processors**

3. **One Efficient Marketing and Representative Body for the entire Wool Industry**

4. **Niche Marketing & Value-Adding**

**6.1 EFFICIENT, TIMELY AND CONSISTENT SUPPLY OF QUALITY ASSURED WOOL**

Woolgrower groups need to work together to establish a co-ordinated supply of wool to deal directly with processors.

1. Supply Chain Quality Assurance
2. Computerised compilation and use of data
3. Networking with other woolgroups Professionalism
4. Professionalism

**6.2 WORKING WITH DOWN STREAM PROCESSORS**

It is not just a matter of working with early-stage processors of wool. In order to convince them to change their wool purchasing methods it is necessary to work with the downstream processors -ie spinners, knitters / weavers, manufacturers and convince them of the intrinsic benefits of working with woolgrowers ie. better yarn and fabric yields, decreased cost of production due to increased fibre quality, marketing opportunities etc.

**6.3 REMOVE LAYERS OF BUREAUCRACY**

The single biggest problem of our industry is the inefficient and undemocratic layers of bureaucracy in place. There is no need to have so many different bodies at both state and federal levels. Not many people can explain the extremely complex legal setup of our marketing body and who is really benefiting from it. Why do we need so many people and organisations to "represent" woolgrowers?? The bottom line is that our present system is not working - get rid of those we don't need and streamline into one efficient, focused and effective body. (Yes it is possible).

**6.4 OVERHAUL THE WOOL MARKETING BODY**

There is no use throwing the baby out with the bathwater and getting rid of the Woolmark. However, our wool marketing body and marketing strategies need to be completely overhauled and to be much more efficient and effective. Who is really benefiting from the Woolmark Company (formerly IWS International, formerly the International Wool Secretariat, formerly the Australian Wool Corporation, etc etc.) and who has ownership of the woolmark??? The recognition level of our (???) woolmark overseas is quite high and there is no point in getting rid of it - however it does have to be managed and marketed more effectively.

**6.5 EFFECTIVE MARKETING OF WOOL**

Wool has been incorrectly marketed as an elite fibre, instead it should be marketed as a unique fibre for everyday wear. It is possible to be innovative and imaginative and get results without spending huge wads of cash. Promotion of wool should be about why it is such a good product to use and wear and the benefits the user or wearer receives.

**6.6 DOMESTIC MARKETING OF WOOL & VALUE-ADDING**

Money needs to be spent here in Australia on promoting wool to Australians and all our overseas visitors. Why should other countries wear our product if we don't? The excuse for not spending money on domestic marketing has always been that we don't have a big enough market to justify it. The fact of the matter is that we need to value-add here in Australia and to do that we need to market our products here before we start exporting. Not only are we world leaders in the production of the raw fibre, but we are also producing incredibly innovative wool and wool/blend products right here. We have the raw product and the resources so lets just do it.

**6.7 NICHE MARKETING**

Australian Merino Wool is held in high esteem and we should be capitalizing on our unique qualities. This is not just the raw product but also value-added products as well. Wool does have a place in the global textile market and as the world's leading producer of wool the Australian Wool Industry has a competitive advantage, which we should be utilising. The world does want Australian Wool.



**THE AUSTRALIAN NUFFIELD FARMING SCHOLARS ASSOCIATION**

ACKNOWLEDGES WITH THANKS THE RECENT SUPPORT OF THE  
FOLLOWING:



*EXCELLENCE IN AGRICULTURE*

**PIBA**



**BENEFACTORS**

Bendigo Bank  
Department of Primary Industries, Water & Environment -Tasmania  
Hifert Pty Ltd  
Impact Fertilisers Pty Ltd  
Nestlé Australia Limited  
Northern Territory Government - Department of Primary Industry and Fisheries  
Pivot Limited  
Primary Industry Bank of Australia  
Qantas Airways Limited  
The Royal Agricultural Society of Victoria Limited  
Rural Finance Corporation of Victoria  
Lady Southey, AM  
State Dairy Authorities  
The Meryl Myer Fund  
The Sidney Myer Fund  
Victorian Dairy Industry Authority  
William Buckland Foundation

**SPONSORS**

ANZ Banking Group  
Co-Operative Bulk Handling Ltd  
Grain Pool of W.A.  
Gresham Partners  
National Australia Bank  
North Central Securities Limited  
U.K. High Commission  
Wesfarmers CSBP Limited

**SUPPORTERS**

Commonwealth Development Bank of Australia  
Department of Primary Industries, Qld  
Rural Press Limited  
The Weekly Times Ltd