

# 8. Participants in the Wool Marketing Chain

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## Learning objectives

On completion of this topic you should have:

- an understanding of the structure of the wool marketing chain
- an understanding of the roles played by the various participants in the chain
- an understanding of the different types of companies that fill these roles and how they operate
- familiarity with some of the dominant companies in each of these roles
- an understanding of the issues that challenge the structure of the supply chain and the possible future direction of changes.

## Key terms and concepts

Wool marketing chain, wool supply chain, wool brokers, wool exporters, early stage processing, topmaking, risk management, sources of value, vertical integration.

## Introduction to the topic

This topic describes the wool marketing chain and details the role and nature of the various participants therein. It will start with an overall description followed by a more detailed analysis of each stage, the functions performed and the participants involved. Lastly the issues facing the wool marketing chain in the future will be briefly discussed.

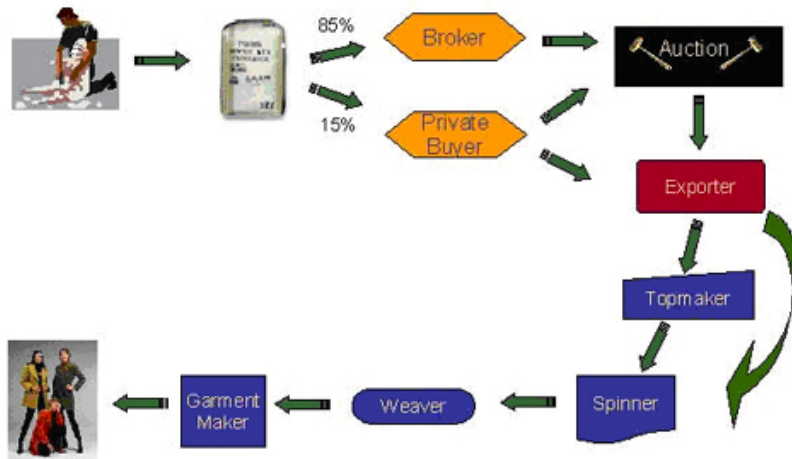
### 8.1 Description of the wool marketing chain

The Wool Marketing Chain (or wool supply chain or wool demand chain) refers to the series of processes and transactions involved in taking wool from the producer in the greasy state to the supply of garments containing wool to consumers.

Figure 8.1 illustrates the traditional manner in which the wool supply chain has operated and largely continues to operate today.

After shearing the greasy wool is pressed into bales weighing between 110 and 204 kg. It is then either sent to a wool selling broker for sale at auction or it is sold direct to a private buyer. The proportion of wool sold at auction compared to direct to buyers is estimated to be around 85% and has changed little in recent years.

**Figure 8.1 The Wool Supply Chain. Source: Platinum Agribusiness, (2006).**

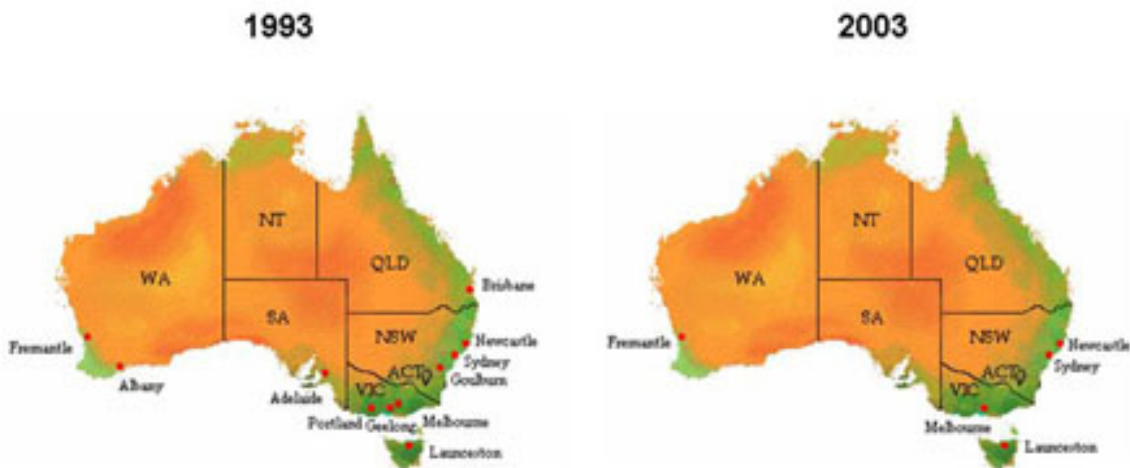


Before the wool is sold it is normally tested by the Australian Wool Testing Authority (AWTA) (see <http://www.awta.com.au>) for characteristics such as fibre diameter (micron), yield (percentage of clean wool), vegetable matter percentage, length and strength.

Auction sales are held on two to three days per week over approximately 47 weeks per year and are run by the Australian Wool Exchange (AWEX) (see <http://www.awex.com.au>) on a set roster basis: NASC 2005-2006.pdf (see Readings). The number of selling centres has declined with the advent of sale by sample in the 1970s as is illustrated in Figure 8.2.

**Figure 8.2 Wool Selling Centres. Source: Platinum Agribusiness, (2006).**

**Figure 2 – Wool Selling Centres**



The wool auction system is an open cry auction on a lot by lot basis with the broker initiating bidding by calling out a starting price (normally the estimated valuation or grower reserve price) for each lot. It is a very fast auction system with approximately 400 lots per hour being sold. Due to the speed of the auction a “10 lot” rule exists which allows buyers or sellers to re-negotiate any lot after it has been sold up until another 10 lots have subsequently been sold.

Various electronic auction and tender systems have been developed over recent years. Most prominent have been the AWEX Eclipse system, E-Wool and Wooltrade. Of these only Wooltrade continue to offer an electronic selling system [see <http://www.wooltrade.com.au>]. AWEX discontinued the Eclipse system in 2006 after a review of operations (see movies on CDRom (Topic 9)) while E-Wool now operates in the auction system and via private negotiation rather than having a competing electronic platform [see <http://www.e-wool.com.au>].

In theory the electronic systems offer a viable and practical alternative to the traditional auction system however they have yet to gain critical mass required to be considered mainstream.

Buyers of wool at auction are collectively described as wool "Exporters". These wool exporters are mostly trading companies who then on-sell to processors.

Of the wool that is sold direct to private buyers by the producers some will end up going back through the auction system while some will go direct to exporters or processors.

Processing of the greasy wool to get it into a state ready for spinning involves scouring (removing grease and dirt) and topmaking (combing the wool and aligning the fibres). From this point the stages are similar to other fibres and somewhat dependent on the type of end-use. For wool these are typically spinning followed by weaving, dyeing and garment making.

A significant amount of vertical integration exists within the wool supply chain. This is particularly evident, for example, in exporting, scouring and topmaking.

## 8.2 Stage by stage analysis

### Wool broking

#### Functions performed

The central function of wool brokers is the sale of wool at auction. This process involves the following steps:

1. Receiving the wool into a warehouse and storing until sold
2. Weighing the wool
3. Sampling the wool for testing and arranging for the testing to be carried out
4. Cataloguing the wool for sale (including checking the wool classer's recommended break-up of the clip into sale lots)
5. Preparing catalogues of sale lots details and associated test results for distribution to buyers
6. Displaying samples of sale lots
7. Evaluating the subjective elements (style) of each lot
8. Applying market valuations to each sale lot and advising these to the sellers
9. Receiving selling instructions from sellers, normally in regard to the setting of reserve prices
10. Conducting the auction sale
11. Advising sale results to sellers
12. Guaranteeing payment to sellers
13. Receiving payment from buyers and arranging for wool to be delivered out of store.

In addition, wool brokers perform "Interlot" and "Bulk Class" services which involve the amalgamation of wool from various producers to make saleable lines. Where producers deliver lines of insufficient size to market in their own right (normally less than four bales) these will be lotted for sale with similar small lines of wool from other producers (interlotting). Where incomplete or mixed bales are delivered these will be re-classed at the wool store and mixed with other wool to make saleable lines (Bulk Class).

In support of this activity wool brokers perform a number of other services. Such services have evolved over the last 20 to 30 years in an attempt to be considered as providing a superior value proposition to producers in order to secure business. They are offered to differing degrees by different types of brokers and include:

- Wool preparation advice: advising on the best method of preparing wool in order to maximise returns, normally to the classer at the time of shearing
- Taking producers to wool sales
- On-Farm quality assurance systems involving inspection and accreditation
- Sheep classing: visually classing sheep for quality
- On-Farm testing: providing access to on farm wool testing equipment for use in both breeding and wool preparation
- Market information: providing market information both verbally and in written form throughout the year
- Risk management: providing access to risk management products and advising on their use
- Year-round clip valuations: delivering a portfolio management style product that updates production value throughout the year with a focus on the use of risk management products
- Alternative marketing systems: providing access to alternative marketing channels for growers who wish to access these
- Finance: products such as interest-free shearing loans and longer term finance.

### **Type of brokers, value propositions and charging structures**

Wool brokers are normally located at the site of their physical stores and service growers using a network of country based staff. Traditionally, the stores had to be located at the selling centres since the bales themselves were displayed for buyers to inspect. With the advent of objective measurement and sale by sample in the 1970s, however, this opened the way for stores to be located in regional locations and for sales to be centralised to reduce costs associated with buyers having to travel around the various sale centres.

Centralised selling also allowed brokers to become regionally based and offer growers a more convenient and low cost selling service. Such services have been particularly attractive in areas such as central and western NSW with mixed farmers. The result is that the regional brokers have taken a lot of business away from the traditional pastoral houses.

Subsequently two distinct types of brokers have evolved, each somewhat aligned to the two distinct types of wool producers in terms of marketing.

Producer types in terms of wool marketing:

- 'Marketer': Professional producers who aim to maximise wool returns and may take an active role in selling, generally specialist wool producers
- 'Seller': Producers who (for one reason or another) do not take an active interest in selling or seek to maximise returns, often because they are mixed farmers and wool income is only a minor proportion of total farm returns.

Broker types, value propositions and charging structures:

- 'Full Service':
  - full range of products including on-farm service, risk management products, quality assurance schemes, market information, alternative marketing systems and finance services
  - high service value proposition, aiming to demonstrate ability to secure high prices for the grower

- generally located at the major selling centres
- high cost, generally with a percentage commission based charging structure (e.g. \$20 per bale plus 1.6% commission).
- 'Discount':
  - generally will have less services available but may still offer on farm advice and risk management products for example
  - low cost, commonly charging on a per-bale basis (e.g. \$25 per bale) often (but not necessarily) regionally located.

Typically, the Marketer type producers utilise the services of the Full Service brokers while the Seller type producers are more inclined towards the Discount brokers.

### **Major participants in the broking sector**

The broking sector was traditionally dominated by the Pastoral Houses on the basis that it required a company of significant substance to have the facilities and expertise required to market wool on behalf of the producer. The two dominant pastoral houses are now Elders and Landmark who combined are still estimated to hold market share of slightly over 50%.

The following provides some examples of the types of participants in the broking sector.

#### **Full service brokers: National operations**

Elders [see <http://www.elders.com.au>] is a full service broker and currently has the highest market share. The company also owns the German processing company Bremer Woll Kammerei AG (BWK) [see <http://www.bwk-bremen.de>], one of the largest trading and early stage processing companies in the industry with mills in Germany, Turkey and China. Elders are active in the provision of risk management services and have a significant local presence across the country through their branch network which also provides livestock, merchandise, real estate and insurance services. Unlike other full service brokers they offer both a per-bale flat rate fee structure and a commission based fee structure (the later under the separate brand "Elders Premier Wool").

Landmark (an AWB company) (see <http://www.landmark.com.au>) is the next largest and also has national operations. The business was formed by the merger of Wesfarmers Rural and Dalgety in 1995 and sale to the AWB in 2004. Landmark also has a network of branches that provide livestock, finance, merchandise, real estate and insurance services. In the wool area the company is a dominant force in auction selling but also provides risk management and direct selling (including Fibre Direct) products. Charging structure is mostly a per bale warehousing fee plus a commission based on a percentage of sale proceeds. Unlike many of the smaller brokers Elders and Landmark both outsource their wool handling operations to Australian Wool Handlers (a company jointly owned by the two companies).

#### **Full service brokers: Regional operations**

Australian Wool Network (AWN) [see <http://www.woolnetwork.com.au>] is a relatively new participant in terms of wool brokers, having been established in the mid 1990's. The company targets specialty wool producers and uses its links with processors in Italy to attract business. Charging structure is a per-bale warehousing fee plus a percentage commission. The company started operating in New South Wales and Queensland only and with the only activity other than wool broking being stud stock sales. After a recent period of expansion AWN now operates in all states and also offers real estate and finance services. AWN also offers services in risk management through a partnership arrangements with a specialty provider.

Schute Bell (see <http://www.schutebell.com.au>) is another significant participant in New South Wales and Queensland offering livestock, real estate and finance services in addition to wool. The company also has a commission based charging structure and aims to provide a specialised wool service to clients. Schute Bell also offers risk management through a partnership arrangement with a specialist provider.

Arcadian Woolbrokers (see <http://www.arcadianwool.com.au>) is a similar style of company, having been delivering specialised wool broking as well as stock selection, finance and insurance services since 1985. The company predominantly operates in the western districts of Victoria.

Both Schute Bell and Arcadian outsource their wool handling operations to Australian Wool Handlers.

### **Discount brokers**

Western Wool (see <http://www.westernwool.com.au>) are typical of regionally located discount brokers. The company is family owned, headquartered at Parkes in NSW with stores in Orange, Grenfell, Condobolin, Young and Warren and charge a flat fee of \$24 per bale for auction selling in 2003. In addition, they provide a limited number of other services including risk management and livestock sales.

Other similar businesses in NSW include Jemalong Wool (see <http://www.jemalongwool.com.au>), Moses Wool, Goddard Wool Marketing, Lanoc Wool (see <http://www.lanocwool.com.au>) and numerous others.

In states other than NSW the discount brokers are more likely to be located in or near to capital cities. Examples of such companies include:

- Rodwells (Vic) [see <http://www.rodwells.com.au>]
- Quality Wool (SA) [see <http://www.qualitywool.com>]
- Primaries (WA) [see <http://www.primaries.com.au>]

## **8.3 Private buying**

### **Functions performed**

Private buyers (or Private Treaty Wool Merchants) perform a similar role in the marketing chain to brokers in that they facilitate transfer of ownership of the wool from the producer to the exporter or processor. The difference, however, is that they do this by purchasing the wool from the producer, normally before it has left the farm.

Most small private buyers will then send the wool to a broker for sale at auction. Of the larger private buyers some are also brokers in their own right while others are also exporters and/or processors. However the buyer handles the sale of the wool they will still arrange for a similar range of functions to be performed as the broker, including:

1. Receiving the wool into a warehouse and storing
2. Weighing the wool
3. Sampling the wool for testing and arranging for the testing to be carried out
4. Cataloguing the wool for sale (including checking the wool classer's recommended break-up of the clip into sale lots)
5. Preparing catalogues of sale lots details and associated test results for distribution to buyers.
6. Displaying samples of sale lots
7. Evaluating the subjective elements (style) of each lot
8. Selling the wool.

Most private buyers offer a similar range of buying options for whole clips including:

- Price in the Shed: The producer is offered a price during or just after shearing, based on either the buyer's subjective assessment of quality or on the test results of a sample taken during shearing
- Price on Result: The wool is sent to the buyer's store on consignment where it is tested and a price offered on the basis of the test results
- Forward Contract: The producer is offered a price prior to shearing on the basis of expected clip characteristics and with a schedule of adjustments to apply once final quality characteristics are determined.

In addition, a significant proportion of private buyers' business comes from purchasing small lines of oddments, usually in small lines or parts of bales. Typically producers will bring these to the buyer's local store for prompt payment.

The service that private buyers offer to producers is largely focussed towards convenience. Often they will have a local store to which wool can be delivered. Many also have a small truck and offer to pick bales up off farm. Payment is generally prompt and sometimes even in cash.

## **Types of private buyers**

Broadly speaking there are three types of private buyers:

- Local buyers
- Regional buyers
- National exporters and/or processors / buyers.

Most major towns in wool growing areas have at least one small local buying company with two or three staff. Typically they receive the wool into a conveniently located store and buy oddments which they combine to make saleable lines of wool. They either sell them back through the auction system or direct to an exporter or another trader.

Regional buyers are generally more substantial operations, based in major centres or capital cities and often with a number of localised stores or 'depots'. The wool is more likely to be sold direct to other traders, exporters or processors and the buyer is also likely to be involved in broking.

A number of the major exporters and processors are also involved in private buying. A range of means for sourcing the wool are employed by these companies ranging from use of agents to ownership of depots to employment of travelling buying staff. The wool that is purchased will be used to fill processing or export orders.

## **Major participants in the private buying sector**

Most of the major private buyers are members of the Private Treaty Wool Merchants of Australia (PTWMA) (see <http://www.woolindustries.org/ptwma.htm>).

Private buying has traditionally been dominated by the Michell family company based in Adelaide [see <http://www.michell.com.au>]. Michells were one of the largest topmaking companies in the industry and before a company restructure in 2004 were commonly understood to use around 500,000 bales of wool per annum. This wool was sourced through a variety of avenues including private buying. The company's private buying operations have been further reduced in recent years and they are no longer prominent in this area,

The Chargeurs company (see <http://www.chargeurs.fr>) also uses private buying as a means to source a portion of its wool requirements, particularly in the local area around its mill at Wagga Wagga in southern New South Wales. The two wool exporting companies Fox & Lillie and Lempriere also use private buying as an alternative means of sourcing wool to purchasing at auction.

## **8.4 Wool exporting**

### **Functions performed**

'Wool Exporters' is the collective name given to the group of trading and processing companies that purchase wool at auction. This name is derived from the fact that they are largely supplying wool to overseas processors.

The functions involved in the process of purchasing at auction to supply international customers are:

1. Provision of market information to customers including prices and availability of required wool types
2. Communication with customers to determine their requirements in terms of quality, quantity and price
3. Inspection of samples of wool and estimation of value
4. Bidding at auction with the objective of meeting certain quantity and price targets
5. Post-sale communication with customers regarding quantities purchased and prices paid
6. Organising purchases into shipping batches
7. Managing foreign exchange exposures where customers wish to pay in currencies other than Australian dollars
8. Ordering wool out of store and arranging for 'dumping' (high density pressing of bales to reduce volume for shipping)
9. Arranging and paying for shipping
10. Preparation of shipping documentation
11. Negotiation of payments
12. Provision of finance to customers by way of delayed payment terms.

Most business between exporters and their customers is conducted in one of two manners being 'indent' and 'firm order'.

Indent buying involves the exporter effectively operating as a buying agent for their customer. Normally for a c/kg or percentage fee the buyer will perform all of the above functions under instruction of the customer. The risk of price changing or required purchases not being able to be made rests with the customer.

Firm Order transactions involve the exporter guaranteeing the supply of the customer's requirements at a specified price. In this case the exporter is acting in the role of principal trader. Should they be able to fill the order at a lower price the difference will be their profit. However, they bear the risk of the market price rising above that at which they have contracted, in which case they would sustain a loss.

As the role of the wool exporter has evolved firm order transactions have replaced indent arrangements in many cases. Most exporters now have only a small portion of indent business if any. Consequently wool exporting is regarded as a risky business with average returns being reasonably low considering the amount of capital required to finance the activity.

## **Types of exporters**

Exporters can largely be characterised by whether or not they are also involved in processing through ownership of machinery.

Those that are also processing companies have their business dominated by the need to buy wool for their own use and supply their spinner customers with wool tops rather than greasy wool. These are typically large exporters, often with international representation.

Those that are not involved in processing act more like commodity trading companies. Within this group there is a range of business sizes ranging from major players with international offices to small business with less than five staff. These companies will also supply wool tops to their customers, having the early stage processing done by contract (referred to as 'commission combing').

## **Major participants in the exporting sector**

Most wool exporters are members of the Australian Council of Wool Exporters (ACWE) (see <http://www.woolindustries.org/acwe.htm>).

In recent years the profile of wool exporters has changed significantly. At the time of the demise of the industry minimum reserve price scheme in 1991 the Japanese trading houses of Itochu, Marubeni, Nissho Iwai and Kanematsu dominated the industry. Over the past twenty years the processing industry in Japan has declined and shifted into China and the Japanese have reduced their presence.



AWEX produces information each week about the purchasing at auction of exporters: AWEX 2005.pdf (see Readings).

### **Exporters that do not own processing machinery**

Itochu is the only Japanese company that has sustained its wool business and is the leading buyer at auction by volume. The company is not involved in processing but has offices worldwide and services most major markets. Much of the wool that they supply is as wool tops and they have commission combing done at various locations worldwide.

Graincorp [see <http://www.graincorp.com.au>] and ABB Ltd [see <http://www.abb.com.au>] are good examples of exporting companies that are not involved in processing. Interestingly, both are grain companies that have recently diversified into wool as other exporters have left the industry.

### **Exporters that are also processors**

Chargeurs and BWK-Elders are typical of exporters that are also processors. They are all major processors and their trading activities are dominated by the need to buy wool to keep their machinery running. Accordingly most of their sales are as wool tops to spinners, however they also supply greasy wool to other processors.

The Australian buying arms of the French family company Dewavrin [see <http://www.dewavrinc.com/wool>] and English family company Modiano [see <http://www.gmodiano.com>] are typical of many exporters. The companies both own processing machinery in Europe. The Australian subsidiaries supply wool to the parent company as well as trade in their own right.

## **8.5 Early stage processing**

### **Functions performed**

Early stage processing refers to the activities that get wool into a state ready for spinning. This involves removal of the dirt, grease and vegetable matter by either 'scouring' and 'carding' or 'carbonising' and then aligning the fibres into a 'sliver' by 'topmaking'. The sliver of wool top can then be blended with other fibres for spinning.

Scouring involves washing the wool using warm water and detergent to remove the dirt and grease. It is then rinsed and dried and either packed for shipment or moved directly to the carding process. Carding is a mechanical action that removes vegetable matter (burrs and seeds) and partially aligns the fibres. Wool that is very high in vegetable matter (more than approximately 8% by weight) is carbonised, a process that removes vegetable matter through acid treatment. While this process does not destroy the wool its performance in manufacture (particularly dyeing) is impacted to a certain extent and value is correspondingly lower.

Wool that is to be used in the manufacture of worsted (woven) fabrics is then combed. This process removes any remaining vegetable matter and aligns the fibres for spinning. Throughout all of these processes the wool is continuously being blended to ensure an even final product.

In addition to these processing functions the early stage processors also service their customers by providing finance through extended payment terms and giving some contract flexibility to allow spinners and weavers to manage their risk.

### **Types of early stage processors**

Just as exporters are characterised by whether or not they also own processing machinery processors are characterised by whether or not they are also involved in exporting and/or later stage processing.

There are a number of companies that are only involved in one or more of the components of early stage processing (including a number that are scourers or carbonisers only). Those that are also exporters have been discussed in the section on exporting above. Those that are also involved in later stage processing (spinning, weaving etc) are referred to as being vertically integrated. Some of these companies are involved right through the chain and even up to the retail level in one particular example (Benetton).

## **Major participants in the early stage processing sector**

In Australia wool processors are represented by the Australia Wool Processors Council (AWPC) (see <http://www.woolindustries.org/awpc.htm>).

During recent years there has been a move in some sectors of industry and government to have more processing located within Australia. This has resulted in a number of plants being developed (including large topmaking facilities at Parkes in New South Wales). However, over-capacity in the sector and cost advantages in countries such as China and India have meant that no new developments have gone ahead in recent years. Instead there have been a number of closures – most notably that of BWK-Elders at Geelong in Victoria.

### **Early stage processors only**

The Reward company in China and Taiwan is an early stage processing company only. The company supplies wool tops worldwide and in terms of processing capacity ranks with Chargeurs, BWK-Elders and Michell in the group that dominate the sector.

There are also a number of companies involved in scouring and/or carbonising only. Victorian Wool Processors is an example of one of these companies. It is Korean owned and supplies scoured wool into south east Asia from its processing plant in Melbourne.

### **Vertically integrated processors**

As mentioned above Benetton (see <http://www.benetton.com>) is a good example of a vertically integrated company, taking wool from early stage processing right to retail through their own stores. The Marzotto group (see <http://www.marzotto.it>) which owns (among others) the Hugo Boss label (see <http://www.hugo-boss.de>) is another prominent example of such a company.

## **8.6 Later stage processing**

Later stage processing refers to those activities that are not specific to wool and in which wool may well be blended with other fibres. These include spinning, weaving, dyeing and garment making.

There are many different companies involved, from those who perform a single operation using only wool to those who are vertically integrated and use many different types of fibres. The vertically integrated processors such as Benetton and Marzotto were discussed in the previous section.

A good example of a company that is involved in only one process and predominantly wool is Südwole (see <http://www.suedwolle.de>). This family company based in Germany has spinning mills in China and Eastern Europe and is one of the largest spinners of wool in the world. They sell only white yarn in a mix of pure wool and wool blends.

## **8.7 Future of the wool marketing chain structure**

The structure of the wool marketing chain and the profitability of individual participants have come under intense pressure over the last twenty years since the demise of the industry reserve price scheme as wool production volumes have effectively halved.

At the broker level there have been a number of mergers and acquisitions and profitability for the major brokers is significantly lower than it was twenty years ago. At the exporter level the most noticeable change has been the exit of the Japanese trading houses but there have been numerous other entries to and exits from this sector.

It is probably in early stage processing, however, where the decline in wool volume has had the greatest impact on individual participants. The machinery is very expensive and specific to wool. The result has been over-capacity and significantly reduced margins.

Further down the chain participants have been struggling to find demand for wool products and this has also impacted margins. The net result is that the whole wool supply chain has been under considerable pressure – not helped by its complexity and high cost compared to other fibres.

In addition, at the grower level there has been a distinct lack of productivity improvements – thus also reducing wool's competitive position.

## 8.8 Consolidation

Consolidation within the marketing chain is widely expected by participants in the industry. With less quantity of wool being produced most people expect a number of companies to exit, particularly in the trading and early stage processing sectors. To date this has not happened to any significant extent – instead a number of participants have reduced their business capacity and staff numbers.

## 8.9 Changed marketing chain structure

The other possible manner in which the industry will adapt to the current situation is for the structure of the market chain to change. Examples of structures from other commodities would suggest that any change will be towards more direct relationships between producers and users of wool.

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### Readings



The following readings are available on CD

1. AWEX, 2005, Northern Regions Weekly Buyers List, May 26<sup>th</sup>, 2005.
2. Mitchell, B. 2003, Wool marketing – meeting industry challenges, 'Wool Technology and Sheep Breeding', vol. 51(2), pp. 150-158.
3. National Auction Selling Committee (NASC), 2005/2006, Wool Selling Program 2005/2006 Season.

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### Activities



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Choose ONE question from ONE of the topics as your assignment. Short answer questions appear on WebCT. Submit your answer via WebCT

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## Summary



Summary Slides are available on CD

Within this structure a significant amount of vertical integration has emerged over recent years as participants seek efficiencies. In particular this has resulted in a number of companies acting as both exporter and early stage processor. Other examples include exporters who are also private buyers and brokers who are also involved in exporting. Further down the chain there are some processors involved in all stages from early stage processing through to retail.

The contraction in the size of the wool industry over the past 20 years has placed significant pressure on the structure of the supply chain and the participants involved. With volumes continuing to decline some change is to be expected in the future, either by way of consolidation within the chain (mergers, acquisitions, etc) or by way of a changed structure (more direct relationships and fewer participants in the chain).

## Glossary of terms

Topmaking	The process of converting greasy wool into wool tops
Value Proposition	The reasons that a company will promote to attract customers (effectively what the company tells its potential customers that it will do for them)
Vertical Integration	The act of being involved at more than one stage in a marketing/processing chain
Wool Tops	Combed slivers of wool with grease, dirt and vegetable matter removed