# 19. Product Promotion

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## Lecture 1: The history of wool promotion

## Learning objectives

By the end of Lecture 1, you should have developed an understanding of:

- The history and evolution of wool promotion to the current day
- Generic promotion and the role of the IWS and Woolmark
- The customer as the ‘target’ of promotion, and
- Approaches to co-promotion of wool

## Key terms and concepts

Promotion, generic, targeted, Woolmark, customer, ingredient brand, sub-brand

## Introduction to lecture 1

This lecture provides an introduction to wool promotion. It examines the history of wool promotion, particularly the use, role and evolution of the ‘Woolmark’ and the structures which have supported the brand over time. It also considers the role of generic and targeted promotion strategies.

## 19.1 Background and context

The subject of wool promotion is one of intense interest to Australian wool producers both historically and currently. Wool’s loss of textile market share seems to have heightened interest and concern with respect to wool promotion. As an example, while Australian growers no longer fund generic promotion through a centrally collected levy, 68% of Australian woolgrowers surveyed during 2002 by Australian Wool Innovation (AWI 2002b) stated that wool promotion and marketing (“ways of changing the image of wool” as described in the survey) would deliver a “great deal of economic benefit” to them.

Indeed, many commentators have recently reinforced the notion that ‘no-one needs wool’. This is true, however the modern consumer ‘needs’ very little of what they actually purchase! The question then is how can promotion be used to make consumers ‘want’ wool? What structures, messages and attributes, ‘stories’ and mechanisms can be used to build both demand and value for wool fibre, its producers and those who transform it into consumer products?

This topic does not set out to comment on the success or otherwise of current promotion structures in Australia or elsewhere. These are issues for the industry to debate and decide. However, the lectures do provide insights into an array of views on promotion and the ways in which wool is being promoted around the world.

# 19.2 The history and evolution of generic wool promotion

Generic wool promotion describes promotional activity aimed at promoting wool fibre generally. It does not link to a specific product, end-use or brand, but promotes the inherent qualities of the fibre ingredient. As a result, such a strategy is sometimes described as ‘ingredient branding’, although an ingredient brand can be used in a variety of ways.

## The birth of generic promotion and the Woolmark

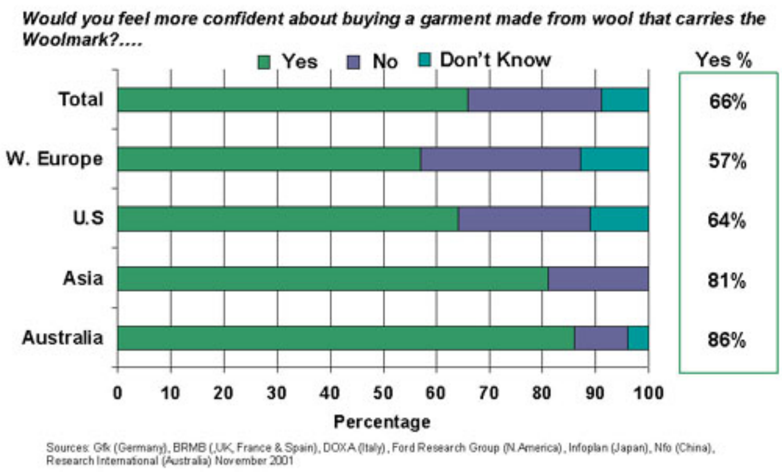
The history and evolution of modern wool promotion has focussed on the development and use of the ‘Woolmark’ (see Figure 19.1). The Woolmark is an ‘ingredient brand’.

**Figure 19.1 The Woolmark Logo. Source: The Woolmark Company, (2003b).**

WOOLMARK

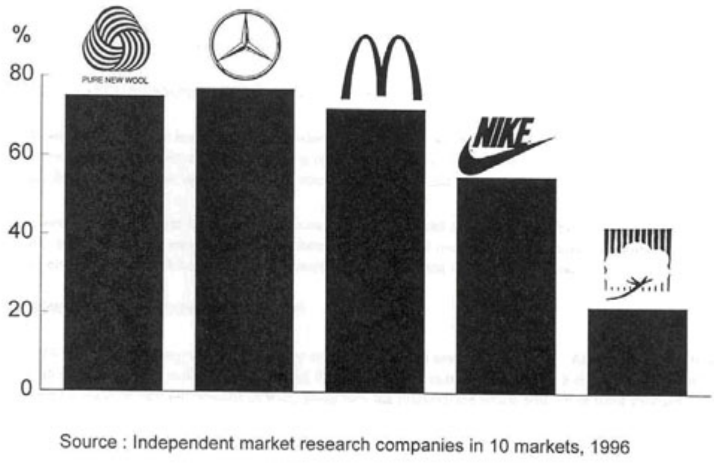
Now owned by Australian woolgrowers through their shareholding in The Woolmark Company, the Woolmark is one of the most recognised promotional symbols in the world. Market research in 1996 (Dinor 1997a) showed that between 50 and 80% of surveyed consumers in key consuming markets such as UK, Germany, Italy, Japan, Korea and Australia responded positively to the question “Does the Woolmark make you feel more confident about buying wool clothing?” (see Figure 19.2).

**Figure 19.2 Consumer confidence in the Woolmark. Source: Dinor (1997a).**




Dinor (1997a) also reported that the Woolmark had higher brand recognition amongst consumers than other brand symbols such as the Mercedes-Benz
‘star’, the McDonalds ‘golden arch’, the Nike ‘swoosh’ and the competing cotton industry’s cotton boll symbol (see Figure 19.3).

**Figure 19.3 Woolmark's comparative brand recognition. Source: Dinor (1997a).**




The Woolmark has been the central vehicle for wool promotion since the late 1960's. As mentioned above, it has significant recognition amongst consumers and has been backed by significant generic advertising promoting wool, generally, through the Woolmark symbol (see Figure 19.1).

The Woolmark was developed by the International Wool Secretariat (IWS). The IWS was a promotional vehicle started to boost the long-term demand for member countries' wool and the long-term returns to their wool growers. Founded in 1937, the IWS commenced as a joint initiative between Australia, New Zealand and South Africa. Uruguay joined as a member in 1970 (Roche 1995).

The IWS led generic wool promotion until 1997. By that time only Australia remained as a member, with the other member countries leaving to pursue other strategies. Of particular note was New Zealand's withdrawal to focus on the 'Fernmark' and 'Wools of New Zealand' programmes which drew specific attention to the role and functionality of wool in interior textiles.

The Woolmark entered a market in the 1960's not yet dominated by major consumer brands (Wool Industry Future Directions Taskforce 1999). These now dominate the market in a variety of segments (e.g. Hugo Boss, Nike, Billabong), and hence the context in which the Woolmark finds itself today is considerably different from that in which it was launched. The other important characteristic of the market into which the Woolmark entered was that many of today's synthetic and man-made fibres were not available at the time. Since then, fibre diversity has 'exploded', with successive generations of synthetic and man-made fibres offering better performance and mimicking the textures and looks of wool, at fraction of the price (Dinor 1997b).

The Woolmark continues as a well recognised symbol amongst consumers. This was reflected in the decision to rename the International Wool Secretariat (IWS), 'The Woolmark Company' in 1997 (Wool Industry Future Directions Taskforce 1999). However, the Woolmark was not the first promotional symbol for wool. This was developed in 1959 by French topmakers through their association GINTEL (Figure 19.4) (Wool Industry Future Directions Taskforce 1999) and continued until 1969 when it was felt that there was no longer value in the dual use of the GINTEL symbol and the Woolmark.

**Figure 19.4 GINTEL's generic promotion symbol.**
**Source: Wool Industry Future Directions Taskforce (1999).**


A significant feature of this early generic promotion was its commentary, on the reverse side of the label to that seen in Figure 19.4, on product attributes of value to the consumer. Specifically it stated (Wool Industry Future Directions Taskforce 1999):

*Pure worsted wool is soft and light, supple and responsive, crush proof, clean, warm in winter and light in summer, soft to the touch, comfortable to wear, drapes perfectly, eternally young, with unequalled richness of colour.*

Such attribute-base promotion has been repeated in many forms throughout the years.

# 19.3 Evolution and current role of the Woolmark

The Woolmark Company provides a timeline of its activities and evolution on its web site (http://www.wool.com/about/history.shtml). Here are some key events in the evolution of the Woolmark brands, and the Woolmark Company and its predecessors.

While the Woolmark has remained the focus of Australia's generic promotion activity, it has developed and evolved significantly over time. The latest iteration, launched originally in 1997/98 has seen the development of a range of Woolmark sub-brands, which supplement the previously available 'Woolmarkblend' (see Figure 19.5). Dinor (1997b) states that this sub-brand strategy illustrates the diversity of the fibre and allows negative messages associated with the fibre to be addressed or 'dispersed'.

**Table 19.1 History and Evolution of The Woolmark Company. Source: The Woolmark Company (2003a).**

| Year | Event |
|---|---|
| **1936-1953** | The Australian Wool Board was established to improve the production of wool in Australia and extend the use of wool throughout the world. |
| **1937** | International Wool Secretariat (IWS) founded. |
| **1945** | IWS's role as supporter of research quickly becomes important with a rapidly growing budget. |
| **1947-1952** | IWS begins operations in Belgium, France, Italy, Canada, Holland, Sweden, Switzerland, Germany and Japan. |
| **1963-1973** | Australian Wool Corporation established in 1963 with powers covering wool promotion within Australia, the financing of Australia's share of international promotion through the IWS, the operations of the statistical service, wool research, wool testing and to advise on raw wool marketing. |
| **1964** | An international identity for wool is sought which would hold consumer confidence and represent quality standards. An international competition was established and an Italian graphic artist, Francesco Saroglia in Milan, won the right to design a logo for IWS - the 'Woolmark'. |
| **1971** | The Woolmark Blend was introduced to support the growing area of innovative wool blends. |
| **1993** | AWRAP (Australian Wool Research and Promotion Organisation) was established. |
| **1994/95** | AWRAP and IWS activities merged and managed as one organisation under AWRAP control. |
| **1997** | IWS changed its name to 'The Woolmark Company'. |
| **1998** | Differentiation and segmentation of wool products through a range of sub-branding programmes established. |
| **1999** | The Wool Blend logo was developed and launched to support and promote fabrics containing between 30% - 50% new wool. |
| **2000** | AWRAP to be restructured with two main subsidiary companies. One subsidiary to be known as The Woolmark Company, involving the commercial development of the Woolmark and its sub-brands and the commercialisation of intellectual property matters. The other subsidiary to be known as Australian Wool Innovation Limited managing the proceeds from the wool levy and outsource R&D and intellectual property management. |
| **2001** | Australian Wool Services replaces AWRAP. Two subsidiaries, Australian Wool Innovation Limited and The Woolmark Company are established. |

**Figure 19.5 The 'Woolmark Blend Logo. Source: The Woolmark Company, (2003b).**

WOOLMARK
BLEND

The various sub-brands are made known to consumers through various means; print advertising, swing tickets and point-of-sale (POS) material. Further
information is available to consumers through The Woolmark Company's website (www.wool.com).
Details of the current brands, sub-brands and their attributes are shown in Table 19.2.

**Table 19.2 Woolmark sub-brands and related product attributes. Source: The Woolmark Company (2003b).**

| Brand or Sub-brand | Symbol | Attributes |
|---|---|---|
| Woolmark | | 100% pure new wool |
| Woolmark Blend | | >50% pure new wool |
| Wool Blend | | 30-50% pure new wool |
| Merino Extrafine | | Ultimate in luxury and softness. Looks and feels fantastic to wear, Superb drape and next-to-skin softness in both knitwear and tailored clothing. |
| Pure Merino Wool | | Pure Merino Wool is the premium quality wool. Naturally fine and silky, super-soft, lightweight and comfortable to wear. |
| Natural Stretch | | Through a special selection of fibres, this wool gives woven fabrics extra ease of movement, comfort and the elasticity to recover from daily wear. |
| Cool Wool | | A new generation of lightweight fabrics and knitwear providing Spring and Summer comfort. |
| Wool plus Lycra | | Wool plus Lycra® is a modern wool that feels and looks good, providing fit, freedom of movement, comfort and wrinkle resistant garments. |
| Wool Rich Blend | | Innovative fabrics blending New Wool with other man-made fibres to give enhanced versatility, resilience and performance. |
| Light Wool | | Light Wool is the super lightweight wool that goes the extra mile when it comes to being truly cross seasonal. Light and luxuriously soft. |

The Woolmark continues as the 'flagship' generic promotion tool for the Australian wool industry. While no longer supported by centrally collected levies from woolgrowers, The Woolmark Company generates revenues to support promotion through licensing fees (collected from users of the Woolmark), and other commercial activities such as the provision of technical consulting and business intelligence services.

# 19.4 Generic or targeted promotion?

There is a debate on the merits or otherwise of generic promotion. Generic and targeted approaches represent two differing views of how wool should be promoted. While the definition of the first has been discussed earlier, targeted promotion works through collaborative strategies with other partners, often brands or clothing marketers/manufacturers, to generate supply chain demand for raw wool fibre.

Arguments supporting generic promotion include the need to ensure that wool is viewed by the consumer as a luxury fibre (Dinor 1997a). They argue that this is essential given that it cannot compete with the synthetic, man-made and cotton fibres on price alone. They also point to the Woolmark's high levels of consumer recognition.

Those who do not support generic promotion question the real benefit of the symbol, despite its high level of consumer recognition. One comment to the Wool Industry Future Directions Taskforce was that the symbol had passed its "use by date" and that it conveyed "awareness of content but not of benefit" to the consumer. They also questioned the benefit to woolgrowers of the >$2 billion they have contributed to generic promotion since 1936-37 (Wool Industry Future Directions Taskforce 1999).

Given the diversity of argument both for and against generic promotion, it is important to remember that the right approach to promotion can only really be determined through defining the best mechanisms to generate extra sales. The question then is how do we best influence the consumer? As a result, understanding the modern consumer is critical to both the message and mechanisms of wool promotion.

## The customer, the target of promotion

A detailed description of the forces impacting on the modern consumer was provided earlier, however Dinor (1997c) summarises the issues well. She describes seven (7) trends broadly impacting on modern consumers across all product categories and a further four (4) trends which are more specific to clothing.

### Modern consumer trends (all products)

Seven significant trends are impacting on the way modern consumers spending patterns. These are (Dinor 1997c):

1. **Competition for consumer dollars** consumers in the developed world are spending a lower proportion of their income on apparel
2. **Leisure** the decline in apparel spending has been due to a rise in leisure spending on items such as entertainment and recreation
3. **Clothing prices under pressure** clothing prices are under pressure. This impacts heavily on wool as it is comparatively expensive
4. **Women at work**
5. **Convenience** both shopping and garment care need to be easy
6. **Ageing population** the older segments of the population are the fastest growing and will be characterised by continued spending power; and,
7. **Globalisation** improved communications and transport means that consumers have the 'world at their fingertips'.

## Modern consumer clothing requirements

Dinor (1997c) also described the four (4) modern consumer clothing requirements:

1. **Relaxed Dressing** work dress codes are relaxing over time and there is increased interest in leisure activities. As a result, dress codes for work, home and 'play' are converging;
2. **Comfort** clothing needs to 'move with you', be comfortable and look good;
3. **Easy Care** convenience with respect to garment care is important; and,
4. **Value for Money** people are not looking for cheap products but are balancing price with quality, performance, durability and brand.

# Targeted or co-promotion – case studies

An alternative to the generic and sub-brand promotion strategies is an approach where promotion is aligned with a retail brand. Retail brands have become increasingly important in recent years, and their influence is vastly different to the 1960's, when the Woolmark was launched. Consumers now rely on brands as indicators of quality (Carman 1997) and also for the intangible attributes often associated with a brand that has strong lifestyle connotations, for example Nike (USA) or Barbour (UK). Rowe (1995) summed up the role and power of brands when they commented:

*Label recognition is comfort zone shopping for the customer who is time poor and requires a track record of reliability…It is vital to position wool in association with leading brands at all market levels to more easily access the customer*

Given this potential alignment, there are a number of interesting co-promotion programmes currently underway around the world. Just two examples are 'Sportwool' (Australia) and 'New Zealand Merino' (New Zealand). A brief overview of each is provided below.

## Sportwool

In 1994, following significant amounts of research examining the attributes of the wool fibre in relation to human performance and garment comfort, Sportwool was developed (Sportwool 2003). Sportwool is now a marketing banner for a range of product types for the active and leisure sportswear markets.

Sportwool fabrics are manufactures under license by a number of fabric manufacturers around the world (for a list of Sportwool manufacturing licensees see http://www.sportwool.com/2manufacturers/zmanufacturers.htm). These Sportwool branded fabrics are then sold to a diverse array of retail brands (for a list of branded manufacturers see http://www.sportwool.com/
2manufacturers/brandretail.htm) across a wide range of performance clothing sectors.

The critical difference with the Sportwool strategy is the use of the Sportwool symbol (Figure 19.6) as an ingredient brand, aligned with specific manufacturers. There is no generic promotion of Sportwool, i.e. promotion not linked to a specific brand or product, rather the brand users take the Sportwool brand to the market in conjunction with their own brand.

**Figure 19.6 The Sportwool Logo. Source: The Woolmark Company, (2003b).**

## New Zealand Merino

New Zealand Merino growers formed their own marketing organisation in 1995 to enable them to differentiate themselves from the strong interior textile focus of the New Zealand Wool Board and their promotional programmes. The marketing organisation, Merino New Zealand, has now developed into the commercial company, The New Zealand Merino Company (NZM). NZM acts as both a wool broker and marketing body for New Zealand Merino wool.

The New Zealand Merino Company (www.nzmerino.co.nz) works with a range of commercial and brand partners in a collaborative manner to build demand for New Zealand Merino fibre. Their service offering covers commercial services/wool sales, research and innovation, and marketing. They have developed both domestic (New Zealand) and international brand relationships, whereby selected partner company's purchasing New Zealand Merino fibre through The New Zealand Merino Company, can use the New Zealand Merino brand (see Figure 19.7).

**Figure 19.7 The New Zealand Merino Brand.**
**Source: The New Zealand Merino Company (2007).**

For a full list of New Zealand Merino's brand partners, see
http://www.nzmerino.co.nz/partners/int_partners.asp and
http://www.nzmerino.co.nz/partners/nz_partners.asp

What both these approaches have in common is the close alignment of the ingredient fibre brand (Sportwool or New Zealand Merino) with the retail brand. It is the retail brand that is best known by the consumer, and hence the approach seeks to generate wool demand through the association. In turn, the ingredient brand provides access to certain brand attributes for the retail brand such as a technology or certain quality attributes in the raw material.

# Lecture 2: The influence of technology on promotion

# Learning objectives

By the end of Lecture 2, you should have developed an understanding of:

- The role of technology in product promotion
- The Impacts of technology on working with a complex supply chain
- Technology and competing fibres, and,
- On-farm and post-farm technology, can both contribute to product promotion?

# Key terms and concepts

Technology, product development, consumer needs

# Introduction to lecture 2

This lecture builds on the approaches to promotion described in Lecture 1 and looks at the influence of technology on promotion. Technology influences both the wool industry and competing fibres and can impact through generating improved production efficiencies, better information flow and a range of other mechanisms. As technology continues to evolve, its impact on our industry will continue to be far-reaching.

# 19.5 The role of technology in product promotion

As technology and especially information technology evolves, it influences an ever-increasing number of areas of our lives. Product promotion has not and will not escape!
When thinking about the role of technology with respect to promotion, it would seem that there are two possible mechanisms:

- Use of technology to spread a promotional message, and,
- Use of technology to create products which better meet the needs of the modern consumer.

Let's consider each of these in turn and examine how technology is impacting on wool and apparel promotion today.

## Technology: Spreading the promotional message

### Web use case studies

With access to the Internet still increasing rapidly around the world, companies continue to invest in the development of their websites. The 'roll-out' of enhancing technologies such as 'broad-band' have also enabled the Internet to provide information in forms that have not previously been available through enhanced audio and video functionality. It is now increasingly common to be given the option to 'Skip Intro' on a company's web page, as more and more use high impact animations, sound and video as promotional tools, although many of us are not serviced by appropriate infrastructure to download them!

The most developed use of the web in this way is probably through the world's dominant and high profile brands, however a range of organisations are using the web to attract customers and provide supporting materials to enhance their purchase decision. Let's consider three (3) case studies to determine how internet-based technology is being used to drive and support consumer purchases:

1. Coca-Cola (www.coca-cola.com.au)
2. Nike (www.nike.com)
3. The Woolmark Company (www.wool.com)

**Case study 1 – Coca Cola Australia**
Perhaps the classic brand, Coca-Cola (www.coca-cola.com.au) has used its web-presence to support its consumers, rather than directly sell the product to them. One of the interesting characteristics of the site is that there is very little information on Coca-Cola product, but rather a large amount of information on things which may be of interest to a Coca-Cola consumer; music, movies, competitions etc. There is also a small area 'About Coke', which has nutritional information, Frequently Asked Questions (FAQ's) and some information about the history of the brand. However, it's comparatively 'undeveloped', perhaps suggesting it isn't used as frequently as other areas of the site!

This is clearly a 'supporting' web site attracting the target consumer group to the product through provision of information on other activities and products known to be of interest and through the use of traditional promotional tools such as competitions.

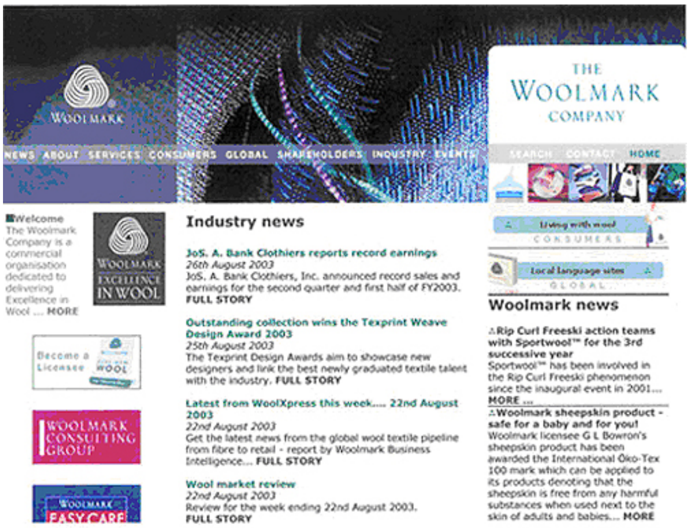
**Case study 2 – Nike**
Nike is the dominant modern brand of the active sportswear segment. A network of global web sites are all available through the main www.nike.com URL. The main site then directs users to more targeted sites first by region/country and then by sporting interest through a menu structure, for example North America → USA → nikerunning.com. Through doing so, Nike targets both the specific needs of its consumer by identifying the product category (e.g. nikefootball.com, mikeskateboarding.com), and its ability to service those needs through its local network in the user's home country (e.g. by directing the consumer to nike.com.au rather than the American website).

From this point, Nike then provides product information, the ability to subscribe to product updates and newsletters, and internet purchasing through its American niketown.com website.

Nike's website goes one step beyond Coca-cola's, in that it provides both supporting information and the opportunity to purchase product. It provides attribute information including fabric composition of garments and innovations associated with these. As such it provides some of the attribute-based promotion information referred to in Lecture 1.

## Case study 3 – The Woolmark company
The Woolmark Company's website is an excellent resource for the wool industry generally and also an information repository for the wool consumer. The 'Consumers' link from the main Woolmark home page shown in Figure 19.8 provides information on apparel, interior textiles and also a link to a retail outlet. Through a series of links the consumer is then taken to a series of information on garment care, how to travel with wool, the performance attributes of the wool fibre and a list of stockists around the world.

**Figure 19.8 The Woolmark Company's Homepage.**
**Source: The Woolmark Company (www.wool.com.au), (2003c).**




## Consider the wool consumer

In the sections above we have profiled the use of the web by some well known brands, including the Woolmark, to support purchase decisions, the purchases themselves, and the product experience after a purchase. Clearly this latter area is important for wool, since it is typically a more expensive product to purchase and appropriate information on product care and inherent attributes help retain the value of the consumer's investment.

However, if technology is used to spread the promotional message, it must do so in a manner that meets the needs of the modern consumer as discussed in Lecture 1. Table 19.3 analyses these needs and considers how technologies with a promotional dissemination role like the internet, might be used to better meet consumer needs.

**Table 19.3 Use of dissemination technologies to support wool promotion.**
**Source: Dinor (1997d).**

| | Consumer Need | Technology Use/Message |
|---|---|---|
| General Needs | Competition for consumer dollars | The value and longevity of a wool garment, plus the intangible values associated with wool, e.g. natural fibre |
| | Desire for leisure | Multifunctional use of active sports and casual wool garments |
| | Price pressure | Value of a wool garment through comfort, luxury and longevity |
| | Women at work | Ease of care available with modern wool garments |
| | Convenience | Ease of care and multi-use/multi-wear functionality of wool garments |
| | Ageing population | Modern aspects of the wool fibre linked to its traditional associations with warmth etc. |
| | Globalisation | Retailer listings within product categories |
| Apparel Needs | Relaxed dressing | Availability of wool in active and casual sportswear |
| | Comfort | Benefits of wool through moisture absorption and coolness to the touch. Emphasis on wool as a year-round fibre, not just a winter fibre. |
| | Easy care | Ease of care aspects with respect to laundering and the availability of 'Total Easy Care' garments (machine wash and tumble dry). |
| | Value for money | Longevity of the investment through garment durability. Luxury aspects of a wool garment. |

## On-farm and post-farm technology – creating better products for the modern consumer

While the dissemination of product information is one role of technology, perhaps the major role is in the development of better products. This can be through innovations on-farm or those generated throughout the supply chain. This is especially important given that there are a number of points of competitive disadvantage for wool as a textile fibre. Some of these are listed in Table 19.4 along with some of the technologies which have been used, to date, to help address them. An important point to note from the table is that many of the technologies listed are simple but effective. These simple technologies are often overlooked when we seek solutions to problems.

**Table 19.4 Points of competitive disadvantage for wool as a textile fibre and current technologies which have helped address these.**
**Source: Champion, The New Zealand Merino Company (2007).**

| | Disadvantage | Current technologies to address |
|---|---|---|
| Raw material | Biological variability | Wool classing, fibre measurement technologies such as Laserscan, ATLAS, OFDA etc. |
| | Contamination (VM etc) | Wool classing, QA systems |
| Consumer Perceptions | Hot | Lighter yarns, light weight fabrics in fine microns |
| | Heavy | Light weight fabrics and new fabric constructions |
| | Difficult to care for | Total easy care process, machine washable suits |
| | Prickly | New fabrics in fine microns, new yarn structures, measurement technologies especially with respect to fibre diameter variability |

Other technologies are currently in various stages of the research and development process and seek to address many of these issues in new and innovative ways. Researchers are also looking at ‘new’ and developing issues for the production base such as sustainability, animal health, and genetics, which while not directly related to consumer concerns or points of competitive disadvantage are important points with respect to the future of the production base. They also deal with some of those issues which have the potential to erode the ‘clean green’ image of wool as a natural fibre. This is one of the new ‘intangible values’ associated with wool which seem to have resonance with some modern consumers and brands.

In terms of current technologies under development in Australia, research and development programme management for the Australian wool industry resides with Australian Wool Innovation (AWI). AWI now manages an extensive portfolio of projects covering the following areas (AWI 2003a):

- Sustainable fibre production systems
  - Sustainable production systems
  - Animal health and exotic disease
  - Genetic technologies, and
  - Logistics and fibre specification
- Fibre processing, products and services
  - Technical business solutions, and
  - Trade policy and industry relations
- Understanding and adoption
  - Communications, and
  - Education and adoption.

A full list of projects is provided in Australian Wool Innovation's Investment Portfolio (AWI 2002c). These cover a variety of issues throughout the supply chain and make further contributions in dealing with the competitive disadvantages detailed in Table 19.4 with respect to both raw material and consumer perceptions.

### Where to for the future of wool apparel?

The future of apparel is not entirely clear - that is the nature of fashion! Certainly our predictions of 40 and 50 years ago as to what we'd be wearing at the turn of the 21st century, now look slightly absurd and more the realm of an old science-fiction movie. If anything, there has been a swing back to natural fibres and products, aligned with other societal change such as the growth of organic food consumption in some markets such as the UK.

Despite this, some trends are emerging and 'wearable intelligence' appears to be one of these (Holcombe and Wallace 2002). 'Wearable intelligence' refers to clothes that carry the ability to process information of value or interest to the wearer. This may relate to monitoring the wearer's health, changing the thermal properties of the garment in response to changes in the external environment, collection of solar energy or the provision of entertainment and communications capability through some in-built system (Holcombe and Wallace 2002). Given the broad range of possibilities, such clothing has a wide range of applications in medical, industrial, military and general consumer uses.

Early developments such as the provision of minidisk players in snowboard jackets (Burton, see www.burton.com) are already available, however many commentators suggest these are just the start of a new wave of 'wearable intelligence'. Some have suggested that in the future fashion cycles will be replaced by 'innovation cycles' (Holcombe and Wallace 2002). This may or may not be the case, given our success of fashion and apparel prediction in the past, however wool must face up to continuing challenges in the future.

However, Sportwool has started a process which holds potential for further development in the future, harnessing the inherent attributes of wool in a way that delivers benefits to the consumer. This is wool's strength and has been in the past, although it has not always been identified as such by either the consumer or manufacturer. Perhaps Holcombe and Wallace (2002) sum it up best when they comment:

*Wool's morphological structure and its surface chemistry are extraordinarily complex; and whilst specific aspects of its physical and chemical characteristics have been copied by competitors, none of these fibres matches wool's versatility nor is this likely to happen in the foreseeable future. In many ways, wool is the most high-tech of all the apparel fibres. It has an ingenious 'shape memory' that aids crease recovery and an inherent flame resistance, its internal structure interacts with the moisture in the air around it to buffer wearers against rapid changes in the environment, and it comes in a wide range of crimp levels and diameters.*

*The chemical versatility of the wool fibre creates a plethora of avenues for interaction with intelligent polymeric materials that can add their own form of functionality, modify existing properties of wool in some way or create new benefits that are unique.*

## 19.6 Working with a complex supply chain, impacts of technology change

We have seen in the discussion above that technology can work to both promote existing products and develop new products. It can also act as an enabler within the supply chain through mechanisms such as electronic data interchange (EDI) and enhanced information sharing. Many of the attributes of managed supply chains discussed in Lecture 1 can be supported through improved information technology.

Another example of enabling technologies currently being developed to support supply chain information flows is electronic sheep and wool bale identification. The Australian Sheep Industry CRC is currently engaged in a project examining the application of various software and hardware to sheep production, through a programme known as ‘e-sheep’ (see http://www.sheep.crc.org.au/articles.php3?rc=64). Additionally AWI is working on the development of electronic bale identification systems through the attachment of radio-frequency identification (RFID) tags to wool bales(http://www.wool.com.au/AWI/rwpattach.nsf/viewasattachmentPersonal/Insight_BaleID.pdf/$file/Insight_BaleID.pdf).

## Technology and competing fibres

It needs to be remembered that wool is not the only textile fibre seeking to use technology and innovation to improve textile and fibre performance. Many of the synthetic and man-made fibre manufacturers have significant research and development budgets. They also have significant marketing budgets with du Pont planning to spend US$200 million promoting their Lycra brand alone, over the next 3 years (Du Pont 2003). Du Pont’s fibre offering consists of Lycra®, Teflon®, Stainmaster®, Antron®, Coolmax®, Thermolite®, Cordura®, Supplex® and Tactel®. In apparel these cover functionality as diverse as liquid moisture wicking, stain resistance and stretch. The result will be a continued ‘lifting of the bar’ with respect to fibre performance, process which wool must confront ‘head-on’ though the sensible use and development of technology.

# Lecture 3: Future product promotion models

# Learning objectives

By the end of Lecture 3, you should have developed an understanding of:

- Future models for product promotion
- The consumer of the future - what will they be like?;
- Wool as a textile fibre in the future and other uses for wool, and
Grower marketing groups and production regions as a marketing concept for wool.

# Key terms and concepts

Consumer, grower group, new products, non-traditional end-use

# Introduction to lecture 3

This lecture completes the series on product promotion. Through the series we have looked at the history of wool promotion and its evolution. We have examined the nature of generic and targeted promotion along with the use of technology to support promotion and its role in the development of new products with enhanced consumer appeal. This lecture looks to the future in terms of the consumer, the models used for promotion, and the context in which wool is used. It also examines the role of production regions as marketing concepts in themselves.

# 19.7 Future models for product promotion

While generic promotion has been the way of the past, it is unlikely to be the way of the future. There is currently no centrally collected levy-funding for wool promotion of Australian wool, only the collection of levy funds for wool research and development, managed through Australian Wool Innovation (AWI). However, the issue of wool promotion is still a frequent topic of discussion within the broader industry, with a general recognition that wool needs to be kept in the 'eye' of the consumer if it is to be considered or sought by the consumer at the time of purchase. A recent issue of the "Wool Record" the wool industry's trade magazine recorded processors' concerns over the current lack of promotion, raised during the 2003 IWTO Conference in Buenos Aires, Argentina. The new IWTO president detailed two promotion related issues as part of a desired four-point plan of action. These issues were (Wool Record 2003):

- Making retailers aware of the commercial advantages of wool apparel and the benefits available to the final consumer, and,
- Encouraging the promotion of new wool products

Clearly promotion will continue to remain an important issue!

# 19.8 What will the consumer of the future be like?

As discussed in previous lectures, consumer markets are characterised by rapid change. As a result, our promotional mechanisms and messages must also adapt in order to target these consumers effectively. Given this, von Alvensleben's (1997) check-list provides a simple way of assessing the alignment between our promotion activity and the understanding of the consumer. He suggests asking the following questions:

- Why do consumers buy the product?
- How is the product perceived?
- How is the buying decision taken?
- Where is the product purchased?
- What product, in the end, is chosen? and,
- How is the buying decision influenced by marketing?

Demographic changes impacting on the consumer are significant and in some ways unprecedented in history with respect to both magnitude and speed. Consider these (Ray & Hughes 1994):

- Developing countries (the key consumers of wool apparel) no longer see 'organic' population growth. Many of the mature but high value markets are now characterised by slowing or stagnant population growth;
- Current levels of women participating in the workforce are historically high; >90% of women work full- or part-time in Sweden, 73% in France and the UK and >50% in Italy. These women are time poor, and as a result, aspects of convenience become extremely important purchase drivers. Clothing and apparel cannot escape this need for convenience; and,
- Households are also changing; the number of households increasing, and the average size decreasing.

As mentioned previously, there is increasing value being applied to 'intangible' or 'soft' product characteristics. Dagevos (2000) captures this well by describing tomorrow's economy as one characterised by the importance of 'emotion'. This arises as product functionality often differs little between products at differing price points. For example, an expensive German motor vehicle and a comparatively cheap Korean motor vehicle will both act as durable and reliable transport, but there are a range of tangible and intangible factors which allow the German product to command a price premium.

These intangible characteristics can be aspects of emotional, ethical, aesthetic or ecological origin. Their growth in importance is part of a general transition from 'real goods' to 'feel goods' (Dagevos 2000) through which intangible assets have become 'real' and economically valuable. This has also been seen in agricultural products with Viaene, Vebeke and Gellynck (1998) finding consumers approaching vegetable consumption emotively, seeing vegetable products and purchases in terms of health, quality, nutrition and naturalness.

Against these broad changes in the nature of the consumer are also the changes in spending patterns and the retail environment where between 1987 and 1997 the proportion of household expenditure spent on clothing and shoes in high income families fell from 9.7% to 6.4%. This was coupled to increases in the proportion of clothing items purchased 'on sale' (60% of all apparel purchases in the US and 50% in Germany in 1996) (Ward 1998).

All of these have implications for promotion mechanisms and message.

## 19.9 Wool as a textile fibre in the future and other uses for wool

While wool will continue to have an important role in quality apparel in the future, early signs of new uses for wool in non-traditional areas are now emerging. A survey of information made available through AWI and the Wool Research Organisation of New Zealand (WRONZ) indicates some of the directions of current and future research with respect to wool.

The first generation of wearable intelligence has been facilitated by Softswitch Ltd, a partnership between WRONZ and Peratech Ltd. While not wool specific, 'Softswitch' technology provides the ability to incorporate electrical switches into a range of apparel, including wool. The first commercial application was a snowboard jacket from American manufacturer Burton (www.burton.com) which incorporated a Sony Minidisk which could be activated through a Softswitch interface on the sleeve (see Figure 19.9). Other applications include the incorporation of home entertainment controllers into upholstery and other automotive, medical and computing applications (WRONZ 2002a).

**Figure 19.9 Burton snowboard jacket with Softswitch. Source: WRONZ (2002a).**

Another area of the future for wool is to use wool's protein 'building blocks' as a raw material in themselves. In this way, the keratin protein extracted from wool fibres can be used for highly value-added products such as cosmetics, specialty fibres and medical products. WRONZ has set up a subsidiary company, Keratec Ltd, to pursue the commercial applications around this approach (WRONZ 2002b). This is potentially an interesting way of value adding lower quality wool's where contamination or poor fibre quality may give limited utility for textile applications.

In apparel, further opportunities are being sought to reduce the cost of wool processing which is time consuming, complex and costly in its current form. A key technology with significant potential is non-woven production whereby the stages of spinning and fabric construction (knitting/weaving) are replaced with a single step (WRONZ 2001). The project has been an excellent example of international research collaboration between AWI and WRONZ and the first commercial plant has recently been commissioned by Macquarie Textiles in Albury, NSW (AWI 2002a), with the first commercial apparel available through Australia's Driza-Bone (AWI 2003b) using the fabric as a vest lining.

AWI is also investigating new or non-traditional uses of wool in other areas such as medical dressings and industrial filters (AWI 2003a).

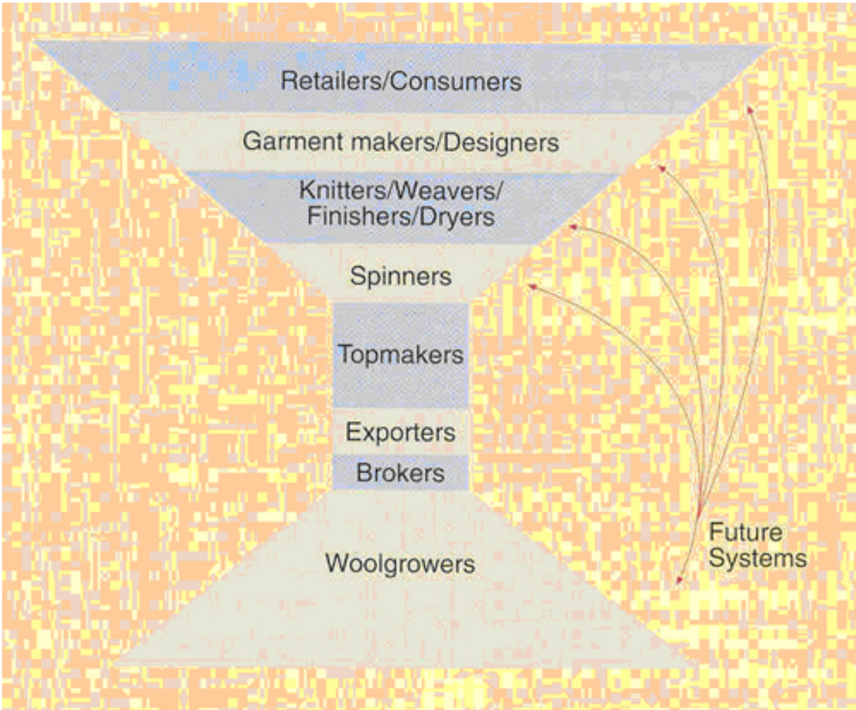
The key to many of these programmes is the harnessing of wool's inherent product attributes, be they chemical or physical. This includes issues such as protein structure, moisture absorption, limitations of bacterial growth and chemical stability. All of these have traditionally provided benefits to apparel consumers, although they have not always been identified as such. Whichever ways our promotion mechanisms evolve in the future, there are clearly significant opportunities to build on the attribute and benefit 'stories' of the wool fibre.

# 19.10 Grower marketing groups and production region as marketing concepts for wool

One model which is frequently discussed with respect to wool promotion in the future is the concept of production region as a promotable entity in itself. The concept is that product differentiation through the linking of product to its raw material origin (region or genetics), or the further development of grower groups linked closely to the market, will increase demand for that wool product. Such groups have usually developed along regional or genetic lines. Customers for products differentiated in this way could be either mid-chain transformers such as spinners and weavers (i.e. buyers of a differentiated top of yarn) or the final consumer.

The development of woolgrower marketing groups in Australia is a comparatively recent occurrence. These groups, many with associated quality assurance programmes, have helped growers link more closely to the processing industry. Usually, where wool transactions form part of their remit, they offer the opportunity to build significant volumes of similar wool (Grace 1997). However, alternative selling systems such as these have not yet driven any significant change to wool marketing systems (O'Connor 2002) in Australia.
The Wool Industry Future Directions Taskforce devoted specific comment to the concept of woolgrower marketing groups. They commented that communication between growers and their late-stage processing customers (i.e. those beyond the topmaker) was poor and that if "wool's full potential value is to be realised", this would have to change (Wool Industry Future Directions Taskforce 1999). One of the challenges they identified was overcoming the inherent communication 'bottleneck' associated with the wool textile chain's 'wineglass' shape (see Figure 19.10).

**Figure 19.10 Wool Textile Supply Chain 'Wineglass'.**
**Source: Wool Industry Future Directions Taskforce (1999).**

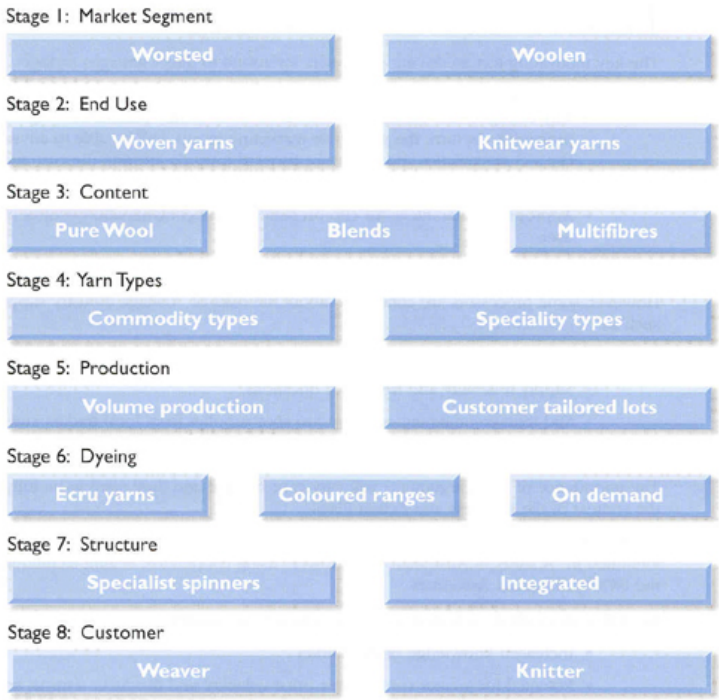



While positive about the concept, the Taskforce also identified hurdles that grower groups must overcome if they are to actively promote their wool to textile processors. These included (Wool Industry Future Directions Taskforce 1999):

- Relatively small size of individual clips with respect to processor needs and year-round supply
- Costs involved with developing marketing relationships (often offshore)
- Changing patterns of demand
- Difficulties of establishing repeat business, and,
- Variety of end-uses for a wool type leading to difficulty in answering the questions:
  - Who is my customer?
  - What happened to my wool?

The International Wool Secretariat developed a guide for grower groups looking to become more closely engaged with the processing industry. In it they outlined the broad array of issues a group may have to make decisions on should they decide to engage more closely with the market. These are outlined below in Figure 19.11, where the boxes shown in each stage indicate the potential 'pathways' or options through which wool can move (IWS 1997). The business challenge then becomes finding the most appropriate fit between your product (the wool) and the needs of a processor, with respect to these options.

**Figure 19.11 Options for wool processing path. Source: IWS (1997).**




Despite these difficulties and the breadth of issues regional or grower groups face in taking a product to market more directly, there are still a range of potential benefits both for the group and the textile organisation working with them. In McKinsey and Company's review of the New Zealand wool industry they saw a number of benefits arising from a commercial focus on promotion and marketing activity rather than generic levy-funded activity. These benefits included (McKinsey & Company 2000):

- Enhanced mechanisms to capture value generated through promotion
- Delivery of complete marketing services
- Increased responsiveness
- Facilitates industry partnerships and aligns interests
- Focuses on value
- Gives growers choice to participate, and,
- Provides competition.

The challenge then is how can growers overcome the difficulties mentioned above to capture the benefits just described? The next few years will be interesting with respect to the development of grower activity.

## Readings

The following readings are available on CD


1. Grace, A. 1997, Access to the experts – marketing the wool that the consumer demands, Chapter 5 – Addressing the needs of the consumer, Cooperative Centre for Premium Quality Wool.
2. Holcombe, B. and Wallace, G. 2002, 'The brave new world of wearable intelligence,' *Wool Technology and Sheep Breeding*, vol. 20(3), pp. 312-318.
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5. Richardson, B. 2001, The politics and economics of wool marketing, 1950-2000, *The Australian Journal of Agricultural and Resource Economics,* vol. 45(1), pp. 95-115.
6. Rowe, H. 1995, Retailing wool in Australia, *Michell Wool Forum,* 6th July, 1995, pp. 20-26.


Wool promotion is not an area well covered by the literature! To gain an understanding of the current activities, look through the web sites mentioned in the Useful Weblinks.

## Activities

Available on WebCT

## Multi-Choice Questions

Submit answers via WebCT

## Useful Web Links

Available on WebCT

## Assignment Questions

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

## Summary

Summary Slides are available on CD

Wool promotion is at something of a cross-road as the global wool industry moves from the generic promotion of the past, to the more targeted promotion of the future. Whatever form(s) this finally takes, it is clear that continued promotion will be important to convey the exciting attributes of the wool fibre to an increasingly technical and demanding market place.

The role of technology in product promotion is critical. Whether informing consumers about potential purchases, supporting their purchases through additional information or assisting with the development of even better products for tomorrow, wool's inherent characteristics, including its position as a natural fibre, provide a sound basis from which to develop innovation to ensure its place in the future. The only thing that is unclear is what the outcomes of the application of technology will be. What will we be wearing in the future?

Lecture 3 has not defined a 'superior' approach to wool promotion. That was not its purpose. What it has done is define carefully the consumer context in which promotion sits and the possible future role for wool as a consumer product. Clearly both are changing rapidly. This is

overlaid with the changes in technology and the way these can improve information dissemination about products, or contribute to the development of new products which better

meet consumer needs. When all these factors are considered it is clear that there are a range of promotional possibilities, however there is a common rule: know the consumer and target the message to them as closely as possible.
Given the rising diversity of the consumer base, it is likely that wool promotion will be more diverse in the future, than ever before.

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## Glossary of terms

| | |
|---|---|
| Promotion | The process of making consumers aware of the availability, attributes and benefits of a particular product |
| Generic promotion | A promotional process which generates product awareness but does not link this to a specific brand |
| Ingredient brand | A subordinate brand which describes an ingredient of a particular product, rather than the product itself. "Intel Inside" is an example of an ingredient brand |
| Sub-brand | A secondary brand carried under the banner of a typically more recognisable brand. Woolmark's 'Wool plus Lycra' is a sub-brand to the more well known Woolmark |
| Product development | The process of generating new, innovative and desirable products for a particular market segment |
| Grower group | A cumber of wool farmers working collaboratively (horizontal co-ordination) to typically develop a quality or marketing initiative |