



CRC

for

Premium

Quality

Wool

Measurement of Marketing Performance

Produced for the CRC for Premium Quality Wool undergraduate program by;
Dr. Peter Auer, The University of New South Wales.



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Market Share

- commonly used in marketing
 - “Market share is the chief measure of how well an organisation is doing relative to its competitors.”
- market share varies with return on investment
 - lower unit costs
- BUT
 - market share = past purchases
 - NOT future purchases
 - no guarantee of success

Peter Auer

Source: Schewe, C.D. & Hiam, A. (1998)



Market Share: wool

- depends on market segment
 - end-use, region
- total fibre market
 - 1960's
 - cotton / wool ~7:1
 - 1990's
 - cotton / wool ~10:1
- Apparel market
 - wool ~15%
 - White, B (1998)
- Apparel wool
- Japan (1971 to 1982)
 - menswear
 - 70% to 38%
 - womenswear
 - 55% to 25%
- US (1974 to 1986)
 - sweaters
 - 14% to 8%
 - bottomweight
 - 3.5% to 5.5%

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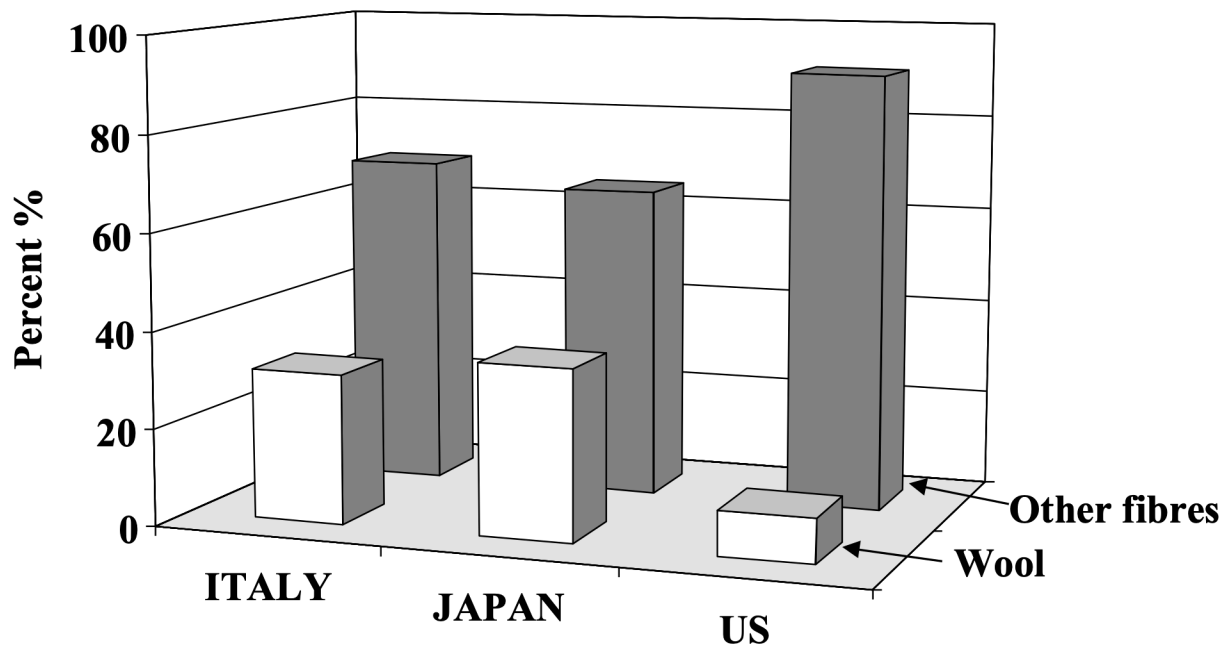
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Market Share: wool

Wool Share of Apparel* Textile Fibre Consumption 1997



THE
WOOLMARK
COMPANY

(*Incl. Womens outerwear, mens outerwear and knitwear)



WOOLMARK



Market Share: Cotton

- **1970 (53% of world market)**
 - fallen 1% every 5 years
- **threat from synthetics**
 - price 70-75c per lb cf. 27-30c per lb
 - European tariffs 33% on natural fibres
 - facing the same future as wool!
- **1960's US regained market share**
 - collective program funded by
 - growers
 - cotton textile importers

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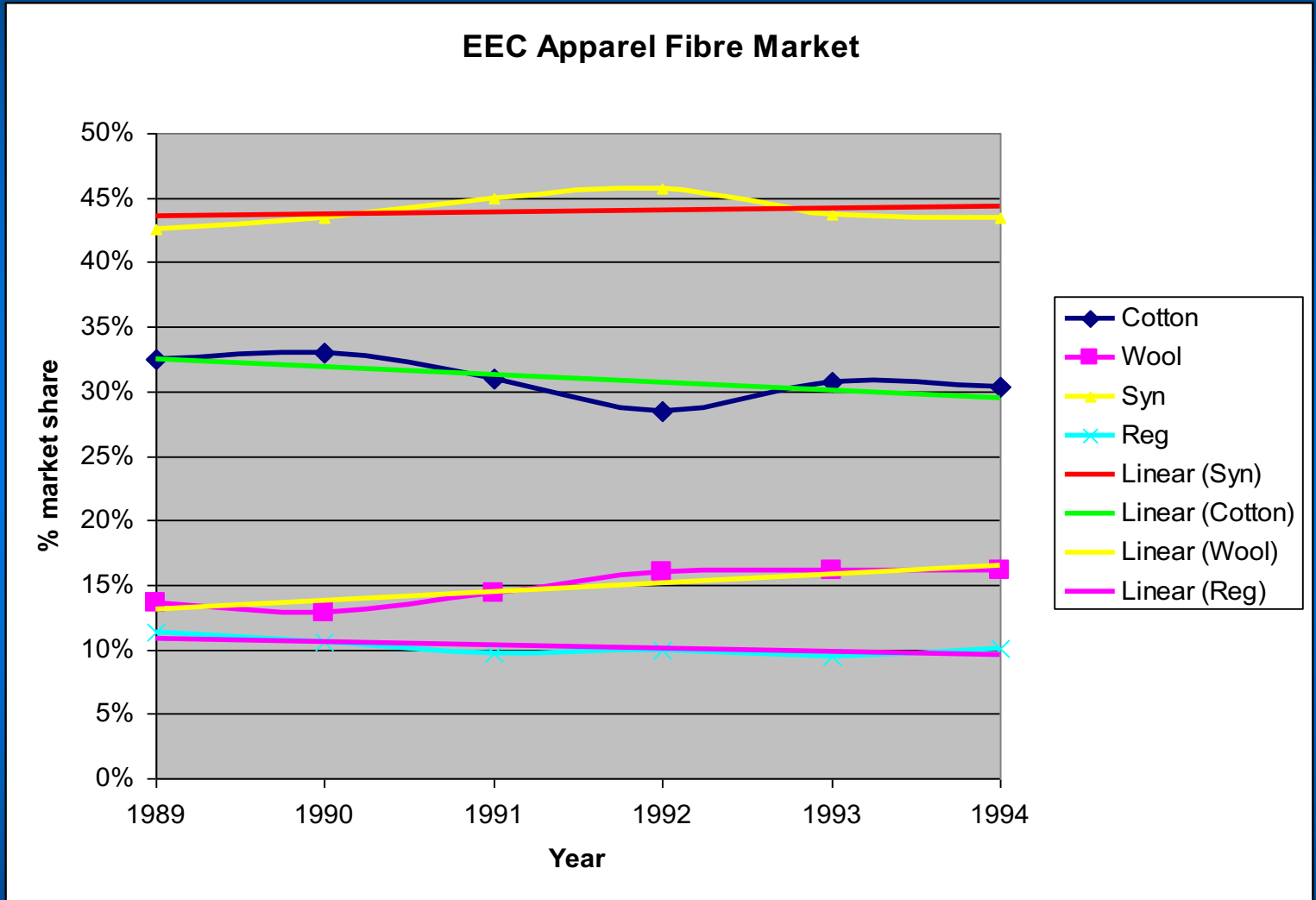
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EEC Apparel Market



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Market Share: wool

- “..there are limits to the extent that demand can be expanded within each (market) segment.”
 - Stoeckel et al. (1990)
- It is unlikely that this market share will increase and in fact, it is more likely to decrease due to physical constraints on production such as reduced pastures, water availability and environmental pressures which will restrict wool supply relative to expected growth in demand for textiles in the future.
 - White, B. (1998)

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Building Market Share

- “Extra promotion needed to build market share”
 - Carson, J. (1996)
- (Australian Wool Services) must be “focussed on taking market share from other fibres by delivering new products through direct product management relationships with their customers”
 - Bill Sheridan, Vice President, NSW Farmers (1999)

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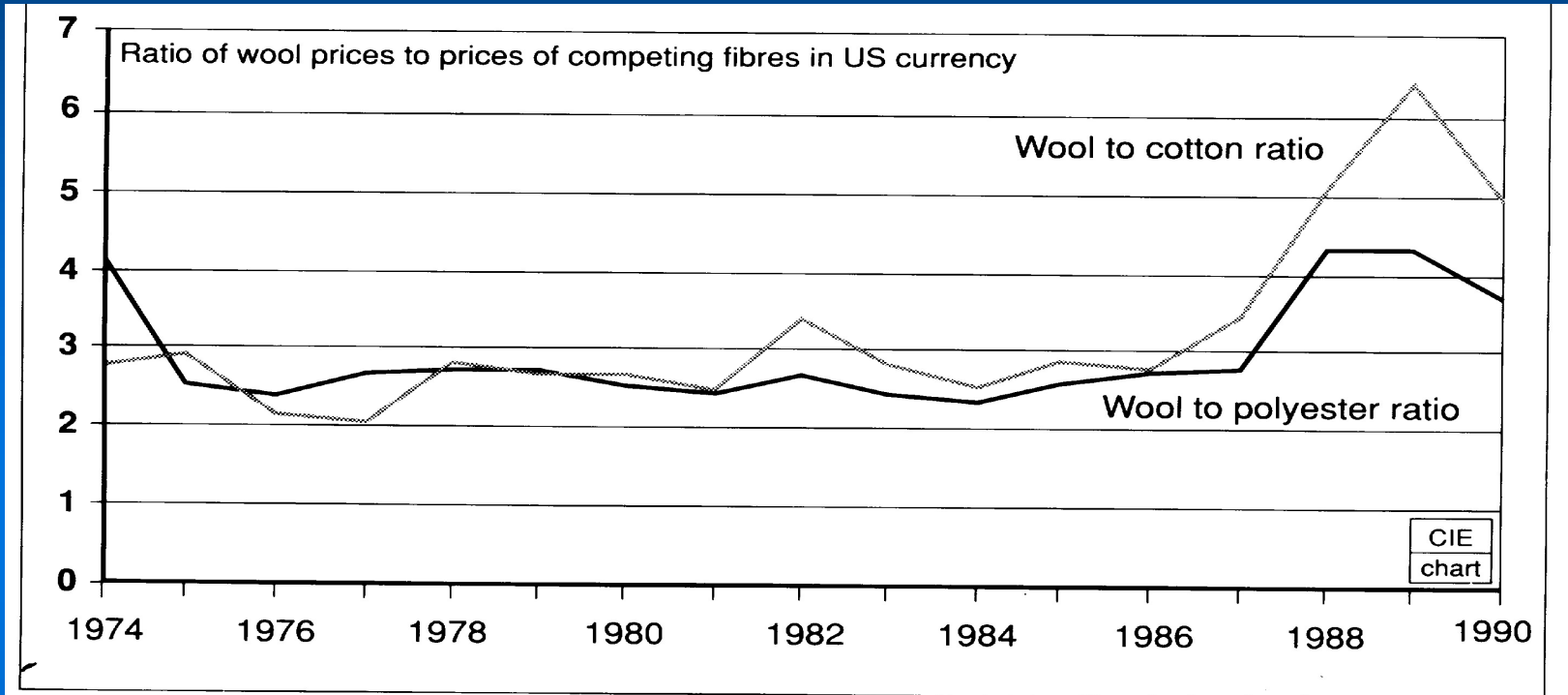
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Price Premium



Data sources: US Department of Agriculture (1987); National Council of Wool Selling Brokers of Australia (1989); ABARE (1990); Textiles Economics Bureau Incorporated (1990).

- > ~4 relative to cotton
- > ~3 relative to synthetics
 - sudden price rises critical



Future Directions Taskforce

- “Price premiums can be sustained in the face of cost disadvantages if, and only if, quality attributes are relevant and sufficiently well recognised by consumers”
- ...”price premiums are rarely permanent”

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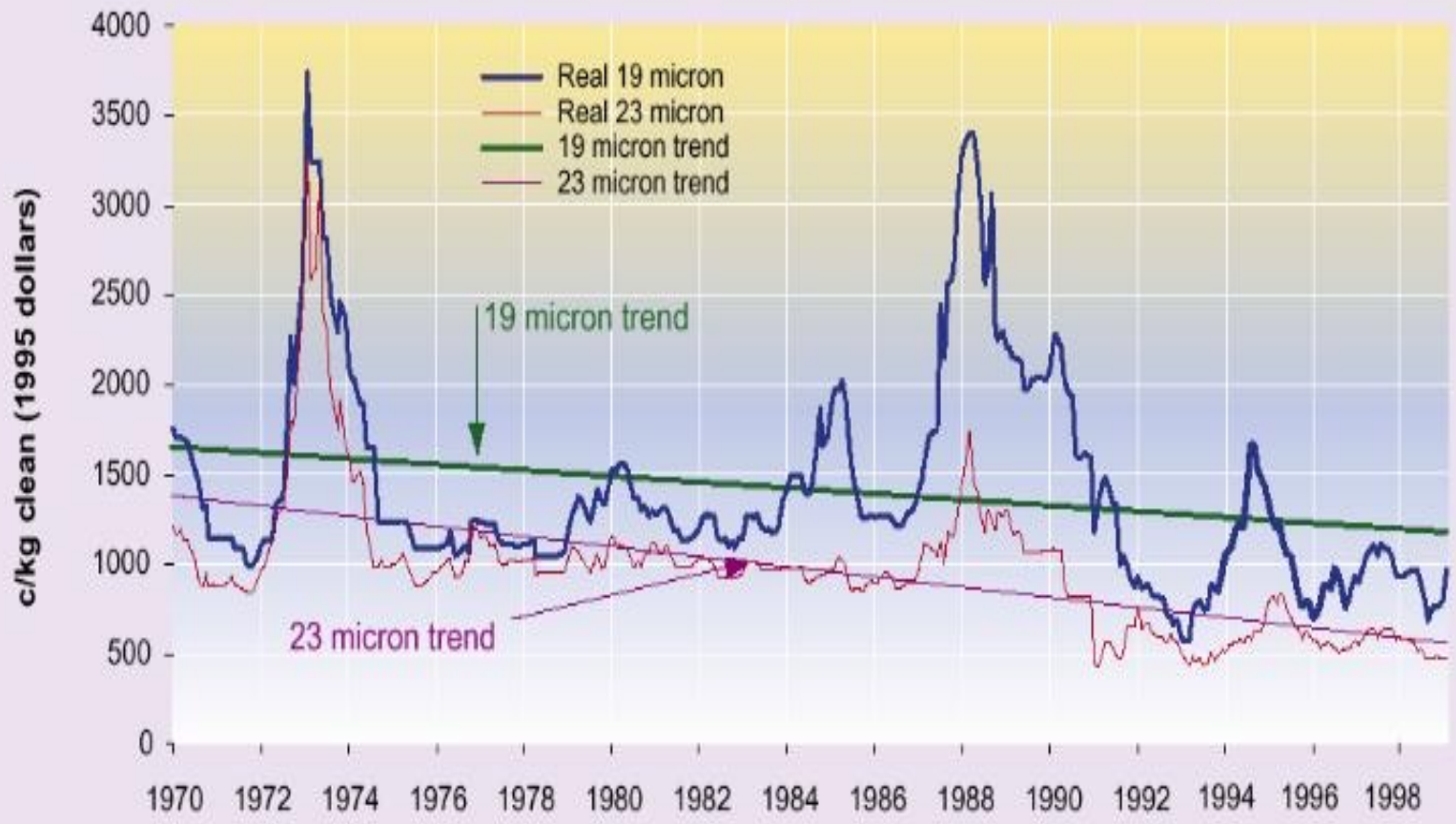
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Source: The Wool Taskforce (1999)



Real Price

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Success Indicators

	lose market share	gain market share
rising real price	mostly good only temporarily bad eg. Penfolds Grange	unambiguously good eg. Jacob's Creek in UK
falling real price	unambiguously bad eg. wool	usually good eg. cotton / polyester

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Sales Volume

White, B (1998)

“What is important however, for wool producers, is not so much relative market share but actual volumes produced and net returns from such production.”

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Dinor, S. (1997)

“Wool cannot compete head-on with its competitors, nor could we meet the volume demands of the ever-increasing population. Focus on market share as an indication of success or failure for the work we do is inappropriate as markets are constantly growing and changing...”

“our indicator needs to be increases in volume rather than increase in market share”

Watson, A. (1997 / 98)

“Growth in consumption is the only relevant success indicator (for promotion).”

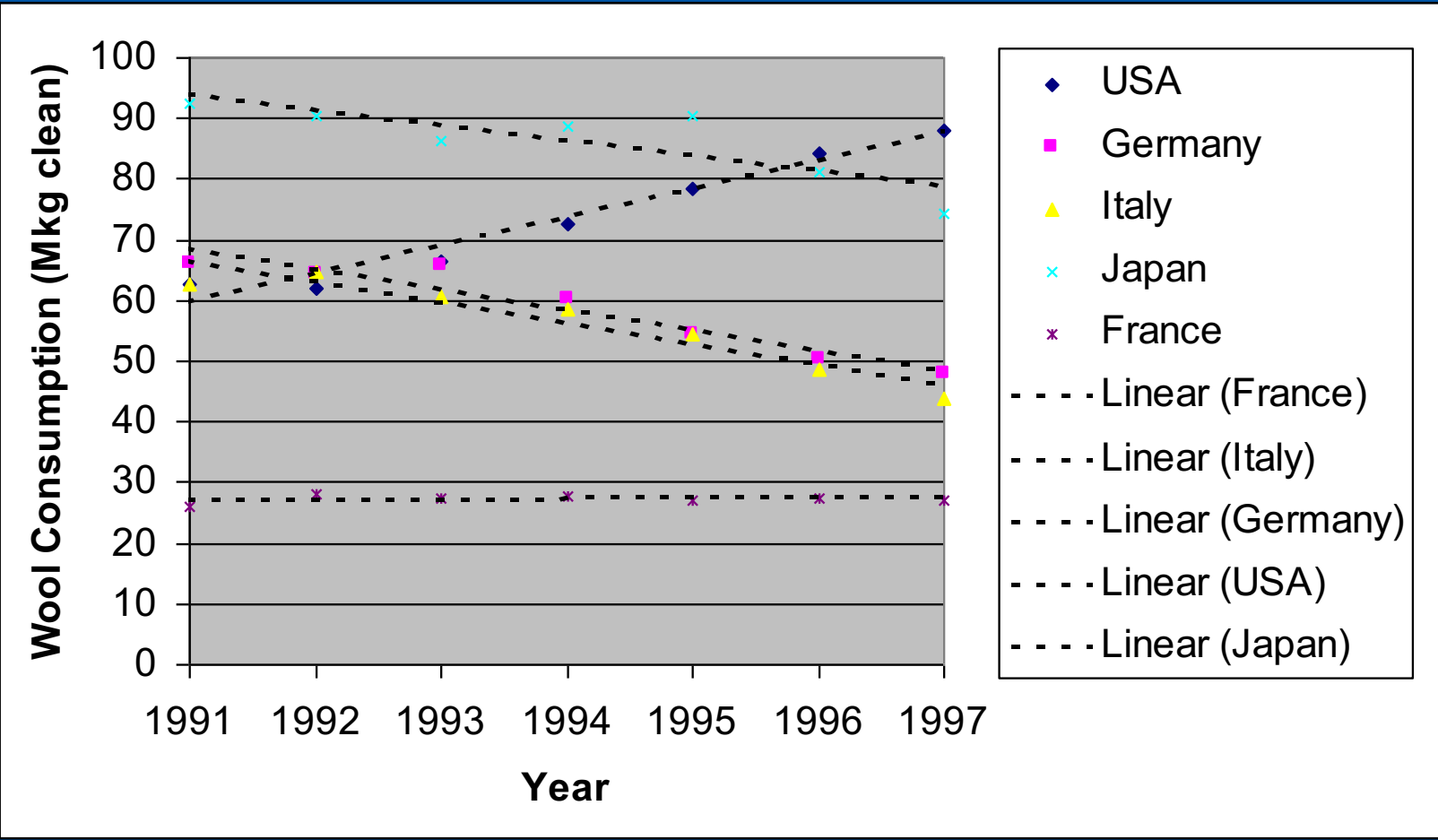
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Source: White, B. (1998), Dinor, S. (1997), Watson, A. (1997 / 98)



Apparel Wool Consumption

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Conclusion for wool

- market share will fall over time
 - production capacity of wool limited
 - projection 3.5% by 2002
 - Morris & Stogdon (1996)
- price premium
 - no control over competitor's progress
- real prices
 - falling in all markets (some slower)
- increased sales volume
 - must = increased total consumption

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