



CRC

for

Premium

Quality

Wool

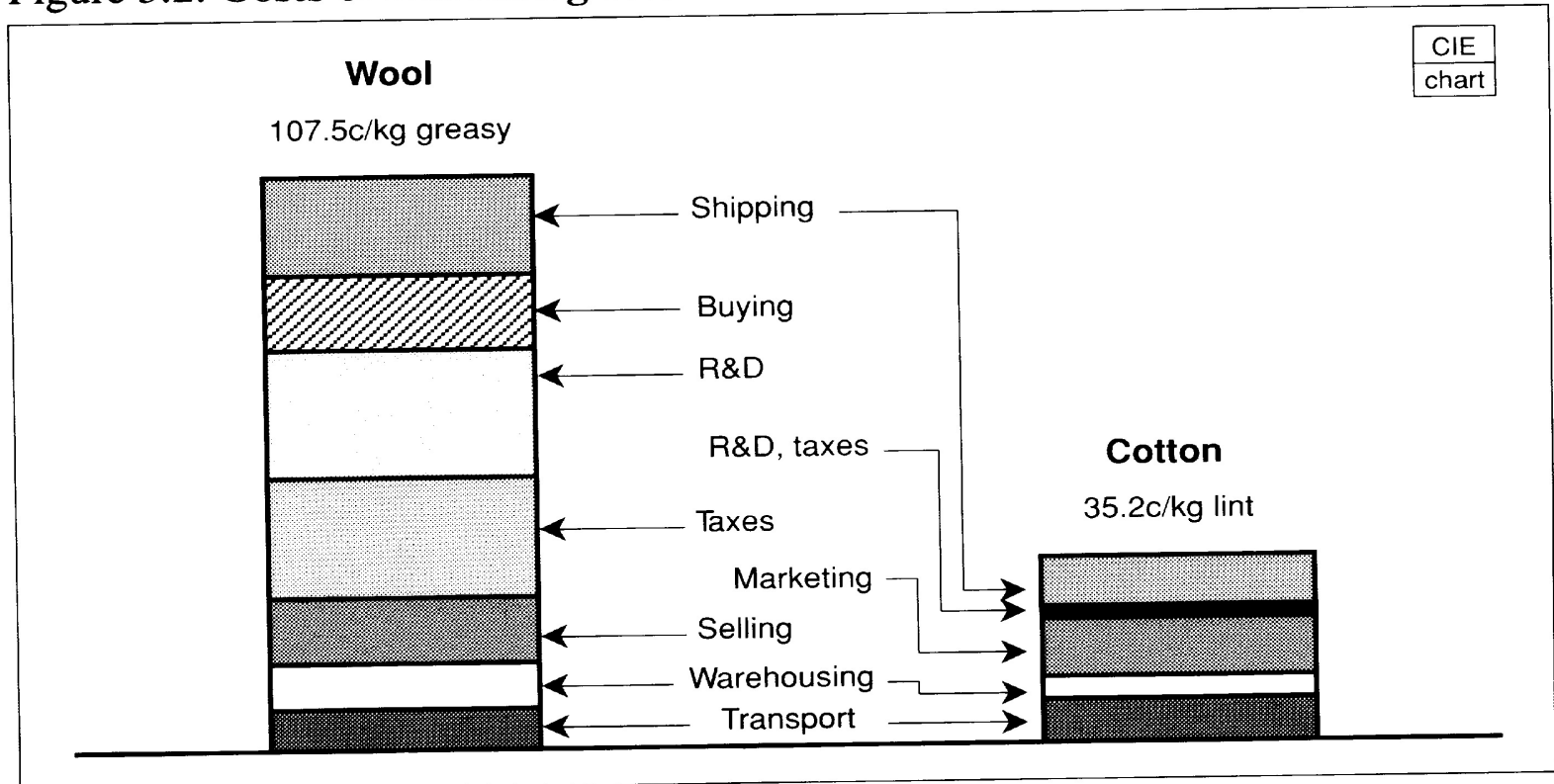
Raw Wool Marketing Costs

Produced for the CRC for Premium Quality Wool undergraduate program by;
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1990 Delivery Costs: Wool vs. Cotton

Figure 5.2: Costs of marketing cotton and wool in 1990



Data sources: AWC (1990); personal communication with an Australian cotton grower and marketer.

107.5 c/kg greasy = 154 c/kg clean

wool/cotton ratio 4.4

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Taskforce: Delivery Costs

- 1997/8? Delivery Costs
 - farm gate to 1st stage processor

Wool

(c/kg clean)

~125

Cotton

~40

wool / cotton ~3.0

- 83 c/kg differential (>80% explained by)
 - freight rates
 - R&D levy
 - post sale charges

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BCA of Marketing Choices

Variable assumptions

- Outcome 1: Sale by Description (SxD)
 - SxD in Sydney only
 - Sale by sample & traditional marketed wool at all 3 centres, with 10% of those growers attending sales
- Outcome 2: SxD + Integrated Centralised Selling (ICS)
 - sales in Sydney only
 - SxD sold along side SxS & traditionally marketed wools, 5% of growers attending
- Outcome 3: SxD + ICS + Electronic Selling
 - all SxD wool sold by computer trading
 - system based on WOOLINK or similar
 - SxS & traditional at Sydney only
 - 5% growers attending

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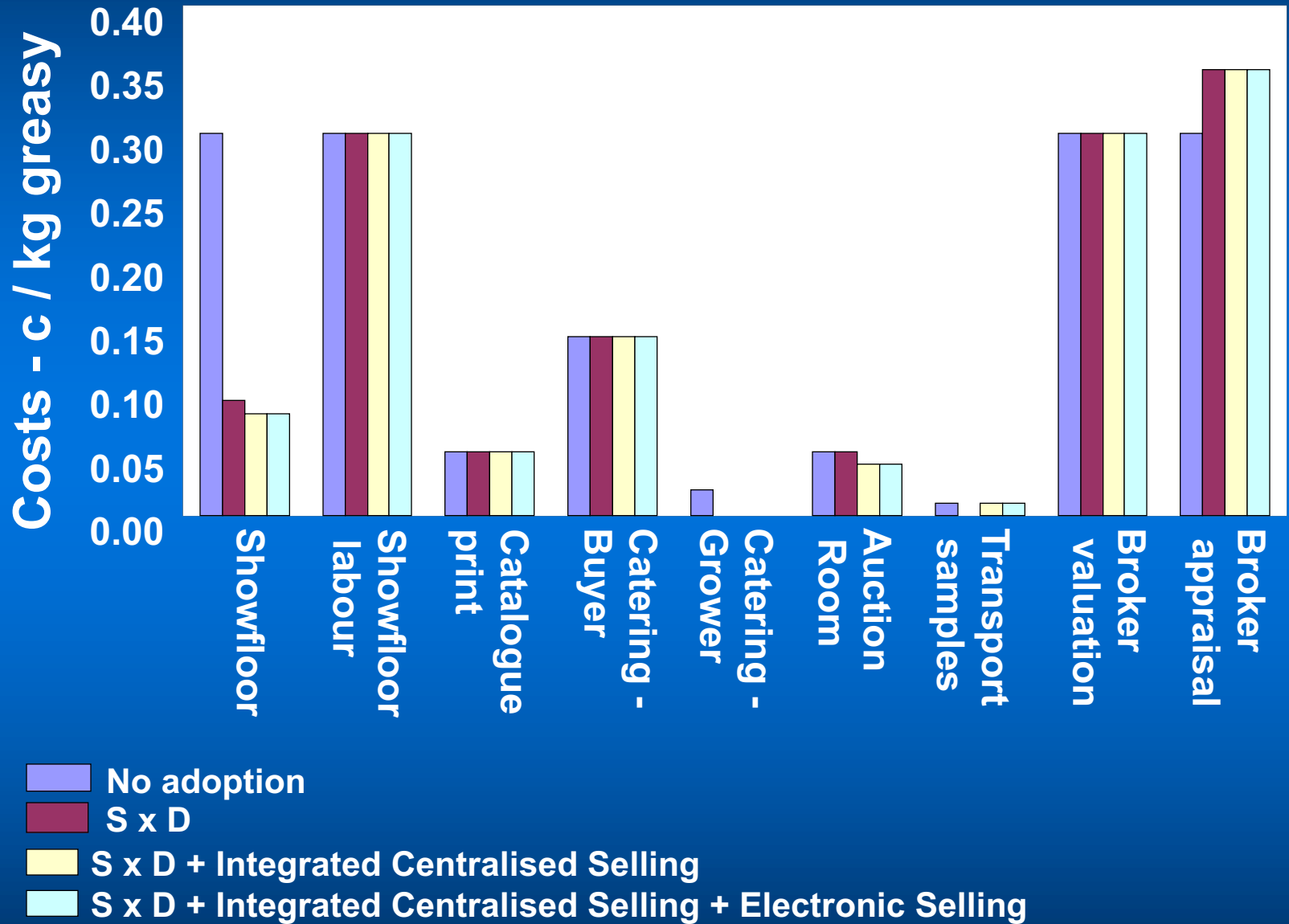
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Broker savings at 75% adoption rate



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Effect of adoption rate on costs (Outcome 3)

BROKER (c/kg greasy)	At 0%	at 25%	at 50%	at 75%
Warehousing	9.37	9.37	9.37	9.37
Testing	4.05	4.05	4.05	4.05
Showfloor	0.30	0.30	0.18	0.08
Showfloor labour	0.30	0.30	0.30	0.30
Catalogue print	0.05	0.05	0.05	0.05
Catering - Buyer	0.14	0.14	0.14	0.14
Catering - Grower	0.02	0.02	0.01	0.00
Auction Room	0.05	0.05	0.05	0.04
Transport samples to sale	0.01	0.01	0.01	0.01
Broker valuation	0.30	0.30	0.30	0.30
Broker appraisal	0.30	0.35	0.35	0.35
BUYER (c/kg greasy)				
Buyer appraisal	4.83	4.83	2.42	1.21
Buyer costs - attending outcentres	1.92	0.00	0.00	0.00
Buy - Auction	1.03	1.55	1.03	1.03

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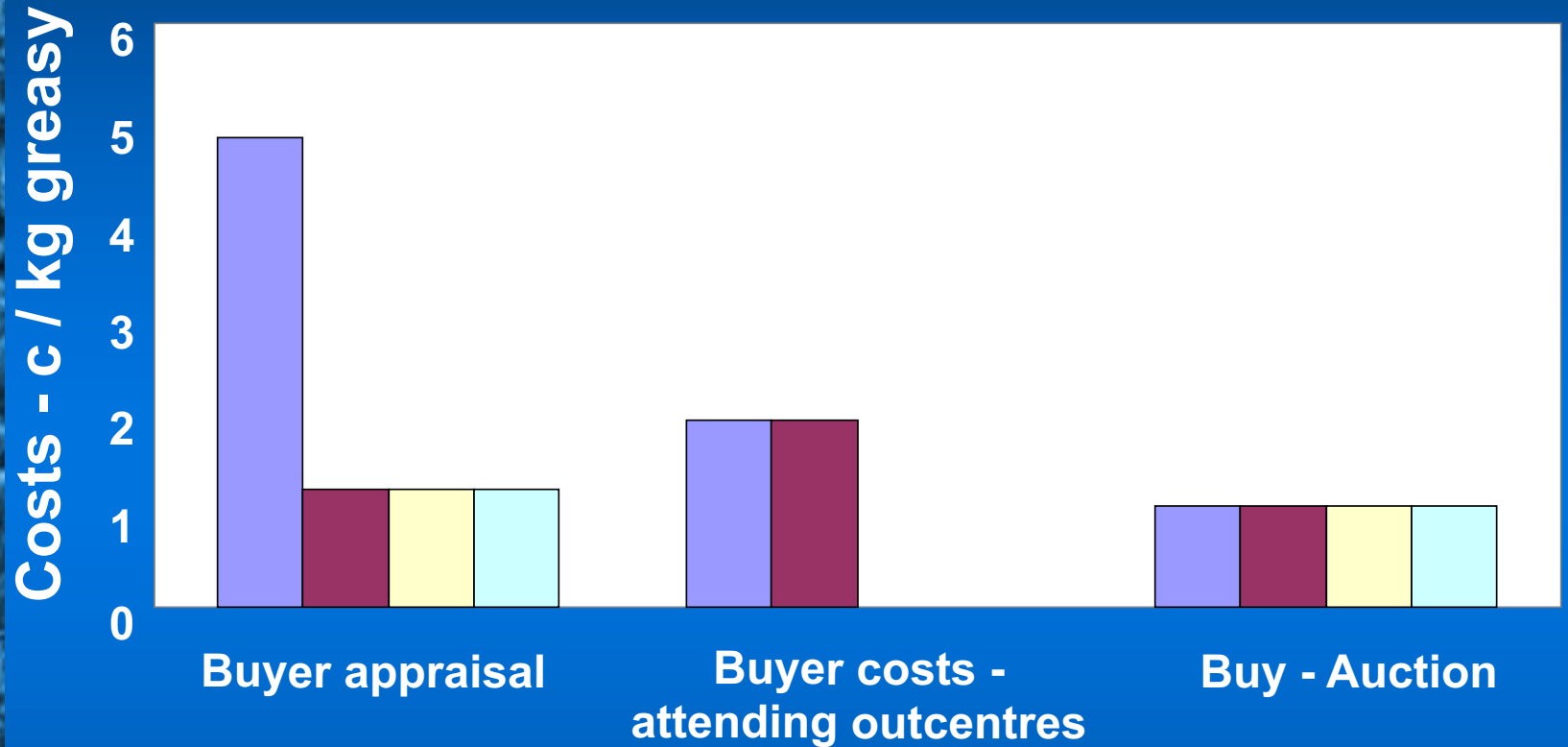
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Buyer savings at 75% adoption rate



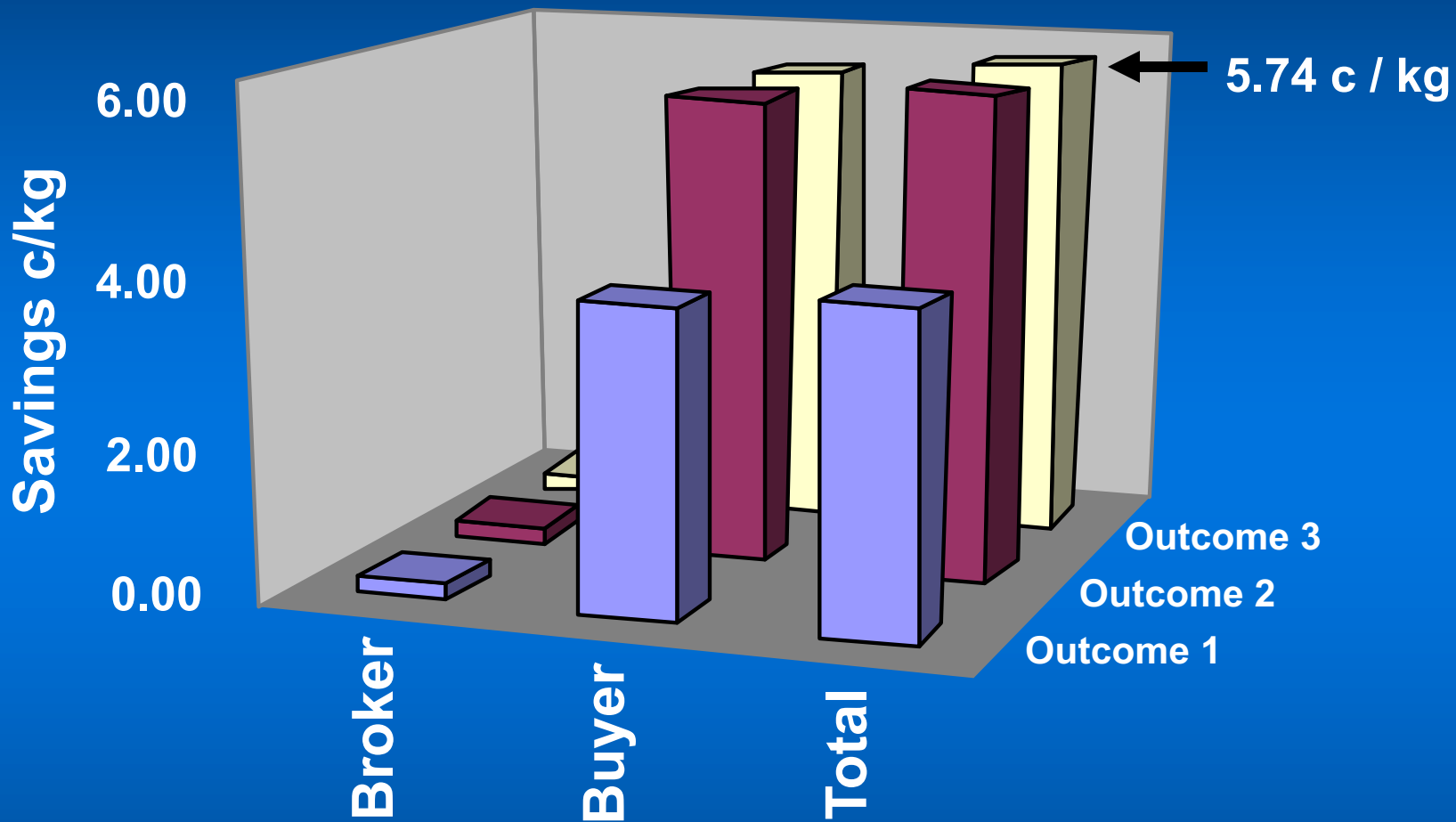
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No adoption **S x D + Integrated Centralised Selling**
S x D **S x D + Integrated Centralised Selling + Electronic Selling**

L. Osborne
Source: Swain, B. C. (1996)



Total savings at 75% adoption rate



- S x D
- S x D + Integrated Centralised Selling
- S x D + Integrated Centralised Selling + Electronic Selling

L. Osborne

Source: Swain, B. C. (1996)



Potential Savings

- **5.74 c/kg greasy**
 - Sale by Description with Integrated Centralised Selling & Electronic Selling, 75% adoption rate
- **6.6% of Total Greasy Wool Marketing Costs (Delivery Costs)**
- **potential savings**
 - using 1998 costs from Taskforce report
- **1997/98 selling season**
 - **~\$AUD33 million**
 - total bales offered at auction (3,280,370 bales)

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