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for

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Wool

# The Principles of Promotion

Produced for the CRC for Premium Quality Wool undergraduate program by;  
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# Marketing Expenditure

- Total since 1936 (1997/98 prices) **\$12.6 billion**
- Total since 1974 **\$9.8 billion**
  - 78% of Total since 1936
  - All following as % Total since 1974
- R&D **5%**
- Promotion **29%**
- Market Support (RPS) **52%**
- Government Contribution **14%**
  - R&D **35%**
  - Promotion **65%**

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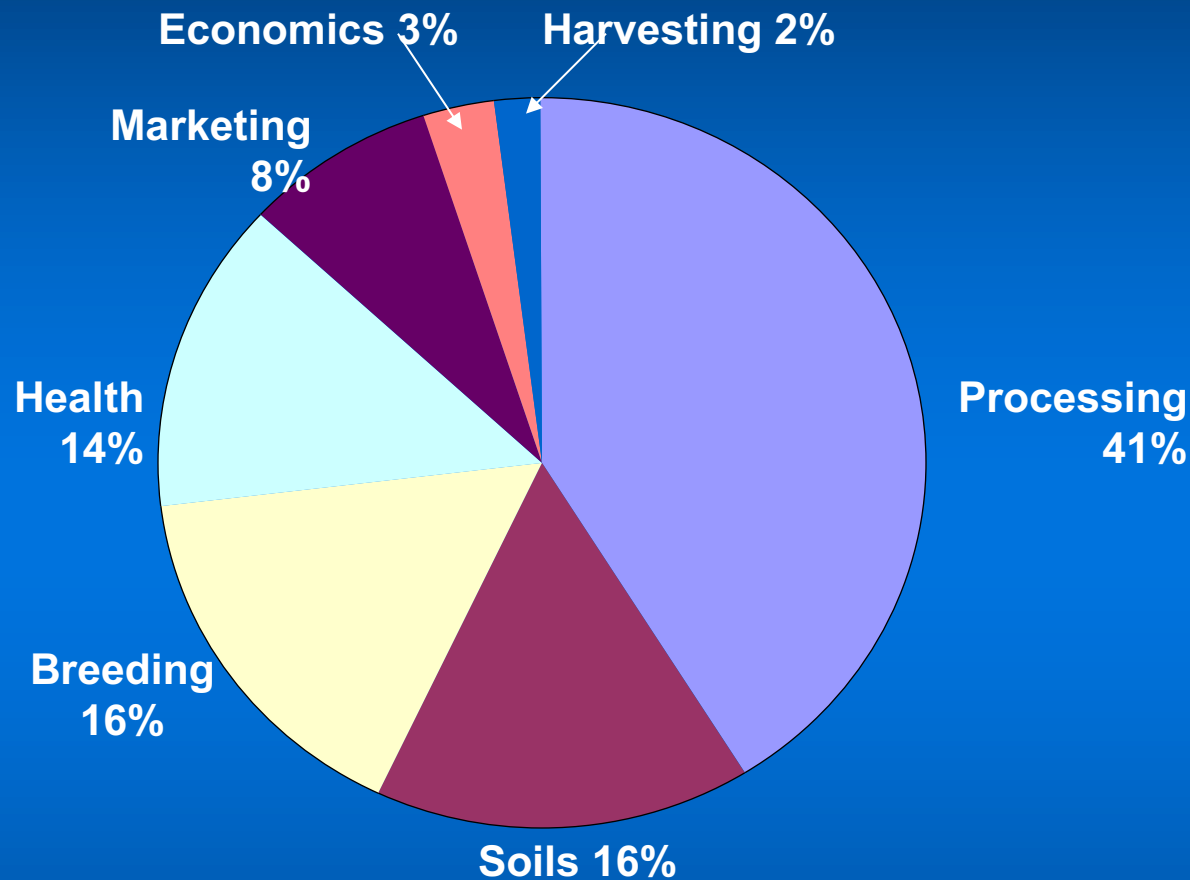
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Source: Wool Future Directions Taskforce Report (1999)



# AWRAP Expenditure 1991/2 to 1995/6



- R&D \$136 million (19%)
- Promotion \$588 million (81%)

Source: Wool Future Directions Taskforce Report (1999)



# Concept of Promotion

- economic concept
  - providing information to consumers

- Taskforce

- Product Marketing

- trade promotion
    - technical promotion
    - industrial marketing

- Consumer Marketing

- generic promotion
    - brand promotion
    - advertising

**PUSH**

(personnel)

**PULL**

(\$\$\$\$)

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# Generic Promotion

- cooperative effort to increase demand by producers
- producers don't advertise on their own account
  - incentive?
  - ability?
- products are more or less homogeneous
  - revenue collection
  - public policy issues
  - some products are less homogenous

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# Brand Promotion

- more usual form
- private firms attempt to:
  - increase their profits
  - increase demand
  - advertising & others means
    - fibres (Dupont Nylon, Lycra)
    - clothing (Levi Strauss jeans)
- agricultural products (in general)
  - generic rather than brand (case by case)

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# Successful Promotion

- depends upon
  - the content of the promotion
  - the nature of the product
  - the structure of the market
- What do you think about the nature of wool as a product?

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# The Nature of the Product

- not all commodities are the same
- **framework for success** in promotion
  - theory of industrial organisation
- distinctions of goods (2 frameworks)
  - search, experience & credence
  - convenience & non-convenience

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# Search, Experience & Credence

- **search goods**
  - attributes judged before purchase
  - most advertising is about price and quality
  - amenable to brand promotion
- **experience goods**
  - attributes determined after purchase
  - consumers must use the product first
  - amenable to generic promotion
- **credence goods**
  - attributes cannot easily be judged by consumers
  - rely on guarantees provided by firms or governments
  - amenable to generic promotion
- **Agricultural products** (in general)
  - experience & credence properties

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# Wool Categorisation

- **search good**
  - developed markets
    - new markets may be different??
  - standard clothing items
  - consumers are familiar with wool properties
    - purchase decision based on price and quality
  - amenable to brand promotion
- **experience**
  - sometimes
    - e.g. “pilling” performance
    - consumers can only find out what the performance is
- **credence**
  - does not have credence attributes per se
    - tenuous link between fashion, style and fibre content

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# Convenience and Non-convenience

- **convenience goods**
  - sold by description alone
  - consumer familiar with performance
  - amenable to brand promotion
- **non-convenience goods**
  - require information services provided by retailers

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# Wool Categorisation

- **convenience good**
  - wool is readily sold by description
  - no elaborate services provided by retailers
  - developed markets especially
- amenable to brand promotion
- maybe some information helpful
  - eg. machine washable, anti-pilling

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# Wool Promotion - generic or brand?

- Wool is a
    - search good
      - with some experience attributes
    - convenience good
- therefore
- more amenable to brand promotion  
however,
    - market maturity has an effect
    - wool-specific features may be neglected
    - new products

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# Woolmark

- Woolmark is a brand??
  - quality mark (originally)
  - ingredient brand (AWRAP)
  - sub-branding strategies
- Future Directions Taskforce
  - “Woolmark conveys awareness of content but not of benefit”
  - “(some) proprietary brands have a stronger market presence than Woolmark itself”

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# Country-of-Origin Promotion

- e.g. NZ wool, Tasmanian salmon, Californian wine

- **Issues**

- can wool be identified by country of origin?
- enforcement?
- what happens to the behaviour of private firms?
- are consumers concerned with country-of-origin?
- country-of-origin as “target” in conflict

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# Further Reference

- Report to the Minister for Agriculture and Resources from the Wool Industry Taskforce (1996), Wool Growing in Victoria, Pathways to Profitability, Dept. of Natural Resources & Environment, Victoria

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