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for

Premium

Quality

Wool

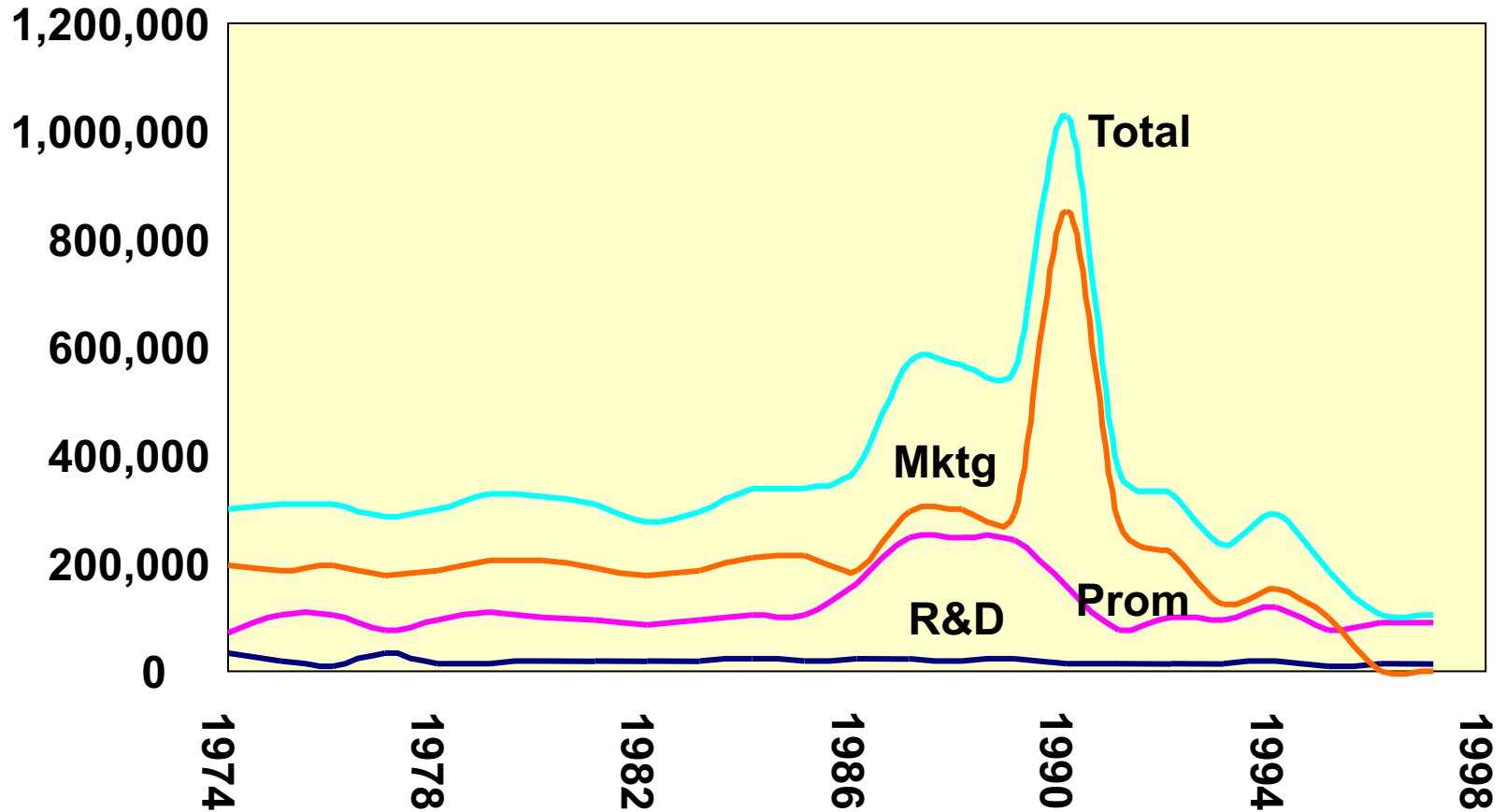
# Issues for Wool Promotion

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



# Grower Expenditure

Receipts (\$000's) (1997/98 prices)



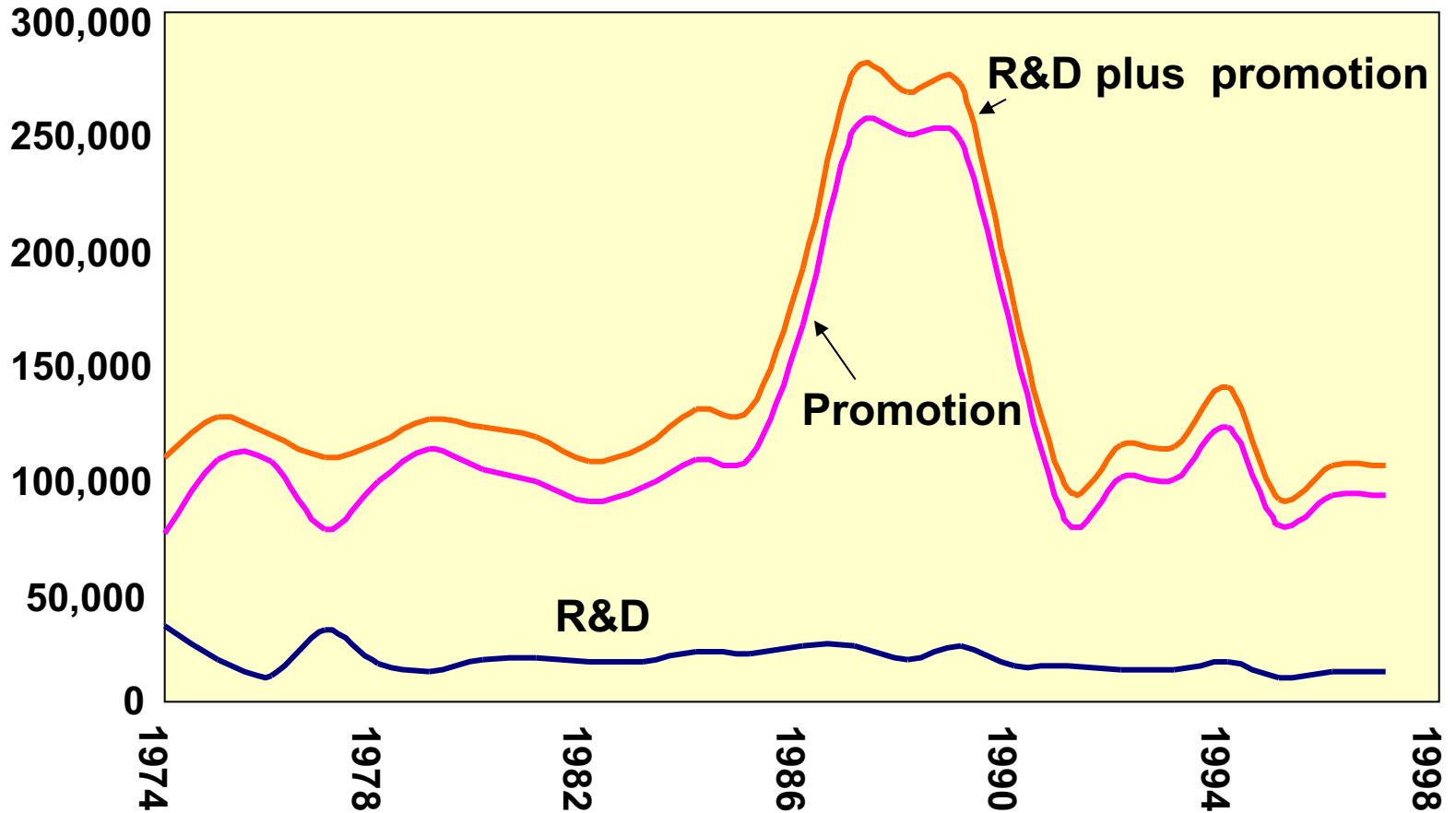
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# Grower: R&D and Promotion

Receipts (\$000's)

(1997/98 prices)



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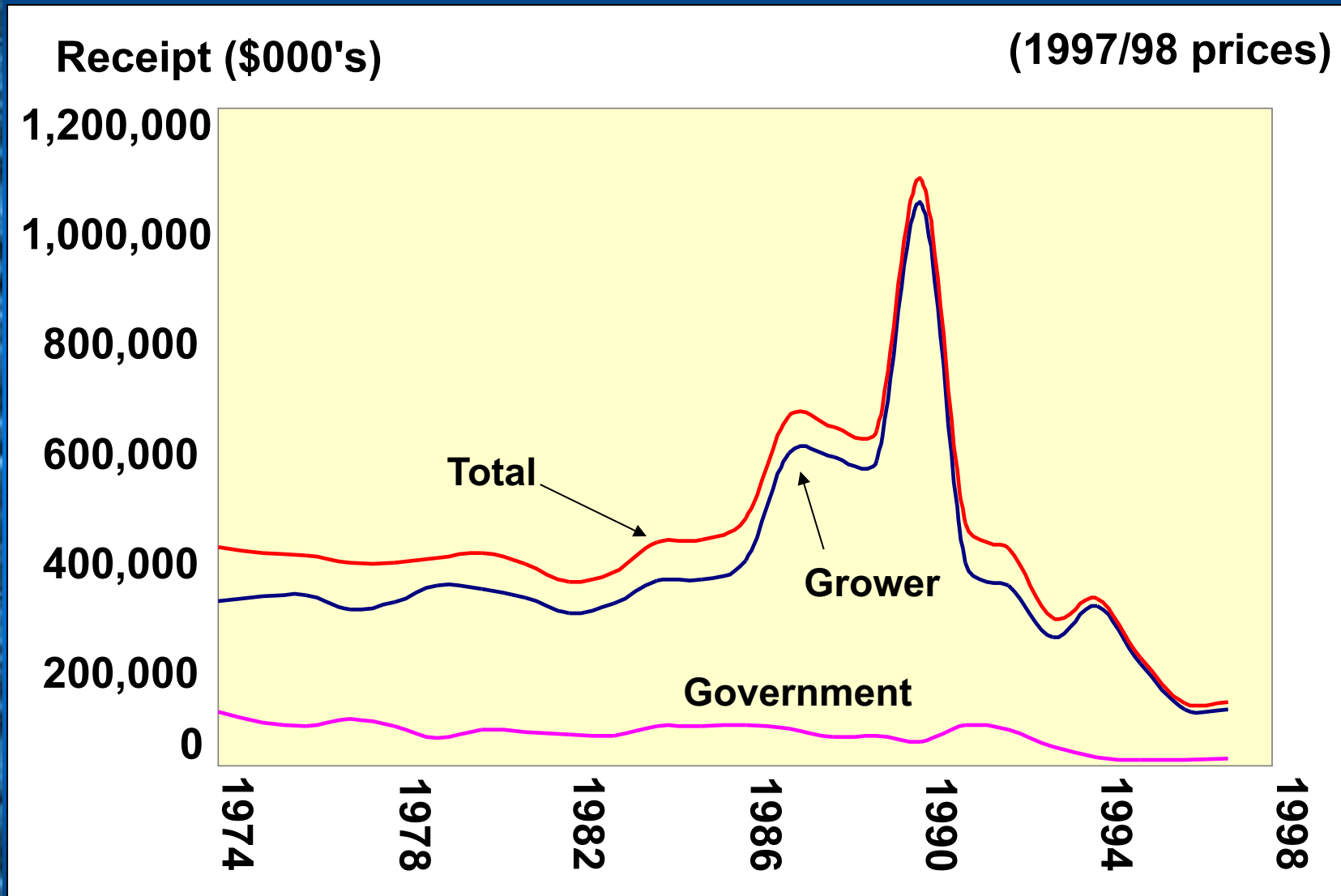
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# Total Expenditure

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# Income

	1995/6		1996/7	
	\$m	%	\$m	%
<b>AWRAP</b>				
Woolgrowers	87	60.4%	103	67.3%
Govt.	11	7.6%	11	7.2%
Interest	4	2.8%	2	1.3%
Other	8	5.6%	4	2.6%
<b>IWS</b>				
(AWRAP)	(98)		(92)	
Members	9	6.3%	8	5.2%
Interest	2	1.4%	1	0.7%
Woolmark	18	12.5%	18	11.8%
Other	5	3.5%	6	3.9%
<b>TOTAL</b>	<b>144</b>	<b>100.0%</b>	<b>153</b>	<b>100.0%</b>



# Expenditure

	1995/6		1996/7	
	\$m	%	\$m	%
<b>AWRAP</b>				
Research	26	11.7%	19	11.3%
Domestic Promotion	4.5	2.0%	3.5	2.1%
Domestic Services	22.5	10.1%	18.5	11.0%
<b>IWS</b>				
Advertising	69	30.9%	35	20.8%
Marketing Projects	37	16.6%	34	20.2%
Woolmark QC/Technical	14		12	7.1%
Market Info	4	1.8%	4	2.4%
Operating	25	11.2%	25	14.9%
Other	21	9.4%	17	10.1%
<b>TOTAL</b>	<b>223</b>	<b>100.0%</b>	<b>168</b>	<b>100.0%</b>
Reserves	79		15	

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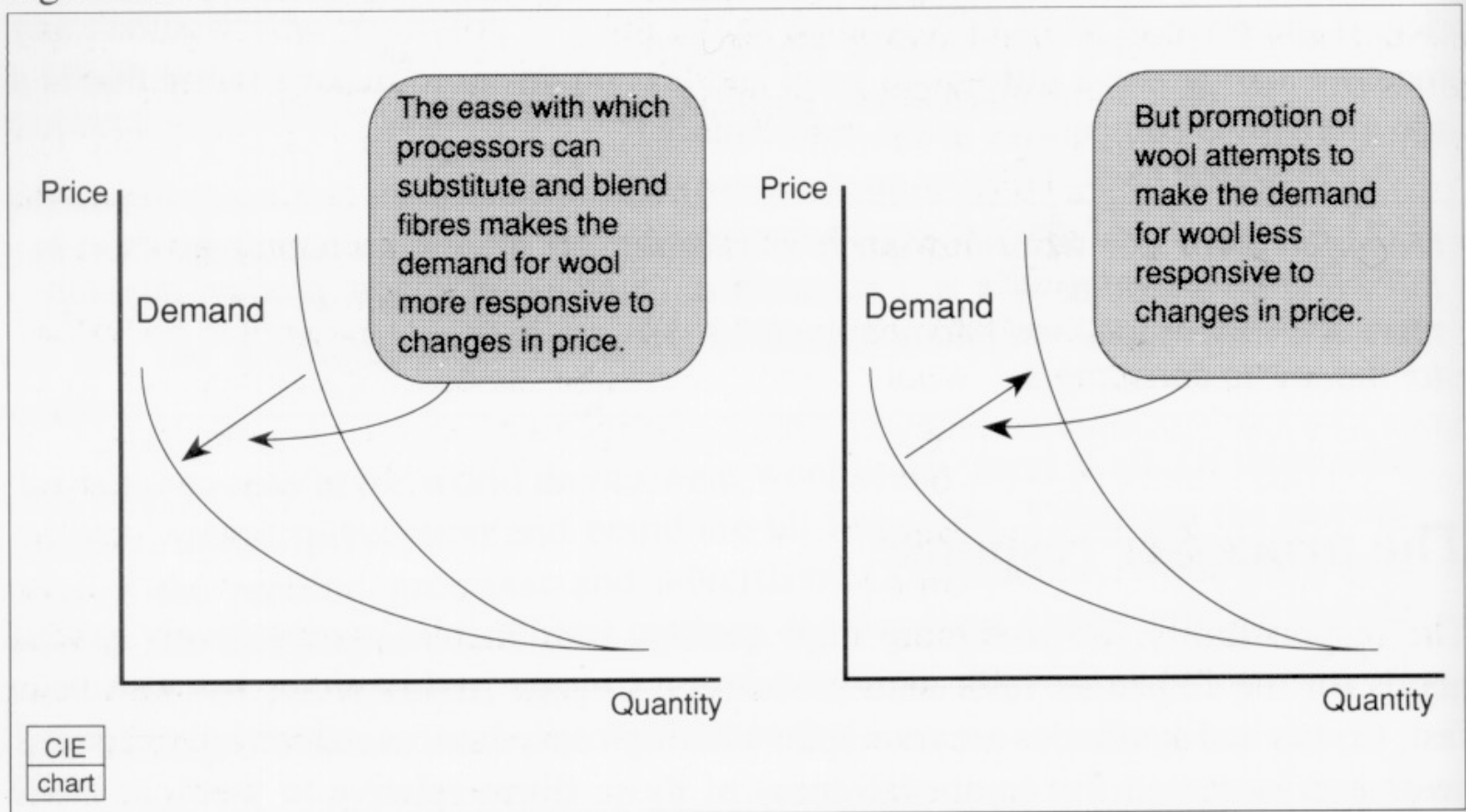
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# Advertising & Demand

Figure 2.5: How the demand for wool can be influenced



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# Evaluation of Promotion

- 4 “easy” steps
- **assessing objectives & performance criteria**
- **pre-programme & post-programme evaluations**
- **controlled sample or market test**
- **perceptions, awareness & consumer behaviour measurement**

**Promotion is successful!!**

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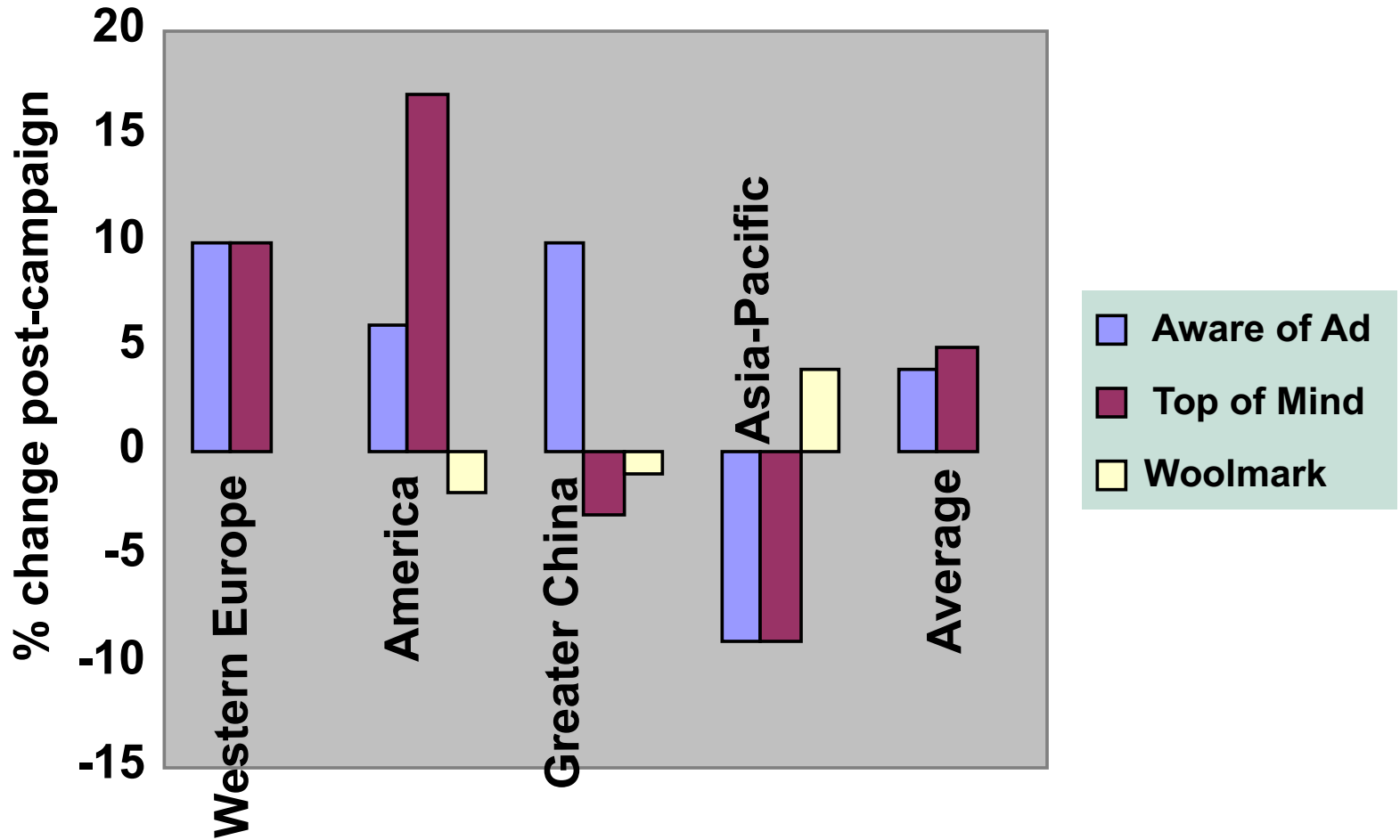
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# 1996/7 Consumer Advertising Results



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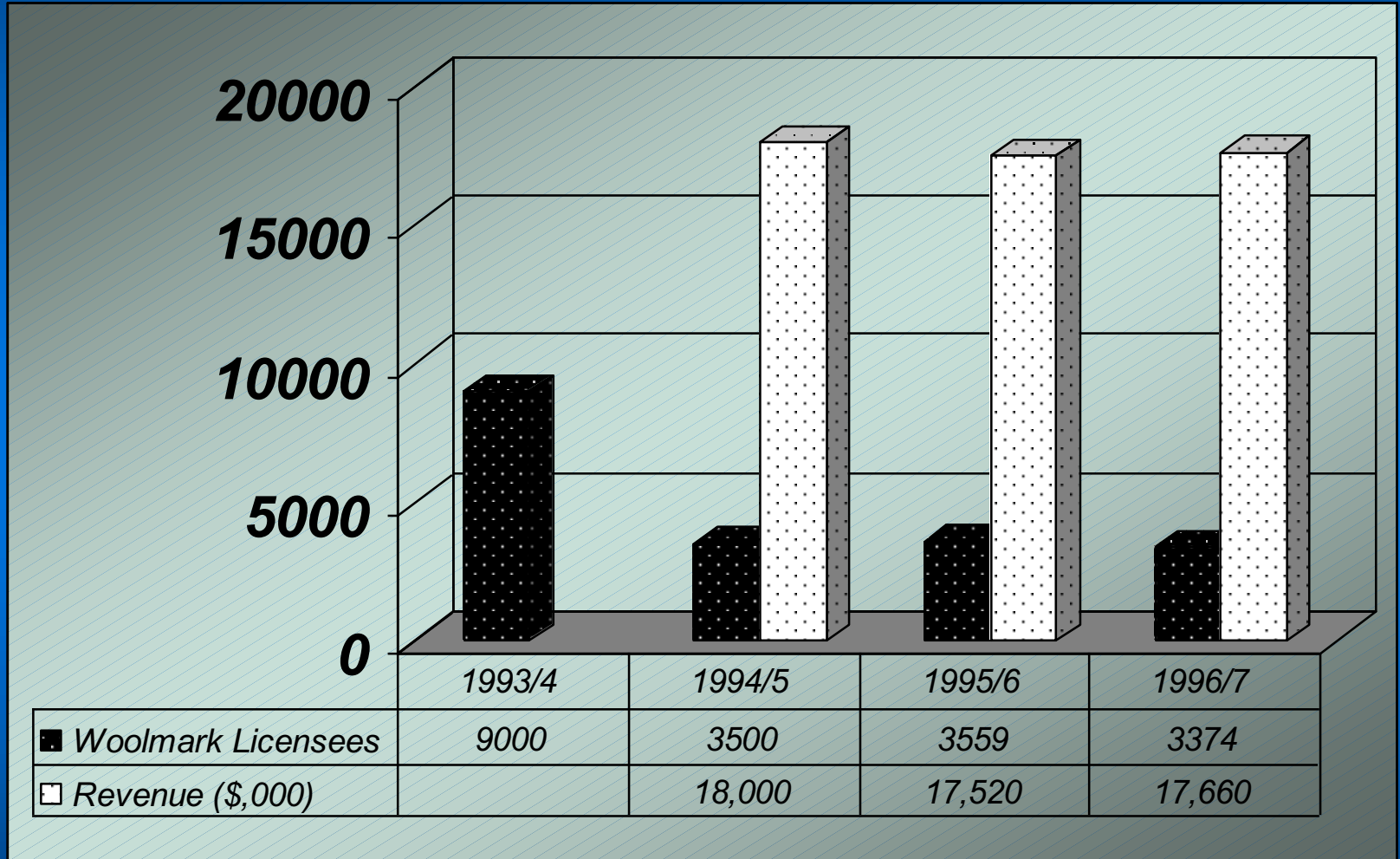
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# Woolmark Licensees



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# Promotion & Industry Structure

- **growers**
  - how specific are their investments in the wool industry?
  - not the same for all woolgrowers
  - wool is often a by-product
  - but all woolgrowers currently must pay for promotion
- **processors**
  - top-makers have a very specific investment in the wool industry
  - committed to the wool industry
  - price is the key for blends
    - consumer promotion not that relevant
- **voluntary arrangements**
  - producers and processors
  - greater processor involvement
- **technical assistance**
  - new markets

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# Other Issues

- **compulsory levies**
  - “free rider”
  - generic promotion
- **“crowding out”**
  - capacity of private firms to promote agricultural products is affected
- **effectiveness of promotion**
  - compared with merchandising & other methods of increasing demand

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# Distribution of the Gains: Wool

- wool production & marketing
  - multistage process
  - producers, processors, wholesalers, retailers
- allocation of promotion
  - expensive & inexpensive apparel
  - technical & consumer focus
- producers
  - clearly benefit more from promotion if processing & retailing are competitive
  - the gains from promotion will be passed to producers
  - so will the costs

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# References

- **Watson, A. (1997/8), Promotion Principles, Wool Marketing lecture series, CRC for PQR**
- **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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