

# **Presentation to AUSTRALIAN WOOL GROWERS**

**“Overview of AWI’s Product  
Development Team activities”**

**Cooma - 28<sup>th</sup> October, 2013**

**Jimmy Jackson, General Manager Product Development  
and Commercialisation**

**2013**

# **Introduction to: AWI's Product Development Team**

- We “sit” between AWI's “On-Farm” team led by Jane Littlejohn and the Marketing team led by Rob Langtry
- We work closely with the manufacturing sector, right the way through the supply chain ie: Top Makers, Spinner, Dyer & Finishers, Knitters, Weavers etc
- With the exception of working closely with the Australian Exporters, our job really starts when wool leaves Australia



# **Introduction to: AWI's Product Development Team**

- We also work with the buying teams of retailers and brands to influence them
- We are a team of around 20 personnel, most of which are technical and have experience in manufacturing wool products
- Most of the team members are localised where they need to be ie: close to the manufacturing industry in Hong Kong & China, India Turkey and Italy.



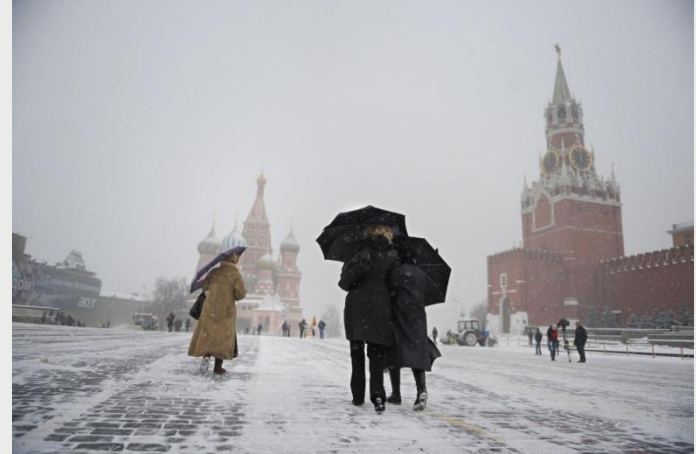
# **STRATEGY 5: TECHNICAL SERVICES**

## **PROGRAM 5.1: SUPPLY CHAIN DIVERSIFICATION**

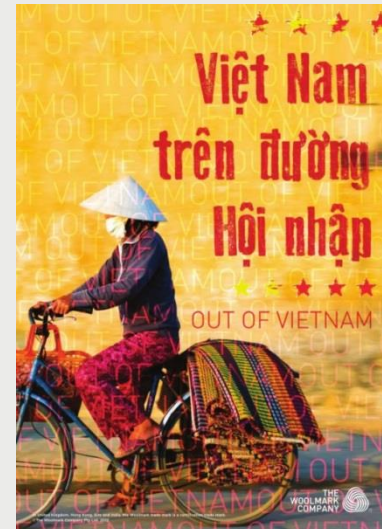


# SUPPLY CHAIN DIVERSIFICATION: PROJECTS

- “TO RUSSIA WITH WOOL”



- “OUT OF VIETNAM”



# SUPPLY CHAIN DIVERSIFICATION: OBJECTIVES



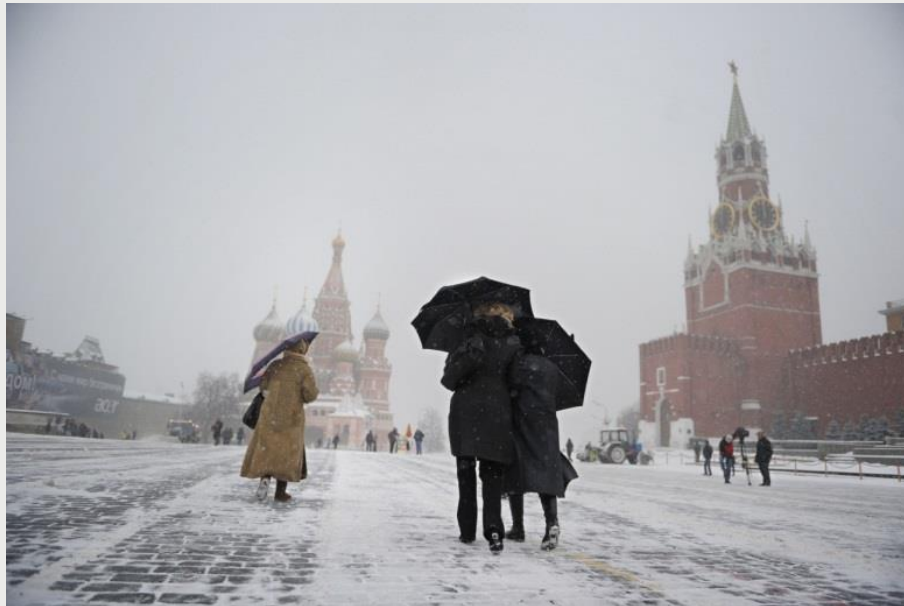
Potential benefits for the Australian Wool Industry

- Reduces our reliance on China.
- Increases our customer base which has declined dramatically over the years.
- New customers usually result in new business.
- Creating a local demand could eventually lead to getting more buyers in the auction room.



# SUPPLY CHAIN DIVERSIFICATION

**“TO RUSSIA WITH WOOL”**



# SUPPLY CHAIN DIVERSIFICATION: “TO RUSSIA WITH WOOL”

## Establishing and exploiting new business opportunities

- **Significant population** i.e. 140 million (200 million if we include Belorussia & the Ukraine)
- **Increasing wealth** i.e. oil, gas & mineral boom.
  - Today Russia is the largest oil exporter in the world.
  - Also emerging professional class who have a high net income due to low tax, little or no mortgages, and state subsidised education & Medicare.
- **The weather** i.e. hit minus 35°C for several weeks last winter. In Russia “*accessories are necessities*” !!!
- **“Get out of jail syndrome”** e.g. for 74 years normal Russian people could not buy anything worth wearing. Now following the collapse of the Soviet Union they go mad !!!



# “TO RUSSIA WITH WOOL”: PROGRESS SO FAR



- Started the project nearly 2 years ago, and established business relationships with some 50 companies which include manufacturers, designers, local retailers & brands.
- Also established relationships with 3 top-makers with raw wool scouring equipment.



- In August 2012 escorted a trade mission consisting of Australian wool exporting companies.
  - Since then one exporter has reported that they have sold about 250,000 Kg of wool, and another just announced they have secured an order for 800,000 kilo's.

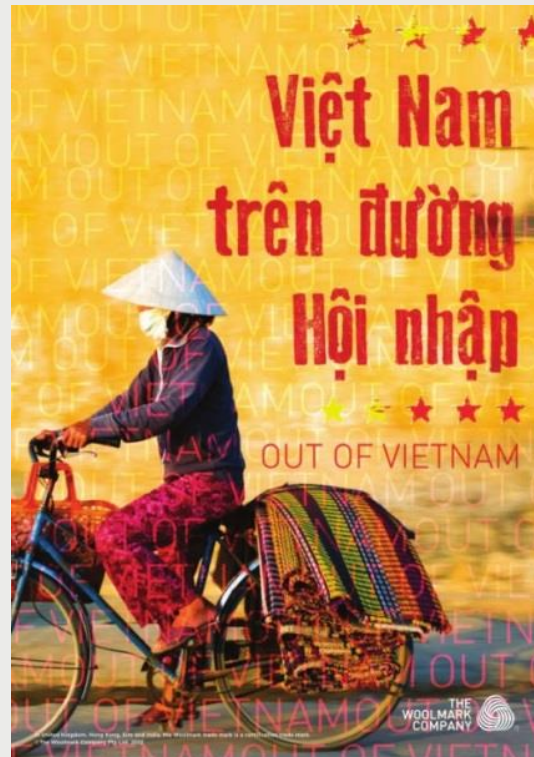


- Working with local Russian brands to develop new premium ranges of products made from Australian wool e.g.
  - Perhorsky (Machine Washable HK yarns),
  - Marhatter (Accessories),
  - S & F (Knitwear range),
  - Art Wizard (Luxury women's knitwear) etc.



# SUPPLY CHAIN DIVERSIFICATION

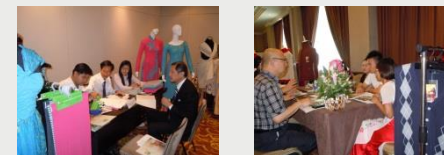
## “OUT OF VIETNAM”



# SUPPLY CHAIN DIVERSIFICATION: “OUT OF VIETNAM”

## Strategy

- Step 1: “Sell” the project idea, by explaining the potential benefits of producing wool products.
- Step 2: After signing-up for the project teach them about wool, i.e., its properties and how to manufacture products from it.
- Step 3: Introduce to raw material suppliers, i.e., yarn, fabric, etc.
- Step 4: Send our technical staff into their factories to give their personnel hands-on training.
- Step 5: Introduce them to potential buyers, e.g. Japanese delegation visit to Vietnam.



# “OUT OF VIETNAM”: PROGRESS SO FAR AND THE NEXT STEPS



- Project “kicked-off” in June 2012.
- Initial target number of partners after 1 year was **12**, today (1 year later) we have nearly **50**!
- Some of our manufacturing partners have already received commercial orders for 100% wool products.
- Continue to train in factories, so that all our partners are technically competent and commercially confident.
- Invite retail buying delegations from other countries i.e., Korea, Hong Kong, Europe and the US.
- Teach them in addition to the fundamentals, more added value effects, e.g., functional finishes, innovations, etc.



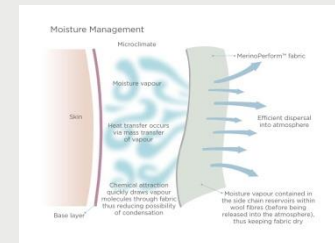
# **STRATEGY 5: TECHNICAL SERVICES**

## **PROGRAM 5.2: TECHNOLOGY TRANSFER**



# TECHNOLOGY TRANSFER: OBJECTIVES

- Transfer knowledge, technology & expertise to wool manufacturers.
- Assist manufacturers to become more profitable through using wool technologies.
- Enhance the value of merino wool products via Innovations



# TECHNOLOGY TRANSFER: STRATEGY



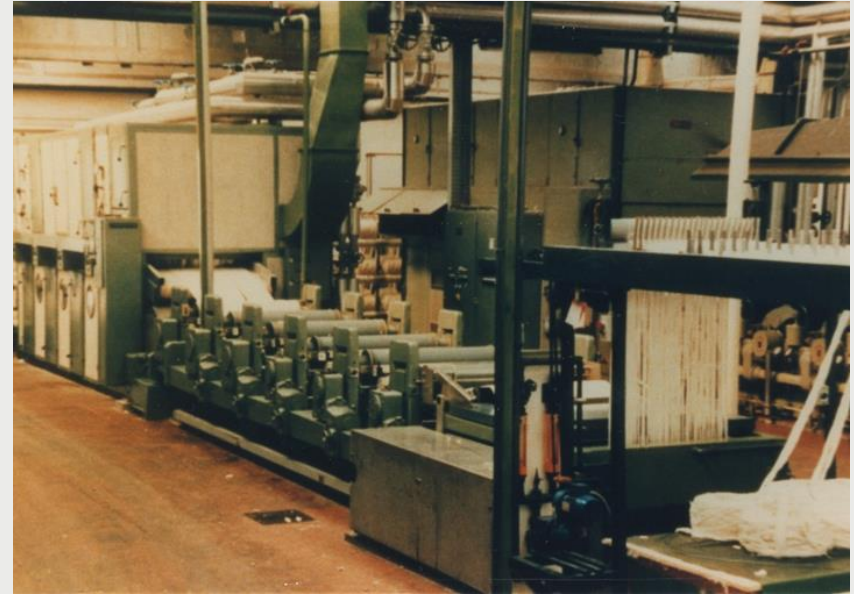
- Develop technical & marketing packages aligned to needs of manufacturers and consumers.
- Identify potential partners.
- Transfer the technologies.
- Assist in communicating the product benefits through the supply pipeline.



# TECHNOLOGY TRANSFER: EXAMPLES

## Process Improvement

- Issue: Demand for high performance machine washable tops.
- Action: TEC continuous shrink resist technical transfer to Tien Yu and New Chuwa in China.
- Outcome: improved consistency of shrink resist performance.



# TECHNOLOGY TRANSFER



## Innovations

- Issue: Consumer trends to more casual looks are threat to traditionally 'formal' wool.
- Action: Workshops in Hong Kong to demonstrate Merino Vintage technology to knitters, dye-houses & buying houses.
- Outcome: A number of brands such as Armani, Hugo Boss, DKNY, etc. have started selling new product lines.



# **STRATEGY 6: FIBRE ADVOCACY & ECO-CREDENTIALS**

## **PROGRAM 6.1: WOOL'S CREDENTIALS**



# WOOL'S CREDENTIALS: OBJECTIVES

- Support wool's credentials with scientific rigour.
- Defend wool's image from potential environmental threats.



# WOOL'S CREDENTIALS: STRATEGY



- Generate scientific data to support marketing claims.
- Monitor environmental issues and lobby where relevant.
- Fund research to reduce wool's chemical, energy and water consumption in processing.
- Develop guidance (BAP) to help industry reduce wool's environmental footprint.



# WOOL'S CREDENTIALS: EXAMPLES

- Issue: Is wool bad for your skin?
- Action: R&D project to investigate effect of wool on sensitive skin.
- Outcome: Wool reduces incidence of dermatitis by factor of 2.



# **STRATEGY 6: FIBRE ADVOCACY & ECO-CREDENTIALS**

## **PROGRAM 6.2: ECO-CREDENTIALS**



# WOOL'S ECO-CREDENTIALS: EXAMPLES



Original



After 6 weeks burial

- Issue: How long does wool need to decompose in soil?
- Action: R&D project to compare decomposition different wool products.
- Outcome: Regarding Wool; Significant decomposition can occur after only 6 weeks, 95% after 4 months.
- Man-made fibres, 0% change.



## **STRATEGY 7: CATEGORY MANAGEMENT & MARKETING**

Explore and exploit high margin growth opportunities for wool in specific categories:

**PROGRAM 7.1: SPORTS & OUTDOORWEAR**

**PROGRAM 7.2: NURTURE BY NATURE**

**PROGRAM 7.3: URBAN**

**PROGRAM 7.4: APPAREL CARE**

**PROGRAM 7.5: INTERIORS**



# **STRATEGY 7: CATEGORY MANAGEMENT & MARKETING**

## **PROGRAM 7.1: SPORTS & OUTDOORWEAR**



# SPORTS & OUTDOORWEAR: EXAMPLES

- Issue: does wool really benefit active sports in cold-climates?
- Action: R&D with RMIT to simulate cross-country skiing at  $-10^{\circ}\text{C}$ .
- Outcome: Data to show that wool base layers and mid-layers smooth out temperature/humidity peaks and troughs next to skin.



# **STRATEGY 7: CATEGORY MANAGEMENT & MARKETING**

## **PROGRAM 7.2: NURTURE BY NATURE**



# NURTURE BY NATURE: EXAMPLES



- Issue: Wool has a low share of the infant wear market.
- Action: Target consumers through partnerships with retailers.
- Outcome: Winter warmers program with Target (Australia) generated positive consumer feedback from online store.



# **STRATEGY 7: CATEGORY MANAGEMENT & MARKETING**

## **PROGRAM 7.3: URBAN**



# URBAN: EXAMPLES

- Issue: Emerging “Urban” segment dominated by cotton offers potential to engage with a new group of discerning consumers .
- Action: Create a lifestyle collection of wool products that can be ‘understood’ by the key brands & retailers..
- Outcome: Collaboration with leading “Urban” designers. Timothy Everest to create concept collection for presentation at key “Urban” fairs.



# **STRATEGY 7: CATEGORY MANAGEMENT & MARKETING**

## **PROGRAM 7.4: APPAREL CARE**



# APPAREL CARE: EXAMPLES



- Issue: 15 years since last Easy care program.  
New consumer markets of India and China unaware of washable wool.
- Action: Relaunch program.
- Outcome: Engagement of supply chain from top-maker to retailers.



**Thank you**

