



ASI Annual Convention
San Antonio February 2, 2018

Report on Wool Marketing and Trends
(International Wool)

presentation by Goetz Giebel

Report on Wool Marketing and Trends



My professional background

- Contact with the Sheep Industry Association goes back almost 25 years when purchasing raw material for Bremer Woll-Kaemmerei, Germany, integrating American Wool in the topmaking programmes
- Through my 18 years employment with Suedwolle, Germany, a leading worsted wool spinner as director for raw material procurement and yarn sales into the outdoor market
- Into my fifth year of consulting in the wool industry on projects with companies from raw material through manufacturing to garment making
- President of Interwoollabs, an organisation set up by IWTO (International Wool Textile Organisation) for the harmonisation of Almeter and Micron tests
- Several visits over the years to US warehouses of most regions and in contact over many years with exporters
- Regular meetings with the Wool Council at IWTO and other occasions
- Large industry network to liaise with for the benefit of wool use and information sourcing

Report on Wool Marketing and Trends



My role for the American Wool Council

- Marketing of American Wool in the US and overseas, also across industry sectors, creating more awareness about availability and point of contacts for sourcing, explaining performance features in products, trying to focus on neglected wool categories
- Identifying international companies and production sectors as potential users for American Wool
- Establishing contacts at fairs with brands to motivate for the use of US domestic wool under aspects of quality and marketing
- Liaise with FAS overseas providing information about ASI programs and activities
- Constant market research for new or changed manufacturing technologies and new wool applications in textiles

Report on Wool Marketing and Trends



Presentation Overview

- General Situation
- Industry
- Products
- Influential Sales Factors
- Challenges and Outlook

Report on Wool Marketing and Trends



General Situation

- Despite highest wool prices for finer wools only a moderate production increase can be expected in Australia
- No new man-made fiber(s) with superior characteristics have been seen in the market, competing directly with wool
- Wool is increasingly applied in a broader field of products
- Strongest demand is in the finer microns is from 17 mic to 20 mic for next to skin garments and in the medium category 21 mic to 23 mic mostly for socks and second layer products

Report on Wool Marketing and Trends



General Situation

- The trend of sustainability continues, wool stands at the front
- IWTO promotes a more comprehensive and competitive LCA (Live Cycle Analysis)
- Traceability is increasingly required by brands, to ensure raw material and manufacturing with highest compliance standards
- Permanently new sectors for application are identified (health sector to fight enczema - with superfine wools or x-bred wools for filters in face masks mainly for consumers in Asian countries)

Report on Wool Marketing and Trends



Industry

- Special origins and wools are attracting more interest, regional industries invest in new equipment (examples: Chile and GB) or ARGA, Japan sourcing US Rambouillet wool for a brand
- Recycled materials catch more interest, including solutions from recycled wool
- Substantial amounts have been recently invested in new machinery at the combing, spinning and knitting stage (China = Redsun to increase combing capacity to 30 mio kg, Italy = re-investing in spinning for more vertical manufacturing, Asia = many new Stoll/Shima Seiki next generation knitting machines)
- Investments in brands – large manufacturers want to ensure capacity use at more reasonable prices through their controlled sales channels (i.e. Reda, Ruyi, Youngone)

Report on Wool Marketing and Trends



Industry

- Natural speciality fibers (Cashmere, Vicunia, Alpaca, Mohair) are more talked about, fine wools are included in this focus – positive for wool
- The wider use of wool in more products – often with just a low blend share – stabilise demand and such products are less sensitive to price volatility
- Certification schemes are increasing – initially NZM, then New Merino, now Sustainawool, Beaufront and lately ORGANICA of Chargeurs, in Australia more schemes are underway to provide stronger authenticity for sold raw material and to differentiate from the commodity
- ASI comes forward with an animal care assurance program, being part of the ASI „Sheep Safety Quality Assurance“ (SSQA) program

Report on Wool Marketing and Trends



Products

- We see a limitation for creativity from new fibers, in spinning or treatment technology
- The product range made with wool is increasing, batting, shoes, face masks, felted or medical articles
- Limitations for expansion exist in industrial applications where fibers are exposed to high temperatures or destructive chemicals for example
- Interior-/Home textiles should benefit from more demand of the next generation moving into their own homes (China, Europe, US)
- Low prices for coarser wools offering a competitive positioning against man-made products

Report on Wool Marketing and Trends



Influential Sales Factors

- Social Media:
rated as no 1 for 2018 - creating value through communication to customers, but this needs to be correct and reliable information
- Events from brands, organisations, media reports, stories about the use of product, blogs, wearer VIP's or groups/sport's teams
- Wool price increase to moves cost for a sweater up by abt Usd 2,--/pcs
- Internet Sales (Amazon)

Report on Wool Marketing and Trends



Influential Sales Factors

Example of one of the Woolmark Price winner design motivation:

First wool contact was from performance wear, which was used as an inspiration, applying elements of functionality in the construction: water repellency, stretch, reflective

Inspired by learning to snowboard in the 1980s - in a wool bomber jacket - the collection of DYNE's Christopher Bevans comprised a technical snowboarding wardrobe, complete with an NFC chip in the water-resistant wool jacket to track users in avalanches and ultimately bridge the gap between the brand and the consumer. DYNE describes itself as liminal, its garments designed to operate on both sides of every threshold, and to break the existing barriers of fabric, fit and function.

The collection, crafted from Merino wool ranging between 17 and 19.5 microns, includes zip-up hoodies, track pants, trench coats and pullovers, and has been treated so as to be water-repellent, and includes reflective overlays and inserts, functional pocket zips, laser-cut details and, in certain instances, two-way stretch.

(source Woolmark)

Report on Wool Marketing and Trends



Challenges and Outlook

- Industry concentration – in greasy wool buying and topmaking continues
- EU re-investing in spinning and manufacturing, due to more specific niche production, faster lead times and rising labour and other costs in Asia move production
- Ethiopia – investments in textile manufacturing – often from Asian companies- to benefit from brand new infrastructure, low labour costs and duty free arrangements into USA
- Marketing – more clever ideas hit the market, to win consumers attention
- Newness – constant pressure on new designs, colours, combinations
- Sustainability – will play an increasing role: the world needs to reduce it's waste

Report on Wool Marketing and Trends



Conclusion

- Outlook for wool remains positive
- Application in a broader product range is still growing
- Wool loses continuously it's old negative images
- Wool is supported well across the board by brands, in products and meeting today's requirements to be a „modern“ fiber
- Strong investment and many development activities will ensure ongoing new wool fabric constructions and products

Report on Wool Marketing and Trends



Thank you!