



23 July 2006

Letter to the Editor

Raising the price of Australian wool.

Dear Sir,

The recent World Merino Conference in Perth showed that wool growers want promotion and marketing. Laurence Modiano's excellent address to 600 delegates saw a standing ovation. His message, tell our story to the public, show them the beauty of merino wool, and embrace a consumer focus. Basically, let's start seriously marketing our wool again.

Sadly, AWI's research and development model has failed to lift the price of Australian wool, let alone reduce on farm costs. Its institutionalised reluctance to adopt urgent and wide reaching targeted marketing and sales strategies, has seen the value of our export wool clip diminish by \$2 billion over the past 4 years.

From when Noah was a boy, manufacturers of products throughout the world took their product to a marketplace to be sold. Products didn't sell in the tent, but rather had to be aggressively sold in the public arena. Wool is simply not there in the market place any more. Our wonderful merino product is simply being forgotten by consumers.

However, there is hope. The AWI model can work, if the board adopts a major cultural shift in mentality to become a sales and marketing organisation. Most of us agree to a 2% levy, as long this levy is pumped into areas that will lift the price of wool. AWI are able to promote and market merino wool, always have been, especially in light of the recent positive Benetton marketing announcement.

Just imagine over the past four years, if AWI had pumped \$254 million into targeted sales and marketing strategies for merino wool into such lucrative markets as Europe, Japan and North American. We would all be buying the property next door to grow more merino wool.

Australian merino wool quality has never been better, and the people left growing wool have never been more committed to excellence. We all believe and trust in this beautiful product. Surely it is time to get out of the tent, back into the marketplace, and focus on immediate and sensible strategies aimed at raising our merino wool prices.

Chick Olsson
Market economist
Director

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