



# IWTO Newsletter



EDITION 2 / 2007

**INSIDE THIS ISSUE:**

- Editorial 2
- Members 2
- Congress News 3
- President Statement 7
- Project News 9

R E V I E W

## IWTO Annual Congress – Edinburgh, May 13-16, 2007

### “Brand Marketing through Design and Innovation”



The IWTO 76th Annual Congress was held in Edinburgh (UK) from 13th to 16th May, with the theme: “Brand Marketing through Design and Innovation”. The most important highlights of the Congress perfectly corresponding with this leading motto were sessions devoted to Apparel and Interior Textiles. Delegates experienced great performances given by retailers participating in Test Marketing Projects, whose results have been announced: George Zilveti (Saks Fifth Avenue, USA) and Kenneth Wilsey (Dillards Department Stores, USA). Mr. Wilsey said: “Consumer Education is key –

*The in-store experience coupled with the sales associate training – was effective in getting the Dillard’s customer to understand that Extra Fine Merino Wool is not itchy and scratchy.”*

During the Interior Textiles



Kenneth Wilsey

Forum designer Gunnar Frank (Trendscout, The Netherlands) in his extremely lively speech tried to “wake up” the wool industry and convince delegates that wool

needs to be inspired by new design and modernity in colours and materials.

Another very beneficial and fruitful session was the Architects Forum with participation of Koenraad Beaufays (Decostyle EMM BVBA, Belgium) and Tarek Hegazy (AB Living Design, Sweden) who highlighted the huge potential for the wool industry in the interior textiles sector. More information about the Congress in this Newsletter.



Gunnar Frank

**Sponsors**



# Editorial



Dear Readers,

At the IWTO Congress in Edinburgh last month there was one major issue discussed more than ever at an IWTO Congress: the environmental issue!

This subject, with all its related aspects and catchphrases like 'health', 'sustainability', 'organic', 'green', 'clean', 'biological', 'authentic', 'life quality', etc. are at the forefront.

We realize that within our industry, we are not yet optimizing the full potential of this, and we should analyse more carefully what we have to do respectively.

The first step has been to set up a working group to analyse the definition of "organic wool", but this is just a first small step into huge future investments towards

the environmental direction for wool.

A new target group of consumers has been created in all relevant industrial markets, called "Lifestyle of Health and Sustainability (LOHAS)", as it is now becoming known in the economic world, generating a sales volume of 500 Billion Euro, calculated by the well-known sociologist Paul Ray. 'Green lifestyle' is conquering the markets at a breathtaking tempo, and one third of the world's consumers are thought to already be part of this phenomena, and in only a few years it will be the majority, according to a study from 'Kelkheim Institute' in Germany. This current hype about sustainable technologies and products is not only a short-term mood, but a long-term trend, the study predicts.

Wool, with its natural attributes, being probably the best material for this target group, is about to miss the train with this huge market opportunity, and so far a

remarkable part of the wool industry has ignored this movement.

Amazingly consumers are even discussing more about "organic polyester" than wool. Can we afford this? When are we going to join this trend?

IWTO will do everything possible to alert our industry to the importance of this trend, for example the slogan for the IWTO Congress 2008 will be "WOOL - THE ENVIRONMENTALLY FRIENDLY FIBRE", and the wool industry will obviously take a leadership in the "International Year of Natural Fibres 2009", declared by the United Nations. Australian Wool Innovation (AWI) has also declared it their strategic project for 2009.

Kind regards,

Henrik Kuffner  
Director General – IWTO

## News from the IWTO Board

### Günther Beier elected as new IWTO President



Günther Beier

During the IWTO Congress held in Edinburgh Günther Beier, CEO of Bremer Woll-Kämmerei AG, was elected new IWTO

President. Günther Beier replaces Michael Lempriere whose term as IWTO President has finished in Edinburgh. Next to the office of President, elections for other positions took place. As Vice President of IWTO, Osman Kilic (Turkey) member of the Executive Board of ORMO-Group Turkey was re-elected. New Treasurer for IWTO is Jo Dawson (UK), Director at H. Dawson Wool.



Michael A. Jackson

Elected as new member of the IWTO Board was Michael A. Jackson (Australia), Managing Director of Australian Wool Testing Authority (AWTA).

## News from the Committees

### New Committee Chairman and Secretary for IWTO Interior Textiles Committee

The IWTO Executive Committee has appointed Mr. Olivier Segard (France) as new Chairman for the Interior Textiles Committee.

Olivier Segard is working for the Segard-Masurel Group. New Secretary of the Interior Textiles Committee is Mr. Ste-

phen Fookes (New Zealand). Stephen Fookes is Chief Executive of New Zealand Wool Testing Authority Ltd.

# Congress News

## Test Marketing Project results announced



The results of the Test Marketing Programme (TMP) have been announced at the 76th IWTO Congress in Edinburgh, UK.

The TMP was a collaborative project between Australian

IWTO President, Michael Lempriere said the aim of the TMP was to test the degree to which consumer marketing can have a measurable, positive impact on wool sales; and this has been achieved.

In terms of dollar value of the garments sold, there was between 8 and 12 per cent increase at Saks Fifth Avenue, and between 6 and 7.5 per cent increase at Dillards," said Mr Lempriere.



George Zilvetti, Fith Saks Avenue

Wool Innovation (AWI), IWTO and Australian Wool Services (AWS). The three organisations joined forces in May 2005, contributing \$US6.6 million in funding and resources for the project to identify manufacturers, retailers and end consumers to stimulate demand for fine wool apparel.

Two North American retailers were selected to trial the programme; Saks Fifth Avenue and Dillard's. The industry funds were used for consumer and product marketing, in addition to in-store education programmes for customers and sales staff.

"Perhaps the most positive result was the leveraging of funds, with Saks creating media value of over \$US7million, from a contribution of \$US1.5million.

"Dillards leveraged the \$US1.5million contributed by the TMP to create a media value of over \$US4.6million."

AWI Deputy Chairman, Brian van Rooyen said these results show what can be achieved by building good working relationships with key players in the market.

"The recommendation of the TMP is to continue marketing work, but in more targeted ways



Lori Sutej, The Woolmark Co.

by selecting specific retail and brand partners; with a commitment of about \$US250,000 per year," said Mr van Rooyen.

"There are some elements of the TMP that are more cost effective, such as staff training and targeted in store product marketing; and AWI will continue to support these types of activities. There has been very good collaboration across the international wool industry, to market our fibre in the United States.

"I think these results show a strong future for wool. With targeted marketing and education of the end-consumer, there is strong demand for this premium fibre."

Sponsors:



# Congress News

## Presidential Address held at the IWTO Annual Congress in Edinburgh on 14th May



Michael Lempriere

Welcome to the 76th Annual Conference of the International Wool Textile Organisation, here in this beautiful and historic city of Edinburgh.

We meet here, from diverse backgrounds and interests, but with a common cause, to consider ways to enhance the future of wool as a textile fibre. To find the best way forward for the industry is the purpose of our organization and the reason for our attendance at this Congress.

*We are not here to plead or promote our own special interests, our particular sector or our country, we are here for wool.*

When we met twelve months ago in a very different city, it was in an environment of continued distress in our industry. Nevertheless at that Congress it was possible to detect just a scent of optimism, a feeling that possibly the long downward path that we had been treading for four years may be turning for the better, that although we had altogether

missed one full turn of the global economic cycle, that maybe we might just be able to get a ride on the next.

For the apparel sector at least this impression has happily been confirmed.

A combination of tightening supply and, thanks to the terrible drought affecting almost all of Australia, our major supplying country, and the threat of even tighter supply ahead, this coupled with (for the first time in probably 10 years) a real upturn in demand, has created a far more interesting business environment for our members and has caused raw material prices to rise significantly. Mid micron wool in USD terms is at or near an all time high.

This is of course wonderful news for our embattled growers, but poses the real threat of new problems of its own. As any wool price graph will remind you, all time high points have seldom lasted very long, particularly when the rises have been particularly steep.

Although higher raw material prices can generally be absorbed

over time, sudden and substantial surges can only lead to loss of business and as we all know, business once lost is very, very hard to regain.

*And of course it will be no news to any of you that the new consumer of the 21st century does not expect to pay any more today than she or he did last week or last year.*

In fact, due to the phenomenal growth of availability of ever cheaper versions of anything that you can imagine, they have had reason on their side – prices have actually reduced, and in many cases reduced to an extraordinary degree.

It would be nice to think that wool's resurgence, the revival of demand, has come about as the result of some industry silver bullet, for which we might individually or collectively take the credit.

*Or worse that we can feel that the job's been done – wool is back and supply is tight, so that we need do no more and the product will from now sell itself on its own merits.*

This would be foolish in the extreme.

For in reality it is seldom, if ever like this. Outcomes are usually the result of a multitude of factors, and today's strong market

# Congress News

is no exception. In fact we could even say that wool has in some ways been very lucky. But it's good fortune has come largely as an outcome of adversity.

Wool's period in the wilderness, unloved and forgotten, has meant that for at least four years it has been cheap – too cheap. Manufacturers and the distribution system are always on the look out for bargains, something which will give them an edge, an extra margin. They rediscovered wool.

And they also discovered products at affordable prices that were once the province only of the very rare and very valuable. Light weight, soft handling high performing garments made from fine merino wool.

And through the genetic progress made by southern hemisphere stud breeders, assisted ironically by the effects of crippling drought, the raw material for these garments was available in abundance.

So thanks to the suffering of our producers and, through intense competition through the supply chain, the pain of so many of our industrial members, fine wool products, many of new innovative design and application, have been able to be reintroduced in to the market at very attractive price points.

*A new generation of consumers has discovered to their surprise how good, how attractive, how comfortable wool can be, and*

*have appreciated how affordable it has been.*

However the reality is that wool products next season are unlikely to be so affordable. Why? Because all of us have needed a restoration of margins into our business' if we are to continue.

Our growers are already seeing much better prices, in mid microns almost record prices, although superfine wool growers probably need some further increase if they are to regain real viability.

Processors cannot, and cannot be expected to absorb these raw material increases – they will have to be passed on. The huge reduction in transformation costs due to the Chinese miracle has all but run its course. Labour and capital costs throughout Asia, particularly China and India are on the rise.

From now on it is difficult to imagine anything but price rises in the retail stores for products made from wool. This will mean buyer resistance and inevitably some fibre substitution. Cotton is available in abundance and at an all time low fraction of wool prices.

If substitution occurs to any substantial degree our moment of sunshine will have been very short indeed.

Which brings me back to where I started.

This is not the moment to sit back and relax. Now, this moment, it is more important than ever that we reinforce the wool story, that consumers under-

stand that high quality wool products are not "cheap and nasty" nor even cheap and nice.

They are quality goods made from an increasingly rare and precious fibre, which is difficult and expensive to produce, and thus for which it is worth paying a premium. We absolutely must command the higher ground.

During this conference we will be considering different aspects of and approaches to the marketing of our fibre. We will hear of the outcomes and what we have learned from the industry's \$US6.6 million investment in the Test Marketing Project.

This vision which took its first steps two years ago at IWTO Hobart, led to an unprecedented partnership of Australian growers through their statutory bodies, with their product chain partners and their colleagues from four other grower countries. It is indeed a model for industry cooperation that can serve the industry well into the future and should not be allowed to cease with this project.

*Based on the outcomes of the TMP we will consider, from the IWTO/industry perspective what steps we might be able to take to encourage cooperative whole of industry marketing initiatives in the future.*

However, without pre-empting tomorrow's presentation, I can reveal that the results have been sufficiently encouraging for us to

# Congress News

seek to again engage with both of our two retail partners for the autumn/winter 2007 retail season.

We will also hear from AWI of their own substantial demand building initiatives and their plans for the future, particularly now that the merger with AWS/Woolmark has been definitely confirmed.

We will discover this morning the recommendations of the Interiors Task Force, towards demand building for broader wool, particularly in interior textile and carpet applications.

I have spent a lot of time talking about the renaissance that we have started to see at the apparel end. Unfortunately this has in no way been shared in the coarse wool sector, where both carpet usage and wool's share within it, continue to languish and raw material prices remain dismal for producers. This situation cannot be allowed to continue.

As was stated loud and clear with apparel, "To do nothing is not an option." It has to be turned around and, as with apparel wool it is very much part of IWTO's job to seek solutions and to make recommendations as to how this might be achieved.

*Which brings me to the subject of IWTO itself, its role and its place in the future.*

Of course we do not normally come to these conferences to talk about IWTO, but to discuss the industry in which we work and in which so many of us have our hearts, minds and our fam-

ily's capital so deeply committed.

But it is this (mainly) voluntary organisation which has for some eighty years provided the forum for discussion and the platform for action which has to a large degree circumscribed the framework and development of the industry that we see to day.

Well, you could say that it hasn't done much of a job – eighty years ago wool had about 12% of the global textile market and today it has little more than 2%. In reality wool had to lose market share, there is only so much land available for wool production, when one considers the competing demands for resources to feed an ever multiplying world population, and demand for textiles increasing exponentially.

The difference has been taken up by man made fibres (largely by-products of petroleum production) and intensive production of cotton, heavily subsidised, by provision of cheap irrigation water (about to end), utilisation of huge volumes of chemicals (about to end) and particularly by massive direct government subsidies to producers (e.g. Spain 300%, USA \$3 billion each year).

And in spite of enormous research budgets by the chemical companies endeavouring to match wool's qualities, our fibre in its finer categories still commands today a 300% premium over polyester, and an incredible 600% premium over cotton.

So it's not all bad news by any means, but the point that I would make is that we cannot as an industry relax in our endeavours to ensure that we remain, as individuals fierce competitors,

but as an industry, fiercely united.

*To maintain and build that unity our industry absolutely needs a forum such as IWTO.*

IWTO for its part has to ensure that it is always relevant to the industry that it serves and that it continues to provide, and is seen to provide, year after year a positive return on the investment by its members.

IWTO must represent the whole industry, regardless of sector (from farm to fabric) or country of origin, and its structure must reflect that critical fact.

*And if it is to provide the service that our members need there are expenses to be met.*

As with any business in this rapidly changing world, IWTO needs to be constantly seeking to ensure that it is able to best respond to the needs of its constituents, and during these days we will be considering and discussing a revised structure for our organization in order to both best serve the interests of our members and to fund the costs of providing that service.

This conference will certainly provide food for thought and debate, both during these days and as we return to our businesses, during the days ahead.

I hope that you enjoy your stay in Edinburgh and that together we can make wise decisions towards a prosperous future.

# News from the President

## Inaugural Statement from IWTO President Guenter Beier

Dear Members,

Over the past years our forefathers were farsighted in establishing an organisation to represent the interests of the then European wool processing and trading industry, which it did very well for many years. However as the industry started migrating East IWTO has had to adapt to the situation and to a degree rethink its position in the industry so as to remain a relevant and useful body serving its members who were now beginning to have other criteria to those of years gone by. One was the introduction of objective measurement and all the new test methods that had to be introduced to facilitate this event. Another major one that springs to mind is the Australian Wool Board Stock Pile and all the ramifications that came with that very major event. Those were certainly very trying times which went on for many years. Some of the consequences of those events still haunt us to this very day.

Eight years ago with the demand for wool dropping year on year IWTO had to once again adapt to a new situation in the industry. Under the leadership of our then newly elected President Dieter Vollstedt, we began the road to a marketing driven organisation one that wanted to see more advertising for our fibre. His first move was to employ a new market orientated Director General and to open up the membership of the organisation to associate membership. This was followed by our next President Juan Casanovas who took us down the path of a new

extensive world wide Market survey to find out where we were going wrong in the marketing of our product. This then led to the Test Marketing Project (TMP), which was a joint Venture by Australian Wool Innovation (AWI), the global Wool Industry represented through IWTO Members and Australian Wool

With a decade of little or no real organised marketing of wool having taken place our "Wool Fibre" has almost been forgotten, we have lost much ground to other fibres particularly to the Man Made Fibres which are copying many of the wool properties to become more and more similar to wool.



Service (WOOLMARK). It was here where Michael Lempriere my immediate predecessor was heavily involved in making this project possible and guiding it through to its successful conclusion. Showing us that marketing can and does make a difference not only in maintaining wools market share but also in growing it.

Having said this, IWTO remain an organisation which WOULD LIKE TO BECOME globally much more RECOGNISED FOR IT'S relevance and THE importance of IT'S role within the wool textile industry.

*Thus if all fibres use wool as their fibre to aspire to, then we should be redoubling or efforts to sell the "original" by letting everyone know what the benefits of our fibre are particularly in the following areas:*

- Friendly to the environment (in processing and dyeing)
- Health aspects (Carpets and Apparel)
- Easy care aspects (Carpets and Apparel)

# News from the President

## Inaugural Statement from IWTO President Guenther Beier

- Comfort aspects (Apparel)
- Technical applications  
(Insulation, felts fire resistant, etc.)

So to enable us to achieve these goals we will need to modify the structure of IWTO in some areas to make this possible. This will be communicated to all the National committees and all members within the next few weeks so they can also have an input into this restructure.

How do we achieve this? Naturally this is not achieved overnight nor can it be explained fully in an interview of this nature. However the essence of this strategy will be as follows:

- To represent the complete chain within the industry
- To ensure membership for all without eliminating the national committees
- To have a major say in the marketing of wool over all the micron ranges:
  - ◊ By insisting on the introduction of Quality Assurance Programmes for our products

- ◊ By encouraging the production of Innovative Wool products for casual and active sportswear
- ◊ To support and strengthen the Technical Textile use of wool
- ◊ By highlighting the Health and Environmental benefits of wool.

- To canvas for sufficient resources for the marketing of our products within all the micron ranges
- To be an effective lobby at governmental level.

The implementing of these changes to give IWTO the ability to become more relevant in the areas I have recently highlighted at the Edinburgh Conference will become my main focus during my tenure as president of IWTO. It is my/our desire to change this with your help to make this organisation one which the industry cannot do without, having full support from all the sectors within our industry.

Our aim is to achieve the main Goals with the next two years so that IWTO not only becomes even more relevant but also becomes fully funded by its members. Because the interest in IWTO is so great that no one can afford to stay away. So please help me/us to achieve this in the interest of IWTO.

*Remember as Juan Casanovas once said "the fibre is not sold until the suit/fabric is sold off the rack".*

Having this direction in mind, we are working out and preparing in the moment the details of the next steps which have to be done, within IWTO, and within our entire industry. We will come back to you within the next weeks with more information.

Yours sincerely  
Guenther Beier  
President of IWTO

## Events

### Wool - The Environmentally Friendly Fibre



The date for the IWTO Congress 2008 in Beijing has been released. Just 4 months before the Olympic Games in Beijing, the IWTO Congress will take place in the capital of China. The Congress opens on April 13th and closes its doors on April 16th. Mark this important

# Project News

## IWTO World Wool Award 2007 Winners announced



During the IWTO Annual Congress in Edinburgh (UK) IWTO announced the winners of the third edition of World Wool Award (WWA). Sponsored by The Woolmark Company, the award has been introduced to celebrate wool's unique natural performance properties and versatility, to encourage its future use through research and innovation into new product developments and the marketing and promotion of wool values.

During the Awards Ceremony, IWTO President Michael Lempriere and Chairman of The Woolmark Company, Mr. Barry



Barry Walker, Lone Henriksen and Michael Lempriere

Walker, presented the trophies and diplomas to the laureates. The award winners receive free participation at the IWTO Congress including a free exhibition stand at the Congress area as well as a fully equipped free stall at the international fabric fair 'TEXWORLD - Paris' organised by Messe Frankfurt.

The third edition of the World Wool Award attracted entries

from more than 20 countries from all continents. Split into three categories, the competition was open internationally to students, trainees and professionals from textile/fashion universities, academies and schools, companies and institutes.

An international and professional Jury panel, including leading designers, journalists, marketing specialists and entrepreneurs, evaluated and selected the award winners and holders of certificates of merit:

*Merit:* Ms. Claire Neatham, UK, Winchester School of Art

**Marketing & Promotion**

*Winner:* **Mr. Mathias Hey and Mrs. Bernadette Ehmanns**, Germany, Hey-Sign

*Merit:* **Ms. Luciana Marrone**, Argentina, Fashion Designer

*Merit:* **Mr. Federico Milicevic**, Argentina, Argentina's Secretariat of Agriculture, Livestock, Fisheries and Food (SAGPyA) sheep and wool development



Mathias Hey and Bernadette Ehmanns with Georg Steffens

**Fashion & Design**

*Winner:* **Ms. Suvi Kankkonen**, Finland, University of Art and Design Helsinki



Barry Walker, Suvi Kankkonen and Michael Lempriere

*Merit:* **Ms. Charlotte Johnson**, UK, Winchester School of Art

**Concept & Innovation**

*Winner:* **Kvadrat**, Denmark

*Merit:* **Mr. R.S. Rajsekaran**, India, National Institute of Design

*Merit:* **Ms. Gunjan Singh**, India, National Institute of Design

The Jury Chairman and representative of the sponsor The Woolmark Company, Mr. Georg Steffens said: "The World Wool Award is an excellent platform for textile students around the globe to show and communicate how they see the most natural fibre in the world - WOOL."





## **International Wool Textile Organisation**

Rue de l'Industrie, 4  
1000 Brussels  
BELGIUM

Phone: +32 2 - 505 40 10

Fax: +32 2 - 503 47 85

E-mail: [info@iwto.org](mailto:info@iwto.org)

Website: [www.iwto.org](http://www.iwto.org)

IWTO is the international body representing the interests of the world's wool-textile trade and industry.

IWTO membership covers woolgrowers, traders, primary processors, spinners, weavers, garment makers and retailers of wool and allied fibres in its member-countries, as well as all kind of organizations related to wool products and the wool business in general.

IWTO offers you a perfect network & world wide platform for business contacts in the following sectors:

*Apparel*

*Technical Textiles*

*Interior Textiles*