

By Matthew Cawood
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If the signals that rippled through in 2007 carry reality with them, 2008 may be the year in which wool completes its long and painful transition from commodity to product.

Speaking at the New England Merino Field Days (NEMFD) during the weekend, The Merino Company (TMC) chief operating officer, Mark Mackinnon described three factors that could help wool's rebirth:

- A consumer move to natural products
- Reductions in wool supply, and
- The growing affluence of the so-called "BRIC" countries - Brazil, Russia, India and China.

The economic tremors running through the United States are less positive, Mr Mackinnon noted, but he believes that to date at least, rising demand in the BRIC countries has offset any fall in US demand.

However, the question remains whether the new markets are growing fast enough to pick up any slack if the US undergoes a major economic downturn.

On other fronts, the trends are strongly positive.

Growing demand for natural products, long forecast but slow to materialise in returns for woolgrowers, is now a reality, according to TMC's marketing manager, Mark Suttie.

He pins the turnaround to a precise point in time - the release of Al Gore's climate change documentary, "An Inconvenient Truth".

Before the movie, about one in four retailers showed an interest in natural products, Mr Suttie said.

Now he puts the figure at about 80pc.

"And of those, three out of four times their first line of enquiry is for organic wool," he added.

TMC already has a major customer for organic wool products, United Kingdom retailer Marks & Spencer, but further growth depends on an increase in supply.

Wool, however, is making up ground as a desirable product across all fronts, Mr Suttie said.

"I think activewear really led the trend," he said. "It's the nature of the people in the activewear market who are younger and focused on the outdoors.

"It has been our experience that trends that start in performance and sports wear, tend to flow through to the mainstream apparel market."

Speaking at NEMFD, Mr Mackinnon said that the past six months had seen TMC begin to gain the market traction it needed to make a difference in the wool market.

JosÈ Fernandez, formerly of leading New Zealand company Designer Textiles, which produced the Icebreaker and Ibex activewear lines, has joined TMC.

So too, has Claudio Galesso, who designs and manufactures suits for retail brands.

Grower contributions to TMC climbed 25 per cent in the past 12 months, and Mr Mackinnon is hoping for a further jump of 40 per cent in 2008.

"Initially we were working to gain the interest of growers, but now it's starting to come from the other side of the industry," Mr Mackinnon said.

TMC is a division of Lempriere Australia.

The company provides wool supply chain solutions to retailers in a unique model that begins in the paddock, and then takes wool processing as far as the client wants to go - literally, Mr Mackinnon said, "from sheep to shelf".

For Drizabone, TMC undertakes responsibility for the entire supply chain, from sourcing wool to delivering finished garments.

For Marks & Spencer, the company's responsibility only extends as far as delivering wool tops and providing in-store promotional material.

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