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The Benetton Affair - A case of marketing failure

The management team at Australian Wool Innovation (AWI) has proved to be sadly lacking in the most basic marketing skills, with the failure to address the real issue surrounding the Benetton affair.

Hailed as an "historic" agreement by AWI, and welcomed by all, the agreement with Benetton was supposed to have "a significant ripple effect throughout the textile industry."

The media report of 13 July (Farm Weekly) stated that "AWI has launched its biggest salvo against animal rights groups by signing on clothing retailer, Benetton". AWI chairman, Ian McLachlan made the announcement while addressing the recent World Merino Conference.

Whoever allowed this cheap political shot at AWI's Federal Court enemy has cost woolgrowers at least \$16 million in the two year life of the project, as it was claimed to double Benetton's purchase of Australian merino wool.

Make no mistake, this should have been a brilliant marketing coup, and the \$1.5 million investment with Benetton would be an example of AWI's new marketing strategy.

In the latest "Beyond the bale", CEO Len Stephens states that AWI's strategy "is to work directly with key apparel companies around the world. This approach is working and I believe it will create demand for Australian Merino wool in 2006 and 2007."

Well Len, your approach is not working and never will while customers have the perception that AWI is essentially a political organisation, headed up by a former politician, and run on party political lines. This perception means that your organisation will never create new demand for Australian merino wool, not in 2006, not in 2007, not ever. The sad end of the Benetton Affair proves it.

Today's wool prices prove it.

The continuing exodus of people out of the industry proves it.

Ian McLachlan believes that the Benetton affair "appears to be a combination of misunderstandings". So was calling one of our biggest wool customers, Laurence Modiano "a hypocrite", for daring to criticise AWI's performance at the same venue that launched the doomed Benetton deal. So was McLachlan's latest embarrassing foray into federal politics.

Wool growers understand one fact, that is their continued poor farm gate price for the quality product they produce. They also know that AWI are currently spending, according to Len Stephens, over \$100 million of growers money. At Woolpoll, growers will be asked to reinvest into a company that talks the marketing talk, but cannot walk the marketing walk.

This sad demonstration of AWI's marketing failure with Benetton, combined with politics and little market common sense, means that 0% (ZERO) levy is a very real option at Woolpoll 2006.



AWGA - News Update

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