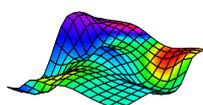


**Report to**

**Australian Wool Innovation**

**Benefit Cost Analysis of AWI's  
Fit for a Prince Marketing Investment**

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**BDA Group**  
*Economics and Environment*

**BDA MELBOURNE**  
PO Box 6009  
Hawthorn West, VIC 3122  
Ph (03) 8684 9707

**BDA CANBERRA**  
PO Box 4022  
Manuka ACT 2603  
Ph (02) 6282 1443

## BACKGROUND

BDA Group was commissioned by AWI to complete a benefit cost analysis (BCA) of their marketing investment for the Fit for a Prince campaign. This investment was made in response to a request to AWI by Australian Woolgrowers at the 2010 Annual General Meeting (AGM) to gain promotional leverage from the wedding of HRH Prince William and Kate Middleton. The initial idea was to provide wool fabric as a gift for Prince William's wedding suit. The investment was not part of the 20010-2013 strategic plan developed by AWI and was seen as an opportunistic area for investment.

## INVESTMENT

Investment in this area was undertaken by AWI in response to the idea generated at the 2010 AGM. The idea was raised by a South Australian stud merino breeder (Tom Ashby) who suggested that wool might be donated as gift for HRH Prince William's wedding suit. AWI's CEO agreed to pursue the idea and indicated at the meeting that AWI was well placed to do this as it was consistent with their marketing efforts associated with the Campaign for Wool, of which HRH Prince Charles is the patron, and that AWI staff had the right connections through their UK office. The investment aim was to maximise promotional leverage at least cost, although no investment amount or promotional outcome was determined at the commencement of the campaign. AWI sought promotional leverage with respect to demonstrating the high quality of wool – that it is a “fibre fit for a Prince” to wear - and to show the human face of wool growing.

As part of HRH Prince William's wedding arrangements he requested that no gifts be sent to him and if people were compelled to do so to make the gift a donation to one of his nominated charities. Through the Prince's office it was agreed that AWI would supply suiting fabric to the Prince which would then be made up into a suit for him to wear on other occasions. The remaining suiting fabrics would be auctioned off with proceeds going to one of his designated charities - the Royal Flying Doctor Service (RFD).

The total cost to AWI was \$1,500 in direct costs (couriers, certificates, swatches and postage) and Australian and UK AWI staff time, costing around \$10,000. Costs were also incurred by the 211 wool growers that donated wool and the Italian and UK companies that processed the wool and produced the wool fabric<sup>1</sup>. A 94kg bale was put together by AWI staff and followed through various processing points to ultimately produce twelve suiting lengths totalling 100 metres of fabric. Two lengths were given to HRH Prince William to be made into a suit and the other lengths were auctioned, raising \$54,000 for the RFD.

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<sup>1</sup> This also includes a cost to AWI through a reduction in the annual Woolmark licence fee for participating processors.

## BENEFITS

The investment had a demonstrable benefit for the RFD, a service that at times assists Australian wool growers and their families when in need. Another indirect benefit from the investment was the knowledge gained in taking a single bale through the supply chain.

Direct monetary benefits to Australian wool growers are more difficult to demonstrate. It is unlikely that wool demand has been stimulated in either the domestic or UK markets, and this was not the intent of the investment. However, the cost effectiveness of future AWI investment in the Campaign for Wool might be increased to some extent as future investment leverages off the publicity gained from the Fit for a Prince campaign.

The investment might also be viewed as a means of promoting awareness of AWI across stakeholders (Australian woolgrowers) and the Australian population more broadly. If so, the benefit might be measured in terms of the saving in the media cost that would have otherwise been made (assuming similar effectiveness in raising awareness). It has been estimated that the campaign generated over \$750,000 in media value<sup>2</sup>. However, this is not an economic benefit to Australian Woolgrowers as AWI would not have otherwise made this investment. That is, no cost saving was achieved.

## PAYOFF

The investment by AWI in the Fit for a Prince Campaign should be treated as a service provided to wool growers as they sought to provide a gift to HRH Prince William from which they could maximise promotional opportunities for Australian wool and wool growers. AWI was seen as the only organisation that could deliver this service. As such the payoff can be measured in terms of the cost effectiveness of the investment.

- The program was deemed effective in that a gift was made and considerable media value was generated, both in Australia and in the UK.
- While there was no pre-determined cost against which performance could be assessed, the investment was low cost to AWI relative to other marketing investments. Further, feedback obtained from Australian wool grower surveys<sup>3</sup> shows that there was awareness of the Fit for a Prince investment.

In summary, the investment is viewed as delivering a positive net benefit to Australian wool growers, in terms of delivering the target outcome at a very modest cost.

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<sup>2</sup> 360<sup>m</sup> Media Coverage report. This report did not consider the value of media coverage gained from the ABC Australia All Over program.

<sup>3</sup> AWI Wool grower survey 2011.