



# NEWS FROM THE WILDERNESS

OCTOBER 2008

## Current Trading - RETAIL

The end of winter was pretty good as far as that period goes but many would say the first quarter has shown little growth in sales. I guess we were no different in that sense.

The sub prime fiasco & our own Rudderless Kev is not giving people much confidence to drive the economy forward.

Thank heavens we have plenty of resources in the ground to hopefully bankroll our economy through what looks like being a difficult 12 months.

## OUTDOOR BUSINESS IN "UK"

We hired an export consultant a few months back to do some desk top research on the possibility of setting WW up in the UK. Following the initial research we then went to the UK over the last couple of weeks to meet with the retailers.

All the normal barriers were put up – you know the short on space, not enough facings, tough economy etc etc that you get used to. The reality is their thermal area is as boring as bat sh... same old "smelly hellies" that they sold 20 years ago in black & navy are still there & Patagonia is now trying a wool thermal that retailers in this country would not even look at – again no colour or real style options. As for socks most had 3 brands – all looked the same –

all in 3 shades of beige. Well hallelujah !!! – the opportunities are so big you could drive a truck through. Time & again I see it – plenty of colour in jackets & a good range but every thing else just drab & awful. The buyers say their customers are conservative – well hello !!! I think the buyers need to get out of town & check out what's going on.

We will be up & going in the UK with a few independents in the next couple of months & slowly build from there. The independents usually go in first & the groups then follow later.

The one thing our consultants have come back with is that "Housebrands" are out. The retail feedback was that they were a distraction from their core business of retailing, that with the growth in the web for outdoor, people don't go on-line to buy housebrands but they do shop for brands etc etc . The throw away line was that we have grown past "housebrands", having to place orders early for quantities that are more than we can absorb, putting up with errors in making up, late deliveries, stock outs & mark downs i.e. all the intangibles that you cannot put a costing dollar on but when you get to the end of the year & you look at the bottom line the profit has gone

out the window. Quote unquote from UK retailers.

## USA

The sharp drop in the Aussie \$ (peso) will be of great benefit to our program in the US. I guess for those manufacturers left in Australia (& exporting) these would be about the only ones with a smile on their face as the \$A finds its real level. There is no doubt we have swung off the "green back" for some time & with the Yanks now in the proverbial (so much for the economic gurus forecasting \$ parity) it appears that \$US.70 to \$US.75 is about where we should be costing for next year. This will put the pressure on imports but since there is no one left in manufacturing locally I guess the price increases will just be fed through the system. Mind you I do not think any importers dropped the price of their products as the \$A went to \$US.95 to \$A1 over the last 12 months.!!! But you can bet your life they will be putting prices up as we go the other way.!!!

## ECO, GREEN, CO2, CLIMATE CHANGE .....

Well, is every man & his dog jumping on the band wagon with this. I have never seen so much clap trap in my life as to what marketers are putting on their



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garments, their swing cards, & their point of sale material. To be honest I would have thought the people in the outdoor industry could lead by example but oh no. You tell me how you can have an eco friendly garment that is made in China – yep the same country that won't sign Kyoto, that will not entertain carbon emissions trading, that won't acknowledge climate change, let alone their own pollution. For me you just cannot have ECO, GREEN etc & China in the same sentence – lets get it right & call a spade a spade rather than apologise for the way we worship the dollar & turn a blind eye to sourcing from China.

## PRODUCT DEVELOPMENTS

Whilst in the UK I had the opportunity to work with some fabric manufacturers on some new industrial fabrics that we are developing. We are now in the second year of lab work here (just shows how long these things can take) but what we are on the cusp of finalising is a shell fabric that has a woven nylon outer with a membrane & then a single sided fleece inside. Each of these layers are melded together with the resultant fabric being flame retardant, waterproof, breathable, windproof, infrared, antistatic etc etc. The industrial & commercial applications for this fabric in an

outdoor jacket present enormous potential.

## NEW MACHINERY

### 1. Flat Seaming

More & more we see the move to flat seaming in thermals instead of overlocking. There is no doubt this is the way to go & we are increasing our investment here.

### 2. Sock Testing

We have just bought from Italy the latest compression testing machinery for socks. This will allow us to pressure test the compression on all socks from toe, through arch & up to the top (welt) of socks. With issues like DVT for travellers & older people walking more the demand for shaped socks i.e. with fluted tops is becoming more sought after & we aim to target that market through 2009. This machinery will help us do just that.

Styles such as the "Health Top" Kosi & the new travel "flight" sock will be promoted here.

## UPDATED ORDER FORMS

The latest forms for your reference & use are enclosed & all shown with the 2008 prices.

## PRICING FOR 2009

We will be sending out our latest price list for next year by the end of Nov 2008. As in the past this price list will cover us for all of calendar 2009. I do expect any

movement in price to be within a 5% band.

## USA OUTDOOR SALES

Interesting to note that in the USA over the last 12 months the total sales were \$US2.5 Billion of which the increase year on year for retail general was 1.5% whilst for the web it was 25%. I am not sure how our OZ retailers are doing with the web but these figures do indicate where the opportunities are.

If you are pushing the web go with the "brands" – consumers do not normally go on-line to buy housebrand torches, housebrand footwear etc etc.

## STORE CHANGES

It was with great disappointment that I learnt that Mark from Carnegie Disposals had decided to retire. Mark has run a great store for many years & served the people of Carnegie very well. All the very best Mark – our staff will miss those chocolates at Christmas !!!!

In a similar vein we have Stefan from Jurkiewicz (ACT) retiring & his brother taking over one store & BCF the other. Stefan has been in the game forever so we wish him well & trust he makes a killing in property development.

In closing, I trust you have a great run up to Christmas & please remember when the economy is getting a battering



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everyone can still afford to go  
camping.

Cheers,

Phil E