



How to reach the consumer with organic textiles? - 10 years of experience to satisfy market needs

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Check against delivery.

Ladies and Gentlemen

It's a happy coincidence that today's meeting is taking place during our Naturaline anniversary year. We began marketing textiles made from organic cotton ten years ago under the Coop Naturaline brand. During this time we have achieved a good deal of pioneering work and gained lots of experience together with our main partner, Remei AG.

It has been a long and often difficult journey. Today, Coop is the largest seller of textiles made from organic cotton produced under fair-trade conditions worldwide, with volumes of around 1000 tonnes. We are proud of this achievement and hope that others will follow our example. We are convinced that growing organic cotton is the right way forward. It makes a major contribution in the relevant growing areas to a healthy environment and demonstrably improves living conditions for the farmers. You will hear more on this subject this afternoon from Frank Eyhorn and Patrick Hohmann. I will focus on the end of the textiles chain and on the standpoint of sales and consumers.

"How to reach the consumer with organic textiles?" This question, which was put to me by the organizers of the meeting, is formulated clearly from today's standpoint. It assumes that there is a supply of textiles made from organic cotton and that this supply must be marketed skilfully. The questions for Coop in the early 1990s were quite different. The issue then was to build up a supply from scratch. The main problems were sourcing, production and quality. Does organic cotton farming work? How can we ensure the necessary quantities? How do we deal with the particular characteristics of this cotton during processing? Which dyes do we use in order to meet the ecological requirements? Of course there was always the question of what consumers wanted, but we can now deal with this issue much more intensively than at the outset. Initially, we had to concentrate on production.

I would like to outline the development of Coop Naturaline. And above all I would like to show you how we target customers today. The most important lesson we have learned is that also ecologically produced textiles have to be up-to-date, attractive and of high quality.

The inequalities in cotton production and the problematic working conditions in textile processing evoked sharp criticism from customers and from a number of environmental and consumer organizations at an early stage. This led to a need for clothing that one could feel good about wearing. But there was nothing suitable on the market. As one of the biggest retailers in Switzerland, we wanted to meet this latent need. At the same time, Coop wanted to live up to its responsibility towards cotton farmers and people working in the textile industry as well as towards the environment.



When we launched the Coop Naturaplan brand of organically produced foods and meat produced under humane animal husbandry conditions in 1993, it seemed obvious that we should also develop a range of textiles. The Coop Naturaline brand of ecologically produced textiles was launched the same year. As with Coop Naturaplan, it was our goal from the outset to raise ecologically and socially responsibly produced products out of their niche and to make them attractive to the general public.

We can now look back on 13 years of intensive pioneering work. Here are the key milestones at a glance:

The Naturaline label for ecological garments was launched in 1993. The cotton was obtained from integrated production and underwent environmentally compatible processing at all stages of manufacture.

In 1995 we switched to organic cotton from the bioRe projects. This step was an innovative one and marked the beginning of a success story.

From 1995 to 1999 there followed a phase of intensive start-up work involving steps to improve quickly in the quality field.

At the UN Earth Summit in Johannesburg 2002, Coop and Remei AG were awarded an international environment prize for their promotion of sustainable partnerships through bioRe projects and the Naturaline programme.

The product range made its debut in Coop department stores in 2003.

In 2005 we are celebrating the tenth anniversary of Naturaline (10 years since the switch to organic cotton)

In launching Naturaline, Coop was demonstrating its commitment to cotton from integrated production, which was already a considerable step forwards compared with conventionally grown cotton. From the outset, Coop demanded compliance with social criteria such as the ban on child labour in textile factories. For ecological reasons we also used hardly any dyes and used prints only sparingly. It soon became clear that the products were not attractive enough for our customers. Beige T-shirts and sweaters with wooden buttons were not very popular. Our lack of experience with the new ecological requirements resulted in some quality-related problems. Customers were not prepared to forgo quality and fashion on behalf of the environment.

Meeting Patrick Hohmann marked a turning point. It soon became clear that Coop Naturaline and organic cotton belong together. Since 1995, the history of Coop Naturaline has been closely linked with Remei AG and its bioRe projects. Without the extraordinary commitment of Patrick Hohmann and Remei AG, Coop Naturaline would not be where it is today. A further happy occurrence was that Ciba brought new, heavy-metal-free dyes to market right at this time, which opened up new possibilities for textile design.

One of the greatest challenges in developing textiles from organic cotton is the complexity of the product chain. All partners have to engage in very close and long-term cooperation. Remei and Coop have invested considerable work in building up a complete product and process chain. This chain is essential in terms of credibility towards consumers. But it also allows efficient, fast processes, which ultimately have a positive effect on costs. The higher cost prices for organic cotton – which benefit producers – can thus be partially offset.

In the beginning, there were various quality problems to solve. For instance, we had to increase the elastane component for socks or solve the problem of towels that shed a lot of fluff. The decision not to use problematic chemicals called for innovative solutions from all suppliers involved. Only close cooperation along the entire chain results in high-quality products that are successful on the market. Achieving and maintaining top quality is an ongoing process on which Coop continues to work closely with its partners.

What counts in the end is whether customers find the products attractive. As I said earlier, the first models were not very successful. The range has become substantially more attractive and up-to-date in recent years. This is the basic precondition for success with customers. The high ecological and ethical standard is a desirable additional benefit for many. But nobody will buy an item of clothing that doesn't fit or that he doesn't like.

The Coop Naturaline collection is aimed at a broad public and is attractive for everyday use while offering excellent value for money. To give you an idea, I'd like to show you a few ads for designs we have launched this year.

In March we organized a Naturaline fashion show as part of an employee event. The two-minute excerpt from this fashion show includes parts of the spring and summer collection.

Since its launch in 1993, Coop Naturaline has performed well and generated sales of CHF 43.2 m last year (including Coop Naturaline cosmetics). Sales of Naturaline products made from organic cotton (textiles and cotton products) amounted to CHF 40.8 m. This year too we can report very encouraging growth.

Coop offers a wide range of Coop Naturaline textiles. The range of underwear and socks is very broad and is available at all larger Coop outlets. Baby clothing is another key area. The range includes bed linens and towels, outer wear for ladies and men as well as children's clothing.

We were able to make a great step forwards by expanding the range to include Coop City department stores. We began with this in 2003. It proved difficult, however, to position the added value of Coop Naturaline clearly in the context of the large range of textiles available at a department store. In spring 2004, we therefore took the further step of setting up a shop-in-shop concept for Naturaline at all Coop City department stores. The POS presence is much more effective, and we are able to communicate the messages of Coop Naturaline directly at the POS. Here you see too that the focus is on fashion. As well as a model wearing one of our latest designs, you can see pictures of an Indian cotton picker. They create a link to the people who produce the cotton. To enhance the distinction to other brands we use special display units. The "wood look" shelves convey a natural feeling. The department store is the best place to show off the competency of the Naturaline range.

Coop invests a good deal in communication to promote Naturaline. We have to show our customers repeatedly the kind of added value the products entail. Coop relies on a mix of emotions and information. Depending on the communication medium, the focus is on either emotional messages or objective background information.

I'd like to show you an example of the advertising and communication activities from this year. They have been particularly intensive this year, owing to the tenth anniversary of Coop Naturaline. The TV commercials have quite a strong emotional component. The following are two out of five commercials.

This year, the slogan for the Naturaline campaign was "feeling good". These are examples of German, French and Italian ads. We deliberately chose not to point a finger at consumers but to play with the concept of "feeling good". "Feeling good" comprises the fashion, comfort, the particularly good skin tolerance as well as the good feeling that comes with purchasing an environmentally compatible and socially responsible product.

The "feeling good" campaign was also implemented at the POS. Customers' attention was drawn to the Naturaline range with special in-store advertisements and displays.



We produced Naturaline T-shirts with the “feeling good” slogan for all our cash register staff specially for the anniversary. The T-shirts made a good impression on customers but were also very popular with our employees and helped motivate them in favour of Coop Naturaline. The T-shirts were also available for sale.

We have reported on the background and added value of Naturaline products in Coop publications for ten years.

In addition to developing attractive product ranges, engaging in intensive communication and sales promotion, there are other key factors that have made a significant contribution to the success of Coop Naturaline.

Coop Naturaline is firmly anchored in Coop’s mission statements and strategies. As an independent communication programme, it is of considerable strategic importance within the company. Like the other Coop flagship labels, Coop Naturaline is carefully positioned. It requires clear commitment from senior management and the stamina to build up a range of this type over a period of years.

Another very important success factor is the motivation of our employees. They are the ones who have to sell the products and their added value to customers. Since launching Coop Naturaplan and Naturaline, Coop has invested a lot in training and motivating its employees – from management through to sales staff. Training and experience days or sales outlet contests are just a few examples.

The awareness that the training and motivation of all participants is very important prompted us to finance the establishment of two training centres for the Maikaal and Meatu bioRe projects. Both centres were opened this year and offer hundreds of farmers the opportunity to develop their skills and increase their knowledge of organic farming. It is impressive to see the impact that these two centres are having on the projects. The major challenge will remain that of making this impact visible for Swiss consumers, who live thousands of kilometres away.

The most important success factor for Coop Naturaline is that Coop and its partners believe in it. If projects like these are conducted merely as marketing devices or in a half-hearted manner, they are doomed to fail. The personal commitment of many employees at all levels at both Coop and our partners is the key success factor. As a result, we can achieve an outstanding performance and have mastered difficulties successfully. Coop Naturaline started out as a courageous vision, and implementing it has required intensive work and considerable stamina over the past years. We have also set ourselves ambitious goals for the future and aim to continue expanding the Naturaline range.

Coop Naturaline brings rewards for all those involved in the textile chain. Farmers benefit from better environmental conditions, higher income and guaranteed sales possibilities. Thanks to ecological and social requirements, workers in textile factories enjoy better working conditions. Thanks to distinctive products and services, Coop and its partners are successful in the market. Swiss customers have the choice of buying high-quality, fashionable textiles that are produced in an ecological and socially responsible manner.