

# ***Speed to Market***

*Finding and Turning  
NEW Ideas  
into Performance  
Products  
that SELL!*

## **Industry Panel Discussion at Outdoor Retailer Summer Market 2003**

**KATHLYNSWANTKO** (Moderator) - Good morning and welcome to the first Industry Panel sponsored by FabricLink's Technical Center. I'm Kathy Swantko, president of FabricLink and FabricLink's Technical Center web sites. It is our intention with this forum to provide an on-going series of panels, made up of industry experts to encourage interaction between the various segments of our industry in addressing topics and issues of importance to all of us. It is through this dialog, that we can learn, teach, and better understand how to work together for the benefit of the industry and ourselves.

At the completion of today's panel, please take a few minutes and fill out the brief opinion sheet that you received when you arrived. It's your opportunity to give us your reaction to this panel, and provide ideas for future panels.

Now, just a few words about FabricLink's Technical Center. Launched in May of this year, The Technical Center was created at the encouragement of industry leaders who saw the need for a web site, dedicated exclusively to businesses and retailers involved with performance fabrics. They wanted a place to find information about new product developments and technologies, and a place to promote new innovative fabrics through an educational forum.

FabricLink's Technical Center Advisory Board is made of leaders from all segments of the outdoor market. They have been instrumental in providing input to help create this practical and effective web site. Access to the site is free to industry businesses and retailers. And, we invite you to take a look at [TheTechnicalCenter.com](http://TheTechnicalCenter.com)—it's the performance market's link to innovation!

The title of today's panel is "SPEED TO MARKET—Finding and Turning New Ideas into Performance Products that Sell!" We will discuss the challenges in developing new products for the performance fabric market, and identify ways to improve and speed up the process.

### **The topics we will cover include:**

Where to find the newness needed to drive the performance market.

How to keep up with technology

The impact retailers have in the product development process

How to generate interest in new product developments

Education retailers and the consumer

Reducing the cycle time in bringing new products to market—and overall, improving the process.

I'd like to begin by introducing our panel of experts:

Representing the fiber segment is Don Cartwright, vp of new product development/fiber strategy for Wellman. Don has a 30-year career with Celanese/Fiber Industries/Wellman organizations. He has held positions in technical services, marketing, manufacturing, research and development in fibers, engineering resins, and recycled products.

Representing the fabric segment is David Parkes, president of Concept III International. David started Concept III in 1983 as a domestic resource. In the 90's, Concept III expanded to an international resource with offices in both the US and Europe. For over 20 years, he has worked in developing textiles from natural cotton to technical fabrics for a variety of outdoor, active sports, casual sportswear manufacturers, and retailers.

Representing the apparel manufacturing segment is Vishal Vasisth, product line director for the Capilene Group at Patagonia. Vishal has worked in diverse sectors of the clothing and textile business, ranging from global trading, manufacturing, development, and branded consumer products. His notable career achievements include numerous successful product and brand launches, such as Regulator Fleece, Capilene Body, Encapsil, and Dragonfly. The products Vishal has helped develop have received awards from "Backpacker" magazine and "Business Week" magazine.

Representing the retail segment is Jeff Smith, executive vp/co-owner/chief operating officer for Blue Ridge Mountain Sports. Jeff started his retail career as a part-time employee in 1986. Since that time, he has served in nearly every capacity during his 17-year tenure at Blue Ridge Mountain Sports, including positions in merchandising, marketing, and real estate. Today, he is co-owner of this dynamic group of 13 outdoor specialty stores, known to its loyal customers simply as Blue Ridge.

And finally, representing academia and the National Textile Center is Dr. Gang Sun, associate professor of textiles and clothing at UC Davis. Gang has BS and an MS degrees in textile chemical engineering from China Textile University. He also holds a PhD in chemistry from Auburn University. His research, exposure, and interests include: protective clothing, functional textile finishes and colorants, and environmentally friendly textiles. Gang has published over 50 papers, and holds 9 US patents.

Before I begin with the questions, I'm going to ask that you hold any questions that you may have until the end of the program. We will have time for a few questions from the audience at that time.

***(Kathy) Question #1 - Where do you go to find the newness needed to drive the performance market? And, how hard is it to find new ideas?***

(Vishal) - I think finding newness and driving the performance market is all about knowing your customer, and being passionate about the market that you participate in, and passionate about the sports that you are involved in. If you are passionate, something will trigger to tell you what the customers' needs are. And that will trigger newness. Once you have that, then a lot of technologies that are already available in the market can be used to produce wonderful new products. Then it's just matching those needs to what's available in the marketplace. I love this quote: "The creation of something new is not accomplished by the intellect, but by the flame acting from inner necessity!" Again, I think finding the newness is all about passion—understanding the customer, and then finding product to satisfy their needs.

(David) - My response to the question would be that, when I'm looking for newness, ideas, and direction, we work very closely with the fiber companies. We're starting to see newness coming out of fiber companies again, after being dormant during the survival period of the domestic fiber and fabric industry over the last 3 or 4 years, when not a lot of money was available for product development. I do see a lot of product development domestically. That is certainly emerging again, particularly from Unifi, who you can see has an impressive display here at the show. Overseas, product development is proving to be more impressive to me than it has been in the past. We've been accustomed to seeing a lot of innovative yarn and fabric development out of Japan, which has dried up over the last several years. But in Asia, product development, I think is more creative than I have seen in the past, which is encouraging and exciting. Obviously, a major source of intellect and information is through the media. And, I think the media are also addressing these needs in a more focused and professional way than during the last few years. The media, addressing this industry, has been going through the same survival mode that so many people in this industry have experienced via a different level of intellect and approach to information.

(Don) - We're at the bottom of the food chain. For us, where do we find our new ideas? We do a lot of work with the manufacturers, trusting that they know their customers, who are the retailers. You've got to pick somewhere in the food chain to work. Typically, it has to work in their operations too, to get it to retail—so, that's one part. The other part, because we're in the staple business, not the filament business, we shop the world for innovation. We don't see much in staple. All the technologies coming out of the Far East, of course, is in filament, which seems to be their posture. We look for two kinds of ideas. We look for what we call "new to us"—that means that there's a technology somewhere in the world that providing a product that meets a need, and we like to see if we can produce that same product here. But, most of our time, we spend on "new-to-market" ideas; and "new-to-market" says that it hasn't been done before. And, that's far more difficult! Most of time, it takes an invention of a technical platform that hasn't been done. So, our whole drive is to figure out while we're doing that, how do we get them in the chain, so that by the time we get to a point where the technology is at least far enough along that we can make a product that we can accept, it may take us another two years from that point to get it into the marketplace. That's part of our challenge.

***(Kathy - Question #2) - Today, where are the biggest opportunities—developing new products from new technologies, applying existing products to new end-uses, or improving existing products? What do you see for the future?***

(David) - You have the biggest opportunities from the three areas coming from developing new products from new technologies, in my opinion. Applying existing products to new end-uses—obviously, that's always a marketing challenge, which many of us have been adjusting to during these challenging times. The improvement of existing products is an on-going process, and that's transitional, as far as I'm concerned. As I looked at this question, I see kind of good news and bad news. As we have faced this challenge, we've been living through a great deal of pricing pressure, which I see continuing. We obviously are all facing sourcing challenges, which are constantly changing, much of it dictated by government policies that you have very little control over. And, we're currently—and I may be going just a little off the point here—but we're currently involved in a stable, what I feel is a somewhat undynamic industry, compared to everywhere just a few years ago. The good news is that I know that new product will emerge, because we're in an industry with intelligent, innovative, focused people who are driven by the outdoors. I know that new product will emerge, and the industry will need to invest in it. And, I think this is also something that we need to address as a group. When this happens, the whole chain needs to invest in that opportunity, not take advantage of it, but invest in it, and make sure that it comes to market and happens. And, I also feel that a brand will emerge, which we also need. We need new and exciting brands. The menswear industry can look at the MAGIC Show and you know that the urban community is kind of driving that menswear business. MAGIC has become an exciting show again, whether you're into that type of merchandise or not. And we need that kind of focus for the emergence of an exciting outdoor brand. And finally, the most important development I think we have to do is to get that 16 to 18 to 24 year old customer, and make sure that they understand that getting involved in the outdoors is a heck of a lot more exciting than playing with a computer.

(Vishal) - Yes, the last comment that David made is a critical thing. As we look around in the marketplace, surf and skate business is growing and is deemed cool. A lot of young people today want to attach themselves to a lifestyle, surf and skate is growing as it is attracting new customers. The young people who are not playing in the outdoors are playing video games and this is a big segment. So, I think the biggest opportunity for our retail partners is to make outdoor sports cool. And, make young people want to participate, and get out there and play in nature. As an industry, we need to do whatever it takes, so that customers get involved. They should get experience at the store-level, which would make them want to participate. And, that's what will drive the sales. The customer needs to drive the lifestyle.

(Jeff) - I would add that we spent the better part of the last three years trying to understand why everybody that comes into our stores is starting to look middle aged. What happened to the 16, 18, 20, 22, 24 year old youth? We started on a campaign about 4 years ago with focus groups. To understand how our brand was perceived in different age groups. And unfortunately, the news was to stay with the old brand. It was like someone over-stayed their welcome. We spent quite a bit of time trying to understand how we can bring the

young people back to our business, and to become relevant again. And, it's a good news-bad news situation. The good news is it do-able. The bad news is that it's not easy. The notion that you can market through(?). The other thing that we believe is that it will allow you to actively pursue that customer. Multiple sports in a day—that's the reality. —Doing multiple things in a day, when they may start out on a mountain bike, and end up on a trail run. I've just spent a week at ISPO, and they are doing a much better job in Europe at attracting this kind of youth market. The show is incredibly young, compared to what you see in the aisles here. But, they also have the entire component of their demographics behind what they're doing.

***(Kathy - Question #3) - Just to bring Gang into this from the academia side—Gang, could you explain the NTC, which could be a source of new ideas for the outdoor market for a wide variety of end-uses? Could you explain what the NTC is, and the type of research that is funded, and how it works to benefit the performance market?***

(Gang) - The NTC was established 13 years ago. I think that everyone has the flier in your packet of information, which tells about the mission and the goals of the NTC. It was originally devised for six universities. It is North Carolina based. Later it expanded to include more schools. UC Davis and Cornell recently joined the group. UC Davis is the only school west of the Mississippi River to be involved in the consortium. I think the original funding through the Department of Commerce was \$8 million. But now, since there are more members, the funding has grown to \$10 million, and next year it will probably be even higher. The purpose is to try to work with the industry, and to support the industry in trying to remain competitive.

***(Kathy - Question #4) Jeff, all roads ultimately lead to the retailer—How, do you think that retailers can assist with the process of developing new products that will sell?***

(Jeff) - There are a few models that have been in place for years and years. W.L. Gore, I think, has done a great job of getting retail attention with their Retailer Advisory Council. We have been involved in that with a number of leaders. We need more knowledgeable input from the people that are going to be showing us the products. If you can assemble this cross-section of representation on an Advisory Board, I think that puts you one step closer to the user. Vishal and I were laughing about this earlier this morning, saying that although the customer is the closest link to us in the chain, the retailer is about the last component to be asked about new fabric developments. When you talk about innovation on the fiber/fabric side, I'll have to tell you that usually the time that I find out about these innovations is when I walk around down here at the show. Otherwise, I don't know about these innovations.

So, if you want to produce a relevant product, perhaps the great thing to do would be to shorten that discussion—— so that it's not just fiber believing it's a great idea, manufacturing thinking it's cool, and a vendor goes ahead and puts it together and packages it, thinking that we're intelligent enough to buy it, and then we put it on the retail sales floor, and then the customer says, "Uhm, I don't think so!" So again, innovation for innovation sake doesn't make any difference at all. Innovation with the notion that perhaps the end-user is one step away makes a whole lot of sense. But sadly, and this is one of the things that Kathy and I spoke about when she asked me to be on this panel—I said, 'You, know,

I'm really not at all connected to this. We are so far down the chain, and disconnected from what happens basically, I feel that I'm not qualified to comment on this.' But the notion of assembling these cross-sectional Advisory Boards, I cannot help but believe that perhaps this will work. They spend a fair amount of time involved with our company at that level, and we feel like it's an opportunity that can make a difference. Understanding why the product was built is a huge point from the beginning. That would be a way we could establish a relationship with the developers, and assist in the process.

(David) - So, we come back to communication and education. I've exhibited at this show for 15 years or so. And in that time, I think maybe 3 retailers have visited in my booth. The point I'm making is that the retailers are not coming to learn about textiles and product innovation. Just as I am not reaching out to the retailer to teach them. So, every link of the chain is doing a great job as well educated and well informed and communicating within itself. But communication to two links down the chain is weak. It's the responsibility of the media to assist in making that connection.

(Vishal) - It's also the responsibility of the fiber and the manufacturers to do research. In Europe, if stuff is moving and trends are changing. Maybe go to Europe and see what is special about that fabric, style and communication. And, then develop those kind of fabrics, based on what you know is moving from there, and could move here. It makes the Retailers life easier, because retailers don't want to sell at 50% off or 70% off, and not make money, and have things sitting on the floor for 1- 2 years. That's not their business—they want to move merchandise. So, if the whole supply chain could work on what is moving in Europe or other parts of the business and is relevant to the outdoors, then develop that kind of merchandise. I don't think that the retailers can afford time to go to fabric manufacturers. I think we should be coming to them and helping them out. They are the closest to the customer, and they should be selling the sport and lifestyle to those customers and bringing in new customers.

(Jeff) - The job of the retailer is—and we get confused—and I think that we believe that it's their job to sell fabric, and it's truly not. The job of the retailer is to sell the sports—sell the activity. And, unfortunately a lot of these guys make good stuff. But, we have to continue to grow this base. We have to continue to bring new customers into these sports. If you grow the sports, and I've believed for a number of years, if you grow the sports, the larger community of people associated with the products that you sell that their business will also grow.—Because, I've got to tell you, if you're counting on that repeat business, unfortunately durable goods take that business away. So, some notion of growing the community of sport among passionate people, bringing new folks into the sports. That's ***what needs to happen. Innovation for innovation sake doesn't work!***

***(Kathy - Question #5) - How important is education at the retail level for sales associates?***

(Jeff) - Well again we become one of the weaker links in the chain. This is my interpretation of how the process works. The manufacturer in the U.S. buys something, maybe it's Patagonia, and goes through the product development cycles, and at the sales meeting they'll instruct the sales team to go out and help the retailers understand how they can not

open their doors next Monday without this product. The fabric manufacturer also thinks that it's a great idea if the retailer understood how the new product works. The vendor does a great job of figuring out an end-use for this product and enlists the the help of its product development people. And, it goes through the product development cycle, which sell the product to its sales force. Then, hopefully, the sales force goes out and tries to sell the product. Then, hopefully, 6 to 12 months down the road, the sales rep will show up and clinic us on that one component in that one piece of the 45 items we bought. Right now, we are dependent as an industry on the lowest common denominator in that chain that the customer understands why that product is on a hanger in our store. The consumer is going to depend upon the sales person to tell them this is why you should buy this product. And, their information is only as good as the sales reps who provided the information to them. So, I think you can see where this thing is going. When you are that far removed from the basic consumer transactional level, as to what the original intent of what the product was put together for, you're playing down.—And I don't mean to be condescending here,—with the lowest common denominator. In an effort to kind of get around some of that, we've begun to develop some more aggressive training programs. So, what we intend to do is if the vendor training is good, and some vendor training is fantastic, and some things I buy I even know who the vendor rep is!! Others don't even call to offer sales or service support. So, our business, when we are introducing a new technology—something that is radically different—we tend to do a couple of different processes.

The first process that we do is to get the product on the people in the store. An example—-A little company introduced this real technical fabric called "wool" a few years ago called Smartwool. Of course, wool has been around forever. But, what Smartwood did, which was absolutely positively key was you couldn't open a box of Smartwool socks at the retail store level that they didn't give you another dozen socks free! If the rep came through and gave a clinic, and the rep opens this box, and starts giving away \$15 socks to part-time and full-time sales force in the store—lo and behold, we all wore Smartwool socks, and look where this company is today. It's the top brand in our store, and it has been for years! And, I think I can speak for a number of retailers who would tell you the same thing! So, this notion of putting people in the product at the sales associate level at retail, really works!

The second piece behind that is that we believe strongly enough in the technology that we've got a whole web site devoted to on-line training program to explain the technology. And then, we get help from the manufacturer to provide the imagery and the fabric specs. And we go through this process with the employee, so that he can hopefully take a test. After the test, they have an opportunity to earn store certification that we have inside our company that gives a different level of "street" credibility, so to speak, with respect to how your product knowledge is run. We also provide incentives within the "test". For instance, you might answer the third question correctly and win \$100 bucks. The motivation used to be that you'd sit someone down, and go through the fabric technology, with the hopes of ultimately translating that into a great story at the consumer level. But, we're a long way from that today!

***(Kathy - Question #6) Don, do you have any comments about that since you're way on the other end of the chain? I know you do a lot of functional fibers that have the need for an educational focus.***

(Don) - unfortunately, we see some of the same things that Jeff talks about, and I'll give you an example. It's not in the outdoor market, but it's very close to home. We struggle as a fiber producer being so far down in the chain, as to how do we do the education. But, we're working on a product to help eliminate allergies. And, most people that have allergies are allergic to dust mites,—90% of the people with allergies are allergic to dust mites. Here in Utah, it's so dry that they probably don't have that problem, but if you're on the West Coast or the East Coast, you do. When you go into a retail store, and you find someone on the floor and they've got 3 pillows at different price points, and you ask them about the differences in those pillows, they don't have a clue!! All they know is that this one is \$19, this one is \$29, and the pillow that is \$39 must be the better one, because it costs more. That's about as much as they know! So, how are we going to educate these people at retail? I've had some fun with this lately too!! Our product has to go through EPA approval, so it's not available at retail yet, but it will be. Recently, I had some fun in Bed, Bath, & Beyond, and other similar retail stores, which shows you how you can move product if you have some product knowledge. So, I was in Bed, Bath, & Beyond with my wife, and a lady was looking for some pillows. Since I was standing there, I asked her why she was looking for pillows. And she said, "Well, I need some pillows to put into pillow shams. (She explained that she was looking at less expensive pillows for this purpose, because they're not used very much.) And I asked her, "well, what about your sleeping pillow at home—how old are they?" And she said, "I've had them since I got married." And I asked her how long has she been married. And she said, "Thirty some years." "Okay," I said, "Do you know anything about dust mites?" And she said, "Well, I've heard of them." And I said, "Well, you can't see them with the naked eye, but they're like a pre-historic animal. And, there's a real good chance that about 10% of the weight and volume of your pillows today is dust mite droppings!" She said, "Ugh!" She literally reached across and picked up 4 new pillows at \$39 apiece, added them to her basket, and went to the front of the store to check out.

And now, I'm telling you that if the retail person in that store (like what Jeff said), if they are not educated, the retailer is losing so much in sales, because people on the floor know nothing about the product. All they care is that if they're part-time, they don't have to pay them any benefits, and they just take your money at the cash register. And that's the end of the story!

You can have the greatest technology in the world, but we all depend upon that person that meets you when you walk into that store! And, if they don't know anything about your product, you've wasted all that time and effort, because you're not going to sell squat!! And, that's a true story, and it's very sad! And, I don't know the answer to get them educated, but we're a long way from it—other than going into a store and helping to sell the product when I'm in there myself.

Sales associates need to know more about their merchandise than just asking, "Can I help you?" All that means is, "can you show me where it's at". That doesn't mean, "can you tell me anything about it!" Our business in this country would be a lot better, Vishal's things, for example, from Patagonia, and it's hanging on a rack in a store—if a sales person knew what differentiates this product from the one next to it. And, I can guarantee

you, there is something different about it! But, you've got about 30 seconds to convince that customer that it's worth buying!

(Vishal) - One comment on that—It's crucial when we develop products that we make it in a way that it's easy for the retailer to communicate to the customers, so that the product speaks for itself. Obviously, you will never be able to tell four pages of benefits and features to the person on the selling floor, and expect them to relate that to the consumer. So, the product should speak for itself and the message should be simple that floor people can remember.

(Jeff) - Vishal brings up a great example. We happened to be partnered with Patagonia on the Regulator Fleece launch. And we participated on a pretty comprehensive training program in our stores, as well as they partnered with us on the development of the Internet Training Module that we did. So, that means a particular series of tests that we did, and that means that this product was included in a particular series of tests that we did, and so the folks who were on our sales floor understood the product. But, just as people are different, retail organizations are very different in what they choose to emphasize. Many times if you're looking for distinction, and you're not going to be part of the retailer's business plan to get the word out on your product, it's just not going to happen. For somebody who is putting product out there with the notion of growing a lifestyle, and also getting actively involved in growing the industry, that's the backbone of the specialty retailer, and the way we can help!

(Gang) - And, regarding education, I do find that the people that are close to you, can yet be so far away—even though we're all working in the textile industry. And we, at the university level, are also working on education. We have found in the research area that we are developing a lot of new technologies that are really hard to sell, not only to the consumer, but also to the industry. And, if you look at the NTC web site, you can see a lot of new and different research projects. We, at UC Davis, have been involved in the anti-bacterial technology and odor control in a given product. And, if you want to define the difference between odor control and odor-free, it's really hard to explain to the consumer. And also, now we see a lot of nano-technology. What is nano-technology? And, how do you explain that to the consumer?

(David) - I think one of the challenges we will have in education is that so much of our textiles now are coming out of Asia, not out of the U.S. The Asians do not subscribe to marketing brands the way that a Malden or Gore or 3M does. That community can supply excellent product. Their motivation is to supply product in huge volumes at very attractive prices, and drive the business on bottom line. So, the education coming from the textile sector is going to be difficult to accomplish. However, no matter how dedicated companies like mine may be, our resources are very limited. But, with so many textiles coming out of Asia, it's going to become a bigger responsibility for the fiber producer and the brand (meaning the garment manufacturer) to get the message through, because we cannot rely on the overseas textile resources, with certain exceptions, to do that. And, that is a fact, and that is not going to change!

***(Kathy) - Well, we've touched on some of the key issues and challenges that the industry is facing. And, in the interest of time—getting you out of here by 10:00, now let's look at some of the specific ways that the process can be improved. Obviously, there have been discussions about education and the hang-ups there. Does anyone have any comments?***

(Vishal) - There's one more thing that we can talk about that is very critical for the U.S. manufacturers. It's reducing the cycle time it takes to bring products to market. It takes around 1-1/2 to 2 years to bring a concept to market. And, I think we need to learn from companies who do it fast. There's a company called Zara, which is a Spanish company that delivers every "21 days a new product line". So, we need to go and understand their business model and other innovative models that are working at retail, and bring those models to our industry. Retailer's and manufacturers want to sit on less inventory, and sell more product. That's what they want. So, we have to apply new concepts to provide a solution. Sometimes it's not just the product that can add values to an industry but a new way of doing business.

(David) - I'd just like to make one comment, because I'd like to pick up on a point I made earlier that was picked up by the panel. One of the advantages of being in the industry for a long time, you may lose your youth, but you have a good knowledge of history. When this industry started to explode and emerge in the late 70's, it emerged because young people were involved in the business. And, young people were running the businesses. And, most companies were totally under-financed. But through innovation, companies like Patagonia have emerged. And, we talked earlier about getting young people involved in this business. And, that's not going to happen unless a concerted effort is made. We have an industry association (OIA), and I've served on that board, and it's a very dedicated group of people, who do a great deal of good work. We may want to look at OIA as a vehicle; and, they've looked at this over the last several years. OIA would probably be an excellent vehicle to look at, as far as how do we reach the young people. How do we get the big brands, and the big outdoor catalogs to invest in this as a group? And, this is not a commercial exercise. It's an educational exercise, which is not going to be driven by one company. But, it could be driven potentially through OIA or through an independent organization with the support of the brands, and a concerted effort to get the message out, and to educate kids in college. We can talk about it, but unless we have a plan to reach out to them, we're going to be in trouble for the future. We hear about education and getting the youth out—and even Washington seems to be in favor of getting the kids outdoors and doing things outside, rather than playing with Game Boys. And, the industry should be taking advantage of that. This is a perfect time to be going to Washington and saying, "Okay, put your money where your mouth is!! Okay, we're ready to do something!"

If the industry, and whatever organization, OIA or whatever, with the support of the big brands, put some money on the table, and go to Washington with an educational plan, that may be the solution to attracting young people, not only to become participants in outdoor sports, but also to become actively involved in moving this industry forward in the future. That, in my mind, is one way where we can revise the interest in this industry, and get the kids back to kayaking and cycling, etc.

(Jeff) - This concept is not new. ISPO is doing it! They have an internship program that you can enroll in at 15 or 16 years old. Then, on the whole, the generation of leaders that they get as a result of that is quite young. And, it's a formal program. It's huge, in terms of certification and formalities, but they've developed the program, solely with the intent of bringing youth into the business, early on in the process.

(Gang) - Maybe, I can add one thing. David, you were talking about the Federal Government, and there are many forms of sports, not just for the user, but for researching product developments for the innovation. There are other programs that we can be involved in together with the universities. And, in the National Science Foundation, there is SBIR (sp?) for small business, and the SPTR (sp.), also working for the universities for the new technology development. And also, it is the goal of the NTC to work together with the industry on many different programs. And, there are different agencies that have, on special occasions, huge support for the industry in collaboration with the universities. So, there are many opportunities from the academia side.

***(Kathy) - I'm sure that we could go on for another hour, but I know that you're all anxious to get to the show. Does anyone from the audience have any specific questions that they'd like to ask?***

***(Larry Grik) - Yes, I want to ask Vishal—When Jeff was talking about selling a quality product, and then you take that consumer out of the market for 3 or 4 years, or whatever, and we lose the repeat business, wasn't Patagonia working on a completely recyclable product? Let's say a jacket that they would maybe—it was almost like they would "rent-a-jacket", and in 2 to 3 years you would trade it back in for the improved version, and Patagonia would recycle that. Has that idea gone anywhere?***

(Vishal) - We have a big effort right now at the company along those lines. I think there are still a lot of challenges i.e. collecting garments from different sources is an issue from an environmental standpoint. But, we have a project going in that area you will hear from us in 1-1/2 or 2 years on this topic.

***(Kathy) - Next question, anyone?***

***(Jenni Dow - Fox River) - One of the things that Fox River has done over the years is to come out with some very innovative products,—things that have won awards two years in a row. Our problem has been educating the consumer, and getting that sales associate educated, but we're learning. But, my questions is: At a certain point, there is a price point issue with certain technical fibers and fabrics that we're using. Sportwool can build in a lot of margins for a Merino wool product. But, at what point does it become too expensive for that consumer? It's a product that consumers will love once they understand, but getting them to pay \$20 for a technical product with very low margins is difficult.***

(Jeff) - Ten years ago, I'd say \$8 was the going rate for a performance sock. Today, for the retail customer, I think \$15 for socks is the going rate. I will tell you, and this is dangerous territory that I'm getting into.—It's all about value! It's not about price. It truly isn't. It's about value! If you can show me why I should buy a \$30 sock, I'll buy it, if you can show me that there's this much difference! That goes back to whether innovation for innovation sake makes good sense. Innovation where it's connected to a true benefit at the consumer level makes a lot of sense. This notion of value is very important. I should never admit that I would pay \$3,800 for a lap-top computer. But I did, because I thought that it had enough benefits that made it worth it. The notion of value is very important!

***(Kathy - Last Question, anyone?)***

***(Unidentified Attendee) - How many times do you have people coming into a store and asking for a specific fabric product?***

(Jeff) - It depends on what the product is. We still have people coming in, and asking for GorTex in the boots. It's that name and the brand recognition that people have. Right now, I have two initiatives that we will actively pursue. If it's Gore, we'll tag it as Gore. And then, I'm working with \_\_\_?\_\_\_USA.

***(Attendee) - And, they're working with you on a collaborative basis? Then, you're doing it right, because you're paying your employees—and you're paying them to be SMART!***

(Don) - I just have a comment on the value that's worth talking about for a second, and that is: We have a lot of ideas, and there's a lot of things that we can do technically. But, the hardest thing for us is to decide what that "value" is. People ask us for things all the time, and you kind of find out where the rubber hits the road when you say, "Well, that can be done, but that's a technology, and it's going to cost you \$3 per pound of fiber. And the guy says, "Wow that's too much—it can only be a dollar and a half!" And then we say, we'll give you what the cost of the raw materials are. And, we'll show you that it's technically impossible to do it for \$1.50 a pound, if the raw materials added is \$2.38 a pound, and you're going to pay us 1% of that. You don't have to be a very good mathematician to figure out that you're not going to be able to do it for \$1.50 a pound. So, us working with retailers like Jeff—unfortunately, he's the exception, not the rule. And, we try to determine what the value is. There's a lot of things that we can do to help to bring those people back to the store, if in fact that we agree to that value—and that they'll pay for that value. But, we can't do it at \$1.00 a yard, or whatever it is. And, nor can the rest of the world, because when you look at the innovation coming out of the rest of the world, it's pretty much stuff that's being either copied, or they're making claims with nothing to back it up. And, I guess if you can get away with that, it's okay. But, we can't do that.

(Kathy) - Well, I'd love to keep going but unfortunately we can't. So in closing, I'd like to thank the panel for sharing their expertise. Their passion and enthusiasm for the industry is really apparent. Thanks too, to all of you for supporting today's panel discussion. We hope it's been a valuable experience.

Also, the text of today's panel will be available in pdf format on [The Technical Center.com](http://TheTechnicalCenter.com) web site.

Just a reminder before leaving, please take a few minutes to fill out the brief Opinion Sheet that you received when you arrived today. It's your opportunity to give your reaction to the panel and provide ideas for future panels. The completed forms can be left at the back table.

Today's Panel Discussion, regarding where to find the newness needed to drive the performance market, in a real sense continues every day at [TheTechnicalCenter.com](http://TheTechnicalCenter.com). We invite you to take a look at FabricLink's Technical Center, the performance market's link to innovation! Thanks again for coming and have a successful show!!