


# COTTON COUNCIL INTERNATIONAL



**ICAC**  
Washington, DC  
April 2006

## Who is Cotton Council International?

Export promotion arm of the NCC.  
Representing the seven segments of the U.S. cotton industry:

Producer	Crusher	Warehouseman
Ginner	Cooperative	Merchant
Manufacturer		

### CCI's Global Structure



Washington, DC (Headquarters)

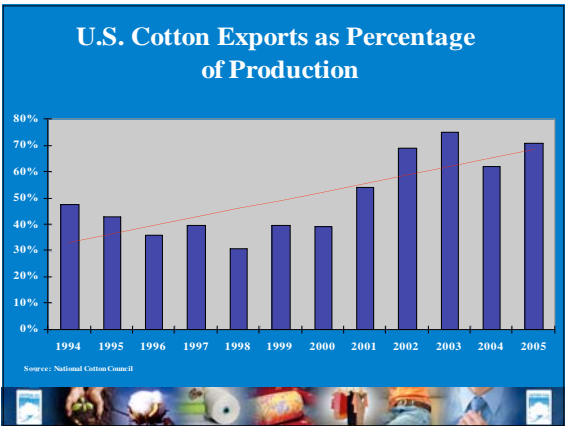
UK, Germany, Turkey, Korea, Japan, Taiwan, Hong Kong, China

Colombia, Philippines, Indonesia, Thailand, Bangladesh, Pakistan

Brazil, Sub-Saharan Africa, Costa Rica, India

## Mission Statement

“To develop, maintain, and expand overseas markets for U.S. cotton fiber and manufactured cotton products.”



## CCI Program Objectives

Increase the volume and value of U.S. cotton and cotton product exports through activities that:

- influence the sourcing patterns of overseas spinners, manufacturers and retailers
- create consumer awareness and preference for U.S. cotton



## Strategy

- Supply/Push
  - targets initial customers of U.S. cotton to help “push” cotton into the supply chain
- Demand/Pull
  - targets customers of products containing U.S. cotton to instill demand which “pulls” cotton through the supply chain
- Supply Chain Marketing (SCM)
  - connects Supply/Push and Demand/Pull to strengthen the links of the supply chain



## Supply/Push



## Supply/Push

- “Push” U.S. cotton fiber and manufactured products into the textile supply chain
  - By instilling demand in spinners and manufacturers
    - Expand the flow of information about U.S. cotton
    - Enhance the image and reputation of U.S. cotton
  - Providing technical expertise and service to customers of U.S. cotton
  - Showcasing the economic advantages of sourcing U.S. cotton
  - Instilling demand further down supply chain for products made with U.S. cotton



## Examples of Fiber Trade Servicing Activities

- Participation in trade fairs
- Sourcing Program for U.S. mills
- COTTON USA Orientation Tour
- COTTON USA Sourcing Summit
- COTTON USA Executive Delegations
- COTTON USA Seminars and Conferences
- COTTON USA Special Trade Missions to the U.S.



## 2006 Heimtextil Show Germany



## COTTON USA Orientation Tour



## Trade Servicing

- CCI maximizes the distribution of contact and sales information to prospective customers in the target regions through:
  - private sourcing fairs
  - trade show sponsorships
  - web site hosting
  - internet searchable supplier lists
  - direct mail
  - trade advertising
  - sourcing summits

## Demand/Pull



## How can CCI increase the value of products made from a majority of U.S. Cotton?

- By building demand among consumers for U.S. cotton-rich products...
  - who then seek these products from retailers...
  - retailers then specify U.S. cotton from manufactures...
  - who ask their spinner suppliers for products that contain U.S. cotton.

## Targeted Consumer Regions

Northeast Asia

Western Europe



South America

## Examples of Demand/Pull Activities

- COTTON USA consumer advertising campaigns
- In-store retail promotions with key partners
- PR events and releases
- Cotton Day events
- Trade Communications campaigns



## In-Store Promotions

## Cotton Day Promotions



## COTTON USA MARK



## COTTON USA MARK



- CCI created the Mark as a consumers' trustmark ensuring customers that the branded textile product they buy is made of quality U.S. grown cotton.
- The Mark can be placed on any quality 100% cotton garment, containing at least 50% U.S. cotton.
- The Mark provides retailers and brands a means of promoting their quality apparel and home furnishing products made with U.S. cotton.

## COTTON USA Mark Licensing Program

- CCI created the licensing program to track the use of U.S. cotton by mills and manufacturers.
- Licensing serves as a pre-qualifier for mills to participate in COTTON USA activities.
- Identifies pre-qualified sources for COTTON USA Mark-labeled goods



## Brand Equity Building

- Advertising-based initiative launched in 2005 to create stronger brand awareness and loyalty from consumers.
- Adds value to the COTTON USA Brand, and COTTON USA licensed products.
- Creates additional incentive for retailers to participate in COTTON USA promotional activities.

## Brand Equity Building



What do t-shirts and bath towels have in common?



What do jeans and bedding have in common?

## Brand Equity Building Expected Results

- Higher COTTON USA Mark Awareness
- Higher COTTON USA consumer preference
- Increased number of partner brands/retailers
- Increased number of textile units labeled with the COTTON USA Mark
- Ultimately, increased demand for U.S. cotton throughout the supply chain



## COTTON USA Program Facts 2005

Licensees	<b>390</b>
Brands	<b>561</b>
Product Lines	<b>2,088</b>
Labeled Units	<b>127,091,000</b>



## Supply Chain Marketing (SCM)

- Serves as the bridge between the Supply/Push and Demand/Pull elements of CCI's strategy.
- Links the segments of the supply chain to create a stronger pathway through which to pull U.S. cotton.
- Provides targeted, quality suppliers for buyers.
- Provides customers for COTTON USA licensed suppliers.

## Foundation of SCM Strategic Objectives

- Increase sales of cotton textile products made with U.S. cotton.
- Assist buyers in sourcing from quality suppliers.
- Offering spinners services to promote their continued use of U.S. cotton.
- Increase industry awareness and appreciation for the services offered by the U.S. cotton industry.
- Encourage positive changes in sourcing behavior throughout the trade.

## Examples of SCM Activities



- Participation in trade and consumer events
- Hosting buyers tours
- Hosting mini conferences
- Travel to meet with U.S. suppliers

## COTTON USA Buyers' Sourcing Tours

- Established protocol in Bangladesh; China; India; Mexico; Pakistan; Turkey
- Provides extensive new contacts in concentrated trip program
- Includes: country overview seminars; showroom visits; one-on-one meetings at private trade fairs; time for follow-up meetings

## COTTON USA Network

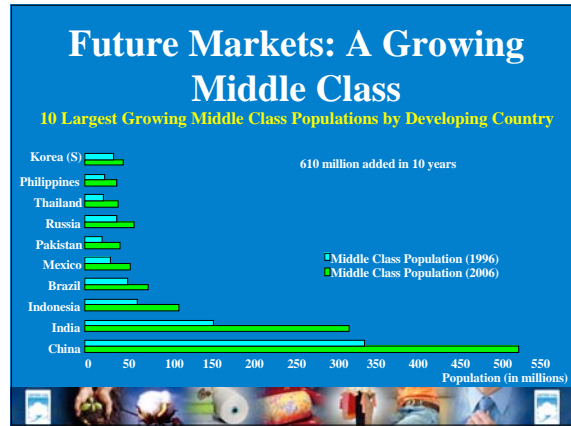
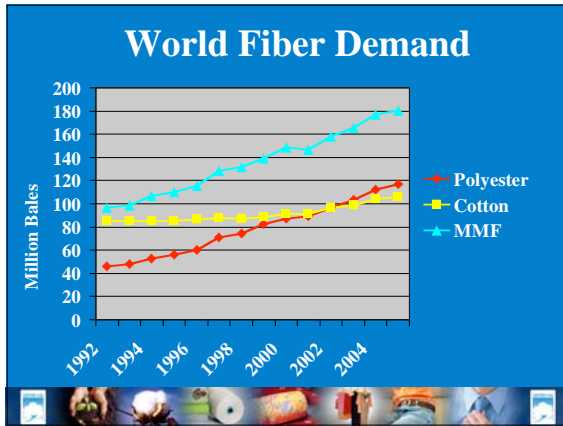
- CCI's ongoing personal contact with the world's leading cotton spinners, weavers, knitters, and garment and home textile manufacturers gives CCI access to company profile information
- Profile data is being consolidated in a searchable, global sourcing database
- CCI's database is a tool for matching buyers and sellers based on specific purchasing criteria

## Generic Promotions



## Threat from Man-Made Fibers

- The greatest threat to the cotton industry is the increasing use of MMF in mills.
- Through generic cotton promotions, CCI aims to increase the size of the pie (cotton consumption), and thus increase the size of the slice (U.S. cotton exports).
- CCI focuses its generic efforts on China and India, two large economies with growing middle-classes and increasing disposable income.



### India

CCI continues generic cotton promotions, following on the successful results of the Cotton Gold Alliance (CGA).

Expected results include:

- Continued increase of preference for cotton over MMF
- Continued increase of cotton consumption per capita

### China

- In 2005, CCI and Cotton Incorporated joined forces to execute a generic cotton promotion program.
- China's population of over 1.3 billion people coupled with the growing economy and middle class provides tremendous opportunity for increased cotton consumption.
- Expected results include:
  - Improved consumer attitudes toward cotton
  - Increased cotton consumption
- Initial progress will be measured after the first year of implementation

### COTTON USA in the USA

- To further increase sales of U.S. cotton, through increased consumer demand for products made with quality U.S. cotton, CCI has extended the COTTON USA Mark program to the western hemisphere.
- Joint effort between Cotton Incorporated and CCI, initiated in 2005
- In order for products sold in the U.S. to be licensed, product must be at least 95% cotton, of which 100% is U.S. grown cotton

### Proven Success

Through the Supply-Push / Demand-Pull strategies, CCI has successfully:

- Created strong Mark awareness in program countries;
- Stimulated preference for U.S. cotton;
- Created greater understanding of U.S. cotton at the trade level;
- Increased the percentage of cotton consumed in program countries; and
- Helped to sustain a premium price for U.S. cotton.

**Thank you**

