2002 BELTWIDE COTTON CONFERENCES, ATLANTA, GA – JANUARY 8-12

COTTON AT RETAIL

Melissa R. Bastos, Kimberley S. Kitchings and Mark A. Messura
Cotton Incorporated
Cary, NC

Abstract

At Cotton Incorporated, the objective is to build demand for and improve the profitability of cotton. In order to do this, all aspects of cotton from the producers to the consumers and to retail are researched. It is known that consumers are the ones who make the decision as to whether or not they buy cotton; therefore, this paper focuses on this important aspect of cotton's profitability: cotton at retail. Cotton's position at retail will be evaluated by tracking cotton's share and bale usage in selected apparel categories and analyzing retail's shifting outlook.

Introduction

Once at a low of 34% of the retail market in 1975, cotton now makes up over 60% of all fiber sold at retail for apparel and home fabrics. More than 15,198,000 bale equivalents of cotton were sold at retail in 2000. That bale count is up 6.1% from 1999's 14.5 million bales sold, and up a staggering 71% from the 8.9 million bales sold in 1990 (NPD). For 2000, cotton consumption per capita in the United States was 34.6 pounds. Of that figure, apparel and home fabrics accounted for 78%. The other 22% can be attributed to markets such as nonwovens, industrial uses and commercial textiles. By bale usage, 13% of the 15.2 million bales consumed at retail were used for home fabrics and, the majority, 87% were for apparel.

Discussion

Cotton Apparel at Retail

When evaluating cotton apparel at retail, markedly, cotton's share of male apparel is significantly higher than that of women's apparel. Cotton's share for male tops, bottoms, and sweat apparel, was 83.4% for the first 10 months of 2001, while cotton's share for the same product categories for women was 67.7%. Historically, cotton's share for men's apparel has been higher than women's; however, according to bale usage in apparel, the majority, 43%, is attributed to women's apparel, 37% is for men's apparel, and children's apparel accounts for a combined 20% of total cotton bales used (Figure 1). Although women's apparel uses more bales of cotton and sells more dollars and units of cotton apparel, cotton's share is still lower than men's apparel; thus, womenswear serves as a challenge for cotton, an ideal area to expand cotton's share.

Cotton has a definite presence in women's apparel, even though cotton's share is lower than men's apparel, and is seeing growth in several product categories (Table 1). In 2000, female apparel categories using the most cotton included shirts with 1,590,258 bales; jeans, 916,509 bales; and slacks, 591,491 bales. Shirts has been the largest cotton-using category for female apparel since 1992 and has had steady growth throughout the 8-year period.

Although not the largest cotton user, skirts is a product group that is seeing positive growth for cotton (Figure 2). Skirts surpassed other female apparel categories with one of the fastest growth rates from 1999 to 2000, increasing 29%, mainly due to the insurgence of denim skirts.

Even though men's apparel already has a high cotton share, growth in share is still occurring (Table 2). Menswear saw healthy cotton usage in 2000 with 1,342,107 bales used in jeans (248,151 bales less than women's jeans) and 1,260,035 bales for sport shirts. Jeans has been the largest single-category cotton user for men's apparel for at least the past 10 years. Jeans also enjoy consistently positive growth ranging from 2% to 9% since 1990. Several of the men's largest cotton categories had positive growth in bale usage for 2000. Slacks increased 9% and jeans were up 5% from 1999 to 2000.

Although men's cotton apparel saw positive growth from 1999 to 2000, it did not have the double-digit changes found in women's cotton apparel (Figure 3). Growth for cotton in menswear is slower than womenswear mainly because women's apparel is driven more by fashion while men's apparel tends to be more functional, with a core consistency of cotton.

In 2001, Cotton Incorporated partnered with STS Market Research to track purchases of men and women's tops, bottoms, and sweat apparel for consumers ages 13 and older. For the past 10 years, well over 60% of cotton's total usage at retail was made up by these three categories. Cotton's share for both male and female jeans remains high at 99% and 98%, respectively, for the first 10 months of 2001 (Table 3). Knit shirts also enjoy a high cotton share, reaching 89% for menswear and 82% for womenswear; however, women's skirts/dresses is a major womenswear category where cotton's share only reaches 42%.

Growth at Retail
Cotton's share remains strong and major product categories have seen growth for both men and women's apparel. With a changing retail picture and changes in consumer attitudes and buying patterns, how will cotton's growth be affected?

According to Cotton Incorporated's Lifestyle Monitor™, there has been a shift in buying patterns at retail (Table 4). The percent of consumers who buy the majority of their clothes at department stores such as Macy's and Bloomingdale's is declining, along with national chain stores like JC Penney and Sears. At the two ends of the shopping spectrum, more consumers are buying their clothes at specialty stores like The Gap and The Limited, as well as mass merchants such as Target and Wal-Mart; this is true for both male and female consumers. Once an outlet where basic apparel items such as t-shirts, underwear, and jeans were purchased, mass merchants are taking advantage of shorter production times and filling their racks with trendier apparel similar to specialty stores; thus, enticing "nontraditional" customers to buy apparel.

The same trend toward mass and specialty stores is also accurate for cotton apparel sales in 2001(Figure 4). Mass merchants sell more than one-quarter (26%) of all cotton apparel sold at retail, and specialty-store sales (24%) are just below that of mass merchants. Although mass merchant shoppers tend to be driven more by price and specialty-store shoppers are driven more by style, both consumers have a preference for cotton. The majority of mass merchant (55%) and specialty store (55%) shoppers feel that better quality garments are made from natural fibers (Figure 5). Even though mass merchants are known for their low, competitive prices – causing a downward shift in prices for all apparel – mass merchant (64%) as well as specialty store (66%) shoppers indicate a willingness to pay more for cotton (Figure 6).

Growth of Blends
Despite cotton's growth and popularity at retail, there is still competition. Cotton-dominant blends are seeing the highest percent change on a weight basis from 1999 to 2000 compared to 100% cotton and 100% synthetic apparel in select product categories. The majority of the growth was in cotton-dominant blends where cotton made up 60-99% of the garment. From women's jeans and skirts to men's slacks, cotton is sharing the growth in apparel with competitive fibers. Of the 29% cotton growth for women's skirts in 2000, 81% was in the 60-99% cotton blend category, as opposed to 17.8% growth in the 100% cotton category and a .6% growth rate for 100% synthetic. Men's slacks also saw the majority of growth in the 60-99% cotton category with a 33.9% rise, while 100% cotton had a 6.7% gain and 100% synthetic had a 23.2% growth rate on a weight basis from 1999.

The secondary fibers that are blending with cotton are polyester and spandex. Polyester and spandex are finding their way into cotton-dominant apparel such as women's jeans, where there was a 21% increase (weight basis) in 95% cotton / 5% spandex blends and a 61% increase in 70% cotton / 30% polyester blends. Men's undershorts also had 44% growth in 95% cotton / 5% spandex blends and a 37% growth in 75% cotton / 25% polyester blends.

Cotton Incorporated's consumer research shows that consumers have reached a heightened level of awareness for fabric content. As referenced in Figure 7, the majority of consumers consider fiber content an important factor when buying clothes, second only to price, and considerably more important than designer/manufacturer name. The knowledge of fabric content has been increasing over the past four years for men and women (Figure 8). In 1998, 43% of women and 40% of men considered fabric content an important factor when purchasing apparel. In the first three quarters of 2001, 60% of women and 55% of men felt fabric content was important to their clothing purchase, a significant change. With greater awareness of fiber content, consumers should be noticing the increase in cotton-dominant blends at their shopping outlet of choice, unless they are department-store shoppers. Specialty stores saw the greatest rise (10%) in cotton- dominant blends (50-99% cotton), on a weight basis, from 1999 to 2000 (Figure 9). Cotton-dominant blends grew 6% at mass merchants and 5% at chain stores. Blended tops for women had positive growth of 16% at both chain and specialty stores (Figure 10). Men's blended bottoms had the most growth at mass merchants, 12%, and 9% at specialty stores (Figure 11). Off-price and direct mail retailers also saw year-over-year growth in both men's and women's blended apparel.

When consumers were asked how they felt about cotton/polyester blends compared to 100% cotton, the majority of consumers (41%), regardless of their retail outlet of preference, believe blends are not as good as *all*-cotton products; nevertheless, those who believe cotton/polyester blends are better than *all* cotton (29%) are not far behind (Table 5). Although 100% cotton apparel is not growing as quickly as cotton-dominate blends in select categories, neither is 100% synthetic; therefore, cotton may be able to gain share in non-traditional markets, such as women's skirts and dresses. Overall, on a weight basis, 100% cotton has the highest growth for total apparel.

Summary

Cotton continues to enjoy a strong share of the retail market and a favored-fiber status for the consumers. As in the past, cotton's share of the men's apparel market consistently remains higher than cotton's share of the women's apparel market, even though an evaluation of apparel end use shows that womenswear uses the most cotton bales compared to men, boys, and girls.

Mass merchants and specialty stores have not only grown into the chief retail outlet choices for consumers, they are the top sellers for cotton apparel. These same outlets, along with chains, are seeing growth in cotton-dominant blends for male and female apparel. With the increasing relevance of blends and competing fibers, cotton must be proactive in maintaining the high market share it currently holds.

References

Bastos, Melissa R. Manager, Market Analysis. Kitchings, Kimberley S. Director, Market Research and Planning. Messura, Mark A. Vice President, Strategic Planning.

Cotton Incorporated's Lifestyle Monitor™. 2001. Explanation: *Cotton Incorporated's Lifestyle Monitor*™ is a proprietary study managed by Cotton Incorporated. The survey is based on a random national sample of consumers aged 16 to 70 and is conducted by telephone. Telephone interviews and data tabulation are conducted by Bellomy Research, of Winston-Salem, North Carolina.

Horn, Frank J., ed. 2001. Cotton consumption. Fiber Organon. 72: 43.

MRCA. 1975.

The NPD Group. 1990-2000. Consumer panel data. Reporting via mail surveys.

STS Market Research. 2001. Consumer panel data. Reporting via mail and Internet surveys. Data are compiled and projected to represent the purchasing behavior of the entire U.S. population for ages 13 and above. STS Market Research is located in Cambridge, Massachusetts.

Table 1. Largest Cotton Users - Female Apparel Categories in 2000

Weight Basis (Bales)	**1999**	**2000**	**Percent Change**
Shirts	1,450,987	1,590,258	9.6
Jeans	871,491	916,509	5.2
Slacks	532,825	591,491	11.0
Dresses	407,341	412,843	1.4
Sweaters	350,902	369,413	5.3

Source: The NPD Group

Table 2. Largest Cotton Users - Male Apparel Categories in 2000

Weight Basis (Bales)	**1999**	**2000**	**Percent Change**
Jeans	1,277,279	1,342,107	5.1
Sport Shirts	1,255,105	1,260,035	0.4
Underwear	475,084	502,489	5.8
Slacks	353,697	384,938	8.8
Socks	278,341	292,080	4.9

Source: The NPD Group

Table 3. Cotton's Share by Product Category - 10-Month Data for 2001 (Percent)

Female	Cotton's Share	Male	Cotton's Share
Jeans	97.5	Jeans	98.8
Knit Shirts	82.2	Knit Shirts	88.9
Slacks	61.7	Slacks	76.4
Shorts	84.8	Shorts	77.9
Woven Shirts	54.3	Woven Shirts	73.0
Sweat Apparel	70.4	Sweat Apparel	60.5
Skirts/Dresses	42.2		

Source: STS Market Research

Table 4. Where Do Consumers Buy Most of Their Clothes?

	Percent			
	1998	1999	2000	2001
Department	26	25	23	22
Chain	27	27	24	24
Mass Merchant	17	17	20	21
Specialty	15	16	18	18
Other	13	12	14	12

Source: Cotton Incorporated's Lifestyle Monitor™

Table 5. Growth of Blends - 2000 (Weight Basis) Percent Change From Previous Year

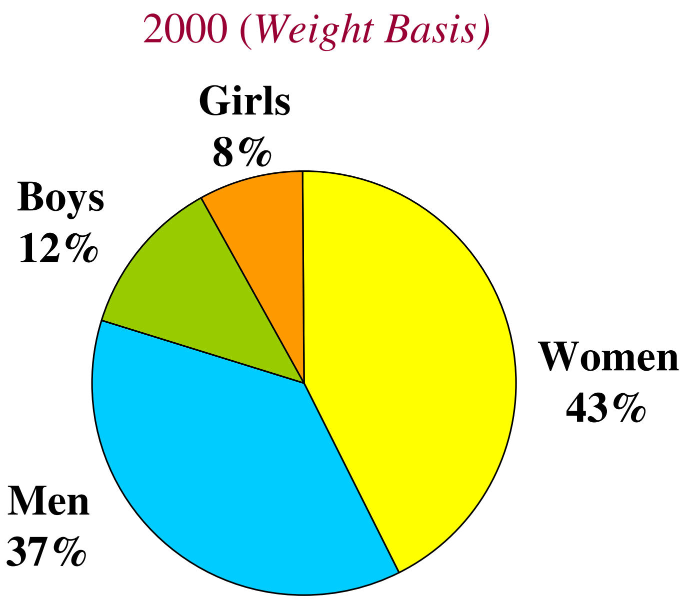
Percent	100% Cotton	60-99% Cotton	100% Synthetic
Women's Skirts	17.8	81.1	0.6
Men's Slacks	6.7	33.9	23.2

Source: The NPD Group

Table 6. How Do Cotton/Polyester Blends Compare to All Cotton?

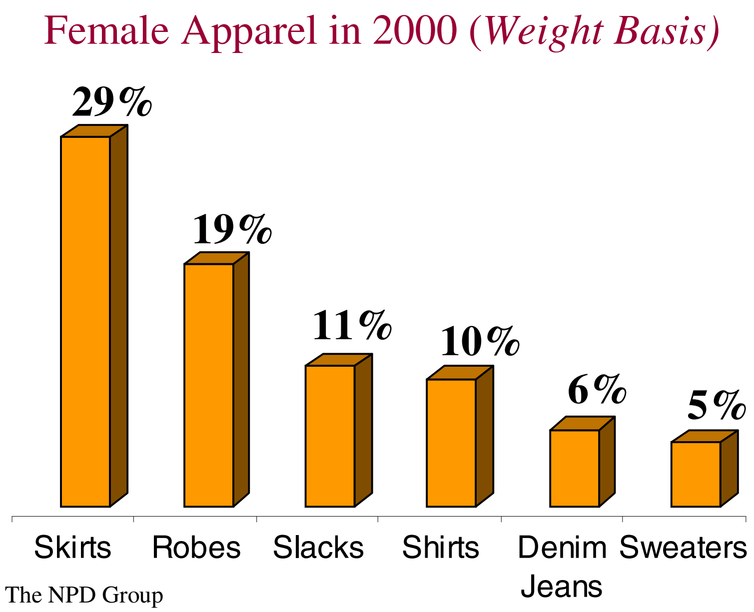
	Better Than	Not As Good As	No Difference
Department	28%	43%	13%
Specialty	24%	43%	14%
Mass Merchant	30%	38%	15%
Chain	34%	38%	13%

Source: Cotton Incorporated's Lifestyle Monitor™



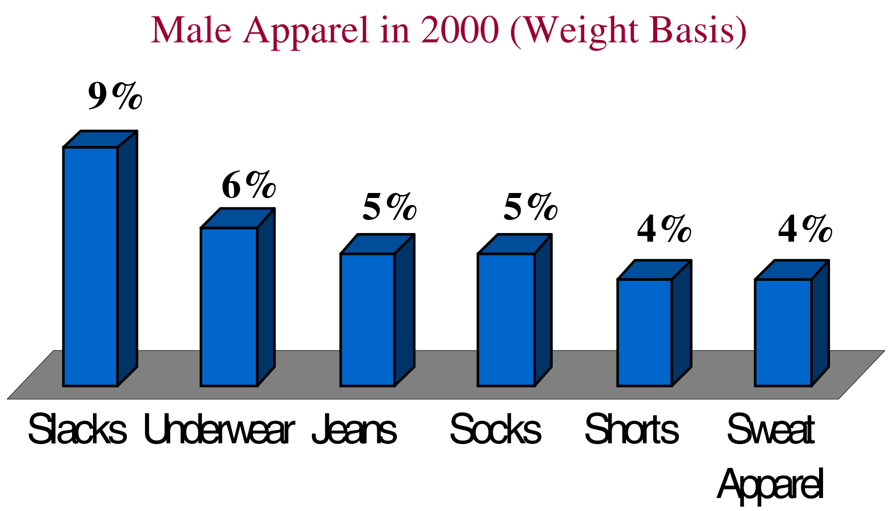
Source: The NPD Group

Figure 1. Cotton by Apparel End Use

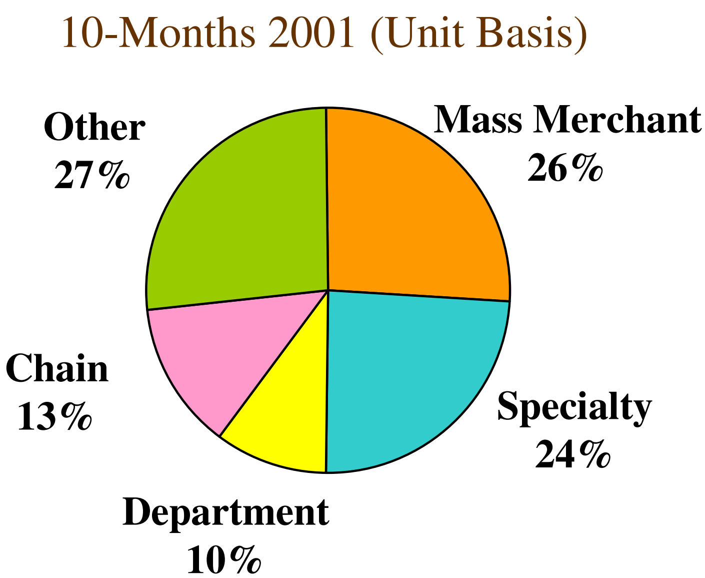


Source: The NPD Group

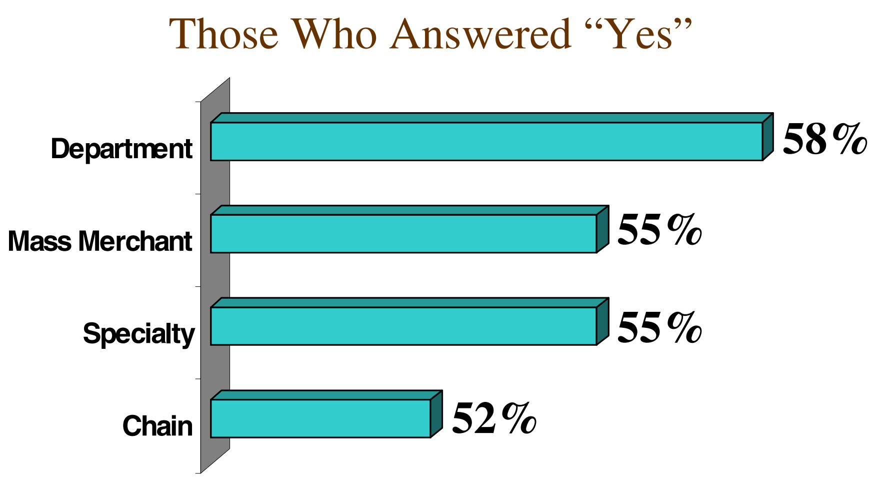
Figure 2. Cotton Apparel Categories with Fastest Growth Rate from Previous Year



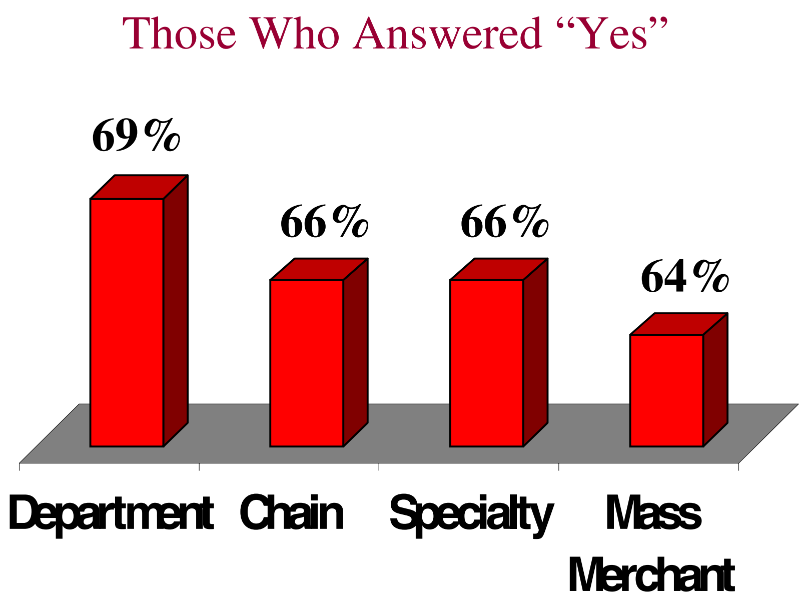
Source: The NPD Group
Figure 3. Cotton Apparel Categories with Fastest Growth Rate from Previous Year.



Source: STS Market Research
Figure 4. Where Is Cotton Sold?

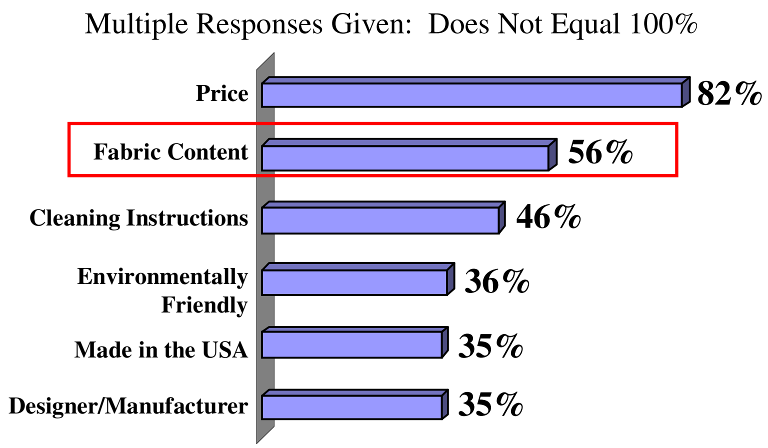


Source: Cotton Incorporated's Lifestyle Monitor™
Figure 5. Are Better Quality Garments Made from Natural Fibers?



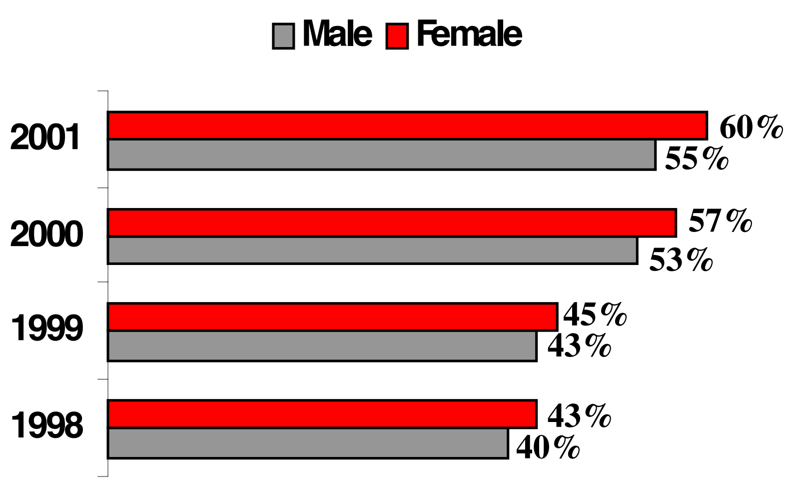
Source: Cotton Incorporated's Lifestyle Monitor™

Figure 6. Will Consumers Pay More For Cotton?



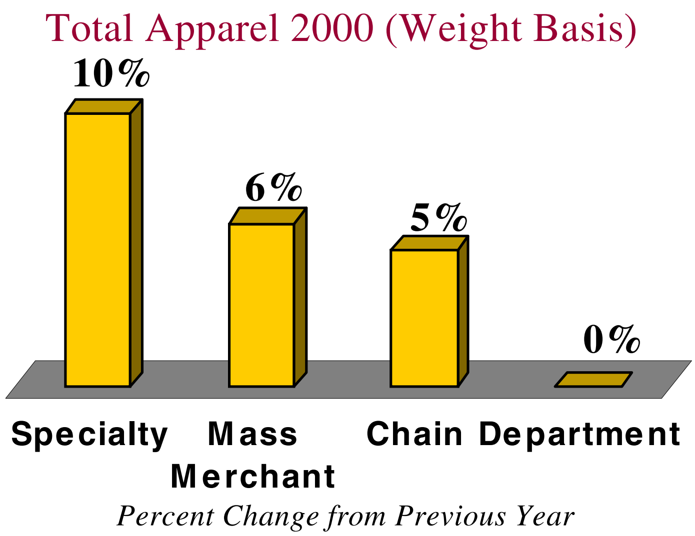
Source: Cotton Incorporated's Lifestyle Monitor™

Figure 7. Factors Consumers Consider When Buying Clothes.



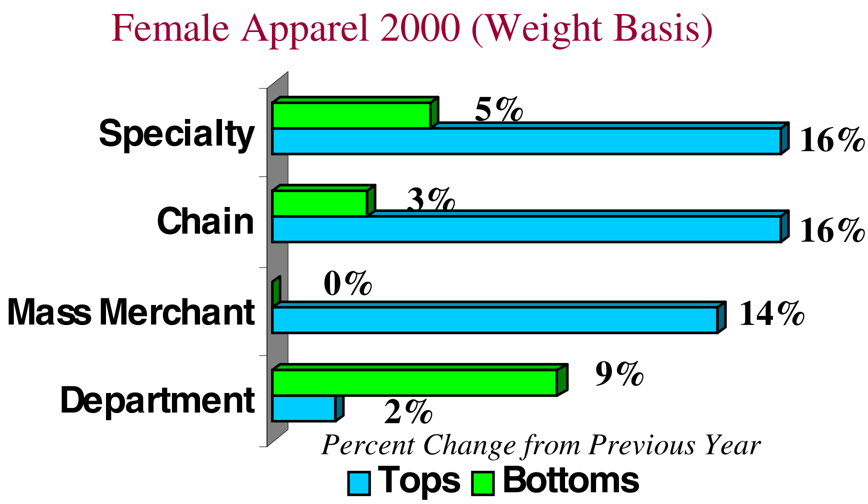
Source: Cotton Incorporated's Lifestyle Monitor™

Figure 8. Fabric Content Is Increasing in Importance.



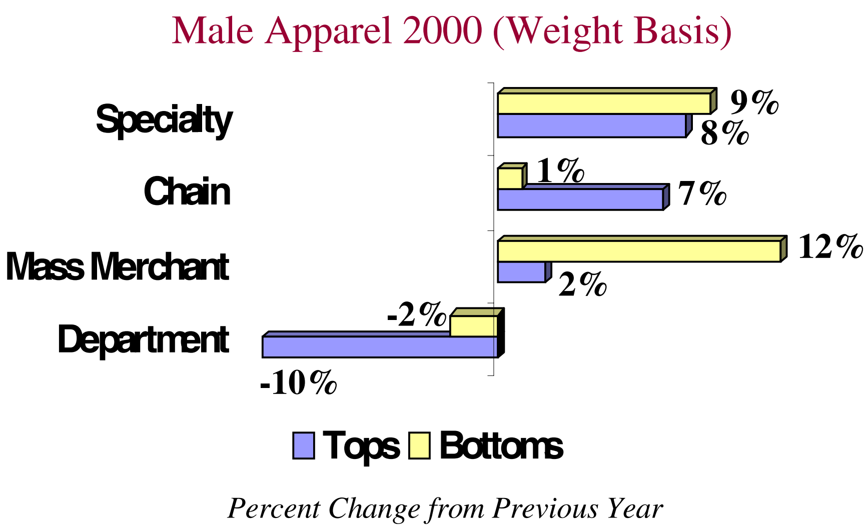
Source: The NPD Group

Figure 9. Outlets are Seeing Growth in Cotton-Dominant Blends.



Source: The NPD Group

Figure 10. Outlets Are Seeing Growth In Cotton- Dominant Blends.



Source: The NPD Group

Figure 11. Outlets are Seeing Growth in Cotton-Dominant Blends.