

CCI USES GERMAN PROMOTION TO INCREASE FIBER EXPORTS TO DEVELOPING MARKETS

CCI's uses industry and MAP funds annually to position the COTTON USA Mark as a symbol of quality in consumer markets around the world. The consumers' respect for the COTTON USA Mark and their desire to purchase Mark-labeled products motivates retailers and their suppliers to sell more brands made from a majority of U.S. cotton. The net result is an increase in sales and market share for U.S. cotton throughout the long and increasingly boarderless textile value chain.

CCI's 2002 "COTTON COMFORT with COTTON USA" promotion with Karstadt in Germany is proof positive that CCI's market development strategy is effective. And it proves that a promotion in Germany, a market that imports very little U.S. cotton directly, can positively affect cotton demand in emerging markets like Turkey and Pakistan, countries that are ranked within the top ten export markets for U.S. cotton fiber.



CCI identified Karstadt as a promotional partner because, with 189 stores, a 36% share of total German department store sales and some € 15.2 billion in sales, it offers one of the best opportunities to promote qualified U.S. cotton-rich products at retail.

As a start, Karstadt agreed to a test that would feature special displays and product ranges in 32 of their best stores. They also agreed to pay for two-thirds of the promotion.

The promotion was a resounding success for Karstadt and its long-standing and new suppliers licensed to use the COTTON USA Mark. More importantly, the promotion was a success for the U.S. cotton industry for the following reasons:

- The promotion sold \$650,000 worth of cotton products made with a majority of U.S. cotton.
- Karstadt asked its key suppliers around the world for a minimum of 50% U.S. cotton content.
- Karstadt placed a \$2 million order with a new Turkish COTTON USA supplier immediately after the promotion.
- Karstadt decided to require COTTON USA labeling all year round.
- Three existing COTTON USA licensees, Fleuresse, Kaepfel and Irisette, benefited from the promotion.
- Five new suppliers signed COTTON USA licensing agreements with CCI as a result of the promotion, including Birlik, Kucücher, Yesim and Mensucat from Turkey and Nishat from Pakistan.
- Karstadt provided substantial administrative support and ultimately invested twice as much as CCI to execute the promotion.
- COTTON USA Mark awareness amongst target consumers grew from 39% to 44% in 2002 in large part due to this promotion.



Karstadt has committed to a much larger promotion in 2003. The promotion will be in 180 stores and will include special displays and events in 39 of their highest-volume stores. The product offering will be expanded with branded and private label products from local sources and from Turkey, Pakistan, India, Indonesia, Portugal and Colombia. Karstadt has already used the COTTON USA Mark in 5 editions of their 2003-newspaper flier program. Each edition has been delivered to 6.4 million consumers nationwide.

