



74th Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

MINUTES

THIRD OPEN SESSION

Demand for Cotton: the Views of Retailers

11:00 hr. Tuesday, December 8, 2015
Mr. Andrew MacDonald (Brazil) in the Chair

The CHAIR introduced panelists: Mr. Pascal Brun of H&M, Mr. Pramod Singh of Ikea and Mr. Prem Malik, past president of Confederation of Indian Textile Industry, and initiated a panel discussion on the views of retailers on demand for cotton, quality issues, consumer behavior and negative press on cotton.

Mr. Brun observed that cotton remains a major product at H&M, although consumers are becoming conscious about the sustainability of cotton production, especially environmentally friendly pesticide use and water management. Mr. Singh and Mr. Malik supported this view, and indicated that polyester gained share especially in industrial and home furnishing textiles, while consumers are generally aware of cotton's advantages in products that come into close contact with the skin. They prefer sustainable product at a reasonable price. They indicated that the scope of consumers' interest in sustainability is growing, especially among the urban population.

Mr. Brun commented that major factors affecting consumer decisions include price, quality, comfort, easy-care and then sustainability. Mr. Singh noted that, while easy-care helps to attract customers, price and functionality remain critically important in maintaining the market share, while touch and feel becomes very important in linens and towels. Mr. Malik confirmed that price remains the major factor, but quality, functionality and brand of the product are also important.

With regard to the effect of negative press on cotton, Mr. Brun commented that it has an impact on customers, but cotton industry should promote good stories about cotton and there are a good number of those. Mr. Singh agreed that there is a need to transmit to consumers positive information about cotton and improvements in sustainability achieved by the industry. Mr. Malik stressed that the industry, retailers and researchers should work together to promote customers' awareness about the benefits of cotton and environmental improvements in production practices.

On the issue of government role in raising consumer awareness, Mr. Brun supported efforts on improving labeling laws. Mr. Singh said that it is important to inform consumers fully on the content of fabrics. Mr. Malik agreed that it is important to inform consumers on fiber content, as well as sustainability initiatives in cotton production, such as BCI, CMiA, etc., while improving traceability. Mr. Brun pointed to two important aspects of labeling: traceability and transparency.

On the use of organic cotton, Mr. Singh commented that IKEA has no specific targets for organic cotton, but rather aims to use sustainable cotton. Mr. Brun said the share of organic cotton in H&M's products is growing, in conjunction with BCI and recycled cotton. Mr. Malik noted that farmers needed to be paid a fair price in order for the organic cotton share to grow. Mr. Brun observed that sustainability has a cost, but also a return on investment, and retailers have a role to play and are ready to share the cost. Mr. Singh agreed that retailers are ready to pay extra for sustainability in an indirect manner, through sustainability initiatives such as BCI.

On the issue recycled and disposable cotton garments Mr. Brun indicated that H&M has a garment-collecting program for recycling and it is growing. Mr. Singh noted non-woven materials are a big part of home furnishing recycled products, but cotton is not a big part in it. Mr. Malik noted that non-woven materials are incapable of meeting the needs of the fashion industry for the foreseeable future.

Mr. Brun observed that there is a big gap between promotional campaigns for man-made fibers and cotton. Man-made fibers promote innovation more actively. He said that there is a need to improve cotton promotion, labeling, transparency and traceability systems. Mr. Singh suggested that it is important for governments to support sustainability standards. Mr. Malik noted that cotton production will continue to grow, but in order to maintain its market share it is important to promote innovation in the cotton industry.

On the future consumption of cotton, Mr. Brun suggested that cotton will continue to be important in the fashion industry, although there will be new substitutes, and recycled products. Mr. Malik suggested that cotton consumption in India could double by 2025, as there are three areas for potential growth: house furnishing, hospitality industry and health care. Mr. Singh suggested that cotton consumption would continue to grow, while improving the sustainability factor.

A delegate of Pakistan commented that there are two types of consumers, those who are concerned about quality are not concerned about a price and the other way around. He asked Mr. Singh to comment on engaging customer concern about sustainability. Mr. Singh replied that customers' major concerns are price, quality and functionality.

A delegate of India asked what cotton industry is doing to promote sustainability. Mr. Brun gave an example of BCI in India, China and many other countries.

A representative of Cotton Council International observed that a major factor in online shopping is price, rather than touch and feel factor. Mr. Singh said that to compensate for the lack of touch and feel factor in online shopping retailers have a return policy. Mr. Brun noted that often customers check the product in stores and then buy it online.

The delegate of Australia commented that Australia uses not only BCI, but also the Cotton Leads Program in partnership with USA in order to showcase responsible growers.

A delegate of Egypt asked about a background of CMiA in IKEA. Mr. Singh said replied CMiA is in partnership agreement with IKEA and BCI. A representative of CMiA noted that the initiative is active in 12 African countries, is similar to BCI and both recognize each other.

A delegate of USA asked if consumers have concerns about sustainability of man-made fibers. Mr. Brun said that consumers have a general concern about all products, but cotton is a major target among raw materials, mostly because there are 30 million garment workers in comparison with 300 million cotton farmers. Mr. Malik noted that this is because cotton is grown by smallholders, unlike man-made fibers, which are produced by large industrial plants. He said that this is a case of big against small. Mr. Singh suggested that people in this room could make a difference addressing the negative press in partnership with retailers.

The CHAIR thanked the panelists and adjourned the session at 12:30 PM