

The Brazilian cotton marketing initiative: ‘*Sou de Algodão*’ case

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CASE STUDY

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Abstract

This case shares the experience of Arlindo Moura, president of ABRAPA (Brazilian Association of Cotton Producers), who led the implementation of a plan to incentivize the use of cotton in Brazil. The plan was built after analyzing the relevant cotton value chain, which includes producers, spinners, textile manufacturers, clothing manufacturers, fashion influencers, universities and consumers. A network of service providers and supporters were aligned around the objective of growing the volume of cotton used throughout the chain. The case shows the strategy behind the campaigns and several promotional actions. Students are presented with challenges related to moving the effort forward following a successful program launch and are asked to consider what ABRAPA should consider in order to establish a continuous, long term and self-sustained effort of increasing cotton demand. Marketing, finance and governance issues are included.

Keywords: cotton, Brazil, chain & networks, textiles, sustainability

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1. Introduction

As Arlindo Moura, president of the Brazilian Association of Cotton Producers (ABRAPA) arrives at his well-appointed office, he sighs. ABRAPA represents 99% of all cotton producers in Brazil, but he struggles as he thinks about the real chances for the '*Sou de Algodão*' initiative, and whether it would lead to sustainable growth in the use of Brazilian cotton. Somehow, he thinks to himself, selling Brazilian cotton as a commodity export to international markets has become the norm, and domestic markets have been treated as an afterthought. As a consequence, the unstable domestic cotton supply and prices for cotton in Brazil have pushed the Brazilian textile industry to discover and develop alternative fabrics. 'Synthetic fabrics have conquered our space', he mumbled to himself.

Growing competition from Asia and very unstable price conditions in the cotton world were driving ABRAPA to start thinking differently. In order to reverse falling domestic demand for cotton and build a healthier industry, ABRAPA launched a campaign, '*Sou de Algodão*', to encourage the domestic use of cotton instead of synthetic fibers. More than an isolated action or single event to promote Brazilian cotton, the initiative kicked off a series of integrated actions targeting the whole cotton value chain – from the producer to the consumer. The initiative intended to educate Brazilian consumers about the main benefits of cotton, show them how to evaluate cotton products, and encourage them to find and wear cotton on all occasions.

ABRAPA's goal was to increase by 10% the demand for cotton products among Brazilian consumers from a current estimate of around 40-50% of cotton used in clothing and other products offered by Brazilian retailers. Given modern interests in sustainability and demographic shifts in population toward younger buyers, the initiative promoted several cotton attributes to the public using innovative communication tools like digital media, that included social networks such as Facebook and Instagram. The initiative was launched on the runway during São Paulo's Fashion Week in October 2016. The São Paulo Fashion Week is the most important fashion event in Latin America. The Brazilian Institute of Cotton (IBA) funded the launch and the first year of the initiative, but ABRAPA was charged with finding ways to continue the initiative as a self-sustained effort that would consistently promote cotton on an ongoing basis.

ABRAPA has a long way to go to accomplishing its goals. As a benchmark, Cotton Inc. a similar organization in the U.S., has been able to sustain cotton usage at about 65% of consumer retail purchases.

This raises several questions for Mr. Moura: Considering the structural and contextual reality of the Brazilian market, how can ABRAPA be effective at designing and implementing actions to improve the Brazilian domestic cotton market on an ongoing basis? How can the initiative be self-sustaining and grow independent of IBA resources? Will the initiative work? Will it grow the domestic use of cotton and counterbalance dependence on commodity exports?

Mr. Moura, had put his reputation on the line. Addressing the board of Directors at ABRAPA he had said, 'If nothing is done the cotton domestic demand will continue to fall and Brazil will continually rely on a strategy of commodity exports. A strategy that has been shown to be very profitable in the past, but now is becoming too risky due to unstable international prices, changing conditions in other textiles, and cotton from other countries.' The Brazilian Textile industry had lost competitiveness to other players, mainly Asian countries, for example. Mr. Moura, therefore added, 'If we don't do anything for the domestic market, in the near future Asian textile producers will be importing cotton from our competitors and exporting more and more finished clothing to Brazil. We will be out of the game.'

2. The organizations involved: ABRAPA and IBA

It was through the initiative of the former President of ABRAPA (João Jacobsen) that the idea of the campaign, 'Sou de Algodão' was developed and launched through ABRAPA's marketing committee with the financial support from IBA (the Brazilian Cotton Institute). The history and roles of these two organizations provide important context for understanding the campaign, its opportunities, and its future challenges.

2.1 ABRAPA – Brazilian Association of Cotton Producers

ABRAPA was created on April 7, 1999 with the purpose of guaranteeing and increasing the profitability of the cotton sector by uniting producers and others in the industry. Today, ABRAPA's members farm 99% of the total planted cotton acres in Brazil, 99% of cotton produced and 100% of the cotton that is exported by Brazil. ABRAPA is the voice that speaks for cotton farmers in Brazil and worldwide.

The organization focuses on strategic sustainability, representing its members with political, social, and economic influence in public and private sectors, and fomenting the expansion of cotton usage and the improvement of production. By practicing results-based management, the Association is committed to increasing awareness of the Brazilian cotton industry and making it more competitive domestically and internationally. Three areas have emerged as areas of improvement for ABRAPA: quality, traceability and sustainability.

In order to better fulfill this role, ABRAPA is organized into 10 state associations: Abapa (Bahia); Acopar (Paraná); Agopa (Goiás); Amapa (Maranhão); Amipa (Minas Gerais); Ampa (Mato Grosso); Ampasul (Mato Grosso do Sul); Apipa (Piauí); Appa (São Paulo) and Apratins (Tocantins). ABRAPA is managed by the General Assembly of Representatives, elected at each harvest by the Board of Directors and Fiscal Council. The Board of Directors is supported by working groups that develop strategic actions focused on specific interest areas of the producer and the cotton chain. The working groups are: Trading and Profitability, Technology, Marketing, Sustainability, Institutional Relations, and Quality.

Some initiatives of ABRAPA inside its working groups should be highlighted:

- Regarding sustainability, the cotton sector under the leadership of ABRAPA is among the most active in the cause of sustainability in Brazil. The association maintains a national sustainable cotton production program, operates a benchmarking agreement with the Better Cotton Initiative (BCI), encourages regional initiatives related to good socio-environmental practices, and supports sustainable government programs.
- Regarding quality and traceability, the SBRHVI program standardizes the classification of cotton quality and provides computerized access to classification data, in alignment with the world's largest cotton producers. Supplementary Figure S1 presents a description of the Brazilian cotton chain.
- It was the marketing focused working group that launched the 'Sou de Algodão' initiative in 2016 after years of planning and with funding from IBA.

2.2 IBA – Brazilian Cotton Institute

In 2010, in order to partially resolve a World Trade Organization – WTO (WT/DS267) dispute over US subsidies to its cotton producers, Brazil and the United States agreed that the US Commodity Credit Corporation would provide funds that led to the creation of the IBA. IBA is a non-profit civil association founded to manage these resources with the objective of promoting development and strengthening the Brazilian cotton industry while observing the best management practices for governance and transparency.

The IBA has the aim of being a reference entity for the cotton sector, acting strategically in the development of activities in Table 1 as they relate to cotton growing.

Table 1. Activities of the Brazilian Cotton Institute.

control, mitigation and eradication of pests and diseases;
application of post-harvest technology;
purchase and use of capital goods;
improve infrastructure;
promotion of cotton use;
adoption of cultivars;
compliance with labor laws;
training of workers and employers;
socio-environmental sustainability;
market intelligence services;
management and conservation of natural resources;
application of technologies to improve cotton quality;
application of methods for the improvement of grading and classification services;
extension services related to the activities above;
international cooperation of the activities above relating to the cotton sector of Sub-Saharan African countries, MERCOSUR member countries or associate countries in Haiti, or any other developing countries.

ABRAPA, the Federal Public Administrator and the executive director of the IBA can propose projects for IBA to pursue. It was in this manner that the IBA approved close to US\$ 1 million for the ‘*Sou de Algodão*’ initiative in early 2016. In funding the initiative, however, the IBA stated that it had several other demands and would not necessarily be able to provide ongoing funding at the same level in future years. This is an ongoing source of conversation in both organizations (ABRAPA and IBA), given that there is a long term need for this effort.

3. The need for Brazilian cotton market development

Officially, in the Brazilian market of 2015, about 54% of clothing used cotton. This included 100% cotton fabrics and those mixed with synthetics. However, this percentage dropped if one considered informal markets represented by ‘unregistered’ goods (those produced and traded illegally in the country). In the total market (including informal markets), experts estimated that cotton made up about 40% of clothing fabrics.

In 2015, a global trend of reduced cotton usage in clothing was observed and Brazil was no exception to this. The fashion industry was little by little replacing cotton with synthetic fibers. ABRAPA began to work with external consultants to analyze the market and develop an Incentive Plan for Cotton use that would encourage the textile industry to adopt higher cotton content in its fabrics.

Several sources of data were used in to analyze these factors. These included surveys previously conducted by ABRAPA and annual reports from other associations related to fashion markets such as the Brazilian Textile Industry Association (ABIT). Several companies from each link of the cotton value chain were interviewed in order to understand how the market was dealing with cotton and why it was using synthetics rather than intensifying the use of cotton (Figure 1). They ranged from retailing to clothing makers. They included weaving and knitting companies as well as spinning firms. Important influencers, like fashion designers and consultants, were interviewed as well in order to provide a comprehensive view of the entire cotton value chain.

The analysis showed that, as in other countries worldwide, there were several reasons for cotton losing share in Brazil. On one hand, the cotton industry (spinning) took a transactional approach to working with the fabric industries (knitting and weaving) offering low-priced products and treating those products like commodities. On the other hand, the synthetic fiber industry approached fabric industries as partners, working together



Figure 1. Participating companies in the cotton chain diagnosis.

with them to develop and create new fibers and fabrics. As a result, synthetic fibers were displacing cotton fibers at the knitting and weaving level of the value chain.

Consumer preferences were another reason for reduced cotton usage. Synthetic fibers are more flexible and have a lower cost. For women's fashions the synthetic fabrics or cotton fabrics with a high percentage of synthetics simply fit better. Underwear and socks with a high percentage of elastane (commonly known under the trade name, 'Lycra' among others) and synthetics fit better and are more comfortable; bedding, dining and bath products with synthetic fabrics can be produced more cheaply using synthetics; synthetics used in sportswear technology are more breathable and wick away perspiration. This is particularly notable in the men's segment, which was forecast to reduce cotton use, mainly because of changing attitudes about synthetics and the advances in technology in underwear and sportswear.

Reasons why companies were not using more cotton are illustrated in the following quotes:

- 'When we purchase a product, all we see is price and it is inevitable since about 70% of our suppliers are Chinese.' (Purchaser from an important Retailer in Brazil)
- 'When we prospect our suppliers, we search for those who meet our stylists' demands. 10% of the spinning suppliers cooperate and the other 90% try to push their products as commodities. The quality of the fiber is not the problem. The point is that the Brazilian market is poor in textile yarn suppliers and plain fabrics. Low investment, low skilled labor, technological backwardness.' (Supply Director, Clothing Manufacturer)
- 'Our customers don't know the difference and don't look at the product tag. We manufacture similar products and they think they are made of cotton.' (Underwear production supervisor)

A combination of secondary industry data and primary data illustrate the opportunities in various markets. Table 2 shows estimates of current market size and cotton content for 2014 and estimates for 2019.

Table 2. Attractiveness of segments (estimations by ABRAPA based on Euromonitor (2015) data).

Segments	Quantitative data (values in millions BRL)				
	Market size 2014	% cotton use	Market size cotton	% growth 2015-2019	Adjusted market size 2019
Women's	29,825.70	21	6,263.40	3.03	6,453.18
Men's	16,174.70	64	10,351.81	-0.58	10,291.77
Socks/accessories	4,090.10	61	2,494.96	5.20	2,624.70
Kids/teen's	18,804.80	83	15,607.98	9.32	17,062.65
Denim	17,210.00	78	13,423.80	7.13	14,380.92
Home-wear	15,326.10	83	12,720.66	5.50	13,420.30
Sportswear	12,546.90	11	1,380.16	8.93	1,503.41
Total	113,978.30	54.6	62,242.77	5.5	65,736.92

Women's fashion represented the biggest challenge since the preference for synthetic fabrics in that segment was higher than in other segments. The projections showed very modest growth at just over 3% in the five-year period from 2014 to 2019.

Some segments still had high percentages of cotton, such as home-wear and kids/teen's-wear with 83% of cotton, men's-wear with 64%, and socks and accessories with 61%. The common attributes for cotton preference in these segments are softness and comfort. Denim fabrics represented the biggest cotton usage in Brazil, with an average of 78% cotton in that fabric. There was growth forecast, but mainly in plain denim. The best denim products in the market are 98 to 100% cotton, and the attribute associated with cotton in this segment is resistance and durability.

These projections on cotton usage in Brazil were probably 10 to 15% overestimated due to two important factors. First, they only considered formal markets, despite high volume of sales through Brazil's informal markets. Second, the data used was based on 2014, which was two years before the economic recession periods of 2015 and 2016 in Brazil. Thus, the challenge for increasing cotton usage to higher figures in the future may be even greater than what was projected.

4. Benchmarks

The study also evaluated other successful initiatives and used them for benchmarking. Cotton Incorporated (www.cottoninc.com) is an American initiative that increased cotton use from 35 to 60% over 60 years through several actions. One of them was a 24-hour cotton fashion show that brought awareness and was mentioned in the Guinness Book of World Records. Today, the Cotton Inc. website has rich and relevant content for a wide audience. The site addresses cotton production, quality and sustainability as well as providing sourcing information. Cotton Inc. also has a consumer focused website (www.thefabricofourlives.com), with links to the retail web pages of partner brands that use and promote cotton in their products. The 'Fabric of Our Lives' campaign represents a consistent long-term initiative that began with advertising on television in 1989 and is one of the most memorable consumer marketing efforts of all time (Salfino, 2014). Cotton Inc. reaches everyone in contact with cotton via websites and social media. They have educated consumers through the years by using tips and articles to convince them to choose cotton for all occasions.

'The Other White Meat', another American initiative is a campaign that promotes the consumption of pork and dispels its reputation as a fatty protein. Through their website (www.porkbeinspired.com), 'The Other White Meat' educates and informs consumers about using pork in recipes. The campaign includes how-to-use-pork tips with different cuts and nutrition facts on their blog. It inspires and informs a broad audience through social media as well. The campaign was recognized in 2000 as the fifth most memorable promotional tagline in the history of contemporary advertisement by a study conducted by Northwestern University.

Similar to the American pork initiative, the Brazilian Association of Pig Farmers (ABCS) partnered with the biggest local supermarket chain GPA (Pão de Açúcar Group) to promote the consumption of pork with cooperation between the main brands in a 'National Pork Week' campaign, resulting in a 77% increase in sales. The program was so successful that it was extended beyond the initial campaign period.

5. Strategic drivers for the campaign

Based on its analysis, ABRAPA determined that the initiative should first get support from consumer influencers, and then, start building demand from industry. So, the first actions focused on fashion influencers, fashion stylists, personal stylists, fashion bloggers and celebrities associated with the fashion market.

Softness, comfort and durability are good attributes that can easily be associated with cotton and are desired by most consumers in all segments. Considering the global trend of consumers looking for comfortable,

natural, sustainable and durable goods in several segments, including fashion, the campaign focused on the positive attributes of cotton with education and promotional activities that contained that messaging.

In order to reverse the decrease in cotton consumption and build awareness on the benefits and versatility of cotton in fashion, the Incentive Plan for Cotton Use defined 3 strategic guidelines, shown in Figure 2.

These 3 strategic guidelines were divided into 9 initiatives to increase cotton usage (Figure 3). On the Promotional side, the initiatives covered social media, public relations and advertising; on the Business side, the initiatives focused on partnerships with brands, fashion collections, fashion shows and workshops to encourage business between the companies in the value chain; on the Informational side, the initiatives covered websites, point of sale materials, visual merchandising and actions in retail spots, and actions with Universities.

The campaign began by highlighting feelings that are associated with cotton – softness, lightness, fun, comfort – and encouraged buyers to look for these attributes when purchasing a piece of cloth (Supplementary Figures S2)¹. The purpose was to continue influencing consumers to choose and demand a higher percentage

¹ Launching videos available at: <https://www.youtube.com/watch?v=uT-2ZJz93DA> and <https://www.youtube.com/watch?v=RUEUsqh71Vo>.

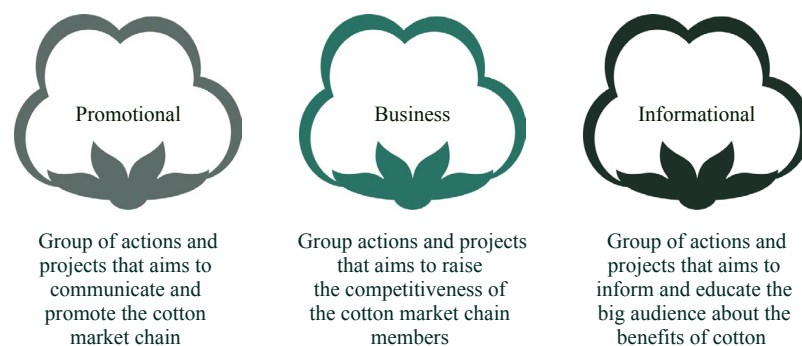


Figure 2. Strategic guidelines and objectives.

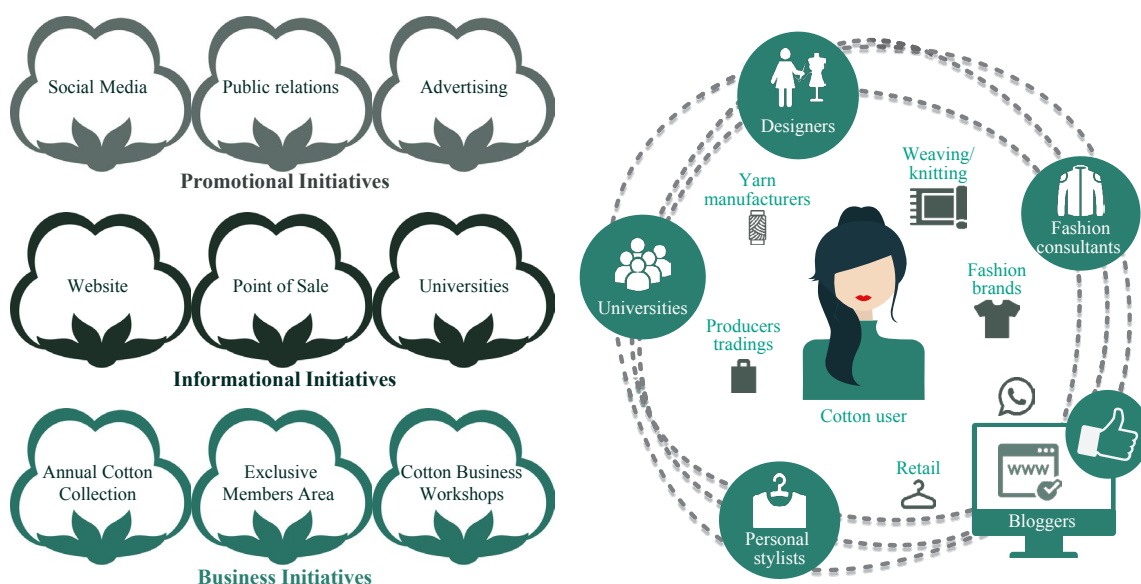


Figure 3. The nine initiatives for cotton use growth.

of cotton in their clothes. It was determined that the campaign should educate consumers with fashion and how-to-care tips, orient them toward considering cotton when buying a product, and show them where to find cotton in the marketplace.

Recognizing the importance of influencers in the fashion market, ABRAPA chose to launch the '*Sou de Algodão*' initiative during Sao Paulo Fashion Week, the most important fashion week in Brazil, where all the big names of fashion would be present along with bloggers, fashion celebrities, press and Fashion Colleges. Alexandre Herchcovitch and Martha Medeiros, famous fashion stylists that use cotton on their pieces, were invited to be the ambassadors of the campaign and several bloggers were invited to endorse and publish the campaign through their Instagram personal pages using the hashtag *#soudealgodao*. The event was fully covered by the press (digital and print) and several media actions started after the event (Supplementary Figures S3).

The initial campaign for '*Sou de Algodão*' was created by the BETC Advertising Agency of Sao Paulo, which has experience in fashion markets worldwide. The name '*Sou de Algodão*' means 'I am made of cotton,' and the campaign sought to include everyone that consumes or is a potential consumer of cotton. Every player in the cotton value chain, from the consumer to the cotton producer, connects with the inspirational values of cotton (versatility, softness, fun, naturalness, originality, etc.). BETC launched the inspirational initial campaign, created the branding, and developed key visuals that translated the positive attributes of cotton into a common mood in the audience: something fun, light, natural, soft and original (Supplementary Figure S4).

The website www.soudealgodao.com was the main informational hub to connect all the links of the cotton value chain. It offered a blog that brought information on the initiative, information on cotton and production sustainability (to show how Brazilian cotton is grown sustainably and with non-abusive labor practices), and also fashion tips, accessories, and information. There were Instagram (<https://www.instagram.com/soudealgodao>) and Facebook (<https://www.facebook.com/soudealgodao/?fref=ts>) as well (Supplementary Figures S5.).

6. The first results

The launching of the initiative cost R\$ 3 million (about US\$ 1 million) and was funded by IBA with some additional initial support from Bayer CropScience.

The project results have to be understood in terms of brand awareness, given the strategic objective to first introduce and explain the program to the consumers. Estimates for how much cotton will be consumed in the Brazilian market are projected based on that awareness. In total, the initial campaign lasted 7 months. Despite the short time frame, it showed promising results. ABRAPA is now encouraging more relevant steps forward on information and business platforms to translate increased awareness into more cotton consumption.

Two hundred people were invited to the campaign launch event, made up mostly of very influential people in the Brazilian fashion world: editors of important fashion magazines, brand managers of important clothing lines and retailers. The awareness and the buzz from this event were extremely positive. There were 93 reports or short news stories in the Brazilian press (digital or print), generating spontaneous free media exposure worth about R\$ 600,000 (US\$ 200,000) (Supplementary Figures S5.).

During these seven weeks, the website, soudealgodao.com.br, had 42,000 visits. The program gained 25,000 followers on both Facebook and Instagram social networks. Several messages (4 posts per week) were posted on digital media through other relevant sites (Supplementary Figures S3).

The official launch video response was tremendous with 1.4 million views on platforms such as YouTube and Yahoo. The retention rate (people who saw it until the end) was very high at 40%. Several images and links are offered at the end of this case.

7. Next steps in the program and future challenges

Several actions geared toward the Brazilian marketplace are planned to start in 2017 under Mr. Moura's leadership. These include partnering with brands and fashion stylists, point of sale actions, projects with Fashion Universities and Colleges, reinforcement of digital media coverage, public relations announcements, improvement of website content, and other initiatives.

ABRAPA expects to increase the percentage of cotton use in all segments of fashion from about 45 to 65% in 10 years, translating to growth of over 10% in cotton production at the farm level, and to continue strengthening the whole cotton industry.

All of ABRAPA's members have adopted ABR (Responsible Brazilian Cotton) standards and 80% of the members are part of the BCI. This means that all cotton farms associated with ABRAPA grow their crops through sustainable practices and fair labor standards. About 45% of the cotton production is exported to countries such as Vietnam, Indonesia, South Korea, Turkey, China, Malaysia, Pakistan, Thailand, Taiwan and Bangladesh – countries which represent much of the world's clothing manufacturing. The '*Sou de Algodão*' initiative offers the opportunity to brand Brazilian cotton as leading the world with sustainable cotton production. At the same time, the program benefits the Brazilian economy and strengthens the value chain, bringing back companies and jobs. An illustration of the cotton value chain is provided at the end of this case with important figures regarding financial turnover, jobs, and taxes generated.

Mr. Moura knew that the '*Sou de Algodão*' initiative was just the first of many steps needed to improve the use of Brazilian cotton in domestic markets. The initiative was a great example of partnerships between ABRAPA, IBA (Brazilian Cotton Institute), and private industry with the inclusion of Bayer CropScience. He hoped that IBA funding would continue, but worried about how he would fill the directive from ABRAPA's Board of Directors that the '*Sou de Algodão*' initiative should be self-sustaining. 'Extending this opportunity to other companies would further strengthen the initiative,' Mr. Moura thought to himself. 'Maybe we should include retailers or clothing manufacturers. That would require a clear value proposition that would address different participants' interests.'

8. Questions for discussions

1. Considering the objective of the project for the coming years, what actions should be implemented beyond brand awareness in order to increase cotton usage in Brazil? How can the program take advantage of the digital media revolution?
2. Do you agree with the use of economic development and sustainability as 'brand attributes' for the program? Should ABRAPA deal with resistance? How is it possible to overcome this?
3. Due to the funding challenges, how would you suggest ABRAPA transform this initiative into a self-sustained program? Would you envision potential sponsors of this initiative? What kind of value proposition could ABRAPA (or the project) offer to them? Would you involve clothing retailers or clothing manufacturers?

Supplementary material

Supplementary material can be found online at <https://doi.org/10.22434/IFAMR2018.0025>.

Teaching note.

Figure S1. The description of the cotton value chain in Brazil.

Figures S2. Website, Facebook and Instagram pages.

Figures S3. Influencers posts and their results.

Figure S4. Campaign messages.

Figures S5. The press media on the launching event: 93 reports.

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