U.S. Cotton Industry Competitiveness in the Context of the Cotton Supply Chain

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The U.S. cotton industry generates more than $25 billion in products and related services yearly, employing approximately 200,000 people in the various industry sectors from farms to textile mills (USDA, 2013a). Of the total cotton production in the United States, 75% is currently exported, leading to the importance of competitiveness of the U.S. cotton industry in a global setting. The United States has been the top cotton exporter in the world since 1989, accounting for nearly one-third of the world's cotton exports (USDA, 2013b). However, the market leadership has been consistently challenged, resulting in a significant decrease in the market share of the U.S. cotton export from 41.24% in 2004 to 26.70% in 2013 in the global cotton market (USDA, 2013b). Traditionally, the textile and apparel industries are considered an extended part of the cotton supply chain because textile and apparel industries have used and are using raw materials from the cotton industry to create final products for consumers at the final stage of the cotton supply chain (Rivoli, 2009). However, there has been little research to investigate how U.S. cotton industry competitiveness is affected in the context of the cotton supply chain. Based on this, there exists a need to understand the current competitiveness of the U.S. cotton industry, as well as how to improve this position on a global scale in the context of cotton supply chain. Therefore, the purpose of this research is to preliminarily explore factors that determine the competitiveness of the cotton industry in the context of cotton supply chain based on Porter's competitiveness factor model.

Theoretical Framework: Porter (1979) believes industry competitiveness is determined by the industry's competitive forces, the "fundamental economic and technical characteristics" of the industry, as well as an industry strategy based on these (Porter, 1979, p. 139). Industry strategy based on the holistic competitive force assessment will skillfully maneuver the industry's direction to maximize / complement their competitive forces, which significantly increase the industry's competitiveness long term (Porter, 2008).

Methods: A case study method (Yin, 2006) was utilized, including industry stakeholder interviews and literature search to explore factors that determine cotton industry competitiveness in the context of the cotton supply chain in one of cotton-producing states. Open coding was utilized to preliminarily extract themes from interviews with four professionals (three in cotton marketing and one in textile manufacturing) and the literature search.

Result: The results determined the competitive forces of the cotton industry are determined by the following four factors, and cotton marketers and textile producers were very aware of these factors (Table 1). In addition to these, it was found the U.S. apparel manufacturers and retailers have almost no idea about where cotton comes from for their products and how they affect the competitiveness of the U.S. cotton industry, based on the difficulty of recruiting interview participants for this study. They *do not know where their cotton is from (Alec)* or *they just bought fabrics from textile manufacturers (Rob).*

Table 1. Results of Cotton Industry Competitiveness in the Context of Cotton Supply Chain

Competitive Factor	Interview	Literature Search
Threat of new entrants	*Our location is very beneficial and is close to the domestic industry (Forest)*	Global cotton production and geo/economic / social environment of cotton industry (Helling, Beaulier, & Hall, 2008)
bargaining power of customers	*Now, 10-12 years ago, our domestic textile industry starting declining. So, we had to develop markets overseas (Benton).*	U.S. and global textile and apparel production and demand (Morgan, 2017)
bargaining power of suppliers	*If the price for other products yield a farmer a higher return, he will plant less cotton (Augustine)*	other crop productions in the same state (Raines & Scholler, 2012),
threat of substitute products or services	*We especially face competition from synthetic fibers going into apparel (Augustine).*	Price and production of manmade fibers (Baffes, 2005)

Conclusion: This study found all factors of Porter's competitiveness model have affected the cotton industry competiveness in the context of the cotton supply chain. This study also found participants close to cotton production in their position have a better understanding of the importance of the cotton supply chain in cotton competitiveness (e.g., cotton marketers were very aware of the importance of retail and apparel industries, but retail and apparel industries do not know about their connection to the U.S. cotton industry). This study has implications of a strong need for (a) further assessing how each competitive factor is enhanced to increase U.S. cotton industry competitiveness and (b) educating professionals in the end of the U.S. cotton supply chain (apparel and retail industries) to understand the importance of their sectors to increase U.S. cotton industry competitiveness.

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