

**PROPORTIONS OF THE RETAIL DOLLAR RECEIVED BY
COTTON INDUSTRY SEGMENTS: SELECTED CONSUMER
GOODS**

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Abstract

A large amount of variation exists in the size of marketing margins across industry segments for cotton end-products. The principal finding in this study is that the share of the retail dollar tends to increase as cotton moves through the marketing channel and accumulates value from processing, manufacturing, and distribution services. Although there are differences in the retail dollar distribution among different cotton finished goods, it is estimated that the retail segment consistently receives over half of the final retail value of these products.

Introduction

The final retail values of cotton end-products reflect the aggregate value of production, including costs of marketing services of each cotton industry segment and the profits associated with those services. Cotton market participants receive different proportions of these final retail values and have different costs of producing the different types of value-added. The margins--the differences between the prices at two different points in the market channel--are made up of the costs and profits from providing the services between the two points. Profit can vary with many factors, including risk and competitive structure of the market (market power of individuals, firms, or groups of firms).

Demand and supply interactions at the retail level dictate the final retail values of cotton consumer goods. Price signals communicate product value from consumers to producers and can be identified at certain points in the marketing channel. Retail price changes should be transmitted through the market back to the farm level if the market is operating efficiently. That is, in an efficient market, the demand for the farm product should respond to changes in the retail-level demand for the finished products (Brester and Musick).

Fisher argues that changes in marketing costs have the greatest effect on farm prices compared to prices at other levels of the marketing channel. Producers often view themselves as residual claimants on the value of consumer goods (Ward). Thus, the agricultural producer's share of the final retail value of a cotton product is larger when the rest of the marketing chain operates efficiently. If a market segment is inefficient, it will produce a product at higher costs than if it was efficient. The inefficient market segment may try to pass these higher production costs back to the previous market segment in the marketing channel in the form of paying less for the raw inputs. This translates to lower prices for the producers at the beginning of the marketing channel, i.e., agricultural producers.

Market participants may be able to pass higher costs backwards in the marketing channel, but they are less likely to be able to pass these cost increases forward in the marketing channel. The National Cotton Council of America (1997) suggests that as consumers of raw cotton fiber, textile mills cannot always pass higher input costs through the market in the form of higher finished textile prices. For margins to be maintained or increased at the textile mill level, more efficient technology must be adopted to lower production costs.

Increasing margins throughout the entire cotton industry requires expanding demand for cotton end-products (National Cotton Council of America, 1997). In the fifteen years prior to 1996, U.S. cotton consumption more than doubled to 16.9 million bales. Cotton represented 40 percent of all 1996 domestic retail fiber consumption. Increases in cotton consumption in 1996 were most apparent in 100 percent cotton goods as consumers increasingly sought natural fibers. Close to one-third of apparel and home furnishings consumed in the U.S. in 1996 were 100 percent cotton. Competitive pricing and more emphasis on promotion contributed to increasing cotton's market share (National Cotton Council of America, 1996a).

Cotton end-products can be separated into three distinct categories: apparel, home furnishings, and industrial products. The two divisions of the apparel industry are 1) national brands and 2) store or private labels and niche brands. By 1994, national brands comprised about 30% of wholesale apparel sales in the U.S., while the other category made up around 70% of domestic wholesale apparel sales. Standard and Poor's *Industry Surveys* contends that intense competition in recent years in apparel manufacturing has resulted in apparel prices increasing at a slower rate than overall commodity prices. After-tax profit margins of apparel manufacturers are generally smaller than those of other manufacturing firms, ranging from 1% and 2% (Standard and Poor's).

During 1993, home furnishings accounted for 16.1% of all domestic textile production. Standard and Poor's indicates that manufacturing and distribution efficiencies of scale of large companies promotes concentration in the home textile industry. There is a higher degree of automation of home textile manufacturing compared to apparel manufacturing (Standard and Poor's). Hillstrom notes that several large manufacturers control most of the production of sheets and towels, while the manufacture of other home furnishings is scattered among a number of smaller firms. These large manufacturers tend to specialize in a small number of product offerings. This lack of product diversity often results in little flexibility when establishing prices for these products. It is difficult for home textile manufacturers to hold out for higher prices when the bulk of their sales come from just a few items. These products must be sold for textile manufacturers to avoid holding large inventories of finished products and idle machinery. Textile manufacturers often take lower prices for their products to move these products on to the retail level, and thus, their margins are being squeezed by retailers who demand lower prices, better service, and quicker delivery (Standard and Poor's).

Current information concerning margins and retail dollar distribution throughout the marketing channels for cotton apparel and home furnishings is not presently available. A study in 1982 looked at the impacts of raw cotton fiber prices on retail values (Glade). The estimated retail marketing margins for men's business shirts, bath towels, and denim jeans were compared. By assuming that most retail firms attempt to operate on a fairly strict gross-margin, Glade's study was able use a "mark-on at retail" procedure to assess the impacts of changes in raw fiber prices on final retail values for cotton end-products.

The objective of this analysis was to estimate finished cotton product marketing margins for seven separate market segments-- farm-level, ginning, warehousing and handling, merchandising and shipping, textile mill processing and finishing, manufacturing and wholesaling, and retailing. The year 1995 was chosen because it was the most recent year for which data were consistently available.

Methods and Procedures

The term margins is used in this discussion to cover costs associated with production and marketing services and the profits generated. This study updates and expands the previous work by Glade on margins associated with each marketing stage in the cotton industry. The consumer goods used in this analysis included men's woven denim jeans, men's knit briefs, men's woven dress and business shirts, women's sweat pants, terry towels, and 180 count and greater woven bed sheets. These products were chosen in an attempt to obtain a representative and diverse market sample of apparel and home-furnishings. Procedures from Glade's analysis were used with some modifications. Procedural improvements were attempted where possible. For example, actual retail prices were employed in margin calculations as opposed to relying on the mark-on at retail procedure to approximate retail prices (Glade).

The first step in the process of estimating marketing expenses was to determine exact product specifications. These specifications included the number of square yards of material per item, the number of square yards of material per pound of material, and the percent cotton of each item. The total amount of material per item was divided by the number of square yards of material per pound to obtain the number of pounds of material in each cotton product. This result was then adjusted by multiplying by the percent cotton to determine the number of pounds of cotton in each consumer item (National Cotton Council of America, 1996b).

Farm Prices and Ginning Charges

The approach used to estimate prices at the farm-level was to take the average price received by farmers during the 1994/95 season for U.S. upland cotton and subtract out the U.S. average ginning charge for the same crop year. The average price received by farmers was obtained from *Cotton and Wool Situation and Outlook* [U.S. Department of Agriculture (USDA), 1996a], while ginning costs came from *Cotton Ginning Charges, Harvesting Practices, and Selected Marketing Costs, 1994/95 Season* (USDA, 1996b). The ginning and wrapping charge included the cost of bagging, ties, seed cotton drying, lint cleaning, and insurance. It did not reflect any patronage dividends, rebates, transportation to warehouses, industry organization dues, or cotton classing fees. After ginning, the total value of the cotton was the unadjusted producer price. Although the quality attributes of the cotton used in production differ for each of the six different consumer products analyzed in this study, a simplifying assumption was made to use a producer price that represented an average price across all cotton qualities. Thus, the resulting estimates are representative point estimates but do not reflect the underlying distribution of prices.

Warehousing

The segment of the cotton industry that performed the marketing activities between gins and textile mills, referred to here as "warehousing," consisted of four distinct functions: warehouse receiving, insured storage, compression, and warehouse outhandling (USDA, 1996b). In calculating the average length of insured storage, the average number of bales of upland cotton in warehouses and compresses per month from August 1994 through July 1995 (U.S. Department of Commerce, 1994; U.S. Department of Commerce, 1995) was divided by the total number of bales of upland cotton produced in the U.S. during the 1994 crop year (USDA, 1996a). The average monthly storage charge was then multiplied by the average length of storage to arrive at a figure for the average insured storage charge. The preceding marketing margins and the accumulated value of cotton after ginning were subtracted from the 1995 Landed Group B mill points cotton price to derive a value that encompassed shipping and merchandising margins (USDA, 1996a).

Textile Mills

After accounting for margins in marketing cotton to textile mills, the next cotton industry segment for which margins were computed was textile mill processing and finishing. The value of domestic fabric exports was divided by the quantity of domestic fabric exports to estimate per unit prices for denim, knit cotton fabric, and terry cloth (U.S. Department of Commerce, 1997). One of the limitations of using this procedure was assuming that domestic fabric export values were indicative of the market values of these fabrics if they were consumed in the U.S. This assumption was adopted because data establishing the value of domestic fabric consumed in the U.S. were not available. The use of domestic fabric export data was the best alternative to arrive at reasonable values for domestic fabric consumed in the U.S.

Reliable export data were not available for the material used in the production of woven bed sheets. The value of sheeting fabric imports for consumption was divided by the quantity of imports to approximate the price per unit of sheeting material (U.S. Department of Commerce, 1997). This procedure provided a price estimate that was considered to be close to the value of domestic sheeting fabric consumed in the U.S. The value of finished oxford fabric found in men's business shirts was provided by a domestic textile company (Herron). Textile mill processing and finishing margins were the difference between the prices for finished fabrics and the accumulated value of the products at the mill door.

Manufacturing and Wholesaling

Procedures varied across cotton end-products for approximating manufacturing and wholesaling costs. This lack of uniformity was due to the limitations of the available data. Wholesale prices were estimated by dividing the value of shipments by the quantity of production for each apparel item investigated. This assumes that the quantity of production was roughly equivalent to the quantity of shipments for each apparel item. On the other hand, wholesale prices were computed as the ratio of the value of product shipments to the quantity of product shipments to branded and private ticket retail outlets for terry towels and woven bed sheets (U.S. Department of Commerce, 1997). Wholesaling and manufacturing expenses were the difference between estimated wholesale prices and the accumulated value of the products after the textile mill.

Retailing

The final segment of the cotton industry for which marketing margins were investigated was the retail sector. Retail prices were taken from the *ACCRA Cost of Living Index* for men's denim jeans and men's business shirts (American Chamber of Commerce Researchers Association). The mean retail price for each quarter of 1995 was averaged to obtain an average retail price for the entire year. Retail prices for men's knit briefs, women's sweat pants, terry towels, and woven bed sheets were approximated by using simple average prices for all styles and sizes of these products from the 1995 J.C. Penney, Spiegel, Lands' End, and Fingerhut catalogs. Prices from all four catalogs were not necessarily available for each consumer good. Discount retail sales were not reflected in the retail price information obtained from the four catalogs. However, accounting for discount sales in the average retail prices calculations would simultaneously lower the average retail prices, reduce retail margins, and increase the proportions of final retail value for the other industry segments. The difference between the final retail value of each finished product and the accumulated value after manufacturing and wholesaling depicted retailing margins.

Results and Discussion

Marketing margins differed among finished products, but there were similarities as well. In general, margins as a proportion of total retail value increased as each product moved through the market channel.

Men's Denim Jeans

Table 1 shows the estimated marketing margins and retail dollar distribution for men's denim jeans. Cotton lint (farm-level) represented about 4.14 percent of the final retail value of a pair of jeans. The accumulated value of the cotton in one pair of jeans after ginning was \$1.51 or 4.72 percent of the total retail value. Warehousing and handling services cost the consumer \$0.10 per pair of jeans. Shipping and merchandising margins of \$0.50 per pair of jeans put the accumulated value of cotton per pair of jeans at \$2.12 at the mill door. Next, textile mill processing and finishing added \$2.76 to the value of the final product making the total value of the jeans \$4.88 after the textile mill. Manufacturing and wholesaling services added \$9.32 to the value of a pair of jeans and brought the accumulated value to \$14.20. Including retailing margins of \$17.83 per pair, the 1995 estimated average final retail value of a pair of men's jeans was \$32.03. The retailing segment of the industry collected over half of the consumers' expenditures on cotton denim jeans.

Men's Knit Briefs

Marketing margins and industry segment shares of the total retail value of men's knit briefs are illustrated in Table 2. Retail margins represented almost three-fourths of the final retail value of a pair of briefs. The second largest margin, 18 percent of the final retail value of a pair of briefs, went to the manufacturing and wholesaling industry segment. The other five industry segments in order of the size of their margins from highest to lowest were textile mill processing and finishing, farm-level, shipping and merchandising, ginning, and warehousing and handling.

Men's Dress and Business Shirts

The estimated marketing margins and retail dollar distribution for men's dress and business shirts appear in Table 3. The retail segment of the industry captured a margin consisting of approximately 64 percent of the final retail value of a dress shirt. This retail margin was over three times greater than the next largest industry segment margin which went to wholesalers and manufacturers. The size of the textile mill margin was a little more than half of the size of the wholesale and manufacturing margin. All other industry segment margins were less than one percent of the final retail value of a dress shirt.

Women's Sweat Pants

Estimations of marketing margins and the breakdown of the retail dollar by industry segment are examined for women's sweat pants in Table 4. Retailers kept 84.32 percent of the total retail value of a pair of sweat pants. The next largest margins were textile mill processing and finishing margins followed by manufacturing and wholesaling margins. The other four industry segments had margins that each represented less than two percent of the final retail value of a pair of sweat pants.

Terry Towels

Marketing margins and retail dollar proportions across industry segments were computed for terry towels (Table 5). Approximately four-fifths of the total retail value of a terry towel went to retailers. Textile mills kept 10.26 percent of the total retail value. The remaining 8.02 percent of the retail value was divided among the other six industry segments.

Woven Bed Sheets

Retail dollar divisions across industry segments and marketing margins were estimated for 180 count and greater woven bed sheets (Table 6). Retail margins accounted for about three-fourths of the final retail value of a sheet. Textile mill margins and manufacturing and wholesaling margins each represented close to one-tenth of this retail value. All other industry segment margins were each less than three percent of a sheet's total retail value.

Summary

Retailing margins accounted for over half of the final retail value for all six consumer goods. Retail margins ranged from 55.67 to 84.32 percent for the six cotton end-products studied. The final retail values, and subsequently retail margins, were average values across several types of retailers. Since average retail prices across all types of retailers and for each type of retailer were not available, it was useful to lump several different types of retailers together in this study. Percent markups vary significantly between, e.g., discount stores and department stores, and the average retail prices used here may not reflect the contributions of every type of retailer to average retail prices. Retail margins would decrease if the retail prices used here were higher than actual average retail prices, while the proportions of final retail value for the other industry segments would increase if this was the case.

The manufacturing and wholesaling industry segment had the second largest share of the retail dollar for three of the consumer goods and the third largest share of the retail dollar for the remaining three consumer goods. Manufacturing and wholesaling margins were the largest, 29.10 percent of the total retail value, for men's denim jeans. The smallest share of the retail dollar for wholesalers and manufacturers was 2.82 percent of the final retail value of a terry towel. Manufacturing and wholesaling margins were not separated into their individual components because of data constraints. Additionally, some manufacturers perform wholesaling functions by selling their products directly to retailers.

Textile mill processing and finishing margins represented a high of 13.98 percent of the dress shirt retail dollar and a low of 5.57 percent of the knit briefs retail dollar. Many mills, in recent years, were not able to pass increases in raw material costs through the marketing channel in the form of higher finished textile fabric prices (National Cotton Council of America, 1997). This reduced the amount of control that mills had over their margins.

Warehousing and handling consistently represented the smallest portion of the consumers' expenditures on cotton end-products. The largest share of retail value for the warehousing and handling industry segment was 0.32 percent for men's denim jeans. The men's dress shirt market only passed 0.06 percent of the retail dollar on to business entities involved in warehousing and handling activities between gins and mills.

Shipping and merchandising collected the third lowest share of the retail dollar for all consumer goods studied here. The largest shipping and merchandising margin was 1.57 percent of the retail value of a pair of denim jeans, while the smallest margin was 0.28 percent of the retail value of a dress shirt. The margins for shipping and merchandising services did not vary widely across products.

Ginning margins were the second smallest portion of consumer spending on all six cotton products. Only 0.11 percent of the final retail value of men's business shirts went to cover ginning charges. The maximum share of the retail dollar for ginners was 0.58 percent for denim jeans. Similarly, the farm segment captured only 0.75 percent of the men's dress shirt final retail value. The largest margin received by farmers was 4.14 percent of the retail value of denim jeans.

One reason that margins as a proportion of retail value for the farm, ginning, warehousing and handling, and shipping and merchandising industry segments varied from one cotton end-product to another is because of the different amounts of cotton in each finished product. For example, denim jeans contained approximately 2.1 pounds of cotton per pair, whereas knit briefs contained about 0.2 pounds of cotton per pair (National Cotton Council of America, 1996b). Increasing the cotton content of a finished

good generally increases the share of the retail dollar flowing to the industry segments at the beginning of the marketing channel that handled the raw cotton fiber.

Conclusions and Suggestions for Further Research

The proportion of the final retail value going to a particular market segment varies significantly from one consumer good to another, but one trend is evident across the entire spectrum of products analyzed here. Share of the retail dollar tends to increase as cotton moves away from the farm and gains value from processing, manufacturing, and distribution services.

One possible reason for relatively large retail margins is that growing consumer demand for cotton goods in recent years has been strong enough to support this practice. In 1995, there were strong consumer preferences for casual wear and wrinkle resistant cotton goods (National Cotton Council of America, 1996a). This helped boost sales of cotton products. This explanation is not limited to 1995 retail margins. In any year in which there is strong consumer demand for cotton products, retail margins may be large because retailers are able to extract more money for these products from the final consumer.

Another plausible explanation for large margins at the retail-level is that retailers of cotton products may operate under high risk conditions. Retailers take on risk when they hold inventories of products. There is no assurance that these inventories will sell at particular prices. Schroeter and Azzam suggest that this output price risk affects marketing margins. Brorsen et al. also illustrate this point in the wheat market. Thus, large marketing margins may often be indicative of high risk businesses.

Market concentration is another important factor affecting margin size in the cotton products industry. Brester and Musick show that increased industry concentration has positive effects on marketing margins. This positive relationship between industry segment concentration and marketing margins may hold true when moving back up the marketing channel from the manufacturing and wholesaling segment. The greatest degree of concentration in the cotton products industry is at the manufacturing and wholesaling level (Standard and Poor's). These firms may be able to exert a larger influence on the prices that they pay for cotton fabrics than the producers of the fabrics. The manufacturers and wholesalers can pay lower prices for fabrics when there are more suppliers to choose from. These fabric suppliers engage in price competition with each other when finding buyers at the manufacturing level. The textile mill segment might then pass this pressure on their margins back up the marketing channel.

Despite the higher market concentration at the manufacturing and wholesaling level compared to the retail level, retailers may actually have more market power than wholesalers in determining the wholesale prices for cotton end-products. As consumers in the cotton product markets, retail firms may operate under conditions of imperfect competition. Retailers may not be price-takers and may, instead, dictate the prices they pay for cotton consumer goods back to the manufacturers and textile mills. The manufacturers and mills must find buyers for their cotton products to stay in business, unlike the corresponding retail firms who do not rely solely on cotton product sales to maintain normal business operations. The effects of product diversity on marketing margins at the wholesale and retail levels should be explored further.

Since margins consist of two primary components, costs and profits, it would be helpful to know about the costs of providing services in each of these market segments. This information would provide an indication of returns over costs and an indication of market efficiency across the industry segments. Thus, future research on costs of the various segments is recommended.

Finally, a wider range of cotton end-products also needs to be examined to determine if the trend found in this study holds for those products as well. The use of actual average U.S. prices for finished fabrics, wholesale finished goods, and retail consumer goods would also improve the accuracy of the estimations in this type of investigation. The value of the information presented in this report could be increased by successfully separating the manufacturing and wholesaling divisions of the cotton end-products industry into its individual components.

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Table 1. Men’s Denim Jeans: Estimated Marketing Margins, 1995

Market Segment	Cost per pound of cotton	Cost per pair of jeans	Proportion of retail value
	-----Dollars-----		Percent
Farm	0.632	1.327	4.14
Ginning	0.088	0.185	0.58

Accumulated value after ginning	0.720	1.512	4.72
Warehousing and Handling	0.049	0.103	0.32
Warehouse receiving	0.006	0.013	0.04
Insured storage	0.013	0.027	0.08
Compression	0.017	0.036	0.11
Warehouse outhandling	0.013	0.027	0.08
Shipping and merchandising	0.239	0.502	1.57
Accumulated value at mill door	1.008	2.117	6.61
Textile mill processing and finishing	1.315	2.762	8.62
Accumulated value after textile mill	2.323	4.879	15.23
Manufacturing and Wholesaling	4.439	9.321	29.10
Accumulated value after manufacturing and wholesaling	6.762	14.200	44.33
Retailing	8.505	17.830	55.67
TOTAL RETAIL VALUE	15.267	32.030	100.00

Table 2. Men's Knit Briefs: Estimated Marketing Margins, 1995

Market Segment	Cost per pound of cotton	Cost per pair of briefs	Proportion of retail value
	-----Dollars-----		Percent
Farm	0.632	0.102	2.01
Ginning	0.088	0.014	0.28
Accumulated value after ginning	0.720	0.116	2.28
Warehousing and Handling	0.049	0.008	0.16
Warehouse receiving	0.006	0.001	0.02
Insured storage	0.013	0.002	0.04
Compression	0.017	0.003	0.06
Warehouse outhandling	0.013	0.002	0.04
Shipping and merchandising	0.239	0.039	0.77
Accumulated value at mill door	1.008	0.163	3.21
Textile mill processing and finishing	1.745	0.283	5.57
Accumulated value after textile mill	2.753	0.446	8.77
Manufacturing and Wholesaling	5.648	0.915	18.00
Accumulated value after manufacturing and wholesaling	8.401	1.361	26.77
Retailing	23.059	3.723	73.23
TOTAL RETAIL VALUE	31.460	5.084	100.00

Table 3. Men's Dress Shirts: Estimated Marketing Margins, 1995

Market Segment	Cost per pound of cotton	Cost per shirt	Proportion of retail value
	-----Dollars-----		Percent
Farm	0.632	0.235	0.75
Ginning	0.088	0.033	0.11
Accumulated value after ginning	0.720	0.268	0.85
Warehousing and Handling	0.049	0.018	0.06
Warehouse receiving	0.006	0.002	0.01
Insured storage	0.013	0.005	0.02
Compression	0.017	0.006	0.02
Warehouse outhandling	0.013	0.005	0.02
Shipping and merchandising	0.239	0.089	0.28
Accumulated value at mill door	1.008	0.375	1.20
Textile mill processing and finishing	11.784	4.387	13.98
Accumulated value after textile mill	12.792	4.762	15.18
Manufacturing and Wholesaling	17.408	6.480	20.65
Accumulated value after manufacturing and wholesaling	30.200	11.242	35.83

Retailing	54.092	20.136	64.17
TOTAL RETAIL VALUE	84.292	31.378	100.00

Table 4. Women's Sweatpants: Estimated Marketing Margins, 1995

Market Segment	Cost per pound of cotton	Cost per pair of pants	Proportion of retail value
	-----Dollars-----		Percent
Farm	0.632	0.405	1.45
Ginning	0.088	0.057	0.20
Accumulated value after ginning	0.720	0.462	1.66
Warehousing and Handling	0.049	0.032	0.11
Warehouse receiving	0.006	0.004	0.01
Insured storage	0.013	0.008	0.03
Compression	0.017	0.012	0.04
Warehouse outhandling	0.013	0.008	0.03
Shipping and merchandising	0.239	0.153	0.55
Accumulated value at mill door	1.008	0.647	2.32
Textile mill processing and finishing	3.853	2.471	8.87
Accumulated value after textile mill	4.861	3.118	11.19
Manufacturing and Wholesaling	1.951	1.251	4.49
Accumulated value after manufacturing and wholesaling	6.812	4.369	15.68
Retailing	36.638	23.502	84.32
TOTAL RETAIL VALUE	43.450	27.871	100.00

Table 5. Terry Towels: Estimated Marketing Margins, 1995

Market Segment	Cost per pound of cotton	Cost per towel	Proportion of retail value
	-----Dollars-----		Percent
Farm	0.632	0.404	3.26
Ginning	0.088	0.056	0.45
Accumulated value after ginning	0.720	0.460	3.71
Warehousing and Handling	0.049	0.032	0.26
Warehouse receiving	0.006	0.004	0.03
Insured storage	0.013	0.009	0.07
Compression	0.017	0.011	0.09
Warehouse outhandling	0.013	0.008	0.06
Shipping and merchandising	0.239	0.153	1.23
Accumulated value at mill door	1.008	0.645	5.20
Textile mill processing and finishing	1.988	1.272	10.26
Accumulated value after textile mill	2.996	1.917	15.47
Manufacturing and Wholesaling	0.546	0.350	2.82
Accumulated value after manufacturing and wholesaling	3.542	2.267	18.29
Retailing	15.817	10.127	81.71
TOTAL RETAIL VALUE	19.359	12.394	100.00

Table 6. Woven Bed Sheets: Estimated Marketing Margins, 1995

Market Segment	Cost per pound of cotton	Cost per sheet	Proportion of retail value
	-----Dollars-----		Percent
Farm	0.632	0.748	2.37
Ginning	0.088	0.104	0.33
Accumulated value after ginning	0.720	0.852	2.70
Warehousing and Handling	0.049	0.057	0.18
Warehouse receiving	0.006	0.007	0.02
Insured storage	0.013	0.015	0.05

Compression	0.017	0.020	0.06
Warehouse outhandling	0.013	0.015	0.05
Shipping and merchandising	0.239	0.284	0.90
Accumulated value at mill door	1.008	1.193	3.78
Textile mill processing and finishing	3.097	3.665	11.60
Accumulated value after textile mill	4.105	4.858	15.38
Manufacturing and Wholesaling	2.600	3.077	9.74
Accumulated value after manufacturing and wholesaling	6.705	7.935	25.12
Retailing	19.988	23.652	74.88
TOTAL RETAIL VALUE	26.693	31.587	100.00