

Start Saving for your Spring Seersucker: Clothing Prices are Rising Fast (Part 1)

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A recent article in *Chicago Breaking Business* warns consumers that clothing prices are on the rise, and won't relent any time soon. Looking forward to spring seersucker and polos to wear with your topsiders? Look for a 10% increase in price from all of the major brands. Cotton is at the highest it's been since the Civil War, at close to \$2/lb (today's trade has it at \$1.91, to be exact). To put the rise into perspective, at this time last year, the price was 77 cents/lb and rose steadily throughout 2010, finally breaking \$1 in September of last year. Over the past thirty years, cotton has only breached the \$1 mark twice -- back in 1995, and now -- when it's nearly doubled it.

In the past decade, clothing prices have been kept low by offshore labor and the increased use of synthetic blends with cotton. "But as the world economy recovers and demand for goods rises, a surge in labor and raw materials costs is squeezing retailers and manufacturers who have run out of ways to pare costs," the article suggests. Furthermore, the price of cotton has almost doubled, leading to a paralleled rise in the cost of synthetic blends (more on that in an upcoming post).

So why has the price of cotton risen so high? Why, our old friend supply risk is rearing his ugly head. Bad weather has affected crops here in the US, not to mention China, Pakistan, and Australia. "Restrictions on exports from India, the world's second-largest cotton exporter behind China, have also produced cotton shortages. On top of that, worldwide demand for cotton has risen as the global economy improves," the article goes on. Going even further, many factories have not yet ramped up to pre-recession production levels -- and they'll now have to pay workers more due to labor shortages.

It seems that the textile industry is now to the point where they can't help passing raising commodity prices to the level of the consumer: "Up until now, retailers have resisted passing along price increases to shoppers by shifting production to lower-cost regions like Vietnam, turning to other materials and absorbing cost increases." The prices of raw cotton are now so high, however, that smaller buyers are having trouble negotiating more manageable prices that large-scale corporations like Walmart are able to achieve (though they're definitely feeling pressure as well).

I recently had an insightful call with Ken Barker, CEO of a company called Naturally Advanced Technologies. Look for an upcoming post on this subject regarding some of the alternatives that are possible when cotton becomes too darn cotton pickin' expensive.

<http://www.spendmatters.com/index.cfm/2011/2/17/Start-Saving-for-your-Spring-Seersucker-Clothing-Prices-are-Rising-Fast-Part-1?adminview=true>

Start Saving for your Spring Seersucker: Clothing Prices are Rising Fast (Part 2)

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In my last post on this subject, I talked about a *Chicago Breaking Business* article that warned consumers of an up to 10% raise in the price of clothing due to excessively high cotton prices. In my second post in this series, I'd like to share some of my notes and findings from a very relevant follow-up call I had on the subject with Ken Barker, CEO of Portland-based Naturally Advanced Technologies. As a means of offering an alternative to 100% cotton textiles, Ken's company has patented a "technology [that] offers cost-effective and environmentally sustainable processing and production of natural, bast fibers such as hemp and flax, resulting in increased performance characteristics for use in textile, industrial, energy, medical and composite material applications." In layman's terms, they've discovered what they're calling "CRAiLAR," or an all-natural flax or hemp complement to cotton.

Now, there are of course several synthetic blends that can be mixed with cotton -- rayon, polyester, nylon -- but unfortunately, as the price of cotton continues to rise, so do these alternatives. "There's no substitute or alternative for cotton," Barker told me. "The man-made fibers just don't do the trick." Cotton, he also suggests, is not exactly CSR friendly -- it uses one third of the world's pesticides/herbicides and is technically the most destructive and unsustainable crop we, as humans, grow. Just in direct water consumption alone, one t-shirt's worth of cotton takes 700 gallons of water to grow, before any factory or other processes.

Is there a natural alternative? Well, it's in the works. CRAiLAR is a natural flax or hemp complement that can be woven directly into cotton (tests with Hanes are running 20% CRAiLAR/80% cotton, but prototypes have been produced with up to 55% CRAiLAR ratios). Also, because the growing process is so much easier than that of cotton (flax fibers require only rainwater and can be grown in northern climates -- and this process can even be achieved by using byproducts of food-grade flax), this material costs 33-35% less than cotton. It also enhances cotton's performance by

wicking moisture, leading to a possible revenue channel in more cotton-based performance clothing.

Don't throw away your UnderArmor just yet, however. Though this seems like a miracle product, it's still in testing (some interesting testing, though -- Naturally Advanced Technologies recently entered into a research agreement with the USDA and Hanes). I just thought it would be interesting to highlight something along the lines of what's happening in the hybrid car industry -- we can't make an all-purpose practical, family car completely electric yet, but just as everyone is contemplating how to reduce their carbon footprint, Naturally Advanced Technologies and their introduction of CRAiLAR is introducing a new question: How do we reduce our cotton footprint and reliance? Material substitution practices such as this warrant close attention, especially in industries such as healthcare, which are about to see significant material price increases in certain areas thanks to rising raw material costs. Look for continued coverage of rising material prices and alternative cost reduction strategies in healthcare and beyond in the coming weeks.

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