

COTTON MARKET NEWS - A CHANGING ENVIRONMENT

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Abstract

The Cotton Division, AMS, USDA has historically listened to the users of its market news reports and made changes based on user needs. While the Division's market news budget and personnel have declined, services have been maintained or increased through an increase in usage of computers. The speed of gathering information for reports has been enhanced through increased use of telecommunications. Telecommunications has also reduced re-keying errors. Selected market news reports are now being offered electronically to users. In an effort to continue to improve the market news program, formal Total Quality Management programs have been instituted. Benchmarking is being used to improve reports and customer satisfaction surveys are being developed.

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Discussion

Cotton market news has always been in a changing environment. We have always tried to listen to our customers and to change and enhance reports based on their needs.

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For example, over the years, the Weekly Cotton Market Review, our most popular report, has gone from one 8.5 by 11" sheet printed on both sides to the equivalent of 4 or 5 of the same size sheets.

This was not as the result of a changing grading or marketing system, but because our customers wanted export information, forward contracting data and additional information.

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Effective December 1, 1994, we established new procedures for quoting American Pima cotton. Where we were issuing one set of quotations for the entire American Pima growing area, we are now quoting the San Joaquin Valley and the remainder of the Pima growing area separately. We also began including the quotations for Pima in our Daily Spot Cotton Quotations report. It became obvious that there was a price differential between the two areas and the American Pima industry fully supported the changes. We have always strived to stay attuned to our users' needs and, if at all possible, provide expanded or additional information.

Budgetwise, we have not fared so well.

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Our budget in 1985 was 1.4 million dollars. This year it is 1.6 million which is equivalent to about 975,000 dollars in 1985 terms.

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The only way we have been able to maintain our services with reduced personnel was through computerization.

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In 1985, we had market reporters in 8 designated markets. Today, we have 4 reporters covering 7 designated markets. We had 4 national reporters analyzing and reporting. Today, we have one. Our Statistical and Reproduction Units consisted of 7 employees.

Today, it is 5.

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In the computer arena, we began with PC's. That was followed by a small mini-computer with work stations in Branch headquarters in Memphis and portable computers for market reporters in the field. That was followed by an AMS funded server and laptops in the field. Today, because of the large volume of information that we must deal with, we have two servers networked together. Everyone in the Branch, with the exception of one individual working in the print shop, now has and is expected to use a computer.

We have worked hard to eliminate re-keying of information and its resultant errors. At one time, virtually every piece of data that we published was typed or re-keyed in Memphis. Today, through electronic transfer of data, our quotations are generated by the market reporters in the field, transmitted electronically, checked in Memphis and inserted directly into the Branch report for publication. Quality data, once faxed or mailed to Memphis, then rekeyed into our various report formats and published, is now transmitted electronically from classing offices, interfaced with our database and inserted directly into our various report formats.

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In 1988, the quotations committee system in each market was abolished, and the Cotton Division began establishing quotations without the assistance of these committees. In 1991, we began quoting differences for strength. In 1993, we began quoting differences for color grade, leaf grade, and extraneous matter.

These changes put a tremendous workload on our personnel.

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Where we were establishing values on 295 grade/staple combinations plus 7 mike categories, we are now expected to quote 972 color/leaf/staple combinations plus 10 mike, 12 strength and 4 extraneous matter categories. Considering that much of the crop is marketed in mixed lots, it is very hard to determine the value of all these quality factors.

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The AMS Telecommunications system was developed to improve the accuracy and timeliness of reports being generated in the field and transferred to the Branch Office. It went a long way in providing a means whereby we could transfer data between our reporters in the field and Memphis in an accurate and timely manner. Reporters can access the system from motels, phone booths, etc. when they are in travel status.

The AMS Market New Information System is in the process of being implemented. It is a satellite based system that allows rapid dissemination of our data to users on the AMS network. Our two servers are a part of that system, and our quality and quotations are being put into a database format. AMS is piloting a project in another AMS Commodity Division to allow users to directly access that information.

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We began offering two of our reports, the Daily Spot Cotton Quotations and Quality of Cotton Classed Under Smith-Doxey Act, by

telecommunications in March 1994. Users can call our computer and download what they need. Subscription costs are the same as for a printed report and the user pays all long distance phone charges.

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In December, a third report, the narrative from our Weekly Cotton Market Review was added to the system and is now available electronically. We are studying the possibility of adding the tables from the report to the system. We are also investigating new bulletin board software to make it easier for our users.

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New to the Market News Branch this year is a formal Total Quality Management program and an ongoing Continuous Work Improvement Team. These have been implemented to improve the quality of services offered and to make us more customer oriented. The Continuous Work Improvement Team recommended and we put into place a change in release dates for some of our reports. While the results are not yet fully in, we think it will lead to more timely receipt of the information by our customers. We are currently engaged in a benchmarking project that we hope will be extremely beneficial to us in improving the accuracy, timeliness, relevance and cost effectiveness, both to us and our users. One of the first steps in the benchmarking process is a customer survey to determine where we are in relation to their expectations and needs. I encourage any of you who may be asked to participate to please take the time to respond. The information will be invaluable in determining what we need to do to improve our market news program.

We know that Cotton Market News will continue to change in the coming years. Our quotations program needs to be closely examined. As I mentioned earlier, most cotton, particularly at the grower level, continues to be traded in mixed lots. During the entire 1993 season and so far in 1994, we have not been able to obtain price information on a single mixed lot where we could determine the value of a single bale with all of its' quality attributes. Yet, we are expected to establish a value on a daily basis for all of the color/leaf/staple combinations and for the mike, strength and extraneous matter categories mentioned earlier. We, along with the industry, must determine exactly what is needed in terms of prices and quotations and develop a practical system that will provide this information.

The environment in which we work, the marketing system, and the use of HVI information will surely continue to change. We will, with industry cooperation, keep up with, or stay ahead of, these changes.