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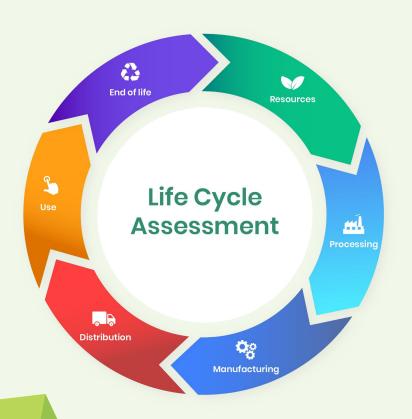
## **Environmental Benefits and Costs**

Incorporate the benefits and costs of environmental factors into financial and product planning

## 01

## Strengthen Sustainable Brand Image





#### Phase 1

- Collect data and build Life Cycle Assessment (LCA) system or Carbon Accounting System
- Provide transparent information on material sources, production processes, and supply chains.
- Implementation: Establish an internal environmental management team
  - Collect and analyze data on energy consumption, travel, material purchases, waste disposal, etc.
- Use Software tools
  - There are a variety of carbon footprint calculation software on the market that can help companies collect data, calculate carbon emissions, and track progress in reducing emissions.



#### Phase 2

- Publish Annual Sustainability Reports detailing project progress, monitoring indicators and future goals, and showing concrete steps and results towards these goals
- Follow internationally recognized sustainability reports standards
  - GRI, IIRC framework, SDGs, SASB
- Implementation: Employ consulting companies
  - Do data review, compliance assessment, report writing guidance, certification and verification services
  - PwC, EY, KPMG, Deloitte



#### Phase 3

- Obtain and demonstrate environmental certification issued by a third-party organization, such as ISO 140001
- Participate in third-party environmental impact assessments and ESG rankings, such as EcoVadis, MSCI, Bloomberg ESG rating, Dow Jones Sustainability Indexes, CDP
- Engage a third party to audit and certify ESG practices and reports.
  - Professional consulting firms, certification authorities and auditors
  - International accounting firms such as Deloitte, PWC, KPMG, EY, or specialized ESG rating agencies.



#### Phase 4

**Communicate** the company's green image to consumers through transparent product information and public activities

# 02 **Marketing Strategies**

#### **SENIORS**

A SIGNIFICANTLY HIGHER PERCENTAGE OF SENIORS ARE PARTICIPATING IN OUTDOOR RECREATION.

As recently as 2018, JUST 28% of seniors (ages 55+)

participated.

In 2022, the senior participation rate hit a record high of \$35% and rising.

This equates to

1 IN EVERY 5

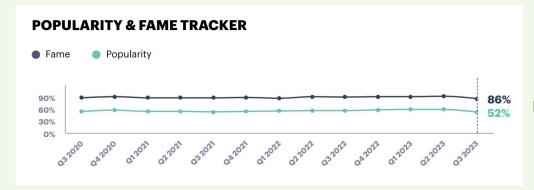
outdoor participants and a total of
1 million new participants in 2022.



## Consumer Base



# LL.Bean Customer Loyalty



Powell states that "our surveys show that especially with younger customers, they're willing to pay more for sustainable products – it's an important story."

## **Action Works**

#### **Worn Wear Program (Patagonia)**

 trade-in programs: allow customers to trade in their used items for a discount on the purchase of new products.

#### **Rethink Package (North Face)**

 incorporating sustainable packaging can help reduce its environmental impact and appeal to customers who prioritize eco-friendly practices.

## WORN WEAR patagonia

## Worn Wear allows you to trade in and buy used Patagonia® gear.

85% of clothing ends up in landfills or gets incinerated.\* One of the best things we can do for the planet is keep stuff in use longer and reduce our overall consumption. That means buying less, repairing more and trading in gear when you no longer need it.



Trade In



#### Using FSC-certified paper bags.

In our retail stores, we've switched most of our plastic shopping bags to <u>Forest Stewardship Council</u> (FSC)-certified paper bags.



#### Sourcing recycled LDPE.

We're in the process of sourcing recycled low-density polyethylene bags (the clear plastic bags that protect individual items during shipping) to replace our virgin LDPE polybads.



#### Launching packaging pilots.

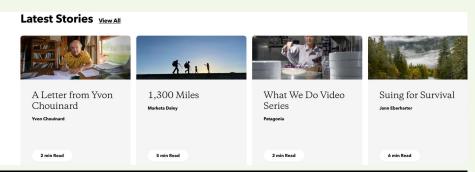
This year we've launched three packaging reduction pilots. We've trialed removing and recycling polybags, shipping cartons of gloves without any polybags and shipping shoe orders in just the shoebox (no shipping carton) to save resources.

## Product Design & Quality

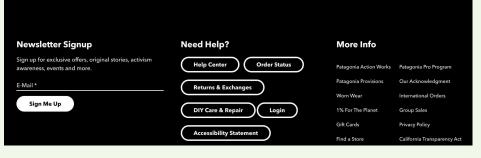
- Specific indicators: texture, weight, water resistance, breathability, insulation, wind-resistance
- Quality → durability → less material and energy, less waste

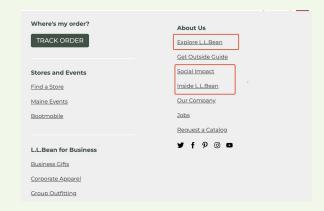


## **Storytelling**



For our 50th year, we're looking forward, not back, to life on Earth. Together, we can prioritize purpose over profit and protect this wondrous planet, our only home.





Optimize the web design to make the story about sustainability section stands out

## Sustainability → Slogan

- By incorporating the Outdoor/ Classic/ Comfort brand style into the slogan
- By quantizing the data twice
- "Dress for the journey" "From Woods to Wardrobe"
- "Fashion to greener future: for every clothes you worn, ten trees reborn"



## Social Media & Celebrity Endorsement



- Iconic L.L. Bean Boat & Tote
  - #llbeantok has 1.5 million views with #llbeantote close behind at over 900,000 (Vogue, 2022)
- Work collaboratively with influencers to develop a campaign strategy. This could include the creation of engaging content, such as outdoor adventures, real product reviews, or behind-the-scenes looks at L.L.Bean's sustainable practices if applicable.

## 03

## Product planning and risk management

## **Product Planning**



- Optimize the specific information on the tag
  - High product performance + sustainability
- Emphasis on Quality
  - Ensure that environmentally friendly products match or exceed non-environmentally friendly products in terms of quality and performance
  - Highlight the long-term durability of environmentally friendly products, reducing waste and overconsumption

## **Product Planning**

- Sustainable supply chain
  - Reduce carbon footprint: local sourcing, sustainable logistics option
- Product design & packaging
  - Use recyclable or biodegradable materials
  - Reduce product packaging



## **Risk Management**

- Environmental Risks
  - Resource shortages
  - Regulatory changes
- Contingency Planning
  - Emergency plans
  - Investments in alternative materials/processes
- Cost Considerations
  - Higher costs for sustainable materials/processes
  - Impact on profit margins
- Supply Chain Challenges
  - Complexity and uncertainty
  - Limited availability of sustainable resources



## **Risk Management**

- Technological Hurdles
  - Need for new technologies
  - Significant R&D investment
- Consumer Perspective
  - Growing demand for sustainable products
  - Consumer reluctance to pay higher prices
- Market Dynamics
  - Increased competition
  - Pressure on profit margins
- Return on Investment (ROI)
  - Long-term investment required
  - Delayed or gradual returns



## 04

## **Environmental Benefits and Costs**

## **Company Existing Conditions**

Company

Environment



100%

Responsible Down Used 1.7 million pound



**75%** 

Plastic Packaging Replaced



Solar project



Pounds of Plastic



3

## **Cost Analysis**

<u>Items</u>	<u>Specific Catalogue</u>	Estimated Cost
Brand Image Cost	<ol> <li>Salaries paid for sustainable management team members</li> <li>Consulting Service: LCA system &amp; financial Reporting</li> <li>Cost spending on registering and improving ESG ranking</li> <li>Expenses for obtaining certification</li> </ol>	\$220,000 - \$480,000 425
<b>Marketing Strategies Cost</b>	<ol> <li>Advertisement costs of celebrity endorsement</li> <li>Advertisement costs on social media</li> <li>Costs of hiring advertisement companies</li> <li>Design fees of new sloganies</li> </ol>	\$20,000 or more
Product Planning Cost	<ol> <li>Technology improvement</li> <li>Product Design &amp; Package Improvement</li> <li>Improvement costs of production processes and sustainable materials</li> </ol>	Depend
Opportunity Cost	Forgone profits, Time and resources, Market share, Brand image, Competitive advantages	Depend

### **Benefit Analysis**

<u>Items</u>	Specific Catalogue	
Brand Image Benefit	<ol> <li>Enhancement of brand image</li> <li>Attract potential customers</li> <li>Increase customer loyalty</li> </ol>	
Production Benefit	<ol> <li>Improvements in operational efficiency</li> <li>Reductions in energy and material costs</li> <li>The avoidance of potential fines through compliance with environmental regulations.</li> </ol>	
Attract Potential Investors	<ol> <li>Attract investors who believe that sustainable companies with ESG rankings are better long-term investments</li> </ol>	

## **Green Development Summary**

- Market research (locations, age groups, preferences) → consumer needs (consumers prefer sustainable and eco-friendly products) → products align with these values
- LCA: assessing the raw material preparation, production process, distribution, use and disposal
  - recyclable and reusable green materials
  - Manufacturing processes that generate less waste and pollution
  - efficiency of distribution by using environmentally friendly packaging
  - Communicating benefits of the product by highlighting the recyclable and reusable features while enhancing the quality of the product
- Expecting that the combination of a well-researched, environmentally friendly product, aligned pricing, and effective communication will lead to market acceptance and increased sales among consumers seeking sustainable options.

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## Thanks!

## **Q & A Section**