

## Introduction

Agaati, a San Francisco luxury fashion brand, launched in 2017 with a focus on sustainability. It uses organic fibers, reduces waste, and incorporates hand-crafted elements, preserving traditional craftsmanship like hand embroidery. The brand sells directly to consumers online, supported by social media marketing and pop-up retail events.

## Business Problems

Agaati, a new female luxury brand, faces the challenge of building consumer awareness and loyalty in a competitive market. As a sustainable brand without a permanent physical presence, it must rely on e-commerce, social media, and temporary retail events to attract customers who value sustainability and craftsmanship. (See Appendix A for more)

## Data Analysis

### Question 1

Variable	Artisan's life story	Artisan's current economic condition	Artisan's product design	Artisan's heritage	Artisan made limited-edition product	Fan of sustainable brands	Buying eco-friendly is important to me
Mean	3.356	3.267	4.048	3.554	3.518	4.065	3.425

Out of the 5 artisan related variables, “artisans product design” has the highest mean of 4.048.

When comparing our sustainability variables, we can see that “fan of sustainable brands” has a higher mean of 4.065. (See Appendix B + Excel for more details)

### Question 2

R-Squared	Coefficients	P-value
0.1314 (13.14%)	b0 = 3.085, b1 = 0.494	0.0000 (<0.05)

(See Appendix C + Excel for more details)

### Question 3

R-Squared	Coefficients	P-value
0.2174 (21.74%)	b0 = 1.777, b1 = 0.8138	0.0000 (<0.05)

(See Appendix D + Excel for more details)

### Question 4

Adjusted R-Squared	Coefficients	P-value
0.2670 (21.42%)	b0 = 1.9567, b1 = 0.1398, b2 = 0.1484, b3 = 0.1876, b4 = 0.1644, b5 = 0.2359	Significance F = 0.0000 P1 = 0.1609 P2 = 0.1403 P3 = 0.0350 P4 = 0.0958 P5 = 0.0331

(See Appendix E + Excel for more details)

### Recommendations

Based on the data analysis, we found that "artisan-made limited-edition products," fans of sustainable brands, and "artisan's product design" have a positive and significant effect on the preference for purchasing sustainable luxury products over generic luxury products. The analysis shows that consumers place a high value on exclusivity, uniqueness, and craftsmanship, which drives their preference for sustainable options. Agaati can draw inspiration from industry leaders like Stella McCartney and Eileen Fisher to craft effective strategies for attracting new customers and retaining existing ones.

Customers value stories about the environmental and social impact of their purchases, so Agaati can develop authentic storytelling that highlights the artisans behind each piece, fostering an emotional connection with consumers who appreciate sustainability and craftsmanship. Similar to Stella McCartney's partnerships with sustainability advocates, Agaati can collaborate with key influencers who align with the brand's ethos, helping to reach a broader, eco-conscious audience and convert fans of sustainable fashion into Agaati

customers (Ilchi, 2024). Following Eileen Fisher's approach, Agaati can attract customers through pop-up stores and fashion events that focus on sustainable fashion, with workshops on ethical practices drawing attention to Agaati's unique value proposition and offering new customers a hands-on experience with the products (Cartner-Morley, 2024).

One key strategy to leverage the positive effect of exclusivity is for Agaati to introduce a special line of limited-edition collections. These pieces would be crafted with unique designs and superior craftsmanship, and offered in small quantities to emphasize their exclusivity. To strengthen customer loyalty, Agaati can provide long-term, loyal customers with earlier access to these limited-edition releases, creating a sense of privilege and rewarding their commitment to the brand.

Additionally, Agaati could introduce an affordable line, akin to Eileen Fisher's "Renew" program, to appeal to first-time buyers who seek sustainable luxury but find the regular collection out of reach, creating an entry point for long-term loyalty (Manzor, 2024). Agaati could implement a sustainable loyalty program that rewards repeat customers with discounts or early access to new collections, reinforcing brand loyalty. Like Eileen Fisher's "Waste No More" initiative, Agaati could encourage recycling by rewarding customers for returning worn-out products, strengthening the emotional tie to sustainability (Manzor, 2024).

Agaati could also introduce a subscription box model where customers receive exclusive sustainable fashion items monthly would ensure continued engagement, making customers feel like VIPs receiving specially curated pieces, deepening their connection with the brand. Like Patagonia and Eileen Fisher, Agaati can build a loyal community by involving customers in sustainability projects, whether focused on climate change, zero-waste living, or other environmental causes (Herndon, 2023). Encouraging customers to share their own sustainable living stories can strengthen their bond with the brand.

## Appendix

### *A. Business Problem*

The case study highlights several challenges for Agaati, a sustainable luxury fashion brand. Despite rising trends in e-commerce and sustainability, Agaati struggles with brand visibility and consumer awareness, partly due to the lack of a physical retail presence. While online sales grew during the pandemic, many shoppers still prefer the in-store experience, prompting Agaati to explore trunk shows and pop-ups, though their long-term impact is uncertain. Another issue is understanding its target market. Agaati seeks clarity on whether its focus on fair wages for artisans and preserving traditional skills resonates with consumers and influences purchasing decisions. The brand needs to refine its marketing strategy using data analysis to better understand its audience and craft compelling stories about its artisans to build stronger connections and brand loyalty.

### *B. Question 1*

Using the survey data (Supplementary\_Data\_sheet\_students) calculate the means of the following variables-Artisan's life story, Artisan's current economic condition, Artisan's product design, Artisan's heritage, Artisan-made limited-edition product, fan of sustainable brands, buying eco-friendly is important to me. For Artisan made products which variable has the highest mean? Between the variables 'fan of sustainable brands' and 'buying eco-friendly is important', which has the higher mean?

- a. Find means of all variables
  - i. Artisan's life story = 3.356
  - ii. Artisan's current economic condition = 3.267
  - iii. Artisan's product design = 4.048

- iv. Artisan's heritage = 3.554
  - v. Artisan-made limited-edition product = 3.518
  - vi. fan of sustainable brands = 4.0647
  - vii. buying eco-friendly is important to me = 3.425
- b. Which one has the highest mean: Artisan's product design has the highest mean is which is 4.064.
  - c. Which mean is higher the fan of sustainable brands or buying eco-friendly is important the higher mean is fan of sustainable brand which is 4.064.

### *C. Question 2*

b0 has no practical interpretation, in studies using Likert scales, where respondents never express a neutral or negative sentiment (like a score of zero), the intercept loses its meaning and is not a point of interest for analysis.

b1 = 0.4941, the regression equation predicts that for every 1-point increase in the rating of being a fan of sustainable brands (X), the preference for buying sustainable products (Y) increases by 3.0846 points on its own scale, on average.

Null Hypothesis (H0): The design of Artisan's products does not influence the preference for purchasing sustainable products.

Alternative Hypothesis (H1): The design of Artisan's products positively influences the preference for purchasing sustainable products.

Since the significance F is 0.0000, and the P value is 0.0000, we reject the null hypothesis.

With an R-square of 0.1314, we know that approximately 13.14% of the variance in the dependent variable is explained by the independent variable in the model. In the context of marketing, where R-squares above 13% are often considered strong, this suggests that the model does a relatively good job of explaining the variability in the outcome.

An adjusted R-square of 12.78% means that approximately 12.78% of the variance in the preference for buying sustainable products is explained by being a fan of sustainable brands in the model. The adjusted R-square adjusts the regular R-square for the number of independent variables, providing a more accurate measure of how well the model fits the data.

#### *D. Question 3*

There appears to be a positive linear relationship between being a fan of sustainable brands and the preference for buying sustainable products.

$b_0$  has no practical interpretation, in studies using Likert scales, where respondents never express a neutral or negative sentiment (like a score of zero), the intercept loses its meaning and is not a point of interest for analysis.

$b_1 = 0.8138$ , the regression equation predicts that for every 1-point increase in the rating of being a *fan of sustainable brands* (X), the *preference for buying sustainable products* (Y) increases by 0.8138 points on its own scale, on average.

Null Hypothesis ( $H_0$ ): there is no significant relationship between being a fan of sustainable brands and the preference for buying sustainable products.

Alternative Hypothesis ( $H_1$ ): there is a significant relationship between being a fan of sustainable brands and the preference for buying sustainable products

Simple Linear Regression Equation:  $\hat{y} = \beta_0 + \beta_1 X$

Preference for buying sustainable products =  $1.7771 + 0.8138$  (fan of sustainable brands)

Since the significance F is 0.0000, and the P value is 0.0000, we reject the null hypothesis and conclude that there is a significant relationship between being a fan of sustainable brands and the preference for buying sustainable products.

With an R-square of 0.2174, we know that approximately 21.74% of the variance in the dependent variable is explained by the independent variable in the model. In the context of marketing, where R-squares above 20% are often considered strong, this suggests that the model does a relatively good job of explaining the variability in the outcome.

An adjusted R-square of 21.42% means that approximately 21.42% of the variance in the preference for buying sustainable products is explained by being a fan of sustainable brands in the model. The adjusted R-square adjusts the regular R-square for the number of independent variables, providing a more accurate measure of how well the model fits the data.

#### *E. Question 4*

We performed a multiple regression analysis with a significance level of 0.05 to identify which aspects of artisans' stories resonate most with consumers.

Regression Equation:  $Y = 1.9567 + 0.1398X_1 + 0.1484X_2 + 0.1876X_3 + 0.1644X_4 + 0.2359X_5$

Where: Y = Do you prefer to purchase sustainable luxury products to generic luxury products?,  $X_1$  = Artisan's life story,  $X_2$  = Artisan's current economic condition,  $X_3$  = Artisan's product design,  $X_4$  = Artisan's heritage and  $X_5$  = Artisan-made limited-edition product.

Artisan's product design ( $p=0.035$ ) and artisan-made limited-edition products ( $p=0.033$ ) were statistically significant, indicating these resonate most with consumers. Artisan's life story, economic condition, and heritage were not statistically significant.

The adjusted  $R^2=0.2670$ : Approximately 26.7% of the variation in consumer preference is explained by the variation in the five artisan-related factors, independent of sample size and number of variables.

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