

Sustainability in Innovation: Pain, pleasure or necessity?



Brand Members



Associate Members



Today

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Trends

What that means:
And why sustainability matters

Innovation Case Studies:
Risk Assessment vs. Trends

Sustainability:
Pain, pleasure or necessity?

The Wool Example



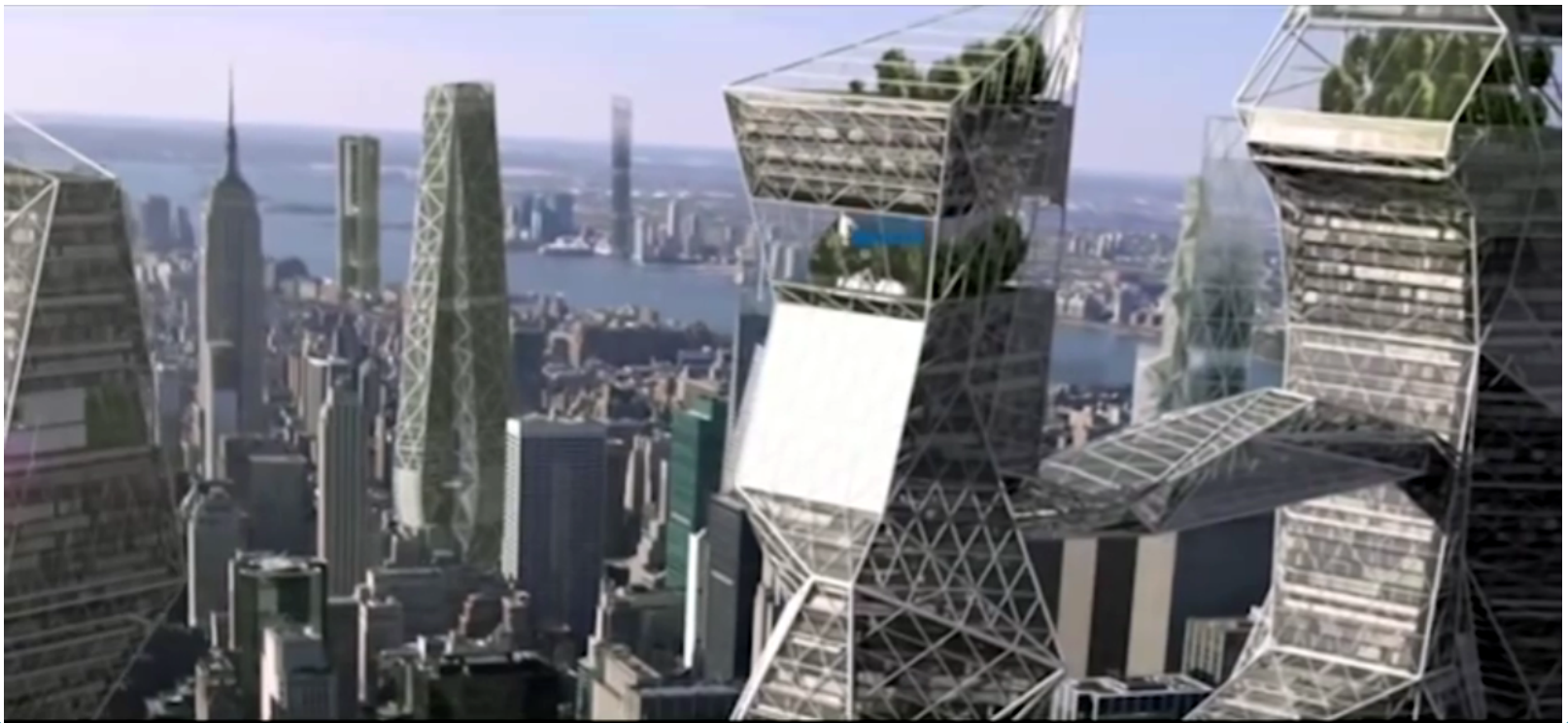
TRENDS



EUROPEAN
OUTDOOR
GROUP

MEGA TRENDS

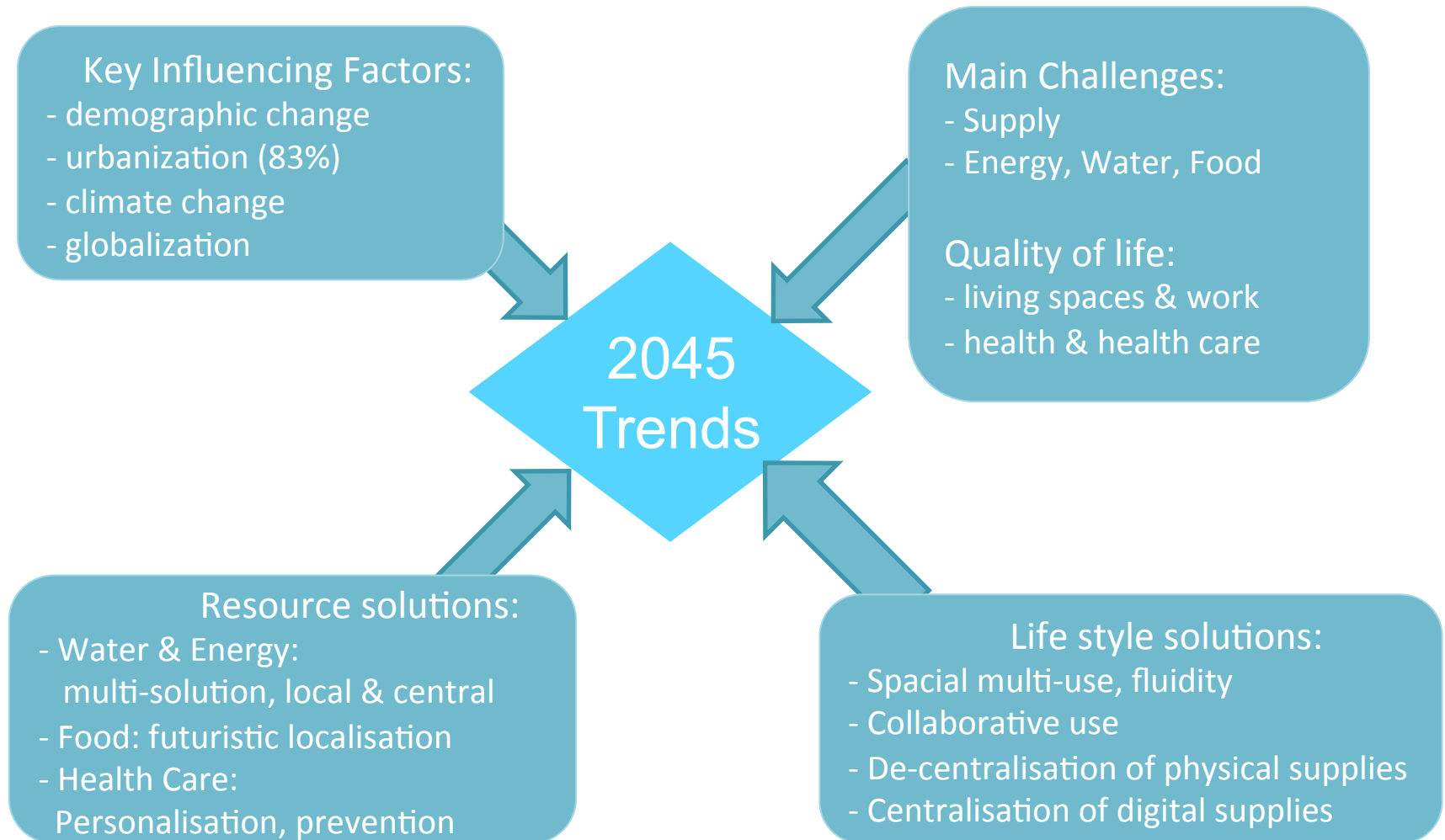
Individuals are important –
but community is key.



Realities: Masdar – Zero Emission City



Realities: Influencers



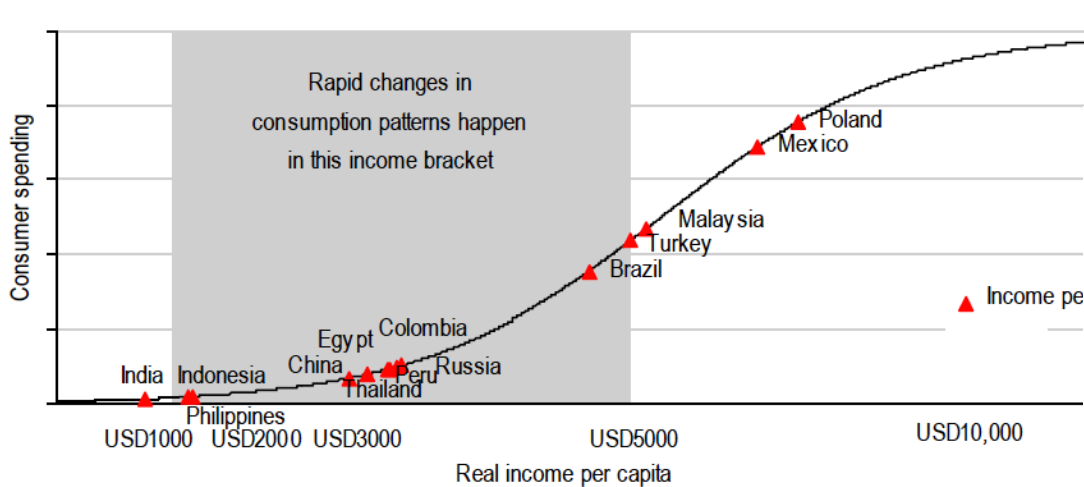
MARKET INVERSION

What if -
Asia became today's Europe?



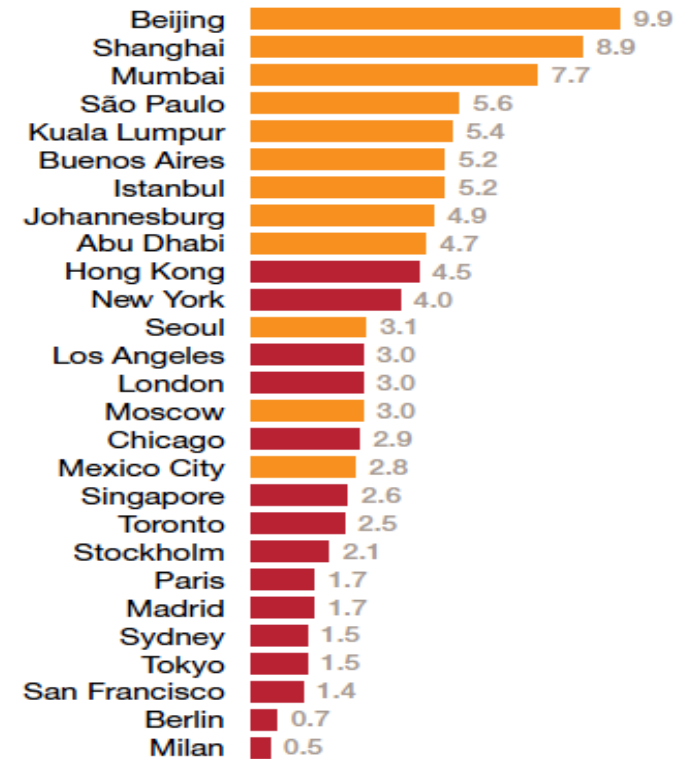
Realities: New geographies, new markets

3. Three billion people set to change their consumption patterns massively as they move through the key part of the 's-curve'



Source: World Bank and HSBC illustration

Retail sales growth per annum, Cities of Opportunity, 2012–2025



LOCAL HIGH-TECH ECONOMIES

What if -
Everyone was a Maker?



Realities: Digital is the Standard

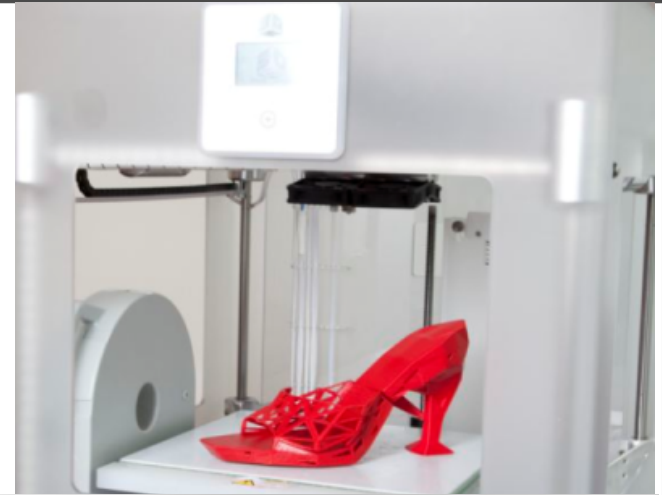
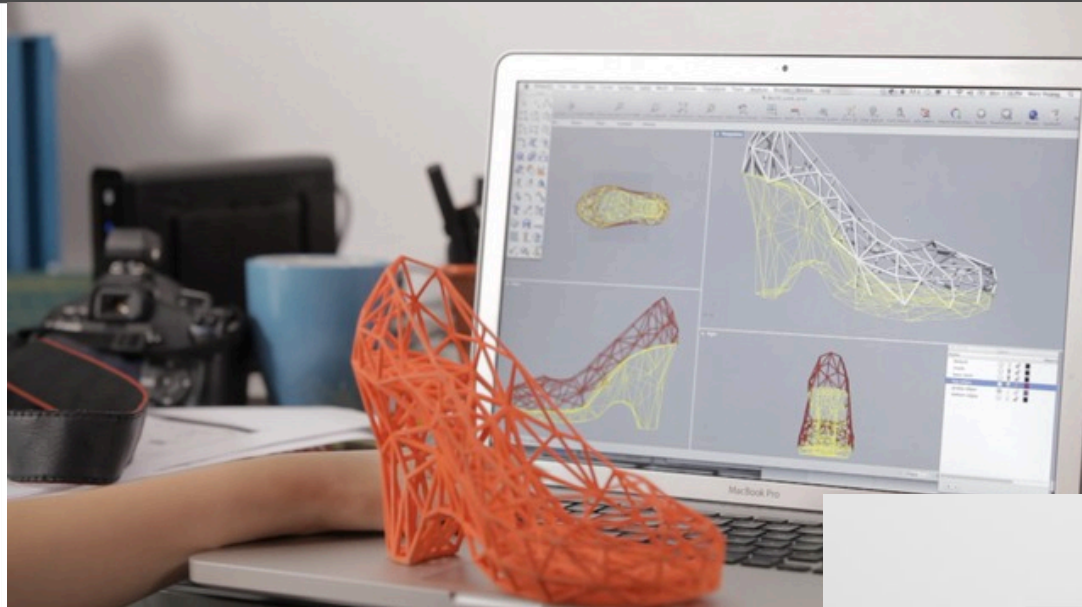
THE FIRST HALF



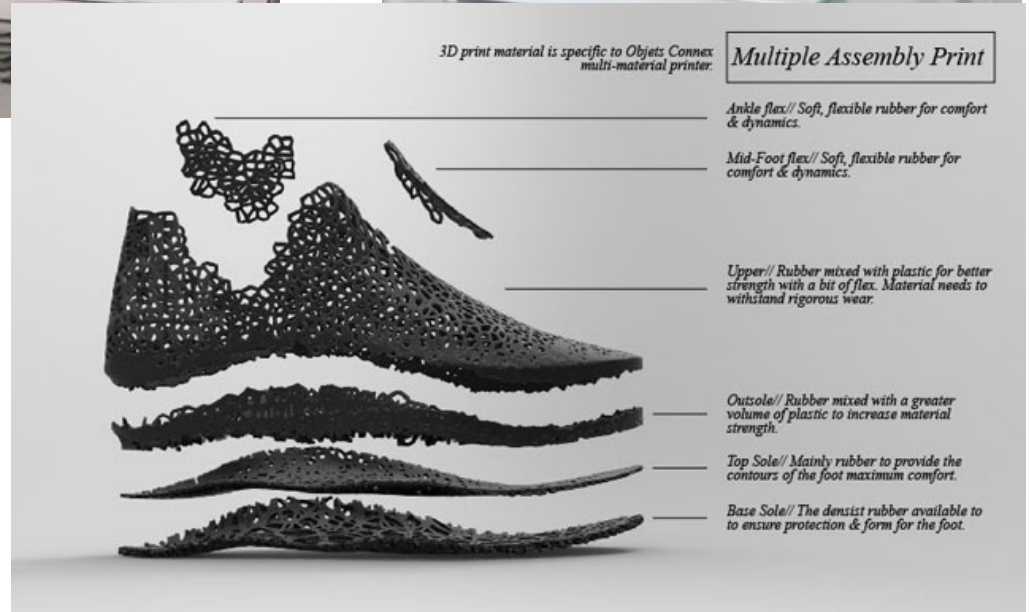
THE SECOND HALF

TECHNOLOGY IS A NOVELTY	➔	TECHNOLOGY IS THE NORM
TECHNOLOGY IS SCARCE	➔	TECHNOLOGY IS A COMMODITY
DIGITAL IS A DIFFERENTIATOR	➔	DIGITAL IS A MUST
DIGITAL IS AN ADJECTIVE	➔	DIGITAL IS TRIVIAL
TECHNOLOGY IS WORK	➔	TECHNOLOGY IS LIFE
FOCAL POINT IS BUSINESS	➔	FOCAL POINT IS HOME
DIGITAL MARKETING IS INNOVATIVE	➔	DIGITAL MARKETING IS MAINSTREAM
IT'S ABOUT TECHNOLOGY	➔	IT'S ABOUT BEING CLEVER
TECHNOLOGY IS A SIDE ACTIVITY	➔	TECHNOLOGY IS A CORE ACTIVITY

Realities: Supply Chain Disruption



**Power of
Brands?**



COLLABORATIVE COMPETITIVE MARKETS

What if -
We didn't buy to own?



Realities: Buy? Own? ... Not.



BROWSE THE DIRECTORY

CHILDREN	ELECTRONICS	ENTERTAINMENT
EQUIPMENT	FASHION	FOOD
HOME	LEARNING	LEISURE
LUXURY GOODS	MONEY	PETS
SPACES	TASKS	TRANSPORT
TRAVEL		

BAG BORROW or STEAL



Girl Meets Dress.com

THE SOCIETY OF THE WISE

What if –
2/3 of people were over 65?

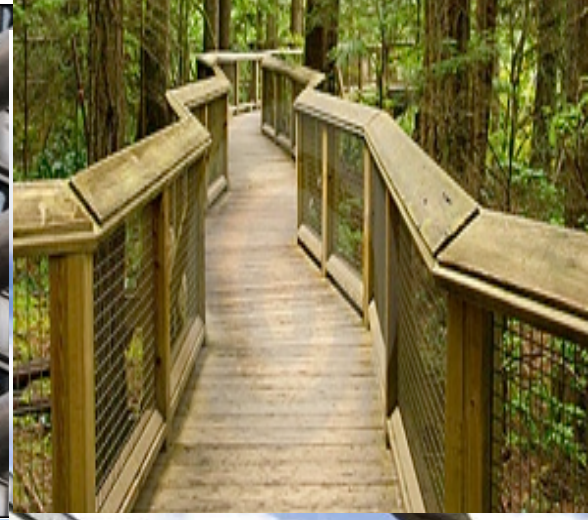


URBANIZATION

What if –
'outdoors' just means being outside?



Realities: Notions ... Anywhere outdoors



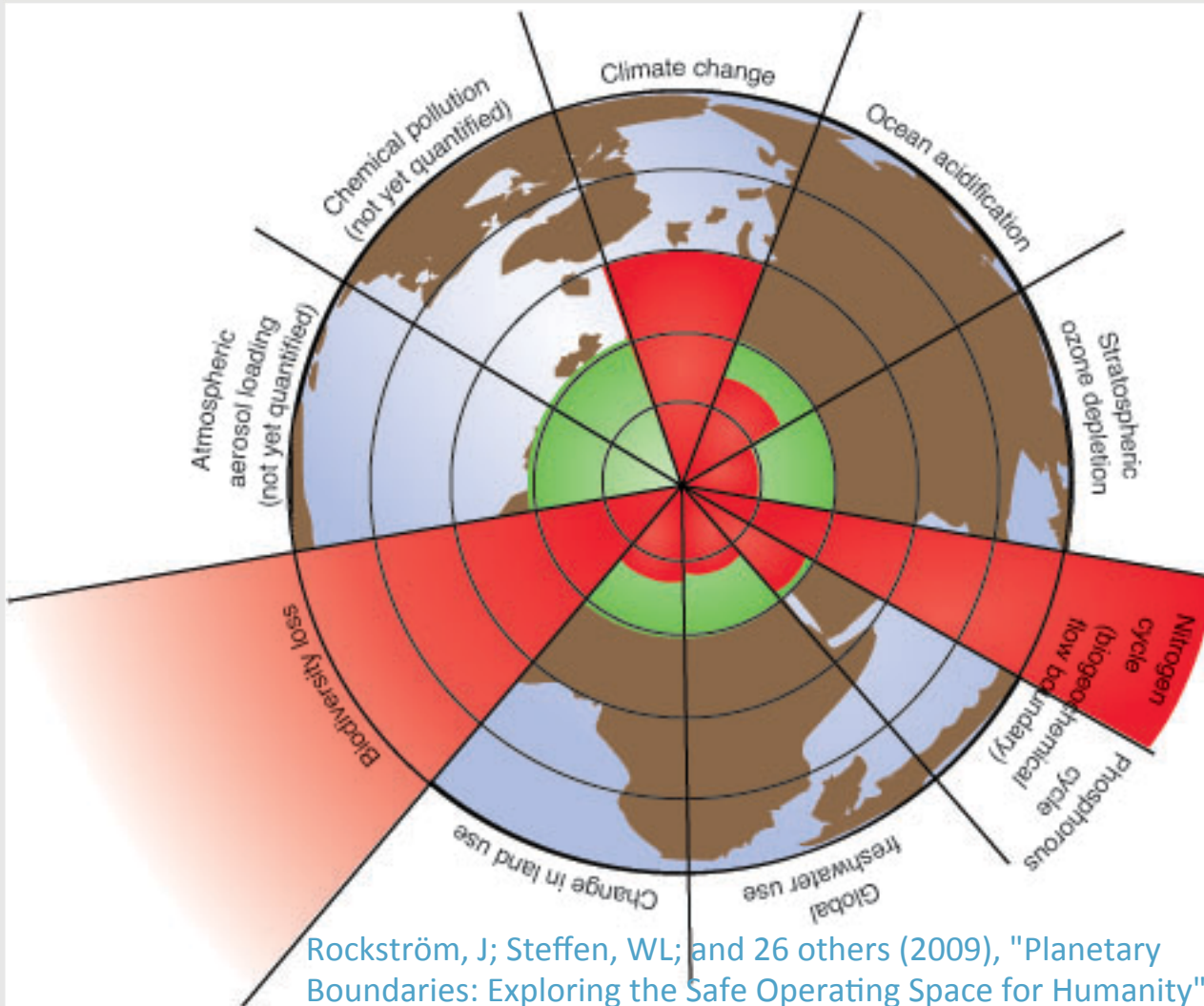
WHAT THAT MEANS

And why sustainability matters

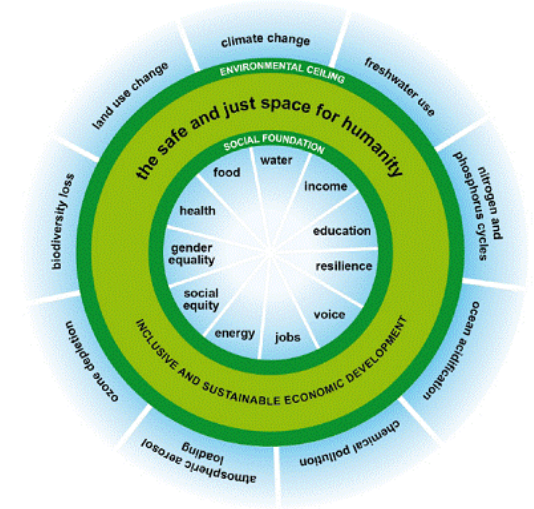


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Trends happen within a finite system



Rockström, J; Steffen, WL; and 26 others (2009), "Planetary Boundaries: Exploring the Safe Operating Space for Humanity", Ecology and Society 14 (2): 32



Raworth K. (2012), "A safe and just space for Humanity: Can we live within the doughnut?", Oxfam Discussion Paper, February 2012

There is **nothing** more valuable than ...
the relationship with the customer



INNOVATION CASE STUDIES: Risk Assessment vs. Trends



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Continuous Improvement: Sushi – (not) only for connoisseurs



Relationships with Customers: Not: just 'buy'. - Be part of the club

Huit Denim

Do one thing well

*Jeans, initially 2 cuts for men only
Now: 3 cuts, men & women*

Direct involvement

*Jean breaker club
No Wash club
Scrapbook chronicles*

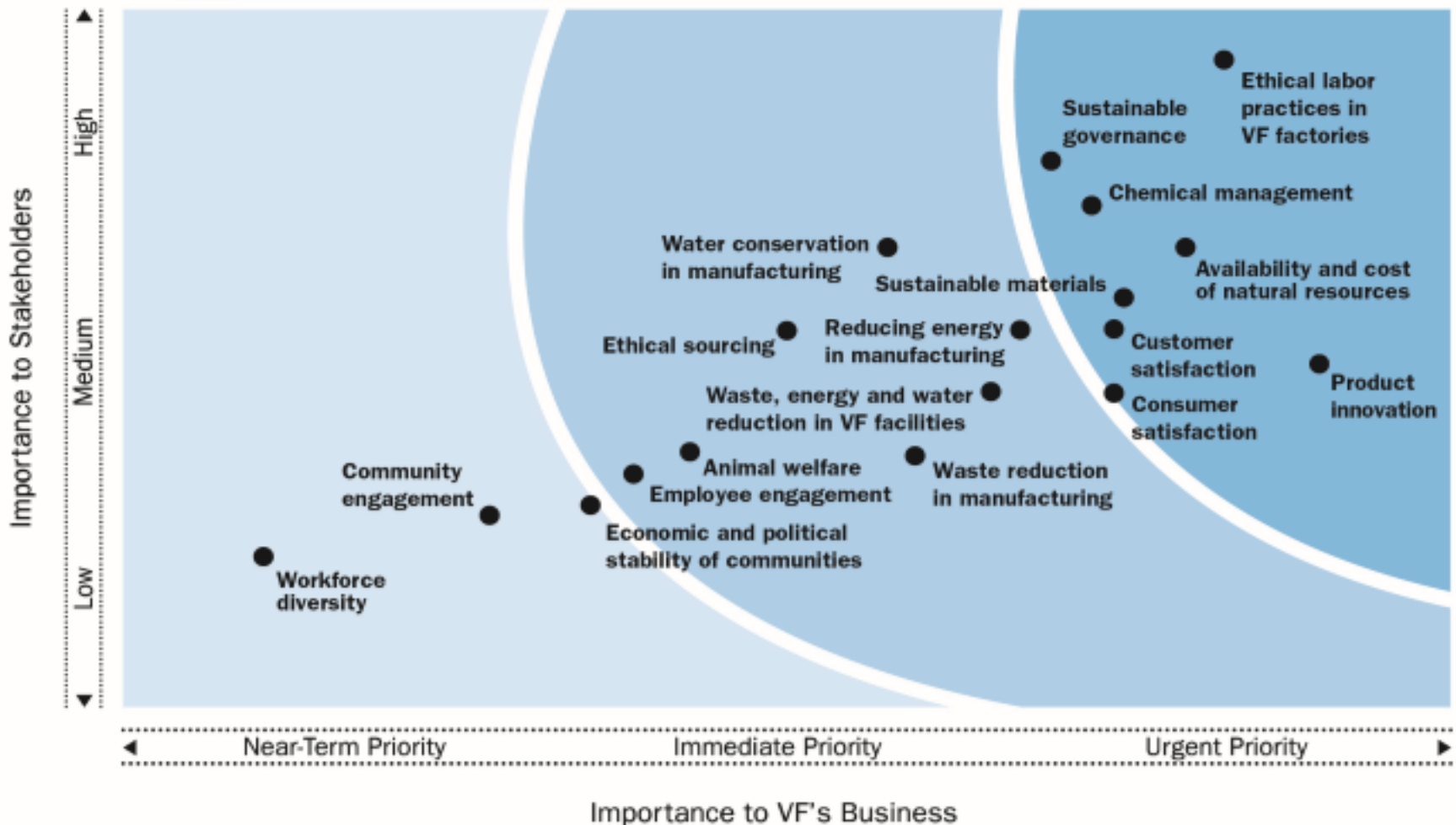
Pedigree

*Jeans master (autograph)
Limited numbers
Top quality
Open door policy*



Risk Assessment: 5WH, now & in the future

VF 2012 Sustainability Materiality Assessment



Bold Innovation:
If it doesn't exist, build it

This is TEIJIN's ECOCIRCLE recycling technology.



A true "circle" has no end.

SUSTAINABILITY

Pain, pleasure or necessity?



It's getting warm - slowly

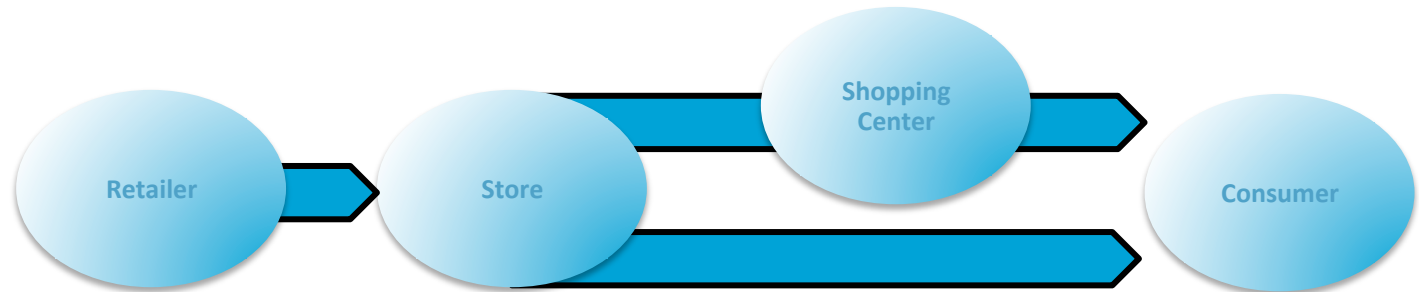


Assumption worth Questioning

Brick-&-Mortar Retail

has a monopoly on 'experience'

Perception:

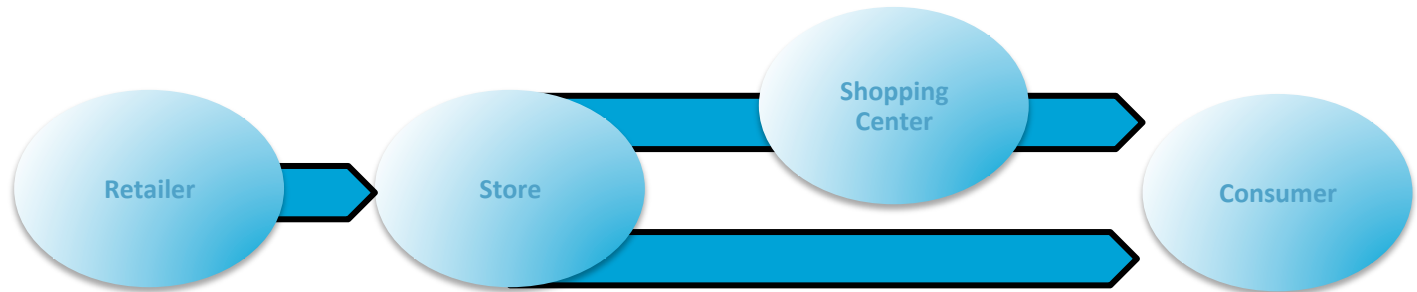


Assumption worth Questioning

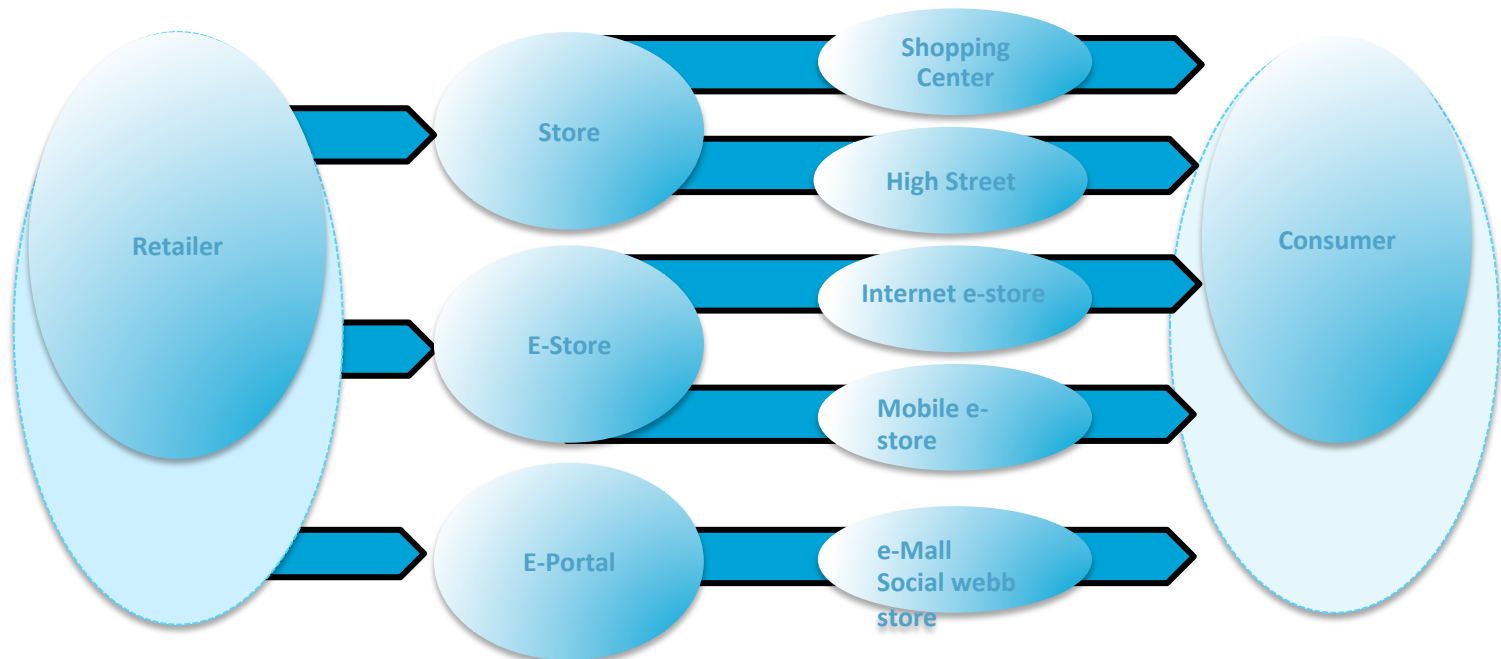
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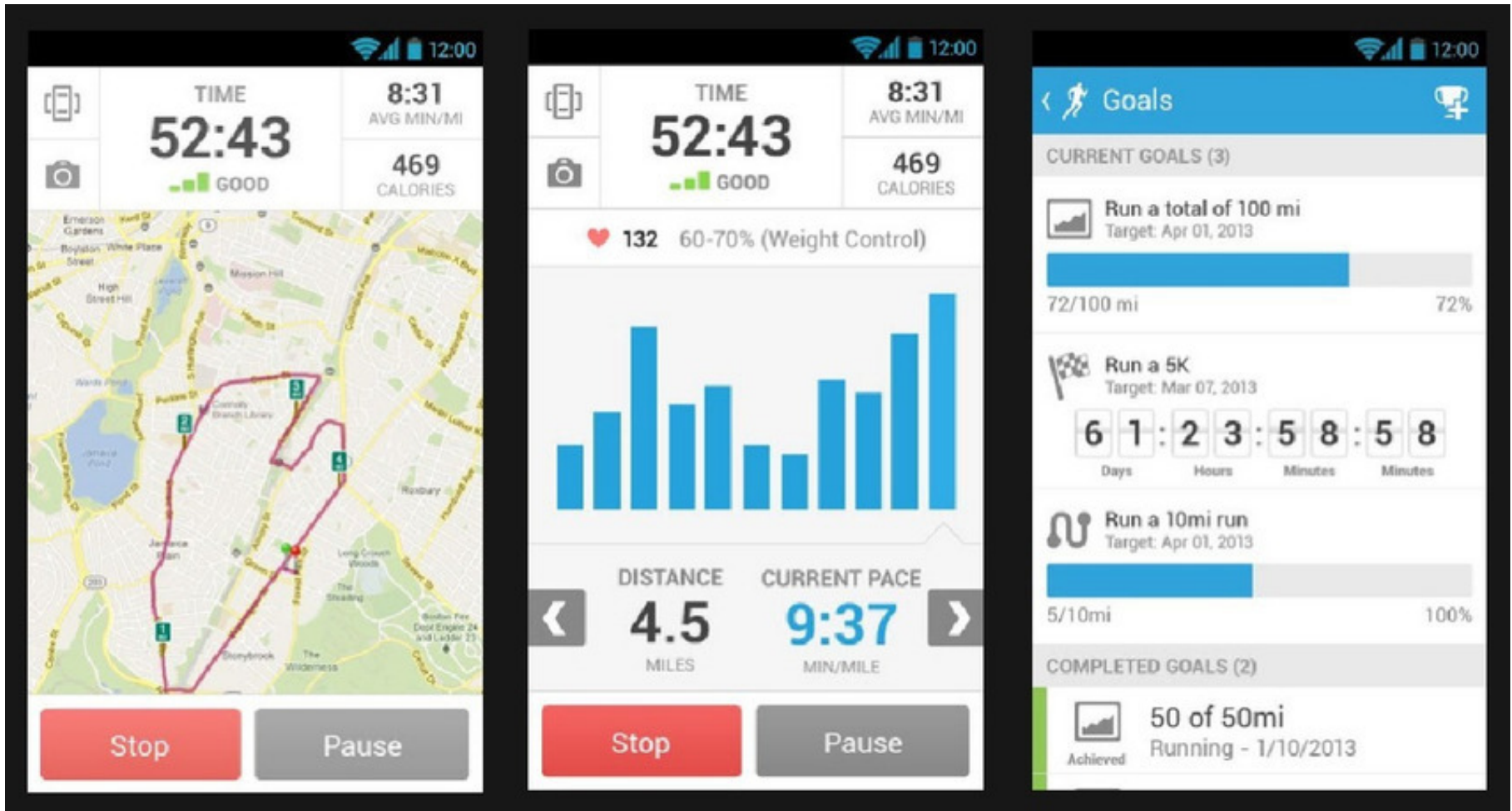
Reality:



Assumption worth Questioning

Experience

is the highest order value proposition



Vision and Measures: It's ONLY about your business

1. **Business Context** – Start from your own business context
2. **Sustainability Context** – Understand global trends
3. **Materiality Assessment** – Identify priority issues
4. **Future** – Develop vision for the future & strategy direction
5. **Baseline** – Understand where you are now
6. **Close the gap** – Set goals, targets, actions
7. **Integrate** – Integrate, implement, revisit.

EXAMPLE – Wool



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Risk Analysis + Bold Innovation

Business Context

- Increasing use of wool in outdoor
- Both, Merino (fine wool) and rare breeds
- Used in marketing
- Key for performance
- Small brands with little clout in global context
- Premium-price segment



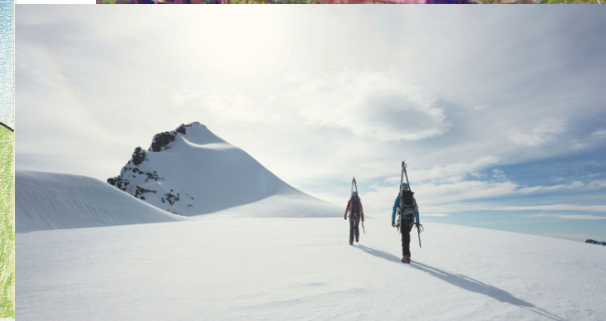
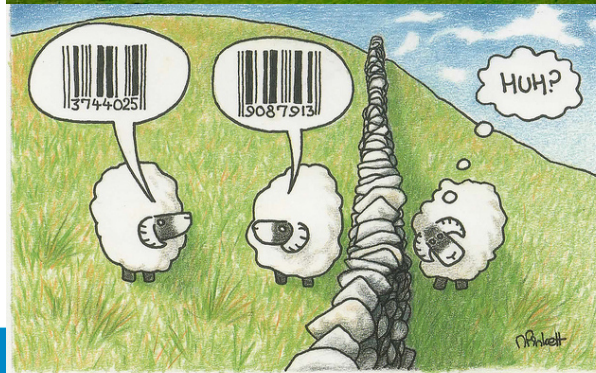
Recent tendency: Merino in

- Base layers
- Mid layer
- Sometimes even
 - Insulation
 - Backing in Hardshell



Sustainability Context – Understand global trends

- NGO activism
- Traceability in marketing
- Product safety (standards)
- Natural resources
- Image of outdoor



Risk Analysis + Bold Innovation

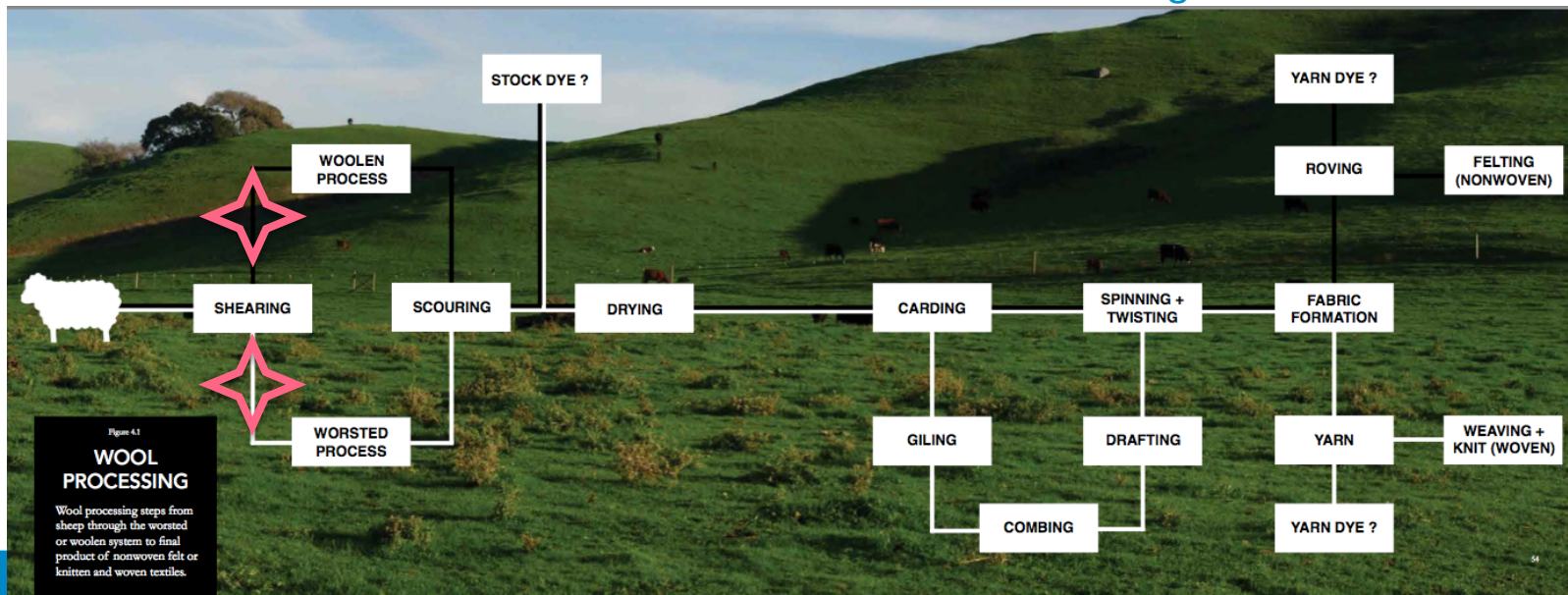
Materiality Assessment – Identify priority issues

- No or little insight into wool supply chain
- High risk as a consequence, for quality, supply, animal welfare etc.

 **Auction, Traders**

Future – Develop vision for the future & strategy direction

- One-stop-solution, simply as a concept to take on board
- Applicable to most relevant (supply) geographies
- Usable for small brands – which means also for big brands' suppliers.
- Accepted/acceptable to animal welfare orgs



Vision and Measures: It's **ONLY** about your business

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Risk Analysis + Bold Innovation: RWS

Baseline – Understand where you are now

- Lack of traceability
- Question of animal welfare
- Question of land management
- Animal Welfare, Natural (farming) resources
- Tradition of collaboration
- Expertise of some brands to create input
- Consumer perception of wool and outdoor align well

Close the gap – Set goals, targets, actions

- Contribute, collaborate to creation of standard as ‘one-stop-solution’.
- Guarantee suitability to outdoor: size, cost, viability

Integrate – Integrate, implement, revisit.

To Do - later

- Educate brands
- Inform take up



THANK YOU

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