

2024 Fashion Scholarship Fund Case Study

ESG: The Intersection of Brands, Environment, and Society

Merchandising

The fashion industry's growing interest in environmental, social, governance (ESG) has developed from increasing sustainable actions and the desire to measure brand impacts, reporting actions and results to consumers. ESG is still new for many brands, but it is fast becoming an important framework in the fashion industry as leaders seek to align environmental, economic, and social actions with the desires of customers ([Morgan Stanley, 2022](#); [Fromm, 2021](#)). Building on widespread interest in corporate social responsibility (CSR) which allows business to be socially accountable through self-regulation ([Heyward, 2020](#)), ESG takes a brand's commitment to transparency a step further emphasizing quantifiable actions. ESG enables brands to track their actions which are integrated into three pillars: environmental, social, and governance. ESG is not only about taking action, it is also about reporting impact, and giving back to the environment and society ([Chua, 2020](#); [Morgan Stanley, 2022](#)).

Merchandising: A Curated Sustainable Product Offering

Brands focused on environmental sustainability as a pillar of ESG may opt for high quality *core* garments that emit classic, unending style, providing consumers with the opportunity to build a capsule wardrobe and maximize wears per item. For instance, the Vetta capsule collection consist of 5 pieces that make 30 unique outfits that are timeless and sustainable ([Vetta, 2022](#)). Anya Hindmarch has integrated activated silk into a line of leather goods providing protection and durability while also enabling the products to have long-term biodegradability and minimize their environmental impact ([Cernansky, 2021](#)). By focusing on long-lasting core assortments and capsule collections, brands have a positive environmental impact by minimizing excess inventory at the end of the season, allowing the product to be sold the next season rather than discarding it. Additionally, brands like Gucci have sought to ensure customers have access to their classic styles for even longer, partnering with The RealReal to launch a resell shop ([Deeley, 2020](#)). Vetta, Anya Hindmarch, and Gucci are examples of brands that offer longevity and styles made to last.

Increasingly, environmentally sustainable fashion collections are focused on *fashion* items over *core*. This means more trend-forward or bold pieces that stand out from the crowd. Brands have discovered that bold fashion contributes to an individual's lasting style and can be a part of a sustainable wardrobe. For example, Bogdar created a collection of sustainable partywear including garments made of biodegradable and recycled materials ([Dirvanauskas, 2021](#)). Brands are finding ways to manage their sustainable offering without compromising their trend-forward vision. To reduce environmental impact, fashion collections may be released in limited quantities or through exclusive launches, minimizing the risk of unsold merchandise. Other brands focus on omni-channel product management, ensuring the inventory is available to all customers at the same time (e.g., in stores, online, or on their mobile app), enabling them to maximize inventory sell-through. For example, Telfar's increasingly iconic vegan-leather tote, which is lovingly referred to as "the Bushwick Birkin" is highly sought because it is so hard to get; it is hard to get due to limited quantities and exclusive drops ([Drohan, 2020](#); [Wheeler, 2022](#)).



Your Role

You are the Chief Merchandising Officer for an existing fashion brand of your choice. As Chief Merchant, it is your responsibility to establish your mix of product, including core and fashion. You must determine how to manage the merchandise to maximize sales and minimize extra inventory, this may be through channel strategies, markdowns, or promotional events. Within your job, you must address how merchandise will launch considering the holistic brand experience. Your goal is to deliver customers the product they desire when they want it and maximize sales.

Objective: Curate A Sustainable Product Offering to Maximize Assortment Offering and Minimize Excess Inventory

Your task is to develop an environmentally sustainable merchandising strategy focused on fashion, core, or a mixed assortment. Merchandisers curate the balance of fashion and core product to meet consumer needs; the right amount of get-it-now fashion mixed with everyday core pieces in the assortment. It is your task to build a product strategy and assortment plan focused on environmental sustainability and minimizing excess merchandise by selecting the right product in the right quantities for the right time. You will address how your assortment will be integrated with the existing merchandise strategy. To do this, consider when your collection should launch, how long it should be available, and if it should be “never-out-of-stock” or available in limited quantities only.

Brands may prioritize fashion or core product, or balance the two ([McKinsey & Company, 2019](#)). In your assortment strategy, consider whether you will focus on core, fashion, or a mixed assortment. The core assortment contains classics that are continually offered from year to year, while fashion refers to more trend-forward styles that are launched within a new season. Based on your chosen brand, the product offering may skew from less-is-more to high trend maximalism.

Conduct research to understand the consumer groups that are likely to engage with your brand and collection and create substantive goals for your merchandising strategy. Research the brand, marketplace, and consumer. Identify the focal points of your collection that establish it as environmentally sustainable. You will utilize these goals within your merchandise plan. Establish a merchandising strategy that will be relevant for the brand you have selected. Your environmentally sustainable merchandising strategy will address what type of assortment you are presenting, including core and/or fashion. Your merchandising strategy will also include an assortment plan and pricing strategy. Provide a rationale for how your plan will minimize excess inventory, you may specify details such as limited time offering, exclusive merchandise, or product management strategies. You will address how the merchandise will coexist with existing product offerings of the brand. Explain why you have chosen this brand and the product category. Consider the long-term implications and how you think your plan will be a merchandising business driver going forward.

You are to select a mono-brand, *not* a multi-brand retailer to focus on to curate your merchandise assortment. Examples of mono-brands include those mentioned above (e.g., Vetta, Telfar, Anya Hindmarch). The brand that you select should be generally well-known. Your brand may be pure-play or operate across channels (e.g., brick-and-mortar, e-commerce, or multichannel). It is suggested that you choose a company that is publicly traded so that information regarding the company is easily accessible. The brand that you chose must be a fashion apparel, accessories, footwear, home, beauty, or health & wellness brand. Your environmentally sustainable merchandising strategy can be for an existing product category and market segment addressed by the brand you select, or it can propose a brand expansion into a new product category



or market. The brand may already have an environmentally sustainable assortment, but your proposed strategy must evolve the existing offering or reach a new customer.

Merchandising Submission Format

This year, cases should be submitted as a minimum 16-page slide deck and no more than 21 pages including appendices and references. The slide deck should be in landscape orientation, with slides sized for on-screen show 4:3, 10" x 7.5". Submission files can be created in any software of the applicants choosing (PowerPoint, Keynote, Adobe InDesign, Illustrator etc.), however all cases **must be submitted in a flat PDF format** without video or sound.

The following slide sections should be followed. Minor adjustments to slide order may be made.

Section 1: General Introduction Slides (2-3 Slides)

- **Must be the first page/slide of the deck.** Include a title, your case study discipline, and one sentence summary of your environmentally sustainable merchandise strategy.
- Write an executive summary, covering all components of your case study. People reading your executive summary should get the essence of your case study without the fine details. The executive summary should be in paragraph format, no longer than 300 words. Be sure to briefly summarize your personal vision for your curated product offering and how your environmentally sustainable merchandise strategy will be relevant with the brand and consumer. Specifically, explain how the merchandise will evolve the brand's environmentally sustainable efforts.
- **Optional.** Include a one-page table of contents outlining the subsequent sections of your case study.

Section 2: Establish Your Brand (1-2 Slides)

- Share a brief comparison of two brands that you have researched including their current ESG strategies. One of the brands that is compared should be the fashion, beauty, or lifestyle brand that you believe would thrive with a new environmentally sustainable merchandise strategy.
- Building on your brand comparison, introduce your chosen brand and their current ESG strategy.
 - Address if the brand has an existing ESG strategy. The brand may have an alternative strategy to ESG, such as a CSR strategy or a sustainability strategy. Outline what that means for the brand.
 - Explain your brand choice using research about the firm's market, consumer, and/or sustainable strategies.
 - Address how your chosen brand would benefit from a new merchandise strategy.
 - This may include the brand's focus on the environment through materials, supply chain, or recycling of used goods.
 - It may also include social initiatives and/or collections focused on inclusivity.
 - Address any other brand actions that will be relevant to your merchandise strategy.

Section 3: Research (2- 3 Slides)

Summarize key findings from your research regarding the evolving fashion marketplace and consumer drivers related to ESG. This research should relate to your merchandising plan while demonstrating rigorous research across best-in-class market players that support your choice of brand.

- Summarize key findings from market research, environmental sustainability, and ESG research.



- Explore what is happening in the fashion industry relating to environmental sustainability and ESG, specifically as it will support your development of an environmentally sustainable merchandise assortment.
 - Identify leading trends in environmentally sustainable product offerings that can be utilized in your assortment/for your brand.
- Summarize findings from consumer research and identify the target customer segments you hope to attract.
 - Explain your target customer choice bearing in mind your brand's current market positioning, competitive advantages and strengths and weaknesses.
 - Illustrate what motivates the consumer and what is the best way to appeal to consumers given new lifestyles, behaviors, and attitudes.
 - Compare and contrast past shopping behaviors of your target consumer and how you expect them to engage through your proposed strategy.

Section 4: Environmentally Sustainable Merchandise Plan & Product Assortment (5-7 Slides)

Present your environmentally sustainable merchandise strategy including the product assortment and integration into your selected brand.

- Introduce your merchandise strategy and how it addresses environmental sustainability.
 - Explain your product mix's focus on core and/or fashion merchandise and why you have selected this type of merchandise.
 - Address the merchandise strategy's suitability to your chosen brand, the product assortment, and the integration into the business.
- Develop the initial product assortment including a SKU plan, your target sales, COGS, and gross margin goals.
- Outline your initial merchandise launch plan.
 - Explain when and how your product will be available to consumers. This may be across channels (e.g., ecommerce, brick and mortar, mobile).
 - When addressing your launch plan, consider the type of product you are presenting, core and/or fashion product, and how you would like customers to interact with it (i.e., in person, online).
 - Propose a percentage allocated to the various channels and explain your reasoning for the inventory investment by channel based on revenue/profit potential.
 - To minimize environmental impact, address how you would minimize excess inventory. This may be through initial product quantities, launch strategies, inventory management processes, etc.
- Create a 6-month sales plan detailing projected monthly sales, markup expectations, markdowns, gross margin, and inventory turnover.
 - Your sales plan should include monthly sales, receipts, average inventory, markdowns, cost of goods sold, and gross margin.
 - Utilize a bottoms-up approach to forecast the inventory (units) you will carry, your average inventory value (\$), projected sales based on expected foot traffic and conversion, as well as expected average unit retails based on anticipated level of promotion.
 - You may use the template provided or a template provided by your educator or mentor.



- In addition to presenting your sales plan, be sure to explain your method and assumptions. Utilize footnotes and the appendix to provide further details of your analysis if needed.
- Using the results of your sales plan, create a 6-month income statement projection (i.e., profit & loss) including the direct expenses for your new merchandise strategy.
 - Your income statement should include all direct operating expenses associated with the rollout of your product line, such as the cost of the product development, marketing, and any additional investments; do not include existing distribution or logistics costs unless you expect them to be incremental over your company's existing operations.
 - Your income statement should be rolled up for the 6-month period but shown in the aggregate (do not show monthly financials). Explain all of your assumptions.
- Financial projections will be judged based on the depth of research and business acumen displayed by the applicant.

Section 5: Social Implications (1-2 Slides)

As a part of ESG, your merchandise strategy will have social implications. Present the human benefits of your environmentally sustainable merchandise strategy.

- Address how your environmentally sustainable merchandise strategy will benefit people. This may be through diversity and inclusivity, worker rights, supply chain transparency, or other considerations that align with your brand objectives.
 - For instance, does it promote well-being for the consumers, the producers, or the brand employees?

Section 6: Making an Internal Impact (1-2 Slides)

Select one partner (e.g., Supply Chain, Visual Merchandising, Marketing) to expand on the critical partnership within your merchandise plan. Outline how you will partner with them regarding the proposed assortment.

- To maximize the impact of your environmentally sustainable merchandise strategy, you will collaborate with cross-functional partners such as Marketing, Visual Merchandising, and Supply Chain. You may present specific collateral and/or demonstrate the process integration for one partner.
 - For example, if partnering with Supply Chain, evaluate how your proposed strategy would be distributed to maximize initial sales and minimize excess inventory at the end of the season. You may consider factors such as timing and product origin. Address opportunities to efficiently manage the supply chain through direct to consumer, wholesale, and/or retail partnerships. Your distribution strategy should consider efficiency and effectiveness of distribution, allowing your merchandise strategy to be integrated seamlessly. Your brands distribution strategy should encompass all channels proposed in your merchandise launch such as brick-and-mortar, e-commerce, and/or social channels.
 - Alternatively, if partnering with Marketing, you must address how you will market the fashion and/or core portions of your product assortment. Outline your creative marketing campaign for your merchandise concept. Your marketing strategy may vary from in-store messages to traditional marketing (e.g., billboards, tv advertisements) and digital marketing (e.g., social media, SEO).
 - The provided list of departments are examples, you may choose an alternative department if it is more suitable to your project.



Section 7: Future Growth (1-2 Slides)

Outline your plans to scale if your environmentally sustainable merchandise strategy if it is successful.

- What are some of the ways you would consider scaling your collection to continue promoting environmental initiatives?
 - Consider some additional measures you might wish to integrate into the strategy in the future that align with the principles of ESG.
 - Consider how you might address the evolving desires of customers while maintaining a focus on a balanced product assortment.

Section 8: Appendix (3-5 slides)

Optional. Use the appendix to present additional ideas that supports your project concept. Your appendix may be a research appendix or a technical appendix.

- Examples of how to use the appendix:
 - **Research Appendix:** Summarize any research you have done on what factors contribute to the success of fashion collections, such as benchmark apparel, accessories, footwear, home, or beauty lines. You may also present further insights or development on the target market that may address the demographic/psychographic traits of the population cohorts.
 - **Technical Appendix:** Develop and present an additional conceptual aspect of your proposal that do not fit into the sections outlined. This may include a marketing plan, a visual merchandising guide, or an idea for how the brand will execute environmental or ethical aspects of the proposed plan.

Section 9: References (1-2 Slides)

Use the final slides for footnotes and a bibliography.

- References should be properly formatted using a format such as APA, Harvard, or Chicago style.
- Include a list of images sources in the reference section or provide the source for images on each slide/page under the relevant image.

General Guidelines

No specific font or format will be enforced. You are encouraged to utilize visuals throughout your presentation. It is advisable to not overload each slide with information, and to keep your presentation concise and to the point: each slide should take no more than 1-2 minutes to absorb by the reader.

All references should be annotated in footnotes visible within the slide and/or on a references/bibliography page at the end of your slide deck. Do not use hyperlinks in a footnote as the content cannot be accessed once the case study is uploaded.

Do not include your name or college/university affiliation on the title page or anywhere in the case study as the review process is anonymous.

Be sure to proofread your case study. Points will be deducted for not following format directions, as well as for grammar and spelling errors.



JUDGING CRITERIA:

Your case will be reviewed by industry professionals including the FSF Board of Governors, FSF Mentors, and FSF Alumni. Judges will use the following criteria to score your case:

Creativity & Feasibility (40%)

- Is the applicant's idea unique, inspiring, and innovative?
- Is the applicant's idea well-thought-out and conceivably executable?
- Is the applicant's idea clearly connected to the selected brand?

Research & Development (40%)

- Has the applicant completed exhaustive research on best-in-class market players to identify the best brand for their concept?
- Has the applicant conducted thorough market and consumer research, such as instances when an idea similar to their own has been executed in the past, and summarized relevant findings that will help them fulfill their objective?
- Has the applicant developed an assortment and channel strategy that is cohesive and reflects the intentions of their concept?
- Has the applicant presented a 6-month plan that is realistic and clearly explained?

Clarity (15%)

- Does the scholar display strong business acumen and common sense?
- Does the applicant's case follow logical development and a clear structure; is it easy to follow and summarize?
- Did the applicant clearly complete each portion of their prompt?

Format (5%)

- Did the applicant use correct grammar and spelling?
- Did the applicant include a title page with one sentence to summarize the case?
- Was the applicant's name and school kept anonymous?

Required Documents for Submission

- 1) Completed FSF Case Study
- 2) Current Resume
- 3) Current Unofficial Transcription
- 4) Cover Letter: Please prepare a 250-300-word maximum cover letter containing your response to the following questions:
 - Why are you interested in the fashion industry?
 - What are your current career aspirations?
 - Why have you decided to select your case study discipline?
- 5) Cover Letter Addition: **Additional Question for "Post Modern" Scholarship Applicants Only.** Students who are **Black, African American, or African descent** are eligible for the "Post-Modern" Scholarship, a part of Virgil Abloh's™ legacy. The "Post Modern" Scholarship was created to empower the next generation of black fashion



industry professionals. This is an opportunity to move beyond a scripted idealized narrative to share your personal story. We encourage you to share not what you think we want to hear, but what makes you who you are.

Applicants may use an additional 100 words to answer this one question. You will integrate this into your cover letter:

- Please explain why Virgil Abloh's™ "Post-Modern" Scholarship mission is important to you personally and anything else you would like the team carrying on Virgil's mission to know about you.

Eligibility Requirements

- A minimum overall G.P.A. of 3.20.
- You must be a full-time sophomore, junior, or senior enrolled in an FSF member school.
- You must be graduating no earlier than Spring 2024.

Deadlines and Announcement of Competition Results

February 1, 2023: Wizehive, the digital platform used for FSF case study submissions will open. Your FSF faculty member will provide you with the Wizehive link. Complete the Applicant Profile on Wizehive to participate in FSF Summer Scholar Series.

October 16, 2023: Submit all four of your required documents mentioned above on Wizehive BEFORE 11:59 **AM** Eastern Standard Time (before noon) to avoid any issues with submission. The Wizehive portal will close PROMPTLY at 12:00 **PM** (noon). Be sure to allow sufficient time to upload all *four* required documents – the Wizehive submission portal will close automatically at the scheduled time even if an upload is still in progress. If all four of your documents are not fully uploaded, your submission will not be received by the FSF. Please contact Katie Simone, FSF Programs Assistant Ksimone@fashionscholarshipfund.org who will help rectify any submissions that are incomplete.

You will receive a Confirmation of Submission to your Wizehive Homepage that your submission process was completed.

Announcement of Scholarship Results: The Scholarship competition results will be sent to the FSF faculty member at your school by the first week of December. Your FSF faculty member will share the results with you.



Appendix: Case Study Insights & Resources

What is Environmental, Social, Governance (ESG)?

The first pillar of ESG is *Environmental*, addressing how the actions of the company impact the environment. In fashion, brands are rapidly advancing environmental initiatives, including tracing a brand's environmental impact through materials, sourcing, and transport of the product ([McKinsey & Company, 2021](#)). For example, in an effort to ensure long-term climate action, the founder of Patagonia recently transferred company ownership to ensure that all brand profits are used to combat climate change and protect the planet ([Gelles, 2022](#)).

The second pillar of ESG is *Social*, examining the brand's impact on society and relationship with people like employees, producers, and consumers. For many brands, social actions are being integrated with environmental actions. For example, Citizens of Humanity, Mara Hoffman, and Timberland are partnering with cotton farmers to advance regenerative agriculture practices and improve fashion's relationship with the environment while also monitoring farmers' rights ([Kent, 2022](#); [Seyran, 2021](#)).

The third pillar of ESG is *Governance*, monitoring how a company is overseen, the diversity of chief executives and board members, and the structure of brand leadership. Recognizing both opportunities and challenges in recent years, fashion brands have started to introduce new executive positions such as chief sustainability officer and are increasing the diversity in the boardroom ([Butler-Young, 2022](#); [BOF Team, 2021](#)).

What is a Brand?

A brand *creates* product under one specific name. For example, Burberry is a brand that creates Burberry-branded footwear, apparel, accessories, and fragrances. Additional examples of brands include Louis Vuitton, Rains, and Levi's. In contrast, a retailer *sells* goods to the end consumer. Retailers like Macy's, Nordstrom, and Target are multi-brand retailers, meaning they carry a variety of brands. The focus of this year's case study is to select *one brand*, or a mono-brand. Brands like Nike and American Eagle also have retail operations; the distinction as a brand is demonstrated in the creation of merchandise under one label. In contrast, multi-brand retailers sell merchandise from a variety of brands.

Additional Resources: ESG in Fashion

Albella, E., Balchandani, A., Cornbleet, N., & Lee, L. (2022, June 28). In search of fashion's sustainability seekers. *McKinsey & Company*. <https://www.mckinsey.com/industries/retail/our-insights/in-search-of-fashions-sustainability-seekers>

American Eagle (2022). ESG: Environmental, Social, Governance. <https://investors.ae.com/esg/default.aspx>

Bloomberg. (2021, July 8). Swedish Challenger to H&M Planning IPO to Lure ESG Investors. *Business of Fashion*. <https://www.businessoffashion.com/news/retail/swedish-challenger-to-hm-planning-ipo-to-lure-esg-investors/>



BOF Careers Team. (2022, October 31). What fashion marketing professionals need to know today. *Business of Fashion*. <https://www.businessoffashion.com/articles/marketing-pr/careers-market-insights-industry-news-fashion-marketing/> ***For Marketing***

Cernansky, R. (2021, December 8). Meet the silk startup replacing the chemicals in beauty and clothing. *Vogue*. https://www.voguebusiness.com/sustainability/meet-the-silk-startup-replacing-the-chemicals-in-beauty-and-clothing?itm_source=manual_article_recommendation

Espirit. (2022). Sustainability Report (with ESG indices). <https://www.esprit.com/Resources/Persistent/1/4/f/b/14fb28e7655b4cc60f70dcc77170d8568aa6d7d7/Espirit%20Sustainability%20Report%20FY1920%20EN.pdf>

HKRita. (2022). *Garment to Garment*. <https://www.hkrita.com/en/garment2garment>

Klerk, A.D. (2022, February 2). #TheBrand | Stine Goya on how Scandi style is driven by gut instinct and individuality. *Harper's Bazaar*. <https://www.harpersbazaar.com/uk/fashion/a38951549/stine-goya-interview/>

LVMH. (2021). 2021 Social and Environmental Responsibility Report: Committed to Positive Impact. <https://r.lvmh-static.com/uploads/2022/04/2021-social-and-environmental-responsibility-report.pdf>

Nanda, M.C. (2021, February 23). Fashion Goes Green to Raise Capital: The likes of Chanel, Adidas and H&M are landing funds based on potential environmental, social and governance impact, relying on sustainability targets to secure both public and investor goodwill. *Business of Fashion*. <https://www.businessoffashion.com/articles/sustainability/fashion-goes-green-to-raise-capital/>

Roshitsh, K. (2022, September 30). 'Beyond Remade' Launches From Veteran Clothing Upcycler Bank and Vogue. *WWD*. <https://wwd.com/sustainability/innovation/beyond-remade-clothing-upcycling-fashion-bank-and-vogue-denim-1235365311/>

Segal, M. (2021, March 1). Nike Launches Broad Set of 2025 Sustainability Targets, Ties Exec Comp to ESG Goals. *ESG Today*. <https://www.esgtoday.com/nike-launches-broad-set-of-2025-sustainability-targets-ties-exec-comp-to-esg-goals/>

Sheehan, E. (2022). Sustainability in retail: Profit, people, and the planet. *Deloitte*. <https://www2.deloitte.com/global/en/pages/consumer-business/articles/sustainability-in-retail.html> ***For Strategy***

Solca, L. (2020, October 6). How the Climate Crisis Is Reshaping Luxury: Consumers and investors are becoming increasingly concerned about the environment. *Business of Fashion*. <https://www.businessoffashion.com/articles/luxury/how-the-climate-crisis-is-reshaping-luxury/>

World Fashion Exchange. (2022, May 20). Tech Pack 101: Everything you need to know about fashion tech packs. <https://www.worldfashionexchange.com/blog/tech-pack-101-everything-you-need-to-know-about-fashion-tech-packs/> ***For Design***