

Company Project 1 & 2:
Business Strategy Report

Robert Alatorre
March 17, 2020
AMM 3100.01

Company Name and Description

- **Name:** graft.
- **Established:** January 30th, 2020
- **Location:** Los Angeles, CA
- **Target Consumer:** Our target consumer is the maturing adult male who values art, design, and science. They value and recognize various design languages and art styles. They value sustainability and engage in sustainable practices of their own. They are willing to spend more on products that are made ethically and are higher quality. This consumer does not follow trends, but instead they experiment with their own style. They are a college graduate with a bachelor's degree (or higher) and is white-collar employee.
- **Gender & Age:** Male (25-30 years old)
- **Income:** Earns about \$70,000 annually
- **Products:** Menswear shorts, pants, shirts, t-shirts, sweaters
- **How are they unique:** High-quality/technical garments, sustainable and ethical manufacturing and sourcing, cradle-to-cradle garment lifecycles, design originality.
- **MSRP:** T-shirts \$80, Shirts \$300, Sweaters \$350, Pants \$320, Shorts \$220

Vision Statement

A curation of aesthetics and science by humans, for earth.

Mission Statement

The relationship humankind shares with earth is unique to say the very least. The opportunity to create something new is a precious exchange with our planet. We at graft. respect this exchange behind everything we create. That's why we're dedicated to creating the most sustainable supply chain possible by integrating clean science at every stage. But sustainability should not sacrifice imagination, that's why we adopt that same dedication to bring meticulous design to everything we create. The best things in life take time, and to help achieve our vision we will be donating 1% of generated sales to the scientific research of sustainable textiles.

Core Strategy

Our company will focus on implementing a *product core strategy*. This decision will ultimately allow us to develop better products. Permitting more concentration to improve on the things that matter most to the company; quality, design, manufacturing, and overall footprint.

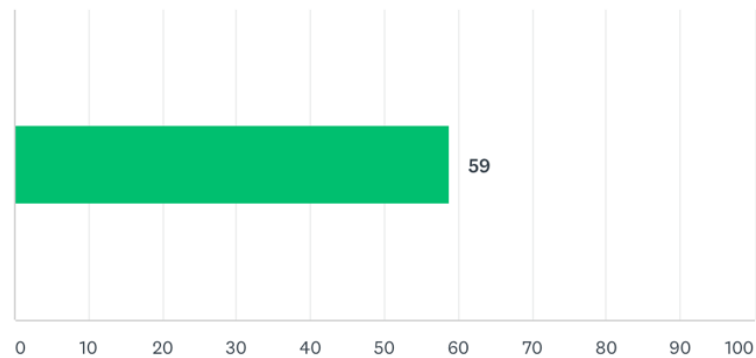
We strive to create at the highest level possible by blending state-of-the-art machinery and real people who are masters of their craft. Our fabrications will be composed of recycled fibers, upcycled fabrics, and new fabrics that are made with a low environmental footprint. Findings and trims will also be recycled or upcycled. We source our materials from local mills and fair-trade affiliated mills overseas. Our laboratories will be dedicated to research, development, and experimentation of new fabrications, coloration (dying/printing) methods, etc. Our coloration methods are clean, safe, and do not consume large amounts of energy. Our goal is to minimize our impact on the planet, that's why we plan on gradually converting 100% of our manufacturing operations toward renewable energy.

Fashion Report: Primary Data

I created a digital survey using SurveyMonkey.com, eight questions in total were asked to collect primary data. The following results concentrate on the three most important questions asked during the survey. I decided to use a survey instead of an observation to gather my primary data because I wanted to attain a better sense of consumer opinions on specific questions and circumstances related to fashion sustainability and ethics. The survey was shared with randomly selected individuals to avoid biased results. Though sixteen respondents completed the survey, this format of primary data collection is beneficial for gathering sample data from more abundant and diverse populations.

How important to you is sustainability and ethics in fashion?

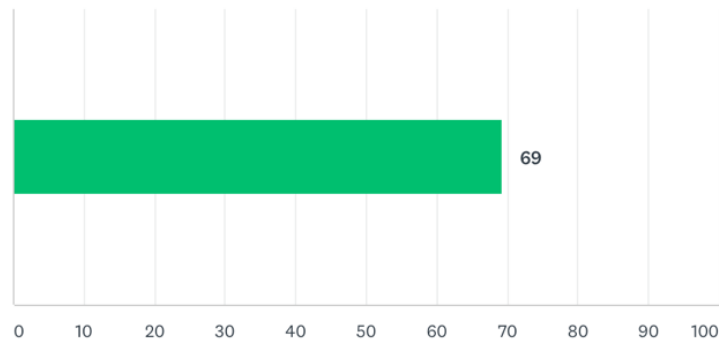
Answered: 16 Skipped: 0



- On average, the importance of sustainability and ethics in fashion is rated 59 out of 100

How important to you is a company's transparency with its manufacturing processes?

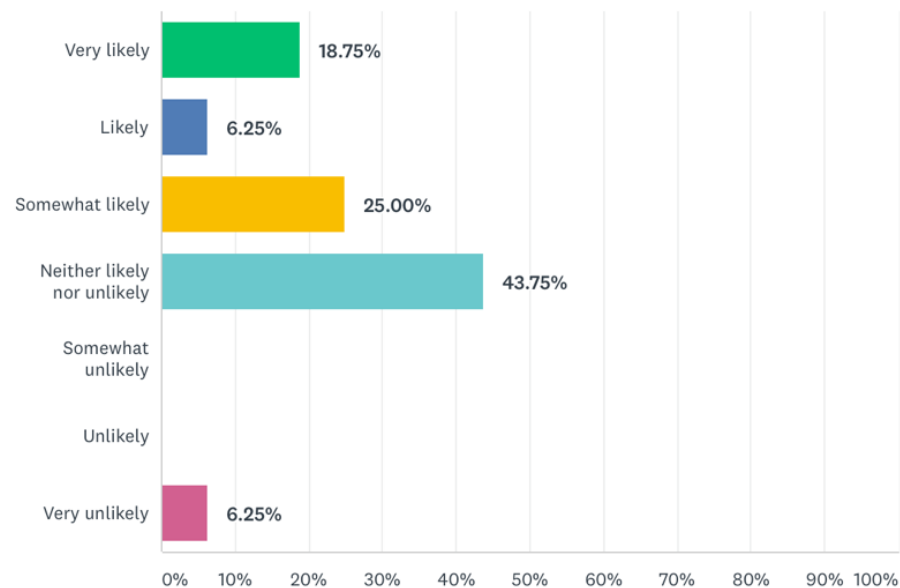
Answered: 16 Skipped: 0



- On average, the importance of a company's transparency with manufacturing processes is rated higher at 69 out of 100

How likely are you to purchase a garment that has been developed with an end-cycle in mind (cradle-to-cradle lifecycle), even though it's priced higher than garments that have no end-cycle planned?

Answered: 16 Skipped: 0



- Out of 16 responses, 43.8% reported that they are neither likely nor unlikely to purchase a garment with a cradle-to-cradle lifecycle; followed by 25% who are somewhat likely, 18% are very likely, and 6.3% are likely and very unlikely

The results from the survey explain that even with a small sample population, individuals value sustainable and ethical apparel manufacturing. When asked how familiar they were with the sustainability issues in today's apparel industry, 50% of individuals reported that they were somewhat familiar. I believe it is important to educate customers even further with the sustainable manufacturing methods that go into making my apparel line but implement education through a channel that's contemporary to this generation. Through a strong line of communication with consumers, a contemporary sustainable brand like graft is likely to be received with a welcoming reception amongst consumers.

Demographics Analysis

Table 1.1 Demographics analysis on Nordstrom target locations.

Nordstrom, Inc.				
Store Locations (City, State)	Irvine, CA	San Diego, CA	Los Angeles, CA	Average
Zip Code	92618	92108	90067	X
Total Population	34,704	21,973	2,235	X
General Characteristics				
Male (percentage)	52.8%	51.5%	52.0%	52.1%
Age (25-29 years old)	11.1%	18.0%	4.9%	11.3%
Social Characteristics				
Education (25 years old and over with a bachelor's degree)	37.8%	33.8%	42.0%	37.9%
Economic Characteristics				
Employed	64.2%	65.0%	38.6%	55.9%
Management, business, science and arts occupations	72.0%	51.7%	72.9%	65.5%
Professional, scientific, administrative, and waste management	23.6%	17.8%	21.6%	21.0%
Manufacturing	15.5%	5.1%	6.4%	9.0%
Household income (\$75,000 - \$99,999)	13.9%	10.8%	6.9%	10.5%

American Factfinder: 2017 American Community Survey

Our target consumer is a 25 to 30-year-old male adult. He is a college graduate with the educational attainment of a bachelor's degree or higher. He is a white-collar employee in the management, arts, science, or entertainment fields. This individual resides in more affluent locations and earns an annual minimum of \$75,000. Three Nordstrom department stores located in different cities across the Southern California region were targeted to conduct demographic research; Los Angeles (90067), Irvine (92618), and San Diego (92108) signify the neighborhoods in which these stores are located. The following demographic data was gathered from the United States Census Bureau using the American Fact-Finder tool for the 2017 year.

The average population of males in Irvine, San Diego, and Los Angeles is 52.1%; which proves a higher male population in each city. Upon closer inspection of the targeted age group, 11.3% is the average population of males whose age is between 25 to 29 years old. The average educational attainment for males 25 years or older with a bachelor's degree is 37.9%. The data also shows suitable economic characteristics of the areas, with the employment rate averaging out at 55.9%. Occupations in management, business, science, and arts make for 65.5% of the workforce, whereas professional, scientific, administrative, and waste management occupations make up 21%. Manufacturing is responsible for about 9% of the selected economies. 10.5% of households in the targeted areas earn \$75,000 - \$99,000 a year.

In conclusion, I consider the locations to be an appropriate match for my target customer based on the economic, social, and general characteristics of the areas. Considering the extremely high populations of Los Angeles (4.6 million) and San Diego (1.4 million), these locations are likely to attract even more males within the targeted age group because they exist within heavily populated epicenters. Although the City of Irvine has a much lower total population, this store location serves a healthy percentage of males in our targeted age group. These cities are additionally well-known for their collection of diverse cultural characteristics, and the results confirm that with more than 50% of people working in management, business, science, and art occupations. These factors are critical to our target customer because they highly value art, science, and other related subjects. Ultimately, making these locations appear even more desirable to current and future residents.

Retail Customer Merchandise Strategy

I believe Nordstrom is a suitable retailer to distribute our latest apparel line for multiple reasons. Nordstrom has more than a century of experience in the apparel industry, with that comes a firm understanding of evolving consumer behavior and the importance of implementing the most beneficial technologies. They've developed a robust omnichannel strategy that has refined traditional services while experimenting with contemporary services. Although serving a large consumer audience with prices beginning in the *bridge* apparel market, they have successfully secured a presence in the contemporary *luxury* market.

Our apparel line blends the sustainable and luxury markets, that's why we're confident in Nordstrom's strategy to launch our new line. Their most significant strategies are discussed in their annual 10-K report for 2018:

“Our customer strategy focuses on providing a differentiated and seamless experience in a digital world across all Nordstrom channels, including mobile and social channels. Our local market strategy is an example of this where we bring all of our assets together in one market to serve customers when, where and how they want by connecting physical and digital assets.” (page 9)

I trust in Nordstrom's strategies, as they understand the need to satisfy current and anticipate future consumer shifts. Developing a seamless omni-channel experience is important to maintaining a loyal customer base through the next generation of consumers. Nordstrom's local market strategy is ahead of its competitors, it allows for conceptual or new ideas that redefine the retail experience. As younger generations mature into adulthood, it's very likely for them to continue their influence on the apparel industry to participate in sustainable practices.

References

- Alatorre, R. (2020, February 19). What are your thoughts on Fashion? Retrieved from <https://www.surveymonkey.com/r/LX3NHMD>
- Data Access and Dissemination Systems (DADS). (2010, October 5). American FactFinder. Retrieved February 20, 2020, from <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>
- Nordstrom, Inc. (2018). 2018 annual report. Retrieved February 20, 2020, from <https://press.nordstrom.com/static-files/7ec12efb-df9b-4993-a59f-44580dec8ba2>
- Nordstrom, Inc. (2018). 2018 corporate social responsibility report. Retrieved February 20, 2020, from <https://shop.nordstrom.com/c/nordstrom-cares-sop-archive?breadcrumb=Home%2FNordstrom%20Cares%2FSharing%20Our%20Progress>
- Our Stores. (n.d.). Retrieved February 20, 2020, from <https://shop.nordstrom.com/c/sitemap-stores#anchor-link-california>