

# GUESS



## Closed-Loop Systems Analysis

*From a macro- & micro-perspective*



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# Recycling & Takeback Programs

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Branded, Open, Denim Specific





# Branded Takeback

## Levi's – SecondHand

- ITEMS TAKEN: Levi's denim bottoms or jackets [good condition]
- OFFER: Gift card for trade value [based on original retail, condition, and age to be resold]
- ETC: Mission: connect people to timeless styles they otherwise may not have found and save clothing from going into a landfill

## RE/DONE - RE/SELL

- ITEMS TAKEN: Used or new RE/DONE jeans
- OFFER: Store credit for 80% of what item resold for
- ETC: Second-hand RE/DONE pieces for discounted price

## Eileen Fisher - Renew

- ITEMS TAKEN: Any Eileen Fisher piece, regardless of condition
- OFFER: \$5 Renewal Rewards Card per item
- ETC: Clothing in good condition is resold through Renew Line. Unwearable pieces are upcycled into art projects by the Waste No More Team

## Patagonia - Worn Wear

- ITEMS TAKEN: Some Patagonia pieces, depending on style and condition
- OFFER: \$10 - \$100 credit, depending on trade value [to be resold]
- ETC: Notes how the program helps reduce combined water, carbon and waste footprint and extends garment life 2+ years

**Levi's® SecondHand** Keeping our clothing in use through repair and resale reduces the need to buy more over time—thereby avoiding the CO2 emissions, waste output and water usage required to produce it:

GLOBALY, CUSTOMERS MISS OUT ON  
**\$460 BILLION OF VALUE EACH YEAR**  
BY THROWING AWAY CLOTHES THAT THEY COULD CONTINUE TO WEAR. ...

**CLOTHING REUSE**  
IS FAR BETTER FOR THE ENVIRONMENT THAN  
**RECYCLING**

Extending the life of clothing by an extra nine months of active use would reduce carbon, waste and water footprints by around 20-30% each of an item:

**THIS IS THE SINGLE MOST SIGNIFICANT INTERVENTION IN THE LIFECYCLE OF CLOTHING.** ...

BY BUYING A PAIR OF Levi's® SecondHand Jeans vs. New Jeans  
**YOU AVOID**

**APPROXIMATELY 80%** OF THE CARBON FOOTPRINT

**700 GRAMS** OF WASTE



**WE'D LIKE OUR CLOTHES BACK**

Renew is more than a take-back program. It's part of our commitment to circular design.

**Here's how it works:**  
You bring back your old EILEEN FISHER clothes in any condition and we'll give you a \$5 Renew Rewards card for each item, redeemable online at eileenfisher.com or at EILEEN FISHER and Renew stores.

**EILEEN FISHER RENEW**

[SHOP RENEW](#)  
[FIND RENEW NEAR YOU](#)

# Open Takeback

## Reformation & thredUP

- ITEMS TAKEN: Payout bag [resell] or Donation bag [recycle]
- OFFER: Trade-value for resold item(s) thredUP chooses to purchase
- ETC: For every donation thredUP donates \$5 to the Circular Fashion Fund

## Gap & thredUp

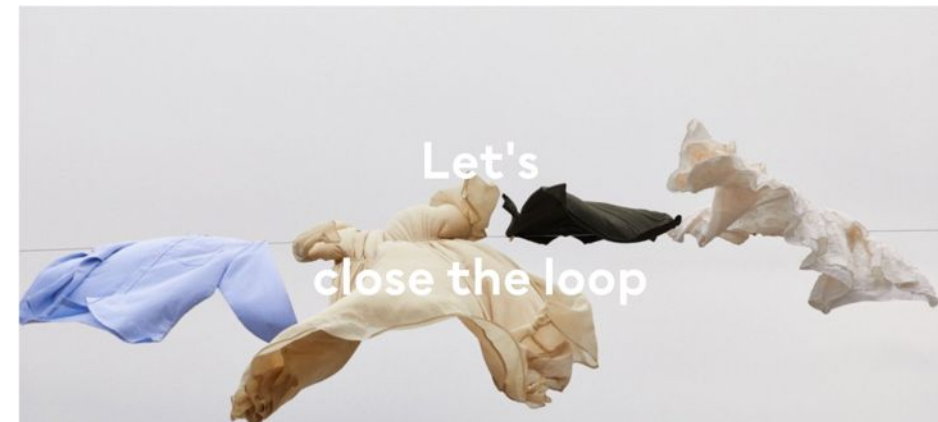
- ITEMS TAKEN: Used clothing, shoes, and accessories
- OFFER: 15% off credit with thredUP or Gap
- ETC: Offer reuse mailer pouch and free shipping label  
Clothes are resold or sent back [w/ shipping charge]

## Zara

- ITEMS TAKEN: Any type of textile in any condition
- OFFER: Nothing
- ETC: Recycling partner changes; Notably transparent in the post drop-off lifespan of donated clothing

## H&M & I:CO

- ITEMS TAKEN: Clothes or shoes from any brand in any condition
- OFFER: 15% off next purchase
- ETC: Rewear [sold second-hand], Re-Use [upcycled sustainable collection or cleaning cloths], or Recycle [shredded into fiber for insulation etc.]



# Denim Takeback

*In partnership with Cotton Inc.'s Blue Jeans Go Green Program*

## **Madewell – partner since 2014**

ITEMS TAKEN: Denim from any brand

OFFER: \$20 off any new pair of Madewell jeans

ETC: Donation boxes are available at stores globally

## **Rag & Bone - partner since 2017**

ITEMS TAKEN: Denim from any brand

OFFER: 20% off denim purchase on day of donation

ETC: Donation boxes are available at every store

## **Levi's – partner since 2019**

ITEMS TAKEN: Denim from any brand

OFFER: 20% off any one Levi's item

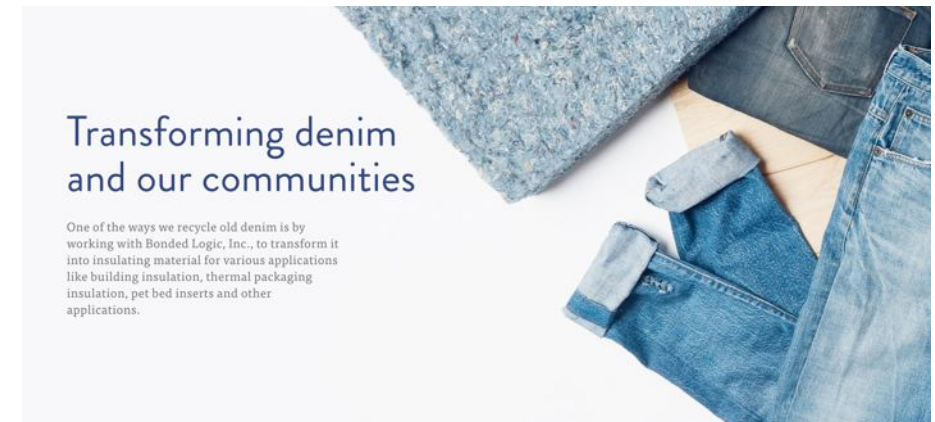
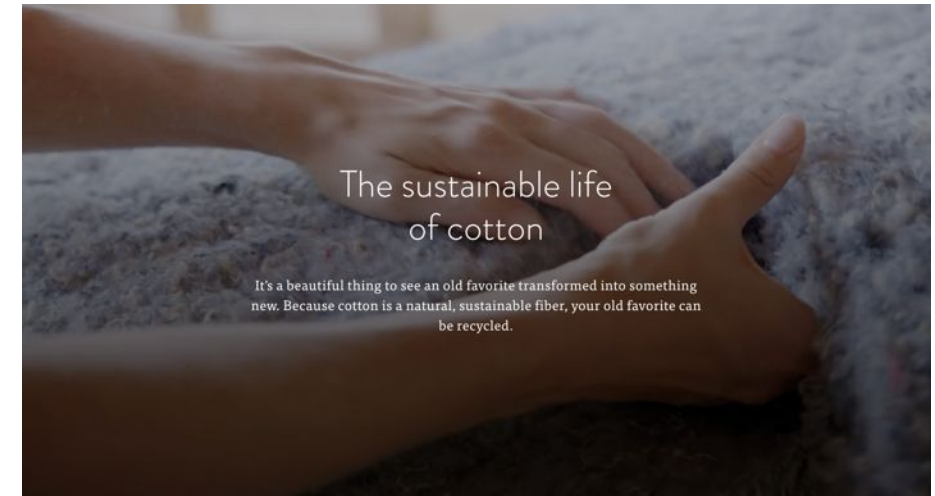
ETC: Program offered at its mainline and outlet stores in the U.S. and Canada

## **American Eagle – partner since 2019**

ITEMS TAKEN: Denim from any brand

OFFER: \$10 off next purchase of A&E denim

ETC: Promise to plant a tree for every donation to help with wildfire devastation in California (up to 25,000 trees)





# Sustainable Business Models

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Upcycle, Resale, Deadstock & Vintage





# Upcycle



## Levi's Tailor Shops

*Repair. Reimagine. Recycle.*

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### OFFERINGS

Hemming / Adjustments / Repairs  
Embellishments / Embroidery

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### ETC

Consignment-like reworkings  
Pricing based on tailors' discretion



## RE/DONE

*Iconic. Responsible. Individual.*

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### OFFERINGS

Reworked pieces, including Levi's, Hanes, Bass, Cindy Crawford, and The Attico

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### ETC

Additional curated upcycle line featuring trendy styles made from hand picked vintage pieces and scraps



## Frankie Collective

*Built on environmental, economic, and social sustainability.*

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### OFFERINGS

1-of-1 reworked vintage sportswear / streetwear styles & brands

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### ETC

Sustainability tab in menu  
Ecommerce specific  
Vocal about social impact initiatives



# Resale



## ThredUP

Recirculate. Educate. Elevate.  
Influence.

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### OFFERINGS

Second-hand pieces from thousands of brands in a variety of markets

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### ETC

E-commerce specific thrift  
Various partners within the circular fashion market



## Depop

Community-powered fashion ecosystem  
that's kinder on the planet and kinder to people.

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### OFFERINGS

Unique vintage, reworked,  
and current trend pieces

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### ETC

Social network driven marketplace for  
conscious consumers and creative entrepreneurs



## The RealReal

The future of fashion is circular.

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### OFFERINGS

Authentic luxury consignment and vintage pieces

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### ETC

Making luxury sustainable with measurable  
and scalable metrics



# Deadstock & Vintage



## Urban Renewal

Remnants. One of a kind Vintage.  
Recycled.

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### OFFERINGS

Pieces from remnant deadstock fabric  
and upcycled vintage

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### ETC

Handcrafted dye techniques and paint splatter  
treatments  
URBN is notably unsustainable



## Reformation

Being naked is the #1 most sustainable  
option. We're #2.

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### OFFERINGS

Small batch, feminine styles created from slow  
sourced deadstock & vintage fabrics

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### ETC

Claim 100% carbon neutrality  
Vocal about industry-leading 5-year  
sustainability strategy



## Christy Dawn

Sustainable is not enough, the future  
depends on regenerative practices

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### OFFERINGS

Salvaged deadstock to make pieces that are  
one- or two- of-a-kind

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### ETC

Naturalist approach  
Promotes the initiative of farm-to-closet



# Competitor Specific Offerings

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Levi Strauss & Co., Gap Inc., H&M Group, URBN





## Levi's Tailor Shops

Global initiative developed to house an in-store tailor within various Levi's flagship store

Services range from adjustments and repairs to embroidery and couture customization

## Levi's Authorized Vintage

Archive of authentic and pristinely preserved vintage pieces, encouraging customers to think about the sustainable nature of vintage pieces

## Care Tag for Our Planet

Began in 2010 as a Partnership with Goodwill to remind Levi's & Dockers wearers how to properly care for, and ultimately extend the life of, their clothing



## ETC

Recycled denim coat hangers pilot concept at several Levi's locations

Mannequins made of 100% recycled base (post-industrial & post-consumer material blend)

100% post-consumer waste stock for print materials in US & Canada

Avid original content creators discussing the need for sustainability initiatives within Levi's brands and the industry as a whole



# Levi Strauss & Co.



## Closed Loop Beliefs

**Rewear** – clothing that can be worn again will be sold as second-hand clothes

**Reuse** – old clothes and textiles will be turned into other products, such as cleaning cloths

**Recycle** – everything else is turned into textile fibers and used for things like insulation

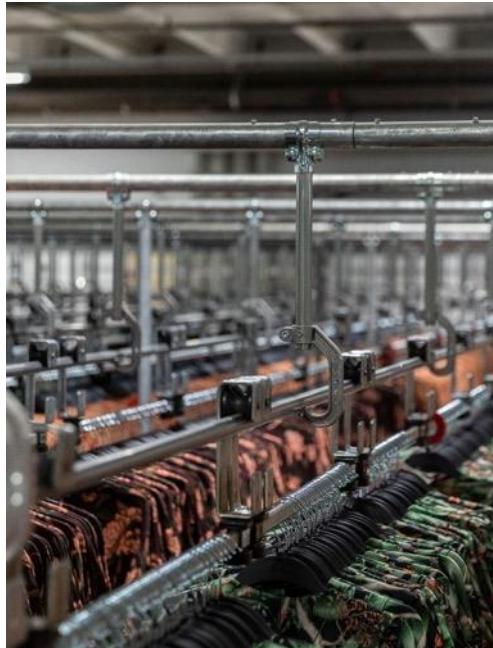
## The Laboratory

A department working with trend forecasts, research and innovation that has launched upcycling, recycling and on-demand initiatives within several brands

## Upcycling

**COS x The Renewal Workshop** – first-of-its-kind collection of restored pieces

**Weekday Re-Made** capsule denim collection of upcycled pieces to fit current styles



## Collaborations

Support innovators that promote climate-positive fashion – Re:newcell, Worn Again, Ambercycle Infinited Fiber, and Looop

## ETC

**H&M Foundation 'The Billion Dollar Collection'** features sustainable start-ups disrupting the industry in a virtual fashion show display

Drives conversations with stakeholders for the intention of identifying topics of importance and prioritizing innovation

Winner of Fashion Revolutions / Fashion Index Guide 2020 (2<sup>nd</sup> 2021)

# H&M Group



## Brand Initiatives

Gap brand – Gap for Good

Old Navy – Heart Earth

Banana Republic – Better Republic

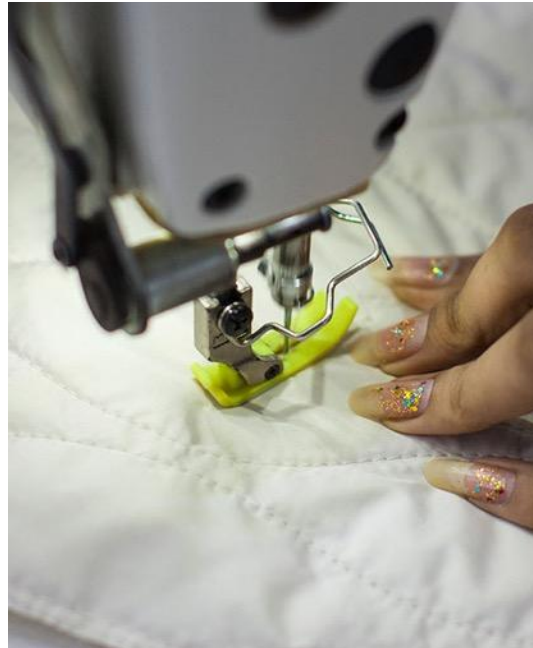
Athleta – Engaging customers with prominent sustainability messaging

## Key Supplier Initiatives

With Hong Kong Research Institute of Textile and Apparel (HKRITA)

Artistic Milliners x HKRITA – Separating spandex from used garments using bio-solvents

Arvind Limited x HKRITA – Decolorizing denim for recycling; Using wastewater in denim manufacturing



## Circularity Collaborations

Ellen MacArthur Foundation's Make Fashion Circular Initiative – Textile takeback / recycling in New York (all brands)

Outdoor Industry Association – Addressing problems from micro-fibers and -plastics

## ETC

Fosters the belief that making high quality pieces allows them to be used day-after-day, year-after-year, which is the largest personal contribution to reducing carbon emissions

# Gap Inc.



## Urban Renewal

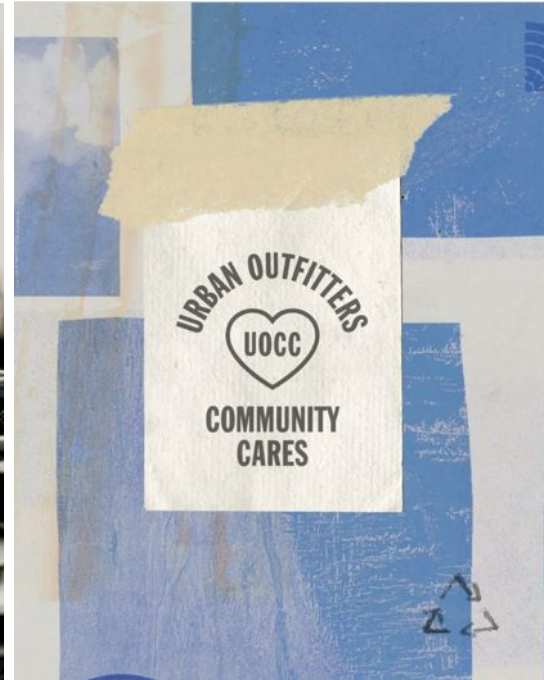
**Urban Outfitters'** line of carefully curated vintage and reimagined vintage designs made from deadstock fabric

## Sharable Clothing

**Nully** allows customers to partake in the shared economy by participating in clothing rental which provides new fresh styles while also allowing pieces full utilization through the subscription model

## Fabric Recycling

**HomeOffice** partnered with FABSCRAP to maximize diversion from landfills through technology and an engaged network of students, artists, crafters, local designers, industrial processors who reuse and recycle production remnant, samples, and scrap donations



## ETC

**Adaptive Reuse** – sustainable design strategy for buildings and stores to make use of what already exists (interior upcycling)

**Trex** – An eco-friendly composite decking manufacture that partnered with 80+ UO stores to repurposes their current plastic polybags for future use

**Reusable Bags** – UO & FP offer customers reusable shopping bags that last for years

All URBN brands have multiple partnerships with and features of other organizations / brands / groups that closely align to that brands' mission and values

# URBN



# Customer Profile

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The Sustainable Fashion Consumer





# The Sustainable Fashion Consumer



## Age

Young Millennials (1981 – 1996) / Gen Z (1997 – 2009) / Gen Alpha (2010 – 2021)

## Shopping Habits

Millennial and Gen Z spending is up **125%** from pre-Covid levels in 2019

**43%** of those who didn't shop for clothing online pre-Covid do now

**6 out of 10** consumers are willing to change their shopping habits to reduce environmental impact

**71%** of shoppers indicate transparency and traceability are very important for them and are willing to pay a premium for brands that provide them



## Fashion Habits

**58%** of shoppers are less concerned about the fashion of clothing than other factors following the pandemic

Newness is now one of the least important factors for buying fashion

**53%** indicated they'll repair their items for prolonged use



## Trend Forecasting

To follow the evolving desires of the consumer, WGSN Sustainability Bulletin 2021 suggests:

- Invest in plant ingredients and materials
- Put regeneration first
- Explore carbon-capture tech
- Trial single-use plastic alternatives



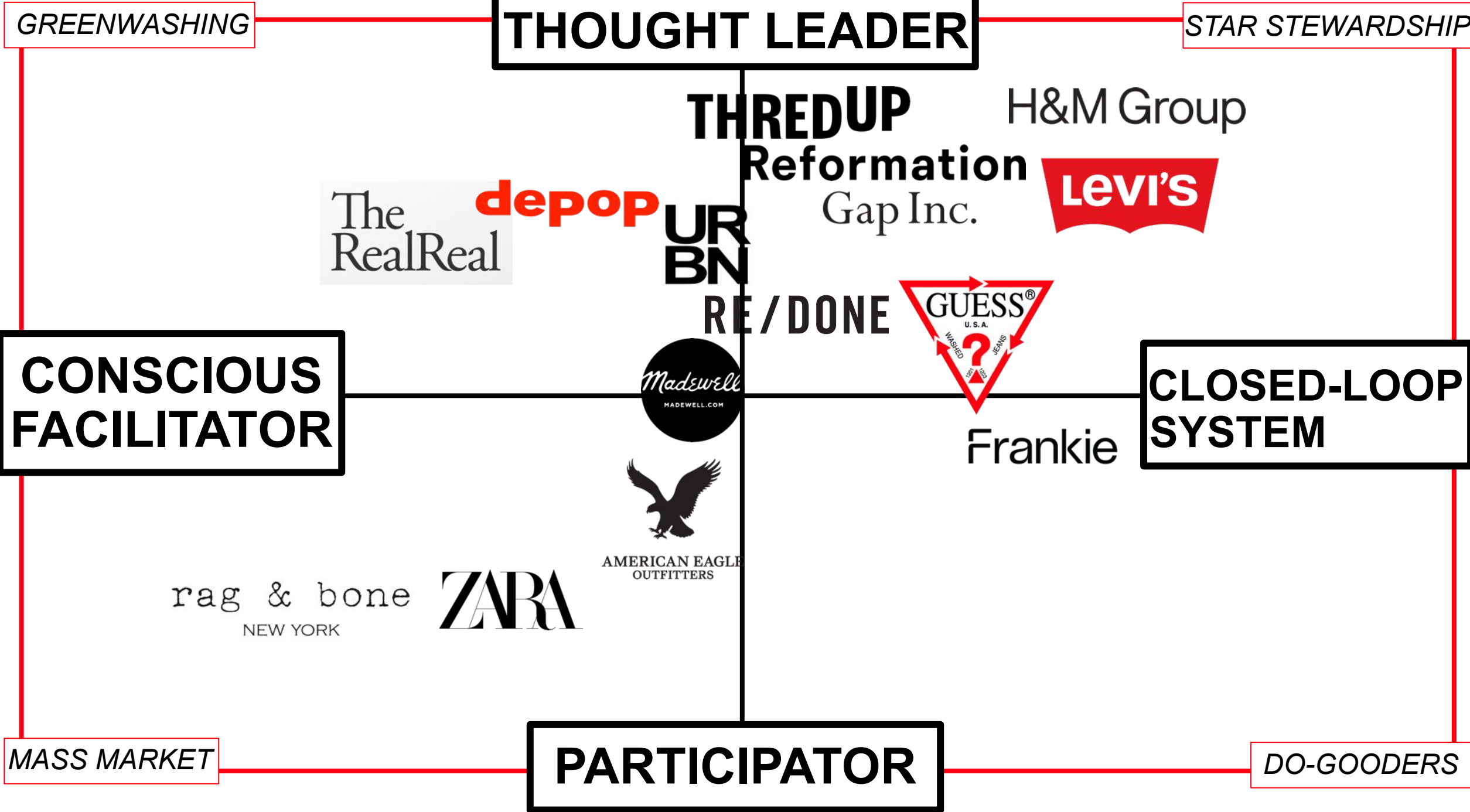
# Market Positioning

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Positioning Matrix, SWOT, Targeted Repositioning Matrix









# S

## STRENGTHS

- Internationally recognized brand & creative aesthetic
- First in fashion to achieve third-party reasonable assurance [Sustainability Report]
- Partnerships & CSR initiatives with credible organizations
- GUESS Originals appeals to the projected super-powerful youth market

# W

## WEAKNESSES

- Limited development of post-consumer & “pre-loved” apparel recycling
- External messaging around sustainability
- Necessary infrastructure for a closed-loop system
- Partnerships focused on sustainable fashion collections

# O

## OPPORTUNITIES

- Integrate sustainability into foundational values with intentional messaging
- Expand partnerships with other well-known entities in the circular fashion sphere
- Invest in & apply up-and-coming regenerative materials & production
- Small-scale sustainable creative partnerships for niche market development

# T

## THREATS

- Rapidly increasing competitive landscape
- Slow-to-grow mixed messaging
- Variability (aesthetic & other) from shift to sustainable practices
- Confusion regarding brand & corporate sustainability



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# STRENGTHS

## Internationally recognized brand & creative aesthetic

- As a 40-year-old brand with a presence in over 100 countries, brand awareness and loyalty are apparent world-over – the positive changes that happen within the brand will be adopted by the customer because trust is preestablished

## Pioneering sustainability reporting

- GUESS has set a precedent for the industry by using third-party assurance to ensure marketing claims, communication and messaging are credible and transparent, further bolstered by various award wins & recognition

## Partnerships & CSR initiatives with credible organizations

- GUESS's sustainability department is well-connected with leaders in Corporate Social Responsibility, many of whom exist solely in sustainable fashion, plus others who are embarking change on the sustainability front at large

## GUESS Originals appeals to the projected super-powerful youth market

- The youth market holds the largest wallet share, further intensified as the youngest of these age into purchasing-power – operating in accordance to their belief systems now will herd the growing market into future loyalists & promoters
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# WEAKNESSES

## Limited development of post-consumer & “pre-loved” apparel recycling

- Other industry leaders’ closed-loop, post consumer initiatives & partnerships have been in place for a handful of years, allowing them to pique consumer interest on innovative developments, taking away from interest on new entrants

## External messaging around sustainability

- There are minimal touchpoints along the consumer journey – both online and across social media – where a shopper would organically come across our sustainability work & collection, causing inconsistent and uncoordinated storytelling

## Partnerships focused on sustainable fashion collections

- Familiarity around industry leaders’ partnerships with thredUP, no Blue Jeans Go Green, no dialogue and no projected partnerships

## Necessary infrastructure for a closed-loop system

- As things exist currently, the lack of preexisting structural support will require the reallocation of resources to invest in & grow a recycling program into a scalable operation
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# OPPORTUNITIES

Integrate sustainability into foundational values with intentional messaging

- As GUESS Inc. improves sustainability messaging, GUESS Originals has the potential to act as the championing brand for making circularity a part of the core business

Expand partnerships with other well-known entities in the circular fashion sphere

- With market research, there exists a general understanding of who is partnering with who and how those partnerships have created dialogue and impact, paving way for a strategy-backed plan for GUESS to move forward with

Invest in & apply up-and-coming regenerative materials & production

- As we continue into the sustainability space with dynamic messaging, we can pique our own organic interest by highlighting the innovative materials we're researching and investing in that are not as well known by consumers

Small-scale sustainable creative partnerships for niche market development

- Develop partnerships with local creatives in the sustainable fashion space (micro-influencer) – their word of mouth is impactful from a grassroots perspective of organic growth because their followers are genuinely invested in them
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# THREATS

## Rapidly Increasing competitive landscape

- Sustainability marketing is largely the same and difficult to create unique messaging for, causing consumers to feel overwhelmed by excessive noise and consequently disengaged by overused, loosely-defined buzzwords

## Slow-to-grow mixed messaging

- As a heritage brand, to just now promote more sustainability messaging risks scrutiny and possible backlash from concerned consumers and sustainable fashion 'police' who demand full transparency in brands' public messaging

## Variability (aesthetic & other) from shift to sustainable practices

- There are assumed and unforeseen challenges related to cost, quality, brand aesthetic, and operational / organizational structure associated with shifting to sustainable alternatives

## Confusion regarding brand & corporate sustainability

- Specific challenge in creating an authentic, impactful, and sticky sustainability story without a clear vision for messaging throughout stakeholder communications
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GREENWASHING

THOUGHT LEADER

STAR STEWARDSHIP



H&M Group



THREDUP  
Reformation  
Gap Inc.

depop



URBN

RE/DONE



Frankie

CLOSED-LOOP  
SYSTEM

CONSCIOUS  
FACILITATOR



AMERICAN EAGLE  
OUTFITTERS

rag & bone  
NEW YORK

ZARA

MASS MARKET

PARTICIPATOR

DO-GOODERS



# Further Considerations

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Points of discussion for next-steps





## **Status of 'Resourced'**

- Still exists with intention to launch and grow in Europe
  - Currently there exists no specific messaging to promote
  - Plan of how to move forward at a large scale remains in discussion
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## **Accelerating Circularity**

- Pilot partnership with Homeboy Industries to collect post-consumer textiles and textile waste
  - Decision regarding breadth of partnership to be discussed
  - Ideas at a high level range from acting as solely a collector to serving as a collaborator on a sustainable collection
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## **GUESS Originals**

- Interest of incorporating sustainability as a brand standard, especially through digital identity
- Discussion of intention with strategic planning and implementation
- Possible suggestion to serve as the flagship brand of circularity-focus within GUESS



# GUESS



*For GUESS Sustainability internal use / Composed & created by Karsten Mickelsen*