



## VF and Georgetown Business for Impact 2021 Sustainability Case Competition

### Case Topic: Connecting Consumers with Traceability Maps

#### Overview

VF Corporation (VF) is one of the largest apparel and footwear companies in the world, comprised of major brands such as *The North Face*<sup>®</sup>, *Timberland*<sup>®</sup>, *Vans*<sup>®</sup>, and *Dickies*<sup>®</sup>. The company has a strong commitment to sustainability, evidenced by its many initiatives aimed at improving environmental practices, human rights and worker well-being, and diversity and inclusion.

As part of its efforts to be more transparent and gain additional insights into its supply chain, VF embarked upon a four-year effort to fully trace 100 VF products across its brands, to be completed at the end of 2021. Tracing is the process of tracking the journey of a product from the extraction of the raw materials all the way to the retailer floor or website. Once traceability data is collected, VF creates public, interactive maps that visually display the origins and flow of material and share information about the suppliers manufacturing all the components that come together to make a finished product. Importantly for VF, the maps incorporate social, environmental, and product details.

VF has made significant investments to build the maps, including staff time and financial resources. The maps have provided the company immense value in better understanding all parts of the supply chain. However, until now, the maps have primarily been a tool for VF to share its traceability work with external stakeholders, including conscious consumers, NGOs, and investors. The maps have not garnered a high level of attention or engagement from consumers of the VF brands, where VF sees a big opportunity. A growing segment of consumers increasingly cares about how their products are made, from both an environmental and social perspective. Thus, the maps could serve as a tool to demonstrate how VF brands are living VF's purpose for the betterment of people and planet, which provides value to consumers as they make purchasing decisions. The main reason the maps and their value have not reached the consumers is because the maps have not been incorporated into the marketing and storytelling efforts of VF's powerful brands such as The North Face and Vans.

As the end of 2021 approaches and VF closes-in on its goal of 100 completed maps, the company wants to increase consumer awareness of and engagement with the maps. To do this, VF believes the brands must leverage map content to their specific and unique consumer audiences. VF seeks to convince the brands to move in this direction.

#### VF Corporation

VF Corporation is an American apparel and footwear company that was founded in 1899 in Reading, Pennsylvania as a glove and mitten manufacturer. Today, VF is headquartered in Denver, CO and employs more than 40,000 people worldwide. Part of the S&P 500, VF has a global revenue of \$9.2 billion USD and a gross margin of 52.7% across its 12 brands.

Steve Rendle, the current chairman, president, and CEO, has advanced the company’s sustainability focus since his tenure began in 2017. VF’s purpose and guiding principle is to “power movements of sustainable and active lifestyles for the betterment of people and our planet.” This purpose keeps the company dedicated to not only business success, but also to using its “size and strength to work for the good of others.” Many of the brands in the company’s portfolio have a similar spirit.

### VF’s Brands<sup>1</sup>

VF maintains a portfolio of 12 brands across three segments: outdoor, active, and work. The outdoor segment, of which The North Face is the largest brand by revenue, includes lifestyle brands which offer performance-based and outdoor apparel, footwear, and equipment. The active segment, of which Vans is the largest brand by revenue, includes activity-based lifestyle brands that primary offer active apparel, footwear, backpacks, luggage, and accessories. Finally, the work segment includes the Dickies brand.

The VF brand portfolio has shifted in recent years. In 2018, VF acquired Icebreaker while also selling Nautica. In 2019, VF separated its jeans wear products lines into a separate company, Kontoor Brands, which includes brands like Wrangler and Lee. In December 2020, VF acquired the Supreme brand for \$2.1 billion USD. In 2021, the company sold the occupational workwear portion of VF’s Work segment, which includes brands such as Red Kap, VF Solutions, and Bulwark.

Segment	Brand (In order of revenue)	Primary Products
Outdoor	The North Face	High performance outdoor apparel, footwear, equipment, accessories
	Timberland	Outdoor lifestyle footwear, apparel, accessories
	Smartwool	Performance merino wool and other natural fibers-based apparel and accessories
	Icebreaker	High performance apparel based on natural, plant-based and recycled fibers
	Altra	Performance-based footwear
Active	Vans	Youth culture/action sports-inspired footwear, apparel, accessories
	Supreme	Streetwear apparel, footwear, accessories
	Kipling	Handbags, luggage, backpacks, totes, accessories
	Napapijri	Premium outdoor apparel, footwear, accessories
	Eastpak	Backpacks, luggage
	JanSport	Backpacks, luggage
Work	Dickies	Work and work-inspired lifestyle apparel and footwear

*Source: VF*

<sup>1</sup> VF Corporation. (2021). *Annual Report Fiscal Year 2021*. [Report Link](#).

### *The Brands: VF's Connections to Consumers*

Like Unilever or Procter and Gamble, VF reaches its consumers through its many brands. Globally, direct-to-consumer operations included 1,374 stores across the entire brand portfolio. Approximately 56% of its stores are in the Americas region (49% in the U.S.), 24% in the Europe region and 20% in the Asia-Pacific region. VF's direct-to-consumer revenues make up 45% of total revenues in fiscal year 2021.

Retail stores allow VF to display a brand's full line of products with fixtures and imagery that support the brand's positioning and promise to consumers. The presentation of products in the brand stores also helps to increase sell-through of VF products for its wholesale customers due to increased brand awareness, education, and visibility. VF-operated full-price stores generally provide gross margins that are well above VF averages. In addition to its direct-to-consumer operations, independent parties own and operate approximately 2,900 partnership stores. These are primarily mono-brand retail locations selling VF products that have the appearance of VF-operated stores.

### *Leading Brands*

#### The North Face

The North Face features performance-based apparel, outerwear, sportswear and footwear for men, women, and children. Its equipment line includes tents, sleeping bags, backpacks, and accessories. Many of The North Face products are designed for extreme winter sport activities, such as mountaineering, skiing, snowboarding, and ice and rock climbing. The North Face products are marketed globally, primarily through specialty outdoor and premium sporting goods stores, department stores, independent distributors, independently-operated partnership stores, concession retail stores, over 200 VF-operated stores, on websites with strategic digital partners and online at [www.thenorthface.com](http://www.thenorthface.com).

#### Timberland

Timberland offers outdoor, adventure-inspired lifestyle footwear, apparel and accessories for men, women and children. Timberland products are available globally through chain, department and specialty stores, independent distributors and licensees, independently-operated partnership stores, concession retail stores, over 200 VF-operated stores, on websites with strategic digital partners and online at [www.timberland.com](http://www.timberland.com).

#### Vans

Vans offers performance and casual footwear and apparel targeting younger consumers that sit at the center of action sports, art, music and street fashion. Vans products are available globally through chain stores, specialty stores, independent distributors and licensees, independently-operated partnership stores, concession retail stores, more than 700 VF-operated stores, on websites with strategic digital partners and online at [www.vans.com](http://www.vans.com).

#### Dickies

Dickies is a leader in authentic, functional, durable, and affordable work wear and has expanded to produce work-inspired, casual-use products. Dickies products are available globally through mass merchants, specialty stores, independent distributors and licensees, independently-operated partnership stores, concession retail stores, 20 VF-operated stores, on websites with strategic digital partners and online at [www.dickies.com](http://www.dickies.com).

## **Sustainability at VF<sup>2</sup>**

As one of the world's largest apparel, footwear, and accessories companies, VF believes that it has both an opportunity and a responsibility to make a positive impact on industry and the planet by advancing sustainable business practices. The company's Sustainability & Responsibility framework focuses on three key pillars to drive transformational change and create value for its business.

The strategy is focused on new circular and sustainable business models to:

- Harness retail opportunities in new sectors
- Scale foundational social and environmental programs to lead the industry toward greater progress at a faster rate
- Empower its brands, associates, and consumers to act with purpose and impact with intention

### *Human Rights*

In the past seven years, following devastating factory tragedies including the Rana Plaza collapse in Bangladesh, VF shifted its focus from prioritizing regulation compliance to proactively improving people's lives. VF has over 1 million people who work in the extended supply chain for its products. In the year after Rana Plaza, VF hired 40 additional employees to focus on these factories around the world as consultants to improve capacities and practices. More recently, among a number of initiatives, VF has committed to measurably improve the lives of its workers by 2030 with the Worker and Community Development Program, which focuses on water and sanitation, health and nutrition, and childcare and education.

### *Materials*

VF is determined to continue making progress on increasing its sustainability in the context of product raw materials. The company's sustainable materials vision outlines a clear path for environmental impact reduction through its commitment that 100% of its top nine materials, which account for approximately 90% of its materials-related carbon emissions, will originate from regenerative, responsibly sourced renewable, or recycled sources by 2030. VF aims to source 50% recycled nylon and polyester for products by 2025, with a targeted 35% reduction in negative impact of key materials. VF also pledged to not use fur in any of its products, in support of its Animal Derived Materials & Forest Derived Materials policies.

In addition, in 2021, the company announced its goal to eliminate all single-use plastic packaging by 2025. VF set goals for internal facilities that include the sourcing of 100% of electricity from renewable sources within VF-owned and operated facilities by 2025, in line with its commitment as part of the RE100 initiative, and achieving zero waste at 100% of VF internal distribution center locations by 2022.

### *Carbon Emissions*

VF developed science-based targets to reduce Scope 1 and 2 greenhouse gas emissions by 55% by 2030 (from baseline year 2017) and reduce Scope 3 greenhouse gas emissions by 30% by 2030 (from baseline year 2017) focusing on farm-to-retail materials, sourcing operations, and logistics.

### *Sustainability at the Brand Level*

VF brands are committed to sustainability practices within their sectors. For example, this past year, The North Face brand expanded its iconic Base Camp Duffel line made with 100% recycled fabrics and

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<sup>2</sup> VF Corporation. (2021). *Our Company*. <https://www.vfc.com/our-company>.

webbing. The brand also expanded its 'Renewed' program by introducing 'Remade', a collection of upcycled garments, allowing customers to purchase one-of-a-kind products. The re-commerce model addresses one of the apparel industry's biggest challenges, textile waste, and offers its products at a lower price point, which allows new consumers to experience its brands.

### **Traceability Mapping<sup>3</sup>**

Supply chain traceability is the process of tracking the provenance and journey of a product and its inputs from farm to front door. Traceability mapping has many benefits. It enables a company to quickly and efficiently investigate and address issues related to a specific input or supplier. Traceability maps provide enhanced visibility into the supply chain and build trust with external stakeholders. They can also play a critical role in efforts to increase supply chain sustainability, which is the effort to develop governance that promotes human rights, responsible labor practices, and environmental practices throughout the lifecycle of a good.

Supply chain transparency and traceability mapping has advanced significantly since the early 2000s. Even then, it was difficult for manufacturers to obtain detailed information about their suppliers' practices and metrics. In the 15 years since, significant improvements in technology and communication have enabled companies to gain more insight into the details of its supply chain. Today, companies like VF and others apparel leaders such as Nike, Patagonia, Gap, and Target, strive to continually increase transparency, with tools such as informative maps that provide insight into the supply chain practices of different suppliers.

#### *The VF Mapping Experience*

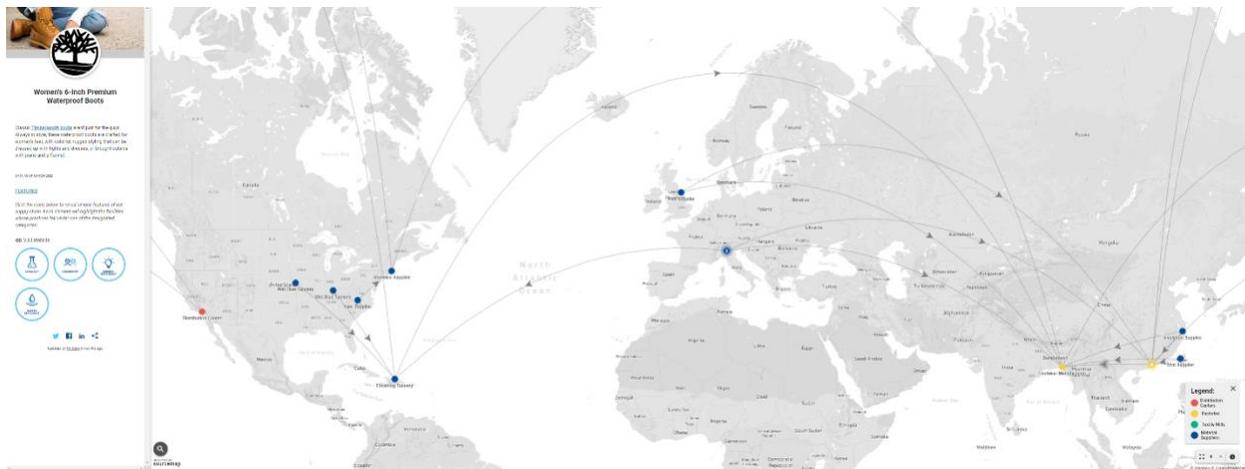
In 2017, VF Corporation embarked upon a four-year effort to fully trace 100 VF products across its brands by the end of 2021. VF maintains traceability maps to demonstrate the end-to-end iconic VF-brand products. To date, the company has developed 68 such maps (available on the VF [website](#)) and aims to trace a total of 100 products by the end of 2021. Moving forward, VF will continue to scale traceability efforts and enhance visibility across all VF brands.

The back-end data collection and analysis that VF currently conducts is industry-leading, and VF has shared this work with other companies. Some companies engage more in *transparency* (disclosing information), while *traceability* efforts such as VF's involve collecting and verifying data on upstream supply chains. VF is the first company to disclose Tier 1 (assembly of final products) to Tier 4 (raw material conversion) of the supply chain for its products. (See detailed graphic below for more information on the Tier system.)

Once traceability data is collected, VF makes a public, interactive map to visually display the origins and flow of material and share information about the suppliers manufacturing all the components that create a finished product. Importantly, the maps incorporate social, environmental, and product details. On the maps, key locations such as material suppliers, textile mills, factories, and distribution centers are marked, and the user can click on these locations to access details on subjects such as sustainability certifications and programs for workers and communities. The flow of materials between these locations is indicated with arrows. See below for a snapshot of the traceability map for an iconic Timberland product: the [Women's 6-inch Premium Waterproof Boots](#).

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<sup>3</sup> VF Corporation and brand executives. (May 2021). Personal interviews.



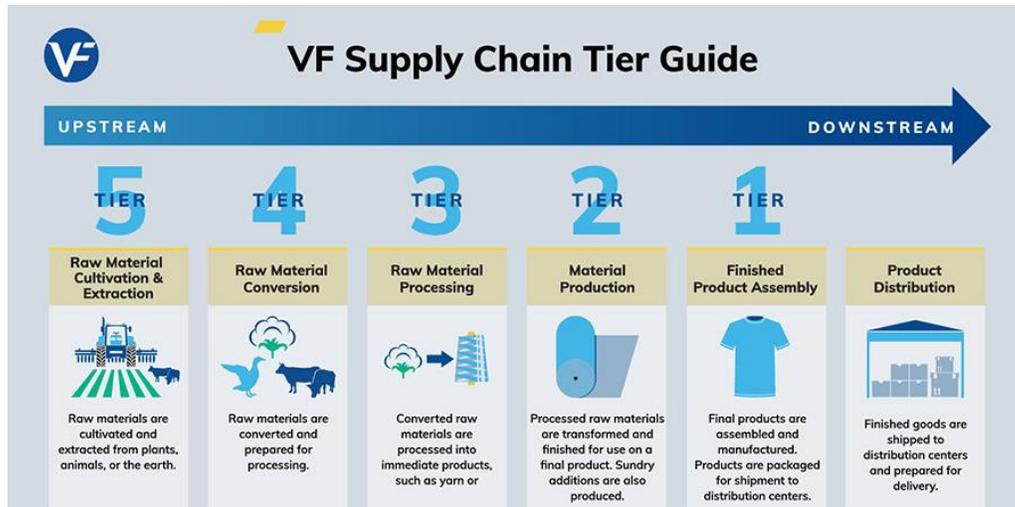
### *The Making of a Map*

Four years ago, building a traceability map for one product took about one year from product selection to mapping and involved manually emailing and calling suppliers in all tiers as well as leveraging local sustainable operations teams to conduct interviews and take pictures. Initially, VF found it challenging to collect this data as suppliers were very hesitant to share their information. However, as supply chain traceability has become more common and as the suppliers have discovered the value of transparency in their own supply chain created by these maps, they've become more engaged in the process.

Today, through experience and effort, VF has automated and streamlined the process; product selection to mapping now takes, on average, six months. The process begins with the Responsible Materials and Traceability team at VF spending about one month planning and preparing to kick off each year's mapping program. Each year the team aims to map around 30 products concurrently. (If the team maps 30 products in 2021, as planned, it will mean VF will reach its goal of 100 traceability maps completed by the end of 2021.)

At the end of this planning period, the team asks each brand to select 2-4 iconic or high-volume products for mapping. For the selected products, the brands provide VF with product photos and descriptions for the map, a bill of materials for the product itself, and information about the factory where the final manufacturing takes place. For each facility, the team collects the basic facility data, information about the workers including gender mix, records of certifications received and programs implemented. This stage in the process takes about one month.

From the bill of materials and engagement with the Tier 1 factory, the team can identify all the information required to contact the Tier 2 materials suppliers. (See below for a description of the production tiers.) This information is then put into software which automatically pushes out requests to these suppliers to provide their facilities information. These Tier 2 suppliers also provide the information for their upstream suppliers. This data goes into the software, which then automatically pushes out requests to the next tier of suppliers. This process continues until Tier 4 or Tier 5, where each material reaches its origin (the rubber plantation or the farm where the wool is produced). This stage can take anywhere from two to four months.



Once VF has recorded the entire supply chain, the company spends a few weeks conducting quality checks. This software flags any adverse media hits and sanctions and can identify potential red flags in the supply chain that might not have been uncovered during the initial mapping process. The team also performs separate risk screenings using internal lists and online searches to identify potential bad actors in the supply chain.

After the quality checks, VF loads the data into their mapping platform, which creates the maps as seen on the VF website. This process takes approximately two weeks, and then another couple of weeks is spent in receiving approval from each brand on their product map and fixing any potential errors. Once the brands provide their approval, VF adds the maps to its public website.

#### Barriers to Brand Use and Consumer Engagement with the Maps<sup>4</sup>

VF has made significant investments in the maps, including staff time and financial resources. The maps have primarily been a tool for VF to share its traceability efforts with employees, investors, and other external VF stakeholders. Outside the company, a critical audience for these maps are consumers for the VF family of brands, who have not engaged with these maps in any material way. Consumers increasingly care about how their products are made, from both an environmental and social perspective. A 2020 survey by the IBM Institute for Business Value found that 73 percent of consumers said that traceability of products was important to them, and of those who said that it was very important, 71 percent would pay a premium for it.<sup>5</sup> For VF, the maps could serve as a tool to demonstrate how VF brands are living VF's purpose for the betterment of people and planet, which provides value to consumers as they make purchasing decisions.

One of the primary reasons for this lack of engagement is that the traceability maps reside on the VF company website, and are not on the brand sites or part of the brands' marketing efforts. Consumers have limited awareness of and no direct relationship with VF (compared to its brands), and they are unlikely to visit the VF website either when actively shopping or surfing the web. In short, for VF to effectively share its traceability efforts with consumers, it must do so through its brands.

<sup>4</sup> VF Corporation and brand executives. (May 2021). Personal interviews.

<sup>5</sup> IBM Institute for Business Value. (2020). *Meet the 2020 Consumers Driving Change*. <https://www.ibm.com/downloads/cas/EXK4XKX8>

However, there are major barriers to the brands using the maps in their customer-facing content.

- **Fit with company identity and strategy.** For companies committed to sustainability, their marketing efforts are built around brand identity, business strategy, and sustainability strategy. The fact is that the maps might not fit with any of those. There isn't a one size solution that fits every brand, since each brand is unique. Supply chain tracing is just one tactic in the sustainability arsenal, and if a company has not embraced it as part of its identity and strategy, then the maps won't fit in its marketing efforts.
- **Uncertain benefits.** The brands are also uncertain whether benefits will accrue from broadcasting the maps. Will map usage provide key sustainability certifications or other indicators that might increase consumer willingness-to-pay or drive sales? Will it improve brand loyalty or customer satisfaction? Will it increase brand equity in the minds of consumers?
- **Limited coverage.** For any given brand, only a handful of products have been fully mapped. VF has over 7000 products across its 12 brands. Only 68 products have been mapped, making it difficult for brands to put these maps consistently on product pages. If the maps only trace a few products, this might draw attention to the lack of mapping for other products; this could inadvertently raise red flags in consumers' minds.
- **Complicated design.** Finally, the maps themselves are detailed, difficult to quickly decipher, and likely do not have the dynamism required to capture the attention of and excite consumers. They also do not contain bite-sized pieces of content which can be easily incorporated into a current marketing campaign. For brands to use these maps as marketing content, simpler data visualization interfaces would be required; the brands would also need to understand which consumer platforms to use, and what content to offer on those platforms.

As the end of 2021 approaches, VF is assessing how to increase the impact of these traceability maps at the brand level and with its customer base. The challenge for VF is not brand enthusiasm and participation in the creation of the maps, but rather the level of brand enthusiasm to incorporate the maps in their marketing efforts. The company is considering various options to increase customer engagement. More than anything, VF needs to get its brands excited to use these maps. The company needs to make the case to the brands as to why these maps belong in their brand storytelling and how they can benefit each individual brand. Only with the brands on-board can VF engage millions of customers with the sustainability story behind its products.

### **The Case Competition**

The case competition includes two parts that require varied skills and a diverse set of tools. Part 1 requires skills in B2B relationships and strategic analysis as VF pitches a brand on the benefits of using the traceability maps. In Part 2, students will be challenged to bring their creativity to the forefront and develop innovative and engaging content that will capture the value of the traceability maps but also capture the attention of the consumer.

#### *Part 1*

In Part 1, student teams will develop a compelling business case that VF would make to one of its leading brands (The North Face, Timberland, Vans, or Dickies), to persuade the brand to use the traceability maps in its consumer-facing communications. Teams should consider how these maps could create value for the brands, not just financially, but also in terms of brand equity, customer loyalty, and differentiation. Teams should also develop ideas to present to the focal brand on how it can overcome obstacles in using the maps in its consumer marketing. Finally, in playing the part of VF, teams have the option to include changes that VF would make on its side to make the maps more appealing to the brands.

## *Part 2*

Part 2 asks teams to shift their focus to the B2C setting. Now, becoming the brand from Part 1, student teams will develop a creative brief for a marketing campaign that integrates or highlights the traceability maps. Creative briefs should touch on the target audience and buyer persona of the typical customer, the objective of the campaign, the single-minded message, desired consumer or brand outcomes, tone, and timeline among other aspects. The brief should also include ideas on the tools, platforms, channels, and formats that the brand should use to reach its consumers. There are many formats for a creative brief that are acceptable. Teams can reference *Developing a Superior Creative Brief* by Kimberly Whitler (available on HBSP) or any other documents describing how to develop a strong creative brief. While not required, creation of visuals or storyboards that bring the brief to life are encouraged.

## *Competition Structure*

Teams interested in competing must [register and submit a two page \(maximum\) summary](#) of the Part 1 and Part 2 deliverables by 5 pm ET on Friday, October 1, 2021. Details on registration, the executive summaries, and competition rules can be found on the registration page.

On Tuesday, October 12, all teams will be notified whether they will advance to competition day on Saturday, October 23rd. On the day of the competition, teams will make their Part 1 pitch in the semifinal round. Judges will select a set of finalists. In the afternoon, these teams will present their Part 2 creative brief and marketing campaign in the final round. The judges will select the winner and next place finishers, and the top finalists will receive a cash award. More information on the competition is available on the Georgetown Business for Impact [website](#).

For questions or comments, please contact Joe Weinstein, Managing Director, Georgetown Business for Impact, at [jrw24@georgetown.edu](mailto:jrw24@georgetown.edu).