



Dipartimento di MANAGEMENT

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“THE INNOVATOR’S METHOD” VALIDATION: COULD
A PACKAGING THAT COMBINES A COAT-HANGER
BE A SUCCESSFUL INNOVATION?

“Pack & Act” practical case

RELATORE

Prof.ssa Maria Isabella Leone

Matr.713451

CORRELATORE

Prof. Majocchi Antonio

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Introduction

It is not an exaggeration to say that a second industrial revolution has occurred, a revolution fueled by new technologies and customers, accompanied by radical uncertainty. Companies do not hold on to customers as long as they used to, and new technologies and competitors are emerging faster than ever before. What drives these dramatic increases in uncertainty? There are many reasons, but two disruptive technologies have played a crucial role: personal computing and the internet.

As we move from the industrial age to the information age, we face a surge in uncertainty that calls for a new way of management. Established companies will no longer be able to rely on traditional management alone if they hope to innovate or survive. Instead, managers and entrepreneurs alike will have to apply the new management science of innovation to the uncertainty of creating new growth from innovation.

It is a cliché to say that the world is more uncertain than ever before, but few people realize the extent of the increase in uncertainty over the past thirty years. More important, they do not understand that greater uncertainty has created the need to change the way most organizations are managed. The challenge of creating a customer is more uncertain and complex than ever before. There are two types of uncertainty that influence a firm's ability to create a customer: demand uncertainty (will customers buy it?) and technological uncertainty (can we make a desirable solution?). There is a third type of uncertainty called environmental uncertainty, which refers to the uncertainty of the macroeconomic environment and government policy; but demand and technological uncertainty are more directly relevant to creating a customer. Uncertainty arises from the unknowns associated with solving any problem, which are sometimes called "unknown unknowns," such as hidden customer preferences or undiscovered elements of a technical solution. The more unknowns there are about customer preferences and behavior, the greater the demand uncertainty.

New tools and perspectives for validating big ideas characterized by high uncertainty are emerging in many disparate fields. Whether you call it lean start-up, design thinking, or agile software development, these new methods are revolutionizing the way managers successfully create, refine, and bring new ideas to market. These and other tools help entrepreneurs, designers, and software developers to lower uncertainty and risk through cheap and rapid experimentation. These perspectives are synthesized into a single method, an end-to-end process that everyone can use to generate disruptive insights and bring them to market. Whether you are a leader, a manager, an entrepreneur, or an individual contributor, you can apply this method to resolve uncertainty, wherever you face it, whether in internal processes or external innovations, at lower cost and with greater success than ever before. The innovator's method will help you creatively solve problems that you face in both your professional and your personal life. Most of all, you can use these tools to learn more quickly than others—and in this era of uncertainty, speed of learning is the new competitive advantage.

At the base of this paper, there is a project which the LUISS Guido Carli University allowed me to work for in place of a curricular internship and which guaranteed me to obtain the same training credits necessary to

take the final degree exam. The project involved the implementation of the innovator's method studied during the course "Management of Innovation" and applied to a concrete case, my case. The reasons that led me to deepen this theme have a double nature: the interest in innovation that accompanied me since I was a child, and the need to learn a method to manage my idea and understand its real potential without wasting too much time or resources. Specifically, with this thesis, I wanted to analyze the "Innovator's method" so far studied only at a theoretical level, with the aim of analyzing in detail all the phases to be followed, the problems encountered during the application, and the results obtained from it. The final goal was the validation of the innovator's method in the case of a manufacturing startup.

The thesis can be divided into two macro-areas: the first involves the analysis of the reference context of the project, starting from an introduction to the fashion sector through a historical and social excursus, and distinguishing the various types of innovation that can be encountered along the entire production chain. I then analyzed in detail the structure and the major trends in the sector, focusing on electronic commerce to finish with the analysis of packaging, its role, and its applications in the fashion sector, referring to the importance of premium luxury packaging and of the unboxing experience. The object of the second macro-area is the implementation and validation of the innovator's method, analyzing the project in which I ventured, and which led to the creation of a new packaging solution for clothing.

Chapter 1

Innovation in fashion

We often hear that fashion has changed and, from certain points of view, it is a true affirmation: year after year, decade after decade, fashion - always renowned for its changing character - is renewed and made mirror of society, of the historical and economic moment in which it develops and takes shape. Fashion has never changed as much as in the past ten years. This is not a revolution in the dress, but a profound mutation of the entire system. From production to the shopping experience, from the transmission of trends to the choice of testimonials, nothing is the same as before.

Fashion is never the same. And this is true both when we talk about his identity, made up of ever new trends and customs, and when we refer to his business. In fact, like every economic sector, even the world of fashion must deal with the rules and dynamics of the market that are constantly changing. Consumers change, their habits change, and to this not only the fashion industry will have to respond adequately but it will also have to be able to manage and eventually guide market transformations.

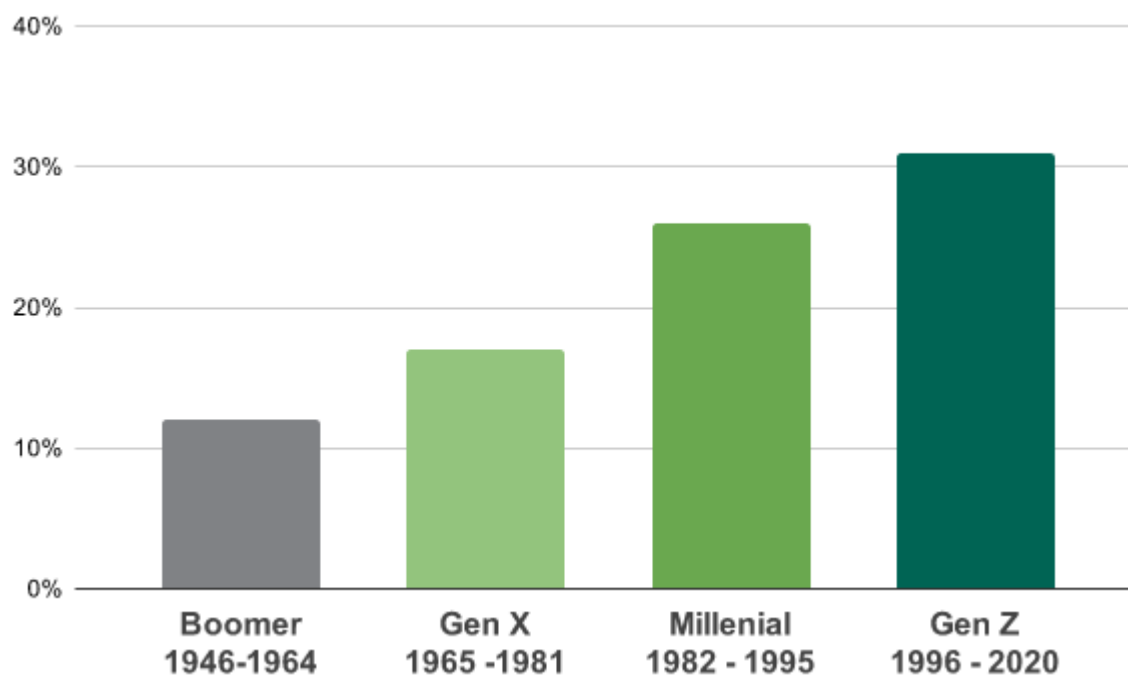
It was December 31, 1989 when the New York Times first used the expression fast fashion. The occasion was the opening of a store of the Spanish fast fashion brand Zara in New York. The meaning was simple: according to the American newspaper, it took only 15 days to transform a piece of clothing from the designer's thought into a product that can be purchased in the store. Fast fashion was already a reality and allowed everyone to dress following the latest trends and spending little. The reduction in costs, the simplification of processes and the increase in the purchasing power of consumers, according to the consultancy firm McKinsey, led the production of clothing to double between 2000 and 2014 and the number of garments purchased each year by average consumer to increase by 60 percent. Today, clothing sales are around 400 percent more than twenty years ago. So much so that the fashion industry, as reported by the World Economic Forum, is the second most polluting sector in the world after the oil sector, every year it is responsible for 10 percent of global greenhouse gas (CO₂) emissions and contributes to the waste of resources water for 20% of the total, necessary for various processes such as dyeing, printing and finishing, but also for maintaining cotton plantations.

Almost 30 years after that 1989, which sanctioned the start of fast fashion, Forever21, the historic American low-cost brand, went into crisis, declaring bankruptcy in September 2019, while the profits of H&M recorded a decline for the first time after 44 years of history.

In recent years, consumer habits have changed significantly, and the coronavirus has only accelerated an already ongoing process, which sees sustainability - certainly environmental, but also social and economic - at the center of attention.

This change is driven by the younger generations, as shown by the report “The state of fashion”, prepared by McKinsey and the magazine The business of fashion, according to which 31% of consumers born after 1996, the so-called generation Z, claim to be willing to pay more for products with the lowest environmental impact,

followed by 26% of those born between 1982 and 1995, and 17% of generation X, those born between 1965 and 1981.



Source: Lifegate, “*come sta cambiando la moda*” (2020)

If, on the one hand, the supply is driven by demand, on the other, companies are beginning to see sustainability as a competitive factor. The coronavirus has entered a climate of ferment in which many fashion brands were already carrying out substantial transformations in the brand's policies: the Kering group, the French giant that owns Gucci, Yves Saint Laurent, Balenciaga and Bottega Veneta among others, is the reference point for sustainability in the world of luxury; the French group Lvmh, which includes Louis Vuitton, Dior, Fendi and Loro Piana, is pushing LIFE (Lvmh initiatives for the environment) which aims to improve the environmental performance of all its products and reduce CO2 emissions. In Italy an example is Ferragamo, the Florentine brand that has always contributed positively to the protection and safeguard of the environment, through the use of sustainable materials and the development of strategies and initiatives aimed at promoting the minimization of environmental impacts related to conducting business activities. Valentino, historic Italian luxury Maison, was among the first to adhere to the Greenpeace Detox protocol, the campaign to eliminate harmful chemicals by the production chain of the fashion industry by 2020. Shareholders and investors also ask companies not only for transparency, but also clear and effective objectives in terms of sustainability, highlighting the growing collaborative approach on the part of companies, institutions and stakeholders, who also have enormous responsibilities in this match.

Making a sector more sustainable first of all means realizing the importance and urgency of the topic, secondly implementing all those processes that allow production that takes care of the environment, of individuals and at the same time of profit. There are some trends in the fashion sector that see sustainability as the key to

recovery. The supply chain must become more transparent and traceable, that is, it must give the opportunity to the brands and consumers themselves to know where and how a garment was produced in all its processing phases. Innovative materials and processes must be more responsible, such as the transition from a linear economy, which requires that a garment is thrown at the end of its life cycle, to a circular one, which instead reuses materials by extending their life time. It is also the great moment of digitalization, which brings with it virtual fashion shows but which inevitably reshapes the role of cities; and again, purchases must be more prudent but, at the same time, production must rearrange itself on a slower model.

“If your business doesn’t care about leaving the world in a better shape through your practice, you will make yourself irrelevant”

-Emma Hope Allwood-

The belief that there is a relationship of close consequentiality between raising the innovative capabilities of the fashion system and its concrete possibilities for recovering competitiveness on global markets is now widely shared. Beyond the need for rationalization and cost containment, a central role for strengthening competitiveness is in fact entrusted to the ability to innovate in the direction of a process of constant enhancement of the textile product in all those contents - material and immaterial - that today the final consumer recognizes and attributes to it.

In this perspective, the innovation process of design and production on which the textile-fashion sector is engaged, is part of a multidimensional and integrated vision in which the tertiary sector contributes with the creative, commercial and management exercises, as well as the manufacturing system in the various joints of the production chain.

In the last decade, the Italian fashion sector has undergone a progressive and continuous transformation from a condition with a strong “labor intensive” characterization, to a more recent one that we could define as “capital intensive”, characterized by strong technological, organizational and intangible investments. At the basis of this progression of the sector there has been an evolution of the markets that have forced to abandon the production of manufactured goods destined for mass consumption (commodities) to redefine their role in the direction of a competitiveness that leverages high technical and technological contents and intangible like linguistic, narrative, emotional contents.

The evolution of the fashion industry can therefore only be read within complex and interactive scenarios in which changes in the socio-economic conditions of the population and the emergence of new social subjects as "market targets" together with technological opportunities become drivers of the development itself.

On these assumptions, for the construction of a new structure that makes it possible to operate within this new scenario, the main strategic macro areas on which it has become necessary to act are five:

1. Redefine the organizational structure in the direction of a more complex architecture where, albeit with different weights according to the business model, different operating areas must be able to coexist: manufacturing and technological innovation area, style and prototype area, marketing and commercial area and management / administrative area. The result of this organizational approach will depend heavily on the ability / willingness of the companies to expand the area of skills within and outside the strictly manufacturing perimeter and to develop new relational methods between internal and external subjects capable of guaranteeing an integrational process functional to the achievement of common objectives.
2. Development of the intangible component of the product. As previously mentioned, fashion goods are increasingly becoming hybrid cultural products in which the material part (fabric, fibers, leather) takes on value thanks to the contribution of cultural, creative and communicative elements (style, shapes, sematic references, cultural motivations at the basis of the choice of the material used, etc.). They are therefore products where a strong integration between the transformative methods of the material (technology) and the processing of the non-tangible cannot be ignored. On these assumptions, a critical step becomes the ability to develop a creative idea that interprets the emotional needs of the consumer and that can be industrialized.
3. Enhancement of technological research activities. The introduction of the creative component does not in any way diminish the constraint of a strong attention to the aspects of technical and technological innovation of process and product. On this front, the R&D function, and therefore the ability to participate in networks of relationships with external sources of knowledge and technologies (suppliers, research centers, universities, ...) represents a fundamental support to guarantee a benefit of efficiency of the plants and a solid qualitative positioning of the products.
4. Redefine the distribution model. The growing role of distribution and the relationship with the consumer have imposed innovative strategies for approaching the final market and controlling the entire "theatre of image representation" of the product through the development of new forms of operational integration with distribution and new investments in terms of technological platforms capable of governing complex networks and enormous flows of information.
5. Strengthening of the international presence. In the context of globalization processes, foreign markets are particularly dynamic in terms of consumption and demand, and in particular, markets such as Eastern Europe, Russia and some Asian countries that have been registering a solid development capacity (India and China in the lead). It is clear that in order to access international

development, it is essential to introduce important innovations in terms of managerial culture and the entire operating structure of the company.

In this context, it becomes essential to interpret the concept of innovation beyond its traditional forms to access a definition that knows how to capture within this sector all those material and immaterial interventions that allow you to give value to the fashion product. The practice of innovation must therefore be understood in a multidimensional configuration which is achieved through a process of synergy and contamination of all those industrial and service sectors - internal and external to the traditional perimeter of the sector - which can make a contribution to the enhancement of the product. Obviously, within a framework that has imposed an expansion of the perimeter of innovative activity beyond the traditional technical-technological sphere, defining the main areas of innovation has become a difficult exercise; however, by renouncing the ambition of a representation that would exhaust all areas of intervention, an effort was made to represent at least the areas on which the most impactful contributions in the sector are concentrated. This exercise was carried out by adopting the official taxonomy which introduces the division between technological and non-technological interventions as the first level of declination, a criterion that is well suited to the analysis of the Fashion System due to its hybrid nature.

1.1 Technological innovation

An effective definition of technological innovation is that proposed in the context of the European Community Innovation Survey which considers such all products, services or processes introduced by the company that can be considered new or significantly improved, compared to those previously available, in terms of technical and functional characteristics, performance and ease of use. Starting from this general definition framework, the areas of intervention and interest for companies operating within the fashion supply chain can be divided into four macro areas:

1. Technological product innovations aimed at stylistic and functional improvement: In terms of innovation, a coherent response to the strategic choice of orienting oneself outside the perimeter of basic products is reflected in the enormous research effort in determining technological solutions capable of performing the dual function of stylistic improvement of materials and products through innovative aesthetic effects aimed at to emphasize the originality of the finished garment and to improve functionalization in terms of the well-being, safety and care of users. In

this context, some research trends on which a wide interest has matured are nanotechnologies, plasma, enzymes, biofibers, phase change materials, and smart textiles.

2. Technological innovations to improve the efficiency of flows of goods and services: Expansion of the production and consumption markets, multiplication of the material and immaterial specializations necessary for the enhancement of the product, increase in the strategic importance of distribution and a direct relationship with the market, as well as the shortening of response times to the consumer add particular value to the process of managing the flows of goods and information. Another area of strategic importance is that of logistics rationalization technologies that allow the improvement of the handling of a multiplicity of products in equally multiple markets. The use of technical solutions such as overhead tracks, the presence of automated warehouses and any optical readers that identify the products in the warehouse are all innovations that help rationalize and make this phase of the process efficient.
3. Technological innovations to produce efficiently: In a context of increasing valorization of intangible components, the manufacturing process not only continues to represent a fundamental pivot of the competitive success of a company, but also takes on greater responsibilities than the increasingly stringent creative and commercial investments in which the same fashion companies are directly involved. In this regard, to the technological-organizational innovation in terms of improvement of the qualitative results and optimization of the resources, is added an innovation capable of shortening the time of renewal of the production in rapid times and on minimum lots. In this perspective, alongside the digital design, networking and logistics technologies, it is possible to decline other important areas of innovation, whose specific purposes contribute to composing a general system efficiency result: Acceleration of production times; flexibility / versatility of the machine; product customization; production scheduling systems.
4. Technological innovations aimed at reducing risk and environmental sustainability: For Italian fashion companies, the need to invest in technologies capable of reducing environmental impacts, of increasing safety for consumers, as well as of preserving workers exposed to the phases of the production cycle most dangerous to health, does not just mean respecting mandatory rules that require the adoption of risk containment measures, but also means investing in intangible assets such as reputation and social prestige, which are essential today to compete in a sector such as fashion where more and more consumers base their choices on factors attributable to cultural sensitivity. It has therefore become increasingly essential for companies to take an interest in the social consequences of the products that they put into circulation by following the entire production chain and placing the theme of environmental respect and safety

at the center. This is obviously a perspective on which it is possible to identify different technological strands from those aimed at improving the safety of machinery and environmental working conditions, to those of recycling and the enhancement of natural fibers.

1.2 Non-technological innovation

Non-technological innovations, always following the definition proposed in the context of the European Community Innovation Survey, are divided into organizational innovations and marketing innovations. Organizational innovations entail significant changes in company operating procedures, work organization or foreign relations, and are aimed at improving the performance of the company. Marketing innovations, on the other hand, concern the adoption of new strategies, marketing practices and advertising campaigns aimed at increasing the commercial success of products or services already offered on the market, or aimed at opening up new markets; the introduction of significant changes in the aesthetic, design and packaging characteristics of the products. Again, starting from this general definition framework, the areas of intervention and interest for companies operating within the fashion supply chain can be divided into three macro areas:

1. Organizational non-technological innovations: With respect to changes in the competitive positioning of the Italian fashion system, the intra and extra firm organizational innovation is undoubtedly an important contribution. The ability of companies to innovate in terms of internal and network organizational configuration by experimenting with new relational and negotiation methods between interconnected subjects in a logic of integration functional to the achievement of common objectives has in fact become a discriminant of the sector's development prospects. Investing in an organizational innovation, according to many scholars, is a prerequisite for achieving an overall reduction in transaction costs, as well as a reduction in the dimensional threshold of access to the sector. As you know, the most advanced areas of the fashion industry are the forerunners of this organizational innovation. In fact, since the nineteen nineties, a large part of the companies characterized by prestigious brands have undertaken a strategy of strengthening the relationship with the distribution, up to developing in some cases real forms of control. But despite these successful examples, the relationships between producers and distributors still remain the most complex and problematic aspect of this sector, as well as what in perspective will require a further commitment to identify new ways of collaboration and alliance. The evolution of the relationship with trade in the form described above has in fact involved large companies, while the audience of small businesses, due to a scarcity of resources

and an orientation still unbalanced today on the product and less on the market, continues to be deprived of a new model of interactions which allows them to appropriate profit margins strongly compressed by the growing bargaining power of the distribution system.

2. Non-technological innovations between creativity and marketing: Fashion goods, as already reported, are the explanation of an industrial model based on the strong integration between the transformation methods of the material and the processing of the non-tangible. This projection of the product makes creative and communication processes take on an innovative function that cannot be ignored. This takes on an even more fundamental value in a competitive context in which the advantages of the Italian fashion system leverage a continuous enhancement of the wealth of skills and ideas. In this regard, it should be remembered that the intangible enhancement of the product is necessarily played through the integration of three levels: the creative one; that of consumer perception and the strictly commercial one. In this perspective, the formalization within a company of the marketing area in its complex articulation of activities to be combined with a creative area assumes a central role for a good market performance. Obviously, dealing with marketing in companies does not only mean communicating, but also being able to analyze the market and segment customers, decide their competitive positioning, choose distribution channels and develop services that strengthen relationships and coordination between sales channels and production.
3. Non-technological innovations in the processes of creating human capital: From the analysis proposed here, we can affirm that innovation in all its components from technological to creative, commercial and organizational, has become the main engine to give development security to the sector. If this is the situation, we can say that the margins for growth within the sector are still very high and there is a powerful action to disseminate innovation and knowledge through intense training and know-how transfer. Regarding the main areas of professionalism on which you construct a training offer consistent with the scenario outlined, all surveys offer at least four:
 1. Coordination of logistics activities, organizational models and information flow management technologies.
 2. Marketing intended as market analysis and enhancement of the relationship with consumers through marketing and networking systems with distribution.
 3. Development of the intangible contents of the product through an innovation activity in terms of aesthetic, cultural, ethical and environmental protection values.

4. Technological development of the product and of the process through an intensification of the activity, research on the level of quality, functionality and the same ethical enhancement.

The world of fashion is constantly changing. Technological advances push the way of conception, design, production, and sale beyond the limit. Thinking outside the box is the password.

Chapter 2

Complexity and trends of the fashion industry

The apparel sector has long been marked by a high degree of complexity, an unavoidable part of the framework in which apparel firms have to operate. This complexity can partly be traced to behavioral patterns influencing the final purchaser's buying and consumption models, which cause considerable difficulty in forecasting demand when defining apparel collections, and partly also to the short life cycle of a typical garment. The entire sector is affected by these complex interactions, which have repercussions on the strategies adopted by firms seeking to defend a competitive position, as it can be difficult to create and maintain a sustainable competitive edge in an environment where, among other things, an elevated number of production alternatives can be found.

Within fast moving consumer goods, fashion is considered to be a unique industry because of some elements. First of all, the concept of seasonality means short product life cycle, sometimes products are not even replenished and within a season you might have different collections such as the flash collections, the cruise collections, or the pre-collections. Second, the huge variety of categories, typologies, sizes, and models within the fashion collection. Third, a product life cycle that is short, corresponds to a supply chain that on the opposite is quite long and quite rigid. Last but not least, this is a business with a lot of activities in the product development, a lot of roles between creativity and management, and each business model has a different way to approach the product development process. For instance, a fashion designer might have many very creative collections, while a premium brand could be more classic or offer more basic styles and items. However, no matter the positioning, or the higher or lower fashion content, nowadays on the market each company follows trends.

Design and production are typically long and cumbersome processes, sometimes requiring nearly a year to plan and move products to market. Technology, analytics, and nearshoring are part of the solution, enabling companies to respond quickly to source and develop products, squeeze production timelines, and streamline distribution. Start-ups are at the vanguard of this, but some mainstream players are also stepping up and delivering.

The rise of fast fashion and quickly shifting consumer shopping preferences have affected all retail industries, but high-fashion brands have been slow to react. For many, this is not a reflection of an inability to pivot at an organizational level. Instead, these brands are held to strict presentation calendars which dictate the release of new lines. Typically, fashion shows presented in the fall reflect the next spring's styles, and shows in the spring reflect the following collections for the fall. There are ready-to-wear pieces released in the following months and designer items can often be seen on celebrities leading up to the season the pieces were originally created for. Fast fashion, though, has thrown a wrench in this model. Companies like H&M, Forever 21 and Zara take ideas and styles for these presentations, recreate the items in a more season-appropriate cut and

lower the price. This has typically been seen as a market opportunity. After all, many of those buying from these fast fashion brands likely would not ever buy from the high-end brands — due to price alone. But consumers of all ages and budget thresholds have changed their tune when it comes to shopping: they want it now — not next season. This has given rise to what is known as the “see now, buy now” trend, in which a designer transforms his or her fashion week presentation and showcases instead a more season appropriate and ready-to-wear line.

Younger consumers are seriously concerned with social and environmental causes, which many regard as the defining issues of our time. They, increasingly back their beliefs with their shopping habits, favoring brands that are aligned with their values and avoiding those that do not. Brands are responding by integrating social and environmental themes into their products and services. The benefits of these policies are clear, but as the causes that some brands champion venture into controversial territory, there are risks and consequences for those that fail to get it right. Nine in ten Generation Z consumers believe companies have a responsibility to address environmental and social issues. The inclusion of the latter is a departure from the views of the previous generation of millennials, which had a greener focus. The change is reflected in the higher profile of social issues and in campaigns such as #metoo, #blacklivesmatter, and #timesup, all of which have entered the mainstream lexicon over the past couple of years. The views of Gen Z and millennial consumers are critical. Together, these cohorts represent around \$350 billion of spending power in the United States alone (approximately \$150 billion spent by Gen Z and around \$200 billion by millennials); additionally, Gen Z will account for 40 percent of global consumers by 2020. But concern over environmental and social issues is not restricted to younger consumers. Some two-thirds of consumers worldwide say they would switch, avoid, or boycott brands based on their stance on controversial issues. Half of these regard themselves as activists, driven by passion. The other half are less dogmatic, tailoring their decision to the situation at hand. Over the past three years a third of consumers worldwide have expanded the scope of their purchasing decisions to incorporate principled values and views. A new global ethos is emerging, and billions of people are using consumption as a means to express their deeply held beliefs.

Notably, environmentally and socially focused companies are considered by younger cohorts to be better prospects as employers, and the vast majority say they would be more loyal to companies that are aligned with those values. Commitment to tracking organizational key performance indicators is critical, as LVMH has done, setting out to have equal gender representation among executive ranks by 2020. A commitment to values on a group level can have impact on its brands’ culture. As mentioned by Balenciaga chief executive, Cédric Charbit, “I think the fact the brand belongs to Kering, and having Kering expressing commitment towards sustainability and values as a group, makes a difference. You work in an environment where this matters, this exists, and we all are committed to this.”

Despite the many associated risks, some large brands will be willing to court controversy to express beliefs, particularly luxury players, which will seek to attract younger consumer groups looking to trade up. There are clear benefits from doing so, and the more that companies express an authentic view, the more that those who

do not will be exposed. And while there is a counterargument that expression of controversial views may deter some customers, the calculation, of course, is that the loyalty rewarded by its remaining customers matters more.

The fashion industry suffers from a rising trust deficit. Recent high-profile data breaches at a number of online fashion companies, and in other industries, have left consumers wondering whether they should share information with brands and retailers. As a result, they are demanding to know much more about a range of issues, from where and how items are made to the design provenance and the item's quality.

Given consumer demands for greater transparency through the value chain, we see three key dynamics in the coming period. First, players will rigorously audit their business practices to identify potential areas that may erode consumer trust. The lens for this analysis could be, "What would my customers think if this was on the front page of a newspaper?" Brands will invest to address any problem areas. As a result, more players will highlight their best practices to create a competitive edge. Some will use new technologies such as blockchain¹, in which each node of the network sees the whole history of transactions, to boost transparency in the supply chain. Second, we expect more rigorous reporting of social and environmental impact. Finally, brands are likely to be more transparent in the event of a crisis. They will respond more quickly, admit when they are at fault more often, and be willing to apologize.

Looking forward, we see three key disruptive developments. To compete with "challenger" brands, established brands will continue to innovate, leveraging their scale to fast-track capability building through M&A, accelerators, and innovation labs. The latter will help companies remain at the forefront of business-model innovation and respond to new fashion trends more quickly. It will be increasingly important to adopt agile ways of working and depart from the traditional operating model. Players will also work to streamline supply chains, enabling faster time to market. In an increasingly fickle fashion environment, market leaders will also need to take more risks to stay ahead. Sublabels will continue to proliferate, allowing brands to experiment while maintaining the authenticity of the parent brand.

The time lag between discovery and purchase is a pain point for customers who continue to expect better experiences. Companies are increasingly focusing on reducing this source of friction and launching new technologies to enable a smooth and speedy transition from inspiration to acquisition. The consumer psyche is changing fast. Technology leaders such as Amazon, Deliveroo, Netflix, and Uber Technologies have raised customer expectations of speed and convenience. Through its Prime offering, Amazon has created an expectation that delivery should be next day, or even same day. Customers now expect to get a taxi, watch a film, or receive a meal almost instantaneously and to make a choice based on an easy-to-assess interface or app. If tech companies have taken a lead on streamlining the customer decision journey, fashion companies have largely failed to follow.

¹ Blockchain definition: a digital database containing information (such as records of financial transactions) that can be simultaneously used and shared within a large decentralized, publicly accessible network.

One reason for the fragmentation is that the way consumers get inspired has changed. In the old world, they would often get ideas for purchases directly from brands (intermediated by magazines) or from in-store assistants. Now consumers turn to a much wider range of inspirations, from social media, celebrities, and influencers to spotting an attractive look on the street. According to a 2017 survey of millennials, consumers are more likely to find inspiration from external sources (such as influencers, friends, and TV) than directly from the brand or retailer (for example, the store website and in-store staff).

Fashion brands - particularly luxury houses - are often successful because of their heritage. While this continues to be a key advantage, it is no longer enough. According to a McKinsey survey of millennials², younger generations are more willing to set themselves apart through brands and more likely to follow up-and-coming brands. Up-and-coming brands will typically challenge fashion conventions through branding, communication, or distribution. At the same time, social media has dramatically levelled the playing field, allowing these challenger brands to disrupt the marketplace. Their emergence partly explains the 50 percent annual growth of Instagram advertising spend.

Established brands recognize that challenger brands are often nimbler and more effective at reaching young audiences. In response, the former is now turning to a series of levers to “self-disrupt.” Fashion brands must learn to be more willing to adapt themselves by embracing a more flexible approach to doing business in areas from commercial models to the supply chain and distribution.

Tiffany CEO Alessandro Bogliolo summarized the mood perfectly:

“We all share the same challenge—a continuous demand for change—of newness, of communication, product, everything. And this is a huge challenge because we must do it right, but we have to do it in a way that is not going to erase your personality. Constant change, but you still have to be yourself”

2.1 E-commerce

The pandemic caused by the Sars-Cov-2 virus, with the consequent quarantine and blocking of mobility and all activities, has prompted many fashion brands to “take refuge” in e-commerce as an essential tool to deal with the closure of physical stores. A trend confirmed by the numbers: a McKinsey survey conducted in Italy, France, Germany, the United Kingdom and the United States found that 24 percent of people bought a product online during the quarantine for the first time, and 76 percent of these people said they were satisfied. An increase in online purchases therefore seems obvious, even when the crisis is over. The latter fact, in fact, suggests that a percentage of “offline” sales could permanently migrate to digital shopping, above all because

² The state of fashion 2019: Self-disruption in the fashion industry (McKinsey)

the distrust of consumers in physically going to stores is high. The digitally ready companies outperformed competitors who had not developed solid digital capabilities before the health emergency. Covid-19 has further widened this gap and accelerated the digitization process for those with the ability and willingness to invest. E-commerce is experiencing an unprecedented moment of growth and this development also concerns sectors connected to it such as logistics and packaging. Obviously, the level of development and the characteristics of e-commerce differ significantly in the different countries and the main differences do not consist only in the different levels of penetration and online spending, but also in the purchasing styles, the type of delivery and the composition of the market.

In Italy, in all sectors there are very high growth rates but the first category by purchase volume remains information technology followed by electronics and clothing. However, the trade balance of Italian e-commerce is negative: the turnover of Italian purchases from foreign sites is in fact equal to 5.9 billion euros compared to 3.5 billion euros of foreign purchases on Italian sites³. The Italian e-commerce market therefore shows higher growth rates than the countries further ahead in this area and for this reason it represents one of the most attractive markets among the most industrialized ones. In addition, e-commerce represents a huge development opportunity for the entire national economy.

Logistics and delivery services offered to customers are one of the key elements of the e-commerce offer since they influence the consumer's purchasing choices and seem to be a strength of Italian e-commerce. In fact, the logistics services for e-commerce generate high satisfaction in Italy. Netcomm research⁴ shows that about 80% of the 2,500 e-shoppers interviewed are completely or fairly in agreement on having received the delivery quickly, on time, with the right quality / price ratio.

Developing services, content, organization and applications is therefore essential for the management of an e-commerce. While in the past it was very complex to find suppliers of warehouse, transport and delivery logistics services able to meet the specific needs of e-commerce and the various sectors, today highly personalized services have been and are being developed.

The environmental impacts of e-commerce are generally evaluated on the basis of the shortening of the distribution chain compared to traditional trade. In fact, when you buy online, you actually skip the passage of goods from warehouse to shop: an additional structure that it must be built, heated and maintained. By buying on the web, however, the goods passes directly from the warehouse to the consumer, thus avoiding an intermediate step which often involves a long journey with considerable environmental impact.

“The fashion industry in collaboration with e-commerce acts as a tool for innovation and growth and has been at the forefront for multiple technological breakthroughs. The concept of e-commerce has transformed the fashion industry, allowing consumers to shop from the comfort of their own home [...] Despite the numerous benefits which e-commerce provides for retailers, companies must ensure to position themselves strategically within the fashion market through a combination of traditional stores and e-commerce alternatives. This is

³ Source: Osservatorio e-commerce B2C, Netcomm - School of Management del Politecnico di Milano

⁴ eCommerce B2c in Italia: servono visione, coraggio e perseveranza!

*due to the fact that certain customers prefer to use both mediums to shop for their preferred products, namely both online and physically through stores. By adopting an omnichannel approach⁵, retailers would be able to take full advantage of customer preferences, thereby maximizing their potential revenue”.*⁶

The e-commerce of the fashion sector, especially among today's young people, is destined to further expand its success, and consequently also his earnings. This exponential growth owes credit to some fundamental factors, that affect both the benefits of users in online shopping, both the advantages of merchants to sell their items on an online platform:

For users:

- The convenience of buying fashion clothes and accessories, without the need to go physically in the store.
- The possibility to take advantage of a more immediate overview and an overall and general view of the various articles.
- The ability of the technological medium to allow the user a shopping experience without any type of constraint: the “eFashionShopper” can buy where, how, and when it wants.
- The multimedia of the purchase, which allows an expansion of the possibilities of use (online site, applications via smartphone and tablet, etc.) and greater "relaxation" in being able to consult the articles with completely free times and methods.
- The price of the items available on the online platforms, which is usually lower compared to that of items sold "off-line": this is because the savings that the company obtained in setting up e-commerce directly affects the price of products.
- The ability to more easily find items that have often ended up in the shop, or still the advantage of buying products that cannot be found elsewhere.
- The frequent presence of promotions, sales and promotional codes that allow one discount on selected items.
- The possibility of being able to compare the best offers: it happens very often, in fact, that a particular item is present on different online shopping platforms and, thanks to comparison between the different sites, it is possible for the user to find the most advantageous price.

For merchants:

- The ability to reach a greater number of customers than a classic business, thanks to the pervasiveness (constantly growing) of the network.

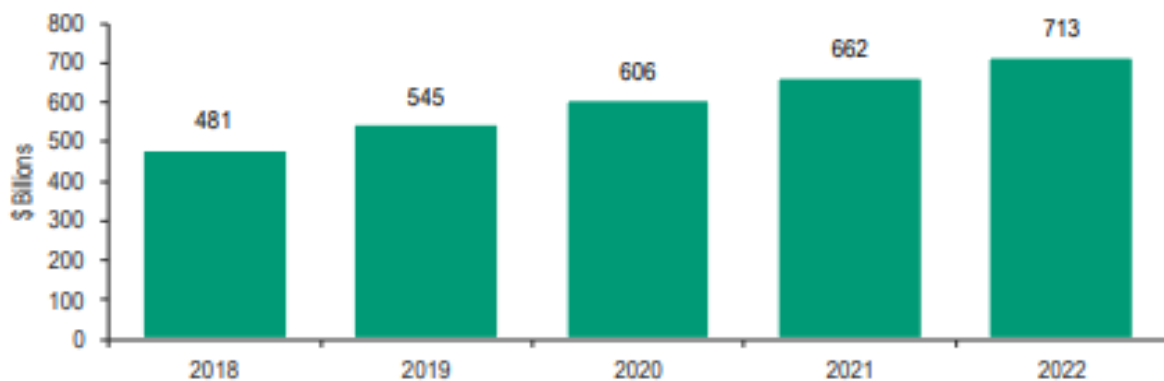
⁵ Omnichannel -- also spelled omni-channel -- is a multichannel approach to sales that seeks to provide customers with a seamless shopping experience, whether they're shopping online from a desktop or mobile device, by telephone, or in a brick-and-mortar store.

⁶ Grant Thornton, an intrinsic for growth: Use of e-commerce in the fashion industry (October 2018)

- The possibility of selling around the clock, seven days a week, objective impossible to reach with the classic store.
- The savings that an Internet site entails compared to the actual business of distribution (from the showroom to the store), in terms of structure, employees and intermediaries.

In the face of these advantages, it has been observed that the majority of user-consumers, in addition to be more satisfied with the product received with the online purchase rather than with that carried out in stores, tends to ignore the negative aspects of this shopping method: the lack of physical contact with the staff, the longer waiting times, the shipping costs (which in some cases, lead to losing the savings derived from the online purchase method), and finally, the fact of not being able to "touch with your hand" and not being able to try on clothing, where necessary.

“Statistics show that e-commerce is now an essential tool for the fashion industry. In 2018, the industry generated a worldwide revenue of \$481 billion. In 2019, that statistic rose higher to \$545 billion and is projected to rise further to \$713 billion by 2022. The constant rise in revenue generated is partially down to the rise in potential consumers⁷”.



Source: Trade Malta, Grant Thornton: Use of e-commerce in the fashion industry (2018)

Personalization is a leading factor in the e-commerce industry, with 75% of consumers preferring to receive personalized offers and messages from their preferred brands. Moreover, 94% of companies view personalization as being critical to achieve current and future success. By tracking user behavior, fashion sellers can integrate user personalization within the site itself, thereby targeting individual customers rather than a broad market. Soon, shoppers will increasingly expect to experience this type of personalization in the e-commerce fashion industry.⁸

Online shopping offers fashion shoppers a new world of opportunity and they are looking to get the most from that. Whether that is from personalizing items or gliding through a simple interface on mobile devices, buyers

⁷ CHRISTIAN SMALES, Data feed watch: The relevance of e-commerce to the fashion and apparel industry.

⁸ Grant Thornton, an intrinsic for growth: Use of e-commerce in the fashion industry (October 2018)

are influenced by a wide range of factors that lead them to prefer the online experience. Online shoppers tend to regard personalized offers highly. Many customers will shop around for the best deal. However, if there is a deal tailored specifically to the person, for example a birthday discount; then the customer will more than likely use that store. Personalized products have a similar effect with drawing customers away from the competition by offering unique products.

Leading fashion retailers such as ASOS, H&M and Dior are implementing several innovative technologies to enhance their shopping experiences and offer innovative solutions to remain at the forefront of the industry. These technologies can also be easily exploited by smaller companies to gain a foothold within an ever-increasing competitive market. The use of e-commerce within the fashion industry provides numerous benefits for retailers wishing to increase their client base by expanding into new markets. E-commerce provides a viable alternative to traditional physical stores, which helps minimize inventory, reduce costs, and build brand loyalty. Even though the adoption of e-commerce may be seen as a risky investment for smaller companies who may not have the same level of resources as international larger brands, such companies can still implement online platforms within their business models albeit on a smaller scale.

The world of ecommerce is developing at a staggering rate and keeping on top of information has never been more important. It is clear data is the best way to gain an understanding of what customers want. But it is equally important to utilize it to maintain the current loyal customers. As ecommerce continues to develop, competition will continue to grow between retailers. The ones that thrive will be the ones managing information in the best way.

If we investigate the various phases of a fashion customer's journey, by analyzing the touchpoints with which they have come into contact, up to the landing and the conversion sites, we observe an anomaly. In fact, its navigation path typically starts from online reviews, passes through the brand's proprietary channels (website, apps, etc.) but eventually ends with the purchase on a marketplace. Nowadays, marketplaces are the first place of conversion.

The fact that the buyer first visits the brand's website and then lands on the marketplace, with price as the first lever of purchase, tells us that the consumer experience has impoverished⁹.

⁹ CHRISTIAN SMALES, Data feed watch: The relevance of e-commerce to the fashion and apparel industry.

Chapter 3

The growing importance of the packaging

Why is product Packaging important? As the customer experience has impoverished, the packaging can play a central role in the creation of a unique and integrative experience.

Although some form of packaging has always been used to contain and protect products, great development has occurred in the last two centuries and today, especially in response to commercial demand, packaging is infinitely more sophisticated and developed than in any other period of its history. In the modern world of transport networks, distribution and retail depend completely on packaging, a means necessary to move and protect goods in the passage from the place of production to that of consumption.

The packaging of a suitably equipped product can become an information tool, a portable advertising medium and therefore part of the product itself, greatly expanding the primary function of the packaging, which always remains that of containing and protecting. The economic aspect obviously concerns the cost of the packaging which should not have an excessive impact on the final price of the product, even if there are high-end items (and not only) elusive to this requirement: focus on a package that you can exceed the value of the product means looking for it in greater probability of sale with the aim of knocking down equal competition or giving the product greater prestige than it actually possesses.

Three main types of packaging have been identified, with the same objective aim of protecting the product in all phases of transport and handling from production, through sale to the consumer. The quality of the packaging is defined by its characteristics: in addition to its function of maintaining the properties of the product unaltered, it must be resistant during transport, simple to use, sustainable and able to respond to certain principles of communicative design and of marketing. As already mentioned, there are three categories in which the packaging is divided according to the function performed. Let us find out what they are and how they differ:

- 1- Primary Packaging: By primary packaging we mean the packaging that contains or encloses the products directly, coming into close contact with them. In fact, this is the last line of defense between what is contained and the outside world. The type of material used particularly influences the yield of conservation and quality, allowing in a qualitatively different way to transport food and non-food goods. The primary packaging also allows to be able to guarantee the mandatory marking by law with the fundamental information, to protect and inform the consumer.
- 2- Secondary packaging: The secondary packaging represents the next level of packaging, which allows you to group and store individual sales units. Also defined as "multiple", it is never in direct contact

with the final product; between the two there is always the primary packaging, so that the content can be removed without altering its characteristics. The secondary packaging, if you group the product into sales units, has the aim of capturing the attention of the consumer during the purchase. For this reason, the packaging is often designed with certain characteristics for informational or promotional purposes which also determine its arrangement on supermarket shelves. Examples of secondary packaging may be multipack bags such as potato chips or family-size coffee bags.

- 3- Tertiary packaging: Tertiary packaging represents the third level of packaging. Of the three types, it is certainly the most functional one from the point of view of practicality, as it was conceived, for example, to facilitate the handling or transport of products to the points of sale. In this way, thus it allows you to simultaneously transport multiple primary and secondary packaging, avoiding physical or contamination risks when passing from manufacturing companies to retailers. Some examples of tertiary packaging can be large boxes containing small packages, macro pallets of boxes, but also the shrink wrapping that wraps them. Protective products aimed at protecting the entire supply chain, which the consumer is hardly able to see.

It is clear that each of the packaging types is vastly different, so it's important to understand the differences. When you're working up a packaging strategy, it's also pretty important to think about each level of your packaging in order to make sure that your products will be protected and that you're taking the total cost of your packaging into consideration before committing to a course of action. Obviously, choosing the wrong packaging solution will likely result in all kinds of in-transit damages. On the other hand, making the right packaging solution choice will not only protect your products, but it will also optimize your supply chain.

Focusing our attention on the primary packaging, we can say that it is a miniature of the marketing strategy. Good primary packaging design can show the product, price, channel, and promotion marketing strategy of enterprise. Packaging not only brings a sense of security, but also can provide customers with convenient and promote product sales. Furthermore, in the process of product sales, regardless of the brand, advertising and promotion of products, the products packaging represents the communication with products and customers. No matter how deep product knowledge, the final communication with consumer is packaging. Therefore, it can guide people's consumption choice, enhance taste in fashion consumption and communicate with consumers psychologically in product marketing activities. The packing of the products cannot be simply understood to beautify the product. It is more of a need to increase product value and a reflection of marketing strategy. Only extract and purify packaging design strategy from the dynamic changing of market environment and consumer demand in the psychological motivation, communicate with consumers through the visual communication way, and ultimately move consumers. Only in this way, the packing can truly become a salesman. Packing also truly becomes a kind of promoting power of purchasing for consumers. Model is the important part and premise of

packaging design. Packaging must manifest its practical function and aesthetic value. Beautiful packaging model is beneficial to strengthen the practical and convenient function of packaging, beautify the goods, attract customers, promote sales, and improve the added value of products. Good, beautiful packaging laid a good foundation for packaging visual design. The performance of packaging will directly affect the strength, stiffness, stability, and practicability of the package. When design model, the designer needs to consider the characteristics of different material and each part of the packing body and its internal design main considerate the packing materials, reasonable packaging external design main considerate protection and the function of storage and transportation, as well as the combination of packaging requirements. In addition, packaging can decorate products, making the product more attractive. Fashionable and exquisite famous men's shirts brand, if it just simply packing may not cause consumer interest. And the same shirt, if carefully packaging design, the advantages of brand and clothing, will win a lot of market share. Whether the packing is good, directly affect the level of the clothing, the manufacturer's reputation, and economic benefits.

Packaging design is a reflection of the value of the product and in addition to pursuing the harmony of the internal and external modeling, it must also convey the moral of form and style. Therefore, a successful packaging design is a critical step in building a corporate brand. Due to this important role, it must include global elements and factors such as the product brand concept, consumer psychology, and product characteristics. We all know that "Buddha depends on gold, the men depend the clothes", and so is packaging design.

*"Successful packaging design is like to put on fit, beautiful and tasted clothes; wherever he is, he will naturally be the outstanding one. The consumer buys products sometimes not just to meet the needs of the material. The more important thing is the individuality satisfying and spiritual pleasure which brand brings. Therefore, as the external performance of the brand, when designing a packing brand, we should utmost ground visual symbols into packaging and forming the unique brand personality."*¹⁰

The design of the packing should not be too complicated to achieve a good publicity effect, expanding sales, establish a famous brand, and stimulate the purchasing desire.

An interesting focus on the role of packaging is given to us thanks to the following statistics by Veronica Jarski from Marketing Profs:

- 52% consumers will buy the product again if they get the product in premier packaging.
- 90% consumers are bound to use the packaging boxes and bags after purchase.
- There is reportedly a 30% increase in the number of consumers when businesses focused on product packaging design.

¹⁰ YAN WAN, The Study on the Influence of Clothing Packaging Design for Marketing

- 74% consumers who fall in the age group bracket of 18-25, tend to share product packaging photographs on social media.

“These statistics are proof enough that product packaging is the need of the hour and retailers cannot stand oblivious to the urgency of good product packaging if they want to create brand perception and earn revenues.”¹¹

The importance of packaging in commerce relates to the fact that the final phase of the shopping experience takes place offline and therefore it implies a packaging capable of enhancing the product at the moment of opening. Today, packaging is not just packaging and companies who are not thinking this way are setting themselves up to failure. The packaging of a product communicates a lot of things, including the values of a company. There are thousands of products on the market and one-third of a consumer’s decision making is based on product packaging.

A study on consumer behavior showed that “perfect” packaging must have four specific characteristics:¹²

- **Minimal and easy to open:** Taking the protection and safety of packaging for granted, consumers seek for packaging solutions that minimize excess volumes, saving resources and space. Large e-commerce giants have been attacked on social media for irritating their customers with complicated or unnecessary packaging. Already in 2008 Amazon, to cite one example above all, launched the "Frustration-free packaging" initiative, to encourage its suppliers to use packaging systems that are quick and easy to open. The goal is: to minimize the excesses of cardboard and plastic to reduce transport costs but also to put customers in a position to open packages quickly and easily, without burdening them with a demanding disposal of the packaging.
- **Eco-sustainable:** The second trend is the demand for eco-sustainable packaging. The imperative is the 3R: reduce, reuse, recycle. Sustainable packaging improves the company's image by distinguishing it from the competition. Today, consumers are increasingly eco-responsible, and the purchase decisions are influenced by the environmental impact of the packaging. Companies that use e-commerce have become aware of it and big brands such as Zara, for example, have been able to ride this trend by continuing the story of their brand on the web through packaging. This will also make the final phase of the shopping experience for e-commerce even more fluid.
- **Personalized:** It is important that packaging do not go unnoticed. Obviously, customized packaging can have a slightly higher cost, but the customer experience must not be sacrificed for

¹¹ MEHA SHARMA: Importance of packaging in apparel and textile industry

¹² Source: E-commerce Packaging preferences (Shorr Packaging Corporation)

this, especially for pure players for whom packaging is the only physical interaction with the end customer.

- Reusable for return or reusable in general: e-shoppers take for granted that they can make the products purchased in the same packaging they received. That is why it becomes important in customization to think of solutions that allow the customer to easily close and reuse their box or envelope for return. If the packaging is particularly beautiful or resistant, the customer may be more inclined to keep it and reuse it for other purposes as well, keeping the brand clearly visible in its environments.

Unlike what happens in other sectors, by analyzing only the final moment of purchase, the clothing sector is characterized by the absence of packaging "in store "(excluding shoes). At the time of purchase in store, in fact, the only packaging that accompanies the purchase of a piece of clothing is the bag to take it home. This determines a substantial increase in packaging in the transition from traditional commerce to online commerce. Indeed, the growth of e-commerce represents a great opportunity for the packaging sector. Packaging can be used as a competitive lever to improve the customer shopping experience; it is that additional detail capable of conquering even the ficklest consumer. Currently, the packaging does not only protect the products, but it is the physical meeting point between the seller and the customer, an opportunity to materialize.

For fashion brands, the packaging is not only a means of representing corporate values but also a kind of means to participate in market competition. Today, traditionally designed packaging is unlikely to meet the demand of the modern consumer market. The work of the designers must focus mainly on designing new packaging that can highlight the main advantage of the brand, attracting new consumers, and encouraging them to buy. An innovative design packaging has the potential to improve the brand image, change the mental models of consumers, and contribute to the economic growth of the company. To succeed, a company's brand packaging must stand out and look different from its competitors. Furthermore, the product's packaging can be a helpful marketing tool through in-store advertising.

The term "Branded Packaging Experience" stands for a thoughtful selection of packaging and shipping materials as well as the deliberate presentation of products. Its purpose is to provide additional value for customers as well as for companies through the ability to create a memorable and sharable experience. In ecommerce, every single touch point is important to create a branded experience for customers, and the packaging represents a strategic tool to do so. When you buy a good, it is the whole that makes the difference. Creative packaging becomes an essential point for the success of a product. Indeed, it almost seems that the packaging is an extension of what you are about to take home. Become one with the brand.

"The value of premium packaging extends far beyond the customer experience into residual marketing effects. The experience goes beyond the online order to when the customer opens the beautifully wrapped package and shares that experience across social networks. That act of online and social recommendations drives loyalty from your customers and promotes brand awareness."

- Maria Haggerty, CEO of Dotcom Distribution-

3.1 The value of premium packaging and the “unboxing” phase

“Premium packaging is defined as packaging that is more upscale than a traditional brown box and usually involves better quality material, colors, custom inserts, or unique designs. This type of packaging exceeds customer expectations because most think they will receive a traditional brown box when they make a purchase online.”¹³

Today all companies want to give value to their products, for this reason it becomes important to choose a premium packaging. In this way, in addition to making your brand immediately recognizable, it also communicates an intrinsic higher quality of the product during the purchase phases.

A Smithers PIRA study estimates a strong acceleration in luxury paper and cardboard packaging driven by innovation. The seminar held by the Smithers PIRA research institute highlighted the importance of cardboard in packaging both from the point of view of sustainability and reuse of resources, and of protective efficacy. The analysis - also published in the "Paper-based packaging trends to 2019" report - starts from the motivations that make paper and cardboard a versatile support useful in primary, secondary and tertiary packaging, an ecological and renewable support and, from the technical point of view, able to offer different types of quality, especially in the packaging of luxury products, to be combined with a great variety of finishing and ennobling techniques.

The creation of a premium packaging does not necessarily mean using excessively expensive packaging, but rather it means investing in a tool that can help increase sales and customer loyalty. Today, premium packaging is not only vital for large companies, but has also become decisive for small and medium-sized companies that want to stand out from the competition. Investing in this sector allows you to create premium products and significantly increase margins by creating that perception of exclusivity that strongly distinguishes your references from the competition, positioning them as products of the highest quality. From a communication point of view, it must be ensured, during design, that the narration of your brand and the consistency of values and sensitivity are aligned with the product, the company vision, and the target.

¹³ Maria Haggerty, CEO of Dotcom Distribution: How to Retain Loyal Customers with Premium Packaging

*“Aside from the box itself, retailers should pay attention to additional details that can have a significant impact on the customer’s unboxing experience, leading to repeat purchases, social sharing, and word-of-mouth marketing”.*¹⁴

- **Personalized notes:** It will make customers feel special and help them remember the unboxing experience. This can also help guide the customer experience by ensuring that the brand’s voice and messaging is front and center as they unbox their package.
- **Impressive Packing:** The inside of a package makes a difference; if the product’s placement within the box lends itself well to a photo, a customer is more likely to share it on social media. Products should not be randomly arranged inside the box.
- **Giveaways:** Brands should also offer something unusual inside the package so that to excite customers and exceed their expectations.

Unboxing is an extremely important issue when creating premium packaging. An important phenomenon that is linked to the need to make the purchase a unique moment even in the opening phase of the package, after the actual purchase of the product. In fact, being able to offer customers a structured packaging with attention to the smallest details will increase the desire of the consumer to buy the product.

Let us start by saying exactly what unboxing is. It is an expression that indicates the moment after the purchase, in which the consumer is preparing to open the package that contains the purchased product. The popularity of this phenomenon has been partly driven and favored by the use of platforms such as YouTube, Instagram, and Facebook where buyers can share their "unpacking" experience with other users. Users who search on these platforms using the keyword "unboxing" see the top positions occupied by electronics products and luxury brand clothing products. Before purchasing a product, consumers want to know its characteristics, to see first-hand what the packaging looks like to indirectly live the unboxing experience. But to create an unboxing that consumers want to share online, it needs to be a compelling piece of theatre.

The art of retaining customers in e-commerce is tricky, to say the least. This is even more true for smaller and less-established brands. A worrisome static by Bain & Company study, shows that 60-80% of customers do not return to shop with the same brands, even if the customer experience was positive. As consumers, we are simply spoiled for choice in terms of where our money should go. There are so many brands to choose from that we rarely go back to the same place twice.

¹⁴ Maria Haggerty, CEO of Dotcom Distribution: How to Retain Loyal Customers with Premium Packaging

Just delivering the goods in a timely manner is not enough. If your brand interactions have no ‘wow factor’, they are unlikely to make repeat purchases. But retaining customers is more than just good business - it creates a much more sustainable marketing strategy. Acquiring new customers can cost up to five times more than retaining your existing base. Branded packaging in e-commerce does not simply make products look nice – it is a customer retainment strategy in its own right. To build lasting brand loyalty, you need to show that you are willing to go the extra mile. The time investment that goes into creating an attractive unboxing is a sure sign of a brand that values its customers.

We can now summarize the benefits of a great unboxing experience:

- 1- It drives customer loyalty: ‘Last’ impressions are just as important as first impressions. From an economic perspective, long-term customer relationships are much more profitable than having to spend resources attracting them from scratch. But building these partnerships is not as easy as it sounds. This is because brand loyalty is not simply about whether the product or service is ‘good’. In an increasingly competitive retail market, there are a dozen brands who are probably making as ‘good’ a product as you. What brings your customers back is when you offer that extra ‘wow factor’ that sets you apart from the crowd. You might have an excellent product that your customers are happy with, but it is very difficult to capitalize on this if you don’t give them an experience that is unique.
- 2- It helps the brand tell its story: If a company is not leveraging its brand’s unboxing experience to the fullest, it is missing out on a brilliant opportunity to express itself. Your narrative is integral to communicating successfully why customers should choose you over alternatives. Refining your unboxing experience will go a long way to helping you craft a powerful brand narrative. Instead of just words, you are giving customers tangible proof of your values.
- 3- The opportunity to go viral: In the world of Social Media, this potential is very real. Social Media and unboxing are virtual bread and butter. ‘Unboxing’ has become its own genre with a cult following on sites such as YouTube. Some specially dedicated channels develop huge followings, with views that reach into the millions. An image or video of someone ‘unboxing’ your product can allow your brand to reach entirely new markets, which may have been difficult to reach or discover otherwise.
- 4- It gets influencers excited: Because it is effectively a modern version of ‘word of mouth’ marketing, you need to pull out all the stops to ensure you make a favorable impression. It is important to remember that influencers are not the same as a celebrity ‘endorsing’ a product.

There are overlaps, but influencers are for the most part ordinary people who build their large followings and business from being perceived as trustworthy. This means they are unlikely to promote a product that they do not believe in. As we previously mentioned, content based on the unboxing format also has the potential to get your brand a lot of exposure. If this is applied in the context of influencer marketing, then you have a powerful formula that is highly beneficial to your brand.

Chapter 4

The innovator's method and the "Pack & Act" practical case

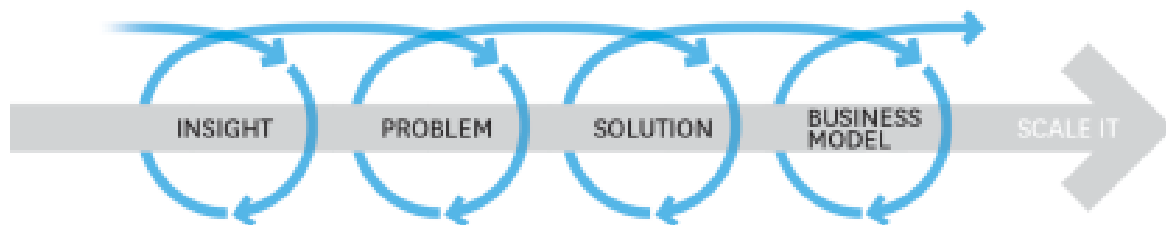
In this fourth chapter, I have reported the practical case of my individual project work. The introduction of this possibility in the Study Plan reflects the value that LUISS Guido Carli University attributes to the learning by doing method, an approach aimed at integrating and enhancing knowledge (the "knowing") and skills (the "know-how"). Allowing students to experience in practice (application moment) what they have learned theoretically (didactic moment). Project Work means a concrete project carried out individually or in a group, through which students actively and concretely experience the didactic contents learned in their degree course. The project work may be performed in two different ways: Students select the project work they would like to participate in from a list of tracks proposed by professionals (including LUISS alumni); otherwise, students may propose their own project work ideas to develop, with the contribution of a supervisor identified by them and available to follow them in the design and implementation process. The Project Work must be in line with the contents learned in the didactic-training path and have a workload proportionate to the number of credits assigned. The project outputs are subsequently subject to analysis, comparison, and discussion. After the conception, implementation, and successful completion of the Project Work, students are assigned 8 CFU (Additional Credits). I opted for the second method, proposing my own project work idea to develop.

Thanks to my course of study, Entrepreneurship & Innovation, I acquired theoretical knowledge of entrepreneurship and innovation management dynamics. Working on this project allowed me to combine theory with practice. One of the main objectives of the project in question was the implementation and validation of the "Innovator's Method", the goal of which was to transform an idea into a successful innovation. I acquired this during the "Management of Innovation" course held by the professor, and supervisor, Maria Isabella Leone.

Specifically, the innovator's method involves a series of cyclical phases (Insight, Problem, Solution, and Business Model) designed in such a way as to reduce the uncertainty that governs a given market, avoiding using resources unnecessarily to create something that consumers do not want to. This means that my work plan could not have a linear trend giving the limit that a problem found in any of the four phases would have made me go back (pivoting) to change course and solve the problem in question. (figure 1)

The reference context of the project is the fashion sector which, being highly competitive, prevents many brands from emerging in the market. Therefore, I focused on younger brands, which, despite their offering differs from many others, struggle to reach a wider audience. This is my starting point, the symptom from which I started to understand and structure the real "Problem Problem" at the base of everything. Then, I start looking for a solution that lends perfectly to the needs of the brands and ultimately designs a strategy to enter the market.

I officially started working on this project in March 2020. The delivery date was scheduled for June of the same year, but I had underestimated the commitment that such an activity would require. Moreover, the situation caused by Covid-19 has led to strong slowdowns in the roadmap. All this has led to a postponement of the delivery to September 2020. For the realization of the project, I used databases, magazines, and personal productivity software such as Microsoft Office. I used Qualtrics for surveys. While for the realization of the various prototypes I first went to the FabLab in Rome Casilina, then to the FabLab in Rieti, and finally to the DeltaMacchine, a Rieti company expert in the processing of materials using numerical control cutters and laser cutters. Finally, for the go-to-market strategy, I used the Canvas model, and by email and telephone, I started to establish the first contacts with producers, suppliers, and distributors. As I progressed in the realization of the project I realized that I could not do it alone, so I started to form a team of young, competent, and very committed, who have embraced my innovative idea and believed in it all the way.



(Figure 1) Source: Nathan Furr and Jeff Dyer, HBR.ORG.: An end-to-end innovation process (2014)

4.1 Insight

“If you want to innovate, savor the surprises. Too often we overlook the surprises”

-Kim Clark, Former Dean of Harvard Business School-

Innovation is something necessary for businesses survival in today’s world. It may be on the product, delivery, packaging or service. The important thing is not to stop innovating in search for the best user experience with the product or service of the company. However, there are still some problems in most business innovative initiatives. Generally, the motivations for innovation are reactions to competitors’ projects or a race to follow major trends. It may even be a good starting point to consider innovation, but they do not usually offer good results. The real motivation should be to create something valuable for the customer and they should not miss a very important ingredient in this process: “Insights”.

“The innovator’s method starts with generating insights into potential customer problems by looking for surprises or other clues, such as symptoms of a problem, which provide the clues for an opportunity.”¹⁵

¹⁵ NATHAN FURR, JEFF DYER; The innovator’s method, Bringing the lean start-up into your organization

An insight is the fundamental ingredient for innovation, it is a more focused and deeper understanding of consumers' desires or problems. Having a real and deep knowledge of customers is essential for insights definition, through observation and conversations with customers you can notice a symptom or a surprise which provides the clues to an opportunity.

Generating insights represents the first step in this end-to-end innovation process. It involves questioning, observing, networking, and experimenting to search broadly for insights about problems worth solving. For the definition of an insight we should observe what people think, how they behave in a given situation but first of all we should understand what they are doing and trying to achieve. Then we should understand the dilemmas that are stopping consumers from achieving what they want to achieve, looking for strong emotions as they happen help finding those powerful insights that give the opportunity to create an emotional bond with consumers. Understanding why something is happening the way it is, is a critical step in figuring out how we can help consumers. After having discovered the underlying motivations that drive people's actions, we should describe the desired end-state or situation the consumer is seeking.

So, the first step is to generate an insight about a problem worth solving and the catalyst for an insight is a "surprise". A surprise is the clue that you have learned something new that might be a valuable insight. The four actions of questioning, observing, networking, and experimenting are the key to triggering new insights through associational thinking: the ability to connect seemingly unrelated information or ideas and put them together in new ways.

An insight can take many forms: it could sit on a very generalized human level, or it could be more specific to an environment or the category. But the most important thing in this context is that it has some kind of human dimension, and it relates to a specific audience. At this stage it does not need to be beautifully or richly expressed; it should reflect a basic human truth in a clear and easily understandable way.

4.1.1 "Pack & Act" insight generation

In accordance with what the Innovator's method suggests, I putted myself in costumers' shoes. When I savored the surprise, about one year ago, I was trying to launch my on-line t-shirts business, with my own Brand. Fashion is a sector with low entry barriers, and anyone can launch their own brand. However, as easy as it is to appear on the market, it will be so easy to play the part of spectators as it is a market with very high competition, where the big players are the masters and the small ones remain the crumbs. It is a sector where many companies enter and many leave every month, given the low exit barriers. It is not enough to design a line, produce it and put it on sale online. The hard part is selling and to do this it takes the "X-factor" which must unite the entrepreneur, product and project and which must result from a great mix of elements or winning factors.

*“Although the tools and technology available nowadays for designing, printing and shipping your own t-shirts makes starting up relatively simple, the difficult part is building a brand to stand out from the competition. Combine competition with slim margins and building an online t-shirt company becomes a little harder than it might first appear [...] With the popularity of t-shirt businesses, there is no doubt a Brand will be facing competition”.*¹⁶

During the planning of the strategy to enter the market I noticed that new brands were born and died every day, also realizing that the mere differentiation of the offer was a necessary but not sufficient element to stand out in this highly competitive market. The truth is, no matter how unique your products or services are, you will have stiff competition. Considering how crowded the landscape is in every industry, the question is, how do you stand out in a crowded marketplace? Coming up with something new and different could be a solution. Going forward in the analysis I noticed that most of the Brand utilized the packaging as a complementary good, as a tool to boost their Brand image and the value of their products thanks the customization and the eco-sustainability of materials utilized for the shipping. Modern and creative packaging is not only effective in increasing sales but also a good way to maximize a marketing strategy with little capital. Clothing packaging, specifically, has come a long way using different styles and incorporating creative designs to match the brand in order to raise consumer awareness.

A number of clothing companies even become more popular with the packaging they create which carries their line of products to success. Custom clothing packaging usually aims to promote the brand and grab the attention of customers. Moreover, some companies have dual purposes in using creative packaging: aside from increasing public awareness, they also create unique packaging to protect their products and use the packaging itself as the selling point. There are so much more distinctive packaging ideas being used by different clothing brands right now, but the most notable trend is how packaging has become a critical element on how they conceptualize and eventually market their goods. Clothing packaging, if carefully thought out and incorporated in the actual clothing design, can really become a “hit” among target consumers. The interest and enthusiasm the packaging generates also bounce back to the actual product being sold. At times, the packaging carries the sales instead of the product itself. This means that the packaging and products must be at par in terms of excellence in order to avoid overshadowing the other.

According to the BillerudKorsnäs Consumer Panel, a global study focused on people’s view of packaging sustainability and how consumers make sensible choices, 72%¹⁷ of consumers are willing to pay more for a product that is packaged in a sustainable way. An important trend in the fashion industry is the growing consciousness about the waste produced by fast fashion brands, and the good news is that green is the new black. Ethical fashion is on the rise. Consumers are waking up to the impact that cheap apparel has on the

¹⁶ BRAVEEN KUMAR, How to start an online t-shirt business: everything you need to know

¹⁷ BillerudKorsnäs Consumer Panel: How Packaging Helps Meet the Demand for Sustainable, Ethical Fashion (2018)

environment, instead they have looking for better quality products and greater transparency within the supply chain. Even if your fashion brand provides good conditions for workers and creates high quality products using natural or sustainable raw materials, there is still the problem of packaging waste.

With the rise of e-commerce, the need for better packaging rises too. E-commerce customer will not walk into a physical store, so first impressions are important and with the rise of online brand influencers and “unboxing” videos on Instagram and You-tube those first impressions can be easily shared with the wider world. By using an eco-friendly packaging, brand can both create a good impression and reduce waste.

So, the packaging has acquired an essential role in the planning of the marketing strategy of a Brand. First, to success in its purpose a packaging must distinguish the brand from competitors in such a way consumer will choose this brand instead of others. Secondly, a packaging should intrigue and communicate the corporate values and the characteristics of the product.

Adopting a customized packaging is a good strategy, but easily replicable by the competition, specially by the big players who enjoy economies of scale and therefore face lower costs. Furthermore, if the world is following a trend of a more eco-sustainable planet then all brands will start use a “green” packaging, and the personalization of it will be a common element for all brands.

What I found is that brands basically want to differentiate and gain a competitive advantage against competitors. In my opinion, using the packaging as a tool to reach this object was strategically correct but in recent years it has become commonplace and will become increasingly popular. In order to gain more visibility and maintain an advantage over competitors, brands should have an innovative and not easily replicable packaging. A packaging that is something more.

4.2 Discovering the “job-to-be-done”

“No problem, no opportunity. No one will pay you to solve a nonproblem”

-Vinod Khosla, Founder, Sun Microsystems and Khosla Ventures-

The Innovator’s method suggests that before starting with solutions, it is essential to deeply understand the problem. A way of thinking about the job-to-be-done is to ask: “What outcomes do customers want?”. The aim is to find a “monetizable job”, that is a significant need or problem for a large group of customers who have money and will pay you to solve it. Those kinds of needs or problems that keep your customers awake at night, cause them stress, engage them deeply, or consume their time.

The innovator’s method introduces a different set of tools to discover the job to be done:

1. Pain-storming: This technique involves creating a customer's "journey line" to understand how customers complete a task and identify their main pain points along the way.
2. Ethnography or "Fly on the wall": This technique requires getting deep into customers' lives and watching them in their natural habitat. The aim is to deeply understand their activities, challenges, aspirations and so on, and by using these data, it is possible to crystallize the biggest problem to solve for each profile. Moreover, rather than just watching, it is possible to do the job customers are trying to do.
3. "Advice" Interview: it is the fastest technique in order to develop the initial problem hypothesis. It starts by identifying a potential sample of customers that have a similar job to do, and that can give feedback on the problem to solve. After some interviews, patterns and trend will begin to emerge, which will allow to test hypothesis and change accordingly.

How to know a problem worth solving has been nailed? The innovator's method suggests two different tests: The "Cold-Call test" and the "Smoke test". For both, the measure of whether you have found a job-to-be-done is if customers give you their time. Lastly, writing a clear statement of your vision of the customer problem can serve as a guide and an anchor as you begin to search for the right solution.

Although it may feel "slower" to start with the customer problem rather than the solution, you save time by deeply understanding the customer's job-to-be-done. You avoid wasting resources in pursuit of a solution that does not solve a monetizable job. You cannot ask customers what innovations they want, or even rely on their feature requests. Instead you have to observe their jobs to be done, propose a solution, and then watch their reaction. Innovators innovate, customers validate, and not the other way around.

4.2.1. "Pack & Act" problem structuring

In order to find the job-to-be-done and structure the "Problem Problem", I decided to implement the "advice interview" tool. It was my intention to select easily reachable brands in order to have a "face to face" dialogue, but due to Covid-19 emergency I had change my strategy opting for a telematic dialogue. This allowed me to look for brands scattered throughout Italy as long as they fell within the target.

First, I identified a potential sample of customers who could have had a similar job to do. Brands had to fall within the target I set: young brands with good but unexpressed potential. The research activity was initially

carried out on Google, but with poor results as I obtained lists of already more or less known brands. Changing strategy, I used Instagram as a "search engine" and through targeted hashtags (#madeinitaly; #italianbrand; #streetwear; #ecobrand, etc.) I started to get the first results, identifying the first brands in the target. Moreover, I had underestimated the algorithms of Instagram, which once understood what I was interested in, started to suggest me pages of Italian brands independently, I just had to select those on target. After a week I found 60 Italian brands to contact.

Secondly, I asked myself: How to contact these brands? And what should I ask them? Obviously, I did not know if all the selected brands were perfectly in target. So, I decided to create a questionnaire with which I would be able to make a first skimming of these brands. Furthermore, being young brands, not everyone has an online site, and most use Instagram as a showcase and platform where they can place orders. So, I decided to contact all the Brands via direct messages on Instagram, introducing myself I tried to establish a relationship and a conversational dialogue, asking to carry out the questionnaire in order to help me with my Project. I got 35 total interactions. The survey was carried out through Qualtrics with the aim of understanding the work behind the different brands, their attitude towards eco-sustainability and to understand how much importance they attached to packaging. This tool was very useful because from the answers I have been able to sort, reaching a total number of 20 brands with which to communicate and structure the "Problem Problem".

Thirdly, to those 20 brands I sent a further message via Instagram asking if they were available for an online dialogue during which we would talk about their main activities and the related problems, explaining in more detail the Project in question and the ultimate goal of my activities, find a solution to their "Problem Problem". Of these 20 Brands 13 gave the availability for an interview, 5 of which via video call while the remaining 8 preferred a dialogue through messages.

From dialogue with these clothing brands, I was able to better understand the history and strategy behind their offer, but above all I managed to understand what is the problem that unites these 13 Brands and that probably does not concern only them, but all the young Brands: the fact of not having large funds available makes them less competitive than those who have and consequently pay attention to every minimum expense. Any minimum cost affects the profitability of their work. So, for them, any additional cost that may be for a packaging or sponsorship on Instagram must bring economic returns. Here another problem has emerged, inherent to the fact that these brands use Instagram as an online store and that due to the algorithms their pages are often obscured by brands with more followers.

The final step was to develop a problem statement. It consists of three parts: [Problem you are solving] + [who you are solving it for] + [the impact it will have].

Problem statement framework: “The problem I’m solving is the unfair competition that young brands with a great potential but few funds face against big brands, because it is frustrating and exhausting”.

The “How might we” or HMW method is an essential Design Sprint methodology used to turn challenges or problems statements into opportunities. Beginning with the problem statement, HMW brainstorming method allows to break that larger challenge up into smaller actionable pieces. It does not suggest a particular solution but gives the perfect frame for innovating thinking and deep understanding of the problem. So, I asked myself: How might I help a young brand to emerge without greatly increasing its expenses? could an innovative packaging help?

4.3 Solution storming

Brainstorming is one of the most commonly used techniques for generating a large number of ideas in a short period of time. The term “solution-storming” basically means a tool used to search broadly for solutions.

“Brainstorming combines a relaxed, informal approach to problem solving with lateral thinking. It encourages people to come up with thoughts and ideas that can, at first, seem a bit crazy. Some of these ideas can be crafted into original, creative solutions to a problem, while others can spark even more ideas. A key principle of successful solution-storming is that you don’t shut down any proposed solution or solution process too early.”¹⁸

To help brainstorm solution, the innovator’s method suggests to choose from a menu of three techniques:

- 1- **Analogs, close and far away:** The possible solutions could be close to your industry or far from it. Then, check if one customer has already developed a workaround. These make-do solutions provide insights into ways you could solve the problem. Moreover, look for complements and analogs to existing solutions that can suggest alternative solutions. Be aware that there may be novel solutions in adjacent industries.
- 2- **Elements, parts and wholes:** This technique suggests to consider solutions in terms of parts and wholes. Subtract one element of an existing solution and try to build on it as the essential component. Or swap in or swap out parts of a solution. Also think about how to multiply, divide, or unify features; as Gillette did by multiplying the blades in a razor, creating a new solution.

¹⁸ Source: Mindtools; Brainstorming: Generating many radical, creative ideas

- 3- Observable, visible and invisible: Solutions that might be nearby but difficult to see. Next, consider unrelated markets or disciplines to borrow an idea that could transform your industry. Lastly, daydream about the future by ignoring the current technological limitations you see and imagine what the perfect solution might look like. Examining “awesome” new products is an activity that might inspire to imagine novel solutions.

Although many people have heard about prototypes, few people understand the various types or know how to use them properly. Managers often go wrong by forgetting that every prototype should answer a specific question or by putting more effort into the prototype than is justified, simply because building stuff feels like progress. The innovator’s method recommends four types of prototypes:¹⁹

- Theoretical prototype: It is a tool to express an idea as a well-structured mental image in which is outlined the general shape of the solution, but not the specifics. The beauty of a theoretical prototype is that you can test dozens within a week, because it is fast and cheap.
- Virtual prototype: Any tool can be used to generate a virtual prototype, including advanced tools like 3-D printers, video, or flash demos. It will likely be an imperfect representation of the product, but the goal is to start answering key questions, or hypotheses, about what customers want.
- Minimum Viable Prototype: A minimum viable prototype has been defined as a product having the minimum feature set required to work as a stand-alone product while still solving a “core” problem. It is used the word prototype rather than product, to emphasize that the objective is to test assumptions rather than build a product.
- Minimum Awesome Products: Once a minimum viable prototype has been made and core assumptions have been validated, the next step is to develop something that customers cannot resist, something that customers love, something awesome. The goal of a minimum awesome product is to deliver a solution that is so extraordinary on the most important dimension that it inspires positive emotion in customers. Customers describe products as awesome when they inspire positive emotions, such as creating deep satisfaction, calming anxiety, or giving confidence.

¹⁹ NATHAN FURR, JEFF DYER; The innovator’s method, bringing the lean startup into your organization

In order to be sure about the nailed solution, the method recommend three different tests:

- The “WOW” test: It is recommended in the early days of theoretical or virtual prototypes, it is used to measure how excited customers are about a given solution. The wow test has two parts. First, qualitatively, seeing the enthusiasm of consumers when they see the solution. Second, quantitatively, asking customers, on a scale of 1 to 10, how excited they would feel to own the solution. Anything significantly lower than 7 may suggest customers are only being polite.
- The “Net Promoter Score” test: The Net Promoter Score (NPS) is based on a single question: “How likely are you, on a scale of 1 (not at all likely) to 10 (extremely likely), to recommend this product or service to a colleague or friend?”. “Promoters” answer 9 or 10, “passives” answer 7 or 8, and “detractors” answer from 1 to 6. A product’s NPS is the percentage of promoters minus the percentage of detractors. When 80 percent or more of core customers rate a solution 9 or 10 and the average NPS is higher than 60 percent, then the solution have been nailed and evangelists of the product have been created.
- The Payment Test: The ultimate test of whether the solution have been nailed is that people will pay for it. When the payment test is conducted, everyone should keep in mind that the aim is seeking customers’ feedback. If customer prepays, wonderful! But if customers hesitate or stall, it is a good outcome too: it gives the opportunity to directly ask customers what is still missing from the solution. The payment test is the ultimate test of whether the solution does the job.

4.3.1 “Pack & Act” solution

What could be a solution to the identified problem? This phase was certainly the most stimulating. I was able to express my creativity by generating as many ideas as possible, looking for an innovative idea that would allow these brands to differentiate themselves by offering something more, and ensuring them a positive word of mouth. Word of mouth is the oldest form of advertising that exists: a person tells others about his/her experience regarding a product purchased, a service received or a place he has visited, speaking more or less well, and illustrating the main benefits or disadvantages.

It is well established that word of mouth is one of the most powerful marketing tools. There is nothing better to convince a customer to buy than to have someone selflessly that recommends a company and its products. The three main factors that trigger positive word of mouth are customer satisfaction, loyalty over time, and the relationship style. With the advent of social media and the internet, word of mouth marketing is now a tool more relevant than ever, capable of influencing the purchasing choice of millions of consumers. It is therefore

natural that marketing has progressively appropriated this very powerful persuasive lever, in order to influence the public through different techniques. Creating an exceptional product, or providing a unique service, is not enough to generate positive word of mouth. Starting from these basics is essential to last a long time, but the spark must somehow be triggered. Word of mouth does not happen, it is created.

Being recognizable and doing something special is fundamental to stand out from the crowd, and to be perceived as different and unique. There are many ways to achieve this ambitious intent, and packaging is certainly one of them. Packaging and word of mouth are therefore interrelated, and every aspect makes up the final result which, more than the product itself, resides in the perception that the consumer will have of it.

I began to inquire about packaging, which has acquired increasing importance as a strategic tool to generate a positive customer experience, even after the time of purchase when the product arrives in homes. The problem is that very often, that personalized packaging is thrown away or destined for the fireplace. I, therefore, concluded that the packaging should not end up in the garbage, but had to be transformed into something that constantly reminds that Brand to the final consumer.

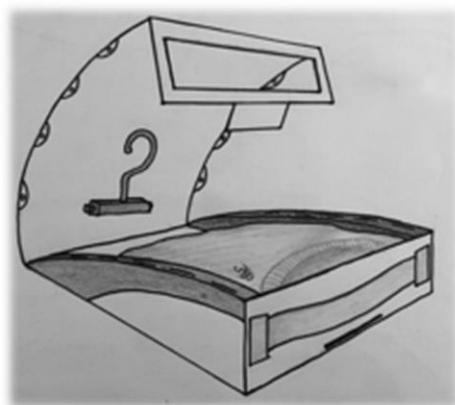
Solution number one: Packaging that turns into a coat hanger. I considered this idea brilliant, unique, and perfect to meet the needs of the different brands. I believed that such packaging could generate positive word of mouth among consumers without having to face excessive costs. Before even presenting a theoretical prototype to the different brands, I carried out a simple search on the web where I came across already existing solutions, different from each other, but with the same principle: a packaging that can be transformed into a coat hanger (figure 2). Hence, my enthusiasm died out, but not completely since I noticed that those solutions had a common problem: the hanger would have been made of cardboard, and who wants a coat hanger that risks degrading after a few uses inside the wardrobe? It would not leave a positive image of the Brand. Since I thought the basic idea was good, I continued focusing on the packaging-coat hanger. How to ensure the coat hanger resistance over time? The coat hanger did not have to be of cardboard.



(Figure 2) Source: Pinterest, Creative packaging solutions for clothes (2020)

Solution number 2: A packaging that incorporates a coat hanger, not inside, but outside, in such a way as to define its shape, making it unique. The coat hanger did not have to be of cardboard, and according to the used materials, I will face different costs. Before going on, I theoretically present my idea to the brands, getting some important feedbacks to continue developing the solution. Having nothing to show it was difficult to

convey my vision, but all the brands showed interest in my idea of the packaging-coat hanger. After that, I continued making sketches on paper to create a virtual prototype and to present it to the brands (figure 3), carrying out the first test (“Wow test”) to understand if I was proceeding in the right direction. The “Wow test” measures how enthusiastic consumers are about a new solution. To carry out the test, I asked the 20 brands previously selected to quantitatively indicate, on a scale of 1 to 10, how enthusiastic they would have been having such a solution.



(Figure 3) Source: Pack & Act’s virtual prototype using sketches

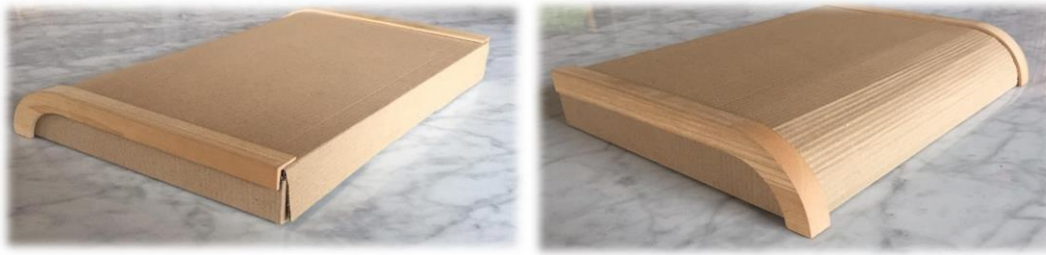
The test showed generally positive results but not entirely as some characteristics were not well defined. I had to increase the test score and to do so, I had to not only refine my solution but also create an additional prototype using a 3D printer that would give the brands the possibility to understand the main features in detail (figure 4).



(Figure 4) Source: Pack & Act’s virtual prototype using 3-D printing (2020)

After building the second prototype and presenting it to the brands, the "Wow test" did not show a clear improvement in the score (6.5). However, having a physical prototype, the brands were able to give interesting feedbacks from which I started to improve still my solution and finally arrive at an MVP (Minimum Viable Prototype). Most brands advised me to focus more on two elements: the simplicity of the disassembly and assembly mechanism of the hanger and the overall lightness of the packaging. After two weeks of drawings,

planning and realization, I arrived at the MVP (figure 5), but even before presenting the prototype to the brands and carrying out the "Net Promoter Score test" (NPS test) I decided to register the Design of the packaging and a Patent for utility model for the hanger.



(Figure 5) Source: Pack & Act's "MVP" (2020)

Having filed the documents, I presented the MVP to the brands performing the "Wow test" together with the "net promoter score test". The tests gave as results:

"Wow test", an average score equal to 7.55 "NPS test": % Promoters - % Detractors = 11.1%

With an average score higher than 7, I had finally passed the Wow test. However, the result of the "Net Promoter Score test" suggested me to work further on the solution. I started focusing on the main target consumers, analyzing all the feedbacks and suggestions. At this point, I started creating the Minimum Awesome Product (MAP). I had to develop a product with a lot of appeal for brands, and I had to submit it to the last test, the Payment test. To move forward, I decided to meet a Product Designer able to create the MAP quickly and accurately. I was starting to form a team. Once I found the product designer, I explained him, step by step, all the activities carried out to reach my "MVP" and those necessary to get to the "MAP". After a long process of 3D design and prototyping we finally arrived at the "Minimum Awesome Product", ready to be subjected to the "Payment test", presenting it to the 10 most target brands (figure 6). However, before I could do this, I had to accurately estimate the actual cost of my base product, and then make assumptions about the price. I therefore started a research on possible suppliers / producers for the different components of my packaging. This phase required a considerable effort to have as many suppliers as possible to compare to choose the one that best suited my needs. To go fast, at this stage I relied on a third person, a third member of the team who fell in love with the project and who did an excellent job. We were also outlining some elements of the Business Model. In the end, without considering the necessary initial investments and the costs of customizations of the cardboard and that of the hanger, we obtained an estimation of about 1 euro and 50 cents. We, therefore, assumed the sale price of our Minimum Awesome Product equal to 2 euros.



(Figure 6) Source: Pack & Act's "MAP" (2020)

Despite the price being a bit high, in our opinion, we still conducted the "Payment Test" but the result was not the best. Except for some brands that have declared themselves willing to spend 2 euros for our packaging, many others have declared that they cannot spend that amount. At this point, we were not convinced to go ahead with the project which, as thought, had proved economically unsustainable.

We were not discouraged and, as foreseen by the Innovator's Method, we went back to solve this problem and find a cheaper solution (Pivoting). Considering that the higher cost was related to the production of the wooden hanger arms, we hypothesized a plastic hanger that would not only have a significantly lower cost but would have helped to reduce the overall weight of the packaging. Not only that, but even the pressed and coated cardboard has also been replaced by rigid corrugated cardboard (figure 7). Receiving mostly positive feedback from all brands to which we presented this alternative, we went ahead with the cost and price estimate. Estimating a unit cost of about 70 cents and setting a price of 1 euro for our Minimum awesome product, with the minimum level of customization, the payment test has finally given a positive result, with 80% of the brands that have said willing to spend that amount.

Now, it was necessary to design a strategy to enter the market, study, and validate an efficient business model to realize if our solution was economically sustainable.



4.4 Validate the “go-to-market” strategy

The term business model refers to a firm's overall strategy for delivering value to - and capturing value from - customers. The most important dimension of a business model is the solution that a firm offers to a target segment of customers. Once you've nailed the solution to an important problem for a particular group of customers, you're ready to test and validate the other critical components of a business model to build an effective, data-driven go-to-market strategy. The Business Model Canvas template, developed by Alex Osterwalder and Yves Pigneur, shows nine business models components:²⁰

- 1- Customer Segments: The blocking of customer segments, describes the different groups of people and / or organizations to which the company is targeting. This block of the business model canvas is fundamental: it allows you to build the package of products and services around the precise needs of each specific cluster of customers. An easy way to identify which items to include in the customer segments block of the canvas is to create customer groups in relation to behaviors, needs and needs that people have in common. That is, different customer segments can be identified and created each time:
 - There are different needs, which justify different Value Proposals.
 - Different channels are used to reach different customers.
 - Different methods of interaction are used.
 - Different Customers pay for different aspects of the Value Proposition.
- 2- Value Proposition: The value proposition, indicates the package of products and services that represents a value for a specific customer segment. This section uniquely distinguishes your company, determining the success or failure of your business model. In the value proposition block, the elements to be included are not only the products and services (obviously divided by lines and types). It is essential to also take into account other elements of value that are offered

²⁰ Alex Osterwalder, Yves Pigneur; Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers

to the customer, such as particular user experience, innovation, cost-effectiveness, accessibility. There are several ways to create good value propositions, such as:

- Bringing innovation. That is, a new value is created by giving customers something that was not there before.
- Making a product / service accessible. Customer segments that were previously unable to use a product / service are allowed to access it.
- Improve a product or service, by adding relevant features or modifying the current ones to make them more functional with respect to a specific need.
- Decrease the price of a product / service.
- Solve a specific problem, starting from the study of the real and urgent needs of customers.
- Use the brand / status to convey an identity.
- Improve the design of a product.
- Improve the performance of a product.
- Make products cheaper / easier to use.
- Reduce the risks related to a product / service.

3- Channels: Channels are the points of contact between the company and its customers. The channel block describes how the company reaches a specific customer segment to present and deliver its value proposition. Channels can be:

- Direct, therefore owned by the company, as in the case of the points of sale, the sales force and sales on the web.
- Indirect, i.e. owned by company partners. In this case we are talking about partner stores, wholesalers and partner-owned web channels.

4- Customer Relationships: The customer relationships block describes the type of relationship that the company establishes with the different customer segments. Based on your business model, you can implement different forms of customer relationship:

- Personal assistance: The relationship is based on the presence of a customer relations officer who becomes their support when help is requested. Think, for example, of the personal employees dedicated to business customers of the various telephone companies.

- Dedicated personal assistance: the relationship is built and maintained by assigning clients a specific employee - as in the case of financial advisors. It is a very close relationship that stimulates the customer's trust and serenity.
- Self-service: the relationship with the customer is guaranteed through an indirect relationship, specifically a structure that allows him to have all the tools available to do it himself.
- Automatic services: it is an advanced form of self-service widespread in many sectors. Obviously, it differs a lot from business models that provide personal and dedicated assistance, but it can still be effective. For example, online banks offer a personal online profile with which the customer can perform many of the actions that are done at the counter.
- Community: here the relationship is direct and favors the relationship also between consumers, creating shared identity and recognition in a group.
- Co-creation: the relationship is based on sharing the value creation process. In essence, the customer actively participates by making choices that change the company's value proposition.

5- Revenue Streams: Revenue flows are increasingly proving to be a strategic block, capable of decreeing the success of a company. The Revenue flow block describes the revenue flows that the company obtains from the sale of products / services to a specific customer segment. The variables to be taken into consideration in the composition of this block are the price and the payment method, both of which are fundamental for regulating financial flows and making the business model functioning and the activity sustainable. There are two different payment methods that generate different revenue streams:

- Payment in a single solution.
- Recurring payments, such as rents or subscriptions, so to speak.

6- Key Resources: The key resources block contains the strategic assets that a company must have in order to create and sustain its business model. Each activity is characterized by different key resources which can be:

- Physics: They include tangible assets such as networks of points of sale, plants, technologies, machinery and everything that is physically needed to produce or sell a specific product / service.

- Intellectuals: They include a company's know-how, patents, trademarks, copyrights, developed projects, partnerships and customer database.
- Human: Human resources are important in any business model, especially in the field of services. When you work on this block of the business model canvas, you must first take into account strategic resources:
- Financial: They include particular financial resources such as lines of credit, cash or a set of stock options that allow the company, for example, to hire important employees or guarantee supplies, which give it a competitive advantage over its competitors.

7- Key Activities: The key activities block describes the strategic activities that must be performed to create and sustain value propositions, reach customers, maintain relationships with them and generate revenues. As with key resources, activities also vary by business model type. For example, there are companies that focus more on renovating their infrastructure, others that invest in simplifying processes: it all depends on the chosen business model. The key activities can be of 3 types:

- Productive. They are typical of manufacturing companies where it is essential to continue to create, produce and distribute their products.
- Problem solving. They are typical of those business models that have the service proposal as a value proposition. Consulting firms fit into this case.
- Maintenance and / or development of platforms / networks. This is the case of companies like Google and Facebook, within which the development of the platform is essential for the functioning of the business.

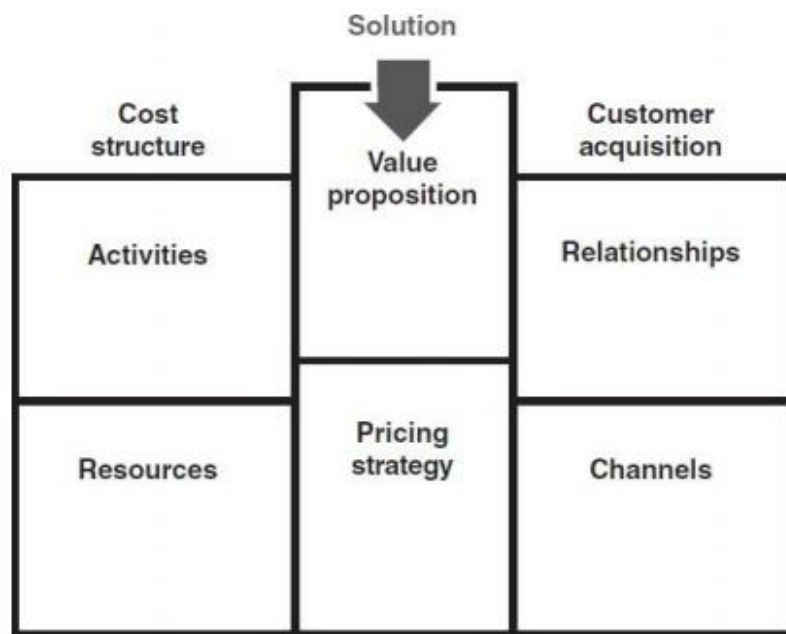
8- Key Partnerships: The key partner block defines the network of suppliers and partners necessary for the functioning of the company business model. In fact, there are strategic external actors that allow the company to fully implement the business model and increase the chances of success in the market. Partnerships can be of 3 different types:

- Strategic alliances between non-competing companies: this is the case with suppliers or companies that are located within a single production chain.
- Strategic alliances between competitors: this is the case of companies that network to provide the customer with similar value within the various points of contact.
- Joint Venture: a collaboration agreement between two or more companies could be an excellent solution for developing new business.

9- **Cost structure:** The cost structure block defines the costs that the company will have to incur to make its business model operational. In the business model canvas mapping process, the cost structure is left as the last thing. This is because it derives almost directly from the structure of the blocks relating to key activities, key partners and key resources. Analyzing the cost structure, the business model can have:

- **Fixed costs:** in this business model, costs remain the same as the volume of goods or services produced (rents, salaries, production plants) changes.
- **Variable costs:** Costs vary according to the volumes of goods and services produced.
- **Economies of scale:** costs are lowered when a company expands.
- **Economies of scope:** costs decrease by increasing the range of an operation.

Going back to the innovator's method, it suggests to validate six business model components when you are taking your value proposition to market, referring to this as a business model snapshot.



Source: The innovator's method, Bringing the lean startup into your organization; Business Model Snapshot (2014)

This is a template to capture hypotheses and the goal should be a validated business model snapshot. Having developed an awesome solution, the value proposition is known, therefore, it remains to explore and validate the other five components. The innovator's method recommends starting with pricing strategy so that you can figure out your customers' willingness to pay and the kinds of revenue streams you will likely generate to cover your costs. The price of current solutions that are closest substitutes for the value proposition, can be used for the initial pricing strategy, and potential customers will use those solutions as price reference points. Second, to further refine the initial pricing hypothesis, a price sensitivity meter (PSM) should be created. The

“PSM” was developed by Dutch economist Peter van Westendorp, but the innovator’s method suggests a simplified version of it. This involves two price-related questions:

- 1- At what price would you consider the product to be so expensive that you would not consider buying it?
- 2- At what price would you consider the product to be priced so low that you would feel the quality could not be very good?

The aim of this technique is to graphically represents the “too expensive” line and the “too cheap” line. The intersection of these two reveals the optimal price point (OPP). This is the price at which the number of consumers who rated the product too expensive equals the number rating it too cheap. Once reasonable range of prices are available, a payment test can be conducted in order to validate hypothesis.

The next step is to figure out the customer acquisition and strategy and the channels that will be used. This phase requires a deep understanding of the customer consumption chain. The consumption chain is the series of steps through which customers pass from the time they first become aware of a need for a solution, to evaluating it (relative to others), to purchasing, using, and even staying connected to it.

To help you understand the factors that influence customer acquisition, the innovator’s method provides ten questions to ask:

Awareness:

- 1- How do customers become aware of a need for your product or service? Is there a way to make it easier or more convenient for them to find your offering?

Evaluation:

- 2- What is your product really used for? What job is the customer hiring your product to do?
- 3- What does the customer ultimately consider the most important features when making a final product selection? (If they had 100 points to allocate across all the features, they consider important, how would they allocate them?)
- 4- Which influencers (reference customers, critics, experts, press, media, peers, direct referrals) are most likely to influence the customer’s evaluation of your product?

Purchase:

- 5- How do consumers order and purchase your product? Is there a way you can make it easier, less costly, or more convenient to buy? How is your product delivered? Can you do it faster, cheaper, or in a different way?

Use:

- 6- . What frustrations do your customers have when trying to use your product? Do they use your product in ways you didn't expect?
- 7- What do customers need help with when they use the product?
- 8- Do customers do things that hurt the longevity or reliability of your product?
- 9- How is your product repaired, serviced, disposed of? Are there opportunities to make this easier or more convenient (or teach the customer how to use the product so that it requires less maintenance, or do self-maintenance)?

Connection:

- 10- How might customers connect to and promote your product? How could you leverage customers' connections to each other to influence parts of the consumption chain for your customers and noncustomers?

Once the value proposition, the pricing strategy and the customer acquisition strategy have been figured out, the final challenge is to determine the right cost structure. It is a critical step because if a solution cannot be delivered at a cost lower than the customer's willingness to pay, the business model is not ready to scale.

One of the first steps toward nailing a cost structure is to make a list of the key activities and resources and estimate the cost of each. Rather than invest in facilities, leases, rentals, equipment, salaries, or any other expense, the innovator's method suggests to defer it as long as possible, and to consider outsourcing, crowd-sourcing, open sourcing, licensing, or substituting some component of the solution rather than developing it yourself.

"It is crucial to nail the six components of the business model snapshot before you're ready to fully scale. There are many ways to take your solution to market, so use your business model exploration to test various combinations of approaches."²¹

²¹ Alexander Osterwalder & Yves Pigneur; Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers

4.4.1 “Pack and act” business model canvas

A brilliant idea, also wanting the most innovative of the century, is nothing without a good business model to achieve it.

The business model canvas allows a company to outline its business idea, see the strengths and weaknesses, and finally understand what elements are needed to get started. Being a shared tool, it must be used by the team to clarify what they want to do. The same idea can be expressed in various ways when more people participate. It generally develops dynamically and collaboratively with the whole team, in brainstorming sessions, applying post-its on the canvas.

The most important thing is not to confuse the business model canvas with the business plan. The business plan must be used to clarify the economic-financial aspects of the company and be presented to actors outside the company, such as lenders. The document consists of an executive summary, a description of the product, market research, future developments, and a financial plan with start-up costs and prospects of revenues. While the Business Model Canvas is described by Steve Blank as a painter's canvas, where everyone can discuss its elements.

In our opinion, we had a winning idea and we intended to create a start-up. We certainly needed to learn how to create a business model capable of describing in a very clear way the main aspects of the business we wanted to start. Furthermore, it was essential to have very high knowledge of the market sector in which we intended to enter. For this reason, I decided to integrate another person into the team who can help us in this phase and bring added value to the entire project. With the goal of improving, innovating, and creating something new that creates value, we have begun to outline our go-to-market strategy.

We started to insert the elements within the various blocks of the business model canvas. The choice of customers is certainly the first step because essential to continue.

1- “Pack & Act” Customer Segment: A start-up, based on customer segmentation, can be positioned in one of the following markets:

- Mass market: if the product is requested by all your customers in a sort of "criterion of homogeneity".
- Differentiated market: if there are more products available for different groups or segments of people who in turn request or will request them.
- Niche market: if the product is unique on the market, enjoying very little competition.

- Concentrated market: if the service or product is concentrated only on one segment.

Based on what has been said and done so far, our customer segment would have positioned itself in a niche market and at the same time in a concentrated market, as our packaging solution is unique, and focuses on an only segment, that of packaging for clothing. Initially, our consumer segment included emerging fashion brands that sell their products through online stores.

- 2- “Pack & Act” Value Proposition: At this point, we had to answer a very simple question: what value does our product have more than the competition? We had to explain how we would create value for customers. The combination of value propositions and people's desires that are satisfied can make a difference in creating a good model.

Our value proposition involved bringing innovation to the clothing packaging sector through the unique design, combined with a coat-hanger, all customizable according to the needs of the individual brand. By adopting this innovative solution, emerging brands will be more likely to differentiate themselves from the crowd and reach a wider audience of customers. Furthermore, using packaging made from 100% recycled products will increase the perceived value of the products sold by the brands and the latter will strengthen their identity.

- 3- “Pack & Act” Channels: The next step was to describe the way we would use, or rather the channels, to make our product known. The main channels are of different types: owners (shop or website) and partners (products/services of third parties that use your business). We, therefore, hypothesized to use our website as the main channel, flanked by various social channels, to create awareness in the customer about the product and the company itself, to help him evaluate our offer, guide him to purchase, and, finally, follow him in the post-sale phase. This choice would have allowed us to sustain lower costs and at the same time have a widespread and faster diffusion.

- 4- “Pack & Act” Customer Relationships: The next block of the business model canvas is that of customer relations, that is, we had to explain with which relationships we intended to capture our customers, increase the business and finally increase the loyalty of those who have decided to rely on our product. Since ours is a physical product to be assembled, however intuitive, we thought that a personal assistance service, to support the customer at any time of their need, was the best option, especially in the early stages of the company's life.

- 5- “Pac & Act” Revenues Streams”: One of the most interesting parts of a business model is certainly that of the revenue stream. This will give the possibility to show the value of the startup. Taking in mind that our solution is a physical product, we stated that our revenue stream will be generated by direct sales, which will have to be repeated periodically. The same price will depend on the volume of the business, on the selected customer segment, and the level of customization required by every single brand. However, at this stage of the project, I was not able to define accurately the revenues streams because I do not have a clear idea of the quantity a brand would order in a year. Furthermore, it may vary from brand to brand, according to their turnover. All the brands with whom I interacted, did not reveal this information yet.
- 6- “Pack & Act” Key Resources: The next step involved identifying and transcribing all the resources necessary to carry out our business idea, both in the initial period and in the subsequent period. We therefore started by distinguishing physical resources from human ones, intellectual ones, and financial ones. The most important key resources on which we have leveraged are the utility model patent and the registration of the design at the UIBM (Italian Patent and Trademark Office). To just think about starting our company, we would need an investor or more investors who firmly believe in our idea and share our vision. Also our team is a key resource that offers its value to keep the company going. And finally, we would have needed a warehouse that functions as offices and research and development laboratories.
- 7- “Pack & Act” Key Activities: After starting a business, everyone had to keep proposing new things and be able to maintain a high level of customer trust. It is not only important to start, but also to figure out how to keep the level of the company high. We had to define our key activities, which, like key resources, vary according to the business model type. Among the key activities, we have therefore highlighted the need to purchase all the elements that will make up our final product by third parties. Moreover, the preparation of the pallets sold and ready to be shipped. The acquisition of new customers to keep growing up in the market. And finally, the most important key activity, namely the research and development of new materials and new products.
- 8- “Pack & Act” Key Partners: Another important step in our business model required a detailed description of external relations to the company, that is, the partners who, through their tasks, would help our company to grow and maintain a high level in the market. Being a startup, we hypothesized to outsource the majority of the activities necessary to bring our solution to the market, relying on experienced partners in their reference sector, ensuring greater flexibility and optimizing resources. We have planned strategic alliances between non-competing companies,

i.e. suppliers and companies that are located within a single production chain and that supply us with the various components: the hooks, the central structure made of metal, the arms of the hanger, and the cardboard.

- 9- “Pack & Act” Cost Structure: The last block of our business model canvas was that of costs, and the latter derives from the choices made in the previous blocks. We had to define the costs to be incurred to make our business model work. Our goal was to keep costs as low as possible so that we could present our solution at a competitive price. Our business model, with that specific consumer segment target, will be cost-driven and characterized by variable costs, which vary according to the volumes of goods produced. We will face the costs of getting the different components from the different partners, the managerial costs associated with the warehouse and those of the website, and finally the shipping costs necessary to deliver our solution to the final customer.

Once our business model was finalized and validated, we began to outline all the elements of the business plan. This document plans the medium long-term activity of the company, and therefore covers a forecast period of approximately three years and more. We had to create a business plan to illustrate the aspects of the start-up process and to verify its feasibility from a technical and economic point of view. This is the most important document for requesting both public and private funding and investments. If the content of the Business Plan is convincing and credible, our business project can be financed more easily.

4.5 Project work analysis and main results

Having the opportunity to work on a project of my own design was the greatest satisfaction. Seeing the project move forward, seeing the idea take shape, and receiving positive comments or feedback from the people I showed the idea to, was the fuel that made me work with dedication on this project. Despite the presence of negative periods, commitment and passion prevailed.

Among the general objectives of this project work, there was the acquisition of new skills and the strengthening of those already acquired, but also discover the weak points on which to work and those of strength on which

to leverage. The project followed a more or less linear trend, only once did I have to go back to change the action strategy (pivoting), changing the packaging materials. From the very first activities involved, the method required great flexibility, both physical and mental. Covid-19 caused many changes of action, for example I was unable to have a direct dialogue with emerging brands and I was forced to opt for online dialogue. Although this was limiting from a certain point of view, it still allowed me to reach a higher number of interlocutors. Furthermore, during the lockdown I was not able to reach the FabLab to prototype the solutions, so during this period I started to work on the would-be business model.

Finally, the initial title of the project was “Junzipack”, but it was later changed to a more appropriate title once the project was finished: “Pack & Act”. We felt this could fully reflect the would-be company and our product. Thanks to this opportunity, I have been involved in various activities inherent to my course of study and beyond, allowing me to combine theory with practice. At the end of the project work, I could have generated a successful innovation, or I could have failed, but I was still sure I could learn a lot from this experience.

From the application of the innovator’s method, I realized that for a manufacturing startup, the transition from the idea to successful innovation is more complex than a digital startup. Manufacturing adds the complications of the physical creation of a product that needs to be designed, prototyped, industrialized, tested, certified, delivered and so on. This led to a postponement of the project delivery date. Be that as it may, this method has led to the desired results, and I believe it is, like other similar methods, the necessary starting point for any idea.

The main result is to have validated my idea and have identified a market niche willing to pay for it. The whole project led to the expected results, from the acquisition of new skills such as 3D design, prototyping, and so on, to the strengthening of others such as those of leadership and strategic planning. Besides, from the practical application of the innovator's method, I have acquired a more critical view of the projects presented to me, evaluating their potential from a strategic perspective and trying to understand their effective validity right away. Another positive result was that of expanding my network of knowledge, both at the level of people and industries. I talked to various partners, I searched for information on the characteristics of the different materials needed to make the packaging, and so on. All this constitutes the wealth of skills and knowledge that I bring thanks to the realization of this project.

The only regret was that of not being able to market our packaging at the end of this project, which, due to the timing, proved to be infeasible. However, the efforts made will not be in vain, but we will continue to work on this project with the ultimate goal of founding a startup, making our first sale, and starting to scale the market.

CONCLUSIONS

Today's market is fast, impulsive, uncertain, and rapidly accelerating. It enables companies to stop a falsely and instrumentally tactical approach, towards a truly strategic approach that is effective in creating and strengthening the company's impact on the contemporary market, the market of ideas.

The triumph of globalization transforms fashion. New technologies offer multiple opportunities and become strategic levers to compete in an increasingly international community. Fashion loses its connotations, and territorial boundaries and technology become a strategic ally in a scenario where everything is alive, in progress, modifiable. The transformations of fashion companies make it possible to implement new strategies to combine innovation and the market. The novelties are perceived not only in traditional fields such as collection management, production, logistics, and distribution but also in retail.

Proximity and multi-channel are the keywords to understand the change in the sector. This type of approach transforms the relationship with the customer and revolutionizes communication strategies. Real and virtual mix so much to cancel the conditions of time and space and favor the diffusion of image-signs very different from traditional ones. The new strategies also change the target audience, which includes consumers whose identikit is certainly fragmented and uncertain, but who contribute to spreading the news on the market with peer-to-peer techniques.

In this scenario, it is clear that the rules of the game can be rewritten, that the power of historic brands can be scratched by emerging companies that understand the media power that new and trendy testimonials can have.

The fashion system, as we know it, must reinvent itself. Industry leaders identify sustainability and innovation as the trends necessary to ensure their survival. Entrepreneurs agree on the belief that this turbulent moment could represent an opportunity to slacken production and move towards slow fashion, a conscious approach to fashion that opposes the disposable trend of the consumerist system. The review of the value chain focuses on the need for more sustainable production, both on an ethical and environmental level, which directs towards a more informed and responsible consumption, abandoning the superfluous in favor of authenticity.

To maintain productivity, sales, and a sense of community around the brand, digital as a support to the supply chain has proved to be of fundamental importance. The survival of brands depended on remote working, online communication platforms, and e-commerce. Fashion weeks and trade fairs, events that traditionally allowed the relationship between brands, business partners, and consumers, have also been replaced by virtual exchange, thus opening up the possibility of alternative methods to be re-proposed in the future.

Even in the fashion industry, when it comes to making fashion more sustainable, it's easy to think that small-scale changes don't make a difference. On the contrary, it is the smaller companies that adopt innovative solutions faster and more effectively. In an economy increasingly focused on sustainability, attention to packaging becomes a crucial point. This is bound to be an excellent year for packaging design trends.

Designers are pushing the boundaries of design form and function towards greater aesthetics to create an unexpected packaging product that helps the brand outpace the competition. Brands will need more than well-designed packaging to make an impact. If they want to connect with their customers, they will have to take their packaging to the next level first, and then use it to tell their story. While it is important for all brands to take advantage of the narrative packaging trend, it is especially important for products sold primarily online. As e-commerce products do not have the luxury of being seen and touched in real life, they must therefore leverage everything they have to tell the brand's story and connect with their audience - and this starts with packaging.

The world is changing, and with it, the way companies generate innovation and address the consumer. Rather than engaging in months of research and planning, the entrepreneur every day has a series of hypotheses to test, using a "get out of the building" approach. They essentially ask potential users, partners, and buyers, for feedback on a range of product features, using these responses to revise the assumptions, to kickstart the cycle once again, making small incremental or substantial adjustments, for ideas that don't work. Compared to the usual annual development cycles that presuppose the knowledge of the consumer and the needs of the product, this method eliminates the time and resources wasted by developing the product iteratively and incrementally. Absolute and primary importance is given to customer feedback. The innovator's method argues that, in conditions of extreme uncertainty, the most important thing is learning. It is necessary to understand which elements of the strategy work and which are to be discarded. Understand what customers want, not what they say they want or think they might want. We need to understand if we are on the right path towards the growth of a sustainable business. All this is achieved through a concept called validated learning, and it is a method for realizing whether a team has discovered important perspectives on the startup's business. The build-Measure-Learn feedback loop is the most effective means of doing validated learning as quickly as possible, with the minimum amount of effort and development time, and is the means that can lead to the success of a startup. A great idea is only 5% of entrepreneurship. The other 95% is the work measured by innovation accounting. Only in this way, the most important decision can be made: whether to continue or turn. Pivot is often used as a synonym for change. It is a special kind of change, designed to test a fundamental new hypothesis about the product, the business model, and the growth engine.

I can conclude by saying that, having a method to follow to cope with the many problems that arise during the path to innovation is fundamental. Moreover, a good entrepreneur must be aware of his strengths and weaknesses. Hardly a person can excel in all areas: research and development, marketing and sales, purchasing, administration and control, finance, legal affairs, production, logistics, etc. This leads the entrepreneur to ask himself: what are the aspects that I can personally oversee, where am I "strong" and prepared, and on which ones should I look for excellent partners or collaborators?

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ABSTRACT

A second industrial revolution has occurred, a revolution fueled by new technologies and customers, accompanied by radical uncertainty. Companies do not hold on to customers as long as they used to, and new technologies and competitors are emerging faster than ever before. As we move from the industrial age to the information age, we face a surge in uncertainty that calls for a new way of management. Instead, managers and entrepreneurs alike will have to apply the new management science of innovation to the uncertainty of creating new growth from innovation. New tools and perspectives for validating big ideas characterized by high uncertainty are emerging in many disparate fields. Whether you call it lean start-up, design thinking, or agile software development, these new methods are revolutionizing the way managers successfully create, refine, and bring new ideas to market. These and other tools help entrepreneurs, designers, and software developers to lower uncertainty and risk through cheap and rapid experimentation. These perspectives are synthesized into a single method, an end-to-end process that everyone can use to generate disruptive insights and bring them to market: The innovator's method.

The goal of this paper is to validate the innovator's method through its practical application. To do this, I started a project work in collaboration with the LUISS Guido Carli University, whose reference context is the fashion market, highly competitive, and at the same time uncertain. By following the innovator's method, I would have had to transform intuition into a successful innovation, for which consumers would be willing to pay. When I savored the surprise, about one year ago, I was trying to launch my on-line t-shirts business, with my own Brand. However, great idea is only 5% of entrepreneurship. The other 95% is the work measured by innovation accounting.

Therefore, the thesis can be divided into two macro-areas: the first involves the analysis of the reference context of the project, the fashion world; the second involves the implementation and validation of the innovator's method, analyzing the project in which I ventured, and which led to the creation of a new packaging solution for clothing.

Fashion is never the same. And this is true both when we talk about his identity, made up of ever new trends and customs, and when we refer to his business. In fact, like every economic sector, even the world of fashion must deal with the rules and dynamics of the market that are constantly changing. Consumers change, their habits change, and to this not only the fashion industry will have to respond adequately but it will also have to be able to manage and eventually guide market transformations.

The first turning point in the history of the sector was the evolution of shopping in the shape of entertainment, with frantic rhythms of design, production, and distribution to satisfy a growing demand for cheap and ever new clothes. For the next two decades, recycling and mending has been out of fashion. The environmental and social consequences worsen in proportion to the increase in production, which requires the use - and waste - of huge quantities of water, the use of chemicals, which cause pollution of water and soil, and the emission of significant quantities of greenhouse gases.

In recent years, consumer habits have changed significantly, and the coronavirus has only accelerated an already ongoing process, which sees sustainability - certainly environmental, but also social and economic - at the center of attention.

Making a sector more sustainable first of all means realizing the importance and urgency of the topic, secondly

implementing all those processes that allow production that takes care of the environment, of individuals and at the same time of profit. There are some trends in the fashion sector that see sustainability as the key to recovery.

Innovative materials and processes must be more responsible, such as the transition from a linear economy, which requires that a garment is thrown at the end of its life cycle, to a circular one, which instead reuses materials by extending their life time. It is also the great moment of digitalization, which brings with it virtual fashion shows but which inevitably reshapes the role of cities; and again, purchases must be more prudent but, at the same time, production must rearrange itself on a slower model.

The belief that there is a relationship of close consequentiality between raising the innovative capabilities of the fashion system and its concrete possibilities for recovering competitiveness on global markets is now widely shared. Beyond the need for rationalization and cost containment, a central role for strengthening competitiveness is in fact entrusted to the ability to innovate in the direction of a process of constant enhancement of the textile product in all those contents - material and immaterial - that today the final consumer recognizes and attributes to it.

The evolution of the fashion industry can therefore only be read within complex and interactive scenarios in which changes in the socio-economic conditions of the population and the emergence of new social subjects as "market targets" together with technological opportunities become drivers of the development itself.

On these assumptions, for the construction of a new structure that makes it possible to operate within this new scenario, the main strategic macro areas on which it has become necessary to act are five:

- 1- Redefine the organizational structure in the direction of a more complex architecture where, albeit with different weights according to the business model, different operating areas must be able to coexist.
- 2- Development of the intangible component of the product. Indeed, fashion goods are increasingly becoming hybrid cultural products in which the material part (fabric, fibers, leather) takes on value thanks to the contribution of cultural, creative, and communicative elements.
- 3- Enhancement of technological research activities. The introduction of the creative component does not in any way diminish the constraint of a strong attention to the aspects of technical and technological innovation of process and product.
- 4- Redefine the distribution model. The growing role of distribution and the relationship with the consumer have imposed innovative strategies for approaching the final market and controlling the entire "theatre of image representation" of the product.
- 5- Strengthening of the international presence. It is clear that in order to access international development, it is essential to introduce important innovations in terms of managerial culture and the entire operating structure of the company.

In this context, it becomes essential to interpret the concept of innovation beyond its traditional forms to access a definition that knows how to capture within this sector all those material and immaterial interventions that allow you to give value to the fashion product. The practice of innovation must therefore be understood in a multidimensional configuration which is achieved through a process of synergy and contamination of all those industrial and service

sectors - internal and external to the traditional perimeter of the sector - which can make a contribution to the enhancement of the product.

The division between technological and non-technological interventions is the first level of declination, a criterion that is well suited to the analysis of the Fashion System due to its hybrid nature:

- Technological innovation: All products, services or processes introduced by the company that can be considered new or significantly improved, compared to those previously available, in terms of technical and functional characteristics, performance and ease of use. Starting from this general definition framework, the areas of intervention and interest for companies operating within the fashion supply chain can be divided into four macro areas:
 - 1- Technological product innovations aimed at stylistic and functional improvement: In this context, some research trends on which a wide interest has matured are nanotechnologies, plasma, enzymes, biofibers, phase change materials, and smart textiles.
 - 2- Technological innovations to improve the efficiency of flows of goods and services: On this front, an area with a strong potential impact on the sector are ICT technologies²² that allow the development of complex intra and extra firm networking systems capable of significantly reducing costs and times of storage, processing and communication of information along all the network nodes.
 - 3- Technological innovations to produce efficiently: In this regard, to the technological-organizational innovation in terms of improvement of the qualitative results and optimization of the resources, is added an innovation capable of shortening the time of renewal of the production in rapid times and on minimum lots.
 - 4- Technological innovations aimed at reducing risk and environmental sustainability: It has therefore become increasingly essential for companies to take an interest in the social consequences of the products that they put into circulation by following the entire production chain and placing the theme of environmental respect and safety at the center.
- Non-technological innovation: Non-technological innovations are divided into organizational innovations and marketing innovations. Moreover, the areas of intervention and interest for companies operating within the fashion supply chain can be divided into three macro areas:
 - 1- Organizational non-technological innovations: A discriminant of the sector's development prospects has become the ability of companies to innovate in terms of internal and network organizational configuration by experimenting with new relational and negotiation methods between interconnected subjects in a logic of integration, functional to the achievement of common objectives.

²² ICT is a broad subject and the concepts are evolving. It covers any product that will store, retrieve, manipulate, transmit, or receive information electronically in a digital form.

- 2- Non-technological innovations between creativity and marketing: Fashion goods, as already reported, are the explanation of an industrial model based on the strong integration between the transformation methods of the material and the processing of the non-tangible. In this regard, it should be remembered that the intangible enhancement of the product is necessarily played through the integration of three levels: the creative one; that of consumer perception and the strictly commercial one.
- 3- Non-technological innovations in the processes of creating human capital: we can say that the margins for growth within the sector are still very high and there is a powerful action to disseminate innovation and knowledge through intense training and know-how transfer.

The apparel sector has long been marked by a high degree of complexity, an unavoidable part of the framework in which apparel firms have to operate.

Looking forward, we see three key disruptive developments. To compete with “challenger” brands, established brands will continue to innovate, leveraging their scale to fast-track capability building through M&A, accelerators, and innovation labs. The latter will help companies remain at the forefront of business-model innovation and respond to new fashion trends more quickly.

The way consumers get inspired has changed. In the old world, they would often get ideas for purchases directly from brands (intermediated by magazines) or from in-store assistants. Now consumers turn to a much wider range of inspirations, from social media, celebrities, and influencers to spotting an attractive look on the street.

Today we speak of e-commerce with great naturalness and ease, since, in the last years has stabilized as a global and widespread phenomenon, thanks to its growing diffusion that it has allowed its use in increasingly diversified commercial sectors.

The environmental impacts of e-commerce are generally evaluated on the basis of the shortening of the distribution chain compared to traditional trade. In fact, when you buy online, you actually skip the passage of goods from warehouse to shop: an additional structure that it must be built, heated, and maintained. By buying on the web, however, the goods pass directly from the warehouse to the consumer, thus avoiding an intermediate step which often involves a long journey with considerable environmental impact.

The e-commerce of the fashion sector, especially among today's young people, is destined to further expand its success, and consequently also his earnings. This exponential growth owes credit to some fundamental factors, that affect both the benefits of users in online shopping, both the advantages of merchants to sell their items on an online platform.

Leading fashion retailers such as ASOS, H&M and Dior are implementing several innovative technologies to enhance their shopping experiences and offer innovative solutions to remain at the forefront of the industry. These technologies can also be easily exploited by smaller companies to gain a foothold within an ever-increasing competitive market. The use of e-commerce within the fashion industry provides numerous benefits for retailers wishing to increase their client base by expanding into new markets. E-commerce provides a viable alternative to traditional physical stores, which helps minimize inventory, reduce costs, and build brand loyalty. Even though the adoption of e-commerce may be seen as a risky investment for smaller companies who may not have the same level of resources as international larger brands, such companies can still implement online platforms within their business models albeit on a smaller scale.

E-commerce's development also concerns sectors connected to it such as logistics and packaging. Why is product Packaging important? As the customer experience has impoverished, the packaging can play a central role in the creation of a unique and integrative experience.

Although some form of packaging has always been used to contain and protect products, great development has occurred in the last two centuries and today, especially in response to commercial demand, packaging is infinitely more sophisticated and developed than in any other period of its history.

The packaging of a suitably equipped product can become an information tool, a portable advertising medium and therefore part of the product itself, greatly expanding the primary function of the packaging, which always remains that of containing and protecting. The quality of the packaging is defined by its characteristics: in addition to its function of maintaining the properties of the product unaltered, it must be resistant during transport, simple to use, sustainable and able to respond to certain principles of communicative design and of marketing.

There are three categories in which the packaging is divided according to the function performed:

- 1- Primary Packaging: By primary packaging we mean the packaging that contains or encloses the products directly, coming into close contact with them. In fact, this is the last line of defense between what is contained and the outside world.
- 2- Secondary packaging: The secondary packaging represents the next level of packaging, which allows you to group and store individual sales units. Also defined as "multiple", it is never in direct contact with the final product; between the two there is always the primary packaging, so that the content can be removed without altering its characteristics.
- 3- Tertiary packaging: Tertiary packaging represents the third level of packaging. Of the three types, it is certainly the most functional one from the point of view of practicality, as it was conceived, for example, to facilitate the handling or transport of products to the points of sale.

Focusing our attention on the primary packaging, we can say that it is a miniature of the marketing strategy. Good primary packaging design can show the product, price, channel, and promotion marketing strategy of enterprise. Packaging not only brings a sense of security, but also can provide customers with convenient and promote product sales. Furthermore, in the process of product sales, regardless of the brand, advertising and promotion of products, the products packaging represents the communication with products and customers. No matter how deep product knowledge, the final communication with consumer is packaging.

Fashionable and exquisite famous men's shirts brand, if it just simply packing may not cause consumer interest. And the same shirt, if carefully packaging design, the advantages of brand and clothing, will win a lot of market share. Whether the packing is good, directly affect the level of the clothing, the manufacturer's reputation, and economic benefits. The design of the packing should not be too complicated to achieve a good publicity effect, expanding sales, establish a famous brand, and stimulate the purchasing desire.

The importance of packaging in commerce relates to the fact that the final phase of the shopping experience takes place offline and therefore it implies a packaging capable of enhancing the product at the moment of opening.

For fashion brands, the packaging is not only a means of representing corporate values but also a kind of means to participate in market competition. Today all companies want to give value to their products, for this reason it becomes important to choose a premium packaging. The creation of a premium packaging does not necessarily mean using excessively expensive packaging, but rather it means investing in a tool that can help increase sales and customer loyalty. Unboxing is an extremely important issue when creating premium packaging. An important phenomenon that is linked to the need to make the purchase a unique moment even in the opening phase of the package, after the actual purchase of the product. In fact, being able to offer customers a structured packaging with attention to the smallest details will increase the desire of the consumer to buy the product.

In the fourth chapter, I have reported the practical case of my individual project work. The aim was that of bringing innovation in the fashion industry, which, being highly competitive, prevents many brands from emerging in the market. Through this project, I could have validated the innovator's method by applying it to a real case. Specifically, the innovator's method involves a series of cyclical phases (Insight, Problem, Solution, and Business Model) designed in such a way as to reduce the uncertainty that governs a given market, avoiding using resources unnecessarily to create something that consumers do not want to. This means that my work plan could not have a linear trend giving the limit that a problem found in any of the four phases would have made me go back (pivoting) to change course and solve the problem in question.

Following the innovator's method methodology, I focused on younger brands, which, despite their offering differs from many others, struggle to reach a wider audience. This is my starting point, the symptom from which I started to understand and structure the real "Problem Problem" at the base of everything. Then, I start looking for a solution that lends perfectly to the needs of the brands and ultimately designs a strategy to enter the market. Therefore, I decided to divide the fourth chapter according to the different phases foreseen by the method.

The innovator's method starts with generating insights into potential customer problems by looking for surprises or other clues, such as symptoms of a problem, which provide the clues for an opportunity. An insight is the fundamental ingredient for innovation, it is a more focused and deeper understanding of consumers' desires or problems. Having a real and deep knowledge of customers is essential for insights definition, through observation and conversations with customers you can notice a symptom or a surprise which provides the clues to an opportunity.

An insight can take many forms: it could sit on a very generalized human level, or it could be more specific to an environment or the category. But the most important thing in this context is that it has some kind of human dimension, and it relates to a specific audience.

In accordance with what the Innovator's method suggests, I putted myself in costumers' shoes. When I savored the surprise, about one year ago, I was trying to launch my on-line t-shirts business, with my own Bran. Fashion is a sector with low entry barriers, and anyone can launch their own brand. However, as easy as it is to appear on the market, it will be so easy to play the part of spectators as it is a market with very high competition, where the big players are the masters and the small ones remain the crumb.

During the planning of the strategy to enter the market I noticed that new brands were born and died every day, also realizing that the mere differentiation of the offer was a necessary but not sufficient element to stand out in this highly

competitive market. The truth is, no matter how unique your products or services are, you will have stiff competition. Considering how crowded the landscape is in every industry, the question is, how do you stand out in a crowded marketplace? Coming up with something new and different could be a solution.

Going forward in the analysis I noticed that most of the Brand utilized the packaging as a complementary good, as a tool to boost their Brand image and the value of their products thanks the customization and the eco-sustainability of materials utilized for the shipping.

What I found is that brands basically want to differentiate and gain a competitive advantage against competitors. In my opinion, using the packaging as a tool to reach this object was strategically correct but in recent years it has become commonplace and will become increasingly popular. In order to gain more visibility and maintain an advantage over competitors, brands should have an innovative and not easily replicable packaging. A packaging that is something more. Before starting with solutions, it is essential to deeply understand the problem. A way of thinking about the job-to-be-done is to ask: “What outcomes do customers want?”. The innovator’s method introduces a different set of tools to discover the job to be done:

- 1- Pain-storming: This technique involves creating a customer’s “journey line” to understand how customers complete a task and identify their main pain points along the way.
- 2- Ethnography or “Fly on the wall”: This technique requires getting deep into customers’ lives and watching them in their natural habitat
- 3- “Advice” Interview: It is the fastest technique to develop the initial problem hypothesis. It starts by identifying a potential sample of customers that have a similar job to do, and that can give feedback on the problem to solve.

In order to find the job-to-be-done and structure the “Problem Problem”, I decided to implement the “advice interview” tool. It was my intention to select easily reachable brands to have a “face to face” dialogue, but due to Covid-19 emergency I had change my strategy opting for a telematic dialogue.

First, I identified a potential sample of customers who could have had a similar job to do. Brands had to fall within the target I set: young brands with good but unexpressed potential. The research activity was initially carried out on Google, but with poor results as I obtained lists of already more or less known brands. Changing strategy, I used Instagram as a “search engine” and through targeted hashtags (#madeinitaly; #italianbrand; #streetwear; #ecobrand, etc.) I started to get the first results, identifying the first brands in the target. Moreover, I had underestimated the algorithms of Instagram, which once understood what I was interested in, started to suggest me pages of Italian brands independently, I just had to select those on target. After a week I found 60 Italian brands to contact.

Obviously, I did not know if all the selected brands were perfectly in target. So, I decided to create a questionnaire with which I would be able to make a first skimming of these brands. Furthermore, being young brands, not everyone has an online site, and most use Instagram as a showcase and platform where they can place orders. So, I decided to contact all the Brands via direct messages on Instagram, introducing myself I tried to establish a relationship and a conversational dialogue, asking to carry out the questionnaire in order to help me with my Project. . This tool was very useful because

from the answers I have been able to sort, reaching a total number of 20 brands with which to communicate and structure the "Problem Problem". To those 20 brands I sent a further message via Instagram asking if they were available for an online dialogue during which we would talk about their main activities and the related problems, explaining in more detail the Project in question and the ultimate goal of my activities, find a solution to their "Problem Problem". Of these 20 Brands 13 gave the availability for an interview, 5 of which via video call while the remaining 8 preferred a dialogue through messages.

The final step was to develop a problem statement framework. It consists of three parts: [Problem you are solving] + [who you are solving it for] + [the impact it will have]:

"The problem I'm solving is the unfair competition that young brands with a great potential but few funds face against big brands, because it is frustrating and exhausting"

What could be a solution to the identified problem? The "solution storming" phase was certainly the most stimulating. I was able to express my creativity by generating as many ideas as possible. I was looking for an innovative idea that would allow these brands to differentiate themselves by offering something more, ensuring them a positive word of mouth. It is well established that word of mouth is one of the most powerful marketing tools. There is nothing better to convince a customer to buy than to have someone selflessly that recommends a company and its products. With the advent of social media and the internet, word of mouth marketing is now a tool more relevant than ever, capable of influencing the purchasing choice of millions of consumers.

Being recognizable and doing something special is fundamental to stand out from the crowd, and to be perceived as different and unique. There are many ways to achieve this ambitious intent, and packaging is certainly one of them. Packaging and word of mouth are therefore interrelated, and every aspect makes up the final result which, more than the product itself, resides in the perception that the consumer will have of it. Word of mouth does not happen, it is created.

I began to inquire about packaging, which has acquired increasing importance as a strategic tool to generate a positive customer experience, even after the time of purchase when the product arrives in homes. The problem is that very often, that personalized packaging is thrown away or destined for the fireplace. I, therefore, concluded that the packaging should not end up in the garbage, but had to be transformed into something that constantly reminds that Brand to the final consumer.

The first idea for a solution has been a packaging that turns into a coat hanger. I believed that such packaging could generate positive word of mouth among consumers without having to face excessive costs. Before even presenting a theoretical prototype to the different brands, I carried out a simple search on the web where I came across already existing solutions, different from each other, but with the same principle: a packaging that can be transformed into a coat hanger. Hence, my enthusiasm died out, but not completely since I noticed that those solutions had a common problem: the hanger would have been made of cardboard. It would not leave a positive image of the Brand. Since I thought the basic idea was good, I continued focusing on the packaging-coat hanger. How to ensure the coat hanger resistance over time? The coat hanger did not have to be of cardboard.

The solution number two involved a packaging that incorporates a coat hanger, not inside, but outside, in such a way as

to define its shape, making it unique. The coat hanger did not have to be of cardboard, and according to the used materials, I will face different costs. Before going on, I theoretically present my idea to the brands, getting some important feedbacks to continue developing the solution. Having nothing to show it was difficult to convey my vision, but all the brands showed interest in my idea of the packaging-coat hanger. After a long process of testing, prototyping and validating the possible solutions, I finally get to a “Minimum valuable prototype”, but before presenting it, I decided to register the Design of the packaging and a Patent for utility model for the hanger. Having filed the documents, I presented the MVP to the brands performing the "Wow test" together with the "net promoter score test". The “Wow test” measures how enthusiastic consumers are about a new solution. To carry out the test, I asked the 20 brands previously selected to quantitatively indicate, on a scale of 1 to 10, how enthusiastic they would have been having such a solution. The Net Promoter Score (NPS) is based on a single question: “How likely are you, on a scale of 1 (not at all likely) to 10 (extremely likely), to recommend this product or service to a colleague or friend?”. “Promoters” answer 9 or 10, “passives” answer 7 or 8, and “detractors” answer from 1 to 6. A product’s NPS is the percentage of promoters minus the percentage of detractors.

Tests gave as results:

"Wow test", an average score equal to 7.55 "NPS test": % Promoters - % Detractors = 11.1%

The result of the “Net promoter score test” suggests me to work further on the solution. I started focusing on the main target consumers, analyzing all the feedbacks and suggestions. At this point, I started creating the Minimum Awesome Product (MAP). I had to develop a product with a lot of appeal for brands, and I had to submit it to the last test, the Payment test. To move forward, I decided to meet a Product Designer able to create the MAP quickly and accurately. I was starting to form a team. After a long process of 3D design and prototyping we finally arrived at the “Minimum Awesome Product”, ready to be subjected to the “Payment test”, presenting it to the 10 most target brands. However, before I could do this, I had to accurately estimate the actual cost of my base product, and then make assumptions about the price. This phase required a considerable effort to have as many suppliers as possible to compare to choose the one that best suited my needs. To go fast, at this stage I relied on a third person. We were outlining some elements of the Business Model. Finally, we assumed the sale price of our Minimum Awesome Product equal to 2 euros. Despite the price being a bit high, we still conducted the "Payment Test" but the result was not the best: many brands have declared that they cannot spend that amount. At this point, we were not convinced to go ahead with the project which, as thought, had proved economically unsustainable.

We were not discouraged and, as foreseen by the Innovator's Method, we went back to solve this problem and find a cheaper solution (Pivoting). Considering that the higher cost was related to the production of the wooden hanger arms, we hypothesized a plastic hanger that would not only have a significantly lower cost but would have helped to reduce the overall weight of the packaging. Not only that, but even the pressed and coated cardboard has also been replaced by rigid corrugated cardboard. Receiving mostly positive feedback from all brands to which we presented this alternative, we went ahead with the cost and price estimate. Estimating a unit cost of about 70 cents and setting a price of 1 euro for our Minimum awesome product, with the minimum level of customization, the payment test has finally given a positive result, with 80% of the brands that have said willing to spend that amount.

Now, it was necessary to design a strategy to enter the market, study, and validate an efficient business model to realize if our solution was economically sustainable. A brilliant idea, also the most innovative of the century, is nothing without a good business model to achieve it.

In our opinion, we had a winning idea and we intended to create a start-up. We certainly needed to learn how to create a business model capable of describing in a very clear way the main aspects of the business we wanted to start. Furthermore, it was essential to have very high knowledge of the market sector in which we intended to enter. For this reason, I decided to integrate another person into the team who can help us in this phase and bring added value to the entire project. With the goal of improving, innovating, and creating something new that creates value, we have begun to outline our go-to-market strategy.

The business model canvas allows a company to outline its business idea, see the strengths and weaknesses, and finally understand what elements are needed to get started. Being a shared tool, it must be used by the team to clarify what they want to do.

We started to insert the elements within the nine blocks of the business model canvas. The choice of customers is certainly the first step because essential to continue:

- ❖ Customer segments: Based on what has been said and done so far, our customer segment would have positioned itself in a niche market and at the same time in a concentrated market, as our packaging solution is unique, and focuses on an only segment, that of packaging for clothing. Initially, our consumer segment included emerging fashion brands that sell their products through online stores.
- ❖ Value proposition: Our value proposition involved bringing innovation to the clothing packaging sector through the unique design, combined with a coat-hanger, all customizable according to the needs of the individual brand. By adopting this innovative solution, emerging brands will be more likely to differentiate themselves from the crowd and reach a wider audience of customers. Furthermore, using packaging made from 100% recycled products will increase the perceived value of the products sold by the brands and the latter will strengthen their identity.
- ❖ Channels: We hypothesized to use our website as the main channel, flanked by various social channels, to create awareness in the customer about the product and the company itself, to help him evaluate our offer, guide him to purchase, and, finally, follow him in the post-sale phase. This choice would have allowed us to sustain lower costs and at the same time have a widespread and faster diffusion.
- ❖ Customer Relationship: Since ours is a physical product to be assembled, however intuitive, we thought that a personal assistance service, to support the customer at any time of their need, was the best option, especially in the early stages of the company's life.
- ❖ Revenues streams: Taking in mind that our solution is a physical product, we stated that our revenue stream

will be generated by direct sales. The same price will depend on the volume of the business, and the level of customization required by every single brand. Furthermore, it may vary from brand to brand, according to their turnover.

- ❖ **Key Resources:** The most important key resources on which we have leveraged are the utility model patent and the registration of the design at the UIBM (Italian Patent and Trademark Office). To just think about starting our company, we would need an investor or more investors who firmly believe in our idea and share our vision. Also our team is a key resource that offers its value to keep the company going. And finally, we would have needed a warehouse that functions as offices and research and development laboratories.
- ❖ **Key Activities:** Among the key activities, we have highlighted the need to purchase all the elements that will make up our final product by third parties. Moreover, the preparation of the pallets sold and ready to be shipped. The acquisition of new customers to keep growing up in the market. And finally, the most important key activity, namely the research and development of new materials and new products.
- ❖ **Key Partners:** Being a startup, we hypothesized to outsource most of the activities necessary to bring our solution to the market, relying on experienced partners in their reference sector, ensuring greater flexibility and optimizing resources. We have planned strategic alliances between non-competing companies, i.e. suppliers and companies that are located within a single production chain and that supply us with the various components: the hooks, the central structure made of metal, the arms of the hanger, and the cardboard.
- ❖ **Cost structure:** Our goal was to keep costs as low as possible so that we could present our solution at a competitive price. Our business model, with that specific consumer segment target, will be cost-driven and characterized by variable costs, which vary according to the volumes of goods produced, and fixed costs. We will face the costs of getting the different components from the different partners, the managerial costs associated with the warehouse and those of the website, and finally the shipping costs necessary to deliver our solution to the final customer.

Once our business model was finalized and validated, we began to outline all the elements of the business plan. This document plans the medium long-term activity of the company, and therefore covers a forecast period of approximately three years and more. This is the most important document for requesting both public and private funding and investments. If the content of the Business Plan is convincing and credible, our business project can be financed more easily.

The main result of this project work is to have validated my idea and have identified a market niche willing to pay for it. The whole project led to the expected results, from the acquisition of new skills such as 3D design, prototyping, and so on, to the strengthening of others such as those of leadership and strategic planning. Besides, from the practical application of the innovator's method, I have acquired a more critical view of the projects presented to me, evaluating

their potential from a strategic perspective, and trying to understand their effective validity right away. Another positive result was that of expanding my network of knowledge, both at the level of people and industries. I talked to various partners, I searched for information on the characteristics of the different materials needed to make the packaging, and so on. All this constitutes the wealth of skills and knowledge that I bring thanks to the realization of this project.

The only regret was that of not being able to market our packaging at the end of this project, which, due to the timing, proved to be infeasible. However, we will continue to work on this project with the goal of founding a startup, making our first sale, and starting to scale the market.

From the application of the innovator's method, I realized that for a manufacturing startup, the transition from the idea to successful innovation is more complex than a digital startup. Manufacturing adds the complications of the physical creation of a product that needs to be designed, prototyped, industrialized, tested, certified, delivered and so on. This led to a postponement of the project delivery date. Be that as it may, this method has led to the desired results. On top of that, I can conclude by saying that, having a method to follow to cope with the many problems that arise during the path to innovation is fundamental. Moreover, a good entrepreneur must be aware of his strengths and weaknesses. Hardly a person can excel in all areas. This leads the entrepreneur to ask himself: "What are the aspects that I can personally oversee, where am I strong and prepared, and on which ones should I look for excellent partners or collaborators?". The success and the achievement of a common goal are achieved thanks to the cohesion, the harmony, how the team members interact with each other to face difficulties, to express their opinions constructively, to solve situations and problems that may arise during work.