



LUNA ROSSA PRADA PIRELLI



IMPACT ASSESSMENT

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Executive Summary

The Luna Rossa Prada Pirelli Project was born in 2019 with the goal of creating new business opportunities for Merino wool in the sports & performance sectors through a global premium ambassador project that involved the strategies of:

1. Product innovation
2. Positioning
3. Communication
4. Public Relations
5. Consumer Education

Project Objectives

- **To stimulate** the market in the use of wool for performance to increase the consumption of wool at global level through market trickle-down effect.
- **To educate** a wide range of both brands and consumers on wool performances and benefits to increase retail sales.
- **Increase** wool's sustainability reputation.

The project aimed to stimulate the market in the use of wool for performance to increase the consumption of wool at global level through market trickle-down effect. This was achieved through the increase in the sale of wool fabrics from suppliers used for Luna Rossa performance products and an increase in brands connecting with Woolmark for technical support to introduce/increase performance wool fabrics and yarns into collections, such as VF group (Napapijiri and North face), Woolrich, Canada Goose, Loro Piana, Moncler, Salewa, Netherland Police Department, Sabelt (leader in racing apparel), Lacoste, Bottega Veneta, amongst others.

Impact assessment results

The net benefits generated by the project are estimated to be \$2.1 million, perceived with a three-year lag¹, with a benefit-cost ratio of 1.44 (Table 1)

Table 1: Impact Assessment results

Key measure	Value
Estimated gross benefits	\$6.97 million
Total project costs	-4.83 million
Net estimated benefits	\$2.1 million
Benefit-cost ratio (BCR)	1.44
Estimated net benefits of AWI contribution	\$2.1 million
Estimated BCR of AWI contribution	1.44

¹ A significant number of these sales will result from an increase in the number of brands increasing the usage of wool fabric and yarns into their collections.

Project background

The purpose of this project was to become the official technical partner for the Luna Rossa Prada Pirelli sailing team for the 36th America's Cup to position Merino wool in an unexpected sporting environment – on the water, where team apparel is comprised largely of synthetics- and positioned the Woolmark brand and wool fibre front and centre within one of the world's oldest and most prestigious sporting events.

Partnership highlights

The Luna Rossa Prada Pirelli team trained and performed in the Merino wool uniform both on and off the water, testing the performance benefits of wool under extreme circumstances. 8,676 Woolmark branded uniform garments were initially developed along with a Merino training kit for the professional team in everyday use. TWC logo was exposed on all crew and staff garments and the uniform was commercialized via Prada channels.

The partnership also resulted in the following:

1. Product development: sailor uniforms and commercial replicas available for sale
2. Earned media: 679 million media reach.
3. Prada commerce: Prada e-commerce across 10 flagship stores
4. Paid media: Global paid campaign
5. Events: Partnership launch and in-store events in Prada stores

Impact on wool sales

Sales were estimated using three methods:

- Using data provided on the project's report which provides specific information about media reach and leads generated through the campaign.
- Analysing wool sales and consumer behaviour in the countries where the campaign ran.
- Reviewing performance of previous marketing campaigns and making assumptions based on these that allowed for media reach to be converted into estimated wool sales.

Media highlights

Figure 1: Media highlights – Printed.

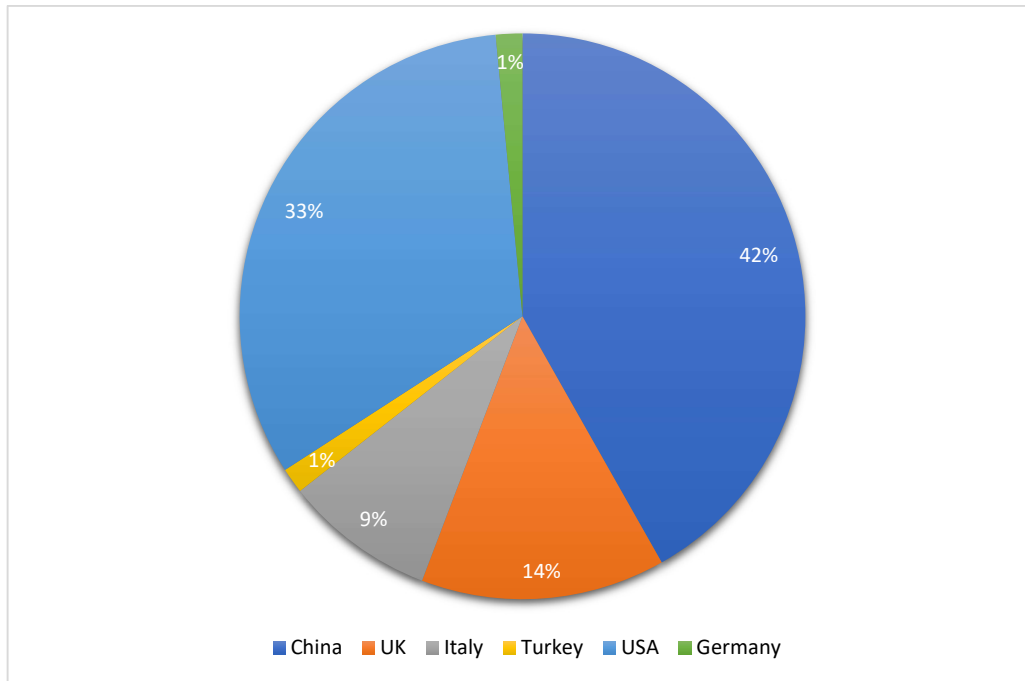


Figure 2: Media highlights - Digital

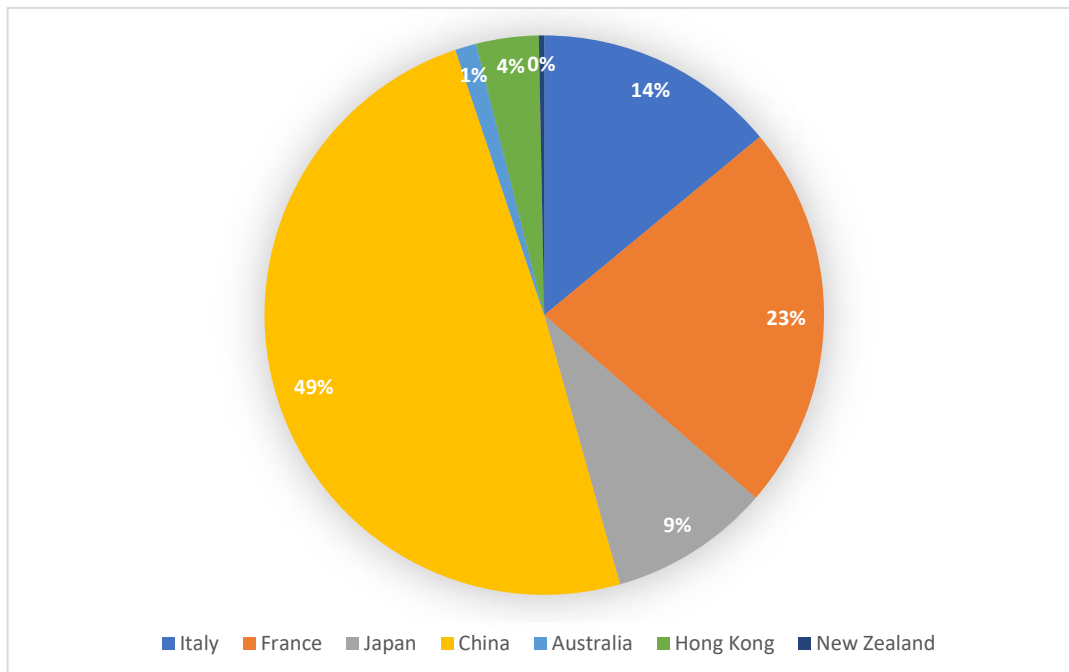
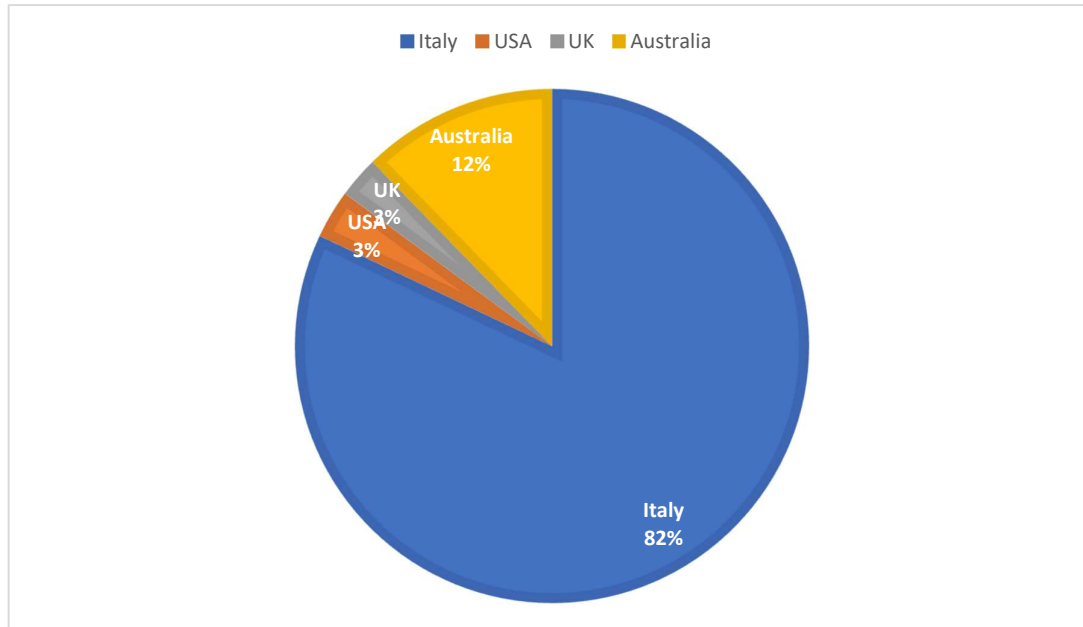


Figure 3: Media highlights – social media



Economic benefits and costs

This assessment utilizes assumptions that were made as a result of analyzing previous results of past marketing campaigns by AWI. The estimations are also congruent with the wool market characteristics of the countries in which the marketing campaign ran². The logic behind the assumptions shown on table 2 are based on the following key factors:

- Target audience
- Compelling messaging
- Social media strategy and engagement
- Digital and Printed media results
- Collaboration with influencers

It is estimated that media reach through social media has the highest impact on sales in comparison with reach through digital and printed media. Analysis of different marketing campaigns allow the following estimation:

² Research results and further calculations can be found on the appendix which contains an excel document with all the results and calculations.

Table 2: Key assumptions

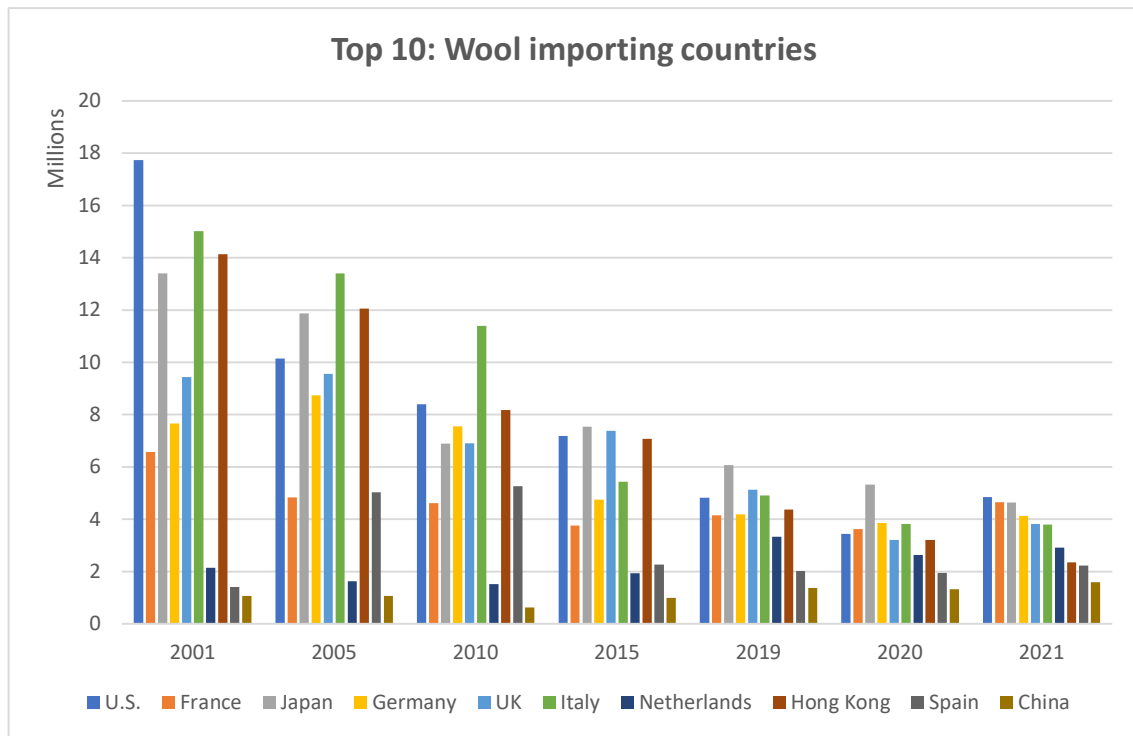
Key Assumptions		
100,000 reach through printed media translates to	50	garments produced/purchased
Therefore 1 reach equals	0.0005	garments produced/purchased
100,000 reach through Digital media	80	garments produced/purchased
Therefore 1 reach equals	0.0008	garments produced/purchased
100,000 reach social media translates to	110	garments produced/purchased
Therefore 1 reach equals	0.0011	garments produced/purchased

Research results

The campaign between TWC and Prada Luna Rossa held substantial economic advantages, particularly due to its targeted approach in countries ranking amongst the top 20 wool importers globally. (Figure 1)³ The campaign aimed to capitalize on existing consumer bases with a demonstrated interest in wool products, which not only amplified brand visibility but also aim to translate into tangible economic gains as it met the demand in markets where wool holds a practical significance.

³ IWTO – Issue 18

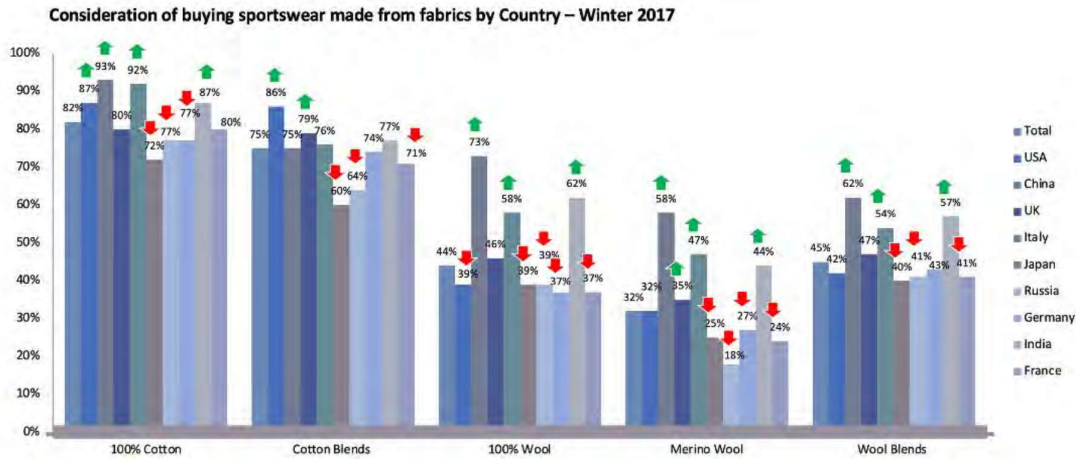
Figure 1: Top 10 wool importing countries



Source: IWTO – Issue 18

Moreover, the collaboration aimed to serve as a catalyst for increased wool sales as the campaign aimed foster stronger economic ties and to contribute to the overall growth of the Australian wool industry. This interconnectedness can result in a ripple effect benefiting various sectors involved in the production, distribution, and retail of wool based products. By creating a “buzz” around wool fashion and its innovative usage in sportive attire there is a potential for surge in demand as well as an increase in the number of brands willing to include wool in their products. Figure 2 shows The AC Nielsen brand tracking report results for The Woolmark Company (2018) which presented data that showed Italy was one of the most likely countries for consideration of Merino sportswear. This provided space for an Italian-centric sports project that could lead the way as a market influencer for wool adoption in sportswear.⁴

⁴ The AC Nielsen brand tracking report (2018)



Source: *The AC Nielsen brand tracking report (2018)*

Table 2 explains the assumptions used on the calculations and which were used on this report to convert the campaign’s media reach into estimated wool sales. It is assumed that the reach through diverse media platforms will result in wool garment sales purchased and/or developed by companies that collaborate with TWC because of the campaign.

Sales were estimated using three methods:

- Using data provided on the project’s report which provides specific information about media reach and leads generated through the campaign.
- Analysing wool sales and consumer behaviour in the countries where the campaign ran.
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The research landscape in publications such as the *Journal of Marketing Research* underscores the influence of media reach on consumer behavior. Specifically, the exposure garnered through diverse media channels has been shown to contribute significantly to brand awareness and product consideration. As such, the assumption herein is rounded in the premise that augmented media reach, as achieved through the partnership between TWC and Prada Lunna Rossa across printed, digital, and social platforms, is poised to positively impact consumer perceptions and preferences for wool apparel. The insights gleaned from the *International Journal of Advertising* highlight the interconnected nature of media engagement and purchasing decisions. The assumptions used on this impact assessment assert that strategic alignment of this partnership with diverse media typed is likely to create a comprehensive and lasting impression on the target audience, thereby increasing the likelihood of future purchases of wool apparel and in the number of brands implementing wool into their products.

It’s important to acknowledge, however, that while media reach is a vital precursor to consumer conversion, other external factors such as economic conditions, consumer sentiment, and competitive dynamics also play pivotal roles.

Table 4: Estimation of wool sales

Media highlights				Sales equivalent (units)			
Source	Country	%	value (millions)	value (millions)	0.11%	0.08%	0.05%
Print	China	42%	18.4	7.7			3,847
	UK	14%		2.6			2,829
	Italy	9%		1.6			1,745
	Turkey	1%		0.3			296
	USA	33%		6.0			6,601
	Germany	2%		0.4			405
Digital (in millions)	Italy	14%	648	90.8		72,619	
	France	22%		144.7		115,798	
	Japan	9%		60.1		48,085	
	China	49%		318.9		255,147	
	Australia	1%		8.1		6,477	
	Hong Kong	4%		23.3		18,645	
	New Zealand	0.31%		2.0		1,629	
YouTube	1.06 million			1.1		848	
Social (engagements)	Italy	82%	12.1	9.9	10,922		
	USA	3%		0.4	406		
	UK	3%		0.3	347		
	Australia	12%		1.5	1,635		
TOTAL			679	13,310	518,400	15,722	

The estimations shown on table 4 have been calculated by using the key assumptions shown on table 2. This method allows the conversion of the campaign's media reach through different platforms to be converted into estimated sales of wool units.

Costs

The total cost of the project was \$4,834,399. For increased accuracy, this assessment has included overhead allocation costs in the calculations. Overhead costs, often sidelined as indirect expenses, wield a substantial impact on a project's overall financial health.

Table 5: Benefit-cost ration calculation

Key measure	Value
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The results summarized in table 5 show that it was estimated that the project resulted in a benefit-cost ratio of 1.44 which means that for every \$1 invested by AWI there is a \$1.44 return on investment. These benefits are expected to be perceived with a three-year lag.

Other benefits not quantified.

The program may result in lower costs of future marketing campaigns to increase wool product sales. These have not been estimated in the benefit-cost analysis.

References

IWTO issue 18

Project Final report

2019-2022 M&E Review and Strategy Assessment