

# **Impact Assessment Report:**

## **Cabaia**

## 1.0 Executive Summary

Since its inception in 2015, Cabaia has been a successful and fast growing French DNVB (Digital Native Vertical Brand)<sup>1</sup> mass-market lifestyle brand renowned for their iconic beanies with changeable pompons, backpacks, and colourful socks. They define themselves as a fun holiday product brand and have a strong Gen Z/Y community with 60% of their consumers aged between 20 and 35. Cabaia is present in all of France through their strong retail, wholesale network and social media community (16 stores across France by the end of 2022). Over the last 5 years Cabaia has seen 100% growth every year. Due to the success of the first collaboration with AWI, Cabaia developed 7 SKUs for Fashion Week 2022 with potential continuation of the 100% merino wool beanie line.

## 2.0 Overview

The purpose of this evaluation is to assess the impact of the collaboration between Cabaia and AWI/TWC as well to demonstrate the return of investment generated through this partnership. This impact assessment has been conducted according to the guidelines of the Council of Rural Research and Development Corporations (CRRDC).

AWI/TWC contributed to this collaboration by supporting, assisting in product development, providing retail training to floor staff and Cabaia headquarters staff, providing all rights for Cabaia to use AWI's imaginary with mention of credits. AWI/TWC supported Cabaia via an in-kind support to develop their first certified 100% wool beanie collection. The co-branded Cabaia x The Woolmark Brand capsule collection was launched in November 2021 online and in-store (flagship, multiband store, and wholesale network) in France.

AWI/TWC recommended a direct investment with Cabaia to launch a social media paid campaign as 60% of Cabaia sales come through ecommerce. The paid campaign ran on Cabaia social accounts to drive sales during key Winter/Christmas period which allowed Cabaia to reach out to the Gen Z/Y community and raise awareness about merino wool and aim at increasing their purchase intent. The beanies were sold across 12 flagship stores in France, and it was showcased via a co-branded press release as well as mentioned on a podcast which was aired on Europe1 radio station where Fashion Journalist, Sophie Brafam, presented the Cabaia x Woolmark collaboration as the perfect sustainable product to gift during Christmas.

## 3.0 Program Logic

The main objective of this collaboration was to use Cabaia's strong Gen Z/Y community to communicate the benefits of natural fibres as well and fighting the microplastics by using more natural fibres, such as wool. Cabaia had a 100% growth every year since 2017 with 60% of its sales achieved via ecommerce<sup>2</sup>, 20% through its own retail stores and 20% via BtoB collaborations. In 2022

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<sup>1</sup> DNVB: Brands that are born online, selling, and shipping their own products. *Source:* <https://www.insiderintelligence.com/insights/dnvb-explained/>

<sup>2</sup> Cabaia project report 2022

Cabaia already had 16 stores across France and was planning to expand to other European countries.

The beanies that were designed and sold as part of the partnership were packed and included the Woolmark Brand logo as well as a QR code that redirected towards the merino wool landing page on Cabaia.com. The table below shows the key project activities, outputs, outcomes and impacts for the project.

**Table 1: Program outputs and outcomes**

<b>Key Project Activities</b>	<b>Outputs</b>	<b>Outcomes</b>	<b>Impacts</b>
Increase awareness and demand for merino wool applications across activewear	Product development: support sourcing and product development	Co-branded packaging with QR code redirecting towards the Woolmark Company website	Increase awareness regarding usage of wool, its versatility, and its sustainability attributes
Position merino wool as a sustainable response to products strongly linked to synthetic fibres	Retail Activation: retail training for floor staff and Cabaia HQ		
Increase responsible wool offer for new Generation brands	Visual Assets: All rights to use on-farm imagery with mention of credits	Co-branded labels: higher visualization	Increase in wool production and sales
Gain visibility legitimacy and market shares in the sustainable offer			
Create new opportunities of collaboration with premium brands	Press/Gifting: Lucien pages to share co-branded press release to media and push capsule collection in shopping section in press	Cabaia promoted the benefits of Australian Merino wool on all social media channels as well as in-store	Promotion and positioning of the Woolmark brand
Launch to consumer across digital owned channels + social + consumer activation in store			

#### 4.0 Economic Benefits and Cost

This section focuses on the economic benefit generated and the cost associated towards the project. To calculate the benefit returned to the woolgrowers a benefit cost ratio (BCR) Analysis was conducted. The evaluation results showed a 2.27 BCR which means that for every \$1 invested by AWI there was a \$2.27 return on investment.

**Table 2: BCR calculation**

Key measure	Value
Incremental benefits (PVB)	\$30,882
Incremental costs (PVC)	\$13,590
Incremental net benefits (NPV)	\$17,292
<b>BCR</b>	<b>2.27</b>
Estimated net benefits of AWI contribution	\$17,292
Estimated BCR of AWI contribution	2.27

#### 4.1 Benefit

This evaluation assesses AWI's collaboration program with Cabaia for 2021-22 FY. The net benefit of the collaboration program is estimated to be \$17,292 over a 5-year period, with a benefit cost ratio of 2.27. The calculations were made as follows: considering that Cabaia designed 6 SKUs, 750 units of each and if a standard beanie weights approximately 100 grams (0.1 kg) and each one of them was certified to be 100% merino wool, the results show that the whole collections represented an additional demand of 450 kilograms of merino wool.

The average EMI for the period was \$13.59 – which multiplied by the kilos of merino wool derived from the program represents a net benefit for the woolgrowers (extra demand for wool generated by the program) of \$6,114 on the year of the project's implementation and estimated to be \$7,113 for each of the following five years, totalling up to \$30,882 net benefit returned to the woolgrowers over a five year period considering that Cabaia incremented the SKUs part of the capsule collection to 7, with 750 units of each design. These calculations were made based on the assumption that because of the collaboration between Cabaia and AWI/TWC, the beanie collection will continue to be developed for the next 5 years.

The benefit generated through the program will benefit woolgrowers through the increased demand for wool and awareness of its unique benefits and characteristics which will also result in an increased demand in the coming years, which is likely to be driven by changed purchase behaviour and preference for merino wool as a natural and sustainable fabric. It is anticipated that the partnership will continue and that more wool garments will be purchased as a result. The Benefit Cost Ratio analysis's purpose it to estimate the impact that the project is likely to generate.

## **4.2 Cost**

AWI's contribution to this project was an in-kind collaboration which means that AWI contribution consisted of providing support, sourcing, and product development, training floor staff and Cabaia HQ and providing all rights to use on-farm imagery with mention of credits and supporting gifting strategy to prompt influencers to post about Cabaia.

AWI did not make any cash contribution towards this partnership hence, the net cost of the project is estimated to have been \$13,590 which was calculated from the overhead allocation rate for AWI's French office which spent, on average, 10 business days working on this project.

## **5.0 Conclusions**

The results of this impact assessment showcase the advantages of in-kind partnerships and how they contribute towards the exposure of TWC by increasing its target audience and media reach which help building brand equity. By building brand equity for TWC, AWI is working towards a more sustainable future for the Australian woolgrowers by increasing the demand for Australian wool in the long term as well as improving its price competitiveness. It also serves as an example of alternative ways of investment and ways to promote The Woolmark Brand and how it serves to find future aligned sponsors that might have synergy with TWC. This synergy is likely to spark new partnerships without requiring a monetary investment.

AWI took the opportunity to get involved into the product position and brand development of a key partner which, in the long term, is likely to produce a higher impact. AWI was involved in the training process of Cabaia staff as well as executives about the benefits of merino wool. Cabaia continues to develop the capsule collection of 100% merino wool beanies each year with a likeliness of an increase in the number of SKUs per collection. It is also a good example of the need for adaptability to the changing dynamics of the world and to the increased relevance of the usage of social media and influencers power to be able to reach a broader audience.