



BLUE SKY DYES

A Step in the Right Direction.

**NAMA Student Marketing Competition 2023
Mississippi State University**

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INTRODUCTION

While some have a childhood filled with fishing and swimming in local rivers, that is not the case for many Bangladesh waterways. These black, heavily polluted rivers are a shocking image and raise concerns about the effects of textile production. With the fashion industry being responsible for one-fifth of the world's industrial waterway pollution,¹ consumers are demanding a change. Good news - the life-changing and life-saving solution has arrived. Our team at Blue Sky Dyes has invented an all-natural, carcinogen-free indigo dye that is safe for aquatic life and requires no additional equipment for mills looking to switch from synthetic dyeing. We want to secure the right to clean drinking water for all and **Blue Sky Dyes is a step in the right direction.**

MARKET ANALYSIS

Size & Potential

With an estimated 450 million pairs of jeans purchased every year, Americans are consistently demanding denim as jeans are the most widely produced piece of apparel in the US.² There are 26.3 million Gen Z and 59.43 million Millennial consumers in the US.³ Estimated retail market capture is 2.9%, so it is estimated that 762,700 Gen Z consumers and 1,723,470 Millennials will purchase naturally dyed denim for a total of nearly 2,500,000 consumers.⁴

Trends

The US denim market is projected to reach \$17.1 billion by 2025, growing at a CAGR of 3.14%.⁵

The global market for indigo dyes is projected to reach 1.66 million by 2028, growing at a CAGR of 5.0%.⁶

Denim brands are using bio-based materials with increasing growth, increasing 47% YoY since 2019.⁷

Other Key Factors

Increasing regulations on synthetic indigo dye and growing demand for sustainably made clothing are creating new avenues for natural indigo dye to flourish. Coming out of the 2020 COVID-19 Pandemic, jeans were among the first clothing items to rebound as consumers sought the latest trends to enter back into public life.⁸ Controlling over 24.6% of the global denim market, the United States' denim consumers have the largest number of jeans per capita with the most disposable income.⁹ Although Blue Sky Dyes is focused on the United States, denim mill pollution is a worldwide issue that cannot be ignored.



Primary Research

Blue Sky Dyes Internal Marketing conducted primary research on denim mills' stance on synthetic pollution. 200 denim mills were surveyed and they were asked to describe the social atmosphere surrounding denim production.

- 64% of mills feel pressure to eliminate water pollution from synthetic dyes from increased media attention.
- 58% of mills are looking for an industrial dye alternative to eradicate pollution and increase denim sales.

Need

With increased consumer awareness concerning climate change and fast fashion manufacturing,¹⁰ consumers are looking for more sustainable products as they witness the effect of synthetic indigo dye on the environment. Blue Sky Dyes is leading a movement to provide major denim manufacturers with the option to choose natural indigo dye to combat pollution while satisfying customers' desires for eco-friendly jeans. Since the same manufacturing equipment is used in both synthetic and natural dyeing, Blue Sky provides an easy avenue to switch from harmful synthetic dyes. Utilizing natural indigo dye will also allow mills to avoid fines for waterway pollution while increasing the water quality for the surrounding locals who depend on those crucial water sources.

COMPETITIVE ANALYSIS

Blue Sky Dyes' primary competitor is Archroma due to its aniline-free dye and similar industrial denim mill customers. Archroma produces a synthetic indigo dye made with large quantities of chemicals such as sodium hydroxide, sodium hydrosulfite, and sulfur. Because those chemicals can be mass-produced at a fraction of indigo production price, Archroma is the cheaper option when compared to Blue Sky Dyes. Despite the higher cost, the qualities of Blue Sky Dyes' natural dye are preferred to the target market of partners who are looking to capitalize on increasing consumer demand for a long-lasting dye that is safe for the environment. While our indirect competitor, Botanical Colors, produces natural indigo, they only sell to artisans for small scale dyeing. Although the denim industry is flooded with other synthetic indigo dye producers such as BASF, Huue, and DyStar, Blue Sky Dyes is one of the first to experiment with natural indigo dye and the **first company** to introduce a USDA Certified Bio-Based, environmentally conscious dye to the denim market.

	BLUE SKY DYES	ARCHROMA	Botanical Colors
Natural Indigo Dye	✓		✓
Aniline-Free Dye	✓	✓	✓
Industrial Mill Customers	✓	✓	
USDA Certified Bio-Based	✓		
Premium Price Point	✓		✓

Strengths

- Increased Gen Z and Millennial market capture
- Climate and eco-friendly
- Increased durability of denim
- Safe for sensitive skin

Weaknesses

- Premium priced product
- Difficult market to penetrate
- Limited brand awareness
- Takes time to clean mill of synthetic dye

Opportunities

- Growing demand for eco-friendly clothing
- Increased attention on synthetic pollution
- No new machinery needed in switching from synthetic to natural indigo dye

Threats

- Changing consumer preferences
- Pre-established competitor relationships with partners
- Cost variability of inputs

Tried and True Blue Partners

Tried and True Blue Partners are classic denim brands that have stood the test of time and have ridden waves of trends in the denim industry for years. These brands have high brand recognition because of their durable, high-quality jeans that have proven their longevity. However, these brands are looking for a new way to relate to the new Gen Z consumers and have a desire to catch them at the beginning of their purchasing history. These firms like Wrangler and Lee want to capitalize on the trend of eco-friendly and natural products. They are looking for an alternative solution to synthetic dyeing due to the harsh chemicals that are both included in the denim and are dispelled as pollution. These brands also are interested in materials that will increase the longevity of their denim to entice Millennial customers who desire premium, strong denim that will last and make their purchase worthwhile.

Wrangler

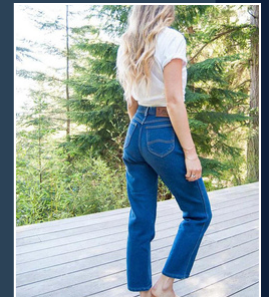


Wrangler is one of the premier denim providers of the US. Their dedication to individuality and respect for the environment has been proven throughout their history. Wrangler considers themselves as stewards of the land that allows them to produce quality and durable denim, built to last for ages. With a goal of 100%

sustainable cotton by 2025, adding naturally-dyed denim will fit seamlessly into their purpose and goals.

Lee

The iconic American denim brand, Lee, has stood the test of time by relying on foundations of integrity and authenticity. Leading the way with using virtual technology in production, Lee has reduced physical prototypes by 30% to save water and energy. Lee has a goal of powering every facility with renewable energy, so utilizing all-natural indigo dye for their denim is progress they can look forward to.



BUSINESS PROPOSITION



Blue Sky Dyes is an all-natural denim indigo dye that adds nitrogen and carbon back into the soil for a sustainable solution for the enormous waterway pollution caused by synthetic dyes. The tropical variety of indigo, *indigofera tinctoria*, is sourced directly from producers in Florida, Central and South America. Blue Sky Dyes natural 40% indigo powder is offered by the pound and each pound can dye over 37 long-lasting pairs of durable jeans. The unique 40% indigo powder allows for a rich and intensely colored, streak-free application on a variety of denim products. All Blue Sky Dyes packaging will be recyclable.

Strategy Statement

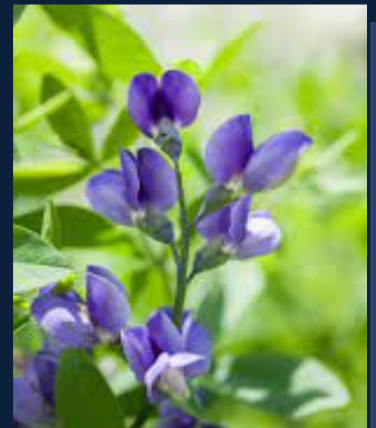
The primary objective of Blue Sky Dyes sustainable indigo is to combat the extreme pollution from synthetic clothing dyes by creating an all-natural solution. We aim to provide an effective, carbon-sequestering, aquatic life-safe alternative offering a convenient switch for industrial mills. Our cutting-edge innovation will change the way consumers think about clothing dye and improve water and air quality conditions for manufacturing countries nationwide. Blue Sky Dyes is ready to help the United States take a step in the right direction.

Goals

- Brand recognition among Partners of 18% by year 3.
- Obtain 90% **Partner Satisfaction** among Tried and True Blue Partners by year 3.
- Generate \$550,000 in **Net Profit** by year 3.

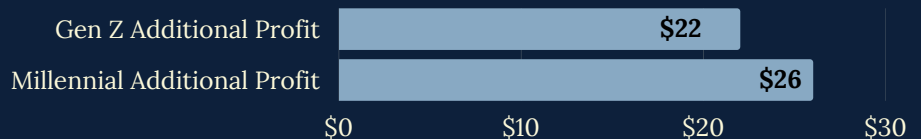
Key Planning Assumptions

- Blue Sky Dyes meets all USDA standards and regulations.
- Blue Sky Dyes will maintain a supply of natural indigo from trusted producers to meet market demand.
- Conversations continue surrounding sustainable options in clothing dye production in the foreseeable future.



Return on Investment

One of the main benefits for mills investing in natural indigo dye is the increased market capture of Generation Z and Millennial denim consumers. Blue Sky Dyes Internal Marketing conducted willingness to pay surveys on 1,000 Gen Z and Millennial denim consumers on the characteristics that naturally dyed denim provides. Blue Sky found that on average, Gen Z consumers were willing to pay \$22 more for a sustainably-made pair of jeans. For Millennials, they were willing to pay \$26 more per pair for long-lasting, durable jeans. Blue Sky Dyes fulfills both of the requirements in the nature of all-natural indigo and the proven durability from a study conducted by the National Key Research Program of China. When tested against synthetic dyes, indigo-dyed cotton withstood 20 times more tensile pressure due to the indigo particles combining with the cotton fibers.¹¹ Our partners are at the forefront of change towards a better, more environmentally-conscious future and they will be rewarded for their proactive mindset with increased sales and a dedicated customer base.



ACTION PLAN

Positioning

For partners who want to directly combat the massive pollution due to synthetic clothing dye while increasing durability of their denim, Blue Sky Dyes provide an all-natural, safe indigo dye that addresses both of these issues. With this, we set ourselves apart from competitors and will continue to do so through our no waterway pollution dedication, passion for the environment around us, and commitment to customer satisfaction.

Price

Blue Sky Dyes will be sold directly to mills used by the Tried and True Blue Partners by the pound and will be available for \$55.00 per pound. The average cost to produce one pound is \$35.00, resulting in a 36% gross margin. Every 100 pairs of jeans would need 2.7 pounds of indigo dye, resulting in a cost to mills of \$148 per 100 pairs of naturally-dyed jeans. Although natural indigo is more costly than synthetic, utilizing natural dyes ensures that there are no additional costs in environmental cleaning from synthetic dye spills. Blue Sky Dyes will have a MOQ of 300 pounds and will be shipped in IBC totes that can hold up to 600 pounds.

Promotion

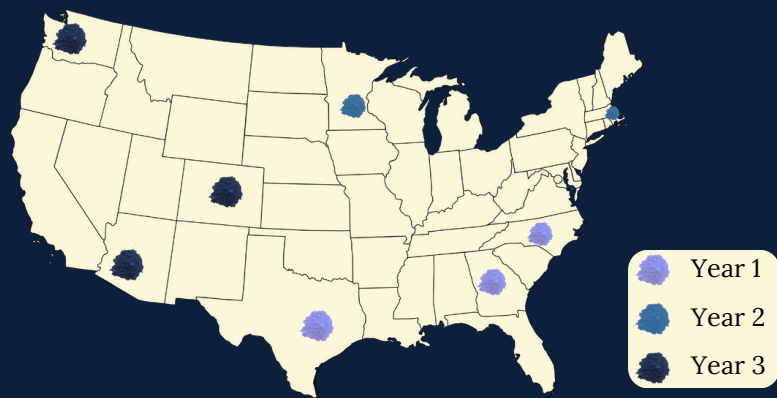
Public Relations and Events: In an effort to meet potential Tried and True Blue Partners where they frequent and to increase exposure, Blue Sky Dyes will attend industry trade shows that highlight eco-friendly materials. In Year 1, Blue Sky will attend the Denim Days Conference in Amsterdam and the Kingpins Show in New York City. Year 2 will add the International Textile and Apparel Association Conference and the AATCC Natural Dyes Conference with Year 3 adding the BlueZone International Denim Trade Show.

Social Media: We will utilize Instagram, LinkedIn, and Twitter to highlight partner testimonials and provide product information. We will also collaborate with partners to provide key messaging that supports the sale of their denim on social platforms. LinkedIn will be the main platform that PSRs will focus on to interact with partners. To engage the retail consumers of the partners, Blue Sky will celebrate National Denim Day on the last Wednesday of April and Earth Day on April 22nd.

Website: Our website will provide information about our all-natural indigo dye as well as the story behind Blue Sky, our partners, research articles, and the benefits of using natural indigo dye in denim. We will conduct research on the natural indigo dye and publish the results on the website to foster trust, long-term loyalty, and brand equity. The website will also have an online portal for current partners to place orders and for new Partners to get started with Blue Sky.

Place

Blue Sky Dyes is for the pioneers of all-natural clothing who are determined to make a change and take a step back in the right direction. These Gen Z and Millennial consumers live in two sectors of the United States. Gen Z consumers congregate in more affordable, urban cities with public transportation and vibrant recreational activities, while the Millennials are leaving major cities and heading to moderate, suburban locations with lower cost of living. Blue Sky Dyes will collaborate with Tried and True Blue Partners who will offer denim in cities starting in Atlanta, Georgia; Raleigh, North Carolina; and Austin, Texas in year 1. In year 2, we will expand to Boston, Massachusetts and Minneapolis, Minnesota with another expansion in year 3 westward to Phoenix, Arizona; Denver, Colorado; and Seattle, Washington. Blue Sky Dyes will be available through our partners in department stores like Nordstrom, Target, and Macy's, on Amazon, and outlet stores.



Partner Success Representatives (PSRs): PSRs will be the first to greet new partners and connect with potential partners. Along with creating partner relations at industry trade shows, these representatives will utilize a Customer Relationship Management System to maintain those relationships and monitor partner satisfaction.

Blue in the Face of Pollution Scholarship: We will establish a scholarship fund to increase awareness of the dangers of synthetic dyes. We will conduct a nationwide essay competition about the global environmental impacts of synthetic dyes. There will be 5 winners that will each be awarded \$1,000.

Email Advertising: Tried and True Blue Partners will receive monthly emails that provide updates on Blue Sky Dyes, provide updated pricing, and to check in on Partner production. As for potential partners, Partner Success Representatives will send a series of informational emails to provide details about new products, share testimonials from current partners, and to follow up after trade shows.

FINANCIALS

Blue Sky projects rapid initial growth of our market share, bolstering our near \$2 million of gross sales in year 1. This expeditious growth comes as a result of the pent-up demand for an all-natural clothing dye which accounts for forecasted sales of 36,000 pounds in year 1. Following year 1, we expect LinkedIn efforts and promotions at trade shows to dramatically expand our market presence in our target market.

Marketing Budget	Year 1	Year 2	Year 3
Email Marketing	\$7,500	\$9,000	\$11,000
Total Social Media	\$72,093	\$96,834	\$106,220
LinkedIn	\$37,367	\$42,209	\$51,020
Instagram	\$22,076	\$28,650	\$33,350
Twitter	\$12,650	\$18,975	\$21,850
Total Trade Shows	\$81,495	\$150,279	\$208,171
Denim Days	\$42,120	\$46,332	\$50,965
Kingpins Show	\$39,375	\$43,313	\$46,644
Int. Textile & Apparel		\$33,550	\$36,305
AATCC Natural Dyes Conf.		\$27,084	\$31,982
BlueZone Denim Show			\$42,275
Analytical Services	\$9,540	\$12,860	\$14,950
Marketing Materials	\$24,750	\$30,450	\$34,760
Website Dev. & Mainten.	\$63,000	\$10,000	\$10,000
Travel & Meetings	\$20,000	\$53,350	\$64,230
Scholarship	\$8,000	\$8,000	\$8,000
Partner Success Reps	\$248,850	\$304,620	\$358,420
Total Marketing Expenses	\$535,228	\$675,393	\$815,751

Financial Benefit

The main benefit to our indigo producers is a guaranteed price for their indigo crop. Since indigo is utilized as a cover crop in operations, this guarantee provides additional revenue for producers during the planting season for other crops. Farmers can also benefit from including indigo production in their rotation due to the tax incentives. Research and Development Tax Credits can be applied to farms that grow new or improved agriculture products, reduce chemical dependency, and utilize other regenerative agriculture techniques.

Income Statement	Year 1	Year 2	Year 3
Pounds Sold	36,000	67,000	107,000
Per Pound Sales Price	\$55	\$55	\$55
Total Gross Sales	\$1,980,000	\$3,685,000	\$5,885,000
Per Pound COGS	\$35	\$35	\$35
Total COGS	\$1,260,000	\$2,345,000	\$3,745,000
Gross Margin	\$720,000	\$1,340,000	\$2,140,000
R&D	\$90,567	\$150,387	\$197,148
Selling Expenses	\$133,026	\$165,622	\$172,292
Marketing Expenses	\$535,228	\$675,393	\$815,751
Operating Expenses	\$758,821	\$991,402	\$1,185,191
Depreciation Expense	\$6,531	\$9,901	\$10,264
Interest Expense	\$3,500	\$3,500	\$3,500
Taxes	\$27,601	\$157,599	\$354,808
Net Income	(\$76,453)	\$177,598	\$586,237
Net Profit Margin %	-3.86%	4.82%	9.96%

Monitoring and Measuring

Brand recognition among denim mills of 18% by year 3.

Measurement

Conduct a 3rd party survey of denim manufacturers to determine brand recognition.

If goal is met

Continue to increase industry trade show attendance and expand marketing team personnel.

If goal is not met

Diversify marketing tactics and reassess the email and social media marketing budgets to allow for growth.

Obtain 90% Partner Satisfaction among Partners.

Analyze reviews, interact directly with Partners, and evaluate any Partner service inquiries.

Continue to strive for a 100% partner satisfaction goal and expand production.

Investigate any complaints and implement additional training among Partner Success Representatives.

Generate \$550,000 in Net Profit by year 3.

Track sales reports on a monthly, quarterly, and yearly basis. Analyze trends in sales data.

Invest earnings into marketing budget, consider product diversification, and focus on market expansion.

Reevaluate promotional strategies, evaluate sales data, and redistribute the marketing budget.

Conclusion

Blue Sky Dyes is well-positioned to help mills take advantage of the growing consumer awareness of the effects of denim dye. We are confident this natural indigo dye will ease pressure on industrial mills to stop waterway pollution, while being a profitable opportunity for Blue Sky.

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