

# OPAL

FIND YOUR GEM

## About Opal

Founded in October 2021 at Westhampton Beach High School, Opal is a for-profit consignment company that provides a diverse selection of quality, pre-loved clothing aimed at keeping over 45 millions pounds of donatable goods out of landfill (1). While there is an ever-present strain of fast fashion on the environment, a growing consumer demand for sustainable and ethical choices can help alleviate this burden. Not only did thrifting become normalized with the advent of the pandemic, it has transformed thrifting into a viable \$28 billion industry (1). Driving this value is Generation Z, whose members have embraced second hand fashion. Given the rising industry and ever-evolving definition of shopping, Opal was created to fill a void in the VE market as the first and only VE business to provide repurposed clothing. Opal purchases apparel from individuals, and then separates the clothing into three tiers based on quality, brand, and price point; Pearl, Jade and Ruby. All excess and unsold clothing bought by Opal is donated to local shelters and outreach programs through our Opal Bus, which also serves as a pop-up store.

## Opal Products

	PEARL	JADE	RUBY
Sale Price	\$11 - \$18	\$17 - \$39	\$40 - \$56
Consignment Price	\$3 - \$8	\$7 - \$15	\$20 - \$30
Brand Examples			

## Mission Statement

"Inspiring customers to build an eco-friendly wardrobe with pre-loved clothing."

## Business Type

Opal's strong commitment to repurposing clothing and helping those experiencing homelessness has led our firm to operate under a B, or benefit corporation structure aligned with our charitable work. According to the B impact assessment, Opal's positive influence on the environment and society is evident by our score of 110 by the Standards Council, which is rated as "outstanding." Recipients of our donated goods include: Help Suffolk, Maureen's Haven, and New Alternatives For LGBT Homeless Youth.

Opal encourages young people to approach fashion in an eco-conscious and budget efficient way, through thrift. In recent years, the multi-billion dollar online thrift industry has transformed young minds to think secondhand first. At Opal, customers "find their gems" amongst our vast array of pre-loved clothing. To facilitate long-term customer relationships and optimize sale processes, Opal's site has an optional clothing quiz that directs consumers to clothing items based on their responses. This mimics the personalized in-store experience that shoppers are accustomed to receiving in a retail store.



# Business Rationale

## Problem Statement

Fashion is the third-most polluting industry, releasing 5% of the world's greenhouse gas emissions (2). Specifically, the fibers within clothing are responsible for two-thirds of the global carbon footprint (2). A worldwide shift against fast fashion has ensued:



These acts were all born out of necessity to limit fast fashion practices. Consumers have begun to cite ethical impacts as a deterrent when considering the purchase of an apparel item. In fact, 75% of consumers believe that sustainability is important and one-third are willing to choose brands that help environmental and social improvement (3).

## Solution Statement

As the COVID-19 pandemic eases, the retail industry is seeing an even greater shift towards digital shopping habits. This post-pandemic shopping has made people reflect on their shopping choices including what, where, and how they buy (3). The adoption of a more conscious approach to fashion consumption and the introduction of sustainability-focused companies like Opal will reshape the fashion landscape and help slow down the demand for new clothes.

## Opal's Consignment Process

Opal follows a simple six step process (Seen below), which allows for consumers to both; easily purchase and donate their clothing, finding their gems with Opal.

1.	2.	3.
Click "sell" tab and fill out Consignment Interest Form. This form requires sellers to note the following information about each garment: quantity, size, quality, and brand.	Fill out Donation Agreement Form. Sometimes an item fall below our quality standards (torn, pulls, stain, etc.) By agreeing to our donation contract, the seller allows Opal to donate unqualified garments to charitable organizations for at risk populations. If the seller does not agree with our contract, the garments will returned to the seller.	Shipping label emailed to seller. After the Consignment Interest Form has been completed, the seller's information will be processed, and a shipping label will be emailed to the seller.
4.	5.	6.
Garment(s) will be assigned a tier.  The customer will be paid up-front based on the tier.	The customer will be paid up-front based on the tier.  For example, the consignment price of a woman's blouse in the "Pearl" tier is \$3, and in the "Jade" tier, the price is \$7.	Garment is posted on Opal's website.  The garment(s) will then be posted on Opal's website to be purchased by a new owner and continue its story.

## Corporate Social Responsibility

Sustainability is multi-dimensional, as is Opal's commitment to promoting a circular economy in the fashion industry. Opal's core values revolve around transparency and authenticity, which consumers want but often lack within the apparel sector. This begins with a glass box approach to how Opal acquires pre-loved clothing through "thrifting"- the practice of buying used clothing. Opal's sustainable business model will be visible to both the consumer and seller on our site, to not only build trust, but foster traceability of products. Opal's authenticity will be unmatched because of our donation practice that benefits both social responsibility and merchandise replenishment. Every fiscal quarter, Opal uses a repurposed bus to travel to at-risk shelters in the ti-state region of New York, New Jersey and Connecticut, to provide free apparel curated from unsold clothing flagged as excess inventory. The Opal bus enables us to help the underprivileged and provide another avenue for the story of our clothing to continue.



# Company Goals

## Short

Design an SEO friendly website to cut consignment process down by one day.

Capture a 5% share of the online thrift market by the end of 2022.

## Mid

Partner with sustainable packaging companies to cut carbon emissions by 7%.

Revisit and adapt KPI's to boost consumer retention rate by 35%.






## Long

Procure 75% of electricity from renewable sources by 2030.

Become climate positive by 2045.

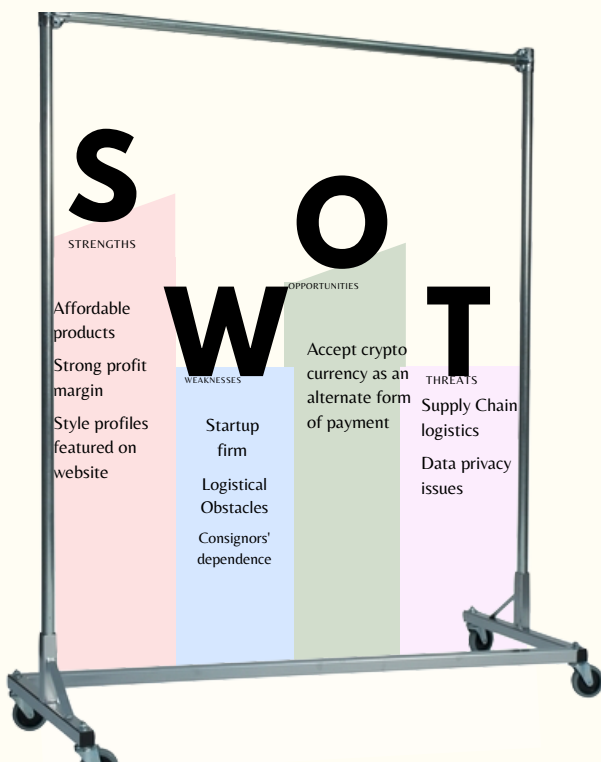
# Marketing Plan

## Marketing Mix

	<ul style="list-style-type: none"> <li>consignment apparel</li> <li>3 brand tier</li> <li>Advertising space</li> </ul>
Product	
	<ul style="list-style-type: none"> <li>Cosigners paid immediately with cash or Opal Credit</li> <li>Affordable price point</li> </ul>
Price	
	<ul style="list-style-type: none"> <li>Fashion conscious</li> <li>Focus on sustainability</li> <li>Unique Independence</li> </ul>
People	
	<ul style="list-style-type: none"> <li>Content Marketing</li> <li>Influencers</li> <li>Company Newsletter</li> </ul>
Promo's	
	<ul style="list-style-type: none"> <li>E-commerce website</li> <li>Pop-up store via Opal bus</li> <li>Warehouse for inventory</li> </ul>
Place	

## Target Market

In the past five years, clothing brands have witnessed the rise of Gen-Z, a powerful, young consumer group that already makes up approximately 20 percent of the U.S. population, and 32 percent of the world's population (4). When combined with Millennials, these two groups comprise well over half of all global citizens. While these generations differ from one another in many ways, both Millennial and Gen-Z cohorts are diverse, well-educated, and active in connection with an array of issues, particularly those in the environmental and social justice spheres. They use digital platforms to gather, advocate, and take action around these issues, and have called for transparency, environmental responsibility and social accountability from brands and governments in the U.S. and around the world. This adds to Opal's confidence in our target market, our marketing strategy and ultimately, in our financial projections.



## Business Risks

Lack of consignment inventory → Opal's consignment process of paying up front, will be clearly advertised on various social media channels to maximize customer penetration. Through repeated exposure, Opal's method of money up front, something unique to thrifting, will help increase consignment offers.

Lack of typical in-store experience → As an online apparel store, consumers can't check the quality of clothing. To prevent customer dissatisfaction, Opal offers free exchanges to put the customer first and build trust.





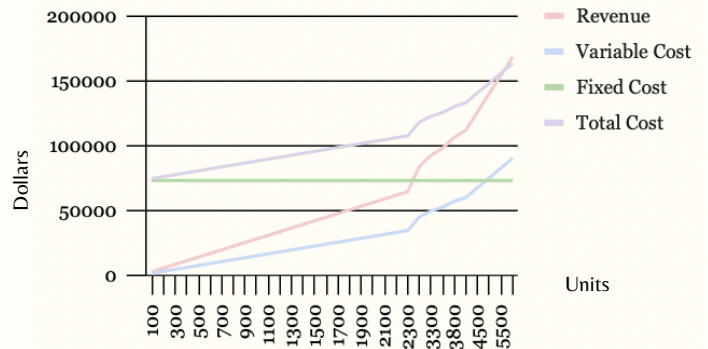
# Financial Highlights & Projections

While Opal's financial projections are promising based on sound business strategies and a unique position in the VE market, being a start-up firm, Opal has significant costs to recoup. The forecast of favorable sales is based on an attractive pricing model and high-quality inventory. Opal projects revenues of \$130,000 in November, \$150,000 in December (attributed to the East End Trade Show and holiday sales), and rising sales in 2022 with multiple VE trade shows and events each month. As detailed in our Profit and Loss Summary, Opal predicts that we will end the fiscal year with a net loss of \$32,212.33. We are confident that Opal's strong business model, along with the growth of the consignment industry, will lead to a net income in our second year of business.

## Balance Sheet

Assets		Liabilities & Stockholders' Equity	
Current Assets		Current Liabilities	
Cash	163,502	Accounts payable	2,530
Accounts Receivable	71,964	Sales tax payable	14,843
Merchandise Inventory	4,159	Salaries payable	51,250
Supplies	500	Payroll tax payable	7,421
Total Current Assets	240,127	Social Security	3,019
Fixed Assets		Medicare	706
Company Vehicle	9,874	401(k) payable	5,125
Less: accumulated depreciation -1	125	Loan payment	2,848
Computers	5,184	Total Current Liabilities	87,742
Less: accumulated depreciation -2	166	Long Term Liabilities	
Furniture and fixtures	5,525	Loan payable	147,808
Less: accumulated depreciation -2	52	Total Liabilities	235,550
Office equipment	525	Stockholders' Equity	
Less: accumulated depreciation -2	15	Common Stock	20,000
Total Fixed Assets	21,595	Retained earnings	6,081
Total Assets	\$261,631	Total Stockholders' Equity	26,081
		Total Liabilities and Stockholders' Equity	\$261,631

## Break Even



## Balance Sheet Analysis

As evident in the company balance sheet, Opal's main liability is the \$150,000 loan acquired to kickstart our business, which is paid in \$2,800 monthly increments. Labor costs, including employee salaries and benefits, are the largest expense incurred each month. The management team at Opal believes in the importance of paying competitive salaries to attract and retain talented employees.

## Break Even Analysis

Opal is on target to break even monthly at approximately 5,610 units and a monthly revenue total of just over \$157,306. As a company, Opal may be profitable by the end of June 2022 based on our projected revenues. Our sales forecast is very strong through December 2021 due to aggressive promotional efforts and trade show opportunities. Revenues are forecasted to exceed \$200,000 through December 2021 with an average unit sale price of \$28 and an average margin per sale of \$13.

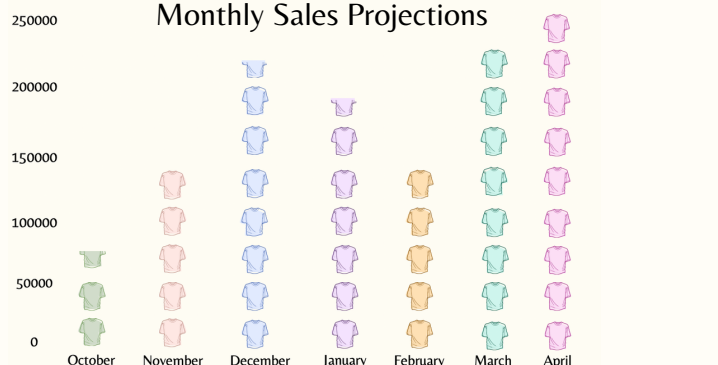
## Profit & Loss Summary

Opal's profit and loss statement indicates that a modest net loss of \$32,212.33 is projected for our fiscal operating year of October 2021 through April 2022. This is a 2.5% net loss on gross revenues. If Opal was able to continue to operate through September of 2022, we would be profitable for the business cycle of a full calendar year. Although significant expenses were incurred in October, this is to be expected for a startup business. Opal's fiscally conscious approach of pursuing debt financing has allowed the firm to maintain equity in the company.

### Summary Profit & Loss For the Year Ending 4/30/2022

<b>Total Revenue</b>	<b>\$</b>	<b>1,292,590.50</b>
<b>Total Cost of Revenue</b>	<b>\$</b>	<b>692,459.20</b>
<b>Total Gross Profit</b>	<b>\$</b>	<b>600,131.30</b>
<b>Gross Margin %</b>		<b>46%</b>
<b>Total Operating Expenses</b>	<b>\$</b>	<b>632,343.63</b>
<b>Net Income (Loss)</b>	<b>\$</b>	<b>(32,212.33)</b>

### Monthly Sales Projections



<sup>1)</sup> A call for accountability and action - Deloitte. A Call for Accountability and Action: The Deloitte Global 2021 Millennial and Gen Z Survey. (n.d.). Retrieved December 15, 2021, from <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/2021-deloitte-global-millennial-survey-report.pdf>

<sup>2)</sup> Hobbey, A., & Waghmare, D. (2021, January). WEF the net zero challenge - World Economic Forum. NetZero Challenge: The supply chain opportunity. Retrieved December 15, 2021, from [https://www3.weforum.org/docs/WEF\\_The\\_Net\\_Zero\\_Challenge.pdf](https://www3.weforum.org/docs/WEF_The_Net_Zero_Challenge.pdf)

<sup>3)</sup> Parker, K., & Ighavik, R. (2021, July 14). What we know about gen Z so far. Pew Research Center's Social & Demographic Trends Project. Retrieved December 15, 2021, from <https://www.pewresearch.org/social-trends/2020/05/14/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far-3/>

<sup>4)</sup> Quinlan, M. (2021). What can China tell us about the future of social commerce and content? World Economic Forum. Retrieved December 15, 2021, from <https://www.weforum.org/agenda/2021/05/china-future-social-commerce-content/>

Salesforce. (2021, September 23). What are customer expectations, and how have they changed? Salesforce.com. Retrieved December 15, 2021, from <https://www.salesforce.com/resources/articles/customer-expectations/>