

VEGAN LEATHER

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Things to discuss:

- 01 Company Introduction and The Problem
- 02 Our approach
- 03 Findings
- 04 Recommendations
- 05 Plan of Action
- 06 Questions

Company description and The Problem



Sustainable alternative to leather: Vegan Leather
Current situation: Pilot of producing 500m2 of vegan leather
Our role: Finding potential markets and customers for Biophilica

Our Approach

**Which market strategy should
Vegan Leather use to successfully
enter the market?**

In order to identify the most
profitable market for Vegan Leather

Our approach

Sub-questions, Theoretical Frameworks and Research Method

01

What is the difference between hide and vegan leather?

Literature based on LCA and Leather

- Interview Head of Design Biophilica
- Interview Den Ouden Group
- Desk Research

02

What are the potential markets suitable for vegan leather?

SWOT, Porter's five forces

- Desk research
- Interviews with: De Leerlooier, Strieder Lederwaren, Jacobs lederwaren , AJP Leer, The Little Green Bag, Stuivenga Lederwaren
- Potential markets: furniture, clothes, leather goods

03

How is vegan leather going to successfully enter the selected markets?

Literature on potential market entry strategies, true pricing of (external) costs analysis

- Desk research
- Evaluate market entry strategies
- Draw conclusions

Natural Vegan Leather

Advantages:

- 100% biodegradable
- Most environmentally friendly alternative
- Water-resistant

Disadvantages:

- Less tensile strength in comparison to hide leather
- Not as durable as hide leather
- Uncoated leather under UV lightning loses its color over the lifetime
- Applicability to products is still in research

Synthetic Vegan Leather

Advantages:

- Large variety of applications
- Doesn't fade or crack under sunlight

Disadvantages:

- High use of chemicals
- Mainly dumped in landfills after usage
- Not biodegradable
- Not as strong as hide leather

Hide Leather

Advantages:

- Suitable for a large variety of applications
- Durable and fashionable
- Strongest out of three

Disadvantages:

- Least sustainable option
- One of the most highly polluting industries
- Not biodegradable
- By-product of food industry; raising animals and - Food for leather production creates additional pollution and waste
- Manufacturing process involves a lot of mechanical and chemical procedures

Bargaining power of Buyers



Wholesalers

Strieden Lederwaren, Driessen Leder

- Not motivated to be more sustainable
- No demand for vegan leather
- Price, quality and applicability of material

Leather Processors

Jacobs Lederwaren, De Leerlooier

- Understand importance of sustainability.
- Not comparable to hide leather
- Applicability of material
- High demand

Smaller Shops

AJP Leer, The Little Green Bag, Stuivenga Lederwaren

- Familiar with environmental friendly goods
- Increased demand
- Enthusiastic about vegan leather
- Gloves, belts, cases, bags



Threat of Substitutes

- Fruit Leather, Bananatex

Bargaining power of Suppliers

- Den Ouden, Renewi



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- Decreases use of hide leather in industries, reducing the demand for animal livestock.
- Essentially a circular product, creating value out of an otherwise useless material.
- Comparative or of better quality than synthetic leather.

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- Customers from small shops are willing to pay more for sustainable products.
- Increase demand from wholesalers and processors by raising awareness on the environmental benefits of vegan leather.
- 6 out of 8 Europeans willing to change shopping behaviour to reduce environmental footprint.

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- More expensive than synthetic and hide leather.
- Shorter lifespan compared to hide leather.
- Lower quality and applicability compared to hide leather.
- The lack of transparency to potential customers due to still being in the R&D stage and inability to disclose sensitive information.

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- Wholesalers and leather processors see hide leather as a sustainable material.
- Hide leather is assumed to be of superior quality while vegan leather is seen as inferior.
- Wholesalers currently don't see a demand for vegan leather.
- The higher price often forms a procurement barrier.

Recommendations

Short term recommendations

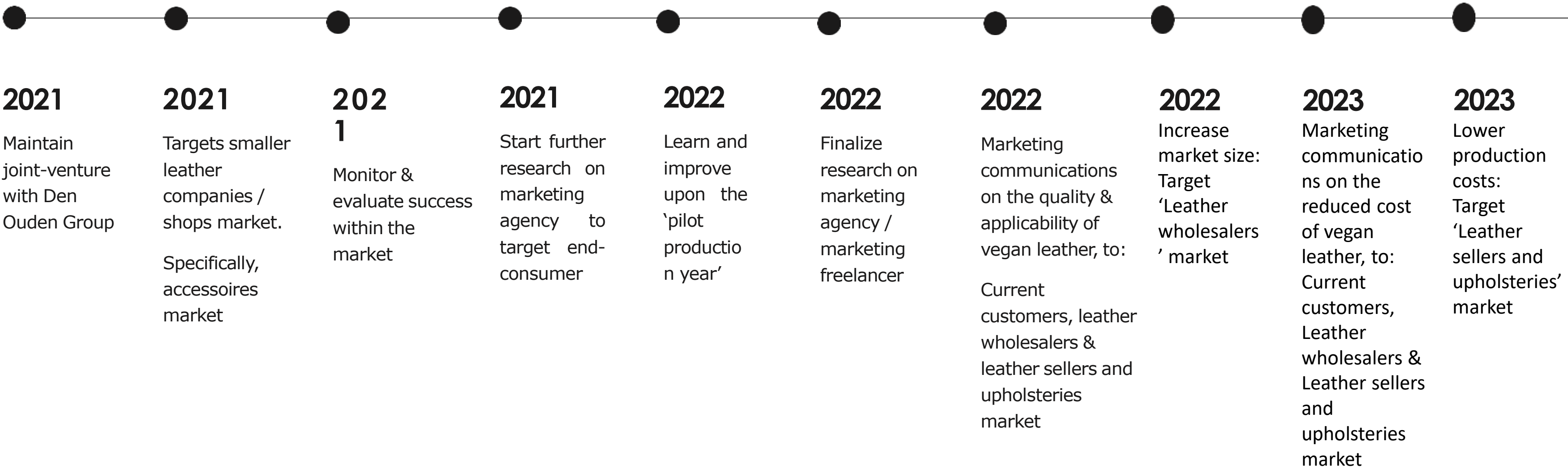
- Small shops, specialized in buying and selling small leather goods was identified to be the most interested market in vegan leather
 - The market for small leather goods currently offers the biggest opportunity for Biophilica
 - The true price for vegan leather = €2,69 per m² – traditional leather = €26,12
 - The market entry strategy: Maintain joint-venture with Den Ouden Group and outsource marketing activities
 - Focus on the small leather goods market
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Long term recommendations

- As demand in the market grows, plan is to target wholesalers
- Once production costs have decreased to reduce the costs of the material, market of leather processors becomes viable

Plan of action

- 01
- 02
- 03
- 04
- 05
- 06
- 07
- 08
- 09
- 10



**“The best marketing
doesn't feel like marketing.”**

- Tom Fishburne