Buying and Merchandising
Operations Research Event

Bath & Body Works®

PLM Consulting

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

Overview

Bath & Body Works is a global specialty retailer known for fragrance-based personal care and home products. Its product portfolio includes body care items such as lotions, shower gels, body creams, and fine-fragrance mists, as well as home fragrance products such as three-wick candles, Wallflower plug-in refills, hand soaps, and sanitizers. With more than 2,300 stores worldwide, Bath & Body Works has built strong brand recognition and a loyal consumer base, generating approximately $7 billion in annual revenue and $780 million in net income. Our research focuses on the SouthPark Mall location, one of the brand's busiest stores in the region, allowing us to analyze real customer behavior and identify opportunities to improve both sustainability and the in-store experience.

Fig. 1.1: Bath & Body Works' Gingham Product Line

Mission Statement: "Help the world live more fully through the power of fragrance"

Purpose

Fig. 1.2: The Triple Bottom Line

The consulting firm, PLM Consulting, directed by Kira Probst, Maggie Li, and Milan Mishra, was tasked with developing a Corporate Social Responsibility (CSR) growth strategy for Bath & Body Works. While the company has established CSR initiatives, there is a significant opportunity to expand its impact to meet evolving consumer expectations. Our goal is to strengthen the Bath & Body Works brand by implementing innovative strategies that enhance sustainability, reduce costs, and appeal to younger consumers while retaining loyalty in an ever-increasing competitive environment. By implementing strong CSR initiatives, we can directly address the Triple Bottom Line: the people, planet, and profit.

Research Methods

Fig. 1.3: Secondary Research

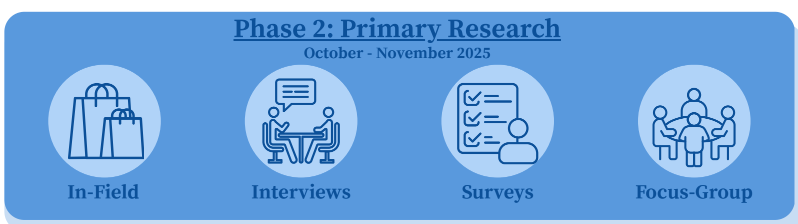


Fig. 1.4: Primary Research

Findings & Conclusions

Finding: There is significant support for sustainable practices, presenting major growth potential.	**Conclusion:** CSR initiatives can strengthen brand image while ensuring customer retention and attraction.
Finding: High costs limit in-store innovation, but vertical integration enables growth opportunities.	**Conclusion:** Utilize vertical integration for reduction of operation expenses and COGS (Cost of Goods Sold).
Finding: Complexities have rendered Bath & Body Works "slow and inefficient" according to CEO.	**Conclusion:** Plastic waste and operational inefficiencies must be reduced to strengthen organization.
Finding: Crowded and cluttered layout hurt the store experience and overwhelm customers.	**Conclusion:** Minimize crowded displays and simplify store layout for easier navigation and satisfaction.
Finding: Clean ingredients are under-advertised, limiting appeal to Gen Z consumers.	**Conclusion:** Capitalize and promote clean, ethically sourced ingredients.

Fig. 1.5: Drawing Conclusions from Research

Proposed Strategic Plan

Fig. 1.6.a: CLEAN Strategic Model

Fig. 1.6.b: Scent-Sation Model

Circular Refill Ecosystem

- Scent-sation Refill Bar with durable refillable bottles
- Allows for personalization
- Lower costs and unique innovation

Lucid Store Layout

- Reduce visual clutter and simplify overall design
- Make room for a refill station

Net Positive Impact

- Satisfies consumers desires and attracts Gen Z
- Brand image is improved and operational costs are lowered

Extended Product Life

- Implement a rewards-based return system where customers are incentivized to return used containers
- Markets Scent-sation Refill Bar

Amplified Ethical Branding

- Clear ingredient transparency and label updates
- Social media and influencer partnerships

Proposed Budget

Net Profit, Year 1: $52,000

Net Profit, Year 3: $328,000

	Year 1 Costs	Going Costs
Refill Station Equipment, Bottle Production, Maintenance, Training	$85,000	$18,000
Store Redesign, Lighting + Display Adjustments, Shelving	$23,000	$0
Deposit System, Rewards Program, Logistics Tracking, Safety Costs	$28,000	$27,000
Label Redesign, Online Marketing, Promotions, Influencer Partnerships	$40,000	$40,000
Data Feedback, Scent-Sation Performance Audits	$2,000	$2,000

Projected profit is based on an estimated 18% customer adoption rate (35% trial-only, 65% repeat) and average refill pricing.

CLEAN Expenses
$352,000

1 Year ROI
30%

3 Year ROI
377%

Fig. 1.7: Revenue and Profit Projections

2026 Projected Timeline

CLEAN Rollout Phases

	Phase
Planning and Budget Allocation	1
Pilot Refill Station at SouthPark	2
Implement Container Return	3
Full Scale Scent-sation Refill Bar	4

Jun. Jul. Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May

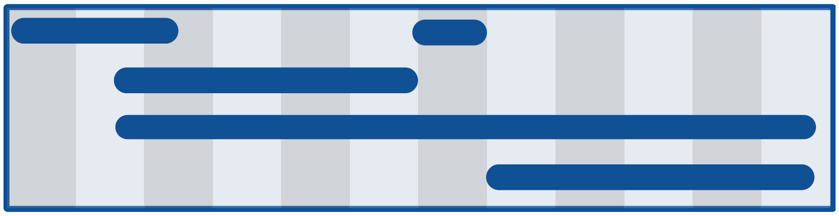


Fig. 1.8: Rollout Phase Projections

II. INTRODUCTION

A.Business Description

Business Overview

Bath & Body Works is a popular American retail brand that sells fragrant body care products, scented candles, hand soaps, and home fragrance items. Bath & Body Works was founded in 1990 with its first location in Cambridge, Massachusetts. Since its founding, the company has grown into a global leader in personal care and fragrance retail, as well as an iconic household name. With its headquarters in Columbus, Ohio, Bath & Body Works has accumulated nearly 2,000 company-operated locations in the U.S. and Canada as well as 544 international franchised locations. In 2025 alone, the company generated approximately $7.4 billion with nearly $780 million in net income.

Fig. 2.1: Bath & Body Works SouthPark Location

Core Values

Fig. 2.2: Bath & Body Works HQ Promotion

Bath & Body Works is guided by core values centered on creating belonging, elevating everyday experiences, and delivering high-quality products to a wide range of consumers. The brand emphasizes strong customer focus, prioritizing genuine human connection and meeting customer needs. Its values—being consumer-obsessed, generous, courageous, united, and accountable—reflect a commitment to innovation, service excellence, and ethical responsibility, while continuing to evolve and inspire through the power of fragrance.

Location

For the purpose of this study, our team has chosen the SouthPark Mall location in Charlotte, North Carolina--a busy metropolitan area. SouthPark Mall is the busiest mall in the state; therefore, the location is always full of customers. They provide accessible purchasing through their buy online, pickup in store option, which is widely popular. Due to the store's location, our proposal aims to appeal to Gen Z, who are strongly passionate about environmentally friendly initiatives, while simultaneously refocusing Bath & Body Works' operations towards a more aesthetic, minimalistic product line and store modelling.

Fig. 2.3: SouthPark Mall, Charlotte, NC

B. Description of Target Market

Geographic Area

Bath & Body Works at SouthPark Mall serves the South Charlotte metropolitan area and its surrounding neighborhoods such as SouthPark, Myers Park, and Dilworth. The store's location attracts customers from areas of high population density, strong economic activity, and demand for personal care and fragrance products. Within these areas, Bath & Body Works aims to serve a broad yet typically wealthy customer base, ranging from residents to visitors, while benefiting from the upscale retail environment and popularity of SouthPark Mall.

Fig. 2.4: Geographical Location of Pilot Bath & Body Works

Consumer Market Knowledge

Demographics

Bath & Body Works caters to a large core demographic of women ranging from ages 18 to 55. The brand focuses on retaining its established customer base, primarily Millennials and Generation X consumers who have remained customers since the store's opening, by keeping old scents and product lines. The brand also works to attract Generation Z through new digital engagement and trend-driven products, even incorporating college campus sales into its operational strategy to reach younger customers. Furthermore, the corporation maintains the Gingham+ app, whose loyalty program has garnered 38 million members worldwide.

Psychographics

Bath & Body Works consumers are driven by sensory-based purchasing behavior, seeking products that enhance mood, atmosphere, and personal well-being. Consumers prioritize value through "accessible luxury," positioning the brand between mass-market retailers and premium fragrance competitors, as described by BCG Matrix's analysis. At the same time, an emerging psychographic segment consists of sustainability-minded consumers, particularly Gen Z and younger millennials, who are drawn to brands that emphasize environmental responsibility. Bath & Body Works has the opportunity to broaden its market appeal while strengthening long-term brand relevance.

Core Demographic

- Women aged 22-55 years
- Disposable income ($50k-150k)
- Suburban home owners
- Value home ambience and self care

Secondary Market

- Gen Z and younger millennials ~35% consumers
- Drawn by affordable luxury
- Sustainability focus
- Enjoys personalization and experiences

Cross Demographic

- Friends/family during holidays
- Last minute shoppers
- Drives seasonal spikes

Growth Opportunity

- Men ~15% sales
- 20% YoY growth
- Men interested in self care
- Husbands of core demographic

Fig. 2.5: Segmentation of Market Clientele

Current Retention Tactics

Semi-Annual Sale

This Bath & Body Works sale occurs twice a year and is one of its most popular events, offering large discounts that attract many customers both in-store and online. However, as many customers note, the experience can sometimes feel overwhelming due to crowded stores, limited product availability, and less clear promotion of certain deals.

Brand Partnerships

Bath & Body Works currently attracts its customers through enticing, strategic partnerships and curated collaborations. Recent partnerships include Vera Bradley, a popular lifestyle bag brand, and Bridgerton, one of Netflix's most popular shows. Other key collaborations include Disney, Milk Bar, and Peeps. Additionally, they launched an official Amazon storefront to broader consumer reach.

Loyalty Programs

Customers earn 10 points for every dollar spent on eligible items. Points can be redeemed for free products.

Marketing

Bath & Body Works uses digital marketing on platforms like Instagram and TikTok to drive engagement, yet it fails to post consistent updates that improve online customer retention.

Fig. 2.6: Strategic Promotions and Events

C. Overview of the business's current business strategy relating to CSR initiatives

ESG Reports

Sustainability Efforts


Fig. 2.7: Seasonal Promotions and Product Lines

The company has diverted 2.8 million pounds of plastic from traditional single-use packaging by offering bulk and refillable hand soap options, significantly reducing plastic waste. In addition, the company is making efforts towards sustainably sourcing paper and avoiding products that contribute to deforestation or human rights abuses. However, despite these improvements, Bath & Body Works continues to generate a significant amount of waste due to its heavy reliance on packaging, particularly plastic containers, pumps, and seasonal product lines that encourage frequent consumption. Many of these materials are not always fully recyclable or are difficult for consumers to properly dispose of, which contributes to ongoing environmental concerns.

Ethical Ingredient Sourcing

Bath & Body Works has made measurable commitments to sustainability and social responsibility across its *vertically integrated* supply chain, focusing on environmental impact and community initiatives. As a member of the Roundtable on Sustainable Palm Oil (RSPO), Bath & Body Works supports the use of sustainably produced palm oil, helping to protect ecosystems and improve agricultural practices. The company also kicked off a project to source shea ingredients more responsibly, prioritizing traceability and community empowerment. However, these achievements are not effectively marketed, limiting customer awareness.

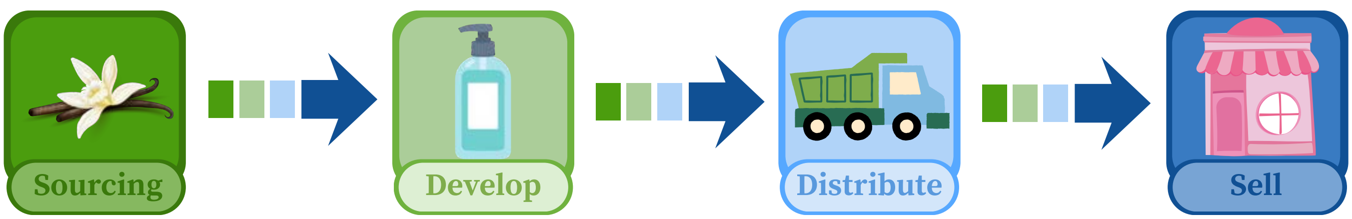


Fig. 2.8: Ethically and Vertically-Integrated Supply Chain Model

Community Involvement

3,000 energy-efficient stoves → **3,000** farming households
over 3 years

In partnership with the Givaudan Foundation, Bath & Body Works has contributed to global development by providing 3,000 energy-efficient stoves to respective farming households across 15 villages in Madagascar, reducing fuel use and improving quality of life. This initiative demonstrates the company's commitment to supporting communities while minimizing environmental impact.

2030 ESG Goals

People

- Work to expand educational and professional development opportunities for associates
- Continually review and integrate best practices into rewards programs and associate well-being offerings

Product

- Improve the sustainability profile of ingredients used throughout products, from source to use
- Work toward reducing the environmental impact
- Publish a list of priority impact of our fragrances and products

Planet

- Reduce Scope 1 and 2 emissions 50% by 2030
- Significantly reduce GHG emissions
- Target 100% of our packaging to be recyclable or reusable
- Embrace circular packaging solutions

III. RESEARCH METHODS USED IN THE STUDY

A. Description and rationale of research methodologies selected to conduct the research study

PLM Consulting is committed to thoroughly evaluating Bath & Body Works' current CSR efforts and identifying areas for improvement. Our structured approach enabled the firm to deliver a well-rounded and impactful set of recommendations to support the company's long-term sustainability and social impact goals.

Fig. 3.1: In-Store Interviews Conducted with Employees

Objectives

The objective of our research was to gain a comprehensive understanding of consumer expectations, internal operational challenges, and opportunities for innovation and corporate social responsibility at Bath & Body Works. This research ensured that all recommendations were data-driven, relevant, and aligned with both consumer expectations and business objectives. Additionally, it helped reduce implementation risk by identifying potential challenges in advance, while also uncovering opportunities for Bath & Body Works to strengthen its brand image, improve sustainability efforts, and maintain a competitive advantage in an evolving market.

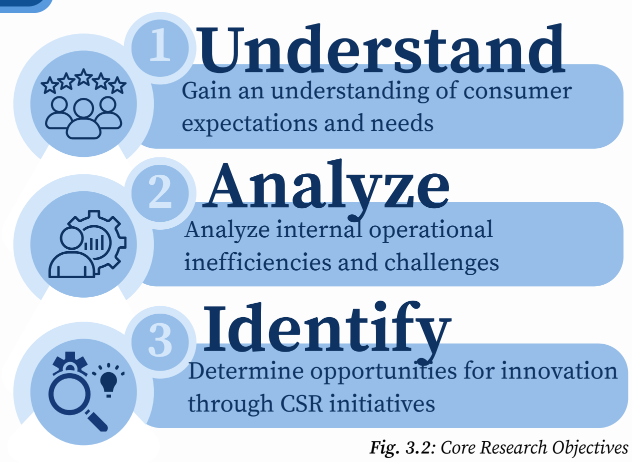


Fig. 3.2: Core Research Objectives

Research Methods

Primary research was used to gather firsthand insights directly from consumers, allowing us to better understand their preferences, opinions, and expectations. By collecting original data through methods such as surveys and interviews, we were able to gain more specific and current information. This ensured our recommendations were accurate, relevant, and closely aligned with real customer needs.

Table 1: Secondary Research Methods

Method	Description	Rationale
1. **Online** (Reviews and Social Media)	• Analyzed Online Reviews on multiple websites • Gathered social media analytics ◦ Compared with competitors'	• provides insight into customer satisfaction, preferences, and pain points. • help guide innovative strategies and improve overall customer experience.
2. **ESG Reports**	• Reviews ESG Reports and current sustainability measures ◦ Compared to competitors'	• helps evaluate the company's commitment to sustainability, ethics, and social responsibility. • highlights opportunities for improvement and competitive advantage.

3. **Financials**	• Reviewed SEC Filings
	  ◦ 2025 and 2026 Fiscal Year 10-K
	  ◦ All quarterly 10-Q reports
	  ◦ Q3 Earnings Report Call
	• Historical stock performance data
		• helps assess the company's overall performance, profitability, and growth
		• reveals strengths and weaknesses
		• supports strategic decision-making and long-term business planning.

Table 2: Primary Research Methods

Method	Description	Rationale
4. Field Observation	• Observed in-store operations • Noted customer behavior and how they navigate the store • Recorded workflow efficiency and store layout impact	• Provides insight into daily operations • Identifies areas for improving customer experience • Highlights operational strengths and weaknesses
5. Interviews	• Conducted one-on-one discussions with employees and managers • Asked about roles, challenges, and company culture • Collected insights on current CSR initiatives	• Captures internal perspectives and employee experiences • Helps identify operational strengths and weaknesses • Finds areas for growth • Shows feasibility and support
6. Surveys	• Distributed questionnaires to 115 customers • Collected quantitative data on sustainability preferences • Compiled responses to identify patterns and trends	• Provides and incorporates measurable feedback from consumers • Reveals trends that may not be visible through observation alone • Supports data-driven decisions for strategy or improvement
7. Focus-Group	• Facilitated group discussions with 7 selected participants • Explored opinions, experiences, and reactions to products or services • Recorded insights and recurring themes for analysis	• Provides deeper qualitative insights than surveys alone • Uncovers issues, needs, or ideas that may not surface individually • Helps validate findings from other research methods

Fig. 3.3: Research Methodology

Surveys

A survey was created using Google Forms and distributed to customers at Bath & Body Works. This survey was designed to gather quantitative data on consumer perspectives regarding the company's corporate social responsibility initiatives, with a focus on waste reduction and sustainability efforts. PLM Consulting distributed the survey, and responses were received from a representative portion of customers across multiple locations. The survey used Likert-scale questions, aimed at evaluating the effectiveness of current CSR practices and identifying opportunities for improvement. PLM's goal was to collect direct feedback from customers who experience these sustainability initiatives firsthand, ensuring that their insights could inform future strategies.

Customer Surveys

Would you participate in a container return program?

Strongly Agree — Agree — Neutral — Disagree — Strongly Disagree

Is eco-friendly packaging important to you?

Strongly Agree — Agree — Neutral — Disagree — Strongly Disagree

Fig. 3.4: Likert–Scale Survey Questions

B. Process used to conduct the selected research methods

This figure illustrates the step-by-step process used by PLM Consulting, including brief descriptions of each stage and the corresponding dates when each part of the research was carried out.

	Research Steps Executed	Dates
1	**ESG and other Sustainability Reports** Examined sustainability, ethical practices, and corporate responsibility initiatives	September 25, 2025
2	**Online (Reviews and Social Media)** Analyzed customer feedback, ratings, and brand sentiment across platforms	October 1, 2025
3	**Financials** Reviewed company financial statements, revenue trends, and profitability metrics	October 5, 2025
4	**Field-Observation** Observed in-store operations, customer behavior, and employee interactions	October 12, 2025
5	**Interviews** Conducted one-on-one discussions with employees and managers	October 20, 2025
6	**Surveys** Collected quantitative data from a larger group to identify trends and preferences	November 6, 2025
7	**Focus - Group** Selected 7 survey respondents and facilitated group discussion to gain deeper insights and test ideas	November 19, 2025

Fig. 3.5.a: Primary and Secondary Research Timeline

Research Timeline

The graphic below (Figure 3.6) is a six-week timeline for the selected research methodologies starting in October and ending in November. It shows how long the consulting firm spent on each research component.

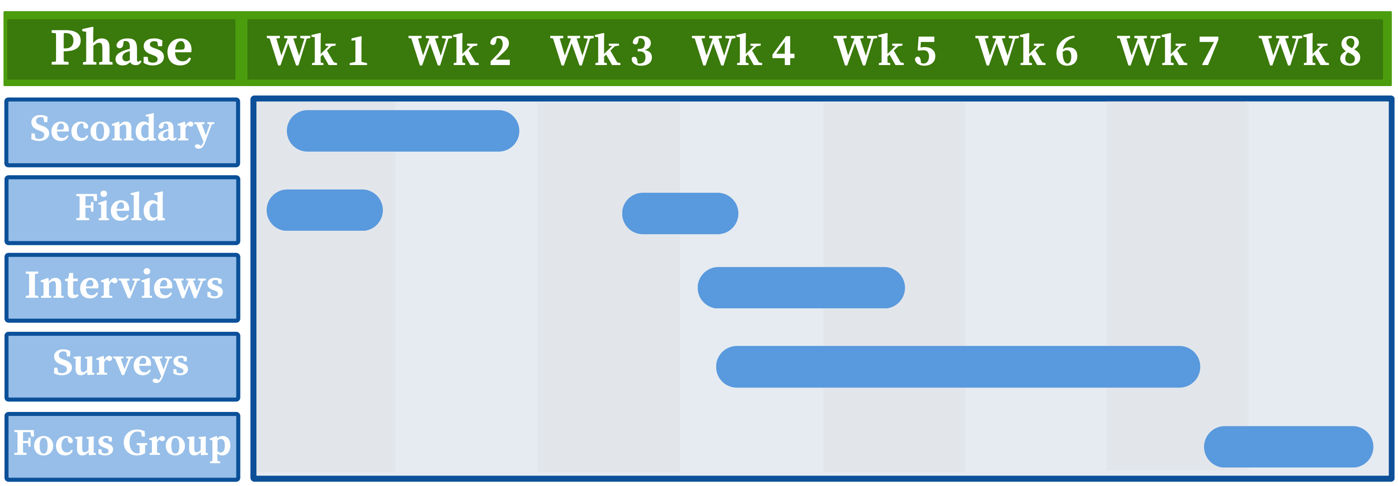


Fig. 3.5.b: Primary and Secondary Research Timeline

IV. FINDINGS AND CONCLUSIONS OF THE STUDY

A. Findings of the research study

1. Online

1.1 Online Reviews

Analysis of nearly 2,000 customer reviews on Trustpilot revealed several consistent pain points in the Bath & Body Works customer experience. With an average rating of 1.6 stars. Many consumers cited erratic pricing and confusing promotional structures, noting that products feel overpriced without frequent sales. Additionally, customers expressed dissatisfaction with cheap-looking packaging, inconsistent customer service, and a rewards system perceived as unreliable or misleading. These findings reveal a clear disconnect between consumer expectations and current company practices.

Fig. 4.1: Online Ratings and Reviews

1.1 Key Finding — **Fluctuating prices and over-reliance on promotions**

1.2 Social Media

Compared to competitor Sol de Janeiro, which has an Instagram engagement rate of 0.29%, Bath & Body Works significantly underperforms at just 0.08%, indicating weaker audience interaction. Additionally, Sol de Janeiro's follower growth over the past 90 days reached 3%, compared to only 0.43% for Bath & Body Works, demonstrating a faster-growing and more engaged online community. These deficiencies suggest that while Bath & Body Works maintains a large presence, it is not effectively converting that reach into engagement, particularly among younger, digitally active consumers. Additionally, the brand's ethical commitment to sourcing ingredients is largely absent from brand perception.

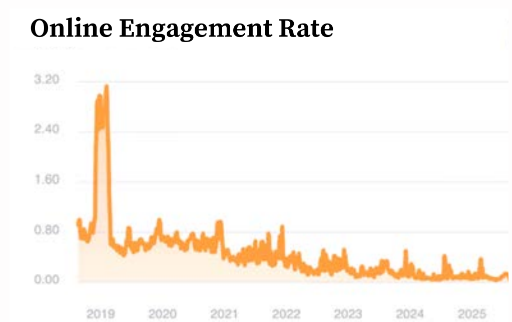


Fig. 4.2: Social Media Engagement Fluctuation

1.2 Key Finding — **Lack of digital marketing can limit competitive sales growth**

2. ESG Reports

2.1 Environmental Impact

Bath & Body Works shows strong progress in responsible ingredient sourcing, with clear efforts toward ethical and sustainable supply chains. They also have ESG goals to reduce Scope 1 and 2 emissions by 50% by 2030, align with science-based greenhouse gas targets, and transition 100% of packaging to be recyclable. However, plastic waste remains a critical operational and reputational weakness, as the company still relies heavily on single-use packaging despite sustainability goals. Overall, the company has a solid ESG foundation but needs to better promote its efforts and accelerate reductions in plastic packaging.

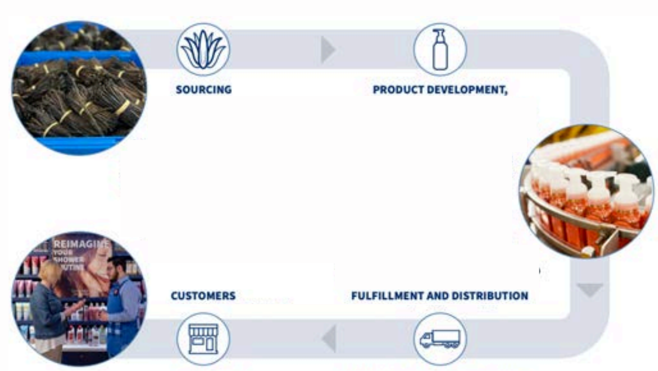


Fig. 4.3: Sustainable Sourcing Process

2.1 Key Finding — **Strong ESG progress undermined by weak visibility and packaging**

3. Financials

3.1 SEC Filings

Financial data shows growing pressure on profits. In FY2025, Bath & Body Works generated $7.3B in revenue, with cost of goods at $4 billion and operating expenses at $2 billion, leaving a $798M net income—a decline from the year prior. While CSR initiatives exist, they remain insufficiently integrated into cost-reduction and margin-stabilization strategies. Packaging redundancy, short product life cycles, and single-use formats inflate material and logistics costs, highlighting the need for more efficient, integrated solutions to improve long-term performance.

10-K Form

7.3 Billion
4.073 Billion
– 2 Billion

$798 Million
Net Profit

> **"Our organization has become slow and inefficient. Unnecessary complexity has reduced our speed, dampened our innovation... Our competitors have risen to meet [consumer needs for greater efficacy and modern products]. We have not."**
>
> *- Daniel Heaf, CEO*

Fig. 4.4: *Quote from CEO of Bath & Body Works , Daniel Heaf*

3.1 Key Finding — High Operational Costs Damage Company Profit

3.2 Stock Performance

Bath & Body Works' stock shows clear volatility and periods of decline over the past few years. The stock peaked at around $70–$75 in 2021 but fell to the mid-$30s by 2023 and is now closer to $18–$20, reflecting a significant long-term decline. More recently, the stock dropped about 17% in just one month, indicating short-term instability. Many of these declines occurred after earnings releases, often tied to lower-than-expected guidance, margin pressure from higher costs, and slowing sales growth. For example, drops in 2022 and 2025 followed concerns about inflation impacting consumer spending and increased promotional activity, reducing profitability. These patterns suggest fluctuating investor confidence tied closely to performance updates.

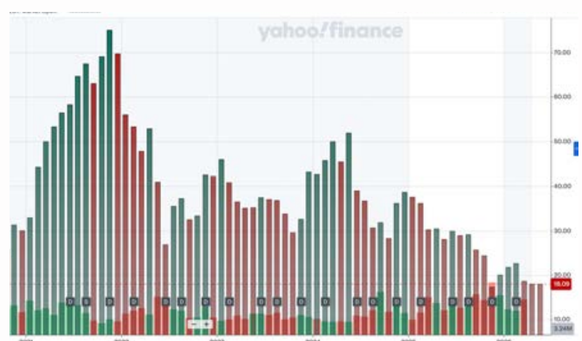


Fig. 4.5: *Public Trade Performance*

3.2 Key Finding — Weakened Investor Confidence Due to Performance

4. Field Observation

4.1 In-Store Shopping

Our secret shopping showed both strengths and clear issues in the store experience. The visit took 18 minutes, with quick checkout and helpful employees. However, the in-store experience felt overwhelming due to sensory overload and excessive product density. While customers often return to refill soaps, there is no system for refilling body mists or other products. This leads to repeated use of single-use packaging and missed opportunities to improve sustainability and reduce costs.

Fig. 4.6: *Hundreds of Products sold in Photograph Captured during Employee Interviews*

4.1 Key Finding — Overwhelming Layout and Untapped Markets

5. Interviews

5.1 Employee Interviews

Interviews showed that Bath & Body Works has a strong advantage in sustainability. Sephora struggles to implement refill systems due to its wide product range as a multi-brand retailer. In contrast, Bath & Body Works managers supported refill stations and circular packaging, building on existing soap refill programs. However, strengths like cruelty-free products and clean ingredients are not clearly marketed. Because the company is vertically integrated, it is better positioned to implement and scale these changes than competitors.

> "Honestly, we have a lot of clean and responsibly sourced ingredients, but most customers don't even realize it because it's not really highlighted anywhere in the store or on the packaging."
>
> **- Bath & Body Works Manager**

Fig. 4.7: Quote from Bath & Body Works's General Manager

5.1 Key Finding — Competitive Advantage in Implementing Initiatives

6. Surveys

6.1 Customer Surveys

Survey results from 115 respondents indicate strong interest in sustainability, particularly refill stations and return programs. However, many customers reported issues with the in-store experience. The environment was described as too strong in scent, crowded, and noisy, with some feeling discomfort. Product concerns included weak fragrance longevity and overly artificial scents. Customers also noted high prices without sales, too many product options, and cluttered displays, all of which made shopping more difficult.

90% of all customers believed that sustainable initiatives are needed.

65% of Bath & Body Works' customers said eco-friendly packaging was important to them.

100% of customers stated that they would prioritize affordability over sustainability

Fig. 4.8: Insight from Customer Survey Responses

6.1 Key Finding — Strong Interest in Sustainability Initiatives

7. Focus Group

7.1 Takeaways from Focus Group Analysis

Consumers link the brand to comfort, gifting, and familiarity, but are conflicted between enjoyment and environmental responsibility. Sustainability matters, and it is clear that customers prioritize this. Participants expressed interest in brands that support ethical buying without losing sensory appeal. Shoppers feel that current Bath & Body Works products do not fully balance these priorities. Additionally, when prompted about shopping behaviors, participants reported not enjoying the buildup of their empty products. Many find it frustrating to have to accumulate so much waste. Despite their commitment to sustainability, customers will not prefer sustainability over affordability.

7.1 Key Finding — Frustration with Waste and Price

B. Conclusions based on the findings

Conclusion #1: Sustainability + Personalization are Major Growth Opportunities

To capitalize on shifting consumer preferences (eco-conscious consumers and Gen Z), the company should actively invest in sustainable product development and personalized customer experiences. Additionally, providing personalization opportunities will broaden target markets. There is an untapped opportunity to strengthen its positioning within this growing market segment.

Conclusion #2: Store Environment Can Enhance Customer Experience

The company should optimize its in-store experience by transitioning to a cleaner, more organized, and visually cohesive layout. This can be achieved by reducing product clutter, improving signage, and creating designated sections that guide customers intuitively through the store. A redesigned store environment will improve customer satisfaction, increase time spent in-store, and drive higher conversion rates.

Conclusion #3: Lowering Plastic Waste and Operational Costs Enables Innovation

Bath & Body Works' current operations rely on costly single-use plastic packaging that creates high operating costs and COGS, lowering total revenue. In an industry known for generating significant waste, Bath & Body Works has an opportunity to reduce plastic use while improving its margin. Additionally, margin dollars that are saved can flow into innovation, differentiating the brand in an ever increasing competitive market.

Conclusion #4: Marketing + Directed Branding is Crucial for Clean Ingredients

To better align with consumer priorities, the company needs a targeted marketing strategy that highlights clean, safe, and transparent ingredients. By clearly communicating these benefits, the company can build trust, increase product differentiation, and appeal to health-conscious consumers. Consumers appreciate ethical practices, so Bath & Body Works must showcase its sustainable sourcing.

Conclusion #5: CSR Can Improve Brand Image and Profitability

Consumers are more likely to support brands that actively contribute to social and environmental causes, viewing them as more trustworthy and aligned with their values. Effective CSR efforts can enhance brand image while also creating a competitive advantage. Furthermore, these initiatives can lead to increased customer loyalty and long-term profitability, proving that social impact and financial success are not mutually exclusive but rather mutually reinforcing.

V. PROPOSED STRATEGIC PLAN

A. Objectives and rationale of the proposed strategic plan

Through our C.L.E.A.N. initiative, we introduce a disruptive innovation with a clear purpose and direction. The framework is designed for scalable, store-level implementation, acting as a catalyst for operational efficiency while strengthening Bath & Body Works' corporate social responsibility. This approach drives revenue through customer conversion from trial to repeat refill behavior, increasing customer lifetime value while reducing packaging costs.

Fig. 5.1: CLEAN Strategic Model

Circular Refill Ecosystem

Benefit

- Reduces waste
- Lowers material + operational costs
- Increases repeat store visits
- Differentiates brand
- Allows for personalization.

Rationale

The company creates a closed-loop system that minimizes waste and turns sustainability into a habitual customer action. This drives consistent foot traffic and customer retention.

Lucid Store Layout

Benefit

- Enhances customer experience
- Increases customer engagement
- Makes room for Scent-sation Refill Bar.

Rationale

Makes shopping more accessible and enjoyable. This is expected to increase conversion rates, overall productivity, and strengthens brand perception as inclusive.

Extended Product Life

Benefit

- Decreases production costs
- Builds long-term customer loyalty
- Encourages consumers to utilize Scent-sation Refill Bar.

Rationale

Encourages repeated engagement and reuse behavior. This reduces the need for constant production while shifting customers from one-time purchases to a continuous, loyalty-driven cycle.

Amplified Ethical Branding

Benefit

- Builds brand trust and transparency
- Increases willingness to pay
- Attracts younger consumers.

Rationale

Allows consumers to make informed decisions. Transparency strengthens credibility and positions the brand as socially responsible, which is increasingly important to Gen Z consumers.

Net Positive Impact

Benefit

- Drives long-term profitability
- Enhances environmental and brand value.

Rationale

Financial performance and sustainability reinforce each other. Reduced costs, increased loyalty, and improved brand image result in a net positive outcome for both the business and the environment.

Fig. 5.2: Rationale Behind Solutions

B. Proposed activities and timelines

C — Circular Refill Ecosystem

The first step of CLEAN is to implement a Circular Refill Ecosystem where customers can reuse their bottles and return to the store to refill their empty bottles. This model will allow the company to reduce, refill, and repeat.

The Scent-sation Refill Bar will allow customers to select their preferred scent and refill a reusable bottle. The refill model creates a unique in-store experience that fosters not just environmental impacts, but also a chance to personalize. This differentiated concept introduces a unique in-store refill and personalization experience not currently utilized by direct competitors, and it allows customers to mix a small set of basic scents into a custom fragrance, or simply refill with one scent. Strategically, customization supports CSR and Diversity by encouraging self-expression and individuality through scent, presenting the brand as welcoming and modern without constantly adding new products.

To support this model, the initiative introduces durable, reusable PET bottles. These bottles would feature a sleek, elevated design to align with Bath & Body Works' rebranding while clearly distinguishing them from single-use packaging. Each bottle would be built to withstand ~20+ refill cycles, reducing long-term packaging waste and improving cost efficiency. Customers would purchase the reusable bottle initially, with options for different sizes (travel and standard), encouraging personalization and repeat engagement.

Fig. 5.3: Refill Station Model

In terms of pricing, the refill system is designed to create a clear financial incentive for customers to adopt sustainable behavior. While the initial reusable bottle's price is positioned at a premium entry price to encourage long-term adoption ($24.95 for full size), refills would be offered at a discounted rate, at $10 for one scent and $15 for mixed scents. To ensure operational efficiency, hygiene compliance, and product consistency, a trained employee would handle the dispensing. The worker would use a hygienic, easy-to-use system to fill each container to the desired amount, minimizing spills and maintaining product quality. This approach keeps the experience efficient and mess-free while still offering the convenience and sustainability benefits of a refill system.

L — Lucid Store Layout

Next, we plan to improve the in-store experience through a lucid store experience to provide room for the refill station while reducing visual clutter and sensory overload.

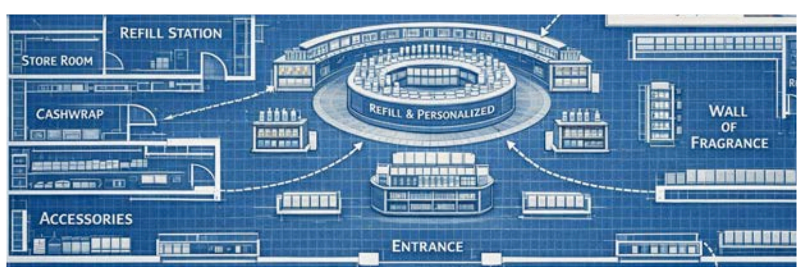


Fig. 5.4: Lucid Store Layout

The proposed lucid store layout enhances both customer experience and sustainability by reducing excess in both the physical environment and product design, making the store clearer. By minimizing visual clutter through simplified displays, fewer product variations on shelves, and more open space, the store becomes easier to navigate and less overwhelming for customers. This same principle of "less but better" extends to packaging, where more minimalist designs and reduced material usage decrease plastic waste and environmental impact. Clear signage and organized sections also support the refill system by guiding customers toward reusable options, reinforcing more sustainable purchasing behaviors. Together, this holistic approach creates a calmer, more intentional shopping experience while aligning with Bath & Body Works' broader CSR goals of waste reduction and environmental responsibility.

E Extended Product Life

To extend the product life of regular plastic body mist bottles, PLM proposes to implement a rewards-based returns system, economically incentivizing customers to return bottles for reuse while marketing the new Refill Station.

To further support the adoption of the Scent-sation Refill Bar, the initiative introduces a return-based rewards program focused on existing single-use bottles. Customers who return three empty Bath & Body Works bottles would receive one free refill of their choice, creating a simple and tangible incentive to participate. This program directly addresses common customer frustrations with the current rewards system, which is often perceived as inconsistent or lacking meaningful value. The program also addresses customer frustration with packaging waste and a desire for sustainable initiatives.

Fig. 5.5: Single Use to Bottle Return Program

By offering a clear, product-based reward, the program enhances transparency and improves customer satisfaction. In addition, it encourages repeat store visits and increased engagement with the new Scent-sation Refill Bar, while allowing the company to recover and reuse materials, lowering both operating expenses and cost of goods over time. Ultimately, this initiative strengthens customer loyalty, modernizes the rewards experience, and reinforces Bath & Body Works' commitment to sustainability and plastic waste reduction.

A Amplified Ethical Branding

Furthermore, to capitalize on and promote Bath & Body Works' sustainably and ethically sourced ingredients, PLM will redesign labels to highlight the brand's efforts. Additionally, PLM will help market the Scent-sation innovations.

We recommend that Bath & Body Works amplify its CSR efforts through a more transparent and engaging approach to ethical branding. This includes implementing updated product labeling that clearly highlights responsibly sourced ingredients through simple icons and concise descriptions, making sustainability easy for customers to recognize at a glance. To further enhance transparency, we propose integrating QR codes on packaging that link directly to detailed ingredient information. This creates a more interactive experience while empowering consumers to make informed purchasing decisions.

In addition, we recommend a targeted marketing strategy centered on social media, digital campaigns, and influencer partnerships to showcase the brand's sustainability initiatives and promote the circular refill system. By actively highlighting these efforts—an area currently under-marketed—Bath & Body Works can better align with the values of younger, environmentally conscious consumers, ultimately strengthening brand trust, increasing engagement, and driving long-term growth.

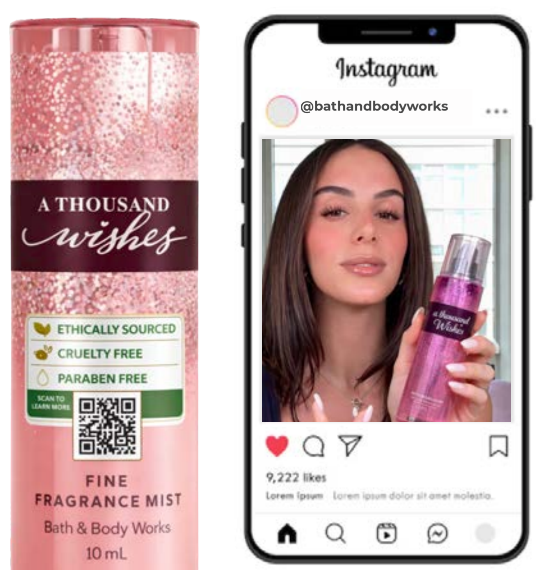


Fig. 5.6: Social Media Promotion Model

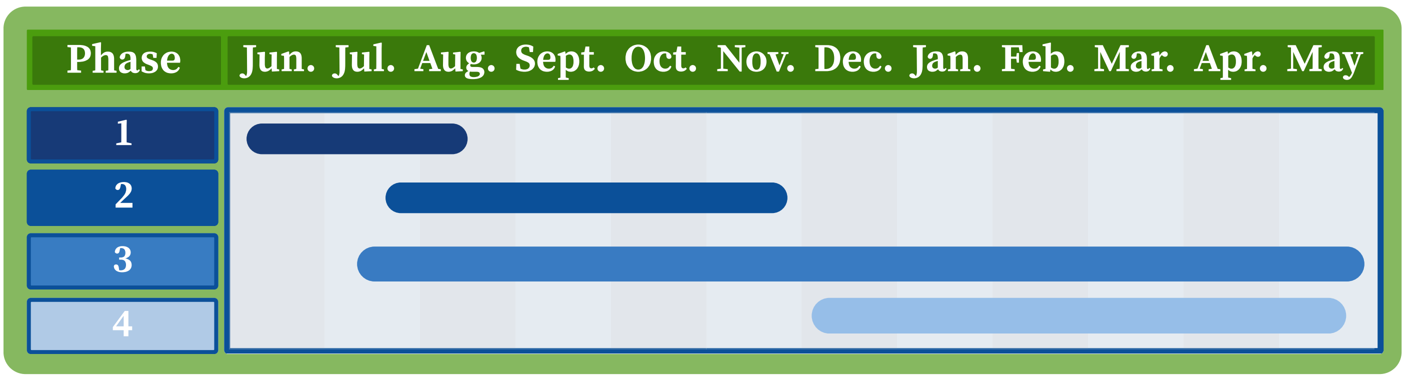
N

Net Positive Impact

Ultimately, our CLEAN initiative creates a net positive impact, addressing the Triple Bottom Line: the people, the planet, and the profit.

Bath & Body Works can leverage this new strategy as a solution that creates a net positive outcome for both the business and the environment, while most importantly satisfying consumers. Our Scent-sation Refill Bar, along with initiatives that will support it, addresses CSR goals while reducing operational inefficiencies and provides disruptive innovation that differentiates the brand. CLEAN collectively creates feasible financial, environmental, and reputational benefits. Most importantly, it leaves the core customers satisfied while attracting a younger generation—a true net positive outcome for all stakeholders.

Proposed Timeline



Phase 1: Labeling and Branding Transparency

This phase focuses on finalizing the reusable packaging design as well as planning and making minor store branding and layout improvements. In addition to this, we will initiate marketing campaigns to inform customers about refill programs and more sustainable practices. Finally, we will prepare staff training materials on sustainability and customer experience.

Phase 2: Refillable Body Mist Pilot Stations

In this phase, we will install a pilot refill station with our two most popular scents in-store to analyze the performance of a small-scale refill program. Secondly, we will introduce a loyalty program in marketing to preempt customers of the return-rewards program, capitalizing on social-media opportunities to cater towards a younger demographic.

Phase 3: CLEAN Rewards Program

Throughout this phase, the collection of customer feedback on the refill station usage and store layout will commence. Furthermore, we will launch the official “Return 3 Used Bottles, Get 1 Free” offer to customers, capitalizing on previously introduced loyalty programs for this deal. Lastly, we will track loyalty program participation and engagement. Adjustments will be made based on observations.

Phase 4: Full Scale Personalized Scent-sation Refill Bar

By now, layouts will have been created for our refill stations, and implementations will begin. Shortly after, we will conduct evaluations of the Scent-sation Refill Bar programs’ effectiveness and customer satisfaction.

***Fig. 5.7:** Initiative Rollout Phasing*

C. Proposed metrics or key performance indicators to measure plan effectiveness

The CLEAN initiative will be evaluated through a phased KPI framework designed to measure awareness, behavioral adoption, and financial performance at the SouthPark Mall location. Metrics will track increases in customer awareness of sustainability initiatives, adoption rates of refillable Fine Fragrance stations, and repeat participation in the CLEAN Rewards return program to assess circular engagement. Long-term success will be determined by improvements in revenue per square foot from the redesigned Scent-sation Refill Bar zone, ensuring the initiative drives both sustainable behavior and measurable store-level profitability.

CLEAN KPIs

Phase 1: Increase in Customer Awareness of CLEAN Initiatives

By the end of Month 3, the SouthPark Mall location will achieve a minimum 67% customer awareness rate of refill and sustainability initiatives, measured via post-purchase surveys and email campaign analytics.

Phase 2: Refillable Fine Fragrance Mist Adoption Rate Increase

In this phase, our goal is to generate awareness, but also to analyze the refill station performance. During the pilot deployment (Months 4–6), refillable Body Mists will account for at least 18% of total Body Mist unit transactions, up from an assumed 0% baseline.

Phase 3: Growth in CLEAN Rewards Program Repeat Participation Rate

By the end of Month 9, the CLEAN Rewards "Return 3, Get 1 Free" program will achieve a minimum 40% repeat participation rate among enrolled users. This KPI directly measures circular engagement rather than just a one-time promotion response.

Phase 4: Incremental Revenue Rise From Scent Bar Zone

Phase 4 KPIs: In Year One, CLEAN generates 2% increase in total store revenue. As adoption and repeat usage grow, this increases significantly to 8% increase in Year 2 and an 11% increase by Year Three. This upward trend highlights the scalability of the initiative, demonstrating how sustained customer engagement and retention drive accelerating revenue growth over time.

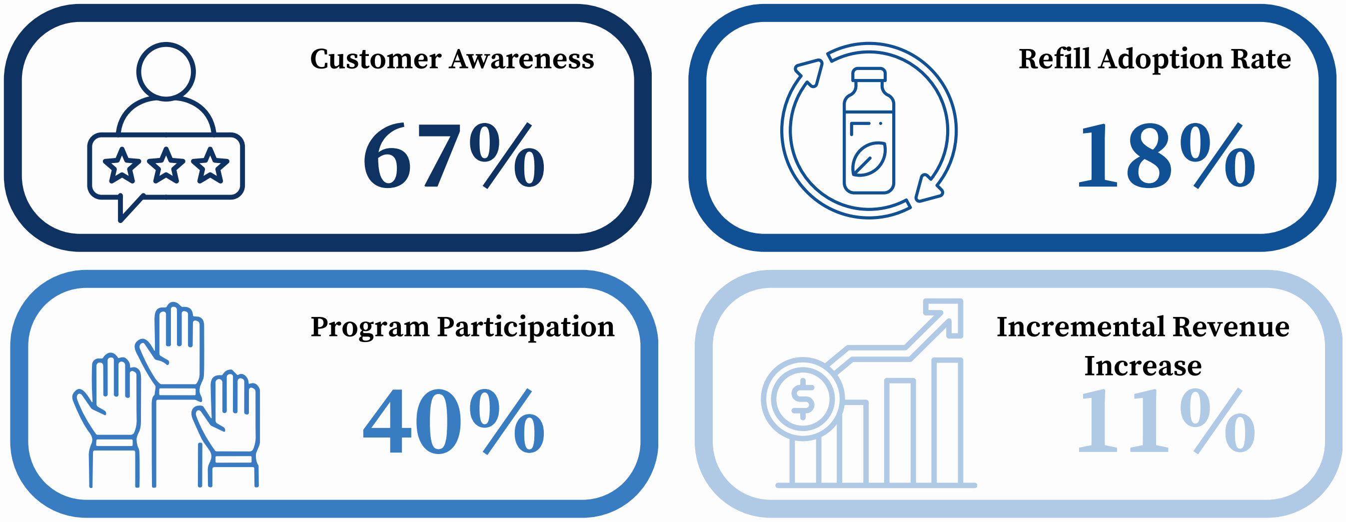


Fig. 5.8: Measurable and Feasible Performance Metrics

VI. PROPOSED BUDGET

A. Costs associated with proposed strategies

Associated Costs

The CLEAN initiative requires an estimated **$178,000** pilot-year investment in **Year 1** for capital and operating costs. Further, **$87,000** (Going Costs) for **Years 2** and **3** each are necessitated to sustain the CLEAN initiative. The budget addresses five areas: circular systems, store design, product life extension, branding, and impact evaluation. The highest costs focus on the Scent-sation Refill Bar infrastructure and marketing to drive adoption and customer awareness. This budget is designed for the Southpark location, reducing risk while testing effectiveness. Reusable systems and increased customer loyalty are expected to lower long-term expenses and improve profitability. Overall, the plan is realistic, scalable, and strategically positioned for long-term growth.

CLEAN Initiative Budget			
Circular Refill Ecosystem			
Category	**Key Expenses**	**Estimated Costs Year 1 ($)**	**Going Costs ($)**
Refill Station Equipment	Dispensers + installation	45,000	--
Reusable Bottle Inventory	Initial inventory (~12,000 Supply)	24,000	3,000
Cleaning Compliance	Cleaning + repairs	8,000	8,000
Training + Maintenance	Operations + safety + labor	8,000	5,000
Total (C)		**85,000**	**18,000**
Lucid Store Layout			
Category	**Key Expenses**	**Estimated Costs Year 1 ($)**	**Going Costs ($)**
Store Redesign	Layout + signage	13,000	--
Lighting Adjustments	Softer lighting	2,000	--
Fixtures & Displays	Shelving updates	7,000	--
Sensory Optimization	Music + sound	1,000	--
Total (L)		**23,000**	**0**
Extended Product Life			
Category	**Key Expenses**	**Estimated Costs Year 1 ($)**	**Going Costs ($)**
Deposit-Return System	POS integration	1,000	--
Rewards Program	Incentives + redemptions	5,000	5,000
Logistics	Collection + redistribution	12,000	12,000
Tracking Software	Analytics platform	6,000	6,000
Compliance Costs	Regulations + safety	4,000	4,000
Total (E)		**28,000**	**27,000**
Amplified Ethical Branding			
Category	**Key Expenses**	**Estimated Costs Year 1 ($)**	**Going Costs ($)**
Label Redesign	Packaging updates	8,000	--
Marketing Campaign	Digital Media + Paid Social	10,000	15,000
Influencer Partnerships	Targeted Creators	7,000	10,000
Content Creation	Media Production	5,000	5,000
Promotion	Discounts	10,000	10,000
Total (A)		**40,000**	**40,000**
Net Positive Outcome			
Category	**Key Expenses**	**Estimated Costs Year 1 ($)**	**Going Costs ($)**
Data Feedback & Systems	Customer Tracking	1,000	1,000
Performance Audits	Operational reviews	1,000	1,000
Total (N)		**2,000**	**2,000**
CLEAN Total		**$178,000**	**$ 87,000**

Fig. 6.1: CLEAN Initiative Budgeting Sheet

Return On Investment

CLEAN ROI			
	Year 1	**Year 2**	**Year 3**
Revenue from CLEAN	$230,000	$317,000	$415,000
Gross Expenses	$178,000	$87,000	$87,000
Profit from CLEAN	$52,000	$230,000	$328,000
ROI Percentage	30%	264%	377%
Annual Yield Increase	2%	8%	11%

Fig. 6.2: CLEAN Initiative Returns on Investment

Assuming the store's current revenue is approximately $3M based on store count and overall performance, CLEAN requires a $352,000 investment over 3 years. The program is expected to yield a 30% ROI in Year One. By Year Three, the initiative increases total revenue by 11% and generates $328k in net profit with a high-efficiency ROI of 377%. This steady progression reflects an initial investment phase followed by rapid efficiency gains and revenue expansion, as illustrated in our ROI growth projections.

Operational Epenses

Analyzing our expense structure over time, OpEx decreases steadily as clean initiatives improve efficiency and reduce waste. In Year One, OpEx accounts for 46% of total costs ($105,000) due to initial installations. By Year Three, OpEx falls further to 19% ($72,000) as CLEAN practices are fully integrated and waste is significantly minimized. These reductions reflect a shift toward a leaner, more sustainable operating model.

With Bath & Body Works' COGS at approximately 55–60% of revenue, we estimate that refill-based purchases reduce unit costs by 5–10% due to the elimination of single-use packaging, resulting in annual savings of approximately $12,000 to $23,000 by Year Two and up to $30,000 by Year Three. With operating expenses estimated at approximately 25–30% of revenue, we project that the CLEAN initiative can reduce operating costs by 1–3% through improved inventory efficiency, reduced waste, and increased customer retention, resulting in $8,000 to $24,000 in annual savings.

Customer Funnel

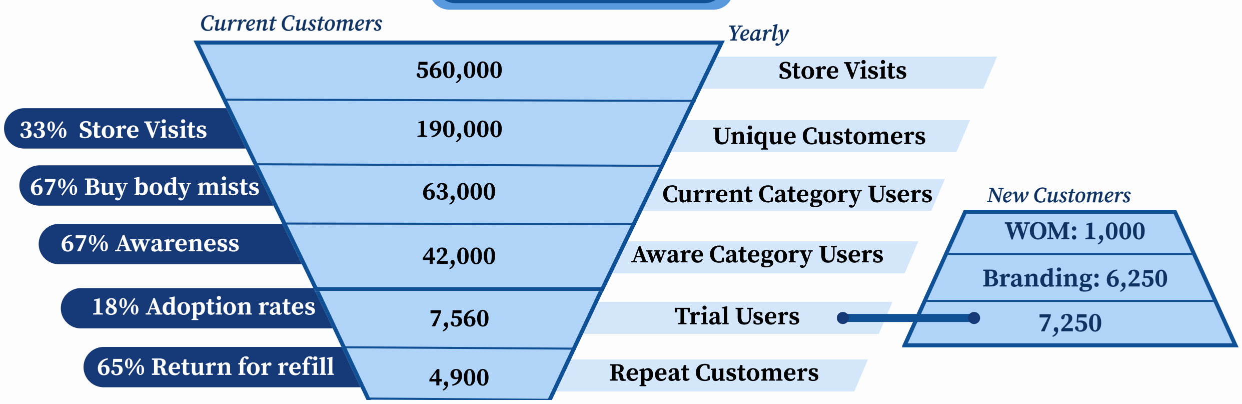


Fig. 6.3: Clientele Funnel Analysis

To estimate revenue from the refill system, we segmented users into first-time trial users and repeat customers. We first calculated revenue from initial trials by multiplying the total number of trial users (7,560 base users plus 7,250 additional users) by the standard refill price of $24.95, representing the cost of a first-time purchase. For repeat users, we assumed approximately 4,900 customers would continue using the refill system at a discounted refill price of approximately $12.50 per use. We then multiplied the number of repeat users by the average number of repeat purchases annually to calculate ongoing revenue. By combining revenue from both first-time trials and repeat purchases, we projected a total net profit of approximately $230,000.

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VIII. APPENDIX

Sensitivity Analysis

To evaluate financial impact, a sensitivity analysis was conducted based on a **$257,000 implementation cost** and an estimated **$3 million annual revenue per store.**

A **2%** increase would generate **$60,000** in additional revenue. In this case, the initiative would not fully recover costs in the first year but would still provide long-term brand and customer trust benefits.

A **5%** increase would generate **$150,000** in additional revenue. This would allow the company to recover a significant portion of the investment within the first year, with full payback occurring over time.

An **8–10%** increase would generate **$240,000–$300,000** in additional revenue. At this level, the initiative would nearly or fully break even within one year while also improving customer loyalty and brand perception.

To conclude, even at a single-store level, the initiative shows strong potential. While low adoption may require a longer payback period, moderate to high adoption allows Bath & Body Works to recover costs and generate meaningful returns, making this a scalable and low-risk investment.

Scenario	Sales Increase	Additional Revenue
Low Adoption	2%	$60,000
Moderate Adoption	5%	$150,000
High Adoption	8–10%	$300,000

Fig. 8.1: Sensitivity Fluctuation Analysis