

# Digital Marketing Strategy for Patagonia



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09/24/20

## **Executive Summary**

Established in 1973 by Yvon Chouinard, Patagonia has grown to an over \$1 billion business operating in the outdoor apparel industry. Patagonia focuses on creating high-performance products that make the smallest impact on the environment as possible. Since the start of the business, they have valued sustainability and social responsibility, now donating 1% of their profit to environmental organizations every year. Patagonia embodies the outdoor lifestyle while holding themselves to the highest environmental standards, and connects well with customers that share similar values. Their brand equity is substantial among other powerful competitors in the outdoor apparel market, including The North Face, REI, L.L. Bean, and many others.

Patagonia's digital marketing strategy boils down to three main components with layered approaches: expand more into growing European and Chinese markets, increase social media presence (primarily on Instagram and TikTok), and promote further engagement with U.S. consumers through a mobile app.

To measure success, Patagonia is setting aggressive goals, including increasing total sales by 14% within the year, boost traffic to its website by 25%, gain an additional 3 million followers across all of its social media platforms, and obtain 350,000 downloads of their new app.

Patagonia plans on achieving these goals through various tactics some of which include using Facebook Ads to promote environmentalism during the U.S. presidential election, creating a social media ambassador/influencer program, utilizing paid search in Europe, and making more global Patagonia Films.

## **Situation**

## ***Company***

Patagonia is an apparel retailer known for its upscale outdoor clothing and various environmental sustainability efforts. Its mission statement is that they are in business to save our home planet. One of Patagonia's goals is to prove that it is still possible to profit when you do the right thing for the planet. This rings true given their work to create sustainable products, donate to environmental causes, get involved in politics that impact the earth, and encourage people to take action. Patagonia uses 1 Percent for the Planet, which connects businesses with environmental organizations and allows them to donate 1% of their profit.

Also, Patagonia is a highly transparent organization and shares where and how they manage their supply chain. The company extensively shares its goals and how they are going to accomplish them. Patagonia's 2025 plans are impressive, pledging to make their apparel and packaging even more sustainable. Their most remarkable pledge for 2025 is that they will be 100% carbon-neutral across their entire supply chain.

## ***Marketing Mix***

Patagonia's product line can be categorized into four main components:

- Sportswear (casual clothing like t-shirts or shorts)
- Technical Outerwear (insulation garments such as jackets)
- Technical Knits (baselayers like fleeces)
- Hard Goods (backpacks, luggage, accessories)

In developing its products, Patagonia mainly focuses on quality, environmental impact, and innovation. These high-quality products are made to last for as long as possible. When products need repair or reach their lifetime usage, customers can send them back to Patagonia to

be fixed, recycled, or exchanged for store credit. These used products are sold at a lower price through Patagonia's Worn Wear initiative, which is intended to extend products' life.

Premium prices on all of their products allow Patagonia to have a high profit margin. As a percentage of sales, Patagonia's product line's gross margin ranged from 50% to 55%. Patagonia charges \$45 on select t-shirts, \$120 on several fleeces, and even up to \$800 on specific winter jackets. They can charge such a premium because of their strong brand equity and the high quality of their products. In part due to these elements, Patagonia was able to charge about 20% higher than those of other outdoor apparel brands and 50% higher than mass-market brands for comparable products in both performance wear and sportswear.

Patagonia operates across several sales channels—primarily in the U.S.—including its website, several brick and mortar stores, catalogs, and third-party retailers either online or in stores. In 2011, Patagonia's distribution channels in the U.S. were 50% wholesale, 30% retail, 20% direct (internet, mail order). However, these channels have changed over time, and direct online sales have increased, especially now with the impacts of COVID-19 limiting in-person purchases.

When it comes to promotion, Patagonia utilizes a unique blend of marketing tactics. Primarily, Patagonia promotes a lifestyle and doesn't adhere to traditional marketing strategies. Patagonia spent less than 1% of sales on marketing and advertising, much less than many other apparel companies. They use cause marketing—principally through sales channels and social media outlets—to attract like-minded people to engage with their brand. One famous promotion was a picture of a jacket that read "Don't Buy This Jacket," meant to encourage the idea of slow fashion—only buying what one needs. Ironically, this promotion helped Patagonia increase sales

in 2012 by 30%, demonstrating one of their approaches for advertising their products and brand image in an environmentally friendly way.

On social media, Patagonia has amassed a large following across their platforms by promoting an outdoor lifestyle, educating, and encouraging consumers to become more politically active in the environmental movement. On Instagram alone, Patagonia has 4.5 million followers.

### ***Customers***

Nearly half of Patagonia's consumers fall between ages 25-44, and 58% of customers are male. Surprisingly, 92% of their online customers come from the United States.

Typically, Patagonia customers consider themselves ethical and eco-conscious shoppers. People like to align themselves with Patagonia because they share these same values. In general, 64% of consumers say they have a relationship with a brand because it shares their values, and Patagonia is a prime example. However, this is not the only reason people will buy Patagonia products. Patagonia has a unique and diverse customer base that stems from its core business values of sustainability and to produce high-end outdoor gear.

Many Patagonia customers are likely to be outdoor enthusiasts due to their product mix catering to this segment. High-quality products built for the outdoors attract this type of consumer and generally create long-term customer value. Patagonia has a loyal consumer base that has been built on trust for its long-lasting products and dedication to improving the planet. Furthermore, Patagonia attracts customers thanks to its substantial brand equity. Even if people do not align themselves with Patagonia's values, a notion of status allures customers to purchase products. Customers show a high willingness to spend on Patagonia products even though it may

be overpriced. This demonstrates Patagonia's powerful brand, which can be tied to its sustainable values or upscale products.

### ***Market***

Retail sales of the outdoor apparel and sportswear market are expected to reach \$230 billion by 2021. The outdoor apparel market's total value was valued at \$43.6 billion in 2016 and is expected to continue growing significantly within the e-commerce segment. Europe dominates the outdoor goods market with a market value of over \$3 billion more than the U.S. Apparel makes up most of the outdoor market's revenue, with retail sales of just under \$12 billion.

Some of the current emerging trends in the outdoor apparel industry include athletic leisure clothing and online sales. As people shift toward a more active lifestyle, the attractiveness of function over fashion becomes more apparent. With online sales strengthening due to increased try-before-you-buy options, brick and mortar stores are likely to be used less frequently in the next five years. Customers tend to be more willing to shop with a company if they offer free online returns in case a product does not fit right. Outdoor apparel businesses that transition more towards an online and e-commerce approach will see more success.

### ***Competitors***

Four of the top competitors in this industry—Patagonia, REI, North Face, and L.L. Bean—hold over 53% of the market share. In general, competition is increasing as barriers to entry decrease, and e-commerce retailers increase. While many customers are loyal to brand name outdoor apparel suppliers, more casual outdoor consumers may look for lower prices. Still, brands like Patagonia and The North Face dominate the market share.

Patagonia's top competitor, The North Face, also has strong brand recognition and quality products. Although The North Face generally has slightly lower prices, it does not operate at the same level of corporate social and environmental responsibility as does Patagonia. The North Face is interested in growth for growth's sake and utilizes traditional marketing strategies to accomplish this goal. They are playing catch-up to convey a purpose-driven business approach through sustainability and environmental efforts. However, The North Face's website receives 7% more total traffic than Patagonia, which could be attributed to their traditional paid promotions.

REI is another outdoor retailer dedicated to serving the outdoor enthusiast. The company operates as a Co-op with millions of members that share their values of enjoying life outside. REI creates their own quality gear, but they also sell outdoor apparel from competing brands like Patagonia and The North Face. Not only does REI have 2% greater total traffic on their website, but they also have over 3,000 more referral sites than Patagonia.

### ***SWOT Analysis***

#### ***Strengths***

Patagonia has a powerful brand image and is well-known across the United States. Brand recognition plays a vital role in acquiring new customers. Patagonia's reputation for sustainable practices and high-quality products will help in this regard. Part of their strong brand image comes from their successful social media presence. Patagonia promotes an outdoor lifestyle and encourages social action for climate change using their social media channels.

Also, Patagonia's dedication to environmental and social causes resonates well with its loyal customer base. As more consumers start to care about shopping sustainably and the causes that companies align with, Patagonia will assuredly reap the benefits.

Furthermore, Patagonia understands its target segments well and is able to deliver quality products geared towards them. They position themselves strongly as a brand that genuinely cares about the environment and provides the best quality products for its customers. For example, Patagonia caters to outdoor sport enthusiasts and offers high-quality designed products for each sport. 47% of their revenue comes from their sportswear products, which demonstrates how they are delivering on their promise of quality gear.

### *Weaknesses*

Patagonia uses limited traditional marketing strategies because the company encourages people to buy what they need rather than try to sell them things they might want. Patagonia does not utilize cross-selling or upselling techniques, which would likely increase sales. They are hindered in many other aspects of marketing due to their commitment to the environment.

Even though Patagonia has implemented innovative technology into their production processes, they lack technology advancement on the front end like on their website. Patagonia only offers three payment modes on their website: credit card, PayPal, and gift cards. While this covers many people's needs, many e-commerce stores offer a more comprehensive range of payment methods that make it easier for customers to checkout.

Also, Patagonia generally has slower shipping times. They offer free shipping for orders over \$49, but items could take 4 to 10 business days to arrive. Though faster delivery options are available, two-day shipping costs an additional \$26. Customers have grown used to incredibly quick shipping times, primarily from Amazon, and have begun to expect the same from many online retailers.

### *Opportunities*



The European and Asian outdoor apparel market that has yet to be fully realized. The European market for outdoor apparel is valued at just under \$12 billion, with sales growing over 4% each year. Also, annual online sales of the outdoor apparel market in China are expected to grow 30% with even more significant growth with the 2022 Winter Olympics. Patagonia can further expand its global reach into these large and growing markets using social media and e-commerce platforms.

Artificial intelligence is also an exciting opportunity that could be used to help customers throughout their entire online experience with Patagonia. Investing in A.I. technology to analyze returning and new customers to give them a personalized experience in terms of what content they see can boost customer engagement. Not to mention some of the beneficial customer support elements that A.I. brings to the table.

A try-before-you-buy option is a growing necessity for e-commerce sites, especially as people become more comfortable not going into retail stores for this exact reason. COVID-19 also helps support this opportunity to establish a robust try-before-you-buy program that will promote e-commerce sales.

### *Threats*

An intense, established competition that utilizes more traditional forms of marketing. The North Face, in particular, is a considerable threat as they try to emulate some of Patagonia's sustainability practices while still operating primarily for profit through traditional marketing strategies.

A growing number of competitors that can enter the market quickly in e-commerce can be dangerous to Patagonia. Sportswear athleisure apparel is an easy way for these e-commerce

sites to get their start, and this is worrisome since this category is one of Patagonia's top money-makers.

Political issues and environmental regulations are two more threats that directly impact Patagonia. Since Patagonia is heavily involved in these two areas, any change in policy or regulation regarding labor laws or environmental factors could alter the way Patagonia does business.

### **Objective**

#### ***Goals***

Patagonia needs to expand internationally in markets like Europe and China to increase sales and brand awareness and get their message across. Europe is an especially great place to increase overall engagement with the brand since Patagonia's core values in sustainability align with people's values. In Europe, Patagonia plans to boost overall traffic to their website by 15% and to increase sales by 10% within the year. China requires a different approach since many people are not interested in sustainable products, and even 19% of consumers do not understand what sustainability means. Still, the outdoor apparel market is experiencing massive growth in China. Patagonia intends only to increase social media and brand awareness to begin inspiring and educating consumers to join the cause and not compromise sustainable values by encouraging consumption. Ideally, Patagonia will gain 1 million new followers across its platforms from China within the next year and increase overall traffic from China on its website by 10%.

Expanding more broadly about social media, Patagonia must increase its usage of TikTok and Instagram to reach more people internationally and domestically. On TikTok, followers should increase by 1 million in total by the end of the year and add 1 million new followers on

Instagram. These are aggressive goals but achievable by investing in a global digital marketing strategy.

In the U.S., Patagonia must seek to further engage consumers through various social media channels and their digital technologies. Since Patagonia already has a large U.S. following and 75% of its 5 million website visitors are domestic, they need to focus on new ways to interact and engage with the customers. Creating an app would promote their omnichannel experience and allow them to interact with mobile shoppers on a new platform.

Also, with the upcoming presidential election, Patagonia needs to further voice their concerns for the environment through social media and online ads. Ultimately, Patagonia will increase sales within the U.S. by 4% and increase engagement with its target customers by 5%.

## **5S's**

### *Sell*

Achieve an increase in total sales by 14% within the year, primarily through online channels with a 10% increase in Europe and a 4% increase in the U.S.

### *Serve*

Improve interaction online with Patagonia's environmental initiatives and promote downloads of the Patagonia app. This can be measured by the dwell-time duration on particular pages on the website and by downloads, which will ideally be 350,000 by year-end.

### *Speak*

Grow social media following both abroad and domestically, with an overall increase of 3 million followers across primarily TikTok, Instagram, Twitter, and Facebook.

### *Save*

Generate a 4% increase in sales in the U.S. using the same budget for advertising.

Primarily use social media for marketing Patagonia brand instead of traditional marketing.

### *Sizzle*

Develop brand awareness in European and Chinese markets to begin building relationships with potential customers.

### ***KPIs***

#### *Traffic*

Patagonia can measure its performance based on the amount of traffic it receives on its website, including more specific metrics like location, time spent on pages, number of pages visited, and the number of returning visitors versus new customers.

#### *Referrals or direct search*

Also, Patagonia can determine the level of engagement across the internet based on the number of referral sites it has or what sources traffic is coming from.

#### *Bounce Rate*

Currently, Patagonia has a bounce rate of around 30%, which is already strong, but evaluating interactions with initial forms of content on their website will decrease this percentage.

#### *Followers, Likes, Comments, and Shares*

These numbers can be used to distinguish the type of content that is resonating with consumers on specific posts and help determine the best social media strategy overall.

#### *Sales*

Based on location and product categories, sales can be used to evaluate the success of specific campaigns.

## Strategy

### *Target Audience*

Generally, Patagonia targets millennial outdoor lovers from the U.S. who share their same sustainability and ethical manufacturing values. Customers tend to be wealthier, educated, are interested in outdoor sports and recreational activities.

### *Customer Persona*

|                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                        | <p><b><u>Winston</u></b><br/>         Denver, CO<br/>         Outdoor Enthusiast</p> <ul style="list-style-type: none"> <li>• Gender → Male</li> <li>• Age → 35</li> <li>• Millennial</li> <li>• Education → Bachelor's degree in Marketing</li> <li>• Job → Marketing Manager</li> <li>• Industry → Solar Energy</li> <li>• Income → +60K</li> </ul> |
| <p><b><u>Interests</u></b></p> <ul style="list-style-type: none"> <li>• Hiking</li> <li>• Skiing</li> <li>• National Parks</li> <li>• Sports</li> <li>• Climate Change</li> <li>• Dogs</li> </ul>                                                                                        | <p><b><u>Goals</u></b></p> <ul style="list-style-type: none"> <li>• Believes in the benefits of ethical manufacturing and sustainable shopping</li> <li>• Wants to help mitigate climate change</li> <li>• Desires to get outside more when not working</li> </ul>                                                                                    |
| <p><b><u>Frustrations and Pain Points</u></b></p> <ul style="list-style-type: none"> <li>• Wants easier checkout with more payment options</li> <li>• Desires faster shipping like Amazon offers for all online products</li> <li>• Wants to try on clothes before purchasing</li> </ul> | <p><b><u>Buying Process</u></b></p> <ul style="list-style-type: none"> <li>• Decider</li> <li>• Still buys more than he needs</li> <li>• Buys new clothes a minimum of 3x a year</li> <li>• Prefers cheaper options, but willing to pay more for the quality/integrity of a brand</li> </ul>                                                          |

|                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>Influence</u></b></p> <ul style="list-style-type: none"> <li>• Uses social media to stay connected with friends (primarily Instagram and Facebook)</li> <li>• Inspired by Teddy Roosevelt and wants to preserve National Parks</li> </ul> | <p><b><u>Narrative</u></b></p> <p>Winston is an eco-conscious and ethical shopper that loves the outdoors. He is married with one child but still loves to go on roadtrips to national parks. As a millennial, Winston wants to shop with brands that share his values and connect with him.</p> |
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Patagonia needs to increase their targeting of similar demographics and interests in Europe, primarily through social media and digital channels.

### ***Customer Journey***

Several issues along the customer journey include limited payment options, lack of try-before-you-buy options, and having a fragmented omnichannel. Fixing the number of payment options should be simple enough by just adding AmazonPay, Apple Pay, Venmo, and other commonly used payment methods that quicken the checkout process. Also, AfterPay is an attractive option with Patagonia's premium prices since it allows customers to pay for a product over time.

On the other hand, creating a try-before-you-buy option for products is a bit more complicated. Instead of rolling out this whole new program on its website, Patagonia should develop a mobile app that includes this try-before-you-buy feature. This way, it can test the program's viability with a lower volume of orders, and Patagonia increases their omnichannel strength with a new way for customers to shop.

### ***Positioning***

1. Patagonia is in business to save our home planet. This is Patagonia's mission statement, and it is at the core of everything they do. They communicate this message with consumers by being transparent in how their clothes are made, what environmental organizations they donate to, and inspiring people to take political action on climate issues.

2. Patagonia should continue to encourage people only to buy what they need, which goes along well with their belief of sustainability over profit. Whether this is intentional reverse psychology or a genuine objective, Patagonia has seen growth every time it has chosen to be good for the earth instead of monetary gain. One of Patagonia's new positioning messages should be similar—encouraging people to only buy what they need and buy from Patagonia if they are going to.
3. Lastly, Patagonia positions itself as an outdoor lifestyle brand. Many of its videos on social media contain various outdoor sports with professional athletes that embody this persona. However, this is where Patagonia can expand into more of a lifestyle brand for everyone by utilizing influencers around the world—rather than just outdoor professional athletes—to promote brand awareness and spread its message.

### ***Revenue Model***

Patagonia already has a reasonably efficient revenue model selling products directly to consumers through their website and selling products to third-party retailers like Dick's Sporting Goods or REI. Patagonia should further develop its revenue model to sell the same products to new customers in Europe and sell the same products to loyal customers but through their mobile app.

### ***Content and Engagement Strategy***

1. Patagonia should continue with its primary engagement strategy of limiting ad spend and utilizing social media to share outdoor lifestyle content and environmental/social content. They should keep developing Patagonia Films to highlight environmental issues in the fashion industry and the world. While Patagonia rarely spends money on advertising,

they should go beyond social media posts and increase ad spend to make more people aware of the climate crisis in the loom of the upcoming U.S. election.

2. One way for Patagonia to increase their social media performance, mainly on Instagram and Tiktok, is to create an ambassador/influencer program composed of people worldwide. These influencers would hone in on the same types of messages Patagonia values. Still, they would be able to connect with various audiences in target markets like Europe and China. The content would mostly be the same on Instagram with several features from these ambassadors, but for TikTok, they would get more personal control to post relevant content. The purpose of this is to promote brand awareness abroad and to increase engagement through these digital media platforms, which will, in turn, create loyal customers that share a love for the environment as Patagonia does.
3. While most content will be posted on social media and Patagonia's website, paid search in Europe is another strategy to increase engagement with the brand.
4. In China, Patagonia needs to create content on social media and other digital platforms that epitomizes the urgency of the climate crisis and the need to shop sustainably.

## **Tactics**

### ***Digital Marketing Mix***

Since Patagonia has been successful in the U.S. with its products and prices, they should maintain these same strategies as they attempt to expand more in the European market.

Patagonia must focus on selling through their website when targeting European customers since it will allow them to interact with the brand and the brand story. While maintaining the use of third-party retailers to sell their products in the U.S. and Europe is useful for customers to go into stores to buy products, with COVID-19, people will be more likely to shop online. Also,



Patagonia needs to begin developing an app that improves its omnichannel experience and keeps up with mobile shopping trends.

To promote their efforts to expand globally in Europe, Patagonia should use a multifaceted approach of paid search, increased social media presence with ambassadors, and earned media by inciting positive environmental/social impacts in the areas they touch.

### ***Digital Marketing Details***

Patagonia has always been an environmentally friendly and politically active company. Though they are already vocal about the U.S. presidential election, Patagonia needs to increase its reach by utilizing advertising. Social media and earned media have been suitable mediums so far to connect with their audience about the importance of this election as it relates to climate issues. However, to make a significant difference, Patagonia should use Facebook ads to target people who might not exactly fit their customer persona since they are more likely to be undecided voters. This is a great way to begin building brand awareness with new customers. Patagonia should plan to spend 1% of its sales in the U.S. on political and environmental ads convincing people to vote or take action on climate issues.

Regarding Patagonia's social media reach, they currently have over 6 million followers over its various niche Instagram accounts, nearly 500K followers on Twitter and Facebook, but only around 1,000 followers on TikTok. TikTok and Instagram should be the focus of Patagonia's social media strategy to attain 2 million more followers and increase brand awareness in target markets. Patagonia should first reach out to famous environmentalists like Bill Nye and Leonardo Dicaprio as partners to streamline their ambassador campaign. Since the brand image is incredibly important, the campaign needs to start small. Once Patagonia selects its first ten influencers, they need to start creating unique but branded content for TikTok and

begin posting 2-3 times per day. Videos for TikTok do not have to be the highest quality, but they do need to connect with Patagonia's audience so ambassadors should generally be younger and share Patagonia's same values. These influencers should be from around the globe to attract a broad audience for Patagonia's message.

One primary tactic in Europe will be to use paid search to engage with customers that might be more aware of European brands over American ones. To do so, Patagonia should use keywords like North Face, jacket, sustainable fashion, and other popular European brands. Also, Patagonia should continue to get involved with various environmental and social movements from their European HQ in Amsterdam. Earned media has been a key influence in the U.S. so replicating similar projects should achieve the same buzz in Europe. Although Tiktok and Instagram will likely create a greater following with the influencer program, Patagonia Films is another exciting medium to increase engagement by highlighting environmental issues within Europe.

China needs to be handled differently since they are not looking for sustainable brands to shop with, like in the U.S. and Europe. Patagonia's strategy is to engage with the Chinese market through social media and demonstrate the urgency of climate change. The TikTok ambassador campaign will incorporate part of this approach, and the other part through Instagram by creating a China-specific account. Patagonia has already amassed hundreds of thousands of followers on their Japanese and Korean accounts, demonstrating the effectiveness of these individual accounts.

### ***High-Level Marketing Calendar***

| CAMPAIGN TYPE                   | PROJECT GOALS                                                                                                                  | SEPTEMBER                            | OCTOBER                                 | NOVEMBER                                  | DECEMBER                            | JANUARY                                 | FEBRUARY                                 | MARCH                                | APRIL                                           | MAY                                 | JUNE                                       | JULY | AUGUST                                 |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------|-----------------------------------------|------------------------------------------|--------------------------------------|-------------------------------------------------|-------------------------------------|--------------------------------------------|------|----------------------------------------|
| <b>National Marketing</b>       |                                                                                                                                |                                      |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Patagonia Films                 | Create short films in both popular and more local outdoor regions to increase average views by 10%                             |                                      | Large film about fashion industry       |                                           | Make local films                    | Promote local films through local media |                                          | Create film about renewable energy   |                                                 |                                     | Create film portraying the future of Earth |      | Assess engagement with films           |
| Political Ads/Environmental Ads | Spend 1% of sales in the US advertising to vote to benefit the earth                                                           | Create political ad campaigns/videos | Run ads on Facebook                     | Use hashtag #PlanetParty                  | Begin environmental ad campaign     | Create videos that encourage activism   | Run these videos across social media     | Use ads on Facebook and Google       | Use hashtag #ClimateFuture                      | Continue running ads through August |                                            |      | Evaluate engagement with ads           |
| <b>Global Marketing</b>         |                                                                                                                                |                                      |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Paid Search                     | Spend 1% of total sales from Europe for Paid Search, creating an increase of 10% in traffic to website                         | Determine keywords in Europe         | Target outdoor demographic              | Begin paid search initiative in Europe    | Run until August or budget runs out |                                         |                                          |                                      |                                                 |                                     |                                            |      | Determine utility of project           |
| Earned Media                    | Get involved helping promote environmental and social growth within Europe                                                     | Research areas in Europe             | Determine best environmental initiative | Start financing it                        | Get more people involved            |                                         | Fund social growth initiative in Europe  | Earned media exposure                | Interact with media and press about initiatives |                                     |                                            |      | Assess initiatives                     |
| <b>Content Marketing</b>        |                                                                                                                                |                                      |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Instagram Content               | Utilize Patagonia Films, pictures of nature, environmental projects, etc. to increase overall Instagram followers by 1 million | Continue using Patagonia Films       | Post once per day                       | Personalize content on various accounts   | Nature posts from Europe            |                                         | Nature posts from China                  |                                      | Feature influencers' best TikTok videos         |                                     | Emphasize environmental issues             |      | Weigh content engagement               |
| TikTok Content                  | Use primarily ambassadors/influencers to promote eco-friendly message                                                          | Start posting 2-3 times a day        | Use Patagonia Films for now             | Begin using influencers on the platform   | General layout of brand content     | Ensure influencers understand layout    | 3 posts a day from different influencers | Let them make videos somewhat freely |                                                 |                                     |                                            |      | Gauge engagement with content          |
| Website Content                 | Personalize content based on location and interests through AI                                                                 |                                      |                                         | Deliver personal web experiences using AI |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      | Evaluate new insights from project     |
| <b>Social Media</b>             |                                                                                                                                |                                      |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Instagram                       | Add 1 million followers across Instagram accounts by the end of the year                                                       | See above                            |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Twitter                         | Grow by 500,000 followers                                                                                                      | Tweet or Retweet 3 times per day     | Stay active on political issues         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Facebook                        | Increase overall likes by 500,000                                                                                              | Post similar content from Instagram  | Change captions from Instagram          | Assess ads from political agenda          |                                     | Inspiring Nature posts                  |                                          | Encourage people to get outside      |                                                 | Feature best TikTok's               |                                            |      |                                        |
| TikTok                          | Gain 1 million followers by the end of the year                                                                                | See above                            |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| <b>Online</b>                   |                                                                                                                                |                                      |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Website                         | Create a more personalized experience for customers through the use of AI and data to ultimately decrease bounce rate by 5%    | Research privacy laws                | Start development of AI for website     | Collect data                              | Launch AI to personalize experience | Assess interaction/engagement           | Continue campaign through August         |                                      |                                                 |                                     |                                            |      | Determine effectiveness of project     |
| Mobile App                      | Develop an app within 6 months and obtain 150,000 downloads by the end of the year                                             | Begin developing app                 | Run tests of app functionality          | Add features to promote outdoor lifestyle | Ensure app is easy to use           | Launch app                              | Promote app on social media              | Promote app on Website               | Use earned media and blog posts                 | Create a Patagonia Film             |                                            |      | Reach 150,000 downloads                |
| <b>Other</b>                    |                                                                                                                                |                                      |                                         |                                           |                                     |                                         |                                          |                                      |                                                 |                                     |                                            |      |                                        |
| Branding                        | Maintain strong brand image and do not compromise values                                                                       |                                      |                                         |                                           |                                     | Assess various campaigns                |                                          |                                      |                                                 |                                     |                                            |      | Assess campaigns once again            |
| Ambassador/Influencer Program   | Gain 1,000 members by the end of the year                                                                                      | Announce plans for program           | Begin taking applications               | Decide on top 100 influencers             | Add 100 members each month          |                                         |                                          |                                      |                                                 |                                     |                                            |      | Reach 1,000 members and assess utility |
| Try-before-you-buy              | Launch this program on the app to determine viability/demand                                                                   | Begin developing program             | Make sure function works                |                                           |                                     | Launch program                          | Promote on social media                  | Promote on Website                   | Blog posts                                      |                                     |                                            |      | Evaluate utility of program            |

## Digital Technology

Some of the current digital technologies that Patagonia employs includes its website, email campaigns, and a store finder feature. Their website has several functional features including a search bar, tabs that filter products by categories, and a store locator that they keep at the very bottom of their site. Patagonia has a limited email campaign compared to other apparel companies, sending under three emails a week, with only 8% of all emails containing any type of promotional material. This email campaign fits well with Patagonia's values and does not need to be altered.

An area that could use improvement is Patagonia's review system. Social proof and verified purchases have become extremely important in the consumer decision making process. Patagonia needs to include a feature where customers can upload pictures with their reviews and they only should accept verified purchases.

To strengthen its omnichannel experience, Patagonia needs to develop a mobile app. Ideally, this app would include features that encourage people to enjoy the outdoors and truly

live Patagonia's lifestyle. They could do this by providing outdoor excursions or vacations that people purchase through the app. Patagonia could capitalize on a feature that connects people with their local environmental organizations, encouraging them to volunteer. The app would also create a seamless shopping experience for the customer, including a try-before-you-buy option to further promote online commerce over in-store. Developing this technology is a must in the next year since the industry is trending away from traditional brick and mortar stores and more towards e-commerce. When Patagonia develops its app with a try-before-you-buy option, they will need to promote it across social media in the United States to generate buzz.

### **Digital Experience**

Patagonia's digital experience is generally a seamless one, but there is room for improvement. Their website offers filters that cater well to its key customers, providing tabs for specific types of products or outdoor sports. When you look up Patagonia online, it tends to not even be the first website that comes up. Patagonia does generate many organic searches with consumers directly coming to their website but still, many other retailers selling Patagonia products dominate the top of its Google search because of paid advertising. While this may not seem important, it communicates how Patagonia's omnichannel is fragmented by these third-party sellers. By selling to these retailers, Patagonia is giving up a cohesive consumer experience that they could have if they sold through their own website. Slowly decreasing the number of retailers Patagonia sells to and increasing their e-commerce abilities will provide a more encompassing experience for customers.

Personalization is one area Patagonia's website and digital technologies could improve upon. One way to do this is to develop artificial intelligence to collect and track customers' data that then delivers them an individualized shopping experience. Personalizing the content that

people see from the moment they interact with Patagonia's website will decrease the bounce rate and increase their time spent overall on the website. One great example of a company personalizing the customer experience is Zappos. They collect data to customize the user experience on their website and through emails to promote further engagement. Patagonia can replicate this strategy to deliver highly interactive experiences for its customers which will improve engagement and customer retention.

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