

Running Head: MARKETING PLAN FOR THE PATAGONIA

Barry Crouch

Stephanie Laverde

Teneil Peters

Jason Stevens

Dan Walker

Marketing Plan for Patagonia

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Professor Lisa Becroft

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Abstract

Patagonia is the leader in high quality and eco-friendly sporting apparel in the United States. All of Patagonia's apparel is designed and manufactured to create the least impact of the environment and its resources. Patagonia's apparel is designed for hikers, climbers, skiers, fishers, surfers, snowboarders, and runners, along with many outdoor activities. In order to increase sales and the corporate mission, Patagonia will need to penetrate the LOHAS Community and appeal to the members through the mutual respect held for the environment and high quality sporting apparel. By concentrating on youth apparel, Patagonia will be able to target the early adopters of green living and begin building brand recognition from an early age. Patagonia will employ teen pop idols to promote the brand and green living, create a comprehensive social media and Internet campaign to engage with America's youth, and develop a customer loyalty program to retain customers. Patagonia will create lifelong customers and continued success by appealing to and engaging with the youth of the LOHAS Community.

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Company Background and Strategic Focus

Yvon Chouinad founded Patagonia in 1972. Patagonia grew out from a small company who was making tools for climbers. Patagonia specializes in selling outdoor clothing for men, women, and children. Climbers, skiers, fishers, surfers, snowboarders, runners, along with many outdoor sports and activity enthusiasts, use Patagonia clothing. Yvon is still the acting owner and operator of the Patagonia. Yvon has been committed from day one to provide an excellent work environment for all employees and has valued business practices that improve the environment. For example, Patagonia uses recycled polyester in the manufacturing of all the clothing lines, instead of using pesticides-intensive cottons. Because of this dedication to the environment and to manufacturing processes that do not harm the environment, Patagonia's total sales in 2009 were \$340 million (Patagonia, 2011).

The mission of Patagonia is to “build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis” (Patagonia, 2011). Patagonia implements business practices that center around helping and protecting the environment. In the clothing industry it is very easy for a business to look the other way when producing clothing in factories because protecting the environment can accumulate extra costs. Everything Patagonia develops must be developed to meet environmental standards and must improve the environment. Patagonia audits every factory it uses to manufacture clothing. Patagonia trains each auditor to make sure they are following the respective laws and regulations of the host country and those of the United States. Besides focusing on protecting the environment Patagonia believes in producing products that are simple to produce. Selling high

quality products shapes the success of the business at Patagonia. On the philanthropic side, Patagonia donates 1% of all sales to a wide variety of environmentalist groups (Patagonia, 2011).

Financial and Non Financial Goals

The main goal of the Chi Marketing team is to increase clothing sales for children between the ages of 8 and 17 years of age by 20% in the coming year. To accomplish this goal, Patagonia will need to create an athletic clothing line for this age group. Marketing a new athletic clothing line for children would accomplish the marketing goal for Patagonia of penetrating the consumer market focused on sustainable living. The Chi Marketing team believes this goal to be achievable because it is **Specific, Measurable, Attainable, Realistic, and Timely (SMART)**. Patagonia will see an increase in new customers and the new athletic clothing line will increase total sales for Patagonia by \$34 million over the next year. This plan will achieve a 10% increase in sales from the previous year taking the yearly sales figures to \$374 million. Chi Marketing believes a 10% increase in total sales is an achievable goal because Patagonia already currently sells a children's clothing line and Patagonia provides customers with an easy to use Website. Chi Marketing is purposing to implement new ways to connect to this target market. To have success, Patagonia needs to connect to the target market through social media networks, and by hiring public endorsers, such as celebrity, who connect with this target market to advertise the new clothing line. Two celebrities for consideration are Willow Smith and Justin Bieber. The target markets identify with these two celebrities and want to emulate them as much as possible. It is also important for Patagonia to sell its products at stores where the potential target market base shops. Recently Patagonia has teamed with Wal-Mart to help improve Wal-Mart's green business campaign. This is a huge opportunity for Patagonia to introduce its new children's athletic clothing line in Wal-Mart stores (see Appendix 1). The

publicity Patagonia will receive from their help with Wal-Mart can help increase the clothing line sales. Wal-Mart stores can expand the clothing line to new limits and Patagonia can receive free advertising for its product from the world's largest retail (Burke, 2010).

It is important for Patagonia to focus more on children between ages 8 and 17 because it develops an early relationship with children from early in their lives. To accomplish the goal of increasing total sales by 10% and build a long-term relationship with the customer, Patagonia will need to create a loyalty rewards program. Loyalty programs will also bring repeat web business to Patagonia. Bringing customers to the web page where Patagonia can offer 24-hour customer service support will help make Patagonia unique from the competition and show the service offered by Patagonia is second to none. What better way for Patagonia to increase CLV then by starting to market to children at a young age, this will have them supporting the company through adulthood.

A major non-financial goal for the success of this campaign is for Patagonia to join the LOHAS community. With the company focusing on protecting and serving the environment, to partner with the LOHAS Community is recommended. The LOHAS community "focuses on educating and building community around the central theme of healthy and sustainable lifestyles for individuals and societies" (LOHAS, 2011). The LOHAS market is essential for Patagonia to sponsor and be a part of because the LOHAS community has for 41 million consumers in the United States (National Marketing, n.d.). The LOHAS has a \$290 billion market that they use to research the shape the green market. LOHAS provides this research to its business partners and it becomes essential for Patagonia to capitalize and use the information that LOHAS finds. Partnering with LOHAS will in return develop a relationship with the intended target market and

spread the word of protecting the environment (LOHAS, 2011). Adults participate in the LOHAS community because LOHAS is a “marketplace for goods and services focused on health, the environment, social justice, personal development and sustainable living” (LOHAS, 2011). Chi Marketing believes that parents in the LOHAS community would support the Patagonia athletic clothing line for their children because the clothing was made with the environment in mind.

Industry and Competitor Analysis

Patagonia is very effective in their quest to be environmentally conscious and a socially responsible company. From the usage of environmentally materials in the making of their clothing, to the high initiative behind their recycling movement, Patagonia is very adamant on being known to their consumers that they are indeed not only here to make high quality clothing for their consumers but they are also here to ensure the longevity of the environment and the planet we inhabit.

It is no surprise that for Patagonia to strive to be one of the top clothing companies in the industry they will surely have some competitors on their heels attempting to not only provide the same (or better) quality product to their consumers as well as having a strong “Go Green” initiative. According to the website Hoovers, Patagonia’s top three competitors are Columbia Sportswear Company, VF Outdoor Inc and Adidas AG. These three companies are on Patagonia’s radar since they provide the greatest threats to gaining profits and consumers. A brief look at Columbia Sportswear Company, Patagonia’s number one competitor shows that they head up as “the top US skiwear seller and one of the world’s biggest outerwear makers” (Hoovers, 2011). The company popularized the Bugaboo jacket, a parka with weatherproof shell, and put Columbia on the map in upscale outerwear. Columbia also makes leather

outerwear, sportswear, accessories, and boots and other rugged footwear. The company's brands include “Mountain Hardwear, Sorel, Montrail, and Pacific Trail, among others” (Hoovers, 2011).

VF Outdoor Inc considered Patagonia’s second strongest competitor according to Hoovers.com is described as having “company designs, distributes, and retails high-tech outdoor apparel and gear, such as jackets, tents, sleeping bags, and backpacks, as a subsidiary of VF Corporation”. Its products are sold through specialty sporting goods stores in North America, South America, Europe, and Asia; known for gear used in extreme situations, the company also makes Tekware sportswear, as well as its The North Face footwear” (Hoovers.com).

Adidas AG, Patagonia’s third top competitor, even though the heart of the Adidas product line is athletic shoes; the company's iconic three-stripe logo appears on apparel and other jock accoutrements. The company operates some 2,200 retail locations under the Adidas and Reebok banners. Adidas, expanded its business and breadth when it bought Reebok for some \$3.8 billion” (Hoovers, 2011).

It is clear from the brief descriptions of the top three competitors that Patagonia has to ensure that they reach their target market, create brand differentiation, and make their products appealing to their customers over their competitors. Patagonia must ensure in the creation of their products they are able to stand apart from their competitors, creating a form of brand recognition, product appeal and ensuring that their consumers are give the high quality product they have become accustomed to. This is also why Patagonia has invested in making sure their company displays how conducting business yet remaining environmentally responsible is not only possible, but they work to develop the standard by which other companies will have to follow. Through their Common Threads Initiatives, Bluesign Standard, Footprint Chronicles and the support of grassroots groups, Patagonia continues to show that their idea of social

responsibility is not something companies do as an addition to their company but is a part of their business strategy and corporate culture.

Target Market

Patagonia is expanding their children line to 8-17 year olds, with the help of celebrity endorsements from tween Willow Smith and teen superstar Justin Bieber. The hope is that Patagonia's apparel and gear would become heavily desired by this age group who in turn has a strong influence over their families' buying habits. Patagonia's second target market is the consumer of the LOHAS community who is "a market segment focused on health and fitness, the environment, personal development, sustainable living, and social justice" (LOHAS, 2011). This community is extremely beneficial to the success of Patagonia's social responsibility since they are 41 million/ 19% of US adults giving them a strong influence in the consumer market and products that are out in the market. The LOHAS community is broken into 6 areas of interest that include: personal health (US market- \$117.41 billion) green building (US market- \$100.35 billion) eco-tourism (US market - \$42.14 billion) natural lifestyles (US market- \$10.3 billion) alternative transportation (US market - \$20.7 billion) and alternative energy (US market \$709 million) (LOHAS, 2011). From the numbers shown, it is clear how much of an impact the LOHAS community has in the marketplace. This could only make Patagonia's desire to reach out to this market a wise and valid pursuit.

The LOHAS community has their own form of communication within their community that could be effective venues for Patagonia to get their image and brand out to them, They have an E-Weekly Newsletter, which tracks business and consumer trends, the LOHAS Journal which spotlights industry leaders, innovative companies, authors, market research and ideas that

speak to potential LOHAS consumers. The LOHAS forum which is a premier event that focuses on how business, media and entertainment can educate, shape and influence consumer behavior and buying decisions while promoting lifestyles of health and sustainability. Lastly, the LOHAS Business Directory which provides a great wealth of information for communication between LOHAS companies (LOHAS, 2011). Based on the type of communication forums provided by the LOHAS community it would be best for Patagonia to be featured in their LOHAS journal which could highlight Patagonia's innovation when it comes to being super active not only in creating eco friendly products, but involving employees in the goal of making sure there is a planet left behind for other generations. This is shown in Patagonia's 1% for the Planet which "since 1985, Patagonia has pledged 1% of sales to the preservation and restoration of the natural environment" (Patagonia, 2011). Not only does Patagonia donate a percentage of their sales but they also involve other businesses in this cause creating, "an understanding of the necessity of protecting the natural environment. They understand that profit and loss are directly linked to its health, and are concerned with the social and environmental impacts of industry" (Patagonia, 2011). Patagonia has many different environmental initiatives set up within their business strategies that involve their employees and even consumers in being more socially responsibility.

Points of Difference/Positioning

In order for Patagonia to stand out from their competitors, is to stress the quality of their products and tie in the aggressive and intentionally stance Patagonia has when it comes to being environmentally responsible. Patagonia's loyal consumers and potential customers need to know that what makes Patagonia products different from what Columbia offers is consumers will be actively making an impact on their carbon footprint when purchasing or using Patagonia's

products. The endorsements of celebrities who are publicly environmentally conscious will greatly set Patagonia apart from other brands. Currently, tween star Willow Smith is being looked at as the female face for expanding the 8-17 year old line. It would be imperative that Willow displays in her actions that she is environmentally responsible. One example of this comes through for Easter 2011 where she will be at the White House performing for 30,000 kids and participating in hunting for environmentally friendly eggs (Wilkie, 2011). Along with Willow Smith Patagonia is also reaching out to Justin Bieber as being a celebrity endorsement for the brand. His “green” awareness comes in the form of the car he drives which is “a Ford Escape Hybrid. It’s low-horsepower, environmentally friendly, and it’s innovatively built to cushion front passengers in case of an accident” (Justin Bieber, 2011). Here we see that by endorsing responsible celebrities, Patagonia is able to position itself as being the leader in social responsible companies that provide a way of life with high quality products.

Product Strategies

Patagonia known for their apparel and gear, to appeal to their target market of 8-17 year olds they will offer attractive clothing and gear in multiple colors and designs that appeal to this age group. Patagonia will look aggressively into ensuring that the packaging of our items will be simple enough where kids, parents and grandparents will be able to open without any difficulty. Patagonia will offer an additional line in items similar to the styles that Willow Smith and Justin Bieber would personally wear. This will include a t-shirts, pants, shorts, dresses, shoes, jackets, vests and accessories. The goal of this venture is that our kid market will want to have a part of these celebrities style and will in turn let their parents know about the line. These stars will also

wear the apparel and use the gear that Patagonia provides to show our consumers that they would be purchasing their styles by purchasing from the line.

As for the LOHAS community, Patagonia will offer these consumers items that are created from eco friendly products and factories. They will be able to access the Patagonia's website and track the entire journey of the item from start to finish and see that the process used to create our apparel and gear is environmentally sound. Patagonia will make sure to brand and package all items in recyclable materials which Patagonia will showcase on the website to demonstrate this and how to further recycle the product when the item is no longer usable. Patagonia will also provide a line of "all" green material apparel to appeal to the LOHAS community. All the materials used will come from recycled items that Patagonia had used previously. This of course would be able to see on the website so consumers can see what their recycled product was before it got to them. By doing this, Patagonia feels they could increase their appeal to the LOHAS community and grow a sizeable and dedicated consumer base there.

Price Strategies

It is clear that Patagonia strives to develop environmentally sustainable sportswear, initiate environmental projects and awareness, and manufacturing transparency for its customers. Through its corporate mission and branding, Patagonia has created products and a brand unlike any other. Patagonia has met the demand for high quality, environmentally friendly clothing, and corporate community involvement. In addition, many critics believe that Patagonia has set very high standards that all other apparel companies are fighting to obtain, but still do not match. This superior brand recognition plays a vital role in the pricing strategy and allows Patagonia to set its apparel at a higher price points than its competitors.

Through price comparisons consumers can easily see that Patagonia's prices are constantly higher than those of its number one competitor, Columbia Sportswear Company. As consumers ourselves, we know that price isn't everything; consumers are willing to pay higher prices for products if the perceived value is higher.

In 2010, Patagonia's 1% commitment totaled \$3,444,263 and all in all Patagonia has given over \$38 million in donations and grants (Patagonia, 2011). This dedication is a testament to Patagonia's true philanthropic nature, but is also a large expense. In addition to the cost of Patagonia's 1% commitment, Patagonia and the other apparel manufacturing have seen a 136% increase in the cost of cotton over a one year period due to a decrease in cotton cultivation around the world (naturallyadvanced.com, 2011). Founder, Yvon Chouinard announced in November of 2010 that Patagonia has been working with Wal-Mart, C&A and Levi Strauss within a brand new 'Sustainable Apparel Coalition' (naturallyadvanced.com, 2011). Patagonia is providing innovated ways for these companies to create more sustainable apparel manufacturing. These apparel brands joined together account for 50-60% of the world's clothing sales and the direction provided by Patagonia will revolutionize and expand eco-friendly apparel (naturallyadvanced.com, 2011). These examples of internal and external price drives directly effective the price points that Patagonia must establish to remain profitable. It is important for Patagonia to continue to create competitive price points, but it cannot compromise its corporate mission and must maintain positive return on investments.

Placement Strategy

Currently, Patagonia operates 27 retail centers in the United States (Patagonia, 2011). While Patagonia has limited number of its own retail centers, it has thousands of approved dealers located across the United States, such as Dick's Sporting Goods, Great Outdoor

Provision, REI, Phase One Surf, and Adventure 16 (Patagonia, 2011). As discussed previously in the Financial Goals portion of this paper, Patagonia recently partnered with retail giant Walmart. The placement of Patagonia apparel in such diverse and massive retail centers in conjunction with its online purchasing options, Patagonia has eliminated any barriers that may have previously existed between it and potential consumers. Patagonia seeks to have its apparel and corporate message available to the masses. By removing these barriers Patagonia will be able to increase its customer base and revenue stream and also communicate its environmental message to the masses.

Promotions Strategy

In order to further brand loyalty and to help offset the higher price points, Patagonia will seek to provide a well developed customer loyalty program. The customer loyalty program will be designed so that the more a customer purchases Patagonia apparel they will receive more coupons and discounts. Customers will receive one point for every dollar spent, once a customer reaches 200 points they will earn 20% off their next purchase or have Patagonia donate \$10 toward any of the one conservation efforts that Patagonia is affiliated with, such as water conservation or wildlife protection. The coupon or donation offer will be available to the consumer for 3 months from the date of the earning 200 points. The loyalty program will also provide a 20% discount or \$10 donation option for the customer in their birth month and special offers during the gift-giving season.

This type of reward system encourages consumers to remain loyal to Patagonia and also provides the opportunity to further contribute to environmental causes. This donation option will be highly attractive to those consumers within the LOHAS community and the discounts will enable both youth and parents to purchase apparel at lower costs. In addition, Patagonia coupons

exclusively for youth apparel to both consumers currently registered in the loyalty program and also to first time buyers, thereby increasing awareness and access to Patagonia youth apparel. Consumers are able to obtain these coupons by registering for the loyalty program within retail centers and through online registration at the Patagonia website. Once Patagonia has implemented these customer loyalty terms, it should track customer registration, use of the discounts or donations and evaluate the success of the program after a 6-month period and adjust the program accordingly. Patagonia also minimizes cost by limiting national television commercials and only engaging in highly targeted print ads. These cost reductions enable Patagonia to focus on its environmental campaign and create competitive prices for its consumers.

Internet Marketing Strategies

In the late 1990's, the Internet changed the way the world conduct business forever, and within five-years e-commerce sites were offering customers the ability to order products and services online. "According to a recent study by J.P. Morgan, total e-commerce revenue in the United States is expected to surpass \$187 billion dollars in 2011. Worldwide, e-commerce revenues are projected to exceed over \$680 billion" (AAAI, 2010).

Search Engine Optimization

Patagonia is a well-known brand; especially to the LOHAS community and to others who are interested in owning high quality clothing from a company that believes a business can inspire solutions to the environmental crisis, a motto that Patagonia has never forgotten. However, there are those who have never heard of Patagonia and the environmentally friendly clothing that they sell. To increase brand awareness the Chi-Marketing team believes in using Search Engine Optimization (SEO) to direct more potential customers to the Patagonia website.

Our plan is to use a wide range of techniques to increase traffic to the site including augmenting the web sites HTML code, web page copy editing, creating a site navigation menu, linking campaign and other links to the site, and more. Through these efforts our goal is to improve how well the Patagonia site is listed in over 400 search engines for a wide variety of search topics.

Pay-Per-Click Search Engine Marketing

In addition to the SEO campaign, Chi-Marketing suggests the use of Pay-Per-Click (PPC) search engine marketing. Our PPC Professionals, assiduously design PPC campaigns that will ensure quality traffic to the Patagonia site in the shortest span of time. These search engine marketing strategies is effective in assisting established companies leverage undiscovered avenues and enjoy economies of scale as new customers are directed to the website. Chi Marketing takes a systematic approach in creating target-centric advertisements that will yield significant results when placed on targeted websites that share Patagonia's commitment to the environment. These ads are designed to attract the visitors eyes and lead them to the Patagonia website, which can lead to word-of-mouth advertising as each new customer discovers what Patagonia offers for products, and the mission statement behind the company.

Word-of-Mouth Marketing

In the digital age word-of-mouth can be a puissant tool for companies looking to fully leverage economies of scale from the use of social networking sites like Facebook, YouTube, and other social networking sites to further drive the word-of-mouth marketing campaign. Through these sites, Patagonia can measure the success of the new line of children's sporting apparel and further measure how well customers' receive the new line. Using PPC management methodologies and word-of-mouth marketing campaigns, Chi Marketing researches and ideates

proven solutions that deliver results in the shortest time possible, thereby increasing the companies return on investments.

Social and Cause Marketing

To further take advantage of social networking sites, Patagonia should also create a new fund for the Tsunami relief efforts in Japan. Through this fund Patagonia would donate \$1 for every sporting goods clothing articles purchased, or 100% from a specific item through the Patagonia website up to a total of \$1,000,000. This type of campaign supports research coming out of the “University of Michigan Ross School of Business that after giving college students the choice between donating through a cause marketing promotion or donating directly, the students who chose the former felt more selfish, less generous and even less happy” (Waters, 2011). In this example, “cause marketing decreases giving, happiness. The Michigan study, which was conducted with 300 college students in a student union, only looks at one type of cause marketing: purchase-triggered donations” (Waters, 2011). The company makes the “costless” donations when the consumer buys a product or service. The consumer contributes nothing and gets something in exchange but feels a sense of involvement.

Affiliate Marketing

Affiliate programs are a very popular, so it is important to implement ones that stand out and catch the attention of professional affiliate marketers. Patagonia has been successful operating within a niche market so it will be important to locate niche partners whose customers or followers will be interested in Patagonia’s products. However, this is a quid pro quo scenario, where Patagonia’s customers will also benefit from the affiliates products or services. This is where Chi Marketing excels; our professional marketers will create affiliate promotional materials that will drive business to Patagonia’s site and as direct result increase

traffic to the affiliate partners. Next, we continue building the relationships by communicating with our affiliate partners and welcoming them to the affiliate program. During the relationship we continually send out updates on, product additions or deletions, and any other relevant information that will benefit the program. Although time is of the essence, Chi Marketing will assiduously work to deliver affiliate programs that deliver results, increase ROI, and drive business to the Patagonia website.

Financial Data and Projections

One of the greatest opportunities for Patagonia to increase its repeat web business is through a loyalty program. Many successful companies utilize social media to increase their brand awareness through loyalty programs. Loyalty programs have three distinct advantages: reduce costs, increase CLV and create a consumer base that is invested in Patagonia's brand (Maritz, n.d.)

Patagonia's loyalty program will allow them to capture data on store and web transactions that will link the consumer to a specific household (Roberts, 2008). In the future, Patagonia will be able to use this data for segmentation analysis to determine smaller segments within the LOHAS group or their environmentally conscious buyer (2008). Furthermore, this will allow Patagonia to target specific segments with certain messages via Internet advertising, mobile advertising and social media. A loyalty program will not only have the aforementioned distinct advantages but it will allow Patagonia to further interact with their consumer base. The bottom line of the loyalty program is to capture and increase CLV over the next three to five years.

The LOHAS segment accounts for 41 million consumers here in the United States and is projected to grow (National Marketing, n.d.). It is advised that Patagonia penetrate this segment to increase their consumer base and CLV. Patagonia's commitment to the environment and the LOHAS' dedication to support such business is ideal.

The LOHAS segment is divided into the LOHAS leaders and the LOHAS followers. The leaders are early adopters compared to the followers who are still cutting-edge yet they are not early adopters (National Marketing, n.d.). The belief is to find a celebrity or public figure that is a leader for such movement to increase the visibility of Patagonia's brand, especially the children's apparel. Because celebrities can be highly influential on children, it is recommended that Patagonia focus on a partnership with the likes of a popular or "mainstream celebrity" such as Willow Smith and Justin Bieber. In lieu of spending a fortune trying to purchase the likes of each celebrity, it is recommended to look into a short-term partnership that will allow the celebrity of choice to get a percentage of profits from increased business, year-over-year.

Social media, such as Facebook, is becoming a part of the daily routine. Many users, especially children, use Facebook to connect with friends and promote what they like. This is an opportunity for Patagonia to get in front of this segment via social media. To put things into perspective, Patagonia currently has 92,000 + fans on Facebook compared to Smith at 2.2 million and Bieber at an astonishing 25.4 million (Facebook, 2011). What does this mean? If Patagonia is able to form a partnership with either celebrity to market their children's apparel they could potentially have exposure to 23-271 times as many fans in the target consumer group via Facebook (children's apparel) than they currently have. More exposure equals more customers, which translates to an increase in CLV.

Why the focus on children's apparel? Children under the age of 14 influence almost 50 percent of all US households spending (Webb, 2006). This translates into \$700 + billion per year (Webb, 2006). Through penetrating this market segment, Patagonia will be able to influence purchases at a younger age that could continue on into adulthood thus increasing CLV.

The, 41+ million that make up this consumer group is virtually untapped. The LOHAS group is still in the infancy stage as it was first introduced to the market in 2000 (Lohas, n.d.). During the inception the LOHAS market was estimated to be about \$228 billion and has since grown 36 percent (n.d.). It is interesting to note that of the \$300 billion market of the LOHAS segment, \$10.3 billion is specific to apparel (n.d.). Patagonia is already an environmental steward and a LOHAS leader as they take proactive measures to protect the environment. The easy to use website and children's apparel line already in place will make an increase in new customers by 20 percent a SMART goal within in one years time.

The LOHAS consumer has already proved for the last decade they support such businesses as Patagonia. The opportunity that lies ahead of Patagonia is capturing this market share and to become synonymous with LOHAS. The path of the least resistance is to hire highly visible spokespersons (Bieber/ Smith) to promote the children's line to increase new customers by 20 percent and increase future CLV through a loyalty program.

Monitor Results

A loyalty program will allow Patagonia access to sensitive customer information that can be used to tailor future correspondences. It is recommended that Patagonia pay keen attention to their social media presence as well as promote social media interactivity on their website.

Currently, on Patagonia.com's homepage there is no link to their social media efforts, thus losing potential fans and future repeat customers.

The loyalty program will allow Patagonia to scrutinize consumer purchase behavior. Through various rewards for patronage Patagonia can focus on programs that work and do not work by tracking purchasing behavior of members of the program. If one program does not trigger a repeat visit and another does, then Patagonia can customize a loyalty program to be consumer specific to attain the SMART goal. Other ideas for the loyalty program members are to offer rewards for friend referrals to social media sites, which further increases brand awareness and virtual word-of-mouth via social media.

Next, to monitor social media, websites such as Facebook and Twitter allow the user to easily monitor insights and activity on one's social media page. To increase the chatter and virtual-word-of-mouth it is imperative to utilize this platform to its fullest. To start, Patagonia could advertise on their homepage that they participate in social media and link to it as most businesses do. This would allow a consumer or potential consumer a portal to their social media outlets to interact with others (probably LOHAS) who have the same interests.

Privacy

The last thing Patagonia wants to do is start-sending email that is not tailored to the consumer's needs. If this happens the messages are liable to end up unread, in the trash or worst yet in the spam box. To battle this Patagonia can protect what messages are sent to consumers and how often. To ensure that the right user has requested the material and to further protect privacy, it's recommended to use a double opt-in feature for virtual communications.

A double opt-in is when a Patagonia consumer signs up on one of their websites to receive further information (Roberts, 2008). In addition to opting-in via a checked box the Patagonia consumer is sent email verification. The verification email must be opened and confirmed. Thus, the Patagonia consumer is taking two actions, first giving their email address and second confirming via email (2008).

Privacy Policies on the Internet are generally lengthy and cumbersome to read. They provide crucial information on how a consumer's information will be handled. Milne and Culanan reported, "How frequently people reported reading Web site privacy policies. They found that:"

- 4.5% always read privacy policies
- 14% read them frequently
- 31.8% sometimes read them
- 33.3% rarely read them (Roberts, pg. 308, 2008)

The staggering number of over 60 percent sometimes or rarely read privacy policies thus they are uncertain of how their information is handled. To be outside the box, Patagonia could require the viewing of a short video (less than 2 minutes) of the privacy policy read by a consumer wearing Patagonia gear or celebrity in a location that fits the Patagonian lifestyle (on the way up a mountain climb, in a canoe on some rapids, etc.). This could entertain the consumer to understand the privacy settings of their information with Patagonia while further etching the brand and lifestyle.

Appendix 1

Strengths

Customer Service
Employee product knowledge
Easy to use website
Low employee turnover rate
Strong kids line in place
Environmental focus
Mission statement focuses on Environment
Green company

Opportunities

Loyalty programs
Product expansion
Make products more fashionable
Expand target markets
Introduce new lines
Expand facilities to other regions
Co-branding
Cause marketing

Weaknesses

Products are priced on the high side
Limited number of products
Lack of knowledge outside of target groups
No loyalty programs
Products not fashionable
No product expansion
No-co branding of products

Threats

Competition
Economic conditions
High prices

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