

# patagonia®

“We’re in business to save our home planet.”

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## ABSTRACT

We often came across information that it is a company operating in the areas of sustainable fashion, that Patagonia cares about the environment and, above all, does not want to harm the environment. However, we have never delved deeper into the subject of this brand and this project is a good opportunity to do so. Patagonia is a kind of luxury brand - the prices of their products are really high, but people decide to invest in these things anyway and they seem to be satisfied. We would like to discover the phenomenon of the Patagonia brand. That is the aim of this work. The main goal of this work is to present what the brand does, how and why it was created, what it is guided by, what values it cares, what are its strengths and weaknesses, as well as opportunities and threats.

## 1. THE COMPANY

### 1.1. History



The Patagonia Company was officially established in 1973 and its founder and first originator was Yvon Chouinard.<sup>1</sup> The idea of running your own business appeared much earlier, in 1957. The founder has been a huge enthusiast of high-mountain climbing in the United States since his youth. His first products that he sold were those for climbing. Already then, Yvon noticed that people pay special attention to the natural environment - they complained that his products destroyed rocks for climbing. The founder modified his equipment so that it would not harm nature. He then gained a lot of customers and started selling products all over the country, selling products directly from his car.

In 1965 he teamed up with Tom Frost, with whom they perfected climbing gear to perfection. They were a huge success, the demand was huge.

During his mountainous stay in Scotland in 1970, Yvon Chouinard bought and wore a local rugby team shirt that worked great in high mountain conditions but also made everyone in the USA want to have one. It had a

<sup>1</sup> <https://www.patagonia.com/company-history/>

completely different material than those previously used for climbing. Previously, many layers of clothing made of wool and cotton were used.

This outfit was not comfortable; it did not keep warm well. This is how Patagonia's flagship products were created today - clothes designed for a cold climate, made of materials that allow our skin to breathe, but also of materials that retain heat well.

These products do not restrict movement and are great for sports, but also for everyday wear when it is cold outside in the autumn and winter (depends on country).

Patagonia products began to stand out with vibrant new product colors. The company developed at a dizzying pace until 1991 - the year in which the company went through a financial crisis. However, it quickly bounced back from the day. It is a company with an extraordinary organizational culture. Everyone was friends with each other, and the employees had a lot of freedom and spent a lot of time with each other even after working hours. For example, after work from Monday to Friday, the team would gather together and go to the mountains for the weekend, and then, tired but with great satisfaction, they would show up at work on Monday morning. Patagonia also made it possible for them - it often supported such events, financed trips.

Brand wanted everyone to feel taken care of like in a family. Patagonia has also opened over 150 centers for children at workplaces, thanks to which they can have more frequent contact with their working parents, but also makes the company even more family-friendly. In 2015, this initiative was praised by the then President of the United States - Barack Obama. From the earliest moments of the brand's activity, they paid special attention to the most important issue for them - environmental protection. They noticed and worried about: global warming, the cutting and burning of tropical forests, the rapid loss of groundwater and topsoil, acid rain, the ruin of rivers and creeks from silting-over dams.

Patagonia began to support primarily small, dedicated, groups of people who care about the environment - initially locally, then on a larger scale. Initially, they donated 10% of the profits from the whole year to organizations supporting the environment, and then 1% from the sale of each item (regardless of whether it was a profit or loss), and this is still the case today.

Every year, the company organizes a huge pro-environmental event. Patagonia tries to minimize its contribution to environmental pollution.

Since the 1980s, the company has only used recycled paper. Patagonia has also developed a material (polyester) recycled from soda bottles that is used in their product - Synchilla® Fleece. In addition, the company removed some dyes from its production - which required the use of toxic metals and sulfides. In 2007, they made their efforts—good and bad—public with the release of Footprint Chronicles.

Their distribution center in Reno achieved a 60% reduction in electricity consumption thanks to sunlight, and the center itself was made of 100% recycled materials.

The biggest problem in sustainable production turned out to be cotton - a material known for thousands of years, but created in a way that is harmful to the planet, due to excessive consumption of this material. However, thanks to Patagonia's efforts, it found producers for whom the environment is important and who produced cotton in a natural, traditional way. Since 1996, their cotton has been 100% organic, although they are currently working on recycled cotton.

In January 2012, Patagonia became the first Californian Company to become a charitable corporation.

Patagonia has also created a very interesting program - Worn Wear - which consists in the fact that the company allows buyers to repair the purchased product free of charge. Thanks to this, they want to limit excessive consumption behavior and extend the life of their products. From a marketing point of view, this is not logical behavior - after all, the more sales, the more profits - but for Patagonia, the environment always comes first.

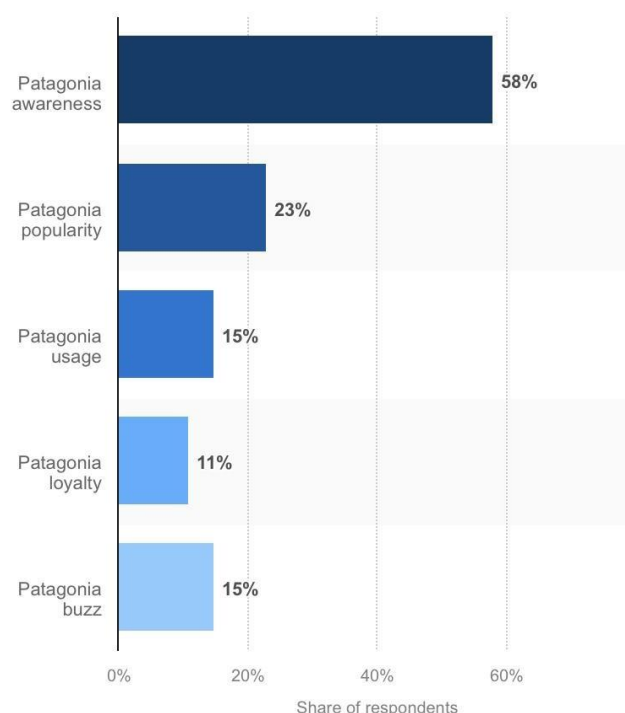
In 2013, Yvon Chouinard announced the formation of a venture capital fund to help start-up companies that place environmental and social returns on equal footing with financial returns. Patagonia's supply chain is very simple - they create everything in-house, they have full control over materials and production. Thanks to this, they also fully control the conditions in which the employees work and can offer them a decent pay for the work they do. Patagonia's current main goal is to heal the planet. As Yvon Chouinard and CEO Rose Marcario put it: **"We're in business to save our home planet."** All this because Earth is the sole shareholder of Patagonia.

## 1.2. Current position

Patagonia is perceived primarily as a company that cares about the environment and produces high-quality products. Patagonia uses the "Don't Buy This Jacket" anti-marketing to encourage its customers to be prudent when shopping. They also show in a transparent way how a given Patagonia product affects the environment. It

turned out to be a hit - customers, after thinking about it, prefer to spend a larger sum of money on something that will serve them for years and, if necessary, will be repaired for free<sup>2</sup>.

On the chart (placed under this paragraph) we can observe: Patagonia brand awareness, usage, popularity, loyalty, and buzz among outdoor fashion owners in the United States in 2022. The greatest success is undoubtedly the high degree of brand awareness, as much as 58%. In the following years, these numbers may be even higher thanks to their pro-environmental activity, which is increasingly sought by customers.



<https://www.statista.com/forecasts/1352043/patagonia-outdoor-fashion-brand-profile-in-the-united-states>

## 2. SWOT ANALYSIS

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. SWOT analysis assesses internal and external factors, as well as current and future potential.<sup>3</sup> A SWOT analysis for Patagonia:

<b>S</b> - strengths,	<ul style="list-style-type: none"> <li>employees ability to work as a team/family</li> <li>high brand awareness</li> <li>innovate and high quality products</li> <li>good knowledge of the market</li> </ul>
<b>W</b> - weaknesses	<ul style="list-style-type: none"> <li>relatively high product prices</li> <li>difficult access to stationary products in some countries</li> <li>specific approach to marketing, risky</li> </ul>
<b>O</b> - opportunities	<ul style="list-style-type: none"> <li>increasing consumer awareness of sustainable fashion</li> <li>"fashion" for taking care of the environment</li> </ul>

<sup>2</sup> <https://www.investopedia.com/articles/personal-finance/070715/success-patagonias-marketing-strategy.asp>

<sup>3</sup> <https://www.investopedia.com/terms/s/swot.asp>



#### 4. LEADERSHIP

Patagonia uses product differentiation. It means that organizations try to differentiate their products or services from other companies in the industry.

Patagonia has always tried to maintain the high quality of its products, which is associated with high prices, therefore it would be impossible to use cost leadership. That is why the company focuses on diversification - the production of items tailored to the needs of its customers practicing various types of sports. They want their offer to meet and meet as many needs as possible, while supporting the planet.

The brand focuses on:

- quality,
- variety of products,
- product strength,
- Recycling and sustainable production, -support for the natural environment.

#### 5. CONCLUSION

Patagonia is a unique company on the market. It was a brand, in fact, who initiated the trend of caring for the environment on a larger scale in the United States. Customers are extremely attached to this brand. They rave about the quality, durability and beauty of the products.

One of the keys to success is their unusual anti-marketing, which instead of reducing the number of products sold, encouraged customers to buy Patagonia products even more.

It is a company with huge, many years of experience. Patagonia has had great successes as well as failures. Brand never gave up, believed in values and that's what people really appreciate in brands these days - which can be seen in the increasing number of products sold.

The current times are difficult for businesses. The pandemic and the ongoing wars on Earth are not conducive to the development of companies, but only cause increasing uncertainty in activities. We have to hope and try to make each day lead us to a new, better reality.

Patagonia tries to achieve this reality by taking care of the natural environment. This is a very good and responsible path that other companies should follow in order to save our planet.

#### REFERENCES

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