

379 Final Paper: Group 7 Patagonia

Julia Rhine, Autumn Hafley, Mia Lerner, Jack LaMarche, Lia Esposito

BACKGROUND AND SUMMARY OF RESEARCH:

Our group's focus was the increase of sales through new marketing strategies for Patagonia. We explored the ways in which the brand could use environmentalism to potentially appeal to new audiences and increase sales of their "athleisure" and everyday wear products. Through our research on the brand and consumer markets, we found that several intersecting demographics (college-educated, high income, older ages) that predominantly comprised Patagonia's consumer base were correlated with increased care about the environment. This would allow for the development of a sustainable marketing strategy that minimized risk of losing core consumers while simultaneously allowing the addition of new ones. Our research was designed with this insight in mind; through focus groups, interviews, surveys, and an A/B testing experiment, we took an analytical approach to determine what factors would draw in new customers for the company.

Beginning with the research conducted through focus groups, we analyzed samples of college students at the University of North Carolina at Chapel Hill. Questions asked by our moderator looked to assess factors such as sample perception of environmentalism, political leanings, and consumer habits. Through the creation of our brand survey, which was heavily influenced by the results of our ethnographies and interviews, we were able to gain insights that were more uniform and lacked potential influence of social desirability bias- questions asked about the ways in which respondents may be more receptive to campaigns from the company, helping us to inform the design of our later experiment and give more structure to our results. The A/B testing we utilized through our experiment gauged another important marker in Patagonia's marketing strategy: the visual medium. Because one of our key goals in expanding the brand's consumer base included the development of social media strategy, we sought to learn about what aspects of visual advertising were most effective. The experiment led us to measure slogans- our varying stimuli- superimposed with environmental imagery. This allowed us to illustrate the ways in which three core tenets of visual advertising affected young consumers: imagery, functionality, and substance through slogans.

INSIGHT 1:

At the beginning of the semester, we intended to understand if individuals would be motivated to shop athleisure wear from Patagonia based on the company's environmentalism. When conducting research, we began to notice there was significant evidence showing environmentalism does little to produce purchases, specifically within the college-aged demographic. From our focus group, we found consumers enjoyed purchasing from environmentally sustainable places but did not specifically seek out sustainable clothing. This trend continued in our interviews, where we found that individuals who try to live sustainably almost exclusively shop second hand, with one individual citing, "Just because it is a jacket that used to be a water bottle doesn't mean it isn't still going to end up in the ocean." For many hardcore environmentalists, purchasing from Patagonia is a last resort. This, coupled with the attitude-behavior gap we described earlier, began to shape our research further when entering into the survey and experiment.

Our survey was sent out to majority female college-aged students, and its primary purpose was to further cement that environmentalism does NOT cause an increase in purchases among the average buyer in this demographic. Our survey only further gave us more evidence

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that we should sway away from solely sustainability-focused advertising. One question, in particular, asked participants to rank factors that caused them to purchase clothing. Sustainability was an option, among other choices such as price, quality, and appearance. Not a single participant listed sustainability as their number one purchasing factor. Our survey also found that for many in this demographic, the cost of buying sustainably from Patagonia outweighed the benefits. Our experiment assignment finalized the answer to our research question. We found that there was no significant difference between the advertisement made that focused on sustainability and the advertisement that focused on comfort/quality. This, coupled with all the other research conducted, led us to perhaps the largest insight from our semester: environmentalism does not cause an increase in purchases among college-aged consumers for Patagonia.

INSIGHT 2: Split Brand Perceptions -- Outdoorsy vs Preppy

Over the course of the semester, we discovered that our audience has split perceptions of our brand. Some find that Patagonia is outdoorsy, sustainable, and adventurous, while others find it to be preppy, and associated with Greek life. We first started to witness this divide during our focus group conducted in September. We documented that nearly all participants associated Patagonia with some type of outdoor activities-- such as hiking and rafting. A couple of people specifically related it to Asheville, a city in North Carolina known for mountainous adventures. One woman said, "it is an expensive brand, so it's not just like, look at my Patagonia hoodie, some people actually use the products to be outside." This was the first indication that some people might wear Patagonia to flaunt their social and economic status. During my interviews, there was one participant that was particularly outspoken on the preppy side of Patagonia. He held the perception that preppy wearers did not own Patagonia for function, like the more outdoorsy wearers, but instead for status. Yet, he still acknowledged the adventurous side, saying, "really just white people wear [Patagonia]. They're either in Greek life, AKA they are white, or they spend their time hiking and sh--, AKA they are also white."

We later discovered the more precise power balance of this split perception through our ethnography and survey. One ethnography was an observation of people's interactions with and tweets about Patagonia. Of the tweets from October 11 to October 18, they overwhelmingly referenced Patagonia being associated with outdoor activities rather than being preppy. One man said "I've used this crazy COVID year to become more of an outdoorsman. Well, I guess I'm just buying more Patagonia. Close enough." Here, this man associates Patagonia's brand as such an outdoors identity that merely wearing it could qualify him as an outdoorsman. Another girl expressed her new love for hiking and traveling, and said she was "Transitioning into my Patagonia/ NorthFace/ REI nature girl phase and making travel Instagram highlights." Very few tweets reference preppiness and Greek life, with the exceptions of tweets like "It's the 'Patagonia fleece hoodie with fray boy shorts' season" and "Do you think if I get my Patagonia embroidered, I'm a douche?" This overwhelming lean towards an adventurous perception corresponded to our findings in our survey. When we asked participants to associate one word with Patagonia, 63.16% said a word that related to the outdoors. Meanwhile, associations with preppiness were less than 9% of the responses. As for findings in our experiment, none related to this insight for we focused more on effective advertisements for athleisure vs environmentalism. Therefore, we were able to conclude that Patagonia has two brand identities, however, its outdoors identity is far more popular than its preppiness.

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INSIGHT 3:

Money often shapes consumer's lives and purchases, so throughout this semester our research often explored how consumers view Patagonia's prices and examined how significant price is when it comes to the purchasing decision. Overall, our research determined that price is a driving factor in purchasing decisions for the majority of consumers, and often the most influential factor. When we conducted a focus group, many participants agreed price was an overwhelming factor in purchasing their clothing. The sample for this focus group included five participants aged 18-23, with the majority being female. As our team began to interview individuals to gain further qualitative data, we discovered all of the interviewees, both male and female, considered price to influence their purchasing decisions. "When I shop I like to feel like I'm getting a deal. The lower the price is the more likely I am to buy it," said one interviewee. As our group moved to collect quantitative data in our survey, we wanted to get a concrete and more statistical idea of how many people found price to be highly influential when making their purchases. Our survey sample included 59 respondents, all aged 19-23, with the majority of participants being female. We included a question in our survey asking "what factors influence you to purchase clothing? Select all that apply" and the choices were price, brand, quality, sustainability, style/appearance, versatility, trends, and "other" with a text box. All 59 survey respondents selected price as one of the factors that influenced them to purchase clothing. In another question, we had the respondents "rank the following items based on what is most important to you when making a clothing purchasing decision, with one being the most important". They had to rank price, environmental sustainability, quality, brand, comfort, and style. Price was the most commonly placed in the #1 ranking. All of this qualitative and quantitative data reveals that price, whether high or low, greatly influences whether a consumer will ultimately purchase a product.

In order to understand consumer's thoughts of price in relation to Patagonia's products and clothing, we collected qualitative and quantitative data throughout the semester on consumer's opinions. In our focus group, most participants agreed they found Patagonia's prices to be high, and they critiqued Patagonia by claiming their prices were a deterrent from purchasing. They also agreed that as a tactic to gain more consumers, Patagonia could lower their prices. With this knowledge in mind, we approached our interviews with the goal to discover just how unreasonable people considered Patagonia's prices to be, and if it was possible they would purchase the clothing without a reduction in price. Three interviewees, both male and female, mentioned Patagonia's price points were simply out of their typical budgets. However, they all said they would consider investing in a high-quality Patagonia item they knew they would get a lot of wear out of. When conducting our survey, we found our sample had a large variation of income, with 24.1% of respondents indicating their household income is over \$200,000, meaning each participant likely had a very different idea of what a "high" price was. In our survey, we asked respondents to "please rate your agreement with the following statements on a scale of 1-7 with 1 being strongly agree and 7 being strongly disagree," with one of those statements being "I would consider Patagonia's prices a good deal." Compared to other scale statements, we found respondents showed more neutrality to this statement because the mean response to that question was 3.82, which was higher than a mean of 1-2 which we saw on our other scale questions. This means they were slightly less likely to agree Patagonia's prices were a good deal. Through our insights we discovered price is a highly influential factor in purchasing decisions, and that Patagonia's prices are often perceived as too high.

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CONCLUSION:

Throughout our research, we have been examining if and how Patagonia can use environmentalism to increase sales of athleisure/everyday wear and justify current pricing. Our findings suggest that environmentalism should not be the only selling point addressed in an advertising campaign for Patagonia based on how consumers view environmentalism. In this process, we also realized that price plays a large role in purchasing decisions for these products. Our research found that our target audience does value environmentalism, but it is not necessarily at the forefront of their purchasing decisions. The consumers who would consider environmentalism as a top deciding factor for clothing are more likely to shop secondhand and not from our brand directly. We also found that Patagonia has a broad consumer base that seems to be divided on why they purchase their products. Patagonia is associated with being outside and outdoorsy, but more recently it seems like people have been wearing their athleisure items as a trend and to flaunt socioeconomic status. We need to do more research to truly understand who would be interested in the athleisure items Patagonia has since their consumer demographics vary depending on products.

We would recommend doing the following research and next steps moving forward:

- Create measurable goals to move forward like deciding to increase sales by a specific percent or control a percentage of the athleisure market by a certain date.
- Conduct a national survey comparable to the ones used for Simmons OneView to understand Patagonia consumers. This would help us draw further conclusions about what types of products people are buying and how frequently.
- Conduct a survey that addresses consumer behavior when faced with a decision to purchase another clothing brand that was cheaper or Patagonia which is more expensive but uses quality, recycled materials. This could be a way to incorporate environmentalism into our advertising to justify the price. We also would ask what they would be willing to pay for certain products. This could help us identify consumer trends about who values the products more.
- Create another experiment and instead look at if environmentalism would deter some customers from buying the products.