

Intro to business

Business



Success of Patagonia during the Latest Recession Patagonia is a high-end outdoor clothier and gear maker which survived the effects of the latest economic recession. Indeed, the company generated huge sales during the recession and recorded immense growth afterwards where it opened 14 new stores in 2011 (Martín 1). Notably, the company is a privately owned and hence its finances are not public but the management boast of its returns especially after the latest recession. Indeed, despite the problems in the world economy, Patagonia stands out as one of the companies with corporate sustainability (Martín 1). In fact, since 2008 when there was economic recession, the company has doubled its revenue and tripled its profit. More so, the company has also recorded significant growth in the period by opening new stores. The success of Patagonia mostly lies on its environmental focus. Indeed, the company has an effective environmental friendly philosophy which mostly contributed to its success during the latest recession.

The company's environmental mission is found in the company's mission statement which advocates for the production of high quality products with no unnecessary harm to the environment (Martín 1). In fact, the company's activities aim at solving environmental crisis. The company encourages the repair, recycling, and resale of garments where it makes fleece jackets from recycled bottles (Carus 1). Moreover, it uses solar energy in its headquarters and various stores. Subject to its longtime commitment to environmental issues, Patagonia's reputation attracted many customers during the recession. Actually, customers were willing to buy T-shirts, wool socks, and light jackets from the company during the recession because they knew Patagonia derived less harm on the environment than other clothing

manufacturers.

In addition, the company's strategy to engage in the production of outdoor goods, led to its success during the last recession. Indeed, during the recession, many Americans chose to participate in outdoor recreation instead of foreign travels. This favored Patagonia which was producing outdoor sports apparel at the time. As such, the company recorded huge revenues from outdoor sports apparel (Carus 1). At the same time, the company's idea to introduce a new line of surf-inspired clothing and beach products also led to its success during the recession as these products became popular at the time. The company also consolidated some global factories and emphasized on online sales thus minimizing the production costs (Martín 1). As such the company was able to survive during the recession with reduced costs.

Furthermore the company concentrates on producing high quality and durable outdoor equipment and clothing. This favored Patagonia during the recession as customers sought to buy products that are both durable and of high quality as they tried to cut their expenses (Martín 1). During this period, customers would buy coats and bags that improve their lives and are good-looking. The company also has a strong and loyal fan base that led the company through the recession. At the same time, the company's promise to repair and replace clothes that do not meet customer satisfaction enabled it to retain and attract customers during the recession and thus its success (Martín 1). Ultimately, the company had a good management which ensured that the company has no debts (Wang 1). As such, it was able to offer credit facilities to the wholesalers thus boosting its sales during the recession.

Works Cited

<https://assignbuster.com/intro-to-business/>

Carus, Felicity. Patagonia: a values-led business from the start. 17 July 2012. Web. 24 August 2013. < <http://www.theguardian.com/sustainable-business/patagonia-values-led-business-benefit-corp>>.

Martin, Hugo. Outdoor retailer Patagonia puts environment ahead of sales growth. 24 May 2012. Web. 24 August 2013. .

Wang, Jennifer. Patagonia, from the ground up. 12 May 2010. Web. 24 August 2013. < <http://www.entrepreneur.com/article/206536>>