PATAGONIA, A Company growing from the environmental conscience

PATAGONIA was founded by Yvon Chouinard in 1973 in California, USA, at the age of 14. He made climbing hooks in his parents' backyard, as he was not satisfied with those which existed. (America at that time imported them almost entirely from Europe.) Yvon was aiming to produce climbing hooks made of environmentally conscious materials and innovative climbing equipment.

He did this for 10 years, had 80% market share and made about 1% profit, as profit was not his goal. He saw colored baseball clothes in the stores, which inspired him to make climbing clothes with the aim of having more resistant clothing, learning everything by doing. In the 80's, the company had 50% growth per year, which wasn't healthy; so they reduced to 25% per year. They only hired young, motivated people with a corporate philosophy along the lines of: “If the employees want to surf, they should. As long as the job is done”. (Book: «let my people go surfing», Biography of PATAGONIA Founder)

In 1996, every single PATAGONIA cotton garment was made from organic cotton - and it still is today. Since 2011, PATAGONIA has been promoting repair culture, instead of throwing things away, and was the first outdoor clothing company to tell customers to think twice before buying. The "socially and environmentally conscious practices" have helped profits triple since 2008, Maheshwari writes. PATAGONIA is co-founder of Allianz One Percent for the Planet.

«We design and sell things made to last and be useful. But we ask our customers not to buy from us what you don't need or can't really use. Everything we make – everything anyone makes – costs the planet more than it gives back,"
(Interview: How I build this with guy Raz, 28 mins, Dec 11, 2016
https://www.stitcher.com/podcast/national-public-radio/how-i-built-this/e/patagonia-yvon-chouinard-48508362)

PATAGONIA is still privately controlled. Therefore, there is almost no public financial information about the company to be found. The only data that could be found is that they employed 1287 people in 2007 and had a turnover of 600 Mio US$ in 2013. Their distribution strategy is focused exclusively on direct retail stores sales.

Looking into the future, PATAGONIA might run into the danger of being copied in their way of being sustainable and thus lose market shares. However, should they keep following the below sayings, they may not be easily copied:

«If you wait for the customer to tell you what he wants, you're too late!»

In addition, as resources are becoming scarce and expensive, it may arise economical and organizational issues. Moreover, PATAGONIA’s price offer is among the highest of its market, leaving space for cheaper confection and for competitors to initiate price wars. In order to avoid this challenge, alternative resources and manufacturing methods may be investigated, allowing the company to keep delivering state-of-the art equipment to its customers.

«If you want to succeed, break the rules, make your own. What the game is about.»