Patagonia's Substandard Brand Awareness in China

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Abstract. Patagonia has consistently employed marketing methods that deviate from conventional approaches. Nevertheless, its performance in the Chinese market has consistently fallen below expectations. The objective of this research is to examine the factors contributing to the limited recognition of Patagonia within the Chinese market. This study examines the diverse factors that exert influence on the level of brand awareness of Patagonia in the Chinese market. By doing a comprehensive analysis of several published papers and reports, one notable source being an article titled "Competitive Advantage through Product Performance Innovation in a Competitive Market" published in the Journal of Product Innovation Management, it has been identified that there exists a weakness in Patagonia's product innovation strategy as observed in its recent product launches. The study findings indicate that Patagonia's underwhelming success can be attributed to insufficient promotional techniques, uneven product innovation, and a dearth of distinctive brand identity. Furthermore, the strategic utilization of social media, collaborative partnerships with other brands, heightened allocation of resources towards research and development, innovative designs, improved product positioning, and a more explicit articulation of brand values serve to address the challenges that Patagonia encounters while entering the Chinese market. This study asserts that Patagonia's advancement in the Chinese market has been impeded by three primary factors: inadequate marketing techniques, limited product innovation, and a lack of a distinct brand identity. Therefore, in order to surmount these obstacles, it is imperative for Patagonia to adopt and execute the answers and recommendations outlined in this research.

Keywords: Mixue Ice Cream & Tea, brand loyalty, low cost, communication, convenience.

1. Introduction

1.1. Research Background

The advancement of globalization and the widespread use of social media platforms are facilitating the intensification of global interconnectedness. In light of this situation, numerous sports companies are engaged in fierce competition as they seek to penetrate various markets in order to enhance their sales performance. In particular, there has been a growing demand for healthful and outdoor activities, particularly in the aftermath of the epidemic, over the course of several years. However, due to the current economic downturn, there has been a modest shift in consumer tastes. Individuals are more inclined to purchase items that offer both durability and affordability in order to save money. However, there is also a segment of the population that still prefers to indulge in high-priced products for hedonistic purposes [1]. These elements will push outdoor firms to exhibit enhanced creativity and prioritize the enhancement of their product quality. Conversely, the emphasis on sales is anticipated to transition from traditional brick-and-mortar establishments to digital platforms, facilitated by the advent of social media. Several worldwide brands have achieved notable success in this regard. Within the Chinese market. For instance, The North Face is currently a widely recognized company that employs various promotional strategies, such as celebrity endorsements and collaborative payment initiatives. Moreover, Nike is a globally recognized brand with a cosmopolitan presence. Despite encountering significant obstacles and a multitude of rival companies, it continues to preserve its dominant market position.

However, when it comes to Patagonia, a high-end clothing and outdoor gear brand known for its sustainable actions, it is little known in the Chinese market. This brand's target customers are outdoor enthusiasts and people who value the environment. The first company was set up in 1972 in America by Yvon Chouinard; until now, its number of physical stores has exceeded 70 globally. Patagonia has become one of the most popular adventure brands in the USA. However, in 2007, the first shop was established in Beijing, and until now, Patagonia has only opened six physical stores in China in 16 years. Also, the majority of stores were opened in metropolises [2].

Since sports brands' topics are always popular, there is a variety of research on them. A thorough review of past research reveals a scarcity of studies specifically focused on the factors influencing Patagonia's entry into the Chinese market. While there are studies examining Patagonia's global expansion strategies and market entry approaches, there is a lack of research that delves into the unique challenges and opportunities faced by Patagonia in the Chinese context [3]. The existing literature primarily highlights general challenges faced by foreign companies operating in China, such as cultural differences, regulatory complexities, and competition from local brands [4]. However, there is limited research dedicated to comprehensively understanding the specific factors influencing Patagonia's decision-making process, market positioning, and successful entry strategies in China [5]. Jones and Gettinger discussed that Patagonia and The North Face achieve the same sustainable goal via different paths and offer a case for putting entrepreneurial skills to use in non-profit endeavors, including protecting the environment [6]. Cornell and Damodaran corroborated that Patagonia will be more likely to make concessions to preserve the environment compared with Nike [7]. Murray analyzed how Patagonia performs as a benefit company when facing threats, how they use this tag to overcome the threats, and whether revising the plan can help them gain interest [8].

1.2. Research Gap

Market globalization has created new opportunities and problems for multinational corporations looking to grow into new markets. Patagonia, a well-known outdoor wear brand, has created a global presence [4]. However, there is a considerable study gap concerning the variables influencing Patagonia's debut in the Chinese market. The goal of this study is to answer this question by investigating the primary elements that influence Patagonia's change in brand awareness.

The research gap regarding the factors influencing Patagonia's entry into the Chinese market highlights the need for a comprehensive investigation into this subject matter. This study intends to contribute to the existing body of knowledge by shedding light on the unique challenges and opportunities encountered by Patagonia when entering the Chinese market. By addressing this research gap, the study aims to fill a critical void in understanding the factors that influence Patagonia's entry strategies in China and contribute to the broader literature on international market expansion.

1.3. Fill The Gap

The purpose of this study is to fill a research gap by studying the elements that have a substantial impact on Patagonia's introduction into the Chinese market. A preliminary study is being undertaken on Patagonia's current state and position in the Chinese market. Examining its market dominance in the outdoor wear market as well as brand awareness within the target audience. Following that, an in-depth examination and appraisal of Patagonia's situation is offered, outlining the challenges that exist in its current state. Furthermore, the proposed plan of action will be developed based on an examination of prospects in the Chinese market as well as an assessment of its current challenges.

2. Case Description

Patagonia was founded in 1973 by Yvon Chouinard, with origins in Chouinard Equipment, which focused on manufacturing climbing gear. What started as a small business grew into a global brand known for its commitment to sustainability and responsible business practices. Throughout its journey,

Patagonia has remained true to its core values, continually striving to make a positive impact on the environment and the outdoor industry.

Patagonia caters to adventurers and outdoor enthusiasts with a wide choice of outdoor wear and accessories. In its product offerings, the company promotes functionality, durability, and sustainability. Patagonia's goods are made to resist strenuous outdoor activities while having a low environmental impact. Patagonia's product line, which includes everything from technical outerwear and base layers to backpacks and climbing equipment, is designed to fulfill the demands of those who appreciate both performance and responsible manufacturing techniques. Patagonia has developed a trusted name in the outdoor business by focusing on quality and sustainability, serving clients who value both adventure and environmental responsibility. "Build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis," reads the brand tagline of Patagonia. It demonstrates the brand's commitment to delivering high-quality products while minimizing environmental impact. Patagonia strives to set a good example by incorporating sustainable practices across its supply chain and campaigning for environmental issues via its platform. By combining expertise, responsibility, and action, Patagonia hopes to inspire and achieve good change in the industry and beyond.

In the late 1970s, Patagonia began shifting its focus toward sustainability. The company started exploring environmentally friendly materials and production methods, aiming to minimize its ecological footprint. This shift marked a significant turning point in Patagonia's commitment to responsible business practices and laid the foundation for its future endeavors.

Patagonia's consumer base comprises three different groups. Outdoor enthusiasts who are passionate about activities such as hiking, climbing, and camping form a considerable portion of Patagonia's target market. These customers prioritize performance, durability, and sustainability in their gear, relying on Patagonia's products to support their outdoor escapades. The brand appeals to eco-conscious consumers who prioritize sustainability and seek out brands that align with their values. These individuals actively seek sustainable products and are drawn to Patagonia's robust environmental track record. They appreciate the brand's dedication to reducing its environmental impact and supporting environmental causes. Socially engaged activists are another vital consumer group for Patagonia. These individuals are passionate about social and environmental justice, and they resonate with the brand's activism and efforts to drive positive change. They actively participate in Patagonia's campaigns, recognizing the brand as a catalyst for impactful movements. By catering to these different consumer groups, Patagonia has established a loyal and devoted consumer base that values the brand's commitment to sustainability, durability, and activism.

3. Analysis on The Problems

3.1. Reason on Promotion Strategy

Patagonia is struggling to generate brand recall as a result of ineffective promotion techniques, resulting in low brand awareness and a low buy rate.

Patagonia is dormant on popular social platforms such as Red, TikTok, Weibo, and Bilibili, despite the tremendous rise of social media globally. Their social accounts are updated roughly three times each week, which is quite low when compared to its competition, and the contents are related to natural views rather than their brand's product. As a result, many prospective online customers will miss their goods since, even though they see their accounts, they cannot grasp what Patagonia sells, let alone be enticed to buy it, negatively impacting Patagonia's brand memory. They also rarely use live streaming, offer discounts, or get celebrities or other renowned people to support their business or advertise their items in order to increase their influence. They are not interested in cooperating with other businesses in their area to develop a combined item to boost their reputation.

In terms of off-shop, they only own six stores, located in first-tier cities, their unique promotion strategy—wear and tear (a way to reuse your clothes without charge)—is hard to fulfill in surplus areas, which will curtail the scale of the market. This is also a reason why Patagonia’s awareness is

low. Previous research has established that different sales promotion strategies have an impact on consumer buying behavior, which is an important factor in deciding whether a brand can exist in a competitive market [9]. And over the past decade, Deng Yuan has illustrated that only through advertising and promotion strategies can consumers know the value of a product and how to use it. Companies can adjust consumers' reactions after using it in the long run [10]. The lack of a unique brand identity poses a significant problem for Patagonia in the Chinese market. In a crowded and competitive marketplace where numerous brands are vying for consumers' attention, the absence of a distinct brand identity makes it difficult for Patagonia to stand out and be remembered by Chinese consumers.

3.2. Lack of Product Innovation

Patagonia's lack of constant innovation is a leading factor in its demise in the Chinese market.

In the new arrivals this year for fall, Patagonia has used the same textiles, patterns, and graphics as they have used for the past 50 years, since the establishment of the company itself. Only minor modifications are made to certain products each season to make them different and unique from those they have put out previously. Patagonia's fall style indirectly mimicked the previous type and materials without any alteration or innovation [11]. Resulting in decreasing demand for Patagonia products as target demographics have already purchased products that are almost identical, and new markets are not catered to as the products have not been redesigned to suit the demands of new demographics. In addition, the color schemes and functions of their products remain homogenous, as can be seen with a comparison between the Retro-X Fleece of 2023 fall and the one released three years ago in 2021. This lack of innovation in its product design and development has detrimental impacts on Patagonia, as product innovation is crucial to keeping up with competitors [12]. Meanwhile, creativity is a key factor in a "winning" company's ability to face rapid change and gain a foothold in society [13].

3.3. Lack of Unique Brand Identity

Patagonia struggles to differentiate itself from its competition because it lacks a distinct brand identity. When it comes to outdoor and apparel companies, Chinese customers have a wealth of options, and firms with a clear and engaging identity are more likely to be remembered and engaged with. Patagonia's inability to develop a distinct brand image limits its potential to achieve brand awareness and recall among Chinese consumers.

Furthermore, the lack of a distinct brand identity diminishes Patagonia's emotional connection with its target demographic. Consumers in China are increasingly drawn to companies that share their beliefs and objectives. Patagonia's brand identity, which is built on environmental consciousness and sustainability, appeals to consumers who value environmentally friendly and socially responsible products. Patagonia, on the other hand, fails to connect with Chinese consumers on a deeper level until it properly communicates and embodies these ideals through a strong brand identity.

4. Suggestion

4.1. Suggestion on Promotion Strategy

According to the previous explanation that Patagonia has an inappropriate strategy, this paper provides some suggestions for Patagonia. Firstly, they can draw upon social media to expand their awareness, like live streaming, increase the frequency of updates, and advertise their brand integrity to attract people with environmentalism and focus. For example, The North Face is very active on social platforms. Their social media accounts update every day, and they post their products every day. At the line shop, they usually open live streaming with huge discounts, compared with off-shop, to sell their product. Meanwhile, they hired many famous celebrities to endorse their product and show their posters at some shopping malls and some app pages when consumers click, so that their products appear frequently in the lives of consumers, which will cause brand recall and greatly

increase purchase power, as people tend to purchase something they are familiar with, and they also believe products that are always advertised are more reliable [15]. Patagonia can try to open up life streaming online to advertise more of their integrity than their products, since at present, people are not only purchasing an item but also the story and the quality of a brand.

In addition, companies have the opportunity to engage in collaborative ventures with renowned brands, such as Nike. These partnerships often involve cross-disciplinary collaboration, resulting in the creation of joint products with labels like LV, CLOT, AMBUSH, and AMM, among others. This strategic approach serves as an effective means to garner attention and achieve mutually beneficial outcomes. This factor constitutes a significant rationale for Nike's sustained dominance in the market. Hence, Patagonia has the ability to strategically replicate its promotional efforts in order to effectively reach its target audience and establish brand recognition. One potential avenue for action involves forging partnerships with non-governmental groups and cross-sectoral collaborations with companies operating in related industries, all united by a shared objective of environmental preservation. Moreover, businesses have the ability to employ counterintuitive strategies in order to appeal to potential buyers. These strategies involve encouraging consumers to resist the urge to make impulsive purchases, thereby limiting the frequency of their buying habits. Simultaneously, businesses can effectively promote the superior quality of their products or services [16]. By adhering to these procedures, Patagonia has the potential to establish a favorable reputation, enhance brand awareness, and augment its level of recognition.

4.2. Suggestion on Innovation

A variety of solutions may be implemented to combat the ongoing issue of a lack of product innovation within Patagonia products. Firstly, Patagonia should invest more in the research and development (R&D) of their products, including the functions, technology, and materials. According to a study on 272 firms in 35 industries over 19 years, increasing returns are observed to be proportional to R&D spending [17].

Secondly, Patagonia should also innovate by diversifying its products in ways that appeal to and attract new markets. This is especially effective within the Chinese market, as the current dominance of Patagonia within the Chinese market is vastly insignificant compared to the very similar competing outdoor wear brand Arc'teryx, which had a revenue of more than 340 million dollars in the market in 2021. Arc'teryx creates products that cater to larger Chinese demographics, such as clothes fit for urban living environments, products that serve fewer functions aimed toward outdoor activities and climates, and more for everyday life in a city in China.

In addition, Patagonia should design products specifically for Chinese demographics and the Chinese market to persuade consumers to become more willing to purchase products. This can be seen in a release of products by Arcteryx that was designed for the Chinese New Year and had the animal of the year as a graphic on each of its clothes. Further, Patagonia should consider moving away from its traditional and iconic colors for certain products. As they have had several signature colors such as Classic Navy, Obsidian Purple, and Feather Grey, which have been implemented in every single one of its seasonal releases [18].

4.3. Suggestion on Unique Brand Identity

Several strategies could be implemented to address Patagonia's lack of distinct brand identification in the Chinese market. Market research is essential, first and foremost. This research will provide critical insights into the specific demands, tastes, and values of Chinese consumers. Patagonia can improve its brand positioning in China by researching the particular interests and ambitions of its target audience. This requires properly establishing and conveying the brand's value proposition, differentiating itself from competitors, and emphasizing the most crucial benefits and features to Chinese customers.

Several case studies demonstrate how to successfully establish a distinct brand identity in the Chinese market. To localize its brand identity, Starbucks, for example, included Chinese elements in

its store design, menu offerings, and marketing initiatives. They offered traditional Chinese tea beverages and worked with local entrepreneurs to create unique things. Starbucks has emphasized its social responsibility by supporting local growers and investing in community projects.

Patagonia can also create a thorough brand identification plan customized for the Chinese market. This approach should include factors such as brand values, visual identity, message, and narrative. Patagonia must clearly express its dedication to environmental awareness, sustainability, and outdoor adventure in a way that Chinese customers will understand. Coca-Cola is a firm that effectively localized its brand identity in China by modifying its marketing strategies to match Chinese cultural customs and values. They included Chinese events into their advertising and packaging, such as Chinese New Year and the Mid-Autumn Festival. Coca-Cola also collaborated with well-known Chinese celebrities and influencers to build an emotional connection with customers.

It is also critical to create captivating messaging and storytelling. Patagonia should work on creating stories that showcase its brand values and engage with Chinese consumers' interests and ambitions. Airbnb's strategy is interesting; they renamed it "Aibiying," which translates to "welcome each other with love. This Chinese moniker was more readily remembered and related to by Chinese customers. Airbnb also tailored its platform to Chinese consumers, including localized features and Chinese-language customer service.

By accepting the above suggestions. Patagonia can build a unique brand identity in the Chinese market, boost brand recognition and recall, and successfully interact with Chinese customers in a highly competitive environment by following these ideas and pulling inspiration from successful organizations.

5. Conclusion

In the era of globalization and the advent of social platforms, this paper focuses on the market of Patagonia and explores the reasons why Patagonia is hard-pressed to invade the Chinese market. Moreover, this paper analyzes these reasons from three perspectives: unique brand identity, strategy promotion, and creativity. This paper draws the conclusion that because of a lack of unique brand identity, inappropriate strategy, and no breakthrough in creativity, Patagonia cannot enter the integral Chinese market.

This paper emphasizes the importance of unique brand identity, strategy promotion, and creativity for a brand. Meanwhile, this paper corroborates that social media plays a critical role in brand awareness and how brands perform to face fierce competition after an epidemic.

The results of this paper have significant value for other companies that want to invade the Chinese market but struggle with brand awareness. Also, some brands with charity elements can gain some ideas from this paper.

While the model of this paper is a meaningful step towards analyzing reasons that affect brand awareness, it also has several limitations. This research only mentioned the Patagonia invasion in the Chinese market and did not refer to other areas' markets in Asia, such as Japan, Korea, Russia, etc.

Also, this paper does not conduct questionnaire research for Chinese consumers, the precise data of Patagonia consumers cannot be gained. And some useful opinions and feedback from customers are hard to receive.

A future study should consider the Asian market as a whole and fruitfully explore the issue further by investigating the preferences and behaviors of different regions' prospective consumers and finding common points between different areas.

Launching an online survey after a customer buys a product and when they visit the Patagonia website will solve the questionnaire issue in the interim.

Authors Contribution

All the Authors contributed equally and their names were listed in alphabetical order.

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