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# EXECUTIVE SUMMARY

This report presents a proposal for new branding and marketing for the company of **Recreational Equipment, Inc. (REI)**, to meet the changing needs of the outdoor sports and recreation industry. As described in the market trends and consumer feedback sections, outdoor recreation customers are now looking for retailers that offer urban outdoor wear, a connection to the community, promotion of a healthy lifestyle and environmental sustainability. In short customers are looking for a *holistic experience*.

A marketing plan is projected for modified business and marketing actions. Research is provided to substantiate marketing campaign recommendations. The following topics are addressed in this proposal document\*:

- Proposed marketing plan
- Current REI brand audit
- Competitive review of the top 3 REI competitors
- Market research
- Consumer feedback and usability testing

We appreciate the opportunity to present this marketing proposal to REI stakeholders.



\*See the Table of Contents at the front of this document for page numbers for each section.

# MARKETING PLAN



# Marketing Plan

## General Plan

REI has a very strong and successful business. Although it is difficult to find areas for improvement, there are a few opportunities that they could address. For instance, the following actions could help to grow their business:

- Extend co-operative dividends to include all product purchases without restriction to specific products.
- Allow dividends to be applied toward purchase of travel and other activities.
- Allow dividends to carry over indefinitely, rather than having an expiration.
- Host outdoor contests that provide REI product/service prizes.
- Targeted advertisements, rather than wide-range, spam-like emails.
- Stronger advertisement of and use of social networking opportunities
- Emphasize stewardship and travel opportunities beyond current efforts.
- Advertise and utilize in-store interactive experiences.
- Advertise high-quality position as top employer.

## Competitive Analysis Response

REI competitors have been very successful, as shown in the *Competitive Review* section. Based on the analysis of these companies, there are some areas for improvement at REI:

- Strengths of the competitors that REI should replicate:
  - Strengthen global catalog and online ordering (L.L. Bean)
  - Sports team sponsorships (Sports Authority)
  - Strive to make 100% recyclable, landfill-free products (Patagonia)
- Weaknesses of the competitors that REI should/does surpass:
  - Limited store locations that do not have engaging atmospheres (All)
  - No sports/outdoors training offered to customers (Sports Authority)
  - Market-limiting high pricing (Patagonia)

# Branding & Advertising

Re-branding starts with the establishment of a “look and feel” that supports the mission and culture of the company. Three Style Tiles have been provided as choices to be applied to a full campaign, which includes a logo, advertisement and website.

## Style Tile #1

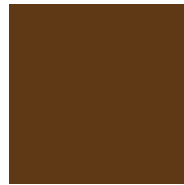
### Color Palette:



CMYK: 50,1,99,0  
RGB: 141,196,64  
HEX: #8dc340



CMYK: 50,0,100,60  
RGB: 64,102,25  
HEX: #3f6618



CMYK: 42,70,97,49  
RGB: 95,57,23  
HEX: #5f3916



CMYK: 0,0,0,0  
RGB: 255,255,255  
HEX: #ffffff

**Primary Font:** This is an Example of a HEADER and BUTTON text  
JLS Data GothicC - 12pt and 24pt - #ffffff, #8dc340 or #3f6618

**Secondary Font:** This is an example of body text.  
Bell MT - 10pt - #ffffff or #000000

### Button Examples:

CAMPING

CAMPING

Descriptors: Nature Open Space  
Adventure Freedom

### Imagery Styles:

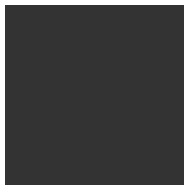


Style Tile #2

Color Palette:



CMYK: 86,17,100,3  
RGB: 3,148,71  
HEX: #0b9444



CMYK: 69,63,62,58  
RGB: 51,51,51  
HEX: #333333



CMYK: 42,70,97,49  
RGB: 95,57,23  
HEX: #5f3916



CMYK: 0,74,100,0  
RGB: 255,102,0  
HEX: #ff6600



CMYK: 0,0,0,0  
RGB: 255,255,255  
HEX: #ffffff

Primary Fonts: **This is an Example of an advertisement HEADER**

ITCLubalinGraph - 10pt and 32pt - #ffffff

**This is an Example of a website HEADER and TITLES**

Franklin Gothic Demi Cond - 10pt, 18pt and 24pt - #ffffff, #333333 or #ff6600

Secondary Font: **This is an example of body text.**

Franklin Gothic Medium - 8pt, 10pt and 12pt - #ffffff or #000000

Button Examples:



Descriptors: **Outdoors** **Fun**  
**Social** **Bright**

Imagery Styles:





Style Tile #3

Color Palette:



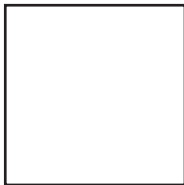
CMYK: 71,32,100,17  
RGB: 82,122,56  
HEX: #527a38



CMYK: 69,14,0,0  
RGB: 0,174,240  
HEX: #00aef0



CMYK: 42,70,97,49  
RGB: 40,70,100,50  
HEX: #5f3916



CMYK: 0,0,0,0  
RGB: 255,255,255  
HEX: #ffffff

Primary Font: **This is an Example of a HEADER and BUTTON text**

Top Secret Stamp - 7pt and 10pt - #ffffff

**THIS IS AN EXAMPLE OF A TITLE TEXT**

Scorched Earth - 30pt - #ffffff or #5f3916

Secondary Font: **This is an example of body text.**

Arial - 10pt - #ffffff or #000000

Button Examples:



Descriptors: **Extreme** **Dirty**  
**Outside** **Fun**

Imagery Styles:



# Marketing Campaign Selections

## #1 Favorite Proposed Campaign Elements:

- Logo
- Advertisement
- Website



Based on qualitative research, the target market for REI will respond most favorably to this branding and marketing campaign. This campaign uses the Style Tile #1.





Recreational Equipment, Inc.

Welcome to REI! | [Log In](#) or [Register](#)**FREE SHIPPING** With \$50 minimum purchase

Find great gear and clothing



CAMPING  
HIKING  
CYCLING  
SKIING  
SNOWSHOEING  
CLIMBING  
RUNNING  
KAYAKING  
CANOEING  
FITNESS

LEARNING  
STEWARDSHIP  
TRAVELING

SHOP OUTLET  
SPECIALS  
BLOG



Find yourself in nature.

## MEN

Shop for gear and clothes  
designed especially for men.

## WOMEN

Shop for clothes and gear  
designed especially for women.

## KIDS

Shop for everything the kids  
need for outdoor fun.



## REI CO-OP

Earn dividends for ALL  
purchases, rentals and repairs.

## JOIN NOW

## Store Locator

Locate an REI store near you.

Enter Your ZIP Code



## Sign Up for REI Gearmail®

And get 15% off selected items.

Email Address



## Company Info

About REI  
Jobs at REI  
100% Satisfaction Guarantee  
Mobile Apps  
Corporate & Group Sales  
Privacy Policy  
Terms of Use  
Site Rules  
California Transparency in Supply  
Chains Act - REI's Disclosure

## REI Membership

Become an REI Member  
Member Help  
Find Membership Number  
Dividend Lookup  
Apply for an REI Visa® Card  
Manage Your REI Visa® Card

## We Care

Stewardship  
Volunteer

## Expert Outdoor Advice

Expert Advice Articles  
Outdoor Videos  
Classes and Outings  
Store Events

## Online Affiliate Program

Become an REI Affiliate

**Gift Registry**  
**Shop All Brands**  
**Shop Our Catalogs**  
**Shop All Categories**

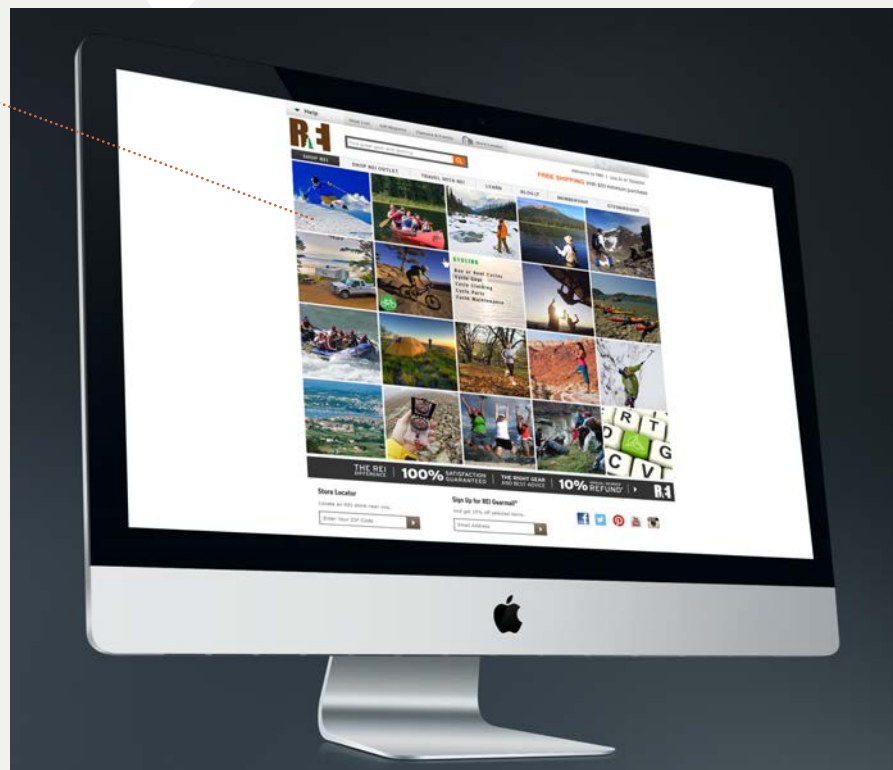
## Help

Help Section  
Contact Us  
Order Status  
Return Policy  
Shipping Info  
REI Coupon  
1-800-426-4840  
Product Safety and Recalls



## #2 Favorite Proposed Campaign Elements:

- Advertisement
- Logo
- Website



Based on qualitative research, the target market for REI will respond second most favorably to this branding and marketing campaign. This campaign uses the Style Tile #2.



[Help](#)
[Wish List](#)
[Gift Registry](#)
[Classes & Events](#)
[Store Locator](#)

Welcome to REI! | [Log In](#) or [Register](#)  
**FREE SHIPPING** With \$50 minimum purchase

[SHOP REI](#)
[SHOP REI OUTLET](#)
[TRAVEL WITH REI](#)
[LEARN](#)
[BLOG](#)
[MEMBERSHIP](#)
[STEWARDSHIP](#)

**SNOW SPORTS**

**PADDLING**

**SALE**  
**30% OFF**  
All Camping  
**3 DAYS LEFT!**

**FISHING**

**HIKING**

**CYCLING**  
Buy or Rent Cycles  
Cycle Gear  
Cycle Clothing  
Cycle Parts  
Cycle Maintenance

**FITNESS**

**WATER SPORTS**

**TRAVEL**

**CAMPING**

**SHOP BY**  
**Price Range**  
UNDER \$50  
UNDER \$100  
UNDER \$200

**CO-OPERATIVE**

**CLIMBING**

**EDUCATION**

**STEWARDSHIP**

**BLOG**

THE REI  
DIFFERENCE

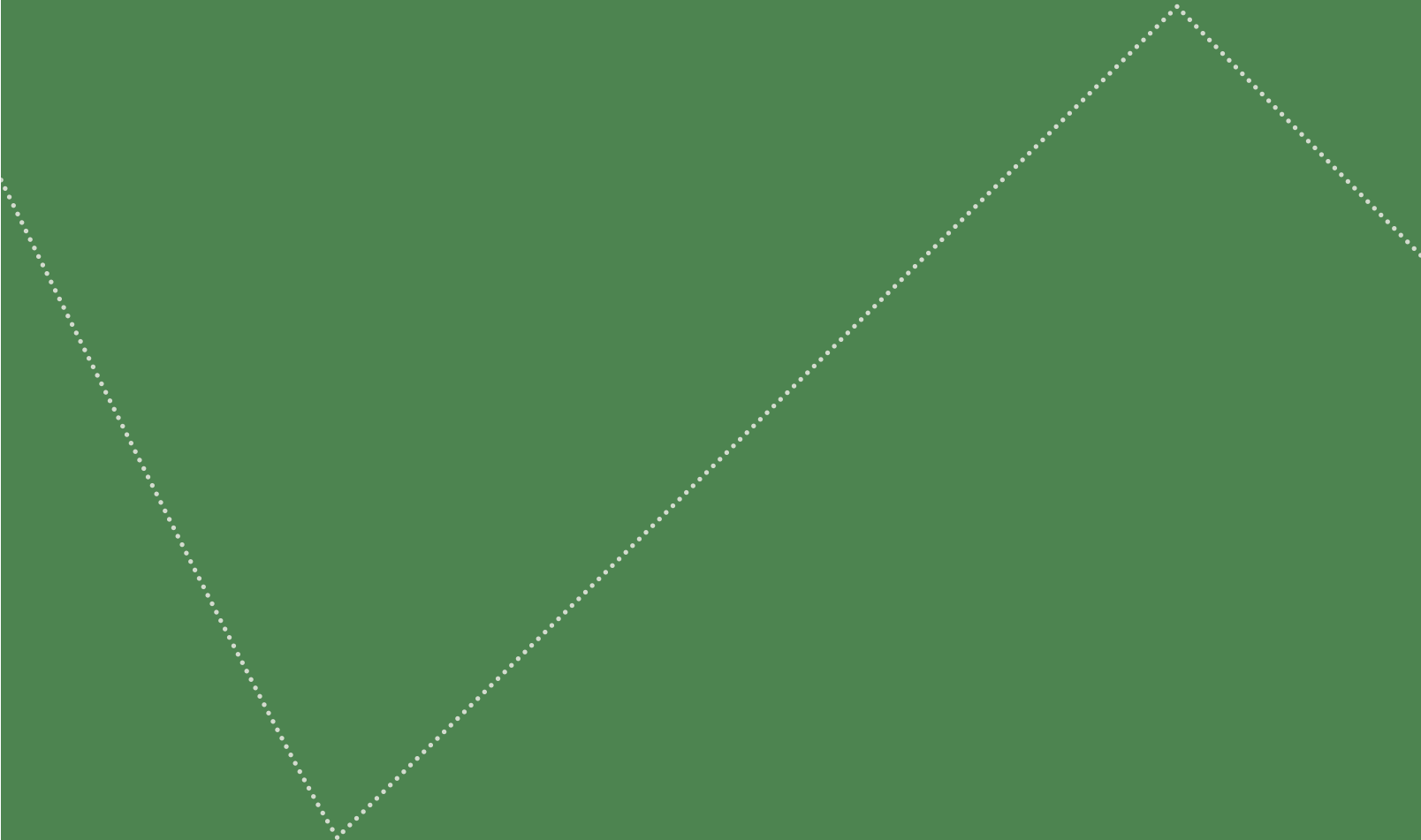
**100%** SATISFACTION  
GUARANTEED

THE RIGHT GEAR  
AND BEST ADVICE

**10%** ANNUAL MEMBER  
REFUND\*

**Store Locator**  
Locate an REI store near you.

**Sign Up for REI Gearmail®**  
And get 15% off selected items.



**REI BRAND AUDIT**



## REI

Seattle, WA

# The Company

**Recreational Equipment, Inc. (REI)** and its subsidiaries operate as a national outdoor retail cooperative dedicated to inspiring, educating and outfitting its members and the community for a lifetime of outdoor adventure and stewardship. REI was founded in 1938 by a group of Pacific Northwest mountaineers seeking quality equipment and is committed to promoting environmental stewardship and increasing access to outdoor recreation through volunteerism, gear donations and financial contributions. REI has 131 retail stores located throughout the United States. They sell high-end gear, clothing, and footwear (including private-label goods) for outdoor activities, such as climbing, kayaking, and skiing, as well as for hiking, bicycling, and camping. The company also repairs gear, and it sells merchandise online and through catalogs. Its travel service, REI Adventures, offers outdoor activity trips all over the world. And REI is the nation's largest consumer cooperative, with more than 5 million members.

## STATISTICS

Industry: Retail – Specialty

HQ Location: Kent, WA

Year Founded: 1938

Type of Organization: Cooperative

Total US Employees: 10,389

Total Employees outside the U.S.: 1

Fortune 100: Rated #69 of 100 Best Companies in 2014

**“We inspire, educate and outfit for a lifetime of adventure and stewardship.”**

– Duy T.

REI Outdoor Programs and Outreach Manager





## The Brand Promise

REI's online and retail co-op strategy provides a **one-stop shopping experience for the outdoor enthusiast** for all their outdoor needs; including sale products, rental equipment and repair. Their stores are designed to provide an exciting and interactive experience. REI offers workshops to help educate the general community. And they provide outdoor travel and environmental stewardship opportunities.

By getting the members more involved in REI activities, the act of shopping at the store becomes more than just a purchasing activity; it is an activity where the members feel part of the REI brand itself. This experience is unique to REI.

REI exemplifies environmental stewardship, including its carbon-neutral travel and green policies. REI concentrates on being part of the communities where it operates. REI's community and environmental involvement includes youth program support and community service, and environmental restoration projects.

Customers can become co-op members by paying a one-time fee; its privileges include getting about 10% of their annual purchases refunded in the form of patronage dividends.

In 2014, REI awarded \$4.2 million in grants to more than 300 nonprofit organizations taking care of 650 outdoor locations across the United States.

# The Target Audience

## Demographics

The profile of REI's client base tends to be fashionable young people with disposable income that are part of the middle and upper-middle class.

**Primary age range:** 18-40

**Gender:** Men (60%), Women (40%)

**Mean annual salary:** \$70,000

**Education:** Higher education (seeking or earned college degree)

**Location:** Large cities that are adjacent to vast outdoor areas/activities

## Psychographics

In general, REI customers are outdoor adventurers and environmental activists. They have disposable income that they choose to dedicate to purchasing REI products due to the consistent quality and due to REI's commitment to environmental stewardship. They enjoy having easy access to educational, adventure and stewardship activities. They are usually highly energetic and concerned about their health and wellness. They tend to share outdoor activities with friends and family. They broadcast their support of products/services within their sphere of influence. They are generally brand loyal. Ability to return products for any reason is important to these customers.



# Persona

## Chuck Sadano • “Avid Outdoorsman”

Enjoys high quality sports gear, outdoor adventures and environmental stewardship activities



Age: 35  
 Career: Marketing Executive  
 Company: Target  
 Annual Income: \$83,500  
 Marital Status: Married  
 Family Status: 2 children  
 Location: Sacramento, California

Chuck has been a long-time member of the REI co-operative, and is now looking for new opportunities. He has seen advertisements about the many travel and adventure trips that REI sponsors, and is somewhat interested. He also wants to start getting more involved with environmental sustainability in his community. He may even be able to bring some co-workers, friends and family along. There needs to be enough incentive to get him to seek these experiences with REI, versus another organization or company.

- Easily access details about specific travel opportunities
- Understand the benefits of REI travels versus other options
- Connect REI store purchases to travel payment
- Easily access details and get involved with stewardship activities

Chuck does not know about the many avenues for information at REI. He has only purchased clothing at the store, and an occasional online order. Chuck finds the many advertising emails from REI to be intrusive, therefore he does not view them to find out about activity information. He would benefit from more targeted advertisement that specifies topics of interest.

Chuck would appreciate gaining credit towards travel options with his store purchases. That would be a good incentive.

## Demographics

## Scenario

## Objectives

## Pain Points

# Market Trends

## Environmental Sustainability

REI has found its environmental stewardship approach to be aligned with the current shift in consumer purchasing trends, as more and more consumers are looking to sustainability friendly products and turning to brands that emphasize and promote natural, organic, and environmentally conscious goods. This shift in consumer behavior has thus further bolstered REI's competitive advantage. REI as a Cooperative REI incorporated is a consumer cooperative instead of a publicly traded company.

## Consumer Cooperative

## Consumer Trends

According to the Turner PR company, the current buyers trends for outdoor apparel include:

- Urban outdoor
- Sleek and compact
- Classic, tried and true designs
- Trackbacks/Pingbacks

## Sales Trends

The Outdoor Industry Association conducts annual studies of the outdoor retail industry. The latest successful sales trends they have observed are as follows:

- Innovative Merchandising
- Connecting Through Storytelling
- Promoting a Healthy Lifestyle
- Engaging Millennials
- Retail is Not Dead
- Implementing good design practices into products
- Environmental Sustainability





# Industry Placement

REI achieved record annual sales of \$2.0 billion in 2013, up 5.9 percent from \$1.9 billion the previous year. Comparable store sales, inclusive of direct to consumer sales, increased 2.9 percent. Operating income, on a non-GAAP basis, excluding charitable donations, patronage dividends and non-comparable charges, was \$153.3 million, up from \$132.6 million in 2012. Likewise, net income, on a non-GAAP basis, was \$34.5 million, up from \$26.6 million in 2012. REI is a cooperative business with more than five million active members.

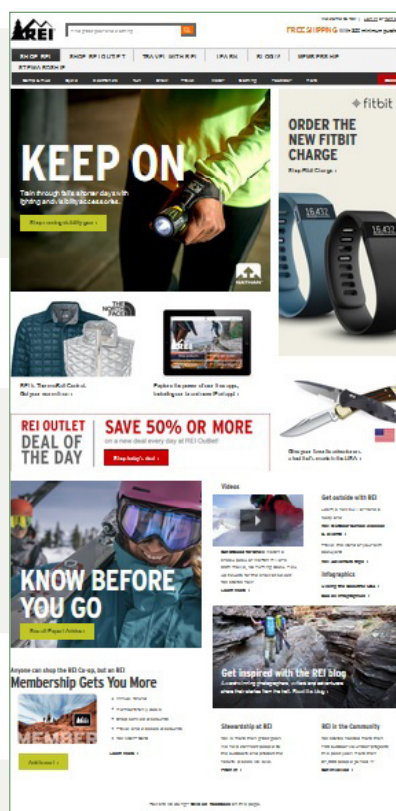
Company	Revenue
Sports Authority	\$1.71 Billion
Patagonia, Inc.	\$1.69 Billion
L.L. Bean	\$1.56 Billion

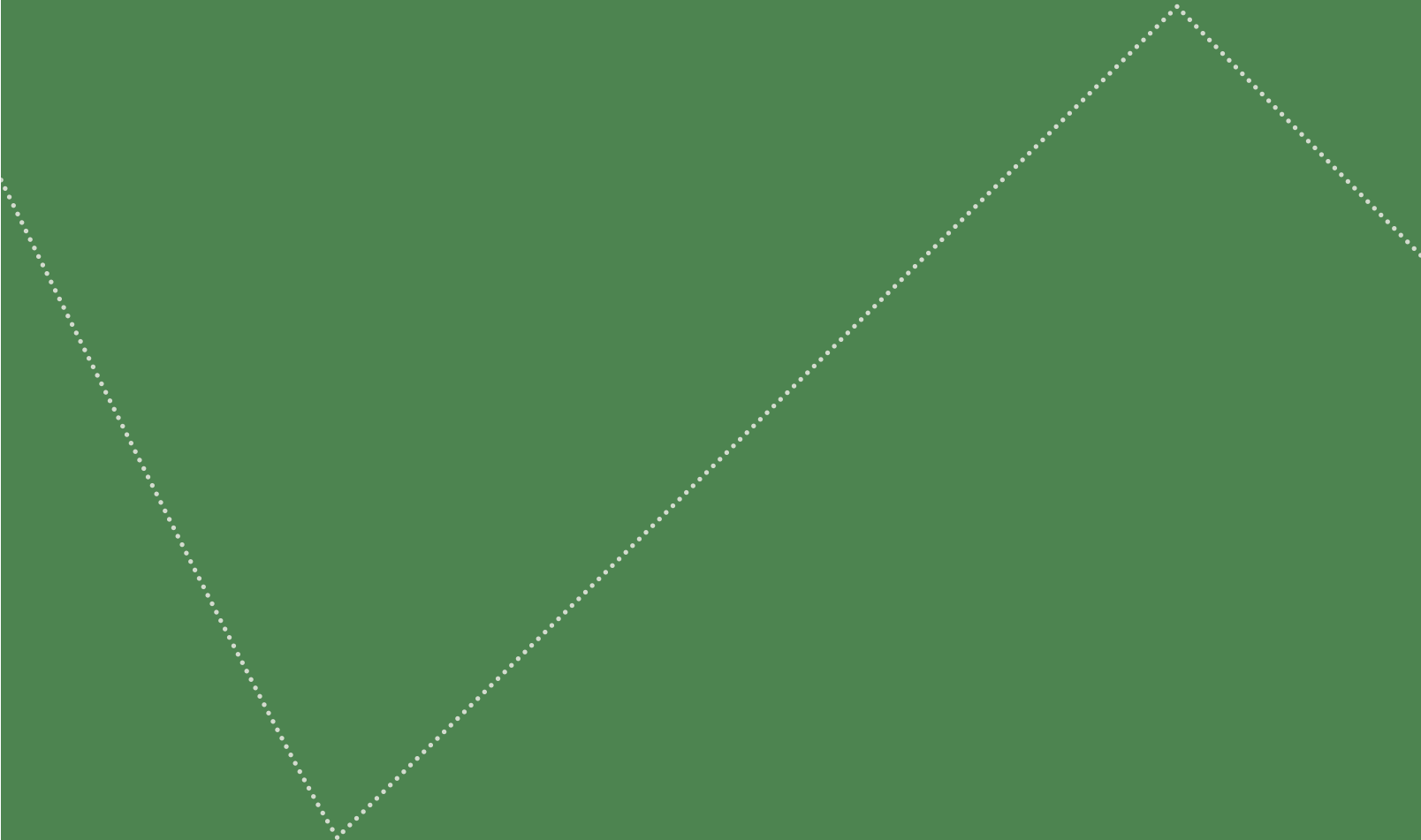
As of 2013, outdoor recreation was the *third largest industry* with \$646 Billion in sales, following the Pharmaceutical and Motor Vehicle industries.

## REI Financials for 2013

## Top 3 Competitors

## Industry Revenue





**COMPETITIVE REVIEW**



# Competitor Overview

## The Competitors

As shown in the *Industry Placement* section, the top three companies to REI, within the sporting goods industry are:

- L.L. Bean
- Sports Authority
- Patagonia, Inc.

Each of these companies carry a significant market share and have quality products and services. This section provides general industry information, specifics about each competitor, and a comparison of REI to these competitors.

## Industry Outlook

According to Hoovers, the sporting goods growth rate is as follows:



- Sports equipment accounts for 65 percent of industry revenue; clothing, 20 percent; and footwear, 10 percent.
- Demand: Tied to consumer income and demographics
- Need good merchandising and marketing
- Risk: Economic health affects spending on non-essentials

## Industry Challenges

The retail sporting goods industry has many challenges, including:

- Large discounters have added sports departments.
- Large sporting good chains have added specialty products and brands.
- Any slowdown in the economy impacts discretionary income and consumers' willingness to buy sporting goods.
- Purchases are very seasonal.
- The US sporting goods industry competes for attention with leisure diversions like TV, movies, the Internet, and especially video games.
- Merchandise should reflect the needs of the local customer.

## Industry Trends

Sportswear has become a hot commodity among US consumers. Retailers are attracting new customers by buying into the trend. The market for casual workout attire — a style that has been dubbed “athleisure” — has ballooned to \$68 billion in 2014, according to The Wall Street Journal. Industry analysts expect another 50 percent increase by 2020, when the market could be worth as much as \$100 billion.



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# L.L.Bean

## L.L. Bean Review

### Company Overview

**L.L. Bean, Inc.** has been a source for quality apparel, reliable outdoor equipment and expert advice for over 100 years. Founded in 1912 by Leon Leonwood Bean, the company began as one-man operation. The company has grown to a global organization with annual sales of **\$1.56 billion**. L.L. Bean is a privately held, family-owned company headquartered in Freeport, Maine.

### Target Market

Target Market:

- Generally upper-middle-class college graduates.
- Consumers who prefer to shop via catalog or online.
- Mail catalogs to more than 160 countries.
- Operate 80 retail and outlet stores in Japan and China.

### Strengths

Product and Service strengths:

- Famous customer service
- Liberal return policies and perpetual replacement of the shoe soles
- Offer seminars and events (such topics as fly fishing, sea kayaking)
- Exemplary global catalog and online ordering

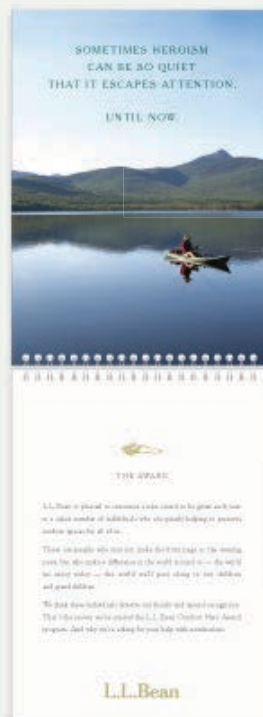
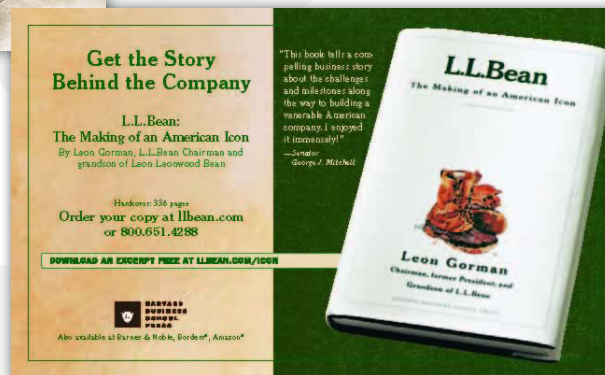
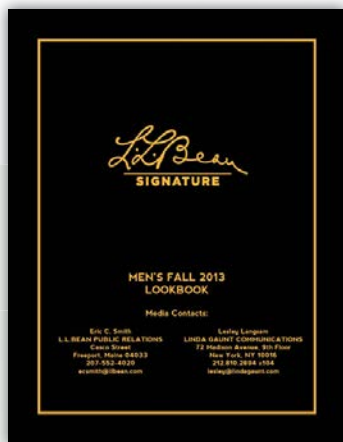
### Weaknesses

Product and Service weaknesses:

- Very few retail store locations
- Limited learning offerings in very few locations

## Examples of L.L. Bean advertisements:

## L.L. Bean Collateral





## Sports Authority Review

### Company Overview

**Sports Authority** is headquartered in Englewood, Colorado. A top US sporting goods chain (with about 465 stores in 43 states and Puerto Rico), Sports Authority sells a full line of sports and fitness equipment, bikes, athletic shoes, and apparel, with a focus on premium brands. It also rents skis and snowboards, operates an online store, and has shops in Japan. Founded in 1928, the firm is owned by Leonard Green & Partners. The estimated sales for 2014 are \$1.71B.

### Target Market

Target Market:

- National (All 50 US states and Asia)
- Metropolitan areas with a population of just over 1 million
- Types: Individual Participants, Parents, League Representatives, Independent Team Coaches, School Athletic Coaches and Directors, Sports Performance Businesses

### Strengths

Product and Service strengths:

- Focus on premium brands
- Ski and Snowboard rentals
- Online store
- Sports team sponsorships

### Weaknesses

Product and Service weaknesses:

- No sports/outdoors training offered to customers
- Company is split up into different segments with multiple parent or partner companies, for inconsistent marketing

## Sports Authority Collateral

Examples of Sports Authority logo, advertisements, website and store layout:



# patagonia<sup>™</sup> Patagonia Review

## Company Overview

**Patagonia, Inc.** designs and markets rugged clothing and accessories to mountain climbers, skiers, surfers, and other extreme sports enthusiasts and environmentalists who are willing to pay for the Patagonia brand and its environmental ethic. Founded in 1979, and based in Ventura, California, Patagonia operates about 30 retail stores in the US, as well as more than 60 stores in Europe and Asia. They have nearly doubled its revenues during the past five years, reaching \$1.69B in sales.

## Target Market

Target Market:

- Eco-conscious customer base
- Extreme sports enthusiasts
- Highly-educated
- Upper-Middle to Upper-class income bracket

## Strengths

Product and Service strengths:

- Strive to make 100% recyclable, landfill-free products
- Donate 1% of sales to green causes and tracks their eco-impact
- Premium quality, high fashion, environmentally sustainable products
- Liberal return and repair policy

## Weaknesses

Product and Service weaknesses:

- Very few retail store locations
- No sports/outdoors training offered to customers
- High pricing keeps customer-base limited



Examples of Patagonia advertisements:

## Patagonia Collateral

