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# Green Marketing Impact on a Company's Success: Studying the Case of Patagonia

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Dissertation written under the supervision of Professor Boris Durisin

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# **Green Marketing Impact on a Company's Success: Studying the Case of Patagonia**

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## **Abstract**

The increased demand for products with low environmental impact has increased the number of green marketing campaigns released during the last years. However, the impact of green marketing in companies' performance is not clear. It mainly depends on the company's characteristics and the perceived honesty of their green claims. Thus, the present study aimed to analyze the impact of green marketing in a particular company, Patagonia. Patagonia is recognized as a pioneer in corporate environmentalism. Besides, several certifications attest the company's efforts to reduce its environmental footprint as sincere. An online questionnaire assessed individual characteristics identified in the literature as profiling green consumers. This was answered by 112 Patagonia's consumers and 91 non-consumers familiar with the brand. Results indicated that the characteristics profiling green consumers seem to predict well whether a respondent is a consumer of the brand or not. Indeed, Patagonia's consumers are more similar to green consumers than others. Thus, their purchases are driven by environmental values. As environmental products with greater exposure are likelier to be purchased by green consumers, the present study concludes that Patagonia's green marketing campaigns are contributing to the company's success. However, it is also highlighted that green marketing mainly affects Patagonia's consumers' decisions, when choosing between companies with comparable quality. Indeed, quality is the first driver influencing consumer's choice over Patagonia.

**Key words:** Patagonia, Green Products, Green Marketing, Success Factors, Green consumers' profile.

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## Resumo

A crescente procura de produtos com um baixo impacto ambiental resultou num aumento do número de campanhas de marketing verde lançadas nos últimos anos. Contudo, o impacto destas campanhas na performance das empresas não é claro. Este depende, maioritariamente, das características da empresa e da honestidade percebida das suas campanhas verdes. Por conseguinte, o presente estudo tem como objectivo analisar o impacto do marketing verde no sucesso de uma empresa específica, a Patagonia. A Patagonia é reconhecida como pioneira na introdução de preocupações ambientais. Além disso, várias certificações atestam os esforços desta empresa em reduzir o seu impacto ambiental como sinceros. Um questionário on-line avaliou várias características identificadas na literatura como delineando o perfil de consumidores verdes. Este foi respondido por 112 consumidores da Patagonia e 91 não-consumidores familiarizados com a marca. Os resultados revelaram que as características que descrevem o perfil dos consumidores verdes prevêm correctamente se um participante é consumidor da marca ou não. Consequentemente, foi possível concluir que os consumidores da Patagonia assemelham-se mais ao perfil de consumidores verdes que os não-consumidores. Assim, as suas compras são influenciadas por valores ambientais. Como os consumidores verdes tendem a adquirir produtos promovidos por campanhas de marketing verde, o presente estudo conclui que as estas campanhas estão a contribuir para o sucesso da Patagonia. Contudo, também é evidenciado que o marketing verde só influencia a escolha dos consumidores nas decisões entre empresas com qualidade comparável. A qualidade continua a ser o factor mais importante na decisão dos consumidores considerados.

**Palavras-Chave:** Patagonia, Consumidores Verdes, Marketing Verde, Factores de Sucesso, Perfil dos consumidores Verdes

## Résumé

La demande accrue de produits ayant un bas impact sur l'environnement a augmenté le nombre de campagnes de marketing vert sorties pendant les dernières années. Cependant, l'impact du marketing vert dans les résultats des entreprises n'est pas évident. Il dépend, principalement, des caractéristiques de l'entreprise et de l'honnêteté perçue par leurs prétentions vertes. Ainsi, ce mémoire vise l'analyse de l'impact du marketing vert dans une entreprise particulière, Patagonia. Patagonia est identifiée comme une des premières entreprises présentant des préoccupations environnementales dans sa stratégie. Différentes certifications attestent les efforts de la Patagonia pour réduire l'impact de ses activités sur l'environnement comme sincères. À partir d'un questionnaire en ligne fut évaluées les caractéristiques des individuels identifiées dans la littérature en tant que profile de consommateurs verts. Ceci a été répondu par 112 consommateurs et 91 non-consommateurs familiarisés avec la marque. Les résultats ont indiqué que les caractéristiques profilant les consommateurs verts semblent prédire bien si un répondant est un consommateur de la marque en question ou pas. En effet, les consommateurs de la Patagonia sont plus semblables aux consommateurs verts que d'autres. Concluant ainsi que leurs achats sont conduits par des valeurs environnementales. Comme les produits verts possédant une plus grande exposition sont plus susceptibles d'être achetés par les consommateurs verts, alors, le présent mémoire conclut que, les campagnes de marketing vertes de Patagonia contribuent au succès de l'entreprise. Cependant, on doit également souligner le fait que le marketing vert influence seulement les décisions des consommateurs, en choisissant entre entreprises ayant la même qualité. En effet, la qualité est le premier conducteur influençant le choix final des consommateurs de la Patagonia.

**Mots-clés:** Patagonia, Consommateurs Verts, Marketing Vert, Facteurs de Succès, Profil des Consommateurs Verts

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## 1. INTRODUCTION

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Environmental concerns have been changing the business world during the last years. The increase number of researches highlighting the dangerous consequences of environmental problems has changed consumers' perceptions on the topic. People started to gain conscious that their consumption choices have a direct impact on the current environmental problems (Laroche, Bergeron and Barbaro-Forleu, 2001). Hence, they started imposing pressures on organizations to offer products that do not harm or even protect the environment beyond what is already enforced (Korten, 1995). Indeed, the consumers' market for green products is expected to be valued at \$845 billion in 2015, a growth of approximately 267% since 2009 (Delmas and Burbano, 2011).

To respond to consumers demands, an increased number of companies started offering products with reduced environmental impact. This is attested by the increasing number of green marketing campaigns released worldwide. However, the extent to which green marketing campaigns grant companies with a competitive advantage depends on the levels of involvement and honesty placed in their communications. In fact, green marketing can also be extremely risky if not introduced in the correct way. Consumers tend to reject green claims perceived as false or misleading, seriously damaging the company's reputation (W. McDaniel and H. Rylander, 1993). Besides, even though consumers are increasingly worried with the environment, some of them are not translating these concerns into regular purchases of green products (Walker, 2013). Hence, no clear conclusion seems to exist on the impact of green claims on a company's performance. The result much depends on the company considered and the context where it operates.

Even though an increasing number of studies analyzing green marketing exist, few empirical researches have been conducted to verify its practical impact on specific companies' success. Thus, the main topic the present study focused on analyzing was:

***Green Marketing impact on a company's success:***

***Studying the case of Patagonia***

Several reasons justify the company chosen to be studied. Patagonia, a for-profit American company that mainly sells clothes for outdoors' sports, has been introducing practices to reduce the environmental footprint of its operations since its foundation. Indeed, the company is identified by several as a pioneer in corporate environmentalism (Fisk, 2010).

Besides, Patagonia has presented huge growth rates in the last years, not slowing down during the financial crisis. Inversely, the company was able to grow even at a more rapid pace (Wang, 2010). Between 2011 and 2013, for example, the company's revenues grew approximately 40% (Stock, 2013). If the products quality and the increased interest of the population with sports seem to partially explain this success (Global Sportswear Sector, 2014), they do not fully grasp the high growth rates.

Coincidentally or not, in the end of 2011, Patagonia strengthened the communication of green concerns to its consumers by releasing two green marketing campaigns, with high buzz in social media. One of them, entitled "Do not buy this jacket", even discouraged consumers from buying the company's products. This is a quite uncommon strategy since few for-profits organizations are willing to take the risk of asking their consumers not to buy their products to protect the environment.

Hence, the high growth presented by Patagonia in the last years seems to be somehow a result of these green marketing campaigns. However, no empirical study exists verifying this effect. Thus, this study aimed to verify the impact of environmental concerns, communicated through green marketing campaigns, in Patagonia's success. This was achieved by comparing Patagonia's consumers' with the profile of green consumers identified by previous studies. In order to assess Patagonia's consumers' profile, an online survey was distributed to a group of consumers and a group of non-consumers, to investigate major differences among them in the characteristics analyzed. Indeed, if it is possible to state that Patagonia's consumers are driven by environmental values, one can conclude that the company is being able to attract green consumers, which is contributing to its success.

The present study is structured as follows. The next section reviews some important concepts and the relevant literature used to profile consumers of green products. The third section provides a general analysis of Patagonia. The fourth section sets out the methodology used to collect the relevant data. The fifth section analyzes the main results of the study. This is followed by a discussion section, to comment the results and conclude about the green marketing campaigns impact on Patagonia's success. After, the seventh section highlights the main limitations and implications of this study. Finally, the last section summarizes the important conclusions reached.

## 2 LITERATURE REVIEW

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Environmental problems such as climate change, resource scarcity, pollution, habitat destruction, among others, shape our world nowadays and are evolving at a really rapid pace, which results and consequences are even more severe than what was predicted years ago (Pacala and Socolow, 2004). Several articles written by scientists, activists and even managers have been outlining this problem and the disastrous consequences that the environmental crisis can bring to the world. All these articles together with several documentaries on the topic have changed the population's perceptions and knowledge about the environmental conditions (Walker and Wan, 2011). People started to gain conscious that their consumption choices have a direct impact on the current environmental problems (Laroche, Bergeron and Barbaro-Forleu, 2001). Consequently, consumers' behaviors and lifestyles have changed to adopt higher environmental concerns in their daily life, shifting from an almost inexistent topic to a frequent one (Walker and Wan, 2011).

However, whether these increasing concerns with the environment are translated into environmental purchases is still a debatable topic. For example, a study conducted by Cone communications in the USA, concluded that 71% of consumers considered the environment when making their purchases. However, from these, 61% confessed they did not do this regularly (Walker, 2013). Concluding, even though consumers are aware of the environmental problems and impacts, many of them do not translate these concerns into regular purchases of green products (Walker, 2013).

Nonetheless, the new trend that can definitely be evoked is that a higher number of consumers are purchasing green products (Vernekar and Wadhwa, 2011). First, it is important to highlight that the term green in the present study, also denominated as environmentally friendly or pro-environmental simply indicates worry with the environment (Shrum, McCarty and Lowrey, 1995). Defining green products is not an easy task since all products potentially have a negative impact on the environment, even if minimal (Yorulmaz, 2016). Hence, past studies generally define green products as those with low environmental harm or, more specifically, as products whose manufacturing, transportation and communication processes use specific materials and techniques aiming to reduce their environmental impact (Pickett-Baker and Ozaki, 2008). Recent studies indicate that the number of consumers who buy or look for green products has exponentially increased in the last years. For example, a Mintel organization study concluded that the number of consumers searching for greener alternatives

more than tripled in the new millennium (Vernekar and Wadhwa, 2011). On contrary, the number of consumers who never have bought a green product has decreased more than half (Vernekar and Wadhwa, 2011). Besides, the consumers' market for green products was expected to be valued at \$845 billion in 2015, a growth of approximately 267% since 2009 (Delmas and Burbano, 2011).

These new expectations and demands of consumers increased pressures on the organizations to protect the environment, primarily because their operations have been identified as one of the main causes for the environmental problems the world is facing today (Korten, 1995). One of the main causes of the environmental crisis was the overconsumption of natural resources and, amongst all sectors, industrial companies display the highest per-capita consumption of these resources (Tanner and Kast, 2003). As a result, the number of products marketed as environmentally friendly as well as the number of organizations with an active role in environmental protection has increased (Jansson, Marell and Nordlund, 2010). For example, the concept of Corporate Environmental Responsibility, referring to the moral duty organizations have to reduce their environmental footprint (Hossain and Chowdhury, 2012), is becoming globalized and being introduced by almost every big company in the world. Indeed, companies introducing this concept in their strategy have been able to increase their stakeholders' satisfaction and improve their corporate image (Freeman, 1994).

The role of companies in protecting the environment goes far beyond the existent regulations and government impositions in order to meet the demands of stakeholders (Walker and Wan, 2011). Some researchers argue that private firms only protect the environment to comply with different regulations introduced. However, nowadays, some companies sincerely recognize they are part of a bigger community. Therefore, they started to behave in a more environmentally friendly way, trying to achieve environmental objectives besides profitability ones (W. McDaniel and H. Rylander, 1993). Thus, many firms are introducing environmental protectionism activities on a voluntary basis (Jinji, 2013).

Despite the voluntary adoption of environmental protectionism actions being a wide spread concept, there are still some theories defending that organizations should not engage in environmental activities beyond what is already enforced by the law. One of those theories, the Shareholder theory, defends that managers should only respond to shareholder's value, being their only social obligation increasing the company's profitability (Banerjee and Bonnefous, 2011). Nevertheless, even according to this theory, companies should engage in

environmental activities if it helps increasing its profits. Since some studies argue that a stronger commitment to reduce environmental harm can lead to a higher financial performance and profitability (Molina-Azorín, Claver-Cortés, D. López-Gamero, and J. Tarí, 2009), it is beneficial for several organizations to engage in environmental behaviors even according to this theory. Indeed, several organizations only introduce environmentally friendly activities in order to improve their performance and achieve higher profitability (Ramus and Montiel, 2005).

Therefore, given the increasing number of firms introducing environmental concerns in their activities, several changes were adopted in the way businesses are organized and also in how organizations communicate with their consumers. These changes are translated into product modifications, changes in the production process, packaging changes, among others (Polonsky, 1994). Since the 1980s, when environmental problems started to become a real issue in consumers' orientations and behaviors, new concepts were introduced regarding the way companies should communicate with their consumers in a more environmentally friendly way, like the concept of green marketing.

## ***2.1 Green Marketing***

Environmental problems are highly influencing companies' operations and activities (Baker, 2003). Companies feel the need to follow and adapt to the changes in the consumers' environmental concerns and to the new regulations introduced in terms of environmental protection (Shrivastava, 1994). Consequently, environmental concerns are starting to be part of several companies' strategy and culture (Polonsky, 1994). When doing this, companies often adopt one of these two perspectives: either they include environmental concerns in their marketing campaigns or they become environmentalists without promoting it (Polonsky, 1994). The fact that consumers have low ability in identifying green products unless companies make green claims in their communications (Pickett-Baker and Ozaki, 2008) justify the high number of firms promoting environmental concerns in their marketing strategy - the concept of green marketing arose.

The concept of green marketing started to be heavily studied by researchers and experts during the 1980s and the 1990s. However, similar notions were introduced before. A similar concept was discussed by Kotler that presented four main considerations of marketing: consumers' wants, consumers' interests, company's requirements and social welfare. The social welfare marketing consideration already attributed to the organization the obligation of

worrying with its operations environmental impact (W. McDaniel and H. Rylander, 1993). As the perceptions of the environmental conditions have become a greater problem, above the scope of a single society and with a global, rather than local focus (Baker, 2003), this definition evolved, giving place to the green marketing concept.

Yet, defining green marketing is not a simple task. Green marketing can also be denominated as Environmental Marketing or Ecological Marketing (Polonsky, 1994). Several researchers have studied this concept and different definitions arose. Some describe green marketing as the communication and advertisement of an environmentally friendly product or simply as the attempt to target the environmental consumer (Vernekar and Wadhwa, 2011). According to this definition, the capacity to label a product as environmentally friendly is unlimited since with few standards and modifications, all products can be seen as green (Vernekar and Wadhwa, 2011). Several other, more complete definitions were also introduced defining green marketing as all the activities designed to identify, anticipate and satisfy the consumers' wants in a sustainable way and to facilitate the communication of these products satisfying consumers' needs with minimized impact on the environment (Polonsky, 1994; Baker, 2003). According to this definition, which is going to be used throughout the rest of the present study, green marketing is a complex issue which deals with different concepts inside an organization, from operations management to Corporate Social Responsibility (Yorulmaz, 2016). The main aims of green marketing are to inform consumers about the green attributes of a product, increase positive perceptions over environmentally friendly companies, and motivate purchases of green products (Pranee, 2010; D'souza, Taghian and Khosla, 2007). Therefore, in order for green marketing campaigns to be successful, firms must include them as part of their marketing mix (Yorulmaz, 2016).

Based on the previous definition, there are two main strategies companies can adopt when communicating environmental concerns. The first corresponds to a more defensive strategy, meaning, companies that do the minimum in adopting and communicating environmental concerns just to avoid negative consequences. This includes complying with the regulations or introducing minor modifications in their activities (W. McDaniel and H. Rylander, 1993). Usually, this strategy does not result in an improvement neither on the company's image nor on its profitability (W. McDaniel and H. Rylander, 1993). The other is called as an assertive strategy. This approach involves going beyond what is currently enforced by regulations or expected by consumers, meaning, having an active role in the environment protection, by

trying to reduce the firm's impact on it (W. McDaniel and H. Rylander, 1993). This strategy is likelier to grant the organization with a competitive advantage (Wells, 1990).

However, studies show that consumers do not always rely on company's communications of environmental concerns. In general, consumers tend not to verify the real greenness of a product based on the company's claims but rather through scientists or environmental groups (M. J. Bonini and M. Oppenheim, 2008). These concerns are usually justifiable. Several studies have found evidences that a great share of the firms' environmental concerns' communications is false or misleading (M. J. Bonini and M. Oppenheim, 2008). Communicating concerns with the environment can be a powerful source of competitive advantage for several organizations (Azzone and Bertele, 1994; Porter and Van der Linde, 1995). Hence, some companies, acknowledging this opportunity, have communicated themselves as green, despite having a poor environmental performance, in an attempt to gain credibility in the marketplace (Oliver, 1991). The discrepancy between what the company communicates in terms of environmental concerns and what the company actually does to reduce its environmental footprint is known as greenwashing (Walker and Wan, 2011).

As a consequence, consumers tend to be careful when evaluating companies' green advertisements. They are usually able to identify false attempts to protect the environment and reject companies which communicate environmental concerns in an insecure, inaccurate or incomplete way (W. McDaniel and H. Rylander, 1993). Similarly, companies that benefit the most from green marketing are those that have tried to solve real problems introducing activities beyond what is enforced or expected (W. McDaniel and H. Rylander, 1993).

Nonetheless, even when getting advice from experts, consumers have generally incomplete information regarding the environmental impact of products (Brécard et al., 2009). They have to search in order to gather such information, which is a time-consuming and potentially costly process. Besides, environmental information of a product might not be fully available or, even if consumers find it, they might not be able to interpret it (Brécard et al., 2009). As a consequence, several studies have proved that consumers' decisions to buy environmentally friendly products are influenced by the way companies communicate with them (Pickett-Baker and Ozaki, 2008). Usually, green products with greater exposure and awareness are likelier to be purchased by green consumers, if communicated in a sincere way (Ottman, 1998). Indeed, in order for green marketing to grant a source of competitive advantage, companies must recognize their products environmental implications and communicate the

activities they are currently introducing to reduce their environmental impact (W. McDaniel and H. Rylander, 1993). These increase consumers' trust on the companies' claims and might result in positive outcomes.

Current studies show that between 2009 and 2010 the number of green marketing campaigns increased more than between 1989 and 1990. This confirms a rise in the demand for green products despite the economic crisis (Small Business Sustainability Report, 2013). The increasing demand is reflected in the broader number of companies, operating in different sectors, using green marketing to communicate with their consumers (Carlson, Grove and Kangun, 1993; Iyer and Banerjee, 1993). Contrarily, studies do also predict that companies that do not protect the environment will most probably suffer a decrease in their market share (Miller, 1990).

Concluding, green marketing effect on companies' success is not clear. Indeed, green marketing will only grant a source of competitive advantage if companies communicate their efforts in the protection of the environment honestly with their consumers. Thus, green marketing is not only altruistic; it can also contribute to an increase in the company's profitability if fully integrated in its marketing mix (W. McDaniel and H. Rylander, 1993). As an example, some researchers concluded that companies introducing sincere green marketing claims in their marketing mix are increasing their global market share (Yorulmaz, 2016).

## ***2.2 Profile of Green Consumers***

Green marketing campaigns have allowed several researchers to study and conclude on the profile of green consumers, also referred to as environmentally friendly consumers. Green consumers are usually defined as those who display concerns with the environmental impact of their behaviors and try to reduce it through the purchase of green products (Haws, Winterich and Naylor, 2011). Therefore, they tend to buy products from companies that communicate to them through green marketing campaigns (Yorulmaz, 2016). Many authors agree that the characteristics profiling green consumers are also suitable to define the modern consumer. This explains the increasing demand for green products by highlighting an overlap between characteristics defining modern and green consumers (Haanpää, 2007).

According to these studies, the profile of green consumers is defined by three main theories and global traits of individual characteristics, which include: Values, Beliefs and Norms; Price Sensitiveness and Knowledge. Moreover, there are other factors that might influence the consumer choice over environmentally friendly products, such as their demographic

characteristics. However, there is no consensus on the impact of these on consumers' choices in the current literature.

### ***2.2.1 Values, Beliefs and Norms theory***

One of the theories developed to profile green consumers (Pickett-Baker and Ozaki, 2008), is based on the analysis of the environmental values, beliefs and norms that influence the consumers' preferences to act pro-environmentally (Stern, 2000). Based on this, the value-belief-norm theory (VBN; Stern, 2000) has been developed and validated in several different contexts and markets such as household energy use, conservation behavior and car use reduction (Poortinga, Steg and Vlek, 2004; Kaiser, Hubner and Bogner, 2005).

According to this theory, values are defined as traits that strongly influence one's judgement on whether a given attitude or action is good or acceptable (Pickett-Baker and Ozaki, 2008). Therefore, environmental values play an important role in the green consumption decisions by helping consumers to realize that purchasing green products is the acceptable and desirable action to take (Reser and Bentrupperbaumer, 2005; Stern, 2000).

Several individually held values were identified in the literature as influencers of green products consumption. Some of these values are more general in nature and others are specifically related to the environmental concerns. The general traits that are most likely to influence pro-environmental purchases are social-altruism, individualism – associated with values such as power and achievement (Kim, 2011) - and collectivism – associated with values such as benevolence and universalism (Kim, 2011). Similarly, the environmental values that have a higher impact on influencing green purchases are importance/concern and inconvenience (I. M. De Groot and Steg, 2008; Stern, 2000; Amyx et al., 1994; McCarty and Shrum, 1994). While social-altruism, collectivism and importance/concerns are said to have a positive impact on the propensity to purchase green products, individualism and inconvenience were concluded to have a negative impact on it (Nordlund and Garvill, 2002; Amyx et al., 1994; McCarty and Shrum, 1994).

Individualism refers to how much a person values him/her. Individual people tend to guarantee they remain distinct even though being part of a group (Laroche, Bergeron and Barbaro-Forleu, 2001). Consequently, they will mainly consider costs and benefits of green behaviors for themselves. Thus, they will only purchase green products when the perceived benefits are higher than the perceived costs (Jansson, Marell and Nordlund, 2010). They usually look at the short-run. Since it is unlikely that green purchasing would lead to short

term benefits, individualistic people tend not to purchase green products (Haanpää, 2007). Conversely, collectivistic people value cooperation, helpfulness, and tend to consider first the objectives of the group in detriment to their own. Therefore, these people tend to be friendlier to the environment since its destruction impacts the well-being of the collective group they belong to (McCarty and Shrum, 1994). The idea of self-altruism is related with collectivism since individuals with high social-altruistic values will usually take their green consumption decisions based on perceived costs and benefits for the society (Jansson, Marell and Nordlund, 2010).

Finally, importance/concern, related to the environment, will be defined in this study as the extent to which individuals display environmental concerns, meaning, if individuals look at environmental problems as important to them or the society in which they live (Amyx et al., 1994). Throughout the rest of the report, importance/concerns would be simply referred to as Importance. If the importance is high, this is said to have a positive impact on one's propensity to buy green products (Laroche, Bergeron and Barbaro-Forleu, 2001). On the other hand, inconvenience refers to how inopportune it is for the individual to behave in an environmentally friendly way (Amyx et al., 1994). The more consumers perceive as inconvenient to act in environmentally friendly ways, the lower the propensity to buy green products (Laroche, Bergeron and Barbaro-Forleu, 2001).

Other values also influence individuals' decisions to purchase green products. However, their impact has not been highly developed in the current literature. Nonetheless, it is said that people more open to new ideas and with higher levels of fun/enjoyment, for example, are likelier to purchase green products (Westley and Vredenburg, 1991; Laroche, Bergeron and Barbaro-Forleu, 2001).

A similar conclusion was encountered regarding people's beliefs, since beliefs shape the nature of behaviors people take (Pickett-Baker and Ozaki, 2008). Particularly, environmental beliefs correspond to people's perceptions of environmental problems, meaning, whether people believe that environmental conditions are a serious problem that should be addressed or not (Pickett-Baker and Ozaki, 2008). Therefore, VBN theory has concluded that individuals with strong pro-environmental beliefs are likelier to purchase green products (Pickett-Baker and Ozaki, 2008). The basic idea of the VBN theory is that people possessing certain environmental values are likelier to express pro-environmental beliefs which will probably lead to the purchase of environmental products (Stern, 2000). Main conclusions

show that pro-environmental values and beliefs are likelier to lead to pro-environmental purchases when the values and beliefs are specific, the green product is aligned with the consumers' interests and the product attributes are identified as green by the consumer (Pickett-Baker and Ozaki, 2008).

Finally, personal norms can be divided into moral and social norms. Moral norms, in this case, are defined as a feeling of moral obligation to act in an environmentally friendly way (Tanner and Kast, 2003). Instead, social norms are defined as a perceived social pressure to act pro-environmentally (Aertsens, Verbeke, Mondelaers and Huylenbroeck, 2009). These are considered as important motivators driving environmental purchases by several authors (e.g. Hopper and Nielsen, 1991; Stern, Dietz and Black, 1986; Vining and Ebreo, 1992). Consumers might purchase green products just because they feel morally obliged to do so or simply because they want to comply with others' behaviors, sending positive signals about their character to the society (Baca-Motes et al., 2012).

On the other hand, it is also important to highlight that just because a consumer displays some concerns with the environment, this does not necessarily mean that he/she will purchase green products. In fact, some authors have identified what is called the "value-action gap". This means that even though consumers are increasingly concerned with the environmental conditions, some of them tend not to translate their concerns into regular purchases of green products (Young, Hwang, McDonald and J. Oates, 2009; Pickett-Baker and Ozaki, 2008; Shrum, McCarty and Lowrey, 1995).

In any case, it is generally accepted that people with higher pro-environmental beliefs, values and personal norms are likelier to purchase green products.

### ***2.2.2 Price Sensitivity***

Price sensitivity refers to the consumers' reaction to prices and changes in price levels (E. Goldsmith and J. Newell, 1997). Present studies usually indicate that people with high environmental concerns are usually less sensitive to changes in the prices of green products (Tanner and Kast, 2003). Low price sensitivity means that consumers will not react much to variations in the price level, maintaining the same level of demand. Thus, price is not the main factor influencing their consumption decisions (E. Goldsmith and J. Newell, 1997).

Similarly, several researches claim that green consumers are willing to pay more for renewable energy, environmentally friendly products and products from ecologically

conscious brands (Kalafatis, Pollard, East and Tsogas, 1999; H. Schepker and Cornwell, 1991; Tilikidou and Delistavrou, 2006). Indeed, many empirical studies attest this theory. For example, a study conducted by Klein in 1990 concluded that eight in ten consumers claim they would pay more for products that are environmentally friendly (Klein, 1990).

However, more recent studies defend that green consumers will not be willing to pay more for a product just because it is environmentally friendly. Indeed, the product must deliver some additional value to justify the payment of a higher price (Manget, Roche and Munnich, 2009). Therefore, green consumers are only willing to pay more for green products, if these products are able to satisfy their needs and if the products' quality is comparable with other competitors' one (Progressive Grocer, 1990).

### ***2.2.3 Knowledge***

In general, consumers knowledge can be defined as the consumers' ability to gather and interpret important information, to select the key information influencing their decision making process and to practically use that information to evaluate a product they want to purchase (Alba and Hutchinson, 1987; Murray and Schlacter, 1990). Thus, environmental knowledge corresponds to the level of consumers' information regarding the facts and concepts related to the environment and environmental products (Pagiaslis and K. Krontalis, 2014). Nowadays, consumers, in general, have higher knowledge about the environmental problems particularly due to the effect of the Internet that disseminates information about the environmental conditions and the reliability of products marketed as green very easily (Segev, Fernandes and Hong, 2015).

Past studies showed evidence that there is a positive relation between environmental knowledge and propensity to purchase green products (e.g. Hines, Hungerford and Tomera, 1987; Tilikidou and Delistavrou, 2006). A high environmental knowledge will ultimately help consumers forming environmental opinions towards a product that can highly affect their purchasing decisions (Pagiaslis and K. Krontalis, 2014). Contrarily, consumers with low levels of environmental knowledge find more difficult to make adequate choices about which green products to acquire because they tend to feel more confused and not to understand the product real advantages (Simmons and Widmar, 1990).

Inversely, several studies concluded that a lot of knowledge about the environment might not necessarily result in more purchases of green products (Bickman, 1987; Costanzo, Archer, Aronson and Pettigrew, 1986). These studies identified a gap between high environmental

knowledge and intentions to purchase green products (Kollmuss and Agyeman, 2002; Ohtomo and Hirose, 2007). Hence, it is necessary to distinguish between several types of environmental knowledge, to overcome the gap previously described. According to the existent literature, different types of knowledge, influence differently consumers' decisions (Arbuthnot and Lingg, 1975; Hines, Hungerford and Tomera, 1987; Grob, 1995).

Environmental knowledge can be divided into two main categories, objective and subjective knowledge (Pagiaslis and K. Krontalis, 2014). Objective knowledge can still be divided into factual and action-related knowledge. Factual knowledge is defined as the real understanding of the concepts, causes and consequences of the environmental problems (Tanner and Kast, 2003). Action-related knowledge, in turn, refers to the familiarity with the preferred actions that one should take to improve the environmental conditions (Tanner and Kast, 2003). Lastly, subjective knowledge, or also denominated as perceived knowledge, corresponds to people's beliefs and perceptions about their own environmental knowledge (Park and Lessig, 1981).

Previous studies argue that high action-related knowledge is much likelier to drive purchases of green products than high factual knowledge (Tanner, Kaiser and Kast, 2004; Tanner and Kast, 2003; Tilikidou and Delistavrou, 2006). This means that people who know which actions to take in order to minimize their impact on the environmental destruction are likelier to engage in green purchases than people who are only conscious about the problem.

Nonetheless, subjective knowledge is said to have the highest impact on predicting consumers' willingness to purchase green products, higher than any of the types of objective knowledge considered (Ellen, 1994). This happens because, if consumers believe they are knowledgeable about environmental problems, whether in reality they are or not, they will be more motivated to search for green products, in order to remain consistent with their perceived knowledge (Moorman, Diehl, Brinberg and Kidwell, 2004). As consumers have a need for self-consistency and to search for others with similar beliefs (Swann, Rentfrow and Guinn, 2002), there is a positive relation between having high subjective knowledge about the environment and purchasing green products (Brucks, 1985; Radecki and Jaccard, 1995).

Concluding, according to past researches, the best predictors of one's green products purchases are action-related and subjective knowledge, with this last playing the most important role in profiling green consumers.

#### ***2.2.4 Demographic Characteristics***

Demographic characteristics, such as gender, age, education, marital status and income are very easy to analyze and therefore they often play a major role in segmenting the market or profiling the consumers preferring a given product (Balderjahn, 1988). Several studies, however, have found that demographic characteristics are not good predictors of one's propensity to purchase green products (Iversen and Rundmo, 2002; Tilikidou and Delistavrou, 2006; Diamantopoulos, Schlegelmilch, R. Sinkovicsdand and M. Bohlen, 2003).

Indeed, different studies conclude on different demographic characteristics attributable to green consumers. Even though there is a general agreement that consumers of green products tend to be women, young, well-educated and coming from urban areas (Gatersleben, Steg and Vlek, 2002; Minton and Rose, 1997), studies exist also against this hypothesis. For example, some studies found that environmental purchases are not income related (Jolibert and Baumgartner, 1981). Others have concluded that green product purchases are more common amongst people above fifty years old or even men (D'Souza, Taghian and Khosla, 2007).

Concluding, demographic characteristics do not have a high impact when defining the profile of green consumers (Jansson, Marell and Nordlund, 2010).

#### ***2.2.5 Characteristics to Be Analyzed in this Study***

As aforementioned, the main objective of this study is to assess whether or not, Patagonia's green marketing campaigns and environmental concerns, are contributing to the company's success. For that, a comparison between a group of Patagonia's consumers and the profile of green consumers identified in the literature is going to be made.

Consequently, in order to rigorously assess this, only the impact of the traits where a general consensus amongst the current literature exists is going to be studied. Hence, given the analysis performed before, the main characteristics considered for the present study analysis are divided in four main categories: General Values; Environmental Values, Beliefs and Norms; Price Sensitivity and Environmental Knowledge and are presented in Table 1.

**Table 1** Characteristics to be analyzed in this study

	Characteristic	Justification
General Values	<b>Individualism</b>	Individualistic values have a negative influence in one's propensity to buy green products. Hence, if Patagonia's consumers are less individualistic than others, one might conclude that they are green consumers.
	<b>Collectivism</b>	Collectivistic values have a positive influence in one's propensity to buy green products. Hence, if Patagonia's consumers are more collectivistic than others, one might conclude that they are green consumers.
Environmental Values, Beliefs and Norms	<b>Importance</b>	Importance related to the environment has a positive impact on green purchases. Hence, if Patagonia's consumers place higher importance on environmental issues than others, one might conclude that they are green consumers.
	<b>Inconvenience</b>	Inconvenience related to the environment has a negative impact on green purchases. Hence, if Patagonia's consumers perceive as less inconvenient to act pro-environmentally than others, one might conclude that they are green consumers.
	<b>Beliefs</b>	Consumers with strong pro-environmental beliefs are likelier to purchase green products. Hence, if Patagonia's consumers present stronger pro-environmental beliefs than others, one might conclude that they are green consumers.
	<b>Personal Norm</b>	Several consumers only decide to buy green products because they feel a moral obligation to do so. Hence, if Patagonia's consumers feel more morally obliged to care with environmental issues than others, one might conclude that they are green consumers.
Price Sensitivity	<b>Willingness to Pay</b>	Individuals who buy green products are usually willing to pay more for them, if the quality is comparable to the main competitors' ones. Hence, if Patagonia's consumers are more willing to pay a higher price for a green product than others, one might conclude that they are green consumers.
Environmental Knowledge	<b>Subjective Knowledge</b>	Subjective knowledge is identified, amongst all knowledge types, as having the highest influence in one's propensity to buy green products. Hence, if Patagonia's consumers have higher subjective knowledge than others, one might conclude that they are green consumers.
	<b>Action-Related Knowledge</b>	Amongst the two types of objective knowledge, action-related has the highest influence in one's propensity to buy green products. Hence, if Patagonia's consumers have higher action-related knowledge than others, one might conclude that they are green consumers.

### **3 PATAGONIA'S CASE**

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#### ***3.1 Company Overview***

Patagonia was founded by Yvon Chouinard in 1973 as a small, private owned company that produced clothes and equipment for climbers. The company's headquarters are located in Ventura, California and the current CEO is Rose Macario (Patagonia.com, 2016). Nowadays, the company has grown and has a worldwide presence, with retail stores in North America, Europe, South America, Japan and other Asian countries. Even though its presence in the USA and Japan is already relatively strong, with 30 and 22 retail stores respectively, Patagonia still has a weak presence in the European and South American market, with only 8 and 7 retail stores respectively (Patagonia.com, 2016). Unlike its competitors, Patagonia sells their products mainly through their own retail stores at a premium price, avoiding discount retailers to sell it at a lower price in the end of the season (Hegnar, 2012).

The company worries in producing high quality products by using the best materials and experts in the production process (Waddington, 1999). Products are produced overseas by third parties. There are more than 20 factories worldwide producing Patagonia's products the majority of which located in Asia or Latin America (Patagonia.com, 2016).

Even though climbing continues to take an important place in the heart of the business, Patagonia diversified its business scope, starting selling garment for other outdoor sports such as skiing, snowboarding and surfing, and even started to operate in different categories such as food (Patagonia.com, 2016). Patagonia still sells a large portion of its products through catalogs, where consumers can place their orders by mail. Nowadays, the company also strongly relies in online sales, a growing segment in its distribution chain (Waddington, 1999).

Patagonia's target market is not really restrictive in terms of demographics. The company sells clothes for men and women of any age. Even though broad, the company is able to meet the needs of the different segments. Instead, the company's main efforts are to attract people passionate about outdoor sports or with high environmental concerns (Rose, 2012).

Patagonia has more than 1 350 employees (Welch, 2013), the majority of which hired through informal networks such as friends, relatives, colleagues, etc. The objective is to have employees that are consumers of the product, meaning people that enjoy spending as much time as possible outside with nature. Due to these ideals, Chouinard has introduced in the

company's daily routine, a "Let my People Go Surfing" time, where during a period of any work day, employees can go outdoors and practice any activity of their choice (Patagonia.com, 2016). For these reasons, the company does not rely on the most common hiring methods such as advertisements in journals, job fairs or headhunters. Instead, the company accepts taking the risk of hiring people that fit its internal values, but do not have outstanding qualifications (Chouinard, 2005).

In 2013, Patagonia reported \$575 million in sales (Stock, 2013). Patagonia's sales have been growing every year and were not affected by the financial crisis of 2008. In contrary, its sales even increased during this time of recession, being 2009 and 2010 the two best years of the company in terms of revenues until then (Wang, 2010). In 2010, sales equaled \$340 million, representing an approximate 8% increase from 2009 (Wang, 2010). Between 2009 and 2013, Patagonia's sales increased approximately 76%. A lot of reasons might explain the company's success in these years of economic slowdown. These reasons are explained later in this study.

### ***3.2 Patagonia's Industry and Competition***

Patagonia mainly sells clothes to outdoor sports, operating in the broad sportswear industry. In 2013, the sportswear industry accounted for 15% of the total clothing market and its revenues were valued at \$244 billion (Marketwire, 2013). Given the increase concerns of world population with health and the realization of sports as an activity improving individuals' quality of life, in the last years, the sales of sportswear have been increasing (Global Sportswear Sector, 2014). After a slowdown due to the 2008 crisis, the clothing industry started presenting positive growth rates again in 2011 mainly due to the strong power of the sportswear market. The sportswear revenues grew approximately 6.9% between 2012 and 2013 (Global Sportswear Sector, 2014).

The sportswear is a very fragmented industry. There are a lot of competitors and possibilities for new organizations to enter the industry (The Business of Fashion, 2014). The market is expected to continue to grow steadily until 2019 at a CAGR of approximately 4%, which will potentially attract new firms (Forbes.com, 2016). The biggest players in the market are Nike, Adidas, Puma and Reebok. Despite being the market leader, the market share of Nike in 2012 was only 4.5%, highlighting the high fragmentation of the industry (Forbes.com, 2016).

Patagonia, unlike the big companies identified before, targets a niche market in the sportswear industry. It does not sell clothes for all sports. Instead, it focuses only on selling clothes to outdoor sports that involve spending time with nature. Even though some of the firms

previously mentioned are strong competitors of Patagonia as they offer similar products, they have a much broader scope. Hence, direct comparisons cannot be done between them. Consequently, in order to draw more reliable conclusions, a narrower industry analysis was performed. In a narrower perspective, one can conclude that Patagonia operates in the Hiking and Outdoor Equipment Industry - NAICS Code OD4378. Retailers in this industry sell mainly hiking and outdoor sports supplies (IBISWorld, 2015). Thus, the main products sold by retailers operating in this industry range from apparel and footwear to equipment aiming to facilitate the practice of outdoor activities.

The industry's revenues in 2014 equaled \$4 billion representing a 3.3% increase from 2013. The revenues are expected to further increase in the next years, at a CAGR of 2.9% (IBISWorld, 2015). The rise in the interest with outdoor activities and the increased importance attributed to sports justify this expected growth. Contrasting with the general sportswear industry, the Hiking and Outdoor Equipment Industry is much concentrated. Despite being composed by 3 150 businesses, the four biggest players account for 78.3% of the industry's revenues (IBISWorld, 2015). Hence, Patagonia has three main competitors that operate in the same narrow industry: The North Face, Recreational Equipment Inc. and Eastern Mountain Sports (IBISWorld, 2015).

Recreational Equipment Inc. and Eastern Mountain Stores are retailers that sell products from other brands. Inclusively, both of them sell some Patagonia's products. However, they are identified as top players in the industry because they have developed their own outdoor gear line with high success - REI and EMS, respectively (NYMag.com, 2011). Even though similar, REI is bigger and offers a broader variety of products than EMS (NYMag.com, 2011)

The main competitor of Patagonia is The North Face. Founded in 1968 by Douglas Trompkins, the company also sells clothes and equipment to outdoor sports (Knoelke, 2015). The design, quality and price of the products are similar between these two brands (Ryan, 2014). Nonetheless, Patagonia's prices and quality are often perceived as higher by final consumers. Other similarities can also be encountered when analyzing the two companies in terms of social policies. Both companies are known for their ethical treatment of workers and are transparent in business ventures (Ryan, 2014).

The main difference between the brands comes in terms of revenues. The North Face has much higher revenues, being the leader company in this industry. Its revenues equaled \$2 billion in 2013, against the \$575 million of Patagonia (Knoelke, 2015). However, The North

Face revenues are growing at a slower pace. Between 2011 and 2013, The North Face global revenues grew approximately 18% contrasting with the 40% increase in Patagonia's ones (Maheshwari and Burritt, 2012; Reporting.vfc.com, 2014). Patagonia does not aim to reach The North Face's value of revenues, even though presenting outstanding growth rates. Indeed, the company prefers to focus on increasing its environmental concerns before achieving higher profitability (Ryan, 2014). The fact that its products are not sold in several discount stores around the world is a strategy taken to protect the environment but raises difficulty in increasing awareness on the company's products, for example (Patagonia.com, 2016).

Similarly to Patagonia, The North Face also displays some environmental concerns on its corporate strategy. As an example, the company is currently using recycled polyester in 80% of the products produced (Kaye, 2014). Nonetheless, Patagonia is clearly outshining The North Face, in terms of environmental protection. In 2000, The North Face was acquired by VF, one of the world's largest apparel companies, publicly traded. Hence, the primary interest of The North Face is profitability contrasting with Patagonia – a privately owned company - that does not give primacy to profits over environmental protection (Ryan, 2014). This is reflected in the marketing strategy of both companies. While Patagonia communicates with its consumers through green marketing campaigns, The North Face relies on the traditional marketing techniques to advertise its products (Ryan, 2014). The main similarities and differences between the two companies are summarized in the Table 2.

**Table 2** Comparison: Patagonia vs The North Face

	Main Strengths	Main Weaknesses	Revenue 2013	Growth (11/13)
<b>Patagonia</b>	Products' quality Company's Culture Environmentally Friendly Low employee turnover	Not as easily accessible as other brands Limited sales channels High Prices (Higher than The North Face)	\$575M	40%
<b>The North Face</b>	Products' Quality Company's Culture High awareness and popular at a global scale	Poor marketing strategies to new products Lower environmental focus High Prices	\$2B	18%

As can be observed in the table above, Patagonia's revenues, between 2011 and 2013 grew approximately 40% whereas The North Face's revenues only grew 18%. The revenues increase in both companies' is much higher than the industry average. In this same period, two highly innovative green marketing campaigns were released by Patagonia. Therefore, understanding Patagonia's actions to protect the environment might help explaining the high success the company reached during the last years.

### ***3.3 Patagonia and Environmental Protection***

Patagonia's culture has been shaped by the values of its founder. 4 core values describe Patagonia's business: Quality, Integrity, Environmentalism and Innovation (Patagonia.com, 2016). These are translated into the production of simple, useful, high quality products with low environmental impact, not following fashionable trends. Still today, more than forty years after the company's foundation, the core values that shape the business remain unchanged (Patagonia.com, 2016). As aforementioned, these values also include a strong concern with the environment, what can be attested simply by looking at the company's mission statement: *"to build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis"* (Patagonia.com, 2016).

Even though being a for-profit organization, Patagonia's business model is completely different from the others. The company does not give primacy to profits over other important values such as trying to find solutions for the current environmental crisis (Patagonia.com, 2016). Nonetheless, profit and growth are still two important objectives (Wang, 2010).

As Patagonia grew, Chouinard became more aware of the environmental impact of his company's activities and started to look more carefully on the operations to find ways to decrease the company's environmental footprint (Wang, 2010). This has led to the introduction of green supply chain management in the company, meaning, the integration of environmental concerns in the different steps of the supply chain, including, product design, supplier selection, manufacturing processes, communication of the products to consumers, among others (Sundarakani et al., 2010). Indeed, Patagonia is considered to be one of the earliest pioneers in corporate environmentalism (Fisk, 2010). Corporate environmentalism is defined, in this study, as the integration of environmental concerns in the company's strategic plans, actions and supply chain (Banerjee, S. Iyer and K. Kashyap, 2013).

Patagonia clearly fits this concept. The company introduced environmental concerns in many daily activities, from the selection of raw materials to the analysis of what consumers do with the products after its use. To illustrate this, several practices introduced by Patagonia to reduce its environmental impact are presented below.

In terms of production, several important practices were introduced. In 2006, the company started to use recycled polyester and organic cotton in the production process. The introduction of these materials had positive environmental impacts since, for example, 20 000 liters of water per kilogram of cotton used were saved (Patagonia.com, 2016). Additionally,

Patagonia decided to reduce the number of factories in its supply chain by one third (Chouinard, 2005). This measure was meant to increase the internal communication between the different factories and the headquarters in order to ensure that the environmental policies were being applied everywhere. Besides, when choosing which factories will produce the company's products, Patagonia assesses their environmental and social performance to ensure that it is up to the company's standards (Patagonia.com, 2016).

Moreover, Patagonia also introduced environmental concerns in the way it communicates with external stakeholders. In 2001, the company has decided to donate time, services and 1% of its sales revenues, each year, to environmental non-profit organizations, a campaign called, "1% for the Planet" (Wang, 2010). Besides, the company uses its environmental knowledge to provide advice services to other organizations aiming to introduce some environmental protectionism policies in their own chain of production (Wang, 2010).

In 2007, Patagonia launched the "Footprint Chronicles" website to bring transparency into their supply chain. This platform allows consumers to learn more about the company's products (Patagonia.com, 2016). The company discloses information about the farms where the raw materials are collected from as well as the factories where the products are produced (Patagonia.com, 2016). Hence, this increases consumers trust on the company claims.

More recently, Patagonia has strengthened the communication of environmental concerns to its consumers through highly innovative green marketing campaigns. In 2011, the company launched the "Worn Wear" program where it encouraged consumers to return all their used products for recycling. Besides, through this program, Patagonia offers free repair to the clothes and equipment damaged with a lifetime guarantee. If the product has no possibility to be repaired, the company recycles its materials in the production of new products (Hegnar, 2012). Patagonia has also closed a partnership with eBay, to convince consumers to sell their used products online rather than throwing them away, and started even to sell used merchandise at its own stores (Ryan, 2014). Also in 2011, the company has released a very innovative green marketing campaign, denominated "Do not buy this jacket" which tries to discourage consumers to buy new products, unless they have an absolute need for it.

In 2012, the company was certified as a B Corp. Benefit Corporation is a certification granted to for-profit organizations that meet rigorous standards of social and environmental performance (Bcorporation.net, 2016). Besides, 33 out of all Patagonia's products are granted with a Fair Trade certification, also aiming to identify products with low environmental harm

(MacKinnon, Owen and Crouch, 2015). These classifications grant that Patagonia's green marketing campaigns' are perceived as credible and trustworthy amongst consumers.

Even though the production process is not completely harmless to the environment, all these practices previously described have granted Patagonia with a worldwide strong reputation of an environmentally friendly enterprise.

### ***3.4 A Green Marketing Example: "Do not Buy this Jacket"***

During the Black Friday of 2011, the first Friday after the Thanksgiving Day in the USA, Patagonia released an unexpected marketing campaign. The Black Friday is the day that marks the beginning of the Christmas' shopping season and where retailers offer heavy discounts and special deals for some products, incentivizing consumerism (Phung, 2007).

Patagonia, during this day, placed a full-page ad in The New York Times in which they challenged people to buy less, instead of incentivizing consumerism, including of their own products (AdWeek, 2011). The main goal of the campaign was to reduce Patagonia's footprint in the environmental crisis. The reasoning behind it was that the company is only going to be able to reduce its environmental harm if people start consuming less (Patagonia.com, 2016). By recognizing that their production process is not completely harmless to the environment - since for example, during each product's production, 135 liters of water are used -, Patagonia asked their consumers not to buy its products, through the campaign "Do not buy this Jacket" (AdWeek, 2011). This campaign continued to be used in the following years and quickly started to be applied for all the company's products.

Ultimately, the company hoped that if the consumers had a need to buy a new product their choice would fall on Patagonia. However, revenues growth was not the aim of the company. Indeed, several experts considered the campaign as very risky and with potential negative impacts on the company's revenues (AdWeek, 2011).

The results in the next years were highly positive. Just in 2012 Patagonia's sales increased almost one third, to \$545 million (Stock, 2013). Between 2011 and 2013, the company's sales increased 40% (Stock, 2013). Nevertheless, no direct connection between these results and the environmental campaigns can be done, since no analysis exist showing Patagonia's consumers care for environmental issues. Indeed, Chouinard believed that, in the eyes of consumers, the company's attractiveness was mainly a result of the high quality products produced and not of environmental concerns (Gasperini, 2013).

This campaign, together with the Worn Wear program, had a lot of buzz and impact on the social media, more than any other Patagonia's campaigns. By analyzing consumers' reactions, one can conclude that almost all consumers trusted the company's claims as a true attempt to protect the environment. Nonetheless, some minority groups of consumers interpreted this as a greenwashing strategy of Patagonia meaning, a tactic the company used to increase its profits by communicating concerns with the environment but not really addressing them.

Taking the definition of green marketing adopted in this study, Patagonia's ad can be clearly described as a green marketing campaign taking an assertive approach. Patagonia is going far beyond what is enforced by existent regulation in an attempt to reduce its environmental footprint. Besides, the campaign was able to gain the trust of the majority of the consumers by communicating concerns with the environment in a trustful way, recognizing the product negative implications.

### ***3.5 Problem to Be Analyzed***

Patagonia's efforts to protect the environment are recognized by all the consumers. However, the extent to which it contributes to the company's growth has not yet been deeply assessed. In the last years, the company has strengthened the communication of environmental concerns to its consumers through green marketing campaigns such as the "Worn Wear" or the "Do not buy this jacket". These campaigns had a high buzz in the social media.

Also, between 2011 and 2013, less than two year after these programs, Patagonia's revenues grew approximately 40%, clearly outshining the industry's overall growth. Additionally, the company was also able to grow more than its direct competitor The North Face which, during the same period, grew approximately 18%.

Hence, it seems that some additional factors, besides the increase popularity of outdoor sports, are explaining the company's growth in the most recent years. The previously described green marketing campaigns seem to be the most reasonable explanation for this. However, no direct relation can be inferred as no study exists proving this relationship.

Consequently, the main aim of this study is to prove that the green marketing campaigns are significantly contributing to Patagonia's success. In the next sections, an analysis of Patagonia's consumers will be performed to assess whether they are driven by environmental values – and hence, influenced by green marketing campaigns - or not.

## 4 METHODOLOGY

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### *4.1 Design*

The main aim of this report is to verify if the green marketing campaigns are contributing to Patagonia's success. In order to confirm it, this study searched for a fit between Patagonia's consumers and the profile of green consumers identified in the literature. Indeed, if one can verify that Patagonia's consumers' purchases are influenced by environmental values, it is possible to conclude that green marketing is contributing to the company's success.

As Patagonia's products are generally more expensive than its competitors and consumers are only willing to pay more for green products if they have comparable quality (Manget, Roche and Munnich, 2009), Patagonia's success is not entirely a consequence of the company's environmental concerns. Hence, there are other factors influencing consumers' choice. Before deepening the main analysis of this study, an identification of the company's most important success factors was made through a qualitative analysis. This consisted on a deep research over online reviews on the company's website, Facebook, several blogs, and visits to stores in Paris that sell comparable products from competitors' brands to understand better what influences consumers purchasing decisions. After the identification of four main success factors, the main study of this report was conducted.

To reach the objective of the study, an online questionnaire was administered to two different groups, a group of Patagonia's consumers and a group of non-consumers that were familiar with the brand. In order to find a fit between Patagonia's and green consumers, the main differences between the two groups in the characteristics evaluated were analyzed. To validate that environmental marketing campaigns impacted the company's success, Patagonia's consumers must possess more strongly the characteristics identified in the literature as profiling green consumers than non-consumers. Therefore, respondents in both groups were sent the same questionnaire to study the same characteristics. It was important to guarantee that non-consumers were familiar with the brand and Patagonia was easily accessible to them, in order not to account for potential contextual barriers, meaning, consumers that do not buy Patagonia just because they do not know the brand.

An online questionnaire was the method chosen to collect the necessary data. First of all, Patagonia is not extremely popular amongst European consumers. The majority of Patagonia's consumers are American, where the brand has a stronger presence. Therefore, given the high geographical distance from main consumers, this was the most efficient tool to

gather the necessary data. Besides, this is a method that does not require any investment and offers different techniques to develop the survey, not easily accessible offline (R. Evans and Mathur, 2005). Finally, it allows tracking and analyzing responses of individuals easily and is able to reach a high number of people in a relatively short time (Ilieva, Baron and Healey, 2001).

#### ***4.2 Questionnaire Method***

A structured questionnaire was distributed to gather the necessary data for this research (Appendix 1). The questionnaire was divided into three main sections. However, before the main analysis, a question to test respondents' familiarity with the brand was presented, and the questionnaire ended for those answering they were not familiar with Patagonia.

The first section measured individual characteristics identified in the literature as profiling green consumers. The characteristics evaluated were nine: Environmental Beliefs, Importance, Inconvenience, Personal Norms, Individualism, Collectivism, Willingness to Pay, Subjective Environmental Knowledge and Action-Related Environmental Knowledge. The choice of the characteristics was already justified in the literature background section of this study. Except from action-related environmental knowledge that was treated differently in the questionnaire due to its specificities, all other characteristics were studied using the same reasoning. In order to measure and profile individuals according to these eight characteristics, respondents were asked to rank 32 items in a 5-point Likert scale, with end points 1="strongly disagree" and 5="strongly agree", according to their level of agreement with each item (McLeod, 2008). A quantitative scale was chosen because it is believed that individual characteristics are best measured with multiple items rather than single open questions, which might reduce respondents' motivation to answer the questionnaire (Vernekar and Wadhwa, 2001). The different characteristics were evaluated by four items each (Appendix 2), aiming to classify the profile of the respondent, in each construct, as low or high. The items evaluating one characteristic were mixed up with others in the questionnaire so that the respondents could not understand the purpose of the study, biasing the results. Besides, items were included alternating between positive and negative forms to assess the attention of the respondents since some people answer the questionnaire without reading and always agreeing with everything or always choosing the extremes due to cultural reasons (Sauro, 2011).

The majority of the items used to evaluate each characteristic were adapted from previous researches to fit the purpose of this study (e.g. Laroche, Bergeron and Barbaro-Forleu, 2001;

McCarty and Shrum, 1994; Pickett-Baker and Ozaki, 2008; Tanner and Kast, 2003; Minton and Rose, 1997; D'Souza, Taghian and Khosla, 2007). This was done to guarantee the significance and relevance of the items in measuring the general characteristic, as they were already validated. Besides, other scales were also applied. To measure individuals' collectivism and individualism, a converging scale was implemented (Triandis and Gelfand, 1998), since it is referred as extremely complete to evaluate these traits.

The environmental action-related knowledge received a different treatment and analysis. Being action-related knowledge the degree to which consumers know which actions to take in order to decrease their environmental footprint (Tanner and Kast, 2003), the best way to analyze it, is by testing consumers real knowledge about which actions are more efficient in protecting the environment. Hence, five different questions were constructed to test consumers' action-related knowledge. Questions were mainly related with clothing, since this is the main market where Patagonia operates. An example of a question used was: "One can trust that products with "Sustainable Forestry Initiative" certification are environmentally friendly" (Appendix 3). These questions took a True or False approach where only one answer was correct. If the answer was correct, respondents were granted with 1 point. Inversely, if the answer was wrong, respondents were granted with 0 points. In the end, the sum of all the points was made to analyze consumers result in terms of environmental action-related knowledge, with values ranging from 0 to 5. The higher the final result was, the higher the environmental action-related knowledge of each respondent. This method was adapted from several previous researches in order to increase the reliability of the analysis (e.g. Laroche, Bergeron and Barbaro-Forleu, 2001). However, the questions were not suitable for this case, since there is no study in the current literature focused on understanding the knowledge of consumers regarding which green clothes to buy. Therefore, the questions were adapted from past reports to the context of the present study, complemented with information from additional research (Living Green, 2008; Greenchoices.org, 2016).

The second section of the questionnaire measured respondents' knowledge of the brand, and some shopping habits, comprising seven questions (Appendix 1). The first three questions were multi-itemed with two options – yes or no. The first question aimed to understand respondents' perceptions of Patagonia's green claims. The second asked whether the respondent was a consumer of the brand or not. This was the question dividing the respondents in two groups. The following questions in this section were not answered by non-consumers since they were just targeting consumers' perceptions. For example, the third

question of this section aimed to know if consumers had already bought a jacket from the company. This was important to assess for the analysis of the success factors' that is going to be conducted ahead in this study. The next three questions were multi-itemed with five options, aiming to understand the reasons why consumers have chosen Patagonia and to gather information about some shopping habits of Patagonia's consumers – such as frequency of purchases and last-shopping experience. The last question of this section was aimed to compare consumers' perceptions of Patagonia with the company's main competitor, The North Face, in terms of quality. Respondents were asked to rank the quality of each company, according to their own opinions, in a 1 to 10 scale.

Finally, the third and last section of the questionnaire measured some demographic characteristics: age, gender, income level, education, marital status and nationality (Appendix 1). Even though demographic characteristics are asked in the questionnaire, they are not going to be deeply analyzed, since studies predict that they have low ability to profile green consumers. Consequently, the survey was answered by everyone with no demographic restrictions.

### ***4.3 Sample***

#### ***4.3.1 Pre-test***

A pre-test was conducted with seven management students before submitting the online survey, to ensure the feasibility and relevance of the questions. Some minor linguistic changes were applied in light of the feedback received from the pre-test participants. Besides, initially, each characteristic was supposed to be evaluated based on six items, for a total of 48 items. After understanding that the survey was too long based on the feedback from the respondents, the final decision to use four items to evaluate each characteristic was taken. This was also consistent with several previous studies that use only three items to evaluate each characteristic (e.g. McCarty and Shrum, 1994). The group of respondents was composed by seven management students, who had already or are currently writing their Master Thesis, using a similar tool in their studies. They were contacted via Facebook through a private message asking for their participation in the pre-test.

#### ***4.3.2 Sample***

The data was collected based on a convenience sampling method, meaning, by reaching consumers that are relatively easy to be found on the internet but not only restricting to people known by the author (Taylor, 2016). The final survey was sent to the respondents through two

different online channels: Facebook and Forums. To find Patagonia's consumers, the Facebook page of the brand was used, and a private message was sent to 586 random people, that had posted or liked the brand page, asking for their participation in the survey together with the link to access it (introductory messages are presented in Appendix 4). Additionally, the survey was posted in 15 forums dedicated to the discussion of different outdoors gears, where Patagonia had already been mentioned (the list of forums where the survey was posted is presented in Appendix 5). Non consumers were also found using the same tools, in a more general way, guaranteeing only that respondents were familiar with the brand. The survey was accessed by 482 participants with a total of 235 people fully completing it. From these, 32 answered that they were not familiar with Patagonia and therefore only 203 answers were validated to be studied, corresponding to a response rate of approximately 42%. Inside the group of final respondents, 112 (55%) were consumers of the brand and 91 (45%) were not consumers but familiar with Patagonia. As the survey was developed online, no missing data was encountered because it is possible, with this tool, to make responses mandatory for all the questions. The average response time was 7 minutes.

As demographic characteristics do not have any consensual effect in profiling green consumers, no restrictions were added in terms of who could answer the survey. Nonetheless, homogeneity in the demographic characteristics between the group of consumers and non-consumers was preferable to avoid any possible context risks. Respondents in the consumers' group were mainly men (70%), single (57%) with an age range between 20 and 39 years old (66%), American (65%) and with superior education degrees (approximately 84% of the respondents had at least a Bachelor or Associate Degree). Similarly, respondents in the non-consumers group were mainly men (60%), single (69%), with an age range between 20 and 39 years old (74%), American (53%) and with superior education degrees (approximately 77% of the respondents had, at least, a Bachelor or Associate Degree).

A chi-square test was conducted to verify if significant differences existed between the consumers and non-consumers groups, in terms of gender, age, marital status and education level. For all the factors considered, the level of significance was higher than 0.05, meaning that no statistically significant differences were encountered (Appendix 6).

Concluding, the groups of consumers and non-consumers respondents were quite comparable and homogeneous in terms of demographic characteristics; even though some differences were found (detailed information on the demographics are presented in Appendix 7).

#### ***4.4 Procedures***

After gathering all the data, this was inserted in SPSS to perform a thorough analysis. First, the different items were labelled consistently with the characteristics they were meant to evaluate. All the items constructed in the negative form were reversed, to ensure a consistency of the scale measuring the different characteristics – all items reversed were identified with the letter “r” on their label (Appendix 2). The item that distinguishes Patagonia’s consumers from non-consumers, and from which the main results are to be found was inserted as a dummy variable with “1” identifying consumers of the brand and “0” non-consumers. The main analysis of the study was conducted with statistic tools such as independent sample t-tests and logistic regressions. Independent sample t-tests were performed to compare the results of two independent groups, a group of Patagonia’s consumers and a group of non-consumers. t-tests results were used to conclude whether significant differences between consumers and non-consumers exist in the different characteristics analyzed, accomplishing the main objective of this study (Pallant, 2005).

Additionally, a logistic regression was also computed. Being the dependent variable a categorical one, with only two possible values, “1” identifying consumers and “0” for non-consumers, some statistic tests such as Pearson correlations or linear regressions were not valid. The best available alternative in the presence of a dependent categorical variable is to perform a logistic regression (Pallant, 2005). Using the variables where significant differences between consumers and non-consumers were identified, a logistic regression was computed. This analysis aimed to fulfil two objectives. The first was to assess the impact of green characteristics in predicting if a respondent is a Patagonia’s consumer or not, by analyzing the “goodness of fit”. The other main objective was to find which characteristics were more significant in predicting if a respondent is a consumer of the brand.

Before the main study, an internal consistency reliability test and some basic descriptive analysis of the different characteristics were performed.

##### ***4.4.1 Reliability Analysis***

Before deepening the analysis of the results, a reliability test was conducted to ensure the characteristics internal consistency. The objective was to guarantee that all the items that compose each characteristic move together, measuring the same general construct (Pallant, 2005). If reliability was not fulfilled, the items could not be used in developing further conclusions. The indicator chosen to measure internal consistency in this study was Cronbach

Alpha. In order to be considered reliable the Cronbach Alpha of a characteristic should be above 0.7, as generally accepted by researchers (Pallant, 2005; Leech, Barrett and Morgan, 2005). The Cronbach Alpha for the eight characteristics that were evaluated in this study with a Likert Scale was computed. Each characteristic was evaluated by four items (Appendix 2) and therefore, these were pulled together to compute the final result. The Cronbach Alpha was reliable, higher than 0.7, for five of the eight characteristics chosen (Table 3): Importance (0.877), Inconvenience (0.910) – with really good internal consistency reliability – Willingness to Pay (0.743), Subjective Knowledge (0.717) and Individualism (0.706) – with reasonable internal consistency reliability. Reinforcing these results, the corrected item-total correlation (Appendix 8), was higher than 0.4 for all the items composing each of these five characteristics. Hence, one can infer that each item is, at least, reasonably measuring the expected characteristic (Pallant, 2005). For the remaining, the final result was lower than 0.7 and therefore they were not considered as reliable.

**Table 3** Reliability Analysis

Characteristic	Items included	Cronbach Alpha	Revaluation	Improved Cronbach Alpha
Beliefs	BEL1r, BEL2, BEL3, BEL4r <sup>1</sup>	0.636	Eliminate BEL4r	<b>0.710</b>
Importance	IMP1r, IMP2, IMP3, IMP4r <sup>1</sup>	<b>0.877</b>		
Inconvenience	INC1, INC2, INC3, INC4 <sup>1</sup>	<b>0.910</b>		
Collectivism	COL1, COL2, COL3, COL4 <sup>1</sup>	0.509	Cronbach Alpha never become >0.7	
Individualism	IND1, IND2, IND3, IND4 <sup>1</sup>	<b>0.706</b>		
Personal Norm	PN1, PN2, PN3, PN4 <sup>1</sup>	0.462	Cronbach Alpha never become >0.7	
Willingness to Pay	WP1, WP2, WP3, WP4 <sup>1</sup>	<b>0.743</b>		
Subjective Knowledge	SK1, SK2r, SK3, SK4 <sup>1</sup>	<b>0.717</b>		

However, a deeper analysis was conducted to understand the impact of removing one item in the Cronbach Alpha's result. While the Cronbach Alpha for Collectivism and Personal Norm could not be improved even with the elimination of one item, the conclusion was different for Beliefs. Indeed, Beliefs would have a final Cronbach Alpha higher than 0.7, if one of the items, labelled as BEL4r: *"I believe environmental safety is the responsibility of the*

<sup>1</sup> The details of each item are presented in Appendix 2

*government, not individual citizens*” was eliminated from the analysis. This result was further confirmed by the corrected item-total correlation value that was higher than 0.4 for all items except BEL4r (Appendix 8).

Concluding, all the characteristics analyzed were reliable, according to the Cronbach Alpha analysis, except from Personal Norm and Collectivism that did not meet the threshold. Therefore, these were not considered in the remaining study.

After, composed variables describing the six characteristics aimed to be studied were computed, as an average of the answers of each respondent to the 4 items composing each characteristic – except from Beliefs where only 3 items were considered as reliable to be analyzed. Six composed variables were created from which the main results are to be interpreted: Beliefs (BEL), Importance (IMP), Inconvenience (INC), Willingness to Pay (WP), Subjective Knowledge (SK) and Individualism (IND). All these variables value range between 1 and 5. These were analyzed together with Action-Related Knowledge (ARK) that was evaluated using a different scale, as aforementioned.

#### **4.4.2 Descriptive Analysis**

As the main objective of this study is to analyze the differences between Patagonia’s consumers and non-consumers, a summary statistics of the different characteristics - including mean, median and standard deviation - was performed separately for these two groups and is presented in Appendix 9.

The main objective of the descriptive analysis was to check the normality and the existence of outliers in the sample. Most of statistic tests are very sensitive to outliers and assume the distribution of the scores in the variables to be normally distributed. A violation of one of these two assumptions can damage the quality of the results obtained.

By doing a normality test on SPSS, that provides the Kolmogorov-Smirnov statistic results, one can check whether the distribution of the scores to one specific variable is normally distributed or not. A non-significant result – with a significance level higher than 0.05 – indicates normality in the distribution (Pallant, 2005). In this study, all the variables considered, both for the consumers and the non-consumer group, were significant, meaning, with a significance level lower than 0.05 (Appendix 9). Therefore, normality in the distribution could not be assumed. As a consequence, the statistic tests assuming normality can give some inaccurate results. To overcome this, the present study will analyze the results

using both parametric tests, which assume normality, and non-parametric tests, which do not assume normality and therefore allow more accurate conclusions. The non-parametric statistic chosen to be used was the Mann-Whitney U test. However, as the sample size in this study is considered as relatively large (n=203), if no differences between the significance level of the parametric and non-parametric tests are found, the parametric test is accepted to provide accurate results even with non-normal data (Fay and Proschan, 2010).

After, a test to check the presence of outliers was performed. First, boxplots were drawn to identify outliers. Few outliers were identified in some variables, but no extreme cases were encountered. Extreme cases are defined as points that extend more than 3 box-lengths from the edge of the boxplot (Pallant, 2005). To decide whether to maintain or remove the outliers from the study, their impact on the variable's mean was assessed. By analyzing the 5% Trimmed mean, that removes the 5% bottom and top cases and recalculates the mean of the variable, one can conclude on the impact of the outliers (Appendix 9). The difference between the mean and the 5% Trimmed mean was never higher than 0.04 for any variable considered. Consequently, the impact of the few outliers existent was concluded to be minimal and they were maintained in the analysis.

#### ***4.5 Hypotheses***

Given the analysis presented before, the main hypothesis this study is trying to prove is:

***H<sub>1</sub>: Environmental policies and marketing campaigns released by Patagonia are contributing to the company's success.***

To verify this, Patagonia's consumers should fit the literature profile of green consumers significantly better than non-consumers. Hence, a logistic regression was computed to analyze the goodness of fit of the model. If the model has a good fit it means that the characteristics identified as profiling green consumers are potentially good in predicting if a respondent is a Patagonia's consumer or not.

In order to decide which variables should be introduced in the model, several sub-hypotheses were developed and tested through independent samples t-tests. Taking into consideration the nine characteristics identified in the literature as profiling green consumers (Table 1) and the limitations encountered with the data during the preliminary analysis, where Collectivism and Personal Norm were not considered reliable, seven main sub-hypotheses were drawn:

*H<sub>1.1</sub>: Patagonia's consumers have stronger pro-environmental beliefs than non-consumers.*

*H<sub>1.2</sub>: Environmental issues are more important for Patagonia's consumers than for non-consumers.*

*H<sub>1.3</sub>: Acting in an environmentally friendly way is less inconvenient for Patagonia's consumers than for non-consumers.*

*H<sub>1.4</sub>: Patagonia's consumers are less individualistic than non-consumers.*

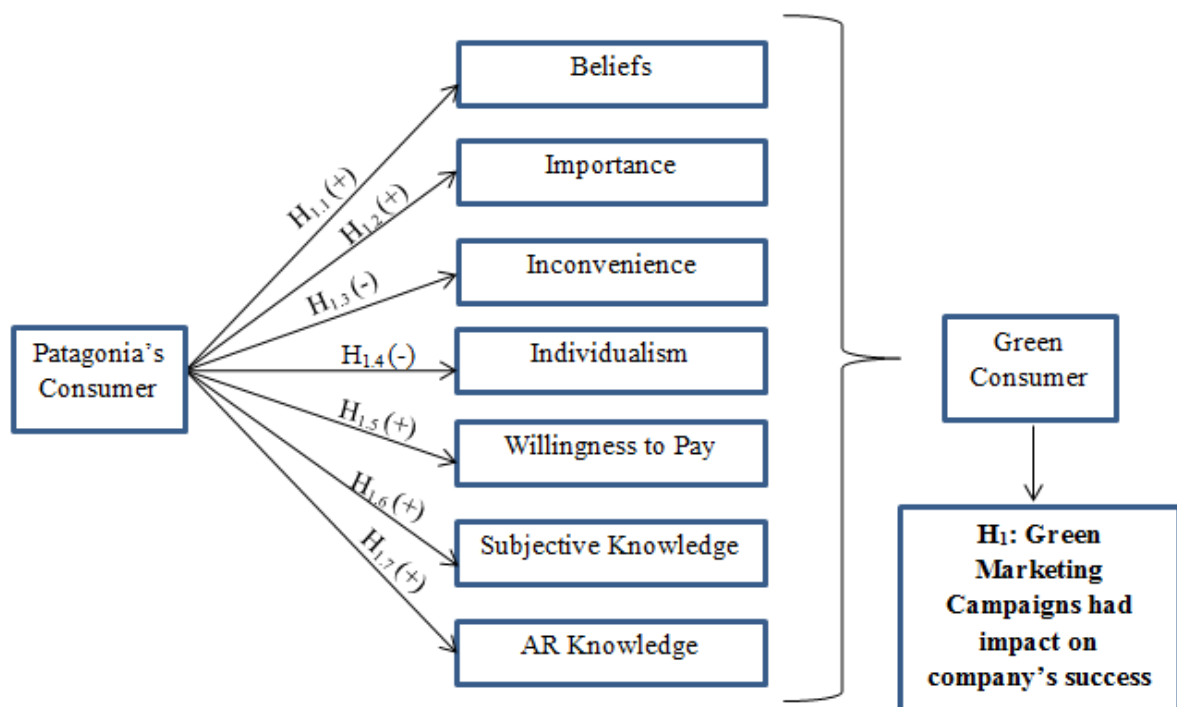
*H<sub>1.5</sub>: Patagonia's consumers are willing to pay higher prices for green products than non-consumers, if the products' quality is comparable to the main competitors' ones.*

*H<sub>1.6</sub>: Patagonia's consumers have higher environmental subjective knowledge than non-consumers.*

*H<sub>1.7</sub>: Patagonia's consumers have higher environmental action-related knowledge than non-consumers.*

If it is possible to attest the majority of these sub-hypotheses, one can conclude that Patagonia's consumers possess the characteristics profiling green consumers more strongly than non-consumers. If this is the case, one can infer that Patagonia's consumers are green consumers. As green consumers usually buy products from companies that communicate in environmentally friendly ways (Yorulmaz, 2016), the final conclusion that Patagonia's green marketing campaigns and policies are contributing to the company's success could be validated. This pattern is represented in Figure 1.

**Figure 1** Hypotheses Framework



## 5 ANALYSIS AND RESULTS

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### 5.1 *Analysis of Success Factors*

#### 5.1.1 *Qualitative Analysis*

Before analyzing in higher detail the impact of green marketing in Patagonia's success, the other main factors explaining the success of this brand are presented. This analysis was conducted in order to better understand the reasons why consumers buy Patagonia, what can help to develop more accurate conclusions.

Since the factors influencing one's purchases may vary depending on the product considered, this analysis focused on the reasons why consumers bought Patagonia's jackets, in particular, since this is one of the company's most popular products. After some deep research on the company's website, Facebook page, forums, reviews and blogs, four main drivers for consumers' choice were identified:

#### I. Multi functionality

Some consumers argue that they chose or would choose to buy Patagonia's jackets because its design and aesthetics makes it suitable to be used in different occasions, meaning, when practicing outdoor sports, which is the main target of the company, but also in their daily life. This became an important decision driver especially after the financial crisis of 2008. Indeed, in the last years, the world has witnessed a decrease in the share of income spent by households on food and clothes (Manciu, 2012), this last being Patagonia's major market. As a result, consumers start to look for options that allow them to save money, and buying a jacket that, at the same time, satisfies two needs became increasingly valuable for them.

#### II. Environmental Concerns

As aforementioned, Patagonia displays a lot of environmental concerns. Indeed, the company's strategy is not only focused on maximizing profits but also on reducing its harm to the environment. This is, at the same time, one of the reasons evoked by consumers to justify their choice on Patagonia. Actually, as Patagonia's products are aimed to be used when in contact with nature, consumers of this brand tend to be highly concerned with the world environmental conditions (Cordell, Betz and Green, 2002).

#### III. Durability

Another factor that consumers evoked to justify their choice over Patagonia was durability. Consumers perceive Patagonia's jackets as being durable since they have high quality

standards and are an expensive product. Consequently, they buy Patagonia's jackets over the competitors' ones, because this will allow them to save money in the future. Buying a durable product clearly helps consumers saving money by avoiding the need for constant purchases. The lifetime guarantees Patagonia offers, which allows consumers to repair or exchange their products with no time constraints, also increases the perceived durability of its jackets.

#### IV. Quality

The majority of consumers analyzed stated that they buy the product simply because of its physical attributes. Patagonia's products are perceived as having extremely high quality. Consequently, a high portion of consumers chose to buy from Patagonia mainly due to its products' quality. Being Patagonia a company that sells clothes to outdoor sports, quality is, undoubtedly, one of the main criteria influencing people's choice. The quality of the materials will affect the comfort and performance when practicing the sport. Being aware of this fact, the company places high importance on offering high quality products, produced with high quality materials. However, according to different experts, no major differences exist in terms of quality when comparing Patagonia with its main direct competitors, such as The North Face (Ryan, 2014). In fact, many consumers still complain about the prices of Patagonia, and do not find it worth to pay more for a product with similar advantages.

##### ***5.1.2 Results from the Survey***

To validate the analysis previously presented, the second section of the online survey conducted in this study focused on analyzing the reasons why consumers have chosen Patagonia and some purchasing habits on the company. Since the analysis done is mainly focused on Patagonia's jacket, it was important to ensure that respondents had already bought a jacket from the company. From the 112 consumers that completed the survey, 100 (89.2%) had already bought a jacket. To this analysis, only these 100 consumers were considered. However, for the main analysis all the respondents were considered since Patagonia communicates environmental concerns in all its products.

Firstly, 98% of the consumers claimed they chose Patagonia due to one of the four reasons previously identified, validating these as four key success factors. However, other 2 factors were highlighted including the lifetime guarantee the company offers on its products and also some discount coupons distributed in special occasions and which reduce the products' prices.

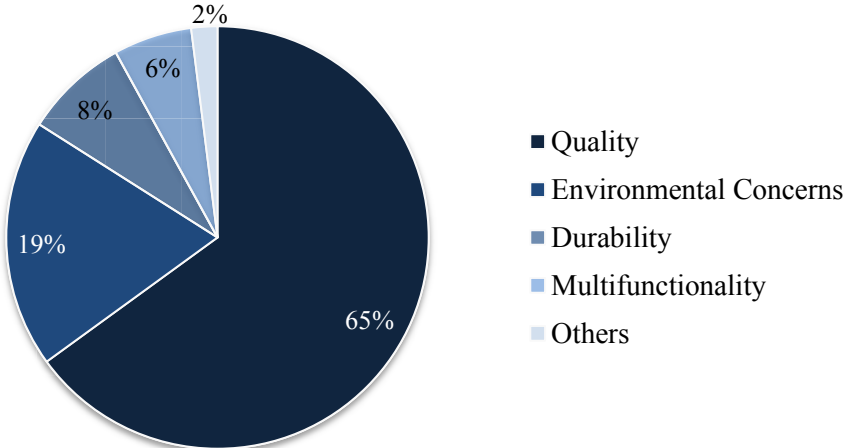
As expected from the analysis presented before, the majority of the consumers stated they bought Patagonia's jackets mainly because of their quality. When respondents were asked to

rank Patagonia and the main competitor brand, The North Face, in terms of quality, Patagonia was identified as having superior quality products. However, significant differences were not encountered among the two brands – average result of 7.1 for Patagonia’s products and 6.3 for The North Face. Even though few differences were actually found, 65% of the respondents claimed they bought Patagonia mainly due to the quality of its products (Figure 2). Consequently, it is possible to infer that quality is the first driver of purchase for consumers, but it does not completely explain the success of the brand.

Following, the second reason highlighted by consumers as influencing their decision was the environmental marketing campaigns and efforts defining Patagonia’s strategy. 19% of respondents claimed this was the main factor influencing their decision (Figure 2). In fact, Patagonia is clearly seen as an environmental responsible company what is recognized by the majority of the respondents (95%). Besides, a high percentage of consumers considered (84) have bought their last jacket less than four years ago, meaning after two main green marketing campaigns of the company, “Do not buy this jacket” and “Worn Wear”.

After, consumers identified the durability (8%) of the jackets and its multi functionality (6%) as the third and fourth reasons, respectively, why they decided to buy a jacket from Patagonia (Figure 2). The fact that the survey only allowed one response in this question - in order to understand the main reason influencing one’s choice -, and considering that these two factors might be perceived as included in quality, can explain the low percentage of consumers choosing these hypotheses. Nonetheless, looking at the consumers’ frequency of purchases, it is possible to validate these two success factors as well. Approximately 62% of the consumers claim they buy Patagonia’s products no more than once a year, and no one buys it every month, even though satisfied with the quality of their purchases. This is actually associated with the high prices of the company’s jackets that range between \$90 and \$580 (Patagonia.com, 2016), but can also be justified due to the high durability and multi functionality of the products that reduce the need for constant purchases.

**Figure 2** Success Factors (survey answers)



### **5.1.3 Factor Chosen**

From this analysis, one can infer that the main factor justifying the success of the company is the quality of the materials used in the production process. However, as aforementioned, the use of the best materials available in the production is present in the company since its foundation and recognized everywhere. Consequently, the high quality does not completely explain the recently high growth rates of the company's revenues in a period of economic slowdown. The increase popularity of outdoor sports might as well be a justification for this high growth. However, comparing Patagonia's revenues growth that equaled 40% between 2011 and 2013, with the one of The North Face's – the firm's main competitor - which grew 18% in the same period, one can conclude that other factors are contributing to the company's growth. Besides, even though being recognized as a high quality product, Patagonia's jackets are not perceived much differently from its main competitors.

The second main reason highlighted by consumers to justify their purchases was the green marketing campaigns and concerns of the company. Indeed, environmental concerns seem to have a clear effect on the company's growth – Patagonia's revenues growth rate significantly increased after the release of two important green marketing campaigns, as already analyzed in this study. Consequently, this study is going to focus on verifying the impact of green marketing campaigns and environmental concerns on the company's success.

Concluding, quality is the main variable influencing consumers' choice over Patagonia. However, once quality is guaranteed by several brands, environmental concerns seem to have had an important influence in the consumers' final decision.

## **5.2 Results**

### **5.2.1 Independent Sample t-tests**

In order to test the sub-hypotheses ( $H_{1.1}$  to  $H_{1.7}$ ) and find if significant differences between Patagonia's consumers and non-consumers exist in the characteristics studied, independent sample t-test and Mann-Whitney U tests were conducted for each variable. In order to reliably interpret the results of the t-tests some assumptions have to be met: independence of observations, normality of the distribution, non-presence of outliers and equality of variances (Pallant, 2005).

Independence of observations is confirmed because either a respondent is a consumer of the brand or not, no overlap exists between the groups. Besides, as aforementioned, the outliers' effect is minimal, and therefore does not impact the t-tests' output. Finally, in terms of

equality of variances, SPSS verifies it directly on the t-test output. If equality of variances cannot be assumed, SPSS automatically derives a t-test with no equality of variances assumed. However, the variables scores are not normally distributed for any variable, neither in the consumers nor in the non-consumers groups. Therefore, the use of t-test statistics, which is a parametric test, might provide biased results since its output assume the variable scores to be normally distributed. Mann-Whitney U is the non-parametric test associated with independent sample t-tests where normality is not assumed. Hence, it is more accurate to use this test in order to draw reliable conclusions. Therefore, in this analysis both tests were computed (Table 4). Nonetheless, as the Mann-Whitney U test reached the same results as the ones found in the independent t-tests, and the sample size is large (n=203), conclusions of the analysis, for all variables considered, were drawn based on the t-test output (Table 4).

**Table 4** Independent Sample t-tests results

	Independent Sample t-test					Mann-Whitney U
	T	Sig.	DF	95% C.I.		Sig.
				Lower	Upper	
<b>Beliefs</b> (Equal Variances not Assumed)	9.975	0.000	148.592	0.69652	1.04066	0.000
<b>Importance</b> (Equal Variances not Assumed)	15.987	0.000	158.542	1.15110	1.47562	0.000
<b>Inconvenience</b> (Equal Variances Assumed)	-18.225	0.000	201	-1.6090	-1.2948	0.000
<b>Individualism</b> (Equal Variances Assumed)	-2.542	0.012	201	-0.3887	-0.0491	0.013
<b>Willingness to Pay</b> (Equal Variances not Assumed)	9.339	0.000	150.198	0.63302	0.97275	0.000
<b>Subjective Knowledge</b> (Equal Variances Assumed)	8.239	0.000	201	0.54516	0.88822	0.000
<b>Action-Related Knowledge</b> (Equal Variances not Assumed)	1.603	<b>0.111</b>	167.603	-0.0565	0.54410	<b>0.100</b>

Concerning the variable **Beliefs**, the Levene's test for equality of variances was found to be violated, showing a p-value lower than 0.05 (0.000). Due to this violation, a t-test not assuming homogeneity of variances was computed (Table 4). The t-test was found to be statistically significant (t=9.975, p-value=0.000). Consequently, with 95% confidence the null hypothesis of means equality can be rejected in favor of the conclusion that Patagonia's consumers ( $\mu=4.08$ ,  $SD=0.467$ ) have stronger pro-environmental beliefs than non-consumers ( $\mu=3.21$ ,  $SD=0.716$ ). The effect size for this analysis, calculated based on the Cohen's d (Appendix 10), equaled  $d=1.468$ , largely exceeding the Cohen's convention for large effects,  $d=0.8$  (Cohen, 1992), meaning that the difference was highly visible and significant between

the two groups. Concluding, the *H<sub>1.1</sub>: Patagonia's consumers have stronger pro-environmental beliefs than non-consumers*, was validated.

Regarding **Importance**, the Levene's test for equality of variances was found to be violated, showing a p-value lower than 0.05 (0.005). Due to this violation, a t-test not assuming homogeneity of variances was computed (Table 4). The t-test was found to be statistically significant ( $t=15.987$ ,  $p\text{-value}=0.000$ ). Consequently, with 95% confidence the null hypothesis of means equality can be rejected in favor of the conclusion that Patagonia's consumers ( $\mu=4.12$ ,  $SD=0.472$ ) place higher importance on environmental issues than non-consumers ( $\mu=2.81$ ,  $SD=0.658$ ). The effect size for this analysis equaled  $d=2.33$ , representing a large effect (Appendix 10), meaning that the difference was highly visible and significant between the two groups. Concluding, the *H<sub>1.2</sub>: Environmental issues are more important for Patagonia's consumers than for non-consumers*, was validated.

Regarding **Inconvenience**, the equality of variances assumption held, since the Levene's test was not violated, showing a p-value higher than 0.05 (0.503) (Table 4). The t-test was found to be statistically significant ( $t= -18.225$ ,  $p\text{-value}=0.000$ ). Consequently, with 95% confidence the null hypothesis of means equality can be rejected in favor of the conclusion that Patagonia's consumers ( $\mu=2.05$ ,  $SD=0.533$ ) find less inconvenient to act in environmentally friendly ways than non-consumers ( $\mu=3.51$ ,  $SD=0.601$ ). The effect size for this analysis equaled  $d=2.572$ , representing a large effect (Appendix 10), meaning that the difference was highly visible and significant between the two groups. Concluding, the, *H<sub>1.3</sub>: Acting in an environmentally friendly way is less inconvenient for Patagonia's consumers than for non-consumers*, was validated.

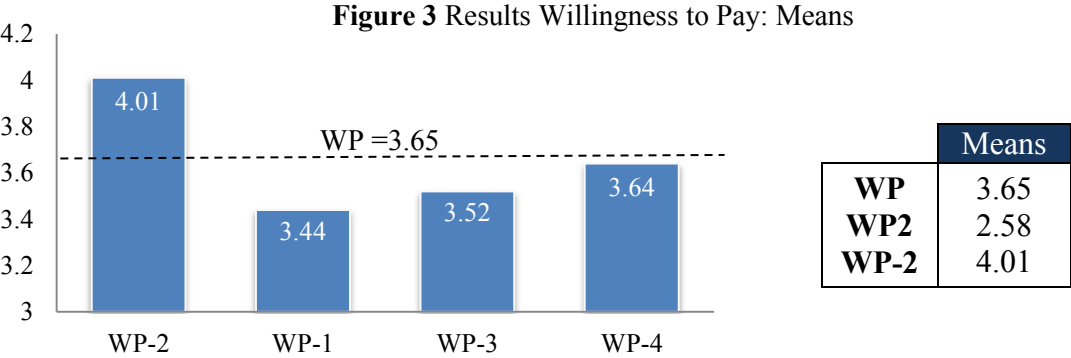
In terms of **Individualism**, the equality of variances assumption held, since the Levene's test was not violated, showing a p-value higher than 0.05 (0.721) (Table 4). The t-test was found to be statistically significant ( $t= -2.542$ ,  $p\text{-value}=0.012$ ). Consequently, with 95% confidence the null hypothesis of means equality can be rejected in favor of the conclusion that Patagonia's consumers ( $\mu=3.81$ ,  $SD=0.605$ ) are less individualistic than non-consumers ( $\mu=4.03$ ,  $SD=0.617$ ). The effect size for this analysis equaled  $d=0.359$ , representing a small to medium effect (Appendix 10), meaning that the difference was not very visible and might even be considered as trivial. Furthermore, the 95% confidence interval for the difference of means can be as small as 0.0491, which is marginal, not indicative of any important differences between the two groups. The largest value of the difference is 0.3887, which

seems not really important as well. Concluding, the *H<sub>1.4</sub>: Patagonia’s consumers are less individualistic than non-consumers*, was not entirely validated. While the difference between groups was significant, the size of the effect was not large enough to allow the conclusion that the difference was not just present out of chance.

Concerning **Willingness to Pay**, the sub-hypothesis to be tested stated that *H<sub>1.5</sub>: Patagonia’s consumers are willing to pay higher prices for green products than non-consumers, if the products’ quality is comparable to the main competitors’ ones*. In order to test this, the sub-hypothesis was divided into two.

The first part, aimed to verify whether Patagonia’s consumers were more willing to pay higher prices for green products than non-consumers, was analyzed based on an independent sample t-test. The Levene’s test for equality of variances was found to be violated, showing a p-value lower than 0.05 (0.000). Due to this violation, a t-test not assuming homogeneity of variances was computed (Table 4). The t-test was found to be statistically significant (t=9.339, p-value=0.000). Consequently, with 95% confidence the null hypothesis of means equality can be rejected in favor of the conclusion that Patagonia’s consumers ( $\mu=3.65$ , SD=0.466) are more willing to pay higher prices for green products than non-consumers ( $\mu=2.85$ , SD=0.704). The effect size for this analysis equaled d=1.441, representing a large effect (Appendix 10), meaning that the difference was highly visible and significant between the two groups. Concluding, the first part of the sub-hypothesis was validated.

The second part of the sub-hypothesis, aiming to verify if the higher willingness to pay was mainly present for products with comparable quality, was tested according to a specific item measuring the characteristic Willingness to Pay (WP) – WP2: *I prefer to purchase an environmentally safe product even if it is somewhat lower in quality and with a higher price than a competitor in the market*. To validate the hypothesis, the item WP2 should impact negatively the Willingness to Pay mean for the consumers group. To test this, a new variable with all the items composing Willingness to Pay except from WP2 (WP-2) was created for the consumers group. The same was done for all the other items to get a complete comparison.



Observing the mean of the item WP2 (Figure 3), it is possible to conclude that this had a negative impact on the variable WP's mean. Once it is deleted, the average of the composed variable increases by approximately 0.36. On the other hand, if any of the other three items composing Willingness to Pay, where quality is assumed as equal to competitors or not mentioned (Appendix 2), is deleted, the mean of the composed variable decreases. Therefore, it is possible to conclude that consumers are less willing to pay more for green products, if the product has lower quality than other competitors in the market. Hence, the second part of the sub-hypothesis was also validated. Concluding, the *H<sub>1.5</sub>: Patagonia's consumers are willing to pay higher prices for green products than non-consumers, if the products' quality is comparable to the main competitors' ones*, was validated.

Regarding **Subjective Knowledge**, the equality of variances assumption held, since the Levene's test was not violated, showing a p-value higher than 0.05 (0.485) (Table 4). The t-test was found to be statistically significant ( $t= 8.239$ ,  $p\text{-value}= 0.000$ ). Consequently, with 95% confidence the null hypothesis of means equality can be rejected in favor of the conclusion that Patagonia's consumers ( $\mu=3.09$ ,  $SD=0.641$ ) have higher environmental subjective knowledge than non-consumers ( $\mu=2.37$ ,  $SD=0.585$ ). The t-test effect size equaled  $d=1.16$ , representing a large effect (Appendix 10), meaning that the difference was highly visible between the two groups. Concluding, the, *H<sub>1.6</sub>: Patagonia's consumers have higher environmental subjective knowledge than non-consumers*, was validated.

Finally, in terms of **Action-Related Knowledge**, both the non-parametric and the parametric test were concluded not to be significant since the p-value was higher than 0.05 (Table 4). Therefore, it was not possible to reject the null hypothesis of means equality, meaning, one cannot infer that Patagonia's consumers action-related knowledge ( $\mu=2.13$ ,  $SD=0.925$ ) is different from non-consumers ( $\mu=1.89$ ,  $SD=1.187$ ). Concluding, the, *H<sub>1.7</sub>: Patagonia's consumers have higher environmental action-related knowledge than non-consumers*, was rejected.

### **5.2.2 Logistic Regression**

A logistic regression was computed with the categorical variable, Patagonia's consumer, as the dependent variable and all the variables where significant differences between the consumers and non-consumers groups mean were found, as independent variables. Hence, the model had 6 independent variables: Beliefs, Importance, Inconvenience, Subjective Knowledge, Willingness to Pay and Individualism. Even though, concerning Individualism, a

strong difference between consumers and non-consumers was not found, this difference was significant and therefore, the variable was included in the model.

Logistic regression results are sensitive to multicollinearity. Multicollinearity exists when independent variables are highly correlated (Pallant, 2005). A test for assessing this, based on two values, Tolerance and Variance Inflation Factor (VIF), was computed and none severe multicollinearity evidence was found (Appendix 11). Nonetheless, two independent variables were really close to the cut off points: Inconvenience and Importance. This is important to remind when drawing conclusions.

**Table 5** Logistic Regression: “Goodness of fit”

**Omnibus tests of Model coefficients:**

	$\chi^2$	DF	Sig.
<b>Step</b>	203.522	6	0.000
<b>Block</b>	203.522	6	0.000
<b>Model</b>	203.522	6	0.000

**Hosmer and Lemeshow test:**

$\chi^2$	DF	Sig.
6.362	8	0.607

**Model Summary:**

Cox & Snell $R^2$	Nagelkerke $R^2$
0.633	0.847

First, observing the Omnibus tests of model coefficients and the Hosmer and Lemeshow test one can conclude that the model has a good fit (Table 5). The results of the Omnibus test ( $\chi^2(6)=203.522$ , p-value=0.000), as p-value is lower than 0.05, indicate that this model fits the data significantly better than a model with no independent variables. The results of the Hosmer and Lemeshow test ( $\chi^2(8) = 6.362$ , p-value= 0.607), as p-value is higher than 0.05, indicate that the model predicts the values of the dependent variable not significantly differently from what was observed in reality. Logistic regressions do not offer a measure of  $R^2$ , but instead they offer an approximation of this value, pseudo- $R^2$ . There are a lot of different ways to calculate the pseudo- $R^2$  and that is why two different numbers were computed (Pallant, 2005). These cannot be interpreted in the same way as the  $R^2$  but, as they are an approximation of this value, can be used to assess the fit of the data (Hagle and Glen, 1992). The pseudo- $R^2$  calculated (Cox and Snell  $R^2= 0.633$ , Nagelkerke  $R^2=0.847$ ) were relatively high reinforcing the good fit of the model in predicting the dependent variable (Table 5).

All these tests verify that  **$H_1$ : Environmental policies and marketing campaigns released by Patagonia are contributing to the company’s success.** As the model had a good fit, it means, that the characteristics profiling green consumers seem to predict pretty well if a respondent will be a Patagonia’s consumer or not.

**Table 6** Logistic Regression Results

	B	S.E	Wald	DF	Sig.	Exp(B)	95% C.I for Exp(B)	
							Lower	Upper
BEL	0.409	0.759	0.291	1	0.590	1.505	0.340	6.664
<b>IMP</b>	2.029	0.991	4.187	1	<b>0.041</b>	<b>7.603</b>	1.089	53.076
<b>INC</b>	-3.462	0.899	14.812	1	<b>0.000</b>	<b>0.031</b>	0.005	0.183
IND	-0.580	0.598	0.943	1	0.332	0.560	0.173	1.806
WP	0.196	0.822	0.057	1	0.812	1.216	0.243	6.093
SK	0.814	0.556	2.149	1	0.143	2.258	0.760	6.709
Constant	0.529	5.828	0.008	1	0.928	1.698	-	-

Results from the Logistic regression (Table 6) indicate that only two variables were significant, displaying a p-value lower than 0.05: Importance, which is significantly and positively related with being a Patagonia's consumer (B=2.029, p-value=0.041) and Inconvenience, which is significantly and negatively related with being a Patagonia's consumer (B=-3.462, p-value=0.000). Therefore, one can conclude that the major factors predicting if a respondent is a Patagonia's consumer or not, correspond to the high importance given to environmental issues and the low perceived inconvenience of acting in environmentally friendly ways, according to the model. In fact, the odds of a person answering he/she is a Patagonia's consumer (column Exp(B) in Table 6) increase by a multiplicative factor of 7.6 for an increase in 1 unit in the Importance score, all other factors being equal. Inversely, the odds of being a Patagonia's consumer decrease by a multiplicative factor of 0.031, for an increase of 1 unit in the Inconvenience score, all other factors being equal. The other characteristics, even though not significant, also move in the expected direction, meaning, Beliefs, Willingness to Pay and Subjective Knowledge are positively related with being a Patagonia's consumer and Individualism is negatively related with that.

As aforementioned, the variables Importance and Inconvenience have a considerable risk of multicollinearity. Therefore, a model without these two variables was created and a logistic regression was computed (Appendix 12). All the variables included, except from Individualism, were significant in the new model, which validates the concerns with the effect of multicollinearity in the original model. This was further confirmed due to the high correlation between these variables (Appendix 11). Individualism was not found significant, reinforcing that the differences between consumers and non-consumers are not high. However, the pseudo-R<sup>2</sup> of the new model highly decreased (Cox and Snell R<sup>2</sup>= 0.489 and Nagelkerke R<sup>2</sup>=0.654). As, in the presence of multicollinearity the fit of a model is not biased (Venkatraman, 1989), one can conclude that the second model does not fit the data as well the

as the first one did (Leech, Barrett and Morgan, 2005). However, the use of the pseudo-R<sup>2</sup> to compare the goodness of fit of two models should be done cautiously (Hagle and Glen, 1992).

Indeed, as the first model seems to offer a better fit for the data in the sample, one can conclude that Importance and Inconvenience are the most important variables predicting if a respondent is a Patagonia's consumer or not. Nonetheless, Willingness to Pay, Subjective Knowledge and Beliefs also have an important impact on it. The fact that these variables were not significant in the first model does not mean that they have no impact on predicting the dependent variable outcome. Due to multicollinearity, it just conveys that the correlation between the independent variables made it unnecessary to include them once their variation was already explained by Inconvenience or Importance (C. S. Wang and L. Jain, 2003). Actually, when running the second model, one can conclude that they are significantly and positively related with being a Patagonia's consumer (Appendix 12).

### 5.2.3 Results' Summary

Table 7 Results' Summary

Hypotheses	Tests Results
<i>H<sub>1</sub>: Environmental policies and marketing campaigns released by Patagonia are contributing to the company's success.</i>	<b>Validated.</b> Logistic regression with "good fit".
<b>Sub-hypotheses</b>	
<i>H<sub>1.1</sub>: Patagonia's consumers have stronger pro-environmental beliefs than non-consumers.</i>	<b>Validated.</b> t-test with p-value=0.000
<i>H<sub>1.2</sub>: Environmental issues are more important for Patagonia's consumers than for non-consumers.</i>	<b>Validated.</b> t-test with p-value=0.000
<i>H<sub>1.3</sub>: Acting in an environmentally friendly way is less inconvenient for Patagonia's consumers than for non-consumers.</i>	<b>Validated.</b> t-test with p-value=0.000
<i>H<sub>1.4</sub>: Patagonia's consumers are less individualistic than non-consumers.</i>	<b>Not completely Validated.</b> t-test significant but low effect size (d=0.359)
<i>H<sub>1.5</sub>: Patagonia's consumers are willing to pay higher prices for green products than non-consumers, if the products' quality is comparable to the main competitors' ones.</i>	<b>Validated.</b> t-test with p-value=0.000
<i>H<sub>1.6</sub>: Patagonia's consumers have higher environmental subjective knowledge than non-consumers.</i>	<b>Validated.</b> t-test with p-value=0.000
<i>H<sub>1.7</sub>: Patagonia's consumers have higher environmental action-related knowledge than non-consumers.</i>	<b>Not Validated.</b> t-test with p-value=0.111

## 6 DISCUSSION

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There were some important findings resulting from the present study, the most interesting of which being that environmental marketing campaigns and concerns displayed by Patagonia seem to be strongly contributing to the company's success. The following section explains how this conclusion was reached by discussing the results previously presented.

According to the literature, the main characteristics profiling green consumers are: high collectivism, low individualism, high importance placed on environmental issues, low perceived inconvenience to act in environmentally friendly ways, willingness to pay more for green products, strong environmental personal norms, strong pro-environmental beliefs, high environmental subjective knowledge and high environmental action-related knowledge. In this study, Patagonia's consumers profile satisfied the majority of the characteristics described above (Table 7). Indeed, observing the variables means for the consumers group (Appendix 9), it is possible to conclude that it is relatively high - higher than 3 - for Beliefs (4.08), Importance (4.12), Willingness to Pay (3.65) and Subjective Knowledge (3.09), what is consistent with the literature findings. Inversely, as expected, this is low - lower than 2.5 - for Inconvenience (2.05). Findings in Individualism and Action-Related Knowledge contradict the literature as the mean of Individualism was high (3.81) for consumers and the mean of Action-Related Knowledge was low (2.13). The variables Collectivism and Personal Norm were not analyzed since, based on the data gathered, they were not considered as reliable.

To better interpret the results, t-tests were computed to analyze the differences between consumers and non-consumers of the brand. Conclusions demonstrated that Patagonia's consumers scored significantly higher than non-consumers, with a large effect, in Environmental Beliefs, Importance, Willingness to Pay and Environmental Subjective Knowledge. Conversely, they scored significantly lower than non-consumers, with a large effect, in Inconvenience. Finally, some unexpected results were also found since consumers scored significantly lower than non-consumers, but with a small effect in Individualism and no significant differences were found in Action-Related Knowledge.

The fact that, in the sample, Patagonia's consumers were not much different from non-consumers in Action-Related Knowledge and Individualism and their means did not match what was expected from the literature, does not necessarily weaken the conclusion that Patagonia's consumers are driven by environmental values. In fact, it is possible to find in the literature plausible explanations for these results.

Individualism's notion arose from the Hofstede's work (1980), as a dimension describing cultural differences across countries (Kim and Choi, 2005). Generally, Western societies present high levels of individualism (Oliver and Lee, 2010). Given that the present study was almost exclusively performed with Western nationals, particularly in the USA, the high results of individualism in both the consumers and non-consumers group - average score of 3.81 and 4.03 respectively - is not surprising. The fact that Individualism was not highly different between the two groups can also be justified. Alternative theories argue that a person may, at the same time, present both individualistic and collectivistic values, which increase the difficulty in studying their effect in profiling green consumers (Kim and Choi, 2005). In the present study, Patagonia's consumers were less individualistic than non-consumers, supporting the claim that green consumers are less individualistic than others. Based on the literature, the small differences might be related with the fact that this study was conducted mainly with Western nationals who might present high levels of both traits.

Regarding the results obtained in Action-Related Knowledge, where no significant differences between consumers and non-consumers were encountered, possible causes were also identified. Environmental knowledge is composed by three main notions: Action-Related, Factual and Subjective Knowledge, as aforementioned. The one with the highest impact on predicting green purchases is subjective knowledge (Ellen, 1994), which effect was significant in this study. Besides, even though not significant, the average of the variable action-related Knowledge was higher for consumers than non-consumers - 2.13 vs. 1.89, respectively -, despite being low for both. Hence, as subjective knowledge was significantly higher for Patagonia's consumers, the small differences in Action-Related Knowledge do not have a high impact on conclusions. Indeed, their impact on predicting green purchases is agreed in the literature not to be the strongest (Ellen, 1994).

Thus, results from this analysis show that Patagonia's consumers seem to be similar to the literature profile of green consumers. To strengthen the conclusions, a logistic regression was computed. The results of the logistic regression indicated that the variables of the study were good in predicting whether a respondent would be a consumer of the brand or not and the sign of the impact of each variable was consistent to what was found in the literature. However, only the variables Importance and Inconvenience seemed to have a significant impact on predicting this, according to the results. This might contradict the significant differences found in the other characteristics based on the t-tests analysis.

However, conclusions highlighted that this was probably a cause of multicollinearity since once Importance and Inconvenience were dropped from the model, the impact of Beliefs, Willingness to Pay and Subjective Knowledge became significant. Furthermore, looking at the Spearman's correlation matrix (Appendix 11) it was possible to confirm a high correlation,  $>0.7$ , between these variables. Though, the fact that the correlation was high does not necessarily mean that they were measuring the same individual trait. Indeed, the existent literature already predicted these results, mainly between Importance and Inconvenience; Importance/Inconvenience and Beliefs and Importance/Inconvenience and Willingness to Pay.

In general, authors tend to agree that the higher the importance given to the environmental conditions the lower the perceived inconvenience to act in an environmental friendly way (Laroche, Bergeron and Barbaro-Forleu, 2001). Consequently, Importance and Inconvenience are highly correlated and tend to move in opposite directions – in this study, the correlation between these two characteristics was  $-0.897$ . Additionally, past studies show that consumers willing to pay more for green products do not perceive as inconvenient to act in environmentally friendly ways. The inverse relation was found with importance meaning, consumers highly concerned with environmental problems are usually willing to pay more for green products (Laroche, Bergeron and Barbaro-Forleu, 2001). This explains the high correlation between Importance/Inconvenience and Willingness to Pay ( $0.767/-0.711$ ) found in the present study.

Following, the VBN theory defends that environmental values will affect one's pro-environmental beliefs (Pickett-Baker and Ozaki, 2008) which will then potentially be translated into pro-environmental purchases. As Importance and Inconvenience are examples of environmental values, one can anticipate that a high correlation would exist between them. Therefore, it would be expected that an increase in the concerns with the environment would increase one's pro-environmental beliefs (Pagiaslis and K. Krontalis, 2014) – in this study correlation between them was  $0.788$ . Inversely, an increase in the perceived inconvenience to act pro-environmentally is expected to decrease one's pro-environmental beliefs – in this study, correlation was  $-0.743$ . Finally, even though not  $>0.7$ , this study also found a large correlation between Importance/Inconvenience and Environmental Subjective Knowledge ( $0.588/-0.625$ ). This is also supported by past studies that found the same relation between these variables (Pagiaslis and K. Krontalis, 2014)

Due to the high correlations found between the characteristics, it is possible to conclude that the variables Importance and Inconvenience already accounted for the variation in the other three variables in predicting whether a respondent was a Patagonia's consumer or not. Hence, this explains why these were the only characteristics considered significant in the first model.

Concluding, results from the descriptive analysis, t-test and logistic regression were consensual. All indicated that Patagonia's consumers are more similar to the literature profile of green consumers than the others. More specifically, the logistic regression verified that green consumers' characteristics seemed to predict well whether a respondent was a consumer of the brand or not.

Hence, one can conclude that this match found between the study and the literature, strengthened the results and enabled the conclusion that Patagonia's consumers are green consumers. Green consumers are identified as people always searching for the greenest products in the market (Haws, Winterich and Naylor, 2011). As Patagonia's production includes concerns to reduce its products environmental harm, they clearly fit the definition of green products analyzed in this report<sup>2</sup>. Consequently, one can infer that the environmental concerns Patagonia's displays are attracting green consumers.

It is generally accepted that green consumers have low ability to identify green products unless companies make clear environmental claims in their advertisements (Pickett-Baker and Ozaki, 2008). Therefore, given the results achieved, it is possible to validate that Patagonia has been able to attract green consumers mainly through its green marketing campaigns. Finally, as several studies found that the number and spending of green consumers are increasing (Vernekar and Wadhwa, 2011) one can conclude that the green marketing campaigns released by Patagonia are contributing to its success.

However, previous authors also highlight that green marketing will only grant a source of competitive advantage to companies if used in a sincere way (W. McDaniel and H. Rylander, 1993). This means that consumers must feel that the company is clearly trying to reduce its environmental footprint and that it is not only a mere technique used to increase its profitability. Indeed, according to the present study, more than 95% of the respondents believed Patagonia is an environmental responsible company and that its claims to protect the environment are sincere. The remaining 5% were non-consumers of the brand. This

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<sup>2</sup> Green Products: products whose manufacturing, transportation and communication processes use specific materials and techniques aiming to reduce their environmental impact (Pickett-Baker and Ozaki, 2008)

strengthens the idea that consumers will only buy green products if they believe in the real greenness of the product (Pickett-Baker and Ozaki, 2008). Thus, in this case, consumers really believed Patagonia's communications and efforts in reducing its environmental footprint to be sincere. This happened not just because of the certifications recognizing Patagonia as an environmental responsible company but also because the company is transparent in the communication of its products environmental impacts to consumers, – e.g. “Do not buy this jacket” campaign or “Footprint Chronicles” website.

Finally, looking at the pseudo- $R^2$  of the logistic regression, one can conclude that the impact environmental marketing had in the company's success was not minimal. Even though these measures cannot be interpreted straightforwardly, a Nagelkerke pseudo- $R^2$  of 84.7% indicates a really good model fit. This means that checking the participants' green characteristics had a relatively high ability in predicting whether a respondent would be a Patagonia's consumer or not.

The fact that the majority of the consumers identified quality as the main decision driving their purchases might somehow contradict the previous results. However, according to the present study findings, Patagonia's products quality is not perceived as much different from the main competitors. Consequently, Patagonia's environmental marketing campaigns might not be the first driver of decision but are, according to the results of this study, an important differentiator when choosing between companies with comparable quality. Indeed, the second reason highlighted by consumers to justify their choice over Patagonia was the environmental marketing campaigns the company released to communicate its products. This is consistent with previous studies arguing that green consumers would mainly want to buy green products when the product's quality is comparable to the main competitors' one (Manget, Roche and Munnich, 2009).

Concluding, the results achieved validated that the huge growth rates Patagonia experienced in the last years are partially explained by the green marketing campaigns released. Indeed, Patagonia's consumers are driven by environmental values and trust the company's efforts to protect the environment. Consequently, they responded well to the green marketing campaigns released and increased their purchases in the company. However, the quality of the company's products continues to be the most important driver influencing Patagonia's consumers' decisions.

## **7 IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH**

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### ***7.1 Managerial Implications***

This study used results developed by previous researches identifying green consumers' profile to conclude if the consumers of a specific brand, Patagonia, could be described as green or not. Main findings indicated that green marketing campaigns have a positive impact on the company's success since consumers of the brand can be defined as green ones. The conclusions of this study cannot be generalized to other companies – not even in the same industry -, since it only studied the case of one company (Yin, 2003), with special characteristics. Besides being identified as a pioneer in corporate environmentalism, Patagonia is certified as a Benefit Corporation, increasing consumers trust in the company's claims. The generalization with other industries would be even more inaccurate since Patagonia operates in the outdoor sports industry. Past studies have concluded that people that participate in outdoor recreation activities are likelier to engage in pro-environmental behaviors (Cordell, Betz and Green, 2002).

Nonetheless, this study seems to extend the literature by verifying that green consumers are increasingly buying products from companies that communicate environmental concerns in their marketing, when these concerns are perceived as sincere. Besides, it also reinforces, for this particular company, that green consumers are only willing to buy green products if the quality is comparable to main competitors' one. Even though not generalizable, these results should be assessed when developing similar analysis for other companies aiming to engage in green communications.

### ***7.2 Limitations and Future Research***

The results presented in this report encompass some limitations. The following section presents the main limitations encountered in the development of this study and the ways found to overcome them or how they should be avoided in future researches.

First, it is important to highlight that the choice of the characteristics profiling green consumers to be analyzed was not easy. Even though there is a general agreement on existent literature on which characteristics best profile green consumers, there is not yet a consensus. Indeed, predicting pro-environmental purchases still need further research (Kim and Choi, 2005). To surpass this, the present study focused on the characteristics where a highest level

of consensus was previously achieved by different researches. In fact, this study validated most of the relations encountered by previous authors.

Additionally, the process of gathering the required data was extremely challenging. The data was collected based on a convenience sampling method. This method of gathering data is said to provide a low representativeness of the whole population of the study (Taylor, 2016). The process of contacting Patagonia's consumers and non-consumers familiar with the brand was done mainly through online social networks. Forums and Facebook were the online pages used to reach the population of interest for the present study. Therefore, it might be possible that the group of Patagonia's consumers contacted through Forums share the same interest and concerns with the environment (Fricker and Schonlau, 2002), not representative of others consumers' interests. In respect to the non-consumers group, some were inquired because they were known by the author. To overcome this, consumers were also contacted randomly from Patagonia's Facebook page and non-consumers were incentivized to participate in the study, if they were familiar with the brand, when submitting it into Forums.

Besides, a major problem with submitting surveys in Forums is that this can be perceived as "spam" or even offending, causing some desired respondents to ignore it (R. Evans and Mathur, 2005). To overcome this, the survey was submitted to a lot of different forums and actually authorized and posted in 15.

Concerning the sample size, a group of 112 consumers might not be significant, given the actual, unknown, but certainly high size of the whole population. Firstly, it is important to highlight that it was not possible to estimate the population size, meaning the number of Patagonia's consumers. Some techniques exist to calculate the ideal sample size, but they require the knowledge of the population dimension, which was unknown. Besides, due to time constraints and a high number of incomplete responses, it was not possible to ensure a higher sample size. Actually, the fact that respondents were not known by the author caused the response rate to be low. Despite the high number of surveys sent, the number of completed responses was not completely satisfactory. As it is not possible to ensure that the sample size is big enough to be representative of the population, the generalization of these results to all Patagonia's consumers might not be completely accurate.

Regarding the data collected, two of the variables chosen to be analyzed, Collectivism and Personal Norm, were not reliable based on the Cronbach Alpha analysis. This offer a potential limitation because, two characteristics identified in the literature as important to profile green

consumers, could not be studied in this case. Hence, future studies should include broader scales or increase the number of respondents to improve the internal reliability of these characteristics. Besides, the impossibility to assume normality in the distribution of the data introduced a new difficulty in the analysis. To overcome this problem, non-parametric statistic tests were computed.

Another potential limitation was the statistics used in the study. The studied focused on t-test statistics and logistic regressions. However, as the correlation between the different characteristics was generally high, some problems existed when analyzing the results in terms of multicollinearity. Nonetheless, all these high correlations were previously verified in past studies, increasing the confidence in the results.

Finally, the fact that this study verifies that Patagonia's consumers are driven by environmental concerns and thus the environmental marketing campaigns introduced by the company are contributing to its success, does not necessarily mean that this was the main factor influencing people's choice. Data constraints from the company's financials did not allowed developing a deeper quantitative analysis on the impact of environmental concerns on Patagonia's success. This offers, indeed, an opportunity for future researches, to understand not just if environmental concerns are important and impact consumers' choice over Patagonia, but also the real dimension of the impact.

## 8 CONCLUSIONS

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The aim of this study was to analyze the impact of green marketing and policies in Patagonia's success. Patagonia, an American company that sells clothes and equipment to the practice of outdoor sports, has been experiencing high growth rates in the last years. Indeed, the company's revenues have not been affected by the financial crisis and even grew approximately 40% between 2011 and 2013, clearly outshining the overall industry and main competitors' revenues' growth for the same period. Coincidence or not, this increase happened less than one year after the release of highly innovative green marketing campaigns, with considerable exposure and buzz on the social media, such as the "Do not buy this jacket" or the "Worn Wear" program. Even though it seems probable that this is not just a coincidence, no study exists verifying that Patagonia's consumers are driven by environmental values. Hence, this study aimed to verify that Patagonia's growth is partially a result of the green marketing campaigns and concerns the company displays.

A quantitative analysis was conducted to search for a fit between Patagonia's consumers and the profile of green consumers identified in the literature. Results indicated that Patagonia's consumers possess strongly the characteristics profiling green consumers. Therefore, one can conclude that Patagonia's consumers purchases are driven by environmental values. What is more, the present study concludes that almost all participants believed Patagonia's environmental claims to be sincere. Based on the results and according to the existent literature, which defends that green consumers are more willing to buy from companies with high concerns with the environment (Kesavan, Bernacchi and Mascarenhas, 2013), one can conclude that Patagonia's environmental concerns are attracting green consumers.

Concluding, since the environmental concerns of Patagonia are communicated through green marketing campaigns, this study was able to verify that the green marketing had a strong impact on the company's success. However, it is also highlighted that the company's green concerns only become an important driver of decision for Patagonia's consumers, once quality is guaranteed, being this their first decision driver. Hence, even though Patagonia is asking its consumers to buy fewer products, the result is being the opposite. Consumers, believing that Patagonia's concerns with the environment are sincere, are buying more from this company. This is explained in the literature and confirmed in this report, once green consumers are always searching for greenest alternatives where they are willing to spend more money.

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## 10 APPENDIXES

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### *APPENDIX 1: Survey*

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Link to participate in the survey

[https://qtrial2016q1az1.az1.qualtrics.com/SE/?SID=SV\\_da7DG0M90vTqYWF](https://qtrial2016q1az1.az1.qualtrics.com/SE/?SID=SV_da7DG0M90vTqYWF)

Survey:

Dear Participants,

On behalf of my Master Thesis, this questionnaire was set in order to conclude on the profile of environmentally friendly consumers, taking the example of the American company, Patagonia.

My name is Manuel Ventura. I am a double degree Master student from ESCP-Europe in Paris, and Católica-Lisbon School of Business and Economics, in Lisbon. Please answer as accurately and honestly as possible. Your answers will remain anonymous and confidential.

Thank you very much in advance for your participation.

#### **Q1. Are you familiar with the company Patagonia?**

Yes

No (If No, go to the end of the survey)

### **Section 1: Study of the Characteristics**

**Q2. and Q.3 Please state to what extent do you agree with each sentence on a 5-point scale.**

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1- Strongly Disagree	2- Disagree	3- Neither Agree nor Disagree	4- Agree	5- Strongly Agree
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1. I accept working hard for the goals of my group even if it does not result in personal recognition

2. I believe the concerns regarding companies taking environmental risks are exaggerated

3. It is not important to me whether the product was produced using recycled materials or not.

4. I feel a moral obligation to relieve the environmental problems, as I feel partly responsible for them

5. It would be acceptable to pay more for products produced in an environmentally friendly way.

6. I am very confident that I buy products which are environmentally safe.

7. I'd rather depend on myself than others.

8. Buying green products is inconvenient.

9. I prefer to purchase an environmentally safe product even if it is somewhat lower in quality and with a higher price than a competitor in the market.

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	1- Strongly Disagree	2- Disagree	3- Neither Agree nor Disagree	4- Agree	5- Strongly Agree
10. I believe the government and consumers could do more to safeguard the environment.					
11. The well-being of my coworkers is important to me.					
12. Environmental protection is important to me when making purchases.					
13. I feel pressure from society to act in environmentally friendly ways.					
14. Trying to figure out the best products in terms of the effects on the environment is very confusing.					
15. My individuality, independent of others, is very important to me.					
16. Searching for the real greenness of a product is not worth the effort.					
17. I believe that we should slow down industry progress because of concern for the environment					
18. I would buy green products because I am concerned with the environmental conditions of the world.					
19. To me, pleasure is spending time with others.					
20. I feel confident in my ability to use my knowledge of environmental problems in making purchase choices.					
21. I am willing to pay more for an environmentally friendly product but just if it satisfies my needs in a comparable way with other products.					
22. I am not willing to stop buying from companies that pollute because it is inconvenient.					
23. I would be a better person if I bought environmentally friendly products.					
24. It is important that I do my job better than others.					
25. I believe environmental safety is the responsibility of the government, not individual citizens.					
26. Compared to other things in my life, environmental problems are not that important to me.					
27. I feel confident that I am informed about which products and brands have low environmental implications.					
28. I am willing to pay more taxes to support greater gov't control on environmental issues.					
29. Buying products that make my life easier is more important right now than buying to reduce the amount of garbage.					
30. I feel good when I cooperate with others.					
31. My neighbors and friends expect me to buy green products.					
32. It is very important for me to have a feeling of self-fulfillment					

**Q4. For each of the sentences please state if, for you, it is True or False**

	True	False	I don't know
1. One can trust that products with "Sustainable Forestry Initiative" certification are environmentally friendly.			
2. Buying local products contributes to the reduction of pollution levels			
3. Buying clothes produced with Rayon fabrics is better to the environment than clothes using Hemp fabrics.			
4. If in the package of a product the term "all natural" is included, this means that it is an environmentally friendly product.			
5. One can trust that products with "USDA Organic seal" certification are environmentally friendly.			

**Section 2: Questions related to the company**

**Q5. Do you perceive Patagonia as a Corporate Responsible Company?**

- Yes
- No
- I don't know

**Q6. Are you a Patagonia's consumer?**

- Yes
- No (If No, go to demographic section)

**Q7. Have you ever bought a Patagonia's jacket?**

- Yes
- No (If No, go to demographic section)

**Q8. For how long do you have your last Patagonia's Jacket?**

- Less than 1 year
- 1 year
- 2-3 years
- 4-5 years
- More than 5 years

**Q9: Why did you choose Patagonia?**

- Because of its corporate responsibility and environmental protection campaign;
- Because of the product attributes – high quality, design, comfort, etc.;
- Because it's a durable jacket;
- Because I can use the jacket in my daily life and not only for outdoor sports;
- Other

**Q10: How often do you buy on Patagonia?**

Every month

2 - 3 times a year

Once a year

From 2 to 2 years

Only bought something there once

Other

**Q11: Please rank, from 1 to 10, each of the following companies based on your perceptions of the quality of its products (1 – minimum quality to 10 – maximum quality).**

1

10

The North Face

Patagonia

**Section 3: Demographic Questions**

**Q12: Gender**

Male

Female

I would rather not say

**Q13: Age**

< 14

14 – 19

20 – 29

30 – 39

40 – 49

50 – 59

> 60

I would rather not say

**Q14: Nationality**

Please enter your answer

**Q15: Marital Status**

Single, never married

Married or domestic partnership

Divorced  
 Widowed  
 I would rather not say

**Q16: Education level**

Less than high school  
 High school graduate, diploma or the equivalent  
 Associate Degree  
 Bachelor Degree  
 Master's Degree  
 Doctorate Degree  
 I would rather not say

**Q.17: Annual Income**

Less than \$19 999  
 \$20 000 - \$34 999  
 \$35 000 - \$49 999  
 \$50 000 - \$74 999  
 \$75 000 - \$99 999  
 More than \$100 000  
 I would rather not say

Thank you for your Particiapation!

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**APPENDIX 2: Items composing each characteristic**

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	Individualism (IND)	Collectivism (COL)
Items	IND1: I'd rather depend on myself than others. IND2: My individuality, independent of others, is very important to me. IND3: It is important that I do my job better than others. IND4: It is very important for me to have a feeling of self-fulfillment.	COL1: I accept working hard for the goals of my group even if it does not result in personal recognition COL2: The well-being of my coworkers is important to me. COL3: To me, pleasure is spending time with others. COL4: I feel good when I cooperate with others
	<i>Reference: Triandis and Gelfland, 1998</i>	<i>Reference: Triandis and Gelfland, 1998</i>

	Importance (IMP)	Inconvenience (INC)
Items	<p>IMP1r: It is not important to me whether the product was produced using recycled materials or not</p> <p>IMP2: Environmental protection is important to me when making purchases.</p> <p>IMP3: I would buy green products because I am concerned with the environmental conditions of the world.</p> <p>IMP4r: Compared to other things in my life, environmental problems are not that important to me.</p> <p><i>Reference: Adapted from Tanner and Kast, 2003 and McCarty and Shrum, 1994</i></p>	<p>INC1: Buying green products is inconvenient.</p> <p>INC2: Searching for the real greenness of a product is not worth the effort</p> <p>INC3: I am not willing to stop buying from companies that pollute because it is inconvenient.</p> <p>INC4: Buying products that make my life easier is more important right now than buying to reduce the amount of garbage.</p> <p><i>Reference: Adapted from Laroche, Bergeron and Barbaro-Forleu, 2001</i></p>

	Subjective Knowledge (SK)	Personal Norm (PN)
Items	<p>SK1: I am very confident that I buy products which are environmentally safe.</p> <p>SK2r: Trying to figure out the best products in terms of the effects on the environment is very confusing.</p> <p>SK3: I feel confident in my ability to use my knowledge of environmental problems in making purchase choices.</p> <p>SK4: I feel confident that I am informed about which products and brands have low environmental implications.</p> <p><i>Reference: Adapted from Tanner and Kast, 2003 and Pickett-Baker and Ozaki, 2008</i></p>	<p>PN1: I feel a moral obligation to relieve the environmental problems, as I feel partly responsible for them.</p> <p>PN2: I feel pressure from the society to act in environmentally friendly ways.</p> <p>PN3: I would be a better person if I bought environmentally friendly products.</p> <p>PN4: My neighbors and friends expect me to buy green products.</p> <p><i>Reference: Adapted from Minton and Rose, 1997</i></p>

	Willingness to Pay (WP)	Beliefs (BEL)
Items	<p>WP1: It would be acceptable to pay more for products produced in an environmental friendly way.</p> <p>WP2: I prefer to purchase an environmentally safe product even if it is somewhat lower in quality and with a higher price than a competitor in the market.</p> <p>WP3: I am willing to pay more for an environmental friendly product but just if it satisfies my needs in a comparable way with other products.</p> <p>WP4: I am willing to pay more taxes to support greater gov't control on environmental issues.</p> <p><i>Reference: Adapted from Laroche, Bergeron and Barbaro-Forleu, 2001</i></p>	<p>BEL1r: I believe the concerns regarding companies taking environmental risks are exaggerated</p> <p>BEL2: I believe the government and consumers could do more to safeguard the environment.</p> <p>BEL3: I believe that we should slow down industry progress because of concern for the environment.</p> <p>BEL4r: I believe environmental safety is the responsibility of the government, not individual citizens</p> <p><i>Reference: Adapted from D'Souza, Taghian and Khosla, 2007</i></p>

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**APPENDIX 3: Questions True or False measuring Action-Related Knowledge**

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	Action-Related Knowledge (ARK)	Correct Answer
Items	One can trust that products with “Sustainable Forestry Initiative” certification are environmentally friendly.	F
	Buying local products contributes to the reduction of pollution levels	T
	Buying clothes produced with Rayon fabrics is better to the environment than clothes using Hemp fabrics	F
	If in the package of a product the term “all natural” is included, this means that it is an environmentally friendly product.	F
	One can trust that products with “USDA Organic seal” certification are environmentally friendly.	T

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**APPENDIX 4: Introductory message to Facebook**

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Message for Facebook:

Good afternoon,

My name is Manuel Ventura and I am currently concluding my Master degree at ESCP-Europe, in Paris. As part of my studies program, I am now writing my Master Thesis, whose main goal is to understand the profile of Patagonia’s consumers.

I was able to get your contact from Patagonia’s Facebook page. I apologize in advance for disturbing you in any way. Nevertheless, it would be extremely important for me if you could take the time to answer this survey. While it will certainly not take more than ten minutes to complete, it can utterly make a great difference for my final work.

Your participation is crucial. Please help me study this wonderful company.

Thank you very much for your time and consideration.

Manuel Ventura

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## ***APPENDIX 5:*** Introductory message to Forums and list of Forums

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### Introductory Message for Forums:

Good afternoon,

My name is Manuel Ventura and I am currently concluding my Master degree at ESCP-Europe, in Paris. As part of my studies program, I am now writing my Master Thesis.

I would ask your help to complete my surveys by filling this survey. The main goal is to understand the profile of environmental consumers and to attest if the brand Patagonia, is currently profiting from its environmental connotation (you don't need to be a consumer of the brand to answer, it is just needed that you know and are familiar with the brand) The survey takes less than 10 minutes to answer and it can make a great difference for my Final Work.

Thank you for your time and consideration

Manuel Ventura

### List of Forums where the survey was posted:

Trailspace: <http://www.trailspace.com/forums/>

The Student Room: <http://www.thestudentroom.co.uk/>

Epicski: <http://www.epicski.com/f/>

Reddit: <https://www.reddit.com/>

Lonely Planet: <https://www.lonelyplanet.com/thorntree/forums/activities-gear>

Post Graduate Forum: <http://www.postgraduateforum.com/>

Styleforum: <http://www.styleforum.net/>

TrailGroove: <http://www.trailgroove.com/forums/>

Ask Andy Forums: <http://www.askandyaboutclothes.com/forum/>

Newschoolers: <http://www.newschoolers.com/forums>

Outdoor Magic: <http://www.outdoorsmagic.com/forum/>

Backpacking forum: <http://bpbasecamp.freeforums.net/>

UKC Forum: <http://www.ukclimbing.com/forums/i.php?f=11>

Single Track Forum: <http://singletrackworld.com/forum/>

GradCafe Forum: <http://forum.thegradcafe.com/>

**APPENDIX 6: Chi-square test for differences in groups for demographic characteristics**

Gender

	<b>Males</b>	<b>Females</b>
<b>Consumers</b>	78	34
<b>Non-consumers</b>	54	37
$\chi^2(1)=1.912, p\text{-value}=0.167$		

**Conclusion:** As p-value>0.05 (0.167), the result is non-significant, meaning that the proportion of men in the consumers group is not statistically different from the proportion of men in the non-consumers group.

Marital Status

	<b>Single or Divorced</b>	<b>Married</b>
<b>Consumers</b>	64	48
<b>Non-consumers</b>	63	28
$\chi^2(1)=2.637, p\text{-value}=0.104$		

**Conclusion:** As p-value>0.05 (0.104), the result is non-significant, meaning that the proportion of single people in the consumers group is not statistically different from the proportion of single people in the non-consumers group.

Education Level

	<b>University Education</b>	<b>Non-University Education</b>
<b>Consumers</b>	94	18
<b>Non-consumers</b>	70	21
$\chi^2(1)=1.668, p\text{-value}=0.280$		

**Conclusion:** As p-value>0.05 (0.280), the result is non-significant, meaning that the proportion of people with university education in the consumers group is not statistically different from the proportion of people with university education in the non-consumers group.

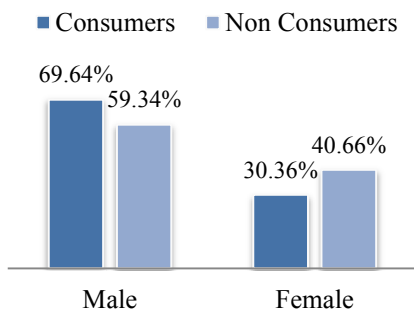
Age:

	<b>20-39</b>	<b>Out of that range</b>
<b>Consumers</b>	74	38
<b>Non-consumers</b>	67	24
$\chi^2(1)=1.018, p\text{-value}=0.313$		

**Conclusion:** As p-value>0.05 (0.313), the result is non-significant, meaning that the proportion of people with age range between 20-39 in the consumers group is not statistically different from the proportion of people with the same age range in the non-consumers group.

## APPENDIX 7: Demographic Characteristics details

### Gender Distribution



### Income Distribution

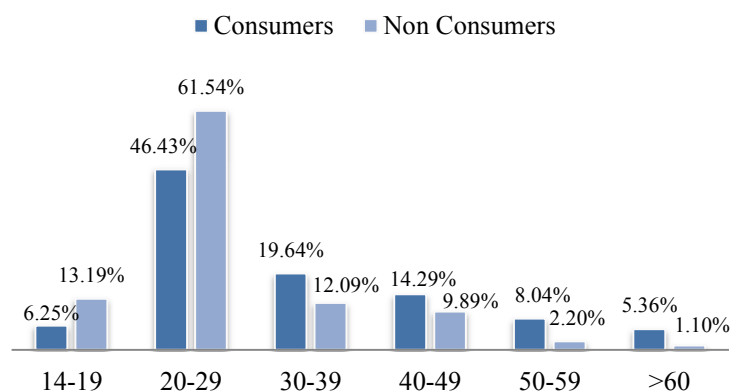
\$000'	Consumers	Non Consumers
<20	21% (23)	37% (34)
[20,35[	13% (15)	7% (6)
[35,49[	13% (15)	7% (6)
[50,75[	14% (16)	11% (10)
[75,100[	4% (4)	4% (4)
>100	16% (18)	12% (11)
NA*	19% (21)	22% (20)

NA\*: respondents did not want to answer to this question

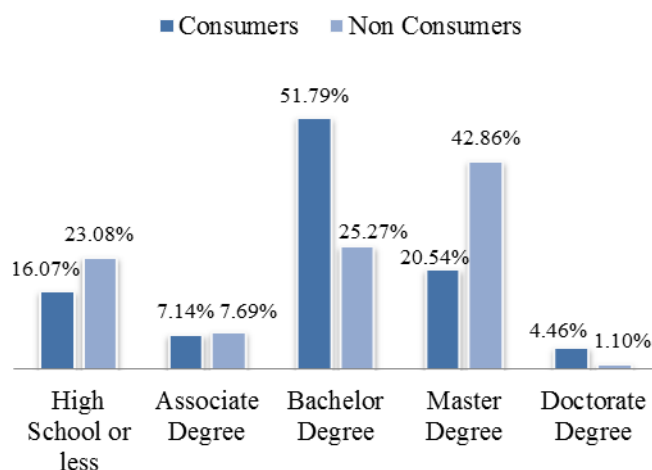
### Nationality

	Consumers	Non Consumers
American	65% (73)	53% (48)
British	13% (15)	14% (13)
Italian	3% (3)	4% (4)
German	3% (3)	1% (1)
Portuguese	2% (2)	7% (6)
Romanian	NA	1% (1)
Chinese	1% (1)	2% (2)
Canadian	2% (2)	2% (2)
Russian	2% (2)	1% (1)
Indian	1% (1)	1% (1)
French	2% (2)	4% (4)
Australian	NA	3% (3)
Scottish	1% (1)	1% (1)
Polish	NA	2% (2)
Finish	NA	1% (1)
Argentinian	1% (1)	NA
Greek	1% (1)	NA
Chilean	1% (1)	NA
Japanese	1% (1)	NA
Slovenian	1% (1)	NA
Slovakian	1% (1)	NA
Swedish	1% (1)	1% (1)

### Age Distribution



### Education Level



### Marital Status

	Consumers	Non Consumers
Single or Divorced	57% (64)	69% (63)
Married or Domestic Partnership	43% (48)	31% (28)
Widowed	0% (0)	0% (0)

**APPENDIX 8: Reliability Analysis**

Characteristic	Items included	Corrected Item-Total Correlation	Cronbach Alpha if Item Deleted
<b>Beliefs (BEL)</b>	BEL1,	0.508	0.497
	BEL2	0.494	0.533
	BEL3	0.498	0.502
	BEL4r	<b>0.220<sup>3</sup></b>	0.710
<b>Importance (IMP)</b>	IMP1r	0.740	0.840
	IMP2	0.822	0.807
	IMP3	0.772	0.829
	IMP4r	0.632	0.881
<b>Inconvenience (INC)</b>	INC1	0.766	0.894
	INC2	0.829	0.871
	INC3	0.782	0.888
	INC4	0.807	0.879
<b>Collectivism (COL)</b>	COL1	<b>0.250<sup>3</sup></b>	0.482
	COL2	<b>0.323<sup>3</sup></b>	0.423
	COL3	<b>0.271<sup>3</sup></b>	0.477
	COL4	<b>0.382<sup>3</sup></b>	0.369
<b>Individualism (IND)</b>	IND1	0.566	0.599
	IND2	0.547	0.608
	IND3	0.436	0.683
	IND4	0.431	0.678
<b>Personal Norm (PN)</b>	PN1	<b>0.236<sup>3</sup></b>	0.421
	PN2	<b>0.242<sup>3</sup></b>	0.413
	PN3	<b>0.309<sup>3</sup></b>	0.346
	PN4	<b>0.272<sup>3</sup></b>	0.387
<b>Willingness to Pay (WP)</b>	WP1	0.675	0.605
	WP2	0.447	0.731
	WP3	0.468	0.720
	WP4	0.578	0.664
<b>Subjective Knowledge (SK)</b>	SK1	0.585	0.606
	SK2r	0.408	0.710
	SK3	0.527	0.641
	SK4	0.503	0.657

<sup>3</sup> Corrected Item-Total Correlation <0.4 - the item does not significantly explains the expected construct (Pallant, 2005)

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**APPENDIX 9: Descriptive Analysis**

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Consumers Group

Characteristic	Mean	Median	Std. Deviation	5% Trimmed Mean	Outliers Impact (TM-M)	Significance Normality Test
<b>Beliefs</b>	4.08	4	0.467	4.08	<b>0</b>	<b>0.000</b>
<b>Importance</b>	4.12	4	0.472	4.13	<b>0.01</b>	<b>0.000</b>
<b>Inconvenience</b>	2.05	2.125	0.533	2.05	<b>0</b>	<b>0.000</b>
<b>Individualism</b>	3.81	3.75	0.605	3.83	<b>0.02</b>	<b>0.000</b>
<b>Willingness to Pay</b>	3.65	3.5	0.466	3.65	<b>0</b>	<b>0.000</b>
<b>Subjective Knowledge</b>	3.09	3	0.641	3.07	<b>-0.02</b>	<b>0.000</b>
<b>Action Related Knowledge<sup>4</sup></b>	2.13	2	0.925	2.13	<b>0</b>	<b>0.000</b>

Non-Consumers Group

Characteristic	Mean	Median	Std. Deviation	5% Trimmed Mean	Outliers Impact (TM-M)	Significance Normality Test
<b>Beliefs</b>	3.21	3.33	0.716	3.25	<b>0.04</b>	<b>0.000</b>
<b>Importance</b>	2.81	3	0.658	2.83	<b>0.02</b>	<b>0.000</b>
<b>Inconvenience</b>	3.51	3.5	0.601	3.50	<b>-0.01</b>	<b>0.000</b>
<b>Individualism</b>	4.03	4	0.617	4.05	<b>0.02</b>	<b>0.001</b>
<b>Willingness to Pay</b>	2.85	3	0.704	2.87	<b>0.02</b>	<b>0.000</b>
<b>Subjective Knowledge</b>	2.37	2.5	0.585	2.37	<b>0</b>	<b>0.001</b>
<b>Action Related Knowledge<sup>4</sup></b>	1.89	2	1.187	1.88	<b>-0.01</b>	<b>0.000</b>

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<sup>4</sup> Action Related Knowledge was measured in a different scale: From 0 to 5 instead of 1 to 5 (like the others)

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**APPENDIX 10: Cohen's d**

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Cohen's d (d) formula:

Cohen's d, in this study, is used to measure the magnitude of the differences in the means.

$$d = \frac{M_c - M_{nc}}{SD_{pooled}}$$

With  $M_c$  = mean of consumers group,  $M_{nc}$  = mean of non-consumers group and  $SD_{pooled}$  = standard deviation pooled

$$SD_{pooled} = \sqrt{\frac{(n_c - 1)sd_c^2 + (n_{nc} - 1)sd_{nc}^2}{n_c + n_{nc} - 2}}$$

With  $sd_c$  = standard deviation of consumers group,  $sd_{nc}$  = standard deviation of non-consumers group,  $n_c$  = sample size of consumers group and  $n_{nc}$  = sample size of non-consumers group.

After calculating the value of the Cohen's d, its interpretation depends on the following thresholds:

**Strength of the Relationship: Effect Sizes<sup>5</sup> (Cohen, 1992)**

	Small	Medium	Large
d value	0.2	0.5	0.8

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<sup>5</sup> The numbers in this table should be interpreted as a range of values. As an example, a value of d between .60 and .70 would be interpreted as medium to large (Cohen, 1992).

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**APPENDIX 11: Multicollinearity test and Spearman Correlations**

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Multicollinearity tests

Characteristic	Tolerance <sup>6</sup>	VIF <sup>6</sup>
<b>Beliefs (BEL)</b>	0.359	2.783
<b>Importance (IMP)</b>	<b>0.142</b>	<b>7.062</b>
<b>Inconvenience (INC)</b>	<b>0.173</b>	<b>5.767</b>
<b>Individualism (IND)</b>	0.928	1.078
<b>Willingness to Pay (WP)</b>	0.397	2.516
<b>Subjective Knowledge (SK)</b>	0.595	1.680

Spearman's Correlations<sup>7</sup>

	BEL	IMP	INC	IND	WP	SK
BEL	1					
IMP	<b>0.788**</b>	1				
INC	<b>-0.743**</b>	<b>-0.897**</b>	1			
IND	-0.235**	-0.203**	0.243**	1		
WP	0.659**	<b>0.767**</b>	<b>-0.711**</b>	-0.157*	1	
SK	0.449**	0.588**	-0.625**	-0.121	0.511**	1

*\*\* Significant at a 0.01 significance level (bilateral), \* significant at a 0.05 significance level (bilateral)*

---

<sup>6</sup> Thumb rules assumed by most researchers (Pallant, 2005) reject severe multicollinearity for Tolerance >0.1 and VIF <10. Therefore, all variables are within the limits and no evidence for multicollinearity is encountered. (However, some more restrictive studies use as thumb rules, a Tolerance >0.2 and a VIF <5, what is already violated by two variables).

<sup>7</sup> Thumb rules assumed by most researchers (Pallant, 2005) reject severe multicollinearity for  $r < 0.9$ . (However, some more restrictive studies use as thumb rule a  $r < 0.8$ , what is already violated by the correlation between two variables).

**APPENDIX 12: Logistic Regression without the variables Inconvenience and Importance**

Multicollinearity tests

Characteristic	Tolerance	VIF
<b>Beliefs (BEL)</b>	0.532	1.879
<b>Individualism (IND)</b>	0.944	1.059
<b>Willingness to Pay (WP)</b>	0.507	1.971
<b>Subjective Knowledge (SK)</b>	0.716	1.396

Goodness of fit

**Omnibus test of Model coefficients:**

	$\chi^2$	DF	Sig.
<b>Step</b>	136.134	4	0.000
<b>Block</b>	136.134	4	0.000
<b>Model</b>	136.134	4	0.000

**Hosmer and Lemeshow test:**

$\chi^2$	DF	Sig.
4.569	8	0.802

**Model Summary:**

Cox & Snell R <sup>2</sup>	Nagelkerke R <sup>2</sup>
<b>0.489</b>	<b>0.654</b>

Logistic Regression results

	B	S.E	Wald	DF	Sig.	Exp(B)	95% C.I for Exp(B)	
							Lower	Upper
<b>BEL</b>	2.348	0.526	19.941	1	<b>0.000</b>	<b>10.463</b>	3.733	29.320
IND	-0.497	0.376	1.750	1	0.186	0.608	0.291	1.270
<b>WP</b>	1.879	0.539	12.164	1	<b>0.000</b>	<b>6.545</b>	2.277	18.811
<b>SK</b>	1.447	0.411	12.401	1	<b>0.000</b>	<b>4.252</b>	1.900	9.516
Constant	-16.723	2.974	31.623	1	0.000	0.000	-	-

## Affidavit

### ESCP Europe

I, the undersigned, Manuel Robles Machado Simões Ventura, do hereby state that I have not plagiarised the paper enclosed and that I am the only author of all sentences within this text. Any sentence included which was written by another author was placed within quotation marks, with explicit indication of its source. I am aware that by contravening the stated ESCP Europe rules on plagiarism, I break the recognised academic principles and I expose myself to sanctions upon which the disciplinary committee will decide.

I also confirm this work has not previously been submitted during studies prior to ESCP Europe. If this work has been written during studies conducted in parallel to my time at ESCP Europe, I must state it.

I accept full responsibility for the content of this paper.

Manuel Simões Ventura

Manuel Robles Machado Simões Ventura

Paris, 12<sup>th</sup> May 2016