Portland State University

Columbia Sportswear

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Executive Summary

We have identified an opportunity for Columbia Sportswear to participate in the emerging market of “athleisure” apparel which is growing due to the increase in purchasing power from millennials. This marketing strategy is a product development strategy called Boreal. Millennials are seeking products with increased versatility for their increasingly mobile lives. They are taking apparel pieces which were traditionally only for sporting activities, and incorporating them into their everyday lives. Columbia sportswear has a wide breadth of patents and technologies in their arsenal, and can offer that proprietary technology in all of their product lines. There are an estimated 78 million millennials in the United States and Columbia Sportswear currently has 23.3% of the outdoor apparel industry. If Boreal accounted for 1% of Columbia Sportswear’s net revenue in 2014, it would contribute $21 million dollars and sell over 240,000 pieces to millennials.

With the Boreal line, we believe we can hit our current goal to increase 1% in sales and .23% market shares in the outdoor industry with our line of The Hemlock, The Ponderosa, and The Spruce. To help keep that goal going at that rate for the next five years, we will be introducing one to three new products per year after year two for the new three years. We will be pricing our products based off of the skimming method and will adjust as needed being that the demand is elastic. We will be promoting our line with a few different tactics. The first two are by giving proceeds to charity of Boreal and the second would be to increase our online presence. The launch of Boreal though will be a unique guerrilla marketing plan to draw in the millennials. There will be a walk in simulation to test the elements with our products along with a stationary bike race. This will add awareness to the Boreal line and prove to consumers that our product is high in quality.

Boreal sales forecast is based on Columbia Sportswear net sales of $21 billion dollars. Our goal is to capture 1% of Columbia Sportswear net sales. Boreal net sales will amount to $21 million dollars. Of those $21 million in sales we hope to receive 30% of the profits that amounts to $6.3 million in profits. In order to reach this goal we need to sell approximately 243,478 pieces. We plan to spend 5.2% of the total net sales on marketing. Total marketing budget will amount to $1.092 million dollars. Based on financial projections we will need a total investment of $4 million to launch Boreal.

The key to success for Boreal will be all about customer awareness. We want to get the word out of our new brand and show our target consumers that these products are unique, cool, and meet their needs of tech, high quality, fashionable, and versatile wear. By promoting the product properly and setting the price right will pull in our consumers rather than pushing them towards are product. The more we as a brand can engage with them personally will help spread the awareness around the world of our products.
Company History

Columbia Sportswear Company was founded in 1938 by Paul and Marie Lamfrom. Columbia Sportswear currently distributes and manufactures outerwear and sportswear. They acquired Sorel in 2000, acquired Mountain Hardwear in 2003, and prAna in 2014. Columbia experienced slow growth in 2013, with global net sales inching up by 1%. However, momentum picked up at the end of 2013 and beginning of 2014, leading to record sales of $675 million in the third quarter of 2014. In 2013, more than half (57.7%) of net sales were generated within the US (Mintel). Throughout our findings through Mintel and IBIS we have found a market opportunity for Columbia that targets a younger audience.

Columbia currently has a great position within the market to approach our target market. They have high brand loyalty, they are currently number two within the outdoor industry, and they have unique technology built into their products, which all of these are attributes those that millennials look for within a brand. Our primary target market will be The Explorer, which is ages 25 to 34 and has a population of 38.5 million and then our secondary target market will be The Weekender, ages 21 to 34 with a 39.5 million population. We believe the target consumer and the size of the opportunity will help increase sales and market share for Columbia.

Our approach to targeting these consumers will be by creating the Boreal line. Our Boreal line will have unique benefits and features that other brands do not offer. Our products will be high quality, fashion forward, price conscientious and will have that “cool” factor that our consumers are looking for. The Boreal line will have current Omni technology that Columbia already has but will be designed to have it in specific areas, to cut down the cost, and it will be more fashionable and functional.

We will increase our online presence and social media when advertising as well. It is said that 62% of millennials want to engage with their brand on social media and that only 1% of millennials are influenced by advertising (Schawbel). Our marketing objective for Boreal will be to account for 1% of Columbia’s total apparel sales in the first year and gain a market share of .23% within the outdoor apparel industry. According to Columbia’s 10K, in 2014 about 60% of their net sales and 90% of their profitability were in the third and fourth quarter. We will want the Boreal line to help increase the percentage of both net sales and profitability in the first half of the year by 2%.
Situation Analysis

Company History

Columbia Sportswear started after the Lanfrom family fled Nazi Germany and ended up in Portland, OR. They purchased a small hat company called Rosenfeld Hat Company and the Lanfrom’s renamed it Columbia Hat Company in 1938. Ten years later their daughter Gertrude married Neal Boyle. Shortly after they married he started working for the family business. In 1963 Neal Boyle became the president and was generating net sales of $650,000 a year. Neal suddenly passed in 1970 at the age of 47 from a heart attack. This was a major turning point for the company. Gert Boyle was left the business and the loans to pay off that were taken out by Neal. She had no experience she had her son Tim left the University of Oregon to help her run the business. They both admit when they had to unexpectedly take over the business they made several mistakes, and almost lost the business. After almost going into bankruptcy in 1976 they decided to reposition themselves and began promoting the Columbia brand name sportswear. With this new brand image just two year later their sales hit the $1 million dollar mark. Their products were really focused on hunting and fishing apparel.

In the 1980’s the superintending of apparel manufacturing moved the manufacturing form the Portland apparel manufacturing to Korean nationals. This was a crucial decision to produce their items at a significantly lower price for the quality. Offshoring allowed Columbia Sportswear to make their apparel and offer it to customers at a lower price, especially their famous layered jacket that you could wear in several seasons. In the late 1980’s they broke into ski market and this contributed to their major growth in the 1980’s. Gert’s son Tim was in the advertisements for being the “test dummy” on their ski apparel. This gave Gert her nickname of ‘One tough Mother’ that was highly effective marketing, and the nickname is still with her today. Shortly after Columbia Sportswear became the leading manufacturer for skiwear.

By 1990 Columbia Sportswear hit the $100 million dollars in sales. The Boyle’s had ambitious plans to reach $1 billion dollars by the 2000. Throughout the 1990’s Columbia Sportswear really focused on expanding their line of products for example, jeans, vest and boots. Gert Boyle’s image and advertisements in print and TV labeled her ‘Mother Boyle’ helped brand awareness and grew their business. By the mid 1990’s they were expanding their stores and products globally. In 1998 they went public. By 2000 Columbia sportswear had reach their goal of achieving $1 billion dollars in sales revenue. This small family Columbia grew into the global outdoor store that is known today as Columbia Sportswear.

Company Profile and Orientation

Columbia Sportswear has been around for more than 70 years. They have kept their business alive for so many years, because they are all about trying new stuff. They focus on innovation and technology to create functional and quality products for the outdoors. Their mission statement is to “design and deliver authentic, outdoor, high-value products for active consumers of all ages” (Columbia Sportswear). Today, Columbia Sportswear is an outdoor active lifestyle apparel, equipment, and footwear company and happens to be one of the largest
in the world. Over the years they have made a series of acquisitions to increase profits. They acquired Sorel in 2000, acquired Mountain Hardwear in 2003, Montrail in 2006, and prAna in 2014. Sorel and Montrail are their footwear side of the business. Their products are designed with the overarching goal to make your adventures comfortable by keeping consumers warm or cool, dry and protected. Separate from their other product line that focus on apparel, equipment, and accessories. Their products are manufactured outside of the United States in approximately 20 countries. Majority of their manufacturing 67% takes place in China and Vietnam.

Columbia Sportwear offers a wide variety of products for men, women, and children. They depend on their technology within their clothes which sets them apart from their competitors. Some of these advanced technologies include Turbo Down, Omni-Heat, Omni-Dry, and Vent, and all of these innovations are protected by patents. Columbia Sportswear has a focus on outdoor fashion to help promote people to want to stay outdoors longer.

![Columbia Sportswear Brand Logos with Associated Perceived Image](Source: Columbia Sportswear LinkedIn Page)

**Financial Performance**

Columbia Sportswear had an outstanding year in 2014 with solid progress. According to the webcast from the Columbia Sportswear discussing the 2014 fiscal year. In 2014 Columbia Sportswear generated a net sales $415 million increased by 25% from 2013. Net income $2.1 billion increased by 45%. During 2014 the overall sales growth was fueled by Columbia and Sorel.

As mentioned Columbia Sportswear separates their sales into apparel, accessories, and equipment all in one and the separate footwear. Throughout the years the footwear segment has grown. According to their 2014 annual webcast, Sorel is making efforts to push year round all terrain footwear for young fashion forward women. Listed below is Exhibit 1B representing the breakdown of apparel, accessories, and equipment net sales and then footwear net sales from 2012 to 2014.
Columbia Sportswear has a variety of brands as mentioned before which include Columbia, Sorel, Mountain Hardware, prAna, and others. Below in Exhibit 1C represent all of their brands and net sales. The numbers below show that their line Columbia generates the most sales. We plan on focusing on growing the Columbia brand since that and Sorel is what contributes majority of 2014 sales and profits came from.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel, accessories and equipment</td>
<td>$1,676.2</td>
<td>79.8%</td>
<td>$1,374.6</td>
</tr>
<tr>
<td>Footwear</td>
<td>424.4</td>
<td>20.2%</td>
<td>310.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,100.6</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$1,685.0</strong></td>
</tr>
</tbody>
</table>

*Exhibit 1B: Total Net Sales 2012-2014
Source: Columbia Sportswear Annual Report 2014*

Columbia Sportswear has the highest net sales during the third and fourth quarter. This can be a challenge for retail businesses. Exhibit 1D below represents 2013 and 2014 quarterly sales.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia</td>
<td>$1,750.3</td>
<td>$1,412.9</td>
</tr>
<tr>
<td>Sorel</td>
<td>166.2</td>
<td>128.7</td>
</tr>
<tr>
<td>Mountain Hardware</td>
<td>119.8</td>
<td>132.5</td>
</tr>
<tr>
<td>prAna</td>
<td>53.7</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>10.6</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,100.6</strong></td>
<td><strong>$1,685.0</strong></td>
</tr>
</tbody>
</table>

*Exhibit 1C: Net Sales By Brand
Source: Columbia Sportswear 10k*

Columbia Sportswear has the highest net sales during the third and fourth quarter. This can be a challenge for retail businesses. Exhibit 1D below represents 2013 and 2014 quarterly sales.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$424,084</td>
<td>$348,307</td>
</tr>
<tr>
<td>Gross profit</td>
<td>197,086</td>
<td>153,304</td>
</tr>
<tr>
<td>Net income (loss) attributable to Columbia Sportswear Company</td>
<td>22,255 (6,329)</td>
<td>10,102 (7,077)</td>
</tr>
<tr>
<td></td>
<td><strong>$676,964</strong></td>
<td><strong>$533,110</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$307,059</strong></td>
<td><strong>$237,718</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$55,603</strong></td>
<td><strong>$36,730</strong></td>
</tr>
</tbody>
</table>

*Exhibit 1D: Quarterly Net Sales and Gross Profits 2013 and 2014
Source: Columbia Sportswear Annual Report 2014*

Columbia Sportswear is a publically traded company. Below Exhibit 1E and 1F describe their current stock price and the bottom exhibit has the growth of the stocks prices over the past three years.
Exhibit 1E: Current Stock Price and Information
*Source: Columbia Sportswear Company Website Stock Information*

<table>
<thead>
<tr>
<th>Last Price</th>
<th>Change</th>
<th>Open</th>
<th>Day High</th>
<th>52-Week High</th>
</tr>
</thead>
<tbody>
<tr>
<td>61.40</td>
<td>0.09 (0.146%)</td>
<td>61.45</td>
<td>62.20</td>
<td>64.92</td>
</tr>
<tr>
<td>Volume</td>
<td>Previous Close</td>
<td>Day Low</td>
<td>52-Week Low</td>
<td></td>
</tr>
<tr>
<td>55,800</td>
<td>61.49</td>
<td>60.84</td>
<td>34.25</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 1F: Benchmark Area Graph of Columbia Sportswear Stock Prices 2013-2015
*Source: Columbia Sportswear Company Website Stock Information*

**Environmental Analysis**

**Economic**

The per capita disposable income is expected to grow at an annual rate of 2.5% from 2014 to 2019. This disposable income helps the hiking and outdoor industry because people will have extra money to spend on hobbies and outdoor activities. Exhibit 1G below represents a monthly breakdown of consumer income and consumer spending.
There are roughly 78 million millennials in the United States and their approximate spending is $2.1 trillion each year. By 2020 their spending power is expected to grow to $1.4 trillion annually with 30% of that being in retail sales (CEB Iconoculture Consumer Insights).

**Socio-cultural trends**

At our current population growth the millennials has surpassed baby boomers in the US labor market. Exhibit 1H below shows the millennials passing the Boomer and Gen Xers in 2015.

The American society is becoming more health conscious. This means they are expected to spend more time outdoors doing activities like hiking, going to national parks, and participating in outdoor sports. Sports participation is projected to grow 19.3% of the population.
by 2019. Another aspect supporting this data is the fact studies are supporting the benefits of outdoor activities.

**Technological**

In the United States 84% of Americans have access to Internet (Pew Research). Our consumer base for our line Boreal likely to have a college education it is said that those who are college educated are more likely to use the Internet. Also, those who make less than $30,000 are less likely to use the Internet. Or market segment focuses on consumers making $30,000 or more. This data helps us because it tells us people who make more have access to the internet and more likely to shop online and be exposed to our ads.

![% of all American adults who use the internet](Exhibit II: % of American Adults That Use the Internet)

Source: Pew Research

Technology is going to play a big role in the retail world (Forbes). The use of technology is going to enrich the customer experience in brick-and-mortar location. Some of these technology trend to personalize the experience by applications, enhanced security like debit cards that have chips rather than magnetic strips to hold information but are harder to steal card information. It’s going to be important to connect your online experience with the in store experience by connecting the two and bring innovative technology into stores. This is helpful data for our brand launch of Boreal because our first phase where our products can be purchased nationwide is our website. It is important our consumer have access to wifi to be able to purchase our products. Also this data helps define our target market and how often then are online.

**Industry Analysis**

Columbia Sportswear is in the Sporting Good Stores industry in the US market. This industry primarily retails sporting goods, apparel, camping equipment, and exercise and fitness equipment. Below in Exhibit 1J is a snapshot describing the Sporting Goods industry as a whole.
Exhibit 1J: Key Statistics Snapshot  
*Source: IBIS*

The next exhibit 1K represents the breakdown of the different product and services segments of the industry.

Exhibit 1K: Products and Services Segmentation 2014  
*Source: IBIS*

Currently the Sporting Goods industry is in the mature phase of the product lifestyle. One of the reaction to being in the mature phase of the product life cycle is to reduce the number of stores and maximize sales in certain locations and increase online sales. By 2020 the industry is expected to hit the $53.1 billion dollar mark, which is a 1.4% annual growth rate. This industry is growing because of the demand for sporting goods for health-conscious individuals.
Market Analysis

Market Segmentation

We have identified two primary segments based on need, demographic, behavioral, and psychographic characteristics.

<table>
<thead>
<tr>
<th>Demographic</th>
<th>The Weekender</th>
<th>The Explorer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average household income:</strong></td>
<td>$30,199</td>
<td>$55,208</td>
</tr>
<tr>
<td>Younger millennials: 21-34</td>
<td></td>
<td>Older millennials: 25-34</td>
</tr>
<tr>
<td>Don’t have kids</td>
<td></td>
<td>More likely to have children</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Needs</th>
<th>This segment values being perceived as stylish among their group of friends</th>
<th>Quality over quantity and have the disposable income to be able to make discerning purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Weekender is a conspicuous consumer and experiences new things for the Instagram post</td>
<td>Travels light and lives a mobile lifestyle (Air BnB, Lyft, Dropbox)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Lives for the weekend getaway as their time away from their first 9-5 job</th>
<th>Explorers plan their excursions well ahead of time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic travel</td>
<td>International travel</td>
<td>Mobile offices, mobile homes and everything they own lives in the digital world.</td>
</tr>
<tr>
<td>Takes advantage of couch surfing</td>
<td>Early adopter</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PRIZM</th>
<th>City Startup</th>
<th>Young Influential</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Demand</th>
<th>Market size: 39.5 million</th>
<th>Market size: 38.5 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid growth and potential</td>
<td>High growth and potential</td>
<td></td>
</tr>
<tr>
<td>PP: $900 billion</td>
<td>PP: $1.2 trillion</td>
<td></td>
</tr>
</tbody>
</table>

Both The Weekender and The Explorer fall into the millennial segment, whose spending has nearly quadrupled within the past four years (CEB Iconoculture, 2013). Even though the market size for older millennials or The Explorers, is slightly smaller than the Weekenders, we feel that the potential for growth is higher for the Explorers.

In 2000, a leading psychologist named Jeffrey Arnett proposed a new stage of development called Emerging Adulthood. This is the period between 18 and 24 years of age where adolescents become more independent and explore various life possibilities. Emerging adulthood is a new demographic, is contentiously changing, and some believe that twenty-somethings have always struggled with "identity exploration, instability, self-focus, and feeling in-between.” (Arnett, 2000).
The Explorers also make more money, and have more time and a larger disposable income for leisure activities. The median household income of Older Millennials (aged 25-34) is similar to that of the average household (about $52K). The median household income for millennials under 25 is about 34% lower than the average. Many are still in school or just starting their careers. Younger millennials, particularly those aged 20-24, are significantly more likely than the average adult to be unemployed. As of December 2014, some 9.9% of Millennials aged 20-24 are unemployed, as are 5.7% of Millennials aged 25-34, compared to the national average of 5.4% (Mintel, 2014).

It’s estimated that millennial spending will account for $1.4 trillion dollars and account for nearly 30% of all purchases by 2020 (Donnelly, 2015), which is why our secondary target will be the Weekenders.

Customer Profiles

Explorer Ezra

Meet Ezra. He’s a 34 year old living in Portland, OR. He moved from the Midwest nearly a decade ago and has made this city his home. The tech startup he works at just promoted him and bought a used Land Rover right after. He wanted something that would reflect not only his accomplishments but his taste level as well, but wouldn’t break the bank. He also needed something that could carry his bikes, his snowboard, and a cargo rack for camping and backpacking.

Ezra loves Portland and has developed a tight knit circle of friends, who introduced him to his wife. They like to go out to live music and try out new restaurants recommended by friends and sites like Yelp and Thrillist. Right now, their favorite food cart is Nong’s Khao Man Gai, and it’s inspiring the next trip that their planning: Thailand.

They also just had their first child and Ezra is a hands on dad, sharing equal responsibility. He doesn’t subscribe to traditional gender roles and wants to be there for his kid. Ezra is ambitious but by no means a workaholic. He’s transitioning from being a bachelor to family life, and he’s convinced himself to not get any tattoos that can’t be covered up with a long sleeve shirt. He still likes to get rowdy with his buddies but is always down to stay in and binge on Netflix on a Friday night.

Even though he makes enough money to buy his own house, he and his wife chose to rent a house in North Portland, because they’re not sure if they’re going to stay in
Portland forever and they don’t see the need for such a major commitment. When he travels for work, he always goes for an Air BnB instead of a chain hotel, and regularly uses Uber when going out at night.

His purchasing decisions range from high end to low brow. He has a Chrome backpack which is used for work, traveling, and even camping. A couple of his buddies have Chrome bags too, but he got a custom one that he heard about on his favorite style blog. The backpack cost him nearly $250 but he feels it’s worth it because of how long it’ll last and how versatile it is. There’s even a bottle opener built in to the bag…it’s the details that matter to him the most. But Ezra’s also no snob. He buys his favorite Hanes white t-shirts on Amazon in packs of three for less than $10, and usually pairs it with his favorite (and only) pair of raw, selvedge denim jeans that his wife bought him at a local boutique here in Portland.

Ezra doesn’t subscribe to any magazines or newspapers, but follows sites like Vice and the Young Turks to stay informed. At home, he chooses to drink craft beer or mid-level whiskey, but has no problem drinking Rainier or PBR when he goes to his friend’s house to watch NCAA March Madness games. It’s not like he has unlimited disposable income, but Ezra has found he’s able to eat out a few nights a week, take at least one trip out of the country a year, and purchase the things he feels are quality or necessary.

**Weekender Willow**

Meet Willow. She’s a 24 year old who just started her first real job at a local PR agency in Portland, OR. She lives in the Alphabet District in Northwest Portland, because of the abundance of apartments to rent, the proximity to nightlife, as well as the close proximity to her job. She’s originally from Austin, TX and drove her old Jeep Cherokee during the move. She hardly ever drives and relies on public transportation and Uber and Lyft to get around.

Willow is really into staying active and uses apps like ClassPass to get into different classes while still keeping her budget in check. She also likes to go hiking in local trails near the city and always brings her camera to get awesome pictures. She also just adopted a dog which has been the biggest commitment in her life so far.

She doesn’t subscribe to any magazines but follows websites like Refinery 29 and Kinfolk for home and style inspiration, and occasionally peeks through a People or Cosmopolitan while waiting in line at the grocery store. Willow might describe herself as a little over-programmed with her busy schedule and large group of friends.
She’s adjusting from a younger college life to her first real 9 to 5 job, and has her weekends planned out way in advance. Willow hopes to someday travel through Europe or South America, but for now she is happy visiting her friends across the United States and staying on their couches. She cares less about where she sleeps and puts more emphasis on who she’s visiting and what city she gets to visit.

Her style is relaxed and leans toward trendy, but her budget is something she has to always keep in check. She mixes her Levi’s jeans with a Lucky Brand bag, and a Patagonia jacket, all found at Buffalo Exchange. Her most prized possession are her Frye Boots, a lucky thrift store find. Her coworkers at her job are also extremely stylish, but she wants to set herself apart and is willing to take risks and explore trends. She’s quick to add the newest app, but is more gun shy when it comes to investing in the newest phone or camera.

She enjoys trying out new restaurants when she can, and is fortunate because many of her friends work in the restaurant or service business. Her social connections get her free drinks at bars, free food at trendy restaurants, and her esthetician friends hook her up with eyebrow waxes and manicures. Keeping up a good appearance, without trying too hard is really important to her. She takes pride in the fact that her friends look to her as a source for new things and trends. She’s interested in music but more interested in setting moods. Going to music festivals like Sasquatch, and Project Pabst is like going on mini vacations for her, and gives her an opportunity to hang out with her friends. Willow is extremely active within social media and looks to a variety of Instagram accounts to see what’s trending in all things food, style, and even fitness. It’s her lifeline that keeps her connected to her friends that she met from school and from traveling. It’s important to her that she updates them frequently to keep everyone updated on her life.

**Market Demand**

The total number of millennials in our target market is estimated at 78 million individuals, and their spending is growing and has quadrupled within the last four years. Younger and older millennials have an estimated $900 billion and $1.2 trillion dollar purchasing power, respectively. In addition to a market potential of a combined $2.1 billion dollars, it’s estimated that millennials will account for 30% of all purchases by 2020, so the market has incredible potential for Boreal.

In terms of market penetration, according to a Mintel study in 2015, millennial outdoor enthusiasts are the group most likely to plan on purchasing outdoor gear and apparel within the next 12 months. In addition, there is a major intersect between the outdoor and athletic apparel industries, with the trends of athletic apparel being worn for both outdoor activities and casual wear (Fitness Clothing, Mintel). This trend is known as “athleisure” wear, and Boreal will fill this void with outdoor leisure apparel that is technologically advanced but stylish for casual settings. We are estimating Boreal to account for 1% of Columbia’s total sales in the first year.
which would account for 21 million dollars. This would equal a .23% market penetration with approximately 24,000 purchases, within the outdoor apparel industry.

In terms of aggressiveness, our strategy is realistic for a brand new line. After the first year Columbia acquired prAna, net sales amounted to 53.7 million dollars, or 2.6% of Columbia’s total portfolio. We feel that this marketing goal is in line for the introduction of a new brand and will grow at a consistent rate given the market potential and conservative initial market penetration rate.
Competitive Analysis

Competitive Environment

Exhibit 3A: Porter's Analysis

“Competition within the outdoor industry is medium and the trend is increasing” (Outdoor Enthusiasts). It is said that store operators face significant competition from non-industry retailers, including e-commerce. Consumers who casually enjoy the outdoors prefer the lower price and familiar turn of department stores and retailers, which more committed outdoor enthusiasts and casual hikers alike appreciate the convenience and breadth of product and prices that are available online (Outdoor Enthusiasts).

If you are wanting to try and get within the outdoor industry the competition can be hard to beat. New entrants within the industry will want to make sure they remain their focus on a particular passion, rather than being general and having lots of different products. New entrants will see high startup costs because industry retail stores require a large amount of square footage to properly display products. They will need to consider the market dominance of existing
players in the outdoor industry which include Columbia, The North Face, L.L. Bean and Patagonia. New entrants will need to make sure they can alter goods and services in a timely manner. They will need to be able to have product on hand at all times because if there is an unexpected monsoon in Arizona, then they would need to be able to get raingear out to that location in a timely manner. In addition, having knowledge of tech within the products. By having employees have a high knowledge of what is within the products will help increase customer loyalty within the brand (Alvarez).

**Competitive Landscape**

The Boreal line can be looked at in two ways in regards to their competitive landscape. In exhibit 3B, you can see who we look at as key competitors when considering the outdoor industry. The form competitors, so the most direct competitors of those include L.L. Bean, The North Face, and Patagonia. Branching out to category competitors there is Marmot, Polar, Merrell, and REI (Evergreen). Columbia Sportswear then has generic competitors; Nike, Timberland, Under Armour, and Lululemon. Lastly, we have budget competitors, those include companies that one has their bills or loans through, stores that the consumer goes grocery shopping at, and entertainment, like the movies, sports games, or kayaking equipment. Boreal’s significant competition within the outdoor industry include L.L. Bean, The North Face, and Patagonia, with The North Face being their rivalry company (Outdoor Enthusiasts).

In addition to the competitors above, Boreal can have another set of competitors, if you look at the line being more with the athletic industry, rather than the outdoor industry. The most direct set of competitors for Boreal would include Nike, Lululemon, and the North Face. All these were still other competitors for Boreal from an outdoor industry perspective but were within different competitive categories but looking at it from an athletic or “athleisure” perspective, they would be form competitors.
Profile of key competitors

The North Face (Boreal’s Rivalry)
Mission: “Never Stop Exploring”
Target Consumer
Ages: 24 to 34
Men and women
Outdoor enthusiast
$50,000+ household income
Psychographic
Health-conscious
Loves the outdoor
(Outdoor Enthusiasts & The North Face)

Patagonia
Mission: “Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to environmental crisis.”
Target Consumer
Ages: 25 to 44
Men and women
Outdoor enthusiast
$75,000+ household income
Psychographic
Health-conscious
Loves the outdoor
Follows fashion trends
Expect highest of quality
(Outdoor Enthusiasts & Patagonia)

L.L. Bean
Mission: “Sell good merchandise at a reasonable profit, treat your customers like human beings and they will always come back for more.”
Target Consumer
25 to 45
Men and women
$50,000+ household income
Psychographic
Health-conscious
Loves the outdoors
Expect exceptional customer service and the high of quality
Boreal’s key competitors all generally target the same demographics with a slight difference of household income. All their consumers are health-conscious and love the outdoors, though each have additional psychographics that cater to the brand. The North Face is most similar in regards to products being service, age of the target consumer, and the household income which is part of what creates them to be Columbia’s rivalry.

According to Mintel, The North Face is the most viewed and likely brand to be purchased from. As you can see from the graph to the right, The North Face is in the lead with an overall average of 30% and trailed behind them in Columbia at 29%. Something that should needs to be pointed out as well is The North Face is close in comparison with male and female whereas Columbia has a big gap between male and female. This is most likely due to Columbia’s clothing looking more outdated than The North Face product. Not only that is The North Face in the lead with engagement and purchasing but they are also in the lead for awareness from ages 18+ and older. The overall average for The North Face is 30% and trailing behind them yet again is Columbia at 29%. The main difference between these two numbers on the graph is the percentage of a household that has no children that are 18 and under. This isn’t the only case though for The North Face and Columbia, you can see that the numbers are all extremely low in regards to targeting parents that have no children under 18 as well (Outdoor Enthusiasts).

When considering all of this information, it can help justify that there is a market for the Boreal line and Columbia has the brand loyalty to be able to achieve the goals we have for the company. There is enough room to grow in the this new merging market of outdoor and athletic apparel combined and numbers from Mintel to help back up that fact that Columbia is capable of being one of the first outdoor companies to hit the needs of the millennials.
Below you can see the net revenue in millions for the top three key competitors of Columbia and compare it to Columbia’s. Columbia Sportswear is currently number two in regards to market share within the Outdoor Industry. According to IBIS, the outdoor industry is a $9.03 billion business, so that number was used to calculate the market share. Leading the industry is The North Face with only a 2% increase from where Columbia is currently at within the shares. You have L.L. Bean at 17.8% market share, so well below Columbia Sportswear but they still have a hefty share within the industry. Lastly, the fourth highest market share within the outdoor industry is Patagonia, with 6.5% market share. Even though Patagonia has a smaller market share, they are growing within the industry. They are the newest company out of the four companies in the chart below, so they have a unique position with still more room to grow with the industry, whereas the other companies are more into the cash cow phase.

<table>
<thead>
<tr>
<th>Company</th>
<th>Net Revenue (Millions)</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia Sportswear</td>
<td>$2,100.00 (2014)</td>
<td>$2,100,000,000/ $9,030,000,000 = 23.30%</td>
</tr>
<tr>
<td>Company</td>
<td>Revenue 2014</td>
<td>Parent Company</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------</td>
<td>----------------</td>
</tr>
<tr>
<td>The North Face</td>
<td>$2,300.00</td>
<td>VF Corporation</td>
</tr>
<tr>
<td>Patagonia</td>
<td>$589.00</td>
<td>Alvarez</td>
</tr>
<tr>
<td>L.L. Bean</td>
<td>$1,610.00</td>
<td>Beem</td>
</tr>
</tbody>
</table>

*Exhibit 3F*  
*Source: IBIS*  
*$9.030 billion dollar industry*
SWOT Analysis

<table>
<thead>
<tr>
<th></th>
<th>+</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td><strong>Strengths:</strong></td>
<td><strong>Weaknesses:</strong></td>
</tr>
<tr>
<td></td>
<td>Patents</td>
<td>Brand perception</td>
</tr>
<tr>
<td></td>
<td>Research and development to implement</td>
<td>Lack of distribution</td>
</tr>
<tr>
<td></td>
<td>technology</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brand recognition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ranking within the market</td>
<td></td>
</tr>
<tr>
<td><strong>External</strong></td>
<td><strong>Opportunities:</strong></td>
<td><strong>Threats:</strong></td>
</tr>
<tr>
<td></td>
<td>Emerging market</td>
<td>Counterfeit products</td>
</tr>
<tr>
<td></td>
<td>High barriers of entry</td>
<td>Increased competition</td>
</tr>
</tbody>
</table>

Exhibit 4A

**Strengths**
- Columbia has over 200 patents for the technology within their products, the products themselves, and the way the products are created. By having these patents, it helps assure Columbia’s uniqueness from the market and it makes it harder for those to counterfeit their products.
- Research and development to implement technology within their clothes that sets them apart from their competitors. These advanced technologies include Turbo Down launched 2015, Omni-Heat™ technology, Omni-Dry™, and Vent.
- According to Mintel, Columbia is the second most known brand in all of the outdoor industry. They are only 2% behind The North Face with most known brands. This can help lead to brand loyalty as well.
- Columbia has a high ranking within the Outdoor Industry. They are currently number two, only 2% behind in market shares to The North Face, who is number one within the outdoor industry.

**Weaknesses**
- Brand perception can be seen as a weakness because they have been around for 70 years people may think they are not “cool” anymore. They have been around so long that their methods may be too traditional for the millennial consumer portfolio.
- Columbia has a lack of distribution within the United States. They only have two distribution centers, one located in Portland, Oregon and the other one located in Kentucky. They also have a lack of distribution overseas, one in France for all of Europe and only a few within Asia which some countries have to rely on third parties to receive Columbia products.
Opportunities

- Emerging market because society is becoming health conscious and outdoor stimulates that need, and sports participation is increasing by 19.3% by 2019.
- High barriers of entry. The hiking and outdoor equipment industry is in the mature phase of the product lifestyle making it difficult for other business to enter the market.
- E-commerce has grown 40% in 2014 hitting the $100 million dollar mark and they developed a new website platform to enrich customer experience online.

Threats

- Counterfeit products since technology is so advanced today companies could create their own technology within their apparel. This is a threat because Columbia Sportswear focuses on a differentiation strategy with their patents on their clothing.
- Increase in competition to sell to millennials. It is becoming obvious in the business world that there is a demand to create and cater to the millennial generation.
Strategic Market Plan

Marketing Mission and Goals

Columbia Sportswear is a major player within the outdoor apparel industry, trailing only behind The North Face with a market share of 23.3%, with 2.1 billion dollars in net revenue. However, in the past few years, the growth of athletic apparel has outpaced traditional apparel companies and outdoor brands (Sherman, 2014). When factoring in other athletic apparel brands, Columbia Sportswear makes up a tiny fraction of the total market, with brands like Nike, Adidas, and Lululemon leading the market, and Columbia having only 6.23% of the estimated 33.7 billion dollar active wear market.

Exhibit 6A: Millennial purchasing power in the U.S.
Source: CEB Iconoculture Consumer Insights

Our marketing objective for Boreal will be to account for 1% of Columbia’s total apparel sales and gain a market shares in the first year of .23% and .06% within the outdoor apparel and active wear industries, respectively. In addition to our marketing goals, this plan focuses on building our target market’s trust and awareness of Boreal. We are aiming for a 5% engagement rate on all social media channels combined, as well as a consumer awareness rate of 50% for all 18-35 year olds, which will help establish a strong unaided brand recall rate among our target market.

Marketing positioning

Our marketing plan for Boreal positions Columbia Sportswear in a unique position within an emerging market. Columbia has a spot in different sectors within the outdoor and athletic apparel industry: yoga with prAna, fashion and technical footwear with Sorel, mountaineering and technical gear with Mountain Hardwear, and hiking and fishing with its heritage brand Columbia Sportswear. Boreal will add in another point of view, with technical outdoor apparel for the millennials leisure-filled life. The main differentiator and competitive advantage that Boreal has lives with Columbia Sportswear and the arsenal of patents and technologies incorporated in their current products.
Columbia currently offers technology under its Omni line of patents. The line ranges from Omni-Tech™ which is their proprietary fabric technology that allows a piece of clothing to be breathable but waterproof. Omni-Dry™ is similar in that it’s guaranteed waterproof, but has four times the air passage capability than Omni-Tech™. There is also Omni-Wick™, which is a high performance wicking fabric, comparable to Nike’s Dri-Fit, and Omni-Wick™ EVAP, which is a moisture management fabric. Besides drying technology, Omni-Heat™ is Columbia Sportswear’s featured breathable warming technology, and a new innovation is TurboDown™ which is a traditional down paired with performance enhancing synthetic down. For summer seasons, Columbia offers Omni-Freeze™ and Omni-Freeze™ ZERO, which are sweat activated cooling technologies for fabric. There is also a whole line of shield technologies such as Omni-Shield™ which prevents stains, Omni-Block™ which is a wind breaking technology, Insect Blocker™ which is EPA registered and can withstand 70 washes, and Omni-Shade™ which blocks UVA and UVB rays up to UPF50, which is much higher than the industry standard for sun protection. Along with Sorel, prAna, and Mountain Hardwear, Boreal has a dozen more technologies at its disposal.

Exhibit 6B: Brand Perceptual Map
Source: PMB/PDX

We’re going to move Boreal into the second quadrant of this perceptual map, from Columbia’s current position as having a high level of technology, and a low level of style, to a high performer in both areas, merging the best of style and technology (Exhibit 6B). We
compared not only from competitors in the outdoor apparel industry, but also factored in active wear brands that participate in the athleisure arena, such as Nike, Lululemon, and Adidas. While Columbia Sportswear and Boreal can’t immediately take a market share comparable in size to the giants like Nike, Boreal can position itself in the best position when comparing style and technology.

**Branding Strategy**

At its core, Boreal will emphasize its roots within the outdoor industry with its name alone. Boreal is a biome that is characterized by coniferous forests, and is also known as a snow forest. It is a heritage outdoor brand that dates back to the 1930’s, which gives Boreal a competitive advantage over newer companies like Lululemon and Poler. Brands with similar life spans include Danner Boots, L.L. Bean, and even Chanel for comparison. There are few companies with that kind of history, and even fewer with the breadth of technology that Columbia Sportswear owns. Boreal also has an aesthetic that is completely on trend, paired with the technology that made Columbia so successful in the first place.

![Exhibit 6C: Founders of Columbia Sportswear](source: YouTube)

Through our research, we found several interesting things. According to a Mintel report millennials are brand loyal 60% said that they are often or always loyal to brands that they currently purchase. The sooner you build a relationship and deep connection with millennials, the better because they will continue to purchase from you as an adult. According to Mintel, 43% of millennials rank authenticity over content when consuming news, meaning that they first have to trust a company or news site before they even bother reading the content that they produce. Millennials connect better with people over logos. Boreal will be the first pioneers of stylish technical outdoor apparel that can also be worn for leisure, within the emerging market of athleisure wear, which will align perfectly with first adopters and trendsetters. The objective of our marketing plan isn’t to poach a huge market share from giants like Nike and Adidas, but
instead to establish Boreal as a trusted brand among our target market of early adopters. The words of their early adopting friends mean much more to Weekender Willow and Explorer Ezra than any form of advertising could.

In addition, 62% of millennials say that if a brand engages with them on social networks, they are more likely to become a loyal customer (Marketing to Millennials, Mintel). They expect brands to not only be on social networks, but to engage them. This obviously takes more labor from companies to be able to maintain social networking feeds, but it’s worth it if you want to reach millennials. Building strong social networking channels early on will help with brand recognition and recall, as well as aiding the brand in guerilla marketing techniques to keep costs down and engagement up.

According to the same Mintel study, millennials value authenticity and transparency from marketers. In the example lookbook from Poler (Exhibit 6D), product features are at an absolute minimum and the adventure and journey are at the forefront. By focusing on storytelling and encouraging user generated content similar to the content Boreal creates, interactions with the consumer will feel more genuine and less like a hard sell. Boreal will be that cool friend that tells you about the cool new bar with swings instead of barstools, the best new band that wears Boreal when on tour, the best new breakfast food since avocado toast, and the coolest shop to get your bike fixed. Branding will emphasize the story and adventures experienced in Boreal clothing, versus sales and promotional deals that make the brand appear tacky and of low quality.
Marketing Program Strategies

Product Strategy

Our product strategy for Columbia will be to create a new line called Boreal that will be targeting millennials. As stated earlier, within the competition analysis in exhibit, Mintel states that Columbia already has high brand awareness, with being the second most known brand within the outdoor industry. This will help our line become known among consumers but we also have to consider another industry that our line will be in competition with, the athletic industry. The Boreal line can also be considered athleisure and so we have to consider that a segment of our target consumers that shop in this industry will most likely not consider Columbia as athleisure type of clothing. We believe there is a big enough number though brand awareness and brand loyalty among our consumers that will purchase products within our line and spread word to friends, family and through social media of our products.

Our line will consist of three products in the first year and an additional product will be added per year after that. The products that will be coming out for the first will include a hoodie, jacket, and button-up shirt.

Exhibit 7A: Color, Pattern, and Font Exploration
Source: PMB/PDX
Our products are going to have technology featured within each product that give it, it’s uniqueness that will draw in our target consumer. The Hemlock will include Omni-Dry™, Omni-Shield™, and Insect Blocker™. These technologies will be placed in specific areas of the jacket, not within the entire product which will help eliminate cost. The Ponderosa will include Omni technology as well. It will include Omni-Heat™ and Omni-Wick™. The Omni-Heat™ will be specifically within the pockets of the hoodie to keep your hands warm and the hood of the hoodie to keep your ears warm. In addition to the Omni technology, the Ponderosa will include an LED hood light. This would be used for multiple uses, you can use it while riding your bike late at night, having a late night hike, as a light while camping, or even when you’re walking home late at night. Another feature we will have with the Hemlock and the Ponderosa
will be that they can be worn together and not clash. That way you can not only stay dry and protected but you will also be able to stay warm with that layered look. In addition to the Hemlock and the Ponderosa we will have the Spruce. The Spruce will be a button up shirt that will be nice enough to wear to work but can also be worn while going on those outdoor adventures. The button up will be trendy with very beneficial technology. The Spruce will include Omni-Shield: blood and guts™, which helps prevent stains from occurring from within the shirt and on the outside of shirt. It will include Omni-Wick™, which pulls the moisture out of the shirt to help evaporate perspiration quicker to help keep you drier. Lastly, it will include Columbia’s antimicrobial treatment which will prevent any bacteria from growing and help keep the shirt smelling fresh when you do wear it for those outdoor adventures.

As stated, there will be three apparel products in the first launch of the Boreal Line in the first year. Based off the success we expect in year one and year two, we will add an additional one to three products in year three and per year after that year three. In that year three we will add additional apparel items that will be for both men and women and year four is when we will have our first launch of accessories and equipment. From there our projection for year five will be to have products that are in all categories; apparel, accessories, equipment, and we will be introducing the first shoe in the Boreal line.

<table>
<thead>
<tr>
<th>Launch year</th>
<th>Products</th>
</tr>
</thead>
</table>
| Year One    | ● The Hemlock (Jacket)  
             ● The Ponderosa (Hoodie)  
             ● The Spruce (Button-up) |
| Year Two    | No new products in year two. Year two will be to focus on promoting the Boreal line. We want to make sure that the word is getting out there of the unique and cool products that will be offered. |
| Year Three  | ● Current offerings from year one with new color schemes  
             ● The Birch (Pants)  
             ● The Yarrow (Shorts) |
| Year Four   | ● Current offerings from year one and three with new color schemes and new material  
             ● Waterproof backpack that can be used as a cooler  
             ● Sun reflective hat  
             ● Multipurpose scarf |
| Year Five   | ● Current offerings from year one, three, and four with new color schemes  
             ● Wapato (shoes) |
Pricing Strategies

The pricing objective for the Boreal line is what our overall market goal is. That would be to increase sales within the outdoor industry by 1% and to increase market share to .23% in the first year and will continue at that rate for five years. After year five, we will reassess our plan and increase or decrease that number depending on how our line is doing, our target consumer’s preferences, and how Columbia as a whole is doing within the market.

Boreal will be focused as an external orientation, Boreal is really looking to hit those needs and wants of our target consumers so we want to listen to everything they have to say, whether it's good or bad. Millennials value companies who look at them for their products rather than just selling products to a mass market because they want those unique products that meet their specific needs (Outdoor Enthusiasts).

There are many factors in regard to the change in demand and price for the products in the Boreal line:

Factors that affect demand
- Consumers preference
- Climate change
- Consumers income
- Competitive products

Factors that affect price sensitivity
- Substitutes
- Uniqueness of the product
- The necessity of the product
- Switching costs
- Customer loyalty (important for our target consumers)

The factors that affect demand can change at a rapid rate. Millennials are always looking for unique products with new technology, so as new technology comes out, they will potentially want that within their products (Millennial site). Climate change can greatly affect the demand for Boreal as well. They are outdoor clothing, so we will have to pay attention to weather patterns not only in the Pacific Northwest but all around the world so we know what products to offer and what products to have in what distribution centers, meaning have apparel for cold and snowy weather in Kentucky and have apparel for cold and wet weather in Portland. Another factor is consumer income which can adjust depending on the economy and lastly competitor products. This can change the demand by competitors coming up with similar products to what Boreal will have to offer.
Factors that go into affecting the price of the Boreal line are substitutes, uniqueness of the products, and the necessity of the products, switching costs, and customer loyalty. The uniqueness of the product and customer loyalty are the most important when thinking in regards the target consumer. They expect unique factors within products so keeping up with technology and making sure the price right can be challenging. Customer loyal is the other very important factor that affects the price. Millennials are very customer loyal but if something happens to turn them away, they will turn away quickly and it is hard to gain them back so making sure that those that are lost are replaced with new loyal customers will be very important.

\[ E = \frac{\text{Percentage change in quantity demanded}}{\text{percentage change in price}} \]

*Exhibit 7D*

*Source: PMB/PDX*

The elasticity of our products is very elastic which could potentially mean that our pricing strategy, skimming, may have to be adjusted over time. We do feel though that with the launch of our products that skimming can be a great tactic to use, especially to get a feel on how our products are selling being that the Boreal line will be higher quality than what Columbia is used to doing.

Starting backwards from our product price of the Hemlock coat of $120, the mark-up we chose was 55% because we are using skimming and 50% is the average percent of a markup, so that would put our break-even point at $66, from there we can calculate that it will cost manufactures 15% of that number to make the product, so $9.90. From there, we can calculate the other costs of our other two products as well. The Ponderosa starting at $85 will be $46.75 at its break-even point with the cost that is paid to the manufacture of $7.01. Lastly, the Spruce
retail price is $70 with a break-even price of $38.5 with the price being paid to the manufacture of $5.76.

Currently Columbia is a cost-based pricing strategy but we plan on using skimming during the introduction of Boreal with the potential of using some cost-plus strategy. We feel that by using skimming, it will show that our products are high in quality but is still a competing price with the Boreal’s competitors. Our target consumers are willing to pay a higher price for quality, stylish, versatile and tech savvy products so for now skimming will be a good option for Boreal because the products hit all the features that millennials are willing to pay more for.

By using the skimming method, looking at comparable prices of current Columbia products, the demand and the elasticity, we determined the prices below will be a great start for The Hemlock, The Ponderosa, and the Spruce. By using the skimming method, within 3 months, if we are having a decrease in purchases we will slowly lower the price by 5% and within another 3 months we will lower again by another 5%.

<table>
<thead>
<tr>
<th>Product Name</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Hemlock</td>
<td>$120</td>
</tr>
<tr>
<td>The Ponderosa</td>
<td>$85</td>
</tr>
<tr>
<td>The Spruce</td>
<td>$70</td>
</tr>
</tbody>
</table>

Exhibit 7E
Source: PMB/PDX

Distribution Strategy

In year one of our plan will be specifically selling Boreal products through e-commerce, nationally and Columbia’s flagship stores, located in Portland, Oregon and Seattle, Washington. Starting out with a new line can have some risks, so by starting with just e-commerce and Pacific Northwest flagship stores will help if our line is unsuccessful, that way we won’t have too much product. In year three we will move into all 18 branded stores within the United States and expand our e-commerce to not just Columbia’s website but others like Urban Outfitters and REI. Lastly, in year five we will find a new distribution center to add to the current two that are in Oregon and Kentucky to help reach our consumers in a timelier manner.

Expanding our digital presence and streamline the ecommerce experience will be extremely important within our distribution plan. Columbia is not utilizing social media marketing or search engine marketing as much as their competitors. If you search outdoor apparel, Columbia doesn’t even come up in the first page and when you search athletic wear, the closest thing to Columbia that comes up is prAna. By increasing search engine optimization and digital presences will help engage our target consumers and pull them into the Boreal line.
Promotion Strategy

To be able to successfully promote the new Boreal line to our target consumers, we have to make sure to engage personally with the consumer and through devices in their language. (Whitler, Kimberly). We will be using more of a pull strategy versus a push strategy in promoting our goods but we will have some push methods. We already have a large amount of consumers loyal and aware of Columbia, so we will be wanting to pull those consumers in but we may have to slightly push the consumers that are used to shopping more in the athletic industry.

We will focus on increasing our online presence with Columbia’s website along with social media like Twitter, Facebook, and Instagram. We will have challenges to get our consumers to post pictures with themselves and our products in different locations on their social media accounts. From there we will have voting for top locations and the winner will receive a unique product, Columbia product, or trip.

Another way we will draw in consumers to the Boreal Line will be by giving part of the proceeds to charity during a specific time of the year. For instance, we will take 15% of all products sold in spring-time through the Boreal Line and donate it to HERproject, which is a charity that Columbia Sportswear is already very involved in (Welch, Scott). This will be very important for our line because millennials stand for more than just a product now. According to
an article found online on Millennial Marketing, millennials are eager to make a difference and feel that business shouldn’t only be reviewed on their financials but on how they better society (Ray, Julie). Other information among the subject on the same subject shows that:

- “1 in 3 will boycott or support businesses based on the causes they care about”
- “4 in 5 said they’d be more likely to purchase from a company that supports a cause they care about”
- “3 in 4 would think more highly of a company that supports a social cause”

Source: (Ray, Julie)

Lastly, we have our guerrilla marketing ploy which will be used launch Boreal in fall of 2017. Our guerrilla marketing ploy will be two days before the launch date of our product, on a Friday. Those who come to the event will be able to purchase our products, which we will have limited quantity of. We will begin to spread the word of the event through social media and with one billboard ad within Portland a month before the event. We won’t tell the details of the event but they will know the date, location, and time, they will learn that they get a chance to be the first to own a Boreal product, and they will see photos of the new products but they will not know details about it until they come to the event.

Our event is going to consist of a walk-in physical simulation located on the waterfront in the heart of Portland. There people can try on our products and go into a rain room, a sunroom, and bug room to experience the different elements hands on to learn how well our products will work. In addition, there will be a stationary street bike station, which we will have a contest with to see who can get their Spruce button-ups to gain sweat stains first and whoever the top three winners are, will receive a free Spruce shirt. Lastly, there will be a few food truck vendors and craft beer to help bring in those beer lover millennials. This will really get our target consumers attention by engaging with them personally. They will get a true feel for how well the Boreal products work while having a great time!
Implementation and Control

Financial projections

Sales Forecast
We are estimating Boreal to account for 1% of Columbia’s Sportswear $2.1 billion total net sales. Our goal is to have Boreal generate a total net sales of $21 million dollars. This would equal a .23% market share with approximately 243,478 purchases. As mentioned, our product launch is going to start with three products that incorporate Columbia Sportswear patented technology and style. Our first product is the jacket that is going to sell at $120.00 our goal is to sell one jacket per customer. Our hoodie is priced at $85.00 each and our goal is to sell one to each customer. Our third product is a button up shirts $70.00 we hope to sell two to each customer.

Marketing Budget
Columbia Sportswear uses 5.2% of net sales on their marketing budget (Columbia Sportswear 10k). We are going to stay consistent with our marketing budget for Boreal and use 5.2% of net sales that was mentioned in the 2014 Columbia Sportswear 10k. Our estimated marketing cost will be $21 million multiplied by the percent spent on marketing 5.2%. The total spent on our marketing budget will equal $1.092 million dollars. This is our budget

Profit Assumptions
Percentage of net sales we hope to make 30% of our total net sales of $21 million dollars. We plan to make a profit of $6.3 million dollars.

Operational requirements

Headcount
It is important to consider how many people it will take to successfully launch our Boreal brand. Columbia Sportswear has a total of 5,326 employees we need to hire new employees for Boreal. In order to successfully launch our website we are going to need a total of four people. These four full time employees will each have different titles, but will be working together. Their titles will include a web manager, web developer, community manager, and content manager. The web manager will be in charge of overseeing all of the operations, the web developer will develop the website, the community manager will be in charge of interacting with the consumers making sure reviews and complaints are being responded to, and finally the content manager will be in charge of applying the voice for our online presence.

Next we are going to need people to develop our new products. This will also take four more employees. Product design, marketing, supply chain. All of our employees for the Boreal brand will be a part of strategic business unit. We want our pod to work closely together to be able to adapt to changes in the market and consumer demand.

Infrastructure Support
Having is a necessity in order successfully launch a new brand and keep it running. Currently Columbia Sportswear headquarters is located in Portland, OR. We plan to make room for our new team in order to launch our new brand Boreal. On average employees need 60-110
square feet per person. If we give each employee 90 square feet we will need an office space for eight people that is a total of 720 square feet.

Columbia Sportswear manufacturing is done outside the United States mainly in China and Indonesia (Columbia Sportswear 10k). Our plan is to manufacture Boreal’s products at one of the existing plants overseas that Columbia Sportswear has. Manufacturing overseas will help lower the costs of our products. This allows our products to be competitively priced.

Controls and Management

Action plans

Phase 1: E-commerce Launch & Portland and Seattle Flagship Store

In our first phase we are launching the Boreal line fully online. Since we are launching Boreal online it will be National. We will distribute products through our two distribution locations located in Portland, OR and Kentucky. We will also be launching our products in the Northwest at the two flagship stores in Portland and Seattle. We felt it was a good idea to have store location where consumers could see and feel our products. We chose the Northwest locations, because Columbia Sportswear originated in the Northwest and that is where a lot of loyal customers are located and who would enjoy the new Boreal brand.

Phase 2: Branded Stores in the United States

In our second phase of Launching Boreal we will be trying to get our products to all of our 18 branded stores across the US. Branded stores. Columbia Sportswear is broken up into two different channels- Branded is the latest/newest, full price product. Through our Branded doors introduce our latest trends and technology and really use these stores to represent what we are currently standing for as a company within the outdoor retailing market. Factory Outlet is the discounted product, most being a season behind what is held in the Branded channel stores. Factory Outlet makes up the majority of our business, as we have 78 Factory Outlet stores and 18 Branded Stores (Cori Burke).

Schedules

Below is a Marketing schedule. It is very important that we are testing the products before they launch and final display in stores is completed. We will be having different sales one is specifically online 10% off and the second is a holiday sale offering 20%. Distribution will be really important especially for our online sales. Once a month shipments will come into Portland and Kentucky. Then from there distribution once a month to Flagship stores in Portland and Seattle from the Portland distribution center. Promotional activities will be key to create awareness for our brand. At the start we will be hosting small events each month whether they are online or events in cities. This marketing schedule is not finalized, but will give an idea of all that goes into this brand and how to distribute activities going on.
Leading indicators of end results performance include customer awareness, product trial, customer satisfaction, and relative quality and value. In order to maximize the brand launch we need to implement metrics. First is customer awareness, our plan is to use our marketing budget of $1.6 million dollars to help create awareness for the Boreal brand. We are going to advertise in places where younger people browse the internet and where consumers like are to go. For example we will be using ads and creating buzz on social media sites and use search engine optimization to capture the right consumers to bring back to our website. All the steps and more that we addressed in our promotional strategy will help raise awareness for the new Boreal brand by Columbia Sportswear. We also are planning a Guerilla marketing strategy to create buzz about Boreal.

The second aspect of process metrics is implementing product trial. We plan to provide incentives for our current staff to try out and test our new products. This will help keep positive and negative feedback within the company and reduce the risk of people stealing the product ideas.

Thirdly is measuring customer satisfaction. Since in phase one we are only launching Boreal as an e-commerce product we will have interactive reviews online. Our goal is to have a rate of 5% engagement with our consumers. Interacting with consumers will allow us to retain customers and develop and interact online shopping community.

Lastly is how to achieve relative quality and perceived value from consumers. Our Boreal brand is strategically priced at a higher price point compared to other Columbia products to give it quality, because we are implementing technology into our products. This will be a higher grade product than most products. A way to keep a perceived high quality we will not be releasing these products at our outlet stores or wholesalers. We want to keep this product line exclusive.

**End-Results Metrics** (occur simultaneously with financial metrics)
Our plan is to capture .23% of the market share of the outdoor apparel industry and .06% of the athletic apparel. Customer retention is going to take time. We are hoping our strategic business unit specifically our community web manager will be responding to reviews and complaints quickly to ensure consumers feel heard, and we are giving them what they want. This form of interaction with customers will allow for them to come back and build relationship with our employees and hopefully our Brand. Our brand is fully online this gives us the advantage to track customer profiles purchases and reviews.

**Risk**

A contingency plan is put into place just in case consumers do not respond positively to the brand launch. Columbia has 78 outlet stores across the United States. Our plan is to drop the price by 30% and send the products to our Outlet stores. Columbia Sportswear markup is at least 55% markup we will still be making a profit, but it will be more affordable for consumers. If needed we can continue to discount the products until they are off the shelves. This contingency plan we be put into place if our product line and brand Boreal are unsuccessful.
Works Cited


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