BRANCHING TO NEW HORIZONS

A Proposed Partnership Between Woodchuck USA and Patagonia

PATACHUCK CONSULTING
Branching to New Horizons

A Proposed Partnership Between Woodchuck USA and Patagonia

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THE LEAVES: AN INTRODUCTION
Executive Summary

To reach its goal of increased market share and differentiation within its industry, Woodchuck USA will pursue a partnership with Patagonia to sell products in Patagonia stores and online. Woodchuck USA will specifically partner with Patagonia because of the alignment between the two companies’ customer demographic and social strategy. This alignment creates a massive opportunity for Woodchuck USA’s customer base growth as Patagonia consumers are likely to buy Woodchuck USA products.

Patagonia is heavily involved with conservation-based partnerships and has conservation at the core of its business ideology. Therefore, Patagonia is inclined to agree to a business agreement, which includes a significant conservational aspect through Woodchuck USA’s Buy One-Plant One model. Through collaboration between the two companies, the entire Buy One-Plant One model will remain intact through Woodchuck USA’s products on consignment.

This partnership explores Woodchuck USA’s largely-unrealized business to consumer market. Although Woodchuck USA has thus-far experienced success by focusing on business to business practices, there is a massive opportunity for profit and customer growth by opening business to consumers directly. By placing Woodchuck USA products in Patagonia stores and on their website, Woodchuck USA can present their goods to customers first hand, without having the massive costs of opening their own stores.

Implementation Plan:

Phase 1: Planting the Seeds
- Creating and finalizing legal agreements
- Planning and developing products
- Advertising camping trip

Phase 2: Supporting the Samplings
- Woodchuck USA hosts camping trip
- Trip is photographed and recorded for advertisements on social media

Phase 3: Earth Day
- Woodchuck USA products are launched in Patagonia’s 32 domestic stores
- Social media advertising to promote partnership

Phase 4: Watching it Grow
- Employees from both companies will monitor sales of Woodchuck USA products
- Adjustments in supply will be made as necessary
Planting the Seed

*How will Woodchuck USA increase overall sales and differentiate from competitors?*

Finding its niche in corporate gifting, Woodchuck USA has been successful in producing and selling premium wood items. Woodchuck USA’s initial success can be largely attributed to its Buy One-Plant One marketing model, which adds social value to each customer’s purchase by planting a tree for every product sold. This initiative has put Woodchuck USA in a favorable market position as environmental awareness continues to grow.

Woodchuck USA’s focus on sustainability and high-quality products allows it to reach a unique customer base in comparison to its competitors, specifically consumers who are environmentally conscious or partial towards premium products. However, Woodchuck USA’s competitors do have advantages, such as cheap, outsourced products. These products threaten Woodchuck USA because many people prioritize low prices when purchasing items.

The question for Woodchuck USA becomes how to utilize its strengths, environmental impact and premium products, to successfully break into business to customer sales. We recommend a partnership with Patagonia where Woodchuck USA products will be available in Patagonia’s stores and online. To kick off this partnership, a launch party will be held in which influencers will go on a camping retreat for a weekend, using Patagonia’s products. The partnership will further be marketed through social media, using Patagonia’s strong social media presence to increase Woodchuck USA’s brand recognition.

Patagonia is Woodchuck USA’s premier partner because of Patagonia’s relevance and popularity, the alignment between their social strategies, and a shared primary customer demographics. Ultimately, this partnership will allow Woodchuck USA to increase market share, while achieving their mission: bringing nature back into people’s lives.
THE TRUNK: THE MAIN IDEA
**Bird’s Eye View**

*How will Woodchuck USA increase their market share and differentiate themselves from their competition?*

Woodchuck USA was founded in 2012 with the simple mission of putting nature back into people’s lives. It currently plants millions of trees around the world, which is an impressive feat in itself, however, this has not directly brought nature into the lives of their customers (Woodchuck USA). That is why Woodchuck USA partnering with a company like Patagonia, who is known for “selling” the wilderness through their products, will help it expose its customers to the outdoors.

Patagonia, a company that prides itself on environmental awareness and exploration, also does not yet have any events that actually bring people into the wilderness (“Patagonia’s Mission Statement”). This partnership will allow both companies to accomplish their goal of inspiring adventure by hosting an event that will actually connect people to the wilderness. This event will be a large camping trip that includes employees from both companies, potential investors, and social media influencers. The trip will take place on land in Minnesota that Woodchuck USA owns with the goal of engaging people with the wilderness. Footage from this event will then be used in a social media marketing campaign to create excitement around the partnership.

The most significant aspect of this partnership is that Patagonia will begin to sell Woodchuck USA products in Patagonia’s brick and mortar stores and on its website. The two companies have very similar target customers, which will allow Woodchuck USA’s products to be appealing to Patagonia customers. The partnership will increase the recognition of both Woodchuck USA’s Buy One-Plant One model as well as Patagonia’s presence in environmental partnerships, ultimately accomplishing both companies’ goals.
Identifying the Planters

What is the best group of people to target for this partnership?

The sector of people that the partnership between Woodchuck USA and Patagonia will focus on is Patagonia’s typical customer, which is (See Figure 1):

- **25-34 years old**: Valuable to advertisers
- **Disposable income**: Have extra money to spend on high-quality products
- **Environmentally forward**: Care about the social mission behind the companies they purchase products from
- **Outdoor adventurists**: Desire to explore nature

Both Patagonia and Woodchuck USA focus on producing premium products. Quality does not come cheap, which is why these companies’ target consumers must have disposable incomes. In addition to producing premium products, Woodchuck USA also values the environment with its Buy One-Plant One campaign (Woodchuck USA). Patagonia has very similar values, with its mission to minimize detrimental impact on the environment by encouraging customers to use products to their full lifespans (“Patagonia, Inc”). Clearly, both companies are environmentally inclined, which attracts environmentally inclined customers.

Because Patagonia’s typical customer aligns so well with Woodchuck USA’s, Patagonia customers will be inclined to purchase Woodchuck USA products when they see them in the stores and online.

**Why Patagonia?**

*Why should Woodchuck USA sell its products in Patagonia stores as opposed to any other store?*

Woodchuck USA initially attempted to sell its products on a large scale by selling its iPad Mini cases in 1,800 Target stores across the US. This acquisition resulted in 80% of the total inventory to be sent back to Woodchuck USA, costing the company nearly $60,000 (St.
Anthony). From this experience, it is clear that Woodchuck USA cannot successfully sell its products in any typical store. In order for Woodchuck USA to be successful in business to customer sales, it must sell its products in a store whose typical consumer has the same attributes and values as Woodchuck’s target consumer.

Patagonia is the ideal company for Woodchuck USA to sell its products in because of the congruence between the companies’ typical customer. As stated in the previous section, Patagonia’s primary consumers are middle class individuals, age 25-34. They have expendable incomes, which allow them to purchase the high-quality, durable products that they value. Beyond that, they are environmentally conscious and enjoy being outdoors (“Patagonia.com”). These qualities align nearly perfectly with the attributes of Woodchuck USA’s typical customer. According to Woodchuck USA’s Vice-President of Business Development, John Gueneur, the company’s consumers are on average 35 years old and are “more affluent”. In addition, Woodchuck USA’s conventional customer values the environment and premium products. Because of these significant similarities, Patagonia’s customers will be inclined to purchase Woodchuck USA’s products when they are exposed to them in Patagonia’s stores and online.

In addition to the correspondence between the companies’ average customer, Patagonia is the ideal company to sell Woodchuck USA’s products because of its credibility and vast reach. According to Bloomberg, the company is approaching $1 billion in revenue, 75% of which is from North America, with 32 retail stores in the United States. Beyond that, the company is known around the world for having long-lasting, quality products. Patagonia builds its credibility by “incorporating transparency throughout its supply chain activities,” and thus becoming known for “direct communication with customers and clientele” (“Patagonia’s Authentic Self”). By having its products in Patagonia stores, Woodchuck USA will become more recognizable for its high-quality products. Finally, Patagonia and Woodchuck USA are ideal partners because the companies’ values align. According to Gueneur, Woodchuck USA’s primary mission is to “put nature back into people’s lives.” Although on its website Woodchuck USA claims that its products are a “reminder to get out, explore and let nature invigorate [people],” its products primarily involve technology and being indoors. Patagonia’s
products, however, more concretely address Woodchuck USA’s mission as they are designed for hiking, mountain climbing, and other outdoor activities. In addition, both companies are environmentally focused, committed to producing the best products with as little harm to the Earth as possible. Woodchuck USA puts this value into practice with its Buy One-Plant One commitment. Patagonia “donates [its] time, services and at least 1% of [its] sales to hundreds of grassroots environmental groups who work to help reverse the steep decline in the overall environmental health of [the] planet” (“Patagonia, Inc”). The company actively seeks out environmentally impactful organizations to support, so a partnership with Woodchuck USA would be particularly appealing.

In summary, Patagonia is the ideal company for Woodchuck USA to partner with because (See Figure 2):

- The companies’ primary consumers have distinctly similar values and attributes
- Patagonia is renowned for its well-made products, which will increase Woodchuck USA’s credibility
- Patagonia values the environment and will allow Woodchuck USA to accomplish its mission to “get people back into nature”

**FIGURE 2: Breakdown of the Partnership**
Reaching More Planters

How will a partnership with Patagonia directly increase Woodchuck USA’s business to consumer sales?

Woodchuck USA’s partnership with Patagonia will greatly expand Woodchuck USA’s sales, customer base, and brand recognition due to the drastic difference in traffic when comparing the companies’ websites. According to SimilarWeb, Patagonia’s website receives an average of 4.01 million visits each month, compared to Woodchuck USA’s 15,021. This means that Woodchuck USA’s website gets less than .4% of the Patagonia website’s traffic. By selling its products on Patagonia’s website, Woodchuck USA will be able to reach a vaster customer base, which will increase its sales and brand awareness.

In addition to the exponential jump from Patagonia’s to Woodchuck USA’s website traffic, Patagonia.com visitors are also more engaged than Woodchuck USA visitors. SimilarWeb shows that Patagonia website users average 23.87 pages viewed each visit, while Woodchuck USA website users only average 3.25 pages. Additionally, according to Woodchuck USA’s Vice-President of Business Development, John Guenveur, only 15% of Woodchuck USA’s total sales come from its website. This is compared to the 42% of Patagonia’s total sales coming from online (“Patagonia.com”). This substantial difference shows that selling its products on Patagonia’s website will greatly increase its total sales. Ultimately, the far-reach of Patagonia’s online presence is a key reason that this partnership will be beneficial to Woodchuck USA.

In addition to online sales, Woodchuck USA will increase its sales and brand recognition from its availability in Patagonia’s brick and mortar stores. We project that a majority of sales from the partnership will come from purchases in physical stores because, according to Ecommerce, 58% of Patagonia’s total sales come from brick and mortar stores. In addition, in-store sales give customers the opportunity to feel the quality of Woodchuck USA’s premium goods. Ultimately, the partnership will expand Woodchuck USA’s customer base and generate an estimated $1.2 million increase in revenue from sales in stores and online.
Tree Huggers Unite

**Why will a partnership with Woodchuck USA be beneficial to Patagonia?**

Woodchuck USA and Patagonia’s conservation-focused market strategies will be a central factor in their partnership. Patagonia’s other partnerships can certainly attest to this as the company is currently involved in nine large-scale corporate partnerships. Six of these partners are directly associated with sustainability or conservation, displaying Patagonia’s dedication to preserving the environment. One of such partners is The Conservation Alliance, an organization that contributes over $1 million per year to preserve nature (“Why Join?”). The Alliance highlights the benefits of entering into a conservation-focused partnership as:

- Supporting customers’ passion for recreation on protected lands and water
- Aligning brand with a network of like-minded retailers and manufacturers
- Increasing existing conservation efforts without increasing headcount

These statements from The Conservation Alliance reinforce the importance and practicality of environmental partnerships and can be applied to the case of Woodchuck USA and Patagonia. By creating a partnership, both companies will bring more awareness to their involvements and increase overall sales, which can lead to a more significant environmental impact.

Beyond accomplishing its mission to “implement solutions to the environmental crisis,” Patagonia will agree to a partnership with Woodchuck USA because it will improve its performance. According to Fast Company, “the more [Patagonia] invests in its beliefs and products, the better it performs.” This statement is proven by the quadrupling in the company’s revenue since the new CEO, Rose Marcario, began “pursuing investments in startups allied with Patagonia’s mission” (Beer). Marcario summarizes Patagonia’s growth due to sustainability partnerships with this quote:

**“Doing good work for the planet creates new markets and makes us more money” – Rose Marcario, Patagonia CEO**
Patagonia will agree to the partnership with Woodchuck USA because of its commitment to environmental activism, which significantly enhances the company’s performance.

Planting the Forest

How will Woodchuck USA’s partnership with Patagonia be marketed?

Woodchuck USA’s partnership with Patagonia will be launched through a weekend camping trip. Travel influencers, environmental activists, and select Patagonia customers will be invited to Woodchuck USA’s land in Minnesota. Guests will exclusively use Patagonia products, such as jackets, sleeping bags, and backpacks and Woodchuck USA products, such as phone cases and flasks. Influencers will create videos and take pictures to post to their profiles of them planting trees, hiking, and exploring their surroundings. Additionally, Patagonia and Woodchuck USA’s marketing teams will collaborate to create their own video of the trip, featuring both brands products. This trip is the quintessential kick-off for the partnership because it achieves Woodchuck USA’s mission to unite people with nature while spreading awareness of the partnership through social media.

Over the past couple of years, users of various social media platforms gained access to shopping through Instagram, Facebook, Twitter, and more. These features have been successful as, “50 percent of millennial and Generation Z shoppers use social media to shop” (“50pc of Millenials”). For this reason, Woodchuck USA’s partnership will primarily be marketed through social media. Facebook and Instagram will be the primary platforms used to advertise the partnership because they are the two platforms that the target demographic, ages 18-34, use the most (See Figure 3).

Patagonia’s social media platform is much greater than Woodchuck USA’s, thus the partnership will allow Woodchuck USA to take advantage of Patagonia’s vast following. Below are Patagonia’s and Woodchuck USA social media followings (See Figure 4):
With .394% of Patagonia's Instagram following, .857% of its Facebook following, and .111% of its YouTube views, Woodchuck USA will significantly expand its brand awareness simply through Patagonia's social media. The content on both platforms will be centered upon the partnership and Woodchuck USA's products and mission. This will expose Patagonia's followers to a brand that they have never heard of yet perfectly aligns with their value of the environment and preference for premium products.
How to Plant

How will Woodchuck USA’s partnership with Patagonia be executed?

Phase One: Planting the Seeds, January 2019 - April 2019

The Woodchuck USA-Patagonia partnership will begin in January of 2019. The first step of this process will focus on finalizing agreements of the partnership, creating a new role within Woodchuck USA to lead this partnership, and designing Woodchuck USA products to be sold at Patagonia (See Figure 5).

Woodchuck USA has previously sold their products in many other stores on a smaller scale, and this partnership will use similar practices. Under our partnership, Patagonia will receive (See Figure 6):

Retail Benefits with Woodchuck USA

- Received 50% of Profits
- $500 display for products with a customized logo
- Fast Inventory Lead Times

FIGURE 5: 1-Year Implementation Plan

Source: go.woodchuckusa.com/retailer-program-overview
The Woodchuck USA products that will be featured in the Patagonia stores will include phone cases, luggage tags, and laptop skins. The featured products will include Patagonia’s logo with a smaller Woodchuck USA logo to contribute to the branding of the partnership. Woodchuck USA will provide a sample of a product display that Patagonia will use to market and display Woodchuck USA’s products (See Figure 7). While this will be on a larger scale and include more products, the theme used for in-store marketing and display is the same.

To conduct a successful partnership, Woodchuck USA will need direct lines of communication between itself and Patagonia. In order to facilitate fluid communication, Woodchuck USA will implement a new position, titled Partnership Manager, whose duties will be focused on overseeing orders, marketing, sales, and customer satisfaction among Woodchuck USA’s inventory at Patagonia.

In this phase, social media advertising on Instagram and Facebook promoting the partnership will also begin. Beyond that, invitations for the camping trip will be sent to social media influencers and environmental activists (See Figure 8).
Phase 2: Supporting the Samplings, April 2019

Woodchuck USA and Patagonia’s camping trip will be from April 5th to the 6th (See Figure 5). Participants will be given the opportunity to learn about each company’s environmental initiatives, test both companies’ products, and above all, enjoy the outdoors. Additionally, they will be given the opportunity to directly experience Woodchuck USA’s Buy One-Plant One efforts by planting trees of their own. Highlights from the weekend will be captured for promotional videos and pictures that will be posted on YouTube, Facebook and Instagram to continue marketing the partnership (See Figure 9).

Phase 3: Earth Day, April 22, 2019

During Phase 3, Woodchuck USA’s products will be introduced in Patagonia’s stores and online. Social media marketing will be at its height to increase awareness regarding the partnership (See Figure 5).

Phase 4: Watching it Grow May 2019 - December 2019

During this phase, employees will gather data and monitor the partnership closely in order to adjust inventory and pinpoint opportunities for growth. Examples of opportunities for growth include introducing more product designs, expanding to stores overseas, implementing Patagonia’s recycle program and more.

Watching it Grow

How will Woodchuck USA and Patagonia’s relationship evolve moving forward?

As the partnership between Woodchuck USA and Patagonia continues, Woodchuck USA can
expect to see opportunities for increased integration and growth. One proposed method to develop a larger customer base is regular outdoor events across the country. These trips could be held annually or semi-annually and would be conducted in a similar fashion to the kick-off event. They could introduce an entire new marketing strategy, advertising the trip as a sweepstakes to customers. Social media influencers and environmental activists would also be invited, providing additional opportunities for social media marketing.

Another opportunity for the development of this partnership is the integration of Patagonia's recycling program into Woodchuck USA's business model. Patagonia currently has a program in which it will accept used products to be recycled and reused for later production. Woodchuck USA's products sold in Patagonia stores and on their website could be given the same option going into the future. This initiative would support Woodchuck USA's sustainability efforts by reducing waste from their used products. A program like this will be considered once the partnership is successfully established because new machinery and equipment will need to be purchased in order to recycle wood from Woodchuck USA’s products.
BEYOND THE FOREST:

APPENDIX
Appendix A: Pre-Partnership SWOT Analysis

**Strengths:**
- Manufacture more than “250 fully customizable products” (Daugherty)
- Products are “100% made in the USA and 100% sustainable” (Daugherty)
- “Buy One-Plant One” campaign heads a strong marketing strategy (St. Anthony)
- Specific, advertised goals such as commitment to “planting over 10 million trees by 2021” (“Woodchuck USA Unveils”)
- 64% of consumers state that a company’s societal impact influences them when buying products (Shelton)

**Opportunities:**
- Expand business to consumer sales, which are only 25% of total sales (St. Anthony)
- Target customers who will be willing to pay a higher price for premium products that have a societal impact
- Create a larger social impact to gain more significant brand recognition
- Introducing products to brick-and-mortar stores
- Greater marketing and social media presence

**Weaknesses:**
- Over ¾ of total sales are corporate gifts, limiting growth (Anthony)
- Limited presence among younger generations
- Lack of personalized customization due to limited options
- Higher cost products compared to competitors
- Nonstandard job descriptions, such “VP of Beast Mode,” can be seen as unprofessional, deterring investors

**Threats:**
- Low cost competitors who outsource production
- Carved, a company that produces customizable wooden products, allows customers to create unique ideas from scratch
- Etsy, which carries similar products and is much more well known in younger generations
- Companies with the same tree planting campaign, such as WEWOOD, TenTree, Etnies
# Appendix B: Post-Partnership SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths:</th>
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<tbody>
<tr>
<td>Patagonia’s customers are able to pay premium prices for the high-quality products they value</td>
</tr>
<tr>
<td>Patagonia customers value the environment and having a societal impact</td>
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<tr>
<td>Patagonia has 250x more followers on Instagram,</td>
</tr>
<tr>
<td>Patagonia’s website receives over 265x more traffic than Woodchuck USA’s</td>
</tr>
<tr>
<td>Create a greater social impact by bringing greater awareness to both companies causes</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities:</th>
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</thead>
<tbody>
<tr>
<td>Include more products in Patagonia stores</td>
</tr>
<tr>
<td>Implement Woodchuck USA into Patagonia’s recycling program</td>
</tr>
<tr>
<td>Additional camping trips to build loyal customers and further market the partnership</td>
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<tr>
<td>Partnering with companies similar to Patagonia, such as the North Face</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patagonia may deny offer to partner or further negotiate</td>
</tr>
<tr>
<td>Patagonia’s loyal customers could be hesitant to buy new products</td>
</tr>
<tr>
<td>Patagonia’s logo will be the main brand on Woodchuck USA’s products sold in Patagonia stores and online</td>
</tr>
<tr>
<td>Patagonia will receive 50% of the revenue from sales made in stores and online</td>
</tr>
<tr>
<td>Costs of shipping products and displays to Patagonia stores</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Threats:</th>
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</thead>
<tbody>
<tr>
<td>Main marketing methods are in other parties’ hands (Patagonia social media platforms, social media influencers)</td>
</tr>
<tr>
<td>Patagonia’s prominent brand could over power Woodchuck USA</td>
</tr>
<tr>
<td>Patagonia could choose to accept similar partnerships with companies who have a more significant following</td>
</tr>
</tbody>
</table>

FIGURE 11: Post-Partnership SWOT Analysis
Appendix C: Financial Analysis

Breakdown of Costs:

**Product Display:** $500 display for 32 domestic stores

**Event Costs:** $30 meal for 50 people for a three-day camping trip with three meals a day

**Social Media Content:** Influencers with 100,000-500,000 followers posting 30 times

**Legal Fees:** Having lawyer create contract

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**FIGURE 12: One-Time Cost Analysis**

<table>
<thead>
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<th>Table of One-time Costs:</th>
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<tbody>
<tr>
<td><strong>Product Display</strong></td>
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<tr>
<td><strong>Event Costs</strong></td>
</tr>
<tr>
<td><strong>Social Media Content</strong></td>
</tr>
<tr>
<td><strong>Legal Fees</strong></td>
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<tr>
<td><strong>Total One-time Costs</strong></td>
</tr>
</tbody>
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**FIGURE 13: Continuous Cost Analysis**

<table>
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<tr>
<th>Table of Continuous Costs:</th>
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</thead>
<tbody>
<tr>
<td><strong>Shipping Costs</strong></td>
</tr>
<tr>
<td><strong>Cost of Goods Sold</strong></td>
</tr>
<tr>
<td><strong>Partnership Manager Salary</strong></td>
</tr>
<tr>
<td><strong>Total Continuous Costs</strong></td>
</tr>
</tbody>
</table>

**Breakdown of Costs:**

**Shipping cost:** $30 per unit multiplied by 4.22 units shipped per year

**Cost of Goods Sold:** 50 percent profit margin

**Partnership Manager Salary:** The average salary per year
Breakdown of Costs:

**Estimated First Year Revenue:** Average Inventory Turnover Rate for clothing stores is 4.22 which is multiplied by our average shipment number of 500 products to each Patagonia store, which is then multiplied by the number of stores.
Works Cited Page

Bhasin, Kim, and Polly Mosendz. “Patagonia and the Big Business of Fighting Trump.”


Works Consulted


