



by



MARKETING PLAN

Overview



REI is preparing to launch a new outdoor apparel product line called CircWarm. CircWarm will be positioned with the slogan “Stay in the heat of the moment”—indicating that the line offers wearers more warmth than ever, allowing for full focus and more time spent on their winter sports and adventures.

Objective: Achieve first-year U.S. sales of \$22 million, roughly 0.05% of the outdoor apparel market. Based on this market share goal, the company expects to sell roughly 220,000 products from the CircWarm line in the first year and break even in the final period of the year.

The Market



The Recreational Equipment Inc. co-op was founded in 1938 by a couple and their friends looking to source quality, affordable gear for their outdoor adventures.

- \$30 lifetime membership
- 2023 revenue of \$99.94 million
- Entering new category with line of electrically heated outdoor apparel

The Market



- Apparel market valued at \$560 billion in 2022
- U.S. consumers spend \$3 billion annually on winter gear
- Heated jacket market valued at \$250 million in 2022
- Projected value of \$600 million by 2031
- Winter gear market -> half of apparel market

Product Review



REI's new line of electrically heated outdoor apparel—called CircWarm—offers the following products and features:

- Accessories: hats, earmuffs, gloves, gaiters, insoles
- Outerwear: pants, jackets
- Gore-Tex for a waterproof finish
- Mylar lining for insulation
- Rechargeable battery pack + backup batteries

Targeted Segment	Customer Need	Corresponding Features/Benefits
Winter sport athletes	<ul style="list-style-type: none"> • Keep muscles warm • Avoid injury • Maintain full focus to compete at a high level 	<ul style="list-style-type: none"> • Electrically heated to: <ul style="list-style-type: none"> -> Boost flexibility -> Help muscle elasticity -> Enhance performance -> Decrease soreness
Outdoor activity enthusiasts	<ul style="list-style-type: none"> • Maintain comfort • Stay present and enjoy the moment 	<ul style="list-style-type: none"> -> Stay dynamic -> Prevent injury -> Maintain comfort
Health conscious	<ul style="list-style-type: none"> • Avoid illness • Maintain circulation 	<ul style="list-style-type: none"> • Gore-Tex to: <ul style="list-style-type: none"> -> Keep moisture out -> Prevent hypothermia -> Prevent frostbite • Mylar lined for: <ul style="list-style-type: none"> -> Proper blood flow -> Proper oxygen flow

Competition



Ororo:

- Powered by UL-Certified rechargeable batteries
- Batteries, ports, cables sold separately \$19.99 - 79.99
- Batteries 2000mAh to 4800mAh, chargers 5V2A to 5V3A
- Thirty-day money back guarantee, three-year warranty
- Three to five-minute pre-heat, fifteen to twenty minute to max heat
- Revenue estimated at \$18.5 million.

Competition



Milwaukee Tool:

- Hoodies, vests, jackets, hand warmers
- Re-releases due to heating technology issues
- Twelve-volt batteries, claimed 3x faster
- Posed as a “Layering System”

Competition



DeWalt:

- Jackets only, various colors and shells
- Twenty-volt or twelve-volt battery pack
- USB charging port, two devices at once
- Sold through distributors CPO, MSC, Amazon, Home Depot, Lowe's

Niche brands: Weston Store, ActionHeat, Gobi Heat, Zionta, Outdoor Research (all comparable)

SWOT Analysis



Strengths

- Expertise in outdoor apparel retail
- Established brand values
- Accessibility and community

Weaknesses

- Working with independent/boutique retailers

Opportunities

- Offer an all-in-one solution
- Target a different audience
- Keep up with technology trends

Threats

- Limited timeline
- Consumer perception of competition

Objectives & Issues



Year one:

- Achieve 0.05% share of winter gear market
- Average retail price of \$135
- Equates with sales goal of \$22 million

Year two:

- Release additional CircWarm products
- Double sales from first year to \$44 million

Issues:

See threats

Marketing Strategy



- “Ultimate fix” positioning, offer most important features in one product
- Establish channel differentiation, small independent shops, no major competing brands
- Primary target segment 25-40 year olds
- Subsets are nature lovers and winter sport athletes

Strategy



- “Stay in the heat of the moment.”
- Differentiation based on features, benefits, values
- Convey CircWarm doesn't just keep you cold out; it brings the heat in
- Awareness and retail availability increase, products will be added to line
- Apply experience in brand building

Research



- Monitor online discussions via Radian6
- Gauge customer perceptions of brand, line, satisfaction
- Crowdsourcing methods for development of line & new distribution outlets

Pricing



- Higher quality, higher price
- Co-op founded for affordability and quality
- CircWarm to be positioned as a fairly priced
- No quoted list prices from manufacturers
- Prices vary based on type of product (gloves vs. jacket)
- Gloves \$19.99 from to \$249.95
- Targeting intersection of quality
- CircWarm line to be priced at average range, \$135

Distribution



- Selective distribution strategy
- REI retail centers/outlets, boutique ski and hiking shops
- Pop-up and garage sale shops for brand awareness
- Bring in customers of other brands distributed by REI



Communication Strategy



- Online/mobile, trade promotions, events
- 2015 online sales increased 23%
- Connecting community with shared values and interests
- Presence on Instagram, TikTok, Facebook, Twitter
- Location-based services by Foursquare and Facebook
- Mobile phone ad campaign
- Rely on relationships with specialized retailers
- Incentives to retailers, point-of-purchase displays, volume incentives, contests

Events Communication



- Deploy teams in labeled trailers, host pop-up shops
- Visit skiing and snowboarding events
- Allow potential customers to try products
- Limited number of products to rent for duration of event.

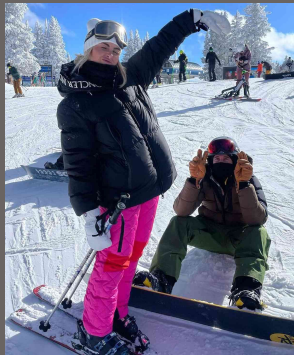


Action Programs



September: Representatives work with distributors

- Trade promotional campaign, incentives, and advantages
- Product features & benefits, point-of-purchase
- Website, Facebook, Instagram teaser posts (pre ordering, availability dates, locations)
- Buzz enhanced reviewers, opinion leaders, bloggers



Action Programs



October: The release

- Point-of-purchase displays placed
- Website & social network campaign launch (Instagram, TikTok, Facebook, Twitter)
- Drive “Stay in the heat of the moment” slogan
- Illustrate ways CircWarm delivers more on product features, desirable benefits, values)
- Donate to the Salvation Army & social cause providing warm clothes to homeless

Action Programs



November:

- Enhance online & social campaign
- Location-based services Foursquare, Facebook Places
- Point-of-purchase displays & signage updated
- Keep focus on all aspects of slogan

Action Programs



December: Mobile phone ad campaign, drive web traffic

January: Trade sales contest offer incentives & prizes

February: Event marketing campaign to mobilize representatives in branded trailers to winter sporting events. Provide additional visibility, give customers opportunity to test products

Budgets



- First-year retail sales goal of \$22 million
- Projected average retail price of \$135 per product
- Total of 220,000 units sold
- Average wholesale price of \$135 per unit
- Provides revenues of \$77 million
- REI expects to break even during final period of first year
- Break-even analysis assumes per-unit wholesale revenue of \$135 per unit
- Variable cost per unit of \$35, estimated first-year fixed costs of \$770,000

$$\frac{\$77,000,000}{\$135/\text{unit} - \$35/\text{unit}} = 770,000$$

Controls



REI is planning tight control measures to closely monitor product quality, brand awareness, brand image, & customer satisfaction.

- Enable company to react quickly in correcting problems
- Warning signals monitored for signs of deviation from plan
- Monthly sales & monthly expenses
- Contingency plans in place to address environmental changes (consumer preferences, new products, new competition)