



EDDIE BAUER GLOBAL EXPANSION

Brand Expansion Project Report

MERCHANDISE AND MARKETING

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FSAD 4440 Global Fashion Management

May 16th, 2022

Introduction

Retailing is constantly changing; While the core function may be to sell products, companies are now having to rethink their brand strategies to be better positioned in the ever-evolving and increasingly globalized retail landscape. In the outdoor apparel and recreation space, brands must do more than provide the gear; They must tell stories, leverage the voices of brand loyalists, and build both visibility and reliability among target consumers (Weaver, 2021).

In this report, we propose global expansion for the outdoor recreation and apparel brand Eddie Bauer by analyzing key capabilities and opportunities to leverage the brand. We focus on an omnichannel launch strategy, particularly for use in the Indian market. The goal is ultimately to position the brand for a strong impact on principal customer segments by homing in on key strengths and opportunities while minimizing critical threats in a comprehensive marketing and merchandising plan.

Companies Researched – Decathlon and The North Face

The first company we researched is Decathlon. Decathlon is a French company that is present in sixty countries and today is the largest sporting goods retailer in the world. They have 1697 stores in total. Because of their immense global presence, they act as a reference and goal for companies such as Eddie Bauer. Their values include “innovation to champion the athlete within everyone,” high quality and low prices, efficiency, lifetime purchase rather than a one-time purchase, combatting global waste, flexible returns, and investment in their employees through fair wages and benefit packages.

Olivier Robinet, the CEO of Decathlon in Australia mentioned the following about their strategy to grow, “What I have in mind is to sell at the lowest price we can. A lot of companies think exactly the contrary, they want to sell at the highest price they can at the highest margin. We want to... sell at the lowest margin we can. Our margin decreases every year and that’s a big topic for us.” (Team Vue.ai, 2019). To compare, REI, another American retailer and outdoor recreation company, has a 2-3-person tent line that starts at \$99.95 and goes up to \$650. Decathlon’s 2-3-person tent line, on the other hand, starts at \$29.99 and goes up to \$99.99. While serious campers and trekkers may prefer REI tents, family campers and newcomers find the Decathlon line to be the most cost-effective option. Decathlon’s business model is unique in that it develops, tests, manufactures, and sells its own brands. Their R&D section employs 700 people, who work hard to develop new products and constantly re-innovate

and improve their old designs. Every year, the shop creates about 2,800 items on average. They currently have over 30 proprietary brands, each specializing in a specific sport or physical activity. These passion brands have their own distinct personality on the market. For example, the Kalenji series is designed for running and Radbug is designed for bodyboarding (Decathlon).

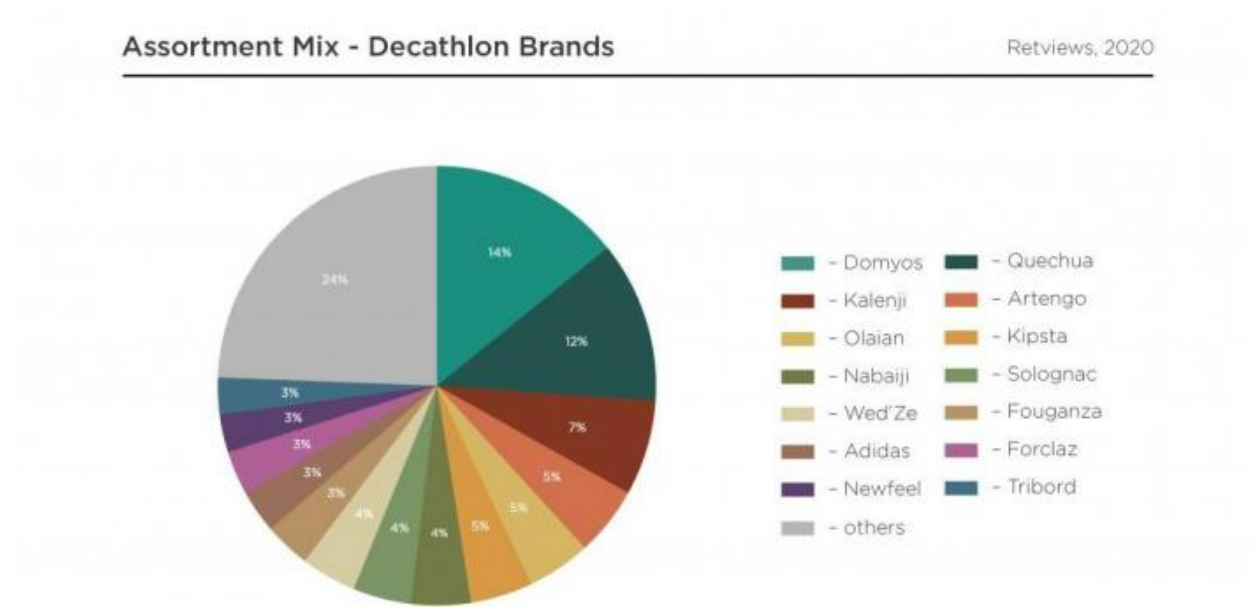


Figure 1 Decathlon's Assortment Mix

Decathlon customers are most often recognized as exercise lovers and health enthusiasts. When it comes to buying behavior, almost all respondents indicated that they prefer to buy in-store and only 3% of respondents indicate that they buy their products online. This can possibly be attributed to the brand's minimal emphasis on the online shopping experience, with a focus more on over-the-counter purchases in the past. Therefore, they put emphasis on building stores with parameters that include finding terrain and locations to build an active sports community where people can test their products. For example, Emeryville, where they opened a 47,000 sq feet flagship store, stretches to the shores of San Francisco Bay and offers all kinds of sports, including cycling, hiking, and water sports.

The North Face is the second company we looked at. The North face is a worldwide outdoor recreation and streetwear brand. North Face is a great example of both international and product expansion. One of its biggest successes has been in terms of its product expansion and diversification. Through a rebrand and repurpose strategy, The North Face was able to expand beyond outdoor recreation products and into streetwear. This allowed the brand

to attract various new customer segments while maintaining their baseline customers who come to them for outdoor needs. In 2015, the brand's growth numbers in EMEA had shown a decline, as the outdoor market was not really growing as a whole and competition was on the rise (Nextriday).

In particular, the brand focused on two main growth strategies: Stabilize the core strengths of the brand to lay a strong foundation and expand into new segments focused on innovation, design, and urban lifestyle. Through these actions, The North face recognized an impactful growth founded on a solid segmentation and differentiation model. "We're used to serving different communities. The snowboarder versus a climber, a skier, or a hiker. They have different needs and rhythms to their season," says Steve Lesnard, Global VP of Marketing at The North Face. "So we've been trained over the years to think about our communities very specifically, who they are, what they need, and what the best way for us is to empower and enable them." (Morency, 2022). Furthermore, the brand also engaged in many celebrity rapper endorsements and collaborations with brands such as Supreme and Gucci.

However, The North Face faced challenges in its global expansion campaign. In 2019, in an attempt to advertise to global adventure enthusiasts, The North Face placed photos of people wearing their clothes on Wikipedia entries for exotic locales. The idea was that consumers planning a visit to these outdoor spots would wind up on the Wikipedia pages to get information about the places and, once on the page, they would see the North Face apparel and seek out the brand. Figure 2 shows an example of such imagery that was inserted for the Guarita State Park Wikipedia page. However, this campaign did not go over well with the public as people saw it as a violation of Wikipedia's Terms of Use and took advantage of the volunteer editors around the world who help run Wikipedia and keep it fair. People felt deceived because the purpose of Wikipedia was created to help people gain access to free information, not to promote clothing (Kestenbaum, 2019). While the campaign was largely unsuccessful and received backlash, it taught marketers at The North Face and beyond the importance of authenticity and fairness to consumers, especially those in the outdoor exploration and recreation segment.



Figure 2 Example of a Wikipedia insert for Guarita State Park from The North Face

Why Eddie Bauer

We believe that Eddie Bauer is well-positioned for a global expansion, particularly for the India market. Currently, Eddie Bauer only serves the United States, Canada, and Germany. Similar to Decathlon and The North Face, their product line is focused on outdoor adventure and living, including men's, women's, kid's, and footwear apparel as well as home goods. In 2021, Authentic Brands Group, LLC and SPARC Group, LLC, who own an impressive portfolio of brands including Brooks Brothers, Nautica, Aéropostale, and Forever 21, purchased the brand from PSEB group. In February of 2021, Eddie Bauer also announced a retail partnership with Kohl's as one of their key outdoor performance outerwear and apparel offerings. 12 years ago, the brand was rescued from bankruptcy by a private equity firm. While the brand has seen many ups and downs over the last few years, the Eddie Bauer name remains one that consumers strongly identify with outdoor apparel products. What the brand needs now is a strong marketing and merchandising plan that taps into the essence of Eddie Bauer and leverages the brand's technical performance attributes to extend into new markets and home in on their outdoor categories (Smith, 2021).

The Indian Market

There are a couple of key reasons why India would be a great place for Eddie Bauer to begin their global expansion. For one, there is an incredibly high demand for outdoor clothing and goods, which is also expected to increase by 4% each coming year (Wood, 2022). Additionally, the India Sports Equipment and Apparel Marketing are expected to reach revenues of over \$40 Billion by 2027. From these statistics, we are able to determine that there is high demand for the type of product that Eddie Bauer can offer customers, and the market is growing at an incredible rate in the coming years. Furthermore, companies selling branded outdoor apparel control a substantial portion of the outdoor clothing value chain by outsourcing manufacturing to Asia Pacific countries where the labor costs are low (Transparency Market Research, 2018). Therefore, it may be beneficial for Eddie Bauer to source locally and sell directly to the local markets in India.

Priority Audience and Demographics

The priority audience of Eddie Bauer's expansion into India is medium to high-income individuals ages 25-24 years old. This income level is generally needed to purchase the branded products that Eddie Bauer sells and is in line with the customer perception and their focus on product innovation. The age is based on the range of individuals who typically seek out outdoor activities and sports to relieve work stress. They are looking for an entry-level price, yet good quality products that will help them get started. For those purchasing for families or their households, Eddie Bauer offers reliable quality, while also offering trendy apparel since our target demographic cares about following trends greatly.

Product Assortment

For the purposes of expansion into the Indian market, Eddie Bauer should launch a new product assortment. Our strategy is based in a similar concept to the Wikipedia page campaign done by The North Face. Only this time, the campaign will not infringe upon anyone's access to free and fair information. Instead, our strategy is to correlate each piece in the collection to a popular outdoor venue or location in India that is frequented by tourists and locals alike. India offers an incredibly wide range of opportunities for outdoor adventure sports, such as trekking, mountaineering, whitewater rafting, caving, and diving.

For example, local experts cite Ladakh's Markha Valley as a popular trekking destination. In correspondence, we would have a set of a hiking quarter zip and shorts to pair with the location. Goa shorts would be versatile shorts used for dual purpose hiking or water activities, as Goa is located on the Southwest coast of India and is popular for beach and water thrills. The Delhi jacket can be used for running or as a windbreaker. This strategy would capitalize on India's culture of pride in their country and their landmarks (Pew Research Center, 2021). See the Appendix for examples of the intended product assortment (including styles/color scheme).

MERCHANDISING AND MARKETING CAMPAIGN STRATEGY

Situational Analysis

Organizational Strengths to Maximize

- Eddie Bauer is already highly established in the US, Canada, and Germany, with over 400 stores throughout these locations.
- Eddie Bauer has a strong brand name and is strongly associated with outdoor apparel products.
- Eddie Bauer has a strong tri-channel platform system in place, which is operated through three sales channels: their retail stores, outlet stores, and direct order scheme.

Organizational Weaknesses to Minimize

- Limited global presence compared to competitors, such as Decathlon and The North Face, in the industry.
- Eddie Bauer filed for Chapter 11 bankruptcy protection in 2003, which affected their brand image. However, the brand was acquired out of bankruptcy in 2009 by Golden Gate Capital. It was further bought out of bankruptcy in 2018 when Golden Gate established PSEB - Pacific Sunwear, Eddie Bauer (Kestenbaum, 2019).
- Eddie Bauer has changed their merchandising strategy three times over the last few years, which has diverted some of their core customers.

Opportunities to Leverage

- In India, there has been an immense increase in sports and fitness awareness, with both public and private initiatives towards sporting activities and events.
- There is also an increasing trend for sports equipment and apparel. Like previously mentioned, the demand for outdoor clothing and goods is expected to increase 4% with each coming year (Wood, 2022).

- The rapid growth for online retail, advanced as a result from the Covid-19 pandemic.
 - Total online consumer spending increased 43.7% according to the U.S. Census Bureau (2021).

Threats to Prepare For

- The high pricing of Eddie Bauer products.
- Established competitors in the India Market: Decathlon, The North Face, Patagonia, Columbia.
- The availability of similar patterns and garments in local markets at a more competitive or lower price point.

Positioning Statement

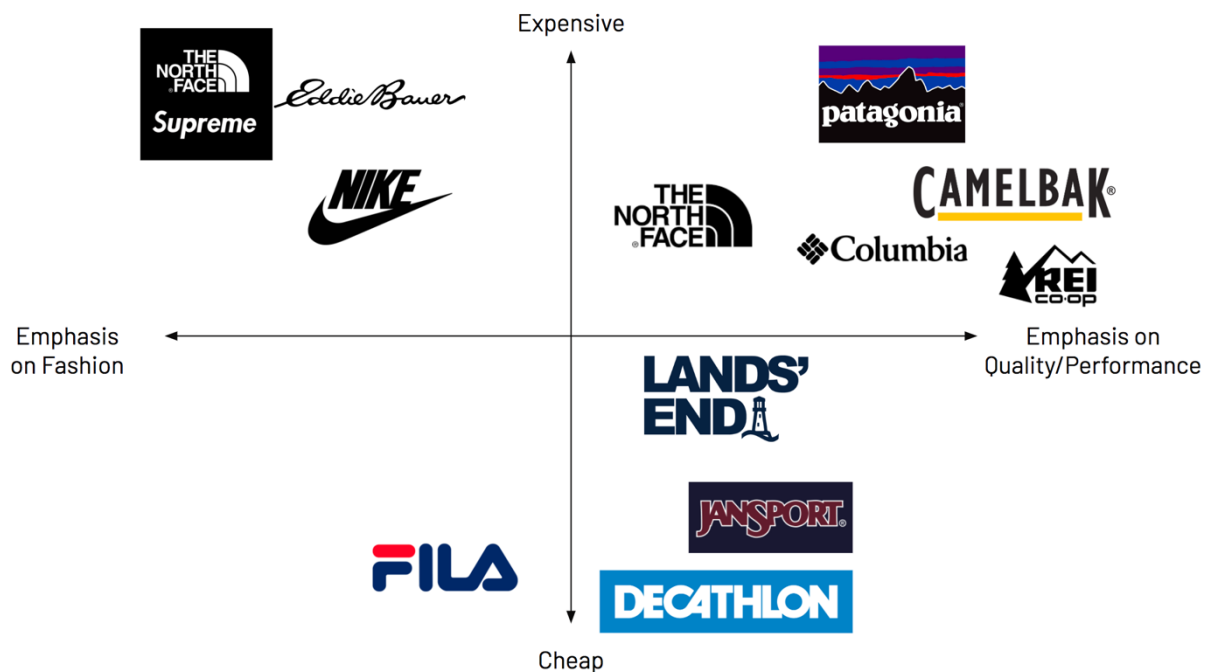


Figure 3 Perceptual Map of brands within the Outdoor Apparel and Goods sector

Given Eddie Bauer's placement on the perceptual map compared to key competitors, we propose this positioning statement for the brand's marketing campaign plan:

"We want active, young people to see Eddie Bauer's products as sustainable and trendy that will provide them with reliable quality and innovation for all of their outdoor needs."

Merchandising Strategy

Given research on Eddie Bauer's competitive analysis, including the SWOT and perceptual mapping, while keeping in mind the relevant positioning of the brand, we propose a few key strategic campaign initiatives for promoting the brand launch:

- *Social media awareness campaign:* First, Eddie Bauer should take advantage of the social media frenzy by utilizing Instagram and TikTok influencers to demonstrate the new product assortment. Through social media affordances, such as hashtags and location tags, the brand will be able to create the landmark associations with their new products. Furthermore, they can employ the use of popular outdoor adventure lifestyle influencers to demonstrate to consumers how these products can help them enjoy the outdoors in a trendy fashion. Under this campaign, Eddie Bauer will utilize hashtags and pictures of wonders of a city to emphasize the naming of the apparel and how that apparel is a perfect fit for that location and the sentiments that come with that location,
- *User Generated Content (UGC) campaign:* in line with the social media campaign, there can be giveaways and feature on the official social media page of Eddie Bauer for the content users submit or associate to the brand through tags and callouts. This can help Eddie Bauer to take advantage of the network effects of the followers of those users to gain traction.
- *Brand Awareness campaign:* Eddie Bauer can engage their target consumer through monetary motivations. For example, Eddie Bauer could employ a rewards program to grow customer loyalty. Under this strategy, the plan is to utilize unconventional ideas to increase brand awareness. One possible method is to have a squat machine in the mall where the Eddie Bauer store has been opened. The squat machine will count how many squats you have done and give rewards for the exercise which could be in the form of a discount voucher for the store, buy one get one free voucher, etc.
- *Location:* Finally, in terms of location, Eddie Bauer should open stores nearby key national outdoor landmarks and cities, following in the model done by Decathlon in the San Francisco Bay Area. Like Decathlon, they would be able to take advantage of the popular active lifestyle community in these key areas.

Social, Cultural, Political, and/or Economic Considerations

From the perspective of disposable income, on average, every Indian today earns 30% more than he or she did six years ago, in fiscal year 2014-15. India's per capita income increased from 72,805 rupees in FY15 to 94,954 rupees in FY19 (Basuroy, 2022). On the note of cultural considerations, given that India has 22 official languages and many more mother tongue languages, loyalty of local people towards their community, city, or state will help us with our strategy to name and make clothes based on major cities. For example, the idea behind naming a versatile type of shorts as Goa shorts will help with gaining the locality population as well as attach a certain sentiment of a place with the shorts.

In terms of raising awareness of the brand and building a hype towards Eddie Bauer, it is important to take advantage of the target audience's high adoption of social media and the need to explore branded clothes. YouTube has a eighty-six percent penetration, followed by Facebook at seventy six percent and Instagram at seventy-one percent, which are the major platforms we plan to utilize.

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Appendix

Color Scheme



Paddle

Sienna

Corkboard



Canteen

Sea Haze

Basin

Example 1: Delhi Jacket Lifestyle Imagery



Example 2: Goa Shorts Lifestyle Imagery



Example 3: Markha Valley Hiking Gear

