

Patagonia Financial Picture

Patagonia has been dominating the outdoor clothing space for some time now. The reputation the company has attained alone puts it consistently at or near the top of any and all ranking metrics and recommendation websites. The quality of the clothing is the main reason, but the environmental and social responsibility also play large roles in that. Breaking down exactly how much the company earns and what the company does with those earnings is not the simplest task given its status as a private organization. Putting the numbers in context with other key competition is also highly important.

As for Patagonia's own earnings, what is clear is that the company's sales have quadrupled over the past decade and now sit over 1 billion dollars. This information comes via a representative who spoke with Time Magazine. We also know from a report on Statista that Patagonia generated net sales of approximately \$356 million in 2018, with a growth of 13%. According to the Ecommerce Database, Patagonia created 234.4 million in global net sales in what was a down year, 2020. While all of this information should be taken with a grain of salt given that the reports are mostly estimates, not official reports provided by the company, it does paint the picture of a very successful company that ranks as a top 600 company globally in sales.

When one looks at the competition, the two main direct competitors for Patagonia are The North Face and Columbia Sportswear. According to Statista, in 2019, Columbia made 2.746 million in net sales. The number for The North Face were not readily available, but some research point to their earnings being much more similar to Patagonia than to Columbia. What this information tells us is that in this space, there are really only two true key players. Competitive analysis would simply say that Columbia earning only a fraction of Patagonia's sales means that the company is not a true competitor and that the space is dominated by the two players listed above. For Patagonia this means that their standing as a brand readily associated with outdoor clothing and sports is safe and the stability of their earnings reflects this fact as well.

When looking at Patagonia's financial picture it is also important to consider charitable donations. Particularly for Patagonia this is a crucial factor as their brand identity is closely tied to their charitable donations. Since 1985, 1% of all sales have been donated by Patagonia towards protecting and restoring the environment. Additionally, much of their funds have gone towards creating environmentally conscious synthetic materials that reduce waste and carbon footprint. Finally larger, one time contributions are also a big part of Patagonia's history. In 2016, Patagonia donated the entirety of their Black Friday earnings, approximately 10 million dollars, to environmental non-profits. In 2018, when U.S. President Donald Trump cut down taxes for larger companies, Patagonia donated the entirety of their tax break, another 10 millions dollars, to fighting against climate change.

In summary Patagonia's sales show a company that, despite many donations and going against the grain by not cutting costs so that they do not hurt the environment, is steadily growing and is one of the most successful and profitable global companies. Patagonia is at the top of its industry and looks to stay there.

Sources:

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