

PATAGONIA'S BUSINESS APPROACH AS EFFECTIVE PERIPHERAL ROUTE OF MARKETING: VIRTUE-SPIRITED MARKETING PERSPECTIVE

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Abstract: *This paper tries to contribute the concept of virtue-spirited marketing (vsm) as customer advocacy strategic approach in response to marketing challenges in digital century. Opposing against the notion that management, or business people cannot be virtuous, due to business context which is believed to be competitive and pragmatic, vsm instead, sees that being virtuous, as exemplified by patagonia's green business practices, is effective strategy to win customer advocacy in digital century in which customers can massively echo virtuous business practices so as to strengthen the company's position in the eyes of loyal customers and attract broad public sympathy. Vsm stems from the awareness of marketers and customers toward mutual concern, not only in term of supply and demand optimizing, but also to be more responsible socially, environmentally and making production and consumption as part of solution, instead of problem.*

Keyword: *Virtue-Spirited Marketing, Customer Advocacy, Digital Century*

Abstrak: Tulisan ini mencoba mengkontribusikan konsep *Virtue-Spirited Marketing* (VSM) sebagai pendekatan strategis advokasi pelanggan dalam menjawab tantangan pemasaran di abad digital. Menentang anggapan bahwa manajemen, atau pelaku bisnis tidak dapat berbudi luhur, karena konteks bisnis yang diyakini kompetitif dan pragmatis, VSM sebaliknya, melihat bahwa berbudi luhur, seperti yang dicontohkan oleh praktik bisnis hijau patagonia, adalah strategi yang efektif untuk memenangkan advokasi pelanggan di abad digital di mana pelanggan dapat secara masif menggemakan praktik bisnis yang saleh sehingga dapat memperkuat posisi perusahaan di mata pelanggan setia dan menarik simpati masyarakat luas. VSM bermula dari kesadaran pemasar dan pelanggan terhadap kepedulian bersama, tidak hanya dalam hal optimalisasi penawaran dan permintaan, tetapi juga untuk lebih bertanggung jawab secara

	sosial, lingkungan dan menjadikan produksi dan konsumsi sebagai bagian dari solusi, bukan masalah. Kata Kunci: <i>Virtue-Spirited Marketing, Customer Advocacy, Digital Century</i>
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INTRODUCTION

Marketing in today context of business has, to a great extent, changed paradigmatically. Digital era has bestowed consumer more power through information inclusion. Marketer-centered approaches, i.e. aggressive advertisement, were out fashioned, for consumers today are blessed by overwhelming media channels, in which they can coalesce not only to get information, but also to validate certain claims on brand, and even to find firm's product and values, based on customers' knowledge and experience. Marketing in digital century, essentially returns to what so called 'neo primitive era of marketing' in which customers comeback to see words of mouth (WOM) as most reliable tool to attain less manipulated product knowledge. Netizens' review and comment, for instance, is worth millions of dollars of media campaign. The notion of transparency, accountability and responsibility became key concepts of marketing in digital century.

Effective marketing today aims not only at brand awareness, product purchase, and customer loyalty, but it also aims at the next level of customer's involvement, named customer advocacy. A number of studies have been conducted to developing customer advocacy theory in response to marketing dynamic in today context of business. Noort concluded that customer advocacy is an advanced form of positive WOM. Both concept shared high similarity but they are not identical. Customer advocacy, in a nutshell, is an extreme favorable form of WOM. So instead of solely talking about a product or service, customers actively recommend a company to family and friends and say positive things about it in general when they are advocates. (Fullerton, 2010; Urban, 2005; Noort 2012). Meanwhile, other research focused on the impact of certain business strategies toward customer advocacy; Customer advocacy and customer satisfaction, for example, is mediated by trust. Since, managers should invest into developing customer trust through customer satisfaction so, that customers could willingly advocate for the company. (Iram, et. all.: 2019, p 488). Urban proposes the strategy of being an advocate for the customer, instead of vice versa. It is formulated as following: "A company might choose to embrace advocacy by becoming a faithful representative of customers' interests. Under this approach, a firm provides customers and prospects with open, honest, and complete information" (Urban, 2005, p. 157). there are four, interrelated market mechanisms for leveraging customer advocacy; focusing on customer's success, improving marketing context and customers involvement, fostering knowledge-dissemination partnerships, enabling choice transparency. (Lawer: 2009, p. 195).

This paper tries to contribute the concept of virtue-spirited marketing (VSM) as customer advocacy strategic approach in response to marketing challenges in digital century. Opposing against the notion that management, or business people cannot be virtuous, due to business context which is believed to be competitive and pragmatic¹, VSM instead, sees that

¹ See Beadle (2001), Dobson (1997), MacIntyre (1985, 1994) and Sundman (2000) who argue that businessmen cannot be virtuous. Among which, this notion is due to four reasons as presenting barriers to the use of virtue in the context of business; pragmatic and competitive environment, the ability to develop a reflexive critique of management that can be acted on, and the differentiation between work and wider social roles and the ability of people to take responsibility for those roles.

being virtuous is effective strategy to win customer advocacy. VSM stems from the awareness of marketers and customers to be mutually concern, not only in term of supply and demand optimizing, but also to be more responsible socially, environmentally and making consumption as part of solution, instead of problem.

The paper discusses about Patagonia's commitment toward sustainable environment as firm's core value, represented by its business policy and marketing strategy, and how such strategy can elicit customers' loyalty and advocacy. Patagonia, California based company that provides equipment for mountain climber and nature lovers, consistently donates 10 percent of its profits to nature conservation programs. Patagonia's love for nature is not only reflected through the continuous philanthropic donations, but also manifests as ethics based business policy, i.e. since 1996 Patagonia has decided to use organic cotton for its products. The products created must meet the functional, repairable, durable, and recyclable criteria so as to minimize the ecological impact optimally. Yvon Chouinard, founder of Patagonia is one of few example of businessman who also deemed virtuous. When the earth begins to run out of energy as global warming starts to haunt, consumers don't need just marketing 'gimmicks', they need to assure that their consumption is part of solution as represented by firm's values. The paper uses qualitative approach with content analysis method toward news articles, books, website and social media regarding Patagonia from Virtue-Spirited Marketing and Customer Advocacy theories point of view.

THEORETICAL BASIS

Heidi Cohen (2011) has compiled 72 definitions of marketing, two of which are considered as the most credible ones, coined by Phillip Kotler and American Marketing Association (AMA). Marketing as Kotler explained is "The science as well as the art of exploring, creating and delivering value to meet the needs of a target market for a profit. Marketing identifies unmet needs and wants. Marketing defines, measures and quantifies the identified market size and profit potential. Marketing shows exactly which segments the company is able to serve best and designs and promotes appropriate products and services." According to AMA, "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." Kotler and the AMA put a different emphasis. At first glance, the first definition emphasizes marketing as a kitchen process: it begins with exploring, creating and then delivering or specifically starting with measurement, identification, design and ending up with promoting a product that fits the market. While the AMA version of the definition of marketing emphasizes the communication process to the market. The process of creating, then followed by communicating, delivering and exchanging. The description of the market exploration process in detail, as stated by Kotler emphasized that marketing does not start with the product itself but the market. Marketers start with research (identification, segmentation and targeting) and then continued by communication process, to deliver and to exchange products or services that have value for customers, clients, partners, and society in general. Too much focus on products or narcissism on products without market research is what Kotler calls marketing myopia². The second definition, more or less, fits this study since virtue is very much related to measurement, identification and design process in broader context.

Second concept that is central to this study is about virtue. Virtue is as excellent trait of character (Dawson, et. al.: 2003 p. 128). Virtue can also be defined as lasting ethical quality³,

²Kotler, P. (1997) *Manajemen Pemasaran: Marketing Management 9e* Jakarta: Prenhallindo, p. 28

³Zargar, C.A. (2020). Virtue and Manliness in Islamic Ethics published by Journal of Islamic Ethics 4, p. 5

or practical wisdom. To possess a virtue is to be a certain sort of person with a certain complex mindset. Possessing a virtue is a matter of degree, as how much harmony is someone's emotion with his/her rational recognition of certain reasons for action. The concept of a virtue is the concept of something that makes its possessor good, i.e. a virtuous person is a morally good, excellent or admirable person who acts and feels as he/she should. These are commonly accepted truisms. It is part of practical wisdom to be wise about human beings and human life. It should go without saying that the virtuous are mindful of the consequences of possible actions.⁴

When people think about what to do they take into account the available facts and, using the practical wisdom given to them by the virtues, come to a decision (Whetstone, 2001). People will consider the consequences of acts for their ability to think about and perform future acts (Koehn: 1995) but also whether this leads to the human good. As Shaw notes this requires "... a balanced and coherent notion of the good" (Shaw: 1997, p. 36). This balanced view needs to go beyond the economic and may need to incorporate environmental, social, religious and maybe professional based concepts of well-being. Furthermore, the virtue approach relies on communities (Marchese et al.: 2002) and their traditions to support the habits and virtues that guide action. Indeed, it is through witnessing, imitating and learning from other people in the community that people become virtuous (Murphy 1999, Solomon 1992; Dawson, et. al.: 2003 p. 129). Virtues, as MacIntyre sees, underpins the pursuit of excellence in the practices in which a person partakes. Excellence is reached through the mastery of the internal goods of a practice. Virtuous business people have the interest of society in mind and knowledge of the human goods to which their work contributes.⁵ Here organizations run by businesspeople will be driven by a vision of the human good, based in community that has virtue at its heart. Indeed, organizations will see the benefit in promoting concepts of the good that emphasize virtues that are environmental, professional and spiritual in nature alongside those of the practice of business.⁶

Virtue ethics emphasizes the importance of moral character – in particular the possession of some combination of 'virtues', including practical wisdom – in determining right action, and understands right action with reference to concrete conceptions of the good, or human flourishing. (Ainley: 2017, p. 1). Though the concept of right for relativist is ambiguous, Forrester argues that knowledge of morals can be objectified and a moral justification also has a truth value, because although many moral facts are not agreed upon, many are agreed upon, for example slavery, murder, corruption are believed to be bad things⁷. Ethical principles can be known, among which through revelation. In Islam, virtue is everything that God commanded to humans, while vices are things that are prohibited by the laws of syara'. This ethical position by modern Western ethicists is termed "God Commands Ethics (Voluntarism)", which is a different category from objectivism and related subjectivism, meta-ethical issues⁸.

Naquib al-Attas, a prominent Muslim scholar, argues that Allah ﷻ has shown human knowledge and freedom to choose between two ethical choices (ethical alternatives). The first is that which was reported to him by Allah ﷻ as something virtuous that is good, true, right, and just and beneficial. The second is something bad (evil), false (false), wrong (wrong) and

⁴Ainley, K. Virtue Ethics First published Fri Jul 18, 2003; substantive revision Thu Dec 8, 2016 Stanford Encyclopedia of Philosophy.

⁵ Dawson, David and Bartholomew, Craig (2003). *Virtues, Managers and Business People: Finding a Place for MacIntyre in a Business Context* in Journal of Business Ethics, 48 (2). pp. 132

⁶*ibid*, p. 133

⁷ M.G. Forrester (2002). *Moral Belief and Moral Theory*, Laramie: Springer Science, p 2

⁸Kania, D.D. (2017). Konsep Virtue Ethics dalam Pemikiran Syed Muhammad Naquib al-Attas dan Tantangan Postmodernisme published by *Tasfiyah Jurnal Pemikiran Islam*, 1(2) p.160

unfair (unjust). Man is free to act according to his choice, but he will be responsible for the consequences of his choice to Allah SWT. Freedom of choice implies that choices/alternatives have been provided and the characteristics of these alternatives can be known through revelation and reason. This is related to the consequences of humans who are willing to bear the mandate as caliphs (guardians) on earth. Mandate (amânah) in this context involves responsibility and accountability; the science of good and bad; the ability to act appropriately; the ability to choose between good and bad; obedience and disobedience; justice and injustice; happiness and misery.⁹

Key concept that is also central in analyzing object of the research is Virtue-Spirited Marketing, as proposed by the author as imperative business DNA by which organizations or firms should ideally run businesses¹⁰. VSM conceptually is marketing strategy, policy and practices which are profit oriented and driven by righteous values that is good, true, just, benevolent and harmonious, professionally, spiritually, socially and environmentally, as part of the solution in responding problems faced by humanity. VSM stems from marketers and customers' awareness toward numerous problems faced by mankind as global community; global warming, deforestation, natural resources scarcity, extreme poverty, children malnutrition, virus and health issues, and many other problems that should be taken into consideration when business people, marketer and customers proceed their business practices, from upstream to downstream.

To relate VSM into marketing practices as conducted by Patagonia as object of the research, the author used The Elaboration Likelihood Model (ELM) of persuasion. The ELM was developed by Richard E. Petty and John Cacioppo in 1980. The model aims to explain different ways of processing stimuli, why they are used, and their outcomes on attitude change. The ELM proposes two major routes to persuasion: the central route and the peripheral route. Under the central route, persuasion will likely result from a person's careful and thoughtful consideration of the true merits of the information presented in support of an advocacy. The central route involves a high level of message elaboration in which a great amount of cognition about the arguments are generated by the individual receiving the message. The results of attitude change will be relatively enduring, resistant, and predictive of behavior. On the other hand, under the peripheral route, persuasion results from a person's association with positive or negative cues in the stimulus or making a simple inference about the merits of the advocated position. The cues received by the individual under the peripheral route are generally unrelated to the logical quality of the stimulus. These cues will involve factors such as the credibility or attractiveness of the sources of the message, or the production quality of the message. The likelihood of elaboration will be determined by an individual's motivation and ability to evaluate the argument being presented.¹¹

RESULT AND FINDING

To give appropriate context in understanding VSM as imperative business DNA, and to easily accept the notion of virtue as spirited within Patagonia's core value, represented by its diehard commitment toward environment issues, it is important, first thing first, to discuss on the portrait of the earth today.

The Portrait of the Earth Today

⁹ ibid, p. 163

¹⁰ Hamdanny, D.R. (2019). *Virtue Spirited Marketing: Success Recipe Pemasaran di Era Informasi*. Bandung: Abqarie Press and Google Book, p.6 .could be accessed at the following link https://play.google.com/store/books/details/Daniel_Rusyd_Virtue_spirited_Marketing/id=F9LsDwAAQBAJ

¹¹ Petty, Richard E.; Cacioppo, John T. (1986). *Communication and Persuasion: Central and Peripheral Routes to Attitude Change*. Berlin, Germany: Springer-Verlag. p. 4. ISBN 978-0387963440.

Just like a suffering patient, the earth is drooping due to bleeding. Seven billion humans living in its stomach, exploiting natural resources far beyond what the home planet can regenerate. People consume fuel inefficiently as if the product will always be available without limit. According to Mathis Wackernagel, an environmental expert, humans need 1.7 natural resources produced by the earth to supply the ecosystem of human life. In other words, mankind's collective consumption of the earth's natural resources has exceeded 70% above the earth's ability to reproduce them.¹²

The impacts of such irresponsible consumption; global warming, natural disasters, and scarcity of clean water and so on, so forth are felt by all the inhabitants of the earth regardless nationality or cultural background, even though the exploitative use of natural resources is not carried out by all countries. High-income countries such as Luxembourg, Qatar, Australia and the United States use natural resources far more than low-income countries such as Eritrea, Haiti, Burundi and Pakistan. This pattern illustrates that human life today is paid for by future generations. Human greed at this time ultimately afflicts the lives of their children and grandchildren in the future. The life of developed countries in the north (global north) is a burden for developing and poor countries in the south (global south). For example, German consumption patterns are among the highest compared to other countries. Statistically, it takes 3.2 earths to meet human needs if all countries in the world have a consumption pattern like Germany. For comparison, if everyone lived like a resident of Mozambique, half the earth is enough to meet the consumption needs of all mankind per year. It conforms Gandhi's quote that "The world has enough for everyone's need, but not enough for everyone's greed."

The increase in consumption of natural resources goes in line with the increase in the human population from year to year. The increase in population is also accompanied by an increase in income which directly affects the increase in demand. More and more people want to consume more of a particular product, and so on. One of the ecological impacts of uncontrolled consumption of resources is carbon emission, which remains homework for all policy makers, businessmen and the entire population of the earth. Obeying and implementing the Paris Agreement on Climate Change, including through breakthrough steps and real investment in renewable energy sources is a very urgent matter for time being. If the earth is able to achieve the target as proclaimed at the Paris Climate Conference, a balance between consumption and reproduction of natural resources will be achieved by 2050, explained Wackernagel. But the fact is, not all countries are going in the same direction. World leaders, politicians and investors often make policy that ignore the real threat to human survival.

Industrial agriculture is a major threat to the global climate through the large amount of CO₂ emissions it produces. There are three main factors that must be given more attention in order to cut off the potential for dramatic climate change, namely the production of renewable alternative energy. For that regards, replacing fossil-based energy is very essential. It requires innovation and agricultural policies with more environmentally friendly working methods to prevent more destructive CO₂ emissions. Then, green transportation modes with environmentally friendly fuel must always be concern for policy makers and business entities. Marketers are required to be more virtuous in exploring, creating and delivering value to meet the needs of a target market. Best products and services are no longer defined as segment-based appropriate with high quality and so on, but marketers also demanded to educate customers in tracing footprint of what they consume, the impact of consumption and benefits they get through the products.

Threat of Natural Resources Scarcity

¹² Further elaboration can be obtained in "The Earth is Exhausted" The Environment: 2017).

One of the reasons for neglecting the threat of resource scarcity may be due to the lack of information related to the portrait of global natural resources today. As the number of people grows to more than 7 billion, it is important for marketers to really identify, measure and create unmet wants and needs, how to fulfill them wisely and how to achieve best, yet virtuous impact professionally, spiritually, socially, and environmentally. In this regards, the author summarizes a review of the condition of global natural resources which is predicted to last only a few decades to come with a few notes¹³.

1. Freshwater

The volume of fresh water only reaches 2.5% of the total volume of world water that amounts to 35 million cubic kilometers. But of that amount, 70% of fresh water is in the form of ice and permanent snow cover. While only 200,000 km³ of fresh water can be accessed and used in total, it is not surprising that water demand can soon outpace supply. The Food and Agriculture Organization (FAO) of the United Nations predicts that by 2025, 1.8 billion people will live in countries or regions with extreme water scarcity.

2. Petroleum

Concerns about the decreasing supply of petroleum continue to haunt the global industry. The British Petroleum World Energy Statistics study in June 2011 measured the total volume of global oil at around 188.8 million tons, from proven oil resources at the end of 2010. These reserves are only sufficient to supply the world's oil needs for the next 46.2 years, if global production remains at current levels.

3. Natural gas

A similar picture with oil also occurs in natural gas. Proven gas reserves as of the end of 2010 were only able to last 58.6 years of global production.

4. Phosphorus

Phosphorus is an essential element that plants need to grow. Phosphorus is important for fertilizing soil nutrients. Phosphate rocks are only found in a few countries, namely the US, China and Morocco. With the need to feed 7 billion people, scientists from the Global Phosphorus Research Initiative predict the world will run out of phosphorus in 50 to 100 years unless new reserves of the element are discovered.

5. Coal

Compared to other fossil-based energy sources, coal still has relatively large reserves. However, as China and other developing countries continue to increase their consumption of coal, demand may eventually exceed supply. With today's consumption figures, coal reserves are available for 188 years of global production.

6. Rare earth elements: Scandium and Terbium

Scandium and terbium are two of 17 rare earth minerals used in everything from powerful magnets in wind turbines to electronic circuits in smartphones. The elements are not as rare as the name, but today 97% of the world's supply comes from China and they can limit supply unilaterally. The exact reserves of this rare element are not known.

Such miserable portrait is only a small part of multidimensional crisis that the Earth and its inhabitants suffering from. Stems from the awareness toward the mentioned situation, VSM is designed to combine business pragmatism, as represented by mainstream previous marketing strategies, and heavenly idealism that is oriented to be part of solution.

Introduction to Patagonia and Its Green Business DNA¹⁴

¹³ This article is adapted from feature news article entitled "*The Guardian news report entitled The Six Natural Resources Most Drained by Our 7 Billion People*" written by Camila Ruz.

¹⁴ Adapted from News Article entitled "Patagonia UN Champion of the Earth Award 2019, can be accessed at <https://www.businessinsider.com/patagonia-un-champions-of-the-earth-award-2019?r=US&IR=T>

Prior to becoming a major brand, Patagonia was a small-scale seller of sportswear, located in a Ventura, California, a building that used to be a former meat packaging factory. 16 years earlier, Patagonia founder Yvon Chouinard, an accomplished rock climber, went from selling handcrafted mountaineering equipment to being a large-scale supplier of rock climbing hardware in the US. It was 1973. To be precise, one year after the inaugural UN environmental conference, long before the term "global warming" became public discourse, and after Patagonia made its first risky environmental business decision. Patagonia got a bad rap in the 1970s for its environmental impact. The pythons produced destroy the rock. And, after discovering that the route they were climbing was flawed by their equipment, Chouinard and his partner Tom Frost decided to remove the most profitable part of their business. The decision was explained to buyers in the company's 1972 catalog, followed by a 14-page essay by climber Doug Robinson, and the python was replaced by an aluminum chock that could be attached, not hammered. The replacement was very successful. Flash-forward to September 2019 and Patagonia being awarded a UN Champion of the Earth, the UN's highest environmental honor, for its entrepreneurial vision for Patagonia has made a habit of prioritizing sustainability and adapting its highly successful business model to accommodate it.

Patagonia Paving the Way

Since the 80s, Patagonia voluntarily imposes a 1% "earth tax" on itself donating 1% of its profits to environmental organizations. (As of October 2019, total donations were over \$100 million.) The company started using recycled polyester from plastic soda bottles in the early 90s. As the workers got headaches due to formaldehyde in the finished cotton, the Company switched to organic materials in the mid '90s. In 2012, Patagonia became the first Californian companies to apply for Voluntary B Corp. certification. In 2016, Patagonia donated 100% of its Black Friday sales (\$10 million) to environmental organizations. Today, nearly 70% of Patagonia's products are made from recycled materials. By 2025, the production target is to use 100% renewable or recycled materials. Super strong Black Hole bags, for example, are made to be durable and long-lasting, so you don't have to change them often. Patagonia checks the paper used in its catalogue, its power source, and the amount of oil its employees consume on the way to work. Working with external auditors and company internal responsibility specialists, establishing adequate working conditions and wages for those who actually make Patagonia products. In addition, Patagonia measures the environmental impact of certain clothing items and publishes its findings in The Footprint Chronicles, in order to make things good and not do any harm. When hazardous materials are found, Patagonia immediately adapts. Criticism from PETA led the company to change wool producers in 2005 and again in 2015. In 2016, the Company issued guiding ethical principles for animal care, land use practices, and sustainability. There is a term known as sustainable shopping. But this behavior has not become a norm or a trend. Sustainable shopping can sound paradoxical; the desire to buy something new, better, and unnecessarily leads to waste. Capitalism causes waste. But it is also true that people create needs and are satisfied by products, and it is also true that not all products last a lifetime. So responsible retailers make sure to make products that don't need to be replaced frequently and, second, encourage people to repair and reuse what they already have. For Patagonia, this sustainability trend is called Worn Wear. The Worn Wear program shows people online how to step-by-step repairing their Patagonia products, and how to recycle an item when it ends up beyond repair. Shoppers can send their used equipment in the mail in exchange for store credit, and other shoppers can buy it at a discount. In Patagonia's Facebook account, for example, Worn Wear recycles used teeth, and shows consumers how to repair what you have.

Patagonia Treats Its Customers and Employees like Activists

Patagonia also encourages its employees to act as activists. The ward internship program allows employees from all parts of the company to leave their roles and, instead, work for the ward group of their choice for up to two months. They still receive their salaries and benefits. Local environmental groups get free internships, and employees bring back new inspiration and renewed commitment to the environment upon their return. Patagonia also empowers site visitors to act as activists. Patagonia Action Work connects them directly with the company's grassroots donors. You can search by city, state, or grantee to see how to get involved right away. As Patagonia positions itself as an 'activist company' on their behalf. Patagonia introduced itself as an "activist company," which made it a rare pioneer among American companies that for decades have forgotten political neutrality. Patagonia led a boycott (Outdoor Retailer trade show, 2017) to protest a law that would transfer federal land to the states. In Patagonia vs Trump, Company sued the United States government and President Donald Trump after the administration proposed reducing two national monuments by up to 85%. In June 2018, it said the Company donated \$10 million it received from President Trump's 2017 tax cuts to groups working to protect vulnerable resources. Patagonia's entrepreneurial vision takes sustainability seriously and dynamically. Sustainability is a multi-headed beast. It requires comprehensive, dynamic solutions and the participation of local, federal, corporate, and individual action. Patagonia tried to combine all four. And he does so with an energy that matches the urgency of the task at hand. Recently, the Company revised its mission statement, which was previously: "Build the best products", "do not cause unnecessary harm", "use business to inspire and implement solutions to environmental crises." Today, the Company simply says, "We're in business to save our home planet."

Patagonia's Business Approach: Virtue Spirited Marketing Perspective

Patagonia has successfully broke the Beadle's thesis that manager or businessman cannot be virtuous for some reasons such as competitive and pragmatic environment in business context, inability to act on reflexive critique of management, inability to differentiate between work and wider social roles, and inability of people to take responsibility for those roles. In Nadjib's view, employees essentially loss his very private treasure, namely personal independence to decide his choice. Opposing such view, Patagonia which was born from its founder idealism on environmental activism, has to a great extent, successfully formulated profitable and sustainable business¹⁵, yet prioritizing idealism over pragmatism within more competitive global industry.

Virtue Spirited Marketing Model

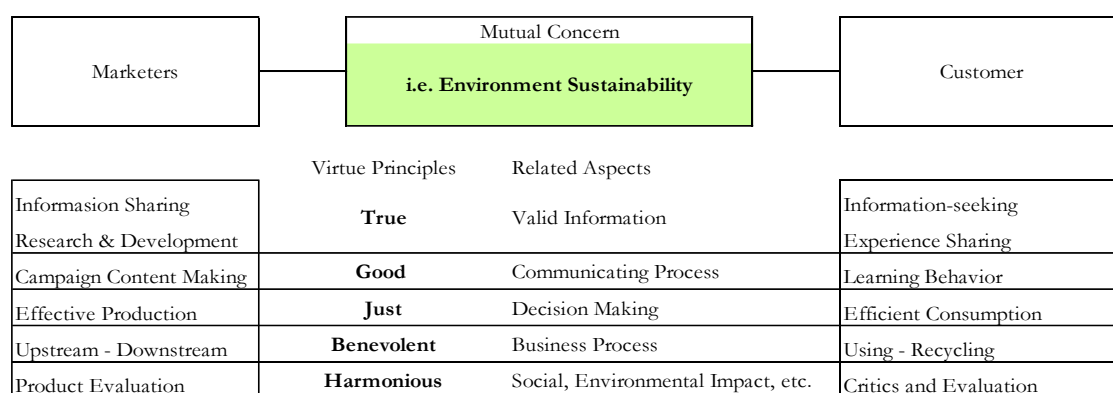


Image 1. Virtue Spirited Marketing Model

¹⁵ Founded in 1973, 48 years ago, with USD 209 million revenue (2017 report) and reach USD 800 million revenue (2020 report) Patagonia now has more than 30 stores in United States, 1000 employees, with dozens of grass root environmental organization partners.

True. Firstly, virtuous business springs from sincere intention of its actors. As Patagonia's core value flourished from Chouinard's deep concern on ecological damages due to business practices, as obtained by advanced research. Hence, in designing its products for instance, Chouinard navigates Patagonia to embrace "Bee Philosophy"¹⁶. Whenever the firm makes wrong decision, Patagoniarevises it without hesitation, despite having to bear financial loses. One of inspiring case happened in early years of firm's establishment. Patagonia, has once got a bad rap in the 1970s for its environmental impact. The pythons produced destroy the rock. And, after discovering that the route they were climbing was flawed by their equipment, Chouinard and his partner Tom Frost decided to remove the most profitable part of their business. The decision was explained to buyers in the company's 1972 catalog, followed by a 14-page essay by climber Doug Robinson, and the python was replaced by an aluminum chock that could be attached, not hammered. The replacement was very successful. Just like Hollywood movies, at the end virtuous deeds will always be rewarded by better deeds, and its performer will end up as winner.

Good. Secondly, virtuous business need to develop good campaign adv. content that is accountable, transparent, educative and empowering the customers. In Patagonia's case such contents are exploiting peripheral routes much more than central or direct approach. It can be seen from the shift of company's main slogan from "Build the best products", into "do not cause unnecessary harm", then to "use business to inspire and implement solutions to environmental crises." and Today, the Company simply says, "We're in business to save our home planet. Further elaboration in 'Patagonia Campaign as the Best Example of Petty and Caciopos' Peripheral Routes of Persuasion'. WOM, be it as likes, comments, vlog description, etc., is believed to be most effective product knowledge for it is perceived less manipulated description of product. So, in VSM perspective the more accountable, transparent, educative and empowering, the more effective the content is.

Just. Thirdly, virtuous business requires both producer and consumers to be effective and efficient in term of production and consumption. In response to the threats of natural resources scarcity for instance, producers should seek alternatives in minimizing bad impact toward environment. In customer's side, product wise usage, reuse and recycle must be new lifestyle to reduce increasing waste that causes other problems on earth. Since 1996 Patagonia has decided to use organic cotton for its products. The products created must meet the functional, repairable, durable, and recyclable criteria so as to minimize the ecological impact optimally. In addition, Patagonia measures the environmental impact of certain clothing items.

Benevolent. Fourthly, virtuous business demanded its actors to be benevolent; helpful, philanthropic, responsive and always provide solution. In line with Patagonia's core value "We're in business to save our home Planet", today, nearly 70% of Patagonia's products are made from recycled materials. By 2025, the production target is to use 100% renewable or recycled materials. Patagonia is also regarded as philanthropic company. Since the 80s, Patagonia voluntarily imposes a 1% "earth tax" on itself donating 1% of its profits to environmental organizations. (As of October 2019, total donations were over \$100 million). In 2016, Patagonia donated 100% of its Black Friday sales (\$10 million) to environmental organizations.

Harmonious. Fifthly, virtuous business does not see market as solely profit-gathering field, rather as open school in which marketer and consumer learn to create, to innovate, to achieve and to do better. Patagonia can be seen not only as a profit oriented firm, but also as activist school and community. Patagonia empowers its employees, apprentice students, even

¹⁶ Lessons learned from the bee behavior, as it eats good thing (flowers nectars), produces better thing (honey) than what it consumes and never leaves damages whenever it perches, after all it attacks only when cornered.

site visitors to act as activists. Patagonia Action Work connects them directly with the company's grassroots donors. You can search by city, state, or grantee to see how to get involved right away. As Patagonia positions itself as an 'activist company' on their behalf. A number corporate acts, not related to business, such as boycott "Outdoor Retailer trade show, 2017" to protest a law that would transfer federal land to the states, boycott against Facebook on "Stop Hate for Profit" are in line with firm's idealism to live harmonious life.

Patagonia Campaign as the ELM's Peripheral Routes of Persuasion

Competing as niche segmented player is not always easy, especially when global competition is dragged into cyberspace that knows no national, cultural boundaries and does not discriminate the scale of businesses. Differentiation, then becomes key success to conquer the market today. Shifting culture of media using, from printed paper, radio and television which were commonly one way information flow into the more interactive one; social media, video sharing platform, etc., can also be seen as power transition from mass media into audiences, viewers or netizens in term of discourse making. Therefore, having big capital is not one and only defining factor of success, wherein a lot of start-up businesses, generally small and medium companies, outperform big companies for creativity, innovation and digital marketing competence.

There are two approaches for marketers, as introduced by ELM model, to design their marketing content for instance, in persuading the customers; central and peripheral route. The central route put emphasis on product related information and sales promotion to elicit customer's rational motivation. While under the peripheral route, marketers associate products with positive cues or making a simple inference about the merits of the advocated position, to stimulate emotional, spiritual also logical customer decision, and to attain common background between them. The cues received by the individual under the peripheral route are generally unrelated to the logical quality of the stimulus, also generally indirectly to the product itself. These cues will involve factors such as the credibility or attractiveness of the sources of the message, content background elaboration, or the production quality of the message. At the end, the likelihood of elaboration will be decided by customer's motivation and ability to evaluate the argument being presented.

Therefrom, it is too troublesome for niche segmented company to develop central route messages such as "best quality yet affordable products", "buy 1 get 1 free promo", "guaranteed original leather product", etc. using massive media campaign without tailoring message design into some specific consumer potentials. For niche firms, customer loyalty and advocacy are most valuable capital, especially in digital century. Starting from a number of loyal customers, they can grow like creeping yam, relatively slow, but solid growth. For that regards, companies need to build strong basis, that is mutual concern and interest as elaborated in VSM model.

Companies would be deemed virtuous if their pro social program, i.e. philanthropic donation, social empowerment, and green business policies, discussed world-wide by netizens, as the Company donated \$10 million it received from President Trump's 2017 tax cuts to groups working to protect vulnerable resources. Patagonia's boycott against "Outdoor Retailer trade show, 2017" to protest a law that would transfer federal land to the states, and Its boycott entitled "Stop Hate for Profit" against Facebook for not taking seriously to reduced hate speech contained in the platform. Through such movements, mostly not related to business, Patagonia proves its claim as activist company that has successfully advocated mutual interest with its loyal customers; environmental sustainability and social empowerment.



Image 2. Image posted in the Instagram account of Patagonia

Patagonia's campaign adv. contents, as shown by its website and Instagram account, exploit more peripheral route than the central ones. This approach has succeeded in building and nurturing mutual interest between the company and its solid customer basis.

Table 1. Patagonia's Business Slogans

Patagonia Business Slogan based on Central and Peripheral Marketing Approach

No	Slogan	Central	Peripheral	Notes
1	We're in business to save our home planet		√	Corporate Motto
2	Know how your cloths are made		√	related to Footprint Program
3	Keep your gear in play		√	related to Worn Wear Program
4	We give back for every sale 1% for the Planet		√	related to 1% Program
5	We're part of a movement for change		√	related to activism
6	Company related Info		√	Worn Wear Program, 1% for the Planet, etc.
7	We guarantee everything we make	√		in cooperation with Ironclad

Data obtained on July 6, 2021 20:00 WIB (West Indonesia Time)

Source: www.patagonia.com (elaborated by author)

Table 2. Patagonia's website contents configuration

Patagonia Website Content Configuration based on Central and Peripheral Marketing Approach

No	Menu Pages	Central	Peripheral	Notes
1	Shop	√		Product Display (Clothing, tools, etc)
2	Activism		√	On-going project and joining invitation
3	Sport	√		Sport description and related products offered
4	Stories		√	Patagonia films, program experience, etc.
5	Login Page		√	Registration and membership page
6	Company related Info		√	Worn Wear Program, 1% for the Planet, etc.
7	Customer Services	√		Order status, return & repair, guarantee, etc.

Data obtained on July 6, 2021 20:00 WIB (West Indonesia Time)

Source: www.patagonia.com (elaborated by author)

Table. 3 Patagonia's Instagram content configuration

Patagonia's Instagram Content Configuration

No	Posting Date	Themes of Posting	Caption	Liked by	Comment
1	July 6, 2021	Rock Climbing	"Eddie Taylor doing some casual shark wrestling"	11,922	14
2	July 1, 2021	Mountain Biking	"Golden our is pretty glorious from the summit of Beinn Damh, a mountain in the Scottish Highland near the village of Torridon"	13,065	25
3	June 29, 2021	Biking	"The Bristlecore Pines in Utah may not be the oldest of that species, but may have been alive for well over 1000 years..."	11,567	39
4	June 25, 2021	Mountain View	"That AM Sweater struggle almost ready to seize the day in El Potrero Chico"	15,727	67
5	June 25, 2021	Hiking on Rocky Wall	"Gowri Varmashi getting high exposure in the Gunk"	29,644	98
6	June 24, 2021	Hiking on Rocky Wall	"Kate Kelleghan keeping positive on cynical pinnacle"	17,210	50
7	June 21, 2021	The Lost Dory	"Joe Curren shows childhood memories of his dad, legendary waterman Pat Curren and the unique boat that traveled with them to Baja"	16,876	34
8	June 21, 2021	On Ice: Jerry's Wisdom	"Carolyn Gleich grapples with the tears that come with an aging parent and the pressure she feels to have a child before her dad is gone".	11,918	38
9	June 20, 2021	Blood Memory	"The Sierra have always held a mythological significance in my household. None of us would be here without them."	8,473	12
10	June 18, 2021	Surfing	"Lea Brassy before bobbing and weaving another 300 meters down this dreamy left in Mexico"	10,369	13
11	June 16, 2021	Four Fifth a Grizzly	"This our genome each of us carries crowd is a mosaic of humans and microbe DNA, with the human part making up a very minor portion of the whole"	7,326	28
12	June 15, 2021	Jogging on desert	Lydia Jerrings glides between saguaros while soaking up some much needed trail time	9,723	31

Data obtained on July 6, 2021 17:00 WIB (West Indonesia Time)

Source: official Instagram account of Patagonia (elaborated by the author)

For new visitors who have no information about Patagonia in advance, it is confusing to understand that the website is owned by a business firm, not environmental community. Since only one seventh mottos or slogans (as illustrated by table 1) directly related to products, while only three seventh (as shown by table 2) part of web menus proposing sales offering. On the contrary, such approach for loyal customers seems to be very effective to enforce solid relationship, as to advocate their position and concern. At least, Patagonia is one of few niche company to survive almost 50 years with dramatic revenue growth from year to year.

Nature has limitless beauty to capture. Patagonia's Instagram account displays such description to indirectly market its products in very subtle way. We do not even find single photograph displaying sweater or jeans along with the price to gain on buyer. They simply post beauty of nature or sport activities to cherish life.

Patagonia and Customer Advocacy¹⁷

To attain customer advocacy, as Lawer proposed, firms need to earn new levels of trust and commitment through developing mutual transparency, dialogue and partnership with customers. (Lawer: 2012, p. 195). In that regards, Patagonia has inspiringly improved marketing context and customers involvement, fostered knowledge-based partnerships, and always enabled choice transparency. As environmental activist company, Patagonia's clothing is inseparable from its environmental advocacy. Shadowed by its true love for the earth, the company endeavors to build high-quality products while causing minimal harm to the home planet. The brand designs apparel and gear made from reusable and recyclable materials and

¹⁷ Adapted from the article entitled "Patagonia's Customer Base and the Rise of an Environmental Ethos" by Catherin Morin, released on June 24, 2020 in CRM.org

finds ways to minimize impacts throughout the supply chain—from water use and quality, greenhouse gas emissions to energy use, chemical use, toxicity, and waste.

Patagonia continually invests in new technologies to make its supply chain and products more sustainable. Besides using its popularity to raise awareness of climate change and environmental issues, Patagonia even encourages customers to take mutual responsibility for the life cycle of its products through repair, reuse, and recycling. “Don’t buy this jacket” Based on a “buy less, buy quality” philosophy, the brand literally tells its customers not to buy its clothing and invest in used versions instead. During the 2011 Thanksgiving shopping season, Patagonia ran an advertisement that read “Don’t Buy This Jacket.” The ad detailed the environmental cost of one of the brand’s best-selling sweaters and asked customers to reconsider before buying the product and opt for used Patagonia clothing instead. That year, the company saw its revenue grow about 30%.

In 2015, Patagonia took another step toward helping its customers become more environmentally responsible and launched the Worn Wear Wagon, a mobile repair shop traveling the country to mend everything from busted zippers to tears and pulls, in addition to educating people on how to fix their own gear—all this for free. Customers can also now resell their used Patagonia garments on the company’s website and even trade in their used products at any Patagonia location to receive a credit to buy new or used merchandise. The company’s recycled product policy may have already inspired other retailers. Ikea recently announced a new program that allows customers to bring back gently used furniture in exchange for store credit. The program was launched with an intention to reduce the waste that goes into landfills. Beyond influencing other companies, Patagonia’s message resonates strongly with the environmentally conscious, upscale consumers which the company considers their target audience.

These consumers are willing to spend more money on quality products that also decrease their impact on the environment. By tapping into this target market, the brand has managed to expand its sales. Recent data confirms that Patagonia tends to attract customers who identify as both fashionable and conscientious. A 2017 survey by YouGov suggests that 61% of the outdoor retailer’s customers consider themselves as well-dressed, stylish individuals. When it comes to having ethical shopping habits, 69% of Patagonia customers say they like to look out for where their products come from, 67% believe to protect the environment, we should drive less and 54% make efforts to buy Fairtrade products. Patagonia has hit the mark in proving customers are attracted to a brand when they relate to its core purpose.

Running its business with a strong environmental ethos has allowed Patagonia to attract like-minded people who do not respond to functional marketing triggers of promotion and price reduction. The company has instead fostered customer loyalty through emotional triggers. Environmentally concerned consumers trust that Patagonia stands for a higher purpose than making money and are therefore emotionally inspired to support the brand, which embodies their values. Through donations to environmental causes, efforts to expand the functional life of its products, investments in optimized sustainability, and the use of recycled and organic materials—the company backs up its eco-responsible talk with concrete actions.

While many companies are adopting environmental and socially-responsible practices, for over 48 years, Patagonia has been an industry leader in sustainable practices, environmental activism, and advocacy for public lands protection. The company’s philosophy has long been to, “build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.”

In term of financial achievement, Patagonia’s revenue has been increasing significantly from USD 209 million revenue (2017 report) and today has reached USD 800 million revenue annually (2020 report). Patagonia now has more than 30 stores in United States, 1000

employees, with dozens of grass root environmental organization partners. Since 2015, the company has worked with 100 small farmers who grow cotton re-generatively in India and grew up to more than 450 recently.

CONCLUSION

Claiming itself as Activist Company, Patagonia has successfully proven that competitive and pragmatic business can also be virtuous simultaneously. In other word, being virtuous is effective marketing strategy in digital century, in which customers can massively echo virtuous business practices, though social media, so as to strengthen the company's position in the eyes of loyal customers and attract broad public sympathy. Patagonia's Virtue Spirited Marketing, as manifested by its social and environmental concern and green business practices, has proven to keep business growth and sustainability, and brought a number of prestigious awards. Peripheral route of marketing that puts emphasis on nurturing mutual interest between marketers and customers, i.e. environment sustainability, is believed to be effective means to elicit customer loyalty and advocacy.

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