

## STRATEGY FOR BUSINESS SUCCESS: THE CASE OF YETI LLC

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*In today's ever changing business environment, an entrepreneur can easily become overwhelmed. It's vital, though, to stay focused on your goals for the company and be able to form and develop an appropriate strategy for business success. As an entrepreneur, you also need to know who your competitors are. You also should understand the rival product or service that is being offering. This knowledge will help you better market your product or service to stand out, perhaps even using your competition's weaknesses to your advantage. This article is devoted to strategic analysis of the YETI Limited Liability Company. YETI is a good example of a company going brand-first. It is considered in details the current strategies as well as providing alternative strategies for the future development.*

**Keywords:** fashion, multi-label fashion store, behavior, Vietnam, influence, marketing.

### Introduction

YETI Coolers LLC is an Austin, Texas-based manufacturer of outdoor lifestyle products such as Tundra, Roadie, Hopper, Tank, and Collegiate Coolers. The company also supplies drinkware, cooler accessories and replacement parts, as well as apparel and gear which include hats, shirts, and the related products. YETI Coolers LLC has manufacturing facilities in Iowa, Wisconsin, also in the Philippines, and China. Back in 2006, YETI was



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launched by the brothers Roy and Ryan Seiders with a simple mission: to build the cooler we'd use every day if it ever existed (YETI, 2017). The Seiders brothers started the creation of innovative products from their own experience. They grew up with their father, who was designing fishing rods. Thus, they decided to develop the products for their own needs too. They needed the cooler that simply wouldn't break. At the earliest stages already they decided that their product innovation would be based on the necessity and direct experience, not on market research and data analysis.

YETI today maintains a wide range of various coolers. There are five options to fulfill the customer needs: Hopper, Tundra, Roadie, Tank, and Collegiate. YETI's product prices range from \$250 to \$1,400, depending on a model.

### **Analysis of the YETI's Current Strategy**

YETI used a top-down pyramid marketing approach to create a product that previously was not even on the radar and thus they quickly became a household name for fishing lovers across the country. The company also became a frequent programming sponsor on popular hunting and fishing television stations. This strategy was based on the so-called influencers. YETI has built their brand on the back of an influential market. YETI Coolers infiltrated the shopper's memories via conversations, interactions on fishing expeditions and broadcasted use of their coolers by the celebrities. This strategy worked, it has quickly transformed YETI Cooler from an unknown brand into a must-have product for thousands of hunters and fishermen. And they are continuing to advertise their brand on media in a similar manner till now. To build a strong brand, YETI leveraged the help of many influencers.

Table 1 below proves the effectiveness of this advertising campaign when it comes to sales' volumes in dynamics.

Table 1: YETI's sales growth  
Sources (Nasdaq, 2016), in mln USD

2009	5
2011	29
2013	89.9
2014	147
2015	468.9

In 2013, YETI conducted a brand tracking study which showed that there is only 4.4% awareness among their most important target groups of customer. Later in 2014, they began to introduce a new strategy which was based on such activities as hunting and fishing (Saporito, 2016). They expended their product line to include a soft cooler called 'Hopper'. It is more portable and thus easier for carrying. More recently, their new line of drinkware products has been introduced to focus on the new target group of customers, who are basically everyone. This, obviously, helped to expand the range of potential customers dramatically.

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## **Branding Strategy**

A brand is a concept that arises in the mind of consumers as some sort of perception. YETI uses this through the simple concept of communications model for all their products. Communication is important when it comes to branding, whether it is word of mouth, advertising, social media, public relations etc. YETI understands well the problems their customers may be facing and therefore they are offering the solution – everyday use durable and long-lasting coolers. YETI has been sending out messages that include all of their designs and value propositions. However, this was not the only reason why YETI remains to be well remembered and recognized by customers. Their customers are satisfied after their purchase, and that is “brand loyalty” already.

The authors of this article have sort of personal experience with changing loyalty from Starbucks to YETI. The quality of this long-lasting cooler with stainless steel is so how high that all other options, potential and/or tested previously, are simply out of consideration.

Branding strategy of YETI is incredibly effective in terms of selling all its products, building community, and generating the word of mouth marketing. The aim of this brand strategy is to use all available internal and external opportunities for brand development (Tilde Heding, Charlotte F. Knudtzen, Mogens Bjerre, 2009). This will be also described below in the SWOT-analysis.

## **Product-Driven and Customer-Driven Strategies**

A product-driven strategy is usually applied when organizations start with their product first, that is, they develop a product and then search for a suitable market. YETI applied this strategy by focusing on its product – namely, design, features, capabilities (Martin, 2016). Introducing these products to the market came later on.

What YETI did for their products is that they came from the simple needs of the founders themselves. They knew exactly what they wanted to sell because they had been using the product themselves. The Seiders brothers grew up in the hunting and fishing family so they knew too well what their potential customers needed from their products. Therefore, they managed to create products that were unique and distinctive from the very beginning. At that time, they expected that they would be the only player at the market making and/or selling this kind of coolers. Even though there were some companies producing and selling coolers similar to what YETI did. But YETI, from Day 1, positioned themselves as producers of the best cooler among all potential competitors.

Customer-driven strategy is the strategy typically applied by an organization that knows well what customers really want and thus produces the products to meet the level of their ultimate satisfaction. No doubt, the Seiders Brothers knew their customer very well simply because they were customers of their own products. This leads us (and them too) to the assumption that YETI coolers will make customers satisfied.

YETI was trying to run ahead of their competitors by taking a deep dive into new product categories, and in the process of this expanding their team grew from 20 to 55 people by the end of 2016 (Saporito, 2016). The product line expansion was rather radical as well, the newest product being a bottle opener.

## **YETI's competition**

When someone creates good things and starts getting revenues for that, no doubt that others will soon be eager to follow and try to do the same. YETI is no exception in this regard, since today it is also facing the ever increasing competition. Among their competitors are such companies/brands as Igloo, Pelican 45 Elite, and Cabela's.

Both Igloo and Cabela's have imitated YETI's coolers and are actively selling them side by side. However, YETI can do nothing much about this situation other than find alternative retailers. More detailed information of YETI's competitors is provided in Table 2 below.

After carrying out the SWOT-analysis for the company in question we have come up with the following conclusions on the SWOT:

### *Strengths*

YETI knows well the needs of their customers so they develop the high-quality product to meet the level of satisfaction. What makes them successful is their lasting impact on the minds of their customers. Also, they did a lot of creative advertising and sponsor the specialized TV programs so that to show their products in those programs.

YETI's coolers are the so-called "Grizzly Proof" which is type of certification by the Interagency Grizzly Bear Committee, not just an advertising campaign (Rodriguez, 2014). This means these coolers are designed to keep ice cold for very long periods of time, sometimes more than a day, depending on the temperature and preparation. For this, YETI launched the 5-minute movie about how strong YETI coolers are and that they can't be destroyed by Grizzly Bear. That was one of the most creative ideas they came up with, in our opinion.

### *Weaknesses*

The core weakness is that YETI products are quite expensive. If compared with others brand (even though taking into account the lower quality), YETI coolers are around 30–50% more expensive than their cheapest competitor. Another serious obstacle is that there is no shop outside the U.S., only shipping option available on their website. This leaves YETI very limited place in other countries.

### *Opportunities*

Once YETI experienced some success with coolers, it has seen its market expansion. Since they were initially experts in designing coolers to keep cold longer than anything else, they also found an opportunity to create a product to keep heat longer like in coffee mugs. By that time, their name has already produced a feeling of reliability and quality among many customers.

### *Threats*

Even these features are mostly in favor of YETI, since the latter managed to create markets that are attracting competitors who are trying to take over the market. Despite YETI being the best thermal cooler brand as of now, competition is still rather tough, moreover, it never stops to develop. The strategies of nearly all competitors mostly rely mostly on the high pricing policy of YETI. The construction of all competitive coolers seems to be the same, however, the price is much more reasonable.

However, YETI has one strong point due to which other competitors still cannot win them – the brand loyalty.

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## Marketing Mix

YETI maintains a position in the marketplace that can be strategically defined as a clear market segment. With the combination of their integrated marketing communication campaign, product lines and product mix, as well as the overall brand image, YETI has created an image of the brand that is durable, functional, and made for nearly all outdoor activities. In addition, the intrinsic and intangible benefits that YETI offers to all their customers contributes to the emphasized brand royalty. Their positioning strategy is focused on the customer relative to competitors. Their slogan 'Built for the Wild' (YETI, 2017) reflects their concentration on the "extreme outdoorsman" market segment.

Table 2 – Major YETI's competitors  
(Source: compiled by the by coauthors)

Competitors	Strengths	Weaknesses
Igloo	Price 'Cool riser' technology More informative website (it provides a comparison of several coolers, including those produced by YETI)	Poor social media presence Fails to offer customers intangible benefits
Pelican 45 Elite	Longer warranty (lifetime, actually) Numerous channels of distribution, i.e., Wal-Mart, Home Depot, Amazon, eBay etc. More extensive product mix, i.e., cases, pro-gear, backpacks, and flashlights Price scheme is narrower	Heavier cooler than YETI Narrower product line

### *New Product Design*

Repositioning of a brand always requires modifications to the marketing mix. These improvements will occur with both product and promotion. Concerning the product, modifications will be made to attract and gain new target markets. Customers will be able to customize their YETI's products using the website. For example, after customers click to choose the YETI's product they want, they also will be able to choose the sport teams' logo and its placement, and then they also are able to choose the color of the selected product.

### *Target Market Analysis*

To reposition their product, thorough analysis of the desired target market is necessary. For this, the brand's primary and secondary segments have been analyzed as presented below in detail.

#### *Primary*

The primary target market consists of the alumni of the most famous universities in the U.S.A. These are college sports fans with an affinity for their teams and schools. This segment consists mostly of the season ticket holders that maybe emotionally affected by wins

or losses of their teams. Individuals in this segment may become the regular purchasers of the apparel items, since they feel in such a way they are supporting their teams during the off-season.

#### *Secondary*

The secondary market consists of current students at universities with high-ranking football teams. This segment is very much similar to the aforementioned segment in that they also maintain the affinity for their university and its team. These individuals are young, lively, and are mostly sports enthusiasts.

The two aforementioned market segments share a strong character which is an affinity for their college teams. Attending games is something both parties look forward to, and the experience of these event enhances their self-esteem and image. Since there is a strong relationship between the experience and the tailgater, there exists a good opportunity for YETI to penetrate these segments with a product that will enrich their game experience.

### **Creative Strategy**

YETI products are grizzly-proof certified, meaning the body of the cooler is nature-tested and durable. In addition, coolers are available in a variety of sizes so that to fit different lifestyles and needs.

The benefits that YETI offers to all their customers are quite numerous: enhanced self-image, beverage refrigeration, item protection, and a large scale of sizes. YETI also maintains a positive self-image and promotes the sense of belonging to a community.

Another key creative feature is that YETI ensures both food and beverages remain protected throughout tailgating events, regardless any weather conditions. More, the hard exterior guarantees the cooler will be protected from any unexpected contact, including abuse.

### **Possible Future Development Strategies for the Brand**

Even though YETI is a company producing coolers in the first place, the interesting question is whether they keep this market stable while expanding to some others? What should they do next? What can they really do to make it better, stronger, and still be the number 1 at the market, so familiar to them but still, with the increasing competition?

#### *Making it more convenient*

Such a product as cooler is always heavy and huge. Therefore, the company's also opted to sell wheels as an additional accessory, however, this automatically makes the product much more expensive.

#### *Solution:*

Add wheels and better handles which are easily attachable and same easily removable.

Put the wheels with the main product when sell (included in a purchase).

Produce / design lighter weight cooler which is easier to lift and hold.

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### *Partnerships / Alliance*

Not everyone knows YETI; it is popular but mostly within rather specific groups of customer as hunters, fishermen, and outdoorsmen. Thus, more endorsements would be needed from popular brands and/or TV programs to increase the future sales volume.

Solution:

Be partner with NIKE or other famous sport brands, or with outdoor brands, such as The North Face.

Support / sponsor / buy commercials during popular sports event, i.e., Super Bowl, NFL etc.

### *Better customization*

YETI has very narrow choice of colors provided in stores, mainly 2 colors – white and pink for coolers. For tumblers, there are few colors more as Stainless Steel, Tahoe Blue and Black, however, some newer colors are also coming soon – Pink, Seaform and Olive Green (again, for tumblers only).

Solution:

Broader range of colors, provide more variety so that to meet the interests of new target groups, especially among young females.

To offer the programme customizing YETI products to customers' needs and preferences (for coolers, drinkware, hats, shirts etc.) using the logos of their favorite sports team. Some of these are already available.

### *Social Media*

YETI still has only a few target groups of customers who really know them well, outside the country (meaning, the US) it is nearly impossible to watch the TV programs they are sponsoring. Now they have their own social media like Facebook, Twitter, Instagram and YouTube channel, still, not many people outside their country are familiar with YETI.

Solution:

Add more advertisements via social media, i.e., YouTube Ads.

Using influencers in other countries to advertise for them. Word-of-mouth is one of the most powerful and most effective way to generate sales at this market.

Implementing contests and games to engage followers and build excitement. For example, let YETI's customers post about YETI products in their social media accounts, for example, sharing publicly that they have received a discount for their next purchase.

Print advertising may also be helpful in building customer awareness of the products and increasing sales.

### *Create interesting programs for end users/customers*

Since YETI is not popular at wider international markets, they should promote themselves more by making their customers happy, so that the latter refer about this brand to their friends more frequently.

Solution:

Introducing a referral program to increase customer loyalty and thus - sales. With enough customers referring their friends, family and acquaintances, YETI would be able to multiply their sales manifold.

Rewards or club membership benefits for the most loyal customer.

### *Sales Promotion*

Face-to-face interaction via sales promotion is a powerful tool of convincing when it comes to reaching YETI's target markets. When the game day is coming, customers will always look for new products to support their team.

Solution:

Organizing YETI's tent or booth nearby the tailgating area for demonstrations, giving potential customers the opportunity to ask questions about YETI's products.

More participation at promotion events so that to let customers have more direct experience with YETI's products.

*Expand market outside the U.S.*

Even though on YETI'S website there is an option of shipping to other countries but it covers only small items, therefore, its effect on sales' volume is rather limited. This limits their market for customers in other countries.

Solution:

Find suppliers in other countries to expand YETI products' sales internationally.

Open shops in other countries which have the largest potential in terms of sports and outdoor products sales - such as Australia, Japan, and some of the Southeast Asian countries.

### *R&D and Monitoring System*

YETI must use more of monitoring tools to control the quality of their products for higher customer satisfaction.

Solution:

To ensure the increasing stable growth, yearly surveys among customers are needed. YETI can, for example, award those customers who participated in such a survey by giving them a discount coupon so that to encourage their customers to be more willing to share their experiences with the company.

### **Conclusion**

YETI is a good example of a company going brand-first. Everything they create builds on the community and showcases, designed specifically for the target groups of hunters, fishermen, and outdoorsmen. Anyone who identifies himself with these types of activities, cannot help but relate to the company's mission and, as a result, is willing to participate financially. This is the major reason why the company in question is still able to get away with selling premium products only, resting primarily on people's absolute love.

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<i>Paper submitted</i>	<i>19 June 2017</i>
<i>Paper accepted for publishing</i>	<i>03 September 2017</i>
<i>Paper published on-line</i>	<i>30 November 2017</i>