

Patrick Williamson

Professor Crenshaw

BUSSBTC 301

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2.06 Identify the Organization for Your Term Project

History:

Recreational Equipment, Inc. (REI) was established in 1938 by 23 mountaineers enthusiasts at Seattle, Washington. Their goal was to purchase quality gear at fair prices, leading to the formation of consumer cooperatives. The co-op model allowed members to allow pool resources, ensuring access to inexpensive outdoor equipment. For decades, REI expanded its product offerings in detail beyond climbing, including a wide range of outdoor gear and apparel. The company is famous for its commitment to environmental leadership, community engagement and external entertainment. In particular, REI pledged the #OptOutside campaign, encouraging people to spend time outdoors instead of shopping on Black Friday. Despite facing challenges in the retail industry, REI has retained its cooperative principles, reinvesting profit into the community and environmental initiatives. Today, REI stands as the largest consumer co-op in the United States, a reputation for millions of active members and quality products and services in the outside industry.

Products and Services:

The REI offers a comprehensive selection of outdoor gear and apparel, which includes hiking, camping, climbing, cycling, paddling and activities such as snow sports. Their product range includes tents, backpacks, footwear, dresses and accessories from many outdoor leading brands and their own REI Co-Op line. In addition to retail, REI provides services such as rented tools,

repair workshops and specialist advice to help customers prepare for their outdoors expeditions. The company hosts classes and programs to educate and build the community among outdoor enthusiasts. Through its Re/Supply Program, the REI promotes stability by offering gears used for resale, encourages a circular economy within the outdoor industry.

Current Size of the Organization:

Annual Revenue: \$3.53 billion in 2024, a 6% decrease from the previous year

Status: National retailer with a strong presence across the United States.

Number of Locations: 192 stores across 44 states as of February 2025, with the highest concentration in California

Geographical Presence: Stores are distributed throughout the United States, including major urban centers and outdoor-focused regions.

Number of Employees: Approximately 14,000 employees as of 2024.

Business Model Canvas:

Pattick Williamson
Professor John Crenshaw
BUSBTC,501

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Business Model Canvas

Customer Segments Outdoor enthusiasts Co-Op members who pay a minimum \$30 lifetime dues to receive annual benefits	Value Propositions High-quality, ethically sourced outdoor equipment Member-owned model that offers benefits and voting rights on the company Many community driven initiatives such as #Opt-Outside day, outdoor classes and equipment rentals	Channels Retail stores (181 locations) Online platforms and catalog sales
Revenue Streams Member engagement through governance voting and feedback on membership Community building via events, educational seminars and outdoor experiences	Key Activities Buying and merchandising High-end outdoor equipment Operating stores and e-commerce Running member programs, events and educational initiatives	Key Partnerships Brands and suppliers for equipment, clothing, and gear Nonprofit and conservation groups funding sustainability efforts Technology providers for customer analytics
Key Resources Strong brand and trust as a co-op business that houses over 24 million members		Cost Structure Expenses from store operations Cost of goods sold Member dividend payouts
Works Cited: REI Co-op. "REI Announces 2022 Annual Report;" REI coop Journal, 6 Apr. 2023. https://www.rei.com/blog/news/rei-announces . REI Co-op, "Join the Coop." REI coop; https://www.rei.com/membership . REI Co-op. "REI Outdoor School." REI coop, https://www.rei.com/s/events , Patel, Sahil, "REI Uses Customer Data to Personalize Its Emails and Website." https://www.rei.co/events . REI Co-op. "#OptOutside;" REI coop, https://www.rei.com/opt-out-sie . Vincent James. "REI Lays off 587 Employees, Mostly in Its Stores;" The Verge, 14.Frp, 2025, https://www.theverge.com/ Tableau Software; "REI Co-Op Uses Tableau to Deliver Real-time Data to the Business," Tableau, https://www.tableau.com/enterprise/2025/05/25/25399653-		

Term Project Component 3:

Customer Segments: REI targets a diverse category of customer segments, centered around individuals who are passionate about outdoor recreation. Their primary audiences include outdoor enthusiasts who engage in activities such as hiking, camping, cycling, climbing, and snow sports. They understand the importance of high quality gear, stability and expert advice. The REI also serves a secondary segment composed of casual outdoor participants and new people who are interested in learning about outdoor activities through REI classes and workshops. The co-op model allows them to consider co-op members as a distinct segment, which provides special benefits such as dividends and discounts. Additionally, REI is attached to institutional customers including non -profit organizations and educational organizations that align with their values. With stores in 44 states, the REI serves urban customers in search of weekend thrills, as well as rural consumers who are deeply inherent in outdoor lifestyles.

Value Propositions: REI's core values lie in the high quality outdoor gear that they provide, supported with knowledgeable service and sustainability. They set themselves apart from competitors through their co-op business model which allows them to reinvest their profits into community programs and member benefits such as discounts and dividends rather than private shareholders. They can guarantee a level of satisfaction by having a one-year return policy to ensure working and reliable equipment. Some items that are returned are cleaned and resold at discounted prices. They also have the #OptOutside campaign which supports their image as a brand that values experiences outdoors over consumerism which has gained national recognition boosting their own support within the community. In addition, REI co-op products provide excellent quality at more affordable prices than premium outdoor brands. The company also adds

value through educational classes, adventure trips, gear rental and repair services that support a full outdoor lifestyle.

Channels: REI uses a mixture of physical and digital channels to reach its customers. Their brick-and-mortar appearance consists of 192 stores in 44 states, strategically located in outdoor hubs and urban centers. These stores not only serve as sales points, but also act as community hubs offering events, classes and workshops. Their digital appearance includes a strong e-commerce website and mobile app that allows customers to purchase online, buy book classes and manage their co-op membership. REI also takes advantage of social media, email marketing and outdoor blogs to join and run traffic with customers. Additional distribution channels include partnership with affiliated websites and outdoor content creators. Their stores also serve as pickups and returns centers for online orders, supporting an omnichannel retail approach.

Customer Relationships: The REI creates strong, loyalty-based relationships with its customers through its co-op membership program, which now includes over 20 million members. Members have opportunities to vote on annual dividends, exclusive products and events, and co-op leadership. The REI maintains the ongoing engagement through newspapers, loyalty awards, personal recommendations and expert support. In-store and online employees are trained to offer education, not only transactions, which manufacture the trust. Community outreach, voluntary programs and environmental campaigns promote emotional relations with the brand. REI also provides responsible customer service through phone, chat and in-store interactions. Their generous return policy and product satisfaction further supports long-term trust and loyalty.

Revenue Streams: The revenue of REI comes mainly from the sale of outdoor gear, apparel and footwear. This includes both the third-party brands and their personal-labeled REI co-up line. Additional revenue is generated through services such as rent, equipment repair and educational

classes. Membership fees contribute to a modest but reliable income stream and help in funding co-op-specific benefits. The online sales represents the increasing part of revenue, especially post-pandemic. The REI also earns from the resale of gears used through its RE/supply program, promoting circular economy system. While the brand is Not for profit in structure, REI strategically establishes income in business operations, sustainability projects, and co-op member dividends supporting its mission and maintaining financial health.

Key Resources: REI's major resources include a large base of loyal co-op members, its reputation, brand equity and its experienced workforce of about 14,000 employees. Their physical assets include about 200 retail storefronts and several distribution centers that support both in-store and e-commerce operations. The company's ownership REI co-op product line is a major asset, which allows control over quality and pricing of their own gear. Technology infrastructure, including their website, mobile app and CRM system, is required for multichannel engagement. Intellectual property, such as stability practices and training programs, are also valuable. Finally, their long sellers relationship and environmental partnership are strategic resources that support their missions and operations.

Key Activities: Major activities of REI span retail operations, product development and customer engagement. Retail operations include inventory management, merchandising and customer service. The development of REI co-op gear includes product design, testing and quality assurance. The company invests in stability initiatives including supply chain auditing and environmental advocacy. Marketing efforts focus on brand storytelling, outdoor education and social responsibility campaigns such as #Optoutside. Another main activity is the management of their co-op membership program, requiring members communication, voting procedures, and profit fulfillment. REI organizes and hosts educational programs, outdoor

programs and volunteering opportunities to strengthen community relations and promote outdoor lifestyles

Key Partnerships: REI partners with a range of organizations to strengthen their business and community impact. These include outdoor gear manufacturers, non-profit environmental organizations, national parks and trail protection groups. They collaborate with advocacy groups such as the Outdoor Industries Association and leave no trace. REI also works with local communities and municipalities to support outdoor access initiatives and infrastructure. Their seller participation ensures a stable supply of quality products, while technology vendors support their digital capabilities. Strategic alliances with stability certifications and research institutes increase their environmental reliability. The partnership aligns with the mission of promoting access to the outside with the mission of REI, protecting natural places.

Cost Structure: The major costs of REI include inventory, employee wages, retail stores operations, logistics and marketing. As a co-op model business, REI members also allocate a portion of earnings for dividends and community regeneration. Investments in stability, such as supply chain audits and carbon neutrality efforts, represent the growing area of expenditure. Technology maintenance and e-commerce platform upgrade are also important cost drivers. Training and development programs for employees, especially related to product knowledge and customer service, are other ongoing expenses. While their not-for-profit structure allows them to prioritize the impact over margin, REI still manages the cost strategically to remain economically sustainable and competitive.

Sources:

[REI 2024 Financial Results – Shop Eat Surf](#)

[REI Store Location Data – ScrapeHero](#)

REI 2024 Impact Report – REI Newsroom