

Crocs Company Analysis

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CROCS

- Founded in Boulder Colorado, by Scott Seamans, Lyndon "Duke" Hanson, and George Boedecker, Jr. in 2002
- “Bring profound comfort, fun, and innovation to the world’s feet”
- Major competitors - Skechers, Steve Madden, Deckers, and Nike
- Profit margin - 4.64%
- Market share - 1.12%



SWOT Analysis

- Strengths
 - One of a kind shoe brand that can be used by anybody
 - Associated with many different celebrities
 - Durable and made for land and water
- Weaknesses
 - Competitors are much larger and have more control over the market
 - Some Safety issues with certain products
- Opportunities
 - Diversification into other kinds of footwear
 - Increase vertical integration
- Threats
 - Since all production is now outsourced they have less control
 - Trends dictate a lot of their success





Business Strategy

Follows a cost leadership strategy, by use of:

- Do this by maintaining a stable level of quality
- Low cost with constant promotions
- Availability through retail stores and online



MKT Strategies



OM Strategies

- New target market: young kids
- High School Fashion trend
- Going back to brands core
- Brand Ambassadors
- Focus on clogs
- Market penetration for sandals.
- Use First Insight more data on consumers

- Restrict Distribution
- Closing 170 Stores
- Shift to online websites
- Focus on outlet stores



Targeting Segmentation and 4P's

- Older people, ages sixty five and over, are the largest group buying this product
- No college education among the largest group
- Caucasians are the largest consumer group with over 100,000 more sales than the following group
- Average income for Crocs are middle class with average incomes ranging from \$75,000 to \$149,999
- Young couples in their early thirties sometimes with young children
- Most buyers are in the urban areas

Marketing and Operation Execution

- Crocs markets itself as fun, innovative and unique
 - This is reflected in its products and operations
 - Uses brand ambassadors
- Products include sandals, wedges, flats, sneakers and the most iconic clogs
- All products have similar levels of customization
 - Crocs makes this possible without heavily increasing their supply chain by:
 - Using similar materials in most products
 - Utilizing Jibbitz to increase customizability
 - Offering many different colors and styles on certain products





Product

Marketing - have struggled to stay relevant to consumers

- Reach new market with products such as sandals, boots, and flip flops
- Deliver new variation in original clog
- Marketing campaigns

Operations - new ways to efficiently and effectively deliver products to market

- First Insight - data collection and market demand tracking technology
- Power has shifted to customer
- Cuts down on time it takes to bring a new product to market and prevents creating a product that there is no demand for





Pricing and Cost Strategy

- Keep products affordable (\$35)
 - Allows for wide range of customers
 - Simple production process reduces costs
- Offer a lot of value for their money
 - Crocs are made from durable, adaptable, and odor resistant material
 - Crocs last much longer than the average shoes
- Use similar materials and standard process to lower costs
 - Have the appearance of having many products because of customization
 - Lower costs for them means lowerer prices for their customers

Promotion and Capacity



- Capacity
 - Closed manufacturing factories around the world
 - Closing factories to simplify business and make company more profitable
- Promotion
 - Have used celebrities to improve their brand image
 - Online promotions to shift the way people are buying their products
- There are no specific examples of conflict between the two



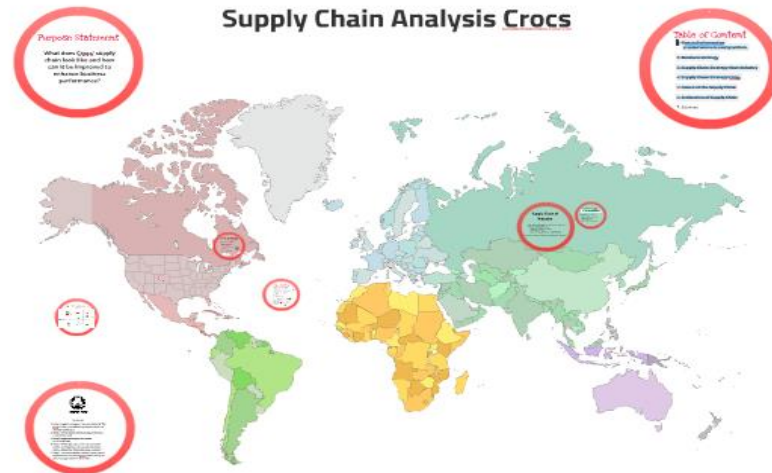
Place and Supply Chain



- Outsourcing their products from emerging markets (Responsive)
- Cost efficient to get products made from third party (efficient)
- Changing supply chain helped them recover from bankruptcy

Key distribution channels

- Online
- Retail outlets
- Company owned outlets
- Wholesalers





Sustainability and CSR

Marketing

- Has some information in their 10-k
- In the past, produced a annual sustainability report
 - Listed facts and figures relating to environmental initiatives
 - Stopped after companies popularity sunk

Operations

- Participate in Soles 4 Souls
 - Cleans, donate, and recycle old used shoes
- Not to active in this space anymore
 - Sustainability section of website has been taken down



Sustainability Alignment



- Most operations and marketing has been stopped recently
- Although their efforts are not great they are generally aligned
- Some initiatives are not well marketed
 - Durability of Crocs
 - Soles 4 Souls



Triple Bottom Line (TBL)

- Crocs is a loser
- The leaders in the industry are Nike and Deckers who have both created goals towards sustainable actions in the future
- Crocs does not feel pressured and does very little to report any changes
- Their last sustainability report was in 2014 they state the following:
 - Requires third party manufacturers to comply with the footwear industry standards for working conditions
 - Crocs has 7% of croslite material is from reused materials
 - 17.6% reduction in volatile organic compounds per pair of shoes from 2013 to 2014



Conclusion

- Company based on unique and fun shoes
- Small CSR compared to years ago
- Turning a focus to clogs and shifting target market to a younger generation
- Successful promotions and increased capacity have helped the company improve



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