



Sole Mates

Your client is a sneaker manufacturer in the footwear industry and they are trying to expand into other sectors. Decode the factors that must be considered by the company to expand into a new sector. What products do you think they can enter into?

CASE TYPE
Market Entry

COMPANY NAME
LEK Capability Network

DIFFICULTY LEVEL
  

Should a Sneaker manufacturer expand into other sectors?

Case Type Product Expansion Case	Company Name LEK Capability Network	Round Partner	Difficulty Level <div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>
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Problem Statement

Your client is a sneaker manufacturer in the footwear industry and they are trying to expand into other sectors. Decode the factors that must be considered by the company to expand into a new sector. What products do you think they can enter into?

I have some preliminary questions.

Please go ahead.

What are the company's current production capabilities?

You can mention the generalized factors that any sneaker manufacturer will consider so there is no kind of restriction for the production capacity.

So the factors we can consider for this company are:

Market size: We need to find out the market size to:

- Determine the total number of potential customers in the youth market.
- Segment the youth market into subcategories estimate the potential market share for each subcategory.

Market attractiveness: We need to find out the market attractiveness to:

- Assess the overall growth potential of the youth market.
- Evaluate the profitability of the youth market compared to other market segments.

Is this the right approach to continue with?

Yes, you may go ahead

Consumer perception: We need to find out the perception of consumers regarding sneakers, hence we need to:

- Conduct market research to understand how young consumers perceive the sneaker manufacturer's brand and products:
- Identify the brand's strengths and weaknesses in the youth market.

Operational feasibility and financial feasibility of the company: We need to find out the operational and financial feasibility to:

- Assess the company's current financial resources and capabilities to undertake an expansion into the youth market.
- Develop a detailed financial plan that outlines the costs and potential revenue associated with the expansion.

Competitors: We need to identify the key competitors in the youth sneaker market and analyze their strengths, weaknesses, marketing strategies, and market share to:

- Develop strategies to differentiate the sneaker manufacturer's products and marketing approach from those of its competitors.

Government policy and scenario: We need to find out the current government policies and scenario to:

- Research and understand any government regulations or policies that may affect the company's ability to operate in the youth market.

I think the company can enter into footwear related products like sneaker cleaners, sneaker cases, socks, sole protectors and cooling and comforting insoles.

At the same time, the company can enter into the clothing line and other accessories like caps, armbands, etc. but I think that would require a lot of strategic planning and heavy backing of monetary resources so I think we should stick to footwear related products only.

Well explained. I am satisfied with this answer. We can end the case here.

Alright, we can conclude this here and hop on to the second part of the problem statement now.



HERE'S A TIP!

While sharing your ideas, it is helpful to pause and ask the interviewer if you're going in the right direction. This keeps the interviewer a glimpse into your collaborative nature and allows for you to receive constructive feedback.

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CASE FLOW

CASE FACTS

- 1 The assumption is that there are no constraints on production capacity.
- 2 We have to determine the factor that lead to product expansion.
- 3 Sneaker-related products : Sneaker cases, sneaker cleaners, socks, sole protectors, cooling and comforting insoles.
- 4 The company can also consider entering clothing line, or accessories like armbands or caps etc. However, this requires strategic planning.

