



Contemporary Strategy Analysis



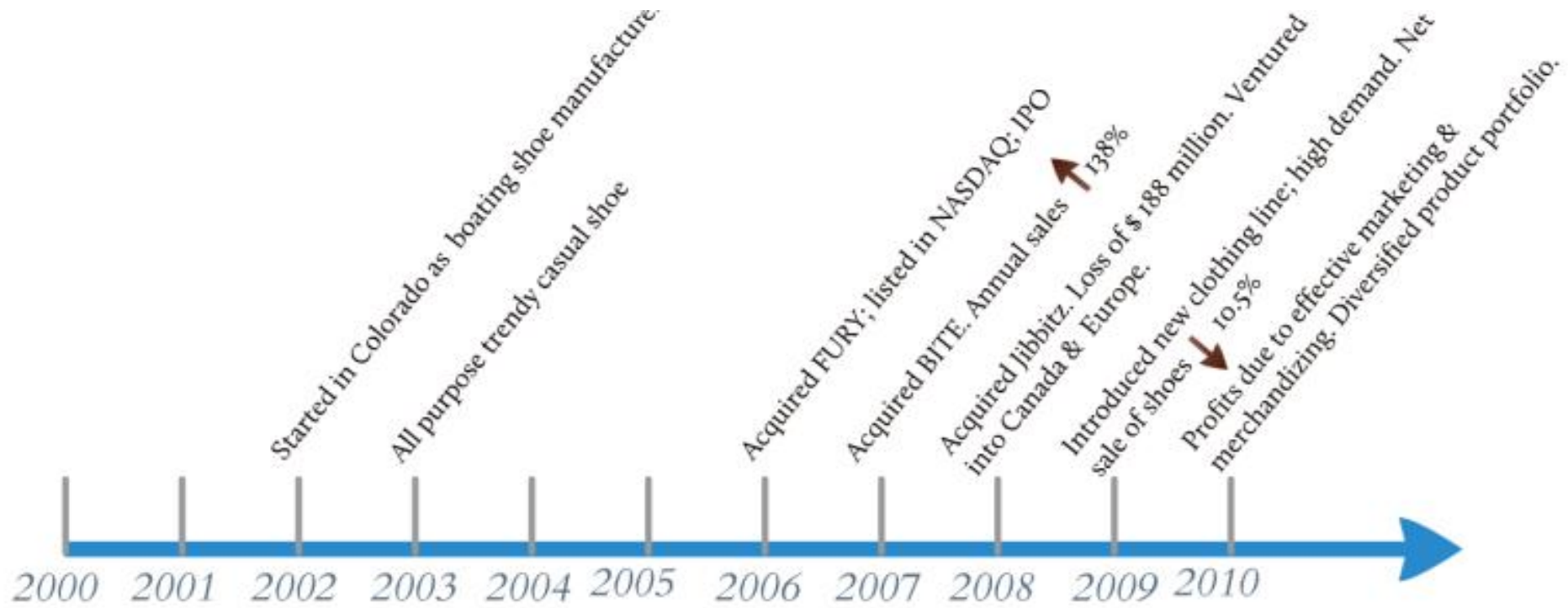
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Mamaev Igor

Ternikov Andrey

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Timeline





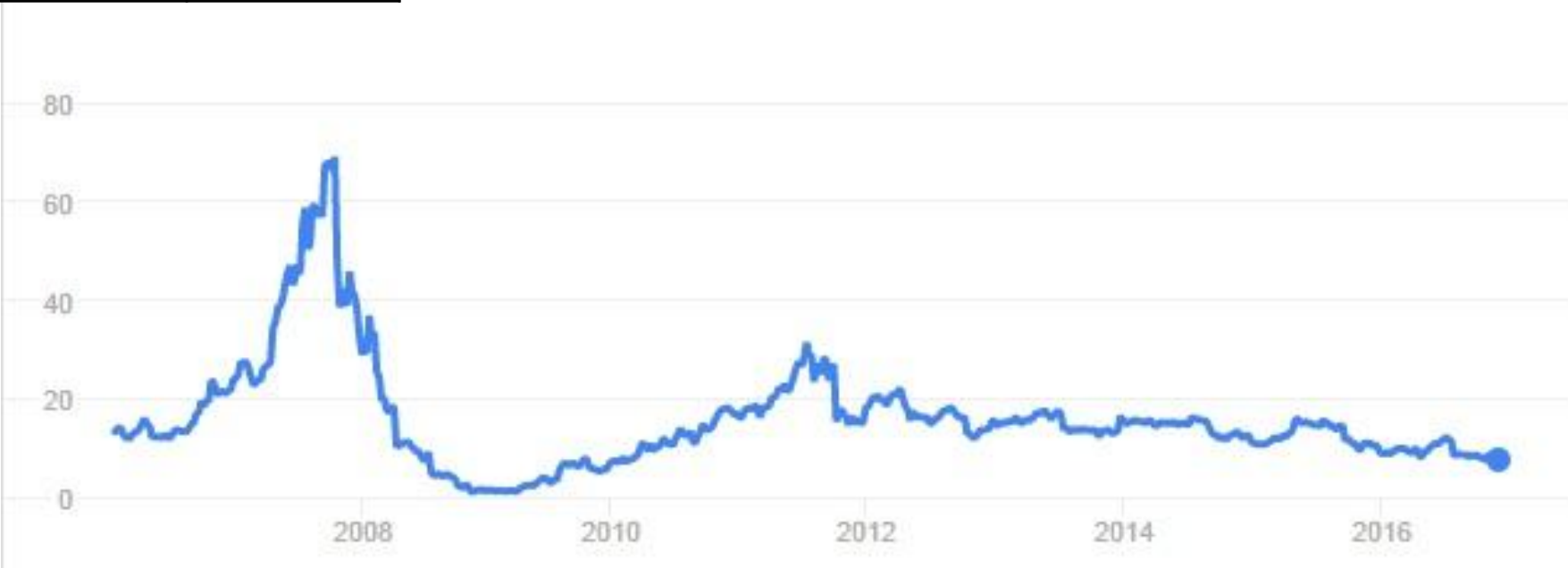
meet croslite™

the sole and soul in every pair of crocs™ shoes.



Volume 839,538	
Avg. Vol	927,818
52-wk High	\$12.53
52-wk Low	\$6.79
EPS (TTM) %	-482.04
Dividend %	-

	2015
Revenue	1,090.6
Other Revenue, Total	--
Total Revenue	1,090.6
Cost of Revenue, Total	579.8
Gross Profit	510.8
Selling/General/Admin. Expenses, Total	516.7
Research & Development	14.0
Total Operating Expense	1,162.9
Operating Income	(72.3)



PESTEL Analysis

P

- Facilities are spread all over the world;
- Minimized country risks;
- Political stability.

E

- Financial crisis showed that it wasn't a necessity compared to basic black shoes;
- Expanded and borrowed heavily during growth phase. Struggling to pay-off loans;
- Holds most of its assets in USD. And also vulnerable to foreign currency fluctuations.

S

- Certain demographics like nurses, fishermen, hairdressers and workers who have to be on their feet all day prefer wearing Crocs because of comfort;
- Very popular with children because of ease of wear, colors and Jibbitz.

T

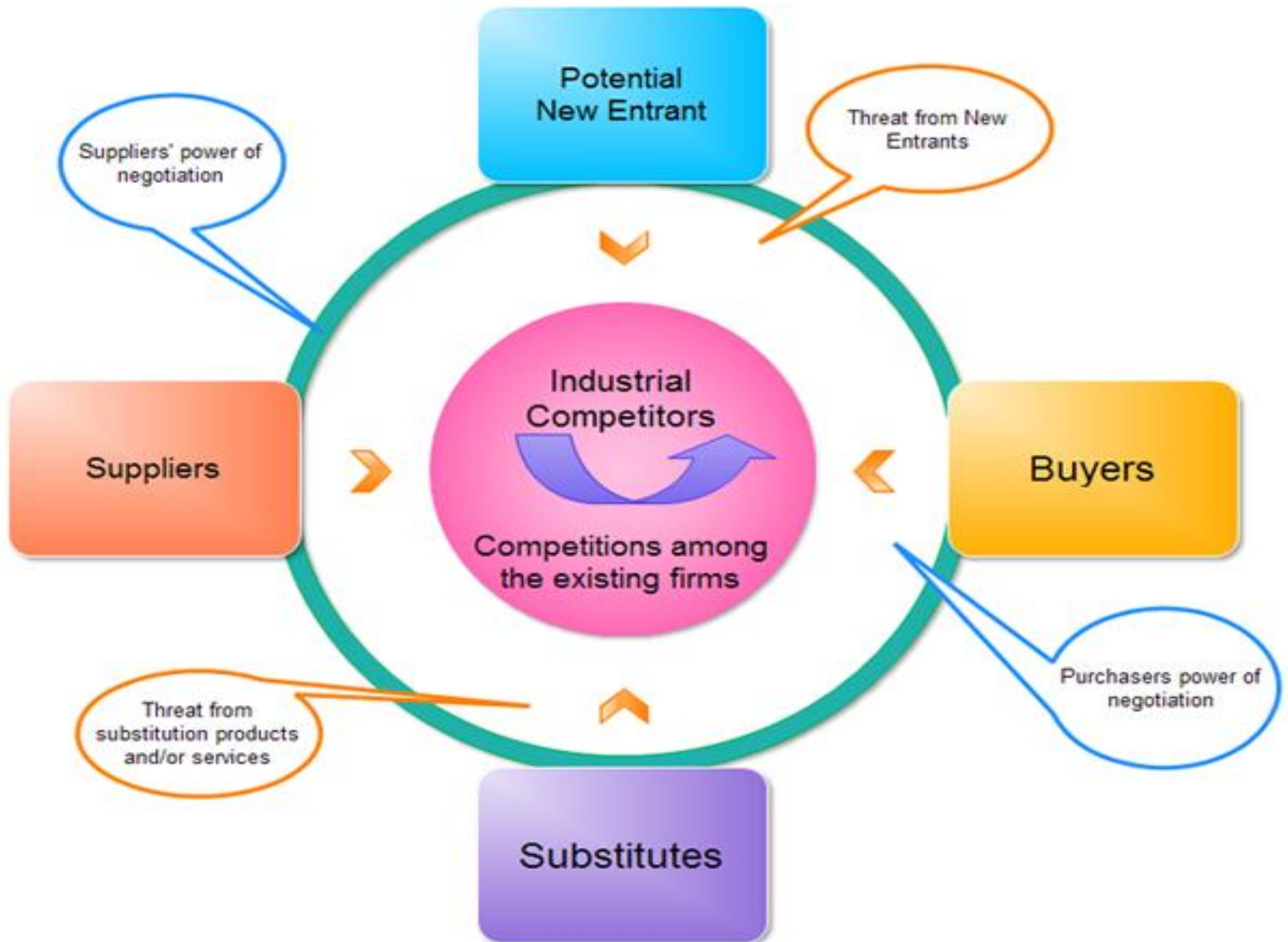
- No proper IT systems & workflow processes;
- Need to implement better JIT & manufacturing/storing methods;
- Weak in e-commerce sales. Could be a potential big market if done right.

E

- Upward vertical integration by owning their factory;
- Modern eco friendly technologies.

L

- Competitors are ripping off material and designs even if it is illegal. Crocs needs to analyze if it is worth their time and money suing as many other companies will do the same;
- There are also legal implications for any factory or M&A it wishes to pursue.



Bargaining Power of Suppliers

- Most of the suppliers are owned by Crocs.
- Implications in financing and management.
- Risk in factories Crocs doesn't own.

Bargaining Power of Customers

- Demand from customers not so high now; affecting sales.
- Older designs saturated market with not lot of repeat purchases.
- Led to new designs.

Threat of New Entrants

- Very few barriers to entry; disadvantage for Crocs.
- Saturation of the market in general footwear industry - if a new or niche product arrives, it could be a potential entrant and hence a competitor.

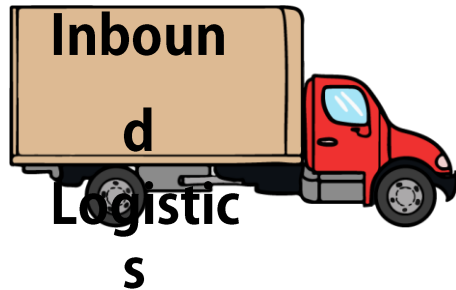
Threat of Substitute

Products

Threat of cheap knockoffs

Value Chain Analysis

Primary Activities



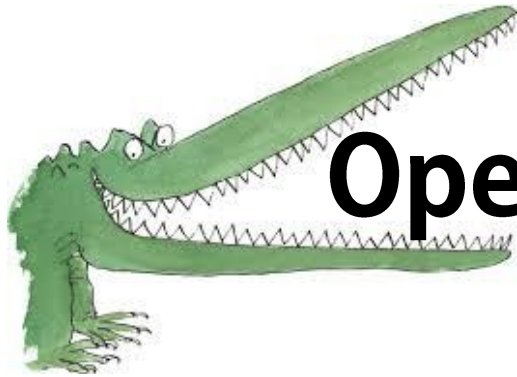
Operations with **Foam Creations**, internal manufacturer of CrosLite and with **third-party chemical manufacturers** for raw materials



Warehouses and third-party distribution facilities in more than **25** countries
Maintaining a lean cost structure by consolidation

Value Chain Analysis

Primary Activities



Operations

2015

90 countries

More than 500 stores

Total revenue \$1 090 000

Operates globally with Official stores and Franchise stores

Value Chain Analysis

Primary Activities

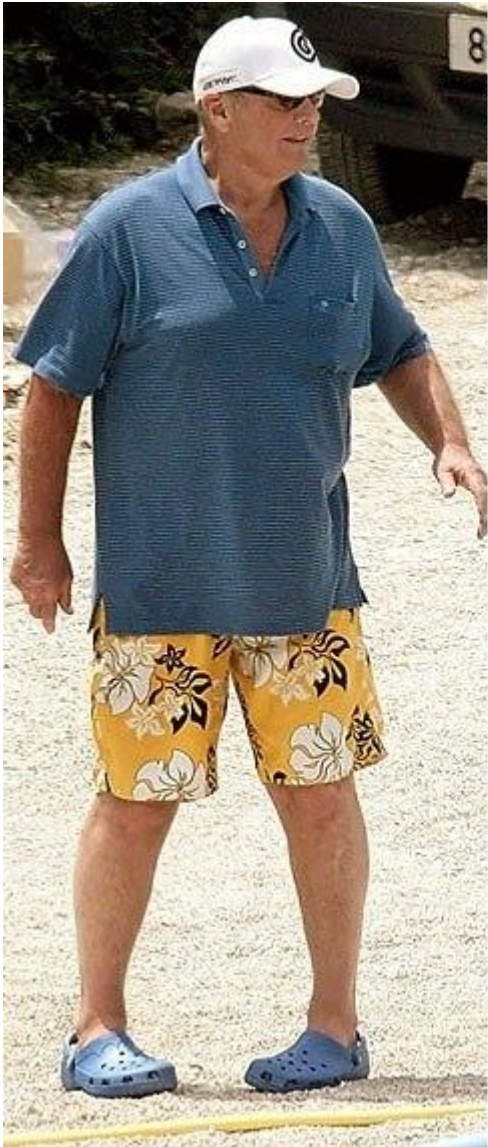


Marketing and Sales

More high level of customer services, less aggressive marketing
Offline and Online Stores
Celebrity advertising

Service

Customer loyalty through high level of customer service at its stores



Value Chain Analysis



Support Activities

Infrastructure

Management, finance, legal support, government relations, etc.

Human Resource Management

4,900 employees full-time, part-time and seasonal employees,
3,000 engaged in retail-related functions

Most important resource
Wide range of training programs

Value Chain Analysis

Support Activities



Technology Development

Exclusive
proprietary foam

CroSLite

Mln. in R&D Activities

Simple solid multicolor
shape

Procurement

Raw materials and equipment

Corporate:

Crocs basically use **vertical integration**. They utilize the additional suppliers of resin. They also use additional in house to **maintain a quality** and minimize backlog. As a single facility of their production accounts for **55%** of footwear products



Business:

Differentiation and **low-cost production** (+diversification)

Crocs initially targeted its waterproof clogs to water sports enthusiasts (sailors and boaters) but its **“think big”** vision to create footwear with broad appeal was successful and **attracted new customers** from all walks of life and regions of the world



BLUE OCEAN STRATEGY



Eliminate

- Shoe boxes & packaging.
- Hand sewn features
- Exclusive retail channels of distribution.
- Retailers need to discount prices to clear out inventory.

Reduce

- Direct labor manufacturing costs.
- Product material costs- fewer styles, fewer sizes etc.
- Advertising & marketing costs.

Raise

- Comfort- lightweight, loose-fitting design, cushiony feel.
- Ease of use - easy to put on.
- Durability - "Croslite" didn't degrade/ wear out.
- Purchase accessibility.

Create

- Fun, emotional appeal, bright colors.
- Completely new type of fashionable & functional casual footwear.

Suggestions

- “Back to the basics”
- Reducing cost
- Simplification of processes
- Back in blue ocean

FEEL THE POWER OF STRATEGY

