

Short Report

TO: Vans Employees

FROM: Chief Executive Officer, Tim Stumper

DATE: April 29, 2022

SUBJECT: Increasing Our Social Media Presence

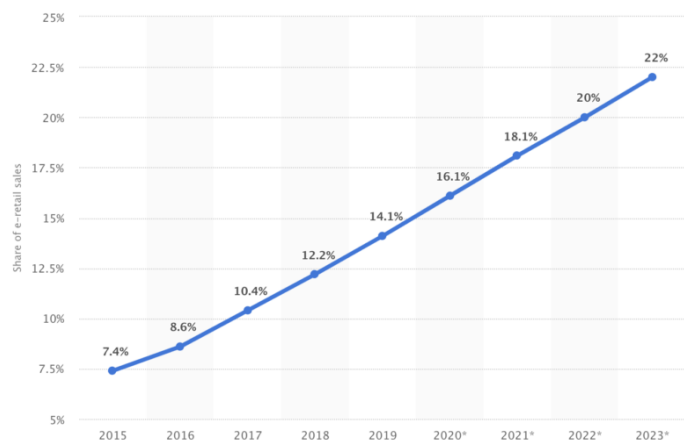
As society relies more and more on technology to function, a digital presence becomes evermore important to stay relevant. With the many outlets to maintain relevance, social media has proven to provide the clearest path in order to grow as a company and reach a greater audience. If we don't take the steps necessary to succeed in this rapidly changing environment, we will undoubtedly fall behind and shatter our potential.

Why Is This Happening?

We are grateful for all of the support that has been given to us from our employees and loyal customers who have made this brand what it is today. It is because of all of you that Vans is as successful and reputable as a brand could ever aspire to be.

Unfortunately, things have changed over the past few years. As all of you are aware, the pandemic has caused countless companies to struggle (and even collapse) as clients' needs changed drastically. We are not excluded from this bunch. The events of 2019 and onward have caused consumers to reduce their shoes, clothes, and accessory spending significantly.

On the bright side, consumer shopping has been making an explosive comeback recently, mainly from online mediums. As you can see from the figure on the right, the percentage of e-retail sales has increased significantly since the start of the pandemic (around 12% of sales in 2018 to 20% of sales in 2020). This proves to us that online shopping



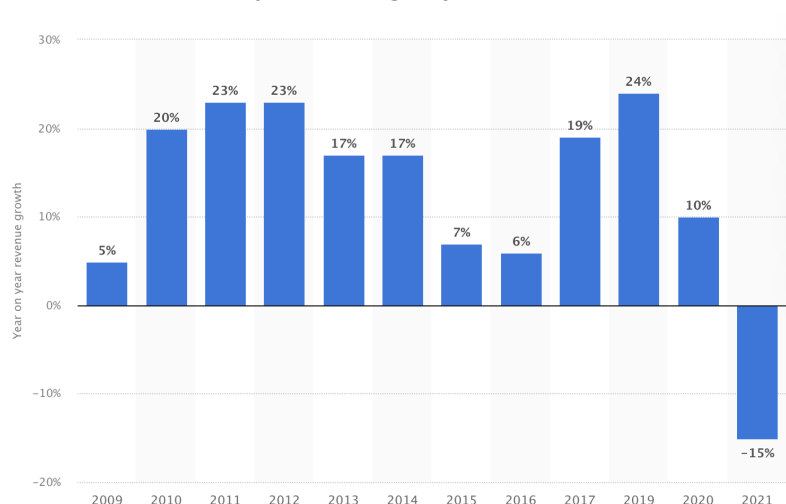
is becoming the more desirable option for consumers and by increasing our social media presence, we can capitalize on it greatly.

Vans in Social Media

Social media is the gateway to successful online marketing and we can look at a company like Dell for inspiration. For those who are unfamiliar with the marketing tactics Dell has pulled off through social media, I will briefly fill you in with one example. Dell joined Twitter in 2007 and was able to use this platform to generate \$6.5 million in sales in two years by posting product links. The reason this is so revolutionary is that the internet is exponentially bigger than it was in 2007; which means revenue has the potential to be many times larger and posts can reach millions of more people. I have a strong belief that if Dell can exhibit this much success back in the early 2000's, then we can mimic similar strategies and experience similar (or greater) results.

Our Past Efforts

We have tried to generate a buzz on social media in the past; however, it was not always successful. In 2020, we created the Vans Shoebox Challenge hoping to mitigate the consequences of the pandemic. For this challenge, our fans were told to create anything they wanted out of our shoe boxes and post them on social media using the hashtag #vansshoeboxchallenge for a chance to win a free custom pair of shoes. Although we got thousands of submissions from many different countries, it didn't gather much media coverage outside of our already existing loyal consumer base.



As you can see from the figure above, this wasn't very successful, as our revenue growth was the lowest it has been in years and the following year was -15%.

Moving Forward

Given our past attempts and what we can learn from Dell, I believe there are many approaches that could lead to success. The hottest social media, especially for those in our demographic, is TikTok. I am sure many of you have seen the attempts other companies have made to advertise on this platform and I have no doubt that they provide lucrative results. I ask for our social media team to focus on promoting our brand through TikTok by commenting on posts, engaging with the community, and trying to create new trends. My biggest piece of advice would be to connect with our roots - the skateboarding community. We started as a skateboarding company and although we've branched out to more general clothing and accessories we want to continue to support the small skateboarding community.

Conclusion

We are beyond excited to see what our employees will bring to the table this next coming year given this new focus on social media presence. The effort we put into this project will undeniably pay off in the end. Again, I want to thank all of you for making Vans what it is today and I couldn't be more grateful for the work you have all put in. Any questions regarding this report can be directed to your branch manager and they will get back to you as soon as possible.