

# Marketing analysis and planning



## **Executive Summary**

The report analyzes the market for Converse's Chucks All Star range of footwear in the United States of America and includes a look at other competitive brands for comparison. Graphs depicting market data in terms of net sales in US dollars have been included to support the findings.

The report segments the market for Chucks on basis of demographic, psychographic and behavioral factors categorizing the U. S. populace into different age groups, generations, income groups, lifestyles and attitudes. The report then moves on to highlight the target market for the canvas shoe. It has been observed that Chucks' marketing is targeted towards the younger generations (Gen X and Gen Y [Echo Boomers]), particularly students and entry-level professionals. The target market falls in the 'Aspirer', 'Explorer' and 'Reformer' lifestyle groups and associates the brand with 'self-expression' and 'creativity'.

The report evaluates the market position of Chucks relative to its competitors taking into consideration the benefits offered by the product in terms of its features, designs, price and image. It has been witnessed that Chucks have been positioned in the market as reasonably priced fashion shoes which provide the owner with a sense of individuality.

Also included in the report are the product's marketing mix and its influence on the market position and customers' buying behavior. Tactical marketing tools, "4P's", are extensively used by Converse to market Chucks. Apart from being completely customizable, the shoe is moderately priced, offers a variety of designs and patterns, and is conveniently available for purchase

through the official company website, factory outlets and through famous retailers like ‘Wal-Mart’ and ‘Payless’. The promotion of Chucks is diverse and involves celebrity endorsements, event sponsorships and internet promotion through social networking websites. Also, Converse’s approach to market Chucks has been critically evaluated in terms of current and future opportunities, providing recommendations to increase its market share and dominance.

Finally, the report draws a conclusion of the market strengths and weaknesses of Chucks.

### **Brief Introduction to Converse and Chucks All Star**

It all began in 1908, when Marquis M. Converse launched the Converse Rubber shoe Company in Malden, Massachusetts. In 1917, the company revolutionized basketball by introducing the world’s first canvas high-top performance basketball shoes, named the “All Star”. Five years later, a semi-professional basketball player, Charles “Chuck” Taylor officially joined Converse as America’s first ever sports player endorser; his signature was then added two years later in the All Star patch and for the next four decades, “Chucks”, as they became known, were the shoes to have, particularly on the basketball court.

Converse shoes became the number one footwear among the teenagers, who wore them as a symbol of youth rebellion in the 50’s and for the same reason they continued to be popular in the 70’s and 80’s.

As mentioned in the mission statement of the company:

“ Our MISSION is to deliver personal service to our customers knowing that soon we will become friends. Our hope is that we provide the same shoes that our owner’s father wore for cross country in 1965, and his grandfather wore to play stickball in the streets of Philadelphia in the 30’s.” (About Us, [www.converse.com](http://www.converse.com))

In June, 2003 Nike bought Converse out for \$305 million and has ever since invested more than four million dollars into its advertising. Today, Converse has over 1, 000 different types of Chucks selling in the market to individuals and organizations, all with the same goal –

**“ WEAR A SHOE THAT MAKES A STATEMENT”.**

## **Market Segmentation, Target Market and Positioning of Chucks**

### **3. 1 Market Segmentation**

Converse claims to be the first shoe company to launch footwear with ‘ Self Expression’ and till date Chucks enjoy the status of being the most popular shoes with this advantage. Despite this fact, Converse prefers to focus only on certain preference clusters and chooses target marketing over traditional mass marketing.

The market for the Chucks has been segmented on basis of the following factors:

Demographic – The U. S. population is primarily categorized on basis of age, discretionary income and generation. The age groups have been split into four parts, namely:

under 13,

13-19,

20-35 and

Above 35.

Further, the income groups have been divided into:

no income (students),

upto \$30, 000 (young entry-level professionals) and

Above \$30, 000 (upper middle class).

The generations have been segmented into baby boomers (born between 1946 and 1964), Generation X (born between 1964 and 1984) and Generation Y (born after 1984).

Psychographic – Furthermore, the market has been categorized on the basis of lifestyle and personality. The population of the U. S. has been segmented on basis of lifestyle into six groups, namely:

Resigned – Rigid, authoritarian, chauvinistic (older);

Mainstream – Domestic, conformist, conventional (Part of the mass, favoring big brands);

Aspirer – Materialistic, acquisitive, image conscious, visual appeal more important than content quality (Younger, clerical/sales type occupation);

Succeeder – Strong goal orientation, confidence, work ethic (Top management);

Explorer – Energy-autonomy, adventurous (Young – students); and

Reformer – Freedom from restriction, intolerant of bad taste ( Higher education)

Behavioral – The market has been further segmented on basis of loyalty status into:

Hard-core loyals

Split loyals

Shifting loyals

Switchers.

Also, attitudes of the American populace have been used to factor the market into:

Upbeat enjoyers

Insecures

Financial positives

Converse has analyzed web users' online activities to figure out who is most likely to be interested in its product, which enables them to place ads on whatever sites those consumers are visiting. For example, behavioral segments such as:

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Fashion-interested

Outdoor sports enthusiast

Soccer Mom; would be based on the web pages visited by the user.

### **3. 2 Target Market**

With respect to the segments classified above, the Chucks have been made to target two age groups: the Teens, ranging from 13 to 19 years of age and the Entry-level professionals ranging from the age of 20 to 35. The Chucks are designed for both male as well as the female consumers with different variations and patterns for both. The product also offers a unisex range to its consumers. Chuck's marketing strategy also targets the zero, mid and upper range income groups. The marketing focus lies mainly on the younger generation, Generation X (Gen X) and Generation Y (The Echo Boomers), who fall in the ' Aspirer', ' Explorer' or ' Reformer' category based on lifestyles.

The table below depicts the target market for chucks:

### **3. 3 Product Positioning of Chucks relative to its competitors**

Converse once used to stand for athletic footwear. Now, the brand reflects a fashion statement for the " retro-modern sub-culture" prevailing today and is marketed as a ' Classic shoe' for the new generation. Converse has acquired a good position in the buyers' minds through superior product attributes and carefully selected price, image and quality, thereby offering the product differently than its competitors. The company offers the product in a variety of colors and styles at an inexpensive price with high branding, which

eventually helps to position the Chucks, in the buyers' perspective, as trendy yet simple shoes.

Converse has adopted the ' Cultural Symbol Approach' to position Chucks in the market by associating the product with the basketball legend Chuck H. Taylor and appending his signature with the brand logo. The brand value of Converse is such that owning a pair of Chucks is equivalent to owning a piece of history, which apparently is a value offered by no one else in the market.

Another advantage Converse enjoys over its competitors is the association of the brand with music. Brands act like information tags in consumer memories (Blythe, 2006). The shoe began to be correlated with punk rock and counter culture after being worn by the bands ' The Ramones' and ' Blondie', who communicated with the public through both, strong music and fashion statements. The Ramones used Chucks as part of their street image, donning blue jeans and black leather jacket with them whereas Blondie gave the shoe a fashionable menswear revamp as the band members wore Chucks with black pants and jackets, tight shirts and ties on their album ' Parallel Lines LP's cover. Adopting the ' Product User Approach' to position the Chucks Converse has also collaborated with designer John Varvatos and released a collection of shoes inspired by late Kurt Cobain. " Cobain was often seen wearing Converse and was wearing Chucks when he killed himself. The Converse Cobain collection has earned a mixed response from Nirvana fans who have noted that Cobain was particularly concerned about corporate appropriation of counter culture value." (From Basketball to Blondie, the story of converse, 2010)

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The unique selling proposition (USP) of Converse All Star is their simple design, wearing which the consumers declare the ownership of the old-school essence. The classic 2-ply canvas and rubber sole has been the only design that Converse shoes have revolved around and always will.

Apart from a diversity of patterns and colors to choose from, Chucks also come in low ankle height design and high boots to suit the style of every individual. They compliment almost all outfits for both the genders. Be it under a pair of skinny jeans, or a short skirt, Chucks can give a trendy look to all. It has also been a fad amongst youngsters to paint the shoes highlighting their individualism.

Even though Converse has developed a strong brand value amongst the target customer base with its efficient marketing strategies, it can be suggested that Converse should widen its scope by targeting other age groups as well. Toddlers, for instance can be focused upon. Also, since the market for eco-friendly products is expanding, Converse should aggressively promote its 'Eco-sneaks', which are currently sidelined.

## **Marketing Mix and Market Position of Chucks**

This section describes the way Converse uses the tactical marketing tools for marketing Chucks in the United States. This section will cover the product attributes, pricing, distribution channels and promotional activities of the Chucks.

### **4. 1 Product**

The core benefits of the product comprise of the fact that Chucks are classic kicks that fit any look. They provide a perceived look of self-expression, free-

spirit and creativity for every owner. Also, Chucks are easy to care for and teens prefer them because of the low maintenance feature that comes from a simple canvas and rubber design.

The actual benefit of the shoe is its exquisite quality. The Chucks use 2 ply canvas and a sturdy rubber toe-guard, which protect your feet. Although Chucks are not designed for athletics, they feel quite comfortable and have a fairly simple design. The consumer can choose from hi-top, low-top, X-Hi and Slip-On.

Their ability to transcend cultures is unique in itself; they appeal to punks, rebels, athletes, and kids.

Even after acquiring Converse, Nike preferred to market the brand with the same name. Since Converse is a recognized brand in the market of canvas shoes and extending a brand to related products reduces the cost of launching a new brand, it cuts down the risks involved. (Tauber, 1981; Aekar & Kellar, 1990 & Park & Srinivasan, 1994 cited in Grime et al., 2002)

Augmented benefits include, the consumers being offered with an option to buy a customizable shoe with user-generated content, allowing users to design and select colors for the entire shoe. Apart from all these benefits offered by Chucks, they also come in limited editions for those who want an exclusive shoe. Converse keeps coming up with web exclusive offers to increase sales and make consumers revisit the site frequently.

The sales and purchase agreement of Converse also offers an easy return within 30 days if the consumer happens to be unsatisfied with his online purchase.

## **Price**

“ Brand Management, customer awareness and loyalty, is directly linked to the price, therefore maintenance of the relationship between brand images; quality and price have to be consistent” (Johnson, G & Scholes J 2004)

Converse’s Chucks are priced quite reasonably relative to its competitors. On one hand, where brands like Sketchers, Vans, Levis, Adidas and Lee Cooper, offer similar quality and style for a high price, Converse All-Stars don’t usually cost more than \$35-60.

Consumers can also avail the ‘ Just Reduced’ and ‘ Last Chance’ offers on particular shoes while purchasing online. The company usually provides discount coupons or vouchers on in-store purchases which can be utilized at the time of the next buy.

## **Place/Distribution**

Converse has a total of 53 outlets in the Unites States located in all major cities like California, Florida and Texas. (Store Locator, [www. converse. com](http://www.converse.com))

Apart from exclusive Converse Stores, the product is also distributed to major retailers and is sold to the consumer through a variety of channels. A well-positioned brand often leads to better terms of business and lower discounts within the trade which lowers the operational costs and improves profit margins (What’s in a name?: Branding: what it means to you and your

customer, 2005, p. 28). Converse and its most renowned range of shoes, Chucks, are a relevant example for this. Chucks catapulted the company to become an international leader in canvas shoes, which gives the company sufficient bargaining power with its distributors. Chucks can also be bought online from Converse's official website [www.converse.com](http://www.converse.com).

## **Promotion**

Apart from competing in price, Converse has to fight for market share through strategies like strengthening brand image and product proliferation. The brand image of Converse is created by extensive marketing campaigns and celebrity endorsements. The product has had a collection of classic advertisements after Nike invested a sum of \$4 million post its takeover of Converse. The figure below shows the growth in the sales of Converse after Nike pushed its promotion.

## **Nike, Inc. Net Sales of Converse, Cole Haan & Other Products and Percent of Total Net**

### **Sales, 2005-2009 (in millions \$)**

Source: Nike, Inc. annual reports and press releases.

Chucks have been marketed by famous personalities from the field of sports, music and entertainment. Converse has been actively building up a presence within the hip, indie/alternative music youth culture for the better part of the past decade, in particular emphasizing its retro-tinged Chuck Taylor All Star brand. Previously, the company has tapped musicians like Tokyo Police Club and Matt & Kim to design shoes and sponsored collaborative singles from blog-hyped acts, including a recent release from Best Coast, Kid Cudi, and

Vampire Weekend's Rostam Batmanglij. The company also sponsors rock concerts to promote its brand.

Since Converse is more like a community, a part of its advertising is done by its existing consumers through Word of Mouth (WOM) and internet blogs.

In light of the above mentioned points, I feel that Converse has extensively used the tactical marketing tools, 4P's, to position Chucks in the market.

Apart from the distribution channels it employs, Converse should also consider using 'Tattoo Parlors' as another potential outlet for Chucks. 'Chuck Trucks' can be mobile vans for bystanders to purchase the shoe in a convenient way. Co-branding with manufacturers of fashion apparel of the likes of Ed Hardy and MTV can also boost the sales of Chucks. The 'Art of Chuck' can be a design initiative where anyone, from a fulltime artist to those with a creative flair, can transform their pair of Chucks into works of art. Sponsorships of college/school events and conducting factory tours for students can prove to be another efficient measure to promote brand awareness and increase brand loyalty in the target market.

### **Influence of Marketing Mix on Buying Behavior for Chucks**

Though the marketing mix needs to be updated on a regular basis to suit the variable needs of the existing customer base and to foray into newer markets, Converse has always promoted Chucks as an affordable trendy shoe for youngsters.

Its classic customizable range of kicks and association with music since decades are a strong attraction to the followers of punk rock. Colors, styles, fashions, and what is likely to be "hot" are important criteria in the design of

fashion footwear, and Chucks meet them all. Moreover, brands make it easier to identify and evaluate products and reduce the risks related to purchasing new products (Washington & Miller, 2009). Converse's brand familiarity influences the buyer's decision to purchase Chucks each time he walks into a store with the intent of buying a pair of shoes.

Chucks are reasonably priced and therefore are more likely, than its competitors, to be purchased. The frequent discounts and offers that Converse comes up with play a significant role in attracting the customers. The vouchers earned on in-store purchases work to persuade the customers to shop at Converse again.

With several factory stores in the important cities of the country, Converse has made the purchase of Chucks quite convenient for its customers. Comforters are also lured by the option of website purchases and the availability of the shoe in ubiquitous retailers like Wal-Mart and Payless.

The association that Converse has made with the celebrities from all walks of life, from sports to music to media, has helped it in making a positive impression on minds of the targeted younger generation. Also, since Converse is a recognized brand, customers tend to buy Chucks since influencers or the reference groups possess the shoe.

## **Conclusion**

Converse is a recognized brand in the fashion footwear industry, which positions its Shoe, Chucks All Star, as a 'shoe of self-expression'. The product is reasonably priced and targets the younger generation of students and young professionals. Due to aforementioned factors, Chucks are

amongst the most preferred shoes in the target market. Converse promotes Chucks through a number of distribution channels and celebrity endorsements. Overall with its marketing activities, we can say that Chucks has been a successful brand.

The only area in which Chucks are lagging is the athletic footwear segment which is a huge market yet to be explored.