

Crocs inc. case essay sample



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Crocs, Inc. is a world leader in innovative casual footwear for men, women and children. Crocs, Inc was originated in year 2002 by Scott Seamans, George Boedecker and Lyndon Hanson. Crocs, Inc. is celebrating its 10th anniversary in year 2012. Crocs Company offers several distinct shoe collections with more than 300 four-season footwear styles. All Crocs™ shoes feature Croslite™ material, a proprietary, revolutionary technology that gives each pair of shoes the soft, comfortable, lightweight and odor-resistant qualities that Crocs fans know and love. Since its inception in year 2002, Crocs has sold more than 200 million pairs of shoes in more than 90 countries around the world (About crocs, n. d). There is several branded casual footwear companies who are competing with Crocs in this global casual footwear market. These companies include Native, Timberland, Hush Puppies, Fipper etc. These branded companies will provide their own casual footwear design style to let consumer to compare with other branded companies casual footwear before the consumer decide to buy which branded companies product.

Crocs has its own unique design compare to other branded casual footwear and this causes Crocs to lead some dominance in the market. First of all, generally Crocs is considered an ugly shoes, but Crocs has attracted the attention of celebrities, thereby making them fashionable. Moreover, the shoes are ideal for kids, who like their brightness, their lightness, their springy and the strange holes in the front, in which charms can be placed. Those charms are known as Jibbitz. Last but not least, the casual footwear manufactured by Timberland and Hush Puppies appear on the market had been customized their product for men, women and kids. Crocs classics is

not been customized for men, women and kids because Crocs shoes have a unique external appearance.

Exist in numerous of Crocs collection, there consists one collection which is known as Tone™ collection. Dale. B (2010) claims that despite the toning categories exponential growth, the market is missing casual lifestyle shoes and the Crocs Tone™ collection fills that void. He also claims that with the versatility and foot health attributes of our proprietary Croslite™ technology, Crocs have the ability to design sleeker, more stylish silhouettes that stimulate the muscle activity in the upper and lower legs, so that women have the opportunity to realize the benefits of toning without sacrificing style of comfort. There are three methods how Crocs Tone™ Technology Works. First of all, Crocs Tone™ Technology is carefully designed, sculpted, spherical outsole creates a variety of walking rhythms to spark a spectrum of muscle activity, enhancing the wellness benefits of Crocs Tone™ shoes.

Furthermore, Croslite™ material footbed cradles and supports the foot, helping to ease muscle fatigue in the feet and legs and providing relief to the musculoskeletal system. Moreover, cutting edge toning ring provides stability so that there are gentle shifts in foot movement while walking to stimulate upper and lower leg muscles.

SWOT Analysis

Strength

Crocs have the patent protection to the Croslite material

Since, Croslite had patented by Crocs, others company cannot use Croslite as a material to produce their product. Therefore, Crocs has a competitive advantage in the marketplace. If other company accidentally or purposely to

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use Croslite as a material for their product, the company may get trouble with court. Crocs has that right to complain the company which used the patented material by Crocs and ask for compensation. Utilize Croslite's characteristic in Crocs product

The material used to make the Crocs product which is not rubber or plastic. Crocs products are made by Croslite. Crocs products are made by Croslite are soft, light weight, antibacterial, breathable, waterproof, dishwasher-safe and odor-free. The Croslite material is closed-cell in nature meaning unlike regular foam or rubbers, it doesn't allow the absorption of moisture and sweat during contact with your skin encouraging microbes to grow which causes odours ("A Crocs Tale: The Story of Croc Shoes"). Crocs purchased Jibbitz

Jibbitz is known as accessories for Crocs. Ron Snyder, president and CEO of Crocs, said in a statement Jibbitz represents "a tremendous strategic fit for our company." ("Crocs closes on Jibbitz purchase", 2006). Those accessories are very popular and famous for those fans of Crocs, because they can decorate their own Crocs as they like. Crocs also can release different kinds of accessories all the time and according to the trend of latest movie and make a promotion. For example, if the coming month is going to release "Iron Man 3" movie, then Crocs can release the buttons which show Iron Man icon, therefore Crocs Company will gain more profit at that particular month.

("Clog Charm Jibbitz", 2007)

Weaknesses

Safety of the products

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The crocs products pose safety risk to small kids when they are taking escalator. There were reports from various countries reported that young kids were trapped into the escalator when wearing crocs. From that incident, Japan government had called the Crocs Company to change the design of the shoes so that it does not harm young children. Even The Washington Metro – one of the largest subway systems in the U. S. had posted advertisements notice warning about such shoes on its moving stairways. (“ Kids Hurt While Wearing Crocs on Escalators”, 2008) There were also experts warn to be extra cautious when wearing the footwear when taking escalator.

Design of the product

The crocs products are brightly colored and odd-looking sandals. Because of its material used, there is only limited variation in the products design. For consumers who cannot accept the design they will say it is ugly and not fashionable. The initial clog style crocs would be preferable for male and seem not formal. Thus it is not suitable for workplace. (Crocs, 2012)

Quality of the products

There were complaints from customers about the low quality of the crocs footwear. They claimed that the back straps broke easily. Besides that, the shoes may produce static electricity that may cause malfunction in some equipment. “ A Swedish hospital wants to ban its staff from wearing Crocs plastic clogs, saying they generate static electricity that can knock out medical equipment, a spokesman said. Blekinge hospital in southern Sweden suspects the slip-on shoes made by U. S.-based Crocs Inc. are to blame for at least three incidents in which respirators and other machines malfunctioned.

The mishaps caused no injuries.” stated in Patient Safety and Quality Healthcare.

Opportunities

Well Brand Recognition

Brand recognition is a key success factor for competitiveness. In ten years, the crocs sandal is promoted globally and it has its own brand recognition. There are also famous celebrities who are fans of this sandal. This helps to advertise the products more. This is the company’s opportunity because a strong brand will stimulate demand. When people think of sandal, they will think of Crocs.

Shiloh Jolie-Pitt, the 2-year-old daughter of Brad Pitt and Angelina Jolie, was seen sporting the Kids Crocs Caymans while out in the French Quarter district of New Orleans, Louisiana. (Just Jared, 2008)

Expand to Other Market

Growth of the product sales in the industry is expected to relatively stable (A New Strategy for Crocs, 2010). Therefore, the company can develop other products. In 2012, the company had introduced a brand new product, Crocs customizable sunglasses. This gain interest of the public and it is a success. This static proves Crocs, Inc. can not only reliable on footwear industry. This is a new opportunity for the company to bring its company into another level.

(Tales of Mommyhood, 2012)

Popular in Tropical Countries

Crocs sandal is well-known for its unique characteristics that allowed it to perform on both land and in water. Thus, in tropical countries especially in Southeast Asia it will have the benefit to have better sales. As in Malaysia, there are 31 concept stores all around the country (Crocs Malaysia, 2012). However, each of them is located in the city. The product sales can increase if Crocs products can be sell at beaches and islands since Malaysia have many famous islands.

Threats

Shoes similar to Crocs

Native shoes were created by Damian Van Zyll De Jong in 2009. The shoes are made using ethylene vinyl acetate (EVA) which is washable, antimicrobial, environment friendly, and easily molds to the feet for ultimate comfort (Karmaloopcodes, 2010). Native shoes are similar to Crocs in many ways such as its appearance with clogs. However its design is more acceptable by public. This is certainly affects Crocs market.

(KARMALOOPCODES, 2010)

Fake crocs

Recently there are fake crocs selling in the night markets. The price of the fake crocs is lower compared to the real crocs, which is around RM20 to RM35 and the products look similar. As a consumer, of course they will buy the cheap crocs instead of the RM100+ real crocs. Besides that, some of the night market sellers who sell fake crocs claim that crocs is closing down so now they are clearing the stocks in the night market. This make consumer

believe their words and buy it. (Sandie, 2009) Below is the picture showing the fake crocs selling in the market.

(Crocs, 2007)

Price of the products is more expensive than others

Crocs products selling in our country are expensive. Its products price ranges from RM70 to RM300. In this slow economy time, consumers are thrifty and do not willing to pay much for a pair of sandals. In the same time, they are willing to wear their shoes longer instead of following the fashion to purchase new stylish shoes.(Wikinvest, 2012) Therefore, consumers will prefer Asadi or Fipper instead of Crocs. It is because the prices of the products manufactured by Asadi or Fipper are from RM10 to RM20 only. The picture below are the screenshot from the Crocs Malaysia, Asadi Malaysia and myfipperstore website to prove that the price difference in between the different branded footwear.

(Crocs Malaysia, 2012)

(Fipper classic, 2012)

(Asadi Malaysia, 2012)

Findings

Disposition of Army (Chapter 4)

Foam Creations is a Canadian company who had developed croslite for the production of slip-resistant clogs. Crocs founder realized that croslite has huge potential in the manufacture of sandals. In 2002, the first model produced by Crocs was unveiled. In 2003, Crocs became a major distributor

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of sandals and in 2004 Crocstm purchased Foam Creations and their manufacturing operations to secure exclusive rights to the croslite. The disposition of army tactics of Sun Tzu's art of war had been applied by Crocs. Sun Tzu quote in this chapter is " In ancient times, those who were skilful in warfare ensured that they would not be defeated and then waited for opportunities to defeat the enemy." The strategy used by Crocs management team is to own the patent of croslite material. Therefore, other companies cannot produce footwear products using the same materials. (Meet Croslite, 2012)

Variations and Adaptability - Adapting to changes (Chapter 8) Sun Zi quote that " General who knows how to change and adapt to changing situations so as to gain advantages is one who is skilful in applying the art of war." This tactic is applied by the Crocs company where they continues to diversify product line with innovative new spring and summer collections. In 2009, they introduced more than 20 new styles for men, women, and children all of which combine the legendary comfort Crocs™ shoes have become known for with styles that truly embody the feel-good appeal of the Crocs brand. (" Crocs, Inc. Continues to Diversify Product Line with Innovative New Spring and Summer Collections", 2009) Among the new products introduced was Patricia, an ultra-comfortable, lightweight sandal for women, which is the ideal shoe for a day by the pool or at the beach. This stylish two inch wedge combines function with sophistication and is available in a wide range of colours including brown/walnut, berry/pearl white, silver/black and navy/lavender. (Patricia, 2012)

By introducing the brand new product line and new style of shoes, it may attract consumers who is not favour in the original style of crocs and also provide another choice to crocs' lovers. This will in turn increase the sales of crocs products. The financial report shown below show that there is an increase in the revenue of Crocs. Inc between 2009 and 2010.

(Market Watch, 2012)

Forces – Guerilla Advertising (Chapter 5)

For the strategy that the Crocs Company used in their business is where they apply the Guerrilla Advertising where they create a lot of the funny accessories for the shoe whole those accessory is called as jibbitz. According to the Denver Business Journal the crocs company had bought the jibbitz from a family-owned company. With this they had saved a lot of money to make advertisement to attract those customers to buy their product. This is because the crocs company have just spent 10 million dollar to buy the jibbitz from the family. When one of the consumer wear the accessories (jibbitz) on Crocs shoes, the others will see it very interesting and would like to buy a set of the shoes and the accessories too. This will not charge the company any promotional fees. So it means that as they earning the jibbitz profit and on the other hand the company also earns profit with attracting other customers without spending any money for advertisement. According to the yahoo, the Crocs Company is going to sell 30 dollar for the jibbitz. With this cheap price it can surely attract those consumers to buy their products of the jibbitz. Figure below shows the photo of the jibbitz.

Recommendations

Currently the Crocs Company's product is just aim for the casual wear. There is a better production line for them to involve in which they can design a type of shoe that can worn by the student to the school. This line is so helpful for increasing the sales of the company. According to the United Chinese School Committees' Association of Malaysia, there are nearly 3 million of primary students in our country. So as the company opens the new school shoe production line, definitely there will be increase of the profit of the year.

We also suggest that, the Crocs Company can improve the way they sell their products. As an example, the Crocs Company can having a system call e-buying. Customers can buy their products through the internet. Not only that, the e-buying system should always have a better discount or having discount card to attract the consumers. Nowadays , due to the trend of smart phone, Crocs company can invent an APPS so that the consumers can know the latest products and the sales promotions or any discount by the company through the APPS. While smartphones are getting famous, the company can release a QR code to log in to their webpage which show their products. This is an example of QR code. Smartphone users can log in to the website after scanning it using their phones.

Besides that, the advertisement of the company is seldom shown on the television. With this, we suggest that they can have more advertisement via different channel. For instance, they can have more advertisement on those broadcast like television, radio and even internet as we know most of the people now spending most of their time on the internet. Moreover, there is a <https://assignbuster.com/crocs-inc-case-essay-sample/>

better way to increase the popularities among the world which is having a sponsorship to one of the best football team. For example, the Crocs Company can sponsor Manchester United football team as what the AIG(America International Group) had done. This is due to football is the most popular and having the highest number of fans in that kind of sports. So with this there will be more people get to know Crocs shoes.

In addition, we suggest that the Crocs Company can have more type of designs to suit the different age and even different class of people. This is because, most of the shoes that they are selling is more than that the middle and lower class of residents can afford. So as to increase the strength of the company, they must build a good image at every class. By this, it can increase the profit of the company too. Not only that, the Crocs must also concern about the old age people. They can design shoes that suit the old age generations. As an example, they can design shoes that have more friction which can avoid the old age from felling down. Besides, they can also design shoes that can support the old age. As we know, most of the old age has not enough energy to walk for a long distance. So with this shoe, it can provide support so that the old age can walk a longer distance with less effort.

Lastly, the Crocs Company can also design or add on a production line that produce boots for the workers. With this production line, the company can widen their market to industrial sectors. Not only concentrate on the casual wear, boots are a type of shoes with huge amount of customers especially workers. This is because Malaysia have a lot of factories and they need a lot

of the boots for the workers. So with this it will be able to increase their sales and profit too.

Conclusion

Crocs, Inc. is one of the fastest growing companies around the world. Crocs, Inc also is a company which solved a lot serious financial difficulties which may cause bankrupt. This is because they consider 3 constant factors that mentioned in Sun Zi philosophy. Crocs have an ability to let them to survive in this high degree of competitive market and wait for an opportunity to achieve victory. Moreover, Crocs also used unconventional and exceptional way of promotional activities. Beside keep producing a product without any changes, Crocs is also keep introducing new styles to costumer. “ Thus, in the conduct of war, one must not rely on the failure of the enemy to come, but on the readiness of oneself to engage him. One must not rely on the failure of the enemy to attack, but on the ability of oneself to build an invincible defence.” Sun Zi.

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