

# Geox and the footwear industry essay

[Business](#), [Industries](#)



The footwear industry is a mature market with any international competitors. In Europe, the footwear is dominated by many small & medium enterprises, which gives firms more flexibility to cater to specific consumer needs. The basic drivers for consumers buying decisions include demography, disposable income, basic needs, style and new materials. Fashion trends have a major influence on the footwear industry as well as new technology. The industry is very labor intensive and most companies follow a idealization manufacturing strategy to capture lower labor costs.

The primary market segments include Sport/Athletic, Work and Brown. Goes competes mostly in the Brown market UT acts as a competitor in the Athletic market because of their focus on technology. Competition is harsher in the Sport/Athletic market as it is the largest market in the footwear industry. Goes should continue to exploit new market opportunities embedded in technological innovation and should focus on allocating their resources to maximize returns. They should continue to search for ways for knowledge spill- over as it has lead to positive effects and complementary activities.

Goes needs to effectively communicate its brand and innovation by creating uncontested market space and a niche within the industry. Goes should focus on relocating non core business activities to lower wage countries in order to keep cost down. BACKGROUND Goes, an Italian based company, was started as a small family handicraft firm that evolved into a multinational footwear manufacturer. It has been operating in the footwear industry since the asses and became public in 2004.

Goes core concept for starting a footwear company was to offer high comfort footwear by applying a microprocessor membrane to the sole of the shoe to allow air moisture to exit without reentering. Goes developed its brand and position in the footwear market through its genealogical advances in footwear material. Goes dominated in the global footwear market with their cutting edge technological innovation. However, despite their Goes and the Footwear Industry By Clean that could hinder their performance or slow their growth in the future. INDUSTRY ANALYSIS 1. Environmental Analysis (PEST) Observing the social aspect of the market, there has been an increasing trend towards footwear companies that targeted very narrow and differentiate market niches with a clearly definable brands and images. Additionally, there has been a noticeable trend towards shoes acting as fashion and lifestyle symbols with many beatable fashion designers endorsing them. The economic landscape of the market has shifted and focused more on the rise of Southern Asian countries who have been growing very quickly over the past decade.

With the growth of the middle - and upper class, there has been an increase in demand for mid-high end shoes with reputable brands. Analyzing the technological aspect of the market, most of the technological advancements arise in the athletic and sportswear segment. The main reason for this is the consistent demand of material and fabric innovation for optimal performance. Because of the effects the fashion industry has on the footwear industry as well as the seasonality of the business, product innovation and obsolescence is very high.

After analyzing some of the major social, economic and technological aspects of the industry, Goes is in a good position to leverage new technology in order to gain a competitive advantage and outperform competition. 1. 2 Competition Analysis The current footwear industry is divided into three primary segments based on different consumer styles, which include Sports wear, Work and Brown (casual, formal & traditional). All three segments consist of womanlier, menswear and childlessness.

The largest firms are in the sports segment, which is more concentrated due to higher impact on brand awareness and technical innovation in fabrics and materials. The U. S. Accounts for the majority of global competition including such brands as Nike, Reebok, Brown shoe, Timberland etc. Currently, the majority of footwear making companies, including the aforementioned competitors, have moved their core manufacturing activities overseas to increase productivity and take advantage lower labor costs. Goes direct competitors include Wolverine and Genesee as both firms compete in between the Leisure and Formal/Classic market segments.

However, both firms are positioned more in the mid-high to high end price points while Goes is closer to mid-high, which gives Goes a competitive advantage in terms of price. Indirect competition consists of Checkers, Brown Shoe, Timberland and other competition in the sports segment. Checkers and Brown Shoe are positioned fairly close to Goes. Checkers strategy is focused on the casual market with a mid to high price range while Brown shoe's strategy is targeted more towards the formal wear. Therefore,

leaving a gap in the markets space for Goes to exploit new opportunities and capture new market share. 1. 3 Competitive Forces (Porters 5

Forces) Looking at the competitive rivalry in the footwear industry, there are many competitors within the industry with very low product differentiation. There is also a more mature growth rate with the market slowly becoming saturated. The potential investment in order to begin operating. The footwear industry is a very labor- intensive industry making it difficult for new competition to enter. Threat of substitutes is fairly low in the footwear industry due to the fact that there are no real substitutes to wearing shoes. Supplier and Buyer power is moderate as buyers control demand and are fairly concentrated.

Overall, the footwear industry is a rather attractive market because competition is moderate, entry barriers are high and good substitutes do not really exist. STRATEGIC ANALYSIS 1. 1 Capabilities in Functional Areas Analyzing Goose's technological capabilities, the majority of their assets include patents and other intangible resources, which implies a direct competitive advantage in terms of intellectual property rights. Goose's abundance of patents and R; D improvement rights have given them a competitive edge within the market place and created a brand that is defined by their advanced technology.

Goes has developed specific R; D facilities, which is a great indicator for future success, as they will be consistently developing new product innovations and advancements. Distribution capabilities have played a key role in Goose's ability to gain customer awareness and communicate a brand

that satisfies consumer needs. Although Geox can only finance a portion of their distribution channels as direct sales through proprietary franchises, they can still maintain their control and gain economies of scale through indirect sales by leveraging multi-brand shops.

Proprietary franchises have become an effective marketing tool for Geox as consumers can achieve a hands-on experience with Geox's products and really feel the benefits of their innovative sole. Geox's manufacturing capabilities have positioned them to not only compete heavily on quality but also on price. Geox's primary value added activities are manufactured in Eastern Europe while secondary activities have been outsourced to East Asian countries. Geox still maintains full control over production and product development phases. Geox's idealization strategy for manufacturing has helped Geox achieve lower labor costs and stay cost competitive. . Core Competencies Geox has a distinct strategic advantage based on its combination of assets and capabilities. Geox's high capability in Research & Development and their ability to develop new innovative products gives them a strategic edge over competition and acts as a core competence for the firm. Also, their effectiveness in promoting and communicating their brand through their distribution networks is a core competence that gives them a competitive advantage and ensures sustainable growth. 1. 3 Corporate Strategy Geox's strategy has been based on offering high comfort footwear through fabric and material innovation.

They developed a specific breathing system for the sole of the shoe that allowed for foot perspiration to exit the sole without reentering. They have

patented this technology as well as a side transpiration system that increase membrane functionalities in athletic shoes and helps prevent injuries.

Because of their recent success in technology innovation, Goes has focused the majority of their time on R; D. Unlike other companies that differentiate themselves through product design, Goes has created a strong brand reputation cutting through the clutter with their distinct and inimitable product advances.

Goes strategy is similar to and material innovation is vital for success.

RECOMMENDATIONS 1. 1 Creating a Niche Market Currently, the Goes Group is competing in both casual and formal segments; however, their performance is primarily a result from their innovation in fabrics and material. Goes needs to simplify their product portfolio and focus solely on the technology innovation, as that is their primary profit generating activity and the key to differentiation. The global watch market is becoming too complex to compete in all market segments.

Goes needs to target consumers in the Mid-High and High-end market segments. By focusing on these markets segments, Goes will be able to attain higher margins and brandloyalty, which as a result will increase profit. Furthermore, focusing on high sales and high profit segments will allow Goes to focus its efforts on aggressive advertising campaigns, manufacturing and distribution efficiency and technology innovation through research ; development, which as a result will all add to Goose's bottom line.

Goes will be able leverage their already established " Italian Made" symbol to emphasize innovative technology, sleek design and high quality. They should

highlight their perceived comfort that only Goes footwear can offer. 1. 2 License Technology Since the majority of Goose's assets are patents and other intellectual prosperity, Goes should license their technology to indirect competitors in the athletic footwear market. The Sport market is the largest footwear market and accounts for the majority of the profits.

However, it is fair to competitive for a small firm like Goes to be able to compete. Therefore, they should license their intellectual property rights to company's such as Aids and Nikkei in order to increase their bottom line. Unlike the brown market, the key to success in the athletic market is through fabric and material innovation. Moreover, this would put Goes in a good position to establish a competitive license agreement in order to tap into the sport market without much risk. As a result, Goes will increase their profit margins and be able to focus on core profit generating markets. . 3

Outsource Non-Core Business Activities In order to capitalize on the new emerging markets in Asia as well as remain competitive in other markets, Goes must continue to outsource its production facilities outside their domestic market. The Goes brand is a mid cost and cutting edge product and thus, should be leveraging markets with lower production costs. In order to achieve economies of scale, Goes should move the manufacturing as well as the assembly and marketing distribution to China in order to exploit the lower operating cost and achieve operational efficiency.

Goes will maintain the design and R&D aspects of the production chain in Italy to ensure high quality and stylish design in order to sustain their brand identify. This will benefit Goes greatly, as they the Asia market in the future.



Goes market share will continue to increase, as they will be in a better position to increase advertising spending, improve operational efficiency and understand and cater to specific consumer needs. 1. 4 Technology Spill-over  
Goes should continue to extract results from innovation ideas from other industries.

Goes entrepreneurs should understand and look for ways on how to use new technologies from other industries in the footwear industry. Goes needs to leverage knowledge spill-over as they will share all the profits without having to share the investment in research and development. Goes needs to learn how to use there current patents and technology to other industries that they could potentially license out to and increase their bottom line.