

BRAND PROFILE: CROCS

Thought by many commentators at the start of the century to be a one-season wonder, Crocs now claims to be the eighth biggest footwear brand in the world and is still growing. It wants to keep finding new styles of shoe in which it can use its proprietary Croslite cell-based resin material and develop itself beyond its iconic clog into a brand for all seasons.

Who needs product diversity?

Crocs currently offers more than 300 different footwear styles and says the familiar clog-style sandal now accounts for less than half its sales. Its range now includes flat shoes, slippers, sneakers and even an award-winning golf shoe. Nevertheless, the word Crocs still conjures up the plastic clog, which is available in all the colours of the rainbow. It was this product that made the brand's name.

The classic Croc, or at least the concept of it, was born on a boat, European managing director, Vince Gunn, fondly recalled while taking part in a recent BBC radio programme on companies that are best known for a single product. Three friends had gone fishing and began discussing how good it would be to have shoes that didn't slip on deck, smell or fall off. They created the Croc and, soon afterwards, sold 1,000 pairs at a boat show in Fort Lauderdale, Florida. This gave them confidence to set up a company, in Colorado in 2002, which grew fast enough to have, in February 2006, an extremely successful launch on the NASDAQ stock exchange, still the largest ever initial public offering of stock in a footwear company, Mr Gunn insists.

Common denominator

He joined the brand's European operation in the autumn of 2011, having previously held a senior role at Ecco. His entire career has been in retail, which seems only natural as he spent much of his childhood helping out in his family's fruit shop in Glasgow. He likes to talk about the



diversity of styles available now in the 623 retail locations it operates in more than 90 countries, but he also likes to point out that something all the shoes have in common is that they are made from the brand's proprietary cell-based resin material, Croslite. "This is what makes our shoes different," the European MD says. "They are lightweight, they fit the foot and they are incredibly comfortable."

He acknowledges that having one iconic product is an asset (everyone knows it), but in other ways it presents a challenge. "In some ways, it's critical to stick to what you know and look after the customers who put you where you are, but at the same time we want to be a four-seasons brand and offer the comfort of the clog in other products," he says.

He believes there must be more Crocs can do with Croslite. It sold 54 million pairs last year, 12 million of them in Europe. In 2012, it became a \$1 billion brand and last year achieved sales of \$1.2 billion. Mr Gunn says this makes the company the eighth biggest footwear brand in the world now, but it still has only a small share of the entire global market and still has lots of scope for growth.

Further building of the brand

Vince Gunn says the investment that came into the company when Blackstone Private Equity took a 13% stake in January 2014 has provided money it can use for brand-building. And, as many brands have found, he recognises that "a different set of skills" will, possibly, help it "achieve an extra billion" more quickly than it might have done with the talent it already had in-house. The three-men-in-a-boat founders had skills that were required to get the Crocs business moving, but the skills to make it a \$2 billion company (either organically or through acquisition, with all the challenges of business integration that come with that) are different, he explains.

Beyond footwear altogether, thinking of new types of products that Crocs could make and sell through its existing network of stores is "a huge temptation", Mr Gunn continues: it has the retail outlets, it has the design and management teams, so what's stopping it from bringing to market lightweight jackets or other apparel, for example? "I think it's important to look at previous mistakes, and to look at other brands and how they have evolved," he says carefully. "When your brand is exploding, as Crocs was in the early days, there is a feeling that you can do absolutely anything. But you have to build up credibility."

This credibility is the key ingredient you have to have in place, he feels, before customers will buy a product just because it has your label on it. Someone deciding to

Crocs by numbers

Crocs launch	2002
Number of styles	300-plus
Employees	more than 4,000
Retail outlets	623 at March 31, 2014
Countries	90
Revenue last year	\$1.19 billion
Shoes sold last year	54 million pairs
Shoes sold since launch	200 million pairs
Colours available	more than 20
Pairs of Crocs given away	more than 3 million pairs to various charities since 2007

buy a pair of clogs or shoes in any of the company's 300 other styles is pledging trust in the brand, Mr Gunn says, adding: "To sustain and build a brand you need people to keep doing that."

Never say never

This is not to say Crocs will never move into apparel or other products, but it will take time for it to embark on new adventures of that kind, not least because distributing more than 50 million pairs of shoes a year in 90 countries is complex and hard work. "We're still growing and we're still a relatively young company," the European managing director points out again. "We want to become a four-seasons shoe brand first and then look at where else we can go. We are definitely not lacking in ambition. In fact, I feel we are on a mission. We became a \$1 billion company in ten years and now we want to find out how quickly we can get to the next billion." 

When Crocs has established itself as a four-season footwear brand it may turn its attentions to clothing and other products.

 Crocs

