

# *Research on Crocs's Marketing Strategy*

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**Abstract:** In an effort to meet the rising demand, Crocs began experiencing inventory issues and retail oversaturation in 2008. At the same time, it broadened its product line by incorporating golf and trendier models. This paper analyzes the effectiveness of Crocs' marketing strategy through secondary research, which will research the information online. Most of the data will come from articles and annual reports from Crocs. This study collected all relevant data, discussed the findings, dealt with strategies and cases, and concluded that Crocs used different strategies to entice customers to purchase products. According to the research, it can be concluded that raise of customer loyalty and market segment is the effective marketing strategy of Crocs, and from the references it has increased the sales.

**Keywords:** Crocs, marketing, effective, strategy.

## **1. Introduction**

Today, Crocs footwear is available in more than 120 varieties for men, women, and children and was first introduced in Boulder, Colorado as a straightforward, comfortable boat shoe. For every season and event, Crocs provides a variety of collections that offer vibrant, lightweight comfort. To raise their brand image, they used effective methods. [1]

This essay will draw on the customer life time value, sales growth rate after the marketing strategy and brand loyalty to argue to what extent Crocs' marketing strategy is effective. Under these three methods, this essay will state the drawback of the strategy and the advantages of the strategy. This study provides a reference for the development of Crocs' future marketing strategies.

## **2. Customer Life Time Value**

For using customer life time value, the benefits are [2]:

**Enhance Customer Retention:** Preventing client attrition and enhancing customer retention are two of the most important aspects of managing CLV. It can help companies accurately segment their audiences, that is, help companies find the best quality customers, so that companies can provide the most matching marketing strategy.

**Drive Recurring Sales:** Some merchants, IT firms, restaurant chains, and other businesses have a devoted clientele that frequently patronises them. The average number of visits per year or over the client's lifetime can be tracked using CLV, and you can utilise that information to plan tactics to boost recurring business.

**Encourage Higher-Value Sales:** Netflix is an example of a company that increased CLV through price increases, but it learned years ago that doing so too rapidly could drive away devoted customers. Here, finding the appropriate balance is crucial to success.

**Boost Profitability:** In general, a higher CLV should result in greater profits. It will indicate the benefit to the bottom line as a result of keeping consumers for a longer period of time and creating a business that encourages them to spend more money.

Crocs divided the marketing segment into 6 different targets. It includes the shoes for women, men and children and even the purpose in different conditions (Jasper Keijzer). It can help to determine the target customers for a variety of products and measure the customer retention. Different products will attract different consumers, which can observe and calculate how long the average customer sticks with the brand. It also indicates the brand loyalty of customers, because this method will assist the business in discovering the lack of attraction of a product. Therefore, businesses are willing to promote products that lack attractions. . It will increase sales by raising awareness of the product. The brand attaches great importance to CLV, which can help companies adapt to consumer demand, stimulate consumers' consumption desires, improve customer loyalty, and achieve the purpose of increasing profits.

According to the investor presentation in January 2021 by Crocs, Jibbitz audience has ~2x customer lifetime value. Using the average order value and order frequency over the previous 365 days, the actual CLV was determined. Customers who made at least 5 Jibbitz purchases over the last 365 days are considered Jibbitz shoppers [3]. This data especially supports the calculation of the average number of transactions per period, and it also measures the customer retention, which indicates brand loyalty.

Crocs used marketing segments to target different customers raising the sale of the business. Crocs footwear is ideal for casual wear, which supports the brand to expand their production line. An increase in the variety of products will produce different products for specific consumers who have different needs, such as hiking, jogging, running or walking. Due to the development of production line, Crocs encourage customers to buy the related items which raise the brand awareness.

### 3. Sales Growth Rate After Marketing Strategy

Collaborations between brands and influencers and celebrities are common, but not all of them are as successful as the ones between Crocs and influencers. The fact that Crocs frequently selects celebrities who are already ardent supporters of the company is one of the things that makes their collaborations so successful.

Justin bieber has a lot of young folloers, who are easy to be attached by the innovation products. Last year, when Justin Bieber released his first collaboration with Crocs, it was a huge success. "We were quite happy with our partnership with Justin Bieber". It was obviously a pretty excellent match in terms of being able to activate it around the world given his worldwide reputation, his celebrity status on social media, and his following" said Rees, the Chief Executive Officer of Crocs. The fact that Bieber's followers are aware of his preference for Crocs adds a stronger level of authenticity to the launch, which is part of what makes a collaboration like that successful. "You won't have to question his loyalty to the company. We've all encountered circumstances where we believed the influencer could not possibly use the product they were promoting."

Crocs had a sharp increase in sales after Justin Bieber introduced his new range of shoes as a result of an unexpected collaboration. The singer and Crocs collaborated to create the shoe, a yellow rubber clog that comes with eight unique Jibbitz charms that can be attached to it. [4]

Crocs revised their forecast for the fourth quarter (which concluded on December 31) and full year (2021), predicting that revenue will have climbed by around 55 percent, to between \$407 and \$410 million, from its previous estimate of a 20 to 30 percent growth. In contrast to its earlier prediction

of a growth of between 5 and 7 percent, the company now anticipates sales to have increased by over 12 percent in 2020, reaching a record \$1.38 billion. Additionally, it projects a 20% to 25% increase in revenues for 2021. When Crocs will announce its fourth-quarter earnings is yet to be known. The news was well received by investors, which helped Crocs shares rise more than 12% to \$74.91 on the Nasdaq.[5]

#### 4. Customer Loyalty

Based on the Crocs NPS & Customer Reviews, Crocs has 78% customer loyalty. It is a high brand loyalty compared to the competitors. Brand trust, which is a potent sales driver and a strong defence against rivals, comes from meaningful relationships.[6]

The three main elements of the conventional sales funnel are: awareness, consideration, conversion.

The consumer will go through these stages in an always-online world, which means that competitors will have the chance to swoop in and steal them away with targeted advertising and well-timed encounters. Customers skip the consideration stage and go straight to conversion, typically paying more, when they have strong, enduring bonds with a brand they trust. This is not a theory of marketing that cannot be put into reality. There are figures to support it.

Research on customer loyalty reveals:[7]

- Returning customers who are loyal to brands spend 31% more than first-time customers.
- After a bad experience, 46% of brand-loyal customers are likely to continue making purchases from them.
- Gains in revenue rise by 25% with just a 5% increase in client retention.

Therefore, maintaining customer loyalty is essential to keeping customers coming back, whether it's because of good customer service, an emotional brand connection, or just a stand-out product line they can't live without.

In addition, Crocs received fan mail last year asking for specific designs of its iconic clogs to be worn to proms, graduations, and other special occasions after the fourth collaboration between the shoemaker and singer Post Malone who is the first solo artist to top the Rap Airplay and Adult Contemporary charts sold out in two hours. As COVID-19 spread around the U.S. in March, people immediately started requesting free pairs to give to healthcare workers who worked long nights. The Free Pair for Healthcare programme was launched shortly after, and in less than two months, Crocs had donated 860,000 pairs, totaling \$40 million in value, according to Heidi Cooley, Head of Global Marketing for the company.[8]

"Free Pair for Healthcare at Crocs was created by paying attention to our customers. In fact, we've built up a muscle around it over the last few years", Cooley remarked on a virtual panel at Advertising Week on Tuesday.

Crocs was able to adjust by paying attention to customer feedback at the start of the coronavirus pandemic, and this helped to fuel a 52.4 percent increase in e-commerce revenue in Q2 that was also fueled by the closing of stores and a rise in athleisure demand from consumers. In the Americas, e-commerce had triple-digit growth, demonstrating how a company that helps its community in difficult times can generate real revenue and foster long-term loyalty.

According to panellist Kya Sainsbury-Carter, vice president of worldwide partner services for Microsoft Advertising, developing brand love and trust over time is the key to creating loyalty of this kind.

Companies that lead with a purpose enjoy greater trust and affection. Because it motivates their staff, their communities, and their customers, purpose helps them persevere and even prosper during trying times, she said. "Purpose enables organisations to react in times of ambiguity with clarity." [9] The brand has cultivated customer loyalty through the a forementioned donation strategy.

## 5. Conclusion

Overall, this essay is aimed to measure how efficient Crocs' marketing strategy is. Today, during serious pandemic issues, Crocs can still gain the loyalty of customers through charity. Moreover, Crocs used collaboration to increase the band's awarenesses, which encouraged customers to purchase the product. Lastly, Crocs used marketing segments to produce products based on demand from a variety of customers.

Further research and analysis will be based on primary research as it will develop the topic to a clear objective. This paper only analyzes three part of marketing strategies, there are more problems in the business that did not find out in this essay. Further research and analyze will find out more strategies that are effective and can be studied by other businesses.

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