



Attitude Equals Altitude

Crocs is more than just the comfortable shoe it's widely known for. With an astonishing record of growth and a wide range of products, Crocs is a spectacular success story.

Images courtesy of Crocs

From the first designs of an innovative new shoe, Crocs has developed into a billion-dollar global business. Now, with a wide range of products in a multitude of categories, Crocs is determined to reach new customers and continue its amazing success.

Since joining the company in October 2011 as managing director, Vince Gunn has overseen the wholesale, retail, and e-commerce arms of Crocs Europe. The European business has a revenue of more than \$200 million, comprising three trading channels, which encompass 215 stores, 12 websites, and more than 10,000 accounts. *The CEO Magazine Europe* sat down with Vince to discuss the organisation's rapid expansion into different categories and markets.

The CEO Magazine Europe: What prompted you to make the move to join Crocs?

Vince: When I was approached about the Crocs job, I knew my kids had Crocs, but I was unaware of just how big the company was. I started to look at the business and

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I was stunned to realise that it's a billion-dollar business that trades in 90 countries. It's such a young company with exciting potential. It's amazing to be part of the Crocs journey. It's a privilege to be part of a brand evolution like this.

The other thing that stuns you is that when you think of Crocs, you usually think of clogs, but we've got 300 other styles. Part of our mission is to get people, particularly those who love the brand, involved in the other products that we have.

How are you trying to build awareness about your other products and shifting focus from the traditional clog?

That's the core reason why we're here. You would think that we are a simple, straightforward company that is quite fun and quirky, but actually, it's a really complex business. The Crocs Europe vision is to 'sell more shoes and build brand equity'. We do this by driving three core pillars in everything we do: unify, simplify, and prioritise.

In the past couple of years, we have dramatically increased the

retail footprint for Crocs across Europe from 60 stores to 215 stores and growing. We have also increased our wholesale accounts significantly across Europe. Our strategy for building brand awareness has included a focus on strategic countries. In Russia, for example, we have driven in an aggressive way and it now has more than 70 stores and growing, as well as a rapidly expanding e-commerce and wholesale business.

We trade in 45 countries in Europe, and we've got the most countries under our wing here. Although the brand perception is slightly different across these countries, at the heart of it, they all think of Crocs as those traditional clogs. It's interesting that despite all of the different cultures across Europe, the challenge remains pretty consistent. The exceptions would be countries like Russia where, believe it or not, we are perceived almost as a winter brand, which is highly unusual. We actually have a really interesting and exciting boots business in Russia.

As the company grows, we are very focused on becoming a four- >



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season brand. However, that takes time because you have to create the right product innovation and create an image and reputation that customers can look to when buying our boots.

Looking ahead, what are the plans for the company's growth over the next few years?

From a global perspective, the mission is to develop the four-season brand objective and continue to invest in our product collection and innovate. We have been developing our retail footprint across the world. We've now got approximately 550 company-owned stores worldwide. Additionally, when you include the franchise and partner stores, we've got more than 1,000 stores worldwide.

The mix between our wholesale, retail, and internet business is changing, and we are very committed to all three channels. The retail expansion and wholesale focus will continue, and as the internet continues to evolve and the criticality of mobile commerce increases, that will shift the business as well.

From a European perspective, we opened around 60 company-owned stores in 2012. In 2013, we opened another 23. This year, we will open more stores again, so the strategy going forward is focused on increasing our critical mass across Europe and leveraging each of the three trading channel's distribution points. Key strategic markets will remain an important focus.

Our people will be critical because we've got a business that's evolving as a brand. You have to continually develop your management team, think about the different training requirements, and think about

how people embrace change. We put quite a lot of emphasis on that from inside the business. If you go from a few stores to 215 stores, you've got to ensure that you have the retail skill base as well as the required core competencies in place. This people capability equally applies to our own e-commerce and wholesale channels.

What do you believe sets Crocs apart from its competitors?

We are listed in the London Design Museum as one of the 50 shoes that changed the world. The founders of this business basically invented an entirely new category of shoe, which is really difficult. We've sold more than 200 million pairs since the company started. People love this product and they really love this brand.

At the heart of what makes us different is that we have this croslite material, which is trademarked, and it means that

we've got this unique feature of comfort and design in every shoe. I think we are truly unique in our comfort level, how light the product is, and also how fun it is.

People get incredibly passionate about it, and it's fascinating to listen to. I am always really keen to hear what people have to say. We invest in our marketing, looking at our brand-strength monitor, and what our customers tell us.

We have won numerous global product awards this year; one which we are particularly pleased about was the UK Comfort and Wellness Footwear Brand of the Year. This award was given to us by the British Footwear Association, Independent Footwear Retailers Association, the Society of Shoe Fitters and *Footwear Today*. Winners were selected by more than 2,000 industry leaders.

Another example was in Sweden, where the guys have been doing interesting things, in terms of promoting the four-season brand goal. Testfakta stated that the Handle It Rainboot was voted the best in class out of eight products, so that really was an excellent accolade for the brand.

We also sponsor the Swedish Olympic cross-country skiing team, which we've been doing for two years. Apparently, Queen Silvia of Sweden was watching one of the events and got really cold feet, and she ended up getting a pair of our AllCast Luxe Duck boots, and she loved them.

How does Crocs work with suppliers and improve relationships with them?

We are almost a vertically integrated company, so it's quite unique in that sense. Some of the factories we do own and others are effectively outsourced. Our supply chain is quite fascinating in that sense, so clearly when you've got that set-up, the relationship is absolutely critical.

In terms of wholesale, we work with suppliers and customers. If



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you look at Europe as an example, of those 45 trading countries, 19 of them are direct markets, but the balance are distributors, which means that our customers effectively run the countries on our behalf. To make that work, you've got to have a really strong relationship; it's about respecting the cultural challenges in all countries and respecting the infrastructures that those customers deal with.

What is the achievement you are most proud of with Crocs?

This is an incredible business and the pace is unrelenting. It's a very exciting place to work. We have 24 nationalities in this office alone. If I think about some of the key highlights, probably the single biggest highlight from a financial perspective is the numbers we've seen. At the end of quarter three in 2013, we had delivered eight consecutive quarters of growth on a constant currency basis.

We have done quite a lot of interesting things. We've opened around 85 stores over that period. We have developed a concept store in Bluewater, and we have also taken over the retail

operations in Spain and all of the Benelux market from the former distributors. A new wholesale shop-in-shop has also been developed and rolled out. We have also increased our number of websites to 12, with Poland and Norway being the latest additions.

The big one for me is our people. At the end of the day, the retail industry is incredibly competitive, and it's all about what you do in terms of how you recruit people, how you develop people, and how you motivate and inspire people. I introduced 'Tribal Gatherings' to our team, an idea I took from the Body Shop International. The Tribal Gathering is really important because alongside things like the publication of *The European* internal digital magazine, the Tribal Gatherings bring us together so we can talk about the financial highlights, operational aspects, and fun stuff like who's got married and big events coming up. Probably the thing I'm most proud of is the feedback I get from our people that this is a great place to come and work. I am a very passionate individual; I am a typical retailer in that sense. I love Crocs. It's a great business. ●

"Crocs stands for high quality and innovative products; something that TFD flooring company shares. We are proud to be a partner of Crocs, and together, make stunning presentations of shops with a positive vibe for customers." - Monique Toonen, CEO, TFD Floortile BV

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