

IT

# Pick Me a Winner

Crocs uses data to improve production innovation

by CRAIG GUILLOT



**D**eveloping new products comes with great risk. Brands might invest millions of dollars and years in development only to find a product doesn't meet customer needs or expectations, while retailers could order inventory only to have it languish on shelves.

In segments like fashion and footwear that change rapidly and are heavily influenced by popular trends, product development is even more challenging. As footwear manufacturer Crocs hinges its future on the ability to quickly innovate and deliver new designs, a new data-driven tool is helping it select and refine designs before bringing them to market.

Since introducing its popular clog shoes in 2002, Crocs has been known for comfort and simplicity. While the ITcompany developed a large following, it has fallen into irrelevance in recent years due to its unchanged design and lack of style.

That's changing as designers and young icons have pumped new life into the brand. British designer Christopher Kane released a series of limited-edition Crocs during London Fashion Week in 2016 and Balenciaga put a new spin on the clogs in October 2017 with a 5-inch platform on the sole; when rapper Post Malone released his own signature Crocs in December, they sold out in minutes.

The company's "Come As You Are" motto stresses individuality and is about being comfortable in one's own shoes. Part of the brand reinvention has been to diversify its offering: Crocs now manufactures sandals, sneakers and even boots. The goal hasn't been to break the mold but to "expand the mold" with new exciting products for new fans while retaining the products loyal fans already love, says Ed Wunsch, vice president of marketing analytics at Crocs.

The brand has also repositioned to better align with its DNA and has started using a digital-focused framework that resonates with younger consumers, Wunsch says. Part of that is to elevate and expand the clogs with collaborations, trend-right seasonal updates, new innovations and enhanced personalized expression through colors, graphics and charms.

"We know that younger consumers are active and independent," Wunsch says. "Most importantly, they want to be able to express their own personal style with their favorite brands."

Athletic Shoes							
<a href="#">Items</a> <a href="#">Segments</a> <a href="#">Survey</a> <a href="#">Attributes</a> <a href="#">Pricing</a> <a href="#">Decisions</a> <a href="#">Settings</a>							
English / USD   ▼		All Respondents   ▼				●●● OPTIONS	
ITEM NAME	▼ ALL	19 - 24	25-34	35-44	45-54	55-64	65+
Hyperblue Max Performance	10	10	10	9	10	6	5
Hypergreen Max Lightweight	10	10	10	9	7	6	5
QuickMax Lightweight Performance	7	7	6	6	5	5	4
ColorMax Performance	5	5	5	4	4	3	2
UberQuick Grey Performance	3	3	3	2	1	1	1

## INTEGRATING THE CUSTOMER

Such personalization and differentiation is key to remaining competitive. Crocs has tried to bring new designs to market quickly but, like other brands, has found it's not always easy. Consulting firm Kurt Salmon says roughly half of all product introductions fail because brands can't always identify which categories represent the best opportunities for additional products or line extensions.

Many brands are struggling to differentiate and personalize, says Jim Shea, chief commercial officer at First Insight. Crocs had its own internal means to validate and test designs, but it wasn't always hitting the mark, so the footwear brand began working with First Insight in 2017 to bring the customer voice further into the product launch process.

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First Insight helps retailers and brands put the customer at the center of decision-making and better identify what products to introduce, how to target them to the right

customers, how much to buy and how to price. Its platform combines years of data and machine learning to enable product developers to test and make decisions in only a matter of weeks. First Insight says its partners have experienced product success rates up to 80 percent and up to 9 percent gains in gross profit as a result of being able to better identify winning designs and cut losers more quickly.

During the First Insight onboarding and implementation process, Crocs established a cross-functional team to build an operational plan that aligned with its strategic priorities, platform objectives and roles and responsibilities. "The collaborative, cross-functional approach, paired with clear strategic alignment, facilitated quick stakeholder and organization adoption," Wunsch says.

First Insight integrates proposed designs and data into the system, then measures those against items from the most recent season. Proposed future items are presented to customers, along with the best and worst performers in the category from the past season.

"A respondent who is more accurately able to identify the known strong and weak performers, historically, is given a higher weighting in the model on the future product," Shea says.

The platform then delivers product rankings, indicating hot designs and those to avoid. Forecasts on buy depth also point to which products are recommended buys and how much to buy. It then generates a price elasticity curve for each product and delivers a clear matrix on when demand may increase or decrease depending on price.

## **INCREASED PRODUCTIVITY**

Clients using the platform can see how product assortments might reach different segments of consumers and targeted customers. "What made [Crocs] successful with our platform is that they really made it a priority," Shea says. "They built a cross-functional team to leverage it in multiple groups and ran the same process and have been using it to identify and select the right styles, and identify at an attribute level, what's resonating with specific customer segments and groups."

He says the power is slowly shifting from retailers to brands and on to consumers themselves. When brands work with retail buyers, data elevates the conversation and

discussion because it's informed less by gut decision and instinct.

"The customer will be in more control," Shea says. "Customization and personalization is where we're heading. They're going to be able to create a product themselves, decide what they want, expect to get that product very quickly and put pressure on supply chains to deliver."

The consumer insight Crocs has gained from the platform has helped it develop a sharpened identity of styles, product attributes and positions to resonate within certain customer segments, Wunsch says. As a result, Crocs has been able to achieve higher assortment productivity and increased new product success rates and hit rates.

"These results have implications on everything from commercialization and buy levels to marketing support and targeting," Wunsch says.

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