

Crocs Case - Correct Answers

1. What are Crocs core competencies?
 - A vertically integrated supply chain
 - Highly flexible supply chain allows for fulfilment in-season and allows Crocs to be more responsive to fluctuations in demand.
 - Crostlite material was unique and important to Crocs because it gave the company a competitive advantage. The material was light-weight, moldable, comfortable, and easy to clean. Crocs were able to cater to unmet market need using this material.
 - Relatively inexpensive product because the shoes were made in-house and produced at a lower cost.
 - Word of mouth advertising and marketing campaign created a buzz in the marketplace
 - Focus on niche stores; representatives were sent to specialty stores (boating, sporting goods) and trade shows to demonstrate the use of the product and answer questions.
 - Positive relationships with retailers
 - Supply Chain Competencies:
 - React quickly to changes in demand, especially for fashion fads
 - Unique to crocs
 - Let product set demand → \$\$
 - Excess capacity at production facilities to be able to increase production when necessary and capture the sale
 - Able to shift demand between plants
 - Helps capture the sale
 - Not dividing production for multiple product lines in one facility
 - Can divert production to a location such as Mexico to reduce lead times, tariffs associated with shipping products from countries like China, or transportation costs
 - The use of molds
 - Molds were moved to plants that needed them; easy to transport
 - Able to capture demand and keep costs low by making products that were closer to the market
 - Good global supply chain
 - Ability to acquire a smaller, niche company and distribute those products internationally using Crocs's good global supply chain
2. How should they exploit these competencies in the future? Consider the following alternatives and comment how each alternative matches/does not match with Crocs core competencies.
 - (1) Acquire useful companies to increase efficiency of supply chain.
 - Vertical Integration allows Crocs to acquire or own distribution channels, injection machine, and raw materials
 - This matches their competencies
 - (2) Growth by acquisition: acquiring smaller competitors
 - Does not match - very different cultures may cause challenges
 - Does match in some sense because Crocs has the ability to acquire a company that caters to niche market
 - (3) Growth by product expansion - enter new markets by introducing new products and conducting research and development
 - Croc's have the opportunity to use the shoes to market new products
 - New products may improve brand visibility
3. What are the drawbacks of having too little or too much inventory?

- More inventory - available more for sale, more demand in more place
- Less inventory - less to manage. It's beneficial if testing a new market. Less inventory means that your supply chain is flexible and are able to meet demand.

4. Is Crocs a high margin or a low margin company (compared to competitors)? How does a company's margin impact its inventory decisions? In other words, should a high margin company carry more or less inventory?

- Crocs is a high margin company and faces competition like Nike, Adidas, and Reebok.
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