

Skechers Still Walking Tall

Companies: ADDYY, BRK.A, BWS, DKS, KRS:081660, KSS, LULU, NKE, SCVL, SKX, TYO:7936, UA, VFC, WWW

December 17, 2014

Research Question:

Does Skechers have the capacity and correct marketing strategy to sustain its rapid growth rate?

Summary of Findings

- [Skechers USA Inc.'s](#) (SKX) rapid growth rate can be sustained in 2015. The brand's broad appeal, effective marketing, efficient operations, relatively lower pricing, and combination of style and functionality have resulted in continued interest and loyalty among footwear customers, according to 22 of 25 sources.
- Sources struggled to name a direct competitor for Skechers. Those representing independent shoe retailers in particular noted that Skechers has carved a niche through style, comfort and price. [Brown Shoe Co. Inc.](#) (BWS) and [Deckers Outdoor Corp.](#) (DECK) received the most mentions, while four Skechers store personnel named [Nike Inc.](#) (NKE) as the their biggest competitor given Skechers' move into performance athletic shoes.
- Insoles made by Skechers from specialty materials such as [memory foam](#) and [GOga Mat](#) have proved popular. However, some sources said memory foam can have durability issues and lacks real therapeutic value.
- Sources connected to Skechers spoke of a greater push into performance athletic shoes coming in 2015, featuring new designs and marketing campaigns. Independent sources were mixed regarding Skechers' long term ability to compete against the well-established brands in this space.

Silo Summaries

1) Skechers Distributors

These two sources from Skechers' main distribution hubs in the United States and Europe said the company's 2014 growth stems from its styling, pricing and marketing to various customer segments. Both termed Skechers as a lifestyle brand but with a growing presence in the performance space. Memory foam is a selling point to those seeking shoes for comfort. Brown Shoe and Deckers are Skechers' top competition, but the latter's growth in performance shoes will bring it up against such companies as Nike in the United States and Adidas AG (ADDYY) in Europe.

2) Skechers Suppliers

These four sources, including two in China, said Skechers' growth is sustainable for now due to price, functionality and personalized marketing, as well as leading-edge design both in fashion and technology. Three described Skechers as a lifestyle shoe brand, but two acknowledged the brand is gaining a performance shoe reputation since this year's Boston Marathon was won by a runner wearing Skechers.

3) Independent Shoe Retailer Personnel

All seven sources reported 2014 growth for Skechers, but three noted recent slowing: One small retailer blamed insufficient supply, while two others pointed to seasonality. Five of the seven said Skechers' growth is sustainable, while two said styles change often and that customers are fickle. Sources said Skechers is a lifestyle brand, but three noted some success in penetrating the performance shoe space.

4) Skechers Store Personnel

All seven sources expect Skechers' momentum to continue into next year. Four of the seven said women are their core customer, though all emphasized the brand's broad appeal as a major reason for its recent success. Memory foam remains a sales driver, but two sources reported cases of customer dissatisfaction with the material. Four said Nike is their main competitor, which confirms Skechers' move into the performance shoe market.

5) Industry Specialists

These five industry sources said Skechers can continue to grow at the same rapid rate. Three believe memory foam is an effective selling point for comfortable shoes, but said it offers little therapeutic value. Brown Shoe and Deckers are competitors for Skechers.

	Future Growth	Major Player in Comfort Insoles
Skechers Distributors	↑	↑
Skechers Suppliers	↑	↑
Independent Shoe Retailer Personnel	→	→
Skechers Store Personnel	↑	↑
Industry Specialists	↑	↑

Background

Skechers reported third-quarter sales of \$674.3 million, a 31% increase over the previous year, marking the [highest quarterly sales](#) in the company's 22-year history. Domestic wholesale revenue increased 18.5%, international wholesale revenue grew 60%, company-owned retail store revenues rose 25%, while same-store sales growth increased 11%. The company credited its Women's Sport, Women's GO, Women's Active, Women's USA and Men's Sport divisions. Skechers' record bookings resulted in worldwide backlogs of more than 50%, and the company expects momentum to continue well into 2015.

Skechers currently holds 3.3% share of the athletic shoe market, up 22% year to year. This fast growth rate allowed it to move from fifth to fourth place earlier in the year, and it still has plenty of share to take from Nike's (66%), Asics Corp. (TYO:7936, 13%), and Brooks (Berkshire Hathaway Inc./BRK.A, 6%). In the walking shoe category, Skechers claims to own more than [50% of the market share](#). It has succeeded in its growth strategy through a broader product assortment, more diversified customer base, wider geographic distribution, and a more efficient supply chain. Industry trends are favorable for the company, along with the entire casual shoe sector, as sneakers have [become more acceptable in the workplace](#). More growth is to come domestically. CFO David Weinberg recently [told analysts](#) that the company was just starting to get its performance shoes into sporting goods stores.

Skechers issued soft guidance for the fourth quarter, which is expected to be the smallest in terms of sales this year. The disparity between a record backlog and this guidance has analysts wondering if reasons other than seasonality are to blame. Also, the backlog might be a [cause of concern for investors](#) who wonder if company will be able to raise its capacity and production accordingly. Skechers' efficiency in store growth could waver if infrastructure development must be pushed at a faster pace than anticipated. Also, several store managers said the company has an incredibly [outdated IT infrastructure](#) in its existing stores. Meanwhile, the company recently signed [Ringo Starr](#) as a spokesperson, which may signify a branding shift from a casual-athletic image. Lastly, Skechers always has been a cyclical company; some analysts [believe Skechers is at the peak](#) of its cycle now and will stall out in the near future despite its stellar run.

Current Research

Blueshift Research assessed whether Skechers' capacity and marketing strategy were sufficient to maintain its recently rapid growth rate. We employed our pattern mining approach to establish six independent silos, comprising 25 primary sources and four relevant secondary sources, which focused on Skechers' sponsors and marketing push:

- 1) Skechers distributors (2)
- 2) Skechers suppliers (4, including 2 in China)
- 3) Independent shoe retailer personnel (7)
- 4) Skechers store personnel (7)
- 5) Industry specialists (5)
- 6) Secondary sources (4)

Next Steps

Blueshift Research will examine further developments for Skechers and the overall footwear industry. We also will monitor Skechers' ability to sustain its growth rate in 2015 and to compete in the performance athletic shoe market. Finally, we will follow Skechers' supply chain issues as well as demand for shoes with memory foam and GOga Mat insoles.

Silos

1) Skechers Distributors

These two sources from Skechers' main distribution hubs in the United States and Europe said the company's 2014 growth

stems from its styling, pricing and marketing to various customer segments. Both termed Skechers as a lifestyle brand but with a growing presence in the performance space. Memory foam is a selling point to those seeking shoes for comfort. Brown Shoe and Deckers are Skechers' top competition, but the latter's growth in performance shoes will bring it up against such companies as Nike in the United States and Adidas AG (ADDYY) in Europe.

Key Silo Findings

Skechers' Capacity and Marketing Strategy

- Both distributors noted broad growth for Skechers; in Europe, the company increased distribution center space by 33% to meet growing demand.
- Both cited various forms of effective marketing to different demographics.

Skechers' Brand Position, Product Lines, Technology and Customers

- Skechers is a lifestyle shoe brand with a growing performance segment.
- Memory foam was a differentiating selling point for Skechers in 2014.

Skechers' Supply Chain and Competitors

- Neither source noted supply chain problems.
- Brown Shoe and Deckers are Skechers' top competitors.
- Both expect more competition from top athletic shoe names in 2015.

1) U.S. distribution source

Skechers will sustain its sales growth and expand its share of the performance shoe market. It has the capacity to meet product demand, thanks to a solid supply chain, low-cost manufacturing in China, highly automated distribution centers and multiple-media advertising campaigns. Next year's sales will be helped by new lines in lifestyle shoes as well as in performance running and walking footwear. Skechers is expected to reach 1,000 retail stores worldwide by late 2014.

Skechers' Capacity and Marketing Strategy

- "The capacity is there to meet sales demand. Skechers has product lines that appeal to everyone from kids to baby boomers. All of these segments are doing very well."
- "Style and price have been a big part of the sales growth this year."
- "Advertising runs on the web, outdoors, on television and in fashion magazines. There are different campaigns for each of the core business segments. Celebrity endorsements are tied to the demographics for each segment. Ringo [Starr] is known worldwide and not just by the baby boomers."
- "GOga Mat in performance shoes and memory foam in the lifestyle line help set Skechers apart from competitors."

Skechers' Brand Position, Product Lines, Technology and Customers

- "The company is doing very well with the lifestyle product line. There will be more athletic shoes, performance shoes coming out."
- "GOga Mat technology helps absorb impact for the runner or jogger. Memory foam is all about comfort."
- "I'm not aware of any issues with memory foam wearing out before the shoe does."
- "Customers respond first to style and comfort. Then there's a reasonable price. Skechers shoes are well made."

Skechers' Supply Chain and Competitors

- "There are no problems with the supply chain to my knowledge."
- "Distribution centers are state-of-the-art and are as automated as possible. The distribution center in California is a [green facility](#): solar panels on the roof, motion sensors that control the lights. The building covers almost 2 million square feet. These green initiatives help reduce the impact on the environment, but there's also a substantial cost savings to the company."
- "[The California distribution center] can process 20,000 pairs of shoes an hour."
- "Skechers is on target to open another 55 stores by the end of the year. Fifteen of them are in the United States. That pushes the total number of stores over 1,000."
- "Our biggest competitors are Brown Shoe, Deckers and [Wolverine \[World Wide Inc./WWW\]](#). Nike is next."

New designs in the performance segment are coming out, backed up with really powerful marketing campaigns.

U.S. Distribution Source

- “Skechers has brought in a good number of designers in the last couple of years working on performance shoes. The image of Skechers as a performance-shoe turned the corner this year when Meb [Keflezighi] won the Boston Marathon [in a pair of Skechers](#).”
- “There’s no reason to believe growth will slow down next year. The company is executing on its strategy, and it’s working. New designs in the performance segment are coming out, backed up with really powerful marketing campaigns. There are a lot of really creative people on the design side, so I don’t think there’s any risk of Skechers going out of style. Skechers also has customer satisfaction programs with surveys and prizes. That just leaves competition. This is a nimble industry. Anyone who comes out with a game changer; the rest are quick to respond.”

2) European distribution source

European demand for Skechers products is so strong that the largest distribution center is operating two shifts, totaling nearly 20 hours per day, five days a week. The Belgium center [was expanded](#) by 25,000 square meters earlier this year to meet warehousing demands and increase processing space. Revenue growth in Europe is expected to reach 20% in 2015 compared with this year’s already record-setting increases, thanks to innovative products, efficient operations and aggressive marketing. Distributors’ third-quarter sales in Europe were up more than 80% year to year. Brown Shoe and Deckers are considered the main competitors. With growth in the performance shoe line, Skechers expects to compete with greater strength against Adidas, which outsells Nike in Europe.

Skechers’ Capacity and Marketing Strategy

- “We had to increase [distribution space] by 25,000 square meters this year [a 33% increase].”
- “All products come to us from China. The shoes come off the boat at Antwerp for delivery to us. We process the orders for shipment to regional distributors in Europe. It’s very automated.”
- “The DC operates two shifts, Monday through Friday. We process 850,000 pairs of shoes every month.”
- “Distributor sales [in Europe] came in 83% higher for the third quarter [year to year].”
- “The projection is 20% revenue growth next year.”
- “These are good shoes. Fair price. Our customers like the styles and the selection.”
- “The advertising is good. A lot of variety for different people.”
- “Skechers is a lifestyle brand more than we are known for running shoes. The awareness of our running shoes is getting better. Orders are getting bigger.”

Our strength is good, comfortable shoes in lots of styles. That’s why people buy Skechers shoes. We focus on that, and we will keep growing.

European Distribution Source

Skechers’ Brand Position, Product Lines, Technology and Customers

- “Our strength is good, comfortable shoes in lots of styles. That’s why people buy Skechers shoes. We focus on that, and we will keep growing.”
- “[GOwalk](#), [Flex Appeal](#) are very popular. [Haute](#) is popular, [Equalizer](#), [On the Go](#), also [Shelby boots](#). All the shoes with the memory foam.”
- “The memory foam sells shoes. The people try it in the store and it feels good, so they buy. Women like it the most.”
- “Skechers is not the only one. Many shoe brands make the foam insoles. People want it.”
- “GOga Mat is for the running shoes. These also are very popular.”
- “The styles always change. People get tired of one thing so you give them something new. GOga Mat is hot right now.”
- “We’re moving more performance shoes than last year, maybe 25% more.”

Skechers’ Supply Chain and Competitors

- “No supply chain problems.”
- “We are an authorized economic operator. This gives easier customs clearance. Our people can move shoes straight from the Antwerp port to the DC. There’s not so much downtime when our shoes come off the ship.”
- “The Brown Shoe Co. and Deckers are the big competition for us. We will compete more with Adidas in performance shoes. That will happen. Adidas is bigger than Nike in Europe.”

2) Skechers Suppliers

These four sources, including two in China, said Skechers' growth is sustainable for now because of price, functionality and personalized marketing, as well as leading-edge design both in fashion and technology. Three described Skechers as a lifestyle shoe brand, but two acknowledged the brand is gaining a performance shoe reputation since this year's Boston Marathon was won by a runner wearing Skechers. Three of the four believe memory foam is an effective selling point for the brand, though one voiced longer-term concerns regarding such shoes' sustainability.

Key Silo Findings

Skechers' Capacity and Marketing Strategy

- All 4 suppliers rate Skechers' growth as sustainable. 1 has long-term concerns about memory foam sustainability.
- Growth is due to price, functionality, design and personalization.

Skechers' Brand Position, Product Lines, Technology and Customers

- 3 cite Skechers as a lifestyle shoe brand, with 2 noting performance value as well. 1 calls it a fashion shoe brand.
- 3 of 4 rate memory foam as an important selling point, with the other noting its value is purely in comfort.

Skechers' Supply Chain and Competitors

- No source noted supply chain problems.

1) Sales representative for a Skechers supplier in China

Skechers' personalized products, favorable prices, and marketing strategy will help the company sustain its high growth rate. Any slowdown in growth would be due to an internal issue such as cash-flow problems. Customers prefer Skechers' prices to those of Nike and Adidas. Memory foam and GOga Mat technologies separate Skechers from its competitors. Suppliers are able to meet Skechers' growing orders.

Skechers' Capacity and Marketing Strategy

- "Skechers have the correct marketing strategy to sustain this high growth."
- "Skechers products are highly personalized, which helps it win the market. I think this is the major reason for high growth in 2014. In addition, its prices are more favorable for customers compare to Nike and Adidas."
- "I haven't seen any factors currently that will slow Skechers growth, but if its growth does slow down, it would be from a company issue."

Skechers' Brand Position, Product Lines, Technology and Customers

- "Memory foam and yoga mats technologies are very important in Skechers' performance and lifestyle shoes because this is the difference between it and other competitors. We could say these technologies are Skechers' selling point."
- "The shoes that are using memory foam and yoga mats do not have too much style differences. The major differences are the feeling and comfort. They don't really change the shoe's function."

Skechers' Supply Chain and Competitors

- "Skechers suppliers are able to meet the company's growth. I haven't heard anything about supply shortages or surpluses."

Memory foam and yoga mats technologies are very important in Skechers' performance and lifestyle shoes because this is the difference between it and other competitors.

*Sales Representative
Skechers Supplier, China*

2) Sales representative for a Skechers supplier in China

Skechers can sustain its growth because of its market orientation and quick product updates. Its products are geared toward specific activities, and this is appreciated by North American and European customers. Memory foam helps Skechers stand above the rest of the market, and GOga Mat is popular as well. A slowdown in company growth likely would be due to a strategy policy, not competition or style. Skechers' supply is at normal levels.

Skechers' Capacity and Marketing Strategy

- “[North American and European customers] pay attention to a shoe’s functionality. They will choose specific shoes for different exercises. Although shoe and foot care competition are strong, Skechers is more readily accepted by customers because its products have clear categories for different purposes. This is why it can sustain the high growth.”
- “Skechers’ products have good functionality and styles. Its market orientation is good, which just meets customers’ taste. That’s why they can sell so well and had high growth in 2014. In addition, its logo is beautiful. The style is OK compared to competitors. Another important reason is that its new products are updated quickly.”
- “If its growth were to slow down, it would be because some company strategy changed. Market issues such as competition or style would not slow its growth.”

Although shoe and foot care competition are strong, Skechers is more readily accepted by customers because its products have clear categories for different purposes.

*Sales Representative
Skechers Supplier, China*

Skechers’ Brand Position, Product Lines, Technology and Customers

- “Customers are paying more and more attention to the insoles, so [EVA](#) Skechers and memory foam-style shoes have the biggest market share.”
- “Its memory foam concept is pretty new. Introducing new technologies and materials to the market is another reason that Skechers stands above the market.”
- “The new technologies are very important in performance and lifestyle shoes. For example, yoga is very popular in the world now; as the result, the shoes which are using yoga mats are in big demand.”
- “Women ages 20 to 35 like to buy GOga Mat shoes. Middle-age to old people love memory foam shoes because they can provides a kind of foot massage.”

Skechers’ Supply Chain and Competitors

- “In general, Skechers’ supply is at a normal level. Some styles have a surplus, such as foot correction shoes because of the small market.”

3) Principal and COO of a sourcing and supply chain consulting group

This source was unsure whether Skechers could sustain its growth rate, but said the company is creative and repeatedly comes out with new products that sell. Skechers eventually may have difficulty competing with the growing numbers of store-brand shoes that sell at lower prices. Also, it offers a fashion shoe, not a lifestyle or performance shoe. Few brands appeal to Skechers’ target audience of females in their teens and 20s. Skechers has an edge over smaller businesses in the supply chain.

Skechers’ Capacity and Marketing Strategy

- “Skechers has a history of repeatedly coming out with products that sell. While GOga Mat may not last, the company will come out with something else that will sell well.”
- “Overall, their growth is sustainable because of their creativity. I’m not sure if memory foam is sustainable. It may run two to four more seasons, but then burn out and be replaced.”
- “A major driving force of Skechers’ growth is the fact that there are not a lot of new items out there that appeal to Skechers’ target customers. Nike and Adidas are less about fashion, while Skechers’ designs have more of an aesthetic appeal. They piggybacked on [Lululemon \[Athletica Inc.’s/LULU\]](#) and [Zumba’s](#) success.”
- “The biggest threat to Skechers is the escalating price increases in Asia, including China. The cost of leather and labor will put pressure on all brands.”
- “In the last five to 10 years, we have seen more retailers putting out private labels at more affordable prices. They skip the middleman to get reasonable prices. You see big-box stores like Walmart [Stores Inc./WMT] and Target [Corp./TGT] and also upscale stores like Nordstrom [Inc./JWN] and Neiman

A major driving force of Skechers’ growth is the fact that there are not a lot of new items out there that appeal to Skechers’ target customers. Nike and Adidas are less about fashion, while Skechers’ designs have more of an aesthetic appeal. They piggybacked on Lululemon and Zumba’s success.

*Principal & COO, Sourcing & Supply
Chain Consulting Group*

Marcus. [Under Armour \[Inc./UA\]](#), Nike and Adidas can mitigate private labels because people know their shoe attributes. But Skechers doesn't have a long heritage like Nike, and they don't have a performance shoe like Under Armour."

Skechers' Brand Position, Product Lines, Technology and Customers

- "Skechers is not a performance brand. It never has been and never will be, despite their technology. It is more because of who they are and where they came from. Their heritage is the edge of fashion. I really see Skechers not as a lifestyle brand but as more of a fashion brand. They really stand alone in fashion."
- "Skechers' main customers are female, teenagers through mid-20s; also kids, both boys and girls. They have never been successful in men's shoes because they are not a performance brand, and they do not have a long history like [Nike's] [Converse](#)."
- "GOga and memory foam are purely for comfort. They play to female teenagers and women in their 20s and 30s. These women are looking for comfort; they do not want therapeutic shoes. ... That denotes old age, so they prefer to look at memory foam as comfort play."
- "Skechers does not want to be associated with the ortho players, the older space."
- "Technology does matter for sneakers, but memory foam is not a strong selling point. It is just a comfort feature. Other brands have applied memory foam over the years, but it is not a lot of running support. It is OK for Zumba or other high-impact activities."
- "Memory foam is primarily driven by Skechers' marketing. They spend a lot on TV and periodical ads. Memory foam is not driven by word of mouth."
- "I really cannot think of any other Skechers lines. They tend to be product- or activity-based. Skechers has running shoes, casual shoes, because they are not performance-based. Their products are based on aesthetics and style. The last line that stands out for me is [Shape-ups](#), but they got [burned](#) on that one."

Skechers does not want to be associated with the ortho players, the older space.

Principal & COO, Sourcing & Supply Chain Consulting Group

Skechers' Supply Chain and Competitors

- "Skechers' supply chain can keep up with their growth. Today there is an excess of supplier manufacturers in Asia, China, Vietnam, Indonesia, and others are coming, such as Bangladesh. There are not any surpluses or shortages."
- "Skechers has a competitive edge on supply chain over smaller businesses. Even though they have low prices, they order in large volumes."
- "Lifestyle brands are [VF Corp.'s/VFC] [Timberland](#) and [Coach \[Inc./COH\]](#), but I don't see Skechers competing with those companies. The fashion players they may compete with are Converse on the men's side, and [Brown Shoe's] [LifeStride](#) on the women's side."
- "In performance shoes Nike is the juggernaut, but Nike is a bit concerned about Under Armour, which used to sell athletic apparel but now offers running shoes that are becoming more popular with teenagers and young men. Adidas is starting to pull back some."

4) Footwear consulting company

Skechers has bought 3D footwear design software to improve its designs, enhance its communication with Chinese manufacturers, and turn products around more quickly. The company also has hired skilled employees and expanded its product lines. Once known as a lifestyle brand, Skechers experienced a big turnaround as a performance brand when a runner wearing Skechers won the 2014 Boston Marathon. Memory foam is attractive to customers.

Skechers' Capacity and Marketing Strategy

- "Skechers is positioning itself to sustain their growth rate. Last July the company bought 3D footwear design software to improve their designs and enhance their communication skills with the Chinese manufacturers. 3D designs will help them sustain growth and turn their products around quicker. Before this, Skechers used hand drawings or 2D."
- "Skechers has a lot of good people. I've known several folks there for the past 15 years. They have also expanded to different products."

Skechers' Brand Position, Product Lines, Technology and Customers

- "Skechers was a lifestyle brand up until the Boston Marathon, when someone won using Skechers. Since then, there has been a big turnaround. I think they are being recognized seriously as a performance brand."

- “Skechers has done a great job of making good shoes. My wife has five pairs of their shoes. Skechers is her favorite shoe. She likes the memory foam because it is very comfortable.”
- “With memory foam, people relate to the shoe at the point of purchase. They see it and put their hands inside the shoe and feel it. It is soft and feels good. It is there, and it is noticeable.”
- “The memory foam does break down over time, but this is true will all foam-type materials. [My wife] said it isn’t a problem. The foam takes the shape of her foot and still feels comfortable.”

Skechers’ Supply Chain and Competitors

- “I couldn’t say how Skechers’ supply chain is doing, if there are any problems.”
- “There has been movement within the whole footwear industry toward 3D. This started a few years ago with the larger companies such as Nike, Adidas, [Adidas’] Reebok. Now the smaller and midsized companies are starting 3D printing. It is becoming more standard and is really necessary.”
- “A lot of companies grow fast and do well. Some can sustain, and some can’t. Take [Avia](#); they made aerobic shoes but only had that one product. Skechers has a variety.”
- “Memory foam has been around a long time. Some other manufacturers use it; Skechers isn’t the only company.”

Skechers was a lifestyle brand up until the Boston Marathon, when someone won using Skechers. Since then, there has been a big turnaround. I think they are being recognized seriously as a performance brand.

Footwear Consulting Company

3) Independent Shoe Retailer Personnel

All seven sources reported growth for Skechers in 2014, but three have noticed a recent slowing: One small retailer blamed insufficient supply, while two others pointed to seasonality. Five of the seven said Skechers’ growth is sustainable, while two said styles change often and that customers are fickle. Sources said Skechers is a lifestyle brand, but three noted some success in penetrating the performance shoe space. Five said women are the core Skechers customer, and three said the brand attracts an older shopper.

Key Silo Findings

Skechers’ Growth and Brand Position

- All 7 cited 2014 growth for Skechers, though 3 noted a recent slowing—1 due to supply, and the other 2, seasonality.
- All 7 view Skechers as a lifestyle shoe brand, though 3 noted an increasing presence in performance athletics.
- Sources struggled to name any direct competitor for Skechers; 1 cited Dr. Scholl’s (manufactured by Brown Shoe) while 1 noted Wolverine’s [Saucony](#).

Product Lines and Technology

- Skechers’ success has come from a broad level of appeal.
- 5 said women are Skechers’ core customer, while 3 said the brand appeals to older people.

Skechers’ Growth Prospects

- 5 of 7 said Skechers’ growth is sustainable (including the 3 who reported a recent slowdown), while 2 foresee changing styles slowing the brand’s growth in 2015.

1) Macy’s sales associate in New York City

This Macy’s location is selling more Skechers than it was a year ago. The sales associate believes that comfort and price have contributed to Skechers’ growth. It is viewed more as a lifestyle brand. The memory foam shoes appeal largely to senior citizens seeking comfort. The best-selling Skechers shoes are the GOwalk slip-ons. Skechers must keep up with changing styles and shoe technology in order to maintain its growth.

Skechers’ Growth and Brand Position

- “Sales for Skechers are definitely growing more than a year ago. We sell a lot of Skechers here.”

- “Comfort and price are huge factors for Skechers’ growth. The shoes are a good price. Sometimes people come in here looking for Nike, and they see the price tag and decide not to purchase it. Skechers are more affordable. They also have good style.”
- “Skechers is definitely a lifestyle brand, not a performance brand. Performance brands would be Asics and Nike.”
- “A lot of Skechers customers are senior citizens coming in looking for memory foam; basically, anyone looking for comfort. The comfort factor is a big one. Otherwise, it’s got a large appeal to all age groups.”

Product Lines and Technology

- “Customers ask for Skechers more than a year ago. GOwalks sell the best. They’re affordable and comfortable.”
- “The Skechers running shoes are not popular. It might be because of the price; they’re \$120. The memory foam and GO shoes sell the best. GO slip-ons in particular are really popular.”
- “I don’t think there are any other players in the memory foam segment besides Skechers. There are no other shoes like Skechers that are producing shoes with memory foam like that. We do sell more Asics, which has some padding, but we sell a lot of the Skechers also.”
- “People who wear GOga Mat insoles are looking more for casual, everyday use, not fitness and running.”
- “Supply has not really been an issue here. We have a lot of different shoes in stock, especially because we sell so much here.”

People who wear GOga Mat insoles are looking more for casual, everyday use, not fitness and running.

Macy’s Sales Associate, New York City

Skechers’ Growth Prospects

- “Seniors come in asking about [New Balance](#) shoes. Doctors suggest them for comfort and injuries. I’ve never heard of anything similar for Skechers.”
- “Skechers doesn’t really have any similar competitor that would be affecting it. It’s a budget and affordable brand, so it’s a little different from other brands.”
- “The biggest challenge to Skechers is changing styles and technology. It’ll have to keep coming up with new things to attract shoppers.”

Reporter Observations: This Macy’s shoe section was very busy, and was holding several sales and promotions. Some Skechers shoes were marked down. Two or three customers stopped to look at the Skechers GOwalk slip-ons during our visit.

2) Shoe Carnival store manager, Southern city

Skechers sales have been steady throughout the year, thanks to advertising, but have slowed a little recently because of the onset of colder weather. Skechers is a lifestyle brand; its core customers are children and middle-aged women. The most popular Skechers are the GOwalk and children’s light-up shoes ([Twinkle Toes](#) for girls and [Magic Lites](#) for boys). Women ages 30 to 50 are most interested in the memory foam. Skechers does not have a true competitor because of its selection of styles with different technology. The only thing that could slow Skechers’ growth is its own company strategy.

Skechers’ Growth and Brand Position

- “Sales have slowed a little because of the colder weather, but they still sell.”
- “Their advertising is responsible for their growth in 2014.”
- “You always have your die-hard fans for brands, so that could have led to growth for Skechers.”
- “It’s always been a lifestyle brand. I don’t recommend running in them, and would recommend other brands with better support.”
- “The core customer is middle-aged ladies and then kids next because we carry a lot of the light-up shoes.”
- “The customer segment Skechers has gained the most from is kids and their parents on a budget. Right now our price points are \$29 or \$24. Get it at a good deal and kids can still be trendy.”
- “I’m not sure about distribution. We don’t get them brand by brand. We just get boxes of mixed shoe brands.”

The customer segment Skechers has gained the most from is kids and their parents on a budget. Right now our price points are \$29 or \$24. Get it at a good deal and kids can still be trendy.

*Shoe Carnival Store Manager
Southern City*

Product Lines and Technology

- “Customers don’t usually ask for Skechers, but I show it to them and then the kids are drawn to them. It’s been the same since last year.”
- “The most popular brands are the GOwalks and the light-up shoes.”
- “Technology matters. ... A lot of people come in with a lot of medical issues, and they are looking for something soft and comfortable. Technology is important because people do look for something comfortable but stylish as well.”
- “Memory foam is very valuable because that is how we sell most of the GOwalk.”
- “The segment most interested in memory foam is women in their 30s to 50s.”
- “Skechers is definitely the biggest player in memory foam. The other brands there are just one or two styles with memory foam.”
- “I think they could probably expand with the lace-up shoes.”

Skechers’ Growth Prospects

- “I can’t give a concrete reason why, but I do know two months ago our Skechers aisle was seven high and now we are only four high. It sells constantly although it’s a kind of steady. We are always selling things off that aisle. I think the growth is sustainable.”
- “I don’t know what’s coming up new for Skechers in 2015.”
- “They don’t really have a definite competitor because they are different. Maybe New Balance, but they don’t have the memory foam technology. Nike isn’t a competitor in any way. I can’t really say [Fila \[Korea Ltd./KRX:081660\]](#) because they don’t have the slip-ons. Skechers has kind of positioned itself between the casual flat and the athletic shoe.”
- “I don’t know how the competitors have reacted to Skechers’ success. I haven’t heard anything.”
- “I don’t think the competition will slow Skechers growth. We have them in three different departments where we stock Skechers. The fact that Skechers carries across the entire family will keep them growing.”
- “What would lead to slower growth is company strategy—if they change something that the masses don’t like, or change who is sponsoring their shoes or who is making the shoes.”

Reporter Observations: This store was busy on this late Friday morning. It had Skechers in three different areas: men’s, athletic and casual. A BOGO was taking place on all shoes, including Skechers.

3) Famous Footwear store manager, Southern California

Sales for Skechers have been on the rise for the last eight months. Best sellers are still the classic GOwalks and [Bobs](#), Skechers’ answer to [Toms](#), although sales for the [GORuns](#) are picking up. More consumers are becoming aware of the GOga Mat technology. Skechers are the best-selling active and casual shoe behind Nike for women, while Nike is the top-selling active wear shoe for men. Skechers is a trend that will be replaced by something else down the line. No inventory or distribution issues are affecting the store.

Skechers’ Growth and Brand Position

- “Skechers is our second best seller behind Nike. It’s been growing in popularity for the last six to eight months.”
- “To be honest, it’s the number of styles they have now, the colors and the comfort. Those seem to be the best features people mention.”
- “Kids set the trends—teenagers specifically, and they want Skechers right now. I don’t know if it has anything to do with the memory foam or the new GOga Mat insoles or price or both, but they are very popular.”
- “Skechers is for both walking and fashion. But with the new GORun with GOga Mat you have a real competitor to Nike, although I don’t think it’s ever going to put Nike off the shelves. Serious runners want the high technology that is put into Nike, Asics and the other brands. But the new material in the Skechers has a lot of support and is very good for high active use.”
- “Women between 18 and 30 [years old] are the biggest Skechers buyers in this store, and that’s been the growing demographic this year. I’d say mostly they are buying for fashion, but with the new GORun and [GOwalk 3](#), you have more and more women looking to Skechers for workout shoes than ever before.”

It’s the number of styles they have now, the colors and the comfort. Those seem to be the best features people mention.

*Famous Footwear Store Manager
Southern California*

- “We don’t have any issues with supply. We usually have plenty of styles in stock, and right now we have more Skechers than we do other brands for performance wear behind Nike, which is still the best seller in this store for running and active wear.”

Product Lines and Technology

- “A lot of people ask about the memory foam. The GOga Mat material is still a little new, and we only have a few styles with that in them.”
- “The new GOga Mat material is very supportive, and it’s catching on the store. Having the memory foam may not be that important because they have an alternative now. But for walking and general comfort shoes, the memory foam is very popular. I don’t know if anyone who’s tried the memory foam shoe would give it up or replace it with something else because there isn’t anything like it. But for running, it’s not the best form of support.”
- “Right now the biggest sellers are women’s GOwalks. The slip-on shoes are popular. So are Bobs. For men, they buy the Bobs and sometimes the slip-on shoes. But we don’t carry any of the Skechers men’s boots.”
- “Men do not buy the Skechers running shoes. For men, the biggest seller is Nike. The whole wall for men in this store is devoted to Nike. That’s what they want. [VF Corp.’s] [Vans](#) for younger boys is also a top seller for a casual shoe.”
- “Overall Skechers has done a very good job with new technology, but I don’t see them being a trend for long. Something else will come along and replace it. But with Nike or an Asics, you will always have demand because those are brands they associate with the best running shoe or the best workout shoe.”

Skechers’ Growth Prospects

- “It’s a trend. I see it fading. Kids will dictate when that happens. If they don’t like something anymore, that’s it.”
- “If prices go up for Skechers or if something else comes along that is just as comfortable and offers the colors and styles younger shoppers want, Skechers could be done. That’s just how it works with shoes.”
- “Nike is the biggest competitor.”
- “I haven’t had anyone come in my store requesting memory foam and Skechers because their doctor told them to, but I can see how the shoes might be very good for people who might have foot problems.”

Reporter Observations: This store is in relatively popular shopping center in an affluent area. Several GOwalk shoes were 30% off, and the entire store’s inventory was on a BOGO sale this week. Skechers shoes took up two full aisles and dominated storefront window signage. No one was looking at the brand during our store visit.

4) Famous Footwear sales associate, New York City

Skechers is a lifestyle brand that largely appeals to shoppers 36 and older. Skechers is trying to focus on health by introducing memory foam and GOwalks, but the source believes that this is largely a trend. Skechers should try to focus more on appealing to a younger demographic in order to remain relevant and continue growing.

Skechers’ Growth and Brand Position

- “Sales are consistent. Skechers has been able to grow because of its appeal to comfort.”
- “Skechers is 100% a lifestyle brand. It’s ideal for the normal person on his feet every day. I wouldn’t say it’s a performance shoe. Nothing against Nike, but Skechers keeps in mind the customers for the use of the shoe. Skechers used to focus on style; it’s trying to focus more on health now.”
- “Skechers’ core customer is people 36 years old and up. These people are generally doctors, waitresses and maids—people on their feet a lot. Younger customers who are 24 years old and under don’t like Skechers as much.”

Product Lines and Technology

- “The memory foam and GOwalk shoes are really popular [and comprise] pretty much the entire back row of this half of the store. They appeal a lot to people because they’re comfortable.”
- “Sneaker technology doesn’t matter much. Age affects whether or not sneaker technology is relevant. That’s where they gain in popularity; older people like the memory foam.”
- “The memory foam shoes are like walking on a cloud. GO shoes are for people who don’t want anything too soft. People who walk a lot generally want to wear GOwalks.”

Skechers needs to focus on more of a younger audience because they’re missing a pretty important customer segment.

*Famous Footwear Sales Associate
New York City*

- “Customers interested in GOga Mat insoles are more the people just casually walking.”
- “I don’t know that there are any major competitors paying attention to Skechers. Nike, Saucony and Asics are not threatened by Skechers.”

Skechers’ Growth Prospects

- “The memory foam is all a trend. I just think, ‘Skechers, stay true to yourself; stop trying to compete with Nike.’”
- “Dr. Scholl’s is Skechers’ greatest competition. We started selling their shoes because their memory foam is so popular.”
- “Skechers needs to focus on more of a younger audience because they’re missing a pretty important customer segment. They also need to keep changing their styles.”

Reporter Observations: We noted a large section of Skechers shoes along the back wall, but the store seemed to stock mainly Nike shoes. Many Skechers shoes were on sale. Store traffic was fairly slow.

5) Finish Line sales associate within a Macy’s, Southern city

Skechers sales for the entire year have been steady. Comfort and the various options with memory foam have driven the brand’s success. Skechers is both a lifestyle and performance brand. Core customers are females ages 25 to 40. Inventory levels are consistent. Nike is Skechers’ only competition. A slowdown in Skechers’ growth would stem from the company; its shoes should continue to sell as long as the company meets customers’ demands.

Skechers’ Growth and Brand Position

- “Sales have stayed consistent. They are our No. 1 walking shoe, so throughout the year sales are steady.”
- “Comfort is what is responsible for Skechers’ growth in 2014.”
- “The memory foam and the many options they come in have also contributed to their growth.”
- “The company hasn’t become less efficient. We are still able to get the styles we need.”
- “Skechers is a little bit of both a lifestyle and a performance shoe. Our loyal customers buy them for comfort, and our newer customers come in for the athletic shoes.”
- “Skechers comes in a lot of options: walking shoes, casual shoes and performance shoes.”
- “The core customers are ... females ranging in ages from 25 to 40.”
- “They have gained most in 2014 from runners. Skechers hasn’t always been known as a performance shoe, but they are coming out with a more qualities so customers are asking for them.”

They have gained most in 2014 from runners.

*Finish Line Sales Associate
Macy’s, Southern city*

Product Lines and Technology

- “A lot of Skechers customers stay Skechers customers. Once they have been exposed to it, then they buy it.”
- “The customers ask for it more than they did a year ago, but that is because we have a bigger selection than we did last year.”
- “The Skechers GOwalk is the most popular because they don’t have strings, they slip on and they are comfortable.”
- “Memory foam is very valuable. I think it plays a key role in Skechers’ success.”
- “The customer segment most interested in the memory foam is females over age 35.”
- “We don’t have an inventory shortage or surplus.”

Skechers’ Growth Prospects

- “Their growth is sustainable. They are speaking to the younger generation now.”
- “I don’t really know what’s coming up for 2015. We don’t see the catalog of new stuff here. We don’t see it until it is shipped to the store.”
- “Their greatest competition is Nike because of their brand recognition.”
- “I don’t think the competition will slow Skechers’ growth. Skechers has expanded their line tremendously.”
- “The only thing that could slow Skechers’ growth would be the company. Shoes will sell themselves. If they do what the customers want, then they will sell themselves.”

Reporter Observations: We noted a wall of shoes with numerous athletic brands as well as a small table with GOwalks in different colors. The shoe department was busy at 12:30 p.m. on a Friday, but only a few were browsing the sneakers.

6) Famous Footwear assistant manager, Midwest suburb

Skechers are selling slightly better than a year ago, but sales have leveled off in recent months. The brand is second to Nike in sales.

Skechers' Growth and Brand Position

- "Skechers sales have slightly increased from a year ago but more or less stayed the same recently. But people come looking for them on a daily basis. Ever since I started working here, they have always been a major seller."
- "Nike is our best-selling shoe, especially for men. We have more Nike in stock overall than we do Skechers. We do have a few Skechers for men."
- "The core customers are women in their 40s to 50s. We have a lot of women who like lightweight running shoe. The older folks like them for the comfort and the price."
- "We have about the same supply of Skechers as we did a year ago. They keep the inventory up."

Product Lines and Technology

- "We recommend the Skechers GOwalk for people who want an all-day walking shoe and not a bulky tennis shoe. People want a tennis shoe but they don't like a thick sole."
- "There are so many options now in Skechers. You can go with the fashion or the comfort. It's not what was traditionally thought of as a Skechers shoe."
- "We carry some boots in Skechers and some slippers. The boots have been marked down by \$30, to \$49."

Skechers' Growth Prospects

- "I don't think anyone has really started taking share from Skechers."
- "I'm not sure what could stand in the way of their growth. Kids like Skechers, especially the girls' stuff, but not as much as adults do it seems."
- "I have heard that memory foam can get pressed down and not conform to your foot so well after a while. I didn't have anybody bring them back, but I did have somebody tell me it happened to them. It's easy to replace the insole in the shoe though."

There are so many options now in Skechers. You can go with the fashion or the comfort. It's not what was traditionally thought of as a Skechers shoe.

*Famous Footwear Assistant Manager
Midwest Suburb*

Reporter Observations: Skechers were scattered about this large store in a busy shopping area. Most shoes, including Skechers, were marked down. A few people browsed the Skechers selection on this Monday afternoon.

7) Sales associate at an independent shoe retailer in New York City

This smaller shoe retailer stocks Skechers shoes primarily for women and children. Sales have slowed somewhat, but largely because the store has sold out of the popular memory foam and GO shoes. Skechers is transitioning to a performance brand. Its biggest challenge is staying on top of changes in style and competition. It should be able to maintain its growth as long it continues to be innovative.

Skechers' Growth and Brand Position

- "Skechers' sales here have slowed a bit. That's because we're out of stock of their most popular shoes. We haven't stocked [Air](#), and the memory foam shoes sold out. I think the brand is growing. A lot of people come in asking about Skechers."
- "The memory foam is a big reason why Skechers has grown. The kids' shoes are also incredibly popular. ... Skechers' shoes offer some good styles and are comfortable."
- "Skechers is starting to become more of a performance brand. I see women wearing the shoes at the gym. They're really popular with women but not as much with men. We don't really stock men's shoes here for that reason."
- "Women and children really like to wear Skechers. I think they're the core customer."
- "Skechers has really grown in the fitness and gym segment. People are starting to realize that it's got good shoes for active fitness."

Product Lines and Technology

- "The GO sneakers and the memory foam shoes are the most popular."

- “We’re a small store so we try to stock just what people ask for. We sold out of the memory foam shoes pretty quickly.”
- “Sneaker technology sort of matters with the memory foam and the light-up shoes. But it’s the style Skechers offers that really matters for the success of shoes.”
- “Lots of people who walk more are most interested in the memory foam shoes. Doctors might suggest them for injuries, but I’m not sure. It’s also useful for people who are prioritizing comfort.”
- “Asics, [Keen](#), Saucony all have memory foam shoes. They’re probably the biggest players besides for Skechers.”
- “Customers most interested in the GOga Mat insoles are runners.”

Skechers’ Growth Prospects

- “If Skechers keeps switching up its styles and staying ahead of the competition with what it offers, then it’ll be fine and continue to grow.”
- “Skech-Air shoes are coming up new from Skechers for 2015. I see a lot of commercials for that. They’re out now, but we don’t sell them here.”
- “Saucony is probably the biggest competitor to Skechers. It offers sizes that Skechers doesn’t. Skechers shoes aren’t wide enough for a lot of feet. They need something wider than medium.”
- “It’s hard to say how competitors are reacting to Skechers’ recent success. This is just such a big market, and there are already memory foam shoes all over.”
- “Competition and changing styles are Skechers’ greatest challenges. There are a lot of new companies coming out with stuff, and Skechers has to keep creating new styles to stay ahead.”

Skechers’ sales here have slowed a bit. That’s because we’re out of stock of their most popular shoes. We haven’t stocked Air, and the memory foam shoes sold out.

Sales Associate, Independent Shoe Retailer, New York City

Reporter Observations: Only two sales associates and no customers were present in the store on this cold, snowy day. Skechers shoes could be found throughout the store. Children’s Skechers shoes were prominently featured.

4) Skechers Store Personnel

All seven sources expect Skechers’ momentum to continue into next year. Four of the seven said women are their core customer, though all emphasized the brand’s broad appeal as a major reason for its recent success. Memory foam remains a sales driver, but two sources reported cases of customer dissatisfaction with the material. Four said Nike is their main competitor, which confirms Skechers’ move into the performance shoe market.

Key Silo Findings

Skechers’ Growth and Brand Position

- All 7 noted steady to strong growth, though 1 said October and November were slower.
- 3 increasingly view Skechers as a performance shoe.

Product Lines and Technology

- Though 4 said women are a core demographic, Skechers’ recent success has come from its broadening appeal.
- Memory foam is valuable to sales, but 2 sources reported customer dissatisfaction with the material.

Skechers’ Growth Prospects

- All 7 forecast sustainable growth due to wide product lines, superior pricing and marketing.
- 4 said Nike is a competitor, reflecting Skechers’ shift toward the performance shoe market.

1) Skechers store sales associate, Southern California

Sales have increased since July, and the store has become increasingly popular with men. This source believes competition comes from not just Nike but perhaps even Lululemon, given her stores’ full line of shoes, workout gear and accessories for both men and women. Skechers boots were 30% off but were not selling as expected.

Skechers’ Growth and Brand Position

- “Sales are doing very well. ... We always have plenty of foot traffic, but with so many new styles to choose from now and, in particular, men’s styles, we are getting a lot more male customers in the store than normal. I’m sure that’s part of what’s driving sales.”
- “The GOwalk 2 and 3 are the best sellers for women, and the slip-ons are the best sellers for men.”
- “Nike is a competitor, but so many people love the memory foam and the new GOga Mat material that Skechers has become a solid player in both comfort and athletic wear categories. I think we have a great product, and it’s possible we could get more of Lululemon’s business too.”
- “Women are the biggest demographic. Ages are between 20 and 30 here at this store, but we also have older couples and lots of men.”

Product Lines and Technology

- “The technology put into the GOrun shoes is making them much more competitive to Nike or another running shoe.”
- “Not everyone wants the memory foam because it’s too soft for them. The GOga Mat material is a good option.”
- “The key is there are plenty of styles and types of shoes to choose from now, and customers can come in for a running shoe or a casual shoe for walking or every day.”
- “We might get customers who come in wearing older Skechers from time to time, and they are amazed at how many new styles there are to choose from.”
- “Our boots do OK, but there’s tons of competition here for boots. I would say they are popular but not as popular as our GOwalks or the GOruns. Those are the shoes we are known for.”

Skechers’ Growth Prospects

- “The trend is lightweight material, durable and high-quality fabric, and prices and colors that make everyone happy. Skechers has those to offer, and I think it is going to continue to result in strong sales.”
- “Prices are very competitive to a Nike shoe and sales are reflecting the shoes’ popularity, so I’d say we’re in growth mode.”
- “I haven’t heard about more stores opening or new styles coming in 2015.”

Reporter Observations: This extremely busy store is in a popular outdoor mall. Two groups of Japanese tourists were buying men’s and women’s GOwalks, an older couple was trying on GOwalks, and younger customers (male and female) were looking at the performance shoes. Boots were 30% off despite the start of the area’s boot season.

Nike is a competitor, but so many people love the memory foam and the new GOga Mat material that Skechers has become a solid player in both comfort and athletic wear categories.

*Skechers Store Sales Associate
Southern California*

The trend is lightweight material, durable and high-quality fabric, and prices and colors that make everyone happy. Skechers has those to offer, and I think it is going to continue to result in strong sales.

*Skechers Store Sales Associate
Southern California*

2) Skechers store sales associate, Midwest city

Skechers is well positioned for continued success in 2015, thanks to word of mouth, more memory foam options, and a wide range of customers. This store sells an average 20 pairs daily. Customers range from healthcare and restaurant workers to teens to seniors who like the wide variety of slip-on styles. Skechers offers copies of Toms and Deckers’ UGGs but at lower prices. The Toms knockoff brand, Bobs, comes with memory foam options. GOwalk is the store’s top selling shoe. Casual vs. athletic sales are pretty even. Each month one or two customers exchange their memory foams shoes due to performance issues.

Skechers’ Growth and Brand Position

- “Fourth quarter has been busy. We were busy for Black Friday of course, and we started to get busy again this week, which will continue through the holidays.”
- “For sales, we average 20 pairs a day. The most we ever sold was 60 pairs in a day.”
- “We have grown popular through word of mouth. We have footwear that is comfortable and stylish.”
- “I get a lot of people who are on their feet all day coming in for shoes, i.e., nurses, waitresses, factory workers. They hear about us from their coworkers who wear our shoes.”
- We get a lot of older people that come in because we have a large variety of slip-on styles, which they prefer.”

- “The younger crowd comes in typically for the Bobs or for our boots.”
- “We have styles that look similar to UGGs boots that sell pretty well, probably because they cost \$100 less than UGGs.”
- “Our footwear sells. We don’t do a lot of sales. Our boots are on sale now for 30% off.”

Product Lines and Technology

- “People come in asking for Bobs, which looks similar to the Toms brand. Customers who wear these shoes prefer our brand to Toms because they have a thicker sole and last longer. Bobs are also cheaper than Toms by a few dollars.”
- “We also have memory foam in some of our Bobs, which you will never find in Toms shoes.”
- “Our best-selling line is the GOwalk line, in both men’s and women’s. Customers like that they are slip-ons, very comfortable and lightweight.”
- “There is much more memory foam in shoes compared to when I started. Three years ago, in women’s there was one panel of memory foam. Now there is a table with at least 40 styles.”
- “Our casual line sells as well as the athletic line. They are pretty evenly split.”
- “The [GORun Ride 4](#) just came out for \$85. Runners like them because they have an extra cushion that they can put in the shoe for more support.”
- “We do get customers coming in who say their memory foam did not perform so we give often exchange them a new pair, especially if they have not had the shoes too long.”
- “We get one or two customers a month who come in because they feel their memory foam is not performing correctly. I would say it averages one pair in a hundred.”

Skechers’ Growth Prospects

- “We are definitely a growing company. 2015 is going to be a good year for us.”
- “Our biggest competitors are stores like [Sports Authority](#) or [Dick’s \[Sporting Goods Inc./DKS\]](#) that sell a wide variety of athletic shoes as well as causal shoes.”
- “Competition will not slow future growth. If anything, we will slow their future growth by taking sales from known brands like Toms, UGGs and Timberland.”

Reporter Observations: The left side of the store windows was dedicated to a mix of men’s casual shoes and boots. The right side was women’s shoes. During our midday visit on a Thursday, the store was surprisingly busy. Customers were senior citizens and middle-aged, both men and women. One man bought a pair of slippers for his wife for \$30 and similarly styled to UGG’s version. The store was too busy for just the one associate to handle, but she did a good job managing the multiple customers.

I get a lot of people who are on their feet all day coming in for shoes, i.e., nurses, waitresses, factory workers. They hear about us from their coworkers who wear our shoes.

*Skechers Store Sales Associate
Midwest city*

We do get customers coming in who say their memory foam did not perform so we give often exchange them a new pair, especially if they have not had the shoes too long.

*Skechers Store Sales Associate
Midwest city*

3) Skechers store assistant manager, Southern city

This location’s sales are steady overall but have increased in running shoes. People also come in asking for Shape-ups and memory foam shoes. Memory foam is for comfort while GOga is for shock absorption. Nike is the No. 1 performance brand and this store’s biggest competitor. However, Skechers is always evolving its product line, which helps to protect its growth.

Skechers’ Growth and Brand Position

- “Our sales have been steady.”
- “Our performance shoes are the top performance shoe because of the lower prices.”
- “Everything has led to growth: performance, style, comfort and price.”
- “We developed an online channel called Omni where stores can order from other stores, so distribution is pretty efficient.”

- “We are both a performance and style brand. Lot of people thought Skechers were just for kids. And when they think of the Shape-ups, they think of them as big, bulky shoes. Our style has turned more into a lifestyle type of shoe. Customers are surprised when they see shoes that you can wear casually.”
- “Our core customer is the entire family.”
- “Skechers has gained the most in 2014 from runners. We had the athlete that just won the Boston Marathon wear Skechers in the race. Since then, runners have come in.”

Product Lines and Technology

- “Customers come in asking the Shape-ups or GO products, Bobs shoes and memory foam shoes.”
- “They ask for particular shoes around 50% more than last year.”
- “Memory foam is popular with women for the comfort level. Also, the GOga is popular with runners.”
- “Memory foam is valuable in sneakers. Lots of people like it and come in asking for shoes with memory foam. They want to know if it molds to your foot like memory foam mattress does your body. But the material is breathable so it goes back to its original shape.”
- “Advertising is driving sales. That and the fact that other stores are carrying memory foam. However, we are *known* for memory foam.”
- “GOga is made of a spongy material and has a little different technology. When you walk with a GOga shoe you get a different response. The shoes are bouncy and absorb shock. It does not conform to your foot like the memory foam. GOga 3 has the material on the inside as well as the sole of the shoe.”
- “We don’t have a surplus of inventory. The only shortage would be the [Mark Nason](#) shoes because we only carry three styles. I wish they would send more so we could sell more of the Nason.”

Skechers’ Growth Prospects

- “Growth is sustainable. We are always changing our shoes. We will have a particular shoe one year, and the next year we will add memory foam or change colors.”
- “GOga 3 will continue growing through 2015, and GOrun 4 in the athletic division. We are adding more colors.”
- “Nike is definitely our biggest competitor. They are the top brand in performance shoes while Skechers is No. 2.”
- “I don’t see the competition slowing our growth because we are always changing things up. You have Nike, but they are always going to have the same shoes.”
- “More formidable competition could slow growth. If we keep changing our products, other companies might catch on and try something similar.”

Reporter Observations: This Skechers store is in a very popular, higher-end mall. A couple was in the store when we arrived, and bought a pair of men’s loafer-style shoes. Then a man came in and purchased a pair of nonathletic shoes. All shoes were displayed on the walls except for a four-sided shelf that displayed Bob shoes. A circular table immediately inside the door carried boots for 40% off.

4) Skechers store sales associate, Southern California

Sales were down in October and November year to year, but have picked up since the store management was changed. The store has been given access to a new Omni ordering system that enables a search of nearby warehouses. Women in their 30s and 40s are this store’s top demographic. Most customers appreciate the memory foam technology. Nike is the store’s top competitor, but Skechers’ GOruns and GOwalk 3s are allowing the brand to compete both in quality and price.

Skechers’ Growth and Brand Position

- “The store was a little slow in October and November. I’m sure we were down from a year ago, but we are seeing sales really pick up now.”
- “The GOwalk 2 and 3 are the best sellers for women in the store. Men like the GOwalks, but also the [Skechers Relaxed Fit](#) shoe is very popular.”
- “Nike is our biggest competitor, but I’m seeing more and more customers come in wearing Nikes and wanting to try Skechers. The GOruns and the performance shoes are coming with an enhanced support system so the design is much more solid, and people like that.”
- “Women between 30 and 45 are our core customer. We do get men and we do get older couples, but most customers are women who are kind of overbuying shoes for just fashion’s sake. They are getting a little older, and they care about their feet and knees and back.”

Product Lines and Technology

- “Customers love the memory foam. They ask for it. But not all of our shoes have it. ... I suspect that’s because they know some people don’t like the walking-on-sand feeling.”
- “More and more customers are trying the new performance shoes with the GOga Mat material. The new GOrun Ride 4 is also very popular. It doesn’t have the GOga Mat material, but it has a very durable insole that is high-tech and really supportive for running.”
- “Our shoes are being designed to take in to account that the memory foam can be a little too soft for things aside from walking.”
- “I haven’t had anyone ask about the memory foam for foot problems.”
- “I don’t know about any new styles coming out. We just got the GOwalk 3 and the GOruns.”

Skechers’ Growth Prospects

- “We are absolutely seeing increases in the number of customers, and sales are up right now from where they were a month ago. I think our brand is getting more and more popular.”
- “Nike is our biggest competitor, but we are seeing more and more customers come in who want something different. We have so many new colors and styles now that I think they are seeing there are options.”
- “The prices are competitive. Our shoes are washable in most cases. They fold up nicely for traveling, and they are extremely comfortable and lightweight. I think they are finding a place for themselves as both a comfort or walking shoe and a workout shoe.”

Our shoes are being designed to take in to account that the memory foam can be a little too soft for things aside from walking.

*Skechers Store Sales Associate
Southern California*

Reporter Observations: This busy store is in a touristy shopping complex. All Skechers boots for men and women were 30% off, and some of the older GOwalks were marked down by as much as 40%. We noted a good selection of styles and colors in men’s, women’s and kids’. Only one person made a purchase during our visit: a woman in her late 40s or early 50s who bought a pair of GOwalks.

5) Skechers store sales associate and sales manager, Southern California

Sales are very strong, especially for the new GOrun shoes with the GOga Mat insoles. Customers have said it holds the shape better than the memory foam for running or heavy usage, and offers better overall support. Prices are making the running shoes highly competitive alongside Nike and other brands, and the company has added a significant number of new colors and styles to its line. The new GOrun 3s are intended to be performance shoes, while the original Skechers and the GOwalk line are intended for walking and lifestyle purposes. Skechers’ own version of UGGs is doing well, as are casual boots for ladies. Men are not buying the performance shoes as much as women, but do like the casual shoes. Bobs continue to be one of the store’s best-selling shoes.

Skechers’ Growth and Brand Position

- (Associate) “We are doing very well in this store. Sales are definitely up from where they were a few months ago.”
- “The shoes are not just popular for the memory foam. The new ones have the GOga Mat soles that are really good for running and high-impact activity. The brand is becoming more and more popular for overall athletics.”
- “Prices are always something we hear about from our customers. We are competitive with Nike and the other running shoes out there. The technology is very solid, very comfortable and extremely lightweight.”
- “Our customers do tend to be predominantly women, especially for performance shoes. Men go more for the loafers, like the [Leytons](#), and some of the boots.”
- “I’d say women are the larger demographic in this store.”

Our customers do tend to be predominantly women, especially for performance shoes.

*Skechers Store Sales Associate &
Sales Manager, Southern California*

Product Lines and Technology

- “The men like the boots and the casual shoes more than the running or athletics. Women go for everything, but the biggest sellers are the GOruns and the GOwalks. Not all of our shoes have the memory foam or yoga mat material, so

they aren't selling for those reasons. I think people know the quality is better, and there are many more styles and colors to choose from than there were a year or so ago."

- "Memory foam is popular, but the GOga Mat technology is definitely popular."
- "Women and men both like the memory foam."
- "The Bobs shoes are doing very well. The prices are very competitive with Toms, and Toms doesn't have the memory foam."

Skechers' Growth Prospects

- (Manager) "I think we are definitely in growth mode. I can't talk about sales numbers or percentages; the company just won't let us. But I can say that with the new GOga Mat technology, we are seeing a shift in the number of people who are coming in for a running shoe over a walking or comfort shoe."
- "We do get a fair amount of customers who ask us about the memory foam because they have foot issues, or have had some surgery and they were told to wear the memory foam. They tend to be customers who are a little older."
- "I'm not allowed to talk about the competition. I can only say that Skechers is doing well as both an athletic shoe and a casual shoe and because of the material. It's very lightweight, very comfortable."
- "Bobs are doing well; they always have. And we continue to see new styles and colors come out for those."
- "I don't know if we are going to be getting any new styles or shoes in the next year, but I imagine we will."
- "The only thing I'm allowed to say about the inventory is that we have rare issues with not being able to get what a customer wants."

Reporter Observations: This very busy store's customers ranged from men in their early 20s to an older couple who asked about the memory foam. We noted an exceedingly large inventory of both men's and women's shoes, dominated by the GOwalk line on both sides of the store. The GOwalk 3 was displayed the storefront windows, and had signage that read "Run Hard. Land Soft," reminiscent of a Nike "Play Hard" ad campaign. The push seemed to be toward more of a performance shoe rather than a cheap casual walking shoe or loafer. Some select styles were on sale, including the original GOwalks in beige and white at 45% off as well as a few of the UGG-style boots.

6) Skechers store sales associate, New York City

Memory foam has been a huge factor in Skechers' success in recent years. Skechers is a lifestyle brand with a wide appeal to all demographics. It does not have any real competitors in the memory foam department, though Nike has shoes similar to Skechers' GO line.

Skechers' Growth and Brand Position

- "I can't give you more specific numbers, but Skechers has really grown over the last five years. Memory foam has really made Skechers what it is today."
- "Skechers is a lifestyle brand. It's for people on the go, looking for something comfortable. It's also good for fitness, but it's got a wide appeal."
- "People looking for comfort are Skechers' core customer. There's no one else like us out there."

Product Lines and Technology

- "Our memory foam shoes are all popular. Almost all of our shoes have some memory foam in them now. That's a big feature of our shoes."
- "Sneaker technology matters. Having the memory foam is what makes us different. Everyone wants it."
- "The customer segment most interested in shoes with memory foam are people who are active and on the go, people who walk a lot and run."
- "Nike has something similar to the GOga Mat in their shoes. ... But we came up with it first."

Skechers' Growth Prospects

- "Memory foam will continue to be a big thing. I don't see that changing. I think Skechers shoes are selling what's relevant now."
- "We have no real competition. But Nike does have the [Air Max](#) shoe, which is somewhat similar to what Skechers offers."

People looking for comfort are Skechers' core customer.

*Skechers Store Sales Associate
New York City*

Reporter Observations: Several Skechers shoes were 20% to 30% off. Two sales associates were on duty, and store traffic was moderately busy. The GOga Mat technology was featured prominently, with a display showing the difference between GOga Mat shoes and regular shoes.

7) Sales associate for a Skechers store, Midwest suburb

The source reported strong interest and steady sales since the store opened six months ago. Middle-aged and older women of middle income are the primary demographic. Memory foam is a strong draw. The source mentioned discussion of opening other stores in the area.

Skechers' Growth and Brand Position

- "We've been open for six months. We've been doing pretty well. Sales are holding steady. People love Skechers. We are selling a lot of gift cards for Christmas right now."
- "Skechers have wide appeal to young and old people. Because of the memory foam, they are a comfortable shoe. There is a style for everyone."
- "It's both a lifestyle and performance shoe, but it depends on the shoe. It is definitely a lifestyle brand."
- "People can buy one pair and get the second one for 50% off. The clearance shoes are 30% to 70% off."
- "Online prices are higher than they are in the store, but there are certain items you will never see in the store so people go online."
- "We have a lot of business-to-business partnerships where their workers can get discounts here. It's a huge list of businesses."
- "Our core customer is a middle-class person. It depends on where the store is and the market. Some stores may get a lot of younger shoppers. Our main buyers would be women in their 30s and 40s, but we get a lot of women over 50."

Product Lines and Technology

- "GOwalk is a women's style that people like a lot. Any relaxed fit is popular. We sell a lot of the Joe Montana [Relaxed Fit] for men."
- "Everyone is interested in memory foam. Even the kids come in, and they know memory foam. They ask specifically for it. People ask for GOga Mat too. But some people prefer the traditional shoe and buy that."
- "We have people ask for winter boots, but we only have fashion winter boots with heels on them. We are hoping to get more winter boots."
- "Families come in with little girls who like the sparkly shoes that light up. We advertise those a lot."
- "We have shoes for marathon runners. People are on top of the trends."

We only have fashion winter boots with heels on them. We are hoping to get more winter boots.

*Sales Associate
Skechers Store, Midwest Suburb*

Skechers' Growth Prospects

- "I don't see why the growth would not continue. They are talking about putting more stores here."
- "We get a new shipment every week. We don't have shortage of any lines."
- "We get shoes in at least once or twice a week for the clearance area. They come in from other stores that have sold down on them so they get new shoes."
- "The stock of Skechers would be limited at those other stores. I know our selection here is really good, and people are happy with choices."
- "We compete with a lot of stores nearby that sell Skechers and other brands. Those would be stores such as [Kohl's \[Corp./KSS\]](#), [Brown Shoe's] [Famous Footwear](#), [Shoe Carnival \[Inc./SCVL\]](#), and [Off Broadway Shoes](#)."

Reporter Observations: The store was bright and cheerful, with long rows of shoes in many styles. It was located in a major shopping area and within blocks of several other shoe stores and department stores that sell Skechers. It was running a BOGO, along with big markdowns in the clearance area. Approximately 10 people were in the store on this Monday morning, looking mostly at walking and running shoes.

5) Industry Specialists

These five industry sources—three who follow the footwear business, and two podiatrists—said Skechers can continue to grow at the same rapid rate, but one said success would be contingent on effective marketing. Variety and personalization continue to drive the brand's sales. Three believe memory foam is an effective selling point for comfortable shoes, but said it offers little therapeutic value. Brown Shoe and Deckers are competitors for Skechers, but one podiatrist said Nike will become more of a competitor if Skechers continues to emphasize its performance shoes in 2015.

Key Silo Findings

Skechers' Capacity and Marketing Strategy

- 4 of 5 rate Skechers' growth as sustainable; the other says it depends on continued marketing success.

Skechers' Brand Position, Product Lines, Technology and Customers

- All 5 agree that Skechers shoes are for lifestyle and comfort rather than performance.
- 3 believe memory foam is an effective selling point for Skechers despite a lack of therapeutic value.

Skechers' Supply Chain and Competitors

- Neither of the 2 sources commenting noted any supply chain problems.
- 3 name Brown Shoe as competition, while 2 mention Deckers.

1) Warehouse manager of an online shoe retailer

Skechers makes lifestyle footwear manufactured inexpensively for comfort and fashion. It is not a significant player in the performance shoe category. The company's workflow is extremely efficient, which gives it a solid foundation for sustained growth. Memory foam and GOga Mat insoles are an extension of the company's marketing efforts and are viewed as a sales tool in retail stores. Neither material provides proven health benefits, but does enhance the comfort of the shoe. Deckers, LifeStride, Brown Shoe and Wolverine are direct competitors.

Skechers' Capacity and Marketing Strategy

- "Skechers is a well-run company. I think they can sustain their growth. The demand is certainly there, and it's also growing."
- "Skechers is really working to keep up with demand for its products. They've streamlined distribution, so they've seen some significant cost savings in terms of workforce, and shipping and transportation."
- "Comfort and good pricing are keeping Skechers fans happy. The company's advertising also does a good job of getting people into Skechers stores. On the back end, they know what they are doing with production and distribution."
- "About three years ago they were set up so retailers ordered from the distribution center closest to them. What happened was a lot of product was being moved around North America between different warehouses, which gets expensive. Now they receive and ship from fewer distribution points, but the warehouses are massive. They've really cut down on the number of people handling the product between the distribution point and the retail store."
- "They have a constant marketing presence on television and in women's magazines. It's usually built around one or two product lines while promoting overall awareness of the brand."

Skechers has huge brand loyalty, so if someone who's owned a pair of Skechers is later looking for a performance shoe, they'll shop Skechers first.

*Warehouse Manager
Online Shoe Retailer*

Skechers' Brand Position, Product Lines, Technology and Customers

- "Skechers is a lifestyle brand first and a performance brand second. Their reputation was built on comfortable shoes. With their brand awareness I think they could gain some market share for athletic shoes, but probably not very much. Nike and Reebok totally dominate that market."
- "Skechers has huge brand loyalty, so if someone who's owned a pair of Skechers is later looking for a performance shoe, they'll shop Skechers first."

- “Skechers has shoes that appeal to everyone from kids to their parents. Their selection is really tremendous. I think there’s something like 200 styles of shoes and boots just for girls.”
- “I’m sure they’ve expanded their margins with greater efficiencies in manufacturing and distribution. Labor costs are going up in China, but that affects everyone in the shoe industry.”
- “I won’t go so far as to call memory foam a technology. Or GOga. A lot of brands have these types of materials built into the insoles. It’s a great selling tool in the store, where the customer can feel the inside of the shoe and try it on. It hasn’t been shown to have any positive health benefits—or negative for that matter.”
- “Skechers’ main technological innovation hasn’t been its shoes, but the way they get from the manufacturing plants to the retail stores through large and highly automated distribution warehouses. They can respond faster to produce demand and get their shoes onto retail shelves.”

Skechers’ Supply Chain and Competitors

- “I don’t know of any supply chain problems specific to Skechers. For the shoe industry in general, the cost of materials is rising and so is the worldwide demand for shoes, but there’s also been an increase in suppliers all over Asia. I think that competition will help control costs. Right now I’m not aware of any supply chain problems.”
- “Skechers’ main competition is from Deckers, LifeStride and Brown Shoe. Also Wolverine. Some of the Skechers shoe line also overlaps with [Crocs](#), but again we’re talking about strong brand loyalty with these companies. Skechers has its own identity that appeals to their customers. So does Crocs.”
- “All of the major brands tweak their lineup and introduce new styles every year. Skechers is really good at getting in front of the fashion curve.”
- “They’re not really known for performance shoes, but they are pushing into that segment. The Flex Appeal and Go Bionic are cross-training shoes. I think these are appealing to loyal Skechers customers. I don’t think they’re converting many Nike customers.”

2) Editor of a university fashion publication

Skechers can sustain its rapid growth rate by continuing to cater to younger customers. Unlike other brands, Skechers has animated TV commercials geared toward younger kids, who frequently require shoes for different sports. The company is known as a lifestyle brand, having evolved from athletics to a more fashionable shoe. While Skechers does not appeal to the 20-somethings and 30-somethings, older people may be attracted to its memory foam options. Up-and-coming competitors include several craftsman and [fair-trade](#) companies.

Skechers’ Capacity and Marketing Strategy

- “Skechers can sustain its rapid growth rate. Their marketing efforts are very strong. Unlike other brands, Skechers has special, animated TV commercials, with cartoon children wearing light-up Skechers. They are definitely geared toward children, which are one of their top customers. When I think of Skechers, I think of their light-up shoes.”
- “Skechers’ growth is sustainable if the target audience is of a younger range, five to 20 years, and an older age, say in the 40s and 50s. The younger kids get a new pair of shoes at least every year, and then they need different athletic shoes, one for every sport.”

Skechers’ Brand Position, Product Lines, Technology and Customers

- “It is hard to get a read on the brand. Skechers is a lifestyle brand. I believe it has changed over the past few years from an athletic-type shoe to more of a trendy or fashionable shoe for active wear. However, it is not considered a fashionable shoe by the 20-somethings and 30-somethings. I can’t imagine a college person wearing Skechers.”
- “Memory foam is important to me because I want a shoe that is comfortable. Sneaker technology is also very important because running and exercise can lead to joint and foot problems if the wrong shoe is worn for too long.”
- “Comfort and wellness are important for memory foam because more research is being done on a small business scale on the effects of poorly designed shoes and a lack of personalization. Other companies are looking at memory foam.”

Skechers’ Supply Chain and Competitors

Comfort and wellness are important for memory foam because more research is being done on a small business scale on the effects of poorly designed shoes and a lack of personalization. Other companies are looking at memory foam.

Editor, University Fashion Publication

- “I’m not familiar with Skechers’ supply chain, so I really couldn’t comment on it.”
- “There are many high-tech, new shoe companies with small-business ethics that are marketing themselves on customization, personal service and handcrafted work. There is now a trend toward craftsmanship, fair trade and where the products are made, material sourcing. It’s the personal touch that makes the products more trusting. I can’t think of any company names right now.” [Editor’s note: Fair-trade shoe brands include [Solerebels](#), [Oliberte](#), [Athletic](#) and [Style with Heart](#).]
- “I do not know about other sneaker companies with memory foam. A competitor might be Adidas or New Balance.”

3) [Alex Geyman](#), founder and editor of FOCUS magazine

Skechers will be able to sustain its growth into the future as long as President Robert Greenberg remains at the helm. The company designs shoes for most people; makes them inexpensively; runs an aggressive, effective marketing campaign; is professional; and is good at retail. Skechers makes lifestyle shoes, not performance shoes. Its shoes do not compete directly with those of Nike and Adidas. Memory foam insoles are a marketing gimmick; the material breaks down too quickly to be a therapeutic or performance product. Mr. Geyman was not familiar with the GOga Mat technology. Most of the world has supply chain problems, but Skechers does not.

Skechers’ Capacity and Marketing Strategy

- “Certainly, Skechers can sustain their growth, which increased 37% in the second quarter of 2014. They are a very well-established company that inexpensively makes their shoes, which are designed for most people. They market effectively, and they do this well. They are a well-oiled machine. They are very professional, and they are good at retail. They sell in most stores in America, department stores and independent.”
- “Skechers is known for investing a lot in marketing, and their marketing is very aggressive.”
- “Clearly Skechers’ aggressive marketing is driving the sales and growth of memory foam. They have a very talented head of global marketing. He has signed up celebrity spokespeople. The marketing for memory foam makes the shoes seem very special.”
- “Skechers is still led by the talented footwear veteran, Robert Greenberg. ... He still manages well, and people still trust him. As long as he is in charge, Skechers will be successful.”

Clearly Skechers’ aggressive marketing is driving the sales and growth of memory foam. ... The marketing for memory foam makes the shoes seem very special.

Founder & Editor, FOCUS Magazine

Skechers’ Brand Position, Product Lines, Technology and Customers

- “Skechers is definitely lifestyle. A guy could wear house slippers and win a marathon, but he found Skechers to be more comfortable. This does not make Skechers a performance design brand. Adidas and Nike build shoes for performance, and they get performance results. Skechers does not do this.”
- “I am not sure about Skechers’ core customers. Their target audience is youth to middle age.”
- “I am not sure about GOga Mat shoes. I presume that it is purposely based on a name that connotes yoga exercise. But this doesn’t make sense. I do not wear shoes when I do yoga. Last year, Skechers was aggressively marketing GOwalk, a regular casual shoe. You could run miles in them.”
- “Memory foam insoles: Every company presents this as the material of the future. There are so many companies using memory foam, I can’t name them. However, public opinion is that some people like it, and some people do not like it. Memory foam wears out; it can’t sustain for a long time, and then it collapses over time and doesn’t regain its original flexibility and support. Memory foam doesn’t correct posture. It takes the shape of the arch and is soft and comfortable, but it does not support the weight. It is not high-quality material for performance.”
- “Memory foam is not at all valuable to sneakers. They are just another insole, a replaceable item that adds up to the cost of the shoe. It is another way to sell a final product. Memory foam is just a marketing tool.”
- “Skechers shoes are not therapeutic. Awhile back the company was sued because they made [false health claims](#) of their Shape-up shoes. This was partly a marketing gimmick. Since that time, they have made no claims that their shoes have therapeutic value.”
- “I am not sure about all of their lines. They have shrunk the numbers compared to a few years ago. They gave up several lines to promote the Shape-up shoe.”

Skechers’ Supply Chain and Competitors

- “Skechers’ supply chain is doing well. Skechers does not have a supply problem, and I don’t think it will have a supply chain problem in the future.”
- “However, in general, the world supply chain is not in great shape. The cost of labor is up in Asia, causing supplies to go up. The demand for shoes increases every year.”
- “Skechers is not as big as Nike and Adidas. Skechers makes successful products, but it has not entered the performance market. The other brands are not even close to Nike. People think Nike is independent, but it is not. Nike is big because they own other brands. Nike also owns apparel and has a worldwide presence. Reebok, owned by Adidas, is small.”
- “Brown Shoe also had double-digit growth, and Wolverine showed good performance this year. Both Brown Shoe and Wolverine make nonathletic, lifestyle shoes. [Comfort and sports shoes did well this year](#), while fashion shoes and dress wear had OK performance.”

Comfort and sports shoes did well this year, while fashion shoes and dress wear had OK performance.

Founder & Editor, FOCUS Magazine

4) Podiatrist in New York City

Skechers makes good walking shoes that are popular because of the wide assortment of styles, but the shoes do not deliver health benefits beyond what regular exercise would accomplish. Skechers’ advertising is pervasive and targeted. It will continue to grow based on marketing that presents it as a lifestyle brand for the whole family.

Skechers’ Capacity and Marketing Strategy

- “They advertise to all age groups. I wouldn’t be surprised if part of their strategy is to get everyone in the family thinking about the brand, so the whole family goes to Skechers and buys shoes.”
- “There’s no reason to think Skechers will stop growing. Everything I’ve read about them points to a successful company that sells well-made shoes people want to wear.”
- “The memory foam is very comfortable. It feels good. It eventually wears out, but so do the shoes. These features like memory foam help companies sell the shoes.”
- “A lot of different brands build these comfort features into the insole. There’s memory foam. A lot of shoemakers use that. Some brands use gel. The material absorbs shocks, but it doesn’t offer stability or support. It’s mostly about comfort. These features are not going to correct foot problems.”

Skechers’ Brand Position, Product Lines, Technology and Customers

- “I would consider Skechers more of a lifestyle brand, not performance.”
- “The products appear to be good quality, well constructed and affordable. I think if these were really performance shoes that would be reflected in the price.”
- “GOga Mat is in the running shoes. It’s promoted as an impact-absorbing feature. I can’t say if it is better or worse than any other brand. They are all probably comparable. Impact-absorbing material is marketed under different names to set the brands apart.”

Skechers’ Supply Chain and Competitors

- “I don’t have any knowledge of their supply chain.”
- “Deckers, Brown Shoe and Converse—these are probably Skechers’ biggest competitors. Obviously Nike if Skechers wants to be a big name in the athletic shoe business.”
- “[Skechers’] big strength is a huge product line, hundreds and hundreds of styles. They’re also known for quality shoes at a decent price.”
- “Most shoes in the same price range are going to have pretty much the same kinds of features that make them comfortable to wear. At that point I think it’s mainly a matter of the style and how well a company does in promoting its styles. Skechers seems to be very good at promoting their shoes.”

5) Podiatrist in a Midwestern group practice

The Skechers team and campaign will determine if the company can sustain its growth rate. It offers affordable shoes in popular colors and styles, but the shoes are lifestyle, not technical. The source does not recommend Skechers to her patients. Memory foam provides cushioning but not for long.

Skechers' Capacity and Marketing Strategy

- "How Skechers does really depends on their team and campaign. Their price line is very affordable, and their colors and styles are very popular."

Skechers' Brand Position, Product Lines, Technology and Customers

- "Skechers shoes are popular as a lifestyle shoe, but they are not based on actual science. They are not technical shoes. I remember their marketing campaign for Shape-ups. But it just didn't make sense that they claimed the shoe toned the muscles."
- "I do not recommend Skechers to my patients. The shoes are just average quality. Some of my patients wear them, and some complain they don't work. One patient even developed tendonitis from wearing Skechers."
- "Memory foam has certain value for a cushion, but over time it will compress and have no shock absorption value. It does not last long."

Skechers' Supply Chain and Competitors

- N/A

Has certain value for a cushion, but over time it will compress and have no shock absorption value. It does not last long.

Podiatrist, Midwestern Group Practice

Secondary Sources

These four secondary sources focused on Skechers' sponsors and marketing push.

Oct. 21 Business Insider [article](#)

Ringo Starr will be the next sponsor of Skechers.

- "Skechers has a long history of signing up famous sports stars to become its brand ambassadors—retired 49ers and Chiefs star Joe Montana, NBA's Dallas Mavericks owner Mark Cuban and former New York Jets quarterback Joe Namath to name a few recent examples. But the shoe brand has gone slightly left-field for the choice of its latest spokesman: Former Beatles drummer Ringo Starr."
- "Ringo, 74, is set to feature in a huge global marketing campaign for Skechers' 'Relaxed Fit' footwear range. Ads will appear across TV, print, outdoor, online and point of sale from Spring 2015 through June 2016."
- "In a press release, Skechers explains why is the perfect brand ambassador: His half century in the music industry; the release of a children's book (Octopus's Garden) earlier this year; and his philanthropy and involvement with the #peacerocks campaign through the David Lynch Foundation."
- "He adds: 'Ringo possesses the charm, cool, charisma and instant global recognition that will elevate awareness for our popular Relaxed Fit footwear collection.'"
- "Whatever the reason, the company will be hoping the change of marketing direction from sports to music will continue the its recent upward momentum financially. In the most recent quarter to June 30, Skechers USA Inc. reported a record 37% increase year on year in net sales to \$587.1 million and a slight lift in gross profit to 45.9% of net sales, up from 45.5% in the second quarter of last year."

Dec. 7 KpopStars [article](#)

Skechers is trying to maintain its popularity through sponsoring music festivals, such as in Singapore.

- "November 22 was a night of great music and dance at the Skechers Sundown Festival 2014. Featuring Asian music talents from different countries in Asia, the annual event had invited popular and upcoming artistes from South Korea, Japan, Indonesia, Philippines, Thailand, Taiwan, Hong Kong, and China to represent their countries and showcase their performances. This year, the organizer Red Spade Entertainment extended their invitations to artistes from Malaysia, India and also Singapore. Enthusiastic audience crowded at the front of the stage, looking forward to the highly anticipated performances of their idols."

Nov. 27 Belfast Telegraph [article](#)

Skechers' other music spokesperson is Demi Lovato, which represents a marketing push for a younger demographic.

- “The 22-year-old star was announced as the new face of Skechers in July, appearing in campaigns wearing the footwear. It’s a brand which Demi can relate to personally and she can still recall the first pair she owned.”
- ““Sneakers have become a fashion statement you see everywhere, from being on tour and performing to the gym, you can literally wear them with anything in your closet. I wear mine with almost everything because I love to be comfortable.””

Oct. 31 Bloomberg Businessweek [article](#)

Boston Marathon winner Meb Keflezighi is sponsored by Skechers after previously holding a Nike sponsorship.

- “Lelisa Desisa, one of the world’s top distance runners, didn’t believe Meb Keflezighi could win this year’s Boston Marathon until the moment he actually broke the tape, according to a recap in Friday’s Wall Street Journal. Nike, no doubt, thought the same thing about Skechers grabbing one of the most visible spots for a running shoe: on the feet of a marathon champ.”
- “At the time of last year’s race, Skechers’ stable of big-name endorsers included Joe Montana, Tommy Lasorda, and Mark Cuban. But with Keflezighi’s big marathon win last April, the casual-shoe company has muscled its way into the ultracompetitive slice of the sneaker field. This weekend, Skechers stands to catch lightning again when Keflezighi toes the starting line of the New York City Marathon.”
- “He’s still a bit of a long shot. But even before the starting gun sounds, the race should be a boon for Skechers. The company has released a limited-edition shoe for the event, and Keflezighi is on a publicity sprint. Some soon-to-be-weary marathoners are already putting momentum behind the Skechers Twitter campaign #haveafastday.”
- “The thing that Skechers’ marketing team seems to realize—perhaps better than Nike—is that winners are rare. Most of the people buying sneakers these days are long shots, not locks. Baby boomers, a demographic mass of spending power, are likely fading further from their personal-record running times by the day. A guy like Keflezighi resonates with them in a way that a Kenyan wunderkind doesn’t. Sure, he’s a superhuman athlete, but he’s also an aging dad with no formal training program. That’s why Skechers signed him in 2011, just after Nike dropped him.”
- “Nike is still far ahead in the running-shoe game. It holds roughly two-thirds of the market, according to Princeton Retail Analysis. Skechers, meanwhile, is far back in the pack, trailing Asics (13 percent); Brooks (6 percent); Adidas (3 percent); and Under Armour (3 percent).”
- “A day after Keflezighi stood on the podium in Boston, Skechers Chief Financial Officer David Weinberg told analysts that the company was just starting to get its performance shoes into sporting goods stores. ‘Right now, we’re still at the very early stages,’ he said, ‘but obviously the possibilities are very, very large.’”
- “The Keflezighi effect, however, seemed to take days, not years. Rick Huggins, vice president of merchandising/marketing in the company’s performance division, said the marathon result ‘tilted the scale’ in conversations with specialty running stores. ‘We definitely saw an impact right away,’ he said in an e-mail.”

Additional research by Renee Euchner, Steve Evans, Gloria Shao, Cindy Elsberry, Jacqueline Fox, Eugenia Lee, Kevin Murphy, and Tina Strasser.

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