

MBAK 6895
Decision Assignment 1
K-Swiss

K-Swiss was founded in 1966 in California by brothers Art and Ernest Brunner. The pair enjoyed skiing and tennis, and it was their desire to design a shoe specifically for the demands of tennis players. The result was the first all-leather tennis shoe, and it caught on quickly among tennis players and upscale consumers. K-Swiss was different from most athletic footwear companies in that it did not bring new styles to market frequently, nor did it branch out to other sports as companies like Nike and Reebok did during the 1980s. And, unlike other footwear brands, K-Swiss spent little money on advertising. The focus continued on offering high quality shoes for tennis until the early 1990s. At that time, K-Swiss extended its product line to include shoes for aerobics, basketball, and hiking. In the mid-1990s, K-Swiss sought to appeal to a young, active market in addition to its core upscale market.¹

The move to expand the target market worked for K-Swiss as sales grew by positioning K-Swiss as a lifestyle brand. K-Swiss targeted 14 to 24-year-olds, a lucrative segment that buys 50% of all athletic footwear.² However, the fact remained that K-Swiss is a tiny company compared to Nike and Reebok. Also, other brands known for athletic footwear were positioned against lifestyle, most notably Puma and Converse. Competition from brands such as Vans, Skechers, and Under Armour made competition in the footwear market even fiercer. The K-Swiss classic tennis shoe continued to perform decently in the tennis market, but styles aimed at the lifestyle segment did not always meet expectations.

A new chapter began for K-Swiss in 2016 when Barney Waters was named President of the company. He resolved to return the company to its tennis heritage and market to underserved niches. Waters said K-Swiss had lost focus. His goal was to remake K-Swiss as “a specialist again rather than a generalist.”³ That aim is rooted in realities of being a small brand competing in an industry with giant competitors like Nike and Adidas.

Being a small player in the large athletic footwear market creates challenges for K-Swiss. The brand has taken different approaches to product and communication strategy in the footwear category. Unlike its larger competitors, K-Swiss does not have a deep roster of athlete endorsers. Where Under Armour has more than 50 athletes and celebrities as endorsers, K-Swiss does not have an athlete immediately recognized as the face of the brand.

The difference between K-Swiss and competitors might not be the weakness that it appears. Nike and Under Armour in particular are saddled with millions of dollars in sponsorship obligations to athletes and teams. One footwear industry analyst called the celebrity endorser

model “broken.” Paying athletes to endorse shoe brands is perceived as inauthentic.⁴ K-Swiss is free of high marketing expenses that put a drag on profits.

The decision by K-Swiss to avoid intense competition in mainstream segments of the athletic footwear category has prompted the brand to seek less crowded spaces. A unique approach taken with brand strategy was to associate the K-Swiss brand with entrepreneurship. A campaign called “Generation K-Swiss” featured influencers and creatives. Video interviews explore their entrepreneurial journey and feature their competitive spirit. K-Swiss aims to outfit entrepreneurs whose personas fit with the brand’s drive for excellence and competition.⁵ The star of the Generation K-Swiss was Gary Vaynerchuk, a serial entrepreneur, author, and owner of Vayner Media. K-Swiss introduced two styles in its men’s style line designed by Vaynerchuk—the Gen-K Icon Knit Gary Vee and Court Frasco Gary Vee. K-Swiss looked to leverage the growing visibility of successful entrepreneurs. Just as basketball players wear Jordans to “be like Mike,” will aspiring entrepreneurs adopt the fashions of their business role models? Values of entrepreneurs like grit and determination are brand associations that could positively influence perceptions of K-Swiss.

Another market segment that has received attention from K-Swiss is esports. K-Swiss first developed a lifestyle sneaker for gaming in a collaboration with Immortals Gaming Club in 2018. The next year, K-Swiss and IGC collaborated again to develop the first mass-produced sneaker for esports athletes: the MIBR One-Tap. The MIBR branding element is a nod to Made in Brazil, an esports team acquired by IGC in 2018. K-Swiss President Barney Waters commented on the potential of esports: “(Esports) is too big and growing too fast to be ignored. While I think a lot of brands are sleeping for the moment, it’s only a matter of time before they catch up.”

The focus on entrepreneurs and esports is consistent with the strategy to avoid competition with big sneaker brands in larger segments such as running and basketball. K-Swiss Barney Waters said “As a challenger brand, I’m always looking for these opportunities to stand apart to do something different and new. I think it’s only a matter of time that every brand gets involved. But, we are able to get ‘first-mover’ advantage in that we announced the first signature sneaker for an esports team.”⁶

In addition to entrepreneurs and esports, K-Swiss has pursued opportunities to tap into popular culture. Among the collaborations involving K-Swiss sneaker styles were movies including “Clueless,” “Ghostbusters,” and “El Camino: A Breaking Bad Movie.” In another collaboration, K-Swiss partnered with mobile gaming brand Angry Birds to create two limited-edition sneaker styles in honor of the app’s 10th anniversary. As influence shifts from mainstream celebrities to influencers with modest audiences, the opportunities for K-Swiss to tap niche segments appears limitless.

Decision:

K-Swiss is currently targeting three segments in the footwear market:

- Tennis amateurs and professionals (tennis shoes)
- Entrepreneurs, creatives, and fashion conscious consumers (Generation K style shoes)
- Esports.

You have been hired as Chief Marketing Officer for K-Swiss. You have been tasked by the CEO to prioritize the three market segments in order of their potential to impact company growth.

Identify the market segment that should be the top priority for K-Swiss. Your justification should include limitations of the other two segments that prompted them to not be selected as top priority. Support your decision by drawing support from occurrences or trends in the internal and external environment mentioned in the scenario that would be conducive to your recommendation.

Prepare your response in a Word document and upload to the dropbox folder for Decision Assignment 1. Submission deadline is Saturday, April 11, at 11:59 p.m.

¹ K-Swiss, Inc. (n.d.), accessed October 12, 2010 at <http://www.fundinguniverse.com/company-histories/KSwiss-Inc-Company-History.html>.

² “Keeping K-Swiss on its Toes,” (2004), June 7, accessed October 12, 2010 at http://www.businessweek.com/magazine/content/04_23/b3886103.htm.

³ Peter Verry (2018, October 1), “K-Swiss is Trying Unconventional Moves—Will They Help the Brand Make a Comeback?” retrieved from <https://footwearnews.com/2018/business/athletic-outdoor/k-swiss-sneakers-brand-comeback-1202689657/>.

⁴ Brett Hershman (2018, July 9), “Micro-Influencers: A Growing Component of Apparel Brand Strategy,” retrieved from <https://ezproxy.mtsu.edu/login?url=https://search.proquest.com/docview/2066650254?accountid=4886>.

⁵ Daniel So (2017, September 8), “K-Swiss is Powering the Next Generation of Hustlers and Go-Getters,” retrieved from <https://www.highsnobiety.com/2017/09/08/k-swiss-generation-k-entrepreneurs-video/>.

⁶ Christopher Hall (2019, July 22), “K-Swiss Esports Performance Sneaker a First Ever,” *Sourcing Journal*, retrieved from <https://ezproxy.mtsu.edu/login?url=https://search.proquest.com/docview/2265689612?accountid=4886>.