

Unit 1

The World of Marketing

PREPARE FOR READING

What Do You Know?

Set a timer for one minute. During the minute, list brands of clothing that are popular with you and your classmates. When the minute has passed, describe the customer profile for each brand listed.

Unlock Some Key Terms

maverick Colloquially, this term describes a person who refuses to conform to a particular standard and who considers himself or herself independent.

stubbed its toe Another colloquial expression, this phrase is used in the article to mean that large athletic shoe companies have lost money while trying to appeal to skateboarders. The author uses “stubbed its toe” to imply that the company was hurt, but not seriously injured, just as one who stubs his toe would feel pain but not require medical attention.

ban To prohibit or forbid.

craze A fad or fashion; some item or activity that is popular for a short period.

a point or two of share This phrase is an example of the jargon used in marketing. *Share* is an abbreviation of *market share*, which—as you will learn in Chapter 29—is one company’s share of all of the purchases of a particular kind of product. To have “a point or two” of a market means that a company generates one or two percent of all the sales made in a particular market.

hardcore In the article, the term describes the most loyal and dedicated part of a group.

upscale Colloquially, the term describes something that is targeted for people who are stylish, educated, and relatively wealthy.

chronicles Tells the history of something or someone.

momentum A strength or force that keeps an object or idea moving forward.

nimble Moving quickly and easily; adapting to change.

TARGET YOUR READING

Try This Technique

Review the definitions of *target marketing*, *customer profile*, and *psychographics* (see Chapter 2 of *Marketing Essentials*). As you read the article, take notes on how Vans Inc. used target marketing, customer profiles and psychographics to become skateboarders' brand of choice.

BusinessWeek: May 28, 2001

Vans: Chairman of the Board

How the shoemaker turned itself into skateboarders' fave.

By Arlene Weintraub with Gerry Khermouch

Skateboarding has come a long way since roller skates were first nailed to a slab of wood. The sport has spread beyond a few **maverick** teens practicing their flips and spins on city streets and in empty swimming pools. But reaching them has proved tough. More than one athletic shoe giant has **stubbed its toe** trying to play to skateboarding's rogue image.

These days, the brand of choice is tiny Vans Inc. The Santa Fe Springs (Calif.) company, which pioneered thick-soled, slip-on sneakers able to absorb the shock of a five-foot leap on wheels, maintains its cool image with an offbeat marketing mix. Instead of relying heavily on mass media ads, it goes in for events, sponsorships, and even a documentary film to celebrate the outlaw nature of skateboarding culture. Its sales centerpiece: the elaborate skateboard parks Vans is building at malls around the country, venues that usually **ban** skateboarders. "Our vision is not to hit our target audience over the head with ads, but to integrate ourselves into the places they are most likely to be," says Vans CEO Gary H. Schoenfeld.

With the skateboarding **craze** still hot, that's translating into heady growth for Vans, which sells

through its own chain of 140 stores as well as independents. Earnings will climb 38 percent, to \$15.5 million, on sales of \$336.4 million—up 23 percent for the year ending in May, estimates analyst John J. Shanley of Wells Fargo Van Kasper. True, that gives Vans just a **point or two of share** in an overall athletic shoe market half-owned by Nike Inc. and swarming with up-and-comers. Still, by staying true to its base of alternative-sports fanatics, the company has built an intensely loyal customer base. As apparel sales struggled during last year's difficult holiday quarter, Vans's same-store sales rose 16.3 percent. Orders for this fall's back-to-school season are up 25 percent.

The company's skateboard parks are helping it branch out beyond **hardcore** street-skaters to kids willing to pay \$14 for two hours of skateboarding. Eight of its parks have already opened at **upscale** malls around the country, and a ninth, with 50,000 square feet of wood ramps and concrete bowls, opens in June in Denver. The brand-building potential is obvious. "I wouldn't wear anything else. I like just about anything Vans sells," says Tom Ward, 15, of Cherry Hill, N.J., who has visited the new park in nearby Moorestown five times since it opened a few weeks ago.

Now Vans is about to get some big-time media exposure. The company's 21-event Vans Triple Crown, a showcase for sports ranging from skateboarding to BMX biking, is moving from ESPN to NBC Sports, where coverage begins on May 19. And Dog Town and Z-Boys, a Vans-financed documentary narrated by Sean Penn that **chronicles** skateboarding's early days, has been picked up for distribution by Sony Pictures Classics.

WIMP WATCH. But if Vans wants to keep its **momentum**, it will have to offer new products

without offending the loyalists who love its maverick roots. The company has moved into snowboard boots but steered clear of inline skates. Why? To keep the faith of skateboarders who consider inline skating a wimpy offshoot. It's also experimenting with hiking boots, an expanded women's collection, and a clothing line with partner Pacific Sunwear of California Inc.

Still, there's always the risk that the fad will fade or that someone could invade Vans' territory, as Nike

tried to do in 1995. Schoenfeld doesn't believe the major brands have the right stuff to reach his rebellious market. "I have a tough time picturing Tiger Woods on a skateboard," he quips. "These kids know who's authentic." Still, he'll have to be **nimble** to make sure Vans doesn't get chased out of the market like a skateboarder on a busy street. ■

REVIEW AND APPLY YOUR READING

Check the Key Facts

Read the following statements. If a statement is true, write *true*. If it is false, write *false* and explain why it is false.

1. According to the article, Vans Inc. and other apparel (clothing) manufacturers had difficulty making profits during the 2000 holiday season.

2. Vans' construction of skateboarding parks is an example of place strategy in the company's marketing mix.

3. At the time the article was written, Vans Inc. sold 50 percent of the athletic shoes sold in the United States.

4. One place strategy Vans uses is to sell its shoes through its own chain of stores and through other independent shoe stores.

5. One product strategy Vans considered was to market an inline skate in order to appeal to a wider target market.

Review the Key Concepts

1. Vans sponsored a TV-broadcast sports showcase called “Vans Triple Crown.” What marketing function did the sports showcase exemplify?

2. What product strategies did Vans use to appeal to its target market?

3. How did Vans use skateboarding parks to widen its target market?

4. Based on what you’ve read in the article, write a brief psychographic description of a Vans’ consumer.

Think Critically

In Chapter 2 of *Marketing Essentials*, review the discussions of market segmentation and demographics. Then identify demographic information that Vans most likely used to discover its target market.

Apply What You’ve Learned

In a group with two or three classmates, brainstorm a list of currently popular promotional strategies used by companies whose goods are popular with high school students. (Such strategies may be similar to the skateboard parks and event sponsorships described in the article, or they may be more like TV or print advertisements.) As a group, choose one strategy from your list and analyze it to determine the company’s target market. Include demographic, psychographic, and geographic (if applicable) characteristics. Present your analysis to the class.