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Case Analysis
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Case: Geox: Breathing Innovation into Shoes

Key Challenge:

Geox is a footwear company which was created by Mario Polegato in 1992. While walking among the Nevada desert, he got the idea for a shoe that breathes and that has been the main focus of Geox's shoes ever since. Nowadays, Geox is the second largest manufacturer of shoes within the lifestyle market. However, due to their strategic planning, the company is still able cross-position themselves and able to compete within various markets. Yet, despite being a company that conducts business within 68 countries around the world, Geox still has to worry about the sustainability of their competitive advantage.

External Analysis:

When conducting an external analysis, one can conclude that Geox is competing within a mature market that has a strong source of competition. When summing the shares of the top firms within both the lifestyle and athletic market they own around 50% of the market share in 2007. Therefore, showcasing that the industry has tended to become concentrated. Yet, the markets where highly fragmented due to low barriers of entry which in turn tends to increase internal rivalry. Also, the firms that a competing particularly within the lifestyle shoe industry are quite similar. However, because shoes are not commodities due to the values associated with a brand and their overall high brand image there still is product differentiation.

Through a high level of investments in marketing as well as communication, Geox is able to offer a unique quality to their brand which is breathability. This in turn results in their product differentiation being quite high which decreases their price competition and internal rivalry. Then when analyzing Geox price competition with its competitors it tends to weak.

Now when analyzing the entry and exit barriers of the markets, it can be seen that due to the size of the firms competing and how well established they are it decreases the amount of new entrants that enter. The main entry barriers that affect new entrants from entering within Geox's industry is their economy of scale, high capital requirements, absolute cost advantage, product differentiation, and supportive channels (distribution, suppliers and promotions). This is why Geox is able to excel in their industry because they are able to offer these key factors: 1. Innovation 2. Patents 3. Quality 4. Strong brand image 5. Marketing and communication 6. Differentiation of their products offered at moderate price.

Internal Analysis:

When conducting an internal analysis, it suggests that Geox will still be able to maintain sustainable competitive advantage because they still have considerable sources, which are coherent with the key success factors of the industry. Geox's main sources of advertising come from televisions, press and attachments, thus resulting in a high source of brand recognition. Geox also has been able to benefit from globalization because they have a flexible supply chain which allows them to benefit from both offshoring as well as outsourcing to other countries. Unlike companies such as Nike and Clarks, Geox is able to cross-position within the men, women, and children footwear demographic selling lifestyle, sport and classical shoes. Therefore, this enables Geox to benefit from the economies of scope. In addition, Geox's human resources also is part of their strategic strategy. They are able to employ a high number of workers among various levels of the company within different countries. Also the capability of the Geox Group to be efficient as well as flexible is able to promote a productive and logistic cycle. Since production is delocalized keeping costs cheap as well as maintaining quality testing, they are able to decrease their costs without sacrificing quality. Yet, in the end, Geox's success is mainly due to their innovation in technology and its protection over them. As mentioned before, since Geox is able to make considerable R&D investments and has more than 50 patents which is a large factor as to why they can succeed in their competing industries.

Conclusion:

Overall, Geox is good at innovating to improve their processes and products. Their resources and capabilities enable them to succeed within the industry. Geox was able to redefine the market space with its unique proposition. Therefore, in terms of Geox's sustainability, the company should continue investing in research, patents, and implementation of new solutions. In addition, Geox should continue to boost their market share and loyalty among customers by investing in more international expansion, thereby increasing the amount of stores as well as increasing their overall product lines.