



CROX



Today's Price: 71.88
 Market Cap: 4.63B
 Industry: Consumer Discretionary
 HQ: Broomfield, CO

If you ain't crocin', you ain't rockin'.



Business Overview

Crocs, Inc. is engaged in the design, development, worldwide marketing, distribution, and sale of casual lifestyle footwear and accessories for women, men, and children. They strive to be the world leader in innovative casual footwear, combining comfort and style with a value that consumers want.

Thesis Points

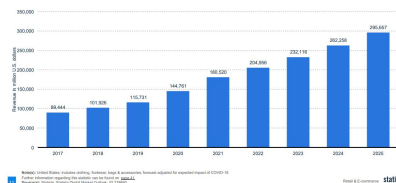
- Broadening Consumer Base:** New product offerings lead to an increase in brand awareness and customer stickiness. Crocs at Work is specialized for people who value comfort and want to wear these shoes in the workplace. Additionally, exclusive influencer and brand collaborations increases hype, brand image, and brand loyalty among consumers.
- Expansion into various markets:** Crocs is refocusing their efforts into expanding their presence in the digital space with the recent release of their mobile app and acquisition of HEYDUDE. Additionally, they are targeting Asian consumers, specifically those in China, as they have the world's second-largest shoe market.
- Capitalization of Industry Trends:** Consumer demand for comfortable shoes is on the rise and Crocs capitalized on this by creating a fuzz-lined shoe collection. Crocs decided to partner with Dow and integrate a bio-based material into all of their shoes. Lastly, retailers are starting to cut wholesales out of the supply chain, which allows Crocs to have an increased focus on growing their direct to consumer channels.

Industry Overview

Crocs operates in the Footwear wholesaling and retail industries. Businesses in the wholesaling industry purchase shoes from manufacturers and resell them to retailers with minimal or no further development. Business in the retail industry involves purchasing footwear from wholesalers and selling it directly to customers. Crocs distinguishes itself in the non-athletic sub industry, as a brand that markets itself as a comfortable, breathable shoe alternative to sneakers. Trends expected to impact this industry include the disintermediation of wholesalers across the supply chain and supply chain issues.

Apparel, footwear and accessories retail e-commerce revenue in the United States from 2017 to 2025 (in million U.S. dollars)

U.S. Fashion and accessories e-retail revenue 2017-2025



Valuation & Risks

Risks: Potential risks that Crocs may face are if they go out of trend and the demand for the shoe dies down, their dependence on international suppliers, and that they may face increased costs as they try to expand into different sub-verticals of the footwear industry.

Valuation: Projections are conservative, with revenue projections ignoring the boost in YoY revenue from 2021 due to the recovery from COVID. Comparative analysis indicate a highly undervalued company, although, Crocs has few direct competitors to compare to. Implied upside using the Perpetuity Growth Method is 10.66%.