

"Tell them we are sold out"

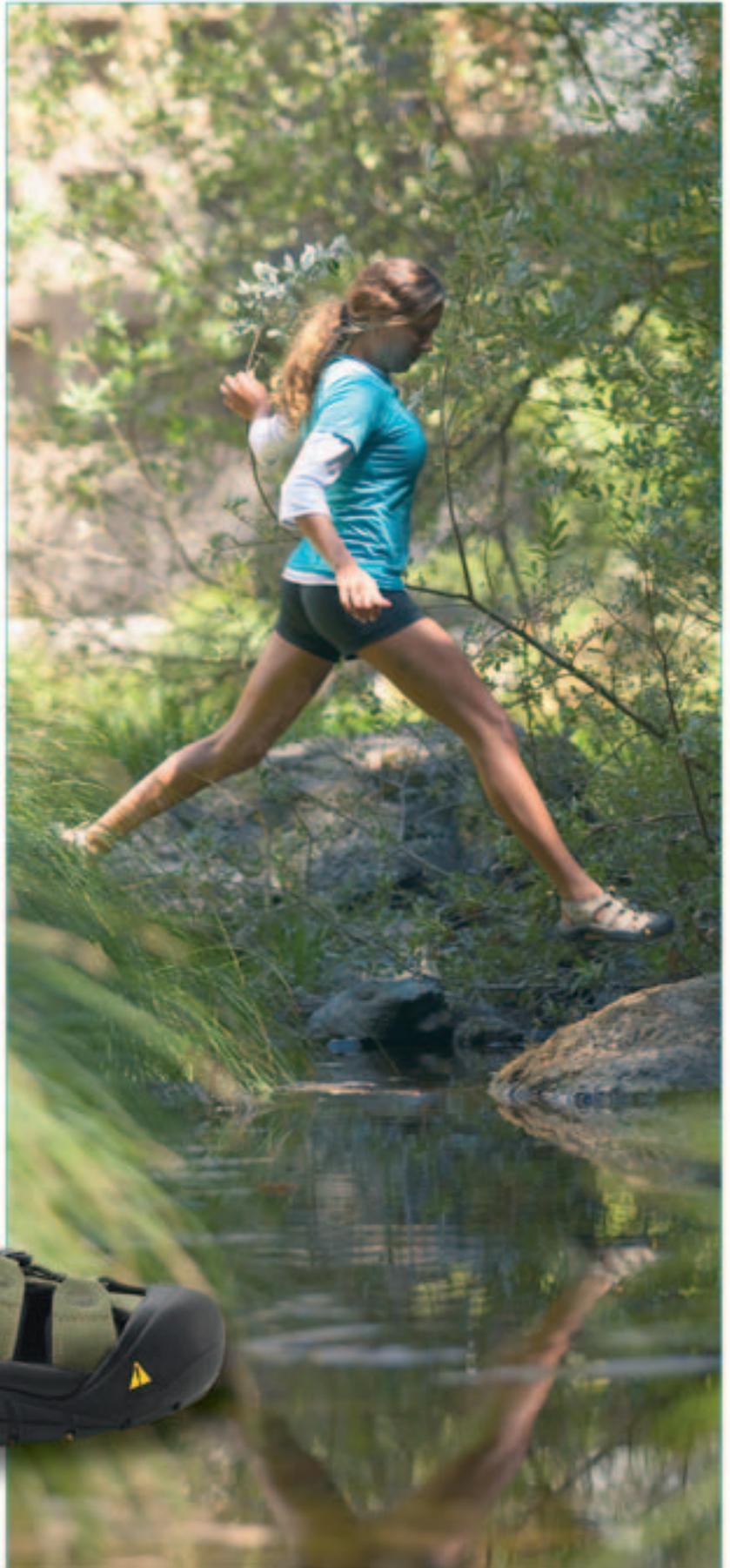
Founded in 2003 Keen Footwear has seen spectacular growth, driven by an innovative product offering which has captured the imagination of a wide range of outdoor and active consumers. This has been supported by one of the most powerful word-of-mouth marketing campaigns which has been in part serendipitous and in part carefully orchestrated

You could be forgiven for imagining that all middle class Americans go out and buy a new pair of New Balance sneakers every summer and then head off to the National Parks for their holidays. Shiny white NB 'logo'd' shoes are the stamp of the tourist summer in that fantastic central area of the USA which is overloaded with some of the most wonderful National Park destinations in the world.

This year there was a change, for a significant proportion of the US nationals that make up the more than 2.5 million people who visit Zion National Park each year were in a new brand, unknown just two years ago. Yes, Keen Footwear had made the transition from the ocean to the mountains.

Keens are unusual looking, somewhere between industrially functional and designer beautiful. Zion must be the most outstanding park in the US for getting off onto the walking trails, and folk on the trails have been getting stopped so their Keens could be pointed out to friends, or have been asked where they were bought. Wearers were swapping notes with each other about where they first found out about them and where they purchased them. Particularly important for an emerging brand, it was surprising to learn just how many Keen owners have been back to buy a second pair.

This is why Jim Van Dine had the company change its name from Keen Sandals to Keen



The Newport sandal from Keen with its waterproof uppers and razor sipped outsole is designed to perform in adverse conditions.

 Keen Footwear

Footwear as soon as he joined the company. As head of international sales of marketing, Sean Carney, told WSA the Newport Sandal was Keen's "first home run." Van Dine did not want the company to be a one-shoe company.

Everything about Keen is young and fresh. Van Dine joined the company in 2003 to head up sales, and it was in 2003 that Martin Keen established the brand as a protective sandal suited to the needs of top class sailors. Martin Keen is himself a long time shoe designer for companies which include K-Swiss and Saucony and he is a world class sailor.

By 2004 sales had passed the \$30 million mark with growth taking them quickly along towards \$100 million per annum. This almost certainly surpasses any previous footwear brand. It reportedly took Teva three years to reach just \$1 million.

Most companies have a culture distinguished by memorable stories and legends. For Nike it is Phil Knight using a waffle iron to make soles in his kitchen while for Reebok it is Paul Fireman's error in importing sports shoes made from clothing leather, which unexpectedly turned out to be perfect for aerobics.

If Sarah Duxbury of the San Francisco Business Times is to be believed, the fable about Keen is going to be Van Dine instructing his sales force (one lady) to tell three out of four customers that they were sold out. The theory was that the surprise would make retailers inquisitive and Van Dine is quoted as saying to her "This is all about next year. If we sold every shoe to the pair it wouldn't mean anything. It's more important to start excitement and demand."

Keen creates "the buzz"

Certainly, those who have visited the Keen trade stands in 2004 and 2005 know that it has created the "buzz" that a new brand needs.

Keen is very much a company of the new age of communication and cooperation. Like the low cost airlines they have built up a structure which is certainly more agile than its competitors as they had no complex established legacy that needed to be dismantled. Most production is outsourced and while space is booked in the Asian plants, decisions on styles are left to the last minute. Van Dine is well-experienced in the footwear industry with a long history at Reebok and has a strong team working with him. He has the relationships to build a set up with designers, material sources and manufacturing with a high level of flexibility.



Keen's Newport H2 with its polyester webbed uppers can withstand the abuse of saltwater and dirt.

 Keen Footwear

Another description of "buzz" is "kuchikomi" marketing, or word-of-mouth. Keen has grown so exceptionally quickly because it has managed to use this tool very effectively featuring on Web blogs from the influential "Cool Tools" which supposedly get 240,000 hits a day and the very important "Metacool" blog run by Diego Rodriguez which is read by all leading marketers.

One big assist for the company was the adoption of Keen sandals by Steve Jobs, the co-founder of Apple and Pixar, and his appearance at Apple product launches wearing them. It is not clear whether this was very clever product placement or just sheer luck, but Sean Casey did make the point that it was nice to be associated with such an innovative company as Apple. For Keen the "whole philosophy is to do things differently".

Without doubt, at some stage down the road, getting the right people into Keen sandals was a goal for Van Dine, even as far away as New Zealand. When Juliette Jordan and Steve Gibbons who own and run a guided walk company called Southern Wilderness saw the shoes they called for samples and were supplied on demand. Summer guided walks in New Zealand often involve mixing canoes and walking in order to get access to the paths, and the Newports with a neoprene lining, protective toe, and quick drying leather are perfect. One is high profile, one is very practical and both are very effective placements.

Another major element in the word-of-mouth marketing technique was the decision to transfer \$1 million that had been earmarked for advertising to donations to charities largely chosen by

employees. Done for purely altruistic reasons after the tsunami in January 2005 both the action and the comments were consistent with the consumers' expectation of the brand. "When we were young adults, we always said that when it was our turn to be in charge, we'd do things differently than previous generations. We will be more responsible citizens of the planet, more tolerant of other cultures and ideas, and will exercise our power as individuals," said Angel Martinez, former CEO. "Even though Keen is still in its infancy as a footwear company, it's never too soon to step exactly in the direction of the future we want to build."

"We were going to spend more than a million dollars in advertising and now we're redirecting those monies," said Keen president Jim Van Dine. "It was that sudden and that simple. The tsunami disaster reminded us of a promise we made to ourselves when we launched this company less than two years ago: to form a company that reflected our personal values. That includes having an active social conscience. Now more than ever is the time to keep that promise."

Hybrid footwear hybrid lifestyles

Keen Footwear is now categorised as "hybrid footwear" and the hybrid is classed as part of the Keen philosophy: "Like most people we live many lives, splitting our time between the beach, the trail, the city streets and anywhere else our



Newport H2 in iced lilac, part of Keen's childrens range.

 Keen Footwear

days take us..." Amongst its targets the company describes the "true adventurer" and the "urban outdoorsman". Rugged yet comfortable; functional yet freeing; protective yet stylish."

According to Sean Carney, head of international sales, Keens are now available in some seventy countries. This includes all of Western Europe, most of Eastern Europe, Canada, Japan, Taiwan, Korea, New Zealand, Australia and Latin America. His view is that there is a need to move quickly before the world starts to copy, as they are already seeing, what he describes as, 'knock off' products. The protected toe format is the subject of patents, but in the footwear industry design patents and sometimes utility patents are notoriously difficult to enforce. The plan is to have the worldwide consuming public recognising the look of the Keen product.

As well as being a toe protected sandal, the Newport has a compression moulded EVA footbed and midsole, a non-marking carbon rubber outsole with water traction and an Aegis Microbe Shield anti bacteria treatment in the lining. At the end of the day, according to Carney "if you wear the shoes day-in-and-day-out for weeks, then they are designed to just be thrown in the washing machine, and will come out fresh and new looking." The entire line of sandals is machine washable and all have been tested through 150 cycles.

The range now includes four categories that are almost separate brands.

The Trailhead is for those who really like to mix water and rocks, and includes styles like the Boulder which has a stickier rubber outsole. The Boulevard group is designed for the concrete mountains of the city; shoes for the urban fox. These shoes have full uppers and while they are more fashionable this supposedly does not compromise performance. Market Street shoes are more for women and include clogs and Mary Janes (with a strap and buckle). There is also a flip flop range called Waterfront and a small range for children.

Carney emphasises the importance of moving quickly from the sandal, and the newest challenge has been trail running shoes such as the new Ochoco and the Humbolt (a running shoe with amphibious tendencies). "Wherever we go in the future we will only go where we can provide something unique."

And are you a wimp if you wear socks with Keen sandals? "No" says Carney, "we encourage people to wear socks with our sandals." And true to his word they ran an autumn 2004 promotion with Smartwool socks.

The challenge for Van Dine, who was promoted to president at the start of

2005, will be to keep the momentum growing and not get Keen Footwear trapped into a niche in the way that Doc Martens did. They cannot afford to be pigeon-holed as a sandal company if they want to continue to grow. Staying different is a battle though as it gets bigger and there are already signs of a more conventional office and outsourcing setup becoming established. Being different is a difficult USP (unique selling proposition) to maintain.

As the German political philosopher Hannah Arendt said, "The most radical revolutionary will become a conservative the day after the revolution." 