



TOMS Marketing Plan

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Executive Summary

Blake Mycoskie is the CEO for TOMS, a company that has been operating in the casual footwear industry since 2006. Their revenue stands at 250 million dollars as of 2013, and we plan on using 4.54% of that profit (\$11.35 million) for our marketing plan. We will use these funds to develop our more durable “Classic Redefined” shoe that will address consumer concerns about the quality of our shoes (\$10.35 million). The remaining \$1 million will be used to advertise our new product to our target market, and hopefully attract more consumers including those in our underdeveloped East Coast market¹.

TOMS pioneered the One for One model of giving, which is their largest competitive advantage. The company helps people in need by matching every product sold with a comparable product donation, which improves the lives of people in over 60 countries. TOMS sells beautiful, simplistic shoes for everyday wear and has recently expanded their product line to include accessories, sunglasses, and coffee¹. TOMS’ main competitor is BOBS by Skechers who offer a similar design, price, and charitable function as TOMS. However, the TOMS brand is much preferred by consumers as you can see in Exhibit A in the Appendix. We expect our investment of \$11.35 million to increase our profits even though each shoe will have a higher production cost that is associated with the degree of quality that we are implementing. Our new shoe will be assisted by our increased advertising presence, which will allow us to reach more customers and by extension, enable us to sell more shoes.

¹ TOMS N.d Web 10 Dec. 2014 <<http://www.toms.com> >

I. Situational Analysis

In 2006, Blake Mycoskie founded TOMS after visiting Argentina and realizing that many children in countries all over the world are lacking basic necessities in life, such as shoes. The TOMS slip-on shoe design is based off the iconic Argentine Alpargata and Espadrilles designs. A comparison can be found in Exhibit B. Mycoskie created a new shoe brand, but also broke into the market with his unique One for One® charity². TOMS mission statement is: "We're in business to help improve lives. With every product you purchase, TOMS will help a person in need. One for One®". TOMS is a private, for-profit company, that does not post financial statements to the public; based off of Exhibit C we projected TOMS to take up approximately less than 1% of the casual footwear industry, being a company still in its infancy and that is highly specialized. The company also has never had an advertising budget, which remains true for the 2013 fiscal year. TOMS is based off of a simple design, which makes it easy to recreate. Their biggest competitor is BOBS by Skechers as shown in Exhibit D, who is a billion-dollar plus global leader in footwear industry³. TOMS is very small in comparison, following behind at a worth of \$600- \$700 million⁴ Although their company values are different, TOMS is still the leading donor in products giving away their ten millionth pair in 2013, and expected to reach another ten million by 2016⁴. TOMS has proved that the company's idea of "word of mouth" marketing has worked for them and brought success in the campaign. It created a new perception of the brand as being charitable, hip and trendy. In

² TOMS N.d Web 10 Dec. 2014 <<http://www.toms.com> >

³ SKX. N.d Web 10 Dec. 2014 <<http://skx.com/>>

⁴ Businessweek. "TOMS" *Businessweek*. N.d Web 11 Dec. 2014 <<http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=51581898> >

Exhibit E TOMS SWOT reveals that there are many more opportunities that TOMS can take advantage of to continue to build their company and expand.

II. Marketing Goals and Objectives

Our marketing plan involves a 3% increase in customer satisfaction during the 2015 fiscal year by launching our Classic Redefined shoe. This shoe will be of higher quality and durability, but will retain the TOMS much-loved Classic design as seen in Exhibit F. We also believe that in 2015, we can sell 500,000 more shoes than TOMS did in the 2014 fiscal year as a direct result of our improved shoe and our newly established advertising budget.

We identified the need for a higher-quality shoe based on responses to the survey we conducted. We found that almost half of respondents do not own TOMS, another half own 1-3 pairs, and a very small percentage of respondents own four or more as shown in Exhibit G. Also, when asked if they would buy TOMS again, almost 70% of respondents said they would. This can be seen in Exhibit H. TOMS can also be compared to BOBS by Sketchers, which offer a similar design, price, and charitable function to TOMS⁵. However, few respondents actually own BOBS, as shown in Exhibit I. This proves the TOMS brand is important to customers. In Exhibit J you can see when asked if they believed that TOMS' prices align with the quality, unfortunately, most respondents said no. We hope to change that with our "Classic Redefined" shoe.

As was previously mentioned, TOMS does not have an advertising budget- they solely rely on word-of-mouth⁶. Their only TV advertisement is in conjunction with

⁵ BOBS. "Sketchers" bobsfromskechers. N.d Web 11 Dec. 2014 <<http://www.bobsfromskechers.com/story>>

⁶ Yahoo "TOMS". *Yahoo Finance*. N.d Web 11 Dec 2014 <<http://finance.yahoo.com/blogs/breakout/3-things-don-t-know-toms-134605971.html>>

Target, who we believe covered, the cost of the ad. Our Classic Redefined shoe will keep the design of our Classic shoe while adding rubber soles, sewing the shoe together rather than using glue, and waterproofing the canvas before they are sold. The shoe will still remain eco-friendly. We wanted to keep the much-loved design as well as TOMS' morals intact with our eco-friendly Classic Redefined Shoe, which we will launch in spring 2015.

III. Marketing Strategy

TOMS' target market includes men and women ages 13-30 living in North America. They are high school and college graduates who are "hip, socially involved individuals... of the middle class,"⁷. The market also includes younger siblings of original customers. Urban Outfitters, Newbury Comics, and Nordstrom are among the most popular stores to buy TOMS Classic shoe¹. After surveying 100 people we discovered that comfort and trend are the main reasons for purchasing TOMS. Charity, or supporting their One for One program, was another key reason as you can see in Exhibit K.

A possible new target market includes adults over 30 who are interested in charity work. These would be adults that keep up with the latest trends, and look for higher quality shoes. Another untapped demographic includes young people on the East Coast. Our plan is to meet the needs of the target market by improving the Classic shoe, with hopes that the new shoe also attracts these other demographics.

TOMS are not meant to last more than a season or two and lack durability. To fix these problems we will include sturdier soles and more resistance, but keep the same

⁷ Wordpress "TOMS". N.d Web 10 Dec. 2014 <<http://tomspoli461.wordpress.com/toms-demographic/>>

look. With everything in mind, we created an advertisement that appeals to the target market, showcases the new Classic Redefined shoe, and promotes our changes (Exhibit L). This advertisement will be used in magazine spreads, and another version will be used as a billboard around the Boston area shown in Exhibit M. We decided that improving the classic shoe is a great opportunity to create an advertising budget.

We compared TOMS to BOBS by Skechers to recognize their points of difference⁸. TOMS has an original design, while BOBS can be seen as a knockoff. TOMS are also known for the One for One campaign, where they match every pair of TOMS purchased with a high-quality pair for a child in need (and provide more once the child outgrows them)⁹. BOBS followed this trend by donating shoes to over 30 countries, although it is less known. TOMS are also a huge trend with recognizable labels, while Skechers are more respected for other types of shoes (ex: sneakers). On the other hand, BOBS has rubber soles that make the shoe preferred for walking. Both shoes are about the same price, but TOMS is overall more successful. We want to keep our competitive advantages while improving the structure as BOBS did.

Since we made changes to the Classic shoe, we want to change the positioning in our customers' minds. For men and women ages 13-30, the TOMS Classic Redefined shoe best provides comfort and trend with its original design, improved quality, and One for One charity campaign.

IV. Marketing Program

TOMS currently utilizes many tactics to market their products. Many items come inside the package besides the shoes as you can see in Exhibit F. The box itself is unique,

⁸ BOBS. "Skechers" bobsfromskechers. N.d Web 11 Dec. 2014 <<http://www.bobsfromskechers.com/story>>

⁹ Yahoo "TOMS". *Yahoo Finance*. N.d Web 11 Dec 2014 <<http://finance.yahoo.com/blogs/breakout/3-things-don-t-know-toms-134605971.html>>

displaying the TOMS logo and One for One mission on the outside. Inside are the shoes, sticker, canvas bag, and an advertisement for their sunglasses. TOMS' logo and colors are bold and recognizable on the canvas bag and sticker. These work as advertisements to spread the word about the company. TOMS knows that customers are going to put the sticker on their car, laptop, etc. and some may hang the canvas bag up. In the chart below, I have listed the features of our Redefined Classic Shoe, and their benefits.

Feature	Benefit
New, Rubber Sole	More durability; suitable for walking
Sewing the upper and lower parts together	Will make shoe last longer, won't come apart so easily
Weatherproofing upper canvas	Keeps feet from getting wet or dirty in rain and snow

Prices for a pair of Classic TOMS typically range from \$48 to \$54, which mostly depends on the pattern. They do offer some markdowns, which start at \$32.40¹⁰. They sell Classic shoes up to \$124.00, which are TOMS+ products. There are made with premium materials in hopes of reaching a high-end segment of shoe purchasers¹¹. TOMS incorporates a mix of target and skimming pricing. They use target pricing when charging the most their target customer is willing pay for a pair of TOMS. They also bump the price of TOMS+ shoes up to \$124 to reach that higher-end segment who look for more expensive shoes than the common customer. TOMS charges more than the average shoe company does because they are in turn donating another pair. They also use skimming pricing by offering discounts on less-popular styles.

¹⁰ TOMS N.d Web 10 Dec. 2014 <<http://www.toms.com> >

¹¹ Footwear "TOMS". *Footwear News*. N.d Web 10 Dec. 2014 <<http://www.wwd.com/footwear-news/people/fn-spy-varvatos-goes-prime-time-meet-toms-5804126>>

There are two main ways TOMS' products reach consumers. The first is through websites like toms.com and nordstrom.com. The second way is through retailers. TOMS shoes are sold at 4 TOMS' owned stores in addition to Nordstrom, Newbury Comics, Neiman Marcus, Urban Outfitters, Bloomingdales, and more¹. After TOMS are purchased, the pair of shoes donated will be sent from the factory to a boat, and then they'll go on a truck or Jeep that will bring them to the child in need¹².

TOMS has many communication strategies. They have short YouTube videos, a blog, various social media sites, packaging inserts, an email list, promotions like free shipping or 12 Days of Giving, among many others. They also have One Day Without Shoes, which is an event run by a representative where you don't wear shoes, in order to raise awareness for people who go without shoes daily. This also raises brand awareness. By holding it in an area where TOMS is less popular, it can help the brand grow. Since TOMS is much more established on the West Coast (it was founded in California), having more of these events on the East Coast would be beneficial for the company.

TOMS also has over 100 partnerships ranging from health organizations like Partners In Health¹³ to retail chains such as one of their newest partners, Target. They now sell select TOMS products in Target and have also put out a holiday commercial with them¹⁴. Through this partnership, they have expanded their line to selling scarves, mittens, mugs, blankets, clothes, cell phone cases and other things. This is an extremely

¹² Averima "Wordpress" *Averima*. N.d Web 11 Dec. 2014 <<http://averima.files.wordpress.com/2011/09/toms-pr-plansbook.pdf>>

¹³ TOMSBLOG "TOMS" *Toms Blog*. N.d Web 10 Dec. 2014 <<http://www.pih.org/blog/toms-gives-shoes-with-partners-in-health>>

¹⁴ Target. "TOMS" *Target*. N.d Web 10 Dec. 2014 <<http://www.target.com/c/target-toms-brand-shop/-/N-54x96>>

beneficial partnership for TOMS, which is something we believe they should continue even after the holiday season.

Our marketing plan is centralized around advertising. Again, publicizing the shoe is a great way to start some advertising. We will put out TV commercials, would could easily be their YouTube videos shortened to 30-second showings. These commercials will go on prime time network stations such as MTV and VH1 for the older side of our target demographic, and ABC Family for the younger side. This way, TOMS can be seen nationally and reach our whole target segment at once. We will also place 4-week billboards around the New England area in major cities. Again, the East Coast is something of an untapped market for TOMS, and the new weatherproofing and durability will be attractive to consumers who already know about TOMS but don't think that the quality matches the price, which we found in our survey. As you can see in Exhibit M, we have created a potential billboard for Boston. It also has where it is sold and the address so consumers know exactly where to go to find the shoe. The financials for our advertising plan can be found in Financial Projections.

We also believe that having limited edition packaging would be something to enhance the brand. When people buy two or three pairs of TOMS and they get two or three of the same bag and sticker, it becomes redundant. If we changed the blue and white colors on the canvas bag and sticker (see Exhibit F), they then become collectors items and people will be more enticed to show them off, putting them in easily visible places. Maybe we could do green and red for Christmas; red and blue for Independence Day, but either way the logo and design will stay the same. If this becomes popular, we will also work with local artists who can come up with more specialty prints and designs

for shoes that could also in turn be printed on the bag and sticker. This way you would know which bag came with which shoe and it would make it more special.

V. Financial Projections

TOMS shoes currently meets the needs of the consumer by creating not only a fashionable shoe, but purposeful shoes as well. TOMS' brand message is very strong, recognizable, and understandable for consumers. Each customer is aware of the company and their mission. The company has been growing consistently since its launch in 2006 and has fairly reasonable prices, making it a very competitive company. Now with our new and improved Classic shoe customers will also receive quality shoes. TOMS was projected to sell 5 million pairs in the next year, however with our improvements we think we will be able to attract new customers and increase sales an additional 14%. The demand for TOMS is increasing each year and we believe it will increase even more with our improvements. According to Bloomberg Businessweek¹⁵, U.S. retail sales increased 1% in the past year. Job growth and lower taxes are helping Americans keep up spending after the biggest quarterly increase in four years. An improving labor market is also a contributor to boosted spending. These economic forces combined with a new strategic plan to promote the Redefined Classic Shoe will likely boost TOMS sales.

As previously mentioned we will be creating an advertisement budget. We decided that to start, we would purchase 250 television commercial showings that will cost us \$2,000 per showing. This will give us a total of \$500,000. We also decided that we would purchase 50 billboards to spread throughout the New England area. Since we would like to play these billboards in major cities such as Boston we estimated the price

¹⁵ Businessweek. "TOMS" *Businessweek*. N.d Web 11 Dec. 2014
<<http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=51581898> >

of each billboard to be around \$10,000 to be put up for four weeks. This also gives us a total of \$500,000. When we add these numbers together we get a grand total for our advertising budget of \$1,000,000.

Next we had to calculate our COGS for our new redefined shoe. In order to do this we had to break down the cost of the current shoe and adjust the prices to account for the new materials we would use in the shoemaking process. Currently TOMS Classic shoe is sold at a retail price of \$54. The landed cost, which is the materials, labor, freight, and anything else that gets the shoe made and to the consumer, is \$15-\$17.50 for the current Classic shoe. This makes the current profit at \$36 for every pair that is sold. We added \$5 to the landed cost to account for the new materials that we would use. This brings our new landed cost between \$20-\$23.50 and decreases our profit to \$31. Even though we are decreasing our profit we think we will increase sales with our new and improved shoe therefore increasing revenue. To start off we decided that we would produce 450,000 shoes. With our new landed cost this bring our COGS to \$10,350,000. Added to our new advertising budget, this gives us a grand total expense at \$11,350,000, which you can see in Exhibit N. Even though this number may seem high we only need to sell 366,130 pairs of our new shoes to breakeven. TOMS shoes is projected to sell 5 million pairs of shoes in the next year, which makes us believe that this is very achievable.

VI. Monitoring and Control

In order to make sure that our new Redefined Classic Shoe is successful, we will make sure to review customer satisfaction, customer loyalty, and revenues. To keep track

of customer satisfaction we will put a flyer in the box of the Redefined shoe that will have a barcode on it similar to the one in Exhibit O. When customers purchase the shoes they can scan the barcode with their phone and it will take them directly to a survey. This survey will ask them questions like, “How do you like your new shoes? Do you think the quality has improved? Do you miss your old TOMS?” These questions will give us valid data about whether or not our changes to the shoe have increased customer satisfaction. We decided that to get customers to take the survey we would use an incentive. When a customer takes the survey their name will be placed into a drawing. If they win they will receive a free bag of our dark roast coffee beans. This will also promote our coffee line that we just released. When you purchase a pair of TOMS on toms.com you will be asked to make an account. Having to sign into your account before you purchase a pair will give us the resources to track repeat customers. We will also work with our financial department in order to analyze our revenues. We want to see if our revenues are increasing, decreasing, or staying the same. All three of these methods will let us know if our plan is working and whether or not we have to make any adjustments to the new materials that we are using.

VII. Appendix

Exhibit A:

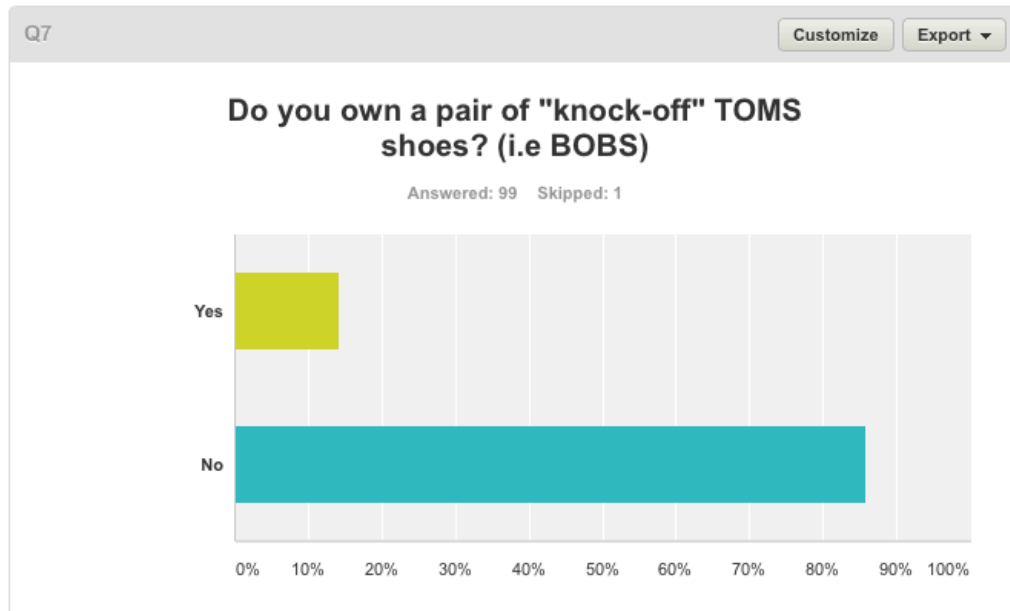


Exhibit B:

Argentine Alpargata



Exhibit C:

Income Statement	2009	2010	2011	2012	2013	2014	2015
Revenue	\$4,600,000	13,000,000	46,500,000	120,100,000	250,000,000	365,000,000	520,000,000

Exhibit D:

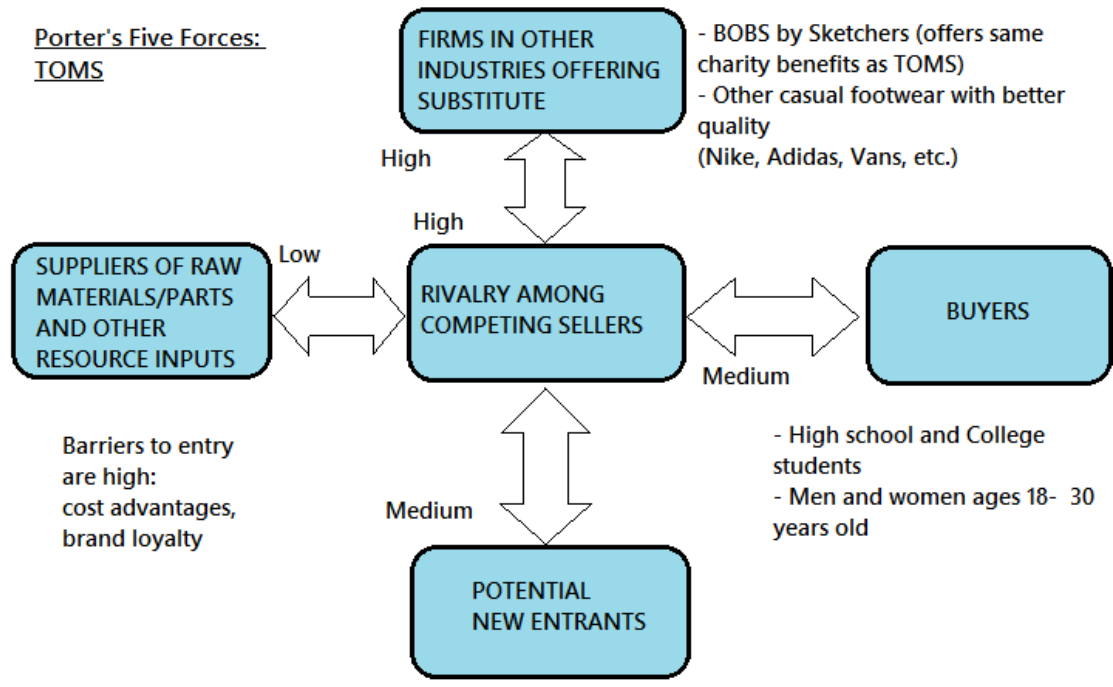


Exhibit E:
TOMS SWOT

<p>Strengths:</p> <ul style="list-style-type: none"> • One for One® Charity • 100+ partnerships established sell and deliver shoes • Quality commitment: only the highest quality of shoes go to the children • Satisfaction commitment: Children who outgrow their old pair of TOMS are given a new pair • Expansion: TOMS has grown since the release of their classic shoe; they now produce variety of different shoes, eyewear and coffee 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Operations: Unsure of working conditions in the factories- located in Argentina, Ethiopia and China • Design: Simple to recreate by other competitor • Small headquarter stationed in Santa Monica, California with only about two hundred workers
<p>Opportunities:</p> <ul style="list-style-type: none"> • As we have seen TOMS successfully expand, they also have room for further growth in terms of creating jobs as well as expanding their brand. • TOMS could increase their marketing presence to attract new customers, for example by having a stronger social media presence and advertisements 	<p>Threats:</p> <ul style="list-style-type: none"> • Promotion: Toms has zero advertising budget- just word of mouth • Other brands like Bobs have similar looking shoes with one-for-one campaigns • Their prices are high so people may be likely to purchase knock-offs • Quality doesn't match the price (soles wear out, no support) • Product design: Made to wear without socks, so they usually smell

Exhibit F:



Exhibit G:

How many pairs of TOMS shoes have you owned?

Answered: 100 Skipped: 0

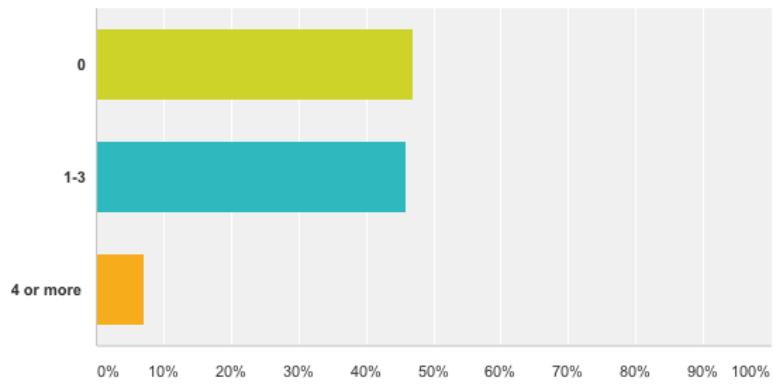


Exhibit H:

Would you buy TOMS shoes in the future?

Answered: 98 Skipped: 2

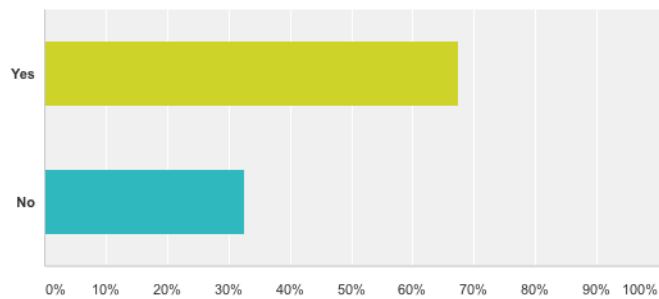


Exhibit I:

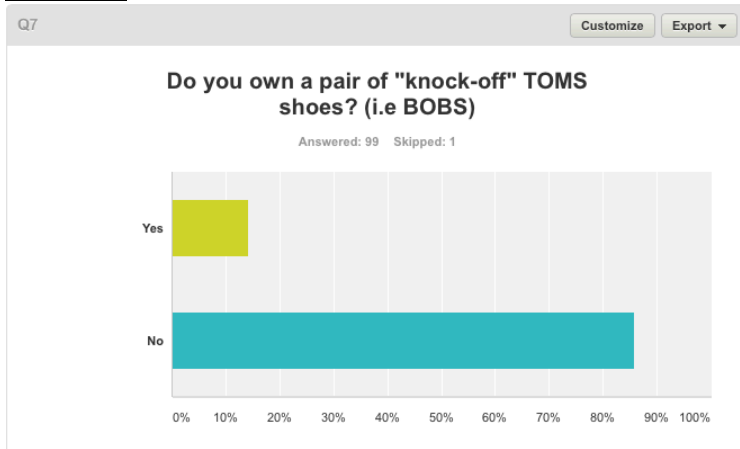


Exhibit J:

Do you think the price of TOMS shoes matches the quality?

Answered: 95 Skipped: 5

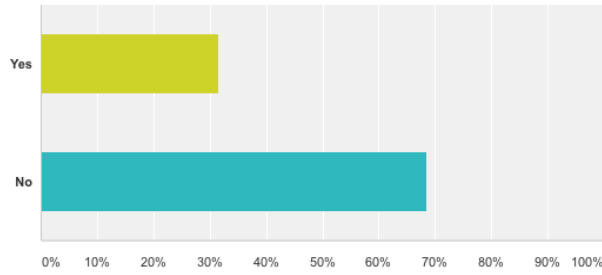
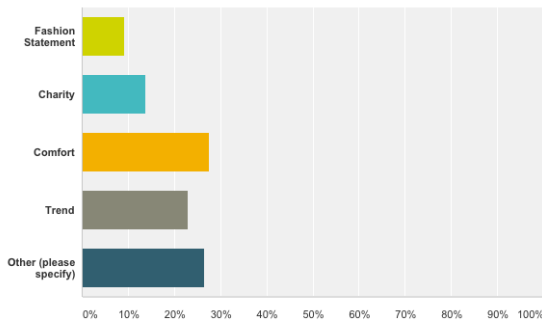


Exhibit K:

What is the main reason that you purchased TOMS shoes?

Answered: 87 Skipped: 13



Answer Choices	Responses
▼ Fashion Statement	9.20% 8
▼ Charity	13.79% 12
▼ Comfort	27.59% 24
▼ Trend	22.99% 20
▼ Other (please specify)	26.44% 23

Exhibit L:



Exhibit M:



Exhibit N:

Expenses		
	Advertising Expense	\$1,000,000
	COGS	10,350,000
	Total Expense	11,350,000

Exhibit O:



Scan this QR-code with a QR-reader and the survey will start automatically.

YES, WE CARE!

Quality is important to us and our guests deserve the best.

Please share your opinion and help us improve our standards.

Thank you!



powered by opinionmeter.com

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