



Rebrand and Relaunch Project

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Executive Summary

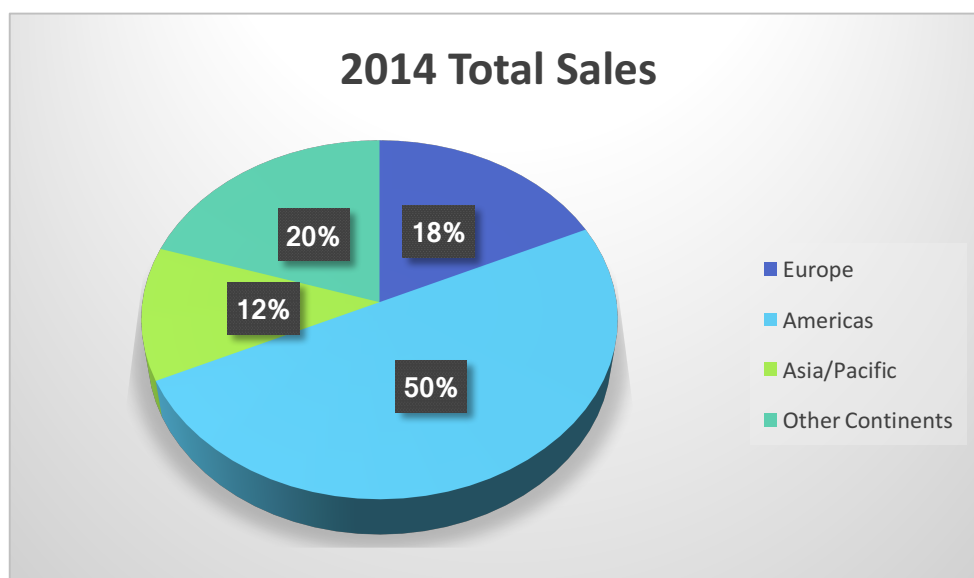
After analyzing and researching the company's current standing, competing companies and their current consumer market, we propose the following as a strategy to rebrand and relaunch Quiksilver. This strategy will allow Quiksilver to position themselves as a more appealing brand to young millennial consumers.

Situation Analysis

Quiksilver incorporated was one of the top surfer apparel in the early seventies (Warshaw, 2008). As the years went by Quiksilver's sales started to decrease. This situation analysis will analyze Quiksilver's: financial, technological, and managerial resources, sale trends, economic and market factors, market shares, and competition.

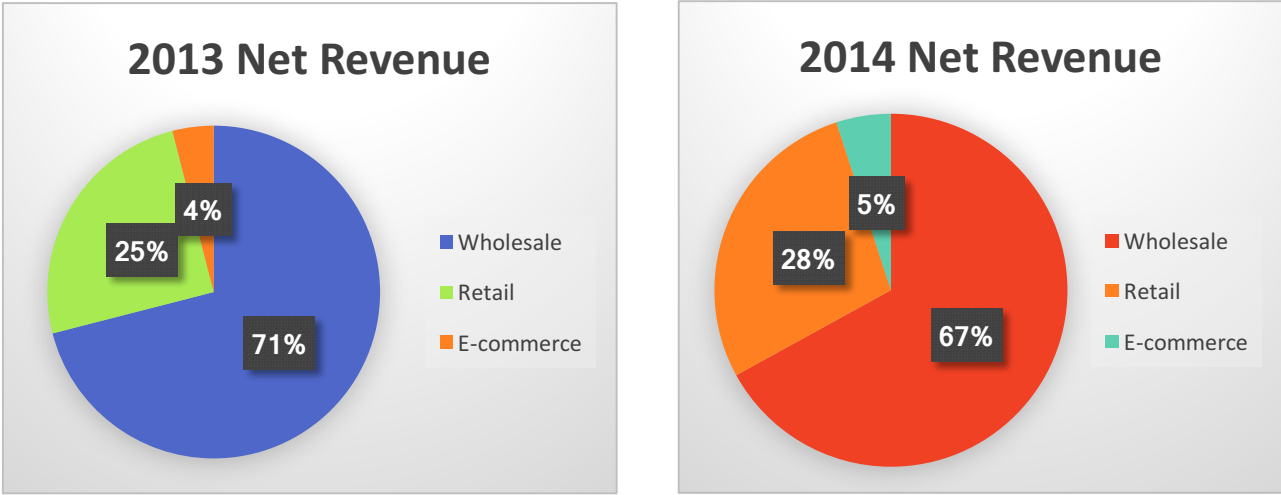
Financial, Technological, and Managerial Resources

Quiksilver's products are sold nationwide. Most of Quiksilver stores are located in Europe, followed by Asia/Pacific, and then the Americas (Quiksilver Inc., 2016). Even though there are fewer stores in the Americas, the stores in the Americas are very profitable. The chart below illustrates the most profitable continents.



In recent financial reports, Russia and Germany made up three percent of the total sales in 2014. France made twelve percent of the total sales and the United States made up thirty-five percent of Quiksilver's total sales in 2014 (Annual Reports, 2014) .

Quiksilver's technological resources is the three different types of distribution channels. The first distribution channel is wholesale. The wholesale distribution channel makes the highest percentage of net revenue for the company. The second distribution channel is retail. Retail is the second highest percentage of net revenue for the company. The last distribution channel is e-commerce. Below are two pie charts that compare the distribution channels net revenue for 2013 and 2014 (Annual Reports, 2014).



The managerial resources for Quiksilver is three experience individuals and board of directors committee. Pierre Agnes is the Chief Executive Officer of Quiksilver. Prior to becoming the CEO, Agnes was President of Quiksilver Europe in 2005 and then became Global Head of Apparel in 2013. Greg Healy is the President of Quiksilver. Before being President of Quiksilver, Healy served several managerial positions for the Quiksilver Asia/Pacific region.

Thomas Chambolle is the Chief Financial Officer. Prior to Chambolle being the CFO, Thomas was a managing partner for Ricol Lasteyrie (Corporate Governance – Management, 2016).

Sale Trends, Profit and Market Shares

In the past four years the sales trends for Quiksilver have decreased. In 2012, the total revenue for the company as a whole were \$2,013.24 million. In 2013, the total revenue was \$1,810.57 million. In 2014, the total revenue for the company was \$1,570.40 million. In 2015, the company's total revenue was \$1,345.94 million (Quiksilver Inc. | Revenue and Financial Reports, 2016). The sale trends for the overall industry has decrease. In 2010 the overall industry sale trend drop from \$7.22 billion to \$6.24 billion (Gee, 2014).

For the past four years the company, Quiksilver has not been profitable. The gross profit for Quiksilver in 2012, was \$980.346 million. In 2013 the gross profit was \$872.431 million. In 2014, the company's gross profit was \$762.841 million. Last year, the gross profit for the company was \$621.38 million (Quiksilver Inc. | Revenue and Financial Reports, 2016).

As a result of Quiksilver's sale trends and profit decreasing, the company market shares has also declined. According to financial reports, "The net income has been trending down with revenue and it dropped another 33% or \$77 million to \$309 million as goodwill impairments, restructuring costs, and under-performing stores weighed on results. Cash flow has fluctuated like the tides and in 2014 it was low tide. It went from \$27 million cash from operations the previous year to \$27 million cash used in operations, a \$54 million dip, due to higher costs as well as a decision to pay vendors in a timely manner"(Quiksilver Inc., 2016).

Economic and Market Factors

The economic and market factors that effected Quiksilver's sales was the global financial crisis. Quiksilver and other surfer apparel are successful based on the economic condition and

level of disposable income of their consumers. The article, *Global Surfing Market to reach \$13.2 billion, by 2017* states, “Volume sales of surfing apparel and equipment depend highly on demographic trends” (2011).

Competition

Throughout the years Quiksilver has gained more competition. Some of their competitors are Billabong, Rip Curl, Nike, Vans, and Kering. The role that these competitors have played in Quiksilver’s sales, is some of the companies are larger and have more resources than Quiksilver (Annual Reports, 2014).

Organization Crisis

The organizational crisis that contributed to the fall of Quiksilver, was expanding at the wrong time. According to Rebecca Johnson, “Quiksilver bought DC shoes and Rossignol in poorly timed moves that left them with rapidly depreciating assets just as the global economic crisis hit and sales began to nose dive” (2013). After Quiksilver purchased Rossignol for \$560 million in 2005, Quiksilver could only sell Rossignol for \$37.5 million in 2008 (Johnson, 2013). Due to the global economic crisis Quiksilver lost a lot of money purchasing Rossignol.

Company Analysis

Mission

Quiksilver’s current mission statement is as followed: “Our mission is to become the leading global youth apparel company; to maintain our core focus and roots while bringing our lifestyle message of board riding, independence, creativity and innovation to this global community. Individual expression, an adventurous spirit, authenticity and a passionate approach are all part of young people’s mindset and are the essence of our brands. Combine this with the aesthetic appeal of beaches and mountains, and a connection is established that transcends

borders and continents. Include thirty-plus years of quality, innovation and style, and you have Quiksilver” (Quiksilver, 2015).

Along with their mission, Quiksilver also provides a vision of what they want from their company. “With offices in Europe, Australia and America, Quiksilver has the capability of touching people worldwide. Quiksilver has the vision of making a difference to community and environment through the Quiksilver Foundation. The Quiksilver Foundation has a commitment to improving the quality of all our lives” (Quiksilver). We believe that Quiksilver does not need to change their mission statement, but rather to embrace it. With the company making a switch to recycled products, this allows Quiksilver to take the extra step and to commit to improving the community, environment, and quality of life.

Culture

In order for Quiksilver to grow as a company, their corporate culture needs to change. Quiksilver began in 1969 when they develop board shorts and clothing for mountain and ocean lovers across the globe. Headquarters are located in Huntington Beach, California. The culture of Quiksilver portrays to be relaxed, earthy, up to date on trends, hip, and young. According to [Glassdoor.com](https://www.glassdoor.com), employees agree Quiksilver has the environment they want to achieve. Out of 201 reviews, Quiksilver received a 3.1 rating out of 5. Reviews say the culture that is always fun and energetic. One review quotes, “Very relaxed environment within your 4 walls. Can reach out to peers for support” (Glassdoor, 2016). On the other hand, employees complained, saying the company is no longer what they use to be and stand for. “Company has been going through its changes and with those changes, it seems as though things have become a very corporate driven place. It doesn't feel like it's about the people any longer” (Glassdoor, 2016). Their biggest issue seems to be getting ahead of the game, wanting to become a leading global apparel company but

forgetting to take care of their own. “Corporate needs to go back to their roots. Invest in the stores that are currently open and don't get crazy opening new stores with a concept that just may not work in the future. Do not invest in product that may not work and don't buy huge amounts of product that won't sell. Communicate effectively with your teams that are in the store, they are the face of the company” (Glassdoor, 2016).

Ambitions/Risks

For fiscal 2014, net revenues were \$1.57 billion compared with \$1.81 billion for the prior year. Gross margin increased to 48.6 percent from 48.2 percent. Quiksilver made significant progress on cost reductions, lowering selling, general and administrative expenses by \$31 million compared with the prior year. Excluding compensation and other non-recurring costs, operating expenses would have been substantially lower. A key objective established in 2014 was to substantially reduce inventory levels (Reports, 2015).

A foundation of Quiksilver’s business is the distribution of products through surf shops, skateboard shops, snowboard shops, sporting goods stores, and their own proprietary retail concept stores, where the environment communicates the brand and culture. Quiksilver is located in forty-one countries. Quiksilver currently has 122 stores in the U.S., including 47 factory outlets. Quiksilver had been riding rising revenues until 2012. Since then, the tide has been falling. The company has tested a new store concept, which included all its hard/soft goods and all brands under one roof. These test stores opened in Europe and in California. Quiksilver has also ventured into personal care products that include fragrance, sun care, skin care, and related items- a relatively new niche for the company (Vault, 2016).

Climate

Surf apparel company Quiksilver Inc. hasn't given investors much to be excited about in years. The company owns some of the biggest brands in action sports. It has lost money each of the last six years and is expected to post a loss this year too. There has been a slowdown in the action sports industry, increased global competition and possibly a loss of focus (Pfeifer, 2013). Quiksilver announced it is withholding its 2015 first quarter earnings release pending an investigation by an audit committee, which is due to a "revenue cut-off issue identified by management. As of right now, it is up in the air is to if the economic climate will support the rebrand/re-launch (Bradstreet, 2015).

Social/ Cultural/ Political Conditions

In the past decade or so, surfing has experienced a worldwide boom in popularity. However, it seems that the public mood has turned on the company. There isn't a demand for the company's products, unless you live on the coast. In past years, the company and its brands were popular among teenagers for apparel, not necessarily for performing sports but rather for fashion. This has changed causing the public opinion of Quiksilver and their brands to decline in sales.

Consumer Analysis

Quiksilver's consumers are board-sport enthusiasts. This includes snowboarding, skateboarding, and surfboarding. Their consumers are between the ages of 14 and 30. According to Transworld Business website a study shows that people start surfing around the age of 13-16, however 60% of surfers in the U.S. are over the age of 25. This article also gives us the statistics for skateboarders and snowboarders. 17% of the 9 million+ skateboarders in the U.S. are over the age of 25, 67% fall under that age. As for snowboarding, 60% are over the age of 25.

With this rebrand we will be aiming to appeal to current consumers as well as consumers who are environmentally aware and care enough to make this part of their purchasing decision.

An article on Forbes Magazine website tells us that, "73% of consumers would switch brands if a different brand of similar quality supported a good cause" (Forbes, 2013). Most green consumers are young adults, which is the same age group as the original target consumers Quiksilver had. Green consumers are usually more educated and understand the claims made by an environmentally friendly company. Green consumers also typically have more disposable income, giving them the freedom to choose companies that align their environmental concerns with their own. The average annual income of a green consumer is \$75,000 (Johnson, 2007).

Since Quiksilver provides not only athletic wear for intended board sports but also accessories and everyday clothing, their consumers use their products for their active lifestyle and sport's needs, as well as self-expression through their clothing. After the relaunch we hope to reach green consumers that may be buying a different brand because they don't have an economically responsible brand to choose from yet in this product category. We will provide this option for them, causing them to make the switch to become brand loyal to Quiksilver. The motivation for these consumers is the need to have proper apparel for their activities as well as adding to this "lifestyle" that Quiksilver is based upon. We will further the motivation to buy for the green consumers because they buy based on their good intentions and the emotion they feel when being environmentally responsible. One article tells us that they, "are sincere in their intentions, with a growing commitment to greener lifestyles"(iisd.org, 2013). This commitment can translate into brand loyalty by providing them with the products they want in a greener method.

The green consumer wants to be able to buy these type of products in stores they already shop in (iisd.org, 2013). Stated in its company profile on vault.com, Quiksilver doesn't only have standalone stores but also, "sells its apparel, footwear, and accessories in specialty and

department stores worldwide, including Zumiez, Nordstrom, Dick's Sporting Goods, El Corte Ingles, Galeries Lafayette, and Macy's" (vault.com). Therefore will cater to these green consumers want of being able to buy these products at a convenient store they most likely already shop at, instead of having to make a special trip to a Quiksilver standalone location, making this rebrand even more appealing to them.

Consumers are realizing that the consumer culture is taking a toll on the environment, instead of cutting back on their consumption, "the perspective has changed in the recent years when consumers began searching for ways to make their usual purchases environment friendly rather than cutting down on their consumption (Nair, 2015). The green consumer cares about what is socially acceptable, this is a factor in what drives them to become a green consumer. This rebrand will help them be able to fit clothing to fit their lifestyle as well as align with their values on being environmentally friendly.

Competitive Analysis

Quiksilver appeals to young, athletic consumers and competes with many companies across the nation. Quiksilver's competitors are:

- Nike
- Pacific Sunwear of California, Inc.
- Columbia Sportswear Company
- Levi Strauss and Co.

(Vault, 2016). All of these companies have specific things in common but they also have differences. Nike is known for fitness apparel, sports apparel, and athletic shoes. Nike is a large known brand all around the world and has created a brand image through a strong brand identity.

Pacific Sunwear of California, also known as Pacsun, is a direct competitor with Quiksilver.

Pacsun sells the following brands:

- Hurley
- Billabong
- Katin
- RVCA
- Maui and Sons
- Vans
- Adidas
- Nike

(Pacific Sunwear of California, 2016). Pacsun is known for selling more skating and swimwear apparel. They have an image of summer, beach apparel. Columbia Sportswear Company has more of a winter image from consumers. Columbia is known for selling jackets, hiking apparel, and outdoor sports apparel. This lines up as a direct competitor with Quiksilver because Quiksilver sells warmer apparel for snowboarding and skiing. Levi Strauss and Co. lines up as an indirect competitor. While there are similarities in products they are not the same. Levi focuses on everyday apparel and jeans. I think the competition comes in with skinny jeans being a top seller from Levi and graphic T-shirts (Levi Strauss and Co., 2016).

Competitors in Sales

Quiksilver, Columbia, Nike, Levi, Calvin Klein, and Pacsun are all sold throughout department stores, have their own stores in malls/shopping centers, and have online websites where consumers can shop. When it comes to selling the product they are all sold in a similar

setup making them even more competitive towards one another. One thing that really stands out about these companies are their sales.

- Columbia- \$174.3 million in net income in 2015
- Nike- \$3.27 billion in net income 2015
- Pacific Sunwear of California- Sales have decreased by \$48.7 million and some stores have begun closing down since 2014.
- Levi Strauss and Co.- \$209.44 million in net income in 2015

(Vault, 2016).

Consumer Expectations

Quiksilver seems to meet consumer and employees requirements whenever reading reviews (Glassdoor, 2016). One thing that sticks out about Quiksilver is it was talked about as more of a fashionable store. As a consumer the first thought whenever shopping at Quiksilver is fashionable and fun. So is the quality of the products really stacking up in terms of competing with other brands? Nike exceeds consumer expectations. With increasing sales every year and one of the biggest companies nationally, Nike is outdoing Quiksilver (Nike, 2016). Columbia does not offer as much as Quiksilver whenever thinking of sales on a larger scale of options. Consumers first thought of Columbia though are winter apparel, warm, and fashionable. Pacsun is fashionable and fun and lines up in the same category as Quiksilver. They have been struggling with sales more recently though.

Rebrand and Relaunch Analysis

The main objective of our rebrand and relaunch strategy is to transform Quiksilver into the environmentally friendly company/brand of the surfing industry. The initial steps of this

transformation include a new line of products, community events, eco-friendly business practice, and a change in social media presence.

Executing this rebrand and re-launch will not necessarily change the identity of the Quiksilver brand, but amplify it by giving the brand more character through connecting it with a global cause. However, creating a connection with Quiksilver and eco-friendly characteristics will greatly change Quiksilver's business practices, mission statement, and general attitude. The Quiksilver brand has maintained the same surfer persona/attitude from their initial release with little to no differentiation through the years. Thus, overtime as other companies associated with the surfer culture emerged and grew more successful the market became saturated with little differentiation between those companies. The major differences between Quiksilver and its competitors are their sponsored surfers, skaters, and other extreme athletes.

We believe that if applicable, our rebrand and re-launch strategy will position Quiksilver away from the competitors and discover a new area of positioning in the surfer category. The majority of competitors in the surfer category are focused on selling their wears and remaining a staple name in extreme sport competitions. Attaching Quiksilver to environmentally friendly practices will add significantly more weight to what Quiksilver means/values in the minds of consumers. This revamp of positive connotations with the brand will reduce potential risk when consumers are making purchase decisions and add greater value to Quiksilver's products. The repositioning of Quiksilver in the market will change in a way that will possibly create its own unique category of depiction.

Post-relaunch the essence of Quiksilver will have an entirely new meaning to current/potential consumers that holds more character, personality, and value. Our re-launch and rebrand strategy will add a sense of purpose outside of the idea of just buying quality extreme

sports wear, but improving the quality of living by providing environmentally-friendly products and services. Consumers that connected with the surfing culture that Quiksilver represents can further immerse themselves within that culture by gaining a sense of security protecting that cultures ability to surf through supporting eco-friendly business practice. Extreme sports wear consumers will have a company that supports a noble cause as well as meeting consumers desire to feel independent, cool, and informed. The change to environmental friendly products and business practice will also catch the attention to consumers that desire to only engage with eco-friendly companies opening the door to a new consumer base. The surfer culture of Quiksilver is known for being creative and open to new ideas. Post re-launch will channel those values into a humble environment for new consumers that are initially engaging with the company for the first time increasing the odds of their return.

Our team believes that our rebrand and relaunch strategy will influence competitors into attaching themselves to global causes as well as eco-friendly business practice. Considering that market of surfer wear has been saturated for many years competition will not want anyone standing out for long. Therefore it is imperative that Quiksilver maintains a strong presence within the environmentally conscious community post-re-launch to help guide their new consumer base from going astray. While competitors are making the change Quiksilver will already have an edge over competition and further distinguish themselves from competitors by adding other charismatic factors to their brand.

Creative Components

To execute this rebrand and relaunch will require a new Quiksilver collection of apparel with a new product line of boards for surf, snow, and skate. This collection will be known as

Quiksilver's Quikgreen apparel and boards. The tagline for this collection will be, "Wear, Ride, Repeat."



The Quikgreen campaign will be promoted as followed:

Wear: Purchase any of Quiksilver's Quikgreen apparel and a percentage of the proceeds will go to the Quiksilver Foundation. These funds will be dedicated to preserving the environment in which you ride.

Ride: Ride the waves, slopes, or parks using one of Quiksilver's new line of boards made from recycled, eco friendly materials. Once again a portions of the proceeds will go to Quiksilver Foundation.

Repeat: Be a part of the action. Bring old clothing or apparel of any kind, as well as your old broken boards to your nearest Quiksilver store. Quiksilver will use your donation to make new Quikgreen products. For consumers that do not have a Quiksilver store near them can request a prepaid "Repeat" box that will allow them to send their donations to Quiksilver.

As an incentive to have consumers register for the “Repeat” program, Quiksilver will give each registered user a free “Wear, Ride, Repeat” Tank top. Quiksilver will also provide other incentives through monthly drawing to consumers who share their “Wear, Ride, Repeat” experience on social media outlets. This sharing can be done easily with the use of #WearRideRepeat.

Apart of the “Repeat” program is all clothing donated will be recycled and reused to develop new apparel. The Quikgreen apparel line will also have a retro vibe to appeal to the young hipster millennial audience. The recycling program is not limited to clothing and apparel. Surfers, Snowboarders, and Skateboarders all break boards. By recycling these broken boards, Quiksilver can rebuild new boards and help in preserving materials used in making new boards.

Recycling is only half of the going green positioning that this launch offers. A percentage of the proceeds from Quikgreen sales will be donated to Quiksilver Foundation. This money will be used, but not limited to, providing clean waters for surfing, forest preservation for authentic snowboarding, and safe parks for skateboarding.

Conclusion

This new Quikgreen collection will allow Quiksilver to place themselves above their competitors, as well as appeal to a larger target audience. Quiksilver has been known primarily for their surf ware, even though they have apparel for all board sports. This campaign allows them unify surf, snow and skate consumers, as well as consumers that want sports apparel that promotes a green lifestyle. Consumers everywhere will want to “Wear, Ride, Repeat.”

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