

## **Blundstone boots: How ideas triumphed over isolation.**

### ***Highlights***

- Marketing via a relationship with the arts community has created a global market for Australian work boots and made them a cult item in the ‘grunge’ fashion market.
- The innovative approach resulted from an initial approach from the arts community, subsequently supported by skillful marketing and PR.
- The experience has led the company to embrace innovation and actively encourage it, believing that it is too important to be left to chance.
- The once conservative company now actively recruits people who ‘think outside the square’ and probes the edges of conventional expectations.

A 129 year-old family-owned, Tasmanian-based footwear manufacturer with a limited product range might seem an unlikely survivor in Australia’s increasingly deregulated textile-clothing-footwear (TCF) market.

Blundstone Pty Ltd. has not merely survived. It has prospered, producing more than 1.25 million pairs of boots annually and exporting about 15 per cent of these. It has built a mass market without departing from its traditional product range of work boots and safety boots. Against big-name low-cost rivals, it has established a position in the highly competitive US marketplace.

There are two elements to this success: commitment to technology in manufacturing and highly innovative, skillfully targeted marketing.

CEO Tony Stacey says that although both these elements reflect the company’s progressive, innovative culture, they have very different antecedents. Manufacturing excellence, he says, has been a long tradition within the family-owned organisation, and the current willingness to adopt world-leading technology is merely an extension of that.

The focus on innovative marketing is however, more recent and driven in large part simply by the survival imperative. Without a distinctive brand identity, the company’s core line of work-boots would have been a mere commodity and, in a low tariff environment, vulnerable to any low-price imports that could match or undercut them in the marketplace.

Instead Blundstone has not only become the preferred brand of work boots for Australians but has helped make the work boot something of a fashion item – an item with cult appeal even in the US.

There is little doubt that Stacey’s own background in retailing plays a part in Blundstone’s sharper marketing and distribution focus and in its willingness to harbor creative talent.

Nonetheless, he modestly disclaims credit for creating the strategy of alignment with the arts, which allowed the company to leverage a modest promotional budget into a worldwide profile.

That, he says, evolved from opportunities brought to the company from outside. The true innovators were not within the company, he says, but within the arts community. It was they who brought the ideas and opportunities to Blundstone. The company's strength was to recognise these opportunities and to exploit and develop them by well-focussed marketing and public relations.

What Blundstone's experience reveals is that being an innovative company does not necessarily require that senior management must themselves be 'off the wall' creative personalities. It means they must be receptive to innovative ideas and foster an innovative culture.

### **The successes**

For Blundstone the first of those highly successful marketing ideas surfaced early in the 1980s when Blundstone sold its factory site in central Hobart to move to more modern facilities. The purchaser was the State Government, which wanted the site for a law courts complex. But pending re-development the Government offered it for use to Hobart's Community Arts Services (CAS).

Chris Downey, executive director of CAS, approached Blundstone and said that since the art group was now working out of the old boot factory, they should develop some synergies. In return for sponsorship, he offered to run a competition in which artists would be required to turn a pair of Blundstones into a work of art.

It seemed an unlikely promotion for a company whose primary market included handymen and rural and industrial workers. But, Stacey says, they were reminded that Andy Warhol's depictions of Campbell's soup cans had done wonders for that company, and Smirnoff vodka in the US had similarly got mileage from bottle art.

Blundstone, with support from Qantas, offered a world trip for the winner and helped with other staging expenses.

The company's commitment totalled \$30,000. At that time it was a significant part of the marketing budget, but the gamble paid off handsomely.

Some 30 artists from around Australia entered. The winner, an Aboriginal artist from Central Australia, decorated the boots in traditional dot-style painting. Another entrant decorated them with tiny electric lights, another re-shaped and re-textured the boots by dragging them around Queensland behind his car.

The exhibition not only proved a major crowd puller in Hobart but went on national tour. Even three years later, on exhibition at Melbourne's National Gallery of Victoria, it drew

crowds of 300,000 people. It was written up in newspapers and magazines in the US and the UK.

Blundstone had long had a customer base in the arts community, where its boots were popular work apparel for musicians, roadies, stagehands and artists. Now thanks to Downey's Blundstone Exhibition, it also had a profile.

The initiative that turned that profile into a cult following was another that was born outside the company.

Australian tap dancing star Dean Perry had conceived the idea of creating a dance show that captured the gritty industrial flavor of his native Newcastle. As part of this, he proposed cladding his dancers in jeans and the Blundstone work boots, so commonly worn by both the city's steelworkers and his dancers when off-stage. He approached the company for sponsorship.

Blundstone's marketing budget for that year was already too committed to permit them to offer cash, but they offered free boots and encouragement and left the door open for future involvement.

Perry put together a short routine which was captured for an ABC-TV segment and won sufficient attention for the Blundstone-shod dancers to be invited to perform at the Edinburgh Festival.

The acclaim they won there encouraged Perry and his group to expand the idea into the full-scale stage show Tap Dogs. That proved a box-office hit in Australia and was later taken to the US where it was also a success.

Perry, mindful of Blundstone's support and encouragement, proved a great ambassador for the brand. On a national TV show in the US, he presented his host with a pair of 'Blundy's' and gave away more at other promotional events. With skilful PR support, the brand soon achieved minor cult status.

Both these promotions capitalised on the 'Aussie-icon' status of Blundstone, and even more so on its rugged, blue collar functionality. As a result, the company was able to build an arts/fashion market acceptance without diluting in any way the values and perceptions which underpinned its traditional rural, tradesman and industrial markets. The triple associations of rugged functionality, cult fashionability and competitive pricing also gave Blundstone overwhelming acceptance in the tertiary student market.

Faced with international rivals with far greater marketing budgets, Blundstone has had to deploy its limited resources in skilfully targeted programs. Denied budgets that would allow it to advertise in mainstream media, it has used free newspaper exposure, student radio and rock posters to reach niche audiences and used specialised industrial, mining and safety publications to reach its rural/industrial markets.

So skillfully has Blundstone been able to maintain these associations of rugged functionality – even while addressing segmented markets – that at a recent logging protest

Stacey observed there was only one common link between the radical protesters, the opposing timber workers and the police. All were wearing Blundstones.

## **Manufacturing technologies**

Central to this success has been competitive pricing, maintained even in the face of shrinking tariff protection. The secret of maintaining that competitiveness in Australia's higher-wage environment (many of their international brand competitors manufacture in China) is the company's commitment to advanced technology, including advanced robotics.

Stacey points out with pride that Blundstone was the second company in the world to adopt a new extrusion technology, and the first to adapt it for manufacturing safety boots.

This rapid uptake of technology is far from atypical in Australia's footwear industry, says Stacey. Faced with fearsome competition from high volume-low wage producers in Asia, those Australian firms which have survived have had to be very adaptive and innovative. Three of the first six manufacturers in the world to adopt one new innovation were Australian, he says. (China alone produces some 47 per cent of the 11 billion pairs of footwear manufactured worldwide each year.)

One reason for this rapid take-up of technology, he believes, may be the very short communication lines between ownership, management and supervisory functions in small family-owned businesses. The owners (or family members) have such a hands-on management role and such detailed knowledge of the production process that they can assess the applications and implications of any new technology almost instantly. They also know whether the company is in a position to commit to purchase.

Many of these people do not have engineering or IT backgrounds. When they go to a trade fair they do not marvel about the technology of new equipment, but about the outcomes it can create. What can it do? How can I use it or adapt it to advantage? If they see value, they are in a position to make a quick decision to buy.

If engineering is needed to integrate it into the system, or adapt it, they may outsource that. Their core skill is understanding the potential of the technology.

This ability to swiftly assess the benefits of new technology, combined with the knowledge that they must be competitive both in technology and product range to survive, is creating a number of very efficient, fast-reacting Australian companies in the TCF field, he says. Some of Blundstone's most aggressive competitors are Australians or New Zealanders.

## **The source of innovation at Blundstone**

Despite Blundstone's impressive record of innovation and early adoption, Stacey denies that he, as CEO, is an innovative person. "I've never had an original idea in my life," he says.

Stacey's role as CEO is to understand the strategic imperatives and to assess the effectiveness of various options to meet these. The key to being an innovative company, he says, is not that the CEO dreams up wild ideas, but that the CEO is open to such ideas from others and is willing to give them a fair hearing.

"A corollary to that is that you need some people around you who will put up those ideas."

### **Can an innovative business culture be created?**

Stacey believes executives can foster an innovative culture in their businesses. More than that, he consciously works to maintain such a culture at Blundstone.

"You need to have some people on the team who think outside the square. That can sometimes be frustrating, because you also have to listen to a lot of impractical ideas as well, but it is important that you do.

"Sidney Myer is reported to have said that he heard 1,000 ideas a day – only one of which was useful. But it was worth listening to 999 bad ideas just to hear the good one.

"There is an element of that in working with creative people: you need to encourage them to be a bit daring and radical, even if you can't use the majority of their ideas.

"You don't want to create a culture where nobody feels confident in putting up an unorthodox proposal. And sometimes, when you put your collective minds to it, some of those apparent impracticalities can be overcome."

Stacey says that his own career experience has made him naturally sympathetic to young people with ideas, but the success of Blundstone has led him to give that encouragement a more formal structure. "We now make a conscious effort to ensure that there are some people in each section – production, marketing and design – who are willing to push the envelope of ideas. You don't necessarily need a lot of them, but it is important that there be some."

Part of his willingness to listen to younger employees can be traced to his own experience. He joined a Tasmanian retailer as a teenager and that company was soon taken over by the Melbourne-based Myer stores.

"That was the best thing that ever happened. Myer gave young people terrific training in retailing and merchandising. At that time it was on-the-job training rather than formal education, but Myer certainly passed on a vast amount of retail wisdom.

"And the company gave young kids a go: I was brought to Melbourne and was a buyer before I was 21...dramatic promotion by the standards of those times. I was also lucky to be part of an era of retail change – the development of big shopping centres like Southland and Chadstone and the opening of the first K-Mart.

“All this stood me in good stead when I came to Blundstone, which was a traditional company with a strong manufacturing culture, but a less-developed marketing focus.”

Stacey believes that we, as a society, are too often inclined to think of innovation only in terms of breakthrough technologies in frontier-science areas like IT or biotechnology.

“Yet there are very interesting things happening in Australia’s fashion and footwear industries. These are often described as traditional manufacturing industries but in reality they are ground-breaking. To survive – and in a surprising number of cases to prosper – these companies are having to be receptive to new ideas, adaptive to new trends and committed to new technology.

“It is important that Australians recognise this. We need innovation across the board if we are to maintain a broad manufacturing employment base with all its employment-generating support services.”

## **The future**

There is no doubt Blundstone will have to remain innovative if it is to prosper. “Footwear is a highly traded manufacture. More than 60 per cent of all footwear produced in the world is sold outside the country of origin, so we are always going to be faced with vigorous international competition, in both our domestic and export markets,” says Stacey.

“We will need to constantly explore ways to improve manufacturing cost and quality, distribution and service and of course, marketing. There is generational change: you can never take popularity for granted. And against giant global competitors with massive marketing budgets, we will always need to be innovative in our marketing to compete.”

“I like to describe good businesses as edgy – not in the sense of being tense, but of being willing to probe the edges of conventional expectations and possibilities.

“That is the culture we need at Blundstone to stay ahead and prosper. That is the culture we are trying to create.”