



Greats

JOHN BESSANT
Managing Innovation

'It's ok to buy status, just don't overpay' - A Case Study on Greats

Whether they are developing a new product for an established company, or starting a business completely from scratch, the first step on any entrepreneur's journey is finding an opportunity. For many of the most innovative entrepreneurs, this step is characterised by a motivation to do more than simply introduce their product into the market; to actually disrupt the industry into which they are launching. Greats is one of those brands, following in the footsteps of disruptive innovators such as [James Dyson](#) and [Jay Rogers](#). Greats is a shoe company which, by cutting out wholesale completely from their operations, are able to offer the consumer a product that is comparable to high-quality sports brands such as Nike, at a fraction of the price. This system also cuts their lead time from an industry standard of 18-24 months, to 4 months. Whilst they are experimenting with showrooms, Greats only sell from their website; an extraordinary feat in an industry which is driven by hype. In the words of co-founder Ryan Babenzien, 'How do you build a cool brand without being a cool brand in a cool store?' This case study will look at the particular context into which Greats was launched, with a particular focus on how it's founders were able to rethink assumptions about industry practices, before exploring further the brand's development alongside a process model for innovation.

A little context: Firstly, scarcity. Sneaker collecting is grounded in a notion of scarcity. As with the growth of hip-hop music that coincided with the beginnings of sneaker culture in the 1980's, credibility is attributed to having something that no-one has seen or heard before. (A potted guide to sneaker culture can be viewed [here](#)). Nike purposely keep their production numbers secret, so that come launch date they have sneakerheads queuing round the block in anticipation that the new design might sell out before they can get their hands on them. This kind of hype is intimately connected to physical retail premises, 'being a cool brand in a cool store' as Babenzien puts it.

Secondly, cost. In an obvious sense, this correlates with scarcity. Established sports brands charge a high price for their footwear, making them less available to many consumers. Clearly, there is an element of conspicuous consumption to expensive sneakers. However, the high cost of luxury footwear is also attributed to the mark ups necessary for wholesale to retail purposes. For example, as Babenzien suggests, 'on average, a retailer marks a purchased shoe up 2.5x'. Sneaker consumers expect to pay a high price for a new product with the knowledge of both these factors.

Thirdly, time in development. Lead times for a new sneaker by the big players like Nike or Adidas can range from 18 to 24 months. This development time includes the necessary building of relationships, communication with and sales to outlets.

Jon Buscemi and Ryan Babenzien founded Greats with a solid understanding of this context, Buscemi coming from DC Shoes and Gourmet Footwear, Babenzien from K-Swiss and Puma. The couple recognized an opportunity that they were ideally placed to take advantage of. Online fashion retailers such as Zappos suggested that people were comfortable buying shoes online, but at the time of Greats' inception no-one had yet created a men's footwear e-commerce brand. Inspired by brands such as [Warby Parker](#) and [Everlane](#), Buscemi and Babenzien realized that industry standard practices related to scarcity, cost and time in development could be disrupted by a successful online retailer, and a better product offered to consumers.

Greats counter the scarcity=hype problem in a variety of ways. The least disruptive of which is by releasing limited editions, a standard practice within the industry. Even with limited editions however, Greats sneakers such as the Royale Mowbray are both lower priced than similarly rare sneakers and more rare than similarly priced sneakers. More significantly, Greats build noteworthy hype through channels associated with their e-commerce platform (and with which the sneaker community are already proactive), such as instagram and facebook, releasing sneak peeks of new colour ways and cuts. Greats' Image is finetuned, centring around Buscemi and Babenzien's constructed nonchalance, exhibited in their promo video which can be viewed [here](#).

With such a self aware public persona, Greats have been able to foster hype for the brand itself, with a collective that are accustomed to 'following' their favoured brands in a very literal sense.

Buscemi and Babenzien counter the industry standard cost for a new release by cutting out wholesale completely, and time in development is cut dramatically for the same reasons. It's a very simple means of disrupting the industry, but one which would not have been possible prior to responsive e-commerce platforms such as Shopify and Squarespace.

In many senses Buscemi and Babenzien had many of the resources they required to put their idea into practice. They each had extensive experience in the field they were going into, as such they were grounded in the skills required to build a brand and an understanding of the market into which they were launching. Because of their experience they were able to make strategic choices to find routes around the resources that they lacked, such as a budget for marketing, by building a community of followers across social channels instead.

As Greats develops, they continue to test their assumptions regarding their market. Babenzien has described his plans for 'presentation partner' stores, which Greats have been trialling. In one of these shops a customer can try on a pair of Greats, but they won't be able to buy until they're back on their computer. This 'testing' phase allows entrepreneurs such as Buscemi and Babenzien to develop their idea whilst managing risk.

Most recently, Greats have launched their own space in Williamsburg, Brooklyn (their devastatingly trendy hometown and a huge part of their brand identity). The retail space is only open from 12 till 7 on Saturdays and Sundays. As Babenzien iterates, 'I know, who does that in retail! We have a theory

about scarcity and 'I'll let you know if we're right in a few months'. Buscemi and Babenzien continue to develop their brand by testing out 'theories', from which they can capture value, whether the theories themselves are successful or otherwise. Exercises such as the Williamsburg permanent pop-up shop demonstrate the playfulness with which Greats is disrupting the industry in which it operates, and are an example of the importance of testing ideas in order to capture value.

Whilst Greats are experimenting with alternative concepts for their company, they are also firm about the control they would like to exert on their growth. Despite significant international demand, they have no plans to introduce international shipping in the near future. Babenzien has also been clear about the introduction of women's shoes, 'I know I'm turning away revenue, but building a brand is more important than building out the company. Once we have a solid brand, we can scale in a healthy way'. Babenzien is managing innovation in a measured and analytical way; for a company that relies so much on its image, this is vital.

As industry veterans respectively, Buscemi and Babenzien were both favourably positioned to take advantage of the opportunity they saw for a new kind of sneaker company. However, it was by exercising control over the entire process of innovation, (finding an opportunity, finding the resources, developing the idea and capturing value) that they were able to develop Greats into a brand that continues to disrupt the sneaker industry. It may be that some experiments fail, but as long as they continue to make them, Greats is a brand that looks set to continue to grow in an exciting and unpredictable manner.

Greats' Website can be viewed [here](#).