

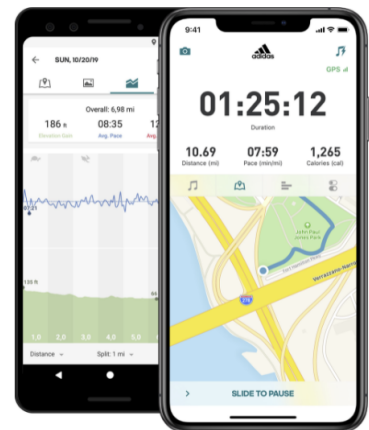
# adidas

## Final Recommendations

**Prepared By:**  
Team OG Classic Runners  
[ student names ]  
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**ADIDAS RUNNING**



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## Executive Summary

Given the task of finding ways to connect adidas and today's generation of runners was daunting, but it was not a task we could not handle. We came up with many ideas before narrowing it down to the idea that would gain the most traction. After meeting, presenting, and discussing possible ideas with adidas employees, we realize that adidas could use a program that draws customers in. Our idea is the implementation of a loyalty program. This program would have enhanced promotions and would be implemented onto a new and improved adidas Runtastic app.

A loyalty program that is specifically designed to engage runners will help adidas draw in today's generation of runners and develop a deeper relationship with the running community. In turn, this will help to educate runners about the abundance of quality products that adidas has to offer, making it easier to share information with customers. The loyalty program will turn engagement between runners and adidas into a positive experience, rewarding runners for their participation while creating a strong sense of community and brand loyalty. The goal is to deepen connection and increase the customer lifetime value.

This loyalty program will build an authentic relationship with the running community, keep them engaged over the long term, motivate them to set and meet ambitious goals, and educate them about the running world and what adidas has to offer. Within this program, there is much room for creativity and growth. Further research is vital to ensure that customer needs are being met and this project is a great opportunity to be agile, keeping up with the changing needs of a growing community. The program will connect adidas to the running community and build a loyal customer base. This loyalty program, while specific to runners, will coordinate with the existing Creator's Club membership program, but will remain separate to build a deeper relationship with the running community.

It is important to recognize that this program will help adidas stay competitive in a crowded market. Not only does adidas need to compete with other large shoe companies like Nike, but new specialty companies are also bringing fresh ideas to the running community and so it is important that adidas builds a credible relationship with runners before they choose another company. This loyalty program will allow adidas to keep pace with the competition and potentially outpace them with a specific experience that will resonate with runners. By providing runners with the motivation and community they desire, adidas will capture their attention in a competitive market.

## Business Concept

This loyalty program will draw in customers at the point of purchase as well as runners who are looking to join a community where they can keep track of their goals and accomplishments. Below is a breakdown of the user journey:

- Runners will be directed to the adidas Running app to set up a profile.
- The app will be designed to be sleek and easy to navigate. Features will include:
  - Welcome page and tutorial

- Easy to use running tracker
- Suggested goals targeted based on running profile
- Motivational music to pair with your run
- Limited and targeted links to adidas promotions, such as shoe sales, product recommendations, or sponsored events
- Participants will be rewarded with points for all achievements, which will gamify the program making it fun and engaging. Points will be rewarded for:
  - Interacting with the app and setting up a profile
  - Purchases
  - Setting and accomplishing running related goals
  - Interacting with the community
  - Checking in at key places and events
- The points will then be used to collect prizes and discounts. Prizes will include:
  - Coupons for purchases
  - Free running accessories such as masks or water bottles
  - Event registration
- When runners participate in certain activities, they will be entered into a raffle for the chance to win a larger, featured prize, such as a pair of the latest adidas running shoes.

In order to promote this program and gather participants, adidas will work with running events in key cities across the country. adidas can sponsor various events and encourage runners to sign up for the program when they register for the event. At events, there is the potential for further marketing to explain the program and the benefits to the participants. The loyalty program will also be promoted on the website and social media to reach a wide audience. The important part of the marketing strategy is to educate runners about the program and let them know that this is an opportunity to be a part of a supportive running community that will help them reach their personal goals. To increase the level of trust, adidas should highlight real runners and their experiences with the program. adidas can create new content specifically for this program, but can also use media content that they already have and can repurpose.

## **Competitor Analysis**

Companies who are looking to gain today's running community's attention are having to find innovative ways to draw runners in. There are companies that have been around for decades, while others are new to the industry. The older companies include Nike, New Balance as well as adidas. These companies are facing more competition than ever from newer companies such as Hoka. Finding new and innovative ways to appeal to runners, is a common goal that all of these companies share. A way to endear runners is to have quality items but also incentives that will keep a customer loyal. Loyalty programs are a huge way for the companies to appeal to runners.

New Balance has one of the better loyalty programs amongst adidas' competitors. Joining the program can be done by the following: online/email, over the phone, and at a participating New Balance store. The program is called, "myNB rewards". Consumers can earn NB points on

both purchase and non-purchase activities. These points will then accumulate and lead to rewards such as \$10 off coupons or even exclusive product offerings. We are hoping to offer the runners from the adidas brand, a program that reflects similar aspects to the myNB rewards program, specifically the running segment. Determining your tier status depends on how many points you accumulate. A downside to the New Balance program is that it does not offer an app to accompany their loyalty program, which is one of the key aspects we are hoping to provide with this new loyalty program.

The companies mentioned above have all created their own loyalty programs. These programs are geared more towards all shoppers of the brand, not specifically runners. Therefore, there is a need to fill this gap, which adidas has a great chance at filling. adidas offers their customers a membership into the company's Creators Club. It is free to join and is on a point system. There are multiple ways customers can earn points to reach the levels indicated in the membership. This loyalty program has the potential to be the best in terms of serving the customers, it just needs a few tweaks. We are proposing a loyalty program specifically for today's runners, as stated previously in the business concept. A program exclusively for runners puts adidas at a competitive advantage since many of the competing companies do not offer such a program.

## **Research Survey & Analysis**

adidas defines their customer segments in three distinct categories: Amplifier, Creator, and Value. These categories are broken down further into specific consumer groups based on values that are important to different groups of runners and how running plays a part in their lives. Striver or Enthusiast are the two categories that adidas breaks down their runner segment into. The running Striver is hardworking and looking for tangible results whereas the running Enthusiast is running because they love to do so, regardless of the physical results. Both of these categories seem to be represented in this survey and we identify them as today's runners.

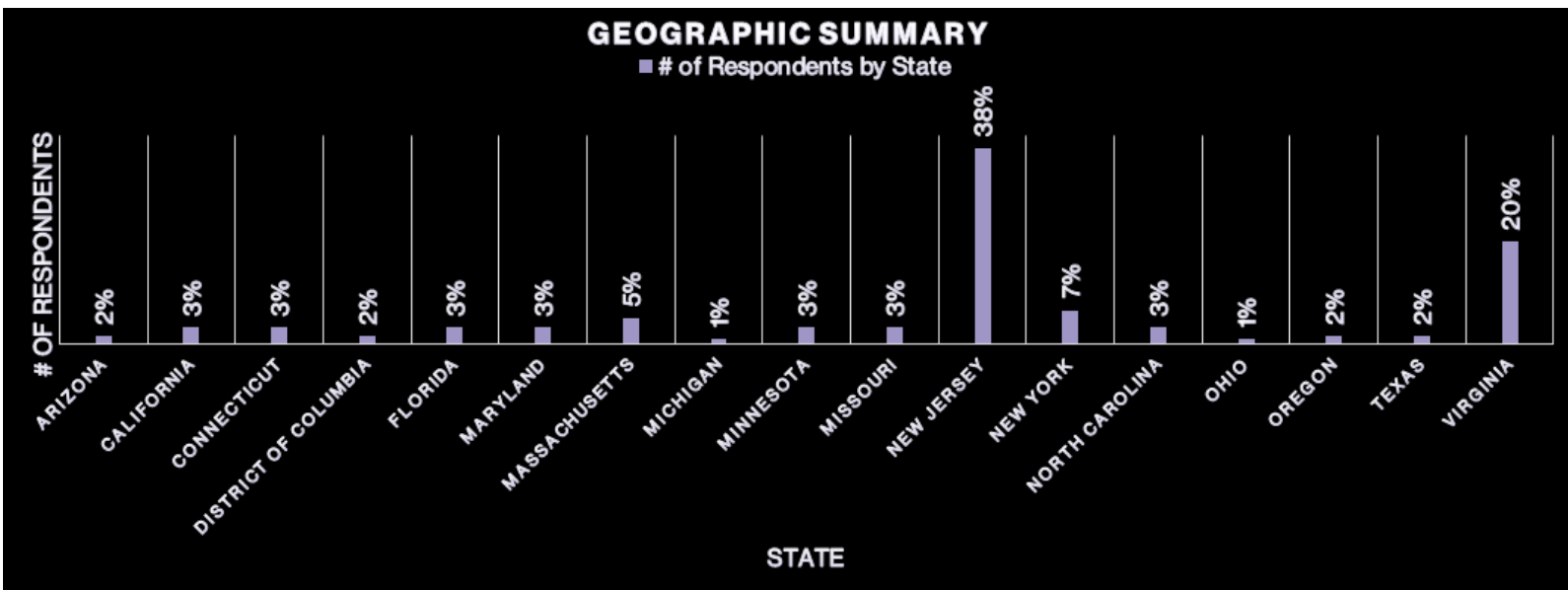
Team OG took the initiative to gather real-time consumer data to understand consumers' purchase habits, brand loyalty and measure adidas' performance amongst their competitors. We created and initiated a primary market research study that consisted of a 22 question survey which ran for a week and yielded 102 respondents. As adidas is looking to capture the market of "today's generation of runners," including both the running Strivers and Enthusiasts, we created specific questions to be able to eliminate respondents who would not qualify as today's runners. We identified that only 61 respondents qualified as today's runners. To qualify for this segment, respondents must have walked and/or run indoors/outdoors within the past 4 weeks (as of 4/18/2021) and have been running anywhere from less than a year to five or more years. The following research survey analysis is based on the 61 respondents that qualified as a consumer in today's generation of runners segment.<sup>1</sup>

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<sup>1</sup> The survey was conducted through surveymonkey and distributed via social media, email and more. While the sample size is small, it can be used as a baseline for future reference.

## Demographics<sup>2</sup>

Out of the 61 qualified respondents, 35% were between the ages of 18-24 years old, 52% were between the ages of 25-44 and 13% were 45 years or older. Males accounted for 38% and females accounted for 62% of the qualified respondents. 72% of qualified respondents have been running for five years or more and 85% run between one to six times a week. In terms of the geographic representation of our surveys, qualified respondents, 16/50 U.S. States are represented as well as the District of Columbia with New Jersey (38%) and Virginia (20%) yielding the majority of respondents.



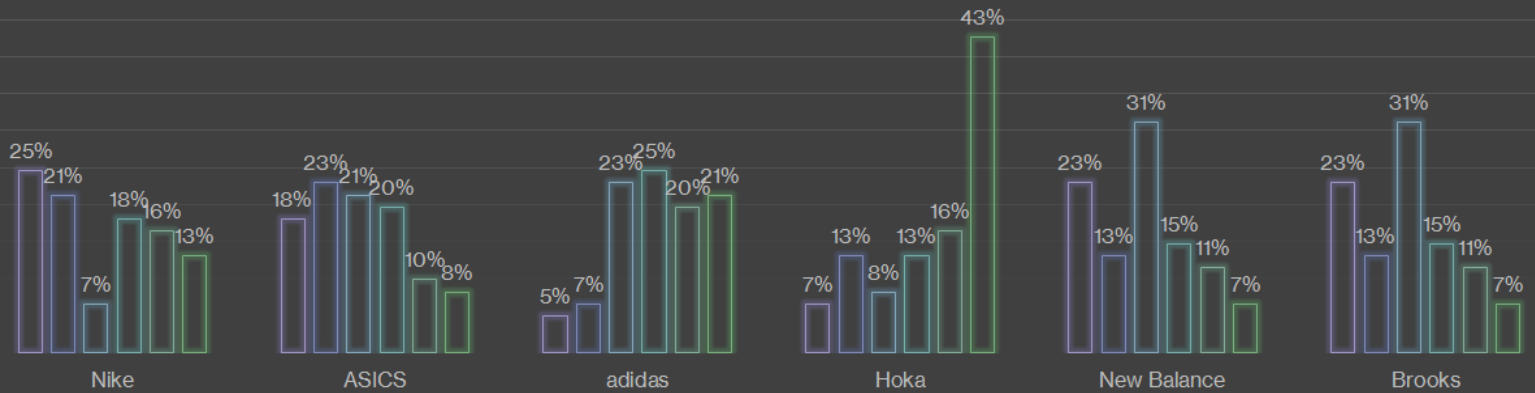
## Important Insights

From the survey data, we were able to analyze and identify interesting insights that adidas may find useful from a small sample size. We asked respondents to rank the running shoe brands in order of best overall shoe. They ranked the brands in order from 1st-6th. The brands listed were: Nike, Asics, adidas, Hoka, New Balance and Brooks. Today's runners identified Nike, New Balance & Brooks as the top running shoes out of the list, while adidas saw a majority of 3rd and below votes but had the least amount of 1st and 2nd votes. Hoka was significantly considered as the least preferred shoe amongst the brands listed. A new loyalty program, running alongside the Creator's Club, specifically targeted to today's runners that gives these consumers incentives and rewards for running or participation in adidas events, may result in adidas increasing their ranking upon competitors. See chart below:

<sup>2</sup> See appendix: Figure 1 for demographics

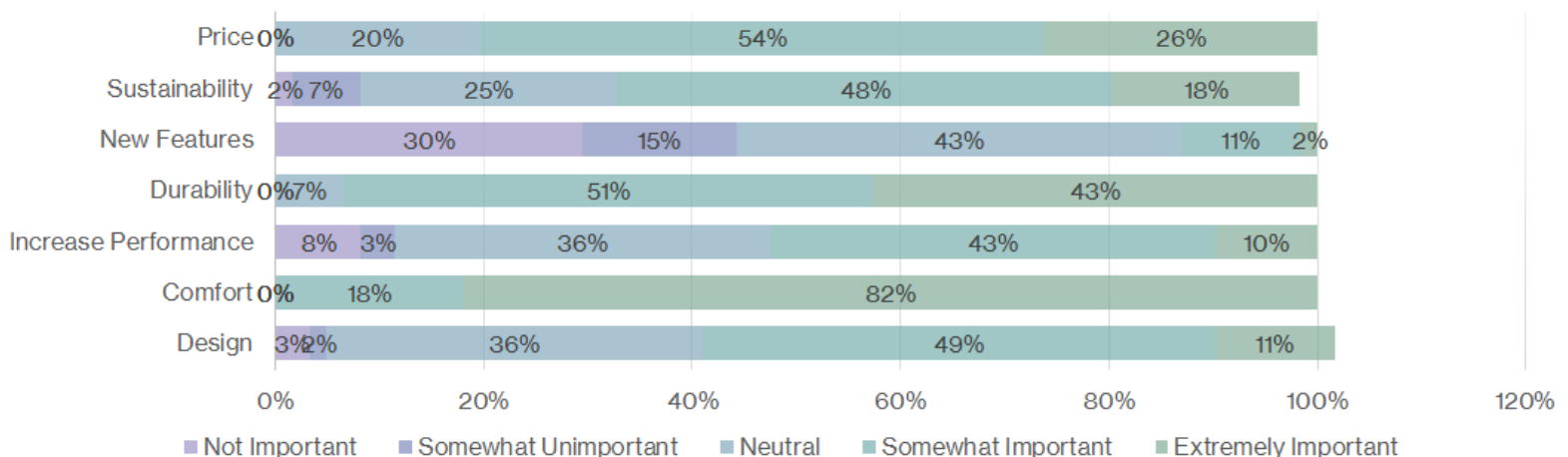
## Brand Rankings Amongst Today's Runners

1st 2nd 3rd 4th 5th 6th



We also asked respondents a series of questions to rank the importance of specific attributes when considering the purchase of a new pair of running shoes. We can say that from the respondents of today's runners, durability and comfort are considered to be the most important attributes, while price, sustainability, increasing performance, and design are all moderately important attributes. The creation of another loyalty program that is specific to the running community would give adidas the ability to connect with the community on key selling points, informing runners of current and new products that excel in these important attributes. See chart below:

## THE IMPORTANCE OF SHOE ATTRIBUTES AMONGST TODAY'S RUNNERS



## **Benefits to adidas**

### *Engagement*

This loyalty program has the potential to add a tremendous amount of value to adidas. This program is specifically designed to engage with the target segment categories of Enthusiasts and Strivers. We found that these groups of runners are both goal and community oriented. The loyalty program provides a space that can nurture both of these characteristics. Because the target segments are also generally new to running, this program is also a great way to help the customer develop running habits while establishing brand loyalty. The program draws in these groups by addressing their particular customer insight and keeps them engaged, which provides them the benefit of additional motivation to run and a convenient way to participate in a genuine running community.

This program is also designed to keep runners engaged with adidas on a consistent, long term basis. Runners can interact with the program as often as they would like, which expands adidas' engagement beyond the shopping experience. Everytime a participant goes on a run they will track their information in the adidas Running app and receive encouragement and promotional information from adidas. This is an opportunity to not only advertise more frequently, but also an important chance to build a strong relationship with the customer based on trust and credibility. If the runner develops the habit of tracking their progress through the loyalty program, they will find it natural to choose adidas when they are ready to purchase new running gear. They will be familiar with the products and they will trust adidas because they will have built a relationship with adidas where the emphasis is on having the best running experience possible.

### *Information Gathering*

An additional benefit to the program is the amount of data that adidas can gather from their customers. Every person that signs up for the program and interacts with the app is more data that can be gathered. adidas can then use that information to learn more about customer needs, runner segments, and the impact of different promotions. The goal is to create a rich and dynamic feedback loop that will help provide more targeted promotions.

### *Authentic Relationship*

Finally, this program develops an authentic relationship with today's generation of runners. It provides valuable resources to runners that will help them grow personally. It also provides a community of runners where they can interact with each other, cheer each other on, and share information. adidas will provide the platform for this community to thrive and reward positive interactions. This effort will show runners that adidas is trustworthy and a credible resource. In turn, runners will feel comfortable and excited to shop with adidas and share their enthusiasm for adidas with their friends and fellow runners.



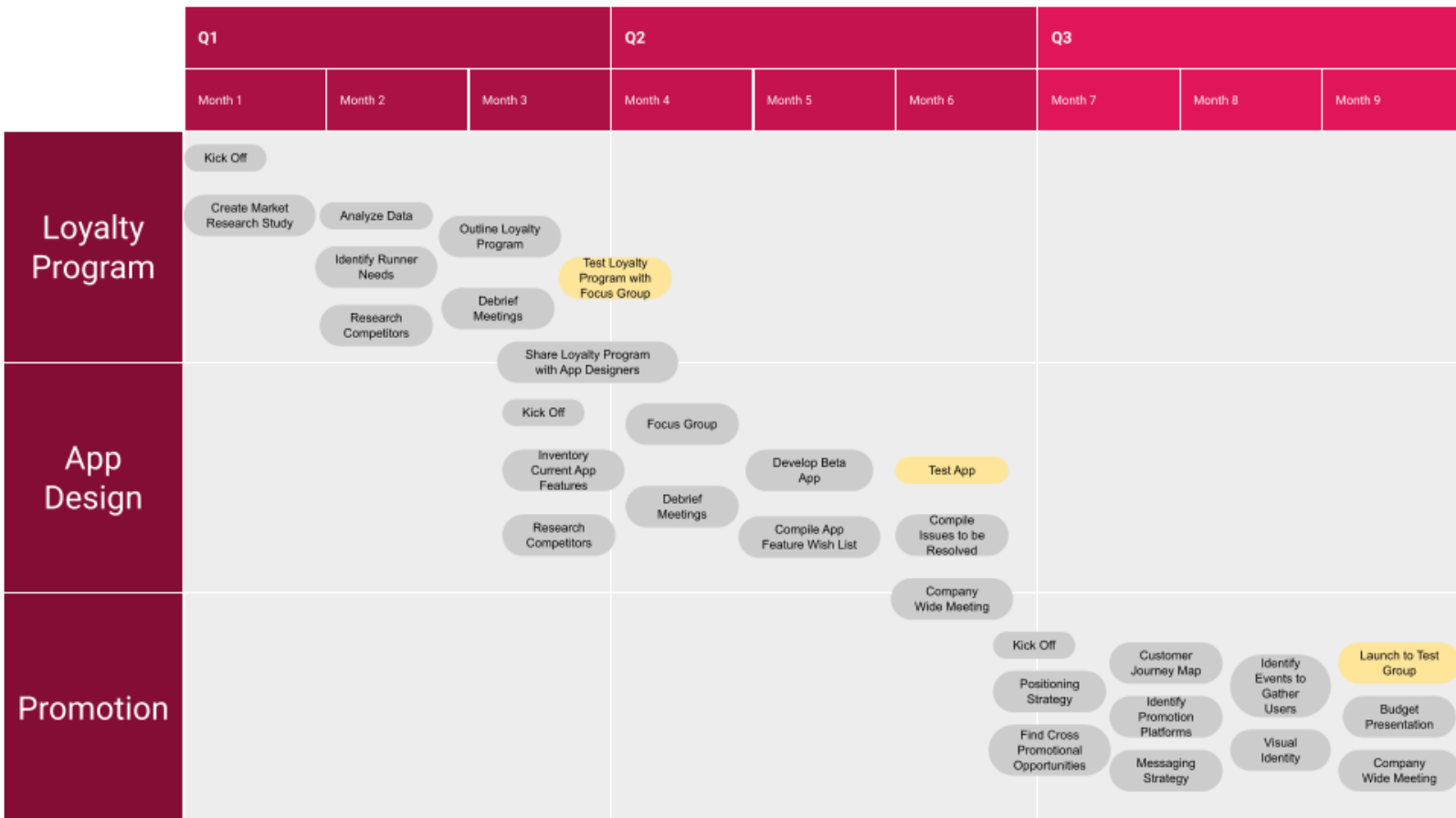
## **Program Implementation**

Organizing a project of this size is no simple task. To have the greatest chance of success, we recommend utilizing multiple 100-day plans in order to gather more information, measure viability of the project, and leave room to change course as needed. To get the project started and moving in the right direction, we recommend starting with three specific plans that will be executed by three different groups. At the end of each 100 days, the results will be assessed and will be essential to deciding the next steps needed to continue implementing the project. While this agile approach will help shape the specifics that will allow for the greatest success, milestones will be included to test the program with users to be sure that the project will have the intended outcome before investing more resources. See timeline below and reference individual 100 day plans in the Appendix A.

### Illustrative Example: Timeline of 100-Day Plans

#### *Loyalty Program - First 100 Days*

The first 100 day plan, see Appendix A: Figure 2, will be focused on developing the loyalty program. The Product Management division of the Marketing department, will be the main party responsible and they will consult with the Engineering department during certain steps. During the first 25 days, the team will meet to discuss the project and work on creating a market research study on runner-specific loyalty programs. This study should provide more information on what today's generation of runners are looking for in a loyalty program. By day 50, the data from the study will be analyzed to identify the customer wants and needs. This should result in a clear understanding of what features customers would respond to in a loyalty



program. What activities should be tracked, what rewards should be offered, and what goals are exciting are some of the information that will be gathered. In addition to this study, by day 50 this team should also conduct thorough research on competitor's loyalty programs. By day 75 the team members should meet to discuss the findings of the research and they should map out a loyalty program based on that information. By day 100 the team will present the loyalty program ideas to app and website designers to confirm compatibility. Additionally, a small group of

runners will be assembled to test out the proposed loyalty program. At this point adidas will have data to support the need behind features that go into the program and feedback from real runners about the designed program.

### *App Design - First 100 Days*

Assuming the first 100 day plan is showing promising results, the second 100 day plan, executed by the Engineering department will start on the 75 day milestone. This next 100 day plan, see Appendix A: Figure 3, will focus on app design because this will be the main venue for managing the loyalty program. Within the first 25 days, this team will hold a kick off meeting and outline the loyalty features that will be incorporated on the app. In addition, the team will research competitor's apps to have a better understanding of how adidas compares. Most importantly this team will have to do a thorough inventory of what features the app already provides. For this part of the project, most of the needed features may already exist in the current version of the adidas Running app. However, the goal of this project is to create a compelling loyalty program specifically for runners and so a more focused app will need to be curated. By day 50, this team will work with a focus group of runners to determine the top 5 favorite app features. The results from this research will be shared with other departments at this time. By day 75, the team should develop a beta running app that includes only the top 5 features that have been identified. The goal is to use what already exists, but create an environment that is easier to navigate and specifically linked with the loyalty program. In addition the app should be fun to use and promote consistent engagement. At the 75 day point the team should also have a list of features compiled that are desirable, but need to be developed. By 100 days, the beta app should be tested and a list of issues to be resolved should be documented. Most importantly the findings from this endeavour should be shared with the entire company, because while the goal of this project is to connect with runners, insight may be gained that can help other departments or divisions.

### *Promotion - First 100 Days*

After the first two teams have successfully completed their 100 day plans, it will be time to focus on promoting the program. The Marketing department will be responsible for this 100 day plan, see Appendix A: Figure 4, and will consult with the Engineering and Accounting departments. During the first 25 days, the team will meet and decide what available adidas content can be used to promote the loyalty program. The team will also develop a positioning strategy, which will be key for the promotion of this program. By day 50, the team will create an ideal customer journey map. The purpose of this is to understand the experience they want the customer to have and to figure out what touchpoints adidas will create to reach out to the user of the loyalty program. This will also be the time that the team creates a messaging strategy and a new name for the program as well as identifying platforms on which to feature promotion. At the 75 day point, the team will have identified 5 prominent events in key cities to work with in order to gather new users and to promote the program. This will also be the point where the team identifies cross marketing opportunities and creates a visual identity for the program. Finally, by day 100 this team will launch the program to a small test group to measure impact and success.

They will present a proposed budget to the accounting department, requesting further funding for the promotion of this program. All information about the program will also be shared with the entire company to spread awareness and make sure any opportunities to cross promote the program are being leveraged.

### *Next Steps*

This plan covers approximately 9 months and will leave adidas with a clear start to implementing this program. At this point adidas will be able to assess the value of the program, allocate a budget, and decide in which direction to move the project. The possibilities from this moment are endless. adidas could continue by focusing on sponsoring events in key cities to sign up new participants. Events could revolve around encouraging diversity within the running community or could be coordinated with high schools to involve younger runners. Alternatively, adidas could focus on creating new content for the program. A video series that features real runners finding their perfect shoe could be featured and circulated to loyalty program users. And as the program grows and more research is done to find out what is important to runners, new features could be added. A shoe finder for example would be helpful to match runners with their perfect shoe and could be implemented as a bonus feature into this program. Within two years this project will have a clear direction and potential for further growth.

### *Measuring Success*

In order to measure the success of this program there are several factors that can be examined. During the initial 100 day plans research will be conducted and it is essential to analyze that data and listen to the feedback from focus group participants. This research will help adidas know that they are on the right track and creating something that will add value to the lives of today's runners. After the program has been launched on a wider scale there will be many metrics that can help measure success. The number of new users should be carefully tracked to make sure the promotion is reaching and persuading runners to sign up for the program. Then the purchases by users should be tracked and measured to ensure the program is not only gaining participants, but also increasing sales. Finally, surveys should be conducted among participants to get feedback on their experience with the program. There should be a process in place to regularly check in with users and to make adjustments to the program so that participants stay engaged and promote the program within their social sphere. If this program is a success adidas will have a larger, measurable, community of runners who are also loyal consumers.

### **Conclusions**

Our team would like to reiterate the importance of a loyalty program for today's generation of runners. Our overall goal is to increase the customer lifetime value while deepening the connection between adidas and the running community. We believe the loyalty program we've proposed will build an authentic relationship with the running community, while

also keeping them engaged and motivating them to set and meet ambitious goals. Giving runners an innovative and creative experience will go a long way in accomplishing these goals. There is an amazing opportunity for adidas to educate runners about the running world and what adidas has to offer. Ultimately, this program will allow adidas to potentially outpace their competition with a unique experience that will resonate with runners for years to come.

## References

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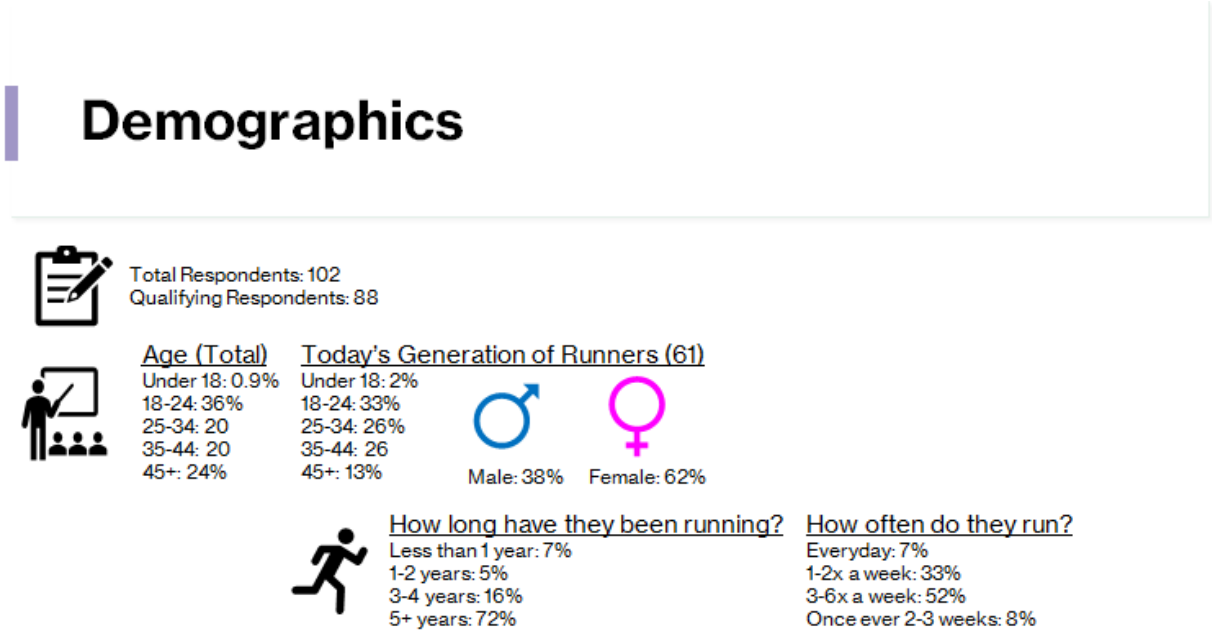
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<https://www.adidas.com/us/creatorsclubrewards>

Appendix A

Figure 1



**Figure 3**

<h1>App Design</h1> <p>Tentative Dates: (8/15/21-11/23/21) Responsible Dept: Engineering Consulted Dept(s): Marketing</p>			
First 25 Days	50 Days	75 Days	100 Days
<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Kick-off meeting.</li> <li>Inventory list of features that pertain to runners</li> <li>Outline loyalty program features to incorporate on the app</li> <li>Research competitor's apps</li> </ul>	<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Focus Group to determine top 5 favorite app features.</li> <li>Meeting brief of focus group results (marketing, engineering, other)</li> </ul>	<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Develop a Beta running app including only the top 5 features that appealed to runners</li> <li>Create a list of features that are desirable, but need to be developed</li> </ul>	<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Test App</li> <li>Compile list of issues to resolve</li> <li>Share findings with the company</li> </ul>

**Figure 4**

<h1>Promotion</h1> <p>Tentative Dates: (11/24/21-3/4/22) Responsible Dept: Marketing Consulted Dept(s): Engineering, Accounting,</p>			
First 25 Days	50 Days	75 Days	100 Days
<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Kick-off meeting</li> <li>Decide what available adidas content can be used to promote the loyalty program</li> <li>Develop positioning strategy</li> </ul>	<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Create ideal customer journey map</li> <li>Identify platforms to promote app and program awareness</li> <li>Create messaging strategy and new name for the program</li> </ul>	<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Identify 5 prominent events to work with to gather new users</li> <li>Identify cross marketing opportunities</li> <li>Create visual identity</li> </ul>	<b>Deliverables include:</b> <ul style="list-style-type: none"> <li>Launch program to small test group</li> <li>Share information about the new program with company members</li> <li>Promotion funding/budget presented</li> </ul>