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| Nike Air Force 1 Sage Low Women's Shoes. Nike.com  Concept test  MKTG 6214 – SEC 01 | Abstract  Developing a concept test for a new smart shoe by Nike as an extension to their line, Nike Adapt, named Nike Create+.  Denise Reyes, Nourelhoda Bekheet, Farhan Imam, Aiswarya Venkitesh  Professor Robert McCullough |

Table of Contents

[I. Executive Summary 2](#_Toc107436168)

[II. Customer Analysis 2](#_Toc107436169)

[III. Product Concept Description 4](#_Toc107436170)

[IV. Survey Results 5](#_Toc107436171)

[V. Evaluation of Concept Test 9](#_Toc107436172)

[a. Factor Analysis 9](#_Toc107436173)

[b. Perceptual Map 10](#_Toc107436174)

[c. Forecast of Sales 11](#_Toc107436175)

[VI. Conclusion and Implications 12](#_Toc107436176)

[VII. Appendix I – Survey Questionnaire and Respective Responses 14](#_Toc107436177)

[VIII. References 18](#_Toc107436178)

# Executive Summary

The driving force behind this project is developing a new, ultimate smart shoe which will be an extension of Nike’s existing smart shoes, Nike Adapt, and will be called Nike Create+. This new smart sneaker will be fully color customizable through an app. Our Nike Create+ sneakers will mimic a canvas textile, and will have two built-in LED displays on the sides of the shoes. A visual of the design can be found in Appendix I. Since Nike has already developed Nike Adapt, a smart sneaker that features wireless charging and self-lacing capabilities, our smart sneaker will be proposed to their product management team which builds upon their technology by adding the color customization feature. The proposed smartphone app will allow consumers to create and publish their own designs, or download another user’s design. A breakdown of the app’s interface and user experience can be found in Appendix II.

Over the past decade, there has been a growing demand as the smart shoe market is currently valued at $226.92M in 2021 with an expectation to reach a value of $585M by 2027 recording a CAGR value of 16.50%[[1]](#footnote-1). By bringing this product to market, everyday individuals will be able to unleash their creativity, whether it be through creating an intricate design or simply changing the color of the shoe to match their outfit. By launching this new technology, we would eliminate third party shoe customizers while also allowing consumers to become their own artists. Furthermore, Nike Create+ will be cost saving in the long-term. Our projections are that it will minimize, or possibly eliminate, the need for individuals to pay exorbitant fees for shoe customization. Additionally, it will minimize the need for individuals needing to purchase multiple shoes in order for them to be a specific color. Moreover, our app would create a sense of community by allowing individuals to publish their content and interact with other consumers[[2]](#footnote-2).

# Customer Analysis

To create our value proposition, we must first identify our target segments, their needs and expectations, and finally their purchasing behavior. The primary approach is knowing our target market is to segment it, as seen below.

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| *Demographic* | Our shoes are unisex, therefore both men and women can wear them. A GenZ or Millennial between the ages of 16 and 35 is the target customer. Because our sneakers are $500, they must earn at least $50,000 per year. We want to create a brand that is welcoming to people of all races and cultures, therefore we'll use multicultural marketing tactics to account for regional disparities in language and purchasing habits. |
| *Psychographic* | Our consumers have a common lifestyle, in addition to their personalities, interests, and opinions/beliefs: they are independent individuals who enjoy expressing their creativity in all aspects of life. The following consumer profiles arise from differing across the attributes. |
| *Geographic* | Customers can be situated anywhere in the world because sales will be made through third-party websites like Nordstrom, Farfetch, and Saks Fifth Avenue. |
| *Behavioral* | Customers who keep up with the latest fashion trends and are interested in technological breakthroughs are our target demographic. The shoes will be classified as collectibles because they will be sold in small batches and worn only once or twice a year. |

Below are the highlighted target markets for our new product:

*Influencer Fashionistas*

* Personality types: Those who enjoy posting on social media and communicating with their followers.
* Passion: Fashion and living a healthy lifestyle.
* Principle and perspectives: Above all, new trends.
* Product specifications and needs: Making a fashion statement that is bold and unique.

*Artistic Technophiles*

* Personality types: People that combine the most cutting-edge technical breakthroughs into their daily lives and use technology to express themselves creatively.
* Passion: Creativity and innovations.
* Principle and perspectives: new technology is required.
* Product specifications and needs: Smart technology and a user-friendly interface are  required in products.

*Sneakerheads*

* Personality types: People that are passionate in collecting sneakers and sharing their   knowledge with others.
* Passion: Nightlife and urban/hip hop music.
* Principle and perspectives: a sense of uniqueness.
* Product specifications and needs: What the competition lacks.

The stages of a customer's purchase is as follows:

1. Awareness Stage

Our Instagram, TikTok, Facebook and Twitter ads will provide exposure to our target clients. To ensure that our message reaches as many people as possible, we will use social media influencers who represent all three of our customer personas. We'll be able to track the effectiveness of our campaigns using Google Analytics data. Based on their buyer persona, once our target clients become aware of our products, they will also become conscious of their need for them.

1. Consideration Stage

The target buyers will consider the benefits and drawbacks of having our product in comparison to other brands at this phase. While the sneakers are trendy and unusual, they may not be as attractive as other shoes, which is a plus for Influencer Fashionistas. Buyers can compare the prices of competitors products, therefore it's critical for our company to justify the value proposition of our shoes, which can be expensive.

1. Decision Stage

Customers will participate in the decision-making process by comparing competitor offerings. Our target clients would make their decision based on the shoe’s social presence and distinctiveness, while pricing is weighed throughout the consideration step. When people purchase our products, we refer to this as a conversion. If our products do not sell in the predicted quantities, we plan to offer the shoes in relatively limited quantities in order to maintain uniqueness[[3]](#footnote-3).

Below is a brief overview of how we enticed individuals to participate in our concept survey:

To gather the survey data, we constructed a Google Questionnaire and shared the URL in our respective Instagram stories. To collect their information, we also sent our classmates and friends the link to the form. Initially, the determinant map included two aspects comfort and durability. However, after analyzing the survey data, the final perceptual map was tailored to fit the desired needs of the consumers, while also incorporating the foundation of the new product presented.

# Product Concept Description

In the progressive footwear sector, brands must provide the most value to its customers. Appearance, design, fitting, and comfort are still key considerations when making a purchase, however so are longevity, utility, eco-friendliness and flexibility. It is extremely difficult to find all of these attributes in a single brand, and consumers are looking for as many desirable features as possible.

Nike Inc. is the biggest multinational corporation in the field of athletic apparel. It is an industry leader that designs, develops, manufactures, markets and sells footwear, clothes, gear, collectibles, and services around the world that aim to expand human potential. Nike accomplishes this by developing game-changing athletic technologies and making products that are more environmentally friendly. The brand has one of the most famous logos, "the swoosh". The swoosh logo today, is among the most iconic and valued brand logos in the business, valued over billions of dollars. Nike vouches for making products that provide power and strength to the runner's and athletes’ feet.

In an attempt to bring out the creativity that is hidden in every individual, Nike will be launching its most recent line, Create+; these sneakers will be fully color customizable at the touch of a button. You can personalize your Create+ sneakers with designs that will be illuminated by the built-in LED technology, as well as the logo, to fit your personality and style. Consumers will be able to design their sneakers by selecting from the default graphics available, or can elect to create their own designs. The smart footwear will be linked to a smartphone app, allowing consumers to personalize and share their designs with the rest of the community. Nike Create+ wants to move to zero carbon and zero waste.

# Survey Results

|  |  |  |  |
| --- | --- | --- | --- |
| Questions | Personal Attributes & Options | Number of Observations | Interpretation |
| Demographic Questions | | | |
| *What is your gender?* | Male | 33 | Many women are interested in the product, as evidenced by the fact that 56.6% of them choose it over 43.4 % of males. |
| Female | 43 |
| *What is your age? (In years)* | 17 or younger | 1 | As shown by the fact that 77.6% of those who took part in the survey are between the ages of 18 and 28, our target demographic is the younger generation. In addition, 19.7% of the survey participants are in the 29–39 age bracket, as can be shown. |
| 18-28 | 59 |
| 29-39 | 15 |
| 40-50 | 0 |
| 50+ | 1 |
| *What is your annual income?* | $10-40K | 50 | As is clear, people who earn more than $120,000 a year are significantly less likely to purchase our goods. They might possibly be above 40 years old. When making purchases, they may favor upscale labels over the most recent fashions. Additionally, we see that 65,6% of those who responded to the survey are between the ages of 18 and 28. |
| $40-80K | 21 |
| $80-120K | 3 |
| $120k+ | 2 |
| Product Oriented Questions | | | |
| *When it comes to footwear, please rate the values of the product that is most important to you?* | Comfort | 33 | Only 2% of customers are interested in buying a product only because of its design or appearance. Additionally, 30% of the audience gave comfort a rating of 5. |
| Style/Design | 10 |
| Price Point | 8 |
| Durability | 25 |
| *What type of footwear do you typically buy?* | Sneakers | 50 | It is evident that 65.8% of customers choose to buy sneakers. It helps our products sell better.18.4% of those surveyed love buying athletic gear; they may be more self-conscious people who need to wear athletic wear for jogging or exercise. |
| Athletic Wear | 14 |
| Boots | 3 |
| Heels | 4 |
| Casual Wear | 3 |
| Running | 1 |
| Walking | 1 |
| *How interested would you be in buying smart sneakers?* | Extremely Interested | 14 | You can see that 18.4% of respondents expressed a strong desire to buy stylish sneakers. Furthermore, 38.2% of respondents indicate a desire to buy. As a result, 56.6 percent of the audience indicated a desire to buy smart sneakers. Furthermore, 26.3% are at least somewhat interested in buying this product. |
| Interested | 29 |
| Somewhat Interested | 20 |
| Neutral | 7 |
| Not Interested | 5 |
| *Which of the following smart sneaker features would you be interested in?* | Bluetooth Connectivity | 35 | As you can see, 55.3% of respondents expressed interest in features that enable speedy charging. This is one of our product's distinguishing features because they haven't seen anything similar in any other goods. Additionally, 46.1% of the participants are interested in Bluetooth connectivity. |
| Built-in LED Design | 25 |
| Photochromatic | 30 |
| Glow-in the Dark | 23 |
| Fast Charging | 42 |
| *What do you like the most about the smart sneaker’s product?* | Bluetooth Connectivity | 17 | Participants gave the ability to self-lace a higher rating than other factors. That is the most enticing characteristic in comparison to the others.  Additionally, the respondents gave Bluetooth Connectivity and the Fast Charging similar ratings. |
| Built-in LED Design | 12 |
| Self-lacing Capabilities | 24 |
| Glow-in the Dark | 12 |
| Fast Charging | 21 |
| *What is the price range you would be willing to pay for this product?* | $250 – $300 | 60 | The price range of $250 to $300 is where people are keen on buying this product. It also seems that their average yearly income is around $40,000 because the bulk of our respondents are younger – those between the ages of 18 and 28. The $300 – $500 price range was chosen by people with annual incomes over $40,000. |
| $300 – $500 | 13 |
| $500 – $700 | 2 |
| $700+ | 1 |
| How satisfied are you when you purchased similar products from our competitors? | Extremely Satisfied | 9 | 18.4% and 11.8 % of respondents, respectively, selected “very satisfied” and “very satisfied.”  As a result, more than half of the audience is unhappy with the identical items they have acquired from other companies. |
| Very Satisfied | 14 |
| Somewhat Satisfied | 41 |
| Not So Satisfied | 8 |
| Not Satisfied At All | 4 |

Many women are interested in the product, as evidenced by the fact that 56.6 percent of women chose it over 43.4 percent of men among respondents who were classified by gender. This does not necessarily imply that males won't need it. Men might be more interested in the product's features, while women might be more interested in the styling. When looking at the respondent's ages, our target audience is the younger generation, as shown by the fact that 77.6% of survey respondents are between the ages of 18 and 28. Furthermore, we can see that 19.7% of the survey participants are in the 29–39 age bracket. They are part of our secondary target audience. In contrast, the previous data indicates that fewer respondents who were 17 or older and younger took part in the survey. We have no takers for people over the age of 50, which proves that they are not particularly tech-savvy. The fact that more survey respondents are in the 18 to 28 age group suggests that this group uses technology more than others. Those who make more than $120,000 a year are comparatively less interested in buying our product. When purchasing, they can prefer luxury brands above the newest trends. They could also be older than 40. In addition, we notice that 65.6% of the poll respondents are between the ages of 18 and 28. They are our primary target market and prefer to buy goods with the latest innovations over expensive name brands. Furthermore, their pay is less than that of other audiences. Another reason to choose our product is that.

When rating the values of the goods, most consumers gave comfort a higher priority than style, affordability, and durability. The durability or quality of the product was then viewed as secondary. Our offering will meet the expectations of the client. Product cost and design are given less consideration than other criteria. Only 2% of customers are interested in buying a product because of its design or appearance. Additionally, 30% of the audience rated comfort a 5. 65.8% of the clients prefer purchasing sneakers. It benefits the sales of our products. Sneakers are fashionable, compact, inexpensive, and easy to walk in. One justification for choosing sneakers is that it goes with all types of dresses. 18.4% of respondents enjoy purchasing athletic apparel; they may be more self-conscious individuals who require athletic wear for jogging or workout. Boots, heels, and casual clothing were very rarely chosen. According to this pie chart, our target audiences are more style-oriented than health-conscious. 18.4% of respondents are very interested in purchasing fashionable sneakers. And 38.2 percent express interest in purchasing. Therefore, 56.6% of the audience expressed interest in purchasing smart sneakers. And 26.3% are at least somewhat interested in buying this product. They might be more drawn to artistic creations than those with a fashion-forward design. Very few respondents to the poll indicated they were not interested in purchasing the product. They may not be disinterested, though. They might not be knowledgeable about this unique product. As you've seen, 55.3 percent of those surveyed are interested in features that allow quick charging. They haven't seen anything like this in any other product, making it one of our product's distinctive qualities. Bluetooth connectivity piques the curiosity of 46.1% of audiences. The fact that there are more survey participants signifies our enhanced technological capabilities. 30% of people say they want to see the glow-in-the-dark feature. They would be considered a fashion-conscious audience who enjoys discovering emerging trends. Self-lacing ability received higher evaluations from audiences than other aspects. When compared to additional features, that is the appealing one. Additionally, Glow in the dark and the in-built LED design received exceptionally few ratings in the graph above. This demonstrates that the most robust and distinctive qualities that buyers value the most are Bluetooth connectivity and self-lacing capabilities.

People are interested in purchasing this product for between $250 and $300. Because most of our respondents are younger—those between the ages of 18 and 28—it also appears their average annual income is under $40,000. Therefore, they might be able to purchase these goods in this price range. People with annual incomes over $45,000 tended to favor the $300–$500 price range. The fact that so few consumers chose a pricing range of more than $500 indicates that they may care more about comfort and product quality than the price. 18.4% of respondents chose to be very satisfied, and 11.8% chose to be extremely satisfied. Thus, more than half of the audience is dissatisfied with similar things they have purchased from the competitors. If we conducted further interviews with those who are extremely satisfied, we would learn about our product's flaws and why customers choose competitors' products over ours. Therefore, we can make our features better in light of the unfavorable feedback and attract more clients in the future.

# Evaluation of Concept Test

## Factor Analysis

To further explore the result of the survey respondents, we conducted a statistical analysis regarding the variance of choices in two of the main questions covering the product features. The team performed a quantitative measure called variance to ascertain how widely spaced apart the values in a data collection are in relation to the average or mean. The team tried to locate hidden patterns, and tried to determine how they overlap.

Understanding the desirability of different features of our product, we found that the highest variance was found in collectible value and comfort as every individual has different comfort needs and there is a niche market for collectors. Which means that in the product positioning and market strategy, the product needs to highlight the self-lacing capability tailored to the individual comfort.

|  |  |  |  |
| --- | --- | --- | --- |
| **Factor** | **Variance** | **Average** | **STD** |
| **Comfort** | 2.28 | 3.55 | 1.51 |
| **Style/Design** | 1.23 | 3.62 | 1.09 |
| **Price point** | 1.54 | 3.18 | 1.24 |
| **Durability/Quality** | 1.74 | 3.61 | 1.32 |
| **Collectible value** | 2.12 | 2.96 | 1.46 |
|  |  |  |  |
| **Bluetooth Connectivity** | 1.89 | 3.24 | 1.37 |
| **Built-in LED design** | 1.72 | 2.93 | 1.31 |
| **Self-lacing capabilities** | 1.77 | 3.57 | 1.33 |
| **Glow in the dark** | 1.97 | 3.00 | 1.40 |
| **Fast Charging** | 1.67 | 3.54 | 1.29 |

## Perceptual Map

Diagram, bubble chart

Description automatically generated with medium confidence[[4]](#footnote-4)[[5]](#footnote-5)

The perceptual map designed above was supported by the findings of our consumer survey; the results from the survey indicated that individuals gave the highest rating for comfort, therefore, it was used as one of the determinants. However, since Nike Create+ is primarily centered around advanced technology, we used this determinant in the perceptual map as well. While there are a handful of competitors in the current market, none of them are as advanced technologically as Nike Create+. Furthermore, Create+ will offer a self-lacing feature that will also be readily accessible on the app, thus increasing the comfort of the sneakers and competing at a level parallel to our competitors. Moreover, the consumer survey indicated that consumers have felt “somewhat satisfied” after purchasing a competitor’s product, thus improving the likelihood of attaining more market share by providing consumers with their desired features.

## Forecast of Sales

Nike sells approximately 10Mpairs of Nike air force-1 per year[[6]](#footnote-6). As our product is an extension of the Nike air force-1 sneakers, it is more logical to base our financial forecast on Nike Air Force 1 historical performance of last year. It is also important to note that Nike has been consistent at selling more than 10M pairs of Nike Air Force 1 in the last 25 years. Based on our production capacity, we aim to capture 5% of Nike Air Force 1 past sales. In order to forecast monthly sales for Nike Create + we observed the sales volume of shoes for 2021 in the retail sector and mimicked the market trends into our monthly forecast[[7]](#footnote-7). Below is the breakdown of the sales forecast with the assumptions discussed above. For further information, please refer to the attached Excel sheet.

Table

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# Conclusion and Implications

From the concept test survey, the team was able to attain major insights regarding consumers’ needs and the market trends that relate to the sneakers industry. The results indicate that more than half (65.8%) of the survey participants chose sneakers as their primary footwear. These results denote that investing in a product which is desired to fit the majority of the needs and preferences of the consumers would grant Nike Create+ a higher probability of turning the sneaker business into a more lucrative one.

According to a market study done by Liam Killingstad, he found that “The current U.S. sneaker resale market is estimated at $2 billion, but is expected to blow up 15 times that to $30 billion by 2030” (2022). Nike Create+ aims to build upon advanced technology capabilities. This in mind, the product shows promise in turning a notable profit, as the sneaker market grows exponentially and customers continue to look for innovative products a step ahead of traditional sneakers[[8]](#footnote-8).

Overall, 82% of the respondents were interested in the product. Approximately 26% of the respondents were extremely interested in purchasing the product, which means that we need to increase brand awareness by engaging in the appropriate marketing techniques. After doing so, we believe that we would be able to achieve long-term customer loyalty before we launch different models of the smart sneakers. Furthermore, as indicated by the survey conducted, participants responded more favorably towards sneakers that prioritized comfort and durability, as opposed to the other features listed. With this being said, Nike Create+ will have “Bluetooth-enabled LED technology” as its foundation, while also incorporating the two most desired traits discussed above.

The majority of our customers indicated that the fast-charging capability is a highly valuable attribute. By working cross-functionally with the engineering team, we can continue to innovate upon this attribute to stay ahead of the tentative competition. Our company needs to work cross-functionally across all of our teams in order to price the product at $250-$300. This would be done by assessing the costs on shipping, logistics, R&D, and customer acquisition costs. In order to generate higher profit margins, the aforementioned costs need to be as low as possible, without sacrificing our product quality. Compared to our competitors, the majority of our customers were somewhat satisfied with their version of the smart sneakers. As the majority of our customers are satisfied with our product, we believe that our company has a good chance of gaining a high market share. In summation, as highlighted by the survey results, Create+ would be able to excel in the current market. However, in the following stages of the NPD process, the design progression will need to be tailored to both meet the requirements of advanced technology and comfort.

# Appendix I – Survey Questionnaire and Respective Responses

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