

Consumer Mindset: 'Running Obsessed'

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TEAM 2 CONSUMER MINDSET

RUNNING OBSESSED

CORE RUNNER. ALWAYS PUSHING FOR HIS/HER PERSONAL BEST.

RUNS AT LEAST A FEW TIMES A WEEK.
ALWAYS SEEKING THE LATEST AND BEST IN THE WORLD OF RUNNING.

– WHAT MOVES THEM –

PERSONAL BEST.
RELENTLESS FOCUS ON BECOMING A BETTER, STRONGER, FASTER RUNNER.

RUNNING EVENTS
FITNESS
ATHLETES / RUNNING CLUBS

– AGE / DEMO SPLIT –

AGE+22
MALE 60% / FEMALE 40%

FINAL PROJECT CONSUMER INFO

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1. Executive Summary

The product that we decided to design is an alteration of an already existing trainer tight that focuses on indoor workouts. Our design follows the idea of trainer tights fashion with the technology of runner tights. The new product will be a mix of fashion and function. The core of what we found was that tights specifically marketed to women as running wear were often the least fashion innovative out of any other type of running tight. When athletic companies design running wear, they often focus on the technology they are integrating into the garment.

Unfortunately, with the focus being on the material used, often athletic wear companies have chosen to stick with utilitarian designs that feature simple black with the occasional introduction of Hi-Vis colors for safety. How boring! The most obvious way to improve upon existing running pants was to offer something more interesting that stands out in the sea of regular black running pants.

We have decided we are doing women's running pants that have mesh-filled cutouts around the knee that slope inward toward the midline. The design and deployment have been drafted to work as a potential new product for Nike. We have done extensive preliminary research that includes store-walks/ market-travel to both ADIDAS factory store in NE Portland and Nike's downtown location.

The product has been priced intelligently using consumer feedback and has been designed with the focus entirely on the Obsessed Runner's needs. The product will deliver performance without having to sacrifice fashionability. Fashion innovation doesn't need to be restricted to other types of training wear.

2. Problem Statement

Women runners are trading fashion for function. Nearly all fashionable leggings are geared toward training athletes and yogis. Runners are faced with limited options when it comes to strictly running tights. Running tights are designed in a more utilitarian way, often with fashion being a lower priority in design. How can we deliver a more fashionable women's running tight for Fall of 2019?

3. Product Brief

The Opportunity -

We set out on a mission to create a better women's running pant that mixed fashion and function, specifically for our Obsessed Runner. The core of what we found was that pants specifically marketed to women as running wear were often the least fashion innovative out of anything other type of running tight. We will be leveraging Nike's Dri-Fit technology with the fashion and comfort the Obsessed Runner deserves. This is the opportunity for Nike to deliver something new that will visually capture fall and comfort. This is an iteration that is made specifically for her and one the of the most dynamic times of year, Fall.

Consumer-

Consumer Insight-

Function -

Movement and lightweight action is key for our runner. She is on the go constantly and needs to be able to move from work to the trails with the same comfortable legging.

Technology –

Lightweight, fleece technology that wicks weather away and stays warm when wet. Cut outs will be above and below the knee to promote ventilation. Our running tights will have the latest technology that Nike uses for running tights, Dri-Fit technology. Dri-Fit was the best option for our consumer, based on their running needs to have a comfortable run despite any weather condition. Dri- Fit is equipped with a microfiber, polyester fabric that wicks away moisture and sweat. The Dri-Fit product technology has additional benefits for runners. Another feature of the Dri-Fit technology is the minimum UPF 30 ultraviolet protection it provides for our consumer. This technology is faced against Under Armor's ColdGear technology that allows runners to maintain body heat while keeping moisture away.

Dynamic –

Fall is when the seasons are changing and this tight can go through fall to early spring to maintain warmth in the colder months.

Fashion -

Runners are always on the go and want something that is not only functional but fashionable and can be worn off trail and running at the gym.

Pricing -

We are pricing our product at \$79.99 Retail value in a variety of stores across the state of Oregon. The product will be made available to preferred retailers for \$55. When produced at a cost per unit of \$35, this leaves enough room for sustainable margins to be paid at all levels of distribution.

Shopping -

Brands the Obsessed Runner wears are: Nike, ADIDAS, Lululemon, and Under Armor. She already shops at Nike, ADIDAS, REI, Amazon, Next Adventure, Athleta, etc.

Product Details-

Features -

Tech level: Moderate

Cut: Nike standard for tights that utilize mixed media including Dri-Fit tech

Material: Dri-Fit, fleece-lined, and breathable mesh fabric for cut-outs.

Critical Details: Comfort, breathable, lightweight, slip last, ventilation, high-waisted, extra pockets for cell phone and pepper spray.

Targets -

SKUS: 2

Unite Forecast: 100K

FOB: \$35

Retail: \$80, \$85, \$90

Distribution -

Regional Focus: Global

Channel Focus: Fashion runner & performance tech

4. Consumer Profile

Our consumer is running obsessed, she incorporates running into her everyday lifestyle. Always pushing for her personal best and seeking the latest and best in running. She highly values strong technology and quality in her running products as they are essential for the success of her runs. She has relentless focus on becoming a better, stronger, faster runner. Because she is

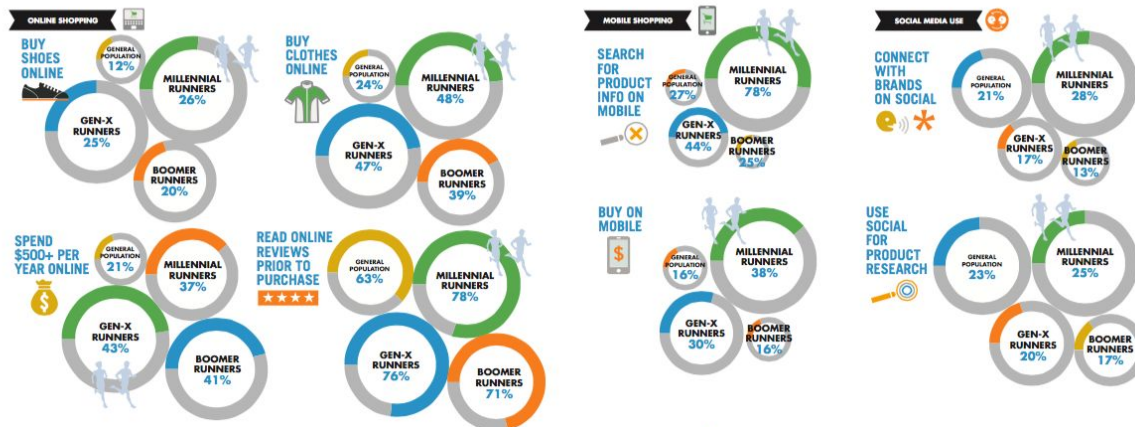
looking for a product that is very functional for running in, she is willing to spend more money on product that is of higher quality. The running-obsessed customer is around 21-44 years old, which means she is in adulthood and may be either a student or also have a family. She is up to date with new trends and products in the market but is limited to the small set of designs that are provided for women runner leggings. She is in mid-adulthood and could be an active runner that participates in races often or a runner that runs about 3-7 times per week.

In terms of what our customer is currently wearing, we found that she avoids 100% cotton due to the fact that once it gets wet it stays wet, which gets uncomfortable. She prefers clothes and leggings that are made from technical fabrics, such as Dri-Fit, Alphaskin, etc. because they wick away sweat while also avoiding sweating more, thus keeping the runner dry. Fleece lined leggings and products can be popular among customers in cold climates keeping them warm even when they may get wet.

Looking at research on runners and the current market place they are active in, we saw high demand of both men's and women's activewear sales in 2017. Women's activewear sales reached \$21.9 billion in 2017, which was a 4% increase from 2016 (FIFD). We saw this as a strong opportunity to join the women's activewear market in a unique way that hadn't reached our specific consumer and their needs thus far. Additionally, looking at statistics on races, females account for 9.7 million finishers nationwide and represent 57% of the event fields. Thus, our target market is extremely active in the community races and what she is wearing while doing so is extremely important. The most active runners are between the ages of 24-44, and account for 49% of all race finishers.

Based on market research, 51% of all runners (U.S. adults who run at least once per week) are Millennials, which is why the price range needs to be lower than competitors and why we are primarily focused on Millennials. Social running is becoming more important (Community experience where everyone arranges to meet one another via the network. Many running clubs, even the classic ones that got together long before digitalization, now organize their runs via online social groups). Running has become much trendier, the variety in brands has seen an incredible increase (Running 2018). Overall, we saw an increase in women's activewear sales in the past years so this was an opportunity. With most race finishers being women and between the ages of 24-44, we decided to focus on millennials and providing them with leggings that meet their needs of functionality but also fashion forward. Below is a better look at where our consumer finds their information/inspiration and also where they tend to purchase products that better their running lifestyle. This picture below compares the purchasing habits of millennials (our consumer), with purchasing habits of other generations of runners.

HOW RUNNERS SHOP: Consumer Insights and Generational Differences



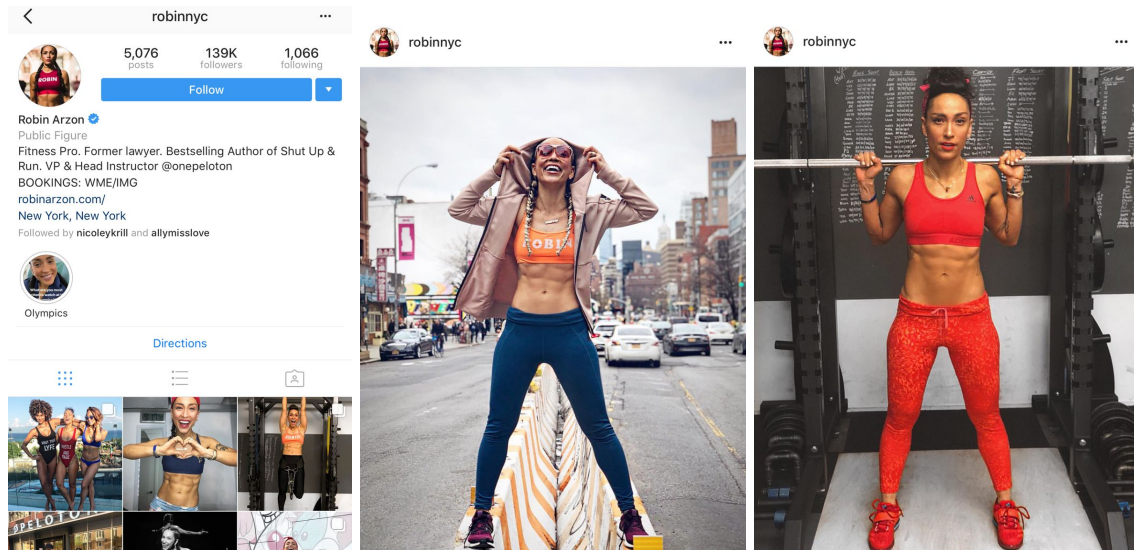
Since our customer uses social media for inspiration, here are a few influencers on Instagram that she follows to feed her running-obsessed lifestyle.

1. Sally McRae (Instagram @yellowrunner): This Instagram influencer tackles the Western States and has strong intensity that her followers love. She shares great PT exercises and tips on how to stay strong and healthy!

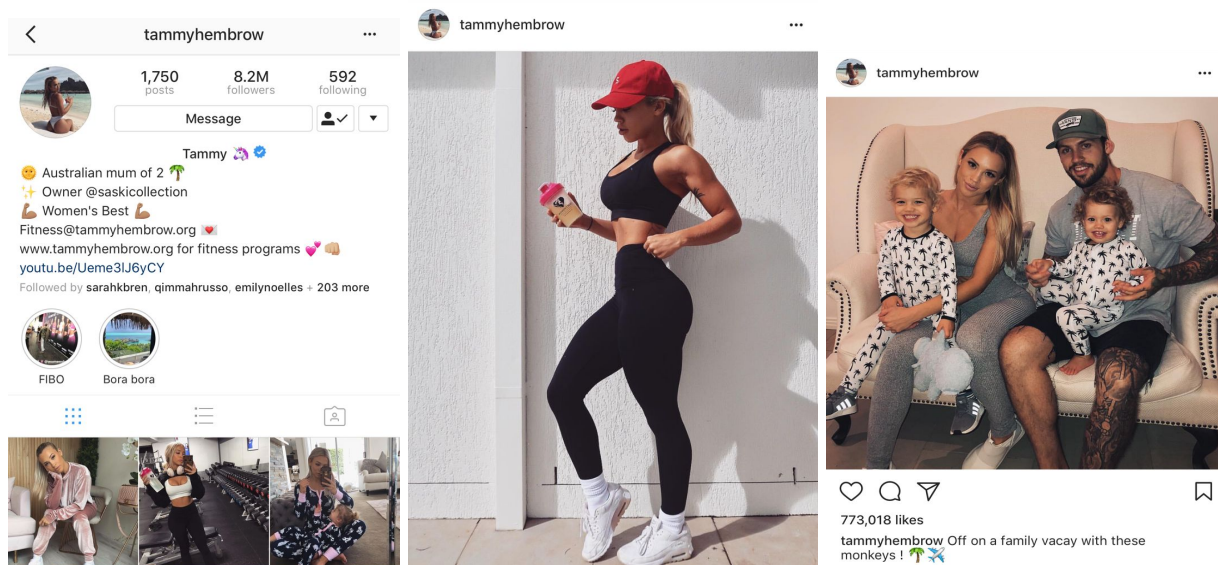


Running Obsessed

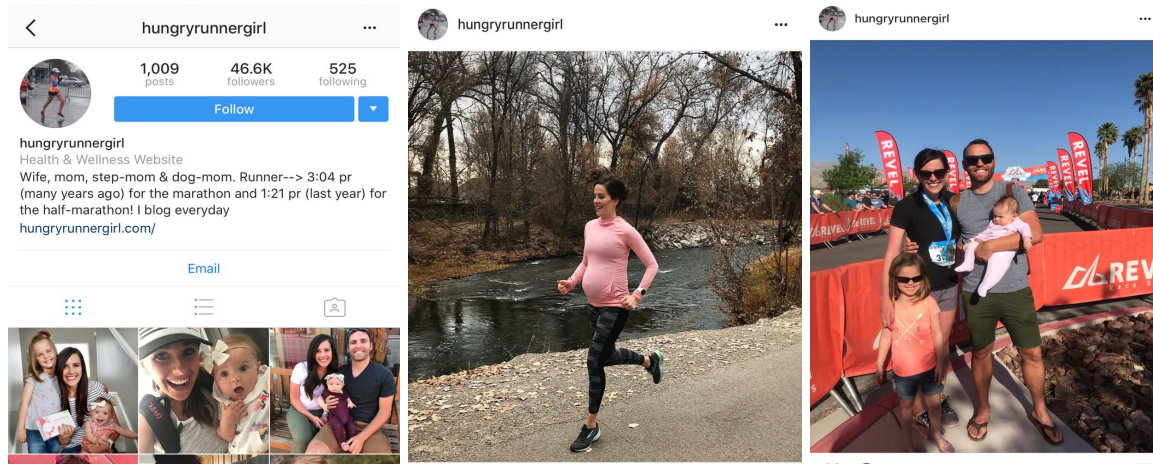
2. Robin Arzon (Instagram @robinnyc): Robin Arzon is a huge fitness icon and also fashion inspiration for our consumer as she is always posting cute workout outfits and also fitness ideas and tricks!



3. Tammy Hembrow (Instagram @Temmyhembrow): Tammy is well known on social media and has a wide audience. She is a mother of two young kids and is seen as an inspiration because of her great workout programs and also clothing line. Our running obsessed customer looks to her for fashion/apparel ideas.



4. Hungry runner girl: With over 40K followers, she is dominating being a mom while also staying on top of her running and fitness routine! Our running obsessed customer looks at her page for motivation, positivity, and tips on how to be a busy mom that loves to run.



5. Competition

Nike's main competitors for women's apparel are Adidas, Under Armour, and Lululemon. Nike remains the number one company in the athletic apparel industry, with fiscal revenues up 6% in 2017 ending at \$34.4 billion (Nike Inc.). Adidas is their closest competitor to Nike due to its emphasis on footwear with revenues ending at \$21.22 billion in 2017 (Adidas AG ADR). Under Armour and Lululemon can be seen more competitors of each other because of their heavy reliance on sports apparel. All four companies are major players in the activewear market.

With the increase of active lifestyle customers, Adidas and Lululemon took advantage of the opportunity and focused their business model to reach these customers, leading to their increase in sales in 2017. Lululemon ended at \$2.6 billion in sales in 2017, with the highest growth at 13% (Danziger, 2017). This was accomplished through focusing on the new needs of the active lifestyle customer instead of just a performance-first approach. Nike's competitors were excelling by focusing on the style needs of their customers, while Nike was focused on performance. This is what inspired us to create a product for our running-obsessed consumer that is all about finding the right balance between performance and style.

During our ADIDAS store-walk, we saw offerings of running tights that were very utilitarian with simple color schemes and no cut-out sections. Technologically innovative materials were the theme in the running section. Pricing is not advertised throughout the store

due to the exclusivity of the store. In luxury retail environments, it is uncommon to post pricing on displays. The prices are all clearly found on the tags of the items. ADIDAS limited the number of SKUs offered for women's running clothing, still offering enough to serve the needs of the target consumer without overwhelming them with choices.

When reviewing the Under armor running tights it really went back to strong functionality. Their running tights have ColdGear technology in which helps runners stay dry while retaining their body heat (Under Armour Reports). Lululemon leggings were viewed as the most versatile leggings which consumers can wear during any workout. They are less focused on technology and functionality and more on lifestyle. With the same sweat-wicking material their leggings also include pockets which are popular among their customers. We believe that our fashionable designs provided in our running tights, in addition to our Dri-Fit technology will allow our consumer to have a wide variety of choices, steering them away from our competitors.

6. Inspiration

We chose to focus on women because sales of both men's and women's activewear grew in 2017, but women supplied much of the energy behind the category's growth, reaching \$21.9 billion in sales with a 4 percent increase over 2016 (FIFD). We have decided to go with women's activewear and focus on the larger product. Our inspiration was created from inspections at Nike and ADIDAS where we noticed all of the women's running pants were solid without any cut-outs, mesh detailing, or active lifestyle focused offerings. Only the women's trainer pants or fashion leggings have cut-outs or mesh designs. Our goal is to be differentiated and improved by specifically designing these as a women's running pant that includes these design features. Our inspiration was furthered by market travel in the student recreation center where women would wear their running tights all day and then go straight to the gym, this verifying that a neutral color palette was necessary for girls on the go. After doing research on who are consumer is, how she shops, and what she needs in a running pant, we conducted a survey to narrow down our product.

7. Design

The design that we chose for our consumer was based on the fashionable aspects of trainer tights from Nike and Adidas, as well as consumers on Instagram. We focused on making a modern and chic look with cut outs above and below the knees for ventilation. The color we chose was based on palettes that are trending always like neutral colors that can be worn in any season with any outfit. What we noticed from consumers is that they like to be able to wear their running tights during day to day activities so they can save time and go straight to the gym after

class or work. The idea of neutral yet fashionable styles was based on the idea of student athletes and moms on the go. Anyone who is busy and loves to run will be able to wear our tights out and about while being fashionable and functional. Our consumer wants a combination of stretch, support, ventilation and fashion.

We borrowed color palette samples to present in a survey to have possible consumers help us make the choice. We used Google Forms to conduct the survey and distributed the survey via email with the majority of respondents coming from PSU students. [see Appendix for survey responses & questions.]

The legging will be high waisted providing runners with security in knowing that their leggings won't slide or move when they are out. The legging will also have pockets hidden on the band to hold a cell phone and pepper spray. This safety feature is important for trail runners and women who run at night. The hope is that the extra pocket for pepper spray will encourage more women to run with protection.

Because the weather in the Fall of 2019 will be relatively cold due to autumn climate, we wanted to give the tight properties that held in warmth when wet, like fleece. This legging will keep runners warm when running in the rain, as well as provide ventilation in the knee where sweating and friction occur. (See Appendix 13.3)

8. Product Plan

Based on the market price for well-made and quality leggings, we will price ours at \$79.99 to compete with the common price of similar designs at Nike and Adidas for \$90+. Our goal is to create quality leggings and affordable prices for women to purchase. The timeline would be set to go to market by fall of 2019 when the season for colder weather clothing is desired.

Our cost to make each legging will be roughly \$35 and we will sell them for wholesale at \$55. This way we make a profit of \$24.99 off of each legging. The goal is to sell 100,000 units of the legging in the Fall, which will bring our profit to \$2,499,000. Estimated total costs of tights production for 100,000 units at \$35 is \$3,500,000. Expected revenue is estimated to be \$3,950,000 at the regular price plus \$2,750,000 from markdowns for a total of \$6,700,000. The product is expected to return a very strong profit margin of 47.76%.

Cost to Build	\$35/unit
Wholesale Price	\$55/unit
Profit Margin	\$24.99
Price Point	\$79
Total Costs of Tights Production	100,000 x \$35 = \$3,500,000
Expected Revenue	\$3,950,000 reg price + \$2,750,000 from markdowns
TER (Total Expected Revenue)	\$6,700,000
Net Profit	\$3,200,000
Profit Margin	47.76%

9. Deployment

The take-away from our surveys was how price conscious consumers can be when purchasing tights. We found most respondents did not want to pay the Nike and ADIDAS price of \$90+ for leggings. The closer we can drive the price to the desired respondent price range, the more likely a target consumer would be to buy (See Appendix 12.4).

Product Deployment Timeline:



For our product deployment process, we decided our launch would be in the Fall of 2019. The retail price would be starting at \$79.99 and our product would be released globally. Our goal is to launch 100,000 units to retailers, and thus allow our product to reach our target consumers. This being an 18-month process, starting with the product brief, then establishing what materials would best fit our product (likely being Dri-Fit and other previously mentioned materials) and how these materials would be sourced. With 16 months left in the process, we have started to develop our design for the running tights and surveyed many active runners on what color pallets were trending in the running world. The results would start the next process 14 months into the PML life stage, which will develop our product further. The product is made with Dri-Fit material with a thin fleece lining the tight while utilizing a neutral color pallet. Sourcing quality materials and manufacturers for our leggings is a top priority. The potential supply chain will be evaluated with appropriate criteria to outsource our product.

As we start the merchandising and go to market phase of the deployment process, the company will be making strategic decisions to have our product in the market at the right place and the right time, as well as connecting our story with the consumer's. Initial in-store deployment will take place after one year from the start of the process, with full deployment and distribution to be completed by the end of 18 months. Upon completion, we will be able to establish an appropriate timeline to base the remainder of our product lifecycle.

10. Future Development

The future will hold the chance for consumers to customize their pants. We would like to give them options to make the running leggings even more appealing. We took a survey and discovered that neutral colors are the best because they go with anything. Most women who are very active like to wear their leggings to school or work, so this would make a neutral color more versatile for women on the go.

We would like to keep the price below Nike and ADIDAS due to our target market. With this being said, we will have room for more profit when women choose to customize their leggings (See Appendix 12.3). The cut outs above and below the knee can be placed elsewhere when women pay more for customization. This will be something we choose to pursue depending on the reviews from customers and how well the product does on the market.

11. Recommendation/Conclusion

We found a gap in the running world where function overtook fashion. Runners are given a very small selection of running pants that are both fashionable and functional. Runners like to have breathable fabric that stays on their body and can stand up to the climates they are running in. Based on the consumer research we did, and the market travel that was conducted, we feel confident about the design we chose. We took ideas from trainer leggings that we saw at Nike and ADIDAS to create a strictly runner pant that is also fashionable. This legging will have the same fabric and technology that most running pants do but blended with a similar trainer legging that is common on the market. This new approach to running wear product design will aid in renewing the excitement and fashionability that the Obsessed Runner deserves.

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13. Appendix

13.1

U.S. Events: Distance

The total number of events remained flat overall. In 2016, there were a total of 30,400 events, on par with 30,300 in 2015. There were more 5K and half marathon events though and fewer events that are other distances.

Distance	2016 Totals: Events	% of Total	'15 to '16 Change
5K	17,000	56%	3%
10K	4,200	14%	0%
Half Marathon	2,800	9%	4%
8K/5 Mile	1,200	4%	0%
Marathon	1,100	4%	0%
Other Distances	4,100	13%	-12%
Total	30,400		0%

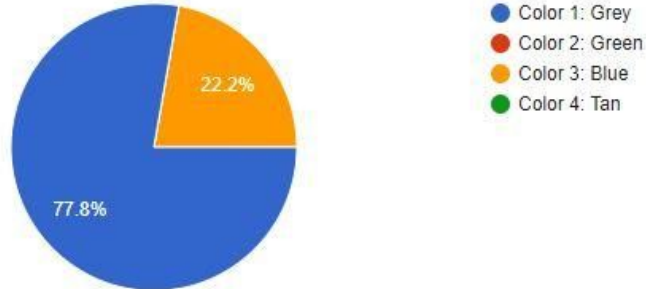
Source: Running USA powered by [Athlinks](#)

<https://www.researchgate.net/publication/7054068>

13.2 Survey Answers

Choose your favorite color:

9 responses



13.3 Initial Customizable Design Mock-Up



13.4 Survey Answers

If the product was made with quality materials from your favorite designer and met all standard quality requirements, how much would you be willing to pay for this product?

52 responses

