

FOR PUBLICATION

Section 1: Title Page

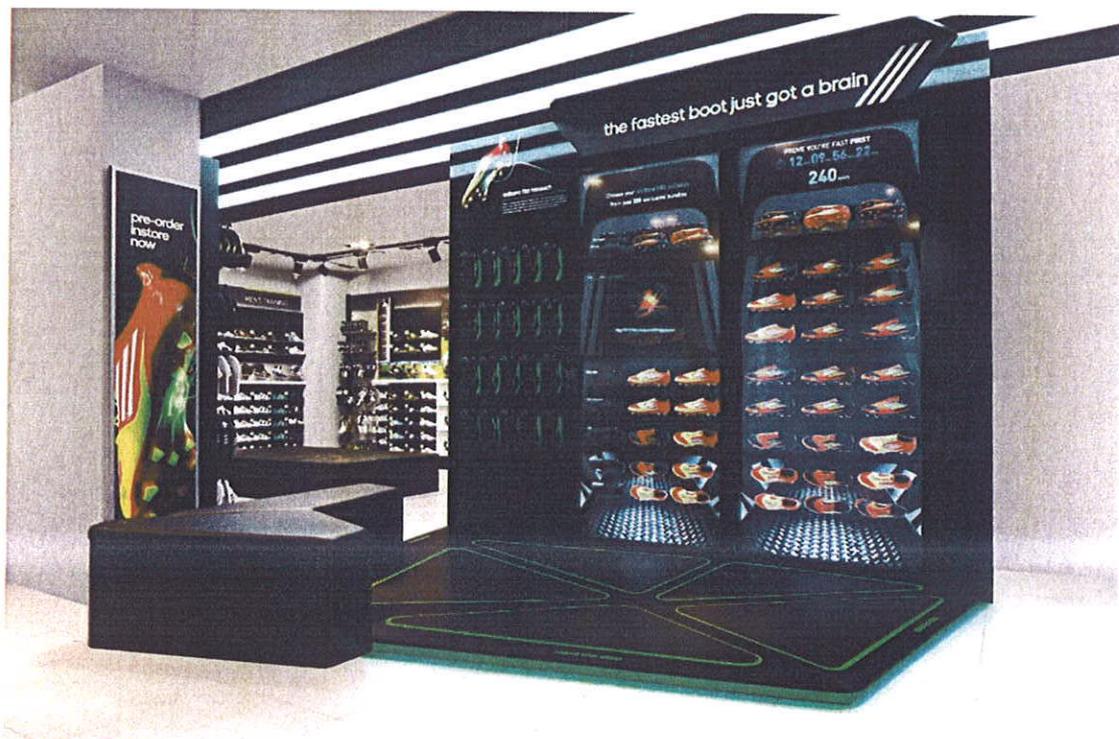
Project Title: adidas Virtual Footwear Wall

Category: Experiential Environments?

Client Company: adidas AG

Design Consultancy: Start JudgeGill

July 2012



Section 2: Executive Summary

The adidas Virtual Footwear Wall (VFW) is a seriously smart retail experience with the power to cram 4000 shoes into a single store and enough technology to blow your boots off. Gender sensing cameras. Smart filtering. Super-detailed, realtime rendered footwear models with full 3D interaction, and totally immersive environmental sound, getting you closer to adidas than ever before.

Charged with reinventing how footwear is retailed in-store and increasing footwear sales for global sports brand adidas, the Virtual Footwear Wall is already proving itself fit for purpose.

Test results indicate that the Virtual Footwear Wall has huge sales potential, drives more traffic to stores and is a true market first – an example of connected retail that blurs the boundary between the online and physical commercial worlds.

The Virtual Footwall Wall outperformed incremental sales targets in its Oxford Street store location, by **300%**, at the launch of the adizero F50 micoach boot. Customers bought a total of 121 F50 boots in just 16 days. A previous non-VFW launch took 6 weeks to achieve this level of sales across three stores. A similar launch in Tokyo across 140 stores saw the store with the VFW **sell 90 shoes**, whilst the other stores sold on average 7 shoes each.

In New York, volume sales in the overall soccer category **increased by 39%** once the Virtual Footwear Wall was installed, and the number of F50 football boots sold increased by a **striking 84%**.

Test data indicates that the VFW encourages consumers **to trade up to more expensive products**. The wall has been instrumental in selling considerably more, higher priced adidas shoes, than shoes from competitor, Nike, in its Tokyo location.

Finally, the VFW also has real pulling power, **increasing traffic by 46%** in New York, and crucially increasing overall sales in the store by **49%** over the testing period.

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Section 3: Project Overview

1. Outline of Project Brief

adidas approached Start JudgeGill to create the ultimate in-store product wall. One that would allow adidas, for the first time, to sell shoes from its entire footwear inventory – some 4000 new designs every season - even within the confines of its smallest high street store.

The new product wall needed to create a better, more engaging footwear shopping experience in-store, give consumers more reason to make a purchase and therefore, ultimately increase sales of footwear.

The challenge was to create an in-store experience that exploits the best of both ecommerce and physical retail, is a delight to use and enriches the traditional shopping trip for shoes.

2. Description

The Virtual Footwear Wall is a life-sized, interactive product installation designed for the adidas store environment. It uses the latest Intel processors and state-of-the-art touchscreen technology to provide access to a vast product portfolio, putting all of adidas' shoes, literally, at its customer's fingertips, ready to buy, even if they are not available in-store. Users can order and pay for the shoe via a tablet based checkout and have it delivered to their home.

3. Overview of Market

Sports retail is a highly competitive environment. adidas is committed to evolving its store environments so that they consistently offer exciting and engaging experiences. The main challenge for brands today is to look for ways to reinvent physical stores so that they meet the increasingly high expectations of a new generation of 'digitally connected' consumers.

4. Project Launch Date

The Virtual Footwear Wall was launched to the trade in January 2011 with much international acclaim. In October 2011, it was launched to the public for the first time at adidas Oxford Street, London.

5. Size of Design Budget

This is an ongoing project where the design budget is as yet not confirmed.

6. Outline of Design Solution

“The Virtual Footwear Wall is our first step into a new world of retail where we blur the lines between the digital and physical space. Through this concept we will be able to offer consumers a much wider range of products, a better overall experience, and more detailed information about our products and why they are right for the consumer. We believe this concept will change the way people shop now and in the future.”

Chris Aubrey, Vice President of Global Retail Marketing, adidas.

The Virtual Footwear Wall is aimed at delivering an enhanced ‘cross channel’ shopping experience to engage and excite adidas consumers. It offers an entirely unique way to interact with adidas shoes, utilizing visual, aural and emotional devices to immerse users in the products they’re browsing like nothing they’ve experienced before.

Blissfully simple to use, shoppers simply reach out and tap whatever catches their eye on one of the VFW’s huge, high definition touchscreens. Within moments, they’re transported into the multi-sensory sporting world of their chosen shoe. Select the latest Predator football boot and they’re in the middle of 10,000 screaming fans ready to score the winning goal. Instantly customers are more connected with the product than ever before – and the boot is not even in their hands.

Start JudgeGill worked closely with Intel on the project, leading the full scale and real time rendering product presentation digital design and development, utilizing the latest Intel Core i7 processors and developing innovative approaches for virtual interaction.

The result is a footwear wall that is packed full of innovative technical features, exciting and engaging interactivity and intuitive ease of use.

- Audience and gender aware, the Virtual Footwear Wall uses prime sense cameras to detect movement when customers approach, immediately grabbing their attention with a dynamic display of products relevant to gender.
- Smart filters make it easy to try, buy and find the perfect shoe. Once found, the shoe is then the entry point to multiple layers of information. Users can access the shoe's performance data, find out how it's made, explore the technology behind it, watch promotional videos or check out what others have to say through live 'hype' feeds from social networks.
- A cutting edge gaming engine brings the wall to life, animating and extrapolating the shoes inside heart-pumping, immersive and energetic 3D scenes to complete the picture and drive engaging, emotional responses to the product.
- Richly detailed product images present the shoe as in real life, and allow the user to interact with the product to an unprecedented level of detail. High level, polygon 3D realtime rendered models that can be rotated 360 degrees using simple and familiar hand and finger gestures, make the interactive experience as close as possible to real-life shopping.

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Section 4: Summary of Results

The Virtual Footwear Wall has been tested in four locations globally:

- adidas Oxford Street flagship store in London, October 2011
- adidas Sport Performance store in New York, March-April 2012
- KAMO football store in Tokyo, May-July 2012
- Handball Champions League Semifinals in Cologne, 2012

In all cases the Virtual Footwear Wall has exceeded its key performance indicators and received overwhelmingly positive feedback from consumers and adidas staff.

Feedback and sales data from these test installation sites, as summarized below, clearly shows that the Virtual Footwear Wall is meeting its objectives.

The Virtual Footwear Wall boosts sales of footwear

Wherever the Virtual Footwear Wall has been installed, adidas has witnessed an increase in sales in footwear, indicating that consumers are more than willing to interact with the Virtual Footwear Wall, and accept it as a way of exploring and purchasing products.

In October 2011, the Virtual Footwear wall was unleashed to the public for the first time, charged with the pre-release of the all-new adizero F50 microach football boot. Customers could pre-order a limited number of boots exclusively using the Virtual Footwear Wall.

The Wall really came into its own, allowing customers to get their hands on a boot that wasn't actually going to be on the shelves for another two weeks.

The results were excellent, with sales **far exceeding targets set for incremental sales** via the footwear wall for the period of the pre-release campaign. In just 16 days, **incremental sales of F50 boots via the footwear wall reached 300% of target.**

In total, 121 F50 boots were sold, in just one store, in only two weeks, each worth £200. In a previous launch of the Predator football boot, across three stores in London, Paris and Berlin, it took **six weeks to sell 123 pairs of similarly priced shoes.**

The difference? The Predator launch did not feature the Virtual Footwear Wall. A similar level of in-store promotional activity took place around the launch of both the Predator and the F50. For more information on the F50 campaign at adidas Oxford Street see 'Influencing Factors'.

Adidas launched the Predator Lethal Zones football boot to consumers in Japan exclusively at the KAMO football store in Tokyo, again using the Virtual Footwear Wall. The campaign as a whole across 140 stores pre-sold 405 shoes: **90 of these came from the KAMO store with the Virtual Footwear Wall, whilst the other stores sold an average of just 7 shoes per store.** In the words of the KAMO team? **'the best pre-sales we've ever had'**

The Virtual Footwear Wall was also tested in the adidas Sport Performance store in New York, with fantastic results. In the 64 days after the Virtual Footwear Wall was installed, compared to the 64 days immediately before installation -

- volume sales in the overall soccer category **increased by 39%**
- the number of F50 football boots sold **increased by an impressive 84%**
- overall store sales **were up by 49%**

The Virtual Footwear Wall also helps adidas maximize sales at events, such as the Champions League Handball Semifinal in Cologne. The Virtual Footwear Wall managed to sell 58 pairs of shoes **in just 6 hours at this event, that's one pair of shoes sold every 6 minutes.** And this was with no help from sales staff. Consumers interacted with the Virtual Footwear Wall and ordered their shoes independently, proving that the wall is intuitive and easy to use.

The Virtual Footwear Wall creates an engaging, more emotional shopping environment that leads to trade up and increased traffic

The Virtual Footwear Wall offers consumers an immersive and more exciting shopping experience, telling product stories that are convincing. Consumers are able to access a shoe's backstory, technical information, promotional video, and social media buzz, all of which make the shopping experience more emotional. Searching is intuitive and images are super-detailed high

definition 3D models that are easily manipulated with familiar hand gestures. All of this happens on giant touch screens that are a focal part of the store.

As a result, shoppers are more connected to the products they are browsing. Test data from Sport Performance in New York and KAMO in Tokyo indicate that the Virtual Footwear Wall encourages consumers to trade up to higher priced models and gives people a reason to buy adidas over other brands such as Nike.

During the trial period of the Virtual Footwear Wall in KAMO, Tokyo, more adidas shoes were sold than comparable Nike shoes. **Customers bought 716 pairs of higher priced adidas shoes whilst the Virtual Footwear Wall was installed, and only 595 pairs of Nike shoes.** The adidas shoes were on average 40% more expensive than Nike.

A similar scenario has also emerged from the New York store test. Sales figures from the store indicate a tendency for customers to **choose higher priced models** of the products featured on the Virtual Footwear Wall. Sales of add-on products also increased dramatically once the VFW was installed. In the 37 days after installation, **sales of Speedcells shot up by 57%**, against the comparable period before the Virtual Footwear Wall was in store. Sales of Heart Rate Monitors also increased **by an impressive 38%**.

The excitement around the Virtual Footwear Wall is also resulting in more people visiting the stores. In the 64-day test period post-installation, store **traffic increased by 46% in the New York Store**, and **sales overall increased by 49%**, compared to equivalent period pre-installation.

In Tokyo, the KAMO team set a target for people to trial the Virtual Footwear Wall over the test period from May 12th to July 1st 2012. The target was set at an ambitious 1000 people, but they got **more than double this number** trialing the wall. That's **207%** above key performance indicator. Crucially, the VFW helped to create a new flow of shoppers who experienced the product on the wall and then went directly to the footwear floor to purchase.

These figures indicate that the VFW has got pulling power, and the shopping experience is convincing people to buy.

Section 5: Other Influencing Factors

F50 Launch Campaign

The campaign lasted 16 days and featured various promotional activities such as the chance to join an exclusive **F50 250 Club**; a smart **mini-F50 boot** providing access to a members only website; the launch event featuring free-style footie star Billy Wingrove counting down to the boot's actual appearance in-store; and the invite-only, hand-over event for the lucky 250 owners of the boot at the Oxford Street Store.

The Virtual Footwear Wall played a crucial role in the campaign, as the F50 boot was not actually physically launched for another two weeks. As the only way customers could fully explore the product's innovative technology and features, the VFW can be credited for convincing people to buy the new boot.

It's worth noting again that previous adidas product launches also ran with the same amount of fanfare and activity, but did not achieve the same level of actual pre-sales. The Predator launch in Berlin, London and Paris took three times as long to achieve the same level of sales as the F50 launch with the Virtual Footwear Wall.

Predator Launch, KAMO, Tokyo.

The KAMO store where the VFW is installed is the 'go-to' football store in Tokyo.

All 140 stores offered pre-sales of the Predator boot and all had in-store promotional materials advertising the new product. The main difference is that the KAMO store with the VFW installed was also host to a PR event and some athlete appearances, but this activity happened 10 days into the test period for the wall. Pre-sales in the KAMO store where the VFW is installed outperformed other stores by a huge margin, representing 22% of all pre-sales.

Research Resources

1. Virtual Footwear Wall at the Sport Performance Store New York, Event Report, 2012
2. Sales Figures – 63 Days – New York, July 2012
3. Virtual Footwear Wall Project, Soccer Shop KAMO, Tokyo, July 2012
4. Virtual Footwear Wall Roll Out Plan, adidas, 2012