MARKETING RESEARCH REPORT FOR ON

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EXECUTIVE SUMMARY

As an up-and-coming athletic footwear company, On can increase its market share with brand and product differentiation through the following recommendations through our research findings:

Brick-and-mortar stores can be an influential factor for many consumers when it comes to buying shoes. With the research conducted, we have found that having brick and mortar stores have been successful in the past, and people are more likely to buy shoes in store in comparison to online. On should expand the number of brick-and-mortar stores to accommodate people's needs and make sure that there is a wider variety of options available for people to buy. We also suggest that On expands to more specialty stores/opens more On stores and expands the selection of their shoes in specialty stores if possible.

Loyalty programs can be an asset to companies in building a brand community. In our findings, we concluded that loyalty programs are more used for convenience goods/influenced by the buying behavior of a product. If consumers don't buy shoes very frequently, they are less likely to join a loyalty program. Since a lot of people's reasoning for joining one is the discount, On should make sure there is a decent discount on the first purchase to incentivize people to join the program. Other attributes our research found were consumers found that the programs should be easy to enroll in, which we advise implementing into a new loyalty program.

Sustainability, though looked upon favorably by society, is not as big of a factor in purchase decisions as one might believe. Our research discovered it is a factor for some people, but advertisements won't change people's intent with buying for the sustainability program. We propose that On continue to have its sustainability program and continue more research on differentiating the brand through it's sustainability efforts.

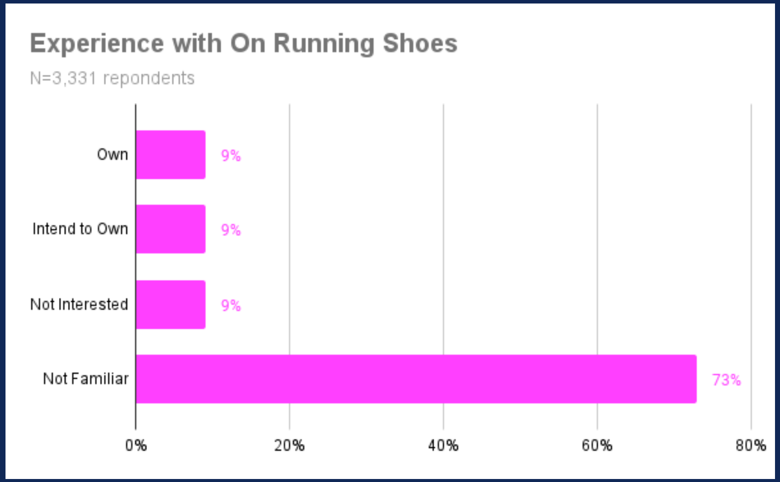
OVERVIEW OF THE ATHLETIC FOOTWEAR INDUSTRY

On: An up-and-coming competitor in the athletic footwear market

Originating in Switzerland, On is a newer running shoe company that focuses to "ignite the human spirit through movement" through their high-performance running shoes. In 2022, their net sales increased by 68.7%, majority coming from the DTC (direct to consumer) channels. Although they are lesser known in comparison to brands such as Nike or Adidas in the United States, 60.4% of their 2022 sales were contributed by the North American market.[1]

Their target market for this company tends to be avid runners or people with active lifestyles, and in the 18-35 age category. The reasoning of purchase intent with this demographic is primarily for performance running specifically, as well as other health and fitness reasons.

Even with a growing market, 91% of consumers aged 55+ are unfamiliar with the brand and 73% of consumers are generally unaware of the brand. However, those who are familiar with the brand tend to have a favorable view, with a 35% favorability.[2]

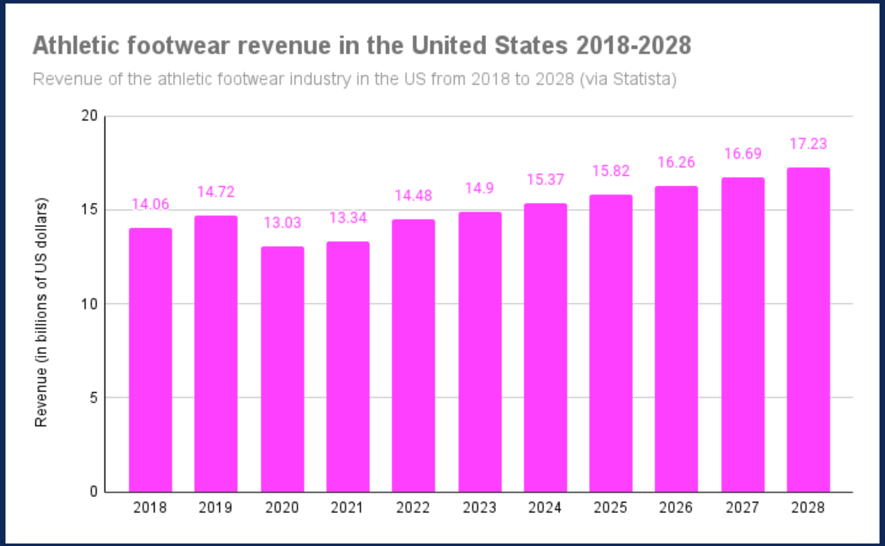


Source: CivicScience

Athletic Footwear Industry: A thriving industry

Due to an increase in popularity of streetwear and athleisure, the athletic footwear industry has become growingly increasing in the United States. The industry is predicted to grow 15.44% in the next five years starting from 2023, equating to 2.3 billion dollars.[3] This increase in athleisure is fueled by the Millennial and Generation Z age group, with an expected CAGR of 9.1% from 2023 to 2030.[4]

With this growing market, comes an opportunity for On to create more brand awareness for their company, to decrease the gap between it and its already existing prominent brands in the industry. Their current marketing plan includes grassroots marketing, which is well received by their already existing market.



Source: Statista

MARKETING DECISION PROBLEMS

MDP #1	MDP #2	MDP #3
Should On expand its brick-and-mortar stores?	Should On create a loyalty program for its customers, and if so what would the program look like?	Should On increase advertising on its sustainability initiatives?

MDP #1

SHOULD ON EXPAND ITS BRICK-AND-MORTAR STORES?

In store experience increases net sales

When On introduced four brick-and-mortar stores in 2022, net sales increased by 30.2% compared to 2021. Although it cannot be proven directly casual, the significant increase in sales is at least partially attributed to the number of flagship stores established in 2022.[5]

There is reason to believe the relationship between net sales and brick-and-mortar stores is positive not only from On's observations, but also from subsequent research. According to a Mintel report done in 2019, **94% of activewear purchasing occurs in a physical store.**[6] Additionally, a study conducted in 2018 explained that two-thirds of online shoppers prefer to shop at retailers that also have physical stores.[7]

Therefore, we pose the marketing decision problem of whether On should expand brick-and mortar stores. Based on background research, expanding brick-and-mortar stores would be beneficial, however we wish to conduct further research that provides us with more definite findings.

MDP #2

SHOULD ON CREATE A LOYALTY PROGRAM?

Strong association between athleisure and exercise

As we mentioned previously, On is a newcomer to the athletic footwear industry and trails behind bigger and more established brands like Asics, Brooks, and Nike.[8] Thus, On must differentiate itself in such a saturated market and establish stronger brand awareness to succeed in the athletic footwear industry long-term. We propose the idea of creating a loyalty program centered around activity in order to create a unique community centered around On.

The majority of athleisure consumers prioritize fitness and what they wear when exercising, demonstrating that there is a strong association between purchasers of athleisure/fitness shoes and actual exercise activities.[9] Therefore, a loyalty program would channel On's consumers' strong interest in a brand community, while also differentiating On from other fitness brands.

To determine if this loyalty program would succeed, we need additional insights into why consumers join loyalty programs and how they would respond to a program specifically created by On. We must discern what consumers would look for if On created one.

MDP #3

SHOULD ON INCREASE ADVERTISING ON ITS SUSTAINABILITY INITIATIVES?

Consumers care about sustainability

Based on our preliminary research, consumers do take into consideration the effect of a product on the environment and are more likely to favor a brand with sustainable practices. When asked, **37% of respondents chose brands because they have ethical practices and values and 34% of respondents stopped purchasing certain brands or products because they had ethical or sustainability-related concerns about them.**[10]

On has positive sustainability initiatives as described in detail on their website, however they lack advertising focused on informing their audience of those practices. Therefore, On might benefit from advertising concentrated on their commitment to sustainability.

Although On's advertising towards sustainability is not one of our main focuses, we wish to further investigate how many of consumers are aware of On's sustainability initiatives and how it affects their purchase intent when choosing On in order to determine whether On should increase advertising on its sustainability initiatives.

MARKETING RESEARCH OBJECTIVES

MRO #1

Identify gaps within the consumer loyalty of On with respect to its running shoes

MRO #2

Describe what consumers like about On running shoes compared to other brands.

MRO #3

Identify the degree of brand awareness of the brand, product, and sustainability efforts.

MRO #4

Measure the likeness promoting sustainability with the current market and a new target market.

MRO#5

Measure the likelihood of sustainability advertising affecting the intent to purchase of On products.

MRO #6

Describe how a brick-and-mortar store will affect consumer experience with the brand.

MRO #7

Describe the characteristics of the intended target market and their lifestyle.

MRO #8

Describe the characteristics consumers look for when shopping in-store versus online.

MRO #9

Identify the potential interest in an loyalty program for On.

MRO #10

Describe the importance of attributes consumers look for in joining a loyalty program.

MRO #11

Describe the likelihood of consumers buying a new brand of athletic shoes.

FOCUS GROUP METHODOLOGY

Organizing the Group

Our research team recruited 8 participants whom all were college-aged, 18-22, and had interests in running or fitness. Our screening requirement is that participants are currently or previously engaged in running. All participants were recruited from our personal contacts.

While incentives were offered to participants by team members, all declined and chose to participate voluntarily.

Recording

Our team used audio recording using Voice Memos file and a Zoom video transcription to refer to. Two team members aided in the audio recording, while the other moderated the group discussion.

All participants consented to be recorded for the purpose of research.

The recording of the discussion took roughly 48 minutes.

Discussion Guide

The team developed a moderator discussion guide to use during the focus group (see Appendix B).

The guide focused on three parts: general discussion questions, specific questions, and closing questions. General questions centered around consumption habits of athletic footwear. Our specific questions addressed our specific MROs that were appropriate for a group discussion.

SURVEY METHODOLOGY

Questionnaire

The questionnaire was developed using Qualtrics and data exported from there.

Our team divided the questionnaire into six MRO topics of the MROs, each addressing about 4 objectives. The questions utilized various Likert scales and nominal answers. We employed skip and display logic to show respondents specific questions, mainly after yes/no questions for topics like sustainability (see Appendix A).

Sample Method

After a pretest run, our team sent out the survey link for further distribution.

The sample we used and were able to obtain was a convenience sample. We used the contacts of our team members to send the survey to, which included family and friends of all age groups.

Most respondents were female between 18-24 years old.

Responses and Analysis

Overall, we were able to survey 220 respondents and filtered out 170 responses to analyze. After removing the screened-out respondents, our team strives to receive around 120-150 survey responses.

We anticipated the survey would take 3-5 minutes to complete, and most respondents took about 5 minutes.

SPSS was used to analyze the data and the following tables are provided in the appendices. Excel was also used to build charts.

RESULTS AND RECOMMENDATIONS

EXPAND ON'S STORE PRESENCE

While On currently has three stores open in the U.S., **it should consider opening more and improve their selection in other third-party stores to allow existing and potential customers more availability to their products.** More stores will give On the opportunity to consider purchasing On shoes.

Using six categories of common places to purchase, from general store to online specialty store, the survey data shows that 29% will purchase from on online general department store. The second chosen location was in store at a general department store with 25% (see Figure A). Online is the more popular choice for where to purchase from and that is consistent with the focus group insights. Our focus group said that they use online stores for their repeat purchases and physical stores for examining all options (see Appendix C). The top-ranked reason for preferring online shopping is convenience with about 50% selecting it as their number one choice (see Figure B), further emphasizing the connection of online shopping and repeat purchases.

Secondly, **On should increase their promotion of products in specialty retailer stores and provide more variety of shoes.** Specialty retailers in-store capture 23% of respondents (see Figure A) and the data is consistent with our focus group. Consumers like smaller stores for their knowledgeable salespeople, but they would enjoy a larger selection. The mean importance for "wide selection of products" is 4.33 compared to the 2.95 mean for "limited selection" (see Appendix D Figure 3). To capitalize on store opportunities, On should provide a wide selection of shoes and products in small specialty retailer stores because consumers find those features the most important.

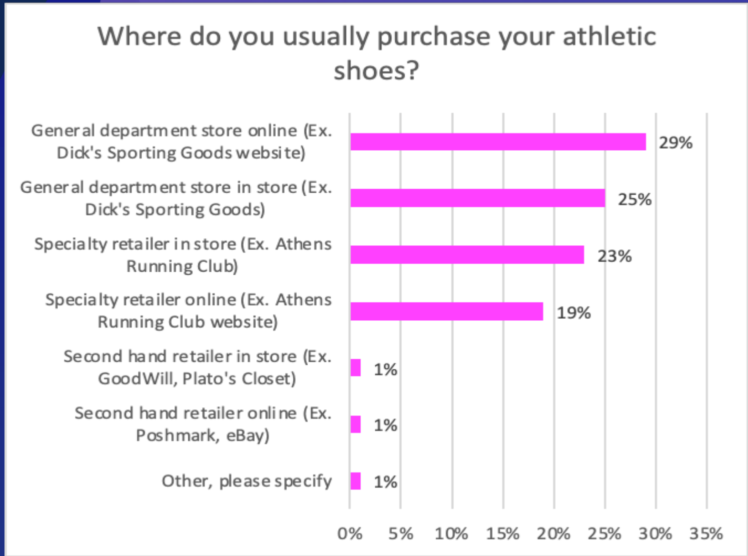


Figure A

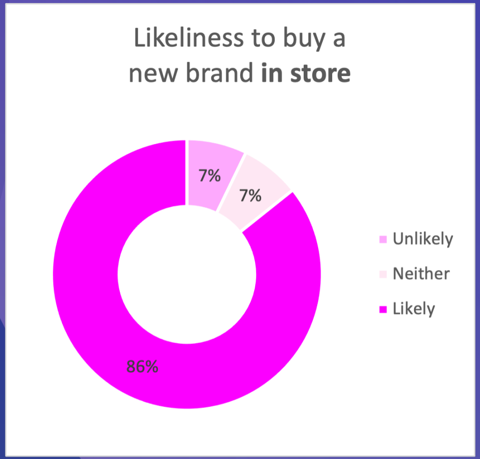
Figure B

CONSUMERS ARE MORE WILLING TO TRY NEW BRANDS IN STORE

Our findings show that On should establish more physical stores would be beneficial for them. Consumers use physical stores to evaluate new products. Thus, our team also believes that On can use the store to attract potential customers and convert them to On's products.

A total of 68.9% of respondents indicated that they would be either somewhat or extremely likely to a new brand of shoes (see Appendix D Figure 2). Consumers are always loyal to brands and want to try different brands presenting an opportunity for On. Consumers' willingness to buy differs on the distribution channels. 85.7% and 55.4% of survey respondents said they would be either somewhat or extremely likely to try a new brand of in-store and online, respectively (see Appendix D Figure 1 and Figure C). Based on the data, it is relevant for On to market their shoes in-store and capture the consumers willing to try a new brand.

Our team sought to find a correlation between a consumer's willingness to try a new brand and their likeliness to buy from either in-store or online. **We found both channels have a positive correlation in willingness to try a new brand and their likeliness to purchase. Comparing the two, in-store[1] shows a greater likelihood of buying than online[2].** On should be proactive in advertising their storefronts and develop more to capture the segment of consumers that are willing to try a new brand. On should also remain in specialty stores as it will increase the exposure of the brand to the same segment of consumers.



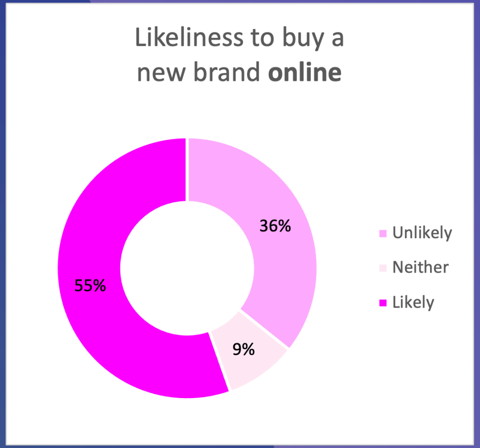


Figure C

1. In-store: R(110)=0.317
2. Online: R(110)=0.272

SUSTAINABILITY NOT A DECIDING FACTOR

The overall attitude towards sustainability programs is that it is a slight moral obligation rather than a passionate avenue when it comes to buying running shoes. While there are not any negative feelings towards having a sustainability program, there is not a strong pull to it as a deciding factor when facing purchasing decisions. While it contradicts our secondary research, it is consistent with our focus group insights and survey research.

In the focus group, most of the respondents said that sustainability programs did not majorly impact (if at all impact) their decision when it comes to running shoes. One respondent said, "it doesn't change my purchase decision either, but I do think a sustainability program even in the sense of returning your old shoes and recycling those materials is something that you can appreciate more about a brand."

In the survey research, sustainability wasn't in the top three ranked important features for athletic shoes. We found that sustainability had an average importance of 2.86 on a scale of 1 to 5, coming in last among the other 12 factors listed (see Appendix D Figure 6 and Figure D). All other factors were rated above 3, meaning they are important.

Further solidifying that sustainability isn't a factor in shopping, our team ran a one-sample T-test[4] to determine if there is a significant difference in the rate of importance of sustainable shopping. The data shows there is an insignificant difference on view of unimportance and importance to sustainable shopping. The test was conducted on a scale with 2.5 being the middle of unimportance and importance. Consumers remain indifferent on sustainability to their shopping lifestyle.

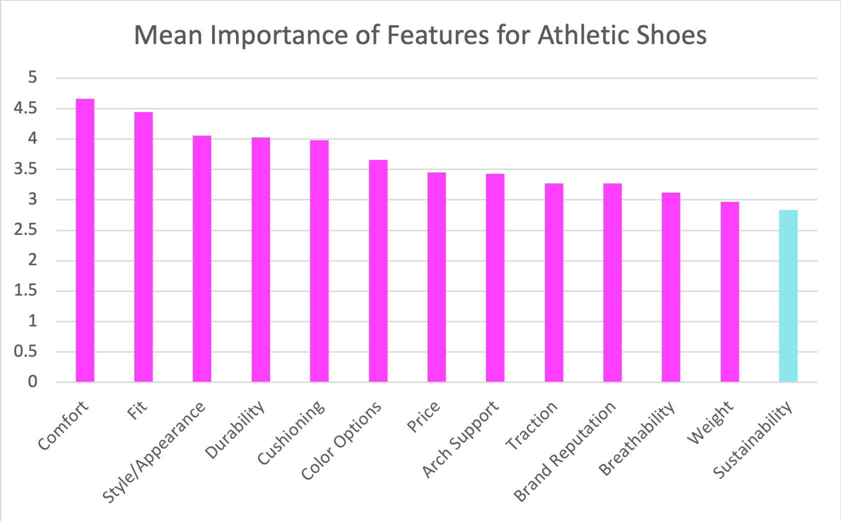


Figure D

4. $T(158)=1.287$, $p=0.001$

FURTHER RESEARCH ON SUSTAINABILITY PROGRAM

One of On's core values is sustainability efforts to produce high-quality shoes. However, very little advertisement is done to showcase these efforts. In the previous analysis, it shows consumers aren't persuaded by sustainability efforts, but On could use their sustainability program to differentiate itself as a sustainable shoe company.

In our quantitative research, we asked how many had heard of On's sustainability program, "Cyclon." Consistent with our focus group, the majority never heard of the program. **An overwhelming 97.7% of respondents never heard of Cylcon, which can hurt the brand's efforts to position itself as being known for their sustainability** (see Figure E).

Secondly, we asked if consumers' purchase intent differs after seeing a possible advertisement of On's sustainability program. Using third person technique, *an average person*'s purchase intent has a mean of 2.56, which means our respondents thought consumers would react favorably to new advertisements. But the respondents' personal purchase intent was also a very similar mean. A mean of 2.59 leans more towards a neutral stance. This was surprising because secondary research showed favorability to sustainability, but **the means show consumers are almost indifferent about sustainability advertisements.**

Consumers feel the need to change their personal choice but in the opposite way which we expected based on social desirability bias. Being said, we believe On should conduct further research on their sustainability program and it's appeal to consumers.

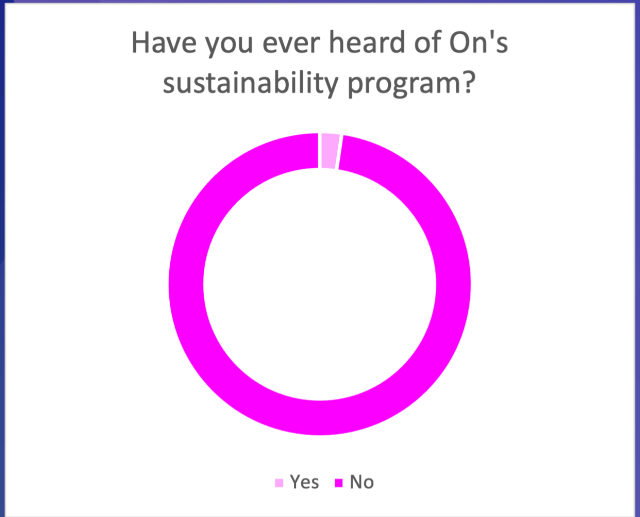


Figure E

CONSUMERS VALUE LOYALTY PROGRAMS

We believe that On should implement a loyalty program to build a community that supports the brand and differentiate from the competition. **From research, we know consumers are willing to try a new brand, and a loyalty program can get customers to stay with On after trying the products.**

39.6% of respondents expressed interest in joining an On loyalty program is a positive sign that should be capitalized on, as there is a substantial consumer base that sees value in a loyalty program. The 25.8% of respondents that were "neither likely nor unlikely" represent a segment that could be swayed with the right incentives or program features. While 34.5% of respondents expressed disinterest, it is important to understand the reasoning behind their attitude (see Appendix D Figure 5 and Figure F). Consumers might be overwhelmed with the number of loyalty programs out there, thus hesitant to join another. In order to combat this, On should emphasize that their program isn't like others despite similar features. Members should feel apart of an On specific community that gives value to them through this proposed loyalty program.

The loyalty program we implement should be easy to enroll in and include discounts, a rewards system, and exclusive product drops for participating members. The most prominent reason for joining was "discounts", with 70.5% of participants selecting this option. Similarly, 63.1% of participants selected "rewards/points system". A close minority selected "exclusive product drops" (36.4%) and "easy to enroll in" (30.4%). Only 11.1% of respondents selected "sense of community" and "choice activities" (see Appendix D Figure 4 and Figure G)[3]. While a minority of respondents selected "easy to enroll in", members of our focus group also honed in on the fact that loyalty programs they enjoy are "simple and hassle-free", which led us to believe that On's loyalty program must be as well.

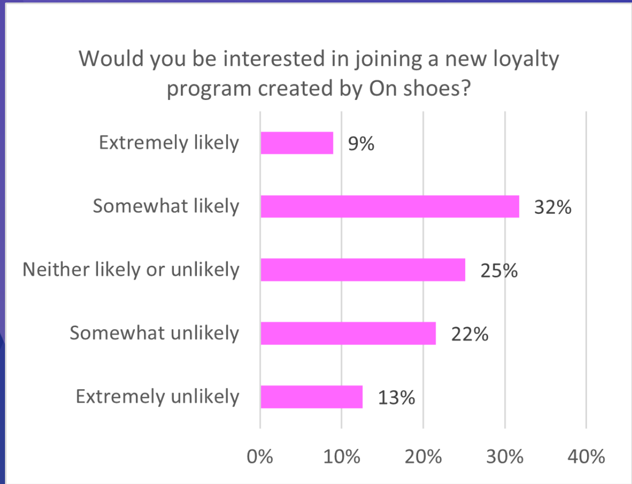


Figure F

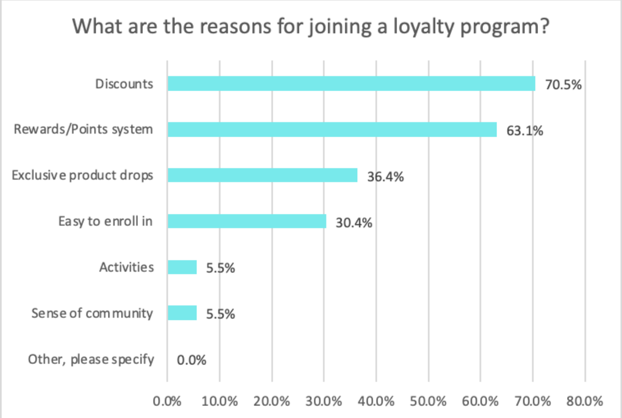


Figure G

3. Question task was to select the top three choices.

CONVENIENCE SAMPLING LED TO LACK OF REPRESENTATIVENESS

One of the most impactful limitations of our research was using convenience sampling**. The primary drawback of convenience sampling is the lack of representativeness that it includes.** Of our 158 respondents, 86.08% were female and 13.92% were male. 87.4% of respondents were in the age category of 18-24 (see Appendix D Figure 8). This sample does not represent the customer base of On, but due to convenience, was the data that we used to make interpretations with. Because our sample was not representative, sampling bias is a factor that we must consider when interpreting our data. Sampling bias occurs when certain groups are overrepresented, while others are underrepresented.

Another limitation of our research was due to our use of a focus group. **Social desirability bias should be considered when asking about sustainability.** The student participants may have failed to express their true opinions and responded with socially acceptable answers. Because of this group dynamic, some participants may have been weary of sharing unpopular, or dissenting viewpoints, which could have affected our focus group results.

Lastly, **survey errors involving logic, length, and clarity affected response quality**. Some survey responses were started, but not complete, which we attributed to survey length. There was no incentive given to participants to complete a longer survey. Question 26 only received 3 responses due to the logic of our survey. Other respondents mentioned not understanding that “On” and “On Cloud” were the same brand, which also could have affected response data.

FUTURE RESEARCH

Moving towards a more lifestyle marketing strategy

Throughout the focus group, most participants considered On to be an everyday shoe to wear while walking instead of a shoe to wear while doing extraneous activities.

The current positioning for the brand is a shoe for extreme sports, yet the shoe has less support in the soles than others, making it seem like more of an everyday shoe.

Future research would include focus groups including current On customers and what activities they use their shoes for. It would ask to see the effectiveness of its current advertising strategy to see if On is reaching its core audience or if another aspect, such as word of mouth, is its main driver in the market.

Research to determine if On needs to change its name to On Cloud

In our survey, several respondents on question 10 did not choose On even though they had previously purchased from the brand.

Also, throughout the focus group, most participants referred to the brand as On Clouds instead of just On.

They instead chose the other option and wrote in On Clouds since that is the most-known name of the brand in our samples.

Therefore, several respondents may not have know the brand they were answering questions for since On is not the most popular name for the brand as a whole (see Appendix D Figure 9).

APPENDICES

A. QUESTIONNAIRE

SURVEY QUESTIONS

Q1 Do you wear athletic shoes?

- Yes (1)
- No (2)
- I don't know (3)

Q2 Have you purchases athletic shoes in the past year?

- Yes (1)
- No (2)
- I don't know (3)

Q3 What activities have you used your athletic shoes in the past six months? Select all that apply.

- Running (1)
- Walking (2)
- Working out in a gym (3)
- Work (4)
- Hiking (5)
- Other, please specify (6)

Q4 Please rate the following features on importance when looking for performance running

Q4 Please rate the following features on importance when looking for performance running and fitness shoes.

	Not at all important (1)	Slightly important (2)	Moderately important (3)	Very important (4)	Extremely important (5)
Comfort (1)	○	○	○	○	○
Fit (2)	○	○	○	○	○
Durability (3)	○	○	○	○	○
Arch Support (4)	○	○	○	○	○
Breathability (5)	○	○	○	○	○
Cushioning (6)	○	○	○	○	○
Traction (7)	○	○	○	○	○
Weight (8)	○	○	○	○	○
Style/Appearance (9)	○	○	○	○	○
Color Options (10)	○	○	○	○	○
Price (11)	○	○	○	○	○
Brand Reputation (12)	○	○	○	○	○
Sustainability (13)	○	○	○	○	○

Q5 How much are you willing to pay for a high-performance athletic shoe?

- Less than $50 (1)
- $50 to $99.99 (2)
- $100 to $149.99 (3)
- $150 to $199.99 (4)
- $200 or more (5)

Q6 How often do you engage in physical activities that require high-performance running shoes?

- Daily (1)
- Several times a week (2)
- Once a week (3)
- At least once a month (4)
- Rarely (5)

Q7 What specific types of running and fitness activities are you involved in, if any? Please select all that apply.

- Road Running (1)
- Trail Running (2)
- Road Walking (3)
- Hiking (4)
- CrossFit (5)
- Weightlifting (6)
- Aerobics (7)
- Other, please specify (8)

Q8 How often do you replace your running and fitness shoes?

- Every 3-6 months (1)
- Every 6-12 months (2)
- Every 1-2 years (3)
- Rarely replace (4)

Q9 How willing are you to try a new brand of athletic shoes?

- Extremely unlikely (1)
- Somewhat unlikely (2)
- Neither likely nor unlikely (3)
- Somewhat likely (4)
- Extremely likely (5)

Q10 Select which brands you have purchased athletic shoes from in the past year. Select all that apply.

- Nike (1)
- Adidas (2)
- Reebok (3)
- New Balance (4)
- Brooks (5)
- Asics (6)
- Hokas (7)
- Sketchers (8)
- On (10)
- Other, please specify (9)

Q11 Where do you usually purchase your athletic shoes from? Select all that apply.

- General department store in store (Ex. Dick's Sporting Goods) (1)
- General department store online (Ex. Dick's Sporting Goods website) (2)
- Specialty retailer in store (Ex. Athens Running Club) (3)
- Specialty retailer online (Ex. Athens Running Club website) (4)
- Second hand retailer online (Ex. Poshmark, eBay) (5)
- Second hand retailer in store (Ex. GoodWill, Plato's Closet) (6)
- Other, please specify (7)

Q12 How likely are you to buy a **new** brand of athletic shoes **online**?

- Extremely unlikely (1)
- Somewhat unlikely (2)
- Neither likely nor unlikely (3)
- Somewhat likely (4)
- Extremely likely (5)

Q13 Select the reasons you prefer **ONLINE** shopping. Please rank reasons from most important to least important.

- Convenience (1)
- Price comparison (2)
- Product reviews (3)
- Discounts or sales (4)
- Visible product information (5)
- Wider selection (6)
- Online customer support (7)
- Personalized recommendations (8)
- Other, please specify (9)

Q14 How likely are you to buy a **new** brand of athletic shoes **in store**?

- Extremely unlikely (1)
- Somewhat unlikely (2)
- Neither likely nor unlikely (3)
- Somewhat likely (4)
- Extremely likely (5)

Q15 Thinking about shopping for athletic shoes in a **PHYSICAL** store, please rate the following items in terms of importance to you.

	Not important (1)	Slightly unimportant (2)	Moderately important (3)	Slightly important (4)	Very important (5)
Wide selection of product (1)	○	○	○	○	○
Limited selection of product (2)	○	○	○	○	○
Knowledgeable salespeople (3)	○	○	○	○	○
Small/Local store (4)	○	○	○	○	○
Department/Large store (5)	○	○	○	○	○
Store close to home (6)	○	○	○	○	○
Welcoming atmosphere (7)	○	○	○	○	○
Easy to follow layout (8)	○	○	○	○	○

Q16 Are you currently a part of any loyalty programs with any brands?

- Yes (1)
- No (2)
- I don't know (3)

Q18 What would make you join a loyalty program in general? Select the **top three** that are important to you.

- Discounts (1)
- Sense of community (2)
- Activities (3)
- Exclusive product drops (4)
- Easy to enroll in (6)
- Rewards/Points system (7)
- Other, please specify (8)

Q17 Would you be interested in joining a new loyalty program created by On shoes?

- Extremely unlikely (1)
- Somewhat unlikely (2)
- Neither likely or unlikely (3)
- Somewhat likely(4)
- Extremely likely(5)

Q19 How do you view sustainable shopping to your lifestyle?

- Not at all important (1)
- Slightly important (2)
- Moderately important (3)
- Very important (4)
- Extremely important (5)

Q20 How likely are you to buy footwear or apparel from a brand because it has a sustainability program?

- Extremely unlikely (1)
- Somewhat unlikely (2)
- Neither likely nor unlikely (3)
- Somewhat likely (4)
- Extremely likely (5)

Q21 Have you ever purchased athletic shoes or clothing from the brand On?

- Yes (1)
- No (2)
- I don't know (3)

Q22 Have you ever heard of On's sustainability program, "Cyclon"?

- Yes (1)
- No (2)

Q23 How would an average customer change their purchase intent of On's products after seeing a sustainability advertisement?

- Extremely likely to purchase (1)
- Somewhat likely to purchase (2)
- Neither likely nor unlikely (3)
- Somewhat unlikely to purchase (4)
- Extremely unlikely to purchase (5)

Q24 How would you change your purchase intent of On's products after seeing a sustainability advertisement?

- Extremely likely to purchase (1)
- Somewhat likely to purchase (2)
- Neither likely nor unlikely (3)
- Somewhat unlikely to purchase (4)
- Extremely unlikely to purchase (5)

Q27 How do you describe yourself?

- Male (1)
- Female (2)
- Non-binary / third gender (3)
- Prefer to self describe (4)
- Prefer not to say (5)

Q28 How old are you?

- Under 18 (1)
- 18-24 years old (2)
- 25-34 years old (3)
- 35-44 years old (4)
- 45-54 years old (5)
- 55-64 years old (6)
- 65+ years old (7)

B. DISCUSSION GUIDE

INTRODUCTION

Moderator – Thank you for being a part of our focus group today. My name is Kai and I will be your moderator today. This focus group is for conducting market research about running shoes and respective brands in the product category. You are asked here because you have interests in fitness and running activities. This session will be recorded for the purpose of summarizing findings for class projects. No personal information or opinions will be discussed outside of this focus group. Does everyone consent to being recorded via audio and video today?

Moderator – During this discussion, I ask you to be truthful and honest when responding. There are no right or wrong answers. Everyone should feel relaxed and comfortable when answering. This discussion will last roughly an hour. General rule is there should be no dominating the conversation to allow everyone to speak. Are there any questions or concerns so far?

Moderator – Final thing before we get started, could I have everyone introduce themselves to the focus group? We can start on the left and first names are okay.

Moderator – Thank you, and now we'll go ahead and get started. Start time is __12:52pm__ on 10/02/23.

CLOSING

Closing:
1. If you were recommending On running shoes to a friend or family, how would you describe to them On Clouds based on our discussion?
2. Of the things discussed, what is the most important to you as a consumer?
3. Are there topics relating to the brand On that could be discussed?

Moderator – We appreciate your time in being a part of the focus group and this discussion. You all have been a great help in our class research project. End time is _1:37pm__ and you are free to leave. Thank you!

GENERAL Q'S

1. The topic is all about running shoes, meaning the shoes that you would wear to run distances with. What description would you give about running shoes?
2. What would you describe as preferred running shoes? Why the description?
    1. What qualities do you look for in a preferred running shoe?
3. What is the most important feature when shopping for running shoes?
    1. When it comes to performance running, what features do you look for?
4. How would you describe your shoe buying habits?
    1. How often do you use running shoes?
    2. When was your last time purchasing a pair of running shoes?
5. Describe how you usually purchase new running shoes.
    1. How often do you go shopping for shoes in person versus order them online?
6. What is your favorite running shoe brand and why?
    1. What makes you choose that one over others?
    2. What makes that brand stand out?

SPECIFIC Q'S

1. How aware are you of On's running shoes?
2. When you think of the brand On/On Cloud, what comes to mind about it?
    1. How would you describe the people that buy the brand?
3. Have you had any experience with On running shoes? If so, how did they feel and what did you like about them?
    1. How was the experience of trying a new shoe/shoe brand to you? Were there reservations?
4. What was the most recent in-store experience you have had for purchasing On running shoes or other brands of running shoes like?
    1. What concerns do you have for purchasing in store versus online?
    2. What benefits do you get from shopping in-store?
5. Other well known shoe brands offer loyalty programs and are able to sign up for them in-store. What is attractive about a loyalty program to you to sign up? Benefits, discounts, exclusivity, member events, etc.?
    1. What prompted you to decide to join a loyalty program?
6. Are you currently a member of any loyalty programs? Any running shoe loyalty programs or athletic brand loyalty programs?
    1. Should shoe brands have member fitness programs?
7. How do you feel about shoe brands having sustainability efforts or programs? Why would others, like your friend, feel?
    1. How would others react to brands promoting sustainability efforts?
    2. Would this make others more likely to purchase the product, why or why not?

C. QUALITATIVE RESEARCH SUMMARY

QUALITATIVE INSIGHTS

#1

Sustainability advertisement isn't a factor to the decision process for purchasing.

While having sustainability efforts and being a green company are good, consumers don't use that as determination for choosing a brand. In our discussion there was consensus that sustainability doesn't change a person's purchase decision either direction. Consumers can appreciate the efforts that go into having a sustainability program and adding some goodwill to a company. But it doesn't make the basis of a purchase decision for an average consumer.

#2

Online shopping is used more for repeat purchases whereas in-store consumers are looking for options.

Trying new shoes is typically an in-store purchase decision. However, once set and find what you like, consumers will purchase other shoe variations off of the online stores. Online stores will have the full range of products offered. In-store will have a smaller selection. In our discussion, we saw that salespeople can influence the purchase decision of a consumer if the salesperson is knowledgeable of the product. On shoes have this pattern and we discussed it. Smaller storefronts carry limited range but have knowledgeable salespeople to educate the consumer with On's products.

#3

On shoes are common amongst younger and college age demographics for their lightweight and trendiness.

On shoes are best noted for their lightweight and comfortability for everyday walking. Because of the trendiness, consumers are inclined to try the newest shoe. Some can be converted to a user. When it comes to running shoes, there are other brands that rival it for that space. It was noted that our participants don't like them as much for long distances, but enjoyed for short distance running or walking especially.

#4

Loyalty programs are joined by consumers but prefer to have simple and free loyalty programs.

Our participants noted many examples of loyalty programs they have joined or loved. Many of them employ simple and free services, especially in products or brands they do not purchase regularly. Our participants said they enjoy rewards based on frequency of purchases or points-based rewards, rather than a loyalty program centered around coupons communicated via email marketing or mobile app. The concept of points back is a way consumers enjoy loyalty programs hassle-free and make ones they are a part of successful.

QUALITATIVE INSIGHTS

#5

Loyalty programs for shoes are not as sought after since athletic shoes are not a frequent purchase.

Most loyalty programs are for things of frequent purchases. We discussed that most of what our participants were a member of were food/restaurant brands or cosmetic brands. Shoes aren't as frequently purchased and can have longer life to them. Our participants discussed that they have multiple pairs of athletic shoes, but will wear them until they are worn down.

#6

While a green company is an added plus, it does not determine whether someone choses a certain brand or not.

While there were no negative connotations associated with being green/having sustainability programs in companies, it was clear that it was not something that would majorly influence their decision to purchase without an incentive involved. However, when it came to trading in old shoes for a discount or some other incentive, they said they would be more likely to do that knowing that they can save money. They justified that with being a college student, every little bit helps.

#7

Consumers are not tied to one singular brand for their desired product, but instead are focused on the value it provides, not the company producing it.

Our participants testified to not being completely loyal to one brand.They would rather find the best option that is the most economical, best fitting, comfortable, visually-appealing rather than sticking to one brand that they are tied to. Especially in a clothing or shoe store, consumers are not exclusive to a brand and are more interested in the product's individual value provided.

#8

Consumers prefer to shop at smaller stores for running shoes, rather than larger retailers like Dick's or Hibbets when shopping in person.

In this study, participants revealed that they value smaller, more personable retail stores over large retail stores that sell more products. Smaller running stores allow a personalized and tailored experience to the consumer. Participants value a one-on-one relationship with a knowledgeable and experienced salesperson. Big Peach, Road Runner, and Athens Running Club were some of the preferred retailers mentioned in the study due to their ability to spend more time with their customers, and expert knowledge on the subject of running shoes.

D. DESCRIPTIVE STATISTICS TABLES

DESCRIPTIVE

Likeliness to buy to new brand of shoes online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely unlikely	10	4.6	8.9	8.9
	Somewhat unlikely	30	13.8	26.8	35.7
	Neither likely nor unlikely	10	4.6	8.9	44.6
	Somewhat likely	42	19.4	37.5	82.1
	Extremely likely	20	9.2	17.9	100.0
	Total	112	51.6	100.0	
Missing	System	105	48.4		
Total		217	100.0		

Likeliness to buy to new brand of shoes in store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely unlikely	2	.9	1.8	1.8
	Somewhat unlikely	6	2.8	5.4	7.1
	Neither likely nor unlikely	8	3.7	7.1	14.3
	Somewhat likely	64	29.5	57.1	71.4
	Extremely likely	32	14.7	28.6	100.0
	Total	112	51.6	100.0	
Missing	System	105	48.4		
Total		217	100.0		

Figure 1 – Percentages of Likeliness

Willingness to try new brand of athletic shoes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely unlikely	4	1.8	2.4	2.4
	Somewhat unlikely	18	8.3	11.0	13.4
	Neither likely nor unlikely	29	13.4	17.7	31.1
	Somewhat likely	95	43.8	57.9	89.0
	Extremely likely	18	8.3	11.0	100.0
	Total	164	75.6	100.0	
Missing	System	53	24.4		
Total		217	100.0		

Figure 2 – Frequencies of willingness to try new brands

Statistics

		Rating of importance about physical store - Wide selection of product	Rating of importance about physical store - Limited selection of product	Rating of importance about physical store - Knowledgeable salespeople	Rating of importance about physical store - Small/Local store	Rating of importance about physical store - Department/Large store	Rating of importance about physical store - Store close to home	Rating of importance about physical store - Welcoming atmosphere	Rating of importance about physical store - Easy to follow layout
N	Valid	110	110	110	110	110	110	110	110
	Missing	107	107	107	107	107	107	107	107
Mean		4.33	2.95	4.07	2.90	2.63	3.74	3.87	3.41

Figure 3 – Importance ratings of physical store features

Statistics

		Reason for joining loyalty program - Selected Choice Discounts	Reason for joining loyalty program - Selected Choice Sense of community	Reason for joining loyalty program - Selected Choice Activities	Reason for joining loyalty program - Selected Choice Exclusive product drops	Reason for joining loyalty program - Selected Choice Easy to enroll in	Reason for joining loyalty program - Selected Choice Rewards/Points system	Reason for joining loyalty program - Selected Choice Other, please specify
N	Valid	153	12	12	79	66	137	0
	Missing	64	205	205	138	151	80	217
Sum		153	12	12	79	66	137	

Figure 4 – Interest in new loyalty program

Interest in joining new loyalty program by On

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely unlikely	19	8.8	11.9	11.9
	Neither likely or unlikely	41	18.9	25.8	37.7
	Extremely likely	13	6.0	8.2	45.9
	Somewhat unlikely	36	16.6	22.6	68.6
	Somewhat likely	50	23.0	31.4	100.0
	Total	159	73.3	100.0	
Missing	System	58	26.7		
Total		217	100.0		

Figure 5 – Percentage of interest for loyalty program

DESCRIPTIVE

Statistics

		Rate the features on importance - Sustainability	Rate the features on importance - Comfort	Rate the features on importance - Fit	Rate the features on importance - Durability	Rate the features on importance - Arch Support	Rate the features on importance - Breathability	Rate the features on importance - Cushioning	Rate the features on importance - Traction	Rate the features on importance - Weight	Rate the features on importance - Style/Appearance	Rate the features on importance - Color Options	Rate the features on importance - Price	Rate the features on importance - Brand Reputation
N	Valid	165	165	165	165	165	165	165	165	165	165	165	165	165
	Missing	52	52	52	52	52	52	52	52	52	52	52	52	52
Mean		2.86	4.65	4.42	4.04	3.47	3.10	3.98	3.25	2.97	4.07	3.62	3.45	3.30
Sum		472	767	730	667	572	512	657	537	490	671	598	569	545

Figure 6 – Importance of Sustainability

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Willingness to pay for athletic shoe	165	2	5	3.22	.657
Valid N (listwise)	165				

Figure 7 – Willingness to pay Mean

Age classification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 18	2	.9	1.3	1.3
	18-24 years old	139	64.1	87.4	88.7
	25-34 years old	2	.9	1.3	89.9
	35-44 years old	5	2.3	3.1	93.1
	45-54 years old	1	.5	.6	93.7
	55-64 years old	7	3.2	4.4	98.1
	65+ years old	3	1.4	1.9	100.0
	Total	159	73.3	100.0	
Missing	System	58	26.7		
Total		217	100.0		

Figure 8 - Age Frequencies

Statistics

		Brands you have purchased athletic shoes from in past year - Selected Choice Nike	Brands you have purchased athletic shoes from in past year - Selected Choice Adidas	Brands you have purchased athletic shoes from in past year - Selected Choice Reebok	Brands you have purchased athletic shoes from in past year - Selected Choice New Balance	Brands you have purchased athletic shoes from in past year - Selected Choice Brooks	Brands you have purchased athletic shoes from in past year - Selected Choice Asics	Brands you have purchased athletic shoes from in past year - Selected Choice Hokas	Brands you have purchased athletic shoes from in past year - Selected Choice Skechers	Brands you have purchased athletic shoes from in past year - Selected Choice On	Brands you have purchased athletic shoes from in past year - Selected Choice Other, please specify	Brands you have purchased athletic shoes from in past year - Other, please specify - Text
N	Valid	65	27	12	46	28	8	106	0	30	13	217
	Missing	152	190	205	171	189	209	111	217	187	204	0
Mean		1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00	
Sum		65	27	12	46	28	8	106		30	13	

Brands you have purchased athletic shoes from in past year - Other, please specify - Text

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		204	94.0	94.0	94.0
	361 degrees	1	.5	.5	94.5
	Altra	3	1.4	1.4	95.9
	ALTRA	1	.5	.5	96.3
	Asics	1	.5	.5	96.8
	No Bull	1	.5	.5	97.2
	On Cloud	1	.5	.5	97.7
	On clouds	2	.9	.9	98.6
	Onclouds	1	.5	.5	99.1
	OnClouds	1	.5	.5	99.5
	Saucony	1	.5	.5	100.0
	Total	217	100.0	100.0	

Figure 9 – Past Athletic Shoe Purchasing Behaviors

E. INFERENTIAL STATISTICAL ANALYSES

ANALYSES

One-Sample Test

	Test Value = 2.5						
	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	95% Confidence Interval of the Difference Lower	95% Confidence Interval of the Difference Upper
View of sustainable shopping to lifestyle	1.287	158	.100	.200	.097	-.05	.25

Figure 1 – One Sample T-test

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.514[a]	8	.385
Likelihood Ratio	10.029	8	.263
Linear-by-Linear Association	.000	1	.996
N of Valid Cases	159		

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is 1.06.

Figure 2 – Two Way Chi Squared test

Correlations

		Willingness to try new brand of athletic shoes	Likeliness to buy to new brand of shoes in store
Willingness to try new brand of athletic shoes	Pearson Correlation	1	.317**
	Sig. (1-tailed)		<.001
	N	164	112
Likeliness to buy to new brand of shoes in store	Pearson Correlation	.317**	1
	Sig. (1-tailed)	<.001	
	N	112	112

**. Correlation is significant at the 0.01 level (1-tailed).

Correlations

		Willingness to try new brand of athletic shoes	Likeliness to buy to new brand of shoes online
Willingness to try new brand of athletic shoes	Pearson Correlation	1	.272**
	Sig. (1-tailed)		.002
	N	164	112
Likeliness to buy to new brand of shoes online	Pearson Correlation	.272**	1
	Sig. (1-tailed)	.002	
	N	112	112

**. Correlation is significant at the 0.01 level (1-tailed).

Figure 3 – Correlations Test for in store and online

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	95% Confidence Interval of the Difference Upper
Average customer purchase intent of On's products after seeing a sustainability advertisement	Equal variances assumed	1.159	.283	2.877	156	.002	.005	.350	.122	.110	.590
	Equal variances not assumed			3.027	123.455	.002	.003	.350	.116	.121	.579
Personal purchase intent of On's products after seeing a sustainability advertisement	Equal variances assumed	8.002	.005	5.158	156	<.001	<.001	.641	.124	.396	.887
	Equal variances not assumed			5.860	147.613	<.001	<.001	.641	.109	.425	.857

Figure 4 – Independent Sample T-test

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