

UNIVERSITY OF LJUBLJANA  
FACULTY OF ECONOMICS

MASTER'S THESIS

**IMPACT OF INNOVATION ON CONSUMER'S BRAND  
PERCEPTION**

Ljubljana, June 2018

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## LIST OF ABBREVIATIONS

**CBBE** – Customer-based brand equity  
**OECD** – Organization for Economic Co-Operation  
**R&D** – Research and Development  
**RPI** – Reputation for product innovation  
**WOM** – Word of Mouth

## INTRODUCTION

Many of the world's top 100 brands such as Coca Cola, Disney, Adidas, Intel, Microsoft, Porsche and Toyota describe themselves as innovative companies, claiming innovation as one of their core values as evidenced from their websites (Papou & Quester, 2016). These brands continually generate innovations and collectively spend billions of dollars to project themselves as innovative to consumers (Henard & Dacin, 2010). Innovativeness has become a pre-requisite for a firm's competitive advantage, survival and performance (Jaehoon, Taekyung, & Do, 2010). But what is the actual impact of their efforts of projecting innovativeness to the consumers? Does it have any influence on customer's perception of the brand?

This is the main topic studied in our Master's Thesis, focusing specifically on sportswear industry. The sportswear industry is highly competitive as it is one of the most branded areas in the global apparel market (Tong & Hawley, 2009). In our research we study the potential linkage of innovation and consumers' brand perception, focusing on one of the biggest companies in the sport apparel market, Adidas AG.

According to Tong & Hawley (2009), the sportswear industry is one of the most branded areas in the global apparel market, which is why we chose one of the most prominent and heavily branded companies in this industry for the basis of our research. As claimed by Schultz and Barnes (1999), a brand is much more than just a name, a symbol, or an icon but rather a relationship with consumers. In order to build a relationship with the consumers and maintain market share, brands aim to deliver innovative concepts through every interaction with the consumer (Chung, 2011). If an enterprise wants to stand out in the competitive market, it should continuously strive for progress and is thus inevitably linked with innovation. Peter Drucker claims "innovate or die", which implies that innovation is one of the main sources of competitive advantage (Prajogo & Sohal, 2006). In the context of marketing, brand innovativeness is important because it influences consumers' behavior, including intention and actual purchase (Johnson & Puto, 1987).

At the same time, brand perception is a very important influential factor in the consumers' purchase process (Chien, 2013). Hoyer and Brown (1990) manifest that brand perception has great influence on the consumers' purchase selection; they imply that brand perception is a basis for first priority choice when selecting a product. This connection shows the importance of brand awareness as well (Chien, 2013).

Our research studies potential connection between innovation and brand perception with the aim of finding potential linkage between the two concepts. Although many studies were conducted in the past to research different aspects of a brand – brand loyalty, brand awareness, brand equity being some of many, our research focuses on showing the potential influence of innovation on brand perception of the consumer. As seen in the

theoretical background above, it is clear that each of the concepts separately has major impact on the enterprise, but the research problem in question is whether there is clear connection between the concepts and if so, to what extent. Due to fierce competition in the marketplace, globalization, and the explosion of technology in recent years, innovation and differentiation are considered to be necessities for every company (Tajeddini & Trueman, 2008). Consequently, we believe it is crucial for companies to understand if innovating is helping them build their brand and grow in the eyes of consumers.

The thesis consists of two parts. The theoretical part includes an overview of literature through researching scientific articles and experiments on the chosen topics. We focus mainly on branding, brand awareness, brand perception, innovation, innovation in enterprises, and current research on linkage of brand perception and innovation in companies. The thorough research of secondary data serves as a foundation, providing clear understanding of the research problem in order to support the empirical part of the thesis.

The empirical part consists of collecting and analyzing primary data. Due to the nature of the problem, qualitative research was conducted, including in-depth interviews and a before-after experiment, with a control group providing a clear foundation for comparison. Interview participants were divided into five main segment groups: Average sporty, Innovation enthusiasts, Sustainable devotees, Brand lovers and Sport addicts. The in-depth interviews consisted of three parts, including the before-after experimental approach. The before-after experimental approach included a presentation of two YouTube videos: Adidas x Parley – From threat into thread and Futurecraft 4D: Create – Adidas. The purpose of showing the videos was to familiarize interviewees with the latest innovation projects of the Adidas brand and to analyze how being familiar with these innovations impacts their perception of the brand.

After the empirical part, results and main findings in relation to in-depth interviews and segmentation profiles are presented. Followed by the discussion part with summary of main findings and future implications as well as limitations and recommendations for further research. Lastly, conclusion has been added to sum up Master Thesis's main findings.

## **1 BRANDING AND INNOVATION – THEORETICAL OVERVIEW**

As the focus of the thesis is to study the influence of innovation on brand perception, it is crucial to understand the main concepts behind both of them. With that in mind, the theoretical overview below highlights key areas relevant to the empirical research.

## **1.1 Brand**

Kotler and Keller define a brand as a “name, term, sign, symbol, design or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler & Keller, 2006, p.8).

### **1.1.1 Branding and brand awareness**

A term closely related to brand is branding. Branding is all about creating a difference. Different outcomes result from marketing a service or a product in connection with a specific brand or from marketing that same product or service without a connection to any brand. Those differences represent the added value of the branded product due to past marketing activity of the brand (Keller et al., 2008).

The ability of the consumer to recognize and memorize a brand in a particular product category is defined as a brand awareness (Aaker, 1991). It shows the accumulated memory intensity of consumers for a specific brand (Wu & Ho, 2014). It is created by accumulating the familiarity of the brand through recurring exposure and strong associations and links with the appropriate product category. The more the consumer is surrounded by the brand by seeing it, hearing about it, or eventually thinking about it, the higher the likelihood that the brand will become strongly registered in the consumer’s memory is (Keller et al., 2008).

Brand awareness plays an important role when a consumer is purchasing a new product and deciding between different brand offers. Higher brand awareness can positively impact loyalty of consumers, can increase trust in the brand and its products, and can strengthen purchase intention. Therefore, brands being famous can also help the consumer to identify the product and endorse its value. Brand awareness is a combination of two elements: brand recall and brand recognition. The level of brand awareness can be measured by finding out whether someone is familiar with a brand, heard of the brand or knows the characteristic of the brand (Wu and Ho, 2014).

Consumers must first be aware of a brand, they can subsequently form associations with the brand, and thus brand equity is formed. As mentioned, brand awareness plays a vital role in the consumer decision process for numerous reasons. In order to increase the likelihood that an individual will buy a product from a specific brand, the individual must think of that specific brand first (ex. Adidas) when thinking about a specific product category (ex. running footwear) (Ross, 2006).

A popular and well-known brand provides a consumer with a higher sense of trust that will might translate itself into positive perception of the brand and increase the consumer’s

willingness to buy. Brand awareness is thus one of the most significant decision-making factors influencing purchase intention when it comes to buying an innovative product as well. Additionally, it is important that innovation in products or services is not only a part of the corporate strategy of the company; it should also be evaluated based on the consumer's viewpoint and perceived as a novelty by the consumers. Therefore, companies with higher brand awareness and innovative products are more likely to succeed (Wu & Ho, 2014).

### **1.1.2 Brand equity**

Brand equity has been defined as an “Incremental utility associated with a brand name which is not captured by functional attribute” by Kamakura and Russel (1993, p. 13); as well as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product to a firm or to the firm's customers” by Aaker (1991, p. 15).

Brand equity closely relates to marketing effects uniquely attributable to a brand. From the financial point of view, brand equity represents extra value beyond all tangible assets of the company. Meaning, it's a financial brand value made of company's future cash flows, as well as defined as customer brand advantage (Simon & Sullivan, 1993). On the other hand, from the marketing point of view, brand equity transcends the added value of the tangible assets embedded into the position that the brand has achieved on the market. The brand's added value has created the deepest value in consumers' minds rather than the functional value after consumer used the product (Chung, 2011).

Therefore, brand equity can be defined as the increase in cash flow resulting from the branding of a product as compared to the cash flow of an unbranded product. Additionally, favorable brand equity provides value to a firm through its positive impact on probability of brand choice, retailer and customer retention, willingness to pay premium prices, competitive advantage, profit margins, brand extensions, etc. Furthermore, brand equity provides value to consumers by increasing confidence in their purchase decision (Ross, 2006).

Aaker (1996) believes that brand equity can be theorized as a variable of four categories of brand assets: brand awareness, brand loyalty, brand associations, and perceived brand quality, meaning that the four categories listed above could directly create brand equity. Brand awareness appears as a starting point in the development of brand equity, brand loyalty plays a role as the capacity to attract and retain customers after they are familiar with the brand. Associations apply to anything in consumer memory that is linked to that specific brand, and the perceived quality is the judgment of a product's overall quality compared to its anticipated purpose (Aaker, 1996).



#### *1.1.2.1 Customer based brand equity*

‘What makes a brand strong’ and ‘how do you build a strong brand’ are two questions regarding brands and branding that often arise. In order to be able to answer these questions, the Customer-based brand equity (CBBE) model can be used. The CBBE model approaches brand equity from the consumer’s perspective. Two commonly asked fundamental questions are: ‘how does the brand knowledge of consumers affect their response to marketing activity’ and ‘what do different brands mean to consumers’. To be able to ensure successful marketing of a product or a campaign, a company has to start with the consumer. With full understanding of the consumers’ needs and wants and their satisfaction, successful marketing results can be achieved (Keller et al., 2008).

CBBE is described as the differential consequence that brand familiarity has on consumer response to marketing of that specific brand. The three main elements affecting brand equity are: the differential effect, brand knowledge, and consumer response to marketing. Positive CBBE is defined as a consumer’s favorable reaction to a specific product branded by a familiar brand, leading to the consumer being less sensitive to price increases, more receptive towards brand extensions, and willing to seek that specific brand in a new distributional channel. Brand equity results in differences in consumer response, depends on what resides in the minds of the consumers, and is reflected in perceptions and preferences (Keller et al., 2008)

With proper understanding of customers’ requirements and needs, higher customer value can be achieved. Customer value is connected with the consumer’s preference or choice. Meaning, if the customer value is higher, consumers purchase intention to the products will be higher and the consumer will be more likely to convert. Many leaders of well-recognized brands agree that innovative products and services lead to an increase in customer value and customers’ brand preferences, and therefore enable more sales opportunities (Wu and Ho, 2014)

#### **1.1.3 Brand perception**

Brand perception is one of the consequences of brand knowledge and consists of brand recall and brand recognition.

Brand recognition is a significant factor showing the consumer’s ability to recognize a brand from a specific brand sign. Brand recall is the ability of a consumer to recall a specific brand in different product categories. When a consumer recalls a specific product category, the brand with the highest brand perception in that product category will be recalled. High brand perception would then impact the consumer’s purchasing decision, and he/she would decide to buy a product of a famous and familiar brand rather than an unknown or unbranded one (Chien, 2013).

Brand perception is the set of subjective value decisions shaped by perceptions of individual consumers. Consumers will easily transfer either positive or negative association from parent brands to their extensive products. Therefore, consumers' brand perception is a highly influential factor when it comes to the consumers' purchasing process. It has major influence and serves as a basis when consumers are prioritizing and selecting products. The measuring of perceived brands can be classified into (1) non-personal perception (conspicuousness, uniqueness, quality); and (2) personal perception (pleasure, extended self) (Chien, 2013).

Nowadays, consumers are dealing with a wide range of products offered on the saturated brand market, where ordinary branding of sports brands is simply not enough. The consumer's view and judgment might be blurred due to the competitive market and the wide range of products offered (Chien, 2013). As stated above, the sportswear industry is highly competitive, as it is one of the most branded areas in the global apparel market (Tong & Hawley, 2009). Consequently, brands aim to deliver innovative concepts through every interaction with the consumer (Chen, 2011).

The demands of consumers for quality products are constantly increasing and their needs are changing at a fast pace. It has become common practice that brands are creating and bringing new products to market faster, innovating harder, and attracting consumers with new product concepts quicker (Chien, 2013).

Companies are aiming for increased sales with various product innovations that they are bringing to the market. Innovation aims to improve the quality of products and fit consumer needs. It encompasses and brings together elements such as innovation in manufacturing technologies, product marketing, and improvements in the quality of services and products that the brand is offering, with the aim of increasing purchasing intention and loyalty of the consumers (Wu & Ho, 2014).

If consumers perceive a product as a novelty on the market they also feel that the quality of the new product has improved. The effect of product innovation can therefore be measured from the change in consumer perception of the quality of the new product and the purchase intention towards the new product. Innovating by improving the quality of the product or services can lead to an increase in consumer loyalty, can strengthen purchase intention, and can positively affect the corporate image of a brand. Providing more information about the innovation positively stimulates the purchasing intention of the consumer (Wu & Ho, 2014).

#### **1.1.4 Branding in multinational companies**

Due to globalization and fiercely competitive markets, multinational companies (MNCs) need to set up effective branding strategies (Palumbo & Herbig, 2000). Kapferer (1997) describes 2 functions of a global brand – to distinguish different products from each other

and to indicate a product's origin.

International and global brands have been in existence for a very long time in one form or another (Rosenbloom & Larsen, 2008). In the beginning, most companies took the common approach of extending and applying their existing domestic marketing strategies to international markets – they took the standardized approach of branding. However, these strategies have developed into global branding with the expansion of international activities. Global branding involves extending and adapting the following main aspects of a brand across the world - a concept/promise/benefit, proprietary signs, its name, trademarks, symbols, logo, products, and services (Azuayi, 2016).

Most multinational companies are very strong in corporate branding. Corporate branding is a marketing strategy in which the brand and corporate name are the same - for example IBM, Sony, Google, Adidas, etc. Corporate branding can incorporate multiple aspects - logo, customer service, overall product assortment, treatment and training of employees, packaging, advertising, and quality of products and services. Consequently, when potential consumers come into contact with any aspect of the brand, it affects their perceptions of the corporate brand as a whole (Yu Xie & Boggs, 2006).

## **1.2 Innovation**

In order to research if and how innovation influences brand perception of consumers, it is important not only to understand the theoretical aspects of brands and brand perception but also to clarify what innovation is, what its role in organizations is, and especially how it is perceived and measured in multinational companies. The following theoretical background highlights the most important aspects for understanding the foundations of further research.

### **1.2.1 Definition and characteristics of an innovation**

Innovation has been a widely researched subject, with several prominent economists tackling the challenge of defining its complex meaning over the past centuries. One of the pioneers of the topic is Joseph Schumpeter, one of the most notable economists of early 21<sup>st</sup> century, named “Prophet of Innovation” by Princeton professor Thomas K. McCraw. His works have had great influence on modern theories of innovation, one of them, for example, stating that innovation is a new combination of existing resources (Schumpeter, 1939). Fagerberg (2005) further elaborates on the definition, stating that a new combination includes new products, new methods of production, new sources of supply, exploitation of new markets, and new ways of organizing business.

Myers and Marquis (1969) touch upon the complexity of innovation by defining innovation not as a single action but as a total process of interrelated processes. They believe innovation is not just the conception of a new idea, the invention of a new device,

or the development of a new market, but all of these acting in an integrated fashion.

While previous definitions of innovation focus on scientific side of innovation, Everett Rogers presents a much more subjective view on innovation: “An innovation is an idea, practice, or object that is perceived as new by an individual or other unit of adoption. It matters little, so far as human behavior is concerned, whether or not an idea is "objectively" new as measured by the lapse of time since its first use or discovery. The perceived newness of the idea for the individual determines his or her reaction to it. If the idea seems new to the individual, it is an innovation” (Rogers, 1995, p.11).

Hong, Oxley and McCann, who have studied how our understanding of innovation has developed over the past few decades, point out that the understanding of innovation and the role of innovation in business systems have evolved significantly over the years. Today, innovation is regarded as a multidimensional issue that can be addressed in several contexts as sources of innovation can have a crucial impact on the competitiveness of participants in the industry (Hong, Oxley, & McCann, 2012).

#### *1.2.1.1 Degree of novelty defining an innovation*

A major issue when defining innovation is the understanding what the perception of “new” is – when is something defined as new or innovative?

According to Freeman and Soete (1997), degree of novelty may be classified according to degree of deviation from current technology. This classification ranges from continuous improvements – ‘incremental innovation’ in contrast to more drastic changes – ‘radical innovation’ (Fagerberg 2005). Incremental innovation is seen as providing minor or major improvements in functionality to an existing innovation, whereas radical innovation is generally viewed as a major, radical advance in the technological state of art (Conway & Steward, 2009).

Turning back to Rogers’ (1995) definition of innovation, degree of novelty is determined by the individual experience of newness – i.e., an innovation does not need to be objectively new. Novelty is a combination of knowledge of the innovation and the decision to adopt. This concept of adoption correlates to the Organization for Economic Co-Operation’s (OECD) definition of innovation, which claims that actual implementation (e.g. introduction to a market or to company operations) is what defines an innovation (OECD 2005). According to the OECD, this is what separates innovations from inventions.

#### *1.2.1.2 Re-innovation*

Due to the nature of the innovating process, innovation is rarely a one-time event. It is usually followed by a series of smaller innovations, bringing a range of minor and major improvements to the original innovation, which means innovation is often the result of an

iterative process (Conway & Steward, 2009). Such improvements or adjustments to original innovation are called re-innovation. Re-innovation can be a development activity either of the original innovating organization or even of one of its competitors. Rice and Rogers connect the term to diffusion, which is explained in more detail below. They elaborate that re-innovation refers also to the degree to which an innovation is changed or modified by a user in the process of its adaptation or implementation (Rice & Rogers, 1980).

#### *1.2.1.3 Distinguishing between discovery, invention, innovation and diffusion*

A common confusion is when to use terms such as discovery, invention, innovation, and diffusion and what the difference between these terms is. Conway and Steward (2009) state that many times the use of these terms is not defined and is used very loosely or even interchangeably. The main issue is that as one moves from discovery to invention, innovation, and diffusion, each of the terms may be considered an element or subset of the following term. Thus, innovation can be seen as encompassing discovery, invention, and design activities.

According to Conway and Steward (2009), discovery usually refers to the process of recognizing or observing a particular object, natural phenomenon, or process for the first time. Freeman and Soete (1997) define invention as an idea, a sketch or a model for a new device, product, process or system. Such inventions might be patented, but they do not necessarily lead to technical innovations. To distinguish innovation from invention, Rothwell and Zegveld (1985) state that innovation involves commercialization of the technological change, with invention simply being one element in the whole of the innovation process, which correlates to the OECD's definition distinguishing innovation from invention, described above. Focusing on diffusion, Everett Rogers points out in his work *Diffusion of Innovations* (1995) that "diffusion is the process by which an innovation is communicated through certain channels over time among the members of social system" (Rogers, 1995, p.21).

#### *1.2.1.4 Innovation as an output, process and capability*

According to Conway and Steward, the term innovation is commonly used to refer to a new product, process, or service. In that aspect, innovation is viewed as an end product offered to the market or to the end-consumer by an innovating organization, and is therefore considered an output.

Another point of view is that innovation embodies various activities an organization undertakes – idea conception, technical design, prototype testing, commercialization – when transforming an idea to an innovation available as an output. When considering all innovating activities, innovation is viewed as a process. The innovation process may

further be viewed from different perspectives. First, it is a management process focusing on organization and management of various activities and phases of the innovation process. Second, it is a social process highlighting the role, nature, and importance of social interaction during the process. Third, it can be considered a political process, embodying contestation over finite resources and alternative knowledge claims and solutions. Finally, the innovation process can be viewed as an emotional process covering important issues such as psychological safety when allowing individuals to challenge long-held assumptions and presenting new alternatives.

To conclude their explanation of the three possible aspects of common views on innovation, Conway and Steward (2009) state that innovation and the ability of organizations to innovate can be considered to be important organizational capabilities that are part of soft core competences. They elaborate further that most successful innovative organizations possess not only technological ('hard') competences but also organizational and managerial ('soft') competences.

#### *1.2.1.5 Models of innovation*

Diving deeper into research on the complexity of the innovating process, we come across three most prominent models: the 'science/technology-push' model, the 'need-push' model, and the 'coupling or interactive' model. These models play an important role in conceptualizing the relationships between innovative organizations and their linkages to the marketplace, science, and technology base. (Conway & Steward, 2009). Although innovation models are not the main focus of this thesis, a brief overview of each of the models is necessary for understanding the broader picture of the complexity of the process and the evolution of its understanding over the years.

The 'science/technology-push' model and the 'need-push' model originating in the 1950s are together often referred to as 'linear models' of the innovation process, as they explain the innovation process as a linear sequence of events. Both models assume that successful innovation results from focusing solely on investing in scientific and technological means as opposed to from responding to the needs of the marketplace (Kelly et al., 1986).

Many researches argued that a linear model is the correct way to approach innovation in organizations. Lundvall's (1992) research focuses on external institutions' influence on innovation activities at firm-level, perceiving innovation "as a dynamic process where the accumulation of knowledge is facilitated through learning and interaction". (Lundvall, 1992, p. 27). The linear model was also rejected by Kline and Rosenberg, who developed the chain-linked model of innovation. They claim that the innovation process consists of interaction and feedback loops throughout the knowledge creation process (Kline & Rosenberg, 1986). The chain-linked model is part of what Rothwell refers to as the 'third generation' innovation model or the previously mentioned 'coupling' 'interactive' model. The general understanding is that although the innovation process is essentially still a

sequential process, it now includes feedback loops as well (Rothwell, 2002).

#### *1.2.1.6 Closed vs. open innovation*

Another interesting term connected to the evolution of innovation over the past 10-15 years has been the term open innovation. According to Lindegaard (2012), in old models of closed innovation organizations had complete control over all aspects of innovation and discoveries were kept in utmost secrecy. Within the closed innovation model, companies did not attempt to gain any outside feedback or share intellectual property or profits with any outside source. In contrast, when it comes to open innovation, a company works with external parties during the innovation process, soliciting ideas from outside in addition to focusing on problems, needs, and issues together in order to improve and gain the most from the innovating process. Some tools and techniques enabling open innovation are: crowdsourcing, user-driven innovation, and co-creation fit (Lindegaard, 2012).

### **1.2.2 Innovation in organizations**

#### *1.2.2.1 Why do companies innovate?*

Vijayachandra (2014) provides three key reasons companies innovate: innovation for survival, innovation for growth and innovation to energize.

The first key factor of the need of organizations to innovate is simply survival. Even though globalization in digitalization opened new markets and ways of reaching the consumers, competition is stronger than ever. Due to the fiercely competitive market, organizations that fail to bring innovative products to market quickly find their existence in danger (Viyachandra, 2014). Or, as Peter Drucker simply stated: “Innovate or die.” This supports claims of Chiva and Alegre, who state that due to increasing competition, innovations are rapidly becoming a key factor for the success and survival of businesses (Chiva & Alegre, 2008).

The next key factor is innovating for growth and profit. Innovative products that achieve market place success generally command higher prices and higher profit margins than competing products (Viyachandra, 2014). In addition, innovation can influence a company’s performance and profit due to increased efficiency, reduced costs, increased sales of innovative products or services, and higher demand and markup. Through the effects described above, a firm may gain a competitive advantage over its competitors as a result of innovation (OECD, 2005).

When it comes to innovating to energize, Vijayachandra (2014) focuses on the human aspect, elaborating that it is important for organizations to energize employees and to attract new ones. “If an organization’s competitive advantage is driven by its great people -

and in today's global world, nearly all successful organizations fit that description - then it must be innovative, because great people love to think up, develop and implement new ideas. Organizations that do not innovate, might risk losing innovative people who migrate to organizations that do welcome and encourage them and allow their talents to express fully" (Viyachandra, 2014, p.4).

Another reason why companies innovate is the fact that product satisfaction alone rarely leads to consumer excitement. Deming (1986, p. 141) notes, "It will not suffice for firms to have customers that are merely satisfied." Therefore, firms must develop ways to excite and delight consumers. Customer delight roughly equates to consumer excitement and can be conceptualized as a function of a surprisingly favorable consumption experience, arousal, and positive affect (Oliver, Rust, and Varki, 1997).

#### *1.2.2.2 Perspectives on innovation in organizations*

In addition to understanding why it is crucial for organizations to innovate, it is relevant to underline the major perspectives that have been applied to the research of innovation within organizations. Slappendel (1996) identifies three theoretical perspectives – the 'individualist' perspective, the 'structuralist' perspective, and the 'interactive process' perspective.

Focusing first on the 'individualist' perspective, Slappendel (1996) states that the actions of individuals are the main source of innovation in an organization. The organizational structure and culture are largely downplayed in this context and it is assumed that some individuals have certain personal characteristics that predispose them to being innovative and are therefore the sources of innovation in organizations. In contrast, the second theoretical perspective, the 'structuralist' perspective, is based on the assumption that innovation is determined mostly by organizational characteristics, such as organization size, formalization, and centralization. The unit of analysis changes from the individual level to the structural level, examining the varying impact of different organizational characteristics on different stages of the innovation process. Finally, the 'interactive process' perspective attempts to account for both individual and structural factors by analyzing how they intertwine and connect, as many researchers argue neither of the previously mentioned perspectives embrace the complexity of the innovating process fully. (Slappendel, 1996). In contrast, the 'interactive process' perspective focuses "on the interactive, iterative, emergent, complex and contextual nature of innovative activity within organizations" (Conway & Steward, 2009, p.31)

#### *1.2.2.3 Innovation in multinational companies*

Innovation is more than ever a strategic priority of multinational companies (MNCs), even though its core concept has changed in its making, unfolding, and localization over the



years (Prahalad & Mashelkar, 2010). According to Ghoshal and Bartlett (1988), innovation in MNCs is characterized by the tasks of creation, adoption, and diffusion. The mentioned tasks are the main factors which differentiate the innovation process of a MNC compared to a single national company (Ghoshal & Barlett, 1988). Creation, adoption, and diffusion of innovation are influenced by local resources and local autonomy. A higher supply of local resources and higher autonomy may lead to a higher degree of creation and diffusion of innovation. To elaborate further, a higher degree of normative integration and internal communication is positively associated with creation, adoption and diffusion (Ghoshal & Barlett, 1988).

Innovation in a MNC may be characterized by a combination of the structural positions of global integration and local responsiveness, which affect the innovation activity of the subsidiaries (Marin & Bell, 2005). Thus, innovation is characterized by a combination of adopting standardized products, services and solutions from headquarters and creating and diffusing local innovations or changing adopted innovations to satisfy local market needs (Biørn-Hansen, 2015)

### **1.3 Overview of literature on impact of innovation to brand perception**

In chapters above it is clearly stated why companies want to or are even forced to innovate – because of the positive influence of innovation on growth, profit, and chances of survival. Though one could argue that positive brand perception indirectly influences a company's growth and profits, little research has been done to prove the direct correlation of innovation and brand perception.

Focusing more on innovation within an organization, several studies examined the link of organizational innovation within a company to brand perception of employees. Laforet (1995) conducted a study examining organizational innovation in small and medium-sized enterprises. Positive results of the introduction of organizational innovations were, among other positive impacts, reflected in an increase in reputation and corporate image (Laforet, 1995). This research, however, is based on organizational innovation and its influence on employee brand perception; it is therefore only partly relevant to the purpose of the thesis, which focuses on consumers rather than employees.

On the other hand, Henard and Dacin (2010) cover more relevant topics in their work *Reputation for Product Innovation: Its Impact on Consumers*. They discuss the correlation of company reputation, innovation, and consumer perception. Although their research focuses more on less tangible facets of innovation – such as the relationship of corporate reputation to innovation – the abstract of their findings is relevant as it points to research on whether and how innovation and brand perception are connected.

Henard and Dacin state corporations collectively spend billions of dollars on research and development activities (R&D), elaborating further that in some firms the drive for

innovation and product development is so pervasive that their corporate reputations are inexorably associated with product innovation. Consequently, these companies fiercely advertise and promote the perception that they are innovative entities and that they regularly introduce innovative products to the marketplace. They define corporate reputation for product innovation (RPI) as a “constituent-specific perception of a firm’s track record of product innovations, degree of creativity, and potential for continued innovative activity in the future” (Henard & Dacin, 2010, p.4).

Their research presents a model of strategically important factors associated with a consumer’s perception of a firm’s RPI levels, where RPI is measured as an individual consumer’s perception. As previously stated, the focus is mostly on how a company’s reputation is perceived and on the resulting outcomes of that perception; the findings are however still interesting for the purpose of the thesis topic. Henard and Dacin claim that firms with a positively perceived reputation for product innovation are likely to have a track record of successful new products. They are perceived as new product leaders on the cutting edge of product development. Consequently, consumers are likely to perceive them as both creative and progressive with regard to product introductions.

Henard and Dacin included 5 main possible consumer effects as consequences of RPI and consumer involvement: excitement about the firm, overall firm image, propensity to pay a price premium, loyalty to the firm, and tolerance to failure. Focusing first on excitement about the firm, it is important to note that consumer attitudes towards a firm form after exposure to the company over time (Fishbein, 1963). In the research model, Henard and Dacin (2010) tested whether consumer enthusiasm and excitement for new product introductions by an innovative firm induce both a feeling of anticipation for future firm offerings as well as an expectation of satisfaction given positive past performance. They claim that a consistent history of product innovations augmented by the perception of a high RPI will likely lead to a scenario where consumers are excited or even inspired by the firm, are motivated to seek out new products from the innovative firm, and have a positive predisposition towards it. This assumption was proven by the results of the research, which indicate that consumers exhibit greater levels of excitement about the innovative firm. This excitement mostly arises from high levels of involvement, which lead to a predisposition to consumer satisfaction. Henard and Dacin state that the level of consumer involvement is a direct consequence of consumer perceptions of a firm’s RPI. The resulting excitement about the firm indicates that consumers are more motivated to seek out other product offerings of the firm they perceive as innovative and to eagerly anticipate any subsequent new product offerings, which proves that there is a strong linkage between perceived innovation of the firm and customer excitement (Henard & Dacin, 2010)

The next correlation studied was the influence of RPI and increased consumer involvement on the overall firm image. According to Henard and Dacin, a firm with a high perceived RPI shapes consumer perceptions through signals and reinvestment in a manner similar to market pioneers, which have a major influence on how consumers value product attributes.

Therefore, if a firm consistently and successfully introduces new products to the marketplace, that results in increased relevance for consumers. Henard and Dacin tested whether consumers shape a favorable predisposition towards a firm as personal relevance increases. They posited that the natural outcome of heightened consumer disposition is a more positive or heightened image of the innovative firm. Their results showed a statistically significant positive connection between higher consumer involvement and overall firm image. By directly influencing consumer involvement levels, innovative firms can position themselves and their products as the ideal reference point in the minds of consumers (Henard & Dacin, 2010).

Increase of RPI can also affect consumers' loyalty to a firm. According to Fishbein and Ajzen, consumer attitude can be defined as a learned disposition to respond in a consistently favorable or unfavorable manner (Fishbein & Ajzen, 1975). The term "consistently" is of crucial importance for research on attitude relevant to explicating the view that an innovative reputation leads to consumer loyalty. As Henard and Dacin explain, firms tend to reinvest in activities that promote high reputation and RPI image. Consumers experiencing a string of successful new product introductions tend to view the company as a reliable source of product satisfaction. When a firm becomes more relevant to a consumer, heightened firm loyalty is a plausible outcome; therefore a history of successful reinvestment in high RPI and its implicit promise of future innovation lead to greater consumer loyalty (Henard & Dacin, 2010).

Another consumer effect that was tested within the research was consumer tolerance for occasional product failure. Henard and Dacin proved that consumers are more tolerant of product failures of relatively more innovative firms. They imply that a positive consumer-perceived RPI acts as a tool shaping consumer expectations for all competitors within an industry. Expectations for products from an innovative firm and its competitors rise with perceived history of the firm's innovativeness. Despite the rise of expectations of performance of innovative companies over time, the history of previously perceived successful product innovations buffers the normally negative impact of an occasional market failure an innovative firm launches. Though consumers' expectations rise for all firms due to fierce competition within the industry, consumers do not have the same tolerance towards firms with a relatively lower consumer-perceived RPI; innovative products therefore affect consumer tolerance in the long run (Henard & Dacin, 2010).

On the other hand, there was no significant correlation showing higher RPI influencing consumers' propensity to pay a price premium for a firm's product. It is proven that more highly involved individuals have, by definition, a positive predisposition towards a firm (Muehling, Laczniak, and Andrews, 1993). Some authors claim that this positive predisposition may allow firms to command a reasonable price premium compared to competitors that fail to induce equally high involvement levels (Taher et al., 1996). However, these claims are not supported by Henard and Dacin data results nor is there any relevant support of these claims in other data.

In conclusion, a lot of effort has undoubtedly been put into research of these dynamic topics, with different researchers focusing separately on different aspects, such as the influence of innovation on firm growth, on profit, and on reputation, to name a few. However, overviewing the literature and previous work done on the topic, we have not come across any research focusing on bigger sport brand companies specifically; therefore, it will be interesting to see if our experiment results correlate with previous research in any way.

## **2 CASE PRESENTATION**

As our research focuses on the potential change of a consumer's perception of a brand after learning about innovation in the company, choosing a brand familiar to respondents in the first place was a prerequisite. Due to the high awareness level and its familiarity to consumers, Adidas AG was chosen as the main subject of our research. In addition to its relevance, we also have personal linkage to the brand, which makes Adidas an obvious choice to base our research on.

### **2.1 Adidas AG**

#### **2.1.1 Company overview**

Adidas AG is the largest sports corporation in Europe and the second largest multinational sporting goods company in terms of sales in the world. According to the 2016 figures, the company employs more than 60.000 people in over 160 countries around the globe and produces more than 850 million product units, generating sales of more than 19 billion euro yearly. Furthermore, the Adidas brand unites many different companies, such as Runtastic, TaylorMade, and Reebok (Adidas Group, 2018c). In 2017, the company was ranked 55th on the Best Global Brands scale, a position five places higher than the previous year (Interbrand, 2018).

It's the original sports brand, driven by innovation and a call to action. (Interbrand, 2018). The company is globally recognized by the three stripes logo, its trademark for sport performance, and by the trefoil, which stands for Adidas Original products. The mission of the company is to be the best sport brand in the world. The obsession of the company is to help athletes make a difference in their games, lives and the world, following the Adidas belief that through sport, we have the power to change lives. With that in mind, all the company's actions are rooted in sport. This is also what their badge of sports, their brand mark, seen on innovative products and worn by the world's best athletes, stands for (Adidas Group, 2018c).

Adidas is partnering with the world's best athletes, teams, and celebrities in order to drive brand desire, growth, and engagement with consumers. The company is building its

community of advocates on a local level as well; ‘Adidas Runners’, a community with already over 50,000 active runners in Western Europe alone, is a good example. Since Adidas is focused on sport performance products as well as Originals lifestyle products, their selection of ambassadors follows accordingly. Among many big names that Adidas has built a relationship with are: Kanye West, Pharrell Williams, Kendall Jenner, James Harden, David Beckham, and Karlie Kloss. Adidas is in creative collaboration not only with celebrities and athletes but also with world-renowned designers, such as Stella McCartney and Alexander Wang (Adidas Group, 2018e).

### **2.1.2 History of Adidas AG**

The story of Adidas begins in Herzogenaurach, a small German town in the northern part of Bavaria, where Adidas founder Adi Dassler was born. In 1920, Adi Dassler started his own shoemaking business in his mother’s washroom. Under his father’s guidance, Adi was making slippers, sandals, and running shoes (Cooper, 2011)

Together with his brother Rudolf, Adi registered the Dassler Brothers company in 1924 and specialized in sport footwear production. Adi, being a sport person himself, was obsessed with helping athletes make a difference by providing them with the best possible equipment. He put all his eggs in the sport basket and had no interest in music or travel. His obsession with sport and his love for outdoor activities kept him in good shape as he was able to run the 100 meters run in 11.3 seconds at age 34, when he got married. He was a high jumper and a good skier, swimmer, boxer, footballer, and tennis player (Cooper, 2011).

In 1928, during the 9th Olympics in Amsterdam, people’s perception was completely different from today’s. Not much attention was paid to the brand of the best athlete’s jersey or to what shoe brand the athlete was wearing. Adi’s thoughts, however, were different, and led him to persuade the 24-year-old German athlete Lina Radke to wear his spiked shoes on the 800 meters run. With Lina setting a new world record and winning the Olympic gold medal, Adi knew that shoes worn by an Olympic champion would bring great publicity. It was a new idea of product placement; the first time anyone had done that (Cooper, 2011)

When the Berlin Olympics were held in 1936, Adi Dassler wanted his shoes to be worn by as many athletes as possible. As there were no marketing campaigns at the time, Adi had to use his friend contacts and rely on word of mouth. His determination to support athletes and equip them with his footwear did not stop at skin color. Jesse Owens, wearing Dassler shoes crafted by Adi’s own hands, was the first African-American to win an Olympic gold medal (Cooper, 2011).

In 1948, the Dassler brothers went their separate ways with Rudolf Dassler founding PUMA. A few months later, Adi Dassler started over with the establishment of Adidas. He

named the company by combining his first name Adi and his last name Das-sler (Adidas Group, 2018a).

Adi's determination and his strategy of equipping as many athletes and teams as possible with Adidas shoes paid off in 1954. In 1954, a miracle happened in Bern in the FIFA World Cup final when West Germany beat heavily favored Hungary 3-2. The German team, wearing Adidas shoes, made the founder and the brand known all over the world. In 1967, Adidas expanded its business, as the Franz Beckenbauer 3-Stripes tracksuit hit the market. It was the first piece of Adidas apparel; until then, Adidas was known for shoes only. Three years later, Adidas expanded even further. Later on, they produced Telstar, the official ball of the 1970 FIFA World Cup. This represented only the beginning of a long-term partnership; Adidas has since produced the official match ball for every FIFA World Cup that followed up until today (Adidas Group, 2018a).

At the age of 77, Adi Dassler died on 6th of September, 1978. After his death, Adi's son Horst took the company over. With support and close involvement of his mother Kätne, he continued to innovate and to dictate and keep up with trends within the sport industry. Nine years later, Horst Dassler passed away, leaving Adidas without a Dassler successor. Robert Louis-Dreyfus became the new CEO and transformed Adidas from a sales-driven to a market-driven company, bringing it back on a path of growth (Adidas Group, 2018a).

Adidas was increasing its market share through acquisitions of various companies in the sport industry. In 2006, one year after Adidas and Salomon went their separate ways, Adidas acquired Reebok and merged two of the most respected and well-known companies in the sport industry at the time. To expand and grow the outdoor segment, the company Five Ten and the companies Adams Golf and Taylor Made, companies with golf at the heart of their business models, were taken over (Adidas Group, 2018a).

Adidas was not only developing new products, efforts were also made to communicate new products and launch new marketing campaigns. In 2004, for instance, Adidas launched one of its most memorable campaigns, 'Impossible is nothing'. With the help of world-renowned athletes with major influence, such as David Beckham, Haile Gebrselassie, and Muhammad and Laila Ali, the brand encouraged consumers to face their fears and challenges and prove that impossible is indeed nothing. In 2011, Adidas again launched one of its biggest brand campaigns, erasing the boundaries between divisions in the company. With the campaign slogan "All in" and brand ambassadors Lionel Messi, David Beckham, pop icon Katy Perry, and NBA star Derrick Rose, Adidas brought sport, street, and style together for the first time. It also showcased its presence across various sports, cultures, lifestyles, music, and fashion. With the diversity that the brand offers, Adidas managed to cover apparel and footwear for every sport, fashion, and style. As Erich Stamminger, a member of the executive board responsible for global brands, explained at the time: "From the court to the catwalk, the stadium to the street, we are giving an authentic statement with credibility only Adidas has" (Adidas Group, 2018a).

### **2.1.3 Innovation in Adidas AG**

Adi Dassler's secret to success in innovation had a personal ingredient to it. He regularly met with athletes and listened to their needs. With that in mind, Adi constantly observed how products can be improved or even designed in a new way in order to support athletes better and fulfill their needs. Today, Adidas still has a vision to help athletes make a difference in their game, their life, and the world (Adidas Group, 2018a).

In 2001, when Herbert Hainer became the new CEO of adidas-Salomon AG, the company put its focus on innovation. Adidas became the first company in the industry to introduce a new lifestyle segment of sport-inspired streetwear. They created two divisions: Sport Performance, a division with the goal of supporting and equipping all athletes in the best possible way, and Sport Style, a division focusing on a lifestyle consumer. In the next six years, the company focused on innovating and introducing technology supported products, such as ClimaCool (2002), adizero (2004), and F50 football boots; all of them became instant hits. Adidas next extended the brand into three powerful divisions: Sport Performance, adidas Originals, and adidas Sport Style. While the goal of the Sport Performance division was to equip and support athletes, adidas Originals and adidas Sport Style focused on a lifestyle consumer (Adidas Group, 2018a).

In 2013, Adidas introduced another innovation that strongly impacted the running industry. Close cooperation and collaboration with the chemical company BASF led to the creation of the Energy Boost running shoe, which featured a completely new cushioning material. Soft and responsive cushioning is the benefit of the Boost, providing a new running experience (Adidas Group, 2018a).

In 2015, 'Creating the New', the strategy that would lead Adidas into the future, was presented. In line with its new strategic business plan, the company is emphasizing the importance and the power of sport in people's lives, as shown by the company's belief that "through sport we have the power to change people's lives." Therefore, everything the company does is rooted in sport and the company is devoted to consumers. In order to achieve the strategic business plan and 'create the new', Adidas has focused on three strategic choices: speed, key cities and open source. The speed choice shows in efforts to become the first truly fast sports company, a company with quick internal decision-making and quick satisfaction of consumer needs. As for key cities, New York, Shanghai, Los Angeles, London, Tokyo, and Paris have been chosen as the cities to focus on growing market share, trend share, and share of mind in. Last but not least, the open source can be seen from the company's openness, as Adidas has been inviting athletes, consumers, and partners to be part of the brand and to co-create with the company (Adidas Group, 2018a).

After 15 years, Herbert Hainer passed the title of CEO to Kasper Rorsted, former CEO of Henkel, a German consumer goods company. With strong vision and a focus on exploring and leveraging digital opportunities, Kasper has been steering the company since October

2016, guiding it to new successes and building on the previously established strategy 'Creating the New' (Adidas Group, 2018a).

The company's eagerness to collaborate is enabling Adidas to work with the best companies in other fields, sharing sport knowledge and bringing products and processes to the next level following the strategy of 'Creating the New'. Adidas has partnered with the environmental and sustainable initiative 'Parley for the Oceans' to contribute to cleaning the world's oceans. It also joined forces with Carbon, a pioneer in 3D printing. Together, they launched the Futurecraft 4D platform, which is driven by athlete data. 'Digital Light Synthesis' is a process that enables the company to print designs without labor-intensive and complex assembly for the first time ever (Adidas Group, 2018e).

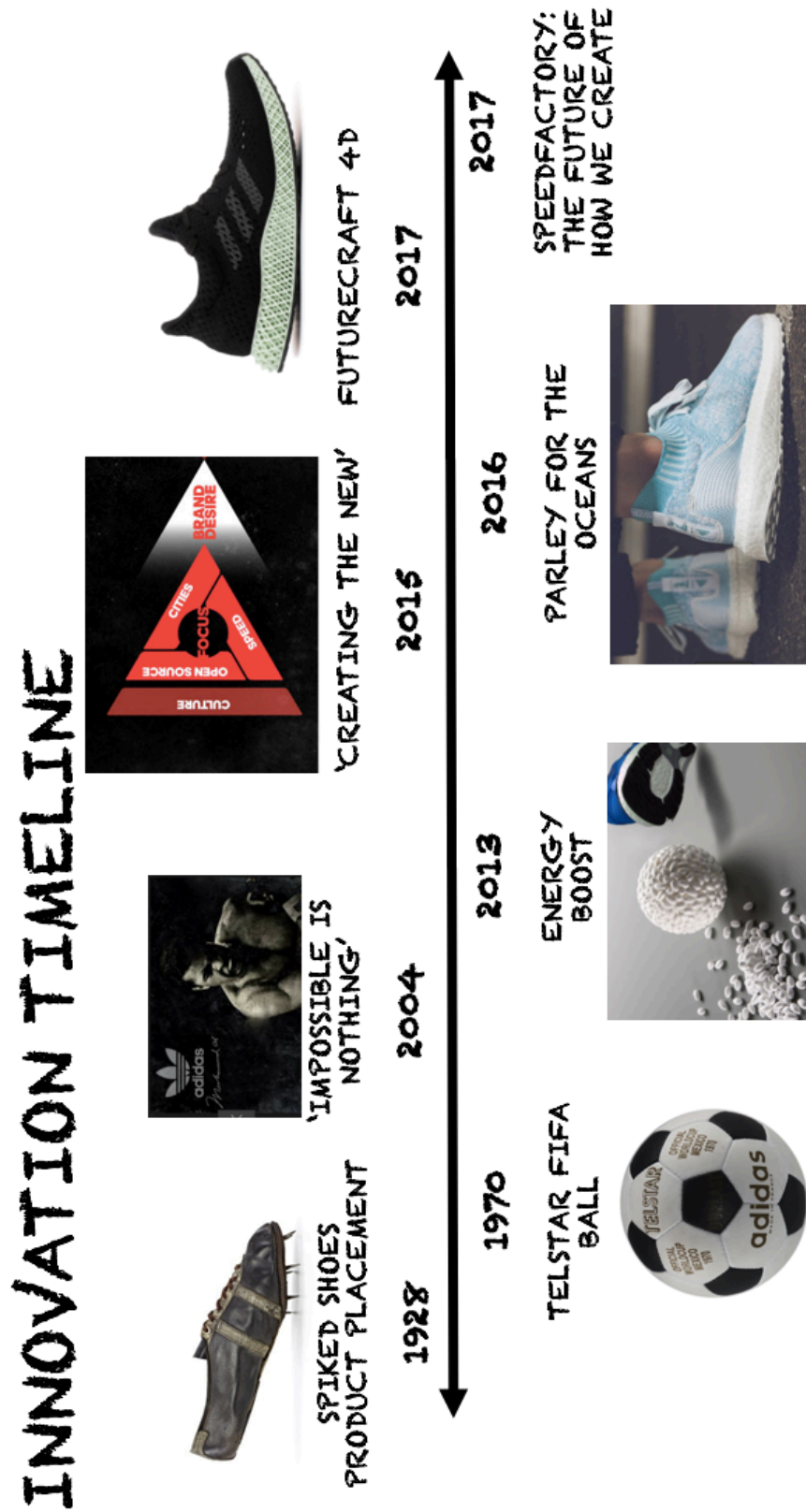
In 2017, Adidas introduced a game-changing manufacturing process called Speedfactory. As the name suggests, Speedfactory is a factory that significantly cuts the lead time for a pair of Adidas sneakers to go from the design phase to the store. Due to the logistic and testing timings, it can currently take up to 18 months before a product is ready to sell. This delay is too long for the rapidly changing fashion environment since what might have been trendy more than a year ago might not be as desirable today. The Speedfactory allows for lead times to be cut from years to weeks and eventually only days and hours, satisfying consumer demands rapidly in a fast-changing digital world (Woolf, 2016).

A state-of-the-art optical analysis tool enables 3D mapping of people's bodies and feet and capture of detailed information about how a person's body works when running. Therefore, the ultimate goal is to make a custom-made pair of shoes for each individual in a few hours instead of producing same shoes for everyone. The purpose of that is to create the best for the consumer, providing support in the sole where a runner needs it and flexibility where desired (Woolf, 2016).

Recently, Adidas has opened the Speedfactory in Ansbach in Germany and its twin factory in Atlanta, Georgia. This has led to a decrease in lead times and getting products to consumers faster. However, this is just the beginning; there is ambition to build Speedfactories all over the world and bring products closer to consumers than ever before (Woolf, 2016).



Figure 1: Innovation concepts within Adidas AG company



Source: Images from Adidas Webpage, 2018. Design: own work.

## 2.2 Parley for the Oceans

Since the core belief of the Adidas company is that ‘through sports we have the power to change lives’, Adidas has always strived for new solutions in order to become an eco-innovation leader in the sport industry. As a global company, Adidas also aims to do business in a responsible and sustainable way, using new sustainable materials and innovations for athletes (Young, 2017).

In order to integrate sustainability into the company’s business model, Adidas has partnered with Parley for the Oceans, a US-based environmental group raising awareness of pollution in the oceans and addressing and fighting against major threats to our planet’s ecosystem. Together, Adidas and Parley created the A.I.R. strategy, aiming to: A = avoid plastic wherever possible, I = intercept plastic waste and R = redesign the plastic economy (Parley, 2018a).

Americans alone use 500 million plastic straws on average every day. The resulting plastic waste might seem minor at first glance but it has major consequences. The waste ends up in our oceans, killing sea life, polluting the water, and eventually coming back to us through the food we eat (Business Insider, 2018). In 2016, Parley removed more than 740 tons of plastic from the ocean, which is equal to the amount of plastic in 11 million plastic bottles (Parley, 2018a). The initiative started in the Maldives and spread across the world quickly by educating people and raising awareness of the problem, which has led to regular organized beach clean-ups. (Adidas Group, 2018b).

*Figure 2: UltraBOOST Uncaved Parley footwear launched in November 2016*



*Source: Adidas Newsletter, 2016.*

In the beginning of November 2016, Adidas and Parley made history launching the first high performance product made of ocean plastic. Instead of ignoring the waste, Adidas has

found a clever way to collect it from the oceans and to reuse recycled plastic to both the planet's and the company's benefit. (Business Insider, 2018) Sustainability has been taken to the product level when the first sustainable performance products, such as jerseys for the football clubs Bayern Munich and Real Madrid and the first UltraBOOST Uncaged Parley running shoes, were unveiled. The jerseys and the running shoes were created from marine plastic collected from the coastal areas of the Maldives not only with the goal of driving global awareness and communicating the threat of plastic pollution to the oceans but also to invite stakeholders including all consumers, teams, and fans to engage and take part in the eco-innovation movement (Adidas News, 2016).

Eric Liedtke, the Adidas Group executive board member responsible for global brands said: "This represents another step on the journey of Adidas and Parley for the Oceans. We have not only managed to make footwear from recycled ocean plastic, but have also created the first jersey coming 100 percent out of the ocean. But we won't stop there. We will make one million pairs of shoes using Parley Ocean Plastic in 2017 – and our ultimate ambition is to eliminate virgin plastic from our supply chain" (Adidas News, 2016).

*Figure 3: The journey of an Adidas Parley footwear product*



*Source: M. Nokkonen, 2016.*

Adidas' collaboration with Parley has shown great results. Adidas has released multiple products such as UltraBOOST, NMD, and EQT, all made of Parley Ocean Plastic. And most importantly, the company reached its goal and sold 1 million shoes made of the 11 million plastic bottles in 2017. Additionally, the company removed all plastic from its premises in 2017, which led to a more than 40-ton reduction in use of single-use plastic items per year (Adidas Group, 2018e).

### 2.3 Futurecraft 4D

In accordance with its obsession with helping athletes make a difference in their game and with the company's endeavors to innovate, Adidas has teamed up with Carbon, a California-based company that describes itself as working at the intersection of hardware, software, and molecular science (Woolf, 2017).

Carbon, a pioneer in 3D printing, has established the 'Digital Light Synthesis' process that enables printing of designs without labor-intensive and complex assembly. (Adidas Group, 2018d). The Carbon and Adidas collaboration has led to the first ever 3D printed footwear soles. Joining forces, Adidas and Carbon have created the Futurecraft 4D footwear, which is the world's first high-performance footwear featuring midsoles crafted with light and oxygen, using liquid polymer as opposed to solid plastic (Green, 2017).

*Figure 4: Futurecraft 4D– world's first high performance footwear featuring midsoles crafted with light and oxygen*



*Source: Adidas Webpage, 2018.*

Adidas Futurecraft is an innovation North Star concept; the brand's journey defines the future of the creation process. At the heart of it are exploration of new technologies and collaboration and innovation in design, aiming in unison to provide the best for each athlete. Futurecraft 4D is the fruition of Adidas Futurecraft, its 17 years of running data crafted into the midsole of the shoe. The innovative footwear has been brought to reality through a new digital footwear creation process that eliminates the need for traditional prototyping and molding. Futurecraft 4D demonstrates a completely new dimension of manufacturing, refining the sport products' quality and bringing the sport industry into a new field. It is leveraging the use of 3D printing technology to change the sport industry



forever (Adidas Group, 2018d).

Why 4D? The additional D comes from the personalization phase. It originates from the company's desire and long-term goal of being able to provide customized soles for each individual consumer on the spot by leveraging the use of digital technology. Shoes don't differ only by the color of the sole or the spikes based on consumer preferences. The process goes a step further. Leveraging the use of digital technology, customized soles on the spot are made to fit perfectly for each individual consumer. Two consumers with different height and weight therefore end up with two pairs of footwear with slightly different soles, each customized for the target consumer's needs. An additional advantage affecting the manufacturing process is the time needed for creating the sole, reduced from hundreds of minutes to only ten. On top of that, the sole can be softer in some parts and more solid in others, which was not possible with any previous manufacturing process (Woolf, 2017).

### **3 EMPIRICAL RESEARCH ON THE IMPACT OF INNOVATION ON CONSUMER'S BRAND PERCEPTION**

#### **3.1 Methodology**

The empirical part consists of collecting and analyzing primary data. Due to the nature of the problem, qualitative research was conducted, which included in-depth interviews, a before-after experiment, and a control group providing a clear foundation for comparison.

Also important is the part containing the findings and thorough research of secondary data in the theoretical part of the thesis, which served as a foundation to provide a clear understanding of the research problem in order to support the empirical part of the thesis.

##### **3.1.1 Selection of focal brand and research subject**

As mentioned in the presentation of the case, the focal brand of the study is a multinational company with a high degree of awareness and highly familiar to consumers. Due to its relevance and our personal linkage to the brand, Adidas AG has been chosen as the focal brand. The research subjects were respondents of the in-depth interviews who provided their insights from several aspects regarding their opinions and thoughts on the focal brand. A more detailed explanation of sample characteristics is presented in chapters below.

##### **3.1.2 Sample and data collection procedure**

First, a research framework was created to help clarify research questions. When choosing the most suitable data collecting method, both quantitative and qualitative methods were

analyzed and tested in terms of suitability. After analyzing both qualitative and quantitative research methods and their advantages and disadvantages, the qualitative method was found to be more suitable for the purpose of the Master's thesis due to the fact that the thesis subject is broad and can be discussed from several different viewpoints.

According to Strauss and Corbin (1990), qualitative research is any type of research that produces findings by means other than statistical procedures or other means of quantification. Qualitative research may refer to anything ranging from research about personal life, experience, behavior, emotions and feelings, to research about organizational functioning, social movements, cultural phenomena, and interactions between nations. Consequently, qualitative research is not statistical, as it examines the subjective opinions on issues, events or topics by collecting non-standardized data (Flick, 2014).

Due to their many advantages, in-depth interviews were chosen as the data collecting method. Blaxter et al. (2006) point out that the main advantage of in-depth interviewing is that it offers researchers the opportunity to uncover information that is likely not accessible using techniques such as questionnaires and observations. Moreover, since the interviewer is present, the possibility of participants misunderstanding the questions is lower, as the interviewer can personally explain, rephrase, or simplify questions that were not understood by his/her interviewees. This results in collecting more appropriate answers and more accurate data (Dörnyei, 2007).

According to Alshenqeeti (2014), the main advantages of in-depth interviewing are the chance to gain more detailed data not accessible through quantitative methods, a high return rate, fewer incomplete or misunderstood answers, and relative flexibility in comparison to surveys. There are, however, also some disadvantages to the method; studies are usually small-scale, potential inconsistencies can be observed, there is no 100% anonymity, there is potential for subconscious bias, and the prevalence of non-numeric answers means that statistical analyzing methods used for analyzing quantitative data cannot be applied.

Due to the fact that brand perception is a very broad subject and was tested from many aspects in our research, it was logical to use the qualitative data collecting method in order to grasp as much information on the subject as possible. Additionally, interviews included a presentation of 2 videos which were a key point of the research; it was therefore crucial to ensure that all respondents watched the videos until the end before answering the last part of the interviews. This was an additional reason in favor of in-depth interviews. Interviewees were, however, also asked to express their opinion numerically (using the Likert scale) as part of the before-after experiment. The goal was to collect additional numeric data for easier comparison and for potential use of statistical analysis methods.

The interviewing process started in October 2017, when a list of willing participants was compiled. The search for volunteers to participate in the research was done in person and

via social media (Facebook). Interview length ranged from 45 minutes to 2 hours. It varied due to the fact that some participants wanted to answer in more detail than others. The interviews were conducted either in person or via Skype. The interview process concluded in the end of February 2018. A total of 68 in-depth interviews were conducted. 38 respondents were part of the experimental group, while 30 respondents served as the control group. Interview participants were divided into five main segment groups following the division below: Average sporty, Innovation enthusiasts, Sustainable devotees, Brand lover and Sport addicts. The in-depth interviews consisted of three parts and included the before-after experimental approach.

In the first part, participants' attitudes towards sport activities, sportswear, trends, and innovation in the sport segment were discussed. The second part of the research measured overall feelings towards Adidas, the perception of its innovativeness, and the perception of the company's sustainable practices. That was done with both qualitative and numerical analysis (using a 1-10 Likert scale). The experimental group proceeded to answer questions from the third part of the interview. The experimental part included showing two YouTube videos: Adidas x Parley – From threat into thread and FUTURECRAFT 4D: CREATE – Adidas. The purpose of showing the videos was to familiarize participants with the innovation projects of the Adidas brand and to analyze how being familiar with those innovations influenced their perception of the brand. The control group did not answer the third part questions in order to ensure a clear distinction between the groups for further comparison.

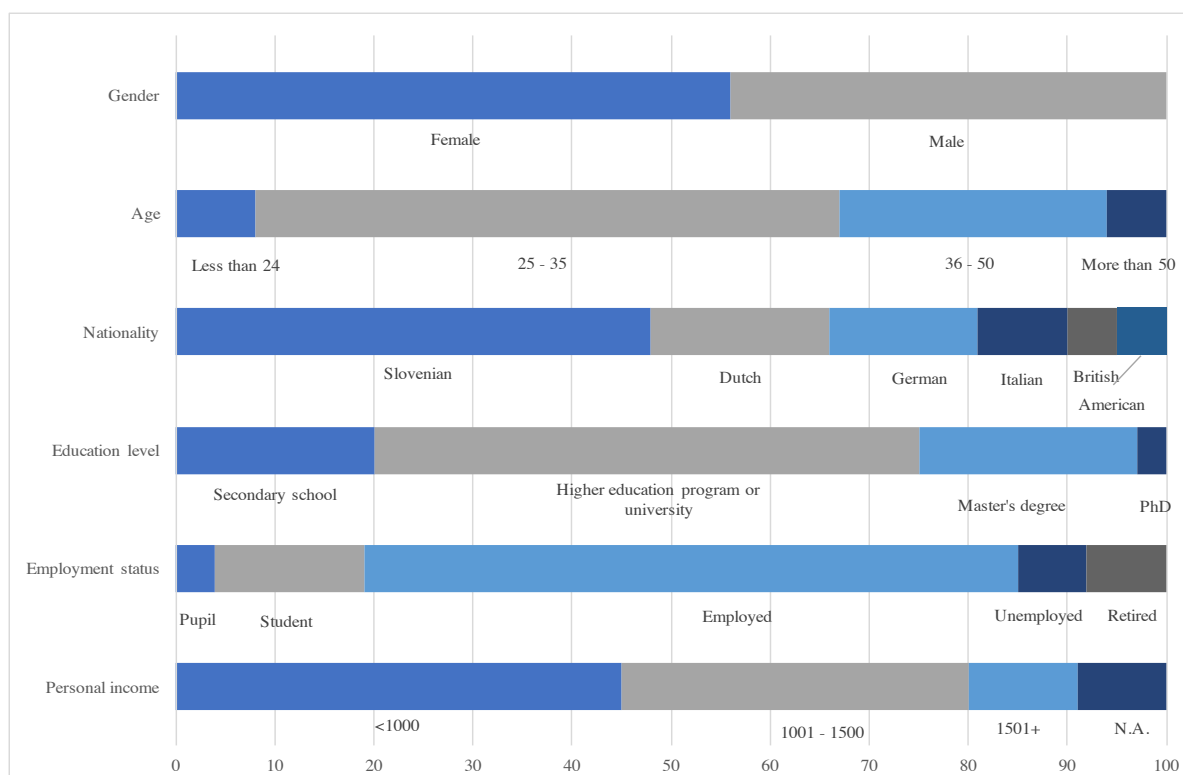
The aim of the in-depth interviews was to get an overview of how customers perceive the brand from different angles (general, innovative, environmental) and to find out whether additional information about the brand's innovation projects influences the customers' views in any way. We also measured whether and how the results had changed in different segments. The in-depth interviews were conducted either in person or via video call. After collecting primary data, data analysis was performed. Part of the questions were analyzed with the qualitative analysis program NVIVO, while others were analyzed numerically, using descriptive methods (arithmetic mean, mode). In our thesis the results are presented descriptively or visualized by using charts, word clouds, and word trees. The empirical part concludes with the discussion of the results of qualitative data analysis and with implications for potential further research.

### **3.2 Sample characteristics**

The sample of in-depth interview participants consisted of 68 respondents, of which 38 respondents (56%) formed the experimental group while 30 respondents (44%) formed the control group. 56% of all participants were female and 44% were male. The most numerous age group was the 25-35 age group. The average age of the respondents was 31, with the youngest respondent being 14 years old and the oldest one being 67 years old. The

majority of the participants (55%) had finished a university program. 22% of the respondents had a master's degree, 20% of the respondents had finished secondary school and 3% of the respondents had a doctoral degree. The largest number of the respondents were Slovenian (48%), 18% were Dutch, 15% German, 9% Italian, 5% British and 5% American. Most respondents were employed (66%) or students (15%). 45% of the respondents had a personal monthly disposable income lower or equal to 1000 EUR net, 35% of the respondents had a disposable income between 1001 EUR and 1500 EUR net, 11 % had an income higher than 1500 EUR net, and 9% did not want to reveal their disposable income. Detailed information on sample demographics is presented in Figure 5 below.

*Figure 5: Sample characteristics*



*Source: Own work.*

### 3.3 Research questions

The main objective of the research is to study potential linkage of company innovation to consumers' brand perception. Many studies researching different aspects of a brand, such as brand awareness, brand equity, and brand perception, were conducted in the past. Our research, however, focuses on showing the potential influence of innovation on consumers' brand perception. In recent years, innovation and differentiation have been considered important areas, which the majority of companies focus on more and more. In order to maintain or increase their market share while facing the challenges of hard-hitting



competition, globalization, and the explosion of technology, investing in innovation can be crucial for companies (Tajeddini & Trueman, 2008). It is therefore necessary for companies to know whether innovating is helping them build their brand and helping them grow in the eyes of consumers, and if so, to what extent.

Key research questions that will be studied and included in the research, are:

- What are the general consumer brand perceptions of a well-known sports brand?
- How do the brand perceptions of the specific sport brand change after the consumer learns about innovative projects of the company?
- Does the impact of innovation on specific segments differ?
- Does knowledge of a company's innovativeness have any influence on a consumer's purchasing behavior?

## **4 RESULTS AND MAIN FINDINGS**

The following chapter overviews the results and findings of the in-depth interviews. The interviews were divided into 3 parts: Parts 1 and 2 were answered by 68 respondents, while Part 3 was answered only by the experimental group of 38 people. Segmentation profiles with specifics of each group were also constructed. We present them in addition to main findings in chapters below.

### **4.1 In-depth interviews questionnaire**

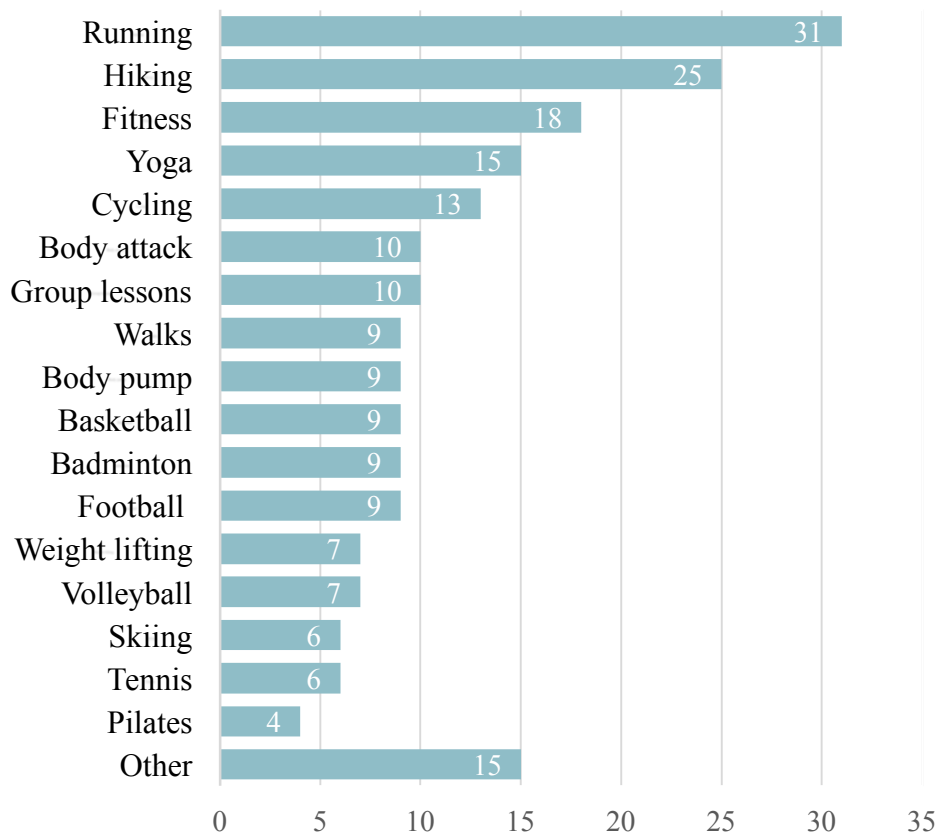
#### **4.1.1 Part one: General questions**

##### **Question 1: Sport activities in free time**

The in-depth interview started with a question about which sport activities interviewees do in their spare time. The main aims of the question were: to ease the respondents into the topic of sport, to encourage them to start thinking about sports, and to break the ice with an easy question in order to ensure a relaxed atmosphere.

As the Figure 6 below shows, a broad variety of activities were mentioned, with most respondents being very versatile and having mentioned more than one activity.

Figure 6: Sport activities of respondents (Q1), %, more answers possible



Source: Own work.

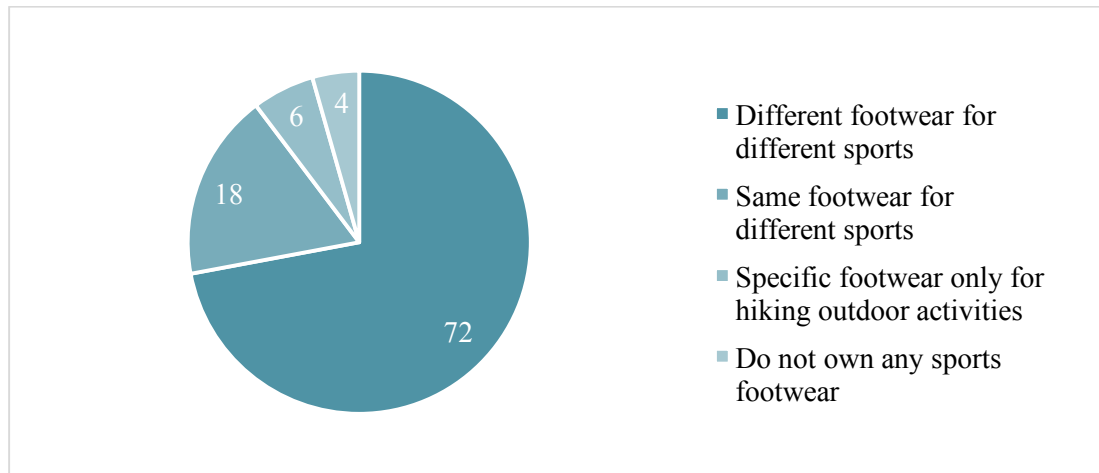
21 of 68 participants (31%) mentioned running. The second most common answer, chosen by 25% of all respondents, was hiking. 18% of the respondents mentioned going to the gym (especially during winter time when outdoor activities were less possible). 15% of the respondents, mostly female, said they practiced yoga, while male respondents were more excited about cycling, mentioned by 9 interviewees, or 13% of all respondents. Next were group lessons (10%) and specifically mentioned group practices, such as body attack (10%) and body pump (9%). Walking and team sports, such as football, badminton, and basketball, were mentioned by 9% of the interviewees. Less practiced sport activities were volleyball and weight lifting, mentioned by 7% of the participants, followed by tennis and skiing, each mentioned by 6% of the participants. Finally, pilates was mentioned by 4% of the interviewees. Some other sports, such as boxing, aerobics, cross fit, golf, squash, roller blading, TRX, and cross-country sports, were mentioned by less than 2% of the respondents, and are joined in the row Other for better visibility.

The chart clearly shows that the chosen sample of respondents was very diverse in terms of sport activity preferences, which provided a great base for further research of their perceptions and expectations of a sport brand.

## Question 2: Use of different sport shoes depending on occasion

The next question focused on the habits of the interviewees when it came to using sport footwear. Results are shown in Figure 7 below:

*Figure 7: Use of different sport shoes depending on occasion (Q2), %*



*Source: Own work.*

When asked if they used different sport footwear for different sports, the majority (72%) answered that they owned specific footwear for different sports, clearly dividing indoor and outdoor activities. On the other hand, 18% of the respondents said that they owned only one pair of sport shoes, which they used on different occasions. Additionally, 6% of the respondents used the same pair of sport shoes for all sports except for hiking. Those owned specific hiking footwear in addition to the footwear they used for other sport activities. 4% of the interviewees did not own any sport footwear at all.

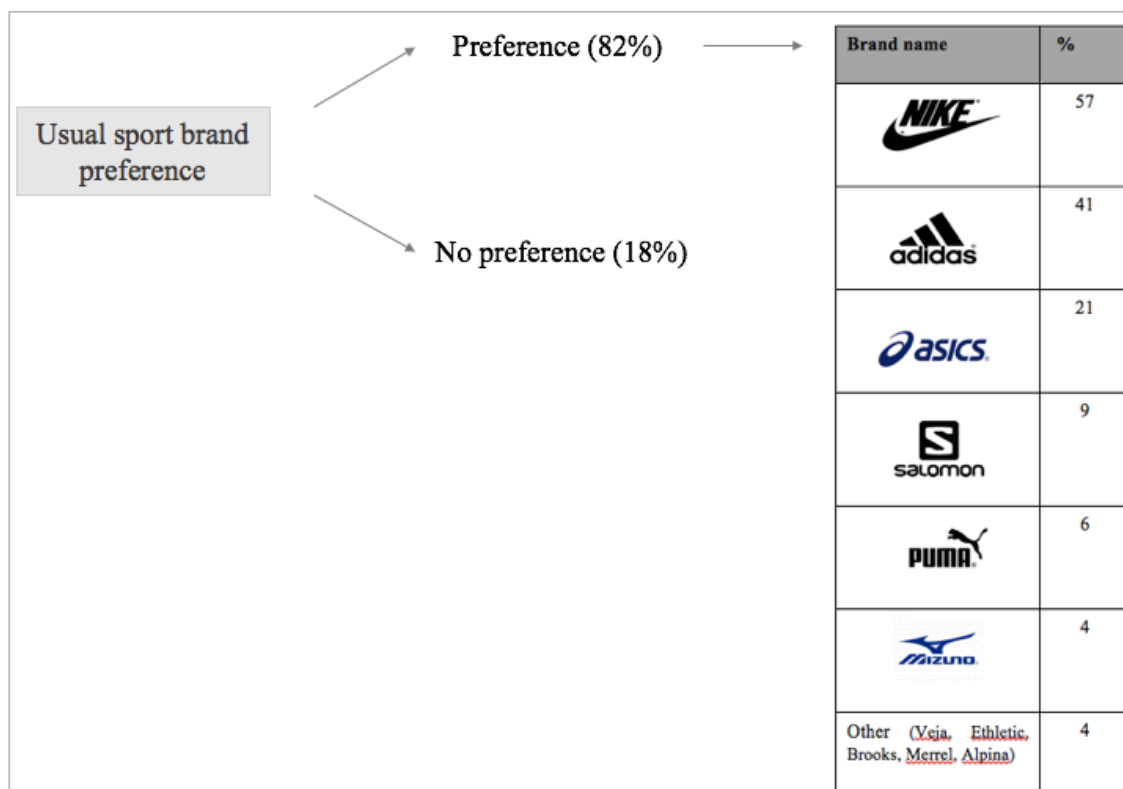
## Question 3: Sport footwear purchasing channels and usual brand preference

In the third question, the participants were asked where they usually bought sport footwear and what brand. The aim of the question was to understand their buying habits and to see their sport footwear brand preferences.

The majority of the respondents (81%) said they bought sport footwear in wholesale stores. Wholesale stores are stores offering various sport brands, some Slovenian examples being Hervis, Intersport, Sport 2000, etc. Additionally, 28% of the interviewees stated that they bought sport shoes online as well. It is important to note that almost all of the respondents mentioned shopping through more than one channel; for example, they usually bought shoes in brick and mortar stores but also did their shopping online sometimes. A few respondents also mentioned the combination of first trying the shoes on in a store and then ordering them online due to their lower online price. The answers showed that there was no clear purchase path for most respondents.

As for brand preferences, 18% of the participants had no specific brand in mind when buying new sport shoes. For those who had a brand preference in mind, Nike, mentioned by 57% of the interviewees, was the most common choice. Adidas, mentioned by 41% of the interviewees, was the second most favored brand. In third-place, with 21% of all answers, Asics was chosen, followed by Salomon with 9%, Puma with 6%, and Mizuno with 4%. The brands Alpina, Merrel, Brooks, Veja, and Ehletic were each mentioned by 4% of the respondents.

Figure 8: Usual sport footwear brand of choice (more brand answers possible, %)



Source: Images from brand websites ([www.nike.com](http://www.nike.com), [www.adidas.com](http://www.adidas.com), [www.asics.com](http://www.asics.com), [www.salomon.com](http://www.salomon.com), [www.puma.com](http://www.puma.com), [www.mizuno.com](http://www.mizuno.com)), 2018. Design: Own work.

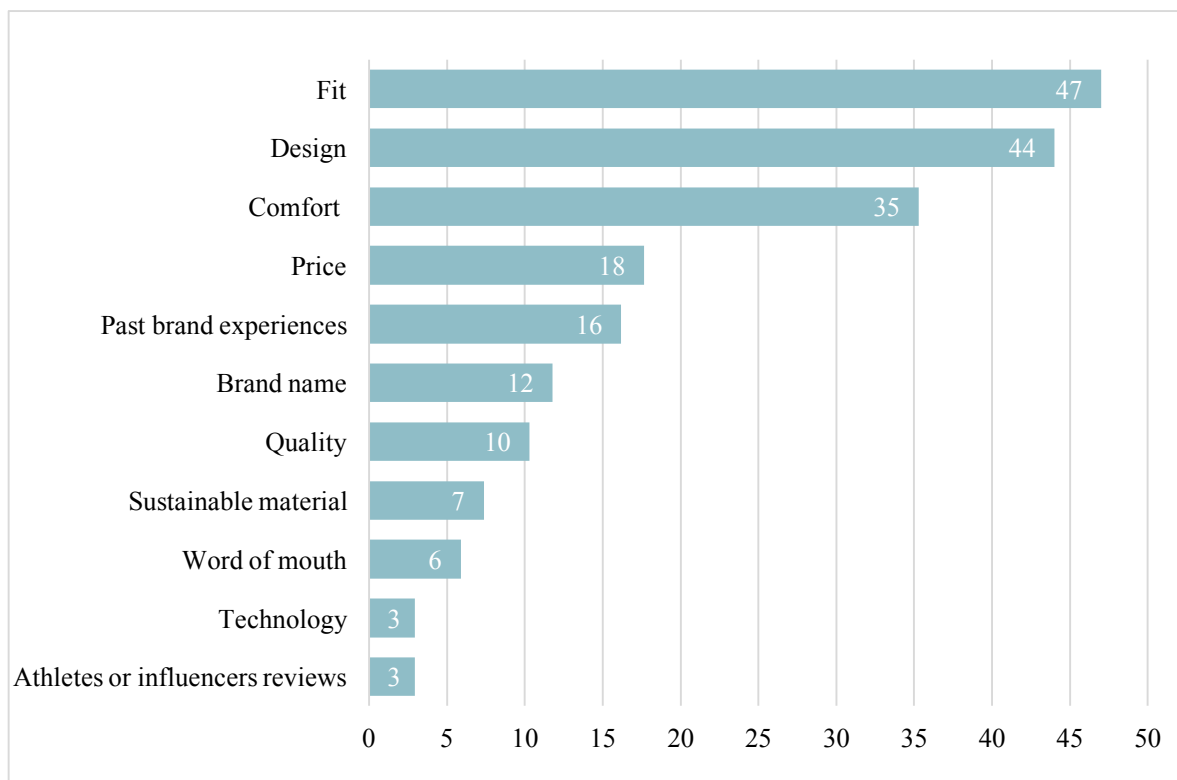
It is important to mention that most of the respondents did not mention only one brand but usually two. For example, they often answered that they usually bought Adidas or Nike, Nike or Salomon, etc., which shows that the majority of the interviewees were not dead set on one brand only.

#### Question 4: Main factors for the purchase of specific sports footwear brand

In the fourth question, the respondents were asked which factors were most influential when they were deciding which sport brand to buy. The aim of the question was to understand what is really important to consumers when deciding what product to buy. As more answers were again possible, most respondents picked at least one factor.

As seen from Figure 9 below, the factor that was mentioned most often was the fit of the shoe. 47% of the interviewees said they perceived it as an important factor when deciding which footwear to buy. Fit was followed closely by design, pointed out by 44% of the respondents. Comfort was mentioned by 35% of the respondents, showing great impact as well. 18% of the participants identified price as one of the important influencing factors, while 16% of all respondents mentioned previous experience with the brand as one of the factors. Next was quality of products with 10%. Sustainable material and word of mouth were mentioned by 7% and 6% of the interviewees respectively. Technology and athletes' and/or influencers' reviews were each mentioned as an important factor by 3% of the interviewees.

*Figure 9: Factors influencing purchase of sport footwear (in %, more answers possible) (Q4)*



*Source: Own work.*

### **Question 5: Sports footwear brand of choice of next purchase**

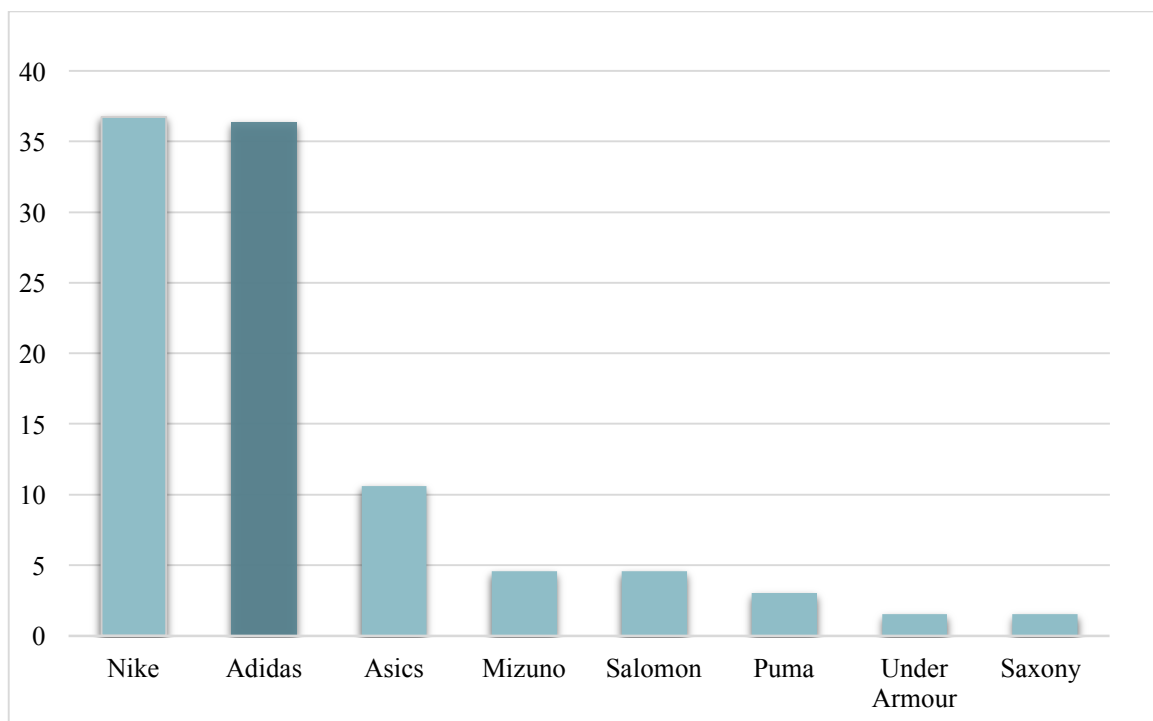
As mentioned in the introduction, the sportswear industry is highly competitive as it is one of the most branded areas in the global apparel market. With question 5 we tried to find out which brand of footwear the respondents would pick for their next purchase. The question differs from question 3 (which brands they usually buy) in that its aim was to examine the respondents' future intentions for sport brand choice as opposed to their usual habits, which would allow us to see if there were any changes.

Similarly to answers to question 3, some respondents could not point out a specific brand and stated they had no preference; they would go to the store, see the fit, design, and price of the shoes and decide based on those factors. 24 respondents (35%) chose ‘no preference’ as their answer; we can therefore conclude that the brand of footwear was less important to them than other factors.

On the other hand, 65% of the interviewees chose a preference of 1 or more brands. As seen from the chart below, Nike and Adidas, each mentioned by 37% of the respondents, were chosen most often. Following them was Asics, chosen by 10%. The brands Mizuno, Salomon, and Puma were mentioned by 3-4 people each, while brands such as Under Armour and Saxony received 2 mentions each, with Brooks, Ethletic and Veja received 1 (not pictured for better visibility).

It was interesting to observe that most of the interviewees who had a preference were nevertheless not able to pick one brand of choice only. Similarly to answers to question 3, they tended to choose more than one brand; Adidas and Nike or Nike and Asics for example. This indicates that even though they had a brand preference, they were mostly not completely loyal to a specific brand; they considered other factors when deciding what brand of new sport footwear to buy as well.

*Figure 10: If you were to buy a new sport footwear, which brand would you choose? (more brands possible, in %)*



*Source: Own work.*

### Question 5a: Reasons for choosing this specific brand for next purchase

In the follow-up to question 5, the respondents were asked why they had decided for the specific brand chosen in question 5 about which brand they would choose for their next purchase of sport footwear.

Similarly to answers to questions 3 and 5, in which interviewees often mentioned more than 1 preferential brand, the factors influencing the decision what sport brand to purchase were also manifold for most respondents. Table 1 below presents a matrix of different sport brands and various contributing factors, and shows why the participants would choose a specific sport brand.

*Table 1: Factors influencing the purchase preference towards a specific sport brand (frequency)*

Factors	Nike	Adidas	Puma	Salomon	Saxony	Asics	Under Amour	Mizuno
Design	14	13	1	1		1	1	1
Past brand experiences	14	9		2	1	5		2
Fit	9	5		1		1		3
Brand popularity	7	9						1
Quality	6	4		1		1		
Engagement	1	2	1					
Performance	2	1	1	1				
Price	1	1		1				
Injury protection	1	2			1	2		
Long tradition	1	3						
Sustainable products								
Availability	1	1						
Comfort		1	1					

*Source: Own work.*

As mentioned above, the majority of the in-depth interview participants would choose either Nike or Adidas when looking to buy new sport footwear. Due to the close results in question 5 and the fact that Adidas perceives Nike as its largest competitor, further analysis will focus first on which factors influenced the respondents' choice of each of the two brands most.

Starting first with design, the factor mentioned most often, the results for Nike (14) and Adidas (13) were very close. Design was the most common influencing factor of the respondents' future brand choice for both Nike and Adidas. Second, 14 participants who chose Nike mentioned good past experience, which shows it was another factor with strong

influence on their purchasing decision. On the other hand, only 9 respondents mentioned good past experience with the brand when choosing Adidas as their future brand of choice. The disparity makes sense, as fewer people owned Adidas footwear in comparison to Nike as answers to question 3 show. Focusing third on shoe fit, Nike performed better than Adidas in that aspect, as shoe fit was mentioned as a contributing factor to the respondents' brand choice 9 times, while it was mentioned 5 times in the case of Adidas. On the other hand, more of the respondents who chose Adidas mentioned the importance of brand popularity. The factors of price and of availability received one mention on each side. As for performance and quality, the people who chose Nike viewed them as important purchasing factors more often than the people who chose Adidas. On the other hand, more people considered both long tradition and comfort as important reasons for choosing Adidas footwear as their future footwear of choice.

Concerning other brands, the matrix clearly shows that very few factors stood out; the only one that was more common (5 mentions) and is therefore worth mentioning first was good past experience with the brand Asics. Asics was also mentioned as a brand that had been recommended by many runners and as a good brand choice for people with knee problems, as can be seen in the Injury protection row of the matrix. Good fit of the Mizuno brand footwear was mentioned by 3 participants and good past experience with the brand by 2 participants. The brands Brooks, Veja, and Ethletic, not shown in the matrix, were each mentioned by 1 participant as brands that produced sustainable footwear in an environmentally conscious production process and were the participant's brands of choice for that reason.

#### **Question 6: Familiarity with innovations in sportswear market (examples)**

The next question focused on the familiarity of the respondents with the latest innovations on the sportswear market. We wanted to find out what the interviewees perceived as innovative, whether they knew about the latest innovations, and if so, how well they knew them.

The results show that 46% of the participants could not recall or give an example of any specific innovation on the sportswear market, while 37 people (54% of the participants) could provide at least 1 example of what they perceived as innovation in the sport footwear segment. Figure 11 below presents the most common answers. The popularity of a specific answer is shown by the size of its representation. Percent values show what percentage of the 37 respondents who gave an example of at least 1 innovation mentioned the represented one.



Figure 11: Familiarity with innovation concepts in sportswear market ((more answers possible, new total= 37, %)



Source: Images from Adidas Webpage, 2018. Design: Own work.

As the Figure 11 shows, 41% of the participants that came across any innovations mentioned Adidas UltraBoost as one of the latest and greatest innovations on the market. The fundamental innovation of Adidas UltraBoost are shoe soles made of ‘energy capsules’ capable of flexing under the runner’s weight and of bringing energy back (Hypebeast, 2017). The second most mentioned innovation was Nike’s AirMax footwear, mentioned by 19% of the participants familiar with footwear innovations on the market. Nike’s shoes featuring the Max Air technology are differentiated by having less midsole material and by supplementing the material with air bags, which leads to maximum cushioning and lighter weight of the shoes (Nike, 2018).

14% of the respondents recognized seamless trainers as innovative as well. Seamless trainers are widely produced by many different sport brands and the participants described them as very light sport shoes, the top of which is usually made of cotton. Their look and feel is comparative to the look and feel of wearing socks (their most common design is that of mesh material on the sneaker top). With 8% of mentions each, the products Adidas Yeezy, Nike sole tracker, and barefoot shoes were recalled as some of the latest innovations on the market. Nike Dri-FIT and Adidas Predator football shoes were mentioned by 5% of the participants. Lastly, Adidas Clima technology, Asics gel shoes, the Alpina Draž collection, and Nike Sub2 shoes were each mentioned once.

Diving deeper into the collected answers we can see that the mentioned answers cover a wide variety of innovation aspects. Some products are more innovative in terms of manufacturing technology; Adidas Boost, Nike AirMax, and Asics gel all have special innovatively produced shoe soles for example. Others, like seamless trainers, Nike Dri-fit, Adidas Clima, and Alpina Draž are innovative in terms of new materials. Many

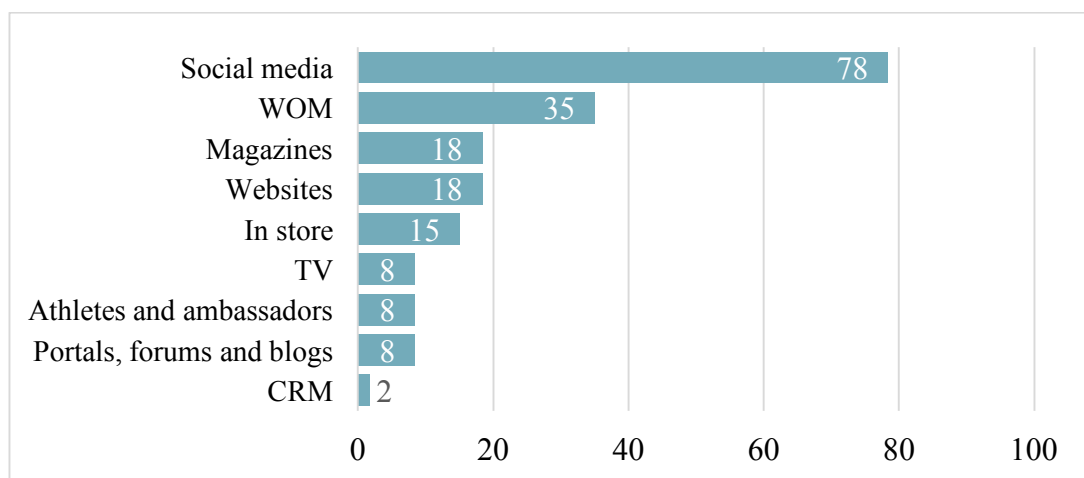
respondents focused on design when perceiving innovation, Adidas Yeezys, seamless trainers, and Adidas Boost being good examples of that. Barefoot shoes are innovative in terms of their whole function, as they are designed without hard soles and tend to imitate the feeling of being barefoot. Finally, some innovations are connected to broader marketing campaigns and to innovative advertising; Adidas Predator shoes are co-designed by famous footballer Paul Pogba and Nike Sub2 shoes are designed to break the 2-hour marathon barrier.

**Question 7: Overview of where consumers find out about the trends and innovations within sports segment and whether they follow them at all**

Question 7 was asked in order to find out whether the respondents followed the latest innovations on the sport footwear market and to learn where they found out about trends and innovations.

30 interviewees, or 44%, stated they did not follow the latest innovations actively, while 56% of the respondents followed new trends and checked what was new on the market either regularly or occasionally. Almost all respondents, even those who did not follow the latest innovations regularly, pointed out at least one channel through which they found out about news of sport innovations and trends. The sources of information included social channels, sport magazines, online articles and ads, forums, portals, influencers, athletes, advertisements in stores, etc. More detailed information as well as the presence of different sources in relation to innovation in the sport industry is presented in Figure 12 below. 8 of 68 respondents (12%) said they had never come across any information about sport innovation through any channel, while 60 respondents (88%) could name at least one specific channel where they got the latest updates about either sport trends or innovation; the latter formed the new total for the 7<sup>th</sup> question.

*Figure 12: Sources of latest trends and innovation concepts in sport segment (more answers possible, new total = 60 respondents, %)*



*Source: Own work.*

Of the 60 respondents who mentioned at least 1 channel, 47 respondents, or 78%, referred to social media channels as their main sources of updates on trends and innovation. To specify, Instagram and Facebook were mentioned as the main sources of learning about new trends by the majority of the respondents who mentioned at least 1 channel, while YouTube and Twitter were mentioned briefly by 2 and 3 participants respectively. While referring to social media, some participants mentioned retargeting and sponsored ads popping up on social channels as sources through which they found out about latest sport trends and innovation.

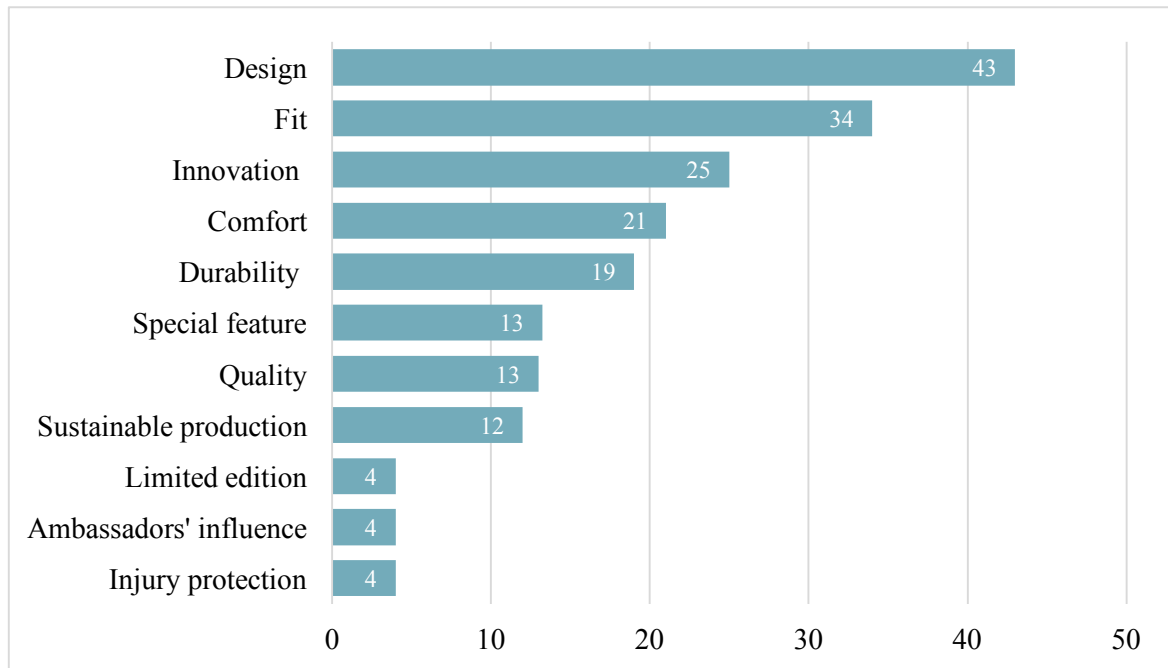
21 respondents, or 35% of all innovation-familiar interviewees, stated that word of mouth (hereinafter: WOM) was their main source for finding out about sport trends and innovation, be it through discussion with friends, with family, or with their social circle. Magazines and websites were mentioned by 11 participants (18%), the third most often following social channels and WOM. Of the website channels, interviewees were mainly referring to sport brand websites, news websites, and tech websites, such as TechCrunch and Insider. Sport and tech magazines in either print or online versions, referred to by 11 interviewees (18%), were mentioned as a contributing sport trend source as often as websites were. Even though the importance of digital advertising is increasing, in store presence of salespersons continues to have an important role, as shown by 15% of the interviewees having stated that they found out about current trends and innovation directly when buying new products in stores.

8% of the consumers discovered new trends and innovation in the sport segment while browsing a variety of portals, forums, and blogs. Similarly, 8% of the respondents came across new trends and innovations by following various brand ambassadors and famous athletes or by watching sports matches and seeing the new sportswear that the athletes were wearing. Some examples mentioned were football and basketball matches as well as seeing ads during TV commercials. CRM e-mail marketing from sport brands (ex. Adidas and Nike) proved to be of lesser importance as it was mentioned by only 2% of the respondents.

#### **Question 8: Added value influencing the participants to pay more than usual for sports footwear**

In question 8, the respondents were asked to specify what factors could convince them to pay more than they usually would for sport footwear. The aim of the question was to gain insight into what consumers perceived as added value of the product. In case they could not come up with any factors themselves, they were provided with examples of possible factors increasing the perceived value of a product, such as outstanding design, innovation, sustainable materials being used in production, the manufacturing standards, etc. Figure 13 shows which factors the interviewees deemed most important.

*Figure 13: Factors influencing consumers to pay more than usual for sport footwear (more answers possible, %)*



*Source: Own work.*

As Figure 13 shows, the most prevalent answer, provided by 29 respondents (43%), was design. The interviewees explained that special, different, and esthetic design could convince them to pay more than they usually would for sport footwear. The second most important factor was the fit of shoes, which was mentioned by 23 respondents (34%). The interviewees found that it was extremely important that shoes fit them perfectly and felt like they had been made for them. 14 respondents (21%) also mentioned shoe comfort, a factor connected to shoe fit, described as more of an overall feeling; the shoe might fit well and be the right size yet not especially comfortable.

The next mentioned factor was innovation, which was pointed out by 17 respondents (25%). When asked how they perceived innovation, they mostly described it as something they had never seen before, be it new, innovative material, special unique design, completely new manufacturing technology, or exclusive new features. The answer 'innovation' was connected to but not the same as the answer 'special feature', which was in most cases described as an added feature of shoes that was new but not necessarily innovative. 13 respondents (19%) also mentioned shoe durability, saying they were prepared to pay more for a product that lasted a long time and did not need to be replaced as quickly as other products did. 9 interviewees (13%) included high shoe quality, including the overall feel of a product, in their answers.

8 interviewees, or 12% of the participants, also pointed to sustainable production as one of the factors that contributed to higher perceived value. The answers presented in the

'Sustainable production' row included the use of sustainable materials, the possibility of recycling, fair labour conditions, and a smaller carbon footprint. Ambassadors' influence, limited edition, and injury protection were less commonly provided answers, each of them mentioned by 4% of the interviewees. 3 interviewees were prepared to pay more for shoes if they saw their beloved influencers or athletes wearing them. 3 respondents were also prepared to pay more for shoes if they were part of a limited edition collection. Similarly, 3 respondents pointed out that they perceived the product value to be higher if the shoes in question were good for their joints and/or their knees or if they protected them from injuries better than other competitors' products.

#### 4.1.2 Part two: Adidas specific questions

The second part of the in-depth interviews focused on Adidas specific questions. Both the experimental group and the control group answered the questions.

##### Question 9: First 3 associations when hearing the word Adidas

The first question of the second part of the in-depth interviews was posed to discover what the first 3 words or associations to pop into the interviewees' minds when they heard the word Adidas were. The purpose of the question was to observe which terms and associations the respondents connected Adidas with and what embodied the brand most, without limiting participants to a specific topic. Each of the 68 respondents was asked to provide 3 words or associations. Figure 14 below presents the most common answers and shows what percentage of the participants mentioned each association.

Figure 14: Most common associations to Adidas brand (in %)



*Source: images from Adidas Webpage (images: logo, superstars, three stripes, Adi Dassler, Boost technology, football), businessoffashion.com (Stella McCartney), collaboratingminds.net (design image), giphy.com (black and white image), pifonline.co.uk (quality image), alexedmans.com (sport image), 2018. Design: Own work.*

The top 3 associations when participants heard the word Adidas were: the Three stripes trademark, the Adidas logo, and Germany. The Three stripes trademark was mentioned by the majority of the respondents, more precisely by 43 participants (63%). The second most common association was the Adidas logo, mentioned by 24% of the interviewees. 22% of the respondents, the third most, mentioned Germany, the country where the story of Adidas began and where the company's headquarters are located.

Following those were associations with people; 19% of the participants pointed out Stella McCartney as a key figure connected to Adidas. Similarly, the company's founder Adi Dassler was mentioned as the face they associated with the Adidas brand by 18% of the participants.

11% of the interviewees who were asked to provide associations, mentioned the word sport as one of them and 8% of the participants said quality was a term they associated Adidas with. Many respondents associated Adidas directly with its products. For example, in 9% of cases the line Adidas Originals was pointed to, followed by Superstars footwear with 7% of responses. Superstars, Adidas' lifestyle footwear, is one of Adidas Originals line's best-selling products.

6% of the people interviewed mentioned the color combination of black and white, the color combination the Adidas logo consists of. Boost technology, which we found to be the most recognized Adidas innovative concept when analyzing answers to question 6, was mentioned by 6% of the participants as well. Additionally, football, design, and global sport brand were associations that came to mind for 5% of the respondents. To insure better visibility, the associations that follow below are excluded from figure 14 as they were rarely mentioned. High end brand, tradition, Stan Smith, sportswear, prestige, expensive, and sneakers were each mentioned by 3% of the participants, while flower pattern, bold, satisfaction, retro, and David Beckham were each mentioned by 2% of the participants. Finally, the associations that received a single mention were: the footballer Pogba, power, Herzogenaurach, the color blue, Ana Ivanović, Les Mills, motivation, the Boston marathon, nostalgic, pollution, conservative, and even Nike.

#### **Question 10: Recollection of Adidas marketing campaigns or ambassadors (examples)**

As we reported previously in the chapter Company overview, Adidas is partnering with many celebrities, athletes, and sport teams to help drive brand awareness, desire, and engagement with consumers. The purpose of question 10 was to test how well the interviewees knew the Adidas ambassadors and who they connected the brand with. An additional aim of the question was to see if the respondents remembered any notable



Adidas campaigns or advertisements. In order to ascertain how effective Adidas' marketing actions were in terms of ambassador and campaign recognition, the interviewees were asked to recall any current or past Adidas campaign or ambassador they could think of. 19 participants, or 28% of all interviewees, could not recall any Adidas ambassador or campaign, while 49 participants (72%) could recall at least 1 example of an Adidas ambassador or campaign. Figure 15 below shows the distribution of recognized Adidas ambassadors by the 49 participants who provided 1 or more examples.

*Figure 15: Most recognized Adidas ambassadors ( more answers possible, new total=49, %)*



*Source: images from Adidas Webpage (Lionel Messi, Kendall Jenner, Rita Ora, Paul Pogba, David Beckham, Tim Duncan, Bastian Schweinsteiger), businessoffashion.com (Stella McCartney), zimbio.com (Zinedine Zidane), manuntd.com (Manchester United FC logo),.realmadrid.com (Real Madrid FC logo), 2018. Design: Own work.*

The largest share of the respondents (39%) connected Adidas with Lionel Messi, a football player playing for FC Barcelona. He has been sponsored by Adidas for many years and has recently signed a lifetime contract, valid until the end of his football career. The second most recognized Adidas ambassador was the world-renowned designer Stella McCartney, mentioned by 35% of the respondents. Stella McCartney is the designer of the Adidas by Stella McCartney product line, a successful collaboration ongoing for many years. The next most recognized influencer was Kendall Jenner, mentioned by 15 respondents (33%). Kendall was signed by Adidas Originals and started representing Adidas in the second part of the year 2017. As the survey confirms, she has become quite a recognizable ambassador in a very short time. The fourth most recognized Adidas ambassador was David Beckham, mentioned by 10 respondents, or 20% of the participants who recalled at least 1

ambassador or campaign example.

Beckham was followed by FC Real Madrid in fifth place, mentioned by 8 respondents (16%), Rita Ora was mentioned by 12% of the respondents and Manchester United FC by 10% of the participants. Both Bastian Schweinsteiger, a German professional football player, and Zinedine Zidane, a retired professional French football player and current manager of FC Real Madrid, were each mentioned by 3 participants, amounting to 6%. Next was another football player, Paul Pogba, recognized by 4% of the respondents. 4% of the interviewees mentioned NBA player Tim Duncan as well. Finally, the following were each mentioned once: the German football team, Kanye West, Gigi Hadid, Hailey Baldwin, the Williams sisters, NBA players, Rihanna, Stan Smith, Andy Murray, Klemen Prepelič, Rugby teams, Kristaps Porzingis, Derrick Rose, Kevin Garnett, John Wall, Damian Lillard, Bayern FC, the Swedish football team, Karlie Kloss, and Alessandro Del Piero.

When the interviewees attempted to recall examples of Adidas campaigns, the number of recalls was much lower compared to the recalls of ambassadors. The Impossible is nothing campaign, mentioned by 3 of 49 respondents (6%), was recalled most often. Campaigns that received 1 mention each were: the UltraBoost footwear campaign, the Never Follow campaign, and the campaign Here to Create.

The results show that in general, for the majority of the respondents ambassadors were much easier to recall than examples of marketing campaigns. It is interesting to see that even though UltraBoost footwear was mentioned 18 times as innovation in a previous question, only 3 participants recalled it as a marketing campaign, which shows that the interviewees were more familiar with the product itself and not so much with the marketing communication surrounding it.

### **Question 11: Ownership of Adidas products (focus on shoes)**

In question 11, the respondents were asked whether they owned any Adidas products, focusing on shoes specifically. The question was important as it provided knowledge of whether the participants had had any previous experience with the brand. Additionally, the question was designed to encourage interviewees to think about the broad Adidas assortment and to ease them into more Adidas specific questions that followed.

The results show that 61 of 68 interviewees owned at least one Adidas product and that a vast majority owned more than one product, while only 10% of the respondents did not own any Adidas products at that moment. When the focus shifted to shoes, 79% of the participants replied that they owned at least one pair of Adidas shoes, while 21% of the respondents did not own any.



## Question 12: Description of overall feelings towards Adidas

In question 12, the participants of the in-depth interviews were asked to describe their overall feelings towards the Adidas brand. The majority of the interviewees, more precisely 54 of 68 respondents (79%), described their feelings towards the brand as positive, while a minority of 6 participants, or 12% of all participants, expressed negative feelings towards the brand. 8 respondents (12%) stated that their feelings towards the brand were neutral or that they were indifferent to the brand.

The table 2 below overviews the phrases mentioned when describing overall feelings towards Adidas. In the following chapters, each of group of answers is explained in more detail.

*Table 2: Overall perception of the Adidas brand (Q12)*

Overall feeling	Most associated phrases
<b>Positive (79%)</b>	great products, active people, healthy lifestyle, strong storytelling, tradition, great design, high quality, modern, trendy, well known, nostalgic, innovative, high-end sportswear, respected, prestige, iconic, inspiring, trust-worthy, love the brand, creative, athletes, leader in sport industry
<b>Negative (9%)</b>	boring, dislike the design, conservative, nothing special, no connection to the brand, dislike the products, overpriced, dislike business model of multinationals
<b>Indifferent (12%)</b>	no specific feelings, just another sport brand, do not care about it, neutral, do not like the products, more on expensive side

*Source: Own work.*

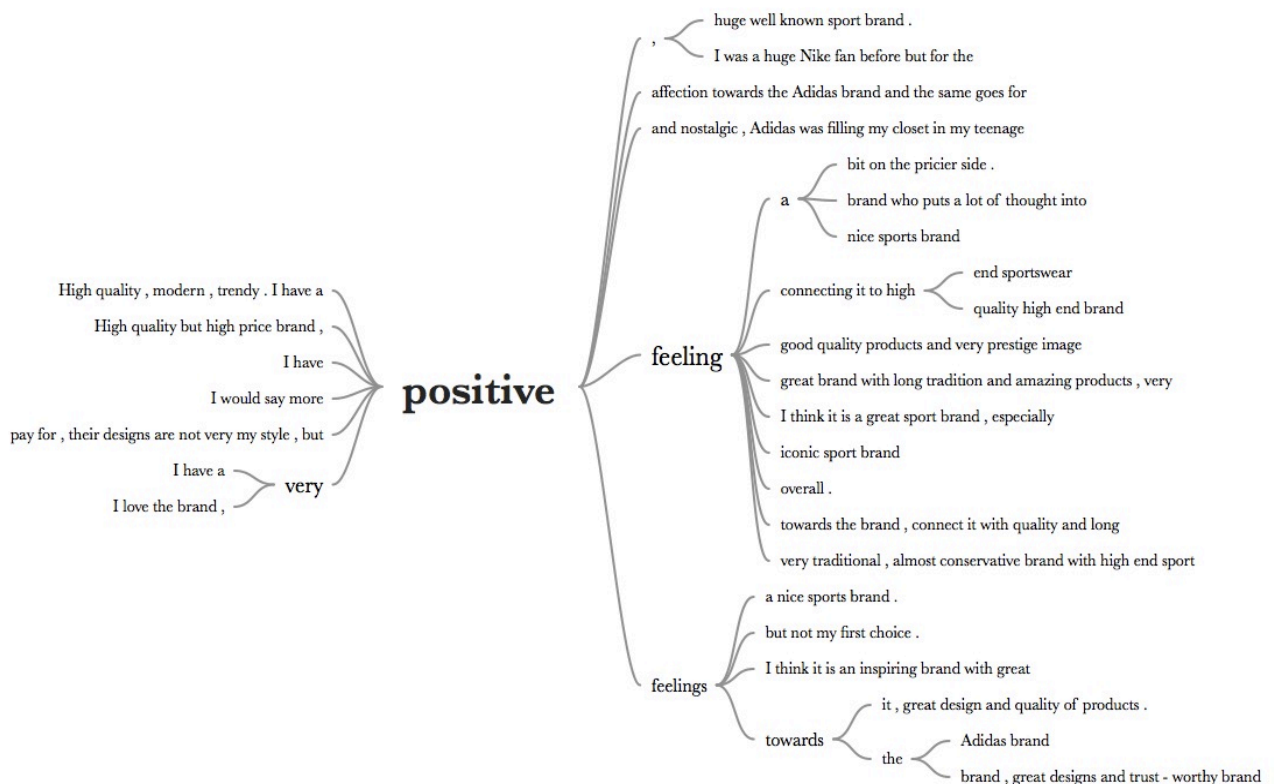
### Positive overall feelings towards the brand

When analyzing positive feelings, the qualitative research program NVIVO was used to conduct a text search query in order to determine the most common associations when interviewees were asked about their feelings towards the brand. In Table 2 above, the most common linkages and word paths including the word positive are shown. We used the associations to identify and interpret key words within the positive segment. The results are presented later on in Figure 16.

Many participants mentioned that they felt a connection to and love for the brand as it offered high quality products and great designs. The interviewees also mentioned they trusted the brand and felt nostalgic because it was a brand with long tradition. Some, however, still perceived the brand as a bit conservative. Some respondents mentioned that Adidas products had been filling their closets since childhood, which is why they looked at the brand in a positive and nostalgic way. Adidas was also perceived as an inspiring and

iconic sport brand, with one respondent describing it as a leader in the sport footwear and clothing industry. Other common associations with Adidas included trends, young people, and healthy lifestyle. Additionally, those who had positive feelings towards the brand perceived Adidas products as high-end, quality sportswear, which was seen as (too) expensive in many cases. Some of the answers also pointed out the positive aspect of the Adidas brand being extremely well known and therefore trustworthy, as familiarity with the brand helped them trust the brand and its products more. Sponsorship was also shown to have an effect on the positive perception of the brand; some participants mentioned that Adidas sponsoring their favorite athletes or sport clubs was the reason they loved the brand and felt even more connected to it.

Figure 16: Word query - positive perception towards the Adidas brand (Q12)



Source: NVIVO visualization from collected data

## Negative overall feelings towards the brand

9% of the people we interviewed perceived their feelings towards the brand as negative. As associations in Table 2 show, some participants found the brand conservative and boring, with one person mentioning his dissatisfaction with bringing back old shoe models, such as Gazelle, Stan Smiths, and Superstars, as he saw it as a bit lazy in terms of design. Many participants expressed a general dislike of Adidas products and their design. One person mentioned that the source of the negative feelings towards the brand was mainly that

Adidas products were severely overpriced. Two participants explained that they did not support the business model of multinational companies in general, as they felt that the companies were exploiting natural and human resources with mass production and unnecessary consumerism.

### **Indifferent towards the brand**

12% of the interviewees reported either being indifferent to the brand or having neutral feelings towards it. From their point of view, the brand was perceived as just another sport brand. They therefore had no specific feelings towards the brand and in some cases they did not even care about it. One participant mentioned that Adidas was a very old brand with long tradition but that those factors did not impact his perception of the brand in any way.

### **Ranking**

In addition to describing their overall feelings, the participants were asked to rank their overall perception of Adidas with rankings of 1-10, with 1 being the lowest ranking and 10 the best possible ranking. The results varied from 1 to 10; a ranking of 8 was the mode and the average ranking was 6.9.

### **Question 13: Perception on Adidas being an innovative brand (ranking, 1-10)**

In question 13, the interviewees were asked whether they perceived Adidas as an innovative brand. 42 of 68 participants, or 61% of all respondents, stated that they perceived Adidas as an innovative brand, 20 interviewees, or 30% of all participants, said that they did not think that Adidas was an innovative brand, while 6 respondents (9%) were unsure and were not able to provide a clear yes or no answer. Most associated phrases are presented in Table 3.

*Table 3: Overall perception of Adidas being an innovative brand (Q13)*

Is Adidas an innovative brand?	Most associated phrases
<b>Yes (61%)</b>	trend setter, innovative and different designs, innovator, lifestyle aspect, innovative technologies, huge investments in R&D, long tradition, designers and athletes' collaboration, new collections, adapting to trends, nothing drastic or special at the same time, conservative
<b>No (30%)</b>	conservative, no improvements design-wise, just another sport brand, mainstream brand, basic design, no innovative products
<b>Not sure (9%)</b>	nothing drastic, same repetitive design, potential effort in new collections, nothing special, basketball products lacking behind Nike

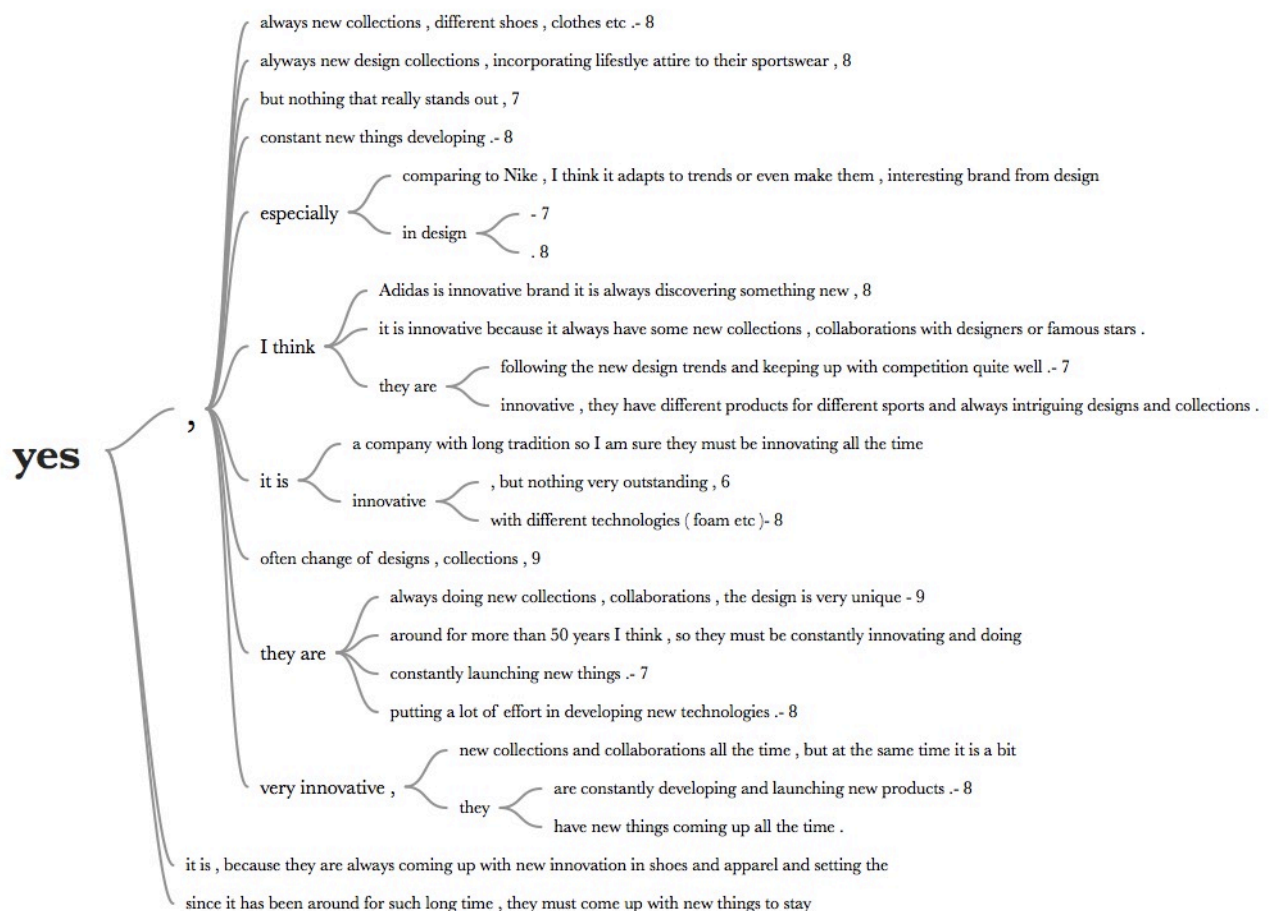
*Source: Own work.*

Table 3 below overviews the phrases the respondents mentioned when they were answering whether Adidas was innovative or not. Next, each of the aspects is explained in more detail. Associations and aspects provided in the respondents' answers were again analyzed with the qualitative research program NVIVO to determine the most common threads connected to innovation.

### Answer: Yes, Adidas is innovative

The majority of the participants who defined Adidas as an innovative brand described the brand as a constant innovator launching new products on the market constantly and incorporating the lifestyle aspect into their collections. The respondents also saw Adidas as a trendsetter and a company with long tradition that was bringing technology novelties to the market constantly. A few mentioned Adidas' collaborations with various designers, athletes, and ambassadors, which enabled the company to bring new products and collections to the market in an innovative way, as one of the factors that impacted their perception of Adidas as an innovative brand.

Figure 17: Word query - perception of Adidas as an innovative brand (Q13)



Source: NVIVO visualization from collected data

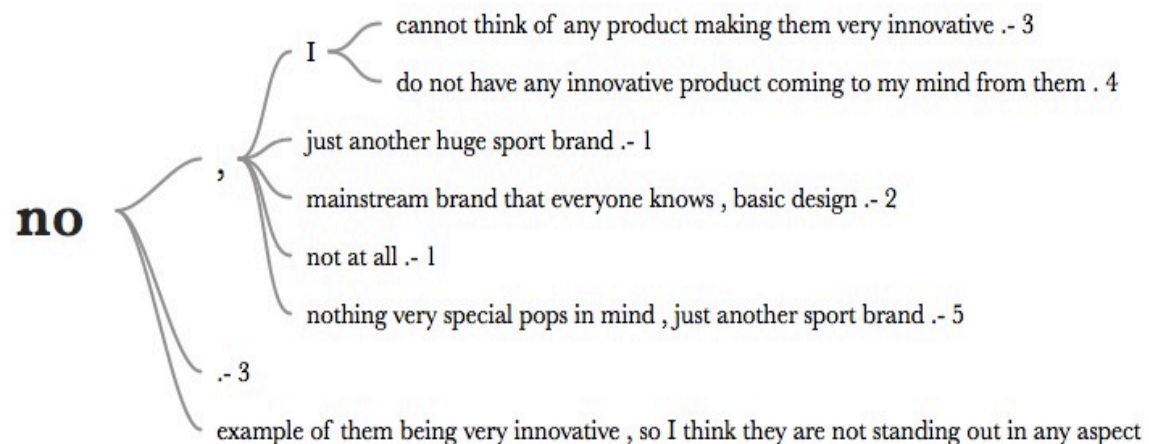
Some of the respondents who classified Adidas as innovative pointed out that while they felt Adidas was innovating, nothing drastic or special came to mind. 3 interviewees also mentioned that while Adidas was innovative since it had long tradition and was certainly making an effort to stay relevant, it was nevertheless remaining conservative in certain aspects.

Within the group of the respondents who answered that Adidas was innovative, their answers differed to a large extent, which the ranking of Adidas' innovativeness, described in more detail below, shows best.

#### **Answer: No, Adidas is not innovative**

The participants of the in-depth interviews who did not perceive Adidas as an innovative brand (30% of all participants) mentioned that they could not recall any product that would make them think of Adidas as an innovative brand. One person described it as a mainstream brand that everyone knew, but nothing would make it innovative in his eyes, not even something special coming from the brand. The majority of the 30% who felt Adidas was not innovative described Adidas as just another big sport brand with basic designs and nothing special that would make it innovative in any way. Two interviewees even described it as very boring and extremely conservative.

*Figure 18: Word query - perception towards Adidas not being an innovative brand (Q13)*



*Source: NVIVO visualization from collected data*

#### **Answer: I am not sure if Adidas is an innovative brand**

Finally, 9% of interviewees were not sure and were not able to tell if they saw the Adidas brand as innovative or not. One participant within the group mentioned that his preferred product segment was the basketball segment, in which Adidas was lagging behind, not offering nearly as much as its biggest competitor Nike did. Some also mentioned that while

Adidas was putting effort into innovation and new collections, nothing special came to mind for them. Additionally, it was mentioned that sport brands in general were quite innovative, but were not introducing anything drastic that would heavily impact the sport industry.

### **Ranking**

As in question 12, all respondents were asked to rank Adidas in terms of their perception of its innovativeness with rankings of 1-10. The respondents' rankings varied, with 1 being the lowest and 10 being the highest. The most picked number (=mode) was 7, while the average ranking was 6.3.

### **Question 13a: Provided examples (of the respondents who perceived Adidas as innovative)**

In question 13a, a follow-up question to the question whether participants perceive Adidas as an innovative company, the respondents were asked to give examples of any specific products or technology concepts they found innovative. The question was posed only to those who found Adidas innovative and those undecided.

The results show that 51% of the respondents who answered either that Adidas was innovative or that they were not sure, could not recall any specific product or technology concept connected to it. On the other side of the spectrum, 18 participants, or 38% of the respondents who felt Adidas was innovative, pointed out Adidas UltraBoost technology as an example of the company's innovativeness. The answers with lower frequency (mentioned by 1-2 people) were: Seamless trainers, Adidas Predator shoes, Yeezys, new sole materials, and Vegan line by Stella McCartney.

### **Question 14: Perception on Adidas as an environmentally conscious company (ranging, 1-10)**

Since the videos included in our experiment later showcased the importance of environmental care and sustainable production, the main focus of question 14 of the in-depth interview was to analyze whether the interviewees had perceived Adidas as an environmentally conscious company before the experiment. The combined results of the respondents from both the experimental and the control group's answers show that 38% of all participants answered that they were not sure or had no idea whether Adidas was an environmentally conscious company and that 25 participants, or 37%, stated that they did not perceive Adidas as an environmentally conscious company. Therefore, we can conclude that 75% of all respondents did not find Adidas to be environmentally conscious. Only 25% of the interviewees answered that they saw Adidas as a company that could be described as environmentally conscious. In Table 4 below, phrases used most frequently with each of the answers are presented with a detailed explanation of each segment.



Table 4: Overall perception of Adidas being environmentally conscious (Q14)

Is Adidas an environmentally conscious company?	Most associated phrases
<b>Not sure (38%)</b>	no evident care for the environment, no focus on sustainability, multinational companies, complying to minimum sustainable standards
<b>No (37%)</b>	multinational company, not conscious of environment, exploiting people and resources, main focus on making profit, environmentally unfriendly, high water consumption, pollution, fashion trends, overproduction, no sustainable efforts, marketing tricks, not genuine efforts
<b>Yes (25%)</b>	Increasing importance of environmental aspect, trend of sustainability, attract conscious consumers, follow trends, sustainability at the heart of the business model, recycled packaging, eco collections, sustainable clothing lines

Source: Own work.

#### **Answer: I am not sure if Adidas is environmentally conscious**

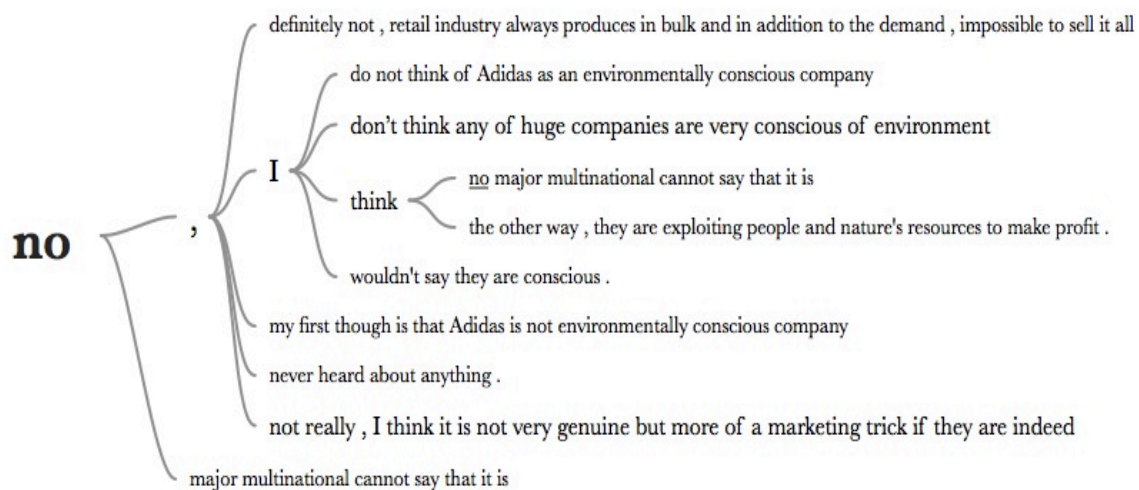
38% of the participants stated either that they had no idea or that they were not sure if Adidas was an environmentally conscious company. They mostly answered that they did not see sustainability and environmental care as the focus of multinational companies since their primary focus would always be profit. 5 respondents expressed the view that they assumed Adidas was doing the bare minimum to comply with legal regulations and not much more, and that they therefore could not say whether Adidas was really conscious or not. The vast majority of the unsure respondents could not decide at all, as they said they had no knowledge or information based on which they could form a judgment.

#### **Answer: No, Adidas is not environmentally conscious**

Figure 19 shows the answers given by the respondents who did not perceive Adidas as an environmentally conscious company. Some respondents answered that multinational companies were never conscious of the environment, as they exploited human and natural resources in order to make profit, while a few participants expressed the view that companies working closely with textile were environmentally unfriendly due to high water consumption, pollution, and quick changes in fashion trends which forced them to overproduce in bulk and thus end up with product quantities much higher than what consumers needed and demanded. Some participants did not think of Adidas as an environmentally conscious company simply because they never saw any news or action that would show the company heading into that direction or putting more emphasis on environmental aspects. On the other hand, some respondents stated that even when they

heard that multinational companies were doing something in an environmentally conscious manner, they did not believe it most times, as they felt it was more of a marketing trick aiming to attract consumers than a genuine beneficial action aiming to make significant change and contribute to a better planet.

*Figure 19: Word query – Adidas not perceived as an environmentally conscious company (Q14)*



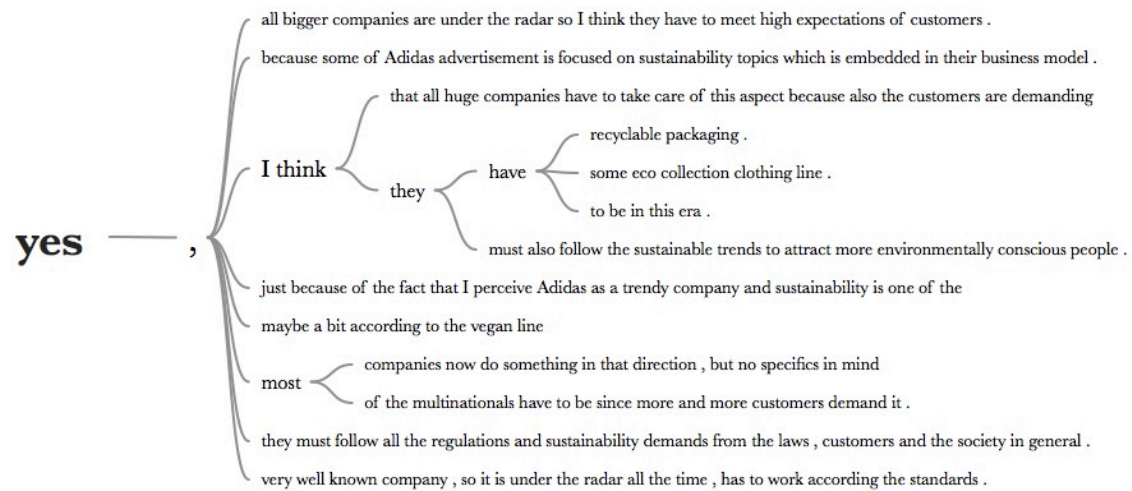
*Souce: NVIVO visualization from collected data*

### **Answer: Yes, Adidas is environmentally conscious**

25% of the participants answered that they perceived the company as an environmentally conscious company. The most often provided reason for such perception was that the majority of multinationals had been heading in that direction lately, as the environmental aspect was becoming more and more important to consumers. 2 respondents mentioned that they saw the company heading into the direction of sustainability because sustainability was a trendy topic at that moment and Adidas always followed trends. Therefore, it had to focus on environmental aspects in order to attract more environmentally conscious consumers. Similarly, some respondents felt that the brand was environmentally conscious in order to comply with laws and government regulations and standards, since it was on the radar because it was a huge and well-known multinational. It was also mentioned that Adidas' advertising was then focused on sustainability topics, which were embedded into their business model as well. Finally, a few respondents agreed that Adidas was environmentally conscious because it offered recycled packaging and eco collections in their clothing lines.



Figure 20: Word query – Adidas perceived as an environmentally conscious company (Q14)



Source: NVIVO visualization from collected data

## Ranking

From the results of the respondents' rankings of Adidas in terms of sustainability, it is evident that most people did not perceive the company as environmentally conscious. The ranking picked most often was only 2, while the overall average was 4.5.

## Question 15: Familiarity with concepts of Parley Footwear and 4D Futurecraft

Part 2 of the in-depth interviews had concluded with question 15, which had inquired about the respondents' familiarity with the projects that were showcased afterwards as part of the research experiment. Those projects were Parley Footwear and Futurecraft 4D, which we describe in more detail in the chapter Case presentation.

It was necessary to check whether the participants had been aware of either of the mentioned Adidas projects beforehand, since the results could not be compared in such a case, as the perception of the respondents might have been distorted. Luckily, none of the participants in the experimental group had come across either of the two projects beforehand; it was therefore possible to proceed with the experiment.

## Part three: After the videos

The final part of the in-depth interviews was answered only by the experimental group, which consisted of 38 participants. In part 3, we first showed a YouTube video of the

Parley project to each of the interviewees, and then asked them to answer a few questions about the video. Next, the Futurecraft 4D video was shown and the interviewees were again asked to share their thoughts.

### **Presenting the Parley concept video**

First, the participants were shown the Parley project - From threat into thread video, which can be accessed via the following link: [https://www.youtube.com/watch?v=kzog5O\\_hGIk](https://www.youtube.com/watch?v=kzog5O_hGIk)

### **Question 16: Participants' brief summary of the Parley video's main idea**

The main idea of project Parley footwear is thoroughly described in the chapter Case presentation. The respondents were asked whether they understood the main idea of the project in order to ensure that we could properly analyze the opinions they would provide in their answers to the questions that would follow. We wanted to find out if the video was informative enough for first-time watchers who had previously been completely unfamiliar with the subject of the video.

The results show that all respondents understood the main idea. They provided very similar summaries of the video, focusing mostly on the environmental aspect and pointing out the growing challenge of the increased quantity of plastic in our oceans, its effect on the environment, and, of course, Adidas' solution. Some respondents focused more on the environment and the global issue of plastic pollution, whereas others focused on how Adidas was trying to fight pollution. In general, all respondents showed a high enough level of understanding after having seen the video to ensure smooth further interviewing.

### **Question 17: Participants' thoughts about the Parley project**

After giving brief summaries of the Parley video, the interviewees in the experimental group were asked about their thoughts about the Parley project. While their opinions were diverse and pointed out different aspects of the project, they could still be grouped into positive and negative opinions. Afterwards, more thorough research of each of the extremes was conducted, diving deeper into the reasoning behind their opinions.

33 of 38 participants, or 87%, a vast majority, conveyed positive thoughts about the Parley project, whereas 5 respondents, or 13%, perceived the Parley project in a negative way. As shown in table 5 below, the majority of the experimental group (87%) conveyed positive thoughts about the project.

The prevailing view was that projects like Parley were extremely positive, as they raised awareness about major environmental issues our planet was facing and as they aspired to make our planet cleaner and greener. The respondents saw Parley as an amazing project that showed great initiative in that direction. 10 interviewees (24%) pointed out that it was good to see that big brands such as Adidas were working in that direction due to their

major influence and brand recognition. They stated that it was good to see multinational companies starting such projects, as they had strong influence and the budget needed to support environmental initiatives. A few participants also mentioned that they were aware of the problems of pollution and of plastic waste killing sea life and that they supported Adidas' cause and efforts because they found them very original.

Some of the participants stated that they had had no idea that such projects were even possible, that they had never heard about the project before and that they were excited about seeing how things would develop. 5% of the interviewees thought that while the project was really good, the brand was not using its marketing efforts to tell its story loudly and clearly as they had never heard of it. 4 participants mentioned that they liked the design and originality of the project. The experiment showed a positive impact on purchasing behavior for 2 of the participants as well; they stated that they would love to buy Parley shoes.

*Table 5: Thoughts about the Parley project –after the experiment (Q17)*

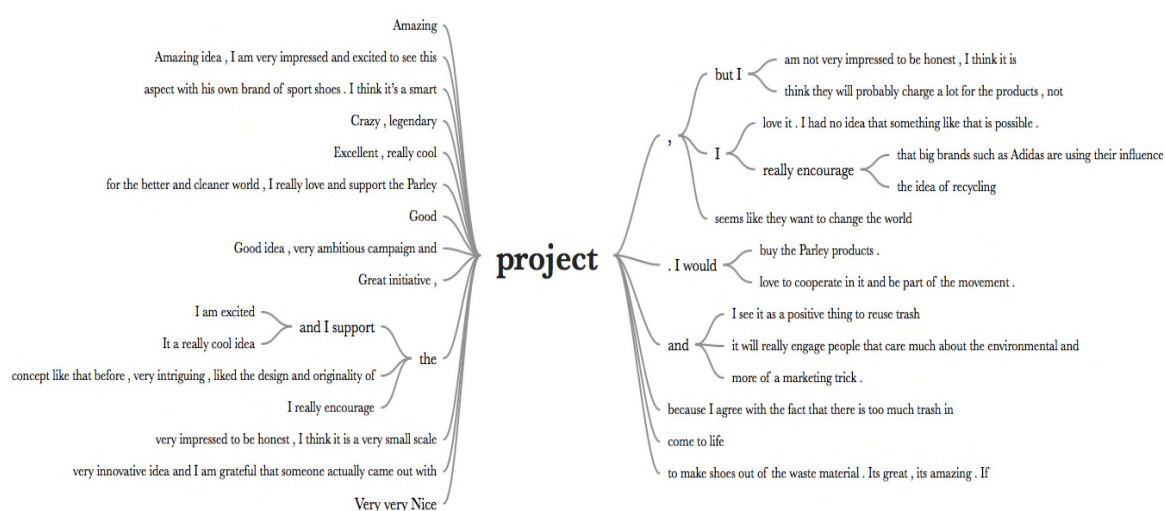
What are your thoughts about the Parley project?	Most associated phrases
<b>Positive (87%)</b>	amazing project, encouraging idea, recycling, care, sustainable aspect, plastic in the oceans, encourage, good for the planet, clear ocean, reuse waste, support, excellent, great idea, positive, great initiative, re-use trash, very intriguing, nice design and originality, amazing idea, impressed and excited, will buy Parley, pollution killing sea life, step towards better environment, love it, no idea this is possible, brilliant, planet would be a better place, extraordinary, more brands should do that, never heard of it, grateful, help ourselves to avoid eating trash, big problem, legendary project, concerned about the future, good to see Adidas working on projects like this, ambitious campaign, change the world, cool idea, part of the movement, too much trash in our ecosystem, too polluted, challenge the status quo, ways to improve, reuse material, good for the future, cleaner world, clever, support Adidas efforts, pleasantly surprised, great way of collaboration
<b>Negative (13%)</b>	skeptical but step in right direction, skeptical, for the sake of good image rather than right reasons, nice idea but skeptical about the price – probably expensive, marketing trick, start at the roots on the other part of the world, good start but more should be done, small scale project, charge a lot for the product, not accessible for normal person

*Source: Own work.*

On the other hand, 5 people, or 13% of the participants, conveyed negative thoughts about the project. While they all described the project as a nice idea and a step in the right direction, they were skeptical about various aspects of the initiative. 2 people expressed the

opinion that the price of the product would probably make it inaccessible for ordinary people, making the project inefficient on a global scale. 2 people doubted the genuineness of Adidas' motives, stating that the project was more a marketing trick than an actual environmental campaign as Adidas had profit and good image in mind rather than our planet. In addition, one person said the project was of very small scale compared to other products made by Adidas. It was also mentioned by 1 person that we should start solving the problem at its roots, in the parts of the world where pollution regulations were not that strict and where most pollution originated from. Overall thoughts are visualized in Figure 21 below.

Figure 21: Word query – thoughts about the Parley project (Q17)

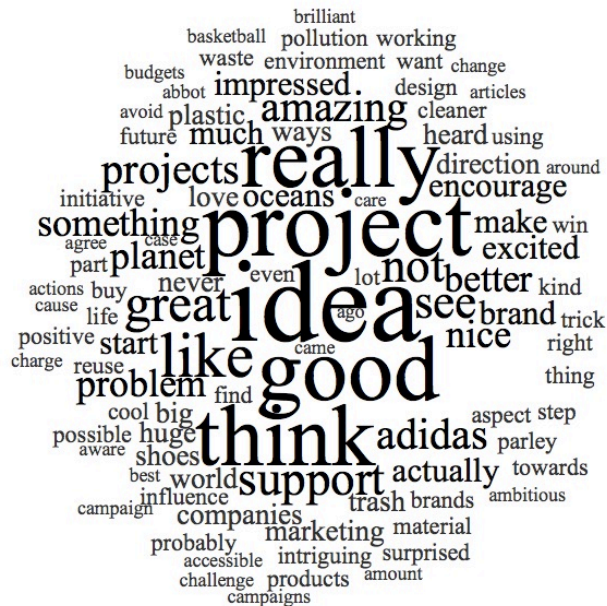


Source: NVIVO visualization from collected data

To visualize the most common thoughts about the project, the word cloud below was designed. It presents the words the participants used most frequently (with both positive and negative connotations). The bigger the word, the more frequently it was used by the participants when describing the project. As seen from the word cloud below, the words the participants used most frequently were: *project, good, idea, like, think, really, amazing, support, Adidas, better, excited, brand, nice, planet, problem, encourage, plastic, and impressed.*

We can observe both the overall positive thoughts about the project (87% of the participants described it as positive) – through words such as *good, impressed, amazing, great, excited, better, and support* – and key terms connected to the project (*plastic, planet, trash, Parley, pollution.*)

Figure 22: Most common thoughts about the Parley project

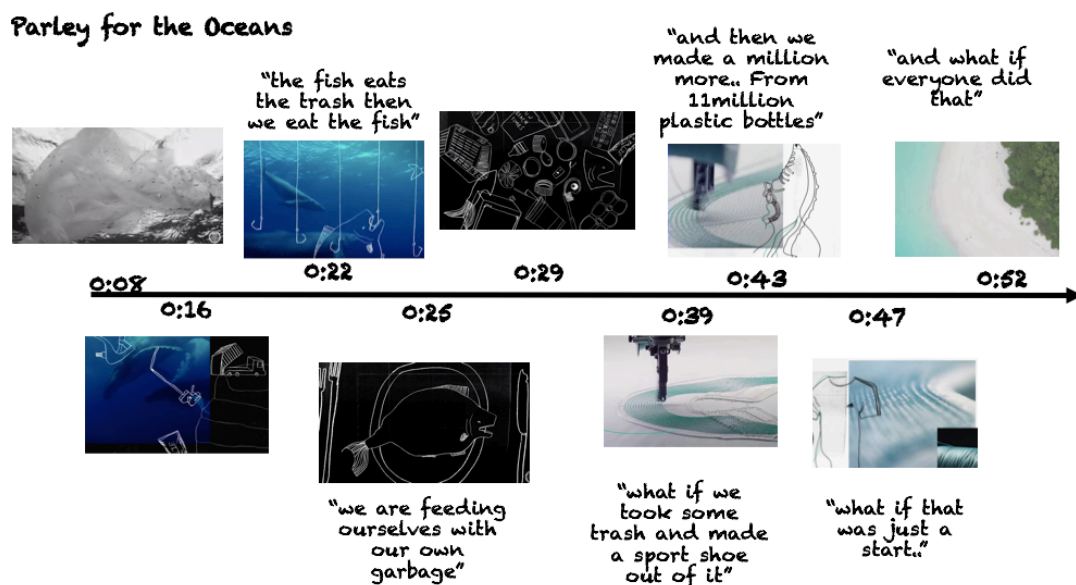


*Source: NVIVO visualization from collected data*

### Question 18: Most memorable parts of Parley video

In question 18, we asked the interviewees to point out the parts of the video they found most memorable. The timeline below presents the most commonly picked highlights of the video:

Figure 23: Visualization of Adidas Parley - From Threat into Thread YouTube video



*Source: Images from Adidas Parley promo video. Design: Own work.*

For more than half of the experimental group the description of the vicious cycle of plastic was the most memorable part; it shows how our plastic ends up in the oceans, how fish eat the trash and how we eat the fish. For 18 people the most shocking and memorable part was a fish exploding on a plate, revealing it was full of our own trash. Many other participants also talked about the same concept but on a broader level; they mentioned that we realized neither how much we were polluting our planet nor that we were harming ourselves in the process as well.

A lower number of the respondents, around 20%, did not focus on environmental aspects when discussing most memorable parts of the video, but talked about the side of production more; they remembered how plastic was fished out of the water, changed into a thread, and turned into shoes or fabric. 3 people found it most fascinating that shoes could be made out of recycled plastic, as they had been unaware of the idea before. Finally, 2 people pointed out that the scene they found most memorable was the clean coastline scene at the end of the video that showed a glimpse of what could be achieved if everyone did what Adidas was trying to do.

### **Showing the Futurecraft 4D video**

After watching the video about the Parley project and answering questions about it, the experimental group watched the video presentation of the Futurecraft 4D project. The video can be accessed via the link: <https://www.youtube.com/watch?v=DFtVF2DdSuM>

### **Question 19: Participants' brief summary of the Futurecraft 4D project's main idea**

Like in the case of the respondents having been asked to summarize the idea of Parley, all of the experimental group respondents understood the main idea of the Futurecraft 4D project. The vast majority pointed out the new innovative technology and 3D printing of shoes, there was, however, some confusion about how exactly 3D printing of shoes was done, as for most people 3D printing was technology they were not completely familiar with. Nevertheless, everyone summed up the basic concept quite well, which helped in further questioning and analysis.

### **Question 20: Participants' thoughts about the Futurecraft 4D project**

After having seen the video about Adidas Futurecraft 4D and having learned how leveraging the use of 3D printing technology could result in customized footwear, the participants within the experimental group were asked to share their thoughts about the Futurecraft 4D project. Their answers were divided into positive, indifferent or negative. Similarly to answers about the Parley project, the majority, 34 participants (89%), conveyed positive thoughts about the Futurecraft project. On the other hand, 3 people, representing 8% of all respondents, perceived the Futurecraft project in a negative way. 1



participant (3%) was indifferent about the project. Most associated phrases are collected in Table 6 below.

*Table 6: Thoughts about the Futurecraft 4D project –after the experiment (Q20)*

What are your thoughts about Futurecraft 4D project?	Most associated phrases
<b>Positive (89%)</b>	super interesting, innovative, enable athletes reach better results, customization, different needs and fit, interesting technology, good for health, hope it becomes a future and it's affordable for everyone, new concept, designed for the perfect fit, amazing innovation, never heard of anything similar, trend of customization, something new in manufacturing, inspiring, would love to know more, perception change, Adidas bringing innovative products, would love to have the shoe, foot disabilities, impressed, seem impossible, huge innovation improvement, unique sole, added value, phenomenal project and product, out of the box, beginning of something new, hard to realize, interested about the waste in comparison to normal manufacturing process
<b>Negative (8%)</b>	Interesting idea but too futuristic, not into technology, don't care for my shoe is made, environmental effect not showcased in the video, produce more trash, not recycling material
<b>Indifferent (3%)</b>	interesting project, but not aware what 3D printing actually means

*Source: Own work.*

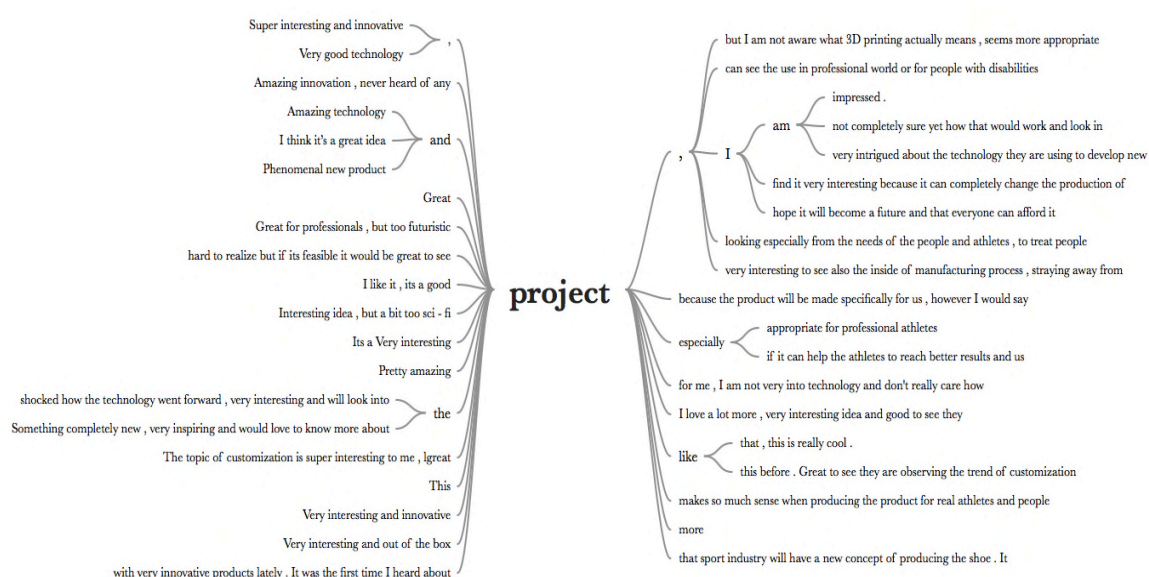
The majority of the participants (89%) expressed positive thoughts about the Futurecraft 4D project. They were impressed by the new manufacturing process and by the idea of customization. They also expressed their hope that the project would become the future and that everyone could afford its products. They perceived the project as an amazing innovation and stated that they had not heard or seen anything similar before. 1 person mentioned that his perception towards the brand changed in a positive way as Adidas was launching innovative products and bringing them to market. 10% of the participants also mentioned that they would love to hear more about the project and would love to buy and use the product themselves.

In general, the participants found the Futurecraft 4D project inspiring and innovative. Even though 3 respondents pointed out that the project seemed hard to realize and that the products would probably demand a high price, the vast majority still perceived it as highly beneficial to both true athletes and ordinary people. More than 30% of the participants expressed excitement about customization, with some of them pointing out the positive health effects that soles tailored specifically to each individual could have. 2 people stated that the technology was especially appropriate for people with foot disabilities and people who had trouble finding the right footwear size and fit. Although their thoughts about the

project were generally positive, some respondents were wondering how much waste 3D printing produced in comparison to the standard manufacturing process and how it impacted the pollution of the environment overall.

8% of the participants conveyed negative thoughts about the Futurecraft 4D project. They described it as an interesting idea, but they felt it was too futuristic and scientific for them, as they were interested only in how their shoes fit and not in how they were made. One participant stated that there was no extra value in seeing how the shoe was made, since environmental effects of the manufacturing process were not shown in the video. There was concern that such a manufacturing process would produce even more trash and unrecyclable material. Finally, 1 participant (3%) did not indicate either positive or negative thoughts, stating that while Futurecraft was an interesting project, she was indifferent towards it because she did not understand the process as she was not familiar with the meaning of 3D printing.

Figure 24: Word query – thoughts about the Futurecraft 4D project (Q20)



Source: NVIVO visualization from collected data

Similarly to the Parley project word cloud, the word cloud below shows the terms most commonly mentioned when the interviewees were asked about the Futurecraft 4D project. The most common words were *project*, *interesting*, *like*, *think*, *great*, *shoe*, *amazing*, *really*, *good*, *technology*, *customization*, *something*, *innovative*, *people*, *product*, *process*, and *athletes*.

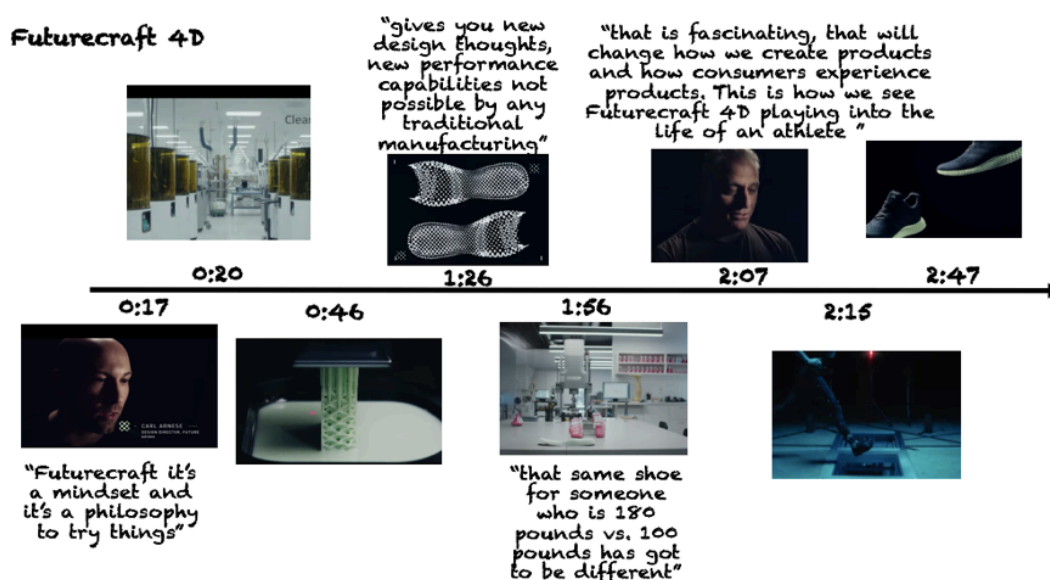
Again, we can observe both the overall positive thoughts about the project – through words such as *interesting*, *great*, *love*, *amazing*, *better*, *super*, *interesting*, and *good* – and key terms connected to the project (*customization*, *technology*, *personalized*, *athletes*,





new era in shoe production. They also mentioned the interesting view of the Adidas design lab. A few respondents focused on potential future development of products, and thought it would be fascinating to observe how it would impact the lives of athletes.

Figure 26: Visualization of Futurecraft 4D – Create YouTube video



Source: Images from Adidas Futurecraft 4D promo video. Design: Own work.

Following the associations focused on material and production, the next most remembered aspect, picked by 6 people, was the possibility of shoe customization. 3 people said they best remembered that shoes would not differ only by shoe size but would also be specifically customized for each customer's body type. 1 respondent mentioned that the girl running on the measuring machine was the moment that stood out the most. Other memorable moments, each mentioned a few times, were: how shoes were spinning in the air, how excited the speaker was about his job, and how the girl landed on her heel, which was not the correct way to run; even the dramatic music and good cinematography of the video were mentioned.

## Question 22: Overall feelings towards the brand - after the experiment

Similarly to question 12, the participants of the in-depth interviews were asked to describe their overall feelings towards the Adidas brand after having familiarized themselves with the projects that the Parley and Futurecraft 4D videos had showcased. Only the participants of the experimental group (38 respondents) answered the question.

The aim of the question was to analyze if overall feelings towards the Adidas brand and their perception of the brand were impacted or changed in any way after the participants

had familiarized themselves with the latest innovation projects of the company. As seen from the answers to question 12, which both the experimental and the control group had answered, 79% of the participants had expressed positive feelings towards the brand, 12% of participants had expressed negative feelings, and 8% of participants had been indifferent before the experiment. After seeing the 2 experimental videos, the experimental group participants were asked to describe their overall feelings towards the brand again.

The results clearly show that the videos had a dramatic effect. The number of the experimental group participants showing positive feelings towards the brand rose to 35, or 92%. The percentage of the respondents showing neutral feelings towards the brand within the experimental group remained at 8%, with 3 people saying they felt indifferent towards the brand. It is important to note that after having seen the videos, none of the experimental group participants mentioned having negative feelings towards the brand, while 12% of respondents (from both groups combined) had expressed mostly negative feelings towards the brand before the experiment. In Table 7 below, new most associated words are presented:

*Table 7: Overall perception of the Adidas brand –after the experiment (Q22)*

Overall feelings after the experiment	Most associated phrases
<b>Positive (92%)</b>	Very impressed, love/like/adore the brand more, pleasant surprise, new technologies, covers consumer needs, care for the environment, new products, decrease pollution, leader in innovation and sustainability, action taker, better environment, important player, feel engaged, advantage, innovative brand, interesting projects
<b>Indifferent (8%)</b>	Good brand but boring designs, just re-launching core iconic products, still don't support large multinational companies, avoid large companies but step in right direction, perception is not changed

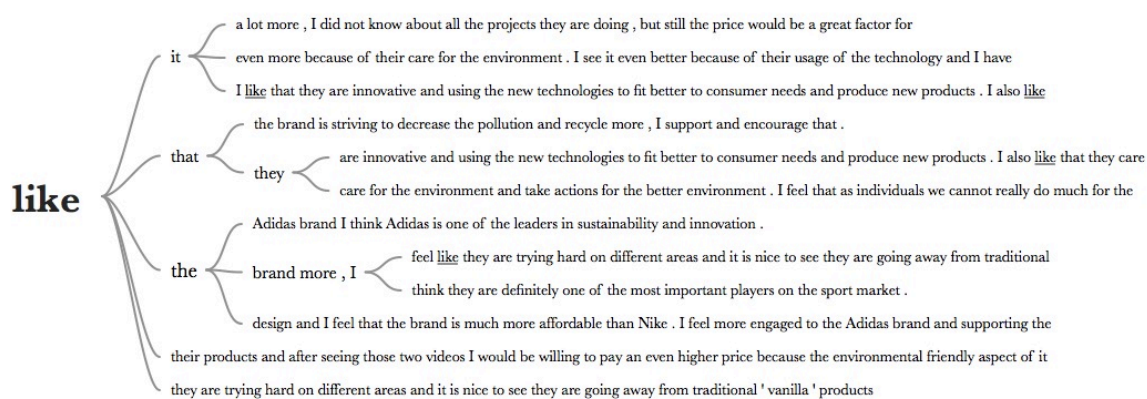
*Source: Own work.*

Familiarizing the in-depth interview participants with the innovation and the sustainable projects of Adidas resulted in a significant positive increase of the respondents' feelings towards the brand. After the experimental group participants had familiarized themselves with the Parley and Futurecraft 4D projects, the general feedback received was that they felt even more connected to the brand and that they saw the brand in a new light due to its care for the consumer and for the environment. The participants conveyed that they appreciated the company's intention to use technology in an innovative and sustainable way. They noticed that the brand was producing and launching new products not only to put them on the market but also to address the consumers' needs.

Some participants also mentioned that they would be willing to pay more for the brand's products as they had become familiar with the environmental aspect of Parley products.

Additionally, 7 participants expressed their surprise about the company's recycling efforts and its production of new products made of plastic waste from the oceans, stating that they had never seen anything similar on the market before, which, in their eyes, added value to the company. They saw the new products as a novelty on the market and as a huge innovation that would help Adidas become an innovative leader in the sport industry. On top of that, 10 participants conveyed that they loved the brand, with two of them stating that Adidas was operating with a 'best for the consumer' mentality rather than having only market share in mind. The brand's innovative attitude was something that most participants had not been familiar with before they saw the videos, and something they saw as a big advantage afterwards. In general, most of the interviewees were very pleasantly surprised and they consequently thought of Adidas very highly, appreciating what the brand was doing for society as well as seeing it as a brand of the future.

*Figure 27: Word query - positive perception towards the Adidas brand, after the experiment (Q22)*



*Source: NVIVO visualization from collected data*

3 experimental group respondents, or 8% of the respondents who answered question 22, described their feelings as indifferent. One of them felt that while Adidas was a good brand, it was simply re-launching some of their most iconic products, whereas 2 participants conveyed that while they were satisfied that Adidas was moving in the right direction, they would continue to avoid buying from large multinationals, as they did not support their business models.

## Ranking

It is important to note the change in ranking. Answering question 12, the respondents had ranked their overall feelings towards Adidas with an average ranking of 6.9, with 7 being the most commonly picked ranking. After the experimental group participants had seen the videos, they were asked to rank the brand again; the average ranking increased to 8.6 while the new mode was 10.

To test whether the difference between the means is statistically significant, the paired samples t-test was performed with statistical software SPSS. The null hypothesis claims that the means are not significantly different, whereas the 1-tailed alternate hypothesis claims that the difference between the means is statistically significant.

$$\mu_D = \mu_{BEF} - \mu_{AFT} \quad (1)$$

$$H_0 : \mu_{BEF} \geq \mu_{AFT} \rightarrow \mu_D \geq 0 \quad (2)$$

$$H_1 : \mu_{BEF} \leq \mu_{AFT} \rightarrow \mu_D < 0 \quad (3)$$

Observing the paired samples t-test result in Appendix 5, we can see that the p value is lower than 0.05, which means we can reject  $H_0$  and accept  $H_1$  and conclude that the means are significantly different. To rephrase, there is 95% confidence that the ranking of overall feelings before will be lower than the ranking after. This indicates clearly that the shown videos have had a positive impact on the overall perception of the Adidas brand.

### **Question 23: Perception on Adidas in terms of sustainability - after the experiment**

Question 23 is connected to question 14, in which the participants of the in-depth interviews were asked to describe whether they perceived Adidas as an environmentally conscious company. The experimental group was asked to share their views on the same matter after they had seen the presented videos, especially the project Parley video. The video shows how waste from beaches and coastal communities is intercepted before it reaches the ocean.

The results show that 97% of the experimental group participants (37) stated that they perceived Adidas to be more environmentally conscious than they had initially thought. Only 1 person expressed she still felt indifferent about whether Adidas was environmentally conscious or not. It is again important to note that none of the respondents perceived Adidas as less sustainable than they had perceived it beforehand.

The majority of the participants (97%) perceived Adidas as more sustainable after they had seen the Parley video and the recycling efforts of the company. 20 respondents stated that they were pleasantly surprised as they had previously not been aware of how much Adidas was doing to ensure a more environmentally conscious production process. They found Adidas' actions and projects, in which an effort was being made to make our planet cleaner by producing from recycled material, to be a step in the right direction. A few participants conveyed that they saw Adidas as a leader and an inspiration, and that they saw it having a long and bright future, full of new opportunities.

It was also often mentioned that it was good to see a brand as big as Adidas using its influence to increase awareness of environmental problems, since the company had major influence, could really make a difference and start the movement. 10 respondents found it very important that Adidas was starting such projects, as it was a highly influential company that set trends, especially with projects such as Parley for the Oceans, and in so doing pushed their competition in the right direction as well. A few interviewees believed the project is a sneak peek into how things would be produced in the future, and that it showed new ways and opportunities in the sport business.

On the other hand, some respondents still doubted how genuine Adidas' motives were, feeling that the brand was heading in a more sustainable direction only due to the fact that other brands were also doing that and the company did not want to lose more environmentally conscious consumers. 3 respondents expressed that they were skeptical of the Parley project being more than just another marketing trick of big multinational brands aimed at trying to win new consumers. Nevertheless, the same respondents stated that even if the brand's motives were not genuine, it was still better than nothing, as every step and every effort counted; they therefore still perceived Adidas as more sustainable than they had before.

5 respondents praised Adidas' actions from a business perspective as well; they described them as a win-win situation for everyone – for the consumer, the brand, and the planet – and stated that it was good to see how the company used the environmental cause to its benefit.

*Table 8: Perception change in Adidas being an environmental conscious company – after the experiment (Q23)*

How do you perceive Adidas in terms of sustainability after seeing the videos?	Most associated phrases
<b>More sustainable (97%)</b>	like the brand more, great efforts, environmental cause, in brands favour, sustainable direction, long and bright future, small step, great idea, nice surprise, amazing project, conscious, great initiative, leader, inspiration, increasing awareness, new opportunities, make a difference, cleaner planet, recycled material, future, new ways, even if marketing trick good to see, every effort counts, step in right direction, designing sustainable future, pushing competition
<b>Same (3%)</b>	nice to see, good job of marketing, but cannot see transfer to real world

*Source: Own work.*

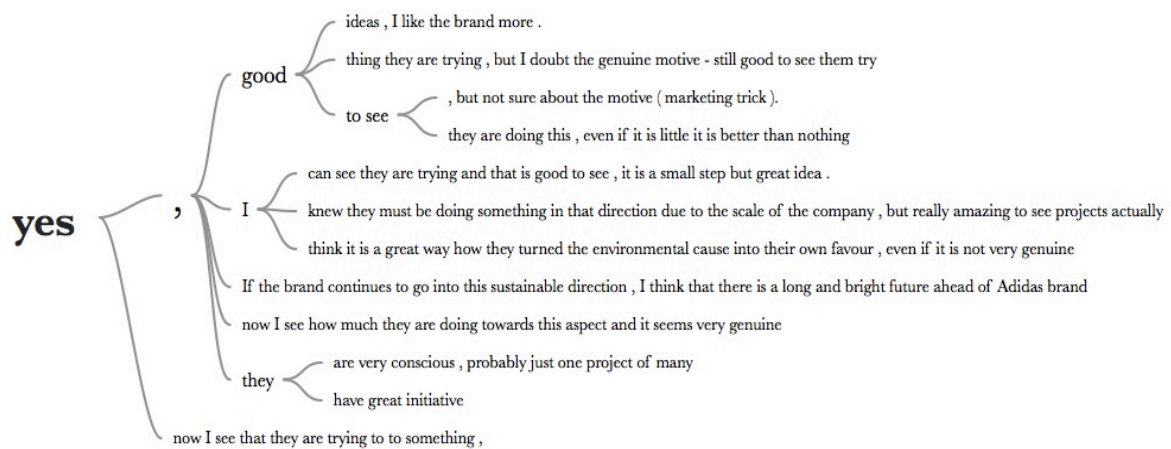
On the other hand, some of respondents still doubt how genuine Adidas motives are and feel they are heading into more sustainable direction just because other brands are doing so too, so they do not want to lose more environmentally conscious consumers. 3 of respondents expressed they are skeptical with the Parley project being just another



marketing trick of the big multinational brands that are trying to win new consumers. On the other hand, same respondents still stated that even if their motives are not genuine, it is still better than nothing as every step and effort counts, therefore they still perceive Adidas as more sustainable than before.

5 respondents praised Adidas actions also from business perspective, as they described it as win-win situation for everyone, the consumer, the brand and the planet, and stated that it is good to see how they had turned the environmental cause into their favor.

*Figure 28: Word query: perception change towards Adidas being environmentally conscious company - after the experiment (Q24)*



*Souce: NVIVO visualization from collected data*

On the other hand, one participant did not experience any change of perception regarding Adidas being a sustainable brand after having seen the experimental videos. The provided reason was that although Adidas was doing a great job in terms of marketing, there was still doubt about how much of what they were advertising could actually be realized.

## Ranking

In question 14, the respondents ranked their perception of Adidas being environmentally conscious with rankings of 1-10. The results show their rankings were very low, with a ranking of 2 being the mode and the average ranking being 4.5. After calculating new rankings provided by the experimental group participants, who rated Adidas again after having seen the videos, we noticed a dramatic increase. The new average ranking was 8.9 and a ranking of 10 was the new mode.

To test whether the difference in the means is statistically significant, the paired samples t-test was performed again, using SPSS. The null hypothesis claims the means are not significantly different, whereas the 1-tailed alternate hypothesis claims the difference

between the means is statistically significant.

$$\mu_D = \mu_{BEF} - \mu_{AFT}$$

$$H_0 : \mu_{BEF} \geq \mu_{AFT} \rightarrow \mu_D \geq 0$$

$$H_1 : \mu_{BEF} \leq \mu_{AFT} \rightarrow \mu_D < 0$$

As the result in appendix 5 shows, the p value is lower than 0.05, which means we can reject  $H_0$  and accept  $H_1$  and conclude that the means are significantly different. To rephrase, there is 95% confidence that the ranking of perception on Adidas in terms of sustainability before will be lower than the ranking after seeing the videos. This shows a clear connection between the respondents learning about the presented projects and a dramatic increase in their perception of Adidas as a sustainable brand.

#### **Question 24: Perception on Adidas as an innovative brand - after the experiment**

Question 24 correlates to question 13, in which the participants of the in-depth interviews were asked whether they perceived Adidas as an innovative brand. In question 24, they were asked to express their views again after they had seen the presented videos. Table 9 represents the most associated words with Adidas' innovativeness after the video viewing:

*Table 9: Perception change regarding Adidas being an innovative brand – after the experiment (Q24)*

How do you perceive Adidas in terms of innovation after seeing the videos?	Most associated phrases
<b>More innovative (92%)</b>	innovation leader, amazing projects, huge surprise, innovation in design, win the market, never seen before, complete innovations, right direction, 3d printing aspect, top player in sport industry, novelty, love idea of personalization, greatest benefit of customization, investments in innovation, not only design but also manufacturing innovations, huge increase in perception
<b>Same (8%)</b>	see effort now but not shown in products available in store yet, psychology commercial, still feel competitors ahead of Adidas, small part of all projects is innovative

*Source: Own work.*

The results show that 35 experimental group participants (92%) stated that they perceived Adidas as more innovative compared to their view of the brand before they had seen the experimental videos showing the Parley project and the Futurecraft 4D project with 3D printing technology. In contrast, 3 experimental group participants (8%) said that their opinion had not changed; they perceived Adidas as neither more nor less innovative after



they had learned about the company's innovation projects. Finally, none of the experimental group participants saw the brand as less innovative compared to their opinion before they had seen the videos presented in the experiment.

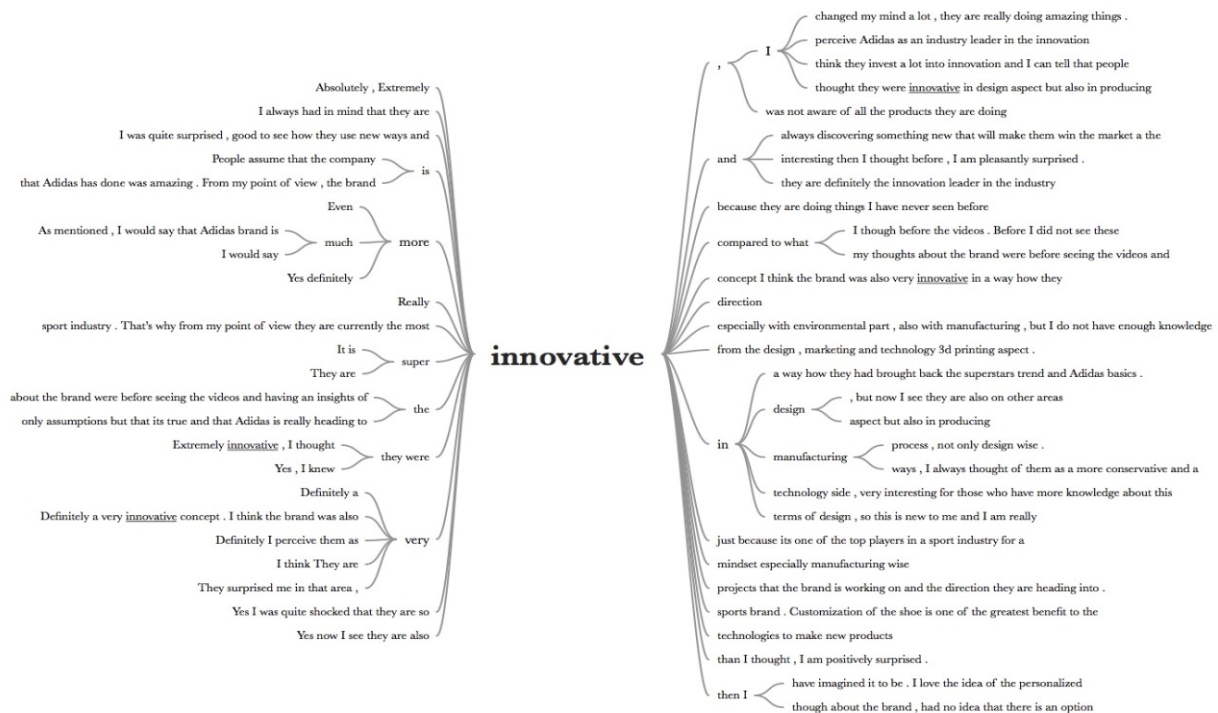
As seen in Table 9 above, 92% of the experimental group participants perceived the Adidas brand as more innovative after they had found out about the company's innovation efforts. The majority of this group of respondents mentioned that they were pleasantly surprised when they saw what Adidas was doing in terms of innovation and 10 of them stated they had previously been unaware of all the brand's efforts. They expressed that they saw Adidas as an innovation leader showcasing products they had never seen before. The general opinion was that they then perceived Adidas to be on a higher level when it came to innovation.

Some participants mentioned that they had previously had a nostalgic, conservative image of Adidas, but that they then saw that the company was evolving and that it was setting new trends as opposed to only following them. One person conveyed that after having seen that Adidas was not only re-launching old nostalgic models, such as Superstars and Stan Smith, but was also changing its manufacturing process, leveraging the usage of 3D printing to create something completely new and different, he then viewed the brand and its projects as being at a much higher level. It was also pointed out that the brand was approaching the sustainable aspect innovatively, as it was not only recycling waste, but also actively helping to clean the oceans. More than 15% of the experimental group respondents perceived the idea of personalized and customized footwear as one that could prove to be most beneficial; they also stated that many brands were changing and evolving into more customized production at the time, in contrast with the previous standard of general mass production.

For 8% of the experimental group respondents, the perception of the brand had not changed; they perceived Adidas in either a similar or the same way as they had perceived it before the experiment. They said that although the company was trying to be innovative and putting a lot of effort into it, the impact of its innovations was minor, since the showcased products were not yet widely available and since their price would probably be high. One participant claimed that the purpose of the presented videos was to affect consumers' perceptions psychologically, tricking them into thinking about innovation; diving deeper, however, revealed that Adidas continued to lag behind Nike in terms of innovation. It was also mentioned that since the presented projects represented only a fraction of Adidas' products, the company could not be seen as very innovative in general.

The word query in Figure 29 below represents the common thoughts and perception change from respondents towards Adidas as an innovative brand after seeing the videos.

Figure 29: Word query – perception change towards Adidas being an innovative brand, after the experiment (Q24)



Source: NVIVO visualization from collected data

## Ranking

In question 13, respondents were asked to rank how they perceived Adidas' innovativeness with rankings of 1-10. The results for the experimental and control groups combined were: an average ranking of 6.3 and a mode of 7.

After seeing the videos, the experimental group ranked Adidas' innovativeness again. Similarly to the 2 previous ranking question analyses, visible change could again be observed. The new average ranking rose to 9.3, while the new mode rose to 10, the highest overall ranking of the 3 aspects (overall feelings towards Adidas, innovativeness, and sustainability).

Despite the high ranking, statistical significance was again tested with the paired samples t-test, using SPSS. The null hypothesis claims that the means are not significantly different, whereas the 1-tailed alternate hypothesis claims that the difference is statistically significant.

$$\mu_D = \mu_{BEF} - \mu_{AFT}$$

$$H_0 : \mu_{BEF} \geq \mu_{AFT} \rightarrow \mu_D \geq 0$$

$$H_1 : \mu_{BEF} \leq \mu_{AFT} \rightarrow \mu_D < 0$$

As seen from the result in Appendix 5, the p value is much lower than 0.05, which means that we can reject  $H_0$  and accept  $H_1$ , and we can conclude that the means are significantly different. There is 95% confidence that the ranking of perception on Adidas in terms of innovativeness before will be lower than the ranking after seeing the videos. This is a great indicator that the experimental group participants changed their perception of the brand regarding its innovativeness after they had found out about the innovative projects of the company. A more detailed comparison is presented in the chapter Conclusion.

### **Question 25: Perceived impact of projects such as Parley and Futurecraft 4D**

The final question of the in-depth interviews was aimed at understanding the potential perceived influence of projects such as Parley and Futurecraft 4D. The interviewees were asked if they perceived any kind of impact of the presented videos – either on themselves as individuals, on the society in general, or on the planet Earth. The question was posed to the experimental group only, after the videos had been presented.

#### **a) Possible impact on you as an individual**

Focusing first on the potential impact on participants as individuals, we can see that 31 of 38 interviewees (82%) stated that they feel that videos showcasing the projects had an impact on them. 2 respondents, or 5%, were not sure if there was any impact, while 5 respondents (13%) stated that they do not feel influenced in any way.

The majority of the experimental group participants that answered affirmatively when asked about the videos' impact on them mentioned that the main impact of the projects was that they will pay more attention to the brand in the future. 15 respondents stated that knowing about the brand's projects made them more aware of the company and its current endeavours. 7 participants, or 23% of those who stated they perceive an impact, stated that the projects intrigued them and that they are interested in trying out the products. 12 people, or 39%, went even further and stated that they want to buy the products showcased in the video, showing their strong purchase intentions.

On the other hand, 2 people could not decide whether the projects had any impact on them. Both of them showed high sensitivity to price, stating that the projects made them more aware of the company but that they cannot talk about any impact, as they are not aware of the price of the shoes.

The 5 interviewees who said they do not perceive any impact at all on them as individuals offered various reasonings. 2 of them felt that the shoes are not accessible and out of their reach, 1 respondent stated that he feels that the shoes are more suitable for advanced athletes, which he is not, while 2 people stated that they do not perceive the projects having any influence on them, without providing a reason.

Table 10 shows the most associated terms with perceived possible impact on the individuals:

*Table 10: Do you think Parley and Futurecraft 4D have any kind of impact on you as an individual? (Q25a)*

Do you think Parley and Futurecraft 4D have any kind of impact on you as an individual?	Most associated phrases
<b>Yes (82%)</b>	Yes, more aware of Adidas and its projects, pay more attention to the brand, checking their channels more regularly, amazing projects, want to try out the products, curious about the price, feel good to help environment, wake up call, be more aware of brand when I need next sport item, like to be part of the direction brand is taking, want to buy the products
<b>Not sure (5%)</b>	Depends on the price, cannot say, perhaps more aware of the brand
<b>No (13%)</b>	Cannot see an influence, out of my reach, not accessible, more suitable for advanced athletes

*Source: Own work.*

#### **b) Possible impact on the society**

The next potential influence the interviewees discussed was the possible impact of the projects on society. The number of respondents who thought such projects would impact the society in general was even higher than in the previous question, as 35 of 38 interviewees (92%) answered affirmatively. 8% of the respondents were not sure, while none of the experimental group participants perceived no impact on society at all.

The vast majority of the respondents who perceived the projects as having an impact on society mentioned the increase of people's awareness as the key impact. They stated that as Adidas was a world-renowned brand, it had major influence on the industry and the consumers. 85% of the respondents said that the awareness of people would increase, especially concerning environmental issues, but also concerning the possibilities of new technologies, such as production based on 3D printing, which remained a mystery to many of them.

37% of the interviewees continued that the projects would not only increase awareness but would also change people's mindsets and would perhaps even influence behaviour; people

could make smarter purchasing decisions, they could recycle more or use less plastic, etc. Another commonly mentioned influence was the impact of projects on the brand's competitors and on industry in general. 22% of the interviewees felt that as Adidas was one of the most important players in the market, such projects would encourage or even force competitive brands to keep up with the brand and to launch projects addressing the same issues (especially environmentally conscious projects). The projects' impact on society would thus be even stronger, as many influential brands and industry leaders would move in the same direction.

The 3 participants who were not sure about the impact on society stated that while there could be an influence, they could not really answer 'yes' or 'no'. One of them said that he could see the influence of Futurecraft but not of the Parley project. Another stated that perhaps people would consider environmental issues more. One person opined that these projects alone would not have any impact on society, but that launching more products and collections, aimed in the same direction, could have an impact. To conclude, none of the interviewees had any negative thoughts about the impact of the projects on society; 35 of 38 respondents pointed out positive influences, while 3 respondents were not sure if any impact could be felt; even those, however, expressed no negative thoughts.

*Table 11: Do you think Parley and Futurecraft 4D have any kind of impact on society? (Q25b)*

Do you think Parley and Futurecraft 4D have any kind of impact on the society?	Most associated phrases
<b>Yes (92%)</b>	More and more people will be aware, increased environmental awareness, people will change mindset, less usage of plastic, get familiar with new technologies, more accessible to people, high influence of Adidas, high profile brand, heading into innovative direction, get the sustainable mindset closer to the consumers, close the loop, huge media following of the brand, other companies compete and launch similar products
<b>Not sure (8%)</b>	Maybe, perhaps more people will consider environmental issue, not really those projects but yes if they keep doing that in all collections, not sure, maybe Futurecraft due to versatility

*Source: Own work.*

### **c) Possible impact on the planet**

Lastly, the interviewees were asked about the possible impact of the projects on our planet. Fewer respondents answered affirmatively than in the previous 2 questions. 27 participants, or 71%, thought that the projects would have an impact on the planet. 4 respondents said that they could not see any impact and 7 respondents (18%) were not sure if there would be any impact.

The participants who answered affirmatively mostly pointed out the influence of the project Parley. They felt that Parley and other similar projects were taking steps towards a cleaner environment and a planet with less plastic and less waste. 4 respondents pointed out that such projects would help ecosystems and sea life in general. In addition, they also pointed out the increased awareness of people, which could result in changes of their behaviours and impact the planet as a whole. 25% of the respondents stated that while they saw the project's positive influence, they felt that because of its smaller scale it represented only a small step and would therefore not have a strong direct impact; they, however, pointed out the importance of other companies following the trend, which, they felt, would contribute to a greater combined impact.

4 participants, or 11%, answered that the projects would not impact the planet and described them as only »a drop in the sea«. They said the scale of the projects was too small for them to have any impact, with one person pointing out that Parley was only a single product line and therefore had very little impact, while another respondent mentioned that other sectors were bigger polluters. The respondents have, however, shared the positive insight that if more companies would have considered doing projects such as Parley, an impact could be felt. 7 interviewees could not decide if they perceived any impact. Their thinking was that the projects were very small scale but could nevertheless influence other companies to launch similar ones; they also thought that Adidas expanding its sustainable product lines could cause an impact. One person pointed out that the project was good, but as it was coming from a multinational company, its positive effects did not offset the company's polluting practices in other business areas. 3 respondents were skeptical about the scale of the project and about whether the motives behind it were genuine; they therefore could not decide whether they sensed any impact.

*Table 12: Do you think Parley and Futurecraft 4D have any kind of impact on our planet?  
(Q25c)*

Do you think Parley and Futurecraft 4D have any kind of impact on the planet?	Most associated phrases
<b>Yes (71%)</b>	Small step but in right direction, huge potential, leading the way, less plastic in oceans, more awareness, smaller carbon footprint, less trash and plastic contributing to cleaner planet, people change behaviors and has bigger impact, big brands following, well known brands influencing others and their customers
<b>Not sure (11%)</b>	Small scale of a project, but maybe long term, perhaps if there are more projects like this, cannot say, maybe not right now but perhaps in future
<b>No (18%)</b>	Project too small, still supports money-grabbing multinational company, drop in the sea of all pollution, just one product line of Adidas

*Source: Own work*

## 4.2 Segmentation profiles

As described in the chapters Sample characteristics and Sample and data collection procedure, the 68 respondents were divided into 5 different segments: Average sporty, Brand lovers, Sport addicts, Sustainable devotees, and Innovation enthusiasts. When segmenting respondents, their personal traits, interests, and behaviors were considered. The segments were chosen according to how strongly different interests were expressed by specific interviewees.

The first interest was a strong connection to sport; as Adidas is a sport brand, it was crucial to capture the thoughts of people who loved sport (Sport addicts segment). Additionally, innovative projects shown within the research are closely connected to either innovation or sustainability. During the research, the respondents with great interest in innovation or with strong devotion to environmental issues were observed and segmented into the segments Innovation enthusiasts and Sustainable devotees. When focusing on branding, some respondents bought sportswear and footwear from a specific brand only (either Adidas or one of its competitors); those represented the Brand lovers segment. Finally, the majority of the participants did not stand out in any way; those were segmented into the Average sporty segment. Detailed explanations and the results of each of the segments are presented in the segmentation profiles of each segment below; however, a brief overview of each segment is crucial for a clear understanding of overall results.

In the first segment were brand lovers, people who had a strong preference for a specific sport brand, most of them having bought products from the chosen brand exclusively. In the research, both respondents with strong preference for Adidas (Adidas brand lovers) and respondents with strong preference towards other sports brands (biggest competitors, such as Nike, Asics, Salomon, etc.) were included. Sport addicts, people with strong connection to sport, formed the second segment. The respondents in this segment spent the majority of their free time actively exercising and were well informed about sport equipment. Sustainable devotees formed the segment which was most focused on the environment. They were environmentally conscious and they tried to incorporate sustainable choices in their everyday lives. The respondents segmented as innovation enthusiasts were people who were strongly interested in technology, development, and innovations. They were tech-savvy and tended to be extremely intrigued by novelties on the market. The final and the broadest segment was the segment Average sporty, formed by the so-called “average Joes”, who tended to not stand out in any way in any of the aforementioned areas (sports, innovation, and environment).

Segmenting participants allowed us to pose the research question of whether the perception of different topics differs between segments. Providing a quick overview of the results, the tables below show the rankings of each segment compared to the combined average ranking of all the participants. This provides a general insight into how the segments differ from each other. Next, more specific profiles of each of the segments follow, explaining

the characteristics and specifics of each segment in more detail.

Focusing first on overall feelings towards the brand presented in Table 13, we can observe what later proved to be a trend: the rankings of the Average sporty, the Brand lovers, and the Innovation enthusiasts segments tend to be very close to the combined average, the Sport addicts segment ranked Adidas a bit higher than the combined average, while the Sustainable devotees segment ranked it significantly lower. This is connected to the fact that many sustainable devotees expressed general discomfort with multinational companies and their business models.

It is also worth mentioning that the differences in rankings within a specific segment were largest in the segment Brand lovers. The overall average ranking was lower than expected as the brand lovers segment included not only Adidas brand lovers, but also lovers of other brands – for example, several participants were huge Adidas lovers and therefore ranked it high, while brand lovers who preferred other brands (Nike or Asics lovers, for example) ranked Adidas much lower.

Observing the rankings collected after the experiment, we can see that the Sustainable devotees segment had the most significant leap of rankings, followed by the Average sporty segment, and the Sport addicts segment. Innovation enthusiasts changed their perception the least.

*Table 13: Rankings of overall feelings towards the brand – by segment*

Rankings – overall feelings towards the brand		
Segment	Before	After
Average of all participants	6.9	8.6
Average sporty	7.0	9.0
Brand lover	7.0	8.9
Sport addict	7.8	8.6
Innovation enthusiast	7.2	7.8
Sustainable devotee	4.9	8.0

*Source: Own work.*

Table 14 below shows changes of perception regarding innovativeness. Again, we can observe similar results of the segments Average sporty, Brand lovers, and Innovation enthusiasts, higher rankings of sports addicts and lower rankings of sustainable devotees. It is interesting to observe that in the Innovation enthusiasts segment, the average ranking of Adidas' innovativeness showing a significantly larger increase than the average ranking of overall feelings. Sustainable devotees was again the segment with the biggest change in rankings, increasing from considerably low 4.8 score to 8.8 after the experiment.



*Table 14: Rankinkgs of perception on Adidas' innovativeness – by segment*

Rankings – perception on Adidas' innovativeness		
Segment	Before	After
Average of all participants	6.3	9.3
Average sporty	6.3	9.2
Brand lover	6.6	9.5
Sport addict	7.6	9.6
Innovation enthusiast	6.3	9.3
Sustainable devotee	4.8	8.8

*Source: Own work.*

Table 15 below presents changes in perception of Adidas as a sustainable and environmentally conscious company. The 'before' average rankings were significantly lower than in the previous 2 cases, mostly due to the respondents having been unaware of Adidas' environmental efforts; for that same reason, we can observe a huge increase in the 'after' average rankings in every segment, most notably in the Sustainable devotees one, where the average ranking rose from 2.9 to 8.7.

Interestingly, in contrast to the 2 previous 'before' rankings of sport addicts, which were the highest of all segments', the segment's 'before' ranking of Adidas' sustainability was second lowest; only sustainable devotees had ranked Adidas' sustainability lower before the experiment. Finally, we can notice that rankings of all segments other than the Sustainable devotees segment are very close.

*Table 15: Joint rankings of perception on Adidas' sustainability*

Rankings – perception on Adidas' sustainability		
Segment	Before	After
Average of all participants	4.5	8.9
Average sporty	4.9	8.9
Brand lover	4.9	9.3
Sport addict	4.3	8.9
Innovation enthusiast	4.6	9.0
Sustainable devotee	2.9	8.7

*Source: Own work.*

We can conclude that there are noticeable differences between the segments' rankings of their overall feelings, of Adidas' innovativeness, and of the brand's sustainability. To better understand each segment though, segmentation profiles were constructed; they highlight the most important characteristics of each of the segments.

## Brand lovers

**Segment name:** Brand lover

**Quick overview of the segment before the analysis:** People in the following segment were grouped together due to their strong preference towards a certain sports brand. They were very loyal to the chosen brand and most of their sport footwear and apparel was of the chosen brand. For results to be most representable, both Adidas lovers and lovers of other brands were included in the segment.

**Sample characteristics:** Of the whole sample (68 people), 14 people, or 21%, were part of the Brand lover segment. In the experimental group (sample: 38 people), 8 people were brand lovers. Within the segment, some participants were chosen specifically due to their brand preference for Adidas while some were chosen due to their preference for Adidas most important competitors. 5 participants considered themselves Adidas lovers, 4 participants identified as both Adidas lovers and Nike lovers, while 5 participants chose a single competitor brand as their brand of choice (4 Nike lovers, 1 Mizuno lover).

Hypothesis regarding the segment before the analysis:

- Brand lovers have a strong preference for one specific brand
- They will choose the same brand again for their next purchase.
- Adidas lovers know the brand very well and are aware of its innovations, marketing campaigns, and ambassadors.
- Brand lovers of other brands are less impressed with presented innovations than other participants (lower average ‘after’ rankings of all 3 aspects)

## Results

We first assumed that brand lovers would have a strong preference towards one specific brand. While the results confirmed that brand lovers did have a brand preference, they did not necessarily have only one brand of choice. Whereas the majority of brand lovers (58%) chose a specific brand only, 42% of them stated that they loved 2 brands and not only one. However, all the participants stated that they were loyal to the chosen brand or brands only and that they did not try out products from other brands. The answers about which brand the participants would choose for their next purchase supported both the first and the second hypotheses. All participants with a single brand of choice would choose that brand again, while the participants who preferred 2 brands would choose one of the 2; for example, if they stated that they only bought Adidas and Nike products, they would choose Adidas only when making their next purchase.

*“I love Adidas, I always buy that shoe brand and I usually go directly to the Adidas store.”*  
– PP

Since brand lovers were fans of a specific brand, we next posited that they knew the brand very well, including its innovations, its marketing campaigns and its ambassadors. Surprisingly, collected data supported the assumption only partly. Adidas lovers were indeed very familiar with the brand's ambassadors, as they all pointed out at least 2 of them, more than the respondents from other segments, the majority of which pointed out only one or none at all. Additionally, Adidas lovers were the only ones to mention any of the Adidas marketing campaigns. However, even though Parley shoes had been available for more than a year and although Futurecraft 4D had recently been present in advertising channels, none of the Adidas lovers were aware of the products nor did they point them out as innovations; therefore, we cannot say that Adidas lovers were more aware of Adidas innovations and assortment. Additionally, when asked about recent innovations of the company, only 3 Adidas lovers mentioned Adidas Boost technology, while the rest did not mention any innovations; we therefore cannot state with certainty that their knowledge about every aspect of the brand was much better than that of other interviewees.

*"I usually check only Nike and Adida, because they are most known and popular brands, but I also consider the design and the fit." – MS*

As already mentioned in the discussion of rankings, rankings within the Brand lovers segment varied more than within other segments. We posited that the participants who chose a brand other than Adidas would be less impressed by the presented videos and would therefore rank their overall feelings and the brand's innovativeness and sustainability lower than other participants. Collected data supports the hypothesis, as after seeing the videos, lovers of brands other than Adidas ranked their overall feelings towards Adidas with an average ranking of 8 (combined average: 8.6), their perception of the brand's innovativeness with an average ranking of 8.3 (combined average: 9.3), and Adidas' sustainability with an average ranking of 8.6 (combined average: 8.9). However, it is important to mention that their 'after' rankings were significantly higher than their 'before' rankings, which shows that even though they were loyal to other brands, discovering innovative products of a competitive brand had a significant impact on them.

*"Now I think much highly of the brand. Very interesting. I was not aware of all projects the brand's projects." – TK, former Nike lover*

## **Sport addicts**

**Segment name:** Sport addict

**Quick overview of the segment before the analysis:** People in the Sport addicts segment were grouped together due to their strong preference for sport activities. They were very active and athletic, they loved working out, and they spent most of their free time exercising.

**Sample characteristics:** Of the whole sample (68 people), 11 participants, or 16%, were

segmented as sport addicts. 7 people in the experimental group (sample: 38 people) were part of the Sport addicts segment.

Hypotheses regarding the segment **before the analysis**:

- Sport addicts are extremely active, exercising more frequently than other segments.
- They have a strong brand preference.
- When buying new sport footwear, they pay more attention to the functionality of the footwear than to other factors.
- On average, they follow innovations on the sport market more frequently than other participants.

## Results

The first assumption about the segment was that sport addicts were extremely active and that they tended to exercise more frequently than other participants did. The results confirm the hypothesis beyond a shadow of a doubt, as all sport addicts exercised at least 5 times a week and the majority of them exercised even more often, many of them even every day. The participants in other segments exercised 2-3 times a week at the most, which shows that sport addicts devoted more of their free time to sport activities.

*“I play rugby at least 6-7 times a week in an international team and I also run or go to the gym 3-4 times per week.” – JU*

Focusing on brand preference next, we assumed that sport addicts had a strong brand preference, as they should have been aware of what was on the market, which shoe model fit them best and they also should have had a previous positive experiences with different brands. The results show no strong proof of the hypothesis, as only 54% of sport addicts did have a preference when asked which shoe they would buy next, while 46% of them stated that they had no preference at all; they would go to a store and try out products of different brands.

*“I buy what fits my feet best. If it’s an innovation, great, if not, also great.” – UK*

The next assumption was about the contributing factors when buying new sport shoes. The hypothesis posited that sport addicts would pay more attention to the functionality of shoes (fit, comfort, stability, quality) than to other factors (price, design, sustainable materials, innovation, etc.) The collected data supported that claim as their vast majority pointed out fit and comfort of the shoes as the most important factors, whereas other factors were mentioned less often; of other factors, design, pointed out by 25% of the respondents, was mentioned most often.

*“...Special unique function or type of material that affects the performance.” – NN on added value of sport footwear*

Finally, as sport addicts were so strongly connected to sport, we hypothesized that they would follow innovations on the sport market more frequently than other participants would; therefore, they should have in general known more about the novelties on the market than other respondents should have. That was proven to be true, as only 27% of sport addicts (compared to the average of 46% of all interviewees) had not come across any innovations recently; the vast majority (73%) had come across a sport innovation recently and were able to describe it in the next question.

### **Innovation enthusiasts**

**Segment name:** Innovation enthusiasts

**Quick overview of the segment before the analysis:** The participants segmented into the Innovation enthusiasts segment exhibited a strong interest in innovation in many aspects. They were intrigued by new technologies, were tech-savvy, and had passion for technological devices, innovative products, and novelties on the market (not necessarily in the sport segment only).

**Sample characteristics:** Of the whole sample (68 people), 9 people, or 13%, were categorized as innovation enthusiasts. In the experimental group (sample: 38 people), 4 participants were grouped into the segment.

Hypotheses regarding the segment before the analysis:

- All innovation enthusiasts follow the latest innovations on the sport market.
- They are more likely to come across innovations via channels connected directly to innovative products.
- The main value added that can convince the segment to pay more for a pair of shoes is their perceived innovativeness.
- Before seeing the videos, their average ranking of Adidas' innovation would be higher than that of other segments, as they should be more familiar with the innovations on the market.
- Innovation enthusiasts will be more impressed with the Futurecraft 4D project than with the Parley project.

### **Results**

The first two assumptions addressed innovations on the sport market and how the interviewees found out about them. The results show that the first hypothesis was not supported by our data as not all innovation enthusiasts had come across an innovation on the sport market recently. Innovation enthusiasts pointed out that while they were passionate about new concepts and technologies, sport was not their strongest interest in general. Nevertheless, the majority of the segment (78%) were aware of at least 1 recent innovation. We next posited that innovation enthusiasts found out about innovations

through channels connected directly to innovative products. When analyzing data to either confirm or disprove the hypothesis, we noticed that most tech enthusiasts tended to visit a number of technology portals, forums, or magazines. Almost all of them (10 of 11) mentioned at least 1 technology channel when describing how they found out about innovations. In comparison, only 1 person from other segments mentioned websites such as TechCrunch or other technology portals. The research thus confirmed the second hypothesis.

*“I check different websites on Technology and Innovation every morning, so yes; also I check out the main sport brand websites a lot and I can see a lot of retargeting ads as well.” – ZV on where he comes across innovations*

We next assumed that the main value added that could convince the segment to pay more for a pair of shoes would be perceived innovation. Collected data supported that hypothesis only partially. While participants in the segment mentioned special features and innovations more often than those from other segments, they did not feel that those features and innovations represented the main added value. Whereas 6 of 9 innovation enthusiasts did point out that the added value convincing them to pay more was a special feature they had not seen before, a special function of the shoe, or some kind of innovation, all of them mentioned other factors as well; perceived innovation was therefore not proven to be the main factor influencing their choice.

*“Exclusive design and technological features I have never seen before, special innovative materials” –NL on extra value of the product*

Regarding ranking, we posited that the Innovative enthusiasts segment would on average rank Adidas higher than other participants would before seeing the videos, as we assumed they were more familiar with innovations on the sport market and were therefore more aware of Adidas’ projects. The hypothesis was disconfirmed, as the segments’ average ranking was exactly the same as the combined average (6.3). One reason for the rankings being lower than expected was the fact that the vast majority of innovation enthusiasts struggled to point out any Adidas innovations they had recently seen; contrary to expectations, none of them had been aware of either of the presented projects beforehand.

Lastly, we assumed that in general innovation enthusiasts would be more impressed by the Futurecraft 4D project than by the Parley project. Our reasoning was that even though the Parley project did innovate by recycling ocean trash, its environmental aspect, rather than its innovativeness, was at the forefront of the project; on the other hand, the Futurecraft 4D project was based heavily on new technology. The results confirmed our assumptions as all innovation enthusiasts were very impressed with the Futurecraft 4D project and the 3D technology it uses, whereas they were not so keen on the Parley project; they described it as a good but small-scale project and they doubted whether the motives behind the launch were genuine as well.

*“I always thought that they were innovative only in terms of design, so this is new to me and I am really shocked how well they are using new concepts in their favor. Well done.” – ZV*

## **Sustainable devotees**

**Segment name:** Sustainable devotee

**Quick overview of the segment before the analysis:** The participants forming the Sustainable devotees segment were grouped together due to their strong awareness of environmental issues. They were well-informed about environmental problems and they tried to incorporate sustainable solutions in their everyday lives, purchase choices, and behavior; they were devoted to the sustainable way of living.

**Sample characteristics:** Of the whole sample (68 people), 11 participants, or 16%, were sustainable devotees. In the experimental group (sample: 38 people), 6 people were characterized as sustainable devotees.

Hypotheses regarding the segment before the analysis:

- All sustainable devotees state that the environmental aspect is very important to them.
- Sustainable materials are the main value added that can convince them to pay more for footwear.
- Regarding environmental consciousness, they would on average rank Adidas lower than other segments would.
- All sustainable devotees will be impressed with the Parley project.

## **Results**

Our first hypothesis was that all sustainable devotees would convey that the environmental aspect was extremely important to them. That was supported by the collected data as all 11 devotees described their high awareness of environmental problems and their efforts to be more environmentally conscious; for example, they tried to decrease their carbon footprint, they recycled, they were more attentive to how their products of choice had been produced, some of them changed their eating habits (veganism), etc.

*“Environmental aspect is extremely important to me, I try to support local and small businesses in shoe and clothing industry and in other areas as well” – BB*

Focusing on what the main value added that could convince sustainable devotees to pay more for sports shoes may have been, we assumed the answer would be sustainable materials. Similarly to the opinion of innovation enthusiasts, sustainable materials and production were important to the Sustainable devotees segment as 7 of 11 interviewees pointed them out, but they were again not the main and only influencing factors; other

influencing factors mentioned by the segment were fit, design, and extreme comfort.

*“I was happy to see that the environment is finally being considered seriously. I think it is more of a marketing trick but even so, it shows effort.” – ND*

Focusing on the rankings, we assumed the devotees would rank Adidas’ sustainability lower than other participants would. The hypothesis was proven indubitably, as the segment’s rankings of all three aspects were noticeably lower than the combined average. To understand the low rankings, it is important to mention that the majority of interviewees in the segment expressed their disagreement with business models of multinationals in general (not necessarily Adidas specifically), which without doubt influenced the rankings negatively.

*“The Parley project has really touched me and I will buy the shoes right away to support and encourage the movement for a better planet.” – JD*

Finally, we posited that all sustainable devotees would be impressed with the Parley project as the main issue tackled by the project was sustainability, which should strike close to the hearts and should therefore be important to them. The hypothesis was confirmed as all sustainable devotees were pleasantly surprised by the Parley project and described it as a great project and a step in right direction.

*“For me, it is important that a company’s manufacturing process is sustainable, that the company has acceptable labor conditions, and that it uses materials that are least damaging to the environment.” – PK*

## **Average sporty**

**Segment name:** Average sporty

**Quick overview of the segment before the analysis:** The Average sporty was the broadest segment. People characterized as average sporty were – as the segment name suggests – average in terms of their sport activity and did not stand out in any other way either. The segment was important; since the respondents had no previous strong feelings about any of the topics (sport, innovation, brand, and sustainability), the segment served as a benchmark.

**Sample characteristics:** Of the whole sample (68 people), 23 people, or 34%, were part of the Average sporty segment. In the experimental group (sample: 38 people), 13 people were characterized as average sporty.

Hypotheses regarding the segment **before the analysis:**

- Average sporty participants have no brand preference in general.
- They find out about innovations mostly by chance, either over social media or from



casual discussion with friends or family, since they are unenthusiastic about looking for them actively.

- They possess little knowledge about Adidas’s innovativeness, sustainability, or lack thereof and will mostly choose the answer ‘not sure’.
- In general, they do not stand out in any specific topic

## Results

The first hypothesis, that most of the Average sporty segment participants have no brand preference, was not supported by the collected data as the results show that only 35% of the segment had no brand preference, whereas 65% of the participants chose a specific brand for their next purchase.

*“I currently do sport very rarely due to lack of time, but I try to go to the gym at least twice a week.” – KK*

Our next assumption was that the participants in the segment found out about innovations from social media, friends, and family and that they did not actively search for innovations on websites, tech magazines, sport channels, etc. The collected data confirmed the hypothesis as all participants stated that they found out about innovations from either social media or from family and friends, with some mentioning ads or influencers as well.

*“I usually look for shoes that fit me well. They need to be comfortable. I usually take advice from sport shoe sellers.” – TM*

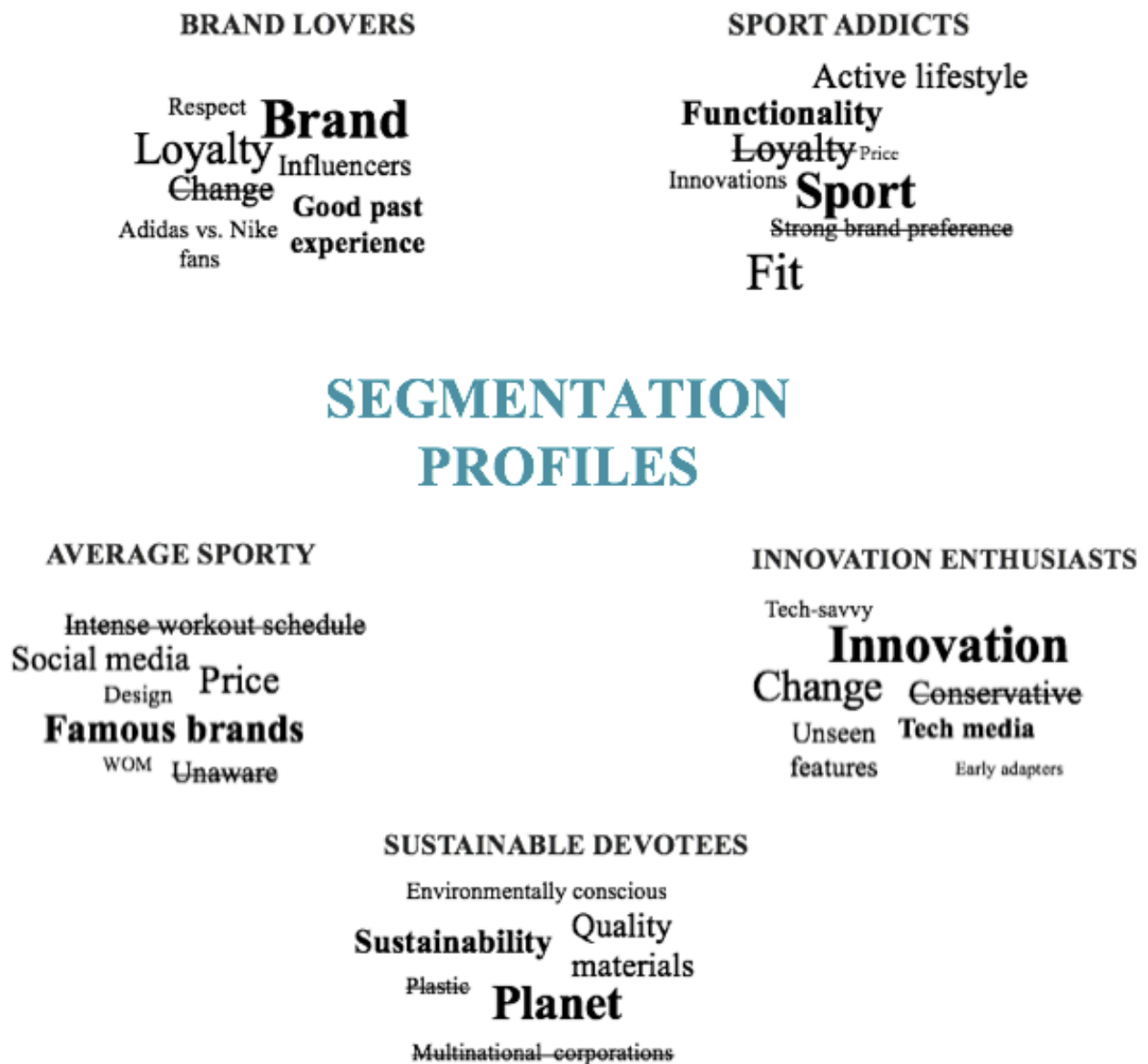
Focusing on the segment’s perception of Adidas regarding its innovativeness and sustainability, we hypothesized that the vast majority of average sporty participants would be unable to express their opinion regarding Adidas’ innovativeness and sustainability. The assumption was not supported by the results as the ‘not sure’ answer was picked only once regarding innovativeness and only 5 times regarding sustainability. Therefore, we can conclude that despite being characterized as average, the majority of the respondents were aware enough of the brand and its business to form either negative or positive opinions.

*“I have very positive feelings towards the Adidas brand and the same goes for Nike. I own many products of the brands and I adore their marketing because it sells not only the products but also the story; it is definitely something that impacts my purchasing decisions.” – JB*

The last assumption, the assumption that the Average sporty segment does not stand out in any way, was vague, but was made because by not standing out in any of the researched topics, the average sporty participants could serve as a benchmark, with their behavior representing the behavior of the majority of the population. The assumption was confirmed as even after thorough cross-checking, no specific topic that the segment would stand out in was found.

Figure 30 below visualizes the specifics, interests and traits of each of the segments – Brand lovers, Sport addicts, Average sporty and Innovation enthusiasts.

*Figure 30: Segmentation profiles*



*Source: Own work.*

## 5 DISCUSSION

### 5.1 Summary of main findings and future implications

The following chapter summarizes the most important findings of the research, which consisted of 68 in-depth interviews and which studied the potential linkage of innovation and brand perception of consumers on the example of one of the biggest players in the sport apparel market, Adidas AG.

It is important to first mention the fact that 90% of participants owned at least one Adidas product, be it footwear or apparel, which means that they were or still are exposed to the brand first hand, and that they were able to express their thoughts about the brand, as well as to describe their associations and experiences with it. Focusing on general overall perception of Adidas, the majority of the participants (79%) expressed positive feelings, which the average ranking of 6.9 (on a scale of 1-10) shows. The participants described Adidas as a brand with trendy, high quality products and as one of the leaders in the sport industry. Adidas was also seen as a nostalgic brand with long tradition and strong brand-driven storytelling. The most common associations that came to consumers' minds when thinking about the company were: the Three stripes trademark, the Adidas logo, Germany, Stella McCartney, and Adi Dassler. In addition, the majority of the participants were able to recognize at least one brand ambassador; Lionel Messi, Stella McCartney, and Kendall Jenner were mentioned most often.

The results show that Nike and Adidas were the brands most desired by consumers at the time; the brands were chosen by the majority of the participants when we asked them which sport brand they would buy if they were buying new sneakers. The most important factors for the consumers when choosing a sport brand were fit, design, and comfort. Although innovation was not one of the main factors influencing the consumers' choice of sport footwear, the majority of the participants followed the trends and technological innovations on the sportswear market; they discovered the novelties mainly via social media and WOM.

The majority of the participants had been familiar with the Adidas brand before the in-depth interviews were conducted, none of the 68 participants, however, had been familiar with the latest innovations of the brand, the projects Parley footwear and Futurecraft 4D. As the main aim of the thesis was to study how feelings towards a brand change after a consumer learns about innovative projects within the company, participants were shown videos of two innovation projects within Adidas. Parley and Futurecraft 4D both represent innovations; the first one innovates by using recycled material for producing sport shoes, the second one innovates in the manufacturing process with new producing techniques. Before the respondents were shown the videos, they had been asked to rank Adidas from 3 aspects: general feelings towards the brand, perception of the brand's innovativeness, and

perception of the company's sustainability. After seeing the videos, participants were asked to rank the brand again. The results show that the average ranking of their general feelings towards the company rose from 6.9 to 8.6. In addition, the average ranking of Adidas being an innovative brand increased from 6.3 to 9.3. The change in perception can also be seen from the fact that, after having seen the videos, the participants described Adidas as an innovation leader and a top player that would win the sport market with innovation concepts such as Parley and Futurecraft 4D. The majority also loved customization and personalization and saw them as the greatest benefits that a sport brand could offer the consumer.

Additionally, showcasing the Parley project resulted in a significantly more favorable perception of the company's sustainability, as its initiatives were welcomed with great approval and appreciation. Many saw Adidas as an inspiration and appreciated the fact that a multinational company was using its resources to spread awareness about environmental issues and was taking steps towards a greener planet. The difference between the 'before' and 'after' average rankings of the company's sustainability was the highest of the 3 analyzed aspects; the average ranking increased from 4.5 to 8.9.

The results of the research focusing on segmentation, presented in the chapter Segmentation profiles, show noticeable differences between the segments. The segment that deviated from the average the most was the segment Sustainable devotees; the group showed the biggest change in perception of the brand as well. Our results also show that learning about a brand's innovative products strongly correlates to consumers' perception of the brand and can potentially influence their behavior. According to the results, the participants were much more connected to the brand after having seen the videos and became aware of its projects; a vast majority of them expressed that they would pay more attention to the brand in the future so that they could be more aware of its launches and that they were curious to try on and buy the showcased products.

It is important to note that even though both projects have a consumer presence – Parley shoes have been on store shelves for a year already and Futurecraft has recently launched a strong marketing campaign – none of the respondents, not even the Adidas brand lovers, were aware of the projects. This indicates that while innovative products do change the perception of a brand, as our research shows, it is important for companies to make them visible and accessible to consumers by including the uniqueness and innovativeness of the products in their marketing communication. Our results show that despite the company's huge budgets for marketing and strategy aimed at positioning the brand as an industry leader in innovation, Adidas has not reached consumers with its marketing actions; the interviewees struggled to point out any recent innovation of the brand and were unaware of the products the videos showcased. In addition, observing the brand's current marketing communication we can see that the main marketing message is understandably mostly sales driven, whereas our results show that additional knowledge about the innovativeness and sustainability of companies matters to consumers. Adidas has already embedded these

topics into its core vision and into its mission, but consumers remain relatively unaware of the endeavors Adidas is undertaking to better help our society and our planet. According to our results, consumers are well-informed about the brand's product assortment but much less informed about what the company stands for.

Our suggestion is that Adidas should acknowledge the importance of the trends that matter to consumers more and should communicate them better not only to Adidas fans but also to other consumers. As our results show, even former Nike lovers changed their perception of Adidas to a more positive one. That shows the huge potential that increasing consumers' awareness of a brand's projects has and is worth looking into further; especially since we also show that a dramatic positive increase in the perception of a brand results not only in increased awareness of the company but also affects consumers' purchasing decisions.

## **5.2 Limitations and recommendations for further research**

As the thesis topic is very broad and covers a variety of aspects, the qualitative method was deemed to be the most suitable collection method for collecting key data. For that purpose, 68 in-depth interviews were conducted. The choice of the qualitative method was, however, also one of the limitations of the research, as qualitative data cannot be analyzed and tested for statistical significance; we therefore cannot make general assumptions regarding the topics, but are limited to assumptions based on the data collected.

The second potential limitation was also connected to the data collection method and to data analysis. By using qualitative research, we gathered much more insight than we would have gathered had we used quantitative research such as survey analysis; we were able to understand the broader picture by allowing respondents to talk about the subject freely. However, as the answers were not quantified strictly, we could predict that some bias in categorizing answers in broader clusters could be present. For that reason, the program NVIVO was used for qualitative analysis in order to limit potential mistakes and bias to a minimum.

Data sampling presented another limitation. As participants were divided into the experimental group and the control group, only 38 of 68 participants answered questions about potential change of their perception of the brand after the experiment, which means that a smaller sample was analyzed in that part of our research. It might be the case that due to the smaller sample, not all insights were collected, in contrast to the bigger 'before the experiment' sample.

The final recognized limitation lay in the fact that the participants were exposed to the innovative products via video only and were not able to see the products in person or try them out. The reasons for that were – that Futurecraft is not yet commercially available for purchase, that we did not possess Parley shoes, and that the majority of in-depth interviews were conducted via Skype call, which made an in-person experience unfeasible.

Our recommendations and implications for future research are the following: First, in-depth interviews can be used to conduct a quantitative survey in order to additionally test whether the findings are statistically significant. Second, a larger sample can be used, making each segment more representative. Finally, the research method can be applied to other companies in the sport industry in order to test how results change for other brands.

## CONCLUSION

Due to significant increase in technology and digitalization nowadays, innovation and differentiation are considered as a necessity for every company to survive and thrive. The master's thesis analyses the impact of innovation on a consumer's brand perception on the example of the sport company Adidas, which is operating in one of the most branded and competitive industries. With globalization in digitalization enabling corporations to enter new markets faster and reaching their consumers quicker and more accurate, rivalry among sport companies is stronger than ever. Consequently, being innovative is crucial for the company to stay on the market, fulfill its business goals and gain new customers.

Our thesis overviews the theoretical concepts such as branding, brand perception and key innovation concepts. When analyzing each of these terms, we can observe the importance of each of the concepts individually, however there is little research on potential linkage whether company innovativeness directly impacts the perception on the brand. The aim of the Master's thesis is to test what is the actual impact of the multinational's efforts of projecting innovativeness to the consumers - does it really have any influence on the customer's perception of the brand?

In order to answer the research questions above, theoretical and empirical research were conducted. The theoretical part includes an overview of secondary data, which we gathered by researching scientific articles, literature, and previous experiments on the topics of branding and innovation. It is clear from the theoretical part that, in isolation, both concepts have major impact on enterprises, but as the aim of our research was to analyze potential linkage between the concepts, we conducted 68 in-depth interviews, for which participants were divided into an experimental group and a control group. The main aims of the empirical research were – first, to understand the behavior and views of the participants concerning the aspect of sport, second, to study their feelings towards Adidas in different aspects (overall perception, innovativeness, and environmental consciousness), next, to familiarize them with the innovations of the company, and finally, to see how being familiar with innovations impacts their perception of the brand. Our results show a dramatic positive increase of the perception of the brand in the 3 researched aspects after the experimental videos were showcased. Not only did the respondents think more highly of the brand in general, the majority also felt more connected to the brand and expressed strong intentions of trying out more of their products. The impact was noticeable across all segments, even in the segment of sustainable devotees, which had previously held strong

negative views.

It was surprising to see that despite the fact that the participants were very involved with the brand – some even described themselves as Adidas brand lovers – they lacked knowledge of the innovations of the company. None of the participants were aware of the projects we showcased, even though the projects had had considerable market presence lately; additionally, the majority of the interviewees struggled to point out any of Adidas' recent innovations. As our results show, familiarizing consumers with a company's innovativeness positively impacts their brand perception, increases brand awareness, and implies potential positive change of consumers' future purchasing behavior. Considering the dramatic increase in positive perception in all 3 aspects across all segments, we conclude that it is crucial for Adidas and companies in general to raise awareness about their innovativeness and continue the innovative path Adidas is currently undertaking.

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## **APPENDIXES**



## **Appendix 1: Povzetek**

Veliko svetovnih blagovnih znamk, kot so Coca Cola, Disney, Adidas, Intel, Microsoft, Porsche in Toyota, opisujejo sebe kot inovativna podjetja in inovativnost izpostavljajo kot eno od svojih temeljnih vrednot (Papou in Quester, 2016).

Zaradi ostre konkurence na trgu, globalizacije in eksplozije razvoja tehnologije v zadnjih letih, se inovativnost in diferenciacija obravnavata kot nujnost za vsako podjetje (Tajeddini in Trueman, 2008). Inovativnost je postala predpogoj za konkurenčno prednost podjetja, preživetje in uspešnost podjetja (Jaehoon et al., 2010). A kako je trud podjetij za razvoj inovativnih konceptov sprejet v očeh potrošnikov? Kakšen je dejanski vpliv inovativnih konceptov na zaznavanje blagovne znamke?

Namen magistrske naloge je ugotovitev potencialne povezave in vpliva inovativnih konceptov na potrošniško percepcijo in dožemanje blagovne znamke na primeru enega izmed vodilnih podjetij v športni industriji – Adidas AG. Povzeto po Tong & Hawley (2009), je športna industrija ena najbolj konkurenčnih in znamčenih industrij na svetovnem trgu. Da bi svetovne blagovne znamke ustvarile in ohranile odnos s potrošnikom in posledično tržni delež, si prizadevajo odkrivati inovativne koncepte ter komunikacijo ob vsaki interakciji s potrošnikom (Chung, 2011). Če želi podjetje izstopati pred konkurenco, si mora stalno prizadevati za napredek. Le-ta je neizogibno povezan z inovacijami, ki predstavljajo enega glavnih virov konkurenčne prednosti (Prajogo in Sohal, 2006). V kontekstu trženja je inovativnost blagovne znamke pomembna, ker vpliva na nadaljnje vedenje potrošnikov ter potencialno tudi nakup inovativnega izdelka (Johnson in Puto, 1987).

Magistrska naloga je sestavljena iz dveh delov – teoretičnega in empiričnega. Teoretični del vključuje pregled literature s preučevanjem znanstvenih člankov in raziskav na izbranih temah. V teoretičnem delu se glavna tematika osredotoča na blagovno znamko, zaznavanje blagovne znamke, inovacije, inovacije v podjetjih in tekoče raziskave o povezovanju zaznave blagovnih znamk in inovacij v podjetjih. Temeljita raziskava sekundarnih podatkov je služila kot temelj za jasno razumevanje raziskovalnega problema z namenom podpore empiričnega dela magistrskega dela.

Empirični del je sestavljen iz zbiranja in analize primarnih podatkov. Zaradi obsežne narave problema je bila izvedena kvalitativna raziskava, ki je vključevala 68 poglobljenih intervjujev z eksperimentno in kontrolno skupino, ki služi v namen primerjave. Udeleženci intervjujev so bili razdeljeni v pet glavnih segmentov: občasni športniki, inovativni navdušenci, ljubitelji okolja, priseženci določene blagovne znamke in športni odvisniki. Poglobljeni intervjuji so sestavljeni iz treh delov in so eksperimentalni skupini prikazovali dva posnetka, dostopna na portalu Youtube: Adidas x Parley in Futurecraft 4D: Create – Adidas. Videa sta služila za seznanitev z najnovejšimi inovativnimi projekti podjetja Adidas, izsledki pa so temelj analize vpliva inovacij na dožemanje blagovne znamke

udeležencev v prej-potem eksperimentu.

Pri analizi rezultatov je razvidno, da je 90% intervjuvancev lastnik vsaj enega Adidas izdelka, kar nakazuje, da so že bili oz. so še vedno izpostavljeni blagovni znamki, torej imajo dovolj informacij, da lahko izrazijo svoje misli o znamki Adidas ter opišejo svoje izkušnje z njo. Velika večina intervjuvancev, natančneje 79%, je svoje dožemanje znamke Adidas opisala kot pozitivno z oceno 6.9 od 10. Udeleženci so jo označili kot eno od vodilnih znamk v športni industriji, ki sooblikuje trende ter proizvaja kakovostne izdelke. Najpogostejše asociacije, ki so prišle potrošnikom na misel ob besedi Adidas, so tri črte, logotip podjetja, Nemčija, Stella McCartney in Adi Dassler. Poleg tega je večina udeležencev lahko prepoznala vsaj enega ambasadorja blagovne znamke, pri čemer so bili največkrat omenjeni Lionel Messi, Stella McCartney in Kendall Jenner.

Rezultati kažejo, da sta pri anketirancih trenutno najbolj zaželeni blagovni znamki Nike in Adidas, saj sta bili le-ti za večino vprašanih prva izbira ob vprašanju, katero športno blagovno znamko bi izbrali ob primeru nakupa nove športne obutve. Kot glavne faktorje nakupa je večina intervjuvancev izbrala prileganje športnega copata, udobje in dizajn. Pri analizi vprašanj o seznanjenosti s športnimi inovacijami in trendi, se je izkazalo, da večina potrošnikov za novosti izve preko družbenih omrežij ali od ust do ust.

Pred ogledom YouTube videov o inovativnih projektih v podjetju Adidas nihče izmed 68 udeležencev poglobljenih intervjujev ni bil predhodno seznanjen z najnovejšimi inovacijami znotaj podjetja - projektoma Parley in Futurecraft 4D. Parley video je prikazal nov način uporabe recikliranega materiala za izdelavo športnih čevljev, Futurecraft 4D video pa inovacijo v proizvodnem procesu z novimi proizvodnimi tehnikami 3D tiskanja. Anketiranci so Adidas pred ogledom videov ocenjevali s treh vidikov - splošnih čustev do blagovne znamke, inovativnosti znamke in trajnostnega razvoja podjetja. Vsak izmed faktorjev je dobil oceno od 1-10. Po ogledu videoposnetkov je eksperimentalna skupina ocenila Adidas še enkrat. Povprečna ocena splošnih čustev in zaznavanja blagovne znamke Adidas se je po izvedenem eksperimentu povečala s 6.9 na 8.6. V vidika inovativnosti se je mnenje anketirancev prav tako korenito spremenilo, saj je povprečna ocena narasla s 6.3 na 9.3. Prav tako je moč opaziti tudi spremembo percepcije potrošnikov v dožemanju blagovne znamke kot vodilnega na področju trajnostnega razvoja in skrbi za okolje. Razvrstitvena razlika pred in po eksperimentu, ki analizira spremembo percepcije pri dožemanju podjetja kot prijaznega okolju, se je s povprečne ocene 4.5 pred eksperimentom povzpela na 8.9 po ogledu videa.

Ob ogledu videa Futurecraft 4D je večina vprašanih kot zanimivo izpostavila predvsem idejo personalizane športne obutve. Personalizacijo obutve vidijo kot eno največjih prednosti, ki jih lahko športna blagovna znamka ponudi potrošniku. Presenečeni so bili tudi nad inovativnostjo proizvodnje in sledenjem trendom pri uporabi novih materialov in tehnike 3D tiskanja. Predstavitev projekta Parley pa je povzročila znatno povečanje zaznavanja trajnostne naravnosti podjetja, saj večina potrošnikov prej ni bila seznanjena,



da Adidas upošteva trajnostne prakse v svojem poslovanju. Po ogledu videa je bil projekt pozdravljen z velikim navdušenjem in podporo. Mnogi so Adidas izpostavili kot navdih, cenili trud, ki ga multinacionalno podjetje vlaga v širjenje zavesti o okoljskih problemih, ter izpostavili, da stremi k inovativnim tehnikam pri proizvodnji športnih produktov za ohranjanje planeta.

Podrobnejša analiza segmentov kaže, da so opazne precejšnje razlike zaznavanja blagovne znamke med posameznimi segmenti. Značilnosti posameznih segmentov so povzete v segmentacijskih profilih, ki prikazujejo zaznavanja in mnenja o znamki Adidas vsake skupine prej in potem. Ključno je omeniti, da so, sodeč po njihovih ocenah, prav vsi segmenti izkusili bistveno spremembo v pozitivno smer, tudi ljubitelji konkurenčnih blagovnih znamk (Nike, Asics...) V povprečju so Adidas pred ogledi videa v vseh treh vidikih najslabše ocenili ljubitelji okolja, ki pa so po ogledu videa tudi najbolj korenito spremenili svoje mnenje.

Raziskava nakazuje, da ima ozaveščenost o inovativnih produktih in poslovnih praksah podjetja močan vpliv na zaznavanje blagovne znamke. Hkrati pa je pomembno omeniti, da kljub temu, da je vzorec anketirancev v povprečju dobro seznanjen s produkti podjetja Adidas, niti eden izmed anketirancev pred raziskavo še ni slišal za projekta Parley ali Futurecraft 4D. Presenetljivo je, da nihče izmed vprašanih ni poznal omenjenih projektov, čeprav so bili v raziskavo vključeni tudi izraziti ljubitelji znamke Adidas. Glede na to, da so v veliki večini odzivi po ogledanih videih izrazito pozitivno naravnani, je smiselno predlagati, da Adidas posveti več pozornosti in oglaševalskega proračuna za širjenje zavedanja o vrednotah in novostih podjetja, saj informacije o inovativnosti in trudu za boljše okolje sodeč po rezultatih raziskave ključno vplivajo na zaznavanje znamke v potrošnikovih očeh.

## **Appendix 2: Questionnaire – Experimental group**

Questions:

### **General, Innovations, Environmental aspect**

1. Tell us about sport activities in your free time
2. For what kind of occasions are you using different sports shoes? ex. running, basketball...
3. Where do you usually buy sports footwear and from which brands
4. What are the main factors to decide which brand of sports footwear will you buy; could you tell me more, as many factors possible?
5. If you were to buy a new sport footwear, which brand would you buy?
- 5a. Discuss why did you decide for that specific brand\*
6. Have you recently seen any specific innovation in a sportswear market? Can you specify which one / example
- 6a. Do you usually follow latest innovations on the sports footwear market?
7. Where do you find out about the trends or innovations within sport segment?
8. What is the added value convincing you to pay more than usual for the sports footwear? (ex. design, innovation, sustainable material, manufacturing standards...)

### **Adidas related questions**

Next questions will be related to a specific sport brand.

9. What are 3 words that come to your mind when you hear Adidas?
10. Can you recall any Adidas marketing campaigns or ambassadors? If yes, which ones?
11. Do you own any Adidas products? Specifically, shoes?
12. How would you describe your overall feelings towards the brand?
13. What is your opinion about Adidas being an innovative brand? (ranging, 1-10)
- 13a. If Answers yes: do you have any specific product or technology concept in mind?
14. Would you consider Adidas as an environmentally conscious company? Why yes/not? (ranging, 1-10)
- 14a. How important is an environmental aspect for you?
15. Are you familiar with the concept of Parley Footwear, 4D Futurecraft?
- 15a. If yes: where did you come across it?

Now we will show you a short video that run on YouTube **Adidas x Parley – From threat into thread.**

16. Could you briefly summarize the main idea of the project?
17. What are your thoughts about the project?
18. What was the most memorable thing you remember from the video? Why?

The second video we will show is **FUTURECRAFT 4D: CREATE – adidas**.

19. Could you briefly summarize the main idea of the project?
20. What are your thoughts about the project?
21. What was the most memorable thing you remember from the video? Why?
22. How would you describe your overall feelings towards the brand?
23. How do you perceive Adidas brand in terms of sustainability after seeing these videos?
24. How do you perceive Adidas brand in terms of innovation after seeing these videos?
25. Do you think that projects such as Parley and Futurecraft have any kind of impact on you in any sense? (on you, on the society, on the planet?)

### **Appendix 3: Questionnaire – Control group**

#### **General, Innovations, Environmental aspect**

1. Tell us about sport activities in your free time
2. For what kind of occasions are you using different sports shoes? ex. running, basketball...
3. Where do you usually buy sports footwear and from which brands
4. What are the main factors to decide which brand of sports footwear will you buy; could you tell me more, as many factors possible?
5. If you were to buy a new sport footwear, which brand would you buy?
- 5a Discuss why did you decide for that specific brand\*
6. Have you recently seen any specific innovation in a sportswear market? Can you specify which one / example
- 6a Do you usually follow latest innovations on the sports footwear market?
7. Where do you find out about the trends or innovations within sport segment?
8. What is the added value convincing you to pay more than usual for the sports footwear? (ex. design, innovation, sustainable material, manufacturing standards...)


#### **Adidas related questions**


Next questions will be related to a specific sport brand.

9. What are 3 words that come to your mind when you hear Adidas?
  10. Can you recall any Adidas marketing campaigns or ambassadors? If yes, which ones?
  11. Do you own any Adidas products? Specifically, shoes?
  12. How would you describe your overall feelings towards the brand?
  13. What is your opinion about Adidas being an innovative brand? (ranging, 1-10)
  - 13a If Answers yes: do you have any specific product or technology concept in mind?
  14. Would you consider Adidas as an environmentally conscious company? Why yes/not? (ranging, 1-10)
  - 14a. How important is an environmental aspect for you?
- Are you familiar with the concept of Parley Footwear, 4D Futurecraft?
- 15a If yes: where did you come across it?

#### Appendix 4: Parley newsletter example

Figure 1: New Ultraboost Parley footwear launched on earth day, 22.4.2018

[MEN](#)[WOMEN](#)[KIDS](#)[CUSTOMIZE](#)[STORE FINDER](#)



## ULTRABOOST PARLEY

A running shoe that delivers constant energy return, made with Parley Ocean Plastic™ - upcycled waste from beaches and coastal communities that is intercepted before it reaches the ocean.

[SHOP MEN](#)

[SHOP WOMEN](#)

## FROM THREAT INTO THREAD

Source: Adidas Newsletter, 2018

## Appendix 5: SPSS analysis – Paired Samples T-tests results

### T-Test

→ [DataSet1] C:\Users\Živa\Documents\Faks\IMB\Mercator Gluten-free\SPSS\MAGOverall1.sav

**Paired Samples Statistics**

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Overall feelings on Adidas: before	6,73684	38	2,401398	,389558
Overall feelings on Adidas: after	8,61	38	1,462	,237

**Paired Samples Correlations**

	N	Correlation	Sig.
Pair 1 Overall feelings on Adidas: before & Overall feelings on Adidas: after	38	,662	,000

**Paired Samples Test**

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Overall feelings on Adidas: before - Overall feelings on Adidas: after	-1,868421	1,803466	,292561	-2,461206	-1,275637	-6,386	37	,000

**Paired Samples Statistics**

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Perception on Adidas in terms of sustainability: BEFORE	4,4211	38	2,11343	,34284
Perception on Adidas in terms of sustainability: AFTER	8,9211	38	1,17131	,19001

**Paired Samples Correlations**

	N	Correlation	Sig.
Pair 1 Perception on Adidas in terms of sustainability: BEFORE & Perception on Adidas in terms of sustainability: AFTER	38	,374	,021

**Paired Samples Test**

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Perception on Adidas in terms of sustainability: BEFORE - Perception on Adidas in terms of sustainability: AFTER	-4,50000	1,99662	,32389	-5,15627	-3,84373	-13,893	37	,000

**Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Perception on Adidas being innovative brand: BEFORE	6,6842	38	2,06784	,33545
	Perception on Adidas being innovative brand: AFTER	9,2632	38	,92076	,14937

**Paired Samples Correlations**

		N	Correlation	Sig.
Pair 1	Perception on Adidas being innovative brand: BEFORE & Perception on Adidas being innovative brand: AFTER	38	,641	,000

**Paired Samples Test**

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Perception on Adidas being innovative brand: BEFORE - Perception on Adidas being innovative brand: AFTER	-2,57895	1,63792	,26571	-3,11732	-2,04058	-9,706	37	,000