

## Membership Breakout Room

At its core, the **NikePlus membership program** is about creating lifelong relationships with consumers. We're going to transform billions of consumer interactions across the Nike Network into 1:1 relationships that drive real value for those members and sustainable growth for Nike.

The membership experiences we talked about today are about providing the best personal service and closing the gap between inspiration and instant access to product - whether in store, on the streets or on a social channel. We'll give you an overview of some of our upcoming signature services, like **Nike Experts On-Demand, Nike Connect, SNKRS Stash and SNKRS Pass**. And we'll start with NikePlus.

**NikePlus Membership:** Is a lifelong relationship that serves every member personally, at scale.

Every member has a unique profile that lives across all Nike digital and physical touchpoints. It includes data the consumer shares with us like birthday, size, favorite athletes or Nike products. It layers shopping behavior and physical activity in our apps, stores or live events. Finally, members give us direct feedback and we listen. The more they engage with us, the better we can anticipate and serve their needs.

How does it work? First you need to become a member. The best and easiest way is to download the Nike app, our central hub for membership. This is where Members will receive the "**NikePlus Unlocks**", digital cards that provide personalized access to a number of member-only services and benefits.

NikePlus membership enables you to access a "**Nike Expert on Demand**" Unlock. Say you're a runner and you need some advice. You download the Nike App, complete your profile, and immediately reach out to an expert through "**Live messaging**" in the Nike app to get guidance and product advice from a highly qualified Nike expert. Our experts will recommend the right shoes and gear based on your level, goals and where you like to run. You'll get access to relevant events and motivation boosts to keep you moving. You can earn rewards and access to the newest and hottest products.

If you're a basketball fan, the purchase of your favorite team or player's NBA Connect jersey gives you access to member-only game highlights and inside stories. You will get "**Reserved For You**" opportunities to your favorite sneakers and chances at unique unlocks like Courtside tickets at Live Games. These personalized unlocks engage you as a member and build the habit of purchasing product directly from Nike.

We look to deepen members' engagement and connection to NIKE, expand their purchase breadth and frequency, and ultimately advocate for NikePlus membership. The more a consumer engages with the Nike App, the more value they unlock, with features like "**Early Access**" to our new product or access to our Partner experiences.

There are a few ways Nike will show love to its members and help them unlock their potential:

"**Nike Experts**". "**Exclusive Shop**". "**Reserved For You**" are three of our most powerful NikePlus Unlocks, delivering personalized value to every member, at scale.

Nike is leading the next generation of retail service. We are going to combine the rich data our NikePlus members give us and automation on our platforms, with a personal 1:1 connection to our experts. Imagine that we connect each of our NikePlus members uniquely with their own athlete, someone who knows you, can recommend the best of and advise on anything else you need -- a relationship that grows over time that you can come back to over and over again and extends across all of our channels, on-demand. This is game changing service, that will produce game changing business results.

To do this, we're creating a new physical/digital conversational retail relationship service, we call **Nike Experts On Demand**.

The **Nike Experts** are elevated store Athletes with unique responsibilities, additional training and their own unique expertise in sport and styling to deliver expert guidance via ongoing relationships with NikePlus members across our stores and in our Nike app.

Let's look at an example. Say you have a marathon on the calendar. Now, because you're a NikePlus member, you open your app, and send a message to your Nike Expert, who also happens to be a marathoner and former professional runner — a quick recommendation from him and one tap to purchase from your message. And when you're ready to start training for your next race, you'll ping your Nike Expert — this is the person who knows you, where you've been and where you'd like to go with the inside intel on the products that can help you get there.

Nike Experts can also engage our members via bookable Nike Expert Sessions in our stores. The Nike Expert Session is a high touch, personal service for members that provides advice, motivation, and the products they love to help them achieve their sporting goals. And, in a pilot we launched, consumers loved it, giving it a Net Promoter Score in the mid 90s. These Expert Sessions deliver an average bag size 3 times higher than our store average, and they convert more than 80% of the time. We see post service engagement numbers in the high 60s, which is over 5 times higher than the industry standard.

In November, we will launch conversational commerce with our Nike Experts in App, to continue your 1:1 service outside of the stores and extend the reach of our Experts across the entire Nike Digital grid.

We plan to scale this to a global fleet of Nike Experts by the end of FY19. Our NikePlus members will be able to chat with pros in all our geographies and meet them 1:1 in our stores — a seamless, ongoing relationship with your expert at Nike. This is personalized service at scale. Every interaction will feel faster, more personal and yield repeat purchases from long term relationships extended across every Nike direct channel.

The **NIKE SNKRS App** represents the most passionate of our sneaker community. It's the ultimate source for kicks, the epitome of Nike Direct and the crossroads of culture and community. The sneaker community is made up of hardcore hypebeasts and casual style seekers.

We have two goals for SNKRS with respect to Nike Direct:

- Add more members to the SNKRS platform.
- Scale more purchases from these members in a manner that leverages the sneaker community.

We're building features over the next year that will deliver on these goals. The first is called **SNKRS Pass**. SNKRS pass is a digital wristband that allows you to reserve your pair of shoes at any of our Nike stores or partner locations. Once you lock down your pair, you can pay and pick up at any store. With SNKRS

Pass, the SNKRS app isn't just a store to buy shoes online. It will be at the center of every Nike launch across the entire integrated marketplace. And with these members now on our digital grid, we'll be able to serve them more personally on a daily basis.

A few months ago, we launched a feature in the SNKRS app called **Stash**. And it's been very successful for us so far. Stash is like our version of Pokemon Go. It allows us to hide limited run sneakers digitally all over the city for our fans to discover.

This immersive experience allows us to sell thousands of shoes in just minutes. And Stash fundamentally disrupts the concept of waiting in line. Stash allows fans to wait and check out in pods of 2 or 3 – all helping one another get the shoe.

But how does it scale? How do you bring this to every kid in the world, not just those in an urban city. That's where **Stash Squads** comes in. Stash Squads allow fans in any city to join and watch a Stash happening in another city. And when your squad leader in New York finds the shoe, you get to buy it too.

We'll be launching Stash Squads and SNKRS Pass in the coming months. And when we do, you'll see more new members connecting directly to Nike to purchase shoes more frequently.

These are just two examples of the types of unique features we're building out of our digital studio in New York you'll see more in the coming year.

**NikeConnect** is the latest consumer innovation that instantly connects the consumer to Nike Direct, via the power of Nike's innovations in computer vision, near field communication, and image fingerprinting. NikeConnect brings consumers' digital and physical worlds together in ways no other company can:

- It will fuel growth by closing the gap between wanting a Nike product and buying it, wherever inspiration strikes.
- It will accelerate membership acquisition through our connected products, making membership easy and almost automatic.
- NikeConnect will transform our Consumers' physical worlds into personal, on-demand digital malls.

Let's go through some examples. Computer vision is pushing the boundaries of what a camera can do — fundamentally changing how consumers experience the world around them. Do you like the sneakers your friend is rocking? Nike Connect takes you from "I want 'em" to "Got 'em!" - instantly, anywhere, using your mobile phone. No more scrolling through search results. No need to check multiple sites. No more wondering "What are those?" or "Where can I get a pair?"

Wanting to buy a shoe but not knowing how to buy it, is one of our consumers' biggest friction points. They send pictures to us via social media, and they walk into our Nike stores holding up their phones with an image of a Nike product that they want to buy.

**NikeConnect** completely solves that problem. Point the NikeConnect camera at any Nike shoe and it will not only recognize the shoe but it'll let you purchase it, making it seamless transition from inspiration to satisfaction.

How does this work? To make this happen, we trained a proprietary network with images of the product while it's being manufactured. And since the "digital fingerprint" will exist before the shoe is released,

Nike Connect will recognize the shoe as soon as it's available – during the critical moment that demand for the shoe begins to peak. We will go back through our massive archive of products to fingerprint the favorites. There are roughly 5 billion Nike products in the world right now. With NikeConnect and the camera in your phone, each one will become shop-able.

We will pilot this in December in select Nike stores, and then we will proceed to scale it across our digital and physical footprint worldwide.

Let's look at another example. Nike's unique strength goes beyond our incredible products – Nike is an unparalleled storytelling powerhouse, constantly generating massively compelling creative campaigns that inspire and motivate the world with the power and emotion of sport. Now imagine a world where any one of those billions of daily media impressions can become actionable, from swooshes to brand marks to campaign taglines. The camera unlocks a whole new world of disruptive storytelling and experiences. What was a traditional media campaign is now transformed with embedded calls to action, bringing the consumer to Nike direct.

The last journey we will touch on is one of our most important, because it starts a lifelong relationship via NikePlus membership. The way in which we'll do that is through our digitally connected products. Every new product, regardless of where it's purchased, will have a built-in on-ramp to membership. IDC estimates that there will be 200 billion connected products by 2020. That's 26 connected products for every person on Earth. We anticipate Nike alone will ship 1.3 billion products in FY18. And we are at the forefront of this connected product revolution.

We recently launched the first **NBA Connect Jersey** with an embedded NFC chip. The consumer taps on the jersey with their phone and it brings the game and athletes closer with customized experiences and access to unique content and product. And, importantly, it gives him/her a compelling reason to become a NikePlus member and join the Nike Family.

Consumers love the new jersey, and the **NikeConnect** experience. We are excited to announce that we are expanding this to connected footwear next, starting with the iconic Air Force 1.

With **NikeConnect**, the consumer's mobile phone identifies the Nike product, recognizes the latest Nike marketing campaign, or reads its embedded chip. And this is just the beginning – all our products will eventually be connected. All our media will be enabled for recognition.

Now we can see a future where Nike is sensing, adapting, and anticipating the Athlete's needs. We look forward to launching **NikePlus membership** in North America in November.