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BY ELIZABETH SEGRAN

5 MINUTE READ

As a kid, if you needed a new pair of sneakers for school, your parents might take you to the mall, where you would survey the wall of new Nike, Reebok, and Adidas releases at a Foot Locker store. For the last 45 years, the retailer has been a go-to destination for shoppers looking for sneakers for the gym or the new school year. It currently has more than 3,000 retail locations across the country. But can the iconic mall brand survive the retail apocalypse and stay relevant in the fast-moving, digitally focused world of sneaker culture? Foot Locker is giving it a shot: After making a steady stream of strategic investments in the industry, the company is launching a sneaker-focused design incubator that it has been secretly building for the past few months.

Since the 1990s, athletic shoes have become a lot more than shoes for sports. They're now a marker of style, status, and identity: Sneakerheads all over the world build shoe collections, which they buy, trade, and resell in stores and in online marketplaces like Stadium Goods and StockX. All of this activity is big business: The global footwear industry is expected to reach **\$95 billion by 2025**. While Foot Locker is vying for a place at the center of sneaker culture, other brands in the industry are equally hard at work staying one step ahead of sneaker fans. [As I reported](#) earlier this year, Reebok is investing heavily in its Classics business, banking on vintage-sneaker lovers. Meanwhile, Nike is fully aware of how important sustainability is to millennials, so it's investing heavily in [shoes with smaller environmental footprints](#). Adidas, for its part, is working [to create the world's first sneaker](#) that can be completely recycled.



[Photo: courtesy Foot Locker]

At the heart of Foot Locker's plan for sneaker domination is Greenhouse, an incubator the company has been quietly building for the past year. The plan is for it to be a separate unit designed to gather insight about the current state of the sneaker industry to better respond to sneakerheads. Greenhouse will also offer services to other sneaker brands in the industry. "As a retailer that works with brands across the sneaker industry, we have a lot of insight into sneaker culture," says Mel Peralta, Greenhouse's team leader.

Foot Locker has been quickly expanding its reach over the last year through a series of investments. In February, it announced a \$100 million strategic investment in the sneaker resale marketplace [GOAT](#) and the shoe retailer [Flight Club](#). It has also invested \$15 million in the high-end women's activewear e-commerce site [Carbon38](#) and \$12.5 million in the kid's clothing brand [Rockets of Awesome](#), and it has put \$2 million into footwear design academy [Pensole](#). All of this allows Foot Locker to diversify its revenue stream while keeping its finger on the pulse of diverse and remote parts of the activewear and sneaker industries.

Meanwhile, Greenhouse is a kind of incubator and strategic consultancy rolled into one. The goal is to help Foot Locker get a leg up by using the company's internal data to come up with ways to better address the needs of sneaker buyers at every stage of the process, from retail to advertising campaigns.

The incubator has a couple of new programs in the works. Take, for instance, its new mentorship program. It will enlist an established player in the streetwear space (called a "Kingmaker," in the brand's parlance) to mentor aspiring new designers in the industry (called "Young Guns"). First up, is Treis Hill, who runs the New York design studio [Alike](#); applicants to the mentorship program will have the chance to work closely with Hill for several months if they're selected. This partnership may lead to new sneakers that Foot Locker will be able to sell in stores, but it also may not. Greenhouse's goal with the program is to keep the next generation of sneaker designers ensconced within the Foot Locker network. "The industry is so crowded right now," says Peralta. "It's hard for new voices to break through. We want to help cultivate the next generation of talent."

Greenhouse will help brands find artists and influencers to collaborate with. Among its many upcoming collabs, it has brought together New Balance with the French restaurant [Paperboy](#). The incubator will also offer companies opportunities to launch products and advertising campaigns through Foot Locker in unexpected ways, and generally help brands predict trends. "Youth culture is in constant flux," Peralta says. "It can be hard to keep up and keep responding. Our job is to stay focused on what is going on, and feed all of that information back to Foot Locker and our brand partners."

Greenhouse already has collaborations with major brands in the works. Adidas is currently working on [Speedfactory](#), a program in the United States and Germany that will localize manufacturing and use 3D printing to create new shoes in a matter of days or weeks. Greenhouse is helping Adidas create a line of sneakers using Speedfactory that will be tied to various cultural events throughout the year. For Hispanic Heritage Month this September, Greenhouse has brought together icons from the Latin American community to create Adidas sneakers that will be manufactured with Speedfactory. In December, Greenhouse will highlight the work of Dao-Yi Chow, the designer behind hip streetwear brand [Public School](#). Another still-under-wraps project has brought several brands together to create a project focused around sustainable product design.

By serving as a youth culture consultancy to other brands, Greenhouse has effectively created a new revenue stream for Foot Locker, one that is tied to the success of those brands. As a result, Foot Locker doesn't see itself as competing with these partners: Its success is now tied to the industry more broadly. "Basically, if the industry continues to grow and thrive, we win," say Peralta.

This strategy is totally unique in the industry, and could help Foot Locker succeed as a wildcard in the sneaker wars. Peralta, for one, is optimistic that it will help Foot Locker stay relevant to the next generation of sneakerheads. Ultimately, he believes staying ahead in the industry is about creating new

trends, not just responding to them. Much of Greenhouse's work is to listen to young people, to understand what they care about and what they believe is missing in the sneaker culture—and then create products and advertising that tap into those insights.

“Anybody who is familiar with sneaker culture will know that it is first and foremost about storytelling,” says Peralta. “Sneakerheads care about the stories behind sneakers and designers, and their own communities. To stay ahead, we need to keep telling these stories in new and creative ways.”

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