

The success of adidas' olympic games brand strategy

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At first glance, the dim forecasts which surrounded the merger of adidas and Reebok seem to have come true. For three successive years after the merger, adidas AG has yet to fully benefit from the expected synergies of the two companies, with Reebok steadily posting a negative growth in net sales and profits.

In 2007, for instance, the company posted a measly 2.1 percent sales growth, obviously dragged by reebok's low performance. (Adidas AG[a], 2007) As predicted, the main problem facing adidas is adeptly managing a brand portfolio especially with two highly similar brands and product offerings.

On the other hand, Adidas is currently launching a new promotional campaign based on the 2008 Olympics which has the potential to increase Reebok's presence in the Asian market and revive its faltering sales performance. Clearly, Adidas' Olympics themed promotional campaign is bound to have a positive impact in raising the company's brand equity especially in the Asian market. Undoubtedly, the Adidas Olympics campaign is a significant part of adidas' global strategy of penetrating and dominating the Asian market.

This strategy is primarily targeted at capturing a significant market share by ensuring adidas' presence and leadership in China, which is Asia's biggest market. As the official sponsor of the Olympics in China, adidas is able to communicate to the Asian market the company's corporate values of "a passion for sports and a sporting lifestyle." (Adidas AG[a], 2007) According to the company, the Olympic Games campaign with the rallying cry "

Together in 2008, Impossible is Nothing” is “ about rallying the nation and showing how the entire Chinese nation is supporting their athletes and the Games themselves.

” (Adidas AG[b], 2007) Likewise, the Olympic campaign builds on Adidas’ earlier brand motto, “ United by Sport” which reflects the company’s sporting culture. In this aspect, Adidas has an advantage over its rivals, particularly Nike, as adidas’ sponsorship of the Beijing Olympics not only associates the company with the symbolic meanings of sports and the Olympic Games but also complements Adidas’ forward integration strategy through the presence of 4000 adidas retail stores in China.

(The China Business Network, 2008) Hatch & Schultz (2001) note, for instance, that brand success is determined by the strategic alignment between company image, vision, and culture. (p. 5) Adidas’ participation in the Beijing Olympics guarantee a higher level of exposure and promotion of adidas retail outlets, while at the same time reinforcing adidas’ favorable image for Chinese and other Asian consumers. Meanwhile the primary threats to the success of adidas’ Olympics campaign are guerilla marketing tactics of rival companies and the controversies that prominent brands often attract from their participation in highly publicized events.

Svetlicic & Vial (2008) observe, for instance, that “ although Adidas is the official TOP sponsor for the 2008 Olympic Games, 22 of China’s 28 teams will be wearing Nike during their athletic performances. ” (p. 19) Hence, adidas’ most stringent rival may be employing a more cost-effective way of branding the Olympics through direct athlete sponsorships. Likewise, Wagner (2008)

warns that “ the sponsors of the Beijing Olympics are pursuing a risky, double-pronged strategy” by highlighting their presence in the games with Chinese consumers while downplaying this in the West.

However, adidas' Olympics sponsorships may be able to hurdle these challenges. For instance, Nike's guerilla marketing tactics may backfire among Asian consumers who might interpret Nike's branding efforts vis-a-vis its refusal to sponsor the Olympics as insincere and cheap. In contrast, sponsoring the Olympics differentiates Adidas culture and image from its rival Nike, as it could be seen as a sign of the company's commitment to sports. Likewise, adidas does not have the same baggage that Nike has in terms of being embarassingly associated with sweatshop labor, which could insulate it from controversies.

Thus, it is clear that Adidas' Olympic Games Campaign will succeed in establishing the company as the sporting goods leader not only in China but in the Asian market. Works Cited: Adidas AG[a] (2007). Annual Report 2007. Retrieved Aug. 13, 2008 from http://www.adidas-group.com/en/News/archive/2008/05_06_2008.asp Adidas AG[b] (2007). adidas China launches its olympic games campaign - “ Together in 2008, Impossible is Nothing. ” Retrieved Aug. 13, 2008 from http://www.press.adidas.com/DesktopDefault.aspx/tabid-11/16_read-8434/ Hatch, M. J. & M. Schultz (Feb.

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