## Adidas advertising essay



Evaluation of an advertisement campaign ADIDAS " IMPOSSIBLE IS
NOTHING" Jose Pedro Aninat Galmez MKT251. 2_S2 - Advertising and Media
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Pages 15-21 —————————————————————1. Executive summary The
purpose of this report is to analyse the « Adidas Impossible is nothing »
campaign and demonstrate its effectiveness. Researches for this report are
mainly based on secondary research via Datamonitor and Mintel. The report
shows what Adidas had made with this campaign and how they had
improved their market share with this slogan.

Its ambition is to maintain its top-brand status in the market and clearly distinguish itself from a competition that offer the same product but at lower prices. Nowadays, its competitive strength is represented through use of innovative below-the line marketing associating the brand with extreme sports and a young lifestyle. Before analysing the campaign's effectiveness, the situational analysis will help us to understand in which environment Adidas grows, but also thanks to a SWOT analysis we will define what are the

threats the brand must face to and what are the opportunities for Adidas to get a higher penetration in this mature market.

Below is a summary of the PESTEL analysis, see appendix 1 for further information. Political /Legal Adidas need to be aware of the political state of the UK, the same for the all other countries where they have bases. As if the government is unstable, or there are any controversial policies, they may have a bad affect on Adidas. Adidas need to beware of all legal aspects that may be linked to the sportswear industry Environmental Adidas's raw materials for football boots are taken from animals. This source is not very likely to run out because animals keep on reproducing. However, this could lead to problems with environmental campaigners.

Technological Technological advances in things like machinery will have an affect on Adidas. Social As the UK has a wide selection of people from different social backgrounds, Adidas need to be aware of things like people's religion, race, culture, education levels, population, gender, age distribution, buying habits and lifestyle. Economic Interest rates can affect the sales.

Another economic factor to be considered by Adidas is taxation. 3. 2. Market analysis – 5 strengths Porter Potential Entrants \* Other sportswear manufacturers expanding their portfolio \* Cheap copies from the Far East Buyers The buyers of sports footwear have changed in the past decade. \* There has been and increase in women purchasing the shoes, \* Generation Y has a different tastes and purchasing methods. Substitutes \* When required for professional use there is no substitute goods, but as a fashion item there are many other goods that could be purchased. Suppliers \* Using production facilities in the Far East has give Adidas economies of scale. Although there are now problems arising from these factories, they are switching to making there own goods, labour and political unrest causes delays in manufacturing and shipping of the goods,

Competitive Rivalry \* Reebok, offering more choice of shoe, introducing endorsement by sports personalities, sponsoring sporting leagues \* Nike has a good product mix, covering a wide range of sports. 3. 3. Consumers trends analysis •By 2014, the number of 25-34 year olds will have grown by more than 12%. One of the most active groups when it comes to sport, a key focus for NPD should be the group's keen interest in sport as 'me' time rather than as a group activity. Cycling, jogging and aerobic/keep fit are particularly popular. Almost 17 million adults only buy sports clothes to replace worn out items. Greater innovation in fashion ability and technical performance as well as better in-store promotion of new ranges are needed in this sector.

•Spending on trainers is in decline. But one-off and exclusive ranges in cooperation with brands is persuading customers that sports footwear is a product worth paying extra for. •The sports casual look appears to have lost some of its appeal among younger consumers: a quarter of all consumers only wear sports clothing for sports participation, rising to more than 40% among 16-24 year-olds.

Injecting greater fashion ability to ranges and rebuilding sportswear's appeal through greater design differentiation is essential. •Sports brands and retailers need to develop more entry-price ranges to defend share: more than 7 million adults, especially the middle-aged market, buy sports clothing from value and grocery retailers. •Cross selling between sports and regular fashion is crucial to building sales as more than 9 million adults like to mix and match. 3. 4. Competitor analysis 3. 4. 1. Direct competitor

Within the industry, Nike and Adidas are the global leaders, with a presence around the world for both active and fashion sports clothing and footwear. Both groups comprise a number of brands, with some specifically dedicated to certain sports (i. e. Nike Golf). The largest acquisition took place in 2006, when Adidas took over Reebok, which at the time was the third-largest leading sportswear brand. Regarding sports retailers in the UK, the market is consolidated, with only four leading groups. The leading group is Sports Direct, while JD Sports, JJB Sports and the Blacks Leisure Group make up the rest of the market.

The value of the sportswear market is predicted to increase in the forthcoming years, most noticeably in 2012, coinciding with the upcoming Olympic Games in London. 3. 4. 2. Indirect competitor Indirect Competitors to Adidas are all the substitutes of sport clothes, and Adidas is trying to make a fashion of wearing sports clothes against regular clothes or elegant.

And using known people, like Leo Messi in there add they promote Adidas and also show that the best football player in the history uses Adidas. Weaknesses \* High prices in some products \* E-commerce is limited to USA The direct sale to consumers is creating conflicts with its own resellers \* Online customer service not "helpful" or easy to find 3. 5. SWOT analysis Strengths \* Adidas is the biggest sponsor of the sport events specially football. \* Brand recognition of the company especially its traditional three strips style is well reputed. \* Adidas acquisition includes Salmon groups and Reebok, which has been its biggest rival previously. Threats • Fakery of Adidas products are very common as the original products are very expensive and not easily affordable. Nike that is its strongest partner is paying much attention to the diversity of models in one item that is foot wear, this leads to enhanced marketing • The sponsored athletes like Kobe Bryant are reflecting negative image of the brand through their illegal activities like sexual abuse. Opportunities \* Joint Venture of Adidas with English fashion designer Stella McCartney is promoting the female community to participate in athletics as well as to wear branded kits of Adidas. \* Adidas is planning to outscore its web development and ecommerce to the third party, which would then pay the company through ease at customer edge.

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campaign is to put the Adidas Impossible is Nothing mantra into people's hands. 1.

To gain an edge over the competition by: -Tapping commercial opportunities and unlocking brand value through sports, which are relevant in British context. -To reach British consumers- 12-34 years bracket and increase market share. 2. To reenergize its business in the UK by: -Positioning Adidas as the most inspirational and motivational sports apparel and footwear brand. 3. Promoting brand Adidas through prolific consumer participation. 4.

1. Segmentation Segmentation for Adidas is difficult to clarify, but they had made segmentation: Geographic, density; urban and semi-urban cities.

Also Demographic: Age; 15 to 35, Income level; > Rs. 15, 000, Social Class; upper middle, lower upper and upper class, Gender; Male and female. A very important segmentation for sports companies is the Behavioural segmentation; here Adidas differentiate between Athletes, Gym regulars, Sports enthusiasts, Brand freaks and Image seekers. And the last segmentation is Psychographic: Experiences, Achievers, Image drivers and Strivers. With all this segmentation Adidas can select each product goes to each group.

With the add "Impossible is Nothing" with Leo Messi they try to get all the people that likes football and Messi that nowadays is the best football player.

4. 2. Targeting Adidas target market is people from all ages that want to make some sports, dress comfortable and be on the fashion. With this ad Adidas is looking to promote his clothes, shoes, etc with known athletes to show that important people prefers this brand instead of the others. But the

target market more important is 12-34 years old people involved in sports. 4.

3. Positioning In the Sportswear Market Adidas is positioned in the second place just behind

Nike. With the merge with Reebok now is bigger. In the minds of people that now something about sports Adidas is one of the top of the mind products that they had in their heads. With this ad people relation Adidas that make the impossible things be nothing, "Impossible is nothing".

This unique selling proposition refers to the main campaign's objective: create conviction by affecting audience's attitude. With this campaign, as I said, Adidas looks to erase that insecurity and provoke the people involve in sports to try to gain their fears. With this message people are encouraged to try the impossible. Persuasion techniques used to achieve objectives: Fear, guilt and insecurity: 22 professional sport stars and athletes from diverse sports share pivotal and not pinnacle moments of their lives with the target audience.

Audience get a glimpse of the struggle and impediments these athletes went through and how they came out of them triumphant. These revelations are truly inspiring for any one tuned into the commercial and not just for the aspiring athletes. – Memory and action: A common yet distinct thread of

consistent style, content and execution runs through all IIN commercials that spurs familiarity between audience and the brand. – Narrative: The campaign, through stories of real people attempting and achieving what once seemed like impossible goals, hopes to inspire people to think about their own obstacles and how to overcome them.

The idea is that the attempt is worth the effort and Adidas wants to be the shirt or the shoes or the equipment that the consumer has on when attempting the impossible regardless of the outcome.

Choice of vehicle being leading sports channels seems obvious. The frequency was increased during prime time shows such as sportscenter on ESPN, during broadcast of UEFA Champions League matches and FIFA World Cup owing to massive viewership of these broadcasts. 2. Outdoor: Using groundbreaking tactics such as billboard soccer, building climbing, expansive wall scrapers and topiary styled billboards are part of the Adidas arsenal. These techniques have been successful in capturing the undivided attention of the audience.

In Japan, TBWA came up with a unique concept of outdoor advertising. Two local football enthusiasts were hung from a billboard wearing harness and were to play football for ten minutes each. The incredible act caught the

attention of commuters and froze traffic for 70 minutes. (See picture on right) Another extremely effective outdoor advertisement was taken up in 2006 in Germany as the nation was preparing to host FIFA World Cup. Huge arch like structures across roadsides with Oliver Kahn's image were put up to inspire the German team ahead of the tournament. See pictures on right and below) Endorsements: Professional athletes and sport stars- celebrities in their own rights have been core to the campaign in every form. Their association with the brand also serves a testimonial to the unmatchable quality of footwear and apparel range. —————————————— 7. Campaign Effectiveness Ad involvement: Most liked and involving campaign over campaign period when all competitors were Active. % Market share increase in top 5 European markets: Brand Appeal through campaign: 

Recommendations and conclusion For conclusion if we see the numbers we can say that the campaign is effective and therefore reach its advertising objectives. The campaign reaches the awareness objective; improve the consumer awareness and be first or second in the consumer's top of mind. The slogan "Impossible is nothing" is highly recall in consumer's mind.

Now all people that know Adidas think in the slogan. The value of the message is very good because is very clear and motivate people to do everything and don't see things like they are impossible and try it, "killing" fear. However, one problem to Adidas is the high price that they have, but if they reduce it they will lose market and quality for the costumers. Adidas should be more aggressive in terms of the benefits and quality of the product. About the target market, with this slogan more people are interested in the product because they want to overcome their fears.

Adidas must convince the people that uses the others brands to use Adidas because represent value for money, being persuasive with the quality of the product and showing that the most important people of the world use Adidas and they have reached the impossible without fears.

This means that if a dictatorship was to emerge and started making decisions that the public didn't agree with they would simply be voted out at the next election. This is good for Adidas when operating in the UK, as it is fairly unlikely that the government would suddenly introduce any controversial policies. This will be good for my product as it gives it firm ground to work on. There are elections every four years in the UK, with the next one in May 2005. This keeps everything functioning properly within the UK, as the government aren't very likely to introduce any controversial policies, as they would be voted out at the next election.

This is good for Adidas, as it means that the government aren't very likely to introduce any drastic policies, which may affect them. The government also offers subsidies if organisations set up factories in areas of high unemployment, such as the north east of England and south Wales. An example of this is Sony setting up a factory in Cardiff. However, I don't feel this would benefit Adidas, as there aren't any advanced skills required for manufacturing football boots, and would therefore be a lot cheaper for Adidas to manufacture their products in countries outside of the UK, where there is no minimum wage.

The minimum wage is quite a major constraint for Adidas in the UK, as this means they can acquire labour at nowhere near the cost they could in countries where there is no minimum wage. If Adidas could acquire labour at the same cost as they do in other countries, this would allows Adidas to cut out the transport costs of moving the produce to the UK, and could be spent on funding new products such as my own. If the UK government were to put

a quota on Adidas products imported, only allowing a certain amount of Adidas products to be brought into the country each year.

Adidas could overcome this by situating a factory in the UK, eliminating the quota, as if the products were being produced in the UK, there would be no need for produce to be imported from other countries. This wouldn't be good for Adidas, as they would either have to sacrifice their cheap labour, or sacrifice sales by abiding to the quota, either way losing money. This would have a bad affect on my product as Adidas would have less money to promote it.

If the UK government were to assume a more market economy, where producers make goods in order to make a profit, and the state intervenes very little, meaning no state benefits, doctors' fees and dentist fees. This would have a mixed affect on Adidas, as the working class would have less money to spend on products like football boots, as they wouldn't have previously being paying high taxes, and these relatively low taxes will be replaced with large fees, as nothing is provided free by the state; this would have a bad affect on Adidas as they would lose sales from this area of the market.

However, the more upper class people would have more money to spend, as fees they have to pay would not be as much as the taxes they are used to paying and therefore would have more money to spend on products like football boot, meaning Adidas would receive a greater profit intake form this area of the market. Overall, I feel this odes not affect Adidas too much as the decrease in sales from the working class would be balanced out by the

increase in sales from the higher class. Economic Adidas are also affected by the state of the economy in the UK.

The interest rate in the UK is currently 4. 25%, however it was 3. 75% around 6 months ago, and is probably rising to 4. 5% in the near future. This shows that the interest rate is not very stable and will make it hard for Adidas to plan ahead in terms of budget. Also, if the interest rate is too high and keeps rising, then the demand for products will fall, as it makes saving more attractive, and borrowing more expensive. Whereas if the interest rate is too low, people are encouraged to spend, as saving isn't attractive.

This means that there is more money going round in the economy and makes goods seem cheaper, this is bad for the economy as it causes inflation to increase. This is why it is important that the interest rate is stable. The UK's interest rate isn't very stable at the moment because it is quickly increasing, meaning that it may affect Adidas in regards to their sales. This helped me decide on my pricing strategy of competitive pricing, where I set my price in line with my competitors', as if their products are selling, then there must be people willing to pay that amount for a similar product.

However, if the interest rates continue to rise, this will make saving more attractive and spending less attractive, therefore I may have to reduce the price of my product to encourage more sales. If sales drop there will be two options for me in terms of promoting my product; I could cut down the amount of promotions used to sell my product, to maximise my profits; or I could invest more money to promote my product more and hopefully gain

more sales. Before the interest rates rise even more I will research into new, cheaper materials to use on my product, which will function the same as the current materials used.

Therefore, if interest rates rise and there are less sales made at the current price, I can make a larger number of sales by lowering the price of my product, and with the cheaper materials, it will allow me to make the same profits. Due to high interest rates, sales may drop, so I will be making my product widely available to maximise sales, these places including high street sports shops, the Internet and mail order catalogues. This will allow the product to be available to a large amount of people and anyone that wants the product, will be able to buy it easily with no hassle.

Due to the UK's interest rate rising quickly, there isn't much inflation of prices within the UK, meaning that Adidas will be able to purchase their goods at a cheap price. However, sales will drop, as customers will be tempted to save rather than spend. Also, other counties from which Adidas get their raw materials may have prices that fluctuate a lot. Therefore, this would mean that Adidas's prices might also fluctuate and would make planning ahead hard.

To add to this there will be exchange rates that may change a lot, and on top of this there is commission to pay exchanging money from one currency to another, making selling and buying products overseas more expensive for Adidas. Another economic factor to be considered by Adidas is taxation.

Taxation comes in two forms, direct and indirect. Direct tax is tax that can't be avoided, an example of this is PAYE (income tax), where a percentage of

everyone's earnings are taken from them, this affects people's PDI (explained below).

Indirect tax is tax that can be avoided. E. g. VAT on a product, as this can be avoided by not buying the product. Another influence that the economy may have on Adidas is unemployment. As, if unemployment is high, then there would be less demand for their goods, this is because if lots of people are unemployed, then they aren't going to have much money to spend on luxury items. Whereas, if unemployment was low then there would be a higher demand as people have got more spare money to spend on luxury items.

Personal disposable income (PDI) is also a factor, which could affect Adidas.

Personal disposable income is the money that someone has left to spend after deductions (tax, bills, food etc.) have been taken off their net income.

PDI is affected by things such as interest rates, taxation and inflation, which I have explained above. Basically, if people have more PDI then the demand for Adidas's products should increase, and decrease if people's PDIs are lower, due to the same reason as unemployment. Social

As the UK has a wide selection of people from different social backgrounds, Adidas need to be aware of things like people's religion, race, culture, education levels, population, gender, age distribution, buying habits and lifestyle. Therefore, I need to promote my product so that it appeals to the different social backgrounds of the UK, as this will maximise my sales and enable my product to fulfil its potential market share. The UK is becoming more and more dependant on the Internet, this means that the methods in which people buy goods are changing.

Rather than using the traditional method of going to shops and buying products, more and more people are buying goods from the Internet. This is because people have less time on their hands and the Internet is the quickest and easiest method in which to buy goods. Adidas need to recognise this fact and I will be selling my product online. Another method commonly used in the UK to buy goods is mail order; I will also be using this method of sale so that my product is widely available to people with different kinds of buying habits. Adidas also need to recognise the frequency, or how often people tend to buy certain goods.

For example most people would buy 1 or 2 pairs of football boots per season. Taking this into consideration, I will be investing money into promoting my product in the pre-season stage, as this is the time in which most people buy their football boots. Also, I will be updating my product at this stage (pre-season) each year for the same reason as above. I feel Adidas have already noticed the times at which they receive the most sales, as they use lots of advertising campaigns in the pre-season stage and also before and during large international football competitions such as the World Cup and the European Championships.

Religion and culture are also considerations within the social section. In the UK there are a variety of religions and cultures including Christians, Muslims, Hindus, Jews and many more. I need to be aware of this and try and make my product cater for all these different religions. In the UK, generally there is a high education level, meaning that people will be more demanding.

Therefore, Adidas won't be able to get away with things in the UK, which they possibly could in other countries with lower education standards, so I will be promoting my product in a way which is not 'cheesy' and in a way which customers cannot tell that the promotion isn't just about getting customers to buy it. Adidas need to be aware of the areas within the UK with the highest populations, such as London (and the south east), the Midlands and the northwest to name a few. With this information Adidas know the best places to sell their goods as the more people there are, the more potential customers there are to Adidas.

When situating my product, in terms of where it will be sold, I will be situating my product in areas such as London, Birmingham, Manchester and other large cities in the UK, as there are the highest amounts of customers in these places, in comparison to the countryside, and therefore will receive higher numbers of sales in these areas. The age distribution of the UK is getting higher all the time, as life expectancy in the UK is ever-increasing due to advances in medical facilities and living standards.

However, this wouldn't be much of an issue to Adidas, this is because Adidas is a sports company, and the majority of the market for sportswear is in the younger end of the market. Therefore, this issue shouldn't affect me too much, as I will be targeting younger age groups. Leisure time is another consideration for Adidas, as people are becoming busier and are not having much leisure time. Adidas is a sportswear company and most people play sport in their leisure time, and if people's leisure time is decreasing they aren't going to have as much time to play sports.

Therefore, if people haven't got as much time to play sports then the demand for sportswear will go down. I can combat this issue by intensive promotions of my product aimed at the younger end of the market as these people have the most spare time and are more likely to buy the product especially if the promotions appeal to them. The final point is the fast food culture, which is arising in the UK. More people are becoming obese from a young age and many of these people then do not play sport, this is going to have an affect on Adidas as there isn't going to be much demand from the increasing amount of obese people in the portswear industry. This could also have the opposite affect; as people that are obese or overweight may take up sport to try and lose weight, this would be good for Adidas, as these people may buy Adidas products to perform sports in. Technological Technological advances in things like machinery will have an affect on Adidas. Therefore Adidas need to be tuned in to new technology, which can speed up production, save energy or cut down labour required. If they weren't aware of new technology in machinery they may ultimately go out of business due to other firms becoming more efficient and gaining more of the market.

I will be staying up to date with technological advances by investing money into research in these areas. However, if Adidas were to fall behind the latest technology, this would have a bad affect on all products produced by Adidas as it means competitors would be producing more, and if they are all being sold, making a higher profit and achieving a higher market share.

Technological advances in the actual sportswear is always getting better,

such as t-shirts that move sweat away from the body, football boots that allow you to kick the ball with more power, swerve and precision etc.

Adidas must make sure they keep up to date with all these advances. Also, I need to include all the latest technologies and features on my product to keep up with the market. If I wasn't to do this, my product wouldn't receive nowhere near the profits that could be achieved if these new technologies were included, therefore my product would benefit by including the latest technologies. The Internet is becoming more widespread within the UK, with millions of people using it every day within the UK alone.

Therefore, Adidas need to make sure that they keep up to date with the Internet all the time. Also, I will be utilising the Internet by selling my product via this channel. Again, if Adidas don't keep up to date, competitors will go ahead of Adidas, making catching up even harder, and ultimately a loss in sales. Environmental Adidas's raw materials for football boots are taken from animals. This source is not very likely to run out because animals keep on reproducing. However, this could lead to problems with environmental campaigners.

Adidas need to research different materials that aren't taken from animals to cut costs and reduce harm to animals. If they didn't then it would cause people like environmental campaigners to stop buying Adidas products, meaning Adidas and specifically my product would lose sales. To add to this are the factories where Adidas produce their products, these are generally in less economically developed countries, such as Indonesia, China and

Vietnam, and have very poor working conditions for employees and very low pay.

This isn't good for Adidas as they get bad publicity for this and then people stop buying their products. It is debatable in this situation, as if they continue to exploit workers, they will get cheaper labour but a slightly smaller amount of customers, or they could maximise the number of customers by paying workers higher wages, but then they would not get cheap production costs, either way Adidas are going to slightly lose some money.

This would have a bad affect on my product, as Adidas would have less money available t fund my product. Legal Adidas need to beware of all legal aspects that may be linked to the sportswear industry, as Adidas could get hefty fines if they do not comply with the law, legal constraints to be considered include: \* Press Complaints Commission (PCC) \* Trade

Descriptions Act \* Sales and Supply of Goods Act \* Competition Commission

\* Radio Authority \* Independent Television Commission (ITC) Advertising

Standards Authority (ASA) In order to follow rules and laws set by the Press

Complaints Commission, Trade Descriptions Act and Sales and Supply of

Goods Act, Adidas have to ensure their products are of a high quality by ensuring it is produced with high quality materials and by well trained personnel. If they weren't to do this, less people would buy the products as they would be of a lower quality and also Adidas would get fined due to breaking the rules of the above laws and commissions.

This would have a bad affect on my product, as there would be less money available to fund my product and any promotions I wish to initiate. When Adidas are advertising over the TV, they need to acquire a broadcasting license for the advertisement, to stay in line with rules set by the Independent Television Commission. To acquiring this license Adidas need to make sure that the advertisement had no verbally or sexually explicit content otherwise the advert wouldn't have had a license granted, meaning that the advert wouldn't be seen by anyone and this may be reflected in a drop in sales.

Also, Adidas need to make sure all their promotions give a true representation the products being advertised, as to not break the laws of the Trade Descriptions Act. Adidas need to make sure all of their retailers have sufficient knowledge of Adidas products in order to obey the Trade Descriptions Act, as if Adidas give the retailers sufficient information and they give customers incorrect information about the product, then it is the retailer breaking the Trade Descriptions Act rather than the manufacturer.

Finally, the Equal Opportunities Act needs to be considered by Adidas, this stops Adidas from discriminating against things like gender, race, disability and criminal records. As if Adidas didn't do this a large number of people wouldn't buy their products if Adidas were prejudice to their gender, race, disabilities etc, therefore, they would lose money, which