

Reebok pursuing generation x

Family



Reebok: Pursuing Generation X Reebok is a global, American inspired brand, in a highly competitive athletic and sportswear industry, committed to creating products and marketing programs that reflect the brand's unlimited creative potential (Reebok). The 2003 rankings place Reebok in third place of U. S. athletic shoe market share with 13%; Nike dominates at 36% while other athletic brands make up 26% of the U. S. market (Sporting Goods Intelligence). In 1982, Reebok was a main component in introducing a women's athletic shoe designed specifically for the latest trend in exercise known as aerobic dance.

This, as we all know, was not a trend but rather an athletic revolution towards women's fitness and increase entrance into sports, which expanded the target market for the athletic and the sportswear industry. The acceptance of sneakers as an adult casual wear evolved in the 1980's as well as a market prediction that was a catalyst to the early success of Reebok as an athletic brand leader. Since the 1980's, the market environment has changed dramatically and has proven to be a complex and highly competitive advertising arena. Print and TV ads of the past are no longer the premier marketing platforms as they once were.

The athletic and sporting goods companies of today must bring to the consumers a compelling and gripping advertising campaign to earn the attention and revenue of today's technology driven consumer. Target markets are evolving from the baby boomer era to the Gen Xers and with that shift, comes a new consumer ideology and therefore new marketing strategies. The advertising mediums that companies utilize are challenged to reach an elusive target audience guarded by TiVo technology, mobile internet as well

as personal philosophies seeking purpose and added value, even in product selection.

This case outlined advertising challenges, as well as opportunities Reebok faced in an expanding digital media world and its players; Generation X. Question 1: How would the team explain viral marketing to the class? Viral marketing wasn't made up out of thin air; it started before the birth of the Internet under another name known as word-of-mouth. There are many differences between the two strategies but the principle is identical: exchange information about an event, place, person or idea from one outlet to another. So, to understand how viral marketing works one must understand word-of-mouth.

Word-of mouth marketing is when a company provides consumers, a reason to bring up their company in normal conversation. This could be from an ad on the television, a flyer that you saw downtown in a deli, or maybe an advertisement that you heard on a radio station that caught your attention while you were driving. That sounds a lot like viral marketing, but a person only has so many hours in the day; so why would they ever think of calling all of their friends/family up to tell them about something they saw, previous to their conversation?

Unless it was a catastrophic event or something that was deeply related to them personally, that's just not likely to happen. With viral marketing, there are two main components that are needed: a large audience, and a way to spread information exponentially, also known as the Internet. The first traces of Internet viral marketing were, according to "The Virus of Marketing", in 1997 when Hotmail attached ads to outgoing messages. It was rather

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astonishing the reaction that the public had after forwarding the ads to other email addresses, allowing users to reach thousands of potential clients in the matter of a few easy clicks.

These were only the primitive years of viral marketing, and it has become one of the most valued marketing strategies of the 21st century. The term 'viral marketing' is one that is used, both, on a regular and large scale. This is mostly due to the highly populated areas, such as YouTube and other social media outlets where video, music, photographs, ideas and other forms of entertainment, can be passed from one individual to another easily. Social media sources and YouTube allow users to be interconnected with millions of people in the matter of seconds.

Over 500 million people around the world, have an account with Facebook, which not only makes marketing researchers drool, but also makes up a huge population of word-of-mouth users that are able to upload and send information to their 'friends'. Within the past decade, viral marketing has taken exponential leaps thanks to the increased use of the Internet. A successful viral marketing campaign works when an individual views information online and passes it on to another; the individuals whom were showed the information to will also share it to their list of friends via the Internet.

This creates a snowball effect and the subject in discussion becomes extremely popular in an impressive amount of time through mass word-of-mouth aka viral marketing. Question 2: How did Mickey Pant introduce viral-marketing to Reebok's promotional strategy? To what extent does viral-marketing replace traditional media such as TV, radio, direct mail, etc.?

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Mickey Pant, the chief marketing officer at Reebok, understood the increasingly changing culture of consumers today.

Gone are the days where TV advertisements and radio spots were enough to capture the mass audience of target consumers, waiting idly by to be swayed into purchasing the latest and greatest products. Evolved, is a new generation of consumers, known as Generation X; not easily penetrated by brand loyalty and logo suaveness, but are rather driven by a sense of worthiness and greater purpose. Gen Xers are characterized as skeptical of advertising and are active users of digital media, especially the Internet and are compelled to lead a life filled with meaning rather than monetary gains alone.

According to OnPoint Marketing, Gen Xers make up 17% of the population and spend \$125 billion annually on consumer goods in the U. S. With a growing target audience that thrives on digital media, Mickey Pant understood that Reebok would have to pursue a new direction in advertising that would resonate with the Gen Xers. This concept would have to connect and appeal to what drives the consumers and outshine the competition in an already saturated market dominated by Nike and Adidas.

Pant chose the 2003 Super Bowl XXXVII as the platform, launching "one of the most popular viral marketing campaigns ever to be aired in history: the infamous Terry Tate Office Linebacker ad." The commercial was a largely successful campaign that reached a market of consumers that were heavy users of the Internet and TiVo, which earned Reebok.com the ninth largest content provider on the internet. The Tate commercial became an instant hit with its office humor of politically correct antics and depiction of cubicle

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mishaps, which appealed to the undervalued Gen Xers and caused the ad to go viral across the Internet.

After the Tate commercial aired, the Reebok website underwent 20 commercial downloads per second and the Reebok online store traffic increased seven-fold, creating a viral phenomenon. Ultimately, Mickey Pant understood the cultural changes that characterized the life of Gen Xers and relied upon the Internet to carry the campaign. Even though the ads weren't aired on TV again, they will forever live on, on the Internet. With the undoubtedly increasing digital age, a shift from the more traditional media platforms such as newspaper and TV, to online and mobile advertising is inevitable. 2003 was the year Reebok launched the first digital media campaign, and since then, numerous digital campaigns have followed. The growing need for companies to create a more interactive and transactional experience with its customers is expansive, allowing for such outlets as the Internet and mobile advertising to become more attractive. In the case, Reebok notes a shift in investments away from magazines and newspapers, to online and mobile platforms. The advertising breakdowns, according to an outside source, the Yankee Group, reports that TV advertising dropped 21. % during 2008-2009 and fell an additional 12% in 2010. The trend follows similar for the newspaper industry, reporting that in 2005 the industry had revenue around \$47 billion while today it is only half that amount. The report lists the 2009 statistics for U. S. consumer's average time spent watching TV as three hours 17 minutes, while the average time spent online is four hours and 13 minutes and mobile phone usage average per day is one hour and 18 minutes. Due to consumers spending less time viewing television and

extended time on the internet, online advertisements revenues grew 8. % between 2008 and 2009. While traditional TV advertising still has a large role in sportswear marketing strategies, viral marketing, digital advertising and mobile marketing are the platforms to focus in on to reach the largest consumer base. Question 3: What's the Team's assessment of the Terry Tate campaign? Did it increase Reebok's brand equity? Was the central message effective? Memorable? In 2003, Terry Tate and Reebok teamed up to produce a series of 60 second T. V. ads, at a cost of \$4 million, which aired during the Super Bowl; these commercials were an instant hit.

Reebok's website, soon after the ad's aired, was clocking 20 downloads per second. While the ads were an instant classic, having more than 20 million views to date, they did not produce an increase in sales or market share. How could an ad so popular and funny not create the brand equity Reebok was hoping for? Our team, after reviewing the Terry Tate spots, decided that was because the ads did not tie Reebok sufficiently into the ads. During the videos, Terry Tate wore a gold Reebok chain and the Reebok logo was shown at the end of the spot; this was not enough.

One of the consequences of Reebok not showing its brand enough in the commercial was that people would not be able to tie Terry Tate to Reebok. The commercials were memorable, yes, but in order to have brand equity, the viewer needs to remember Reebok and Terry Tate, not just Terry Tate. Reebok's marketing team believed that the Tate commercial brought a "new cool dimension" to the brand, even though Reebok's brand perception and awareness had not changed. Overall, we think the central message was

not entirely effective. While the ads were memorable and funny, they were not memorable and funny in a way that helped Reebok's Brand Equity.

Even though their main goal with the ads were not met, Reebok did create something that generated a massive "buzz" and hype around Terry Tate.

Question 4: To what extent should traditional advertising effectiveness measures be relied upon in the Terry—Tate/Reebok case? In this Reebok case, the traditional advertising method was the "Terry Tate Office Linebacker" television advertisements. The campaign was extremely successful on television and the Internet. The Gen Xers and the public related to the commercials because they were office based and because a large linebacker would tackle employees that everyone hates.

We believed that Reebok understood that their target markets would see the commercial on television, like it, and then seek other ways to view or learn more about the commercials and the brand. Because Gen Xers were technology savvy and used the Internet on a regular basis, even after the commercials had stopped airing on television, the public would watch the commercials and advertisements on Reebok.com. Reebok decided to make longer Terry Tate films, and after that marketing move, Reebok's website became the ninth largest content provider on the Internet, streaming 1 terabyte of data per day and using 16 servers.

Reebok.com was averaging 20 downloads per second and 20 million downloads to date. The Reebok online store increased and even began to sell Terry Tate bobble head dolls and shirts. We believe that traditional advertising was relied on heavily to launch the Terry Tate advertisements, but once the commercials became popular, the Internet was the

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predominant method of exposure. The Internet gave Reebok more freedom and versatility to really push the limits and make their audiences fall in love with the brand. Mickey Pant was able to air longer films of Terry Tate and sell Terry Tate merchandise from the online Reebok store.

Not only did the Internet help Reebok develop the Terry Tate character, it also increased Reebok sales and brand awareness to the world. Question 5: Is this type of campaign capable of capturing the attention of the Gen. X consumer? Why, why not? We felt like this type of campaign was very capable of gaining the attention and respect from members of Generation X, because of one general thought: it was something that they could easily identify with. This series of commercials showed instances that Gen Xers were familiar with and had some sort of emotional connection to.

In many office cultures, it is considered very rude to do such things as, drink the last pot of coffee and not refill the coffee pot, or to fart when in a small elevator when there are other people in there; those were the norms that the Reebok ads sought to use. According to Rawson Thurber, the man who played Terry Tate, "(the popularity) has very little to do with football and a lot to do with how much people hate office culture" (Thurber, 10). To us, that meant that Gen Xers enjoyed the commercials so much, not because they were dedicated to the Reebok brand, but because the commercials depicted things that they could easily identify with.

Even though there were so many different things that could have gone wrong with this campaign, it went off without a hitch. Gen Xers were drawn into this series of commercials because they enjoyed Terry Tate so much: he was the person who punished those who didn't obey the unspoken etiquette

rules that office life comes with. When looking back on this campaign and its success, Mickey Pant, the chief marketing officer of Reebok, mused that the success of the campaign was, “ that the campaign was hysterically funny and immediately generated a massive “ buzz” and hype around Terry Tate and, by extension, Reebok” (Pant, 10).

In essence, the campaign worked because Gen Xers loved the spokesperson of Reebok, and not because they had some sort of brand loyalty to Reebok as a whole. Overall, we believe that the digital revolution played a major role in getting Reebok’s name out there. Even though the ads never really had any major ties to Reebok, as a brand, it still helped generate revenue to Reebok, through their website.

As a team, we feel like the Terry Tate ads wouldn’t have been as successful if they were just present in print or even if they were destined to remain on TV. TV ads are vastly different than Internet ads because of the simple fact that TV ads cost a lot more to produce. As mentioned before, Reebok spent \$4 million to show the Terry Tate commercials on TV; having commercials on the Internet cost much less. The digital revolution has made cheaper, more widespread advertising possible and more available to everyone.