

Planet Reebok



MKT 526

Dr. D. Badame

Summer 2001

1. Overall Problem

In March 1993, Reebok is on the brink of the European launch of its first global advertising campaign, the *Planet Reebok* umbrella campaign. The key objective of this campaign is to reposition Reebok's different images in the different countries to one unified global identity as well as to create a common brand image across all product categories.

Although successful in the US, focus group and other research show that the Planet Reebok-message is not fully understood by European customers. Also, since the global image sometimes largely differs from the local images built over the years in the European countries, the umbrella campaign bears some potential risk to confuse loyal customers and draw them away to competition with clearer positioning.

2. Situation Analysis

2.1 Industry/Market

2.1.1 Industry/Market size

	Wholesale Value US\$	Units
Global	13.7B	612M
USA	6.5B	391M
Europe	4.3B	124M

2.1.2 Trends

- New usage of sport-shoes: Outdoor, Leisure, Hiking etc.
The growth in this segment is faster than in athletic segment
- Overall market growth however is sluggish
- New market opportunities in Eastern/Central Europe
- Competition increases by increasing advertising spending
- Acceptance of athletic footwear as street and casual wear
- Golfing

2.1.3 Technological changes

New Materials: Hexalite, Graphlite etc.

New Technologies: Reebok's Pump/Nike's Air, ERS, Adidas Torsion, Puma Disc etc.

2.2 Competitive Analysis

2.2.1 Major players in the marketplace

Reebok, Nike, Adidas, Puma

2.2.2 Market shares

	USA		Europe		Global	
	Units	Value	Units	Value	Units	Value
Reebok	20%	24%	19%	15%	19%	
Nike	20%	28%	19%			
Adidas	3%		25%			
Others	57%		37%			

Europe is Reebok's largest regional market outside North America, representing 65% of 1992 sales.

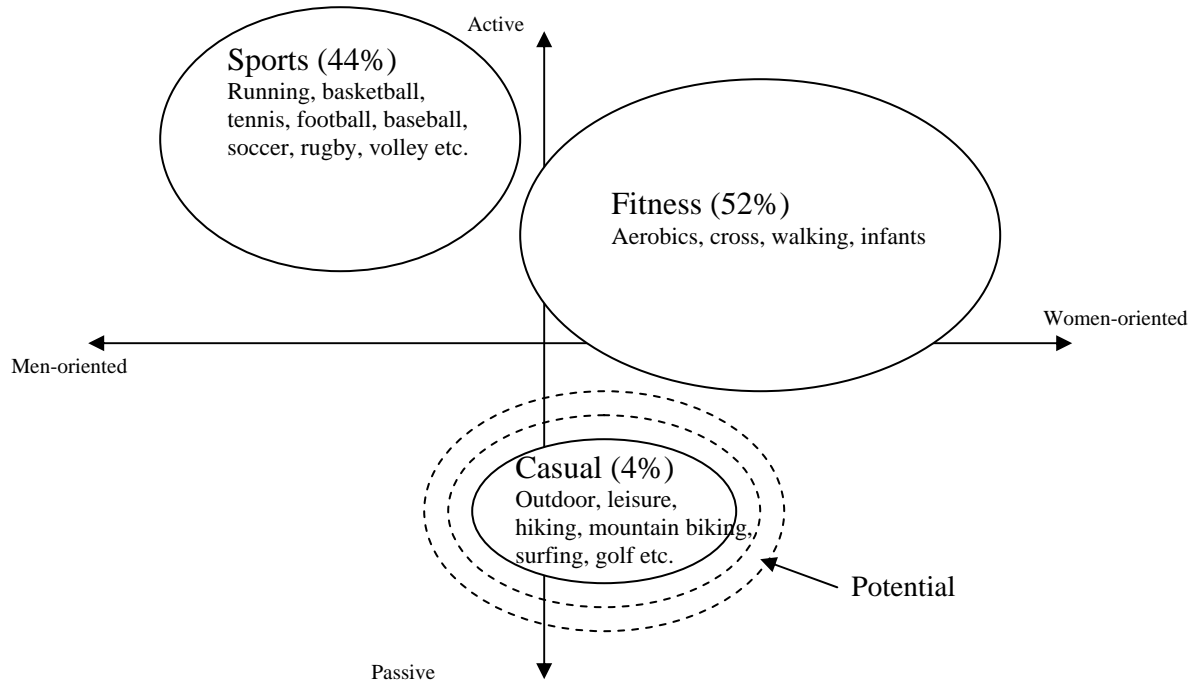
2.3 Customer Analysis

2.3.1 Customer needs and perceptions

Reebok's brand-perception is very divergent across different countries. In Europe, Reebok is still perceived as a European/British brand with a feminine, fashion-oriented, rather passive/safe, subtle/plain/elegant, stylish/classic image.

Nike's European brand perception on the other hand is American, masculine, competitive/aggressive, complicated/bulky and technological.

2.3.2 Segments



2.3.3 Trends

New trends in lifestyle:

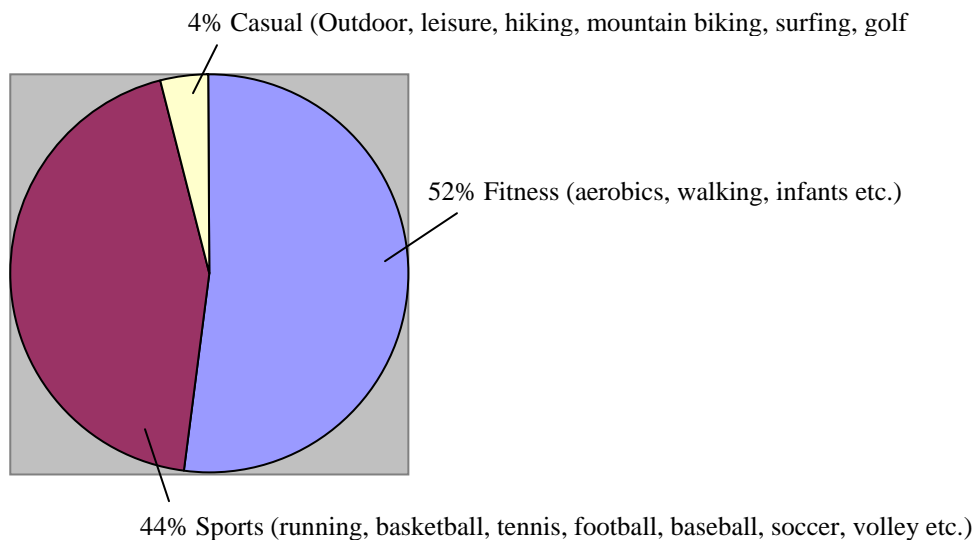
- Active
- Environment-friendly
- Individual
- Free to express
- Self-respect
- Confident
- Open
- Cross-cultural
- Smart
- Connected
- Positive

2.4 Marketing Mix Situation

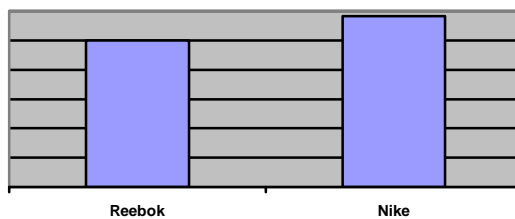
2.4.1 Customer satisfaction

I think current customer satisfaction, especially in Europe, was built by successfully establishing Reebok as a European/British brand. Although Reebok is in fact an American brand, the European headquarter succeeded in keeping the European perception based on Reebok's British heritage and through the use of the Union Jack-logo. By this, Reebok was the only viable European alternative to German-based Adidas. For many customers, Nike has a too performance-oriented, masculine image, which does not conform to many Europeans casual, life-quality-oriented and often anti-American life-style.

2.4.2 Product line



2.4.3 Pricing



Reebok's average wholesale prices are slightly below Nike's.

2.4.4 Distribution

Reebok is marketed in 140 countries. Reebok’s headquarters for international operations outside of US is located in London. Other regional offices are located in Hong Kong for Asia/Pacific and Chile for Latin America. Besides that, there are 8 more subsidiaries in Europe, 11 joint ventures and 24 independent distributors. These partners often also handled sales in smaller neighboring countries. The control over the international partners was quite loose in the past, especially in how they locally implemented and adapted the advertising campaigns.

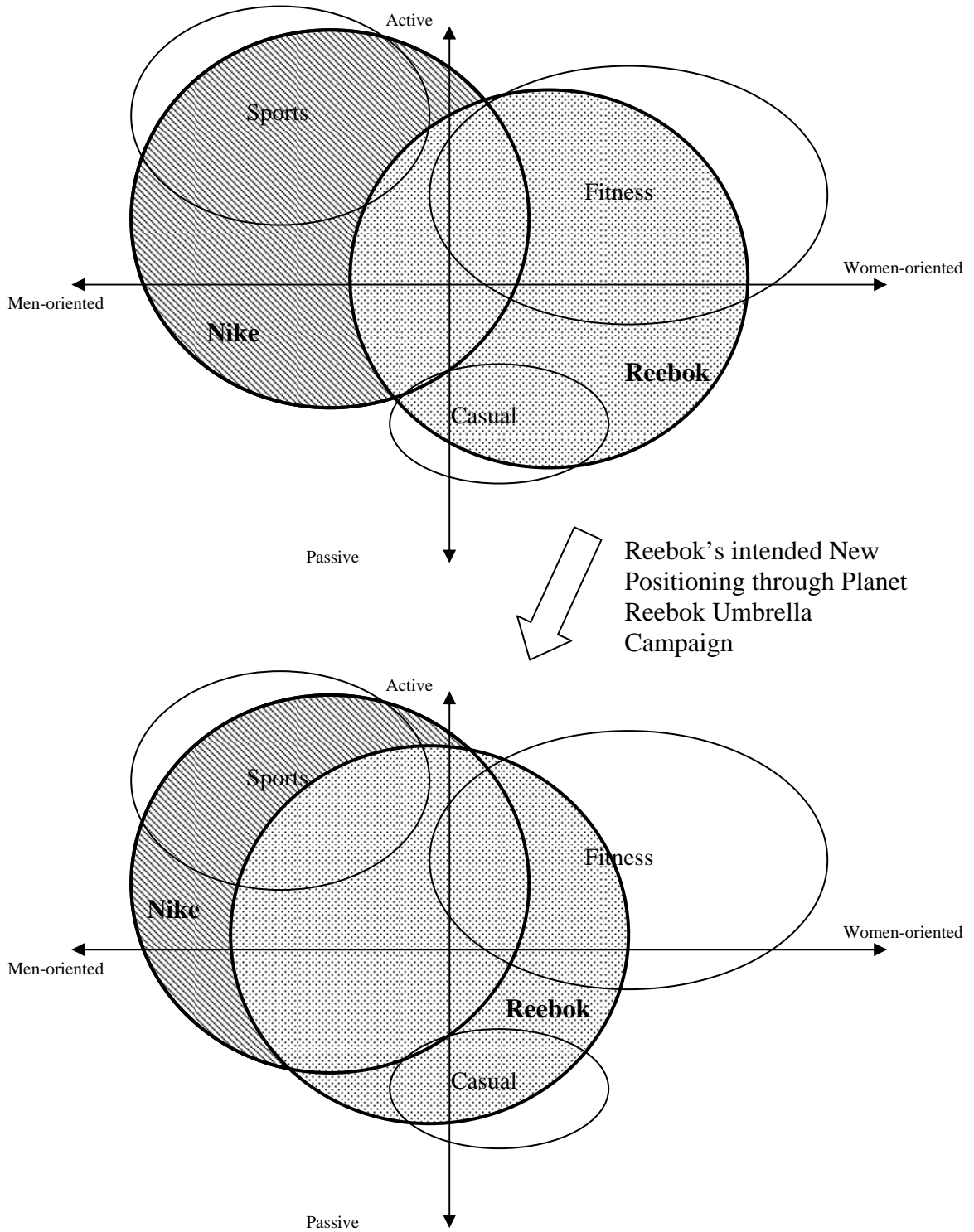
2.4.5 IMC

Between 1988 and 1992, the advertising campaign changed nine times, thus creating confusion about what the brand stands for: 1988: “Let U.B.U.”, 1989: “Physics Behind the Physiques”, 1990: “It’s Time To Play”, 1991: “Pump Up and Air Out”, 1991: “Life Is Short, Play Hard”, 1992: “I Believe”, “Break The Rules, Get The Feeling!”, “The Edge”

Additionally, the brand often follows a me-too strategy parallel to Nike and other brands:

IMC-category	Reebok	Nike	Adidas	Puma
Technology	The Pump	Air		Disc
Material	Graphlite		Torsion	
Corporate Identity	New Logo	Swoosh	3 Stripes	
Sponsoring	Shaquille O’Neal	Michael Jordan		
Advertising	1988: “Let U.B.U.” 1989: “Physics Behind the Physiques” 1990: “It’s Time To Play” 1991: “Pump Up and Air Out” 1991: “Life Is Short, Play Hard” 1992: “I Believe” 1992: “Break The Rules, Get The Feeling!” 1992: “The Edge”	“Just Do It” “Just Do It” “Just Do It” “Air/Hare Jordan” “Just Do It” 1992 women-campaign “Just Do It” “Just Do It”		
Image/Perception	Perception is British, but new logo and Planet Reebok moves it towards American	American	German	German

2.4.6 Positioning



2.5 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Long history • First aerobic/dance shoe specifically targeted at women • Best-selling athletic shoe of all time • Established as a fitness brand • Leading brand in the tennis footwear • Fashion orientation • Market leading position in USA, UK, Canada, Australia, Denmark, Sweden, HK, Singapore etc. • Slightly lower average price than Nike 	<ul style="list-style-type: none"> • Weak global identity • Different brand image in different product categories • Narrow brand-image • “Follower” • Weak control over distributors and subsidiaries • Too often changes in advertising concepts • Struggles to find balance between performance and lifestyle orientation • Product categories are independent business units • No international A&P guidelines • No message consistency • US advertising concepts are not applicable for European markets
Opportunities	Threats
<ul style="list-style-type: none"> • Few global players • Umbrella campaign • Acceptance of athletic footwear as street and casual wear • Demand for casual shoes is faster increasing than for athletic shoes • Golfing • Graphlite/The Pump • New logo • Faster growth than Nike • New market opportunities in Eastern and Central Europe 	<ul style="list-style-type: none"> • Few global players • Aerobic trend is passé • Increasing competitor advertising spending • Sluggish market growth • Adidas market-leader in Europe • Nike’s leadership in the 15-25-year old segment • Air Jordan • “Just Do It” • Lack of internal support for umbrella campaign

3. Does Reebok need an umbrella campaign? Why?

Yes. An umbrella campaign is necessary in order to create a global identity and to unify the different brand images across the different product categories. A greater message consistency around the world would help to develop a unified brand image and improve the cost effectiveness of Reebok advertising. This is especially true in a world that tends to get smaller and smaller through Internet, increased travel, tourism etc.

Not the *umbrella campaign* is questionable, but the definition of *global identity*!

3.1 Is the Planet Reebok concept appropriate?

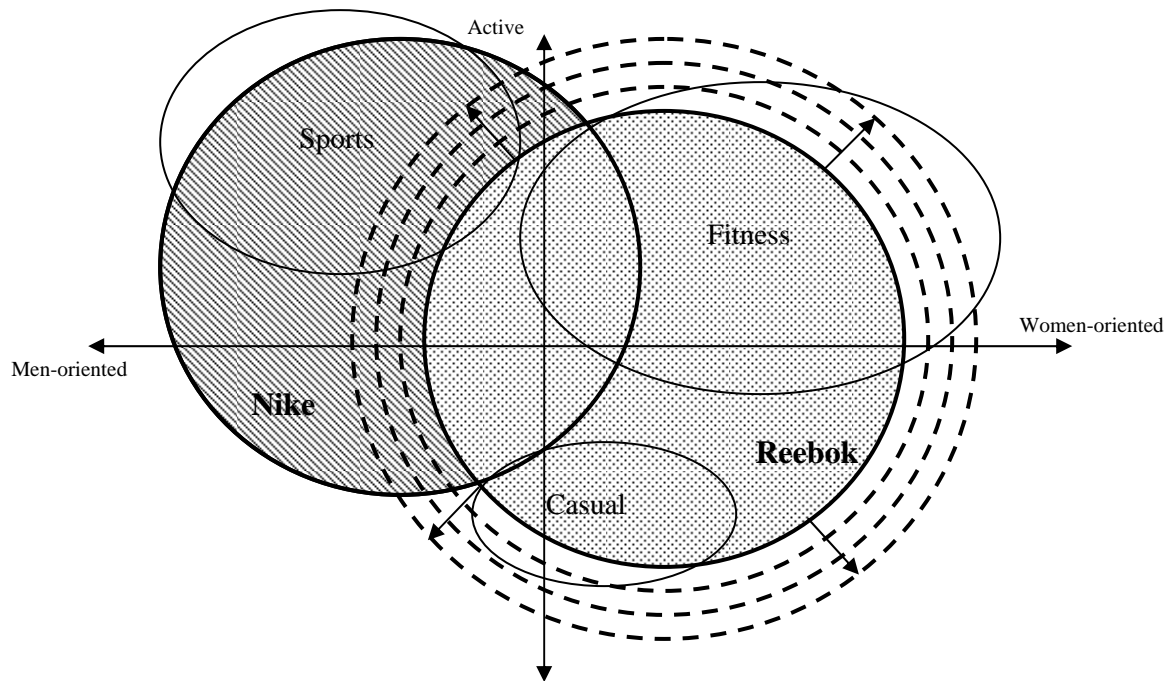
For the US market, the campaign might be appropriate (although I question whether a brand can be successfully positioned as “pure athletics” and “humanity” at the same time, see below).

For European markets, however, I feel the campaign needs more local adaptation, since the brand has a much higher customer-loyalty as a European/British brand with a feminine, fashion-oriented, plain, elegant and stylish image. The campaign should be built on these brand-assets rather than trying to reposition Reebok’s image towards a position which is already occupied by Nike.

4. Will Planet Reebok be successful in Europe?

The umbrella campaign as it is bears some potential risk to confuse loyal European customers and draw them away to competition, which occupies a clearer positioning.

5. IMC Positioning objective



The IMC should build on Reebok's existing brand-assets to expand its established position of diversification rather than trying to reposition into a field that is largely occupied by Nike!

6. Copy platform

6.1 Problem

The existing campaign-proposal is too performance-oriented and appeals too much to men. It is also too “Nike-like” and therefore positions Reebok too much as a “Nike-follower” and “me-too” brand.

I feel one of the key-problems is that Reebok’s new advertising strategy wants to position Reebok in the same field where Nike is also strong and established (see 2.4.6) and, at the same time, tries to keep Reebok distinctively different from Nike. I don’t think that both targets are possible to do at the same time and the management has to decide, which one of the two aims they want to pursue.

A second key-problem is, that Reebok tries to achieve too much at the same time: for example, they want to become a “pure athletics brand with a tone of humanity”, which in my opinion is impossible. To correctly position the brand, you either have to go into “pure athletics” (where Nike already is) or “humanity”. Also, the statement “sports are won with skill and not attitude” shows, that the Reebok management doesn’t fully understand the essence of high performance sports, which definitely needs both skill AND attitude to win.

Further problems are the lack of internal support for the umbrella campaign, since they resent losing control over their local campaigns and since it siphons off funds from category-specific advertising.

6.2 Objective

Build differentiation through:

- History and heritage
- Reebok’s existing strength in the women/fashion & fitness-oriented athletic shoe-market.
- Keep and strengthen the British-European image
- Lead, not follow the market!
- Think global, but act local!

6.3 Target audience

- European customers mainly in UK, France and Germany.
- 15-25 years old, 66% female, 33% male.
- Focus on tennis and fitness segment (outdoor, golf etc.)

6.4 Major selling idea/key benefits

Originality, impact, correct balance between brand and product, build on European/British brand with feminine, fashion-oriented, plain, elegant and stylish image. Add self-confidence, sometimes outrageous, human, honest and aspirational.

6.5 Creative theme

I believe above-mentioned key benefits for the European market can be successfully implemented in the existing *Planet Reebok* platform.

6.6 Supportive selling points

International settings, outdoor sports specific to foreign countries, local sport-heroes and sponsorship of local sport events.

Sources: All data comes exclusively from the HBS Case "Planet Reebok", March 14, 1997.
No external data was used.