

Empowered mobile consumers led Adidas to a cultural revolution

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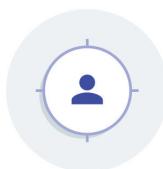
In the sports footwear and apparel industry, trends are driven by increasingly empowered consumers, not by brands. Simon Atkins, Brand Director of Adidas North America, describes how the brand has undergone a cultural revolution and why other marketers should do the same.

A few years ago, we discovered that Adidas had fallen behind its consumers. Like many in other industries, we were faced with the rise of a new kind of consumer, one empowered by digital and mobile. That realization led us to embark on a mini cultural revolution in our approach to these increasingly mobile consumers. It's even influenced the name of our global strategic plan for the year 2020: "Creating the New."

To get this little revolution started, we had to come to terms with three new realities.

Reality Check: Three realizations that shaped Adidas' 2020 strategy

1



The consumer is in command.

2



The consumer needs to hear a single voice.

3



The cultural shift this requires is intense.

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The consumer is in command

Direct-to-consumer and wholesale buyers and merchandisers used to dictate the trends in our world. We controlled our launches and rolled them out in each country at our own pace. But now, consumers shape the trends. In our case, sneaker and lifestyle blogs have gone mainstream globally and social influencers have proliferated. We have a core set of advanced consumers and fans who drive interest in our products, innovations and storylines.

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The speed is relentless. In the past we could introduce a new line of shoes and nurture its growth in a measured period of time, region by region. We called the shots. But now, thanks to mobile, the information spreads so quickly across the globe that we run the risk of having unsatisfied consumers if the hot new product isn't available in their market. We've had to shift from local launches to global launches, which affects everything from supply-chain coordination to our marketing programs and publishing strategy.

Now, it's a matter of winning consumers by fitting into their lives rather than just marketing to them. We have to solve for their needs, address their pain points, and deliver what they're looking for in a fast and frictionless way. For example, we know it's important for us to show up on search in our priority categories like "limited edition sneakers" and "basketball shoes." But we also want to make sure we're optimized for the device—and that we make it easy for people to move from search to purchase, especially on mobile. So, we've partnered with Google to enable a seamless checkout directly from mobile shopping ads on search.

Another pain point we've addressed involves those limited-edition sneakers. People love to get them first, but they hate lines and have made us very aware of that. So we came up with our Adidas Confirmed app. This allows people to register and compete for new releases. The app builds excitement and buzz, while also removing the need for long lines and wait times that can sometimes lead to frustration if the product sells out.

The consumer needs to hear a single voice

In the old days of mass marketing, teams worked separately. E-commerce teams only handled conversion while brand divisions focused on the awareness and interest.

In working with Google, we discovered that consumers who receive both brand and e-commerce messages are more likely to convert—yet only 2% of our consumers were receiving this kind of messaging consistently. We were also not coordinating the sequencing of our messages. So we weren't being deliberate about whether the consumer was first being exposed to an e-commerce or brand message. As a test, we unified our data and content strategy for our Ultraboost sneaker campaign, where we first exposed consumers to brand messages—such as an inspiring video focused on running and fitness. Then, at the right time, we delivered an e-commerce message driving consumers to our website to purchase the product. Through this test, we saw a 75X rise in effectiveness in our conversion rates. As you can imagine, that's an approach we'll be rolling out more broadly across all our products.

To have a single view of the consumer, we also needed to align our teams against the same KPIs. It's clear now that our core consumer starts on adidas.com. The most important store we have in the world is our online store. E-commerce was up 39% in the third quarter and it's our fastest growing channel in all regions. Given this, our business leaders, brand

included, now have joint KPIs that are based on adidas.com metrics. This specifically means our marketing leaders by business unit and brand marketing teams all share the same metrics around traffic, conversion, and consumer acquisition and retention.

It's easy to say, but hard to actually turn a ship around and convert to where you brief, create, and execute as one team.

The cultural shift this requires is intense

I've been involved in marketing since 1994, and the way our world has changed in the last two to three years is more dramatic than I've ever seen. The systematic cultural and organizational shift needed to keep up with these changes goes right to the heart of how you function. It's going to be uncomfortable for you and your team.

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A big change globally is moving away from TV dollars and investing heavily in digital because that's where our consumers are. This is a drastic move for an iconic brand like Adidas. But it's clear from our growth numbers that this is working, as sales grew 31% in North America during the third quarter.

In this new world, senior leaders have to know what they don't know. Today, I probably couldn't brief and execute a marketing campaign, not as I did in the mid-level stage of my career. The whole marketing textbook has shifted. This is a chance for senior leadership to engage in reverse mentoring—to make sure they have a true awareness about the potential of the marketing driven by this new consumer behavior.

The entire craft is changing, and marketers have an opportunity to serve and advise consumers in the moments when they allow a brand into their lives. If we can do that, we'll have no trouble keeping up with our consumers—today and in 2020.

Simon Atkins
Adidas North America Brand Director

