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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Online End Semester Examination May/June 2021

Course: Mobile & Email Marketing
Program: BBA (DM)
Course Code: MKTG2022P

Semester: IV
Time 03 hrs.
Marks: 100

SECTION A
(30 marks)

1. There are **SIX** MCQs in this section. All are compulsory.
2. Instruction: Choose the correct answer.

Q.No	Question	Marks	CO
1	This is a term for the number of times that users click on links in a message or on a website: it is much higher for legitimate marketing emails than for spam. a. Personalization b. Spamming c. CTR d. Spoofing	5	1
2	In which type of email campaign advertisement are sent to target group of customer? a. Direct email marketing b. Indirect email marketing c. Spamming d. Spoofing	5	2

3	<p>Which of the following is the most common delivery channel for mobile marketing?</p> <ul style="list-style-type: none"> a. Text b. Voice call c. Graphic d. Search engine marketing 	5	3
4	<p>In a marketing meeting, you suggested that the company should put more emphasis on email marketing. What is the most compelling data statistic you should cite?</p> <ul style="list-style-type: none"> a. It is a cheap marketing tool. b. It generates more ROI than other marketing channels. c. People like emails. d. Email can be integrated into social media. 	5	1
5	<p>A member of your team proposes to cap the subject line at 30 characters to increase the open rate and click rate. What points would you emphasize as the primary factors of open rate and click rate?</p> <ul style="list-style-type: none"> a. Word length and frequency b. Specific recipients and personalized message c. List size and offer d. Targeted industry and the day of the week 	5	2
6	<p>What is the best practice for sending an email communication from a brand?</p> <ul style="list-style-type: none"> a. Including only the employee name. b. Including the employee's first name. c. Sending from multiple employee accounts. d. Identifying the brand name. 	5	3

SECTION B
(70 Marks)

1. There is **ONE** Case Study in this section.
2. It is compulsory.

Q.No	Discuss the given Case Study as per the following steps	CO
7.	a. Introduction: give a brief introduction of the case.	10 marks
	b. Statement of the problem: State the business problems being faced by the key officials in the case. Also, differentiate the short-term and long-term problems.	15 marks
	c. Causes of the problem: provide a detailed analysis of the problems identified in the statement of the problem. Also apply relevant theories and models, if applicable, from the text and/or readings.	15 marks
	d. Decision criteria and alternative solutions: Identify criteria against which you evaluate alternative solutions. Include two or more possible alternative solutions along with the appropriate pros and cons of each alternative.	15 marks
	e. Recommended solution, implementation, and justification: Identify who, what, when, and how in your recommended plan of action. Provide the solution and implementation of the problems and causes identified in the previous section. Also, explain why your recommended plan of action is the best and why it would work.	15 marks
		4

CASE STUDY

THE BRAND IN THE HAND: MOBILE MARKETING AT ADIDAS

David Wesley prepared this case under the supervision of Professors Andy Rohm and Fareena Sultan solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Nick Drake, Global Media manager (Global Media Group) for adidas, arrived at the company's headquarters to present a bold new marketing strategy, based around mobile phones. "We call it the Brand in the Hand," he told the senior marketing executives who had gathered to present their strategy for the upcoming year. The Global Media Group had been arguing that mobile marketing was the surest, and perhaps only, way for adidas to break free from the advertising clutter and fragmentation of traditional media. "Mobile is the most personal medium available," Drake explained. "People run their whole lives off of mobile. It's business, it's personal, it's information gathering. It's on 24/7. With mobile, you have the customer's complete attention."

The Global Media Group predicted that mobile media would eventually replace most forms of print media, and by taking advantage of this trend early, adidas had a chance to surpass its competitors. Uli Becker, adidas head of Global Communications, was not so sure. "Prove it to me," he said. He gave the Global Media Group one year to test various mobile marketing concepts in order to demonstrate how handheld devices could provide a positive brand experience without annoying potential customers by intruding into their personal lives.

A few months later, adidas entered into a promising agreement to market a new line of footwear and clothing by Missy Elliott, hip-hop's leading female artist. The Global Media Group proposed a mobile component that would appeal to "hundreds of thousands" of young Americans and provide a long-term connection between the adidas brand and Missy Elliott fans.

COMPANY BACKGROUND

Adidas was founded in Germany in 1920, by Adolf Dassler. Following the Second World War, it became an important supplier of footwear to German soccer teams. Later, the company expanded its footwear line to include "fringe sports," such as high jumping, weight lifting and bobsledding, all of which featured prominently in the Olympics. In 1974, the brand achieved international prominence when the adidas-sponsored German national team won the World Cup soccer championship.

In the 1990s, the company increasingly outsourced production to third-party suppliers in order to focus more on marketing. Adidas became a public company in 1995, as global sales of its performance footwear continued to increase and it secured its position as the leading supplier of soccer footwear worldwide.

In 1998, adidas began to focus more on the U.S. market, which had been dominated by Nike and Reebok, by sponsoring basketball icons, such as Kobe Bryant. Within a year, adidas more than doubled its U.S. market share. The company hoped to continue making inroads into the U.S. basketball market with the 2004 launch of the T-MAC 4, the world's first laceless basketball shoe. In 2004, adidas was the largest supplier of sportswear in Europe, with consolidated global revenues of more than \$6 billion.

The company's global media division was part of adidas International B.V., a Netherlands-based subsidiary responsible for the company's trademarks, sports promotion, and global communications and advertising. In 2004, it launched the "Impossible is Nothing" campaign, featuring sports legends, such as Mohammed Ali and David Beckham, as well as lesser known heroes, such as Fauja Singh, a 92-year-old Indian marathon runner who began running when he was 89. "Impossible is Nothing" aimed to associate the adidas brand with the ability of individuals to go beyond conventional limits for athletic performance.

Execution of marketing campaigns was the responsibility of regional subsidiaries, which had their own marketing departments. Regional offices localized advertising messages to suit national markets, based on guidelines and principles developed by adidas International in the Netherlands.

Competition

Nike was the global leader in athletic footwear. In the U.S. market, it had a 40 per cent market share, compared to approximately 16 per cent each for adidas and Reebok. Nike's dominance of the basketball segment began with the 1985 signing of basketball star Michael Jordan, and the introduction of the Air Jordan line of basketball shoes. By 2003, Nike's share of the basketball segment was approximately 60 per cent versus 20 per cent for adidas and 15 per cent for Reebok.

In addition to basketball, Nike's top products were running, children's, cross-training and women's shoes. Nike also began to aggressively pursue adidas' traditional market of soccer footwear and accessories by sponsoring the Manchester United¹ soccer team in 2002. The company likewise increased advertising spending for important soccer events, such as the World Cup. In 2003, Nike edged out adidas for the first time in the European soccer market with a 34 per cent market share, compared to 30 per cent for adidas.²

In 2004, Nike spent a total of \$1.4 billion on advertising and promotion, compared to approximately \$900 million by adidas. Therefore, adidas had to be more effective and focused in its advertising spending. "Our goal is to be the leading sport brand," explained Rich Prenderville, head of Global Media. "And that means we have to use our money in smarter ways."

BREAKING THROUGH THE CLUTTER

¹ *Arguably the United Kingdom's top professional soccer team, as well as its best known; Manchester United has consistently been one of the top 10 teams in the world since the 1950s.*

² "Nike Tackles Adidas at Home," *News24.com*, November 30, 2004.

For adidas, television remained the primary communications medium. While the company was gradually moving away from print media and replacing it with online and mobile advertising, digital advertising remained a lesser component of larger integrated campaigns. Noted Prenderville:

Print for us has become a poor environment in regard to clutter. If you look at the magazine *FHM*, for example, in some issues you need to go to page 48 before you get any editorial. Unless you have the inside front or back covers, you just become part of the clutter.

Adidas traditionally advertised at sporting events and through sponsorship of sports teams and players. These events reinforced the brand's value to an existing customer base, but did little to attract consumers outside the sporting sphere. Meanwhile, urban environments were fast becoming saturated with advertising messages as companies vied for attention. Not only were consumers harder to reach, but clutter had made many people hostile to the perceived intrusions that advertising made in their lives. In an effort to break free of clutter, consumers sought refuge in new technologies, such as digital video recorders and pop-up blockers that offered ways to avoid unwanted messages.

In this environment, consumers, on average, received no more than eight minutes of adidas advertising per year through all forms of broadcast media. Given the scarcity of time available to directly address consumers, adidas had to ensure that its messages were meaningful and memorable. Grabbing the attention of potential consumers meant seeking innovative ways to deliver advertising. For example, in 2002, the company created a special billboard for the World Cup soccer tournament in Japan, featuring a giant foot extended toward a large boulevard. Half way down the boulevard a giant soccer ball sat atop a crushed car. The advertisement received extensive coverage by international news media as part of their World Cup coverage.

Another early attempt to penetrate clutter was the "living billboard." In September 2003, adidas Japan created a vertical soccer field where two "players" were suspended on bungee cords down the side of the billboard five times a day for 20 minutes. According to one observer:

Hundreds of people stopped to take photos and cheer the two players on. Then, by talking about the event to others, the bystanders spread the word about it. The resulting buzz just got bigger and bigger.³

For a time, the living billboard received coverage on local and international news media, and drew millions of visitors.

The Role of Digital Media

A more pressing dilemma was the move away from traditional media forms, in favor of digital media, such as mobile devices, video games and the Internet. As late as 2003, adidas devoted its entire marketing budget to traditional media. Based on the assumption that more than half of all media consumption would be digital by 2007 (see Exhibit 1), adidas decided to gradually shift its marketing efforts toward new media. In particular, 12- to 24-year-olds, who made up the core of adidas's target audience, devoted a large portion of their time to using online instant messengers, downloading music and communicating with friends via e-mail. "We're not walking away from TV," noted Prenderville. "We're still spending about three-quarters of our budget on traditional media, such as TV, out of home (billboards), and

³ "Welcome to the Matrix," *Asia Inc.*, December 2003.

cinema.” The Global Media Group saw new media as offering richer, more personal, transactional experiences than television or print. “It is an environment in which consumers are entirely focused and want to receive a message,” Drake explained.

By 2005, adidas was spending between 15 and 25 per cent of its marketing budget on new media, more than any of its competitors. Regional subsidiaries were required to spend at least 10 per cent of their budgets on new media. Production for online was relatively inexpensive, since it often adapted existing creative from traditional media. At the same time, online costs for website takeovers and banner advertising increased substantially and, as a result, consumed a larger portion of new media advertising budgets.

Reaching Internet users with an impactful message became increasingly difficult amid the clutter of banner ads and popup windows. One way to stand out was to “take over” a popular web portal. For between \$200,000 and \$500,000 a day, advertisers could rent the Yahoo homepage. In early 2004, adidas took over the Yahoo portal to promote its “Impossible Is Nothing” campaign featuring female boxing star, Laila Ali, daughter of Muhammad Ali (see Exhibit 2). Users could stream a short film to their computer featuring Laila Ali and her father.

According to Tara Moss of adidas America:

Our objective was to extend the “Impossible Is Nothing” adidas brand campaign online to effectively increase our reach to 12- to 24-year-old consumers. We sought to harness the emotional concepts of improvement, challenge and achievement, bringing them to life in an inspirational narrative.⁴

The Yahoo takeover far exceeded expectations, reaching more than twice the number of customers initially hoped for. It was also one of the most successful advertisements placed on Yahoo with more than 5 million downloads. Of those downloads, the average user viewed more than 22 seconds of the 30 second clip. Visitors to the site were directed to adidas’s online retail representative (finishline.com), but the site was unable to handle the unexpectedly high number of visitors and crashed part way through the day. As a direct result of the takeover, adidas sold several thousand pairs of shoes.⁵

At adidas, the failure of some competitors to adapt to rapid technological change created opportunities to deliver advertising messages through “softer points,” such as mobile devices. In the words of one analyst, “Advertisers will have to keep moving if they want to reach young people who wait at the corner, playing with the keypads on their mobile phones.”⁶

According to the Global Media Group, adidas needed to invest heavily in interactive media in order to gain an advantage over better funded competitors, such as Nike. “The ideal scenario,” Drake explained, “is to have intuitive marketing, where you completely understand what consumers want, when they want it and how they want it. And the only way to do that is to collect data. The amount of data that we are talking about is phenomenal.”

Pushing unwanted content (popularly known as spam) on users proved unpopular when it was tested in Korea and Europe using SMS advertising.⁷ “We have to be careful,” explained Drake.

⁴ “Like Father, Like Daughter,” *iMedia Connection*, April 07, 2004.

⁵ Sales were directly traceable to the Yahoo takeover, and did not include indirect sales or longer term trends from increased brand awareness.

⁶ “Ad Agencies Sound Alert over the Mobile Phone Generation,” *Financial Times*, November 8, 2004.

⁷ SMS: Short Message Service was a feature available with some wireless phones that allowed users to send and receive short text messages.

To me, the phone is sacrosanct. If your personal life can appear in the same manner as a business question can, it can be intrusive. With computers you are more prepared to receive messages like this. You can read the heading, and choose to disregard it. In terms of consumer reaction to messages like this, people are very aware of what is intrusive.

After its Korea experience, adidas adopted an “opt-in” policy for all Internet and mobile advertising. In order to receive communications from adidas, users had to request it. The most challenging aspect of such a policy was developing compelling content that would attract users.

Personal Mobile Gateway

Personal mobile gateways (PMGs) allowed cellular phone users to manage personal data, such as addresses, e-mail, etc. Analysts expected PMGs to quickly replace personal digital assistants, such as Palm Pilots and Pocket PCs, by allowing everything to run off a single platform. PMGs on cellular phones would also add functionality to control household devices, such as TVs, Internet, refrigerators and heart rate monitors. Adidas envisioned a platform that would allow users to manage a variety of fitness and sports programs, such as tracking exercise activity or accessing professional sports statistics.

In its current form, a PMG allowed content, such as news, music, games and applications, to be delivered directly to cellular telephones. Adidas divided content into three tiers, based on production cost and user value. Free content provided an incentive for consumers to interact with the adidas brand and usually included inexpensive media, such as wallpapers. Any production costs associated with free content were viewed as advertising expense. Cost-plus content charged a small fee to cover the expense of creating the content, such as ring tones. Finally, fee-based content provided extra value that customers were willing to pay for, such as an interview with a sports celebrity. In contrast, Nike charged users for all content downloaded to cellular phones, including wallpapers sporting the Nike logo as their central feature (see Exhibit 3). The Global Media Group debated whether or not adidas should follow the same model as Nike. “Usually marketing is about giving something for free,” Drake explained. “Should marketers be selling marketing content? It’s still an open debate.”

THE BRAND IN THE HAND

When Drake joined the adidas Global Media Group in 2003, he was already convinced that wireless information services were quickly becoming the primary communication and entertainment medium for younger consumers. Drake had just finished working on the Vodafone account for a U.K.-based media agency, where his task had been to re-brand Vodafone’s J-Sky service as Vodafone Live, an early attempt to develop a global third-generation (3G) brand.⁸

Japan was the first to implement 3G cellular telephony in 2001, with transfer speeds as high as 2 megabits per second. Such speeds were comparable to cable modems and wireless broadband.⁹ With the advent of 3G in Europe, wireless providers prepared to deliver rich content to phones. Users would be able to

⁸ Vodafone was the world’s largest cellular phone carrier with more than 150 million subscribers in 39 countries. J-Sky was the cellular brand for Japan-based J-Phone, the world’s first wireless carrier to provide 3G. The company was acquired by Vodafone in 2001.

⁹ Regulatory delays and diverging standards delayed the introduction of 3G technology in the United States. However, by the end of 2004, all three major U.S. carriers had announced plans to make broadband cellular service available in urban centers. By 2008, most of the country would be linked to broadband cellular phone services.

browse the web, watch movie clips and sporting events, download music and play games. For adidas, advanced mobile technology created new opportunities to have its brand in the hands of consumers.

By 2003, 70 per cent of Europeans owned cellular phones. The majority of these phones provided basic voice and text features. Beyond portability, most provided little beyond traditional landline phones. However, some 28 per cent of mobile phone users were equipped with a newer technology, known as 2.5G, and the number of subscribers with access to advanced features continued to increase at a steady pace. Although 2.5G phones often included color screens and enhanced audio, they were still too slow to provide delivery of rich multimedia content. They could, however, allow users to download wallpaper, ringtones, and stripped-down Internet text, as well as send picture messages using built-in digital cameras.

With the implementation of 3G, the situation had begun to change dramatically, especially among younger consumers. While the number of Europeans with cellular phones was not expected to increase much over time, subscribers were trading in older phones for newer ones with 2.5G or 3G capabilities. By 2006, most cellular phones in Europe would be either 2.5G-or 3G-equipped (see Exhibit 4).

For the Global Media Group, mobile media offered several advantages over traditional media. For one, advertising could be delivered directly to a targeted audience in much the same way as direct mail. And while mobile media devices had the portability of print, they were much more time-sensitive, providing continuous on-time delivery of content. Furthermore, as the technology progressed, it began to approach the richness of TV and some wireless providers had already begun delivering television content to 3G-equipped cellular telephones.

Nevertheless, measuring the effectiveness of mobile marketing in a rapidly changing technology environment was a challenge. Without solid evidence to support the transition to new technologies, advocates found it difficult to convince other managers that Internet and mobile marketing was not just hype, particularly after the dotcom-inspired stock market decline of 2000.¹⁰ Without strong company backing, supporters of new media had to be willing to take greater risks. The Global Media Group wanted adidas to break free of the idea that television was the center of marketing communications and embrace the potential of mobile technology.

The Global Media Group viewed Coca-Cola's Flaschenpost¹¹ campaign in Europe as an example of the potential of mobile marketing. In Germany, Austria and Hungary, customers who purchased Coca-Cola products received unique codes imprinted on product boxes, cans and bottles (see Exhibit 5). The codes could then be used to download free mobile content. During the campaign, more than six million free wallpapers and ringtones were downloaded to mobile phones. "That's the kind of number we're interested in," explained Drake.

They put their entire marketing budget into this (€8 million) and it was hugely impactful and very successful. That's where we have to take adidas. The small steps we are taking now must show our chief marketing officer that we can achieve this.

When adidas announced its mobile marketing initiative to regional subsidiaries, most were enthusiastic. Only the company's U.S. subsidiary was reluctant, due to the relative paucity of spending on mobile

¹⁰ In early 2000, the failure of prominent Internet companies, such as E-toys and Value America, caused many investors to reevaluate the market. As bearish sentiment began to take hold, the technology shares entered into an extended downward spiral. In March 2000, the technology laden NASDAQ exchange peaked at 5,000. By year's end, approximately half of that index's value had been erased.

¹¹ Flaschenpost: German for "message in a bottle."

media by American youth compared to other regions of the world (see Table 1). However, once adidas Global Media presented its strategy, along with growth projections by medium, adidas America agreed to support the plan.

Table 1

YOUTH SPENDING ON MOBILE MEDIA BY REGION

Region	2003 (actual)		2006 (projected)	
	Total Spending (\$ millions)	% Leisure Spending	Total Spending (\$ millions)	% Leisure Spending
North America	250	<0.1	4,500	5
Asia-Pacific	6,250	13.5	16,000	7.5
Europe	6,900	9.2	8,500	9

Source: w2forum Mobile Youth 2003.

Global Brands vs. Regional Preferences

Technology adoption among developed countries varied from region to region, with the Far East (particularly Japan) leading the world in mobile technology, followed by Europe, and finally North America. The lag in technology adoption in the U.S. cellular phone market provided an opportunity for adidas to test new products in Europe before launching them in North America. Noted Drake:

The U.S. is our key market. Everything that we test in Europe is done so that we have a better practice for the U.S. The battle can be won or lost in the U.S.

While consumers around the world enjoyed sports, movies and music, advertising had to be tailored to the regional tastes reflected through these forms of entertainment. For instance, the endorsement of soccer superstar David Beckham¹² had a major impact on sports fans in Europe, but had little impact on Americans, who were more interested in baseball and basketball, or on Canadians obsessed with hockey.

With that in mind, adidas partnered with MTV, the most well-known music entertainment channel on television. With its vast audience and global reach, MTV became an important part of the adidas campaign. "MTV is a source of cool," Drake explained.

We can try to integrate adidas into MTV programming, but we also need an element where consumers can react and take action. For example, we can mix songs and tones with mobile applications.

¹² As soccer's best-known icon, David Beckham was renowned for his long curving kicks. He helped lead the Manchester United soccer team to championship wins in 1996, 1997, 2000, 2001, and 2003. In 2003, Beckham was traded to the Real Madrid team. His personal fortune was estimated to be greater than the Queen of England.

Mobile messaging had to be both fun and interactive in order to compel people to use it. Therefore, adidas sought methods that gave customers a “hook,” and then relied on viral marketing to convince others to use the service or product.¹³

Moving Beyond Text Messages

Ringtones and Wallpaper

Adidas first attempt at interactive mobile marketing was in Sweden in 2002, with a campaign called “Colours.” Using very simple banners and wallpaper, users could click on an icon to download to their phones’ wallpaper that featured the adidas logo. The wallpaper was collectable and enabled discounts in stores, which proved to be the main driver for consumers. By tracking the number of clicks, adidas was able to determine that the campaign had been more effective than anticipated. From that experience, adidas marketing executives came to believe that mobile marketing could be an effective weapon.

Another pilot involved a ring tone¹⁴ program in the United Kingdom, in which users could download ring tones to their cell phones for a small fee. Adidas advertised the ring tones on interactive TV for 10 days, which resulted in 600,000 downloads. While the profit from the ring tones was miniscule, it helped create brand awareness and helped establish the effectiveness of such tools in reaching consumers.

As a first step, adidas wanted consumers to feel comfortable with the company logo on their cellular phones. Ultimately, adidas envisioned its own broadband channel that could be accessed through an adidas icon. Once accessed, subscribers would enter a virtual “adidas world” that would include a number of multimedia services aimed at increasing brand awareness and product purchases.

Video Games

According to the Global Media Group’s research, video games were one of the few ways that adidas could provide a brand experience specifically aimed at the 12- to 24-year-old demographic. “Gaming is the biggest growth area among youth consumers,” Drake observed. In response, mobile companies and mobile handset manufacturers invested more in developing gaming technology than any other service area.

In recognition of the trends, adidas hired a software development firm to create an arcade-style soccer game applet that could be downloaded for a fee of €1.99. The game offered three areas of play: trick play, in which a player kicks the ball in the air and tries to prevent it from hitting the ground; free kicks, which require players to bend the ball around a wall of opposing players; and penalties. As players completed each level of play, they progressed to increasingly difficult levels.

The intent of the game applet was to create a complete brand experience for users by linking brand icons, such as David Beckham, to company products. Moreover, the acquisition of virtual equivalents of certain products, such as particular styles of soccer shoes, allowed players to improve their performance in

¹³ Viral marketing referred to “network-enhanced word-of-mouth.” Users accessed content voluntarily and then solicited their friends to do the same, often through e-mails (viral e-mail) or text messages.

¹⁴ A ring tone is a music clip that plays when receiving phone calls. Ring tones could be customized to identify specific callers, or they could be used to help distinguish one phone from other nearby devices. Finally, ring tones added a personal element that reflected a sense of individuality.

certain areas. As a result, adidas hoped that players would realize the benefits offered by the real products represented in the game. Finally, Vodafone Live subscribers could post high scores or exchange scores with other subscribers.

The Road to Lisbon

One of the more important sporting events in Europe was the Union of European Football Associations (UEFA) Championship, a soccer event also known as the European Cup. Once every four years, the European Cup brought 16 of Europe's national teams together to compete for the title of European champion. In 2004, Portugal played host to the largest ever UEFA event and the largest sporting event ever hosted by Portugal. More than one million event tickets were sold to fans in 100 countries, and television broadcasts of the 31 games reached a cumulative audience of approximately seven billion viewers.¹⁵

Adidas sponsored the event with its "Road to Lisbon" (R2L) campaign, featuring 13 of Europe's greatest soccer stars as they travelled together across Europe on motorized scooters to their final destination, the European Cup (Euro 2004) in Lisbon. The centerpiece of the campaign was a short film that featured the soccer greats as they stopped in various locations along the way.

The company also invested heavily in television ads to build awareness, complemented by an Internet site from which the company promoted the mobile component. Although advertising was prohibited within one square mile of the stadium, adidas sent out "scooter squads" to other areas of Lisbon to remind people of the campaign.

The success of the R2L campaign was rounded out with an upset win by the adidas-sponsored Greek team at the Euro 2004 championship. In addition to the publicity generated by the event, sales of adidas-licensed replica jerseys and Euro 2004 jerseys surpassed 2.5 million units.

Adidas media campaigns were designed to follow three steps: impact, involvement and activation. The first step, "impact," meant that the campaign had to be relevant to its target audience. In this respect, R2L tapped into the affinity Europeans had for soccer. Second, "involvement" meant that the advertising had personal relevance and interactivity for the consumer. For instance, by downloading wallpaper or ring tones, consumers received a benefit that made them want to participate in the marketing campaign. However, neither of these prerequisites were any benefit to adidas if they did not increase sales. "Activation," the final and most important step, involved purchases of adidas products as a direct result of advertising and promotion.

R2L Mobile Marketing

To complement the campaign, the company created a Road to Lisbon website that included downloaded polyphonic ringtones featuring music from the company's television commercial. Adidas charged less than \$1 per ringtone, which included a small profit margin. In its first month, 10,000 ringtones were downloaded.

¹⁵This figure represents the cumulative number of viewers, including repeat viewers. Therefore, one person viewing all 31 games would be counted as 31 viewers.

Members of Club Nokia¹⁶ in Germany were sent text messages advertising clips from the Road to Lisbon commercial that could be inserted into conversations. Of the 120,000 messages sent, 10 per cent responded by downloading clips, such as crowds cheering or booing.

Adidas created a more useful and interactive product with its Euro 2004 Java ticker applet.¹⁷ The ticker could be downloaded to cellular phones and offered real-time scores for the championship matches (see Exhibit 6). The applet was promoted through soccer websites across Europe, such as football365.com in the United Kingdom, and it was available in five languages (English, French, German, Spanish and Swedish). Additionally, some phone service providers, such as Vodafone, promoted the applet on their websites in order to encourage subscribers to use newer forms of multimedia services.

The applet could be downloaded to 2.5G phones using an advertised code at a cost of €5.00 for two months' use, which was charged directly to the user's monthly mobile phone bill. The applet then connected with a third-party information provider that adidas had hired to feed scores and other information to users for a flat fee. Any earnings generated from subscription fees also went to the information provider rather than adidas.

Actual subscriptions to the Euro 2004 applet far exceeded pre-launch projections of 30,000 subscribers. When the mobile provider's tracking site failed halfway through the campaign, the company already had more than 63,000 subscribers. Although users could still download the applet, the mobile phone provider was never able to restore tracking or collect additional subscription fees. Nevertheless, adidas viewed this early effort in branded cellular phone services as a qualified success. Although user profiles were not collected, the Global Media Group was concerned about the lack of focus on the key 12- to 24-year-old consumer. "From the testing we did," Drake explained, "the applet was too factual and appealed mainly to hardcore football geeks. Kids want something that is more lighthearted; something that's a bit cooler; something that will give them an advantage over their friends."

Some believed that the R2L mobile effort could have been even more successful had it been cross-promoted on food and beverage containers, for example. The cost of such promotion, however, was very high. With R2L, adidas was "testing the waters" to see what could be achieved on mobile devices, without spending a significant amount of money. According to Prenderville, new media had to be approached cautiously. "We will continue to migrate to digital media, such as mobile devices," he explained. "However, for senior management to have faith in new media, we need to have a gradual transition. We have to make sure that the tools we are using have critical mass before we invest money in them."

A second generation program called "Match Centre" provided up-to-date regional league scores for the Italian, French, German, Spanish and U.K. leagues. The applet was promoted on sports websites (see Exhibit 7). By clicking on a banner ad, users were taken to an instruction page that explained how to enter a text code into their phone (see Exhibit 8). Once the code was entered, a download link was sent to the phone, and any associated fees were automatically charged to the user's phone bill.

Although Match Centre appeared to be popular among soccer fans, the Global Media Group was unsure how much the service would appeal to younger consumers. According to Drake:

¹⁶ Club Nokia was a marketing program in which subscribers agreed to receive promotional messages on their cellular phones in exchange for benefits such as product discounts and free cellular phone content or services.

¹⁷ An applet is a small self-contained computer application written in the Java programming language developed by Sun Microsystems, Inc. An applet has limited connectivity and can usually only interact with the site from which the applet originated. A ticker applet downloads and displays simple information, such as weather, news headlines and sports data.

We have found a way to impart information; we have found a way to demonstrate products, and we can align it all with the current brand concept. We've achieved all of that. Has it made a positive impact on the football fan? We think yes, as future research will demonstrate. But we still haven't been able to engage youth in a meaningful way.

We are only interested in the 12- to 24-year-olds, which is an age in which we can make a favorable impression. Although they have greater spending power, we are less interested in older consumers because they already have brand loyalty.

In future generations of Match Centre, adidas planned to incorporate "cooler" elements, such as photos and video.

URBAN COOL

Basketball

Basketball had traditionally been dominated by Nike and its affiliation with basketball star Michael Jordan. The affinity American urban youth had for basketball resulted in a large market share for Nike among American teens. For adidas, breaking into this market was a critical part of its U.S. product strategy. The Global Media Group sought to adjust the R2L tools to provide the same benefits to basketball fans in the United States, such as real-time basketball scores and other basketball data on a mobile Java ticker. Drake explained:

Right now we are limited by the bandwidth in the U.S., which means that we can only deliver text. But it is only a matter of time before the technology will allow us to deliver more information. The problem for us is not delivering information to the consumer, but combining it with product and brand messaging.

Drake believed that mobile phones could prove to be an important way to deliver marketing messages to basketball fans in American cities:

In my opinion, the basketball fan is inclined to look for personalization and for the latest technology, something that can demonstrate urban cool. And we think the mobile phone is a cool item. Therefore, an investment in that will be a big part of their income.

One option involved creating an adidas-branded mobile phone. To realize the concept, adidas would have to work with cellular phone manufacturers to include features important to its target market. Secondly, it had to develop appealing add-on content, such as sports tickers, games and ringtones.

Hip-Hop Music

Adidas based its U.S. brand strategy around "urban centers of cool," where hip-hop (rap) music stars strongly influenced style fashion trends. Although Reebok was arguably the most aggressive company when it came to sponsoring hip-hop, the first music group to endorse a line of footwear was Run DMC with its 1986 hit song "My adidas." At the time, marketers were only beginning to look at the cultural phenomenon of hip-hop, so when Run DMC subsequently asked adidas to underwrite a concert tour, company executives were hesitant. One observer noted:

They were skeptical about the marketing potential of rap musicians until they were convinced to attend a Run DMC concert. At a crucial moment, while the rap group was performing the song, one of the members yelled out, “Okay, everybody in the house, rock your adidas!” and three thousand pairs of sneakers shot into the air. The adidas executives couldn’t reach for their checkbooks fast enough.¹⁸

By 2003, the hip-hop cultural phenomenon had reached 45 million Americans, who spent more than \$10 billion on hip-hop music and related merchandise. Of this number, an estimated 80 per cent were Caucasian between the ages of 13 and 34, with a total spending power of roughly \$1 trillion.¹⁹ The influence of hip-hop even extended to other countries, particularly the United Kingdom, Germany and Japan, where fans imitated the clothing and lifestyle choices of their favorite hip-hop stars.

Respect M.E.: The Missy Elliott Campaign

Five-time Grammy nominee Missy Elliott was the best-selling female hip-hop star of all time with more than 7 million albums sold. In 2001, she signed a one-year deal to promote Reebok shoes before appearing in television commercials for the Gap and Sprite. After her contract with Reebok expired, she signed a deal with adidas to create her own line of adidas-branded clothing and footwear.

Known as Respect M.E., the line ranged from “Run DMC style” sneakers priced at \$70 to Missy Elliott “Remix” boots for \$120. Adidas even set aside its long-standing guidelines for style and color in order to accommodate Missy’s unique fashion.

The Missy Elliott line was launched well into the fiscal year, when advertising budgets had already been allocated to various campaigns. With limited marketing support available to Respect M.E., adidas decided to promote the line in three ways: mobile, online and a face-to-face event at the music awards in Miami, Florida. Mobile was viewed as a particularly inexpensive media that would allow adidas to “stretch the budget” while reaching a wide audience.

The objectives of the mobile campaign were to:

- Show the product line,
- Create consumer demand,
- Drive traffic to retail outlets,
- Help consumers locate the products,
- Grow the existing database of Missy fans and capture SMS data,
- Alert fans to product line activity, such as Missy press updates and appearances, and
- Enable users to download exclusive Respect M.E. mobile content onto their handsets for viral promotion.

The Missy Elliott campaign was adidas’ most ambitious mobile effort yet, one that the Global Media Group hoped would attract “hundreds of thousands” of potential customers. It included a broad variety of content, such as monophonic, polyphonic and true-tone ringtones, voice tones²⁰ and adidas-branded

¹⁸ “Simmons’ Rush for Profits,” *Black Enterprise*, December, 1992.

¹⁹ “Hip-hop’s Bling Culture is Wooing Corporate America,” *Marketing Week*, June 24, 2004.

²⁰ Unlike ringtones, which used music to notify subscribers of incoming calls, voice tones utilized voice messages from Missy Elliott, such as “Yo, this is Missy Elliott. Why don’t you show me some respect and pick up your phone.” True tones were digital music samples similar to MP3 audio recordings.

wallpapers. Adidas decided to initially price content at \$1.99 (except true tones, which sold for \$2.99). Users were required to register on the Respect M.E. website by entering personal data and a valid credit card number (see Exhibit 9). Once registered, any downloads were charged to the user's credit card. Finally, any profits generated from the site would be donated to Missy Elliott's "Break the Cycle" charity.²¹

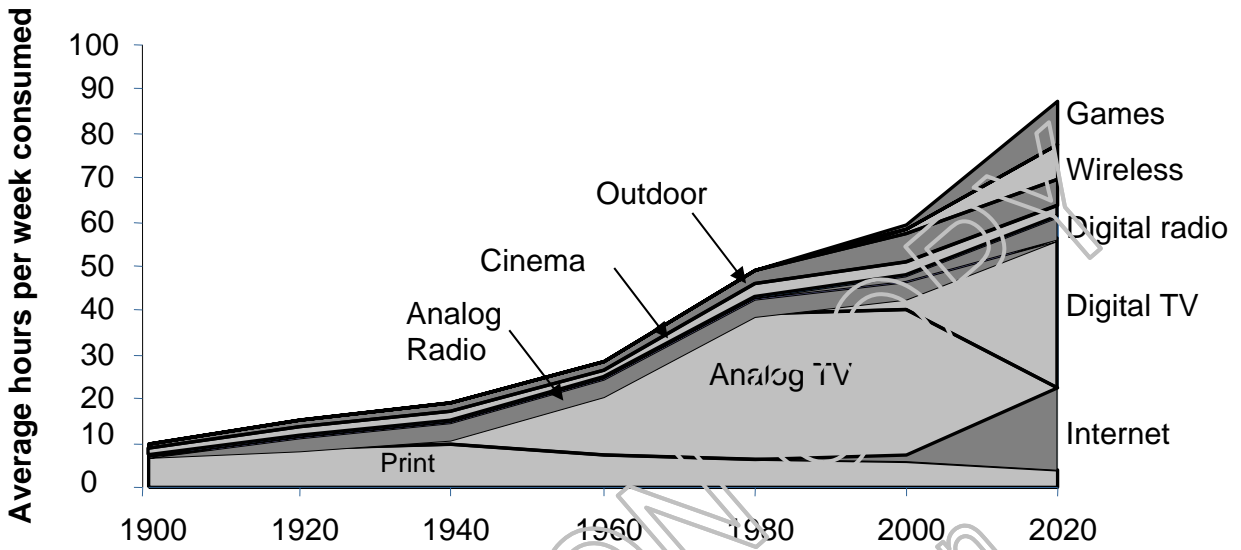
Cell phones that accessed the site could also be used to browse the Respect M.E. collection, find the nearest adidas store by inputting a postal code, sign up for product and content alerts, chat with Missy Elliott once a week, send a notification to another cell phone about Respect M.E., and enter a contest to win a vacation with Missy Elliott.

The delivery of exclusive product previews of the new Respect M.E. line was a key component of the campaign. "People generally like to show their friends what's coming and what's new," Drake reasoned. "And if brands are considered cool, they definitely want to show their friends before it becomes available."

To encourage traffic to the site during its initial launch, adidas offered the first 10,000 wallpapers downloaded from the site for free. Also, for each message sent to a friend about the Missy Elliott site, members received credits that could be used to download content, also for free. Finally, Missy Elliott created an exclusive track for adidas, which was advertised on various blogging sites.

²¹ "Break the Cycle" offered programs aimed at reducing domestic violence in the United States.

Exhibit 1
MEDIA CONSUMPTION TRENDS



Source: adidas Global Media.

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Exhibit 2

YAHOO WEB PORTAL TAKEOVER




[Personalize](#)


[Finance](#)


[Shop](#)


[Mail](#)


[Messenger](#)


[HotJobs](#)

[? Help](#)

 **Yahoo! Personals** - A romantic Valentine's date could be yours. [Enter Project: Real Valentines.](#)

Web

Images

Yellow Pages

Products

Search the **Web**: Yahoo! Search [Advanced](#) [Preferences](#)

New! [Yahoo! Valentine's Day Guide](#)

Shop [Auctions](#), [Autos](#), [Classifieds](#), [Real Estate](#), [Shopping](#), [Travel](#)

Find [HotJobs](#), [Maps](#), [People Search](#), [Personals](#), [Yellow Pages](#)

Connect [Chat](#), [GeoCities](#), [Greetings](#), [Groups](#), [Mail](#), [Messenger](#), [Mobile](#)

Organize [Addresses](#), [Briefcase](#), [Calendar](#), [My Yahoo!](#), [PayDirect](#), [Photos](#)

Fun [Games](#), [Horoscopes](#), [Kids](#), [Movies](#), [Music](#), [Radio](#), [TV](#)

Info [Finance](#), [Health](#), [News](#), [Sports](#), [Weather](#) [More Yahoo!...](#)

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Watch: [Kylie Minogue - Norah Jones](#)

Plus: [Videos](#), [Radio](#), [Photos](#) & [more](#)

IMPOSSIBLE IS NOTHING



ALI vs. ALI
CLICK TO SEE MORE

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[Make Yahoo! your home page](#) - [Yahoo! Toolbar with Pop-Up Blocker](#)

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- [Sell Online](#)
- [Get a Domain](#)
- [Market Online](#)

Yahoo! Premium Services

- [SBC Yahoo! DSL](#)
- [Live Sports](#)
- [Personals](#)
- [PC Games](#)

Web Site Directory - Sites organized by subject [Suggest your site](#)

<p>Business & Economy B2B, Finance, Shopping, Jobs...</p> <p>Computers & Internet Internet, WWW, Software, Games...</p> <p>News & Media Newspapers, TV, Radio...</p> <p>Entertainment Movies, Humor, Music...</p> <p>Recreation & Sports Sports, Travel, Autos, Outdoors...</p>	<p>Regional Countries, Regions, US States...</p> <p>Society & Culture People, Environment, Religion...</p> <p>Education College and University, K-12...</p> <p>Arts & Humanities Photography, History, Literature...</p> <p>Science Animals, Astronomy, Engineering...</p>
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In The News 3:23pm ET, Wed Feb 11

- [Disney to study Comcast merger offer](#)
- [Edwards courts workers in Wisconsin](#)
- [15 Palestinians die in Gaza Strip clash](#)
- [Iran marks Islamic revolution anniversary](#)
- [Detained bin Laden driver to stand trial](#)
- [Report: Smoking damages sexual health](#)
- [Use of camera phones prompting bans](#)
- **Markets:** Dow ▲ 1.0% • Nasdaq ▲ 0.4%

News - Elections - Sports - Stocks - Weather

Marketplace

- [Valentine flowers + free vase \\$29.99](#)



Send the freshest flowers direct from the grower. Satisfaction guaranteed and save 30-55%

- [The top rated laptop and business cases - All shipped free - Today only](#)
- [Get a degree online - Boost your salary - Bachelor's, Master's, Postgrad and more](#)
- [Mortgage Calculator - Free mortgage quotes - Mortgage rates for Wednesday 2/11/04](#)
- [Personalized new Ultra golf balls - \\$9.99 dozen plus free ground shipping in USA](#)

Shopping - Computers - Electronics - Travel

Source: Yahoo.com web archive.

Exhibit 3

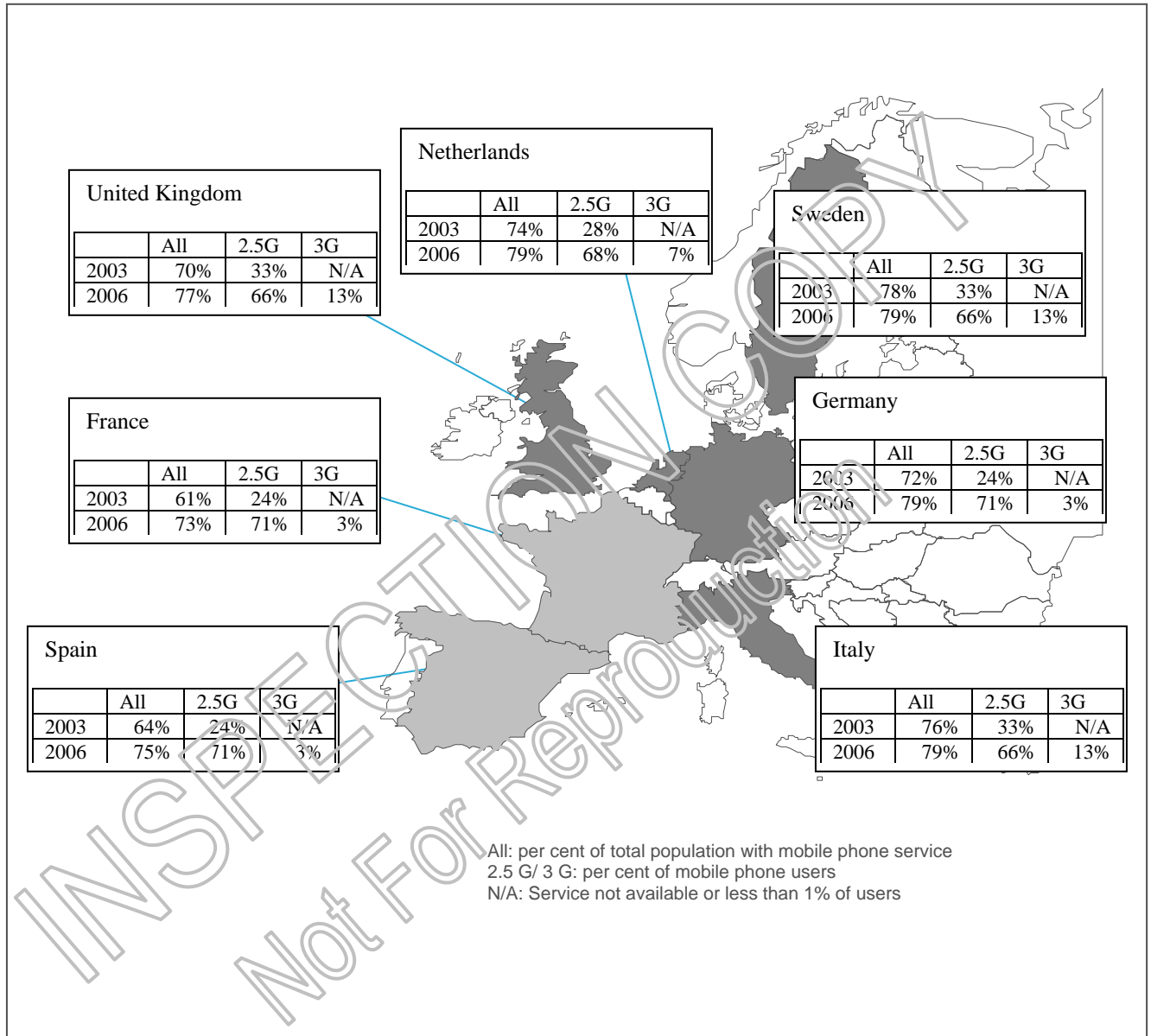
NIKE MOBILE DOWNLOADS



Source: nikefootball.com, December 2004

Exhibit 4

EUROPEAN MOBILE PHONE PENETRATION BY COUNTRY
2003 (ACTUAL) AND 2006 (ESTIMATED)



Source: adidas Global Media (based on Forrester Research data).

Exhibit 5

“FLASCHENPOST” FOR COCA-COLA



Source: adidas Global Media.

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Exhibit 6

ADIDAS MATCH CENTRE



Road to Lisbon



Match Centre 2.0

Source: company files

To get the adidas Match Centre, users entered the keyword "adidas." The Match Centre provided users with live scores, statistics and European soccer news.

A simple menu structure included:

- *Live Scores*
- *Results of Previous Matches*
- *Group Tables*
- *News*
- *adidas Zone*

Exhibit 7

U.K. SOCCER WEBSITE WITH ADIDAS MATCH CENTRE ADVERTISEMENT

Football | Betting | Casino | Poker | T-Shirts 365 | Games | Sunday League rivals.net

rivals.net
YOUR SPORT. YOUR TEAM. YOUR PASSION.

Rivals.net Games | Casino | Poker | February 7, 2005

Rivals Menu

Rivals Football

[Football 365](#)
[Rugby](#)
[F1](#)
[Cricket](#)
[Horse Racing](#)
[Golf](#)

[Football Shop](#)
[Rivals Casino](#)
[Rivals Poker](#)
[Games](#)
[Mobile Channel](#)
[Text Alerts](#)
[Fantasy Manager](#)
[Competitions](#)

[Video Highlights](#)
[Replica Kit](#)

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Kevin Harper and John Curtis have left Pompey for Stoke and Nottingham Forest respectively...

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Exhibit 8

ADIDAS MATCH CENTRE SIGN-UP WEBPAGE

RELAX, LET ME TAKE CARE OF YOUR MOBILE

MOBILE LOUNGE
.CO.UK

ringtones games sms services wallpapers slide shows java tickers **Nuts** help compatibility

Premiership Match Centre

GET YOUR FREE* ADIDAS F50 PREMIERSHIP MOBILE MATCH CENTRE

The adidas f50 Premiership Mobile Match Centre is the most essential piece of football kit for any football fan! To keep up to date with all the latest footy news and scores on the move

Text **ADIDAS** to **83900** now!

- Live Scores** - Get the goals as they hit the net!
- Breaking News** - All the latest news as it breaks!
- Latest Results** - See all the latest results and scorers!
- Premiership Table** - Updated within hours of each match!
- Latest Fixtures** - Check out the fixtures for the next 7 days!
- adidas Zone** - Win a pair of adidas F50s signed by Djibril Cisse!

You will be sent a wap download link in a message. Highlight the link, connect to the website and follow the instructions on your phone to install. This application will be valid for the **entire** duration of 2004/05 Premiership season and the first 30 days after you connect to the server will be **FREE OF CHARGE***. Thereafter you will receive one text message each 30 days charged at £3 unless you unsubscribe from the service**. To unsubscribe text ADIDAS STOP to 83900. You can resubscribe at any time by texting ADIDAS START to 83900.

When you start the application for the first time go to the Breaking News section and read the "Welcome to the Match Centre" story which tells you how to work the application. Alternatively select 'Connect' and the application will download the latest information. As long as you are connected the application will check for the latest news and scores every minute.

Please check your phone is compatible before ordering as refunds cannot be given for incompatible orders. The adidas f50 Premiership Match Centre is only available to UK customers of Vodafone, O2, T Mobile & Orange. The application will **ONLY** work on the following handsets:

Nokia: 3650, 3660, 6600, 7600, 7610, 7650, n-Gage
Nokia: 6230, 6650, 6800, 6810, 6820, 3100, 3200, 3300, 5100, 6220, 6610, 6610i, 7210, 7250, 7250i
More phones to follow shortly...

Tip: If you are prompted each time the application checks for updates you can stop this but the solution is different for each phone.
Nokia 6600 - Go to Menu > Manager. Scroll to Adidas Prem and select Options > Settings. In Network Access, click into this and change the setting to Ask first time.
Nokia 3650 - Go to Applications and scroll down to Adidas Prem and select Options > Settings > Settings (again) > Network Connection. Change this to Allowed.

**Please note that you will be charged by your network for the amount of GPRS data downloaded each month, depending on your network's tariff, even during the first 30 days.

AN ASSOCIATION WITH
Football365.com

Exhibit 9

RESPECT M.E. REGISTRATION SITE AND SAMPLE WALLPAPER



Source: company files