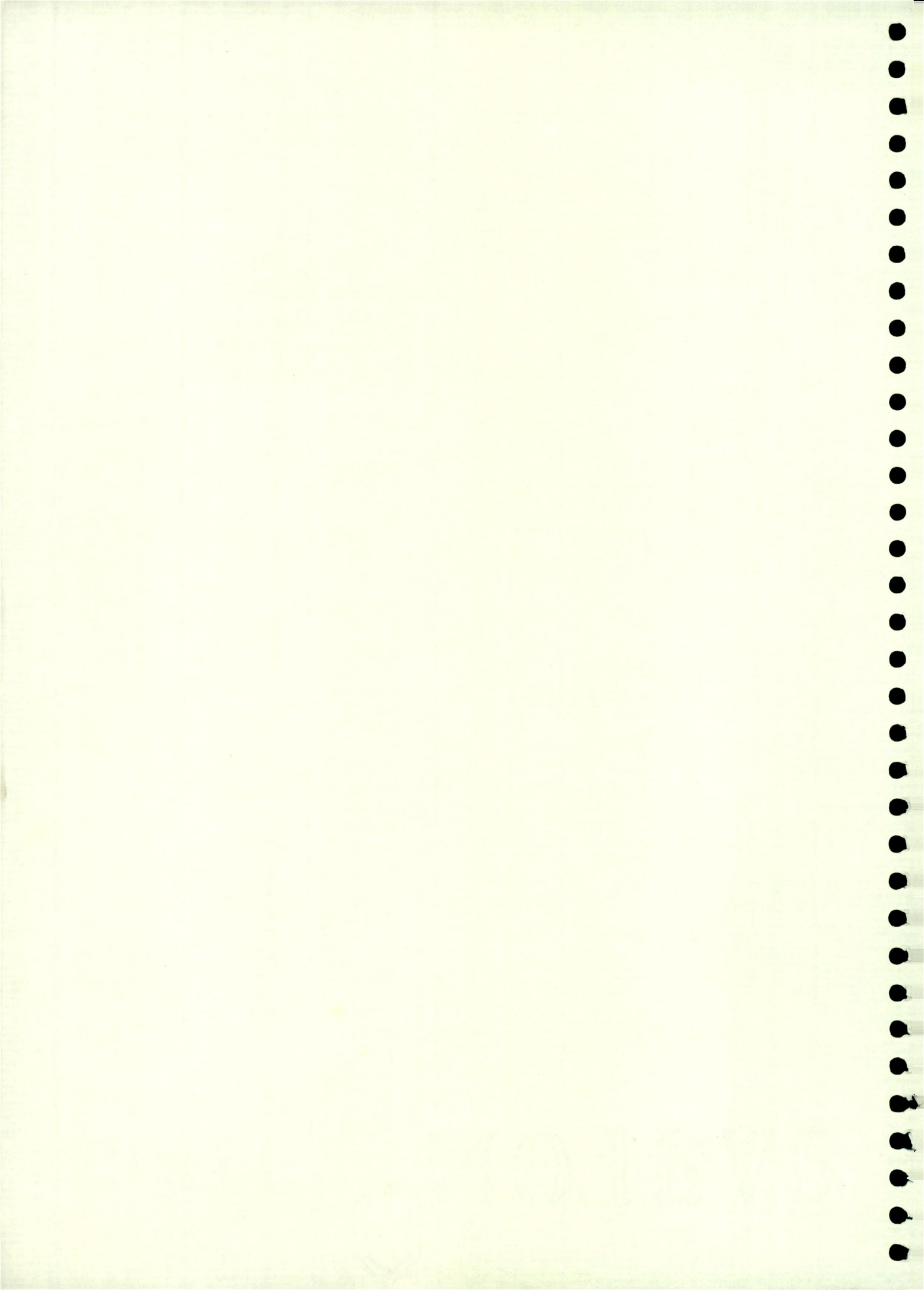


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National College of Art & Design
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adidas *Earning It's Stripes*

Researched and Compiled by Mary Patricia Cassidy

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Introduction

*"Our roots trace to a guy who was a cobbler in Germany
A lot different from the people we are competing with
today. He wasn't a business guru or a marketing genius.
He was a craftsman, who was in love with sports and
made a decent product".*

(Robert Erb) (Ref. 1)

Today great pride is felt when someone undertakes new and innovative ventures, be it climbing Everest, or walking on the moon. Ultimately these ventures have prestige associated with them. This may be copied but never equalled. This thesis will look at the German sports company, **adidas**, which began in 1920 as the pioneering name in sports shoes and developed into a corporate giant in sportswear that stretches over seven decades. As a graphic design student in the 90's, I find it extremely interesting to see how **adidas**, the sportswear company, has launched an impressive comeback campaign in this decade. Having been knocked from their number one position at the top of the sportswear market by Nike in the mid 70's, it is intriguing to see how marketing and advertising a product can increase its popularity and profit margin drastically. First I will consider **adidas** at its zenith, nadir and subsequent revival. I will then analyse the various people and events that have contributed to its success; primarily examining how they have plucked themselves from the relative obscurity to their recent challenge of Nike for the leading position in the American sportswear market.

Chapter one traces **adidas** origins from its birth in a small West German town. I will outline how Adi Dassler's passion for sport prompted his creation of a multi-national company. A true entrepreneur, Adi Dassler recognised the untapped market potential that lay before him. I will continue by examining how, during the "sneaker boom" of the 80's the company suffered serious damage due to Nike and Reebok's alternative vision for sportswear, that of modern fashion items. In retaliation, a newly structured **adidas** launched a revival campaign introducing a new and exciting image on a worldwide basis.

Chapter Two contains an indepth look at **adidas** in terms of their logo and brand image, with a particular emphasis on the creation and development of their overall brand image. I will show how the three stripes developed from an initial support of a running shoe into a cult symbol representing quality and heritage. I will examine the main factors responsible for creating their latest brand image and why this image was so necessary.

Chapter Three is an analysis of the **adidas** renaissance in the 1990's. Taking into account the effect change in consumer buying trends has had on today's society. It also contains a profile of Robert Louis Dreyfus, the man who saved **adidas** from near bankruptcy, by commissioning British advertising agents *Leagus Delaney* to create a series of ads that would boost **adidas** credibility, among the young. I will observe the strategies used by Dreyfus to deal with the companies problems and how he implemented them.

Chapter One

Origin and Corporate History.

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Origin and Corporate History.

The 1970's and 80's were without question eras of Thatcher, Regan, punk, polyester and a fitness craze that would re-shape more than the world's waistline. Beginning in the mid 70's there was a strongly promoted notion that a health and fitness regime would halve the risk of developing a heart related illness. With a sudden boom for sport it was no surprise that sports manufacturers would cash in on this opportunity for extra business. The market leader in sportswear prior to the 1970's was the German sports giant, **adidas**.

adidas, whose products sported those three famous stripes, dates back much further than the 1970's, in fact, in order to trace its origin one has to look back over seven decades, to the 1920's.

Origin of adidas

Its founder, Adi Dassler, was born at the turn of the century in the Bavarian town, Herzogenaurach, in West Germany. He was a cobbler by trade, and starting from humble beginnings, developed a keen interest in sport, in particular running. It was this interest that spurred him on to create the first ever running shoe. As sports apparel had not been heard of in the 1920's in Germany and there was no one else producing items specifically made for sport, Dassler realised that there was a market to be established in this area. And so he pioneered the now multi-million dollar business of sports branding.

Over the next fifty years production flourished for Dassler, as he launched soccer shoes, tennis shoes and handball boots. It is due to his great inventive genius that **adidas** as a company advanced to become the world's leading sports shoe manufacturer. Dassler's range of creative abilities, meant that he obtained more than seven hundred patents in his lifetime. His goal was always to provide athletes with the best quality in sports footwear.

Only eight years on from the initial concept, the Dassler shoe had its first significant appearance. This was at the 1928 Olympic Games in Amsterdam,

when athletes wore his shoes for the first time. This worldwide recognition was precisely what the German needed to propel his product onto a higher level, and consolidate his position on the market. This was demonstrated in 1936 when the famous American sprinter, Jessie Owens, won four gold medals at the Berlin Olympics wearing Dassler shoes, resulting in not only a significant landmark in **adidas** history but also a milestone in sporting history. The continued success of the sports shoes meant that production could expand further. In 1937 the shoes were being produced for eleven different sports.

Now nearing the end of the 30's with World War II approaching, Dassler and his small number of employees seemed scarcely affected by the turmoil their country was experiencing. In truth the chaos of the post war period signified a turning point for Adi Dassler. It was at this time that aid from the United States was being pumped into Europe. Funding from schemes such as *The Marshal Plan* helped sustain business in Europe effected by the war. So, in 1948 just three years after World War II ended, Dassler formed **adidas** the company, with forty eight employees.

The greatest breakthrough for **adidas** as a new company both on a national and international level, was at the 1954 World Cup in Switzerland. The West German soccer team completed a winning performance in **adidas** shoes. **adidas** had its fair share in the glory, the attention of the world had been drawn to the West German sports shoe manufacturer. Allowing them much appreciated free publicity. With the development of mass media in the 50's and the increasing significance of television, it became much easier for **adidas** to promote itself on a wider scale. Television offered for the first time a chance to make the general public aware of the success of **adidas** products, and to what extent they were actually being used. Athletes from now on took on a role going beyond co-operation in product development, and become celebrity figures to promote **adidas** products. Example, British sprinter, Dailey Thompson. (Fig.1).

adidas Prior To The 1970's.

adidas, from its inception, was fundamentally concerned with sports footwear alone, concentrating primarily on developing shoes that met the different needs of all its customers. Until 1967, when they launched their first ever track-suit,

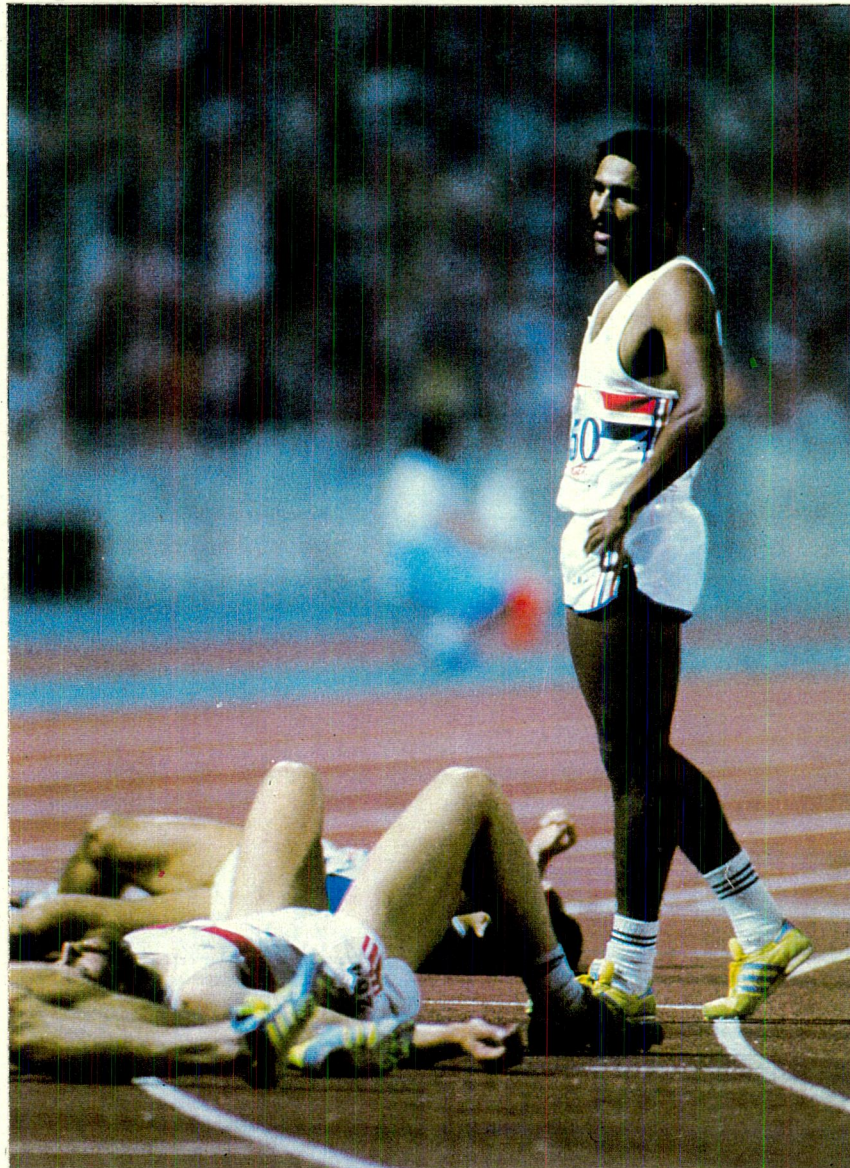
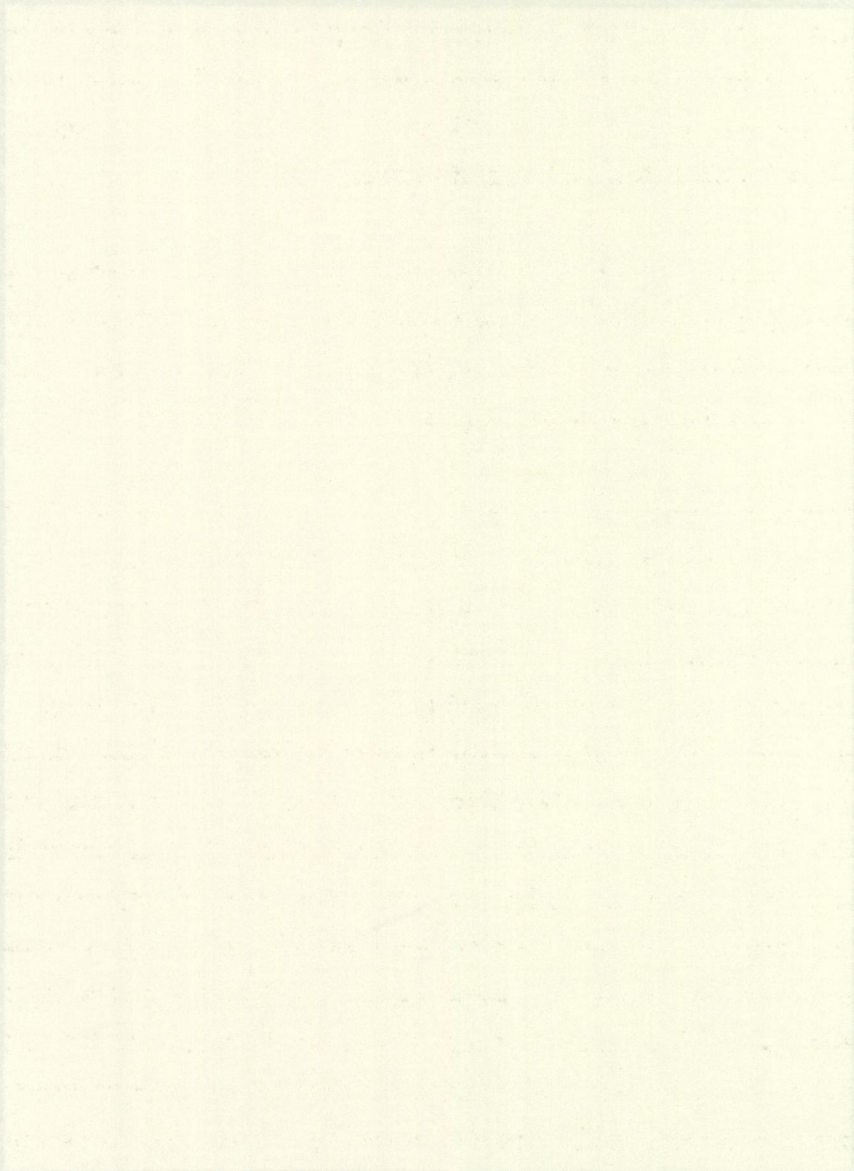


fig. 1. Dailey Thompson wearing **adidas** winning another decathlon in 1976.



adidas had practically ignored the potential of the textile industry. The introduction of textiles into their range of products was to prove very significant for them, both in sport and now more recently in fashion.

The **adidas** three stripes that usually runs along the sleeve and leg of their garments is now in the '90's considered a design classic. Teenagers universally seem to have fallen for this look. "*Stripes down the sleeve, stripes down the leg. That's what the kids want*". (Laurie Wilson)(Ref.2)

Tim Delaney, Creative Director at Leagus Delaney, is also quoted as saying "*I think **adidas** is something of a contemporary classic. It's had a strong resurgence over the last couple of years, which I suppose came from the streets, with the popularity of the three stripes*". (Tim Delaney)(Ref.3)

The 1960's was a decade of change and transition. The emergence of the youth culture in the 1950's had paved the way for what was to become a very radical decade. Known globally as the age of *flower power* and *free love*, the 60's witnessed a drastic liberalisation in morals and lifestyle. A new youth generation wished to experiment with newfangled fads, creating the *sex, drugs and rock'n'roll* cliché. It was also a revolutionary period which saw considerable change in public attitudes - breaking with orthodox traditions and replacing them with enlightened liberated views on life. However, this altruistic lifestyle came with its own high price. The experimentation with drugs, both for recreational and medical use was very high in this decade. It created a generation of teenagers *junked up* on LSD (Lysergic Acid Diethylamide), and wonder drugs that later caused serious side effects, ie. the Thalidomide babies. It was soon to become abundantly clear to medical experts that the over abuse of drugs and an unhealthy lifestyle was having its toll on society. There was a backlash in the mid 70's and an attempt was made to combat these ever increasing problems. The backlash that occurred took the form of a health obsessed generation, who were pre-occupied with what they ate and how much exercise they took.

As a result of the events of the previous decade, the mid 70's saw the situation change in regard to sporting goods. There was a growing awareness of the links between health and fitness. Much research was done on the causes of heart disease, a complaint that was becoming more prevalent at this time. It was discovered that the lack of regular exercise in general, was contributing to poor

health. The upshot of this was a search for appropriate leisure time. It was, of course, obvious that sports federations recognised their chance to add a new dimension to their market and so they developed sports and fitness programmes for everyone. There was now a wide-range of sporting activities and opportunities for exercise available for young and old alike. Leisure time sports had now been made socially acceptable. Sporting goods were now hot in demand, and the sportswear market was expanding at a noteworthy pace. The specification for leisure time sports products was largely different to those for competitive sport.

There was a fundamental difference between the competition sports sector and the leisure sector. It is at this point that the position of **adidas** in the market place felt threatened. In order for **adidas** to penetrate these new markets they would be required to re-think their entire marketing strategy.

Competition from Nike.

Emanating from the boom in the leisure industry came, Nike. Formed originally in 1965, under the different name of *Blue Ribbon Sports* by the American born Philip Knight. Knight arrived on the sports scene at exactly the right time. The formation of Nike, coincided perfectly with the start of the fitness craze. Knight's attitude was if he applied the same principles that the Japanese had applied when they surpassed German camera makers *Leica* and replaced them with *Nikon cameras*, he could do the same with **adidas**. By having the correct product, Japanese cheap labour, and a good distribution network in the United States, he estimated selling some twenty thousand pairs of sports shoes a year.

Nike's strongest advantage over **adidas** was, it had vision and a brash marketing technique to promote it's products. Even in Germany the home of **adidas**, Nike managed within a short period to slip right into second place behind them, pushing **adidas'** market share down to 33% from 50%. The transition from competition sport to leisurewear had meant sports companies now relied on what the general public wished to be seen wearing.

Despite the shift in the various markets, competitive sport continued to be of

paramount importance to **adidas**. It is from this that the decision not to succumb to the cheaper flashier image was to have detrimental effects for **adidas**. Their image had now become somewhat stale and outdated. Their rivals Nike were offering the public what they wanted, a new and exciting brand image.

Fading into insignificance through the *sneaker boom* of the 80's, **adidas** marginally held on to launch a comeback campaign in the early 1990's. The boom in the 1980's for sports shoes was not totally in relation to sport. The arrival of new sportswear brands like Nike and Reebok, meant that sportswear was no longer purely concerned with meeting the needs of the athletes. Nike, in particular, had a new vision for the potential of the sportswear industry. Making it into a fashion accessory. This was something **adidas** found increasingly difficult to compete with. It was not until the early 1990's that they began to solve this problem. The campaign was under the direction of Mr. Robert Louis Dreyfus.

The French born Dreyfus was brought in as CAO (Central Administrative Officer) to **adidas** in 1993. His mission was to re-evaluate the management infrastructure. Beginning by dismissing most of the existing team, he adopted several management pointers from their rivals, Nike. This was in a bid to salvage what was left of the ailing German sports empire.

With a difficult task to undertake, Dreyfus's main objective was to rejuvenate the **adidas** brand image in the 1990's. Investing in better advertising and marketing techniques was the only way he could achieve this goal.

By now, Nike had a lengthy list of properties. **adidas** was able to position themselves as a smaller concern that could now serve the people's needs better. Dreyfus was forced to make several changes when attempting to save the German company from financial ruin. However, the gamble seemed to have paid-off. Share prices have quadrupled at **adidas**, and their sales remain on a consistent climb. Not only is **adidas** getting stronger as a company, but, like its main opposition Nike, **adidas** is becoming trendy. Just as many 'rappers' wear Nike, the British bands Oasis, Blur and the Spice Girls don the **adidas** 3 Stripes, setting a new trend for many teenagers.

Over seven decades the **adidas** brand has expanded its range of products. They are now available for every sporting event with the one exception of equestrian events. **adidas** has faced many challenges over the years but now remains open to new fashion demands without neglecting the sound principles of technological innovation and superior quality in the sports sector. They continue as they have always done by investing much time and money into ensuring their products are up to date with all advancements made in sportswear from air cushioned shoes to lycra suits. They receive continual guidance and help from top athletes about what is required to improve their products, and ensuring they are of the highest quality. Now in the '90's **adidas** is much more aware of fashion demands, and can balance the two different needs equally.

Chapter Two

Logo and Brand Image.

Chapter Two

Logo and Brand Image.

“Brand image is the symbolic associations a brand inspires and the impressions the consumer gets from them” . (Rita Perna)(Ref.4)

Travel the world today, from Hong Kong to New York and you can hardly miss the McDonald’s golden arches, the Coca-Cola disc or the **adidas** three stripes.

Emblazoned on billboards and plugged on national television, these logos represent some of the world’s best known brand names. It is, of course, no surprise that these logos are so widely recognised. For each year the large multi-national companies invest billions in advertising to hype up their brand image. *“Tattooing the notion from an early age that these are the brands you’ve just got to have” . (Jim Kirk)(Ref.5)*

Surprisingly enough, it is not just the everyday customer who is dazzled by big brand names! Envious of the high prices these companies can command on the high street, more and more firms are now keen to pump up their marketing and advertising, in the hope that their product will become a household name. *“Brands are one of the strongest providers for long term cash flow security” (John Grace)(Ref.6)*

adidas International has been rising from relative obscurity in recent years. It is now in a bid with the United States sportswear giant Nike, for the top slot in the sportswear industry.

adidas the company was formed in 1948, and the following year saw the arrival of those three famous stripes that now is the **adidas** brand logo. The name of the company itself is merely an abbreviation of Adi Dassler’s own name; **Adidassler**. He was the first shoe manufacturer to devise an easily recognisable logo for his product The three stripes proved simple but effective. Designed initially to offer the foot support during use. The stripes ran diagonally along both sides of the foot in line with the athlete’s tendons and ligaments, offering additional stability and cushioning. (**fig.2**) It was developed in 1967 to create the Trefoil logo (**fig.3**) The logo took the shape of three curved triangles

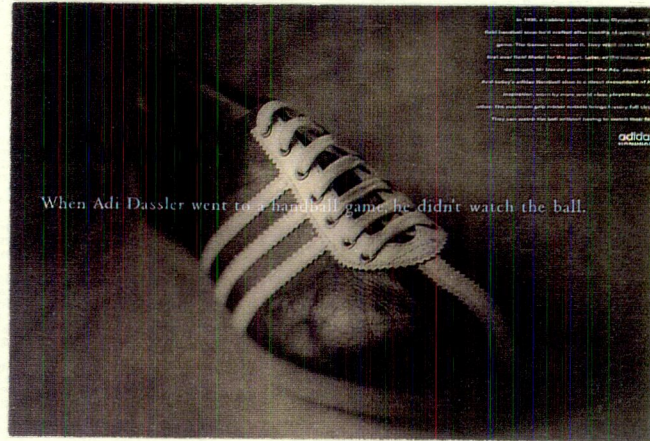
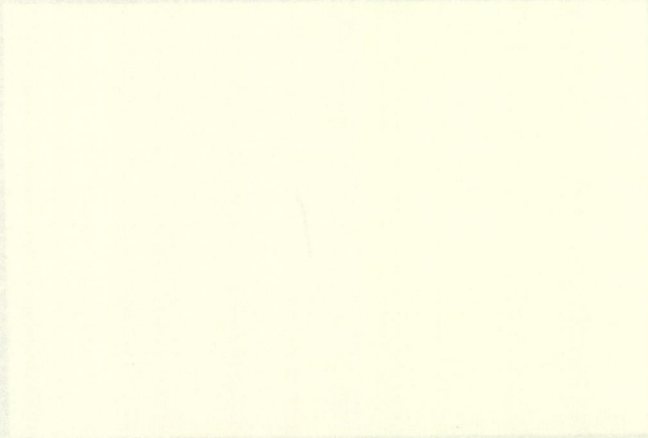


fig.2(i) adidas running shoe in 1936 with leather support stripes.



fig.2(ii) adidas running shoe in 1996 showing the three stripes support on shoe.



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fig.3 adidas Trefoil Logo, in use since 1972.

joined together to form a kind of leaf. It was selected from over sixty proposals to represent **adidas**. Now in use since 1972, both on **adidas** equipment, clothing and shoes, it is a protected trademark, and an integral part of the company's brand image. Probably best recognised on the fashion high streets on Adidas t-shirts, that turned the Trefoil into a *cult symbol* for teenagers.

In 1991 **adidas** launched their latest equipment logo (**fig.4**) showing the world that **adidas** had something new and exciting on the way. Making use of the two well-known identifying marks from the past: the **adidas** name, and the three stripes. The logo in the 90's is now in the shape of a slightly slanted triangle, it has a very solid and confident feel. The positioning of the **adidas** name is running into the stripes, showing the modern influence of typography in the 1990's. The creation of the equipment logo coincided with the launch of their comeback campaign in the early 1990's. This was an attempt to update their now 'stale' brand image on a worldwide basis

In its glory days, prior to the mid 70's. **adidas** was the envy of the sporting world. The company had once dominated the sports scene, until the leisure sector exploded in the mid 70's.

*"In the years when there was no competition, **adidas** was like the Volkswagen Beetle. Everyone used it, whether a young apprentice or a senior executive. There was no market segmentation. It was a full branded product, with no restrictions, but when it came to fashion, I think we lost ground among the young."*

(Dr.Steffan Stremme)(Ref.7)

As fitness fanatics and fashion made sports shoes an essential part of most wardrobes, **adidas** was lagged behind. Their image was not considered fashionable. Where Nike was very quick to capitalise on the *fitness craze* of the '80's and invest heavily in both advertising and endorsement contracts with major sports stars. **adidas** was slipping from the top position, with a decrease in sales and an unenterprising reputation.

*"The problem was that **adidas** didn't have an attitude. It had excellent products, heritage and strong brand recognition, but it didn't have anything like Nike's irreverent stance. Nike has built its empire on advertising, even kids wear advertising. **adidas** has the sporting heritage, but Nike is Hollywood and flashy". (Tim Little)(Ref.8).*



fig.4. adidas equipment logo in use since 1991.

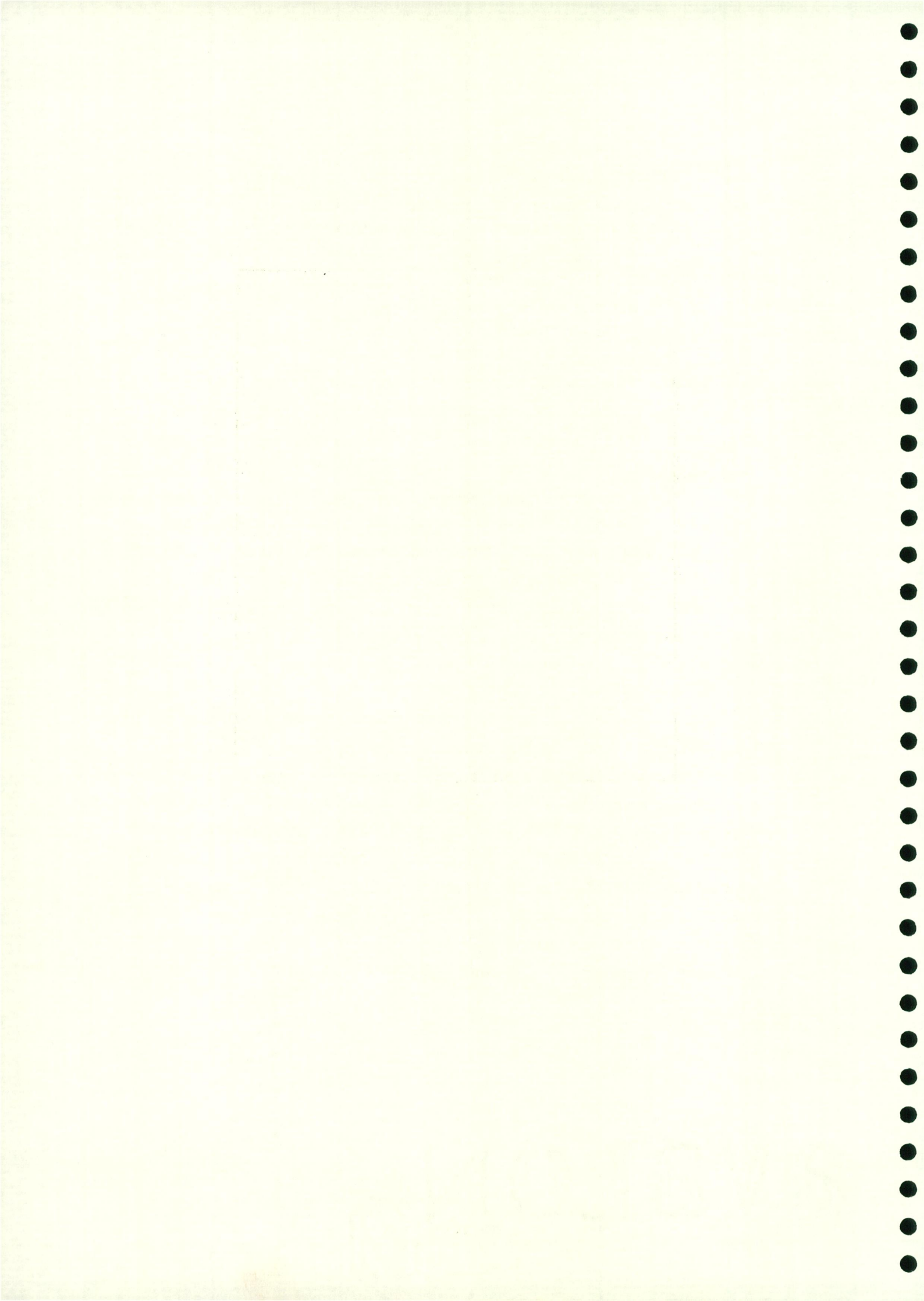
However, **adidas** has always striven on quality, while it's rivals Nike rely heavily on clever advertising ploys to create new fashion fads.

“adidas has been very much a grassroots brand as it has rebuilt itself after disappearing in the mid '70's. It's remaining true to that grassroots soul, but it's starting to dial itself back into the national profile” .

(Courtney Beuchert)(Ref.9)

Despite **adidas**'s international heritage and solid brand name it was no longer enough to compete against trendy opposition brands. Having dominated the sports market for such a long time **adidas** was finding it increasingly difficult to convert to the changes that were taking place in the sportswear industry. Sportswear now had an alternative modern image. The company had grown complacent and arrogant, believing they could do no wrong in the eyes of their customers. It was this arrogance which blinded them to the realities that lay before them. No longer was sportswear about creating products for athletes to compete in, but also to design what the general public desired to wear. Adding a whole new dimension to sportswear, a dimension **adidas** chose to ignore for quite some time.

Having lost the leading position in the United States to Nike in the 1980's, **adidas** started to lose everything Adi Dassler had worked so hard to create. Despite the fact that **adidas** products have always remained top quality and everyone knew who they were, they were now looked on as old-fashioned - something one's parents would wear. Struggling along through the 80's, sustaining massive profit loss and getting further and further into debt. As Nike grew in strength, **adidas** was quickly becoming a thing of the past. Their chief memories were now a collection of old running shoes worn by the likes of Jessie Owens and Mohammad Ali, gathering dust in a museum in the company's headquarters in West Germany.(fig.5)



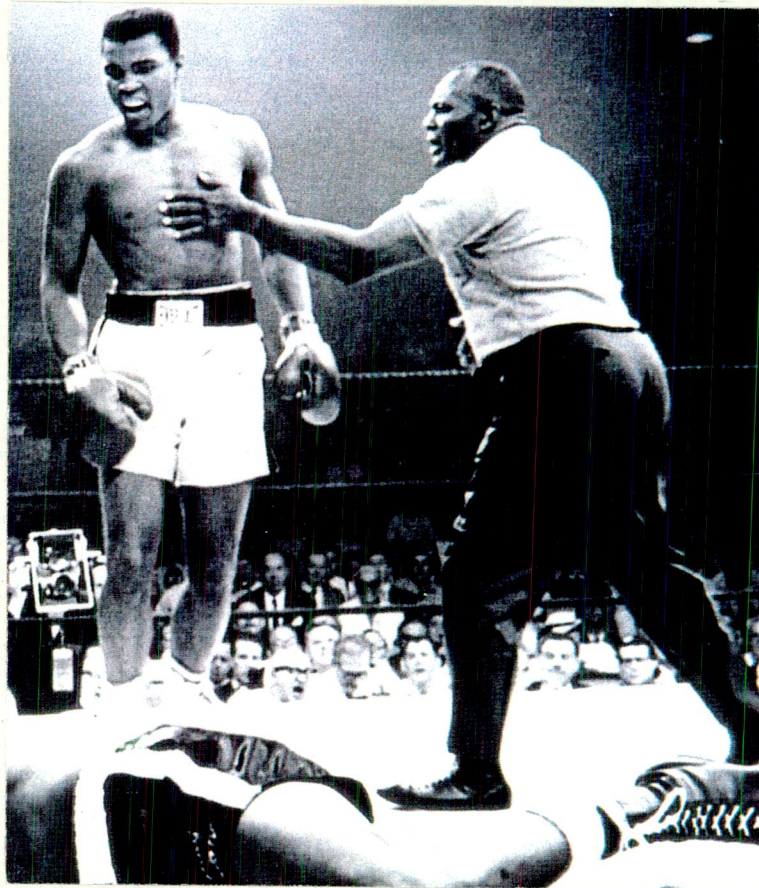
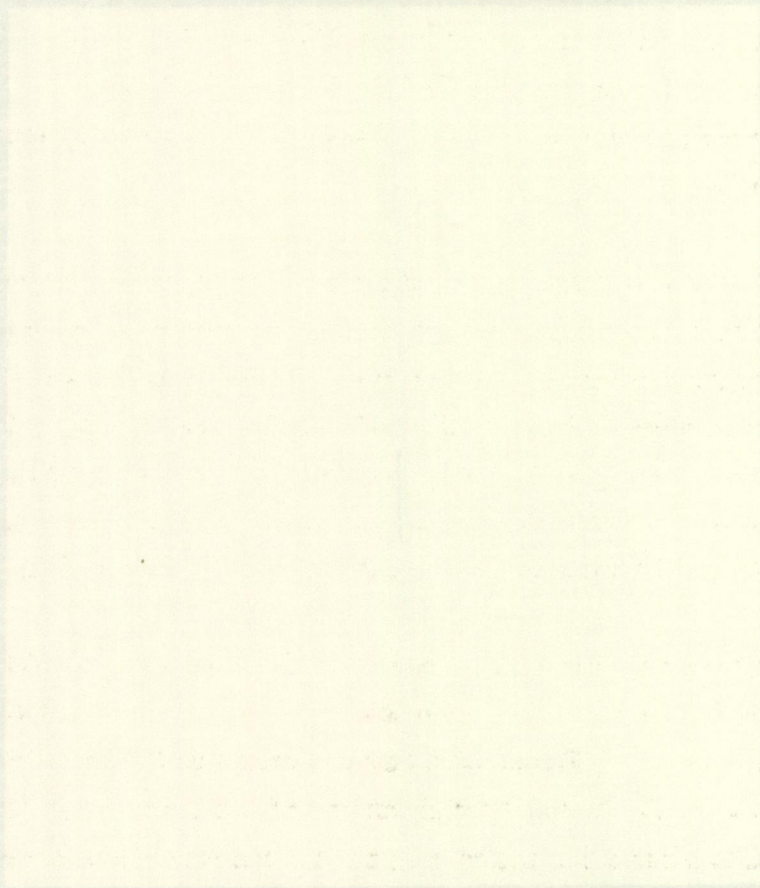


fig.5. Mohammed Ali wearing adidas in 1966.



Nike had somewhat found its niche in the American market. Becoming appealing to teenagers in the inner-cities. Among working class inner-city youths, sport is often their only escape. For the few talented young competitors selected to play on a national level, sport offers them a new life. Taking them from the inner-city ghettos to the privileged high society life. Realising this, Nike signed up many of these players eg. Michael Jordan, Bo Jackson and Spike Lee to endorse their products, making clever advertisements using these athletes to boost their sales.

To say that **adidas** had been subtle in its advertising strategy throughout the 80's would be a massive understatement. Producing only one advertisement a year, and spending as little as possible on sponsorships was not nearly sufficient to compete with their U.S. rivals. As different to Nike, **adidas** gave its consumers nothing in return for their support. Where Nike displayed a colourful array of adverts, showing who the company were and what it stood for, giving the public a slight glance into the brand they were buying.

The early 1990's however, was to change the situation at **adidas**. As the company slipped further into debt the French bank Credit Lyonnais took control. They commissioned the French born business executive Robert Louis Dreyfus to become the CAO (Central Administrative Officer) at **adidas**, Germany. He was essentially a marketing and advertising man and his main task was to move **adidas** back into the black. Dreyfus understood that the only chance he had of saving **adidas** from financial ruin, was to compete with the rivals at their own game. As much as **adidas** wished to remain true to its roots in the competition sports sector, it was proving not enough to enable them to survive. To compete in the 90's **adidas** had to inject some *life* and *attitude* into its brand image and rethink its target audience.

"We could no longer afford to get older and older and then retire. If you see commercials today, they do not strengthen our sporting image. They do not say we have collected 70% of all medals won in the Olympic Games".

(Dr. Steffan Stremme)(Ref.10)

The main task had to be that of rejuvenating the overall brand image. The steps taken to move **adidas** out of the red and back into the black would have to be put into effect fast. Now aware that the main target groups were teenagers between the ages of twelve and twenty-five years, **adidas** commissioned extensive studies of these particular age groups. Their analysis revealed most young people determine what is fashionable and trendy by their television idols. Now modelling themselves on the pop musicians, show business and film stars. With this knowledge **adidas** set about developing its new image. As it began to make its way back into the world's consciousness, its positioning relied on 'authenticity'. Dreyfus and his team now wish to strike a happy balance between **adidas's** genuine sporting heritage and the fashionable look of the '90's. Heritage is something unique to **adidas** in the world of sportswear, and it is something that they are now capitalising on. In 1996 this heritage was brought firmly under the banner of authenticity, as they launched television ads that dated back to **adidas's** beginning in the 1920's. Looking at how Adi Dassler worked with his athletes to improve his products - this is still done today in the '90's. To promote this idea the slogan "*We knew then, We know now*" was created. The **adidas** heritage is the one thing other sportswear rivals find hard to compete with, as they simply do not have the same years of experience behind them. **adidas** now markets itself as the genuine article. (fig.6)

Since 1993, when Robert Dreyfus took over the running of **adidas**, their profits have quadrupled. They are firmly back on the path to success, and to reclaiming their former position as leaders in the sportswear market. Their advertisements are still not directly aimed at increasing sales in the market place, but about maintaining the brand's position and image in the market. Now their brand image is one of a youthful corporation, in touch with their customer's needs and demands.

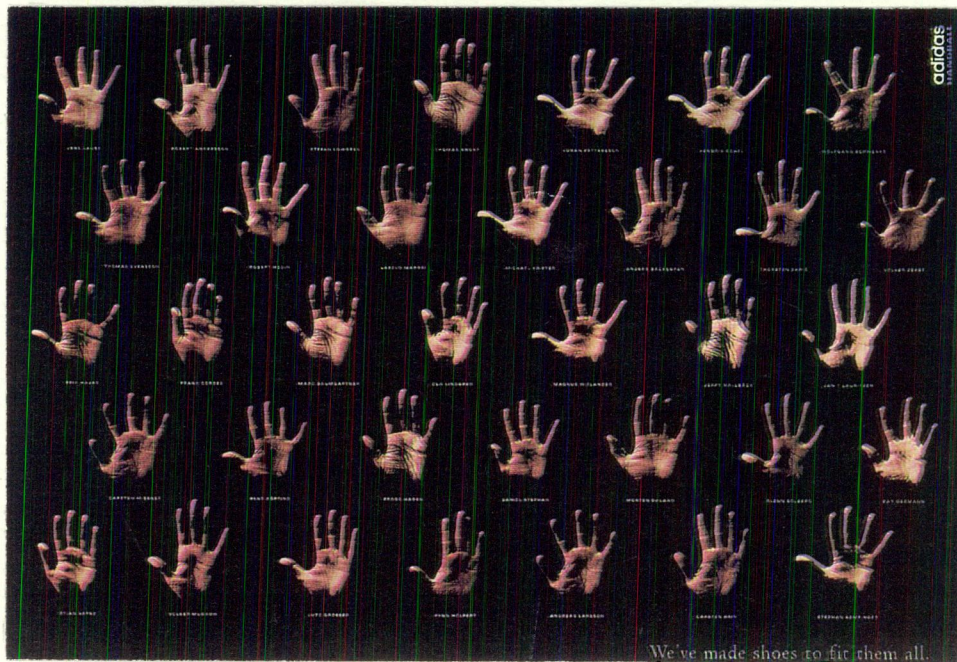
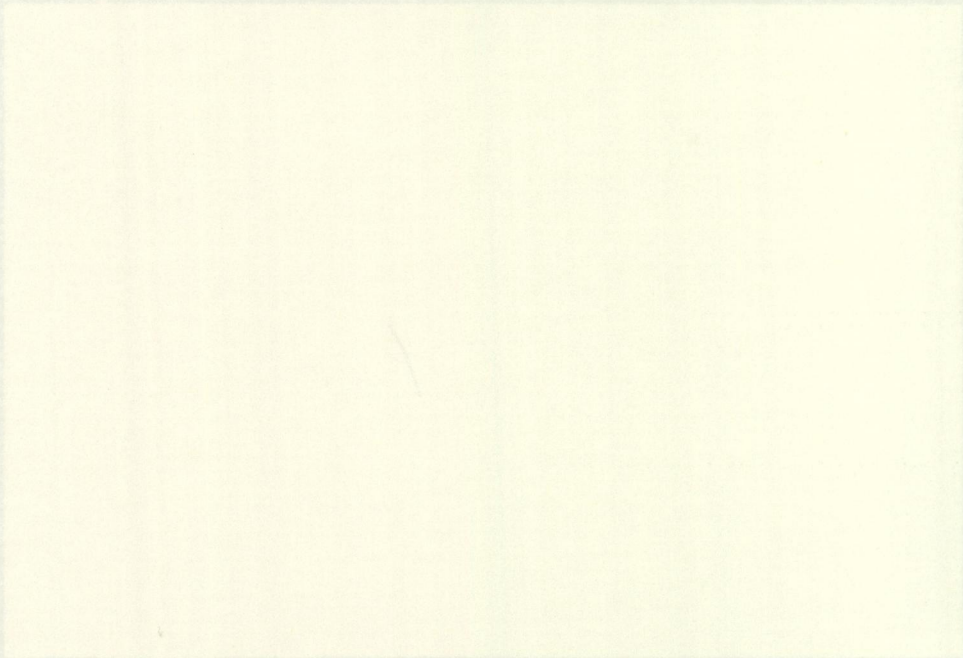


fig.6. Leagus Delaney ad for **adidas** in 1997 showing the hands of 36 world famous athletes they have provided sports shoes for.



Chapter Three

adidas Renascence in the 1990's.

Chapter Three

adidas Renaissance in the 1990's

Consumer Buying Trends in the 1990's.

It is difficult to dispute that casual sportswear is revolutionising the fashion industry in the 1990's, and is responsible for current trends in casual clothing. Over 86% of consumers now possess some form of sportswear, resulting in a large impact on the clothing industry. Blurring age, gender and economic boundaries. At one time relegated only to young fit athletes, sportswear is now available to young and old alike, and is considered a facet of everyday life. People now desire clothes that are casual and comfortable. *"This new attitude about clothing is changing more than just how people look. It is effecting how they live"*(Sports Apparel)(Ref.11)

Questionnaires have been conducted by the SAPC (Sporting Goods Manufacturers Association) in the United States to find out how the average consumer selects purchases and uses sports apparel. The findings have shown that teenagers are among the highest level of purchasers of sportswear in the 1990's. Making purchases 22.9 times a year and accounting for 9% of all purchases made in the U.S. sportswear market. It has proved how only 10% of teenagers in America use sports items exclusively for sport. 48% of these teenagers state comfort as their main reason for buying sportswear, and place great importance on the various brands, logos and colours sports apparel is available in. The volume of this purchasing power has meant the large sportswear companies can capitalise heavily on this. Sportswear is now considered a symbol of social status among the youth of the '90's *"...transformed from a clothing necessity into an intricate accessory of an outfit, inner-city identification, or a symbol of social status"*.(Ref.12)

In the 1990 it is the American sportswear company Nike, who has dictated the pace and direction in sportswear over the last fifteen years. Teenagers and adults alike seem to have gone *Nike crazy* allowing no other sports brand to come close to challenging their position at the top. It would appear that they have cornered the market on creative advertising. Using celebrity sports stars

like Michael Jordon, Bo Jackson and Andre Agassi to name but a few that now endorse Nike products. It is said that much of their success is due to very clever marketing and advertising ploys.

During the years of Nike's supremacy in the sportswear industry, **adidas** inevitably suffered a massive drop in profits. Nike had long since booted them from their number one position as market leader, and had relegated them to third place behind them and Reebok. In 1992 **adidas** was losing 90 million dollars a year "**adidas** was going down the drain, and the banks just wanted to cut their losses". (Robert Dreyfus)(Ref.13) It was in the same year that the government controlled French bank, Credit Lyonnais, took full control of **adidas** in foreclosure on a bad loan. It was in a final attempt to save the German company from bankruptcy that the bank sought the help of French business man, Robert Louis Dreyfus.

The deal negotiated between Dreyfus and Credit Lyonnais was a simple one. The bank would give Dreyfus 15% of **adidas** for no cash, in exchange for his signing a non-recourse note for 100 million dollars. As his percentage of **adidas** was worth more than this and he had put little cash in, he had nothing to lose. According to Dreyfus himself "*it was a no-lose proposition*" (Robert Dreyfus)(Ref.14) So he accepted it.

Profile of Robert Louis Dreyfus.

Robert Louis Dreyfus is the man now responsible for putting **adidas** back in the high profile it was once accustomed to. The son of an extremely prominent French trading dynasty, he is no stranger to the fast pace of the business world. His list of academic credentials is long and impressive. An MBA Graduate of both Harvard Business School and S.G. Warburg, he is multi-lingual and has earned himself the reputation as a doctor to such companies. Probably best known for his work at Saatchi & Saatchi, he managed to prove himself as a skillful corporate leader, as he reduced the companies expenditure notably. He is a man who loves a challenge and likes to feel his skill is really required.

His first major success was at IMS, a pharmaceutical market research firm, where he displayed real potential in the world of business and marketing. In 1989, he began serving as Chairman to Saatchi and Saatchi, the world's largest advertising agents at the time. It was from his experience here that he acquired the astute knowledge of how to deal with the difficult problems faced by a company experiencing serious financial challenges. He remained at Saatchi and Saatchi for four years before moving to his current position as CAO (Central Administrative Officer) to **adidas**.

Joining **adidas** in May 1993 it would appear that Dreyfus "*jumped out of the frying pan into the fire*". (Kevin Smith) (Ref.15) Instead of setting himself up in the corporate office on the management floor of **adidas** Headquarters in Herzogenaurach, he based himself right in the centre of the companies marketing department. Essentially a marketing and advertising man, Dreyfus recognised his only hope of salvaging what was left of the ailing German sportswear company was to create a new brand image. "*When it comes to sportswear, we are living in a commodity market. It is about emotion, branding, fit, comfort and look*". (Dr. Steffan Stremme)(Ref.16)

Before attempting to tackle brand imaging, Dreyfus first had to try and cut the company's high expenditure, as quickly and efficiently as possible. Beginning by getting rid of most of **adidas's** existing management team, he adopted some of Nike's management pointers. Now sub-contracting most of it's manufacturing to Asia and Eastern Europe, lowering company costs, he then continued by cutting staff numbers drastically, bringing them down from 9,532 in 1989 to 5,096 in 1993. Dreyfus also sold off many ancillary businesses, and re-focused **adidas** on sporting performance. **adidas** is now split into six business units, each reflecting a particular specialist sport. Following this, there are a further eight sub-units, dealing with both **adidas** shoes and textiles. The central aim of this was to bring **adidas** products closer to a specialist market.

Marriage Between adidas and Leagus Delaney.

Dreyfus's next and most important task was to rejuvenate **adidas** advertising and brand image. Prior to his arrival at the company advertising had been dealt with on a country to country basis. Each distributor handled it's own advertis-

ing campaigns. Dreyfus decided in 1993 to hire the British advertising agency, Leagus Delaney, to help boost the **adidas** image worldwide. Achieving this by moving **adidas** away from print and concentrating on television promotions. This move brought **adidas** into line with rivals Nike, who had long since availed of the opportunity on the likes of MTV to reach a young target audience. Now focussed on a much younger audience, Dreyfus invested thirty million dollars in advertising campaigns to revitalise the credibility of the **adidas** brand with this new teenage market. **adidas** is now aiming at a very different target audience than they were used to in the past. It is now clearly evident from their ads, both on television and on billboards etc. that they are using the modern fast moving MTV, music video style of imagery, capturing the attention of the youth in the 90's.

It has been the subject of much discussion that there is one familiar trait now running through the advertising campaigns of Nike and more recently, **adidas**. That trait is the prominent casting of black actors. Tim Little, the director Leagus Delaney dismisses any claim of tokenism, he explains any use of black actors is "*because it is black athletes who have had the most success in sport over the last twenty years*" . (Tim Little)(Ref.17) He continues by saying "*There are no barriers in sport and we are not interested in stereotyping*" . (Tim Little) Nevertheless it is difficult to ignore the use of these actors in their campaigns. It is clear from ads like "Streetball" that the inner-city urban environment has a large part to play in relation to their new target audience. The scenes of young black basketball players, playing in their backyard, suggests that **adidas** products will make you play as good as the NBA stars.(fig.7)

Those at **adidas** now realise the importance of creative advertising, having spared no cost to achieve top quality adverts. The ad campaigns launched by **adidas** in recent years show a new and exciting image for **adidas**. One that is targeted at the young MTV generation, and one that has a fast modern pace. Hardly known five years ago in the USA, **adidas** has promoted it's three stripe logo so effectively, that in North America alone it is now topping one billion dollars in profit this year. This is in comparison to the 200 million just four years ago.

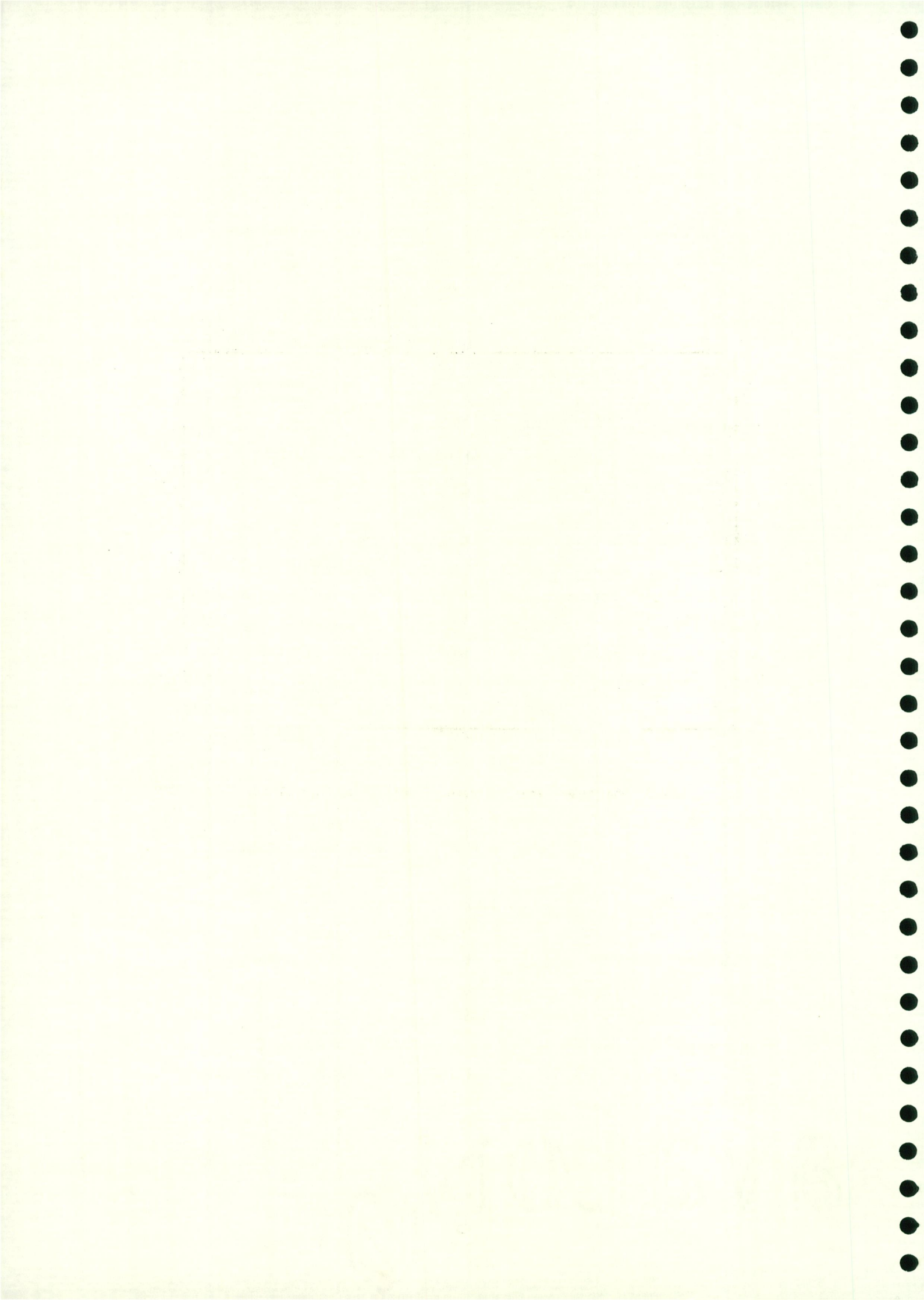
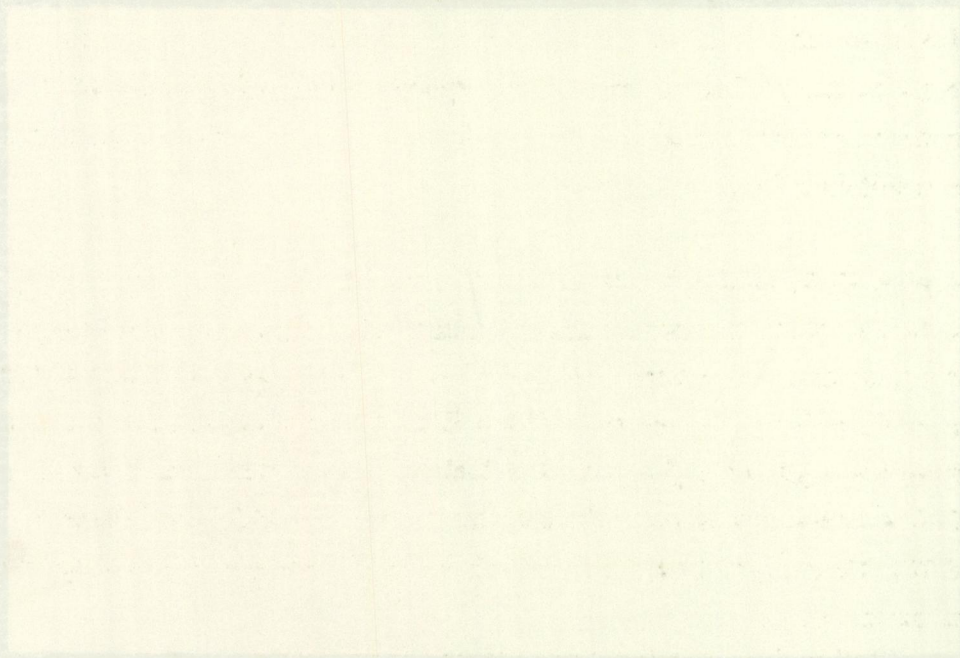




fig.7. Matthew Harris's 'Streetball' campaign for **adidas**.



Advertising campaigns like David Lynche's television advert the Wall, has proved it's weight in gold for **adidas**. The ad is about the pain barrier a long-distance runner experiences when running a marathon. It shows the sheer agony suffered by this runner and the stage when the race seems impossible, (fig.8) but once they break through that wall the race now becomes easier. It is targeting the average runner who wishes to achieve more. It is telling the audience that with the help of **adidas** Tubular Technology shoes this hard struggle will be made easier, all you need is determination and the correct pair of running shoes..(fig.9) The ad serves as a corporate branding device for **adidas**, it launches their new Tubular Technology shoes, where the users can pump up the sole to suit their feet.

Last year, 1997, **adidas** had launched it's most ambitious campaign to date. It was the campaign that would see the launch of their latest breakthrough in sports footwear, devised by their advertising agents Leagus Delaney and the brain child of Tim Delaney and Warren Eakins. The television and magazine campaign was known as *feet you wear* Delaney is quoted as saying "*it's almost anti-shoe technology because it's based totally on the foot*". (Tim Delaney) (Ref.18) He explains how the foot itself is actually the best piece of sporting equipment.(fig.10)

"Rather than encasing them in these huge cushions with bells and whistles on which is what most sports shoes do, Feet You Wear reflects the strength, agility and springiness of the foot in it's design".

(Tim Delaney)(Ref.18)

The campaign itself basically is looking at the main factors involved to create an ideal sports shoe. This revolutionary step backwards in the design of the shoe required a campaign that would clearly communicate the nature of the shoe, together with a strong contemporary feel. The now familiar route taken by sportswear companies in signing up star athletes to feature in their ads was taken by **adidas** . The only difference was, with **adidas**, as opposed to Nike the players they used were young, up-and-coming athletes, rather than established sports Gods. The overall result of the ad was it had a strong sophisticated graphic feel to it. It mixed the nature of a barefoot together with the velocity of a basketball game. Amplifying the message that this **adidas** shoe was so advanced in technology, that it is just as complex as the human foot.

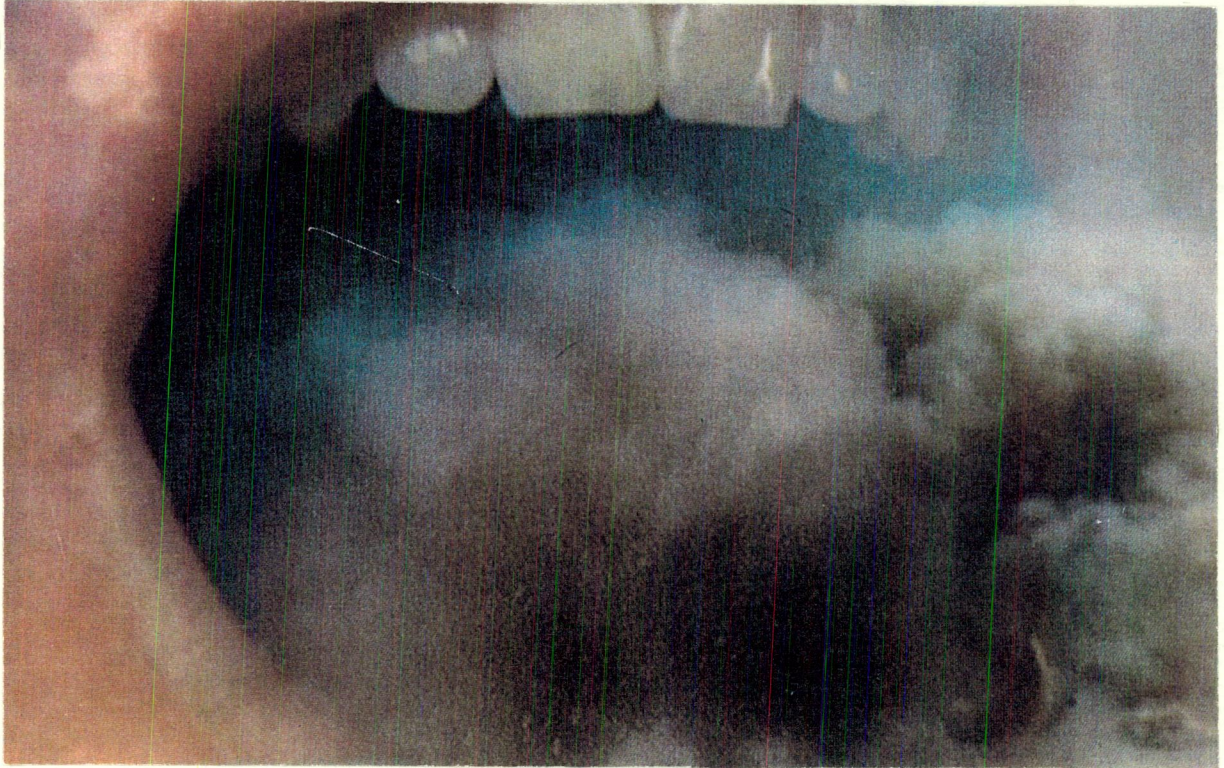


fig. 8. David Lynche's 'The Wall' **adidas** advertisement, showing the open mouth of a long distance runner experiencing agony.

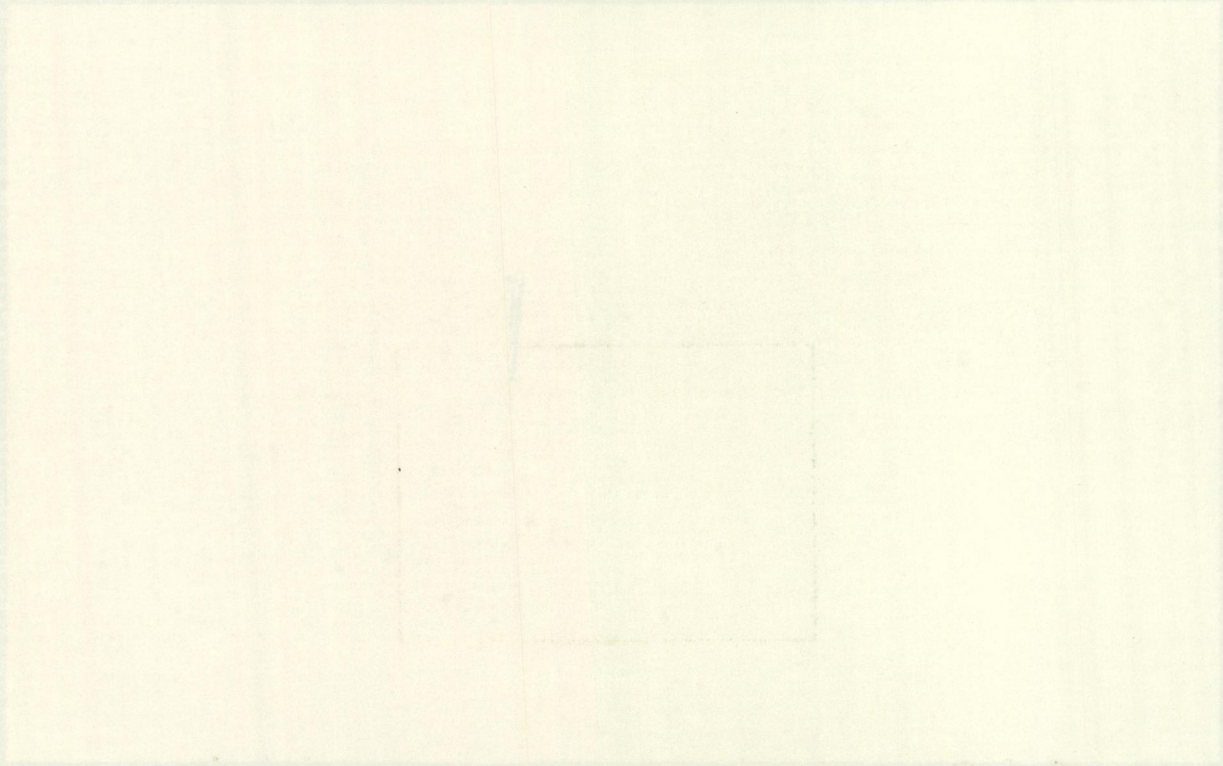




fig. 9. David Lynch's 'The Wall' showing the runner continuing in **adidas** shoes.

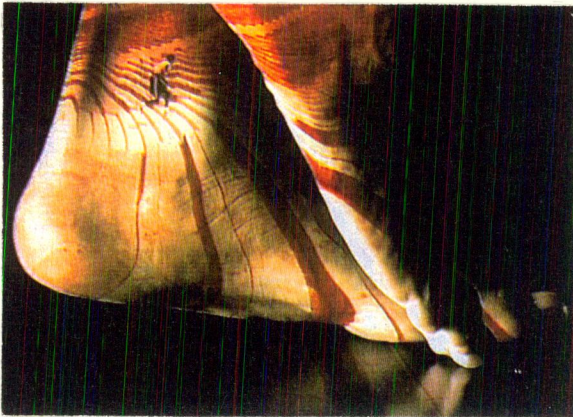
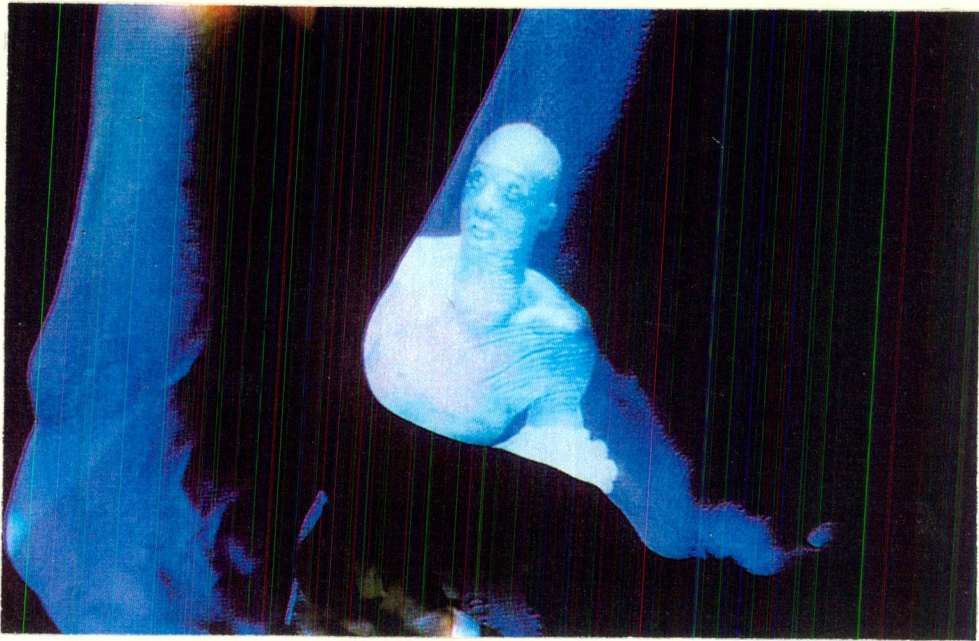


fig.10. Three stills from
adidas's 'feet you wear'
television campaign.
Note. The three stripes
running along the inside of
the foot in the small figure.



Handwritten text on a yellowed page, possibly bleed-through from the reverse side. The text is mostly illegible due to fading and the age of the paper. A small handwritten mark, possibly a number '8', is visible in the upper right corner.

Handwritten text on a yellowed page, possibly bleed-through from the reverse side. The text is mostly illegible due to fading and the age of the paper.

Handwritten text on a yellowed page, possibly bleed-through from the reverse side. The text is mostly illegible due to fading and the age of the paper.

We took something fundamental to the majority of sports - the foot - and used it to communicate the core simplicity of the idea behind Feet You Wear".

(Tim Delaney)(Ref.18)

In other ads like **adidas**'s *Streetball Campaign* it's creator Matthew Harris is yet again exploiting the ever growing popularity of basketball in Europe. Promoting the introduction of **adidas** Streetball Shoes worldwide.

The Streetball campaign was a television campaign devised to promote, not just **adidas** products, but also basketball in Europe. Basketball is essentially an American sport, but in recent years it has had an ever increasing following on European soil. **adidas** as a European sportswear company is very keen to promote this as they have seen the benefits Nike has received from a high basketball profile. 1997 saw the start of what is known as the **adidas** European Basketball Challenge. It is an event where various teams from all over Europe compete for the title. The first ever tournament was held in Sheffield in August of last year. The entire event proved to be a great success for **adidas** and European basketball. Jonathan Bailey who heads basketball promotion at **adidas** is quoted as saying.

*"The event was undoubtedly a great success and once again shows the enormous potential that basketball has in this country. With the performances of the competing teams, I believe this was an excellent showcase for **adidas** and sport"*

(Jonathan Bailey)(Ref.19)

Also showing that **adidas** is now finally turning the tables on Nike, and encroaching on their particular stronghold, ie. the world of basketball by pushing themselves forward and promoting and sponsoring these type of events, **adidas** is ensuring that if this sport is successful in Europe their brand will be the one associated with it. Having let the likes of Nike steal their glory once before, the new and more assertive attitude at **adidas** is less likely to give in without a fight. The Streetball campaign just re-enforces the fact that **adidas** can now compete with Nike on an equal advertising scale.

As the American market has been a major barrier to **adidas** with Nike monopolising the market over the last fifteen to twenty years, Louis Dreyfus has had to

consider his options very carefully when attempting to alter the situation. Admitting that he was initially too slow to sign up sports stars to rival Nike's Michael Jordan, he is now hoping to turn the situation around by signing nineteen year-old Kobe Bryant. Bryant is the first ever High School Senior ever to go directly to the NBA (National Basketball Association). Showing remarkable talent at such a young age, he is thought to become the next big name in basketball history. The contracts signed with **adidas** differ from most, as their endorsement contracts are made with young up-and-coming athletes. All those who appear in their ads are recognised by the young as names to watch out for in the future, people emerging from their very own generation. Now that **adidas** seems to have finally managed to break through the US market they definitely seem to be on the road to success. They are still fundamentally the same company that produces top quality sportswear. However, now they promote this in a modern, stylish way.

Present Day adidas.

It would appear that 1997 was **adidas's** year for success. Coming from an almost invisible market share in the US to rebuilding themselves and moving into the number two position behind Nike. According to Robert Erb, **adidas** Promotions Officer, "*they are the brand Nike worries about the most*".

(Robert Erb)(Ref.20)

The German company now seems determined to defeat Nike in this sportswear battle. **adidas** have already partly achieved this by beating Nike to the biggest rugby kit deal ever made. They signed a record breaking deal with the New Zealand All Blacks, meaning **adidas** will now supply sports equipment, footwear, clothing and accessories to the All Blacks, while also becoming their official sponsor and the largest rugby sponsors that world rugby has ever seen. The deal does not officially start until 1999. In addition **adidas** will also be given the naming right to the New Zealand Rugby Sporting Academy, where young players are developed for the national squad. Winning such a deal has been particularly important to **adidas** because if they had lost out to Nike, it would have given them the contracts of international rugby's four biggest names. Nike has sponsored the Australian and South African Rugby Teams for the past year and they have also just recently signed the English squad as well.

To have clinched the deal with New Zealand would have meant once again they would have a corner on another sporting market.

Currently **adidas** is doing very well on the sportswear market, and is proving itself capable of once again pioneering new and innovative ideas. Louis Dreyfus has put back some of the drive and passion **adidas** had been lacking in recent years and his efforts certainly seem to be paying off. Their share prices have quadrupled since they went public in 1995 and they have achieved their main goal, to create a new and fresh brand image for **adidas**. Success in the last four years is mainly due to the sheer hard work put in by Dreyfus and his team, it has been a mixture of luck and skill. Their efforts have been aided by a lucky change in fashion. The fashion trendsetters have decided in the '90's that the **adidas** three stripes is *hot* once again. **adidas** has now become just as trendy as Nike. Also it is not just the Europeans who desire the **adidas** look, even the President of the United States, Bill Clinton, has chosen **adidas** over his own countries famous brand, Nike. (fig.11) Models such as Cindy Crawford and Elizabeth Moss and an array of pop idols are seen sporting the **adidas** three stripes; on television, in the movies and on MTV's music videos, all in all giving **adidas** a "*free publicity bonanza*". (Time Magazine Jan. 20th, '97 pg 3). The sports look is definitely in in the '90's (fig.12)

"Everyone has seen thousands of images of sweaty sports people . What we want is something fresh and unusual. We are addressing the generation which watches MTV so we have to speak the language".
(Tim Little)(Ref.21)

The sportswear company that was very close to being put out of the game, now is definitely fighting back with vengeance.

*"I never had any doubts that if we were determined enough, a re-birth of this great brand would be possible. **adidas** is in good shape and ready to fight back to retain it's position as the leading sports brand in the world. This was our vision and this is our target".*
(Robert Louis Dreyfus)(Ref.22)

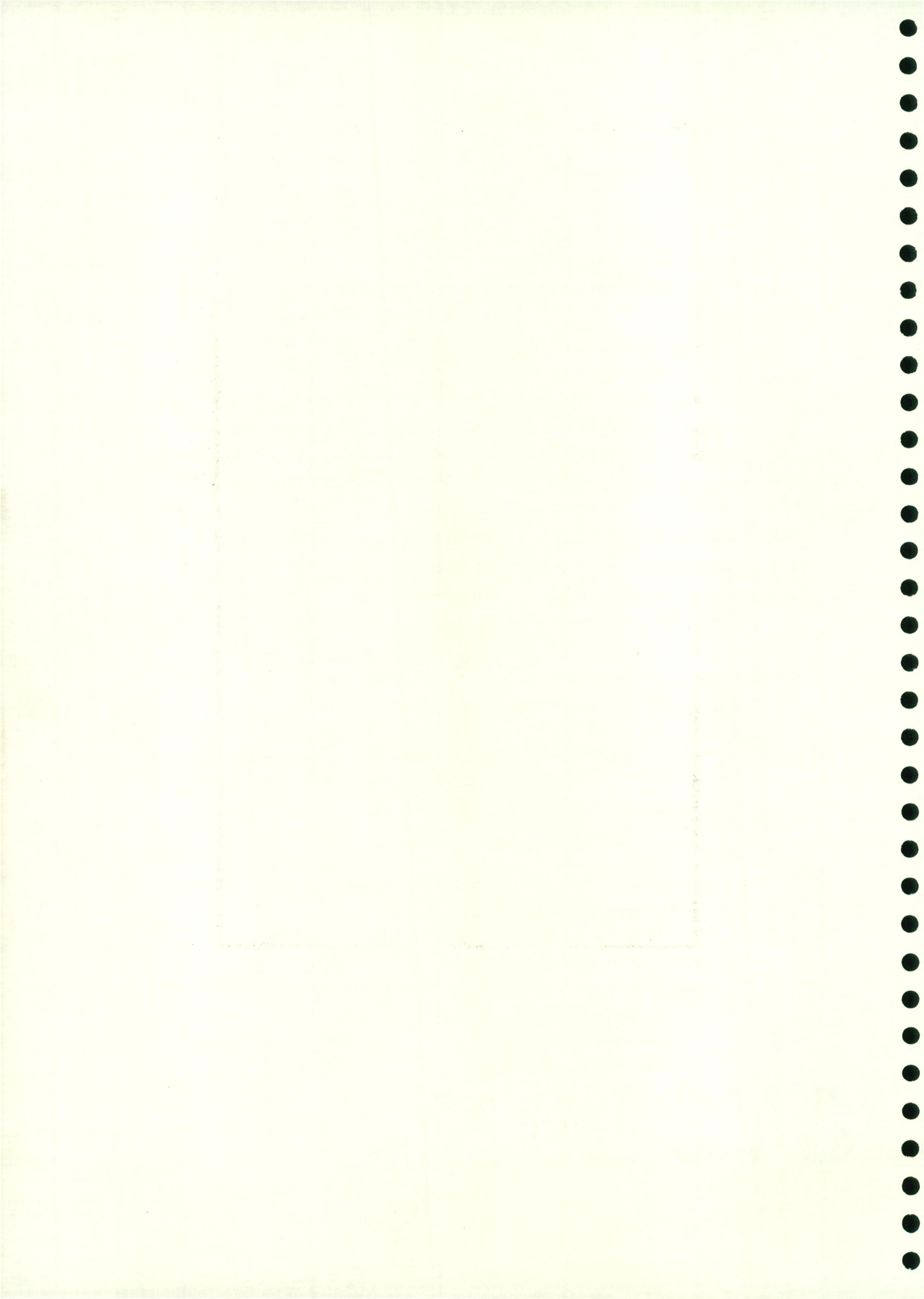
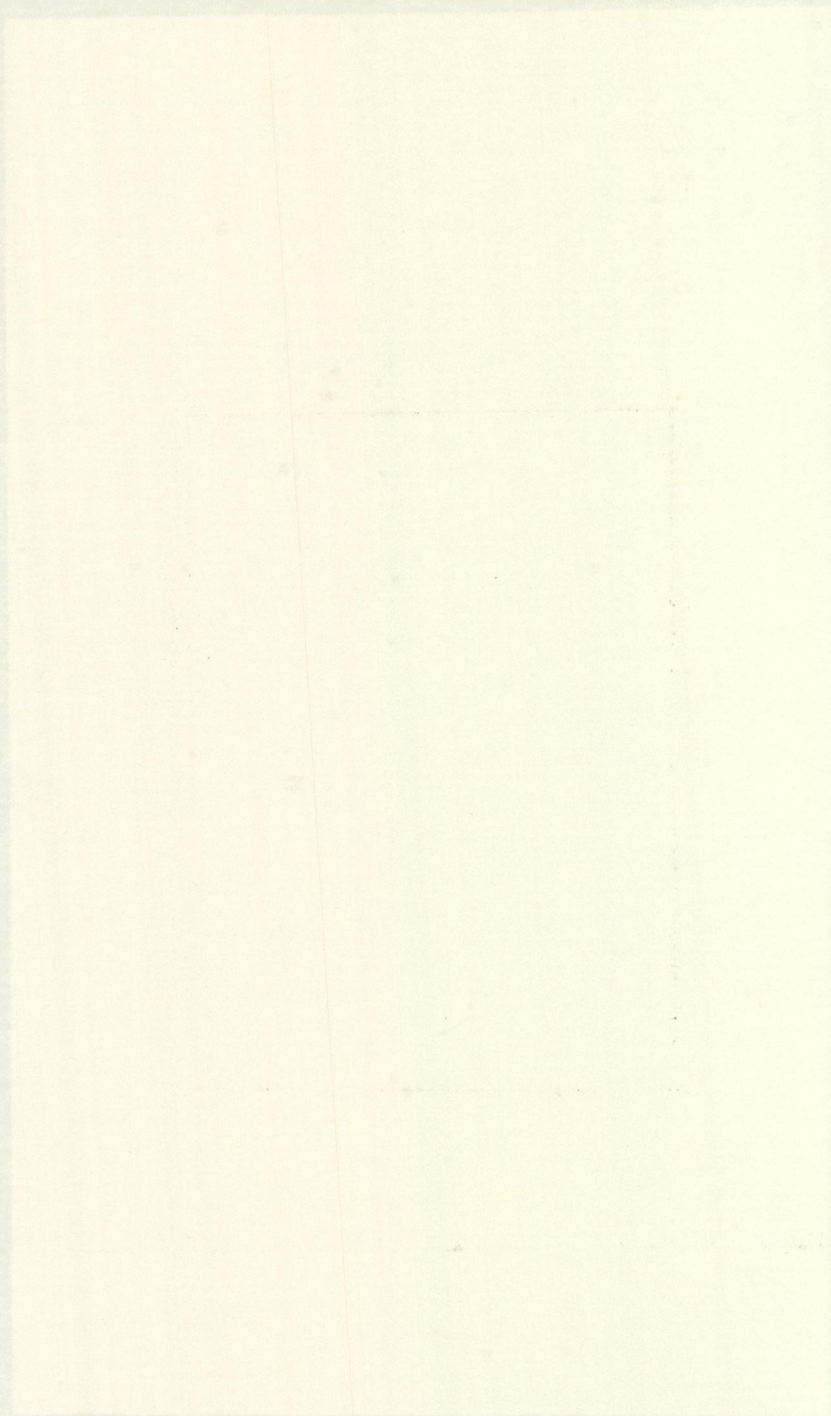




fig. 11. President of USA, Bill Clinton, wearing **adidas** in 1997.



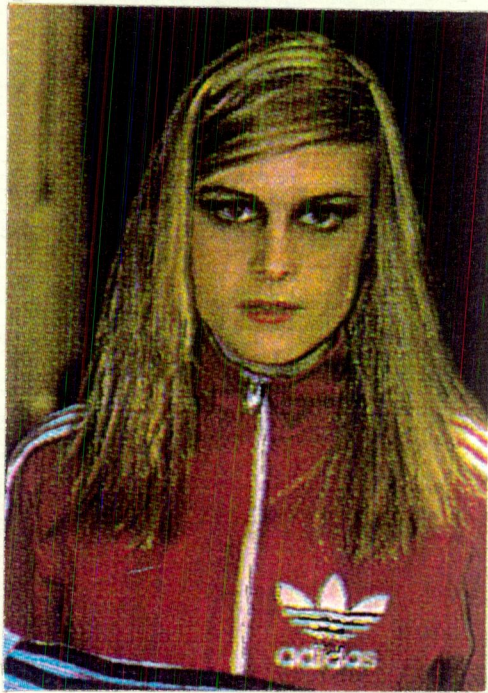


fig. 12. Super model, Elizabeth Moss, wearing **adidas**, 1997.

Now with it's focus firmly on achieving this goal, **adidas** as a sportswear company seems to have a very bright and optimistic future ahead.

"The marketing at adidas is very, very good right now.

*The young generation of the '90's perceives **adidas** as a very young brand. The company is particularly strong in apparel, much stronger than Nike and Reebok."*

(Eugenio Di Maria)(Ref.23).

Conclusion.

In concluding, the history of **adidas** from its birth in the 1920's to the present day in 1998, I have examined the three main factors of their existence. Firstly, looking at their formation in the 1920's, secondly their brand image over the years, and thirdly, their continuation into the 1990's.

I began by looking briefly at the origin of **adidas** in West Germany, observing how they have developed to becoming the multi-national sportswear company they are today. I have given reference to their brand image, stating how they have always represented quality and heritage. However, due to strong competition from Nike and Reebok, **adidas** has been forced to revamp their image and much more in the 90's.

I have given a profile of the man who made the vital change for **adidas**, Mr. Robert Dreyfus.

To really get an insight into why **adidas** needed to launch a comeback campaign, and rejuvenate their image, I looked at their main opposition from the American sportswear brand, Nike.

Nike was the creation of a young American athlete in the mid-1960's called Philip Knight. Knight who had youth on his side, and an era that saw the beginning of the youth generation, he had the foresight to see that the sportswear market that had been in existence for over forty years, with **adidas**, was ready for a change. He set about bringing sportswear onto a different level from **adidas**, a level that would be concerned with fashion and 'image'. The arrival of Nike onto the consumer market coincided almost perfectly with the fitness boom in the 1970's and 80's. Investing heavily in advertising, Nike products reached out to the young, offering them a 'streetwise' and 'trendy' image. They particularly captured the attention of young inner-city kids who had little to brighten their lives apart from pop and sport idols.

As Nike had already spent much money on signing endorsement contracts with many of these idols they were guaranteeing their products would be bought by the youths, modelling themselves on these stars. Although Nike produced relatively good products, their main interest was how they advertised and marketed them.

adidas on the other hand was the complete opposite. They invested much time and money into ensuring their products met all the needs of their athletic customers, ignoring any fashion demands. As **adidas** was the pioneering name in sportswear, and had been the market leader so long, they found it difficult to have the market dictated to them by this much younger brand. **adidas** continued as before and ignored any changes made to the market.

Over a period of fifteen years **adidas** found themselves struggling to survive against the newer, flashier brands, but instead of trying to solve the problem, they went further into financial ruin. Eventually in the beginning of the 1990's under the direction of Robert Louis Dreyfus, **adidas** began to *kick back*.

I have looked at how Dreyfus took control of the company and transformed it from an old-fashioned German institution into a globally assertive modern company. By employing young international staff to bring new and youthful ideas to the brand. Suddenly **adidas** was becoming a very popular brand once gain. With a whole new range of colour, fabrics and products , they were becoming just as popular as their rivals, Nike. They were now targeting a young audience, so they had to communicate to them in their language.

Television advertising campaigns were launched, featuring young up-and-coming personalities to enhance the product. **adidas** now had the attitude that they could still produce top quality products, but sell them in a fresher modern way. Realising the many tricks and benefits of advertising, they magnified their sporting heritage, to created the idea that their brand is the 'genuine article' or 'the real McCoy'. Promoting the fact that all other brands (ie. Nike) were cheap replicas, and if you desired a sports brand with quality, image and style, **adidas** was the the brand.

As the millennium approaches, **adidas** is the European market leader in sports-wear. They are second only to Nike in the US, a statistic they are trying hard to change. Their achievements over the last five years are remarkable, considering they were nearly bankrupt in 1993. In the space of this time, they have rebuilt themselves to become a brand that is modern, stylish and very fashionable. The three stripes have not only become sought after on their own garments, but have also influenced the 1990's look in fashion. Stripes are everywhere. One can see them on the high streets, on the catwalk and of course on the sports-field. I think it is only fair to say that **adidas** has truly ***EARNED IT'S STRIPES.***

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