



## **REEBOK: A Measurable Communications Plan**

### **Company History**

Reebok is the oldest running shoe company, having been started by a cobbler in the UK in the 1890s. Its heyday came in the early 1980s, a few years after American Paul Fireman acquired North American selling rights in 1979. Capitalizing on Fireman's foresight into the dance craze, aerobic craze, and later the rise of casual street basketball shoes, Reebok quickly became the number-one selling running shoe, easily beating and staying ahead of the then near-15-year-old Nike.

In 1988, Reebok launched its first brand campaign, U.B.U. (ie, Reebok lets you be you). However, it went up against Nike's "Just Do It" campaign. Whereas Nike successfully targeted the newly coined "athletic shoe market" and cornered the performance market, Reebok lost sales during this campaign. Reebok then began vacillating between messages to women, messages about performance, and messages about fashion, with the result being a lack of brand identity and a slow decline to second, third, and finally fourth position in sales, behind Nike, Adidas, and New Balance. Though Reebok launched the largest global campaign of all in the early 2000s, "I Am What I Am," giving the brand a point of view as a brand for the individual, it has never recovered from a fourth selling position.

In 2006, German sports giant Adidas Group purchased Reebok for \$3.8 billion, in an attempt to gang up on Nike. According to its corporate statement, Adidas' vision is to provide each and every athlete—from professional athletes, to recreational runners, to kids on the playground—with the opportunity, the products, and the inspiration to achieve what they are capable of. The Reebok acquisition would serve the recreational runner.

### **The Problem**

Consumers are currently indifferent to the Reebok brand. Overall, it is not seen as one of the "go to" brands, but rather it is considered a repertoire brand. So, where people have a dominant brand of running shoe they generally wear, Reebok is basically in the back of the closet. Consequently, Reebok remains in the fourth selling position.

### **The Campaign: Run Easy**

The Run Easy campaign for 2007 reflects the Reebok positioning, "Celebrate Individuality in Sport and Life," and carves out a unique point of view within the category landscape. The campaign promotes

running as a lifestyle, and emphasizes the importance of enjoying the run, rather than dreading it.

- Run Easy encourages running that is easy and fun.
- Rather than running being an exclusive, solitary sport for the elite, hardcore, performance athlete, Run Easy positions Reebok as the brand for an inclusive, accessible, social running experience that is comfortable for you.
- Run Easy recognizes sport as a part of life, not the definition of an individual; and supports success as defined by the individual on their own terms, rather than a narrow definition of competing and winning.

## **The Target**

The Run Easy campaign is directed to recreational runners, males and females, ages 17 to 24, who run for lifestyle reasons rather than athletic competition.

- Target individuals engage in sport and life on their own terms, making their own choices
- Targets don't push themselves or "push through the pain," but instead they have fun and enjoy their sport time
- Youthful mindset
- Both male and female
- Active lifestyle, sport-involved or sport-inspired
- Fashion forward
- Music involved
- Global, cultural-driving, metropolitan centers

## **Objectives**

- Increase brand awareness to make Reebok a brand that consumers will reach for more readily (and wear out faster so they can buy more) by inviting the consumer into the brand through running
- Increase sales

## **Medium**

- Television
- Print ads
- Banner ads
- Interactive website that allows runners from all over the world to meet, chat, and discuss running

**Key Messages**

- Run Easy (don't over do it)
- Individuality
- Call to action: GoRunEasy.com

**Timeframe**

April 1, 2007 through March 30, 2008

**Budget**

Advertising budget is \$54 MM, representing 3% of 2006 annual sales (3% of \$1.8 billion).

**Strategic Approach: By Communications Element**

- Which element is most effective in increasing brand awareness?
- What combination of communications elements is most effective at increasing sales?

**Measurement Plan:**

Objective 1: Increase brand favorability

	Television	Print	Banners/Site
<b>Metrics</b>	- brand recall - brand awareness - brand perception - purchase consideration - usage (eg, are they running?)		
	- reach and frequency		- click thru rate - total visitors - time spent on site - postings/comments
<b>Tools</b>			- web analytics - web intercept survey
	- brand tracking study - focus groups		

**Objective 2: Increase Sales**

	Television	Print	Banners/Site
<b>Metrics</b>	- number of purchases a year - share of wallet (for athletic shoes) - retail/online store data		
	- traffic to vanity URL - reach/frequency	- traffic to vanity URL - reach/frequency	- response rate - conversion rate - impressions
<b>Tools</b>	- brand tracking study - web analytics - post purchase survey	- promo code redemption - web analytics - post purchase survey	- promo code redemption - banner tagging
	- marketing mix modeling		

**Success Targets:**

- 5% increase in unaided awareness for Reebok
- 5% increase in purchase consideration
- 30% aided awareness for “Run Easy” campaign
- 10% increase in sales
- ROI > 10%

**Rationale:**

The success of our measurement plan will be to determine a “brand baseline” before the campaign starts. It is essential to understand brand measures and sales/consumption before we begin to determine the effect of the campaign.

Focus groups are an effective way to evaluate TV, print, and online advertising prior to placing it in-market. It is cheaper than usability (copy) testing, and can be done on a shorter timeline.

In-market and post-campaign brand tracking surveys and web and sales data will shed light on what the campaigns effect on key measures of brand awareness, purchase consideration, and brand perception. Whereas marketing mix modeling is an important tool to clearly identify the impact of soft communica-

tions such as print and TV advertising on sales. Providing an ROI per communications element will not only help to determine the success of this campaign, but inform the creation of future integrated marketing campaigns.

Web analytics, web intercept surveys, and banner tagging are reliable tools to determine the campaign's effect at driving online sales.

Although our measurement plan is comprehensive and will give us plenty of hard data to determine the success (or failure) of the campaign, challenges do, and always will, exist.

### **Challenges:**

1. The tools outlined above, especially marketing mix modeling and continuous brand tracking surveys can become expensive. While costs are being cut across the company due to its recent acquisition by the Adidas Group, there may be some hesitation to invest in marketing analytics. But, given Reebok's desire to reposition the brand to reclaim its historic awareness and consideration levels, we believe analytics is necessary to prove the success of the new direction offered by the Run Easy campaign.
2. External market factors/variables can impact our campaign either positively or negatively. Some external factors can include increased advertising or promotion spending from competitors, economic conditions and dieting/exercise fads.
3. Because we are evaluating the campaign as an integrated marketing campaign, we must vary the media spending per month to determine the optimal budget allocation through marketing mix modeling.

### **Observations and Conclusion:**

Although the return on investment (ROI) is considerably higher for online banner advertising than for print or TV advertising, based on our pro forma, it is important to remember that both TV and print have an important role in driving brand awareness and brand favorability. These are essential to the success of banner and other online tactics.

*Rosy Calogero, student*

## Exhibit 1: Pro-forma Evaluation

### Assumptions

Total Advertising Budget:	\$54,000,000
Average Yearly Spend on Reebok Products:	\$75

### Integrated Marketing Campaign Breakdown

Media Type	Budget Allocation	Total	CPM	Total Impressions	Response Rate	# Sales	Revenue
Television	40%	\$21,600,000	\$ 25	864,000,000	0.5%	4,320,000	\$ 324,000,000
Print	40%	\$21,600,000	\$ 70	308,571,429	1.0%	3,085,714	\$ 231,428,571
Banner/Site	20%	\$10,800,000	\$ 5	2,160,000,000	1.0%	21,600,000	\$ 1,620,000,000
<b>Total</b>	<b>100%</b>	<b>\$54,000,000</b>	<b>n/a</b>	<b>3,332,571,429</b>	<b>n/a</b>	<b>29,005,714</b>	<b>\$ 2,175,428,571</b>

### Long Term Value

<b>Year</b>	<b>0</b>
Margins	\$ 75
Yearly Discount	0%
Present Value	\$ 75
Cumulative LTV	\$ 75.00

### Return on Investment

Media Type	CPM	OPM	CPO	LTV	ROI
Television	\$ 25	5	\$ 5	\$ 75.00	14%
Print	\$ 70	10	\$ 7	\$ 75.00	10%
Banner/Site	\$ 5	10	\$ 1	\$ 75.00	149%