

ADIDAS FY 2019 RECAP AND DIRECTION FOR THE FUTURE

ADIDAS & GR@VITY

Private Video Of The Adidas Satellite: <https://vimeo.com/388929887/5e9bfa56f5>

KEY TAKE AWAYS DIRECTLY FROM KASPER RORSTED

- ▶ Focus on introducing Adidas' sustainability products and efforts.
- ▶ Drive consumer engagement with Adidas.
- ▶ Drive consumers to Adidas' digital network.
- ▶ Focus on conversion of direct-to-consumer.
- ▶ Leverage launches at major sporting events.
- ▶ Continue to be the leader in marketing spending and efforts.



“ADIDAS IS THE LEADER IN SUSTAINABILITY AND OUR CLEAR GOAL IS TO END PLASTIC WASTE THROUGH INNOVATIONS AND PARTNERSHIPS.”

Kasper Rorsted

ADIDAS SUSTAINABILITY PROBLEM

- ▶ Walk down the street and ask anyone you see “Do you know what Adidas’ sustainability mission is?”
- ▶ They will not be able to answer the question. People do not know about Adidas’ mission.
- ▶ This is a big problem. Kasper’s goals are not being met. But its a much bigger problem when you consider the following...

CONSUMERS WANT TO KNOW ADIDAS' MISSION

- ▶ 86% of consumers are likely to purchase from purpose-driven companies.
- ▶ 76% say supporting companies that are addressing social and environmental issues is more important than ever.
- ▶ 60% of consumers say brands should make it easier to see their values and positions on important issues.



MESSAGING PROBLEM MEANS LOSS OF REVENUE

- ▶ 1/3 of consumers plan to increase the amount they spend on “good” products.
- ▶ However, 40% of consumers are not able to name a socially responsible organization when asked.
- ▶ This means Adidas loses money as an estimated \$1.2 trillion of opportunity exists for brands that make their sustainability credentials clear.

*Good.Must.Grow.'s 2019 Conscious Consumer Spending Index.
Unilever Consumer Study.*



“FROM A SUBSTANCE STAND POINT, THE CONVERSION TO DIGITAL AND DIRECT TO CONSUMER IS IMPORTANT FOR US IN THE NEXT STRATEGY CYCLE.”

Kasper Rorsted

ADIDAS' NEXT PLAY... DIRECT-TO-CONSUMER BRAND

- ▶ Adidas will heavily focus resources and attention in its next strategy cycle on D-to-C as one of its main sources of new growth.
- ▶ Kasper emphasized Adidas will need to engage consumers with its brand to drive them on to their digital network. This must be done for Adidas D-to-C spend to be successful.
- ▶ With global geopolitical, environmental, and biomedical future uncertainty, it is more important than ever to drive consumers into Adidas' digital network to grow its direct-to-consumer strategy.

BARRIERS TO BECOMING A DIRECT-TO-CONSUMER BRAND

- ▶ Getting consumers to sign up to Adidas' digital network.
- ▶ Driving app downloads and retention rate.
- ▶ Engaging consumers and content creators with the Adidas app.
- ▶ Growing Adidas' digital network organically through social media.
- ▶ Large enough critical mass on Adidas' digital network to see a ROI on the direct-to-consumer strategy.



“WE ARE GOING TO LEVERAGE MAJOR LAUNCHES AROUND SPORTING EVENTS TO MAKE CERTAIN WE DRIVE ACTIVATION AND CONSUMER ENGAGEMENT.”

Kasper Rorsted

LEVERAGING MAJOR SPORTING EVENTS

- ▶ Upcoming major sporting events with heavy Adidas participation.
 - ▶ Euro 2020
 - ▶ Tokyo 2020
 - ▶ The 2022 World Cup



“TRUST ME WHEN I SAY THE FOLLOWING. WE SPEND ABOVE INDUSTRY AVERAGE ON MARKETING CONSISTENTLY. AND EVERY TIME THERE HAS BEEN AN UPSIDE WE’VE BEEN FIRST TO INVEST. THAT’S WHY WE HAVE ABOVE INDUSTRY AVERAGE. WE HAVE NO INTEREST IN SQUEEZING OUR MARKETING BUDGET AND WE HAVE PROVEN THAT FOUR YEARS IN A ROW. WE WILL CONTINUE TO LEAD THE MARKETING SPEND.”

Kasper Rorsted

MARKETING STRATEGY: PAGES 052-057 2019 ANNUAL REPORT

▶ **Consumer obsession... creating for the creator**

- ▶ Creator Archetype: Owing to the rapid evolution of sport and sports culture, the Adidas brand targets key consumer groups and influencers to create brand desirability and momentum. It is key to win the most influential consumers, defined as the creator archetype. True to the brand's values, these influential consumers define themselves as a work in progress - are all doers and makers, first to adopt, focused on what's new and what's next.
- ▶ Reason To Believe: By harnessing the brand's creator position, the emotion of sport, and the power of sport to change lives, the Adidas brand will communicate a reason to believe in the brand, letting the world know what distinguishes it from the competitors.
- ▶ Creative Collaborations: Creative collaborations increase our creative capital through new tools, new environments and new perspectives from outside creative thinkers. They are intended to give creativity a platform and provide the right tools for ideas to blossom.
- ▶ Digital: The digital transformation is fundamentally changing the way our consumers behave and the way we work. Technology has enabled us to accelerate building direct relationships with our consumer. We continue to make strong progress in multiple digital accelerators including our membership program *Creators Club*.
- ▶ Creators Club: Adidas membership program that helps deepen the customer relationship. The program rewards members with points for interacting with the brand. Depending on the number of points, exclusive benefits are unlocked.

CONTINUING TO BE THE LEADER IN MARKETING

- ▶ Kasper's marketing strategy is clear
 - ▶ Invest in marketing tools and partnerships that will bring an upside.
 - ▶ Focus on Adidas sustainability efforts.
 - ▶ Engage consumers with Adidas to build their digital network for their direct-to-consumer investment.
 - ▶ Creator and influencer centric strategy.
 - ▶ Heavy focus around the 2022 World Cup.
 - ▶ Setting Adidas apart from its competitors.
 - ▶ Continue Adidas' aggressive marketing strategy by leading in marketing innovation and spend.



**A SATELLITE IS
AN INVESTMENT
IN A MARKETING
TOOL THAT
BRINGS UPSIDE
TO ADIDAS**



GRABBING THE WORLD'S ATTENTION

- ▶ The novelty of the first space marketing campaign will grab the world's attention. It's not just opinion.. it's science!
 - ▶ Functional Hippocampal-SN/VTA driven by novelty.
 - ▶ SN/VTA more activated by greater novelty.
 - ▶ Brain models conclude novelty motivates exploration and search of reward.
 - ▶ Novelty enhances learning and memory.

WHAT THE SCIENCE BEHIND NOVELTY MEANS

- ▶ Adidas will activate the center of the brain that drives motivation, execution, learning, and memory through the most motivating external stimuli.
- ▶ Adidas will grab the attention of consumers around the globe while they are in a motivated state in search of reward (sales) from the novel driving force.
- ▶ Adidas will have the undivided attention from consumers around the world who will remember their message and call to action.



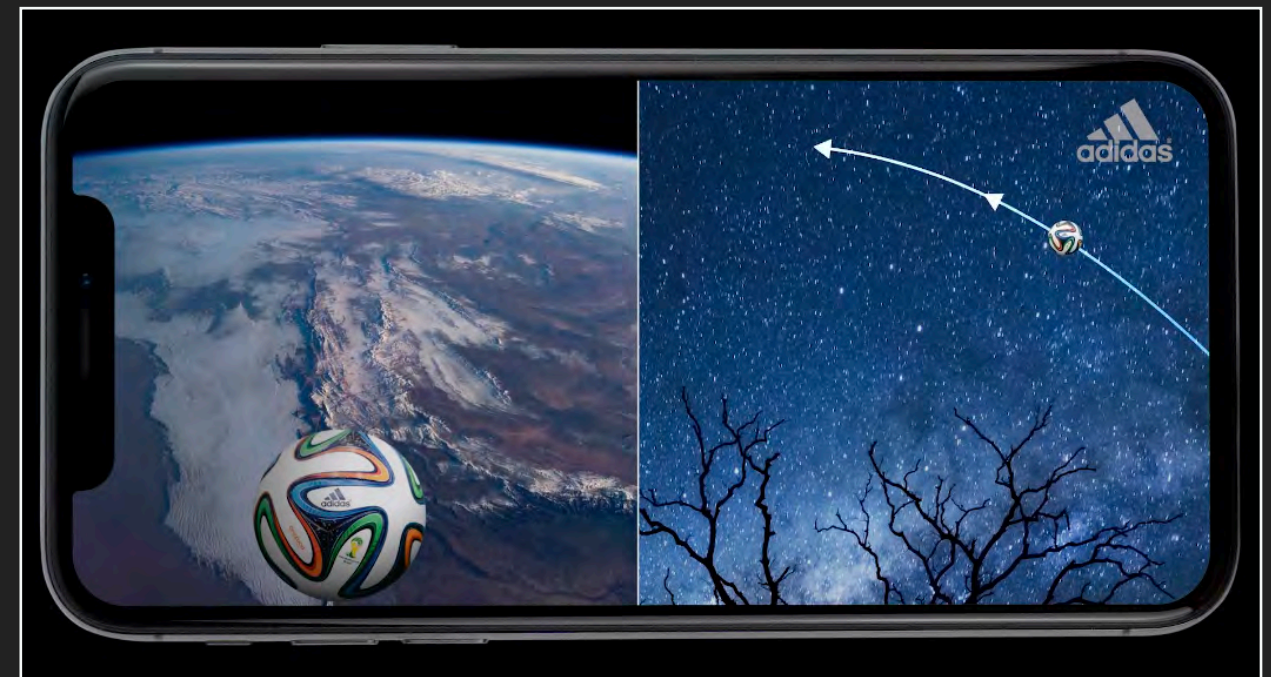
SUSTAINABILITY TIE-IN... USING THE OVERVIEW EFFECT

- ▶ Showing the world novel broad and zoomed-in satellite media of the earth over the areas that are effected creates an "overview effect."
 - ▶ The overview effect, only producible from space, is the recognition that we are on a small rock floating in an infinite vat. That, if we mess up here on Earth there is no plan B. The effect usually creates a sense of urgency to action.
- ▶ Unique media will be used in multiple out-bound streams for sustainability tie in: TV, social, etc.
- ▶ Increase sales by making sustainability credentials clear.
- ▶ Give consumers Reason To Believe in Adidas.



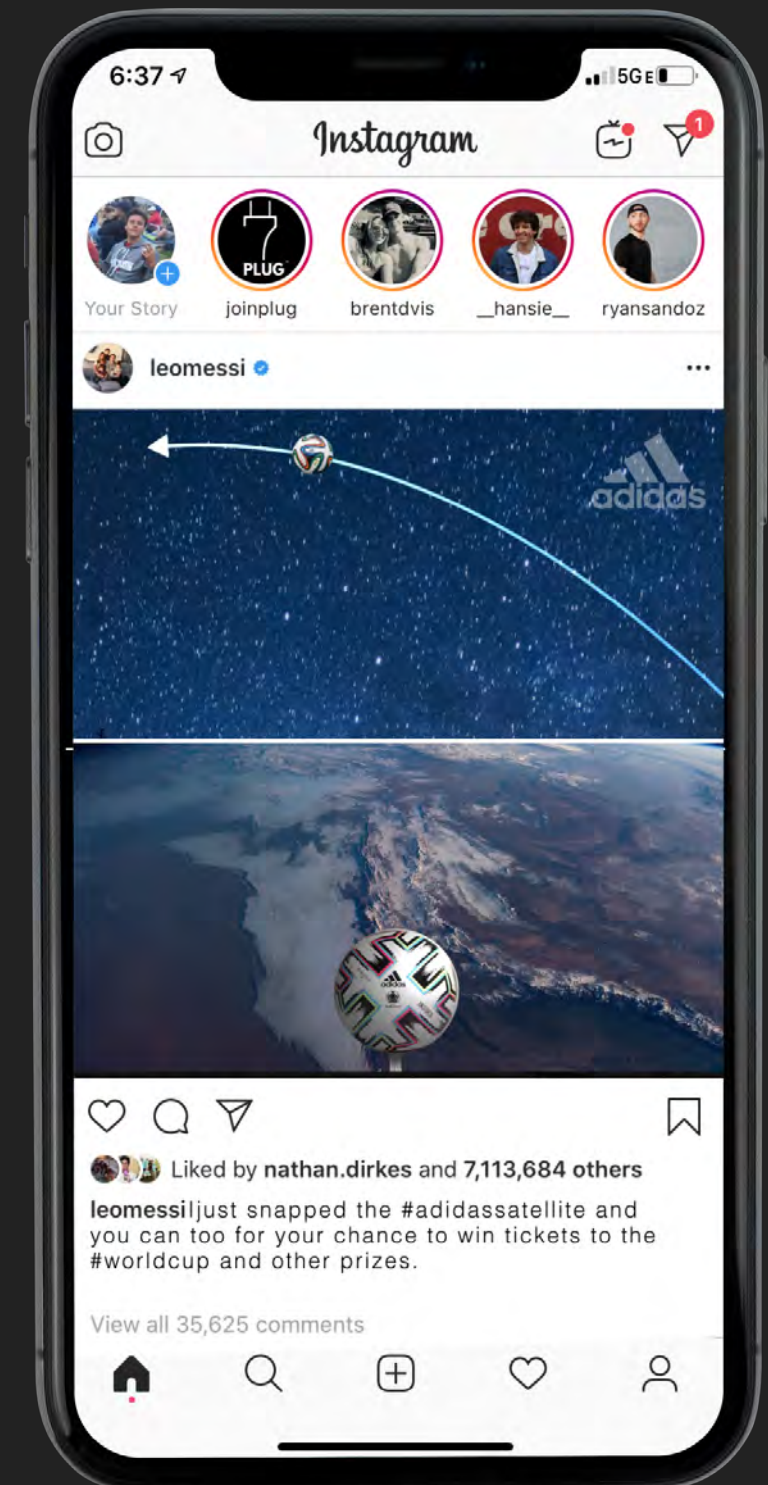
ENGAGE CONSUMERS WITH ADIDAS DIGITALLY AND DRIVE THEM INTO ADIDAS' DIGITAL NETWORK

- ▶ Engage consumers digitally with the satellite's augmented reality (AR) app feature.
 - ▶ Trace the satellite in the sky with AR while viewing the video stream over your position on Earth
- ▶ Break down the barriers to build critical mass on Adidas' Digital Network to be successful in D-to-C strategy.



GROW ADIDAS' DIGITAL NETWORK ORGANICALLY: CREATOR- AND INFLUENCER-CENTRIC APPROACH

- ▶ Grow Adidas' digital network organically using their Creating for the Creator approach.
- ▶ Using space marketing as a Creative Collaboration, Adidas will provide original creative content to the Creative Archetype to grow Adidas' digital network organically over social media.
- ▶ Incentivize customers through the Creators Club to post their original satellite photos and AR trace on social media.
- ▶ Use Digital to accelerate building direct relationships with all the new Adidas customers in their digital network.
- ▶ Reach critical mass of consumers on the digital network for success in Direct-to-Consumer strategy.



2022 WORLD CUP TIE IN

- ▶ Ties into the world cup as a soccer ball is literally orbiting around the earth.
- ▶ Use media of ball over different countries to tie-in with that nation's team and any causes that need to be highlighted in that area.
- ▶ Working with Gr@vity's rocket scientist, a burn is scheduled to take the satellite out of a rotating polar orbit into a static orbit to show live media coverage from the Adidas Satellite over Qatar for the start of the World Cup final to be broadcasted worldwide.
 - ▶ No longer media from the *Goodyear Blimp*, but from the *Adidas Satellite*



SET ADIDAS APART FROM ITS COMPETITORS

- ▶ World's first space marketing campaign.
- ▶ World's most unique interaction and messaging.
- ▶ Strategically positioned to fit with Adidas' and Kasper's goals.
- ▶ Adidas will be light years ahead of its competition in terms of marketing and as a brand.



ADDED BONUS: FREE MEDIA ROI

- ▶ Nike received 160 million in free media ROI in the United States alone from Colin Kaepernick's "stand for something" billboard in the first month.
- ▶ Adidas will receive a comparable, if not higher, ROI in free media from global news coverage and social media.



ADIDAS' MARKETING MESSAGE WILL BE HEARD, REMEMBERED, AND EXECUTED ON: CONTINUE KASPER'S AGGRESSIVE MARKETING STRATEGY BY LEADING IN MARKETING INNOVATION

- ▶ The world will know of Adidas plastics sustainability efforts.
- ▶ Consumers will engage with the brand.
- ▶ Adidas will see a positive ROI on their direct-to-consumer strategy by hitting critical mass on Adidas digital network.
- ▶ The campaign will fuel app downloads and consumer engagement through utilizing influencers, creators, and an incentive structure that encourages social sharing of the Adidas app.
- ▶ The World Cup tie-in will drive attention and sales to Adidas.
- ▶ Adidas will be light years apart from its competitors.
- ▶ Kasper's successful first to invest in marketing upside strategy will be executed on.

THE GR@VITY FOUNDERS

- ▶ Zach Zeurcher (CEO): Experienced entrepreneur who brings STEM-based projects to life. Most recent project, Digital Shelf Relay, is a corporate innovation project for a Danaher company, Esko, that focuses on improving outdated package approval process software for consumer packaged good brands.
- ▶ David Hurst (CTO): Space Entrepreneur and owner of space logistics company Orbital Transports. David has a 30-year proven track record as an entrepreneur having started and sold multiple technology business. Consultant for VC firms for technical due diligence.
- ▶ Richard Askam (CMO): Successful marketing entrepreneur and founder of Woolly North which offers high level marketing skills to brands, businesses and organizations around the world to help them engage with their customers on a personal level and in doing so, adding value to their product and also the relationship with their own customers. Woolly North has worked with some of the biggest companies in the world including Unilever and on Coca-Cola's *Share A Coke* campaign.

