

Reebok Strategy

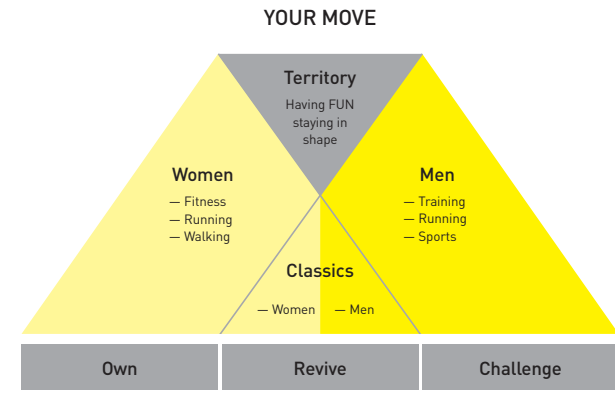
The Reebok segment is comprised of the Reebok brand, Reebok-CCM Hockey and Rockport. In 2008, the Reebok brand has further refined its strategy considering the brand's heritage and values, consumer insights and positioning within the adidas Group portfolio. Inspired by its roots in sport and women's fitness, Reebok developed a clear roadmap for its key businesses going forward: Own Women's Fitness, Challenge Men's Sport and Revive Classics. Central to Reebok's brand heritage is the courage to challenge convention. Unlike many other brands, Reebok is committed to make fitness fun again – challenging men and women to fulfil their potential in sport and in life by providing them with the opportunity, the products and the inspiration to have fun staying in shape.

Becoming the "brand that fits me"

As a consumer-driven brand, Reebok commits to offer consumers products that provide maximum fit and comfort ■■■ see Research and Development, p. 074. For Reebok this means designing and developing products with materials, styles and technologies that enhance fit and comfort for consumers. With technologies such as SmoothFit™, KineticFit and The Pump™, Reebok has already provided consumers with innovative fit elements in its apparel and footwear. In 2008, Reebok expanded its SmoothFit™ technology across all sports categories, providing an amazing fit through the elimination of interior seams within the shoe. In 2009, the brand will take this approach a step further with the launch of a new innovative footwear technology to meet the versatile needs of today's athletes, called SelectRide™. Through its adjustable air-inflated underfoot cushioning system, the SelectRide™ technology creates two shoes in one – a running shoe and a training shoe. Initiatives like these support Reebok's fit and innovation strategy and will be the focus of Reebok's innovation going forward.

Becoming the "brand that fits me" also means addressing consumers in a personal, engaging way so they can better identify with the brand. Reebok's global brand campaign, "Your Move", is an invitation for people to express themselves, in sport and life, in their own individual way. This campaign was launched in 2008, and will continue through 2009 as a connecting theme across all categories.

Reebok strategy and focus areas



However, the concept of fit is not only a product and marketing philosophy. Instead, it should guide all facets of the brand's business. That means meeting the needs of consumers, promotional partners, retailers and employees. With a "perfect fit" distribution strategy, Reebok intends to offer the right products to the right accounts at the right margins. Moreover, Reebok is committed to building a work environment that matches the need of its employees and to hiring people who fit the brand's values.

Own women's fitness

Reebok is on a mission to make fitness fun again for women. The brand's commitment to women's fitness is long-standing. It introduced Step Reebok in 1989 and virtually invented the aerobics movement of the 1980s. This heritage and credibility has connected women to Reebok like no other brand, and will serve as the cornerstone for the brand's business expansion.

Reebok began to define its focus on women's fitness in autumn 2008, launching a women's specific "Your Move" campaign. In 2009, the brand will accelerate its women's programmes, introducing new partnerships and products and once again reaffirming its support of women's health and fitness – whether in the gym, out of the gym or for a cause.

In the gym: Reebok and Cirque du Soleil entered into a revolutionary partnership, inspiring a new workout experience and product collection that is forward-looking, exploratory and feminine. In spring 2009, Reebok and Cirque du Soleil will launch JUKARI Fit to Fly™, a genuine workout experience, inspired by the imaginative, theatrical and physically demanding artistry of Cirque du Soleil. ■■ see Reebok Products and Campaigns, p.138. It is a full body cardio, core and strength workout that brings the Reebok philosophy of having fun in fitness vividly to life.

Unique to JUKARI Fit to Fly™ is proprietary new equipment, the FlySet™, created by Reebok and enabling a diverse repertoire of exercises and movement progressions. With dramatic music, fluid choreography and unique signature moves, JUKARI Fit to Fly™ is unlike anything currently available in gyms. Alongside JUKARI Fit to Fly™ is a fully integrated women's fitness range, the Reebok Cirque du Soleil collection, which combines the performance demands of the workout experience with the creativity and artistry of Cirque du Soleil.

Personifying its philosophy of having fun staying in shape, Reebok is partnering with some of the world's top women's fitness instructors renowned for their inspirational approach to fitness. The Reebok Global Instructor Team are ambassadors of the brand, JUKARI Fit to Fly™ teachers and inspirational motivators for women worldwide. JUKARI Fit to Fly™ will be available through a group of select worldwide gym partners from early 2009.

In addition, Reebok will also launch the On The Move collection of apparel and footwear. Designed specifically for a woman's body and how she moves and created for the needs of a woman's busy lifestyle, the collection is versatile and able to be mixed-and-matched in or out of the gym.

Out of the gym: Women are busy and don't always find the time to fit in their daily workout. Based on this relevant consumer need, in 2009, Reebok will launch the EasyTone™ footwear collection that allows consumers to "take the gym with them" ■■ see Reebok Products and Campaigns, p.138. The EasyTone™ technology involves two balance pods under the heel and forefoot of the shoes that create natural instability with every step, forcing the muscles to adapt and develop tone.

For a cause: Reebok is committed to helping fight breast cancer. The company is the official global footwear and apparel sponsor of the Avon Walk Around the World for Breast Cancer. The brand has developed a special Pink Ribbon collection of sports and lifestyle products for the walk. All products carry the symbolic Pink Ribbon and Reebok makes a significant monetary contribution each year to supporting research into a cure against this deadly disease. Reebok also plans to activate its newly formed Reebok Global Instructors locally in 2009 in support of its Pink Ribbon Avon partnership.

Challenge in men's sport

Reebok is a well-recognised men's sports brand, a product of its long-standing partnerships with several of the world's top athletes, professional leagues and teams. Many of the world's most recognisable athletes support Reebok, including Eli Manning (2008 Super Bowl MVP), Antonio Holmes (2009 Super Bowl MVP), Alexander Ovechkin (2008 NHL MVP), Yao Ming (Olympic flag bearer for China), and footballers Thierry Henry (France's top goalscorer) and Iker Casillas (goalkeeper-captain of Spain).

Given Reebok's close collaboration with athletes, the brand has a clear understanding of athletes' training needs. In 2009, Reebok will focus on the largest globally relevant market segments, formulating a unique point of difference by fusing running and training into one.

The primary focus is on creating versatile products that help athletes prepare for their sport irrespective of the discipline. One such example is the launch of the SelectRide™, an underfoot cushioning technology that allows the athlete to select the "train" or "run" mode.

To support this running/training initiative, Reebok formed a new partnership with British driving sensation Lewis Hamilton, the youngest ever Formula One champion. Reebok has already successfully leveraged this partnership in 2008 through its innovative "The Athlete within the Driver" campaign and will continue to build on this throughout 2009.

This global focus on running and training will be complemented by a select set of regional category priorities, including American football, hockey, baseball and lacrosse in North America, football in Europe and Latin America, and cricket in India. The brand holds exclusive, long-term licensing agreements with the National Football League, National Hockey League and National Lacrosse League in North America, giving Reebok the exclusive rights to manufacture and market both authentic and replica uniform jerseys and sideline apparel.

For example, in North America, Reebok's successful partnership with the National Football League has provided significant exposure for the brand. As the official outfitter of the NFL, Reebok provides on-field uniforms, as well as off-field apparel products to all 32 NFL teams. This gives Reebok an unrivalled presence at all NFL games during the season. In addition, the partnership enables Reebok to drive its licensed business and has a positive halo effect on the brand's cleated footwear and branded apparel business. By utilising individual players such as Peyton Manning and Eli Manning as brand ambassadors, Reebok strives to strengthen its connection with consumers.

Revive Classics

Most brands in the sporting goods industry define themselves as either a sport or a lifestyle player. Reebok has a long heritage within the industry based on products that bridge the gap between sport and lifestyle. Catering to sports lifestyle consumers continues to be an important pillar of Reebok's strategy.

In the past, the brand's lifestyle business was overly reliant on certain products, particularly in the Classics footwear segment. To limit the risk of overdependence on single styles and build a broad-based lifestyle business for the future, Reebok has been working over the past three years to limit distribution of its Classics products to allow the market to recover from oversupply.

Going forward, to leverage its iconic sports heritage, Reebok will revive its Classics brand with a refined and widened product range. In rebuilding this business, a key tenet of the strategy will also be to control distribution by segmenting the product offering available for retailers as well as keeping a tight rein on supply. The intention is to reach a new generation of consumers. Within Classics there will be three collections: Retro Sports Line, Always Classics and Heritage.

Taking inspiration from its authentic fitness Classics, Reebok has remixed iconic models from its past – Freestyle™, Ex-O-Fit™ and The Pump™ – for the spring/summer 2009 collection, creating modern versions of them. These new shoes have the distinct Reebok Classics branding, but have been energised with a modern look and feel. On November 20th, 2009, Reebok will celebrate the 20th anniversary of The Pump™, which revolutionised the athletic footwear industry and was one of the most successful shoes ever created. Through a partnership with 20 select retailers around the world, custom collaborations of The Pump™ will be newly developed in 2009 and exclusively launched in select stores in limited quantities ■■■ see Reebok Products and Campaigns, p. 138.

Growth opportunities through controlled space and e-commerce

Reebok increasingly focuses on the roll-out of shop-in-shops with retail partners in mature markets, while expanding its own-store base as well as its mono-branded store network in emerging markets. In 2008 for example, Reebok formed a new men's and women's sports apparel partnership with Dick's Sporting Goods, introducing hundreds of new Reebok shop-in-shops throughout Dick's stores in the USA. In addition, Reebok began rolling out shop-in-shops with key European retail partners in order to represent the new women's concepts holistically. By the end of 2009, Reebok plans to have over 150 of these in place in the European market.

Reebok is also leveraging the digital space to control distribution and build direct consumer relationships. In 2008, Reebok launched a new global website and e-commerce channels in North America and five markets in Europe (UK, France, Netherlands, Ireland, Belgium). The new global website allows Reebok to showcase the breadth and depth of the brand's complete product offering, significantly improving the consumer experience and driving online sales for the brand.

Reebok will build on its controlled space momentum in 2009 with the further roll-out of mono-branded retail stores and shop-in-shops as well as extending its e-commerce platform (e.g. in Germany and Austria). Current plans are to open over 1,000 new mono-branded stores (including franchise and own-retail stores) in the next 24 months, including the introduction of a new Women's Fitness retail format.

Increasing average selling prices

To reinforce its position as a premium sports and lifestyle brand, Reebok's goal is to significantly improve and increase its product offering at high and mid-price points to drive growth in average selling prices. This approach may slow the targeted short-term top-line development by voluntarily foregoing commercial opportunities in the low-price segment. More importantly, however, it enables Reebok to build a platform for sustainable long-term sales and profitability growth and preserves the brand's image.

Reebok-CCM Hockey: strengthening innovation leadership

Reebok-CCM Hockey leverages significant brand exposure through its exclusive licensee relationships with the National Hockey League (NHL), the American Hockey League, the Canadian Hockey League (CHL), as well as several colleges (NCAA) and national teams. Reebok-CCM Hockey continues to hold the number one position in global sales in the hockey category through its Reebok Hockey and CCM Hockey brands.

Reebok-CCM Hockey aims to further strengthen its innovation leadership. Product development and design initiatives therefore focus on technologically advanced, performance-enhancing equipment ■■■ see *Research and Development*, p. 074. While both brands offer the complete range of hockey equipment and apparel, the CCM brand is focused on leveraging its excellence in skates and Reebok Hockey is focused on hockey sticks and apparel.

The Reebok 2009 Hockey Pro product line will be backed by star athletes such as 2007 NHL MVP Sidney Crosby and top NHL Vancouver Canucks goalie Roberto Luongo. Reebok will introduce for the first time the PUMP™ hockey skate, featuring Reebok's proprietary PUMP™ technology. The company will also bring to market the lightest hockey stick ever, at a mere 405 grams.

As a leading manufacturer and marketer of technologically advanced hockey equipment, Reebok-CCM Hockey primarily targets high price points. By further strengthening its innovation leadership, Reebok-CCM Hockey intends to preserve its high average selling prices.

Rockport: expanding in the casual lifestyle market

Rockport is a leading global lifestyle footwear brand. It combines engineered comfort with contemporary design in a unique and meaningful way by using technologies derived from the athletic footwear industry. In 2008, Rockport has sharpened its strategy to focus on four key pillars:

- Globalise brand, product and distribution
- Develop a meaningful women's business
- Enhance own retail capability
- Develop organisational structure to support growth

Leveraging the Group's infrastructure (e.g. in emerging markets) is a core element in Rockport's growth strategy. By 2010, more than 50% of Rockport sales are expected to be generated outside of North America. From a category perspective, Rockport has major growth initiatives targeted at the metropolitan consumer. In the women's area, Rockport will continue to invest in people to bring new competency in terms of product creation and design to its organisation. The brand strives to connect with different consumer groups through a well-defined product segmentation and disciplined distribution strategy. Part of this strategy is the creation of a new mono-branded retail concept whose prototype is currently being tested in the USA. Following a review of its performance, and provided it proves successful, this will then be rolled out on a more significant scale later in 2009.

The Rockport brand predominately competes at high and mid-price points. To increase competitiveness in these price segments, the brand is committed to continuously incorporating advanced technologies into its products. To this effect, Rockport will continue to leverage on Group-wide resources with the continued incorporation of industry-leading technologies such as adidas TORSION® and the first-time inclusion of adiPRENE® into its products in 2009 ■■■ see *Rockport Products and Campaigns*, p. 145.