

## TAYLORMADE-ADIDAS GOLF STRATEGY

TaylorMade-adidas Golf's mission is to be the leading performance golf company in the world in terms of sales and profitability. It combines two of golf's strongest brands: TaylorMade (focused on clubs and balls) and adidas Golf (focused on footwear and apparel). Both brands are dedicated to continuously developing and commercializing innovative, technologically advanced products. To accomplish its goal, TaylorMade-adidas Golf has set its sights on five strategic priorities: extending its leadership in metalwoods, significantly expanding its golf ball business, maximizing growth at adidas Golf, driving marketing excellence and further strengthening its distribution mix.

**CAPITALIZING ON THE STRONG MARKET POSITIONS OF TWO WELL-ESTABLISHED BRANDS** TaylorMade-adidas Golf maintains two well-defined golf brands with strong market positions under one roof. TaylorMade is the market leader in terms of sales in the metalwoods category and is among the leading iron brands. In addition, TaylorMade is also steadily evolving into a leading golf ball manufacturer. adidas Golf has delivered outstanding sales growth in both footwear and apparel during the past five years and has clearly become the fastest-growing golf footwear and apparel brand in terms of sales and market share in major golf markets. TaylorMade-adidas Golf is committed to further growing its business in a profitable way and improving its market position by harnessing the R & D strength [see Research and Development, p. 072](#) and brand equity of both TaylorMade and adidas Golf.

**INCREASED INNOVATION FOCUS** TaylorMade-adidas Golf's core principle is to create the best performance golf products in the marketplace, and that starts with a clear commitment to innovation, technology and Tour leadership. The brand strives to extend its leadership position with a continued focus on innovation.

To remain at the forefront, TaylorMade-adidas Golf is intensifying its R & D efforts. For example, TaylorMade created an independent innovation team that is solely focused on identifying potential new product concepts and designs, primarily in metalwoods and irons, that may subsequently be transformed into product development by the general R & D team. adidas Golf continues to leverage adidas' R & D capabilities, transforming innovative adidas concepts and technologies into golf footwear and apparel products. TaylorMade-adidas Golf strives to introduce at least one major new product innovation or evolution every 12 to 18 months.

**EXTENDING LEADERSHIP IN METALWOODS** Today, TaylorMade is the clear market leader in metalwoods - particularly in the USA, where the brand's market share of approximately 28 % has created a substantial gap between TaylorMade and its strongest competitor. This success was driven by the brand's ability to continuously introduce and commercialize new and innovative products. Therefore, the brand's primary focus going forward is to maintain its place in the market as the innovation leader and to further expand its metalwoods business outside the USA. By strengthening its promotion partnerships in other regions (e.g. new partnerships with Korean golfer Ye Yang and the China Golf Association in Asia), TaylorMade plans to support its international expansion in the metalwoods category. By 2010, the brand's goal is to achieve a similarly strong market position on a global scale as in the USA.

**GROWING GOLF BALL BUSINESS BY FURTHER GAINING TOUR CREDIBILITY** Success in golf balls depends on the ability to create high-performance golf balls, bring them to market and build credibility among Tour professionals. Over the last three years, TaylorMade-adidas Golf has restructured its golf ball business to lay the groundwork for a prosperous future in this product category. The brand purchased numerous patents with the acquisition of Maxfli in 2003 and created its own ball division that is fully dedicated to developing high-quality, technologically-advanced performance golf balls.

TaylorMade successfully introduced its TP Red and TP Black golf balls in 2006, which together now comprise the second most-played ball models on the European, Nationwide and Japan Tours. In this way, TaylorMade has established itself as a credible golf ball brand among professionals and highly skilled players. In 2007, the number of marquee players using the TP Red and TP Black golf balls further increased. Among new additions to the portfolio of players were Retief Goosen, Fred Funk, Sean O'Hair, Darren Clarke and Natalie Gulbis. The brand intends to increase sales in the golf ball category by extending the TaylorMade branded offering and further leveraging the successful NOODLE franchise.