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The Benefit of Targeting Trending Niche Marketing Segments and Re-positioning of a Company

Choosing the winning marketing strategies for Reebok

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<p>This thesis will discuss different phases of Reebok's development and study the underlying causes. The thesis will seek to understand which factors of strategic marketing made the company a market leader in the late 1980s and which factors caused the company to be unsuccessful in keeping the position. The company got lost in the process and failed to bounce back even though Reebok had the knowhow and financial capability to take serious actions. This seemed to eventually lead to a bankrupt unless the company was able to find a new way to shine.</p> <p>Reebok was acquired by Adidas-Salomon in 2005. Adidas Group wanted to establish a stronger presence in the north American markets, and hoped Reebok would play a vital role in that. In the late 2000s company went through re-positioning and were forced to go through an effective segmentation, targeting and positioning process. In a way, the company was now returning back to its fitness roots with a modern update. The company aimed to differentiate itself from the other sporting goods giants by not focusing their resources to major team sports that usually are the cash cows for companies. By targeting trending niche segments that held major potential gave Reebok the long waited chance to bounce back and become interesting again.</p> <p>The thesis will discuss the relevant literature about strategic marketing by major authors. Study the key findings and important commonalities as well as differences. The relevant factors will be taken to considerations to develop future recommendations for the company and further studies. Eventually limitations of the research will be monitored and the research questions will be answered.</p>	
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1 Introduction

The importance of strategic marketing is non-deniable and the leading sporting goods companies have earned the status of experts in the field of marketing. The leading companies invest huge amounts to developing effective marketing strategies that will communicate better with their audience and generate customer attraction towards the brand itself. Still different parties argue about the importance of Marketing and whether a major part of a budget should be used for marketing expenses or not. This suspicion is mostly, because the importance of marketing is not fully understood and it is hard to measure.

Reebok chose a new way six years ago in their path to greatness, and aims to focus on targeting niche segments which have gained rapid growth and still hold huge growth-potential. The niche segments still provide a significantly smaller revenue, when compared to biggest team sports, which Reebok has decided to ignore at least for now.

1.1 Research Background and Scope

The research was constructed to discover the importance of different marketing strategies in relation to company's success. Special attention was provided to segmentation, targeting and positioning. The competitive marketing concepts are to be related to the case study of Reebok and their development from the 1980s. The most significant authors books in the field of strategic marketing, were investigated and compared, when differences were found.

The topic was first discussed with a top executive in marketing department of Adidas-Group and the discussion convinced the author to further research the topic area. An employee from Reebok Nordic team was contacted to gain knowledge about the most relevant recent milestones.

1.2 Research Questions

The research questions were developed to bring emphasis on generic marketing strategies that can affect to the success of a whole company. The concept that are brought up in the research questions will work as a guide for the entire thesis process. The pri-

mary objective of the thesis was to analyse the situation of Reebok before and after the turnaround in late 2000s, and gain emphasis to the importance of properly executed segmentation, targeting and positioning.

The research questions were as following:

1. Can a false execution of strategic marketing acts, such as segmentation, targeting and re-positioning turn a successful company into a failing one?
2. How can a descending company find a way to draw major public interest and challenge the market leaders by targeting new niche marketing segments?

2 Overview of Reebok and Their Operating Industry

2.1 Reebok – Company Profile

Reebok International Ltd. is a company that produces products for sports clothing-, streetwear- and footwear markets. Their corporate headquarters are based on Canton, Massachusetts United States of America. Currently Reebok employs more than 9,100 people around the world and they have regional offices in Amsterdam, Montreal, Hong Kong and Mexico City. Reebok has verified that they are seeking to find a new place for their corporate headquarters from Boston, in order to attract millennials and operate in a viral rural area. This will create store closings for Reebok and an estimated loss of 150 jobs.

Reebok has served athletes and end customers for more than hundred years starting from the days when J.W. Foster handmade first running shoes with spikes. Now Reebok has a wide customer base throughout the globe. The company designs, manufacturers, markets and distributes a wide line of products. Mainly focusing on product lines that serve running-, combat-, crossfit- and other fitness activities.

The new adidas group Chief Executive Officer who started in the post early this year, Kasper Rorsted has said:” there are no plans to sell the Reebok International Ltd. now, but doesn’t rule out the possibility if Reebok does not hit performance goals” (Bloomberg 2016)

As the ongoing trend for Reebok has been, the recent fiscal quarter went uphill. They managed to keep the momentum and experienced a +7% revenue growth in total, with sales growth in every region. Combined with adidas, both brands grew double-digit rates in all segments except Russia. In Russia the revenues increased at a high-single digit rate on currency-neutral basis. In Western Europe the biggest growth was seen in training and Classics product-lines resulting to a 15% sales increase in the area. Another growing segment and a key point in the future was the success in Greater China, where the revenue of Reebok went up 19%. Mostly because of double-digit growth in training product line and mid-single-digit growth in running- and Classics product lines. Latin America fulfilled a smaller part of the increasing pie by sales increase of 4% mainly supported by double-digit growth in the training- and Classics product lines (adidas-Group 2016).

Operating expenses increased during the third fiscal quarter at 2016 due to high expenditure in marketing and investments to restructuring company measures at Reebok. Adidas Group spend a total of € 30 million for restructuring Reebok. This included creating a global team only focused on Reebok that will move and streamline the full organization. Part of the money was spent to optimisation for store network. The restructuring included the sale of Canton corporate headquarters.

A very positive picking for Reebok from adidas group's third fiscal quarter release was that the success of adidas group is not only carried by adidas, but Reebok's revenues have been growing at a high-single rate in total during the past nine months (adidas-Group 2016).

One of the reasons adidas Group acquired Reebok was to increase their presence in Northern America. To a certain level, the company has managed to increase their interest and awareness levels in North America according to adidas Group's financial reports, but hasn't really break through yet as wanted. Reebok is now introducing a new shoe production liquid factory that will be established in United States of America. Creating jobs and products manufactured in US has the tendency of boosting company's sales in the domestic country.

Reebok training product line is now focusing mostly on investing their marketing resources to fitness-, CrossFit- and combat associates and gyms. Reebok has successfully partnered with UFC, CrossFit and Les Mills earning exclusive licensing rights to produce and develop both the apparel- and footwear to athletes and supporters. On running they have established a partnership with Spartan Race, also known as Tough Viking, to promote their obstacle race and extreme condition product developments. In the streetwear product line Reebok has gained significant celebrity endorsement deals with key opinion leaders such as Kendrick Lamar and Future, but mostly the trend seems to be returning back to the roots of fitness and everyday people's choice. Marketing campaigns such as Be More Human and Never Perfect have used celebrities to gain awareness and raise public interest on a topic that appeals to the people that are heroes of their own lives.

2.2 History of the Company – Reebok

The history of Reebok first started at 1890s, when Joseph William Foster started making first ever running shoes that had spikes. J.W. Foster's shoes became very popular and in 1895 he was already making shoes for the top runners of their time. The fame of now J.W. Foster and Sons spread fast and they started to delivered shoes for athletes across the globe.

In 1958 the company was founded as we now know it - Reebok. Original founder's two grandsons decided to name the company according to an African gazelle in reference to the nature of abilities their company's shoes gave to athletes (Hartley 2005: 72).

One of the milestones of Reebok was in 1979, when an American businessman, Paul Fireman, met Reebok shoes at an international trade show. Fireman managed to negotiate North American distribution license to the shoes and first introduced three different running shoes in United States. Running was a booming trend at the time and Reebok running shoes were most high-end at the markets retailing for \$60. Despite the high prices the demand overwhelmed Reebok and the plant was not able to produce at such a high pace to meet the demand. This resulted to founding a company at Korea.

Early 1980s were golden times for Reebok. By 1981 the sales hit \$1.5 million. 1982 Reebok introduced the first ever athletic shoe designed specifically for women. The shoe was created for aerobic dance exercise and was called The Freestyle. This was another breakthrough year for Reebok.

The company managed to identify three trends that became highly popular in the athletic footwear industry. These trends were aerobic exercise movement, embracing of women in the field of sports and exercising and additionally the potential for athletic footwear on street- and casual wear.

By 1983 the sales were at the point of \$13 million, and the numbers were exploding year after year by reaching \$307 million at 1985. When the sales tripled in 1986 many thought that Reebok was unstoppable. The company kept growing and sales reached \$2.7 billion in 1991, during those times some significant issues started to rise (Hartley 2005: 73).

Reebok went public at July 1985. Some analysts were convinced that when the popularity of aerobics and newness of soft-leather shoes would decrease, their impressively high operating margins would come down as well. While Reebok still was the markets premium, the signs of a declining company were exposed. Experts added slowing sales growth and overcompensated management team to the facts that would bring Reebok down (New York Times 1986).

In 1986 Reebok was still a youngster and barely had the organization to answer to the growing demand at a time, still they decided to diversify into related product lines by taking part to the sportswear business. After launching the sportswear lines overnight, the sales reached \$39 million. Everything Reebok brought were sold immediately because of the demand for the brand. Unfortunately, the product quality didn't reach the expectations and most of the clothing didn't make it on time for the holiday sales. It is stated that Reebok destroyed the rest of the bad quality batch. When a new company president Labonte was hired he decided to increase the effectivity and cut the size of the apparel group to 50% and started investing to building a proper infrastructure to better perform on the markets.

Company executives seized the opportunity of becoming big and decided to buy Rockport and Avia, two competitors that were growing fast (Fortune 1988)."

Arguably the biggest product from Reebok ever was Reebok PUMP. It came out in 1989 and sold 4 million pairs in the first 18 months. During the time the company revenue was \$3 billion and Pump-shoes sales were worth of \$500 million. It was big on the streets and celebrities loved it as well (Bloomberg 2015).

Reebok the corporation can't get caught up in becoming the product. That's what happened to Cadillac. They built the same product, but the customers moved on" (Fortune 1988). In 1990s Reebok was struggling hard. Changing top executives from late 1980s to early 1990s made things even more complicated. Nike was taking over during the 1990s and growing, while Reebok faced serious difficulties. This period of time will be further investigated later on the thesis to see how their actions differed in the terms of strategic marketing.

Starting from the early 2000 Reebok wanted to change their path and took serious actions to verify their success. At 2000 Reebok bought full rights to NFL apparel licensing

for the next 10 years (LA Times, 2000). 2001 Reebok got exclusive rights to produce NBA and WNBA apparel for the next 10 years (CNN 2001). On 2004 Reebok managed to close a deal with MLB for full licensing footwear rights for four years' period of time. At that moment Reebok had exclusive deals with three of the largest athletic brands (Sports Business, 2004).

Reebok hit a major milestone at 2005 when the company was acquired by Adidas-Salomon. Adidas being number two at the sportswear markets, having a strong presence around the globe, decided to affiliate with Reebok in order to gain market share at North America. The goals were set to double the sales in North America. Major milestone that given a lot of attention and got competitive companies of their feet. The acquisition gained adidas to have 14% of the global athletic clothing market, falling just a bit short from 15%. However, the situation in US was still in a strong favour of Nike by 36% compared to combined 20% (Telegraph, 2005).

Adidas bought the NBA licensing rights from Reebok and started an 11-year partnership. Reebok had to give up with NBA now and decided to have one more push with NFL to get more involved with US markets by launching a major marketing campaign in corporation with the NFL athletes.

Reebok didn't manage to push through and was planned to move towards new directions by targeting a totally new set of customers. Those customers were CrossFit athletes. A full company makeover was launched and the previous logo with a long history was fully established to a new – delta logo.

The new Reebok was aimed to focus on such sports as obstacle racing, combat sports, especially MMA, CrossFit, fitness overall and creating a brand image that would speak to customers in those segments. Of course the move was also made to boost the sales of Reebok Classic, streetwear line, but having a major focus on the sports mentioned earlier. The movement towards these new sports gained public- and investor interest, and adidas group received an offer of \$1.7 billion to sell Reebok (Bloomberg, 2014).

Later segment of the thesis will focus on the development of Reebok more precisely after 2010 and their movements on the field of strategic marketing.

2.3 Competitive landscape in the markets

After the 1980s reign, Reebok's downhill started and Nike passed them. 1990s were times of strong growth for Nike. Chicago Bulls winning three consecutive titles at NBA at Michael Jordan, a Nike athlete, outclassed everyone on the field and was a media favourite.

During the last years the markets for athletic apparel and footwear have changed dramatically. Nike had established a position on top of the game that was built to a solid customer base established through top celebrity endorsements and most popular athletes. They had managed to target the right customer segments and seemed to keep growing outpointing every competitor. Margins were at point and Nike managed to establish the number spot year after year. Adidas was a solid number two at the markets and it seemed that as sure as Nike was number one in the markets, Adidas would be number two. Everyone else came after these two giants, who found most of the markets.

In 2015 when Mark Parker, a chief executive of Nike, stated that the company would aim to increase annual revenue from \$30 billion to \$50 billion by 2020, people had little doubt and it seemed obvious that Nike could be able to successfully execute the plan.

Compared to the state of Adidas two years back, when they were losing market share and bypassed as eternal number two by Under Armour, things have really changed. Adidas had other plans for future. This time they managed to really make an effort and 2016 was their year. Sustaining a double-digit sales growth in the key North American market, Adidas didn't only take back its number two position, but embraced a serious threat for Nike in the coming years. For the first time in years, Adidas and Under Armour are stealing Nike's market share and Adidas is outgrowing Nike on quarterly basis (Fortune 2016).

It is stated that Nike's downfall has been their lack of innovations. Their footwear- and apparel shares have declined during 2016 and the development of share price was a lot calmer during Rio de Janeiro Olympics compared to Adidas and Under Armour. These competitive companies have gone out with multiple ground-breaking innovations and product improvements, the use of plastic ocean waste and the use of Kevlar in their shoes just to mention a few as an example (Business Insider 2016).

This has been noticed in the stock markets as well. Since the beginning of the year compared to late November, Nike's share price has dropped more than 17%. Whereas the share price of Adidas Group AG has gone up more than 59% in the same period of time.

The sales in the sneaker markets tend to boost and drive the sales of apparel product line as well. When company's sneakers are popular, the clothing seems to be selling exceptionally well. 2016 has been a nostalgic year for athletic goods companies. Sneakers that have a long history in markets already and were designed even almost 100 years ago captured the most consumer interest. Top three most sold sneakers in US at 2016 were Adidas Superstars, first produced at 1969, Converse All-Star Ox Low, 1917, and Nike Huarache first introduced at 1991. NPD analyst Matt Powell said that the top sellers are a reflection of a dramatic shift in consumer interests from performance enhanced to more casual sportswear.

Recently collaborations with celebrities have worked for favour of Adidas and Under Armour. Adidas introduced Yeezy boost-sneakers designed by Kanye West and the shoes were flying off the shelves being sold out from practically everywhere. On resell markets the value quintupled easily. The sales of Adidas Originals went up nearly 50% in the third fiscal quarter compared to the same quarter a year ago.

Under Armour has partnered with Stephen Curry, a basketball player from NBA Golden State Warriors. The phenomenal success of the team and Curry has helped Under Armour to boost footwear sales from 2012 \$239 million to almost \$1 billion this year. The company has grown significantly and resulted in 26 consecutive quarters of sales growth more than 20%.

There were times when marketing experts could argue that partnering with rappers and reality television-show stars could harm the image of a sporting goods company and dismantle the brand. The trend has been noted in all major companies and many of them have significant deals with celebrities such as Kevin Hart with Nike, Kanye West with Adidas and Kylie Jenner with Puma. The steps taken away from only sports has affected all companies operating in the field. Nike for example has suffered from the consequences as their basketball sales declined 1% in the fiscal year of 2016, when considered the strong success of Jordan brand the decline was even more severe at

Nike. Soccer line fell 5%, golf 8% and action sports 4% even though the generic category of sportswear came up to \$7.5 billion in US jumping 14% (Oregon Live, 2016). Even though the top 3 are clear now and performing strong, the competitive landscape is interesting and prone to changes as recent actions have revealed. Companies such as Puma, Reebok and New Balance have already secured a strong customer base and globally operating as growing businesses. Reebok's move back to its fitness roots and exclusive partnering deals with UFC and CrossFit and Puma signing high-level celebrities such as Kylie Jenner and Rihanna can be a dangerous combination for stealing market share.

Reebok wants to highlight their movement towards people, and use them as star endorsements. They want to position their products to everyone, understanding that everyone is unique in their own way by multiple factors. Reebok signifies people's individuality rather than appealing to mass via one famous athlete, wanting to encourage people on their way to their own greatness calling people original and visionary. This answers to the demand for products that are not advertised through famous people, but rather invested more for your everyday life helping to get better. Highlighting health and active lives rather than championships. It seems they want to fulfil the position of people's brand (Reebok 2016).

A shift from traditional retail shopping to e-commerce has caused issues for sporting goods companies and their more traditional retailers. E-commerce is getting more popular because of competitive pricing and appealing to the easiness of having everything on your phone appeals to millennials and youngsters more and more. This has caused companies to launch online stores. While online sales are rising, it causes troubles to retailers. Nike has invested heavily on their own e-commerce which has proven to be efficient. Sports- and footwear giants seem to have huge plans for future in terms of online sales. (Fortune 2016)

2.4 Factors Behind Brand Development – Comparing Paths

In the following chapter Reebok will be compared to Nike and other major sporting goods companies, in terms of their path to greatness. The paths will be broken down and further investigated. Main focus will be on similarities that appear and differences that changed company's direction for better or for worse.

The rise- or fall of a sporting goods company doesn't follow a certain pattern. It has been argued that a lot of the factors deciding company's fate are uncontrollable and the biggest successors have been the luckiest ones. As most in life, everything isn't just determined by luck. One can never guarantee the consequences of signing an athlete or -celebrity, an underdog can become the crowd's favourite and the biggest talent can get injured for a lifetime. The question remains, how do companies know which ones are worth signing a deal with. As mentioned earlier, it can't be known, but decisions have to be done and celebrity endorsements have proved to be successful so there are certain factors that companies go by. One of the factors is return on investment. It has hard to measure how much athlete- or celebrity partnerships grow the sales, because it can't be always proved which caused the rise of sales. It can be compared how sales have changed since signing the deal, or after a collaboration product was first introduced to markets.

Nike has proved to be successful with sponsorship deals. They have managed to sign the biggest stars in the world of sports. Michael Jordan, Tiger Woods and Neymar Junior just to name a few of most successful athletes that carry or have carried the Nike brand in the spotlight of their sports. Nike signing Michael Jordan was alone one of the reasons the company managed to outgrow Reebok in the beginning of the 1990s. Chicago Bulls winning three consecutive NBA championships in the early 1990s brought a spotlight to the team's most shining star Michael Jordan. Meanwhile Reebok's former top executive had come back to work with the company on daily decision basis. Since Reebok had lost the market leader status, Fireman decided to challenge Nike with basketball at first. He went to sign Shaquille O'Neal with huge deal worth of \$3 million. Shaquille O'Neal was chosen as a rookie of the year in 1993, and Reebok released a shoe with collaboration of O'Neal. The shoe was targeted to appeal teenagers, but sales slumped because of pricing not suiting the target market. This was not enough and Fireman wanted to outclass Nike on other segments of sports as well. He went to sign 400 football-, soccer- and baseball athletes, changed the logo and stated that the

company would be the market leader in 1995. As we now know it, it didn't work out that well for Reebok and Fireman. The company kept the aggressive line with signing new endorsement athletes. To Atlanta Olympics in 1996, Reebok contracted 3,000 athletes to wear Reebok products during the competitions. That was 400 more than in the previous Olympics. Huge endorsement deal with a tennis professional Michael Chang slumped as well. Nike athletes Agassi and Sampras proved to be better investments. Reebok had issues targeting the correct athletes to appeal their target market in multiple segments. Eventually their operating costs were almost 6% higher than the industry average at 1995. Opening a new facility at Memphis and re-organizing their distribution network to be more efficient was a significant factor as well in the rising operating costs (Hartley 2005: 74).

The endorsement issues with Reebok and success of Nike highlights the importance of skilled top executives. Reebok had issues with top management right after Paul Fireman first decided to hand over the tasks for someone else. They had three top executives in the following five years of time. After all Fireman came back, but seemed to have lost the touch that made Reebok a number one sporting goods company in the mid-1980s. While Reebok had been successful with aerobics without big sponsorship investments, they wanted to expand and by expanding they decided to follow Nike with sponsorship deals. The repositioning of Reebok caused too much troubles for Reebok to handle at the time. This affected to the image of Reebok and sales started slumping. Phil Knight, the Nike CEO, managed to turnaround the company after the failure of late 1980s and target the correct customer segments with positioning their product in an appealing way for their audience. When Nike's share price started to go downhill, and the company wasn't considered as hot anymore, people started thinking whether too many sneakers were sold already and markets were coming saturated. Knight had a respond to the investors' concerns and decided to introduce new product lines (Reference for Business 1997).

Another factor that is sometimes hard to forecast, but even more viable for success, is identifying upcoming trends and targeting those trends at the right time. This is one the major reasons why Reebok surpassed Nike in the mid-1980s. Nike didn't see the potential in the athletic shoe markets for women early enough and Nike's investments grew short on the target. How big the aerobics movement would grow seemed to surprise Nike as well. Reebok managed to capitalize those trends with a proper marketing strategy. Whereas Nike's evaluation of demand for alternative product lines such as

outdoor footwear and apparel lines, proved out to become successful. With significance and talent of Tiger Woods, Nike managed to profit from the deal with the superstar and focus the attention to the company like never before. Nike had just found a new growth industry – Golf. Another major trend that sporting goods companies managed to capitalize on was the appeal of sporting apparel and -footwear to streetwear and fashion. Such things opened new product opportunities that later created lines such as Adidas Originals and Reebok Classics (Hartley 2005: 79).

The appeal grew out to be one of the key factors for succeeding companies at modern day. The fame of shoes produced under Adidas Originals has been a changing factor in the company success in the past two years. Collaborations with an opinion leader such as Kanye West, Pharrell Williams and the introduce of new innovative technologies have gained public interest and Adidas is now really challenging Nike for the first time in a while. By identifying the correct opinion leaders and collaborating with them, they have managed to boost sales not only in Originals-product line, but eventually it has boosted every Adidas product by creating awareness and gaining interest to the brand. By identifying the worries of global warming and pollution of customers, Adidas introduced a technology that would create shoes from plastic ocean waste. Identifying the correct trends adidas has managed to growingly boost their sales year after year (Adidas Group 2016).

Successful companies have to take care of their initial- and end-customers. This is why most of the top companies have hired employees to positions such as key account manager. Companies have learned from their mistakes and major account management is familiar for most of the companies. It hasn't always been like that. In the late 1980s and early 1990s, while Reebok was still a market leader or a top contender at the markets. They proved to be very inefficient in key account management. Footlocker was one of the biggest retailers of sporting footwear and a major introducer for new, hot products. Being in this position they started to demand for exclusive products and special treatment from their suppliers. Nike approached Footlocker with a will to cooperate and understood the importance of it. The company started producing exclusive products for Footlocker and Footlocker appreciated the novelty, which protected their sales from competitors that used discounts to steal market share from Footlocker. In 1993 Nike's Footlocker sales were \$300 million, while Reebok was just a bit behind with sales of \$228 million. Partly because of inferior account management Reebok's sales dropped to \$122 million in 1995 compared to Nike's \$750 million. In 1995 Paul

Fireman, the company CEO of Reebok, started to understand the importance of valuing the customer, a little could be done with Footlocker anymore. Reebok had become the product for elderly people or early teenagers who didn't have the money to buy Nike or Adidas. Retailers made sales for next season early and Reebok was lacking behind in the early stages when samples were arriving late and not arriving at all. While there are multiple uncontrollable factors in the sporting goods industry, there is one significant that can be affected by the companies – customer relations (Hartley 2005: 76).

For competitive companies that have tried to challenge Nike for the last decades, it has been impossible so far to bypass the market leader. It hasn't always been like that Reebok and Adidas have both been in the sweet spot of a market leader. Market leaders have to be aware of few factors that can cause troubles, and even failure at some point then creating the opportunity for competitors to be bypassed. The following three C's most likely affected to the failure of Reebok starting from early 1990s. Robert H. Hartley introduces the three C's mind-set which can demolish the settled market leader.

First C being complacency. The state of being self-satisfied and losing the hunger for constant innovations and development can be very dangerous and cause blindness to identifying major upcoming trends. This state makes companies feel satisfied with the status quo by not constantly pushing themselves to go the extra mile.

Second C is conservatism that characterizes top management that is attached to past and not pushing for change. In the late 1980s when Nike didn't capitalize for the women's footwear market and aerobics early enough, the corporate executives didn't see the need for adaption or change by believing it wouldn't be significant enough to shake up the markets to a new form.

Third- and final C stands for conceit. Reebok not treating its retail-customers well enough is an example of this. They believed to be so good and standing firm at the top spot that no specialty treatments for anybody should not be served. In most cases the three C's move in to the top levels of organization and eventually filter down to most employees as a part of corporate culture altering the working atmosphere (Hartley 2005: 66).

3 Literary Review

3.1 The Definition of Marketing

The concept of marketing is one of the key concepts in this particular thesis. Multiple authors and business gurus have researched the topic and further developed the concept. The content of the concept is wide and includes plenty of subtopics of marketing. Few of the main authors of the concept are Philip Kotler and John O'Shaughnessy. Even though the concept is universally recognized there are some differences in its definitions.

Philip Kotler defines the concept as following: "A Social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and value with other" (Kotler, Armstrong 2000: 5).

In another publication Philip Kotler and Kevin Keller describe marketing as an act of identifying and meeting human- and social needs. Additionally, in the same book marketing is described as meeting customer needs profitably. Many of the modern day market leaders are a living example of this matter. Ingvar Kamprad, the founder of IKEA, noticed that everywhere he went there were people that would want to buy furniture at a lower price. After research and development IKEA created knock-down furniture and were able to cut production costs and offer the same products as their competition for significantly lower price. Founders of eBay noticed an issue with getting every product you would wish from the area you were living in. In some areas the issue was more relevant than others. Eventually they decided to create an online shop platform for basically everything. These companies have gained rapid success and are amongst market leaders in their target markets (Kotler, Keller 2009: 24).

The American Marketing Association describes the concept of marketing as an "...activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." (AMA 2013) This definition further introduces who the humans are whose needs and wants are satisfied.

Another major author in the field of marketing is John O'Shaughnessy and he starts by describing how marketing differs from other activities of a company. "Marketing covers

those activities that relate the organization to those parts of the outside world that use, buy, sell or influence the outputs it produces and the benefits and services it offers” (O’Shaughnessy 2014: 4).

O’Shaughnessy introduces a thought of having one analytical definition of a subject, will change the way audience think about the subject and therefore highlight certain attributes that are discovered in the definition. This can mislead audience and make them blind for other attributes that are relevant to the concept. He mentions that when one definition is accepted and used by the general audience, the attributes highlighted in that definition are ruled to be more fundamental than others. The author states that his definition of marketing, sees marketing “...as an activity that spans the boundary between company and the business world” (O’Shaughnessy 2014: 4). From the definition it can be concluded that marketing is a set of activities that positively affect to the relationship whose actions determine the success of a company. The marketing that is described as an art of attracting customers on sustainable basis is now dismissed and other attributes are highlighted.

Another analytical definition by John O’Shaughnessy in his book *Competitive Marketing* emphasizes marketing as “performance of business activities directed toward, and incident to, the flow of goods and services from producer to consumer to user” (O’Shaughnessy 2014: 4). It is noted that the previous definition now sees marketing mostly as a business activity and puts stress on promotion and distribution more than anywhere else.

There will always be flaws in definitions and even though marketing is universally recognized, not one definition has been universally accepted as the correct one. In many cases the operational definitions, where marketing activities are included, gives a clearer and more precise picture of the concept. Whenever a company is deciding what to offer; to whom; when; where; how and for what price, the company is working with marketing. The fundamental activities of marketing are defining relevant markets, finding out what people in those markets could want, and if there is variety amongst those people, discover what makes the difference and what do they want. Deciding and choosing which customer category’s wants can be best met with the resources of the company, by rather outclassing the competition and offering something that attracts customers and others cannot offer, whether it’s the products itself, a significance in price or in the way it is being promoted or where it is being offered and the way it is

being distributed. In order for the company to succeed few fundamental elements of marketing are making the offering available for the possible customer and informing the target market about what is being offered and where it can be bought. On continuous basis companies have to re-evaluate their offering and decide whether something should be added, taken away, modified or taken to a new level by upgrading the offering. This is done to meet the changing wants and competitive circumstances, and to keep customers even when they would feel like trying something new. All this has to be done in a harmony with other activities of a business to secure a continuum. An example about operational definition is being offered as followed “marketing as a subject area in involved with the total configuration of features/benefits (that is, the *offering*) sought by customers and provided by the producer (O’Shaughnessy 2014: 5).

As mentioned earlier people have different perceptions at what is marketing. There are few general misassumptions that will be introduced in the following chapters. One of the most commonly mistaken views is that marketing and selling are almost the same and marketing is selling. This is a confusion that is shared by public and some business people as well. Selling acts as a part of marketing, but consists from multiple other parts. Peter Drucker explained that one of the goals of marketing is to make selling easier. When marketing is done effectively, people have a positive perception about the offering, the word spreads and can even develop to a general assumption. This boosts sales. One of the concrete differences between sales and marketing is that even though sales is part of marketing, marketing starts way before selling. Selling can happen only when the product has been carried out to the public. Partly because of this misassumption sometimes senior management tends to see marketing as a cost rather than investment, when it is combined with the fact that measuring an investment in marketing is hard to tell how much sales it generated, some issues may rise (Kotler 1999: 19).

Another publicly held misassumption about marketing is that it is just a department. In fact, it is a department, where all the marketing activities get started. If only the marketing department contributed to company’s marketing, the company would face major issues. A cofounder of technology giant Hewlett-Packard called David Packard once talked about the relevant issue. He said that any department can treat customers badly. If someone from the company doesn’t behave according to the perceptions marketed by marketing department, the general impression will change, not necessarily only by that one person, but a word-of-mouth from that person can affect to a bigger audi-

ence. Not only contacts with the company staff affect the perceptions. Other functions speak the company agenda and mind set as well. A customer may struggle to get the right information from customer-service line, or product may arrive in damaged packaging poor to loose manufacturing standards or arrive late due to wrong inventory.

Many companies with marketing oriented view and customer-driven mind set seek to deliver the message throughout all company departments. With all departments delivering the same message it is more likely that consumers will accept the perceptions that marketing department seeks to generate in a target market (Kotler 1999: 20).

3.1.1 Definition of Strategic Marketing

The concept of strategic marketing focuses not only to the product or customer, but to the customer in an external environment where different parties and issues effect his mind set. In order to develop successful marketing activities, it was not enough to know only your customer and your product, but understand government restrictions and policies, the economic landscape and social factors affecting individuals.

When strategic marketing became more popular in the 1990s an important shift was made from creating profit to increasing stakeholder value. Stakeholders being everybody who had an interest to the company's internal or external development. The relevance of customer and their environment and creation of value to stakeholders became the core issues of marketing.

Marketing is a part of business. A profitable business has to integrate marketing as a management function. The meaning of strategic management is having continuum for business and generate profit, therefore marketing has to be part of it (Keegan and Schlegelmilch 2001: 6).

Another major shift was taken into practice after the introduction of strategic marketing.

The strategic concept of marketing has shifted the focus of marketing from microeconomics maximisation paradigm to a focus on managing strategic partnerships and positioning the firm between vendors and customers in the value chain with the aim and purpose of creating value for customers. This expanded concept of marketing was termed boundary less marketing by Jack Welch, chairperson and chief executive officer of General Electric (Keegan and Schlegelmilch 2001: 7).

3.2 Definitions of Segmentation, Targeting and Positioning

The marketing activities of segmentation, targeting and positioning have played a central role in most of the companies' agendas for a long time already. These activities are done in order to divide the full customer base to the most likely customers, recognize the potential ones and practice marketing so that company's products are positively viewed when compared to competition.

John O'Shaughnessy describes segmentation as an act of defining subgroups inside a market based on people's similarities and their differences in wants. Targeting is viewed simply as deciding which segments to spend marketing resources. Positioning is good or service described to the target segment using brand image, product associations and benefits to differ from competition in order to stand out (O'Shaughnessy 2014: 190).

After all it may sound simple and straight forward. In theory it is very straight forward. In practice multiple, dozens or even hundreds of companies fight from the same market share trying to appeal to the same generic needs and functions in consumers' life. For example, commercial shipping of people produces its customers a safe, reliable and handy way of traveling across oceans. How to compete against competitors and be chosen rather than competition. Usual differentials are price, time and level of comfort. Some customers come to the ship for a holiday and want to get pass the ocean comfortable, enjoy the views and feel relaxed. Another customer just wants to get to the other side as fast as possible perhaps with a low payment. There are a lot of customers who want to be somewhere between these two categories, and this is where positioning can become highly valuable to a company (O'Shaughnessy 2014: 192).

Segmentation can be based on multiple changing factors. One of the most commonly just type of segmentation is benefit segmentation. The term implies to process where customers are segmented based on the benefits they seek when choosing a product. These benefits can be related to flavour, price, comfortability, time or any other factor. Another type of segmentation is demographic segmentation. This generalizes a customer, but sometimes offers help for companies when evaluating strategical decisions. Customers can be divided into groups based by age, gender, education, occupation, income, type of home, location and religion. For example, McDonalds can target a male-female family, with 3 kids age under 10, living in an apartment, both parents

working, low education level, living in the city area. Third major way of segmenting markets is called psychological and psychographic segmentation. This is most used when defining characters and trying to identify the appropriate media and promotional appeals. People can be segmented by their personality and major personal traits. An extrovert is affected by the general opinion more than introvert, so he might follow the main stream and choose the option that his friends prefer and is more commonly used. The other way to do the same is group people by their lifestyle and psychographic. That is originally based on the research of activities, interests and opinions (AIO). Additionally, it embraces motives, attitudes and values. This can be combined with the demographic segmentation and used beneficially in advertising (O'Shaughnessy 2014: 206).

There are different levels of market segmentation. Companies often find it easier to target a niche and focus on niche marketing. This could be used as a tool to generate market interest and awareness or many companies can be profitable by targeting a niche and it will boost their development best. In most cases a customer in niche has a more mixed set of benefits that he seeks when making a buying decision. A niche can be satisfying in many terms. A customer whose mixed set of needs will be met is often ready to pay a premium for it and has a sense of loyalty towards the producer. These niche customers use a word-of-mouth when meeting a common consumer with similar needs. Additionally, competitors tend to avoid niches because of their smaller size and knowing competitions earlier presence can trouble the success a lot. For example, eBay is huge in the field of online shopping. Majorly this is due to the fact they sell basically everything around the world. Even though they own a big part of the pie, some smaller companies have managed to steal its market share by targeting a niche and serving customers that want to use an online retailer that specifically understand them. This can be seen with multiple product categories such as fashion and streetwear, gaming and hi-tech products (Kotler 2009: 134).

When companies choose which segments to target their marketing resources, there are few general factors that need to be considered. First of all, it is vital to understand the company and its capabilities. The segment that is targeted should be interested about the company's offering and how the company can serve the segment in terms of resources and professionalism. Company has to monitor the size of the segment and see if there is any growth potential in it. This will help them to evaluate the size of investment that needs to be made. A segment that has barely any competition can be

easy to enter, but the cost of activating the segments customers and their needs and wants can be significant. Whereas a segment filled with competition causes issues with raising awareness and gaining public interest. This tends to enlarge the investment. Eventually company has to seek to understand what is the level of profitability. The future cannot be predicted and it is hard to estimate the costs that can appear in relation to future sales. All the risks that are involved in entering the segment has to be carefully considered (O'Shaughnessy 2014: 224).

The final phase is positioning. This decides how the company should establish the good in the minds of consumers in relation to competition. The word positioning in marketing is related to its use in military situation, to further explain, the position of something is always in relation and taken against the position of an enemy, in this competition. One of the meanings of positioning is to create an image in consumer's minds. The image should contain the relevant benefits and messages that affect to consumer decision making process. For example, car manufacturers want to be highly involved with certain associations. Volvo wants to be perceived as safe, this helps them to boost family car sales, but limit sports car sales. BMW wants to be described by their performance, this boosts their sports car sales, but creates issues with selling minivans (Kotler 2009: 29).

By owning the certain describing words, companies can limit competitors' changes in succession in the same position. Also it can limit the future brand developments of their own company. This is why companies have to be careful with positioning associations and perceptions. "Positioning reflects the core of the buying inducement or competitive advantage" (O'Shaughnessy 2014: 226).

3.3 Consumer Decision Making Process

Consumer decision making process is a generalized 5-step model that helps companies to compartmentalize the buying act and affect to consumer's behaviour in every stage. The process aims to visualize how consumers buy and what happens after buying. Consumer decision making process has 5-stages need recognition/problem awareness, information search, evaluation of alternatives, purchase and post-purchase evaluation of decision.

The first stage is need recognition or problem awareness. The stage is self-explanatory and starts when a person feels the need to renew a product or buy something new. Sometimes they don't even think of buying in the first place, they just feel like the old version of a product starts to expire or they could use help in certain situations. A customer can start to feel that their running shoes have worn out and they could use new ones. This is an example of need recognition. Another customer may want to lose weight and goes running. He notices that his everyday sneakers weren't the best fit for running and his feet are now hurting. He wants to keep losing weight so he decides to solve the problem and buy a pair of running shoes. There are different kind of needs that are satisfied. An example of a physiological need is hunger and a need for food. Person can have also emotional and psychological needs. The factors that affect to how quickly a person moves of decision making process is the differences between the desired state and present state and the relative importance of a problem.

This is the first stage that marketing departments and -people try to influence. Sometimes a need or problem is better understood with a marketing effort. Convincing marketing helps the consumer to move to the next stage of the consumer decision making process (Jobber and Fahy 2009: 60).

The next stage is information search. There are huge differences depending on the customer and good or service of how this stage is handled. The information search only starts when the recognition of a problem is vivid enough. The search can be internal and external. Internal search is a method where consumer consciously or subconsciously reviews his memories about relevant information. These memories tend to come from personal experiences and marketing communications can affect as well. Sometimes this is enough and a person makes a decision no need for external search. Examples of internal search are when a person needs milk. He goes through his latest memories about what milk he has bought, how it has been and is he satisfied with the milk he has previously bought. If so, he may as well buy the milk from the same producer as always.

The external search covers hearing of friends, family and acquaintances, advertisements and the input of salespeople. This includes the demonstrations, holding, touching and tasting of the possibilities. Internet has grown out to be the main platform for information search nowadays. Not only it is an easy place for companies to share in-

formation, photos and videos about the product or service, but also provides customer reviews from the possibilities customers are thinking (Jobber and Fahy 2009: 61).

When all necessary information has been gathered consumer moves to the next stage that is evaluation of alternatives, which leads to purchase. After the previous stage consumer now has multiple options, that he yet doesn't know what will be his choice. In this stage he then reduces the number of possibilities to a smaller group, by evaluating the pros and cons of each option related to consumer's personal situation. The next group of options is called evoked set. This is then taken to a further evaluation. The level of involvement is a matter that consumer goes through. Involvement tells about the significance and importance of choosing a brand. Usually if the sales happening is a matter of high involvement, the purchase includes risks or high expenditure. The opposite is low involvement choice, where the decisions are usually done on a repetitive basis, doesn't involve risk to the buyer and involves an amount of money that doesn't worry the consumer. The decisions are done with low involvement, in order to save time and effort from more important matters.

Four factors have been identified that affect the level of involvement. These factors are self-image, perceived risk, social factors and hedonistic influences. When the decision affects a person's self-image, it usually requires high involvement. These decisions affect the image that a consumer holds for himself, and tend to require more time than buying milk. Examples of this factor are jewellery, clothing and cars.

When the risk for failure is present and notable, the buying decision involves a high involvement. The risk for a consumer buying a damaged house with his only money, is significant and would most likely change his whole life and damage important parts of it. The level of risk is often related to the price.

Depending on the purchase and individual the level of involvement in social factors varies a lot. An introverted individual that is satisfied with its life, isn't active in social life is more likely to not buy or even take into consideration the latest release of adidas Ultra Boost running shoes and pay premium for reseller because they have sold out from everywhere else, when compared to a blogger, who is very extrovert and his life circles around social meetings. People often think how a choice affects their image in the eyes of their peers.

The last and final factors which affects to the level of individual is hedonistic influence. This is related to the level of pleasure the purchase can provide to the consumer. Especially when the rarity of an opportunity is high, for example, going out with friends on new year's eve and deciding the place to spend the night can have a high involvement. In the opposite if the happening comes around every week and isn't that desired, there is most likely a low involvement.

The level of involvement is something that marketing departments have to take into consideration when choosing media platforms and designing their advertising. Some platforms are proved to be more successful in high involvement cases than others, which leads to companies capitalizing on those platforms. In low involvement cases it is more productive often to have the consumer feel, taste or try the good rather than provide him with plenty of information. The consumer may not be willing to be highly involvement for the buying process and decides to leave that brand out.

The final stage is consumer decision making process is post-purchase evaluation of the decision. One of the major goals and skill in marketing to gain interest and create satisfied customers. This is why companies want the purchase to be a positive experience in consumer's life. Even with this effort some consumer's may have negative thoughts post-purchase. Many times this concern is because of the uncertainty of making a right decision, while excluding other interesting options and accepting the downfalls of one. More money- and risk involved tends to bring up the discords.

Many times consumers found themselves looking at marketing material from the company they have bought the good from after purchase, to assure themselves about the right choice and arouse positive perceptions related to their purchase. This increases the importance of advertising not only leading to the purchase, but post-purchase. A customer with positive post-purchase experience is more likely to come back and spread the good word which will further boost the public image of the company positively. Additionally, having the support of peer-purchasers decreases the social pressure and makes the purchase more acceptable. This is one of the reasons why companies tend to post customer reviews to their websites. The negative reviews can be used for future developments and to give customers valid information. The management of expectations plays a key role in reducing the customer discords and negative reviews (Jobber and Fahy 2009: 63).

3.4 Consumer Behaviour

Marketing departments and -managers seek to know the behaviour of their potential consumer and explore the ways of affecting them. Understanding which factors trigger the buying act in consumer will generate huge amounts of profit and help company to achieve the position of a market leader. Marketing strategies are mostly and assumptions have to be made in order to develop a strategy. These assumptions evaluate and predict how human behaviour works. The human behaviour embodies the behaviour of customer, -channel intermediaries and -competitors.

Human mind is a complicated matter. So many factors affect to one's mind set and behaviour, and most of the factors are uncontrollable. This seeks companies to consider how they could best view and understand the consumer. In modern world buying is a repetitive action and with enough repetition, patterns will follow. These patterns can be turned to processes and companies want to figure each steps of the process. When understanding the process companies can better influence to the behaviour. In order to affect one's behaviour, companies assume that action A will result to action B. This is when consumer acts logically, in reality this is not always the case and companies struggle to evaluate the rationality of a buyer and influences the world around him can have on him, despite their effective marketing efforts.

There are two types of behavioural codes intentional behaviour and unintentional behaviour. The same behaviour can have two different meanings depending on whether it was done on voluntary or involuntary. An intentional blink of an eye means different than involuntary blink of an eye. Tapping a knee causes a reflex response even if the person doesn't want to move their leg. Intentionality is voluntary behaviour that is expected to generate a meaningful result expected by the person. Unintentionality is when forces around person, make the person to do something without not knowing the result or even the definitive action that is going to take place beforehand. This behaviour has to be taken into consider inside a context. The context helps companies to further understand the consumer and develop future agendas that can generate a similar tap to the knee which will be followed by the reaction from the leg, even if it's unintentional. These patterns are hard to find, but finding them gives companies a chance to work with something else than consumer's rationality.

There isn't one way to look at the consumer and companies tend to understand that, but viewing the consumer in each way, gives different insights about their customer. A consumer can be viewed as a person that responds to the push and pull. Giving a stimulus and taking into consideration former significant events can help to predict consumer's behaviour. Sometimes it is enough when a company trusts its consumer to be rational. Cognitive psychology helps companies to predict how a person comprises information, and a person acting rationally to their self-interest is an examples of rationally reflective consumers. Other individuals are guided by their environment and social norms. These social norms can be their primitive way of making decisions and companies can capitalize on that kind of thinking. A way that is a bit harder to understand, but researched a lot, is an individual acting to unconscious desires and beliefs. This type of thinking is called psycho-analytical approach, and in most cases marketing departments have to take this unconscious thinking into consideration. Sometimes people act against their self-interest for unknown reasons. These actions are usually based on different wants and beliefs (O'Shaughnessy 2014: 113).

For above reasons, and many more marketing experts study psychology and behaviourism. In behaviourism there is a code of conduct called law of effect. The law of effect rules that people have the tendency of repeating acts with positive consequences and reduce acts that come with negative consequences. John O'Shaughnessy has listed the propositions that are famous amongst marketers. As the number of competitors grows on the same market, a consumer becomes less dependent on one brand. The more additional sources of reinforcement one brand can provide for its target consumer; the dependency of this consumer about the brand rises as well. When the level of satisfaction lowers towards one company, the more likely the consumer is to turn for another brand for the same product or service. On the other hand, the more advantages consumer finds in one company's offering, the more he wants to be their customer. Consumers act with self-interest and want to gain as much as possible with least loss. On the other words, it means a customer getting as much as possible with least money invested. The "as much as possible" isn't necessarily measured with quantity, but whatever the consumer is looking for, whether that is quality, social acceptance or other benefits. A similar stimuli associated with past satisfaction on buying will most likely result to buying similar to previous buys. The repeat buying continues as long as the customer stays satisfied with its decision. Consumers can act moody to a brand and become unsatisfied if their previous buying acts have been rewarded and suddenly company decides to change policy and stop rewarding its customers. This can be as

simple as a store being sold out of the product, and now isn't able to provide the product, or getting a free financially worthless bonus or service when buying, for example a smile, and now not getting it. It has proved to be hard to predict the importance of each case in the chain of events (O'Shaughnessy 2014: 116).

John O'Shaughnessy states that "Behind all human intentional action lies a structure of goals/wants and beliefs" (O'Shaughnessy 2014: 145). There are states in consumer behaviour where consumers want, but doesn't buy, buy but doesn't decide and decide before even buying. He claims that buying behaviour is always purposive. When consumer's make a purchase they somehow see the purchase benefiting them and making their life better.

O'Shaughnessy names three consumer dispositions how they buy. Those dispositions are wanting without buying, buying without deciding and deciding before buying.

Philip Kotler adds one to O'Shaughnessy's list, prescribing the importance of needs in consumer behaviour. He mentions that "People need food, air water, clothing, and shelter to survive. People also have strong needs for recreation, education, and entertainment (Kotler and Keller 2009: 28). From these two shortlists that explain buyer behaviour, a questions arouses about the difference between want and a need. Kotler explains that needs become wants when a consumer looks for a specific object to satisfy the need. For example, a person needs food to survive and feels the sense of hunger. He needs food. But to satisfy the need he looks to have Chinese- or Indian food. There are differences here as well. The environment, including society and culture, a person lives in can modify person's wants. A tribesman from Africa feels hunger, but wants fruits with his meat. Demands are consumer's wants directed towards specific products or services with an ability to afford it and pay the required payment. For example, there are a lot of people who want a convertible Ferrari, when considering what car to buy, but few of those people are actually willing and able to pay premium for Ferrari.

The general audience has criticized marketers of making people spend money of things they don't need or want. Marketing can't create a need. Marketing can influence to a want. The marketing department of Ferrari can highlight the luxury of the car and demonstrate how it satisfy person's needs for social status. However, the need for social status was not created by the Ferrari marketing department. Marketing aims to help

consumers direct their wants towards plausible goods or services and satisfy those needs (Kotler and Keller 2009: 29).

O'Shaughnessy defines wants as an eager to use, consume or possess certain good or service. A consumer buying a Ferrari is an arrangement towards his future placement of certain things and moment of life. Often a want comes with strong and clear feelings towards good or service, there are situations when a person may want a sports car for a long period of time with continuously feeling and living in a state where he is conscious about the want for a sports car. A marketing expert who is promoted to a company CEO receives a large bonus and can start planning of buying a Ferrari without yet wanting it. In another situation a family man who has been bowling for years with his neighbour may not feel the same joy anymore and starts seeking for new ways to relax and break away from everyday life (O'Shaughnessy 2014: 149).

A want differs from a wish by its ability to be fulfilled in that moment of life or in close future. A want is realistic at least somehow, when wish can be completely unrealistic. Consumer's often look for more than a product or service, as they look for benefits that come within. This the reason marketers focus on benefits rather than purely to the product or service itself.

Belief is a mind-set where the consumer understands that certain attributes and benefits that come within the good can improve his life. In another case, a consumer believes that certain things should be done, or not done, in order to achieve the desired state. Marketers often aim to make the product more desirable and lead the consumer to reinforcing the good will generate or help to generate what he needs. This is done by affecting to consumer beliefs.

Belief has an important place in consumer mind set as it creates demand with wants. Even though a consumer may want to satisfy a want, he may not believe a product or service will help him to achieve that. When consumer's beliefs are reinforced that this specific product will satisfy his need and do it in a best possible way, he is more likely to make the decision and make the purchase. Beliefs can be guided by emotions, society and information.

If the necessary beliefs are not there, a consumer may find himself in a situation where he wants without buying. When the want is latent, it means customer hasn't yet been

led to belief the product would be the best suit for his want. When the want is passive, a consumer is aware that the product can satisfy his want, the consumer is held back by different beliefs from different sources. When the want is excluded the consumer won't buy the product for reasons that aren't associated with the product itself but rather with false beliefs or lack of resources such as time or lack of information. There can also be an authority that affects to the consumer so that he won't buy, even though the product would be suitable and the customer wants it.

There are times when consumers choose to buy without deciding. In this case choosing without deciding what to buy. In practice the consumer doesn't decide what he will buy, but will still buy without the decision making process. Mostly this sort of situation appears when with the decision appears low risk and no problems to consider. A consumer may find himself buying the same butter over and over again, without going through the decision making process. The purchase is done by habit. Another reason is called picking.

In picking consumer finds himself unwilling to decide from multiple producers' offerings. For example, when buying salt, the consumer just wants to have the certain flavour in his food but doesn't mind from which brand the product comes from.

Intrinsic liking is last form of choosing without deciding buying behaviour. This happens in moments when there are no, or small financial consequences and is based on purely products appeal. A product may be chosen because of its packaging, smell or deeper colour. A consumer may find the Tropicana orange juice, rather than its competitors, based on its refreshing packaging and nice pictures on the side of the bottle that generate fresh images in consumer's mind (O'Shaughnessy 2014: 162).

4 Reebok Case Study

4.1 The Turnaround

After the struggling years of new millennium, the top executives of Reebok understood that something had to be changed or eventually the company would die. The company had gone a long road from the superstar it was in late 1980s and early 1990s, to a product thrown into supermarket sales basket with other cheap brands. The reason why Reebok products were often found with a sales tag, was that they didn't sell. The product appeal was gone and company was struggling to define its target consumer.

Reebok had to define their business again and decide the markets they will start competing. When defining the business, a company better understands where they will channel funds, look to increase sales and compete against competitors. For marketing department, the definition tells which markets and audiences to better understand and monitor. Business can be described in multiple ways. Depending on the occasion, it may be enough to define operating in sporting goods industry. Being too narrow with definition will lack to support direction for the company, for example, defining the company by its one product, can cause the company staff to wonder and give too much space for code of conduct. The most often used definition of a business is based on product/market scope definition. There are three types; customer target(s), function(s) served and technology employed.

It is popular because it offers help for marketers to identify their target customer group, needs and wants the company will cater to and describe the technology the company will harness to get the best results (O'Shaughnessy 2014: 42).

In 2009 Reebok made a decision to use their resources to attract the fitness people. This was Reebok returning to its roots, when it had previously been successful. After monitoring and analysing the new market, the top executives saw a possibility on investing to social fitness. The social fitness was becoming more and more popular and it included sports as CrossFit, obstacle racing and different in-gym group exercise classes. Eventually in 2010 they decided to abandon the team sports and put main emphasis on fitness.

During the same year Reebok managed to close a deal with CrossFit, which was at the time the fastest growing fitness movement. The deal gave Reebok exclusive rights to design and produce the CrossFit footwear, -apparel and -accessories. Reebok became the official supplier of CrossFit. The company would now produce training gear for CrossFit competitors and sponsor the annual CrossFit competitions called CrossFit games. All CrossFit gyms, boxes, are co-founded with Reebok and they are to establish the brand.

In the following year Reebok introduced its first main CrossFit product, a CrossFit workout shoe called Reebok Nano. It was the first ever shoe that was directed and designed specifically for the people doing CrossFit.

2012 they launched a major marketing campaign supporting their new movement and gain awareness to both themselves and the sport they know were into, CrossFit. In the same year the company launched a product line designed and targeted for dancers. The investment to research and development was high and company managed to bring out a new, optimized version of the Nano-shoe for Cross Fitters.

2013 Reebok established partnerships in Yoga and introduced product lines for people that regularly practised yoga. They managed to get an exclusive deal with a global obstacle race organizer called Spartan Race. Spartan Race, that is known as Tough Viking in some countries, was the front runner and market leader in the field of obstacle races. This was established to reinforce the image about a company that is now directed more towards individual social fitness and attract people with similar mind set. The year 2013 was a ground breaking year for Reebok, because they managed to attract and close a deal with the biggest in-gym studio group exercise organizer Les Mills. Les Mills had different classes in their program on focusing to different aspects and ways of enjoying in-gym studio group exercising. As previous two years, Reebok again introduced a new version of the Nano-shoe, which was becoming an annual launch party that consumers started to look forward on.

Reebok really wanted to get rid of its old image and had made ground breaking strategic decisions to really re-establish itself as the people's fitness brand. In 2014 they wanted to change their logo and introduced a new delta logo that would symbol for change. 2014 was an active year for Reebok marketing in terms of new product announcements. They introduced a shoe specifically developed for Spartan Race compe-

titions and obstacle racing called All Terrain Series. Reebok followed its roots and repetitive fitness history by introducing a new women's fitness shoe that was designed to cater the consumer in all studio classes. Reebok closed the year by signing an exclusive deal with mixed martial arts giant UFC. The deal would make Reebok the official and exclusive outfitter of UFC athletes and provide fan gear and fight week clothing (Appendix 1).

4.2 Winning Marketing Strategies

The Reebok that people know in the early 2000s was a company that was struggling to get back to the game and went to great measures in order to gain success, but never made it. The company partnered with the biggest sports associations of the biggest sports in North America. They managed to close exclusive partnerships with NBA, NFL and MLB. The company top executives felt that it was only logical that being the official producer of the biggest sports associations would generate the long waited growth in revenue and sales of the products in those categories. The sales in those categories would raise the public awareness of the company and attract customers to buy other products of the company. If the company would come popular that wouldn't be an issue.

As the history now tells, the company didn't gain the expected results from the huge strategic movements they did in early 2000s, but were still struggling with the big players. Eventually in 2005 Adidas-Group acquired the company, partly to gain the huge deals Reebok had signed with top sports associations in North America. The company top executives understood that the agreements weren't worth the money, but wanted to use Reebok to gain major market share and challenge its arch rival, especially in North America, Nike. As the strategic decision makers realised the company wouldn't do it itself, and figured the company had been lost for too long they decided to re-define the business of Reebok and start again by segmenting the markets, targeting new customer segments and positioning their products the way that rival companies would get out-classed by Reebok.

Major sporting goods companies have always been big into team sports and capitalizing through the biggest stars of those sports. The success in those popular major team

sports have usually boosted the sales of streetwear, footwear and other sports sales as well.

When Reebok had to come up with winning marketing strategy. There are different ways companies can try to implement that. Some of the companies tend to focus on the customers that offer high quality products, and win through that by offering higher quality than competition. Quality can be interpreted in multiple ways. In sporting apparel companies' quality is usually meant to describe the quality of the fabrics, quality of the product as a whole and the retrieval of it. People don't have the tendency to go searching for the material information and trying to evaluate how durable the product is in sporting apparel markets. What has become more important is the feel of quality in-store. Rival companies tend to offer as high quality as they can profitably provide, and often it is enough to meet the customer expectations. A company can surpass the expectations by too much and offer solutions that are not appreciated by the customers, and in most cases are still high-expensive for the company. This will reduce profit margin or decrease sales if price is raised.

Many customers appreciate the level of service and many companies have managed to capitalize on excellent customer service. This has helped the companies to better compete against rivals. People who come to a store to find sporting apparel or footwear want service, but the service is often provided by a reseller who represents the reseller itself and all brands they sell on the stores. Customer service acts a huge role when seller sporting goods, but this was something that would be harder for Reebok to capitalize in.

During the downfalls of late 1990s and 2000s the resellers really pushed to sell Reebok via lower prices. The company didn't find a winning strategy in lowering the prices and the lower prices seemed to work against the company by lowering the excellence of its brand image.

Winning through high market share, is not something a company can start with after a significant downfall they have experienced for the past decades. This is still highly important to understand. Companies who have reached the market leader status benefit from scale economies and high brand recognition. A first time customer is more likely to choose from the offering of a market leader, because they feel that the successful company must be a reliable one and produce high quality products because it has

been so successful. The social factors are on their side as well and being socially accepted and valued is often highly appreciated in companies. The growth of Reebok in their chosen marketing segments is related to their market share. Being successful and gaining high market share in one customer segment, for example fitness athletes, can help to convince a satisfied customer to buy from other product lines (Kotler 1999: 7).

A properly planned strategical direction helps company to better adapt and customize its marketing and production. Modifying the offering by customers' needs and adapting to changing customer environment can work for many companies. Many companies feel that without adaption they wouldn't be successful at all. A customer may want the delivery company to pick the packages at 5pm. instead of 9am. for the next week. For delivery companies it is extremely important to find a way to get this done. Sporting goods companies can produce more products that sell out, but having them available all the time, might reduce the premium of the product and decrease its attractiveness. Being able to customize one's products is offered in multiple sporting goods companies websites.

There are always flaws in products and being willing and able to fix the issues and serve an improved product is vital for a lot of companies. Some of company's flagship products that attract major public attention are often reviewed and judged if significant issues are found. The issues don't have to be major in the beginning, but can grow out to be ones. For example, the lack of aux-cord in iPhone 7 could seem like a small issue, but once it was recognized by public, it grew out to be one. The iPhone 8 might have the cord, simply because of the negative publicity the 7th edition received for lacking one. This is why the flagship products are usually developed and issued regularly with new versions. The Reebok Nano CrossFit shoe has developed significantly from the first edition. It is now available with Kevlar fabric, because it was criticized for its durability in hard workouts and variations it was used in.

Being innovative and able to offer innovative solutions is something that has driven the sporting goods companies and defined the success for large parts. Market leading companies such as Nike and Adidas continuously come up with new methods and solutions that serve the customer. 3D-printing, use of recycled ocean waste are only few examples of the recent innovations Adidas has managed to come up with. It will be interesting to see how Reebok can come up with interesting innovations that will attract positive consumer attention and be seen as beneficial for consumers.

Reebok saw a possibility to get back to its fitness roots and put emphasis on that. This would mean the company would start forgetting the major team sports it tried to capitalize on for the past decades. The positive aspect in fitness was its growth potential. Reebok saw that CrossFit, Les Mills and obstacle races were part of social fitness that was gaining more attention and becoming more popular all the time. The social fitness wasn't yet emphasized on any of the major sporting goods companies the way Reebok decided to emphasize it. High-growth markets are attractive and most companies that try to enter those markets fail. Reebok wasn't an average company in that sense, largely because of its fitness roots. Those times that Reebok emphasized fitness it outgrew Nike in 1980s and became the market leader. Having positive perceptions by public was helpful when Reebok re-entered the fitness markets (Kotler 1999: 8).

A phrase in marketing has become a cliché is exceeding customer expectations. A company that offers its customers solutions that they may have not been able to foresee, has the tendency of gaining the loyalty of customers. The customers that are often aroused by the effects positive effects the companies have been able to introduce them have the tendency to spread word and make the people around know about the exceeding expectations. This is why companies invest a lot to research and development and seek to find solutions that gain the attention. Exceeding the customer expectations have the tendency of becoming very costly. It is important to do this profitably in order to keep gaining shareholder interest. The value of skilled marketing people and top executives is seen here, because not all exceeding of expectations have to be costly. This can be done in marketing measures and encountering the customer (Kotler 1999: 9).

4.3 Successful Segmentation

It was clear for the top executives and marketing department of Reebok that they had to segment the markets again. When they were planning to start focusing of social fitness again, they needed to be sure that it would be worth it. When going through segmentation process, there are multiple things companies have to consider. These factors evaluate how properly the markets have been segmented.

It is important that the customers inside segments are somewhat similar to each other and somehow different from customers at other segments. At least the need has to be

similar and the need should be able to be satisfied with same type of offering for everybody in the segments with minimum modifications.

The segments have to be measurable. For companies to create segments in markets the people in those segments have to be understood and defined by their characters and behaviour patterns. These variables vary from age and gender to characteristics such as social and outgoing.

When effectively segmenting the markets, the segments have to be accessible for the company. This means that the marketing department can develop marketing strategies that will effectively communicate with the segment. The company's marketing people have to know what type of things attract and disgust these segments.

The company has to be realistic when segmenting the markets and after segmentation process, they have to understand which segments are actionable. There are lot of international segments that are attractive for companies, because of the large customer base and huge money moving in the segment. Not all companies have the right resources or knowledge to effectively compete in all segments and markets.

What is the most important thing to be seen after successful segmentation process is, which segments are profitable and which are not. There must be enough capital involved in the segment, so the company can profitably serve the segment. Some segments demand huge capital investments and serve the company only little, other segments may have been ignored by the leading companies and need more minor investments. These ignored segments may still carry customers that have relative buying power, but haven't been served by any company directly yet (Jobber and Fahy 2009: 117).

Reebok recognized the similarity and behaviour patterns of CrossFit-, Les Mills-, Spartan Race- and MMA-athletes. These social fitness people weren't yet being catered by any major sporting goods companies. Companies such as Nike and Adidas offered products that were popular amongst those customers, but Reebok felt the customer could turn to them, because they would be directly targeted and effectively tailored marketing programs would appeal strongly enough. Reebok had the history and it was credible amongst fitness people. This made their marketing campaigns more successful.

Reebok already had a wide distribution network and the resources to serve these customers better than rival companies. The acquisition by Adidas-Group had a positive affection their infrastructure, which further boosted their possibilities to succeed in the market for social fitness people.

Since none of these social fitness athletes, weren't yet directly targeted by any of the leading sporting goods companies that would offer Reebok to target a segment with huge growth potential. These customers would most likely be willing to pay a premium for products specifically designed to suit their needs. The lack of sporting goods companies marketing in the events of this large segment was there, so Reebok could partner with them and gain reliability through popular events that were widely discussed and supported by the consumers in social fitness segment.

4.4 Repositioning

For different reasons companies have to reposition their offering at times. It can be from different reasons such as decreasing sales rates or changing trends. Repositioning as an act means changing the target market or the differential advantage, and in some cases even both of the previously mentioned matters.

There are four different repositioning strategies that companies tend to practice. Retaining the same product and targeting the same market is called image repositioning. On the other words it means appealing to different wants and beliefs in order to attract customers. This reposition strategy is called image repositioning. This is commonly seen in many of the markets. For example, Levi has been seen attempting to change their 1950s Retro-American image and appeal to today's youth with something more relevant.

The second commonly recognized reposition strategy is when company changes its product or modifies it, but still aims to sell for the same market. In most cases this is done, when products need to be updated or focused to better compete against competition. Nearly every car manufacturing companies do this a lot. They come up with updates and improvements to outclass competition and attract the most positive customer attention. This is called product repositioning.

The third strategy is called intangible repositioning. This means changing the market segment the product is marketed to but having the same product that is being offered. Intangible repositioning is a strategy that can be used to attract different customer basis and try to communicate customers from the multi-usability possibilities the product offers. The strategy can be used, when companies have misunderstood the appeal of a product to a certain marketing segment, and want to now fix it. For example, Red Bull was first marketed as a perfect partner to a night with lots of partying, and main communicational message was its usability as a mixer. Nowadays it is being sold as a mainstream energy drink, with association to extreme sports and giving the ability to overcome yourself by giving wings to their customers.

The fourth strategy is when both product and target market are changed, and it is called tangible repositioning. This can be done when a company wants to attract to sets of customers by creating new products to offer for them. When Reebok made the decision to move from team sports to social fitness in the late 2000s, it didn't decide to only change the target market it was going to compete in and attract customers, but to also change and modify the products they were going to offer. This was done by introducing new full product lines and communicating with different benefits for the new target market. The company went through a full makeover and changed also its logo and slogan (Jobber and Fahy 2009:124).

5 Conclusions, Recommendations and Limitations

In this conclusion the author of this thesis study will provide answers to the research questions mentioned in the beginning of the text. The research questions will be investigated and surrounding topics discussed. After summarizing the core of the thesis, the author of this thesis will discuss on future recommendations for Reebok and other companies in similar situations. Eventually the thesis will end to section discussing the limitations of the topic area and thesis.

5.1 Investigation of Research Questions

The first research question that was introduced was:

Can a false execution of strategic marketing acts, such as segmentation, targeting and re-positioning turn a successful company into a failing one?

One of the main issues of developing a successful business is identifying one's customers. Identifying the customer will help companies to structure their resources in an effective way that will serve both the customer and the company itself. It is important to take both parties into consideration, since it is to have one working without other. If that is the situation, it won't be sustainable in a longer run. The responsibility of a company is to serve its customers right and keep them satisfied in a profitable way. Identifying the customer is not enough, the company has to know its customer and their needs and affect to their deeds. When a company is has effectively segmented the market, it is easier to choose the right market segment that will be the most beneficial for a company. Targeting the right customer segment, means offering something that the customer has interest on, but also choosing the right segment in terms of company's resources, knowledge area and skills. Lots of variables have to be taken into consideration when choosing the target market additionally to previously mentioned. Even though the company might effectively serve a customer segment and understand their needs, they may lack in understanding the image of their company which can therefore contradict with the customer image. When all this has been taken care of it is more natural for the company to effectively position their offering in an effective way that will attract customers enough to have positive results.

Reebok had decided to move on to bigger markets after the success of the fitness boom in late 1980s. During the next decade, the company started declining mostly because it wasn't able to effectively compete against Nike and Adidas. This was due to multiple factors, the shift was done according to company resources, but the funds were channelled improperly due to weak segmentation. Reebok didn't manage to fully take into consideration the image that people and public had about them. The new image wasn't properly communicated to the new target market and perhaps the previous fitness image was still too stuck on people's minds and the shift to team sports, such as football, basketball and soccer was made by the strong presence and success of the competitors.

The second research question was as following:

How can a declining company find a way to draw major public interest and challenge the market leaders by targeting new niche marketing segments?

During the 1990s and first decade of 2000s Reebok was a declining company. The company had lots of resources, large distribution network, and huge partnerships, but was lacking the successful element. It seemed like Reebok wasn't anyone's brand anymore and the company was really struggling to get along. In the early 2000s it made serious attempts to fix its direction and get back to challenge the market leaders. Reebok partnered with the biggest team sport associations in North America gaining exclusive rights to use their labels and produce their official clothing and footwear. This was supposed to save Reebok and the company executives were getting their hopes up. Unfortunately for Reebok it was for nothing. The partnerships didn't work as well as it was hoped and the company was acquired by Adidas-Salomon at mid-2000s. Adidas took away some of the exclusive partnerships from Reebok in the first years after acquisition, and eventually came into conclusion of leaving the team sports, even though they were biggest cash cows for sporting goods companies.

Reebok decided to forget the biggest cash cows of the sporting goods industry and focus on targeting a niche segments. This was a do or die moment for Reebok. Reebok started to focus on gaining the interest and appeal to customers from in-gym group exercise classes, CrossFit, obstacle race runners and mixed martial artists. In other words it was communicating in its original market segment, fitness, and using the image from late 1980s to gain further success. These customer segments were lacking

major competition from the biggest sporting goods companies and Reebok became the giant in these niche segments.

Reebok managed to successfully enter the markets and has seemed to draw interest on its other product lines as well. This interest for other product lines is related to the popularity amongst social fitness exercisers. Reebok doesn't want to attract only public figures, but draw interest on campaigns such as "Be More Human".

5.2 Recommendations and Discussion

There is still improbability whether the niche segments Reebok is still focusing are durable enough. Even though these segments have shown major growth, questions arouse, whether a big company like Reebok can stick to focusing these smaller segments. These niche segments do provide customers that are willing to pay the premium and have the tendency for brand loyalty and many argue the repositioning of Reebok during 2009-2010 saved the company from turning into a total mismatch. After all, perhaps the biggest question remains whether the niche targeting can raise the sales on other segments enough for Reebok to compete with companies such as Adidas, Nike and Underarmour. It will be later seen, how much the niche segments of social fitness can grow and whether they are to stay.

The company's success on social fitness segment and the potential of that segment, drew investor interest and Adidas-Group received an offer to sell Reebok. The offer was declined partly because they paid relatively bigger amount from Reebok, but also because these segments harness huge possibilities for future considerations. It is to be seen whether Reebok will stick to this course and keep focusing on targeting social fitness exercisers or not. At the end they don't seem to be too keen on getting back to team sports again. Adidas-Group isn't yet receiving the results they would want Reebok to achieve, so the possibility of selling the company is there. Now that Adidas brand is doing good and experiencing major growth, they might want to capitalize on that and get rid of the expenditure of Reebok when results aren't achieved yet as wanted.

The sporting goods industry is very prone to trends and has the tendency to change a lot even in short period of times. Usually the one's that predict the upcoming trends can capitalize on those and gain major growth that can challenge the status quo. Reebok

managed to partner with the major associations and event organizers in their new niche segments, but recognizing a future trend and being able to partner with the right companies can boost their growth. It will play a major role in their future at least. Identifying upcoming trends and investing on them at the right time can be the biggest lifeline for companies such as Reebok.

5.3 Limitations

The intention of this research was to define and further discuss the most relevant concepts in this case study and in the world of strategic marketing. The research was done to analyse and understand the developments of Reebok's strategic marketing in different phases of their history and correlate with the success they experienced in the markets.

Even though the author of this thesis made in depth investigations about the topic area and took financial information from the company into account there are multiple different factors that limit the preciseness of the topic area.

One of the biggest variables that affect to the outcome is the fact that marketing is hard to predict. One can't fully predict how people are going to react, but only to assume based on previous experience related into research. When it is hard to say what will be biggest upcoming trend in the sporting goods industry during the following year, it is also hard to measure which one was the biggest this year. This is mostly due to the fact that marketing is hard and sometimes impossible to measure. This reflects to the fact why corporate executives struggle with financing marketing. One can measure the effect of a single marketing event by the positive feedback gained from the event or how many people joined the company mailing list after receiving a 10% discount coupon. But measuring the financial terms of the campaign, can be more difficult. It is hard to say how much a campaign will provide in terms of sale before-, or even afterwards.

There are plenty of changing factors that Reebok can't affect, which can decide whether the company will be successful in years to come or not. This provides extreme difficulty for future recommendations and -planning.

The research would have been more in depth and provided more reliable information for future considerations if partnership associations of the company would have been further researched. Since Reebok is mostly focusing on targeting niche segments, it is

very much dependant on the future of the sports it is associated with. Further investigation on CrossFit, Les Mills, Spartan Race and Ufc would have brought more insights and provided better understanding of the development of Reebok during the past 6 years after turnaround. It is unknown whether the success is due to Reebok itself bringing more value to the table or the associations providing value for Reebok. This would be something that a further investigation could be done. Having inside information and opinions from Reebok's partners would tell even more and highlight if they have learned from the misbehaviour towards retailers in the 1990s, which was part of the cause for Reebok's downhill.

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Kuvio 1. Email from Reebok Executive

REEBOK TIMELINE: Recent History – The Shift to Fitness

2009-10

- Reebok makes the strategic decision to go back to its fitness roots and, after assessing the state of the industry, sees an opportunity in new, more social fitness activities such as CrossFit, Obstacle Racing and the continued popularity of in-gym group exercise classes.
- Reebok develops plan to systematically exit out of team sports to focus 100% on fitness.

2010

- In September 2010, Reebok signs 10 year partnership with **CrossFit**, the fastest growing fitness movement in the world. Reebok becomes the official supplier of CrossFit footwear, apparel and accessories, title sponsor of the CrossFit Games and opens co-branded Reebok-CrossFit boxes. Reebok also provides apparel and footwear for all CrossFit competitors at the Reebok CrossFit Games. In 2010, there are approximately 1,500 CrossFit boxes (gyms) globally.

2011

- First year of Reebok partnership with **CrossFit**. Here is an early CrossFit video to check out: <https://www.youtube.com/watch?v=ZZdp59yyG0M> and another: <https://www.youtube.com/watch?v=mIVrkiCoKkg>
- Reebok introduces the **Nano**, the first shoe specifically made for CrossFitters, by CrossFitters.
- Reebok opens **Reebok CrossFit ONE**, a 14,000 sq. foot CrossFit box at Reebok Global Headquarters in Canton, MA. RCF1 has more than 500 members. In addition, Reebok opens boxes near its other offices around the world.
- Reebok launches a new retail concept – **The Fit Hub**.
- Reebok begins to sign CrossFit athletes, including Rich Froning, Annie Thorisdottir and others.

2012

- Reebok launches its largest integrated marketing campaign in years - "**The Sport of Fitness Has Arrived.**" The campaign prominently features CrossFit.
- Reebok launches **Reebok Dance** - a brand new apparel and footwear collection designed for style and fitness, highlighted by unique and functional features that capture the fundamental movements of dance.
- Reebok launches the Nano 2.0
- Reebok opens **first FitHub in the US**, a 2,500-square foot store is located in New York City on Fifth Avenue at 37th Street. The store directly above a Reebok CrossFit Box, **Reebok CrossFit 5th Ave.** See: <https://fitness.reebok.com/Reebok-FitHub/Articles/2014-06/Reebok-FitHub-5th-Avenue-Information/>

2013

- January - Reebok announces partnership with renowned Yoga instructor **Tara Stiles**, and introduces new Yoga line of footwear, apparel and accessories.
- January - Reebok announces long-term partnership with **Spartan Race**, the world's leading obstacle race. Spartan is at the forefront of this new fitness movement, like CrossFit, Spartan enables people to come together to experience fitness with a community of like-minded people.
- Reebok announces partnership with **Les Mills**, the largest provider of in-gym studio programming in the world. Les Mills classes include BodyCombat, BodyAttack, Sh'Bam, CXWorx and others. They are among the most popular fitness classes in the world.
- Reebok creates a new online fitness community – **Reebok ONE**. Reebok ONE acts as a hub where fitness professionals from around the globe can connect and find inspiration among fellow professionals, helping them to develop their skill set, progress their careers and create a brand for themselves (as of today, ReebokONE has more than 70,000 members) see: <http://www.reebokone.com/en-US/reebokonehome/>
- Reebok launches the Nano 3.0

2014

- Reebok launches a new brand mark – The Delta – a symbol for the “new Reebok.” See: <https://www.youtube.com/watch?v=s5RxZzM6rv4>
- The **All Terrain Series**, the first shoe created specifically for the sport of Obstacle Racing is launched.
- Reebok and Les Mills introduce, **The PROJECT: Immersive Fitness**, a new workout that draws inspiration from live music performance technology and 360° cinema to take the studio workouts to the next level. The Project: IMMERSIVE FITNESS™ surrounds participants with cinema quality video content projected onto screens of a purpose-built studio. Instructors cue exercise moves synchronised perfectly with music and graphics, creating a truly immersive fitness experience. See: <https://www.youtube.com/watch?v=uQEMHtHAR4w>
- Reebok launches the **CardioUltra** – its first shoe specifically designed for studio classes.
- Reebok introduces the Nano 4.0
- December - Reebok Announces long-term partnership with the **UFC**. Reebok becomes the exclusive outfitter and apparel provider for the world’s leading mixed martial arts organization.
- The Reebok/UFC apparel line, which will include exclusive “Fight Week” gear, “Fight Night kit” as well as UFC fan gear, will be developed in conjunction with UFC and its athletes.
- Reebok announces the signing of the two premier UFC fighters, **Ronda Rousey** and **Jon Jones**.

2015

- Reebok introduces a new global brand campaign, it’s largest in a decade. The campaign, **Be More Human**, is rally cry to consumers, urging them to live up to their full potential, and is the best example yet of Reebok’s re-branding, repositioning and fitness focus. See: <https://www.youtube.com/watch?v=UDb-7DY3CjU>
- Reebok introduces Nano 5.0.
See: https://www.youtube.com/watch?v=sSdbg_jHyY
- Reebok Introduces the newest version of the iconic Pump technology- The Reebok Z Pump Fusion. See: https://www.youtube.com/watch?v=qRGF_A94Lrw

- Reebok and UFC launch the new Fight Night Kit.
See: <https://www.youtube.com/watch?v=l2eGFWuawGw>
- The Reebok CrossFit Games take place in Carson, CA – this is the 5th year anniversary of the Games: Reebok athletes participating include Spencer Hendel and Reebok CrossFit ONE head coach Austin Malleolo.
See: <https://www.youtube.com/watch?v=CSqiKfjYWkg> and <https://www.youtube.com/watch?v=84vJvsVMEV0&list=PLpzkathSY1Ee5yb514Rk9uNtGCrRhbghk&index>

