

Nike and Adidas tussle off the soccer pitch

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As the football World Cup gets under way in South Africa, the head-to-head rivalry between Nike and Adidas – the sport's two largest brand names – is intensifying off the pitch.

Charlie Denson, the head of the Nike brand, hit back at claims from Herbert Hainer, Adidas' chief executive, that its German rival can still claim to be the biggest global brand in football.

"I believe we already are number one" in sales, Mr Denson said in an interview with the Financial Times this week. "But our objective is to make sure that it's not a debate."

Nike reported \$1.7bn in sales of its core brand football boots, shirts and other equipment in 2008 – it is due to announce its 2009 numbers in three weeks' time. Adidas reported football merchandise sales of €1.3bn (\$1.6bn) – which would have been ahead of Nike at the then prevailing euro-dollar exchange rate.

But Nike's overall soccer sales also include revenues from the Umbro brand that it acquired in 2008, which totalled \$276m at the time of the acquisition – giving the company an overall larger stake in the soccer business.

On the pitch, however, Adidas will see more of its shirts in play during the tournament, having sponsored 12 of the 32 national teams taking part, including favourites Spain, as well as Germany, Argentina and South Africa. Nike has 10 of the teams, including Brazil, the Netherlands, the US and England (in Umbro kit), its largest representation ever.

Adidas is also producing the ball that will be used throughout the tournament. But a major part of the battle will be fought out over the more profitable boots business – with Nike's new premium Mercurial Superfly II up against Adidas' F50i.

"I believe we'll have more boots on the pitch than any other brand," says Mr Denson.

Adidas' Mr Hainer has also suggested that Adidas has the edge on Nike in its pre-World Cup marketing efforts. But Mr Denson says he "couldn't be happier" over Nike's pre-World Cup marketing, focused around a three minute video spot, "Write the Future", featuring England's Wayne Rooney and Portugal's Ronaldo alongside other Nike-sponsored players and athletes.

Initially launched online, and supported by a global banner block advertising blitz on Facebook and YouTube on May 22, which was the first of its kind, the video has been viewed more than 14m times on YouTube, and more than 29m times on all web platforms.

Adidas is fighting back with a World Cup Star Wars parody video featuring David Beckham and a cast of celebrities, including Snoop Dogg and Noel Gallagher that has been viewed over 2.6m times since being unveiled last week.

Nike, meanwhile, is encouraging viewers to insert their own football video moments into its "Write the Future" slot, to promote further viral transmission. Its Umbro brand has also launched a separate ad campaign, featuring photographs of seven players' wives and girlfriends from World Cup winning countries.

Both companies have an obvious interest in hoping one of their teams wins, which Mr Denson says can deliver "a great impact on the overall revenue potential that we would have".

He adds: "The last time Brazil won was eight years ago when our soccer effort was in its infancy. What would the impact be if Brazil wins today? I'm not sure, but it would be a lot bigger than it was eight years ago."

Nike has also identified further expansion of its football business as a key part of its broader objective of increasing its total sales by 40 per cent to \$27bn from \$19bn currently. It says that should include growth from its "affiliate" brands such as Umbro, Converse, and Hurley.

Fonte: Financial Times, London, June 10th 2010, Companies, online.

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