

**“We are a leader with a challenger mindset. As industry leaders, it is our responsibility to innovate and make people look at this industry in a different manner”**

*Subhinder Singh Prem, Managing Director, Reebok India*

# A Right BALANCE

The international brand has completed 15 years in India. In spite of being a niche brand it has been able to become a big consumer brand with its balancing act throughout.

By DHALETA SURENDER KUMAR

In 1995, when Reebok, the American sportswear company entered India, the odds were against it. Even though the economy was opening up, yet the purchasing power was low. Reebok, a premium brand was seen as one affordable to the affluent class only. Yet, as the great Indian middle class rose, aspirations to be seen in branded attire drove them to international brands like Reebok, Levi's and Nike.

Subhinder Singh Prem, Managing Director, Reebok India, believes that Reebok is the market leader here and is ahead of every other brand. "So we say, that we are a leader with a challenger mindset. As industry leaders, it is our responsibility to innovate and make people look at this industry in a different manner," he says.

His words set the tonality of our story.

The story is about Reebok – how, in its journey, has been able to reach out to a larger audience without compromising on its premium tag. It's an American brand, yet drenched in local colours. It's primarily a sports brand, yet, it has been able to become a consumer brand.

Most of the foreign brands, according to Sajid Shamim, Director, Sales & Marketing, Reebok India, come to India with a perspective: "OK I am from America and this has to be cut out in an American way." Reebok, according to him never made this mistake. "We kept our global heritage, yet were able to connect with the masses, and increase our footprints. We never let go our preferred consumers because we knew, with time, Indians will become more globally aware. I would say that the beauty lies in the balance and the moment you lose the bal-

ance, you have the chances of being identified as a local brand; or you will land up being seen something very niche, making the consumer feel alienated."

Also, the key has been innovation. A case in example is the EasyTone shoe, which works on a technology designed by NASA. It claims to help people lose flab while they walk. "We want to bring joy back in sport and fitness. And the reason we say that is, because people do more of what they enjoy," Prem says.

The company, from the very beginning wanted to play a long and consistent innings. That reflects in the management team as well. Both Prem and Shamim have been for more than ten years with the company. Vidhu Sagar, Senior Vice President, Carat Media India (the agency handling Reebok's media account for over four years now), borrows a phrase

to describe the brand. “Reebok thrives on ‘living life king size’. That’s the key behind the brand’s massive footprint and immense popularity in India. It is miles ahead of any competition and that’s really a result of the brand’s vision as actualised by its Indian management and the marketing warriors. They always think big and usually deliver,” he says.

### Young or old?

The marketer’s job is to woo the consumer. Initially, it was easy play for the Reebok marketer, as “by default the target audience, in the beginning was niche.” The preferred consumer segment for Reebok has always been the affluent 18-28 year age group.

However, according to Shamim, “In terms of people who are buying Reebok products are in the age group of four-60. A lot of new socio-economic segment too has started buying our products. That comes through prosperity that India has had in the last few years.”

Today, the company has exclusive stores in Tier II and Tier III towns.

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Sajid Shamim, *Director, Sales & Marketing, Reebok India*

### Sports or casual?

Internationally, the brand has been seen as a sports brand. However, in India, with a wide audience getting to lap up the brand it has been a challenge for the brand to maintain a balance between being seen as a sports brand and a consumer brand. The challenge was to not lose out on the new audience



just because the brand was heavily affiliated with sports, and sports quotient in India was “significantly low”. “We could have interpreted it in two ways. Either, we say, ‘Hey! There is no business to be had here’ or the other is looking at the enormous opportunities. With a population of more than a billion, it is bound to go up and the market

is bound to open up. That is the belief with which we started,” says Shamim.

Without compromising on its core – sports, the brand decided to be associated with cricket in India, contrary to basketball, internationally.

But not all people were buying the brand from the sports perspective. “A lot of consumers were also buying from



the perspective of seeing us more like a brand that is providing a very good quality footwear and apparel. That was an opportunity that we did not let go. For example, even today you would find a lot of people wearing sports shoes for the casual occasion. That we realised was existing in India. So, we have been able to understand the consumer segment very well," Shamim says.

Besides cricket, the brand has been associated with tennis, football and Formula One racing too in India.

But the consumer eyeballs in India, according to Shamim, have been targeted through cricket since early days. The company had roped in the then Indian cricket team captain, Mohammad Azharuddin, to endorse the brand.

Commenting on Reebok's positioning, Debashis Paul, Executive Vice President & General Manager, McCann Delhi (the agency handling the creative account of Reebok), says, "Reebok's vision is to widen access to a larger universe of people and extending its brand philosophy to encompass fitness and lifestyle in a personal and contemporary way."

## Cricket, along with endorsements by cricket players, has been an important strategic building block for the brand

### Cricket or Bollywood?

According to Shamim, Reebok was the first company to affiliate itself with cricket. Paul adds, "Cricket has been an important strategic building block for the brand and endorsements from the top rung cricket players have added great value and upped its appeal for young audiences." For the record, McCann has been handling the Reebok account for nearly six years now.

All communication for Reebok was built on the philosophy of "think global and act local". "For example, worldwide, that time Reebok was more about basketball. We interpreted the whole basketball theme into the context of cricket. We were the first guys to do it. So we made commercial way back in

1996-1997 with Azharuddin. Wasim Akram used to be there. And then a cricket commercial next to the Harvard Bridge," says Shamim.

Reebok has been associated with International Cricket Council too. In the Indian Premier League, it has associations with teams from Kolkata, Punjab, Chennai and Bengaluru.

The right balance besides sports was brought in by roping in Bollywood actors, like Bipasha Basu and John Abraham. "Besides being Bollywood actors and having a mass appeal, both Bipasha and John are fitness icons. So, in all the diverse tie-up activities, there has always been a common thread that ties us back with sports," says Shamim.

Besides, Reebok has had movie tie-ups with sports related movies like Victory, Goal and Patiala House; and My Name is Khan being the only exception.

According to Prem, the company is recognising and harnessing micro-trends too. "For example, the Mumbai and Delhi Half Marathons, this year, received an overwhelming response with registrations for both filling up weeks ahead of the events. So people are taking pride in sporting activities. It is a new social activity. We have identified and associated with it, and will continue to do in the future."

Till a year ago, Reebok relied mostly on print and outdoor communications. It came out with its first ever TVC only in May 2009 featuring Bipasha Basu and the current Indian cricket team captain, Mahender Singh Dhoni.

According to Sagar of Carat Media, "Reebok has reaped the rewards of using a multi-media approach for most of its projects, but lately the brand has focussed on making use of television, along with digital, most skilfully.

## The online jig

Over the years, Reebok has increased its digital share in its marketing budget to about 15 per cent from zero.

Its latest campaigns on the web is largely on Facebook for its new shoe product – Easytone, targeted at females. The product claims to help women ‘Reetone’ their butts. According to Gopa Kumar, Media Director, Isobar India (the digital arm of Carat Media, and the agency handling the digital account of Reebok), there was a need to familiarise the audience with the product proposition of toned legs, calf and butts. Since the product was female specific, Isobar had to create something sticky and appealing to the female audience that would create a viral effect.

The campaign allows female Facebook users to send secret messages to their female friends. The message appears in the form of butt images. Only a female user can decode the message. According to Kumar, “There is a great demand from males too to be allowed to use the application.” However, a male user can view the message by changing his gender description on his Profile page. The other leg of the campaign allows women to post their videos of their butt-shaking (a dance or a jig) on to Facebook. Users can get an assured pair of Easytone shoes.

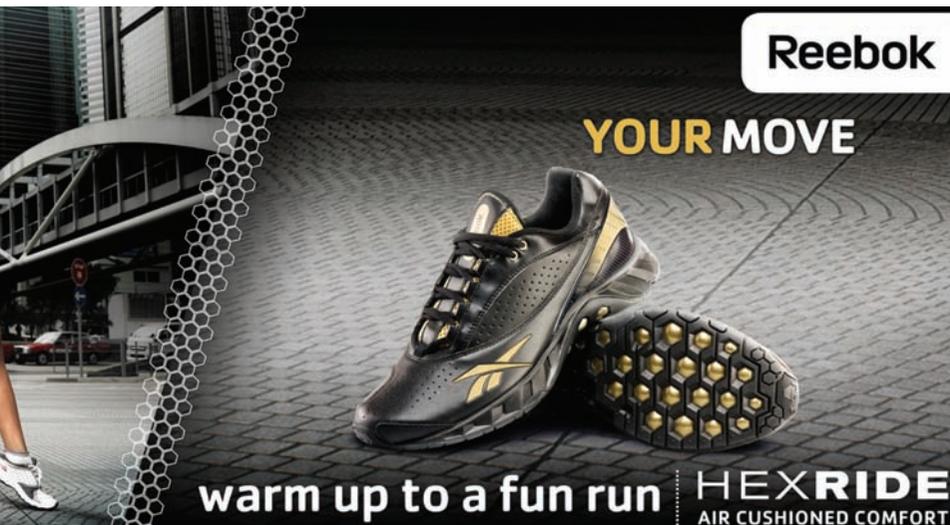
According to Kumar, given the nature of the campaign, which required the females to upload videos of them dancing capturing the butts was a real challenge. “Traditionally, women on internet in India are very cautious and their activities on social platforms are more or less restricted to communication. Their interaction on third party applications is, thus, very limited as far as sharing personal data like a video is concerned. This was proved by the trickled response of the females in the very start of the campaign. To resolve this, we announced that there was a gratification of a free Reebok Easytone shoe for every upload.”

With the prize thrown in, the campaign had an overwhelming response on the video submissions with more than 200 videos in just two weeks. This was made possible because of constant promotion and constant dialogue with the “Fans” who had chosen to “Like” Reebok India Page on Facebook.



Of course, there’s the dominating outdoors for support and PR activity on the sides, but mainly the brand has created a surround effect through television – where we consciously go for GECs that balance popularity with quality content and we use big properties for impact – duly supported by elaborate digital presence. The latter particularly, has come in very handy due to its targeted delivery and cost effective response mechanisms. So, in a way, television provides the air cover while digital – both web and mobile – with its interactive nature, helps close the loop.”

According to Shamim, the most interesting part of Reebok’s journey has been the last one year. “We are figuring out that the consumers now believe in less and less advertisement. We are now working on consumer engagement programme. I mean. Your reach, no longer guarantees the fact that the consumer is seeing you or watching you. Today, the consumer is looking at engagement. The centre piece is along the digital strategy, mobile phone and internet,” he says.



### Local or global?

While it strikes to create a balance in its communication, it has striven to create balance with its product offerings too. The company according to Shamim realised early that consumers in India prefer collared T-Shirts – because, “they are not very casual” – over round-necked, which are popular globally. “We said, if this is what the consumer needs let us do it,” says Shamim. Also according to him, 10-15 years back, the resistance to synthetic material in India was high. So the company provided a healthy mix of synthetic and cotton. Meanwhile, it talked about the performance values of synthetic material it used in its products through various communication channels. For example, Playdry products, though perfected material absorb sweat. “We went through a very tough phase to educate the India consumer,” Shamim accepts.

Subsequently, from Playdry, the company moved to Playshield and then to Playwarm. Playwarm, essentially keeps the body warm. The Marketing Director Shamim informs that “over the years, Playdry has become very popular, as India generally is a warm country.”

### For long, Reebok relied mostly on print and OOH. Its first TVC came out in 2009 featuring Bipasha Basu and MS Dhoni

Another category that is not too popular internationally, but due to climatic conditions of India, became popular is the sandals. “Sandals worldwide do OK. But in India, we figured out that there was a big market for us. Way back, we recognised that opportunity and were quick to set up comprehensive programmes to capture a lot of market share into that,” says Shamim.

Also, Reebok realised the opportunity in the sweaters category in India, which were designed exclusively for India.

Even a lot of designing of products was done for India. Today, almost 40 per cent of Reebok’s products are designed especially for India. “There is a design bank that exists, but at times, we create new designs something that essentially is driven out of India,” says Shamim.

### To sell for less or more?

Keeping its varied audience in mind, over the years, Reebok has been able to bring down its pricing too to cater to a larger audience. Initially, it has had to import every single thing into the country. “So, for that reason, our pricing also used to be very high in comparison to the per capita income going around at that time. And that is when we decided to heavily invest,” says Shamim.

Today, Reebok has products ranging from ₹1,200 to ₹9,000. There is also a Diamond Collection, and Manish Arora Shoes collection that are available for around ₹25,000.

However, the brand is not ready to accept that the price tag of ₹1,200 is an inexpensive range. “Given the per capita income of India, ₹1,200 is not a low tag item. If you really want to make something a mass brand, you should ideally be selling a ₹300-₹400 shoe. We see ourselves more as a consumer brand. As long as we do not have to compromise on our product integrity, our design integrity and the communication integrity, we will go for the volume but that is where we draw the line,” says Shamim.

The need for a low price point came in particularly from Tier-II and Tier-III markets.

“Once we started opening stores in Tier-II and Tier-III markets, we realised that we were missing out on a big consumer segment, because the price point,” Shamim says, adding, “Then we sat down and went back to our designers and engineers to ask them to give us product at ₹1,200, which still fulfils the quality criteria. If tomorrow, with technological advancement, I can again reduce the price further without compromising on quality,



I will do so. There are more than a billion Indians waiting to wear this shoe. So, why not?"

The brand is selling about 50-60 models at a low price point.

#### Where to open the shop?

However, the low-price point products are not available in all Reebok stores. It doesn't have a single strategy for retail; and has different formats – Arena, Flag Ship and Exclusive stores. The merchandise mix is completely different in these stores. "We are trying to create a balance by micro-segmenting at the micro level. There has to be a balance. If your balance is not right, your profitability becomes unviable," says Shamim.

For example, Shamim informs, there are two stores in South Extension, in New Delhi. The store inside the market is positioned to display and sell lifestyle apparels; meanwhile the store outside the market is positioned more on the performance platform.

### Reebok doesn't have a single strategy for retail instead has different formats – Arena, Flag Ship and Exclusive stores

Arena stores, generally, are driven by technology and performance. And at times could have products at higher price points. The stores are segmented on the basis of a price ladder. "We don't call it a price point. We call it a price ladder. Our price ladder starts at ₹1,200 and goes up to ₹9,000. It is a contiguous ladder. For example, a store manager in South Extension in New Delhi may say that his price ladder starts at say ₹3,000. Similarly, a store manager in Patna may ask for a price ladder that starts at ₹1,200. After that it is up to our retail manager and the product team to choose the products accordingly.

Because of the FDI (Foreign Direct Investment) rules in India, Reebok could not take the direct retail route. It had to adopt the franchisee model. The model, according to Shamim, has worked well for the company. "We went through a very strong franchisee route, but at the same time, we have to give consumers a flavour of the brand; and for that we have to work with our franchisees very closely," he says.

Almost 85 per cent of Reebok products are sold through Reebok Exclusive stores. The rest 15 per cent sell through multi-branded stores.

#### A long run ahead

Looking back, striking a balance has not been easy job for Reebok. Though it has managed to get the pulse of the Indian consumer successfully, yet challenges and issues remain. Shamim accepts that the company has locally struggled in terms of factory capabilities. "Technologically, we have not been able to compete on a global level. We have to import the R&D, the processors and the technology. There is whole lot of work which goes in the backend and we have to set up the entire ecosystem," he says.

However, Prem is bullish about the future prospects of Reebok in India. "At Reebok, we believe in leveraging the economic fundamentals in an interesting and innovative manner. Our future strategy is based on a simple and effective premise – challenging the paradigm. We are looking at sports in a very different way. We are the market leaders here and are ahead of every other brand put together. So we say that we are leaders with a challenger mindset," he concludes. ■

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