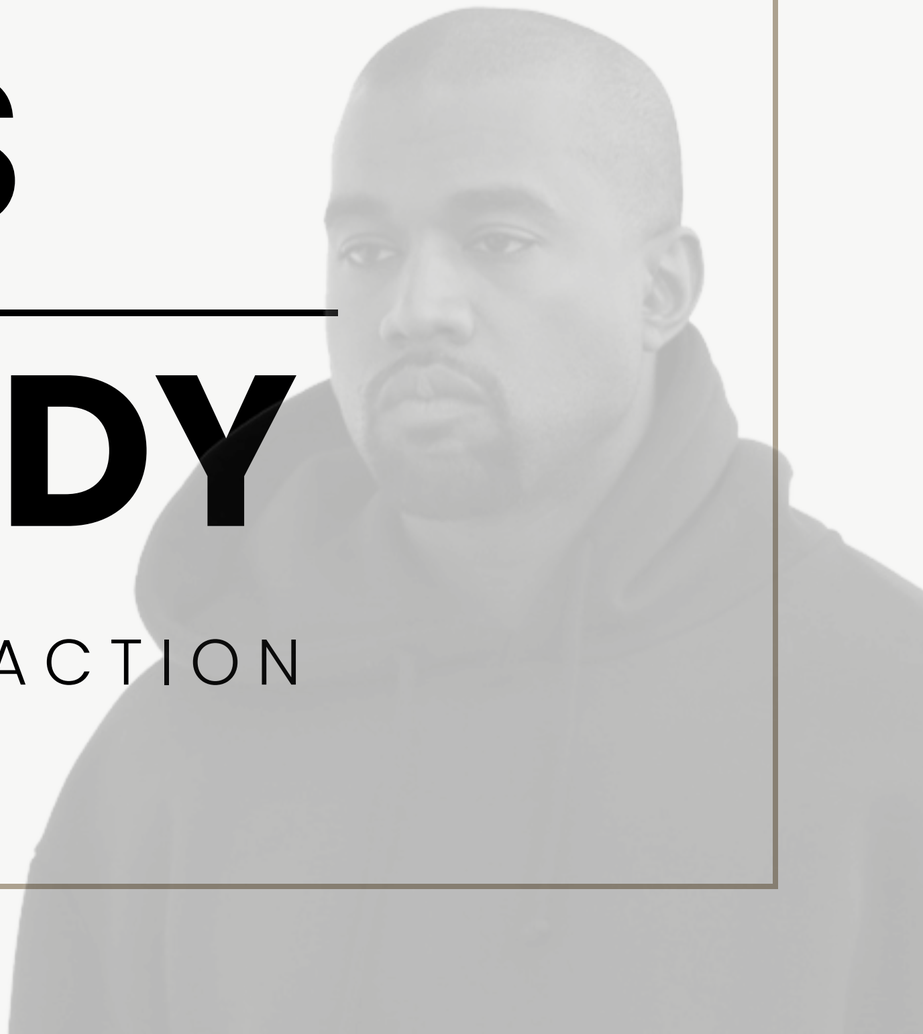
ADIDAS

CASE STUDY

THE COST OF DELAYED ACTION



SUMMARY OF CASE

KANYE WEST MAKES ANTISEMITIC REMARKS

- In October of 2022, Kanye West makes numerous antisemitic remarks
- Kanye on Drink Champs podcast: “I can say antisemitic things, and Adidas can’t drop me. Now what? Now what?”





ADIDAS GETS HEAVILY IMPACTED

- Before the partnership, Adidas sales were down 1%. Yeezy brought 18% increase in sales. Brought 2 billion a year
- Adidas stock had fallen 23% after Kanye’s remarks
- employees claim that for years they were under constant verbal abuse, vulgar tirades, and bullying acts from Kanye
- #BoycottAdidas started trending on Twitter
- despite backlash, Adidas stays silent and continues to push out Yeezy collection for a bit





ADIDAS’ PAST RESURFACES

- The Central Council of Jews mentions Adidas’ history with the Nazi Regime
- Anti-Defamation League’s CEO made an open letter to Adidas asking for Adidas to issue a clear statement and stating that Adidas should have no tolerance whatsoever for antisemitism



TIMELINE

Ye accuses former Adidas CEO Kasper Rorsted of copying his Yeezy designs for Adidas's Adilette slide on social media.

06/13/2022

Ye causes controversy with his "White Lives Matter" shirt at Paris Fashion Week.

10/03/2022

Adidas announces that the partnership is under review after his disparaging comments against Adidas and Rorsted.

10/06/2022

Ye tweets, "I'm a bit sleepy tonight but when I wake up I'm going death con 3 On JEWISH PEOPLE. The funny thing is I actually can't be Anti Semitic because black people are actually Jew...."
Ye is subsequently removed from the Twitter and Meta platforms.

10/08/2022

Ye posts text messages with Sean "Diddy" Combs following an interview on Fox News. The texts are deemed antisemitic by the American Jewish Committee (AJC), one of the oldest Jewish advocacy organizations.

10/07/2022

Ye claims on the Drink Champs podcast: "The thing about me and Adidas, like... I can say antisemitic things, and Adidas can't drop me. Now what? Now what?"

10/16/2022

A change.org petition in response toYe's antisemitic comments garners 90,000+ signatures and #BoycottAdidas trends on Twitter.

10/24/2022

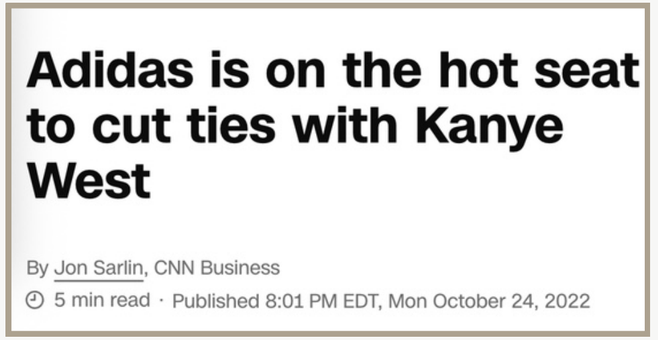
Adidas announces the end of its controversial partnership with Ye.

10/25/2022

COMMUNICATIONS OBJECTIVES

- **Restore trust & demonstrate accountability** - show stakeholders that Adidas recognizes the seriousness of the crisis
- **Reaffirm Adidas' values** - make it clear that hate speech is incompatible with the their mission, purpose, and values
- **Protect the brand's reputation**
- **Rebuild internal trust and credibility with employees**
- **Demonstrate tangible social responsibility** - show that Adidas is aligned with ESG and takes real action
- **Reduce financial risk and stabilize investor confidence** - damage control for widespread backlash









STRATEGIC COMMUNICATION ALTERNATIVES

STRATEGY 1: ACT QUICKLY

Acknowledge and respond quickly to media

- since everything Kanye has said was online, Adidas could've made a quick statement saying that it does not condone hate speech and that the team is working to end/resolve/look into the issue
- any kind of quick update would've been nice and would've given them some leeway with time
- makes company seem timely, in touch, and attentive

STRATEGY 2: SUPPORT EMPLOYEES

Employees have expressed that they were not being supported by the company

- these allegations started in the beginning when working with Kanye
- Adidas should've made a statement stating that it will look into these allegations and hold the people who let this slide in the office accountable
- acknowledgement could lead to empathy and understanding. boosts reputation a bit despite chaos

STRATEGY 3: STATE BRAND VALUES

Reiterate how Adidas does not stand for discrimination

- make a statement expressing Adidas does not condone any discriminination
- clear statement allows stakeholders to know that Adidas is serious about what they stand for

COMMUNICATION SOLUTIONS + TACTICS

1.

Statement announcing partnership termination 10/25/22

- Condemned explicitly
- Halted all Yeezy production and payments to Ye

2.

Public distancing from Ye

- Announcement of immediate contract termination
- Stopped use/sale of Yeezy branding despite almost $300M loss

3.

ESG message alignment with corporate purpose

- Tried to reinforce that Adidas' values include inclusion and anti-discrimination

adidas does not tolerate antisemitism and any other sort of hate speech. Ye's recent comments and actions have been unacceptable, hateful and dangerous, and they violate the company's values of diversity and inclusion, mutual respect and fairness.

After a thorough review, the company has taken the decision to terminate the partnership with Ye immediately, end production of Yeezy branded products and stop all payments to Ye and his companies. adidas will stop the adidas Yeezy business with immediate effect.

COMMUNICATION SOLUTIONS + TACTICS

4.

Donation-based disposal of Yeezy inventory

- Adidas committed to donating profits from remaining Yeezy inventory to nonprofits fighting antisemitism (ADL)
- Signaled tangible action

5.

Financial transparency in investor communications

- Disclosed projected losses tied to severing the partnership
- issued forward guidance to mitigate market uncertainty

6.

Internal investigation

- Took employee complaints seriously (finally), & Adidas opened a review into whether internal concerns were ignored

"It is currently not clear whether the accusations made in an anonymous letter are true," Adidas said in a statement. "However, we take these allegations very seriously and have taken the decision to launch an independent investigation of the matter immediately to address the allegations."

THOUGHT STARTERS

The Adidas-Kanye fiasco: the reputational risk and managing controversial celebrities

- Do you think Adidas dropping Ye is an example of a company holding steadfast to its values or simply trying to appease the social media mob/angry stakeholders?
- Are partnerships with celebrities worth the money and the potential reputational risk? What can organizations do to limit the risk?
- What is the short-term and long-term reputational impact on Adidas? Ye?
- What types of companies and/or industries are celebrity partnerships potentially most effective? Share some examples. What made these partnerships so effective?