

INTERACTIVE SESSION ORGANIZATIONS

CRM Helps Adidas Know Its Customers One Shoe Buyer at a Time

Adidas is a leading global maker of athletic shoes, clothing, and accessories, selling 1.2 million pairs of shoes each day. The company is headquartered in Herzogenaurach, Germany, has over 57,000 employees worldwide, and produced net sales of 23.6 billion Euros (U.S. \$27 billion) in 2019. It is the second largest sportswear manufacturer in the world after Nike.

Adidas is also a leader in digital and online marketing. The company's most important store is no longer a physical store—it's a website. The Adidas website is a key channel for offering connected and personalized customer experiences that help differentiate Adidas from competitors and lead to increased sales. E-commerce is Adidas's most profitable point-of-sale channel, with online sales reaching 5.509 billion Euros (U.S. \$6.180 billion) in 2019.

Adidas does not compete on price but on the quality of its brand and the customer experience. The transition from brick-and-mortar to digital as the preferred shopping medium has shaped the way the company keeps up with changing customer preferences. Customers are clearly at the center of Adidas's business, and their experience with other online retailers such as Amazon has made them want a relationship with Adidas that is more personal.

To serve customers better and manage all of its relationships with them, Adidas turned to Salesforce.com, which features cloud-based tools for customer relationship management (CRM) and application development. Salesforce.com helps Adidas identify key customer segments, develop closer ties to customers, and design differentiated experiences tailored to each customer's needs. Salesforce CRM tools make it possible for Adidas to have a single view of each customer across all the various channels through which that person interacts with the company.

Salesforce Marketing Cloud is a CRM platform that allows marketers to create and manage marketing relationships and campaigns with customers. The Marketing Cloud incorporates integrated solutions for customer journey management, email, mobile, social media, web personalization, advertising, content creation, content management, and data analysis. Every imaginable customer interaction and engagement is covered. The software includes predictive analytics to help make decisions such as, for example, what channel would be preferable for a given message. A

component called Journey Builder helps marketers tailor campaigns to customers' behavior and needs, demographics, and communication channel preferences.

The Marketing Cloud is connected to Salesforce.com's Sales Cloud and Service Cloud to provide a unified experience and prevent customers from being contacted separately by representatives from sales, marketing, and service groups. Service Cloud is a platform for customer service and support. Companies using Service Cloud can automate service processes, streamline workflows, and locate key articles, topics, and experts with information to help the company's 1,100 customer service agents. Service Cloud can "listen" and respond to customers across a variety of social platforms and automatically route cases to the appropriate agent. Service for Apps makes it possible to embed customer support software into mobile applications, including features for live agent video chat, screen sharing, and on-screen guided assistance. Service Cloud makes it possible to deliver service that is more personalized and convenient in whatever form each customer prefers—email, web, social media, or telephone—all from a single application.

Adidas is able to deploy its centralized e-commerce site globally by using the Salesforce Commerce Cloud. Commerce Cloud supports every language and currency required for the company's business throughout the globe. Adidas uses the knowledge of individual customers and their preferences obtained through Commerce Cloud to create better products, which can be manufactured and delivered to the customer very rapidly. Adidas is also using the Salesforce DMP data management platform to capture online and web behavior from digital actions across all channels and devices.

To move even closer to the customer, Adidas developed a mobile app that customizes content, interactions, and products based on the customer's personal preferences and behavior that have been identified via various digital points of engagement. The app features customized product recommendations, color preference and location, order tracking, blog posts, personalized articles, videos, real-time updates concerning an individual's sport and sports star preferences, and an intelligent online chat tool called Einstein to help answer customer questions and make more customized product recommendations. The app works with Apple Pay and Android Pay mobile payment systems.

Jacqueline Smith-Dubendorfer, Adidas Vice President of Digital Experience Design, believes that using Salesforce for customer relationship management has enhanced the company's ability to treat each customer as an individual. Who is this person? How much do we know about that individual? Where did that person come from? What is that person interested in? With Salesforce CRM tools, Adidas can now answer these questions much more easily. CRM provides the information for Adidas to adapt what it presents to the customer to deliver as close as it can

to what the customer is actually looking for. Adidas can now connect one-to-one with every customer, across multiple channels and on any device.

Sources: "Adidas," www.salesforce.com, accessed February 11, 2020; www.adidas-group.com, accessed February 10, 2020; "Roundup: E-Commerce Sales Increase for Adidas," [digitalcommerce360](http://digitalcommerce360.com), August 9, 2019; Stuart Lauchlan, "Dreamforce 2018: Adidas Gets Closer to Customers by Adopting an Athletic Mindset in Business," [Diginomica](http://Diginomica.com), September 27, 2018; and Nadia Cameron, "Adidas Taps Data and Technology Smarts to Build Personalized Digital Engagement with Customers," [CMO](http://CMO.com), November 7, 2017.

CASE STUDY QUESTIONS

1. Analyze Adidas using the competitive forces and value chain model.
2. What is Adidas's business strategy? What is the role of customer relationship management in that strategy?
3. How do information systems support Adidas's strategy?
4. How did using Salesforce.com make Adidas more competitive? How did it change the way the company ran its business?
5. Give an example of two business decisions that were improved by using Salesforce.com.

9-4 What are the challenges that enterprise applications pose, and how are enterprise applications taking advantage of new technologies?

Many firms have implemented enterprise systems and systems for supply chain and customer relationship management because they are such powerful instruments for achieving operational excellence and enhancing decision making. But precisely because they are so powerful in changing the way the organization works, they are challenging to implement. Let's briefly examine some of these challenges as well as new ways of obtaining value from these systems.

Enterprise Application Challenges

Promises of dramatic reductions in inventory costs, order-to-delivery time, more efficient customer response, and higher product and customer profitability make enterprise systems and systems for SCM and CRM very alluring. But to obtain this value, you must clearly understand how your business has to change to use these systems effectively.

Enterprise applications involve complex pieces of software that are expensive to purchase and implement. According to a 2020 survey of 181 ERP users conducted by Panorama Consulting Group, 38 percent of ERP projects experienced cost overruns, and these overruns averaged 66 percent over budget. (Panorama Consulting Group, 2020). Changes in project scope and additional customization work add to implementation delays and costs.

Enterprise applications require not only deep-seated technological changes but also fundamental changes in the way the business operates. Companies must make sweeping changes to their business processes to work with the software. Employees must accept new job functions and responsibilities. They must learn how to perform