

Adidas and the World Cup Sponsorship: Will Adidas Give FIFA the Red Card?

MANAGEMENT DECISION

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Reactions and Decisions

Adidas has pointed out that change is needed at FIFA, along with the other sponsors, but has continued to be less vocal about Sepp Blatter in particular unlike many of the other sponsors. There has been no real evidence from Adidas that would suggest they would terminate their sponsorship agreement with FIFA.

The situation with FIFA is ongoing so there are still many unknown factors at play. There is some speculation from media sources that the sponsors were the ones that lead to Blatter resigning as president. It is assumed in this case that the sponsors had a hand in influencing Blatter's resignation by finally putting enough pressure on Blatter to resign. In terms of reputation however, Adidas received a blow from media and stakeholders for not joining the other sponsors in their rise against Blatter.

On October 8th, Sepp Blatter, Michel Platini and Jerome Valcke received a 90-day suspension for a 2011 “disloyal payment” that was made by Blatter to Platini in the amount of £1.3 Million. Investigations are still underway and the 90 day suspension of Blatter, Platini, and Valcke is still ongoing. Thus, it is safe to say that the problem of Sepp Blatter has been removed, but the reputation of FIFA still remains extremely negative and a lot of skepticism still remains.

At the Beginning of November 2015, the CEO of Adidas reassured that the company would stand in “constant dialogue” with FIFA to procure change and internal reform. Furthermore, Herbert Hainer denied a negative spillover effect from the scandal by stating that the consumers clearly differentiate between Adidas as a company and brand and what is going on in FIFA.

Finally, on the first of December 2015, Adidas together with McDonald’s, Coca-Cola, Visa and Budweiser approached FIFA in a letter, demanding cultural change within the organisation, as well as an “independent oversight” on the reform process by the sponsors themselves. The sponsors further claimed:

We want to emphasize to you the values and characteristics that we believe should be incorporated through the reforms [...] Transparency, accountability, respect for human rights, integrity, leadership, and gender equality are crucial to the future of FIFA.

The sponsors were originally promised places on the reform committee to discuss the overhaul of the organisation. However, as it turned out, the sponsors were not included or invited to settled meetings and were instead only offered seats on an advisory board, which has not been formed yet. The sponsors' proposal of new core values and the demand for cultural change under the companies' direct supervision reveals a new level of engagement in FIFA's reform process.