



Adidas Terminates Kanye West Partnership; GAP Removes Yeezy Shoes From Stores

Description

Earlier today, Adidas terminated its partnership with Kanye West, who now goes by Ye, after antisemitic comments. Hours later, GAP Inc. announced removing Ye's Yeezy products from its physical and online stores.

In September, Gap announced ending its Yeezy Gap partnership. Our former partner's recent remarks and behavior further underscore why. We are taking immediate steps to remove Yeezy Gap product from our stores and we have shut down YeezyGap.com.

Antisemitism, racism and hate in any form are inexcusable and not tolerated in accordance with our values. On behalf of our customers, employees and shareholders, we are partnering with organizations that combat hate and discrimination. —[GAP statement](#)

Corporate America's canceling of Ye grows by the day.

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Update (0805ET):

After much speculation via a Bloomberg report earlier, Adidas announced via a press release that its partnership with Kanye West, who now goes by Ye, has been "terminated immediately" following antisemitic speech on social media. The German sportswear company expects to take a 250 million euro hit as it will "end production of Yeezy branded products and stop all payments to Ye and his companies."



Here's Adidas' full statement:

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.

This is expected to have a short-term negative impact of up to €250 million on the company's net income in 2022 given the high seasonality of the fourth quarter.

adidas is the sole owner of all design rights to existing products as well as previous and new colorways under the partnership. More information will be given as part of the company's upcoming Q3 earnings announcement on November 9, 2022.

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People familiar with the matter told Bloomberg that Adidas could announce plans to end its partnership with the US rapper and designer as early as Tuesday after a rash of offensive behavior.

Adidas would join a series of other companies that have severed ties with Kanye West, who now goes by Ye, including JPMorgan, the fashion magazine Vogue, luxury fashion brand Balenciaga, talent agency CAA, and studio MRC.

Several Wall Street analysts estimate that Ye's brand accounts for at least 8% of Adidas's total sales. Shares of the German sportswear company were down nearly 4% Tuesday morning — trading at

levels not seen since early 2016.



Earlier this month, Adidas said it was reevaluating its partnership with Ye after he showed a “White Lives Matter” T-shirt design at Paris Fashion Week.

Then Ye was recently locked out of his Instagram and Twitter accounts over what appeared to be antisemitic posts, which the social media companies said violated their terms of service. And frustrated, Ye then announced his plans to acquire the conservative social media platform Parler.

A spokesperson for Adidas recently told [BBC](#) News that Ye’s “partnership is one of the most successful collaborations in our industry’s history.”



Meanwhile, Morgan Stanley slashed Adidas to underweight. Analyst Edouard Aubin wrote in a note that the clothing industry is experiencing elevated inventories as sales languish, and there could be

even more headwinds ahead with a lackluster recovery in China.

“The thing about me and Adidas is I can literally say antisemitic shit and they can’t drop me. I can say antisemitic things and Adidas can’t drop me. Now what?” Ye recently said on the Drink Champs podcast.

Ye attempted to secure a 20% royalty on all shoes he designed in the Yeezy lineup, though he received 15%. The clothing line represents about 8% of total sales for Adidas or about \$1.7 billion in 2021 sales.

But this might not be the end of the footwear line. Adidas views the Yeezy line as its own intellectual property rights to the products and could continue producing the models, another person said.

by Tyler Durden

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