

adidas



THE ATHLETES' TRUST



WELCOME

adidas ORIGINALS

WHAT DOES ADIDAS STAND FOR?

The name adidas comes from its founder's name, Adolf, and its abbreviation, "Adi."

Adidas is one of the most famous German clothing brands that manufactures and sells sportswear, founded by Adolf "Adi" Dassler in Herzogenaurach, Germany, in 1949.

WHAT IS ADIDAS?

Adidas AG, the adidas group, is one of the largest manufacturers of sports shoes and clothing in Europe and the second-biggest in the world after the main competitor Nike. Adidas produces and sells sports clothing, sneakers, running shoes, bags, accessories like watches and sunglasses, and so on through its e-com shop, over a thousand retail stores, and several franchises. The brand is headquartered in Herzogenaurach, Germany.

ADIDAS REVENUE

\$22,51 billion (2022)





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ABOUT US

- We started in a wash room and conquered the world. And in between, we've scored big and sometimes struggled to reach our goals. We've done our best for the best. We've improved and grown. Looking ahead to the future, always remembering where we came from. This is our story.

• THE EARLY YEARS

Every great story has a beginning. This one started in a small town in Bavaria, Germany. After starting out in his mother's wash kitchen, Adi Dassler registered the 'Gebrüder Dassler Schuhfabrik' in 1924 and embarked on his mission to provide athletes with the best possible equipment. Gold medals in Amsterdam (1928, Lina Radke) and Berlin were first rewards and milestones – and only the start of our story.

AN INNOVATIVE LEADER

- Herbert Hainer becomes the new CEO of adidas-Salomon AG, and with him, the company's focus went even more to innovation. ClimaCool (2002), adizero (2004), and the F50 football boot, which launched just in time for the 2006 FIFA World Cup™ in Germany, became market hits – as did the new CEO. Herbert Hainer will lead the company from one record to the next.

ENDLESS INNOVATION

- Running has changed forever. Big words. History will tell us if it is true. adidas introduces the Energy Boost running shoe which features a completely new cushioning material. Created in cooperation with the German chemical company BASF, the material combines former contradictory benefits of soft and responsive cushioning for a running experience unlike any other.

FOCUS ON KEY COMPETENCIES

- With the divestiture of its hockey brand CCM and its golf brands TaylorMade, Adams Golf, and Ashworth the company further contributed to its strategy Creating the New and focused on its core competencies in footwear and apparel and its major brands adidas and Reebok
- In 2023, adidas welcomes Bjørn Gulden its new CEO and member of the Executive Board. As a former professional football and handball player with almost 30 years of experience in the sporting goods and footwear industry, Bjørn brings with him a wealth of knowledge in sport and retail. Bjørn previously worked as Senior Vice President of Apparel and Accessories from 1992 to 1999 and returns to the 3-Stripes to take the company into a new era.



2015



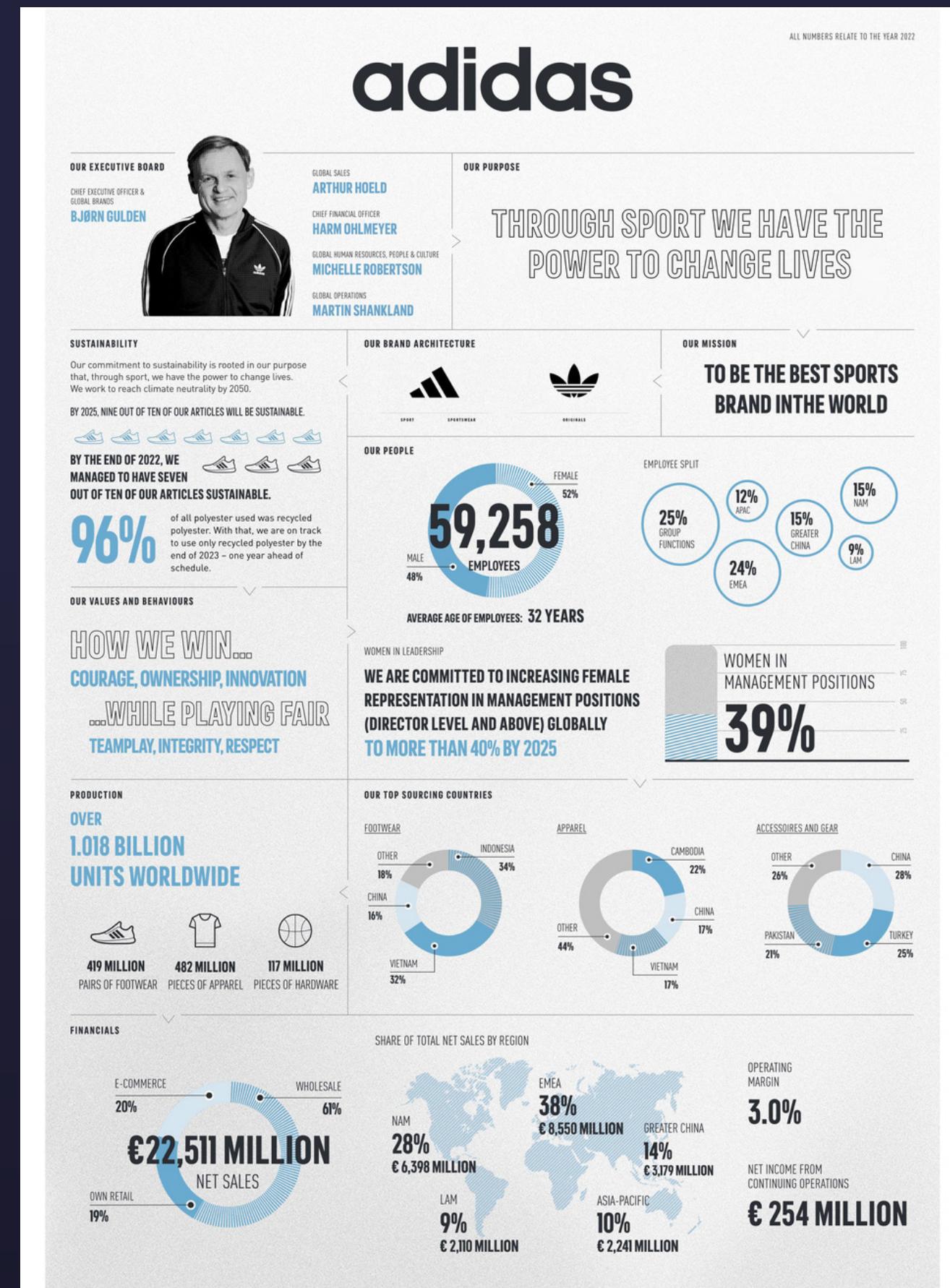
CREATING THE NEW

In March 2015, the next five-year strategic business plan for the company is presented. 'Creating the New' is the strategy and attitude that leads adidas into the future. The company is working every day to inspire and enable people to harness the power of sport in their lives. The strategy translates that competence in sports into streetwear and fashion because sport is an attitude and a lifestyle. Everything the company does is rooted in sports. As the brown shoe category was not core to this strategy, 2015 saw the divestiture of the Rockport brand. This allowed the company to reduce complexity and focus on the adidas and Reebok brands. These brands connect with consumers; therefore, their success defines the success of the business. With Creating the New, brands are closer to consumers than ever before. To achieve this, the plan is focused on three strategic choices:

- Speed: Become the first true fast sports company – fast in satisfying consumer needs, fast in internal decision-making.
- Cities: Six key cities in which to grow share of mind, share of market and share of trend are identified: New York, Los Angeles, Shanghai, Tokyo, London, and Paris.
- Open Source: Be the first sports company that invites athletes, consumers, and partners to be part of the brands.

ABOUT PROFILE

- Everything we do is rooted in sport. Sport plays an increasingly important role in more and more people's lives, on and off the field of play. It is central to every culture and society, and is core to our health and happiness.
- Key to our success are our people and our culture. They bring our identity to life, defined by our purpose and mission.
- Our purpose, 'Through sport, we have the power to change lives,' guides the way we run our company, how we work with our partners, how we create our products, and how we engage with our consumers. We will always strive to expand the boundaries of human possibility, to include and unite people in sport, and to create a more sustainable world.
- Athletes do not settle for average. And neither do we. We have a clear mission: To be the best sports brand in the world. Every day, we come to work to create and sell the best sports products in the world, and to offer the best service and consumer experience – and to do it all in a sustainable way. We are the best when we are the credible, inclusive, and sustainable leader in our industry.



ADIDAS' MARKETING STRATEGY

- The mood board we try to create whether in the packaging or marketing campaign.

- **Adidas Brand Target Market**

For its marketing strategy, Adidas' target audience includes athletes and youth between the age group of 20 to 30. Another target audience of the Adidas brand is 13 to 18-year-old athletes as they believe the youth are the future generation of prominent athletes.

- Product - Adidas' product lines include a range of t-shirts, hoodies, shorts, sporting equipment, etc apart from shoes. Their apparel includes sweaters, shorts, tracksuits, jackets, swimsuits, sports bras, hoodies, and other items.
- Pricing - Adidas, even though has premium pricing, indeed keeps in mind its major competition across Puma, Nike, and other upcoming startups to price its products. It also follows the skimming pricing strategy, where newly launched products are kept at premium prices, and their value drops as they get out of fashion.
- Promotion - The Adidas brand spends a ton of money on traditional advertising methods. This includes billboards, TV, newspapers, magazines, etc. To compete with Nike, one of its strategic growth areas is to leverage digital marketing with social media, influencer marketing, and paid ad spending.
- Distribution Strategy -Adidas, with its high speed manufacturing prowess and production process, has more than 500 independent factories across 55 countries. All its products are available in its own retail stores in malls, independent showrooms, other mega marts like Walmart, online stores like Amazon/Mynta, and its own eCommerce store for direct purchases.
- Strategic Cities - Adidas makes its presence strong in certain cities of strategic importance and that are culturally influential. This includes prominent names like Paris, Tokyo, London, Shanghai, Los Angeles, and New York.

MARKETING MIX OF ADIDAS

Marketing Mix refers to the foundation model of any business which is centred around mainly the 7Ps which are product, price, promotion, place & distribution, people, process and physical evidence. Companies lay out strategies and marketing techniques around these to reach out to their target audience to achieve their marketing objectives.

Let us understand the following 7 Ps of Adidas-

1. Product Strategy of Adidas - Adidas deals in various product lines including footwear, apparel, accessories, football kit, golf equipment, etc. The range of Adidas products is also divided according to different sport games for which Adidas provides kits and equipment. Some of the sports games where the company majors in supplying the team kits globally are: Association football, Baseball, Basketball, Cricket, Gymnastics, Ice hockey, Lacrosse, Running, Skateboarding, Tennis, Kabaddi, and Golf.

2. Price strategy of Adidas

Adidas includes Skimming Pricing and Competitive pricing in its marketing mix. Competitive prices are used for its mill products to compete with brands like Nike and Puma and skimming prices are used for the newly introduced products in the market.

3. Place & Distribution Strategy of Adidas

Adidas has its production houses in around 55 countries and has 800 factories pinned across different continents. The major source through which its products are sold is Retail Stores i.e., Adidas outlets. It has more than 2800 retail outlets globally.

The place and distribution strategy focuses on making its products available in a variety of convenient locations. The company's distribution



4. Promotion Strategy of Adidas

It is a well-known fact that the TV ads of Adidas are Adrenaline pumping. Knowing that Adidas' strength is derived from sports, their ads are robust and passionate. The major source of promotion for Adidas is marketing through television.

Another major promotion method of Adidas is product placement. Product placement means where references to brands are made by featuring them in other works like movies and television programs. The popularity of Adidas is also because of all its tie-ups with sports icons such as Lionel Messi and Ronaldo.

5. People Strategy of Adidas

Adidas's people strategy focuses on attracting, developing, and retaining some of the best talent in the industry. The company strongly believes its people to be one of the most important, as a result, they invest heavily in its people development programs.

6. Process Strategy of Adidas

The process strategy of Adidas focuses on improving efficiencies by streamlining its operations.

7. Physical Evidence Strategy of Adidas

Adidas uses this strategy to generate a memorable experience for its customers. Adidas's physical evidence strategy includes its retail stores, website, and marketing materials. The retail stores of Adidas are designed to create a clean, modern, and inviting vibe. This design involves the use of bright lighting, open spaces as well as eye-catching displays. The website is designed to facilitate easy navigation about the wide range of products, and the company's history, culture, and its sustainability initiatives.

PRODUCTS

Stories, styles and sportswear at adidas, since 1949

Sport keeps us fit. Keeps us mindful. Brings us together. Through sport we have the power to change lives. Whether it is through stories of inspiring athletes. Helping you to get up and get moving. Sportswear featuring the latest technologies, to up your performance. Beat your PB. adidas offers a home to the runner, the basketball player, the soccer kid, the fitness enthusiast. The weekend hiker that loves to escape the city. The yoga teacher that spreads the moves. The 3-Stripes are seen in the music scene. On stage, at festivals. Our sports clothing keeps you focused before that whistle blows. During the race. And at the finish lines. We're here to support creators. Improve their game. Their lives. And change the world.

adidas is about more than sportswear and workout clothes. We partner with the best in the industry to co-create. This way we offer our fans the sports apparel and style that match their athletic needs, while keeping sustainability in mind. We're here to support creators. Improve their game. Create change. And we think about the impact we have on our world.

Through our collections we blur the borders between high fashion and high performance. Like our adidas by Stella McCartney athletic clothing collection – designed to look the part inside and outside of the gym. Or some of our adidas Originals lifestyle pieces, that can be worn as sportswear too. Our lives are constantly changing. Becoming more and more versatile. And adidas designs with that in mind.

Apparel

- Adidas manufactures a range of clothing items, varying from men's and women's t-shirts, jackets, hoodies, pants and leggings
- Footwear
- Sportswear
- Association football
- Baseball
- Basketball
- Adidas Golf manufactures golf clothing, footwear, and accessories. Men's and women's equipment includes footwear, shirts, shorts, pants, outerwear (wind suits), base layer and eyewear.
- Accessories
- Ailette
- fashion-oriented apparel
- adidas face covers.
- Hats.
- Socks.
- Gloves.
- Bags & Backpacks.

All in all, the product lineup of Adidas is quite well-rounded, with superior choices in all the different categories. In clothing, Adidas offers sweatshirts, shorts, tracksuits, jackets, swimwear, sports bras, hoodies, and so on. Adidas also has sports accessories like bags, sunglasses, goggles, and even watches. Adidas has even ventured into perfumes and lotions, as well as sports equipment like balls.



ADIDAS BUSINESS MODULE

Adidas excels in the sportswear industry by offering innovative and high-performance products. With a focus on style, they combine fashion trends with sports functionality. Operating through a global supply chain and retail network, they generate revenue from product sales, licensing, and e-commerce. Their customer segments include athletes, active lifestyle consumers, and fashion-conscious individuals.

VALUE PROPOSITION:

- Innovative and Performance-oriented Products
- Brand Reputation and Authenticity
- Style and Fashion

Operational Model:

- Global Supply Chain
- Research and Development
- Retail Store Network

Revenue Model:

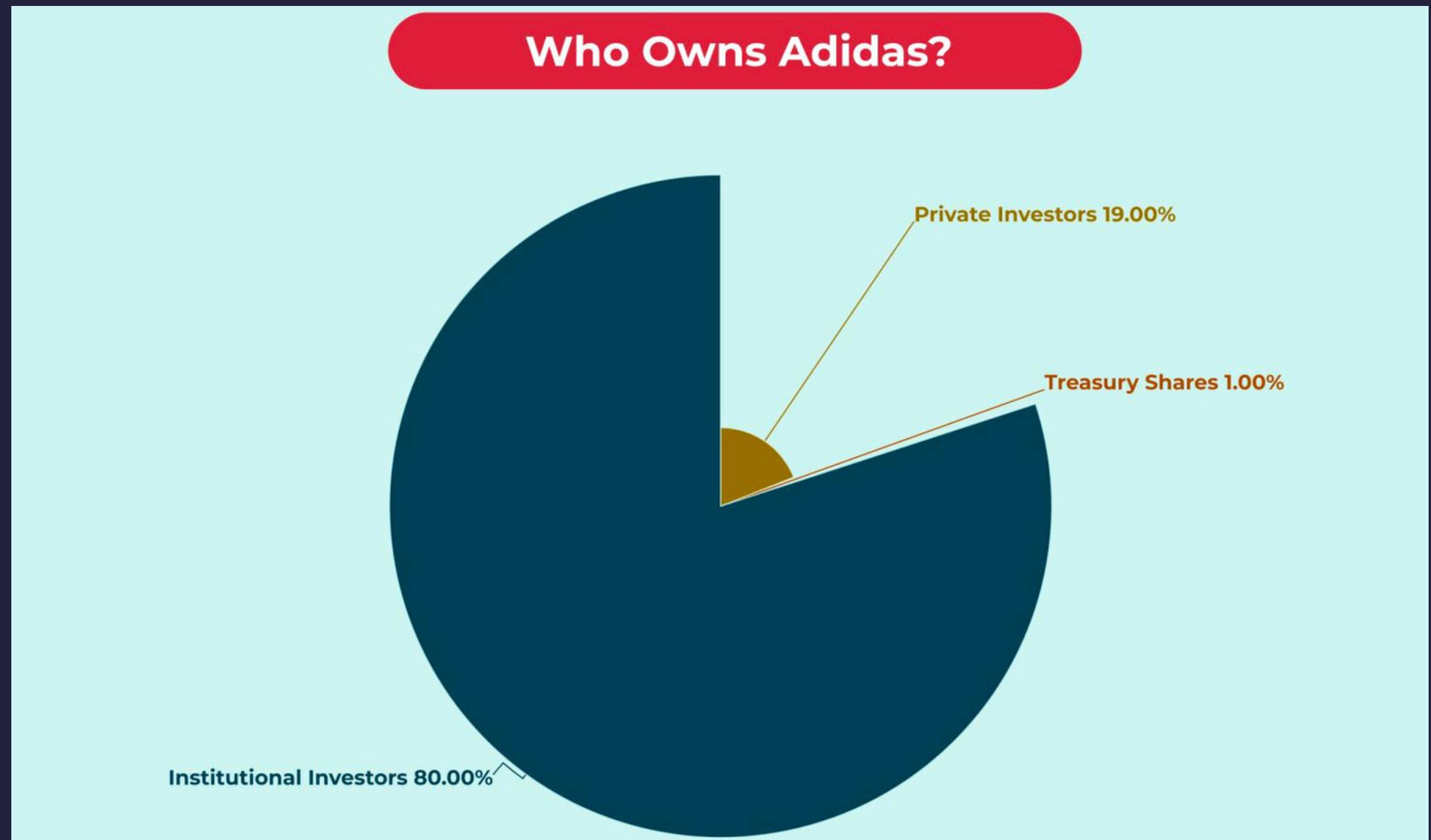
- Product Sales
- Licensing and Sponsorships
- E-commerce Sales

Customer Segments:

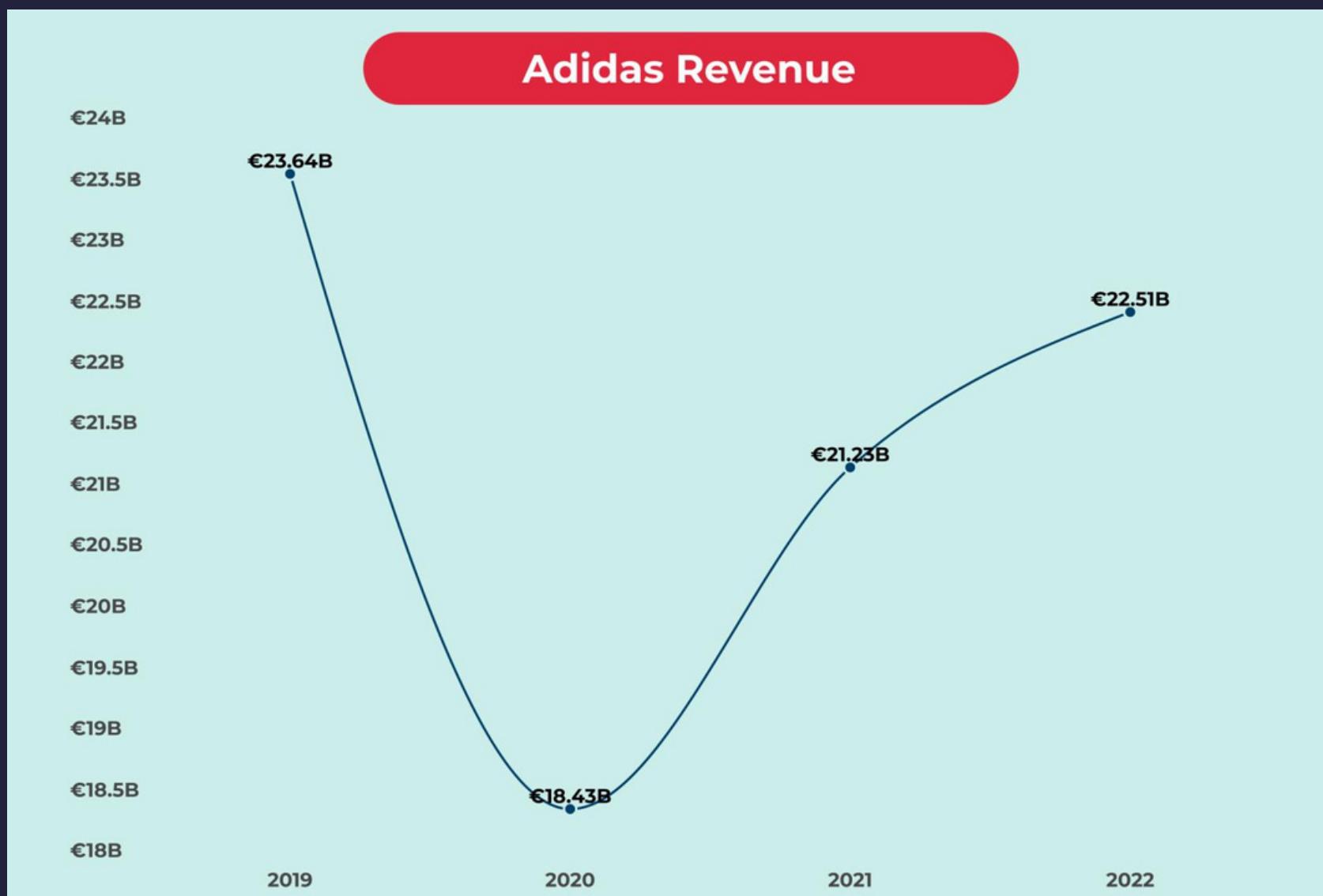
- Athletes and Sports Enthusiasts
- Active Lifestyle Consumers
- Fashion-conscious Consumers

Key Activities:

- Product Design and Development
- Marketing and Branding
- Supply Chain Management



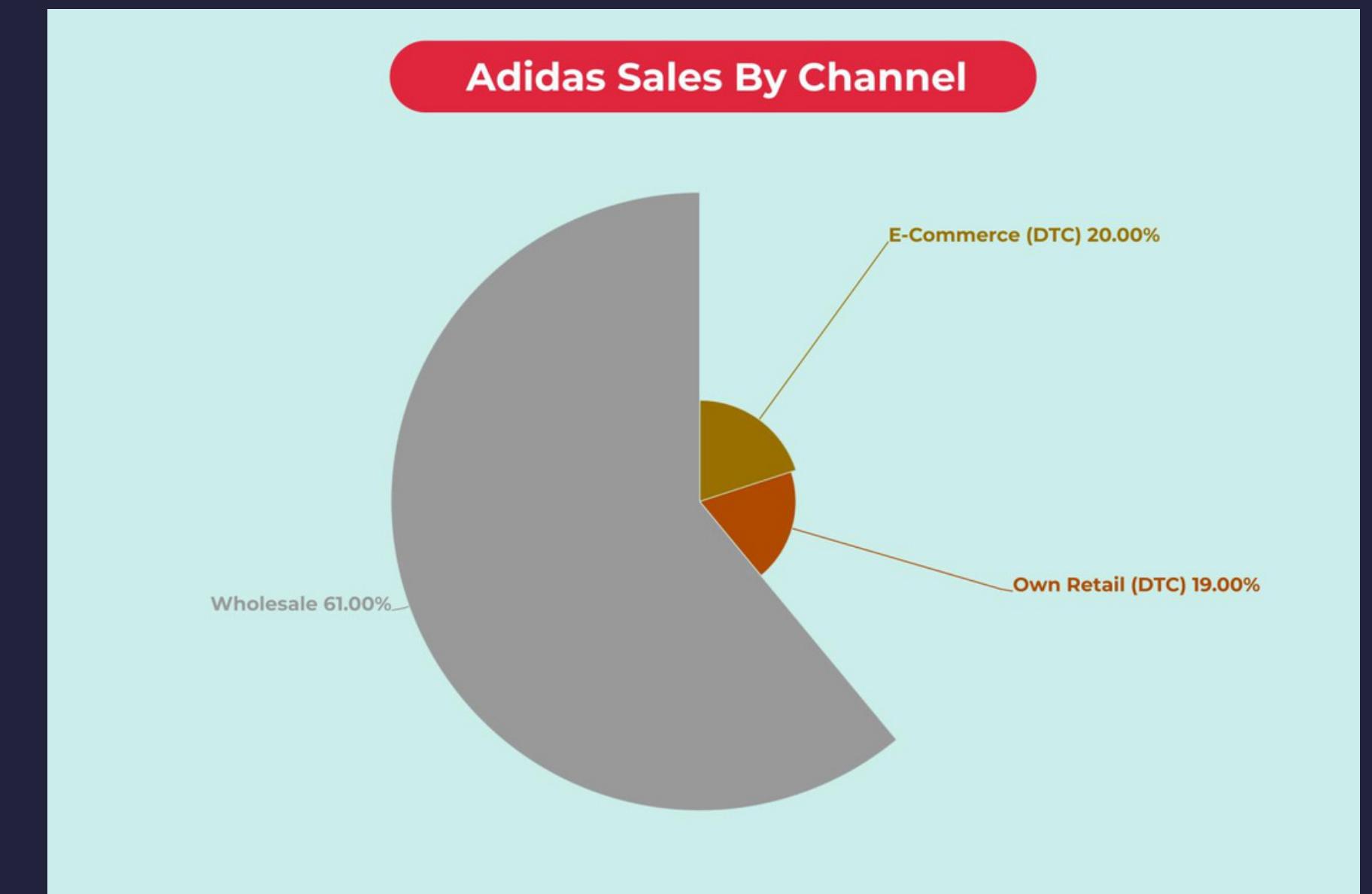
Adidas is a German multinational best known as a designer and manufacturer of sportswear and related accessories. It was founded in 1924 in the Bavarian town of Herzogenaurach, Germany, and did not take on the Adidas name until 1949. The new company, known today as Adidas AG, is the holding company for the Adidas Group and the sole owner of Adidas. Some of the company's largest shareholders include: Groupe Bruxelles Lambert SA (7.6%), Nassef Sawiris (3.3%), and Norges Bank Investment Management (2.8%).



Revenue in 2019 was \$23.64 billion. Revenue in 2020 decreased to \$18.43 billion. Revenue increased in 2021 to \$21.23 billion and further increased in 2022 to \$22.51 billion.

Net income in 2019 was \$1.97 billion. Net income in 2020 dropped to \$432 million. Net income in 2021 increased to \$2.11 billion but decreased in 2022 to \$612 million.

In 2019, Footwear, Apparel, and Accessories and Gear had revenues of \$13.52 billion, \$8.96 billion, and \$1.15 billion, respectively. In 2020, Footwear revenue decreased to \$10.13 billion, Apparel to \$7.31 billion, and Accessories and Gear to \$0.991 billion. Revenues in 2021 increased for Footwear (\$11.33 billion), Apparel (\$8.71 billion), and Accessories and Gear (\$1.19 billion). In 2022, Footwear revenue grew to \$12.4 billion, Apparel remained relatively stable at \$8.7 billion, and Accessories and Gear increased to \$1.49 billion. Between 2019 and 2022, Footwear consistently generated the most revenue, followed by Apparel and then Accessories and Gear.



In 2022, E-Commerce (Direct-to-Consumer) contributed to 20% of total revenue. Own Retail (Direct-to-Consumer) accounted for 19% of total revenue in 2022. Wholesale made up the majority of revenue in 2022, at 61%.

ADIDAS' TARGET MARKET

The Adidas target market is highly active, and includes athletes, as well as non athletes who are enthusiastic about sport. Adidas buyers tend to be between the ages of 14 to 40, though the brand offers clothing and footwear lines for infants and children too.

- Adidas Target Market Segmentation
- Adidas Demographic Segmentation
- Adidas Geographic Segmentation
- Adidas Behavioral Segmentation
- Adidas Psychographic Segmentation

Adidas marketing has always placed a strong emphasis on technology and innovation. In 1984, Adidas added the Micropacer to its sneaker, the first tracking device to provide performance data for athletes. This approach continues till today, with the development of Futurecraft 4D STRUNG. Futurecraft 4D is an innovative technology that uses athlete data, 3D printing and robotics to create the optimal personalized shoe to enhance the individual's sports performance.

Adidas is also renowned for its open source approach, collaborating with innovators to push the boundaries of athletic performance, and advance its brand image at the same time. In 2019 for example, Adidas partnered with the US National Lab of the International Space Station to explore the performance of materials in microgravity, even sending soccer balls to space to test their behavior in weightless conditions.

The innovation extends beyond R&D and product excellence to the in-store customer experience. Adidas' flagship stores, strategically located in influential urban centers, are fitted with state-of-the-art tech, including interactive fitting rooms.

The Run Genie app was developed as an in-store data-driven sales tool to help sales reps find the perfect shoe for each customer's unique foot shape and training needs. At the same time, Adidas' e-commerce business is massively expanding. **Sales on the adidas.com website have doubled since 2020, reaching nearly \$3.1 billion in 2022. Most sales occur in the US.**

Digital marketing is a significant part of Adidas marketing strategy, **with 90% of the marketing budget spent on digital and social campaigns.** For example, the adiClub loyalty app enables US customers to accrue points, which can be redeemed for a range of rewards and offers. It also offers free shipping on online purchase, and members only access to exclusive products and new releases.

ADIDAS IS A GLOBAL BRAND THAT OFFERS A WIDE RANGE OF PRODUCTS

- Footwear: Adidas is primarily known for its shoes, which include athletic, casual, and lifestyle footwear for men, women, and kids.
- Apparel: Adidas also offers a variety of apparel, including activewear, sports jerseys, t-shirts, pants, shorts, jackets, and accessories.
- Accessories: Adidas offers a wide range of accessories, including bags, backpacks, hats, socks, sunglasses, and watches.
- Sports equipment: Adidas produces a range of sports equipment, such as soccer balls, basketballs, volleyballs, tennis rackets, and golf clubs.
- Fragrances: Adidas also produces a range of fragrances for men and women.
- Eyewear: Adidas offers a range of eyewear products, including prescription glasses and sunglasses.
- Fitness and training products: Adidas offers a range of fitness and training products, such as resistance bands, yoga mats, and jump ropes.
- Overall, Adidas aims to provide high-quality and innovative products that help people perform at their best, whether they're playing sports, working out, or just living an active lifestyle.

ADIDAS COMPETITORS

NIKE

Do you know which brand is the world's leaning footwear and clothing brand? Your answer should be none other than Nike. It is the most trusted brand looking for inspiration and invocation in the life of every person who has a body.

PUMA

PUMA is worth mentioning and one of the strong Adidas competitors. The reason is that once Puma and Adidas were operated under the brand name of *Gebrüder Dassler Schuhfabrik* by Rudolf and Adolf.

Under Armour

The third in the competitor list is Under Armour. Another successful brand in the category of sports, footwear and casual apparel founded in 1996. The company shows great commitment and become leader in the apparel and footwear industry.

New Balance

New Balance is an American multinational brand that maintained its manufacturing presence in the United States and United Kingdom. This company products are more expensive than its competitors like Adidas, Nike and Under Armour.

FILA

Fila is a Korean based sport company that manufactures and distributes both sports and leisure footwear and apparel. Fila is a good choice for middle class people who are the major population of any society.

Hanesbrands

Hanesbrands is an American apparel brand that designs, manufacture and sells different type of apparels to men, women and youth. There are four basic segments of the company Innerwear, activewear, direct to consumer and international.

ADIDAS SWOT ANALYSIS

Before we dive deep into the SWOT analysis, let's get the business overview of Adidas. Adidas is a global sports apparel and footwear company founded in Herzogenaurach, Germany, in 1949 by Adolf "Adi" Dassler.

Adidas is one of the world's leading sports brands, offering a wide range of products, including shoes, clothing, and accessories for various sports and activities such as running, soccer, basketball, golf, and training.

Adidas operates under a multi-brand strategy, with several brands in its portfolio:

- Adidas: The core brand is known for its performance and sports-inspired products.
-
- Adidas Golf: This brand focuses on golf apparel, footwear, and accessories.
-
- Runtastic: A mobile fitness company acquired in 2015, offering fitness tracking apps and services.

Adidas operates through a global network, selling its products in more than 160 countries. The company has a combination of owned-retail stores, e-commerce platforms, and third-party retail partnerships, providing a solid distribution network to reach its customers. Adidas has also built a strong presence on social media and collaborates with various celebrities and sports icons to promote its products.

HERE'S A SWOT ANALYSIS FOR ADIDAS:

A SWOT analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats of a business, project, or individual. It involves identifying the internal and external factors that can affect a venture's success or failure and analyzing them to develop a strategic plan. In this article, we do a SWOT Analysis of Adidas.

By the way, here is a course that will help you stand out in the world of strategy. The Strategic Thinking program for CxO by Cambridge Judge Business School maps your competitive advantage and teaches advanced techniques to formulate, evaluate, and execute winning strategies. Generate winning strategies and learn how to renew them in times of crisis for a competitive advantage.

SWOT Analysis: Meaning, Importance, and Examples

Strengths

Strong brand recognition: Adidas is one of the most recognizable brands in the world, with its iconic three-stripe logo and numerous product lines. This strong brand recognition helps attract and retain customers.

- Diverse product portfolio: Adidas offers a wide range of products catering to various sports, activities, and lifestyle segments. This diversity allows the company to serve a broader market and reduce dependence on a single product category.
- Strategic partnerships and endorsements: Adidas has established partnerships with major sports teams, athletes, and celebrities, which helps enhance brand visibility and credibility. These collaborations also enable the company to create innovative and fashionable products, appealing to both sports enthusiasts and style-conscious consumers.
- Innovation and technology: Adidas continually invests in research and development to create innovative products utilizing cutting-edge materials and technologies. This focus on innovation helps the company maintain a competitive edge and cater to evolving consumer preferences.
- Global presence and distribution network: Adidas has a strong global presence, selling its products in more than 160 countries through a combination of owned-retail stores, e-commerce platforms, and third-party retail partnerships. This expansive distribution network allows the company to reach a broad customer base.
- Digital transformation: Adidas has successfully adapted to the growing digital landscape by investing in e-commerce, digital marketing, and data-driven decision-making. This digital focus helps the company stay relevant and maintain strong customer engagement.
- Sustainability and social responsibility: Adidas is committed to sustainability and social responsibility, implementing initiatives to reduce its environmental impact, promote fair labor practices, and support local communities. These efforts help build consumer trust and enhance the company's reputation.
- Financial performance: Adidas has demonstrated consistent financial performance, with growing revenues and profitability. This financial stability allows the company to invest in growth initiatives and weather market challenges.



THANK YOU