

Seneca

FINAL YEAR PROJECT

BUSINESS WARS: NIKE vs ADDIDAS

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ANALYTICS CASE STUDIES BAN120

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Executive Summary

The podcase of Nike vs. Adidas comprehensively analyzes the intense rivalry between these two well-known brands in the worldwide sneaker market. It illustrates how brand positioning and strategic innovation can significantly change industry environments. Adidas's bold approach to subvert Nike's established dominance is crucial to this case. Adidas's meagre 5% market share in the United States was initially significantly outperformed by Nike's substantial share. However, a significant turning point was reached when Adidas and Kanye West released Yeezy Boosts. Due to the considerable buzz created by this limited-edition strategy, Adidas's brand recognition and desirability increased.

This action demonstrated Adidas's creative strategy and increased rivalry, jeopardizing Nike's market share. The case makes several recommendations for both brands, such as using limited edition releases to generate buzz, forming strategic alliances with cultural icons to strengthen brand appeal, and continuously adjusting to shifting consumer preferences and market trends. It also highlights how vital diversification is to appeal to a broader range of customers. The suggested action plan asks for regular market analysis, consumer engagement across multiple platforms to create a devoted community, and ongoing innovation and collaboration in product design and marketing tactics to stay ahead of emerging trends.

Overall, this case highlights how competitive and dynamic the sneaker market is and how important it is for brands to establish their market position through strategic innovation, efficient marketing, and responsiveness to consumer trends.

Applying the PACADI framework to analyze the Nike vs. Adidas case.

Statement of Issue:

The intense rivalry in the sneaker market is at the heart of the Nike v. Adidas case, which focuses on Adidas's tactics to subvert Nike's dominant market position.

IDENTIFICATION OF PROBLEM(S)

The main issues facing Adidas are the significant market share difference between them and Nike in the US sneaker market and the difficulty of redefining and reinventing their brand to appeal to consumers outside the typical athletic wear market. Considering Nike's dominance, Adidas must increase its market share and redefine its brand perception as part of its strategy.

DECISION CRITERIA

Each alternative's efficacy can be assessed based on factors like market impact, brand perception, financial viability, and sustainability. The ideal approach should be financially viable, support long-term ethical and environmental objectives, and positively impact Adidas's market share and brand image.

ANALYSIS

Even though they can increase brand awareness in the short term, enhanced marketing and brand alliances may place an undue reliance on the power of celebrities and fail to maintain long-term growth. Product diversification is a strategy to adapt to changing consumer preferences, but it is expensive. Although it may take time to affect market share, focusing on sustainability aligns with current consumer trends. Although it entails significant costs and risks, technological innovation may provide a competitive advantage. Though it offers a broad market reach, growing one's digital and worldwide presence is highly competitive.

ALTERNATIVES

Several approaches are offered as substitutes. To attract environmentally conscious consumers, these strategies include stepping up marketing efforts with high-profile partnerships such as the Yeezy Boosts partnership with Kanye West, diversifying product lines to include more fashion-forward and lifestyle-oriented sneakers, investing in

technological innovation for performance enhancement, and growing digital and global presence to reach new markets.

DECISION(S)/ RECOMMENDATIONS

A well-rounded strategy would combine long-term goals of product diversification, technological innovation, and digital expansion with immediate brand visibility through partnerships and improved marketing. With the help of this multifaceted approach, Adidas could increase its market share right away and set the stage for long-term expansion and rivalry with Nike.

IMPLEMENTATION

Adidas should consider starting new collaborations with high-profile partners, building on the success of the Yeezy line. They should also create a plan for introducing lifestyle and fashion-oriented products. At the same time, investing in research and development for innovative materials and designs that align with sustainability is crucial. Improving digital marketing strategies and e-commerce platforms, focusing on global expansion, would also be essential for successful implementation.

In conclusion, analyzing the Nike vs. Adidas case using the PACADI framework highlights how difficult it is for Adidas to compete with Nike. Adidas is better off combining short-term, impactful strategies with long-term, sustainable growth initiatives to boost market share and improve brand perception in the competitive sneaker market.

Applying Porter's Five Forces framework to the analysis of the Nike vs. Adidas case:

Industry Rivalry: Nike is the dominant company in the highly competitive sneaker market. Adidas held a 5% market share in the United States in 2015, while Nike and its subsidiary Air Jordan held roughly 60% of the

market. Competitive dynamics in this industry are exemplified by this intense rivalry and Adidas's strategic moves, like the introduction of Yeezy Boosts.

Threat of New Entrants: Even though the sneaker market is very profitable, there are many obstacles to getting started, such as economies of scale, marketing expertise, and brand loyalty. But Adidas's ability to break into the market and succeed, particularly with a product as disruptive as the Yeezy Boosts, indicates that well-funded and creative newcomers can still have an impact.

Bargaining Power of Suppliers: Given their size and prominence as global brands, Nike and Adidas probably have a lot of influence over their suppliers. Maintaining product quality and guaranteeing timely production depends on this control. However, the importance of ethical and sustainable material sourcing is growing, which could give suppliers who can meet these requirements more clout.

Bargaining Power of Buyers: Because there are many options, consumers in the sneaker market have much power. Adidas demonstrated its ability to leverage consumer power by employing a limited-release strategy for the Yeezy Boosts to generate demand and exclusivity while satisfying consumers' need for one-of-a-kind and exclusive merchandise.

Threat of Substitute Products: Replacements pose a moderate to high threat in the sneaker market. Although strong brand loyalty exists for specific brands, such as Nike and Adidas, many other footwear options are on the market. This element pushes businesses to consistently innovate and set themselves apart from the competition to retain market share and consumer interest.

The Nike vs. Adidas case highlights a highly competitive sector where winning market share depends on a company's capacity for innovation and customer insight. Adidas has demonstrated how to use these forces to its advantage to take on industry leaders like Nike. Its strategic moves best show this, especially with the Yeezy Boosts.

Conclusion

In conclusion, the Nike vs. Adidas case study illustrates a compelling narrative of competition and strategic maneuvering in the global sneaker market. Adidas's successful challenge to Nike's dominance, particularly highlighted by the impactful launch of the Yeezy Boosts in collaboration with Kanye West, demonstrates the effectiveness of innovative branding, strategic partnerships, and responsiveness to market trends. The case underscores the importance of a multifaceted approach in a competitive industry, combining immediate, high-impact strategies with long-term goals such as product diversification, technological innovation, and digital expansion. This approach helped Adidas increase its market share and appeal and set a precedent for how brands can effectively compete in dynamic market environments. The analysis using frameworks like PACADI and Porter's Five Forces reveals the complex interplay of market forces and the need for brands to continuously adapt and innovate to maintain relevance and competitiveness in the ever-evolving sneaker industry.

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