

# **Technical Report: Adidas U.S. Performance Analysis (2021-2022)**

**Author:** Saliu Victor **Date:** November 1, 2025

## **1. Outline**

This report follows a structured format to provide a comprehensive overview of the analysis. The key sections include:

- Introduction
- Story of Data
- Data Splitting and Preprocessing
- Pre-Analysis
- In-Analysis
- Post-Analysis and Insights
- Data Visualizations & Charts
- Recommendations and Observations
- Conclusion
- References & Appendices

## 2. Introduction

This section introduces the project, establishing its context and goals.

- **Objective of the Project:** The primary aim was to analyze Adidas's sales and profit performance in the United States from 2021 to 2022. The analysis aimed to identify key trends, top-performing segments, and drivers of profitability.
- **Problem Being Addressed:** The analysis aims to answer critical business questions: Which regions and states are most valuable? Which sales channels (In-store, Online, Outlet) are most profitable? Which retail partners drive the most profit? And which product types are the biggest sellers?
- **Key Datasets and Methodologies:** The analysis was conducted on an internal Adidas sales dataset spanning 2021-2022. The primary methodology involved data aggregation, segmentation, and visualization using Microsoft Excel, specifically Pivot Tables and interactive Dashboarding.

## 3. Story of Data

This section details the data used for the analysis.

- **Data Source:** The data was sourced from an internal company sales database, representing transactional records.
- **Data Collection Process:** Data was assumed to be collected automatically through point-of-sale (POS) systems, e-commerce platforms, and partner sales reports.

- **Data Structure:** The data is transactional, with each row representing a sale. Key columns (variables) used for this analysis include: Invoice Date, Total Sales, Total Profit, Marging, Units Sold, Retailer, Sales Method, Region, State, and Product Type.
- **Data Limitations or Biases:** The analysis was limited to the U.S. market and the 2021-2022 timeframe. It did not include data on marketing expenses, operational costs, or customer demographics, which could affect deeper causal analysis.

#### 4. Data Splitting and Preprocessing

This section explains how the data was prepared for analysis.

- **Industry Context:** The data belongs to the Retail (Sportswear & Apparel) industry.
- **Stakeholders:** Key stakeholders for this report include the U.S. Head of Sales, Regional Managers, Marketing Department, and Partnership/Account Managers.
- **Value to the Industry:** The insights helped decision-makers optimize inventory, tailor regional marketing, and manage partner relationships to drive profitability.
- **Data Cleaning:** Steps were taken to ensure data quality, including checking for and removing duplicate entries and handling missing values (e.g., ensuring all sales had a "Sales Method" assigned).
- **Data Transformations:** A new "Month" column was extracted from the "Date" field to enable monthly trend analysis.

- **Data Splitting:** For the analysis, Total Sales, Total Profit, and Units Sold were treated as **dependent variables** (metrics). The categorical data—Region, State, Retailer, Sales Method, and Product Type—were used as **independent variables** for segmentation.

## 5. Pre-Analysis

This section covers preliminary observations before the deep-dive analysis.

- **Identify Key Trends:** An initial hypothesis was that sales would peak during the summer and end-of-year holiday seasons.
- **Potential Correlations:** A strong positive correlation was expected between Total Sales and Total Profit, as well as between Units Sold and Total Sales.
- **Initial Insights:** A quick review suggested that footwear would be a dominant category and that sales would be concentrated in populous states like New York and California.

## 6. In-Analysis

This section details the core analytical process.

- **Unconfirmed Insights (Hypotheses):**
  - We hypothesized that the **"In-store"** sales method would be the most profitable channel, potentially due to lower overheads for returns and shipping compared to "Online".

- We hypothesized that key accounts like Foot Locker would be among the top profit drivers.
- **Recommendations (Preliminary):** Based on the hypothesis that certain partners are more profitable, we suggested a preliminary action to review the account management strategy for top-tier vs. lower-tier retailers.
- **Analysis Techniques Used in Excel:** The core of the analysis was performed using Pivot Tables to aggregate the \$899.9M in sales and \$332.1M in profit across all dimensions. Slicers were used to filter the data by Year and Sales Method to create an interactive dashboard experience.

## 7. Post-Analysis and Insights

This section summarizes the final conclusions drawn from the analysis.

- **Key Findings:**
  - **Overall Performance:** The company generated **\$899.9M in Total Sales** and **\$332.1M in Total Profit** over the 2-year period.
  - **Geographic Sales:** The **West (\$269.9M)** and **Northeast (\$186.3M)** were the top two sales regions. **New York (\$64.2M)** is the #1 performing state.
  - **Geographic Profit:** Profitability mirrored sales, with the **West (27%)** and **Northeast (21%)** being the most profitable regions.
  - **Product Performance:** **Men's Street Footwear (\$208.8M)** was the single most dominant product category, generating significantly more sales than any other.

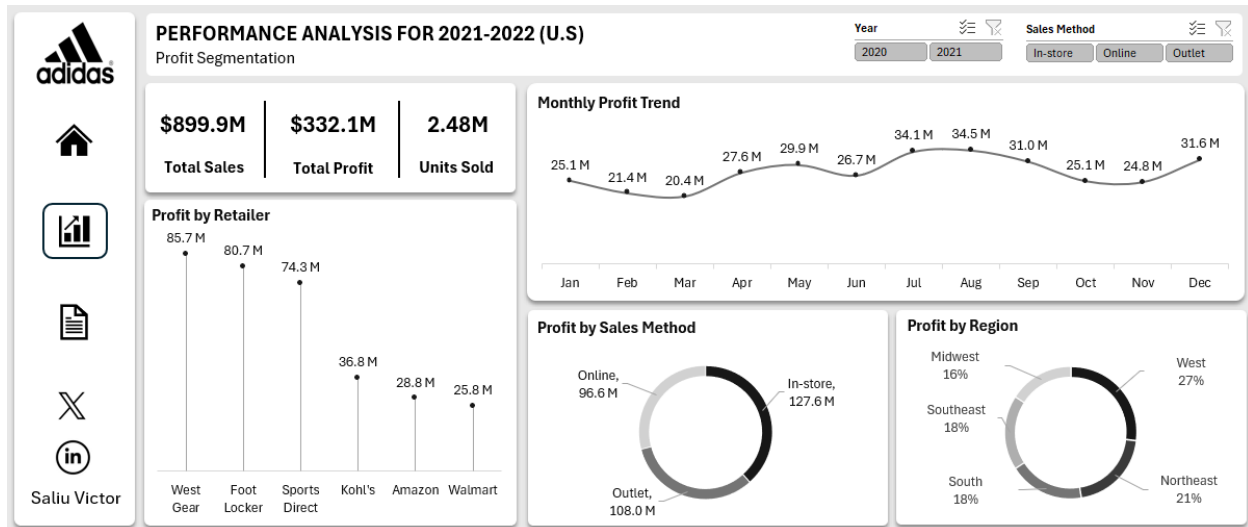
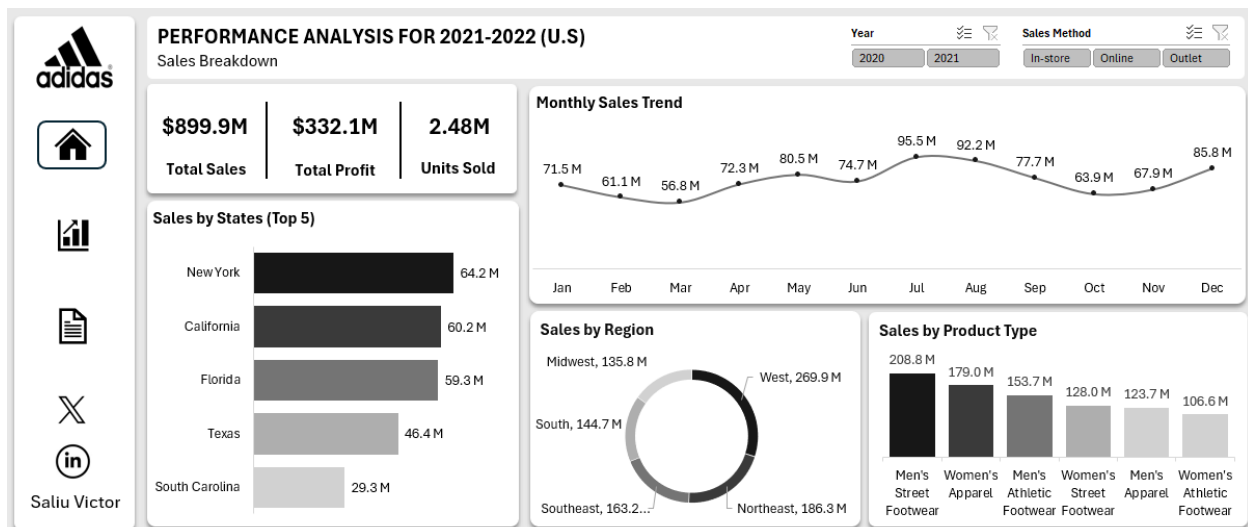
- **Partner Profitability:** West Gear (\$85.7M) and Foot Locker (\$80.7M) were the two most profitable retail partners, far exceeding others.
- **Channel Profitability:** In-store (\$127.6M) was the most profitable sales method, followed by Outlet (\$108.0M).
- **Comparison with Initial Findings:**
  - The hypothesis that "In-store" was most profitable was **validated**.
  - A **surprising result** was that the "Outlet" channel generated more profit (\$108.0M) than the "Online" channel (\$96.6M). This challenges the common assumption that e-commerce is always a high-margin channel.

## 8. Data Visualizations & Charts

Visuals were used to communicate complex insights effectively.

- **Charts and Graphs:** The analysis is presented via a two-page dynamic dashboard. Visuals include:
  - **KPI Cards:** For top-line metrics (Total Sales, Total Profit, Units Sold).
  - **Line Charts:** To show Monthly Sales and Profit Trends.
  - **Bar Charts:** For "Sales by States (Top 5)" and "Profit by Retailer."
  - **Donut Charts:** For "Sales by Region," "Profit by Region," "Profit by Sales Method," and "Sales by Product Type."

- Explanation of Visualizations:** The "Profit by Retailer" bar chart, for example, clearly visualizes the outsized importance of West Gear and Foot Locker; their profit bars are more than double the next closest partner, Sports Direct. The "Monthly Sales Trend" line chart effectively displays the two key sales peaks in **July** and **December**.



## 9. Recommendations and Observations

This section converts the analytical findings into actionable business recommendations.

- **Actionable Insights:**

1. **Partner Strategy: Strengthen strategic partnerships** with West Gear and Foot Locker. Consider joint marketing campaigns and ensure premium inventory allocation, as they are the primary profit drivers.
  2. **Channel Optimization: Investigate the Online channel's profitability.** The fact it trails Outlets in profit (despite high sales potential) suggests high costs (e.g., shipping, returns, digital marketing). This area needs optimization.
  3. **Product Focus: Double-down on Men's Street Footwear.** This category is the clear sales leader and should be a priority for marketing, and product development.
  4. **Regional Focus:** Allocate additional marketing and sales resources to the high-performing **West** and **Northeast** regions.
  5. **Retailer Partnerships:** Deepen collaboration with West Gear and Foot Locker; re-evaluate Amazon and Walmart to optimize profit margins.
  6. **Seasonal Operations:** Align marketing and product launches to capitalize on summer spikes; employ clearance campaigns during March and October troughs.
- **Unexpected Outcomes:** The most significant unexpected outcome is the **low profitability of the Online channel** relative to Outlets. This warrants a dedicated follow-up analysis.



## 10. Conclusion

This section wraps up the report, summarizing key findings and future implications.

- **Key Learnings:** The analysis successfully identified the key pillars of Adidas's U.S. performance: high-value partners (West Gear, Foot Locker), critical regions (West, Northeast), a dominant category (Men's Street Footwear), and the most profitable channel (In-store).
- **Limitations:** The analysis is limited by the dataset. Without cost-of-goods, marketing spend, or return-rate data, we cannot fully diagnose *why* the Online channel is underperforming in profitability.
- **Future Research:** Two key areas for future research are:
  1. A deep-dive profitability analysis of the Online channel.
  2. An analysis correlating regional marketing spend to sales performance to build a predictive model for resource allocation.

## 11. References & Appendices

This section provides supporting materials.

- **References:** Adidas U.S. Sales & Profit Dataset, 2021-2022 (Internal Company Database).
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