IEM

PRESENTATION

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adidas

Introduction

- Adidas is a German athletic apparel and footwear corporation headquartered in Herzogenaurach, Bavaria, Germany.
- It designs, manufactures and markets athletic and sports lifestyle products.
- It is the largest sportswear manufacturer in Europe, and the second largest in the world, after Nike.
- The company's business operations span the Americas, Europe, Asia-Pacific, Africa, and the Middle East and it operates in over 160 countries worldwide.
- It serves as the holding company for the Adidas Group, which additionally controls an 8.33% stake in Bayern München and the Austrian fitness technology company Runtastic.
- Adidas's revenue for 2023 was listed at €21.4 billion.

History

- **Founding Years (1920s-1940s)**: Adi Dassler registered the ‘Gebrüder Dassler Schuh Fabrik’ in 1924.

- **Post-World War II and Adidas Formation (1940s-1950s)**: In 1949, Adi Dassler registered the ‘Adi Dassler Adidas Sports chuh Fabrik’.

- **Rapid Growth and International Expansion (1960s-1970s):**

Introduced screw-in studs on lightweight football boots, tracksuits, and football for the FIFA World Cup.

Gained significant popularity among athletes and sports enthusiasts worldwide.

History

- **Olympic Sponsorship and Brand Recognition (1980s-1990s):** Sponsors the Olympic Games. The brand's iconic three-stripes logo became synonymous with quality, performance, and style.

- **Acquisitions and Diversification (2000s-Present):** Adidas embarked on a series of strategic acquisitions to diversify its product portfolio and strengthen its market position.

Notable acquisitions include the purchase of Reebok in 2005, TaylorMade Golf in 1997 (later sold in 2017), and Runtastic in 2015.

Subsidiaries

Adidas has more than 130 subsidiaries worldwide. Some of them are listed below:

- Adidas (South Africa) (Pty) Ltd
- Adidas (China) Ltd
- Adidas (Cyprus) Ltd
- Adidas (Ireland) Ltd
- Runtastic Gmbh (Austria)
- Reebok
- CCM Hockey
- Adidas Ag (Germany)
- Adidas Golf
- Adidas Argentina Sa

Market Performance FY2023

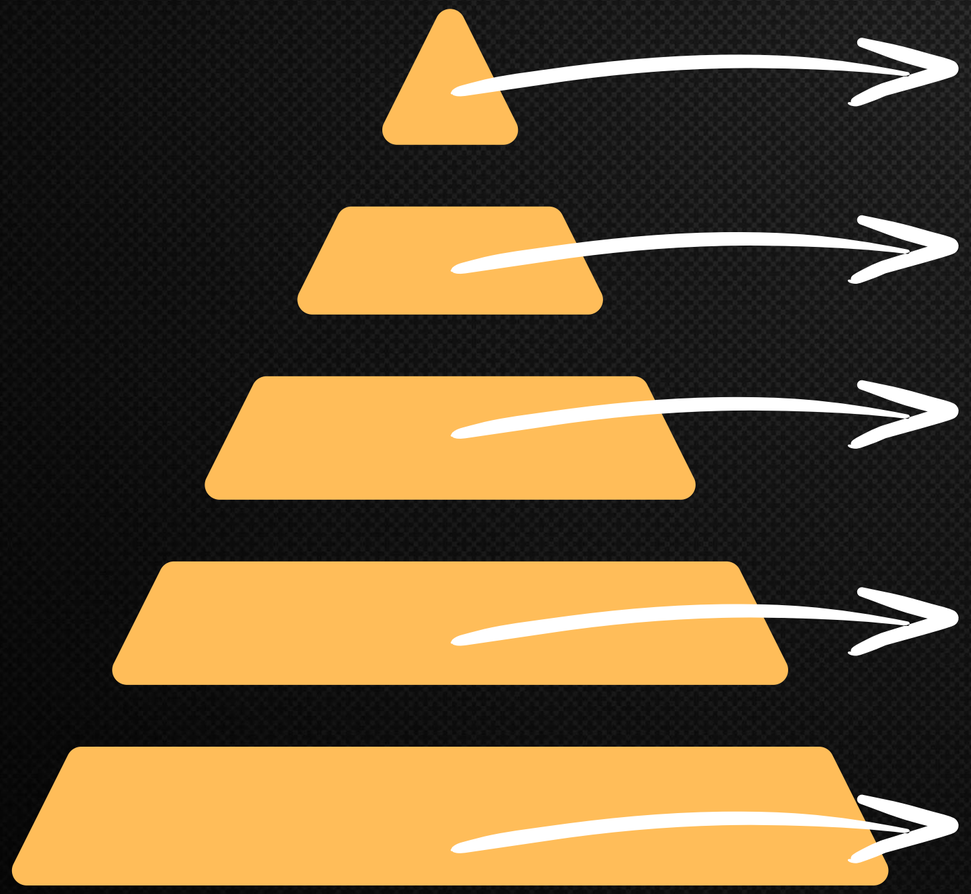
- Adidas made €21.4 billion in revenue in 2023, which was 5% less than the €22.5 billion revenue it made in 2022.

- The operating profit is €268 million for 2023 and was €699 million in 2022 which shows a 60% fall.

- the net income from continuing operations was €254 million.

- The company produced a total of 755 million Units.

Employees Hierarchy



Executive Leadership Team
(Top Management)

Senior Management

Middle Management

Supervisory or Team leaders

Frontline Employees

Structure

The Adidas company is segmented into three divisions:

- Adidas Sport Performance
- Adidas Sport Heritage
- Adidas Sport Style.

Among each segment, the business units may be divided based on product category:

- Footwear Division
- Apparel Division
- Accessories Division

Structure

The business units also include those made based on the functions being performed:

- Marketing and Brand Management Division
- Supply Chain and Operations Division.
- Finance and Accounting Division
- Human Resources Division
- Research and Development (R&D) Division
- Legal and Compliance Division

These divisions work together to support Adidas' overall business objectives and drive growth.

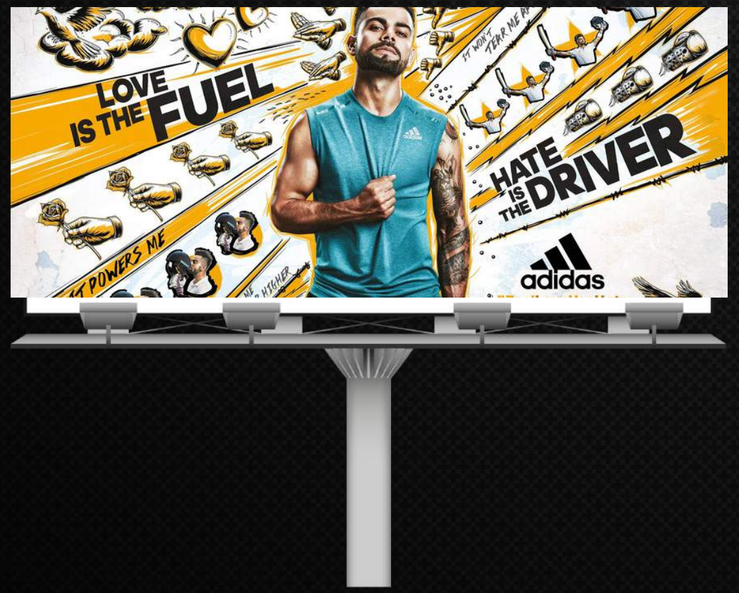
The business units can also be classified into:

- Front end
- Back end

Understanding Business Units

The front-end Business units are customer-facing and include:

- **Marketing and Brand Management Division**: Responsible for developing and executing marketing strategies to promote the Adidas brand and its products.

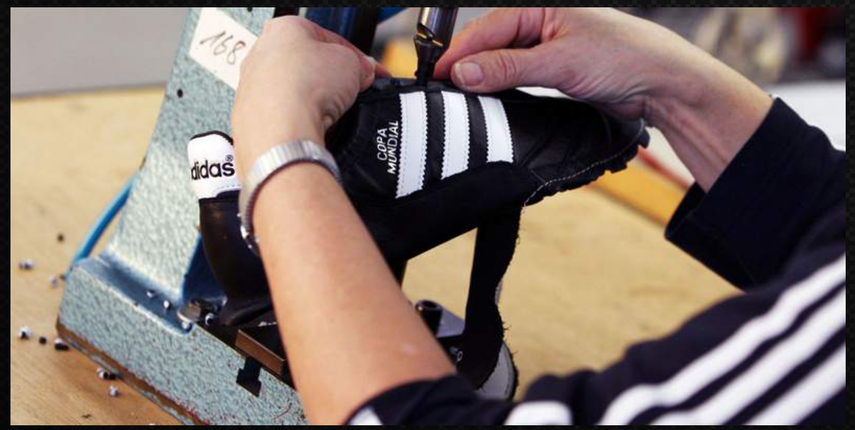


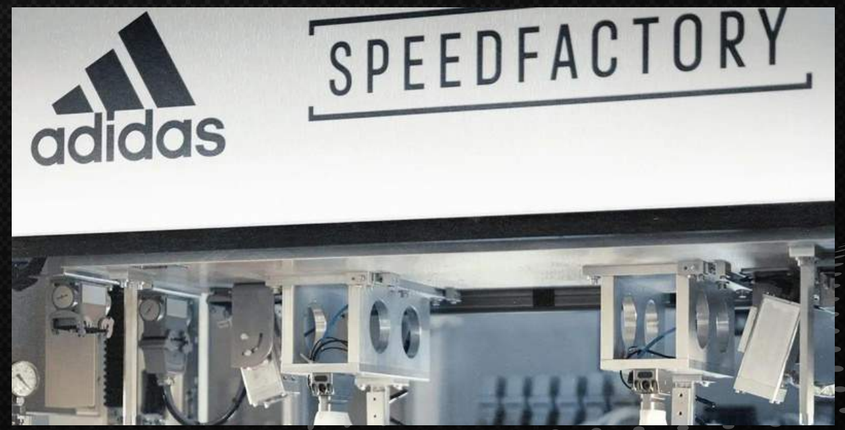
Understanding Business Units

Back-end BUs support the operations of the company behind the scenes and include:

- **Research and Development (R&D) Division:** Focuses on innovation and product development to create new technologies, materials, and designs for Adidas products.
  The company spends around 150 million euros on R&D every year.

- **Supply Chain and Operations Division**: Manages Adidas' global supply chain, logistics, and manufacturing operations.





Understanding Business Units

- **Human Resources Division:** Manages Adidas' workforce, including recruitment, talent management, training and development, and employee relations.

- **Legal and Compliance Division:** Handles Adidas' legal affairs, compliance with regulations, intellectual property protection, contracts, and legal risk management.

- **Finance and Accounting Division**: Oversees Adidas' financial management, accounting, budgeting, and reporting activities.

Significance

- The company has over 50,000 employees, 51% of whom are women. The company is committed to increasing female representation in management positions globally.

- Aims to use recycled and sustainable materials for producing their products.

Core Competencies

- **Brand Identity and Recognition:** Adidas has established a powerful brand identity globally, symbolized by its iconic three stripes logo. This logo embodies the brand's commitment to quality, performance, and style, resonating strongly with athletes and consumers alike.

- **Innovation and Technology:** Adidas prioritizes innovation and technology in product development, investing significantly in research and development.

- **Marketing and Sponsorship:** Adidas excels in marketing through diverse channels, including digital media, traditional advertising, and strategic partnerships. Collaborating with athletes, celebrities, and influencers.

- **Design and Style:** Renowned for innovative and stylish designs, Adidas seamlessly blends performance with fashion in its product offerings.

Core Competencies

- **Supply Chain Management:** Adidas maintains an efficient supply chain, encompassing material sourcing, manufacturing, distribution, and logistics ensuring timely delivery of products worldwide.

- **Global Presence and Distribution:** With a strong global presence, Adidas operates retail stores, online platforms, and distribution networks across numerous countries.

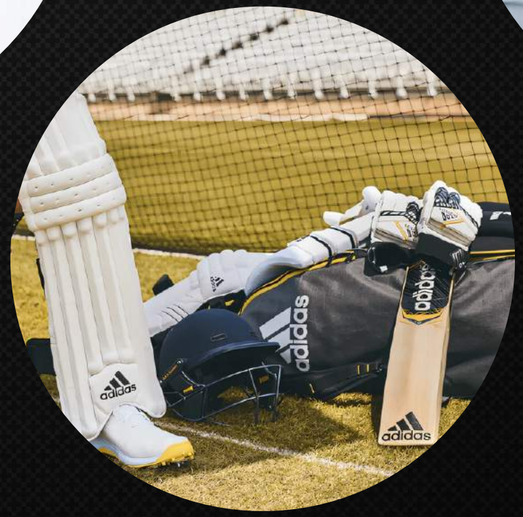
- **Sustainability Initiatives:** Adidas demonstrates a commitment to sustainability through eco-friendly materials, manufacturing processes, and supply chain practices. By integrating sustainable practices into its operations, the brand reduces its environmental impact and promotes social responsibility, aligning with evolving consumer expectations and global sustainability goals.

Product Range

Footwear

Apparel

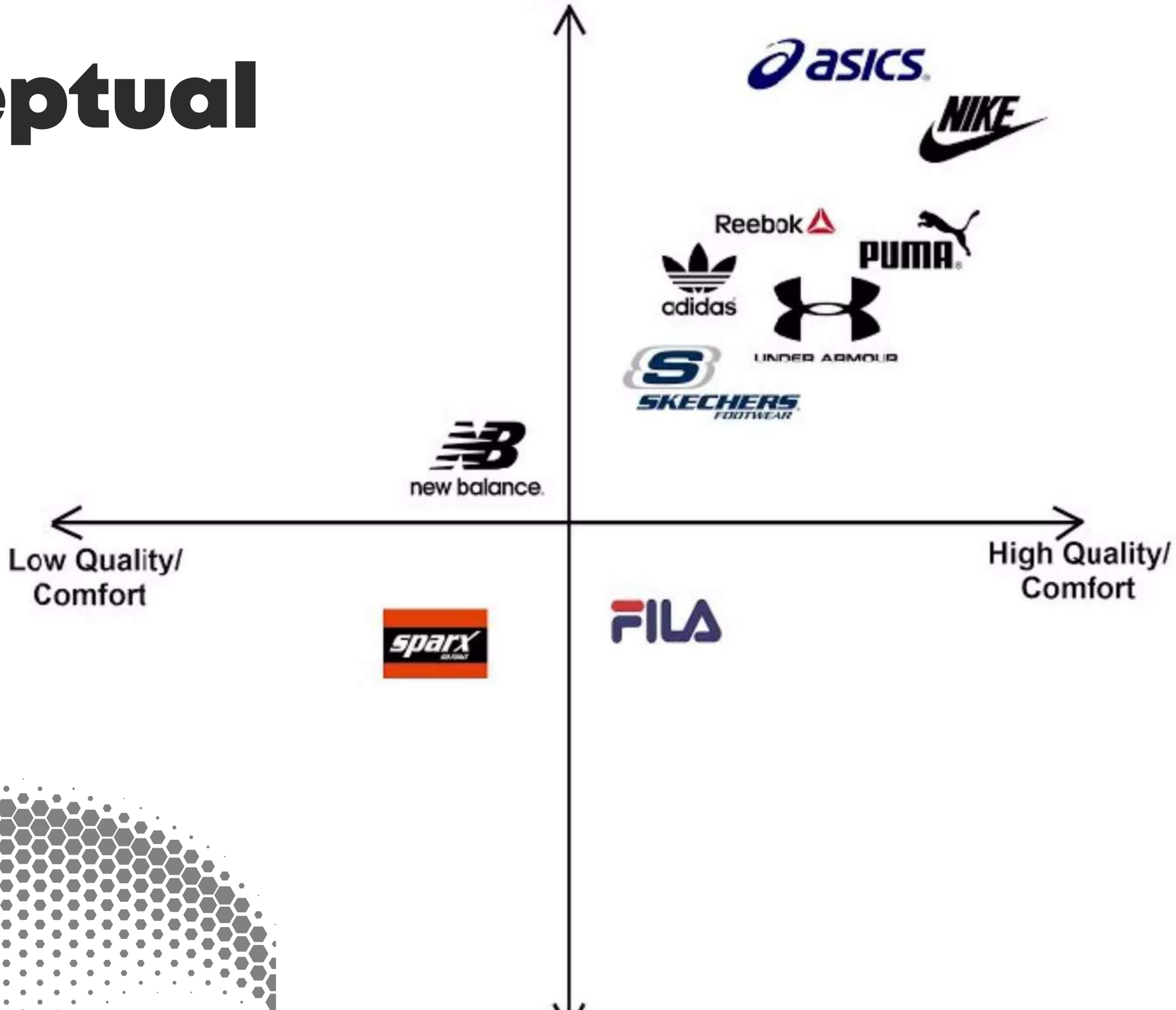
Accessories



Sporting Equipment

Athleisure

Perceptual Map

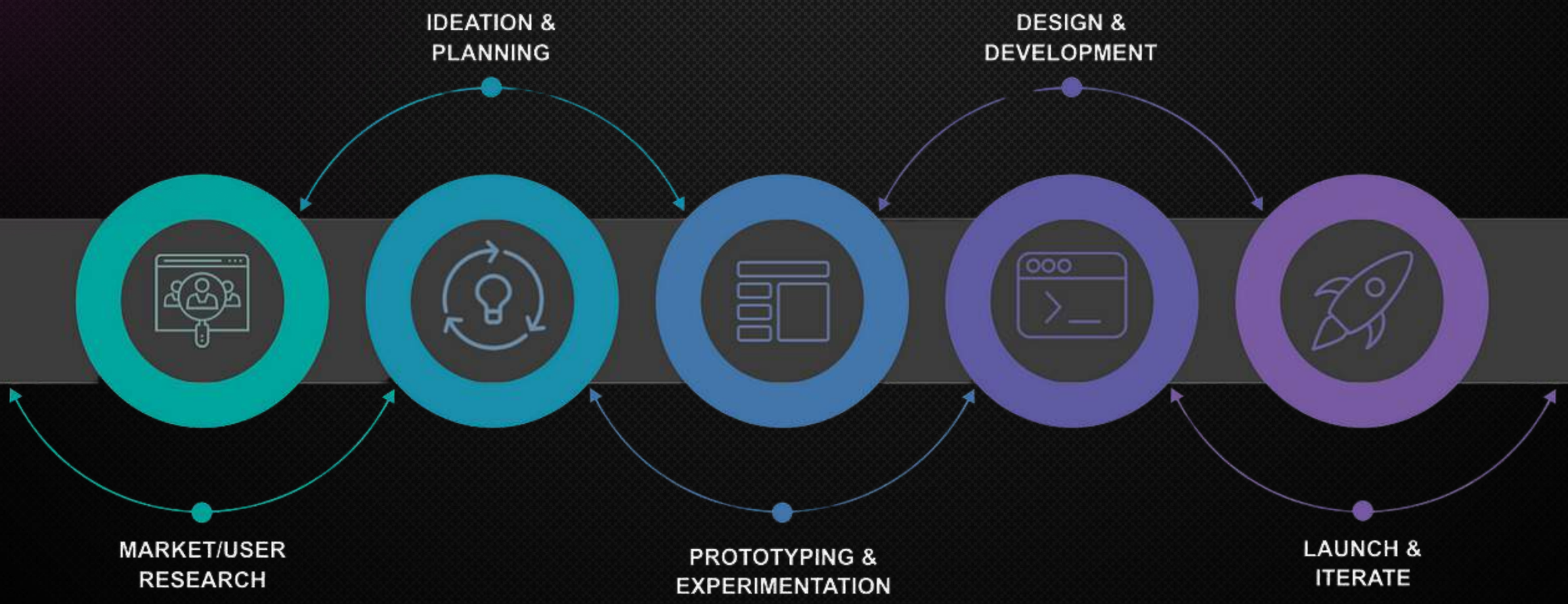


Position in Footwear sales

Strategy Deployment

- Adidas innovates footwear technologies for performance and comfort.
- Collaborates with influencers for trend-setting designs.
- Enhances digital capabilities.
- Invests in sustainability efforts.
- Communicates objectives across all levels.
- Monitors KPIs for sales growth and customer satisfaction.
- Allocates resources for R&D and talent development.
- Continuously improves based on feedback and market trends.

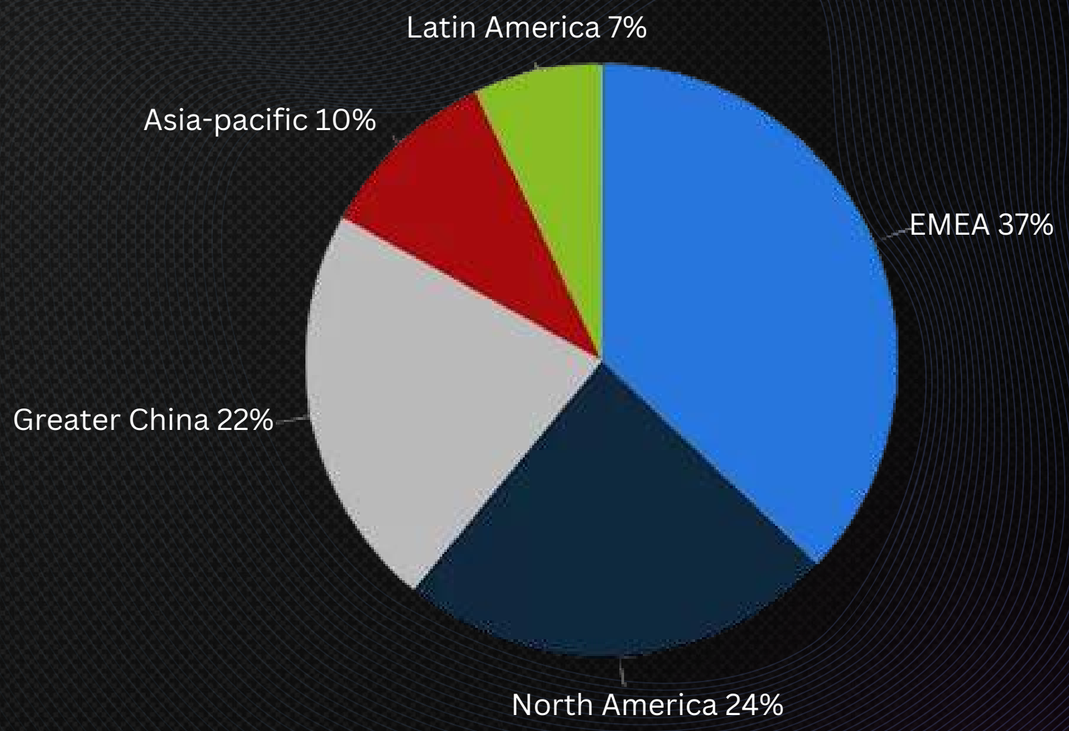
PRODUCT PLANNING



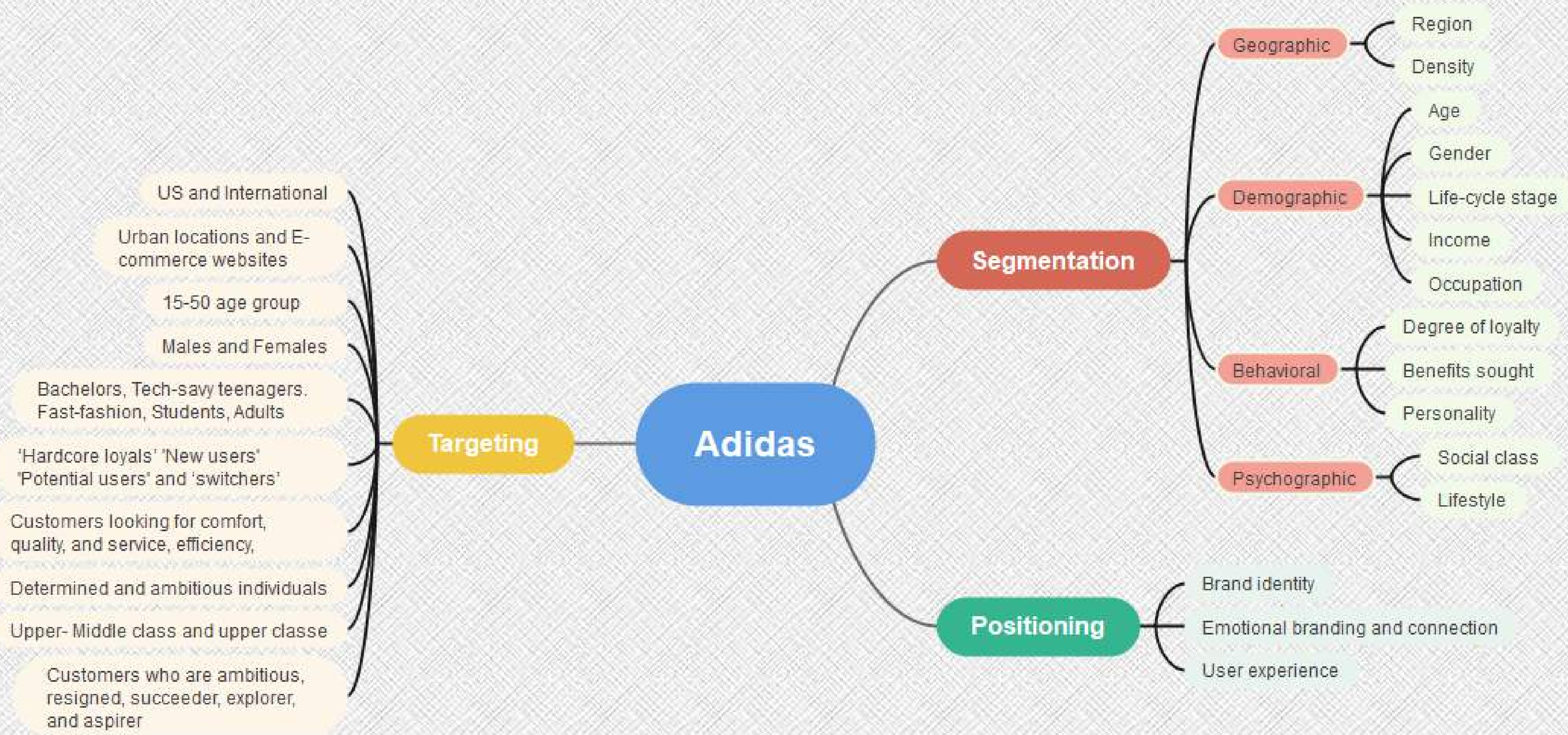
Market Research and Analysis

- 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.

- To find the target market for Adidas, we focus on four different aspects: demographics, geographics, behavioral and psychographic segmentation. Here’s the latest Adidas segmentation:



Mind Map

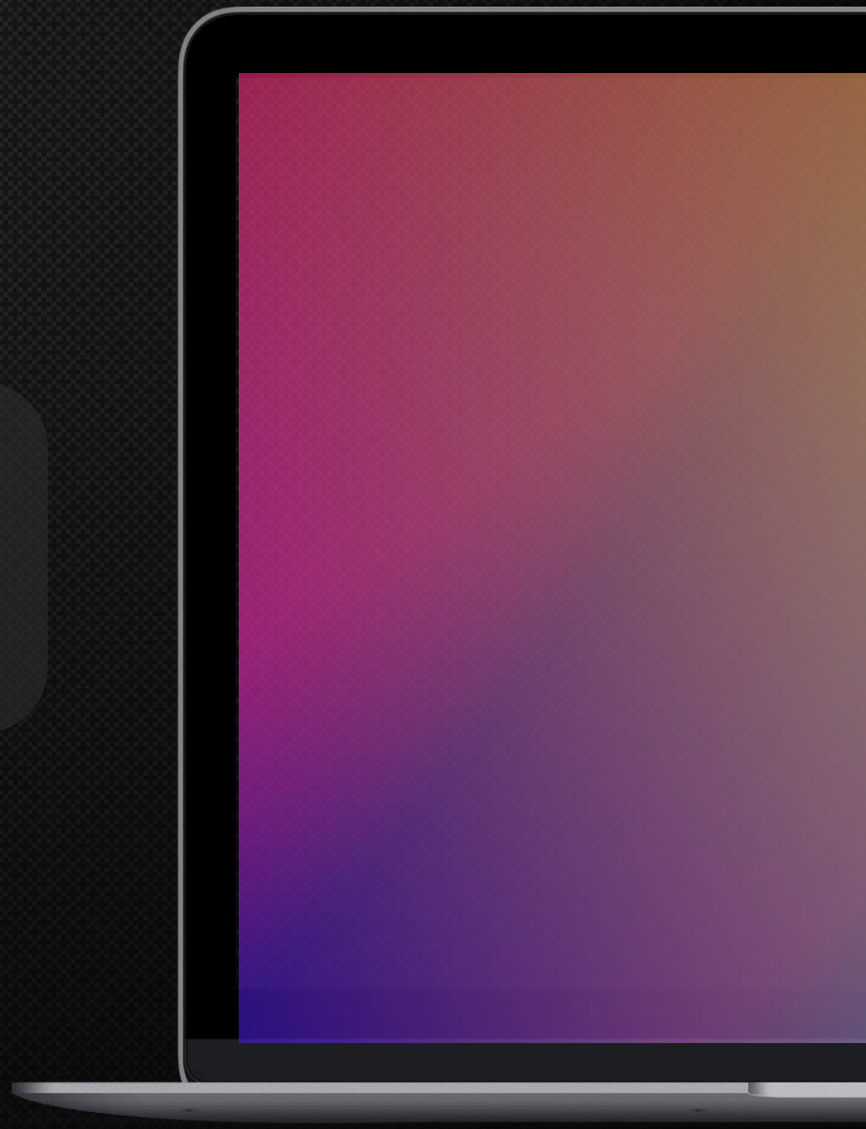

Adidas
Segmentation
Geographic
Region
Density
Demographic
Age
Gender
Life-cycle stage
Income
Occupation
Behavioral
Degree of loyalty
Benefits sought
Personality
Psychographic
Social class
Lifestyle
Positioning
Brand identity
Emotional branding and connection
User experience
Targeting
US and International
Urban locations and E-commerce websites
15-50 age group
Males and Females
Bachelors, Tech-savy teenagers. Fast-fashion, Students, Adults
'Hardcore loyals' 'New users' 'Potential users' and 'switchers'
Customers looking for comfort, quality, and service, efficiency,
Determined and ambitious individuals
Upper- Middle class and upper classe
Customers who are ambitious, resigned, succeeder, explorer, and aspirer

Goals and Objectives

- Net income to increase at a rate of between 16% and 18% p.a. on average 2021-2025
- Total cash return to shareholders to be between € 8 billion and € 9 billion
- Operating margin to reach a level of between 12% and 14%

- E-commerce sales to double to between € 8 billion and € 9 billion
- 9 out of 10 adidas articles will be sustainable
- Revenues to increase at a rate of between 8% and 10% p.a. on average 2021-2025

- Strategic focus on brand credibility, consumer experience and sustainability
- adidas brand architecture to be sharpened
- Digital transformation supported by investments of more than € 1 billion



Portfolio analysis and Innovation

- Recent examples of such innovations are Futurecraft.Strung, a running shoe with an upper based on athlete data or new vegan and recyclable versions of the popular lifestyle silhouette Stan Smith. Adidas aims to make one of its most important and most successful franchises the most sustainable in its entire product portfolio.

- At the Olympics and major marathons, adidas athletes will compete in the adizero Adios Pro 2. The running shoe is the second generation of the adizero Adios Pro in which both Peres Jepchirchir and Kibiwott Kandie set new world records in the women’s and men’s half marathon. Further innovations to create sustainable products and processes are already in the making. In the coming months, adidas will launch the Ultraboost DNA Loop in larger quantities for the first time. Once this version of the successful running shoe reaches the end of its life cycle, it can be shredded to pieces and reused.

FROM PLASTIC WASTE TO PRODUCT

THE JOURNEY OF AN ADIDAS X PARLEY PRODUCT

1. MARINE PLASTIC WASTE IN COASTAL AREAS SUCH AS THE MALDIVES...

2. ...IS COLLECTED BY PARLEY AND ITS GLOBAL CLEAN UP NETWORK...

3. ...BALED AND SENT TO PARLEY SUPPLY CHAIN PARTNERS...

4. ...WHERE THEY ARE SHREDDED AND REWORKED...

5. ...TO BECOME A HIGH PERFORMANCE POLYESTER YARN: PARLEY OCEAN PLASTIC™...

6. ...WHICH IS USED TO CREATE ADIDAS X PARLEY PRODUCTS.

7.

adidas | PARLEY

Product Design

Designing the Product!!

Design Philosophy: Adidas follows a design process called "Form Follows Function."

This approach prioritizes functionality and performance while incorporating aesthetically pleasing designs.

Adidas seeks to create products that not only meet athletes' performance needs but also appeal to the wider consumer market.

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DESIGN ENGINEERING SKILLS

Three design engineering skills and methods which were useful for my role and that I used throughout my projects were:

1 3D MODELLING

I used 3D modelling knowledge the most in my role. In particular, I used Grasshopper (a built in plug-in for Rhinocerous 3D), which was introduced in the Advanced Industrial Design module.

2 PROTOTYPING

Knowledge of prototyping methods, such as laser cutting, gave me the confidence to independently explore the Adidas MakerLab space and create prototypes which better showcased my ideas.

3 LEARNING QUICKLY

Ability to quickly learn skills and understand new principles due to the interdisciplinary nature of the degree was beneficial, as it allowed me to easily integrate into my role and become more familiar with new tools.

LESSONS LEARNT

Throughout my internship at Adidas, I was able to learn multiple valuable lessons, three of the most important being:

1 CURIOSITY IS KEY

Being curious and eager to learn enabled me to make the most of my internship, as it led me to participating in workshops like apparel making. This allowed me to gain hands on experience of the product creation process.

2 COMPANY VALUES

Although I had previously overlooked this, I realised that being in a creative environment and aligning with the company values made me more motivated and satisfied with my work. This will be key for my future career.

3 COMMUNICATION

Learned that clear communication and collaboration is important, especially when engaging with cross-functional teams. This includes proactively aligning intentions and priorities before engaging in team efforts.

Process and Technology

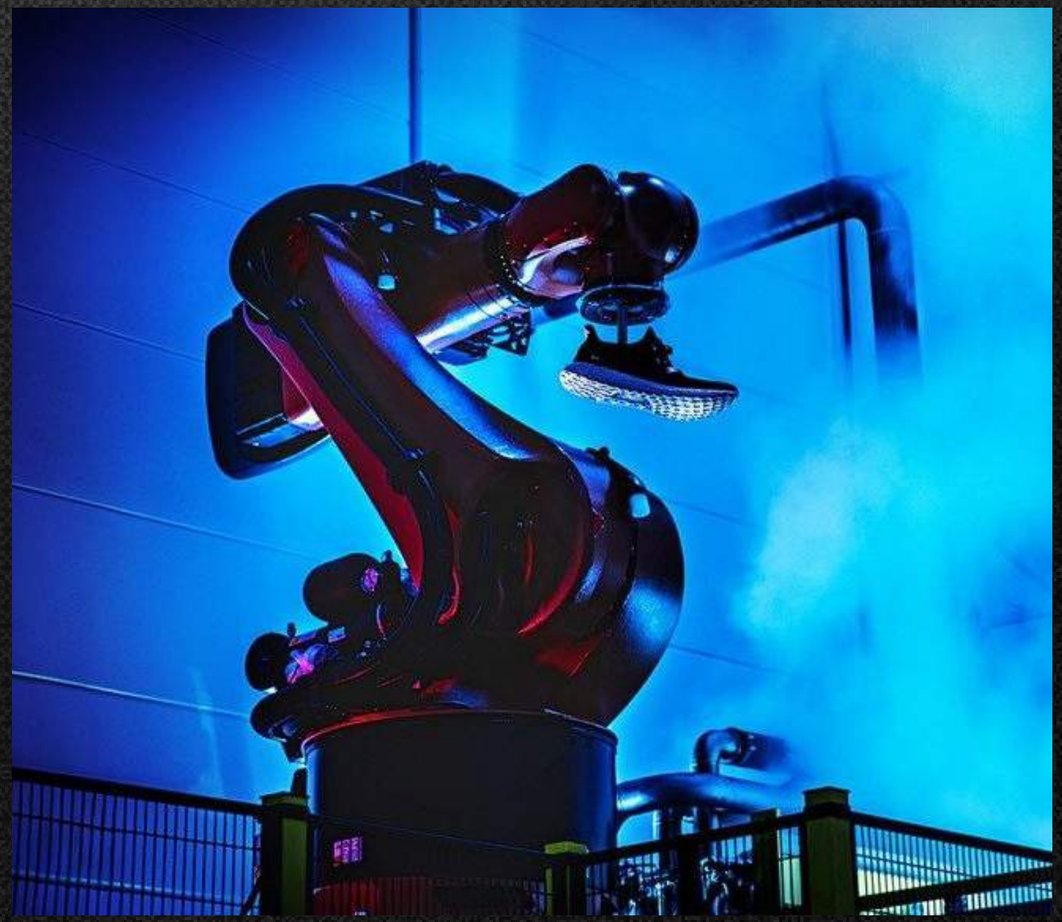
Adidas Boost Technology

Adidas Boost technology is a product of the adidas Innovation Team (AIT) and German chemists BASF. It was created to bring together the formerly contradictory benefits of soft and responsive cushioning. At the time, EVA foam was the industry standard for performance running shoes. Boost was about to change all that, introducing a midsole made from thousands of expanded particles that work together to deliver an uptick of energy return in every stride.

Process and Technology

Speedfactory Technology

With a minimalist design, this German factory features robotic arms, multi-layered particle machines, laser cutting robots and 3D printers – no, this is not an electron particle laboratory, this is Adidas' new "Speedfactory", a factory designed to disrupt the sneaker supply chain. Why has Adidas increased their R&D spend by over 35% to build state-of-the art sneaker manufacturing factories



Process and Technology

Digital Transformation

The company's digital transformation is driven by investments of more than € 1 billion until 2025. Core processes across the entire value chain will be digitalized: from the creation process with 3D design capabilities, via the sourcing of its products to selling it to customers and consumers. In 2025, the vast majority of adidas' sales will be generated with products that were created and sold digitally. To achieve this, the company will expand its data and technology expertise internally and increase the size of its tech team. In 2021 alone, adidas will hire more than 1,000 tech and digital talents. The company is also investing into the new ERP system S/4HANA.

Thank You