**D** Competitive and industry analysis: (Analysis of major competitors’ dynamics and strategies) how the firm will compete) Analysis of major competitors dynamics and strategies.Who are your major competitors? Do you foresee future threats? Outline the major brands in the category in terms of market share and growth rates. What is driving competitive brand performance? Evaluate strengths and weaknesses of competitive marketing activities including objectives/strategies, products, prices, channels and promotion tactics. How are they positioned? How are your competitors likely to react to a new competitor? .Analysis of competitive advantage

Product overview: How is your chosen brand performing in terms of market share and growth rates? What is driving brand performance?

* Evaluate strengths and weaknesses of brand marketing activities. Think in terms of 4Ps: new products, promotion (messages and tactics), distribution and pricing. Focus on the Canadian market.

Environmental analysis (examines environmental factors affecting the company, its

products, and its marketing)

i. Macro environmental factors: Summarize trends/forces occurring outside the organization that shape opportunities and pose threats, for example: social/cultural (evolving consumer preferences), demographic, technological, economic, political/regulatory. Only review factors that are most relevant to your product (how demographics, economic climate, technology, Socio-cultural, legal and regulatory issues may affect the marketing plan).

ii. Micro environmental factors (how suppliers, channel members, competitors, and

customers may affect the marketing plan)

Adidas is now amongst the leading brand in sports shoe industry, that also, bring their sub-brands into a better place in the market. There are also many others competitor in the market and the number one is Nike. In fact, sports shoes, street shoes, and limited shoes are well-known to made by either Adidas or Nike, therefore, they are directly competing with us in the market. In 2017, Nike takes 31% of market shared, included Jordan who is doing really well in the market, followed by Adidas with 16% and Adidas sub-brands, Reebok with 6%, with a total of 22% for Adidas group. This means Nike is a step in front of us not only in the shoe market but also in financial sales. According to from fool.com, Nike financial status is better than Adidas in term of Revenue, Net Income, Cash Flow, and Cash on Hand. However, since the beginning of 2017, Adidas has strong growth over Nike and this growth rate is still increase until July 2017 with a 25.33% rate, and that is a good sight. Because of that, the shares price also increase strongly. The shares have increased by 98.13% since September 2015 and for Nike is just 33.52%. As we are continuously expanding our market in all region, plus we always release new shoes to the market, customers can see our value and quality in these products, they can now switch from the old product to a new one or put us in the list of consideration when buying new shoes. Nike’s advantage came from Jordan, whose brand came from Michael Jordan, a famous basketball player. Their target market is for customers who are looking for limited street shoes or basketball player. Meanwhile, Reebok is doing better than Adidas in running shoes and sports shoes market. According to thevistavoice.com, Nike is dominating with a 55% shares, followed by Reebok with 10% and Adidas with 5%. Reebok has an advantage in the market due to its price. Reebok’s price strategy is to target customers who need a good pair of sports shoes at an affordable price while Nike and Jordan focused on customers who are looking for something really special, like limited stuff. Since then, each has their own channels. Reebok main sale region is Asia, Latin America, Middle East and partly Europe since Reebok is well-known under Adidas and their price is highly affordable in this region so Reebok can get the most of their market in there. While Nike or Jordan targeted customers who want some special, come with that is a high-value product, in which people in Asia or Latin America likely can’t afford it, therefore, they limited themselves into the region such as North America and partly Europe. In overall, Reebok and Nike has their own target customers so their strategies for product, price and promotions are different. Customers from Reebok only seek for light shoes, nice design, fit for sports and affordable while Nike and Jordan customers expected to have something new, beyond what they can imagine and must be unique, and because of that expectation, they are likely to pay at any price to have it. Reebok’s product can easily put into promotion depends on season, styles and sales rate, while Nike can’t put their product on sale at any conditions because it will lower their own values, which is no longer interest by customers even if they are on sale for a very special price. Nike and Adidas distribution method are likely the same, you can easily find a Nike store or Adidas store, franchise or third party seller at almost any shopping mall across Canada. Inside each store, they don’t just sell Nike or Adidas product but also their sub-brand product, let the customer have a variety of selection to choose.

Source:

<https://sneakernews.com/2017/06/23/nike-jordan-adidas-may-2017-market-share/>

<https://www.fool.com/investing/2017/12/17/better-buy-nike-inc-vs-adidas.aspx>

<https://www.google.ca/search?q=reebok+market+shares+2017&rlz=1C1GCEA_enCA767CA767&source=lnms&tbm=isch&sa=X&ved=0ahUKEwiAv5TG5ZTaAhVLd6wKHZ9VAnoQ_AUICigB&biw=1360&bih=647#imgrc=EM-VYqpGcG5ehM>:

<https://thevistavoice.com/sports/2015/08/23/nikes-death-grip-on-american-sports/>

**G**. Financials (includes budget details of expected revenue, expenses, and profits from

marketing programs-by month, by product, by territory, by manager, etc.)

a. Sales/revenue forecast(s)

b. Marketing expense budget(s)

c. Profit and loss analysis

d. Break even analysis

Reebok is a subsidiaries brand of Adidas, in which both belong to Adidas Group and because of that, their financial status shared amongst to each other. Adidas Group is one of the leading company in running shoes and sports shoes industry. Each month they accumulated at least a billion euros (after currency neutral) and that amount is expected to grow. Below is the chart that sums up the financial status of entire Adidas Group in 2017. In operating, our operating expenses have increased by an average of 18% and profit from that increased by an average of 7.5%. This amount mostly reflected by the huge demand increase in Greater China and North America region. Our sales also increased by an average of 16% after currency neutral and 28% for total income, in which Reebok contribute a 15%. Our shares also made a huge increase in the last 3 months of 2017, which increase the average per share to €3.66 (compared to March 29th shared is €3.70).

In 2018, we are looking to increase our sales for 20% after currency neutral and a good 35% increase in net income. To achieve that, we will adjust our budget for advertising from North America region to Latin America by 3% in the budget and 5% for Western Europe to attract more new customers. In the Middle East and Japan region, we are considering to adjust the budget to 5% for each. The Middle East is our potential region as it’s population is roughly the same to China. Here’s something new, we are looking to launch a price support for a certain region such as Japan or Latin America. Currency in that region are lower than North American region or Western Europe, so it is a challenge for customers when they want to buy our shoes but the price is too much for them. Asia and South America is our biggest production in which we can directly ship the product right to the countries in that region and by that, we can save a lot of money in term of transportations and storage. Price support program will be expected to be in between 50% to 70% compared to the regular price in another region. This Price support program has been used by many popular companies such as Steam (gaming) or New Balance (NB) in order for customers in that region to use the product within their money currency. We expect to keep the operating expense at 15% increase in maximum and our operating benefits will increase to 12% on average due to the price support program. We expect to have more of Reebok shop in all the region, especially the Middle East in retail stores, licensing purchase and franchise. With a constant increase net income, we are looking to break-even our sales for the year 2018 at end of first quarter or at latest in mid of second quarter. With the overall improvement in 2017, we are highly confident to enter 2018 year with a full power, ready to launch our new program and ready to release more models to the market.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Q1**  (compare with Q1 2016) | **H1**  (compare H1 with 2016) | **9M**  (compare with 9M 2016) | **FY**  (compare with FY 2016) | **Average 2017** |
| **Currency-neutral** | +16% (€5.671 millions) | +19% (€5.038 millions) | +12% (€5.677 millions) | +16% | ~+16% |
| **Gross Margin** | 49.2% | +0.9% (50.1%) | -0.3% (50.4%) | 50.4% | ~+0.2 |
| **Operating Margin** | 11.1% | -1.1 (10%) | +4.0% (14%) | -4.2% (9.8) | ~-0.4 |
| **Net Income**  **(Profits)** | +30% (€455 millions) | +16% (€347 millions) | +35% (€549 millions) | +32% (€1.430 millions) | ~+28% |
| **Revenue** | NA: +31%  GC: +30%  JP: +21%  MEAA: +15%  WE: 10%  LA: 9% | NA: +26%  GC: +28%  JP: +11%  MEAA: +13%  WE: +26%  LA: +14% | NA: +23%  GC: +28%  JP: +3%  MEAA: +6%  WE: +7%  LA: +8% | NA: +27%  GC: +29%  JP: +10%  MEAA: +10%  WE: +13%  LA: +12% | NA: ~+27%  GC: ~+29%  JP: ~+11%  MEAA: ~+11%  WE: ~+14%  LA: ~+11% |
| **Operating Profit** | +29% (€632 millions) | +18% (€505 millions) | +35% (€795 millions) | -49% (€133 millions) | ~+7.5% |
| **Operating Expense** | +39.1% | +13% (€2.072 millions) | +8% (€2.219 millions) | +13% (€8.882 millions) | ~+18.25% |
| **Inventories** | +23% (€3.609 millions) | +4% (€3.644 millions) | +7% (€3.441 millions) | -2% (€3.692 millions) | ~+8% |
| **Earning per Share** | €2.26 | €4 | €2.59 | €5.79 | €3.66 |

Sources:

<https://www.adidas-group.com/en/investors/financial-reports/>

<https://seekingalpha.com/article/4103646-adidas-still-room-run>