

## Comparison of the brand growth between Nike and Adidas

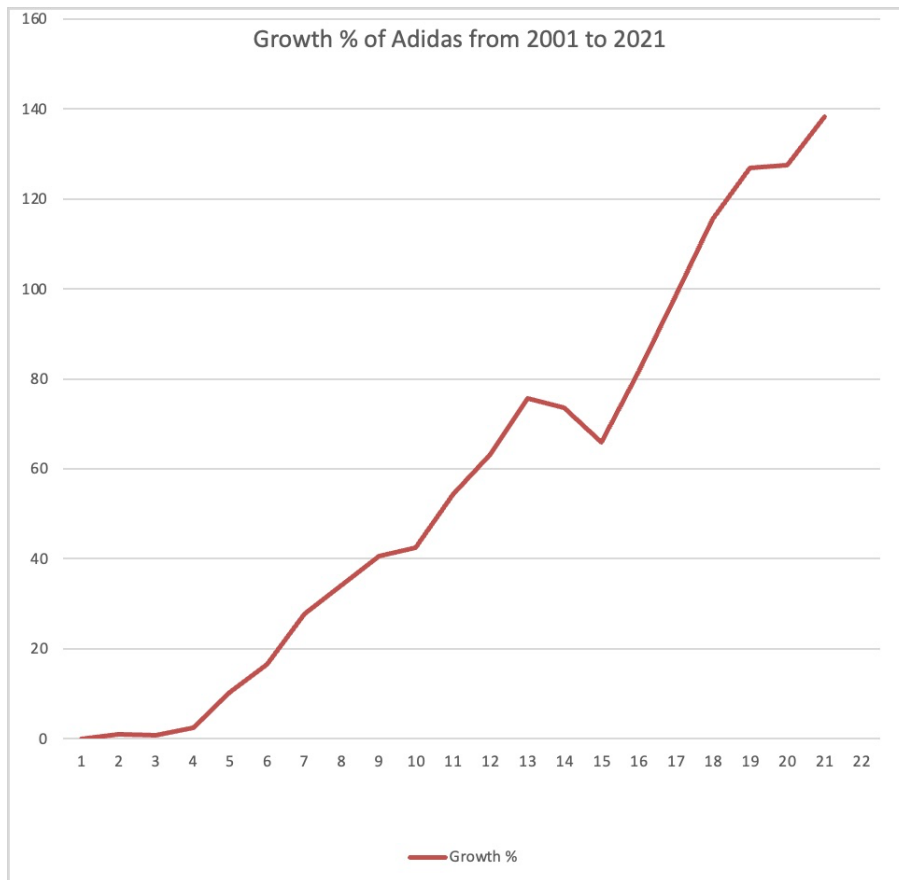


Figure A. Adidas Brand Growth Chart

Remarks- We can see in the chart that Adidas had a negative growth around 2014 to almost 2016. This led the company's main rival Nike drastically take over its market share at the time. This happened due to the following reasons-

- Sales of Adidas in Western Europe and North America struggled during 2014, as Nike boosted its sales on those regions. *Under Armour*, a fairly newcomer at the time also surpassed Adidas within North America, putting the brand at the 3<sup>rd</sup> place.
- Adidas' business model suffered due to the decline in popularity for Golf. As the Golf industry was having structural problems, the participation rate, especially among youngsters, dropped extensively.
- Geopolitical tensions within Russia, one of Adidas' main markets, resulted in the company suffer a great deal of loss. A region where the company has a network of over 1100 stores, caused it to lose roughly a 100 million within the first 3 quarters in 2014.
- The Russian ruble at the time caused further currency disruptions around Asia, jeopardizing Adidas' business operations and sales.

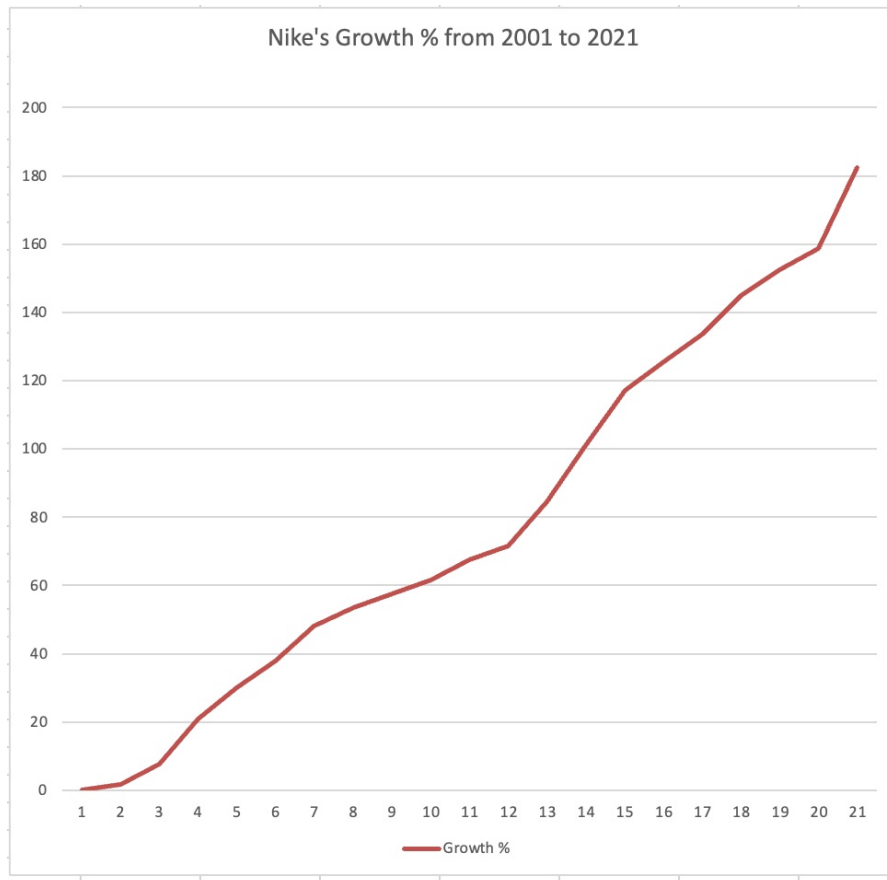


Figure B. Nike Brand Growth Chart

Remarks- From the chart we can notice Nike's uninterrupted acceleration for the two decades, in expanding the brand across the world. While Nike and Adidas were competing head-to-head until the mid 2010s, Nike clearly took the ground control after 2014 when the business model of Adidas suffered, as discussed previously.

*So, what makes Nike so great at growing their brand over so many decades?*

- **Retail Strategy-** Nike has invested heavily in its direct-to-customer channels, including company-owned retail stores and e-commerce platforms, allowing it to have greater control over its brand image and customer experience. Nike's focus on DTC channels has enabled it to adapt quickly to changing customer preferences and shopping habits. Although Adidas has shown to have emphasized its DTC channels, but Nike's aggressive retail strategy may have given it a competitive advantage.
- **Marketing and branding-** Nike has been particularly successful in marketing and branding, leveraging iconic campaigns, high-profile athlete endorsements, and partnerships to establish itself as a leading global brand in sportswear and athletic footwear. Nike's "Just Do It" campaign over the decades has become synonymous with

the brand's ethos and has resonated with consumers worldwide. Adidas has also upheld its brand value with the iconic "Three Stripes" design, which had several cultural impacts over the history of the brand, however, it might not have achieved the same level of brand recognition as Nike.

- Innovation and technology- Nike has consistently invested in research and development to innovate its products, introducing cutting-edge technologies such as Nike Air, Nike Flyknit, and Nike React foam cushioning. Simultaneously Adidas has introduced innovative designs which were well received, its arguable if they created as big of an impact on customers as Nike did.
- Product diversification- While Adidas and Nike both are known for providing products for a range of different sports, Nike's catalogue goes far beyond just wearables and sports goods, which makes its portfolio more vibrant than Adidas.

#### References-

Szekely M. (2015, Jan 10<sup>th</sup>) "*Adidas in 2014: What a Disappointing Year!*" Fox Business.  
<https://www.foxbusiness.com/markets/adidas-in-2014-what-a-disappointing-year>