

Topic: Adidas-About the German Sportswear Giant

Subject: Marketing Fundamentals

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ADIDAS: Company Profile (Atanas Mihaylov – 1814119)

You probably are reading this article while donning a T-shirt, a pair of shoes, a jacket, a pair of sandals, or any other clothing product bearing the famous three stripes Adidas logo. But how well do you know Adidas? Perhaps you value it as your favorite outfit brand, or you can see it everywhere in the stadium and sports jerseys of the soccer club that you support, but there is a whole lot more to Adidas than just that. Read through this article and by the end of it you will appreciate the brand even more.



Figure 1: Adidas Original Trefoil Logo



Figure 2: Adidas 3-Stripe Logo

Let us begin with a brief description of the company, its history, and the ownership of the company. Adidas is a global brand, but the company was founded in Herzogenaurach, Germany, where it is also headquartered (Smit, 2008). It was founded in 1949 by Adolf Dassler, and so far it has several subsidiaries including Reebok, Five Ten Footwear, Ashworth, and Runtastic among others. The company designs and manufactures clothing, shoes and accessories. Adidas is the largest manufacturer of sportswear in Europe, and it is second only to Nike in the world (Smit, 2008).



Figure 3: Adolf "Adi" Dassler, Founder of Adidas



Figure 4: A Statue of Adolf Dassler in the Adi Dassler stadium in Herzogenaurach

There is a popular urban myth that the name that Adidas is an acronym standing for “*All Day I Dream About Sports.*” However, that phrase is just the “backronym” and the name Adidas is formed from the founder’s names: “Adi” is the nickname for Adolf and “Das” is from Dassler. Adidas’ famous three stripes logo was acquired from the Finnish company Karhu Sports, which dealt with athletic footwear (Smit, 2008). It’s hard to believe that the famous logo was acquired for an equivalent of 1600 Euros and two bottles of whiskey. That original trefoil logo was changed and replaced by the current one in 1998 and it is now used only on Adidas Originals.



Figure 5: Karhu Sports; the company that gave Adidas the famous 3-stripes logo

Ownership and Subsidiaries of the company

When one thinks about Adidas, one question will always pop up: Who owns Adidas. Well, we've already said that it was started by Adolf Dassler in Germany. However, like most multinational corporations, Adidas has seen good and bad times in terms of business and as a result, the company has changed ownerships. After beginning as a family business started by brothers, who would later part and establish two rival shoe companies; Adidas and Puma, the company is now a corporation known as Adidas-Salomon AG after combining with the French global concern Salomon (Schmid et al., 2018).



Figure 6: Salomon AG, a member of the Adidas Group



Figure 7: Puma was founded by Rudolf Dassler, Adolf's brother, after the two disagreed and parted ways in the 1940s (Smit, 2008).

SUBSIDIARIES

Adidas has over the years acquired stakes in smaller sportswear manufacturers, in what many people think is their strategy of competing with the world's leader in the market, Nike. In 2004, Adidas acquired Valley Apparel Company, as United States Company that held more than 140 licenses for outfitting more than 140 college athletic teams in the U.S. (Schmid et al., 2018).

A year later, in 2005, Adidas acquired the American shoe manufacturer Reebok and in doing so, gained a better position in competing with Nike in the United States (Schmid et al., 2018).

The company has also acquired other companies such as Five Ten Footwear, Runtastic, and Ashworth. In addition to these, the company owns a host of other subsidiaries which officially use the brand name and logo, including Adidas Singapore Pte Ltd, Adidas Korea, Adidas America, Adidas New Zealand, and Adidas Canada, Adidas Italia Srl, Adidas Peru and several other country-specific brands. Other brands that do not use the official Adidas name and logo include 3 stripes S.A, Raelit S.A, and TaylorMade Korea.

In total, Adidas has some 110 subsidiaries and production is outsourced in some 800 factories all over the world (Schmid et al., 2018).



Figure 8: Some of the Subsidiaries of Adidas AG

Place: (Written by: Kaloyan Koev – 1814704)

Areas of market involvement

Where does Adidas manufacture its products?

Adidas is a global brand, a company that is available in almost all the countries in the world. The company maintains its global presence through its Global Operations function that is a strategic focus meant to deliver the following three objectives (Schild, 2019):

- i. To become the first fast sports company which means speeding things up manifold.
- ii. Creating seamless consumer experience because the consumer is at the epicenter of everything for the company.
- iii. Transforming the way Adidas creates and manufactures its products.

To achieve these three objectives, the company uses a vast and complex supply chain that covers all the continents. In 2017, the company had 109 strategic suppliers (those that have worked with the company for more than 11 years); 34 of who dealt with footwear, 60 for apparels and 15 for hardware (Schild, 2019). These suppliers are available in all the continents, but Asia takes up the mammoth share

with 79% of the suppliers, followed by the Americas with 11%, Europe with 9%, and Africa is the least with just 1% of the company's suppliers (Schild, 2019).

Almost all of the company's production is outsourced to autonomous suppliers, but there are a few assembly sites in the United States, Germany, and Canada. Apart from the strategic suppliers, the company has a total of 296 independent global suppliers. In 2017, Asian suppliers manufactured and supplied 97% of all Adidas footwear products while Europe and the Americas combined for the other 3%. Out of the 97% of the footwear produced in Vietnam, 44% was manufactured in Vietnam, 25% in Indonesia, and 19% in China (Schild, 2019).

China is Adidas' biggest supplier of apparels with 23%, followed by Cambodia at 22%, and Vietnam with 18%. 82% of Adidas hardware production takes place in Asia, China leading the way with 40% of the entire volume, followed by Pakistan with 18% Turkey and with 15% (Schild, 2019).

Typically, Adidas uses the supply chain model shown below to source out raw materials and distribute its products to the consumers (Schild, 2019).

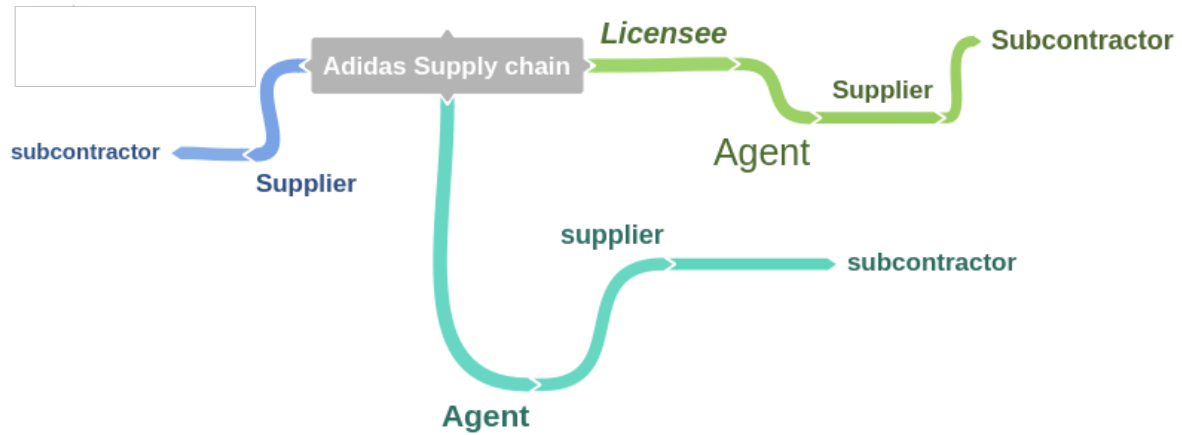


Figure 9: Adidas Supply chain model

Here is some of the main stores of Adidas for London:



Adidas Stella store London (Collaboration with Stella McCartney)

97 Fulham Road
SW3 6RH, London
+4408003763705

Source: [adidas.co.uk](https://www.adidas.co.uk)



Y-3 Adidas Concept store London (Collaboration with Y-3)

54 Conduit Street
W1S 2YY, London
+4402074342324



Adidas Original store London

15 Fouberts Place
W1F 7QB, London
+4408003763705



Adidas Oxford street store

415-419 Oxford Street
W1C 2PG, London
+4408003763705



Westfield Shopping Centre
W12 7GE, London
+4408003763705



Westfield, Stratford City
E20 1EL, London
+448003763705

Adidas also have an outlet store where you can find some items from the old collection for less money:



Wembley Park
HA9 0TG, London
+4402087950959

Except the adidas original store, some of their product you can find in a retailer store chains like **JD Sports** or **Sport Direct**:

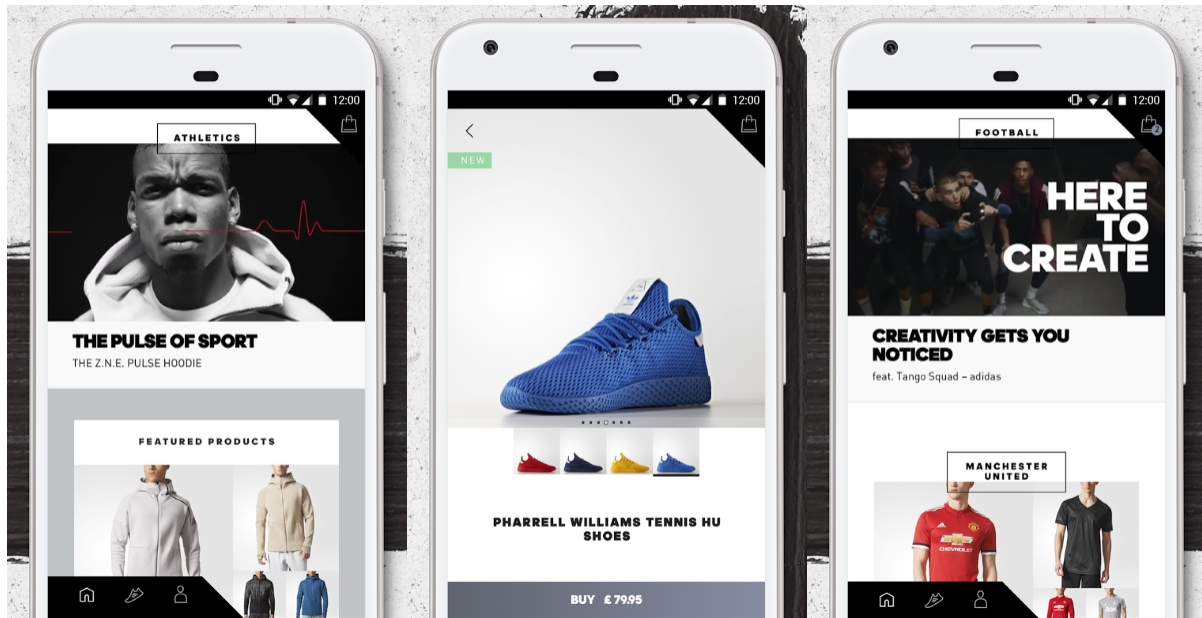


JD Sports
197-203 Oxford St
020 3370 2266



Sport Direct
150-154 Oxford St
0344 332 5666

Adidas have also an own mobile application, which you can use very easy when you download on your phone and register:



Outside with friends, or at home during you watch your favourite movie you can buy 24/7 the Adidas products from the mobile app, after they delivered on your front door. All you need to do is to go to the app store, download the app and start searching for the best product who will fit your taste.

Products: (Denis Nachev – 1814720)

Adidas Products

Adidas Originals

The Adidas Originals refers to a line of casual sports clothing that specializes in shirts, coats, shoes, sunglasses, bags, and other accessories. The Adidas Originals is a subsidiary of the Adidas brand and has a distinctively retro old school connection with the consumers. The Adidas Originals products are easily recognized by the Adidas Trefoil logo. The Originals are under various categories such as Superstar and Adicolor. These products refer to the fashion styles that were popular between the 1940s through to the 1980s.

Adidas Superstar

The Adidas Superstar is a low-top shoe that Adidas has manufactured since 1969. Originally, this shoe was released as a low-top version of the Pro Model shoe for basketball. The shoe was nicknamed several titles such as the ‘clamtoe’, ‘shelltoe’, ‘shell shoes’, and ‘shell tops.’ The shoe design was a successful one in the market and it became the iconic precedent to the modern sneaker culture (Adidas Official, 2019).

Adicolor

Figure 10: Adidas Originals logo (Trefoil)



Figure 11: Some of the Adidas Originals



Figure 12: Adidas Originals Superstar

Adidas launched the Adicolor concept in 1983 where the company sold the trainers (sneakers) with tools such that the customers could customize the shoes.

The Adicolor sneaker was all-white, created specifically to support the Adicolor concept (Walia, 2019). When a customer purchased the shoe, they were given the pair of shoes together with a wooden box with an all-white track jacket, a wooden palette, a set of six colored acrylic paints, and paintbrushes. Adidas re-launched the Adicolor sneakers in 2005 as a replica of the 1983 original but included characters on them including Muhammad Ali, Betty Boop, Mr. Happy, Miss Piggy, among others (Adidas Official, 2019).



Figure 14: Adidas Originals Adicolor



Figure 13: Adicolor Trefoil backpack

Sneakers (Modern)

Since the release of the Superstar, the concept of the sneakers has been evolving and improving with time. The modern versions of sneakers may look different from the Superstar, but the original one was the inspiration that influenced the development of these newer versions. Here are a few of some of the best sneakers in 2019:



i. Adidas Originals LXCON

This shoe is relatively new as it was released in February, 2019.

This sneaker is a vintage-inspired re-launch of the Adidas Lexicon model of 1994 (Walia, 2019). The shoe keeps most of the original design intact and features an adiPRENE sole unit as



Figure 15: Adidas Originals LXCON

well as a structural translucent tube that supports the upper, but the current version also features a Primeknit technology updated upper (Adidas Official, 2019).

ii. Overkill x Adidas Consortium ZX 10,000C

This sneaker is a product of collaboration between Adidas Consortium and Overkill, a sneaker outpost based in Berlin. The model incorporates various details from different ZX models (Adidas Official, 2019).

iii. Adidas Ultra Boost Uncaged

This is a DIY-inspired, Uncaged Ultra Boost version of the original Ultra Boost that was released in 2016. The shoe was a success in the sneaker market and the first round of releases featured fully tonal red and white versions (Adidas Official, 2019).

iv. Adidas Palace Pro Primeknit

This shoe was the first release of the collaboration between Adidas Originals and Palace Skateboards. The product is a black and white Palace Pro Primeknit featuring a gum sole. New colorways have been released since the very first one and variations of Orange and white versions featuring a teal makeup are available (Walia, 2019). This shoe is arguably the best product of the collaboration between Palace and Adidas so far (Adidas Official, 2019).

Figure 16: Overkill x Adidas Consortium ZX 10,000C



Figure 17: Adidas Ultra Boost Uncaged



Figure 18: Adidas Palace Pro Primeknit

v. The Stan Smith Primeknit

This shoe is iconic by all means. Adidas used the Stan Smith as the foundation on which a Primeknit upper was built (Walia, 2019). This shoe is probably the best summer shoe in the sneaker market so far and it goes a long way to say that sometimes the best ideas are the simplest too (Adidas Official, 2019).



Figure 19: The Stan Smith Primeknit

Deodorants

It is highly likely that people will think of shoes, clothing, or their best football moments when they come across the three stripes. But have you come across some of these?



Adidas also produces a range of deodorant sprays and shower gels for men (below) and these ones above for women (Adidas Bodycare, 2019):



Hoodies and Sweatshirts

Even though Adidas majors in the production of footwear, they are also big in the apparel section. The company has a wide range of products in the apparel segment which include hoodies and sweatshirts, tracksuits, jerseys, swimwear, and shorts to name several.

As stated earlier, Adidas produces soccer kits for many football teams and clubs (Pereira, 2018). However, it is not limited to the clothes used in matches. The company is also significant in the manufacture of outdoor outfits for men and women as well as for children. Most of these products, however, are enlisted for the Adidas Originals and therefore use the Adidas Originals Trefoil logo (Adidas Official, 2019).

The Adidas Originals Apparel, essentially known as the 3-Stripes Streetwear, is informed by the past and looks forward into the future. These are apparel products that are drawn from the 3-stripes archives and are incorporated to modern versions to make them look futuristic (Adidas Official, 2019).

These street wear products are inspired by the Adidas passion for sport, but they are not necessarily mean for use in sports alone. Adidas experiments with different fabrics, styles, and cultural inspirations to ensure that the clothing remains true to



Figure 20: Adidas Originals sweatshirt

Figure 22: Adidas Originals outdoor streetwear



Figure 21: Adidas Originals Jacket

the cultural vibes of their time (Pereira, 2018). The Originals outfits men and women in different sections of everyday wear such as pants, tees, hoodies, shirts, jackets, and sweatshirts. The Originals Trefoil logo also gives these outfits an alluring reference to the good old days, making them a darling to their customers (Adidas Official, 2019).

Footwear technologies

Adidas uses a variety of technologies to make their products as comfortable on the users as possible. In 2013, Adidas introduced **Boost** technology as its cushioning system which would provide the highest energy return in a running sneaker, thus providing runners with long-lasting energy and soft cushioning which other rigid sneakers couldn't match (Tidd & Bessant, 2018). The technology introduced comfort as a major selling point for Adidas (Adidas Official, 2019).



The other technology introduced by Adidas is **Primeknit**, which is a technology that led to the production of the sock-like fitting sneakers that result from the upper being knitted as a whole piece of fabric (Tidd & Bessant, 2018). The technology essentially revolutionized ventilation and cooling in sneakers, while allowing the company to be adjustable to stability, flexibility, and support (Adidas Official, 2019).



The Adidas **ClimaProof** Technology is also a significant one in the production of a wide range of products including backpacks, boots, and running and golf jackets (Tidd & Bessant, 2018). This technology is designed to provide breathable weather protection in windy, rainy, and snowy conditions. The technology produces material that is light and warm, which is also breathable and allows easy escape of moisture (Adidas Official, 2019).



Price: (Polina Eneva – 1714688)

Sales and Purchases

How Much Does An Adidas Football Cost?

Well, these balls are easily affordable as most of them only range between 10 pounds and 30 pounds. For instance, the Tango Rosario official football costs £21.95 and the Tricolore 19 costs £21.95. However, you may want to purchase the official match football used in specific competitions or matches. In this case, prepare to go deeper into the pocket because the Tricolore 19 Official Match Ball for a UEFA Champions League Knockout match or the final goes for £119.95. The Conext 19 Official Match football actually sells at £129.95.



Figure 23: Adidas Tango Rosario Football



Figure 24: Adidas Connext 19

Follow this link to see which footballs you would like to purchase and their respective prices:

<https://www.adidas.co.uk/football-balls>

Wish to buy Adidas apparel? Don't fret at all!

Adidas has a number of official stores and shops in London alone, where you can find every product produced by the company. If you are looking for a retailer of Adidas' women's fashions and accessories like



the deodorant sprays and backpacks, as well as kid's apparels, there is an Adidas Store in Stella McCartney on 97 Fulham Road, Chelsea.



Other stores across London include one at 15 Foubert's Pl, Soho; one in Mayfair, Oxford Street, another one in Spitalfields on 15 Hanbury Street, and several others. The following is a Google Map showing the locations of the brand stores in London alone.

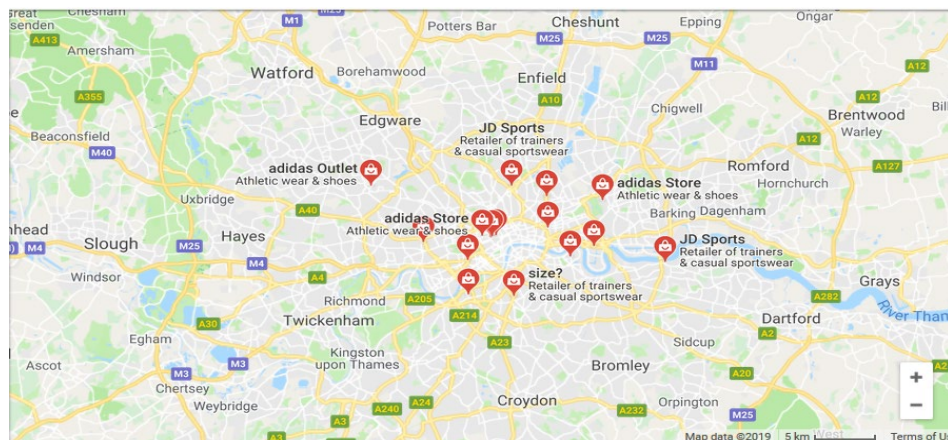


Figure 25: Retrieved from https://www.google.com/search?client=firefox-b-d&sa=X&biw=1252&bih=579&q=Adidas+Shop+in+London&npsic=0&rflfq=1&rlha=0&rlag=51503505,-154481,1546&tbm=icl&ved=2ahUKEwiGvp2Enb_jAhWQDxQKHavAWcQtgN6BAGKEAQ&tbs=lr:!2m1!1e3!2m1!1e16!3sIAE,lf:1,lf_ui:4&rlid=

Is Adidas Expensive?

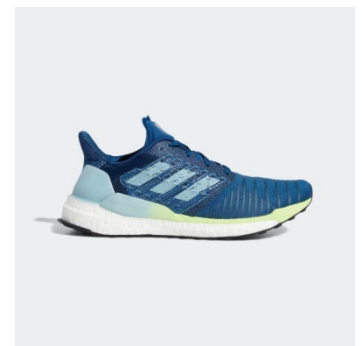


Figure 26: Adidas Solar Boost

Quality is not always very cheap and in many cases, you will probably but the three striped soccer boot, that running coat, the shirt, or the pants for more than other brands in the market (Highsnobiety, 2019). However, when it comes to quality and comfort, there are not many brands that can match Adidas. Therefore, when making your purchase, you may want to reason from that point of view. An Adidas Originals 3-Striped T-Shirt retails for £24.95 while a mini embroidery T-shirt goes for £22.95. The Supernova Tee retails at £37.95 while women's crop tops sell at £22.95. Women's Originals Dress retails at £54.95 and a Trefoil Hoodie sells at £59.95.

Follow this link to the Adidas Stores and find more amazing products in the UK: <https://www.adidas.co.uk/women-originals-clothing>



Figure 27: Adidas Pulse Boost

As expected, most shoes are more expensive than apparels. Ultraboost running sneakers retail at £169.95, the Pulseboost HD for £119.95, and the Stan Smith for £74.95. Solar boost shoes sell at £139.95, The Terrex for £119.95, similar to the Pureboost DPR shoes (Highsnobiety, 2019).

Follow this link to see more men's shoes and their respective prices in the UK:
<https://www.adidas.co.uk/men-shoes>

Promotion: (Mario Nedyalkov – 1812413)

Marketing and Product Promotion

Adidas is a large company, but even global leaders in the sports and apparel industry have to work hard to maintain their market shares. The industry is highly fragmented and multiple brands are competing for virtually the same market. For this reason, Adidas Group has been investing heavily in product promotion.

In 2017, the corporation invested around 438

million U.S. dollars on advertising, which was an

increase of 23 million dollars from 2016. Such has been the trend over the last five to six years

but has not been without success (Wright, 2019). Even though the company lies behind Nike in

annual global sales, the Adidas Group's footwear segment is growing steadily and over the last

few years, production has always exceeded 400 million units.

**438 million U.S.
Dollars: Amount
used by Adidas
Group for Product
Promotion in 2017**

(Wright, 2019)

Player endorsements - Mario Nadyalkov

Adidas endorses many soccer players today. The one interesting fact about these endorsements is that the list does not consist of just any footballers (Yoesting, 2019). Instead, the list features some of the most successful and most popular football superstars, making the German brand a leader in the world of football.

The main competitor in this sense is Nike, who has Cristiano Ronaldo and Neymar under its belt (Yoesting, 2019). However, that does not give Adidas a huge problem as the brand outdoes Nike in almost all categories in the sport. The company's poster boy or the flagship player for Adidas is the world's best footballer at the moment, and perhaps the best of all time, Lionel Messi (Yoesting, 2019).

While the Argentine may be miles ahead of the other players in the list of players endorsed by Adidas, a look at the list shows just how prominent the brand is in soccer. These players play for successful national football teams as well as popular football clubs (Yoesting, 2019). Some of these players include:

- i. Mohamed Salah – Egypt and Liverpool
- ii. Paul Pogba – France and Manchester United
- iii. Edin Dzeko – Bosnia and Herzegovina and AS Roma



Figure 28: Lionel Messi holding his Adidas Soccer Boots



Figure 29: Paul Pogba (Manchester United and France)



Figure 30: Arsenal and Germany's Mesut Ozil

- iv. Ivan Rakitic – Croatia and Barcelona
- v. N’Golo Kante – France and Chelsea
- vi. Mesut Ozil – Germany and Arsenal
- vii. Karim Benzema – France and Real Madrid
- viii. Benjamin Parvard – France and VFL Stuttgart
- ix. Bernardo Silva – Portugal and Manchester City
- x. Gabriel Jesus – Brazil and Manchester City
- xi. Gareth Bale – Wales and Real Madrid



Figure 31: Mohammed Salah with his Adidas Boots

This list is in no way closer to the exhaustive one and with the look at the players, one can see just how successful Adidas is as a brand in football player endorsement. Lionel Messi may be the poster boy for the brand since he is in a level of his own, probably matched only by Nike’s Juventus star Cristiano Ronaldo, but the company has a whole lot of successful players who have given the brand positive popularity on the global stage (Pereira, 2018).

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