

Marketing Management LCMB7001

Assesstment 2



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1. Introduction

Created and headquartered in Herzogenaurach, Germany, Adidas is a German multinational company that designs and markets sneakers, clothes and accessories. It is the biggest sportswear maker in Europe and after Nike, the second largest in the world.

Adolf Dassler founded the business at his mother's house; his older brother Rudolf followed him in 1924 under the name Gebrüder Dassler Schuhfabrik ("Dassler Brothers Shoe Factory"). Both brothers were leaders of the company for the following years, but Adi and his brother Rudolf ("Rudi") strove to reconstruct the Dassler company after the disturbances of World War II, but by 1948 a personal rift between the brothers had become irreparable. Therefore the business split into two: the company of Rudi was ultimately renamed Puma, while Adi became Adidas, the name of which is an abbreviation of the name of founder Adolf ('Adi') Dassler.

During the 1950s, Adidas evolved slowly as association football (Soccer) players moved to shoes that were light in weight and featuring screw-in cleats from the brand. The company later developed a brand of sporting goods, launching soccer in 1963. Adidas has been the biggest brand in athletic shoes for many years, but competition, especially from younger competitors such as Nike, intensified since the 1970s. In 1978, Adi Dassler died, and during the 1980s, the firm suffered declining market shares.

By the 90s, Adidas was owned by Bernard Tapie, the French business boss, who tried to restore it. The corporation was sold to investors who as chief executive officer and chairman, had taken back another Frenchman, Robert Louis-Dreyfus. In 1997, under his leadership, Adidas acquired the Salomon Company, the owner of TaylorMade.

Adidas, however, sold Salomon in 2005, but kept on to the TaylorMade name. The corporate name was changed again to Adidas AG the same year. The later purchases of Adidas included the Reebok corporation (2006), which owned the clothing brand Rockport, and the outdoor-sports shoe retailer Five Ten (2011).

From this moment until now as a profitable organization, Adidas continues to make new strides by pursuing the analyses I would begin to give.

2. PESTLE factors to the company stating whether each factor is favorable or unfavorable to Adidas

Before we describe all the six elements that are part of PESTLE I will define what is encompassing it, by PESTLE[Pestle Analysis] I understand that is all force that every single company will need to face against, depending on what kind of energy determines what type of factor is inside of the PESTLE.

2.1 Political Factors

By changes or political reasons, I understand every change in the field of activity of a company but when dealing with a multinational company like Adidas, our brand must consider all aspects at the political level that can affect to a greater or lesser extent in the activity of our brand, so, for example, any change in government may influence the production, promotion or any other area where Adidas embarks on its functionality.

2.2 Economical Factors

In economic terms many elements can modify the practices of any company like household interest etc; such indicators may or may not influence customers as they are forced to modify their buying habits by not having the same means that they might have if the conditions were more suitable. As the customer is the most decisive piece of the economic equation, in the field of marketing they will be the ones who directly tip the balance of productivity of any company towards some quantity of products or other.

2.3 Social Factors:

Such considerations reflect on the social climate and describe new patterns. This helps a corporation to better appreciate the desires and wishes of its clients. Factors include shifting demographics of the household, levels of schooling, socioeconomic patterns, shifts in behaviors, and lifestyle changes.

As human beings, Adidas is becoming more and more aware of fitness. This suggests that they prefer to cope with health-related conditions and live an active lifestyle. People may need athletic footwear, clothing, and other associated fitness accessories for this reason. It will have a positive effect on the market for the footwear and clothing industry, meaning that when taking any decision and executing the plan, Adidas should keep both cultures and values in mind.

2.4 Technology

This section is directed especially to the new technologies that will influence in special the way of production that Adidas carries out, like for example the appearance of new models of trainers or sports clothes that include new features like the FitBit which improves the quality of the previous products by giving and providing a greater force in the marketing against the competitors.

2.5 Legal Factors

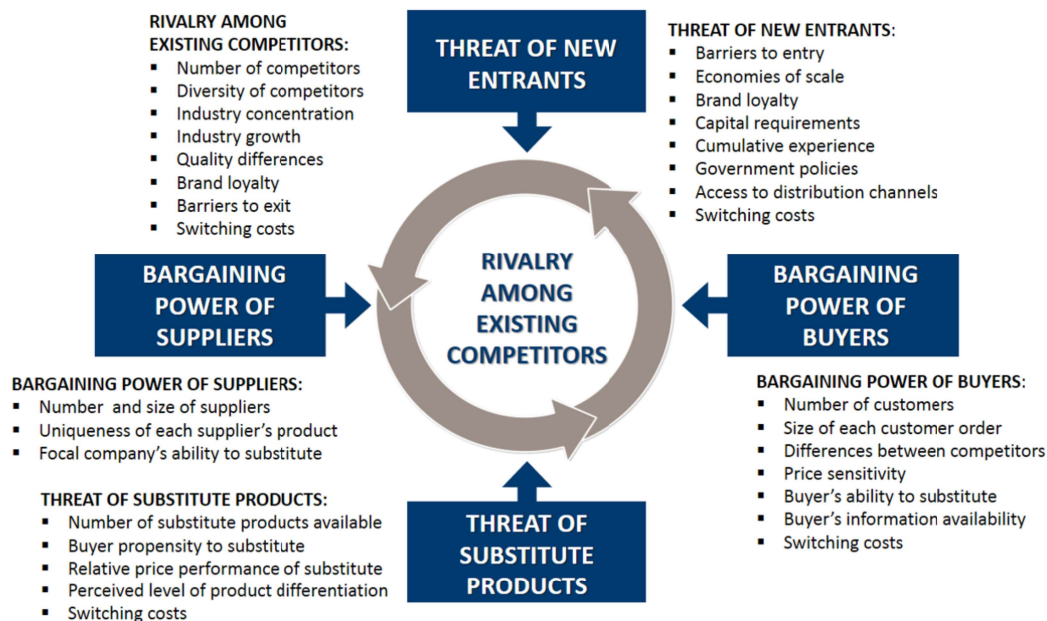
Behind the laws every company formalizes its activity which includes all aspects related to health and safety, consumer law and everything related to regulations and prohibitions at an international level as is the case of adidas which is spread around the world.

2.6 Environment Factors

To refer to this member of this theoretical deployment, we must point out where the company carries out its work in the case of Adidas, it occurs in a global environment since the production destined for overseas but all of its sales are produced in the most developed countries and with purchasing power, but at present, the environment begins to divert its attention towards the care of nature in which Adidas has notably reduced the use of substances harmful to the environment in its production and thus favor the sustainability of the ecosystem.

3. Five FORCES of Porter

Here it is a diagram where we can have a sort explain what each forces include



And I will start to describe one by one all the 5 forces how they are affecting to ADIDAS:

3.1 Level of competitive rivalry in sports fashion industry

At the High world level that Adidas is playing against to an unique and big rival which is Nike but recently other smaller companies are doing well and also fighting against Adidas as well but in this sport market they are two possible rivalry; one of them when the market has only few brand and the industry is growing up so the customer can easily

swap from one company to the other because of the cheapest price or the actual fight between Adidas and Nike where the element determinant is the loyalty that the customers show to the brand because both brands have a high reputation and brand equity in the industry.

3.2 Threat of Substitutes

Concerning the substitutive products in them appear the bargains or brands to a low price where the clients due to their purchasing power must go to cover a necessity that the first brands do like Adidas but to a high price, is for that reason that in many occasions the clients find the quality very near to the offered one by the giants of the industry to a smaller price reason why they decide punctually or to always change to these brands depending on the experience that leaves these products to them.

3.3 Bargaining Power of Buyers

The Volume of the customers in Adidas is very high in fact the customers are looking for the highest quality of the products, it can drop our opinion to a high influence over the price but as Adidas is playing in a very competitive market that the customers do not have much influence over the price because of the competitors like Puma Or Nike that they are the main reason to set their prices.

However, this factor to a large extent gets moderated by the product quality and marketing of Adidas., Adidas has focused on product quality, design, and performance and it is why the brand has been able to build an impressive level of customer loyalty.

3.4 Bargaining Power of Suppliers

Adidas as a multinational company attracts a ton of suppliers who can not affect them, but it works for a small company which is not attracted by an unnumber of supplies so that is why Adidas got the power to choose their suppliers.

3.5 Threat of new entrants

At the moment that is a low probability to get a new company because of the big barriers that they need to go beyond as the sportswear market are comparatively high. Any firm can freely enter into the market but survival in the market and to gain market leadership is quite difficult. When a new firm's products are competing with such a huge brand name, it needed to be more cautious and have to adopt high-quality strategies to gain the market. There are some barriers like High initial investments and fixed costs where are under control by the big company.

4. SWOT Analysis

At the swot analysis[SWOT Analysis] I will include a deeply a thorough and detailed scan of the Adidas performance framework in which we will discover strengths, weaknesses, and possible threats and opportunities of Adidas so I will describe each section individually:

4.1 Strengths

As Adidas is one of the bigger company or brand around the world it has a reputation or power that has delivered an image to the world as a positive brand and their products are associated and its products are associated with high quality at the same time Adidas has a recognized distribution system that allows you to get your products to any part of the world with a reasonable waiting time, in addition, the eCommerce allows itself through other companies to bring their products to all customers online.

4.2 Weakness

Being a massive company Adida produces million of the product during one year so that's why it is producing overseas to reduce the cost but doing this practices the brand is losing control at the production area where many of the products will no get the best quality as Adidas is expecting, following this sector in Adidas has not diversified their prices range across all products so that has allowed to other competitors to make their way into the market.

4.3 Threats and Opportunities

At the threats as everyone knows there are few big companies against Adidas but just Nike is the one who can make more pain to Adidas as alike brand regarding the sells and the customer loyalty that is the principal power that Adidas has against the other

companies.

On the other side, there are many challenges that Adidas will be able to make a profit from it like sportswear industries are very popular at the moment as many populations are taking a healthy lifestyle it means will be an increasing number of people demanding this kind of cloths.

5. Marketing Mix Strategies 4p or 7p

Marketing Mix[Marketing Management] is a term that englobe all the components that combine the capture and the capture to promote of the brand, on it are 4 elements that are calle the four P[4Ps] and there are included by the product, promotions , price and place now let is breakdown this elements by individual analysis.

5.1 Product

This element is the good or services that any company is offering to the public

5.2 Promotions

Here I will include all the ways and channels of marketing that the brand use to approach their products to the customers.

5.3 Price

This is the cost that the customers are paying for the products.

5.4 Place

By place it include where the company sell their products and how they delivery their products to the possible buyers.

6 Conclusion: Relate to the Segmentation, targeting and positioning to the company

To the end of this work I will deliver and a general idea of Adidas's position around the world for that first I must first establish its objectives and segmentation, concerning the brand's objectives, Adidas is focusing its goals on the customers between 20-30 years old who are following a health and fitness lifestyle which requires them to have appropriate sportswear for the development of any physical activity, but they are others groups of customer that Adidas is not approaching as much as Adidas likes because they have different preferences and the brand will not be able to make them happy as the messages may need to change in consequence it will make unhappy who are loyal to the company.

Adidas has different product categories in order of segmentation in the market according to the liking or desires of its consumers, that is why the company offers all sorts of items such as trainer, sportswear or fashion class clothes which can also be distributed to a wide range of customers, about Adidas' position in the industry the brand currently is using athletic and influencers who will make the company more attractive to a large group of customers including the ad and social media advertising that is making more popular the brand.

All in all I can say that Adidas is doing an incredible job from which they are getting their fruits as well as a good reputation and brand balance which if they continue in this line will grow over time.

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