

# Marketing intelligence helping adidas



**ASSIGN  
BUSTER**

The paramount marketers discern their market - they have in depth acquaintance of their customers, their needs, what companies/ competition have done in the past, and in which course the market is headed.

### The Best Battle of the Past Few Decades

Nike vs. Adidas - The battle between Nike and Adidas started in the late 70's. In the mid-80's, Nike signed basketball superstar Michael Jordan and quickly released the Air Jordan line. Adidas signed Run DMC banking on the explosion of Hip-Hop. Who won? Well, they both sell sports shoes and Adidas signed a musical group while Nike signed a sports star. Till 2000, Nike's worth was \$15 billion and Adidas's \$8 billion. Nike dominated most sports while Adidas remained strong only in soccer.

Why did this happen? The strong Market Intelligence helped Nike stay in correct positioning by signing basketball's most popular rising star. Adidas strayed from the sports theme completely by signing a Hip-Hop group.

Market Intelligence (MI) is the information relevant to a company's markets gathered and analyzed specifically for the purpose of accurate and confident decision-making in determining market opportunity, market penetration strategy, and market development metrics. Competitive Intelligence describes the broader discipline of researching, analyzing and formulating data and information from the entire competitive environment of any organization. Business Intelligence of any kind may also be their responsibility, in tandem with (or solely performed by) the Finance department, for measuring market share and setting growth targets, the Mergers & Acquisition group for exploring acquisition opportunities, the Legal

department to protect the organization's assets or R&D for cross-company comparison of innovation trends and the discovery of opportunities through innovative differentiation.

Market intelligence focuses particularly on competitors, customers, consumer spending, market trends, and suppliers. A marketing intelligence system is a set of procedures and data sources used by marketing managers to examine information from the environment that they can use in their decision making.

#### Unfocused scanning

The manager, by virtue of what he/she reads, hears and watches exposes him/herself to information that may prove useful. Like did by adidas's Louis-Dreyfus in its 1993 downsizing the staff following the trends of industry.

#### Semi-focused scanning

Manager narrows the range of media that is scanned. For instance, the manager may focus more on economic and business publications, broadcasts etc. and pay less attention to political, scientific or technological media. Like its seem in the ads which were targeted only the youth.

#### Informal search

This describes the situation where a fairly limited and unstructured attempt is made to obtain information for a specific purpose. For example, the marketing manager of a firm considering improving its bottom line. Like in the case of Adidas . In 1994 U. S. sales grew 62 percent, and a year later the

company went public. By the late 1990s the company's U. S. sales were growing at an annual rate of nearly 50 percent

Formal search

This is a purposeful search after information in some systematic way. The information will be required to address a specific issue. Like in case of Adidas over merging with Reebok.

## **COMPETITION**

Adidas estimated that Nike's media budget was 10 times greater than its own-but adidas believed that its quality products and careful marketing could generate enthusiasm among consumers. Fortunately for adidas, Nike hit a rough patch in the late 1990s that helped pave the way for adidas's success. Although Nike still dominated the athletic-footwear category, its hold grew weaker.

## **MARKETING STRATEGY through MI**

Better to have a conversation with people, not a conversation at people."

Adidas's marketing intelligence found what people wanted to see, feel and buy. How people associate themselves with different celebs and it proceeded on same lines.

## **OUTCOME**

Adidas continued to flourish and in 1998 held onto its number three ranking in the athletic-footwear industry with a 6 percent share, according to market research firm NPD Group, Inc. In comparison, Nike's retail dollar share was 34 percent and Reebok's 13 percent. Adidas spokesperson John Fread told

the Business Journal of Portland, “ For us, [1998] was an outstanding year, another record.” Adidas was back in the game, and it planned to stay there, pursuing its commitment to sports and athletes around the globe through its strong Market Intelligence.

## **Adidas plus Reebok is equal to better competition with giant Nike**

In 2006, Adidas acquired Reebok in a US\$3. 1 billion deal. The merger was aimed at helping Adidas increase its share in the U. S. market and better compete with market leader Nike Inc. and fourth ranked Puma AG. The Reebok acquisition was seen as a key factor in growing the Adidas brand in developing and fashion-oriented markets of Asia like China, Korea, and Malaysia. Moreover, Reebok already had marketing tie-ups in China (with Yao Ming).

The Adidas brand had sales worth €7. 1 billion (US\$10. 8 billion) while Reebok had sales worth €2. 3 billion (US\$3. 5 billion). In 2006 the Adidas brand had sales worth €6. 6 billion to Reebok’s €2. 5 billion. The marketing Intelligence has definitely helped Adidas to evolve as one No. 1 in sports footwear.

Nike reported worldwide futures orders for athletic footwear and apparel (scheduled for delivery from December 2007 through April 2008) totaling \$6. 5 billion, 13 percent higher than such orders reported for the same period last year.