

The adidas group



The main idea behind the corporate strategy of adidas is that of trying to become the world leader making sporting goods. The company mission says; “ The adidas Group strives to be the leader in the sporting goods industry with sports brands built on a passion for sports and a sporting lifestyle” (adidas). They carry a range of performance sporting goods that are sold in a few key markets.

This was the main part of adidas’ strategic approach to marketing their sporting goods. adidas has tried and succeeded in retaining its primary market presence in the athletic footwear markets. adidas has also developed a significant market share in other footwear markets through diversification and acquisition. adidas acquired Salomon, a leading winter sports company, diversifying into this market, and through Reebok, into the leisure footwear market. adidas have a strategic aim of challenging Nike to be the largest and most successful sporting goods manufacturer, and they do not show a significant change in their corporate strategy.

In 2008, the corporate strategy of adidas was based around consolidation of its market share and trying to improve its advertising campaign. Therefore there was a common approach to the strategic management of the portfolio of sporting goods before the restructuring, revolving around the way the company was marketed and how its premium sporting goods were the centerpiece of the product mix. The only difference is that now adidas has diversified into other market segments.

There was a common strategic approach used to in manage the lineup of products because the lines all show good synergy with each other. They are

perceived as being of superior quality and as actually being used by high performance athletes who endorse the products they use in their own particular sport personally whilst participating, and usually winning at the very top level of sport around the world. There are two main markets which adidas compete in, those are the wholesale and retail markets, and they are combined under two major brands, adidas and Reebok.

These two areas are adidas Sport Performance, and adidas Sport Style. Reebok is marketed towards women, and the sports leisure, fitness and style market. There are other areas of the business which operate in markets that do not fall into the category of performance or style. Such markets are the golfing apparel and clubs market. This is dominated by TaylorMade, a golfing goods and club manufacturer that adidas acquired, however adidas also controls Ashworth and adidas golf, and all of these segments combined contribute roughly one third of the adidas Group's other income.

The restructuring has created a very sensible and competitive organization. The acquisition of other businesses in different markets may improve stakeholder returns due to the synergy achieved by the reorganization and acquisitions. The sale of other elements of the business has led to some amount of streamlining. The market coverage adidas now has over the sporting footwear market is enormous.

Strategic actions that will be needed should aim to consolidate the market position of adidas and to improve market share in all these areas in order to be able to attempt to challenge Nike as the worlds' largest and best sportswear manufacturing company. adidas' business lineup shows a very

good fit in its resource use, as well as showing good market share. The marketing of these superior quality products combined with the usage of these goods by high performance sports personalities who endorse them, has helped all three major markets where adidas gains its income.

The close link between these two business units “ makes it all the more logical for Adidas to concentrate on higher-margin, innovation-driven shoes as it leverages Reebok's distribution and product development resource” (Kiley, 2005) to try and utilize its resources. There is also potential for some skills transfers between business units, as well as cost sharing and brand sharing. This could be operationally successful due to the similarity of all the markets and products that adidas is involved with.

These markets may still require some investment in order to be developed into a position where they can compete with the other suppliers of sporting equipment. There are no modifications to the product portfolio or business strategy needed at the present time. There is a good strategic fit between adidas and the companies acquired recently, and Reebok, who are already themselves market leaders in their own unique market. The only issue, that of Salomon not being as profitable as first thought, and therefore was sold “ for almost twice the selling price” (Oligopoly Watch, 2005).

Adidas is therefore committed to becoming a leader across many different segments of the sporting goods market as shown in their strategic vision statement; “ Our strategy is simple: continuously strengthen our brands and products to improve our competitive position and financial performance” (Group, 2010). They want to be seen as a brand and market leader in this

area and the current strategy and the purchase of these two companies will help adidas to achieve all the aims of the mission statement.