What is adidas’s corporate strategy

1) What is adidas's corporate strategy? Was there a common strategic approach used in managing the company's lineup of sporting goods businesses prior to its 2005–2006 restructuring? Has the corporate strategy changed with restructuring? Before it was restructured, Adidas tried to expand into more areas than it could handle. In terms of focus on product specialization, its major rival Nike fared better. After restructuring, Adidas narrowed-down its marketing segments and resolved to focus on its core competencies while continuing to cater to multiple consumer needs through its unique brand portfolio. Apart from football, basketball and running, the main priorities of its Sports Performance division include training and outdoor. Apart from Sports Performance, Sports Style was a division that was seen as an important part of its brand categorization efforts. Driving its “ Impossible is Nothing” message through its premium-price strategy and segmented-distribution approach, Adidas now aims to become the world’s top sports brand.

2) What is your evaluation of adidas' lineup of businesses in 2008? What does a 9-cell industry attractiveness/business strength matrix displaying adidas' business units look like? Barring North America, Adidas improved significantly on its sales figures across the world for the year 2008. In terms of overall revenues taken on a basis of neutral currency, Adidas segment grew by as much as 14% (http://adidas-group. corporate-publications. com/2008/gb/en/konzernlagebericht/adidas-business-perfomance. html). Sports Performance division accounted for 80% of its sales, while Sports style division accounted for the rest (http://adidas-group. corporate-

publications. com/2008/gb/en/struktur-und-strategie/our-brands-and-divisions. html).

There were renewed efforts to prepare its lineup of businesses to improve their efficiency in setting clear responsibilities, bringing concepts to market, and making sure that marketplace results are optimal. A 9-cell matrix with the business units of Adidas does not seem to be a good fit. Despite the fact that the business units are targeting a competitive advantage derived from product differentiation, the fact still remains that there is a sense of unrelatedness and dissimilarity in the value chains.

3) Does adidas' business lineup exhibit good strategic fit? What value-chain matchups exist? What opportunities for skills transfer, cost sharing, or brand sharing are evident? Prior to its divestiture, what kind of strategic fits existed between adidas' core business and its Salomon business unit? It does not seem that adidas' business lineup shows a good strategic fit given the very nature of the businesses that constitute it. Take the alliance between Mavic and Adidas for instance. Despite the fact that Mavic is associated with sport, different areas of manufacturing, marketing, and distribution related to performance cycling hardware vary significantly when compared to those of athletic footwear.

When it comes to combining the marketing of sports performance shoes and performance bicycles though, a value-chain match-up becomes evident. When we consider the fact that many established brands that had associations with Adidas have continued to remain intact without being tagged with the Adidas brand name, it becomes evident that brand sharing isn't really playing a part. With that being said, the example of Adidas

Salomon AG comes to mind. Skill-transfer isn’t much of a factor either when we take into account the differences that can be seen in the types of businesses and how they function. Cost sharing does come into play in terms of working towards a combined theme associated with developing and marketing selected products. Before divestiture, strategic fits for Salomon and the core business of Adidas resulted from both producing sports goods, operating in similar geographic areas, and holding potential to implement combined marketing efforts.

4) Has adidas' business lineup exhibited good resource fit between 1998 and 2007? What have been the financial characteristics of its major business segments during that time period? Which businesses might have been considered cash hogs and cash cows? No, it does not seem that the business lineup of Adidas showed good resource fit during 1998-2007. A majority of the overall sales resulted from Adidas, while the remaining came from Salomon and TaylorMade.

When compared to multiple areas of other business units, Salomon ranked significantly lower. Salomon’s capital expenditures, operating profits, and contribution to bottom line profits too were a drawback during this period. Adidas was clearly the cash cow in this period of time, while Salomon was the cash hog. Europe and North America accounted for a majority of Adidas-Salomon’s sales, while Latin America and Asia accounted for the rest.