

# Pestle analysis of adidas

Business



\n[[toc title="Table of Contents"](#)]\n

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1. [Political factors: Many systems](#) \n \t
2. [Economic factors: Counterfeit issues](#) \n \t
3. [Social Factors: Health conscious shoppers](#) \n \t
4. [Technological factors: Smart sportswear opportunities](#) \n \t
5. [Legal factors: Patents and more patents](#) \n \t
6. [Environmental factors](#) \n \t
7. [In conclusion...](#) \n

\n[/toc]\n \n

Adidas is a world-renowned leader in the sporting goods industry. They develop several products for the health conscious consumer. But their products are not a necessity. And they've faced backlash for manufacturing products in third world countries where the quality of life is low. Plus, Adidas is doing little to help.

This PESTLE analysis of Adidas goes into detail about the rules and regulations they follow.

### **Political factors: Many systems**

Adidas supplies, ships, and distributes their products worldwide. This requires them to extend international supply chains and follow political procedures when selling products online. The company also uses political forces as a method of intervention of counterfeit products.

Each country abides by their own taxation system. Adidas is required to abide by these rules for each sale and each product distributed overseas. The company tends to outsource the development of their product to third world countries. Most likely because it reduces manufacturing costs. But communities don't condone this type of business.

Additionally, Adidas must follow these laws:

- International trade agreements
- Product safety laws
- Labor laws
- Consumer safety product regulations

### **Economic factors: Counterfeit issues**

The sports good industry is concentrated. The 50 largest companies contribute to roughly 70% of the industry's revenue. Adidas is one of these organizations.

The products Adidas creates are deemed "leisure items". They're not a necessity. Sales are driven by sports buyer trends and preferences.

Leisure products of different categories must compete against each other. Sports products are competing against the gaming industry and music industry. The global economy fluctuates. Manufacturers shift to accommodate this. Adidas must research where to sell and distribute products. This ensures company growth and opportunities.

Adidas manufactures products in China because they're labor intensive with low cost for creation. Especially compared to North American countries.

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Adidas must play smart with the price of materials. But they face continuous challenges when importing/exporting goods. And the rise of counterfeit products dampens Adidas' sales.

### **Social Factors: Health conscious shoppers**

Adidas changes designs of their products. Designs match the interest of consumers. Products are often available for any age, gender or lifestyle. But their core focus group are health-conscious buyers with a love for sports. They must keep up with health trends and preferences to cater to their audience.

They also offer corporate volunteer programs. They support communities and foster the health of individuals. Adidas also supports the Olympics, which allows them to leverage marketing opportunities and catch the eye of new audiences around the world.

### **Technological factors: Smart sportswear opportunities**

Adidas tests their products under varying conditions. It's because they cater to athletes. They are trying to optimize performance for coaches and professionals in the sports industry. For durable solutions to athletic problems, they use natural material replacements.

They support online sales through their website and with social media. Now, they're studying the smart sportswear industry. Technology, like the Fitbit, is quite popular in the health communities. Adidas can use these technological advancements to dive into new industries and develop an edge over the competition.

## **Legal factors: Patents and more patents**

Adidas has ownership of intellectual properties and IP systems. They also have design patents, defending their right against copiers and infringement. The patents also serve as legal protection to end counterfeit businesses. As a big company, they naturally have trademark production.

Because of their connection to the sports world, Adidas endorses celebrity sponsorships as a form of marketing. And follow full compliance with national and local laws.

## **Environmental factors**

Adidas decreases environmental impact. It's their duty to monitor hazardous substances and eliminate them. This may be why they offer natural materials in their products.

They follow ethical business practices by committing to ensure supplies are following regulations in every country their products are manufactured in.

## **In conclusion...**

Adidas faces controversy for endorsing low wages in third world countries. But this reduces the cost for materials — so, they won't slow this down. They also face issues with businesses trying to copy and sell Adidas' products as their own. Luckily Adidas have design patents that will prevent exact copies by being sold.

They cater to the health conscious shopper. They change designs often to appeal to this audience. And with consumers moving towards smart tech in

fitness, Adidas can expand into new markets. The organization follows ethical practices, national and local laws.

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