

# Pest and swot analysis of adidas



**ASSIGN  
BUSTER**

----- Lopito Jan 25, 2008 Addidas- You are consultant of the company. PEST/SWOT etc ----- Introduction Adidas is a company that manufactures shoes and sport apparel. The founder is Adolf Dassler who is German. The name created by combination of the name and surname Adi Dassler, who started producing shoes in 1920s with the help of his brother Rudolf Dassler. That make costumer, to recognize Adidas is three parallel stripes of the same color.

Slogan: “ IMPOSSIBLE IS NOTHING” 1. History 1949-2005 Due to the death of Adolf’s son (Horst Dassler), the Company was bought in 1990 by Bernard Tapie. Back then Tapie was specialist of rescuing bankrupt companies. Next step was to change the place of production to Asia and make a promotion campaign by using a famous person as Madonna (famous singer). In 1992 economical problems lead Tapi to sell Adidas to Lyonnais bank.

Lyonnais sold Adidas to Robert Louis-Dreyfus who was also the president of the Olympique de Marseille football team. In 1997, Adidas AG acquired the Salomon Group, and its corporate name was changed to Adidas-Salomon AG. Seven years later, top English fashion designer Stella McCartney launched a joint-venture line with Adidas. This line was a sports performance collection for women called “ Adidas by Stella McCartney”.

After 2 years, Adidas introduced the Adidas 1, the first ever production shoe to utilize a microprocessor. In August 2005, Adidas bought rival Reebok. At the same time sales had been closer to those of Nike in North America. The acquisition of Reebok would also allow Adidas to compete with Nike worldwide as the number two athletic shoemaker in the world. Three months

later Adidas released a new version of the Adidas 1, make it better, stronger and faster. On April 11 2006, Adidas announced an 11-year deal to become the official NBA apparel provider.

2. Products Adidas manufactures anything related to sport, like shoes, clothes, watches, balls, Sunglasses, Protective Equipment, etc. You can purchase Adidas almost anywhere. Except original stores that placed in every city in every country; you can find them also in super market as perfume shower gel etc, or in jewel store as watches. The pricing for per of shoe fluctuate 60 to 250 Euros, High price for most people; justifiably for High quality materials that company use. •PLANING Mission Statement “ Our mission is to become the best sports brand in the world.

To that end, we will never equate quantity with quality. Our founder Adi Dassler was passionate about sports. For Adi, the athlete came first. He gave those on the field, the court and the track the unexpected and the little differences that made them more comfortable and improved performance. This is our legacy. This is what the brand stands for.

This will never change. ” Vision Passion for sport. This is adidas. We consistently bring our passion to every single sport, wherever and whenever it is played.

Whether it's football in the park or the 100 meters at the Olympics – we have been there, we are there now, and we will always be there. Our dream is to bring our passion for sport, the athlete and the product, to anyone who comes into contact with adidas. Objectives We are innovation and design leaders who seek to help athletes of all skill levels achieve peak performance

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with every product we bring to the market. We are a global organization that is socially and environmentally responsible, creative and financially rewarding for our employees and shareholders. We are committed to continuously strengthening our brands and products to improve our competitive position and financial performance. In the medium term, we will extend our leading market position in Europe, expand our share of the US footwear market and be the fastest growing major sporting goods supplier in Asia and Latin America.

The resulting top-line growth, together with strict cost control and working capital improvements, will drive over-proportionate earnings growth.

Decision-making style: Centralized / programmed S. W. O. T. Analysis

Strengths • In many invents is the biggest sponsor • Strong management team • Brand recognition and reputation • Diversity and variety in products offered on the web (footwear, apparel, sporting equipment, etc.

) • Strong control over its own distribution channel • No bad reputation like child labor or environment pollution • In the Soccer industry, Adidas has a stronghold Weaknesses • High prices in some products • E-commerce is limited to USA The direct sale to consumers is creating conflicts with its own resellers • Online customer service not “ helpful” or easy to find

Opportunities • Increase female participation in athletics “ Adidas by Stella McCartney” • Collaborate with other online retailers to offer Adidas products • Possibility of outsourcing the web development and e-commerce to a third party developer Threats • Nike’s strong reputation in the footwear and apparel industry • Negative image created by the sponsored athletes (i. e. Kobe Bryant and his sexual assault case) • Increase in the Price of Raw

materials Continuing challenges in import/export duties PEST Analysis

Political Adidas policy is to control and monitor hazardous substance to protect human health and environment one of those is to eliminate PVC making progress in finding substitutes like polyurethane, ethyl vinyl, silicones thermoplastic rubber. Adidas also provide training sessions on employment standards and HR systems, health and safety is important for the company. Establishing teams to manage and monitor SARS in Asia factory, washing stations, disinfectant units.

Finally Adidas protects and supports the rights of its employees by following all the current employment laws. Economical As a multinational company adidas helps countries to decrease unemployment by increasing every year the number of employees. The Industrial Production Growth Rate in Germany was 1% in 2001-3, 2004 become 1. 7%. Adidas is a reason of this increase Because of the big sponsorship in 2004 Olympic Games. As exporting to Europe is not too expensive as it was before, Europe since 2002 has own money (euro) and the borders are not so tight.

Labor salary is high in Germany and France but not so expensive in China (Suzhou). This is the reason that most of factories located in Asia. Social Adidas products declare in any raise, age, religion, and lifestyle, always in fashion with special design in any of product. Focus in people who like sports and athletes, almost everybody can purchase adidas products. Technology Adidas join into technology by make up the world's first " smart shoe", adding a microchip inside the shoe and wireless mp3 player. Also using hot melt system of the production that is environmentally safe, using heat-activated adhesives.

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The packaging that company use, are suitable for transportation over long distances, humid conditions and extreme temperature changes and use recycled paper and other environmentally-friendly packaging materials. As many competitors that Adidas has, the external environment can't be no other by dynamic. BCG Matrix Apparel Watches Footwear Eyewear Strategy Formulation By created a collection for women called “ Adidas by Stella McCartney” more women prefer to buy adidas, also the technologies that add in shoe and watches. The price fluctuant lower to higher to declare most of the people.

Miss Eliot (famous singer) promotes adidas. Furthermore it lets customers know that adidas care about environment and doesn't have sweatshops. Life Cycle •ORGANIZING Organizational Chart Adidas is a mechanistic organization. As a large, international organization with thousand of employees, oddly has organic elements by giving opportunity to employees to express their thoughts and opinion as explain above. The company puts many targets that need team work; conclude that Adidas has task culture. Communication channels Adidas emphasizes a lot on the communication channels.

It supports that creating effective communication channels through the regions at Liaison Office (LO) and factory level is a constant challenge. Adidas internet-based ‘ Ask the Management’ forum gives employees throughout the regions an opportunity to raise concerns and post questions to top management. Due to the fact that there is full and open communication at work employees are most highly motivated and make their greatest contribution to the business. The existence of the plenty flow

of information and ideas among employees develop productivity and minimize confusion, duplication, and unproductive conflict. Employees The welfare of the employees is significant for Adidas family.

Adidas identified that in order to achieving the goal to be the global leader in the sporting goods industry depends on the talents, enthusiasm and dedication of the employees. In order to success their satisfaction Adidas uses various methods. Some of these are: •organize transport to our perations centers •provide medical insurance for staff located in different cities •improve the housing accumulation fund and social retirement fund coverage •introduce flexible working hours in the LO •provide annual performance bonus for eligible employees •Make internal agreements on the use of internet, (mobile) phone and E-mail, on reintegration of employees coming back from parental leave, and on on-call service •Support the existence of formal work council, etc. Continuous training is very important.

This is way numerous seminars are continuously organized regarding all the levels of employment. As it is mentioned before, Adidas believes that employees and their talents are critical to the continuing commercial success. For this reason it indentified the need to create HR strategies that could be implemented globally. Adidas created a Global Salary Management System which responsibility is to motivate employees through different ways of remuneration and through offering various attractive compensation systems. Type of employees/ SkillsAdidas as a large international company occupies thousand of employees of different ethics, cultures, and race.

Due to the existence of the HR department the potential problems are eliminated. As Adidas has to cover many different job positions, the skills that are demanded are various. HR department recruits both low and high skilled employees depending on each job description. Diversity exists in all matters because there are employees of different age, gender, race, nationality and religion.

- LEADING Board of Directors Adidas has executive and supervisory board. The executive board is composed of four members who reflect the diversity and internationality of the Group. Supervisory board made by six members that representing the shareholders and six members that representing the employees Leadership style As Adidas let to understand, support employees; taking in consideration their opinions, should be Democratic style. On the other hand, a big company like Adidas can't be only democratic, should use and authoritarian style too. It depends in what situations have to deal with.

- CONTROLLING Adidas strategy emphasized Total Quality Management (TQM), supported by integrated software systems and code-related labor practices as devices used to reduce unit costs. Monthly monitoring of machine usage and waste reduction, machine leasing and sharing across the five components that comprise the group and a more transparent purchasing system also helped to increase recent performance. As consultant of the company I assume that Adidas after so many years is still in the second place in sports sales. The mission statement declares that our goal is to become the best sports brand in the world.



Our slogan is “ impossible is nothing”, imagine how effective will be if achieve the first place of sales. Then our slogan will be meaningful, and powerful. Now impossible is nothing, is the microprocessor and a wireless mp3 player in a shoe. The slogan will be general and not specific. To achieve our mission statement should inform people about the actions that we take against pollution and child laboring.

How a company like Adidas, which everything works fine; care about labors and with healthy reputation still in second place? In my opinion marketing department should keep more inform the stakeholders and make more sophisticated advertisements to attract customers. It was a good move to be sponsor in Olympics of 2004, but should be always “ up to date” by sponsorship, advertisements TV/streets etc. To let people, understand that Adidas have power and budget. And finally, we have to find what Nikes has that we don't? Nike should be in third or fourth place, but still in first? Why, with so bad reputation? What is this that makes customers loyal to Nike? Solve these questions and develop it. Then the first place is ours!