

Comparative analysis of nike and adidas



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Adidas is the second largest company who manufactures sporting goods all over the world. It was established in 1920. The Original founders of Adidas were two brothers Rudolph and Adi Dassler . The companys first manufacture were slippers and after that they decided to make sport shoes which went so successful that it led them to open their own shoe making factory in 1926. Then it didnt look back and today it is one of the most successful company in sporting goods.

Nike was initially started in 1962 as a blue ribbon sports. The founders of Nike were Bill Bower man and Phil Knight. Nike from its modest start grown as a sporting leader in sporting goods. It is also now recognised as world s leading manufacturer, designer, marketer and distributor.

Market and Literature Review of Adidas and Nike

Market Share and Sales

In 2009, the Market shares of Adidas was 22% of the worldwide athletic footwear while on the other end the market shares of Nike was about 33 % .

In 2009 the sales percentage of Adidas reported decline in profits. In last quarter of the 2009 its sales percentage was declined by 5 % which was because of their increase in marketing costs. While in 2010 the financial report shows that there is 15 % increase in their sale because of 2010 FIFA World Cup. On the other end the sales of Nike in the fourth quarter of 2009 was decreased down by 7 %. While the first quarter of 2010 shows 53 % increase in net income.

Target Audience

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In case of target audience both Adidas and Nike have different target audience globally. The main target audience of Adidas are between 12-34 years consumers specially involved in sports. There are various sports which are targeted by Adidas that includes gym regulars, NBA players, Football etc and also the youth who believes in living a sporty life style.

While Nike on the other end has very specific target audience . It focuses mainly on males and females, who are between 18 35 years old. As Adidas, Nike also focuses on football players under its target audience.

Product: Adidas

The products of Adidas are divided in to 3 Categories

Adidas Performance Sports shoes, perfumes, eye wear

Adidas Original Superstar Sneakers, Vintage Clothing, Adicolor Trainers

Adidas Style Caps , Bags , Belts , Hand Gloves Etc

Nike

Nike Products Sports Shoes , Sunglasses,

Trainers, BodyCare, Sneakers, Hoodies , Clothes , Caps , Bags , Perfumes etc

Price :

Adidas

There are various Pricing strategies which are followed by Adidas according to its product. But generally it uses Market skimming strategy, that is the

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price of the product depends upon its colour, look etc for example: white colour shoes of Adidas is more expensive than other colour shoes.

Nike

As compared to Adidas , the price of products of Nike are high. It adopts different and Competitive pricing strategy than Adidas, it is based on the basis of premium segment as target customers . Nike as brand has high premium , so the price of its products is high than adidas.

Place/ Distribution

Adidas

The most basic distribution strategy adopted by Adidas is to concentrate resources at the place where most profitable customer segment is available. So for this purpose it opened its shops all around the world. It also focuses on offering total customer service at the place where customer goes to buy its products. In addition to shop, Adidas also gives online buying service.

Nike

Nike on the other end had a strategy of exploring the current and developing new market, so its shops are in nearly 200 Countries. Like Adidas, it sells the products to independent distributors, licenses and subsidiaries. Same as Adidas, it also sells its products online.

Positioning

Adidas

Adidas has its own unique brand positioning in the mind of customers. For instance one of the images of Adidas is those who want to wear light shoe should go for Adidas, rather than going for other brands. Other positioning of Adidas in customers mind is basketball shoes , this is because generally basketball players wears it because of its unique design and light weight.

NIKE

Nike on the other end has image of an innovative company who focuses making new innovations and designing new style shoes. As Nike s one of the main target audience are football players its key positioning in customers mind is to provide competitive edge; help athlete to perform well. Recently in order to improve its brand positioning , it made a deal with NFL by paying 1 billion dollar (approximately) , Nike will produce all the on-field apparels , it will also produce game uniforms and other side line personal apparel and fan gear.

Research Method Used and Its Limitation

In order to carry out research there were two main methods used Primary and Secondary Research methods.

To assemble primary data a questionnaire was designed which compares both athletic brand Adidas and Nike.

Sample Size.

30

While to gather secondary data internet, magazines, annual reports of the company, articles were used.

Manual Method is used to get output information after analysing data.

Time Schedule

Total estimated time used to complete this report will be 9 week.

Limitations of Primary Data Collection Method

1. The first disadvantage of carrying primary research was difference in response. Each individual has its own view. So it was difficult to generalise the information.
2. It was time consuming, costly as it takes lots of time to find a respondent who can fill questionnaire.

Limitations of Secondary Data Collection Method

1. It was difficult to find data from company s website as sometimes they might not say their weakness.
2. The person who wrote secondary data might be biased.
3. The sample used by a secondary person might be small.

Analysis and Discussion

Key findings of Marketing Strategies Adopted By Nike and Adidas after analysing Secondary data ;

Adidas

There are various promotional strategies adopted by Adidas which includes television, internet, billboards and magazines.

Television Advertisement

Analysis of TV ad

Adidas uses different media vehicles which can pop up its advertisement on television; it uses various sports channels like Star Sports, ESPN. The recent Adidas original Ad has celebrities like David Beckham, Agnes Den, they used Informative Advertising because the objective of the ad was to create awareness about the launch of its new Star Wars collection which includes cool, funky clothes and shoes for youth, so in order to attract them they used Musical Appeal to stir up the feeling of buying. It used Peripheral Cues because it might have thought people would not be able to process information that their new collection is very cool and stylish, and so they used fashionable celebrities like Beckham and Agnes to influence target audience attitude positively. According to me the message of ad was if one wants look modish and funky as David Beckham and Agnes then should go for this new collection of Adidas.

Adidas uses internet in many ways to reach its target audience, it created its own website (adidas.com) exclusive digital content where one can get all information about the company including company background, products, sales, new launches etc. Other than this recently Adidas used Windows messenger game platform in order to promote its Predator and f50 boots to

the age group of 15-24 years old males. Which was most effective advertisement strategy as it helped the company to increase 14 % brand ratings by gamers. Additionally popup ads can also be found on yahoo , espn home pages etc . According to me , the objective of using internet marketing was to attract the youngsters who spends more time online than watching TV.

Outdoor advertisement

The organisation uses various groundbreaking outdoor advertisement such as billboard soccer, expansive wall scappers , topiary styled billboards etc. Recently in japan adidas came with unique outdoor advertisement concept where two footballers were hung wearing harness and have to play football for 10 minutes. The objective was to grab the attention of the people towards the billboard and adidas was successful in doing that as shown in figure , traffic around that froze for about 70 minutes.

Other extremely effective concept of outdoor advertisement was made in germany in 2006 during fifa world cup , a huge arc like structure with Oliver Khan s image was putted across the road , the objective of this concept was to grab attention of the vehicles passing by road and it was successful in doing this .

Sponsorship And Events

In addition to these it sponsored soccerex football festival for 2010 football and has confirmed four year sponsorship deal with it . The objective of the deal must be to promote its products in foot ball after successfully promoting it in NBA games . Additionally adidas have agreed to make eight year

sponsorship with major league soccer the objective of adidas is in to promote its products as well as to increase growth of the league and investment for youth development .

Adidas also uses various sales promotion strategies in order to increase its sales, one of the recent sales promotion strategies is adidas coupons and coupons code in which adidas distributes coupons through dealtaker. com in which if a customer's code matches with the adidas code , discount up to 30% or more than that will be given by company on various types shoes. In addition to these it also cuts down the prices of product during special festivals and events in order to increase its sales or to finish the old stock .

Other than this , adidas also uses various magazines and newspapers in order to promote its products .

Nike

Nike uses different promotional strategies. It promotes its products by adopting endorsement focus scheme, creating a prevailing media existence, establishing flagship stores and use of magazines, billboards, mobile etc

TV Advertisement

For TV ads Nike uses various sports channels to promote its products by various celebrities like Ronaldo, Renaldo, and Roberto Carlos. It mainly shows its ad during football games. Recent ad was a sort Comparative Advertisement because as the title describes Nike: My better is than your better, in this ad it shows all sports games like basket ball , baseball, Running etc and try to deliver a message that Nike products are best in

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every game whether it is basket ball , base ball , jumping . In order to grab attention and to stir up Emotional appeal it used Fantasy and surrealism because certain images shown create fantasy. While to stir up Rational appeal it indirectly compared it s products with other products, the ad might be effective as it shows and considers its products superior in every game as compared to other companys products.

Internet

Nike uses various online methods in order to promote its products. It has established its own website, where customers can get lots of information about the products and company. It also uses yahoo to promote its products, according to me the objective of using yahoo and other popup ads is to make youngsters who often goes online, aware about the brand

Billboards and Magazines

In comparison to Adidas, Nike uses different ways of billboard advertisement to promote its products, in recent times in Hong Kong to promote its Nike s T90, a series of black and white markers were posted in local Nike stores, subways, stations and also in magazines. These markers were a kind of 3D Window Display, and to watch it, customer need to text the key word displayed on the marker and has to download the Nike application. After the software is downloaded, if one points the camera on the markers, one can see virtual 3d Nike T90 boots. These types of billboard s were specially launched for the target market of Hong Kong who is found of latest technology. Other than this Nike uses ESPN magazines to promote its product.

Key Findings of Survey (Questionnaire);

Recent research founded that Nike scored low rates as compared to Adidas in terms of positioning; this is because they primarily focuses on men, only 10% of female supposed that they would buy Nike sneakers again, while rest of the women likes Adidas because it focuses on both men and women uniformly.(Referred To questionnaire)

40 % of respondents prefer and gave an average rate of 6.9 to Adidas because it is cheaper and lighter in weight. For example many of the samples said I would go for Adidas because they are cheaper and also I feel myself more comfortable in the products of Adidas, particularly youngsters who are fascinated in playing foot ball because David Beckham wears it. But on the other hand 60 % of entire sample likes and gave an average rate of 8.5 to Nike, out of which 40 % sample likes it and gave an average rate of 7 because they deem its shoes are good in quality, comfortable over long distance. While other 20 % likes it and gave an average rate of 7.5 because they feel Nike provides more variety of design in shoes than Adidas and they look more stylish. For example sample 4 said I like Nike because the products are very much cool and also there are various types choices available and various types of pattern and styles are available, So it looks that People are more concerned about quality and comfortableness than price, so by this it can recommended to Adidas to focus more on its quality.

Out of total respondents, only 70% of respondents were able to give description of recent ad of two companies out of which 40 % of respondents

described Adidas new star war collection, while other 30 % of respondents described Nike s War hawk Matt Scott s No excuses commercial.

30 % of total sample remembers and likes, TV ad of Adidas because they use well-known celebrities like Beckham, Messi, Kaka etc and they are more eye-catching. For example sample 21 Said the action it shows in its ad s add attract the viewers and also the style of showing the product was awesome.

70 % of overall sample remembers and likes TV commercials of Nike because every time they demonstrate foot ball game in a unique and a bit comical way. Some people remember it because they reflect that the frequency of Nike s ad on TV is more than Adidas.

After analysing primary data it can be said that, respondents like Nike more than Adidas, and Nike s communication strategies are more effective than Adidas.

Conclusion

- Based on above analysis following Conclusion can be made ;

Both Nike and Adidas are following almost same types of promotional Strategies up to some extent, both benchmarks each other, both uses internet , billboards , magazines , TV advertisement to promote their products the only differences is that they both are using different celebrities to promote their products and they also follow different endorsement strategies , Adidas focuses on sponsoring a team and various events, while Nike bulls its eye on various stars of football, basket ball, golf etc.

The other difference is their advertising message; they both use same scoop and scale but try to communicate with different messages. While the target audience of both the brands are same as well as the brand building strategy adopted by both the company seems to be same.

So both companies are investing more and more in their promotional strategies, to attract more customers and at last to expand their growth.