Le coq sportif

Sport & Tourism

Governance of le coq In 2005, a Swiss Holding buys the brand Le Coq Sportif. Indeed the results of the brands were well below the desired expectations. With the partnership of Sir Robert Louis Dreyfus, a great Swiss businessman who was leader of the group including Adidas, Le Coq sportif sees the opportunity for a fresh start with this strategic alliance for the future. Airesis immediately set up a plan to revive the brand that demonstrates the strong interest of the group to give new life to this legendary French brand.

Here is a chart explaining the governance of the brand Le Coq Sportif since it creation (1882) until the takeover by the Swiss holding Airesis. Few words about Airesis: Historic part: HPI Holding AG is a name that marked the industrial history of western Switzerland since 1920, date of creation of the company. Hermes Precisa International (formerly Plants Paillard) has built its success on the production of typewriters Hermes known internationally. Since 1981, the holding company HPI has been used as an investment vehicle for investments in new technologies that have suffered damage in the industry with full force in early 2000.

Currently, there are eight entries all together in the sub-holding A2I SA. In 2004, reducing the part value of its shares cleaned up the company. A capital increase of the arrival of four participants (the Boards & More group, the group Fidexpert, group and society Ouat Hazard Properties SA). These arrivals have been extraordinary for the group which has restored and a new life HPI Holding AG, which has since become Airesis. The majority shareholders (Sirs: Robert Louis-Dreyfus, Yves Marchand and Marc-Henri Beausire) then set up the new company strategy: active management of its investments in private equity and residential property.

Today the group owns brands such as: * Le Coq Sportif * Fanatic * Ion * North Kite boarding * North Sails Windsurf Here we are going to explain few words about each brand, because most of them are unknown. Fanatic: In 1999, leaving his first kite a board, Fanatic has to believe in this new trend. With its history in windsurfing, the company was able Fanatic showcase its expertise to make its entry into the sport in the making. Ion: In spring 2005, Boards & More brand launches Ion.

The technical skills of the mark are highlighted in the wet suits, neoprene accessories, harnesses, a range of clothes and carrying bags, all items used in sports on the water. North Kite boarding: Kite boarding world leader. North Kite boarding has entered the market in 2001 and became leader. This brand has a very good technical level recognized. North Sails Windsurf: The company specializes North Sails sailboat U. S. and world number 1 in this sector. Boards & More has acquired the exclusive license for the sail of surfboards since 1981.

Its strategic axis is oriented technique and style. Since late 2005, Robert Louis-Dreyfus, former owner of Addidas and Yves Marchand, who was the boss of the three stripes for France, have gained a foothold in the business and have made ?? some good seeds to make: 10 million euros through the Swiss investment fund Airesis. And some big marketeers have been poached in market heavyweights such as Reebok, Nike, Puma and Quicksilver... For example, the arrival of Antoine Sathicq, former CEO of Adidas, which was transferred to the head as general manager of Le Coq Sportif.

After joining Adidas in 1997 as director of sales, this former Procter & Gamble, aged 44, joined a new team of Le Coq Sportif establishment since its acquisition by Airesis. A team already marked by thecultureof this Adidas Swiss investment funds: Airesis is held by Robert Louis-Dreyfus, former CEO of Adidas France, Marc-Henri Beausire and Yves Marchand, former CEO of three stripes. The latter assumed the presidency of Le Coq Sportif, replacing Olivier Jacques, former majority shareholder. Antoine Sathicq therefore had the task of launching again the Coq Sportif.

Porter's Five Forces: Sportswear Industry Internal Rivalry - Fierce Competition Adidas, Reebok, Nike - Mature Industry - Mostly Non-Price competition - Differentiation strategy Threat of New entrants - Capital Intensive - Strong Brand Following Economies of scale - High R & D Costs - Industry in consolidation phase Supplier Power - Raw Materials are abundantly available - Cheap resources commodity items - Cheap labor on the East World. Buyer Power - Everything depends on Customer Preferences - Price sensitivity issues - Growing power of retail chains

Substitutes * Other types of products from other brands * New brands that make the sport more ready to wear high-end (15 Serge Blanco, Eden Park ...) * Entertainment brand to substitute to sport activities (Reading, video games…) Internal Rivalry - Fierce Competition Adidas, Reebok, Nike - Mature Industry - Mostly Non-Price competition - Differentiation strategy Threat of New entrants - Capital Intensive - Strong Brand Following Economies of scale - High R & D Costs - Industry in consolidation phase Supplier Power - Raw Materials are abundantly available Cheap resources commodity items - Cheap labor on the East World. Buyer Power - Everything depends on Customer Preferences - Price sensitivity issues - Growing power of retail chains Substitutes * Other types of products from other brands *

New brands that make the sport more ready to wear high-end (15 Serge Blanco, Eden Park ...) * Entertainment brand to substitute to sport activities (Reading, video games…) Explanation: 1. Internal Rivalry * Fierce competition: In effect in the sportswear industry, there are many competitors.

Two leaders have the most important share value on the market (Nike and Adidas). The competitors are smaller than the two big groups, which have muchmoneyto invest in marketing investment, and can develop easily than the smaller. * Mature industry: In this market, it’s difficult to innovate much more than today. The innovation exists for sure but it comes from details. It’s really hard to find for the company the perfect innovation. However companies works hard and try to find the best innovation possible to increase their share value. Mostly non-price competition: In this market, the price war doesn’t exist. In effect the competition between companies comes from the marketing, brand image and innovation (sometimes) but not on the price. All the brand are close and cannot compete on the price. * Differentiation strategy: A differentiation strategy will pursue a unique position among your competitors. The aim of the strategy is for the business to become unique in the minds of its customers. For this reason, a small business needs to create a product offering that is somehow unique.

Uniqueness can be achieved through different factors like design or brand image, technology, customer service or other attractive features. 2. Threat of new entrants * Capital intensive and strong brand: It is as very capital-intensive industry. Even though it would not be difficult for a new company to obtain the raw materials and the labor needed to produce shoes, there is almost no chance for them to gain popularity in such a mature industry with some of the strongest brand names in the world. Brandloyaltyis extremely strong and it would be very hard for a new entrant to “ steal” loyal customers from the already existent players. Economies of scales: Economies of scale play a huge role as well and the bigger players have an advantage of producing the products at a lower price than compared with newer entrants. As the output is bigger and the fixed costs of factories, machinery, marketing and R&D will be decreased per unit. Both marketing and R&D constitute high costs and since new entrants will not be able to take advantage of the economies of scale they will be less competitive. * High R&D costs: It means that it’s necessary to invest in R&D if they want to compete against others brands.

It’s a survival question in this market. * Industry in consolidation phase: The industry itself is in a consolidation phase and only the big ones will survive. The large companies are strategically and constantly acquiring smaller companies. Some of the most popular acquisitions include Reebok by Adidas, Converse by Nike. Small companies are bought before they become a threat to the bigger ones and before they have a chance to gain market share. In other words, it is impossible to grow in this industry because someone will take over your company. . Substitutes * Other types of product from other brands: Each company has the same product (shoes, tee-shirts, socks…). If the customer is not satisfied with one product, it’s easy for him to go in another brand and acquire something close to the first purchase. That’s why each company has to be aware of what it sells and what is the customer’s reaction. * New brand with different strategies: As said in the PORTER’s analysis, today there is some sport brand which are producing apparels but higher than the best known.

For example the brand Quinze of Serge Blanco, famous in the rugby world is producing clothes which are expensive than Nike for example but not with the same quality. This kind of brand products with another savoir-faire and the price are not the same but the customer can be attracting to try it. * Entertainment brand: To have fun today and doing something else than working, the customer has plenty of substitution products. The customer can read and there are many brands, which allow reading. Video games are product to entertain people (Sony, Nintendo…) . Supplier power * Raw materials and cheap resources: Typically apparels and shoes are manufactured using major raw materials cotton, rubber, and foam. All of these materials are commodity goods. In other words, the suppliers do not have the power to bargain the price of their product, since there are numerous suppliers. Hence the supplier power is low. However, there has been some standardization of production in the industry due to growing concerns of labor practices of the suppliers and manufacturers.

These practices have been damaging the image of some companies including Nike. Therefore, the big companies prefer to work only with approved manufacturers and suppliers that are known to follow these labor standards. Both Adidas and Nike have created a system to ensure that all the high quality of the product, the working conditions, and the distribution are at high standards. Therefore, suppliers are trying to establish themselves as reliable because once they gain Nike as a customer they know that they will request enormous volumes. However, to reach this level, the supplier needs to make investments in their facilities to improve working conditions and many suppliers cannot afford to do so. * Cheap labor: Many people works for “ nothing” in the eastern countries, in Asia to be precise. Competition against the labor cost is impossible and many company delocalize the production abroad to reduce costs. 5. Buyer power: * Everything depends on customer’s preferences: The customer has the choice to buy product in retailing store with general brand or he could go to the special store, branding store as Nike store or Adidas store to get a product.

It’s a question of desire and where the customer lives too. * Price sensitivity issue: In the general retailer store, prices are lower than official store. That’s why some customer prefers to go in retailer store and purchase product for lower price and maybe get more compare to the official store. * Growing retailer store: More and more retailer store open and sell apparels and shoes from all sportswear brand. The customer has a lot of choice today and can choose whatever he wants and with his own criteria.