

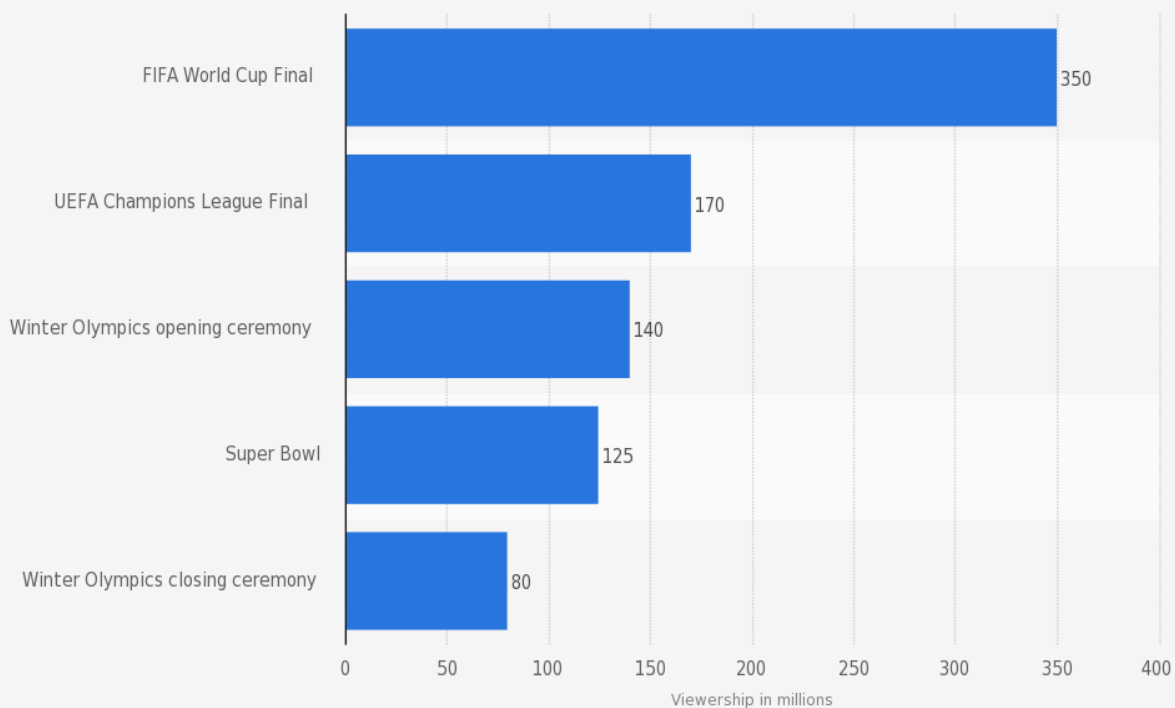
# Adidas Analysis – Marketing Environment

## Marketing Environment Evaluation

### Current Market Trends:

**Partnerships-** Cohesive brand partnerships serve to enhance the image and profitability of each respective brand. For a true strategic brand marketing program to work, both brands must complement each other and fit similar customer profiles. Conceptually, fit is an instance where two objects share some commonalities. (Samuelsen, 2015) Even more importantly, the partnership must fall within the lifestyle and user experience of the customer. Athletic brands and professional sports leagues make for the ideal brand partnership. Adidas and FIFA have one of the strongest and most influential of all athletic partnerships, largely due to soccer's global audience and popularity. This helps position Adidas as the world's premier athletic apparel company.

**Projected global viewership for major sporting events in 2014 (in millions)**



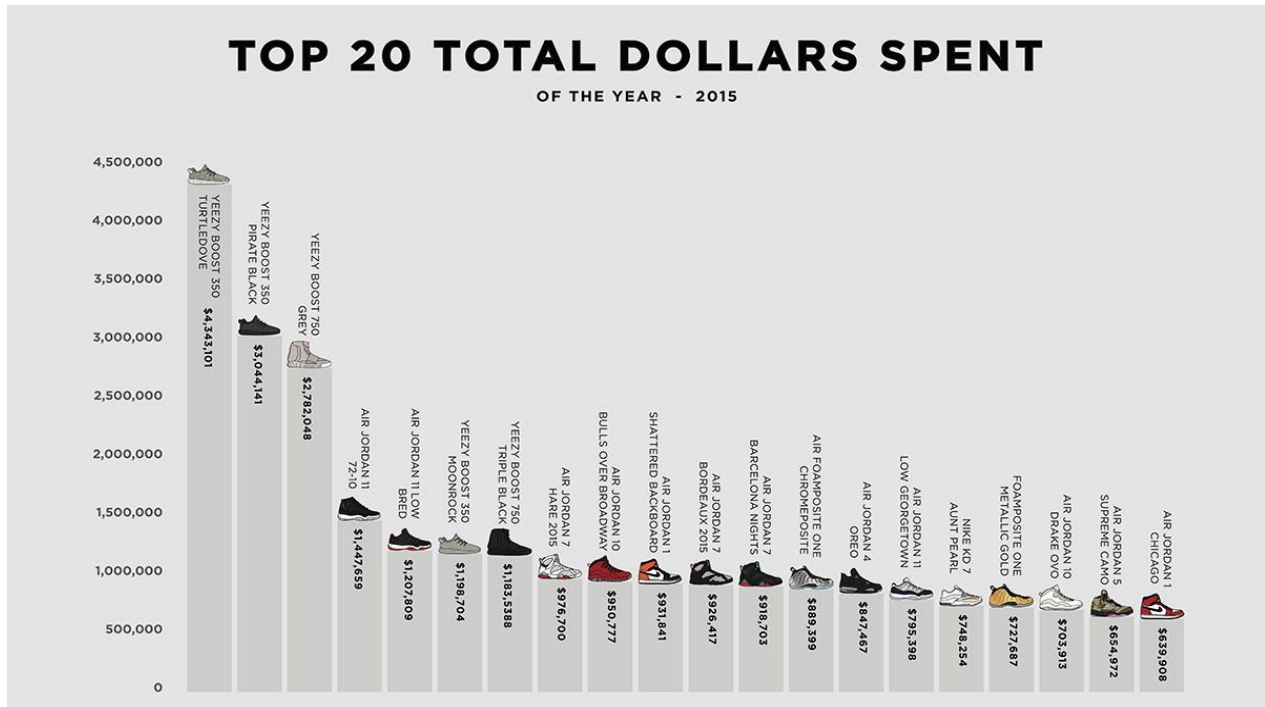
*Source: Statista*

Adidas and FIFA have been partners since 1970. This strategic commitment to the FIFA World Cup ensures extensive Adidas presence at the world's most watched sporting events until 2030. The agreement also offers Adidas broad licensing and marketing rights around the FIFA World Cup. (FIFA, 2013) In addition, a wide range of Adidas/FIFA World Cup licensed products will be on sale worldwide. Adidas also secured similar rights to all other FIFA tournaments during this time period, including the FIFA Women's World Cup and the FIFA U-20 World Cup. (FIFA, 2013)

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## Market Changes:

**Endorsements-** Celebrity endorsement is a highly effective strategy to gain consumer interests and brand loyalty in a cluttered marketplace. (Hung, 2014) Today, athletic brands are signing more artists, musicians, actors and actresses than ever to create product lines. Leaders in the industry such as Adidas are looking past traditional athlete endorsement and gearing more towards celebrities and cultural influencers. Most notably, Adidas has teamed up with artist Kanye West to develop and enhance his line of ‘Yeezy’ apparel- one of Adidas’s most anticipated product lines to date.



Source: *Complex*

This chart depicts the top 20 overall grossing athletic shoes of 2015. The top 3 overall grossing shoes came from Kanye West’s and Adidas’s ‘Yeezy’ collaboration. This is a clear indication of the power and influence that the new age of brand endorsement has. Celebrities have so much influence and power over market trends and consumer values that a single endorsement can change the course of a company.

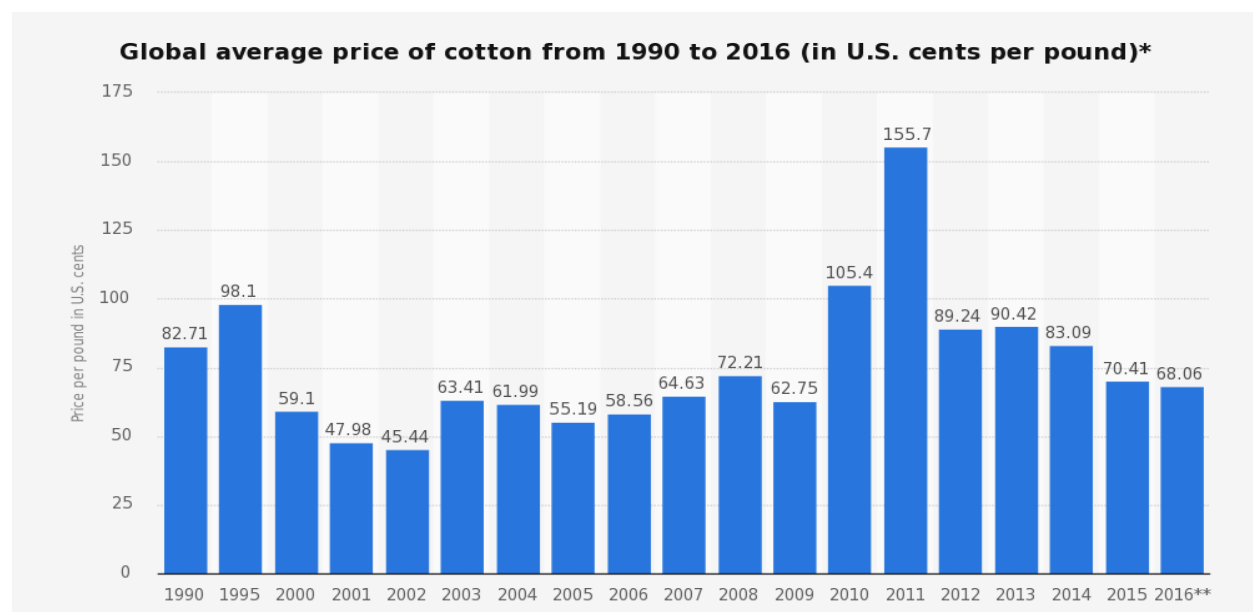
**Athleisure-** Athletic apparel has seen a recent shift in functionality. Athletic-casual wear has become increasingly popular and acceptable for use in a wide variety of social situations. Athleisure is comfortable, versatile and acceptable in a variety of settings, achieving sales of \$43.6 billion in 2015, a 16% increase from the year prior. (Marshall, 2014) However, the athleisure market is currently highly saturated, with many brands rushing to take advantage of the new market trend. Brands like Adidas are countering the highly saturated market with unique endorsements and brand collaborations.

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**Fashion-** Recent trends have caused a shift in the athletic apparel industry. Brands are rapidly shifting from function to fashion. For Adidas, fashion collaborations are a new way of expanding the company’s creative ecosystem and keeping consumers engaged and excited by the Adidas brand in a fast moving market. They currently have a deal inked with fashion icon Rick Owens a

## Economic Factors:

**World Market Prices-** The apparel industry relies heavily on raw materials to use in the production of nearly every product. Cotton is amongst the most important and volatile of these raw materials.



It is essential that athletic apparel companies study the world market of the materials. As seen in the graphic, cotton prices are the lowest they have been since 2009. Companies need to take advantage of low market prices because these commodities tend to fluctuate at rapid paces.

**Conclusion-** Rivalry among existing firms in the sporting equipment industry is very high with a saturated market that makes it difficult for brands to differentiate themselves. Companies in the industry can only compete by actively differentiating their products and building strong brand personalities. The increasing popularity of major sports events offers incredible sales and brand building opportunities for all companies in the industry. It allows them to reach out to customers all over the world at the same time. Furthermore, such events provide a good platform to introduce new equipment and make people familiar with new technologies. Current trends in athletic apparel are forcing companies like Adidas to adapt while simultaneously allowing room for creative growth.

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