Brand Equity Diagnosis Of Nike And Adidas

Posted on September 17, 2018

View this essay online:
https://academic-master.com/brand-equity-diagnosis-of-nike-and-adidas/

Introduction

Nike and Adidas are among the strongest global brands in sporting goods, but brand equity cannot be diagnosed through revenue or advertising visibility alone. Brand equity exists when consumers attach distinctive meanings, expectations, emotions, and experiences to a brand and when those associations influence preference, loyalty, willingness to pay, and response to new products. Keller's customer-based brand equity model is useful because it analyzes what a brand means in the consumer's mind rather than focusing only on the company's internal resources (Keller, 2001; Keller & Swaminathan, 2020). Current performance also shows that the two companies are operating from somewhat different positions. Nike reported fiscal 2026 revenue of $46.4 billion, including $45.2 billion for the NIKE Brand, while Adidas reported record 2025 revenue of €24.8 billion and double-digit currency-neutral growth across several categories and markets. These figures do not measure equity directly, but they provide context for evaluating brand momentum, distribution strength, and consumer demand.

Brand Identity, Salience, and Positioning

Nike's brand position is strongly associated with elite sport, personal ambition, performance, competition, and cultural influence. The Swoosh, athlete endorsements, major league partnerships, and the long-running "Just Do It" platform create unusually high salience across sports and lifestyle markets. The brand's greatest strength is not simply recognition but the ability to connect a product with a broader narrative of self-improvement and achievement. Nike's challenge is therefore maintaining distinction rather than generating basic awareness. When major footwear franchises become overdistributed or repeated too heavily, strong awareness can begin to weaken perceptions of novelty and exclusivity. The company's current strategy emphasizes sport leadership, product innovation, and a rebalancing between direct channels and wholesale distribution. Fiscal 2026 results showed rising wholesale revenue and lower NIKE Direct revenue, suggesting that marketplace management has again become part of brand strategy rather than only an operational decision (Nike, Inc., 2026a).

Adidas also possesses powerful sporting legitimacy, but its identity combines performance heritage with lifestyle, fashion, and local cultural relevance in a different way. The three-stripe mark operates across football, running, training, basketball, streetwear, and Originals products, allowing the brand to

move between athletic and fashion contexts without abandoning its core visual identity. Adidas reported strong 2025 momentum across footwear, apparel, markets, and channels, with management emphasizing a “global brand with a local mindset” (Adidas AG, 2026a; 2026b). This phrase captures an important strategic difference: global recognition is maintained while local teams, creators, retailers, and consumer preferences shape execution. Both Nike and Adidas therefore possess high salience, but the meaning attached to that recognition differs. Nike tends to center competitive aspiration and personal achievement, while Adidas often combines sporting credibility with heritage, creativity, community, and fashion culture.

Brand Meaning, Product Innovation, and Consumer Judgment

In Keller’s CBBE model, brand meaning depends on performance and imagery. Nike supports performance meaning through footwear technology, athlete use, sport-specific product lines, and repeated visibility in high-performance settings. Imagery extends the brand into identity, confidence, status, and cultural participation. The company’s scale reinforces credibility because consumers expect global support, consistent quality, and product availability, but scale can also create a disadvantage if products become too common or if innovation appears incremental. Brand managers therefore need to control distribution and product storytelling carefully. A successful launch should create both functional evidence and cultural meaning, while older franchises need disciplined lifecycle management. Nike’s effort to reduce supply in selected footwear lines illustrates how scarcity, novelty, and marketplace presentation affect brand equity as much as manufacturing volume does.

Adidas creates meaning through a similar combination of performance and imagery but often draws more visibly on archive, heritage, and the intersection between sport and streetwear. Football remains a major source of credibility, while Originals allows older design codes to become contemporary lifestyle products. Consumer judgments about both brands depend on quality, fit, design, innovation, price, sustainability, and consistency with prior expectations. Neither brand can rely indefinitely on history. Specialist running brands, basketball competitors, luxury collaborations, value retailers, and new digital-first labels all compete for consumer attention. Strong brand equity therefore requires a continuous cycle in which product quality confirms the story told by marketing. Communication may create expectation, but experience determines whether that expectation becomes loyalty or disappointment.

Emotional Associations, Community, and Brand Resonance

Nike frequently uses emotional narratives of challenge, aspiration, defiance, achievement, and individual possibility. “Just Do It” is effective because it can stretch from elite athletes to everyday

exercise while preserving a recognizable message about action. Adidas often uses emotion through creativity, belonging, heritage, team identity, and the connection between sport and culture. These differences are not absolute because both brands use multiple narratives, but they help create distinct emotional territories around similar categories. Brand feelings become especially valuable when consumers interpret products as expressions of identity rather than interchangeable functional goods. A pair of shoes can therefore communicate participation in a sport, admiration for an athlete, attachment to a subculture, or preference for a particular design tradition.

Brand resonance represents the highest level of customer-based equity because it involves repeated behavior, attachment, community, and active engagement. Running clubs, football supporters, sneaker communities, apps, membership programs, product drops, collaborations, and athlete fandom can all deepen relationships beyond one transaction. The most valuable consumers are not simply those who recognize Nike or Adidas; they are people who repeatedly choose the brand, discuss it, participate in its communities, and interpret it as part of their lifestyle or identity. Digital channels have strengthened this process by allowing consumers to review products, compare launches, create content, criticize campaigns, and influence other buyers. The company no longer controls every interpretation of the brand, which makes community credibility increasingly important.

Distribution, Endorsement, and Cultural Strategy

Distribution strategy has become a central part of brand equity because availability affects both convenience and perceived distinctiveness. Nike’s recent shift toward stronger wholesale relationships reflects the limits of treating direct-to-consumer channels as the only strategically valuable route. Retail partners can provide discovery, local market knowledge, physical trial, and broader consumer access. At the same time, excessive discounting or overdistribution can weaken a premium brand’s perceived value. Adidas faces the same tension as fast-growing franchises gain wider exposure. Both companies therefore need to balance reach with controlled presentation so that successful products remain desirable rather than becoming routine inventory. Digital and physical channels should reinforce one another rather than compete internally for sales credit.

Athlete and celebrity endorsements also transfer meaning to both brands, but dependence on individuals creates reputational risk. Elite athletes provide performance proof, aspiration, and visibility, yet brands should not organize their entire identity around a small number of personalities. Teams, grassroots sports, creators, adaptive athletes, women’s sport, youth participation, and local communities can broaden the portfolio of associations while reducing concentration risk. The most useful recommendation is therefore segmentation rather than abandoning elite sport. Elite competition can remain the highest-performance proof point while recreational athletes and lifestyle consumers receive products and communication designed for their own needs. A coherent brand architecture explains how these audiences belong together instead of forcing one message onto every market.

Strategic Outlook for Nike and Adidas

Nike’s main equity challenge is restoring product excitement while maintaining the enormous awareness it already possesses. Fiscal 2026 showed stronger wholesale performance alongside weakness in direct digital channels, reinforcing the need for better marketplace balance and stronger product differentiation. Adidas entered 2026 with stronger recent growth momentum, supported by local-market execution, product depth, retailer relationships, and a broad mix of performance and lifestyle demand. Rapid growth, however, creates its own risk if winning franchises become oversupplied or if recent cultural relevance is treated as permanent. Both companies therefore need disciplined portfolio management, continued innovation, and clear channel roles. Sustainability claims also require caution because consumers increasingly evaluate materials, labor conditions, product durability, and environmental impact. Broad promotional language without measurable evidence can weaken credibility instead of strengthening it.

The strongest comparison does not produce a simple winner. Nike has greater revenue scale and exceptionally strong global salience, while Adidas entered 2026 with stronger recent growth momentum in several markets. Nike’s equity is closely tied to sport leadership, aspiration, iconic visual assets, and global athlete culture. Adidas combines sporting legitimacy with heritage, fashion credibility, local-market activation, and a flexible lifestyle identity. Both brands operate from positions of high awareness, but future equity depends on whether they can convert that awareness into distinct product meaning, disciplined distribution, credible communication, and durable consumer relationships. Brand equity is therefore not a fixed asset stored in a logo. It is continuously renewed through the interaction of product performance, culture, community, retail experience, and consumer judgment.

Conclusion

Nike and Adidas demonstrate how customer-based brand equity is built through identity, meaning, emotional response, and long-term relationships. Both brands possess exceptional recognition, but their competitive strength depends on more than familiarity. Nike draws heavily on performance, ambition, sport leadership, and cultural aspiration, while Adidas combines sport heritage with creativity, fashion, and local relevance. Product innovation, distribution discipline, endorsement strategy, community participation, and retail execution all influence whether these associations remain credible. Current financial results provide useful context but should not be mistaken for direct measurements of brand equity. For students, the key lesson is that strong brands succeed when consumers repeatedly experience a consistent relationship between what the brand promises and what its products, partners, channels, and culture actually deliver. Brand equity grows when awareness becomes meaningful preference and durable attachment rather than simple visibility.

References

Adidas AG. (2026a). *Annual Report 2025: Income Statement and Business Performance*.

Adidas AG. (2026b). *Annual Report 2025: Outlook for 2026*.

Keller, K. L. (2001). Building customer-based brand equity: A blueprint for creating strong brands. *Marketing Science Institute Working Paper*.

Keller, K. L., & Swaminathan, V. (2020). *Strategic Brand Management* (5th ed.). Pearson.

Nike, Inc. (2026a). *Annual Report on Form 10-K for the Fiscal Year Ended May 31, 2026*.

Nike, Inc. (2026b). *Fiscal 2026 Fourth Quarter and Full Year Results*.