Internal Environmental Analysis of Adidas

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Executive Summary

This paper examines the internal environment of the Adidas Company. Adidas is a well-known company that has been operational for the last fifty years. It has very sturdy financial support, and the company has the highest number of staff compared to its competitors. This paper analyzes the internal environment analysis and internal issues that have affected Adidas and the competitive advantages that Adidas has as compared to its competitors.

Introduction

Adidas is one of the market leaders in the manufacturing of sports apparel and shoes all over the world. The company is based in Herzogenaurach, Germany. In the United States, the company is doing business as an American Depositary Receipt. Adidas has a total market capitalization of nineteen billion dollars and total sales of 16 billion dollars per year. It is, hence, considered a stable sportswear corporation, and its financial status gives it an edge over its competitors. The company started manufacturing shoes in 1949, and since then, it has witnessed steady growth. Adidas manufactures a wide range of sportswear and has more than five hundred thousand employees all over the world.

-Assess the organization’s internal environment

Organizational Structure of Adidas Group

Adidas is a German-based international company that produces and designs accessories, sports wear, and other sports products. The company’s headquarters is located in Herzogenaurach, Germany. The Adidas AG organization has three sister companies that are “Reebok Sportswear,” “Adidas,” and “Tailor-made Adidas Golf Company.” Reebok has been a subsidiary of Adidas since 2005, and the company also manufactures accessories, dresses, and shoes for athletes. Whereas the “Tailor-made-Adidas Golf Company” manufactures and markets all the goods which are associated with golf. Adidas is the major manufacturer of sportswear products in Europe and Germany, and the 2nd biggest manufacturer across the globe; Nike is in 1st place.

-Identify important internal environmental factors found in your analysis of the general, industry, and external environments.

The structure of the corporation is comprehensively distinct and clear. There are numerous practical departments, for example, production, marketing, customer services, distribution, R&D operations, and human resource departments, that have very evidently distinct jobs and duties at all levels. The Company's vision is to become the leader in sportswear manufacturing and has many sub-brands that are designed with the urge for sports and a sporting regime. To accomplish the objective, a deep and thoughtful understanding of the customer and consumer is vital. In order to fulfill the requirements of the clients, it is vital to make a strong client association and to comprehend their buying behavior (W.2012).

Capabilities

Specifically, in times when raw ingredients and materials are becoming more valuable, businesses are required to use their assistance and capital in a very effective way for the companies to remain competitive. These prospects are known as "capabilities." Capabilities could be defined as structurally entrenched, non-transferable organization-specified resources. Capabilities could be distributed into threshold and distinctive capabilities. In this way, the Threshold competencies or capitals are accomplishing the general principles that the company has to deliver for the company to survive in the market. In the Adidas Company, the threshold-based criteria for numerous industries are land, structures, labor force, numerous sections, and subcontracted companies. Conversely, there are distinguishing capabilities that must not only keep the corporation alive but also deliver a competitive benefit.

-Assess the structure of the organization and the influence this has on its performance.

Distinctive capabilities, also called core capacities, are the abilities and exclusive fundamentals that are rooted within the company. These vital features are deliberated and highly preferred, as they offer the company what it needs to be very competitive in the market and further deliver the company with competitive gain. So the distinctive capabilities are producing the essential capabilities in the corporation and are the crucial driving forces for the Adidas Company to accomplish its competitive benefits. Adidas is utilizing its important resources and competencies to achieve performance and value-based excellence. The Distinctive abilities and skills that Adidas grasps are their Distinctive R&D departments and their associations with international universities, sponsorship contracts with NBA and FIA, expanded processes, portfolio, and network, decent standing as an affordably priced brand in manufacturing, strategic innovation, and distribution (Cleff, T, 2013).

-Determine the organization's competitive position and the possibilities this provides.

Value Chain Analysis

To understand what a specific company or business is doing, it is essential to examine the explicit events that the corporation is conducting in its daily routine. The competitive benefit is building upon the additional morals and values that the company is delivering in its products. The Value Chain model by Michael Porter exhibits a sequence of numerous actions that companies execute to provide or to deliver valuable products. Through sourcing all these activities, the process cycle could be plotted and could be used to separate particular activities to reduce the cost of the structure. Now, converging back to Adidas, the business is splitting its undertakings as follows: outbound and inbound logistics, marketing, operations, and services and sales as its primary activities. Supporting the actions in their main industry are: human resource management, research, procurement, and development

-Perform competitor analysis.

Adidas vs Nike Competitor's Analysis

In the year 2009, the Market share of the Adidas company was around 22% of footwear, whereas Nike held a total share of nearly 33%.

Due to the financial crisis, the sale of Adidas dropped significantly to around 5%, which was due to the marketing cost, whereas the next year was proven to be profitable for Adidas as the company witnessed a 15% increase in sales due to the 2010 FIFA World Cup. The sales of Nike dropped to 7% in 2009, and Nike Company has witnessed a 53% increase in sales in 2010.

Both Adidas and Nike follow the same marketing strategies and benchmark each other; both companies are using the internet, magazines, billboards, and Television advertisements to promote their products. Both companies are using celebrities to show off their products and increase sales. Adidas mostly focuses on team sponsoring, whereas Nike focuses on sponsoring sports stars.

-Identify the most important strengths and weaknesses of your organization, including an assessment of the organization's resources.

Strength and Weakness of Adidas

The major Strength of the Adidas company is its robust and strong brand worth as the company is one of the world's most popular brands, a robust and established networks, a marketing strategy, and sturdy permitting, their top spot in the business and one of the major player in the manufacturing, expanded processes across the globe and the most significant strength is the competitive price of their product. However, the company also has many weak points. Several weaknesses Adidas may have to struggle with are the unrealistic performance of one of its companies, Reebok, outside the United States, firm competition with renowned brands, which means clients have a high ratio of brand switching, a higher and more costly structure, and dependence on sport-based sponsorships.

Conclusion

In the year 2009 economic crisis, several enterprises and companies suffered in their business and profit, and had to reorganize their commerce. Several different aspects were the crucial drivers for this economic crisis, but there were no effectively reformed strategies for demand and supply. Experts who are examining and instructing companies implement different tools and methods to recover the customer's business.

In order to reduce the internal weaknesses by getting prospects, the company must keep its attention on its marketing strategy, strong networking, and focus on its franchises to stay competitive and to form close long-term client relations.

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