Strategic Evaluation of Adidas

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Adidas Group was founded in August 1949 with headquarters in Bavaria, Germany. It is the 2nd largest sportswear manufacturer across the globe and the largest manufacturer of sportswear in Europe and Germany. This business corporation designs and manufactures sports-based clothing, footwear, and related accessories. Due to their unique business and marketing strategies, the company has grown 10 times bigger during the last decade. This is uniformly recognized that decent business strategies shape the roadmap to the success of an organization. In this research project, we will evaluate the potential business, corporate and global strategies of Adidas.

Potential Business-Level Strategies for Adidas

Potential business strategy plays a significant role in the shaping of any market-leading trademark. This is an era of information technology, and markets are highly competitive, which forces an organization to implement up-to-date business strategies. In order to achieve faster global growth, Adidas has made numerous modifications to its business strategy during the last couple of years. These changes led to a durable financial position and transformed the company to be more competitive. However, Nike is ruling the global market nowadays, but the sustainable sales growth of Adidas postulates that the company might be gearing up to become a sports market boss in the near future. Speed is recognized as a key element of Adida's new business strategy, and the ultimate purpose of the company is to become a truly fast sports company. Vital foundations in the business strategy of Adidas include;

- Emphasis on important urban marketplaces
- Effective supply chain management
- The marketing campaign for higher influence
- The motivation for sustainable performance
- Investment in digital and information technology
- Spending in research and development areas

Potential Corporate-Level Strategies for Adidas

Corporate-level strategies deal with the evolution process of an organization and its vertical or horizontal integration. The first part of the corporate-level strategy is vertical integration which can be divided into a forwarding or backward integration. The company becomes self-independent in backward integration; for example, Adidas manufacturer purchases raw materials for its merchandise from other suppliers and later becomes this raw material supplier. Adidas does not supply the raw materials required for its products, so the company has no backward integration. Once Adidas contracted with BASF (a German chemical company) to prepare couching for its product which cannot be considered as backward integration because Adidas does not make couching.

On the other hand, forward integration is when a company becomes a retailer for its products and distributes its merchandise among a group of retailers. Adidas sells its products from plenty of retailers but also has its own Adidas retail shops all over the world. Horizontal integration is recognized as the second part of the corporate-level strategy in which elimination or acquisition takes place. Initially, Adidas dealt with footwear, which later evolved into sports accessories and clothing products due to the acquisition of its rival, Reebok, in 2005. Adidas is focusing on the following key strategies; 1) innovation leadership and extending design, 2) meeting the customer expectations, needs, and desires, 3) quality and delivery improvement, 4) emphasis on financial health, and 5) attaining a strong market position in major marketplaces. In sum, Adidas has horizontal integration and forward integration on a corporate-level strategy.

Potential Global Strategies for Adidas

The international business environment is quite complex and consists of different dynamics that have a direct effect on the success of the business. These dynamics provide threats and opportunities for an organization that must be taken into account while designing global business strategies. Adidas is a global business entity which is why the always focus on the "global brand" concept. The key global strategy of Adidas is to meet the local customer needs in order to develop an influential brand in the competitive world markets. The management of the company always emphasizes a consumer-oriented structure. For example, the company concentrates on running and football in European countries and emphasis on sportswear in Asia. (Wheelen et al., 2017)

The prime aims of the Adidas global strategy include more responsiveness to market development, management of channel collaborations via developing best global practices, and service consumer needs and multiple customers. Furthermore, Adida's potential global strategies pay key attention to innovation and sustainable business in order to integrate across all business strategies. They have confidence that the key to innovation and growth is sustainability. Another global strategy of the company is to develop a green, lean, equitable, and empowered supply chain. (Wheelen et al., 2017)

Recommendations

We can conclude on the basis of the above discussion that Adidas uses the latest and innovative technologies to develop its business performance as a global brand that is working in a highly competitive worldwide market environment. The company must make sure to conform to global and local rules and standards while doing business. Product variations could lead an organization to achieve its major objectives, for example, profit maximization and improved and better sales. So Adidas should improve its product line in order to get ranked 1 position in the global market. Another area that required key attention is innovation along with the strategic partnership, for example, the shoe plus phone promotional campaign contract between Samsung and Adidas. As mentioned earlier, Nike is a global leader in the global sports market, so Adidas should work hard towards improving its market share. They should enhance their marketing campaign to promote their products by engaging more celebrities and superstars.

References

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