

Analysis on Adidas Marketing Strategies in 4P Model

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Abstract: When people are shopping, they may make different choices in the face of different brands. People generally choose goods with high brand recognition. This paper studies the reasons that brand awareness has an impact on people's consumption intentions, the measures other enterprises can take to improve their brand awareness and attract more consumers and gain more profits. This paper uses the 4P theory (product, price, place, promotion) to explain the marketing process of Adidas and other issues in four aspects. At the end of this article, some data and forms can show that there are some huge differences in net profits with part of his competitors due to Adidas marketing strategy.

Keywords: Brand awareness; Consumers' shopping intention; Adidas; 4P model analysis

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1. Introduction

It is not a generalization to say that people will be affected by brand awareness when shopping. According to "Research on Competitive Advantage of Clothing Brands in the Measurement of Consumer Values" ^[1], we know that in the process of shopping, consumers' purchasing intention, that is, values, will change due to brand awareness. Therefore, some brands in line with the concept of consumers will have a greater competitive advantage. This paper points out that in the leisure brands, many brands appear the phenomenon of homogenization, resulting in the failure to have a top consumer group. Therefore, it is very important to improve the clothing brand and enhance the advantage of clothing brand. At the same time, there are two papers named "Consumption Experience under the Classification of Clothing Brands in O2O Mode" and "The Emotional Positioning of Clothing Brands" respectively, which respectively use O2O mode, Maslow's Needs Theory and the Big Five Personality Theory to explain how clothing brands need to improve their brand fit degree and brand awareness, to solve the above problems, and enhance brand competitiveness. Unlike the previous article, this paper uses the 4P model (the product, price, channel, promotion) to analyze the particular brand, why the brand has a larger audience in the market, why they are better than the nameless brand on the street. Also, in this article, in order to make the argument clear, multiple data and tables will be used to demonstrate and prove some points of view.

2. Adidas

Adidas's history makes it different from other brands. Adidas was originally founded by Rudolf Dassler and Adolf Adidas. At first Adidas did not go by that name either, they were originally called Dassler Shoe Factory. While the United States was dominated by two of the more famous brands: New Balance and Converse, the German market lacked a sneaker brand. Thus, the two men started making spikes. From an

unknown small shoe factory in 1928 to a well-known big brand now, there is no lack of business strategy of its top management. Adidas has a very high turnover in the world. In 2019, its turnover reached a peak of 23,640 million euros from 2000 to 2020. The lowest turnover was in 2000, but it also reached 5835million euros. Adidas has also been successful in every shoe sale. In 2019, Adidas’s sneakers accounted for 16 percent of footwear revenue, which was about \$70 billion and is expected to grow to \$103 billion by 2025 [2]. Adidas is also the largest sportswear maker in Europe after Nike. Therefore, Adidas’s business empire is not just about sneakers, it’s about different things. **Figure 1.** indicates that the price of Adidas’ shares has risen from less than 50 to 300 euros from 2000 to 2020.

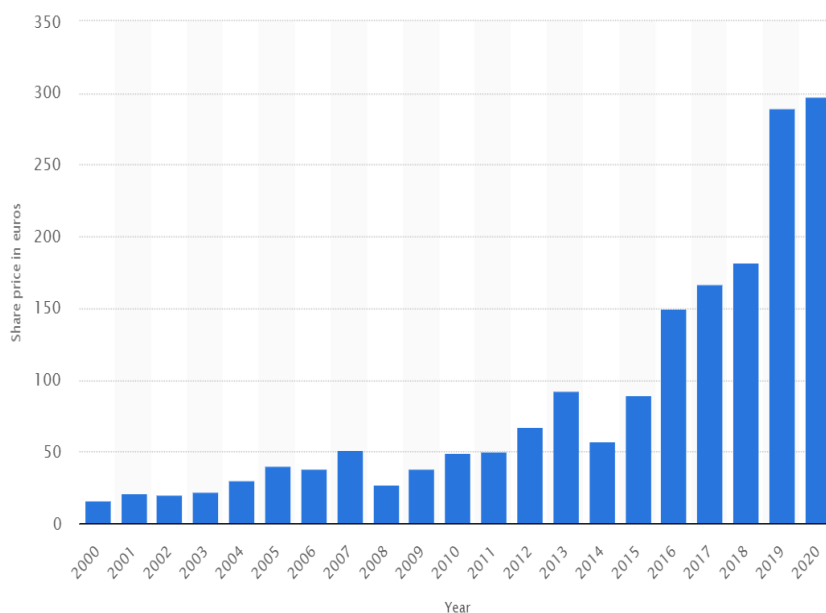


Figure 1. The Adidas Group’s share price from 2000 to 2020 (in euros) [3]

2.1. Adidas’ product

Adidas has been well known for its quality since 1928, when Adolf Adler, influenced by his father, took a keen interest in shoe making and took advantage of a gap in the German sneaker market to supply running shoes for the Olympics. The two companies, Puma and Adidas, were split up due to a brotherly disagreement. In this period, Adidas also focused on the quality of shoes, public welfare, put the function of the company first.

As a big brand today, Adidas must be different from other shoe manufacturers. The domestic shoe brand may look like Adidas, but what sets the shoe companies apart is the technology behind the shoes. Technology is about comfort and protection for the user. One of the more famous is its shock absorber. Shock absorbers are often used on the back of shoes to give the shoe a reverse impact and absorb the falling force. Not only Adidas, but Nike also offers shock absorption and stabilization. The Adidas line is made of Adiprene, a shock absorbing elastic material that adds protection, disperses stress and provides stability. For a shoe, appearance, comfort, shock absorption, wear-resisting, protection is people in the choice must be considered, and shock absorbers such as glue can help people a lot.

For Adidas, it is best known for its Boost. Boost combines “soft buffering” with “sharp responsiveness.” Boost gives Adidas a lot of marketing power. Many shoes are also based on Boost’s air cushion, such as Yeezy. However, Adidas is not the only shoe with similar technology, such as Bounce (which is used in the front of shoes) and Cushion (which is used in the back of shoes), and under Armour’s Micro G., there is no doubt about the quality of Adidas shoes, and they have very good quality. But there are so many shoes who have their own technology in the world, how can Adidas win? According to the current production line of

Adidas, there are many sport goods such as sportswear, sport shoes, socks and so on. This is good for Adidas to have a good inventory to improve their Lurun, replace the life cycle of products, so that the company can always be profitable, and cannot cause a loss just because of a single product. **Figure 2.** shows the general trend of Adidas’s footwear production growth from 2008 to 2020. It was since 2017 Adidas has a significant growth, because during this period, Adidas launched the Yeezy series, which has a great impact on the sales volume of Adidas.

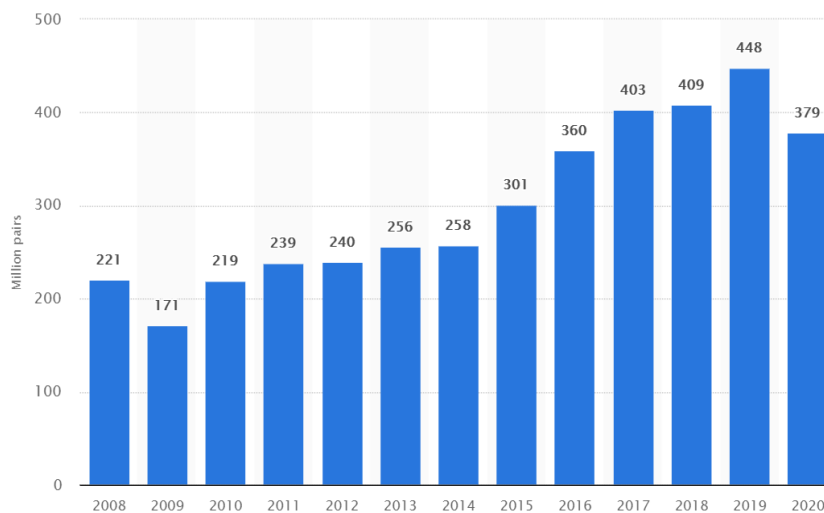


Figure 2. The Adidas Group’s footwear production worldwide from 2008 to 2020 ^[4]

According to Adidas official website report, modern products already need to fit closely, so Adidas’ innovation group needs to provide more information to create more customer-friendly products. These products need to be combined with the culture, trends and customs of different regions, so Adidas created the future team to produce new materials, new manufacturing processes and consumer-focused research, enable the whole company to have more marketing, design, procurement ideas, so as to ensure that the products are timely with innovative ideas.

To make its products more stylish and standout, Adidas will work with BASF to improve its boost damping technology, comfort and energy saving. At the same time, it realizes the production of additive manufacturing components with Carbon Company in Silicon Valley. At the same time, combining with the environmental pollution problem, part of the marine plastic waste is upgraded into products, which not only protects the environment, but also tells the story of its own product culture. Adidas has also launched its global sports accelerator program, Platform A at Station F, sought and leveraged the creative capabilities and ideas of global startups, and looked for new concepts and opportunities in the most recent hot areas, such as women’s rights, sustainable development and e-commerce.

2.2. Adidas’ price

It can be found that the price gap between the two will not be too big as can be seen from **Table 1**, so the market share of the two will not have a too big difference.

The reason why Adidas has a higher price is that it needs to guarantee high quality with high price. In this way, people will not spend low price to buy low-quality shoes, and then feel that the quality of shoes is not good, so they will buy less shoes. At the same time, Adidas is involved in many fields, facing different markets and different user groups. The most classic Adidas collection is aimed at young people, most of whom will not spend a lot of money to buy it. The clover collection is aimed at Adidas enthusiasts, and the price will be slightly higher. The style collection is a fashion brand that will appear on some T-shaped stage.

Table 1. The price comparison between Adidas and Nike ^[5]

Types	Nike	Adidas
1. Sneakers	NT3,000~3,500	NT3,000~3,900
2. Jogging shoes	NT2,500~3,600	NT2,300~3,500
3. Tennis shoes	NT3,000~3,500	NT3,500~4,000
4. Indoor shoes	NT1,000~1,250	NT1,000~1,500
5. Casual shoes	NT2,500~3,500	NT2,500~3,500

2.3. Adidas' place

Adidas differs from other brands is that its logistics system is outsourced to other companies to deliver goods to all over the world. As a result, large cost savings are achieved. Adidas products are also available in stores and department stores in every major country. There are a lot of retail terminals. According to the 2019 report on Adidas' official website, the company pays close attention to its partners, such as wholesale markets or retail stores. Such different parts constitute a variety of channels, which can reach different groups of people, create and leverage new consumer opportunities through our own retail destinations and wholesale partners (offline wholesale management space), drive consumer publicity products, thus expanding the market space. It also shows that in recent years, Adidas has focused on digital market, market transformation and high consumer experience, such as style-type goods. In 2019, Adidas said they need to focus on their digital partners. These partners are located in Europe, North America, emerging markets and the Asia-Pacific regions. In this way, they can get more sales turnover. Adidas not only has offline stores, but also creates its own apps, covering major markets in more than 30 countries. These programs, which are connected to Adidas e-commerce stores, can be important ways for potential consumers to learn about, follow and purchase Adidas products.

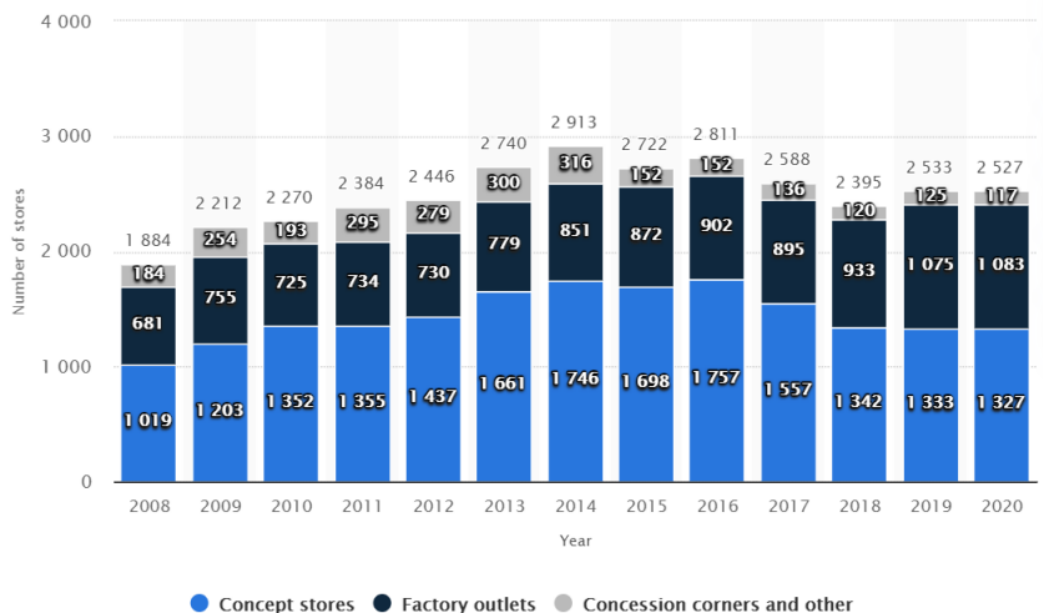


Figure 3. Number of retail stores of the Adidas ^[6]

Adidas retail stores have grown from 1,017 to 1,327. **Figure 3** indicates the growth trend of Adidas' global offline recognized retail stores and the number of retail stores per year during the period from 2008 to 2020. The figure also shows different kinds of stores including factory outlets and concession corners and other stores.

At the same time, Adidas paid close attention to current affairs, understood the B2B sales model, and actively promoted the B2B order platform. (The full name of B2B, Business to Business, refers to two businesses that can conduct transactions over the Internet, enable Adidas to communicate effectively with wholesalers, customers and the market in a more efficient way). B2B order platform has a design for 41 countries.

2.4. Adidas' promotion

If the price and technology of many sportswear brands, including some nameless ones, were not so good, brand recognition and awareness would be an important component. The original Adidas logo was bought from a Finnish brand called Karhu as can be seen in **Figure 4**. But at a trade fair, Adidas bought the trademark for 1,600 euros.

The three bars symbolize the three mountains. It means the courage to move forward even in the face of this challenge. Three bars can be fully integrated into the design of shoes. It will not be a drag. The shamrock image still contains three bars. It can be seen in **Figure 5** that the three bars have a great impact on Adidas. The image was introduced to the world at the 1972 Munich Olympics. The clover is like a three-dimensional expansion of the earth, and the three bars symbolize the ability to spread the product around the world [6].



Figure 4. KARHU's product [7]

Figures 5, 6, 7. Adidas logo [8-10]

As can be seen from the two images in **Figure 6** and **Figure 7**, Adidas is taking its logo (the three bars) seriously and making it the center piece of its brand image. Therefore, no matter what version of the icon, you can see the image of three bars.

Adidas' attention to brand recognition has a great effect on the success of Adidas in the later period. However, Adidas also attaches great importance to the brand spokesperson, and lets many stars and athletes act as the way of Adidas publicity, as can be seen from **Table 2**.

Table 2. Cooperation partners

Stars	Sportsman
Mi Yang, Angelababy	Lionel Andres Messi
Peng Eddie	Derrick Martell Rose
Dilraba	Dwight Howard
Liong Chen	Novak Djokovic
Jackson Yee	Jamal Murray
Jacky Heung	David Robert Joseph Beckham
EA sports	Ninjia

Adidas prefers to work with more famous top stars or hot athletes (who design soccer, basketball, tennis, e-sports) than Nike. Nike prefers to sign professional athletes. Therefore, it can be seen that Adidas' signing

policy is inclined to the strategy of who is more famous. This strategy can widely attract a large number of fans to buy Adidas' products, quickly improve their brand influence. Because Adidas was originally geared toward the Olympics, it tried to capture that focus and tie its brand to the Olympics as can be seen from **Table 3** and **Figure 8**. A great deal of effort has been made in the sponsorship and publicity of the Olympic Games, as can be seen in **Figure 9**.

Table 3. 2016 Olympic brand value list ^[11]






RANGE	BRAND	MEDALS
1		153
2		135
3		40
4		37
5		35



Figure 8. Adidas brand has the highest brand value in the Olympics ^[12]

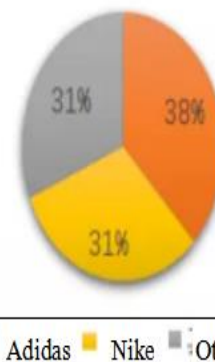


Figure 9. Adidas' sponsorship of World Cup 2018 and marketing expenses this year, the proportion of sponsorship of World Cup is as high as 38% ^[13]

Adidas is not only very conscious of its fashion accomplishments, it also teamed up with Kanye West in 2014. Combining the best of its Boost insole technology, the Yeezy Boost750 series. Adidas immediately launched its next Yeezy product with a celebrity endorsement, and within 17 years, Adidas had far more hits than other brands like Nike, its profits trend are shown in **Figure 10**.

Apart from the more common publicity methods, Adidas tends to focus on the current events of social concern. Adidas' website notes the core concept of Adidas "through sport, we have the power to change

lives.” When it comes to women’s equality, Adidas hopes that women can break down barriers, join in and stick to sports, so that men and women can stand on the same starting line, and the inclusiveness of sports culture can also be improved. As for plastic waste in the ocean, Adidas wants to “end plastic waste” and want future generations to protect the planet. Tie your brand to these issues, publicize these social issues at important sporting moments like the World Cup and the Super Bowl, and maximize the impact. This not only fits in with the real world, but also attracts consumers and partners to join the campaign by buying the product [15].

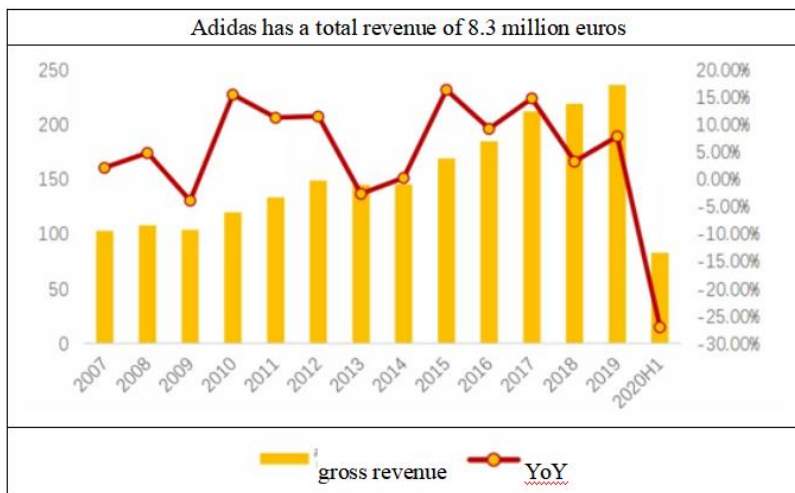


Figure 10. Adidas’ profit [14]

3. Conclusion

It can be seen clearly that the establishment of a company’s brand cannot be separated from 4 elements in the 4P model. Adidas alone shows that if a company wants to succeed, wants people to recognize its brand, its product should come first, it also should meet consumers’ consumption desires and demands. At the same time, it should not lack the ability to innovate and adapt to the recent changes in the world. When the product quality is improved, it is necessary to focus on the publicity of the product and brand, whether through the business cooperation with athletes, stars or the combination with current affairs, effectively capture the customer flow and demands. Companies not only need to pay attention to the abovementioned, but also need to effectively link their products to retailers and make sure they are available everywhere. Of course, the price should also be in line with different consumer groups, meet the expectations of every consumer group on the price of goods. Due to all those efforts, Adidas truly has good advantages compared to most of its competitors, as can be seen from Figure 11 and Figure 12.

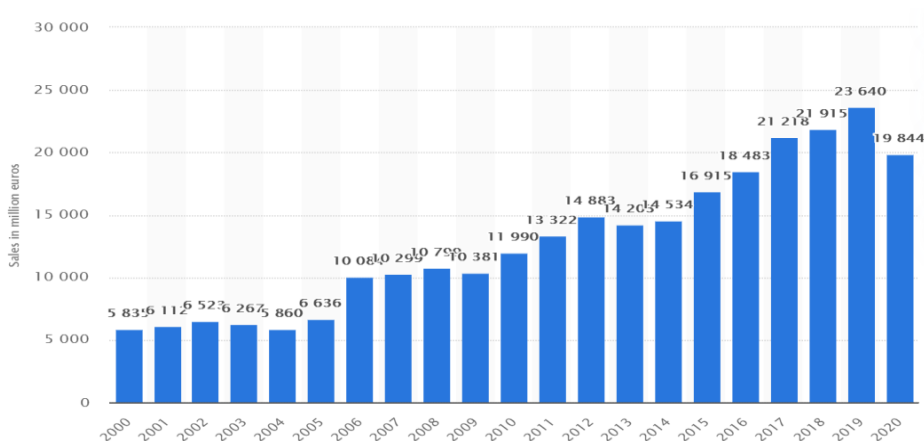


Figure 11. The Adidas group’s net sales worldwide from 2000 to 2020 (in million euros) [16]

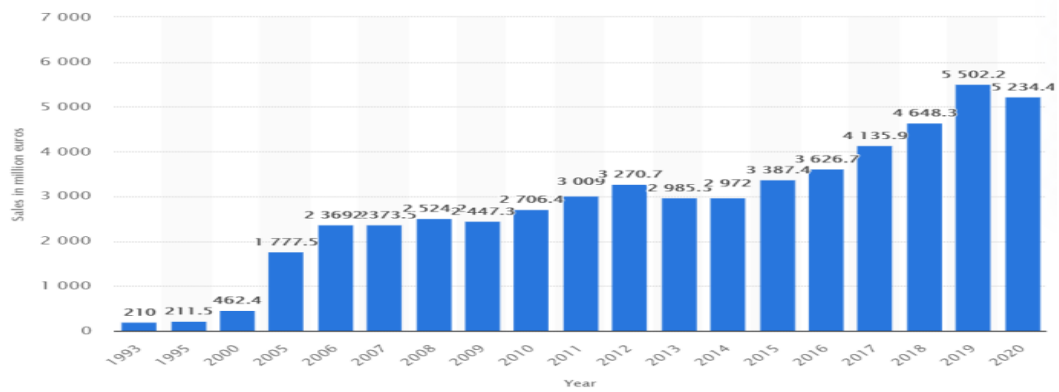


Figure 12. The Puma net sales worldwide from 1993 to 2020 (in million euros) ^[17]

Table 4. Worldwide net sales between two companies (in million euros)

Year	Puma	Adidas
2017	4135.9	21218
2018	4648.3	21925
2019	5502.2	23640
2020	5234.4	19844

Making a comparison between these two companies in **Table 4**, although, in 2020, Adidas's net profit decreased, there were huge difference in profits between two cognate companies over this period. Adidas' marketing strategies played an important and necessary role.

Looking at the last few years, the annual increase of Adidas's net profit can be seen from **Table 5**, its overall net profit has increased.

Table 5. A percentage increase in net profit compared with the previous years

Year	Percentage of increase compared with last year
2017	15%
2018	3.3%
2019	7.8%
2020	-0.16%

In conclusion, all of those data can show that a company can get a lot of benefit from a suited marketing strategy. Adidas obviously can be a good example to study since it adopts its marketing strategies to make its brand famous and well-known. Other companies that want to have more consumers, gain more net profit every year can indeed refer to Adidas' marketing strategy.

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Disclosure statement

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