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Introduction to Adidas

Adidas is the German multinational which designs and produces sports shoes, apparel, and accessories. The headquarters of this corporation is based in Herzogenaurach, Bavaria. Adidas is the largest manufacturer of sportswear in Europe and the second largest across the world as mentioned in the company's website (Adidas 2016). The company products and designs feature three parallel bars with an un-capitalized brand name.

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TASK1:

A.C. 1.1 Role of strategic & tactical marketing in Adidas

According to Miller (2004, pp. 4-5) strategic and tactical marketing are two different concepts. Strategic comes first when a company is designing its brand and marketing plan to create a marketing position. After the strategic marketing comes to the tactical planning, these are more concerned with the planning of the actual activities for enhancing the marketing position and portray the brand image.

Adidas signed Lionel Messi to leverage the new line of product and the market with a belief that he is the ideal vehicle for promotion (Adidas 2016). To make the shoes more recognizable they differentiated the footwear with those stripes which can be easily identified with on the side of the shoes with different color themes. Adidas has a global approach with a primary focus on football however as per the website (Adidas 2016); Adidas has signed other stars belonging to different sports as well but their main emphasis remains with clubs and athletes as compared to other sportswear companies.

Then, in the end, it all comes down to the actual performance of the sneakers. The company made them be very comfortable and light weight and this made the sales score high. As mentioned in the paper by Borowski (2013, pp. 23-27) Adidas developed a strategy to make unique and recognizable product line and then executed the idea by signing the stars from different sports and associate them with each of the product line, this is how they have differentiated and have been consistent in sales with effective performing products with recognizable value of the product.

A.C. 1.2 Processes involved in implementing a marketing strategy within Adidas

Borowski (2013, pp. 12-14) says that Adidas executes the marketing strategy by assessing the current situation of the market. Prior to any decision making the company carries out internal and external evaluations so that all highs and lows can be addressed. These analyses are very important for any firm as there are a lot of expenses associated with these practices and they are almost irreversible.

For Adidas, first, comes to the development of marketing strategy and to identify what is required by the organization to achieve its marketing motives as described by Carbasho in her

work(2010, pp. 43-50). The company identifies how it can show the customers what are they selling and how is it different from the rest and how can the customers extract the benefits out of this new product. Next, comes, the assessment of internal and external trends. For example, in accordance with Shaw and his work (2012, pp. 31-33) the internal need of Adidas is to capture a market segment by introducing a new line of sneakers completely made out of ocean plastic and the external need is to identify the presence of competitor products within the market and their features.

Then comes value assigning to the outcome of this process and Adidas does it by evaluating the profit levels of each of the optional strategies for a specific time period. This is very important because sometimes the overflowing operational costs can jeopardize the whole project. Adidas then chooses the strategy that goes well with the company motives and chooses it for further implementation plans as explained by Miller (2004, pp. 9-12).

A.C. 1.3 Evaluation of links between strategic marketing & corporate strategy within Adidas

First, we need to know what's the difference between strategic marketing and corporate strategy is. According to Smit (2008, p. 52) strategic marketing is related with creation of long-term plans for performance and gaining a competitive advantage by satisfying the market demands by keeping in mind the expectations of the stakeholders as well. Corporate strategy assesses the current and the future factors associated with customers and competitors. Here the role of the firm is identified while keeping in mind the resources and supporting policies to achieve the set targets.

As per the corporate website (Reebok 2016) within Adidas, marketing, and corporate strategies are interlinked with each other as the marketing strategies are considered as their corporate strategies. This similarity makes it easier for the firm to align the promotional activities with overall processes. Adidas deals in value generating products for the customers and generation of value is the main ideology behind their manufactured products hence, the company's marketing plan becomes their corporate strategy.

The added advantage here is, this simplifies the resource allocation process for Adidas because they can don't need to invest time and energy, separately. By making the marketing strategies their corporate plan has enabled them to emphasize more on delivering value to the customers plus creating the footwear that delivers high performance and excellent image. As illustrated by

Wilson (2010, pp. 23-32) Adidas infused its marketing strategy with the corporate objective to make the process simpler so that it can focus on serving the market efficiently.

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TASK 2:

A.C. 2.1 Key theoretical models used in strategic marketing planning by Adidas

As per Ojeda-Gomez et al. (2007, pp. 289-291) strategic planning process is crucial for any organization and involves a combination of different models as no single model is ideal for any firm. Adidas uses SWOT Analysis to provide execution to its plans by analyzing its Strengths, Weaknesses, Opportunities and Threats, however; it is hard to complete the analysis with accuracy.

Strengths and weaknesses are linked with the internal setup while opportunities and threats are bonded with the external environment. Adidas chooses this strategy before it launches any new product line and uses practical factors within this analysis which makes it more action oriented. All of the intelligence linked to execution and implementation makes it compact and highlights the action part instead of mere speculation as mentioned in the work of Palmatier et al. (2006, pp. 136-139). This enables Adidas to recognize its current status within the market and the opportunity that needs to be addressed.

Explained by Zeithaml et al. (2010, pp. 109-112) Blue Ocean Model is another strategic marketing model that is used by Adidas in its strategic marketing planning process. As per this model a firm should look into various factors linked with the industry and take actions accordingly. For instance, Adidas with the launch of its new line made from ocean plastic are trying to achieve the same by thinking out of the box and avoided the competition altogether. This is for the consumers who are 'Green' and prefer to buy recycled products.

A.C. 2.2 Implementation of strategic positioning through a range of marketing tactics used by Adidas

The ideas that Adidas conveys to its customers are the same to what it communicates to its employees which smoothen the daily tactical decisions making process and make it easier to tackle during the time when strategic plans are put into operations. In accordance with Wilson (2010, pp. 83-84) the company's management has to be crystals clear and concise because as they must be consistent in order to achieve their motives. The daily attainment of objectives can very easily fade out within the employees while the customers' taste can also change over time.

Among the customer around the globe, Adidas has positioned itself in such a manner that it is a brand that focuses performance and this allows the customers to link Adidas with their practices and achievements. As per Miller (2004, pp. 215-219) products positioning drives marketing tactics and strategies as it helps in creating and identifying the target market. It is actually done with the minds of the prospective customers, not with the actual products itself. The market where you will find such a prospect must also be recognized in order to be more influential. To achieve this Adidas does market segmentation, where it identifies various customer groups with matching buying habits and needs. Then in accordance with Carbasho (2010, pp. 108-109) after this Adidas targets the customers by identifying the group most likely to buy the new product line and creates a brand image focusing on their demands and Adidas has been very successful linked its brand with performance improvement.

A.C. 2.3 Relationship marketing activities implemented by Adidas & evaluation of success of these activities

As explained by Borowski (2013, p. 21) and Sheth et al. (2000, pp. 41-44) Adidas have a high emphasis on Relationship Marketing because it seemingly overlooks transactional marketing where the emphasis is on a single product. The relationship marketing in Adidas follows two approaches; the first one is the satisfaction of the customers and the second one is retentions of the customers. Satisfaction of the customers is directly linked with communication and acquisition of needs of the prospective customers just from the current customers. For Adidas, this involves providing additional services or options or maybe even a discount policy in order to increase the value offered by the product or service. Packaging and availability of the products also have a major role to play in this perspective.

Smit (2008, pp. 34-37) describes that Adidas achieves customer retention via various practices so that it is made sure that the customers continue to buy its products. Adidas uses retention information in order to identify what type of product characteristics are essentials to gain more customers and retain the current ones. Adidas' activities for customer retention include valuation of customers as per their financial and strategic importance, measurement of customer retention which deals with the customer retention rate which is a simple percentage of the customers at the starting of the year and that at the end, assessment of reasons of defection which cone be done by analyzing the complaints and suggestions from the customers and making them the benchmarks and last but not least creation and assessment of corrective plans.

TASK 3:

A.C.3.1 Growth opportunity for Adidas using appropriate marketing techniques

With the presence of major competitors, the footwear industry has developed a lot in the recent times. Adidas face a stiff competition from the likes of Nike, Puma, Reebok and others. This makes the market highly volatile and provides an opportunity for each of the players to improve their market share and their current standing as researched by Sheth and Parvatiyar (2000, pp. 13-17). Adidas needs to understand that apart from 'Green Sneakers' there is an opportunity for adaptive sneakers specifically designed for elder people. Despite all the growth none of the competitors have focused their attention on the elderly market across the globe. By introducing the adaptive sneakers, Adidas can gain the competitive advantage in this area as well which can be very fruitful in its overall market position of the company (Adidas 2016).

As per a study by Smit (2008, pp. 129-135), there are approximately 40 million people in the US with age 65 years or above while in the UK there are over 10 million elderly people according to a study conducted in the year 2011. Research also suggests that in Australia there are approximately 4 million people with age over 65 years and the number is nearly 30 million in Japan for the population of the same group. China is also up for a huge grab with over 118 million people of the same age group. These numbers are dominated by the baby boomers and will continue to grow in the coming years as well.

A.C. 3.2 Suitable marketing strategies for the selected market

As per Borowski (2013, pp. 29-30) the suitable marketing strategy here for Adidas is pushing strategy for the adaptive sneakers as the brand will promote their products and create demand. Due to the fact that one factor of a marketing plan can influence all other aspects as well, therefore, coordination among the activities is essential for maximization of profits. Well arranged marketing strategies will streamline the processes of products development, establish effective distribution channels, help out in determining most suited product prices, assist in developing efficient marketing communication systems which will ultimately amplify the overall impact of the strategic plan.

Ojeda-Gomez et al. write that (2007, pp. 301-305) the designing and development of the adaptive sneakers will increase the sales globally in the first year with help of appropriate executions of marketing tactics. Because there is no competition in this area, therefore, the

launch of the adaptive sneakers by Adidas will allow it to gain up to 80% market share which will increase the overall share of the brand. With this launch, the brand recognition of the company will also boost on a global scale and make it recognized as 'All Ages' brand. The company can further modify the product line in the coming years as per the demand of the market by later on focusing on producing sneakers for deformed feet as well. The target market here for Adidas is the disable people and the company can focus on the populations of all above-mentioned nations.

A.C. 3.3 Appropriate strategic marketing objectives for the new market & a marketing mix to achieve this objective

To begin with, these adaptive sneakers must provide exceptional comfort to the delicate feet and joints of the elderly people. In addition, these sneakers must also provide stability to lower the chances of tripping. Some added features can also be provided in terms of therapeutic and health benefits for the users as well (Nike 2016). Moreover, these shoes must also be designed as per the latest trends making them fashionable too. From here on in, the promotion of these product characteristics is very important. Initially, in the first year, the sneakers will look to increase a number of sales by 20% across the globe which will increase the market share and will boost the overall sales by over 25% due to the fact that the market is yet to be served by anyone within the industry (Reebok 2016).

Shaw mentions that (2012, pp. 39-42) to make the most from the opportunity, Adidas should blend the 4Ps of the marketing mix, which for the process of product innovation are product, place, price and promotion. The product will include the high-quality adaptive sneakers, with a high level of comfort plus efficient packaging. The organization should also make sure that availability is at optimum level at all times. It needs to ensure that all variety of this line is available everywhere. The prices of these sneakers should also create a win-win situation for both the customers and company. The use of brand ambassadors as leverage luminaries is integral in the promotion and can be used in this case as well.

TASK 4:

A.C 4.1 Major changes that have occurred in external environment & assessment of their impact on the marketing strategy of Adidas

As per Ojeda-Gomez (2007, pp. 293-297) the footwear industry's external environment has different significant factors that must be considered by Adidas before it launches its new product range whether it is the Green Sneakers or Adaptive Running Shoes. The rapid global expansion is an aspect that deserves attention. The footwear industry has reached different continents and most of the products are distributed through retailers and market either as sports or fashion products. This has increased the demand within the industry for more fashionable and innovative products. Another aspect is that the overall focus of the market is tilted towards young people across the globe as the prime customers.

Other than that, there are various economic, social, technological and political aspects to be considered as well. Different global markets have lowered barriers to trade and WTO has also been successful in convincing nations to reduce import and export limitations. Nevertheless, many markets are still struggling due to the effects of the global economic crisis of 2007-08 which shows that customers have started to spend less on luxuries. This also relates to increasing unemployment rates across the globe. However, the brand image of Adidas has enabled it to increase its sales across the world through a new form of promotion such as social media and online selling. This also makes the role of technology more important in the development of this industry in the years to come as explained by Palmatier et al. (2006, pp. 139-143).

A.C. 4.2 Analysis of the Adidas' current marketing strategy & its strengths and weaknesses

According to Sheth and Parvatiyar (2000, pp. 119-123) there are different strengths and weaknesses of the marketing strategy of Adidas for its Adaptive Running Shoes. As far as the strengths go, the strategy will improve the market share of the company. Adidas is among the leaders of the footwear industry in many areas which allow it to successfully promote the new product line within the current environment. The company has a strong financial backup to execute the current strategy for a positive outcome. Adidas has all the resources in forms of research and technology as well which assists in innovating new processes and products. In weaknesses, a major concern for the company is that the products are highly priced which is not

suitable for the current market setup due to the recent global crisis as discussed by Miller (2004, pp. 237-239). This might have a negative impact on the new product line and the related marketing strategy.

Adidas can take the advantage of the opportunity at fullest because the market is still not catered by any other major player and with the kind of resources Adidas has at disposal, the brand can lead the market here. However, there are some companies who are looking to venture projects in order to cater this market and a high price can become an issue for Adidas because a lot of customers will look towards low-priced sneakers instead of high quality as mentioned by Zeithaml (2010, pp. 144-145).

A.C. 4.3 Key emerging themes that can affect the Adidas' marketing strategy & responses to effectively address these changes

As per Borowski (2013, pp. 22-25) numerous changes can take place within the market if Adidas introduces a new line of Adaptive Running Shoes hence it needs to identify and tackle them. With the launch of Adaptive Running Shoes, the competition will be intensified as Nike, Puma and Reebok will also look to introduce their own line of such sneakers for elderly people and here the competition will only be topped by increased innovation and aggressive marketing.

Adidas has been involved in incidents linked with unfair labor practices and to undo this, the company must carry out fair labor practices. The brand must also develop a contingency plan in case of the failure of the current plan (Adidas 2016). From there the company can look for a new diversified target market or devise a new plan for its new product line. Here the key to success is that Adidas should develop products that are different from others and do not imitate.

Moreover, Adidas should look price this new line while keeping in mind the characteristics of the customers as well. The recent economic crises have shifted the focus people to more price convenient products. The products offered by Adidas are without the shadows of a doubt are world class and high performing price should also be considered explains Smith in his work (2016, pp. 727-728). The company can lower its cost by giving a boost to online sales because this will reduce the costs associated with warehouse and involved middlemen. With this approach, Adidas can take a major chunk of the global market in no time.

Conclusion

Adidas is one of the key players in the global footwear industry and it has been very influential in its marketing strategies by keeping them parallel with its corporate strategy. If it needs to introduce a new product line and increase the market share then it has to evaluate all the internal and external aspects that are linked to the target market which is the elderly people.

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