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BRAND MANAGEMENT ON THE EX AMPLE OF “ADIDAS AG”

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Abstract: Adidas is considered one of the most famous and successful sports brands, which strives for constant development and progress, which is shown by frequent innovations and new models, but also by very original advertising campaigns. In today's business, the brand has become the need of every company, and in the life of every consumer, over time, it has become an indispensable factor.

Adidas has recognized the importance of the brand in modern business, and thanks to this, it will definitely achieve a long-term competitive advantage on the market and be in the leading positions of its markets.

Keywords: brand, brand management, Adidas AG, business case

Introduction

Adidas - the name mentioned in all sectors of sports around the world, using three guiding principles: design the best for the needs of the sport, protect athletes from injury and make the product sustainable and durable.

The subject of research of this paper is the presentation and analysis of how the global company *Adidas* manages its globally known brand. This serves to prove whether customers trust the quality of the brand *Adidas*. Brand management is a strategic process that enables companies to create a strong and distinctive image in the minds of

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consumers. It involves carefully planning and implementing various marketing activities to establish a unique brand identity and ensure its consistent representation across different channels. Effective brand management encompasses a wide range of practices, including product positioning, brand communication, brand extension, and brand equity measurement.

One of the key principles of successful brand management is the establishment of brand positioning. This involves defining the unique attributes and benefits of a brand to differentiate it from competitors and appeal to the target audience. By conducting market research and identifying customer preferences, companies can craft a positioning strategy that leverages their brand's strengths and aligns with customers' needs and motivations. This strategic approach helps to create a distinct and memorable brand image that resonates with consumers, leading to increased brand loyalty and market share.

Another important aspect of brand management is effective brand communication. Companies must develop consistent and compelling messaging across various marketing channels, such as advertising, public relations, and social media. By conveying a consistent brand story and value proposition, businesses can build a strong emotional connection with consumers and reinforce the desired brand image. Integrated marketing campaigns, incorporating both traditional and digital media, play a crucial role in reaching the target audience and effectively communicating the brand's unique attributes and benefits.

Brand management is a critical aspect of marketing strategy that requires careful planning and execution. It involves positioning the brand in a way that sets it apart from competitors and resonates with the target audience. Additionally, maintaining consistent and compelling brand communication helps to build a distinctive brand identity and foster consumer loyalty. Companies that effectively manage their brands can establish a strong market presence, ensuring long-term success in today's competitive business landscape.

Brand management

The American Marketing Association (AMA - www.ama.org) defines *brand* as a name, term, sign, symbol or design, or their combination, to identify the goods or services of one producer or group of producers, or to differentiate them from competitors (Kotler, Keller, 2008). Brand is the signature of the company. When we go shopping, we look for well-known brands that have gained the trust of the majority of people and that have maintained the competitive status for years and survived to occupy the best position in the market. For example, when buying running shoes, the consumer is not interested in the properties that the shoes

have, but how these properties will affect the benefits that the consumer will have while running (comfort, flexibility, adaptability of the foot to the shoe, etc.). The basic parts of a brand are the *name and the sign*. The *name* is the part that is often pronounced, easy to remember, and consists of words, numbers and letters (eg *Adidas, Nike, Puma AG, Reebok, etc.*). Brands permeate every pore of our lives. They penetrate into the economic, social, cultural, sports and even religious spheres (Kapferer, 2012). Kotler, Pfoertsch, 2007, point out the brand as a significant part of the culture of the business world that helps people make both big and small decisions. Brand creation is the most important process in companies, which invest billions of € in their brands. There are many other definitions of brand (Table 1).

Table 1. Brand definition

author	definition
de Chernatony & McDonald, 1992	A successful brand represents a recognizable product, service, person or place, in such a way that the customer experiences a unique added value, which best meets his needs.
Ambler&Styles, 1996	A brand takes into account all elements of the marketing mix. It is defined as a promise in product/service features, that someone will buy, and provide satisfaction.
Davis,S.M., 2002	For the consumer, the brand represents a set of promises that include trust, immutability and expectations.
Meyers, 2003	A brand is not only an object of exchange, but also a means of mutual interaction between stakeholders.
Jobber, 2004	The brand is a confirmation of quality.
Neumeier, 2005	In the traditional understanding, there are 4 tactical objectives of a brand to: identify, inform, entertain or persuade. There is also a fifth (strategic), to make a difference.
Вељковић, 2009	The brand represents the way in which the consumer sees, perceives and understands a specific brand (brand) in all dimensions.
de Chernatony, 2010	A brand is a set of functional and emotional values that allow companies to build a promise to customers of a unique and enjoyable experience.

Source: Created by the author, 2023

Brand history

The first idea of the whole concept was to set certain products apart and distinguish them from others, in order to achieve recognition and easier identification. It was first introduced in ancient times, in ancient Greece and Rome, as well as in Etruria (*Clifton, Simmons, 2003*). The first forms were associated with the marking of products, which primarily referred to markings on pottery, of which there are preserved evidences (*Veljković, Đorđević, 2010*). Buyers could first see advertisements (England) in newspapers in the 17th century. Through the industrial revolution and together with the advancement of the economy, there appeared an increasing need for advertising through print media. *Volney Palmer* in 1843 founded the first advertising agency. Companies may produce goods, but consumers buy primarily the trademark - brand. *Philip Morris* bought *Kraft* (1988) for six times the amount (*Smith, Malone, 2003*). This difference in price was attributed to the brand name, which until then was abstract and immeasurable (*Olins, 2003*). Owners of cows in North America used to leave a clear and visible imprint on the fur of their animals (*De Chernatony et al., 2011*). In 1922 there appeared the entry of the term "brand" into marketing, as a complex term indicating a trade or proprietary name (*Stern, 2006*). The notion of branding stands out as a source of "conflict" among manufacturers, resellers, wholesalers and retailers, who were fighting for a position with customers. The importance of advertising, branding and labeling had been recognized; manufacturers perceive quality as a basic supporting element of branding. *Maynard, et al* in 1927, were specifically aimed towards the channel of distribution of goods from producers to consumers, as part of marketing. In order to reduce the dominant position of wholesalers, the balance of power was transferred to manufacturers. Many large manufacturers had initiated branding, advertising and the use of sales channels. The first television commercial (watch manufacturer *Bulova*) was broadcast in July 1941. Today, this trend is framed in concepts such as brand value. Classic forms of advertising do not play a crucial role in brand building. Retail is strengthening its position and becoming more and more consumer-oriented, which enables it to assume a leadership position. Thanks to the Internet, the balance of power is in the hands of consumers. Buyers decide what level of information search they want to undertake and create brands with suppliers (*De Chernatony et al., 2011*).

Brand management strategy

The importance of branding in the corporate environment also means survival in today's increasingly turbulent market in the era of globalization. There is no way we could talk about survival on the market if market subjects do not work on creating innovations, if they do not renew their offer with new, different, recognizable, i.e. branded values.

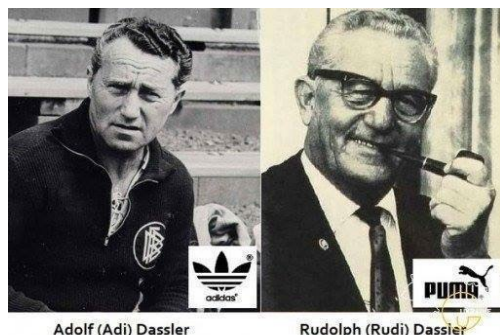
Globalization, consolidation of the market and an increasing number of brands in the form of competitors make this area more demanding and complex for all market participants. Consumers represent the measure of brand value and they determine which brands survive and which disappear from the market (O'Shaughnessy, 1987). The study on consumer experience in the USA (*RightNow's Annual Research, 2012*) has made it evident that most consumers are willing to pay a premium price for a suitable brand, if it would provide them with a better experience. In relation to end users, the importance of the brand is reflected in safety, reducing the risk of wrong purchases and building a sense of familiarity. The importance of branding from the consumer's point of view in relation to improving market demand is systematized as follows (Rakita, Mitrović, 2007): (a) recognition, (b) decision-making, (c) loyalty, (d) security and risk reduction, (e) availability of information, and (f) communicativeness. If companies fail to follow the basic principles and steps in the branding process, the set goals will not be achieved, especially in situations where (Yan, 2002): branding is not relevant; what was promised was not "delivered"; brand does not make people happier; no financial value was created, regardless of the economic profile of the customers; branding is all about advertising; brands do not bring humanity to the company; brands do not create community. For successful implementation, it is necessary to follow these steps: (a) segment the market, (b) position yourself in the consumer's mind in relation to the competition, (c) create and plan certain marketing activities with regard to the planned strategy, and (d) implement the planned strategy and measure its sequence and performance in relation to the brand. By implementing segmentation, the company should carefully select consumers who have the same or similar purchasing needs, to whom it will direct its strategy. After that, base on the diversity and uniqueness of your offer in order to satisfy the needs and desires of consumers and provide additional benefits. Achieving such goals brings companies an increase in the market value of their brands. When creating and planning certain marketing activities (adopting a marketing plan), they must be aligned with strategic goals. Once the entire strategic plan has been adopted, we can begin to realize it, that is, we can implement a certain strategy. It is important to constantly monitor the direction and performance of certain planned marketing activities (Sicco van Gelder, 2005). It is important to listen to the market and changes in it, and to constantly review the performance of adopted activities and strategies. Strategic brand management requires a lot of investment in employees. It is then that the customer's trust in the brand increases. When it comes to global brands (Orlović et al., 2014), their management is much more complex, unlike the strategic management of local brands. The strategy differs in relation to culture in different markets (different cultures often create problems for global companies; adapting business, changing certain segments of the strategic plan, etc.), so it is necessary to constantly monitor the position of your brand in a particular market and adjust your marketing strategy accordingly.

Business case: Brand management on the example of the company “ADIDAS”

The history of the “Adidas AG” company

Adalbert (Adi) and Rudolf (Rudi) Dassler founded the *Dassler Schuhfabrik* (shoe factory) in *Herzogenaurach* (a village in Bavaria, Germany) in 1924. Their company, *Gebrüder Dassler OHG* gained international recognition for developing the sport shoes market after *Jesse Owens* won four gold medals at the 1936 Berlin Olympics wearing *Dassler* sneakers (increased brand awareness - *Britannica*). Disagreements in the family led to the end of the brothers' successful partnership (1948). The company name *Adidas* is actually a combination of the founder's first and last name, *adi-das*, as *Adalbert (Adi)*. For a while, Adidas was owned by French business executive *Bernard Tapie* who failed to revive it. The company was sold to investors who brought in *Robert Louis-Dreyfus* as the new CEO. Under his leadership, *Adidas* bought the *Salomon Group* and its brands *Salomon*, *TaylorMade*, *Mavic* and *Bonfire* in 1997. The company changed its name to *Adidas-Salomon AG*. *Herbert Hainer* became the new CEO, and with him the company's focus became even more based on innovation. In 2005, *Adidas* sold *Salomon Amer Sports* but kept the company *TaylorMade*. The following year Adidas bought *Rebook*, including the *Rockport* and *Rebook-CCM Hockey* brands. In June 2006, the company was renamed *Adidas AG*. The *Rockport* brand was sold in 2015 in order for the company to focus primarily on the *Adidas* and *Rebook* brands. After 15 years, *Herbert Hainert* handed over the baton of the chairman of the board to *Kasper Rosterd* in October 2016. *Rosterd* begins to guide the company towards new successes in the digital era. By selling the hockey brand *CCM* and the golf brand *TaylorMade* in 2017, the company further contributed to its strategy of creating novelties and it became focused on footwear and apparel as well as on the main brands *Adidas* and *Rebook*. *Bjørn Gulden* was elected CEO of Adidas AG as of 01 January 2003.

Picture 1. Founders of Adidas and Puma



https://www.whcert.com/?product_id=197041984_71

Competitive environment

Adidas is the partner of renowned athletes and celebrities around the world. The company has around 60,000 employees and operates in 160 countries around the world. *Adidas* is the world's second largest manufacturer of sports equipment after Nike. The table below provides a detailed analysis of *Adidas'* 10 biggest competitors and alternatives: (<https://bstrategyhub.com>)

Table 2. Competitive environment

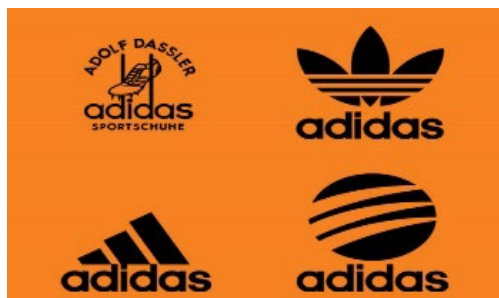
COMP.	HQ	NOTE
(1) Nike Inc	Beaverton, Oregon, USA	Nike (1964), is the largest and most valuable sports apparel, footwear and equipment company in the world. At the beginning of 2023, Nike had about 76,000 employees.
(2) Puma	Herzogenaurach, Germany	Puma (1947) is one of the world's largest brands of sports shoes, leisure wear and sports equipment. In 2022, Puma had around 18,000 employees and operated over 700 stores worldwide.
(3) N. Balance	Boston, Massachusetts, USA	New Balance (1906) is a company that operates in more than 120 countries around the world including thousands of stores. New Balance is the third most popular baseball brand.
(4) Converse	Boston, Massachusetts, USA	Converse (1908) is a footwear and apparel brand owned by Nike, Inc. It has about 4,400 employees. Converse offers athletic apparel, athletic shoes and accessories.
(5) Reebok	Boston, Massachusetts, USA	Reebok (1958) is a sportswear company that offers athletic footwear, sneakers, track and fashion. The brand was acquired by Adidas for \$3.8 billion in 2005 and sold to Authentic Brands Group (ABG) for \$2.5 billion in August 2021.
(6) U. Armour	Baltimore, Maryland, USA	Under Armour (1996) is a leading manufacturer of branded clothing, footwear and accessories for sports performance. Its innovative Heat Gear, Cold Gear and compression garments empower athletes and consumers alike. It has about 15,000 employees.
(7) Lululemon	Vancouver, Canada	Lululemon (1998) is a sportswear, footwear and accessories company. In 2022, Lululemon had about 29,000 employees.
(8) FILA	Seoul, South Korea	FILA (1911) is a Korean sports and casual wear brand owned by Anta Group, a Chinese company. It is the official clothing and footwear supplier for the BNP Paribas Open.
(9) Asics	Kobe, Japan	Asics (1949) is a Japanese footwear brand that offers high-performance athletic shoes. It has approximately 8,860 employees. Asics has partnered with TikTok influencers and creators to recruit Gen Z and the fashion elite to its fan base.
(10) Gap, Inc	S.Francisco, California, USA	Gap, Inc (1969) is a clothing and accessories company. Gap products can be purchased in 43 countries in over 3,352 stores and online channels. Gap has over 95,000 employees

Source: created by the author

Adidas – sports brand

The image and desirability of the brand are of key importance for *Adidas*, which formulated the guiding principle "*we want to become the fastest sports brand in the world*". "*Forever faster*" holds true for the range of products and applies to all processes in the company. *Adidas* products are traditionally marked with the three-stripe trademark, which remains an element in the company's newer logos "*trefoil, mountain and circle*". The name of the brand begins with a small letter to emphasize that the brand produces casual sportswear available to everyone. The whole world recognizes the famous three stripes as the *Adidas* trademark, but the truth is that those three stripes were not owned by the brand managed by *Adi Dassler*. He bought them from the Finnish shoe brand *Karhu*. The sign used by the *Dassler* brothers had two stripes so that was out of the question, four stripes would have been too many, but three was the perfect choice. As legend has it, *Karhu* sold the *Adidas* trademark for two bottles of whiskey and around €1,600. When *Adidas* started designing and producing clothing, it also changed its logo, i.e. it uses three leaves in which the famous three stripes are carefully incorporated.

Picture 2. *Adidas* logo through history



Source: <https://www.logo-dizajn.com/adidas-logo-koliko-logoa-je-dovoljno-i-zasto-je-jedan-malo/>

Despite constant changes, the *Adidas* brand remains loyal to its origins. *Adidas* sports equipment has the greatest impact on brand perception among product categories. Key footwear franchises for the *Adidas* brand include *UltraBOOST DNA LOOP, Predator, Superstar, Adizero, Samba, Gazelle, Spezial* ... Regarding the clothing, the brand has franchises such as *MyShelter Jacket, Tiro Pant, and ZNE Hoodie*. The *Adidas* brand is famous for its quality and modern products and focuses on the upper middle class as well as top customers. *Adidas* implements a price-cutting strategy that a company typically uses to maximize profits by initially charging the highest possible price for an innovative new product and then gradually lowering the price over time to target more price-sensitive customer segments (*Prison Dharma Network, Inc*). Furthermore, *Adidas* uses a competitive pricing strategy considering competitors like *Nike* and *Puma*. A product can increase its value with other factors such as promotion, brand image and quality. *E-commerce* and

digital communication are powerful tools for *Adidas* to interact with consumers. Users of *Adidas applications* ("*adidas running by runtastic*"; "*adidas training by runtastic*") have been rewarded when purchasing. The *Adidas* brand continues to transcend cultures and remain one of the most recognizable and iconic brands, in and out of sports. This holds true regarding credibility, innovation, as well as cutting-edge fashion items that are culturally relevant. They continuously improve *Adidas 'Performance' and 'Lifestyle'*. *Adidas Originals* represents the brand classics, new visionary designs, with products that connect with culture. The brand's 2022 marketing plan has presented a series of activations across all levels of the marketing funnel: (a) *I'mPossible*, (b) *Run for the Oceans* ('RFTO'), (c) *X-Speedportal*, (d) *Members Week*, (e) *Impossible is Nothing*. As for partners and athletes, *Adidas* will continue to work on the biggest stages in the world through the following:

Table 2. Adidas partners and associates

Events with global reach	<i>FIFA World Cup, UEFA Champions League</i> , races/marathons " <i>Atlanta Track Club</i> " i <i>Brooklyn, Cape Town, Rio Marathons, Boston, Mexico City, Berlin Marathons ...</i>
High profile teams	<u>Football national teams</u> : <i>Argentina, Belgium, Colombia, Germany, Italy, Jamaica, Japan, Mexico, Spain ...</i> ; <u>football clubs</u> : <i>Arsenal, F.C. Bayern Munich, Flamengo Rio de Janeiro, Juventus, Manchester United, Real Madrid, ...</i> ; <u>ragby</u> : <i>the New Zealand All Blacks</i> ; <u>olympic federations</u> : <i>British Olympic Association, German Olympic Sports Confederation, American universities University of Miami, Arizona State University, University of Washington, Texas A&M University...</i>
High class individuals	<u>Football stars</u> (<i>L.Messi, K.Benzema, Mo Salah, P.Pogba, P.G.López, G.Donnarumma, S.Gnabry, M.Neuer, J.Bellingham, Heung-min Son, V. Miedema, W.Renard, Jürgen Klopp ...</i>); <u>basketball stars</u> : (<i>C.Parker, D.Lillard, D. Mitchell, J.Harden, T.Young, D.Rose ...</i>); <u>american football</u> (<i>P.Mahomes, A.Rodgers, J.S.Schuster, T.Lawrence ...</i>); <u>tennis players</u> (<i>F.A.Aliassime, M.Sakkari, G.Muguruza, A.Zverev, E.Rybakina, S.Tsitsipas ...</i>); <u>alpine skiing</u> (<i>M.Shiffrin ...</i>); <u>outdoor sports</u> (<i>S.DiGiulian, D.MacAskill ...</i>); <u>athletes</u> (<i>N.Lyles, S.Miller-Uibo, E.Chebet</i>
Cultural partners	<i>Anitta, Bad Bunny, Beyoncé, Blackpink, Craig Green, Deepika Padukone, Ding Yun Zhang, Dinos (Jules Jomby), Grace Wales Bonner, HoYeon Jung, Jay Park, Jeremy Scott, Jerry Lorenzo, Karlie Kloss, Léna Mahfouf, Lena Waithe, Lous and the Yakuza, Pharrell Williams, S.Wotherspoon, Stormzy.</i>

Source:

The *adiClub* membership program has reached 303 million members in around 50 countries, enabling them to build direct relationships with consumers. The main objective in *wholesale* is to gain market share in key trade areas and proactively manage inventory through digital tools. *E-commerce* grew by 10% in 2022. They set new records in engagement activities such as the *Run for the Oceans*. Close to 2,000 of its own retail stores

allow consumers to interact directly with the *Adidas* brand, to try on products, feel inspired by stories and experience what the brand stands for. *Global Operations* manages the development, production planning, procurement and distribution of the company's products. *The first fashion brand in space Y-3* (*Adidas* fashion line) and designer *Yohji Yamamoto* announced that passengers on the first commercial space flight with *Virgin Galactic* company wore suits and boots of this brand (made of leather and fire-resistant material).

Adidas – concept store

Concept stores are one of the excellent examples of the importance of marketing and innovation in retail. *P. Drucker*, the "father" of business management, pointed out many years ago that the purpose of every business is to create and retain consumers. In comparison to traditional stores, these stores reflect a completely different approach in which they want to offer consumers a carefully selected selection of products, services and experiences, all depending on the theme or imagined concept. With this format, they want to strengthen their brand awareness and increase consumer loyalty. *Adidas* had a total of 2,184 stores in 2021, of which 987 were innovative *concept store formats* (*statista.com*). The newest of them – as an illustrative combination of marketing and innovation – opened its doors in 2022 in the center of Amsterdam. The visual solution of the entire marketing campaign before the opening rationally points to a clear message that it is *Adidas*. The goal of the campaign was to increase awareness of the opening of a new store (114 large digital screens and digital advertising next to the *Ajax* soccer field). In part of the multi-story new *Adidas concept store*, there is a Self Service Kiosk where consumers can order all products, including those that are not available on the shelves. The selected product will be delivered to consumers' home address or they can be picked up at the point of sale. The interior of the new *Adidas concept store* features sports illustrations by many modern Dutch artists.

SWOT analysis of Adidas AG company

SWOT analysis analyzes internal (strengths and weaknesses) and external factors (opportunities and threats). The results of the *SWOT* analysis indicate possible new strategic directions for further improvement of global performance and leadership. <https://bstrategyhub.com/adidas-swot-analysis/>

Table 3. SWOT analysis of Adidas company

STRENGTHS	WEAKNESSES
brand value an iconic brand with a prestigious heritage new production innovation diverse portfolio younger customers prefer Adidas efficient supply chain management strong financial position strong distribution network effective marketing strategy branding through international sponsorships sponsorship of high-profile athletes recommendation of famous people	lack of supply chain expensive products limited product line links with forced labor legal battle for patents allegation of racism neglect of the domestic market
OPPORTUNITIES	THREATS
e-commerce growing sportswear industry investing in smart materials yoga pants culture increased demand for premium sports products diversification into sports equipment global expansion first store in Singapore product development for space sneaker subscription gender neutral collection strategic partnerships collaboration between <i>Mojo Vision</i> and <i>Adidas</i> to improve their new AR contact lens	competition rapid expansion and adoption of e-commerce supplier dominance loss of trademark technological progress trade tensions between the US and China exchange rate global economic uncertainty fake products loss of popularity in China lawsuit against <i>Adidas</i>

Created by: author

Source: Business Strategy Hub, www.bstrategyhub.com

Sustainability strategy of Adidas AG

"Introduction to the 2030 Agenda: A New Agenda for a Sustainable World" was developed to achieve the sustainable development goals (SDGs). It deals with global inequality, environmental problems and the problem of access to technology. The Adidas slogan "through sport we have the power to change lives", aims to expand the boundaries of human possibilities, involve and unite people through sport, and create a more sustainable world. Achieving a truly sustainable business model is a marathon, not a sprint. Adidas offers a company-wide sustainability training program, educating employees on how to think and act sustainably. *The Task Force on Climate-related*

Financial Disclosures' enables companies to improve climate-related reporting, risks and opportunities, as well as key elements: governance, strategies, risk management, metrics and targets.

The *ESG* evaluation by the S&P rating agency in 2022 showed that *Adidas* is among the top ten in the entire S&P *Global Rating Universe*. Managing the impacts on DS along the entire value chain is a key focus of their work. They are committed to decarbonization by reducing absolute energy consumption as well as transitioning to clean energy, as well as constantly increasing the use of sustainable materials and production technologies in their products. They will continue to address efficiency, quality and reduction of water consumption, along with an advanced chemical management program.

They make constant efforts to optimize waste diversion with the aim of increasing the value of waste through recycling or reuse. The impact on DS in connection with the transport of goods (carried out by sea and truck transport) is regularly monitored. The ambition is that 90% of products will be sustainable by 2025 (made of environmentally friendly materials). Polyester, rubber, cotton, ethylene and leather are among the most commonly used materials for *Adidas* products in 2022. In the sports industry, preserving and restoring *biodiversity* is a complex challenge that requires strong collaboration between multiple actors, including direct and indirect suppliers and innovators. They are committed to using sustainable packaging materials and reducing impact and optimizing box size and number of shipments.

Most of the packaging is paper-based (sneaker and gear boxes) and is made from recycled content. For many years, they have had carrier bags distributed in retail stores made from recycled paper. *Product safety is imperative*. The Product Safety Policy ensures consistent application of product safety and compliance standards. Being a sustainable business means achieving a balance between the expectations of shareholders, the needs and concerns of their employees, consumers, suppliers, employees in their supply chain and DS. The famous sneaker model in which generations of fans of the brand "*with three lines*" grew up, now gets its own green suit.

The *Adidas Originals* brand presented to the public a new-old model (sustainable) of *Stan Smith* sneakers (made of 50% recycled materials). The form of this *evergreen* model remains unchanged, and what is new is the use of technology thanks to which each pair will now be made of 50% recycled materials, and reduces the use of "*virgin plastic*", thus fulfilling the promise that by 2024 completely eliminate the use of this harmful material. The new sneaker models are made from primegreen sole, a recycled material that sits on a white recycled rubber sole.

As for the visual details, the original, cute design interventions on the women's sneaker models that are inspired by planet Earth stand out. Plastic pollution has reached alarming proportions, and estimates say that every individual receives one ton of plastic, of which even 80% is not recycled, as a result of which it ends up in DS and literally becomes a part of us.

The *Adidas* company states that their packaging in which they sell their pair of sneakers is a recognizable blue box, made of 90% recycled paper. One green step further in that direction is an action that has not only an eco, but also a humanitarian character.

Adidas AG – activities report - 2022

Table 4. "Adidas AG" - financial report (IFRS) for the period (2018-2022)

↗ Revenue data (in millions of €)	2022	2021	2020	2019	2018
Net sales	22,511	21,234	18,435	23,640	21,915
total profit)	10,644	9,222	12,293	10,644	11,363
Income from copyrights and commissions	112	86	61	154	129
Other operating income	173	28	42	56	48
financial expenses)	10,260	8,892	8,580	9,843	9,172
EBDITA	1,874	3,066	1,967	3,845	2,882
Operating profit	669	1,986	746	2,660	2,368
Net financial result	281	133	167	102	10
Income before taxes	388	1,852	578	2,558	2,378
Income tax	134	360	117	640	669
Net income attributable to shareholders	612	2,116	432	1,976	1,702
↗ Income statement indicators					
Gross margin	47.3%	50.7%	50.0%	52.0%	51.8%
Operating margin	3.0%	9.4%	4.0%	11.3%	10.8%
Income tax rate	34.5%	19.4%	20.2%	25.0%	28.1%
Net income attributable to shareholders as a % of net sales	2.7%	10.0%	2.3%	8.4%	7.8%
↗ Net sales by product type (in millions of €)					
Shoes	12,402	11,336	10,129	13,521	12,783
Clothes	8,732	8,710	7,315	8,963	8,223
Accessories and equipment	1,493	1,187	991	1,156	910
↗ Balance sheet (in millions of €)					
Total assets	20,296	22,137	21,053	20,680	15,612
Supplies	5,973	4,009	4,397	4,085	3,445
Receivables and other current assets	4,961	4,072	3,763	4,338	3,734
Cash flow	2,475	4,978	3,328	2,179	2,979
Adjusted net borrowings	6,047	2,082	2,424	2,676	959
Share capital	4,991	7,519	6,454	6,454	6,377

↗ Balance sheet indicators (in millions of €)					
Adjusted net borrowings/EBITDA	3.2	0.7	1.2	0.7	0.3
Average operating capital in % of net sales	24.0%	20.0%	25.3%	18.1%	19.0%
Financial strength	121.2%	27.7%	37.6%	39.4%	15.0%
Capital ratio	24.6%	34.0%	30.7%	32.9%	40.8%
Return of capital	12.3%	28.1%	6.7%	29.1%	26.9%
Return on invested capital	5.3%	21.2%	8.0%	27.9%	45.1%
↗ Data on shares					
Share price at the end of the year (in €)	127.46	253.20	297.90	289.80	182.40
Dividend (in €)	0.7	3.3	3.0	0.0	3.35
Number of open shares at the end of the year (in thousands)	178,537	191,595	195,066	195,969	199.171
↗ Employees					
Number of employees at the end of the year	59,258	61,401	62,285	65,194	57,016
Personnel costs (in millions of €)	2,856	2,659	2,325	2,720	2,481

Calculated by: author

Source: <https://bstrategyhub.com/adidas-swot-analysis>

Adidas Annual Report 2022 provides a comprehensive overview of financial, environmental and social performance. The management report contains forward-looking statements, and the outlook is based on estimates. Such statements are subject to uncertainties beyond the company's control. In the event that underlying assumptions prove incorrect or described risks or opportunities materialize, actual results and developments may differ materially (negatively or positively) from those expressed in such statements. *Adidas* has all the conditions to win: a great brand, credibility, authenticity, innovation, collaboration, highly talented people and a global network.

In 2022, the entire industry was suffering from high inventory levels. As a result, many markdowns are occurring in the market. Good results are recorded especially in the area of performance. They progressed in athletics, golf, and basketball as well. In terms of lifestyle, they have collaborations with *Gucci*, *Prada*, *Moncler*... They are certain that they can - and will - turn this into a very successful formula. *Adidas* focuses on the core of the business: design, development, procurement, marketing, sales and delivery of products. It is wrong to set priorities and say that one market is more important than another market; they should be strong in each market and adapt their approach to each of them individually. They should be the market leader in Europe. They are also aware that if you are not successful in N. America, you are not really a global brand. China is the engine of growth. L.America is on the rise. The markets such as Korea and Japan are extremely focused and fashion oriented (growth opportunities). In order to win in any market, they need to know more closely what works and what doesn't. If they have a good product and the seller wants it, consumers are likely to buy it. If the

seller doesn't want it, then the consumer probably doesn't want it either. You cannot tell the consumer what they want. They need to listen to what consumers want from them. They are influenced by global athletes, celebrities and products, but must accept that there are local influences as well. They have to find that balance. During *Covid-19*, the markets moved further apart from each other. China was open and closed at the same time. The USA was open and Europe was closed. This meant product launches and the flow of industry from global to local. The political tensions and economic chaos of the last three years have also contributed to this. Things are changing fast and they have to keep up with these changes to stay relevant in the eyes of consumers. During *Covid-19*, people are returning to sports. One becomes aware of health and acceptance of individual sports, especially outdoors, such as walking, running, cycling, yoga, pilates ..., and it is very good for them! The workplace is becoming more casual, with people wearing sneakers and branded sweatshirts while working. Geopolitical and macroeconomic tensions are a challenge for companies that have seriously affected *Adidas*' bottom line. The war in Ukraine, rising energy and commodity prices, continued supply chain constraints, rising inflation (reduced household purchasing power and weakened consumer confidence), tightening monetary policy (increased interest rates), slowing consumer demand ... as well as the overall result, had significant impact on the company's operations. In this challenging environment, *Adidas* recorded solid growth in its Western markets as well as in Asia Pacific. The company continued to invest in the creation and marketing of its products, as well as in boosting its sustainability efforts and further improving its digital business. Global economic growth slowed in 2022, with an increase in global gross domestic product (GDP) of 2.9%. Despite all the challenges, global demand has benefited from major sporting events, such as the Olympic Games in Beijing 2022, the UEFA Women's EURO 2022 in England or the FIFA World Cup in Qatar 2022. *Adidas* received a strong investment grade for the first time as well as *Standard & Poor's* and *Moody's*.

Employees represent the key for the success of *Adidas*. Their performance, well-being and personal development has a significant impact on brand desire, consumer satisfaction and, ultimately, financial performance. Embedding "*diversity, equality and inclusion*" into the culture provides a real competitive advantage. In 2022, they launched a new DEI strategy for "*creating equal conditions for all*", based on three key pillars: people, culture and responsibility. The strategy contains four key dimensions of diversity (gender, LGBTQ+, race and ethnicity, and disability). *Adidas* recognizes its responsibility to respect human rights. A commitment to ensuring fair labor practices and safe working conditions in manufacturing facilities throughout the global supply chain are fundamental to the human rights approach. *Adidas* company is recognized as an excellent place to work: a) Forbes # 16 (global, 2022); b) Stern magazine # 5 (global, 2023). Active management of liquidity, cash flow and operating working capital

remains a key focus. The membership program offers personalized experiences and rewards consumers. They have developed a comprehensive performance measurement system. Key performance indicators and other important financial indicators are regularly monitored and compared to initial targets as well as ongoing forecasts on a monthly basis.

Conclusion

In the industry of sports shoes, clothing and accessories, due to technological discoveries and advances, *Adidas* successfully uses the opportunity to deepen its relationship with consumers, spreading its culture, values and lifestyle. They use environmentally friendly innovative ideas and technologies for new products. The sports brand *Adidas* uses multiple forms of promotion, such as advertising, personal selling, public relations and social media. Through their innovative strategies and various campaigns, they send clear messages to consumers about their brand, as well as the reasons for buying. The issue of brand management has been very little researched in the territory of the Republic of Serbia. Domestic authors mostly consider the issue of brand management as part of the research of a larger problem. This paper provides useful insights for people who are responsible for brand management in general and it can serve as a secondary source for future authors in further research on this topic. In addition to its contributions, this research has some limitations (sample size) that could be overcome in future research. Furthermore, it would be useful to include some new findings (assertions) in the analysis in order to obtain a more comprehensive analysis. Based on the business data presented, it can be said that *Adidas* manages the brand well.

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