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Gaining Competitive Advantage

Hamza Tariq
Aqsa Shafi
Ali Nasir

Gaining a competitive advantage in operations is every company's ultimate goal especially when they're facing a lot of competitors. Adidas is a global sports corporation that is famous for its production, designs as well as sports accessories creation. This case study aims to highlight all the necessary steps the company have agreed on to gain a competitive advantage in the long term.

COMPANY BACKGROUND

Two German brothers named Adi and Rudolf Dassler began the company in 1924. The company in the beginning was registered as Dassler shoes for a while. However, in 1948 Rudolf left and went on to found his own company known as Puma nowadays with Adidas being it earliest competitor. This led to the inspiration of the name Adidas by Adi. In 1949, Adidas AG was formally registered as the official name and quickly started getting more competition. In the early 1970s, Adidas became the most famous athletic brand when it comes to footwear. They began to gain a lot more competition when a competitor appeared in the 1972 Olympics[1]. Even though other brands were in the spotlight, Adidas remained the leading footwear[2]. A massive part of Adidas' success followed when a hip-hop group started using their gear. It easily countered the Michael Jordan of their competitor.

MANUFACTURING

Adidas has been focusing its global manufacturing functions on various areas aside from its footwear quality production. Moreover, it also takes care of social responsibility, sustainability as well as innovation. It also has focused on innovating the traditional models of production and created new footwear models delivering fresh market products more effectively. However, its role when it comes to improving operational efficiency of the brand is important. To mitigate expenditures, it has to focus on material as well as packaging unification. Adidas constantly looking for the next generation of stable materials for which it focused on knitted footwear and direct to digital printing of textile. This innovation and sustainability using technology can assist Adidas gain a competitive advantage in quality production.

PRODUCTION

During 2017, over 97% of the overall footwear volume of Adidas held its production in Asia, America and Europe collectively[3]. This in aggregated accounted for above 3% of the total footwear volume. The biggest part of this footwear production was held in Vietnam. Its share was about 44% in 2017 succeeded by Indonesia at 25% as well as China at 19%. The overall production of footwear in 2017 was equal to 403 million pairs. This number was about 43 million pairs larger than the one aggregated preceding year. 11% of the overall volume in 2017

arrived from a single biggest factory collectively. China as well as the entire Asia region have become a suitable destination of brands for sourcing of raw materials.

[1]In 1972 Olympics, Adidas' biggest competitor was Nike.
[2] Adidas group (2012). Our Mission. Available on the official Adidas group homepage: http://www.adidasgroup.com/en/ourgroup/values/default.aspx (16.03.2012)
[3] Aral, S. and Walker, D. (2010). Crating Social Contagion through Viral Product Design: A Randomized Trial of Peer Influence in Networks. In Proceedings of the International Conference on Information Systems (ICIS).

Production Systems

Moreover, the company has a need to make its production more effective by moving its production facilities Close to that targeted market. Due to this, they have started the initiative of "Speed Factories[4] "to achieve this Production purpose. Adidas' speed concept[5] Is built on the basic three pillars of the company. Firstly, never out of stock, constant reproduction, and finally Replenishment. These pillars exist to ensure that consumers always Have access to the most desired products all the time. They must be responding to the demand with limited lead Times through a point of sale trends seasonally. In-Season creation, product creation ranges within the season by making sure to include the latest trends and maintaining effectiveness.

Supply Chain Process

To succeed in a highly competitive business environment like during the 21st century, brands should always. Have two things in check. First is a fast supply chain and secondly is an effective distribution network. When it Comes to Adidas, the company is consumer-focused especially with its footwear. Due to this, the company has Managed a large as well as a well synchronized network of distribution. Furthermore, they have also been Improving this network quite a lot recently. The problem is to overcome factors reducing the lead time of its Production and bring new products better and faster in the market. Adidas has a target to become the first Fast Sports company[6]. This aim cannot be achieved without having an effective network of distribution. Their focus in 2017 was to optimize the network of distribution for gaining efficiency and to prepare for future directions. These optimizations in the network of distributions allow Adidas to get closer to its customers. As a result, they can cater to their demand in a more effective and efficient way using better network of distributions.

Annexure –A production flow chart will help understand it better.

The corporation aims to put ads out there that will show the overall history of the company to expand the brand Globally. This could be a beneficial thing for the company to try and grow globally in the footwear industry. It Will surely show people what the brand was originally about in its early stages. On the other side, you have to Consider that Ads cost expenses and there is no confirmation which Ad will attract consumers in. Talking About its competitors, they don't do this when it comes to their advertising strategies. Therefore, they are Arguably one of the leading footwear company with success. Another strategy at the corporate level was the

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Implementation of the phrase “Impossible is Nothing”. This statement has surely helped them over time. It Shows their consumers about what Adidas is working on with their next gear. This surely was their main goal to accomplish for their corporate strategy. Another great thing about it is how they tie in the historical presence of the brand. It highlights things like Mohammad Ali’s fight with George Foreman and many more. Things like Those commercials drew in a lot of consumers. However, those types of situations are quite limited for the Consumer base.

The business strategies of the company are the implementation of technology like large competing companies Do. Its competitor has something for your shoes that will tell you your burned calories, distances as well as Heart rate.

[4]Speed Factories are built to deliver products with more speed and less effectiveness. This model of factories is Quite common for fast fashion companies.

[5] Bernoff, J. and Li, C. (2008). Harnessing the Power of the Oh-So-Social Web. MIT Sloan Management Review (49301).

[6]Much like fast fashion companies, fast sports companies aims to deliver sports goods with a constant production Cycle.

All you have to do is to put it in your shoe and just do your thing. They also have a bracelet that Touches your skin and tells you if your daily goal was achieved or not. When we talk about Adidas, their new Strategy is to include a futuristic type of shoe to have the consumer view it as something disruptive. They Surely need to catch up with their technology sector with better strategies. They want their shoe to be Successful in a way that the consumers won’t mind spending hundreds of dollars for it. This can only be Achieved when the product is new, improve and better in all aspects it does. A product of such type will surely Gain a lot of popularity and will be a spotlight with professional athletes. Not only that, but when consumers See these pros wearing the shoes, they will be following the same.

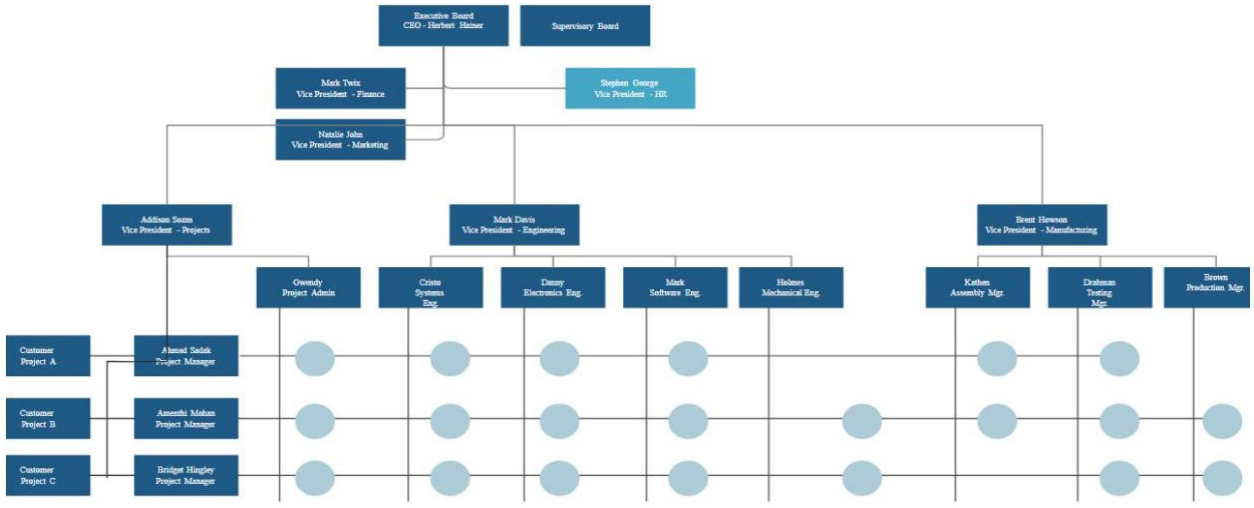
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APPENDIX

Organizational chart



The company has been doing a nice job with coming up with the things they are trying to innovate. However, the thing they need to focus on is to keep their signature style same with newer modifications. The company Seems to stick to its historical roots for a while. They surely were the original footwear company but they need to realize that this won't be helping the company in the long run. Technology based shoe is an innovative idea. They should implement relatively. Not only will this draw more attention but also drive in more interests. Their Ads are also another thing they seem to neglect for a while. The thing Adidas need[7] with their message is to Convey it in a different way. Or at least in a way that adds something more to their message using effective Advertising. For a long time, the company has been lacking this level of advertising the most. Sticking Relatively close to big events is very huge in terms of its expansion on a global scale. But mostly, gaining the Upper hand in the U.S by competing with Nike will help them boost their revenue even more by gaining a Competitive advantage[8].

DISCUSSIONS

[7] Finanzen.net (2012). Profile adidas AG. On http://www.finanzen.net/unternehmensprofil/adidas, (16.03.2012).

[8]Bermingham, A. and Smeaton, A. (2010). Classifying Sentiment in Microblogs: Is Brevity an Advantage? In Proceedings of the 19th ACM international conference, pp. 1833-1836.

On a conclusive note, the biggest recommendation is to expand the advertising budget of the company. As a Result, there should be more billboards, commercials as well as athletes the audience wants to see[9]. The Consumer will be following with what appeals to them in an effectively attractive way. As of now, its Competition is gaining this level of attention from the customers in the best way. Not only have they needed a Better range of advertisement but also better advertisement in the competitive states such as the U.S Specifically. They sure have gained an important part of their overall attention from Europe and now should Compete in

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other states. The company should also open more stores that customers can select for a competitive Advantage. A lot of revenue its competition achieve is from their local retailer shops[10]. Other than that, there Are a lot of things people love about this brand including its originality and comfortability with its products. The competition only seems to look better at the moment in everything else[11].

Options for Gaining a Competitive Advantage

Option A: Implementing and enforcing a stable as well as much more innovative advertising campaign to Cover the larger audience of the untapped regions.

Option B: Using new and disruptive technology to attain an outcome of a product suitable for expanding in the international footwear market.

Assignment Questions

1. What option do you think should be chosen?
2. Explain the options a company can possibly choose other than option A and B?
3. What is your opinion about the long-term decision upper head made? Would it be Beneficial for the company? Explain and describe your answer.

[9]Krüger, Nina; Stieglitz, Stefan; and Potthoff, Tobias, "Brand Communication In Twitter – A Case Study On Adidas" (2012). PACIS 2012 Proceedings. Paper 161.

[10]Kal, O., 2022. SOCIAL COMMERCE: CASE STUDY OF ADIDAS. [online] Medium. Available at: https://medium.com/@oguz.can.kal/social-commerce-case-study-of-adidas-75cd100491a9 [Accessed 18 April 2019].

[11]"Adidas (Case Study)." Adidas (Case Study). Slideshare Inc, 2013.

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DYSON Research Laboratories	**Vendor Evaluation Questioner for new molecule** (To be filled by Manufacturer)	Doc. No.:	DRL/QF/0263
		Revision No:	00
		Issue Date: XXX/IV/0000	23-01-21

Date: _____
Vendor/Supplier's Name: _____
Material Name: _____
Address: _____

Document Attached	**Remarks**	**Yes/No**
Valid manufacturing license from country of origin.	Required	
Valid cGMP certificate of the specific product.	Required	
ISO certificate, WHO, TGA, MHRA or any other certification.	Required	
List of material being Manufactured.	Required	
COA of material.	➢ Valid COA is required ➢ Sufficient Quantity of material is required for minimum three trials	
Analytical test method along with verification/Validation.	➢ Should be SIM (Validated/Verified) ➢ Should be in the PDF form	
Impurity Profile	➢ COA of All impurities if Specified ➢ Analytical test method for Impurity Profile ➢ Minimum 10mg of each impurity	
Working Standard	➢ COA of Working Standard ➢ Quantity of Working standard required(5g) ➢ Should have Valid Date	

DMF with letter of access (or CEP).	➢ Should be of Zone IV-A ➢ Should be for complete shelf life (i.e. 300C + 20C & % RH 65% + 5%RH) ➢ Should b 6 months for accelerated (i.e. 400C + 20C & % RH 75% + 5%RH). ➢ Should be Stamped and signed ➢ General properties ➢ Complete detail of Manufacturer ➢ Manufacturing procedure and Manufacturing flow chart ➢ Justification of specification ➢ Container closure system ➢ COA of 3 consecutive batches ➢ Reference Standards along with COA in case of primary standard ➢ Analytical Procedures with verification/validation studies Stability Studies as per Zone IV-A	Hi

Questioner filled by

_____ (Signature)
_____ (Name)
_____ (Designation)