



ANALYSIS OF INTERNATIONAL BRANDS ADIDAS, NIKE AND PUMA: A COMPARATIVE STUDY

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Abstract

In a hyper-competitive business environment, maintaining a Brand image is the primary concern. In this article, Brands like Puma, Adidas and Nike are selected to study their strategies which strengthen their brand image. For many years these brands have been in the top brand's list. As per current 2015 figures Nike, Adidas, Puma have a net worth of \$26billion, \$6.8billion and \$4.3billion, just the name. These brands are constantly growing and moving upwards on the list. Many factors are like quality, brand loyalty, brand awareness and its associations. All of these depend upon the Public relationship, partnerships, ambassadors etc, i.e., integrated marketing communication. This study is to identify the strategies and key decisions which helped these brands in building a strong brand image.

Keywords: Marketing Mix, Marketing Strategies, Promotion, SPSS, hypothesis, Brand Image.

Objectives of Study

The main aim of the paper is to study

- All the practices, policies and programs that are undertaken by the above companies for their growth and development.
- Detailed study of their 4P's of marketing strategies.
- Analyse the Revenue, EBIT, Net Income etc of the above firms for fiscal years from 14,15,2016 using SPSS (Statistical Package for Social Sciences) software.

Introduction

Branding and marketing are a delightful experience for the customers and improve consumer satisfaction. Keller(1993) associated the perceptions of customers regarding the brand must be reflected by the customers Association through memories. Aaker(1996)says that brand image is integrated with brand awareness and its message communicated through it. Also in communicating these messages brand Ambassadors play a vital role. Let us discuss each brand in detail.

Adidas

Adidas was founded in 1949, it is a German multinational corporation, headquartered in Herzogenaurach, Bavaria. It specializes in designing and manufacturing shoes, clothing and other accessories. It holds the first position in sportswear industry in Europe, and second in the world. Its parent company was GebrüderDasslerSchuhfabrik company founded by Adolf Dassler and Rudolf Dassler but they got separated due to a family feud between them. Adolf established Adidas and Rudolf came up with Puma. The company is recognised by its three parallel bars logo. The brand name is uncapitalized starting with a lower case "a".

Adidas has used In game platform which takes viewers into the virtual world for its brand awareness and it had a strong impact on teenagers of the age group 13-34. There was 90% decline in brand message recall and brand rating went up by 14%. It has been a sponsor for London Olympics 2012, in which the officials were wearing Adidas sportswear has left a mark on minds of millions of people. It also provided Official match ball for FIFA World cup 2010 held in South Africa.

Majority of Adidas marketing is concentrated on television and product placements. Advertisements are creatively designed which attracts the customers towards the brand by conveying a clear message to the customer. Its tagline is "Impossible is nothing", which is a strong motivator for the customers. World class players such as Lionel Messi, Ronaldinho, Sachin Tendulkar and others are ambassadors of this brand. Adidas also does some creative outdoor campaigns as well as events.

Nike

Nike, Inc. is an American multinational corporation headquartered near Beaverton, Oregon, in the Portland metropolitan area, founded on May 30, 1971. It offers sportswear and various services.

Nike integrated technology to give unconventional capabilities to its sportswear products. Sports shoes are the most popular products from Nike. In addition, Nike's product mix now includes accessories and equipment, such as golf clubs. These products are available under different brands, including Nike, Nike+, Hurler and Converse.



Nike's Usp can be two things

- This would be its rich heritage. You can see that almost every second athlete and sports person that you can think of is associated with Nike. They don't sell shoes, they sell the idea that we can all be an athlete!
- I think the minimalist swoosh logo also makes some people go for Nike instead of something fancy and over stated like the Adidas Originals brand.

In 2012 London Olympics Nike counter attacked Adidas by Run London with Puma as Women's Professional Soccer sponsor. It also extended sponsorships for Para Olympic teams and US Olympic.

Nike does effective promotion of its products to maintain a strong brand image. It is positioned as a premium-brand, selling well-designed and expensive products. Advertising is Nike's primary technique to attract customers. The company does not talk about its products or compare it with the other brands instead it honours great athletes. Customers are pulled towards the brand because of its distinctive swoosh logo and the advertising slogan: "Just do it", which started in 1988.

PUMA

In the year 1924 two brothers, Rudolf Dassler and Adolf Dassler started a company called Adidas. After Rudolf split from his brother in 1948, he started his own brand Puma. Since then, it has grown to become one of Germany's largest maker of athletic shoes. It has headquarters in London, Germany and Hong Kong.

Puma along with footwear, sports goods, sportswear and fashion accessories also produces enthusiastic driving shoes and race suits. It has a partnership with BMW and Ferrari. The company has collaborated with renowned designers such as Alexander McQueen, Rossi and Yasuhiro Mihara. Puma has established itself as a reliable brand that offers quality products.

Puma used CRM (Cause Related Marketing) and On the South African philosophy of peace, Puma made a 'Peace Ball' addressing to immigrants attacking from other African countries. Puma Peace, Puma Safe, Puma Vision are examples of CRM. It partnered with UNEP (United Nations Environment Program) in 2010 for supporting an International year of Biodiversity.

Puma made a contract with Black Stars who already won 4 times African Cup of Nations. But the labels carrying the slogan 'Cotton Made in Africa' underlying special ecological and social aspects helped in strengthening Brand Relationships from the local people.

The company was criticized for spending a lot of money on big size banners and billboards. However, it received respect when Usain Bolt won 3 gold medals in the Olympics wearing puma shoes on his feet. Following are the celebrities who also are or had been an ambassador of the brand Saina Nehwal, Somdev Devvarman, Gautam Gambhir, Shilpa Shetty.

Puma has done strong advertising campaigns and delivered a clear brand message through its brand ambassadors. It focused on teenagers and has become a Brand personality as it is a sports brand.

Research Methodology

Data collected is mainly based on secondary sources which include both Internal sources of data like accounting records, miscellaneous reports and External sources of data like previous articles, magazines, research papers, journals, the official website of respective companies.

The following table shows the figures of the above brands

In million dollars \$ except Earnings per share which is in \$

| Parameter | Adidas | | | Puma | | | Nike | | |
|---------------------------|--------|--------|--------|-------|-------|-------|--------|--------|--------|
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| Revenue | 23,218 | 20,298 | 17,440 | 4,352 | 4,065 | 3,569 | 32,376 | 30,601 | 27,799 |
| Gross profit | 2,260 | 1,770 | 1,540 | 1,988 | 1,849 | 1,664 | 14,971 | 14,067 | 12,446 |
| EBIT(operating Income) | 1,790 | 1,313 | 1,154 | 154 | 102 | 154 | 5,907 | 5,576 | 5,090 |
| Net Income | 1,223 | 864 | 682 | 75 | 44.52 | 77 | 3,760 | 3,273 | 2,693 |
| Earnings per share(Basic) | 6.1 | 3.98 | 3.26 | 5 | 2.98 | 5.15 | 2.21 | 1.90 | 1.25 |



Data Analysis Using SPSS Software

In this article, two different hypothesis has been tested and are as follows:

Null Hypothesis H₀: There is no significant difference between marketing strategies of different brands and their respective Net Incomes.

Alternate Hypothesis H₁: There is a significant difference between marketing strategies of different brands and their respective Net Incomes.

Level of significance: =0.05

Testing of First Hypothesis

Data view in SPSS

| V1 | Revenue | Grossprofit | CDIT | Nethcome | EarningspershareBasic |
|----|---------|-------------|---------|----------|-----------------------|
| 1 | 23218 | 2260 | 1790.00 | 1223.00 | 6.10 |
| 1 | 20298 | 1770 | 1313.00 | 864.00 | 3.98 |
| 1 | 17440 | 1540 | 1154.00 | 682.00 | 3.26 |
| 2 | 4352 | 1988 | 154.00 | 75.00 | 5.00 |
| 2 | 4065 | 1849 | 102.00 | 44.52 | 2.98 |
| 2 | 3569 | 1664 | 154.00 | 77.00 | 5.15 |
| 3 | 32376 | 14971 | 5907.00 | 3760.00 | 2.21 |
| 3 | 30601 | 14067 | 5576.00 | 3273.00 | 1.90 |
| 3 | 27799 | 12446 | 5090.00 | 2693.00 | 1.25 |

1-Adidas 2-Puma 3-Nike, the data is of period 2016-2014 starting with 2016 of each V1 group.

Variable view in SPSS

| Variable | Type | Width | Decimals | Label | Values | Missing | Columns | Align | Format | Style |
|----------------|---------|-------|----------|--------------------|--------|---------|---------|-------|---------|-------|
| V1 | String | 4 | 0 | Brand | None | None | 4 | Left | Nominal | Input |
| Revenue | Numeric | 5 | 0 | Revenue | None | None | 12 | Right | Scale | Input |
| Grossprofit | Numeric | 5 | 0 | Gross profit | None | None | 12 | Right | Scale | Input |
| EBIT | Numeric | 8 | 2 | EBIT | None | None | 12 | Right | Nominal | Input |
| Net income | Numeric | 5 | 2 | Net income | None | None | 12 | Right | Scale | Input |
| Earningsper... | Numeric | 4 | 2 | Earnings per sh... | None | None | 12 | Right | Scale | Input |

Output in SPSS

Descriptive Statistics

| Dependent Variable: Net Income | | | |
|--------------------------------|-----------|----------------|---|
| V1 | Mean | Std. Deviation | N |
| 1 | 923.0000 | 275.28349 | 3 |
| 2 | 65.5067 | 18.20248 | 3 |
| 3 | 3242.0000 | 534.17506 | 3 |
| Total | 1410.1689 | 1454.56507 | 9 |

Descriptive Statistics here gives the information about the number of observations in each group 1,2, &3, mean of those observations, standard deviation and standard error mean of those observations.



Tests of Between-Subjects Effects

Dependent Variable: Net Income

| Source | Type III Sum of Squares | df | Mean Square | F | Sig. |
|-----------------|-------------------------|----|-------------|---------|------|
| Corrected Model | 16203165.7 ^a | 2 | 8101582.857 | 67.241 | .000 |
| Intercept | 17897186.66 | 1 | 17897186.66 | 148.543 | .000 |
| V1 | 16203165.71 | 2 | 8101582.857 | 67.241 | .000 |
| Error | 722910.660 | 6 | 120485.110 | | |
| Total | 34823263.03 | 9 | | | |
| Corrected Total | 16926076.37 | 8 | | | |

a. R Squared = .957 (Adjusted R Squared = .943)

Multiple Comparisons

Dependent Variable: Net Income

Scheffe

| (I) V1 | (J) V1 | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | |
|--------|--------|-----------------------|------------|------|-------------------------|-------------|
| | | | | | Lower Bound | Upper Bound |
| 1 | 2 | 857.4933 | 283.41384 | .062 | -51.4881 | 1766.4747 |
| | 3 | -2319.0000* | 283.41384 | .001 | -3227.9814 | -1410.0186 |
| 2 | 1 | -857.4933 | 283.41384 | .062 | -1766.4747 | 51.4881 |
| | 3 | -3176.4933* | 283.41384 | .000 | -4085.4747 | -2267.5119 |
| 3 | 1 | 2319.0000* | 283.41384 | .001 | 1410.0186 | 3227.9814 |
| | 2 | 3176.4933* | 283.41384 | .000 | 2267.5119 | 4085.4747 |

Based on observed means.

The error term is Mean Square(Error) = 120485.110.

*. The mean difference is significant at the .05 level.

The decision rule is as follows

The SPSS software gives something as p -value which is the probability of getting a F_{cal} greater than what you observe. So the decision rule is as follows:

If the p -value or sig obtained from the ANOVA is less than α , then Reject H_0 and Accept H_1 .

Result

As we can observe from the above, that p -value or sig is 0.0 which is less than $\alpha = 0.05$, therefore we reject the Null hypothesis H_0 and accept the Alternate hypothesis, i.e., there is a significant difference between marketing strategies of different brands and their respective Net Incomes.

Testing of Second Hypothesis

Null Hypothesis H_0^1 : There is no significant difference between marketing strategies of different brands and their respective Earnings per share.

Alternate Hypothesis H_1^1 : There is a significant difference between marketing strategies of different brands and their respective Earnings per share.



Level of significance: =0.05

Output in SPSS

Descriptive Statistics

Dependent Variable: Earnings per share(Basic)

| V1 | Mean | Std. Deviation | N |
|-------|--------|----------------|---|
| 1 | 4.4467 | 1.47639 | 3 |
| 2 | 4.3767 | 1.21187 | 3 |
| 3 | 1.7867 | .48993 | 3 |
| Total | 3.5367 | 1.64185 | 9 |

Descriptive Statistics here gives the information about number of observations in each group 1,2, &3, mean of those observations, standard deviation and standard error mean of those observations

Tests of Between-Subjects Effects

Dependent Variable: Earnings per share(Basic)

| Source | Type III Sum of Squares | df | Mean Square | F | Sig. |
|-----------------|-------------------------|----|-------------|--------|------|
| Corrected Model | 13.789 ^a | 2 | 6.894 | 5.319 | .047 |
| Intercept | 112.572 | 1 | 112.572 | 86.852 | .000 |
| V1 | 13.789 | 2 | 6.894 | 5.319 | .047 |
| Error | 7.777 | 6 | 1.296 | | |
| Total | 134.138 | 9 | | | |
| Corrected Total | 21.565 | 8 | | | |

a. R Squared = .639 (Adjusted R Squared = .519)

Multiple Comparisons

Dependent Variable: Earnings per share(Basic)

Scheffe

| (I) V1 | (J) V1 | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | |
|--------|--------|-----------------------|------------|------|-------------------------|-------------|
| | | | | | Lower Bound | Upper Bound |
| 1 | 2 | .0700 | .92956 | .997 | -2.9114 | 3.0514 |
| | 3 | 2.6600 | .92956 | .076 | -.3214 | 5.6414 |
| 2 | 1 | -.0700 | .92956 | .997 | -3.0514 | 2.9114 |
| | 3 | 2.5900 | .92956 | .083 | -.3914 | 5.5714 |
| 3 | 1 | -2.6600 | .92956 | .076 | -5.6414 | .3214 |
| | 2 | -2.5900 | .92956 | .083 | -5.5714 | .3914 |

Based on observed means.

The error term is Mean Square(Error) = 1.296.



Result

As we can observe from the above, that p -value or sig is 0.047 which is less than $\alpha=0.05$, therefore we reject the Null hypothesis H_0 and accept the Alternate hypothesis, i.e., there is a significant difference between marketing strategies of different brands and their respective Earnings per share.

Conclusion

Therefore, we can conclude that Brand image, Brand marketing, decisions related to the product, promotion, public relations etc play a vital role in the revenue generated by the company. The Puma has to revise its strategies to be a major sponsor for Mega events like FIFA World cup, Olympics etc. and also focus on Integrated Marketing Communication. Brand Message should also be revised to create more Brand Awareness resulting in a strong brand image. Also, the ANOVA hypothesis test also agrees the same i.e., there is a significant difference between marketing strategies of different brands and their respective Earnings per share, Net Income.

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