

Product innovation by Adidas Group through Sustainability

Sheryl George Crasto¹, Daisy Mui Hung Kee², Alyssia The Yi Huan³, Chen Woan Xin⁴, Hoon Xian Juin⁵, Lau Kiew Man⁶, Divya Pandey⁷

University of Mumbai, India¹
Universiti Sains, Malaysia^{2,3,4,5,6}

ABES College of Engineering, Ghaziabad⁷
Correspondence Email: daisy@usm.my

ABSTRACT

Innovation is at the core of all products at Adidas. The Adidas group has toiled through the years to be the sole giant to manufacture and supply world-class sports products in their clothing, footwear, and accessories. The ongoing global climate change concerns and an intention to support the initiatives by various groups to protect the environment, the Adidas group shifted towards sustainability. The decision of re-considering materials while being manufactured was key to determine the innovation in their products through sustainability. The objective of the study is to understand the product innovation by Adidas by adopting sustainability and how this approach has affected the customer's perception and brand image.

Keywords: Sustainable Innovation, brand image, Customer perception, Adidas

INTRODUCTION

Climate change has been the cause of concern for a lot of firms and governments across the globe. With more and more firms, realizing the need for making sustainable products and creating awareness amongst its consumers. Adidas was the first company to have initiated product innovation through sustainability in the fashion industry. This trend was later followed by other leading firms from the fashion industry like Zara, Nike, etc. but they did not scale it up and progressed the way Adidas did with its products.

Adidas group is one of the leading industries in sportswear and sports products and the guiding principle is to make the athletes feel better with each product that the company manufactures. This is the sole reason why innovation is deeply rooted in the making of all the products. When it comes to manufacturing a product, the choice of materials was the best option that Adidas had to innovate and move towards sustainability to influence the protection of the environment and reduce the carbon footprints.

Adidas group was the first global company to move towards sustainability by banning the use of chlorofluorocarbons for all product manufactured in the year 1989. As the years passed by Adidas kept raising its standards towards sustainability from being listed on Dow Jones Sustainability Indices in 2000 to launching its very own Environmental, Health and Safety Guidelines and the Guide to Best Environmental Practice in 2002. Through all these years, Adidas always had the thought of making products that deliver a high performance which is made in a sustainable manner.

The biggest move towards sustainability by Adidas was in the year 2015, where it entered a strategic partnership with Parley for the oceans which is an environmental organization and global collaboration network. Parley for the ocean is an environmental and global collaborative network and Adidas is the founding member that supports its education and communication efforts to the Parley Avoid Intercept and Redesign strategy. The main objective of this strategic alliance is to prevent plastic from entering the oceans and using the Parley Ocean plastic as a replacement to the virgin plastic that

had been used by Adidas for its products. In 2018, the combination sold over 5MN shoes made from Parley Ocean Plastic. The firm collects plastic and sends it to its suppliers that convert the plastic bottle into yarns which are then used in the manufacturing of footwear and other products.

Through this initiative, Adidas aims at avoiding the usage of plastic in its operations and working towards the prevention of plastic entering the oceans and thereby making use of Parley Ocean Plastic as the eco-innovative replacement for its virgin plastic. In the year 2017 Adidas sold 1 million of Adidas Parley Shoes and has continued the production of Adidas Parley shoes and other product lines using Parley Ocean Plastic. Post the Adidas Parley shoes, the company has adopted sustainable manufacturing materials and aims at 100% sustainable products by the year 2024

Adidas has received various awards and recognition for sustainable products. In the aim of protecting the environment, Adidas has passed on a message to its consumers through different marketing channels and its strategies to be socially responsible and conscious of the environment and purchase its products that still promise higher performance in its sustainable products.

Adidas made a shift towards sustainability, but its major challenge was to make its customers aware of the new products, its composition and how it was doing its duty to protect the environment. Adidas adopted the creativity and collaboration approach for delivering its sustainability message and found its way out of the mess.

Products

Adidas Parley Shoes

Futurecraft Loop is an Adidas shoe that is 100% recyclable and a performance running shoe. This shoe aims at addressing the issue of plastic waste and enabling a closed-loop or a circular manufacturing model, wherein the raw materials used can be repurposed again and again over a period of time into another high performing shoes, tote or a water bottle

Futurecraft Biofabric Shoes are the pair of shoes that are made from 100% Biosteel fibre which is a completely biodegradable and nature-based high-performance fibre which is 15% lighter in weight than the conventional synthetic fibre that was being used.

As the Adidas group has started the journey of sustainable products, it vows to make use of only recycled plastic by 2024 for its products. Currently, only 40% of its products are made from recyclable products. It also aims to sell 11 MN products in the year 2019 which are made of recyclable plastic. With Adidas leading the way in the fashion industry with sustainable products making use of recyclable products, leading fashion industry players like Zara, Inditex, etc have also vowed to join hands and work for the environment by making use of only organic products in its collections.

RESEARCH METHOD

The research framework was designed in a manner to help the researcher to have a detailed analysis of product innovation through sustainability and marketing strategies for it.

Sample and Data Collection

During the research, the researchers have used convenience sampling in distributing the questionnaire. Here, convenience sampling implies that each person is selected to study, and it is a very easy approach to gain responses as the respondents are selected on a random basis and hence the probability of being selected is very low.

The researcher has used the method of quick thumb rule in the calculation of the size of the respondents. Per Perreault (2007) who gave the formula of $n=2500/E^2$ in the calculation of the sample size where n will be the sample size required and E will be the

maximum error for the research. When the maximum acceptable error is 10%, hence after using the formula, the researchers get 250. From this, we conclude that the researcher needs 250 respondents and therefore the respondents distributed 300 questionnaires to avoid errors and increase the accuracy.

The researchers selected residents of India and Malaysia to conduct the research as the researchers reside there and had easy access to the respondents.

Research Instrument

While conducting the research, the questionnaire was divided into three sections focussing on different aspects to achieve the aim of the study. The first section consisted of questions related to the demographics of the respondents. It was important to understand the demographics to observe if there was a change in the perspective and behavior of the respondents based on their age groups.

The second section of the questionnaire was asking the respondents their buying patterns of Adidas products, the reasons why they choose Adidas products and a comparison of Adidas products in terms of quality and their preferences on purchasing them.

The last section consists of questions related to the product innovation by Adidas, the effectiveness of the marketing strategy for the sustainable products, consumer perception on the innovative products through sustainability, their preference of recyclable products over conventional products and how important it is for brands to shift towards sustainability through product innovation.

RESULTS AND DISCUSSION

Data Analysis

Table 1.1 Age wise distribution of respondents

Age	Number of respondents	Percentage (%)
20-30	156	50.5
31-40	78	25.2
41-50	43	13.9
51 and above	32	10.4

According to the survey, we can see that most of the respondents (156) fall into the age group of 20-30, which takes up 50.50% of the total number of respondents. Following that, the age group of 31-40, 41-50, and 51 and above takes up 25.20%, 13.90%, and 10.40% respectively. We can see a decline in respondents proportional to the increase in age.

Table 1.2 Effect of marketing campaigns and promotional activities by Adidas during the launch of its Sustainable products

		Frequency	Percent
Valid	Yes	143	46.3
	No	112	36.2
	Maybe	54	17.5
	Total	309	100.0

We observe that a larger portion of respondents (143), which make up 46.3% of total respondents are aware of Adidas' product innovation through sustainability, while there are 36.2% of respondents (112) who are unaware of it. Moreover, there are 54 respondents who chose "Maybe", which means they are unsure of it, but we can say that they are somewhat aware of it.

Table 1.3 Understanding the perceived quality of key Adidas products

The researcher has made use of independent t-test in analysing the received for the Adidas products to understand the customer satisfaction levels. The customer has selected the quality ratings as test variable as per the age group.

The table below shows the overall mean and standard deviation for all the age groups across the respondents of the survey. We observe that the level of satisfaction for both the different types of products there is in the market of Adidas across their product lines has a varied difference. The Footwear and the clothing accessories have a similar t test value ranging between 80-84 whereas it drops considerably for its accessories.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Footwear	83.340	308	.000	4.23948	4.1394	4.3396

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Clothing	81.838	308	.000	3.99676	3.9007	4.0929

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Accessories	62.269	308	.000	3.51456	3.4035	3.6256

Table 1.4 Understanding the influence of move towards sustainability and choice of products (recyclable vs traditional products)

		Frequenc y	Percent
Valid	Biodegradable	292	94.5
	Non eco-friendly products	17	5.5
	Total	309	100.0

As we observe, 94.5% of the respondents show a willingness to shift towards sustainable and biodegradable products by Adidas group and at the same time also feel that other firms should also have a shift in their manufacturing processes through various product innovation.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.131 ^a	.017	.014	.71717

a. Predictors: (Constant), Choice of Product

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.767	1	2.767	5.379	.021 ^b
	Residual	157.900	307	.514		
	Total	160.667	308			

a. Dependent Variable: Adidas's product innovation through sustainability was a good move by the company

b. Predictors: (Constant), Choice of Product

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.229	.193		6.363	.000
	Choice of Product	.415	.179	.131	2.319	.021

a. Dependent Variable: Adidas's product innovation through sustainability was a good move by the company

The above results through the various statistical tools like Anova and regression, give us the result that there exists a direct relationship between the perception of a customer towards sustainable products and the actual buying patterns of the consumers. Through this we can also conclude that customers have complete knowledge about the products and undertake analysed decisional behaviour.

The responses of the respondents in the various age groups are almost the same, this gives us an understanding that the perception and awareness about the Adidas products are the same across the various age groups. However, when it comes to the purchase of products across the wide category offered by Adidas, we witness a change. While among the different age groups there is similarity in the purchasing behavior of the products.

Quality of a product is the factor that attracts a customer to a brand and maintains loyalty when a similar product is being offered by a competitor. When the respondents were asked to rate on a 5-dimensional basis the quality of the different products offered by Adidas, no doubt the footwear products received the highest ratings followed by clothing and most of the respondents were not satisfied with the quality of the accessories that are sold by Adidas. The quality of the accessories could also be one of the reasons for respondents not preferring to purchase accessories from Adidas.

Adidas has spent a great amount of time on its marketing and promotional activities of its sustainable products. In order to check how effective, it was and how much awareness prevails among the consumer, a close-ended question was asked wherein a mere 46.3 % of the total respondents were aware of the Adidas Parley products. The respondents included 70% of millennials who are present on all social media platforms and most of them being involved with sports and a loyal consumer of Adidas. The question now lies about how effective the campaign was and was the correct audience targeted. Business leaders, academicians, and other experts have seen the value and need for protection of the environment, the next step was to understand if the consumers also felt the need and if the effort would be appreciated.

CONCLUSIONS

The results of the research have shown that there is a similarity in the purchasing behaviour of Adidas products amongst the different age groups. While footwear and clothing are purchased the most based on the high quality, the accessories of Adidas are found not to be up to the mark and hence have reduced purchase for its accessories. Although, Adidas had marketed and promoted the launch of Sustainable products extensively through its various online and offline channels, most of our respondents were not aware of the availability or launch of these products in their respective countries. However, the respondents very strongly feel that company's today need to protect the environment and move towards an innovation in their products adopting the sustainability approach. When a question regarding their buying behaviour towards recyclable and sustainable products, 95% of the respondents were having a very strong positive approach of buying sustainable products from Adidas.

Today, there is a high level of awareness created amongst the consumers for adopting and getting familiar to products which are eco-friendly and less harmful to the environment. When the respondents were given a choice to choose between a conventional adidas product and a sustainable Adidas product, 99% of the respondents across all age groups chose to buy a sustainable product and give up on conventional products. The respondents were ready to pay extra and purchase the products and lauded the company for making a shift and caring for future generations by high quality products which are sustainable, and which do not even compromise on the quality for which Adidas is known for.

From this research, Adidas can now understand the perception of its consumers towards sustainable products and how acceptable they are towards the change brought about by the company. The Adidas group also needs to note the need for the increased awareness that it needs to create for its products and focus more on the quality for its products in the accessory category.

Limitations and future recommendations

The survey was a success in terms of meeting the target sample as well as finding insightful results; however, it wasn't without the limitations. Since the survey was conducted for a short period of time, a lot of respondents could not be covered as it was also restricted geographically.

There is also a possibility of incorrect information. Another major limitation to the survey is that the responses received from the respondents is what they are consciously doing. However, it was not practically possible to record the unconscious thoughts of a respondent and hence the researchers suggest that future researchers should include more respondents from different locations across the globe.

Last but not the least, future researchers can also do a comparative study of product innovation through sustainability and its marketing strategies between company's belong to the same industry to have a better approach and a more detailed conclusion.

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