We Can Run Away With This Market

If you spend all your time looking over your shoulder at the competition, you can't see your customers.

By Bryan Rader / *Bandwidth Consulting LLC*

Sometimes companies fail to adapt to the changing competitive landscape. They become so focused on the market leader as their primary competition that they miss seeing the rest of the market. This kind of thinking never ends well. It leads to apathy, staleness and eventually lost market share.

Take Adidas, for instance. In the 1980s and early 1990s, this German shoe manufacturer had its eyes on Nike. "How can we sell more shoes than Nike does? How do we capture the hearts and minds of young basketball and soccer players in the United States? How can we stay relevant for young athletes who want to be hip and cool?"

At one time, Adidas and Nike competed for world dominance in the sports shoe and apparel industry. They were like Coke and Pepsi, Colgate and Crest, big cable and big telco.

Over the years, Adidas stopped understanding its own market. It missed out on major endorsements that would have helped grow its shoe business (see Michael Jordan). It made ill-timed acquisitions of tired shoe brands (see Reebok in 2005). And it kept looking over its shoulder at just one competitor, which took market share from it year after year (see Nike).

All that time, Adidas focused on the market it knew: soccer shoes, soccer apparel, running shoes and so forth. It didn't ever consider which other areas of the fast-growing U.S. sports apparel industry it could address.

However, others did consider those areas. In 1995, Kevin Plank founded a startup in Baltimore with less than $40,000. Plank was the special teams captain for the University of Maryland football team, and he was unhappy with the cotton shirts his football players wore. During practice, the shirts were always soaked and heavy with sweat.

Working in his grandmother's basement, Plank designed a superior T-shirt that kept athletes dry and light. His players loved the shirts, so he sent samples to NFL teams, college programs and such famous athletes as Deion Sanders. Soon, Under Armour was selling product to teams across the country.

Fast forward to 2014. According to the Wall Street Journal, Under Armour had become a $3 billion a year business and surpassed Adidas as the No. 2 supplier in the sports apparel industry. Adidas sales fell around 23 percent; Under Armour grew 20 percent in the same time.

MISSING THE OPPORTUNITY

How did Adidas let this happen? Why didn't it see its customers' need for better athletic wear? Adidas was so focused on keeping up with Nike that it fell out of touch with customers and missed out on areas of opportunity.

You might be asking, "When did private cable operators start selling T-shirts and athletic shoes?"

Aha. That's what makes this the perfect parallel to the PCO industry. Think of Adidas as big cable (the long-time market leader), Nike as big telco (the very successful, well-heeled, well-funded competitor) and Under Armour as PCOs that deliver solutions and fix the problems Adidas is missing.

Think about it. Adidas watched only Nike, as Comcast monitors FiOS. But PCOs are on the ground, in the market, talking to property managers every day about their needs. PCOs can design the next-gen athletic wear (broadband products for multifamily residents) based on these conversations. Adidas executives aren't talking to property managers. They are sitting in their German offices missing out on these opportunities.

PCOs are not. They are the upstart sports apparel company that Adidas is not paying attention to. It is time for them to build customer solutions and sneak up behind the market leader.

What are you waiting for? Just do it. ❖

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