

Adidas reverses course on D2C strategy

Article

The news: Wholesale will play a “significant role” in **adidas**’ 2023 strategy under new CEO **Bjørn Gulden** as the company attempts to put its failed **Yeezy** endeavor in the rear-view mirror and catch up to **Nike**.

Why it makes sense: For **adidas**, reversing course—at least for now—on its direct-to-consumer (D2C) push is a savvy move as it tries to offset the enormous cost of jettisoning its [Yeezy business](#).

- **It saves money.** Instead of investing significant resources in store development and ecommerce fulfillment, adidas can expand its store presence much more economically via strategic partnerships with [retailers like Foot Locker](#).
- **It's an opportunity to get ahead of Nike.** While there are [some signs](#) that Nike may be looking to pull back on its direct sales push, adidas is in a position to negotiate more favorable wholesale deals as retailers try to reduce their reliance on its chief rival.
- **It's still adidas' biggest sales channel.** Wholesale accounts for 61% of the company's business, per CFO Harm Ohlmeyer.

Striking a balance: Adidas isn't the only retailer to look to wholesale to revitalize sales: A [growing number of D2C brands](#), from **Allbirds** to **Glossier** to **Parade**, have embraced retail partnerships to grow sales and consumer awareness.

- But plenty of retailers, including [Levi's](#), [Deckers](#), [Skechers](#), and **On Running**, are doubling down on D2C to exert more control over the retail experience and grow sales for items outside their core product lines.
- That strategy has the additional advantage of making up for weakening wholesale demand as retailers grapple with a difficult combination of excess inventories and softening sales.
- Deckers CEO **Dave Powers** noted on a recent earnings call that those considerations have made retailers more selective of which brands they bring in—good news for buzzy brands like Deckers' **Hoka** or On Running, but potentially bad news for a company like adidas trying to restore its relevance.

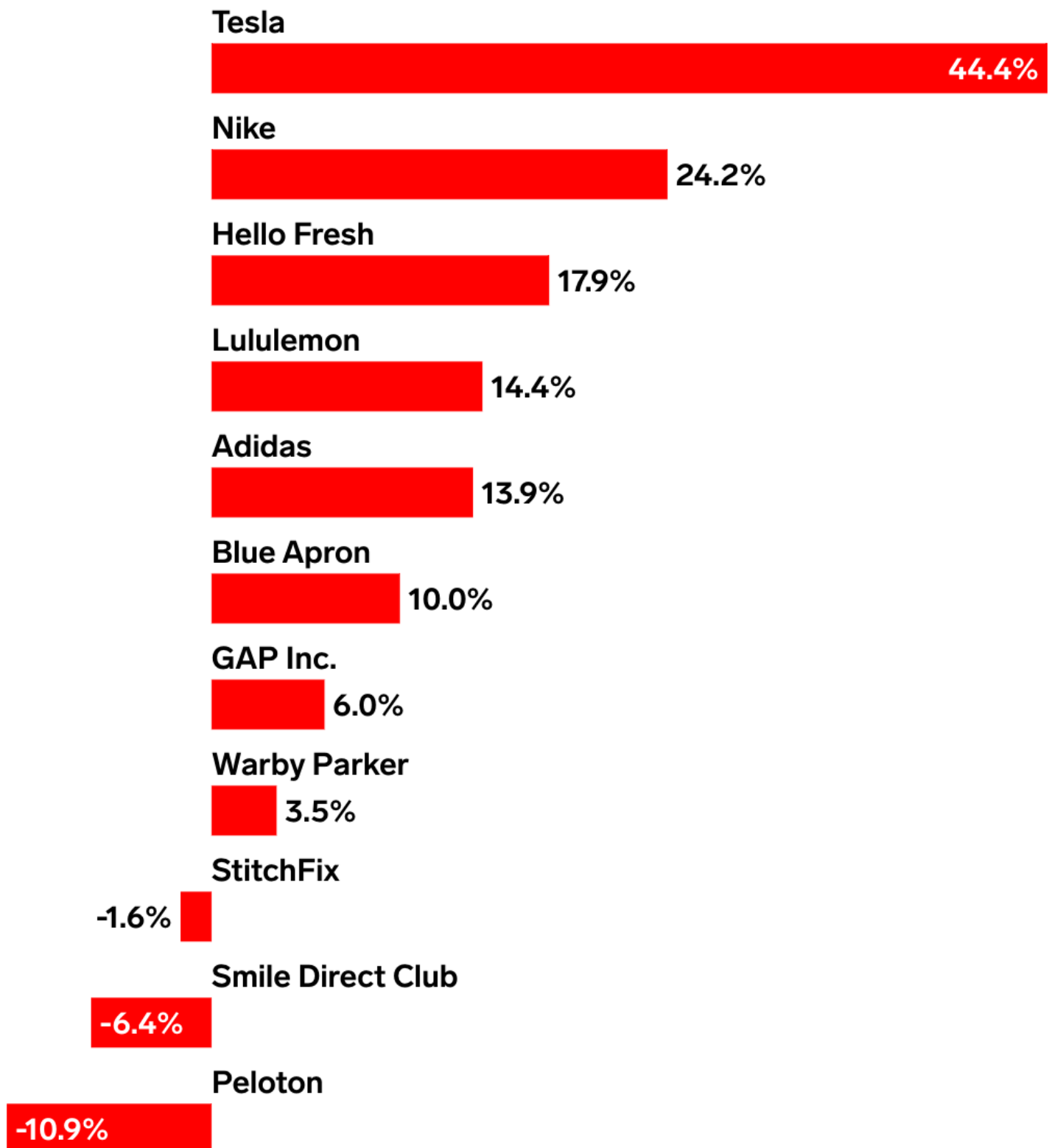
The big takeaway: While direct sales continue to be an important growth opportunity for retailers, it's not surprising to see adidas and potentially Nike reprioritize wholesale as they look for ways to rightsize inventory levels, avoid costly investments into distribution centers and ecommerce infrastructure, and reduce marketing expenses.

- Retailers need to find a balance that works for their business—one that takes advantage of wholesale partners' reach and audiences, but also creates opportunities to develop one-on-one connections with consumers and build brand loyalty and equity.

D2C Ecommerce Sales Growth, by Company

1H 2023 % change

US, 2022, % change



Note: includes products sold online and sold directly to consumers via their owned and operated sites, bypassing standard distribution methods through a retailer, wholesaler, or

operated sites, bypassing standard distribution methods through a retailer, wholesaler, or third-party platform such as a marketplace

Source: eMarketer, March 2022

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