



BUSINESS ANALYSIS

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● BRIEF OVERVIEW OF THE COMPANY

- Founded in **1911** in Biella, by **Fila brothers**, producing only knitwear and underwear.
- In **1973** Fila launched its tennis line with **Bjorn Borg** as an ambassador.
- Fila expanded in sportswear and it's now spread **worldwide** (more than 102 countries).
- In **1991** Fila Korea was established by **Gene Yoon**
- **Fila Korea** became headquarter of the entire business in **2007**
- **Keun-chang**, CEO since 2018
- In 2020 it became **Fila Holdings**



CURRENT RESULTS



ECONOMIC RESULTS



	ROA			ROE			EBIT MARGIN		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
	8,4%	10,3%	3,1%	16,2%	19,2%	6%	13%	10,3%	7,6%
	18%	16%	17%	45%	40%	36%	15%	14%	12%
	8,97%	3,30%	1,49%	27,54%	11,92%	-0,28%	9,4%	1,7%	1,3%
	9,7%	9,5%	9,4%	13,6%	13,9%	11,8%	8,2%	7,6%	7,2%

Fila's **return on assets** in 2023 is **not satisfying**: it's lower than the average value of the industry (**7,7%**). Compared to the leader, Nike, which has a 17% ROA, FILA's investments are not quite retaining.

Also the **return on equity** of our company is **lower** than the average value (**12,66%**). It is **not good** because it is low (6%)

Fila's **EBIT margin** (7,6%) is **quite good** due to the fact that the company has high revenues (around 4 million Korean won). The average value is **7,03%**, so FILA is above the average.

COMPETITIVE RESULTS



- **Fila:** overall sales declined from 2022 to 2023, but online sales have increased by 25% from the previous year due to **high customer satisfaction**.
- **Adidas:** sales increased from 2020 to 2021, but declined by 5% in 2023 compared to 2022.
- **Puma:** sales increased since 2020, but in 2022 and 2023 remained almost unchanged.
- **Nike:** sales increased since 2020, especially with a significant 10% increase between 2022 and 2023.



In the last two years, **Nike and Puma recorded sales increases**, contrasting with **Fila and Adidas**, which **saw declines**.

Despite this, Nike, Puma, and Adidas maintained superior sales compared to **Fila**, which **remains smaller in scale**.



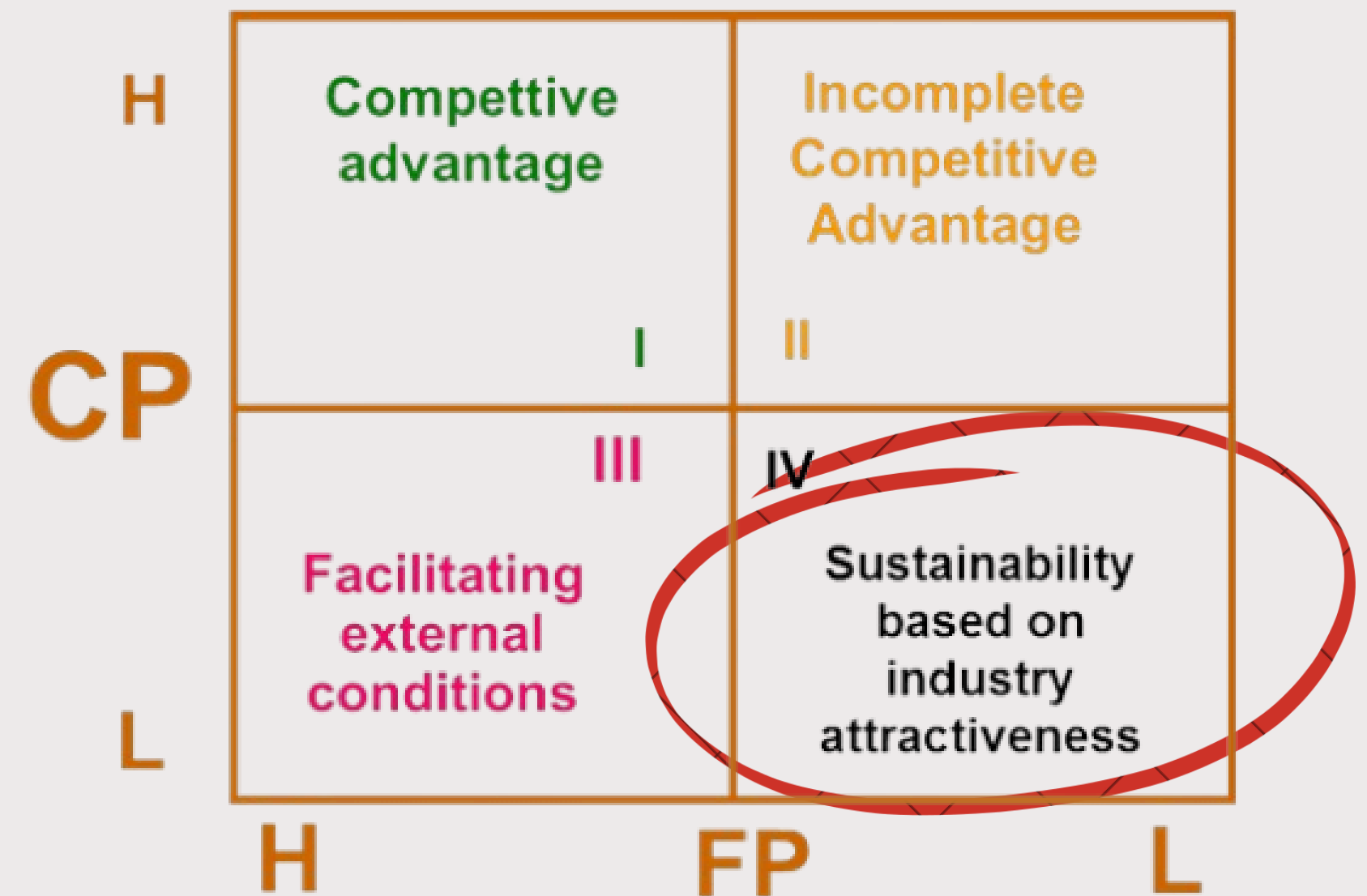
HOW DO WE JUDGE FILA'S RESULTS?

Considering both the competitive and financial performance of Fila, we can say that they are **not quite good** overall.



We can place this brand in the fourth part of the matrix:

- **LOW competitive performance**
- **LOW financial performance**





CURRENT STRATEGY

PORTFOLIO

Fila has only one business which is **SPORTSWEAR**.

This business is divided in several *line extensions*: apparel, shoes, accessories, tennis apparel and shoes, work apparel and shoes, men, women, kids.



PORTFOLIO



FILA WATCHES



FILA TENNIS



FILA SKATE



FILA WORK



FILA KIDS



FILA PARFUMES

BUSINESS MODEL

4. COMPETITIVE SYSTEM

- Young-middle age (**25-45**)
- Keen on **sports and fashion**
- **Licensees** and **affiliates**

1. STRUCTURE, ACTIVITIES AND RESOURCES

- **Activities:** commercialization of sport apparel, and marketing activities (pop-up stores, collaborations)
- **Resources:** warehouses and employees spread worldwide
- **Structure:** central company in Korea (strategy), 2 branches in Korea and USA (operations), FILA Honk Kong and Montebelluna (sourcing)
- **61** affiliates and **42** lincesees

5. STAKEHOLDER SYSTEM

- Affiliates
- Licensees
- Suppliers
- Customers
- Employees
- Shareholders

2. PRODUCT

- **Sportswear and streetwear** for women, men and children
- Different line extensions
- Medium-low price and good quality
- Click and mortar model

3. PROPOSALS

- **High quality** at a low price
- Attention to the client and employees
- **Sustainability**

ELEMENTS OF COHERENCE OR UNIQUENESS OF THE BUSINESS MODEL



COHERENCE BETWEEN PRODUCT AND COMPETITIVE SYSTEM

The prices are **quite low** and this is coherent with the fact that the clients are young and maybe they don't have a high financial availability.

COHERENCE IN THE PRODUCT SYSTEM

It has always produced **sportswear** keeping almost the same features of the brand identity over the years.



COHERENCE IN THE MARKETING ACTIVITIES

Collaboration with **testimonials** that belong to the world of sports.

UNIQUENESS ELEMENT

The brand is known for its **retro and iconic style**, which has made some of its products cult objects.

Fila is working on the implementation of rebranding strategies in order to obtain great elements of uniqueness but they're not yet sufficiently relevant: they still haven't achieved a real uniqueness.



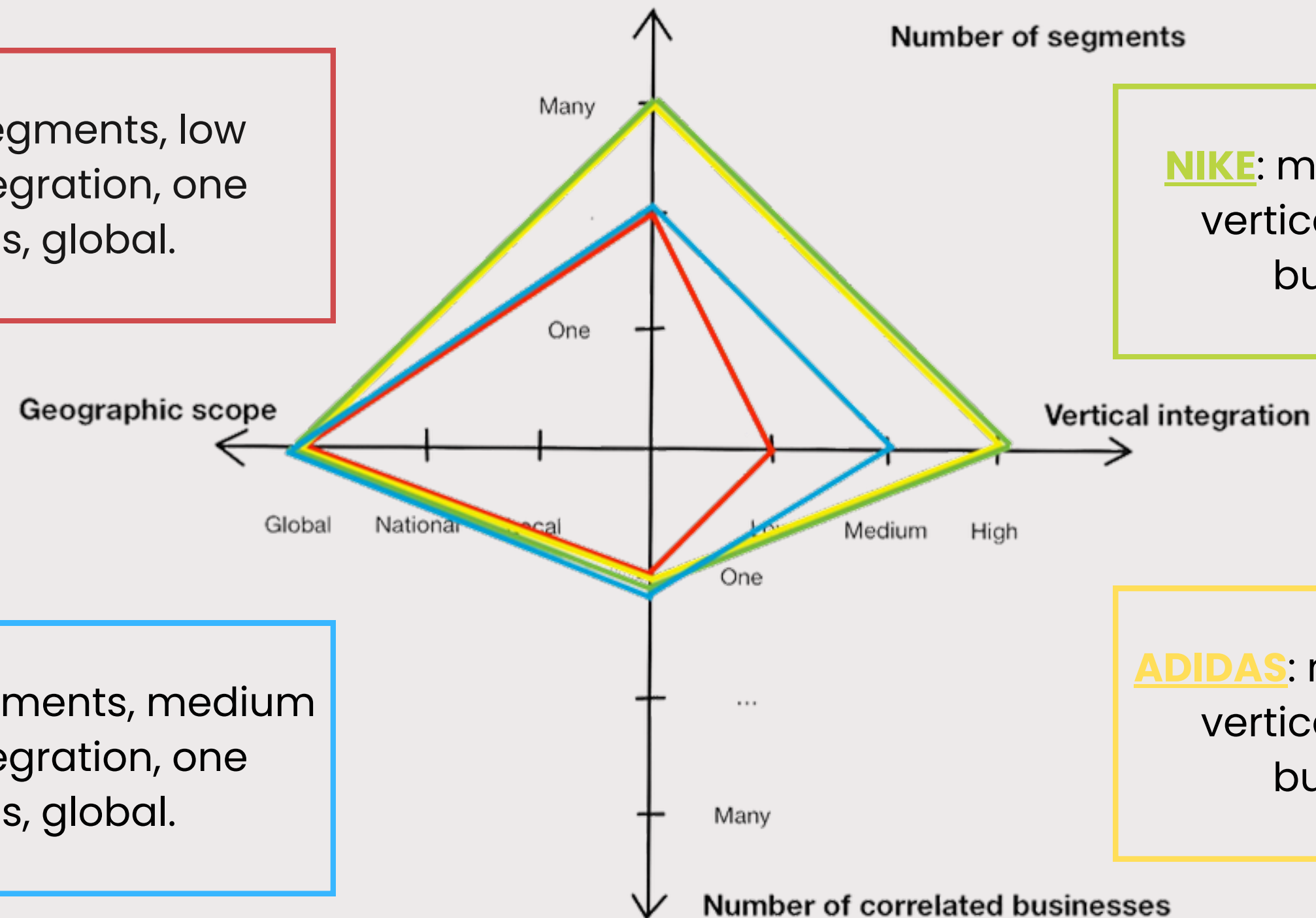
WIDENESS OF THE COMPETITIVE SCOPE

FILA: few segments, low vertical integration, one business, global.

NIKE: many segments, high vertical integration, one business, global.

PUMA: few segments, medium vertical integration, one business, global.

ADIDAS: many segments, high vertical integration, one business, global.



TYPE OF COMPETITIVE ADVANTAGE

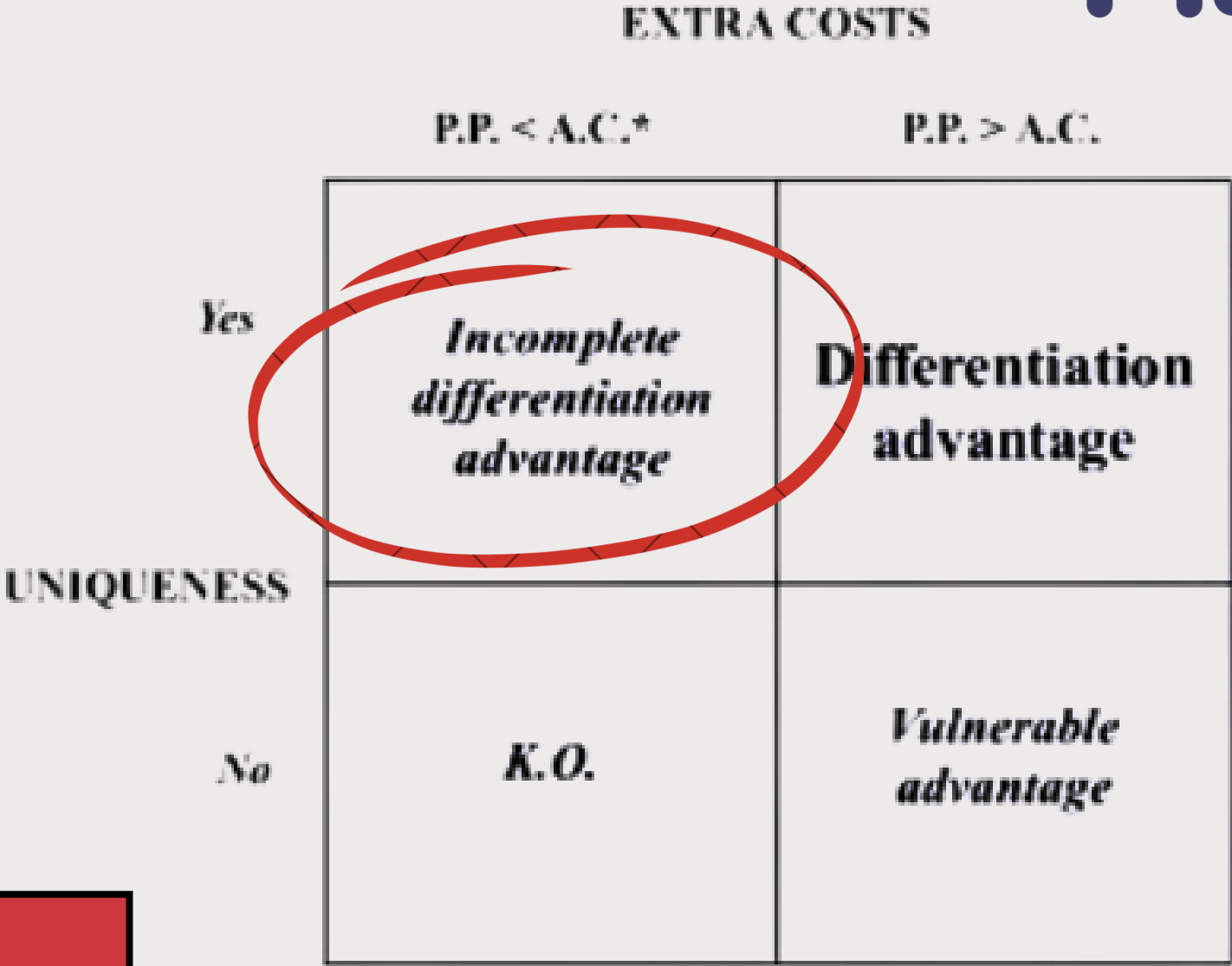
		SOURCE OF COMPETITIVE ADVANTAGE	
		Low cost	Differentiation
COMPETITIVE SCOPE	Broad Target	COST LEADERSHIP	DIFFERENTIATION
	Narrow	FOCUS	

FILA's source of competitive advantage comes from **differentiation** because the **target is broad** and it is **not a leader in terms of costs**.

STRATEGY EVALUATION

- Costs have a direct effect on FILA results: **not allowing** FILA **to manage extra costs**.
- FILA sustain almost **40% of the costs** in marketing and advertising activities, but they are **unable to convert efficiently** into revenue.

	2023	2022	2021
REVENUE	4.007	4.222	3.794
SELLING AND ADMINISTRATIVE EXPENSES	1.667	1.594	1.387
	41,60%	37,75%	36,55%

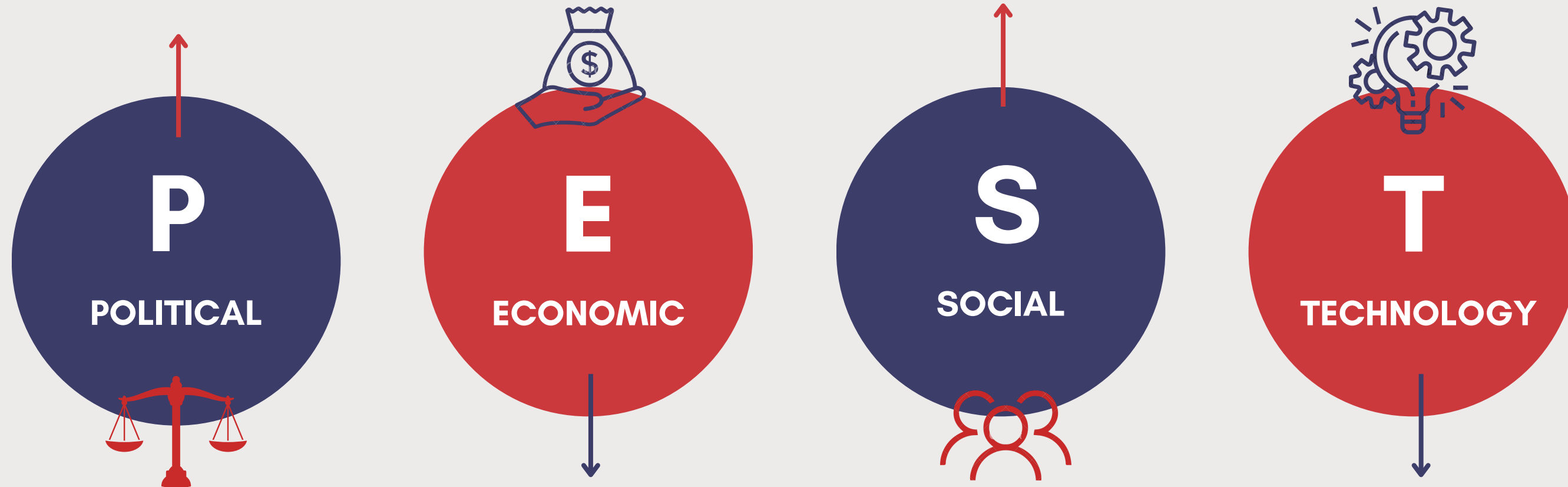


The **extra costs** are **higher** than the **Premium Price**
P.P < A.C.

EXTERNAL ANALYSIS



- Risk of divers tariffs.
- **Law and regulations** between countries.
- Adverse trade protection.
- Political instability.



- Consumers more brand conscious.
- Buying habits change in response to **social trends**.
- Rising demand for sports products.
- Growing attention towards sustainability in consumer preferences.

- Changes in disposable **income levels**.
- Global economic downturns.

- **Upgrading** in technological tools.

PORTER'S FIVE FORCES

THREAT OF POTENTIAL ENTRANTS

Low because:

- high economies of scale
- a lot of competitors
- the main competitors have strong brand identities
- high entry barriers

BARGAINING POWERS OF SUPPLIERS

Low because:

- there are a lot of suppliers = low concentration

RIVALRY AMONG EXISTING FIRMS:

- A lot of competitors in the market on a permanent basis
- **Strong** rivalry between firms = not a good situation

THREAT OF SUBSTITUTES

Low because:

- sportswear apparel cannot be replaced
- high brand loyalty of customers

BARGAINING POWERS OF BUYERS

High because:

- wide choice among different firms offering more or less the same products

OPPORTUNITIES AND THREATS

OPPORTUNITIES

- **Global market:** possibility to take advantage of the different cultures.
- Increasing and improving **advertising exposure.**
- Increasing attention to **fitness and wellness**-oriented lifestyles.
- Trends of the moment.



THREATS

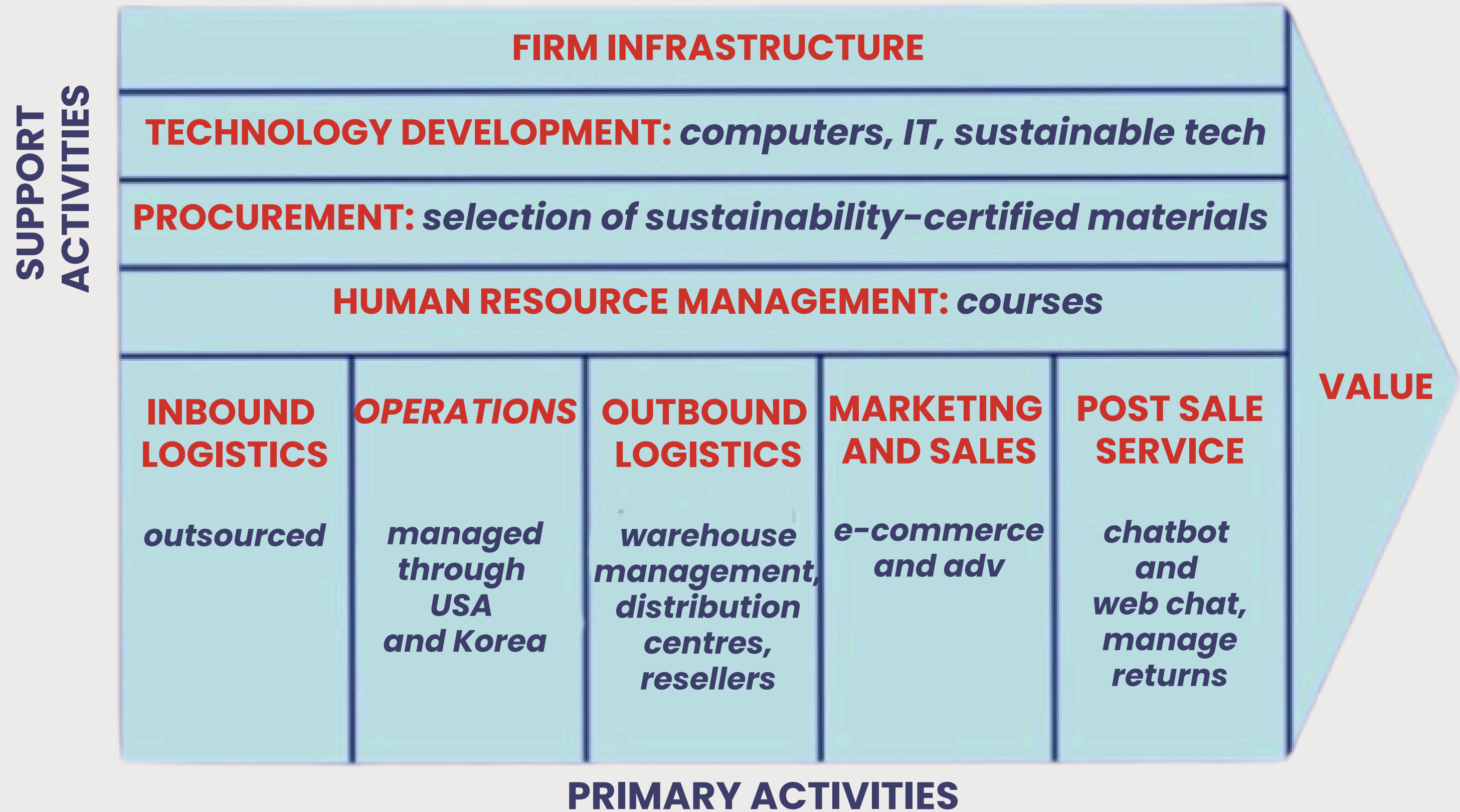
- New changing **trends** could replace the existing product.
- High **competition** and limited market share growth.
- Difficult to overcome customer **loyalty** and big presence of leaders in the market.
- Growing power of **fast fashion.**





INTERNAL ANALYSIS

VALUE CHAIN



DRIVERS OF DIFFERENCIATION

ECONOMIES OF SCALES:

Typical of the sportswear industry, produce a lot in order to **lower the costs**.

DISCRETIONARY POLICES:

Quality and quantity of **raw materials** (due to where their production is set: Hong Kong and Italy)

INTERNAL AND EXTERNAL LINKAGES:

Strong and loyal relationship with **suppliers**, with whom Fila shares sustainability goals. They sign a commitment with the brand and a Code of Conduct. Fila also has a good professional relationship with **affiliates and licensees** that manage almost all the retail.

LOCATION:

Half in **Hong Kong**, where the costs are low, and half in **Italy**, where they have good quality in terms of fabrics and raw materials.

STRENGTHS AND WEAKNESSES

STRENGTHS

- **Brand image** due to its motivational designs and brand ambassadors
- Global **presence**
- Easily identifiable **logo**
- **Strong legacy** of the brand since its inception in 1911
- Strong **relationship** with suppliers
- High attention to **sustainability**
- Focus on **quality** and **affordability**



WEAKNESSES

- Too many **line extensions** to manage them all efficiently
- Inefficient brand **advertising**
- **Distribution channels** are not established enough
- Few **stores**: little control over retail
- Low vertical integration: **little control** over production



PROSPECT STRATEGY





Open mono-brand **stores** in big cities

- To capture customers
- To better identify the target
- To build **brand loyalty**
- To form local communities and create **personalized products**

Increase costs, but also strongly **increase the net profit = improvement** in both the competitive and financial performance in the **long-term**.

Develop a different **advertising** and **marketing strategy**

- In order to **convert** the investments in sales revenues
- To better promote the brand and its values (like sustainability)
- ex: organize **events** and also promote the brand on **social medias** to better reach the main target (GenZ)



Focus on the different **trends** of the various **countries**



EX: Fila can benefit from the growing **popularity** of tennis in Italy over the last few months, thanks to **Sinner**

Focus on the **tennis** field since it is the sport that most grew its popularity in the past

- **Limit** its widespread general offer in order to reduce cost and increase revenues
- Leverage this point in order to develop a stronger **brand identity** and a more **unique offer**



Distinguish itself in term of **product quality**



FUNCTIONALITY

SUSTAINABILITY

DURABILITY



Reinforce the **brand identity**, by conveying values of

AUTHENTICITY

ETHICS

THANK YOU!



Jacopo Gorgoglione 1039371

Chiara Martini 1039510

Alissa Mazza 1038507

Lisa Panzieri 1038082

Aurora Talarico 1036885

Paola Vigato 1038132

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