

Nikes approach to
corporate
responsibility
marketing essay



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Nike is known as one of the most popular sports fashion brands in the world. In anywhere, you can see the companys logo on sport wear, gears or a sponsor for a sporting contest. Forbes Fab 40 list Nike in the top of The World's Most Valuable Sports Brands names in four areas: business, events, athletes and teams and the value of these names are calculated based on two-factor scale and profitability. With a value of up to 15. 9 billion and increase of \$ 1. 4 billion, or 9. 7%, since the first Fab 40 in 2007 released, Nike has worked effectively on the sports-products market. The sale of Nike merchandise in Fiscal 2012 was \$ 21. 8 billion. (Ozanian, 2012)

To explain about the successful business of Nike and how they change to achieve the sustainable business and enhance the organization's responsibility for the company and society. In this assignment I would like to sort out the vision, business, management changing in which each part I will present at least one changing issues in recent times and how it effect framework of Nike.

<http://www.forbes.com/sites/mikeozanian/2012/10/17/the-forbes-fab-40-the-worlds-most-valuable-sports-brands-4/>

Body

I, NIKE'S VISION (300)

“ OUR VISION IS TO BUILD A SUSTAINABLE BUSINESS AND CREATE VALUE FOR NIKE AND OUR STAKEHOLDERS BY DECOUPLING PROFITABLE GROWTH FROM CONSTRAINED RESOURCES “

According to nike's report covers company performance during FY10/11,

they developed and refined this vision. It's based on many years of assessing <https://assignbuster.com/nikes-approach-to-corporate-responsibility-marketing-essay/>

trends and materiality for Nike, this presents the determinant of Nike's business strategy and the target goal that company eager to achieve.

Culture: Nike discerns that for many enterprises, the natural resources and ecosystem services are undervalued and they do not care about the process of production that impact the environment a lot. Nike keen to find a new way to make more profit without wasted the constrained resources. Nike is building the new trust and reputation of company with customers and environmental protection organizations by saving resources

Process: . In the latest report of Nike does mention about the sustainability performance targets implement a 10 percent reduction waste from manufacturing across Nike. Inc , especially reduce 35 percent per pair of manufacturing footwear in the first 10 years of the program. Furthermore, Nike also recycles the old shoe and old shirt that take the material to produce new products. This activity not only reduce the bad environment impact, but also reduce the cost of making one product. It creates more transparency and trust of firm processes to social and by this way they disclose to the world that they are a good brand that care about the environment, save resources than other competitors. Until the present time, nike still implements the operation aims to reduce the use of raw materials and still increase revenue.

Structure: According to the Nike vision, the Nike ' s structure also need to change by vitally linking between a factory's human resource management and environmental practices. . During FY10 and FY11, Nike developed the " lean, green, equitable and empowered" strategic framework need to drive

consistent consideration and the expectation of total performance in the sourcing decision making

Therefore, the vision is supporting and strengthening Nike corporate responsibility to the world's resources.

<http://www.nikebiz.com/crreport/content/environment/4-1-0-overview.php?cat=overview>

<http://www.greenbiz.com/blog/2011/02/09/how-nikes-green-design-saved-82m-plastic-bottles>

<http://nikeinc.com/news/nike-inc-introduces-new-targets-elevating-sustainable-innovation-within-business-strategy>

II. Business (800)

1. Business process change in factory, achievement sustainable productivity based on the vision and the corporate social responsibility.

2. Sustainable suppliers , partnership & customer needs

3. Marketing strategy change based on vision and the goal of the company

In order to maintain its sustainable growth and profitability in the industry and to maintain their competitive advantage, Nike actively adjust their marketing strategies in response to market trends and changes in consumer preferences, combining existing products, develop new products, styles and categories, and impact of sports and fitness preferences through a variety of marketing strategies.

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Nike's Advertising and Promotion

Nike's marketing strategy was fully responsible for a good brand image, which has evolved into a huge multinational company as time goes on. A good brand image has been due to the strong association with the Nike logo, which is very unique slogan " Just Do It" has been used in advertising for a long period of time to keep afloat. The company has invested heavily in advertising and brand promotion. Nike makes contracts with some celebrity athletes which can draw attention to their products such as Tiger Woods, Ronaldo. This has created a relatively high level of Nike's awareness. (articlesbase. com, 2013). <http://www.articlesbase.com/international-marketing-articles/a-marketing-case-study-on-nike-5907782.html>

However, Nike has been deducted its spend on Tv and print advertising down by 40%. Its total marketing budget hit a record \$2. 4 billion in 2011. Rather than the TV and print Ads of the past, a new focus has been shifted to the digital marketing. For Examples, Nike not only pouring more effort into Twitter and Facebook, but also be a priority on the quality of online advertising and video ads which provide enough value through entertainment or education. In addition, Nike spent nearly \$800 million on " nontraditional" advertising in 2010.

Nike's focus on New Digital Marketing

Nike Digital Sport is a new division that the company launched in 2010. It is the first time in the history of Nike's, Nike is not completely dependent on a handful of superstar to move merchandise. Nike hired dozens of new engineers to make technology for the digital community. Besides that, an interactive digital movement has replaced traditional advertising. To meet <https://assignbuster.com/nikes-approach-to-corporate-responsibility-marketing-essay/>

the changing demand for Nike Digital Sports, Nike created a Nike+ platform in 2006, which is a multi-channel, multi sensory marriage of Apple and Nike technologies that allows individual track performance. (fluffylinks. com, 2013). <http://www.fluffylinks.com/nike-digital-marketing>.

Nike plan to create digital service revenue for sustainability strategy. From this, it's not only to help every athlete to get better and do more, as well as the potential for Nike to develop deeper relationships and insights with athletes. Moreover, this will help grow in Nike's business while diversifying the company away from the natural resources that Nike depend today. (nikeresponsibility. com, 2012) <http://www.nikeresponsibility.com/report/content/chapter/our-sustainability-strategy>

Market Development

In order to decouple sustainable growth from the limited resources, Nike had also implemented a strategy of emerging markets in developing countries such as China which easy access to Nike products and resources. The strategy would not only result in higher sales and revenue, but then it also increases the overall of company's market share.

Additionally, Nike plans to invest aggressively in its developing market geographies which includes Greater China, Central & Eastern Europe and Emerging Markets with targeting low double-digit growth and additional \$3.0-3.5 billion of annual revenue by the end of fiscal 2015. (nikeinc. com, 2013).

<http://nikeinc.com/earnings/news/nike-inc-introduces-2015-global-growth-strategy>
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III. Management (776)

1. Top leader& CR team effect company's strategy (300)

Nike company has many committees such as Financial Committee, Audit Committee, and Compensation Committee. Every committee has a determine mission to do. In 2001, Nike established the Corporate Responsibility Committee of the Broad of Directors aim to review the policies, strategies and implementation activities in terms of environment and labor practices, community affairs, environmental and sustainability initiative, diversity and equal opportunity and make recommendations to the Board of Directors. From this time the name " corporate responsibility team" (CR team) released, CR team shall have at least two members of the Board of Directors. In addition, the company chairman or the chief executive officer either can attendees to the CR team meeting, which encounter 5 times a year from FY10/11. For example, according to Corporate Responsibility report in FY 10/11 of Nike, there are some major changing that CR team aim to achieve.

Planning/ strategy:

The plan for growth that is avid to deliver in the right ways. Growth in sustainable, profitable, capital efficient and brand enhancing. The changing of the world today cause many problems such as a high ration of unemployment, rising cost of energy, etc. Therefore, the sustainable strategy is created to prepare for a fundamentally different operating environment

Structure: CR team provides a product creation team in order to use the Considered Indexes and focusing on the sustainability of materials. In every season of products that they design, they need achieve a target score. Currently, the materials attend 35% of the score for footwear and 60% for apparel

In short, the corporate responsibility committee takes responsibility to every activity of a company that effectively to the nike's sustainable profitable growth, and responsible for the company with stakeholeders.

<http://www.nikeresponsibility.com/report/content/chapter/governance>

<http://investors.nikeinc.com/Investors/Corporate-Governance/Board-Committee-Charters/Corporate-Responsibility-Committee/default.aspx>

http://www.nikeresponsibility.com/report/files/report/NIKE_SUSTAINABLE_BUSINESS_REPORT_FY10-11_FINAL.pdf

2. Management in Labor forces in Nike (200)

Nike is no. 10 of The 20 Most Desired Employers, and no. 7 of Dream Companies For The Class Of 2012 regarding business major, according to the Forbes website. One of the reason employees would like to choose Nike . Inc because Nike practice promoting employees healthy and well-being. In detail, the firm created a new organization structure that brought labor compliance, safety and environment, health and well-being, human resources management, waste and water management , climate and energy. We approach exercise by three main tools which are audited, human

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resource management training and lean manufacturing. Once more, Nike ' s factory managers aim for full and consistent compliance with employee requirements , although , sometimes lack of skills and systems to achieve by building the factory management contract effectiveness and we strive to create a sustainable framework for improving working conditions overall. For example, since 2008, Nike Tennessee outstanding in Psychologically Healthy Workplace Award for worker involvement, employee growth and development, work-life balance. The new strategies for promoting work-life balance yield result with nearly 80% of workforce labor believe that what they do is valuable, the turnover rate only 12% and reduce injury rate by 40%.

<http://nikeinc.com/news/nike-tennessee-recognized-for-employment-practices>

<http://www.nikeresponsibility.com/report/content/chapter/labor>

3. Social Responsibility and Employees live (300)

In terms of strengthening Nike's corporate responsibility, the famous sport brand learned that improve lives is a key direction in increase profits and social responsibility by collaborating with suppliers in third world to limit employees working overtime, ensure freedom of association and build the sustainable supply chain. Previously, Nike involved into the scandal that the exploitation of worker in factories in the developing nation. Immediately, the leader of the company corrects the situation by implementing an improved working condition for 800, 000 employees in 700 factories in 52 countries. This step is forced the firm's systemic, process and the culture change to

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rise up the corporate social responsibility concern the environment, health and safety for Nike's labor.

Culture: Nike realized that care about worker live, as well as enhanced support workers will bring many social benefits and increased profits in the long-term production. Nike has tried very hard to educate and transfer the company's knowledge to suppliers, stakeholder and managers at related factories.

Structure & Process: In addition, the company practice the root cause analysis and the intense collaborate among Nike's suppliers. There are many lack of association freedom, working overtimes, harassment, nonpayment of wages, health and safety issues, so, Nike do not only solve the symptoms but to attack the root cause. Involving collaborate, Nike uses the foreign timeframes and the different cultural norms by working with suppliers, workers, non-governmental organization to help them define the project goals and implementation. For example Nike's Vietnam suppliers are good progress and with Nike's help, they can establish a corporate responsibility committee. By raising the corporate responsibility in the supply chain, Nike can achieve the goal that builds the sustainable and ethical supply chain as well as the sustainable profitability growth and contribute their Corporate Responsibility.

<http://www.forbes.com/sites/douguthrie/2012/03/09/building-sustainable-and-ethical-supply-chains/>

<http://ethisphere.com/how-nike-is-changing-the-world-one-factory-at-a-time/>

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CONCLUSION

As a conclusion, Nike has implemented a lot of change from being the more corporate responsibility. Through the company sustainable development strategies, its help to drive growth and create deeper consumer and community connections so that to create a positive social and environmental change. Nike approach corporate responsibility is not only for better performance, it's also innovating for a better world.