

Complete project on nike



**ASSIGN
BUSTER**

A SUMMER TRAINING REPORT ON MARKETING STRATEGY OF NIKE AT “ NIKESHOES INDUSTRIES LIMITED” SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF BACHELOR OF BUSINESS ADMINISTRATION (BBA) TRAINING SUPERVISORSUBMITTED BY SESSION 2005-2008

ACKNOWLEDGEMENT The present work is an effort to throw some light on Marketing Strategy of Nike at “ Nike Industries Limited”. The work would not have been possible to come to the present shape without the able guidance, supervision and help to me by number of people. With deep sense of gratitude I acknowledge the encouragement and guidance received by my organizational guide

. nd other staff members. I convey my heartfelt affection to all those people who helped and supported me during the course, for completion of my Project Report. EXECUTIVE SUMMARY This marketing strategic plan has been written keeping in mind the Indian operations of Nike Inc.

- the global sports shoe giant. It aims first, at analyzing the sports shoe industry India and finding a place in it for Nike. It then sets out to describe the target audience for the product range and finally suggests a host of marketing strategies and activities that will help Nike to achieve its target of becoming the #1 sports shoe brand in India. The plan begins with a brief overview of the product category being dealt with, namely premium quality sports shoes. It also dwells briefly on the history of the company and its current position and activities. The project moves on to the crux of the matter - the marketing plan to be followed by Nike in India.

Firstly, the objectives behind this plan and the core strategy are stated. Customers to be eventually targeted are described and compared with competitors' customer targets. After stating the objectives and reasoning behind them, the actual marketing programs are described in detail. This includes aspects such as pricing, advertising, promotion, sales, channels, and the company website. Suggestions are made on each and every one of these aspects; improvements and innovations are recommended. The plan then goes on to the customer analysis section.

The customer base is identified and various segments are pointed out. Various criteria and factors have been taken into consideration while segmenting the market. We have also tried to ascertain why customers buy these products, how they choose, and what factors matter most when making their decisions. The last few pages of this marketing plan deal with the various ways in which the plan, once implemented, can be monitored and controlled

TABLE OF CONTENT

1)INTRODUCTION 1-13 a)Background of the problem1 b)About The Nike Industry 3 c)Nike Maxsight4 d)Industry Overview5 e)Product Trend8

2)RESEARCH METHODOLOGY 14-20 a)Research objectives14 b)Research design15 c)Data sources15 i)Primary data 15 ii)Secondary data 15 d)Questionnaire design formulation16 e)Sample design17 f)Limitations of the research20

3)COMPANY PROFILE 21-43 a)Nike Industries Ltd. A company profile21 b)Recent Development21 c)Future Plan23 d)Risk and Concern28 e)Literature Review31 f)4ps of Nike40 g)SWOT Analysis 41

4)DATA ANALYSIS 44-63

5)CONCLUSION & FINDINGS 64-67

6)RECOMMENDATIONS68-75 a)OTHER SUGGESTION INCLUDE69

7)ANNEXURE 76-82

8)BIBLIOGRAPHY 83

INTRODUCTION BACKGROUND OF

THE PROBLEM Since the late 1980s, Business School marketing professor Itamar Simonson has looked for ways to understand how consumers make choices.

Much of his work debunks the accepted theory that giving consumers what they want and making a profit are the most basic principles of marketing. Customers may not know what they want, and second-guessing them can be expensive, says the professor who teaches MBA and PhD marketing and consumer decision-making courses. In Simonson's words, " The benefits and costs of fitting individual customer preference are more complex and less deterministic than has been assumed. " That's because " customer preferences are often ill-defined and susceptible to various influences, and in many cases, customers have poor insight into their preferences.

" In one of his recent papers, Simonson tackles the issue of one-to-one marketing and mass customization. Supporters of these marketing approaches have suggested that learning what customers want and giving them exactly what they want will create customer loyalty and an insurmountable barrier to competition. In an example taken to the extreme in the 2002 movie *Minority Report*, Tom Cruise's character runs through a shopping mall past talking billboards that recognize him by name and urge him to buy products he had earlier expressed an interest in such as jeans and Ray-Bans, the ultimate in personalized advertising. But Simonson has this to say: " The fact that consumer preferences are often fuzzy, unstable, and manipulatable is unlikely to change. So, the effectiveness of methods to give customers exactly what they (say they) want has been grossly

exaggerated. " His take on the long-held assumption that individual marketing will supplant targeted marketing is " not so fast.

" In studies, he has learned that " even when customers have well-defined preferences and receive offers that fit those preferences, it is far from certain that the response to such offers will consistently be more favorable than those directed at larger market segments. " It's all psychology.

Consumers with well-defined preferences may be skeptical that a marketer could match expectations. Those who don't know what they want may not ever see the fit with what the seller wants them to buy.

So, individualized offers depend on customers' preferences & how the offer was extended & and on trust. " Effective individual marketing requires not only an understanding of individual preferences and matching offers to those preferences, but also a thorough familiarity with the various factors that impact customers' responses," Simonson writes. This is a tall order, one that some companies have been able to fill, at least to some extent. For example, Amazon keeps track of customers' purchases and suggests other books they might like.

Dell builds computers from mass-made parts to customers' specifications. But Simonson argues some companies can take the concept too far, like the Custom Foot chain of shoe stores that took detailed measurements and specifications from each customer to design one-of-a-kind shoes. Custom Foot didn't take into account that some customers were put off by the individualized attention, Simonson says, and felt obligated to buy the shoes because the store went to so much trouble. They often didn't come back. So

knowing only the customer preferences is not enough. It is required to understand other aspects of customer behavior.

Kipping this in mind, present study will find out and analyze consumer behavior of Nike shoes with reference to ladies segment. ABOUT THE NIKE INDUSTRY In sport, visual acuity and protection can mean the difference between winning and losing. Light conditions have a dramatic effect on how the human eye perceives and, subsequently how the body reacts and performs — in the sun glinting over the upper deck, shallow contrast on a putting green, or quickly adjusting from shadows to light on a tennis court or mountain bike single track. Nike knows that in athletic competition, even small advantages are critical to performance.

Nike has spent the last eight years exploring the human eye to understand the science of vision in the development of the new Nike MaxSight Sport-Tint Contact Lens, available August 2005. WHAT IT IS Nike MaxSight, developed in partnership with Bausch & Lomb, is a tinted soft contact lens that behaves like sunglasses, reducing glare and filtering out 95% of UVA and UVB and more than 90% of blue light. But because the lens rests directly on the eye, there's virtually no distortion as with standard sunglasses. Athletes get the same clear view at all angles. Plus, Nike MaxSight eliminates the environmental effects that plague sunglasses like fogging, scratching, additional weight, or nosepieces and frames to obstruct vision. There's no obstruction from the edge of the lens, the frame or the nosepiece, because they don't exist.

And there are no pressure points and no slippage. Max Sight also eliminates light leakage, reducing the need to squint, allowing the eye to relax and perform more naturally. Nike MaxSight is, in effect, one giant visual sweet spot. Nike Maxsight HOW THEY WORK Nike's patented Nike MaxSight Light Architecture™ selectively alters specific wavelengths of light within the visual spectrum to enhance key elements in sport. The athlete gets crisp, clear vision without anything getting in their way. By removing most of the blue light, contrast and clarity are enhanced — a decided advantage for any competitor.

For sports not conducive to eyewear, such as golf, tennis and soccer, athletes will see marked improvement, even on days where the sun's not at its brightest. Nike MaxSight provides through-and-through tinting (unlike cosmetically tinted lenses), so there's no bending or scattering of light. Plus there's limited incidental light or peripheral flickering creeping around the sides, as with sunglasses. Athletes tested in Nike MaxSight lenses found they squinted less, were able to relax more, and had exceptional views of contours and movement. Marco Materazzi of Italy's Inter Milan football club and Baltimore Orioles second baseman Brian Roberts are among the pro athletes wearing Nike MaxSight. It has been a lot of fun to start the season this hot," said Roberts early in the MLB season.

In fact, he became one of the first true fans of Nike MaxSight after impressive initial results. During a spring daytime game, Roberts said, " I wore the lenses and went 2 for 4. They are so awesome. " With Nike MaxSight, there's minimal squinting in bright light, and quicker visual definition when going from bright light to shadows. Wearers will also

discover a game-day benefit – the look. “ It makes the eye look distinct, the large-pupil effect,” says Alan Reichow, Nike Vision Consultant.

It looks competitive. ” ROLL OVER PHOTOS FOR A MAXSIGHT LENSE SIMULATION THE WEAR Nike MaxSight is a 30-day lens, though most athletes will wear them selectively and for short durations. Lenses come in six-pack packaging. Nike MaxSight is available with or without a correction, thereby making it accessible to athletes whether they wear contacts or not.

THE HISTORY Nike began exploring the Nike Max Sight technology in 1997, conducting an initial clinical project, then subsequent research projects using collegiate athletes. Oregon’s Pacific University baseball players were the first athletes to undergo testing. Coach Greg Bradley requested that he be allowed to try them before his players. “ He’d never worn contacts,” says Dr. Reichow. “ He took two pitches and turned around and said, ‘ I’ve never seen a ball that distinct and clear.

Put them on anybody who wants them. ’ INDUSTRY OVERVIEW Bill Bowerman said this couple of decades ago. The guy was right. It defines how he viewed the world, and it defines how Nike pursues its destiny. Ours is a language of sports, a universally understood lexicon of passion and competition. A lot has happened at Nike in the 30 years since we entered the industry, most of it good, some of it downright embarrassing.

But through it all, we remain totally focused on creating performance opportunities for everyone who would benefit, and offering empowering messages for everyone who would listen. We feel lucky to have a genuine, altruistic reason to be: the service of human potential. That’s the great

<https://assignbuster.com/complete-project-on-nike/>

benefit of sports, and we're glad to be in the middle of it. What started with a handshake between two running geeks in sleepy Eugene, Oregon, are now the world's most competitive sports and Fitness Company.

The World Headquarters is in Beaverton, Oregon. The Pacific Northwest is Nike's hometown, but like so many ambitious souls, we have expanded our horizons to every corner of the world. Nike employs around 23,000 people, and every one of them is significant to our mission of bringing inspiration and innovation to every athlete in the world. Along the way Nike joined up with some great partner companies that help extend our reach within and beyond sports. Cole Haan offers casual luxury footwear and accessories out of New York City and Yarmouth, Maine.

Bauer Nike Hockey, based in Montreal, Quebec, is the world's leading manufacturer of hockey equipment and a wholly owned subsidiary of Nike, Inc. Nike partnered with Hurley International, a premium teen lifestyle brand founded by 20-year industry veteran Bob Hurley based in Costa Mesa, California. In 2003, Nike completed the acquisition of Converse, the globally recognized footwear brand with nearly a century of sports heritage, and home of the perennially popular Chuck Taylor All-Star and Jack Purcell footwear. Exeter Brands Group: In August 2004, Nike created the Exeter Brands Group, a wholly owned subsidiary, dedicated to building athletic footwear and apparel brands for the value retail channel. This portfolio of brands includes the Official Starter Properties LLC and Official Starter LLC which are the sole owners and licensors of the Starter, Team Starter and Asphalt brand names as well as master licensee of the Shaq and Dunkman

brands, a line of athletic apparel, footwear and accessory products for the value retail channel.

Separate business units within the Nike brand include The Jordan/Jumpman 23 brand and Nike Golf. As small as we feel, the Nike family is a fairly vast enterprise. We operate on six continents. Our suppliers, shippers, retailers and service providers employ close to 1 million people.

The diversity inherent in such size is helping Nike evolve its role as a global company. We see a bigger picture today than when we started, one that includes building sustainable business with sound labor practices. We retain the zeal of youth yet act on our responsibilities as a global corporate citizen. If you have a body, you are an athlete. And as long as there are athletes, there will be Nike.

PRODUCT TRENDS Bovine skin was by far the most preferred leather material, followed by goat/kid/lamb/sheep skin and crocodile skin. Respondents overwhelmingly preferred the color black and, to a lesser extent, dark brown. For handbags/briefcases, popular colors included light brown, white and red. **Consumer Segments with the Biggest Spending Power** Male professionals, managers and executives are the segment with the biggest spending power for now and in the coming three years. Other major consumer segments include male office workers; sole proprietors/business owners; female office workers; and female professionals, managers and executives.

The Competitiveness of Hong Kong Brands/Suppliers of Leather Consumer Goods. Most retailers consider Hong Kong brands to be either very competitive or quite competitive in both high-end and mid-range segments,

but less competitive in the low-end segment. The competitiveness of Hong Kong brands mainly rests on their product style/design and quality, with most respondents picking those as the major reasons behind the attractiveness of Hong Kong brands in the high-end and mid-range segments respectively. PRODUCT PROFILE Apart from delivering a pair of comfortable sports shoes Nike also provides a number of value-added features with its products. The features that are a part of every Nike sports shoe are as follows. High Performance Sports Shoes: Nike has patented the “ Air” system and has made it into a regular feature in most of its models.

Many models feature an air pocket in the shoe that reduces the weight of the shoe and reduces pressure on the heels. Besides the overall design and compactness of the shoes have made it a favorite of many professional athletes around the world. Comfort: Nike shoes are renowned all over the world for the comfort they provide. Well padded and cushioned, they provide a tremendous level of comfort to the wearer and reduce the strain to his feet while playing. Lightweight: This attribute is in line with the two described above. A lightweight shoe provides greater mobility and eases the pressure on the feet of the wearer.

Durability: People purchasing a pair of shoes at such a high price often feel that they have made an investment. They would obviously want to see their shoes last a long time. To prove this point we draw the example of the authors of this marketing plan. All of us own a pair of Nike’s and have been wearing them for well over two years – a symbol of the durability of Nike shoes. Style: Nike’s designs are considered to be the most stylish in the

industry and beat all others as far as looks are concerned. Attractively packaged, it is a delight to bring a pair home.

Add to this the “ Swoosh” – the most recognizable symbol in sports and you have a product that would give the user a definite sense of pride. Nike shoes also come with a guarantee card that enables the owner to return it in case of manufacturing defects. However, owing to the fact that the company implements strict quality control measures, coming across a defective pair in a store are a rarity. The most recent additions to their line are the Nike 6. 0 and Nike SB shoes, designed for skateboarding.

Nike has recently introduced cricket shoes, called Air Zoom Yorker, designed to be 30% lighter than their competitors’. [Nike positions its products in such a way as to try to appeal to a “ youthful.... materialistic crowd”.

[5] It is positioned as a premium performance brand. NIKE 6. 0 NIKE SB
RESEARCH METHODOLOGY Research comprise defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating Hypothesis. In short, the search for Knowledge through Objective and Systematic method of finding solutions to a problem is Research.

RESEARCH OBJECTIVES ? To study the tastes, preferences, and buying behavior of consumers in case of footwear of Bata. ? To analyze buying behavior of ladies segment of consumers. To recommend strategies to Nike to increase sales in ladies segment. The main objectives of this study are: ?

<https://assignbuster.com/complete-project-on-nike/>

Working of Insurance Plans ? SWOT analysis of the product sold ?

Comparative study with the competitors RESEARCH DESIGN TYPE OF

RESEARCH: - Descriptive research Descriptive research includes Surveys and fact-finding enquiries of different kinds. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening. DATA SOURCES There are two types of data.

Source of primary data for the present study is collected through questionnaire and answered by consumers of Nike shoes. The secondary data is collected from journals, books and through Internet search. PRIMARY DATA The data that is collected first hand by someone specifically for the purpose of facilitating the study is known as primary data. So in this research the data is collected from respondents through questionnaire.

SECONDARY DATA For the company information I had used secondary data like brochures, web site of the company etc. The Method used by me is Survey Method as the research done is Descriptive Research. RESEARCH INSTRUMENTS Selected instrument for Data Collection for Survey is Questionnaire. QUESTIONNAIRE DESIGN FORMULATION Under this method, list of questions pertaining to the survey are prepared for marketing staff of consumers of Nike shoes. Questionnaire has structured type questions as well as unstructured type questions.

Structured objective type questions are prepared for the respondents with fixed response categories. Some of the questions are of multiple-choice type. The questions have more than one alternative. Questionnaire: - A

questionnaire consists of a set of questions presented to respondent for their answers.

It can be Closed Ended or Open Ended Open Ended: – Allows respondents to answer in their own words & are difficult to Interpret and Tabulate. Close Ended: – Pre-specify all the possible answers & are easy to Interpret and Tabulate. TYPES OF QUESTION INCLUDED: DICHOTOMOUS QUESTIONS Which has only two answers “ Yes” or “ No”? MULTIPLE CHOICE QUESTIONS Where respondent is offered more than two choices. IMPORTANCE SCALE A scale that rates the importance of some attribute. RATING SCALE A scale that rates some attribute from “ highly satisfied ” to “ highly unsatisfied “ and “ very inefficient” to “ very efficient” SAMPLING UNIT: – Who is to be surveyed? The marketing researcher must define the target population that will be sampled.

The sample Unit taken by me; General public of different age group, different gender and different profession EXTENT:- Where the survey should be carried out? I have covered entire residential area of Delhi city for the survey TIME FRAME:- When the survey should be conducted? I conducted my survey for 8weeks from 10th may to 10th July SAMPLING FRAME:- The source from which the sample is drawn SAMPLING TECHNIQUE: – How should the respondent be chosen? In the Project sampling is done on basis of Probability sampling. Among the probability sampling design the sampling design chosen is stratified random sampling. Because in this survey I had stratified the sample in different age group, different gender and different profession SAMPLE SIZE Consumers of shoes, 50 nos STEPS FOLLOWED IN COMPLETING THE STUDY (i)Libraries at (a) Indian Council for Applied Economic Research <https://assignbuster.com/complete-project-on-nike/>

(ICAER), (b) Indian Institute of Technology, (IIT) Delhi, (c) Council of scientific and industrial Research (CSIR) (d) PHD chamber of commerce, are visited. Management / marketing books, journals are consulted. (ii) Internet sites containing information on Nike shoes & marketing are browsed. (iii) Sample survey was conducted.

(iv) Data was thoroughly checked for error. DATA PROCESSING

METHODOLOGY (i) Once the primary data have been collected, they are (I) edited - inspected, corrected and modified. (ii) Tabulation - bring similar data together and totaling them in meaningful categories. Questionnaires are edited both in the field and later in home.

Field editing took place just often the interview. Generally editing is required for open type of questions. Brief notes or symbols are frequently used during the interview to initially record the interviewer's response since it was not desirable to interrupt the flow with lengthy note taking. Then immediately after the interview, brief notes are respondent. The responses are thoroughly checked in home for incorrect, inconsequential or contradictions categories are developed only often the replies has been reviewed.

This review provided a feel for the pattern of answers and thus determine what categories best represent the answers. The collected data are placed into an order. Percentages of respondents answered similarly are calculated and placed in a table. Then this is interpreted. This involved drawing conclusion from the gathered data.

Interpretation changes the new information immerging from the analysis into information that is pertinent or relevant to the study. CONCLUSION WAS

<https://assignbuster.com/complete-project-on-nike/>

DRAWN BASED ON THE SURVEY FINDINGS Finally recommendation was made to improve the sales strategy of Nike shoes to increase the sales volume in ladies segment. SAMPLE DESIGN THE BASIS OF SAMPLING: - Consumers of Nike shoes are chosen randomly, so that unbiased, representative sample may be obtained. LIMITATIONS OF RESEARCH The geographical area was very much limited to residential area & so the results are not particularly reflection of the current behavior. BIASES AND NON-COOPERATION OF THE RESPONDENTS.

? The collected data are placed into an order. Percentages of respondents answered similarly are calculated and placed in a table. Then this is interpreted. This involved drawing conclusion from the gathered data.

Interpretation changes the new information immerging from the analysis into information that is pertinent or relevant to the study. Due to limited time period and constrained working hours for most of the respondents, the answers at times were vague enough to be ignored. ? Most of the people in India take their Nike Shoes in the period preceding March & so the response to initial contacts were not all encouraging and that has been the primary reason in the inability to quantify the results large enough so as to deduce any relevant outcomes. COMPANY PROFILE NIKE INDUSTRIES LTD.

- A COMPANY PROFILE Nike India Ltd (BIL) is India' s largest footwear company. Nike first established itself in India in 1931 and commenced manufacturing shoes in Batanagar in 1936. The company has its Headquarters in Kolkata and manufactures over 33 million pairs per year in five plants located in Batanagar (West Bengal), Faridabad (Haryana),

Bangalore (Karnataka), Patna (Bihar), Hosur (Tamil Nadu). It secures its leather supply from two tanneries in Mokamehghat (Bihar) and Batanagar (West Bengal).

It has a distribution network of over 1, 500 retail stores and 27 wholesale depots provide excellent access to consumers and wholesale customers throughout India. As on December 31, 2006, the Canadian parent had a 51 per cent stake while institutional holding was about 13 per cent. RECENT DEVELOPMENTS Nike India has said that it's Faridabad and Mokamehghat units are being taken over by Fashion Shoe Private Ltd and BDCL Enterprises Pvt Ltd, respectively. The company is also enabling the buy back provision in its Articles of association to enable buy back of shares. The assets and liabilities of both the units will be transferred to these companies and shares will be offered in the agreed ratio to the existing shareholders of Nike India Ltd on a record date, which will be fixed by the Calcutta High Court. While retail sales have increased both in value and volume, wholesale sales have declined due to restriction of supplies as a means to recover customers' outstanding.

General recession and sluggish market conditions in the industry also have had a direct impact on lower sales and profitability. Resistance of consumers to price rises in popular volume products as well as discounts to clear slow-moving stocks and under utilization of production capacity adversely affected the operational results. The lockout declared at the Peenya factory on October 1, 2007 due to serious industrial relation problems and non-compliance with the tripartite settlement has been withdrawn. The footwear manufactured in this factory, which was shifted to the company's other

factories and associated manufacturers, will now be gradually produced within the factory.

The commencement of production from this factory will help in re-cooping the minimal loss being suffered by the company from this lockout. In Simonson's words, " The benefits and costs of fitting individual customer preference are more complex and less deterministic than has been assumed. That's because " customer preferences are often ill-defined and susceptible to various influences, and in many cases, customers have poor insight into their preferences. " In one of his recent papers, Simonson tackles the issue of one-to-one marketing and mass customization.

Supporters of these marketing approaches have suggested that learning what customers want and giving them exactly what they want will create customer loyalty and an insurmountable barrier to competition. But Simonson has this to say: " The fact that consumer preferences are often fuzzy, unstable, and manipulatable is unlikely to change. So, the effectiveness of methods to give customers exactly what they (say they) want has been grossly exaggerated. " His take on the long-held assumption that individual marketing will supplant targeted marketing is " not so fast.

" In studies, he has learned that " even when customers have well-defined preferences and receive offers that fit those preferences, it is far from certain that the response to such offers will consistently be more favorable than those directed at larger market segments. " It's all psychology.

Consumers with well-defined preferences may be skeptical that a marketer could match expectations. Those who don't know what they want may not

ever see the fit with what the seller wants them to buy. So, individualized offers depend on customers' preferences & how the offer was extended & and on trust.

“ Effective individual marketing requires not only an understanding of individual preferences and matching offers to those preferences, but also a thorough familiarity with the various factors that impact customers' responses,” Simonson writes. This is a tall order, one that some companies have been able to fill, at least to some extent. For example, Amazon keeps track of customers' purchases and suggests other books they might like. Dell builds computers from mass-made parts to customers' specifications.

But Simonson argues some companies can take the concept too far, like the Custom Foot chain of shoe stores that took detailed measurements and specifications from each customer to design one-of-a-kind shoes. Custom Foot didn't take into account that some customers were put off by the individualized attention, Simonson says, and felt obligated to buy the shoes because the store went to so much trouble. They often didn't come back. So knowing only the customer preferences is not enough. It is required to understand other aspects of customer behavior.

Kipping this in mind, present study will find out and analyze consumer behavior of Nike shoes with reference to ladies segment. FUTURE PLAN The management says that it is not averse to outsourcing if it worked out cheaper. It is also open to the idea of importing shoes - mostly from China - if it works out cheaper. Nike and Reebok India Company have announced an

agreement to foray into retailing partnership for sale of Reebok and Rockport footwear in Nike outlets.

The partnership entails retailing a range of sports shoes for walking, running, tennis and training for personal fitness and sports ranging between Rs 900-2,500. An attractive valuation compared to its peers is the main trigger for the scrip. Besides, the company's aggressive focus on retailing and revamping of business (a division into shoes and apparels) is also helping sentiment for the scrip. Plans are afoot to start selling apparel in India made by the joint venture North Star.

There's talk that the company is planning on a voluntary retirement scheme (VRS) to cut costs. For the third quarter ended 30 September 2007, Nike India reduced its losses to Rs 5.68 crore (Rs 8.51 crore) on a 9.2% increase in net profit to Rs 154.27 crore (Rs 141.

26 crore). Despite reducing its losses for the quarter, Nike India has, over the last few quarters, been continuously recording weak performances as a result of an overall slowdown in the industry due to lower consumer spending. Increasing domestic competition, particularly from the unorganized sector, has also been eroding into the company's market share. The company is finding it difficult to maintain its market share in a highly price-sensitive Indian market, despite having strong brand recall.

97% of the company's revenues are from the domestic market while the remainder is from exports. Nike India is the biggest player in the Indian shoe market. Nike India's major problems include its high cost of production and low emphasis on marketing. The company may be able to address the first

problem through outsourcing products. Bata's brand image has been restricted to that of a company that emphasizes on utilitarian products more than trendy ones.

Customers feel the company is lacking in innovation. Hence, their preference has shifted to other local brands. Nike India has a large marketing network with over 1, 500 showrooms, 27 wholesale depots and eight retail distribution centers across the country. Besides, there is a network of 300 exclusive wholesalers servicing 25, 000 dealers all over the country.

However, in spite of this and the license to sell other brands like Nike, Hush Puppies and Lotto, Nike has not been able to improve sales consistently. The recent rise in sales during the third quarter ended September 2006 can be attributed to the festive season.

Recently, it also entered into a retailing tie-up for Lee Cooper shoes. Nike India has also been trying to focus on aggressive marketing of its product. The company has been going through a period of transition for the past one year. With the expansion of the retail industry in New Delhi and Mumbai, the company has recently decided to shift its marketing operations to Delhi in order to provide value shopping for its customers. However, the manufacturing activity and the registered office will continue at Kolkata.

Nike India has plans to invest in sophisticated machinery to retain its niche place in manufacturing. The company has put a fresh focus to its retail business. The company has decided to cleanse its wholesale operation by building relationships with credit-worthy buyers. It is to the company's credit that it has lately overhauled its marketing set-up into a four-tier retail

structure that will be stocked with products matching the area's customer profile.

A Nike outlet in an up market place will offer a distinctly different range of footwear from another in the suburbs. At the top of the four-tier structure will be international stores stocking brands like Nike and Reebok. Next will be city stores, located in up market areas and catering to middle and high-income groups. The company has identified the brands Power, North Star, Bubble gummers, Marie Claire and Hush Puppies for the top end of the market.

Third in line will be family stores at commercial locations displaying basic and mid-range footwear. At the bottom will be bazaar stores that will basically aim at driving volume sales at lower price points. The management of Nike India is taking major steps in terms of improving market penetration, focus on stores configuration, distribution logistics, better industrial relations and overhead rationalization. Launching of new products always remained at the center stage of the company's operations. At the same time, with the opening up of the economy, more and more goods will be imported from China. This may significantly affect Nike India's prospects unless it manages to wean away customers with a drastic cut in costs.

Alternatively, like other Indian manufacturers, even Nike may consider relocating its manufacturing bases in China. However, it is not that easy a task to undertake. Nike India, the 51% subsidiary of Toronto-based Nike Shoe Organization, remains the biggest player in the Indian shoe market, though its share in footfalls has been decreasing over the years. Now in a

determined bid to straddle across all product and price points, Nike India has decided to restructure its 1, 300-outlet strong retail business division along specific customer segments into Bazaar, Family, and City and Flagship stores. Nike India has decided to appoint brand managers for each product group in a newfound aggression to tackle dwindling sales.

Each of these managers assisted by a dedicated team would be like a brand champion responsible for procurement, production, advertisement, promotion and re-supply. Nike India has roped in Ogilvy & Mother for devising its festive season advertising, side-stepping JWT, its incumbent agency. The job involves developing special communication directed towards the festival season shoppers. Nike India Ltd (BIL) is India's largest footwear company selling over 60 Mn pairs per year in India, USA, UK, Europe, Middle East and Far East. BIL has a market share of 60% in leather products and 70% in canvas shoes.

The footwear industry in India is highly fragmented and dominated by the unorganized sector. The industry size is around Rs 75 Bn and is growing at around 10% annually. It competes with Indian players such as Liberty Shoes, Phoenix International, Mirza Tanners, Tatas, Action Shoes and Lakhani Shoes and global players like Adidas, Reebok and Nike. Accessories and garments contribute footwear sales account for more than 96% of sales while the balance. The turnover break up is as follows - ? Products Volume (%) Value (%) ? Rubber and Canvas 50: 30 ? Leather 29 : 57 ? Plastic 21: 9 GROWTH DRIVERS The company has a very comprehensive distribution network which comprises its own and franchise stores.

It has 1500 showrooms, 25 wholesale depots and 8 distribution centers.

POPULAR BRANDS Nike owns brands like Hush Puppies, Signor, Marie Claire Power, Sandak, Hawaii, Naughty boy and Ambassador. It also distributes other brands such as Nike and Lotto. Focus on middle-class and upper class Nike will continue to focus on middle and upper class customers.

It is introducing ' budget stores' which will help customers to identify with the brand. It is also increasing focus on rural thrust for volume growth in the low-priced footwear segment. RISK AND CONCERN Lifting of quantitative restriction on import of footwear will lead to the market being flooded by imports. Labor issues have always bothered BIL and this resulted in disruption of manufacturing activities on numerous occasions.

Competition is hotting up in the domestic market due to popular brands such as Gaitonde, Red Tape, Lotus Bawa and Tatas. These brands are gaining market share especially in the premium segment and in this segment BIL has no significant presence. Latest Results Sales for Q3 FY2000 increased by 5. 5% yoy to Rs1. 7bn.

profits dropped by 90% yoy to Rs3. 8 Mn due to lower operating margins and higher depreciation and interest. Depreciation increased by 6. 3% yoy to Rs 37 Mn while interest cost increased by 9. % yoy to Rs 23.

4 Mn. Operating margins dropped by 3. 3% due to increase in input cost. The Peenya plant has not commenced operations despite lifting up of the lock out since July 3, 2007. VALUATION BIL's long-term success is dependent on the how labour issue is tackled and the flexibility, which it can adopt to meet threat of imports and competition from local footwear companies. Long term

investors with a two-year investment horizon can accumulate the stock at current levels.

It is also increasing focus on rural thrust for volume growth in the low-priced footwear segment. Lifting of quantitative restriction on import of footwear will lead to the market being flooded by imports. Labor issues have always bothered BIL and this resulted in disruption of manufacturing activities on numerous occasions. Competition is hotting up in the domestic market due to popular brands such as Gaitonde, Red Tape, Lotus Bawa and Tatas.

These brands are gaining market share especially in the premium segment and in this segment BIL has no significant presence. Sales for Q1 CY2001 decreased marginally by 0.6% yoy to Rs 1590.7 mn. There was a net loss of Rs 30.

2 mn as against a profit of Rs 39. mn in the corresponding period of the previous year. The loss is due to lower operating margins and higher interest. BIL's long-term success is dependent on the labor issue and the flexibility, which it can adopt to meet threat of imports and competition from local footwear companies. Long term investors with a two-year investment horizon can accumulate the stock at current levels. FINANCIAL HIGHLIGHTS (In Rs Million) 200012 (12) 199912 (12) 199812 (12) Q1200103 Q1200003 Sales 7,315.

707,103.90 6,353.20 1590.7 1600.

9 % Growth 2.98 11.82 (0.6) Net Profit 304.60 242.60 166.

30 (30.2) 39.6 % Growth 25.56 45.88 (176) EPS(Rs) 5.90 4.

70 3. 20 3. 08 % Growth 25. 53 46. 88 Ratios 200012 (12) 199912 (12)
199812 (12) Q300009 Q399909 OPM(%) 9.

77 9. 08 7. 16 1. 09 6. 9 NPM(%) 4.

16 3. 42 2. 62 2. 5 ROE(%) 8.

95 7. 44 5. 31 Nike understated 9 month losses – Brief Financials (in Rs.
Mn.)Detailed Quarterly Period ending (months)30-Sep-2007 (9)31-Dec-2006
(12)31-Dec-2006 (12) Net sales 4980. 206461.

177172. 91 Other Income42. 1063. 6165.

21 Total Income5022. 306524. 777238. 12 Cost of goods sold4974. 706471.
797051.

76 OPBDIT47. 6052. 98186. 36 PAT-117.

20-74. 1039. 80 Gross Block-2191. 072062. 26 Equity capital-514.

22514. 22 EPS (Rs.)-1. 440. 77DPS (Rs.)-0.

000. 75 BV (Rs.)-37. 2738.

71 P/E range (x)-0. 0 – 0. 00. 0 – 0.

0 Debt / Equity (x)-0. 320. 26 Operating margin (% of OI) 0. 90.

82. 6 Net margin (% of OI)-2. 3-1. 10.

5 As on 30 June 2007, the public, institutions and foreign bodies held 31.
23%, 13. 91% and 0. 16% stake in the company, respectively LITERATURE

REVIEW The study of consumer behavior has evolved since the Information Processing Model (Bettman, 1979) assumed that the individual is logical in his/her buying process.

This model was criticized because it failed to treat different consumption phenomena motivated by symbolic meanings (Holbrook and Hirschman, 1982). Individuals are not always looking for efficiency and economy, but also for distraction, aesthetic, expression, etc. (Boyd and Levy, 1963). Calling for a broadening of theoretical frameworks of consumer behavior, many authors pleaded in favor of the study of all consumption forms (Holbrook, 1986), being inspired by European semiology and American semiotics (Levy, 1959, 1963, 1981; Hirschman, 1980; Kehret-Ward, Johnson and Louie, 1985; Mick, 1986; Holbrook, 1986; O'Shaughnessy and Holbrook, 1988; Noth, 1988; Stern, 1988; Grafton-Small and Linstead, 1989).

These are the study of signs, meanings and production of symbols. Fantasy, emotion and pleasant aspects of consumption were then tackled from an experiential point of view. The Experiential View is a phenomenological perspective that perceives consumption as a primary state of consciousness having a variety of symbolic meanings, responses and hedonist criteria (Holbrook and Hirschman, 1982; Olshavsky and Granbois, 1979). The basis of the traditional Information Processing Model is the optimization of the utility of a product under the basis of a utilitarian evaluation of its tangible characteristics. Nevertheless, it neglects emotional aspects. On the other hand, the Experiential View leaves out different factors such as economic conditions, expectations, some elements of the marketing mix (price, distribution), perceived risk and conflicts, but mostly the social influence of

the consumers' reference groups (Holbrook and Hirschman, 1982; Business Central Europe, 1994) which is the aim of the Symbolic Interactionism Perspective.

Acquisition, possession and consumption are activities taking place in a process of impressions creation or identity management which is, according to Belk (1978), an interactive process concerning both the image of goods consumed and that of the individuals consuming them. The Symbolic Interactionism Perspective deals with the relationship between consumers and the products they consume, and suggests that a significant proportion of consumption behaviors consist of social behaviors, and vice versa (Solomon, 1983). This leads us to consider the importance of socialization processes (family, reference groups) through which individuals learn the meanings of symbols and those of consumption. With the aforementioned meanings being negotiated and built through interactions with others, consumption is not only an individual activity, but also a social process of goods definition (Gallant and Kleinman, 1983). Since individuals are often motivated to acquire products according to what they mean to them and to members of their social reference groups (Leigh and Gabel, 1992), their behavior is subject to the pressures of cultural norms and the expectations of socialization institutions rules such as those coming from family and other reference groups (Faber, O'Guinn and McCarthy, 1987; Engel, Blackwell and Miniard, 1993).

Thus, Symbolic Interactionism Perspective considers the human spirit as fundamentally social, and dependent on shared symbols. The symbols being generated at a global level (Geertz, 1973; Solomon, 1983; McCracken, 1986, <https://assignbuster.com/complete-project-on-nike/>

1988; Leigh and Gabel, 1992), the Symbolic Interactionism Perspective accepts as precept the fact that society and its culture precede every individual action, and that a cultural consensus results from interactions, communication, and negotiation between social actors (Charon, 1989). If, at a conceptual level, the consumption good becomes an instrument of communication, at an operational level, image variables may be regarded as the intangible attributes of the product that carry cultural and social meanings. According to Erickson, Johansson and Chao (1984), an image variable is defined as “ some aspect of the product that is distinct from its physical characteristics but that is nevertheless identified with the product”.

The image variables emerge from four cognitive representations individuals have of their environment: the symbolism of advertising, the celebrity endorsement, the brand, and the country of origin of the product. The made-in is considered by Dichter (1962) as the fifth element of the marketing mix, and is defined as the country where are located the corporate headquarters of the organization doing the marketing of the product or the brand (Johansson, Douglas and Nonaka, 1985). The country of origin carries a rhetoric that influences consumers' preconceptions towards the products of a country. Its meaning can be conceived as an indication serving as a basis of evaluation (Bilkey and Nes, 1982), when one considers a product as a bundle of information.

Consequently, according to Kaynak and Cavusgil (1983), the images of a foreign country that are formed by consumers are made of cognitive, affective and behavioral components. The first one represents the perceived characteristics of the country. The second one concerns the appreciation or

not of those characteristics, and the third one corresponds to the actions about the country that the consumer feels are appropriate. A tendency to evaluate positively the local production compared to imported production, and biases in favor of industrialized countries have been found in previous studies (Bilkey and Nes, 1982; Cordell, 1992). This does not mean the consumer will not buy the product, but rather that he is not inclined to do so (Schooler, 1971). " When entering foreign markets, sellers often face quotas, tariffs, and non-tariff barriers.

In addition, they may face an intangible barrier in the form of consumer bias on the basis of product origin" (Schooler, 1971). The informational value of the country of origin was also found to vary according to the level of involvement of the consumer in purchasing the product and the presence of other cues such as brand name, guarantee and price (Ahmed and d'Astous, 1993). In a recently published meta-analysis of country-of-origin effects, Peterson and Jolibert (1995) conclude that the average effect size is lower (0.19) for purchase intention, higher (0.

30) for quality/reliability perceptions and context dependent. More specifically, they found that the characteristics of the study (research design, type of respondents, study cues, sample size, stimulus context etc.) influence the relative effect of country-of-origin to a lesser degree for quality/reliability perceptions than for purchase intention. However, the type of respondents (students, consumers or businesspeople) had no influence on quality/reliability perceptions. Stanford GSB marketing professor Itamar Simonson and Ran Kivetz, an assistant professor at Columbia University, asked a group of 195 Columbia students to do; eat a lot of sushi. Participants

were offered a “ frequent diner” program that would reward them for their patronage at various university dining locations and given a card that would track their purchases.

They were randomly assigned to one of two groups those in the “ low” requirement group were told they would have to purchase 12 sandwiches to get two free movie tickets, whereas those in the “ high” requirement group were told they would have to purchase 12 sandwiches and 12 orders of sushi to get two free movie tickets. So, the second group had to do much more to receive the same reward. Kivetz and Simonson also asked participants how much they liked sushi relative to the typical student. The result? Students who liked sushi were much more likely to join the “ frequent diner” program that required them to purchase both 12 sandwiches and 12 orders of sushi. “ It shows a common mistake that consumers make & if they see an offer that seems to fit them better than other consumers, for example, a program that requires sushi-lovers to eat sushi that fit completely colors their assessment of how attractive the offer is,” Simonson says. “ As a result, by creating what appears like personal fit, marketers can attract consumers to frequency programs and many other promotional offers.

Kivetz and Simonson replicated these findings regarding influences on participation in frequency, or loyalty, programs in studies with travelers interviewed at domestic airports. The sushi study is among a number of studies Simonson has been conducting since the late 1980s about how consumers make choices. Much of his work debunks the accepted theory that giving consumers what they want and making a profit are the most basic principles of marketing. The theme that pervades Simonson’s work is

that customers may not know what they want and second-guessing them can be expensive. In his words, “ The benefits and costs of fitting individual customer preference are more complex and less deterministic than has been assumed. ” That’s because, Simonson says, “ customer preferences are often ill-defined and susceptible to various influences, and in many cases, customers have poor insight into their preferences.

” In another recent paper, Simonson tackles the issue of one-to-one marketing and mass customization. Supporters of these marketing approaches have suggested that learning what customers want and giving them exactly what they want will create customer loyalty and an insurmountable barrier to competition. In an example taken to the extreme in the 2007 movie *Minority Report*, Tom Cruise’s character Anderson runs through a shopping mall past talking billboards that recognize him by name and urge him to buy products he has expressed interest in such as jeans and Ray-Bans; the ultimate in personalized advertising. But Simonson has this to say: “ The fact that consumer preferences are often fuzzy, unstable, and manipulatable is unlikely to change. So, the effectiveness of methods to give customers exactly what they (say they) want has been grossly exaggerated. His take on the long-held assumption that individual marketing will supplant targeted marketing is “ not so fast. ” That’s because consumers are very difficult to figure out, science fiction and technology notwithstanding. “ Furthermore, even when customers have well-defined preferences and receive offers that fit those preferences, it is far from certain that the response to such offers will consistently be more favorable than those directed at larger market segments. ” It’s all psychology. Consumers with

well-defined preferences may be skeptical that a marketer could match expectations. Those who don't know what they want may not ever see the fit with what the seller wants them to buy. So, individualized offers depend on customers' preferences; how the offer was extended & and on trust. "Effective individual marketing requires not only an understanding of individual preferences and matching offers to those preferences, but also a thorough familiarity with the various factors that impact customers' responses," he writes. This is a tall order, one that some companies have been able to fill at least to some extent. For example, Amazon keeps track of customers' purchases and suggests other books they might like. Dell builds computers from mass-made parts to customers' specifications. But Simonson argues some companies can take the concept too far, like the Custom Foot chain of shoe stores that took detailed measurements and specifications from each customer to design one-of-a-kind shoes. Simonson argues that Custom Foot didn't take into account that some customers were put off by the individualized attention and felt obligated to buy the shoes because the store went to so much trouble. They often didn't come back. Indeed, an Internet search produces no Website. Simonson, who has received many prestigious awards for his research on consumer behavior and marketing, teaches MBA and Ph. D. marketing and consumer decision-making courses. The loyalty program article is slated for publication in the Journal of Marketing Research this year. Online customization gives consumers the opportunity to choose characteristics they want in a product when they shop for it online. Many companies are looking at online customization as the future of online business Janis Crow, Kansas State University marketing instructor, researched how people make choices on the Internet. She

recently studied consumers in an online environment and their ability to customize several products – pizza, shoes, and electronic devices. Crow said that her study posed two questions for respondents: first, how difficult is it to customize a product, and secondly, how likely is the person to purchase the product he or she has customized? All participants in the study chose to customize products. In terms of customers' likelihood to purchase, a greater number of customers made purchase decisions when there are more options to choose, she said. However, it was slightly more difficult when more features were offered. She created a website where people could customize products to their individual preferences and needs. Crow selected three generic products: pizza, shoes, and a Personal Digital Assistant (PDA). Thirty-one college students took part in the study. " Students could customize the three products, and I provided a drop-down box on the site with attributes to choose from," she explained. Consumers could click on a drop-down box to customize a product they would want to purchase, she said. She found that more people relied on the default choices rather than selecting other choices that were offered. She said, some research suggests that many people do not want to put a lot of effort into purchase decisions. " A lot of times, people may not have preferences already in mind," she said. When consumers have the chance to create preferences, the question is whether they rely on previous preferences or if they develop new ones, she said. In the future, Crow says she will be studying strategies that consumers go through during purchase decisions. I will be studying decision processes to develop computer aids that could help the consumer reach their purchase decision," she said. Although her current project involves analyzing the consumer behavior of college students in an online environment, in future projects she

plans to analyze other demographic groups. " Customization will be a key business opportunity in the future for businesses online or in more typical shopping environments," Crow said. She hopes her research will help consumers in making purchase decisions and help businesses determine products to offer and how to offer them. Hong Kong companies, including leather consumer goods suppliers, have shown a growing interest in tapping the mainland consumer market after China's accession to the World Trade Organization and gradual opening of its domestic market. For Hong Kong companies targeting this vast market, a good understanding of the behavior of mainland consumers is necessary in order to formulate an effective and suitable market strategy. In view of this, the HKTDC conducted a survey study in four major mainland cities in February 2007. The study was composed of two interlocking surveys. The first survey (survey on shoppers) successfully interviewed a total of 1, 000 shoppers of leather consumer goods in four major cities, namely Beijing (BJ), Chengdu (CD), Guangzhou (GZ) and Shanghai (SH). The second survey (survey on retailers) interviewed managers/officers-in-charge of major department stores in these four cities. The survey study analyses leather consumer goods in terms of consumer behavior, the competitiveness of Hong Kong brands and the consumer segments with the greatest biggest spending power. The main survey findings are as follows: CONSUMER BEHAVIOR Shopping locations, Department stores were the most preferred type of retailers, followed by outlets in shopping malls and chain stores. Product variety, guaranteed quality, brand choice, price, services and store environment were cited as the major reasons for visiting a leather consumer goods store. SHOPPING TIME Thirty-eight percent of respondents visited leather consumer goods

<https://assignbuster.com/complete-project-on-nike/>

shops at least once a month. Shopping during weekends is common. Other popular shopping occasions include National Day (1st October), Chinese New Year (January/February), New Year's Day (January) and Labour Day (1st May). **MARKETING CHANNELS** Promotional activities in shopping malls and department stores are the most popular promotional and sales activities, followed by discount/price reduction, TV commercials, discount coupons, promotional stands, exhibitions, buy-one- (or more) gets-one-free.

PURCHASING POWER On average, respondents owned 4. 2 pairs of shoes, 1. 2 pieces of wallets, 1. 3 pieces of belts and 1. 3 pieces of handbags/briefcases. Over the past 12 months, an average respondent's spending on leather consumer goods was as follows: - Shoes: RMB 597 (total) RMB 328 (per pair) - Wallet: RMB 226 (total) and RMB 193 (per piece) Belt: RMB 220 (total) and RMB 194 (per piece) - Handbag/briefcase: RMB 476 (total) and RMB 359 (per piece) **SELECTION CRITERIA** When choosing leather consumer goods, product quality stood out as the principal consideration for respondents, followed by product material, craftsmanship, style/design, price and brand. **POPULAR BRANDS** Most respondents considered brands

important. **4PS OF NIKE** Nike's 4Ps comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service:

Pricing: Nike's pricing is designed to be competitive to the other fashion shoe retailers. The pricing is based on the basis of premium segment as target customers. Nike as a brand commands high premium. **Place:** Nike shoes are distributed to Multi Brand store front and the exclusive Nike stores across countries. While this necessitates a second trip for the customer to come and pick up the shoes, it allows Nike to offer a much wider selection than any of the competition. **Promotion:** Location, targeted advertising in the newspaper

and strategic alliances serves as the foundation of Nike advertising and promotion effort. The athletes and other famous sports personalities are always taken as brand ambassadors. They form the prime building blocks of their portion strategy. Product: The product range of Nike comprise of shoes, sports wear, watches etc. Its product history began with long distance running shoes in 1963. (Past 17 years: Air Jordan basketball shoes). Wide range of shoes, apparel and equipment. For example: ? Nike Oregon Digital Super Watch ? Nike Presto Cee Digital Medium Watch ? Nike Presto Cee Digital Small Watch ? Nike Ron Analog Watch ? Nike Triax 10 Regular Watch ? Nike Triax Armored II Analog Super Watch ? Nike Women's Imara Fit Digital Watch

SWOT ANALYSIS

SWOT ANALYSIS NIKE, INC. STRENGTHS ? Nike is a very competitive organization. Phil Knight (Founder and CEO) is often quoted as saying that ' Business is war without bullets. ' Nike has a healthy dislike of its competitors. At the Atlanta Olympics, Reebok went to the expense of sponsoring the games. Nike did not. However Nike sponsored the top athletes and gained valuable coverage. ? Nike has no factories. It does not tie up cash in buildings and manufacturing workers. This makes a very lean organization. Nike is strong at research and development, as is evidenced by its evolving and innovative product range. They then manufacture wherever they can produce high quality product at the lowest possible price. If prices rise, and products can be made more cheaply elsewhere (to the same or better specification), Nike will move production. ? Nike is a global brand. It is the number one sports brand in the World. Its famous ' Swoosh' is instantly recognizable, and Phil Knight even has it tattooed on his ankle.

WEAKNESSES ? The organization does have a diversified range of sports products. However, the income of the business is

still heavily dependent upon its share of the footwear market. This may leave it vulnerable if for any reason its market share erodes. ? The retail sector is very price sensitive. Nike does have its own retailer in Nike Town. However, most of its income is derived from selling into retailers. Retailers tend to offer a very similar experience to the consumer. Can you tell one sports retailer from another? So margins tend to get squeezed as retailers try to pass some of the low price competition pressure onto Nike.

OPPORTUNITIES ? Product development offers Nike many opportunities. The brand is fiercely defended by its owners whom truly believe that Nike is not a fashion brand. However, like it or not, consumers that wear Nike product do not always buy it to participate in sport. Some would argue that in youth culture especially, Nike is a fashion brand. This creates its own opportunities, since product could become unfashionable before it wears out i. e.

consumers need to replace shoes. ? There is also the opportunity to develop products such as sport wear, sunglasses and jewellery. Such high value items do tend to have associated with them, high profits. ? The business could also be developed internationally, building upon its strong global brand recognition. There are many markets that have the disposable income to spend on high value sports goods. For example, emerging markets such as China and India have a new richer generation of consumers. There are also global marketing events that can be utilized to support the brand such as the

World Cup (soccer) and The Olympics. THREATS ? Nike is exposed to the international nature of trade. It buys and sells in different currencies and so costs and margins are not stable over long periods of time. Such an exposure could mean that Nike may be manufacturing and/or selling at a loss. This is an issue that faces all global brands. ? The market for sports shoes and

garments is very competitive. The model developed by Phil Knight in his Stamford Business School days (high value branded product manufactured at a low cost) is now commonly used and to an extent is no longer a basis for sustainable competitive advantage. Competitors are developing alternative brands to take away Nike's market share. ? As discussed above in weaknesses, the retail sector is becoming price competitive. This ultimately means that consumers are shopping around for a better deal. So if one store charges a price for a pair of sports shoes, the consumer could go to the store along the street to compare prices for the exactly the same item, and buy the cheaper of the two. Such consumer price sensitivity is a potential external threat to Nike.

DATA ANALYSIS 1. Demography of respondents

ANALYSIS: It was observed that the majority of the respondents consist of professional from various fields like engineers, software professionals, working executive etc. who effective form 38% of our database. While 36% were students from various fields. Others constitute designers and athletes etc. he further study is carried on the buying behavior of the above mentioned categories of consumer, which shows that our consumer is well educated and is very well informed about the product.

2. Consumer's income level and spending capacity on shoes

ANALYSIS: In the survey conducted a direct relation between the income level and the spending capacity was observed. Also it was found that students were spending in the range of Rs 1000 - Rs 3000 as compared to the working class professionals who were ready to spend betwe