

Finance question

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Finance Question Finance Question Nike The Nike Inc. was founded in 1964 under the Blue Ribbon Sports as a distributor for Onitsuka Tiger's shoes. It changed the name to Nike Inc. in the year 1971. The Incorporation majorly deals with making of sports clothing and equipment. With the Incorporation's first products being track running shoes, it has evolved into products for all categories of games. Currently, the Incorporation makes cleats, shorts, jersey, and shoes. In 2014, Nike Inc.'s most exciting product was not their usual clothing products but an application. The application enabled companies to measure the effects that their raw products had to the environment.

Besides selling games products, the Nike Inc. also produces urban fashion clothing common to the youth. Urban clothing has enabled the Incorporation to secure significant awareness especially in the hip-hop culture. Nike Inc. also teamed up with Apple Inc. to produce a product that allowed monitoring of athletes through taking statistics of their performance.

Competition

Nike Inc.'s major competition comes from Adidas. According to Amed (2014), Nike Inc. had an upper hand in winning customer's top of mind awareness. Nike exploited its endorsement by sports superstars to advertise its Mercurial and Magista superfly boots. The advertisement saw Nike Inc. dominate during the 2014 FIFA world cup (Amed, 2014).

According to Amed (2014), uniqueness of the Nike Inc.'s products emanates from the necessity in the sports society as a strategy to ensure sustainability in the market. Uses of sports stars endorsement and frequent innovations have given Nike Inc. an upper hand in the market. Nike Inc. has maintained competitive advantage over its rivals in the market (Nike Inc., 2014)

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Nike Inc. has formed business collaborations and partnerships in order to achieve the technological breakthrough as a way of increasing its market empire (Amed, 2014). Nike Inc. aims at improving its marketing by use of software. As a result, the Nike Inc. has formed collaborations such as with Apple Inc. to enable the development of personalized software for the Incorporation.

Exposure to Currency

Nike Inc. diluted annual earnings and revenues per share have increased by 13 and 9 percent in 2013 and 2014, respectively (NIKE Inc., 2014). Nike Inc.'s investment returns increased from 22 to 25 percent in 2014 with the expanded gross margins increasing by about 190 basis points. The fiscal growth of Nike Inc. resulted in earnings, revenues and cash returns to the incorporation's shareholders. In 2014, continuing operations net income increased to \$2.7 billion an increase of 10% from 2013 fiscal year.

The revenue also increased to \$27.8 billion, which was an increase of 10%. Diluted earnings per common share were offered at \$2.97 billion, which was an increase of 11% from 2013 fiscal year. Diluted earnings per common share in 2014 grew relatively faster than net income due to a decrease of 1 percent in the weighted shares after repurchase of the shares in 2013 fiscal year. Nike Inc. sold Umbro brand assets in the second quarter of the fiscal year of 2013, which caused a loss of \$107 million, net of tax. Cole Haan brand was sold in the third quarter of fiscal 2013 marking a sales gain of \$231 billion, net of tax. A general inference of fiscal year 2013 compared to that of 2012 implies financial growth of the incorporation (NIKE Inc. 2014).

References

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