

# Marketing audit in nike



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Nike is the one of the most powerful company in athletic shoe and sports industry. Nike is developed by two men who are Bill Bowerman and Phil Knight these two peoples combination efforts created Nike company. They examine that there was problem in sports and athletic appearance and they want to create some special criteria for sport appearance. Nike have significant market share strength and have good brand prestige with powerful research and development group which is always try to renovate their product with some new feature. Nike have different type of products.

The marketing audit is a fundamental part of the marketing planning process. It is not only concern the initial process, but it also concern with the implementation plan for the company. There are two influence in marketing audit which are internal and external for marketing planning. Internal marketing environment concern five points which are affect to the marketing planning which are Money, Machinery, Time, Materials and labour. These all are affect to marketing audit.

There are several tools for marketing audit like SWOT analysis, PEST analysis, Poters five Force analysis. Nike company concerns SWOT analysis for marketing audit. SWOT analysis concern four part of analysis which are Strength, Weaknesses, Opportunity, Threats lets we discusses one by one.

### **Strengths:**

Nike is the one of the most competitive organisation and have good marketing power. This is basically depend on sports company. so in Olympics 2012 it will reflect more on Nike company because Nike is not doing any other expense like Reebok as sponsorship of any game so it will increase

money. Nike has stronger research and development as compared to other it is very active part of company because it always try to find new innovation for new product and new facilities in product for more comfortable. Nike always tries to manufacture highly qualitative product with lower price.

## **Weaknesses**

Nike have large number of product range for sports products. They produced large number of product range. But most thing is business income it will effect on marketing for any organisation. Nike has very effective distribution channel it has good whole seller and retailer channel. But Nikes most of income are coming from retailer selling because you can find Nikes show room in any place in your town.

## **Opportunities.**

There are large number of opportunity for sport leading firm because in near future ther is big event which is Olympic 2012 so it will reflect more on organisation. It is not necessary that Nikes all customer are participating in sports but because of its brand loyalty most of people prefer Nikes product. Because of this event Nike will do more international business and will earn highly profit because of its highly brand loyalty. Nike is always try to participate in different events for sports and it always helpful for company for advertise their product. So Nike company give their participation in world cup some football matches and now in Olympic.

## **Threats.**

Nike is famous company in world for sports appearance so its exposed international trade. It buy and sell in different currencies so there is not

balance in cost margin it will create some major problem. Some time company has to manufacture their product in loss because of global trade. Because of this problem retailer is the best option for it means that customer shopping is around the better deal. Customer always sees the price competition in different shop. This type of price sensitivity is the main threats for Nike company.

There are some other influences or tools for marketing audit which is PEST analysis. PEST analysis means it is analysis of Political, Economic, Social, Technological factors which are concern for marketing audit.

Nike company has to face some problem relating to this four factors and that are concern some problem like stability in the political environment, Tax changes, Economic policies, some cultural and religion problems, Interest rates, Gross Domestic Product and employees per capita income, some attitude of foreign product and services and some social responsibilities. These type of problem are concern in marketing audit. There are also some problems relating to technological changes. So company also concern PEST analysis by which they can crate effective reports for company that is beneficial for any organisation. Nike cover all this points which are affected to organisation abilities to earn money.

### **Marketing process of Nike Company:**

Marketing planning is the main function for any organisation or it is the one of the most effective part of organisation because company can represent them to customer by their marketing style. Company can increase the awareness about their product by effective marketing if any company can

failure to create good effect of marketing or not able to create good marketing plan then that company has to face loss or it will become failure. In short marketing planning is the one of the most effective part of any organisation. Nike Company follows some marketing producer which is follow

Goal setting

Mission

Corporate objective

Analysis current situation

Marketing audit

SWOT analysis

Marketing assumption

Create marketing producer

Marketing objective & strategies

Forecast of Expected result

Create alternative plane

Allocating Marketing Resources and Monitoring

Marketing Budget

Detail action Plane

This is the marketing produce for Nike company. We can divide marketing process in four part by which we can easily understand the whole process of marketing plane.

First part is Goal setting it Means Company has to create their own goal it means company has to decide some level in which it will reach in future. Goal is the future prediction for organisation. Company has to predict in proper way because some time company's goal become in effective because of wrong prediction. For deciding the goal company has to create some criteria in which they has to follow that.

Company has some corporate responsibilities which they has to follow. Corporate responsibilities are also concern as social responsibilities. Government create some rules for the safety of society and for the control of the organisation which are called as corporate responsibilities. Some time company has to suffer from loss because of over responsibilities. And some time they do not follow these responsibilities so at that time Government and general public has to suffer problem from that so it is necessary to balance for that. some company has some issues for not following responsibilities of corporate and because of that company's selling is going to down.

Second point is to analysis the current situation of marketing in market. There are lot of different companies are there for competition. So every company has to analysis the marketing situation. Nike company follow two points for that which is marketing audit and SWOT analysis. Marketing audit we already discuss above for Nike company. By these two analyses company

can come to know about current scenario so it will be helpful for creating good position in market. Company has to do some assumption for marketing like sale of the month, target profit, production cost these are some assumption by which company compete with other organisation.

Third one is creating marketing producer it include marketing strategies forecast result and create alternative plane.

Nike's Corporate Mission Statement:

“ To be the world's leading sports and fitness company.”

Nike's mission statement resembles a vision statement and is therefore a weakness. While the mission does broadly identify the business we are in, namely the sports and fitness industry, it is not specific as to what products and services we provide. The mission statement also omits any mention of distribution channels and customers. It does, however, portray management's beliefs and values of our desire to be number one and maintain the leading position in the sports and fitness shoe and apparel industry.

## **Strategy Implementation**

Corporate Culture - Strength

Nike has created a corporate culture rich with employee loyalty and team spirit. Red “ Swooshes” float across everything from screen savers to coffee cups at the company's headquarters in Beaverton, Oregon. The company chooses to call its headquarters a “ campus” instead of an office. Employees are called “ players,” supervisors are “ coaches” and meetings are “

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huddles.” These terms go a long way to make the daily work experience less than dull for the lucky employees in Beaverton.

In 1985, thirteen years after the company was founded, Nike was blindsided when Reebok developed its multicolored aerobic shoes. It was then that we decided to reinvent our business and culture, becoming highly motivated about selling sports and a “ Nike way-of-life.” With this decision the company also restructured its marketing campaign, focusing more on an image rather than just product advertising, a strategy which led to the “ Just Do It” mantra.

Since then, Nike has been striving towards an inner culture that reflects this mantra. Employees are given an hour and a half for lunch to play sports or simply workout. The new Nike is not just about shoes and slam-dunks, but about promoting a lifestyle. All new employees view a video of sports highlights accompanied by a soundtrack that discusses the soul of the athlete and the competitive spirit. In addition, management sends weekly emails to update employees on the recent successes of Nike-sponsored athletes, and often hosts spokespeople to motivate and thank its staff for contributions to the sports world. It is not surprising that an athletic background helps a prospective employee. In keeping with its sports approach Nike asks its players to work by two principals above all others — “ Honesty first, and competition second. Compete with yourself not your colleagues.”

After strategic company has to forecast result of organisation so they can conclude the effect of the result. If there is any problem within organisation



then they can do another process like creating alternative plane. Nike's products are considered to be of higher quality and as a result have higher prices relative to our competitors. While the prices are realistic given the nature of the products we offer to our consumers, at times our consumers may not agree. This presents a weakness.

To mitigate any future problems in our high quality/high price lines, we are placing a renewed emphasis on emerging technology and innovation towards the development of new products, specifically the Nike Alpha Project, a revolutionary new line of athletic shoes. Despite the fact that in the past we may have overlooked the mid- to lower-price-point products, presenting another weakness with room for improvement, we are dedicating our time and money to better develop our competitive position at all price points to build strengths at each of these levels. We see much potential in the lower price points and plan to meet the needs of those markets. Nike Company has good communication and good marketing channel. Company mostly sale their product in retail base so it will very beneficial for organisation.

## **Industry Entry and Exit Barriers**

### **Entry Barriers**

The athletic footwear industry is a very competitive and mature market. The leaders of this industry are very well established. Leaders like Nike and Reebok have made the industry what it is today. Consequently, long-time competitors like Saucony and K-Swiss have been struggling for years just to keep their brands alive. This cutthroat environment has hindered the entry of new competitors.

Economies of scale also contribute to the lack of newcomers into this market. In order to have an edge over the leaders, companies must be able to compete at all levels such as reasonable pricing, efficient production, and high product quality. These things are difficult to achieve without the resources of an established manufacturer.

Another key barrier to entry is the access of traditional distribution channels. When combing the shelves at stores like Sports Authority and FootLocker, it is evident that the leaders dominate the shelves. Lesser-known brands are viewed by retailers as being too risky to replace an established brand name like Nike or Reebok on the shelf.

These walls seem to be breaking down with the help of the Internet. The costs of overhead that come along with traditional brick and mortar retail distributors are being significantly diminished. New entrants are now able to slide into markets without these high startup costs, making it more profitable to begin production.

## **Exit Barriers**

When a company decides to exit from this industry it must be aware of things such as indebtedness and its ability to meet those obligations. A company must also be cognizant of lawsuits filed by its stakeholders and claims made on any residual assets.

The key weakness of Nike, Inc. resides in our financial status. While we are not in financial trouble, we recognize that strengthening the financial well being of the company can only assist our company in the short- and long-run. We have many areas challenging our continued success such as

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increasing our profitability and bettering our management of cash, accounts receivable, and debt. Nike suffered a blow to sales and revenue sparked by bad publicity in 1997 about our international labor policies. Since then, we have attempted to overcome the bad press by raising and enforcing minimum age requirements for employees in overseas factories.

Nike attempted to regain its mid-90's momentum as shown in 1998's recovery, but the loss of Michael Jordan as our spokesman and the Asian financial crisis put a damper on gains that year. During 1999, the company made some changes in its products and deeply cut costs. These initiatives, in addition to the stabilization in the Asian financial picture, will combine to fuel the recovery that Nike expects in the near future. Nike's recent alliance with Fogdog Sports, an Internet sporting goods retailer, and our presence in the 2000 Sydney Olympic games will also aid in sales growth.

## **Ethical Issue**

Ethics have three basic criteria that must be met obligations, moral ideas, and consequences. Businesses have their own code of ethics and the individuals within that business have to determine whether or not they will follow that code of ethics. Ethical behavior in business is consistent with the principles, norms, and standards of business practice that have been agreed upon by society. At times, however, an individual decides to go against the code of ethical behavior for personal gain.

The issues of child labor are becoming a growing concern as developed countries recognize the inhumanities of child labor in lesser-developed countries. Proposed solutions, such as sanctioning countries with poor labor

practices, create further problems, while issues like the Asian economic crisis are increasing the difficulty of such solutions. The main efforts to counter the problem are left in the hands of an international council that relies solely on public and social pressure to police the issue. Child labor problems are not limited to developing nations but represent a different problem.

“ In many cases, a child’s income defines the difference between destitution and mere poverty for a struggling family” 18 Economic factors such as the Asian economic crisis are worsening the problem. Workers in Indonesia are letting it be known that any job is better than no job.

## **Corporate Responsibility of Nike**

The company’s increased focus on Sustainable Business and Innovation (SB&I) will be more seamlessly integrated across Nike’s business strategies, creating a more sustainable approach aimed at providing greater returns to its business, communities, factory workers, consumers and the planet. The report also details progress on Nike’s five-year CR goals and provides a comprehensive review of its CR efforts over the past three years.

“ Sustainability is key to Nike’s growth and innovation,” said Mark Parker, NIKE, Inc’s, President and CEO. “ Making our business more sustainable benefits our consumers who expect products and experiences with low environmental impact, contract factory workers who will gain from more sustainable manufacturing and our employees and shareholders who will be rewarded by a company that is prepared for the future.”

Recognizing the impacts of declining natural resources and the need to move to a low-carbon economy, Nike also uses the report to share its vision of

reaching a closed-loop business model where the goal is to achieve zero waste in the supply chain and have products and materials that can be continuously reused - no pre or post consumer waste. This vision is designed to drive innovative and sustainable business processes and models.

“ The link between sustainability and Nike as a growth company has never been clearer,” said Hannah Jones, Vice President, SB&I. “ There are serious potential impacts of social, environmental and economic shifts on labor forces, youth sport, supply chains and products. This gives Nike the opportunity to use our power of innovation and our commitment to transparency and collaboration to tackle these complex issues.”

The CR report outlines some important initiatives for the company including:

#### 1. Considered Design

Considered Design combines sustainability principles and innovative performance products for athletes by reducing or eliminating toxics and waste and increasing the use of environmentally preferred materials.

#### 2. GreenXchange (GX)

GX is a web-based marketplace designed to share intellectual property which can lead to new sustainability business models and innovation. It is a system for capturing, sharing and licensing patents that, when used by someone else, could lead to unlimited innovation in helping solve current obstacles to sustainability issues. By making private intellectual property visible and usable, the aim is to accelerate the development of green innovation.

### 3. Lean and Human Resource Management (HRM)

Nike has been working with contract factories to train them in the implementation of specialized Lean manufacturing and HRM. Lean principles put the decision making closer to the worker through skill building, teamwork and understanding quality over quantity. HRM builds the factory's managerial capacity and helps them value an empowered workforce. While only one aspect of Nike's work with contract factories, it is an important pillar of Nike's strategy to build a more lean, green, empowered and equitable supply chain.

### **4. Sport for Social Change**

Nike has furthered its strategy of using sport as a powerful movement for social change. Sport is undervalued for its capacity to build networks of social entrepreneurs and community innovators and for its ability to drive positive social, economic and cultural change. One powerful example of a program Nike partners with is Grassroot Soccer in Africa. It is a community program which is directly addressing a dire social need through raising awareness and education of HIV/AIDS by enabling young people to make informed decisions, using sport as a catalyst to engage and communicate to boys and girls.

### 5. Energy and Climate Change Strategy

In 2009 Nike instigated the formation of new coalition of consumer companies called Business for Innovative Climate and Energy Policy (BICEP) which is advocating for strong U. S. climate and energy legislation with the aim of creating a level playing field through a cost on carbon and unlocking

innovation that is essential to creating technology and infrastructure solutions. Nike aims to be ahead of the curve of mandatory regulation, energy price increases and volatility and consumer pressure.