

Nike marketing challenge essay sample

[Business](#), [Company](#)



Section 1 – Introduction

1. 1. In this essay I will examine Nike marketing strategy, from using technology and cheap Asian labour, to gaining widespread celebrity endorsement also assess their marketing activity such as SWOT and marketing mix. 1. 2. The name Nike was taken from winged ‘ Goddess of Victory’ in ancient Greek mythology. Athlete runner Phil Knight and nationally respected track and field coach at the University of Oregon, Bill Bowerman, were inspired by the myth and re-named their small sportswear company called Blue Ribbon Sports to Nike in 1971. (Partlow 2003)The initial marketing plan was easy. Bowerman as a technical innovator joined Onisuka Tiger shoe Company in Japan, known today as ASICS, for sale in the U. S, and began the marketing process of selling the first running shoes named ‘ Cortez’. Phil Knight came to be the traveling salesman and drove his car from university to university and sold the company’s shoes to runners and athletes living around the country.

Jeff Johnson became the very first full-time sales person operated in the Nike retail store and took care of marketing materials such as printing brochures and creating catalogues. Nike athletic footwear dominated the market in 1980s and appeared on feet of everyone, from kids to Olympic runners. Since then, business has evolved into a great multinational enterprise and Nike has become one of the most recognizable companies in the world. (Von Borries 2004, p. 19) 1. 3 Nike strategy was combined by serious technology with the new popular taste for casual wear and comfort followed by strong product logo the “ Swoosh”. (Goldman & Papson 1998 p. 4) The company has been known to invest heavily in brand promotion and advertisements

such as providing athletic footwear and apparel to celebrities (Michael Jordan, LeBron James, Tiger Woods, and Mia Hamm etc.) Nike has the reputation of selling quality footwear and apparel for good price.

Section 2 – Marketing activities

2. 1. There are many reasons why Nike as a company leads the world-wide market followed by Adidas 30% behind. (NikeTown London stats board 2012) The first and the primary focus are on innovation and being up to date with the newest technology. Bill Bowerman's first innovation was made by using waffle toaster and rubber. The name 'Cortez' became recognizable and as a result of its light weight also favourable for competitive athletes. By the 1977 a NASA engineer Frank Rudy came up with an idea of putting air into Nike insole and after years of research Nike Air Max 1 was born which eventually became the best seller in 1994. 2. 2. The best way to get a good look at any company's marketing strategies and position in the market is through the SWOT analysis. Strengths, Weaknesses, Opportunities and Threats. (Jobber 2007; Kotler 2009).

Strength

One of the huge Nike's strengths is the commitment to innovation and constant research with the best athletes in the world. Nike employs more than 30 000 people worldwide also some of the greatest engineers with solid innovation experience which gives them an advantage over the competition companies like Adidas, Reebok and Puma. Quality standards and low cost manufacturing is another Nike's strength. Majority of Nike manufacturing is located in Asia and South America due to location next to raw materials and low

transferring prices. Company also guarantees no defectives on their products and encourages retailers to accept all returns worldwide. Customer has the possibility to send the product to the nearest Nike office to get replacement for any material defects all over the globe. Weaknesses

Nike has reputation of having unethical business practices through working conditions in some of its contracted factories in third world countries. For example in 1990s manufactures in Vietnam were run within bad conditions and Nike was accused for not paying overtime wages as well as not meeting minimum wage requirement. In additions, people were abused physically and worked in sweatshops. Public's awareness of this accusation could lead to decrease sales. Another potential weakness is that Nike has limited product line. Instead of creating new models and new technological innovation, Nike brings different styles of the same shoes with different colour. This may cause losing current customers to a competition companies which offer more range of products. Opportunities

Nike's main opportunity exists in great product expansion such as sportswear, sunglasses, jewellery and their business can be always develop internationally. For example, building merchant market in China and India will create larger brand recognition also potential investors are willing to spend money into well-known name. Another great opportunity for Nike is focusing on market where younger generation are buying footwear for themselves more than adults. This might be the future of massive income and Nike can invest into older generation in the meantime. Threats

Nike has a lot of strong competitors such as Adidas and Puma, the sports related, and Tommy Hilfiger, Liz Claiborne and Nautica, the fashion related. These companies are using advantage of Nike innovation in product design as well as materials they use. Generating products which are cheaper and has similar quality for better price can cause Nike to lose current customers.

2. 3. Marketing mix

* Product: Nike Company offers a wide range of high quality products and focus mainly on athletic footwear and apparel designed for sport and every day usage. Nike collaborates with Apple and created Nike+ brand designed for running athletes. Fuelband is recently one of the best-selling products by Nike which also works with Apple iPhone. (Varadarajan & Cunningham 1995; Farrelly & Quester 2005)

* Price: Nike use premium pricing strategy where customers are ready to pay higher prices for premium quality. This strategy seems to be working. However, some critics claim that Nike prices are enormously high. Strategy experts, on the other hand, claim that prices reflect quality of the products. (Hampy, 2006)

* Place: Nike has two strategic distributing of their products in order to increase sales. The first one is to sell directly from the massive stores called NikeTown or using little distributors like JD Sport or Footlocker. I have been told by Hannah Mercer, General Manager of Niketown London, that this store doesn't cover its costs and it is used only for marketing purposes.

* Promotion: The most important role in Nike promotion plays the memorable logo swoosh which can be seen anywhere in electronic media such as TV commercials, newspaper, official and unofficial websites. Company also sponsors sports celebrities to establish strong brand in particular activities. Cristiano Ronaldo represents Football, Kobe Bryant – Basketball, Tiger Woods – Golf and Roger Federer – Tennis. Advertisements have been instrumental in marketing most of Nike’s products. (Hunger and Wheelen, 2003) 2. 4.

Targeting strategy

Nike mostly targets a group of people such as football teams or college athletic teams. This strategy is highly successful because of its ability to reach a large number of athletes. If the coach suggests using training shoes made by Nike, athletes have no other choice than to buy them.

Section 3 – Recommendation and conclusion

3. 1. Recommendation

Nike should focus on older generation products rather than just based the future of the company on youths. Also stop spending millions of dollars on retired athletes and invest more money to increase wages and better working conditions in third world countries. Creating more charity events could stop criticism and clear the bad image and reputation made in these countries.

3. 2. Conclusion

Summarise my previous research and company appearance, Nike is doing great job due to its promotional methods. They built strong customer trust within last 20 years and because of collaboration with other Companies like

Apple, Nike will remain one of the largest and most successful companies in the world.

Section 4 – Bibliography

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4. 2. Appendix SWOT Analysis

Strengths| Weaknesses|

* Market leader * High quality products * Innovative design & technology * Worldwide market * Long history * Strong sponsorship * Customer trust in product| * Reputation – sweatshops * Limited product line *

Underperformance of sponsored stars| Opportunities| Threats|

* Product expansion * Create larger brand recognition * Constant research and innovation * Collaboration with other companies| * Strong competition * Fashion trends * Losing awareness of consumer preferences|