

Puma ag rudolf dassler sport marketing essay



**ASSIGN
BUSTER**

Introduction

The Report presents a comprehensive analysis of NIKE INC. NIKE was founded in January 1964 as Blue Ribbon Sports by Bill Bowerman and Philip Knight and incorporated in 1968 under the laws of the state of Oregon. Its world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities.

Product/Service

Nike produces a wide range of Footwear, Apparel and Sports Equipments. Nike's Wholly-owned subsidiaries include Cole Haan, Converse Inc, Hurley International LLC and Umbro Ltd

Target Market

Nike's target market for their shoes, clothes and other accessories are males and females between 18 and 35 years old. It also targets active and sporty people as it provides products for all kinds of sports.

Goals and Objectives

Nike's goal is to carry on his legacy of innovative thinking, whether to develop products that help athletes of every level of ability reach their potential, or to create business opportunities that set Nike apart from the competition and provide value for our shareholders.

Management

Philip H. Knight, Chairman of the Board of Directors

Mark Parker, President & Chief Executive Officer, NIKE, Inc.

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Charlie Denson, President, NIKE Brand

INTRODUCTION

NIKE was founded in January 1964 as Blue Ribbon Sports by Bill Bowerman and Philip Knight and incorporated in 1968 under the laws of the state of Oregon. Its world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. Nike became globally recognized for its "swoosh" logo and its trademark slogan "Just do it". Nike's Wholly-owned subsidiaries include:

Cole Haan which designs markets and distributes luxury shoes, handbags, accessories and coats.

Converse Inc which designs markets and distributes athletic footwear, apparel and accessories.

Hurley International LLC which designs markets and distributes action sports and youth lifestyle footwear, apparel and accessories.

Umbro Ltd is leading United Kingdom based global football (soccer) brand.

<http://seekingalpha.com/symbol/nke/description>

<http://invest.nike.com/phoenix.zhtml?c=100529&p=irol-newsArticle&ID=1380811&highlight=>

http://www.ehow.com/about_6465548_nike-uses-endorsements-sponsorships.html

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http://en.wikipedia.org/wiki/Nike,_Inc.

THE MARKET ENVIRONMENT

Geographical Market

Nike's world headquarters is located near Beaverton, Oregon, a suburb of Portland. Today Nike operates in more than 160 countries around the globe like U. S, Europe, Middle East, Africa, Asia Pacific and Americas.

<http://www.nikebiz.com/?sitesrc=emealp>

Business

Nike specializes in Footwear, apparels and equipments. In addition to its namesake Nike brand, the company also develops and markets footwear and apparel products under the Cole Haan, Converse, Hurley International, and Umbro Inc which are Nike's owned subsidiaries.

<http://www.nikebiz.com/?sitesrc=emealp>

Pest-G Analysis

Nike is an international organization and needs to focus on macro environmental factors. Macro environmental factors comprise Political, Economics, Society, and Technology.

<http://www.businessteacher.org.uk/free-business-essays/nike-business-essay/>

BCG Matrix

Nike is established within its markets from economies of scale.

Hence places them in the Cash Cows category on the BCG Matrix.

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Cash cows market growth has slowed and hence the products hold a fairly stable market share.

<http://www.businessteacher.org.uk/free-business-essays/nike-business-essay/>

THE COMPETITION

Main Competitors

The main competitors of Nike are:-

Adidas AG

New Balance Athletic Shoe, Inc.

PUMA AG Rudolf Dassler Sport

<http://biz.yahoo.com/ic/42/42602.html>

Sales and Profit trends

Adidas AG

During the first half of the year 2010, Adidas sales are € 5590 millions and profit is € 2727 millions. There is an increase of 11% of sales and an increase of 20.2% of profit in 2010.

http://www.adidas-group.com/en/investorrelations/financial_data/income_statement/default.aspx

New Balance Athletic Shoe Inc

At the end of the year 2008, the total revenue was 1640.00 M.

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<http://biz.yahoo.com/ic/42/42602.html>

PUMA AG Rudolf Dassler Sport

At the end of year 2009, the total revenue was 3526.70 M.

<http://biz.yahoo.com/ic/91/91292.html>

Market share

Adidas AG

Adidas acquires 6% of the global athletic apparel market and 16% of the global athletic footwear market.

New balance Athletic Shoes Inc

New Balance Athletic Shoes acquires 6% of the global athletic footwear market.

PUMA AG Rudolf Dassler Sport

Puma acquires 2% of the global athletic apparel market and 7% of the global athletic footwear market.

[http://www.wikinest.com/stock/Nike_\(NKE\)#Market_Share](http://www.wikinest.com/stock/Nike_(NKE)#Market_Share)

Target markets

Adidas

Adidas's target market is mainly the urban youth with the brand position and the potential target market is the principal consumption centers like the metros.

<http://www.scribd.com/doc/8760709/Adidas>

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New Balance Athletic Shoes Inc

New Balance target young consumers with the same zeal of its rivals

<http://www.answers.com/topic/new-balance-athletic-shoe-inc>

Puma AG

By shifting their brand proposition Puma broadened their target market from solely sport to lifestyle and even fashion.

<http://www.nundroo.com/archives/000008.html>

THE COMPANY

Sales and profit trends

During the year 2009, Nike's sales were \$2, 583 million whereas in 2010 it is \$2741 million. The profits earned during the year 2009 were \$2216 million whereas in 2010 it is \$2434 million. There is an increase of 6% in profits and 10% in sales in the year 2010.

<http://invest.nike.com/phoenix.zhtml?c=100529&p=irol-finReporting>

Market share

Nike is the clear market leader with 31% of the global athletic footwear market and 7% of the global athletic apparel market.

[http://www.wikinest.com/stock/Nike_\(NKE\)#Market_Share](http://www.wikinest.com/stock/Nike_(NKE)#Market_Share)

Business sectors

Footwear

Nike specializes in athletic footwear particularly in running, cross-training, basketball, and soccer. It also sells sport-inspired casual footwear like its Air Force Ones footwear line. Nike's Footwear sales increased by 14% in 2009 reaching about \$10.3 billion. Hence 54% of revenue comes from the footwear sector.

Apparel

Nike also sells sports apparel such as running shorts, t-shirts, and licensed apparel (with logos of college and professional sports teams). Apparel sales totaled \$5.24 billion in 2009, a 0.2% increase from a year earlier.

Equipments

Nike also sells sports equipment such as balls, protective equipment, and golf clubs. Sales of Nike branded equipment has reached \$1.11 billion in 2009 which resulted in 9.5% increase from 2008.

Others

Nike also sells apparel and footwear under the Nike Golf, Cole Haan, Converse, Hurley International, and Umbro brand names.

[http://www.wikinvest.com/stock/Nike_\(NKE\)#Market_Sharen](http://www.wikinvest.com/stock/Nike_(NKE)#Market_Sharen)

Project focus

Since Nike is specialized and famous in athletic footwear, I have selected footwear sector as my project focus.

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SWOT analysis

<http://www.quality-assurance-solutions.com/swot-analysis-nike.html>

THE COMPANY'S MARKETING STRATEGY

Segmentation

According to Philip Kotler " Market Segmentation is the subdividing of market into

homogeneous sub-set of customers, where any subset may conceivably be selected as market target to be reached with distinct Marketing Mix".

Nike segments the international markets by geographic location; the United States, the Americas, Asia Pacific and Europe, Middle East and Africa (EMEA).

Targeting

A target market or target audience is a group of customers that the business has decided to aim its marketing efforts and ultimately its merchandise.

http://en.wikipedia.org/wiki/Target_market

Nike's target market for their shoes, clothes and other accessories are males and females between 18 and 35 years old. It also targets active and sporty people as it provides products for all kinds of sports.

Positioning

The process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization.

[http://en.wikipedia.org/wiki/Positioning_\(marketing\)](http://en.wikipedia.org/wiki/Positioning_(marketing))

Nike products are easily available in different retail and outlet stores all over the world such as Sun and Sand Sports. Nike products are also available at their own Nike store online and Nike town.

Differentiation/Low Cost Leadership/Focus

Low price compare to its high quality products.

Edge cutting products.

E. g. Nike + iPod

Cushioning technologies in its shoes.

Patents all its new technologies

Growth Strategy

To create innovative products, amazing brand experiences, and premium retail destinations wherever consumers connect with NIKE.

-Mark Parker, President and CEO, NIKE, Inc

http://www.nikebiz.com/media/pr/2010/09/23_FY11Q1Earnings.html

Generic strategy

Nike uses network structure

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Nike implemented Differentiation Strategies

THE MARKETING MIX

Product

Nike is trying to meet the consumer needs. Nike realizes that the clients could be participating in more than one sporting event and they need a huge range of products to meet all their sporting needs. The Company's innovation has added great value to its products. For example, there are some Nike shoes that have been installed with radio devices to measure runner's pace. Nike's quality products, loyal customer base and its great marketing techniques all contribute to make the shoe empire a huge success. Some of the Nike shoes are Nike Jordon, Nike air force & classic, Nike air max, Nike Shox etc.

http://www.pickyourshoes.com/size/nike_air_forces.htm

<http://www.upublish.info/Article/Marketing-Mix-for-Nike/314859>

<http://shopping.aol.com/articles/2008/05/12/nike-shoes/>

Price

Nike has designed to be competitive to other fashion shoe retailers. Nike targets the consumers who accept product intimacy and thus care less about the product. This enables Nike to set pretty higher prices than its competitors. This strategy helps to push product perceived product value. Once the consumers develop product intimacy, they come to associate their person with the product and will pay whatever price quoted on the product with Nike logo on it. Nike uses the vertical integration pricing strategy in

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which the steps involved in the production and/or distribution of a product or service are controlled by NIKE, in order to increase that company's or entity's power in the marketplace.

<http://www.upublish.info/Article/Marketing-Mix-for-Nike/314859>

<http://www.suite101.com/content/audit-on-nikes-marketing-strategies-a94404>

Place

Nike shoes are sold in multi-brand stores and the exclusive Nike stores across the globe. Nike sells its product to about 20,000 retail accounts in the U. S. and in almost 200 countries around the world (<http://www.suite101.com/content/audit-on-nikes-marketing-strategies-a94404>). The Company sells its products directly or it uses subsidiaries and distributors. It also sells its products through internet as it has its own online Nike store and Nike town. Because the company is located all over the world and it also uses licensed distributors because it is rather difficult to reach all those parts of the globe.

<http://www.upublish.info/Article/Marketing-Mix-for-Nike/314859>

Promotion

Nike has a number of famous athletes that serve as brand ambassadors such as the Brazilian Soccer Team (especially Ronaldo, Renaldo, and Roberto Carlos), LeBron James and Jermaine O'Neal for basketball, Lance Armstrong for cycling, and Tiger Woods for Golf. Sponsoring of events is another great promotional technique for Nike. Web sites are a great promotional tool as

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they cover these events. Events like Hoop It Up and The Golden West Invitational. Nike make the websites exclusively for a sport such as nikebasketball. com, nikefootball. com, and nikegolf. com

<http://www.upublish.info/Article/Marketing-Mix-for-Nike/314859>

EVALUATION OF COMPANY'S STRATEGIES AND TACTICS

Evaluation of company's current position

Strong brand recognition.

Top endorser.

Global leader in athletic shoe market.

The " swoosh" is nationally recognized by 97 percent of the American population.

Nike is leading the U. S. marketplace in athletic footwear. Through aggressive advertising, endorsements by the leading professional athletes in nearly every major sport, and a high-quality product, Nike has been able to sustain a competitive advantage. They continue to show growth in the athletic footwear industry.

http://www.docstoc.com/docs/17947394/With-adidas-and-Reebok-Combined_-Will-Nike-Still-Crush-the

Evidence of company's success (refer to the graphs in appendix)

The total revenue during 2010 was \$19014 million, a little less than the previous year.

EPS performance of Nike has increased from \$3.03 in 2009 to \$3.86 in 2010.

Return on invested capital has also increased from 17.8% in 2009 to 20.7% in 2010.

The gross profit has increased from \$8,604,400 in 2009 to \$8,800,400 in 2010.

The net income has increased from \$1,486,700 in 2009 to \$1,906,700 in 2010.

Revenue distributions of Nike in international markets have increased from 49% in 2009 to 53% in 2010.

Increased stock performance by 90% in comparison of S&P 500.

Nike has always remained on the preference list of athletes and athletic footwear was indeed the first category of products launched by the company more than 30 years ago. Today, you can see the craze for its products, not only among athletes, but also among golfers and other sportspeople.

http://media.corporate-ir.net/media_files/IROL/10/100529/nike-ar-20100804/index.html#select_financials

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Prospects for future growth/success.

Offer economical price to variable consumers around the world.

Open up more stores and franchise to reach maximum buyers.

Have more communication with their customers and receive feedback from them to help create imagine that Nike care for its customers.

Come up with more new ideas of designing the shoes.

CONCLUSION

Nike, Inc. is a company rooted in competition. From equipping athletes with the finest sports equipment in the world to continuously improving their financial performance, Nike dominates its competitors. Phil Knight and Bill Bowerman probably could not have imagined in 1962 to what degree their \$500 investments would yield in 2010. They did know that product quality and innovation would help athletes to achieve greater goals. It is one that has helped athletes and stakeholders alike to realize athletic and financial greatness. Despite a changing marketplace for athletic footwear, Nike wants to expand their product lines and marketing reach to become a more powerful global brand. Nike has existed for more than 35 years and is still willing to travel a long distance of popularity.

APPENDICES

400px-Footwear_market_shares. png400px-Apparel_market_shares.

png[http://www.wikinvest.com/stock/Nike_\(NKE\)#Market_Share](http://www.wikinvest.com/stock/Nike_(NKE)#Market_Share)

chart-revenue. gif

chart-eps. gifchart-roi. gif

chart-stock. gif

chart-distrib. gif

http://media.corporate-ir.net/media_files/IROL/10/100529/nike-ar-20100804/index.html#select_financials