

Strategic analysis: nike



**ASSIGN
BUSTER**

In this century, strategic management analysis playing importance part to any corporations in the world to help the corporations successful or avoid problem in business world. In the process of strategic management corporations can understand the competitor's strategic analysis, decisions making, and actions that include visions, missions, objectives, and goals. After understanding the competitors strategic the corporations can provide better strategic to compare with the competitors and also with the internal and external environment analysis of competitors. (Sbaer 2005)

1. 1 COMPANY BACKGROUND

Nowadays, the company name Nike Inc is one of the most famous and successful corporation that around the world. Nike Inc was the world largest markets of sports equipment as athletic shoe and sports apparel, Nike Inc also the top of the world corporations that supplier athletic footwear, accessories, sportswear and other sports equipment. Nike Inc was the world leading manufacturer of sports equipment, the most sales of the sports equipment of Nike Inc was athletic footwear. The world leading of corporation of sports equipment has sold the products in about 110 countries and the amount of the employees working for Nike Inc is more than 30, 000 people around the world.

The history of Nike was started in 1962, at that time name of Philip Knight was team member of middle distance runner as track athlete in University of Oregon and Philip Knight was the founder of Nike. In 1964, Nike originated name known as Blue Ribbon Sports. In 1972, the Blue Ribbon Sports corporation change into Nike corporation and also introduced the symbols of Nike as Swoosh as their trademark. Nowadays, the famous slogans that well

known by many people from Nike Inc “ Just do it” were created in 1988 on the advertising campaign. (Opapers 2008)

2.0 MARKET ENVIRONMENT ANALYSIS

Marketing environment had the ability to affect the corporation to promote the efficiency operations of the business environment on the market. The marketing environment will not be influenced just only by the corporation but must with have the external factors. The impacts of the external factors can be generated, but the impact will depends on the size of market. For the big corporation have significant impact on the environmental factors, and small corporation need to constantly adapt to changes in the environment. (Gb3group 2010) Marketing Environment Analysis was categorized into two categories which are Macro Environment and Micro Environment.

2.1 MACRO ENVIRONMENT

In Macro Environment that can affect the corporation comprise with the factors but corporation can had own direct control. The organization ordinary does not affect any law issues. Macro Environment will be continuously changing, corporation must have the ability to fit the situation when the environment changing, and maybe intense with nearest competitors example for Nike competitors will be Adidas, Puma and others.

(Marketingteacher 2010) Nike Inc was worldwide products and always has the threat of new products entrants, for worldwide environment continuously changing Nike Inc needs to recoup the marketing by changing in cultural, political, economic and technical. For the Marco Environment analytical tools that are PEST Analysis.

2. 1. 1PEST ANALYSIS

PEST Analysis categories into four importance part which are Political, Economic, Social, and Technological.

Political Analysis- For the Political Analysis of Nike Inc in United State, the government of United State wanted push up and promotes the growth of enterprise in United State by creating economic policies. The honor of Nike Inc had been helped the government of United State growth in the economic policies which enable to promote Nike products. By the economic growth United State government had give support to Nike Inc in economic, especially in the general macroeconomic stability, low interest rates, currency stability conditions and the international competitiveness of the tax system, that help the United State economic growth and form the basis for Nike growth is essential and importance. (Gwendolycizon 2009)

Economic Analysis- Nowadays, Nike Inc was playing importance role in the business world, in the economy world economic crisis was the biggest threat to any corporations including Nike Inc. During recession prior, the economics of Nike Inc will affect in this prior and Nike Inc affect also implicated the United State economic to downturn. At that moment, the customers wanted purchase Nike products will drop down to low level and Nike Inc had bad situation in the economic crisis. The Asian will affect from the crisis because Asian economic has based on the United State economic, and Asian facing economic recession will influence Nike Inc because the goods and manufactured largely based on Asia in China. In economic crisis the costs of labor and material will increase. Nike Inc will facing low sales in prior of

recession on Euro and Asian, Nike Inc may in low sales but the sales results of Nike athletic footwear had in stable. (Gwendolycizon 2009)

Societies Analysis- In this century, a lot of people were awareness about their health and wanted become healthy. With the problem of health facing to a lot of people that affect diet and health become more and more importance. Therefore, influence a lot people wanted joining the fitness clubs, the demand products in fitness that especially sportswear, shoe, and equipments. Fitness clubs customers are Nike first targeting in the market because this categories of customers looking for the sports accessories, sports shoes, and other equipments. (Gwendolycizon 2009)

However, Nike Inc had facing problem about the society caused by exposure to productions sites in Asia on labor and factory conditions. Example Nike had problem in Asia manufacturing with using under age worker to produce the Nike products and because of this under age worker Nike use to bring out bad publicity and the sales dropping and consumer wanted the corporation that take socially responsible. Because of this case Nike take a lesson about the social issue.

Technology Analysis- Nike Inc was the leader of sports industry in the world and the technology was one of the parts that lead Nike to top by using high technology system. The marketing information system used by Nike Inc was very effective to the corporation; Nike used IT of marketing information system into three categories for the economic which are innovation, segmentation, and differentiation to the business that Nike Inc had joined. The technology of Nike leadership system was playing importance in the

corporation and valuable IT and this system applied from products to development to sales in any aspect. Nike Inc was top sales and manufacturing of sports industry in the world, which able to impacts the environmental to enhance the marketing efforts. This strategy had improved the Nike products into strong sales. (Gwendolycizon 2009)

2. 2 MICRO ENVIRONMENT

In Micro Environment will straightly affect the corporation, which dealing with suppliers, other stakeholder and customers by directly or indirectly. Micro Environment may be affect misleading the corporation even its always small part. Micro Environment presents the controller of driving forces and industry in the relationship between both, this type of situation may exercise affect certain extent. (Marketingteacher 2010) The analysis tools of Micro Environment which are Porter's Five Forces Analysis.

2. 1. 1 PORTER'S FIVE FORCES ANALYSIS

The Five Forces of analysis tools which are competitive rivalry, the power of suppliers, the power of buyers, the threat of substitutes, and the threat of entry. That focuses on the Nike footwear.

Competitive Rivalry- The competitive rivalry of sports equipment Nike Inc competitors' rate was very high, the nearest rivalry of Nike such as Adidas, Puma, and Reebok. Nike had high grown rate in the sports equipment and also including the nearest competitors, these corporations had huge amount of stable customers in globalization world. All this organization had same idea of increase sales and cutting down operating costs by using directly selling thought internet. Nike competition was very high against with this

rivalry, to build stronger brand than other competitors, Nike has to done a lot of event and advertising. (Slidershare 2011)

The Power of Suppliers- For Nike Inc the power of suppliers was low from the providers, to produce the Nike sports equipment the main raw material which needed is leather, cotton, and rubber. This kind of raw material is rich in market and a lot of suppliers in the market providing the resources. Nike Inc had fully advantage of getting low suppliers because large competitive in material supply, Nike purchase material from the cheapest suppliers the cost will cut down. Therefore, the supplier's power was low for Nike Inc.

(Slidershare 2011)

The Power of Buyers- Sports equipment like Nike Corporation had a lot of huge industry competitors, competitive between Nike and other competitors was high so therefore the bargaining power of buyers will be high also. Because Nike wanted to successful in this kind of situation, Nike had continuously produced new sports equipment products with shorter time, higher quality than other competitors by attract more customers. Well known brand Nike products the price was slight higher than other competitors and consumers may choosing sports equipment in lower price, therefore power of buyers is high for Nike. (Slidershare 2011)

The Threat of Substitutes- Nike Inc sports equipment had low threat of substitutes, the footwear Nike provide may have other substitutes like boots, scandal, and other. But this cannot substitutes for the sports player, there not sports player wear other than sports shoe in the games. Therefore, the substitute for Nike footwear was low.

The Threat of entry- The leader of Sports Equipment Corporation in the world Nike totally has no problem about the threat of entry so the rate will be low. Nike was well known brand and each year Nike launch a lot of new products to attract customers, therefore amount of customers was high. Nike also provide fashion brand of products to attract younger generation. The main reasons why Nike can attract so many customers and success in the sports equipment organization because Nike had done a lot of sponsorship to sports club like football club, basketball and sponsor sports player on the footwear. One of the famous players of basketball Michael Jordon also wearing Nike provide footwear and Nike Inc was producing few series of footwear name ‘ Air Jordon’ for Michael Jordon. (Slidershare 2011)

2. 3 CRITICAL SUCCESS FACTORS

Firstly the critical success factors for Nike Inc getting fully support from the United State government, with this support Nike can easily doing business in United State. Secondly, Nike designer had a lot of idea to produce new type of Nike products with attractable to customers and comfortable. Third, Nike had huge manufacturing factories in China everyday can produce a lot of products with low costs and Nike getting recourse from suppliers with low price. Fourth, Nike had done a lot of event, sponsorship and charity to promote Nike products to the world for attracting potential customers.

3. 0 STRATEGIC ANALYSIS

The Strategic Analysis that I choose for Nike Inc which are SWOT Analysis and Value Chain.

3. 1 SWOT ANALYSIS

Under SWOT Analysis categories into four part that are Strengths, Weaknesses, Opportunities, and Threats.

Strengths- Firstly, Nike Inc was leader of sports equipment industry, which also top suppliers of sports equipment around the world. Secondly, Nike had huge amount of loyal customers of Nike products that because Nike was one of the world top well known brand. Thirdly, Nike getting cheap price of material from suppliers and Nike provide the products with high quality by selling reasonable price to attract customers. Fourthly, Nike does not own any factories therefore Nike had healthy cash balance because not building any factories. Finally, Nike had successful in the marketing campaign one of the example was ' Just Do It'.

Weaknesses- Firstly, most of the Nike sales income was came from Nike footwear and Nike Inc was focusing on footwear sales but lack of other sports equipment, which is risky for Nike Inc. Secondly, Nike was lacking of categories of female sports equipment and nowadays a lot of female would love sports, Nike lost a lot of income from female customers. Thirdly, Nike Town had lost a lot of profit because most of the customers purchase Nike products at other retailers. (Brandpowers 2009)

Opportunities- Firstly, opportunities of Nike Inc nowadays the younger generation would like to purchase sports equipment products there are the opportunities to targeting younger generation. Secondly, targeting female was another opportunities for Nike Inc because in this century male or female would love sports and now Nike lacking targeting female customers,

if success the profit income will be higher. (Brandpowers 2009) Thirdly, Nike Inc should go green by collecting old footwear and reprocess the products; selling the reprocess products with lower prices to attract potential customers also getting customers go green.

Threats- Firstly, the threats of Nike Inc was Nike had foreign direct investment at other country therefore Nike had to pay the interest tax to the foreign country even the profit earn high or low. Secondly, another threats for Nike Inc was the competitors, nowadays the competitors wanted to replace Nike to become world largest sports equipment industry by provide lower price sports equipment than Nike to attract the customers.

3. 2 VALUE CHAIN ANALYSIS

The Value Chain describes the categories of activities within and around an organization, which together create a product or service. (Gerry Johnson 2008) Value Chain categories into Primary Activities and Support Activities.

Figure 1

3. 2. 1 PRIMARY ACTIVITIES

Primary activities was focusing on innovation or producing of product or service.

Nike activities in inbound logistics was low production costs because material Nike having was cheap and Nike can manufacturing products at China with lower costs than in United State.

Before sending the products for sales Nike had done a lot of testing about the products about comfortable and quality in primary activities operation and Nike products packaging was less just packing in box.

Outbound logistics of Nike Inc had good relationship with the suppliers so Nike can receive the material in time and with low price. To prevent out of stock or too much of products Nike will put the stock into warehousing for safety.

Marketing and sales that Nike using was doing advertising and campaign for promote the advantage Nike products to attract potential customers.

Another way to attract customers was celebrity endorsement example like Michael Jordon, Messi, and other, which easily attract lot customers.

Service, Nike can provide higher quality of products than other competitor and when the products had problem Nike can helping the customers repair it. Nike should giving training the employees for customers' service.

3. 2. 2 SUPPORT ACTIVITIES

Support activities help to improve the effectiveness or efficiency of primary activities. (Gerry Johnson 2008)

Procurement to improve the Nike process, Nike can using JIT strategy in the processes to provide products and Nike can cut down the costs of warehousing or old stock without interest. (Slidershare 2011)

Technology development provides touch screen technology in retailer store that allow customers choosing the products from the screen. (Slidershare

2011) Maybe Nike should improve the products quality by using higher technology to produce the products.

Human resource management, provide free training class to the Nike employees for them understanding Nike products and improve the speech on doing customers service. For the sales employees who sold out higher products will getting rewarding to motivation the employees.

Infrastructure for Nike Inc, Nike should doing a proposal of year planning with calculate the finance, how much products should produce and target of profit earn. Nike also had to provide solution for solve the problem in short time, example facing crisis what Nike should do.

3.3 Resource Capability

Core competences- Nike Inc does not had core competences for competitors to imitate or obtain.

Unique resources- Nike Inc does not had unique resources compare with other competitors.

Tangible resources- The physical assets in Nike Inc such as labour, finance, and plant. Example for tangible resources in Nike manufacturing, sales, marketing employees, profits and expanse Nike using on each month and the locations of the building of Nike Inc. (Gerry Johnson 2008)

Intangible resources- The skill and knowledge of the Nike employees was under in intangible resources, the data and information collected of Nike Inc also part of intangible resources, reputation of the Nike brand name also included known as non-physical assets. (Gerry Johnson 2008)

4.0 STRATEGIC FIX ANALYSIS

Nike Inc had done a lot of analysis to understanding the strengths and weaknesses of own corporation and also competitors. Analysis that using had improve the corporation in a lot situation such processing products, cut down the finance costs, targeting potential customers, purchases raw material in low prices, increase sales and income.

In Market Environment Analysis had using Porter's Five Forces and PEST Analysis. PEST Analysis helps Nike Inc understanding the political, economic, social, and technology. On social Nike happen bad social with society by using under age workers to produce products and now Nike take the lesson and avoid repeat the same mistake. In Porter's Five Forces Nike, Nike had a lot of large industry competitors and Nike continues staying on the top of sports equipment industry Nike had provide new products in shorter time and quality of products should be high to attract potential customers for purchase Nike products.

Strategic Analysis Nike was SWOT Analysis and Value Chain. SWOT Analysis is similar as PEST Analysis to understanding the corporation but SWOT Analysis is to understanding between own corporation and competitors, to getting the information which part Nike should improve to become better than other competitors. Value Chain had two activities primary and support, support activities is to improve the Nike process, manufacturing, employees to allow the corporation earn more profits and attract more customers.

Special Strengths of Nike Inc are Nike getting high supporting in United State by the government, Nike does not had any factories but Nike still can provide

huge amount of sports equipment. When people see the logo of ' Swoosh' will recognize that are Nike products in any country and loyal customer's population is higher than other competitors.

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