

Comparison of nike and puma

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



Nike

Nike Inc.'s business objective is to bring innovative products that speak of quality to athletes everywhere while maximizing value for its shareholders, according to the company's filing with the U. S. Securities and Exchange Commission. To achieve both ends, the company focuses on three areas to obtain its financial objectives. These key areas are:

Delivering superior products to consumers
Maintaining operational excellence by lowering product costs; increasing productivity;
Maximizing working capital;
Using capital so that shareholders will obtain value for their investments.

Financial Objectives

Based on the Motley Fool's Web site, Nike's long-term financial objectives include: revenue growth of more than fifty percent to \$23 billion by 2011, rise in mid-teens earnings; higher return on investments and cash flows; and consistency in financial results.

Sales and Marketing

In order to maintain its market leadership, Nike responds to sports trends and adjusts its product mix, develop new ones and promote them through aggressive marketing. Its timely and on time response to consumer demands are essential elements for the company to achieve its sales and profitability targets.

For the fiscal year 2007, Nike's U. S. sales account for forty-seven percent of total revenues, the company's regulatory filing states. Internationally, Nike sells through independent retailers and distributors.

The company has an ordering program called " futures." This system allows its retailers to book orders for delivery in five to six months time. Nike's SEC filing states that this system accounts for ninety-four percent of the company's North America sales. Nike intends to capitalize on this advance ordering system to drive future sales.

To help protect its market share from competitors like Puma, Nike contracts high-profile and influential athletes, sports teams, coaches and colleges to endorse its brands. The company also sponsors sports clinics and events. For this year, Nike is one of the advertisers for the Beijing Olympics, an event that is expected to drive the company's fiscal results.

Product Research and Development

Nike continues to put emphasis on technical innovation as the key to its future success. Using technology, the athletic company wants to continue producing sports products that minimizes injury, improves performance, and gives full comfort. Nike has a host of experts in exercise physiology, industrial design, research, coaches, etc., who formulate concepts and evaluate product quality.

Manufacturing

To keep costs low, Nike is in partnership with independent Chinese, Vietnamese, Indonesian and Thai contractors for the production of all

footwear. In 2007, up to thirty five percent of the company's footwear were manufactured in these countries (SEC filing).

China

China is one of Nike's most critical markets and is expected to help the company maintain its success for a long time. To protect its business interests in the country, Nike cooperates with other business to ensure that trade legislations won't discriminate against this important market.

PUMA

PUMA's overall objective is to create brand power that would make consumers associate the name with sporting fashion. It aims to combine fashionable design with innovation. The company's long-term financial goal for the years 2006 to 2010 is to strengthen their brand and to create additional products in order to create value for their shareholders, the company said in its online site. In fact, PUMA is the first company to manufacture Velcro strapping. It targets more innovations like this one to up its market share.

Expansion Plans

To achieve its long-term goals, PUMA sees expansion as the key factor to achieving this end. The company will work to offer more product categories; penetrate more regions; and expand the non-PUMA brands.

The company is in the process of implementing a development of corporate strategy. In line with this, PUMA has launched the Phase IV of this program in 2006 (PUMA Web address). The focus will be on value, meaning

investments will be concentrated on areas that offer a significant return. Phase IV will be notable for its expansion, qualitative growth, instead of growth at high costs, and stronger brand appeal.

Marketing

For this year, PUMA has engaged in a visibility campaign by winning the supplier bid to the African Cup of Nations. In the past, PUMA has been prudent in its marketing campaigns, but it is slowly evolving to strengthen its brand power by sponsoring global sporting events and applying more aggressive marketing strategies.