

Dow jones industrial company analysis, nike inc essay

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The company I have chosen for analysis is Nike inc. Nike is a sports apparel and footwear manufacturer based in the United States. Its choice for completion of this assignment arises from its highly competitive field and the measures it puts in place to keep ahead of its competitors. Phil Knight and Bill Bowerman started Nike in 1960. They started small as a distributorship for Japan's tiger racing shoes, now Asics. From these beginnings they grew to the modern sportswear powerhouse that they are today (Kicks on fire, 2014).

The mission statement for this company is, ' To bring inspiration to every athlete*' the asterisk suggest that Nike does not concentrate on the professional athletes alone, rather, on all individuals enthusiastic about sports, as well as upcoming athletes (NIKE, 2014).

Nike is a lucrative prospective employer. I would love to work with Nike. Based on reviews I obtained from an employee feedback platform, the Nike campus is a spectacular place with state of the art equipment that should be a joy to every employee. Additionally, the company remains innovative and continuously releases new innovative products into the market. This innovativeness motivates employees to explore and play with ideas towards product development. Further, the company offers its employees a great life and work balance, which ensures that they remain energetic, and the job does not drain them. With relation to remuneration, Nike offers lucrative remuneration and benefits to its employees. With these features, Nike holds the promise of the future as one of the top sports apparel and footwear manufacturer. These features are, however available to top management positions working with the parent company. The companies which Nike

contracts to manufacture its products overseas have been reported to offer poor working conditions, low pay, and long hours to its employees. This issue, however, is gradually on the decline with Nike taking an active interest in the conditions of these employees.

Evaluating Nike from the last four quarters, 2013-third quarter, to 2014-second quarter, gives an insight on the progression adopted by the company. In the first quarter, (this shall be the third quarter of 2013 for this analysis), Nike Inc. reported an increase in revenues of 9% with the influence of currency exchange not factored in. further, NIKE brand revenues rose with 10% margins in all the regions it operates in except for Japan and china. All the brands Nike manufactures recorded similar rises in profitability with the exception of sportswear and Action sports. Lower revenues recorded at Hurley, a subsidiary of Nike were offset by growth at Nike golf and Converse.

For the quarter, Nike recorded an increase in net income of 16%, with its earnings per share rising with 20% to 0. 73\$. These figures serve as a basis for our comparison.

In the second quarter of our comparison, revenues for Nike Inc. increased by 7%. Similarly, revenues for the NIKE brand increased by 9% with growth recorded in all regions except for Western Europe and china. NIKE brand revenues were up in running and football wear offsetting a slight decline in sportswear, football and action wear. The effective net income increased with 33% while earnings per share increased 37% (Nike Inc, 2014).

In the third quarter of our comparison, revenues for Nike Inc. for the third quarter, (first quarter 2014), increase by 8% while earnings from the NIKE

brand increased by 7%. All geographic regions reported an increase in revenue with the exception of china. Revenues from football, basketball and running wear were higher offsetting a slight decline in sportswear. The net income raised by 33% while earnings per share rose by 37% (Nike Inc, 2014).

In the fourth quarter of this analysis, Nike Inc. revenues increased by 8%, while revenues for the NIKE brand rose by 9%. Growth was recorded in all categories of products and geographies. Additionally, converse recorded an increase in revenue of 11%. The net income for Nike for this quarter rose by 3% while earnings per share rose by 4% (Nike Inc, 2014).

An evaluation of the four quarters indicate that Nike is recording an increase in its earnings for its brands across all the markets it trades in. the brands which do not perform in a given quarter are offset by improved earnings in another brand. For instance, when the football wear line underperforms, the golfing line performs offsetting the decline. There is an increase recorded in the net revenue across all quarters, with the earnings per share increasing with subsequent increases in revenue. There is a relation between the revenue and earnings per share with their percentage increases nearly mirroring each other. China is a slow market for Nike in relation to growth; however, these comparisons do not indicate the impact of this market as a percentage to total revenues earned by the company. This trend might be explained as market saturation with the company being unable to draw new customers.

In my estimation, this company is growing. The consistent increase in its quarterly incomes is a good statistical indication of its increasing appeal

amongst its customers translating to increased sales. Additionally, some markets such as China have reported stagnant growth, with instances of growth being slight. The exploitation of this market presents a new frontier for Nike's expansion. The increase in the size of the middle class in the big market of china promises an increasing market for Nike's product. Being an established brand in such markets ensures that Nike takes advantage of their growth.

Nike being an innovative company, it continues to produce new and innovative products to its customers. Additionally, Nike engages in special edition production, which mostly for charity sales in aid of foundations or special causes. Such productions appeal to the customers due to the humanitarian causes their proceeds contribute in abetting. I also find spending on such products worthy. Nike promises to release a futuristic shoe line that will feature self-tying shoelaces and led lights embedded in the sole. I would love buying and experiencing such, an amazing feature such as self-tying shoelaces on a shoe.

Nike is a company with a bright future going by the current success it enjoys and the innovation the team behind the NIKE brand possess, and encourages.

Works Cited

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