

Influential changes in sportswear environment



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Marketing in today's world plays an imperative role in stimulating the products; also helps the businesses in interactive terms with consumers unswervingly often.

Originally called Blue Ribbon Sports, established in 1964, Nike (named in 1972) is an American manufacturer of athletic wear famous for its " swoosh" logo, apparel and related athletic accessories; it has demonstrated growth, strength to create innovative products and astounding brand experience that can be felt wherever its consumers are connected and those with active lifestyles. The locus has been achieved by right aligning of marketing strategies; broadening range of products reaching out its customers through their needs.

definition of marketing:

Marketing is one of the most misconstrued concepts in management.

Individuals assume that marketing aims selling and endorsing products or services but in reality it is a process through which organizations comprehend the prerequisites of the customers.

According to the CIM (Chartered Institute of Marketing), Marketing can be defined as; " The management process responsible for identifying, anticipating and satisfying customer requirements profitably."

<http://www.cim.co.uk/resources/understandingmarket/definitionmkting.aspx>

This definition is unpretentious providing equilibrium of marketers' action, what it is and why it is performed. Although in my opinion the " profitable"

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aspect might not be suitable for organizations that conduct marketing for voluntary/charity purposes.

Influential changes in Sportswear Marketing Environment

It is axiomatic that the footwear industry has expanded globally. The living standards of people rise with the increase in population thus there is a demand of footwear. India has witnessed tremendous growth in its sportswear industry over the past few years and provides comprehensive information in this regard. It has maintained the internal and external factors relating the influences to keep the firms running; for this reason PEST and SWOT analysis have been carried out to see how the sportswear environment adopted the change.

2. 1) SWOT Analysis:

Corporate appraisal has been discussed as a critical assessment of strengths and weaknesses, opportunities and threats in relation to the internal and external factors.

Strengths

Weaknesses

Global presence.

Research and development.

Effective Marketing Strategy.

Good financial position.

Low cost of production

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Cheap labour.

Managerial resources thin due to rapid growth and numerous acquisitions.

Price sensitivity.

Limited Product Line.

High cost structure.

Opportunities

Threats

Fashion trend.

Corporate branding and sponsorship agreements.

Expand product/service lines.

Market Diversification.

Low differentiation.

Strong and local competitors in the market.

Price war/ destabilisation of currency value.

Maintaining Eco-friendly reputation.

Adverse publicity.

Macro Environment – Pest Analysis

2. 2)

Political Factors

Economic Factors

The Marketing Environment

Social Factors

Technological Factors

Political Factors:

Regulations of tax and license; a huge impact over the sportswear market in relations to the products, one paying heavy duties.

Some countries have law that doesn't permit foreign firms to market directly to their customers.

Merger between Adidas and Reebok has tightened the competition.

Very less sports events organised in the country apart from cricket fixtures to attract customers.

Home market lobbying groups, minimising resist-oration over the marketing ethics; an uncertain state for the foreign market to survive.

Economic Factors:

Growing middle class and growing buyer power leading customers to look for branded shoes.

Seasonality issue- sports has always been more of a rage in summers.

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Lack of targeting of market segments for kids and women.

New Brands with innovative ideas walked in to the market that was an intimidation to the struggling companies during the recession.

Level of inflation rose and employment dropped to level causing a deep effect on the production and companies struggled with the situation of fewer buyers and more items for sale.

Social Factors:

Dominant religion was the factor that had to be noticed as a major aspect while choosing the design and material of the product.

Challenges facial of accusation; in terms to acquire cheap and young labour that were under paid compared to their working hours.

Attitude to foreign products and services was an international threat to the sportswear companies and their great range of investment.

Buying factor affiliated with brand name and fashion trends. More for leisure. Best promulgation sold more and setting of role models.

Technological Factors:

Technology access, licensing, patents.

Technology changes allowed products and services to be made cheaply; lumping together better standard of quality.

Other businesses exhibited more innovation in products and service attracting interest of consumers of all ages present in the market.

Offering benefits like low cost of production, abundant raw material, and a huge consumption market.

The factor offered a new system for the companies to inform and communicate with the consumers.

Strategic Tools and Objectives

Nike, India research and development team, this year has come up with an innovative product; a casual wear for youth, unlikely to other foot wears this product is going to be a revolution in the market as it will be targeting the youth need for a contented yet trendy wear.

3. 1) Boston Group Product Portfolio Matrix

Like Ansoff Growth Matrix, Boston Group Product Portfolio is a significant contribution to strategic management. A continuous strategic tool used by companies to analyse the market and achieve its aim and objective. Nike can get aid in measuring its business according to relative market share and market growth components.

It is the most simplistic format in various ways and it has its own limitations that can be considered accordingly. Nike should be following this strategic planning tool to put each product in the portfolio (range) consequently; also putting its rival's product to provide relative the market share.

The Boston Matrix

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HIGH

LOW

Relative Market Share

Dogs:

The low shares with low growth products on the portfolio, highlight the risk of less cash generation, frequently resulting in loss. Thus, it gives a signal to Nike that such products should be removed immediately to sustain its market image and focus on more profitable aspects. Nike's aim and objective can be achieved if the strategy is followed accurately to abolish products that can harm its image. If Nike does not stand strong for the product the scenario can be its takeover.

Cash Cows:

Unlike any other business, Nike's objective is also to earn more from the resource in which it invests. The cash cow is considered to be reflective to low growth market with high share i. e. if Nike is applying the Boston Matrix strategy it will benefit if it targets the low growth markets where it is more likely to be the most highly profitable leader and might help the company to buy other businesses for further growth, or it can return dividends to its stockholders without paying anything from their budget.

Question Mark:

Nike, mandate to its approach to become market leaders has to consider high growth markets and its products offered there, as some of the products might result into a question mark in terms to their cash generation. Nike aims cannot ignore products that consume resources and generate less in return. The Boston Matrix analytical behaviour can elevate attention towards such products as they can ruin the progression of the company and the statistical graph of the business growth.

Stars:

Boston Matrix quadrant features stars; to be known as a business with high relative market share in high-growth markets is very important because this will help to generate a high level of sales and highly profitable. However, as their perspective is to be in a high growth market, it is an attraction to competitors, thus a lot of resources and investments shall be required to maintain a high market share. Nike's cash generated by stars will help them to reinvest in the products in order to maintain market share.

All four quadrants of Boston Matrix are concomitant. Nike is successive if it works within the quadrant and it supports question marks and dogs from the cash cows making its equivalent.

3. 2) Ansoff's Growth Matrix

As a Marketing assistant, there are some planning tools that need to be considered in achieving the objectives and strategic success in the particular country. Firstly, the Ansoff's Growth Matrix to help business frame the product-based market entry strategies based on existing and new products; furthermore, to classify markets into existing and new markets. One of the main purposes of Ansoff's Growth Matrix is to alleviate the product's arrangement and market entry based risks. Different types of strategies adopted by a firm based on the categorization of the products and the markets are discussed.

ANSOFF's GROWTH MATRIX

Existing

Products

New

Products

Existing

Markets

Product Development

Market Penetration

New

Markets

Diversification

Market Development

Market Penetration:

Respective to the product, Nike needs to focus on ways to keep sales for the brand increasing using a less risky market penetration strategy; i. e. selling existing product in existing market. The strategy will help to increase frequency of purchase on myriad occasion; this means that the consumers have their interest consistent in existing products at all times. Selling product to a non-consumer and a non-buyer, is a challenge, this approach will assist to come in contact with people who either buy the product but doesn't go for the brand or who actually don't buy any product category at all. Exacting to vivacious options like price reduction; expand distribution in

the market, promulgation or campaigning, will not only attract usual consumers but also non-buyers.

Market Development:

It is highly recommended to understand that market potential must change for market development. In certain scenarios, this strategy can go wrong; Nike needs to understand the psychology of consumers. India's population is increasing tremendously, thus it will result beneficial to work out strategy, as this location is idyllic for expansion of potential market through new users. Hence the location is ideal in matter of geographic, demographic or new institutional segments; Nike can expand its sales through new uses of the product. For instance, it can open a franchise in a favourable location to sell products to more consumers.

Product Development:

Working on this strategy; will be an achievement for the growth of the product with a hope to have an increase in sales. As Nike plans the casual wear to enhance brand extension, with new qualities and technologies; the strategy shall provide guidelines to be of distinctive identity, concentrating for the look and what the youth expects from the product is comfort; making sure that all the segments are favourable of that market of current consumers as it should not do cannibalization of the original brand name. Indeed consumers will continue buying the existing products.

Diversification:

Product diversification is referenced to be the most risky of the four strategies; developing new customer base, any modification of the product serving as an expansion to market potentials is Diversification. It might help Nike and its new casual wear product in proposing a 'new' market with new consumers; classified as the youth that has been a non-buyer or had different choices. Nike will find it advantageous as it will be leading to their objective of product extension keeping its brand name. Thus, this will increase the market potentials from their previously-defined athletic shoe market to athletes plus casual.

Market Segmentation

Market segmentation reflects the relationship needs of the parties with a different price for the services. It comprises the criteria of being distinctive, homogeneous and similar responding to a market stimulus.

The three segmentations of consumer criteria are behavioural, psychological and profile. The consumer profile has further segments like geographic, demographic and socio-economics.

Geo-Demographic Segmentation Approach

Nike operates in more than 45 countries and has different strategic approach of marketing mix for all of them; provides services' making sure every segment is well expended. In this task geo-demographic approach in UK football market would be discussed as how expedient this will result for Nike.

Conclusion and Recommendations:

Provided to the target market's precise needs in fields of sports, fashion and lifestyle, Nike will be able to widen its consumer base and generate more

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revenue satisfying all the stake holders. This is done by closely monitoring the implementation of the proposed marketing and development strategies. There have also been management issues like poor labour in the past, and Nike should strive to face these issues preventing the occurrence of such by dealing with all first-tier and sub tier suppliers directly. As a company being socially responsible, a quick response to emerging issues should also be consistently done.

I would recommend Nike should bring its products price down; the business can expand more by targeting the masses that can't afford due to the high price. Further, Nike needs to exert on branding. This will encourage them to build a better reputation.