

Nike in brazil: a host country view

Countries



Negative effects of Nike from Brazil's point of view Brazil is rapidly privatizing many industries and its attitude toward a free market economy has changed significantly in the past 10 years. However, it seems the country still has a perception that often times associates capitalism with "greedy" developed countries. If the opinion of Brazil's president is a reflection of how some of its people feel this is certainly the case. In 2008, Brazil's president lambasted US corporations and the US government for "infecting his nation with problems that were not of its making (The New York Times, 2008). This attitude seems to have created some problems for Brazilians in terms of their view of Nike. The kind of leverage and control that such a large company can exert on football in the country is huge. This issue was thrown into the light when in 1998 the Brazilian national team lost in the World Cup finals to France. Earlier on in the year, Nike had invested a record amount (\$200 million US) for the right to sponsor the Brazilian national team in the World Cup.

As a requisite for sponsorship, Nike demanded that the team play an inordinate amount of exhibition games leading up to the event. Many Brazilians, including Brazilian football legend Pele (who filed a lawsuit against Nike), still blame Nike for Brazil's loss. They claim that the unusual number of exhibition games tired the players out. Similarly, another interesting problem is Nike's effect on competition in Brazil. Nike's recent acquisition of UK sporting wear company Umbro allowed it to eclipse Adidas as the biggest brand in the world of football (The Financial Times, 2007).

This is particularly troubling for Brazilian retailers, who worry about the concentration of brands between two large Multi-Nationals and the effect this

might have on their business. Lastly, as with many interactions between MNC's and developing countries environmental issues have been a problem. Brazil is a massive supplier of leather used for products like Nike shoes. However, much of the cattle that the leather comes from graze on what was once Amazon rain forest. A host of Brazilian ranchers have clear-cut entire swaths of rainforest in an attempt to make room for more cattle.

This goes against Brazil's need to preserve what is arguably its most precious natural resource (The Ends Report, 2009). In future business interactions, Nike needs to be weary of using tactics that could be perceived by the Brazilian people as greedy, dominating, or imperialistic. Such tactics may erode trust within the Brazilian population and could turn out to be a bigger PR headache than they are worth. Advantages of having Nike in Brazil from Brazil's point of view On the other hand, the fact that Nike is such a large and powerful company can have its benefits for the Brazilian people.

With its enormous buying capability Nike can actually shift the way products are produced in some countries by pressuring suppliers. As was discussed earlier, Nike has been using leather procured from suppliers who have clear-cut forests in order to make room for their cattle. However, in August of last year, Nike along with help from Greenpeace enacted a set of regulations that all its suppliers must follow. The policies included a rule against clear-cutting, as well as other important environmental conventions.

It seems that where there are problems between Brazil and Nike, there are also opportunities (The Ends Report, 2009). Programs like this are exactly what Nike needs. Not only do they foster trust and goodwill, they also

facilitate much needed changes in Brazil. Without Nike the changes in the Brazilian leather industry might be difficult to encourage. The cattle lobby in Brazil is well funded and has many political ties making initiatives that may affect productivity hard to pass. However, it seems that environmentally conscious Brazilians have found a solution and a partner in Nike.

In addition, Nike also decided to make its entire 2010 World Cup kit (a collection of football clothing) out of recycled bottles. This initiative took 13 million plastic bottles out of landfills. Furthermore, the Nike project created an association between Brazil and sustainability that will be seen all over the world (Al-Bawaba Reporters, 2010). Lastly, in recent years Nike has invested enormous amounts of money in the Brazilian football infrastructure. Nike is one of the chief supporters of the Brazilian Football Confederation and has extended its contract with this association until 2018.

In addition, Nike also sponsors all three of the largest football teams in the country (Sports Marketing Quarterly, 2006). This reflects a direct commitment to improving and fostering football in Brazil. The support of such a large sporting powerhouse seems to have had some positive effects on Brazil in terms of their attractiveness as a host for future events. In the past year, Brazil secured the 2014 world cup. This event is extremely lucrative for local vendors (among other parties) and will allow Brazil to display its incredible culture on a worldwide scale. Bibliography