

Nike strengths and weaknesses



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Nike Incorporation is the worlds leading sporting goods manufacturer. The company produces the sports goods all-encompassing: clothing, footwear, sports equipment and so on.

The company headquartered in Beaverton, Oregon. Nike with its impressive performance impresses its founder; Bill Bowerman once said the sentence: “As long as you have a body, you are world athletes, and Nike will continue to develop grow.”

Before the company became Nike, the original name of the company is Blue Ribbon Sports on January 25, 1964. The company then officially became Nike Inc. on May 30, 1978.

Nike has been provided the best products to every athlete around the world. The language of movement is the Nike language. The company committed always to create every chance to show themselves after three years. Nike knows: The best products are only produced by the use of advanced technology. So, by the way, Nike sacrifices much manpower and material resources for the research and development of new products.

Years ago, a lot of high potential athletes and sports teams around the world have been sponsored by Nike. The Swoosh logo and trademarks of “Just Do It” are highly recognized.

Nike – Nature of the Business

NIKE, Inc. is a worldwide marketing which engaged in development and design for footwear, equipment and accessory products. It is approximately 18, 000 retail accounts by sells its products in the United States. Nearly 200

countries are through a combination of independent distributors, licensees and subsidiaries. Although a few of the products are worn for leisure purposes, NIKE's athletic footwear products are still in specific designed for athletic use.

All equipments for men, women and children have been designed and created by the company. Either is indoor or outdoor activities, NIKE have a good market shoes or clothes such as tennis, golf, football, volleyball, wrestling, aquatic activities, hiking and others. Active sports apparel like most of these categories are sold by NIKE, for athletically lifestyle inspired apparel.

Objective of the Nike

Nikes main objective is to build up all athletes of every different of level of ability to their potential with advance the products. Indeed, it is to create job chances for provide value in its shareholders apart from the competition.

Besides that, their aim also is to maintain the costs down which driven by the intense competition. By the way, a lot of other companies also operate these low-wage countries within the athletics industry according on cost reason. Because of difficulty due to less developed countries, their ability is easily moved to become economically dependent on the corporations.

Strategies of Nike

There are four main categories of strategies of Nike to continue develop growth in this along the years. They are financial perspective, customer perspective, internal perspective, and learning & growth perspective.

Financial Perspective

- Growth strategy
- Focus on Emerging Markets (i. e. BRIC)
- Products in new niche activities
- New customer segments
- Productivity strategy
- Increase Asset Utilization : increase employee by 5%
- Reduce Operational Cost

Customer Perspective

- Maintain Product Leadership
- Provide high quality & innovative products
- Improve Customer Relationship and Service
- Launch 250-300 Nike retail outlets in next three years
- Improve image
- “ Nike Community” for welfare manufacturing workers
- Align incentives of workers

Internal Perspective

- Follow “ Cost Out” strategy
- Reduce marketing spent
- 11% of revenue only, focus on local sport heroes
- Integrate New Segments & Markets and their attributes with current processes like customer
- Improve Innovation Cycle
- With smarter and more intelligent customer feedback mechanisms through e-channels

- Implement CSR
- Expand its alliance with other non-profit organizations to work together

Learning & Growth Perspective

- Retain and Train key employees
- Ensure attrition rate is between 2-3%
- Improve IT Assets
- Enhance CRM, e-channel, social media platform
- Invests 2-2.5% Rev in IT Systems
- Create a customer centric culture
- Executive team to provide a strong and visionary leadership

Targeting Market

Nike's targeting market is for those who like the higher quality sporting goods, especially footwear. Hence, the company put effort on leadership training, creating premium consumer experiences on product innovation and elevated retail presence.

Nike also target market for males and females such as their shoes, clothes, and other accessories, especially among 18 and 35 years old. Nike Company has expanded and dominated in the international market.

Size of Nike Company

The size or range of the Nike Company is increases throughout the years.

The total number of employees of Nike Company is about 38000 people around the world. In 2009, the company had a net income of around \$1.49 billion. They have offices in 45 different countries. Besides that, the number of Nike stores globally is 700 around the world.

Types of products sold

Nike Company has a wide range of sports equipment. The first products that Nike produce is track running shoes.

Besides that, Nike also offers a range of shoes for sports like golf, soccer, basketball, baseball, squash, bicycling, volleyball, cheerleading, hiking and others. Moreover, some manufacture clothes such as running clothes, tennis clothes, basketball clothes, socks, hand groves, skates, hockey, caps, and others more small accessories.

Nike brand, athletic shoes Nike brand, Tennis(Girls' shorts)

Services

Nike Company has a great service which known as NIKEiD. It is a service that allowing customers to customize the products purchased from Nike. It must be through the online purchased.

Besides that, The NIKEiD studios give customers have a great personal experience to work with. For iPhone and iPod Touch was released from the NIKEiD App on the iTunes App Store on 14 October 2009 to allow users to search products.

Nike PhotoiD service is by taking picture or image with their mobile and sends to Nike so that new software designed will analyze the image, and then based on it designing a shoe. After that, an image of their desired shoe will be received by the customer. Lastly, they can choose to save the image or purchase the new design.

Strengths and weaknesses of Nike

Strengths

- **Brand recognition**
- **High product quality**
- **Effective marketing strategy**
- **Capacity of innovation**
- **Strong distribution chain**
- **Strong R&D**
- **Strong customer relationship**

Weaknesses

- Overseas manufacturing dependency
- Decreasing United States market share
- High product price compared to Adidas
- Currency exposure
- Medium retail presence

Competitors

Adidas is the major competitor to Nike Company. Adidas is about to launch a new innovative campaign praising the Team Spirit in sports. Any company that produces athletic footwear or athletic apparel is a competitor to Nike such as Puma, Reebok(now is owned by Adidas), Asics, Under Armour, and so on. However, according to graph below, Nike Company is the best sells compete with others.

Financial Model of Nike

Nike Company's revenues had reached at around \$9 billion since year 1997. Almost \$800 million net income had decrease to \$580 million. However, from 48% of market share in US athletic shoes in year 1997 had decrease to 42% in year 2000. Revenue has been affected negatively by an adverse effect of a strong dollar.

The management is worried about the rate of growth and operating results. The company would produce more shoes products that Nike had look forward on this recent years.

The company had tried to increase its apparel line. To control expense, the company has planned to exert more effort. Revenue growth target in long term is 8% – 10%, while earnings growth target is 15%.

Financial model used can control the expenses and income wisely and organized. A lot of company had their own financial model to achieve its own best results. Nike Company had a great performance until today is depend on its financial control. Although the company had weaknesses of its financial model, its own strengths still can overcome its weaknesses. That's why the Nike Company still can stand stable at No. 1 world best sales.

Recommendation

At the end, I suggest that the customers should choose the best quality rather than poor quality. This is because basically the quality will determine the lifespan of a product. In addition, the products of Nike Company had been trusted by the customers over the world. Therefore, choose your best quality partner to live with your daily life is a best decision.

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Conclusion

As a conclusion, Nike Inc. is a main company in competition. It has improving our own financial performance continuously from equipping athletes with the greatest sports equipment around the world. Nike dominates all competitors.

Phil Knight and Bill Bowerman never imagined that what degree their \$500 investments would yield from year 1962 to 2000. Today, Nike still engages on this principle today. It helps athletes and stakeholders alike to recognize athletic and financial greatness. Lastly, Nike Company will continue develop their product line to become a stronger global brand.