

# Environmental scan of amazon and nike essay sample

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



In today's businesses e-commerce is becomingly more effective in the modern world. Two major companies stand out, one solely relying on online business and the other both store and online services. Most individuals are familiar with these companies, Amazon and Nike. Both of these companies carry strong points in their own right, and as demand for their products grows, so does opportunity. Amazon was once very plain and unattractive but was still the primary bookseller for consumers on the Web, and Nike was a small growing firm that made athletic shoes imported from Japan, making its presence in the American market.

Today, however with the introduction of PESTEL Analysis, managers have been able to make effective decisions for their organizations. PESTEL Analysis permits a business to conduct an, " analysis of four external factors that may impact the performance of the organization. These factors are: Political, Economic, Social, and Technological" (CBS Business Network, 2011). Amazon has used these factors capitalizing on their strengths to threaten their expanding market. For example, through a technological point of view, telecommunications technologies for the Internet have been increasing giving consumers the ability to shop from their home computers, laptops, and cell phones. This is relevance to Amazon because it increases the frequency of use and sources for Internet by online shoppers.

Amazon has integrated cloud computing into their business strategy, providing them the adaptation with the technology and cultural transitions. Cloud Computing gives individuals the ability to access applications at any moment, " having every piece of data you need for every aspect of your life

at your fingertips and ready for use” (PC Magazine, 2011). Amazon has been looking to improve internally with the use of their cloud computing market to enhance their web services attracting more consumers to their website, “ Amazon Web Services wants to be the data center for the world” (Bloomberg, 2011). The strategy of Amazon in cloud computing is to influence consumers its huge databases and internal research and development strengths offering powerful tools, “ When cloud computing is adopted by an organization, they will find themselves thrown into the pool with the rest of the online world in many ways” (ZD Net, 2011).

Nike another leader in its market, founded in 1962 by Bill Bowerman and Phil Knight. What started out as a distributor of Japanese athletic shoes to American consumers later became a traditional and non-traditional distributor for more than 100 countries targeting its primary market regions: United States, Europe, Asia Pacific, and the Americas (Seeking Alpha, 2011).

Unfortunately, one major factor that Nike has fallen toward criticism through outside external forces is their share of problems with labor and factory conditions resulting in bad publicity and declining sales. Consumers believe that Nike, Inc. has a social responsibility as a company to fix situations such as labor and factory conditions.

Nike lays numerous amounts of strategies to target their consumers, athletes, and sportsmen. Nike strives on brand image, its association with a unique logo and slogan “ Just do it” helps popularize their image worldwide in all areas of sport and fashion. Nike’s marketing strategy consists of brand

image, Nike's website, customer preference, and product differentiation, which helps them separate themselves from competitors. They target the best professional athletes and athletic teams, giving Nike the ability to reach a large amount of athletes. Following their technique in promoting their image, Nike applies its products by associating success with product. For example, when an athletic team or athlete sponsors Nike's brand of athletic shoes, the brand will be paired with a success story. This form of marketing can be described as brand positioning or brand architecture.

Brand positioning can be best described as a motivational reason to buy one's product over others, " is guided, directed and delivered by the brand's benefits/reasons to buy; and it focuses at all points of contact with the consumer" (Management study guide, 2011). Nike creates value and sustains competitive advantage over other competitors with this technique because image is a big factor in today's markets, a large number of consumers are likely to develop product intimacy; those who care more about the quality rather than the price. This takes us to Nike's price strategy, which they target consumers who focus more on product intimacy and care less about the price. Giving Nike the advantage over other competitors setting higher prices for its products; consumers who believe a product to be of high quality are prone to pay a higher price.

Apart from marketing strategies Nike has embellished on the expanding market of technology. In efforts to collaborate with issues of climate change in business the challenges and opportunities that growing organizations seek, Nike has designed a tool to advert such issues. They released a version

of their Environmental Apparel Design Tool back in December 2010 in hopes that companies would use it and build from it. In efforts to stay competitive within their market and sustain leadership of sports apparels, Nike has given designers this tool to gather information on their designs at earlier stages of production, “ constantly giving them feedback and educating them on how to make better choices” (Bardelline, 2010). This sets Nike apart giving the organization a competitive advantage.

## CONCLUSION

In this rising market, measurement guidelines are tough to come by. Organizations can calculate market share and profitability to help measure their successes, but it can a bit difficult at times to compare. Nike is the larger company among the two, and looking at profitability it overshadows Amazons. Although Amazon continues to move forward, and its brand recognition and customer loyalty is strong. Using profit as a measurement guideline could be effective, but companies will need to keep track of different market segments to ensure they are not accepting less than the best outcome. Both company's have their strengths and advantages within their markets, Amazon leaders of e-commerce and Nike leaders of brand positioning to market its products. Whatever the future brings, it is clear that these two strong brands will continue their traditional core businesses techniques in search of additional lines of business.

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