

Informative essay on nike case study

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



Profile: Nike is a cooperation which sells clothing, footwear, sportswear, and sport equipment. Through many retail stores and various distributors, the company sells products to more than 170 countries including the USA, Europe, Middle East, Africa and Asia Pacific (Datamonitor, 2012). Nike is headquartered in Beaverton, Oregon, USA; it is the top supplier of athletic shoes and apparel and is one of the top manufacturers of sports equipment, with revenue in excess of \$20. 862 million in FY ended May, 2011 (Datamonitor, 2012).

Based on geography regions, revenues are generated by Nike through six main regions: North America accounted for 42. 1% of sales, followed by Western Europe (21. 1%), Emerging Markets (15. 2%), Greater China (11. 5%), Central and East Europe (5. 7%); and Japan (4. 3%) (Datamonitor, 2012). Also, Nike is facing with strong competition from Adidas at present. According to James (2012), Nike has 18% market share of the United Kingdom's markets while Adidas has only 15%. Origins and Key Developments According to Datamonitor (2012), Nike was established in 1964 by Phil Knight and Bill Bowerman.

At the beginning, Nike was known as Blue Ribbon Sports which sold Tiger shoes. At that time, Knight shook hand with the Onitsuka Co in Japan in order to mass-produce products. In 1971, Knight and Bowerman planned to change their company from a footwear distributor to a company designs and manufactures athletic shoes. The name “ Nike” was created in 1972 and the brand mark was designed by a student at Portland State University. The mid-1980s was a period of transition when Nike had made a wrong aerobics

boom calculation which gave chances for other competitors to develop their businesses.

Fortunately, in 1985, new ideas in a signature shoe for National Basketball Association from Michael Jordan helped Nike improve their performance. By the end of the 1980s, Nike has finished their IPO and became a publicly traded company. At this time, Nike focused on advertising to attract more customers and differentiate themselves from competitors. The 1990s saw the rapid expansion of Nike since there are many Nike's stores around the US and internationally. By the middle of the 1990s, Nike concentrated on sponsorship to make the company become well-known.

In 2000, Nike created a new innovation called “ Nike Shox” and focused on the “ Secret Tournament” marketing campaign in 2002. They are continuing to focus on innovative and marketing to differentiate themselves from competitors (Nike, 2012). SWOT Analysis According to Datamonitor (2012), the first of three Nike's strengths is the market position with strong brand equity. The company became the leader in most of sport's product segmentation. As a result, their global footwear market share increases from 14% in 2006 to 16% in 2009 (Datamonitor, 2012). In 2011, Nike's brand value achieved \$14. 28 million (Forbes, 2011). Secondly, Datamonitor (2012) pointed out that Nike concentrates on technical innovation and cooperates with other famous companies to create a new range of products. The company is carrying out research to give advisories to athletic, coaches and trainers on effective designs, light materials and develops functions of products. Furthermore, Nike has built the relationship with Apple and has created a product for Apple's users called Nike+ GPS. Nike+ GPS lets users

track their pace, distance, time and calories-burned through their Iphone or Ipod (Nike, 2012).

Consequently, many Apple's users buy Nike footwear to discover this function on their devices. Finally, Nike has a world-wide distribution channel. They sell their products by means of Nike-owned stores and a mix of independent distributors and licenses around the world. In term of weaknesses, Nike depends too much on third party manufacturers in Asia, such as: vietnam, China, Malaysia, Sri Lanka, Turkey and Indonesia to decrease the costs of production (Datamonitor, 2012). As a result, Nike has not much control of the product quality.

For example, Renonvpilaw (2005) reports that Nike took back about 9, 000 units of Nike Get-Go and Little Get-Go children's athletic shoes which were produced in Indonesia in 2005. Thus, this event makes some impacts on Nike's image. Nike also has some opportunities to develop the business. First of all, the development of India's economics within the remove restriction on foreign investment from government make India becomes an attractive market for foreign companies. Datamonitor (2012) shows that the footwear market in India increased 9. 2% and achieved at \$4, 104. million in 2009. Another opportunity is the rapid development of the global footwear market. According to Datamonitor (2012), the global footwear market rose by 2. 6% and reached \$196. 3 billion in 2009 and will achieve \$230. 8 billion in 2014. The main threats that Nike is dealing with are the intense competition from Adidas in the international market. Moreover, in the US market, the company has to face cheaper imported footwear from Asia; especially China. It will

have some effect on the price of Nike's products and influence revenues of the company.

In addition, according to BBC News (2009), there are about 8, 000 pairs of counterfeit sports shoes from China imported to UK per month. It affects not only Nike's revenues but also the image of company. Evaluation In spite of depending too much on third parties, there is evidence that Nike will try to tighten management in third party factories. Nike will reinforce inspectors and send them to different factories on the world (BBC News, 2008). These staff will ensure the product is produced following the right standards. Beside that, there are signs which show that Nike will develop well in India.

According to Nike (2012), Nike wrested the rights to become the official kit sponsor for the India cricket team from 2010 to 2015. By this way, they will become famous in India since Indian is a crazy cricket fan. For another, in order to maintain the market leader position, it depends on Nike's ability to increase innovation and sponsorship to compete with Adidas. Lee and Aiken (2010: 250) report that Nike will investigate into High School League in Taiwan to develop a long term relationship between a company and young customer public events.

Thus, Nike will continue to get feedback as well as works on research projects directly with customers, to get experiences in order to innovate their products (Ramaswamy, 2008: 11). Finally, Nike will establish the relationship with the police in some countries to avoid counterfeit goods. In Croatia, Nike and Police cooperate together to find out counterfeit goods (Williamette Week, 2011). To summarize, Nike will has chances to develop the company if they continue to maintain the market leader position in term of innovation,

taking advantage of sponsorship and having solutions to prevent the development of counterfeit goods.

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