

Nike business strategy and operating environment marketing essay



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Nike Corporation is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. Virtually all Nike products are manufactured by independent contract manufacturers, many of whom produce for other globally recognized brands. Most Nike products are made outside the United States. Nike corporation includes the following wholly owned subsidiaries, based in the United States: Cole Han Holdings, Inc., based in Maine, sells dress and casual footwear and accessories for men and women under the brand names of Cole Han Series; Bauer Nike Hockey, based in New Hampshire, manufactures and distributes hockey ice skates, apparel and equipment, as well as equipment for in-line skating, and street and roller hockey; Hurley International LLC, based in California, designs and distributes a line of action sports apparel for surfing, skateboarding and snowboarding, and youth lifestyle apparel and footwear; Nike IHM, Inc., based in Oregon, makes AIR-SOLE cushioning components used in Nike footwear products and sells small amounts of various plastic products to other manufacturers; Converse Inc., based in Massachusetts, designs and distributes athletic and casual footwear, apparel, and accessories; Exeter Brands Group LLC, based in New York, includes the Starter, Team Starter, and Asphalt brand names and is the master licensee of the Shaq and Dunkman brands (Landrum, 2000b). In the United States, Nike sells to approximately 28, 000 retail accounts. During fiscal year 2008, their three largest customers accounted for approximately 23 percent of total sales in the United States. Outside the United States, they sell their products in over 120 countries through retail accounts, independent distributors, licensees, subsidiaries and branch offices. They estimate that they sell to more than <https://assignbuster.com/nike-business-strategy-and-operating-environment-marketing-essay/>

23, 000 retail accounts outside the United States, excluding sales by independent distributors and licensees. Nike's three largest customers outside of the United States accounted for approximately 13 percent of non-U. S. sales (Landrum, 2000b).

The overall corporate strategy of Nike is usually focused on giving value to their shareholders, consumers, suppliers, employees and the community. Nike has managed to achieve this by continuing to focus on their mission: To bring inspiration and innovation to every athlete in the world and according to Nike co-founder Bill Bowerman, if you have a body, you are an athlete. To this end, Nike as a company have been building their capability to: deepen their relationship with consumers, deliver superior, innovative products to the marketplace, make their supply chain a competitive advantage, through discipline and excellence, accelerate growth through focused execution, In each case, they see that corporate responsibility dovetails with these larger corporate goals, building trust around their corporate responsibility initiatives can increase loyalty among existing customers, rebuild trust with old ones, and introduce us to new communities; according to their environment side, their focus on sustainable product innovation is slowly becoming evident on retail shelves.

Over time, they can consider how they engage customers about the new value embedded in these products; Understanding the complexities of environmental and social issues is key to supply chain excellence; focused execution is best achieved not in isolated pockets, but across the board. It is a belief of Nike that they will improve other business systems by improving their systems in corporate responsibility and, although not proven, a strong

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corporate responsibility program is an indicator of strong overall corporate management (Landrum, 2000b).

Corporate Responsibility Strategy

The approach of the corporate responsibility of Nike follows a set of clearly identified steps: Understand issues and impacts, set long-term strategy and targets, drive business integration and align incentives, drive industry change through multi-stakeholder partnerships and measure their performance. In performing their self-assessment across the breadth of corporate responsibility efforts, they have gained a fuller understanding of their impacts and the issues they face as a business. They also recognize that they need to do more work to understand the overall global corporate responsibility impacts of their business. Research is frequently regional or product specific and no centralized mechanism for sharing this information currently exist (Landrum, 2000b).

Set long-term corporate responsibility goals based on their understanding of their issues and impacts, they usually set three goals that reflect where they believe they can have the greatest effect on their business and on the world around us. Their three corporate responsibility goals include the following:

To effect positive, systemic change in working conditions within the foot wear, apparel and equipment industries

To create innovative and sustainable products

To use sport as a tool for positive social change, and campaigning to turn sport and physical activity into a fundamental right for every young person (Landrum, 2000b).

Over the past decade they have primarily focused on compliance-related issues, and often in a state of continuous crisis. In regards to the environment and community, innovations have continued to emerge from across the company, but often without the benefit of a comprehensive and coordinated plan. Therefore setting focused, strategic goals is new to their team as they will as a key challenge for them going forward. In setting three corporate responsibility goals for the company, they must focus even if that means letting go of good programs currently in existence (Landrum, 2000a).

Drive Business Integration and Align Incentives

Within Nike, work often unfolds in silos – with business units sharing information vertically within their unit, but not horizontally across the company. Social and environmental expertise is often confined within their corporate responsibility team. In the past, a degree of separation has existed between CR and the rest of the company. While product teams are aware of their corporate responsibility goals and support them, their performance is judged in ways that have little to do with corporate responsibility. For example, if a product team misses cost estimates, they hear about it from managers who want to know why it happened or what can be learned from the experience. If the same product team selects factories with low compliance scores, their CR team would hear about it, but the business unit might not be aware of the problem. The steps they're taking to change this

are a central, component to their long-term strategy for FY05 and beyond. They will focus on integrating CR into strategic plans and building accountability for their CR objectives (Landrum, 2000a).

Training and Education

While remediation focuses on addressing specific findings of non-compliance, training enables them to build their capacity and that of contract factories to implement and sustain improvements. Where technical assistance is needed, including interpretation of standards or issues, members of the Nike compliance team may visit the factory and provide the necessary support. The team which also provides generalized training, or makes it available through outside resources so as to raise factory team competencies and capacities to self-manage labor, environment, safety and health. A global effort to raise factory awareness of labor, law and Nike standards, often involving local labor experts, parallel global effort to raise factory awareness of environment, safety and health (ESH) management, focusing on committees, building their own staff competency need to be incorporated in the Nike corporation (Landrum, 2000a).