

# Marketing analysis of nike

[Business](#), [Marketing](#)



## **Nike**

Nike is one of the famous franchises in the world that sells sportswear for all ages. But is mostly famous for their athlete shoes and apparel and Nike is also one of the major manufacturers of sport equipment as well. The slogan for Nike is “ Just Do It”. Nike was founded in January 1962 in Oregon, United States by Philip Knight and Bill Bowerman. The company first worked as a shoe distributor for the Japanese shoemaker Onitsuka Tiger. The company was originally known as Blue Ribbon Sports but it officially changed its name to ‘ Nike’ in 1978. The company has taken the name of Nike from the Greek goddess of victory. By 1966 Blue Ribbon Sports had grown very quickly and they opened their very first retail outlet in Santa Monica, California on the Pico Boulevard. By the end of 1971 the relationship between the Blue Ribbon Sports and the Japanese shoe maker was coming to an end and Blue Ribbon Sports decided to create its own footwear line, which now would carry the newly symbol of the swoosh. The first show that ever carried the design of swoosh was a football shoe called ‘ Nike’.

In 1980 the company had a 50% market share only in the United States shoe market and then the company decided to go public and it did by the end of that 1980’s December. Through the 80’s Nike decided to expand its product line so that the line would include many other sports like tennis, golf, baseball, cricket, badminton etc. all over the world. (Nike- The Official Site)

Nike has somewhere around 700 or more retail outlets spread all over the world, and has approximately 45 offices only outside the United States. And it employs 30, 000 people all over the world. Nike had a revenue excess of

\$16 billion in 2007. Nike's factories are mostly located in Asian countries like Pakistan, India, Malaysia, China, Indonesia, Philippines, Taiwan, Vietnam and Thailand.

### **Mission Statement**

The mission statement can be defined as a broadly stated definition of the company's basic business scope and operations, which distinguishes it from similar types of companies within the industry. The content of the mission statement mostly directed at the market of the company and its customers, it also identifies the desired goals and objectives of the company. There are some statements which describe the company's characteristics such as the corporate value of the company, the quality of the product, location of the company's outlets and facilities and sometimes the statement also identifies the company's attitude towards its employees and workers. And the mission statement also shows the company's philosophy along with the company's goals and objectives. It is due to the mission statement that the employees, customers, suppliers and stockholders know about the stated goals and objectives and the aim of the company. (Cravens, 2000)

The mission statement of Nike is to bring inspiration and innovation to all the athletes all over the world. It also believes that if a person has a body then he or she can be an athlete. The mission statements suggest that with their sportswear all the athletes all over the world would be inspired with the company's product and would play and enjoy their particular sport. The overall services and look of the company is targeted in such a way that would match the changing tastes and preferences of the customers of Nike worldwide. If the mission statement of the company is broken down in such a

way that it would clearly show the strategy Nike has applied in the recent years. The company's strategy plan has helped Nike to gain a competitive edge over its competitors like for example, Adidas and Reebok etc. (Nike Mission Statement)

The mission statement of the company remains essentially the same over the long-term it basically emphasizes the fact that to become the dominant market leader in the donuts and beverages retailing business one has to intercept the customer's needs and preferences and to change with time. Read how does Nike position their products in the marketplace

### **Market Segmentation**

It is important for companies like Nike to segment their markets. Market segmentation means dividing the market into distinctive groups of customers and buyers. These buyers have distinctive requirements such as different needs, characteristics or even have different buying behaviors and they might or might-not need require different kinds of products or marketing strategies. Companies like Nike are much focused on their efforts to meet the distinct needs of individual market segments.

### **Target Market**

Target market is a process where the company evaluates all the market segments and then chooses one or more segments which the company thinks is profitable, and then it enters that market segment. A company like Nike target segments like athletes and sports so that they can create the greatest customer value for its customers and also create profit and sustain the value and profit for a long period of time. And in the end large

companies like Nike eventually seek full market coverage, they want to be the General Motors of their industry.

### **S. W. O. T. Analysis**

SWOT analysis is the evaluation of the of a company's strengths, weaknesses, opportunities and threats. Once the company has performed its SWOT analysis, it can then proceed to develop specific goals for planning period. The SWOT analysis is used by the company so that the management of the company can see the impact it has on each possible strategic opportunity.

A company's strengths are its core competencies and resources in which it is one of the market or industry leaders. Nike's strengths are that the company is extremely competitive; the CEO of the company is often heard saying that business is a war without any bullets. Another strength of Nike is that it is a global brand and its logo i. e. The Swoosh. The logo of Nike is instantly recognized by people anywhere in the world. Another strength is the excellent brand awareness and a high quality image of Nike's products.

Weaknesses of the company are considered those areas, when the business of the company is compared to others in their own industry or market segments. Nike's weaknesses are that the company has a lot of products which are diversified and that the company is still heavily dependent upon its footwear. This leaves the company very vulnerable to market share erosion.

Opportunities can be classified according to the company's attractiveness and the success and profitability. Nike's opportunities are that the company's product development provides tons of opportunities for Nike.

And the brand of Nike itself creates a great deal of opportunities for the company like more sales of the company's products since people consider it as a fashion brand. And another opportunity for Nike is that to develop its own sportswear, sunglasses, jewellery and other accessories.

Threats can be described as the seriousness and profitability occurrence of the company. To deal with threats the company needs to prepare plans that show the changes the company can make before or during the occurrence of the threat. A threat that is faced by Nike is the environmental damage that is done to the society by air and water pollution, noises and change in the climate due to the pollution etc. Another threat to Nike is the issue of child labor and the sweat shop problem and the low wages of the workers in the company's factories. And lastly another threat to Nike is the international nature of the trade. (Nike Inc, SWOT)

### **Market Share**

Market share is defined as the company sales that are divided by the total sales of all the companies for specified product market. The market share can be calculated on the company's actual sales or even the sales that have been forecasted by the management of the company. The market share is mostly used by the company's management to foretell about the future sales and it also compares the company's product with other same competing products, in other words it tells about the market position of the product. It also may vary depending on the unit sales to price differences across competitors. (Kotler, 1997)

As we know that companies do not reveal how that company is doing regarding its major competitors. Therefore the management of the company

needs to track down its market share within the industry. The market share of any company is based on four measures, they are as follows:-

1. Overall market share: the company's overall market share is actually the sales that are expressed as a percentage of the whole market sales. There are two decisions that are considered important in this measure. The first one is based on the use of unit sales that help to express the market share of the company. The second one basically helps to define the total market of that product in our case would be the total market of furniture. As we know that Nike's share depends on different kinds of sportswear and equipment that are included in the market definition and if they are included in the market then Nike's market position would be a medium one.

2. Served market share: served market share of a company can be defined as the sales of the company's product, which is expressed in terms of percentage of the total sales. The served market comprises of the total number of buyers who are willing and able to buy a company's product. As we know that Nike produces its products at a reasonable and affordable price so that many people around the world can buy their products. A company should try to capture 100% of its served market but it should have a small share of the total furniture market. The company's first task is to own a largest share of the market in which they serve. As the company approaches this objective they should increase and add new served markets as well.

3. Relative market share: the company's relative market share to its top competitor expresses the sales as a percentage of the three largest competitor sales combined. In our case the major competitors of Nike are Adidas and Reebok. If the relative market share which is above 33%

therefore it is considered to be strong since Nike's in this case has a share of 47% its relative market share will be considered the strongest from its competitors. (The manufacturing practices of Nike and its competitors)

4. Relative market share (to leading competitor): there are some companies that track their shares as a percentage of their leading competitor's sales. If the relative market share is greater than 100% it indicates that the company as the leader in the market. And if the relative market share of a company is exactly 100% then the company is tied for the lead. If there is an increase in the company's relative market share it means that the company is moving ahead from its leading competitor and in our case, it would be Reebok.

### **The market share of Nike is as follows:-**

Why companies feel the need to increase their market share within the industry. The reasons that the companies want to increase their market share is based on the following: -

1. Economies of scale: means that if there is an increase in the volume of sales it can cause an advantage to the company in terms of cost.
2. Sales growth in a stagnant industry: it means when the company is not growing or developing, the company can still increase its market share through increasing the company's product sales.
3. Reputation: it means that with reputation the company can increase its market share and can make that company a leader in its perspective industry.



4. Increased bargaining power: it means that the leader in the industry has the most power when it comes to negotiating with the suppliers and channel members. (Increasing market share)

### **Marketing Plan**

The marketing plan of the company is that it is making sure that the consumers and the sportswear market are aware of the existence of Nike and to do that Nike has adopted marketing mix. Marketing mix can be defined as a set of tools for marketing purpose that the company uses, so that it can achieve its marketing goals and objectives in their targeted market. The marketing mix is also known as the 4P's. The 4Ps include the following:-

1. Product: product includes product variety, quality, design, features, brand name, packaging, sizes, services, warranties and return. Nike provides various products like shoes, sportswear and accessories and sports equipment. Such kinds of products other than shoes can provide a competitive advantage in the globally competitive marketplace.

2. Price: price includes list price, discounts, allowances, payment period and as well as credit terms for its customers. Nike has decided upon retail and discount etc. prices. The price of their product should match with the offer's perceived value, if it does not the buyers will turn to competitors products.

3. Promotion: promotion includes sales promotion, advertising, sales force, public relations, direct marketing and the company also uses its catalog for promoting of their products worldwide. Nike has to hire, train and

motivate salespeople; it has to set up communication and a promotion program, which includes advertising, sales promotion, public relations, direct marketing, institutional selling and online marketing.

4. Place: place would include channels, coverage, assortments, locations, inventory and transport. Nike must identify, recruit and link various marketing distributors who would supply Nike's products efficiently to their target market. It must understand the various types of retailers, wholesalers and physical distribution companies and how they make their decisions.  
(Marketing Mix)

## **Brand Strategy Decision**

A company has a lot of choices when it comes to brand strategy. But we are only going to discuss two of them line extension and brand extension.

The company can introduce line extensions i. e. existing brand name which is extended to new sizes, designs and so on in the existing product category. Therefore the line extension in Nike casual/fashion shoes in men's collection would include Nike Dunk High Retro Style Shoes, Nike Air Wildwood Shoes, and Nike Blazer Low Retro Style Shoes etc. (Nike Shoes)

The company can introduce brand extensions i. e. brand names that extend to new product categories. Therefore the brand extension in Nike would be its introduction of CommVest for mountain search and rescue programs.  
(Brand Extension)

## References

Brand extension (2005). Retrieved on 26th September'08 from ,

<https://assignbuster.com/marketing-analysis-of-nike/>

Cravens, D. W (2000), Strategic Marketing. New York: McGraw Hill

Increasing market share (n. d.), Retrieved on 26th September'08 from < [www. juststartups. com/growth-development/48/increasing-market-share. html](http://www.juststartups.com/growth-development/48/increasing-market-share.html)> ,

Kotler, P (1997), Marketing Management: analysis, planning, implementation and control. Prentice Hall

Marketing Mix (n. d.), Retrieved on 26th September'08 from < [www. netmba. com/marketing/mix/](http://www.netmba.com/marketing/mix/)> ,

Nike. com - official site (n. d.). >, Retrieved on 26th September'08 from < [www. nike. com/index. jhtml](http://www.nike.com/index.jhtml)

Nike Shoes- Shop authentic Nike air force 1 (n. d.). Retrieved on 26th September'08 from < [www. sneakerhead. com](http://www.sneakerhead.com)> ,

Nike Mission Statement (n. d.). Retrieved on 26th September'08 from < [www. samples-help. org. uk/mission-statements/nike-mission-statement. htm](http://www.samples-help.org.uk/mission-statements/nike-mission-statement.htm)> .

Nike Inc, SWOT (2008). Retrieved on 26th September'08 from,

The manufacturing practices of Nike and its competitors (n. d.). Retrieved on 26th September'08 from .