

Nike: a powerhouse essay



**ASSIGN
BUSTER**

Evaluate this statement. As far as I am concerned, I completely disagree with this statement and my claim has firm grounds. The reasons for holding this view are as follows. First and foremost, Nike had a huge success due to founders' hard work and endless devotion to their company. Knight and Borrower spared no effort to do their best, in order to satisfy their costumers' needs. Phil Knight (CEO and expounder of the company) was former athlete and knew what runners want and need from their shoes and due to this knowledge and excellent managerial skills he shaped a strategy addressed to their targeted customers.

The main goal of this strategy was to make products that meet their consumers needs best. The vivid example of management team's diligence and vigilance was that they were able to regain the first place in the market very quickly during harsh competition with Rebook. To my deep conviction, management team's great decision making ability and historical decisions made by them were the pledge of the company's success. The first important decision I would emphasize, was arrangement of their production in emerging or non developed countries.

That decision helped them to have low production costs due to cheap labor and low taxes. As a result, Nike was very price competitive in the market. The second great decision was diversification of products and their micromanaging. The latter led to differentiation of their products. Their convinced consumers that they don't sell just sneakers, but special sneakers. Their models were designed for different foot types, body weights, gender, running speeds, training schedules and skill levels. The next great decision

that positively impacted Nike's success was creating marketing bonds with celebrities.

Nike signed endorsements with well known celebrities from different sport spheres, such as Basketball, baseball, football, soccer, golf tennis and etc. One of Nike's best decisions during this campaign was signing Michael Jordan and Andre Gases as celebrity endorsers. Next, I would like to mention their receptive strategy towards big retailers. They knew that without exclusive relationships with big retailers the company wouldn't be able to get significant share in the market. The vivid example of that was a special relationship with Foot Locker which was the biggest sportswear retailer at that time.

Last but not least, Nike's creative slogan and logo also had a great role in their success. 2. In recent years, Nike has moved strongly to let on markets for running shoes in the Far East, particularly in China. Discuss how Nike might go about stimulating such underdeveloped markets. I think it is absolutely possible; moreover it would be the best strategy they can follow. The facts supporting this idea are depicted below. China is now one of the fastest developing economies in the world. During the last 40 years China's economy (GDP) has grown dramatically: over 91.9 times. In 2013 it was approximately \$9.2 trillion.

Purchasing power of China's GDP is approximately equal to the US's GDP which means that China is a market having a capacity of the US market. That is why I am sure that China is a great opportunity for Nike. Apart from this, most part of Nike's production is based on Asian countries, as well as in

China and in neighboring countries which means that transportation and distribution expenses are much less in those markets. That will help Nike to make its products cheaper and more accessible in that market than in the US and Europe. The next fact supporting this idea is nowadays growing globalization in all spheres.

China is involved in all world sports events which will help to have effective advertisement on international level. Apart from GAP, sport in China also has developed during recent years. There are a lot of sport celebrities (World and Olympic champions) in China who may endorse Nike. To cut it short, Chinese market is an ocean of growth opportunities. 3. How could anyone criticize Nike for signing up Aquilino O'Neal to a lucrative endorsement contract? Discuss. Nike's decision to use celebrity marketing could also be considered by the consumers as simply copycatting Nike which would not raise but decrease Reebok brand image.

Furthermore, choosing a celebrity to present the brand cuts both ways. Nike's way of picking the celebrity was either badly done or rushed as it ended up with a celebrity that did not manifest brand proposition. Maybe Aquilino was the best recruit of the year for the NBA but Shaq did not have Michael Jordan's charisma. Jordan was deemed to be an average height but talented player with endless skills and served as a role model for children while Shaq who just viewed as simply a strong and tall basketball player. 4. Given that all decision makers will sometimes make bad calls, how might the batting averages of correct decisions be improved?

Can they really be improved? In nowadays fast growing globalization, economic, industrial and information technologies century, nobody can predict future or entirely eliminate the risk of their decisions. I think in order to improve statistics of bad consequences of decisions; one should put his/her decision on firm grounds. I would recommend to base decisions on quantitative and qualitative analysis (Tablet , see Appendix). I think such method of decision making will mitigate the risk of having bad results. Apart from this, it is tremendously important to take into account past experience while making a decision. 5.

Do you think that athletic goods industry has limited potential? Or it is still a growth industry? Your opinions, and rationale, please. I am deeply convinced, that athletic goods industry has unlimited potential now and it will continue long years. For holding this idea I took into account Asian and African still unsaturated markets. For example, I am originally from Armenia (Armenia is located between South-East Europe and Asia) and sportswear is completely absent from our daily life, moreover only very little portion of population is engaged in daily sport activities, people there don't go to the Gym as often as in the US.

Leading a healthy life is not a part of our culture, but I think that good marketing will foster people to conduct healthy life, hence will open a new market for sportswear. Apart from Unsaturated markets, I think segmentation also will help sportswear producers to create new markets.

Hands-on Exercise 1 Philip Knight is concerned about the criticism of labor abuses in some of his Asian contractors. He fears that congress will enact

punitive and restrictive legislation. He charges you with getting to the heart of the problem and proposing remedies.

This will have to be done quickly since Knight has been ordered to appear before a Congressional committee in another month. Describe how you would proceed. At stake may be a promotion to vice president. I would recommend creating corporate responsibility division which will follow company's compliance to Corporate Social Responsibility standards. This division may create annual compliance reports. By implementing CARS campaign, Nikkei can persuade critics and all other interested parties its devotion to improving the working conditions.

Moreover, I think that it will help Nikkei to ensure harmony and pleasant atmosphere in the workplace. To implement the aforementioned suggestions Nikkei could carry out training courses for the employees having their focal point on how the latter can have their contribution to CARS efforts abroad. In addition, Nikkei could organize a charitable action during which domestic employees could raise money for community development projects as well as increase awareness of an issue which would be great assistance to Nikkei employees abroad.

Or they could just create a small group of employees to travel to a Nike's foreign factory and help out with diverse projects. I think it would be good to spread stories of employees helping each other as it would present Nikkei from a different perspective. A thorough research of the current environmental surroundings of each factory location can give Nikkei profound understanding as to how to minimize the influence on local

communities and environment. This will show Nike's concern over the living conditions of its employees abroad and not just its desire of improving its image. Appendix Table