

# Market leader in the sports clothing industry marketing essay



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Nike is widely recognized as the market leader in the sports clothing industry with good quality of its market share, profitability and universal reach . It was created by Phil Knight and his coach at Oregon University Bill Bowerman. Nike's goal then was to distribute low- cost, high-quality Japanese athletic shoes to American consumers . Nike maintains established and non-established distribution channels in more than 100 countries. Nike's targeting its main market regions: United States, Europe, Asia Pacific. Nike's utilize over 20, 000 retailers As a result, for the fiscal year end 2011, Nike's 20, 700 employees generated almost \$18. 8 billion in revenue.

## **Products**

Nike's prime product focus is the athletic footwear designed for particular- sport and leisure uses . Nike's also sell athletic clothing carrying the similar trademarks and brand names as many of Nike's footwear lines. Nike's most accepted product categories include the following: Running , Basketball , Cross-Training , Outdoor Activities , Tennis , Golf , Soccer , Baseball , Football , Bicycling , Volleyball , Wrestling , Cheerleading , Aquatic Activities , Auto Racing , Other athletic and leisure uses.

## **Mission Statement**

Nike's mission is to be improved than all others in the athletic industry. In order to retain position by providing excellence footwear, attire and equipment to traditions and individual consumers of all ages and lifestyles . To manufacture Nike's products straightforward available worldwide through the develop of retail outlets, mail order and Nike's company website.

## **Values Statement**

Nike always focuses its promise to all stakeholders by continuing to make steps towards being a company that sets the patterns in social responsibility. Nike is constantly making efforts to make sure that all employees and members of its surrounding communities are satisfied in a behavior that is in line with Nike's mission. Nike has through many alliances with human rights associations in an effort to guarantee Nike's rights for employees of the manufacturing overseas. They are devoted to treating Nike's employees with the greatest respect, which is revealed in Nike's recompense and human Resources Nike's the policies. Nicks also loyal to making sound decisions in regards to Nike's environment, and the scrap against pollution.

## **Long-term Corporate Objectives**

The following are Nike Inc.'s 5-Year long-term corporate objectives: Continue Nike's progress in stockholders' return on equity to achieve a 20. 0% return in 2010. This would be an raise of almost 6. 5% from 2011. Increase earnings per share to \$2. 70 per diluted share of 2008 in an overall effort to encourage the long-term resilience of Nike's stock's value. This would surpass Nike's 2007 record high.

## **Market Characteristics :-**

The athletic footwear industry is a demanding and immersed market. Severe competition, fashion trends, and price conscious consumers have considered growth in this industry. Manufacturers are struggling listless sales with primary new styles, along with offering more styles at lower price aims. Organizations are looking for new ways to increase sales by capitalizing on

direct Internet sales to customers. Therefore, companies with strong brands will progressively turn to international markets for development.

Customer and Customer Knowledge - In 1972, Nike proposed at positioning its product to the niche market of serious competitive athletes. As a result targeting and segmenting their markets for people aged in their 20's, which led Nike to focus on developing high recitation running shoes. They cooperative the customer's request and understanding with the existing technology and transform that into a knowledge based core competency. All together the Nike swoosh logo expanded attractiveness amongst athletes and Tele-adverts and so was fashion, which resulted in people impersonated their heroes and bought Nike more as a fashion statement. This helps Nike learn a lot about the perform Nike's s of the younger generation and realized that. As a result connecting them Nike today is the world leader in athletic footwear.

COMPETITOR : Reebok, in the conditions of their products, is not completely different from Nike. Reebok is concerned with the design and marketing of both athletic and non-athletic footwear and clothing, as well as other various fitness projects. Reebok's market share is an isolated third in the footwear industry at 11. 2% (compared to 30. 4% and 15. 5% for Nike and Adidas respectively). Reebok's financial position has been steadily slipping for a number of years. This is obvious in their declining stock price, which has reduced by over 80 percent in the last Nike's years.

## THE STRATEGIC PLAN

Grand Strategy : Nike Inc. Can develop the complete structured approach to select a grand strategy in carrying out beyond the corporate objectives. Nike has such a strong history of effective marketing in explanation global regions. Market development strategy for consideration due to Nike's capability to geographically raise Nike's product offerings. The strategies are very directly linked. To decide which would succeed in Nike's prevailing strategic position, Nike's evaluation criteria were biased according to the company's strategy: distinctive competency, culture, timing, and demographics. With a total weighted score of 4.40 product development exceed second placing, concentration, and third place, market development.

Marketing and Advertising - Nike marketing and advertising campaigns are a big and it's Nike's one of the competitive advantage. Nike is well-known best of its strategy of using celebrity 'athletes' supports. They simply want the best of the athletes in the world to be related to them. The procedure used by the associates at Nike would be dominant on potential signers. Not only do they intimidate the star but also create an overpowering response. This helps them to strengthen their bargaining power and attract its sign to aspire to being in such great company .

Design Development/Innovation -According to Mark Parker (2010) In his CSR report confirmed that when they recognized their 2 core competencies - design and innovation, it was through in order to bear about social and environmental change. According to Phil Knight ( 2010 ) believes that there are 7 brand succession in order to stay ahead, consequently enormous expenditure on continuous strategic knowledge development and innovation.  
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Since Nike had already taken place gaining attractiveness amongst the young people along with being there for athletes, they attained 2 key strategic decisions, One was expanded their existing range of products for athletes and move into different sporting groups. Secondly they improved their overall apparel range for both competition and informal wear as well. Design and development turn into their core competencies. They recognized they had a considerable market in terms of fashion as well. Innovation is in the strength of Nike, Inc's business strategy today.

Supply Chain Management - According to Stonehouse & Minocha (2008) Nike as a brand fast comprehend through its value chain process that its force put down in design and Development, marketing and structure customer relationships. They identified manufacturing is something they didn't attempt on, so once they developed a new product in Portland, they manufacturing to China, Taiwan and Brazil while imposing insensitive excellence standards, Nike over the years has guaranteed its partners over the years with its brand name and its services. Not only do they contribute to their customer knowledge with them but also share a munificent premium price. They concentrated their retail stores from 32 to 5 in Europe with its head office in the Netherlands and warehousing in Belgium in order to make the in general supply more successful based on demand.

According to Lewin (1952) stated that change is an important part of any strategic evaluation and implementation. He developed a 3 stage model in order to describe the process which included

- Unfreezing of current attitudes: which recognizes the change

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- Moving to a new level: effect the change
- Refreshing attitudes at the new level: change is supported by behavioral changes

When investigating the process of strategic change, we usually come across the nature of the change and the amount of the change. According to the Scholes & Whittington (2008) In the case of Nike, the development of strategic change is incrementally transformational and the type of strategic change is Evolutionary, Nike states that moreover they can move fast now in order to classify themselves for the future of a sustainable economy or soaking expression at risk of being forced to change. Since Nike has been on the objectionable realizing the impacts of environmental change, further rising cost of peaking oil prices, rising population. Early in 1990 the firm taking place to centered on environmental issues with a small group of employees in the Nike environmental develop them. They primarily started with recycling programs but placement 1998, recognized their own sustainability policy. Their development from a standard compliance move towards to an across the board corporate sustainability strategy including sustainable design concepts which led them to strong financial, brand and environmental benefits.

According to IEHN (2010) Not only they direct to adjust the environmental challenges as a competitive advantage but also envisioned a sustainable business strategy. Their timing couldn't have been improved as they were criticized in the 1990's for being an environmentally careless and sloppy company for operating sweatshops in Asia using underage workers . Nike's

also been charged of using chemicals in less industrialized countries in consequence polluting their waters. Nike rapidly responded to this by working with outside agencies like sustainability partners, focusing on product designs since innovation is their prime strength. They also guarantee their global suppliers adopted exacting environmental standards in manufacturing processes, by keeping costs low and improving product quality. They set up computer structure for their Asian suppliers in order to calculate investment costs for environmental projects. They optimistic away from adverse toxic substances to an encouraging list of substances. Their involvement with the Natural Step led to 65 new pilot projects which resulted on sustainable product design. They effectively produced a total savings of \$4.5 million by mid 2000, which ultimately benefited approximately 180,000 workers in more than 37 factories in Asia. They in fact resolute PVC from the footwear and looked major criticism from the Vinyl industry but then again they managed to reduce the PVC content to 2% in 2004 from 33% in 1999. This made them more dependent on unprocessed cotton and they ended up join forces with roughly 50 companies to form an organic exchange, with the goal of raising the global organic share of cotton from 0.05%-10%.

## **Facilitating change**

The vision of Phil Knight the CEO himself, to make Nike a scalable and sustainable business model in order to succeed as leaders of the clothing industry. The observation of the BOD, executive leadership team to identify the potential implications of their business to come forward as a survivor with a competitive structure. Make sure that the sustainable business and innovation team underline on key business priority, which consist of,



sustainable -products, manufacturing and marketplaces. A team of 130 committed employees working directly with sustainability specialists from other departments such as retail, logistics and IT. Nike's also diverse employee base of 30, 000 people, irrespective of their cultural backgrounds, successful on creativity, innovation and development of strategic knowledge. Having a aptitude strategy focusing on coaching, mentoring and online learning.- Heavy investment made by HR depth in areas of sustainable talent exercises and infrastructure.. Increased overall efficiencies and reduced waste and costs. Managing adverse publicity for the brand, with a quick response from the senior management. Leaders including Nike's age employees to think creatively-both strong and informal work ethic.

## **Blockages**

According to Scholes (2008) Now looking at the way Nike functions and the way it changed strategically one recognize the strength at Nike being its work force. The culture which subsists at Nike shows that the company succeeds in innovation of new products in a sustainable way Nike in order to continue being the leading athletic brand in the world. Nike it's not all about doing business businesses with others, but it's all about recognizing prospect sustainability through productivity. They expand their ' bench strength' while their HR Dept focuses on resourcefully.

## **Culture:**

According to Scholes (2008) Phil Knight is an ex athlete of long distance organization and this culture can have its manage on the strategy itself, since organizations can be disposed by their culture which is made up of the people leading it. Managers expressed by this change are most positively

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likely to understanding with it with what they recognize . Now this in the case of Nike was when Phil Knight apprehends this while being criticized for his ways in the late 1990's regarding young workers in Asia IEHN (2010). Nike immediately developed a strategy of becoming more environmentally sustainable and welcoming. Put in stricter process and implemented them severe environmental standards across its development processes. Going back to the cultural web at the company Their leaders regularly work daily in order to make sure that Nike as a company realizes its potential to Nike's more than 30, 000 of its workers to achieve their potential . This is their way of doing things on a daily basis to issue their employ potential and has been effective for them since they reconsidered their strategy back in the 90's.

They have an aptitude strategy were in their focus on task planning and manager accountabilities in order to train and advise and also offers classroom learning and online learning. Their ability reviews are straight linked to their business strategic precedence. The HR Dept of Nike has been seriously spent in talent programs and communications. They had a guided workshop which is to be commenced in FY 10 which will focus on how assortment drives creativity and innovation.

In FY'08 the D&I team formed the ' culture as a transgression' in order to discover how Nike could use their customs as their Competitive Advantage. They had a whole day of workshops where members of the strategy panel spoke to the ' new crew' at Nike. This assisted them share their point of view with the high level assessment makers. The CAO model is being used efficiently as a model for intergenerational dialogue.

Nike has a powerful construction wherein they utilize their middle management to correspond ideas in a 'bottom up' move towards which thus offer the executives with the capability to put together strategic plans. They have the understanding of design, innovation and creativeness and their manufacturing is also a Competitive Advantage to them.

### **Recommendations:-**

Nike's strategy would be to function in a congested loop model according to Nike (2010) which is to attain zero waste by entirely recycling all materials. They need to spend in sustainability as an input innovation/R&D main concern, beside fast track innovation during concerted investments. They would need to begin the GreenXchange program in order to contribute to intellectual possessions in order to fast track the changes. A support body is needed to encourage large scale policies investing in sustainable innovation as a main enabler for financial competitiveness.

I consider to the Macro environment they need to attract the environmental policies, since they believe that's essential for their existences . They're functioning like a trading company in order to get around currency fluctuations to have time for a financial remodelling would be favorable to them.

Keeping their core competencies of design and innovation in brain, they need to maintain investing closely in consumer knowledge by repeatedly segmenting the market to comprehend the demand customer's needs. Their competitive advantage is their customers, their marketing, design and innovation beside with their supply chain, which adds importance at each

level. Their potential business objectives bearing in mind in mind these factors of competitive advantage and their shift of an evolutionary transformational change make sense, since they rapidly foresighted their business model back in 1990's after their reflection was troubled in the sweatshops.

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