

Nike competitors analysis

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Very good Leadership is one of Nike's strengths. Nike is a very competitive organization. Founder and Owner, Phil Knight is often quoted as saying that "Business is war without bullets." Nike has a healthy dislike of its competitors such as Reebok and Addidas. This competition in the market results in the company to strive to have to best products and on the market. Nike sponsors the top athletes and gains valuable coverage through the media. Nike has no factories. It does not tie up cash in buildings and manufacturing workers.

They manufacture wherever they can produce high quality product at the lowest possible price. If prices rise, and products can be made cheaper elsewhere Nike will then move production. Another one of Nike's strengths is research and development; it is evident by its evolving and innovative product range. Nike is a global brand and is the number one sports brand in the World. Its famous 'Swoosh' is well known and is instantly recognizable.

Weaknesses The organization does have a diversified range of sports products like other companies.

However, the income of the business is still heavily dependent upon its share of the footwear market. This may leave it vulnerable if for some reason its market shares erode. The retail sector is very price sensitive. Nike does have its own retailer in Nike Town. However, most of its income is gained from selling into retailers. Retailers tend to offer a very similar experience to the consumer. So margins tend to get squeezed as retailers try to pass some of the low price competition pressure onto Nike.

Opportunities. Product development offers Nike many opportunities.

The brand is fiercely defended by its owners whom truly believe that Nike is not a fashion brand. However, like it or not, consumers that wear Nike

product do not always buy it to participate in sport. Some would argue that in youth culture especially, Nike is a fashion brand. This creates its own opportunities, since product could become unfashionable before it wears out i. e. consumers need to replace shoes. There is also the opportunity to develop products such as sport wear, sunglasses and jewelry. Such high value items do tend to have associated with them, high profits.

The business could also be developed internationally, building upon its strong global brand recognition. There are many markets that have the disposable income to spend on high value sports goods. For example, emerging markets such as China and India have a new richer generation of consumers. There are also global marketing events that can be utilized to support the brand such as the World Cup (soccer) and The Olympics. Threats. Nike is exposed to the international nature of trade. It buys and sells in different currencies and so costs and margins are not stable over long periods of time.

Such an exposure could mean that Nike may be manufacturing and/or selling at a loss. This is an issue that faces all global brands. The market for sports shoes and garments is very competitive. The model developed by Phil Knight in his Stamford Business School days (high value branded product manufactured at a low cost) is now commonly used and to an extent is no longer a basis for sustainable competitive advantage. Competitors are developing alternative brands to take away Nike's market share. As discussed above in weaknesses, the retail sector is becoming price competitive.

This ultimately means that consumers are shopping around for a better deal. So if one store charges a price for a pair of sports shoes, the consumer could go to the store along the street to compare prices for the exactly the same item, and buy the cheaper of the two. Such consumer price sensitivity is a potential external threat to Nike. In the case of the Nike Company the issues are those of human rights and conditions for workers in factories in developing countries. The company manufactures in China, Taiwan, Korea, Mexico, US and in Italy.

The Global Alliance report on the factories in Indonesia gave the following workforce profile: 58% of them are young adults between 20 and 24 years old, and 83% are women. Nearly half of these workers have completed senior high school. Few have work-related skills when they arrive at the factory. 95% of the workers in the nine participating factories have received pay or wage increases in the last year, consistent with government minimum wage increases, and with small exceptions the base wages in these factories are above the regions minimum wage. Conditions for these workers have allegedly been made by campaigns of poor conditions, with commonplace harassment and abuse.

Nike has sought to respond to these allegations by putting into place a code of conduct for all of its suppliers, and working with the Global Alliance to review around 21 of these factories, and to pick up and respond to issues. In developing countries the workers from the factories have to deal with verbal abuse, sexual comments, and physical abuse. In addition, sexual trade practices in recruitment and promotion were reported by at least two

workers in each of two different factories, although a subsequent investigation was unable to confirm this.

There is also confirmation of workers that are satisfied with their relationship with direct line supervisors, and are satisfied with management. The main concerns expressed by workers relate to their physical working environment. A lot of the Nike Company factories are experiencing serious problems leading to labor disputes. On the other hand, the company uses materials that are bad for human bodies. Nike does not make some efforts to save environment. Cheap labor, long working hours and forced labor. One of the main problems the Nike Company has is human rights issues.

They take advantage of outsourcing by leaving Americans out of jobs, paying low wages and abusing different countries work force. A solution can be to close down some of the factories and expand other factories. The cons of these solutions are that it leaves employees out of works and, it can cost more money to expand. The pros to these solutions are that it opens up the opportunity to others, in the long run it can benefit the company more and it'll become easier to manage the factories and prevent abuse. By expanding companies it makes it easier to observe the companies and prevent the abuse.

The wages can also be put up according to the minimum wage stated by each company. Another problem they have is that the company has issues recycling. Recycling is an easy issue to resolve. One solution can be is promoting “going green” on their websites and in stores. Some type of funding can be started on recycling; just showing people some type of interest on the company caring for the environment can solve this issue.

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Another thing that can be done is having a shoe were some of the earning of that shoe goes into recycling or the product can be made out of recyclable material.

It can also be an easy solution by using different types of recyclable material such as the plastic and the boxes they put their products in. Cons would be they would spend more money on advertising and on coming up with the ideal recyclable product. Also, the company has issues with the material they use. The materials they use are allegedly harmful to humans. A solution for this problem is to use different material, look into the materials that do not harm humans. The cons to this solution are that the research that the company has to do in order to find the materials will be expensive; it will also be time consuming.

The pros to this solution are that in the long run it can prevent a law suit and it can profit the company more. In conclusion, every major has issues they have to solve. These are some ways the company can solve their issues. Finding new materials and recycling is a real easy problem to solve. It's all about the company wanting to do more and to be better. The major issue is the outsourcing of the company and all the problems that come from outsourcing. It can be fixed in many ways, one way is to close down some factories and expand the others.