

# Case study of social marketing case of nike



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The FMCG companies use social touch points like festivals or exhibitions to market their products and get attention of the customers. They mostly undertake Corporate Social Responsibility to enhance their brand image. Some companies like Lifebuoy has undertaken product related social campaigns like Swasthya Chetna to reach the public. Finance sector also take social marketing as part of their key strategy. This report will be based on the principles of Social Marketing which is the continuous adaptation of the conventional business activities designed to influence the target population and the society to improve their social wellbeing and health. This involves mutual exchanges of information for mutual benefit under voluntary acceptance. (Ferrel, Hartline, 2008)

The aim of this marketing to benefit the society and is based on 4p's of marketing mix but the offerings are not a product but behavioural benefit for the target population.

½ Product: This consists of the behaviour according to the needs of the consumers.

½ Price: This is the combined cost of producing the development of the tangible costs to support the change. Eg Cost related to the hospital will be the cost to lease the vans.

½ Place related cost can be development of the new channels and promotional cost will include the expenses for sending relevant information using all the available channels. Place: This is related to the accessibility of the offerings and the channels used to get the response.

½ Promotion: This will consist of the impressive message that will make the offerings famous, acceptable according to the preferred channels by the consumer.

Although the aim of both the strategies (Commercial and Social) is to gain higher market share and purpose is to enhance the sales of the company more by persuading them to buy the product. However in Social Marketing , the aims to remove the -ve emotions (like smoking or drugs) and work to change the behaviour of the consumers. As this a social side of marketing, it requires complete understanding if the target market, their expectations, and there by changing the (Krishnamacharyulu, 2010 ; Ferrel, Hartline, 2008)

### Company Profile

The company Nike Inc. is a USA based firm, and started in a small city called Oregon in 1955 as a distributor firm for shoes and gradually they have grown into a multi-product entity with 3000 retail stores operating in more than 160 countries. The company has acquired big brands like Hurley in 2003 and Umbro in 2008. The company has made very good relation with over 700 manufacturers especially in Asia (Vietnam, China and Indonesia) (NCC, 2010). The company is using strategic outsourcing so they have asked the manufacturers to make quality shoes for their customers and they guide the manufacturers of what they want. Also they have lot of designers who make innovative designs according to the changing needs of the customers. This strategic outsourcing is the core competency of the firm, they have given the name of Developed Partners to these manufacturing firms who are the actual production units for the firm. (Ferrel, Hartline, 2008) They have developed

this network with years of experience and they have high brand value which is difficult to replicate and this is difficult to be copied by the competitors which has made them more successful. The company endorses famous personalities like David Beckham or Tiger Woods and make them their brand ambassador. They contribute a lot on marketing and advertisements. The company is connected with atleast million workers who are working day and night for the firm and another billions who are buying the product. (Nike Reports, 2010)

Facebook will be used by the researcher for this exercise. This company was launched in 2004 and operated by Facebook Inc. by 2010 it has over 500 million repeat members and they spend billions of minutes each day. It was founded by Mark Zuckerberg and his class mates. (facebook. com, 2010)

### Current Problems & Challenges

The company has been continuously dragged in the controversy of unethical practices and problem with workers in Asian region due to sweat shop conditions. There has been occurrences within the software of the company like happened with i2 Technologies in 2001, who have developed a supply software for the company because of major problems, many orders have been booked two times and which has affected their supply orders to the manufacturing units and which led to over production. It was also found that the shoes need to be aired to the customers just to maintain their brand image. The company claimed that they have lost business of over 100 million USD. The problem of workers working for Nike has been a major challenge

for the company. They are not aware of the code of conduct and the managers force the employees to work without holiday.

In another incident which affected the supply chain of Nike and thereby the delivery to the customers. Nearly 20000 workers have protested with strike and they were fired by the police against protest, and Nike said there was no firing. (NCC, 2010) It was also unethical for the company to be in the side line when the workers were being beaten mercilessly by the police. However if the worker is not able to meet the monthly quota then there is deduction of 15-20% from his salary and he has to use the toxic glue which has other health hazards. Although the management supports the labour rights and requested the government to make more favourable rights for the workers. (Ferrel, Hartline, 2008)

Thousands of workers went on strike on 3rd April, this year for rise in salary, benefits & better working conditions. There was protest among workers who were not cooperating and even though the managers agreed to give 5% more salary then also more than ten thousand workers walked out of the factory. This has affected the delivery chain of Nike. The claim was, that the mean provider is only worth 20 cents which is not giving enough energy to work for long hours. Also the challenging economic conditions of Vietnam might have forced them to raise the voice and this is not new in Vietnam as the working conditions are often ignored by the companies. (Miglani, 2010) There has been constant strikes from workers , who are working for Nike, like in 1997 , 10000 Indonesian workers went to strike and 1300 in Vietnam also stopped working and demand 1cent/hour raise, and they were getting \$1. 60 per day that time. In China also similar strikes are normal. (Global Exchange, <https://assignbuster.com/case-study-of-social-marketing-case-of-nike/>)

2010) So the company earning billions is all gathered by the underage workers and women who are treated by animals working under unsafe conditions. The company has initiated CSR steps to take care of their factory workers in over 700 factories to stream line the service and delivery of the products but still under severe challenges.

### Methodology

The research is conducted using a focused group consisted of 15 males and 10 females using the social media like Facebook. The objectives of the research area are:

1. To find suitable conditions for the workers to enhance their life style.
2. To develop sustainable supply chain to minimize the risk of the strikes.

The aims of this research are to find low risk solutions and finding ways to improve the life and thinking pattern of the workers. So the recommendation So it is very important for the company to understand the problems faced by the workers and thereby they can avert the loss which they face every time they have strike.

### Focused Group & Participants Description

Due to limitation of resources only 25 respondents joined the research. The ethnic origin of the participants was diverse so that views can be taken from different community. The respondents were taken formal permission and their information will remain discreet for confidentiality reasons. To save the time, they were pre informed by email 1 day before the discussion. Although

it was conducted on Skype software but they were all connected from Facebook. All of them were adults over 18 yrs of age.

### Procedure

As it is important to listen everyone, so the group was divided into 3 groups of 8 each so it will be easy to discuss and share opinions and each discussed lasted for 2 hours. The objectives were known to the group and background information was mailed to them, so they are aware of the objectives of the social marketing research and can contribute effectively.

### Results

Q1. How can the management of Nike become aware of the workers condition and change their attitude / belief about their present conditions?

A1. Most of the group members agreed and insisted that the code of conduct is not properly followed that might be the main reason for strike. Only 5 P<sub>2</sub><sup>1</sup>/<sub>2</sub>s out of 7P were discussed as the group thought they cover the main elements of the discussion. Also it was suggested that the human right of freedom of speech, work and action should not be prisoned. Even though the company Nike is insisting on max 60 hours of work but still the workers has to work more hours is unethical. The company has to make sure that the manufacturing units should not hire children for work, or the ladies should not be forced to work for long hours or denied vacation. It is difficult to main the quality inspections at the manufacturing units, also in 700 units is not simple, so the company has to hire special professionals who can support the activities of corporate responsibility in all the locations. Apart from sitting

and waiting for the shoes to be delivered the management should find time to visiting the factory and their administration. This will not only enhance the brand image of the company but also will help the units to maintain more discipline among workers. Due to freedom and lack of control from the Nike, the managers at the manufacturing units are not bothered to care for the workers and pay them less than the minimum wage allowed in that country. This has led to revolt in the form of strikes and police action have been taken.

**Product:** It was also discussed that product has high level of Carbon, and even though the company is planning to reduce this level but it looks it will take more time. The toxic glue used by the workers is injurious to health and the company has to find ways to find healthy glue or more protective clothes for the workers. As mostly the workers are women, so it will affect their future children and their whole family will get affected.

**Price:** The Nike company is charging huge money from the consumers, and the ultimate workers are not getting enough money after working the whole day. The company has to make stringent rules and should abolish the closed eye view of the scenario. As the company has enough buying power, so they have greater control of their manufacturers. According to the Porters 5 forces model, the suppliers have low bargaining power as Nike is a big company and their turnover is in Billions. They have low switching cost and they can move to other companies. That is the main reason that suppliers have to listen to the buyer (Nike).



Place: The shoes are either available online or are in the warehouse of the company. The company should make arrangements at the supplier's location that the location is maintained by happy workers, who are satisfied with the working conditions of the firm and not by the min wage as well. So both the factors are enough.

People: The company has to find a way to handle the complaints. This might be the main reason that company Nike is not that effective in stopping the strikes. If they have developed a system where the buyer (NIKE) is informed of the situation of each manufacturing units, then it will be easy for the management to be aware of the critical situations of the company, It is imperative to develop a sustainable monitoring system which should be effectively managed by a team of professionals. The company has hired Ernst and Young to make an independent report although it became public, but it was a good idea to hire them. This will help the company to secure independent views and will helpful to device a good strategy.

Process: The companies are quite far away from the actual workers. Another limitation are the local managers who is responsible for managing the workers, but they are not aware of the local language which is another hurdle for the company. The Nike team must make sure that hired managers profile be reviewed by the Nike firm. This will make the manufacturers obliged to hire professionals who can understand the local language of the workers. Another important recommendation given by the focused group is the development of workers empowerment so the workers has the right to complaint or aware the management of the Nike of the present situation inside the factory and also will keep the managers on toes. Also the owners <https://assignbuster.com/case-study-of-social-marketing-case-of-nike/>

of the factory are living outside of the country, which poses huge pressure on the managers to handle the staff. Nike can issue some letters to remind them of monthly inspections, which will oblige them to go and see the situation from their eyes, rather than manager's eye.

Q2. What are the barriers of effective supply chain which needs to be taken care of.?

A2. The main problem noticed by Borris (2004) which has led to more conflicts is the problem of salary. The workers are given the same wages during the training and continued for longer time than expected. There is no paper work and no letter is issued for their confirmed job with the company and this leads to more frustration among workers. The company can easily support with efficient payroll system in each units which is not costly and will help everyone to maintain the procedures. The company which is making billions from people working in developing countries but only less concerned than expected. Another major problem is the lack of education for efficient material handling in the country. Although Nike has taken steps to increase the standards of the manufacturing units but this is not sufficient. The company should make provision of at least minimum wage in the country of operation, even though Nike is paying good money for every show purchased by the manufacturers, who are not giving proper salary should face financial consequences.

Q3: What are the effective media messages which should be used?

As sharing of important is critical to social marketing process so this question was discussed to find ways to disseminate the information. (Katz, 1994) The <https://assignbuster.com/case-study-of-social-marketing-case-of-nike/>

various articles collected during the secondary data collected was shared with the participants, this has also helped the members in the group to share the likeliness of the articles. This also pushed other members in the focused group to send scraps to their friends and family members to discuss this topic on Facebook, five persons in the group have decided that they will use and develop the message using Facebook.

1. Facebook Ads: This section will be used by one member to convey the message of bad situations of the workers and will relate it with his charity organisation and will support the workers of the factory and help them to find better education to raise their standard of living.
2. Facebook Groups: We all joined the facebook group made one of the members to share the awareness of workers condition and role they play to make effective supply chain.. This Group will be shared by all the members of the focus group and it will have regular updates from everybody involved to share the latest method available or any other way to support the cause.
3. Facebook News Feed Service: This will be used to market the small website which will post recent updated on the workers situation not only of Nike but everywhere as effective labour practices can support better supply chain.
4. Facebook Fan Page: A fan page was decided to be made at a later stage when there will be lot of members in the group and will allow to have freedom of voice and will also to build the community which cares for the workers in every factory, it is expected that the labour unions might join the efforts.

## Suggested Recommendations

This section will present the recommendations by

Segmentation Strategy: The company should segment in the following categories:

1. Manufacturing Owners: This will consist of around 700 to 1000 owners who should be taught how to manage the workforce to help the company have better supply chain and workforce.

2. Factory Managers: The managers are the main source for getting things done, they are responsible for good performance and also for bad performance. There might be few Senior and Assistant Managers in each company. When they are sharp then the workforce will also be sharp. So if the managers and assistant managers become very competent then their management will be far more superior to support any big supply chain. This will also help the manufacturing unit to gain competitive advantage among other factories.

3. Workers: They are main source of wealth for any company and if the company can't take care of the workers, on which they have invested a lot on training them, then the company not only have its supply chain suffer but additional cost and delay in arrange more better manufacturers who need further training and support, which will affect the already shaken supply chain. Once they are capable to support the company with better education, it will eventually help Nike who is already giving the bread and butter for

over million workers, if they can give million to endorsers, they should also take care of the poor families who are helping to make it happen.

(Sage, 1998; Borris, 2004)

Targeting: The company should follow the multi-segment approach and take develop specific programs for each group.

1. Manufacturers: There should be meeting every 6 months and they should be trained to fulfil their requirements as the owner otherwise they can't supply to the company.

2. Managers: There should be regular training sessions as to how they should behave with the fellow workers, also they need to be emphasised on how to speak the local language. They can be invited to the offices in USA to give global exposure and how the international companies are working around the world. They can also be placed for programs giving them higher education so they can perform better at workplace and also in their personal life. (Katz, 1994)

3. Workers: They need education and exposure as to who they should ask their rights and should help the Nike company have better level of Supply Chain, although there are managers who visit the company from Nike to train them, but there should also be a mechanism to suggest the company to solve the root problems, except giving only deadlines.

(Sage, 1998; Borris, 2004)

Ethical Considerations

The company has made serious efforts to increase the standard of living, their corporate policy should be to enhance the working environment for the workers and also helping them with more computers and library at work place. (Katz, 1994) Their involvement to support the workers for better living will set an example for other firms. (Ferrel, Hartline, 2008)

## Conclusion

To implement of this social campaign, the product is the behaviour packaged to meet the need for better lifestyle of the workers who are affecting the supply chain, along with providing the conditions in the environment to develop sustainable supply chain for the company. The price of this developed behaviour is the inconvenience caused to the management of the Nike Inc. as they are busy with their own work pressure and economic recession & added to this severe market conditions are problems of the workers of their manufacturers who are not directly employed by the company. Good understanding between the workers, managers and the owners can help to reduce the strike problems and will help to develop better working environment for the workers. This is one of the key strategies which should be used according to social marketing principles. This will help the company has better workforce who is happy with the employer and will work effectively leading to no strikes and development of sustainable supply chain for the company.