

Nike business analysis

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IV. Marketing strategy As a leading athletic brand in the world, much of Nike's success can be attributed to its shrewd marketing strategy. As reported in its 2009-2010 Annual report, because NIKE is a consumer products company, " the relative popularity of various sports and fitness activities and changing design trends affect the demand for our products". Therefore, Nike must " respond to trends and shifts in consumer preferences by adjusting the mix of existing product offerings, developing new products, styles and categories, and influencing sports and fitness preferences through aggressive marketing".

In fiscal year of 2009, Nike's demand creation expense, which consists of advertising and promotion expenses, including costs of endorsement contracts, grossed about \$2, 351. 4 (million dollars). In comparison with fiscal year of 2008, even the company had taken actions to reduce spending across nearly all demand creation related activities, Nike's demand creation expense increased 3% during fiscal 2009. One of the most visible marketing strategies of Nike is favorable brand image, which is associated with a distinctive logo and the advertising slogan, " Just do it. To help market their products, Nike has successfully developed and is currently deploying a promotional approach in which Nike " contract[s] with prominent and influential athletes, coaches, teams, colleges and sports leagues to endorse our brands and use our products, and they " actively sponsor sporting events and clinics". For example, Nike has a number of famous athletes that serve as brand ambassadors such as: -Michael Jordan: in 2007, the Jordan brand, now a separate Nike subsidiary with its own building, grossed about \$800 million. Tiger Woods: in 2000, Nike agreed to a multi-year deal with Woods

worth a reported \$105 million, extending an earlier multi-million dollar deal originated in 1996. Researchers have discovered the Marketing mix 4Ps of Nike as following:

- * Products: Nike offers a wide range of products, range from shoe, apparel, equipment, and accessories to plastic product such as protective gear, hockey stick.
- * Price: Nike's pricing is designed to be globally competitive to other brands. The pricing is based on the basis of premium segment as target customers.

As a brand, Nike commands high premiums.

- * Place: Nike sells its product to about 20, 000 retail accounts in the U. S. and in almost 200 countries around the world.
- * Promotion: Nike has a number of famous athletes that serve as brand ambassadors and Nike “ actively sponsor sporting events and clinics”

V. SocialresponsibilityNike, as revealed in FY 07-09 CR report, has a long history of engagement in communities around the world, investing in their backyards, key markets and manufacturing communities, which has clearly demonstrated its responsibility and commitment to the society.

In FY07-09, Nike has directly invested in community \$168. 8 million, and set the goal of \$315 million of contributions for FY11. However, not only does Nike make financial contributions, but also the company involves contributing expertise and philanthropic activity to the community. Nike has developed two core approaches for community investment strategy, which includes three primary areas of focus: 1) A focus on creating new models to provide young people access to the power of sport (to unleash their confidence, leadership, health, education or employment). The Nike Foundation (separate nonprofit organization): focuses on adolescent girls in developing world as powerful agents of change in community, capable of

unleashing a ripple effect that will change the course of poverty. * Innovating for better world through sport: Nike believes that every young person in the world should have access to sport and have partnered to develop and deliver programming activities.) Leverage philanthropy mechanisms that enable our partnerships to scale without limits and create financial flows that ensure long-term success: * Brand and retail engagement: Nike leverages the power of its brands to connect with consumers on issues they care about deeply, manage a portfolio of investment in custom product lines, marketing campaigns, events and athlete engagement that have triggered donations from consumers, amplifying its initial investment. Nike, as shown in FY 07-09 CR report, is well aware of its environmental responsibility.

Highly committed itself to creating extraordinary performance products for athletes while managing our business within nature's limits, Nike developed its own North Star to define what sustainable products and a sustainable company would look like: * Healthy chemistry: Minimize the impact of product ingredients throughout the life cycle * Climate stability: Provide leadership toward climate stability * Water stewardship: Borrow water responsibly and return it clean to communities * Closing the Loop: Product creation to allow for material recovery or safe return to nature * Thriving communities: Enable all our stakeholders along our value chain to meet their needs and lead fulfilling lives * Game changers: Educate, challenge and empower athletes to join the sustainability journey To achieve its goal, Nike has broken it into a number of smaller attainable steps. For example: * Product design: Internally, Nike mobilizes its human resources to influence

the development of short-, mid-, and long range projects that make progress towards closed-loop product.

Externally, Nike actively posts unresolved problems and requests solutions from outside investors, universities and companies. * Climate and energy: As a co-founding member of Business for Innovative Climate and Energy Policy (BICEP), Nike and its partners have committed to strategic collaboration to push for US energy and legislation and rule making. * Water: Nike aims to contract with factories where water is abundant enough to support it. Nike also collaborates with factories to improve efficiency of water-utilizing and encourages its suppliers' adherence to high quality standards for all of their production.

VI. Diversity and inclusion Nike, as shared in FY 07-09 Corporate Responsibility report, believes that Diversity and inclusion are key levers in continuing to drive creativity and innovation. Nike and its employees around the world emphasize the importance of diversity by four following reasons: 1) Diversity drives recruitment of the most dynamic people. 2) Diversity enriches the creativity and innovation that shapes the brand. 3) Diversity grows their competitive advantage. 4) Diversity heightens the stature and belief in the brand within their culturally diverse consumer base. In 2006, Nike appointed its first VP of Diversity. In 2008, Nike formed a new global diversity and inclusion team focused on three areas: * Engaging employees * Providing business consultation * Developing innovative tools, models and designs In order to create a culture of open innovation, Nike has developed diversity and inclusion strategy concentrates on three areas: 1) Focus on the

Fundamentals: Nike aims to cultivate an inclusive culture and inspire individuals and teams to find surprising connections and intersections that ultimately fuel business solutions and drive new innovation 2) Embrace a culture remix: In order to amplify creativity and innovation, Nike has created venues and environments for open dialogue that encourage diverse opinions and a multitude of perspectives. 3) External exchanges: Nike seeks to find and create unique and surprising combinations, intersections and connections within Nike, Inc. , and then share these insights with academia, industry and government.

Diversity statistics: Gender, ethnicity and supplier 1) Gender diversity: Nike reports their global work force is half-male, half-female, and in overall management is 60% male and 40% female. 2) Ethnicity diversity: Nike reports 55% of its work force is Caucasian, 22% is African American, 13% is Hipic, 9% is Asian/Pacific islander and 1% is American Indian. 3) Supplier diversity: Nike works with several national and regional partners on its suppliers effort, including the National Minority Supplier development council, the Oregon Association of Minority Entrepreneurs and the Women's business Enterprise National Council.

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