

# **Project Report**

**“A study on marketing strategy followed by Nike”**

**Submitted to  
G.S. College of Commerce & Economics  
Nagpur**

In partial fulfillment for the award of the degree of  
**Bachelor of Business Administration**

**Submitted by  
Ankush Maloo  
Under the Guidance of  
Prof. Kamlesh Thote**

**G.S. College Of Commerce & Economics, Nagpur**

Academic Year 2021 – 22



**G.S. College Of Commerce & Economics , Nagpur**

Academic Year 2021 – 22



**CERTIFICATE**

This is to certify that "**Ankush Maloo**" has submitted the project report titled "(A study on marketing strategy followed by Nike)", towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he/she has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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**Place: Nagpur**

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**G.S. College Of Commerce & Economics, Nagpur**

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**DECLARATION**

I here-by declare that the project with title "A study on marketing strategy followed by NIKE" has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

ANKUSH VINOD MALOO

**Place: NAGPUR**

**Date:**

**G.S. College Of Commerce & Economics , Nagpur**

Academic Year 2021 – 22



**ACKNOWLEDGEMENT**

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr.N.Y.Khandait, Principal, G.S. College of Commerce & Economics, Nagpur.

I am extremely thankful to my Project Guide Prof. Kamlesh Thote for his/her guideline throughout the project. I tender my sincere regards to Co-Ordinator, DR. Afsar Sheikh for giving me outstanding guidance, enthusiastic suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the Non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

ANKUSH VINOD MALOO

**Place: Nagpur**

**Date:**

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## **INTRODUCTION:**

### **INTRODUCTION TO STUDY:**

The project has been a learning experience for me and would not have been possible without the support and guidance of the above-mentioned people. Needless to say, I alone remain responsible for any error that might have crept into the pages, despite of my best possible efforts to avoid them.

This marketing research project report has been written keeping in mind the marketing strategy adopted by Nike – the global sports shoe giant. It aims first, at analyzing the execution of the strategy finding a place in it for Nike. It then sets out to describe the target audience for their campaigns and finally suggests a host of marketing strategies and activities that will help Nike to achieve its target of becoming the No-1 shoe brand in the whole world.

### **INTRODUCTION TO COMPANY:**

The world's largest athletic apparel company, Nike is best known for its footwear, apparel, and equipment. Founded in 1964 as Blue-Ribbon Sports, the company became Nike in 1971 after the Greek goddess of victory. One of the most valuable brands among sport businesses, Nike employs over 76,000 people worldwide. It sells its apparel through the Nike brand, as well as its Jordan Brand and Converse subsidiaries. The company top athletes and sports teams around the world, including LeBron James, Serena Williams, Rafael Nadal, and Alex Morgan. In 2021 the company announced plans to begin refurbishing returned sneakers to sell at a lower price as part of an attempt to reduce consumer waste and combat climate change.

## COMPANY PROFILE:

### As of 2/2/22

Country

U.S.

Headquarters

Beaverton, Ore.

Industry

Apparel

CEO

John J. Donahoe II

Website

<https://www.nike.com>

Company Type

Public

Ticker

NKE

Revenues (\$M)

\$46,306

Profits (\$M)

\$6,169

Market Value (\$M)

\$226,046

Employees

73,300

Figures are for the latest twelve months ended Nov. 30, 2021. Market value as of Jan. 21, 2022. Sources:  
Bloomberg; S&P Global.

Key Financials (Last Fiscal Year)

\$ millions

Revenues (\$M)	% change
	\$39,117 7.5%
Profits (\$M)	\$4,029 108.4%
Assets (\$M)	\$23,717 -
Total Stockholder Equity (\$M)	\$9,040 -
<b>Profit Ratios</b>	
Profit as % of Revenues	10.3%
Profits as % of Assets	17%
Profits as % of Stockholder Equity	44.6%
<b>Earnings Per Share (Last Fiscal Year)</b>	
Earnings Per Share (\$)	2.49
EPS % Change (from 2018)	112.8%
EPS % Change (5 year annual rate)	10.9%
EPS % Change (10 year annual rate)	12.6%
<b>Total Return</b>	
Total Return to Investors (2019)	38.1%
Total Return to Investors (5 year, annualized)	17.4%
Total Return to Investors (10 year, annualized)	21.4%



## RESEARCH STUDY OF THE PROJECT.

### **PROBLEM DEFINATION:**

Simonson tackles the issue of one-to-one marketing and mass customization. Supporters of these marketing approaches have suggested that learning what customers want and giving them exactly what they want will create customer loyalty and an insurmountable barrier to competition. This marketing research project report has been written keeping in mind the Indian operations of Nike Inc. – the global sports shoe giant. Since the late 1980s, Business School marketing professional looked for ways to understand how consumers make choices. Much of his work debunks the accepted theory that giving consumers what they want and making a profit are the most basic principles of marketing. Customers may not know what they want, and second-guessing them can be expensive, says the professional who teaches marketing and consumer decision-making courses. In professional's words, "The benefits and costs of fitting individual customer preference are more complex and less deterministic than has been assumed." That's because "customer preferences are often ill-defined and susceptible to various influences, and in many cases, customers have poor insight into their preferences." In recent we saw the issue of one-to-one marketing and mass customization. Supporters of these marketing approaches have suggested that learning what customers want and giving them exactly what they want will create customer loyalty and an insurmountable barrier to competition.

## Objectives

The main objective of this study is to learn the strategic plan that has been written keeping in mind the Indian operations of Nike – the global sports shoe giant. It aims at analyzing the sports shoe industry in India and finding a place in it for Nike. To study the target audience for the product range and finally suggests a host of marketing strategies and activities that will help Nike to achieve its target of becoming the #1 sports shoe brand in India. To understand the nature of the problem faced by customers towards the various products of NIKE. To study the nature of customer satisfaction efforts implemented by NIKE for its customers.

**HYPOTHESIS:**

- ✓ NIKE USES NUMEROUS APPROACHES TO PROMOTE ITS PRODUCT.
- ✓ NIKE MAINLY DEPENDS ON ADVERTISING WHERE IT USES NOTABLE CELEBRITIES TO POPULARISE ITS BRAND.

## **SCOPE OF STUDY**

The project report begins with a brief overview of the product category being dealt with, namely premium quality shoes. It also dwells briefly on the history of the company and its current position and activities.

The project moves on to the crux of the matter – the marketing plan to be followed by Nike in India. Firstly, the objectives behind this plan and the core strategy are stated. After stating the objectives and reasoning behind them, the actual marketing programs are described in details. This includes aspects such as pricing, advertising, promotion, sales, channels, and the company website. Suggestions are made on each and every one of these aspects; improvements and innovations are recommended.

The project report then goes on to the customer analysis section. The customer base is identified and various segments are pointed out. Various criteria and factors have been taken into consideration while segmenting the market. We have also tried to ascertain why customers buy these products, how they choose, and what factors matter most when making their decisions.

## RESEARCH STUDY:

### Entry Strategy/Market Discovery:

According to company legend, NIKE's business model was developed by Knight while attending Stanford Business School in the early 1960s. Knight realized that while lower-cost, high-quality Japanese producers were beginning to take over the US consumer appliance and electronics markets, most leading footwear companies (e.g., Adidas) were still manufacturing their own shoes in higher-cost countries like the United States and Germany. By outsourcing shoe production to lower-cost Japanese producers, Knight believed that Blue Ribbon Sports could undersell its competitors and break into this market. As a result, Blue Ribbon Sports began to import high-tech sports shoes from Onitsuka Tiger of Japan. As sales increased to almost \$2 million in the early 1970s, BLS parted ways with Onitsuka and began to design and subcontract its own line of shoes.

NIKE decided to enter into India in the mid-1990s through an exclusive licensing arrangement with Siera Industrial Enterprise Private Limited (SIEPL). NIKE was to receive royalties, which was a certain percent of its net sales revenue. NIKE's marketing objective was to tap the Indian sports-and-fitness shoe market—7 million pairs of shoes. NIKE positioned itself in the premium niche segment. Rather than cricket, the focus was on basketball and tennis. The performance of NIKE in India was not far below expectations. This allowed the company to change its plan from 100 percent imports to localization of the product. This also made the product more affordable. Distribution company-owned and franchise-operated showrooms opened. Earlier, Bata showrooms were the only channels of distribution. During this period, sales were underperforming and NIKE's exposure was minimal, as it was operating though a licensee. Later in the year 2004, once the company had achieved sufficient stronghold in the Indian market and had some insights on how to operate in India, it did not renew the agreement with Siera and became a subsidiary. Critics believe that because of choosing licensing as a mode of entry NIKE took much more time to adapt to the needs of Indian consumer vis-à-vis its competitor **Reebok**.

In an intensively competitive environment, Reebok and NIKE have emerged as sportswear giants. However, in spite of NIKE being the No. 1 sportswear company in the world, Reebok swayed away with the lion's share of the Indian market. Among others, Reebok's prime strategy was to associate itself with the cricket frenzy Indians. While NIKE was focused on promoting its brand through international sports persons, Reebok roped in top Indian cricket players to endorse its brand. Realizing the importance of localizing its brand, in December 2005, NIKE won the bid to supply official kit to the Indian cricket team. In spite of this, Reebok grabbed the attention of cricket viewers across India by placing its logo on the bats of the Indian cricket players.

Adidas, Reebok, NIKE, Puma and Fila, international sports footwear companies presently get their shoes manufactured in India through domestic companies such as Lakhani and M&B Footwear. M&B Footwear has an exclusive manufacturing and marketing rights for Lee Cooper shoes in India. Adidas has spent a lot of time with Indian shoemaker Lakhani Shoes for past few years training and improving processes. In order to reinforce its flagship brand NIKE's positioning in the market place NIKE introduced Timewear in 2002, with a three-pronged strategy, focusing on width of merchandise, extensive distribution and the development of a distinctive positioning.

## **COMPETITION:**

The company has historically differentiated itself from its competitors with its -- strategy of product innovation and marketing (brand identity, celebrity endorsements, and logo). NIKE contracts most of its production to factories overseas. NIKE's business model was developed by Phil Knight when he realized that he could outsource shoe production to lower cost. NIKE's CFO Don Blair explains:

“one of the great strength of our company is our ability to create compelling innovative products that excite consumers. But there can be too much of a good thing. Each quarter we sell about 13,000 different styles of footwear and apparel and because of our high rate of seasonal turnover, we sell tens of thousands of different styles every year. And there are many additional styles that make it part way through the process, but don't end up in the final line that goes to market. Each one of these tens of thousands of styles drives costs; costs for design, development, sampling, transportation, storage and sales. For footwear 95% of our revenue comes from about 35% of our styles are for apparel the figure is about 40%

## **COMPETITORS**

### **Adidas and Puma**

Besides the difficulties with its marketing intermediaries, Nike faced formidable competition in Europe. Adidas, the German shoe company, dominated the European sports market. Together with Puma, a spin-off of Adidas, the two companies controlled over 75% of Europe's athletic shoe and apparel market. For decades, the two companies had developed the grassroots allegiance of local sports teams; in particular, soccer, track and field, tennis, and rugby. They both had endorsements contracts with top European athletes in each of these sports and sponsored many local teams in cities and towns across Europe. Adidas, in particular, was respected for the quality of its shoes and had earned the reputation as the European performance brand.

### **Reebok**

Reebok sold its shoes direct to retailers through seventeen independent sales organizations. Reebok followed a limited distribution strategy. Its shoes were sold only through specialty athletic retailers, sporting goods stores, and department stores. With the exception of Britain, Sweden, and Denmark, Reebok had relatively little success in Europe.

In an effort to drive down costs and better focus on consumer demand, NIKE focuses its competitive strategy on customization and adaptable products like —NIKE Plus<sup>l</sup>. Good for business and revenue growth, such a strategy also works to reduce the possibility of excessive overtime by reducing the number of styles available and requiring advanced planning. By squeezing more value out of its operational and management practices, NIKE will not only improve profitability but also potentially improve labor conditions. The premium-brand sportswear market in India is estimated to be near \$1 billion, 75% of which is controlled by Reebok and Adidas. NIKE's market share is closer to 15% to 20%, meaning that (by a rough estimate) India accounts for only 1% of NIKE's total sales. Clearly, NIKE



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still has a long way to go in India and might need to discount to grab market share.

## **STRATEGIES OF NIKE**

### **LOW-COST MANUFACTURING STRATEGY**

Nike products are manufactured in factories owned and operated by other companies. This outsourcing helps the Nike to take the advantage of low manufacturing cost. . Its major manufacturing countries includes: China, Indonesia, Vietnam, Thailand, Italy ,Taiwan ,South Korea .

For eg In fiscal 2003, approximately 1 percent of total NIKE brand apparel production for sale to the United States market was manufactured in the United States by independent contract manufacturers, most of which are located in the southern states. The remainder was manufactured by independent contractors located in 35 countries.

### **PRODUCT RESEARCH AND DEVELOPMENT**

Their research and development efforts are a key factor in their past and future success. Technical innovation in the design of footwear, apparel, and athletic equipment receive continued emphasis as NIKE strives to produce products that reduce or eliminate injury, aid athletic performance and maximize comfort. In addition to NIKE's own staff of specialists in the areas of biomechanics, exercise physiology, engineering, industrial design and related fields, they also utilize research committees and advisory boards made up of athletes, coaches, trainers, equipment managers, orthopedists, podiatrists and other experts who consult with us and review designs, materials and concepts for product improvement. Employee athletes wear-test and evaluate products during the design and development process.

## **SEGMENTATION**

Nike has segmented its market on the basis of the following variables:

- Demographics

Age :- Youth

18-34

Older

Gender :- Male

Female

- Psychographics: lifestyle

Athletic

Outdoor

Nike has designed and marketed athletic shoes for each different sport, often further segmenting with specialized models within each sport (e.g., "Air Jordan" basketball shoes, and additional basketball models called "Force," represented by Charles Barkley and David Robinson, and "Flight," represented by Scottie Pippen).

## **TARGETING**

Initially, Nike focused more on the male consumer and was dedicated to serious athletes. But, with the growing popularity of female sports apparel and equipment segment, it has widened its target market. It has moved into new sports areas away from the running heritage. As a result of which, its target audience has shifted from more masculine towards female and even third agers.

## **POSITIONING**

Nike's Punch line "Just do it" has enabled the company to create the image of an aggressive, action-oriented company. Amateur as well as professional athletes perceive Nike as producing high-quality shoes that help athletes perform to their maximum potential. They were firmly rooted as performance shoes with innovative designs and technology. Also Nike's number one position was due in part to its product positioning.

## **BRANDING**

**Symbol as a brand:** The most important aspect of a brand's name and symbol is that it silently speaks everything about the company or product. Nike is the best example of how a symbol is best utilized and exploited and its strong association with the products. Nike is symbolized by a tick mark or something which is always right. The business card of a Nike employee has a tick on it instead of the company name and still people make out the company where the person is employed just by looking at the tick

**Brand Extension:** Nike has turned sneakers into something more – athletic tools. Over time, many consumers have developed a mindset about the difference between Nike sneakers and any other brand of sneakers. Now, many years later, Nike is exploring line extensions into other types of clothing and footwear to bolster its brand against changing demographics and lifestyles

**Brand Narration:** Nike do not yell at the consumer to buy, buy, buy. They instead engage them in a narrative that makes the consumer want to buy because they identify with narrative components. Nike's brand narrative prescribes the consumer to get out and exercise, "Just Do it".

Buying Nike product is almost an after thought.

## **ADVERTISING STRATEGY:**

Nike traditionally uses a highly visual format for its advertisements. These images capitalize on consumer emotion and attempt to link personal value to the wide array of Nike products. Advertising is never just about Nike, the brand. It is carefully constructed to draw in consumers. In one recent campaign, famous Nike-sponsored athletes showed their wounds from competition, including scars, missing fingers, and knocked-out teeth. By doing so, Nike connected its own products with the physical and emotional side of athletic competition. Besides this, the Nike swoosh symbol is a highly recognized trademark that elicits these desired effects because it is an episode encoded in the consumers brain. The athletes who deliver its message are a major factor responsible for promotion of the brand. For example, Michael Jordan is generally considered to be the best basketball player in the history of the game. At a time when Nike profits were sinking, Knight selected Jordan to re-establish the company's image. Approximately 35 ads later, Jordan was the most popular athlete in the country, according to New York based marketing Evaluations. A number of other famous athletes have elicited a tremendous response from customers. Including tennis players John McEnore and Andre Agassi, basketball player Nolan Ryan., football's Deion Sanders, track stars Carl Lewis and Alberto Salazar, and basketball players Charle Barkley and Scottie Pippen. The young Tiger Woods has a \$100 million contract with Nike. The charisma, talent, expertise, and personality of such athletes deliver Nike's message. Nike has also expanded its marketing methods by teaming with MTV2 to produce street basketball series.

## **GAINING POWER FROM COMBINING STRATEGIES**

With the benefits of improved performance, linked to aspiration of becoming a top athlete at various target user groups , together with emotion in advertising materials and athlete endorsement, Nike have enhanced its position in the footwear industry.

### **Porter's Five Forces:**

**Barriers to Entry - Low** The Barriers to entry to the athletic footwear industry are quite low. Though selling top quality footwear for athletes is a highly competitive field, there is a huge potential for new entrants. Due to the enormous scale of operations of both NIKE and Adidas, they are able to control their costs and hence maintain a competitive advantage over new and emerging competitors. Their powerful brand identities give them an aura which is difficult for a new entrant to pervade through and beat. Their brand images have a distinct competitive advantage. Even with all these factors coming into play, the industry is a comparatively easy one for new manufacturers to enter. Also, there is a threat of other manufacturers to expand their portfolio. These, with already strong regional brand names, might emerge strong competitors. For example, in India Bata launched its Power brand of running and athletic shoes which are still going strong. In addition to these, there is also the loss from copies of their premium footwear, made mostly in the far eastern countries. They also result in a huge loss of revenue.

**Bargaining power of buyers - High** There are a huge number of buyers with respect to the number of brands in the industry. Therefore these companies are in a constant struggle to differentiate their brand and use other innovative means to market them differently and successfully. They must establish a strong brand identity, essential to attract and retain the target consumer. Identity is the key to brand trust and loyalty. Many buyers in new markets are cost sensitive and switching cost is low for the buyer, hence the importance of the brand image. The buyers of sports footwear have changed in the past decade and there has been an increase in woman purchasing athletic footwear. The new generation has vastly different tastes and purchasing methods. All in all, the buyers have a high amount of bargaining power.

### Bargaining Power of Suppliers – Low

Bargaining power of suppliers to this industry is virtually non-existent. There are a large number of suppliers in the market and the materials needed for this industry, namely, Cotton, Rubber and Leather are commodities readily available in the open market. The conglomerates hold sway over the suppliers as they have mostly standardized their input procedures and hence can easily switch between substitutes. This gives them enormous power over their suppliers. The suppliers are usually dependent on these firms as a means of survival. In this situation, bargaining power of suppliers is negligible.



: Porter's Five Forces

### Threat of Substitutes – Low

There are no real substitutes for athletic footwear. There may be substitutes for a fashion item. But for a professional athlete, substitutes for his shoes do not exist. He cannot play with boots or his bare feet. He cannot switch mainly due to his performance specifications but he has little alternative to switch as well. A consumer is not likely to switch and so, the threat of substitutes is very low.

### **Rivalry among existing Competitors –**

High The rivalry among existing competitors is very high in this industry. NIKE, Adidas and others in this field such as Puma and Reebok have grown tremendously in the last decade and each of them have been offering more choice, more identity due to endorsements by top sporting personalities and by aggressive marketing and sales strategies. The industry is in hyper competition and the rivalry is extremely fierce. The intense competitive rivalry makes the need for differentiation very important. A differentiation strategy required the need for brand creation and enhancement. NIKE must ensure that any international marketing strategies will continue to enhance its already superior brand name through an integrated marketing communication.

Reebok and Adidas offer the most intense brand competition. The brand in the form of an intangible resource is very important for current and future success of NIKE, as it allows NIKE to implement a product differentiation strategy to maintain its current market share. There are different basis of achieving competitive advantages and differentiation is just one of them. NIKE also having considered all key issues decided to implement a marketing strategy that is of 'low price', hybrid or 'no frills'. But the final strategic decision will depend on resources and terms of finance and human, and also a consideration of ethical, social and cultural issues in existence in its target market. This may lead NIKE to customize and tailor its international marketing strategies to fit each market in terms of its unique characteristics. NIKE also needs to analyze the level of risk in each of its markets and market segments and the level of competition it faces from competitive rivals. Competitive rivals are its most immediate rivals with similar products aimed at the same customer group. There are a number of factors that affect the degree of competitive rivalry in any industry. Firstly, the extents to which the competitors are in balance, hence, equal size. NIKE faces competition from rival firms like Reebok sportswear, Adidas, Puma sportswear, etc. Therefore, the company faces intense competition and must try to gain dominance over its rivals through its marketing strategy.

### **Unique Value Proposition:**

NIKE's unique value proposition has been on the innovative design, durability and quality. Innovation has been a constant mantra of NIKE since its inception.

A Value is defined as the benefits and experiences a customer receives from a supplier's offering that has a positive meaningful impact to the customer. Value Proposition is therefore defined as: for a specific targeted customer group, the combination of end-result benefits and price that is superior, compared to alternatives choices these customers have, and economically profitable for a business to deliver.

A value proposition is the company's offering for a chosen targeted customer or customer segment. A great Value Proposition will result in the customer becoming better off as a result of

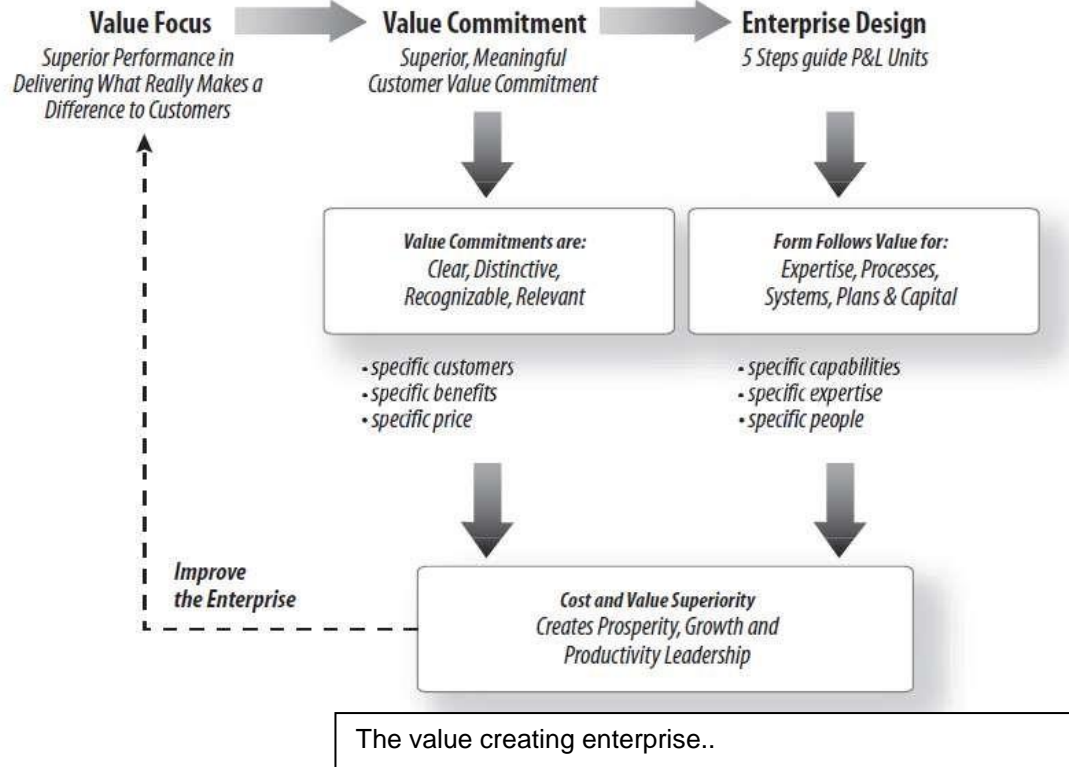
making the purchase, and as well as the company making money by delivering the offering. Anything less than this win-win Value Proposition means the Value Proposition is unsustainable over time. In 1896, American architect Louis Sullivan asserted that in successful design. Leveraging this thinking of Sullivan, a business needs to practice.

the organizational form, including management, processes, people, resources, measurement and compensation structures, needs to reflect the value most critical to customers. An excellent example of a company that has instinctively practiced Form Follows Value is NIKE. They have 3 critical value creating resources –

- 1] Design/R&D for new products;
- 2] Marketing – to create and drive the demand; and
- 3] Distribution – to make certain they are getting the latest most innovative products to customers quickly.



## The Value Creating Enterprise: Form Follows Value™



Interestingly, NIKE has seldom manufactured anything in its history, except their air bladders. The shoes are manufactured through alliances with other companies. One might argue that manufacturing is absolutely critical and brings great value to the customer. And without manufacturing there would be no NIKE shoes to sell in the marketplace. But in a world of scarce resources, even for a successful company like NIKE, it has instinctively formed its organization on the customer values that have the MOST impact on customers – Design/R&D, Marketing and Distribution. Even though manufacturing is a vital function to perform, NIKE realized that there were other options to gaining this function and thereby both save cost and maintain its focus on the critical customer value areas.

There is also another aspect of NIKE's operation commonly overlooked. That is, NIKE's targeted buyers are interested in the latest innovative performance products. One might argue that NIKE's products don't perform better than its competitors. This is not a strong argument however, since NIKE's marketing has identified a segment of the population around the world that thinks the image, technology, and design of NIKE's products has the edge these customers need to live their life at a higher level of performance. This segment is willing to pay for this edge and has also has continually demonstrated its willingness to keep buying the latest products.

Additionally, NIKE's insight into their business Form was to create such an organization that had the ability to innovate, which this target market valued the most from NIKE. NIKE appreciated that once a business committed capital and built manufacturing plants, future changes to the sites are not made until the plant investment costs can be returned. Even if the changes are for innovation the customer will pay for, often the business can't afford to make the new changes until the former improvements have been fully amortized. In their case, those parts of the organization that hindered innovation were better accomplished through partnership with suppliers. And NIKE never had to worry about being locked into old manufacturing technology

NIKE has been one of the great value creators because its organizational Form reflected a concentration of resources, processes and people around the activities most critical to their target customers. It grew the depth of these critical expertise and competencies rather than grew the breath of what it did for more diverse

*customer types*. In general, over time NIKE has done an outstanding job of achieving maximum profitable growth, high productivity, low cost and the flexibility to respond to a fast changing consumer taste.

**“Great product fuels the category offense and d** defines our brand with our consumers. And great product starts with innovation. Innovation has been at the core of NIKE since our beginning, and it is what continues to drive the growth in

*our Footwear business today*, said Eric Sprunk, Vice President, Merchandising and Global Product, NIKE, at the Jun-28-2011 Investor update meeting.

### **strategic Positioning**

The consumer landscape continues to shift. Digital trends combined with mobility continue to reshape the world. And they continue to reshape the relationship that consumers have with their friends, with their families, with the products that they actually use, they're more connected, and also with the brands they actually connect with said Trevor Edwards, Vice President of Global Brand and categories for NIKE at Jun-28 Fiscal 2011 results presentation event. Trevor continues to say, —At NIKE, we stay relentlessly focused on the consumer. And for us, that consumer is an 18yearold who lives a fast paced, socially connected life enabled by technology. They live an on demand world with information and services at their fingertips. And they get what they want, how they want it, when they want it. They're squarely in charge.¶

So, how does NIKE capture the imagination of the consumer today? Well, they do this by focusing their business on the consumer so that NIKE can understand their needs, their aspirations and their desires.

NIKE created the category offense, which is really about dedicated business units that are focused on the consumer, from design to marketing to product creation to sales and to retail. And the intent there is to make sure that they have a team that really understands everything about the consumer.

It allows NIKE to relentlessly evolve and focus their business around the changing consumer needs so that they can know them better, and can out-innovate their competitors. And most importantly, NIKE can serve the consumer authentically in sport and in life.

By understanding the consumer better than anyone else, NIKE innovates by actually bringing them new and better products, new and better services, or new and better experiences. Even things consumer can't yet imagine. And NIKE continues to redefine the relationship between NIKE and today's consumer. It's deeper; it's stronger than ever before. And it informs how NIKE innovates across their entire business.

NIKE reaches to maximum number of people through strong brand endorsement.

**NIKE's 4 P's of marketing are as follows:**

**Product:** NIKE has all range of products from sports footwear, apparel, accessories and equipment. Initially they faced problem as they were targeting only sports persons, however very soon revised their strategy as they observed Indians put on Sports shoes when they wear causals (Jeans, etc.) other than sports.

**Promotion:** NIKE discovered that cricket is religion in India and for it to create its brand awareness it has to associate itself with cricket (not with US sports like basketball, tennis, etc.). NIKE has been the apparel sponsors of Indian Cricket Team since December 2005. The sponsorship has been renewed for another 5 years in April 2011 at a price of INR270 crore.

**Price:** NIKE is positioning itself in terms of design, quality and technology, so definitely commands premium pricing across product categories.

**Place:** NIKE started its India business through licensing route. However, that approach didn't pay good dividends and soon established itself as a subsidiary of the parent US company in 2005 with stores in Delhi and Mumbai. Eventually spread to all the major metro cities in India.



Nike scaling up in all direction

## Pricing Strategy

—We look at pricing every season in every geography as a normal part of the product creation process and move prices in various parts of the world every season. Pricing is an important tool for managing our profitability, and we certainly consider product cost trends in our overall financial goals when setting prices, said Eric Sprunk, Vice President, Merchandising and Global Product, NIKE.

—And there are some principles that we use to inform pricing decisions because pricing is half of the consumer value equation, and we are sharply focused on delivering great consumer value. At NIKE that will never mean the cheapest product. It will mean the highest quality, most beautifully crafted, most innovative product at the right price, concluded Eric.

NIKE uses **Price Leadership strategy** and **value based pricing**. This is when a company sets its price based on the value the consumer places on the product. NIKE has spent a lot of money to promote their brand as top of the range. Customers buy the product for the NIKE symbol and are willing to pay high prices regardless of the products' actual value.

A product's price has strong connections with its point in the life cycle. In the introduction phase, a skimming or a penetration price might be used; in the maturity phase, promotional and discount prices may be used; and in the decline phase, sale, or mark-down prices may be used to get rid of unwanted stock.

NIKE Free, NIKE Air Max, NIKE Shox, NIKE Air Jordan, NIKE+, NIKE Airforce1 and NIKE Kobe are bestsellers in India, USA, Canada, Europe and China besides other places the world over.

Let us take this case where the NIKE Air Max is known to be a higher-end running/athletic sneaker and they are not often priced below INR5000 for the adults. From experience with buying NIKE Air Max, they seem to use a little bit of

**"psychological pricing"**. For one, because the Air Max are a higher priced sneaker, consumers will think they are of better quality than other sneakers and this is one of the psychological effects this pricing strategy has. If consumers are not that knowledgeable in the sneaker market, they are not going to be able to make comparisons between different sneakers other than based on the price and that is why the price can have such an impact on the buying process. In this case, higher price equates to higher quality and NIKE definitely takes advantage and makes use of the psychological pricing strategy (Armstrong and Kotler).

Another type of pricing NIKE utilizes is **"segmented pricing"**. NIKE often adjusts their products' prices based on differences in the type of customer they are targeting, the specific product they are trying to market, and the location their products are found.

NIKE makes Air Max for adults and children and the prices are different for each. Although the cost to make an adult sneaker versus a children's sneaker does not vary significantly, the difference in price in which they are sold at can be around one third.

Another example of how NIKE utilizes segmented pricing is through the location of their products. Often, the NIKE Air Max is priced differently in a Lady NIKE Store or Multi-brand Shop versus a regular NIKE Store. So based on whether the Air Max is found in a Lady NIKE Store or a regular NIKE Store or a multi-brand Store, the price can vary. Another strategy one can notice is that the Air Max has a price ending in zeros, at least in Lady NIKE Store. For example: INR5115.00. Then, when a particular style goes on sale, you will see the format of the price change to INR3999.99 as an example. This falls under the "**psychological strategy**" of pricing because in consumer's mind, anything ending in ".99" is cheaper than ".00". Overall, NIKE uses a

"**Price Skimming**" technique for the Air Max in that it initially sets the price high for these shoes because they are always coming out with something new with different and innovative designs. Eventually, the consumer will see the price decline gradually as the shoe has been on the market for a while and the next design is getting ready to be released. These strategies seem to be working well for NIKE, especially the "**Higher Pricing**" strategy. *There is just something about the high price that makes customers feel they are purchasing higher quality and prestige when they buy a pair of NIKE shoes.*

## **Channels & Distribution**

NIKE is a highly centralized and extremely focused company. Management concentrated on a few core corporate functions, such as brand building and supply chain management. In addition, a dedicated sales force sold NIKE products to retailers or, in a limited number of countries, to distributors. NIKE has relocated production of its footwear and clothing to 600+ contract factories in 40 countries (as of 2011 list) where its third party production units employ more than 800,000 workers. From its headquarters in Beaverton, Oregon, NIKE manages a worldwide virtual company combining internal R&D functions with a low cost manufacturing strategy.

NIKE has a phenomenal product creation center in Montabelluna, Italy, where craftsmanship is king. NIKE has taken those learning, and shared them with their manufacturing partners in Asia, and fundamentally changed the game and raised the bar of what it means to deliver incredible sportswear products in the athletic industry.

NIKE has 15 contract manufacturers in India (located in Karnataka, Tamil Nadu, Andhra Pradesh, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, and Haryana) that it has outsourced the manufacturing of its footwear and apparel.

### Market Expansion strategies

- Shared distribution channels among varied product lines lowering cost
- Large Size provides opportunity for more leverage against competition
- Efficient use of production facilities lowers cost

### Global Sourcing

- NIKE has relocated production of its footwear and clothing to 40 countries where its third party production units employ more than 800,000 people
- From its headquarters, NIKE manages a worldwide virtual company combining internal R&D functions with a low cost manufacturing strategy. They control their activity from Oregon and Tennessee and developed jointly by American and Asian technicians in the USA, Taiwan and South Korea. Sneakers are then assembled in South Korea and Indonesia from dozens of components supplied by firms in Japan, South Korea, Taiwan, Indonesia, China, Vietnam, India, Malaysia, United States, etc. Similarly NIKE outsources distribution to firms that specializes in Logistics services.

NIKE depends upon tightly controlling the athletic footwear supply chain and getting retailers to commit to orders far in advance.

In India, NIKE's strategy was to increase local manufacturing to be price competitive. They also increased the number of local stores in each of the metros and Bangalore, and wanted to support these local outlets with visual merchandising, where each of the stores projects their brand statement – *Just Do It*.

In 2002, the distribution network of NIKE India had eight distributors, 25 exclusive NIKE outlets, 15 multi-brand outlets and 20 specialty doors across major cities. In 2004, instead of renewing the franchise with Sierra after a 7 year license agreement, NIKE India became the subsidiary. This was the turning point for NIKE in India.

### Market Communications

'If you have a body, you are an athlete' - Bill Bowerman said this couple of decades ago. It defines how he viewed the world, and it defines how NIKE pursues its destiny. —Ours is a language of sports, a universally understood lexicon of passion and competition. A lot has happened at NIKE in the 30 years. And this clearly reflects into the Mission statement of NIKE, *"To bring inspiration and innovation to every athlete in the world."*

NIKE has followed Bill Bowerman's dream to cater every body as an athlete and develop products that help athletes of every level of ability reach their potential.

NIKE has adopted every possible method to be continuously in touch with its current and prospective customers. It has followed traditional to most innovative approaches and used all the available resources and technological advances.

## *Advertising and Campaigns*



NIKE has run various successful campaigns to get close to the communities.

In 1994, NIKE had only 2% of the soccer equipment market. To dislodge market leader Adidas, NIKE targeted -- young committed footballers -- because they were perceived as having less brand loyalty. As Edwards put it; "They are the future." To reach the young players, NIKE signed endorsement deals with stars from

Argentina, Great Britain, Portugal, Mexico, China and Japan. They also looked for players who were expressive and embodied a fast, attacking brand of soccer -- in contrast to the methodical, defensive style called German football. An early coup was the signing of Brazil's Ronaldo, who helped NIKE design the Mercurial Vapor shoe.

In March 2002, NIKE began an estimated \$100 million worldwide marketing campaign built around what it called the "Secret Tournament." The 'tease' phase of the campaign began in March with ads featuring little more than a pair of soccer cleats and a scorpion - a symbol of "the quick and deadly style



of play" with which NIKE wanted to be identified. For the curious, there was a reference to [nikefootball.com](http://nikefootball.com), where visitors could play video games and learn in 12 languages.

The tournament's 'Excite' phase began in April, with a series of dark, edgy commercials evoking the post-Apocalyptic Australia of the movie Mad Max. The "Involve" phase of the campaign was launched in June, when NIKE opened parks in Mexico City, Tokyo, Rome and 10 other cities to host tournaments for young players. Nearly two million players participated. By



the time of the 2002 World Cup in summer, NIKE had made its presence felt in the soccer world. Eight of the 32 finalists wore NIKE uniforms, including Brazil, which won the Cup for a record fifth time.



The —Just Do It! campaign was also effective in reassuring consumers that the brand they picked, NIKE, was a quality brand. This was most effectively portrayed by celebrity sports figures such as Bo Jackson, John McEnroe and later, Michael Jordan. If Michael Jordan can play an entire NBA season in a pair of NIKE, certainly the average weekend warrior can trust the shoes' durability.



Celebrity endorsements also appealed to the consumers' sense of belonging.

NIKE adapted to the culture of the country where it launched the product. In recent times, in India, NIKE launched its mega cricket campaign —Bleed Blue Pledge, a new ad campaign where the pride, passion, and fearless soul of Indian cricket brought to life through the voice of the elite athletes of Team India. During the 60-second ad the members of the Indian Cricket Team articulate the passion for cricket in this country, pulling back the curtain long enough for the viewer to witness how the game is played, loved and revered from the perspective of the athlete.

NIKE has just launched a new campaign titled 'The Chosen', and they turned to Facebook for the entire premiere, including its 90 second TV spot. The campaign is designed to target the niche sports areas they wouldn't typically focus on including BMX, skating and snowboarding.

As well as featuring the TV ad premiere on Facebook, the campaign was launched with a video contest calling for user generated content across each of the sports that the campaign is targeting. This is an impressive move by NIKE, choosing to prioritize social media activity over the traditional medium of TV.





## Interaction with New Media

NIKE provides a glimpse of the next —best practicesl of value co-creation with customers. By engaging with informed, connected, and networked customers around the globe, NIKE has found their shared experiences to be a new source of value.

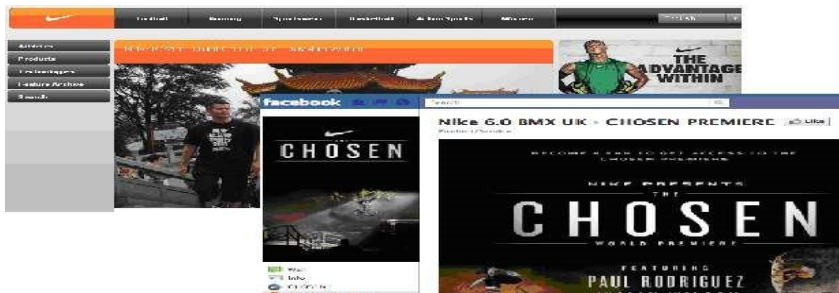
The customers are now informed, connected, networked, and empowered on a scale as never before, thanks to search engines, engagement platforms, the growth of internet-based interest groups, and widespread high-bandwidth communication and social interaction technologies. Customers have learned how to use these new tools to make their opinions and ideas heard.

A few leading companies like NIKE are involving customers in the value creation process by offering Internet sites where they can share their interactions and experiences. These range from customers' ideas about how to improve or customize products to their feelings when they use products. For NIKE, the learning from these interactions creates new strategic capital. The company can now learn directly from customers' direct input on their preferences. NIKE can build relationships and trust with the NIKE+ community and experiment with new offerings, all the while enhancing its brand.

NIKE has been making lots of investments on its facebook page; it also maintains its own media site [www.nikemedia.com](http://www.nikemedia.com).

NIKE has its presence felt on all the social sites like:-

- twitter <http://twitter.com/#!/nike6>
- facebook <http://www.facebook.com/nike>
- blog <http://www.nike.blogspot.com/>
- Youtube has a separate channel for the NIKE : [www.youtube.com/user/nike](http://www.youtube.com/user/nike)



## Corporate Social Responsibility

NIKE has always been keen on its image in corporate and social community. NIKE has been involved in number of eco-friendly and social drives to show its concerns towards the well being of the social and individual personality.

As a result NIKE has been awarded various prestigious awards, like;

- Top 10 of Newsweek's 2010 Green Rankings
- Maplecroft recognized as a leader in climate change
- Tops Climate Counts List in Corporate Commitment to Climate
- Recognized as One of the World's Most Ethical Companies by The Ethisphere Institute
- Named as One of the 100 Best Corporate Citizens for 2010 Corporate Responsibility Magazine (the new name of CRO Magazine).
- Named as One of 100 Most Sustainable Corporations in the World by Innovest Strategic Value Advisors and Corporate Knights Inc.
- Recognized for its Leadership in Climate Change Solutions by World Wildlife Fund
- Recognized three times by FORTUNE magazine on its "100 Best Companies To Work For" list for employee benefits like paid sabbaticals, on-site childcare

*Brand Portfolio*

NIKE has adopted a brand extension strategy to extend its product line from sports footwear to sports apparel, sports equipment and accessories.

- NIKE, Inc.'s wholly-owned affiliates, reported as Other Businesses – Cole Haan, Converse, Inc., Hurley International, LLC, NIKE Golf, and Umbro, Ltd. – play a significant role in NIKE's future growth plans.

At the end of fiscal 2011, NIKE, Inc.'s affiliate businesses contributed approximately \$2.72 billion of the company's \$20.9 billion in revenue.

## SWOT Analysis

### Strengths

- ✓ NIKE is a very competitive organization. Phil Knight (Founder and CEO) was often quoted as saying that 'Business is war without bullets.' NIKE has a healthy dislike of its competitors. NIKE became the official kit sponsor of Indian Cricket Team with a tag line —Bleed Blue!
- ✓ NIKE has no factories. It does not tie up cash in buildings and manufacturing workers. This makes a very lean organization. NIKE is strong at research and development, as is evidenced by its evolving and innovative product range. They then manufacture wherever they can produce high quality product at the lowest possible price. If prices rise, and products can be made more cheaply elsewhere (to the same or better specification) NIKE will move production.
- ✓ NIKE is a global brand. It is the number one sports brand in the World. Its famous 'Swoosh' is instantly recognizable, and Phil Knight even has it tattooed on his ankle.

### Weaknesses

- \* The organization does have a diversified range of sports products. However, the income of the business is still heavily dependent upon its share of the footwear market. This may leave it vulnerable if for any reason its market share erodes.
- \* The retail sector is very price sensitive. NIKE does have its own retailer in NIKE Factory store. However, most of its income is derived 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

- Ongoing fusion of Sport and lifestyle: The border between pure athletics and lifestyle continues to blur as sport becomes a more integral part in the lives of more and more consumers. People want to be fashionable when engaging in sporting activities without compromising on quality or the latest technological advances. At the same time, performance features and styles are finding their way into products meant for more leisure-oriented use. The global sports lifestyle market is estimated to be at least three times larger than the performance market.
- Women's segment offers long-term potential - the women's sports market is one of the most attractive segments in the sporting goods industry, with women accounting for more than a third of total spending on athletic footwear. All the 3 MNCs (NIKE, Reebok, and Adidas) still generate the majority of its revenues in men's and unisex categories. NIKE should continue to invest in developing women-specific product offerings in both performance and lifestyle that emphasizes female individuality, authenticity and style.
- Increasing consumer demand for functional apparel - Consumer demand for functional apparel has increased significantly in recent years as consumers realize the benefits of functional apparel over traditional cotton sportswear. Improved moisture management, superior ease of motion and increased comfort are all factors encouraging consumers to switch to high-performance apparel.

### **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 (Reebok, Adidas, Puma, etc.) 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.

## Future

The consumer goods industry is highly volatile and the sales development is impacted by the consumer confidence and spending. Therefore, better than initially forecasted macroeconomic developments which support increased discretionary private consumption can have a positive impact on the sales and profitability. However, the following strategic and operational opportunities would definitely provide an impetus to the growing sportswear and lifestyle market.

**Growing importance of sports to fight obesity** - Governments are increasingly promoting living an active lifestyle to fight obesity and cardiovascular disease. According to the International Obesity Task Force (IOTF), more than 600 million adults were considered obese in 2010. An additional 1.0 billion were estimated to be overweight. Furthermore, up to 200 million school-age children were either obese or overweight. Once considered a problem only in affluent nations, obesity is also becoming an issue in countries with low per capita income. This development has serious health consequences and a dramatic effect on health care expenditures.

**Ongoing fusion of Sports and Lifestyle** - People want to be fashionable when engaging in sporting activities without compromising on quality or the latest technological advances. At the same time, performance features and styles are finding their way into products meant for more leisure-oriented use.

**Emerging markets as long-term growth drivers - According to estimates by the** United Nations, the global population is projected to grow from currently 6.9 billion to 7.3 billion by the end of 2015 and is estimated to exceed 9 billion by 2050. A large portion of this growth is being driven by emerging economies. Rising employment rates and real incomes as well as a growing middle class are fuelling these economies – and subsequently sportswear industry. Sports participation in countries such as China or India has historically been lower than in industrialized countries. However, it is expected that sports participation rates will increase over time with increasing leisure time, investment in infrastructure and the broadening of awareness of the benefits of physical activity.

However, there are several influences that the company should be cognizant about and their impact on sustaining growth in the industry. The first influence will be that of government action. The sportswear industry, by its very nature is very labor intensive. Therefore, majority of the production takes place in low-wage countries like India, China, Thailand, Vietnam, etc. The majority of employees within the supply chains are young and female and they certainly work under unreasonable terms and poor working conditions. With NIKE operating in 4 different continents it needs to consider government legislations like minimum wage and use of child labor. This will result in an ethical dilemma for NIKE Inc., in terms of employee welfare, human rights and working conditions and is the company willing to become more socially responsible at the cost of increasing production costs. Environmental issues in terms of reducing pollution, and deciding not to sell in some markets and ensuring 'fair' terms of trade is observed by suppliers are all issues that will have impact on marketing strategy.

The company must also beware of other political threats and how those will influence its marketing strategies. Demographics will also influence the company's marketing strategies. In early 2000, the

trend of aging population in the western economies was highlighted as a growing issue. This could lead to a change in demand from consumers from sports athletic shoes to comfort shoes. But on the other hand, the growing health awareness in the world will result in more demand for sports and fitness commodities. Therefore, sociocultural influences will also be key in the development and implementation of NIKE's international marketing strategies.

Another key issue influencing NIKE's marketing strategy will be that of technology. The introduction of new level of telecommunication and information technology advancements, with NIKE already using Internet web as a mode of market entry and selling and marketing communication, any future implementation of marketing strategy will have to be in harmony with its existing e-commerce solutions. NIKE also needs to consider the issues relating to labor markets. With NIKE's operations outside the US, as a result of so called 'offshoring' - relocating jobs overseas - many to India, the motive was major reductions in cost of running activities like production.

Finally, NIKE must also consider issues in relation to environment, competition regulation and the world economy overall before developing and implementing its future international marketing strategy. Mode of entry into new markets via acquisition or merger by NIKE may potentially be investigated by the Competition Commission and subsequently blocked if the government considers that such business acquisition will be against consumer interests. Suppliers are a further key issue that should also be considered not so much as a factor that is in direct control of NIKE but could have a large impact on its business and strategies. NIKE will be heavily dependent on raw materials like rubber, cotton, and leather to manufacture its core products. Therefore, any shortage of supply or price raises by suppliers will have to be considered in implementing the marketing strategy and setting pricing policies.

## CAMPAIGN

In the UK and the Nordic countries, Nike had focused on grassroots work, and had a strong presence at sports events and with athletes. In Germany, on the other hand, marketing was almost exclusively advertising—99% of the marketing budget was spent on TV, video, cinema and radio, and almost nothing on sports promotion. Nike's advertising was a mix of U.S. campaigns and local work. In some of the campaigns, Nike had come across as too aggressive. They were too American, and were pushing athletic competition too far for their European audience.

### **MARKETING STRATEGY:**

An important part of the new strategy in Europe was to change the relationship with retailers. Nike wanted to grow the proportion of its business with the larger, specialized sports retailers, and shrink the proportion of business with smaller, mom and pop stores. The sports retail trade in Europe was not as developed as that of the U.S., but this was changing as people began to realize its potential. Retailers like JD Sports in the U.K. and Stadium in Sweden used some sophisticated merchandising concepts, and U.S. chains like Foot Locker had established a presence. Nike also wanted to move out of the transactional mode and start dealing with their key accounts like business partners. Coles described the new relationship:

Instead of Nike walking into the store and asking “What would you like to buy today?” the Nike salesperson would say: Here's what we're going to sell through your store this season, here are the product types, here's how we're going to merchandise the product types, here's the marketing effort that's going behind it, here's the athlete that's going to be wearing that product by this date, and here's the new color product that we're going to flow in by the second half of the season. What we come up with is a totally integrated marketing plan.

Nike worked with their key accounts to help them understand concepts like multiple season selling (the introduction of product throughout the year rather than just in two seasons), assortment planning (selecting product depending on the type of store), and the Futures program. In 1993, the Futures program was introduced in Europe; the program asked the retailers to order the bulk of their product six months in advance, and in return, promised them guaranteed delivery and a discount of 5-13%. Initially, the program did not go over well with retailers, especially in Germany where retailers could buy product from Adidas at any time. However, most of them saw

the advantages once Nike explained to the European retailers why they were using Futures and how it would guarantee availability. Germany was the exception, where it was a battle both against an entrenched retailer base and sometimes against Nike's own staff, who didn't believe in the concept themselves.

The result of the increased coordination and the spreading of best practices throughout Europe has been a stronger organization. People thought they are part of a larger organization, sharing the Nike culture of teamwork, competitiveness and honesty. They are more confident as their competency increases; they understand the brand; they understand how Nike talks about profitability; they can read an income statement; and they are in control of the technologies that Nike uses.

### **Key Success Factors and Critical Issues**

#### **Key success factors of Nike are:**

One of a kind- It provides unique value to customers having its own look/ custom products. We know you- It knows as well as understand people's stories/ understand athletes needs Access- Its products are found everywhere

Design- It has recognizable, respected logo, shoe and clothing aesthetics Convenience- It has online shopping, worldwide retailers.

Nike has successful growth collaborating with other companies within sport and other fitness industry.

Having Stylist features and innovative products which includes;

" Different colors and designs of products " It have different products one cannot fit other.

" It has silent alarm, water proof products, and sleep monitoring of its products

" It is having wireless syncing (android device)

Financial sustainability of Nike comprises of;

" Strong history of alliances as having strong partnership with Apple. " It has high budget in marketing.

" Having ability to develop new and innovative products in house with minimal risk.

" Nike was the first one in the market in terms of experience and Technology.

Having successful business growth in terms of internal and external analysis, market position,



competitors, products and organizational structure.

The success lean to three things; Leadership, people and processes which provide quality products timely (Nike.inc., 2014).

### **Key critical issues**

One main issue of Nike corporation is it is leading and planning without proper management, the company is suffering from child hood labor.

It has negative media attention due to which it may lose reputation.

Has fault of poor factory conditions and environmental problems.

It has been blamed of abandoning sites.

The Nike products have become equal with slave wage, they worker with minimum wage from which they can only fulfill their basic necessities, forced overtime and subjective abuse.

Suppliers are having overlapped and conflicting issues from diverse customers so can be issue for

Nike outsourcing strategy. (Wilsey, M., & Lichtig, S.)

Marketing

## **RESULTS**

Measured as Brand Intent to Purchase, Nike is the leader in almost all age groups against both Reebok and Adidas (the exception being older women, where Reebok is on top). Nike considers Adidas its strongest competitor, but Reebok has also had some placement success with products such as the DMX shoe. Fila looks to be fading, although Hilfiger and Polo are new entrants focused on the fashion side. Nike's goal is to bring Indian consumption to the same level as the other Asian countries.

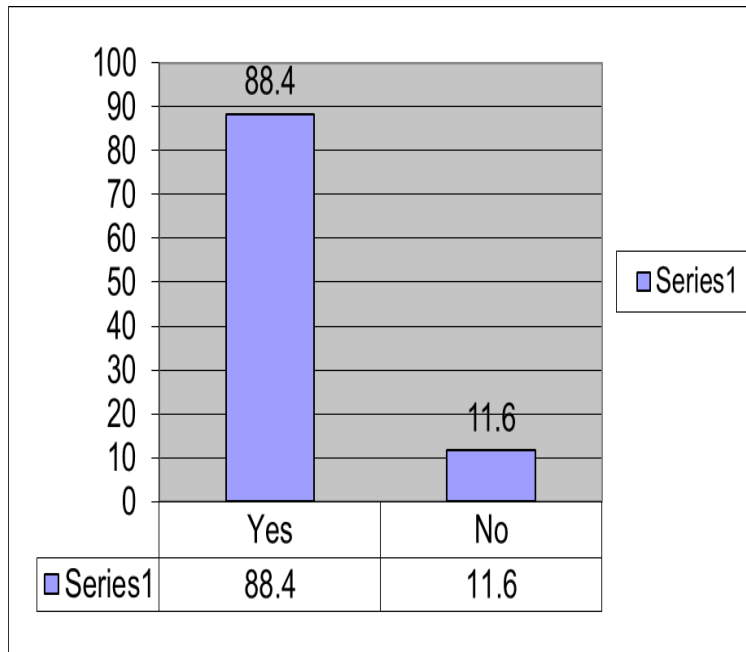
## DATA ANALYSIS AND INTERPRETATION

1. Do you like Nike footwear products? Why or Why not?

- (a) Yes
- (b) No

*The following results were observed:*

- a) 88.4% people said Yes
- b) 11.6% people said No



**INTERPRETATION :**Therefore, it is observed that most of the respondents like NIKE products

2. Did you buy Nike footwear products?

- (a) Yes  
(b) No

The following results were observed:

(a) 92% people said Yes (b) 8% people said No



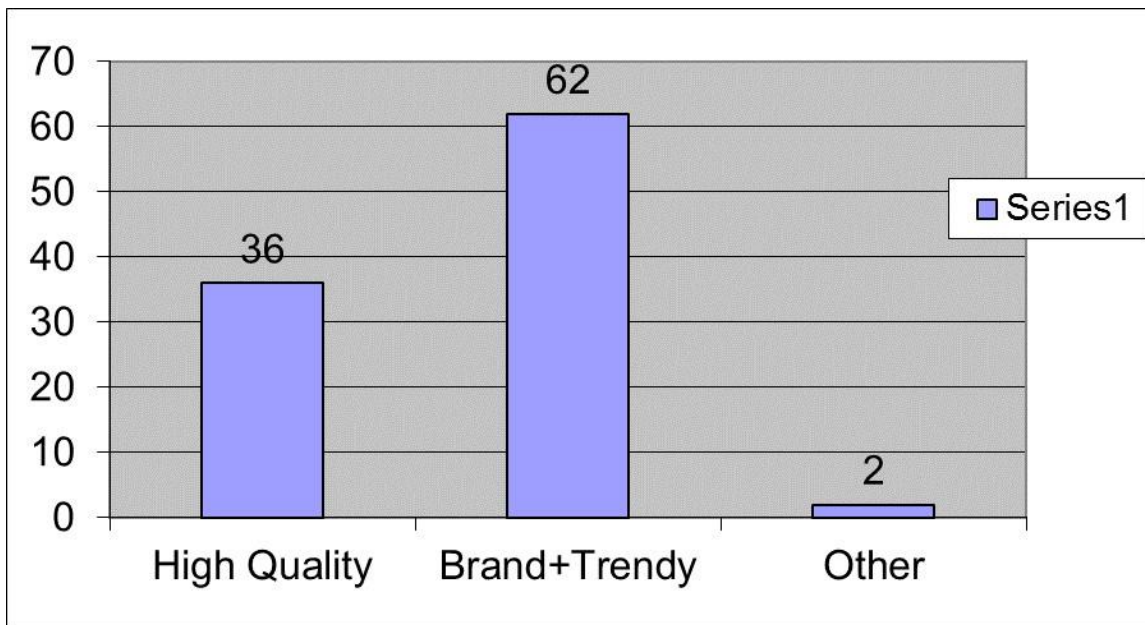
**INTERPRETATION:** Therefore, it is observed that most respondents have bought Nike footwear

3. Why do you buy nike footwear product?

- (a) High quality
- (b) Brand +Trendy pursuer
- (c) Other

*The following results were observed:*

- (a) 36% people said High Quality
- (b) 62% people said Brand + Trendy pursuer
- (c) 2% people said others



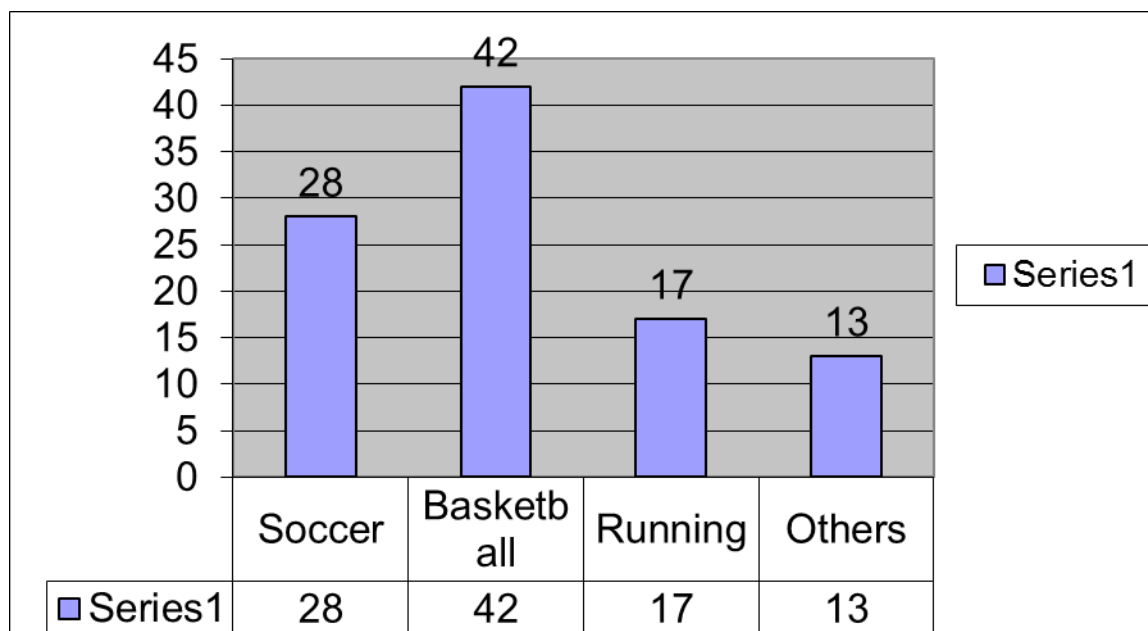
**INTERPRETATION:**Therefore, it is observed that most People buy Nike footwear because Of its Brand and Trendy looks

4. What type of sports do you like?

- (a) Soccer
- (b) Basketball
- (c) Running
- (d) Other

The following results were observed:

- a) 28% people said Soccer
- b) 42% people said Basketball
- c) 17% people said Running
- d) 13% people said others

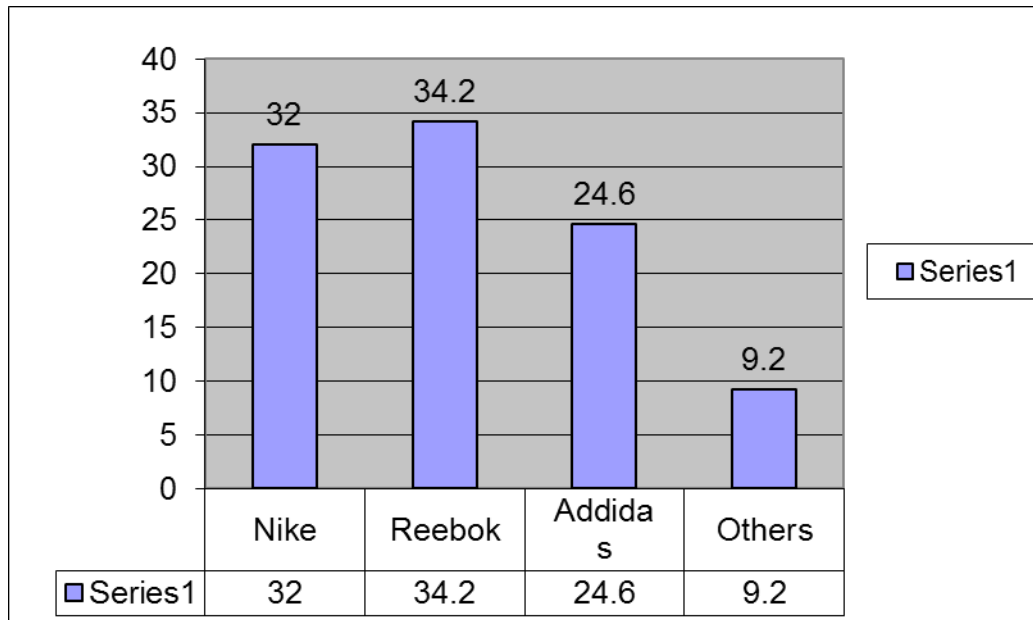


**INTERPRETATION:** Therefore, it is observed that Basketball is the most likely sport.

5. If you want to buy a sports footwear, which one is your best choice? (a) Nike  
 (b) Reebok  
 (c) Addidas  
 (d) Others

The following results were observed:

- a) 32% people said Nike  
 b) 34.2% people said Reebok  
 c) 24.6% people said Addidas  
 d) 9.2% people said others



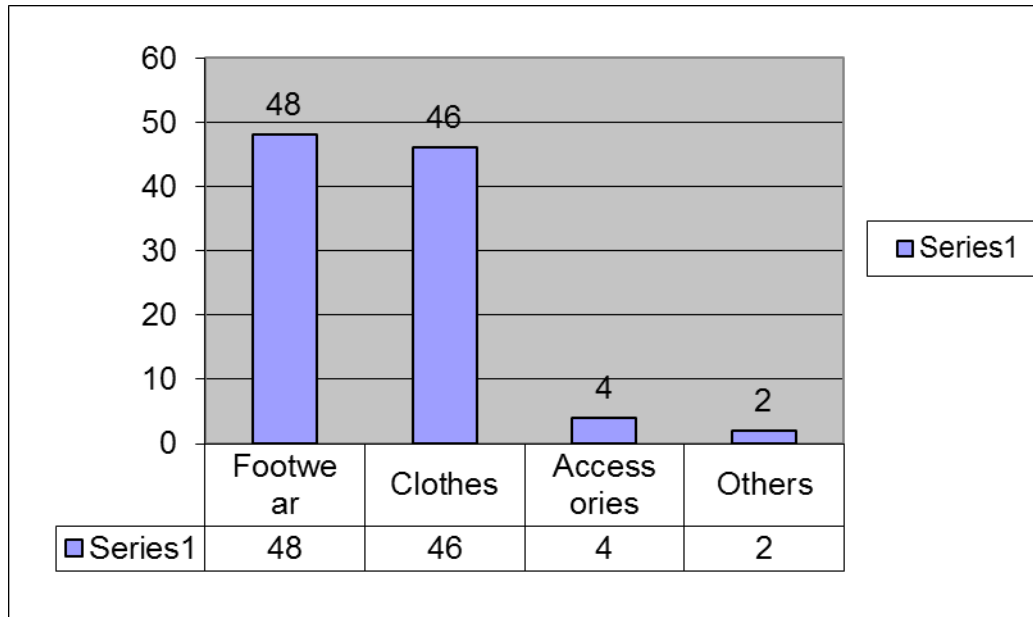
**INTERPRETATION:** Therefore, it is observed that Reebok is the most demanded footwear

6. What kind of Nike products do you buy?

- (a) Footwear
- (b) Clothes
- (c) Accessories
- (d) Other

The following results were observed:

- a) 48% people said Footwear
- b) 46% people said Clothes
- c) 4% people said Accessories
- d) 2% people said Others



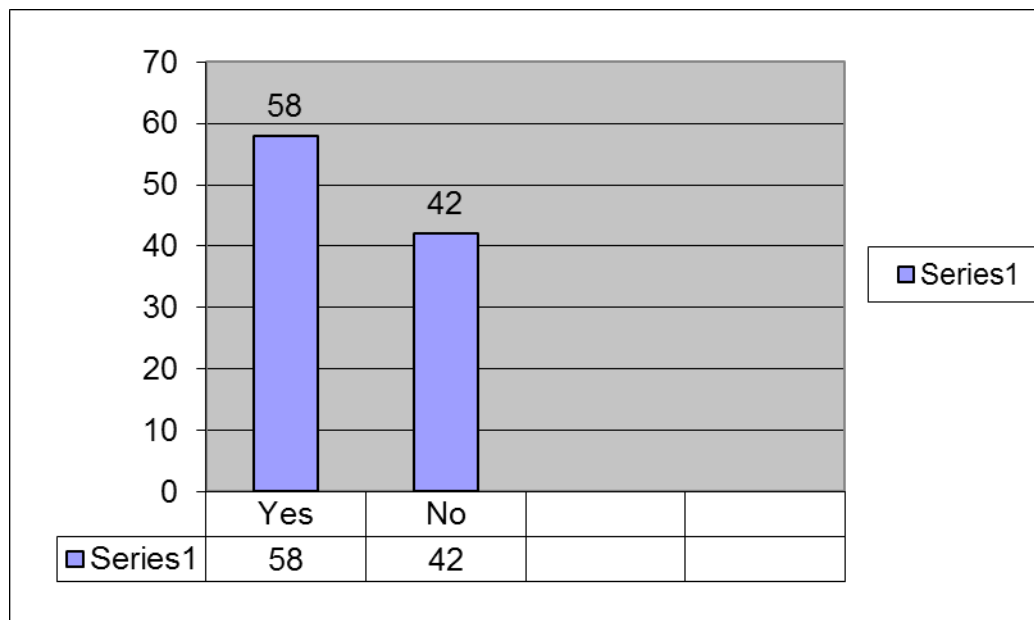
**INTERPRETATION:** Therefore, it is observed that most saleable item of Nike is Footwear

7. Do you think prices of nike footwear is expensive?

- (a) Yes  
(b) No

The following results were observed:

- a) 58% people said Footwear  
b) 42% people said Clothes



**INTERPRETATION:** Therefore, it is observed that most people think Nike footwear is Expensive.

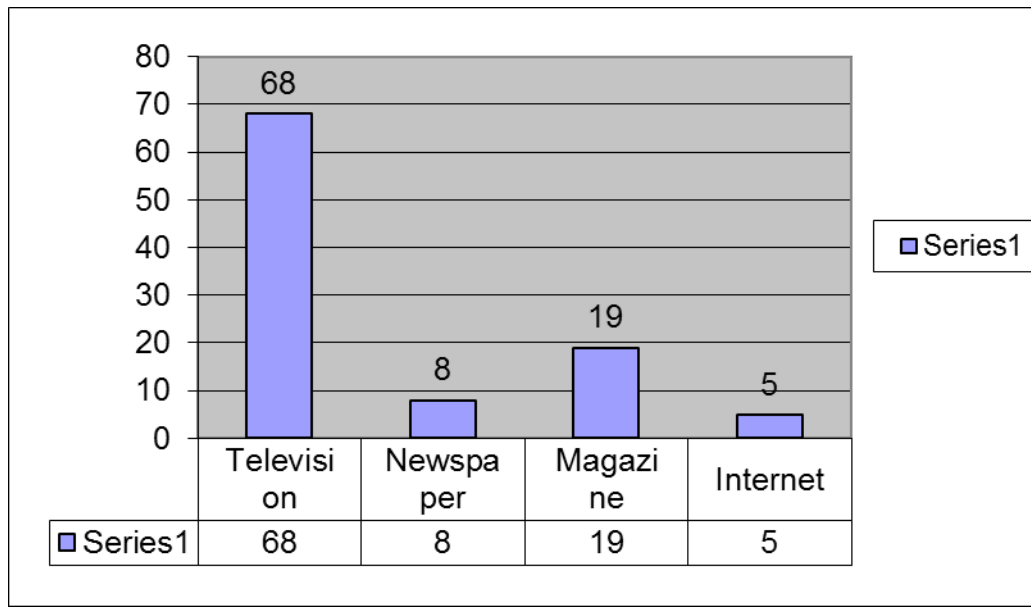


8. Where is the best place to reach you with Nike advertisement?

- (a) Television
- (b) Newspaper
- (c) Magazine
- (d) Internet

*The following results were observed:*

- a) 68% people said Footwear
- b) 8% people said Clothes
- c) 19% people said Accessories
- d) 5% people said Others



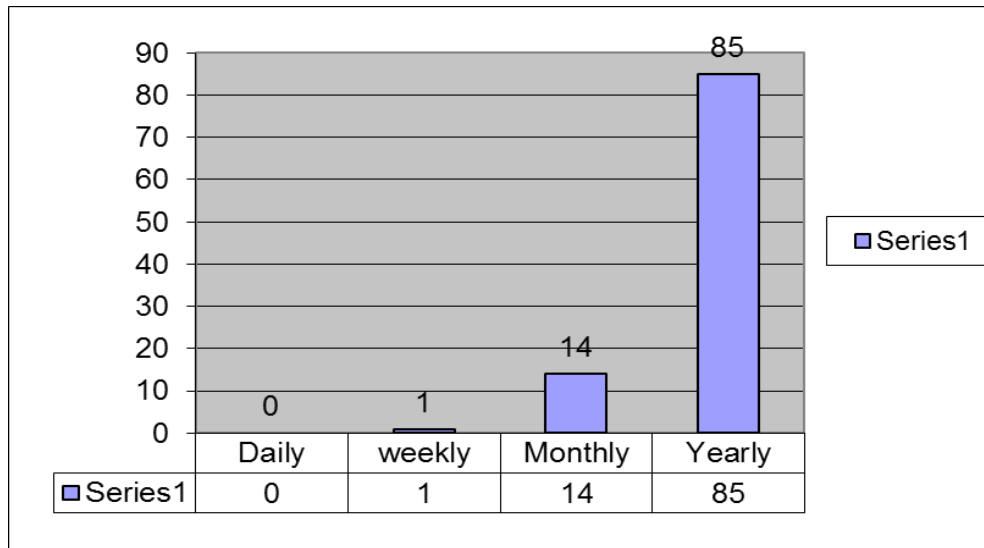
**INTERPRETATION:** Therefore, it is observed that Television is the most reachable Medium

9.How often do you buy nike products?

- (a) Daily
- (b) Weekly
- (c) Monthly
- (d) Yearly

*The following results were observed:*

- a) 0% people said Daily
- b) 0% people said Weekly
- c) 14% people said Monthly
- d) 85% people said Yearly



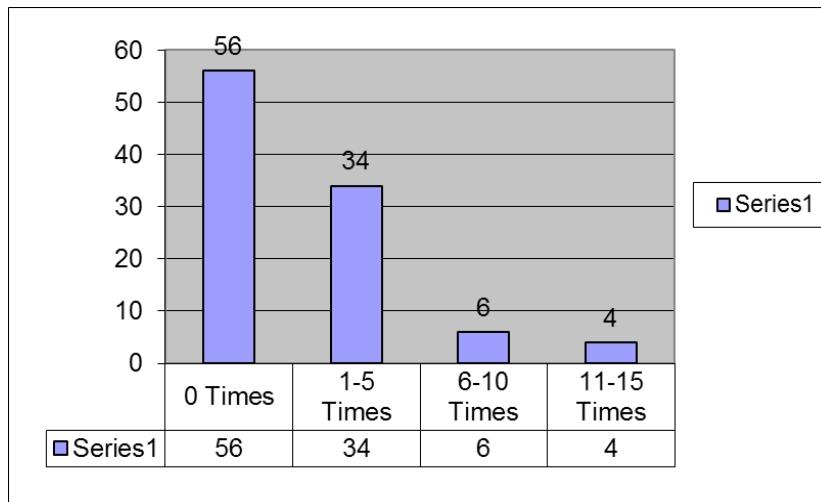
**INTERPRETATION:** Therefore, it is observed that people buy Nike products once in a Year.

10. How many times do you watch nike TV advertistment in one month?

- (a) 0 times
- (b) 1-5 times
- (c) 6-10 times
- (d) 11-15 times

*The following results were observed:*

- a) 56% people said 0 Times
- b) 34% people said 1-5 Times
- c) 6% people said 6-10 Times
- d) 4% people said 11-15 Times



**INTERPRETATION:** Therefore, it is observed that people haven't watched Nike Advertisement in a month.

## **RESULT & DISCUSSION**

Nike has been creative since the start. It has been pushing the technological boundaries of innovation to offer its customers new products and also differentiate itself from its competitors. Somewhere in its evolution, Nike also realised the importance of hi-tech gadgets in day-to-day lives.

So it started to combine new products with hi-tech solutions to give unconventional capabilities to a customer of sportswear.

Nike was also quick to seize the opportunity offered by social media to engage with a wider customer base so much so that it is now able to link its new hi-tech gadgets to social media platforms. The power of such customer contact is phenomenal as it gives greater visibility in a single click, generates interactions among customers and gives the company an opportunity to collect info about customers' choices and preferences. It also gives endless chances for customer segmentation and product differentiation, the pillars of any marketing strategy.

Measured as Brand Intent to Purchase, Nike is the leader in almost all age groups against both Reebok and Adidas (the exception being older women, where Reebok is on top). Nike considers Adidas its strongest competitor, but Reebok has also had some placement success with products such as the DMX shoe. Fila looks to be fading, although Hilfiger and Polo are new entrants focused on the fashion side. Nike's goal is to bring Indian consumption to the same level as the other Asian countries.

## **SUGGESTION & RECOMMENDATION**

### **SUGGESTION**

Department stores are the prime sales and marketing channel for leather consumer goods. In addition, store decorations and product displays should be designed to create a strong first impression. Seasonal promotion campaigns, like special discounts and advertisements, could be employed. New lines of collections should be introduced for festivals.

In addition to promotional activities in shopping malls and department stores, discounts and TV commercials are considered effective channels for promotion. It is advisable to pay attention to the affordability of customers in different cities, while setting price points for different product categories. Meanwhile, leather shoes offer better growth potential.

Popular materials used for leather consumer goods include bovine skin, goat/kid/lamb/sheep skin and crocodile skin. Regarding colors, black is by far most sought-after with dark brown in second place.

Due to their growing spending power, the rising middle class should be the target of Hong Kong's sellers of leather consumer goods. Hong Kong companies should put more emphasis on products for business use. In addition, it is useful to introduce appropriate designs that cater for the tastes of the middle class.

## **RECOMMENDATIONS**

To explore the mainland market, Hong Kong companies should position themselves in areas in which they are strong. From the viewpoint of mainland consumers, Hong Kong's leather consumer goods are considered competitive in the high-end and mid-range. Mainland consumers are brand conscious, and it is vital to promote own brands which have clear image.

This survey also shows that Hong Kong products are preferred for their design/style and quality. Bearing these in mind, Hong Kong companies should never compromise on quality, and they should allocate more resources to product design, selection of material and craftsmanship. To conclude, it can be said that through the global sports retail industry has reached its maturity, but the Indian sports retail industry is still at its infancy. But with the huge potentiality existing in the Indian market, it is expected to grow in leaps and bounds in the future.

- ✓ The prices of the shoes must be reduced to increase sales.
- ✓ New lines of collections should be introduced for festivals.
- ✓ The stores must be decorated properly.
- ✓ Seasonal promotion campaigns, like special discounts & advertisements (magazines, internet, etc.), could be employed.
- ✓ Product displays should be designed to create a strong first impression.
- ✓ More number of outlets should be opened to reach to all types of customers in all the regions.
- ✓ More variants should be introduced in the accessories section.

### **LIMITATION:**

The collected data are placed into an order. Percentages of respondents answered similarly are calculated and placed in a table. Then this is interpreted. This involved drawing conclusion from the gathered data. Interpretation changes the new information immerging from the analysis into information that is pertinent or relevant to the study.

- Due to limited time period and constrained working hours for most of the respondents, the answers at times were vague enough to be ignored.

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- Geographical scope of the study was limited to a small area, which may not represent the whole sector of India; Size of the sample is 50, which is, of course small in comparison to entire population.
- Due to limitation of time only few people were selected for the study. So the sample of consumer was not enough to generalize finding of the study.

There can be many interpretations & explanations to the data collected. This is empirical study and the research provides the explanation as understood by the researcher only.

- The source of data for the study was primary data with the help of self-administered questionnaire. Hence, the chance of biased response cannot be eliminated through all necessary steps were taken to avoid the same.
- The data taken from the secondary source like internet, newspaper, books may lack some proper explanation or may be not properly interpreted.
- The responses of customers are presented in a way convenient to the researcher and can be interpreted in different ways.

## **HYPOTHESIS TESTING**

As per the research done we can see that Nike is promoting their products through so many approaches and their effective marketing is based on the way they do the marketing. Nike as we see is mostly presenting popular celebrities and great players to advertise their product. So here we can see that the hypothesis testing of our project comes to be true.



## CONCLUSION

The specific brand objective of Nike India would be to build up its brand reputation, image and equity. A brand is not simply a collection of products and benefits, but also a storehouse of value stemming from awareness, loyalty, and association of quality and brand personality. A brand is a name, term, sign, symbol or design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate from those of competitors. In essence, a brand identifies the seller or maker. It can convey up to six levels of meaning: Attributes, Benefits, Values, Culture, Personality and User. If a company treats a brand only as a name it misses the point.

The branding challenge is to develop a deep set of positive associations for the brand.

Although these six meanings are noticeable in the Nike brand in the west and other parts of the world, they are yet to be cultivated in India. Nike has to ensure that their brand is built up on these pillars in India.

The secondary brand objective of Nike India would be to ensure that they match the market share and sales volumes of its competitors. After all, a company is in business to make profits and stay ahead of its competitors. A company, product or brand may have a very good reputation and image, but if it is not profitable, it does serve its purpose. At the same time sales figures and data can be misleading. Hence market share has also to be paid attention to.

Nike despite being one of the most popular brands in the world has not really caught on in India. Yet, there is reason to believe that Bata's Power and Liberty would be ahead of Nike in terms of popularity. We also notice that Nike is at par with Reebok. This again does not reflect too well on the brand, considering that Nike outsells Reebok everywhere else in the world.

Hence it is reasonable to state that Nike's popularity level in India could do with a boost. The best way to achieve this would be some serious brand building. The image of the brand has to be improved and people must be made aware of its presence. Thus, the rationale behind choosing improvement of brand image and reputation as the company's primary objective is quite clear.

The aim of this project was to develop competitive marketing plan of opening the e-shop of sport shoes and boots, so the web-page is one of the most important things it should be noted that in the developed of LifeShoes store interface is successfully combined with either functionality or ease usage.

Another conclusion is that the promotion is another of the most important parts for the internet shops, that includes in SEO work, different kind of advertisements, as banners, mailings, etc, also as different offers, via discounts, sales, gifts - to obtain even more customers.

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- ▣ V.S RAMASWAMY AND S. NAMAKUMARI **MARKETING MANAGEMENT**, SECOND EDITION.
- ▣ SHOE DOG- A MEMOIRE BY THE CREATOR OF NIKE.

### **Web Sites**

[www.nike.com](http://www.nike.com)

[www.wikipedia.com](http://www.wikipedia.com)

[www.google.com](http://www.google.com)

[www.indiatimes.com](http://www.indiatimes.com)

### **Magazines**

Business India

India Today

The Hindustan Times

The Economic Times

**QUESTIONNAIRE**

1. Do you like Nike footwear products? Why or Why not?

- (a) Yes
- (b) No

2. Did you buyed nike footwear products?

- (a) Yes
- (b) No

3. Why do you buy nike footwear product?

- (a) High quality
- (b) Brand +Trendy pursuer
- (c) Other

4. What type of sports do you like?

- (a) Soccer
- (b) Basketball
- (c) Running
- (d) Other

5. If you want to buy a sports footwear, which one is your best choice?

- (a) Nike
- (b) Reebok
- (c) Addidas
- (d) Others

6. What kind of nike products do you buy?

- (a) Footwear
- (b) Clothes
- (c) Accessories
- (d) Other

7. Do you think prices of nike footwear is expensive?

- (a) Yes
- (b) No

8. Where is the best place to reach you with Nike advertisement?

- (a) Television
- (b) Newspaper
- (c) Magazine
- (d) Internet

9..How often do you buy nike products?

- (a) Daily
- (b) Weekly
- (c) Monthly
- Yearly

10. How many times do you watch nike TV adverstisment in one month?

- (a) 0 times
- (b) 1-5 times
- (c) 6-10 times
- (d) 11-15 times