

PROJECT REPORT

On

NIKE

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THE BHOPAL SCHOOL OF SOCIAL SCIENCES

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Submitted To

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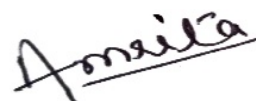
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CERTIFICATE FROM THE PROJECT GUIDE

This is to certify that the Project Report titled “NIKE” is a bonafide work of Gokul Nair enrolment number R170190280072 undertaken for the partial fulfillment of Masters in Commerce (M. Com) degree of Barkatullah University under my guidance. This project work is original and has not been submitted earlier for the award of any degree or diploma of any other University or Institution.



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DECLARATION

I Gokul Nair son of Ramesh Chandra Bose certify that the project report entitled on “NIKE”, prepared by me is my personal and is authentic work under the guidance of **Dr. Amrita Sahu, Associate Professor, Department of Commerce.**



Date: 15/06/2021

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Nike, Inc. is an American multinational corporation that is engaged in the design, development, manufacturing, and worldwide marketing and sales of footwear, apparel, equipment, accessories, and services. The company is headquartered near Beaverton, Oregon, in the Portland metropolitan area. It is the world's largest supplier of athletic shoes and apparel and a major manufacturer of sports equipment.

The Nike started to give and providing best foot wear Nike designed, developed, and marketed athletic and casual footwear, active sports and time off garb, sports tools, and trimmings under the Nike, Hurley brands. Nike was the largest seller of athletic footwear and apparel in the world, with a U.S. market share exceeding 40%. The company's products were sold through approximately 18,000 retail accounts in the United States, including footwear stores, department stores, and sporting goods stores. Nike, with the broadest product line of all competitors, also distributed to specialty, skate, tennis, and golf shops. The company operated several retail formats in the United States: 78 Nike Factory Stores (primarily close-out merchandise), 4 Nike stores, 13 Nike town "showcase" stores, 4 employee-only stores, and 61 Cole-Haan stores. Sales in the United States accounted for 53% of total revenues. Nike sold its products outside the United States through independent distributors, licensees, and subsidiary in 140 countries.

In addition to performance equipment (sports balls, timepieces, eyewear, skates, and other equipment designed for sports activities), Nike sold hockey equipment and related accessories under the Bauer and Nike brand names. In April 2002, Nike acquired Hurley International LLC, a California-based designer and distributor of sports apparel for surfing, skateboarding, and snowboarding as well as youth lifestyle apparel. Footwear accounted for 58% of fiscal 2002 revenues; apparel, 29%; equipment, 8%; and other, 5%.

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Almost all Nike brand apparel was manufactured by about 700 independent contractors, 99% of which were located in Southeast Asia. The reasons for locating shoe production in Southeast Asia were many, but the most important was the cost of labor. In addition to having lower labor costs, Asia provided access to the raw material suppliers and satellite industries (tanneries, textiles, plastics) necessary in athletic shoe manufacturing. A third important factor driving the location of athletic shoe production was the current complex system of differential tariffs.

Working conditions and wages, as well as allegations of irritation and abuse, had been a source of heated debate between Nike and a broad array of special interest groups and journalists for a decade. Critics accused Nike of abandon countries as they developed better pay and employment rights in favor of countries such as China with lower wages and little rule of employment practices. In several cases relating to physical or verbal abuse and child labor, Nike decided that employment practices were difficult, and the company responded with what the international association agreed were serious and reasonable remediation plans. The company's argument that many of the charges were based on old and inaccurate information and did not reflect current operations had done little to satisfy activists. Although Nike had implemented a series of social and environmental initiatives and Nike's largest competitors had pursued almost identical manufacturing strategy, Nike continued to be the focus of activists opposing manufacturing practices in developing countries.

Because Nike didn't actually produce shoes, the company's focus was on R&D and marketing. Nike considered its product design and ability to quickly take advantage of technological advances key sources of competitive advantage. Celebrity spokespersons (Michael Jordan, Tiger Woods, Lance Armstrong, Mia Hamm, etc.) and team endorsements (such as the long-term agreement with Manchester United) were important elements of what had been a very successful promotional strategy. According to the company's annual report, Nike's spending for "demand creation" was \$1,027.9 million for 2002-10.4% of revenue. R&D costs, estimated at close to \$1 billion, were not separately disclosed.

While Nike was fairly well diversify across price points, the company's exhibition area shoes, which accounted for 15%-20% of global revenue, had been a strong contributor to profits and had created the "buzz" to move lower-priced models. Declining demand for these premium sneakers was exacerbated by growing unemployment rates, a degeneration economy, uncertain geopolitical events, falling consumer confidence, and competition from other teen and young adult must haves such as cell phones, PDAs and other new gizmos fickle consumer tastes and preferences and the spat with Foot cabinet were factors as well.

Although Nike's fiscal revenue of \$9,893 million was the highest in company history top-line growth was slower 4.3% than in the previous year 5.5%. Slower sales of athletic shoes in the

U.S. region were balanced by increases in footwear sales in other regions and increases in apparel and equipment sales in all regions. Despite descending pressure on prices and markdowns, the company was able to increase gross margin as a percentage of sales to 39.3% for the year. Selling and organizational expenses increased from 28.3% of sales to 28.5% , reflecting both lower sales and increased marketing costs. Operating profit showed definite improvement in 2002, at 10.2% of sales, versus 9.3% in the prior year. Complete financial information is available .

B. Mission and Vision

Mission

The company's official mission declaration is to bring inspiring and innovating spirit to each sportsperson around the globe. Nike Inc. states that everyone is a sportsperson, according to a statement by the company's initiator Bill Bowerman. "If one has a physique, he/she is a sportsperson. "

Vision

Aid NIKE, Inc. and the company's costumers prosper in a workable financial state whereby individuals, profitable and the world are in equilibrium.

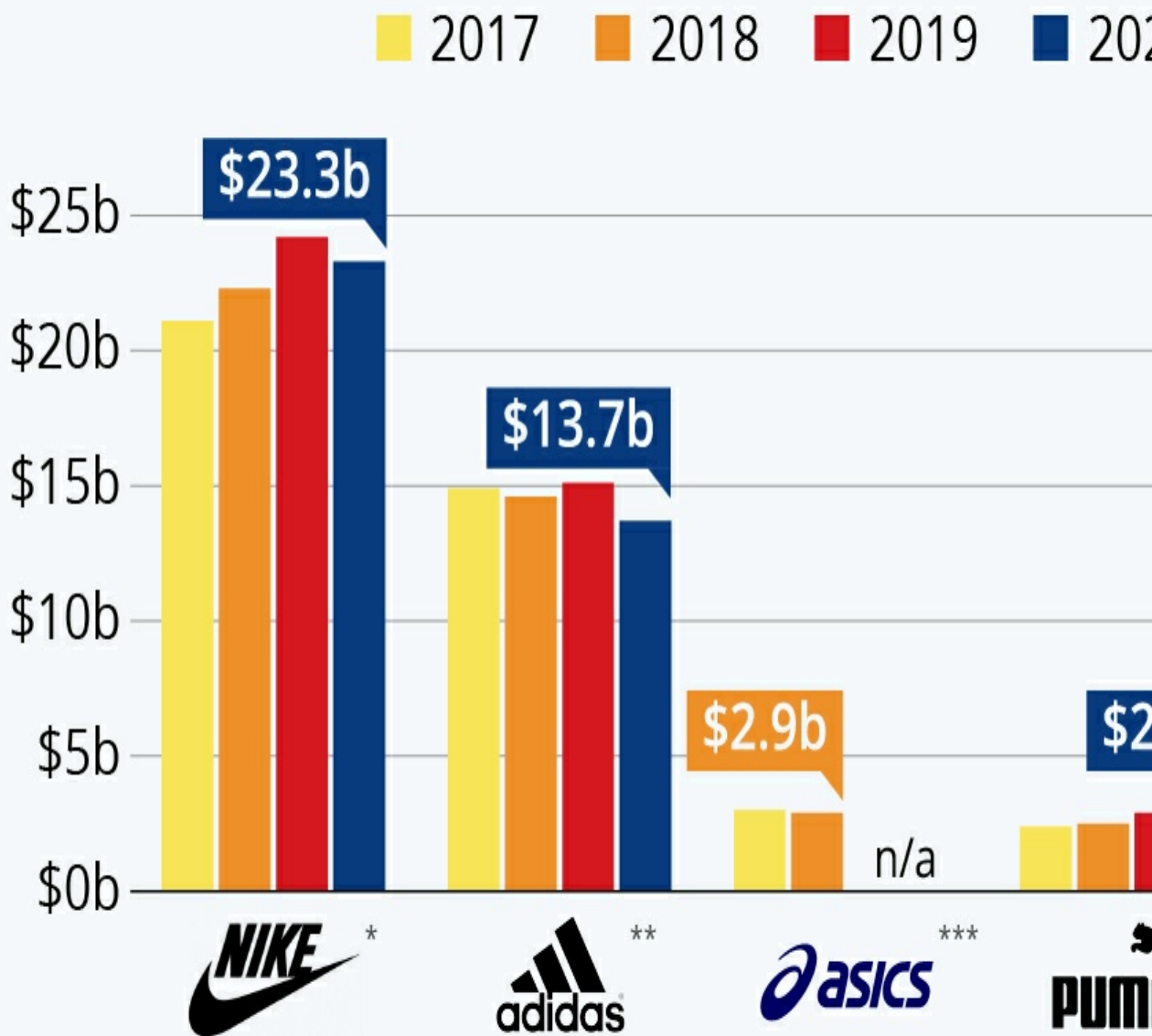
- **NIKE SALES**

Nike has contracted with more than 700 shops around the world and has offices located in 45 countries outside the United States. Most of the factories are located in Asia, including Indonesia, China, Taiwan, India, Thailand, Vietnam, Pakistan, Philippines, and Malaysia.

Nike Sales 2019.

Nike Still on Top of the Sneaker World

Worldwide footwear sales of selected sport



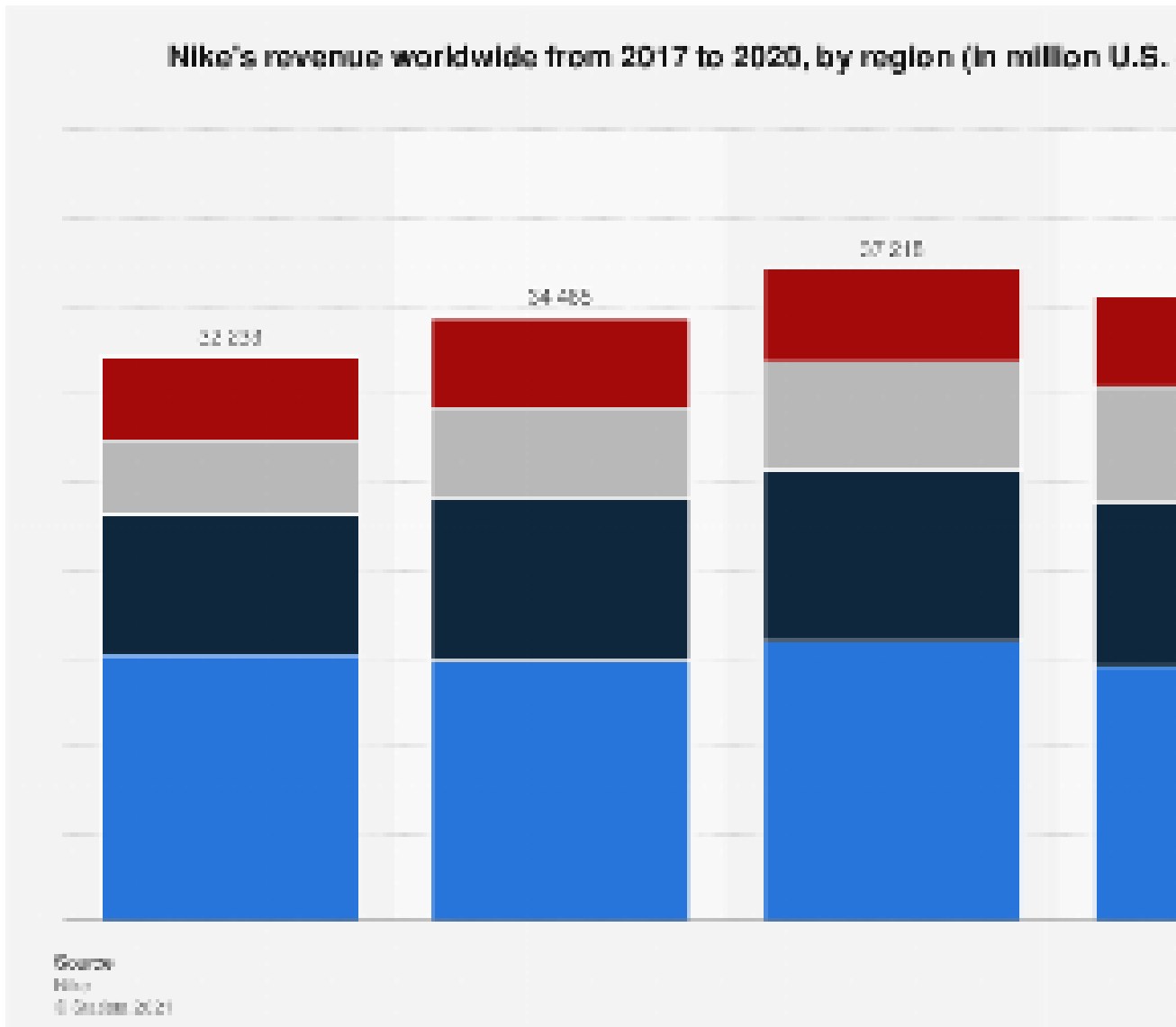
* Nike's fiscal year ends May 31

** incl. Reebok

*** Asics stopped reporting footwear sales after 2018

In terms of sales, the leading region was again North America, with total sales of 15,902 million USD. The sales in 2019 were increased as compared to the last year. The second in the list of highest sales were Europe, Africa, and the Middle East, with a total sale of 9,812 million USD.

In 2020, revenue generated in North America accounted for 41 percent of Nike's total revenues. That year, Nike's North American revenue amounted to about 14.5 billion U.S. dollars.



Issues with grapping and solution

This latest report places a big focus on environmental sustainability, with Nike sharing its vision of attaining a closed-loop business model where the goal is to achieve zero waste in the supply chain and have products and materials that can be constantly reused – no pre- or post-consumer waste.

What most interesting about the report, though, is that you can see Nike grappling, in public, with some tough choices. The account demonstrates what can happen when a company begins reporting regularly and in-depth, and with an apparent commitment to intellectual honesty, about core issues.

For Nike, labor and human rights continue as a top priority and corporate worry. The company's three main product lines and issues – footwear, apparel and equipment – are made in approximately 600 contract factories that employ more than 800,000 workers in 46 countries around the world. Nearly 60 percent of the work force is in North Asia, 31 percent in South Asia. One major difficulty is that contract apparel factories generally produce for multiple brands, making it difficult to maintain standards.

To listen to Nike, monitoring those contract factories for working conditions, wages and overtime and a host of other issues, including possible unionization – is not easy. “While we can point to many examples of improvements challenging issues remain for our company and our industry in systemically identifying and tackling how to affect long-term system-wide change the company says.

In evaluate where our target fell short, we saw a consistent pattern: a focus on audit against a set of criteria sometimes results in on-the-ground improvement for workers, but it hardly ever produces systemic change in the area of concern Nike says. On further indication, we realized that, if we want to make sustainable improvements for workers, we need to significantly change the way we engage and interact with our supply chain as a whole.

One potential solution, Nike reports, is collaborating with other brands on factory audits and, maybe more importantly, working with competitors on developing remedies for labor problems as well as standardized codes. And then there are improvements that can be made by Nike alone. Asking factories to manufacture too many styles is one of the highest contributors to factory overtime in apparel. We have an opportunity to reduce this pressure by reducing the number of apparel styles and partnering with the factories to improve efficiencies through lean production methods.

[] HISTORY

Nike, originally known as Blue Ribbon Sports (BRS), was founded by University of Oregon track athlete Phil Knight and his coach, Bill Bowerman, on January 25, 1964. The

company initially operated in Eugene, Oregon as a distributor for Japanese shoe maker Onitsuka Tiger, making most sales at track meets out of Knight's automobile.

According to Otis Davis, a University of Oregon student athlete coached by Bowerman and Olympic gold medalist at the 1960 Summer Olympics, his coach made the first pair of Nike shoes for him, contradicting a claim that they were made for Phil Knight. According to Davis, "I told Tom Brokaw that I was the first. I don't care what all the billionaires say. Bill Bowerman made the first pair of shoes for me. People don't believe me. In fact, I didn't like the way they felt on my feet. There was no support and they were too tight. But I saw Bowerman made them from the waffle iron, and they were mine".

In its first year in business, BRS sold 1,300 pairs of Japanese running shoes grossing \$8,000.[citation needed] By 1965, sales had reached \$20,000. In 1966, BRS opened its first retail store at 3107 Pico Boulevard in Santa Monica, California. In 1967, due to increasing sales, BRS expanded retail and distribution operations on the East Coast, in Wellesley, Massachusetts.

By 1971, the relationship between BRS and Onitsuka Tiger came to an end. BRS prepared to launch its own line of footwear, which was rebranded as Nike, and would bear the Swoosh newly designed by Carolyn Davidson. The Swoosh was first used by Nike on June 18, 1971, and was registered with the U.S. Patent and Trademark Office on January 22, 1974.[better source needed]

In 1976, the company hired John Brown and Partners, based in Seattle, as its first advertising agency. The following year, the agency created the first "brand ad" for Nike, called "There is no finish line", in which no Nike product was shown. By 1980, Nike had attained a 50% market share in the U.S. athletic shoe market, and the company went public in December of that year.

Wieden+Kennedy, Nike's primary ad agency, has worked with Nike to create many print and television advertisements, and Wieden+Kennedy remains Nike's primary ad agency.[citation needed] It was agency co-founder Dan Wieden who coined the now-famous slogan "Just Do It" for a 1988 Nike ad campaign, which was chosen by Advertising Age as one of the top five ad slogans of the 20th century and enshrined in the Smithsonian Institution. Walt Stack was featured in Nike's first "Just Do It" advertisement, which debuted on July 1, 1988. Wieden credits the inspiration for the slogan to "Let's do it", the last words spoken by Gary Gilmore before he was executed.

Throughout the 1980s, Nike expanded its product line to encompass many sports and regions throughout the world.[23] In 1990, Nike moved into its eight-building World Headquarters campus in Beaverton, Oregon. The first Nike retail store, dubbed Niketown, opened in downtown Portland in November of that year.

Phil Knight announced in mid-2015 that he would step down as chairman of Nike in 2016.

He officially stepped down from all duties with the company on June 30, 2016.

In a company public announcement on March 15, 2018, Nike CEO Mark Parker said Trevor Edwards, a top Nike executive who was seen as a potential successor to the chief executive, was relinquishing his position as Nike's brand president and would retire in August.

In October 2019, John Donahoe was announced as the next CEO, and succeeded Parker on January 13, 2020.[30] In November 2019, the company stopped selling directly through Amazon, focusing more on direct relationships with customers.

[] BRANCHES

Nike's world headquarters are surrounded by the city of Beaverton but are within unincorporated Washington County. The city attempted to forcibly annex Nike's headquarters, which led to a lawsuit by Nike, and lobbying by the company that ultimately ended in Oregon Senate Bill 887 of 2005. Under that bill's terms, Beaverton is specifically barred from forcibly annexing the land that Nike and Columbia Sportswear occupy in Washington County for 35 years, while Electro Scientific Industries and Tektronix receive the same protection for 30 years. Nike is planning to build a 3.2 million square foot expansion to its World Headquarters in Beaverton. The design will target LEED Platinum certification and will be highlighted by natural daylight, and a gray water treatment center.

[] PRODUCTS

Sports equipment



Nike Zoom Elite 2 athletic shoe



A pair of Nike Air Jordan I basketball shoes

Nike produces a wide range of sports equipment. Their first products were track running shoes. They currently also make shoes, jerseys, shorts, cleats, baselayers, etc. for a wide range of sports, including track and field, baseball, ice hockey, tennis, association football (soccer), lacrosse, basketball, and cricket. Nike Air Max is a line of shoes first released by Nike, Inc. in 1987. Additional product lines were introduced later, such as Air Huarache, which debuted in 1992. The most recent additions to their line are the Nike 6.0, Nike NYX, and Nike SB shoes, designed for skateboarding. Nike has recently introduced cricket shoes called Air Zoom Yorker, designed to be 30% lighter than their competitors'. In 2008, Nike introduced the Air Jordan XX3, a high-performance basketball shoe designed with the environment in mind.

Nike sells an assortment of products, including shoes and apparel for sports activities like association football, basketball, running, combat sports, tennis, American football, athletics, golf, and cross training for men, women, and children. Nike also sells shoes for outdoor activities such as tennis, golf, skateboarding, association football, baseball, American football, cycling, volleyball, wrestling, cheerleading, aquatic activities, auto racing, and other athletic and recreational uses. Nike recently teamed up with Apple Inc. to produce the Nike+ product that monitors a runner's performance via a radio device in the shoe that links to the iPod nano. While the product generates useful statistics, it has been criticized by researchers who were able to identify users' RFID devices from 60 feet (18 m) away using small, concealable intelligence motes in a wireless sensor network.

In 2004, Nike launched the SPARQ Training Program/Division. Some of Nike's newest shoes contain Flywire and Lunarlite Foam to reduce weight.[53] The Air Zoom Vomero running shoe, introduced in 2006 and currently in its 11th generation, featured a combination of groundbreaking innovations including a full-length air cushioned sole, an external heel counter, a crashpad in the heel for shock absorption, and Fit Frame technology for a stable fit.

Nike Vaporfly



Nike Vaporfly cut in half to show the different layers that make up the base of the shoe. The dark grey line shows the carbon fiber plate.



Nike Cleat

The Nike Vaporfly first came out in 2017 and their popularity, along with its performance, prompted a new series of running shoes. The Vaporfly series has a new technological composition that has revolutionized long-distance running since studies have shown that these shoes can improve run times up to 4.2%.^[57] The composition of the sole contains a foamy material, Pebax, that Nike has altered and now calls it ZoomX (which can be found in other Nike products as well). Pebax foam can also be found in airplane insulation and is "squishier, bouncier, and lighter" than foams in typical running shoes. In the middle of the ZoomX foam there is a full-length carbon fiber plate "designed to generate extra spring in every step". At the time of this writing Nike had just released its newest product from the Vaporfly line, the Nike ZoomX Vaporfly NEXT%, which was marketed as "the fastest shoe we've ever made" using Nike's "two most innovative technologies, Nike ZoomX foam and VaporWeave material".

Street fashions

This section relies too much on references to primary sources. (April 2016)



Nike Elite no-show socks with cushioned sole

The Nike brand, with its distinct V-shaped logo, quickly became regarded as a status

symbol in modern urban fashion and hip-hop fashion due to its association with success in sport. Beginning in the 1980s, various items of Nike clothing became staples of mainstream American youth fashion, especially tracksuits, shell suits, baseball caps, Air Jordans, Air Force 1's, and Air Max running shoes with thick, air cushioned rubber soles and contrasting blue, yellow, green, white, or red trim. Limited edition sneakers and prototypes with a regional early release were known as Quickstrikes, and became highly desirable items for teenage members of the sneakerhead subculture.

By the 1990s and 2000s, American and European teenagers associated with the preppy[68] or popular clique[69] began combining these sneakers, leggings, sweatpants, crop tops, and tracksuits with regular casual chic street clothes such as jeans, skirts, leg warmers, slouch socks, and bomber jackets. Particularly popular[citation needed] were the unisex spandex Nike Tempo compression shorts worn for cycling and running, which had a mesh lining, waterproofing, and, later in the 2000s, a zip pocket for a Walkman or MP3 player.

From the late 2000s into the 2010s, Nike Elite basketball socks began to be worn as everyday clothes by hip-hop fans and young children. Originally plain white or black, these socks had special shock absorbing cushioning in the sole plus a moisture wicking upper weave. Later, Nike Elite socks became available in bright colors inspired by throwback basketball uniforms, often with contrasting bold abstract designs, images of celebrities, and freehand digital print[81] to capitalise upon the emerging nostalgia for 1990s fashion.

In 2015, a new self-lacing shoe was introduced. Called the Nike Mag, which are replicas of the shoes featured in Back to the Future Part II, it had a preliminary limited release, only available by auction with all proceeds going to the Michael J. Fox Foundation. This was done again in 2016.

Nike have introduced a premium line, focused more on streetwear than sports wear called NikeLab.

In March 2017, Nike announced its launch of a plus-size clothing line, which will feature new sizes 1X through 3X on more than 200 products. Another significant development at this time was the Chuck Taylor All-Star Modern, an update of the classic basketball sneaker that incorporated the circular knit upper and cushioned foam sole of Nike's Air Jordans.

[] OBJECTIVE OF ANALYSIS

The objectives analysis describes a future situation that would exist if all the problems were solved. The instrument of objectives analysis calls for conversion of negatively stated problems into positive statements or objectives.

Nike Inc. Analysis

The growth in individuals interested in shopping apparel products at their homes over the internet than the customary trend of walking into stores has been a key issue impacting this type of industry especially in the retailing. New revolutionary technologies like mobile apps are revolutionizing the techniques and methods retail marketers carry out their transactions. For example, online retailers said that clients with modern mobile gadgets use them to purchase and occupy approximately 8x more than the individuals that just transact in a physical shop. Another example of trends is such as building computer POS apps to make it simpler to purchase and give services like software fitting chambers. Others include the adoption of client information to determine the needs and requirements of

the company's

clients. This is a common technique for minor retail marketers and their way to employ social media such as Facebook, Instagram, and twitter.

• WHAT IS THE PURPOSE OF ANALYSIS?

Analysis is the process of breaking a complex topic or substance into smaller parts in order to gain a better understanding of it. The technique has been applied in the study of mathematics and logic since before Aristotle (384–322 B.C.), though analysis as a formal concept is a relatively recent development.

[] MARKETING STRATEGY

Nike promotes its products through sponsorship agreements with celebrity athletes, professional teams and college athletic teams.

Advertising

In 1982, Nike aired its first three national television ads, created by newly formed ad agency Wieden+Kennedy (W+K), during the broadcast of the New York Marathon. The Cannes Advertising Festival has named Nike its Advertiser of the Year in 1994 and 2003, making it the first company to receive that honor twice.

Nike also has earned the Emmy Award for best commercial in 2000 and 2002. The first was for "The Morning After," a satirical look at what a runner might face on the morning of January 1, 2000, if every dire prediction about the Y2K problem came to fruition. The second was for a 2002 spot called "Move," which featured a series of famous and everyday athletes in a variety of athletic pursuits.

Beatles song

Nike was criticized for its use of the Beatles song "Revolution" in a 1987 commercial against the wishes of Apple Records, the Beatles' recording company. Nike paid US\$250,000 to Capitol Records Inc., which held the North American licensing rights to the recordings, for the right to use the Beatles' rendition for a year.

That same year, Apple Records sued Nike Inc., Capitol Records Inc., EMI Records Inc. and Wieden+Kennedy for \$15 million. Capitol-EMI countered by saying the lawsuit was "groundless" because Capitol had licensed the use of "Revolution" with the "active support and encouragement of Yoko Ono, a shareholder and director of Apple Records."

Nike discontinued airing ads featuring "Revolution" in March 1988. Yoko Ono later gave permission to Nike to use John Lennon's "Instant Karma" in another advertisement.

New media marketing

Nike was an early adopter of internet marketing, email management technologies, and using broadcast and narrowcast communication technologies to create multimedia marketing campaigns.

Minor Threat advertisement

In late June 2005, Nike received criticism from Ian MacKaye, owner of Dischord Records, guitarist/vocalist for Fugazi and The Evens, and front man of the defunct punk band Minor Threat, for appropriating imagery and text from Minor Threat's 1981 self-titled album's cover art in a flyer promoting Nike Skateboarding's 2005 East Coast demo tour.

On June 27, Nike Skateboarding's website issued an apology to Dischord, Minor Threat, and fans of both and announced that they have tried to remove and dispose of all flyers. They stated that the people who designed it were skateboarders and Minor Threat fans themselves who created the advertisement out of respect and appreciation for the band. The dispute was eventually settled out of court between Nike and Minor Threat.

Nike 6.0

As part of the 6.0 campaign, Nike introduced a new line of T-shirts that include phrases such as "Dope", "Get High" and "Ride Pipe" – sports lingo that is also a double entendre for drug use. Boston Mayor Thomas Menino expressed his objection to the shirts after seeing them in a window display at the city's Niketown and asked the store to remove the display. "What we don't need is a major corporation like Nike, which tries to appeal to the younger generation, out there giving credence to the drug issue," Menino told The Boston Herald. A company

official stated the shirts were meant to pay homage to extreme sports, and that Nike does not condone the illegal use of drugs. Nike was forced to replace the shirt line.

NBA uniform deal

In June 2015, Nike signed an 8-year deal with the NBA to become the official uniform supplier for the league, beginning with the 2017–18 season. The brand took over for Adidas, who provided the uniforms for the league since 2006. Unlike previous deals, Nike's logo appear on NBA jerseys – a first for the league. The only exception is the Charlotte Hornets, owned by longtime Nike endorser Michael Jordan, which instead uses the Jumpman logo associated with Jordan-related merchandise.

[] PROBLEMS

Nike is facing 3 major challenges to its business.

Nike has long been the star of the apparel industry.

While Macy's, Abercrombie & Fitch, and Gap have reported declining sales, Nike's growth has been explosive.

But a recent story in The Wall Street Journal points out that the company may be facing some speed bumps.

Here are some of the core issues that the company is up against.

1. The apparel industry is struggling



Mallory Schlossberg/Business Insider

Nike has long been viewed as immune to the struggles of the apparel industry, but the sector is still ailing and consumers for the most part don't want to spend money on apparel.

Stores that sell Nike merchandise have been faltering, too, such as Sports Authority, which filed for bankruptcy earlier this year. And Macy's sells Nike, and though the Nike section remains one of Macy's Herald Square's only pristine sections, Macy's is still struggling to drive traffic to its stores. (And The Journal points out that Nike's push for online sales has hurt smaller businesses that sell the brand.)

A recently Morgan Stanley report predicts that apparel and footwear sales will grow 1-3% over the next three months, but the report showed that year-over-year growth on a 3-month average for clothing and accessory stores were down -5%. The sporting goods, hobby, book, and music store category was up 4.9%.

2. Women's athleisure is getting more crowded by the day.

There are the major competitors — like Lululemon and Under Armour — and then there are more niche brands, like the ultra-luxe Sweaty Betty and Bandier, and Outdoor Voices, pictured above, which prides itself on branding that focuses on fun, rather than being competitive and the best. In other words, it's the anti-Nike, and that could be appealing to girls who sought an alternative to Nike's "just do it" mentality.

Though in sheer size none of these brands — even the rapidly growing Under Armour — have nothing on Nike, The Journal points to an NPD study that says there are over 700 athleisure

options for women to wear these days. Put all of these smaller brands together, and you could have an actually viable threat to Nike's market share.

3. The most popular product might be going out of style.



Nike Air Jordan 12 Nike

The Journal highlights how Foot Locker, and a recent UBS note seconds this notion, highlighting how investors are concerned for how basketball trends are slowing down. This is especially a concern since basketball apparel accounts for 12-14% of Nike's business. In good news, though, UBS says that the trend for Air Jordan sneakers are still "strong."

But stylish sneakers are now in, and that has helped Skechers emerge as a major player in the athletic footwear category.

10.9 The Problem and solutions

lower sales to its top customer NKIE find sufficient projection space to make up for Foot cabinet told Nike that it wanted to reduce the number of Nikes porch shoes-the Air Jordan Shoes and others that sell for well over \$100-because the vendor believed that consumers were turning more to mispriced shoes. Because Nike refuse to change its product mix to support Foot Locker's product line reshuffle, Foot Locker, the dominant global footwear retailer, with over 3,600 stores, cancelled about \$150 million in Nike orders. Nike's quality part accounts for about 15%-20% of total worldwide revenues and even though neither company disclose details of total orders, Nike noted in its 2002 form that sales to Foot cabinet represented approximately \$1 billion of Nike's \$9.9 billion international sales.

According to Foot cabinet, Nike retaliated by cutting the retailer's allotment of key products, as well as the highly popular Air Force One. The argument escalated in December, when Nike announced that Foot cabinet would no longer be its start on customer for exhibition area products and, in fact, gave opponent Footaction access to high-end basketball shoes that had been limited to Foot cabinet. In mid-February 2003, Nike's "Hall of Hoops" displays in Foot cabinet stores came down and were replaced by Reebok's "Above the Rim" campaign. In 2004, Nike was aggressively lining up new outlets, while Foot Locker faced a significant challenge in maintaining a broad, attractive, and profitable product line for 2002, Nike comprised 47% of Foot Locker's sales

10.10 The Industry

There is so huge sale of Nike athletic shoes in 2003. The one bright spot in an otherwise depressing year was the women's segment. In women's casual tennis footwear was the most modern category, driven by both the retro fashion trend and growth in the casual lifestyle segment. As footwear providers focused on international demand to raise income, it was hoped that a continued weak would prop up global sales.

The non-athletic shoe segment had experienced a major shift away from dress to casual shoes, brilliant the more casual dress environment of the workplace. Lower-priced competition in this segment would make overseas sourcing, effective marketing, and operating efficiencies keys to profits in the near term. According to SportsScanINFO, the following trends were expected to continue to influence global sales growth in both shoe segments:

- 1) Continued growth in the casual, non-performance athletic footwear segment
- 2) A decline in the demand for premium-priced performance athletic shoes
- 3) Price deflation as the middle-range price points continued to shift down and casual styles increased in importance
- 4) Decent but not spectacular growth in basketball shoes the huge increase predicted for never did materialize coupled with better-than-expected growth in running shoes
- 5) The implosion of White Retro shoes which had been forcefully over promoted, especially by mall retailers

•The primary issue faced by Nike Inc. is increased financial losses over the last few years. The increase is attributed to various factors such as poor financial management. Competition has also played a very significant role in the increased level of financial loss at Nike. Due to the high competitive levels, the business undertakes intensive marketing among other activities with the aim of winning back its market share. These marketing activities translate to high expenditures that eat into the business' profit margins resulting in losses in the company. In addition, high levels of competition also result in price wars in the market that affect the business'

profitability. Brand power has also played a significant role in financial losses in the company due to declined sales as the business is no longer profitable.

• **Problem Statement : Decline in Nike's brand power**

. **Recommendation : Perform a Market Research**

A product in limbo is likely facing this problem: The product features and attributes are not appealing to the consumer. If a product's unique value proposition and core benefits are not distinct enough to set it apart from competitors, then it has failed to convince its target market of its benefits (Lee, 2016).

The solution to this problem is to perform upstream market research and identify the hierarchy of

attributes in terms of both performance expectations and the best associated messaging and positioning using discrete choice analysis with qualitative feedback. The ultimate goal of market

research is to understand customer priorities and to produce products which solve the most urgent customer problems. This helps to avoid the dreaded product limbo. Conjoint analysis is one way to do that (Shaw, 2011).

Problem and Solutions for Nike Inc. 26

1. Implementation : Market Testing

Any procedure or methods that a researcher evaluates the production, well-being, standard, and compliance of a brand with fixed qualities. After doing the research about the product about to

be launched, it is wise to test it to prospect its success. Implementing this will ensure that the product is sure its differences which will sway the users/customers.

Companies are always dedicated to testing the product vigorously for the improvement of product quality to dominate the competitive products from other contenders in the market. Also helps to develop the superior grade product may create the premium price over the others. This process makes the product endure in marketing over the consumer taste evolves. Product testing assessments help to develop the future products and predict how marketing is

going to be. In the testing process of a product, it is very crucial to prepare the test strategies those are acts as frameworks to choose and implement right testing techniques. Following are the well-renowned product testing techniques (Jerry, 2017):

iNomadic Testing iii. Sequential nomadic testing iv. Paired comparison design

The protonomadic design.

C. Problem Statements

The focal point of this research paper is to point out the problems those are connected to the Nike Inc. Also, assess the problems to determine the impact on the company's performance towards its future growth and opportunities in the market. In this research paper, some potential problems are identified and listed in the following:

High Levels of Expenditure within the Corporation

One of the primary factors that have contributed to the high levels of financial loss at Nike Corporation is the high levels of expenditure. Expenditures are costs that the business incurs and tend to eat into a business' profit margins. As a result, higher margins of expenditure reduce the profit margin and in some instances, result in a loss on the part of the company. At the Nike, the company is faced with very high operational costs that have resulted in increased losses within the organization. The high levels of costs at Nike is a result of costs from different departments such as finance, procurement. Production and marketing among others pooled together. Most organizations in the present generation are falling into the losses due to mismanagement of the company's expenditures. To effectively manage these costs, Nike should involve effective cost management strategies in its business operations (Kelly, 2015).

High levels of Competition within the market

The other issue faced by Nike Corporation in its market is a higher level of competition by various other players in the market. When competition is high in the market, businesses are forced to undertake strategies that will attract customers into the business. One of the basic strategies undertaken by businesses in the face of intensive competition is a price reduction. However, price reduction also affects the profitability margins resulting in low profitability margins. To solve the issue of competition in the market, Nike should seek strategies that will make the corporation attain competitive advantages. Nike should identify its strengths in the market and base on them in attaining competitive advantages (Lee, 2016).

Decline in Nike's brand power

The Decline in Nike's brand power has also played a significant role in a financial loss at Nike. This is because the brand is no longer able to command the market the way it used to be.

As a result, Nike was forced to sell its products at a lower level to maintain competitiveness. In some instances, the corporation is forced to sell its products at a price lower than the costs of production which results in financial losses on the part of the business. Loss of brand power also results in a decline in the market share as the customers no longer find the products appealing to their respective needs and wants. Since brand power plays a significant role in the attainment of competitive advantages in the business, the business should adopt strategies that will see it win back its brand power and subsequent market share. The use of intensive marketing activities and product differentiation among others would be effective in enabling the business to attain competitive advantages in the business (Schlossberg, 2016).

III. Analysis

A. Market Analysis

The key merchandise line for the company has been mostly in sportswear and accessory producing demands. Over 20 different organizations are manufacturing similar product segment and branding techniques. From research, the whole apparel industry existing clients are mostly athletes with over one million dollars in transactions from the producers of sportswear & accessories (Wagner, 2017).

CONCLUSION

In summary, cost point is the key point which affects consumers in this company. At a monopolistic market, it's difficult to determine if it's inflexible or flexible need a few of the customer could more concerned about the cost of footwear while others would not.

Apart from the cost of shoes, there exist other factors which will as well have an effect on the need for footwear, e.g.: preferences, standard, trend and if there are alternative merchandise. Additionally, hobby or view of other people can be a less individual cause of affecting the buying resolution. For instance, the man of the house feels highly pessimistic about footwear which the wife desired to buy. The implementation of the above stated recommendations and respective implementations should take a maximum of 3 years before being realized holistically. The implementation of these recommendations should improve the sales margins by 25% while reducing expenditure by 12%. An improvement of the sales and reduction of the expenditure should improve the profit margin by 20% if all the recommendations are implemented in an effective manner.

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