



Nike

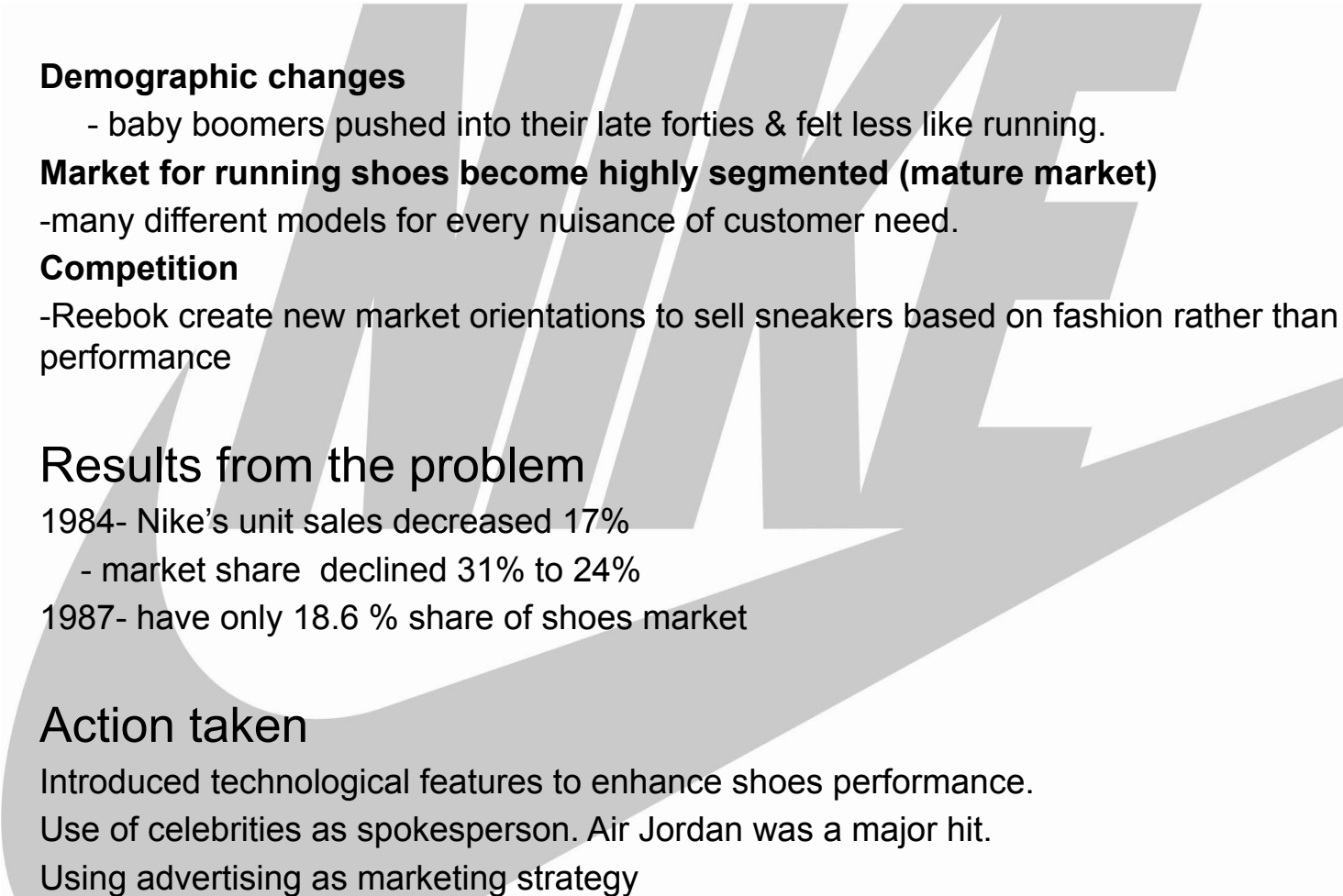
How the brand survived until
today



The Journey



- 1960s-Phillip Knight(ceo) & William Bowerman partnered to sell running shoes to athletes
- 1970s- cash in on America's running craze:
 - 1)1972- \$ 3 million
 - 2)1980- \$ 270 million
 - 3)1986- \$ 1 billion

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- Problems in mid 1980s:
 1. **Demographic changes**
 - baby boomers pushed into their late forties & felt less like running.
 2. **Market for running shoes become highly segmented (mature market)**
 - many different models for every nuance of customer need.
 3. **Competition**
 - Reebok create new market orientations to sell sneakers based on fashion rather than performance
 - Results from the problem
 1. 1984- Nike's unit sales decreased 17%
 - market share declined 31% to 24%
 2. 1987- have only 18.6 % share of shoes market
 - Action taken
 1. Introduced technological features to enhance shoes performance.
 2. Use of celebrities as spokesperson. Air Jordan was a major hit.
 3. Using advertising as marketing strategy

Challenge in late 1990s

1) Shoe market had changed

- younger customer favors of hiking boots & more casual footwear.
- teens began participating in nontraditional 'extreme' sport.

- NIKE responded by introducing ACG (all-condition gear)

2) Controversy surrounding its overseas labour practices

- Nike being accused of utilizing sweatshop labour in developed nations. Protest sprang.

- NIKE created corporate & social responsibility department.

Problem in 2000

- 1) Involved in squabbles with 2 large universities over those school's endorsement of the Worker Right Consortium.

Nike's focus



- Dedication & effort needed to excel in sports & satisfaction
- Personal benefit associated using its product and the values satisfied by the product used.
- Creates an image of 'performance, competition, achievement, & doing your personal best'

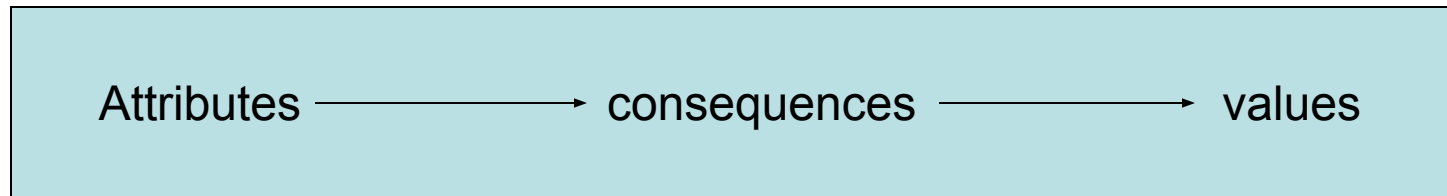
Answers for Discussion Questions

a) Running shoes

	Athletic activity	Casual wear
End Goal	Maximum utility	Self-esteem
Needs	outdoor activity durable	Comfort Daily use
Values	performance	style

Question 1 (b)

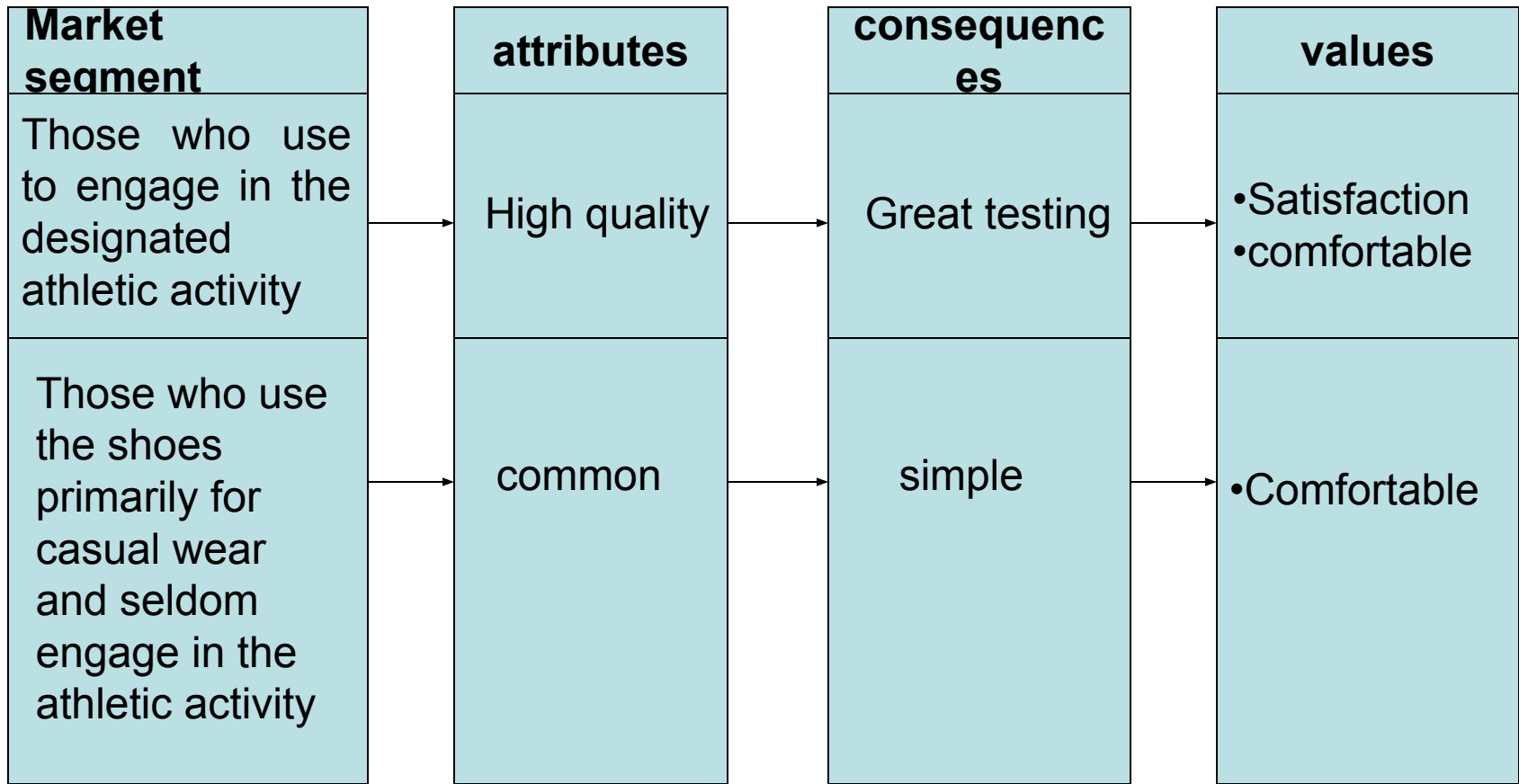
Means-end chains it is well-established fact that creating value for customer is very important source of competitive advantage.



Means-end chains model



Means-end chains model of Nike shoes




Question 1 (c)

- Do not identify each the market segment for the Nike shoes market.
ex: many consumer eschewed athletic shoes in favor of hiking boots and casual footwear, but Nike did not have a product to this segment of the shoes market.
2. Ads do not even mention the company name, featuring etc.
ex: Nike ads who use the shoes primarily for casual wear and seldom engage in the athletic activity. Nike ads seldom pitch the product directly or talk about product attributes but not mention about it.

Question 2

Discuss your reaction to Nike's handling of the criticism of its overseas plant. In your opinion, what are Nike ethical responsibilities in this situation?



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- Nike's create a new position for a vice president for corporate and social responsibility.
 - This show Nike's is serious about its mistake and the company will take full commitment to make improvement.
 - Nike tries to portrait its new image of a company that will promote good work culture.

- The company hired well known independent auditors.
 - to look into the practices of the violation of labor rights in its associate companies.
 - This ensured that the Nike could assess the company even if the company secretly violated labor rules to maximize profits.
- A bare minimum wage plan was agreed upon in various companies.
 - so that the workers could be assured of at least a decent minimum pay.

- Workers were offered a better safety package and the internal quality of the factories was made to suit internationally accepted health standards.
 - so that workers could be kept away from harmful chemicals and reagents.
 - on-site hazards to the workers could be reduced to a great extent.
- Forced labor was abolished and a maximum limit on working hours was introduced.
- Similarly, the company discouraged engaging the services of children below a specific age for work in the factories.

- It is Nike's ethical responsibilities to address the situation and take the best affords it can to stop the sweatshop labor practice.
- Nike should bear responsibility all the way down the pipeline for everything that goes into the production of its sneaker.
- Although the production was subcontracted to independently owned factories and the workers were not Nike employees, but indirectly its still have the responsibility because of the workers contribution to the company.
- I believed that the company could enforce ethical work culture if it so desired.

Question 3

Nike has expanded its product line well beyond the original running shoes. It now includes model for virtually every type of sport or physical activity. Visit the Nike website www.nike.com for a complete listing of the models it sells. Moreover Nike continually introduces new models; on average Nike introduces a new shoe everyday of the year. Discuss the pros and cons of this continual churn of new attributes and new product. How do you think consumers react to this ?

THERE ARE SOME TYPES OF NEW MODELS



There are effects that Nike has to face when Nike introduces a new attribute and new products frequently.

Advantages

- Nike will be able to improve their performance in searching for new designs and styles of shoes.
- Customers will have a lot of choice in making selections that depend on their wants.
- Nike will improve their company and brand image at the same time and expand their market share.

Disadvantages

- -Increase the cost in handling inventory, designing, advertising and production

Customer reaction

- They will get the latest design of shoes.
- A lot of choice in making selection depends on their prefer.
- Customers will find the Nike shoes are trendy.
- In contras sometimes Customer maybe feel 'fed up' because they can't follow the changing of Nike shoes.
- Not all the customers can follow the changing of Nike.

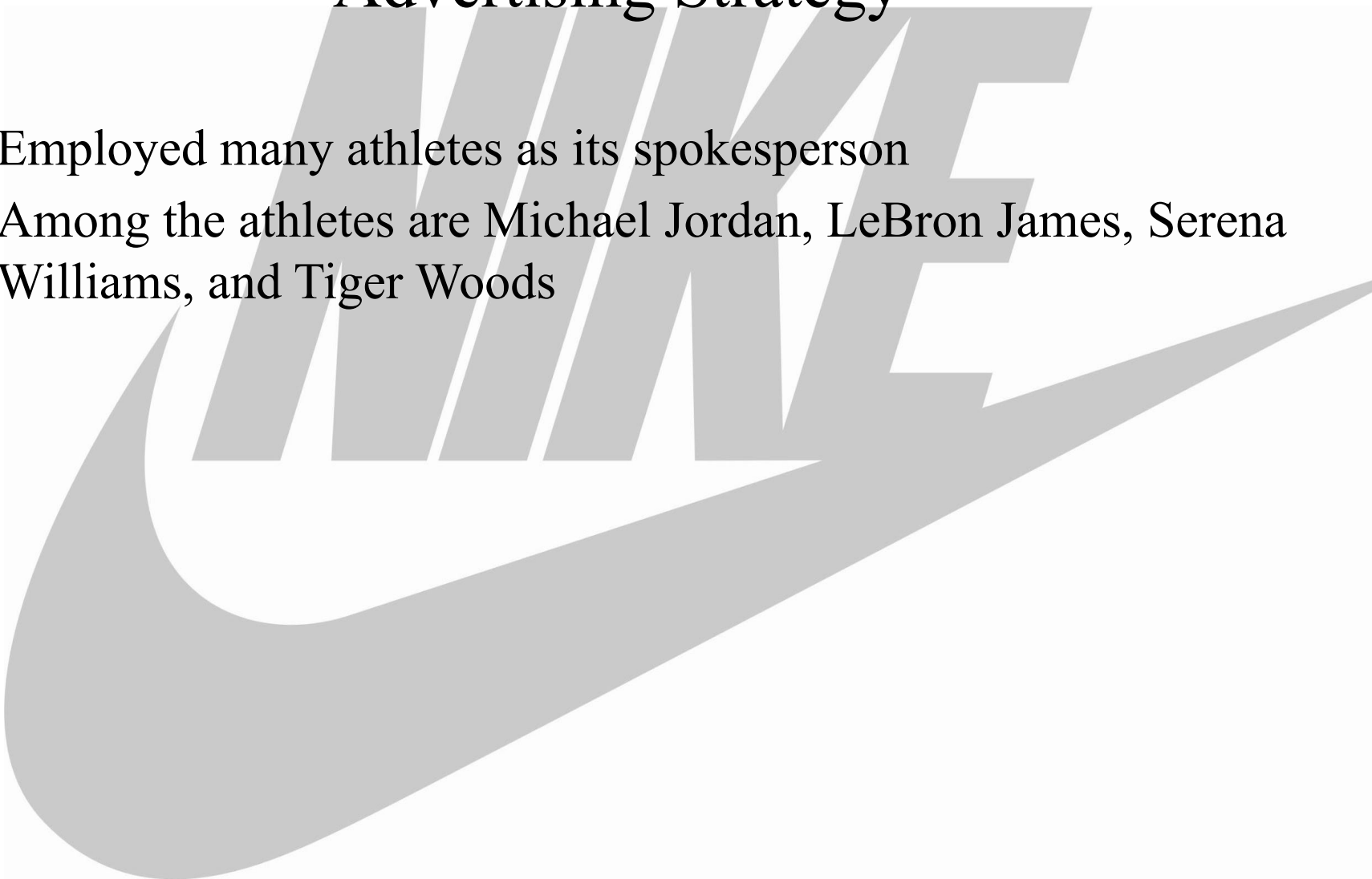
Advertising Strategy

- ❖ Designed to make a connection to the consumer
- ❖ Seldom pitch the product directly or talk about product attributes
- ❖ Sometimes don't even mention the company's name, featuring instead only the swoosh logo
- ❖ Seek to portray the core values of sport
- ❖ Collaboration ads with another strong branded product, such as Apple iPod



Advertising Strategy

- Employed many athletes as its spokesperson
- Among the athletes are Michael Jordan, LeBron James, Serena Williams, and Tiger Woods







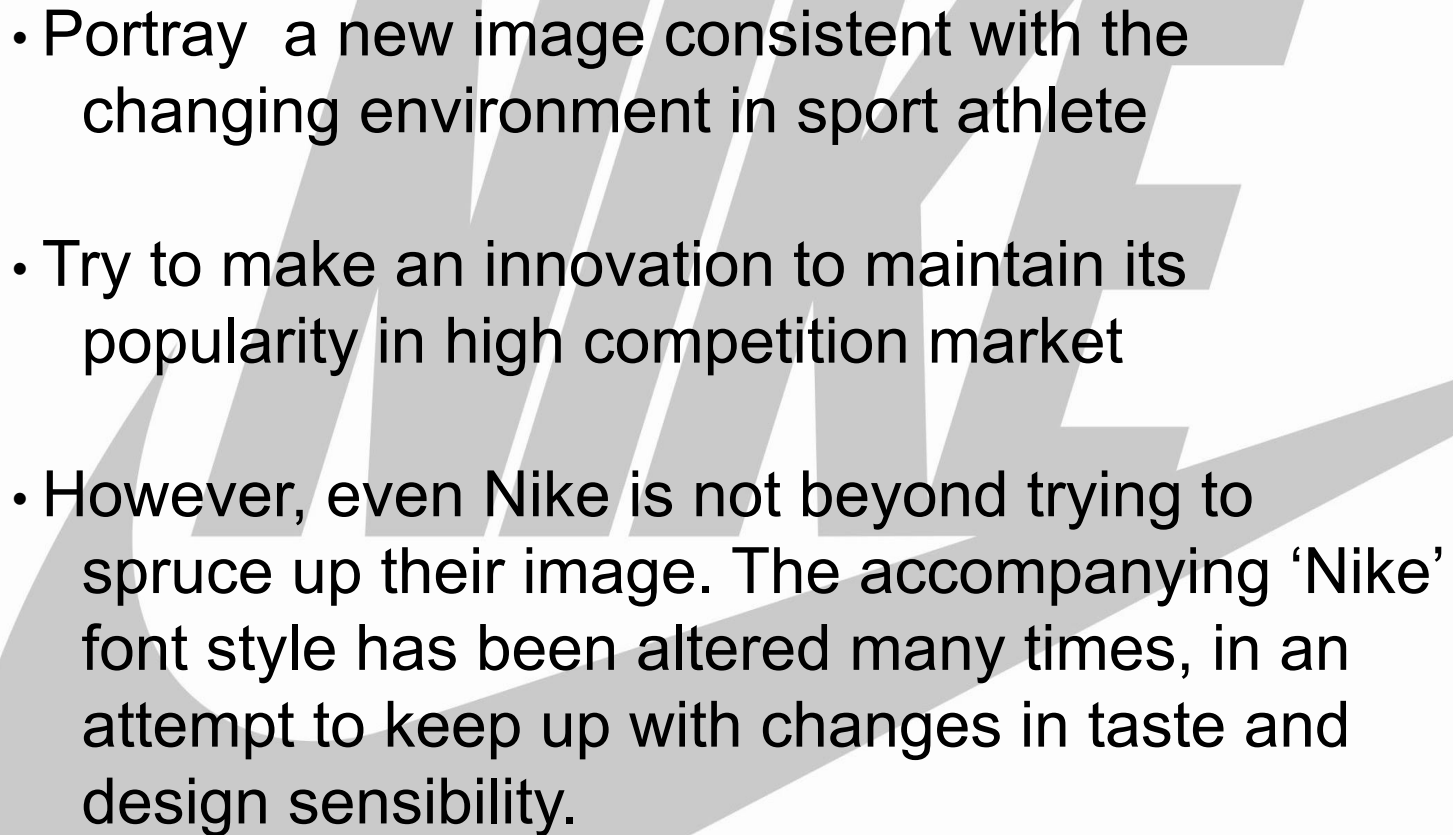
Question 5

Recently Nike abandoned the swoosh logo in its advertising and replaced it with the word Nike in lowercase lettering. Why do think Nike made this decision?

Why?

- (1997)
 - Establishing a separate division called ACG (all-condition gear), designed a line of shoes and apparel that bears the distinctive ACG logo rather than the familiar Nike swoosh.



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- Portray a new image consistent with the changing environment in sport athlete
 - Try to make an innovation to maintain its popularity in high competition market
 - However, even Nike is not beyond trying to spruce up their image. The accompanying 'Nike' font style has been altered many times, in an attempt to keep up with changes in taste and design sensibility.

CONCLUSION

- Nike has to develop comprehensive marketing strategies
- Sell the trust and value of Nike its self
- Keep up satisfying is market and position its self as its wants in the mind of customer.

THANK YOU

