



Nike

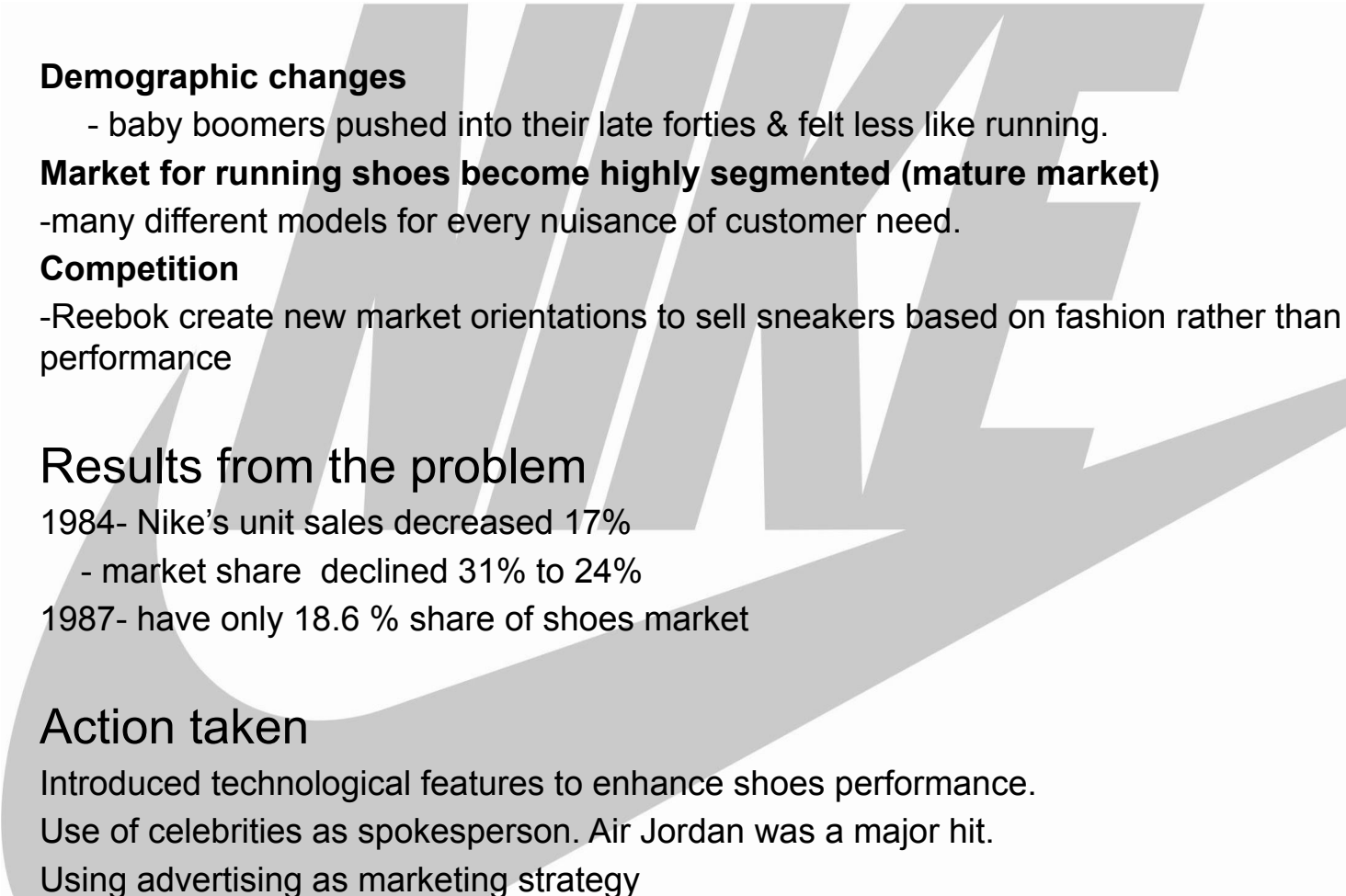
How the brand survived until  
today



# 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)

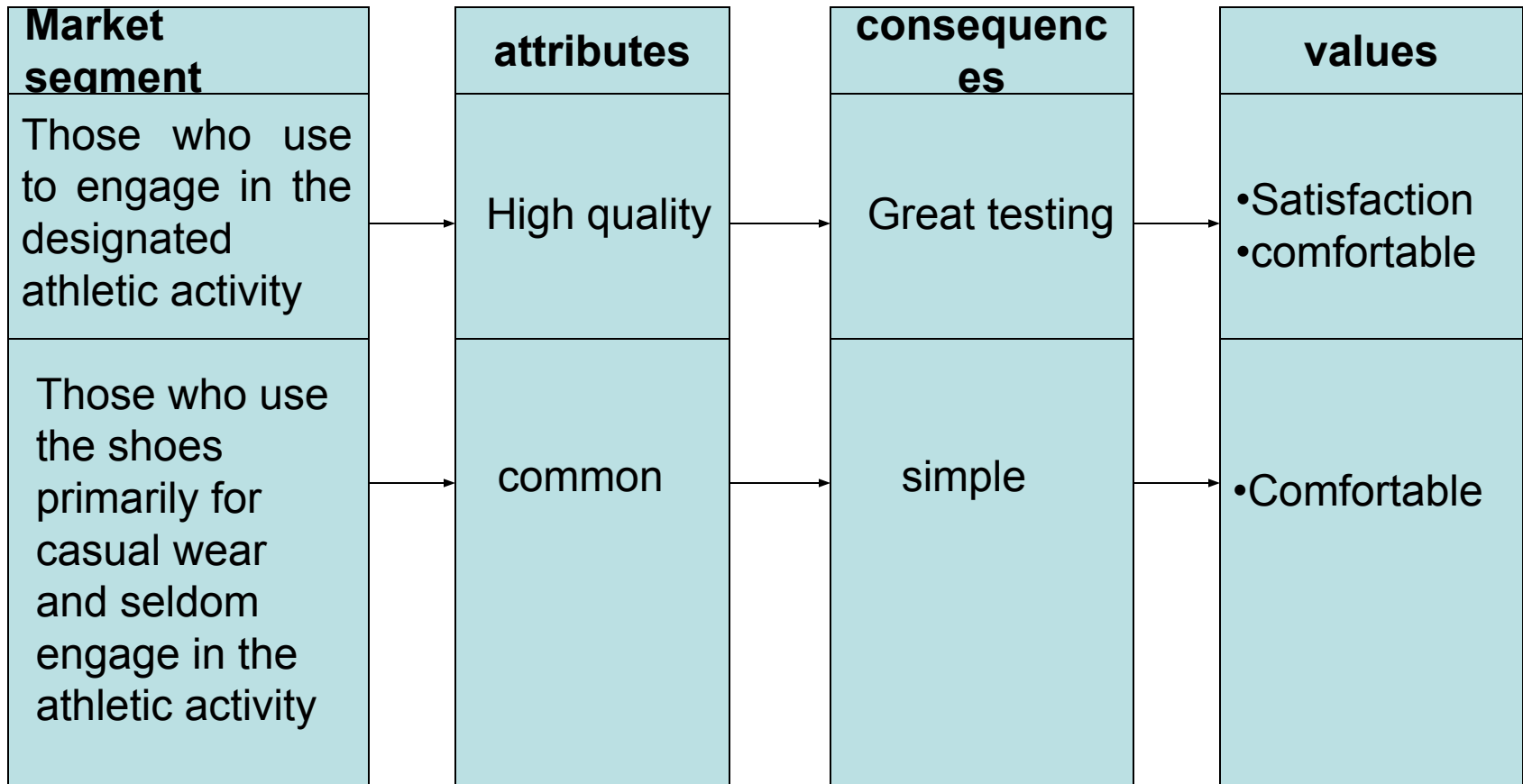
Means-end chains it is well-established fact that creating value for customer is very important source of competitive advantage.

Attributes → consequences → values

**Means-end chains model**



## Means-end chains model of Nike shoes






## Question 1 (c)

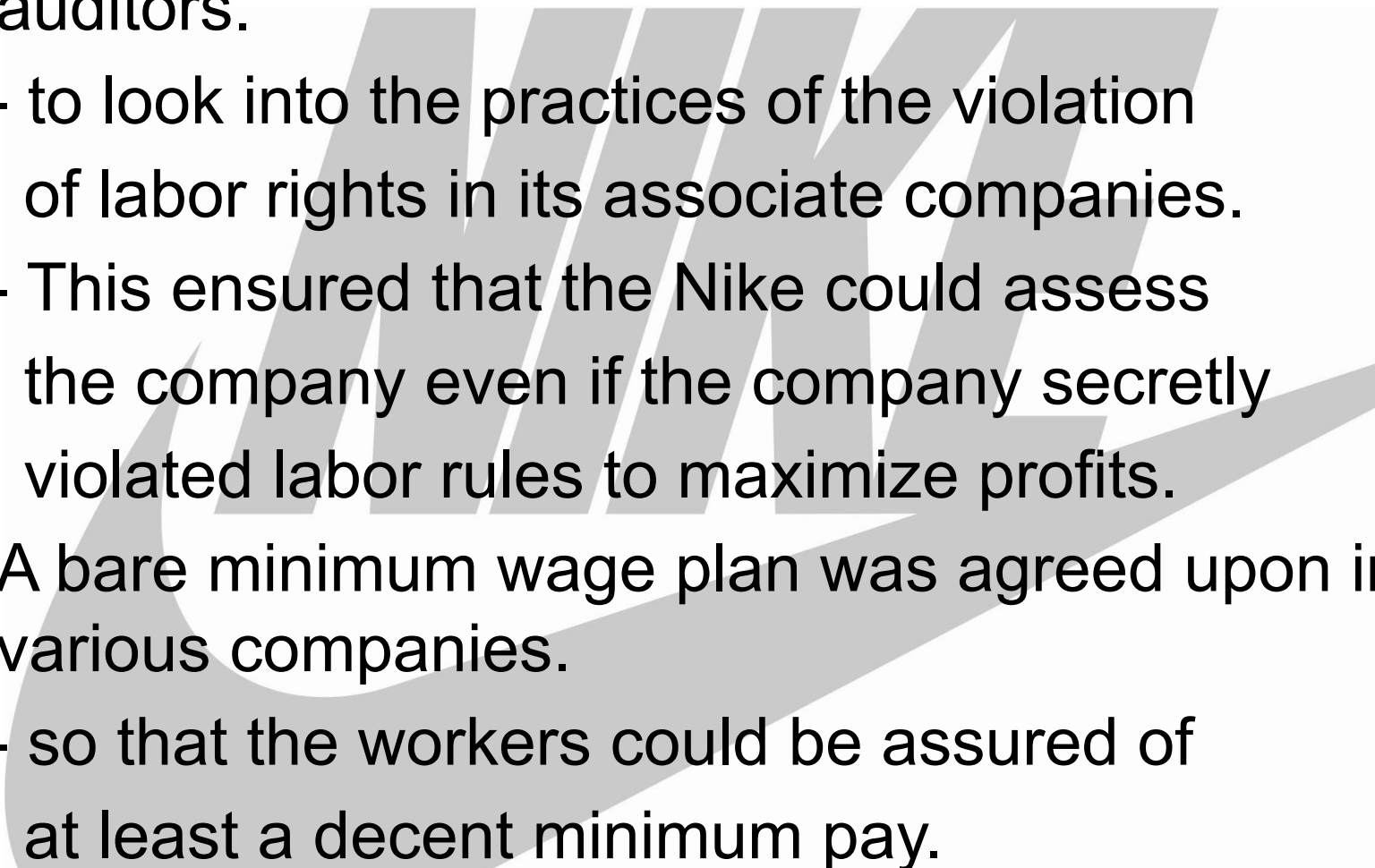
- Do not identify each the market segment for the Nike shoes market.  
**ex:** many consumer eschewed athletic shoes in favor of hiking boots and casual footwear, but Nike did not have a product to this segment of the shoes market.
2. Ads do not even mention the company name, featuring etc.
- ex:** Nike 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

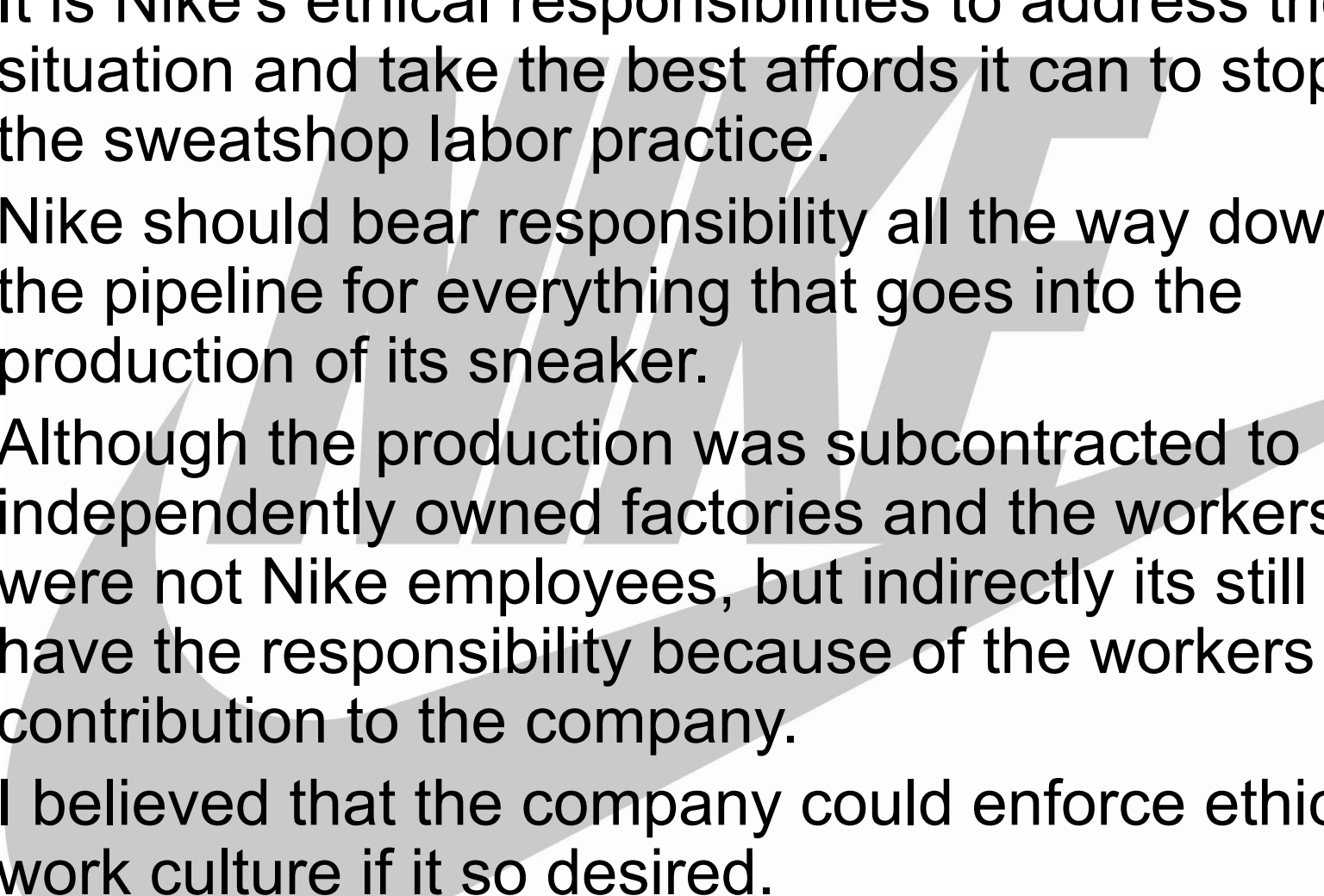
Discuss your reaction to Nike's handling of the criticism of its overseas plant. In your opinion, what are Nike ethical responsibilities in this situation?



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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.

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- 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.

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- 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](http://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 effect that Nike have to face when Nike introduces a new attributes and new products frequently.

## **Advantages**

- Nike will able to improve their performance in searching new design and styles of shoes.
- Customers will have a lot of choice in making selection depends on their wants.
- Nike will improve their company and brand image at the same time 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



A promotional image for the Nike LeBron 4 sneaker. On the left, four men are posed against a solid red background. From left to right: a man in a white jacket and cap, a man in a red and white jersey, a man in a white t-shirt with a graphic, and a man in a white suit. On the right, a single Nike LeBron 4 sneaker is shown in profile, featuring a black, white, and red color scheme. The text "THE LeBrons Are Back" is written in a stylized font in the upper right corner. The website "NIKEBASKETBALL.COM" is printed in the bottom left corner.

THE  
**LeBrons**  
Are Back

NIKEBASKETBALL.COM





## Question 5

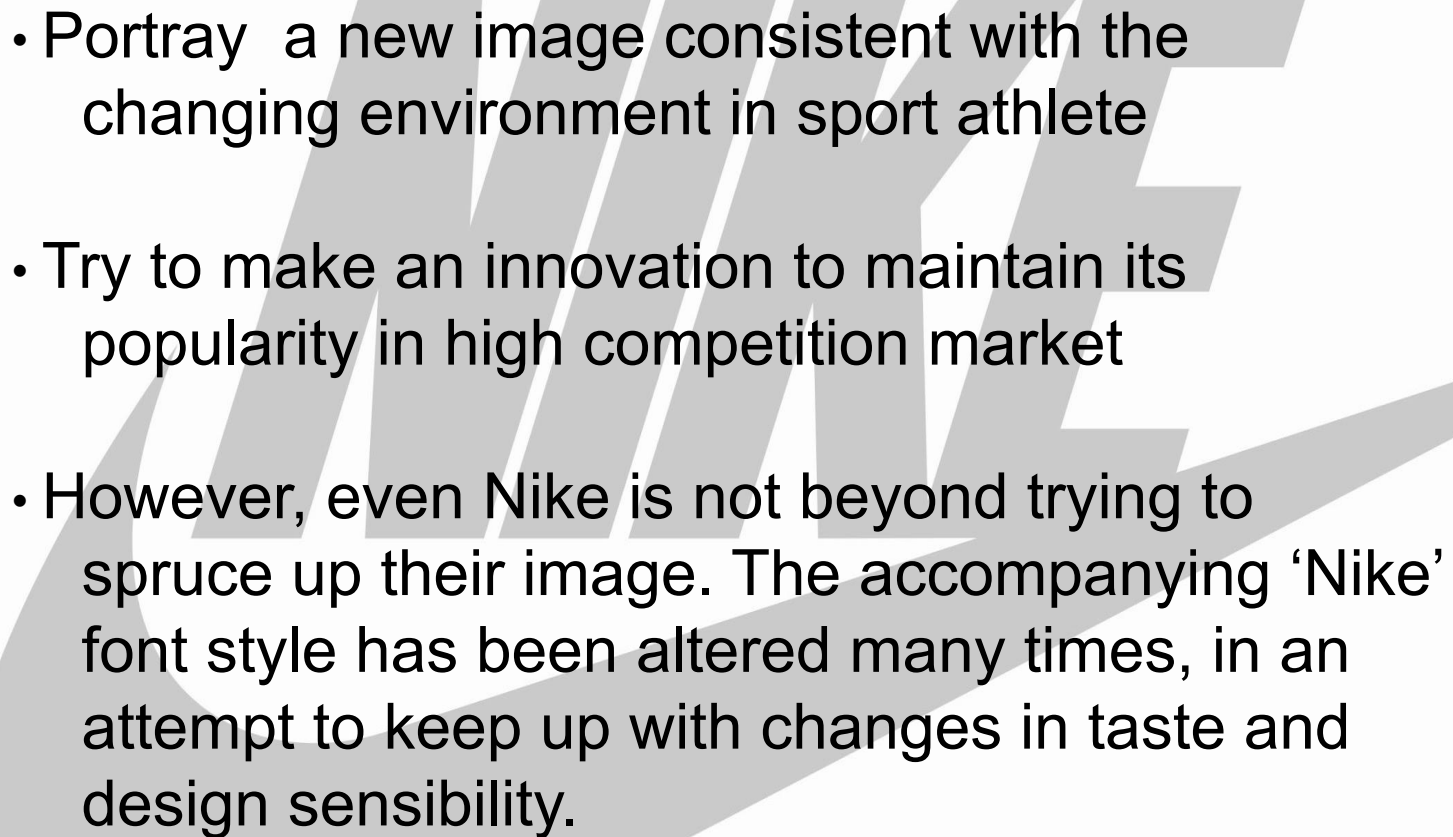
Recently Nike abandoned the swoosh logo in its advertising and replaced it with the word Nike in lowercase lettering. Why do think Nike made this decision?

# 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

