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Contents

Definition of Marketing.....	3
Marketing Process.....	3
Stages in the Marketing Process	4
Macro Environment / PESTLE Analysis for Nike	5
Porter's 5 Forces Analysis for Nike	6
Advantages and Disadvantages of Porter's 5 Forces for Nike.....	7
Future Recommendations for Nike	8
Application of Ansoff Matrix Strategies to Nike.....	9
Strategy Implementation and Justifications for Nike.....	9
Conclusion.....	11
References.....	12

Definition of Marketing

Marketing is about creating value for customers and building strong customer relationships to capture value from customers in return (Kotler, P., & Armstrong, G. (15th/16th edition) "Defining Marketing and the Marketing Process"). It's about understanding what people need and want and then showing them how a product or service can meet those needs or wants. Marketing involves many things, like finding out what people like, creating ads, deciding on prices and choosing where to sell products.

In marketing, companies try to make their products stand out and appeal to people. They use ads on TV, online, in newspapers and other places to tell people about their products. Companies also study what people buy and why they buy it. This helps them make better products and find the right people to buy them.

For a company like Nike marketing is very important. Nike makes sports shoes, clothes and equipment. They need to show people why their products are good for sports and fitness. Nike uses famous athletes in their ads to show that professionals trust their products. They also make ads that tell stories or inspire people to be active and play sports. Nike connects with people who like sports and want to use products that can help them do better in their sports activities.

Marketing Process

The marketing process is a series of steps that companies like Nike use to make sure they offer the right products to the right people at the right time. It's about understanding customers, making products that meet their needs and keeping customers happy so they come back. (Moon, G. (2019).)

Research: This is where companies find out what customers want and need. They might do surveys, look at what people are buying or see what competitors are doing for example Adidas and Puma. (Hughes, J. (2022).) For Nike, this could mean understanding what sports people are interested in and what kind of sports gear they prefer.

Planning: After research companies plan what to make and how to sell it. They decide on things like the design of a new shoe or where to sell their sports gear. Nike might plan a new line of basketball shoes or a marketing campaign for a new sports outfit.

Creating the Product: This step is about making the product. It includes designing, testing and finally making it. Nike would design new shoes test them with athletes and also customers by sending them the trainers to try and review and then produce them in factories. (Verry, P. (2021).)

Promotion: This is where companies tell people about their products. They use adverts, social media and events. Nike uses famous athletes like Cristiano Ronaldo and inspiring adverts to promote their products. (Nike.com. (n.d.).)

Selling: This is when the product is available for people to buy. Companies choose where to sell like in stores, online or both. Nike sells their products in their own stores, on their website and through other retailers.

Feedback and Improvement: After selling the product Nike listens to what customers say. They use feedback to make their products better. Nike might change the design of a shoe if people say it's not comfortable. (Barseghian, A. (2019).)

Stages in the Marketing Process

In the strategy development stage, marketers decide on the value proposition and develop the positioning of the company's products in the marketplace, which is a crucial element for a brand like Nike (Kotler, P., & Armstrong, G. (15th/16th edition). Marketing Strategy and the Marketing Mix)

This is the first step where Nike would look at its current situation. This involves looking at internal factors like their resources. It also includes examining external factors such as market trends, competition, and customer preferences. Nike studies current fitness trends or the popularity of certain sports to decide which products to focus on.

After understanding its situation, Nike sets clear marketing objectives. These goals could be increasing sales, entering new markets or improving brand recognition. For example Nike might aim to increase sales of women's athletic wear by 20% in the next year. Objectives provide direction and a way to measure success. (Pafitis, E. (2020).)

This stage involves deciding how to achieve the set objectives. Nike would develop strategies around product development, pricing, distribution and promotion. They might decide to launch a new line of eco-friendly running shoes, use competitive pricing, sell through online channels or run an advertising campaign featuring athletes.

Nike puts its strategies into action. This involves detailed planning and coordination across different departments. For example the product team would work on shoe design, the manufacturing team on production and the marketing team on promotional activities.

After implementing strategies Nike needs to monitor progress and measure results against objectives. They would use tools like sales analysis, market share analysis and customer feedback to evaluate performance. If a new shoe line isn't selling as expected, Nike might adjust its marketing tactics or even revisit its product design. Nike uses a 360 model to analyse their performance. (Coursesidekick.com. (2023).)

Each stage of the marketing process is interconnected. Situational analysis provides the information needed to set objectives. Objectives guide strategy development, which is then put into action through implementation. Finally, control and evaluation inform Nike about the effectiveness of their strategies and what adjustments might be needed.

For Nike, navigating these stages efficiently and effectively is essential. It allows them to stay ahead in a competitive market, continuously innovate, and maintain a strong connection with their customers. Through this process, Nike aims to not only sell products but also to build a brand that resonates with people's lifestyles and aspirations.

Macro Environment / PESTLE Analysis for Nike

A PESTLE analysis helps in understanding the larger societal forces that affect the microenvironment; for Nike, these are critical for shaping their marketing strategies. (Kotler, P., & Armstrong, G. (15th/16th edition) Chapter on Analysing the Marketing Environment)

Nike operates globally so it must work in different political landscapes. Trade policies, labour laws influence its operations. For example trade tensions between the U.S. and China can affect Nike's supply chain and manufacturing costs, as many of its products are made in China.

Economic conditions like inflation rates, currency exchange rates and economic growth impact Nike's pricing, sales and profitability. In times of economic downturn, consumers might reduce spending on non-essential items like sports apparel. In a booming economy, people might spend more on sports helping Nike. Additionally, fluctuations in currency exchange rates can affect Nike's international sales and profits.

Social trends and cultural shifts play a significant role in shaping consumer preferences. The growing focus on health and fitness across many societies has been beneficial for Nike. The brand has capitalised on this by promoting sports and an active lifestyle.

Technology impacts Nike in multiple ways, from product innovation to marketing and sales. Digital marketing, e-commerce, and social media are also crucial for reaching and engaging with customers.

Nike's investment in online sales platforms and digital marketing has increased boosted its sales, especially during the pandemic when online shopping surged.

Compliance with legal standards is essential for Nike. This includes labour laws, consumer rights and environmental regulations. Nike must ensure fair labour practices in its factories worldwide to avoid legal issues and negative publicity. Similarly, patent laws protect its technological innovations and design patents, which are vital for maintaining a competitive edge.

Environmental concerns are increasingly important for consumers and governments. Nike faces pressure to reduce its environmental impact, leading to initiatives for sustainable practices like using recycled materials and reducing carbon emissions. Being environmentally conscious not only helps Nike reduce potential regulatory risks but also appeals to a growing segment of environmentally aware consumers.

Overall, Nike's ability to adapt and respond to these macro-environmental factors is key to its continued success and growth. By understanding and leveraging these factors, Nike can better navigate the complex global market.

Porter's 5 Forces Analysis for Nike

Understanding competitive rivalry through Porter's Five Forces provides insights into the competitive nature of an industry and the company's strategic positioning, which is vital for Nike (Kotler, P., & Armstrong, G. (15th/16th edition). Found in sections on "Industry and Competitor Analysis".)

Entering the sportswear market requires lots capital especially for branding and distribution networks, which acts as a barrier to new people. With the rise of e-commerce, smaller brands can reach customers more easily than before. Nike's strong brand identity and customer loyalty make it a big competitor, but it must remain innovative and responsive to market trends.

Nike has a global supply chain reducing the bargaining power of any single supplier. By sourcing materials and manufacturing from various countries, Nike lowers risks associated with supplier dependency. Nike's large scale of operations allows it to negotiate better terms, keeping the supplier power in check.

Consumers have a significant influence in the sportswear market. Brand loyalty plays a key role, and Nike's strong brand helps it maintain a loyal customer base. (Murtagh, A. (2020)) However, with many alternatives available, consumers can switch brands based on price, quality or style preferences. Nike needs to continuously innovate and market effectively to retain its customers and attract new ones.

The threat of substitutes in the sportswear industry is significant. Consumers can choose from a variety of leisure and athletic wear from other brands. The presence of cheaper alternatives or products with different styles or features can lure Nike's customers away. Nike counters this threat by constantly innovating its products and maintaining a strong brand image.

Nike faces competition from established brands like Adidas, Under Armour and Puma, as well as emerging brands. (Anon, (n.d.).) These competitors are constantly improving their products, marketing strategies, and customer engagement. Nike's innovation, brand recognition, and global presence give it a competitive edge, but it must continually strive for excellence to maintain its market position.

Advantages and Disadvantages of Porter's 5 Forces for Nike

Analysing Nike through the lens of Porter's Five Forces offers valuable insights but also has some limitations.

Advantages:

Five Forces provides a thorough understanding of the landscape. For Nike this means a view of threats from new entrants and substitutes, the power of suppliers and buyers and the rivalry among existing competitors. This comprehensive analysis helps Nike in strategic planning and decision-making.

This model helps Nike identify opportunities for growth and potential threats in the market. For example, understanding the low threat from suppliers allows Nike to negotiate better terms and see high competitive rivalry pushes Nike to innovate.

The model offers a structured approach to analysing market dynamics, which can guide Nike in developing business strategies. Like knowing the high threat of substitutes can lead Nike to invest more in product differentiation and branding.

Disadvantages:

Markets are dynamic and factors such as consumer preferences, technology and global events can rapidly change the landscape. For a company like Nike, which operates in a fast-paced industry, relying on this model might lead to outdated strategies.

This model focuses primarily on external factors and may not adequately consider a company's internal strengths and weaknesses. For Nike, internal capabilities like innovation, brand loyalty, and global supply chain efficiency are also crucial determinants of success.

In conclusion, while Porter's Five Forces offers valuable insights into the competitive forces shaping Nike's industry, it should be used with other analysis tools that consider internal capabilities and nature of the market. This approach ensures a balanced and deep understanding of both the external environment and internal strengths, guiding more effective strategic decisions.

Future Recommendations for Nike

Based on the analysis of Nike's current market position and external factors impacting its business, several recommendations can be made to ensure its continued growth and success.

As environmental concerns become increasingly important to consumers, Nike should increase its focus on sustainability. This could involve using more eco-friendly materials, reducing carbon emissions in production and logistics, and promoting recycling programs. By positioning itself as a leader in sustainable sportswear, Nike can appeal to environmentally conscious consumers and stay ahead of regulatory trends.

Leverage Digital Transformation: Nike should continue to invest in digital platforms, both for sales and customer engagement. Enhancing online shopping experiences, using data analytics for marketing and developing apps that can make its customer relationships and drive sales.

With developed countries Nike should focus on expanding its presence in emerging markets. Countries with growing middle classes offer new customer bases. Fixing its products and marketing strategies to local tastes and cultural nuances.

Innovation in product design and functionality is key to staying competitive. Nike should invest in research and development to create advanced materials and designs that enhance athletic performance. Collaborations with athletes for product testing and development can lead to better products.

Build strong community relations can enhance Nike's brand image and customer loyalty. Initiatives like sponsoring local sports events, engaging in community projects and supporting grassroots sports can help Nike connect more deeply with consumers at a local level.

Implementing these strategies requires a careful balance of maintaining Nike's core brand values while adapting to changing market dynamics. By focusing on sustainability, digital technology, expanding in emerging markets, targeting the women's sportswear segment, innovating in product development and strengthening community engagement, Nike can continue to do well in the competitive sportswear industry.

Application of Ansoff Matrix Strategies to Nike

The Ansoff Matrix is a strategic tool used to identify growth opportunities by analysing new and existing products and markets, relevant for Nike's strategic planning (Kotler, P., & Armstrong, G. (15th/16th edition). Found in the section on "Strategic Planning".)

Market Development: This strategy involves entering new markets with existing products. For Nike, a focus could be on expanding into new areas, especially emerging markets with growing middle classes and an increasing interest in sports and fitness. To do well in markets, Nike might need to adapt its marketing strategies to align with local cultures and preferences. Collaborations with local athletes and influencers, as well as sponsoring local sports events, could be good ways to build brand recognition and loyalty in these new markets.

Product Development: This involves introducing new products to existing markets. Nike, known for its innovation in sportswear, can further explore in materials and technology to develop new products. This could include high-performance sportswear with advanced features like better durability, comfort or sustainability. Another area for product development is smart sportswear, integrating wearable technology to track and enhance athletic performance. This approach looks at the increasing consumer interest in fitness technology and personal performance data.

Strategy Implementation and Justifications for Nike

Effective implementation of these strategies requires an understanding of the marketing management process (Kotler, P., & Armstrong, G. (15th/16th edition). Sections on Implementing and Controlling Marketing Activities.))

Better Sustainability:

Implementation: Develop a sustainable product line using eco-friendly materials and processes. Launch marketing campaigns highlighting Nike's commitment to the environment.

Justification: Consumer trends are wanting environmentally responsible brands. By using sustainability, Nike not only is better with these values but also prepares for more environmental regulations.

Digital Transformation:

Implementation: Use the online shopping experience, use data analytics for personalised marketing. Develop apps that complement products, offering features like fitness tracking.

Justification: The rise in e-commerce and digital engagement, especially among younger consumers, makes a strong digital presence essential. (Hung, P. (2022).)

Do more in Emerging Markets:

Implementation: Make marketing strategies to local cultures in emerging markets. Partner with local celebrities and athletes for endorsements. Adjust product pricing based on local purchasing power.

Justification: Emerging markets present significant growth opportunities due to their expanding economies and increasing interest in sports and fitness.

Focusing on Women's Sportswear:

Implementation: Expand the range of women's sportswear. Launch campaigns celebrating female athletes and women in sports.

Justification: The women's sportswear market is rapidly growing. (Smith, P. (2020).)

Innovating in Product Development:

Implementation: Invest new materials and technologies. Collaborate with athletes for product testing and feedback.

Justification: Continuous innovation is key to staying ahead in the competitive sportswear market. It helps in meeting evolving consumer demands and maintaining Nike's reputation as an industry leader.

Improve Community Engagement:

Implementation: Sponsor local sports events and engage in community projects. Develop grassroots programs to support emerging athletes.

Justification: Building strong community relations can enhance brand loyalty and image. It positions Nike as a brand that cares about its consumers and their communities.

Each of these strategies in current market trends and Nike's established strengths. Digital transformation is increasing to a shift towards online shopping and digital. Nike to explore new customer segments with significant growth potential. Innovation in product development means that Nike stays at front of technology and design in sportswear. Lastly, strengthening community engagement helps in building a loyal customer base and enhances Nike's brand image.

Conclusion

In conclusion, for a big company like Nike, it's important to always be looking for ways to do better and stay ahead in the market. The strategies I talked about like focusing on being more environmentally friendly, using digital technology, growing in new countries, making more products for women, coming up with new ideas for products and getting involved in local communities are all ways Nike can keep growing and stay popular.

Being environmentally friendly will make people who care about the planet like Nike more. Using digital technology like online shopping and apps will help Nike connect with more people especially young people. Growing in new countries means Nike can sell to more people around the world. Making more sports clothes for women will help Nike reach a big market that is growing fast. Always coming up with new and better products will keep customers interested and show that Nike is a leader in sports gear. And by getting involved in local communities Nike can show that it cares about more than just selling products.

By doing all these things, Nike can keep being a top choice for people who want sports clothes and shoes. It's about understanding what people want and need and always working to be better.

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