

Nike – Marketing evaluation



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Outline of the report – Nike

One of the renowned organizations that are still under conviction of scattering their business routes over wide reach has been taken into consideration under this assessment. The organization is Nike, which is one of the most famous brands all across the world when it comes to manufacturing and selling sportswear, shoes, dresses and other sports fit costumes (Aglitskiy et al., 2020). This organization is placed in Beaverton, Oregon, and was founded first in the year 1964. Currently, the organization has been operating in more than 170 countries, which makes the organization stay on top. Evaluation of the organization’s macro substance environment and microenvironment states it has been identified that Nike doesn’t only give look towards generating more and more profit but to maintain environmental suitability. To evaluate an organization’s internal environment and external marketing environment, different segmentations are prepared below that justify how fit the organization’s marketing environment is. Aiming toward the structure of this report, pestle analysis, Porter’s five forces model, SWOT analysis, STP technique, and 4 marketing mix practices are elaborated in detail.

Task 1 – Environmental marketing analysis

PESTLE analysis – Nike

Political factors	Favourable	• The stability of the American economy provides ample scope for the growth of Nike with its favorable international tax agreements. • The worldwide operation of Nike involves the export and import of goods. The political issues in other countries can affect the
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		customs process which can hamper smooth operation.
Economic factors	Unfavourable	• A market collapse could mean bad news for Nike, along with many other big brands. Consumers may choose to switch to lower-end, cheaper products if this were to occur, or even just as a decent level of quality becomes easier to produce. • Nike's revenues are to some extent dependent on the low cost of labour in Far Eastern countries. This is changing, though, which might mean higher Nike prices across the globe come with the development in Less Economically Developed Countries.
Social factors	Favourable	• Worldwide increases in 'health consciousness' means that more and more individuals are moving towards better lifestyles. These people will undoubtedly buy plenty of sports apparel, something which would make Nike very happy.
Technology factors	Favourable	• Nike can use data available from technological sources to build vantage points that will help in increasing profits. • Nike has made excellent use of social media to increase its brand value. Interaction with potential clients is also possible through social media. But overusing social media platforms can be counterproductive.
Legal factors	Unfavourable	• The case of false discounts offered by Nike is a legal issue that also deteriorates the relationship of the company with its valued customers. • Tax evasion is another vital legal issue that the company should urgently rectify.
Environmental factors	Unfavourable	• Production of nature-friendly products and reaction of waste are promises made by Nike to curb environmental pollution. They must devise an innovative waste management plan that doesn't impact the environment. (Engine, 2022)

		The factories owned by Nike are known to cause both air and water pollution. This factor can cause an uproar among environmentalists.
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Porter's five forces model – Nike

Sr. No.	5 forces	Forces	Explanation
1	Competitive rivalry or competition	(Strong Force)	More companies are competing for them.
2	Bargaining power of buyers or customers	(Moderate Force)	Fewer customers' demands for bargaining.
3	Bargaining power of suppliers	(Weak Force)	Bargaining is not applicable for the suppliers as they already get the products in fewer cost.
4	The threat of substitutes or substitution	(Moderate Force)	There are somewhat substitutes for Nike as they always copy Nike products.
5	The threat of new entrants or new entry	(Weak Force)	As Nike is established before any of the companies, they do not have the threat of new entrants.

SWOT analysis

- Strengths – The areas of strength regarding Nike are a strong global brand range and low-cost manufacturing that enables the organization to earn more (Huang, Xu, Yu, and Shull, 2016).
- Weaknesses – As per the research Nike has been working with an ongoing perception of poor labor practices and high prices per margins and profitability (Healey and Hoogkamer, 2022).
- Opportunities – Nike's innovative and virtual products enable the organization to fuel its brand and can allow the products to make their place in emerging markets.
- Threats – Nike's most probable threats in terms of competition involve PUMA, ADIDAS, etc. These are the main threats for Nike in terms of selling, product quality, and manufacturing as well (Huang, Xu, Yu, and Shull, 2016).

Advantages of SWOT analysis

The main advantage of SWOT analysis conducting is that it had little or no cost anyone who understands the business could perform a SWOT analysis. They could also use analysis of SWOT. IT could use SWOT analysis when they do not have much time to the complex address any situation.

Disadvantages of SWOT analysis

- ❖ It is limited because it does not prioritize the issue
- ❖ It does not provide solutions or offer decisions that are alternative.
- ❖ It could generate too many ideas but not help anybody to choose which is best
- ❖ It could produce a lot of information, but not all of it is useful.

Segmentation, targeting, and positioning of the company

This factor states that Nike usually makes use of analytical techniques to ensure they are targeting the right place and audience. 15-55 years of people are the main targets of Nike, and the urban areas are more likely to be their targets (Ki, 2004).

Marketing mix strategies (4 Ps of the company)

To attain a sort of light over marketing mix strategies of the organization, deep research has been made. And the research states that Nike Inc.'s marketing mix (4Ps) simply describes that the profitability and growth of athletic footwear and their other valuable products are way higher (Hébert-Losier et al., 2022). Nike follows 4 main p's of marketing including products, place, promotion, and price (the 4Ps) (Huang, Xu, Yu, and Shull, 2016). The first one is Nike products; it has been found that Nike offers a range of products to ensure better intensive growth of the brand. Another marketing mix P Nike follows is the pricing strategy. Price skimming and price generalization strategy are used by Nike to ensure Nike's growth in sales (Hébert-Losier et al., 2022). A place to ensure better sales of Nike's shoes involve hitting retail stores, Nike online stores, and retail outlets owned by the company itself. At last, for promotion, Nike makes use of advertisements, personal selling, direct marketing, sales promotion, and public relations strategy.

For example, if the price of the product is too low, then some may pass it up simply because they are concerned it may be of inferior quality and cut into the potential profit margins. To identify a successful cost, they would want to understand thoroughly the targeted audience and their willingness to pay for the products.

Recommendations

One of the basic recommendations for the organization is the installation of an ERP system. An Enterprise resource planning system armed with a sales module and customer relationship management tool can help Nike to get in touch with the people that are not in sync with the

organization or that are already existing customers but expecting something extra from the organization's marketing deals (Kim, Overton, Bhalla, and Li, 2020). Organizations have always scuffled, with controlling their different business processes such as customer support, inventory, sales department, etc, in a centralized way (Kim, Overton, Bhalla, and Li, 2020). ERP is the system, which facilitates organizations, to make their business operational modules, which are important to run a business, fully automated. The only thing which matters, when adopting an ERP system is that one must know the accurate way to implement it. Nike will be required to follow the below steps to implement an ERP system for better customer identification and location evaluation (Kim, Overton, Bhalla, and Li, 2020).

Steps to implement ERP systems successfully: -

- First, the organization must have a sight of the problems they are facing and there must be an objective behind implementing an ERP system.
- Selection of the appropriate team and determine the scope.
- Selection of best-suited ERP system (Kornum, Gyrd-Jones, Al Zagir, and Brandis, 2017).
- Initiates the planning phase.
- Implementation of strategies (Kornum, Gyrd-Jones, Al Zagir, and Brandis, 2017).
- Maintenance of the system.

There are different business modules, which are automated using ERP systems such as: -

- Sales and marketing
- Human resource management
- Customer relationship management
- Inventory management
- Supply chain management
- Manufacturing management
- Distribution management
- Service resource management (Kreng and Wang, 2013).

Customer relationship management: -

The CRM module provides a systematic approach to managing relationships, between an organization and its clients. This module is divided into three subcategories: -

- Sales
- Marketing
- Customer service

Cloud ERP system:

Cloud is providing an environment for delivering ERP systems online, as software-as-a-service, so that one can operate his/her business operational modules remotely (Nike executive joins Kennametal board, 2013). The business doesn't need to buy and manage the ERP software, as their service provider is responsible to manage that (Nike executive joins Kennametal board, 2013).

Cloud ERP service vendors, facilitate their clients with a suit of the latest technologies, mentioned below: -

- Machine learning
- Blockchain
- IoT (internet of things)

Benefits of ERP system:

The ERP system is proved to be very beneficial so far, through which organizations have been making better growth day by day. Following are some benefits: -

- Highly availability of data
- Lowers time consumption
- One can make predictions about future growth, based on previous records
- Effective in enhancing customer relationships and facilitating customers with swift and efficient services
- Cost effective
- Mobility
- Helps in making workspace environment scalable
- Helps in increasing productivity growth

Social media marketing - By making use of Instagram, Facebook, LinkedIn, and other social media platforms, the organization can simply rely upon the fact that 80% of the generation today has been using social media for their work purpose and fun factor as well. Thus, Nike can rely upon social media platforms, as it will help Nike to connect with its audience to build a brand; increase sales; drive traffic to a website and many other benefits will be there (Kornum, Gyrd-Jones, Al Zagir and Brandis, 2017).

Influencer marketing - People love to watch their favorite celebrities and stars Making use of any product they are already using. Or people also love to wear those things which their favorite influencers are making advertisements for (Kornum, Gyrd-Jones, Al Zagir, and Brandis, 2017). These ways of marketing can help Nike reach people over wide reach. As per the research, influencers make 30% of minimum growth whenever it comes to marketing a brand or product.

SMS marketing - To make people and customers of Nike aware of any special offer and discount period going on through SMS, is one of the most used ways of marketing today. And, it is one of the most effective ways of all, as customers got attracted through SMS discounts, offers, etc (Kornum, Gyrd-Jones, Al Zagir, and Brandis, 2017).

Joint venturing technique - By implementing the joint venturing technique, Nike will be able to expand their business by joining hands with some other already existing well settled organizations in that market (Kornum, Gyrd-Jones, Al Zagir and Brandis, 2017). This technique will be helping Nike to market its product over wide reach along with other organizations' products v.

Conclusion

All in all, it can be concluded that the organization is not required much to make major changes in their marketing strategies, however, the number of additions that can help Nike to rebuild their Brand image in the market over wide reach are determined above in the recommendations segment. Nike along with other additional brands facing similar issues in their marketing management can have a sigh over these recommendations and can rely upon them for future success.

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