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Programe : BA Business Management-TERM-2

Madule Name : Marketing Fundamentals

Madule Code : LCBB4004

Assignment Title : Assessment-1 Marketing Fundamentals Analysis and Evaluation.

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A Close Look into Nike's Marketing Strategies

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1. Processes and stages of marketing including the role of the marketing mix.

Nike is an American sportswear corporation headquartered in Beaverton, Oregon. Bill Bowerman and his student Phil Knight founded Nike in 1964 (Nike, 2021). Nike was initially named Blue Ribbon Sports. It introduced its famous flagship Nike shoe in 1972. Now, it sells its products in more than 170 countries across the globe. It has grown significantly over the years and gone on to own some successful ventures, notably Converse, Inc., and Jordan Brands. Its marketing efforts receive a big credit for its success. In this essay, how Nike's marketing activities have been helping it grow is going to be discussed in light of marketing literature.

Marketing is a collection of activities and processes for creating, delivering, communicating, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA, 2017). It is one of the most creative areas of the business world that differentiates one business from another. It helps to uniquely position a business in the minds of people in a very compelling way.

The marketing process is a framework and systemic approach for designing marketing goals and developing tactics, and strategies for achieving those goals. It starts with outlining the mission statement of an organisation (Kotler & Armstrong, 2017). The mission statement naturally includes the objectives of the organisation. The next stage in the process involves analyzing and scanning the internal and external forces of the organisation. There are a few models that are in use for the situation analysis, namely SWOT analysis and PESTEL analysis. Then, the formulation of marketing strategies for the organisation enters the process. It is one of the most important cornerstones of any organisation upon which future marketing efforts and activities of that organisation largely depend. It sets and dictates the grounds for marketing practises and outlines the direction for marketers of that organisation to follow. The following stage in the process is the construction of a marketing mix for the organisation.

The process ends with implementing all those factors that are in the previous stages of the process and taking corrective actions in the cases of not meeting defined targets.



Source: Marketing Insider (2015)

Mission Statement and Objectives

The mission statement of an organisation states why it is in business and what it wants to achieve being in business. It is very core to the organisation's purpose and values. Nike's mission statement outlines it is in business to inspire and innovate in the sporting world by providing athletes with its products (Hussain, et al., 2015). Its objectives include helping athlete with its comfortable and durable sportswear and accessories and creating a sustainable world for everybody.

Situational Analysis

Situational analysis is an analysis and scanning tool that looks at internal and external forces that can affect an organisation now and in the future. There are several situational analysis tools that are in vogue. They are SWOT analysis, PESTEL analysis, Porter's Five Forces model, etc.

Marketing Strategy

Marketing strategies are the ones that set the strategic direction of an organisation in terms of marketing (Kotler & Keller, 2016). They constitute segmentation, targeting, and positioning. It is one of the vital parts of the marketing process.

Marketing Mix

The marketing mix consists of tactics to achieve defined marketing goals and objectives. They include product, price, place, and promotion, commonly known as 4Ps of marketing. They are the ultimate results of the previous stages in the process.

Implementation and control

Implementation involves executing the planned strategies and tactics to reach marketing goals and organisational goals at large. It is the final stage in the marketing process. Although it is the final stage, it is continuous and ongoing. Control, in this context, means taking corrective measures if the set goals are not met. It helps an organisation get back right on track.

PESTLE Factors of Nike

Political Factors

Political factors mostly remain in the backend, which is why it is less known to the public. However, they have a huge impact on business operations and practises. It is one of the most important factors that determines whether an organisation will survive or not. Nike is an American organisation. As a result, it enjoys growth-friendly policies that include low rates of interest and favourable international tax benefits. But due to conflict with other nations, it sometimes gets difficult for Nike to ship and export products in those regions. Overall, Political factors are in favour of Nike for the most part.

Economic Factors

Economic factors in America can be termed as good. But with the advent of Covid-19, the American economy is going downturn. This has caused consumers to shift towards lower-end brands that offer a cheap price. This is a big turnoff for Nike, as it sells high-end products with a premium price range. Nike's products are manufactured in the least developed countries where labour is cheap (Locke, et al., 2007). This has secured Nike a big profit margin. But, the situation is changing in those countries, which is going to increase its production costs. Economic variables are not in favour of Nike.

Social Factors

Social factors include demographic preferences, age, background, lifestyle, etc. There is an increasing leaning towards leading a healthy life and enjoying a better lifestyle. This is what Nike promotes, a better lifestyle with healthy products. So, social variables are in total favour of Nike.

Technological Factors

Technology drives innovation and Nike embraces innovation. So, there is no better time than this for Nike to come up with game-changing innovations. Nike has a strong social media presence that is a plus for its marketing efforts (Li, et al., 2020). One benefit of social channels is that they generate real-time data based on different metrics, which helps Nike come up with new products and forecast sales (Boldt, et al., 2016).

Legal Factors

Nike tries to be environmentally compliant as much as possible due to environmental regulations. However, it tries to evade taxes at times, which is absolutely morally unethical. For the matter, it faces consequences from the courts of law. It is reportedly accused of offering false discounts.

Environmental Factors

Environmental factors receive an increasing amount of importance due to climate change and global warming. Nike's mass production plants hamper the environmental harmony and

pollute it. In response, Nike promises to be more careful about the environment it operates in for a safe world.

SWOT Analysis of Nike

Strengths ✓ One of the largest sportswear manufacturers ✓ Strong brand awareness ✓ Enormous customer base ✓ Growth-driven strategic approaches ✓ A series of sub-brands ✓ Advantage of economies of scale. ✓ Low production costs ✓ Strong supply chain network.	Weaknesses ✗ Very poor and objectionable labour practises in foreign countries ✗ Extreme US market reliability ✗ Increasing operating expenses ✗ Bad debt history ✗ Legal repercussions.
Opportunities ✓ Expansion into other foreign markets on a massive scale ✓ Product innovations ✓ Tapping into the potential of emerging markets ✓ Engaging more in social impact investment to enhance brand image.	Threats ✗ Extreme global competition ✗ Global economic downturn due to Covid-19 ✗ Fake products by doppelgangers ✗ Increased monitoring and scrutiny of environmental practises. ✗ Fluctuating exchange rates

Advantages of SWOT Analysis

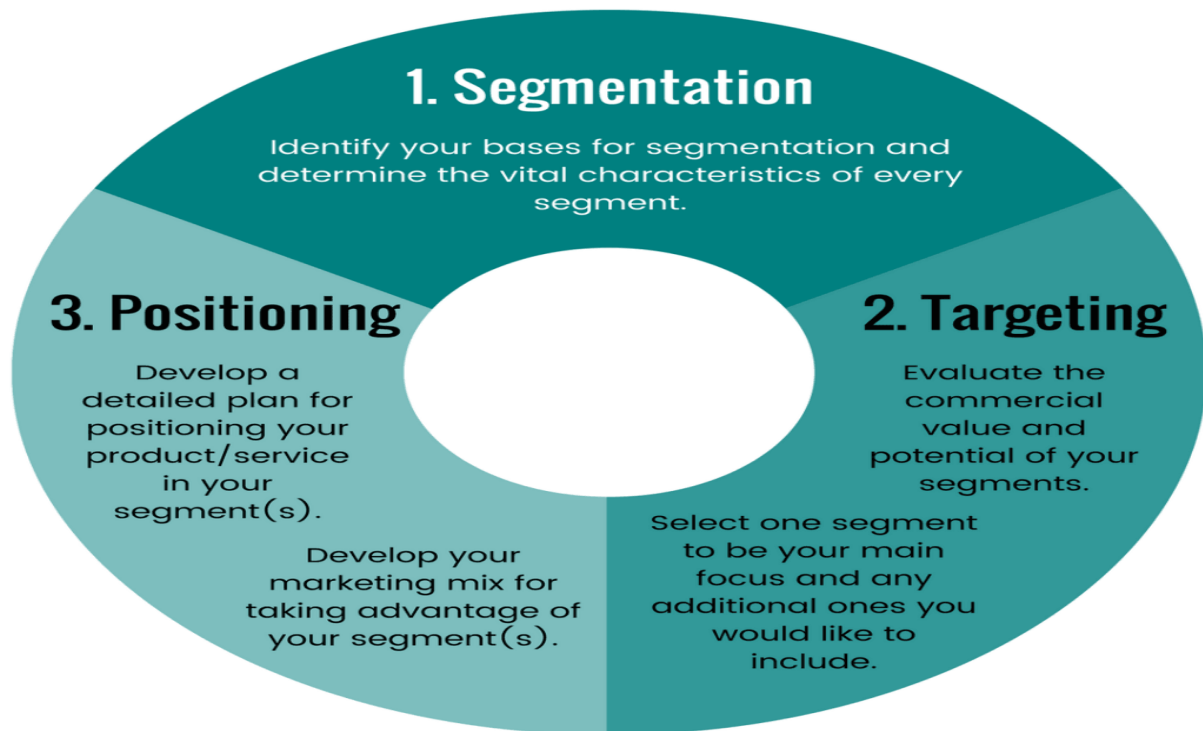
- ✓ Strong brand awareness tremendously helps Nike sell its products to a number of markets.
- ✓ Nike's strong supply chain network makes its products available in around 200 countries.

- ✓ Nike has a strong and loyal customer base. Product innovation is a plus for Nike in an age of rapid technological innovations.
- ✓ Nike can try to enter into the sections of markets that have untapped potential.

Disadvantages of SWOT Analysis

- ☒ Nike treats its labour in foreign countries very poorly.
- ☒ Nike's heavy US dependency can become a major problem if the economy and market conditions change in the region.
- ☒ Fake products by low-end doppelgangers are a major concern for Nike.
- ☒ Nike violates laws at times, which can cause serious legal damage.

Marketing Strategy of Nike



Source: Marketing Ark (2017)

Segmentation

Nike makes use of psychographic variables to segment its markets. Its offerings are best suited for this segmentation approach. Psychographic segmentation variables help Nike make

its products attractive and appealing to its customers and potential customers (Doole & Lowe, 2012). Nike uses dedicated marketing campaigns to fully capture the market potential of its different market segments. These dedicated campaigns have helped Nike become number one in the US market. Nike also runs different promotional advertising for different segments.

Targeting

Targeting is an integral part of marketing strategy. It basically focuses on how to approach markets that have been targeted after conducting market research and doing the planning (Housden, 2010). Nike targets its customers mainly based on sports categories as it is a dedicated sportswear business. Outside this target market, it focuses on the target markets that show a preference for high-end sports shoes and accessories for personal use. Nike's products are expensive than their other counterparts because of their premium quality.

Positioning

Positioning relates to the way a brand is perceived in the minds of its consumers and prospects. It is the psychological end of marketing strategy. Nike positions itself with its tagline "Just Do It", which promotes a positive approach towards achieving anything. Customers identify Nike with the tagline and its logo every time they come across them. It is the result of a strong brand positioning strategy. Nike has successfully taken its positioning to the next level.

4Ps of Nike



Source: Marketing 91 (2018)

Product

Nike specializes in sports equipment, accessories, apparel, and shoes. It produces a wide array of shoes, which top the list of highly sold shoes in the sportswear industry. Nike began selling shoes in 1972 after it registered its flagship shoe model. Its sub-brand Converse, Inc. manufactures casual footwear for men, women, and kids. Nike's other sub-brand Cole Haan produces a line of clothing and accessories for women, men, and children.

Price

Nike's pricing reflects its high-end and premium product quality. Nike charges customers a higher premium price on its products. It follows a value-based pricing strategy. It also uses a premium-pricing strategy at times when it deems fit. Its pricing strategies are the prime factors that earn it a massive profit margin every fiscal year. Customers perceive Nike as a premium brand and are willing to pay high prices for its products.

Place

Place in the marketing mix pertains to distribution channels through which products reach the final consumers. Nike sells its products through Nike stores mainly in the US and partly

across the world. It has around 20,000 Nike stores spread all over the world (Angioni, et al., 2012). In some markets, it sells its products with the help of independent distributors and licensees (Amato & Amato, 2009). Nike also makes sales in the online channels and retail stores other than Nike stores.

Promotion

Nike heavily uses advertising for its promotional purposes (Clow & Baack, 2013). It advertises on TV, radio, in the form of athlete sponsorships. It takes the help of personal selling to sell its products to customers in Nike stores. Direct marketing is another important tool of Nike's promotion mix (Li, 2019). Nike launches a number of digital marketing campaigns on different social platforms throughout the year. It spends a whole big chunk of money on public relations engagement.

Conclusion

Marketing is an integral business function for businesses, regardless of size, purpose, and scope. It influences the way an organisation performs in the market. Sound marketing planning makes it easier for any organisation to achieve its goals and objectives. In the case of Nike, it is clear that its marketing dedicated efforts have paid off over the years and helped them become one of the big sportswear brands. Nike's smooth distribution network deserves credit for its incredible global reach. Pricing strategies adopted by Nike are right on track and practical given its product quality. Nike's enormous success is attributable to its state-of-the-art marketing practises.

Recommendations

- ✓ Nike should improve its labour practises.
- ✓ Nike's US reliability should be minimized.
- ✓ Nike should restrain from offering fake discounts.
- ✓ Nike should take actions to stop other firms from trying to produce fake Nike products.
- ✓ Nike should become more environmentally friendly.

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