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MARKETING MANAGEMENT- ASSESSMENT 2

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1.0 Introduction

Marketing management is an essential aspect that enhances the growth of a firm and gains it a competitive advantage over its competitors. The report is developed in the context of Nike and its business as well as the marketing environment. In addition, the internal and external business environment will be analysed in the report.

1.1 Company background

Nike is a multinational corporation that is headquartered in the US. The firm is engaged with the designing, development, manufacturing as well as worldwide marketing of sports and athletic footwear, equipment, apparel, accessories as well as services. The firm generates a revenue of over 3750 crores US Billion Dollars (Nike, 2023).



Figure 1: Nike

(Source: Nike, 2023)

The mission of Nike is to bring inspiration as well as innovation to every athlete around the globe. The core values of Nike include inspiration and innovation for global athletes with authenticity, connectivity and distinctiveness. The firm serves its customers with the help and support of over 75000 employees.

1.2 Industry background

The footwear market in the year 2022 gained growth. The industry is expected to grow at a rate of 3.62 % by the financial year 2027. The footwear industry is the second most significant sector in the retail industry that targets to serve customers of all age and sex

groups as well as populations from every income group. Industrial growth and evolution will be observed as the firms in this sector are aligning their products and services as per consumer and industry trends.

2.0 Internal analysis

2.1 SWOT analysis

Nike has several strengths and weaknesses along with threats and opportunities. These will be portrayed below-

Strengths • The firm has a global reach • The financial position of Nike is strong • A strong partnership of the firm with others • The firm has an enticing product line for the diverse customer base • Strong brand awareness is observed in Nike • Strong and loyal customer base • Aimed towards sustainability • Low cost of manufacturing lead to a competitive pricing strategy	Weaknesses • Complex and difficult working conditions for internal and outsourced employees • Dependency on the US market • Lack of diversification strategy • Supply chain headwinds • Increases in shipping times and costs • Covid-related store closure disruptions (CNBC, 2022) • Impact of Covid-19 on the marketing and sales of Nike
Opportunities • Focusing on new markets • Diversification of business firm with new products and services • Inclusion of digital innovation like AI and AR in product development, customer services and marketing strategies • Including sustainability and strategies for reducing plastic • Creating products from recycled products	Threats • Increasing competition in the industry • Impact of the pandemic on the economic and social capabilities of the population • Government regulations for trade and inflation rate • Impact of the bargaining power of customers and suppliers • Risks of foreign exchange currency • Economic uncertainty and rising inflation rate resulting in the low buying power of customers • Disputes regarding patents (Reuters, 2022)

Table 1: SWOT analysis

(Source: Created by the learner)

The above threats, opportunities as well as weaknesses of Nike demonstrated that Nike needs to incorporate certain strategies for enhancing its future growth.

2.2 VRIO analysis

Nike have several resources and core competencies

Resources	Valuable	Rare	Inimitable	Organisation	Implication
Technological resources	Yes	No	Yes	Yes	S u s t a i n a b l e competitive advantage
S C M a n d P r o d u c t i o n o p e r a t i o n s (Nike, 2023)	Yes	Yes	Yes	Yes	S u s t a i n a b l e competitive advantage
F i n a n c i a l resources	Yes	Yes	Yes	Yes	S u s t a i n a b l e competitive advantage
Innovation and m a r k e t i n g tactics	Yes	Yes	Yes	Yes	S u s t a i n a b l e competitive advantage

Table 2: VRIO analysis

(Source: Created by the learner)

The resources and core capabilities of Nike are effective and provide the firm with an enhanced competitive advantage. It has been observed from the analysis that the firm has strong technological resources, financial resources, SCM and production operations as well as innovation and marketing tactics. The technological resources of Nike are valuable, inimitable and organised but are not rare. In addition, from the analysis, it also has been observed that the firm has strong SCM and production operations that are valuable, rare, inimitable and organised for the firm. These are capable of collectively delivering the firm a sustainable competitive advantage. Moreover, from the analysis, it has been highlighted that innovation and marketing play an essential part in the resources and core competencies of Nike. The innovation along with marketing tactics of Nike are valued, rare, inimitable and organised for the firm, resulting in the firm enjoying a sustainable competitive advantage.

3.0 External environment analysis

3.1 PESTLE

Political factors

The political stability index of the UK is stable and positive as the Westminster system is back to normal. However, the Brexit issues, the Ukraine-Russia conflict as well as the pandemic situation observed, some government policies resulted in a negative impact on the business and marketing operations of Nike in the UK.

Economic factors

The inflation rate of the UK in the year 2022 rose by over 0.4 %. In addition, the GDP has been observed as 3.13 lakhs crores US Dollars. The unemployment rate and the CPI of the UK are less than 3.7 % and 135.70 points respectively (Trading economics, 2022). Hence, the economic factors of the UK may result in the growth and survival of Nike in the footwear industry.

Social factors

UK customers consume products and services that are related to improving the health and well-being of the customers. In addition, the UK population has a preference towards various branded shoes resulting in enhanced market performance and sales in the Footwear industry. Revenue in the Footwear market will amount to 18.47 billion US dollars in 2023 (Statista, 2023). This directly enhances the business and marketing performance and operations of Nike.

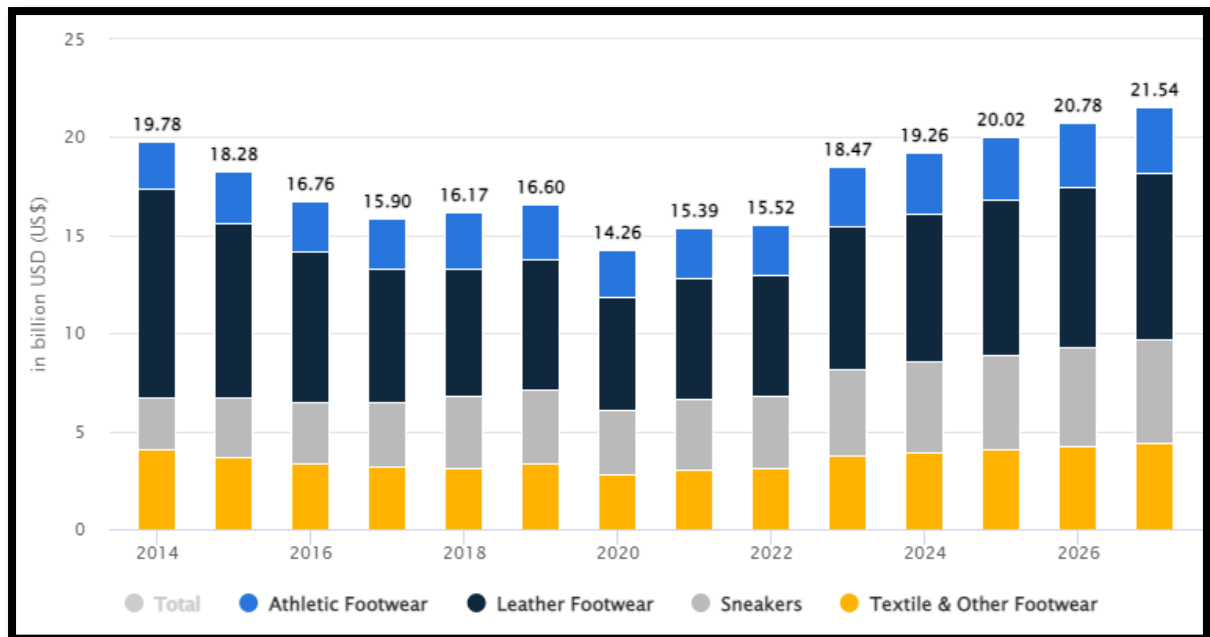


Figure 2: Revenue generated by the Footwear industry in the United Kingdom

(Source: Statista, 2023)

Technological factors

Technological innovation and the use of digital technology along with E-commerce, digital shopping and digital payment are the major trends that are evolving in the retail sector along with digitally transformed supply chain management (Nike, 2023). Hence, the business operations of Nike will be impacted positively as the technological aspects are incorporated by Nike into its business operations.

Legal factors

The legal factors like maintenance of Employment contracts along with the Occupational Health and Safety of employees are maintained by the managers of Nike for the workforce. In addition, the standards and quality of the products are maintained by the firm for enhanced customer satisfaction and maintenance of customer rights.

Environmental factors

The sustainability of the supply chain management along with the maintenance of eco-friendly products are maintained by Nike with green raw materials and sustainable products. Hence, eco-friendly products and marketing strategies along with the business operations of Nike are observed (Grand view research, 2020).

3.2 Porter's five forces

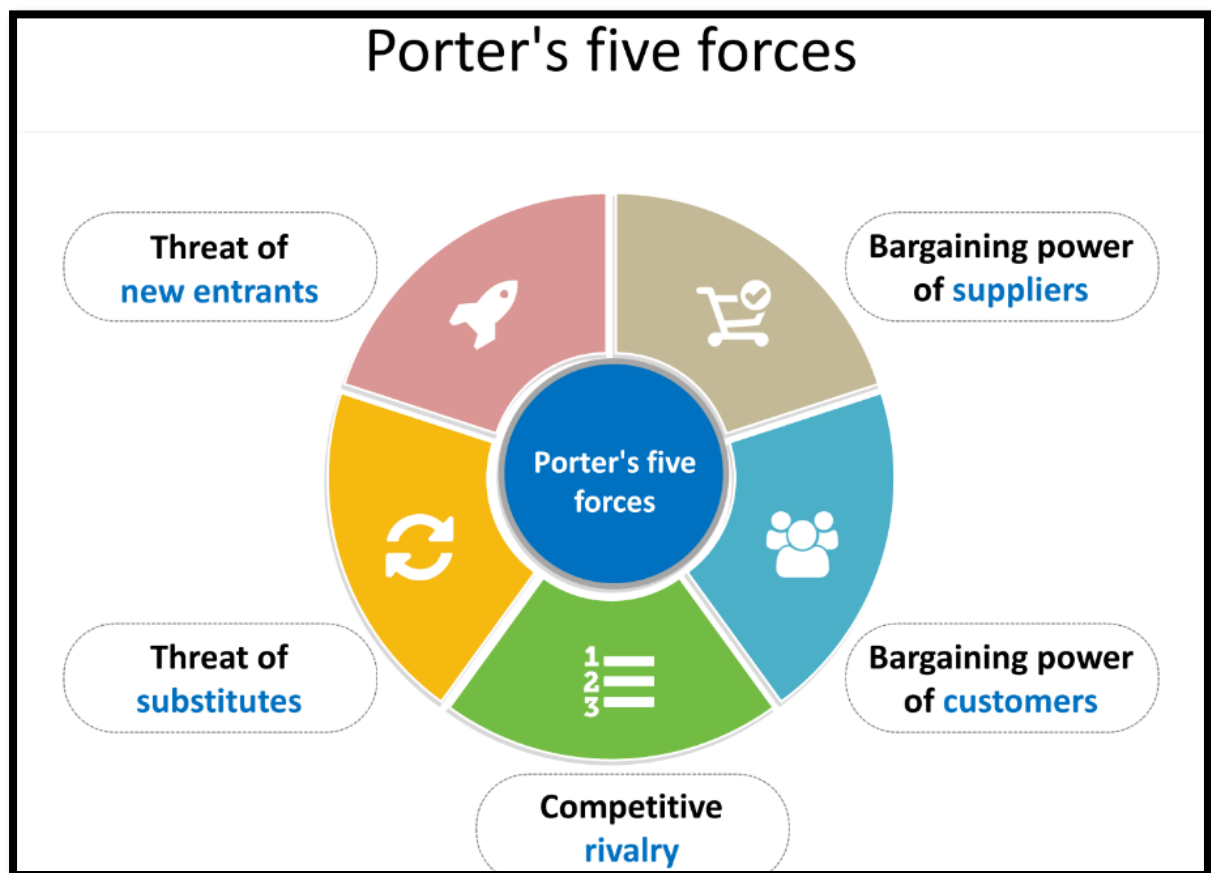


Figure 3: Porter's five forces

(Source: Grundy, 2006)

“Threat of industry rivals (High)”

The competitors in the footwear industry are strong and competitive with products and services that are unique, differentiated or priced competitively. The sector has an oligopoly and the existing competitors have a strong brand identity. Hence, the threat of industrial rivals is strong for Nike.

“Bargaining power of the suppliers (High)”

The suppliers of Nike are the major stakeholders that provide the firm with raw materials that are sustainable. In addition, the investors and the eco-friendly/ green raw materials for the footwear firm may have the capability of switching to other forms in the market if their demands are not maintained by Nike. Nike also needs to maintain a positive relationship with their raw material suppliers for maintaining their trade secrets and competitive advantage. Hence, the bargaining power of the suppliers is high.

“Threat of substitutes (Low)”

Sports products are unique and other products or services are not capable of serving the customers with footwear aspects in the sports and athletic area. This indicates that the threat of substitute products for this industry, especially for Nike is low as the industry products experience fewer threats.

“Bargaining power of the buyers (Moderate)”

The bargaining of the buyers in the footwear industry may be moderate. The consumers in this industry may switch over to the industry competitors for products and services if their demands and preferences for price, design, quality and quality are not considered by Nike (Mordorintelligence, 2020). However, the unique selling point of Nike can also be not served by the other industry rivals.

“Threats of new entrants (Low)”

The new entrants may have the knowledge of capturing the market, but they do not have the resources, core capabilities, technologies, finances and connection with renowned suppliers that will provide the firm with success among the existing players in the footwear industry. Hence, the threat of new entrants is low in this industry and for Nike.

4.0 Role that marketing plays within the organisation-4 Ps

Marketing as well as the digital communication teams in the footwear firm, Nike Inc helps the brand in setting the tone. The creative forces through innovative designs and digital assets of Nike drive the stories of sports and innovation through brand strategy, advertisement, product presentation as well as digital engagement. The 4 Ps of marketing are maintained by Nike for its marketing strategy and success among its industrial rivals.

Product strategy

The product standards, premium quality and design of Nike products are strong that satisfy the customer base of the firm. The firm even maintains sustainability and cost-effectiveness in its supply chain management along with the application of a supply chain management framework and "Total Quality Management" in the production processes. Hence, the customers of this firm receive products that are of good quality, less defective and support the customer rights of the firm's client base (Nike, 2023). The products of the firm are huge that entice and satisfy the clientele of Nike.

Pricing strategy

The company uses pricing strategies like premium and value-based pricing strategies. These are provided to customers for enhancing their mindset towards the firm's servings. The firm enjoys high-profit margins as the customers prefer the pricing model of Nike.

Promotion strategy

Nike has a strong brand promotion strategy that enhances the proposition of the brand among its industry rivals. The promotional strategies that are used by Nike are traditional ways of advertisements, social media channels, promos through digital media, discounts and offers, and billboards as well as maintaining public relationships through Interactive Media and Communications and Integrated Marketing Communications.

Physical evidence or place

The firm has strong physical evidence that enhances the transparency and trust between the internal stakeholders and the customers of the firm (Nike, 2023). The brand has retail stores, online stores as well as a partnership with online retailing companies like Amazon, Flipkart as well as other online selling platforms.

5.0 Recommendations

Few recommendations can be provided for the future development of Nike. These includes:

Enhanced diversification of products

Enhanced diversification of the product line for Nike can improve the profit margin of the firm as the firm can capture and entice the customer base for other industries and sectors. In addition, the presence and reputation of the firm will enhance as well.

Enhancing social media marketing strategies

Social media marketing campaigns by Nike along with improved marketing strategies of Nike can enhance the growth and success of the firm. The firm can enhance its social media presence through regular posts and contests by the firm in its social media pages.

Include athletes for endorsing the brand

The firm can enhance its presence and custom focus if they include athletes as their brand ambassadors. This may demonstrate that the athletes are loyal customers of the brand and this will attract customers more.

Focusing on sustainability with green raw materials for the ecologically concerned customer base

Green materials and sustainability maintenance are the factors that can enhance cost-effectiveness as well as solve supply chain issues along with optimising the efficiency of SCM in Nike.

6.0 Conclusion

From the above discussion, it can be concluded that Nike has a good market presence and profit margin along with a strong stakeholder base for the brand. The resources, capabilities, and internal and external business environment of Nike are strong. Recommendations for future development have been demonstrated as well.

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