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SWOT ANALYSIS OF NIKE SHOES

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Swot Analysis of Nike Shoes

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Abstract – A company indeed depends on its research and developmental activities in order to have a niche over its competitors. Complete knowledge of the factors that have an effect on the innovation strategy of a company is essential for the success of the research and development programmes of the company. Various internal and external factors greatly influence a business' success. While it is practically impossible to control forces outside the business, like world economic conditions and capital availability, management must guide and inspire internal operations to ensure a competitive position in the marketplace. Adaptability and innovation are crucial to gaining market share and staying profitable in fluctuating economic climates. This research is something about that explains how a Nike shoe brand will make itself strong enough to face the challenges in the business environment in which it is operating. It has to make full utilization of its strengths, avail all the opportunities, make serious efforts to overcome its weakness and faces the threats with full vigor.

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ORIGIN AND HISTORY:-

Nike, originally known as Blue Ribbon sports (BRS) was founded by University of Oregon track athlete Philip Knight and his coach Bill Bowerman in Jan 1964. The company initially operated as a distributor for Japanese shoe maker Onitsuka Tiger now (ASICS), making most sales track meets out of Knight automobile. In 1964, in its first year in business, BRS sold 1,300 pairs of Japanese running shoes grossing \$8,000. By 1965 the fledgling company had acquired a full time employee and sales had reached \$20,000. In 1966, BRS opened its first retail store, located at 3107 Pico Boulevard in Santa Monica, California. In 1967, due to rapidly increasing sales, BRS expanded retail and distribution operations on the east coast, in, Wellesley, Massachusetts. By 1971, the relationship between BRS and Onitsuka tiger was nearing an end. BRS prepared to launch its own line of footwear, which would bear the Swoosh newly designed by Carolyn Davidson. The Swoosh was first used by Nike on June 18, 1971, and was registered with the US Patent and Trademark office on Jan. 22, 1974. In 1976, the company hired John Brown and Partners, based in Seattle as its first advertising agency. The following year, the agency created the first "brand ad for Nike", called "there is no finish line", in which no Nike product was shown. By 1980, Nike had attained a 50% market share in the US athletic shoe market and went public in Dec. of that year. Together Nike and Wieden+Kennedy have created many print and television advertisements, and Wieden+Kennedy remains Nike's primary ad agency. It was agency co-founder Don Wieden who coined the now famous slogan "Just Do It", for a 1988 Nike ad campaign, which was chosen by Advertising Age as one of the top five slogans of the 20th century and enshrined in the Smithsonian Institution. Walt Stack was featured in

Nike's first "Just Do It", advertisement, which debuted on July 1, 1988. Wieden credits the inspiration for the slogan to "Let's do it", the last words spoken by Gary Gilmore before he was executed. Throughout the 1980's, Nike expanded its product line to encompass many sports and regions throughout the world. In 1990, Nike moved into its eight-building World Headquarters Campus in Beaverton, Oregon.

INTRODUCTION

The Nike A Greek would say, "When we go to battle and win, we say it is Nike. "According to Greek Mythology, The Nike was the winged goddess of victory. Daughter of the titan paellas and the river Styx, Nike sat at the side of the omnipotent Zeus for the duration of his plight with the titans. The goddess Nike came to be an everlasting symbol of victory and dominance on the battlefields of ancient Greece. In light of her conquest, a popular footwear company of the 20th century designed products in her name to push new levels of achievements in athletics worldwide. Nike is largely a marketing company. They think up and produce clever and extremely effective advertising and marketing campaigns. They design a product, and then sell the rights to produce it to the regions of the world where it is cheaper to produce. Often these people then outsource even further, so Nike really has little control over the labor practices of the people who are making these things. They have some separation that way. With that said, the sweatshops etc. are always a work in progress, but not as bad as they used to be. Nike doesn't physically make anything themselves. Nike has been the official kit sponsor for the Indian cricket team, since 2005. In 2012, Nike is listed as a partner of the (RED) campaign, together with other brands such as

Girl, American Express and converse. The campaign's mission is to prevent the transmission of the HIV virus from mother to child by 2015 (the campaign's by line is "Fighting for an AIDS free generation").

PRODUCT:-

Nike produces a wide range of sports equipment. The first products were track running shoes. They currently also make shoes, jerseys, shorts, cleats, base layers, etc. for a wide range of sports, including track and field, baseball, ice hockey, tennis, association football (soccer), lacrosse, basketball and cricket.

SWOT ANALYSIS

SWOT analysis (alternatively SWOT Matrix) is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective. The technique is credited to Albert Humphrey, who led a convention at the Stanford Research Institute (now SRI International) in the 1960s and 1970s using data from Fortune 500 companies. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit. Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization.

Strengths: characteristics of the business or project that give it an advantage over others **Weaknesses:** are characteristics that place the team at a disadvantage relative to others **Opportunities:** elements that the project could exploit to its advantage **Threats:** elements in the environment that could cause trouble for the business or project Identification of SWOTs is important because they can inform later steps in planning to achieve the objective. First, the decision makers should consider whether the objective is attainable, given the SWOTs. If the objective is *not* attainable a different objective must be selected and the process repeated. Users of SWOT analysis need to ask and answer questions that generate meaningful information for each category (strengths, weaknesses, opportunities, and threats) to make the analysis useful and find their competitive advantage.

Strengths <ul style="list-style-type: none"> -Technological Skills -Leading Brands -Channels of distribution -Relationship with customer -Quality product -Scale of operation -Techniques of management 	Weakness <ul style="list-style-type: none"> -Lack of technical skills -Brand Weakness -Poor distribution system -Poor customer relationship -Unreliable product -Small-scale -Inefficient Management 	INTERNAL FACTORS
Opportunities <ul style="list-style-type: none"> -Changing customer tastes -Technological advancement -Change in Govt. politics -Lower personal taxes -Change in population age -New distribution channels 	Threats <ul style="list-style-type: none"> - Changing customer base - Technological advances -Change in Govt. politics - Tax increases -Change in population age -Closing of geographic markets 	EXTERNAL FACTORS
		NEGATIVE POINTS

NIKE'S SWOT ANALYSIS

STRENGTHS OF NIKE

-Nike is recognized to be the number one sportswear brand in the world.

-Nike gained valuable exposure by sponsoring the celebrity athletes like Tiger woods, Roger Federer, Rafael Nadal and many others.

-Continuous research and development programmes to bring about new innovations in the product range including track and field, football, basketball, golf, etc.

-Generates effective employment opportunities all over the world.

-More than 500 locations in the US, Middle East and Asia Pacific region.

-Proffered by consumers due to its shoes lighter in weight than the shoes manufactured by its competitors.

-Recycling programme

-Nike Grind Program, in order to eliminate waste during production.

- Advanced technology like FIT (fitness information technology) and Quality fabrics is used in order to provide comfort to the athletes in any condition.

WEAKNESS OF NIKE

-Poor conditions in its third world factories, under paying workers, employing children.

- Negligence regarding the basic rights of its workers.
- Allegation of labour and wage laws with employees in Vietnam.
- Negligence in the maintenance of secret and valuable information.
- Poor conditions in its third world factories, under paying workers, employing children.
- Negligence regarding the basic rights of its workers.
- Allegation of labour and wage laws with employees in Vietnam.
- Negligence in the maintenance of secret and valuable information.
- Price competition from the very similar cheap products as Nike's products are offered usually at a high price.
- Market share depends heavily on the foot wear, thus eroding market share.

OPPORTUNITIES OF NIKE

- Product expansion in areas which gives high profits like jewelries, sun glasses, sports apparel etc.
- More attention towards collaboration or tie-ups with sports academics and schools world-wide.
- Can open stores/showrooms in emerging economies also.
- Positive consumer behavior towards considering Nike products as trendy and stylish product. Nike products are in fashion products.

THREATS OF NIKE

- Heavy competition in the market from numerous sports fashion brands.
- Reebok, the second largest shoe and sports clothing supplier, is providing high geared competition.
- Business is affected by the currency fluctuations, for it is an International brand.
- Not able to stop the fake imitations by some other companies.
- Other brands, adopting new techniques and innovations.
- Ecological reputation in the whole world is at stake, due to increasing pollution.

ACTIVIST GROUPS

- Activist groups and student organizations have made Nike a symbol of labor exploitation.
- Ignorance of human rights in order to secure greatest profits.
- Association of Nike as sweatshop labor by public.

CONCLUSION:-

Nike has to develop comprehensive marketing strategies in order to be the leader of the market. Sell the trust and value of Nike itself. Keep up satisfying its market and position, as it wants in the mind of the consumers. Company's goal is to further the idea that they are socially and environmentally conscience. After overcoming all the allegations, through its constant and rigorous hardships, Nike would be able to attract new customers that were simply not buying Nike shoes because of the human rights issues in Southeast Asia. Loyalty and brand recognition is always going to be high at Nike because of the companies historic past, but any little improvement in public image will only help sales and revenue. With the support of the employees, Nike is able to achieve the realistic goals. Research and development of new ideas and initiatives will be created to keep Nike constantly changing and moving forward. The only way Nike can be innovative is through change and as John F. Kennedy's quote says, "Change is the law that will always be there throughout everyone's life and we must encourage and embrace the change because it is going to happen, so why not the people making change happen." Change is something that every organization needs to grow but usually hesitates or looks down upon when faced with it. Change is a necessity for a company to keep up with industry leaders or to become an industry leader. If a company is not making an effort to change in specific areas of an organization, then that company is essentially moving backwards in the industry. There is always room for improvement and if a company doesn't make the improvement, then one of its competitors probably will.

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