NIKE Inc.

STRATEGIC AUDIT & CORPORATE

A Paper Presented as a Final Requirement in
STRAMA-18 -Strategic Management

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STRATEGIC AUDIT & CORPORATE

I. EXECUTIVE SUMMARY

Nike is one of the most recognizable brands and one of the world’s largest suppliers of athletic shoes and apparel and a major manufacturer of sports equipment. The company was founded in 1964, as Blue-Ribbon Sports by Bill Bowerman and Phil Knight. Nike's top competitors include Anta, Lululemon Athletica, VF Corporation, Adidas, Reebok, ASICS, FILA, Puma, Under Armour, Skechers, and New Balance. Nike has captured approx. 31% market share of the global sports footwear market. As for the Financial Status of Nike, the company generates total revenue of 37,403 million in US Dollars in 2020. Nike’s market cap reached 139.19 billion dollars and has a 15.9 billion dollars brand value.

II. INTRODUCTION

NIKE, Inc. designs, develops, markets and sells high quality footwear, apparel, and equipment, accessories and services. Its athletic footwear products are designed primarily for specific athletic use. It also markets products designed for kids, as well as for other athletic and recreational uses such as baseball, cricket, golf, lacrosse, outdoor activities, football, tennis, volleyball, walking, and wrestling. The company sells a line of performance equipment under the NIKE Brand name, including bags, socks, sports balls, eyewear, timepieces, digital devices, bats, gloves, protective equipment, golf clubs, and other equipment designed for sports activities.

Its reportable operating segments for the NIKE Brand are: North America, Western Europe, Central & Eastern Europe, Greater China, Japan, and Emerging Markets. The company wholly-owned subsidiaries include Converse Inc. and Hurley International LLC. It also has regional headquarters in Hilversum, the Netherlands (for the EMEA region) and Shanghai, China (for the Greater China region) and branch offices and subsidiaries in more than 50 other countries.
III. COMPANY OVERVIEW

A. Company Name: Nike

Nike, Inc., formerly Blue Ribbon Sports, an American sportswear company headquartered in Beaverton, Oregon.

- **1964.** It was founded as Blue Ribbon Sports by Bill Bowerman, a track-and-field coach at the University of Oregon, and his former student Phil Knight.
- **1966.** They opened their first retail outlet
- **1971.** launched the Nike brand shoe
- **1978.** The company was renamed Nike and went public 2 years later.

Company Logo:

Website: https://www.nike.com

B. Company Vision, Mission and Values

VISION: “DO EVERYTHING POSSIBLE TO EXPAND HUMAN POTENTIAL.”

This statement highlights that the company does not limit itself to specific strategies in ensuring it gives its customer the best quality of products in the world of sports. Nike helps in improving lives, they are people-oriented company that gives a positive impact to people. Nike is accredited for leading environmental conservation strategies across the globe.
MISSION: “TO BRING INSPIRATION AND INNOVATION TO EVERY ATHLETE IN THE WORLD.”

This statement highlights the influence that Nike has in the sports market. It specially reverberates the ability of the company to pique and turn the athletes into their best versions. Nike brings inspiration, it has been big impact when it comes to motivating their customers, well in providing comfortable footwears and apparels. They give their customers a “winner mindset” that makes them inspired. Nike has remained at the top with the most versatile, aesthetically appealing and most of all dependable products engaging the most creative minds in its team of experts to advance its innovative agenda when launching any products in the market.

PURPOSE: “OUR PURPOSE IS TO UNITE THE WORLD THROUGH SPORT TO CREATE A HEALTHY PLANET, ACTIVE COMMUNITIES, AND AN EQUAL PLAYING FIELD FOR ALL.”

Nike’s Core values & Culture
1. Community
2. Sustainability
3. Diversity
4. Social responsibly

These values are the core of Nike and continue to move the company forward, even in an unknown global future. These core values shine in the company’s dedication to success in business and society.

Company Culture

Diversity & Inclusion

Nike embrace different perspectives because they know everyone brings unique experiences and ideas to the team, serve every athlete across the hundreds of countries that reflect the diversity of their consumer, committed to fostering a culture of inclusivity and an environment of empowerment and respect.
Sustainability, Environment and Community

Nike works with community partners on programming, engages their employees and makes investments around the world to create change for sustainability where all athletes have access to safe places to play and train, enjoy sport and realize their full potential. Nike invest a minimum of 1.5% pre-tax income each year to drive positive impact in our communities and level the playing field for all. Nike also team up with the employees around the world to supercharge their charitable donations to nonprofits and schools through Employee Matching Gifts program.

C. Objectives

Nike’s first objective is to make a profit for the shareholders. In order to meet this objective, Nike identifies a number of smaller aims and objectives. These include manufacturing superior products, maintaining the integrity of the global brand and innovating in the area of product design. The company also balances these profit-driven goals with a number of social and sustainable aims, including cutting water use, reducing waste and strengthening communities.

D. Organizational Structure

The company has expanded through diversification into various international markets. The entire global business of Nike is segregated into key geographic regions such as North America, EMEA (Europe, Middle East, and Africa), Greater China, and APLA (the Asia Pacific and Latin America).

Nike follows a matrix organizational structure which is a combination of horizontal and vertical structures. Using matrix organizational structure, multiple reporting lines and responsibilities for the employees are spread out. The layer in hierarchy has helped in streamlining the operations of the company. Sub-dividing the markets also provide better support for each individual markets.
The operations of the company are segregated in terms of distribution channels either wholesale and Nike Direct; and product categories such as Footwear, Apparel, and Equipment. Nike’s subsidiary brands are Cole Haan, Converse, Hurley, Umbro, etc. These subsidiaries take most of the decisions themselves, with authorization from the headquarters. The independence of decision making and operational autonomy allows these subsidiary brands to function free from control of regional headquarter.
### E. Corporate Governance

<table>
<thead>
<tr>
<th>List of Board of Directors</th>
<th>Age</th>
<th>Gender</th>
<th>Tenure</th>
<th>Position</th>
<th>Occupations</th>
<th>Educational Background</th>
<th>No. of Shares Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philip H. Knight</td>
<td>82</td>
<td>M</td>
<td>52</td>
<td>Chairman-Emeritus</td>
<td>Entrepreneur, Author, Business Person</td>
<td>MBA, Stanford Graduate School of Business; Bachelor of Arts and Science, University of Oregon.</td>
<td>31,400,000</td>
</tr>
<tr>
<td>Mark G. Parker</td>
<td>63</td>
<td>M</td>
<td>1</td>
<td>Executive Chairman</td>
<td>Entrepreneur, Businessperson</td>
<td>Bachelor’s degree in Political Science, Pennsylvania State University</td>
<td>1,450,813</td>
</tr>
<tr>
<td>John J. Donahoe II</td>
<td>61</td>
<td>M</td>
<td>1</td>
<td>President, Chief Executive Officer &amp; Director</td>
<td>Businessman</td>
<td>Bachelor’s degree in Economics, Dartmouth College; MBA, Stanford Graduate School of Business</td>
<td>1,190,415</td>
</tr>
<tr>
<td>Travis A. Knight</td>
<td>48</td>
<td>M</td>
<td>1</td>
<td>Director</td>
<td>Animator, Producer, Director</td>
<td>Graduate of Portland State University</td>
<td>2,300,000</td>
</tr>
<tr>
<td>Name</td>
<td>Age</td>
<td>Gender</td>
<td>Years</td>
<td>Position</td>
<td>Education</td>
<td>Wealth</td>
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<tr>
<td>Elizabeth J. Comstock</td>
<td>61</td>
<td>F</td>
<td>10</td>
<td>Independent Director</td>
<td>Vice Chair, General Electric (retired), Business Executive</td>
<td>1,104,813</td>
<td></td>
</tr>
<tr>
<td>John G. Connors</td>
<td>62</td>
<td>M</td>
<td>3</td>
<td>Independent Director</td>
<td>Chief Financial Officer</td>
<td>1,130,653</td>
<td></td>
</tr>
<tr>
<td>Timothy D. Cook</td>
<td>61</td>
<td>M</td>
<td>10</td>
<td>Lead Independent Director</td>
<td>Engineer, Businessperson, Computer Scientist,</td>
<td>4,291,861.82</td>
<td></td>
</tr>
<tr>
<td>Thasunda B. Duckett</td>
<td>46</td>
<td>F</td>
<td>2</td>
<td>Independent Director</td>
<td>Chief Executive Officer</td>
<td>~</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Age</td>
<td>Gender</td>
<td>Year</td>
<td>Position</td>
<td>Education</td>
<td>Salary</td>
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<tr>
<td>Alan B. Graf, Jr.</td>
<td>67</td>
<td>M</td>
<td>8</td>
<td>Independent Director</td>
<td>MBA from Kelley School of Business at Indiana University</td>
<td>1,197,765</td>
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</tr>
<tr>
<td>Peter B. Henry</td>
<td>52</td>
<td>M</td>
<td>3</td>
<td>Independent Director</td>
<td>Bachelor of Arts in Mathematics, University of North Carolina; Bachelor of Arts in Economics, St. Catherine's College, Oxford; PhD in Economics, Massachusetts Institute of Technology</td>
<td>1,144,664</td>
<td></td>
</tr>
<tr>
<td>Cathleen Benko</td>
<td>62</td>
<td>F</td>
<td>3</td>
<td>Independent Director</td>
<td>President &amp; Fellows of Harvard College</td>
<td>1,431,212</td>
<td></td>
</tr>
<tr>
<td>Michelle A. Peluso</td>
<td>47</td>
<td>F</td>
<td>4</td>
<td>Independent Director</td>
<td>Bachelor of Science in Economics, University of Pennsylvania; Master of</td>
<td>1,682,862</td>
<td></td>
</tr>
<tr>
<td>John W. Rogers Jr.</td>
<td>63</td>
<td>M</td>
<td>3</td>
<td>Philosophy, University of Oxford</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Investment Banker, Company executive and founder (investment), Philanthropist, and Presidential Advisor</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bachelor of Science in Economics, Princeton University</td>
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</tbody>
</table>

F. Corporate Resources

1. Marketing

NIKE sell their products through NIKE-owned retail stores and through digital platforms, to retail accounts and to a mix of independent distributors, licensees and sales representatives in virtually all countries around the world. Their strategy is to achieve long-term revenue growth by creating innovative products, build a deep personal consumer connections and experiences through digital platforms and at retail.

The brand uses an interesting mix of marketing media to appeal to buyers, including expertly crafted content, prominent sponsorships, digital campaign delivery, and tailored product lines. NIKE also employs influential professional athletes to support the promotion of its products, leveraging their popularity to reach millions of viewers, and using their perceived authority in the field of sports to positively impact sales. Throughout its marketing campaigns and activities, Nike maintains an emphasis on its iconic branding. Its 'swoosh' logo and "Just Do It" slogan of 31 years have become synonymous with the uplifting messages its campaigns convey.
2. Finance.

Management announced a series of leadership and operating model changes to streamline and speed up strategic execution. These changes are expected to lead to a net loss of jobs, resulting in pre-tax, one-time employee termination costs of approximately $200 million to $250 million, which is expected to be incurred primarily during the first half of fiscal 2021, in the form of cash expenditures. These amounts are subject to change until such time as all details are finalized.

Nike is financially healthy with an acceptable debt-to-equity ratio and debt covered by its operating cash flow. Nike uses some of its free cash flow to pay investors a quarterly dividend of around 1.1%, which is a below-average yield. Nike’s balance sheet shows that short-term assets are enough to cover both short- and long-term liabilities.

Nike’s long-term financial goals on average, per year, remain the same and are outlined as: High single-digit revenue growth; Gross margin expansion of as much as 50 basis points; Slight selling and administrative expense leverage; Mid-teens earnings per share growth; and Low-thirties percentage rate of return on invested capital.

Nike’s direct sales from its own stores including digital were up 32% reaching over $16 billion and representing 37% of total revenue. Last year Nike Direct was 33% of total revenue. Digital growth reached $9 billion in sales and represents over 20% of total revenue, and Donahoe committed to reaching 50% digital business by 2025.
Gross profit margins increased from 43.4% in 2019 to 44.8% in 2021. Key performance contributors include Nike women’s business which was up 22% and the Jordan Brand which was up 31%. Nike’s wholesale business was up 17%.

### Nike’s revenue worldwide from 2005 to 2021

(\textit{in million U.S. dollars})

3. Research and Development

Nike’s original sport researcher Bill Bowerman the lab continues to deliver proven scientific insights that help drive performance innovations across the Nike brand. Nike employs more than 40 researchers, of whom hold doctorates or master’s degrees in a wide range of scientific disciplines including biomechanics, physiology, biomedical engineering, mechanical engineering, physics, math, and kinesiology and systems science.

Researchers have tested countless ideas in pursuit of aiding performance, reducing injury risk, enhancing perception and feel, and delivering innovative products to athletes. Sport research lab has established research partnerships with major universities and institutions throughout Asia, Europe and North America.
**Latest Innovations**

- *The Evolution of Nike Fly Ease (2019)*

  Nike Fly Ease is an example of how sustained development and research focused on a set of specific needs can advance footwear for a wider spectrum of people. Fly Ease is driven by a design ethos that champions the value of a suite of systems that work toward a common goal: making shoes easier for everyone. Nike Fly Ease extends Nike’s long-standing commitment to “always listen to the voice of the athlete” by formulating fresh considerations about how shoes should function.

- *Go Fly Ease, A no-lace slip-on sneaker (2021)*

  The GO Fly Ease is the latest in Nike’s Fly Ease line of adaptive shoes and another step forward in normalizing inclusive design by creating with – not just for – communities of use; considering the end-to-end wearer experience; and through designing with edge users, creating a shoe with universal appeal.

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**R&D Areas**

<table>
<thead>
<tr>
<th>R&amp;D Areas</th>
<th>Biomechanics:</th>
<th>Physiology:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focuses on biomechanics, physiology, sensory/perception and data science. Researchers test theories and conduct studies in pursuit of enhancing performance, reducing injury, strengthening perception and feel, and delivering innovative products to athletes primarily through these four disciplines.</td>
<td>Nike on biomechanics team focuses on understanding the mechanics of athletic skills and maneuvers with the intention of enhancing performance and reducing the risk of injury. Nike scientists measure the body’s movement with a sports science visualization tool. This tool generates a 3-D rendering of an athlete in motion, delivering key data and insights that inform designer decisions.</td>
<td>Physiology team conducts research with the goal of creating footwear and apparel solutions that enhance athlete performance. The goal of this research is to create footwear and apparel solutions that lower an athlete’s body temperature and reduce his or her energy expenditure.</td>
</tr>
</tbody>
</table>

Nike manufacturing

The company’s footwear and apparel make up about 96% of Nike’s branded revenues. Nike outsources its manufacturing to third parties. It’s a huge cost advantage. Nike’s supply chain sources most of its raw materials in the manufacturing host country by independent contractors. Nike is one of the pioneers of the manufacturing outsourcing strategy. It optimizes the manufacturing and production processes. The company’s lean manufacturing improves efficiency, optimizes production, and lowers waste that drives quality and productivity.

- Footwear and Apparel

Nike’s footwear is manufactured outside the US by independent contract manufacturers that often operate multiple factories. In the year 2019, 112 footwear factories in 12 countries supplied Nike. Contract factories in Vietnam, China, and Indonesia made up about 49%, 23%, and 21% of Nike’s footwear, respectively. NIKE’s apparel is also made outside the US by independent contractors. In the fiscal year 2019, 334 apparel factories operating in 36 countries supplied Nike. China, Vietnam, and Thailand made about 27%, 22%, and 10% of total NIKE’s apparel, respectively. The top five apparel contract manufacturers together made about 49% of NIKE’s apparel production. Additionally, one apparel contractor made over 10% of the production.

- Distribution Centers

Nike has license agreements that permit unaffiliated parties to manufacture and sell Nike-owned trademarks, apparel, digital devices and applications, and other equipment for sports activities. Third-party logistics providers run these two distribution centers. Nike-branded apparel and equipment products ship from a distribution center in Foothill Ranch, California. The company had 67 distribution centers outside the US at the end of the fiscal year 2019.

- Understanding Nike’s cost structure advantage

Nike’s gross profit margin is lower than some of its competitors, including VF Corporation and Lululemon. However, Nike, through its Consumer Direct Offense
strategy, is growing its digital business. The digital business speed up revenue growth and supports margin expansion.

- **Nike’s Direct-to-Consumer (DTC)**

  Nike’s also been investing a lot in expanding its Nike Direct operations. This includes Nike-owned retail stores and digital platforms. Nike Direct operations make up about 32% of the sales mix. Nike Direct sales have high margins. The company’s gross profit margin grew by 150 basis points to 45.7% in Q1 2020. This is compared to 44.2% in Q1 2019. Nike expects its gross margins to grow the remainder of the year but at a slower rate than the first quarter.

5. **Human Resources.**

  Nike have developed guidance and tools to improve Human Resources Management (HRM) in their factories. Nike supports their suppliers in developing predictive, agile, resilient and integrated HRM capabilities. HR professionals, systems and processes suppliers to have the right people and skill in the right roles, who are engaged, empowered and invested in driving their business success. Nike developed systems and processes to capture accurate data and conduct data analysis on HRM related qualitative and quantitative metrics and assessing supplier management strengths and weaknesses and identifying opportunities for development.

6. **Information Technology.**

  Nike's digital sales soared as much as 36% after online order growth helps its overall revenue. Technology is effective and beneficial for Nike Inc. in websites and applications for mobile phones that are seen success throughout the years. Nike reported its digital business to grow at 38% and the Nike and SNKRS apps were the primary contributor to that growth. Nike also recently invest in data science, a leading data analytics company called Zodiac was acquired by the company, which has a data points from customers using the Nike app to know customer habits and predicting purchasing decisions.
IV. INDUSTRY ANALYSIS AND COMPETITION

Porter’s Five Forces Model

- **Threats of New Entrants**
  - Easy entry of small businesses in the industry
  - High cost of brand development
  - High economies of scale

- **Bargaining Power of Supplier**
  - High level of bargaining with supplier
  - Large population of suppliers
  - Average size of individual suppliers

- **Competitive Rivalry**
  - Direct competition with multiple level international companies
  - Strong level of competition
  - High aggressiveness of firms
  - Low market growth rate

- **Bargaining Power of Buyers**
  - Low switching costs
  - Average number of high-end footwear and sportswear
  - Small-sized independent buyers
  - Moderate level as brand

- **Threat of Substitutes**
  - Lower-priced availability of substitutes
  - Moderate price-performance of substitutes
  - Wide number of similar products between competing brands

Market Share Analysis

The pie chart shows the global market share distribution among different brands:
- **Nike** with **38%**
- **Adidas** with **43%**
- **Puma** with **11%**
- **Skechers** with **6%**
- **Under Armor** with **2%**
## A. Competitors’ Analysis

### COMPETITIVE ANALYSIS

<table>
<thead>
<tr>
<th></th>
<th>ADIDAS</th>
<th>PUMA</th>
<th>SKECHERS</th>
<th>Under Armour</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company Profile</strong></td>
<td>Adidas designs, develops, produces, and markets athletic and leisure apparel, footwear, accessories, and sports equipment. The company was founded in 1949 in Germany.</td>
<td>Puma is a sports lifestyle company that designs, develops, sells, and markets footwear, apparel, and accessories, which is headquartered in Herzogenaurach, Bavaria, Germany. Founded in 1948 by Rudolf Dassler</td>
<td>Skechers U.S.A., Inc. is an emerging global mega-brand in the lifestyle footwear industry that markets casual fashionable footwear to trend-conscious men, women, and children. Founded in 1992 by Robert Greenberg.</td>
<td>Under Armour, Inc. is an American sporting goods manufacturer founded in 1996 which supplies athletic and casual apparel, as well as footwear.</td>
</tr>
<tr>
<td><strong>Company Highlights</strong></td>
<td>Broad distribution network across the globe, its brand equity and its product quality</td>
<td>An implication of the differentiation generic strategy is the strategic objective of maintaining Puma’s high investments in product design and innovation.</td>
<td>Skechers offer shoe models that offer superb support and comfort particularly aimed at this arch type, or Flat Feet for that matter.</td>
<td>Under Armour's main distinct competitive advantage is its ability to innovate products that disrupt and change the sports apparel industry. UA is focused beyond developing better versions of current sports apparel, they are creating completely new products that outperform existing technologies.</td>
</tr>
<tr>
<td><strong>Key Competitive Advantage</strong></td>
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<tr>
<td><strong>Target Market</strong></td>
<td>20- to a 29-year-old age group who are athletes</td>
<td>Puma’s target market is for the ages 15-30 which is the age when a change in preference is most pronounced. This includes men, women, young boys, and young</td>
<td></td>
<td>Under Armour's US customers are mostly male (69% compared to the industry average).</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>Adidas market through various marketing vehicles but the majority of marketing is concentrated on television and product placements.</td>
<td>Continuously developing new technologies for its sports shoes since the beginning and popularizing through the company’s vast marketing channels and brand ambassadors</td>
<td>The company markets its diverse footwear lines under the marketing campaign slogan “Unseen. Untold. Unsold.” Skechers uses a mix of television, print, outdoor media, promotional events, and social media, among others, to reach its audience.</td>
<td>Under Armour has found success in promoting its innovative products through a combination of marketing methods. It reinvests large sums in costly sporting partnerships and celebrity endorsement deals to influence heightened brand consideration among target consumers</td>
</tr>
<tr>
<td>Products and Services</td>
<td>Adidas has various products. The major product of Adidas is off course their footwear. Coming in various design and style, Adidas footwear is robust and athletic. The secondary product of Adidas is apparels and accessories.</td>
<td>Footwear, apparel and accessories in categories including Football, Running and Training, Golf, Motorsport and Sport style</td>
<td>Their strategy to meet the needs of men and women is their running shoe line. For kids is to make velcro straps so that young kids who can’t tie their shoes can still tighten their shoes.</td>
<td>Under Armour offers products including socks, team uniforms, baby and kids' apparel, eyewear, and inflatable footballs and basketballs. UA purchased MapMyFitness in December 2013. MapMyFitness offers digital fitness platform licenses and subscriptions, along with digital advertising</td>
</tr>
<tr>
<td>Pricing</td>
<td>High low pricing scheme - a scheme where the prices of the products are generally kept higher than the competitors but the company uses promotional discounts to offer lower prices and attract consumers.</td>
<td>Competition based pricing strategy which allows it to look convincing to the majority of the customers. The brand has been identified as a premium brand.</td>
<td>Skechers has made it their goal to sell their shoes at a very low cost. The average selling price of a pair of Skechers shoes worldwide from 2016 to 2019. In 2019, the average selling price of a pair of Skechers was 21.67 U.S. dollars.</td>
<td>Under Armour sells some shoes for more than $100, the brand's top 10 selling models — across men's, women's and kids' sales — ranged from $43.56 to $71.75.</td>
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<tr>
<td>Distribution Channels</td>
<td>Brick and mortar stores/ E-commerce (Amazon, Adidas)</td>
<td>Wholesale, PUMA-owned and operated retail outlets, and eCommerce stores</td>
<td>Skechers uses domestic wholesale, international wholesale, and company-owned retail and e-commerce channels to distribute its product both in the United States and overseas.</td>
<td>The company's main channel of distribution was wholesale that year. The direct to consumer segment accounted also for Under Armour’s net sales.</td>
</tr>
<tr>
<td>Strengths</td>
<td>Innovative new products</td>
<td>World’s fastest growing sports apparel</td>
<td>Geographic presence in different regions</td>
<td>Broad product portfolio Distribution Networks</td>
</tr>
<tr>
<td>Weaknesses</td>
<td>Supply chain problem</td>
<td>Lower market share</td>
<td>Lawsuits from Patent Infringement Limited Operating Presence</td>
<td>High Investment Expenditure</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Growing sportswear industry</td>
<td>Technological advancement</td>
<td>E-commerce</td>
<td>Introduce New Products Collaboration</td>
</tr>
<tr>
<td>Threats</td>
<td>Fake products</td>
<td>Competition and alternatives</td>
<td>Marginal drop in sales</td>
<td>Political Polarization Increased Competition</td>
</tr>
</tbody>
</table>
V. COMPANY SITUATION

A. Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>IN MILLION</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td></td>
<td>36,397</td>
<td>39,117</td>
<td>37,403</td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td>31,952</td>
<td>34,345</td>
<td>34,288</td>
</tr>
<tr>
<td>Net Income</td>
<td></td>
<td>1,933</td>
<td>4,029</td>
<td>2,539</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td>15,134</td>
<td>16,525</td>
<td>20,556</td>
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<td>Total Assets</td>
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<td>22,536</td>
<td>23,717</td>
<td>31,342</td>
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<tr>
<td>Current Liabilities</td>
<td></td>
<td>6,040</td>
<td>7,866</td>
<td>8,284</td>
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<td>Total Liabilities</td>
<td></td>
<td>12,724</td>
<td>14,677</td>
<td>23,287</td>
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<tr>
<td>Total Number of Common &amp; Preferred Stock</td>
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<td>1,243</td>
<td>1,332</td>
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<tr>
<td>Stockholders’ Equity</td>
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<td>9,812</td>
<td>9,040</td>
<td>8,055</td>
</tr>
<tr>
<td>Reported Earnings Per Share</td>
<td></td>
<td>1.17</td>
<td>2.49</td>
<td>1.60</td>
</tr>
<tr>
<td>Current Ratio</td>
<td></td>
<td>2.5056</td>
<td>2.1008</td>
<td>2.4814</td>
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<td>Return on Equity</td>
<td></td>
<td>197,004</td>
<td>445,686</td>
<td>315,208</td>
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<td>Year-End Stock Price</td>
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<td>73.97</td>
<td>101.54</td>
<td>141.70</td>
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<tr>
<td>Market Cap</td>
<td></td>
<td>116.91 B</td>
<td>157.94 B</td>
<td>209.96B</td>
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### B. Comparative Analysis

<table>
<thead>
<tr>
<th>Metric</th>
<th>NIKE</th>
<th>ADIDAS</th>
<th>PUMA</th>
<th>UNDER ARMOR</th>
<th>Sketchers</th>
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<tbody>
<tr>
<td><strong>IN MILLION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>37,403,000</td>
<td>19,844,000</td>
<td>5,234,400</td>
<td>4,474,667</td>
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<tr>
<td>Total Expenses</td>
<td>34,288,000</td>
<td>18,983,000</td>
<td>5,025,600</td>
<td>4,486,506</td>
<td>2,909,125</td>
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<tr>
<td>Net Income</td>
<td>2,539,000</td>
<td>751,000</td>
<td>209,200</td>
<td>(549,177)</td>
<td>512,526</td>
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<tr>
<td>Current Assets</td>
<td>20,556,000</td>
<td>12,154,000</td>
<td>2,613,000</td>
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<tr>
<td>Total Assets</td>
<td>31,342,000</td>
<td>21,053,000</td>
<td>4,684,100</td>
<td>5,030,628</td>
<td>5,812,369</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>8,284,000</td>
<td>8,827,000</td>
<td>1,872,800</td>
<td>1,413,276</td>
<td>1,212,706</td>
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<tr>
<td>Total Liabilities</td>
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<td>14,362,000</td>
<td>2,920,200</td>
<td>3,354,635</td>
<td>3,086,706</td>
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<tr>
<td>Total Number of Common &amp; Preferred Stock</td>
<td>1.28B</td>
<td>195.07M</td>
<td>149.58M</td>
<td>245.18M</td>
<td>-</td>
</tr>
<tr>
<td>Stockholders’ Equity</td>
<td>8,055</td>
<td>6,691,000</td>
<td>1,763,900</td>
<td>1,675,993</td>
<td>2,481,435</td>
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<tr>
<td>Reported Earnings Per Share</td>
<td>1.63</td>
<td>2.15</td>
<td>0.53</td>
<td>(1.21)</td>
<td>0.64</td>
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<tr>
<td>Current Ratio</td>
<td>2.72</td>
<td>1.54</td>
<td>1.59</td>
<td>2.31</td>
<td>2.42</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>55.01%</td>
<td>12.54%</td>
<td>10.08%</td>
<td>22.04%</td>
<td>-</td>
</tr>
<tr>
<td>Year-End Stock Price</td>
<td>141.00</td>
<td>129.08</td>
<td>63.30</td>
<td>17.17</td>
<td>52.92</td>
</tr>
<tr>
<td>Market Cap</td>
<td>271.802B</td>
<td>68.81B</td>
<td>14.24B</td>
<td>10.97B</td>
<td>-</td>
</tr>
</tbody>
</table>
C. Pestel Analysis

**Political**
- Trade Tension
- Tax & Tariff
- Change in Government Administration

**Economic**
- Labor cost and productivity
- Economic Growth
- Interest Rate
- Inflation
- Recession

**Social**
- Cultural Aspect
- Women Market Growth
- Customer Preference
- Age Group of consumer

**Technological**
- Research & Development
- Innovation
- New technology adaptation
- Rate of change in technology

**Environmental**
- Implementation of Environmental Law
- Emerging sustainability strategies
- Environmental Consciousness
- Climate Change
- Waste management

**Legal**
- Intellectual property law
- Data protection
- Employment Law
- Industry Regulation

**PESTEL ANALYSIS**
Political

- Trade Tension - please refer to threat number 3. Nike prevented many of its licensees from selling these branded products in a different country leading to less choice and higher prices for consumers,
- Tax & tariff - This could affect the management of Nike to seek for better place that offers tax regulation and tariff that would result in cheaper product.
- Change in Government Administration - it can affect how Nike will operate in the country, it could result in either additional profit or loss for the company.

Economic

- Labor cost and productivity - Nike uses outsourced labor because it is closer to the raw materials Nike uses and it lowers the cost of production which allows for a wider profit margin
- Economic Growth - increase productivity of labor and business opportunity of the country, Nike Inc. can seize this advantage to expand their business and increase their market share.
- Interest Rate -These affects how Nike Inc. will operate and make decisions.
- Inflation - The rise in inflation rates of an economy can affect the way of Nike in pricing their products and services.
- Recession - The economic climate in the country is of major concern to every company as it has impacts on the business and consumer spending.

Social

- Cultural Aspect - Nike setting social-cultural aspects to capture trends such as consumption, media representations, consumer activism, and social category.
- Women Market Growth - Nike is making a bigger and bolder investment in women. Nike is going all in on women's athleisure as an opportunity to gain more market share.
- Customer Preference - Refer to strength number 5. Nike is centered on creativity and innovation to provide products that suit current consumer preferences to reach out to multiple potential customers.
- Age Group of consumers - Nike's target market is largely consumers ages 15–45. Nike has focused its marketing efforts on the digital space in recent years.
Technological

• Research & Development- increasing R&D investment threatens Nike as these competing firms aim to develop more technologically advanced.

• Innovation- creating a new product through innovations is a challenge for Nike to achieve game-changing innovations.

• New technology adaptation- combination of computer vision, data science, machine learning, and artificial intelligence is important to the company’s product design and manufacturing to expand their technological potential.

• Rate of change in technology- rapid technological change threatens Nike by putting pressure on the company to increase its product development efforts.

Environmental

• Implementation of Environmental Law- implementation of environmental law creates opportunities for Nike to improve its environmental and sustainability programs which are currently recognized in the industry.

• Emerging sustainability strategies- sustainability strategies of firms is a threat to Nike as they are expected to reduce their carbon and take actions to waste and pollution to attain sustainability.

• Environmental Consciousness- Nike has made great moves in becoming environmentally conscious and sustainable as they use only renewable energy to reduce its shipping emissions.

• Climate Change-global sportswear has been affected by climate change which can an opportunity for Nike to use programs that address climate change which affects supply chains in certain regions (including Vietnam and Indonesia-that is currently at risk of extreme weather conditions)

• Waste management- Nike was polluting the air and some rivers due to risky chemicals which affects the health of the consumers as well as employees.
Legal

• Intellectual property law - please refer to threat number 5. Patent issues affect Nike’s revenue and possibly lose their market on some designs because of the accusations to the company and also Nike use trademarks to protect their brand. With a trademark in place, a company can prevent unauthorized use of their intellectual property.

• Data protection - Nike collects data from their fitness application could be an opportunity. With proper safeguarding, the data can then be transformed into valuable customer insights and used to decide which designs to produce and service to offer.

• Employment Law- employment law is a threat for Nike as they cannot be able to get away with it because different countries do not have the same labor laws (Fair Labor Standards Act and the Occupational Safety and Health Act.). Nike must also ensure that working conditions in factories are safe and acceptable.

• Industry Regulation - It affects how Nike’s form their structure in businesses, where they decide on how they classify their employees, and adapt changes when necessary and other things to consider.
## SWOT Analysis

### Strengths

1. Diverse Portfolio
2. Superior Marketing Capabilities
3. High number of skilled workforce
4. Well-Known & Preferred Customer brand
5. Trend Setter
6. Partnership with well-known personalities
7. Increase capital budget for Research & development
8. Wide Customer Base
9. 57 years of service

### Weaknesses

1. Increasing Debt
2. US Market Dependency
3. Organizational Structure (Work Related Issues)
4. Work Ethics (Unfair Labor Practice in Production)
5. Quality Control Issues
6. High Price
7. Unrealistic “Move to Zero” campaign
8. Unstable position on women's athleisure market

### Opportunities

1. Direct to consumer Strategy
2. Emerging Markets
3. Product Innovation & Technological advancement
4. Acquisitions and Forming Strategic Alliance
5. Venturing new industries (Entertainment & E-sports)
6. Wearable healthcare technology
7. Designed for Sustainability
8. Utilization of Social media and digital platform

### Threats

1. Counterfeits & Imitations of Products
2. Increase in Competition
3. Trade Tension (Tariff &Tax)
4. Logistics and distribution
5. Patent Issues
6. Bad Criticism
7. Supplier Dominancy
8. Growing operating Expenses
E. BCG Analysis

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Footwear</strong></td>
<td><strong>Service</strong></td>
</tr>
<tr>
<td>Basketball Shoes</td>
<td>Delivery service</td>
</tr>
<tr>
<td>Running Shoes</td>
<td>Online Service</td>
</tr>
<tr>
<td></td>
<td>Direct to Consumer</td>
</tr>
<tr>
<td></td>
<td>Customer Service</td>
</tr>
<tr>
<td><strong>Apparel &amp; Accessories</strong></td>
<td><strong>Sports Equipment</strong></td>
</tr>
<tr>
<td>Sunglasses &amp; Athletic Eyewear</td>
<td>Soccer Ball</td>
</tr>
<tr>
<td>Tracksuit</td>
<td>Baseball Gloves &amp; Bat</td>
</tr>
<tr>
<td>Bag</td>
<td></td>
</tr>
<tr>
<td>Cap</td>
<td>Skipping Rope</td>
</tr>
<tr>
<td>Gym clothes</td>
<td></td>
</tr>
</tbody>
</table>
The BCG matrix reveals that Nike's footwear (Basketball Shoes & Running Shoes) is the company's star. The company's Footwear business brought approximately $28.02 billion dollars in global revenue.

Nike's revenue increased by 3% to 11.3 billion US dollars in 2021, compared to the previous year with 10.95 billion US dollars in 2020. Therefore, Nike's cash cow is the apparel/accessories sector (Glasses, tracksuit, bag, cap and gym clothes) which generates 3% of the company's sales and is primarily produced in the United States.

On the other hand, Nike's strategy keeps Nike's footwear controlling its market share in sports equipment segment (Soccer ball, Baseball gloves & bat, and Skipping Rope) while its service (including online services, delivery of product, direct to consumer, and customer’s service) refer as a question mark by Nike as they spend more expenses but they didn’t generate enough profit from that segment. Every brand diversifies long-term growth opportunities. Hence, strategies should be developed to increase their market share if they are used efficiently.
VI. CRITICAL ISSUES

1. Work Environment

Sweatshops are common in developing countries, including in Indonesia, India, Thailand, Bangladesh and Cambodia, where labor laws are rarely enforced. The factories, which are often housed in deteriorating buildings, are cramped with workers and pose fire dangers. In February 2020, the Washington Post reported that a large Nike supplier factory, Qingdao Taekwang Shoes Co., had been employing Uighurs which in the Taekwang factory were working “under conditions that strongly suggest forced labor”.

Nike took a big step backwards, as the International Labor Rights Forum reported that the company had turned its back on its commitment to the Worker Rights Consortium (WRC), which effectively blocks labor rights experts from independently monitoring Nike’s supplier factories. Nike also came under fire when Olympic runner and champion Alysia Montaño, who was sponsored by Nike, spoke out about how the company said it would pause her contract and stop paying her if she had a baby. This triggered public outcry and a congressional inquiry. Though the brand has focused on female empowerment and inclusiveness in their recent advertising campaigns, the women who work for Nike (whether in its factories or headquarters) are seemingly left out of this picture. In 2018, Nike was in fact sued by two former female employees who accused the sneaker giant of creating a culture of gender discrimination and sexual harassment.

One negative social impact that is a sad reality for nearly every shoe company is outsourcing the manufacturing process to other countries where there are little or no child labor laws. This is clear for Nike since most of their factories are in third world Asian countries like China, Vietnam, and Indonesia. The factories in these third world countries are subject to Nike’s code of conduct for working conditions which hold factories to high standards in terms of working conditions and pay. However, Nike has faced numerous violations over the years since they have factories worldwide.

2. Trade Tension

The European Commission said the restrictions on traders of football merchandise across the continent violated antitrust regulations.

The European Commission this week fined Nike 12.5 million euros (about $14 million) for previously restricting traders from selling certain licensed merchandise to other countries within the European Economic Area, which included non-EU members. Nike’s licensing restriction covered numerous products related to some of Europe’s top football clubs, such as FC Barcelona, Manchester United, Juventus, Inter Milan and AS Roma and national federations.

Nike prevented many of its licensees from selling这些 branded products in a different country leading to less choice and higher prices for consumers. According to the EC, Nike illegally restricted traders from selling licensed merchandise cross-border.
and online across Europe. The company allegedly threatened to cancel contracts with those merchandisers to enforce the restrictions.

The EC’s antitrust regulators started their investigation into Nike’s licensed merchandise controls in June 2017. The commission said the illegal practices were in place from 2004 to 2017. However, since Nike fully cooperated with investigators, the EC said it reduced the company’s fine by 40 percent.

3. Women Market growth

Nike has less than 10% market share of the women's apparel market in the U.S., but the company's women's business grew twice as fast as the men's category last quarter.

On a wholesale-equivalent basis, women's revenue was $7 billion in fiscal 2020, which ended in May, or 23% of total wholesale revenue. That represented a decline of 3% year over year on a currency-neutral basis. But it's revealing that the women's segment grew slightly faster than the men's category, which totaled 54% of total wholesale revenue and slid 4% for the full year. Nike’s women’s lines still represent less than 25 percent of Nike’s total sales. But the overall U.S. women’s market for shoes and clothing is much larger than men’s, giving Nike plenty of room to run. This trend has been consistent over the last four years with women's wholesale revenue usually posting higher growth rates than men's.

Nike began its new women's movement by spending time listening to women and learning how they balance their lives, what they like to wear, where and how they shop, and what moves them. Nike designers and researchers spent time scouring trendy workout spots like London's Third Space to pick up on new fitness trends. One key insight that emerged from the research is that for most women, high performance isn't about sports; it's about fitness fitting in with their active lifestyles.

4. Sustainability

Though Nike has made a few positive changes to its environmental practices and is a member of the Sustainable Apparel Coalition, it still has a way to go before it can truly be called a ‘sustainable’ brand, which is why its environmental rating is ‘It’s a Start’. Nike uses some eco-friendly materials including organic and recycled cotton and polyester, and has some water reduction initiatives in its supply chain.

Nike shoes have a heavy impact on the environment, from leather, to carbon emission, and poor working conditions for factory workers. However, Nike has seen what they are doing, and have begun to right the ship. They have taken initiatives to make their factories more eco-efficient, extract their raw materials more sustainably, and improve the working conditions in factories all across the globe. While the brand has set a science-based target to reduce greenhouse gas emissions generated from its own operations and supply chain, there is no evidence it is on track to meet its target. Fashion’s impact on forests comes mainly from the production of textiles as many fabrics are derived from plant pulps or from plants themselves.
VII. CORPORATE STRATEGIES

Growth Strategy

Product Development. This intensive strategy involves the introduction of new products to grow sales revenue it supports Nike’s differentiation generic competitive strategy via product innovation. A suitable strategic financial objective based on this intensive growth strategy is to increase Nike’s market share through cutting-edge technologies integrated in the design of sports shoes, apparel and equipment.

Market Development. This strategy facilitates the company’s growth by targeting new markets or market segments to increase Nike’s profitability by entering new markets in Africa and the Middle East.

Diversification. This strategy involves developing new businesses to achieve growth and it can support Nike’s generic competitive strategy of differentiation through new businesses that supply materials for product innovation in the athletic shoes, apparel and equipment business. A strategic financial objective based on this intensive growth strategy is to improve Nike’s financial risk by entering other industries.

Establishing and growing own e-commerce channel. Nike has created an omnichannel experience for its customers. Apart from the physical channels that include the Nike Company owned stores and wholesales, it is also selling to its customers through its own website and app.

Direct to customer Strategy. This strategy is implemented to cut cost Nike’s operating expenses by minimizing the freight cost. Thus, it would increase the profit of the company and change the phase of traditional marketing.

Sustainability as a marketing strategy aims at achieving production and sales with minimal impact on the environment, in terms of pollution. Nike tries to achieve maximum sustainability by reducing its total carbon dioxide emissions and prioritizing sustainability on consumer brands.
Consolidation Strategy

**Acquisitions.** Nike currently owns Jordan Brand and their only subsidiary Converse. Nike also acquired a digital sale company Datalogue in 2021, which is a machine learning technology company based in New York.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ACQUIRED</th>
<th>SOLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordan</td>
<td>1984</td>
<td></td>
</tr>
<tr>
<td>Bauer Hockey</td>
<td>1994</td>
<td>2008</td>
</tr>
<tr>
<td>Cole Hann</td>
<td>1998</td>
<td>2013</td>
</tr>
<tr>
<td>Hurley</td>
<td>2002</td>
<td>2002</td>
</tr>
<tr>
<td>Converse</td>
<td>2003</td>
<td></td>
</tr>
<tr>
<td>Starter</td>
<td>2004</td>
<td>2007</td>
</tr>
<tr>
<td>Umbro</td>
<td>2007</td>
<td>2012</td>
</tr>
<tr>
<td><strong>Datalogue</strong></td>
<td>2021</td>
<td></td>
</tr>
</tbody>
</table>

Global Strategy

**Market Penetration.** A strategic objective linked to market penetration is to increase Nike’s market presence by increasing the number of authorized retailers. In addition, a financial objective related to this intensive growth strategy is to increase Nike’s sales revenues through more sales to sports enthusiasts in current markets.

**International marketing.** The use of campaigns, celebrity endorsements, advertisements, and sustainable manufacturing are international marketing strategies most people can agree on. The use of Social media allows Nike to capitalize on e-commerce. Nike fully utilizes these marketing strategies, making it the largest sportswear company in the market.

**Market Expansion.** Nike has a global supply chain, a large part of which is located in the Asian region. The company has outsourced all its manufacturing to independent suppliers. It allows the company to focus exclusively on other things like marketing, product design and innovation, new technologies and distribution.
VIII. FUNCTIONAL STRATEGIES

1. **Marketing.** This department is integral to Nike’s success. Obtaining, managing, and using market information to improve decision making and the performance of marketing activities. Marketing and Communication teams at NIKE, Inc., help set the brand tone. They act as a creative force of specialists, driven to tell Nike’s stories of innovation and sport through advertising, brand strategy, digital engagement and product presentation. Using channels ranging from retail stores to social media, Marketing & Communication teams connect the science and art of Nike innovations to the hearts and minds of athletes around the world.

2. **Finance.** Nike Finance plays a leadership role in these opportunities by providing expertise and insight to drive near-term profitability, strategic investment for long-term growth, and risk management in an evolving macroeconomic environment. The Department plans, account and report for Nike’s multi-billion-dollar portfolio businesses across diverse categories and geographies, while managing the company’s investment portfolio, debt and equity instruments, and other growth-enhancing Treasury activities. The Company’s people and culture distinguish Nike as a world-class that lives its organizational mission: to drive and deliver value to every Nike shareholder.

3. **Research and Development.** To keep a business competitive by providing insights into the market and developing new services / products or improving existing ones accordingly. The Nike Sports Research Laboratory (NSRL) is located on the Nike campus in Portland, Oregon in the United States of America. The research and development (R&D) center’s role is to identify the physiological needs of athletes. The NSRL works directly with Nike's design teams and has established partnerships with major universities throughout Asia, Europe and North America.

4. **Operations and Logistics.** Nike continues its march towards more direct-to-consumer (DTC) sales. They plan to use more digital sales in its app-driven stores, and it plans to open about 200 smaller format stores. NIKE, Inc. supply chain team is the engine that propels product around the world. Supply Chain experts ensure that every year, almost a billion units of footwear, apparel and equipment arrive at the right place, at the right time.

5. **Human Resources.** Nike Human Resources teams help attract, retain, and reward the world’s most innovative people by creating programs to help them thrive. They accelerate company growth as stewards of culture, organizational effectiveness, talent and change. The global Human Resources community includes experts in talent planning, talent acquisition, talent development, compensation and benefits, employee relations and develop a motivated, diverse and engaged global team.

6. **Information Technology.** NIKE is a technology company. From the flagship website and five-star mobile apps to developing products, managing big data and providing leading edge engineering and systems support. The company invest and develop advances in technology and employ the most creative people in the world, and then give them the support to constantly innovate, iterate and serve consumers more directly and personally.
IX. RECOMMENDED STRATEGIES

Recommendation 1. Manufacture unique product using recycled materials to cut cost and to allot fund for debts (WT1, WO6, ST1, ST5, ST7, SO1, SO8)

Recommendation 2. Enter a new market segmentation to focus marketing the brand to reach the target customer and avoid trade restrictions (WT2, WO1, WO2, WO8, ST3, SO4)

Recommendation 3. Selection and location of a place in emerging markets that have tax incentives to reduce product cost and expenses (WT3, WO2, WO6, ST3, SO4, SO5)

Recommendation 4. Applying direct to consumer strategy to reduce product price by minimizing freight cost (WT4, WO6, ST3, ST4, SO4, SO5)

Recommendation 5. Regulate work environment and conduct career training to employee’s development and also to improve the brand image. (WT5, WO3, ST6, SO6)

Recommendation 6. Advertise company’s sustainable and high-quality product through social media and influential personalities (WT6, WO5, WO6, WO9, ST2, ST6, SO2, SO3, SO6)

Recommendation 7. Introduce and develop new women athleisure to direct the phase, (WT7, WO4, WO7, ST1, ST5, ST7, SO4, SO7)

Recommendation 8. Venture other countries that offers low manufacturing cost to establish new market. (WT8, WO1, WO2, WO6, ST3, SO4, SO5)
X. IMPLEMENTATION

**Action Plan 1: Recommendation 5.** Regulate work environment and conduct career training to employee’s development and also to improve the brand image.

<table>
<thead>
<tr>
<th>Implementation/Procedure</th>
<th>Department</th>
<th>Time Frame</th>
<th>Possible Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Quality Management development and training</strong></td>
<td>Top management</td>
<td>1 Week</td>
<td>Implement Leadership Employee Empowerment Developing Collegial Relationship</td>
</tr>
<tr>
<td><strong>Employee Training and Development</strong></td>
<td>Top Management &amp; Human resource Department</td>
<td>1 Month</td>
<td>Improved employee performance Boost workflow and creativity of the employee</td>
</tr>
<tr>
<td><strong>Assessment activity</strong></td>
<td>Human Resource</td>
<td>3 Days</td>
<td>Determine the effectivity of employee training and development Improve the result of the training Ensure that the goal is achieved</td>
</tr>
<tr>
<td><strong>Rewarding Team and individual performance</strong></td>
<td>Top Management &amp; Human Resource</td>
<td>1 Week</td>
<td>Recognized top performing employee Motivate the employees to work efficiently and effectively</td>
</tr>
<tr>
<td><strong>Nurture company culture</strong></td>
<td>Top management</td>
<td>3 Weeks</td>
<td>Improved work environment Improved employees’ growth</td>
</tr>
</tbody>
</table>
**Action Plan 2: Recommendation 2.** Applying direct to consumer (DTC) strategy to reduce product price by minimizing freight cost

<table>
<thead>
<tr>
<th>Implementation/Procedure</th>
<th>Department</th>
<th>Time Frame</th>
<th>Possible Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update and add features to the existing website and application of Nike Inc.</td>
<td>Project Team IT Department Marketing Department Research and Development</td>
<td>1 Month</td>
<td>Attractive to the user/customer User friendly &amp; easy access</td>
</tr>
<tr>
<td>Proposal of the plan to the management</td>
<td>Project team Top Management</td>
<td>1 Day</td>
<td>Validation from the management Approval of Top Management Authorized the project team to implement DTC</td>
</tr>
<tr>
<td>Introduce direct to consumer strategy by adding it to the user interface</td>
<td>Marketing Department Consumer</td>
<td>1 Week</td>
<td>Educate consumer to the implemented strategy. Convenience on the part of the consumer.</td>
</tr>
<tr>
<td>Advertise and promote Nike’s website and application</td>
<td>Sales Department Marketing Department</td>
<td>2 Weeks</td>
<td>Increase number of users Increase the market share of the company</td>
</tr>
<tr>
<td>Obtain customers feedback</td>
<td>Marketing Department Customer Service Department</td>
<td>1 Week</td>
<td>Add customer’s preference</td>
</tr>
<tr>
<td>Evaluate and implement necessary changes.</td>
<td>IT Department</td>
<td>2 Weeks</td>
<td>Meet customer satisfaction</td>
</tr>
</tbody>
</table>
Account and validate if the strategy is effective to lessen operating expenses.

<table>
<thead>
<tr>
<th>Implementation/Procedure</th>
<th>Department</th>
<th>Time Frame</th>
<th>Possible Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Team exploration</td>
<td>Project Team</td>
<td>1 Week</td>
<td>Provide knowledge about the advantages and disadvantage of the possible countries</td>
</tr>
<tr>
<td></td>
<td>Top management</td>
<td>1 Day</td>
<td>Obtained Market information, Cultural background and demographics.</td>
</tr>
<tr>
<td></td>
<td>Project Team</td>
<td></td>
<td>Assessed and anticipate risk</td>
</tr>
<tr>
<td></td>
<td>Top Management</td>
<td>1 Day</td>
<td>Identified government regulation and restrictions</td>
</tr>
<tr>
<td></td>
<td>Project Team</td>
<td></td>
<td>Acknowledged the report of project team</td>
</tr>
<tr>
<td></td>
<td>Finance Department</td>
<td>2 Weeks</td>
<td>Determine objectives and action to be implemented</td>
</tr>
<tr>
<td></td>
<td>Top Management</td>
<td></td>
<td>Serves as a guide for the execution of the project</td>
</tr>
<tr>
<td></td>
<td>Project Team</td>
<td></td>
<td>Improved resource utilization</td>
</tr>
</tbody>
</table>

**Action plan 3: Recommendation 3 & 8.** Selection and location for expansion in emerging markets that have tax incentives to reduce product cost and expenses and offers low manufacturing cost
<table>
<thead>
<tr>
<th>Implementation of plan</th>
<th>Project Team</th>
<th>1 Week</th>
<th>Nike Inc. selected a location to expand</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Provide alternative plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Increase operational efficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reduce cost and expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Allocate company’s resources efficiently</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Avoid necessary expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Validation from the management</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Approval of Top Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Authorized the project team to proceed.</td>
</tr>
</tbody>
</table>
**Action plan 4a: Recommendation 4 & 1.** Enter a new market segmentation to focus marketing the brand to reach the target customer and manufacture unique product using recycled materials to cut cost and to allot fund for debts

<table>
<thead>
<tr>
<th>Implementation/Procedure</th>
<th>Department</th>
<th>Time Frame</th>
<th>Possible Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Top Management</td>
<td>1 Week</td>
<td>Define the product concept</td>
</tr>
<tr>
<td></td>
<td>Production Team</td>
<td></td>
<td>Identify approaches how to generate new product</td>
</tr>
<tr>
<td></td>
<td>Marketing Department</td>
<td></td>
<td>Illustrate the manufacturing process</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Identify target market</td>
</tr>
<tr>
<td>Proposal to the top management</td>
<td>Top Management</td>
<td>3 days</td>
<td>Authorized the project team to proceed.</td>
</tr>
<tr>
<td></td>
<td>Production Team</td>
<td></td>
<td>Approval of Top Management</td>
</tr>
<tr>
<td>Material Sourcing</td>
<td>Production Team</td>
<td>2 Weeks</td>
<td>Gathering the materials and securing the suppliers for the production.</td>
</tr>
<tr>
<td></td>
<td>Material Management</td>
<td></td>
<td>Packaging, labels, and overall quality of materials should be considered as well as the sourcing and costing stages.</td>
</tr>
<tr>
<td></td>
<td>Quality control Department</td>
<td></td>
<td>Provide source of recycled materials needed in the production</td>
</tr>
<tr>
<td></td>
<td>Purchasing Department</td>
<td></td>
<td>Identify equipment and workforce needed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Creating a list of the different components or materials needed in order to bring the product.</td>
</tr>
<tr>
<td>Stage</td>
<td>Task Description</td>
<td>Estimated Volume of Waste Material to be Recycled in the Production</td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>------------------</td>
<td>---------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Budgeting</td>
<td>Project Team, Finance Department, Accounting Department, Marketing Department</td>
<td>1 Week</td>
<td>Process all the information gathered and determine the retail price. Consider the retail price or category of product. Cost allocation to new product. Provide fund for advertising expense.</td>
</tr>
<tr>
<td>Prototype</td>
<td>Project Team, IT Department, Marketing Department, Research and Development Department</td>
<td>3 Weeks</td>
<td>Product development that create a finished product to use as a sample for mass production. Involves experimenting with several versions of product.</td>
</tr>
<tr>
<td>Customer Feedback</td>
<td>Project Team, Marketing Department, Customer Service</td>
<td>1 Week</td>
<td>Add customer’s preference</td>
</tr>
<tr>
<td>Product Pull Out</td>
<td>Project Team, Sales Department</td>
<td>1 Week</td>
<td>Improved necessary changes. Eliminate options and making improvements to feel satisfied with a final sample.</td>
</tr>
<tr>
<td>Market Launching</td>
<td>Marketing Department, Sales Department</td>
<td>1 Week</td>
<td>Increase market share of the company. Additional product line offered by Nike.</td>
</tr>
</tbody>
</table>
**Action plan 4b: Recommendation 4 & 7.** Enter a new market segmentation to focus marketing the brand to reach the target customer and introduce and develop new women athleisure to direct the phase.

<table>
<thead>
<tr>
<th>Implementation/Procedure</th>
<th>Department</th>
<th>Time Frame</th>
<th>Possible Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Top Management</td>
<td>1 Week</td>
<td>Create new design for women athleisure</td>
</tr>
<tr>
<td></td>
<td>Production Team</td>
<td></td>
<td>Identify approaches how to generate new product</td>
</tr>
<tr>
<td></td>
<td>Marketing Department</td>
<td></td>
<td>Illustrate the manufacturing process</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Identify women’s market trends</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Categorized the product based on demographics</td>
</tr>
<tr>
<td>Proposal to the top management</td>
<td>Top Management</td>
<td>3 days</td>
<td>Authorized the project team to proceed.</td>
</tr>
<tr>
<td></td>
<td>Production Team</td>
<td></td>
<td>Approval of Top Management</td>
</tr>
<tr>
<td>Material Sourcing</td>
<td>Production Team</td>
<td>1 Week</td>
<td>Gathering the materials and securing the suppliers for the production.</td>
</tr>
<tr>
<td></td>
<td>Material Management</td>
<td></td>
<td>Packaging, labels, and overall quality of materials should be considered and costing stages.</td>
</tr>
<tr>
<td></td>
<td>Quality control Department</td>
<td></td>
<td>Identify equipment and workforce needed</td>
</tr>
<tr>
<td></td>
<td>Purchasing Department</td>
<td></td>
<td>Creating a list of the different components or materials needed in order to bring the product.</td>
</tr>
<tr>
<td>Stage</td>
<td>Project Team</td>
<td>Duration</td>
<td>Tasks</td>
</tr>
<tr>
<td>-------</td>
<td>--------------</td>
<td>----------</td>
<td>-------</td>
</tr>
<tr>
<td>Budgeting</td>
<td>Finance Department, Accounting Department, Marketing Department</td>
<td>1 Week</td>
<td>Process all the information gathered and determine the retail price. Consider the retail price or category of product. Cost allocation to new product. Provide fund for advertising expense. Provide Cash flow projection.</td>
</tr>
<tr>
<td>Prototype</td>
<td>Project Team, IT Department, Marketing Department, Research and Development Department</td>
<td>3 Weeks</td>
<td>Product development that create a finished product to use as a sample for mass production. Involves experimenting with several versions of product.</td>
</tr>
<tr>
<td>Customer Feedback</td>
<td>Project Team, Marketing Department, Customer Service</td>
<td>1 Week</td>
<td>Add women’s preference</td>
</tr>
<tr>
<td>Product Pull Out</td>
<td>Project Team, Sales Department</td>
<td>1 Week</td>
<td>Improved necessary changes. Eliminate options and making improvements to feel satisfied with a final sample.</td>
</tr>
<tr>
<td>Market Launching</td>
<td>Marketing Department, Sales Department</td>
<td>1 Week</td>
<td>Increase market share of the company. Additional product line offered by Nike.</td>
</tr>
</tbody>
</table>
**Action plan 5: Recommendation 6.** Advertise company’s sustainable and high-quality product through social media and influential personalities

After we developed the new product line (Use of recycled materials and women’s athleisure) and identified the market segment from action plan number 4, the following implementation/ procedure will focus on promoting and advertising the products.

<table>
<thead>
<tr>
<th>Implementation/ Procedure</th>
<th>Department</th>
<th>Time Frame</th>
<th>Possible Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select types of advertising media platform use to market product</td>
<td>Marketing Department</td>
<td>2 weeks</td>
<td>Identify platform/ medium to reach customers in most effective way.</td>
</tr>
<tr>
<td></td>
<td>Advertising Agency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select suitable personalities by audition</td>
<td>Advertising Agency</td>
<td>1 Week</td>
<td>Attract customer to buy the product</td>
</tr>
<tr>
<td></td>
<td>Marketing Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocating budget</td>
<td>Finance Department</td>
<td>1 Week</td>
<td>Allocate estimated budget in marketing the product</td>
</tr>
<tr>
<td></td>
<td>Marketing Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposal to the top management</td>
<td>Top Management</td>
<td>3 days</td>
<td>Authorized the project team to proceed.</td>
</tr>
<tr>
<td></td>
<td>Project Team</td>
<td></td>
<td>Approval of Top Management</td>
</tr>
<tr>
<td>Create advertisement content</td>
<td>Project Team</td>
<td>1 week</td>
<td>Produced creative content that attract consumer</td>
</tr>
<tr>
<td></td>
<td>Marketing Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Advertising Agency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Execution of the advertisement</td>
<td>Marketing Department</td>
<td>1 Month</td>
<td>Recognized product by the consumer</td>
</tr>
<tr>
<td></td>
<td>Project Team</td>
<td></td>
<td>Increase customer engagement</td>
</tr>
</tbody>
</table>
| Assess the effectivity of the influencer in marketing the product | Marketing Department | 1 Week | Acknowledged and meet the customer preference  
Measure the result to achieve goals and objective  
Cash flow assessment |
|-----------------------------|----------------------|--------|--------------------------------------------------|
| Testing and evaluation of customer’s feedback regarding the advertisement | Marketing Department | 1 Month | Measure the effectiveness of the advertising campaign  
Add product value  
Improved necessary changes  
Determine the impact of the advertisement to the company’s sales. |
| | Sales Department | | | |
APPENDICES

Strengths
1. Diverse Portfolio
Brands and Companies Owned by Nike
Of all the companies and brands owned by Nike, Jordan Brand is no doubt the most well-known as well as the most important.

- **Jordan Brand**

  In 1984, Nike released a high-top basketball shoe named Air Jordan 1. That shoe came about through a collaboration between Nike and Michael Jordan, the greatest basketball player of all time. Right away, it became immensely popular. But much more than that, it became a shoe that would change Nike’s history.

- **Jordan Clothing**

  The athlete’s new product line which initially will include five shoe styles as well as basketball jerseys, uniforms and other clothing -- will operate as a division of Nike Inc., the Beaverton, Ore., company that popularized the Air Jordan sneaker.

  Nike has given its full blessing to the new business venture and will manufacture the brand's products, which should begin showing up in stores on Nov. 1. Jordan will basically run the show

- **Converse**

  Nike acquired Converse in 2003 for 5 million. Since then Nike has orchestrated a complete turnaround of Converse. How? By embracing Converse’s old-school heritage and repositioning it from a sporting goods company to a lifestyle company while pushing a rebellious image. This new strategy has been a resounding success. Revenue of Converse grew from $205 million in 2002 to $1.9 billion in 2019.

- **Nike Vision**

  Nike Vision is a sub-company of the Nike Corporation which produces prescription eyewear and sunglasses.
• **Nike Timepieces**

• **Nike Basketball**

Nike is the best-known and most popular shoe brand worn by basketball players, with roughly 70 percent of NBA players wearing the brand. Its basketball legacy was cemented by its 1980s partnership with the legendary Michael Jordan, which evolved into the Jordan Brand – a Nike subsidiary.

• **Nike Football (Soccer)**

Nike entered the game of football in 1971 with a black-and-white molded rubber cleat simply called “The Nike.” Nike has developed products with direct input from top performers on both sides of the field, solving for known problems and future needs. Nike Football’s 44-year history shows how deep innovation breeds success on the gridiron.

• **Men’s and Women’s Equipment and Accessories**
NIKE, Inc. is engaged in the designing, marketing and distributing of athletic footwear, apparel, equipment and accessories for sports and fitness activities. The Company's operating segments include North America, Europe, Middle East & Africa (EMEA), Greater China, and Asia Pacific & Latin America (APLA). It focuses its NIKE Brand product offerings in categories such as Running, NIKE Basketball, the Jordan Brand, Football (Soccer), Training and Sportswear. It also markets products designed for kids, as well as for other athletic and recreational uses such as American football, baseball, cricket, golf, lacrosse, skateboarding, tennis, volleyball, walking, wrestling and other outdoor activities. It sells a line of performance equipment and accessories under the NIKE Brand name, includes:

- Bags
- Socks
- Sport balls
- Eyewear
- Timepieces
- Digital devices
- Bats
- Gloves
- Protective equipment
- Other equipment designed for sports activities
2. Superior Marketing Capabilities
Nike has excellent marketing campaigns. The brand heavily relies on demand generation expenses. In the fiscal year 2019 and 2020, Nike spent $3.7 billion and $3.5 billion respectively. The brand has successfully utilized social media and marketing campaigns to target more customers.

Nike's popularity
Nike's footwear segment was the source of the most revenue for the company in 2020, netting over 23 billion U.S. dollars that year. Among U.S. consumers, Nike was the most popular sports shoe, ahead of its main competitors Adidas. In recent years, Nike's popularity has expanded beyond the United States, with non-U.S. markets bringing in an increasing share of the company’s revenue.

Nike’s advertising

In order to remain such a recognizable brand, Nike spends an increasing amount of money on advertising and promotion. The company had costs of 3.5 billion U.S. dollars in 2020. The company prides itself on its memorable ads and is viewed as a diverse advertiser by U.S. audiences. In 2021, Nike was among the most popular brands on TikTok, with over one million followers.
Footwear segment revenue

Nike is the market leader in the global sports footwear industry, generating revenues of over 23.31 billion U.S. dollars in 2020. This figure is larger than the combined footwear revenues of its two closest rivals, Adidas and Puma, who made global sales of 13.67 billion U.S. dollars and 2.91 billion U.S. dollars respectively in 2020.

3. High number of skilled workforce

As of May 31, 2021, Nike employed approximately 73,300 workers worldwide. Nike, Inc. is a sportswear and equipment supplier based in the United States.

We believe that a skilled, valued and engaged workforce is key for growth and sustainability and we want to empower suppliers to engage with and value their people because we know that high employee engagement leads to a more efficient, agile, and committed workforce which results in beneficial outcomes for both the individual and the organization.

Over the past five years, we developed and implemented the Engagement and Wellbeing (EWB) Survey to measure the level of engagement and experiences of factory workers. While we have been scaling the deployment of this survey to reach more factories across our supply chain, measuring worker voice is just the start. We are actively supporting our suppliers in building capabilities that will increase engagement, and this approach is foundational to a future where we continue to grow with those factories that value and engage workers.

Strong human resource policies are critical to building an engaged workforce

Strong human resources policies and capable, qualified management are essential for all Nike suppliers to be compliant with the law and our Code Leadership Standards. We have developed
guidance and tools they can use to improve Human Resources Management (HRM) in their factories.

We’re supporting our suppliers in developing predictive, agile, resilient and integrated HRM capabilities. By investing in HR professionals, systems and processes our suppliers will be able to have the right people, with the right skills, in the right roles, who are engaged, empowered and invested in driving their business success.

Source:

https://purpose.nike.com/worker-engagement?fbclid=IwAR1NWvid7MgHXR7a1fjxgtRYWLV9nHJ642H7EvniL-mofZbYlPO-7kxyuaE
https://purpose.nike.com/human-resources-management?fbclid=IwAR0GdLydgwNB_fz6ZBaULvtbf2YBUK_27LRYD2QqVXjL0il-t36vFxooTDA

4. Well-Known & Preferred Customer Brand

Nike was founded in January 1964 under the original name Blue Ribbon Shorts. The company’s headquarters are located near Beaverton, Oregon and they officially became known as Nike, Inc. in May 1971. Nike is the world's leading supplier of athletic shoes and apparel and a major manufacturer of sports equipment. As of May 31, 2021, there were over 1,000 Nike retail stores located around the world. Much of Nike’s success can be attributed to the brands’ worldwide marketing campaign, which uses sponsorship agreements with celebrity athletes, professional sports teams, and college athletic programs.

The brand is famous for its swoosh logo and tagline that states “Just do it.” They have become one of the most recognizable visual brand elements.
5. Trend Setter

**Smart Moves**
Running and jogging for recreation became popular in the 1970s, and Nike grabbed onto this trend and created shoes that worked well for running.

They also started the trend of using athletes to market their shoes. In 1974, they signed a deal with elite runner Steve Prefontaine for $5,000. His swaggering attitude and huge success helped brand Nike in the athletic world.
This eventually led to designing signature shoes in the 1980s for Michael Jordan and eventually for other well-known athletes like Tiger Woods, Peyton Manning, and Serena Williams.

In 1999, Nike was the first athletic shoe brand to offer customizable designs online. NIKEiD allowed people to customize their shoes so they could buy something unique to their tastes. Online applications allowed a choice of style, color, materials, and even text on the shoes. Other shoe brands have followed Nike’s lead and now offer a customizable option as well. Some of Nike’s other technology is more fun than practical. In 2016, Nike launched the first “self-tying” shoe, just like Marty McFly’s in the 1989 time-travel movie, Back to the Future Part II. The shoes tighten with the push of a button after you slip them on. Press another button, and the shoes loosen so you can take them off. The laces are powered by a battery that can be recharged, and a charge lasts a few weeks with typical use. Availability is limited.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970s</td>
<td>Bowerman creates the first waffle sole; an innovation that changes running shoes forever.</td>
</tr>
<tr>
<td>1972</td>
<td>The Nike Cortez. The first track shoe released by Nike, the culmination of Nike's track shoe development up to the time and the first to feature foam for cushioning.</td>
</tr>
<tr>
<td>1976</td>
<td>Space Age Running Shoes. This year Frank Rudy of NASA designed the first air-cushioned athletic shoe in collaboration with Nike</td>
</tr>
<tr>
<td>1999</td>
<td>NIKEiD launches and enables customers to purchase customized trainers by selecting individual colours and materials.</td>
</tr>
<tr>
<td>2005</td>
<td>Nike Free launches, providing runners with footwear that emulates the leg-strengthening benefits of barefoot running.</td>
</tr>
<tr>
<td>2017</td>
<td>Nike is a pioneer in the field of personalized products and combines this successfully with &quot;NIKE BY YOU&quot;</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>2019</td>
<td>Nike, launched innovative self-lacing HyperAdapt 1.0 shoes.</td>
</tr>
<tr>
<td>2021</td>
<td>The new Nike GO FlyEase is the brand's first fully hands-free shoe</td>
</tr>
</tbody>
</table>

Source:https://medium.com/@michelejurek16/why-are-nike-shoes-so-darn-popular-fa3b5426730  

6. Partnership with well-known personalities

**Nike's Early Endorsements By Star Athletes**

Nike’s earliest star endorsement was Romanian tennis player Ilie Nastase. Nastase was a renowned tennis player who reportedly already wore some of the best Nike shoes on the court. Nike signed Nastase on as their first sports celebrity endorsement campaign. This endorsement also seems to be the first slightly
7. **Increase capital budget for Research & development**

Nike, Inc. uses the Leader R&D strategy as detailed below. Nike spends more than most companies in the industry on R&D in order to differentiate its athletic shoes from its competitors in terms of performance. As a result, its products have become the favorite of the serious athlete.

In an industry in which companies routinely spend tens of millions of dollars on advertising campaigns featuring superstar athletes like Michael Jordan and BO Jackson, Nike, Inc., spends more on research and development for its athletic shoes than does competitors except Japan's ASICS Corp.
NIKE annual/quarterly operating expenses history and growth rate from 2006 to 2021. Operating expenses can be defined as the sum of all operating expenses for the given industry.

- NIKE operating expenses for the quarter ending May 31, 2021 were $10.431B, a 45.87% increase year-over-year.
- NIKE operating expenses for the twelve months ending May 31, 2021 were $37.601B, a 9.66% increase year-over-year.
- NIKE annual operating expenses for 2021 were $37.601B, a 9.66% increase from 2020.
- NIKE annual operating expenses for 2020 were $34.288B, a 0.17% decline from 2019.
- NIKE annual operating expenses for 2019 were $34.345B, a 7.49% increase from 2018.

Source: https://www.lawyerm.com/library/articles/Business/Marketing_Your_Business/Marketing/1318.htm
https://www.macrotrends.net/stocks/charts/NKE/nike/operating-expenses
8. Wide Customer Base

9. 57 Years of Service

Source: https://www.britannica.com/topic/Nike-Inc
Weaknesses

1. Increasing Debts
Nike has a good income statement and proved to be rich, but it does have some debt as per its balance sheet. Nike still faces a huge financial threat and has a total debt as of 2020. That is a huge amount and it does affect the brand image and it is indeed a great weak point of the brand.

Source: [https://finbox.com/NYSE:NKE/explorer/total_debt](https://finbox.com/NYSE:NKE/explorer/total_debt)

[https://www.macrotrends.net/stocks/charts/NKE/nike/total-liabilities](https://www.macrotrends.net/stocks/charts/NKE/nike/total-liabilities)

2. US Market Dependency
Nike brand still depends largely on the US market for its sales and revenue. During the year 2017, almost 46% of its revenue originated from the US market and the rest from the markets outside of the US. Even though the brand has seen a huge expansion in many countries, the US market is seen as its highest income source. This is also a weak point as if the US market falls, then it hits the brand largely.
Nike faces some challenges in its target markets. In the United States, economic growth rates have tapered down. North America is Nike’s largest market. Nike is facing strong competition from companies like Under Armour (UA) and Lululemon Athletica (LULU).
According to Toluna, 79% of those aged 18 to 34 in the US are Nike customers, compared to 63% among the 35 to 54 age group, and 41% among the over-55s.

In mid-2017 Nike unveiled its plan for growth called the Triple Double Strategy (2X). Through it, the company promised to double its “cadence and impact of innovation,” double its speed to market and double its “direct connections with consumers.”

Michael Spillane, Nike president of products and categories, said at the company’s October 2017 Investor Day presentation, “We’re the largest footwear brand at $21 billion. We’re the largest athletic apparel brand at $9.6 billion. And in footwear, we hold the #1 market share in all markets and all major categories. It means we can amplify our brand message into a global conversation.”

https://www.scraperhero.com/location-reports/Nike-USA/

3. Organizational culture (Work Related Issue)

Nike’s culture is not as outstanding as several other leading brands in various industries. Often it is also cited as one of the most critical barriers to Nike’s faster growth. Nike faced some serious allegations and legal scrutiny over its treatment of its supply chain labor force. While the company took several significant steps to resolve the problem, it
has not been able to establish a culture that fosters higher inclusion and creativity. If the company successfully resolves the problems related to organizational culture, it could find its growth momentum increasing.

Source: https://rb.gy/6cl6ag

4. Work Ethics (Unfair Labor Practice in Production)

Forced labor in the Nike supply chain, gender discrimination towards female athletes and parents, and failure to ensure all employees receive a living wage. Nike has been consistently targeted regarding their poor labor conditions. These issues include forced labor, child labor, low wages, and horrific working conditions that were deemed “unsafe”.

Source: https://www.ethicalconsumer.org/company-profile/nike-inc

https://goodonyou.eco/how-ethical-is-nike/

According to the ethical clothing advocacy group Good On You, Nike is certified under the Fair Labor Association Workplace Code of Conduct. But a 2018 report by the Clean Clothes Campaign, found that Adidas and Nike still pay “poverty” wages to workers. The report called on both Nike and Adidas to commit to paying “living” wages (the amount of income needed to provide a decent standard of living) to its workers.

With an annual revenue of over $15 billion it should be able to afford it.

Nike also received the worst rating in the 2019 Tailored Wages report, published by The Clean Clothes Campaign in June 2019. The report stated: “The brand can show no evidence of a Living Wage being paid to any workers”.

Nike also came under fire when Olympic runner and champion Alysia Montaño, who was sponsored by Nike, spoke out about how the company said it would pause her contract and stop paying her if she had a baby. This triggered public outcry and a congressional inquiry. Nike later announced a new maternity policy for all sponsored athletes, which guaranteed pay and bonuses for 18 months around pregnancy.
5. Quality Control Issues

Outsourced products to existing manufacturers may affect the inconsistent shoe quality of Nike's product. Nike cannot always have control of its product. Hence, their product may not have the same quality in all countries.


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Outsourced products to existing manufacturers may affect the inconsistent shoe quality of Nike's product. Nike cannot always have control of its product. Hence, their product may not have the same quality in all countries.
6. High Price

Nike is a strong brand in the global market and it normally sells the product in the market with high price to get higher margins and profit value. However, many competitors' cost of the footwear is lower than Nike in the market, particularly in emerging markets, this can give consumers many choices about the footwear which could lead to Nike’s declining demand product.

**World’s 17 most expensive shoes**

1) Solid Gold OVO x Air Jordan – $2,000,000
2) Nike Moon Shoe: $437,500
3) Michael Jordan’s Game Worn Converse Fastbreak: $190,373
4) Air Jordan 12 (Flu Game) – $104,000
5) Air Jordan 12 OVO (Drake Edition) – $100,000
6) Air Jordan Silver Shoes – $60,000
7) Nike So Cal Air Force 1 Supreme Max – $50,000
8) Nike Air Mag Back to the Future 2016 – $35,000
9) Air Jordan 4 Eminem – $32,000
10) Eminem x Carhartt Air Jordan 4 – $30,000
11) Macklemore x Air Jordan 6: $25,000
12) DJ Khaled x Air Jordan 3 ‘Grateful’ – $25,000
13) Nike Dunk SB Low Staple NYC Pigeon – $16,000
14) Air Jordan V ‘Trophy Room’(Friends & Family) – $10,000
15) Chanel x Pharrell x adidas NMD Hu — $10,000
16) Nike Yeezy 2 Red October – $7,500
17) Nike x MSCHF Air Max 97 ,Jesus Shoes – Walk On Water $4,000

Source: https://www.footshop.eu/blog/the-worlds-17-most-expensive-sneakers-2020/

7. Unrealistic Move to Zero campaign

Nike’s Move to Zero is the company’s pursuit of science-based goals to reduce its waste. It shows that production and distribution can be more environmentally conscious, while also being profitable. Nike has the most impact and focus on their resources to make those commitments to the public. It is important to have tangible and public targets which puts pressure on how to achieve the said campaign.

Perhaps more pertinent in the context of Climate Week, the release noted that the brand hopes to reduce carbon emissions across its global supply chain by 30% by 2030. That’s not zero, but it’s something. Still, Kinder admitted that Nike may not actually hit that mark. “The mix of energy consumption and supply chain is proving to be a challenge,” he said. ”You set those targets out there knowing that hopefully they’re going to be achievable but what we would call ‘a stretch goal.’”

8. Unstable position on women's athleisure market

There are the major competitors — like Lululemon and Under Armour — and then there are more niche brands, like the ultra-luxe Sweaty Betty and Bandier, and Outdoor Voices, pictured above, which prides itself on branding that focuses on fun, rather than being competitive and the best. In other words, its the anti-Nike, and that could be appealing to girls who sought an alternative to Nike's "just do it" mentality.

Though in sheer size none of these brands — even the rapidly growing Under Amour — have nothing on Nike, The Journal points to an NPD study that says there are over 700 athleisure options for women to wear these days.

This statistic shows Nike's revenue worldwide from 2017 to 2020, by customer segment. In 2020, Nike's Men's segment generated approximately 16.7 billion U.S. dollars in wholesale revenues. Sales of women's gear rose 15% last year, or 20% in constant currency, as Nike continues to invest in the fairer sex.

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### TOP 10 WOMEN'S ATHLEISURE 2021

<table>
<thead>
<tr>
<th>SNEAKERS</th>
<th>YOGA PANTS</th>
<th>ACTIVEWEAR</th>
<th>SHORTS</th>
<th>SWEATPANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Nike (React Vision)</td>
<td>Oyukta (Yoga Capris)</td>
<td>Vuori (Jogger)</td>
<td>Only</td>
<td>Summersalt</td>
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<tr>
<td>3. Nike (Air Force 1 Pixel)</td>
<td>Alo Yoga (High Waist Airbrush Leggings)</td>
<td>Nike (Sneaker)</td>
<td>Mast &amp; Harbour</td>
<td>Richer Poorer</td>
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<tr>
<td>4. Converse (Kim Jones Chuck 70)</td>
<td>Ododos (Out of Pocket High Waist Yoga Pants)</td>
<td>Yoga Outlet (Comfy Tops)</td>
<td>Vero Moda</td>
<td>Madewell</td>
</tr>
<tr>
<td>5. Rick Owens (Veja Runner 2 V)</td>
<td>Manduka (Leggings)</td>
<td>Fabletics (PowerHold Leggings)</td>
<td>Roadster</td>
<td>Tier Tier</td>
</tr>
<tr>
<td>6. Adidas (Primeblue)</td>
<td>Core 10 (Build your Own Yoga Pants)</td>
<td>Lululemon (Align Leggings)</td>
<td>Rider Republic</td>
<td>Alo Yoga</td>
</tr>
<tr>
<td>7. Everlane (Court Sneaker)</td>
<td>Crane &amp; Lion (Lightweight Capri Tights)</td>
<td>Beyond Yoga (High Waist Pants)</td>
<td>Mango</td>
<td>Adidas</td>
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<tr>
<td>8. Veja (V-10 Sneaker)</td>
<td>Beyond Yoga (Spacedye High-Waist Pants)</td>
<td>Outdoor Voices (Tech Sweat Leggings)</td>
<td>Dorothy Perkins</td>
<td>Outdoor Voices</td>
</tr>
<tr>
<td>9. Madewell (Kickoff Trainer Sneaker)</td>
<td>Aequor (High-Waist Seamless Yoga Pants)</td>
<td>Gymshark (Iconic Leggings)</td>
<td>Freakins</td>
<td>Pact</td>
</tr>
<tr>
<td>10. Madewell (Sidewalk Slip-on Sneaker)</td>
<td>Yogalicious (High-Rise Yoga Pants)</td>
<td>Public Rec (Pants)</td>
<td>Next</td>
<td>Quince</td>
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Source: [https://www.businessinsider.com/nike-is-facing-3-major-challenges-2016-6?fbclid=IwAR1KialMOvkXFCvCvH6_7IN5oGkXFrms-ldA8bQKIwXuN5LjznP-gVnQEE9Q](https://www.businessinsider.com/nike-is-facing-3-major-challenges-2016-6?fbclid=IwAR1KialMOvkXFCvCvH6_7IN5oGkXFrms-ldA8bQKIwXuN5LjznP-gVnQEE9Q)
[https://looksugd.com/blog/best-shorts-brands-women/](https://looksugd.com/blog/best-shorts-brands-women/)
[https://www.divein.com/yoga/yoga-pants/](https://www.divein.com/yoga/yoga-pants/)
Opportunities

1. Direct to consumer Strategy

How Nike is using DTC and data to expand its empire

Since 2011, the sportswear giant has grown direct-to-consumer sales from 16% of its namesake brand revenues to 35%, all while continuing to take share.

DTC sales made up 16% of Nike brand revenues, or $2.9 billion of the total $18.1 billion the sportswear giant's namesake brand brought in that year (total company revenues, including Converse and other businesses, hit $20.1 billion). By the end of Nike's fiscal 2020, which came May 31, that number had grown to 35%, or $12.4 billion. Of course, Nike's revenues have also grown over that 10-year period, to $35.6 billion (or $37.4 billion company-wide).


2. Emerging Markets

Nike plans to open 150 to 200 Nike Live-style stores over next couple of years

Digital sales in the quarter rose 75%, representing about 30% of total revenue. Nike had previously set a goal to reach 30% digital sales penetration by 2023. Given the recent growth, Nike president and CEO John Donahoe has set a new goal to make e-commerce sales to account for 50% of overall sales “in the foreseeable future,” he said on the company’s earnings call with analysts.

Donahoe also told analysts that Nike is planning to open 150 to 200 small footprint, digitally-enabled stores in North America, the Middle East and Africa.

Nike piloted the Nike Live concept, which is focused on localization, personal service, digital integration and convenience, last July, on Melrose Avenue in Los Angeles, and has since added two additional locations: Long Beach, Calif., Tokyo and Glendale, Calif. The format uses data science and consumer insights to meet the needs of local shoppers, specifically the members of Nike’s NikePlus loyalty club.

“In the first half of the year we intend to shift two Nike-owned doors in New York to the live concept,” Nike CFO Matthew Friend said on the call. “And as we’ve continued to test the concept, we’ve been testing the assortment. We’ve been testing member engagement and we are seeing that members engage more. This is why we see this [Nike Live]as being a catalyst to digital growth, having local stores that members can engage with.”
NIKE is focused on accelerating digital advantage to capitalize on its 2X Direct strategy. The company is benefiting from superior digital services and expansion of the digital ecosystem internationally. Moreover, it continues to leverage its mobile apps, including NIKE app and SNKRS app. In addition, the company is investing to connect its retail stores with the NIKE app, which mainly focuses on personalization and convenience. These newly-launched apps and superior digital services will continue to bolster growth at the company’s e-commerce platform. In second-quarter fiscal 2020, NIKE digital revenues improved 38% on a currency-neutral basis.

North America business is experiencing solid momentum for a while, benefiting from constant efforts to transform the North America marketplace as well as strength in NIKE Direct and key wholesale partners.

Sources: https://www.daytranslations.com/blog/nike-expands-globally/
https://chainstoreage.com/nike-plans-open-150-200-nike-live-style-stores-over-next-couple-year

3. Product innovation & Technological advancement

After years of scooping up brands like Converse and Hurley, Nike is shifting its focus toward buying start-ups that help it behind the scenes.

Nike announced on Tuesday it has acquired Boston-based predictive analytics company Celect, marking its latest acquisition in a string of deals to bolster its direct-to-consumer strategy. Financial terms of the deal weren’t disclosed.

With Celect’s technology integrated into Nike’s mobile apps and website, the shoemaker should be able to better predict what styles of Sneakers and apparel customers want, when they want it and where they want to buy it from, Chief Operating Officer Eric Sprunk explained in an interview.
4. Acquisitions and Forming Strategic Alliance

Apollo has established a new apparel supply chain company that is acquiring existing apparel suppliers in North and Central America, and plans to invest in advancing their manufacturing operations and expertise to produce innovative, technical and customized apparel. This new company also expects to acquire additional textile and apparel suppliers in the Americas in order to broaden and diversify its capabilities and product offerings. This will create a more vertically integrated apparel ecosystem – from materials suppliers and apparel manufacturers to final embellishment, warehousing and logistics.

Sources: https://www.forbes.com/sites/greatspeculations/2016/05/18/heres-how-nike-is-innovating-to-scale-up-its-manufacturing/

Apollo's Sonja Henning believes that a league partnership can’t be just a business transaction. For the VP of North America League Partnerships, an athletic brand must choose to be about more than sport for sport’s sake. It must use sport to create a more inclusive, more equitable future for players everywhere.

"From the WNBA’s inception, we know and trust the league as partners, and vice versa. As we continue to grow our partnership and together move forward, the trust has to remain," says Henning. “Nike and the WNBA are aligned in our belief that together we’re responsible to help shape society and the future for the better."
5. Venturing new industries (Entertainment & E-sports)

The Canadian rapper and the sportswear giants team up once again

Drake is a trendsetter in every way and just like basketball legend Michael Jordan 35 years earlier, the music megastar has been given his own Nike label, NOCTA. Remember though, the Canadian is a rapper and not a sports star, so this is a huge deal for the sports brand as it continues to fuse pop culture with sporting apparel so simply and so, so brilliantly.

It’s “a collection for the collective”, according to the 34-year-old, who recorded the video for Laugh Now Cry Later on Nike’s actual campus and released a CLB collaboration with the brand ahead of the release of his album Certified Lover Boy. The rapper has always been a huge fan of that iconic swoosh.

Nike Becomes Exclusive Apparel Partner of T1 Entertainment & Sports

January 17, 2020

Nike has signed a deal to become the exclusive apparel partner for esports organization T1 Entertainment & Sports. The deal includes plans for Nike to develop performance training facilities to be used by esports players at T1’s headquarters in Seoul, South Korea.

T1 expects its new headquarters to open later this year. Nike will create and implement both physical and mental strength training programs for all 11 of T1’s pro-gaming teams, including its renowned League of Legends franchise. T1 Sports & Entertainment is a joint venture between South Korean telecommunications firm SK Telecom and Comcast Spectator, which owns the Overwatch League’s Philadelphia Fusion and the NHL’s Philadelphia Flyers.
6. Wearable healthcare technology

Latest trends in medical monitoring devices and wearable health technology

The wearable technology industry is constantly evolving, as companies find new ways to track health and wellbeing. The Covid-19 pandemic has also accelerated innovation in the industry, as it has provided a huge boost for personalised healthcare.

The industry is leading the way toward a world where increasingly sophisticated ‘computers’ are with us at every step, from wristsbands, to shoes, headsets, and glasses.

The metrics being tracked are also evolving at pace, with wearable products now able to monitor a user’s glucose levels, hydration status and sweat levels, along with the more traditional trackers such as steps and heart rate.

By Dave Nuoio | November 20, 2017 | 05:02 pm

Just half a decade ago, Nike was among the driving forces bringing fitness wearables to the mainstream. The consumer footwear and athletic apparel company launched its fuelband fitness tracker in 2012, and a year later stood alongside Fitbit and Jawbone as one of the only major players to hold a substantial share of the wearable retail market. Now, five years later, the wearable has been discontinued.

Although Nike’s devices were among the most well known at the time, they — along with most others — were being billed on an inherently shallow premise, argued Jordan Rice, senior director of Nike NXT Smart Systems Engineering. Speaking at a recent event about his career and experiences developing connected devices, Rice described the rollout of wearables 1.0 as a somewhat flawed experience primarily fueled by hype.

What Next

Smart clothing: Embedding sensors into apparel is a logical step in next-generation clothing. Not only could clothes monitor body conditions during exercise to give insights on performance but the same technology could detect abnormalities that could prevent serious health problems. Nike could start collecting this data to shift itself into the health industry.

Source: https://www.mobihealthnews.com/content/nike-exec-looks-back-fuelband%E2%80%99s-rise-and-fall-talks-lessons-wearables-10
https://digital.hbs.edu/platform-rctom/submission/is-nike-the-next-big-tech-giant/
7. Designed for Sustainability

**CREATING PRODUCTS THAT LAST LONGER AND ARE DESIGNED WITH THE END IN MIND.**

At Nike, we believe in the unlimited potential of athletes. We have an obligation to consider the complete design solution, inclusive of how we source it, make it, use it, return it, and, ultimately, how we repurpose it.

Inspired by Global Fashion Agenda, we have created Circularity: Guiding the Future of Design. The guide and its related workbook share principles that support a universal call to action for our industry. We must all come together and have a more positive impact on our planet.

**SELECTING LOW-IMPACT MATERIALS THAT USE PRE- & POST-CONSUMER RECYCLED FEEDSTOCK.**

Design has the opportunity to take on a powerful role in making the world a better place. Circularity puts us on a journey that focuses on achieving progress hour by hour, day by day, week by week, year by year.

By focusing on progress and not perfection and by making better choices, we have the chance to reconsider our craft in hope that it forms a ground swell of change.” – John Hoke, Chief Design Officer Nike

**WASTE AVOIDANCE**

**MINIMIZING OR ELIMINATING WASTE IN THE PRODUCT CREATION PROCESS.**

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**Sustainable Innovation As An Engine For Growth**

While Nike has an ambitious revenue target for 2020, the company plans to achieve this as sustainably as possible. Recycled materials are being used in 71% of Nike’s footwear and apparel products and the company plans to send zero waste from contracted footwear manufacturing to landfills by fiscal year 2020. The company management stated that it is looking at sustainability as a way to unlock greater performance from its gear by thinking about manufacturing and design differently. An example of this innovation is Nike’s Flyknit which features a one-piece upper in the shoe and doesn’t require multiple cuts that are typically used to build a sports shoe. Since this innovation eliminates waste, the use of this technology has reduced Nike’s environmental footprint by 3.5 million pounds of waste.

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Nike is looking at innovative manufacturing techniques to increase scale in a sustainable way. The company plans to work with “fewer, better contract factories” in an effort to overhaul its manufacturing operations. Innovations such as 3D printing of its products will support these efforts. While Nike has been investing in 3D printing for a few years now, its participation in testing the new HP mass scale 3D printer indicates that the company plans to use this technology for mass scale production soon. Nike also plans to use the 3D printing technology for customized shoes which consumers can get made at its outlets.
8. Utilization of social media and digital platforms

**Social Spotlight: Nike and how to outpace the competition on social**

Creative

1. Utilize innovative technology and gamification.

Product innovation is a big part of Nike’s success, so it’s no surprise that the brand likes to think outside the box on social, too. In 2018, Nike teamed up with conversational AI platform, Snaps, to create a Facebook Messenger Bot for its Air Jordan brand. The bot delivered content from the Air Jordan blog and Jordan.com and enabled users to shop, read and engage in two-way conversations with the brand. Incredibly, the brand reported that the content was generating 87% open rates vs. the typical 15-20% from emails.

2. Explore new video content.

Nike commercials are infamous. The inspirational music, the motivational voiceover. They’ve pretty much nailed the formula at this point. But in order to keep that formula feeling fresh, the brand team makes regular use of the different video formats and functionalities available to them on social. Some videos like this one employ the familiar “voice-over-inspirational-footage” format. But they also mix it up by replacing the voiceover with simple, on-screen text, or the video footage with static images or unedited user-generated content. They also take advantage of platforms like YouTube and IGTV to feature more long-form content like their fictional mini-series, “Margot Vs. Lily,” and their documentary-style “Common Thread” series.

Source: https://sproutsocial.com/insights/social-spotlight-nike/
https://jobs.nike.com/digital
Threats

1. Counterfeits and Imitations of Products

Nike faces a huge threat from a fake replica of its products. It can drastically affect the reputation and revenue of the brand. The company deals at the global level and there is a high risk for fake products. Many merchandisers and retailers produce fake products and sell them at a low price. This would damage Nike’s image as the customer would feel that Nike is involved in the production of products using inferior material.

In the “trademark and anti-dilution” lawsuit that it filed against Los Angeles-based Warren Lotas LLC (“WL”) and Warren Lotas in his personal capacity in October, Nike asserted that it is not in any way involved in the reintroduction of the infringing sneakers – including the Warren Lotas X Staple Pigeon OG, as well as “the Warren Lotas Freddy Broccolini Chanclas, the Warren Lotas Toxic Green, [and] the Warren Lotas Jason Voorhees Dunk Low” styles – and has not authorized WL’s release of them.

Nike’s suit has swiftly heated up, with the sportswear giant seeking preliminary injunctive relief in order to bar WL from offering up and/or distributing any of the infringing sneakers, including the Lotas x Staple Pigeon, which Lotas offered up in a pre-order capacity in September, and Lotas responding with claims of its own.

2. Increase in Competition

The competition for Nike is increasing and requires more investment in marketing and operations as well. Nike sees more competition from Adidas and Under Armour where they invest more in marketing and innovation. When there are huge competitors around, Nike should retain its focus on innovation, supply chain management, and product quality. Hence, competitors are a huge threat to the brand.

3. Trade Tension

The European Commission said the restrictions on traders of football merchandise across the continent violated antitrust regulations.

The European Commission this week fined Nike 12.5 million euros (about $14 million) for previously restricting traders from selling certain licensed merchandise to other countries within the European Economic Area, which included non-EU members.

Specifically, Nike’s licensing restriction covered numerous products related to some of Europe’s top football clubs, such as FC Barcelona, Manchester United, Juventus, Inter Milan and AS Roma and national federations like the French Football Federation.

“Football fans often cherish branded products from their favorite teams, such as jerseys or scarves. Nike prevented many of its licensees from selling these branded products in a different country leading to less choice and higher prices for consumers,” said EC Commissioner Margrethe Vestager in a statement. “This is illegal under EU antitrust rules.”

Source: https://bstrategyhub.com/top-nike-competitors-alternatives

https://craft.co/nike/competitors
Through a licensing agreement, a licensor — in this case Nike — allows a licensee to use one or more of its intellectual property rights (IPRs) involving a certain product. “Licensors typically grant nonexclusive licenses to increase the number of merchandising products in the market and their territorial coverage,” the EC explained.

According to the EC, Nike illegally restricted traders from selling licensed merchandise cross-border and online across Europe. The company allegedly threatened to cancel contracts with those merchandisers to enforce the restrictions.

Source: https://www.freightwaves.com/news/nike-pays-12-5-million-euro-fine-for-trade-restrictions

4. Logistics and distribution

'TSupply chain challenges' hit
revenues at Nike
posted by Will Green
in Risk, Supply chain

19 March 2021

The company said revenue dropped 10% in North America in the three months to 28 February 2021 due to “supply chain challenges”, which included global container shortages and US port congestion.

In an earnings call Matt Friend, executive vice president and CFO, said: “Disruption in the global supply chain due to container shortages, transportation delays, and port congestion has interrupted the flow of inventory supply.”

“The result has been supply shortages relative to continued strong marketplace demand.”

“In North America specifically, inventory supply was delayed by more than three weeks, impacting the timing of wholesale shipments and growth in the quarter.”

Source:https://www.cips.org/supply-management/news/2021/march/supply-chain-challenges-hit-revenues-at-nike/?fbclid=IwAR0QOWH1ecz3rD7yg77q-aE05fY0Eg84FxP3yxVuUZvCWh4g8coQV0rHn_u
5. Patent issues

The court similarly denied Skechers’ motion for summary judgment of no willful infringement because Nike only pleaded willful infringement in support of its claim to attorney’s fees under § 285. But such claims can only be adjudicated once a “prevailing party” is determined. Moreover, the court found Skechers’ summary judgment motion premature where material issues, such as the strength of Skechers’ defenses, remained unresolved.

Finally, the court granted Skechers’ motion to bifurcate willful infringement issues from the trial on the merits, rejecting Nike’s argument that willfulness should be adjudicated by the jury. Skechers argued that bifurcation was proper where permitting the jury to hear willfulness arguments would waste judicial resources, present a danger of jury confusion, and only be relevant to a future request for attorney’s fees.

Source:https://www.jdsupra.com/legalnews/no-pleading-no-problem-court-denies-79656/

6. Bad Criticism

Quoting the Wall Street Journal

“After images of the shoe were posted online, Mr. Kaepernick, a Nike endorser, reached out to company officials saying that he and others felt the Betsy Ross flag is an offensive symbol because of its connection to an era of slavery.”

Apparently, Nike lost the opportunity to build a manufacturing plant in Arizona after the governor Doug Ducey (source USA Today) pulled his support of Nike.
Chinese manufacturers supply 23% of all Nike’s production. The types of products these factories make is more evenly split between the three product categories, with a slight weighting given to apparel.

Factories in Vietnam contribute 16% of Nike’s total production, predominantly creating apparel and footwear with a small amount of equipment.

Nike has 8% of all its production based in the US. These production facilities predominantly produce apparel and some equipment, but no footwear is produced in the US.

Source: https://www.ig.com/en-ch/news-and-trade-ideas/shares-news/the-battle-for-sporting-goods-supremacy--nike-vs-adidas-180329?fbclid=IwAR0uQXi1mbowxFhlewqAxrE7ymRMDfhwM4i1hGeudoUvwVHhjKUZOTxYyg
8. Growing Operating expenses

As a general rule, an increase in any type of business expense lowers profit. Operating expenses are only one type of expense that reduces net sales to reach net profit. An income statement has three levels of profit, however, and the relationship between operating expenses and profit can be seen most directly when looking at operating profit, also known as profit before interest and taxes.

Operating leverage reaps large benefits in good times when sales grow, but it significantly amplifies losses in bad times, resulting in a large business risk for a company.

https://www.macrotrends.net/stocks/charts/NKE/nike/operating-expenses
https://tradingeconomics.com/nke:us:operating-expenses
## EXTERNAL FACTOR ANALYSIS SUMMARY (EFAS Table)

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<tr>
<th>External Factors</th>
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https://jobs.nike.com/teams
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Weight: 52 kg
Height: 5’2”
Religion: INC
Status: Single

EDUCATIONAL BACKGROUND
2018 – Present  BS Accountancy
New Era University
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2016-2018 Senior High School
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Martinez Colleges
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2012-2016 Junior High School
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Caloocan City
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PERSONAL INFORMATION

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Status: Single

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PERSONAL INFORMATION

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Birthplace: Buenlag Gerona, Tarlac
Weight: 65 kg
Height: 5'11"
Religion: INC
Status: Single

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2018 – Present  BS Accountancy
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