Business Environmental Audit
Critically assess the strategic Direction of the Nike brand

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ACE1004 Introduction to Management
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1.0 Executive Summary

Nike was founded in 1972 by Philip Knight and Bill Bowerman. Bowerman is well known in America as the University of Oregon coach. He brought jogging to America, built an unrivalled track and field program at that university, and taught his athletes to seek the competitive advantage everywhere - in their bodies, their gear and their passion.

The Marketing men at Nike would like us believe that the brand is more than a product, it is an experience that we are buying into. Wherever a consumer interacts with the brand – in stores of their own or those of their retail partners, online, through advertising, at events their goal is to elevate that experience through compelling products and human stories.

Nike operates on six continents. It employs suppliers, shippers, retailers and service providers amounting to a total workforce of close to 1 million people. The diversity inherent in such size is helping Nike evolve its role as a global company and achieve vast economies of scale. Nike is trying to include building sustainable business with sound labour practices. Nike has built its empire by transforming the technology and design of its high performance sports gear into high fashion, vastly expanding its pool of potential customers.

Mintel estimated that spending on sports goods increased to £4,480 million in 2003. The market is driven by consumer's appropriation of sports clothing and footwear as general casual wear, and major sports brands such as Nike, Adidas and Reebok which are worn by a wide cross section of the population, the cult celebrity surrounding football in the UK also boosts sales of these brands and drives sales of replica shirts.

"Nike is a manufacturer, but really it's just a marketing company." - John Shanley, Securities analyst at Wells Fargo's Shanley in 2003
2.0 Introduction

In this report I will be critically studying Nikes brand, evaluating its strategic direction and the market to which it belongs. I will examine the internal and external environmental factors that have influenced the company and its brand including the strategic position that it has adopted, using PESTEL analysis. The report aims to analyse the success of the brand and suggest possible future strategies for further brand development.
3.1 History

Bill Bowerman was once quoted as saying ‘If you have a body, you are an athlete. And as long as there are athletes, there will be Nike.’

It defines how he viewed the world, and it defines how Nike pursues its destiny. Nike claims to have remained totally focused on creating performance opportunities for everyone, and offering empowering messages for everyone who would listen.

Nike is now the world’s most competitive sports and Fitness Company. The world headquarters is in Beaverton, Oregon. The Pacific Northwest is Nike’s hometown. It has expanded their horizons to every corner of the world. Nike employs approximately 24,300 people. Each is significant to Nike’s mission of bringing inspiration and innovation to every athlete in the world.

In the past few years, the company has devoted as much energy to the everyday details of running a business - such as developing top-flight information systems, logistics, and supply-chain management -- as it does to marketing coups and cutting-edge running shoe design. More and more, Nike is searching for the right balance between its creative and its business sides, relying on a newfound financial and managerial discipline to drive growth. "Senior management now has a clear understanding of managing the creative process and bringing it to the bottom line. That's the big difference compared to the past," says Robert Toomey, an equity analyst at RBC Dain Rauscher Inc. in Seattle.

By methodically studying new markets, it has become a powerhouse overseas – particularly in new market segments that it once scorned, such as football and fashion. It has also beefed up its management team. After stumbling with its acquisitions, Nike has learned to manage those brands -- Cole Haan dress shoes, Converse retro-style trainers, Hurley International skateboard gear, and Bauer in-line and hockey skates -- more efficiently. Indeed, part of Nike’s growth strategy is to add to its portfolio of brands.

(From www.Nike.com)
3.2 The Market

"For years, we thought of ourselves as a production-oriented company, meaning we put all our emphasis on designing and manufacturing the product. But now we understand that the most important thing we do is market the product. We’ve come around to saying that Nike is a marketing oriented company and the product is our most important marketing tool."

-Phil Knight, CEO of Nike in the late 1980s.

The strengths in the sports fashion market are the increasing wide appeal to many age groups, consumers are now viewing sports clothing and footwear as being available from children to adults in their forties and fifties. As the current generation of adults that have been used to wearing sportswear all their lives reach retirement, they may carry on wearing sportswear, thus increasing the size of the market. There is a rising popularity of fashion sports brands so all we have to do is look on the high street, or go into a sports shop. One can see how the shops have moved from the traditional stock and previously selling equipment and specialising in certain sports. They are effectively selling more shoes for going out into town than for playing rugby in. As the market has been saturated by the leading sports brands it seems as though many younger customers have reacted to this by seeking alternative brands. These alternatives help can create individuality and make a statement, something which has become important in such a fashion conscious age we live in.

Nike acquired Converse on July 9th 2003, after making an offer of $305 million. This business move came after the realisation that Converse were in a niche market, with their specialised form of footwear, and would essentially aid their business prospects as well as brand portfolio.

What I believe Nike are in danger of doing, this also could apply to the other large brands in the market, such as Adidas and Reebok are of saturating the market with so much product that they run the risk of consumers growing bored of seeing them absolutely everywhere. I have personally had experience of this, as whenever I see Nike and Adidas on sports clubs kits I associate high performance athletes and a professional and dedicated player or team. This makes me think, I want to train harder, get better and eventually I might reach the same high standard as them. This is shown in Nikes sponsoring of the Brazil football team, or Adidas’ association with David Beckham, which I think is what allows us to accept the high prices for the product. However, when I see football teams such as my local side Worksop Town, playing with the Nike swoosh on their kit, it makes me think, and somehow lowers the brands power to me, and thus devaluates it. So
possibly Nike should attempt to continue their strategy which worked with converse, by acquiring similar brands to diversify their product range while not saturating the market and becoming associated with mediocrity.

Rather than the expected competition from similar sports brands such as Nike and Reebok, many sports styles like track suits and hooded sweatshirts have been adopted as mainstream fashion by conventional retailers like Gap or Next. These styles no longer belong to the major sports brands, so fashion retailers are increasingly able to move in on their traditional territory. This increased competition may force Nike to compete through lowering its price or simply looking for other products.

The sportswear industry provides many examples of the benefits of marketing orientation. Aware that a wider selection of sportswear was available to men than to women at a time when women’s participation rates in sport were increasing, Nike responded in a variety of ways. As well as extending their range of products to widen the choice of sports ware available to women, they sponsored Imperial Cancer annual series of ‘Race for Life’ events, thereby associating the brand with issues that customers in the target market feel strongly about.

Although we hear all the time how today’s generation are participating in less sport and spending more time indoors playing computer games, there are actually rising levels of physical activity taking place, leading to an increasingly healthy market situation.

Nike is under pressure to appeal to the young consumers by devising new and interesting products, young people such as myself are disloyal on how we spend our money, with so many gadgets around today such as Ipods, mobile phones & computer games, we have many options, so clothes aren’t always top priority. Many people want functionality and a low price, so as not to miss out on the opportunity costs of buying expensive trainers, so we can have other options on which to spend our money.

It is therefore important that Nike can innovate and differentiate to capture the younger generations’ loyalty, possibly through price promotions’. Customers need excitement in terms of both store and product to get them to spend on clothing and footwear.

Market Research supplied www.mintel.com
3.3 Industry Analysis

**Figure 31:** Brand positioning of leading brands of choice when buying sports clothing and footwear for leisure/fashion, July 2006

Base: 2,078 adults aged 15+

(a) Puma

A possible strategy for Nike would be to try and increase the size of their circle shown in the above diagram. This would result from Nike appealing to a greater selection of the public, this could lead to reducing in the strength and power of the brand as it could loose its exclusivity. If it appealed to all groups, it could lead to increased sales, especially with the important group of affluent customers. Currently Nikes circle is around the average affluence level. Nike need to think carefully about their situation on this graph, as Adidas and Reeboks situation and size are very similar to Nikes, however importantly, Adidas are placed as having a slightly more affluent customer, which at the end of the day Is what a business would hope to have, as they have greater spending power, and allow Nike if they wanted to increase the price more easily, with a less price sensitive customer.

Mintel have found that no fewer than 38% of the population would choose either footwear or clothing with the Adidas label to wear for leisure/fashion and Almost two thirds of 15-19 year olds would choose Nike footwear or clothing for leisure/fashion.
3.4 Trouble Ahead for Nike?

Mintel state that ‘after a period of success and expansion during the mid-to late 1990’s, the sports clothing and footwear market has been pitched into a period of stagnating sales, falling prices and very rapid consolidation.’ How will Nike react to these changes? Nike focus very much on the athlete, however are consumers serious about sport? It seems they may be giving out mixed messages on exercise, more consumers claim to undertake some form of sport or exercise at least once a week, and participation levels in any sports are low and falling.

Only running, walking and football seem to be enjoying significant rises in participation. Nike should, and I think are trying to focus mostly on running and football, a quick look on the Nike UK website shows us that. I suppose they are leaving the outdoor specialists to focus on walking; however I would like further investigate to Walking market and see if Nike could have any success in joining the market, with possibilities of joint ventures with outdoor specialists, such as Blacks.
3.5 Nike’s advertising

After looking at Nikes website I was very impressed with its layout and the graphics and options available to the customer, for example Nike have obviously realised the customer is most important with its function for the customer to design & customise their product ranges.

Marketing and presenting products in a way that is exiting, appealing and convenient for customers is increasingly important. I expect to see increased levels of spending from the large sports brands on sponsorship and advertising in the future.

Nike currently have a very successful brand, it seems that Nike and Adidas are clearly way out in front, behind them a number of fashion-led brands are enjoying a burst of success, particularly among the younger customers, such as Converse, K-Swiss and Lacoste. They are particularly appealing to the consumers who want a bit more individuality and personality.

The trends suggest that individually is what people want, that’s why smaller brands have started to grow because it really has been a bit uniform like recently.

The chief executive of Sportswear Multiple said ‘Nike in particular has got stronger, as has adidas. Nike markets itself pretty well; it is producing a great product. It has made a massive push and grown the business in women’s footwear and clothing. It was something that was long ignored and it’s only in the last 18 months that these Nike have focused on it.

Nike is making sports fashion a core business, something unthinkable until recently inside Nike’s male-dominated culture. Thanks to stylish athletic wear -- think tennis star Serena Williams at the U.S. Open -- Nike’s worldwide apparel sales climbed 30% in three years.
### 3.6 Brands of Choice

**Figure 29:** Brands of choice when buying sports clothing and footwear for leisure/fashion, July 2006

Base: 2,078 adults aged 15+

<table>
<thead>
<tr>
<th>Brand</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adidas</td>
<td>38</td>
</tr>
<tr>
<td>Nike</td>
<td>37</td>
</tr>
<tr>
<td>Reebok</td>
<td>29</td>
</tr>
<tr>
<td>Timberland</td>
<td>14</td>
</tr>
<tr>
<td>Puma</td>
<td>12</td>
</tr>
<tr>
<td>Umbro</td>
<td>12</td>
</tr>
<tr>
<td>Quiksilver</td>
<td>11</td>
</tr>
<tr>
<td>Kickers</td>
<td>10</td>
</tr>
<tr>
<td>Ben Sherman</td>
<td>10</td>
</tr>
<tr>
<td>Ralph Lauren</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
</tr>
<tr>
<td>Billabong</td>
<td>7</td>
</tr>
<tr>
<td>Fred Perry</td>
<td>7</td>
</tr>
<tr>
<td>O’Neill</td>
<td>6</td>
</tr>
<tr>
<td>Berghaus</td>
<td>6</td>
</tr>
<tr>
<td>Tommy Hilfiger</td>
<td>6</td>
</tr>
<tr>
<td>The North Face</td>
<td>6</td>
</tr>
<tr>
<td>Animal</td>
<td>5</td>
</tr>
</tbody>
</table>
Lonsdale 5
Peter Storm 4
McKenzie 3
Boxfresh 2
Rohan 2
Olympus Sport 1
Other 8
None 25

Source: GfK NOP/Mintel

GfK NOP/Mintel conducted research into the brands of choice when buying sports clothing and footwear for leisure and fashion in July 2006. The results were interesting as top three brands remained extremely popular as a choice for leisure rather than active sport/exercise, with adidas in the lead at 38%, Nike on 37% and Reebok on 29%. Of the remaining brands with at least some performance element to their ranges, only Puma, Umbro and Quicksilver registered over 10%, underlining the top three’s dominance.

Huge sums of money are invested in the marketing efforts of the big sports brands, focusing on advertising, endorsement by well-known athletes, and sponsorship of successful teams and major events. Nike and adidas alone account for over half of the UK’s sports industries £25 million annual advertising budget. Endorsements and sponsorship cover a wide range of activities. For example Nike has partnership agreements with the Rugby Football Union and Arsenal Football Club, and ownership of Manchester United Merchandising Ltd. The Nike brand has endorsements with Tiger Woods and Michael Jordan. While the wider popularity of sports stars can help to give a brand a fashionable image, they also enable manufacturers to target both sports participants and spectators. The latter group are reached through making an emotional connection with the club or team they support, while the former associate a brand’s products with the excellence of a sport’s leading performers.

As fashion and lifestyle have varied trends Nike have developed dedicated operating divisions or brands to cater to different consumer segments.
3.7 Nikes Other Brands

Along the way, Nike acquired some great companies that extend their reach within and beyond sports:

Cole Haan, based in Maine, sells dress and casual footwear and accessories for men and women under the brand names of Cole Haan, g Series and Bragano.

Nike Bauer Hockey, based in New Hampshire, manufactures and distributes hockey ice skates, apparel and equipment, as well as equipment for in-line skating, and street and roller hockey.

Hurley International, based in California, designs and distributes a line of action sports apparel for surfing, skateboarding and snowboarding, and youth lifestyle apparel and footwear.

Converse, based in Massachusetts, designs and distributes athletic and casual footwear, apparel and accessories.

3.8 Targeting new Markets

By focusing its efforts on moving into certain areas in athletics such as women’s sports, soccer, extreme sports, and auto racing, Nike is slowly starting to make its way into the niche category of that model. For the industry to survive for a long period of time it is necessary to implement a growth strategy. By producing articles intended for extreme sports Nike has grown through concentration. It has used the skills that it has in a new way to develop new products. Seeing that more individuals are becoming involved in extreme sports, Nike viewed this as an opportunity to pursue innovation and new opportunities.

In order for Nike to continue their domination and so as to not allow Adidas to overpower them along with the smaller brands it’s important that Nike can find the most effective way of sports marketing.

Although I have previously demonstrated Nikes dominance through the US, UK and the rest of Europe, Nike is a global company that are continuously striving to get bigger all over the world. For this reason it has targeted a new market, such as the Indian market. Nike have focused on India’s most popular and successful sport, Cricket, winning a kit sponsorship deal with India’s cricket team worth $40m over 5 years.

It interesting to see that Reebok and Adidas already sell cricket goods in India. However Nike has overpowered them to win the sponsorship deal, an example of Nikes high importance of sponsorship and ability to pay more than the competition. Obviously Nike hoped to tap into the potential of an emerging economy such as the Indian as Analysts say India’s licensed merchandise industry is in its infancy. I expect we will see more examples of this in the next few years, spreading throughout Asia and South America.

Source:BBCNews,Mumbai Monica Chadha
(http://news.bbc.co.uk/1/hi/world/south_asia/5303682.stm)
3.9 Financial Performance

Nike's financial performance has pleased investors, who now see a company where earnings are less volatile and less fad-driven, yet still growing rapidly enough to spin off lots of profit. In the past fiscal year, Nike's free cash flow totalled $1.2 billion, and its return on invested capital was 22%, up from only 14% four years ago, making it a safer investment, less volatile to liquidity problems and more appealing to investors. The company boosted its dividend by 43% last autumn and completed a $1 billion share repurchase. It plans to buy back $1.5 billion more in shares over the next four years.

'This year, for the first time, Nike's share of the football boot market in Europe, 35%, exceeded Adidas, at 31%. Nike has achieved that fast growth in part by using the same outsize marketing tactics that made it big in the U.S. It paid the prestigious Manchester United club an unprecedented $450 million over 14 years to run its merchandising and uniform operation.'

Source:
http://www.businessweek.com/magazine/content/04_38/b3900001_mz001.htm
4.0 External Market Drivers

As well as the immediate environment, forces in the wider world also shape management policies. I will use PESTEL analysis to identify likely factors which the figure below summarises.

![Diagram to show elements of PESTLE analysis](http://www.thetimes100.co.uk)

4.1 Political Drivers

Nike is the number one in sportswear. Nike’s profits, turnover, marketing, sponsorship and advertising surmount all other sportswear companies. Nike not only refers to its position as a market leader, but also sees itself as leading the industry in labour practices initiatives. Nike state in their code of conduct ‘we seek to do not only what is required, but whenever possible, what is expected of a leader’

Nike, Adidas, Puma, Hi-Tec and Reebok all sub-contract the actual manufacturing to suppliers in China, the Philippines, Thailand, or Indonesia, where wages are low. Many news articles which I have read have detailed Nike as one of the worst offenders. Nike refers to themselves as a network firm. This means they employ 8000 people in management, design, sales, and promotion, and leaves production in the hands of some 75,000 workers hired by independent contractors. Most of the out-sourced production takes place in Indonesia, where a pair of Nikes that sells in the UK for around £60 is produced for about £3 and young women paid as little as £0.10 per hour. At the moment Indonesia is Nike’s biggest production centre, with 17 footwear factories that employ 90,000 workers and produce about 7 million pairs of shoes each month.
Christian Aid are asking the big companies, such as Nike to take responsibility for the social and employment conditions under which shoes are made. Nike’s rival Reebok has a code of conduct which comes closest to the Christian Aid model but doesn’t go far enough.

Although Nike have suffered bad publicity over the last decade for various matters, it really is in their best interests to become an ethical company in every respect and although this may initially cost to set up, the benefits will be long term and will probably increase the brand’s strength, an example of good publicity from performing in an ethical manner was an article which I found on [www.hrc.org](http://www.hrc.org). It is titled ‘Nike gains a perfect score on the corporate equality Index for the fifth consecutive year’. This article is in reference to Nike receiving a perfect score on the Human Rights Campaign Foundation’s Corporate Equality Index. The Index rates corporate America’s treatment of gay, lesbian, bisexual and transgender employees, this is a very good piece of public relations and will appeal to those groups who have been often treated unfairly.

Nike’s commitment to industry-leading transparency in its social responsibility reporting has led to the company being named the top U.S. Company and one of the world’s top 10 in the current SustainAbility Global Reporters Program ranking released today.

Nike’s inclusion on the list signifies its leadership in corporate responsibility and clearly sets it apart as one of the world’s leading companies in sustainability reporting, acting in such a way has lead to widespread praise for Nike and awards such as a place in Fortune magazines’ ‘Best Companies to Work For’ list.

It’s strange to go from such an extreme to another but now I will take a look at various articles which I have found to suggest that Nike have unethical policies, so as not to take one point of view so I can attempt to understand more of Nike’s policies from a variety of sources.

Nike claim to be ‘the only buyer to require full cash minimum wage’ and say its ‘corporate policy is to keep orders at or below the level equivalent to 48 hours of work’ per week in order ‘to require contractors to cap mandatory overtime at 60 hours per week,’ Nike also state that ‘independent monitors and sources’, such as firms like Ernst & Young, ‘are verifying these issues on a routine basis for Nike’.

While rights promised in Nike’s code of conduct often mirror the rights activists are calling for, there seems to be a wide gulf between the codes and the reality of conditions in the factories. Nike’s oversight of these conditions too often falls short of its promises and this policy needs to be changed and followed correctly.
4.2 Economic Drivers

I have already shown the increase in demand for products in the sporting clothing market, and for over the last 20 years, the sports industry has been big business, which suggests why Nike are happy to spend millions of pounds a year on sponsoring individuals and teams. We can see there are trends in place which suggest that consumers are continuing to spend more and more money in this industry and if this continues, Nike should become more profitable through increased sales, and lowered costs through economies of scale.
4.3 Socio-Cultural Drivers

In the UK, about 22 per cent of men and 23 per cent of woman are obese (at least two to three stone overweight), meaning their weight is putting their health at considerable risk. The level of obesity has tripled in the past 20 years, and is still rising. Obesity is rising among children too. In the past ten years it has doubled in six-year-olds (to 8.5 per cent) and trebled among 15-year-olds (to 15 per cent).

(Source: bbc.co.uk/health).

The rise of the internet and personal computers are frequently cited as contributors to the obesity epidemic. Television, DVD players and computer game consoles encourage sedentary behaviour and limit their engagement in healthier pursuits – such as jogging or biking. But recent developments have somewhat redefined the computer, television, and video game as potentially useful tools in fighting obesity.

Nike and Apple have teamed up to launch Nike + as global collaboration brings the worlds of sports and music together like never before with the launch of innovative Nike + iPod products. The first product developed through this partnership is the Nike + iPod sports kit, a wireless system that allows Nike+ footwear to talk to your iPod nano to connect you to the ultimate personal running and workout experience.

As these emerging technologies demonstrate, in the absence of government intervention, entrepreneurship and innovation may be an important means of fighting obesity.

![Nike + iPod Sports Kit](image-url)
4.4 Technological Drivers

Product Research and Development

Research and development are a key factor in Nike's success. Technical innovation in the design of footwear, apparel, and athletic equipment receive emphasis as they try to produce products that help to reduce injury, enhance athletic performance and maximize comfort. Nike employ specialists in the areas of biomechanics, exercise physiology, engineering, industrial design and related fields, they also utilise research committees and advisory boards made up of athletes, coaches, trainers, equipment managers, orthopaedists, and other experts to consult and review designs, materials and concepts for product improvement. Employee athletes and other athletes wear-test and evaluate products during the design and development process. 
Source: Nike Annual Report May 31, 2006

4.5 Environmental Drivers

Nike has made tremendous efforts towards creating a better world for everyone. Nike implements a Sustainable Product Innovation Cycle; they strive to create innovative and sustainable products which will have applications beyond consumer products. It can guide their operations and those of their suppliers as environmental impacts occur at every stage in the life cycle of Nike products.

Nike have also a new environmental initiative, with the use of Organic cotton, this is because the act of conventional cotton growing takes a huge toll on the earth’s air, water, soil, and affects the health of the people living in the cotton growing areas. And in 2002, Nike introduced a woman’s line that was 100 percent organic cotton called ‘Nike Organics’ and many other lines have been introduced since.

http://www.organicconsumers.org

Environmental Mission

Nike have obviously seen the need that in today’s changing culture, the environment is a very important aspect of peoples opinions and actions, and business ethics has become a higher priority than ever before. This has encouraged especially the bigger businesses to create environmental action plans and think more about what affects their ‘carbon footprint’ [http://www.carbonfootprint.com/]

A good environmental plan can also be seen as a strong public relations tool and can entice customers and investors alike, many
people feel strongly about investing in something they believe is ethical. For example, shown below is Nikes new range of greener and more ethically-sourced shoes.

**Nike's ethical shoes**

![Image of Nike shoe]

Nike has released a range of greener and more ethically-sourced shoes. It's called Nike Considered, and consists of five pieces of footwear - a boot, climbing shoe, trainer, open-backed trainer and sandals. Apparently the shoes are easier to recycle, solvent use is reduced by over 80% compared with Nike's "typical products" and all the materials are sourced within 200 miles of the unnamed factory. Nike also reckons the Boot, Rock and Gem shoes create 63% less waste than a comparable Nike light hiking shoe.

Sources:  
(http://wirelessdigest.typepad.com/hippyshopper/2005/03/nikes_ethical_s.html)  
(http://www.efc.be/webready/NIKE001Env.html)

**Conclusion**

I would like to mention that the Environmental issues are really such a large part of today's lifestyle; Ethical products really are the 'big thing' of this decade. I found an article from the Financial Times published today (27th November 2006) which backs this up. It states that 'Ethical spending and investment topped £29bn last year more than consumers' retail purchases of cigarettes and alcohol’

Although usually ethical behaviour affects the costs of materials pushing up the costs which later reflect the final price, most consumers are willing to pay extra, as this ethical behaviour is seen to add value and possibly becomes a source of competitive advantage.

Ethical behaviour is beneficial to all, it helps the developing countries with economic growth and in turn this may result in more consumers and a higher aggregate demand in a market which Nike could retail in.

Source: http://www.ft.com/cms/s/d4fd2a02-7dbb-11db-9fa2-0000779e2340.html
4.6 Legal

Kasky vs. Nike
Nike was sued by a political activist Marc Kasky over making false statements in regards to sweatshops. It was ruled that the statements Nike made were primarily geared towards consumers and that they were used to increase or maintain sales which is a violation of the law of Deceptive advertising.

Stockholders vs. Nike
Nike stockholders claimed that Nike executives had withheld negative news and profited from the results. Allegations stated that Nike’s actions resulted in a stock increase.

Oakley vs. Nike
This was a copyright infringement case that was settled out of court. Both sides came to an agreement and both sides were satisfied with the results. Both Nike and Oakley denied any wrong doings.

Even with all the problems Nike has faced, it had been ranked number 31 in Business Ethics Magazines top 100 corporate citizens for 2005 (http://www.business-ethics.com/whats_new/100best)

Conclusion

In spite of Nike’s negatives they are consistently working to improve and excel in the areas of social responsibility. With public announcements of Nikes standpoint on issues of social responsibility and ethics, and continued plans are being implemented to improve labour conditions in the companies 600 contract factories. Reforms over new labour policies for health and safety, child labour, independent monitoring and worker education are still under way.

Nike has also had to grapple with the touchy topic of sweatshop labour at the 900-odd independent overseas factories that make its clothes and sneakers.

Since 2002, Nike has built an elaborate program to deal with charges of labour exploitation. It allows random factory inspections by the Fair Labour Assn., a monitoring outfit it founded with human rights groups and other big companies, such as Reebok International Ltd. and Liz Claiborne Inc. that use overseas contractors. Nike also has an in-house staff of 97 which has inspected 600 factories in the past two years, grading them on labour standards.
4.7 Charity Works

Not only are the consumers of Nike looking for a high quality pair of shoes, or to be seen wearing the brand, they also expect other benefits not only to them, which may be seen to justify the higher cost than some substitutes.

Consumers are looking for a sense of fulfilment. It is fashionable to be seen as ethical and within higher class circles it can almost become a competition to prove to be the most generous. To capitalise on these trends within the target segments, Nike have publicised their charitable nature, through press releases on the web site with articles such as ‘Nike Donates more than $29 Million in Cash, Product and In-Kind Services. (Source: http://nike.com/nikebiz)

Nike hope to show through their contributions how they focus on the importance of community investment, and their commitment to address the issues that most people care about, for individuals and for the company.

Nikes grant making efforts are focused primarily on programmes that increase the participation of young people in physical activity and programs that address innovative solutions to the challenges of globalisation.

Nike have a very clever strategy in this case, its not only good public relations and making the brand stronger but if Nike can encourage more people into sport there will be a higher level aggregate demand in the sports consumer market and their will be customer loyalty from this which Nike will hope to result in increased sales.

As well as helping out those less fortunate, this facet of Nikes activities has also helped to reinforce the personality and core values of the brand.
5.0 Competitive Environment

5.1 Porter's Five Forces

Barriers to Entry - Low

Due to the large scale of both Nike and Adidas, these firms are able to control their costs to retain performance advantage over emerging competitors in the industry. Their web sites are more sophisticated and enticing to browse, both contributed to their large marketing budgets. The capital injection into web site development is high and must be updated frequently with new promotions and added features to attract online shoppers. There are many proprietary product differences in the industry therefore brand identity has an immediate competitive advantage. The Nike and Adidas brand is well renowned globally and plays a major role in consumer decision making. Selling footwear online is highly competitive; however, barriers to enter into this e-commerce industry are quite low. The capital requirement for setting up an online shop is comparatively lower than setting up a traditional bricks and mortar establishment. Therefore, the online footwear industry is highly abundant with hundreds of online merchants. Switching cost is low for the consumer, and may occur frequently depending on consumer preference and other factors affecting consumer buying decision, (i.e. price sensitive consumers). Another major barrier is security. Although, Nike and Adidas have invested millions of dollars into their web site,
there is an industry wide problem of securing data over the Internet medium. Hackers may potentially lacerate into the site and could retrieve sensitive data such as consumer profiles, credit card numbers, and other corporate data. They could even redirect the company’s web site traffic to another web site similar to the case of Nike in June 2000. Nike experienced a hijacking of its web site. The traffic from www.nike.com was redirected to a server at a Scotland-based Web hosting company.

**Bargaining Power of Buyers - High** There are a large number of buyers relative to the number of firms in this industry. Therefore, companies like Nike and Adidas must continuously market their product and differentiate their brands against competitors, in order to increase sales and market share. The use of online tools has helped to enhance the accessibility and intimacy among users. For example, Nike’s “nikeid.com” link allows consumers to customize and design their own footwear by permitting customers to specify the desired colours and the option to personalised the footwear with their name. Brand identity plays a critical role in the buying behaviour; strong identity will offer consumers trust and loyalty. Many online buyers are price sensitive and switching cost is low for the buyer.

**Bargaining Power of Suppliers - Low** There are many suppliers in this industry. In essence, there is very little differentiation among the suppliers which makes suppliers’ bargaining power non-existent. Leather, rubber, and cotton are commodity items and are available abundantly in the market place. Conglomerates such as Nike and Adidas have a definite advantage and power over their suppliers. These suppliers become dependent on these firms as their means to survival. Additionally, Nike and Adidas have standardised their input procedures pertaining to the materials used, their labour force, supplies, services, and logistics. Firms are able to switch between suppliers quickly and cheaply, due to the global network of cheap labour on various continents. Additionally, inputs are readily substituted and there are an abundant number of suppliers available.

**Threats of Substitutes - Low** Buyers’ propensity to substitute is low. Consumer substitutes for athletic footwear products are low because there are little alternatives to switch, some substitutes for athlete footwear could be boots, sandals, dress shoes or bear feet. Consumers are not likely to substitute due to the performance specification of the product. For instance, a basketball player would not wear boots to play basketball. Therefore, there are no real substitutes for athletic footwear.
Rivalry among Existing Competitors - High the rivalry among existing competitors in the footwear industry is quite high. Large firms such as Nike and Adidas have grown immensely over the last two decades. Their global reach has expanded through all continents; this is attributed to the emergences of the Internet and e-commerce. Online selling has enlarged the reach for these firms allowing them to increase sales while minimizing operating costs. Almost every large firm has a web site, and most of these web sites contain virtual stores which provide convenience to consumers. Most individuals in North America have access to high speed Internet and online purchasing has become the new trend for the twenty first century. Competition is fierce in the footwear industry and those who dominate or lead the market do so with high capital expenditures, aggressive sales and marketing strategies, and strong brand identity.

Porter’s five forces source: http://www.echeat.com/essay.php?t=27606
Nike versus Adidas Case Study and Competitive Analysis
5.2 Competitor Analysis

Regarding competition, the recent Adidas-Reebok merger poses a challenge to Nike.

When it comes to athletic shoes, the advantage has always been with Nike, Nike have had the larger share of the critical US Market making them a much more dominant force worldwide. However in the last year Adidas have added some marketing muscle with the acquisition of Reebok International Ltd, boosting the combined U.S share of No2 Adidas and No3 Reebok to 21 percent, which seems enough to contend with Nike on a larger scale. This should lead to a more serious competitive environment than the market has been exposed to for a long time.

Although Adidas plans to keep the brand identities separate as well, it will strengthen the force against Nike, and can focus on expanding Reebok sales in Europe and Asia. The takeover should hopefully save Adidas about $25 million a year through increased economies of scale, which could lead to Adidas and Reebok affording to lower prices while retaining current profit margins, most likely resulting in increased sales, or simply increasing prices and investing the increased revenues into research and development into new products proving a source of innovation and competitive advantage.

The combination of Adidas and Reebok gives them about 28% of the international market for athletic footwear, nudging them much closer to the 31% share of sales Nike has outside the US.

Nike is likely to respond to this threat with the kind of marketing skills that have made it the largest athletic shoe and clothing manufacturer in the world.

5.3 Nike vs. Fake Goods

Not only does Nike face competition from other major sports brands as previously shown, they also face problems against fake Nike goods. A recent article from the BBC about the US seizing more than 135,000 fake Nike running shoes, from one of the largest counterfeit smuggling rings in recent history, suggests this is quite a problem. The fake Nike Air Jordan shoes reportedly had a retail value of $16m (£8.5m) and were to be smuggled to the US in 15 shipping containers, six people have been charged with trying to import the fake goods from China, US officials said. This will increase, as Nike has been raising their prices of trainers. This should result in a market for counterfeit goods such as this. Those people who want the name and the Nike swoosh, but don’t want, or can’t pay Nike prices.

Speaking from experience, I have purchased counterfeit goods in the past, and honestly, if the opportunity came about, I would in the future.

Source: BBC News
(Http://news.bbc.co.uk/1/hi/world/americas/5322332.stm)
5.4 Stakeholders

Today, engagement with stakeholders is increasingly important; this includes not only athletes and consumers but any of those groups affected by, or affecting their business operations. Nike can learn from this interaction, and use them to understand new issues and viewpoints.

Nike’s core stakeholders are employees, shareholders, athletes, suppliers, the community and consumers. Also indirectly the government and Non-Governmental Organisations (NGOs)

Nike has relationships with a large number of external groups. In order to have effective, quality engagements, it’s important Nike prioritise and select which groups they will engage. So Nike focuses on Stakeholders who have following characteristics.

- Legitimacy. They have a direct stake in an issue, or there is a general public perception that they should be at the table.
- Networked. They are part of extensive networks and can bring perspectives from large numbers of stakeholders around a particular issue or within a particular region.
- Expertise, resources, capabilities. They have specific knowledge, resources or capabilities that can help Nike to understand and address corporate responsibility challenges and opportunities.
- Willingness to engage constructively.

Gauging Effectiveness

As Nike is working on developing systems to help ensure that they are responsive to stakeholders whom are actively engaged. SustainAbility, a UK-based research, advocacy and consultancy company, completed an assessment of all the feedback we have received from stakeholders in the past several years.

Nike intend to continue seeking direct feedback from stakeholders, but are exploring ways this might be achieved through existing networks or in conjunction with other companies – to reduce the burden on stakeholders and Nike themselves.

http://www.businessweek.com/magazine/content/04_38/b3900001_mz001.htm
5.5 Stakeholder Mapping

This aims to assess how interested each stakeholder group is in influencing the organisation, and therefore how likely it is that it will seek to do so. It also looks to see whether each group has the means, or the power to do so, as this will determine its ability to influence Nike’s decision making process.

Stakeholders can be categorised in a power-interest matrix, according to the degree of interest and power they are perceived to hold. Those who have both a high interest and high power may be regarded as the ‘key players’ and those whom the organisation must seek, in particular, to satisfy. Conversely those groups with low levels of both interest and power may require only minimal attention from the organisation.

I will use stakeholder mapping to help me determine which stakeholders are the most important to appease when the major decisions are being taken. It also suggests that communication strategies, ranging from simple provision of information to direct involvement, are likely to differ for each group.

<table>
<thead>
<tr>
<th>Low Power</th>
<th>Level of Interest</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Minimal Effort</td>
<td>Local Community</td>
<td>Keep Informed</td>
</tr>
<tr>
<td>High</td>
<td>Keep Satisfied</td>
<td>Suppliers Staff</td>
<td>Key Players</td>
</tr>
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<td></td>
<td>Shareholders</td>
<td>Customers</td>
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</tbody>
</table>
I placed a selection of stakeholders in the four categories, firstly the local community, as they have little Power and a fairly low level of interest in Nikes activities, however I’m sure they would like to be kept informed of news but Nike would find it probably more worthwhile targeting other segments of the stakeholder map.

The next group were those who had little power but fairly high levels of interest, I placed suppliers and staff in this category, because obviously they will want to be kept informed of the business’ activities, for example possibly redundancies may result in job losses, and changing of suppliers. They have little power however as Nike would dominate the supply chain and could easily get suppliers elsewhere, and staff could be easily obtainable.

Although stakeholders will have a fairly high level of interest, I placed them in the low level of interest box with high power; this is because I think they are more bothered with profits, increased share prices and dividends than the day to day news of the company. They have power as they have own of part of company so they can vote and attend the AGM.

Finally I placed in the high level of interest and high level of power group Customers, this is because customers keep the business going, without customers and Nike would not exist. Customers will want to know about the products which they are going to buy, and also have an interest in the company, its important that Nike can recognise the importance of customers being placed here, they need to be kept happy and in order to be market orientated the customers need to quizzed so Nike can find new products, innovate and remain a market leader.

Source: Johnson and Scholes (2002) p208
6.0 The Brand
6.1 Competitive Advantage

If Nike is to become a market orientated businesses then they obviously need to try and meet their customer’s needs. Nike can build competitive advantage by attempting to follow the above diagram as this could lead to a more successful brand and increased profits.
6.2 The Swoosh

Though Nike are only about 30 years old, there are few other symbols more recognisable around the world than the Nike Swoosh. Its form is simple and swift. Its meaning built masterfully over the years with billions of pounds of products, advertisements and research. Like a famous signature, it has earned a unique right to identify something as special — whether it's a pair of running shorts or a golf ball.

For such an elegant shape, the Swoosh carries a lot of weight. It is not a logo that is dressed up in lot of colours, showing up mostly in black or white. Nor does the logo change often. Keeping the Nike Swoosh conservative and consistent allows it to become a unifying device across channels such as TV, print or Web, which tend to be anything but that.

Such an approach gives the logo a status nearly approaching reverence but with versatility. This has been used to great effect in many Nike TV spots. The Swoosh can be at once seen as a symbol of ultra-cool punctuating the end of a football ad.

Such a pure example of iconography is rare and must be treated with respect. Nike uses its logo small and usually in the upper-left or lower right corner of their pages, like this assignment does – adding a touch of class.

It’s not unusual for Nike to completely gut its NikeTown stores for a new look every 18 months. If their stores are that malleable, imagine the amount of change to their sites. Regardless of this constant change, the Swoosh will always remain the same.

What a brand tries to do is differentiate itself from other brands, and Nike has certainly done just that with its world recognisable Swoosh that adorns Trainers, Hats and Clothing. It seems to display a message of strength, empowerment and healthy living. Nike wants people to think, ‘If I buy Nike and display it prominently people can draw this conclusion about me’.

Andrew Ainslie, a marketing professor at UCLA, said ‘Brands try to create a sense of lifestyle’; ‘The good ones are very effective at that. BMW, for example, works very hard to get people to think that this is a way they can say they’ve succeeded in life’.

A brand is a method of product differentiation. The aim of creating a strong brand is important to make the price elasticity of demand more inelastic through encouraging consumers to identify with the product and to associate the brand with the way that they want to live and the image they wish to present of themselves. A brand therefore promotes an identity and an image that sets it apart in some way from its rivals.

Creating a Personality for a Brand

Nike will want to create a ‘personality’ for their brand, something that they want to brand to be associated with: such a ‘personality’ could refer to the characteristics of the product, the packaging and the lifestyle it reflects.

The ability to establish a brand allows a business to extend the product life cycle in that the growth and maturity stage can be extended significantly.
The building of a successful brand may allow the maturity stage of the product life cycle to be extended indefinitely for Nike.

In the oligopolistic market which Nike are contained, the competition between a few large sellers may result not just in price competition, but in seeking to establish and build brand loyalty.

Brand Loyalty for Nike could result in the following -

- Brand loyalty can help to protect Nike against price competition from rivals such as Adidas and Reebok and potential new entrants, fairly recent entrants into the market like New Balance.
- Brand loyalty can help when Nike develop and launch new products – and this could enable gain quicker access to establishing themselves in new markets, like Nike Golf.
- Brand loyalty makes it more difficult for new firms to enter Nikes market as the problem of winning over customers from tried and tested products is very difficult. Nike is erecting Barriers to entry in this way.
- Now Nike has established products containing their brand, the amount of expenditure to keep it at that level is less than that required to promote new ones. In Boston Matrix terminology, they become 'cash cows'

http://www.bized.co.uk/current/mind/2003_4/241103.htm
6.3 Routes to Competitive Advantage

Innovation

Nike aims to keep pace in the techno-battle with Nike Free, a shoe that makes runners feel as if they were barefoot. It’s inspired by the barefoot runners of Kenya, who have proved that shoeless training builds strength and improves performance. Meanwhile the company continues to refine its Shox technology -- a special cushioning system first developed for runners, which is now becoming a top seller in categories from running to basketball to cross training.

As previously mentioned Nikes collaboration with Ipod was a very smart move, this is because Ipod and Nike are two of the most popular brands, have strong identities and a huge worldwide appeal, by this type of joint venture it encourages those who have just one to purchase the other, or commonly, those who have both Ipod and Nikes, to purchase the linking system and remain loyal to both brands.

Marketing

The Internet has proven to be a useful tool for Nike for increasing sales and reducing cost. Most importantly their web site has provided them with an intangible asset such as market research and consumer buying behaviours. With the data retrieved from consumers, these firms are able to analyze and monitor the buying behaviours of their consumers. The data can also be used to exploit new marketing campaigns and promotions. Furthermore, the data collected can be used to produce innovative designs and improve their research capabilities.

Price

Price is not really an issue for Nike, they seem to be the price setters in the market along with Reebok and Adidas, and basically they charge whatever prices they want as there is fairly inelastic demand for Nike’s products. Within reason they can usually demand a high price for their products, this is because consumers are lead to believe through extensive marketing campaigns previously mentioned that they will make you perform better and are the best. Nike do not seem to have any price strategies, except possibly Price Skimming on the innovative ranges’, however Nike certainly do not achieve competitive advantage through the price they charge.
6.4 Ansoff Matrix

By looking at the Ansoff Product Market Growth matrix relating to Nike, it should allow me to consider ways in which they can achieve market growth, shown on the diagram are the four possible product combinations. The matrix consists of four strategies.

**Market penetration** - As Nike are fairly established in their market this will not really occur, however Nike could attract non-users of their products, or attempt to get current customers to purchase more through advertising or other promotions.

**Product Development** – this will affect Nike as they are constantly developing products for the same market, for example new types of trainers, also is could occur that as Nike are creating new products it may gain new customers for them. Therefore new product development can be a crucial development strategy if Nike wants to stay competitive.
Market Development – This will not affect Nike greatly, as they tend to focus their products in known markets, and if they change their market, Nike have the resources to completely develop a new strategy, rather than using existing products.

Diversification – I think Nike have the power and know-how to do this, however currently has been fairly limited, they have, over the years really increased the range of sports in which they produce for, however I would like to see them move away and attempt to create new products in new markets. For example Nike MP3 players, or Nike Televisions, Nike Laptops.

Nike has such a strong brand name I could see it working.

This is what a Nike Laptop would look like if they existed, I would associate Speed, Power and Performance with their Brand of Laptop. So YES, I would buy this. Would You?

(http://en.wikipedia.org/wiki/Ansoff_matrix)
7.0 Conclusions & Recommendations

7.1 SWOT Analysis

Strengths.
- Nike is a global brand. It is the number one sports brand in the World. Its famous 'Swoosh' is instantly recognisable along with its trademark "Just Do It"
- Nike has recently tried hard to change the 'unethical views' which previously dented their images.
- Nike is on the right track with joint ventures such as with Apple’s Ipod, continued innovation.
- Strong control over its own distribution channel
- Strong financial position with minimal long term debts
- Innovative designs in footwear enabling consumers to design their own shoes online.
- Nike are a very competitive organisation. Nike has a healthy dislike of is competitors. They have a strong management team and good corporate strategy in all markets.
- Nike has no factories. It does not tie up cash in buildings and manufacturing workers. This makes Nike very efficient. Nike are strong at research and development, as is evidenced by its evolving and innovative product range. They then manufacture wherever they can produce high quality product at the lowest possible price. If prices rise, and products can be made more cheaply elsewhere, Nike will move production.

Weaknesses.
- The organisation does have a diversified range of sports products. However, the income of the business is still heavily dependent upon its share of the footwear market. This may leave it vulnerable if for any reason its market share decreases or Nike fail to keep up with new trends.
- Market is becoming saturated and consumers may become sick of Nike brand and move to other smaller, more individual brands.
- Negative image portrayed by poor working conditions in its overseas factories
Opportunities.

- Product development offers Nike many opportunities. The brand is fiercely defended by its owners whom truly believe that Nike is not a fashion brand. However, like it or not, consumers that wear Nike product do not always buy it to participate in sport. Some would argue that in youth culture especially, Nike is a fashion brand. This creates its own opportunities, since product could become unfashionable before it wears out i.e. consumers need to replace shoes.

- There is also the opportunity to develop products such as sport wear, sunglasses and jewellery. Such high value items do tend to have associated with them, high profits.

- The business could also be developed internationally, building upon its strong global brand recognition. There are many markets that have the disposable income to spend on high value sports goods. For example, emerging markets such as China and India have a new richer generation of consumers. There are also global marketing events that can be utilised to support the brand such as the World Cup and The Olympics.

- Nike could look to develop in the more traditional outdoor pursuits such as Walking and Climbing as they have not yet been attempted successfully by Nike and brand could be strong enough to compete with the small specialist shops, however further research would have to be conducted to see if this is viable.

- Increased female participation in athletics

- New technology and innovation to stay on top of market needs
Threats.

- Nike is exposed to the international nature of trade. It buys and sells in different currencies and so costs and margins are not stable over long periods of time. Such an exposure could mean that Nike may be manufacturing and/or selling at a loss. This is an issue that faces all global brands.
- The market for sports shoes and garments is very competitive. The traditional view of Nike of a high value branded product manufactured at a low cost is now commonly used and to an extent is no longer a basis for sustainable competitive advantage. Competitors are developing alternative brands to take away Nike's market share.
- Nike will always face threats from pressure groups and human rights campaigners over fair trade and wages in the third world can potentially damage brand and customer loyalty.
- Negative image due to "sweatshops"
- Economic downturn in North America and Asian Countries
- Strong competition from some of its major challengers in all branches of the business.
- Continuing challenges in import/export duties
- Negative image created by the sponsored athletes
- Increase in the Price of Raw materials
- Change in options on Sportswear due to certain unpopular groups wearing it, such as what the ‘Chavs’ did for Burberry

Could this ever happen to Nike?

Picture: [http://img185.echo.cx/img185/56/chavistani0ve.jpg](http://img185.echo.cx/img185/56/chavistani0ve.jpg)
Swot Analysis: [http://www.marketingteacher.com/SWOT/nike_swot.htm](http://www.marketingteacher.com/SWOT/nike_swot.htm)
8.0 Recommendations

After an analysis of the current position of the Nike brand and potential opportunities in the external operating environment, a number of recommendations can be made to ensure the future success and continued development of the brand:

Nikes current policy of constantly widening the range of sports which they produce could be continued and further expanded. The Mintel report which I investigated showed high levels of demand in the UK for outdoor pursuits; Nike could look into this market, for example Fishing, Walking and Hiking. These markets contain few barriers to entry and Nike intervention is just the thing to change personal opinions, like Nike and Tiger Woods did to Golf.

There are further opportunities available not only within the Sports and Clothing industries; Nike could attempt joint ventures or acquisitions with companies to expand their product portfolio. The takeover of Converse proved successful, however firms in emerging economies could be targeted as a growth strategy for Nike, if they could look for new, up and coming brands to take over, they could benefit from economies of scale, whilst still being a different alternative to Nike.

I really like what Nike have done over the joint venture with Apple and their Ipod, I recommend Nike should think about other popular products, and example could be with a computer game, like Pro Evolution Soccer, this would be innovative and could be good PR as Nike could be seen as attempting to get children from simply sitting down playing computer games but more physical interaction.

As I have mentioned counterfeit production is at a high level and is damaging the economy, Nike could start a campaign against this type of activity and while this could help increase Nikes profits, it would also be good PR, just what Nike needs to become more ‘Ethical’.

Communication campaigns really create excitement around the brand and it is important that Nike find sports stars who are coming up in the game and Nike continue to act this way.
8.1 Reflections

Only running, walking and football seem to be enjoying significant rises in participation. Nike should and by the looks of it, are doing so, I would definitely say that the two sports which Nike should focus on most are running and football, a quick look on the Nike UK website shows us that Nike realise this fact. I suppose they are leaving the outdoor specialists to focus on walking; however I would like further investigate to Walking market and see if Nike could have any success in joining the market, with possibilities of joint ventures with outdoor specialists, such as Blacks.

As a keen sportsman the subject of Nike was one which I wanted to study. I found a subject like Nike and the sports market was a popular topic, which meant that there were lots of good sources and valuable information on the internet, which I feel I used effectively to conduct this Business Environmental Audit.
9.0 Portfolio of Information Sources

9.1 Primary Research

Although I originally expected to partake in finding primary information, after spending time researching Nike on the Internet, including using a variety of books and news articles, I decided this wasn’t necessary. I was lucky to have the Mintel reports available for me to access as this proved invaluable to the report as only 6 months previously they had conducted research into the Sports fashion market so all the data was up to date and allowed me conduct this assignment with a wider range of information.

The report continued enough material and professionally carried out research to use, therefore I felt it was unnecessary for me to do primary research at this stage.

9.2 Secondary Research

Websites

- Nike's corporate/investor website  
  http://www.nike.com/nikebiz/nikebiz.jhtml?page=0

- Nike Town, Nike's Full Range of Products.  
  http://www.nike.com/index.jhtml?l=nikestore#l=nikestore

- Nike News and Info  
  http://www.nike.com/index.jhtml?l=nikestore#l=nikestore

- The NikeWatch Campaign -  

- FairLabor.org annual report  
  http://www.fairlabor.org/all/transparency/reports.html#charts

- Information on Kasky v. Nike

- Boycott Nike Homepage - http://www.saigon.com/nike/

- www.bbc.co.uk/health - obesity information

- Wikipedia – Information on Nikes brands


- Photos  http://img185.echo.cx/img185/56/chavistani0ve.jpg

- All other websites used during this assignment are mentioned either in this section or can be found on the pages where the source has been used.
**Market Reports**

- **UK Sports Clothing - Mintel Marketing Intelligence Database**

  The Mintel database gave access to a market research report on the UK Sports Clothing Industry. This qualitative and quantitative research formed the basis of the external environment analysis and provided an excellent overview of the future opportunities and threats within the industry.

**Text Books**

- **Management: An Introduction, 3rd Edition, David Boddy**

  Management: An Introduction was used for gaining a deeper understanding of the importance of business ethics and areas of social concern and is responding to society’s demands. The book contained useful sections on each of the main analytical tools, such as SWOT analysis, which are used in the report.


  This comprehensive marketing text book provided a useful overview of the marketing mix, especially in terms of product positioning and the benefits of branding.