



# NIKE INTERNATIONAL MARKETING IN LEGAL DIMENSIONS

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**TITLE - <NIKE INTERNATIONAL MARKETING IN LEGAL  
DIMENSIONS>**

**A PROJECT REPORT**

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under**

**Savitribai Phule Pune University**

**MAY**

# **DECLARATION**

I,(Name) SAKET PALASKAR hereby declare that this project report is carried out entirely by me under the guidance of (Name of the Guide) MR SUNIL WAGHMARE of Kaveri College Of Arts, Science And Commerce, Ganesh Nagar, Pune.

The Project is submitted in partial fulfillment of THIRD YEAR IN BACHLOER IN BUSINESS ADMISNTRATION [INTERNATIONAL BUSINESS] (Degree Full Name). The report has not been presented, either wholly or partly, for any degree elsewhere before.

All sources of scholarly information is used in this report are duly acknowledged .

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Where  
All Athletes  
Belong

## **[ ] NIKE INTERNATIONAL MARKETINK IN LEGAL DIMENSIONS**

*This is the comprehensive report that contains the components of marketing plan of NIKE Inc. interms of its new offerings and marketing strategies of its expansion worldwide.*

## Contents

- Executive Summary

### Company analysis

- -The Nike Company-Overview (History and Current Status)

- Current Status

- Future orientation
- Mission & Vision Statement
- Situation Analysis
- Market Overview
- Market Trends and Evolution
- Consumer Behavior
- Competition
- Environment Analysis-Pest Analysis
- SWOT Analysis
- Key Success Factors and Critical Issues
- Objectives
- Marketing Strategy

- STP (Segmentation, Targeting and Positioning)

- Market Segmentation
- Targeting
- Market Positioning
- Strategy Summary
- Competitive advantage
- Marketing Mix strategy
- Product

- Pricing
- Place/Distribution
- Promotion
- IMC (Integrated marketing communication) Strategy
- Financials- Cost/Budgeting
- Implementation, Control and Contingency Plan
- Conclusion & Recommendations
- References

## Executive Summary

This report is all about to show a Marketing plan for Nike's products; with reference to older offerings the report shows the plan that how can Nike offer new products in the market. With respect to this the report contains comprehensive marketing plan components including company analysis (Nike's current and future status), situation or market analysis and competitors analysis; the report shows the Nike's objectives and marketing strategies in terms of its 4ps that is it is shown that Nike can offer and increase its product range by offering other related products as aerobic products to its customers and set value-based pricing strategy accordingly, and for new offerings it can increase its other media other than commercials that is it can focus more on social media to promote its new products and it may expand its business in other countries as China, Middle-East etc. Beside this, the financial budget of this marketing plan has been discussed which is been forecasted by reviewing Nike's previous years revenue and marketing expenses figures. Also execution plan as well as contingency plan has been shown which is thoroughly depends upon Nike's senior management and team work which would make its objectives possible new offerings.

Nike is an American multinational corporation based and headquartered in Beaverton, Oregon, and is the leading company in the world of sportswear. The company is better known for being one of "the world largest suppliers of athletic shoes and apparel" and is in fact a major producer and manufacturer of sports equipment. Founded in 1964 in Oregon, US, by Bill Bowerman and Phil Knight, Nike was originally called Blue Ribbon Sports (BRS). The company was incorporated on September 8, 1969. Moving to 1971, the company was renamed "Nike Inc", a name that represents a Greek goddess of victory "Nike". The firm is engaged in the design, development, marketing and selling of athletic footwear, apparel, equipment, accessories and services. It counts 56,500 employees in 52 countries.

Nike products are made in 45 countries by manufacturers. Products are sold in 190 countries by retailers, Nike store, and online. The Company's products are manufactured by independent contractors. Nike used to operate under the strategy of “Guerrilla marketing” to promote its products, a strategy and concept that they had to abandon and change once they overpassed reebok and became No. 1 in the industry (1989) (remained No. 1 ever since). The firm had to modify the entire culture and become a bit more “planned”. Nike outperformed and distanced all its competitors by acquiring and controlling new markets: the women's and outdoor markets. The annual revenue of the company as of 2018 is \$36.397B, it represents a 5.96% increase compared to 2017 and a 12.4% increase compared to 2016.

### LOGO EVOLUTION



1964



1972



1978



1985



Present



## **Company Analysis**

### **The Nike Company-Overview (History and Current Status)**

NIKE, Inc. is all about innovations and discovery by providing the products and experiences for athletes.

Nike was founded by University of Oregon track athlete Phil Knight and his coach Bill Bowerman in January 1964. Its original name was Blue Ribbon Sports (BRS). The company initially operated as a distributor for Japanese shoemaker Onitsuka Tiger, which met Knight's automobile. (Nike Inc., 2016)

In 1964, BRS sold 1,300 sets of Japanese running shoes netting \$8,000. After that in 1966, BRS opened its first retail location at California. By the time after the first retail store, it got expanded in different regions as in the East Coast, in Wellesley. (Directory, 2001)

After that in 1971, the relationship of BRS and Onitsuka Tiger was coming to end and BRS made its own line of footwear, which included the Swoosh planned by Carolyn Davidson. So the Swoosh was utilized by Nike in 1971 and then was registered with the U.S. Patent and Trademark Office in 1974.

Afterwards Nike had made itself as a leading brand in U.S. athletic market and covered half of its market share. Also Nike with the association with Wieden Kennedy made various marketing communication ways to reach the customer and to make them aware about products. By 1980s, it made association of games with its products offerings to its target market. (Wightman-Stone, 2015)

### **Current Status**

- Today Nike, Inc. has widespread arrangement of its offerings, which are available throughout the world.
- It had an income of \$3.27 billion before the end of financial 2015 and revenue of 30.6B in 2015.

- It has created about \$12 billion of combined free income from operations through 2015. (Nike News, 2010) .
- Nike strives to expand its brand through adopting development technique. By obtaining of Umbro, Nike has expanded its position as the greatest football maker Company in the market. (Nike News, 2010)
- Nike has obtained a strong name or title in the market of running basketball and football categories in North America and central and Eastern Europe.

### **Future orientation**

- NIKE's wholesale market would continue constantly and be the key driver for deal development, for retail accomplices at present foreseen that might representable more than 80 percent of the organization's general business by 2015.
- Nike has geographic chances that it would make its expansion arrangements to the whole six developed geographic areas as North America, Western Europe, and Japan by driving mid-single-digit development and by focusing on an extra \$3.0-3.5 billion from claiming twelve-month for financial 2015. Additionally, Nike arrangements will contribute forceful over its creating business geographies in China, national & eastern Europe, and developing Markets) focusing on low double-digit development with an extra \$3.0-3.5 billion from claiming twelve-month income by the limit of monetary 2015 (Peters, 2009).
- For making its customers satisfied and made them aware, Nike portrayed courses of action that will open harshly 250-300 new NIKE-marked saves overall all around the World in five years long time and to lift the customers knowledge and to increase its development through new technologies. And in this regard, NIKE anticipates that this course of action would provide additional \$2.2-2.6 billion by 2015.
- For strengthen its overall retail vicinity, NIKE, proclaimed plans that set \$500-600million money for the five year considerable length of time that will add to regulate the customer business and make wholesale and retail effectiveness. (Nike Inc, 2016)
- In future, it is estimated that Nike will increase its prices due to which it can positively impact and increase the profitability from its products. (shahriar, 2015)

- In terms of long-term financial objectives, NIKE has following future orientation that would assist development and expansion by 2015(About Nike, n.d.)
  - Increment in profit by 10% annually
  - Increment in Earnings Per Share growth annually
  - Increasing 25% of ROI (Return on Invested Capital)
  - Increasing dividends by 25-35%

## **Mission & Vision Statement**

### Mission Statement

‘To bring inspiration and innovation to every athlete in the world’

If you have a body, you are an athlete.

### Vision Statement

‘The Nike goal is to carry on his legacy of innovative thinking, whether to develop products that help athletes of every level of ability to reach their potential, or to create business opportunities that set Nike apart from the competition and provide value for our shareholders.’

Nike’s mission is to reach every athlete not only by bringing them inspiration and innovation but also by providing them a mindset of winners. “To bring inspiration and innovation to every athlete\* in the world”. \*If you have a body, you are an athlete (Nike, 2017). The “Just Do It” slogan could also be perceived as an inspirational goal, a goal that is attainable if you wear Nike products. Innovation is also one of the components that the firm works on the most, aiming to provide athletes with new technological innovations, innovations that are implemented in Nike’s products. “We dare to design the future of sport”. Nike’s mission is to reach every athlete not only by bringing them inspiration and innovation but also by providing them a mindset of winners. “To bring inspiration and innovation to every athlete\* in the world”. \*If you have a body, you are an athlete (Nike, 2017). The “Just Do It” slogan could also be perceived as an inspirational goal, a goal that is attainable if you wear Nike products. Innovation is also one of the components that the firm works on the most, aiming to provide athletes with new technological innovations, innovations that are implemented in Nike’s products. “We dare to design the future of sport”.

## Situation Analysis

### Market Overview

Nike incorporation is the world's leading sports footwear and Apparel Company. The main Nike brand is mostly targeted towards the athletes, selling related products such as shoes, sporting equipment's and clothes. Over the past five years the Athlete and sporting goods manufacturing industry has expected to slow growth according to the modest growth in the sports participation rate. The Demand for sporting goods is increasing over the period. In the next five years to 2020 consumer will become more health conscious, which will estimate demand for Athlete equipment's. This Athlete industry is highly fragmented and characterized by the high level of competition

While the top players of athlete industry are expected to comprise less than 20.0% of total industry revenue in 2015 like one of the players is Nike which uses strong brand awareness among consumers to gain market share. Also few sporting goods manufacturers have vertically integrated operations, which includes the marketing, manufacturing, designing and retailing processes in their operations. Nike is using the vertical operations to examine the consumer trends and to implement new technologies. (Athletic & Sporting Goods Manufacturing in the US: Market Research Report, 2015)

In today's world market of sport goods is increasing and this market is highly growing in U.S. as compared to other countries and it has been projected more than 63 billion in U.S. in 2014.

Consumers purchase different products such as athletic footwear, licensed sports merchandise, athletic apparel, exercise equipment but they are not included in recreational transportation.

Many of the products such as sporting goods are sold through online channels over the internet and have highest growth in market share of distribution channels. Despite of having online channels people more over prefer to shop in stores for sport goods in 2013. Worldwide Nike and Adidas are also having greatest revenue as well as market leaders in

sporting goods industry and manufacturing with 27.8 and 20 billion U.S dollars respectively. (Sporting Goods Industry - Statistics & Facts, 2014)



## Market Trends and Evolution

- ✚ Nike's initial product advertising strategy of using professional athletes for increasing demand was through word of mouth and also provides the good publicity.
- ✚ Nike changes its target market from teenagers to younger consumers due to intense competition with Adidas and Reebok and also to expand its target market.
- ✚ During the time of recession consumers were willing to pay on that brand because Nike having superior quality, style and reliability. Nike generates the higher revenue from its competitors because of its Slogan "Just Do It" and strong product. (Deng, 2009)
- ✚ It also introduces the digital sports and e-commerce in its recent years due to changes in technology trends.
- ✚ It introduces the Nike+ running sensor in collaboration with Apple Inc. and other products like fuel band personalize the hi-tech experience for the customers. (Soni, 2014)
- ✚ Nike has been launched its technologically advanced shoe models from time to time through innovative advertisements, celebrity endorsements, successful association and event sponsorships.
- ✚ Company still faces many challenges in this changing fashion trends and its sale is falling in the shoes category and increased competition. After these changes though it is trying its best to create the good position in the market and make products according to fashion trends (Aid, 2005).

**Consumer Behavior**

Nike products are already well-known brands through the world, with effective advertisements and word of mouth, since customers tend to share their positive views with their friends and family. After buying this Nike brand, consumers learn, and experience the quality and see themselves that they got what they expected. Consumers' formed attitudes about the brand are buying a products that are comfortable, makes you feel good, and also look cool in it and Nike satisfy them all. (Ugur)

The public feels that Nike over charge its consumers and make its profits but they should decrease the prices which can attract the consumers to buy its products. Today, everybody wants the products which are comfortable to wear, protect our feet and keep away from injury without higher quality shoes it can harm our feet and cause injured. Sometimes Nike can affect consumers to buy the product. Consumers can be influenced by three perspectives cultural, social and personal factors. (Consumer behaviour in relation to premium products, 2015).

Young athletes can be the target market of Nike in the future. With its brand it has the powerful position of influence with young people by launching the digital platform for engaging the consumers to join it so that it may make better relationship with consumers (Kearney, 2009)



If any company creates the good relationship with its consumers, so they must find out the needs and wants of the consumers. As Nike has done this by providing the good customer service and even when customer face any type of problem so they can send email to the Nike for get rid from their problem related purchasing, Nike would solve their problems within working days and customers can solve their problems with help of websites and sending them emails. So this has made the consumers to have positive image of Nike in their minds which can increase their purchasing decisions and behavior towards the Nike products. (The consumer decision process of Nike, 2015).

### **Competition**

The main competitors always of Nike are Reebok and Adidas and their product are not entirely different from Nike's products, as all products involved in the design and marketing of both athletic footwear and apparel and for fitness projects but Nike is having differentiation and distinctive competency in the area of marketing. Nike always creates the consumer brand awareness and has strong brand power for a long time and also makes a position in the market. Nike is having the no 1 seat which cannot be replaced by its competitors so easily because of its long-lasting Slogan "Just Do It" and symbols "Swoosh" and their sports icons are recognizable for target audience.

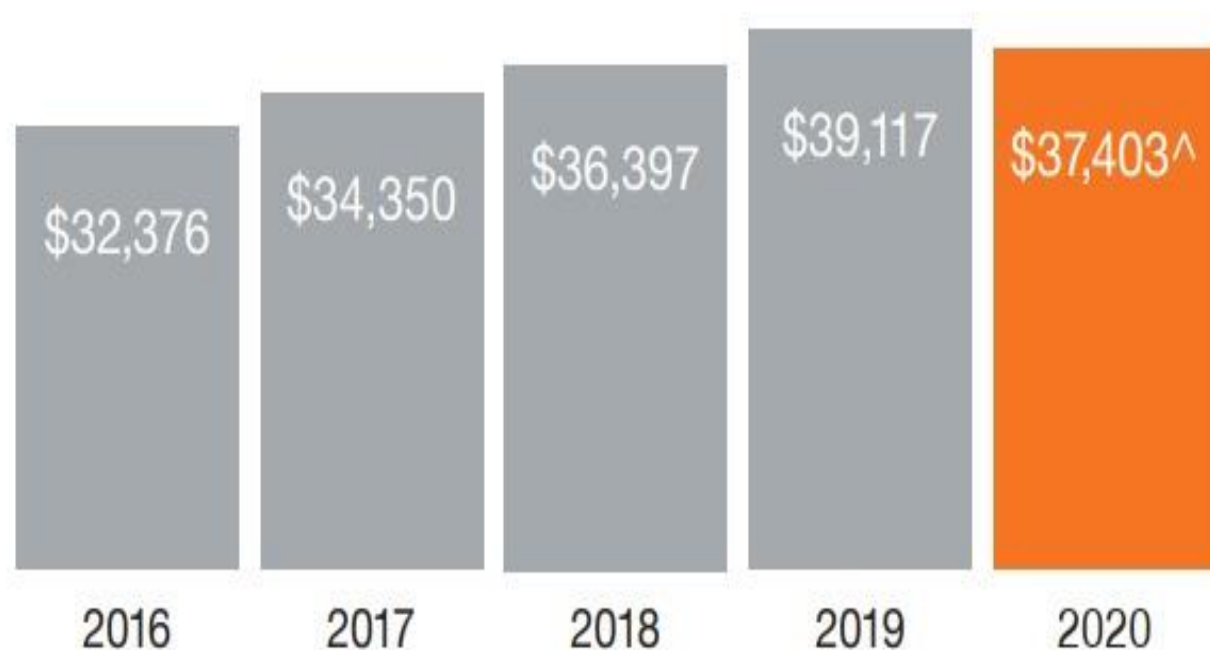
There are two great attributes which makes distinctive competency for Nike are its inability to be replicated and the value or benefit which they offer to its consumers. As Nike is the integrated part of the American and world culture, the brand power is basically increased and difficult to replicate. Few companies have such that image and resources to promote their company as Nike do. As the motivational Slogan of Nike is "Just Do It" with the marketing campaigns which emphasis the fitness, competition and sportsmanship, consumers having the high quality based products and a spirit of achieving the confidence where younger consumers can get benefit from the positive influence. (Deng, 2009)



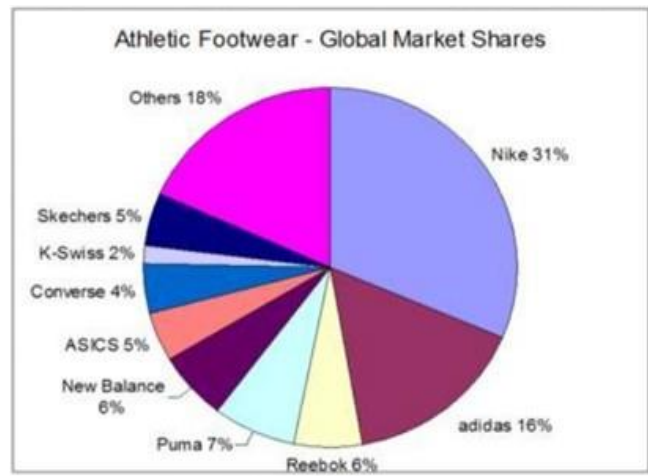
# NIKE, Inc. Revenue Performance

Fiscal Years 2016-2020

Revenue in millions



The figure shows the status and market share of Nike and its competitors in athletic market, where it is seen that the Nike has highest global market share that is 31% whereas the its major competitors as Adidas and Reebok have 16% and 6% market share respectively.



## Environment Analysis-Pest Analysis

### Political: Environment analysis

Nike is one of the leading companies worldwide. Its strengths are assorted but the most

remarkable one is its superior marketing capabilities. Actually Nike possesses a compelling and intensely marketing campaigns and relies heavily on digital marketing. During 2016 and 2017, the company has spent \$3.2 and \$ 3.3 billion respectively and as a result it has successfully targeted more customers. In addition to that, as it is a leading supplier of footwear for athletes, Nike is one of the most recognizable brands in the world. Its tag line of « Just Do It » is very distinguishable and operates as an inspiration for consumers. This huge brand controls about 45% of the market share in the U.S and were chosen as the best 30 of 100 most esteemed brands in 2016. Moreover, Nike's products are manufactured in foreign countries. In 2018, Vietnam produced 47%, China 26% and Indonesia 21% of total Nike's products. Also, some other operations were done in Brazil, India, Argentina, Italy and Mexico. Furthermore, the location of the business plays a big role concerning the success of the company. Actually, Nike possesses 1182 stores worldwide. 392 U.S-based and 790 non-U.S- based. Although Nike is one of the most successful brands in the world, there are some internal strategic factors that keep shooting the company in the foot. One of them is the poor labor conditions in foreign countries.

These issues include child labor, low wages and horrific working conditions that were described as « unsafe ». Added to that, sexual harassment and misconduct were very recurrent in the company. Some interviews with the employees have demonstrated that Nike has a toxic working environment where people are uncomfortable and in danger. However, this company doesn't seem to stop seeking for opportunities to target more customers. Which has been proved through its innovative products. Aside of its various products, Nike still has a lot to innovate especially after its reach in technology in association with fitness and health. And the wearable technology seems to be its first

in building innovative technology products. In addition, in 2008 a footwear energy efficiency program with five contract manufacturers was launched by Nike. And the company's attentiveness on this project has shown excellent results: 9% increase in production.

Although Nike is one of the most powerful companies worldwide, the increasing competitive pressure is still a potential threat to the company. The more new brands emerge, the more the company has to spend on marketing and advertising. That is why in 2008 Nike spent almost \$3.5 billion on marketing to overpower competition. Last but not least, what makes Nike also threatened is that some huge competitive brands such as Under Armor and Adidas are spending more on advertising and marketing campaigns which puts Nike more under pressure.

### **Political:**

- ✦ There are worker rights and employee laws which affect the Nike's internal procedures
- ✦ It has positive government policies which support it in increasing their growth prospects especially in US.
- ✦ The surroundings legal issues affect it and are handled by Nike itself
- ✦ Nike can take help from government as well as from foreign countries which have favorable relationship with Nike in making the products.

### **Economic:**

- ✦ Nike get sponsorship from different other companies
- ✦ Nike can be the way in creating new jobs when their higher growth in economy
- ✦ Due to economic downturn consumers can be affected and it can reduce consumer confidence towards products of Nike
- ✦ There can be risk of currency, interest rate and exchange rates for Nike's product
- ✦ Increasing material prices and labor cost in production countries or outsourcing for increasing the living standards can also affect Nike's product sales

**Social:**

- ✦ Consumers are becoming more loyal towards the brand and becoming brand conscious that can be advantageous for Nike
- ✦ Changes in life style- health awareness, sport participation which is increasing the demand of sport products
- ✦ Increasing market share of female customers can also be opportunity for Nike
- ✦ Consumers preferences and demand are being diversified hence Nike can broaden its product range

**Technological:**

- ✦ New technology affects Nike because it incorporates it in its products.
- ✦ Through technology it makes highly innovative products as shoe construction/ design
- ✦ It can create mobile app and different facilities and website from which customers can do online shopping through new digital trends. (Hanrahan, 2002)

## SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> <li>It is a global brand and no.1 shoe maker</li> <li>Nike has the joint venture with Apple's iPod in continued innovation</li> <li>It has strong distribution channels</li> <li>It has strong position over its minimallong term debt</li> <li>Has innovative shoe design which enable consumer to design their own shoe online</li> <li>It has diversified products worldwide</li> <li>Has strong marketing campaigns and endorses different products</li> <li>Have different segments as baseball,golf and footwear etc.</li> </ul>	<ul style="list-style-type: none"> <li>Its sales highly depend on the footwearsegment</li> <li>It has violations in history and theyprovide minimal wage rate to its workers</li> <li>Has poor conditions in work places</li> <li>It is having bad reputation</li> <li>Has higher price compared to itscompetitors as Adidas</li> </ul>

Opportunity	Threats
<ul style="list-style-type: none"> <li>It can develop products such as sport'swear, sunglasses and jewelry</li> <li>Its brand can also developedinternationally</li> <li>It can support different market eventsglobally as (the Olympics, FIFA)</li> <li>It may have expansion in larger brandrecognition in market</li> <li>It can have growing segmentation ofwomen Athletes'</li> <li>It can increase demand and introduce fashion brand image in market</li> </ul>	<ul style="list-style-type: none"> <li>Economic recession and fluctuations inthe currency can lead Nike to losses</li> <li>Higher competition as competitors are becoming more aggressive and creating high quality products</li> <li>Sensitivity to price</li> <li>Maintaining reputation of eco-friendly(Swot analysis of Nike)</li> </ul>

## Key Success Factors and Critical Issues

### Key success factors of Nike are:

- ⊕ One of a kind- It provides unique value to customers having its own look/  
customproducts
- ⊕ We know you- It knows as well as understand people's stories/ understand  
athletesneeds
- ⊕ Access- Its products are found everywhere
- ⊕ Design- It has recognizable, respected logo, shoe and clothing aesthetics
- ⊕ Convenience- It has online shopping, worldwide retailers
- ⊕ Nike has successful growth collaborating with other companies within sport and  
otherfitness industry
- ⊕ Having Stylist features and innovative products which includes;
  - ✓ Different colors and designs of products
  - ✓ It have different products one cannot fit other.
  - ✓ It has silent alarm, water proof products, and sleep monitoring of its  
products

- ✓ It is having wireless syncing (android device)
- ⊕ Financial sustainability of Nike comprises of;
  - ✓ Strong history of alliances as having strong partnership with Apple
  - ✓ It has high budget in marketing
  - ✓ Having ability to develop new and innovative products in house with minimal risk
  - ✓ Nike was the first one in the market in terms of experience and technology
- ⊕ Having successful business growth in terms of internal and external analysis, marketposition, competitors, products and organizational structure.
- ⊕ The success lean to three things; Leadership, people and processes which providequality products timely (Nike.inc. , 2014)

### **Key critical issues**

- ✦ One main issue of Nike corporation is it is leading and planning without proper management, the company is suffering from child hood labor
- ✦ It has negative media attention due to which it may lose reputation
- ✦ Has fault of poor factory conditions and environmental problems
- ✦ It has been blamed of abandoning sites
- ✦ The Nike products have become equal with slave wage, they only pay worker with minimum wage from which they can only fulfill their basic necessities, forced overtime and subjective abuse.
- ✦ Suppliers are having overlapped and conflicting issues from diverse customers so can be issue for Nike outsourcing strategy. (Wilsey, M., & Lichtig, S.)



## Marketing Strategy

"Nike is the prime representative of the way we overmarket and over advertise and overdo everything these days, " says Todd Boyd, a professor of critical studies in the USC school of cinema and television.

At the beginning, the organisation were guerrilla marketers as described by Knight. They focused on emotional marketing. Most of Nike's ads are telling a story of an athlete. It is rarely about showing off the product. Their first strategy was to partner with young star athletes; no other than Michael Jordan. It all started with the right shoes for Jordan, his lucky must-have pair. Then the collaboration with Woods; "Hello, World". Needless to say, it was a major step in broadening their segment. Woods was not only a med student, but also a mix of ethnicities and races; part African-American, part Chinese, part American-Indian, part Thai, and part white. He was an iconic "racial trailblazer".

Knight seized the right trend early on; he mixed the pop trend at that time with sports. He marketed the image of American heroes, the inspiration of success stories. He added a life-line to most of his products. His focus was mainly outspoken charismatic athletes. Most of the ads don't even display the product; shoes. At the same time, the Nike swoosh was omnipresent with the brand name. he succeeded at building the brand image and logo. Nike.corp was present in most big events in the sport industry. And to increase visibility, they usually come up with innovative interactive ideas to attract the customers and create the buzz. For instance, the "Nike phenomenal shot" during the 2014 FIFA world cup was a huge success. Also, during the 2018 world cup, out of the 150 goals scored, Nike shoes were worn for 94 of them. noting that the French team was sponsored by Nike, also a tag #theyjustdidit. Even

Beyoncé and Jay-Z wore the two-star shirt. Nike was everywhere.

In addition, Nike took full advantage of social media. Other than their successful moving ads on YouTube. In 2016, they launched an original YouTube series; Margot vs. Lily.

It was successful, the story was close to everyday life and it showed the real struggles people face with the new fitness trends, at the same time displaying the importance of maintaining a balance. Moreover, they create funny visionary ads that people love and share. For example, the ad “Winner stays” generated more than 107.8 millions views ([link](#)). Also “find your greatness” (2012) campaign was really successful ([link](#)). Nevertheless, Nike is very responsive on Twitter.

They usually share or answer customer posts in a funny or a caring way.

Furthermore, Nike is persistent on innovation and following on the technological progress. Various examples, for the impressive work of Nike on R&D. from the Nike+iPod in 2006, the revolutionary Flyknit technique in the footwear industry in 2012, to the self-lacing shoes with more affordability in 2019. Nevertheless, while launching their cutting-edge new running shoes early this year. Nike organised an interactive conference, where customers can try on different products and have their own persona on a video game; Reactland as they called it ([link](#)). The conference engaged social media with intriguing experiential marketing and gamification. Or the unlimited stadium where you can compete with your avatar, in the Philippines was an ingenious campaign (for more info, [link](#)). And numerous other incentives where Nike was a leader in the market.

On the other hand, Nike is very active in communities. They are collaborating with more than 60 organisations to create impact around the world. They have impressive campaigns about gender-equality, LGBTQ rights and many others. For example, they have a dedicated page on YouTube named NikeWomen. And it is not about products targeting women. On the contrary, it is promoting the feminist athlete image, showcasing the importance of women within communities and their achievements. They have ads in more than 20 languages how women can take whatever role they want especially in underdeveloped societies ([link](#), [link](#), [link](#)). Most of the campaign's names are moving and challenging; “girls who move the world”, “kids are made to play”, “the ball should bounce the same for everyone”. Not only advertising campaigns but real initiatives Nike is starting to raise awareness.

It all started as a response to the aggressive critics Nike got about its unfair overseas policies in manufacturing. But Nike persisted on CSR and even came up with other projects to gain its customers' loyalty. Which aligns with its values, the famous example of Kaepernick. Even Trump commented and people shot videos of burning Nike's products. Over Labour Day 2017, sales increased by 31%. It was proof enough that all marketing efforts Nike is investing in are paying off.

## Objectives

- To increase the 3-4% profitability in each of its product lines (i.e. increasing sales growth by 10% annually)
- To Increase marketing communication tactics
- To produce quality and low cost products
- To meet the demands and requirements of target market (sneakers for young and old age consumers)
- To make sustainable development of product worldwide(increasing the market share in middle east)
- To apply continuous marketing strategies to broaden its product range (increasing aerobic products)

## STP (Segmentation, Targeting and Positioning)

### Market Segmentation

It has following segmentation to create consumers groups to target:

*Demographics segmentation:* Nike has segmented an Age and gender group that is it has such products that serve male and female that has age range of 15-55.

*Psychographics and behavioral segmentation:* Nike has this segmentation to answer that why consumers need its products and what the consumers have interest and purchasing habits. So regarding this Nike segments its market which includes:

- Sports or athletic oriented
- Active lifestyle(interest in fitness and exercise for recreation)

*Geographic segmentation:* On the basis of this, Nike has segmentation to serve its target customers all over the world. It has major markets in USA, Asia-Pacific Europe, Africa but it has continuous objective to cater markets in other countries as well like North-America, China, Japan, and Middle-East etc. (Nike Inc, 2016)

Nike sells more than a pair of shoes or equipment, it sells a story, a lifestyle and defiantly an inspiration!

**Demographic:** primary they target buyers aged between 18-45 years old. Mostly teens who have an interest in sports, they provide the right athletic apparel for them. All social classes are targeted with different products and price ranges. Even though, main target for sportswear was men, recently Nike launched a campaign targeting women. Thus, the company offers a wide range of choices to both genders, promoting gender-equality and unisex products. Moreover, they don't segment on any ethnicity or race, their varied products appeal to different societies. To sum up, they don't have a specific targeted market; they target world-wide diversified markets. Therefore, there is no customer of Nike who holds more than 10% of sales. They don't have a well-defined demographic segmentation; they aim for different and general demographic categories. They have outgrown their products to reach most segments.

**Geographic:** it targets the whole world, but main target is the US teens, it's the first targeted market for Nike. After north America, Nike targeted Western Europe and Asia-pacific. And they set objectives of reaching other regions, such the middle east, Africa, and China.

**Psychographic:** They target household and teens who want to sport athletic and fashionable attires at the same time, or who maintain an active lifestyle. Most of their marketing campaigns are about hard-working and iconic sports stars; like Jordan, Woods, Williams. They sell the image of success. They have the right tool to achieve dreams. Furthermore, they inspire teens to focus on goals and just do it. Their products are more than just shoes, they tell a story.

**Behavioural:** the increasing trend of healthy lifestyle. They target different sub-segments of lifestyle; outdoors, indoors, golf, basketball sports shoes. They offer chic, fashionable, comfortable and trendy products

## Targeting

As for market segmentation, Nike has niche market to serve that is Nike focuses and targets athlete or sportsperson segment and provides required products to them as footwear and apparel products, which have quite specific and unique feature as compared to other footwear products.

Following are the some target strategies of Nike:

Its target strategies include aggressive marketing to make aware its target consumers about its product and even Nike make its target consumers enable to get their desired products through customization process as own signature shoe is offered to athlete that is it enabled Michael Jordan to have his name Jordan shoes.

Apart from this, its targeting strategies include spons Nike is the market leader in sports equipment. Its products are positioned as high quality, innovative, and fashionable. In addition, the slogan “just do it” conveys a message of courage and ambition. The swoosh is connected to victories and achievements. Nike is considered as the brand that speaks to the athlete’s heart. It is more than just a product again, it is about a story, a connection or ship of its products through sports team or celebrities. It has objective of styling its product through psychological tactics on target market by linking triumph with apparel that is products are viewed as victory when sponsorship is done by athlete celebrities (Marketing strategy of Nike)

Another targeting strategy is Nike cross training established in 1989 which caters all the athlete participants all over the world and trains different sport activities which has also become way to make its target market satisfied.

Nike is the market leader in sports equipment. Its products are positioned as high quality, innovative, and fashionable. In addition, the slogan “just do it” conveys a message of courage and ambition. The swoosh is connected to victories and achievements. Nike is considered as the brand that speaks to the athlete’s heart. It is more Nike is the market leader in sports equipment. Its products are positioned as high quality, innovative, and fashionable. In addition, the slogan “just do it” conveys a message of courage and ambition. The swoosh is connected to victories and achievements. Nike is considered as the brand that speaks to the athlete’s heart. It is more than just a product again, it is about a story, a connectiona story, a connection

It has following positioning strategies:

- Enhancing athletic lifestyle or fantasy in consumers mind
- Appealing style and attitude
- Positions itself as premium brand with well-designed products
- Appealing quality level and valuable products

### **Strategy Summary**

Its main focus is to gain leading role in athletic market and increase its market share

To produce quality and innovative products for target consumers

It has following strategies in terms of following factors:

**Pricing strategy:** Nike has value based/price leadership strategy that offers the customer with the price that customer value so it has high prices for its products as it has niche market to serve with valuable products.

**Market expansion strategy:** Nike has strategy to expand its distribution channels all over the world through constant improvement in products lines.

**Outsourcing strategies:** Nike has relied on outsourcing of its product manufacturing; it has contracts with different countries like China, Japan, Indonesia, Brazil, Vietnam etc.

### **Competitive advantage**

**Technology:** Nike has incorporated technology in their product as it has collaboration with technology based companies as Apple, through which it has made most competitive products that enables the consumers to connect their iPod devices to sensors inside the Nike shoes that help them to record time, distance and pace.

**Manufacturing cost:** Nike has SCM capabilities as it has got competitive advantage in terms of having global outsourcing strategy that enables it to get low cost in their production and it has about 715 contracts with the countries of the world which help it in supply chain process.



*Economies of scale:* It has got the Economies of scale through their efficiency in production i.e. they have continuous improvement in their production by incurring low cost with increased level of production and revenue.

*Patents:* Nike's strength is also having valuable and non-replicable products, which are it has strong patents and copyrights on its products so that they would not copied easily and remain unique in the market.

*Research and development strength:* Nike is considered as fully innovative company that continually strives to bring new thing in their products for their target market and this is done through their Research and development department which has strength and much resources and ideas to produce new things in the market. So Nike strive to make innovations in their products by bring technologies in them, it has new product development strategy which suggest that it updates or redesigns its products every six month with new modifications and also it incorporates the comfort, value and performance in its product so that its target market remain satisfied long term. (Nike Marketing Plan)

### **Marketing Mix strategy**

Nike has the leading role in marketing and has strongest marketing mix. In particular it depends on Pull strategy; it has established it's seizing against the big competitors like Reebok and Adidas (Marketing mix of Nike)

### **Product**

Nike offers a wide range of products including shoes, apparel and equipment. Currently these are top selling product categories, all these products clothing and equipment specialized for sports products (Marketing mix of Nike).

The first product of Nike is running shoes. Apart from this, it offers currently in athletics, baseball, ice hockey, tennis, soccer, lacrosse, basketball products and has wide range of sports products such as cricket shoes, shirts, and shorts.

Nike NYX and Nike SB shoes offered for the first time in 1987. In 2008, Nike Air Jordan XX3, basketball shoe was introduced with the high performance, designed for the environment (4P of Nike).

Nike also offers products for tennis, golf, skateboarding, association football, baseball, football, cycling, volleyball, wrestling, cheerleading, aquatic activities, and sells shoes for racing and other sports and outdoor activities as recreational uses.

Recent products:

Nike has recently introduced cricket shoes are designed to be lighter 30% than its rivals i.e. Air Zoom Yorker and Nike Air Max designed for the latest addition to its line skate Nike 6.0.

Nike recently shoe tracks the performance of a corridor on the radio device that connects to the iPod Nano to produce the Nike + Apple Inc. with the team, while the product generates useful statistics and enables the users to get value from product (4P of Nike).

Beside this, NIKEiD is a sub brand which allows the customers to design their customized Nike footwear through offering a selection of shoes, what customers want; different colors and fabrics; they can choose whatever area of the shoes they want. This customization allows customers to create different designs in large quantities. Customers do not have to design shoes themselves but have designs that customers can buy a selection of pre made designs. NIKEiD's customization process and offers are available in Nike's website (NikeiD).

### **Pricing**

The type of products to be marketed will affect the price of a product. Nike's pricing strategy is considered to be competitive than other retailer shoe. The pricing is based on the basis of target customers as a premium segment. Nike brand commands a high premium. Pricing strategy makes use of vertical integration in which they participants at differing channel levels or take role in operations level more than one channels to control cost and impact product pricing (Marketing mix of Nike)

Nike has become so well known that most people will pay more dollar for quality products for this product. That is why Nike uses **Cost Based/Value Based Pricing** other than its competitors

which offer low prices. The target customers of Nike are those who are niche and have almost have the financial capability of the product, such as the use of expensive clothes is a status symbol. This makes the customer want to continue to buy the product of Nike. Without a high equity brand, like Nike, however, this would not be possible rise in prices (Blogspot).

Pricing strategy currently used by Nike is like, it may continue to use it. Nike's current customers currently specify what they would be willing to pay the cost of the product to ensure the quality and service they receive from Nike. On the basis of the services offered by Nike, to find that they can compare the quality at a reasonable price from competitor service and prices are fairly charged (Nike Marketing Plan)

### **Place/Distribution**

Nike shoes are conceded by other multi brand stores and exclusive Nike stores worldwide. Nike has about 20,000 retail accounts in the US and sells its products in about 200 countries worldwide. In the international market, independent distributors, licenses and subsidies sell Nike products. The company has manufacturing facilities worldwide and in Asia, customer service and other operational units (Nike Marketing Mix).

Nike long term plans to open more stores and franchise to reach target customers and to expand the maximum buyers.

In Nike Town store, shops sell sheep showmanship interested enough to do whatever. Nike town stores can take the entire city blocks and customers can feel like future oriented. These include basic shoe stores made during each boasting chandeliers Nike product imaginable. Nike town product offers a complete experience. This store has all the products, but will not stay there again create a memorable experience for the customer to bring back again (Nike 4PS).

In the international market, Nike has independent distributors, licenses and subsidiaries which sell its products. To reduce the cost of Nike's products, it has outsourcing strategy with China, from developing countries in Asia, such as Vietnam. And to do more business online because Nike tradition is as spending on online advertising as compared to advertising media, e-commerce and online marketing contributions are planned to expanded appropriate channels (Nike Marketing Plan).

Nike has some specific distribution outlets and use them for distribution of its products, following are the major ones:

- Nike town shop: In big cities of countries, Nike's outlets are there to serve customers with products.
- Flagship stores: Nike has contracted with retail stores that has label of flagship of Nike which serve with high volume of Nike's products to consumers
- Nikeid: It is a Nike's online store that is website which serves the customers of all over the world with customization services.
- Big retail discount stores: The big stores of country also serve with some high demand Nike products for the target customers.

All these have availability of Nike's products; consumers who want Nike's products can get required products from these distribution methods of Nike.

### **Promotion**

The marketing communications mix is effective because Nike attracts new customers and creates balance between keeping existing customers (nike marketing communications-mix).

This is one of the strengths of Nike. Nike has introduced its offers to almost any environment known to man and is extremely sensitive. Print advertisement in general, simple but send a strong message. There is virtually no advertising that appears on their price and Nike are almost always uses a popular athlete to promote its product. The Advertisement exceeds the expectations of everyone with these shoes and they are able to demonstrate on the rise for consumers (nike 4p).

Promotion of Nike is best; Nike uses Commercials, celebrities or billboards as ways to make its target customer aware about its offers. But Nike needs other ways for promotion as to encourage more new products. Then it may use the maxi environment and can create brand awareness. Marketing implication is that Nike is a marketing strategy for online ecosystem. This means that Nike is preparing to cut for television and print advertising, and increasing to the social media (Nike Marketing Plan).

Nike also sponsors events such as Hoop It Up and The Golden West Invitational. Nike's brand images, the Nike name and the trademark swoosh; make it one of the most recognizable brands in the world. Nike's brand power is one reason for its high revenues and makes other companies to get sponsorship from it.

Nike runs advertising in newspapers and has benefit of creating strategic alliances.

IMC (Integrated marketing communication) Strategy

- *Advertising*

In the advertising, Nike's own target is to achieve the greatest possible impact on large populations of the target audience. These ads are usually expensive. However, successfully applied a strong brand image of Nike products can reap the rewards and high demand.

Nike uses celebrities represent product to the client or ideal user. Extremely popular personalities such as professional athletes used as offering the Nike's products. Target customers are watching their favorite celebrities use the company's products. As a result, customers are motivated to imitate the behavior of these celebrities. Through the use of ad figure known marketing communication mix, Nike is promoting the company's products to customers how to motivate your choice to imitate the famous Celebrities. (Nike Marketing Communication).

Brazilian football team, like Nike especially Ronaldo and Roberto Carlos are as brand ambassadors of Nike; LeBron James, Tiger Woods and Lance Armstrong cycling golf are number of famous athletes and used by Nike as celebrity endorsement strategy to promote its products.

Nike focuses on other countries' sportsman as Brand ambassador for making its all target customers of all countries aware about its offers and currently Indian football captain Baichung Bhutia is as Nike new brand ambassador (marketing-mix-nike).

- *Personal Selling*

For this IMC strategy, Nike has in stores personal sales efforts. The stores offer staff's help for customers to learn more about the company's products and to purchase these products. In some cases, sales staff helps customers to find the right products to promote the Nike Company through personalized service.

The customer experience has been developed by staff trained to help and persuade sales. Customers feel good about buying Nike products. They also sell these products which customers feel as having better decisions. Therefore, the combination of Nike's marketing communication while promoting the company's products, improves customer experience and use personal selling to build relationships with customers (Nike marketing communications-mix).

- *Direct Marketing*

Nike uses direct marketing to promote new products to the target market. These new products are usually advertised heavily. However, to make a bigger impact, the firm uses salespeople to approach certain organizations or individuals in target market segments. As the Nike approaches sports organizations in colleges to promote its products. Nike's marketing communications mix uses direct marketing to establish stronger relations with target customers and motivate them to purchase the company's products.

It uses direct marketing to introduce new products to the target market. These new products are usually heavy advertising. However for having larger impact, the company may use some of the organizations or individuals close to the seller in the target market segment which can direct promote the product to customers. (Nike marketing communications-mix).

- *Sales Promotions*

Nike's sales promotions include coupons and special offers to customers which it target. The characteristics of these products business and its benefits can be as discount coupons

can make customers to save and by using special offers new things are offered to customers, showing sales promotions enable customers to be motivated. Marketing communication mix uses sales promotions whenever Nike want to attract new customers to drive demand, since they would be motivated to buy the products of Nike on the basis of the perceived benefits (nike marketing communications-mix).

- *Public Relations*

Nike rarely used public relations as marketing communication mix or IMC strategy. The company depends on social problems such as the use of workshops and green technology that use public relations to cope. In some cases, Nike may use similar charity events and public relations activities as a sponsor. This is the Nike communication mix of existing and potential customers marketing, so they have a better perception of the brand, the brand uses to solve problems and promote public relations (Nike marketing communications-mix).

- *Social Media*

Nike is one of the biggest brands in the world and therefore has been a big surprise followed on social media. Expectations of getting this IMC strategy are there but the budget of social content is high.

As a sports brand, Nike may expand its social media to creating a buzz which is important. Especially for new technology based or current products of Nike it may increase its social media IMC strategy to get in line with customers way of receiving promotions. As for promotion of new series of Nike 6.0; it should use social media to promote their dancing shoes and parkour. (case-study nike)

Nike has recently use some social media communication mix for its promotion of products where customers are allowed to take advantage of the campaign, by taking action in social site to share photos of themselves call this demographic youth to demonstrate their sports skills by uploading them, where the Winners will receive \$ 500 in cash or a scholarship.

## Financials- Cost/Budgeting

Income statement of Nike

All numbers are in 000s

Period Ending	May 31, 2015	May 31, 2014	May 31, 2013
<b>Total Revenue</b>	<b>30,601,000</b>	<b>27,799,000</b>	<b>25,313,000</b>
<b>Cost of Revenue</b>	16,534,000	15,353,000	14,279,000
<b>Net income applicable To common shares</b>	3,273,000	2,693,000	2,472,000

The net sales or revenue of Nike in year 2015 has increased to 31.34B as compared to previous years 27.8B and 25.3B in 2014 and 2013 respectively. Hence its net income is increased to 3.62B so from its increased revenue and income it can be forecasted that it can increase its expense towards marketing to get increment in its market share and expand its business in other countries as well. (yahoo finance)

So by looking to financials of Nike, following is the forecasted financial plan or budget plan for Nike for the year 2016 is made:

	May 31, 2015	May 31, 2016
Total revenue	30,601,000	34000000
Marketing expense		
• Marketing communication	32%	34%
• Marketing channels	10%	11%
• Marketing research	10%	12%
Total expense % of sales	<b>52%</b>	<b>57%</b>



From this table, it is seen that with the increment about 10% in Sales according to their strategy, it is forecasted that in 2016 it may have also 10-11% increment in sales and hence can increase its marketing expenses by 5% of Sales in 2016.

### **Implementation, Control and Contingency Plan**

#### *Implementation of marketing plan*

Nike can ensure its correct marketing plan through controlling procedures of top management and with proper guidance to all departments of organization. The objectives of Nike can be correctively achieved by proper check and balance of company's market share, profit, sales, budget and continuous analysis of all departments of company so that marketing plan could implemented and could meet with targets.

Also through proper setting of milestones, budget and department selection to work on objectives of marketing communication, channels and research then the marketing plan would be executed in timely basis and with fewer errors.

#### *Contingency plan*

If all the set standards and controlling procedures wouldn't meet with marketing plan execution then alternative plan would be there to set the marketing plan, the alternative plan include the

- Backhouse resources in terms of extra budget plan, remedy for new designs and communication ways, redefine or redesign marketing plan and strategies.

## LEGAL DIMENSIONS.

•  
Nike is currently embroiled in three legal struggles, one over copyright and two over intellectual property, with massive implications for the brand's reputation and bottom line. The sneaker behemoth's deep pockets give it an advantage in court, but also mean it has a lot to lose. Perhaps

more important for Nike, though, is what else is at stake in these lawsuits, which center on integral aspects of the brand's design: its heritage, its reputation as an innovator, and its talent.

(Quartz has reached out to Nike for comment on each of the cases and will update with any response.)

Here are the legal battles underway:

### **The "Jumpman" logo**

Nike has been hit with a suit claiming that its iconic, ubiquitous "Jumpman" logo, the silhouetted image of the basketball superstar Michael Jordan with his legs spread and arm extended found on billions of dollars worth of Jordan brand sneakers and apparel, owes its existence to a photo taken for Life magazine, and violates the copyright of that image.

The story starts back in the summer of 1984, when a photographer named Jacobus Rentmeester took a picture for Life of a flying Michael Jordan in midair as he dunked a basketball. Rentmeester's infringement suit, filed in a Portland, Oregon, district court in January, alleges that after the image ran in Life, Nike paid Rentmeester to temporarily use transparencies of his image "for slide presentation only, no layouts or any other duplication." Nike then created its own Jordan image, very similar to Rentmeester's original, and started using it in ad campaigns

Rentmeester's shot of Michael Jordan and the version that Nike created.

Rentmeester complained to Nike that its image was essentially a duplicate of his, and in response, Nike paid him \$15,000 to keep using the photo it created, he says. An invoice (not a contract) for the \$15,000 submitted as part of the filing specifies that Nike's photo was to be used "for North America only" for two years, with all other rights reserved by Rentmeester. In 1987, Nike unveiled its Jumpman logo, a silhouette of the image Nike created, which Rentmeester says copied his original.





A silhouette of Rentmeester's image (left) and the Jumpman logo (right), submitted as part of the court filing.

Almost 30 years and billions in sales later, Nike is still using the Jumpman, and Rentmeester wants an unspecified share of the cash the company has made with it. But even a small part of the revenue made on products using the image would be significant. Jordan sneakers had estimated sales of more than \$2.6 billion in the US in 2014 alone, according to SportsOneSource.

Michael Jordan and the sneakers bearing his name and image helped make Nike into the sportswear giant it is today. So even a temporary injunction to stop Nike from using the image would be a serious headache for the brand. And a Jordan product without the Jumpman logo is almost unimaginable.



COURTESY OF NIKE

Jumpman is part of Nike's brand DNA.

Nike has already hit back. On March 16, it filed a motion to dismiss the lawsuit, saying Rentmeester's complaint is "meritless" and fails to meet the standard for infringement. "Simply put, Rentmeester does not have a monopoly on Mr. Jordan, his appearance, his athletic prowess, or images of him dunking a basketball," Nike testily added in its filing.

### **Sneakers with knit uppers**

In 2012, both Nike and Adidas introduced their first knitted running shoes. Each had been developing its version for years, but Nike patented its technology and beat Adidas to market, putting out its Flyknit sneakers in February of that year. Adidas's Primeknits followed in July.

It wasn't long before Nike accused Adidas of infringing on the patent it held for its high-tech, woven, one-piece uppers, which it saw as a "game-changer" in the industry and a symbol of its innovation as a brand. (Quartz has reached out to Adidas for comment and will update with any response.)



Nike's "game-changer."

After court battles in Germany, which Nike eventually lost, the case quickly moved over to the US. Adidas filed a petition in the US Patent and Trademark Office to invalidate Nike's patent for "footwear having a textile upper." It made the same argument that it had used in Europe: Nike was trying to patent technology that already existed and therefore could not be patented. The court ultimately sided with Adidas.



COURTESY OF ADIDAS

The Flyknit's prime competitor, Adidas' Primeknit.

Nike hasn't given up the fight, however, and in December filed an appeal claiming its patent is, in fact, valid. If Nike prevails, it would be a blow to Adidas, whose visibility in the US is already shrinking—it continues to lose market share, for instance, and won't bid to renew its NBA sponsorship contract when that deal is up.

But the real victory for Nike would be to solidify its reputation as the top innovator in sneakers today. As far as sales go, Adidas' Primeknits aren't a big threat in the US. Last year, the most successful Nike Flyknit style, the

Free 4.0+ Flyknit, was the 17th most popular running shoe for men, and the 20th most popular for women, according to data from SportsOneSource. They sold a combined \$80 million. Adidas' Primeknit didn't even make the list of the top 250.

### Trade secrets

The feud between Adidas and Nike got even uglier in September 2014 when Adidas announced that it had hired three senior designers—Marc Dolce, Mark Miner, and Denis Dekovic—away from its rival and was creating a new design office in Brooklyn, New York, for them.

It was about as personal a shot as Adidas could take at Nike, and has led to some very public airing of dirty laundry. The designers were among Nike's top talent. Dekovic headed the company's global soccer footwear program ahead of the World Cup and led the creation of the Flyknit Magista cleat. Dolce worked on signature sneakers for LeBron James, Kevin Durant, and Kobe Bryant. Miner developed new running and training products and was involved with staple lines such as the Nike Free, Air Max, and Zoom Air.

18        9.       Nike's Confidential Information remains in the clutches of individuals who  
19 induced Adidas to hire them by promising to deliver a "wealth" of Nike's information to  
20 "give Adi[da]s the advantage," and who are certain to exploit the trade secret information in  
21 conjunction with the Adidas-backed Brooklyn Creative Design Studio. There is no doubt  
22 that Defendants have already used and intend to further wrongfully use Nike's Confidential  
23 Information for their own benefit, and intend to allow Adidas to further use it for its own  
24 competitive advantage to Nike's detriment. Defendants have further stated their plans to  
25 continue consulting with Adidas prior to the expiration of their one-year noncompete period,  
26 including travel to Adidas' headquarters to meet with Adidas' design employees in the

Page 7 - COMPLAINT

Nike's allegations of villainy.

In December, Nike filed a \$10 million lawsuit against the three accusing them of violating the non-compete agreements they had signed and taking proprietary secrets, such as unreleased product designs and marketing plans, to their new employer. The language made them sound like super villains:

"Nike's Confidential Information [sic] remains in the clutches of individuals who induced Adidas to hire them by promising to deliver a 'wealth' of Nike's information to 'give Adi[da]s the advantage,' and who are certain to exploit the trade secret information," Nike's complaint said.

The filing said that the designers tried "to conceal their misdeeds" by wiping emails and data from their Nike-owned phones and computers, but Nike still came up with information to embarrass the designers and their new employer: Messages among them indicate that the designers didn't really want to work at Adidas. They had hoped to create their own company, but lacked the money, so Adidas was the next best option.

The suit sought an injunction requiring that the designers turn over all confidential information, refrain from publicly associating with Adidas, and refrain from designing any footwear, whether for Adidas or independent projects. The day after Nike filed, it won a temporary restraining order against the designers.

Shots continue to be fired from both sides. Last week the designers filed a countersuit against Nike denying all allegations and accusing the company of breaching their privacy. Nike corporate culture, the filing said, was "stifling their creativity," and they, "along with many of their design co-workers, were alarmed about the culture of distrust and intimidation" that exists between Nike executives and creatives.



Nike replied with a statement saying they stand by their claims.

It's hard to see the designers' move to Adidas doing Nike much harm in the US. The brand controls 45 percent of the market, compared to Adidas' 5.6 percent, and Nike footwear sales in the US were \$8.4 billion last year. Even if Adidas made up some ground, Nike's dominance would not be challenged. Still, Nike is now on the defensive on three fronts—and the ugly battle with Dekovic, Miner, and Dolce has shown some chinks in its armor. The threat isn't so much to its present market share, but to the market share it wants to have years from now.



# Nike is currently embroiled in three legal struggles

Breaking into new market frontiers is not an easy feat. It takes a calculated effort, diligence, compliance, consultations and risk assessment to launch successfully into a new market. Expanding from a fashion brand to a lifestyle and athletic brand has some intellectual property (IP) implications for Nike Inc. Nike's dominance in the world of sports and its ability to launch into new markets thrive on its ability to protect and project its brand's logo, image, and visibility, through intellectual property protection, staff commitment, confidentiality, IP due diligence, and extensive research, endorsement, advertisement and collaboration with consumers and partners. Nothing stands out as much as the identity that Nike has created for itself across the globe that has left a lasting impression in the minds of consumers. Indeed, every organization must strive to create an identity of its own in the market for consumers' patronage and collaborations because branding is what creates and defines a company's identity. Branding brings about goodwill, value, visibility and partnerships, and contributes towards making the product the consumer's 'first choice'. This article seeks to explore the challenges encountered by Nike in keeping their IP protected while staying as a 'first-choice' brand.

## The challenges of being a popular brand : Nike

Being a popular household and a global brand has its pros and cons. Big brands like Nike have remained successful despite expansions due to their most valuable asset, intellectual property. They safeguard their assets both internally and externally through confidentiality and IP tools that prevent third-party reach. IP gives them a higher bargaining power when collaborating, and builds a defence wall from infiltration and dilution.

Intellectual property is territorial and thus arises the need for protection of intellectual Property Rights in multiple jurisdictions which has traditionally not been time and cost-effective. This disadvantage has been mitigated by WIPO through treaties on IP that binds member states that are signatory to these treaties in such a way that through one single system such as the Madrid Protocol, a mark is registered across any designated state of choice.

Apart from registering marks in various regions, big brands always have to police their brands, fishing out infringers, seeking collaboration from infringing acts (partnership, distributorship, license agreements, etc), suing for infringement, and also by preventing leaks of confidential information and trade secrets from their establishments by ensuring the inclusion of a strict confidentiality clause in all contracts.

The unauthorized use of brands by third parties harms the brand in many ways; from dilution to economic losses, to destruction of goodwill and loss of partners and investors.

Upcoming brands tend to think that they are entitled to identify with a similar brand without first making consultations and getting the necessary approval from the appropriate authorities; some do so out of ignorance and; unfortunately for them, ignorance of the law is not an excuse. Brands like Nike have not been spared in this regard and more often than not suffer huge losses borne out of brand dilution that leads to numerous lawsuits



with cost implications.

### Effect on a global market

Big brands usually have an online presence through their websites and online stores and as such, face online challenges such as plagiarism, counterfeiting and other cybercrimes that are targeted to divert customers from genuine websites of the brand and cause losses to them.

The internet age has made the world a global market whereby within the comfort of one's home, one can make purchases in any part of the world and pay the equivalent of their local currency. Reality has brought more challenges for popular brands. Notwithstanding that, Nike since 2019 has focused more on selling directly to consumers and as such has invested in e-commerce, the building of tech like a foot-scanning app that tells users their accurate shoe sizes, opening more stores, and trying to clean up intermediary marketplaces including Amazon. Nike has also had its fair share of cybercrimes but has managed it well by keeping customers' feelings at the heart of its decision not to file lawsuits.

A big brand like Nike also faces the challenge of becoming generic itself through its widespread reach and usage. The brand is often the most valuable asset of a company

and – its exclusivity is what sets it apart from its competition. If you get to the stage where you no longer have that, the brand becomes generic. Twitter has raised concerns about its brand becoming generic in its IPO filing which reads: "There is a risk that the word 'Tweet' could become so commonly used that it becomes synonymous with any short comment posted publicly on the internet, and if this happens, we could lose the protection of this trademark." Nike has through its launch of a series of brands for its sneakers, reduced the risk of becoming generic.

Any business that wants to remain relevant must continue to be competitive and innovate through research and collaborations. In recent times, big and popular brands like Nike have embraced the concept of open innovation.

Open innovation is a business management model for innovation that promotes collaboration with people and organizations outside the company which boosts the flow of ideas but means that secrets and confidential information are shared with outsiders and thus this concept has its downsides.

Nike managers describe the fascinating feeling of sharing the company's patents. Earlier in the 2000s, Nike had developed a "green rubber" that lowered production costs and slashed toxic emissions by 96%. The company offered up this technology and the Canadian outdoor equipment company, Mountain Equipment Co-op, licensed it to apply the same products.

With a large presence comes the challenge of being closely watched by the media and competitors. The nature of

Nike's business opens it up to criticism for every one of its mistakes. For instance, Nike made headlines for its unfair treatment towards Olympic sprinter Allyson Felix, a female athlete it was sponsoring. The athlete confirmed that Nike wanted to reduce her pay by 70% after she was put to bed because she was unable to maintain her previous performance levels. Nike, which has always been at the top of its game has since changed the contract terms for female employees and athletes to protect their pay during pregnancy.

At the very root of all the challenges big brands face is their internal policy. Company policies are a set of documented rules that establish standards of proper procedures and employee behaviour. These policies vary depending on the nature of your business and the philosophy of an establishment. A look at Nike's internal policy is essential for this paper.

### Nike's code of conduct

It is not enough for an employer to conceive its roadmap, it is more important to make

the employees understand and abide by the vision of the employer, else the objectives and target goals cannot be achieved. NIKE has a Code of Conduct that offers its team the basic legal framework and behaviours for decisions. The Code is an overview of the laws, regulations, and company policies that offers a shared vision and outlines what Nike and how Nike works in a world of constant change. Compliance with the code by the team and board members is what preserves the trust that others have placed in Nike.

### Nike's policy on reputation

A brand's goodwill can open it up for bigger and better deals, this ranges from keeping a close policy on matters that can be detrimental to the trust that has been built over the years. These are certain issues that; if the media gets a hold of, can become a catastrophe for any organization. Hence, an organization like Nike has necessary checks in place to ensure it is not prosecuted by the media. This they do by ensuring that their staff and team members adhere to their policies on:

1. Bribery and corruption,
2. Gifts and hospitality,
3. Product safety,
4. Trade compliance,
5. Business relationships,
6. Fair competition data privacy insider trading.

### Nike's policy on assets

Internally, employees are enjoined to protect Nike's assets as they would their assets both tangible and intangible, they are enjoined to safeguard these assets from damage and improper use. Any popular brand should put asset protection at its forefront because of what it stands to lose should there be a leak or mismanagement of information such as its trade secrets. Hence Nike expects among others that their staff adhere to these simple but risky steps in dealing with their assets:

1. Use of Nike-approved applications in sending confidential information outside the company.
2. Save confidential information using Nike-approved tools, not personal laptops or portable devices.
3. Never share nonpublic information on the internet or social media.
4. Lock up unattended devices.
5. Lock your computer screen when you leave your desk.
6. Avoid leaving work devices in vehicles, if it can't be avoided, keep them out of sight.
7. Don't leave confidential information on printers or whiteboards.
8. Avoid viruses and malware; don't click on attachments or links you don't trust. (If you receive an email with an attachment you don't trust, you should contact Nike Cyber Defense Center)
9. Never share your Nike password with anyone.
10. Nike Technology will never ask for your password. Be unique; don't use your Nike password for external accounts.
11. Always be aware of what's on your screen while in an aeroplane, on a train, or any other location someone might be able to see your screen.
12. Above all is the confidentiality term in their contract

- It's hard to see the designers' move to Adidas doing Nike much harm in the US. The brand controls 45 percent of the market, compared to Adidas' 5.6 percent, and Nike footwear sales in the US were \$8.4 billion last year. Even if Adidas made up some ground, Nike's dominance would not be challenged.
- Still, Nike is now on the defensive on three fronts—and the ugly battle with Dekovic, Miner, and Dolce has shown some chinks in its armor. The threat isn't so much to its present market share, but to the market share it wants to have years from now.
  - Nike's IP strategy
    - It is expected that successful brands such as Nike have IP strategies that are responsible for their success. IP strategy consists of a series of measures, that are formulated and implemented by organisations both internally and externally to encourage and facilitate the effective creation, development, management, and protection of their IP.
    - Nike keeps a good IP portfolio and has a great IP team whose duty is to conduct IP due diligence and risk assessment before decisions are made with regards to the brands, such as a decision to sue an infringer. They file for registration of a new IP before it goes into the market and ensures that all IP is renewed as and when it is due, conduct IP valuation and ensure that Nike Inc. is compliant with necessary regulations.
  - Case analysis of Nike's IP protection challenges
    - Nike v. Warren Lotas (A Competitor)
      - In a swiftly-settled but closely-watched case involving Nike and Warren Lotas, Nike filed an injunction to stop the distribution of sneakers that were deceptively similar to Nike's sneakers by Warren Lotas on the ground of committing brand infringement and dilution. Asserting that it had not consented to look-alike sneakers such as Warren Lotas X Staple Pigeon OG, Warren Lotas Freddy Broccolini Chanclas, Warren Lotas Toxic Green, and Warren Lotas Jason Voorhees Dunk Low" styles – and did not authorize Lotas' pre-sale offering or their release. The parties thereafter "entered into a confidential settlement agreement".

NIKE INTERNATIONAL MARKETING IN LEGAL DIMENSIONS

Nike

Warren Lotas



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### An endorsement deal between Nike and Virat Kohli

Nike had an initial endorsement contract with Virat Kohli from January 1, 2007, to December 31, 2007, and later signed a fresh contract for the period between August 1, 2008, to July 31, 2013, for exclusive endorsement rights with a clause for another one-year extension as provided in clause 8 of the contract. At the point of extending the contract beyond 2014, Kohli on June 6, 2013, wrote to Nike of its intent not to extend and Nike sued.

Nike accused Virat Kohli, their brand ambassador of breaching their endorsement contract by disagreeing to continue with its brand. The Karnataka High Court ruled in favour of Virat Kohli stating that he could sign endorsement deals with other brands as per his convenience while the prayer to maintain the status quo until the appeal to the supreme court was rejected. This case was a big blow on Nike.

### A claim by a former employee Jaqua v. Nike Inc.

A former employee who was employed as a Clark in 1980 conceived an idea and allegedly informed one of the defendant's vice presidents. He was not employed to develop shoes. He later improved on the idea and made a prototype of the shoe. He believed he would be compensated for his idea but left the defendant's employment in 1982. In 1986, Nike started a shoe line called Aqua Sock, allegedly from its former employee's idea. Nike contended that the matter was statute-barred under tort for over two years but the court ruled that there was an implied contract that gave a cause of action in contract and the plaintiff was entitled to compensation.

Nike has through these internal and external legal matters tightened up its policies and especially contract terms to reflect that it's a brand that operates a good feedback mechanism. For instance, staff who present their ideas on the table are compensated adequately and female employees and brand ambassadors are better remunerated. This goes on to show that any brand that wants to succeed must maintain a proper feedback mechanism as it's one of the ways to know and address the ill feelings of consumers.

### Way forward

Life was much easier for big brands before the age of the technology boom that has made it more difficult for organisations like Nike Inc. to keep their IP away from third party infringements unlike when its design sketches were made and stored on paper. Although then, they had the challenge of such papers being dumped outside of the Michael Jordan Building where Nike's designers were then located.

There had been instances of security breaches that occasioned the launch of a "Keep It Tight" education program for employees, to make them more aware of security threats online. Securing internal breaches and being able to keep a close watch over competitors and third-party distributors is sacrosanct. Nike has also addressed this issue by taking its markets to the doorsteps of consumers through its online stores and by building tech such as a foot-scanning app that tells users their accurate sizes.

Nike's team has a sense of belonging and all-inclusiveness through staff welfare and policies that gives the team the liberty to explore within the safe zone of its IP internal policies. Adequate remuneration, compensation and reward for staff ideas that are put on the table for research and development. Nike has also, through its policies, devised mechanisms that would make the productive staff of the company remain within the organization through sponsoring staff holidays, health insurance and payment of incentives and rewards for hard work.

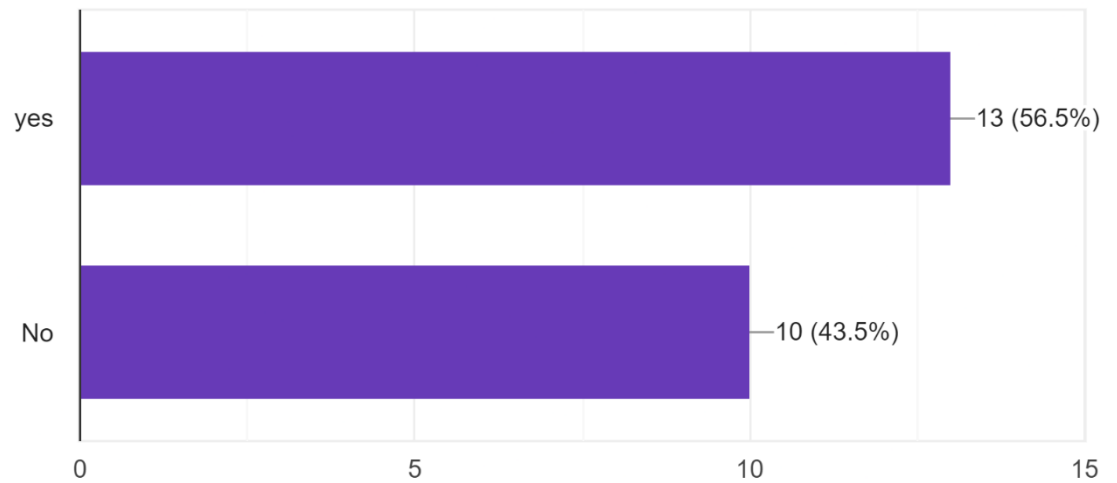
The fact that the sports giant puts clientele before its hunger to go after infringers and get compensated is to be appreciated. Exploration of alternative dispute resolution is also admirable as this helps to keep a check on confidential matters, save litigation cost and time, and preserve consumers' trust in their chosen brand. There is a sense of maturity in the team's operations as seen in the way they addressed issues about women employees and promoters after the Olympic sprinter Allyson Felix's saga.

The rise to fame is not all rosy for big brands as the challenges faced are enormous and capable of shifting focus. Big and famous brands are encouraged to maintain IP due diligence, strict confidential clauses in their contracts and safeguard confidential information, keep internal checks such as is kept by Nike Inc, maintain feedback mechanism, reward every trace of staff hard work and always do a risk assessment on its infringement matters.

- QUESTIONNAIRES-

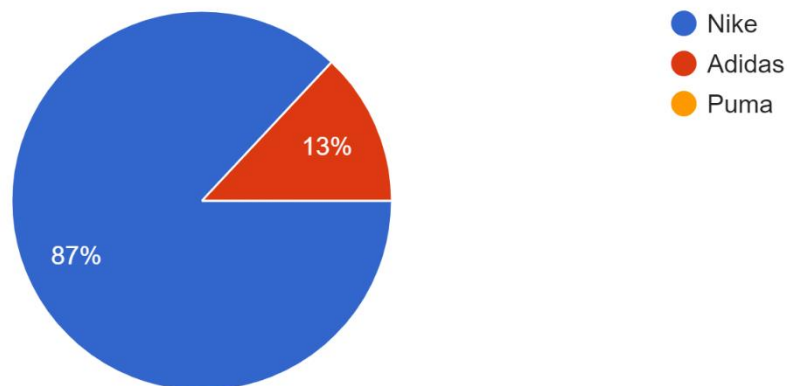
Would you prefer Nike as a budget friendly brand ?

23 responses



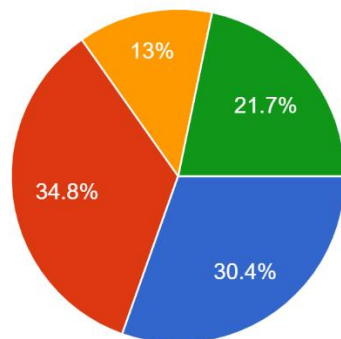
- What is the best shoe brand ?

23 responses



Which type of product would you buy from Nike ?

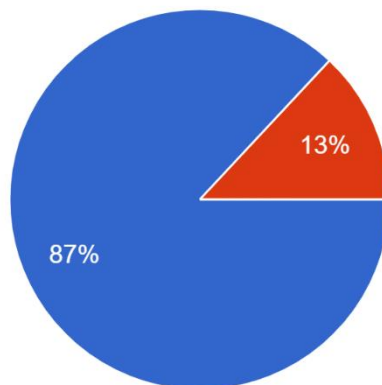
23 responses



- Running Shoes
- Football or Basket Ball shoes
- Sports Wear
- Nike Accessories

What is the best shoe brand ?

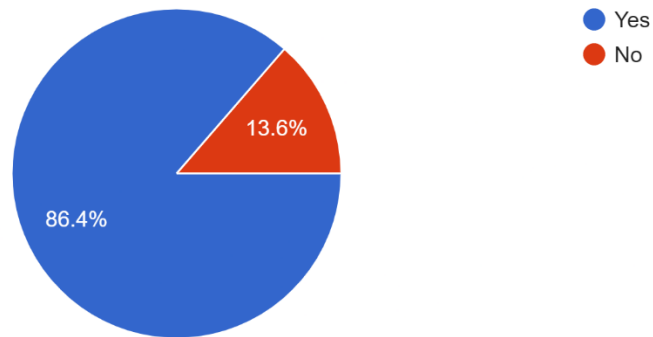
23 responses



- Nike
- Adidas
- Puma

Would you term Nike as a Luxury brand or comforting brand ?

22 responses

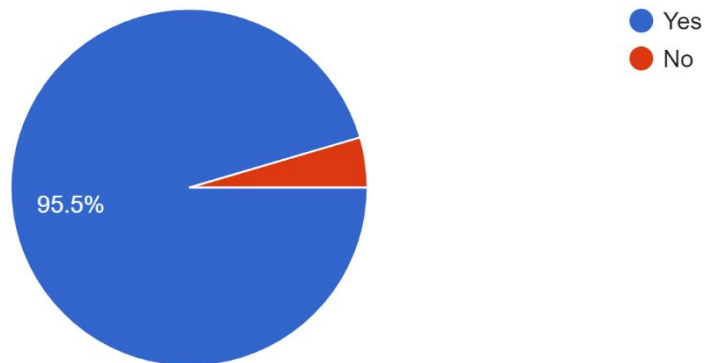


● Where do think Nike is most popular ? 22 responses

- Nike wearables like shoes and branding
- Sneakers
- Shoes
- United states, Europe
- Sports apparel and shoes
- USA
- Footwear
- usa
- Yes
- Pune
- For all
- The best company is Nike
- United States Of America
- For brand, quality
- India
- Football
- Singapore
- US
- Among sportspeople
- I don't think that nike is MOST popular
- USA
- India

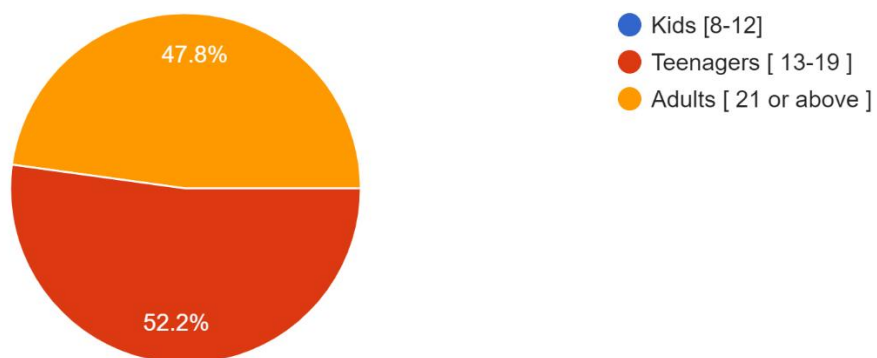
Would you prefer Nike as a innovative brand?

22 responses



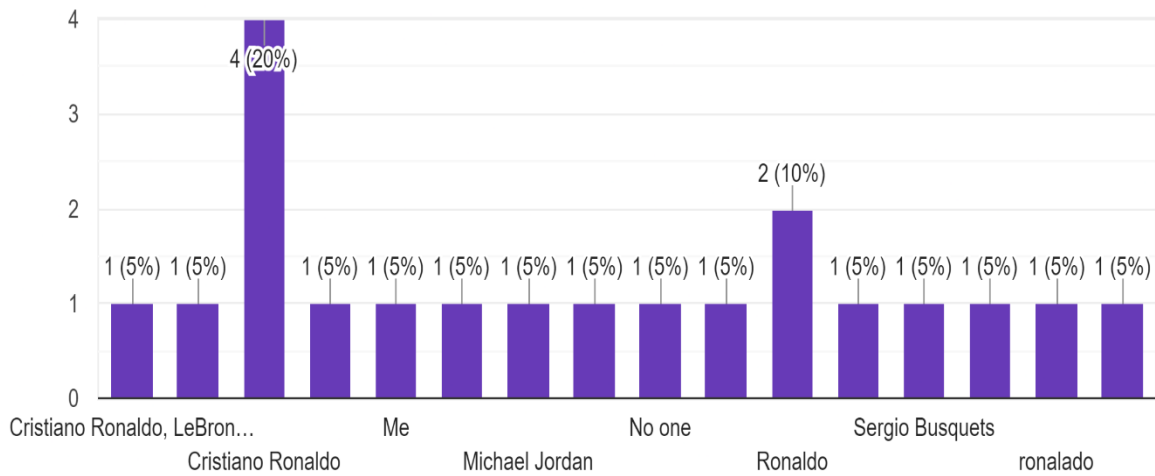
What is the target audience of Nike?

23 responses



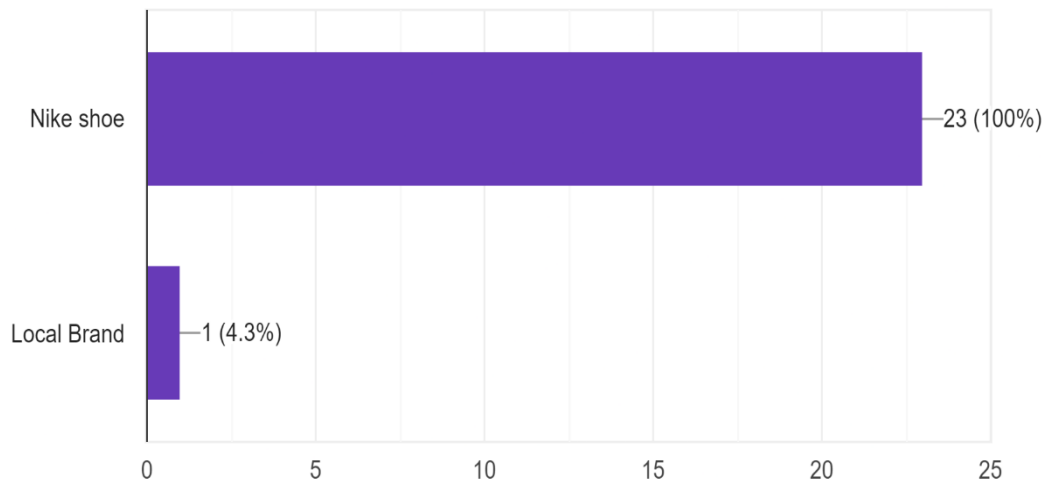
Which athlete comes to your mind when you hear the brand "Nike"

20 responses



Would you prefer Nike or a local brand ?

23 responses







### Conclusion & Recommendations

It is seen from market and company's analysis that Nike has the potential to execute its objectives and can offer new products and expand its share so by looking to Nike's overall strategies and objectives the following points are recommended:

- It should broaden its product range as providing aerobics or parkour products
- It should increase its marketing communication ways i.e. using of social media
- It can have collaboration with Apple for incorporating technology in terms of gamepads featuring soccer, Golf etc.
- It may have proper management in controlling the labor issues.
- It may include online video training sessions for athletes celebrities and as to increase its product awareness to them
- Nike could have merger and acquisition with other companies to expand its business and to implement its Global growth strategy of 2015 to attain sustainable, long term growth across its global portfolio of business

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