

# Production of Nike Sport Wares in Lagos, Nigeria

Ekoe John Peter

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## 1. Introduction

### 1.1 Background

**Nike, Inc** is an American multinational corporation that is engaged in the design, development, manufacturing, and worldwide marketing and sales of footwear, apparel, equipment, accessories, and services. The company is headquartered near Beaverton, Oregon, in the Portland metropolitan area. It is the world's largest supplier of athletic shoes and apparel and a major manufacturer of sports equipment, with revenue in excess of US\$24.1 billion in its fiscal year 2012 (ending May 31, 2012). As of 2012, it employed more than 44,000 people worldwide. In 2014 the brand alone was valued at \$19 billion, making it the most valuable brand among sports businesses. As of 2017, the Nike brand is valued at \$29.6 billion Nike ranked No. 89 in the 2018 Fortune 500 list of the largest United States corporations by total revenue.

The company was founded on January 25, 1964, as **Blue Ribbon Sports**, by Bill Bowerman and Phil Knight, and officially became Nike, Inc. on May 30, 1971. The company takes its name from Nike, the Greek goddess of victory. Nike markets its products under its own brand, as well as Nike Golf, Nike Pro, Nike+, Air Jordan, Nike Blazers, Air Force 1, Nike Dunk, Air Max, Composite, Nike Skateboarding, Nike CR7, and subsidiaries including Brand Jordan, Hurley International and Converse. Nike also owned Bauer Hockey (later renamed Nike Bauer) from 1995 to 2008, and previously owned Cole Haan and Umbro. In addition to manufacturing sportswear and equipment, the company operates retail stores under the Niketown name. Nike sponsors many high-profile athletes and sports teams around the world, with the highly recognized trademarks of "Just Do It" and the Swoosh logo.

### 1.2 Problem

Statistical macroeconomic data that will determine the interest of Nike Corporation to start a production outlet in Lagos, Nigeria. Some of the data includes; trade openness, gdp per capital, ease of doing business, unemployment figure to mention few.. This project aim to analyze and

predict some macroeconomic variable that will attract Nike Corporation to produce some of its sport wears in Lagos, Nigeria.

### **1.3 Interest**

Nike Corporation is seeking an expansion of its production outlet in sub Saharan Africa due to the increase in sales of Nike wears especially Nike sneakers and sport shoes. In order to boost its market share and sales in African Nike came up with the business strategy to move some of its production to Africa in order to serve its customers and potential customer's right by expanding its production activities to Africa. After some research and micro and macroeconomic consideration, Nigeria has been chosen as the favourite country.

## **2. DATA ACQUISITION AND CLEANING**

### **2.1 Data Source**

Macroeconomic data of Nigeria such as gdp, trade openness, unemployment, institution and government, inflation rate etc will be used to determine the business friendliness of Nigeria and Lagos in particular.

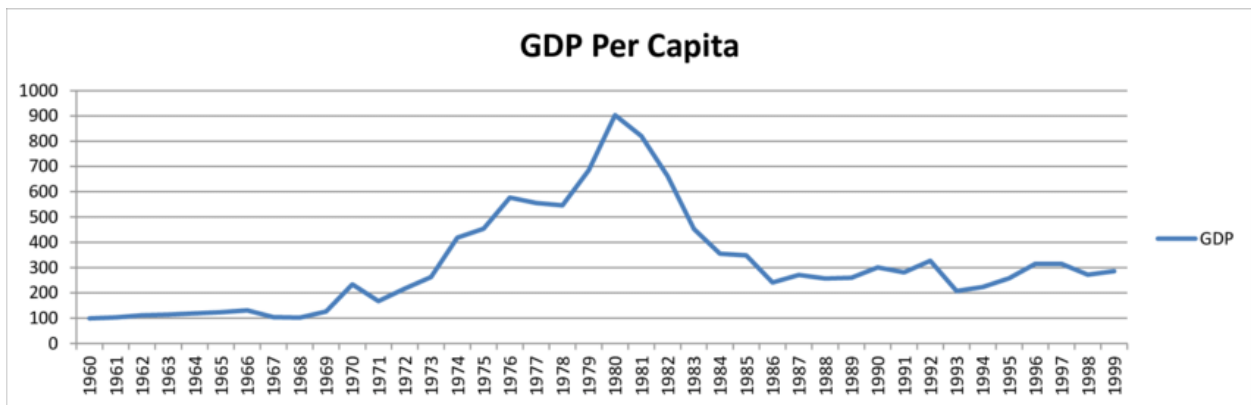
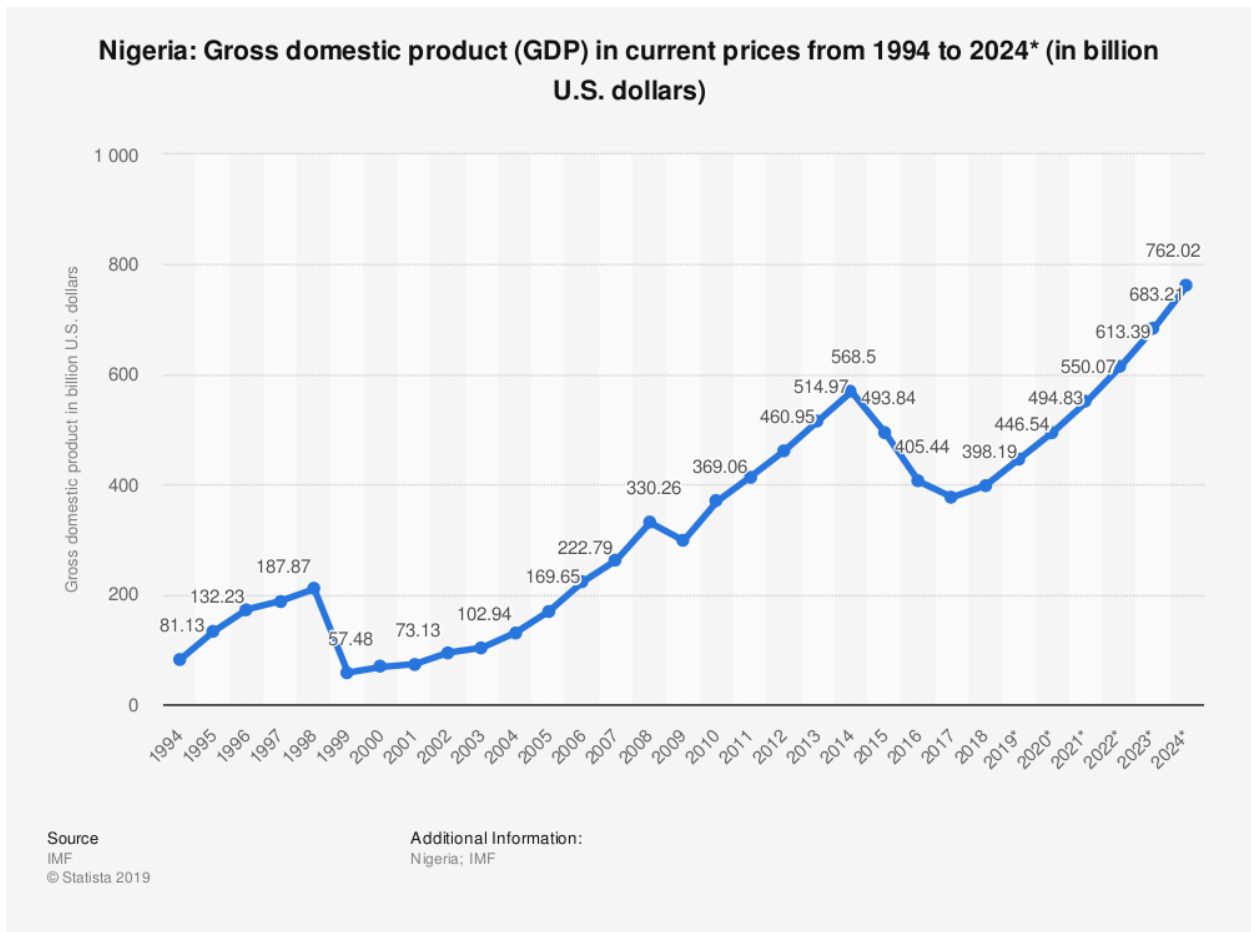
### **2.2 Data cleaning**

Data downloaded from different sources will be used for this project. Sources include federal government of Nigeria data and National bureau of statistics. Others include data generated from research websites.

The Gross Domestic Product (GDP) in Nigeria expanded 2.6 % YoY in Dec 2019, following a growth of 2.3 % in the previous quarter. Real GDP Growth YoY data in Nigeria is updated quarterly, available from Mar 2011 to Dec 2019, with an average rate of 2.7 %. The data reached an all-time high of 6.9 % in Mar 2011 and a record low of -2.3 % in Sep 2016. CEIC calculates Real GDP Growth from quarterly Real GDP. The National Bureau of Statistics of the Federal Republic of Nigeria provides Real GDP in local currency, at basic 2010 prices.

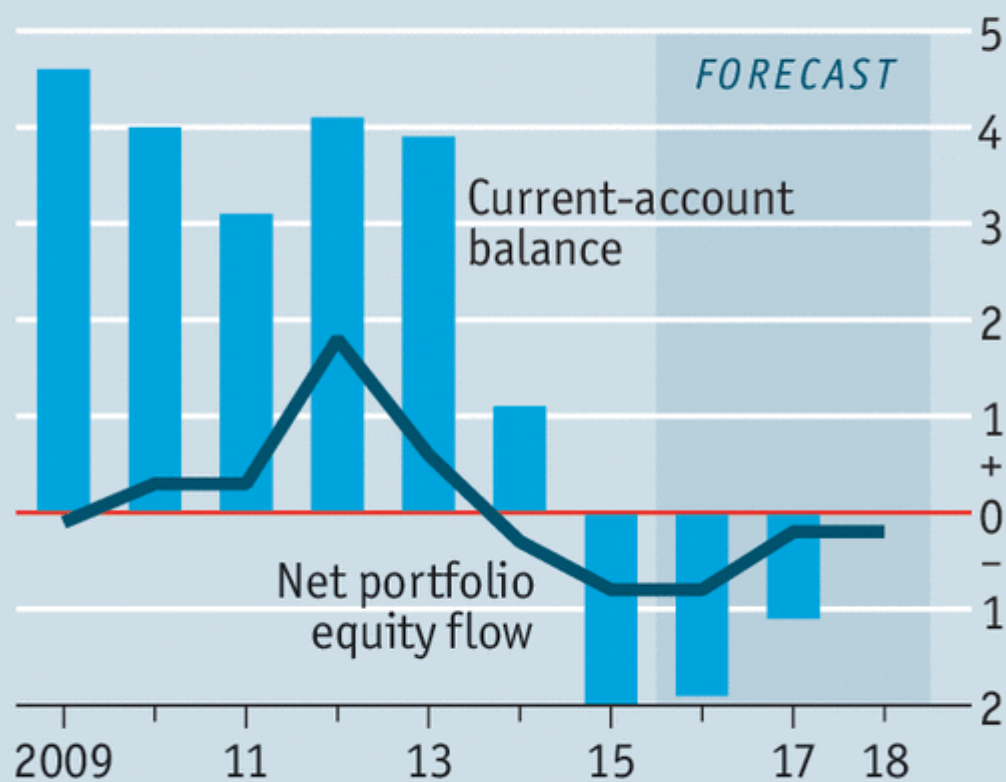
In the latest reports, Nominal GDP of Nigeria reached 129.1 USD bn in Dec 2019. Its GDP deflator (implicit price deflator) increased 9.5 % in Dec 2019. GDP Per Capita in

Nigeria reached 2,134.1 USD in Dec 2018. Its Gross Savings Rate was measured at 17.8 % in Dec 2018.



## Flowing the wrong way

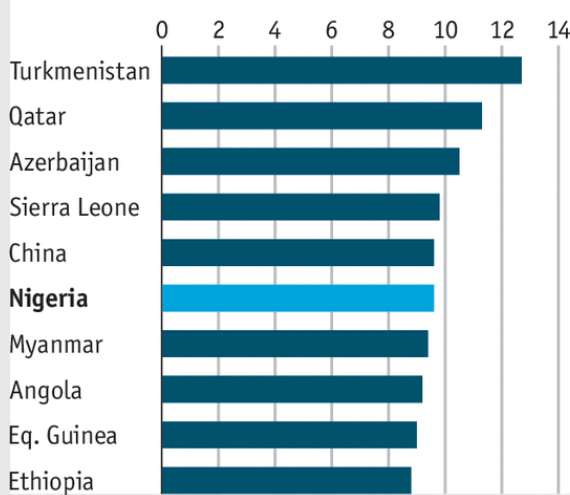
Nigeria, as % of GDP



Source: Standard & Poor's

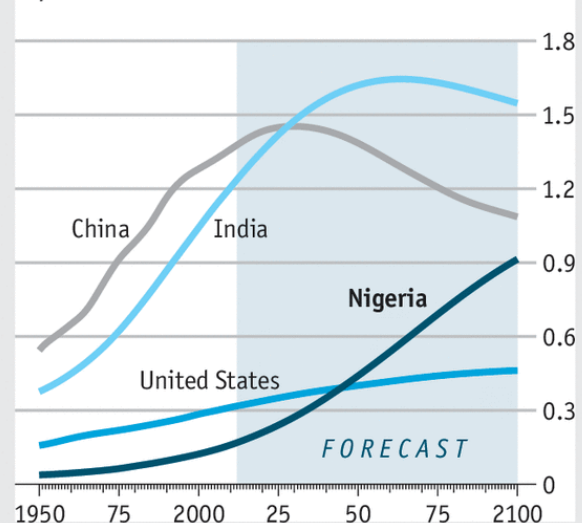
## Nigeria's growth

World's fastest-growing economies, 2000-15\*  
GDP, average annual % increase



Sources: IMF; UN

Population, bn



\*Forecast

Economist.com

## CONCLUSION

Nigeria economy is growing faster as expected and the economy is become more diversified from an oil based economy. Agriculture, service sector and industries are contributing substantially to the gdp growth of the economy and Lagos state leads in the non oil gdp contribution to the economy of the country contributing more than 60% of non oil gdp to Nigeria economy. The purchasing power is getting better and the ease of doing business has seen been improved by consented government policies to attract foreign direct investment into the country. As such it will be a very good and rational business decision for Nike Corporation to start up it productivity in Nigeria.