

Digital Empowerment Pakistan

SWOT Analysis OF A Brand

Nike - Just Do It!

Scope Of Research:

Objective: *The research aims to analyze The Strengths, Weaknesses, Opportunities, and Threats in the business.*

Areas to be investigated: *Identifying how the business is targetting customers successfully. What are the weaknesses or gaps the business holds? The opportunities the brand has to grow more and tackle with threats.*

Task: *Make a brief report on a SWOT analysis of a brand.*

Points to be included: *This should contain Points to understand current strengths, weaknesses in business strategies, opportunities to grow the business more, and managing threats that include any possible dent for the company.*

Nike-Profile

Company: Nike

CEO: John Joseph Donahoe

Founders: Phil Knight and Bill Bowerman

Year founded: 1964

Headquarter: Beaverton, Oregon

Employees (FY23): 83,700

Type: Public

Ticker Symbol: NKE

Revenue (FY23): US\$51.21 Billion

Profit | Net income (FY23): US\$5.07 Billion

Products & Services: Apparel | Athleisure | Footwear | Sports Equipments | Accessories

Competitors: Adidas | Under Armour | Allbirds | New Balance | Sketchers | Puma | Fila | ASICS | Lululemon | Fabletics | Victoria Secrets | Vans

Ahead of the Game: Nike Rules the Sneaker World

Worldwide footwear sales of selected sports brands in 2022



Nike- Overview

Nike, Inc. is an American multinational corporation based in Beaverton, Oregon. Founded by Bill Bowerman and Phil Knight in 1964, the company specializes in athletic wear, offering a wide range of products including footwear, apparel, sports equipment, and accessories.

Nike's-Primary Goal

Nike's primary goal is to supply athletes with exceptional products and wearable that aids them in better sports performance. However, due to the success, Nike has gotten the company now provides athleisure wear as well.

SWOT - Analysis Of Nike

Strengths:

Strong Brand Value:

Nike has a symbol that can be easily recognized. They have smartly used their logo and Just do it! Tagline to make customers recognize their brand in any way, with just a symbol or tagline. Nike has a brand value of \$53.7 Billion.

Customer Preference:

The shoes are designed for athletic and leisure wear. The common people and celebrities, all can be seen wearing and promoting the brand.

Best Sneakers Brand:

When it comes to sneakers, the brand that comes first in the mind is, Nike. It offers a range of astonishing colors in sneakers and styles.

Nike's Contribution to the Environment:

The brand has made its image pretty by investing and helping to resolve the environmental issue.

The Jordan Partnership:

Nike was a big sponsor of athlete shoes but they grasped a position in basketball by teaming up with the basketball player, Michael Jordan to release a new line of shoes called “**Air Jordan 1**”.

Side Brands:

Nike has been managing its side brands well. These brands have their brand values.

Internationally Manufactured:

The Nike shoes are manufactured in foreign and low labor cost countries, to margin an affordable price.

Designs:

Nike has a whole team dedicated to designing shoes and other accessories in a way that resonates with its audience while maintaining the trends.

Great Marketing Sense:

They do not target places but the people. Nike chooses the most influential places to sponsor them. Through sponsorships and campaigns like advertisements, Nike has amazing revenue and maintains its brand image.

Don't Do It:

Nike has a very successful campaign named 'Don't do it' in the favor of black community to end racism. This was very appreciated and most of the influential people Nike targets are Black.

Weaknesses:

Labor Problems:

The brand targets countries with the most man labor for manufacturing. This has resulted in forced labor and child labor conditions on which Nike has been targeted various times.

Pricing Structure:

Nike deals 56% of the manufacturers with retailers and wholesalers, which makes them surrender to put up a fight against pricing strategy.

Debt:

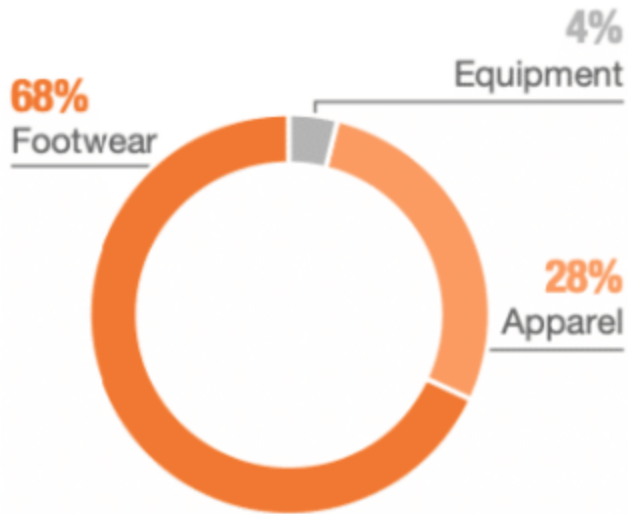
As of FY23, Nike's total debt is \$8.9 Million. This suggests that the brand is facing a financial crisis.

Lawsuits:

Nike has been charged with multiple lawsuits for not paying equal salaries to women in comparison to men, also claiming the environment is toxic and company culture is biased.

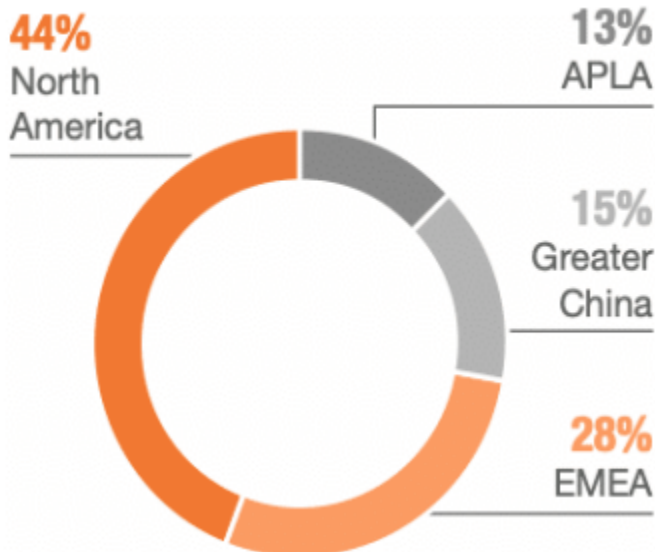
No Diversity:

Nike's heavy reliance on sporting footwear and apparel, along with its limited diversification, is a significant weakness. During the pandemic, the cancellation or postponement of major sporting events impacted the company. If a similar crisis occurs in the future, Nike could face severe financial losses.



Dependency on North America:

Despite being a globally recognized brand, Nike still heavily depends on the U.S. market for its sales and revenue. In the fiscal year 2023, approximately 44% of Nike's sales were generated in North America, with the remaining 56% coming from international markets.

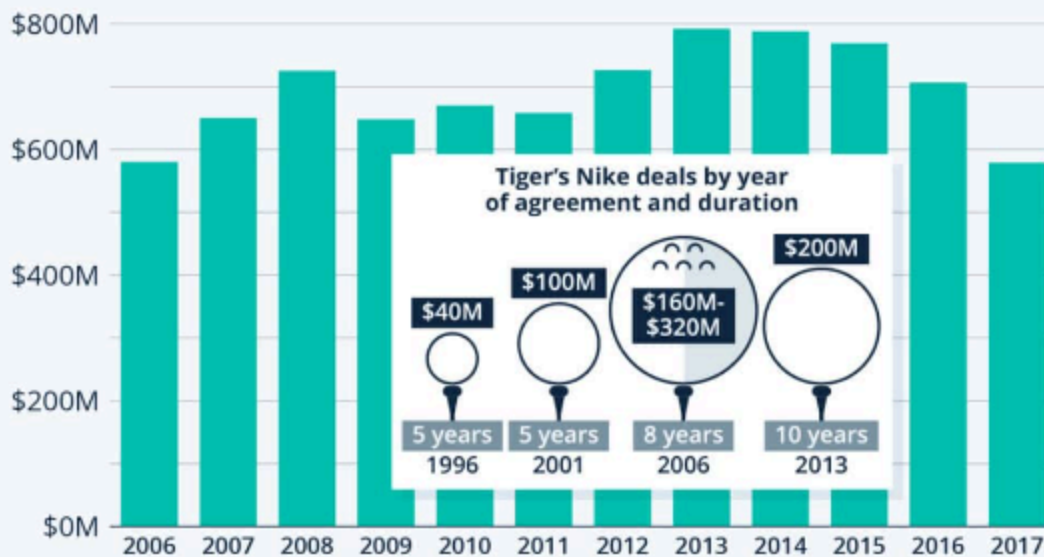


Tiger Wood's Partnership:

Nike had a 27-year-old partnership with Tiger Woods for Nike Golf. Woods was the prominent face of Nike Golf, with the brand's revenue ranging from approximately \$600 to \$800 million between fiscal years 2006 and 2017. Experts suggest that Nike may face greater long-term losses after parting ways with Woods.

Tiger Woods and Nike End Iconic Partnership After 27 Years

Nike's golf revenue and Tiger Woods' reported earnings from his partnership with Nike*



Opportunities:

New Products line:

Aside from footwear and apparel, Nike has been focusing on the side of technology, such as wearable monitors, to monitor health. Athletics and technology are a great combination and can come up with many new market trends.

Dependent Supply:

Nike's products depend on independent manufacturers. Nike should focus on its own supply chain so that it can have more control over pricing strategies.

Cutting Ties:

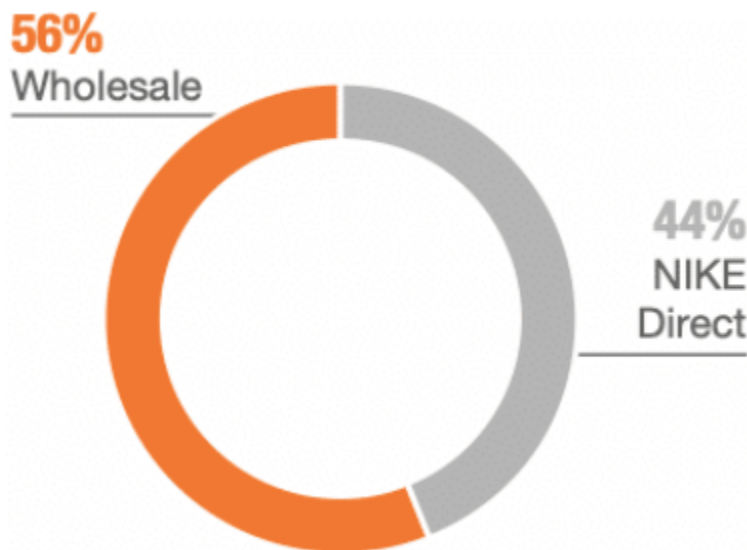
Nike has cut ties with some of its biggest retailers; Zappos, Dillard's, Fred Meyer, Bob's Stores, etc. This can affect their sales distribution.

Investment in Metaverse:

Nike has recently invested and acquired RTFKT, to make the digital version of their shoes. They also partnered with FEWOCiOUS to sell their real and digital shoe versions.

Back From Wholesale distribution:

Nike recently announced its decision to exit the wholesale distribution market in the U.S. Instead, the company will focus on selling its products exclusively through Nike stores, its app, and its websites. Nike believes that this shift away from distributors will allow them to double their profit margins. Additionally, it will enable Nike to lead the customer shopping experience and have greater control over pricing.



Threats:

Copies Of Products:

The bigger the name, the more the threat of counterfeiting. Nike has a global appearance and distribution and products with the company's name and bad quality will result in bad reputation and revenue.

Competition:

Nike has big names in its competition and some other brands are emerging in the name of sneakers and athletic shoes. Nike is more likely to spend money on marketing and sponsorship.

Increasing Pressure:

Adidas and other big brands spent more on marketing, and Nike is under pressure to maintain a consumer ratio in such dense competition.

Exchange Rate:

Since the company distributes globally the fluctuating exchange always harms the revenue estimations.

Trade Conflicts:

The major retailer is China for Nike and the major market is the US, if the relationship is compromised the whole business of Nike will face a sudden and major decline.

New Competitors:

The new shoe brands are focused on the more innovative and trendy look of their shoes. Nike has to catch up with the innovative approach.

Conclusion:

The fiscal year 2023 was a successful one for Nike. Despite remaining in debt, the outlook for the coming years appears promising. Over the last decade, Nike has experienced significant growth.

The brand's accomplishments include launching new product lines, creating new brands, expanding outsourcing, and establishing a strong global presence—an impressive feat in itself.

This SWOT analysis of Nike will provide insights into the brand's business model.