

"Beyond the Swoosh: Decoding Nike's Winning Strategy"

BIA 672 "A"

FINAL PROJECT PRESENTATION

Professor: Khashyar Dehnad



INTRODUCTION

- Business Name - **Nike, Inc** (American sportswear company)
- Presenters –



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SIMRAT KAUR ANAND



Executive Summary

Marketing plan

1. Market Analysis
2. Brand Positioning and USP
3. Marketing Goals and Objectives
4. Marketing Strategies and Tactics
5. Customer Engagement and Retention
6. Measurement and Analysis
7. Budgeting and Resource Allocation



Mission and objectives

Nike Mission Statement & Vision Statement

Nike's vision is "to bring inspiration and innovation to every athlete in the world." At the same time, its mission statement is to "do everything possible to expand human potential. We do that by creating groundbreaking sports innovations, making our products more sustainable, building a creative and diverse global team, and positively impacting communities where we live and work." Nike can generate demand for its products through successful marketing campaigns primarily driven by endorsement contracts with top athletes and public figures that make its brands, always top of mind for consumers.

Innovation as a driver of demand with the ongoing development of new products

Innovation

Demand Generation

Inspiration

"Anyone with a body" can be an athlete

Endorsement contracts with athletes to spark demand



Recommended strategies

- Innovative Product Development
- Inclusive Branding
- Digital & E-Commerce Enhancement
- Global yet Localized Approach
- Community Engagement & CSR
- Exceptional Customer Experience
- Data-Driven Insights
- Sustainability Focus
- Athlete & Influencer Collaborations
- Integrated Marketing Communications



Target Market/Customers/Consumers: Demographics, Psychographics, Traits, and Trends

Break Down Of Nike's Target
Audience Demographics and Psychographics

Demographics	Psychographics
Age	Interests
Location	Platforms
Income Level	Lifestyles
Occupation	Cultural Background
Education Level	Values
Marital Status	Social Media Engagement
Seasonal Trends	Customer Loyalty



Break Down Of Nike's Customer Avatars: Traits and trends

Demographics	Psychographics
Age: 25-34 Gender: Female, Non-Binary, Trans	Interests: Health and wellness, yoga, outdoor running, eco-friendly products, sports, wellbeing, motivation, mindset
Location: Urban areas in the United Kingdom	Platforms: Instagram, Facebook, Pinterest, fitness-related mobile apps, meditation apps, hiking apps, Health apps
Income Level: Middle-income	Lifestyle: Active gym-goer, weekend runner, interested in wellness retreats and yoga, likes to travel, open-minded, social person
Occupation: Office job, possibly in the creative or healthcare sectors	Cultural Background: Culturally diverse, possibly a mix of Western and Eastern cultures
Education Level: Bachelor's degree or higher	Values: Prioritises quality and sustainability
Marital Status: Single or in a relationship but without children	Social Media Engagement: Active, follows influencers in the fitness and wellness sectors, occasionally shares workout tips and content around mindsets, freedom, travel, yoga
Seasonal Trends: Buys new workout gear in the spring, high-performance outerwear for winter running, likes to shop at Christmas and in the sales	



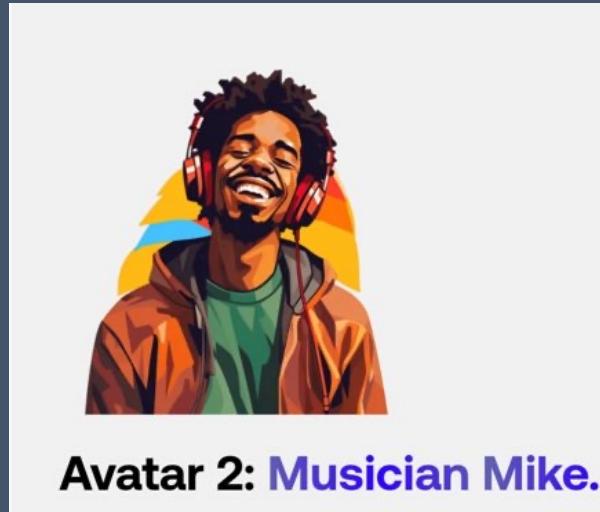
Avatar 1: Active Anna.

TRAIT 1



Break Down Of Nike's Customer Avatars: Traits and trends

Demographics	Psychographics
Age: 25-34 Gender: Male, Non-Binary	Interests: Music, street fashion, skateboarding, urban art, underground gigs.
Location: Major cities in the United States and the UK, particularly those with a rich music scene like Brooklyn, Nashville, Los Angeles, Brixton, Bristol, and Manchester.	Platforms: Twitter, TikTok, Spotify, YouTube, ASOS, Depop.
Income Level: Lower to middle income	Lifestyle: Active in the local music scene, regular at concerts, studio sessions, and skate parks. Values self-expression through his wardrobe, enjoys a social life.
Occupation: Full-time or aspiring musician, part-time gigs or freelance creative work, potentially in fields like graffiti art, clothing resale, shoe or clothing design, graphic design, tattoo artistry.	Cultural Background: Culturally diverse, potentially multi-ethnic.
Education Level: College or university education, often in artistic programs.	Values: Prioritises creativity, individuality, and authenticity. Socially conscious.
Marital Status: Most likely single or casually dating, no children, but has a close-knit group of friends.	Social Media Engagement: Highly active, shares snippets from gigs, personal style, and engages on social issues.
	Customer Loyalty: Moderate to high, values Nike for its cultural relevance and street credibility.



Avatar 2: Musician Mike.

TRAIT 2



Break Down Of Nike's Customer Avatars: Traits and trends

Age: 18-24

Gender: Female, Trans, Non-Binary

Location: College towns or campuses across Australia, UK, USA.

Income Level: Low to middle income, reliant on family gifts or seasonal part-time work.

Occupation: Full-time student, part-time in retail or service industry.

Education Level: Currently pursuing undergraduate studies.

Marital Status: Single or possibly dating, no long-term commitments.

Seasonal Trends: Shops for new sportswear or athleisure at the start of the college term and for summer festivals.

Interests: College sports, music festivals, fashion trends, social justice issues, lifestyle, work, careers, friends, social life, and travel.

Platforms: TikTok, Instagram, Snapchat, and possibly encrypted chat apps.

Lifestyle: Engaged in college sports or intramural leagues, frequent attendee of music festivals and social events, enjoys hiking outside of college activities.

Cultural Background: Culturally diverse and open to multicultural experiences. **Values:** Interested in trending brands but also values those that stand for social justice and equality.

Values: Interested in trending brands but also values those that stand for social justice and equality.

Social Media Engagement: Highly active, posts frequently about her life, interests, and causes.



Avatar 3: Student Sarah

TRAIT 3



Nike Business Description:

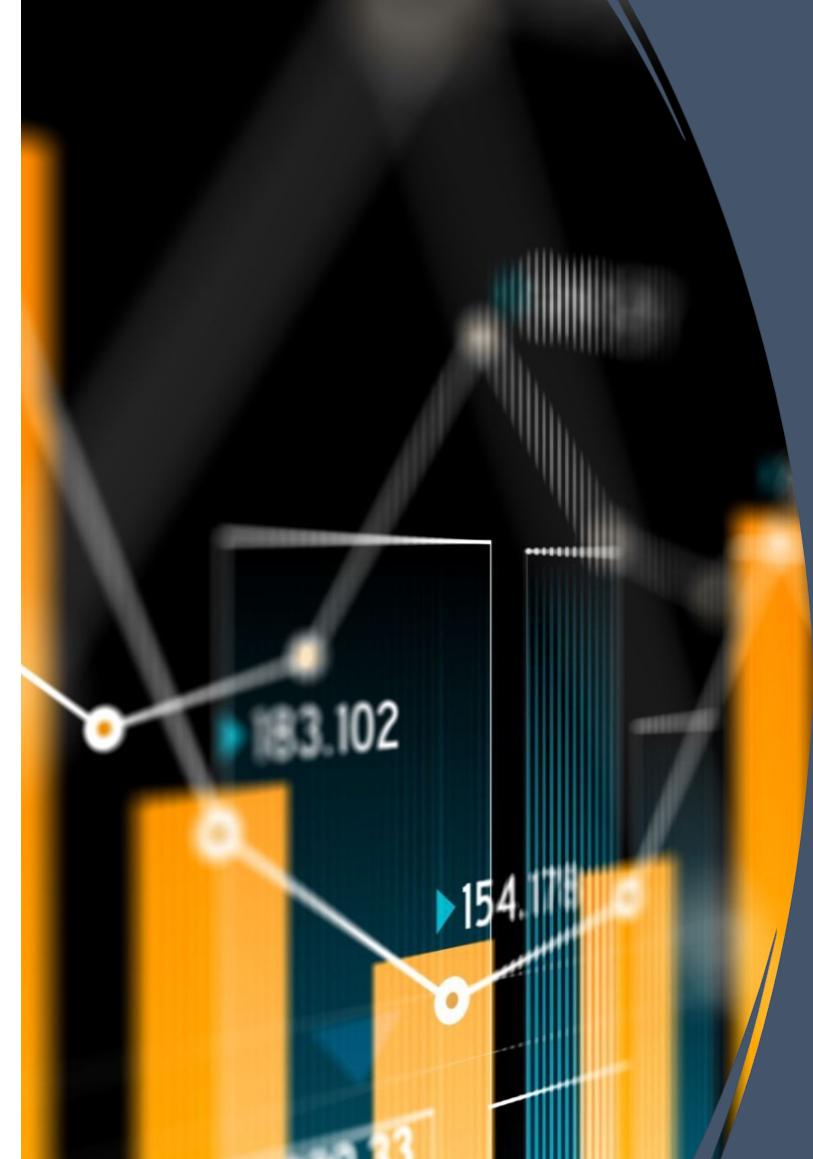
Products, Pricing, Promotions and Advertising activities



Nike's Products

Nike Inc.'s marketing strategy involves growing the business through market-based changes in its product mix





Pricing

1. What pricing strategy does Nike use?
 - The company has been able to achieve this level of success by using a variety of different pricing strategies. Nike's pricing strategy can be divided into five main parts:
 1. Nike's value-based pricing strategy
 2. Nike's premium pricing strategy
 3. Nike's Pricing Leadership Strategy
 4. Nike's pricing strategy for skimming
 5. Dynamic and static pricing strategies



Promotions and advertisement activities



Nike's promotion strategy is focused on creating strong, emotional connections with their customers through advertising, sponsorships, and events. They use a variety of marketing channels, such as television, social media, and influencer marketing, to reach their target audience and build brand awareness. Nike's promotional campaigns often feature high-profile athletes, celebrities, and influencers, which helps to further increase the reach and impact of their marketing efforts.



Examples of Nikes marketing campaign

Nike Maternity Collection "M"



This campaign was squarely aimed at pregnant and postpartum women redefined what it means to be an athlete. It combined function with fashion and, most importantly, catered to the unique needs of mothers who are often overlooked in sports apparel marketing. It was a fantastic way to make a ripple within Nike's target audience and fulfil a need that wasn't being met by other brands.

Nike's 'Dream Crazy' advert



Believe in something, even if it means sacrificing everything.

Probably one of the most controversial yet highly impactful campaigns, this was aimed at people who support social justice initiatives. The campaign drew both criticism and acclaim but unequivocally showcased Nike's willingness to take a stand (or a knee, in this case) for racial injustice.



Advertisements that have left an indelible mark on the advertising world.

Nike Women's "Dream Crazier"



This Nike [ads campaign](#) not only encouraged women to dream crazier but also spotlighted female athletes who have broken boundaries in their respective sports.

It was a powerful message of empowerment.

**GREATNESS
MAKES
ITS OWN
WAY.**

FIND YOUR GREATNESS.



In this campaign, Nike celebrated the everyday athlete, emphasizing that anyone can achieve greatness regardless of their level of athleticism.

It was a refreshing departure from the focus on elite athletes.



Nike's Target Audience strategy to set them as an industry leader



Pinpoint Accuracy in Targeting:

Conducts meticulous market research.
Identifies key demographics and psychographics.
Ensures products resonate with specific customer needs and preferences.



Art of Storytelling:

Engages customers through compelling narratives.
Positions products as part of an evolving story.
Creates a sense of journey and growth for the customer.



Culturally Inclusive Strategies:

Embraces a wide range of cultures and backgrounds.
Reflects diverse voices and lifestyles in product lines and marketing.
Positions itself as a brand for everyone, enhancing its appeal.



Emotional Connection:

Builds strong emotional ties with customers.
Makes customers feel seen, heard, and valued.
Encourages a sense of belonging to the Nike community.



Inclusivity in the "Just Do It" Club:

Promotes an inclusive brand message.
Ensures no one feels excluded from their brand ethos.
Widens appeal beyond just sportswear, becoming a lifestyle brand.



SWOT ANALYSIS

STRENGTHS

- Brand Recognition: Nike is one of the most recognizable brands globally with a loyal customer base.
- Innovative Products: Continuous innovation in product design and technology, like Nike Air and Dri-FIT technology.
- Strong Marketing Campaigns: Effective use of celebrity endorsements and advertising.
- Global Reach: Extensive global distribution network and presence in numerous countries.
- Diverse Product Range: Wide range of products catering to different sports and lifestyle needs.

WEAKNESSES

- Dependence on the Sportswear Market: Heavy reliance on the sportswear segment, which can be volatile.
- Controversies: Past controversies related to labor practices and endorsement choices.
- High Prices: Products are often priced higher than many competitors, which may limit their market in price-sensitive regions.

OPPORTUNITIES

- Emerging Markets: There is significant potential for growth in emerging markets like India, China, and Brazil .
- Innovative Products: Nike continues to explore technology in association with fitness and health, blending technology with athletic wear .
- Consumer Direct Strategy: The shift towards a consumer-direct strategy, with a focus on digital business and online sales, is proving beneficial

THREATS

- Counterfeit Products: The presence of counterfeit products poses a risk to Nike's revenue and brand reputation .
- Competition: Increased competition from brands like Adidas, Under Armour, and Lululemon puts pressure on Nike to maintain its market dominance .
- Economic Uncertainty: Global economic fluctuations and trade tensions can negatively impact sales and operations



COMPETITIVE ANALYSIS



Key Competitors

Adidas: Strong in soccer, significant in Europe, focuses on sustainability.

Under Armour: Performance wear niche, excels in fabric technology.

Puma: Combines sportswear with lifestyle fashion, competitive pricing.

New Balance: Specializes in running shoes, prioritizes quality and comfort.

Skechers: Targets casual footwear market, affordable and lifestyle-oriented.



Nike's Competitive Advantages

Brand Recognition: Highly valued global brand, seen as a status symbol.

Product Innovation: Leader in footwear and fabric technology.

Global Reach: Strong presence in North America, expanding in emerging markets.

Direct-to-Consumer Sales: Enhanced customer relationships through digital channels.

Adaptability: Quick response to market trends and consumer preferences.



Most Valuable Sneaker

Selling price of the most expensive publicly-sold sneakers (as of April 13, 2023)

	Worn by	Sold in/ Price
Nike Air Jordan 13 'The Last Dance' (1998)	Michael Jordan	2023 \$2,200,000
Nike Air Yeezy 1 Sample Worn at Grammys (2008)	Kanye West	2021 \$1,800,000
Nike Air Ship Rookie season (1984)	Michael Jordan	2021 \$1,472,000
Nike Air Jordan 1 'Shattered Backboard' (1985)	Michael Jordan	2020 \$615,000
Nike Air Jordan 1 'The One' (1985)	Michael Jordan	2020 \$560,000
Nike Moon Shoe		2019

COMPETITIVE ANALYSIS



Challenges and Opportunities

Sustainability: Increasing focus on sustainable and ethical production.

Digital Expansion: Growing importance of e-commerce and digital marketing.

Market Diversification: Expanding in emerging markets for broader reach.

R&D Investment: Continuous innovation to maintain a technological edge.



Strategic Focus

E-Commerce Growth: Strengthening online sales platforms.

Customer Engagement: Enhancing personalization and loyalty programs.

Global Expansion: Targeting growth in new geographic markets.

Technological Integration: Incorporating advanced technologies in products and marketing.



Hypothetical Implementation Schedule of Nike



Q1(Jan–Mar)	New Year Campaign Launch Product Launches Sponsorship Activities
Q2(Apr–June)	Summer Season Campaign Special Events Digital Marketing
Q3(July–Sep)	Back-to-School Campaign New Technology/Product Release Global Sports Events
Q4(Oct–Dec).	Holiday Season Campaign End-of-Year Review Planning for Next Year



Ongoing Activities Throughout the Year



Social Media Engagement

- Regular posts updates
- Interactions on various social media platforms.
- Customer Engagement:

Email newsletters

- loyalty programs
- customer feedback initiatives.

Market Research:

- Ongoing research to understand market trends and consumer preferences



CONTINGENCY PLAN

Challenges	Impact	Alternative Strategies
Economic Downturns	Reduced consumer spending on non-essential items.	<ul style="list-style-type: none">-Diversify product range with budget-friendly options.-Enhance online sales platforms
Supply Chain Disruptions	Difficulty in sourcing materials and distributing products.	<ul style="list-style-type: none">-Develop alternative supplier networks-Increase inventory levels for key products
Technological Advancements	Need to keep pace with emerging technologies	<ul style="list-style-type: none">-Invest in R&D for product innovation.-Adapt marketing strategies to new digital technologies
Shifts in Consumer Preferences	Changes in fashion trends or preferences for sustainable products	<ul style="list-style-type: none">-Conduct regular market research-Develop and promote sustainable product lines
Regulatory Changes	New environmental or labor regulations affecting costs	<ul style="list-style-type: none">- Anticipate and adapt to new regulations- Invest in sustainable and ethical production practices
Increased Competition	Market entry of new competitors or aggressive strategies by rivals	<ul style="list-style-type: none">- Strengthen brand positioning through unique marketing campaigns-Focus on customer loyalty programs and personalized marketing



WHY NIKE ?

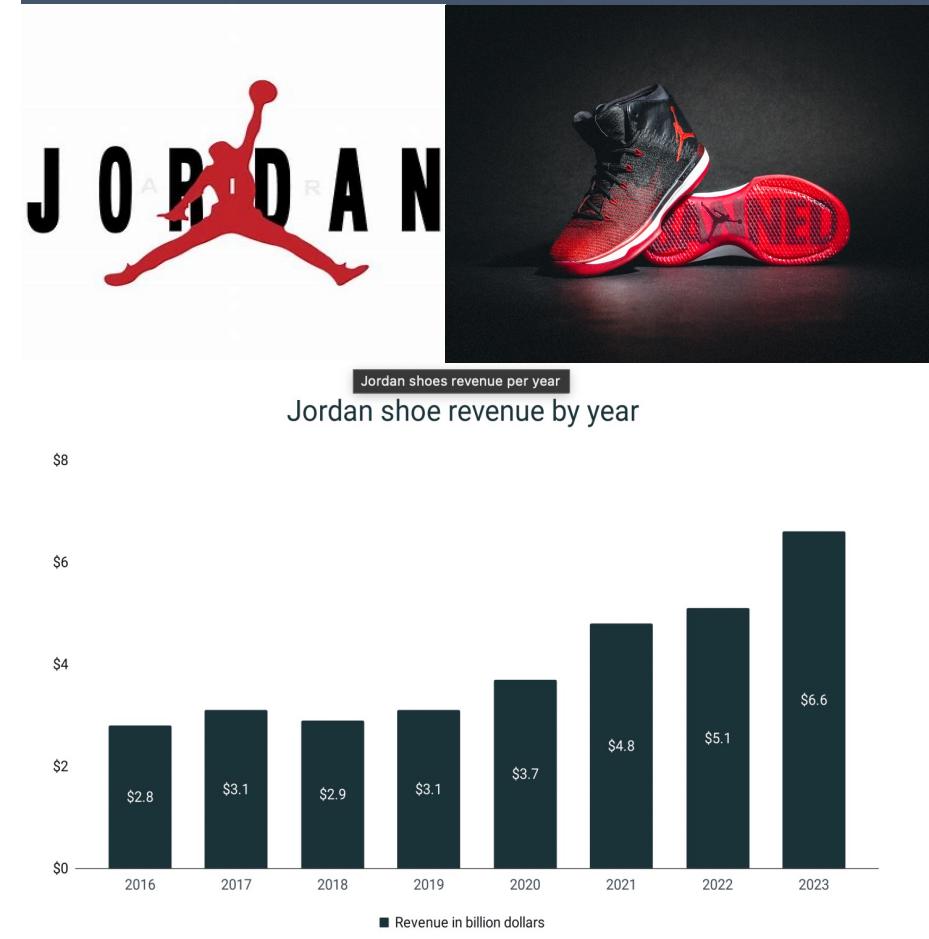
1. *Celebrity Endorsements*
2. *Directly to Consumers (DTC)*
3. *Effective Marketing and Advertising*
4. *Strong Brand Identity*
5. *Innovative Designs and Technology*
6. *Global Reach*



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AIR JORDAN



- Air Jordan is a popular brand of athletic footwear and apparel that was founded in 1984 in partnership with NBA legend Michael Jordan and NikeAir Jordan, which speaks to the air cushioning technology.
- Nike sold \$126 million in the first year alone.
- Nike ran with the “banned narrative” that became their own kind of advertising campaign, selling \$70 million worth of Air Jordans within two months of the sneaker’s release.
- Nike became a mainstream show and created a lot of hype around the Air Jordans and basketball sneakers, launching the beginning of today’s sneaker culture.
- Michael Jordan became arguably the greatest basketball player of all time, and off the field, made \$1.3 billion from his deal with Nike a



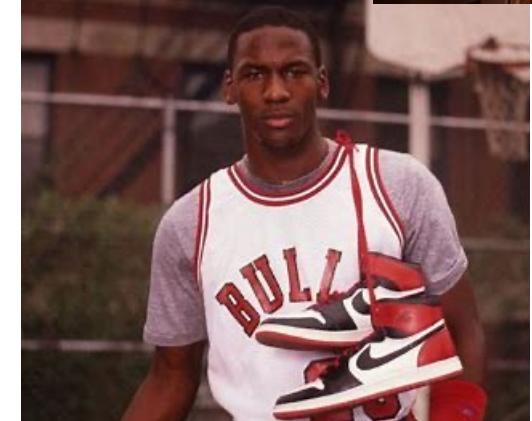
**BEFORE HE WAS
AN ICON**



InShot



THE
SNEAKER
MAKES
THE
MAN



Beyond the Hype: Identifying Challenges in Nike's Stride

- *Dependence on External Manufacturers*
- *Premium Pricing*
- *Pending Debts*
- *Lack of Diversification*
- *Dependency on North America especially US Market*
- *Labor Issues*
- *Supply chain headaches??*



Is there's a talent drain at Nike?

Footwear analyst Chris Burnes

NPR's Juana Summers speaks with Chris Burns, footwear analyst and founder of ARCH (Art & Research, Culture-Hype) about Nike's shoe sale slump, inventory excess and colorway reliance.

SUMMERS(HOST): is this a situation in which we just saw Nike release a whole lot of retro shoes and new, different colorways that just in some ways oversaturated the market?

BURNS: So, in the last six years, since 2017, there's what I call a three-to-five-year window to see what's really happening with a brand. For Nike, that 2017 changed the direction of the company. They grew. Nike was opening stores, but they introduced a program called edit to amplify. **Edit to amplify** made Nike focus on the product that was selling the best. And in the process of focusing on the product that was selling the best - Air Jordan 1, Nike Dunk, Nike Blazer - they began to make those shoes in a lot of different colorways, but the problem was they were no longer innovating. Nike used to be revolutionary. In the last few years, though, it's just Dunks, Jordans, Air Force 1s.

BURNS: That doesn't mean that it's not selling. They're still selling, but it doesn't have the same brand heat. It doesn't create the type of emotion that it used to.

BURNS: The last time the slump took place, it's 2014, 2015, and Nike rolled out a lot of product. They produced too many Jordan brand shoes. They flooded the market. At the exact same time that Nike kind of flooded the market, Adidas started to rise. They signed Kanye West, so Adidas was on the rise. Nike was just kind of coasting.

BURNS: I don't know if they have a move to make. There's a talent drain at Nike. I think Nike has to focus on inventory so much that they can't innovate

Is Nike all about Nike Dunks , Air Jordans and Air Force ?

LISTEN ON: Apple Podcasts:
<https://podcasts.apple.com/us/podcast...>



MARKETING GOALS

- **Digital Engagement:** Increase online engagement through interactive and personalized experiences on the Nike app and website.
- **Global Market Expansion:** Enter and establish a significant presence in two emerging markets, capitalizing on the growing interest in sportswear.
- **Sustainable Product Line Expansion:** Launch a new line of sustainable and eco-friendly products, aiming for a 15% share of total product sales.
- **Innovative Retail Experiences:** Introduce augmented reality (AR) and virtual reality (VR) experiences in select retail stores to enhance the in-store shopping experience.
- **Diversification in Athleisure:** Expand the athleisure product line to meet the rising demand for versatile and comfortable apparel, targeting a 10% increase in athleisure sales.
- **Offline-to-Online Integration:** Bridge the offline and online customer experiences by integrating digital features into physical stores and events.
- **Health and Wellness Partnerships:** Forge partnerships with health and wellness brands or influencers to position Nike as a holistic lifestyle brand.



SALE GOALS

- **Comfort-Focused Sales Growth:** Achieve a 20% increase in sales of comfort-focused products, emphasizing technologies like Nike Air and React foam.
- **Sustainable Product Sales Targets:** Contribute to environmental goals by achieving a 25% increase in sales of sustainable and eco-friendly product lines.
- **Diverse Product Options:** Expand product variety by introducing new styles, colors, and customization options, aiming for a 15% growth in sales diversity.
- **Innovative Product Lines:** Drive sales through innovation by launching two new groundbreaking products or collabs, emphasizing technological advancements and unique features.
- **Market Share Growth:** Secure a 10% increase in market share by targeting key demographics and effectively competing with rivals.
- **Supply Chain Optimization:** Improve supply chain efficiency to reduce lead times and ensure product availability, leading to a 10% reduction in stockouts.
- **Tech-Driven Product Revenue:** Introduce tech-driven products, such as smart apparel or connected footwear, with a goal of generating 5% of total revenue from these innovative offerings.



MARKETING STRATEGY

Product Positioning:	Emphasize innovation and technology in product development.	Highlight sustainability initiatives and ethical practices in manufacturing.
Pricing Strategy:	Implement dynamic pricing based on demand and market conditions.	Offer limited-time promotions and discounts to drive sales during key periods.
Promotion:	Collaborate with influencers and athletes for authentic brand endorsements.	Leverage storytelling in marketing campaigns to connect emotionally with consumers
Distribution Channels:	Strengthen the online presence with a focus on direct-to-consumer channels.	Explore partnerships with select retailers to increase physical presence.
Technology Integration:	Invest in augmented reality (AR) and virtual reality (VR) experiences for online shoppers.	Utilize data analytics for targeted marketing and personalized customer experiences.
Adaptation to Trends:	Stay abreast of industry trends, especially in athleisure and sustainable fashion.	Quickly adapt marketing strategies to align with emerging consumer preferences.
Community Engagement:	Sponsor sports events and community initiatives to enhance brand visibility.	Encourage user-generated content and community participation on social media.



Key Performance Indicators (KPIs) and Metrics:

Labor Conditions: Improved supplier compliance, audit reports, and employee satisfaction surveys.

Retail Sector: Increased DTC sales, improved pricing structures, and customer engagement through the Nike app.

Financial Stability: Debt reduction percentage, interest cost savings, and improved balance sheet ratios.

Workplace Culture: Reduction in workplace complaints, diversity and inclusion metrics, and employee retention rates.

Product Diversification: Percentage increase in sales from non-traditional product lines, customer surveys on product preferences.

Sustainability: Progress toward renewable energy goals, carbon emission reduction, and positive partnerships with environmental organizations.

Global Market Presence: Market share growth in targeted international markets, customer acquisition rates, and regional sales distribution percentages.



ACTION PLAN

1. Women's Growth

- **Market Share:** Nike holds less than 10% of the U.S. women's apparel market.
- **Growth Rate:** Women's business grew twice as fast as the men's category last quarter.
- **Digital Acceleration:** COVID-19 crisis boosted digital sales by 79%, with digital sales now accounting for 30% of Nike's business.
- **Membership Emphasis:** Nike's apps, including Nike Training Club and SNKRS, attracted 25 million new members, with half being women.

2. Jordan Brand Popularity

- **Revenue:** Jordan Brand generated \$3.6 billion in wholesale equivalent revenue in fiscal 2020.
- **Market Resonance:** Despite store closures, Jordan Brand revenue grew 16% YoY in fiscal 2020, credited to strong demand, especially from women.
- **Global Expansion:** Nike sees significant opportunities to grow Jordan Brand internationally, especially targeting women.

3. Rethinking Apparel

- **Apparel Focus:** Apparel comprised 31% of Nike's business in fiscal 2020.
- **Simplification Strategy:** Nike aims to simplify and realign inventory across men's, women's, and kid's categories.
- **Consumer-Centric Approach:** Recognizing consumers don't see themselves in narrow categories, Nike is adopting an approach similar to successful brands like lululemon.
- **Margin Enhancement:** Simplification strategy expected to enhance margins and create incremental sales opportunities.



ACTION PLAN

4. Digital Transformation in Southeast Asia

- **Online Penetration:** 70% of South East Asia is now online, representing a crucial source for global brand growth.
- **Nike App Redesign:** Focused on customization based on regional customer preferences and behaviors.
- **Journey Tour Feature:** Introduced to enhance user experience, especially for first-time users, simulating a physical store walkthrough.
- **Social Hub Creation:** Introduced to encourage account creation, fostering engagement through benefits like event participation and exclusive offers.

5. Marketing Optimization

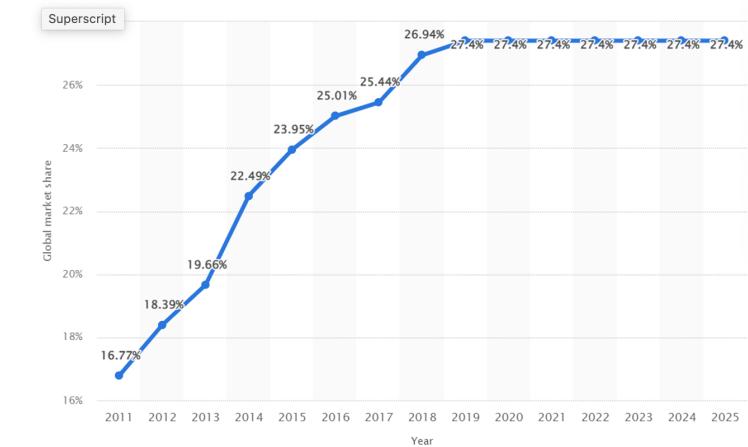
- **Data-Driven Insights:** Analyzing bounce rates, user interactions, and purchasing behaviors.
- **Journey Tour Feature:** Introduced for first-time users to enhance website navigation.
- **Social Hub Creation:** Utilized to increase user engagement, repeat visits, and incentivize account creation.
- **Targeted Marketing:** Utilizing data on frequent and likely-to-buy consumers to optimize marketing spend and promotions, especially focusing on women's products in Southeast Asia.



BUDGET

- Relying on digital as the “leading channel for growth,” growing DTC, and focusing on growth opportunities for the women’s business, apparel, the Jordan brand and international. The company is currently hoping to make 50% of its operations digital-driven by 2025.
- “Our goal isn’t merely to take market share. Our goal is also to grow the entire market,” CEO John Donahoe said on the call. Current Market Share - Approximately 38.23%

Exhibit 3: Forecast of Nike's global market share in athletic footwear from 2011 to 2025



Details: Worldwide; Trefis.com; 2011 to 2019



NIKE, INC. REPORTS FISCAL 2023 FULL YEAR RESULTS

TOTAL SELLING AND ADMINISTRATIVE EXPENSE

(Dollars in millions)	FISCAL 2023	FISCAL 2022	% CHANGE	FISCAL 2021	% CHANGE
Demand creation expense ⁽¹⁾	\$ 4,060	\$ 3,850	5%	\$ 3,114	24%
Operating overhead expense	12,317	10,954	12%	9,911	11%
Total selling and administrative expense	\$ 16,377	\$ 14,804	11%	\$ 13,025	14%
% of revenues	32.0%	31.7%	30 bps	29.2%	250 bps

(1) Demand creation expense consists of advertising and promotion costs, including costs of endorsement contracts, complimentary product, television, digital and print advertising and media costs, brand events and retail brand presentation.

Earnings Before Interest and Taxes ("EBIT"): Calculated as Net income before Interest expense (income), net and Income tax expense in the Consolidated Statements of Income. Total NIKE, Inc. EBIT for fiscal 2023 and fiscal 2022 is as follows:

(Dollars in millions)	YEAR ENDED MAY 31,	
	2023	2022
Net income	\$ 5,070	\$ 6,046
Add: Interest expense (income), net	(6)	205
Add: Income tax expense	1,131	605
Earnings before interest and taxes	\$ 6,195	\$ 6,856

EBIT Margin: Calculated as total NIKE, Inc. EBIT divided by total NIKE, Inc. Revenues. Our EBIT Margin calculation for fiscal 2023 and fiscal 2022 is as follows:

(Dollars in millions)	YEAR ENDED MAY 31,	
	2023	2022
Numerator		
Earnings before interest and taxes	\$ 6,195	\$ 6,856
Denominator		
Total NIKE, Inc. Revenues	\$ 51,217	\$ 46,710
EBIT Margin	12.1%	14.7%



CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share data)	YEAR ENDED MAY 31,		
	2023	2022	2021
Revenues	\$ 51,217	\$ 46,710	\$ 44,538
Cost of sales	28,925	25,231	24,576
Gross profit	22,292	21,479	19,962
Demand creation expense	4,060	3,850	3,114
Operating overhead expense	12,317	10,954	9,911
Total selling and administrative expense	16,377	14,804	13,025
Interest expense (income), net	(6)	205	262
Other (income) expense, net	(280)	(181)	14
Income before income taxes	6,201	6,651	6,661
Income tax expense	1,131	605	934
NET INCOME	\$ 5,070	\$ 6,046	\$ 5,727
Earnings per common share:			
Basic	\$ 3.27	\$ 3.83	\$ 3.64
Diluted	\$ 3.23	\$ 3.75	\$ 3.56
Weighted average common shares outstanding:			
Basic	1,551.6	1,578.8	1,573.0
Diluted	1,569.8	1,610.8	1,609.4

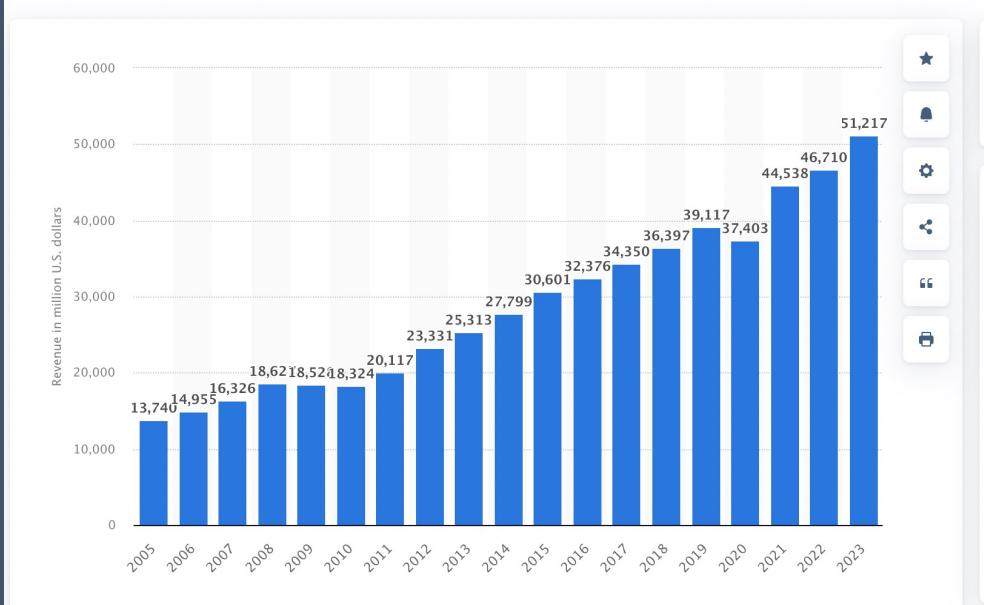
The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.



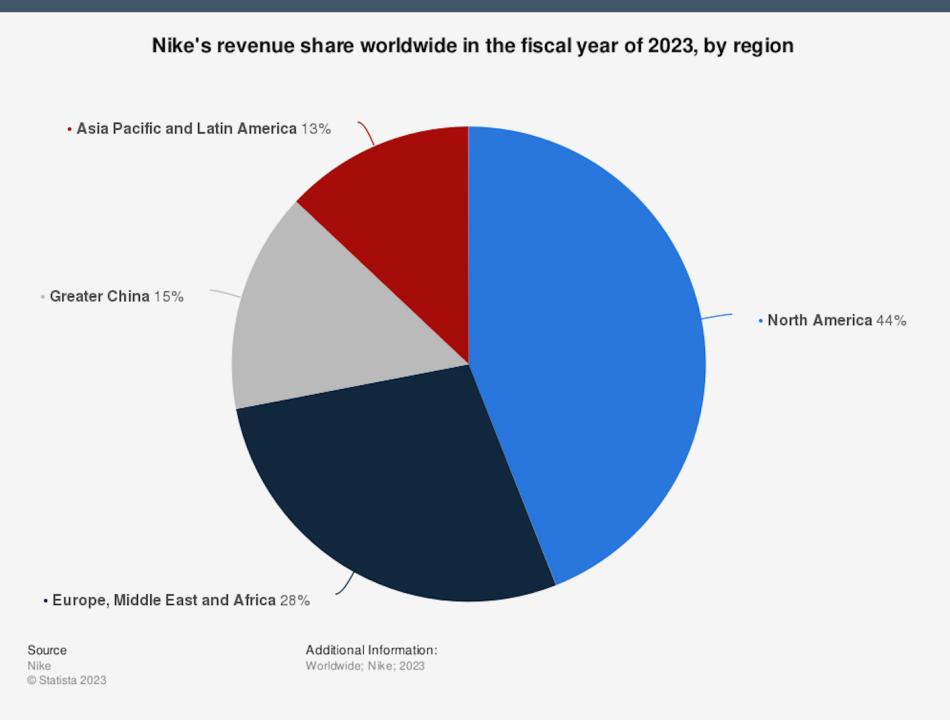
In 2023, Nike's global revenue amounted to about 51.22 billion U.S. dollars, which is an increase of approximately 4.5 billion compared to the previous financial year. NIKE annual net income for 2023 was \$5.07B, a 16.14% decline from 2022.

Nike hit several big numbers across multiple parts of the business in FY23: North American revenue grew over 140% and had its first \$5 billion quarter; the Jordan brand hit close to \$5 billion for the year on the back of 31% growth; the women's business grew 22% over the year; and Nike Direct has now amassed over 300 million members.

Nike's revenue worldwide from the fiscal years of 2005 to 2023 (in million U.S. dollars)



Nike's revenue share worldwide in the fiscal year of 2023, by region



NIKE, INC. REPORTS FISCAL 2023 FULL YEAR RESULTS

- *Full year reported revenues were \$51.2 billion, up 10 percent compared to prior year*
- *Revenues for the NIKE Brand were \$48.8 billion, up 10 percent*
- *Gross margin decreased 250 basis points to 43.5 percent, primarily due to higher product input costs and elevated freight and logistics costs, higher markdowns and continued unfavorable changes in net foreign currency exchange rates — partially offset by strategic pricing actions.*
- *Selling and administrative expense increased 11 percent to \$16.4 billion.*
 - *Demand creation expense was \$4.1 billion, up 5 percent compared to prior year, primarily due to advertising and marketing, and sports marketing expense.*
 - *Operating overhead expense increased 12 percent to \$12.3 billion primarily due to wage-related expenses, NIKE Direct variable costs and higher strategic technology enterprise investments.*
- *Cash and equivalents and short-term investments were \$10.7 billion, \$2.3 billion lower than prior year, as cash generated by operations was used for share repurchases, cash dividends, capital expenditures and the retirement of \$500 million of debt upon maturity.*
- NIKE Brand revenues, which represented over 90% of NIKE, Inc. Revenues, increased 10% and 16% on a reported and currency-neutral basis, respectively. This increase was primarily due to higher revenues in Men's, the Jordan Brand, Women's and Kids' which grew 17%, 35%, 11% and 10%, respectively, on a wholesale equivalent basis.



PRODUCT SEGMENTATION (PYTHON)

Dataset Overview and Preprocessing:

- Information on Nike shoes from various platforms.
- Details include shoe model, colorway, size, price, reviews, and ratings.
- Preprocessing steps: handling missing values, ensuring price consistency.

Price Analysis:

- **Distribution Plots:**
 - Used for listing and sale prices.
 - Reveals spread and central tendencies, indicating pricing strategies.
- **Price Difference and Ratio:**
 - Calculated to understand discounting practices.
 - Significant difference may suggest heavy discounting, inventory clearance, or competition strategies.
- **Hierarchical Clustering with Dendrogram:**
 - Visualizes hierarchical clustering.
 - Branching pattern indicates product similarity based on features like price and rating.

K-Means Clustering:

- **Elbow Method:**
 - Used to find optimal clusters by analyzing Within-Cluster-Sum-of-Squares.
 - Identifies the 'elbow point' for an appropriate number of clusters.
- **Cluster Labels:**
 - Assigns labels to products for segmentation.
 - Enables analysis for common characteristics and targeted strategies.
- **PCA with K-Means:**
 - Applies PCA for dimensionality reduction in combination with K-means.
 - Scatter plot after PCA helps visualize cluster distribution across principal components.

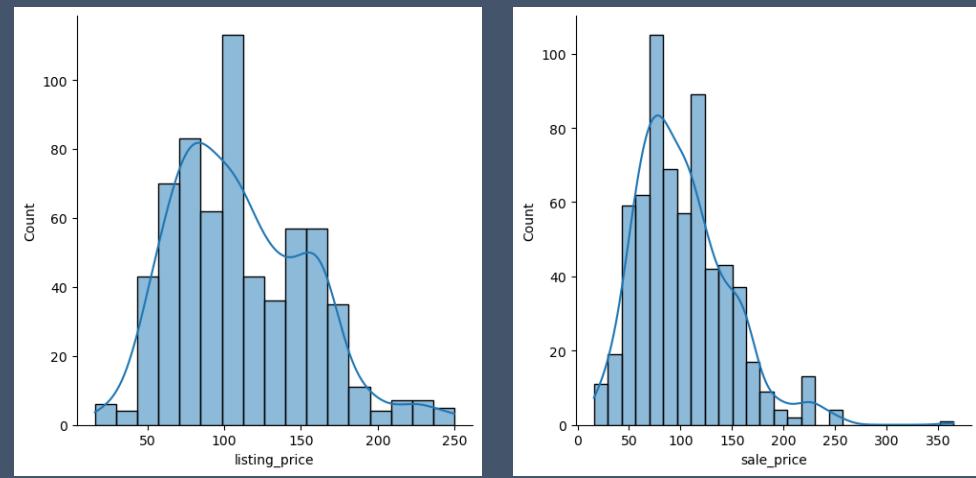
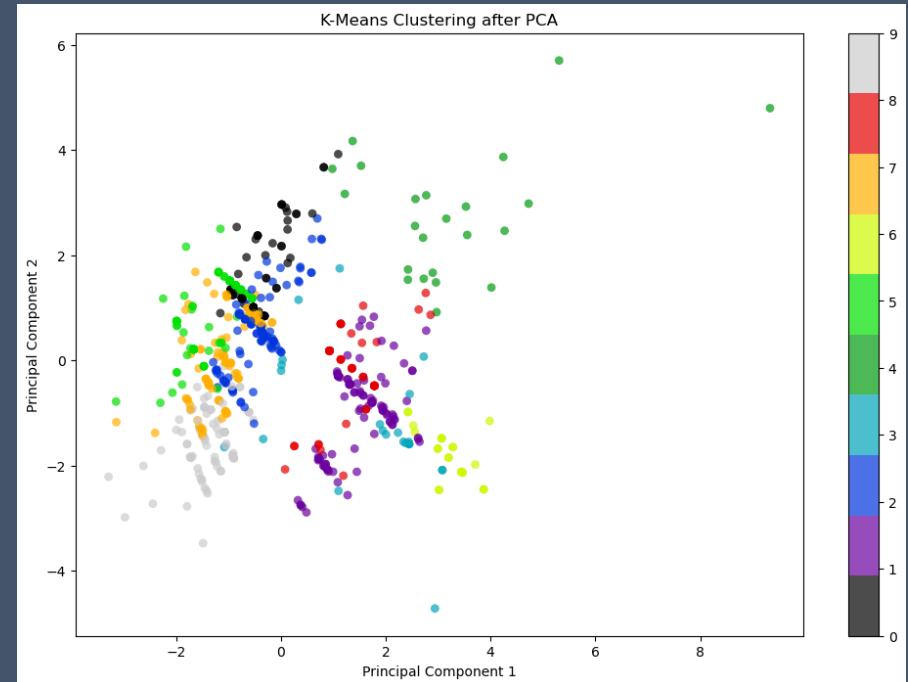
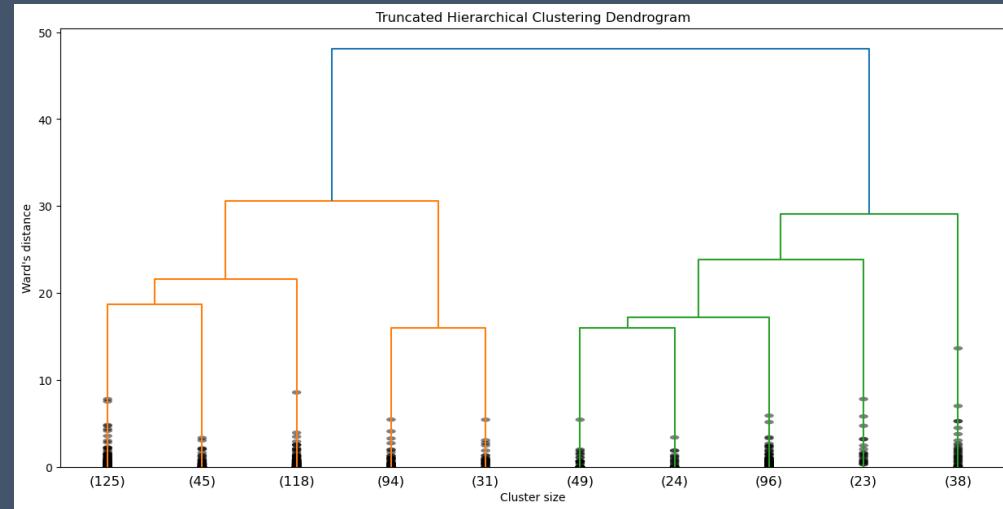
Analysis of Cluster Characteristics:

- Examines common features within each K-means cluster.
- Example: Identifies high-priced, highly-rated clusters versus budget-friendly options.

Business Implications:

- Utilizes segmentation for tailored marketing strategies.
- Improves inventory management and guides product development.
- Identifying clusters with high ratings but low sales suggests potential areas for targeted marketing efforts.







THANK YOU